

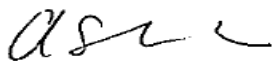
## asx release

5 May 2015

### Transurban Investor Presentation

Please find attached a presentation that will be provided at a Transurban investor day today.

The presentation will also be webcast live from 10:00am AEST on the Transurban website:  
[www.transurban.com](http://www.transurban.com).



**Amanda Street**  
Company Secretary

### Investor enquiries

**Henry Byrne**  
General Manager, Investor Relations and Corporate Affairs  
+61 438 564 245

Classification **Public**

#### Transurban Group

Transurban International Limited  
ACN 121 746 825

Transurban Holdings Limited  
ABN 86 098 143 429

Transurban Holding Trust  
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ARSN 098 807 419

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# INVESTOR DAY

5 MAY 2015



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## BASIS OF PREPARATION

This document includes the presentation of results on a statutory as well as non-statutory basis. The non-statutory basis includes the Proportional Results and Free Cash. All financial results are presented in AUD unless otherwise stated. Data used for calculating percentage movements has been rounded to thousands.

# AGENDA

<b>10.00</b>	Welcome	<b>Scott Charlton</b>	Chief Executive Officer
<b>10.30</b>	Strategy	<b>Michele Huey</b> <b>Sue Johnson</b> <b>Lisa Tobin</b>	Group General Manager Strategy Group General Manager Customer Operations and Human Resources Group General Manager Technology
<b>11.30</b>	Finance	<b>Adam Watson</b>	Chief Financial Officer
<b>12.00</b>	Lunch		
<b>12.40</b>	Market updates		
<b>12.45</b>	Sydney network	<b>Andrew Head</b> <b>Tony Adams</b> <b>Lisa Tobin</b>	Group General Manager NSW Group General Manager Project Delivery & Operational Excellence Group General Manager Technology
<b>13.15</b>	Melbourne network	<b>Vin Vassallo</b> <b>Tony Adams</b>	Group General Manager VIC Group General Manager Project Delivery & Operational Excellence
<b>13.45</b>	Brisbane network	<b>Wes Ballantine</b> <b>Sue Johnson</b>	Group General Manager QLD Group General Manager Customer Operations and Human Resources
<b>14.15</b>	Northern Virginia network	<b>Jennifer Aument</b>	Group General Manager North America
<b>14.45</b>	Conclusion	<b>Scott Charlton</b>	Chief Executive Officer

# WELCOME

SCOTT CHARLTON, CEO



# CONSISTENT STRATEGY

To be the partner of choice with governments  
providing effective and innovative urban road infrastructure  
utilising core capabilities

NETWORK  
PLANNING /  
FORECASTING

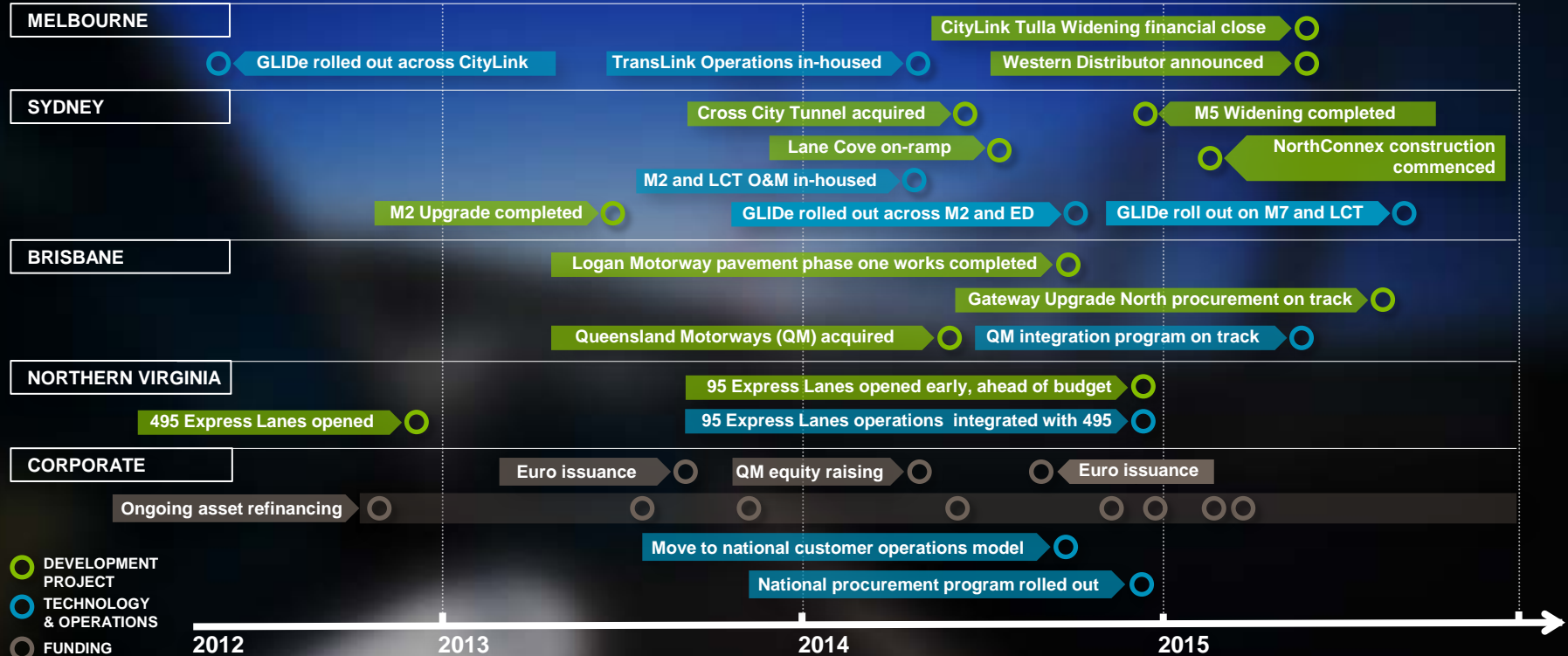
COMMUNITY  
ENGAGEMENT

DEVELOPMENT  
/ DELIVERY

TECHNOLOGY

OPERATIONS  
AND CUSTOMER  
MANAGEMENT

# DELIVERING ON STRATEGY





# CONSISTENT GROWTH IN DISTRIBUTIONS

**FY15 GUIDANCE 39.5 CENTS**



← Compound annual growth of more than 10% since FY09 (inclusive of FY15 guidance) →

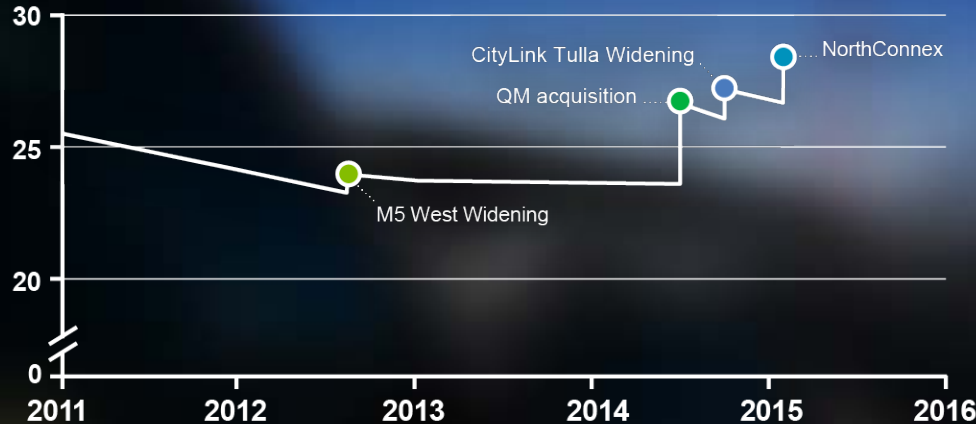
## GROWTH DRIVERS

- Strong underlying network traffic
- Embedded price escalation across concessions
- Operational efficiencies across technology, operations and maintenance
- Traffic uplift from development projects
  - improved traffic flows in key corridors
  - toll price adjustments (eg truck tolls on M5, M7, and LCT)



# LONG-TERM VALUE CREATION

## WEIGHTED AVERAGE CONCESSION LIFE



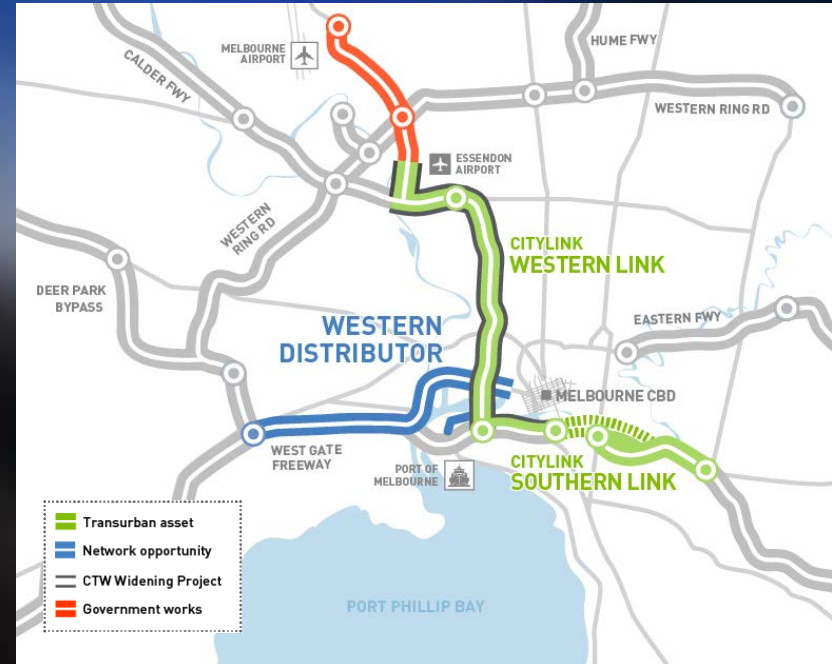
CONCESSION EXTENSIONS		
M5 WEST WIDENING	M5	3.3 years to 2026
QUEENSLAND MOTORWAYS ACQUISITION	Gateway	37 years to 2051
	Logan	37 years to 2051
	Clem7	37 years to 2051
	GBB	49 years to 2063
CITYLINK TULLA WIDENING	CityLink	1 year to 2035
NORTHCONNEX PROJECT	M2	2.1 years to 2048
	M7	11.4 years to 2048
	LCT	11.5 years to 2048
95 EXPRESS LANES PROJECT <sup>1</sup>	95 Express Lanes	73 years to 2087

1. 95 Express Lanes is not included in the weighted average concession life calculation as the asset is still in 'ramp-up'

# TO STRENGTHEN COMMUNITIES THROUGH TRANSPORT

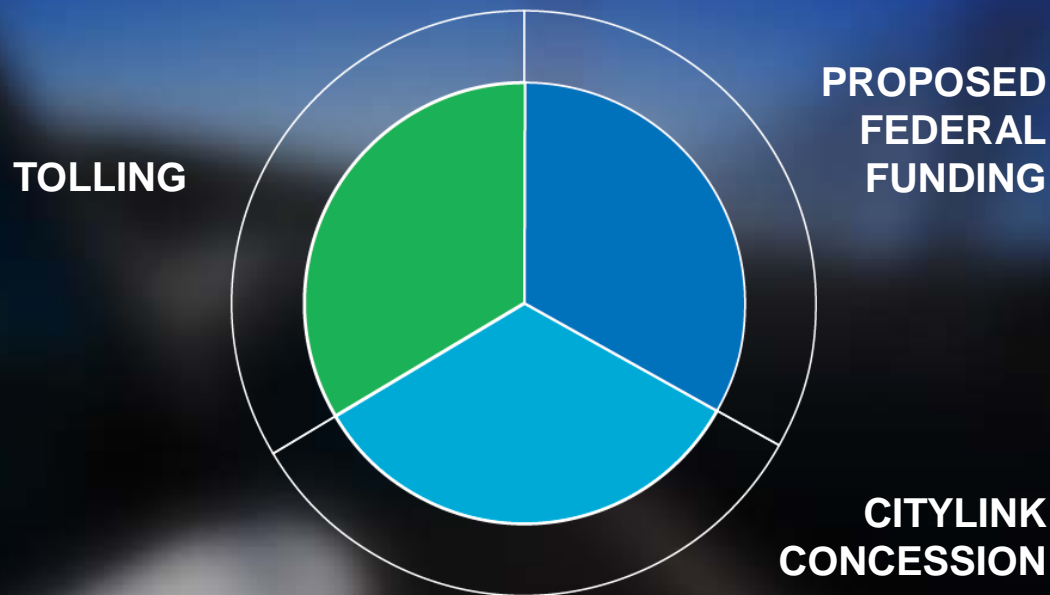
## WESTERN DISTRIBUTOR

- New motorway connection from CityLink to West Gate Freeway
- Expansion of existing West Gate Freeway
- Second major river crossing
- New entry to the CBD
- Improved port access



