

13 February 2018

Transurban 1H18 proportional EBITDA up 11.6%

1H18 highlights:

- 1H18 distribution of 28.0 cents per security (cps)
- FY18 distribution guidance of 56.0 cps, growth of 8.7% over FY17
- Continued focus on customer experience:
 - LinktGO GPS app launched
 - GLiDe back-office system implemented in Queensland
- 314,500 hours¹ in average workday travel time savings from July to December 2017
- Capital invested/committed of \$16.4 billion² since 2012
- \$11 billion³ development pipeline to improve customer experience across all regions
- West Gate Tunnel Project (WGTP)⁴ contractual close achieved in December 2017:
 - Construction commenced
 - Positive changes proposed to tolling enforcement processes to help those having difficulty making payments
 - \$1.9 billion equity raised
- US\$565 million project approved to extend 95 Express Lanes to Fredericksburg, with financial close expected in FY19
- Statutory profit of \$331 million
- Proportional toll revenue increased by 10.5% to \$1,176 million
- Average daily traffic (ADT) grew by 1.4%
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 11.6% to \$911 million
- Free cash flow of \$582 million

Transurban Chief Executive Officer, Scott Charlton, highlighted the company's continued focus on improving the experience for our customers, with a significant pipeline of projects under way across all regions.

"In the past five years Transurban has invested more than \$16 billion into improving urban road networks across Australia and the Greater Washington Area to give people more transport choices," Mr Charlton said.

¹ Source: TomTom data (Australia) and Regional Integrated Transportation Information System data (GWA).

² Capital invested/committed represents Transurban's share only.

³ Projects committed to or in exclusive negotiations. Estimated spend reflects 100% of the total project cost, not Transurban's share.

⁴ Transurban's share of WGTP is \$4.0 billion. Amendments are required to the existing CityLink concession in order to implement certain CityLink value sources. These amendments require successful passage through parliament. In the absence of parliamentary consents, the State will replace the CityLink funding sources with completion/substitution payments.

Classification

Public

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23

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Docklands

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Key network activities

Sydney

For 1H18:

- Proportional toll revenue increased by 9.8% to \$476 million
- ADT increased by 2.9% to 667,000 trips, with growth seen across all assets
- EBITDA grew by 10.3%
- Construction of NorthConnex (NCX) greater than 50% complete, expected to finish end 2019. 18 of 21 kilometres of tunnelling completed and 1,500 workers on site
- Successful launch of LinktGO GPS app in NSW
- Working with the NSW government to deliver Toll Relief Program

“The recent rollout of our smartphone app, LinktGO, in Sydney allows casual road users to receive real-time notification of toll trips and provides a simple and convenient way to pay for their trip using their smartphone”, Mr Charlton said.

For the quarter:

- Proportional toll revenue increased by 7.5% to \$238 million. ADT increased by 2.5% to 669,000 trips
- Average workday traffic increased by 2.8% and average weekend/public holiday traffic increased by 1.7%
- Of total ADT, car traffic increased by 2.3% and large vehicle traffic increased by 3.9%

Melbourne

For 1H18:

- Proportional toll revenue increased by 14.2% to \$388 million
- ADT decreased by 1.0% to 820,000 transactions, affected by the CityLink Tulla Widening (CTW) works
- EBITDA up 17.5%
- Contractual close achieved on WGTP and construction commenced
- New lanes on Transurban’s section of CTW works opened three months ahead of schedule in October 2017
- Implementation of new freeway management system including variable speed limit signage and automatic incident-detection system

“After nearly three years of planning, design and community engagement, we have reached contractual close on the West Gate Tunnel Project which will provide Melbourne with a critical alternative to the West Gate Bridge”, Mr Charlton said.

“Construction is officially under way on this project and it is forecast to open to traffic by 2022, when it will transform how people and goods are moved around the city.”

