

## Qube continues to “Thrive”

<b>Company/ASX Code</b>	Qube Holdings Limited/QUB
<b>AGM time and date</b>	10.30 am AEDT Thursday, 21 November 2024
<b>Location</b>	PriceWaterhouseCoopers (PwC), Level 15, One International Towers, Watermans Quay, Barangaroo, Sydney
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid*
<b>Monitor</b>	Peter Gregory and Chad Moffiet
<b>Pre-AGM Meeting</b>	With Chair, Allan Davies; Rem Chair, Jackie McArthur; Director Corporate Affairs, Ben Pratt; and Company Secretary, Adam Jacobs.

Monitor Shareholding: The individual(s) involved in the preparation of this voting intention have a shareholding in this company.

\*Shareholders attending online will be able to view the meeting, ask written questions and submit votes in real time.

### 1. How we intend to vote

No.	Resolution description	
1	Election of Jillian Hoffmann	For
2	Election of James Fazzino	For
3	Adoption of the Remuneration Report	For
4	Approval of the issue of Securities under Qube’s Equity Plans	For
5	Approval of the grant of Rights under the STI Plan to the Managing Director	For
6	Approval of the award of Rights under the LTI Plan to the Managing Director	For
7	Approval of the provision of financial assistance	For

### 2. Summary of Issues and Voting Intentions for AGM/EGM

- Decarbonisation is a key focus area for Qube, recognising that, with the extensive use of diesel, it operates in a difficult to abate sector. While good progress has been made, including an 18% improvement in carbon intensity in FY24 compared to FY23, decarbonising for Qube is good business and aligns with Qube’s values as committed to in the “Thrive” priority Planet.
- Acquisitions and ACCC. While Qube continues to grow organically, strategic acquisitions are an important growth driver. A proposed acquisition Melbourne International RoRo & Auto Terminal Pty Ltd (MIRRAT) is being reviewed by ACCC to determine if an undertaking will be required of Qube before and if this acquisition can proceed. With this specific matter,

and with the ACCC in general Qube maintains regular communication to ensure regulatory alignment.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

### 3. Matters Considered

#### Accounts and reports

##### Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	221.9	166.6	128.3	91.6	87.5
UPAT (\$m)	258	224.8	200.7	142.5	104.2
Share price (\$)	3.65	2.85	2.73	3.17	2.91
Dividend (cents)	9.2	8.1	7	6	5.2
Simple TSR (%)	31.3	7.3	-11.9	10.6	0.2
EPS (cents)	12.9	10.3	7.1 *	4.8	6.2
CEO total remuneration, actual (\$m)	3.34	2.87	3.14	4.18	3.54

\* From continuing operations – excludes Moorebank monetisation

Simple total shareholder return (TSR) is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Since listing in August 2011 Qube has been focused on its vision and strategy to be the leading provider of integrated logistics solutions within the Australasian market.















Supported by robust systems, committed people (many of whom are long term employees), a focus on safety, inclusion and innovation, and organic growth and the integration of a number of strategic acquisitions Qube has continued to deliver for shareholders.




In 2024 the Qube business continued to grow with underlying revenue of \$3.5 billion, up 17.2% on pcp. Statutory NPAT increased 32%. This reflects the diversity of Qube's business as shown in this chart, together with the geographic spread across Australian and New Zealand, which protects the company from the ups and downs that may affect specific markets or regions.

## Qube's Key Markets

QUBE

ATTRACTIVE MARKETS WITH MULTIPLE GROWTH OPTIONS, LOW CORRELATION BETWEEN EARNINGS IN EACH MARKET  
SUPPORTS LONG TERM EARNINGS GROWTH WITH REDUCED EARNINGS VOLATILITY

