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22 August 2014

ASX and Media Announcement

Qube delivers another outstanding result

Qube Holdings Limited (Qube) today announced another record result with strong growth across its business and continued margin improvement.

Highlights for the full year include:

- Statutory NPAT of $87.9 million ($92.7 million pre-amortisation)
- Underlying[1] NPAT of $88.6 million ($93.4 million pre-amortisation)
- Revenue and earnings growth and margin improvement in both operating divisions
- Further improvement in safety performance
- Substantial investment on equipment and facilities to deliver superior customer service and to support new contracts, create scale and generate efficiencies
- Accretive acquisitions to support diversification and growth
- Formation of Quattro Grain joint venture
- Successful completion of institutional placement and share purchase plan

Year Ending 30 June	2014 ($m)	2013 ($m)	Change From Prior Year (%)
Stautory Qube NPAT	87.9	77.3	14%
Statutory Revenue	1,223.2	1,082.1	13%
Statutory EPS	9.2	8.4	10%
Underlying Qube NPAT	88.6	74.0	20%
Underlying Revenue	1,211.7	1,065.1	14%
Underlying EBITDA	214.3	181.6	18%
Underlying EBITDA Margin	17.7%	17.1%	
Underlying EPS	9.3	8.0	16%
Underlying EPS Pre-Amortisation	9.8	8.5	15%
Full Year Dividend Per Share	5.1	4.5	13%
LTIFR*	4.6	6.6	

*Note: Lost time injury frequency rate (LTIFR) is the number of ocurences of injury for every million hours worked

1 The underlying information excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review. See Attachment 1 for further information.

Statutory revenue increased to $1.2 billion while profit after tax attributable to shareholders increased to $87.9 million ($92.7 million pre-amortisation).

Underlying revenue grew by 14% to $1.2 billion and underlying profit after tax attributable to shareholders was $88.6 million ($93.4 million pre-amortisation), an increase of around 20% compared to the underlying result in the prior year. Underlying earnings per share were 9.3 cents (9.8 cents pre-amortisation), a 16% increase on the prior year's underlying result.

The directors have determined to pay a fully franked final dividend of 2.7 cents per share, bringing the total dividend for FY 14 to 5.1 cents, a 13% increase on the prior year.

Releasing the results, Qube's Managing Director, Maurice James said, "It is extremely pleasing that Qube's continued focus on its strategy and target markets has delivered another record result.

"Qube has two quality operating divisions that continue to deliver increased earnings and strong cashflow, while the strategic assets division offers outstanding long term growth potential once the assets are developed and operational."

Operational Review

Logistics Division

The Logistics division reported a 10% increase in underlying revenue to $592.8 million and a 14% increase in underlying EBITA to $57.5 million. The underlying EBITA margin improved from 9.3% to 9.7% primarily reflecting a continued focus on costs and operating efficiencies as well as the benefits of scale from prior investment.

The Logistics division has continued to evolve from its origins as a predominantly road based logistics business oriented towards import activities to a diversified integrated logistics operator with a more even balance between import and export focussed activities. In this respect, Qube continued to grow its containerised rail operations, typically as part of a broader logistics solution, and also entered into its first bulk rail contracts for grain haulage with the partners in the Quattro Grain joint venture.

Qube expanded its logistics solutions for the rural commodities sector covering a range of commodities including grain, sugar and cotton, and also secured new contract wins in its more traditional container logistics activities.

In August 2014, Qube entered into a conditional agreement with Aurizon to acquire the CRT Group. CRT provides specialised bulk freight haulier services including handling, packaging, warehousing and distribution to the Australian polymer, food and industrial sectors and has a national network of depots, warehouses and container parks. The purchase of CRT is subject to a number of conditions and it is anticipated that settlement will occur in or about October 2014. The acquisition provides Qube with significant cost synergies and growth opportunities.

Ports & Bulk Division
The Ports & Bulk division again delivered significant growth in the period with underlying revenue and EBITA increasing by 18% and 22% respectively to $588.4 million and $80.1 million compared to the prior year's underlying results. The underlying EBITA margin improved from 13.2% to 13.6% reflecting continued economies of scale, a higher margin business mix and the benefits from past investment.

The record result demonstrates the benefits of Qube's diversification strategy as well as its success in leveraging a broad range of innovative, cost effective and reliable service offerings across its customer base.

Bulk
Qube's bulk activities have continued to deliver substantial growth and represented approximately 53% of the division's FY 14 revenue. The main bulk commodities handled by Qube include iron ore, manganese, copper concentrate and coal.

Qube enhanced its product and geographical capability with the acquisitions of Walmsley Bulk Haulage (Pilbara) in February 2014 and Beaumont Transport (South East Queensland) in March 2014. These acquisitions have been integrated into Qube's bulk logistics operations and are expected to contribute towards continued revenue and earnings growth in FY 15.

