

7 August 2018

**Transurban FY18 proportional EBITDA up 10.2%<sup>1</sup>**

**FY18 highlights:**

- FY19 distribution guidance of 59.0 cps
- FY19 distribution guidance of 59.0 cps will be maintained in the event of a successful WestConnex bid
- Linkt tolling brand now active across Sydney, Brisbane and Melbourne, incorporating fee reductions and enhanced digital platforms for our customers
- Continuing focus on customer experience:
  - Initiatives to improve customer assistance and reduce tolling debt and fines
  - Voice of Customer program improves customer interactions
- Connected Automated Vehicle (CAV) trials underway across Australia and North America with the first Australian public trials of a highly automated vehicle occurring on CityLink
- Acquisition and financial close of A25 in Montreal providing second geographical market in North America
- Completion of the CityLink Tulla Widening and Monash Freeway Upgrade Projects in Melbourne providing travel time savings to customers
- Statutory profit from ordinary activities of \$468 million
- Average daily traffic (ADT) grew by 2.2%<sup>2</sup> inclusive of disruption from upgrade projects including CityLink Tulla Widening (CTW), Monash Freeway Upgrade (MFU), Logan Enhancement Project (LEP), Gateway Upgrade North (GUN) and Inner City Bypass (ICB)
- Proportional toll revenue increased by 8.7% to \$2,340 million
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) and before significant items increased by 10.2% to \$1,796 million<sup>1</sup>
- FY18 distribution of 56.0 cents per security (cps) including the impact from \$1.9 billion of equity raised to support the West Gate Tunnel Project

Chief Executive Officer Scott Charlton said Transurban would continue to focus on initiatives to enhance customer experience – both on and off the road.

“The launch of our retail tolling brand Linkt makes it easier for customers to find a toll travel arrangement that’s right for them. Our priority is giving customers flexibility and choice,” Mr Charlton said.

Mr Charlton said the development projects being undertaken by Transurban would deliver valuable travel-time savings for customers. Already customers are saving on average 14 minutes in travel time from Melbourne Airport to the Bolte Bridge due to the CityLink Tulla Widening Project.

<sup>1</sup> Excludes FY18 significant items which include \$21 million of transaction and integration costs associated with the acquisition of A25.

<sup>2</sup> A25 was acquired by Transurban on 5 June 2018. Excluding A25, ADT increased by 2.2%.

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## Key network activities

### Sydney:

For FY18:

- Proportional toll revenue increased 8.3% to \$944 million
- ADT increased 3.1% to 666,000 trips
- EBITDA grew by 9.1%
- NorthConnex project is progressing with the majority of tunnelling completed<sup>3</sup>
- Trials of partially-automated vehicles in progress in NSW, in partnership with Transport for NSW and RMS
- For the June quarter average workday traffic increased 2.5% and average weekend/public holiday traffic increased 4.1%
- For the June quarter, car traffic increased 3.2% and large vehicle traffic increased 3.9%

“Last year we worked with Roads and Maritime Services (RMS) to trial a six-month closure of the Cleveland Street off-ramp – a known pinch point on the Eastern Distributor. During the trial we observed improved traffic flow and travel reliability on both the Eastern Distributor and the adjacent South Dowling Street (non-tolled alternative), which led to improved safety for staff involved in daily closures and customers. This resulted in us permanently closing the off-ramp in February 2018,” Mr Charlton said.

### Melbourne:

For FY18:

- Toll revenue increased 13.4% to \$780 million
- ADT increased 1.4% to 828,000 transactions
- EBITDA grew by 15.7%
- CTW and MFU projects were completed ahead of budget and schedule.
- CityLink traffic continues to be impacted by CTW State works
- West Gate Tunnel planning scheme amendment passed through both houses of the Victorian Parliament.<sup>4</sup> Over 2,000 workers are currently contributing to the project
- Retail tolling brand, Linkt, launched in Melbourne in July 2018, alongside reduced fees for customers
- For the June quarter average workday traffic increased 3.6% and average weekend/public holiday traffic increased 6.4%
- For the June quarter, car traffic increased 3.7% and large vehicle traffic increased 8.7% for the quarter

“Now that the CityLink Tulla Widening and Monash Freeway Upgrade projects are complete customers are benefitting from additional capacity and quicker travel times,” Mr Charlton said.