# WESTERN DISTRIBUTOR PROJECT ECONOMICS

**\$5 - 5.5 BILLION ANTICIPATED PROJECT COST**

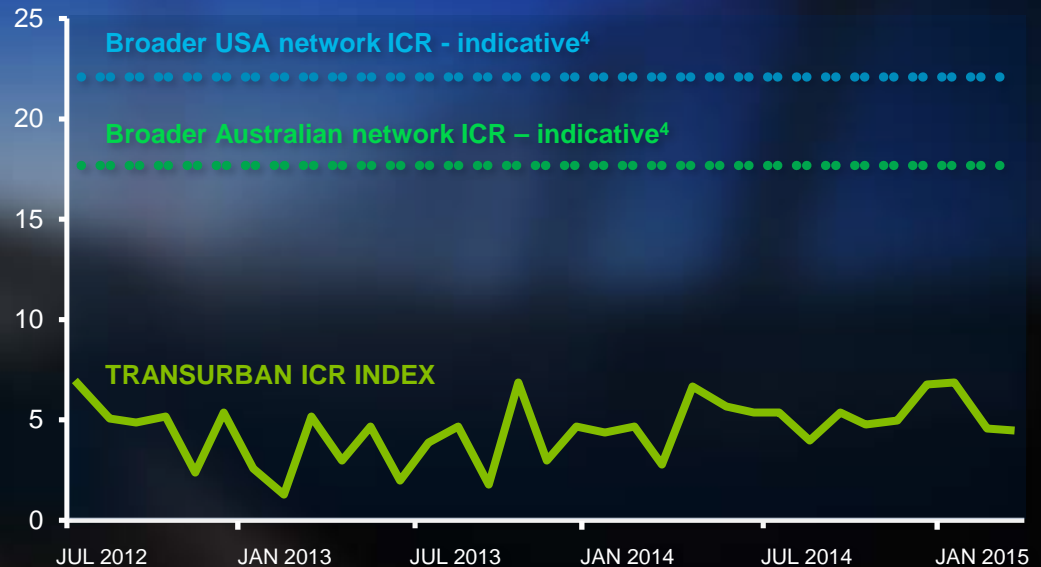


# SAFETY

## HIGHLIGHTS

- Zero employee lost-time injuries for 12 months
  - 5.7 million construction hours without a lost-time injury<sup>1</sup>
- New medium-term road safety strategy driving corporate target of 15% reduction in injury crashes between FY15 and FY19<sup>2</sup>
- NSW and VIC networks audited to identify high crash areas for safety enhancements
  - QLD and US networks to be assessed in FY16

## ROAD INJURY CRASH INDEX<sup>3</sup> (ICR) COMPARISON



1. For 95 Express Lanes and M5 West Widening projects
2. Consistent with state and federal government road safety targets
3. Road injury crashes per 100 million vehicle kilometres travelled
4. TCL estimate calculated at March 2015

# POSITIONING FOR THE FUTURE



**POLICY**



**TECHNOLOGY**



**CUSTOMER  
STRATEGY**

# STRATEGY

**MICHELE HUEY**, GROUP GENERAL MANAGER STRATEGY

**LISA TOBIN**, GROUP GENERAL MANAGER TECHNOLOGY

**SUE JOHNSON**, GROUP GENERAL MANAGER  
CUSTOMER OPERATIONS AND HUMAN RESOURCES



# POLICY OPPORTUNITIES TO ADDRESS EMERGING TRENDS

## POLICY

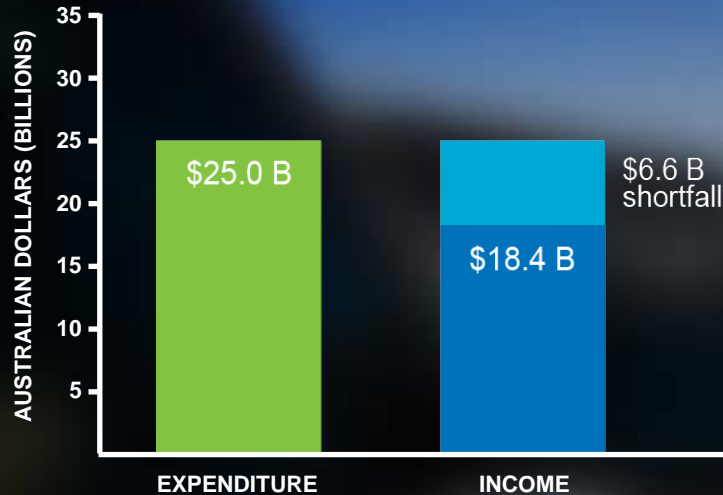


- Road pricing reform over medium to long term
- Potential to address funding issues for roads
- Opportunity for efficiency gains in network operations



# EMERGING TRENDS

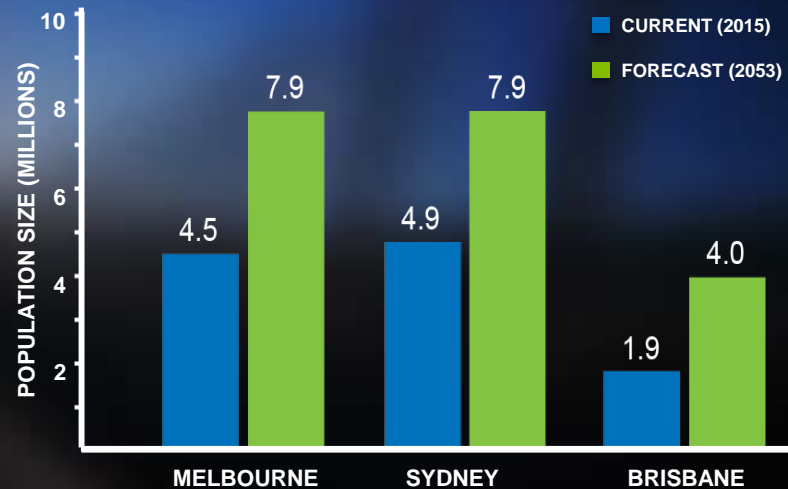
## CURRENT INFRASTRUCTURE SPENDING OUTSTRIPS INCOME<sup>1</sup>



Source: BITRE Yearbook 2014

1. Data from 2012/2013 year

## SIGNIFICANT URBAN POPULATION GROWTH EXPECTED



Source: Australian Bureau of Statistics

# ADVOCATING FOR ROAD PRICING REFORM

**“Reform of road pricing and provision should be a priority.”**

*Competition Policy Review  
('The Harper Review') March 2015*

**“Well-designed user charges should be used to the fullest extent that can be justified.”**

*Productivity Commission,  
Public Infrastructure Inquiry Report, 2014*

**"Australia now has an opportunity to engage in structural reform of road provision and charging, leading to considerable productivity benefits."**

*Rod Sims, Australian Competition and Consumer Commission, 2014*

## COMMUNITY ATTITUDES

**60%**

**OF RESPONDENTS  
FAVOURED A  
USER-PAYS MODEL  
TO FUND ROAD  
INFRASTRUCTURE**

Source: EY Sweeney 2014

# TRANSURBAN ROAD NETWORK PREFERENCE STUDY

PRACTICAL, REAL-WORLD EXAMINATION OF COMMUNITY AND ROAD-USER ATTITUDES TO ROAD PRICING MODELS

ASSESS CUSTOMER  
ATTITUDES AND  
PREFERENCES

UNDERSTAND  
BEHAVIOURAL  
RESPONSES

DEMONSTRATE  
TECHNOLOGY  
EXAMPLES

INFORM  
AND EDUCATE  
STAKEHOLDERS

PROVIDE  
TANGIBLE  
DATA

# STUDY DESIGN AND DELIVERY

## STUDY DESIGN

## PILOT PROCESS

## STUDY ROLL OUT

## ANALYSIS PHASE

Q4 FY15

Q1 FY16

Q1 FY16

Q2 FY16

Q3 FY16

Q4 FY16



Detailed design  
commencement

Targeted pilot study  
commencement

Targeted  
participant  
recruitment

Targeted study  
commencement

Targeted post  
study analysis  
commencement

Targeted  
project  
completion

### PROPOSED PRICING CONSTRUCTS

- Distance-based per kilometre charge
- Banded per kilometre based on estimated travel distance
- Price per trip

### ADDITIONAL OPTIONS

- Time-of-day pricing
- Zone based congestion charge

# TECHNOLOGY NO LONGER A BARRIER

## CRITICAL TECHNOLOGY FOR BROADER ROAD PRICING

	INTRODUCED	CURRENT STATE IN AUSTRALIA – CRITICAL MASS
GPS	2000: personal GPS products launched	18.5 million GPS-enabled smartphones in use
ON BOARD DIAGNOSTIC (OBD) CONNECTOR	2007: OBD connector mandated as standard for Australian vehicles	60% of vehicle fleet have an OBD connector
TELEMATICS DEVICE	2000: \$2,000 per device	\$350 per device (medium price)
FAST MOBILE DATA	1991: 2G data (9.6kbps) introduced in Australia	4G data network rolled out (100 mbps)

# SIGNIFICANT OPPORTUNITIES EMERGING THROUGH TECHNOLOGY

## TECHNOLOGY



- Road network pricing opportunities
- Efficient road network operations
- Optimised traffic management
- Expanded customer interfaces

# ADVANCES IN TRANSPORT TECHNOLOGY

## TRANSPORT DIGITISATION IS RAPIDLY ACCELERATING

### KEY TRENDS

- Internet-connected vehicles
  - 250M connected vehicles by 2020<sup>1</sup>
  - Target for 50% of vehicles sold with connectivity solutions in 2015<sup>2</sup>
  - Adoption of in-vehicle technologies is reaching critical mass<sup>2</sup>
- Driverless vehicles
  - 5 to 10 years away<sup>3</sup>
  - Forecast \$1.7 trillion industry by 2025<sup>4</sup>
  - Mass adoption by 2040<sup>5</sup>



1. Gartner Inc 2015
2. GSMA, Connected Car Forecast, 2013
3. Forbes, 2015
4. Vince Cable, 2015
5. McKinsey & Co, 2015



# NETWORK MANAGEMENT OPPORTUNITIES

NOW

MEDIUM TERM

LONG TERM

## ROADSIDE MEASURES

- Variable speed signs
- Lane use management
- Over height detection
- Weight-in-motion sensors

## SHIFT TO SMART VEHICLES

- Internet-connected vehicles
- Accurate vehicle tracking
- Real-time communication with drivers

## DRIVERLESS VEHICLES

- Driverless vehicles communicating with centralised systems

BENEFITS

- Effective traffic control
- Reduced damage to infrastructure
- Improved road safety

- New road user pricing models
- Improved traffic management
- Richer data and analytics
- Integrated road user experience

- Increased utilisation of road assets
- Optimisation of traffic flows
- Resulting in increased network capacity and more efficient travel times

# TECHNOLOGY PARTNERSHIP

## DEVELOPMENT OF ROAD-USER TECHNOLOGIES

ROAD OWNER/OPERATOR



TELECOMMUNICATIONS



NAVIGATION, MAP AND  
TRAFFIC SERVICES



ANALYTICS SOFTWARE



# IMPROVING CUSTOMER OFFERING

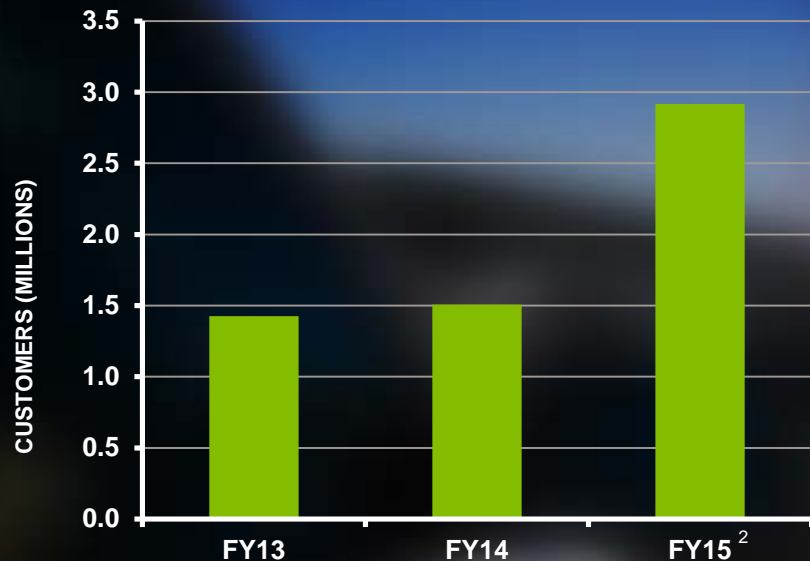
## CUSTOMER STRATEGY



- Focus on customer experience
- National model driving value and efficiencies
- Migration to self-service customer interfaces

