

12 February 2015

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2014

Transurban has announced its financial results for the six months ended 31 December 2014. Proportional toll revenue increased by 9.8 per cent compared to the prior corresponding period (pcp).¹ This result excludes changes relating to acquisitions in the current period to enable a like for like comparison. Proportional EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 13.6 per cent.² Transurban believes its proportional results are the most accurate reflection of its portfolio's performance.

On a statutory accounting basis, Transurban's net loss was \$354 million, compared with a net profit of \$81 million in the pcp. The net loss included significant items related to the acquisition of Queensland Motorways on 2 July 2014 of \$406 million, incurred during the period. Excluding these items, net profit was \$52 million.

Free cash for the half year was \$378 million, up 57.5 per cent compared to the pcp. The increase in free cash was driven by healthy growth in the underlying portfolio as well as contributions from newly acquired businesses referred to above.

A 19.5 cent distribution per stapled security will be paid for the six months ended 31 December 2014. The distribution includes a 3.5 cent fully franked component. The Board today announced distribution guidance had been upgraded for the year ending 30 June 2015 to 39.5 cents per security. This is expected to be approximately 100 per cent cash covered. This change reflects the strong first half financial performance reported today.

Transurban CEO Scott Charlton commented: "We have achieved a number of critical milestones against our strategic objectives during the period, including the completion of the M5 widening in Sydney, the opening of the 95 Express Lanes in Northern Virginia USA, and more recently the financial close of the NorthConnex project in Sydney."

"These projects highlight the value embedded in Transurban's networks through effective partnering with governments to deliver network enhancements. There remain significant development opportunities in all of our markets," Mr Charlton said.

"Over the medium to longer term, there are opportunities for Transurban to participate in the policy and technology enhancements that are emerging today, which are expected to drive significant changes in transport network management over time. Transurban is well positioned to contribute to the work being undertaken in these areas," Mr Charlton said.

¹Excludes contributions associated with Cross City Tunnel, Queensland Motorways and changes in ownership interest in the US business, which were not in the pcp. Including these changes, proportional toll revenue increased 36.7 per cent.

² Excludes transactions costs and contributions associated with Cross City Tunnel, Queensland Motorways and changes in ownership interest in the US business, which were not in the pcp. Including these changes, underlying proportional EBITDA increased 37.4 per cent.

Classification **Public**

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
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Transurban Holding Trust
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Key activities for the year:

Development

- Acquisition of Queensland Motorways:** In April 2014, a Transurban-led consortium (62.5 per cent Transurban, 25 per cent AustralianSuper and 12.5 per cent Tawreed Investments Limited, a wholly owned subsidiary of the Abu Dhabi Investment Authority) reached agreement to acquire Queensland Motorways for \$6,673 million, plus stamp duty and transaction costs of \$447 million. Transurban will operate the network on behalf of the owners. Financial close was achieved on 2 July 2014.

Queensland Motorways comprises four operating assets in Brisbane (Gateway Motorway, Logan Motorway, CLEM7 and Go Between Bridge) and Legacy Way Tunnel, which is under construction and expected to commence operations in the first half of calendar year 2015.

During the half year ended 31 December 2014 work commenced to integrate the operations of the Queensland Motorways assets into the Transurban Group.

- M5 West Widening:** Construction work on the M5 widening was completed in the period with all lanes returning to 100km/hour speed limit on 15 December 2014.
- NorthConnex³:** Financial close was achieved on the NorthConnex project on 31 January 2015. Construction of the project will commence early in 2015.
- CityLink-Tulla Widening:** On 6 October 2014 Transurban reached contractual close with the Victorian State Government to deliver the CityLink Tulla widening.

The project will add additional lanes to the Tullamarine Freeway from Melrose Drive in the north, along CityLink to the Bolte Bridge. Additional lanes will also be added to the West Gate Freeway eastbound between the Bolte Bridge and Power Street.

Major construction on the CityLink Tulla Widening project is expected to start in October 2015 and be finished in early 2018.