Qube's facility at Utah Point exceeded expectations, handling volume over the year of almost 19 million tonnes.

In July 2014, Qube Ports & Bulk acquired Oztran. Oztran is a bulk haulage transport business based in Port Hedland that provides synergies and growth potential with Qube's existing activities in that region.

Ports
Qube expanded its oil and gas activities with several new contracts in the period and completed the construction of a major new barge transfer and laydown facility at Dampier in April 2014.

The oil and gas sector provides a major growth opportunity for Qube to leverage its logistics expertise and assets to deliver improved supply chain efficiencies and cost savings to the oil and gas participants operating in Australia.

Qube's traditional port activities were fairly subdued reflecting declining motor vehicle sales volumes and the structural decline in general stevedoring activities, and reduced project / mining cargo in Australia. In FY 14, new vehicle sales, a key driver of Qube's vehicle stevedoring activities, declined by 1.4% over the prior year to around 1.1 million vehicles. Qube maintained its high market share of vehicle stevedoring in this segment and expects imported motor vehicle volumes to increase over the short to medium term supported by population growth and the cessation of domestic manufacturing of vehicles.

Qube's three associates in the Ports & Bulk division delivered mixed results in the period with a total contribution to Qube's underlying profit after tax of $11.4 million, a 25% decrease on FY 13. Prixcar reported a significantly improved result as it started to realise the benefits from the integration of the transport business acquired in the prior year. AAT's results were impacted by reduced volumes of vehicles, project and general cargo as well as imports of mining equipment, while the previously forecast decline in project work reduced the contribution from NSS.

Strategic Assets

Revenue in the Strategic Assets division increased by 9% to $30.2 million reflecting the full year benefit of the higher rental income at Moorebank following the lease extension in March 2013. The higher rental income flowed through to higher earnings, with EBITA increasing by 13% to $23.8 million.

Progress was made during the year on the planning for the development of Moorebank as a major intermodal logistics hub for Sydney which is expected to support Qube's Moorebank investment and broader logistics activities.

The SIMTA consortium (SIMTA), comprising Qube (67%) and Aurizon (33%), received Commonwealth environment approval for its project and expects to receive State planning approval in the near future.

The Commonwealth's Moorebank Intermodal Company (MIC) announced in May 2014 that it would begin exclusive negotiations with SIMTA about the development and operation of the Moorebank intermodal terminals and associated precinct. These terminals will manage freight containers carried by rail to and from Port Botany as well as freight containers carried on the interstate rail network. The proposal is intended to increase the proportion of containerised freight carried by rail, in comparison to containers carried by truck.

Qube is leading exclusive negotiations with MIC on behalf of SIMTA and remains confident that a transaction can be executed that meets MIC's objectives while delivering long term value to Qube's shareholders and substantial benefits for New South Wales.

During the financial year, Qube also announced the establishment of the Quattro joint venture in which Qube is the equal largest unitholder. Quattro brings together Qube and several leading grain industry participants to develop a new grain storage and handling facility at Port Kembla in New South Wales. Qube Logistics will also be providing rail services to Qube's partners in Quattro and Qube Ports & Bulk will be providing stevedoring services to Quattro. Construction of the facility is expected to be completed by October 2015. The unitholders in Quattro are actively seeking other locations around Australia to develop a similar multi-user grain facility.

Cashflow and Borrowings

Qube generated very strong operating cashflow during the period which was used to fund the significant investment undertaken during the year.

In August 2013, Qube completed amendments to its $550 million syndicated debt facility which extended the maturity of this facility and enabled a reduction in interest expense despite Qube's ongoing capital investment.

Qube also successfully completed an institutional placement in April 2014 and related share purchase plan in May 2014 that collectively raised approximately $248 million.

As a result, Qube finished the period in a very strong financial position with available cash and undrawn debt facilities of over $415 million. Qube's leverage ratio (net debt / (net debt plus equity)) was around 17% which is below the bottom end of Qube's target range of 30-40%. Qube has significant capacity to fund growth.

Safety

Qube continued to improve its safety performance with the lost time injury frequency rate decreasing by around 30%. Further investment was made in implementing new safety systems and training programs to ensure Qube continues to provide a safe work environment. This included a comprehensive review and assessment of processes and procedures relating to Chain of Responsibility (COR) and implementation of appropriate steps towards compliance.

Summary and Outlook

Qube's record financial results again demonstrated the benefits of a focussed strategy targeting the import and export supply chains within Australia where Qube's management has an unrivalled track record and expertise in providing innovative, valuable and reliable logistics solutions to its customers.

