

24 November 2022

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# **ASX Announcement**

### Chairman's Address and Managing Director's Presentation - 2022 AGM

#### Attached are the:

- · Chairman's Address; and
- · Managing Director's Presentation,

in respect of the annual general meeting of Qube Holdings Limited to be held today.

Authorised for release by:

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# **Chairman's Address**

I am pleased to report that Qube delivered excellent results in FY2022 with:

- record financial results across key metrics;
- welcome improvements in key safety, health and sustainability metrics; and
- the successful completion of both the Moorebank Logistics Park monetisation process and the share buy-back capital initiative.

Underlying revenue growth for FY22 was 26.6% to around \$2.6 billion. And this flowed through to underlying earnings (EBITA) of \$221.1 million – a 20.9% increase over the prior corresponding period.

Underlying NPATA also increased by 25.8% to \$200.7 million and this was a record result for Qube.

Together with a positive earnings outlooks and strong financial position, this gave the Board confidence to declare an ordinary dividend of 6.3 cents per share. The Board also declared a 0.7 cents per share fully franked special dividend as a result of the Moorebank monetisation, which I will discuss shortly. This brought the total full year dividend to 7.0 cents per share. This was a record full year distribution for Qube and a 16.7% increase on the prior year's dividend.

Pleasingly, the strength of our earnings was underpinned by high volumes across core markets including containers, grain, steel, most mining bulk commodities, energy and general cargo. This helped to offset weakness in other areas and underscores the importance of Qube's diversified logistics strategy and the benefits that our scale, operational performance and productivity initiatives for our ability to deliver long-term earnings growth.

Of course, COVID-19 continued to have some cost and operational impacts on the business during the year, however the easing of travel restrictions and border controls as the world finally began to emerge from the worst phases of the pandemic, were welcome developments.

Indeed, this also provided a return to more normal operations, including for our more than 8200 people who did a remarkable job managing through the significant challenges that COVID-19 presented.

On behalf of the Board, I want to take this opportunity to publicly thank them for their hard work and commitment to keeping themselves, their colleagues and our customers and communities safe.

#### Health and safety

The health and safety of our people is of course a major area of focus for Qube and as I mentioned, we again achieved welcome improvements in safety key metrics during the year. This included:

- a 17.7% reduction in our Total Recordable Injury Frequency Rate (TRIFR) when compared with the prior year;
- A 6.3% reduction in our Lost Time Injury Frequency Rate (LTIFR) when compared with FY21; and
- a Critical Injury Frequency Rate (CIFR) of 0.69, against a target of 1, reflecting our strong focus on identifying and minimising critical risks in FY22.

Tragically, despite these achievements, we did record a fatality during the year when a Qube employee died in single light vehicle accident on a public road in South Australia. The cause of this accident remains unknown and we again extend our sincere condolences to his family and friends.

#### **Operating Division**

Turning now to the Operating Division, a strong performance in the Logistics & Infrastructure business unit, together with more modest underlying earnings growth from the Ports & Bulk business unit, saw underlying revenue growth of 28.1% to \$2.57 billion and underlying earnings growth (EBITA) of 19.1% to \$252.4 million.

While weather impacts, labour shortages and port congestion weighed somewhat on performance across the division, key highlights for the division included:

- A strong year for grain related activity thanks to Qube Agri's high-quality export supply chain, which was further bolstered with the Newcastle Agri Terminal (NAT) acquisition in October 2021;
- The commencement of our new rail contract with BlueScope in H2 FY22. This is one
  of the largest logistics contracts in Australia and I am pleased to say it is performing
  extremely well;
- Strong performances across our Australian general stevedoring activities, with higher bulk and break-bulk volumes (mainly steel imports and grain exports) than the previous year; and
- Growth in revenue and earnings for Qube Energy, supported by a new contract win
  with Chevron and the expansion of service offerings and projects with existing
  customers who are increasing exploration and production activities.

