

8 August 2017

Transurban FY17 proportional EBITDA up 10.1%; customer enhancements and technology driving additional operating improvements for all stakeholders

FY17 highlights:

- Continued focus on customer experience:
 - Technology upgrades improving access to information and providing additional account options
 - Enhanced digital platforms – Release of CityLink and Transurban Linkt apps
 - Educating customers to minimise avoidable fees
 - Access to programs like the Hardship policy and First-time Forgiveness
- CityLink CAV trials to commence in August 2017; new 95 and 495 Express Lanes trials begin mid-2018
- CTW and GUN projects rated “Excellent” by Infrastructure Sustainability Council of Australia
- Ongoing investment in network development, customer initiatives and technology platforms
- Statutory profit from ordinary activities of \$209 million
- Average daily traffic (ADT) grew by 4.0%¹
- Proportional toll revenue increased by 10.6% to \$2,153 million
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) and before significant items² increased by 10.1% to \$1,629 million
- FY17 distribution of 51.5 cents per security (cps); FY18 distribution guidance of 56.0 cps, which is an 8.7% increase on the FY17 distribution

Transurban Chief Executive Officer Scott Charlton noted the company’s continued investment in improving the efficiency of our networks for customers with development projects underway in Sydney, Melbourne, Brisbane and the Greater Washington Area.

“In addition to developing our portfolio, we have invested in a number of sustainability, technology and safety initiatives to help position for future environments,” Mr Charlton said. “This includes the launch of our first live connected and automated vehicle trial on our Melbourne network this month which complements the upcoming trials on our Express Lanes in the US.”

Key network activities

Sydney:

For FY17:

- Proportional toll revenue increased 9.2% to \$872 million
- ADT increased 3.4% to 646,000 trips

¹ AirportlinkM7 was acquired on 1 April 2016 and has been included since this date for calculation purposes. Excluding AirportlinkM7, ADT increased 1.7%

² FY16 significant items include stamp duty, transaction and integration costs associated with the acquisition of AirportlinkM7, and integration costs associated with TQ. TQ integration costs have not been treated as significant items in FY17 as they are not material to the Transurban Group results.

Classification **Public**

Transurban Group

Transurban International Limited
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- EBITDA grew by 10.2%
- Nine of 21 kilometres of tunnelling completed on NorthConnex with 19 road headers in operation
- Consumer trial for mobile GPS tolling app underway; market release expected late 2017
- Introduction of the new retail brand Transurban Linkt
- Potential opportunities in NSW include WestConnex, Beaches Link and Western Harbour Tunnel

“During the period, we launched our new retail brand in Sydney, Transurban Linkt. Combined with our new product offerings, this represents another milestone in our commitment to improving the customer experience,” Mr Charlton said.

For the June quarter:

- Proportional toll revenue increased 9.3% to \$223 million. ADT increased 2.9% to 650,000 trips
- Average workday traffic increased 3.3% and average weekend/public holiday traffic increased 4.4%
- Of total ADT, car traffic increased 2.9% and large vehicle traffic increased 3.5%

Melbourne:

For FY17:

- Toll revenue increased 4.1% to \$687 million
- ADT decreased 1.0% to 816,000 transactions
- EBITDA grew by 5.3%
- Construction works continued on the CityLink Tulla Widening project with approximately 35% of new capacity open
- The Environment Effects Statement for the West Gate Tunnel Project has been released and is currently being assessed by an independent panel. Contractual close is expected on the project in late 2017
- CPB Contractors John Holland Joint Venture selected as preferred builder for the design and construction of the West Gate Tunnel Project
- Monash Freeway Upgrade is approximately 50% complete and Webb Dock Access is approximately 75% complete

“CityLink Tulla Widening construction is progressing well, with the project approximately 80% complete. Nine kilometres of new lanes are already open, ahead of schedule,” Mr Charlton said.

For the June quarter:

- Toll revenue increased 10.0% to \$183 million. ADT decreased 2.1% to 803,000 transactions
- Average workday traffic decreased 0.6% and average weekend/public holiday traffic decreased 4.1%
- Of total ADT, car traffic decreased 2.6% and large vehicle traffic increased 1.2% for the quarter³

³ During the financial year, the business completed a project which reviewed vehicle classifications, leading to a number of cars being reclassified as light commercial vehicles.

