

Official Notice to SIX Swiss Exchange

7 February 2023

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Transurban 1H23 results and upgraded distribution guidance

Attached is an announcement made by Transurban Group (ASX: TCL) which is provided for the information of Transurban Queensland Finance Pty Limited (**Transurban Queensland**) noteholders.

Transurban Queensland has notes listed on the SIX Swiss Exchange.

Notices by Transurban Queensland to the SIX Swiss Exchange are also available at the following website:
www.transurban.com/tqfinstatements

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Classification

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ASX release

7 February 2023

Transurban 1H23 results and upgraded distribution guidance¹

1H23 highlights

- Record traffic volumes with Average Daily Traffic (ADT) exceeding 2.5 million trips for the first time in November 2022. Traffic volumes were supported by record traffic in Sydney and Brisbane, freight traffic and weekend travel
- 1H23 interim distribution of 26.5 cents per stapled security (cps), 104% covered by underlying Free Cash with Free Cash generation of 27.5 cps²
- FY23 distribution is expected to be 57.0 cps, representing approximately 39.0% growth on FY22 and a 4.0 cps increase on prior guidance³
- Record proportional toll revenue of \$1,658 million for the half year and record proportional EBITDA of \$1,238 million, supported by traffic growth and inflation-linked toll escalations
- Maintained a resilient balance sheet with ~97% of the debt book hedged, \$3.6 billion in corporate liquidity, and Group weighted average cost of AUD debt remaining at 3.9% for the half⁴
- M4-M8 link tunnels opened ahead of schedule on 20 January 2023 with works completed on budget. The M4-M8 link represents the final element of the WestConnex Project to be delivered by the Sydney Transport Partners consortium with the Rozelle Interchange currently under construction by Transport for NSW
- Continued progress on the West Gate Tunnel Project with excavation of the tunnel and portals more than 90% complete and completion of tunnel excavation expected by mid-2023
- M7 widening and M7-M12 interchange project (M7-M12 Integration Project) received Stage Three approval during the half year period as part of the NSW Government's Unsolicited Proposals Process. All approvals for the project are expected to be received imminently
- Agreement to introduce CDPQ as a 50% partner in the A25 asset for CAD355 million. This transaction creates a strategic partnership with one of the world's largest infrastructure investors that has existing transportation assets in their home market of Montreal⁵

¹ All % changes shown throughout are in relation to the respective prior corresponding period unless otherwise noted.

² Excludes Capital Releases of \$18 million.

³ Refer to page 5 for further details.

⁴ Refer to 1H23 Results Investor Presentation for further details.

⁵ Refer to A25 partnership announcement (dated 7 February 2023) for further details.

Classification

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- Scott Charlton, Chief Executive Officer and Executive Director, will leave the Transurban Group at the end of calendar year 2023. Scott has led Transurban for almost 11 years. Under his leadership the business has grown from six to 22 assets with average concession length of ~28 years. Transurban has strong succession planning and has commenced a global CEO search. Further information provided in announcement *Transurban CEO to leave at the end of calendar 2023* released 7 February 2023

34.8%

increase in ADT
across the portfolio

42.6%

increase in
proportional revenue

84.0%

increase in Free Cash
(excluding Capital
Releases)

26.5 cps

distribution for 1H23
fully supported by
underlying Free Cash

57.0 cps

expected distribution
in FY23, representing
approximately 39.0%
growth on FY22⁶

Chief Executive Officer Scott Charlton said the result highlighted the quality of the asset portfolio, with record traffic for the half and significant project milestones achieved over the first half of the financial year, which supported an upgrade in the FY23 distribution guidance.

"It is pleasing to see traffic for the half setting a new record for the business. Our roads have benefitted from freight volumes which achieved an all-time high, ongoing traffic growth in our core markets, and the continued investment in business capability to improve the experience for our more than 10 million customers," he said.

"We have seen record traffic in Brisbane, as well as in Sydney even when excluding NorthConnex and M8/M5 East. This performance was underpinned by the urban nature of our roads, demonstrating that the diversity of everyday journeys across commuting, travel and leisure trips provides resilience throughout economic cycles."

Mr Charlton said that pursuing and delivering value accretive projects remains a core part of the Group's strategy with several significant milestones achieved.