In FY22, the top 10 customers across the division represented approximately 20% of the Operating Division's total revenue and included mining companies, energy companies, retailers, and manufacturers. No single customer represented more than 4.0% of the total divisional revenue.

#### **Patrick Terminals**

Patrick also again had a strong result in FY22, generating strong cash flow, with total distributions to Qube in the period of \$85 million.

The underlying contribution from Qube's 50% interest in Patrick of \$54.4 million NPAT and \$64.7 million NPATA, was an increase of 31.7% and 27.4% respectively, over the prior corresponding period.

Patrick renewed several contracts in the period and its market share stabilised at 42% across the year (compared to 44% in FY21). In April 2022, Patrick finalised a new Enterprise Agreement with the Maritime Union of Australia (MUA). This new, four-year agreement provides for additional flexibility in relation to recruitment, rostering, and training.

#### Moorebank

Shareholders will also be aware that Qube successfully completed the transaction with LOGOS for the sale of 100% of its interest in the warehousing and property components of the Moorebank project, in December 2021.

Qube received up front proceeds of around \$1.36 billion with another \$0.2 billion received in early August 2022. The remainder of the deferred consideration (\$0.1 billion) will be paid progressively as construction of stage 1a of the MLP Interstate Terminal is delivered.

The transaction with LOGOS allowed Qube to realise a strong value for the MLP property assets, avoid the risk associated with delivering the leasing and development of future warehouses and significantly reduced Qube's ongoing capex requirements.

As I mentioned earlier, as a result of the receipt of the MLP monetisation proceeds, combined with Qube's positive earnings outlook, the Board declared a 0.7 cents per share fully franked special dividend in addition to the full year ordinary dividend.

#### **Decarbonisation**

In FY22, we published our first partial disclosure statement under the Task Force on Climate-Related Financial Disclosures or TCFD framework. We also developed a decarbonisation strategy that includes a plan to transition Qube from its reliance on fossil fuels today to focus on the potential of using alternative fuel supplies.

Sustainable fuels, like biofuels and e-Fuels in particular, are important to Qube's decarbonisation roadmap and will be part of our continued alternative fuel initiative. We will maintain a dedicated program to drive continued improvement in carbon emissions reduction, energy efficiency and reduction in fuel use.

However, our success and ability to do so will be dependent on the availability of alternative energy and at commercial pricing.

#### Outlook

To conclude, I am pleased to say that Qube has experienced a strong start to FY23 with many of the elements that underpinned our FY22 results – including high volumes and margin improvement – continuing across most parts of the business.

Despite the uncertain economic and interest rate environment, the strength of our balance sheet together with our diversity and opportunities for growth mean we remain positive about the remainder of the period and expect strong growth in underlying revenue and earnings (EBITA) in the Operating Division.

Earnings are not expected to be materially impacted by cost inflation given Qube's ability to recover higher costs through a combination of contractual protections, rate adjustments and productivity improvement.

Finally, on behalf of the Board, I would like to thank you - our shareholders – for your ongoing support of our business.

I would also like to commend Paul Digney and his executive team for their leadership and again thank the more than 8,000 people who make up the Qube family, for their hard work and commitment to making Qube thrive.