# EXPANDING CUSTOMER BASE

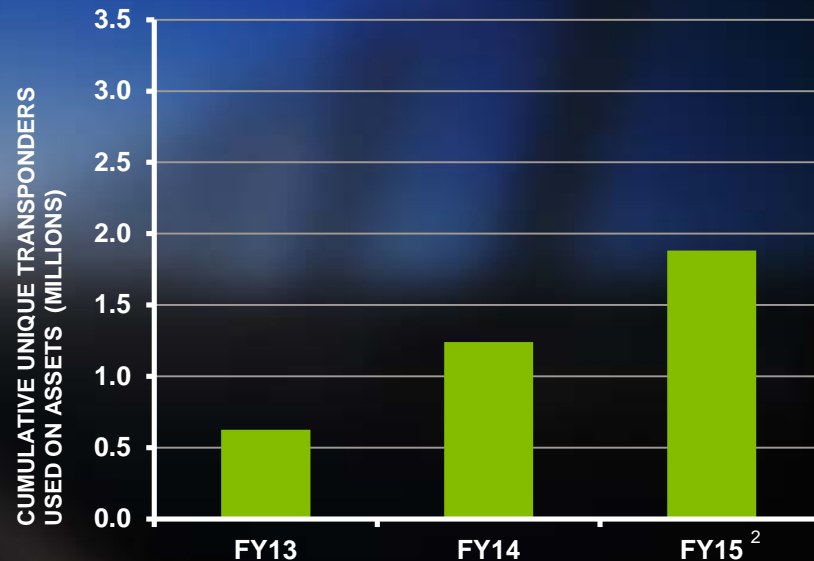
## AUSTRALIAN CUSTOMER BASE<sup>1</sup>



1. Includes CityLink, go via, Roam and Roam Express account customers

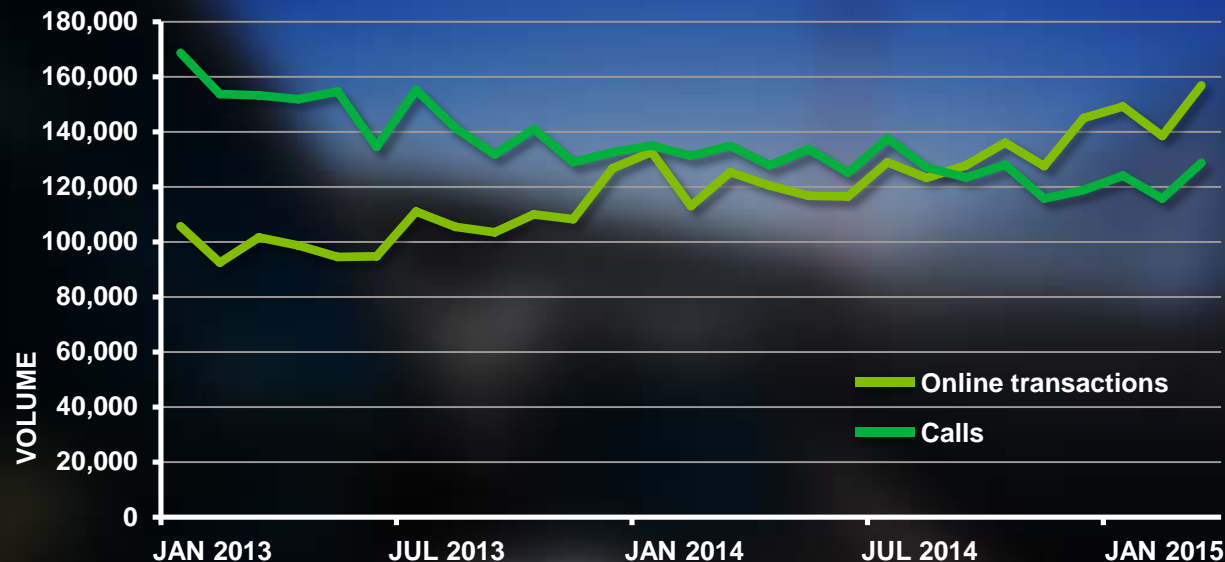
2. Year-to-date

## USA CUSTOMER BASE



# ENHANCING CUSTOMER EXPERIENCE

## MIGRATION TO SELF SERVICE (CITYLINK)



## CITYLINK CUSTOMER INTERACTIONS

DIGITAL <sup>1</sup>	FY13	FY15
	45%	62%

1. Excludes payment transactions

# NATIONAL MODEL DRIVING BENEFITS

## NUMBER OF SERVICE OUTLETS

VIC	FY14 <b>814</b>	FY15 <b>1,708</b>
QLD	FY14 <b>902</b>	FY15 <b>1,537</b>
NSW	FY14 <b>1,055</b>	FY15 <b>1,055</b>

## ENHANCING CUSTOMER EXPERIENCE

- More customer service channels
  - increasing convenience and accessibility
- New retail partners
  - increasing face-to-face options
- Improved and simplified website
  - enhancing usability
  - faster and easier transactions
- Increased engagement with customers to avoid account suspension

## INCREASING OPERATIONAL EFFICIENCY

- Economies of scale
  - Costs savings through national contracts e.g. tag procurement
- Technology efficiencies
  - roll out of GLIDE across VIC and NSW brands and assets
- Standardisation of customer websites
  - consistent design across TCL brands in FY16

# FINANCE

ADAM WATSON, CHIEF FINANCIAL OFFICER





# CAPITAL STRATEGY

CONSISTENTLY  
GROWING  
DISTRIBUTIONS

EFFICIENTLY FUND  
GROWTH

MAINTAIN STRONG  
INVESTMENT GRADE  
CREDIT METRICS

COST EFFICIENT  
FUNDING THROUGH  
MARKET CYCLES

# CAPITAL STRATEGY

CONSISTENTLY GROWING  
DISTRIBUTIONS

EFFICIENTLY FUND GROWTH

MAINTAIN STRONG INVESTMENT  
GRADE CREDIT METRICS

COST EFFICIENT FUNDING  
THROUGH MARKET CYCLES



← Compound annual growth of more than 10% since FY09 (inclusive of FY15 guidance) →

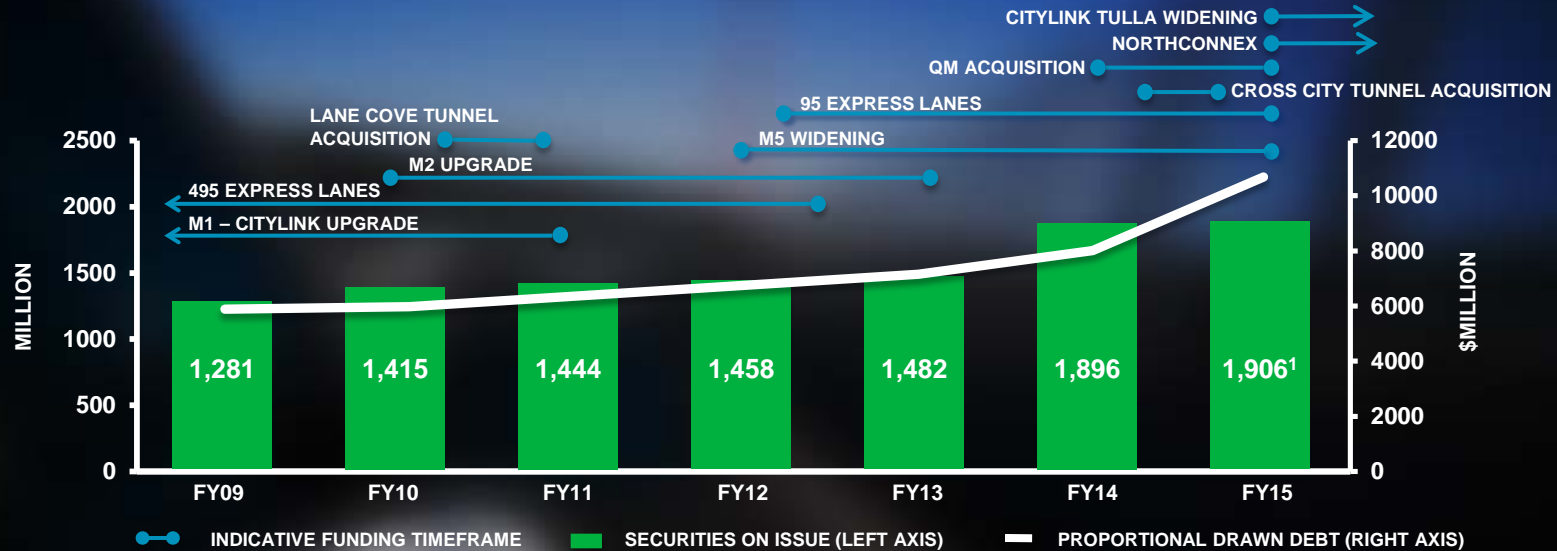
# CAPITAL STRATEGY

CONSISTENTLY GROWING  
DISTRIBUTIONS

EFFICIENTLY FUND GROWTH

MAINTAIN STRONG INVESTMENT  
GRADE CREDIT METRICS

COST EFFICIENT FUNDING  
THROUGH MARKET CYCLES



1. Half year 2015

# CAPITAL STRATEGY

CONSISTENTLY GROWING  
DISTRIBUTIONS

EFFICIENTLY FUND GROWTH

MAINTAIN STRONG  
INVESTMENT GRADE  
CREDIT METRICS

COST EFFICIENT FUNDING  
THROUGH MARKET CYCLES

	31 DEC 2014	TARGET
FFO/DEBT <sup>1</sup>	~8%	8 - 12% <sup>2</sup>
SENIOR INTEREST COVERAGE RATIO	3.3	>2.5



## STRONG INVESTMENT GRADE CREDIT METRICS

- Strong investment grade ratings
- S&P: BBB+ stable
  - Moody's: Baa1 stable
  - Fitch: A- stable

1. FFO/Debt as per S&P's definition

2. Position within target largely dependent upon where TCL is in its development cycle

# CAPITAL STRATEGY

CONSISTENTLY GROWING  
DISTRIBUTIONS

EFFICIENTLY FUND GROWTH

MAINTAIN STRONG INVESTMENT  
GRADE CREDIT METRICS

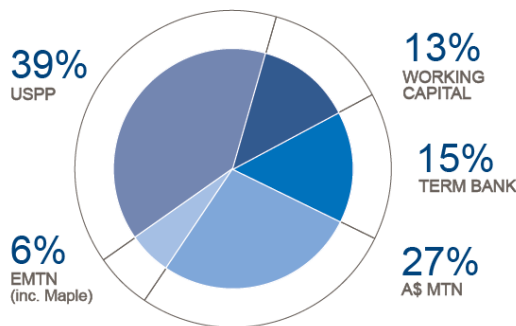
COST EFFICIENT FUNDING  
THROUGH MARKET CYCLES

## FUNDING PLAN

- Diversify funding sources
- Extend tenor in low interest rate environment
- Maintain adequate liquidity
- Ensure future maturity towers minimise refinancing risk

30 JUNE 2013

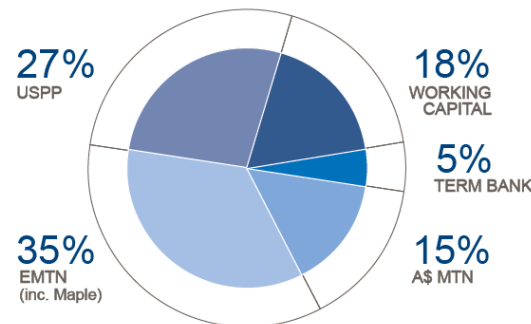
### CORPORATE DEBT BOOK



Total debt	A\$3.9b
Average tenor	3.9yrs
Average interest rate	6.5%

31 DECEMBER 2014

### CORPORATE DEBT BOOK



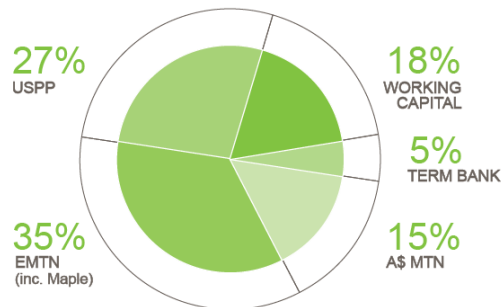
Total debt	A\$5.1b
Average tenor	4.8yrs
Average interest rate	6.2%

# DEBT BOOK

## NEAR TERM OPPORTUNITIES– PARTICULARLY AT AUSTRALIAN ASSET LEVEL

### CORPORATE

31 DECEMBER 2014



Total debt A\$5.1b

Average tenor 4.8yrs

Average interest rate 6.2%

### AUSTRALIA NON-RECOURSE

31 DECEMBER 2014



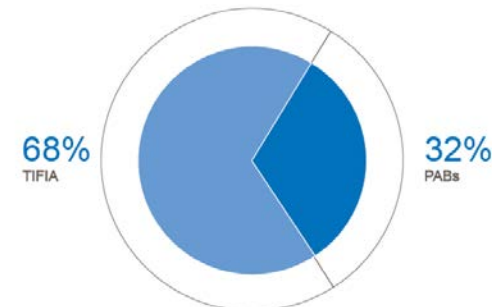
Total debt<sup>1</sup> A\$7.0b

Average tenor<sup>1</sup> 3.2yrs<sup>3</sup>

Average interest rate<sup>2</sup> 5.3%

### US NON-RECOURSE<sup>1</sup>

31 DECEMBER 2014



Total debt A\$1.5b

Average tenor<sup>1</sup> 31.4yrs

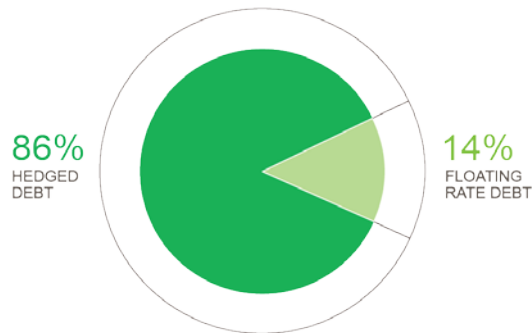
Average interest rate<sup>2</sup> 4.5%

1. Represents 100% of debt facilities
2. Weighted on a proportional drawn debt basis
3. The tenor is reflective of what is available in the bank debt market

# PORTFOLIO HEDGED AGAINST ECONOMIC CYCLES

## INTEREST COST MINIMISED

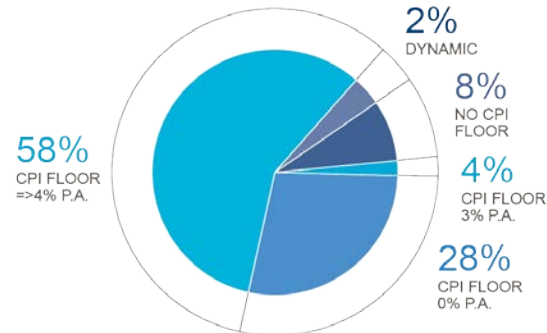
### DEBT BOOK SUBSTANTIALLY HEDGED<sup>1</sup>



- Fixed rate hedging reduces exposure to interest rate movements
- Extending tenor pushes out exposure to potential future interest rate increases

