

# asx release

11 August 2015

## Transurban FY15 proportional EBITDA up 38% and guides to 11% FY16 DPS growth

### FY15 financial highlights:

- Statutory loss from ordinary activities of \$373 million which includes \$418 million of significant items associated with the acquisition of Queensland Motorways (QM)
- Proportional<sup>i</sup> toll revenue increased by 39.6 per cent to \$1,559 million
- Proportional<sup>i</sup> toll revenue excluding acquisitions increased by 10.7 per cent<sup>ii</sup>
- Proportional<sup>i</sup> earnings before interest, tax, depreciation and amortisation (EBITDA) and before significant items increased by 38.0 per cent<sup>iii</sup>
- Free cash of \$768 million, increased 34.3 per cent
- Average daily traffic (ADT) grew by 5.0 per cent<sup>iv</sup>
- FY15 distribution of 40.0 cents per security (cps); FY16 distribution guidance of 44.5 cps

Transurban Chief Executive Officer Scott Charlton said the result demonstrated the value to security holders of our disciplined investments.

"This period we have seen benefits from our continued focus on operational efficiencies within our networks. This has been compounded by the expansion of our portfolio through asset investments and the successful integration of acquisitions," Mr Charlton said.

### Key network activities

#### Sydney<sup>v</sup>:

- ADT increased 7.7 per cent highlighting the continued benefit from additional capacity delivered through the M5 South West Motorway (M5) widening and Lane Cove Tunnel (LCT) on-ramp projects, completed during the period
- Toll revenue grew 21.2 per cent driven by traffic growth, truck toll multipliers increasing on the LCT, M5 and Westlink M7 (M7) and the acquisition of Cross City Tunnel (CCT)
- EBITDA grew by 20.2 per cent
- Financial close was achieved on the NorthConnex project on 31 January 2015. Construction commenced early in 2015
- The GLiDe tolling system was implemented for the Hills M2 (M2), M1 Eastern Distributor (ED), LCT and M7

"Our Sydney network traffic numbers were up 7.7 per cent and a clear example of the benefits of investment in our networks," Mr Charlton said.

#### Melbourne:

- ADT up 3.0 per cent, with average weekend/public holiday traffic growth of 5.5 per cent
- Toll revenue growth of 7.8 per cent
- EBITDA growth of 11.3 per cent driven by a reduction in operating expenses from in-housing management of road operations and incident response
- EBITDA margin of 93.2 per cent, a 294 bp increase compared to the pcp

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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ARSN 098 807 419

[www.transurban.com.au](http://www.transurban.com.au)

Level 23

Tower One, Collins Square

727 Collins Street

Docklands VIC 3008

Australia

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- Reached financial close on the CityLink Tulla Widening project in April 2015 to increase capacity, ease congestion and improve safety along the Tullamarine Freeway, CityLink and the West Gate Freeway. The works are scheduled to commence in October 2015 and are expected to be completed by early 2018
- The Victoria Government announced the Western Distributor proposal had been progressed to Stage 3 of its Market-led Proposal process. The project includes a tunnel and elevated motorway that connects the West Gate Freeway with the Port of Melbourne, CityLink and the CBD, providing an alternate river crossing and easing pressure on the West Gate Bridge and the broader Melbourne network.

“We look forward to construction commencing on the CityLink Tulla Widening project in October. This project will deliver much-needed additional capacity for a critical section of the Melbourne network,” Mr Charlton said.

### Brisbane<sup>vi</sup>:

- ADT increased 2.7 per cent
- Toll revenue grew 6.8 per cent
- EBITDA margin of 74.7 per cent, ~360 bp improvement since acquisition
- Financial close for the acquisition of QM was achieved on 2 July 2014
- Legacy Way opened to traffic on 25 June 2015. TQ reached financial close on the acquisition of Legacy Way on 29 June 2015

“The performance of Transurban Queensland has been in line with our bid expectations and we expect to see further operational efficiencies as we continue our integration program,” Mr Charlton said.

### Northern Virginia<sup>vii</sup>:

- ADT increased 139.7 per cent due to the 95 Express Lanes opening for operation on 14 December 2014
- Toll revenue grew 206.5 per cent driven by the 95 Express Lanes opening and a reduction in operating expenses
- EBITDA margin of 48.2 per cent
- On 29 June 2015, Transurban increased its equity interest to 100 per cent in both the 95 and 495 Express Lanes from 77.5 per cent and 94 per cent respectively. The acquisition did not impact the FY15 results

“Customers are increasingly recognising the benefits of the Express Lanes concept, highlighted by continued traffic growth, and associated toll price growth throughout the period,” Mr Charlton said.

