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asx release

Transurban

1 April 2020

TRADING UPDATE AND REVISED DISTRIBUTION GUIDANCE

Transurban today provides the attached trading update on recent company performance and positioning in light of COVID-19, including the initial impacts of shutdowns recently enacted by governments across our markets.

Revised Distribution Guidance

Due to the current uncertainty in trading outlook Transurban withdraws its existing distribution guidance for the six months to 30 June 2020 and advises that it expects to pay its 2H20 distribution in line with Free Cash excluding Capital Releases[1].

Market briefing

Transurban will provide a market briefing at 9.30am (AEDT) today, 1 April 2020. The market briefing will be webcast via the Transurban website at transurban.com.

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This announcement is authorised by the Board of Transurban Group.

[1] See Glossary in the attached trading update for definitions of Free Cash and Capital Releases.

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Transurban

TRANSURBAN TRADING UPDATE

April 2020

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CLEAR PRIORITIES

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Transurban operates essential infrastructure and is clear on its priorities despite the current uncertainty

Above all else, we will do everything we can to keep our employees, contractors and customers healthy and safe through this challenging period

Our roads are fully operational and we will continue to get people, goods and essential services where they need to go

We have a range of measures in place to support the vulnerable, and other members of the community requiring assistance through this crisis

We continue to operate our business safely and efficiently with the vast majority of our people working remotely, and are prepared for a range of scenarios and an eventual recovery

GOVERNMENT RESPONSES

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MANDATORY GOVERNMENT MEASURES

Australia (Melb / Syd / Bris)

Measures across the eastern seaboard have been substantially coordinated through national directives

15 March 2020
Non-essential public events with >500 people banned; People arriving in Australia must self-isolate for 14 days

18 March 2020
Non-essential indoor events with >100 people banned

20 March 2020
Indoor gatherings of <100 people must adhere to one person per four metres of floor space

22 March 2020
Stage 1 national restrictions on social gatherings

24 March 2020
Stage 2 national restrictions on social gatherings; ban on travelling overseas

25 March 2020
QLD restricts borders with freight, emergency vehicles and other exemptions in place

29 March 2020
Indoor and outdoor gatherings >2 people banned

USA (Greater Washington Area)

USA

11 March 2020
International travel (excluding Great Britain) is halted

18-20 March 2020
U.S./Canada and U.S./Mexico borders close to non-essential travel

Virginia

12 March 2020
Ban on state employee travel and cancellation of state events

13 March 2020
Closure of K-12 schools until 27 March

17 March 2020
Gatherings of >10 people in restaurants, fitness centres and theatres banned

23 March 2020
Non-essential businesses closed; Gatherings of >10 people banned; all K-12 schools closed for the remainder of the academic year

30 March 2020
Residents ordered to stay-at-home until 11 June

Maryland

12 March 2020
Gatherings of >250 people banned and closure of schools until 27 March

16 March 2020
Gatherings of >50 people banned and all bars and restaurants closed

19 March 2020
Gatherings of >10 people banned and transit for essential travel only

23 March 2020
Non-essential businesses closed

25 March 2020
Closure of K-12 schools extended to 24 April

30 March 2020
Residents ordered to stay-at-home indefinitely

Canada (Montreal)

Canada

16 March
International travel is halted

18 March 2020
U.S./Canada border closes to non-essential travel; ban on foreign nationals from all countries except the U.S.

25 March
Self-isolation for all returning from abroad

Quebec

12 March 2020
Indoor/outdoor gatherings >250 people banned

13 March 2020
Daycares, schools, universities closed until 30 March

15 March 2020
Closure of various leisure and entertainment venues

21 March 2020
All public gatherings banned regardless of size

23 March 2020
Certain non-essential businesses closed until 13 April; daycares, schools, universities closure extended to 1 May; closure of other retail venues

27 March 2020
Restriction of movement to certain regions and territories

1. Source: official government websites (https://www.pm.gov.au/; https://www.virginia.gov/; https://governor.maryland.gov/; https://www.quebec.ca/en/premier/).