## REVENUE BENEFITS

### INFLATION-LINKED TOLL PRICING<sup>2,3</sup>



- Asset portfolio provides a mix of inflation protection and exposure to upside

1. Comprises fixed rate debt and floating debt that has been hedged and is a weighted average of total proportionate drawn debt in A\$
2. Annual CPI figures shown. Revenue based on proportionate toll revenue as disclosed in the December 2014 Traffic and Revenue Data ASX release
3. Note each asset is subject to specific CPI conditions in the context of toll price adjustments. Refer to slide 44 of the 2014 Investor Day presentation for further details



# TAX PROFILE

TCL's network has required more than

## \$19B

of investment to develop

### AMORTISATION OF CAPITAL INVESTMENT

- Infrastructure assets require billions of dollars of upfront capital investment leading to losses in early years
- International and Australian accounting and tax principles require amortisation of capital investment
- Funding costs are deductible but subject to tax in lender's hands

TCL estimates investors have paid more than

## \$750M

in tax since 2002<sup>1</sup>

### STAPLED STRUCTURE

- Critical to investment appeal and ability to fund long term infrastructure projects
- Enables payment of distributions to security holders
- Distributions are ultimately taxed in the hands of investors

Prudent gearing of

## 35-45%

consistent with listed infrastructure assets

### TAX INTEGRITY

- TCL rated 'low risk' by the Australian Tax Office
- Fully compliant with Australian and international tax law
- No entities located in tax havens
- No artificial transfer pricing to shift profits overseas

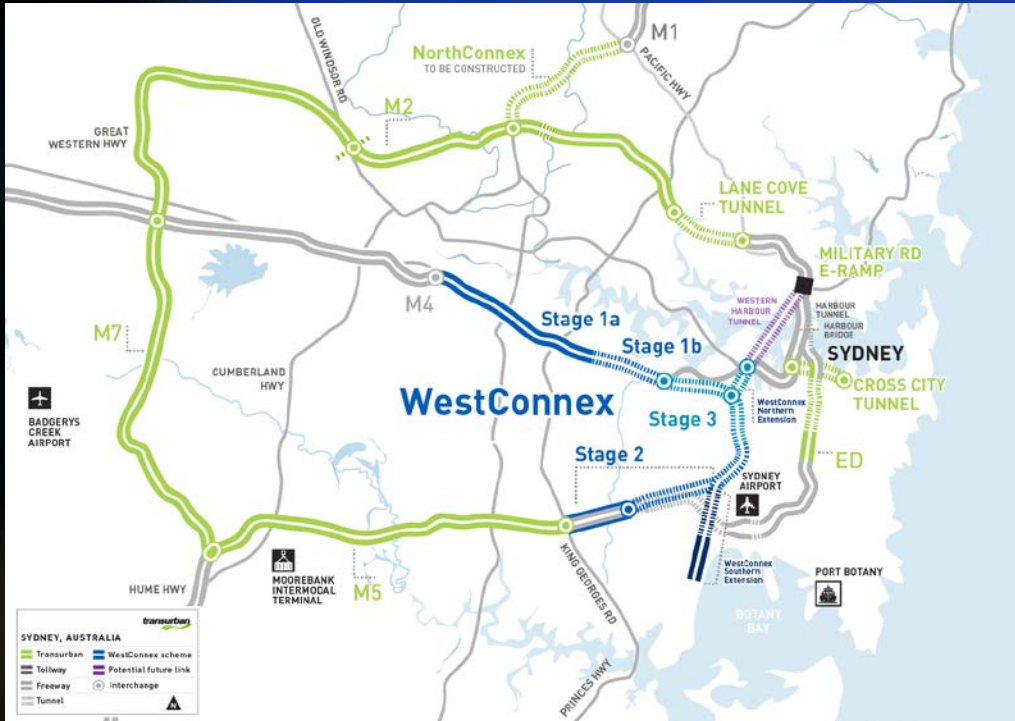
1. Based on an assumed security holder profile

# SYDNEY NETWORK

ANDREW HEAD, GROUP GENERAL MANAGER NEW SOUTH WALES



# MARKET OVERVIEW



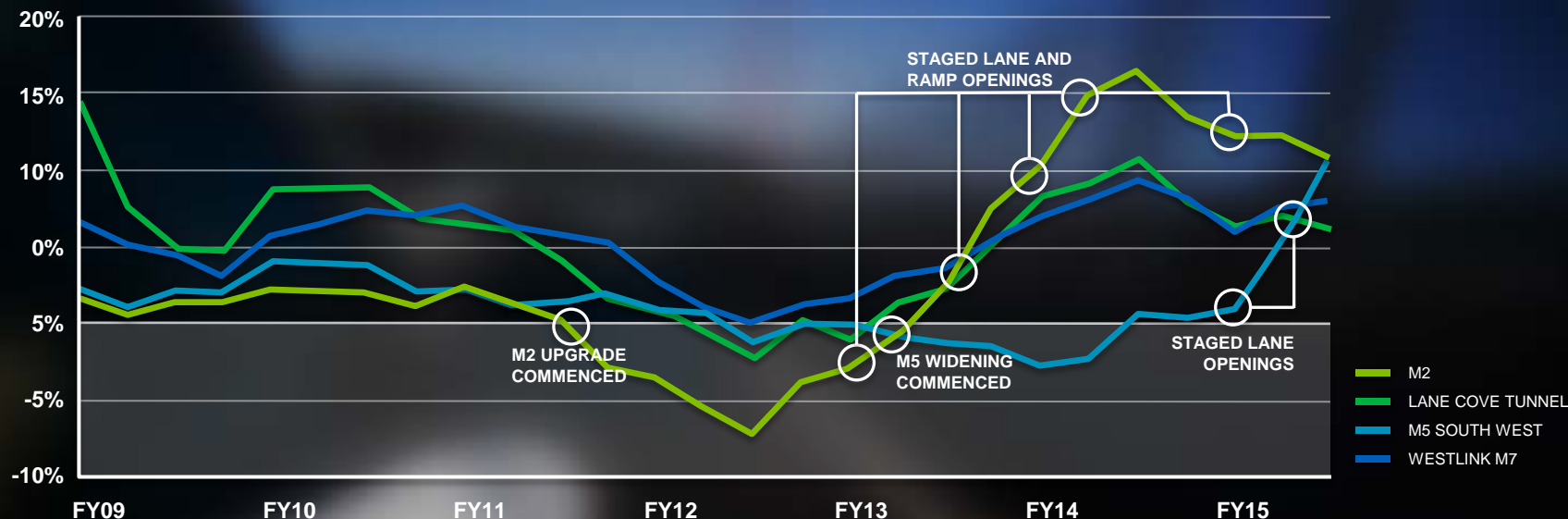
## HIGHLIGHTS

- Continued strong traffic performance across the network, following Hills M2 and M5 enhancements
- NorthConnex construction commenced in February
- GLiDe roadside system successfully rolled out on Hills M2 and Eastern Distributor
- Agreement to restructure O&M services on Cross City Tunnel and the Eastern Distributor reached with Leighton Services
- Continuing to monitor WestConnex development

# NETWORK OPTIONALITY – DEVELOPMENT

ENHANCED TRAFFIC FLOWS FROM CIRCA \$1.1B OF NETWORK INVESTMENT ON M2 AND M5

AVERAGE DAILY TRAFFIC GROWTH



# NETWORK OPTIONALITY – DEVELOPMENT

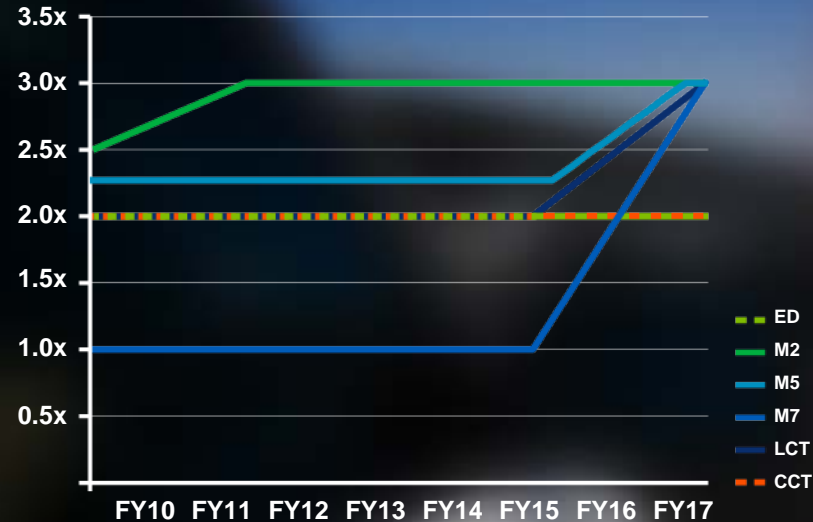
## CONCESSION EXTENSIONS



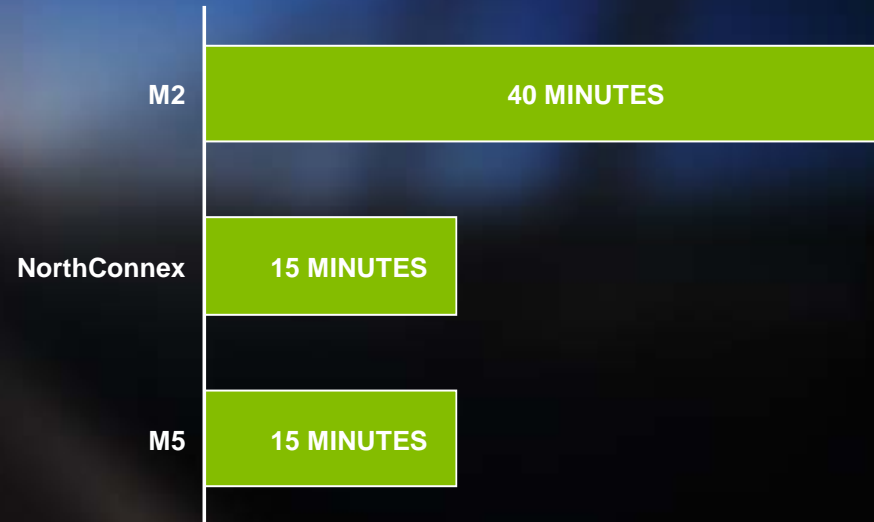
# NETWORK OPTIONALITY – PRICING

## COMMERCIAL VEHICLE PRICING ALIGNED TO COSTS AND BENEFITS

TRUCK TOLL MULTIPLIER



POST ENHANCEMENT TIME SAVINGS



# NETWORK OPTIONALITY – O&M

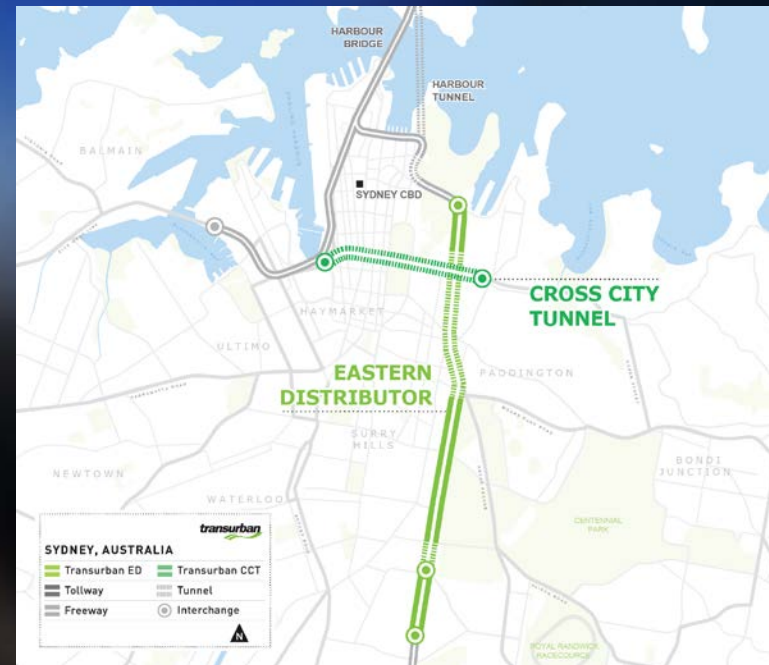
## OPERATIONS AND MAINTENANCE EFFICIENCIES

### CONSOLIDATION OF O&M<sup>1</sup>

- Existing 33-year evergreen O&M contract with Leighton Services on ED restructured<sup>1</sup>
- ED and CCT operations in-housed
- Leighton to deliver ED and CCT maintenance services for 12 years

### STRATEGIC RATIONAL

- New KPI regime drives stronger performance
  - Up to 40% of contractor's profit margin linked to performance indicators
- Increased control of operations drives efficiencies
- Enhanced flexibility creates future opportunities



<sup>1</sup>Subject to RMS and financier approval. If approved, to become effective in the next few months.