KEY MARKETS	FY24 FINANCIAL PERFORMANCE	REVENUE DRIVER	REVENUE CONSTRUCT	MACRO DRIVER	FY24 PERFORMANCE AND FY25 OUTLOOK FY24 / FY25
CONTAINERS	Strong across all key activities (inc transport, container parks and stevedoring) with Patrick having a very high market share and Qube achieving solid volumes ahead of market growth.	# of container movements	• \$ per TEU / Container • Daily storage fees	Australia GDP++	 
AGRICULTURE	Materially lower than pcp. Improvement towards the end of H2 from favourable weather and commencement of grain trading activities.	Grain export volumes	• \$/Mt per km • Daily storage fees	Global GDP+ (weather dependent)	 
AUTOMOTIVE	Continued high volumes of vehicle imports and ancillary revenue relating to quarantine and storage.	# of new vehicle sales	• \$ per vehicle • Daily storage fees	Australian GDP	 
FORESTRY	Broadly flat NZ log volumes although earnings supported by benefits of major cost reduction program completed in late H1. Significantly improved AUS volumes across marshalling activity (logs) although slight decline in woodchip volumes.	Export of forestry products	• \$/Mt per km • Daily storage fees	China GDP	 
RESOURCES	Steady volumes across most commodities with no significant impact from decline in certain commodity prices towards the end of the period (although monitoring closely). Some ongoing impact from skilled labour shortages.	Export of bulk resources	• \$/Mt per km • Daily storage fees	Global GDP+	 
ENERGY	Reasonable growth reflecting increased scope of work and ramp up of existing projects.	New energy projects	• Various	Energy consumption	 
OTHER	Positive across most commodities, services and products.	Various	• Various	Various	 

Legend  Achieved  On-track  Tracking below target

Source: QUB Investor Presentation - 2024 Full Year Results

And with a 31% increase in FY24 TSR, largely driven by the share price improvement and combined with an increase in fully franked dividend shareholders have been rewarded.

Having had a good year overall financially, the leadership of Qube faced some challenges, had some wins during the year, while remaining conscious of the need to improve and adapt.

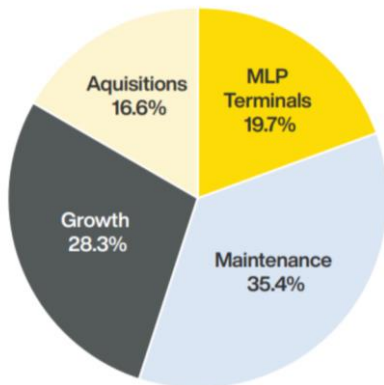
Features of Qube's FY24 were:

- Foremost for safety centred Qube was the death of a Qube employee at the company's forestry harvesting operation in South Australia. While SafeWorkSA did not find any fault with Qube, the Board still exercised discretion to not pay Executives the safety component (10%) of their Short-Term Incentive. And, while not seen to be at fault Qube management has sought ways that Qube can further improve safety for people working in remote locations through the introduction of additional in-cab cameras and invested in an industry first digital communications network to increase monitoring.
- Additional acquisitions of the remaining 50% of Pinnacle giving Qube a low risk entry into the New Zealand containerised logistics market, Narrabri Property and Infrastructure enhancing Qube's NSW Agri grain network, and Stevenson Logistics expands Qube's exposure to the WA market.
- Weakness in agri-related volumes at Qube's two grain terminals declined by around 55% compared to FY23.
- Qube commenced grain trading capability to optimise the utilisation of Qube's grain infrastructure within appropriate risk parameters (high revenue, low margin activity).
- The MLP IMEX Terminal is fully operational with robotic cranes although earnings and margins are impacted until volumes ramp up from improving demand. This is in line with

expectations with improvement expected in FY25. Woolworths has completed its facility with Qube expanding infrastructure to support operational efficiency at Moorebank.

- Patricks previous substantial investment in landside capacity enabled it to cover the volume caused by the industrial action at DP World with increased market share from 42% to 46% and a 3.6% margin improvement.

Qube is a business that continually needs to invest with CAPEX during FY24 of \$632 million, split as follows (details are shown on page 34 of the Annual Report:



The return on average capital employed from its operating division declined slightly from 10.5% to 10.3% in FY24 largely due to a significant amount of capital deployed being in the construction or development phase and therefore not generating target earning.

### **Governance and culture**

Qube publishes a Board Skills matrix that lists both Critical Skills and General Skills. For each skill the number of directors who have Limited, General, Advances and Expert skill. This is helpful for shareholders in determining how they vote for election of directors. ASA would prefer that the actual skill level of each director was shown in the matrix.

From the information provided it appears that Qube have a need, through their Board succession planning to have a director who is Expert in Technology and data oversight, Innovation and disruption oversight and Digital oversight. Many traditional businesses are seeing opportunities in using their data to both improve their productivity and efficiency, and to create added value that can be monetised. And while Qube describes, on p 37 of its Annual Report, excellent work that is making a difference with Innovation and Technology with the capability it has within the organisation, it is increasingly important that Boards have the expertise and understanding that can further challenge and guide the innovative utilisation of technology to the benefit of customers and shareholders. In further Board succession planning, ASA encourages Qube to address this skills shortfall.

