

## asx release

7 February 2011

### **Strong EBITDA growth despite construction disruption on Melbourne and Sydney assets**

Transurban today announces its financial results for the six months ended 31 December 2011.

On a statutory accounting basis, Transurban reports a net profit of \$96.6 million, a 27.1% increase on the prior corresponding period.

On a proportional basis, earnings before interest, tax, depreciation and amortisation (EBITDA) increased 7.5% on the prior corresponding period to \$390.0 million.

A 14.5 cent distribution per stapled security has been declared for the half year ended 31 December 2011. The distribution includes a 3.5 cent fully franked component. Transurban retains capacity to provide a franked component to expected distributions in coming periods.

The Board confirms distribution guidance for the 2012 financial year of at least 29 cents per stapled security that is forecast to be fully backed by free cash generated by Transurban in the 2012 financial year.

In the six months ended 31 December 2011, free cash generated by the business was \$184.2 million. Due to a number of timing issues that should reverse in the second half of the 2012 financial year, free cash was marginally down (2.0%) on the prior corresponding period.

#### **Highlights of the consolidated results include:**

- Net profit increased 27.1% to \$96.6 million
- Proportional EBITDA increased 7.5% to \$390.0 million
- Proportional toll revenue increased 6.0% to \$473.8 million

#### **Operational highlights for the half year included:**

- Significant progress occurred on Transurban's two major construction projects:
  - The Hills M2 Upgrade in Sydney is approximately 50% complete and expected to reach completion in the first half of 2013.
  - The Capital Beltway High Occupancy Tolling (HOT) Lanes Project in Virginia, USA, is more than 80% complete and on target for on-time completion at the end of 2012. First toll generation is now less than 12 months away.
- Major steps were taken in the progression of two further development projects:
  - The M5 reached an in-principle agreement with the NSW Government to widen the M5 South West Motorway. The project now moves to the final stages of discussions prior to commercial and financial close, targeted for the first half of 2012.
  - Transurban, with development partner Fluor, reached an in-principle, non-binding agreement to develop HOT lanes on the I-95 in Virginia, USA. This project now moves into final contractual discussions with a view to reaching agreement in 2012.

Classification

Public

#### **Transurban Group**

Transurban International Limited  
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- The first major resheeting of CityLink's Western Link was significantly advanced, with no further weekday disruptions in FY 2012.

Chief Executive Officer, Chris Lynch, said of the result: "In an increasingly patchy economy, Transurban has again delivered strong revenue growth plus proportional EBITDA growth of 7.5% in a period where our largest asset underwent once-in-a-decade rehabilitation work and our largest Sydney asset encountered negative growth due to construction.

"These results highlight the true defensive nature of Transurban as an investment proposition – continued growth in the face of economic headwinds even with construction induced traffic impacts to four of Transurban's six Australian assets.

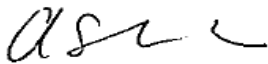
"In addition to the financial results for the period, I am delighted with the excellent progress of the Hills M2 Upgrade and the Capital Beltway HOT Lanes Project, as well as reaching key milestones for the M5 and I-95 projects.

"I look forward to a strong second half which will provide the free cash necessary to deliver on the Board's guidance of a distribution totalling at least 29 cents for the financial year."

### DISTRIBUTION

A distribution totalling 14.5 cents per stapled security will be paid on 14 February 2012 in respect of the six months ending 31 December 2011. This will be made up of an 11.0 cent distribution from Transurban Holding Trust and a 3.5 cent fully franked dividend from Transurban Holdings Limited. It is anticipated that the tax-deferred component of the distribution will be minimal. The extent to which distributions paid in the 2012 financial year are tax deferred will be confirmed in Tax Statements issued with the final distribution in August 2012.

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



**Amanda Street**  
Company Secretary

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## Notes to this release:

This document includes presentation of results on a statutory as well as non-statutory basis. The non-statutory basis includes Proportional EBITDA and Free Cash.

### Proportional EBITDA

Proportional EBITDA is one of the primary measures that the Board uses to assess the operating performance of Transurban, with the aim to maintain a focus on operating results and associated cash generation. The measure reflects the contribution from individual assets to Transurban's operating performance and permits a meaningful analysis of the underlying performance of Transurban's assets.

The EBITDA calculation from the statutory accounts does not include the EBITDA contribution of the M5, M7 or DRIVE (equity accounted in the statutory results), which are meaningful contributors to Transurban's performance.

Proportional EBITDA is reconciled to the statutory income statement in Appendix 4.