OPERATIONS

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CURRENT STATUS

- COVID-19 Emergency Strategy Team chaired by the CEO managing business continuity and stakeholder engagement
- Initiatives in place to keep networks running in each market under a range of scenarios
- Measures in place to reduce risk to workforce with over 95% of our people working from home
- All required preventative maintenance continuing
- Specific provisions in place for traffic control rooms, incident management and key onsite functions given the criticality of roads in the logistics supply chain
- Construction partners are ensuring appropriate safety measures on worksites—with all construction sites remaining operational at present
- Working with business partners and suppliers to manage possible supply chain risks
- Tolls suspended on the A25 in Montreal, with compensation arrangements under the contract[1]

Pre-existing systems and processes

- Significant investment in technology to allow for flexible working and redundancy in operational sites
- Working with contractors and governments to deliver portfolio of large scale, highly complex projects

1. Compensation amount subject to negotiation with MTQ; A25 revenue includes an availability payment that is not dependent on traffic volumes.

CUSTOMERS AND COMMUNITY

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CURRENT STATUS

- Extra investment to support our vulnerable customers, small businesses and other members of the community including those whose employment has been impacted and other frontline personnel requiring assistance, including:
  - Working with customers to actively manage circumstances through an expanded Linkt Assist hardship program, including extending the program to business owners
  - Providing customer relief through a range of initiatives including giving customers more time to pay, fee waivers, and providing infringement relief
  - Measures to support the community, including changes to payment policy to ensure small business suppliers are paid within 14 days
- Tolls continue to be managed with contracted toll increases applying, allowing additional investment to support vulnerable customers and community, as well as continued business activities including 24/7 on-road support, investment in major construction projects and maintaining employment for thousands of employees and subcontractors
- Transurban digital platforms are providing customers real-time comparisons of tolled and untolled routes while government measures have resulted in fewer people accessing the overall network
- Providing continued remote access in all markets to continue to service customers, with a focus on supporting customers via digital channels
- Transurban will continue to work with government partners and stakeholders to respond to the needs of customers and the community throughout this crisis

Pre-existing systems and processes

- Significant long-term investment in our digital channels has resulted in over 90% of Linkt customers choosing to self-serve via our online platforms
- Linkt Assist to support Australian customers experiencing social or financial hardship
- The U.S. 'First-Time Forgiveness' program continues to support customers with outstanding fee balances

DELIVERY UPDATE

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The health and safety of our delivery workforce is the highest priority. We continue to work closely with our project partners to actively monitor and assess the situation and test that appropriate measures are implemented to keep workers safe and well

NEW M5

- Works continuing across the project, opening scheduled for mid-2020[1]
- Commissioning activities are well advanced with mechanical and electrical works over 90% complete and civil works 99% complete
- Installation of the tunnel architectural lining over 40% complete

NORTHCONNEX

- Works continuing across the project, on track for mid-2020 opening[1]
- Fit-out of the tunnel is complete with device commissioning and ride testing underway
- Construction of the permanent facilities at the Motorway Operations Centre / Southern Compound are now complete
- In-tunnel ventilation systems are now fully functioning allowing the removal of temporary systems

The NSW Government has reaffirmed its commitment to its infrastructure program and has assured the construction and engineering sector in NSW that it will support the continued delivery of its infrastructure program while it is practical and safe to do so

FREDERICKSBURG EXTENSION

- Works are currently continuing without disruption with site clearing, earthworks and bridge construction underway
- The Commonwealth of Virginia currently considers construction as essential, allowing works to continue for the time being
- Opening expected late 2022

1. Mid-2020 means June +/- three months.

WEST GATE TUNNEL UPDATE

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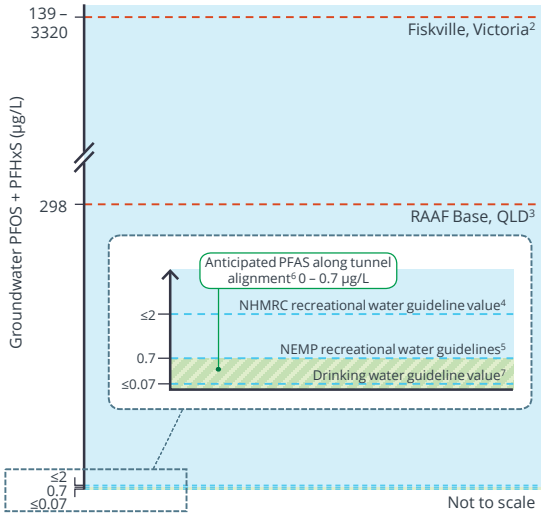
Progress update

