



26 November 2020

QUBE HOLDINGS LIMITED
ABN 14 149 723 053

Level 27, 45 Clarence Street
Sydney NSW 2000

T: +61 2 9080 1900
F: +61 2 9080 1999

qube.com.au

ASX Announcement

Chairman's Address and Managing Director's Presentation – 2020 AGM

Attached are the:

- 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:

Adam Jacobs
Company Secretary, Qube Holdings Limited

Further enquiries:

Media:

Paul White
Director, Corporate Affairs
paul.white@qube.com.au
+61 417 224 920

Analysts/Investors:

Paul Lewis
Chief Financial Officer
paul.lewis@qube.com.au
+61 2 9080 1903

Chairman's Address

Despite the unprecedented challenges we faced in FY20, the company was able to deliver a sound financial performance.

Qube weathered the tumultuous summer months affected by bushfires and flood events and was on track to deliver growth for shareholders when COVID 19 reached Australia in late February.

Our first priority, as always, was the health and safety of our employees. The Board and Management moved quickly to protect our people and implemented company-wide safety protocols which responded flexibly to the evolving crisis.

In anticipation of a prolonged and severe impact on economic activity and the impact on Qube's operations, management initiated a proactive and focussed plan in early March to mitigate the impact on Qube's earnings and minimise the need for employee stand-downs or job losses.

This work has been successful in minimising the damage to our people and our operations and as COVID restrictions ease in various states our operations are returning to what we are all coming to know as a "Covid normal state."

Of course, the economic downturn caused by the pandemic and other factors negatively affected Qube's full-year earnings, however the company achieved a net profit after tax and amortisation of more than \$121 million.

Other highlights for the financial year included underlying revenue growth of more than 9% to \$1.9 billion. Underlying earnings before interest, tax and amortisation were \$160.3 million for the period.

Shareholders received fully franked dividends of 5.2 cents per share.

Safety performance

The Board remains closely focussed on maintaining and improving Qube's strong track record on safety. We continue to invest significantly in safety initiatives and the promotion of improved health and well-being amongst our workforce.

Qube's injury rates improved again, continuing the long-term improvement trend with a Total Recordable Injury Frequency Rate (TRIFR) of 8.3, a 7% improvement on the rate of 8.9 reported in FY19.

Tragically, despite Qube's efforts and initiatives, in September 2019 there was a fatality of a Qube employee working at the IGO Nova Mine site in Western Australia. Qube provided immediate assistance to the employee's family at the time of the incident and is continuing to provide ongoing support. Qube has also made a donation to the Heart Foundation in consultation with the employee's family.

The learnings of the fatality investigation have been shared across the organisation and Qube will continue to work to improve and enhance its safety systems and performance.

Operating Division

The onset of the COVID-19 pandemic started impacting Qube's operations towards the end of February 2020 and continued for the remainder of the financial year. Fortunately, most of Qube's operations were defined as essential services and therefore were able to continue to operate throughout the period albeit on lower overall volumes.

Qube's diversification strategy across Ports, Bulk and Logistics operations significantly ameliorated the impact of COVID across the group. Diversification was particularly important during the second half of the period during which Qube's bulk operations continued largely unaffected by COVID-19, in contrast to other markets such as automotive, containers and project cargo which experienced meaningful reductions in volumes.

The underlying financial results for the Operating Division were pleasing given the environment with earnings growth over the prior comparable period despite headwinds in a number of its markets which impacted volumes and placed pressure on margins. The result benefitted from a contribution from acquisitions and new contracts in the period, as well as Qube's diversification and strong market positions in its target markets.

In September 2019, Qube completed the acquisition of the Chalmers business which was highly synergistic with Qube's transport and container park operations in Brisbane and Melbourne. As a result Qube was able to rapidly integrate the Chalmers business allowing for the sale of freehold land owned by Chalmers for around \$65 million (pre-transaction costs) which was in excess of the total consideration paid to acquire the company.

Moorebank Logistics Park

Significant progress was made during the year at the Moorebank Logistics Park (MLP).

In November last year the first shuttle trains commenced operations between Moorebank and Port Botany and volumes are continuing to increase although at a rate less than expected.

A major highlight was the announcement in June that Qube had attracted Woolworths to the precinct. In a development that will transform the NSW grocery supply chain, Woolworths will, subject to planning approval, develop a semi-automated national distribution centre and an automated regional distribution centre.

Qube is continuing with the previously announced Moorebank monetisation process and has entered into an exclusive negotiation period with the LOGOS property group.

This due diligence process is proceeding and the board expects to be in a position to update the market by Christmas. However, as we have previously announced, any decision to monetise Moorebank will only be made if there are clear and compelling benefits to Qube shareholders.

Patrick

Despite the impact of COVID in the second half of the year, Patrick continued to generate strong cashflow in the period, although reflecting the uncertain environment and lower volumes, Patrick only distributed \$20.0 million to Qube in the period through a combination of interest, repayment of shareholder loans and return of capital.

