

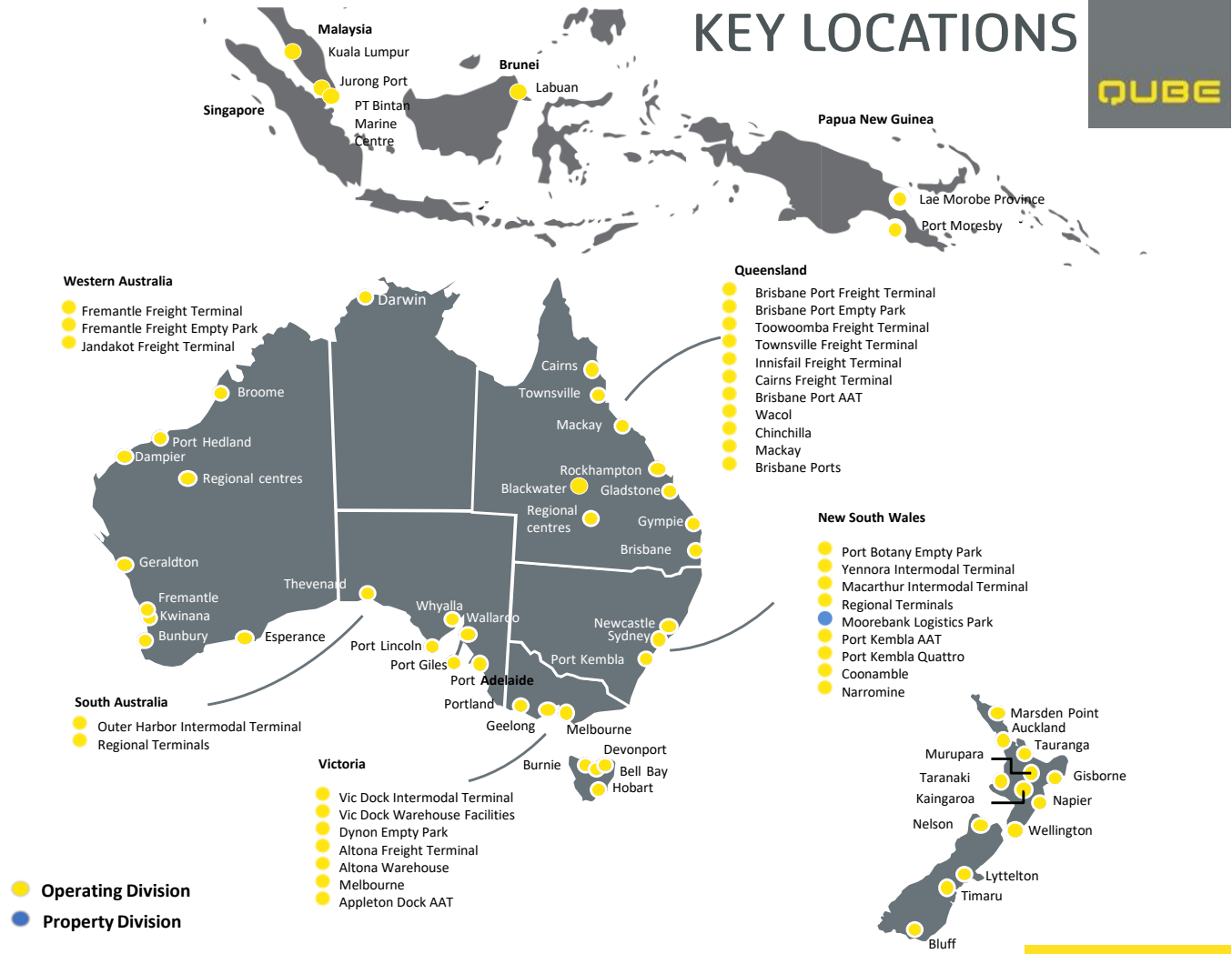


# Managing Director's Address

# QUBE GEOGRAPHICAL PRESENCE

## QUBE TODAY

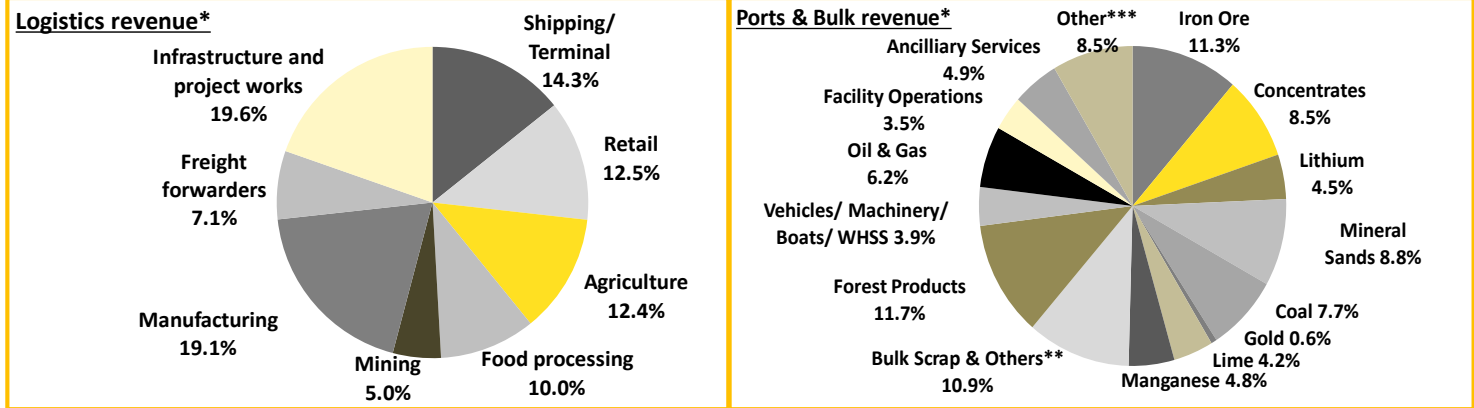
- Workforce of over 6,500 employees
- Working at over 135 locations across Australia, New Zealand and South East Asia
- Leading positions in its core markets



# STRENGTH THROUGH DIVERSIFICATION

- Qube's revenue and earnings are well diversified, including by:

- Business
- Geography
- Service / Product
- Customer
- Imports and Exports



\*Note: Indicative revenue segmentation based on FY 20 underlying revenue.

\*\*Note: "Bulk Scrap and Others" include cement, frac sands, talc, fertilisers and aluminium.

\*\*\*Note: "Other" include containers, general cargo, metal products and sundry income.

# COVID-19 RESPONSE

## People And Operations

- Most of Qube's operations were defined as essential services and therefore were able to continue operate throughout the period on lower overall volumes
- Qube's priority throughout the pandemic has been to ensure the health and safety of our people by taking positive action to support our people and operations
- Implemented a dedicated internal COVID-19 taskforce to monitor health advice in our locations of operation, coordinate risk reduction measures and prepare regular communications for our people, customers and stakeholders
- Increased cleaning of our worksites in addition to procuring additional cleaning and PPE items
- Reviewed and strengthened business continuity plans for all locations
- Implemented additional technology to reduce the spread of COVID-19
- Strengthened technology systems to safeguard against any potential cyber incidents
- JobKeeper payments enabled regional and automotive ports to remain operational with job losses minimised
- Government subsidies in New Zealand enabled workforce retention during the COVID-19 industry shutdowns in March and April 2020

## Balance Sheet

- Qube undertook a number of initiatives to maintain a conservative balance sheet with adequate liquidity, sizeable headroom to borrowing covenants and capacity to continue to undertake accretive growth investments and acquisitions whilst the property monetisation process was proceeding
- These initiatives included:
  - A \$500 million entitlement offer completed in May 2020
  - Establishing \$300 million in short term bridge facilities (which have since been fully repaid from the proceeds from the capital raising and the sale of Minto Properties which was completed in mid-September 2020)