### Distribution and DRP

A distribution totalling 20.5 cps will be paid on 14 August 2015 for the six months ended 30 June 2015. This will consist of a 17.0 cps distribution from Transurban Holding Trust and a 3.5 cps fully franked component from Transurban Holdings Limited. This takes the FY15 distribution to 40.0 cps. It is expected that the final distribution will have a tax deferred component of 62 per cent. 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.

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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](http://www.transurban.com).

### Outlook

FY16 distribution guidance of 44.5 cps has been provided.

"We expect FY16 to continue to deliver benefits for security holders from our network positioning and operational efficiencies," Mr Charlton said.

"Transurban is expecting to deliver double digit year on year growth in distributions again this year."

### Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 11 August 2015. The market briefing will be webcast via the Transurban website at [www.transurban.com](http://www.transurban.com).



### Amanda Street

Company Secretary

### Investor enquiries

Henry Byrne +61 438 564 245

General Manager Investor Relations and Corporate Affairs

[investor.relations@transurban.com](mailto:investor.relations@transurban.com)

*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 (proportional by segment)

Year Ended 30 June 2015	Melbourne, Victoria	Sydney, New South Wales	Brisbane, Queensland	Northern Virginia	Corporate and other	TOTAL
Toll revenue (\$m)	577	668	247	67	-	1,559
Fees and other revenue (\$m)	58	65	21	14	9	167
<b>Total revenue (\$m)</b>	<b>635</b>	<b>733</b>	<b>268</b>	<b>81</b>	<b>9</b>	<b>1,726</b>
<i>Toll revenue growth</i>	7.8%	21.2% <sup>iv</sup>	6.8% <sup>v</sup>	206.5% <sup>vi</sup>	-	39.6%
<i>Traffic growth</i>	3.0%	7.7% <sup>iv</sup>	2.7% <sup>v</sup>	139.7% <sup>vi</sup>	-	7.0%
Total costs (\$m)	(97)	(174)	(83)	(48)	(35)	(437)
<b>EBITDA (excluding significant items) (\$m)</b>	<b>538</b>	<b>559</b>	<b>185</b>	<b>33</b>	<b>(26)</b>	<b>1,289</b>
<i>EBITDA growth (excluding significant items)</i>	11.3%	20.2% <sup>iv</sup>	12.2% <sup>v</sup>	N.M.	55.8%	38.0%
<i>EBITDA margin (excluding significant items)</i>	93.2%	83.8%	74.7%	48.2%	N/A	82.7%
Significant items (\$m)	-	-	(262)	-	(10)	(272)
<b>EBITDA (\$m)</b>	<b>538</b>	<b>559</b>	<b>(77)</b>	<b>33</b>	<b>(36)</b>	<b>1,017</b>

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## Appendix 2:

### Statutory results

	Year ended 30 June 2015	Year ended 30 June 2014	% change
	\$m	\$m	
Toll revenue	1,514	906	67.1%
Fee revenue	112	79	41.8%
Construction revenue	190	110	72.7%
Other revenue	44	55	(20.0%)
<b>Total revenue</b>	<b>1,860</b>	<b>1,150</b>	<b>61.7%</b>
Employee benefits expenses	(116)	(82)	41.5%
Road operating costs	(243)	(135)	80.0%
Construction costs	(185)	(105)	76.2%
Transaction and integration costs	(429)	(9)	4666.7%
Corporate / other expenses	(105)	(60)	75.0%
<b>Total expenses</b>	<b>(1,078)</b>	<b>(391)</b>	<b>175.7%</b>
<b>Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes</b>	<b>782</b>	<b>759</b>	<b>3.0%</b>
Depreciation and amortisation	(551)	(330)	67.0%
Net finance costs	(611)	(345)	77.1%
Share of net profits (losses) of equity accounted investments	17	115	(85.2%)
<b>Profit/(loss) before income tax</b>	<b>(363)</b>	<b>199</b>	<b>(282.4%)</b>
Income tax benefit / (expense)	(10)	45	(122.2%)
<b>Profit from continuing operations</b>	<b>(373)</b>	<b>244</b>	<b>(252.9%)</b>
Profit from discontinued operation, net of tax	-	8	(100.0%)
<b>Profit for the year</b>	<b>(373)</b>	<b>252</b>	<b>(248.0%)</b>