### **Key board or senior management changes**

There have been no senior management changes.

- Nicole Hollows ceased as a Non-Executive Director and as a member of the Audit and Risk Management Committee and as a member of the Safety, Health and Sustainability Committee on 10 November 2023.

- Jackie McArthur was appointed as a member of the Safety, Health and Sustainability Committee on 24 November 2023.
- Jill Hoffmann was appointed as a Non-Executive Director on 15 December 2023 and as a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee on 5 February 2024.
- Ross Burney ceased as a Non-Executive Director and as a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee on 22 February 2024.
- Sam Kaplan ceased as a member of the Audit and Risk Management Committee on 22 February 2024. Sam will be retiring from the Board at the conclusion of the 2024 AGM.
- James Fazzino was appointed as a Non-Executive Director on 22 February 2024 and as a member of the Audit and Risk Management Committee on 22 February 2024.

ASA is pleased to see that the Board is working through a process of very orderly renewal, and that newer directors are being given the opportunity as member of committees. On this note, we would prefer to see a change in Chair for the Safety, Health and Sustainability Committee from Alan Miles who has chaired the committee since 2020.

### **Sustainability/ESG**

Sustainability is a key area of focus for Qube as it operates in a hard-to-abate sector with a high dependence on diesel. Clear action is being taken with an 18% reduction in carbon intensity from FY23. This has included increased use of renewable energy installations, assisted by battery storage, moving as much of its operation to electrified assets as possible, upgrading the fleet and increasing the efficiency of fuel usage. Power Purchasing Agreements are being used to give confidence to the cost of electricity going forward.

Supporting customers reduce their emissions is a key area of focus with the opening of the Moorebank Interstate Terminal and Tamworth Intermodal, and other investments in rail infrastructure encouraging the shift from road to rail to unlock emission savings.

Being able to accurately report on emissions generated on the behalf of individual customers will enable them to comply with their obligation to report their Scope 3 emissions. Qube is using Salesforce ESG reporting to assist with this reporting.

## **4. Rationale for Voting Intentions**

### **Resolution 1 Election of Jillian Hoffmann (for)**

Jillian brings a broad and diverse set of skills and experiences to the Qube Board. She has been Chair of Fremantle Ports and has held a wide variety of operational and strategic executive roles at Woodside, many of which have relevance for Qube. Jillian has mostly worked in Western Australia and has built an understanding of supply chain and shipping. Her perspectives will be valuable for Qube.

While she has limited NED experience, though working in a large organisation she will have developed a good understanding of governance, and as she does not have other directorships she will have the space within Qube to quickly become an effective director.

### **Resolution 2 Election of James Fazzino (for)**

James has had an executive career spanning mining, agribusiness, manufacturing and chemical industries, including a period as CEO of Incitec Pivot where he led the globalisation of this company.

He is currently Chair of Rabobank and a NED of APA Group. He is also Chair of Manufacturing Australia, a coalition of Australia's largest manufacturers that works with governments to help Australia's manufacturing sector realise its potential.

While ASA has concerns that his current workload may challenge his ability to effectively contribute to Qube, and he does not have direct supply chain exposure, it appears that he will bring some fresh perspectives to the Qube Boardroom.

### **Resolution 3 Adoption of the Remuneration Report (for)**

At the FY23 AGM Qube received an against vote of 15% on the Remuneration Report resolution.

During discussions with major shareholders and proxy advisers, concerns were shared about firstly, the threshold for STI paying 50% of target award at 85% achievement of financial targets – this has been changed for FY24 to 60% payment at 90% achievement of financial target. And secondly for it to be possible for the threshold to be lower than the prior year actual result. Further refinement of the STI award will be implemented for FY25.

While we believe that the remuneration review work that is being carried out will be productive, ASA notes that Qube are very transparent with their remuneration plan and disclose threshold details.

Qube is very clear about expectations for the award of STI payments and give a complete description of achievements for the CEO and direct reports.

From the review the Board has determine that a 4% increase in fixed remuneration was in line with market movements and has been awarded as part of the annual review process.

The LTI award that vested in FY24 was the legacy Share Appreciation Rights (SARs) that was put in place during the construction of the Moorebank Logistics Park. This will be the final year for the legacy SARs. Future LTI vesting will be based on Diluted Earnings Per Share Pre-Amortisation (EPSA) and Relative TSR performance.