Equity Raising and Shareholders

In May 2020, the board and management raised \$500 million through an entitlement offer open to all Qube shareholders. On behalf of the board, I would like to thank shareholders for their support in that successful raising.

The board notes there has been criticism of certain aspects of the remuneration report from some shareholders. I will be happy to take questions on the issues raised and further explain the rationale for our decisions. I would like to make it clear that at all times the board has placed the interests of shareholders at the forefront of our thinking.

However we acknowledge the critical comments received and will take on board the issues raised for consideration in this year's remuneration report and into the future.

Board renewal

As shareholders would be aware Qube is continuing a process of board renewal with retirements and new appointments this year.

Firstly I'd like to acknowledge the service of retiring director Peter Dexter who has been on the board since Qube was listed in September 2011. Peter has been a tireless contributor to the board and has served at various times as chairman on the Nomination and Remuneration committee and also as a member of the Safety Health and Sustainability committee and the Audit and Risk Management committee.

Also retiring at this meeting is Sue Palmer after three years on the board. Sue has been a strong contributor to both board deliberations and the work of the audit and risk committee.

I'm sure shareholders would join me in wishing both Peter and Sue all the best.

Outlook

The impact of COVID-19 and geopolitical developments continue to be closely monitored, and there is still limited visibility regarding future operational impact on volumes and activity levels across the divisions.

However 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 first half 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 mainly reflecting higher contributions from the Operating Division and Patrick, as well as lower net interest costs.

This of course 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 doesn't reflect any potential outcome from the Moorebank monetisation process.

We remain confident that Qube's scale, diversification and track record of innovation and accretive investments provides a solid foundation for sustainable, long term growth.

In conclusion, I would like to thank directors, management and all employees for their efforts during what has been a very testing period in the last year.

Allan Davies
Chairman, Qube Holdings Limited

26 November 2020

The QUBE logo is displayed in yellow capital letters on a dark grey rectangular background in the top right corner of the image.The QUBE logo is displayed in yellow capital letters on a dark grey rectangular background on the side of the white truck.The QUBE ENERGY logo is displayed on the side of the white SUV. It features the word "QUBE" in a large, bold, sans-serif font, with "ENERGY" in a smaller font below it, and "ZERO WASTE" in a very small font at the bottom.