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## Appendix 3:

### Proportional results

	Year ended 30 June 2015	Year ended 30 June 2014	% change
	\$m	\$m	
Toll revenue	1,559	1,117	39.6%
Fee and other revenue	167	115	45.2%
<b>Total revenue</b>	<b>1,726</b>	<b>1,232</b>	<b>40.1%</b>
<b>Total costs</b>	<b>(437)</b>	<b>(298)</b>	<b>46.6%</b>
<b>Proportional EBITDA (excluding significant items)</b>	<b>1,289</b>	<b>934</b>	<b>38.0%</b>
Significant items	(272)	-	100.0%
<b>Proportional EBITDA</b>	<b>1,017</b>	<b>934</b>	<b>8.9%</b>

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## Appendix 4:

### Reconciliation of Statutory EBITDA to Proportional EBITDA

	Year ended 30 June 2015	Year ended 30 June 2014
	\$m	\$m
<b>Statutory EBITDA</b>	<b>782</b>	<b>759</b>
Less: EBITDA attributable to non-controlling interest - ED	(20)	(17)
Less: EBITDA attributable to non-controlling interest - DRIVe	(3)	(0)
Less: EBITDA attributable to non-controlling interest - TQ	45	3
Add: M5 proportional EBITDA	98	89
Add: M7 proportional EBITDA	115	96
Add: US proportional EBITDA (prior to consolidation)	-	4
<b>Proportional EBITDA</b>	<b>1,017</b>	<b>934</b>
Significant items	272	-
<b>Proportional EBITDA (excluding significant items)</b>	<b>1,289</b>	<b>934</b>

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## Appendix 5:

### Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	Year ended 30 June 2015	Year ended 30 June 2014
	\$m	\$m
<b>Cash flows from operating activities (refer Group Statutory accounts)</b>	<b>304</b>	<b>521</b>
Add back transaction and integration costs related to acquisitions (non 100% owned entities)	419	-
Add back payments for maintenance of intangible assets	91	36
Less cash flow from operating activities from consolidated non 100% owned entities	(338)	(96)
Less allowance for maintenance of intangible assets for 100% owned assets	(11)	(21)
<i>Adjust for distributions and interest received from non 100% owned entities</i>		
ED distribution	31	26
M5 distribution and TLN interest	67	59
TQ distribution and shareholder loan note interest	118	-
NWRG distribution and M7 TLN interest	87	47
<b>Free cash</b>	<b>768</b>	<b>572</b>

\* Consolidated cash flows from non 100 per cent owned entities includes Eastern Distributor, Transurban Queensland, DRiVe, 495 Express Lanes and 95 Express Lanes.

<sup>i</sup> Transurban believes proportional results are the most accurate reflection of its portfolio's performance. The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central group functions.

<sup>ii</sup> Excludes significant items related to the QM acquisition, contributions associated with the 95 Express Lanes, CCT and TQ, changes in ownership interest in the US business and the divestment of 895 Pocahontas in the prior year.

<sup>iii</sup> Excludes significant items relating to the QM acquisition (stamp duty, transaction and integration costs).

<sup>iv</sup> Adjusted to exclude acquisitions and new assets, specifically CCT, QM and 95 Express Lanes.

<sup>v</sup> Transurban acquired CCT on 26 June 2014, and as such the pcp only includes traffic and revenue data from this date until 30 June 2014. Excluding CCT from FY14 and FY15, Sydney toll revenue grew by 11.5% and ADT increased by 7.5%. EBITDA grew by 13.5 per cent and the EBITDA margin is 86.1 per cent.

<sup>vi</sup> Brisbane ADT growth, toll revenue growth and EBITDA growth are calculated using the FY14 pro forma, as the pcp data. EBITDA growth and EBITDA margin are calculated before significant items.

<sup>vii</sup> Excludes, Pocahontas 895 in the pcp and the impact of change in ownership percentage of 495 and 95 Express Lanes, which occurred on 29 June 2015. Toll revenue and EBITDA growth are calculated in USD. EBITDA margin is calculated in AUD.

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