# NETWORK OPTIONALITY – TECHNOLOGY

## TOLLING TECHNOLOGY

### ROADSIDE SERVICES (PHYSICAL INFRASTRUCTURE)

#### DATA CAPTURE

- Identifies the vehicle/eTAG
- Records characteristics of the trip
- Transfers trip data for processing

### CENTRAL BACK OFFICE SERVICES (GLIDe)

#### ASSET SERVICES

##### TRIP CONSTRUCTION

- Vehicle trip construction and pricing
- Licence plate recognition

##### TOLL COLLECTION

- Links trip to customer account
- Integrates with external toll road providers and retailers
- Enforcement processing

#### RETAIL SERVICES

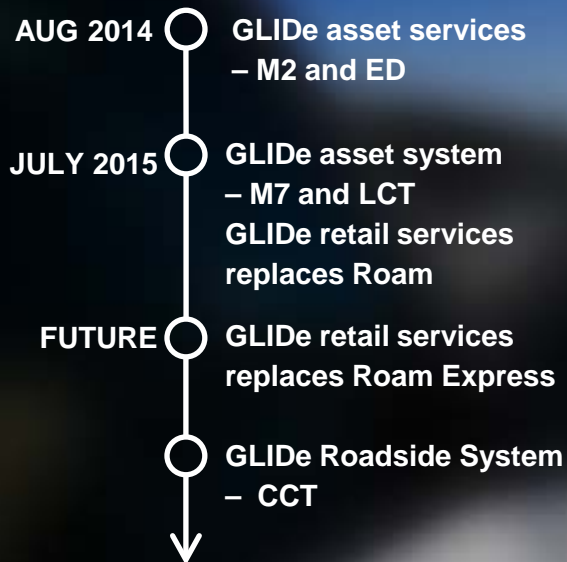
##### CUSTOMER MANAGEMENT

- Customer account management
- Tag management
- Account payments



# NETWORK OPTIONALITY – TECHNOLOGY

## GLIDe ROLL-OUT



### CURRENT BENEFITS

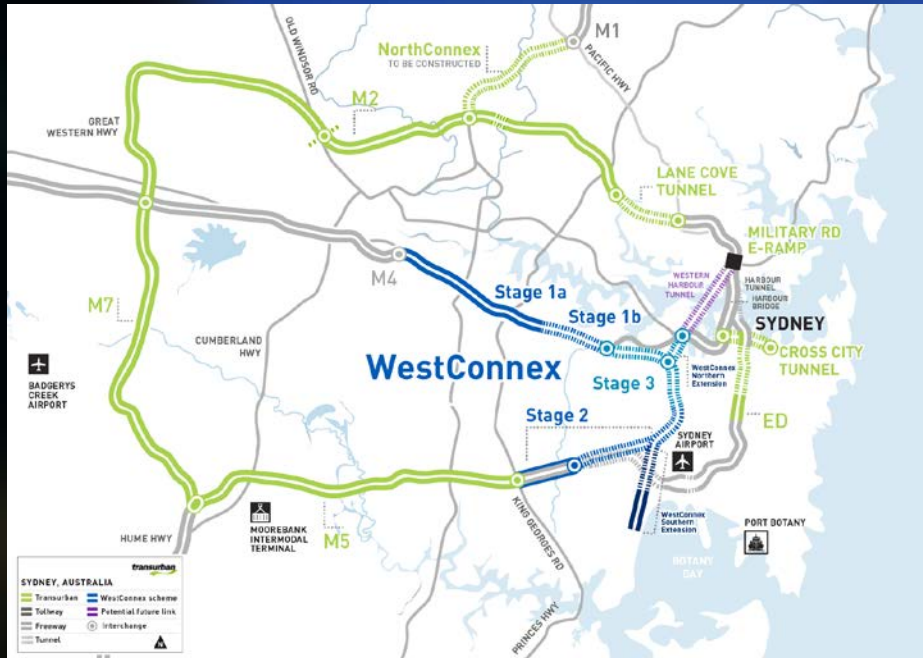
- Increased system reliability
- Reduced leakage
- Ability to share learnings across assets

### FUTURE OPPORTUNITIES

- Rich source of data for customer travel preferences and behaviours
- Architecture supports a variety of tolling models
- Able to support the build-out of a range of new customer and channel interactions

# NETWORK OPPORTUNITY

## WESTCONNEX



## GOVERNMENT TIMELINE

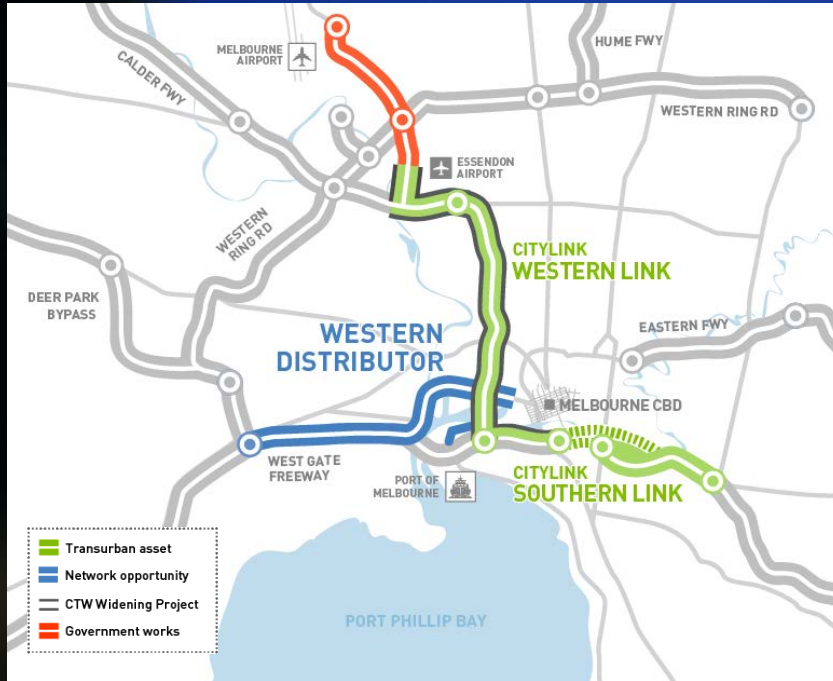
- 2014** ○ \$2B allocated to NSW Government for WestConnex Stage 2
- D&C tender process commenced for Stage 2
- 2015** ○ M4 Widening commenced (Stage 1a)
- Construction scheduled to commence on King Georges Road interchange (part of Stage 2)
- Preferred D&C to be selected for M4 East (Stage 1b) and the New M5 (Stage 2)
- 2016** ○ Stage 2 major works commence
- 2017** ○ Target completion for Stage 1a
- 2019** ○ Target completion for M4 East (Stage 1b) and the New M5 (Stage 2)
- 2023** ○ Target completion for Stage 3

# MELBOURNE NETWORK

VIN VASSALLO, GROUP GENERAL MANAGER VICTORIA



# MARKET OVERVIEW



## HIGHLIGHTS

- Continued refinement of operating model
- CityLink Tulla Widening renegotiation reached financial close on 30 April
  - construction to commence as planned in October 2015
- Western Distributor market-led proposal has been positively received by government and progressed to Stage 3

# CITYLINK TULLA WIDENING

## REVISED AGREEMENT



### SCOPE

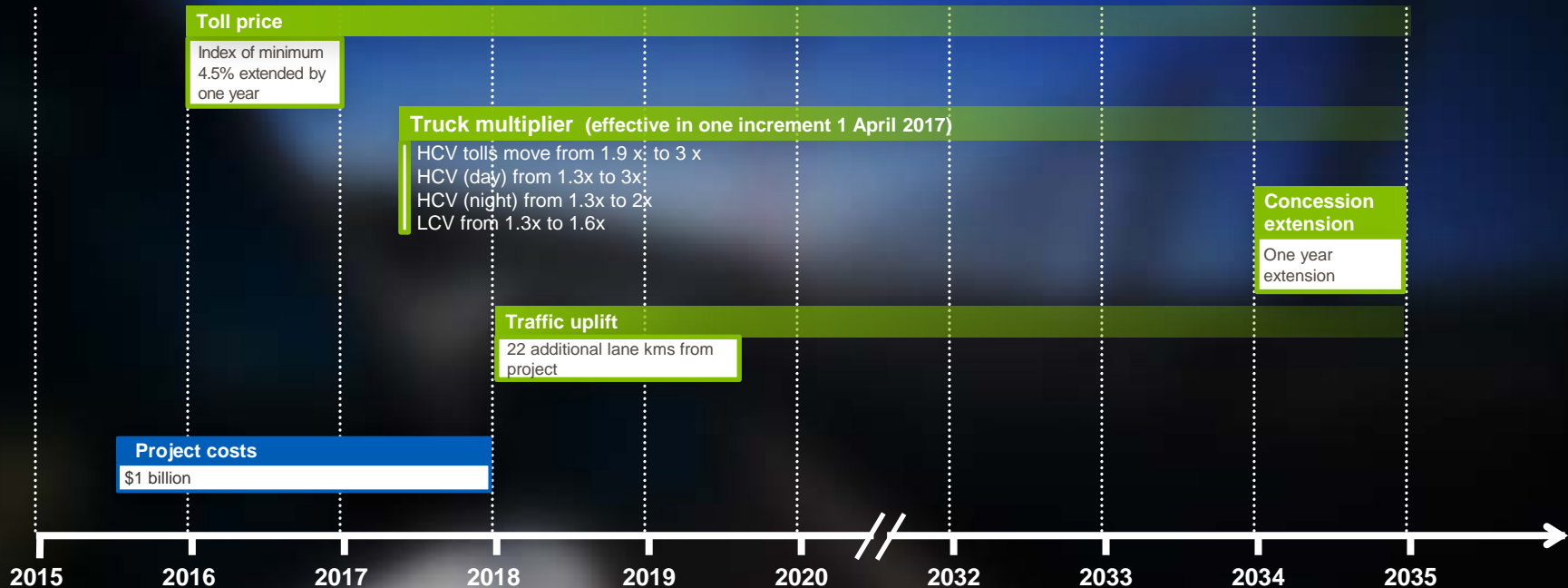
- TCL to undertake all widening works on CityLink
- Federal Government has committed \$200M for widening to Melbourne Airport
- State Government will undertake widening works from CityLink to the airport

### FUNDING

- TCL project cost increased from \$850M to \$1B
- Additional costs offset by:
  - reduced disruption
  - lower state payment
  - removal of toll freeze period during construction (due to reduced disruption)

# CITYLINK TULLA WIDENING

## PROJECT ECONOMICS



# CITYLINK TULLA WIDENING

## ORIGINAL SCOPE



## REVISED SCOPE



### BENEFITS

- Increased control
- Reduced integration risk
- Reduced traffic disruption



# WESTERN DISTRIBUTOR

BY 2031 MELBOURNE'S  
WESTERN REGION IS  
EXPECTED TO  
GROW BY

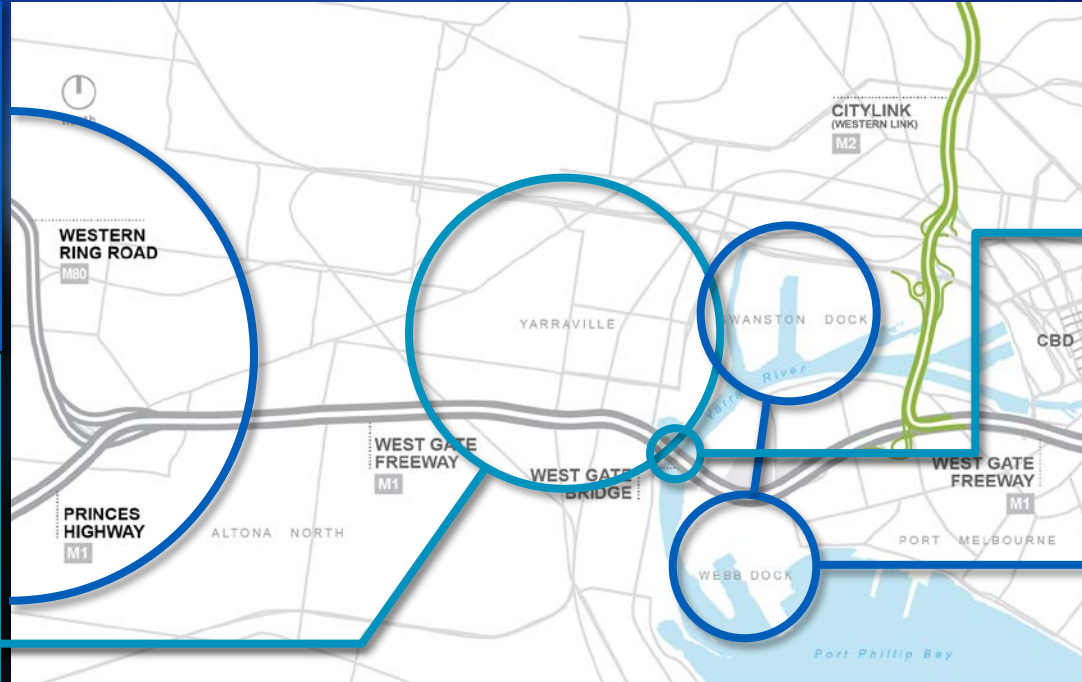
**56%**

(State of Victoria, 2014)

**20k**

TRUCK TRIPS WERE  
MADE ON INNER-WEST  
ROADS **EVERY DAY IN**  
**2014**

(Maribyrnong City Council, 2014)