- Project schedule remains under review
- The D&C subcontractor has purported to terminate the D&C subcontract and also noted their intention to continue works on site[1]
- Continuing to work with the D&C subcontractor and the State to resolve outstanding matters including those related to spoil management
- D&C subcontractor continues to work on site with thousands of workers making progress on the project
- Critical sections of the project progressing with piles completed for the bridge over the Maribyrnong River and early completion of the West Gate Freeway summer works program

TUNNELLING UPDATE

- The D&C subcontractor is running a tender process to secure sites for safe management of tunnel spoil
- Participating sites will be seeking relevant planning and EPA approvals
- EPA approvals will set the limit of PFAS that can be safely stored without harm to community and the environment. Tunnel spoil is expected to contain only low levels of PFAS and be within the approved limits for the site
- Commencement of tunneling requires approvals, site preparatory capital works and activation of TBMs

Anticipated PFAS levels in WGTP tunnel alignment



1. Transurban WGT Co Pty Limited has received a document from the D&C subcontractor entitled 'West Gate Tunnel Project: Termination of the D&C Subcontract on the basis of a Force Majeure Termination Event' and a document entitled 'West Gate Tunnel Project: Termination of the D&C Subcontract on the basis of further Force Majeure Termination Events both of which relate to issues in respect of the presence, classification and disposal of PFAS. Transurban does not consider the D&C subcontract has been validly terminated and, as such, the contract remains valid.
2. Environmental Audit Report - Risk to Land, Surface Water and Groundwater – CFA Fiskville Training College, 4549 Geelong - Ballan Road, Fiskville, Victoria.
3. Human Health Risk Assessment for the RAAF Base Amberley PFAS Investigation Ref: CH2M/18/AMBR001-F.
4. Guidance on Per and Polyfluoroalkyl Substances (PFAS) in Recreational Water, Canberra: National Health and Medical Research Council (2019).
5. PFAS National Environmental Management Plan (NEMP), January 2018. Developed by the National Chemicals Working Group (NCWG) of the HEADS of EPAs Australia and New Zealand (HEPA).
6. Based on groundwater test results along the tunnel alignment the anticipated PFAS content in spoil produced by TBM operations is below 0.7µg/L (as measured by the standard leachate test process). Higher PFAS test results have been obtained from groundwater at locations such as the Spotswood Mobil Site which are not on the tunnel alignment (maximum 4.7µg/L). Before disposal to any site, soil tests will be required to be completed to validate the actual levels of PFAS. Protection measures will be in place at proposed disposal sites to contain PFAS in line with EPA Victoria requirements.
7. NHMRC, NRMMC (2011 as updated 2018) Australian Drinking Water Guidelines Paper 6 National Water Quality Management Strategy. National Health and Medical Research Council, National Resource Management Ministerial Council, Commonwealth of Australia, Canberra.

TRAFFIC UPDATE

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- COVID-19 traffic impacts observable from early March with weekly traffic deteriorating through the month
- All markets affected with degree of impact highly correlated to the level of government response
- Key observations across the portfolio:
  - Commercial traffic has displayed greater resilience to date, with large vehicles growing as a proportion of revenue to 37% in most recent week of March
  - Express Lanes traffic and revenue (11% of total 1H20 revenue) is more sensitive given lack of congestion on adjacent general purpose lanes (correlated with mandated lockdowns in the GWA region from mid-March)

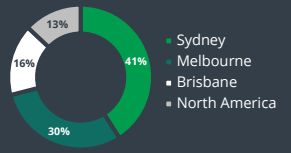
Recent traffic data (ADT % change)[1]

