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11 February 2016

Transurban 1H16 proportional EBITDA up 14.6% and FY16 DPS guidance upgraded

1H16 financial highlights:

- Statutory profit from ordinary activities of \$62 million
- Proportional toll revenue increased by 19.3 per cent to \$960 million¹
- Average daily traffic (ADT) grew by 8.4 per cent
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) and before significant items increased by 14.6 per cent
- Free cash increased by 22.0 per cent to \$461 million
- \$11 billion of committed and planned projects to improve customers' trips in Melbourne, Sydney, Brisbane and Northern Virginia
- 1H16 distribution of 22.5 cents per security (cps); FY16 distribution guidance upgraded to 45.5 cps, which is a 13.8 per cent increase on the FY15 distribution

Transurban Chief Executive Officer Scott Charlton noted Transurban's continued focus on improving the efficiency of its networks for customers as a key factor underpinning the strong result for the period.

"We are progressing technology initiatives to improve our customers' experience on our roads. This will continue to accelerate over the coming years," Mr Charlton said.

"Our success in working with government partners to undertake strategic development across our networks is also key to delivering better outcomes for our customers. We currently have \$11 billion of committed and planned projects aimed at delivering on that objective."

Key network activities

Sydney:

- ADT increased 9.0 per cent with strong traffic growth observed across the network. The M5 South West Motorway (M5) continued to benefit from upgrade works which were completed in December 2014
- Toll revenue¹ grew 14.9 per cent with truck toll multipliers continuing to increase on the Lane Cove Tunnel (LCT), M5 and Westlink M7 (M7). Weighted average truck toll multipliers across the Sydney network are now 2.28 times cars
- EBITDA grew by 15.6 per cent
- Construction of the NorthConnex project remains on time and on budget with works underway at all tunnelling sites
- The GLiDe tolling system was implemented on LCT, M7 and Roam in July 2015 which resulted in an increase in recoveries from those assets

¹ Toll revenue now includes service and fee revenue. Service and fee revenue includes customer administration charges and enforcement recoveries.

Transurban Group

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“Our Sydney network traffic numbers were up 9.0 per cent from a combination of recent works and underlying strong performance from more mature assets,” Mr Charlton said.

Melbourne:

- ADT increased by 1.9 per cent, with average weekend/public holiday traffic growth of 4.1 per cent
- Toll revenue¹ increased by 7.4 per cent
- EBITDA was up 8.8 per cent
- Continued insourcing of operations to include management of CityLink’s life cycle maintenance planning
- Construction commenced on the CityLink Tulla Widening project in October 2015 and is expected to be completed by early 2018
- The Victoria Government announced the \$5.5 billion Western Distributor proposal had been progressed to exclusive negotiations. The project has been expanded to include upgrades to the Monash Freeway, in addition to Webb Dock access improvements and a tunnel and elevated motorway that connects the West Gate Freeway with the Port of Melbourne, CityLink and the CBD. Financial close is expected by late 2017

“We are pleased to be negotiating with the Victorian Government on an exclusive basis for the planning, procurement and delivery of the Western Distributor. This project will deliver much-needed city shaping infrastructure to the Melbourne network,” Mr Charlton said.

Brisbane:

- ADT increased 9.6 per cent
- Toll revenue¹ grew by 11.4 per cent
- EBITDA was up 8.6 per cent. Excluding Legacy Way and Transurban Queensland (TQ) integration costs, EBITDA increased 15.6 per cent
- Agreement was reached to acquire AirportlinkM7 in November 2015. The TQ integration program has been expanded to include AirportlinkM7
- Legacy Way opened to traffic on 25 June 2015 and traffic and revenue results for the period are at the upper end of expectations
- The Queensland Government has progressed TQ’s \$450 million Logan Enhancement Project to exclusive negotiations

“Our Queensland network is already providing opportunities outside of our acquisition bid case with projects like the Gateway Upgrade North and Logan Enhancement Project. These will relieve congestion and improve safety,” Mr Charlton said.

Northern Virginia:

- ADT increased 139.6 per cent due to the 95 Express Lanes opening for operation on 14 December 2014
- Toll revenue¹ grew 216.8 per cent influenced by the 95 Express Lanes opening
- EBITDA was up 292.6 per cent
- A development framework has been reached with the Virginia Department of Transportation (VDOT) to progress the US\$225 million 395 Express Lanes project

¹ Toll revenue now includes service and fee revenue. Service and fee revenue includes customer administration charges and enforcement recoveries.

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- An in principle agreement has been reached with VDOT to extend the 95 Express Lanes by three kilometres. Transurban's capital contribution is expected to be US\$25 million
- Transurban has been shortlisted in the competitive process to design, build, finance, operate and maintain the Express Lanes system on the I-66. Proposals are due in August 2016

"The traffic growth on our two North American assets continues to validate the Express Lanes concept for our potential future developments," Mr Charlton said.

