

Official Notice to SIX Swiss Exchange

Title: Transurban Queensland Finance Pty Ltd
Valor Symbol: TQF16
Valor No: 32766686
ISIN: CH0327226863

TRANSURBAN QUEENSLAND FINANCE PTY LTD

Please see the attached ASX release by Transurban (ASX: TCL), which contains information regarding Transurban Queensland.¹

Transurban Queensland Finance Pty Ltd has Bonds listed on SIX Swiss Exchange.

Notices from Transurban Queensland Finance Pty Ltd to SIX Swiss Exchange are also available from the website: www.transurban.com/tqfinstatements



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¹ Transurban has a 62.5% interest in Transurban Queensland. Transurban Queensland Finance Pty Ltd is a wholly owned subsidiary of Transurban Queensland.

Classification **Public**

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
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7 February 2017

Transurban 1H17 proportional EBITDA up 12.1% and FY17 DPS guidance upgraded

1H17 financial highlights:

- FY17 distribution guidance upgraded to 51.5 cents per security (cps), which is a 13.2% increase on the FY16 distribution
- Statutory profit from ordinary activities of \$88 million
- Proportional toll revenue increased by 10.9% to \$1,065 million
- Average daily traffic (ADT) grew by 4.8%
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.1% to \$817 million
- Free cash increased by 47.5% to \$680 million
- \$9 billion of development projects to improve customers' trips in Melbourne, Sydney, Brisbane and Greater Washington Area
- 1H17 distribution of 25.0 cps

Transurban Chief Executive Officer Scott Charlton noted the operating performance of the portfolio during a period of significant capital investment had enabled distribution guidance to be upgraded for FY17. Guidance now represents growth for security holders of 13.2% over FY16 distributions.

"We currently have a \$9 billion pipeline of development projects, which are all on time and on budget. Our balance sheet has capacity to fund our development pipeline, with the Western Distributor the only project in our current pipeline potentially requiring additional equity post financial close," Mr Charlton said.

Key network activities

Sydney

For 1H17:

- Proportional toll revenue increased 8.8% to \$434 million
- ADT increased 3.4% to 648,000 trips with strong traffic growth observed across the network. M2 traffic has been impacted by construction of NorthConnex (NCX)
- Large vehicle toll multipliers are now at three times cars on the Lane Cove Tunnel (LCT), M5 and Westlink M7 (M7)
- EBITDA grew by 10.4%
- Construction of the NCX project remains on time and on budget with 15 road headers currently in operation

"Our Sydney network traffic numbers grew by 3.4%, reflecting the benefit of our capital investment into that network in recent years," Mr Charlton said.

"We are looking at further investment opportunities in that market, which will drive growth over the medium-to-longer term and deliver benefits to the road users of New South Wales."

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For the quarter:

- Proportional toll revenue increased 9.7% to \$221 million. ADT increased 3.5% to 653,000 trips
- Average workday traffic increased 3.5% and average weekend/public holiday traffic increased 4.8%
- Of total ADT, car traffic increased 3.6% and large vehicle traffic increased 2.6%
- Revenue on the M7 increased by 18.7% for the December quarter. This was largely due to the increase in the large vehicle toll multiplier during the December quarter to 2.78 times the car toll. The multiplier reached 3 times the car toll on 1 January 2017

Melbourne

For 1H17:

- Toll revenue increased 2.7% to \$340 million
- ADT decreased 0.7% to 828,000 transactions; however, average weekend/public holiday traffic increased by 0.9%
- EBITDA was up 2.5%
- Work continues to minimise the disruption to traffic from the CityLink Tulla Widening project
- CityLink tolls and trip caps are changing for large vehicles from 1 April 2017, with daytime section tolls for heavy commercial vehicles (HCV) increasing from 1.9 times to 3.0 times
- Transurban is continuing to work with the Victorian Government on the \$5.5 billion Western Distributor proposal. Financial close is expected on the project by late 2017
- Works commenced on the Monash Freeway Upgrade in September 2016 and are scheduled for completion in 2018

“Transurban’s works on the CityLink Tulla Widening are now approximately 66% complete and we continue to focus on minimising disruptions for drivers by closely managing construction activities,” Mr Charlton said.

“Our works are scheduled for completion in early 2018, and once complete will bring significant benefits for drivers across the Melbourne road network.”