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Brisbane:

For FY17:

- Proportional toll revenue increased 22.9% to \$385 million⁴
- ADT increased 15.0% to 394,000 trips⁵
- EBITDA was up 97.1% including AirportlinkM7⁶
- All three construction projects – Gateway Upgrade North, Logan Enhancement Project and Inner City Bypass progressing on time and on budget
- Tunnel network operations and maintenance contract executed and on boarding of first asset, Legacy Way, completed

“This past year has seen significant improvements to customer services in the Brisbane market. In partnership with the Queensland State Government, we have been able to streamline processes to help customers avoid more than \$100 million in State enforcement penalties. We believe this partnership approach will achieve further improvements in the year to come,” Mr Charlton said.

For the June quarter:

- Proportional toll revenue increased 4.4% to \$97 million. ADT increased 3.0% to 399,000 trips
- Average workday traffic increased 4.5% and average weekend/public holiday traffic increased 2.0%
- Of total ADT, car traffic increased 2.3% and large vehicle traffic increased 5.1%

Greater Washington Area:

For FY17:

- Toll revenue grew 23.7% to US\$157 million influenced by the continued ramp up on the 95 Express Lanes and 495 Express Lanes
- ADT increased 12.8% to 96,000 trips
- EBITDA was up 39.2%
- Financial close has been reached on the 395 Express Lanes project, with construction set for completion by the end of 2019

“During the period we announced the approval of the US\$475 million 395 Express Lanes project. This project extends the 95 Express Lanes 13 kilometres north, providing motorists Express Lanes access to Washington D.C.,” Mr Charlton said.

For the June quarter:

- Toll revenue increased by 29.8% to US\$48 million. ADT increased 12.6% to 105,000 trips
- Average workday toll revenue on the 495 Express Lanes increased 42.3% to US\$341,000. The average dynamic toll price for the quarter was US\$5.77
- Average workday toll revenue on the 95 Express Lanes increased 16.9% to US\$353,000. The average dynamic toll price for the quarter was US\$8.46

⁴ Excluding AirportlinkM7, proportional toll revenue increased by 6.3%.

⁵ AirportlinkM7 was acquired on 1 April 2016 and has been included since this date for calculation purposes. Excluding AirportlinkM7, ADT increased 2.3%.

⁶ Excluding AirportlinkM7, EBITDA increased 4.9%.

Changes to Executive Committee

Effective 1 July 2017, the following changes have been made to the Executive Committee to adapt to changing business conditions:

- Andrew Head is now Group General Manager NSW – Development, focused on supporting the NSW Government processes around WestConnex and other opportunities
- Michele Huey has been seconded to Group General Manager NSW – Business Operations
- Wes Ballantine is now Group General Manager Queensland and Group General Manager Strategy
- Henry Byrne has joined the Executive Committee in the newly formed role of Group General Manager Corporate Affairs

Distribution and DRP

A distribution totalling 26.5 cps will be paid on 11 August 2017 for the six months ended 30 June 2017. This will consist of a 23.0 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

FY18 distribution guidance of 56.0 cps has been provided including 3.0 cps fully franked.

“We have announced distribution guidance of 56.0 cents per security, implying growth in FY18 of 8.7%,” Mr Charlton said.

Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 8 August 2017. 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 Investor Presentation attached to this release.

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Appendix 1:

Statutory results

	FY16 \$M	FY17 \$M	% change
Toll revenue	1,870	2,083	11.4%
Construction revenue	282	592	109.9%
Other revenue	58	57	(1.7%)
Total revenue	2,210	2,732	23.6%
Employee benefits expenses	(149)	(168)	12.8%
Road operating costs	(309)	(335)	8.4%
Construction costs	(282)	(592)	109.9%
Transaction and integration costs	(131)	(5)	(96.2%)
Corporate / other expenses	(91)	(106)	16.5%
Total costs	(962)	(1,206)	25.4%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	1,248	1,526	22.3%
Depreciation and amortisation	(584)	(628)	7.5%
Net finance costs	(728)	(749)	2.9%
Share of net profits of equity accounted investments	17	25	47.1%
(Loss) / profit before income tax	(47)	174	n.m.
Income tax benefit (expense)	69	35	(49.3%)
Profit from continuing operations	22	209	850.0%

