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**ASX Announcement**

## Another solid financial performance demonstrates Qube's resilience

## Improvements in all key underlying financial metrics - EBITDA and EBITA growth of 11.1% and 8.0% respectively

## Underlying Group ROACE of 9.4% on track to achieve target of 10%+

Qube, Australia's largest provider of integrated import and export logistics services, today reported a solid first half performance with underlying revenue growth of 8.7% to $1.63 billion flowing through to underlying earnings (EBITA) growth of 8.0% to $156.8 million.

Underlying NPATA increased by 6.5% to $141.2 million and underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA) increased by 6.5% to 8.0 cents per share.

| | Underlying Information | | Statutory Information (including discontinued operations)* | |
|---|---|---|---|---|
| | **$m** | **Change (from prior corresponding period)** | **$m** | **Change (from prior corresponding period)** |
| Revenue | 1,627.9 | 8.7% | 1,568.0 | 7.7% |
| EBITA | 156.8 | 8.0% | 159.6 | No change |
| NPAT | 134.8 | 7.9% | 112.3 | 0.9% |
| NPATA | 141.2 | 6.5% | 118.6 | (0.3%) |
| EPSA (cents)** | 8.0 | 6.5% | 6.7 | No change |
| DPS (cents) | 4.0 | 6.7% | 4.0 | 6.7% |

**Note: As a result of the sale of the Moorebank warehousing related assets, the earnings associated with these assets were classified under discontinued operations in the FY23 and H1 FY24 financial statements. Excluding discontinued operations, H1 FY24 revenue remains at $1,568.0 million while EBITA is $161.3 million.*
***Note: EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.*

The result reflected a higher earnings contribution from all parts of the group, with both business units in the Operating Division and all of Qube's associates delivering higher profits in the half, compared to the prior corresponding period. Patrick, which is 50% owned by Qube, was the largest driver of Qube's earnings growth in the period, reflecting a very high market share in the period that more than offset a decline in overall market volumes.

Qube Managing Director, Paul Digney, said the results for the period again demonstrated the value of Qube's diversification in insulating against macroeconomic challenges and headwinds in some markets.

"This is another pleasing result for Qube, which shows both the strength of the business and our success in leveraging Qube's extensive asset base and scale to improve productivity and efficiency across our operations.

"While the high interest rate environment and wider macroeconomic challenges did create challenges through the half, the combination of our strong financial position, together with our diversification by markets and geography supported continued organic growth as well as further accretive investment, including several complementary acquisitions.

“Regrettably, the death of a colleague at Qube’s South Australian forestry operations during the period, as well as that of an employee of a third-party contractor in Victoria, weigh on our overall performance. While investigations into both incidents continue, we again send our sincere condolences to the family and friends of both men involved,” Mr Digney said.

**Safety, Health and Sustainability (SHS)**

Qube’s H1 FY24 Lost Time Injury Frequency Rate (LTIFR) of 0.57 per million hours worked continues to improve, however Qube’s Total Recordable Injury Frequency Rate (TRIFR) of 9.0 per million hours worked declined slightly, largely due to growth from acquisitions in FY23.

Qube’s Critical Incident Frequency Rate (CIFR) decreased to 0.77, a 23% reduction that is attributable to the enhanced focus on verification and reporting to assess the effectiveness of critical controls.

Throughout the period, Qube has continued to progress efforts to reduce Scope 1 and 2 emissions across our operations. At the same time, with the anticipated introduction of mandatory Australian Sustainability Reporting Standards (ASRS) in FY25, Qube has also taken steps to review existing systems and processes to ensure we are well placed to meet these additional obligations.

Trials of a range of technology solutions which could assist in reducing emissions from our vehicle fleet, including alternative fuels and electrification, and efforts to electrify small mobile assets (e.g. cranes, container handlers, forklifts) continue.

**Operating division**

Full details of Qube’s operational performance for the period is summarised below and available in the Directors’ Report within the Half-Year Financial Report separately released on the ASX and which will be available in the Investor Centre on Qube’s website at: https://qube.com.au/investor/

**Logistics and Infrastructure (L&I)**

Qube’s L&I business unit delivered a modest increase in underlying earnings in H1 FY24 despite a decline in revenue. Underlying EBITA grew 2.9% to $121.9 million while underlying revenue declined from $692.0 million in H1 FY23 to $667.7 million in H1 FY24.