Thiess was announced as the preferred design and construction contractor for the sections of the project to be delivered by Transurban.

- 95 Express Lanes:** Works have been completed on the 95 Express Lanes with the project opening to motorists on 14 December 2014 and tolling commencing 29 December 2014.

The project was completed on time and on budget with more than 4 million work hours without a lost time injury.

Operations

- Tolling systems:** A program to roll out the GLIDe tolling system on Transurban's assets in Sydney following its successful implementation on CityLink in FY12 has continued during the half year with Hills M2 and M1 Eastern Distributor transferring to the new platform.

³ Previously known as F3-M2 or M1-M2.

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This tolling system has delivered improvements in the customer interface and service offering on CityLink. In addition it has resulted in improved enforcement and revenue capture, reflected in the growth in fee revenue since implementation.

- **Operations & maintenance (O&M):** On 30 April 2014, Transurban acquired TransLink Operations (TLO). TLO manages the CityLink traffic control room as well as other key aspects of CityLink operations, including incident response. These activities are now provided in-house, enhancing Transurban's oversight of key activities.

Transurban has also enhanced its asset management capability in New South Wales to improve oversight of O&M contractors in that market. Operations for Hills M2 and LCT moved in-house from 1 April 2014.

- **M1 Eastern Distributor major maintenance:** A two-year resurfacing program and upgrade of the Operations Management and Control System (OMCS) on the Eastern Distributor continued during the period.
- **Logan Motorway:** Significant pavement rectification works were completed during the period. The works lead to traffic disruption. These works are now complete however it is expected that a rehabilitation and resheeting program will continue on other parts of the motorway in the future. The scope and timing of those works is currently under review.

Distribution and DRP

A distribution totalling 19.5 cents per stapled security will be paid on 13 February 2015 for the six months ended 31 December 2014. This will consist of a 16.0 cent distribution from Transurban Holding Trust and a 3.5 cent fully franked component from Transurban Holdings Limited.

The final distribution will have a tax deferred component. The extent to which the distributions paid in FY15 are tax deferred will be confirmed in Tax Statements to be issued with the final distribution in August 2015.

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.



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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:

Operating performance of Transurban's portfolio of assets (100%)

	CityLink	Hills M2	Lane Cove Tunnel	Cross City Tunnel	M1 Eastern Distributor	Westlink M7	M5
Toll revenue (\$'m)	289	110	38	28	56	127	98
Fees and other revenue (\$'m)	28	3	2	1	2	3	10
Total revenue (\$'m)	317	113	40	29	58	130	108
Toll revenue growth	7.2%	17.1%	10.1%	N/A	6.2%	10.5%	4.4%
Traffic growth	2.4%	12.5%	6.6%	(0.4%)	1.4%	6.8%	3.1%
Total costs (\$'m)	(47)	(20)	(15)	(12)	(18)	(18)	(15)
EBITDA (\$'m)	270	93	25	17	40	112	93
<i>EBITDA growth</i>	10.9%	19.2%	10.7%	N/A	16.2%	16.8%	5.6%
<i>EBITDA margin</i>	93.4%	85.2%	65.1%	58.2%	70.9%	88.1%	95.1%

	Gateway Motorway	Logan Motorway	Go Between Bridge	Clem7	495 Express Lanes
Toll revenue (\$'m)	95	73	6	24	19
Fees and other revenue (\$'m)	8	7	0	1	4
Total revenue (\$'m)	103	80	6	25	23
Toll revenue growth	N/A	N/A	N/A	N/A	61.8%
Traffic growth	3.3%	(0.7%)	1.0%	(1.0%)	15.4%
Total costs (\$'m)	(28)	(27)	(2)	(14)	(13)
EBITDA (\$'m)	75	53	4	11	10
<i>EBITDA growth</i>	N/A	N/A	N/A	N/A	326.6%
<i>EBITDA margin</i>	80.8%	72.4%	75.3%	45.6%	48.5%

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Appendix 2:

Statutory results

	Six months ended 31 Dec 2014	Six months ended 31 Dec 2013	% change
	\$'m	\$'m	
Toll revenue	738	451	63.7%
Fee and other road revenue	71	47	49.8%
Construction revenue	152	54	183.4%
Business development and other revenue	3	20	(81.0%)
Total revenue	964	572	68.6%
Road operating costs	(176)	(113)	55.6%
Corporate costs	(34)	(18)	93.3%
Business development costs	(6)	(9)	(35.4%)
Construction costs	(151)	(51)	196.0%
Transaction and integration costs	(416)	-	100%
Total direct costs	(783)	(191)	310.4%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	181	381	(52.5%)
Depreciation and amortisation	(275)	(160)	71.9%
Finance income	48	58	(18.7%)
Finance costs	(337)	(187)	79.5%
Net finance costs	(289)	(129)	123.7%
Share of net profits (losses) of equity accounted investments	9	(15)	(160.4%)
Profit/(loss) before income tax	(374)	77	(586.0%)
Income tax benefit	20	4	406.7%
Profit/(loss) for the half	(354)	81	(536.7%)

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Appendix 3:

Proportional results

	Six months ended 31 Dec 2014	Six months ended 31 Dec 2013	% change
	\$'m	\$'m	
Toll revenue	761	556	36.7%
Fee and other revenue	71	58	23.0%
Total revenue	832	614	35.4%
Operating costs	(172)	(129)	33.6%
Business development costs	(2)	(5)	(58.3%)
Corporate costs	(22)	(17)	28.3%
Total costs	(196)	(151)	29.9%
Proportional EBITDA excluding significant items	636	463	37.4%
Significant items	(264)	-	(100.0%)
Proportional EBITDA	372	463	(19.8%)

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Appendix 4:

Reconciliation of Proportional EBITDA to the statutory income statement

	Six months ended 31 Dec 2014	Six months ended 31 Dec 2013
	\$'m	\$'m
Statutory EBITDA	181	381
Less: EBITDA attributable to Non-controlling interest - Eastern Distributor	(10)	(9)
Less: EBITDA attributable to Non-controlling interest – Queensland	98	-
Less: EBITDA attributable to Non-controlling interest - 495 Express Lanes	(1)	-
Less: EBITDA attributable to Non-controlling interest - DRiVe operations	1	-
Add: M5 proportional EBITDA	47	44
Add: M7 proportional EBITDA	56	48
Add: Pocahontas proportional EBITDA	-	4
Add: 495 proportional EBITDA	-	(3)
Add: DRiVe operations proportional EBITDA	-	(2)
Proportional EBITDA	372	463
Significant items	264	-
Proportional EBITDA excluding significant items	636	463

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Appendix 5:

Reconciliation of statutory Cash Flows from operating activities to Free Cash

	Six months ended 31 Dec 2014	Six months ended 31 Dec 2013
	\$'m	\$'m
Cash flows from operating activities before transaction and integration cash payments	379	227
Less transaction and integration cash payments from non 100 per owned entities	(406)	-
Cash flow from operating activities (refer Group statutory accounts)	(27)	227
Add back cash payments for maintenance of intangible assets	53	7
Add back transaction and integration cash payments from non 100 per cent owned entities	406	-
Less consolidated cash flows from non 100 per cent owned entities*	(187)	(42)
	245	192
<i>Adjust: dividends and distributions received and maintenance expenditure</i>		
M1 Eastern Distributor – distribution	14	13
M5 Interlink – distribution and Term Loan Note interest	27	28
Transurban Queensland – distribution and Shareholder Loan Note interest	52	-
M7 Term Loan Notes interest	57	21
Allowance for maintenance of capital expenditure for CityLink, Hills M2 and Lane Cove Tunnel, Cross City Tunnel and e-Tag expenditure	(17)	(14)
Free cash	378	240

* Consolidated cash flows from non 100 per cent owned entities

Consolidated cash flows from non 100 per cent owned entities includes Eastern Distributor, Transurban Queensland, DRIVE and 495 Express Lanes. In the prior corresponding period this included Eastern Distributor only.

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