"In Sydney, the M4-M8 link was opened in January ahead of schedule and on budget. This milestone represents the final element of the city shaping WestConnex Project to be delivered by the Sydney Transport Partners consortium. The consolidated WestConnex asset is expected to continue to grow over the near-term and play a critical role in connecting more than \$10 billion of government road projects over the next six years," he said.

"We also continue to see significant progress across the project pipeline with tunnel and portal excavation on the West Gate Tunnel Project in Melbourne more than 90% complete, and all approvals expected to be received imminently on the M7-M12 Integration Project which will support the projected growth of Western Sydney. In Montreal, we introduced CDPQ as a 50% partner to the A25, which brings along a well-respected Quebec-based partner to work together in pursuing new opportunities."

"The delivery of new projects provides greater connectivity for our customers and community, which helps people save on travel-time and creates a more efficient alternative route for large vehicles instead of local roads."

⁶ Refer to page 5 for further details.

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Mr Charlton highlighted the continued strength of the business model in a rising inflation and interest rate environment.

"Around 68% of Transurban's toll revenue is linked to CPI escalations, creating inbuilt inflation protection. Timing of escalations can be delayed depending on the asset, meaning that the flow through from recent higher inflation numbers has yet to be recognised across some of our markets," he said.

"We also take a prudent and long-term approach when managing the balance sheet and around 97% of our existing debt book is fully hedged. We actively manage debt maturities to limit the influence of near-term interest rate volatility and have been doing this for a long time."

On the outlook, Mr Charlton said that Transurban is well-positioned for distribution growth.

"In FY23 we now expect to pay a distribution of 57.0 cps, representing an upgrade of 4.0 cps on prior guidance, depending on traffic performance and macroeconomic conditions. With positive traffic growth across our key markets, embedded inflation-linked protection on the majority of revenue and the continued progress on key project milestones, we are well-placed to deliver on growth in future cash flow."

Key business activities

Customers, Communities and Sustainability

- Contractor Recordable Injury Frequency Rate of 3.04 per million hours worked in 1H23 marks the lowest injury rate at half year for contractors since reporting of the metric
- CityLink achieved zero minor injury or serious injury crashes in November 2022 for the first time in its operational history
- On track to achieve a 50% absolute reduction in Scope 1 and 2 greenhouse gas emissions well ahead of 2030 target⁷ with ~80% of Transurban's electricity requirements being met from renewable energy in 1H23

Sydney

- ADT increased by 47.7%
- Proportional toll revenue increased by 58.5% to \$835 million
- Proportional EBITDA increased by 74.0% to \$674 million
- Average workday traffic increased by 40.3% and average weekend/public holiday traffic increased by 77.9%
- Car traffic increased by 52.6% and large vehicle traffic increased by 9.3%
- M4-M8 link tunnels successfully opened on 20 January 2023, connecting the M4 tunnels at Haberfield and the M8 in St Peters. The project also includes tunnel stubs to the Rozelle Interchange with construction managed by Transport for NSW
- M7-M12 Integration Project received Stage Three approval in December 2022 as part of the NSW Government's Unsolicited Proposal Process with all approvals expected to be received imminently

⁷ All emission targets are from a 2019 base year.

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Melbourne

- ADT increased by 45.7%
- Toll revenue increased by 42.2% to \$446 million
- EBITDA increased by 51.4% to \$381 million
- Average workday traffic increased by 38.5% and average weekend/public holiday traffic increased by 71.8%
- Car traffic increased by 59.1% and large vehicle traffic increased by 12.2%
- Progress on construction across the West Gate Tunnel Project, with more than 90% complete on excavation of the tunnels and portals, and over 2 kilometres of the 3.7 kilometre elevated road above Footscray Road and connecting ramps now built which will tie into CityLink, ports and the CBD

Brisbane

- ADT increased by 10.2%
- Proportional toll revenue increased by 16.2% to \$260 million
- Proportional EBITDA increased by 17.3% to \$190 million
- Average workday traffic increased by 9.6% and average weekend/public holiday traffic increased by 13.4%
- Car traffic increased by 12.2% and large vehicle traffic increased by 4.4%

North America

- ADT increased by 3.3%
- Proportional toll revenue increased by 19.2% to \$117 million
- Proportional EBITDA increased by 15.5% to \$74 million
- Average workday toll revenue on the 95 Express Lanes increased by 23.1%. The average dynamic toll price was USD\$9.29
- Average workday toll revenue on the 495 Express Lanes increased by 34.7%. The average dynamic toll price was USD\$5.45
- Rolling 12-month peak direction traffic of 2,837 vehicles per hour on the A25
- Introduced 3 times multiplier on tolls to medium commercial vehicles on the 95, 395 and 495 Express Lanes in December 2022

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Distribution and DRP

A distribution totalling 26.5 cps will be paid on 13 February 2023 for the six months ended 31 December 2022 and does not include a Capital Release.