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For the quarter:

- Proportional toll revenue increased 15.0% to \$196 million
- ADT increased by 0.3% to 830,000 transactions, with CTW new lanes opening in late October 2017
- Average workday traffic increased by 0.6% and average weekend/public holiday traffic decreased by 0.7%
- Of total ADT, car traffic decreased by 0.1% and large vehicle traffic increased 1.9% for the quarter

Brisbane

For 1H18:

- Proportional toll revenue increased by 3.5% to \$200 million
- ADT increased by 3.5% to 408,000 trips
- EBITDA increased by 3.6%
- Logan Enhancement Project progressing on time and budget
- Awarded contract through competitive process to deliver end-to-end tolling solution for Toowoomba Second Range Crossing (TSRC) Project

“Transurban has continued to invest in improving the Brisbane network, with transition under way to a holistic approach to tunnel operations and maintenance and delivery of a number of road upgrades in progress”, Mr Charlton said.

For the quarter:

- Proportional toll revenue increased by 1.1% to \$98 million
- ADT increased by 3.0% to 405,000 trips
- Average workday traffic increased by 3.7% and average weekend/public holiday traffic increased by 0.7%
- Of total ADT, car traffic increased by 2.4% and large vehicle traffic increased by 4.9%

Greater Washington Area

For 1H18:

- Proportional toll revenue grew 17.9%⁵ to US\$87 million
- ADT increased by 3.4% to 97,000 trips
- EBITDA increased by 19.9%⁵
- Early delivery of 95 Express Lanes Southern Extension, providing improved traffic flow
- 395 Express Lanes construction commenced
- VDOT has accepted Transurban’s proposal for a 16 kilometre extension at southern end of 95 Express Lanes. Financial close and commencement of construction expected early 2019

“During the period, we successfully delivered the completion of a 3 kilometre southern extension to our 95 Express Lanes, ahead of schedule, which has been well received by our customers”, Mr Charlton said.

⁵ GWA toll revenue and EBITDA growth calculated in USD.

“Work on the 13 kilometre extension to the north continues to progress, with completion expected late 2019, and the recently announced Fredericksburg extension will extend the 95 Express Lanes by an additional 16 kilometres to the south by the end of 2022. Once completed, our Express Lanes in the Greater Washington Area will be the largest connected network in the United States.”

For the quarter:

- Proportional toll revenue increased by 18.8% to US\$43 million. ADT increased 2.0% to 95,000 trips
- Average workday toll revenue on the 95 Express Lanes increased by 14.3% to US\$336,000. The average dynamic toll price for the quarter was US\$8.04
- Average workday toll revenue on the 495 Express Lanes increased by 25.2% to US\$315,000. The average dynamic toll price for the quarter was US\$5.43

Distribution and DRP⁶

A distribution totalling 28.0 cps will be paid on 16 February 2018 for the six months ended 31 December 2017. 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.

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

Changes to the Executive Committee

Changes have been made to the Executive Committee, effective 1 February 2018, to better support Transurban’s future strategy.

The newly created position of Group Executive, Development has been filled by Vin Vassallo. This role will focus on enhancing Transurban’s strategic approach to development opportunities, as well as incorporating operational excellence.

Wes Ballantine has been appointed Group Executive, Victoria and Strategy, and will focus on the integration of the West Gate Tunnel Project, and Sue Johnson has taken up the position of Group Executive, Queensland.

Reflecting the criticality of both customers and employees to the achievement of Transurban’s strategy, the role of Group General Manager, Customer and Human Resources has been split into two new roles; Group Executive, Customer and Group Executive, People and Culture.

Kristine Cooney has been appointed Group Executive, Customer and Suzette Corr joins Transurban as Group Executive, People and Culture.

⁶ New securities issued as part of the \$1.9 billion entitlement offer are not entitled to receive the 1H18 distribution.

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Outlook

Transurban reaffirms its distribution guidance of 56.0 cps for FY18.

Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 13 February 2018. The market briefing will be webcast via the Transurban website at www.transurban.com.