**>200k**

VEHICLES CROSS THE  
WEST GATE BRIDGE  
EVERY DAY

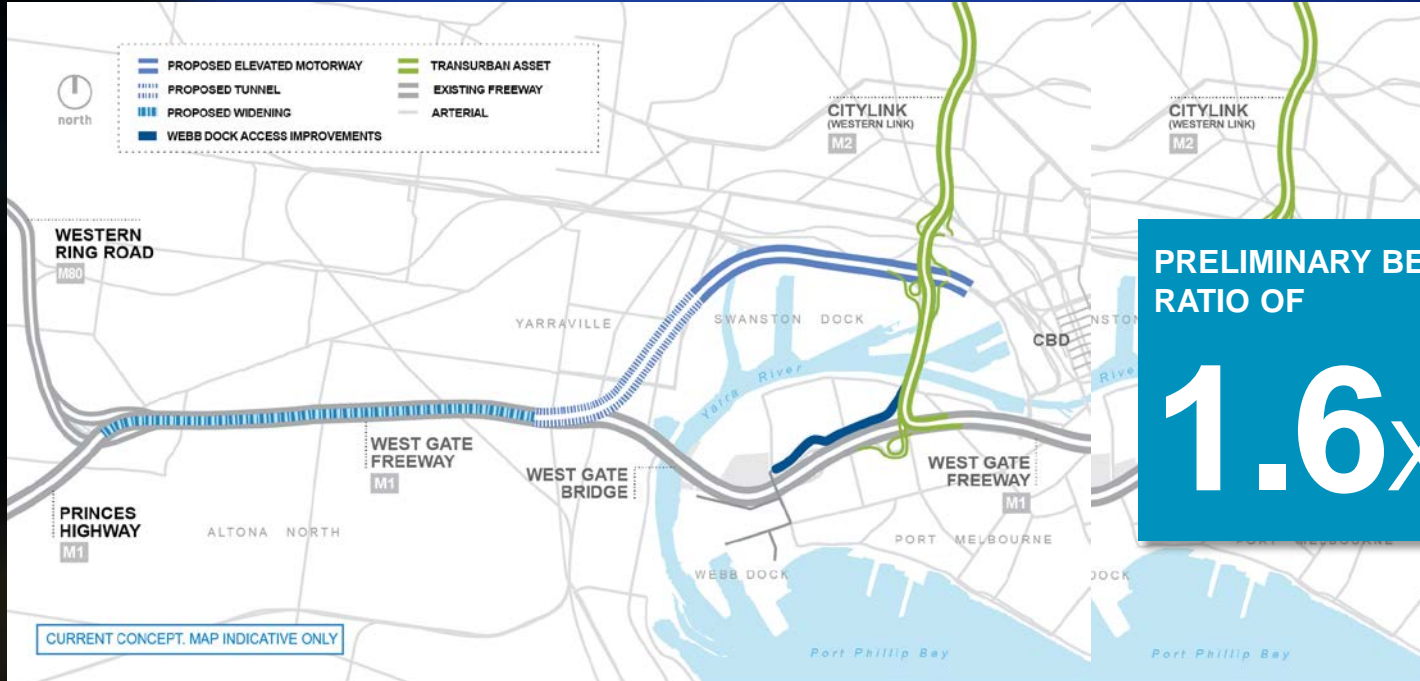
(VicRoads, 2014)

BY 2041 PORT OF  
MELBOURNE TRAFFIC IS  
FORECAST TO INCREASE  
BY

**173%**



# WESTERN DISTRIBUTOR



PRELIMINARY BENEFIT COST<sup>1</sup>  
RATIO OF

1.6x

# WESTERN DISTRIBUTOR OVERVIEW



## WEBB DOCK ACCESS IMPROVEMENTS

Upgrading Cook Street and the West Gate Freeway to Bolte Bridge ramp, complementing port works already underway



## WEST GATE FREEWAY WIDENING

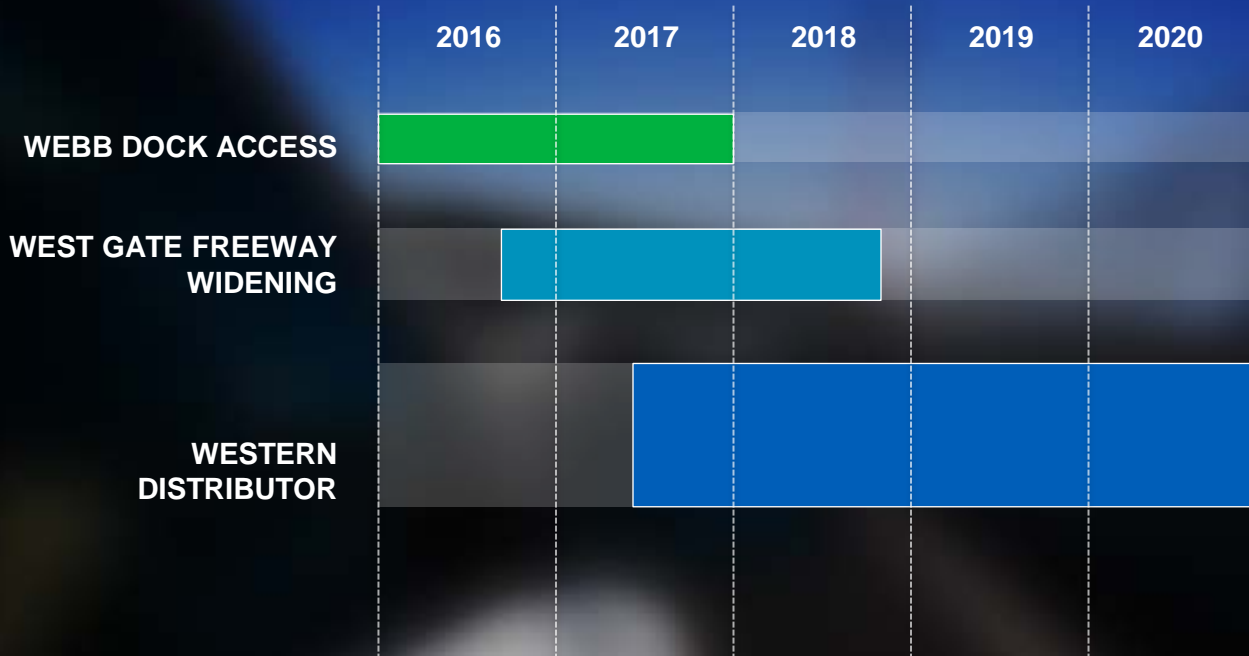
50% additional capacity by adding two lanes each way from M80 Ring Road to the Western Distributor tunnel portal



## WESTERN DISTRIBUTOR

Tunnel and elevated motorway connecting the West Gate Fwy with the port, CityLink and the CBD

# TCL PROPOSAL - STAGED DELIVERY



## OVERVIEW

→ Transurban has progressed to Stage 3 of the Victorian Government's Market-led Proposal process

# PROJECT BENEFITS

## TRANSPORT

- Travel time savings:
  - bypasses up to 14 sets of traffic lights
  - halves travel time from Western Ring Road to CBD during morning peak
  - three times faster trips to the Port of Melbourne
  - reduces travel time from CBD to Geelong and Ballarat by 15 minutes
- Second motorway river crossing for the west, reduces pressure on West Gate Bridge
- Enhances travel time reliability

## ECONOMIC

- Preliminary benefit cost ratio (BCR) of 1.6 times<sup>1</sup>
- Including wider economic benefits (eg productivity), BCR increases to more than 2 times<sup>1</sup>
- Delivers \$1.2 billion per annum of additional Gross Regional Product by 2030<sup>1</sup>
- 3,500 construction jobs created

## COMMUNITY

- Up to 50% less trucks on local streets
- Safety improvements to the West Gate Freeway/Bolte Bridge interchange
- Improve liveability for the local community
- Enable safer and conflict free cycling routes
- Improve air quality and reduce truck related noise on local roads

## BUSINESS

- Increased motorway capacity enhances freight productivity
- Improves connectivity to the port precinct
- Enhances supply chain efficiency and supports port expansion

1. Prepared by Deloitte Access Economics in accordance with Austroads standards.

# BRISBANE NETWORK

WESLEY BALLANTINE, GROUP GENERAL MANAGER QUEENSLAND



# MARKET OVERVIEW



## HIGHLIGHTS

- Integration driving benefits – on track to outperform bid budget
- National operations model driving improvements to customer service
- Solid traffic performance across all assets during Q3FY15
  - Logan Motorway traffic growth strong post pavement works
- Legacy Way expected opening mid-2015
- Portfolio of network opportunities



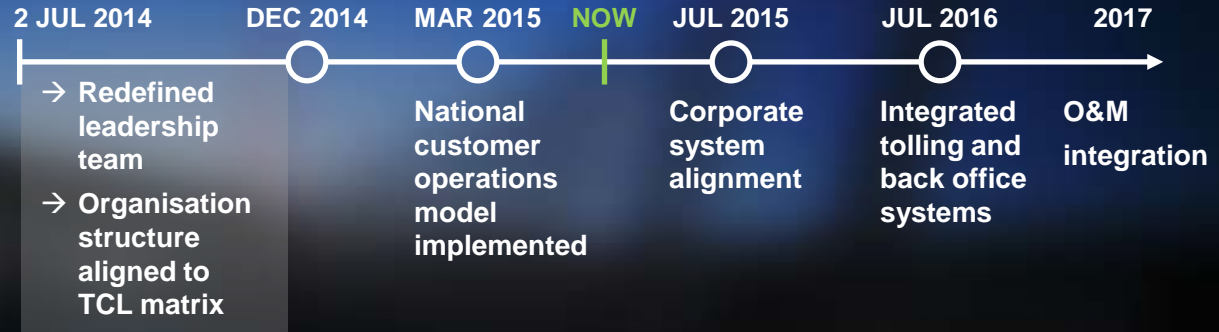
# INTEGRATION UPDATE

## INTEGRATION ON TRACK

### KEY ACHIEVEMENTS

- Queensland Motorways rebranded Transurban Queensland
- Aligned vision, values, policies and risk management framework
- Technology networks joined enabling national operating model
- Transitioned to national customer operations model
- Full corporate system alignment

### PROGRAM TIMELINE

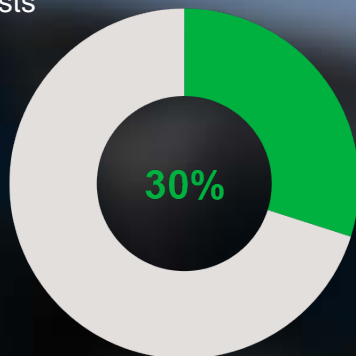


# INTEGRATION UPDATE

## NATIONAL MODEL DRIVING BENEFITS

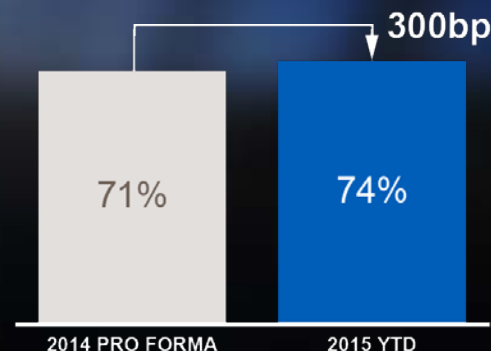
### EMPLOYEE COSTS

→ Reduction in annualised direct employee costs



### MARGIN IMPROVEMENT

→ Further margin improvement expected as benefits annualise



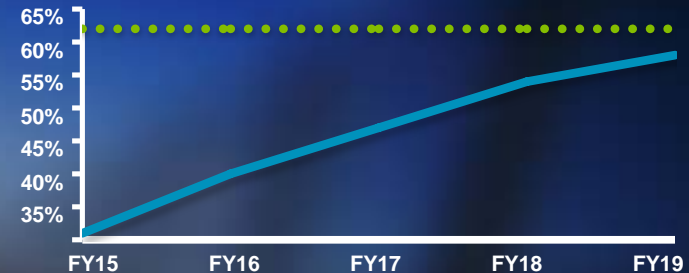


# NATIONAL CUSTOMER OPERATIONS

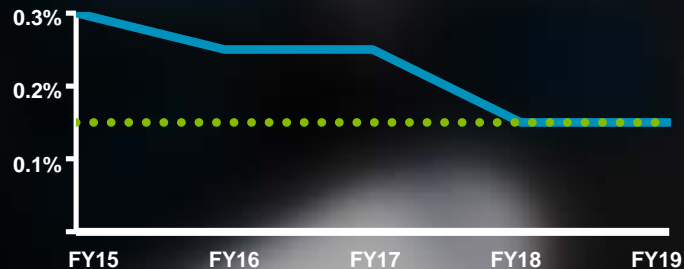
## CALL HANDLING TIMES



## SELF SERVICE RATES



## BAD DEBT RATE

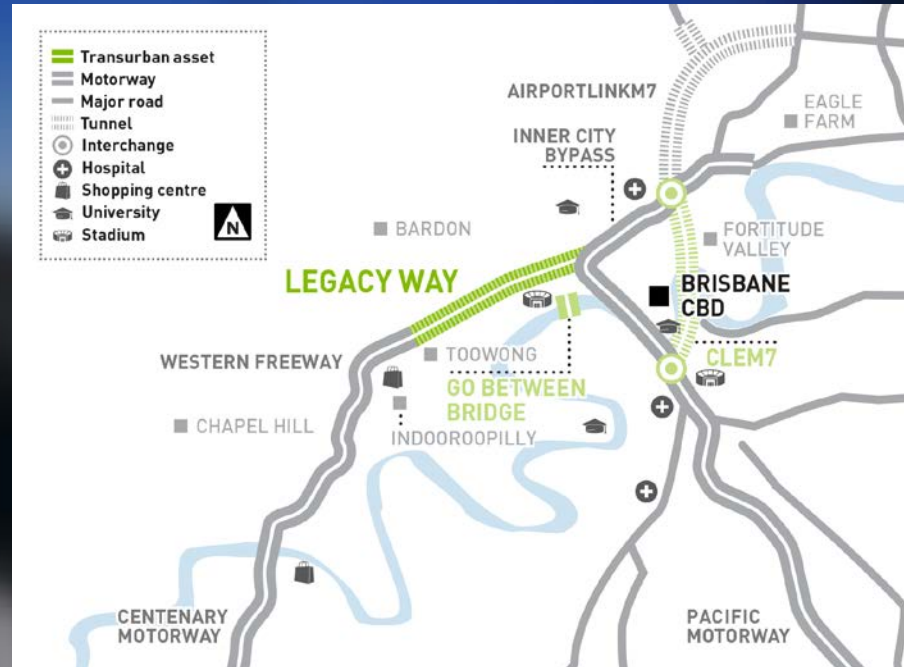


— Queensland  
 ..... FY15 National Customer Service Rate

# NETWORK DEVELOPMENT – LEGACY WAY OPENING

## HIGHLIGHTS

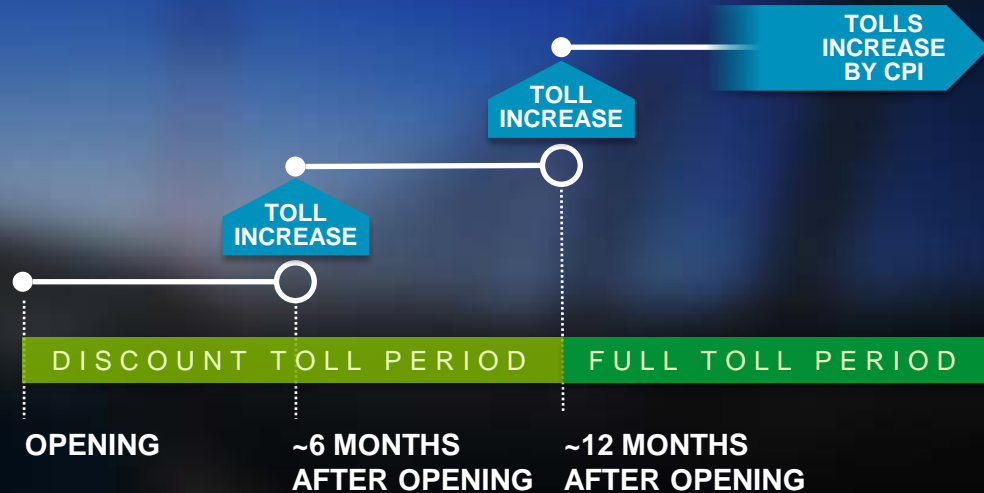
- 4.6km road tunnel that connects the Western Freeway at Toowong with the Inner City Bypass (ICB) at Kelvin Grove
- Western Freeway to ICB in just four minutes
  - avoids seven sets of traffic lights
- Improved connectivity to a range of destinations
- Expected opening mid-year



