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ASX RELEASE

Macquarie Atlas Roads

Half Year Results to 30 June 2016



Macquarie Atlas Roads (MQA) today announces its half year results for the six months ended 30 June 2016.

Financial highlights

- Statutory net profit of A\$54.2 million¹ comprising share of net profit from MQA's investments in APRR and Dulles Greenway and proceeds from the Chicago Skyway sale, partially offset by recognition of all three instalments of the 2016 performance fee, the first of which became payable at 30 June 2016. The second and third instalments are subject to meeting ongoing performance criteria².
- Portfolio traffic grew 4.2%^{3,4} compared to the prior corresponding period (pcp), driven by increased traffic volumes on the APRR network and strong performance at the Dulles Greenway.
- Proportionate revenue increased 6.0% to A\$378.0 million⁴, reflecting a combination of higher traffic levels and revised toll schedules.
- Proportionate EBITDA⁵ from road assets increased 5.9% to A\$282.7 million⁴.
- Financial close was reached on the sale of the concession owner of the Chicago Skyway on 25 February 2016, with estimated net proceeds to MQA of US\$98 million for its 22.5% interest.
- Second half 2016 distribution guidance of 9.0 cents per security (cps) confirmed, resulting in a full year 2016 distribution of 18.0 cps up 12.5% from 2015.
- Full year 2017 distribution guidance of 20.0 cps, subject to asset performance, movements in foreign exchange rates and future events.

Peter Trent, Chief Executive Officer of MQA, commented: "MQA's asset portfolio continued to deliver strong stable growth over the first six months of 2016, despite a backdrop of global economic uncertainty. All portfolio assets generated improved traffic, revenue and EBITDA over the period. In addition, proceeds from recent asset divestments also contributed to the result."

Operational update

- APRR⁶ saw continued improvement during the six month period, with EBITDA of €831.1 million, up 5.1% on pcp. Traffic and revenue across the network increased by 4.1% and 5.6% respectively, with APRR benefiting from an improving traffic mix and the 2016 toll increases. APRR's EBITDA margin of 74.4% reflected continued disciplined cost management, despite the commencement of a €15.8 million annual infrastructure payment as agreed with the French State⁷.

1. Note the statutory result is not indicative of MQA's cash flows or future distributions.

2. Given the level of outperformance achieved against the benchmark for the 2016 performance fee calculation, accounting standards require future anticipated instalments to be recognised this year and as such are included in operating expenses.

3. Weighted average based on portfolio revenue allocation. MQA holds a 20.14% interest in APRR, 50% estimated economic interest in Dulles Greenway and 70% interest in Warnow Tunnel.

4. On a like-for-like portfolio basis. Traffic, revenue and EBITDA results as disclosed in MQA's Management Information Report (MIR). Refer to the MIR for a reconciliation of the statutory results to the proportionate result.

5. Earnings before Interest, Tax, Depreciation and Amortisation.

6. Represents performance at 100% asset level. MQA holds a 20.14% interest in APRR.

7. The agreement with the French State in 2015 provides for APRR and AREA to contribute to French Transport Infrastructure Financing Agency (AFITF) at an average of €15.8 million annually (indexed), beginning 2016.

- Dulles Greenway⁸ delivered another strong six months, with average daily traffic increasing 6.1% on pcpc driven by continued growth in regional economic activity. Higher traffic volumes and toll increases in February 2016, combined with cost management, delivered revenue and EBITDA growth of 10.0% and 13.7% respectively on pcpc.
- During the first half of 2016, APRR continued to reduce its net interest expense through replacing maturing facilities with new lower-cost debt. In June 2016, APRR issued €700 million of debt under its Euro Medium Term Note program at 99.201% of par with a coupon of 1.125% and a maturity of January 2026.
- On 4 July 2016, MQA announced that notification had been received from MQA's manager/adviser, Macquarie Fund Advisers Pty Limited (MFA), of a revised base management fee arrangement, replacing fee waivers notified previously. Commencing 1 July 2016 and for subsequent quarters until further notice from MFA, the base management fees payable by MQA have been reduced to a flat 1.00% per annum for all market capitalisations. At a market capitalisation of A\$3.0 billion, the fee reduction will result in savings of approximately A\$15.0 million per annum for MQA securityholders compared to the management and advisory agreements and of approximately A\$7.5 million compared to the amounts charged following the February 2014 fee waiver.

Distributions and outlook

As previously announced, MQA anticipates declaring a second half 2016 distribution of 9.0 cps during September 2016. It is expected that the distribution will include foreign dividend and capital return components. This will result in a full year 2016 distribution of 18.0 cps.

MQA has also today provided full year 2017 distribution guidance of 20.0 cps, subject to asset performance, foreign exchange movements and future events. In line with previous years, the first half and second half 2017 distributions are anticipated to be declared in March and September 2017.

Mr Trent said: "MQA continues to successfully deliver on its strategy of growing distributions, strengthening our balance sheet and increasing total returns to our securityholders. Our primary focus remains to support organic growth in our existing portfolio assets over the long term. Our balance sheet remains strong, with proceeds from recent asset divestments available to be reinvested into complementary, accretive growth opportunities."

"In the near term, we anticipate our co-investor may commence a sale process for the remaining 50% estimated economic interest in the Dulles Greenway. MQA holds a pre-emptive right and intends to assess the opportunity."

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8. Represents performance at 100% asset level. MQA holds a 50% estimated economic interest in Dulles Greenway.