Overall, the Qube remuneration plan is easy to read and understand, it is administered firmly, but fairly and is consistent with the interest of individual shareholders. The remuneration committee recognises the role of remuneration in attracting and retaining talented people, and that there are many long standing people on the Executive reflects this and the very strong culture that is part of Qube.

### **Resolution 4 Approval of the issue of Securities under Qube's Equity Plans (for)**

Qube has STI and LTI plans that are fully defined in the Remuneration Report that provide for the Managing Director and his direct reports to be awarded Equities. The purpose of this resolution is to enable these shares to be issued without restricting the company's ability to raise further funds via new security issues up to 15% of the number of shares on issue. The maximum number of Shares that can be issued under this resolution is contained in the Notice of Meeting and that



actual number issued is determined by the rules of the Incentive Plan as per the Remuneration Report. In the interests of transparency Qube will put this resolution every two years.

#### **Resolution 5 Approval of the grant of Rights under the STI Plan to the Managing Director (for)**

This issue of Rights is consistent with the Remuneration Report. The allocation of 192,538 Rights is 50% of the Managing Directors FY24 STI award, being \$742,000. The number of rights allocated is based on 10 trading day Volume Weighted Average Price (VWAP) following the announcement of Qube's FY24 results. This is \$3.854 per share.

#### **Resolution 6 Approval of the award of Rights under the LTI Plan to the Managing Director (for)**

This issue of Performance Rights is consistent with the Remuneration Report. The Managing Director's FY25 remuneration package includes a maximum LTI opportunity of \$2,367,582. Therefore, he would be granted 614,351 Rights, which has been determined by dividing the LTI maximum opportunity by the 10-trading day VWAP of Qube Shares of \$3.854 following the announcement of Qube's FY24 financial results.

Vesting of these rights is subject to EPSA Compound Annual Growth Rate (60% weighting) and Relative TSR (40% weighting) as described in the Notice of Meeting.

#### **Resolution 7 Approval of the provision of financial assistance (for)**

This is a resolution that is used where the assets and liabilities of subsidiaries for various reasons can't be grouped, and where during a transaction, the acquirers require security beyond the individual subsidiary engaged in the transaction.

On 1 November 2023 Qube Logistics (WA) Pty Ltd, a wholly-owned subsidiary of Qube acquired 100% of the issued share capital, either directly or indirectly in companies which comprise the Stevenson Logistics Group. And on 21 August 2024, Qube Bulk Pty. Ltd, a wholly-owned subsidiary of Qube acquired 100% of the issued share capital, either directly or indirectly in companies which comprise the Coleman Group.

As described in full in the Notice of Meeting this resolution makes Qube compliant with obligations under its Financing Arrangements.

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## Appendix 1 Remuneration framework detail

Qube CEO Remuneration FY24								
CEO rem. Framework for FY24	FY24 CEO remuneration Plan						Actual FY24	
	Hurdle		Target		Maximum		\$m	% of Total
	\$m	% of Total	\$m	% of Total	\$m	% of Total		
<b>Fixed Remuneration</b>	<b>1.58</b>	<b>69%</b>	<b>1.58</b>	<b>42%</b>	<b>1.58</b>	<b>31.9%</b>	<b>1.58</b>	<b>47%</b>
STI - Cash	0.359	16%	<b>0.593</b>	15.5%	0.843	17.0%	0.742	22%
STI - Equity	0.359	16%	<b>0.593</b>	15.5%	0.843	17.0%	0.742	22%
<b>Total STI</b>	<b>0.718</b>	<b>31%</b>	<b>1.196</b>	<b>31%</b>	<b>1.686</b>	<b>34%</b>	<b>1.484</b>	<b>44%</b>
LTI	<b>0</b>	<b>0%</b>	<b>1.034</b>	<b>27%</b>	<b>1.627</b>	<b>34%</b>	<b>0.313</b>	<b>9%</b>
<b>Total</b>	<b>2.298</b>	<b>100%</b>	<b>3.829</b>	<b>100%</b>	<b>4.960</b>	<b>100%</b>	<b>3.377</b>	<b>100%</b>
							% of target	% of maximum
							124%	88.00%
STI Financial targets								
STI % of target achievement	90%		100%		110%			
STI % of at target payment	60%		100%		140%			
	For every 1% of below target achievement, the STI payment reduces by 4%. There is no STI payment below 90% of target achievement.			For every 1% of above target achievement, the STI payment increases by 4%. The over target payment is capped at 10% over target.				

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

\*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.

Note, the Actual LTI relates to SARs that were awarded to the CEO when he was Chief Operating Officer, and before becoming CEO.