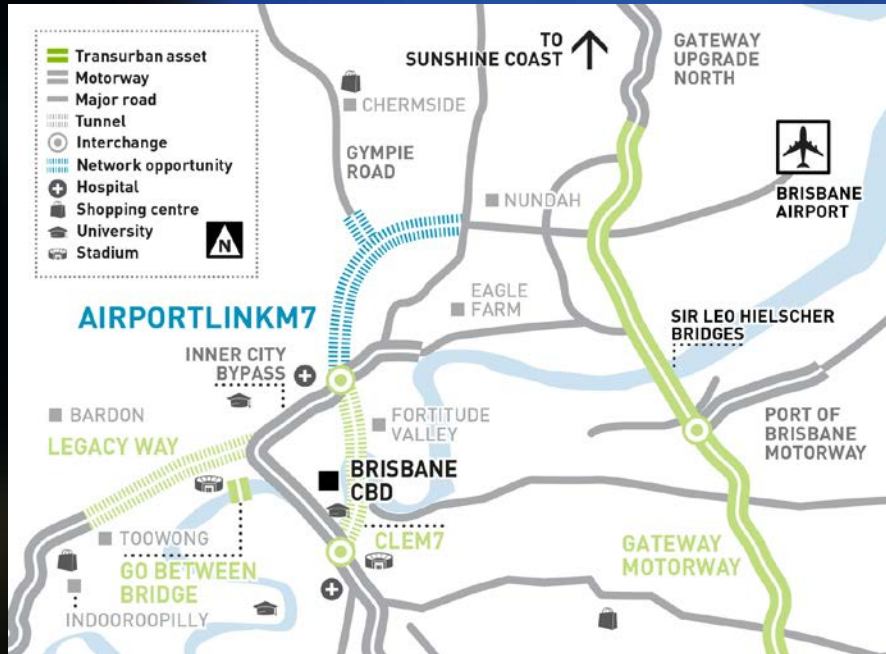
# LEGACY WAY RAMP UP

## TOLLING STRATEGY

- 12 month discount period for private vehicles
  - designed to optimise first impression of asset for expected users
- Providing the highest quality experience for motorists



# NETWORK OPPORTUNITIES – AIRPORTLINK



## OVERVIEW

- Sale process expected to begin in near term
- Asset demonstrating steady state characteristics – as at December 2014, ~80% of AirportLink traffic were **go via** customers
- Modest growth expected over near term with impacts from improvements to key alternatives (eg Kingsford Smith Drive)
- Material operational savings unique to TCL
- Asset completes existing network position – ability to maximise customer benefits

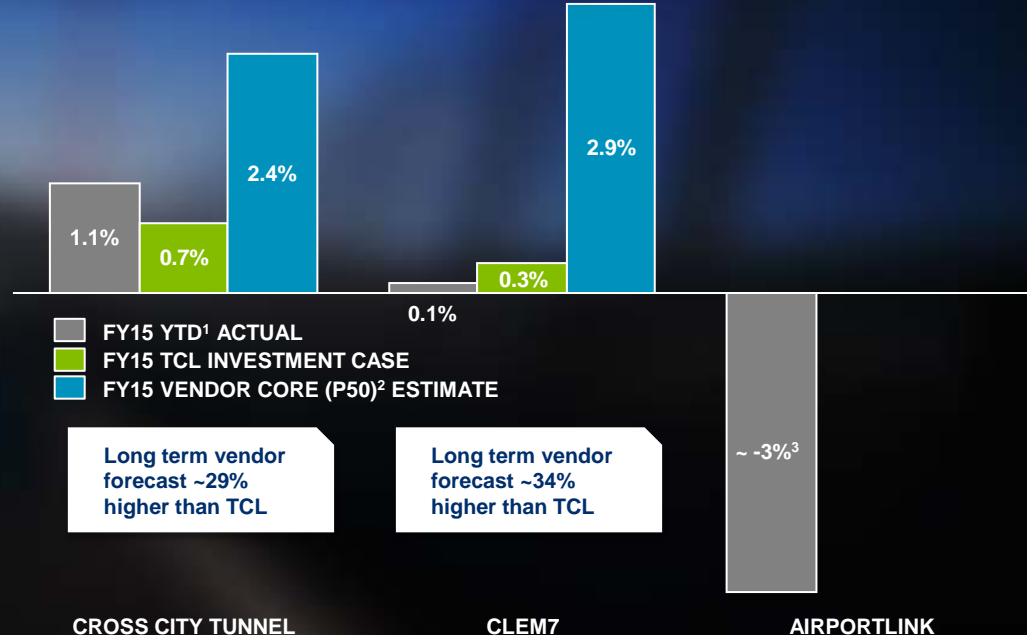
# INVESTMENT DISCIPLINE

## COMPARISON OF TCL AND VENDOR TRAFFIC FORECASTS

### TCL APPROACH

- Commitment to accurate forecasting – alignment of interest as long-term operator
- Detailed network modelling enables rigorous assessment of key inputs
- Modelling underpinned by extensive range of variables
- Supported by a well-established and experienced in-house team of traffic modellers - TCL has a track record of producing accurate traffic forecasts to assess development opportunities

### YEAR-ON-YEAR TRAFFIC GROWTH (AADT %)



1. Year to date (YTD), as at 30 April 2015.  
 2. P50 case assumes 50% probability of meeting or exceeding forecast  
 3. Based on go via customers driving on AirportLink. As at December 2014, go via customers comprised approximately 80% of total traffic on AirportLink.

# DEVELOPMENT OPPORTUNITIES

## HIGHLIGHTS

- 📍 **Logan Motorway pinch points**
  - Actively exploring solutions to relieve bottle necks
- 📍 **Gateway Upgrade North**
  - TCL undertaking final assessment of tenders on behalf of the State Government
  - Formal recommendation to be made to the State Government by end of May
- 📍 **Pacific Motorway interchange upgrade**
  - State Government undertaking feasibility assessment



Representational map only

# NORTHERN VIRGINIA NETWORK

JENN AUMENT, GROUP GENERAL MANAGER NORTH AMERICA

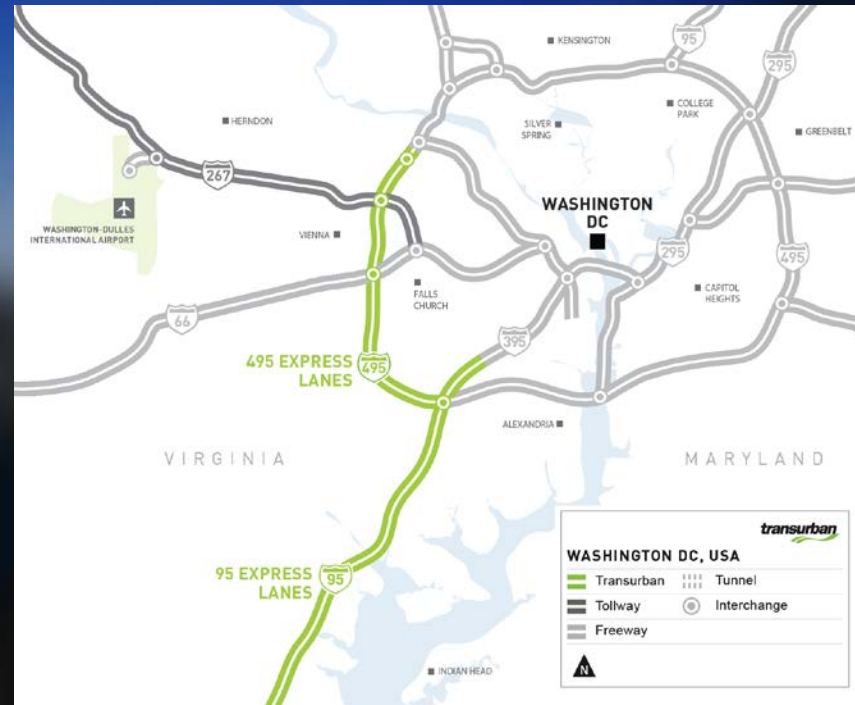




# MARKET OVERVIEW

## HIGHLIGHTS

- Continued 495 ramp-up
- Early and safe delivery of 95 Express Lanes with more than 5.6M safe hours
- Successful migration to joint system
- 95 Express Lanes commenced operations early (December 2014)





# NETWORK SYNERGIES

**45%**  
SAVINGS

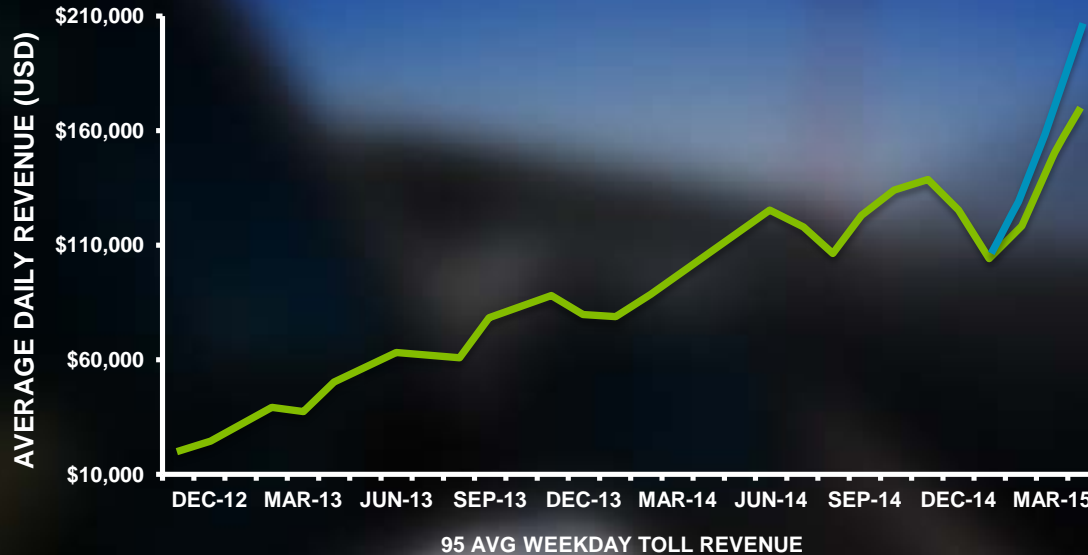
ON 495 CONTROL  
ROOM OPERATIONS



- Fully integrated tolling and traffic management system
- Consolidated traffic control room
- Single customer interface for service and information needs
- Consistent network enforcement and incident response

