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**ASX and Media Announcement**

## Qube delivers another record result with strong growth

Revenue up 27%

EBITA up 58%

NPAT up 20%

EPS up 13%

Qube Holdings Limited (Qube) today announced record earnings and strong growth across all divisions for the year ended 30 June 2013. Statutory revenue increased by 38% to \$1.08 billion and profit after tax attributable to shareholders increased to \$77.3 million. Earnings per share was 8.4 cents compared to a loss in the prior year (which was impacted by non-recurring items relating to the Qube Restructure).

Underlying[1] revenue grew 27% to \$1.07 billion and underlying profit after tax attributable to shareholders was \$74.0 million, an increase of around 20% compared to the pro-forma result[1] in the prior year. Underlying earnings per share were 8.0 cents (8.5 cents pre-amortisation), a 13% increase on the prior year pro-forma result.

Key highlights for the full year include:

- Record financial results for both operating divisions
- Enhanced safety performance
- Further improvement in margins
- High conversion of earnings to operating cashflow
- A stronger, more diversified company
- Foundations established for continued, sustainable growth

The directors have determined to pay a fully franked final dividend of 2.3 cents per share, bringing the full year dividend to 4.5 cents, a 10% increase on the prior year reflecting Qube's performance and positive outlook.

1 The underlying and pro-forma information excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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.

Releasing the results, Qube’s Managing Director, Maurice James said, “The record full year results in a challenging economic environment reflect the quality of Qube’s business and diversity of its earnings base”.

“Qube is now a much stronger company, having firmly established itself as an innovative, leading provider of logistics solutions for customers involved in the import-export supply chain,” Mr James said.

“It is particularly pleasing that both operating divisions were able to improve their margins through greater efficiencies, increased scale and the benefits of prior investment.”

“Qube continued to deliver outstanding financial results and is well placed to deliver sustainable growth in the medium to long term,” Mr James said.

Key underlying and statutory financial data for the twelve months ended 30 June 2013 is presented below.

| Year ended 30 June | 2013 ($m) | 2012 ($m) | Change From Prior Year (%) | 2013 ($m) |
|---|---|---|---|---|
| | Underlying | Pro-forma | | Statutory |
| Revenue | 1,065.1 | 836.7 | 27% | 1,082.1 |
| EBITDA | 181.6 | 112.7 | 61% | 186.1 |
| Depreciation | (52.8) | (31.4) | 68% | (52.8) |
| EBITA | 128.8 | 81.3 | 58% | 133.3 |
| Amortisation | (6.2) | (6.2) | 0% | (6.2) |
| EBIT | 122.6 | 75.1 | 63% | 127.1 |
| Net Interest Expense | (33.7) | (13.1) | 157% | (32.7) |
| NPBT and Associates | 88.9 | 62.0 | 43% | 94.4 |
| Share of Profit of Associates | 15.5 | 19.9 | -22% | 15.5 |
| Profit Before Tax | 104.4 | 81.9 | 27% | 109.9 |
| Tax Expense | (26.7) | (20.1) | 33% | (28.9) |
| Profit After Tax | 77.7 | 61.8 | 26% | 81.0 |
| Non-Controlling Interest | (3.7) | (0.3) | N/A | (3.7) |
| Profit After Tax Attributable to Shareholders | 74.0 | 61.5 | 20% | 77.3 |
| | | | | |
| Earnings Per Share (cents) | 8.0 | 7.1 | 13% | 8.4 |
| Earnings Per Share Pre-Amortisation (cents) | 8.5 | 7.6 | 12% | 8.8 |
| Dividend Per Share (cents) | 4.5 | 4.1 | 10% | 4.5 |

The results were supported by the significant investment undertaken by Qube in prior years to improve safety, build scale, secure and develop strategic locations and expand its logistics capabilities to deliver quality solutions for its customer base.

Qube’s safety record continued to improve with its Lost Time Injury Frequency Rate (LTIFR), the key measure of safety performance, decreasing from 11.6 Lost Time Injuries (LTIs) per million hours worked to 6.6 LTIs, a 43% improvement.

The statutory results include a number of non-cash and non-recurring items that do not reflect the underlying performance of Qube in the period. The most significant of these items are:

- a $9.1 million fair value gain on the revaluation of Minto Properties, one of Qube's strategic assets;
- an $8.0 million benefit relating to a reduction in the contingent consideration payable to the vendor of Giacci (acquired by Qube in March 2012); and
- a $10.5 million impairment in the value of Qube's investment in Northern Stevedoring Services (NSS) resulting from the loss of a major customer during the year.