For the quarter:

- Toll revenue increased 2.9% to \$170 million. ADT decreased 0.9% to 828,000 transactions
- Average workday traffic decreased 1.1% and average weekend/public holiday traffic decreased 0.2%
- Of total ADT, car traffic decreased 3.5% and large vehicle traffic increased 14.4% for the quarter¹

¹ During the prior 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 1H17:

- Proportional toll revenue increased 31.6% to \$193 million²
- ADT increased 19.4% to 395,000 trips³
- EBITDA was up 39.6% including AirportlinkM7
- The \$512 million Logan Enhancement Project has been approved by the Queensland Government. Financial close was reached on the project in December 2016 and construction completion is currently scheduled for mid-2019

“During the period we announced financial close of the \$512 million Logan Enhancement Project. This project will see the delivery of major upgrades to parts of the Logan and Gateway Extension motorways, and demonstrates Transurban’s ability to work closely with our government partners to provide effective transport solutions that support the growth of our cities,” Mr Charlton said.

For the quarter:

- Proportional toll revenue increased 32.6% to \$97 million. ADT increased 19.4% to 393,000 trips.⁴ Excluding AirportlinkM7 from the December quarter, Brisbane proportional toll revenue increased 8.4% to \$79 million and ADT increased 2.0% to 336,000 trips
- Average workday traffic increased 20.4% and average weekend/public holiday traffic increased 18.3%⁵
- Of total ADT, car traffic increased 20.2% and large vehicle traffic increased 16.8%⁶

Greater Washington Area

For 1H17:

- Proportional toll revenue grew 21.2% to US\$74 million influenced by the continued ramp up on the 95 Express Lanes and 495 Express Lanes
- ADT increased 11.5% to 94,000 trips
- EBITDA was up 53.1%
- All terms of the 395 Express Lanes transaction have now been agreed with Government. An implementation plan has been submitted which is expected to be approved by mid-February

For the quarter:

- Proportional toll revenue increased by 18.3% to US\$36 million. ADT increased 11.4% to 94,000 trips
- Average workday toll revenue on the 495 Express Lanes increased 24.4% to US\$252,000. The average dynamic toll price for the quarter was US\$4.59
- Average workday toll revenue on the 95 Express Lanes increased 21.3% to US\$294,000. The average dynamic toll price for the quarter was US\$6.98

² Excluding AirportlinkM7, proportional toll revenue increased by 7.8%.

³ Excluding AirportlinkM7, the ADT increased by 2.0%.

⁴ AirportlinkM7 was acquired on 1 April 2016, and is not included in the prior period calculation.

⁵ Excluding AirportlinkM7, average workday traffic increased 2.7% and average weekend/public holiday traffic increased 1.7%.

⁶ Excluding AirportlinkM7, car traffic increased 1.1% and large vehicle traffic increased 5.1%.

“Our North American assets have exceeded expectations by continuing to deliver double-digit traffic growth across the network. This reflects the benefits they are delivering to drivers in the Greater Washington Area,” Mr Charlton said.

Distribution and DRP

A distribution totalling 25.0 cps will be paid on 10 February 2017 for the six months ended 31 December 2016. This will consist of a 21.5 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

FY17 distribution guidance has been upgraded to 51.5 cps due to strong traffic and operational performance.

Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 7 February 2017. The market briefing will be webcast via the Transurban website at www.transurban.com.

END



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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

	1H16 \$M	1H17 \$M	% change
Toll revenue	919	1,032	12.3%
Construction revenue	107	274	156.1%
Other revenue	30	28	(6.7%)
Total revenue	1,056	1,334	26.3%
Employee benefits expenses	(71)	(78)	9.9%
Road operating costs	(148)	(166)	12.2%
Construction costs	(107)	(274)	156.1%
Transaction and integration costs	(7)	-	N.M*
Corporate / other expenses	(47)	(47)	0.0%
Total costs	(380)	(565)	48.7%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	676	769	13.8%
Depreciation and amortisation	(279)	(307)	10.0%
Net finance costs	(353)	(406)	15.0%
Share of net profits of equity accounted investments	9	11	22.2%
Profit/(loss) before income tax	53	67	26.4%
Income tax benefit (expense)	9	21	133.3%
Profit/(loss) from continuing operations	62	88	41.9%

*Not meaningful.

