

13 February 2014

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2013

Today Transurban has announced its financial results for the six months ended 31 December 2013.

Proportional toll revenue – which Transurban believes is the most accurate reflection of its portfolio's performance – was \$556.2 million, up 13.1 per cent compared to the prior corresponding period (pcp). Proportional EBITDA (earnings before interest, tax, depreciation and amortisation) increased 11.1 per cent to \$463.2 million.

On a statutory accounting basis, Transurban's net profit was \$80.9 million, versus \$81.1 million in the pcp.

Free cash for the half year was \$240.0 million, up 24.5 per cent compared to the pcp.

A 17.0 cent distribution per stapled security will be paid for the six months ended 31 December 2013. The distribution includes a 3.5 cent fully franked component.

The Board has increased its distribution guidance to 35.0 cents for the 2014 financial year – up from the original guidance of 34.0 cents. This is expected to be 100 per cent free cash covered.

Key activities for the half year include:

Development

- **Hills M2 Upgrade:** On 31 July 2013 all major works were completed on the M2 Upgrade in Sydney. Strong traffic growth has been observed in the northwest corridor of the Sydney orbital network since completion of the M2 Upgrade, with growth across the Westlink M7, Hills M2 and Lane Cove Tunnel of 10.7% in the December quarter 2013 versus the pcp. The Lane Cove Road ramps that feed into this corridor are currently under construction.
- **M5 West Widening:** Work is 63 per cent complete and ahead of schedule on the widening of this Sydney motorway, which is 50 per cent Transurban owned. Early opening of some widened sections of the motorway is expected from April 2014. The project is on budget.
- **495 Express Lanes:** Traffic and revenue on the 495 Express Lanes remain below the project case expectations. A review of the project has been completed, which resulted in downward adjustments to traffic and revenue projections, including the ramp-up profile of the project. Transurban and Capital Beltway Express LLC are working with key stakeholders, including lenders, to ensure the emerging revenue profile supports the capital structure. As a consequence of that review, it is expected that a portion of the debt will be repaid through a combination of additional equity investment and release of existing finance reserves.

Given expectations as to long-term value, Transurban remains committed to the Northern Virginia market.

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- **95 Express Lanes:** Construction on the project, which connects to the 495 Express Lanes, is now 66% per cent complete, with completion of the lanes due at the end of calendar year 2014. The project represents a 29-mile extension to the 495 Express Lanes. Once complete the 95 and 495 Express Lanes network will include more than 40 miles of Express Lanes.
- **Cross City Tunnel (CCT):** Transurban acquired the senior secured debt on Sydney's CCT for \$475 million in December 2013. Transurban has now been named the preferred bidder in the receiver's sale, which is currently under way. The outcome of that process will determine Transurban's future ownership interest, if any, in the asset. The debt acquisition, or the asset acquisition if successful, is expected to be distribution accretive.
- **M1-M2¹:** Negotiations with the NSW Government are progressing well, and the project remains on track to reach financial close in late calendar year 2014. A preferred contractor and scheme are expected to be selected in March.

Operations

- **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.
- **Tolling systems:** Work is under way to roll out the GLiDe tolling system to Transurban's assets in Sydney following successful implementation on CityLink in FY12.
- **Operations & maintenance (O&M):** Transurban enhanced its asset management capability in NSW to improve oversight of O&M contractors in that market. The Group expects to bring Hills M2 and Lane Cove Tunnel operations, which were previously sub-contracted, in-house during the second half of FY14.

Corporate

- **First Euro issuance:** Transurban issued €500 million of secured fixed rate 7-year notes under its Euro Medium Term Note Programme – the Group's first time into the Euro market.
- **Eastern Distributor (ED) financing:** Transurban further diversified its debt portfolio by issuing A\$300 million of secured fixed rate 7-year notes for the ED – the first NSW toll road to issue in the unwrapped domestic bond market.

Today Transurban CEO Scott Charlton said of the results: "Our focus in FY14 remains clear: to operate our networks of urban roads safely and efficiently, and to pursue growth opportunities that make sense within our existing footprints. Our first half result demonstrates that approach is working – delivering the best outcomes for our investors, our clients and our communities."

"In the second half of calendar year 2014 we expect to reach some major milestones, including completion of the 95 Express Lanes, financial close on the M1-M2, and further progress on the acquisition of the Cross City Tunnel. Those projects – and others in the pipeline – are great building blocks for Transurban's continued success."

¹ Previously known as F3-M2.

Transurban Group

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Distribution and DRP

A distribution totalling 17.0 cents per stapled security will be paid on 14 February 2014 for the six months ended 31 December 2013. This will consist of a 13.5 cent distribution from Transurban Holding Trust and a 3.5 cent fully franked dividend from Transurban Holdings Limited.