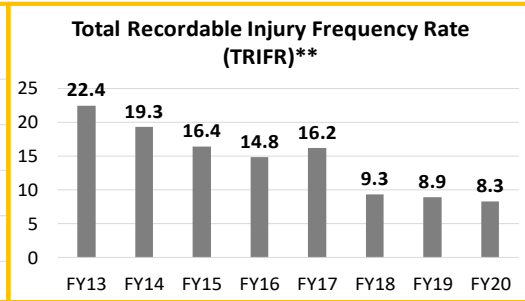
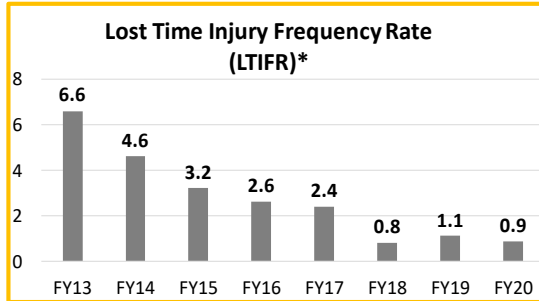
## Cashflow Management

- Cost base reduction through cost savings initiatives including temporary reductions in fixed remuneration for senior executives and Board fees, reduced travel expenditure, reduced property and equipment costs as well as lower variable costs
- Deferral of non-essential capital expenditure
- Reduction in the full year dividend compared to the prior corresponding period in light of the uncertain economic environment and recent capital raising (May 2020)
- Underwriting of the dividend reinvestment plan for the full year dividend to preserve cash for investment



# COMMITMENT TO SUSTAINABLE VALUE CREATION

Through continued focus on safety and health



\*Note: LTIFR is the number of Lost Time Injuries for every million hours worked.

\*\*Note: TRIFR is the combined number of recordable Return to Work, Medical Treatment Injuries and Lost Time Injuries for every million hours worked.

- During the period, Qube's injury rates have reduced, continuing its long-term trend of improvement. The LTIFR and TRIFR outcomes represented an 18% and 7% improvement on the rates reported in FY 19, respectively
- Qube's efforts have been focused on embedding a Zero Harm culture through:
  - Enhancement of the critical risk programs by improving on-site critical risk inspection and verification activities
  - Continued investment in people with internal and external development programs
  - Safety training and ongoing engagement with our people
  - Proactive leadership with safety leadership walks for the Board and senior executives
  - A range of programs focused on physical and mental well-being



# COMMITMENT TO SUSTAINABLE VALUE CREATION

## Through continued focus on people and culture

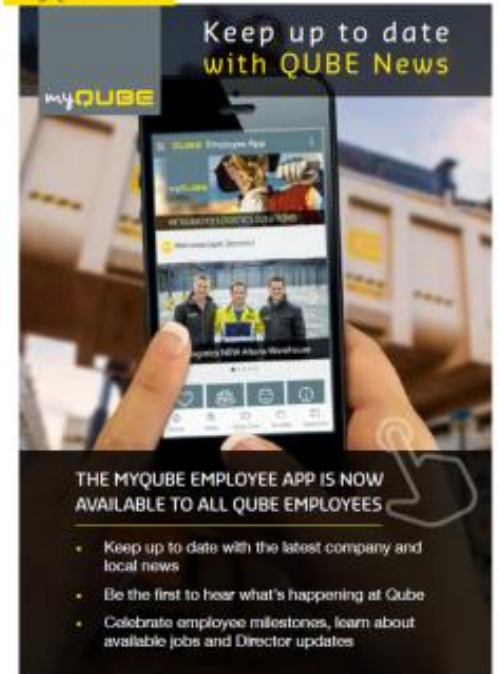
### Diversity and inclusion

- During FY 20, Qube:
  - Launched its first Diversity and Inclusion Strategy, which includes a range of measurable objectives to drive progress in diversity and inclusion practises.
  - Continued to offer employment opportunities to improve health and well-being of our Indigenous families and communities by supporting the Clontarf Program.
  - Through the Wayfinder program, Qube partnered with Deakin University to undertake a research project focusing on:
    - Designing and evaluating activities to facilitate the transition of women into supply chain and logistics careers.
    - Helping industry to understand how to recruit and retain women.