	JAN 20	FEB 20	MAR MTD	MAR WK 1	MAR WK 2	MAR WK 3	MAR WK 4	MAR QTD
NSW	(0%)	(2%)	(11%)	(1%)	(2%)	(10%)	(29%)	(4%)
VIC	2%	(1%)	(17%)	(2%)	(2%)	(21%)	(43%)	(5%)
QLD	3%	1%	(8%)	4%	(1%)	(9%)	(27%)	(1%)
North America[2]	21%	16%	(23%)	18%	6%	(47%)	(65%)	4%
Transurban Group	**3%**	**0%**	**(14%)**	**1%**	**(2%)**	**(17%)**	**(36%)**	**(4%)**

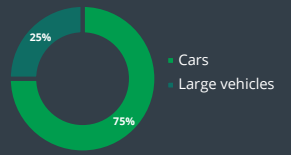
Recent large vehicle traffic data (ADT % change)[1]

	JAN 20	FEB 20	MAR MTD	MAR WK 1	MAR WK 2	MAR WK 3	MAR WK 4	MAR QTD
NSW	(7%)	(11%)	(3%)	(10%)	(3%)	3%	(3%)	(7%)
VIC	4%	1%	(2%)	2%	5%	(1%)	(11%)	1%
QLD	3%	(2%)	0%	4%	(2%)	3%	(4%)	0%
Montreal[3]	10%	2%	(6%)	5%	4%	(9%)	(24%)	2%
Transurban Group	**2%**	**(2%)**	**(1%)**	**0%**	**1%**	**1%**	**(7%)**	**(1%)**
Large vehicles as a % of revenue				25%	25%	31%	37%	26%

1H20 REVENUE BY MARKET CONTRIBUTION[4]



1H20 REVENUE BY VEHICLE TYPE[4]



1. Unaudited management data that is subject to change in the official quarterly traffic release. Average daily traffic (ADT) % change is to prior corresponding period in 2019. March weekly data is from Sunday – Saturday.
2. Includes the 395 Express Lanes which opened in November 2019. March week 4 includes traffic on A25 during tolling suspension from 25 March – 28 March 2020.
3. Montreal data only, given large vehicles are not permitted to travel on the Express Lanes.
4. Based on proportional toll revenues.

TRAFFIC UPDATE

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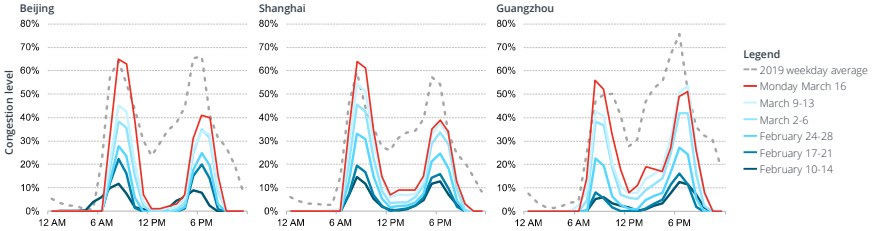
- The extent and duration of impacts to traffic will be dependent on measures taken by governments in response to the COVID-19 virus
  - Since mid-March there has been a significant escalation in government measures implemented in each of our markets with uncertainty around the duration of such measures
  - Impacts of government implemented measures will be exacerbated by the flow-on impacts to businesses and individuals

Impacts on demand

Government / Regulatory responses	• School closures • Flight restrictions • Sport and other mass gathering bans • Public transport closures • Voluntary and compulsory quarantining • Bans on non-essential travel
Business and Economic responses	• Business closures • Work from home policies • Non-essential travel bans • Trade and supply chain disruptions • Increased unemployment and underemployment
Individual responses	• Reduced activity—shopping, sport, restaurants etc. • Reduced expenditure

- Other countries more advanced in COVID-19 virus and government response provide insight to different scenarios
- Chinese highway congestion levels indicate progressive recovery
  - Overall levels of traffic in major Chinese cities remain below normal, however traffic increases week-on-week since Feb 10 are starting to exhibit recovery, as lockdown restrictions are lifted and industries re-commence operations
  - Highway traffic has rebounded faster than public transport, suggesting that social distancing is encouraging more people to commute using their cars
- Traffic in other highly affected markets (e.g. Italy, France, Germany) is still deteriorating with the duration of disruption unclear

Chinese major city congestion levels[1,2]



1. Source: BloombergNEF, TomTom Traffic Index. Note: 'Congestion level' is an estimate of the increase in time that a journey within a city will take compared to uncongested conditions—so 40% congestion implies that a journey will take 40% longer than on empty roads. Charts show Mon-Fri average hourly congestion levels.
2. Congestion impacts are disproportionate to actual traffic declines.