A reconciliation of the statutory profit before tax to the underlying EBITDA and EBITA for the twelve months to 30 June 2013 is set out in Attachment 1.

**Logistics Division**

The Logistics division reported underlying revenue of $538.4 million, a 13% increase on the prior year's pro-forma results. Underlying earnings (EBITA) increased by 21% to $50.3 million. The underlying EBITA margin improved from 8.7% to 9.3% reflecting the focus on reducing costs, synergies from recent acquisitions and the benefits of capital investment.

| Year ended 30 June | 2013 ($m) | 2012 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | **Underlying** | **Pro-forma** | |
| Revenue | 538.4 | 476.8 | 13% |
| EBITDA | 73.4 | 59.3 | 24% |
| Depreciation | (23.1) | (17.9) | 29% |
| EBITA | 50.3 | 41.4 | 21% |
| Amortisation | (1.7) | (1.7) | 0% |
| EBIT | 48.6 | 39.7 | 22% |
| Share of Profit of Associates | 0.4 | 0.3 | 33% |
| | | | |
| EBITDA Margin (%) | 13.6% | 12.4% | 1.2% |
| EBITA Margin (%) | 9.3% | 8.7% | 0.6% |

During the year, Qube commenced the development of its property at Victoria Dock in Melbourne to provide it with increased hardstand capacity. Qube is investing in excess of $15 million at Victoria Dock with around $10 million spent in FY 13 on the initial stage of this development.

The investment will support several recent new contracts and provide capacity for continued growth, particularly for the rail operations. The contribution from Qube's Victorian operations is expected to increase once the development is complete and the new contracts commence.

In August 2012, Qube completed the acquisition of MIST/ITG, which expanded Qube's intermodal activities, providing additional scale for the NSW rail business and enhancing Qube's logistics solutions for the rural commodity sector. The business has been fully integrated into the NSW operations and additional synergies are expected to be realised from the acquisition in FY 14.

Qube's rail business benefitted from the availability of the locomotives and wagons acquired in the previous financial year, as well as the increased scale following the MIST/ITG acquisition, securing several new rail contracts during the financial year.

Revenue from rail increased from around 17% of the Logistics division's revenue in FY 12 to approximately 22% in FY 13. Qube anticipates continued strong growth in rail services and intends to purchase additional rail equipment in FY 14 to support this growth.

Additional capital was spent on trucks, trailers, warehouses and other facilities to increase Qube's capacity, improve efficiencies and support new contracts.

**Ports & Bulk Division**

The Ports & Bulk division also delivered improved results in the period. Underlying revenue increased to $499.1 million and underlying EBITA increased to $65.8 million, an increase of 41% and 56% respectively on the prior year pro-forma results. The underlying EBITA margin improved from 12.0% to 13.2% reflecting the benefits of capital investment, as well as improved asset utilisation.

| Year ended 30 June | 2013 ($m) | 2012 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | Underlying | Pro-forma | |
| Revenue | 499.1 | 353.3 | 41% |
| EBITDA | 95.5 | 55.8 | 71% |
| Depreciation | (29.7) | (13.5) | 120% |
| EBITA | 65.8 | 42.3 | 56% |
| Amortisation | (4.0) | (4.0) | 0% |
| EBIT | 61.8 | 38.3 | 61% |
| Share of Profit of Associates | 15.1 | 15.3 | -1% |
| | | | |
| EBITDA Margin (%) | 19.1% | 15.8% | 3.3% |
| EBITA Margin (%) | 13.2% | 12.0% | 1.2% |

The strong result included a full year's contribution from Giacci (which was acquired in March 2012). The Giacci acquisition has provided Qube with the ability to offer a complete mine-to-ship logistics solution covering activities including product loading at the mine, transport, receival and stockpiling at the port and stevedoring onto vessels. This enables Qube to offer a cost effective, reliable service to a broad range of mining customers.

Qube is continuing to deliver innovative solutions that reduce costs, increase operational flexibility and lessen potential environmental issues associated with handling bulk products.

The FY 13 result includes contributions from several new bulk contracts that were secured because of this expanded and enhanced mine-to-ship capability. Qube now provides bulk logistics services to a broad range of customers operating in the mining sector, with the product mix including iron ore, mineral sands, coal and copper concentrates.