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Appendix 2:

Proportional results

	FY16 \$M	FY17 \$M	% change
Toll revenue	1,946	2,153	10.6%
Other revenue	60	58	(3.3%)
Total revenue	2,006	2,211	10.2%
Total costs	(526)	(582)	10.6%
EBITDA (excluding significant items)	1,480	1,629	10.1%
Significant items	(82)	-	n.m.
EBITDA	1,398	1,629	16.5%

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Appendix 3:

Proportional results by segment (excluding significant items)

FY17	Sydney	Melbourne	Brisbane	Greater Washington Area	Corporate and other	Total
Toll revenue (\$M)	872	687	385	209	-	2,153
Other revenue (\$M)	31	22	2	-	3	58
Total revenue (\$M)	903	709	387	209	3	2,211
Total costs (\$M)	(201)	(115)	(119)	(93)	(54)	(582)
EBITDA (excluding significant items) (\$M)	702	594	268	116	(51)	1,629
<i>Toll revenue growth</i>	9.2%	4.1%	22.9%	23.7%	N/A	10.6%
<i>Traffic growth</i>	3.4%	(1.0%)	15.0%	12.8%	N/A	4.0%
<i>EBITDA growth (excluding significant items)</i>	10.2%	5.3%	97.1%	39.2%	(104%)	10.1%

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Appendix 4:

Reconciliation of Statutory EBITDA to Proportional EBITDA

	FY16 \$M	FY17 \$M
Statutory EBITDA	1,248	1,526
Less: EBITDA attributable to non-controlling interest – ED	(24)	(25)
Less: EBITDA attributable to non-controlling interest – TQ	(82)	(161)
Add: M5 proportional EBITDA	111	121
Add: M7 proportional EBITDA	145	168
Proportional EBITDA	1,398	1,629
Significant items	82	-
Proportional EBITDA (excluding significant items)	1,480	1,629

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Appendix 5:

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	FY16 \$M	FY17 \$M
Cash flows from operating activities	910	837
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	23	113
Add back payments for maintenance of intangible assets	52	69
Less cash flow from operating activities from consolidated non-100% owned entities	(284)	(312)
Less allowance for maintenance of intangible assets for 100% owned assets	(60)	(61)
<i>Adjust for distributions and interest received from non-100% owned entities</i>		
ED distribution	44	55
M5 distribution and term loan note interest	39	68
TQ distribution and shareholder loan note interest	108	161
NorthWestern Roads Group distribution and M7 term loan note interest	94	290
Free cash	926	1,220

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Appendix 6:

Traffic and revenue performance⁷

Jun 17 quarter	Proportional toll revenue % change	ADT % change
Sydney	9.3%	2.9%
Melbourne	10.0%	(2.1%)
Brisbane	4.4%	3.0%
Greater Washington Area	29.8%	12.6%

FY17	Proportional toll revenue % change	ADT % change
Sydney	9.2%	3.4%
Melbourne	4.1%	(1.0%)
Brisbane	22.9% ⁸	15.0% ⁹
Greater Washington Area	23.7%	12.8%

⁷ All percentage changes are to the prior corresponding period.

⁸ Transurban acquired AirportlinkM7 in Brisbane on 1 April 2016. Toll revenue data prior to Transurban ownership is not included in the calculation.

⁹ AirportlinkM7 in Brisbane has been included since 1 April 2016 for calculation purposes.