Qube invested in both operating divisions to ensure it delivers superior customer service, its assets are reliable and efficient, its facilities are of sufficient scale and quality, and it can provide comprehensive integrated logistics solutions.

The success of this strategy over a number of years has seen Qube's business continue to evolve into a much higher quality operation with a solid base business and a broad range of significant long term growth options. This has enabled both operating divisions to report record revenue and earnings as well as margin improvement despite a challenging macroeconomic environment.

The substantial investment that Qube has undertaken to build scale has also placed Qube in a very strong position to benefit from any improvement in economic conditions and underlying volumes.

Qube expects to continue to invest in facilities, equipment and acquisitions to provide reliable, innovative logistics solutions, and to support diversification, scale and growth.

Qube will also focus on progressing plans for the development of the Moorebank precinct into a major logistics hub with the objective of delivering the optimal outcome for the precinct.

Qube expects to deliver another record result in FY 15 with continued growth in revenue and earnings in both operating divisions flowing through to strong growth in underlying earnings per share. This assumes no material adverse change in economic conditions.

Dividend

Qube is pleased to announce that it will pay a fully franked final dividend of 2.7 cents per share in respect of the six months ended 30 June 2014 bringing the full year dividend to 5.1 cents per share, an increase of approximately 13% over the prior year. This reflects a payout ratio of around 55% of Qube's underlying earnings per share.

The record date for the dividend is 5 September 2014 and the dividend will be paid on 3 October 2014. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

Further Enquiries:

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Attachment 1

Reconciliation of Statutory Results to Underlying Results

There were a small number of non-recurring and non-cash items included in the statutory results for the twelve months to 30 June 2014 that do not reflect the underlying financial performance of Qube.

They include a positive fair value adjustment of $11.2 million (Qube share $9.6 million) relating to Qube's strategic properties at Moorebank and Minto which has been largely offset by impairments totalling $9.0 million relating to Qube's investment in Northern Stevedoring Services and Qube Logistics' Mackenzie Hillebrand joint venture.

The tables below provide a reconciliation of FY 14 and FY 13 statutory net profit before tax to underlying EBITDA and EBITA.

Twelve months to 30 June 2014

Year ended 30 June 2014	**Logistics ($m)**	**Ports & Bulk ($m)**	**Strategic Assets ($m)**	**Corporate and Other ($m)**	**Consolidated ($m)**
Net profit / (loss) before tax	**49.9**	**77.2**	**28.8**	**(29.2)**	**126.7**
Add / (Subtract):					
Net interest expense	0.4	2.2	5.6	19.0	**27.2**
Depreciation and amortisation	26.0	43.5	0.4	-	**69.9**
Share of profit of associates	0.5	(11.0)	0.2	-	**(10.3)**
EBITDA	**76.8**	**111.9**	**35.0**	**(10.2)**	**213.5**
Fair value adjustments (net)	-	-	(11.2)	-	**(11.2)**
Impairment losses on investment in associates	1.8	7.2	-	-	**9.0**
Costs of legacy incentive schemes	2.5	0.5	-	-	**3.0**
Underlying EBITDA	**81.1**	**119.6**	**23.8**	**(10.2)**	**214.3**
Depreciation	(23.6)	(39.5)	-	-	**(63.1)**
Underlying EBITA	**57.5**	**80.1**	**23.8**	**(10.2)**	**151.3**

Twelve months to 30 June 2013

Year ended 30 June 2013	**Logistics ($m)**	**Ports & Bulk ($m)**	**Strategic Assets ($m)**	**Corporate and Other ($m)**	**Consolidated ($m)**
Net profit / (loss) before tax	**46.4**	**71.9**	**25.9**	**(34.3)**	**109.9**
Add / (Subtract):					
Net interest expense	1.0	2.1	3.9	25.7	**32.7**
Depreciation and amortisation	24.8	33.8	0.4	-	**59.0**
Share of profit of associates	(0.4)	(15.1)	-	-	**(15.5)**
EBITDA	**71.8**	**92.7**	**30.2**	**(8.6)**	**186.1**
Fair value adjustments (net)	-	-	(9.1)	0.2	**(8.9)**
Impairment losses on investment in associates	-	10.5	-	-	**10.5**
Costs of legacy incentive schemes	1.6	0.3	-	-	**1.9**
Release of contingent consideration payable	-	(8.0)	-	-	**(8.0)**
Underlying EBITDA	**73.4**	**95.5**	**21.1**	**(8.4)**	**181.6**
Depreciation	(23.1)	(29.7)	-	-	**(52.8)**
Underlying EBITA	**50.3**	**65.8**	**21.1**	**(8.4)**	**128.8**

Further information regarding Qube's results, including an explanation of statutory and underlying financial information, is set out in Qube's financial results for the twelve months to 30 June 2014 and is available on www.qube.com.au.