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Appendix 2:

Proportional results

	1H16 \$M	1H17 \$M	% change
Toll revenue	960	1,065	10.9%
Other revenue	30	28	(6.7%)
Total revenue	990	1,093	10.4%
Total costs	(261)	(276)	5.7%
EBITDA	729	817	12.1%

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Appendix 3:

Proportional results by segment

1H17	Melbourne	Sydney	Brisbane ⁷	Greater Washington Area ⁸	Corporate and other	Total
Toll revenue (\$m)	340	434	193	98	-	1,065
Other revenue (\$m)	11	15	1	-	1	28
Total revenue (\$m)	351	449	194	98	1	1,093
Total costs (\$m)	(58)	(98)	(57)	(41)	(22)	(276)
EBITDA (\$m)	293	351	137	57	(21)	817
<i>Toll revenue growth</i>	2.7%	8.8%	31.6%	21.2%	-	10.9%
<i>Traffic growth⁹</i>	(0.7%)	3.4%	19.4%	11.5%	-	4.8%
<i>EBITDA growth</i>	2.5%	10.4%	39.6%	53.1%	N.M	12.1%

⁷ Excluding AirportlinkM7 from 1H17, ADT increased by 2.0%, toll revenue grew by 7.8%, EBITDA grew by 11.5% and EBITDA margin is 69.6%

⁸ Toll revenue growth and EBITDA growth are calculated in USD.

⁹ Traffic growth is based on movement in ADT.

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Appendix 4:

Reconciliation of Statutory EBITDA to Proportional EBITDA

	1H16 \$M	1H17 \$M
Statutory EBITDA	676	769
Less: EBITDA attributable to non-controlling interest – ED	(13)	(13)
Less: EBITDA attributable to non-controlling interest - TQ	(60)	(83)
Add: M5 proportional EBITDA	55	61
Add: M7 proportional EBITDA	71	83
Proportional EBITDA	729	817

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Appendix 5:

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	1H16 \$M	1H17 \$M
Cash flows from operating activities	430	292
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	7	104
Add back payments for maintenance of intangible assets	26	35
Less cash flow from operating activities from consolidated non-100% owned entities	(130)	(130)
Less allowance for maintenance of intangible assets for 100% owned assets	(26)	29
<i>Adjust for distributions and interest received from non-100% owned entities</i>		
ED distribution	24	29
M5 distribution and term loan note interest	35	65
TQ distribution and shareholder loan note interest	52	84
NorthWestern Roads Group distribution	43	230
Free cash	461	680

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Appendix 6:
Traffic and revenue performance

Dec 16 quarter	Proportional toll revenue % change	ADT % change
Sydney	9.7%	3.5%
Melbourne	2.9%	(0.9%)
Brisbane	32.6%	19.4%
Greater Washington Area	18.3%	11.4%

1H17	Proportional toll revenue % change	ADT % change
Sydney	8.8%	3.4%
Melbourne	2.7%	(0.7%)
Brisbane	31.6%	19.4%
Greater Washington Area	21.2%	11.5%

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Appendix 7:

Traffic and revenue data – December quarter

Asset	Ownership		Dec 15 quarter	Dec 16 quarter	% change	1H16	1H17	% change
Hills M2	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$65	\$71	8.5%	\$129	\$138	7.2%
		Average Daily Trips ('000)	126	131	3.6%	125	129	3.4%
Lane Cove Tunnel/ MRE	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$23	\$24	3.6%	\$45	\$46	3.6%
		Average Daily Trips ('000)	87	90	3.7%	86	89	3.3%
Cross City Tunnel	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$16	\$17	6.7%	\$30	\$32	5.8%
		Average Daily Trips ('000)	39	40	2.2%	38	38	1.6%
M1 Eastern Distributor	75.1%	Total Toll Revenue (\$AUDm) (net of GST)	\$32	\$34	6.9%	\$63	\$67	5.1%
		Average Daily Trips ('000)	56	57	1.3%	56	56	0.9%
Westlink M7 ¹⁰	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$84	\$100	18.7%	\$167	\$196	17.2%
		Average Daily Trips ('000)	178	184	3.6%	178	184	3.4%
M5 South West Motorway	50%	Total Toll Revenue (\$AUDm) (net of GST)	\$63	\$68	8.5%	\$124	\$135	9.2%
		Average Daily Trips ('000)	145	151	4.4%	144	151	5.0%

¹⁰ Average tolled trip length was 12.92 kilometres for the quarter for Westlink M7.

