

10 February 2011

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

16.6% FREE CASH GROWTH ON THE BACK OF 9.5% EBITDA GROWTH

Transurban today announces its financial results for the six months ended 31 December 2010. Transurban announces proportional EBITDA of \$362.8 million, an increase of 9.5% on the prior corresponding period.¹

On a statutory accounting basis, Transurban reports net profit of \$76.0 million, a 40% increase on the prior corresponding period.

Strong revenue growth and further cost reductions led to free cash increasing 16.6% to \$188.1 million. The Board has previously declared an interim distribution of 13.0 cents per security for the half year ended 31 December 2010. The Board confirms full year distribution guidance of at least 26 cents for the 2011 financial year.

Highlights of the proportionally consolidated results include:^{1,2}

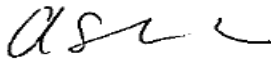
- Free cash from operations increased 16.6% to \$188.1 million.
- Proportional EBITDA increased 9.5% to \$362.8 million. On the continuing portfolio, which shows the ongoing contribution from Transurban's existing assets, underlying proportional EBITDA increased 17.0%.
- Toll revenue increased 7.4% to \$446.9 million. On the continuing portfolio, toll revenue increased 15.4%.

Operational highlights for the half year included:

- The successful acquisition of Lane Cove Tunnel on 10 August 2010. Lane Cove Tunnel was accretive on a free cash per security basis in its first period of Transurban ownership;
- CityLink³ delivered toll revenue growth of 15.4% following completion of the MCW Upgrade; and
- The removal of further recurring costs from ongoing operations

Chief Executive Officer Chris Lynch said "The strong growth in free cash and EBITDA is an outstanding result for Transurban. On the back of the upgrade to CityLink and the Lane Cove Tunnel acquisition the business has been able to deliver toll revenue growth of 15.4% on the continuing portfolio. With a continued focus on cost management delivering a further reduction in costs Transurban continues to grow the wedge of free cash available to security holders."

Note: Full details and footnotes are provided in an appendix to this release. Transurban's investor presentation has been lodged with the ASX today.



Amanda Street
Company Secretary

Investor & media enquiries

Wesley Ballantine +61 (3) 8656 8904
General Manager Investor Relations, Media and Government

Classification

Public

Transurban Group

Transurban International Limited
ARBN 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
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email@transurban.com.au
www.transurban.com.au

Level 3
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Melbourne Victoria 3000
Australia
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APPENDIX 1 - OPERATING PERFORMANCE

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

	CityLink	Hills M2	Lane Cove Tunnel	M1 Eastern Distributor	Westlink M7	M5	Pocahontas
Toll Revenue (\$'m)	217.9	74.0	23.2	46.9	96.8	85.1	7.6
Fees and other revenue (\$'m)	20.4	0.9	0.5	0.1	1.4	5.7	-
Total revenue (\$'m)	238.3	74.9	23.7	47.0	98.2	90.8	7.6
Toll revenue growth	15.4%	3.5%	N/A	12.9%	10.3%	3.2%	1.5%
Total cost (\$'m)	(50.7)	(14.1)	(8.5) ¹	(11.2)	(21.0)	(13.6)	(2.9)
EBITDA (\$'m)	187.5	60.8	15.2	35.8	77.2	77.1	4.7
EBITDA growth	14.4%	6.3%	N/A	22.1%	9.0%	(1.3%)	133.1%
EBITDA margin	86.0%	82.2%	65.5% ¹	76.3%	79.8%	90.6%	61.8%

1. Total cost excludes a management fee charged by Transurban. Including the management fee, EBITDA is \$13.8 million and EBITDA margin is 59.5%.

CityLink (Melbourne)

Following completion of construction works on the Southern Link section of CityLink, traffic volumes have been strong across the network with double digit traffic growth of 11.4% observed in the six months to 31 December 2010. The double digit traffic growth is driven by a combination of benefits following the Southern Link upgrade, organic growth and recovery from the construction affected period. The strong traffic growth contributed to total toll revenue growth on CityLink of 15.4% for the six months ended 31 December 2010. The fourth inbound lane of Southern Link was opened in October 2010, bringing to a close major works impacting motorists.

Works continue on the West Gate Bridge, a major feeder of CityLink, to accommodate 5 lanes in each direction. On completion this is expected to contribute further traffic growth to CityLink.

Traffic growth on the Western Link section was also strong at 7.4%, driven by strong residential growth in the north of Melbourne and increased airport related activity.

Lane Cove Tunnel/Military Road e-Ramps (Sydney)

Following completion of the acquisition of Lane Cove Tunnel on 10 August 2010, the asset has been successfully integrated into Transurban's Sydney network. Tolling and operational services are now being undertaken through Transurban's existing Sydney presence.