“In addition the West Gate Tunnel Project is progressing well and we welcome the certainty the planning scheme amendment provides.”

<sup>3</sup> The delivery timeframe is currently under review. Project expected to remain within Transurban’s budget.

<sup>4</sup> Legislative approval for the CityLink funding sources is pending. The State has confirmed that it is Government policy intention to implement the necessary legislative support for the CityLink concession deed amendments during the WGTP construction period.

## Brisbane:

For FY18:

- Proportional toll revenue increased 2.1% to \$393 million. Revenue for the period incorporates changes to fees that have occurred throughout the year
- ADT increased 2.6% to 404,000 trips
- EBITDA was up 4.0%
- The three development projects in Brisbane are progressing well, including the \$60 million Inner City Bypass (ICB) project which is to be completed in the coming weeks
- Transurban Queensland to deliver operations & maintenance (O&M) on the ICB post-completion
- Introduction of Linkt retail tolling brand in Brisbane including the Linkt and LinktGO mobile apps and lower fees for customers
- For the June quarter average workday traffic increased 0.9% and average weekend/public holiday traffic increased 1.7%
- For the June quarter, car traffic increased 0.4% and large vehicle traffic increased 5.2%

“In Brisbane we have made significant improvements for our customers. For instance we have introduced two new apps, launched a new website and have made it simpler for customers to avoid fees. We have also worked with our government partners to change legislation which now bundles customer Notices of Demand and reduces administration fees,” Mr Charlton said.

## North America:

For FY18:

- Toll revenue grew 7.1%<sup>5</sup> to \$223 million
- ADT increased 1.9%<sup>6</sup> to 144,000 trips
- EBITDA grew by 12.4%<sup>7</sup>
- 395 Express Lanes construction is progressing well with service commencement expected in late 2019
- Design-Build request for proposal for the Fredericksburg Extension project issued; financial close expected in 2019
- Conducting CAV trials in partnership with the Federal Highway Administration and Virginia Department of Transportation, testing roadside-to-vehicle technologies and platooning
- A25 integration activities have commenced and are expected to be complete in FY19
- Peak traffic in the peak direction<sup>8</sup> on the A25 was 3,017 vehicles per hour
- For the June quarter average workday toll revenue on the 95 Express Lanes increased 3.4% to US\$365,000. The average dynamic toll price for the quarter was US\$8.45
- For the June quarter average workday toll revenue on the 495 Express Lanes decreased 13.6% to US\$294,000. High growth in previous corresponding period contributed to the decrease in average workday toll revenue on the 495 Express Lanes. The average dynamic toll price for the quarter was US\$5.40

<sup>5</sup> Excluding A25 which was acquired on 5 June 2018, toll revenue increased by 4.5%.

<sup>6</sup> ADT includes traffic numbers for A25 prior to Transurban ownership and is shown for comparison purposes. Excluding A25 North America ADT was flat at 0.0%.

<sup>7</sup> Excluding A25, EBITDA grew by 7.9%.

<sup>8</sup> Peak direction on the A25 means southbound in the morning peak and northbound in the evening peak.

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"The A25 is our first asset in Montreal and provides opportunities to build on our expertise in North America," Mr Charlton said.

## Distribution and DRP

A distribution totalling 28.0 cps will be paid on 10 August 2018 for the six months ended 30 June 2018. This will consist of a 25.5 cps distribution from Transurban Holding Trust and a 2.5 cps fully franked dividend from Transurban Holdings Limited.

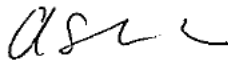
## Outlook

FY19 distribution guidance of 59.0 cps has been provided including 2.0 cps fully franked.

## Market briefing

Transurban will be providing a market briefing at 9.30am (AEST) today, 7 August 2018. The market briefing will be webcast via the Transurban website at [transurban.com](http://transurban.com).