Asset	Ownership		Dec 15 quarter	Dec 16 quarter	% change	1H16	1H17	% change
CityLink	100%	Total Toll Revenue (\$AUDm) (net of GST)	\$166	\$170	2.9%	\$330	\$340	2.7%
		Average Daily Transactions ('000)	835	828	(0.9%)	834	828	(0.7%)
Gateway Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$53	\$55	5.1%	\$106	\$110	3.9%
		Average Daily Trips ('000)	115	116	1.1%	115	116	1.2%
Logan Motorway	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$43	\$47	8.2%	\$87	\$92	6.0%
		Average Daily Trips ('000)	159	163	2.8%	159	164	2.8%
AirportlinkM7 ¹¹	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	N/A	\$28	N/A	N/A	\$56	N/A
		Average Daily Trips ('000)	54	57	5.0%	55	57	5.2%
Clem7	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$12	\$13	9.2%	\$25	\$27	5.4%
		Average Daily Trips ('000)	26	27	4.6%	27	28	3.3%
Legacy Way	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$6	\$9	40.6%	\$12	\$18	52.9%
		Average Daily Trips ('000)	18	18	3.2%	18	18	3.4%
Go Between Bridge	62.5%	Total Toll Revenue (\$AUDm) (net of GST)	\$3	\$3	(4.4%)	\$7	\$7	(4.7%)

¹¹ Transurban reached financial close on AirportlinkM7 on 1 April 2016. Toll revenue data prior to Transurban ownership has not been provided. Prior period ADT represents numbers prior to Transurban ownership and are shown for comparative purposes only.

Asset	Ownership		Dec 15 quarter	Dec 16 quarter	% change	1H16	1H17	% change
		Average Daily Trips ('000)	12	11	(5.9%)	12	11	(5.8%)
95 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$17	\$20	16.8%	\$34	\$41	19.2%
		Average Daily Trips ('000)	44	48	8.1%	44	49	9.1%
495 Express Lanes	100%	Total Toll Revenue (\$USDm)	\$14	\$17	20.2%	\$27	\$33	23.8%
		Average Daily Trips ('000)	40	46	15.0%	40	45	14.1%

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Appendix 8:

Calculation of proportional toll revenue by asset

Dec 16 quarter	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
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Hills M2	\$71	100.0%	\$71
Lane Cove Tunnel/MRE	\$24	100.0%	\$24
Cross City Tunnel	\$17	100.0%	\$17
M1 Eastern Distributor	\$34	75.1%	\$26
Westlink M7	\$100	50.0%	\$50
M5 South West Motorway	\$68	50.0%	\$34
CityLink	\$170	100.0%	\$170
Gateway Motorway	\$55	62.5%	\$35
Logan Motorway	\$47	62.5%	\$29
AirportlinkM7	\$28	62.5%	\$18
Clem7	\$13	62.5%	\$8
Legacy Way	\$9	62.5%	\$6
Go Between Bridge	\$3	62.5%	\$2
95 Express Lanes (\$USD)	\$20	100.0%	\$20
495 Express Lanes (\$USD)	\$17	100.0%	\$17

1H17	100% (\$M)	% Transurban Ownership	Proportional Toll Revenue (\$M)
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Hills M2	\$138	100.0%	\$138
Lane Cove Tunnel/MRE	\$46	100.0%	\$46
Cross City Tunnel	\$32	100.0%	\$32
M1 Eastern Distributor	\$67	75.1%	\$50
Westlink M7	\$196	50.0%	\$98
M5 South West Motorway	\$135	50.0%	\$68
CityLink	\$340	100.0%	\$340
Gateway Motorway	\$110	62.5%	\$69
Logan Motorway	\$92	62.5%	\$57
AirportlinkM7	\$56	62.5%	\$35
Clem7	\$27	62.5%	\$17
Legacy Way	\$18	62.5%	\$11
Go Between Bridge	\$7	62.5%	\$4
95 Express Lanes (\$USD)	\$41	100.0%	\$41
495 Express Lanes (\$USD)	\$33	100.0%	\$33

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