CAPITAL UPDATE

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- Sufficient liquidity to meet capital requirements and debt refinancing obligations to end of FY21 with existing balance sheet capacity, and in the absence of any further refinancing activity
- Commitment to maintain strong investment grade credit ratings
- Capex requirements relate to committed capital projects, with opportunities to defer certain non-essential expenditure
- Corporate and non-recourse debt covenants are calculated on a trailing 12-month basis, moderating short-term earnings impacts

Capital sources and uses from April 2020 to June 2021

	CAPITAL SOURCES	$ BILLION	CAPITAL USES	$ BILLION
Corporate (100%)	Cash	0.2[1]	Capex requirements[2]	1.2
	Undrawn debt	2.9	Debt refinancing	1.0
Non-recourse (proportional)	Cash	0.2	Capex requirements[2]	0.5
	Undrawn debt	0.2	Debt refinancing[3]	0.2
Group	**Total sources of funds**	3.5	**Total uses of funds**	2.9

Cash as presented in the table above excludes $0.6 billion which is not available for general use, comprising amounts required to be held primarily for maintenance reserves, funding reserves, and prepaid tolls.

1. Cash consumed since 31 December 2019 includes $817 million to fund 1H20 distribution, plus capex requirements across the portfolio of assets.
2. Capital requirements represent our current best estimate of the forecast capex profile.
3. Excludes M2 given contractual close of $815 million of non-recourse debt in the Asian loan market at M2 in March 2020, subject to customary closing conditions.

DISTRIBUTION

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- Withdrawal of existing distribution guidance for 2H20 (previously 31.0 cps) due to the current uncertainty in trading outlook
- Transurban expects to pay its 2H20 distribution in line with Free Cash, excluding Capital Releases

FREE CASH CALCULATION
Cash flows from operating activities (refer Group Statutory accounts)
Add back transaction and integration costs related to acquisitions
Add back payments for maintenance of intangible assets
Add capital releases from 100% owned assets
Less debt amortisation of 100% owned assets
Less cash flow from operating activities from consolidated non-100% owned entities
Less allowance for maintenance of intangible assets for 100% owned assets
Add distributions and interest received from non-100% owned entities
FREE CASH

DEBT POSITION

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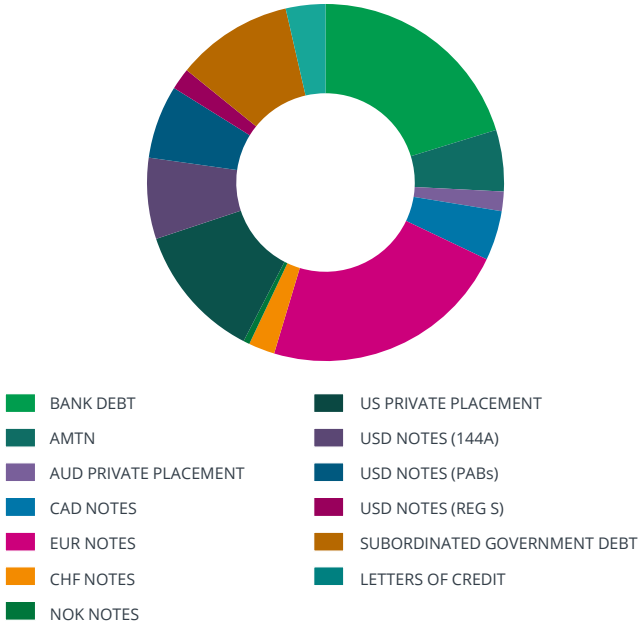
- Contractual close of $815 million of non-recourse debt in the Asian loan market on M2 in March 2020[1]
- New working capital facilities for general corporate purposes progressed; $1.3 billion secured in March 2020
- Transurban's debt book is 97.5% currency hedged and 97.5% interest rate hedged as at 31 December 2019
- Limited near-term refinancing obligations up to 30 June 2021[2]:
  - $206 million USPP in August 2020
  - $834 million EMTN in October 2020
  - $300 million Eastern Distributor in December 2020
- Targeting capital markets issuances when global debt markets stabilise
- Diversified funding sources reduces refinancing risk in volatile global markets
- Ratings agencies have placed certain regional transport sectors and/or assets on negative watch or negative outlook since the outbreak of COVID-19

