

17 February 2022

TRANSURBAN 1H22 RESULTS

1H22 highlights:

- Traffic continued to be impacted by government-mandated restrictions related to COVID-19, however in most markets traffic recovered in the second quarter, in line with the easing of restrictions. Proportional revenue broadly flat compared to the prior comparable period
- Increased Transurban's proportional ownership in WestConnex to 50% alongside strategically aligned partners, extending Transurban's weighted average concession life to approximately 30 years¹
- Agreement reached to resolve long standing disputes on the West Gate Tunnel Project. Revised terms include a new estimated completion date of late 2025 and additional contributions from all parties.² Additional Transurban contribution is comprised of a \$1.7 billion contribution to the cost of the D&C contract plus approximately \$300 million in additional costs including insurance and project management costs
- Ongoing focus on core operations with a reduction in injury rates across all safety metrics for the half year period and continued progress on ESG initiatives, including commencement of renewable Power Purchase Agreements (PPAs) to reduce emissions
- Key milestones reached on project delivery, including the M4-M5 Link tunnelling excavation now complete, Project NEXT reaching commercial close, and predevelopment work in progress for Maryland Express Lanes Project Phase 1
- 1H22 interim distribution of 15.0 cents per stapled security (cps), 100% covered by 1H22 Free Cash
- Large pipeline of opportunities progressing in core markets
- Balance sheet flexibility to support distributions to security holders while funding growth. Debt hedging profile, and inflation-linked toll escalations across 68% of the portfolio, would likely provide a net benefit in a rising interest rate environment over the near term

(4.8%) decrease in average daily traffic across the portfolio ³	(0.2%) change in proportional revenue	(1.6%) change in Free Cash	15cps distributions for 1H22 100% covered by Free Cash with no Capital Releases in 1H22
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Chief Executive Officer, Scott Charlton said the Group had achieved significant strategic milestones over the first half of the financial year, with the successful acquisition of the remaining stake in WestConnex and agreement reached on the West Gate Tunnel Project disputes, as well as advancing the pipeline of development projects.

"The progress we have made during the half allows us to commence 2022 with a focus on our operations and the delivery of the pipeline of development and enhancement projects across our markets," Mr Charlton said.

¹ Refer to the WestConnex acquisition announcement (dated 20 September 2021) for further details.

² Refer to the West Gate Tunnel Project announcement (dated 17 December 2021) for further details. The parties will now finalise binding detailed documentation, expected to be completed in early 2022.

³ (4.2%) excluding the contribution from new asset NorthConnex which opened 31 October 2020.

Classification **Public**

Transurban Group

Transurban International Limited
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Mr Charlton said traffic performance across the markets had been impacted by COVID-19 restrictions which were reimposed at the start of the period, with volumes lifting markedly as restrictions were eased and the vaccine roll out gained pace, with several regions recording record days in December. “We have seen a similar dynamic play out over the course of the COVID-19 pandemic. Traffic is impacted when government restrictions are put in place but tends to recover quickly as they are eased and people start to move about the cities again.”

“The reintroduction of some restrictions, including density limits and the requirement for masks to be worn in offices, has impacted traffic throughout January and into February, particularly in the Australian markets. However, we are already seeing evidence that we may be past the peak, with both case numbers and hospitalisation rates coming down.”

Mr Charlton said that the Group was continuing to invest for the long term and actively managed the portfolio to support the sustainability of the business well into the future.

“We are investing in transportation networks that will be in operation for decades. In the past 10 years we have expanded from seven to 21 assets across five markets, resulting in an average concession life of around 30 years.”

“Given the long-term nature of the business, we take a through-the-cycle view on interest rates and inflation and have hedging in place on more than 99% of our existing debt book. Combined with CPI linked price escalations on 68% of our assets, this provides protection against an increase in interest rates in an inflationary environment.”

“We continue to manage our balance sheet to support our investment in future growth and distributions to our security holders. In FY22 we expect to pay distributions in line with Free Cash, excluding Capital Releases. In addition, we are likely to use a portion of the additional WestConnex Capital Releases resulting from the acquisition to minimise dilution associated with the equity raise.”

Key network activities

Sydney

- ADT decreased by 25.6% vs 1H21 or 25.3% excluding NorthConnex
- ADT was down 19.1% vs 1H20 and decreased by 30.5% excluding NorthConnex and M8/M5 East
- Proportional toll revenue decreased by 14.0% to \$527 million, with COVID-19 impacts partly offset by the NorthConnex contribution and increased WestConnex ownership. Excluding NorthConnex and additional WestConnex contributions, toll revenue decreased by 19.9%
- Proportional EBITDA decreased by 20.7%. Excluding New Assets, EBITDA decreased by 25.4%⁴
- Average workday traffic decreased by 22.6% and average weekend/public holiday traffic decreased by 35.2%
- Car traffic decreased by 27.6% and large vehicle traffic decreased by 4.7%
- Proportional ownership in WestConnex increased to 50%, alongside strategically aligned partners. Refer to the WestConnex acquisition announcement (dated 20 September 2021) for further details
- Excavation on the M4-M5 Link Tunnels is now fully complete, with the project on track for completion in FY23. The mechanical and electrical fit out works are over 60% complete and road paving is more than 95% laid

⁴ New assets include additional four months of NorthConnex operations and additional proportional ownership in WestConnex. Transurban acquired additional equity interests in WestConnex (via Sydney Transport Partners) of 24.5% on 29 October 2021, taking its total proportional ownership to 50%.