END



Amanda Street
Company Secretary

Investor enquiries

Jessica O'Brien
General Manager Investor Relations and Strategic Projects
+61 3 8656 8364

Media enquiries

Tim Salathiel
Head of Group Communications
+61 407 885 272

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

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Appendix 1:
Statutory results

	1H18 \$M	1H17 \$M	% change
Toll revenue	1,131	1,032	9.6%
Construction revenue	462	274	69.1%
Other revenue	31	28	12.0%
Total revenue	1,624	1,334	21.9%
Employee benefit expenses	(92)	(78)	17.7%
Road operating costs	(163)	(166)	(2.1%)
Construction costs	(462)	(274)	69.1%
Corporate/other expenses	(57)	(47)	18.2%
Total costs	(774)	(565)	37.3%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	850	769	10.7%
Depreciation and amortisation	(311)	(307)	1.4%
Net finance costs	(362)	(406)	(11.0%)
Share of net profits of equity accounted investments	17	11	47.8%
Profit before income tax	194	67	193.8%
Income tax benefit	137	21	554.3%
Profit from continuing operations	331	88	280.2%

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Appendix 2:

Proportional results

	1H18 \$M	1H17 \$M	% change
Toll revenue	1,176	1,065	10.5%
Other revenue	32	28	14.2%
Total revenue	1,208	1,093	10.6%
Total costs	(297)	(276)	7.6%
EBITDA	911	817	11.6%

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Appendix 3:

Proportional results by segment

1H18	Sydney	Melbourne	Brisbane	Greater Washington Area	Corporate and other	Total
Toll revenue (\$M)	476	388	200	112	-	1,176
Other revenue (\$M)	18	11	1	-	2	32
Total revenue (\$M)	494	399	201	112	2	1,208
Total costs (\$M)	(107)	(56)	(58)	(46)	(30)	(297)
EBITDA (\$M)	387	343	143	66	(28)	911
<i>Traffic growth</i>	2.9%	(1.0%)	3.5%	3.4%	-	1.4%
<i>Toll revenue growth</i>	9.8%	14.2%	3.5%	17.9%	-	10.5%
<i>EBITDA growth</i>	10.3%	17.5%	3.6%	19.9%	-	11.6%

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Appendix 4:

Reconciliation of Statutory EBITDA to Proportional EBITDA

	1H18	1H17
	\$M	\$M
Statutory EBITDA	850	769
Less: EBITDA attributable to non-controlling interest – ED	(14)	(13)
Less: EBITDA attributable to non-controlling interest – TQ	(85)	(83)
Add: NWRG proportional EBITDA	94	83
Add: M5 proportional EBITDA	66	61
Proportional EBITDA	911	817

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Appendix 5:

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	1H18 \$M	1H17 \$M
Cash flows from operating activities	486	292
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	-	104
Add back payments for maintenance of intangible assets	46	35
Less: cash flow from operating activities from consolidated non-100% owned entities	(176)	(130)
Less: allowance for maintenance of intangible assets for 100% owned assets	(24)	(29)
<i>Adjust for distributions and interest received from non-100% owned entities</i>		
ED distribution	30	29
M5 distribution and term loan note interest	80	65
TQ distribution and shareholder loan note interest	75	84
NorthWestern Roads Group distribution	65	230
Free cash	582	680

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Appendix 6:

Traffic and revenue performance

Dec 17 quarter	Proportional toll revenue % change	ADT % change
Sydney	7.5%	2.5%
Melbourne	15.0%	0.3%
Brisbane	1.1%	3.0%
Greater Washington Area	18.8%	2.0%

1H18	Proportional toll revenue % change	ADT % change
Sydney	9.8%	2.9%
Melbourne	14.2%	(1.0%)
Brisbane	3.5%	3.5%
Greater Washington Area	17.9%	3.4%

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Appendix 7:

Traffic and revenue data⁷ – December quarter

Asset	Ownership		Dec 16 quarter	Dec 17 quarter	% change	1H17	1H18	% change
Hills M2	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$71	\$76	7.1%	\$138	\$152	9.5%
		Average Daily Trips ('000)	131	133	2.1%	129	133	2.6%
Lane Cove Tunnel/ MRE	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$24	\$25	5.8%	\$46	\$50	8.9%
		Average Daily Trips ('000)	90	92	2.2%	89	92	2.8%
Cross City Tunnel	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$17	\$17	4.6%	\$32	\$34	6.3%
		Average Daily Trips ('000)	40	40	0.2%	38	39	0.8%
M1 Eastern Distributor	75.1%	Total Toll Revenue (\$AUDm) (net of GST)	\$34	\$37	9.0%	\$67	\$74	10.9%
		Average Daily Trips ('000)	57	59	4.8%	56	59	5.1%
Westlink M7 ⁸	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$100	\$110	9.9%	\$196	\$223	13.8%
		Average Daily Trips ('000)	184	189	2.4%	184	189	3.0%
M5 South West Motorway	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$68	\$72	6.1%	\$135	\$144	6.7%
		Average Daily Trips ('000)	151	155	2.7%	151	155	2.8%

⁷ Assets at 100%.