### Health and well-being

- Recent initiatives include:
  - **QubeCare** - Qube employees' Health and Wellness strategy, QubeCare, aims to prevent injury and illness through a culture of proactive health promotion and early intervention. Throughout FY 20, the QubeCare program has been implemented at every Qube location and via our myQube employee app which has resulted in an increased employee engagement.
  - **Healthy Heads** - Healthy Heads is working to create Australia's first single national mental health plan for the logistics sector. Qube is a founding member and major sponsor, along with other leading Supply Chain members such as Woolworths. Qube is working with industry to tackle mental health and individual well-being issues faced within the sector.
  - **Qube Step Up Challenge** - Each year, teams of Qube employees participate in the "Qube Step Up Challenge". The challenge is designed to get individuals moving and talking about the best ways to keep active. Every week during the challenge, our participants as a team circumnavigated the earth 1.6 times.
  - **R U OK?** - Qube recognises mental health is vital, which is why it encourages its employees to ask the question, R U OK?
  - **Other campaigns** - Qube undertook a campaign to raise awareness around key contributing factors to maintaining a healthy weight via exercise and making healthy food choices. This was particularly pertinent for our truck drivers that are on the road and do not always have healthy options to choose from.

### MyQUBE APP



### QUBE HEALTHY HEADS AMBASSADOR PROGRAM

# COMMITMENT TO SUSTAINABLE VALUE CREATION

Through continued focus on sustainability

## Sustainability Focus

- In FY 20, Qube continued to improve its sustainability outcomes, develop targets to reduce emissions and focus on gender diversity in its workforce
- Qube has also enhanced its strategy and risk management of climate-related impacts and its approach to identifying and managing modern slavery risk
- The Qube FY 20 Sustainability Report includes further details on the alignment between Qube's sustainability actions and the United Nations Sustainable Development Goals

## Sustainability Award

- The first stage of the Moorebank Logistics Park (MLP) project has been awarded an "Excellent" Infrastructure Sustainability (IS) rating (for Design) from the Infrastructure Sustainability Council of Australia (ISCA)
- The project design achieved a world first in innovative technology, due to its high degree of automation
- An Australian first innovative process was awarded for the project's approach to managing urban heat island effects, with measures implemented to achieve a 4°C decrease in temperature on the project compared to neighbouring industrial developments



# COMMITMENT TO SUSTAINABLE VALUE CREATION

## Through innovation and technology

QUBE

- Qube has driven innovation to be a key component within the Qube DNA that delivers real outcomes for safety, efficiency, productivity and financial performance through investment in engineering and technology solutions
- Qube has a strong track record of leveraging technology to deliver innovative supply chain solutions to its clients which supports its customer retention and long term growth
- Qube has formed a Group Innovation Committee to develop strategies, leverage developed solutions, determine the investment and resources priorities that will benefit customers, and improve safety and service delivery. This Committee is presently considering a number of initiatives ranging from early stage concepts through to implementation ready projects
- The company has continued to invest and develop its leading robotics technology utilised in the forestry (log marshalling) operations and is well advanced in developing a new vehicle handling technology utilising digital imaging, artificial intelligence and machine learning for the import motor vehicle operations
- Qube's innovation efforts remain focused on the continuous improvement of material handling and mobile equipment assets and operating procedures to deliver superior operational efficiency and performance, safely
- Qube has been utilising virtual reality and simulation technologies within several training centres to improve the delivery of training and skills development for our employees
- Significant investment in systems, processes and training to mitigate the risks associated with cyber incidents

POD™ Trailer Technology



Optical Character Recognition



Robotic Scaling Machine



Mobile Harbour Crane with Log Grapple



Remote Control Loading



Hydrogen Fuel Technology





# COMMITMENT TO SUSTAINABLE VALUE CREATION

Through continued focus on community work

The logo for QUBE, featuring the word "QUBE" in a bold, yellow, sans-serif font. The letters are slightly shadowed, giving it a 3D appearance as if it's floating above a dark grey rectangular background.