The result reflected continued high volumes across most of Qube’s containerised activities including transport, empty container parks and warehouse activities as well as high volumes of vehicles, roll on-roll off, general and project cargo at Qube’s automotive terminals (AAT).

The key weakness in the period was lower agri (grain) volumes following a very strong contribution in FY23. Qube expects an improvement in volumes in the second half of FY24 although still below the full year prior corresponding period.

*Moorebank Logistics Park (MLP) IMEX Terminal*

The testing and commissioning of the IMEX Terminal continued and automated operations are expected to be largely complete by the end of February 2024. Qube expects to commence running five metro shuttles per weekday from late-February with regional services commencing in late March / April. The MLP Empty Container Park, which commenced its full service offering in early February, is expected to complement the rail activities.

*MLP Interstate Terminal*

The construction of the MLP Interstate Terminal (Stage 1a) continued during the period and is on track to be completed in H2 FY24. The total expected cost to complete Stage 1a and 1b of the MLP Interstate Terminal remains materially in line with Qube's previous estimate of around $200 million.

It is currently expected that train services will commence in Q4 FY24.

**Ports and Bulk (P&B)**

Qube's Ports and Bulk business unit reported strong underlying revenue and earnings growth in H1 FY24, with revenue increasing 19.0% to $960.0 million, and EBITA increasing 21.1% to $78.0 million.

The result reflects generally solid volumes across most ports and bulk activities and the benefit of higher tariffs implemented during FY23 to address the inflationary environment.

Many of the factors that adversely impacted the prior corresponding period's result, including congestion issues at the ports due to quarantine concerns that impacted automotive imports, as well as low domestic forestry volumes have improved.

The bulk volumes across most activities were stable with most commodities flat or up on the prior corresponding period.

**Patrick Terminals**

Patrick delivered a 21.1% increase in underlying NPATA to Qube of $44.8 million (H1 FY23 - $37.0 million). The NPATA comprises Qube's share of Patrick's profit after tax (pre-amortisation) as well as interest income (post-tax) on shareholder loans.

Underlying revenue generated by Patrick (100%) increased by 15.6% to $462.2 million and underlying EBITDA (100%) improved by 21.1% to $200.2 million in H1 FY24 from $165.3 million in H1 FY23.

This was a particularly strong result as it was achieved despite overall market container volumes (lifts) declining by around 4.3% in the six-month period to 31 December 2023.

The high market share of 49% for the period reflected additional service wins secured in late FY23 and additional volumes serviced by Patrick due to the industrial relations challenges at DP World. Patrick's market share is expected to revert to the prior period range of 41%-43% following the loss of some volumes in Melbourne from January 2024 and the resolution of the DP World industrial action, although is likely to remain above this range for FY24.

**Interim Dividend**

As a result of Qube's earnings growth in the period, positive outlook and strong financial position, the Board has increased the interim ordinary dividend by around 6.7% to 4.0 cents per share (fully franked), equating to a 50% dividend payout ratio of Qube's H1 FY24 underlying EPSA (consistent with the payout ratio in H1 FY23). The dividend reinvestment plan will not apply for the interim dividend.

## Outlook

*Qube Group*

Overall, Qube expects to deliver growth in full year underlying NPATA and EPSA in FY24 compared to FY23 although the growth rate is expected to be below the strong growth rate that was achieved in FY23.

The extent of earnings growth remains difficult to forecast given the various opportunities, challenges and uncertainty across Qube's core markets. However, based on the current outlook, Qube presently expects that FY24 underlying NPATA and EPSA will be between 5%-10% above the FY23 underlying NPATA and EPSA.

The actual full year earnings growth will depend on a range of factors including market conditions and volumes in Qube's key markets, any further adverse weather events, the inflationary and interest rate environment and the labour and industrial relations environment.

Qube remains well placed to deliver sustainable long-term underlying earnings growth.

Authorised for release by:

**The Board of Directors, Qube Holdings Limited**

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