Group debt as at 31 December 2019[3]



1. Subject to customary closing conditions.
2. Debt values are shown at 100% in AUD as at 31 December 2019.
3. Proportional drawn debt inclusive of issued letters of credit. CAD, CHF, EUR, NOK and USD debt converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.7008 at 31 December 2019) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.9143 at 31 December 2019) where no cross currency swaps are in place.

SUMMARY

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- Transurban's priority is keeping our employees, contractors and customers healthy and safe through this challenging period
- Our roads are fully operational and playing an essential function to move people, goods and services where they need to go during this time of crisis
- Traffic impacts across portfolio varied with differing COVID-19 response measures implemented by governments, and rapidly evolving
- Investment into networks and major development projects currently continuing in order to maintain employment for thousands of employees and subcontractors
- Ongoing focus to support customers and communities with a range of measures in place
- Robust business continuity plans in place to ensure continued business operations
- Sufficient liquidity to meet capital requirements and debt refinancing obligations to end of FY21
- Transurban expects to pay its 2H20 distribution in line with Free Cash, excluding Capital Releases

Portfolio characteristics supporting resilience to disruption:

- Geographic diversification with 17 assets located across five markets—impacts expected to vary both in timing and depth
- Pricing arrangements under concession agreements defined
- Large vehicles represent 37% of portfolio toll revenue as at most recent week in March—data to date demonstrates greater resilience to COVID-19 disruption

Transurban expects to make further releases to the market on 16 April 2020 (March quarter traffic results) and 4 May 2020 (Investor Briefing)

GLOSSARY

Transurban

TERM	DEFINITION
395	395 Express Lanes
1H/2H	First or second half of a financial year
A25	A25 toll road
ABN	Australian Business Number
ACN	Australian Company Number
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period
AFSL	Australian Financial Services Licence
AMTN	Australian Medium Term Note
ARSN	Australian Registered Scheme Number
AUD	Australian Dollars
BRIS	Brisbane
CAD	Canadian Dollars
CAPEX	Capital Expenditure
CAPITAL RELEASES	Capital Releases refer to the injection of debt into Transurban operated assets as assets mature, optimising balance sheets.
CFA	Country Fire Authority
CHF	Swiss Franc
COVID-19	Coronavirus
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated
CPS	Cents per security
D&C	Design and Construct
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EMTN	Euro Medium Term Note
EPA	Environment Protection Authority
EUR	Euros
FREE CASH	See page 12 for Free Cash calculation.
FY	Financial year 1 July to 30 June
GROUP	Transurban Group

TERM	DEFINITION
GWA	Greater Washington Area meaning northern Virginia, Washington D.C., areas of Maryland and the surrounding metropolitan area
K-12	Kindergarten to 12th Grade
LINKT	Transurban's retail tolling brand
MELB	Melbourne
MTD	Month-to-date
MTQ	Ministère des Transports du Québec
NHMRC	National Health and Medical Research Council
NOK	Norwegian Krone
NSW	New South Wales, Australia
NRMMC	Natural Resource Management Ministerial Council
OPEX	Operating Expenditure
PAB	Private Activity Bond
PFAS	Per and polyfluorinated alkyl substances
PFOS	Perfluorooctane sulfonic acid
PFHxS	Perfluorohexane sulfonic acid
PP	Private Placement
QLD	Queensland, Australia
QTD	Quarter-to-date
RAAF	Royal Australian Air Force
SYD	Sydney
TBM	Tunnel Boring Machine
TOLL REVENUE	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
USA	United States of America
USD	US Dollars
USPP	US Private Placement
VIC	Victoria, Australia
WGT/WGTP	West Gate Tunnel/West Gate Tunnel Project

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