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# Q1 FY 21 BUSINESS UPDATE

## Positive start to FY 21



### Operating Division

Due to an organisational restructure to better reflect strategic and operational responsibilities, since 1 July 2020, AAT and Quattro have been reported in the Operating Division and the Infrastructure & Property Division has been renamed the Property Division

- Reasonable container volumes and activity levels across logistics despite additional costs incurred in the Victorian operations due to the COVID-19 restrictions
- Vehicle volumes and import construction materials have started to improve although they remain below historical volumes in Australia. However, the New Zealand forestry volumes are above internal expectations which assisted in offsetting some parts of the Ports business impacted by COVID-19
- The bulk activities were above expectations with strong export commodities such as nickel, copper concentrates, iron ore, mineral sands and lithium across Western Australia
- AAT volumes benefitted from higher than anticipated vehicle import volumes as well as RoRo, general and project cargo (windfarm related)
- Continued grain volume imports benefitting the Quattro facility. Grain exports expected to resume in late H1 FY 21

### Property Division

- Trading at the Moorebank Logistics Park benefitted from revenue from the new warehouse leasing with tenants secured during FY 20 as well as ancillary income. This was partially offset by start up losses associated with the IMEX terminal
- Progress with the MLP development with key capital expenditure relating to:
  - Precinct infrastructure works, including works relating to the pads of the future Woolworths warehouses
  - The construction of the Qube Logistics warehouse which is on track to be completed by Q1 CY 21
  - Ongoing IMEX automation
- Part period contribution to earnings from Minto Properties up to the completion of the sale in mid-September 2020

### Patrick

- Benefitted from stronger than anticipated market volumes, partly offset by operational and productivity disruptions associated with the industrial action resulting in vessel delays, omissions and changes to service rotations
- Patrick's volumes (lifts) in Q1 were around 9% lower than pcp whilst national market share (4 ports) was around 43% (lifts), impacted by industrial action disruption across the month of September
- Volume losses to other stevedores during the period have been offset by equivalent volumes picked up on other services
- Distributions to Qube (interest income and fully franked dividend) of \$20.0 million in Q1 and an additional \$10.0 million in October 2020
- Extension of the lease at the Port of Melbourne until 2066 across East Swanson Dock and the adjoining logistics site at Coode Road which will be developed to deliver rail capacity and to interface with Patrick's container terminal
- Patrick entered into a Development Deed with the Port of Melbourne to co-fund and build the rail terminal. Patrick's share of the cost is expected to be funded from its operating cashflow and available, undrawn debt facilities and will be incurred from FY 22 to FY 23

# COMMITMENT TO REGIONAL INVESTMENT

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# MLP MONETISATION UPDATE

- Following the receipt of a number of non-binding indicative offers, Qube has entered into a period of exclusivity with LOGOS Property Group
- This process relates to the monetisation of a 100% interest in the warehouse property components of the MLP project whilst Qube would retain a 100% interest in the rail terminals and logistics activities
- Suitable contractual arrangements will be put in place between the parties in order to align the long term interest and objectives between the property and logistics activities
- Due diligence commenced in early October 2020 and is progressing
- However, the monetisation process is still at the status of a non-binding indicative proposal, and remains subject to a number of conditions including completion of due diligence, documentation and various third party approvals
- Qube presently expects to have determined whether or not it will proceed with a transaction towards the end of calendar 2020
- Qube will only proceed with a transaction if it is able to realise appropriate value for its shareholders whilst supporting Qube's strategic objectives



# Q1 FY 21 PERFORMANCE AND OUTLOOK

Improved full year outlook although limited visibility continues

- Qube has been trading ahead of internal expectations in Q1 FY 21 reflecting generally solid volumes across the business including containers, vehicles, and bulk commodities.
- Although the H1 underlying results are expected to be below the comparable FY 20 results, Qube expects to generate reasonable growth in full year underlying NPATA compared to FY 20. This mainly reflects higher contributions from the Operating Division and Patrick, as well as lower net interest costs (partly due to the capital raising completed in May 20).
- This assumes no material deterioration in the current economic conditions or volumes across Qube's key markets. It also assumes no material acquisitions or divestments (and therefore does not reflect any outcome from the monetisation process).
- The impact of COVID-19 and geopolitical developments continue to be closely monitored, and there is still limited visibility regarding future volumes and activity levels.
- Qube's scale, diversification and track record of innovation and accretive investments provides a solid foundation for sustainable, long term growth.