ENDS



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*Note: Further details are provided in the Appendices and Investor Presentation attached to this release.*

### Transurban Group

**Appendix 1:**

Statutory results

	FY17 \$M	FY18 \$M
<b>Toll revenue</b>	2,083	2,249
Construction revenue	592	989
Other revenue	57	60
<b>Total revenue</b>	<b>2,732</b>	<b>3,298</b>
Employee benefit expense	(168)	(180)
Road operating costs	(335)	(326)
Construction costs	(592)	(989)
Transaction and integration costs	(5)	(21)
Corporate/other expenses	(106)	(133)
<b>Total costs</b>	<b>(1,206)</b>	<b>(1,649)</b>
<b>Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes</b>	<b>1,526</b>	<b>1,649</b>
Depreciation and amortisation	(628)	(671)
Net finance costs	(749)	(722)
Share of net profits of equity accounted investments	25	33
<b>Profit before income tax</b>	<b>174</b>	<b>289</b>
Income tax benefit	35	179
<b>Profit from continuing operations</b>	<b>209</b>	<b>468</b>

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**Appendix 2:**

Proportional results

	<b>FY17 \$M</b>	<b>FY18 \$M</b>	<b>% change</b>
Toll revenue	2,153	2,340	8.7%
Other revenue <sup>7</sup>	51	56	8.6%
<b>Total revenue</b>	<b>2,204</b>	<b>2,396</b>	<b>8.7%</b>
<b>Total costs<sup>9</sup></b>	<b>(575)</b>	<b>(600)</b>	<b>4.5%</b>
<b>EBITDA (excluding significant items)</b>	<b>1,629</b>	<b>1,796</b>	<b>10.2%</b>
Significant items	-	(21)	n/m
<b>EBITDA</b>	<b>1,629</b>	<b>1,775</b>	<b>8.9%</b>

<sup>9</sup> Restated FY17 figures reflect a reclassification impacting Other revenue and Total costs. FY18 is presented on a consistent basis.

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**Appendix 3:**

Proportional results by segment (excluding significant items)

FY18	Sydney	Melbourne	Brisbane	North America	Corporate and other	Total
Toll revenue (\$M)	944	780	393	223	-	2,340
Other revenue (\$M)	28	23	3	1	1	56
<b>Total revenue (\$M)</b>	<b>972</b>	<b>803</b>	<b>396</b>	<b>224</b>	<b>1</b>	<b>2,396</b>
Total costs (\$M)	(206)	(115)	(117)	(94)	(68)	(600)
<b>EBITDA (excluding significant items) (\$M)</b>	<b>766</b>	<b>688</b>	<b>279</b>	<b>130</b>	<b>(67)</b>	<b>1,796</b>
<i>Toll revenue growth</i>	8.3%	13.4%	2.1%	7.1%	N/A	8.7%
<i>Traffic growth</i>	3.1%	1.4%	2.6%	1.9%	N/A	2.2%
<i>EBITDA growth (excluding significant items)</i>	9.1%	15.7%	4.0%	12.4%	(31.9%)	10.2%

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**Appendix 4:**

Reconciliation of Statutory EBITDA to Proportional EBITDA

	FY17 \$M	FY18 \$M
<b>Statutory EBITDA</b>	<b>1,526</b>	<b>1,649</b>
Less: EBITDA attributable to non-controlling interest – ED	(25)	(27)
Less: EBITDA attributable to non-controlling interest – TQ	(161)	(166)
Add: M5 proportional EBITDA	121	131
Add: NWRG proportional EBITDA	168	186
Add: Toll and other revenue on A25 concessional financial asset recognised as financial income	-	2
<b>Proportional EBITDA</b>	<b>1,629</b>	<b>1,775</b>
Significant items	-	21
<b>Proportional EBITDA (excluding significant items)</b>	<b>1,629</b>	<b>1,796</b>

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**Appendix 5:**

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	FY17 \$M	FY18 \$M
Cash flows from operating activities	837	1,053
Add back transaction and integration costs related to acquisitions	113	20
Add back payments for maintenance of intangible assets	69	95
Less cash flow from operating activities from consolidated non-100% owned entities	(312)	(350)
Less allowance for maintenance of intangible assets for 100% owned assets	(61)	(49)
<i>Adjust for distributions and interest received from non-100% owned entities</i>		
ED distribution	55	59
M5 distribution and term loan note payments	68	82
TQ distribution and shareholder loan note payments	161	164
NorthWestern Roads Group distribution <sup>10</sup>	290	141
<b>Free cash</b>	<b>1,220</b>	<b>1,215</b>

<sup>10</sup> FY17 NWRG distribution included a \$174 million capital release; FY18 capital releases were nil.