Traffic growth was strong on Lane Cove Tunnel with growth of 6.0% in the period following acquisition to 31 December 2010. Cost reduction programs implemented on acquisition have been successful resulting in an operating margin of 65.5%.

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Hills M2 (Sydney)

Traffic volumes on the Hills M2 increased by 1.9% in the six months to 31 December 2010. Toll revenue increased by 3.5%, with the progressive implementation of a 2 year program to increase truck tolls from 2.5 times car tolls to 3.0 times car tolls contributing to the increase in excess of the traffic growth.

On 26 October 2010 Transurban announced that it had reached contractual close with the NSW Government for the \$550 million Upgrade of the Hills M2 Motorway. Financial close was reached on 19 November 2010.

Under the agreement to upgrade the M2, tolls will increase by approximately 8% at construction completion and the concession will be extended 4 years to 2046. The works will increase capacity on the M2 by increasing the number of traffic lanes. In addition, new tolled ramps will improve traffic flow and accessibility of the motorway.

Construction commenced on the M2 Upgrade in January 2011 and is expected to be completed in early 2013, with staged openings of tolled ramps through 2012.

M1 Eastern Distributor (Sydney) – Airport Motorway Group

Traffic volumes on the M1 Eastern Distributor increased 3.0% in the six months to 31 December 2010. The period has seen a continued shift towards drivers utilising Plaza B (City bound north exit) with a 9.1% increase for that Plaza in the period. This is primarily driven by changes to the tolling configuration on the road in 2010 which contributed to a shift in cash users to Plaza B.

M5 (Sydney) - Interlink Roads Pty Limited

Traffic volumes on the M5 increased 1.6% in the six months ended 31 December 2010. Weekend growth remains strong at 3.0% however weekday peak periods are being impacted by continued congestion on the Motorway.

Negotiations with the NSW State Government in relation to the M5 widening continued in the six month period to 31 December 2010 however reaching a commercial agreement is unlikely before the NSW State election in March 2011.

Westlink M7 (Sydney)

Traffic volumes on the M7 have continued to grow strongly at 7.0% in the six months to 31 December 2010. Truck traffic currently comprises 15.0% of total Westlink traffic and grew by 7.3% in the period.

A growth trend continues in the commercial and industrial region of Western Sydney. In particular, employment in the M7 catchment areas has grown faster than other regions of Sydney over the past five years, providing a strong base for traffic growth on the M7.

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Pocahontas 895 (Virginia USA)

Traffic volumes on Pocahontas 895 returned to positive growth of 2.9% for the six months to 31 December 2010. Toll revenue increased by 1.5%. The lower revenue recovery reflects the initial phase of a new tolling system implemented during the period.

On 13 January 2011 the Richmond Airport Connector, linking Richmond International Airport with Pocahontas 895, was opened to traffic. This completed a two year construction project which was opened to traffic ahead of schedule.

Business development activities

Capital Beltway (Virginia USA)

Construction on the Capital Beltway (I-495) High Occupancy Toll (HOT) lane project is now more than 55% complete after a very strong six months of construction. The project remains on budget and on track for completion in late 2012, with first tolls expected in early 2013.

In addition to the core scope, other elements of the project have progressed well including the HOT Operations Centre and the Tolling and Traffic Management System.

Other corporate activities

Organisational restructure

On 27 January 2011 Transurban announced a restructured Executive Committee. The amended organisational structure is aligned with Transurban's focus to ensure clear market based accountability at the senior executive level, and concentrate efforts around regional and market based relationships with the respective governments, customers and communities Transurban serves.

Cost control

Excluding the additional asset level operating costs incurred following the integration of Lane Cove Tunnel into Transurban's portfolio, operating, business development and corporate costs have marginally reduced for the six months ended 31 December 2010. This is consistent with the previously communicated long term target of flat nominal costs and is a reflection of the strong focus management and the Board of Transurban place on cost control.

Refinancing activities

Transurban has continued to have success in refinancing activities in the six months ended 31 December 2010.

August 2010	Raised \$260 million of non-recourse project debt to partially fund the acquisition of Lane Cove Tunnel.
September 2010	In conjunction with Westlink Motorway Group, refinanced \$505 million of non-recourse project debt on the Westlink M7.
November 2010	Refinanced \$465 million of non-recourse project debt on the Hills M2 and raised \$275 million of additional financing to fund the debt component of the M2 Upgrade project. The refinancing of \$465 million replaced financing put in place in May 2009 and was completed on competitive terms in an improved credit market.
December 2010	Refinanced \$270 million of working capital. This replaced \$320 million that was due to mature in February 2011.