Qube's ports activities benefitted from strong volumes of imported motor vehicles as new car sales grew by 7.4% over the year to in excess of 1.1 million vehicles.

The high Australian dollar, cancellation of new mining projects and depressed economic activity has resulted in the demand for certain products softening, most notably steel and project cargo.

Qube Ports & Bulk's associate investments delivered $15.1 million net profit after tax which was around $0.2 million lower than the prior year pro-forma result. AAT and Prixcar benefitted from strong volumes of vehicle imports although Prixcar was affected by the slowdown in production and sales of domestically manufactured vehicles as well as integration costs associated with the vehicle distribution business acquired in July 2012. As noted above, NSS was impacted by the loss of a major customer during the year.

NSS is expected to deliver a lower result in FY 14 which will result in the overall contribution from Qube's associate investments being lower in FY 14 compared to FY 13.

**Strategic Assets Division**

The revenue and earnings in the Strategic Assets division increased significantly, mainly reflecting the consolidation of the Moorebank Industrial Property Trust (MIPT) from 8 June 2012 when Qube acquired an additional 36.67% interest. Prior to that, Qube equity accounted its 30% investment in MIPT.

| Year ended 30 June | 2013 ($m) | 2012 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | Underlying | Pro-forma | |
| Revenue | 27.6 | 6.6 | 318% |
| EBITDA | 21.1 | 5.1 | 314% |
| Depreciation | 0.0 | 0.0 | 0% |
| EBITA | 21.1 | 5.1 | 314% |
| Amortisation | (0.4) | (0.4) | 0% |
| EBIT | 20.7 | 4.7 | 340% |
| Share of Profit of Associates | 0.0 | 4.4 | N/A |
| NCI Share of Qube's NPAT | (3.7) | (0.3) | >1000% |
| | | | |
| EBITDA Margin (%) | 76.4% | 77.3% | -0.9% |
| EBITA Margin (%) | 76.4% | 77.3% | -0.9% |

During the period, Qube, as manager and trustee of the MIPT, finalised a 5 year lease extension with the tenant located on the land owned by the MIPT. This provides Qube with a reliable income stream while it progresses the planning and approvals for the development of this land into a major intermodal logistics facility.

Qube continues to engage with the relevant stakeholders to progress a whole of Moorebank precinct solution which Qube believes will deliver the most efficient logistics solution for Sydney which will maximise the benefits for the Commonwealth, NSW and Qube. The development of an intermodal terminal and complementary warehousing and other logistics services in the Moorebank precinct will provide significant benefits to Qube's activities and improve the port logistics supply chain to South West Sydney.

In August 2013, Qube reached agreement with the tenant at Minto Properties to extend the existing lease for a further 2 years from August 2014 to August 2016 (subject to formal documentation). This provides Qube with certainty of income while it develops and implements its broader intermodal terminal strategy for NSW.

## Funding

At 30 June 2013, Qube had net debt of approximately $464 million. Qube had available cash and undrawn debt facilities of around $260 million providing Qube with substantial funding capacity to pursue further growth.

Qube's leverage ratio has increased from 24.3% at 30 June 2012 to 30.4% at 30 June 2013 as Qube has used debt to fund its acquisitions and growth capex. Qube remains at the lower end of its target leverage ratio of 30-40%.

Qube strengthened its funding position and capital structure during the period with the execution of a new $120 million three year facility in June 2013 to refinance the existing debt facilities relating to the strategic properties.

In August 2013, Qube finalised an amendment to its existing $550 million syndicated debt facility, achieving improved pricing and increased average tenor. The amendment includes splitting the facility into a $200 million three year tranche expiring in August 2016 and $350 million five year tranche expiring in August 2018.

## Dividend

Qube is pleased to announce that it will pay a fully franked final dividend of 2.3 cents per share in respect of the six months ended 30 June 2013 bringing the full year dividend to 4.5 cents per share, an increase of approximately 10% over the prior year. This reflects a payout ratio of around 56% of Qube's underlying earnings per share. The increase in the dividend reflects the continued strong underlying earnings achieved by Qube in the period and the positive outlook.

The record date for the dividend is 6 September 2013 and the dividend will be paid on 4 October 2013. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

**Summary and Outlook**

Qube has improved the quality of its businesses during the year by continuing to invest in facilities and equipment, and expanding the breadth of its services by geography, customer, service and product.