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**Appendix 6:**

Traffic and revenue performance<sup>11</sup>

<b>FY18</b>	<b>Proportional toll revenue (AUD) % change</b>	<b>ADT % change</b>
Sydney	8.3%	3.1%
Melbourne	13.4%	1.4%
Brisbane	2.1%	2.6%
North America	7.1%	1.9%

<sup>11</sup> All percentage changes are to the prior corresponding period and are calculated in AUD.

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**Appendix 7:**

Traffic and revenue data

Asset	Ownership		FY17	FY18	% change
Hills M2	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$277	\$301	8.7%
		Average Daily Trips ('000)	129	133	3.2%
Lane Cove Tunnel/ MRE	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$93	\$100	6.8%
		Average Daily Trips ('000)	89	92	3.3%
Cross City Tunnel	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$63	\$67	6.3%
		Average Daily Trips ('000)	38	39	1.5%
M1 Eastern Distributor	75.1%	Total Toll Revenue (\$AUDm) (net of GST)	\$135	\$146	8.8%
		Average Daily Trips ('000)	56	59	4.5%
Westlink M7 <sup>12</sup>	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$397	\$438	10.3%
		Average Daily Trips ('000)	183	189	3.2%
M5	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$271	\$287	6.0%
		Average Daily Trips ('000)	151	155	2.9%

<sup>12</sup> Average tolled trip length was 12.8 kilometres for the quarter on Westlink M7.

Asset	Ownership		FY17	FY18	% change
CityLink	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$687	\$780	13.4%
		Average Daily Transactions ('000)	816	828	1.4%
Gateway Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$219	\$220	0.4%
		Average Daily Trips ('000)	115	117	1.4%
Logan Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$183	\$185	1.4%
		Average Daily Trips ('000)	164	168	2.7%
AirportlinkM7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$112	\$120	6.8%
		Average Daily Trips ('000)	58	61	5.2%
Clem7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$53	\$54	1.0%
		Average Daily Trips ('000)	28	28	2.2%
Legacy Way	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$36	\$37	3.5%
		Average Daily Trips ('000)	18	19	4.3%
Go Between Bridge	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$13	\$13	(3.2%)
		Average Daily Trips ('000)	11	11	(0.3%)

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Asset	Ownership		FY17	FY18	% change
95 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$84	\$93	10.9%
		Average Daily Trips ('000)	49	50	1.2%
495 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$73	\$76	4.0%
		Average Daily Trips ('000)	46	46	(1.2%)
A25 <sup>13</sup>	100%	Total Toll Revenue (\$CADm)	N/A	\$5	N/A
		Average Daily Trips ('000)	45	48	5.9%

<sup>13</sup> Transurban acquired A25 on 5 June 2018. Toll revenue data prior to Transurban ownership is not included. FY17 ADT includes numbers prior to Transurban ownership and is shown for comparison purposes.

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**Appendix 8:**

Calculation of proportional toll revenue by asset

FY18	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
Hills M2	\$301	100.0%	\$301
Lane Cove Tunnel/MRE	\$100	100.0%	\$100
Cross City Tunnel	\$67	100.0%	\$67
M1 Eastern Distributor	\$146	75.1%	\$110
Westlink M7	\$438	50.0%	\$219
M5 South West Motorway	\$287	50.0%	\$144
CityLink	\$780	100.0%	\$780
Gateway Motorway	\$220	62.5%	\$137
Logan Motorway	\$185	62.5%	\$116
AirportlinkM7	\$120	62.5%	\$75
Clem7	\$54	62.5%	\$34
Legacy Way	\$37	62.5%	\$23
Go Between Bridge	\$13	62.5%	\$8
95 Express Lanes (\$USD)	\$93	100.0%	\$93
495 Express Lanes (\$USD)	\$76	100.0%	\$76
A25 (\$CAD) <sup>14</sup>	\$5	100.0%	\$5

<sup>14</sup> Transurban acquired A25 on 5 June 2018. Toll revenue data prior to Transurban ownership is not included.