### Free Cash

Free Cash is the primary measure used to assess cash generation in the Group. The free cash represents the cash available for distribution to securityholders.

Free Cash is calculated as statutory cash flow from operating activities from 100% owned subsidiaries plus distributions received from less than 100% owned subsidiaries and equity accounted investments. An allowance is deducted for the estimated annualised maintenance capital expenditure (including tags) for 100% owned subsidiaries for their remaining concession life.

Free cash is reconciled to the statutory cash flows from operating activities in Appendix 5.

### Review of information

These non-statutory measures are calculated from information extracted from the Transurban interim financial statements which contain a review opinion by the Group's auditors.

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## Appendix 1:

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)           | 235.4        | 72.4        | 30.7                | 47.1                   | 101.5        | 87.8        | 7.0        |
| Fees and other revenue (\$'m) | 21.2         | 1.1         | 0.7                 | -                      | 1.4          | 5.4         | 0.1        |
| <b>Total revenue (\$'m)</b>   | <b>256.6</b> | <b>73.5</b> | <b>31.4</b>         | <b>47.1</b>            | <b>102.9</b> | <b>93.2</b> | <b>7.1</b> |
| Toll revenue growth           | 8.0%         | (2.2%)      | 32.3%               | 0.5%                   | 4.9%         | 3.1%        | 3.9%       |
| Traffic growth                | 2.3%         | (4.6%)      | (0.2%)              | 0.8%                   | 1.9%         | 0.7%        | 0.6%       |
| Total cost (\$'m)             | (49.7)       | (14.9)      | (11.9) <sup>1</sup> | (12.3)                 | (22.5)       | (13.4)      | (2.6)      |
| <b>EBITDA (\$'m)</b>          | <b>206.9</b> | <b>58.6</b> | <b>19.5</b>         | <b>34.8</b>            | <b>80.4</b>  | <b>79.8</b> | <b>4.5</b> |
| EBITDA growth                 | 10.3%        | (3.6%)      | 28.3% <sup>2</sup>  | (2.8%)                 | 4.1%         | 3.5%        | 9.4%       |
| EBITDA Margin                 | 87.9%        | 80.9%       | 63.5%               | 73.9%                  | 79.2%        | 90.9%       | 64.3%      |

1. Total costs excludes the Transurban management fee charged to the Lane Cove Tunnel asset. The management fee reflects the services provided centrally by Transurban Group.
2. The prior year Lane Cove Tunnel result is for the period from 10 August 2010 to 31 December 2010.

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## Appendix 2

### Statutory results

|                                                                                                                     | Six months<br>ended<br>31 Dec 2011 | Six months<br>ended<br>31 Dec 2010 | % Change       |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|----------------|
|                                                                                                                     | \$'m                               | \$'m                               |                |
| Toll, fee and other road revenue                                                                                    | 424.3                              | 399.8                              | 6.1%           |
| Construction revenue                                                                                                | 138.6                              | 55.8                               | 148.4%         |
| Business development and other revenue                                                                              | 7.8                                | 7.9                                | (1.3%)         |
| <b>Total revenue</b>                                                                                                | <b>570.7</b>                       | <b>463.5</b>                       | <b>23.1%</b>   |
| Road operating costs                                                                                                | (91.8)                             | (89.6)                             | (2.5%)         |
| Corporate costs                                                                                                     | (19.1)                             | (18.4)                             | (3.8%)         |
| Business development costs                                                                                          | (8.0)                              | (6.3)                              | (27.0%)        |
| Construction costs                                                                                                  | (134.3)                            | (55.8)                             | (140.7%)       |
| <b>Total direct costs</b>                                                                                           | <b>(253.2)</b>                     | <b>(170.1)</b>                     | <b>(48.9%)</b> |
| <b>Profit before depreciation and amortisation, net<br/>finance costs, equity accounted investments<br/>and tax</b> | <b>317.5</b>                       | <b>293.4</b>                       | <b>8.2%</b>    |
| Depreciation and amortisation                                                                                       | (146.9)                            | (143.5)                            | (2.4%)         |
| Finance income                                                                                                      | 104.6                              | 145.3                              | (28.0%)        |
| Finance costs                                                                                                       | (193.8)                            | (225.4)                            | 14.0%          |
| <b>Net finance costs</b>                                                                                            | <b>(89.2)</b>                      | <b>(80.1)</b>                      | <b>(11.4%)</b> |
| Share of net profits (losses) of equity accounted<br>investments                                                    | 0.8                                | (3.8)                              | 121.1%         |
| <b>Profit/(loss) before income tax</b>                                                                              | <b>82.2</b>                        | <b>66.0</b>                        | <b>24.5%</b>   |
| Income tax benefit                                                                                                  | 14.4                               | 10.0                               | 44.0%          |
| <b>Profit/(loss) for the half</b>                                                                                   | <b>96.6</b>                        | <b>76.0</b>                        | <b>27.1%</b>   |
| Profit/(Loss) attributable to:                                                                                      |                                    |                                    |                |
| Ordinary equity holders                                                                                             | 93.2                               | 74.7                               | 24.8%          |
| Non-controlling interests                                                                                           | 3.4                                | 1.3                                | 161.5%         |
|                                                                                                                     | <b>96.6</b>                        | <b>76.0</b>                        | <b>27.1%</b>   |