Allan Davies

**Chairman, Qube Holdings Limited** 

**24 November 2022** 



# Qube

# A PLAN TO THRIVE



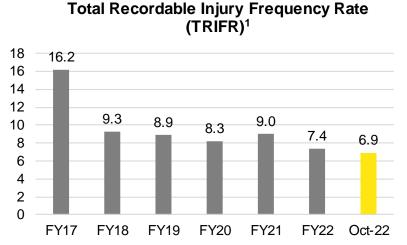
| VISION<br>OUR AMBITION                         | To be the leading provider of integrated logistics solutions focussed on import, export and select domestic supply chains in Australia, New Zealand and select international locations. |   |   |  |                |   |
|--|---|---|---|--|----------------|---|
| STRATEGY<br>OUR FOCUS                          | Be number one at what we do with a clear operational and financial focus.   |   |   |  |                |   |
| PURPOSE<br>WHY WE GET<br>OUT OF BED            | Helping our customers, communities and industries to thrive   |   |   |  |                |   |
|  | Our people<br>to thrive   | Our customers to thrive                               | Our planet<br>to thrive   | Our stakeholders and stakeholders to thrive                        |                | Our business to thrive                          |
| PRIORITIES WHAT SUPPORTS ACHIEVING OUR PURPOSE | <b>Safety</b> We believe our team should go home unharmed   | Wellbeing Webelieve all deserve to be their best self | Planet We believe in supporting the planet that supports us all | Opportunity We believe in opportunities for our team and customers |                | Performance<br>We strive for<br>success for all |
| VALUES<br>WHAT MATTERS TO US                   | Integrity   |   | Reliability   |  | Inclusion      |   |
| PERSONALITY<br>WHO WE ARE                      | Assured   |   | Can-do  |  | Curious thrive |   |
| PROMISE<br>WHAT WE STAND FOR                   | What matters to you matters to us   |   |   |  |                |   |

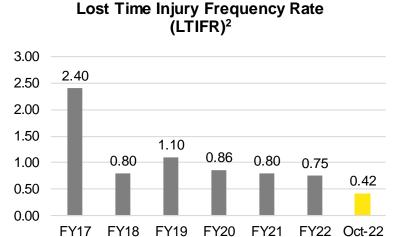
# Safety & Wellbeing

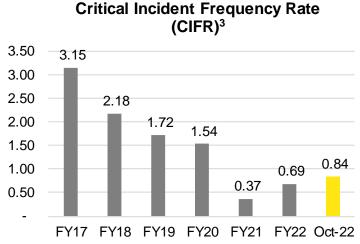
#### CONTINUE TO FOCUS ON EMPLOYEE SAFETY AND DELIVERING ZERO HARM



### SAFETY PERFORMANCE & HEALTH PERFORMANCE







#### Notes:

- 1. TRIFR is the combined number of recordable Return to Work, Medical Treatment Injuries and Lost Time Injuries for every million hours worked
- 2. LTIFR is the Number of Lost Time Injuries for every million hours worked
- 3. CIFR is the number of actual Class 4/5 incidents and the number of potential Class 4/5 incidents per million hours worked. Class represents the severity level (4 = major, 5 = critical)
- Qube achieved a Total Recordable Injury Frequency Rate (TRIFR) of 6.9 in Oct 22 which represented a 6.8% reduction from FY22.
- The Lost Time Injury Frequency Rate (LTIFR) was 0.42 in Oct 22, which was a 44.0% reduction from FY22.
- Achieved a CIFR of 0.84. This performance reflects our robust critical control management program, ensuring we have effective controls in place to mange our major hazards and our high risks tasks.
- Qube continues to embed a commitment to providing a safe and healthy workplace for all employees through effective systems and a great workplace culture.
   In FY23 we will further enhance our culture, with a focus on areas such as holistic health and people support (including for employee family members), career development opportunities, community and First Nations engagement and a continuing focus on diversity and inclusion.

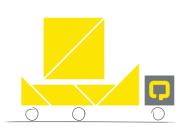
# **Qube's Decarbonisation Plan**

#### AIMING TO BE A SUPPLY CHAIN LEADER IN THE TRANSITION



Qube's aspirational goal is for Net Carbon Zero by 2050 with a target to reduce our Scope 1 emissions intensity by 50% by 2030

### **EMISSIONS GOALS**



- Reduce Scope 1 emissions intensity 50% by 2030¹ (Compared to 2018 baseline)
- 95% of prime movers Euro 5,6 by 2027
- 70% light vehicle fleet is hybrid or electric by 2030
- Introduce biofuels into our prime mover fleet