# MANAGED LANES NETWORKS ESTABLISHED

## TWO ASSETS IN RAMP-UP



### GROWING CUSTOMER BASE

#### 495 EXPRESS LANES

Average new monthly customers<sup>1</sup> **48,000**

More Beltway users becoming customers<sup>2</sup> **▲ 12%**

#### 95 EXPRESS LANES

Total unique customers **550,000**

1. April 2014 – March 2015  
2. May 2014 research compared to February 2015 research

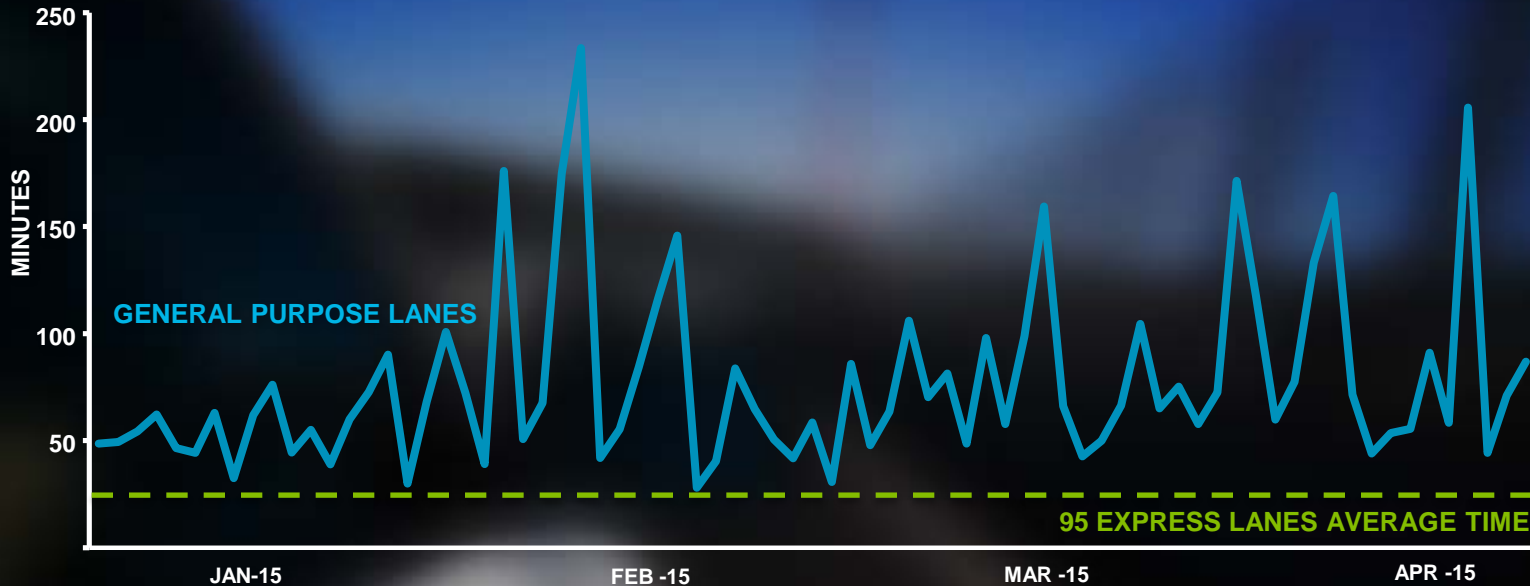
# 95 AND 495 EXPRESS LANES



OPERATION	1 <sup>ST</sup> QUARTER OF OPERATIONS	1 <sup>ST</sup> QUARTER OF OPERATIONS
LENGTH OF FACILITY	16km (10 miles)	45km (28 miles)
AVERAGE WORKDAY TRAFFIC	23,308	43,165
AVERAGE TRIP LENGTH	10.5km (6.5 miles)	20.43km (12.7 miles)
AVERAGE WEEKEND DAY TRAVEL	\$8,082	\$35,024
PEAK PERIOD	6:30-9:00am   4:00-7:00pm	5:30-9:00am   4:00-7:00pm
MAX TOLL	\$3.70	\$20.90
MAX REVENUE DAY	\$32,952	\$250,078
AVERAGE TOLL PAID	\$1.20	\$4.52
HIGH OCCUPANCY AND EXEMPT VEHICLES	7%	32%

# UNRELIABLE GENERAL PURPOSE LANES

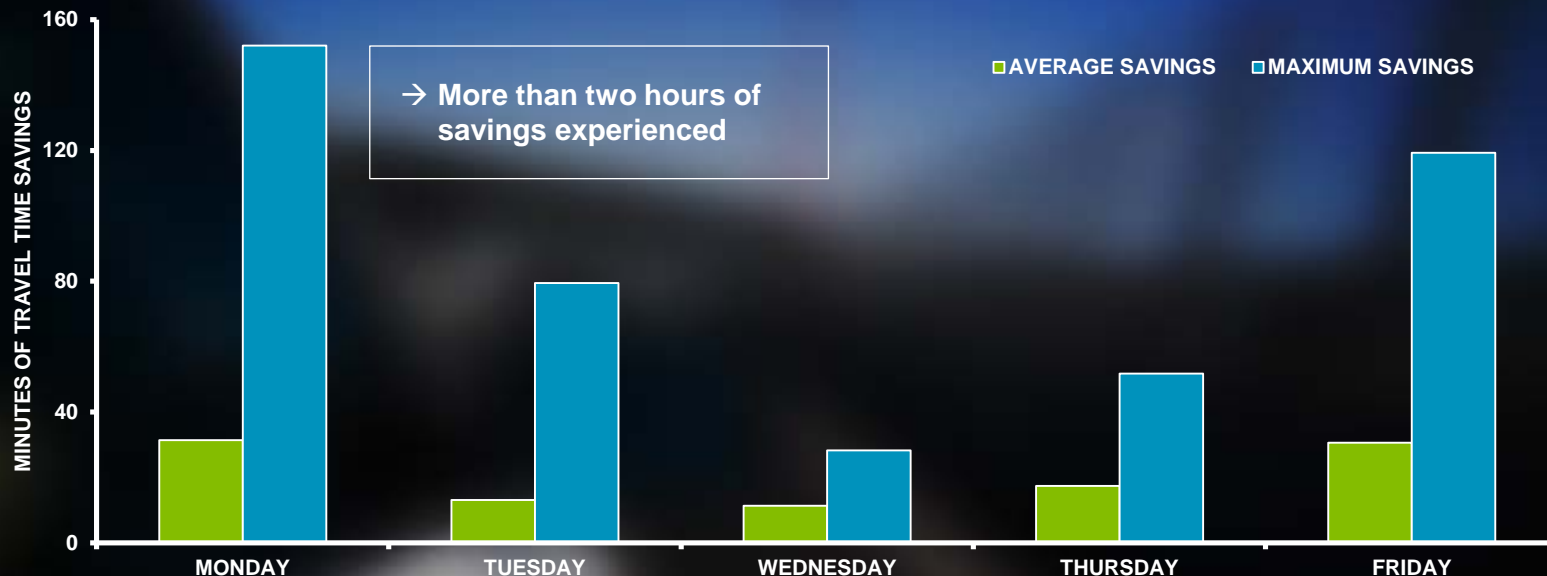
## FULL LENGTH PEAK 95 SOUTHBOUND EXPRESS AND GENERAL PURPOSE LANES<sup>1</sup>



1. Maximum trip time on workdays

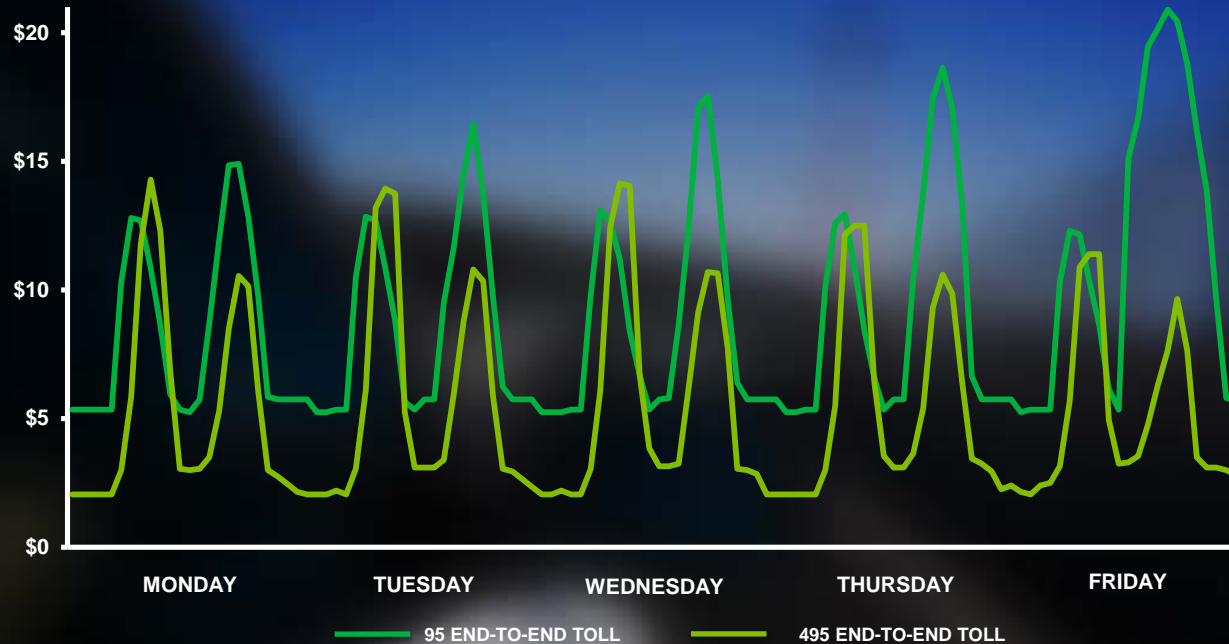
# 95 EXPRESS LANES INDICATIVE TRAVEL TIME SAVINGS

## TRAVEL TIME SAVINGS – FULL-LENGTH PEAK 95 SOUTHBOUND<sup>1</sup>



1. Average workday in February 2015

# DYNAMIC TOLLING ALGORITHM



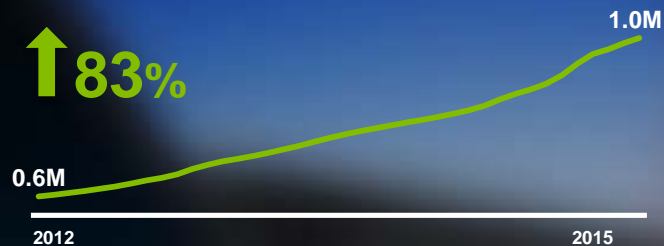
**DELIVERING  
VALUE FOR  
CUSTOMERS**

**MANAGING  
OPERATIONAL  
ISSUES**

**OPTIMISING  
REVENUE**

# ACTIVE MANAGEMENT

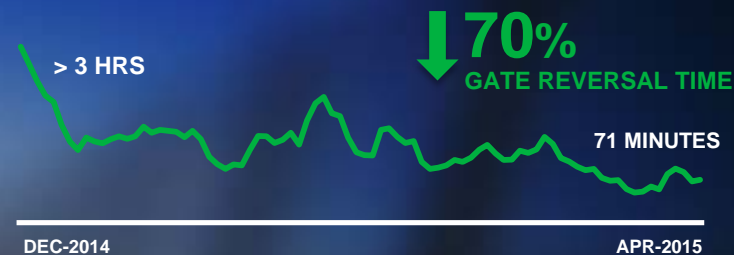
## GROWING E-ZPASS BASE



## E-ZPASS USAGE ON 95 EXPRESS LANES



## INCREASED LANE AVAILABILITY ON 95



## HIGH SELF-SERVICE PAYMENT RATE

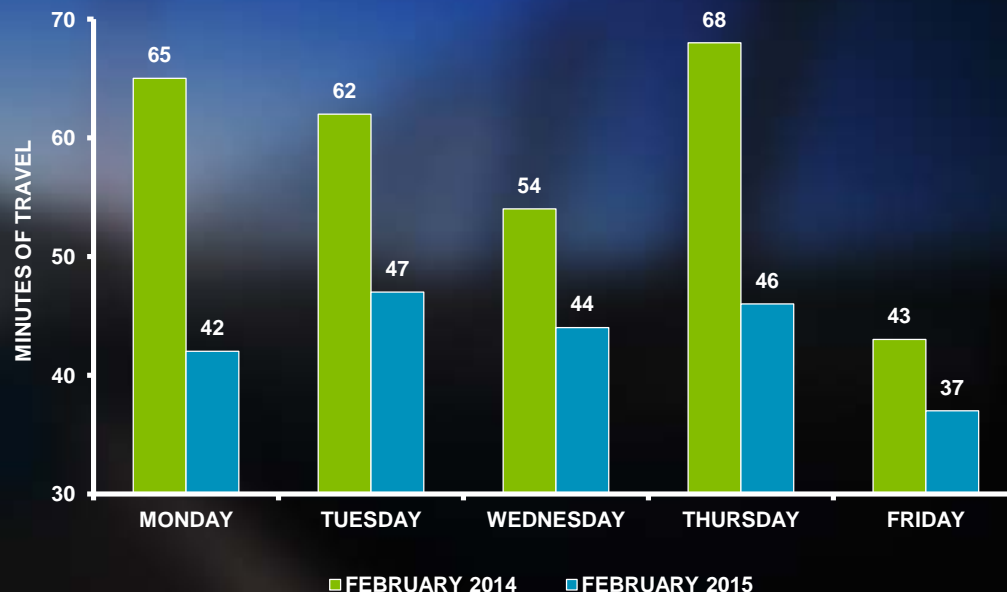


# SHARED VALUE - POLICY OUTCOMES

## KEY ACHIEVEMENTS

- Reduced travel times for 95 general purpose lanes
- Increased options for carpools and buses
- Direct returns on State investment
  - 495 > 29 times investment<sup>1</sup>
  - 95 > 110 times investment<sup>2</sup>
- Generated billions in economic activity
  - 495 = \$3.5B<sup>1</sup>
  - 95 = \$1.5B<sup>2</sup>

## 95 NORTHBOUND GENERAL PURPOSE LANES AVERAGE TRAVEL TIMES



1. George Mason University, 2008.  
2. George Mason University, 2012.



- 
- 495 NORTHBOUND SHOULDER LANE USE PROJECT**
- JONES BRANCH CONNECTOR**
- WASHINGTON DC**
- 495 EXPRESS LANES**
- I-395 AUXILIARY LANE PROJECT**
- 95 EXPRESS LANES**
- 95 EXPRESS LANES SOUTHERN EXTENSION**
- WASHINGTON DC, USA**
- transurban**
- Transurban
- Tollway
- Freeway
- Express Lanes Enhancements
- Tunnel
- Interchange

# SUMMARY

SCOTT CHARLTON, CEO



# CONSISTENT STRATEGY

To be the partner of choice with governments  
providing effective and innovative urban road infrastructure  
utilising core capabilities

NETWORK  
PLANNING /  
FORECASTING

COMMUNITY  
ENGAGEMENT

DEVELOPMENT  
/ DELIVERY

TECHNOLOGY

OPERATIONS  
AND CUSTOMER  
MANAGEMENT