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## Appendix 3:

### Proportional results

|                            | Six months<br>ended<br>31 Dec 2011 | Six months<br>ended<br>31 Dec 2010 | % change      |
|----------------------------|------------------------------------|------------------------------------|---------------|
|                            | \$'m                               | \$'m                               |               |
| Toll revenue               | 473.8                              | 446.9                              | 6.0%          |
| Fee revenue                | 32.1                               | 28.7                               | 11.8%         |
| Other revenue              | 15.7                               | 12.2                               | 28.7%         |
| <b>Total Revenue</b>       | <b>521.6</b>                       | <b>487.8</b>                       | <b>6.9%</b>   |
| Operating costs            | (108.3)                            | (106.5)                            | (1.7%)        |
| Business development costs | (7.4)                              | (7.6)                              | 2.6%          |
| Corporate costs            | (19.2)                             | (18.3)                             | (4.9%)        |
| TTMS development costs     | (5.7)                              | (2.4)                              | (137.5%)      |
| <b>Total Direct Costs</b>  | <b>(140.6)</b>                     | <b>(134.8)</b>                     | <b>(4.3%)</b> |
| Capitalised overheads      | 9.0                                | 9.8                                | (8.2%)        |
| <b>Proportional EBITDA</b> | <b>390.0</b>                       | <b>362.8</b>                       | <b>7.5%</b>   |
| <b>Free Cash</b>           | <b>184.2</b>                       | <b>188.1</b>                       | <b>(2.0%)</b> |

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## Appendix 4:

Reconciliation of Proportional EBITDA to the statutory income statement

|                                                 | Six months ended<br>31 Dec 2011 | Six months ended<br>31 Dec 2010 |
|-------------------------------------------------|---------------------------------|---------------------------------|
|                                                 | \$'m                            | \$'m                            |
| <b>Statutory EBITDA</b>                         | <b>317.5</b>                    | <b>293.4</b>                    |
| Less: EBITDA attributable to Minority Interests | (9.0)                           | (9.1)                           |
| Add: M5 Proportional EBITDA                     | 39.9                            | 38.6                            |
| Add: M7 Proportional EBITDA                     | 40.2                            | 38.6                            |
| Add: Pocahontas Proportional EBITDA             | 3.4                             | 3.5                             |
| Add: DRIVE Operations Proportional EBITDA       | (2.0)                           | (2.2)                           |
| <b>Proportional EBITDA</b>                      | <b>390.0</b>                    | <b>362.8</b>                    |

## Appendix 5:

Reconciliation of statutory Cash Flows from operating activities to Free Cash

|                                                                             | Six months ended<br>31 Dec 2011 | Six months ended<br>31 Dec 2010 |
|-----------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                             | \$'m                            | \$'m                            |
| <b>Cash flow from operating activities (Refer Group Statutory Accounts)</b> | <b>182.8</b>                    | <b>181.6</b>                    |
| M7 Term Loan Notes received                                                 | (10.4)                          | (18.3)                          |
| Payments for maintenance capital expenditure                                | 13.1                            | 15.3                            |
| Cash flow from operating activities – M1 and M4                             | (34.7)                          | (27.6)                          |
| <b>Controlled cash</b>                                                      | <b>150.8</b>                    | <b>151.0</b>                    |
| M1 Eastern Distributor                                                      | 11.6                            | 9.0                             |
| M5 Interlink                                                                | 21.0                            | 18.5                            |
| M7 Term Loan Notes                                                          | 10.4                            | 18.3                            |
| Maintenance capital expenditure                                             | (9.6)                           | (8.7)                           |
| <b>Free Cash</b>                                                            | <b>184.2</b>                    | <b>188.1</b>                    |

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