⁸ Average tolled trip length was 12.8 kilometres for the quarter for WestlinkM7.

Asset	Ownership		Dec 16 quarter	Dec 17 quarter	% change	1H17	1H18	% change
CityLink	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$170	\$196	15.0%	\$340	\$388	14.2%
		Average Daily Transactions ('000)	828	830	0.3%	828	820	(1.0%)
Gateway Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$55	\$55	(1.3%)	\$110	\$112	1.3%
		Average Daily Trips ('000)	116	117	0.7%	116	118	1.2%
Logan Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$47	\$47	1.6%	\$92	\$95	4.3%
		Average Daily Trips ('000)	163	169	3.4%	164	171	4.3%
AirportlinkM7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$28	\$30	7.0%	\$56	\$61	8.4%
		Average Daily Trips ('000)	57	61	6.3%	57	61	5.9%
Clem7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$13	\$13	(1.5%)	\$27	\$27	0.7%
		Average Daily Trips ('000)	27	28	3.1%	28	28	2.9%
Legacy Way	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$9	\$9	0.1%	\$18	\$19	3.4%
		Average Daily Trips ('000)	18	19	3.5%	18	19	4.9%
Go Between Bridge	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$3	\$3	(4.1%)	\$7	\$6	(2.2%)
		Average Daily Trips ('000)	11	11	1.6%	11	11	0.9%

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Asset	Ownership		Dec 16 quarter	Dec 17 quarter	% change	1H17	1H18	% change
95 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$20	\$22	14.2%	\$41	\$47	15.0%
		Average Daily Trips ('000)	48	49	2.9%	49	50	3.4%
495 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$17	\$21	24.4%	\$33	\$40	21.4%
		Average Daily Trips ('000)	46	46	1.0%	45	47	3.5%

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Appendix 8:

Calculation of proportional toll revenue by asset

Dec 17 quarter	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
Hills M2	\$76	100.0%	\$76
Lane Cove Tunnel/MRE	\$25	100.0%	\$25
Cross City Tunnel	\$17	100.0%	\$17
M1 Eastern Distributor	\$37	75.1%	\$28
Westlink M7	\$110	50.0%	\$55
M5 South West Motorway	\$72	50.0%	\$36
CityLink	\$196	100.0%	\$196
Gateway Motorway	\$55	62.5%	\$34
Logan Motorway	\$47	62.5%	\$30
AirportlinkM7	\$30	62.5%	\$19
Clem7	\$13	62.5%	\$8
Legacy Way	\$9	62.5%	\$6
Go Between Bridge	\$3	62.5%	\$2
95 Express Lanes (\$USD)	\$22	100.0%	\$22
495 Express Lanes (\$USD)	\$21	100.0%	\$21

1H18	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
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Hills M2	\$152	100.0%	\$152
Lane Cove Tunnel/MRE	\$50	100.0%	\$50
Cross City Tunnel	\$34	100.0%	\$34
M1 Eastern Distributor	\$74	75.1%	\$56
Westlink M7	\$223	50.0%	\$111
M5 South West Motorway	\$144	50.0%	\$72
CityLink	\$388	100.0%	\$388
Gateway Motorway	\$112	62.5%	\$70
Logan Motorway	\$95	62.5%	\$59
AirportlinkM7	\$61	62.5%	\$38
Clem7	\$27	62.5%	\$17
Legacy Way	\$19	62.5%	\$12
Go Between Bridge	\$6	62.5%	\$4
95 Express Lanes (\$USD)	\$47	100.0%	\$47
495 Express Lanes (\$USD)	\$40	100.0%	\$40