Appendix 7:
Traffic and revenue data – June quarter

Asset	Ownership		Jun 16 quarter	Jun 17 quarter	% change	FY16	FY17	% change
Hills M2	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$64	\$71	11.2%	\$255	\$277	8.6%
		Average Daily Trips ('000)	126	130	2.9%	125	129	3.3%
Lane Cove Tunnel/ MRE	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$23	\$24	4.5%	\$89	\$93	4.7%
		Average Daily Trips ('000)	87	90	3.1%	86	89	3.5%
Cross City Tunnel	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$15	\$16	5.3%	\$60	\$63	5.5%
		Average Daily Trips ('000)	37	38	1.5%	37	38	1.8%
M1 Eastern Distributor	75.1%	Total Toll Revenue (\$AUDm) (net of GST)	\$32	\$34	7.4%	\$127	\$135	6.1%
		Average Daily Trips ('000)	56	56	1.6%	55	56	1.6%
Westlink M7 ¹⁰	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$90	\$103	14.3%	\$340	\$397	16.8%
		Average Daily Trips ('000)	179	185	3.4%	177	183	3.6%
M5 South West Motorway	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$65	\$69	6.6%	\$251	\$271	8.1%
		Average Daily Trips ('000)	148	152	3.0%	144	151	4.4%

¹⁰ Average tolled trip length was 12.8 kilometres for the quarter on Westlink M7.

Asset	Ownership		Jun 16 quarter	Jun 17 quarter	% change	FY16	FY17	% change
CityLink	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$166	\$183	10.0%	\$660	\$687	4.1%
		Average Daily Transactions ('000)	820	803	(2.1%)	825	816	(1.0%)
Gateway Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$53	\$55	3.6%	\$211	\$219	3.7%
		Average Daily Trips ('000)	114	115	0.5%	114	115	1.0%
Logan Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$44	\$46	5.7%	\$172	\$183	6.0%
		Average Daily Trips ('000)	160	166	3.6%	159	164	3.2%
AirportlinkM7 ¹¹	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$27	\$29	5.7%	\$27	\$112	311.1%
		Average Daily Trips ('000)	56	59	6.0%	54	58	6.1%
Clem7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$13	\$14	5.2%	\$51	\$53	5.4%
		Average Daily Trips ('000)	27	28	3.6%	27	28	4.1%
Legacy Way	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$8	\$9	17.8%	\$27	\$36	33.4%
		Average Daily Trips ('000)	18	19	6.6%	18	18	4.1%
Go Between Bridge	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$3	\$3	(3.9%)	\$14	\$13	(3.5%)
		Average Daily Trips ('000)	12	11	(3.4%)	12	11	(4.0%)

¹¹ Transurban acquired AirportlinkM7 on 1 April 2016. Toll revenue data prior to Transurban ownership is not included. FY16 ADT includes numbers prior to Transurban ownership and is shown for comparison purposes.

Asset	Ownership		Jun 16 quarter	Jun 17 quarter	% change	FY16	FY17	% change
95 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$21	\$25	18.6%	\$71	\$84	17.1%
		Average Daily Trips ('000)	50	54	8.0%	45	49	9.4%

495 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$16	\$23	44.6%	\$56	\$73	32.1%
		Average Daily Trips ('000)	43	51	18.0%	40	46	16.6%

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Appendix 8:

Calculation of proportional toll revenue by asset

Jun 17 quarter	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
Hills M2	71	100.0%	71
Lane Cove Tunnel/MRE	24	100.0%	24
Cross City Tunnel	16	100.0%	16
M1 Eastern Distributor	34	75.1%	26
Westlink M7	103	50.0%	52
M5 South West Motorway	69	50.0%	35
CityLink	183	100.0%	183
Gateway Motorway	55	62.5%	34
Logan Motorway	46	62.5%	29
AirportlinkM7	29	62.5%	18
Clem7	14	62.5%	9
Legacy Way	9	62.5%	6
Go Between Bridge	3	62.5%	2
95 Express Lanes (\$USD)	25	100.0%	25
495 Express Lanes (\$USD)	23	100.0%	23

FY17	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
Hills M2	277	100.0%	277
Lane Cove Tunnel/MRE	93	100.0%	93
Cross City Tunnel	63	100.0%	63
M1 Eastern Distributor	135	75.1%	101
Westlink M7	397	50.0%	199
M5 South West Motorway	271	50.0%	136
CityLink	687	100.0%	687
Gateway Motorway	219	62.5%	137
Logan Motorway	183	62.5%	114
AirportlinkM7	112	62.5%	70
Clem7	53	62.5%	33
Legacy Way	36	62.5%	23
Go Between Bridge	13	62.5%	8
95 Express Lanes (\$USD)	84	100.0%	84
495 Express Lanes (\$USD)	73	100.0%	73

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