Qube now operates from a national portfolio of strategic locations at ports and other freight catchment areas with scope to expand the capacity at these locations.

Qube has an unrivalled ability to offer integrated logistics solutions delivering significant benefits for its customers across multiple aspects of the import and export logistics supply chain for containerised freight, bulk and rural commodities and motor vehicles. The diversity of its earnings streams enables Qube to continue to grow despite challenges in any specific segment of its operations.

In FY 14, Qube expects strength in bulk export volumes to continue. Qube also expects new vehicle sales to remain solid (subject to legislative risks), albeit at a lower growth rate than FY 13. Any shift from domestically manufactured vehicles to imports is expected to benefit Qube’s stevedoring activities.

Qube expects overall container volumes through the ports to grow at below historical rates and limited improvement in general and project cargo volumes in FY 14.

Qube management is continuing to develop innovative, tailored logistics solutions and undertaking investment to meet its customers’ needs. This is particularly critical in the current environment where customers are seeking overall cost savings and reliable solutions. As a result, Qube continues to receive significant interest from customers across both divisions, despite the challenging economic environment.

Qube expects to continue to grow by demonstrating the financial and service benefits to customers from its integrated service offering and investment in equipment and facilities to drive efficiencies. Qube will remain focussed on improving asset utilisation and achieving further cost reductions, and will also consider potential acquisitions that meet its strategic, financial and risk criteria.

The strategic assets at Minto and Moorebank will continue to generate reliable income in the short-medium term while providing Qube with outstanding long term growth potential once fully developed into intermodal logistics facilities.

As a result, notwithstanding the difficult economic conditions, Qube anticipates continuing its record of delivering revenue growth and increased earnings per share in FY 14.

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# Attachment 1

## Reconciliation of Statutory Results to Underlying and Pro-forma Results

Twelve months ended 30 June 2013

There were a small number of non-recurring and non-cash items included in the statutory results for the twelve months to 30 June 2013 that do not reflect the underlying financial performance of Qube. The table below provides a reconciliation of statutory revenue and net profit before tax to underlying EBITDA and EBITA and to pro-forma EBITDA and EBITA in the prior comparable year.

| **Year ended 30 June** | **2013** | **2012** |
|---|---|---|
| | **$m** | **$m** |
| | **Underlying** | **Pro-forma** |
| | | |
| **Revenue from external customers** | **1,082.1** | **784.6** |
| Underlying adjustments | (17.0) | 0.0 |
| Pro-forma adjustments | 0.0 | 52.1 |
| **Underlying / pro-forma revenue** | **1,065.1** | **836.7** |
| | | |
| **Net profit / (loss) before tax** | **109.9** | **(1.8)** |
| Add / (Subtract): | | |
| Interest income | (2.7) | (4.9) |
| Interest expense | 36.4 | 16.6 |
| Fair value of derivatives | (1.0) | 2.7 |
| Depreciation & amortisation | 59.0 | 36.2 |
| Share of profit of associates | (15.5) | (13.2) |
| **EBITDA** | **186.1** | **35.6** |
| Impairment losses on investment in associates | 10.5 | 0.0 |
| Release of contingent consideration payable | (8.0) | 0.0 |
| Fair value adjustments (net) | (8.9) | 0.4 |
| Costs of legacy incentive schemes | 1.9 | 8.7 |
| Non-recurring Qube Restructure items (excluding stamp duty) | 0.0 | 42.8 |
| Refinancing costs | 0.0 | 7.3 |
| Stamp Duty | 0.0 | 10.3 |
| Pro-forma adjustments | 0.0 | 7.6 |
| **Underlying / Pro-forma EBITDA** | **181.6** | **112.7** |
| Depreciation | (52.8) | (31.4) |
| **Underlying / Pro-forma EBITA** | **128.8** | **81.3** |
| | | |
| The table above has been extracted from note 4 of the financial statements but is unaudited. | | |

The table below provides a reconciliation of the net profit before tax of Qube by segment to underlying EBITDA and underlying EBITA (which are key internal measures used to assess the underlying performance of Qube's businesses) for the twelve months to 30 June 2013.

