

5 August 2014

RESULTS FOR THE YEAR ENDED 30 JUNE 2014

Transurban has announced its financial results for the year ended 30 June 2014. Proportional toll revenue was \$1,116.7 million, up 12.6 per cent compared to the prior corresponding period (pcp). Proportional EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 12.8 per cent to \$934.1 million. Transurban believes its proportional results are the most accurate reflection of its portfolio's performance.

On a statutory accounting basis, Transurban's net profit was \$252.2 million, compared with \$174.5 million in the pcp.

Free cash for the full year was \$571.9 million, up 29.0 per cent compared to the pcp.

An 18.0 cent distribution per stapled security will be paid for the six months ended 30 June 2014. The distribution includes a 3.5 cent fully franked component. This takes the full year distribution to 35.0 cents per security, which is 97 per cent cash covered.

The Board today reaffirmed distribution guidance for the year ended 30 June 2015 of 39.0 cents per security. This is expected to be 100 per cent cash covered.

Transurban CEO Scott Charlton said the Group had delivered a strong operating performance again in financial year 2014, with margin improvement achieved on six of its seven operating assets.

"The 2014 financial year was a very active period for the Group. While we made headway on our network enhancing projects and expanded our footprint in Australia through the acquisition of Queensland Motorways and Sydney's Cross City Tunnel (CCT), our core focus was the efficient operation of our existing networks, which is reflected by our strong EBITDA results," Mr Charlton said.

"The business is well positioned for the year ahead and we will continue to focus on driving operational improvements across our networks as well as delivering on our pipeline of enhancement projects."

Transurban is progressing network enhancing projects in each of its core markets. In March, it announced that a preferred tenderer had been selected for the contract to design and construct NorthConnex, the link between Hills M2 and the M1 Pacific Motorway.

In April, Transurban reached in-principle agreement with the Victorian Government for a major upgrade to the western section of CityLink, the Bolte Bridge-West Gate Freeway interchange and the Tullamarine Freeway.

Mr Charlton said significant traffic growth on the north-western corridor of the Sydney orbital network following the completion of the Hills M2 upgrade demonstrated the value that could be delivered for customers and security holders alike through Transurban's network development activities.

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www.transurban.com.au

Level 23

Tower One, Collins Square
727 Collins Street

Docklands VIC 3008

Australia

Telephone +613 9612 6999

Facsimile +613 9649 7380

Level 9

1 Chifley Square

Sydney NSW 2000

Australia

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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.

- **Acquisition of Cross City Tunnel:** Subsequent to acquiring 100 per cent of the debt of CCT in December 2013, Transurban entered into an agreement with members of the Cross City Tunnel Group to acquire the CCT concession asset for approximately \$475 million plus stamp duty and transaction costs. Financial close was achieved on 26 June 2014.
- **M5 West Widening:** Work is 80 per cent complete with final completion targeted for late 2014. Full lane availability from the widening is expected by October 2014.
- **NorthConnex¹:** The project has moved into the planning approval stage with the public display of the Environmental Impact Statement. Financial close is expected by the end of calendar year 2014 with construction scheduled to commence in early 2015.
- **CityLink-Tulla Widening:** In April 2014, Transurban announced it had reached in-principle agreement with the Victorian Government under the Government's Unsolicited Proposals framework for a major upgrade to the western section of CityLink, the Bolte Bridge-West Gate Freeway interchange and the Tullamarine Freeway. Financial close is expected by the end of calendar 2014/early 2015.
- **USA:** In April 2014 Transurban acquired Fluor's 10.0% stake in the 495 Express Lanes and 95 Express Lanes for US\$44 million.

In June 2014 Transurban completed the capital restructure of the 495 Express Lanes contributing the equity investment of approximately US\$280 million announced in February 2014. As a result during the quarter Transurban's proportional ownership in 495 Express Lanes increased from 67.5% to 94.0%.