Distribution and DRP

A distribution totalling 22.5 cps will be paid on 12 February 2016 for the six months ended 31 December 2015. This will consist of a 19.0 cps distribution from Transurban Holding Trust and a 3.5 cps fully franked dividend from Transurban Holdings Limited.

The Distribution Reinvestment Plan (DRP) will operate again for this distribution payment. For further information on distributions and the DRP, visit the Investor Centre at www.transurban.com.

Outlook

FY16 distribution guidance has been upgraded to 45.5 cps due to ongoing strong operational performance.

"Transurban expects to deliver double digit year on year growth in distributions again this year."

Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 11 February 2016. The market briefing will be webcast via the Transurban website at www.transurban.com.

ENDS



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

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Appendix 1:

Statutory results

	Half-year ended 31 December 2015	Half-year ended 31 December 2014	% change
	\$m	\$m	
Toll revenue	919	786	16.9%
Construction revenue	107	152	(29.6%)
Other revenue	30	26	15.4%
Total revenue	1,056	964	9.5%
Employee benefits expenses	(59)	(56)	(5.4%)
Road operating costs	(148)	(113)	(31.0%)
Construction costs	(107)	(151)	29.1%
Transaction and integration costs	(7)	(416)	98.3%
Corporate / other expenses	(59)	(47)	(25.5%)
Total expenses	(380)	(783)	51.5%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	676	181	273.5%
Depreciation and amortisation	(279)	(275)	(1.5%)
Net finance costs	(353)	(289)	(22.1%)
Share of net profits of equity accounted investments	9	9	-
Profit/(loss) before income tax	53	(374)	N.M¹
Income tax benefit	9	20	(55.0%)
Profit/(loss) from continuing operations	62	(354)	N.M¹

¹Not meaningful.

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Appendix 2:

Proportional results

	Half-year ended 31 December 2015	Half-year ended 31 December 2014	% change
	\$m	\$m	
Toll revenue	960	805	19.3%
Other revenue	30	27	11.1%
Total revenue	990	832	19.0%
Total costs	(261)	(196)	33.2%
EBITDA (excluding significant items)	729	636	14.6%
Significant items	-	(264)	N.M ¹
EBITDA	729	372	96.0%

¹Not meaningful.

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Appendix 3: Proportional results by segment.

Half Year Ended 31 December 2015	Melbourne, Victoria	Sydney, New South Wales	Brisbane, Queensland ¹	Northern Virginia ²	Corporate and other	TOTAL
Toll revenue (\$m)	331	399	146	84	-	960
Other revenue (\$m)	10	12	6	-	2	30
Total revenue (\$m)	341	411	152	84	2	990
<i>Toll revenue growth</i>	7.4%	14.9%	11.4%	216.8%	N/A ³	19.3%
<i>Traffic growth</i>	1.9%	9.0%	9.6%	139.6%	N/A ³	8.4%
Total costs (\$m)	(56)	(93)	(54)	(45)	(13)	(261)
EBITDA (excluding significant items) (\$m)	285	318	98	39	(11)	729
<i>EBITDA growth (excluding significant items)</i>	8.8%	15.6%	8.6%	292.6%	N/A ³	14.6%

1. Excluding Legacy Way, toll revenue increased 5.8% and EBITDA increased 10.4%.
2. Excluding ownership percentage changes, which occurred on 29 June 2015, toll revenue increased 168.6% and EBITDA increased 238.4%. Toll revenue and EBITDA growth are calculated in USD.
3. Not applicable.

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Appendix 4:

Reconciliation of Statutory EBITDA to Proportional EBITDA

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$m	\$m
Statutory EBITDA	676	181
Less: EBITDA attributable to non-controlling interest - ED	(13)	(10)
Less: EBITDA attributable to non-controlling interest - TQ	(60)	98
Add: M5 proportional EBITDA	55	47
Add: M7 proportional EBITDA	71	56
Proportional EBITDA	729	372
Significant items	-	264
Proportional EBITDA (excluding significant items)	729	636

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Appendix 5:

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$m	\$m
Cash flows from operating activities (refer Group Statutory accounts)	430	(27)
Add back transaction and integration costs related to acquisitions (non 100% owned entities)	7	406
Add back payments for maintenance of intangible assets	26	53
Less cash flow from operating activities from consolidated non 100% owned entities ¹	(130)	(187)
Less allowance for maintenance of intangible assets for 100% owned assets	(26)	(17)
<i>Adjust for distributions and interest received from non 100% owned entities</i>		
M1 Eastern Distributor distribution	24	14
M5 distribution and term loan note interest	35	27
Transurban Queensland distribution and shareholder loan note interest	52	52
NorthWestern Roads Group distribution and M7 term loan note interest ²	43	57
Free cash	461	378

1. Consolidated cash flows from non 100 per cent owned entities includes Eastern Distributor and Transurban Queensland.
2. 1H15 includes a one-off \$23 million debt reserve release.