The distribution will be paid from the Transurban Holding Trust and its controlled entities and will not be franked. Transurban Holdings Limited and Transurban International Limited will not be paying a dividend for the period.

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

FY23 distribution guidance upgrade

FY23 distribution is expected to be 57.0 cps representing approximately 39.0% growth on FY22 and 4.0 cps on prior distribution guidance.⁸

FY23 guidance includes ~2-3 cps of Capital Releases received as a result of the acquisition of additional proportional ownership of WestConnex.⁹

Outperformance across markets supports upgrade in distribution

- Increased certainty around traffic performance across the Group
- Record traffic in Sydney and Brisbane
- Continued improvement in Melbourne traffic
- Strength in freight (up 6.4% on FY22) and growth in airport passenger travel (Sydney up 9%, Melbourne up 5%)¹⁰ since July 2022
- Distributions from non-100% owned assets higher than expected

Market briefing

Transurban will provide a market briefing at 9:30 am (AEDT) today, 7 February 2023. The market briefing will be webcast via the Transurban website at transurban.com.

END

⁸ Distribution guidance is subject to traffic performance and macroeconomic factors as well as timing of distributions from non-100% owned assets, with distributions to be determined by respective board discretion at the time. FY23 distribution guidance of 57.0 cps includes 26.5 cps of distribution for the six months ended 31 December 2022.

⁹ As previously stated, following the acquisition of an additional 24.5% interest in WestConnex, Transurban is likely to use a portion of the additional WestConnex Capital Releases received in the two years following the transaction to minimise dilution in Free Cash per security associated with the equity raising.

¹⁰ Sydney Airport and Melbourne Airport passenger data.

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This announcement is authorised by the Board of Transurban Group.

Note: Further details are provided in the Appendices and the 1H23 Results Investor Presentation published alongside this release.

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Appendix 1

Statutory results

	1H22 \$M	1H23 \$M
Toll revenue	1,056	1,436
Construction revenue	167	508
Other revenue	78	88
Total revenue	1,301	2,032
Total expenses	(567)	(965)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	734	1,067
Depreciation and amortisation	(559)	(570)
Net finance costs	(255)	(367)
Share of loss of equity accounted investments	(181)	(172)
Loss before income tax	(261)	(42)
Income tax benefit	155	97
(Loss)/profit for the period	(106)	55

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Appendix 2

Proportional results

	1H22 \$M	1H23 \$M	% CHANGE
Toll revenue	1,163	1,658	42.6%
Other revenue	59	67	12.6%
Total revenue	1,222	1,725	41.1%
Total costs	(417)	(487)	16.9%
EBITDA	805	1,238	53.7%
EBITDA margin	65.9%	71.8%	590 bps
Free cash (incl. Capital Releases)	459	863	88.0%
Gross distributions	461	815	77.0%
Distributions per share (dps)	15.0 cps	26.5 cps	76.7%

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Appendix 3

Traffic and revenue performance by market

Market	ADT (‘000) ¹¹		PROPORTIONAL TOLL REVENUE (A\$M)	
	Dec 22 qtr	1H23	Dec 22 qtr	1H23
Sydney	1,010	998	\$424	\$835
Melbourne ¹²	818	804	\$227	\$446
Brisbane	457	456	\$131	\$260
North America	146	148	\$60	\$117
Group	2,431	2,407	\$842	\$1,658
<i>Sydney (like for like basis)¹³</i>	1,010	998	\$411	\$784

¹¹ Market ADT figures may not add to Group ADT totals due to rounding.

¹² CityLink traffic reported as average daily transactions (‘000).

¹³ Like for like basis excludes revenue contributions from additional ownership of WestConnex from 29 October 2021. Change in ownership does not impact traffic data which is reported on a 100% basis.

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