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DISTRIBUTIONS

An interim distribution of 13 cents per stapled security will be paid on 15 February 2011 in respect of the six months ended 31 December 2010. It is anticipated that the tax deferred component of the distribution will be minimal. The extent to which distributions paid in FY11 are tax deferred will be confirmed in Tax Statements issued with the final distribution in August 2011.

Transurban has provided guidance that distributions are expected to total at least 26 cents per security for the year ending 30 June 2011.

Notes to the release:

1. Proportionally consolidated numbers shown reflecting the contribution of individual assets in the proportion of Transurban's equity ownership (see Appendix for full breakdown of key financials).
2. The concession to toll the M4 ended on 15 February 2010. Results from the continuing portfolio exclude the contribution of the M4 in the prior corresponding period.
3. Represents CityLink toll revenue growth excluding the revenue protection provision recognised in the prior corresponding period of \$4.7 million. Including the provision, toll revenue increased 12.6%.

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APPENDIX 2 – KEY FINANCIALS

Proportional results

	Six months ended 31 Dec 2010 \$'m	Six months ended 31 Dec 2009 \$'m	% change
Toll revenue	446.9	416.1	7.4%
Fee revenue	28.7	26.3	9.1%
Other revenue	9.8	9.1	7.7%
Total revenue	485.4	451.5	7.5%
Operating costs	(106.5)	(101.9)	(4.5%)
Business Development costs	(7.6)	(8.6)	11.6%
Corporate costs	(18.3)	(16.7)	(9.6%)
Total direct costs	(132.4)	(127.2)	(4.1%)
Capitalised overheads	9.8	9.9	(1.0%)
Underlying proportional EBITDA¹	362.8	334.2	8.6%
One-off adjustments	-	(3.0)	
Proportional EBITDA	362.8	331.2	9.5%

Free cash	188.1	161.3	16.6%
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1. The Group's underlying proportional result reflects the business performance. The exclusion of certain items permits a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis. This method of presentation differs from the statutory accounting format.

One-off adjustments

- Costs incurred in the prior corresponding six month period in addressing the change of control proposal made by CPPIB and OTPP in October 2009.

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Proportional results from continuing portfolio

	Six months ended 31 Dec 2010 \$'m	Six months ended 31 Dec 2009 \$'m	% change
Toll revenue	446.9	387.3	15.4%
Fee revenue	28.7	26.3	9.1%
Other revenue	9.8	8.9	10.1%
Total revenue	485.4	422.5	14.9%
Operating costs	(106.5)	(96.9)	(9.9%)
Business Development costs	(7.6)	(8.6)	11.6%
Corporate costs	(18.3)	(16.7)	(9.6%)
Total direct costs	(132.4)	(122.2)	(8.3%)
Capitalised overheads	9.8	9.9	(1.0%)
Underlying proportional EBITDA¹	362.8	310.2	17.0%
EBITDA contribution from M4	-	24.0	
One-off adjustments	-	(3.0)	
Proportional EBITDA	362.8	331.2	9.5%

1. The Group's underlying proportional result reflects the business performance. The exclusion of certain items permits a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis. This method of presentation differs from the statutory accounting format.

One-off adjustments

- Costs incurred in the prior corresponding six month period in addressing the change of control proposal made by CPPIB and OTPP in October 2009.

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Statutory results

	Six months ended 31 Dec 2010 \$'m	Six months ended 31 Dec 2009 \$'m	% change
Revenue			
Toll, fee and other road revenue	399.8	396.6	0.8%
Construction revenue	55.8	21.6	158.3%
Business development and other revenue	7.9	10.2	(22.5%)
Total revenue	463.5	428.4	8.2%
Road operating costs	(89.6)	(89.2)	0.4%
Corporate costs	(18.4)	(19.6)	(6.1%)
Business development costs	(6.3)	(9.6)	(34.4%)
Construction costs	(55.8)	(21.6)	158.3%
Total direct costs	(170.1)	(140.0)	21.5%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	293.4	288.4	1.7%
Depreciation and amortisation	(143.5)	(161.8)	(11.3%)
Finance income	145.3	162.9	(10.8%)
Finance costs	(225.4)	(249.7)	(9.7%)
Net finance costs	(80.1)	(86.8)	(7.7%)`
Share of net profits (losses) of equity accounted investments	(3.8)	(6.1)	(37.1%)
Profit/(loss) before income tax	66.0	33.7	95.8%
Income tax benefit	10.0	20.5	(51.0%)
Profit/(loss) for the half	76.0	54.2	40.3%

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