| **Year ended 30 June 2013** | **Logistics** | **Ports & Bulk** | **Strategic Assets** | **Corporate and Other** | **Consolidated** |
|---|---|---|---|---|---|
| | **$m** | **$m** | **$m** | **$m** | **$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 | 0.0 | **59.0** |
| Share of profit of associates | (0.4) | (15.1) | 0.0 | 0.0 | **(15.5)** |
| **EBITDA** | **71.8** | **92.7** | **30.2** | **(8.6)** | **186.1** |
| Fair value adjustments (net) | 0.0 | 0.0 | (9.1) | 0.2 | **(8.9)** |
| Impairment losses on investment in associates | 0.0 | 10.5 | 0.0 | 0.0 | **10.5** |
| Costs of legacy incentive schemes | 1.6 | 0.3 | 0.0 | 0.0 | **1.9** |
| Release of contingent consideration payable | 0.0 | (8.0) | 0.0 | 0.0 | **(8.0)** |
| **Underlying EBITDA** | **73.4** | **95.5** | **21.1** | **(8.4)** | **181.6** |
| Depreciation | (23.1) | (29.7) | 0.0 | 0.0 | **(52.8)** |
| **Underlying EBITA** | **50.3** | **65.8** | **21.1** | **(8.4)** | **128.8** |

Twelve months to 30 June 2012

The statutory results for the twelve months to 30 June 2012 were impacted by the Qube Restructure completed in September 2011 which involved significant transaction costs and changes to accounting measurements. Therefore, the statutory results do not reflect the underlying financial performance of Qube in that period and are not comparable to the current period's results.

As previously advised, the pro-forma financial information provides a more meaningful and consistent reflection of the underlying performance of Qube for the twelve months to 30 June 2012.

The pro-forma information for the twelve months to 30 June 2012 has been prepared on the following basis:

- Qube owned its current interest in Qube Logistics, Qube Ports & Bulk, AAT, NSS, Prixcar and Minto Properties for the entire reporting period.
- Qube accounted for its 30% ownership of the Moorebank Industrial Property Trust (MIPT) as an associate until it acquired control on 8 June 2012 and consolidated MIPT from that date recognising a non-controlling interest for the 33.3% minority interest.
- Qube operated as a company for the entire reporting period.
- The one-off costs relating to the Restructure have been excluded.
- Other non-cash items and non-operating items have been excluded.

The table below provides a reconciliation of the net profit before tax to the Pro-forma EBITDA and EBITA for the twelve months to 30 June 2012.

| **Year ended 30 June 2012** | **Logistics** | **Ports & Bulk** | **Strategic Assets** | **Corporate and Other** | **Consolidated** |
|---|---|---|---|---|---|
| | **$m** | **$m** | **$m** | **$m** | **$m** |
| | | | | | |
| **Net profit / (loss) before tax** | **23.2** | **35.5** | **(5.2)** | **(55.3)** | **(1.8)** |
| Add / (Subtract): | | | | | |
| Net interest expense | 8.2 | 5.1 | 5.6 | (4.5) | **14.4** |
| Depreciation and amortisation | 20.4 | 15.4 | 0.4 | 0.0 | **36.2** |
| Share of profit of associates | (0.3) | (12.5) | (0.4) | 0.0 | **(13.2)** |
| **EBITDA** | **51.5** | **43.5** | **0.4** | **(59.8)** | **35.6** |
| Fair value adjustments (net) | 0.0 | 0.0 | 0.2 | 0.2 | **0.4** |
| Non-recurring Qube Restructure items (excluding stamp duty) | 0.0 | 0.0 | 0.0 | 42.8 | **42.8** |
| Stamp Duty | 1.6 | 1.5 | 4.5 | 2.7 | **10.3** |
| Refinancing costs | 0.3 | 0.2 | 0.0 | 6.8 | **7.3** |
| Costs of legacy incentive schemes | 5.9 | 2.8 | 0.0 | 0.0 | **8.7** |
| **Adjusted EBITDA** | **59.3** | **48.0** | **5.1** | **(7.3)** | **105.1** |
| Pro-forma EBITDA for 2 months to 31 August 2011 | 0.0 | 7.8 | 0.0 | (0.2) | **7.6** |
| **Pro-forma EBITDA** | **59.3** | **55.8** | **5.1** | **(7.5)** | **112.7** |
| Depreciation | (17.9) | (13.5) | 0.0 | 0.0 | **(31.4)** |
| **Pro-forma EBITA** | **41.4** | **42.3** | **5.1** | **(7.5)** | **81.3** |

Further information regarding Qube's results, including an explanation of statutory and non-statutory financial information, is set out in Qube's financial results for the twelve months to 30 June 2013 and is available on www.qube.com.au.