### **ENERGY GOALS**



- Reduce Scope 2 power usage and move to renewable power sources
- 100% renewable electricity for Qube owned recently constructed and new offices and facilities by 2030
- Solar panels on Qube owned recently constructed and new infrastructure
- LED lighting for all Qube owned recently constructed and new warehouses and terminals to by 2024

### **CLIMATE CHANGE GOALS**



- Complete TCFD Assessment to help us manage physical and transition risks associated with climate change
- Incorporate climate change and severe weather risks into building design standards, property evaluations, asset management and capital expenditure evaluations
- Climate resilience and capability, support resilient supply chain networks by better understanding risk and opportunities.
- Build capability with our leaders to respond to physical and transition risks, and integrating climate risk into our risk management process

#### **INNOVATION GOALS**



Qube is investing in innovation to support our goals:

- We have positioned 85% of our fleet to Euro 5, 6 and adaptable to biofuels
- Pilot projects underway across biofuels and electric vehicles
- Exploring pilot projects in hydrogen with potential partners
- Connecting with market leaders in Europe and US to understand global trends

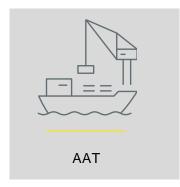
# **Qube Integrated Supply Chain**

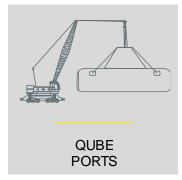
## SUPPORTING AUSTRALIA'S DECARBONISATION

Qube delivers an integrated logistics solution for a customer involving all Qube's business units