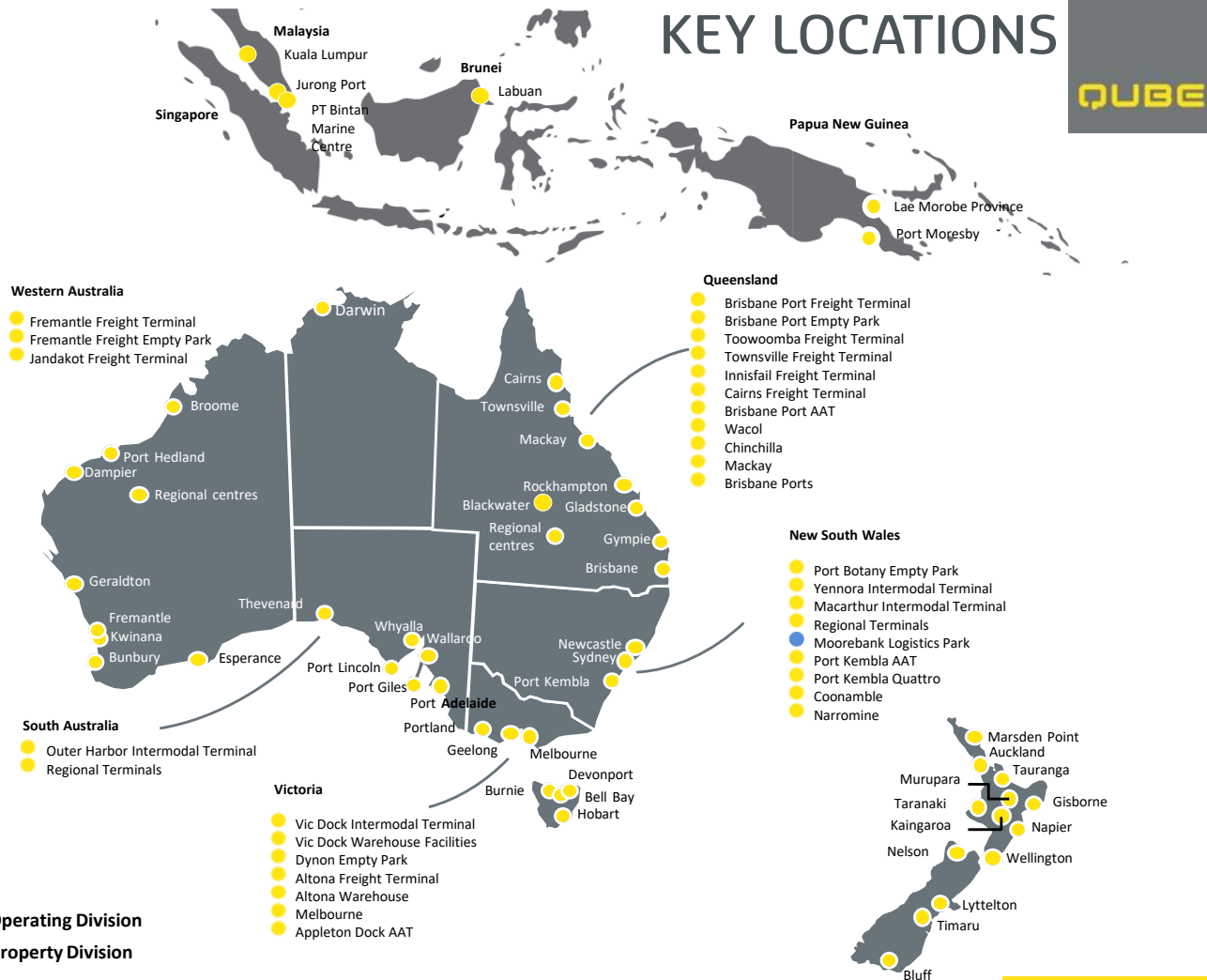
Managing Director's Address

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

● Operating Division
● Property Division

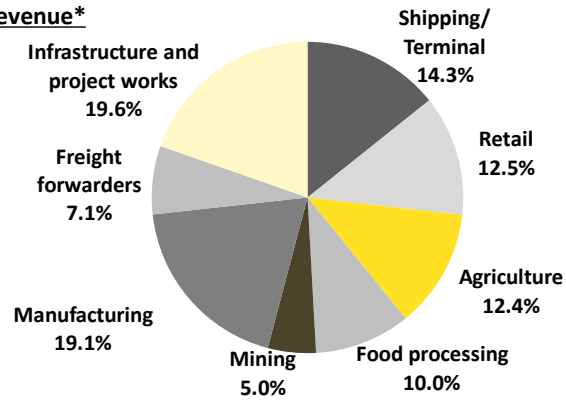


STRENGTH THROUGH DIVERSIFICATION

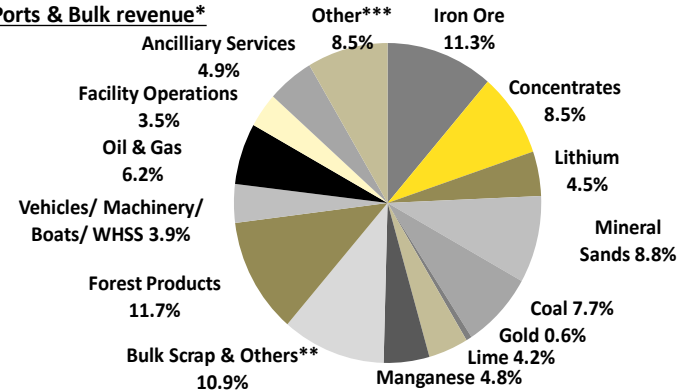
QUBE

- Qube's revenue and earnings are well diversified, including by:
 - Business
 - Geography
 - Service / Product
 - Customer
 - Imports and Exports

Logistics revenue*



Ports & Bulk revenue*



*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

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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

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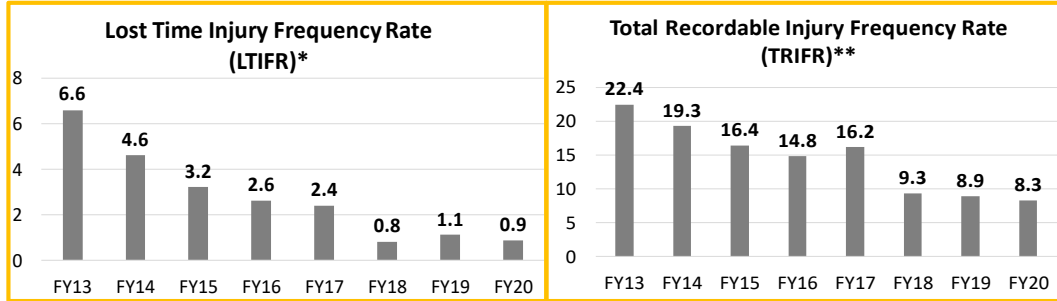


LET'S BE COVIDSAFE TOGETHER!

COMMITMENT TO SUSTAINABLE VALUE CREATION

Through continued focus on safety and health

QUBE



***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

QUBE

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.



QUBE HEALTHY HEADS AMBASSADOR PROGRAM

COMMITMENT TO SUSTAINABLE VALUE CREATION

Through continued focus on sustainability

QUBE

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

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- 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 marshall) 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

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Q1 FY 21 BUSINESS UPDATE

Positive start to FY 21

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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

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- 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.