Transurban expects that the tax-deferred component of the distribution will be minimal. This will be confirmed in Tax Statements 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



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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	M1 Eastern Distributor	Westlink M7	M5	Pocahontas USD	495 Express Lanes USD
Toll revenue (\$'m)	269.2 ²	94.2	34.3	52.9	114.8	93.6	8.2	10.7
Fees and other revenue (\$'m)	26.0	3.0	1.4	1.4	2.5	8.7	-	2.9
Total revenue (\$'m)	295.2	97.2	35.7	54.3	117.3	102.3	8.2	13.6
Toll revenue growth	8.6%	32.3%	11.5%	3.7%	9.5%	(3.2%)	6.6%	N/A ³
Traffic growth	2.1%	12.6%	8.7%	2.5%	7.5%	(2.6%)	1.2%	N/A ²
Total costs (\$'m)	(52.1)	(18.4)	(13.5)	(20.0)	(21.7)	(14.2)	(3.1)	(17.4)
EBITDA (\$'m)	243.1	78.8	22.2	34.3	95.6	88.1	5.1	(3.8)
EBITDA growth	11.3%	37.0%	21.2%	(8.7%)	15.4%	(1.0%)	15.2%	N/A ²
EBITDA margin	90.3%	83.7%	64.7%	64.8%	83.3%	94.0%	62.0%	(35.5%)

2. Due to the timing of processing and revenue accruals related to the bedding down of a new tolling and customer billing system in FY12/FY13, a negative adjustment of \$3.3 million was made in the prior corresponding half, and the growth numbers quoted above have been normalised to remove this \$3.3 million adjustment from the prior corresponding half's result. Including this adjustment would increase CityLink revenue growth to 10.0% and EBITDA growth to 13.0%.

3. 495 Express Lanes opened to traffic on 17 November 2012. Due to an incomplete prior period, a growth comparison is not included in table above.

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Appendix 2:

Statutory results

	Six months ended 31 Dec 2013	Six months ended 31 Dec 2012	% change
	\$'m	\$'m	
Toll, fee and other road revenue	497.6	439.4	13.3%
Construction revenue	53.7	124.6	(56.9%)
Business development and other revenue	20.6	21.2	(2.8%)
Total revenue	571.9	585.2	(2.3%)
Road operating costs	(112.9)	(97.0)	(16.4%)
Corporate costs	(17.7)	(22.8)	22.4%
Business development costs	(9.2)	(8.8)	(4.5%)
Construction costs	(51.0)	(115.8)	56.0%
Total direct costs	(190.8)	(244.4)	(21.9%)
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	381.1	340.8	11.8%
Depreciation and amortisation	(159.7)	(154.9)	(3.1%)
Finance income	58.3	53.9	8.2%
Finance costs	(187.7)	(177.8)	(5.6%)
Net finance costs	(129.4)	(123.9)	(4.4%)
Share of net profits (losses) of equity accounted investments	(15.1)	0.9	(1,777.8%)
Profit/(loss) before income tax	76.9	62.9	22.3%
Income tax benefit	4.0	18.2	(78.0%)
Profit/(loss) for the half	80.9	81.1	(0.3%)
Profit/(loss) attributable to:			
Ordinary equity holders	81.0	80.9	0.1%
Non-controlling interests	(0.1)	0.2	(150.0%)

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Appendix 3:

Proportional results

	Six months ended 31 Dec 2013	Six months ended 31 Dec 2012	% change
	\$'m	\$'m	
Toll revenue	556.2	491.8	13.1%
Fee revenue	45.5	36.1	26.0%
TTMS revenue	17.0	18.3	(7.1%)
Other revenue	9.6	16.4	(41.4%)
Total revenue	628.3	562.6	11.7%
Operating costs	(132.2)	(114.9)	(15.1%)
Business development costs	(10.3)	(7.7)	(33.8%)
Corporate costs	(18.3)	(23.3)	21.5%
TTMS development costs	(14.3)	(9.4)	(52.1%)
Total direct costs	(175.1)	(155.3)	12.7%
Capitalised overheads	10.0	9.6	4.2%
Proportional EBITDA	463.2	416.9	11.1%
Free cash	240.0	192.8	24.5%

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Appendix 4:

Reconciliation of Proportional EBITDA to the statutory income statement

	Six months ended 31 Dec 2013	Six months ended 31 Dec 2012
	\$'m	\$'m
Statutory EBITDA	381.1	340.8
Less: EBITDA attributable to Minority Interests	(8.5)	(9.3)
Add: M5 proportional EBITDA	44.0	44.5
Add: M7 proportional EBITDA	47.8	41.4
Add: Pocahontas proportional EBITDA	4.1	3.2
Add: 495 Express Lanes proportional EBITDA	(2.8)	(1.5)
Add: DRIVE operations proportional EBITDA	(2.5)	(2.2)
Proportional EBITDA	463.2	416.9

Appendix 5:

Reconciliation of statutory Cash Flows from operating activities to Free Cash

	Six months ended 31 Dec 2013	Six months ended 31 Dec 2012
	\$'m	\$'m
Cash flow from operating activities (refer Group statutory accounts)	226.9	181.0
M5/M7 Term Loan Notes received	(21.9)	(18.7)
Payments for maintenance capital expenditure	7.5	5.3
Cash flow from operating activities – M1	(20.1)	(18.2)
Controlled cash	192.4	149.4
M1 Eastern Distributor	12.8	11.0
M5 Term Loan Notes	0.9	-
M5 Interlink	26.5	24.5
M7 Term Loan Notes	21.0	18.7
Maintenance capital expenditure	(13.6)	(10.8)
Free cash	240.0	192.8

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