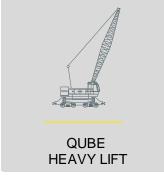
Video: The Qube Offering

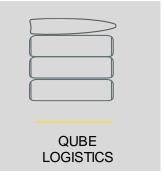


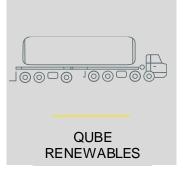


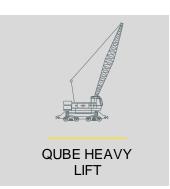








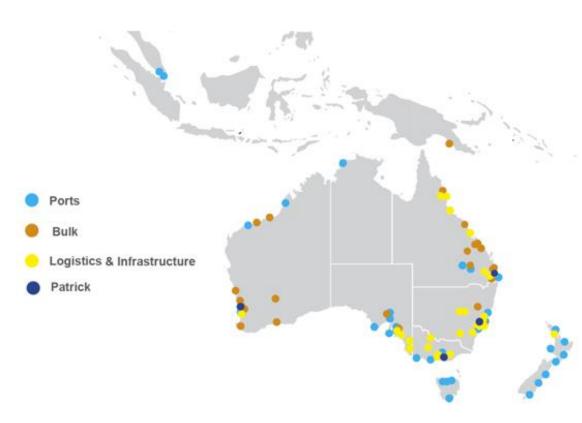




# Qube's 2022 Investor Day

### QUBE'S PLAN FOR CONTINUED GROWTH





**EMPLOYEES** 

MORE THAN

160 6 LOCATIONS **APPROX** 

2,400 **CUSTOMERS** of which 1,650 are contracted

**TOTAL OPERATION** AREA\* 1,038Ha

## **OPERATING DIVISION**

### **Qube Logistics & Infrastructure**





















#### **QUBE Ports & Bulk**



















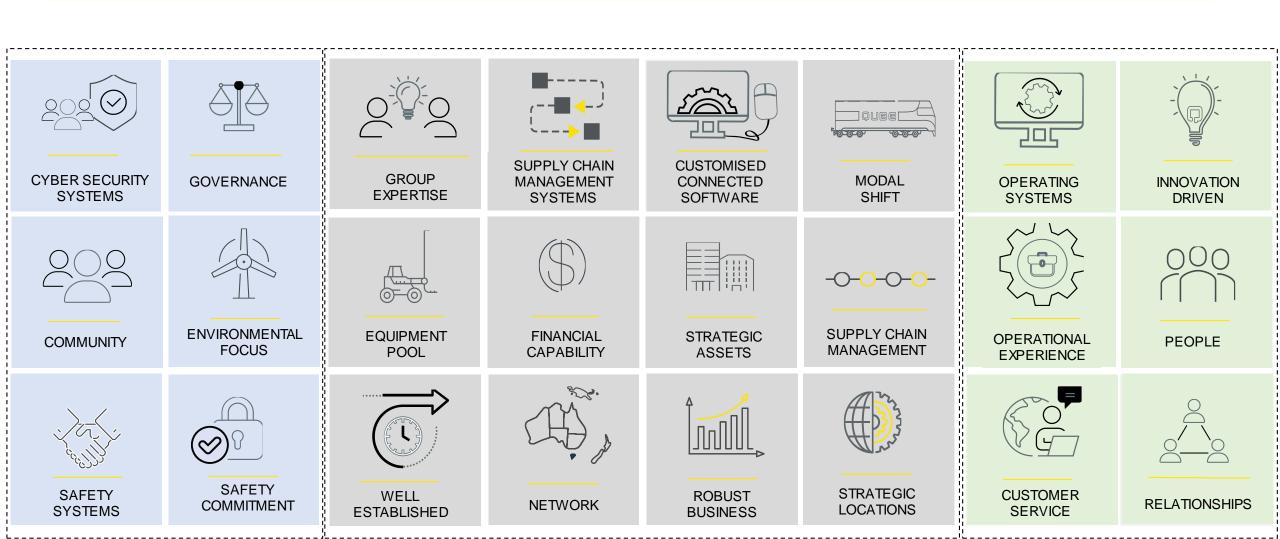
Patrick (50%)



# Capability And Capacity For Growth

#### KEY STRENGTHS THAT HAVE ESTABLISHED QUBE AS A MARKET LEADER





# Showcasing The Paddock To Port Supply Chain

## A HIGH-QUALITY AGRI EXPORT SERVICE OFFERING



Qube Agri provides a high-quality export supply chain that has enabled exporters / traders to ship greater tonnes.

Video: Supply Chain Qube Agri







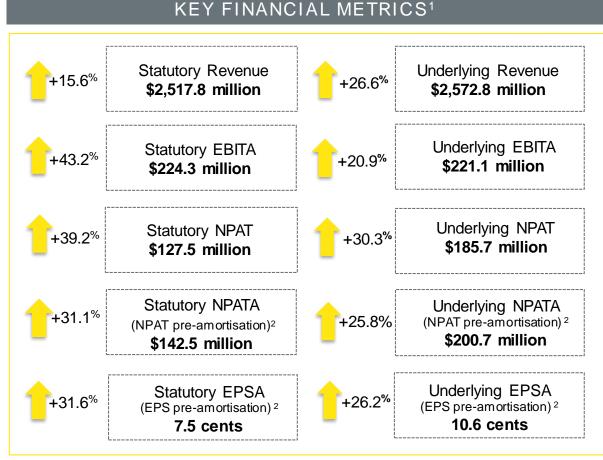




# FY22 Full Year Highlights



#### STRONG FINANCIAL PERFORMANCE WITH RECORD UNDERLYING RESULTS ACROSS KEY METRICS



#### YEAR IN REVIEW

- Strong financial performance in FY22 with record underlying earnings across key metrics.
- Revenue and earnings growth within both the Operating Division and Patrick.
  - Organic growth from strong volumes, expansion of services and new contracts
  - Contribution from acquisitions and other growth capex
  - Ability to effectively mitigate inflationary pressures and other challenges.
- Successful completion of Moorebank Logistics Park (MLP) monetisation on 15 December 2021 followed by \$400 million share buy-back capital management initiative in H2 FY22.
- The full year dividend has been increased by 16.7% to 7.0 cents per share (fully franked), inclusive of 3.3 cents per share final ordinary dividend and a 0.7 cents per share special dividend.