95 Express Lanes: Construction on the 46km project is 85% complete and on schedule for completion late 2014.

Pocahontas 895: Transurban transferred ownership of Pocahontas 895 to lenders on 14 May 2014 and now has no financial or operational interests in the asset.

¹ Previously known as F3-M2 or M1-M2.

Operations

- **Tolling systems:** A program is under way to roll out the GLiDe tolling system on Transurban's assets in Sydney following its successful implementation on CityLink in FY12. 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 in 2014.
- **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.

- **CityLink resurfacing:** A complete resurfacing of the CityLink tunnels, requiring Victoria's largest freeway closure, was delivered with a perfect safety record. Disruption was less than anticipated for motorists.

Corporate

- **Equity entitlement offer and share placement:** In May 2014, Transurban completed a fully underwritten accelerated renounceable entitlement offer as a part of the funding for the acquisition of Queensland Motorways. Gross proceeds of approximately \$2.74 billion were raised through the issue of 404.5 million securities.

The Institutional Entitlement Offer raised gross proceeds of approximately \$1.79 billion and resulted in the issue of approximately 264.5 million new Transurban stapled securities at an issue price of \$6.75 per security. The Retail Entitlement Offer raised gross proceeds of approximately \$557.0 million from the issue of approximately 82.6 million new securities at an issue price of \$6.75 per security. A further \$400.0 million was raised from a placement of 57.5 million securities at a price of \$6.95 per security to AustralianSuper and Tawreed Investments Limited.

Distribution and DRP

A distribution totalling 18.0 cents per stapled security will be paid on 14 August 2014 for the six months ended 30 June 2014. This will consist of a 14.5 cent distribution from Transurban Holding Trust and a 3.5 cent fully franked component from Transurban Holdings Limited and Transurban Holdings Trust. This will take the full year distribution to 35.0 cents per security of which 7.0 cents will be fully franked.

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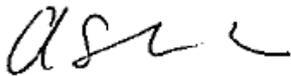
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The final distribution will have a tax deferred component. The extent to which the distributions paid in FY14 are tax deferred will be confirmed in Tax Statements to be issued with the final distribution in August 2014.

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.



Amanda Street
Company Secretary

Investor enquiries
General Manager Investor Relations
Henry Byrne +61 438 564 245

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

Classification **Public**

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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	Pocahontas	495 Express Lanes
Toll revenue (\$'m)	535.4	193.0	68.9	0.7	105.3	230.7	187.4	15.2	26.9
Fees and other revenue (\$'m)	52.8	6.2	2.9	-	2.9	5.5	18.4	0.1	6.7
Total revenue (\$'m)	588.2	199.2	71.8	0.7	108.2	236.2	205.8	15.3	33.6
Toll revenue growth	8.0%	34.7%	12.0%	N/A	4.8%	10.2%	(0.7%)	0.7%	273.6%
Traffic growth	1.6%	13.8%	8.9%	N/A	2.3%	8.1%	(1.2%)	n/a	32.0%
Total costs (\$'m)	(104.8)	(36.8)	(21.5)	(0.3)	(38.2)	(43.3)	(28.0)	(6.4)	(30.0)
EBITDA (\$'m)	483.4	162.4	50.3	0.4	70.0	192.9	177.8	8.9	3.6
EBITDA growth	9.5%	38.3%	36.3%	N/A	(2.1%)	13.7%	1.2%	(2.2%)	144.4%
EBITDA margin	90.3%	84.1%	73.0%	60.6%	66.5%	83.6%	94.9%	58.6%	13.4%

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Appendix 2:

Statutory results

	Year ended 30 June 2014	Year ended 30 June 2013	% change
	\$'m	\$'m	
Toll revenue	906.5	801.2	13.1%
Fee and other road revenue	94.8	85.5	10.9%
Construction revenue	109.8	265.8	(58.7%)
Business development and other revenue	38.8	42.6	(8.9%)
Total revenue	1,149.9	1,195.1	(3.8%)
Road operating costs	(214.2)	(197.5)	8.5%
Corporate costs	(42.7)	(41.2)	3.6%
Business development costs	(28.7)	(23.8)	20.6%
Construction costs	(105.6)	(256.4)	(58.8%)
Total direct costs	(391.2)	(518.9)	(24.6%)
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	758.7	676.2	12.2%
Depreciation and amortisation	(330.2)	(312.1)	5.8%
Finance income	124.8	108.0	15.6%
Finance costs	(468.7)	(345.0)	35.9%
Net finance costs	(343.9)	(237.0)	45.1%
Share of net profits (losses) of equity accounted investments	114.7	(9.7)	(1,282.5%)
Profit/(loss) before income tax	199.3	117.4	69.8%
Income tax benefit	44.9	57.1	(21.4%)
Profit/(loss) from continuing operations	244.2	174.5	39.9%
Profit from discontinued operations, net of tax	8.0	-	100.0%
Profit/(loss) for the year	252.2	174.5	44.5%

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Appendix 3:

Proportional results

	Year ended 30 June 2014	Year ended 30 June 2013	% change
	\$'m	\$'m	
Toll revenue	1,116.7	991.4	12.6%
Fee revenue	93.3	75.8	23.1%
Other revenue	17.5	27.1	(35.4%)
Net TTMS revenue	4.2	9.4	(55.3%)
Total revenue	1,231.7	1,103.7	11.6%
Operating costs	(253.0)	(233.8)	8.2%
Business development costs	(26.2)	(18.9)	38.6%
Corporate costs	(45.7)	(41.8)	9.3%
Total direct costs	(324.9)	(294.5)	10.3%
Capitalised overheads	27.3	18.8	45.2%
Proportional EBITDA	934.1	828.0	12.8%
Free cash	571.9	443.3	29.0%

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Appendix 4:

Reconciliation of Proportional EBITDA to the statutory income statement

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'m	\$'m
Statutory EBITDA	758.7	676.2
Less: EBITDA attributable to Non-controlling interest - Eastern Distributor	(17.4)	(17.8)
Less: EBITDA attributable to Non-controlling interest – Sun Group* - (1 April 2014 - 30 June 2014)	3.6	-
Add: M5 proportional EBITDA	88.9	87.8
Add: M7 proportional EBITDA	96.5	84.8
Add: Pocahontas proportional EBITDA - (1 July 2013 - 14 May 2014)	6.7	6.8
Add: 495 proportional EBITDA - (1 July 2013 - 11 April 2014 - 67.5%); (12 April – 4 June 2014 - 77.5%)	1.3	(5.4)
Add: DRiVE operations proportional EBITDA	(4.2)	(4.4)
Proportional EBITDA	934.1	828.0

* The Sun Group entities were created for the purchase of Queensland Motorways.

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Appendix 5:

Reconciliation of statutory Cash Flows from operating activities to Free Cash

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'m	\$'m
Cash flow from operating activities (refer Group statutory accounts)	521.0	411.3
<i>Adjusted for:</i>		
M7 Term Loan Notes interest received	(47.5)	(46.4)
M5 Term Loan Notes interest received	(2.1)	-
Payments for maintenance of intangible assets	35.7	9.6
Cash flow from operating activities – Non-100% owned assets	(46.5)	(38.6)
Controlled cash	460.6	335.9
<i>Distributions/returns on loans received from:</i>		
M1 Eastern Distributor – distribution	25.9	29.7
M5 Interlink – distribution	57.0	50.0
M7 Term Loan Notes interest received	47.5	46.4
M5 Term Loan Notes interest received	2.1	-
<i>Add:</i>		
Provision for maintenance of intangible assets recognised on 100% owned assets and eTags purchased	(21.2)	(18.7)
Free cash	571.9	443.3