#### Notes:

- 1. Statutory figures include discontinued operations. A reconciliation of FY22 statutory to underlying results is included in FY22 Full Year Results Presentation.
- 2. NPATA is NPAT adjusted for Qube's amortisation and Qube's share of Patrick's amortisation. EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.

The underlying information referenced throughout this presentation excludes discontinued operations and certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. 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.

# What are Risks / Challenges FY23

### **QUBE IS WELL POSITIONED**



COVID-19

The situation is improving and there is far less disruption to the operations.

#### INFLATION

Inflationary impact continues to be effectively mitigated through contractual protections, cost management and productivity improvement and rate increases.

### EXTREME WEATHER EVENTS

Adverse weather continued into FY23 although no material impact to operations to date

# SUPPLY CHAIN DISRUPTION

The situation is improving and there is far less disruption to the operations.

Equipment procurement supply timeframes have improved.

#### LABOUR

The situation is improving and there is far less disruption to the operations.

# VOLUME IMPACT

China related forestry volumes remain subdued however the business has reset the cost and pricing base.

Windfarm projects are now progressing and there is a healthy customer pipeline.

# FY23 Business Update



#### STRONG START TO FY23 WITH Q1 AHEAD OF INTERNAL EXPECTATIONS

#### Q1 PERFORMANCE HIGHLIGHTS

- Qube has experienced a strong start to FY23, with continued high volumes and margin improvement across most parts of its business.
- Underlying revenue, earnings and margins were ahead of Qube's internal expectations for the four months to October.
- This was particularly pleasing as it was achieved despite some adverse weather in the period and the ongoing impact from some of the
  other challenges that affected the FY22 results.
- Key highlights for the period include:
  - o Effective mitigation of inflationary pressures and high volumes across most activities resulting in overall margin improvement
  - Continued strength in container related activities (QL&I and Patrick)
  - Very high access and storage volumes of vehicle, Ro Ro and general cargo volumes
  - Very strong contribution from agri related activities
  - Solid contribution from energy activities
  - Steady volumes across resources activities
  - Continued weakness in forestry volumes although recently implemented a reduction in the cost base and negotiated rate increases that are expected to deliver improved results even if volumes remain at current levels

**QUBE** 

**GROUP** 

#### FY23 OUTLOOK REMAINS UNCHANGED



#### **FY23 OUTLOOK**

- Qube remains positive about the remainder of the period and confirms its FY23 full year guidance
  of underlying NPATAgrowth relative to FY22 and higher underlying EPSA growth (compared to
  NPATAgrowth) due to the full year benefit from the share buyback completed in May 2022.
- This outlook continues to reflect the expectation of:
  - Strong growth in underlying revenue and earnings (EBITA) in the Operating Division, with the Logistics & Infrastructure business unit expected to achieve higher earnings growth than the Ports & Bulk business unit
  - Strong growth in underlying EBITDA/EBIT for Patrick Terminals with the NPATA contribution from Patrick Terminals modestly higher than FY22 due to an increased interest expense, mainly resulting from higher base rates. Qube expects continued strong cash distributions from Patrick Terminals in FY23
  - o Increased corporate costs and a significant increase in interest expense.



This outlook assumes no material adverse change to current conditions in Qube's markets or in domestic or global economic/political conditions, including any deterioration due to COVID-19 that impacts Qube's workforce, customers, markets or operations. It is also assumes that any further extreme weather events such as those that have impacted the east coast of Australia and parts of New Zealand in 2022, or any significant industrial action, do not materially disrupt the operations of Qube, or its customers, during the remainder of FY23.

# The Qube Difference

# EMPOWERING OUR PEOPLE TO THRIVE