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Melbourne

- ADT increased by 20.6% vs 1H21, with ADT down 36.2% vs 1H20, driven by COVID-19 and associated government restrictions. Western Link traffic continues to see greater COVID-19 related impacts than Southern Link due to significantly reduced airport travel
- Toll revenue increased by 21.2% to \$313 million
- EBITDA increased by 23.7%
- Average workday traffic increased by 16.8% and average weekend/public holiday traffic increased by 35.7%
- Car traffic increased by 27.7% and large vehicle traffic increased by 5.9%
- Agreement reached to resolve long standing disputes on the West Gate Tunnel Project. Tunnelling on the project is due to commence in early 2022. Refer to the West Gate Tunnel Project announcement (dated 17 December 2021) for further details

Brisbane

- ADT increased by 4.0% vs 1H21, with ADT down 2.0% vs 1H20
- Proportional toll revenue increased by 6.7% to \$224 million, driven by steady traffic volumes due to additional capacity from the Logan Enhancement Project and limited restrictions
- Proportional EBITDA increased by 4.2%
- Average workday traffic increased by 4.3% and average weekend/public holiday traffic increased by 4.2%
- Car traffic increased by 3.2% and large vehicle traffic increased by 6.5%
- Transition of all Brisbane operations functions to the new centralised traffic control centre is progressing well, with three of four sites due to be migrated by 3Q22. The final control room will be integrated by the end of FY22

North America

- ADT increased by 29.9% vs 1H21, with ADT down 8.4% vs 1H20
- Proportional toll revenue increased by 17.0% to \$99 million. On a like for like basis, toll revenue increased by 84.0%. Like for like basis includes adjustments for the sale of 50% of the Transurban Chesapeake assets
- Proportional EBITDA increased by 118.5%. Excluding the impact of the 50% divestment in Transurban Chesapeake, EBITDA increased by 212.3%
- Average workday toll revenue on the 95 Express Lanes increased by 127.9%. The average dynamic toll price was USD8.37
- Average workday toll revenue on the 495 Express Lanes increased by 106.7%. The average dynamic toll price was USD4.43
- Rolling 12-month peak direction traffic of 2,898 vehicles per hour on the A25
- Continued progress on the approval pathway for Phase 1 of the Maryland Express Lanes Project as well as predevelopment work, with the selection of D&C subcontractor(s) expected in the June quarter of 2022
- Transurban is working with D&C subcontractor on construction challenges on the Fredericksburg Extension Project. Currently tracking behind 2022 opening date, with schedule under review
- 495 Northern Extension project early construction works underway with financial close expected in March with project opening anticipated in 2025
- 95/395 Express Lanes access enhancements at Seminary Road and Opitz Boulevard approved by Virginia governing body to advance in 2H22

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Distribution and DRP

A distribution totalling 15.0 cents per stapled security will be paid on 22 February 2022 for the six months ended 31 December 2021. This will be paid from the Transurban Holding Trust and controlled entities and will not have franking credits.

The Distribution Reinvestment Plan (DRP) will operate for this distribution payment. For further information on distributions and the DRP, visit the Investor Centre at transurban.com.

FY22 distribution guidance

Transurban advises that it expects the FY22 distribution will be in line with Free Cash, excluding Capital Releases.⁵

As a result of Sydney Transport Partners (STP) acquisition of the remaining 49% equity stake in WestConnex, Transurban expects to receive more than \$600 million of additional potential Capital Releases until FY25. Once the expected additional WestConnex Capital Releases are received, and subject to the outlook at the time, Transurban is likely to use a portion of the additional WestConnex Capital Releases in the first two years following the acquisition to minimise dilution in Free Cash per security associated with the \$4.2 billion equity raising.

Market briefing

Transurban will provide a market briefing at 9.30am (AEDT) today, 17 February. 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.

Note: Further details are provided in the Appendices and the Investor Presentation published alongside this release.

⁵ See Glossary in the 1H22 Results Investor Presentation for definitions of Free Cash and Capital Releases.

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Appendix 1:

Statutory results

	1H21 ⁶ \$M	1H22 \$M
Toll revenue	1,069	1,056
Construction revenue	290	167
Other revenue	64	78
Total revenue	1,423	1,301
Total costs	(631)	(567)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	792	734
Depreciation and amortisation	(553)	(559)
Net finance costs	(610)	(255)
Share of loss of equity accounted investments	(74)	(181)
Loss before income tax	(445)	(261)
Income tax benefit	134	155
Loss for the half year from continuing operations	(311)	(106)
Loss for the half year from discontinued operations	(137)	-
Loss for the half year from continuing and discontinued operations	(448)	(106)

⁶ Statutory results above have been reclassified to present Transurban Chesapeake as discontinued operations in the prior comparative period. Refer to Note B13 to the Interim Report for Transurban Holdings Limited for the half year ended 31 December 2021 for further information.

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Appendix 2:

Proportional results

	1H21 \$M	1H22 \$M	% change
Group Toll revenue	1,165	1,163	(0.2%)
Other revenue	53	59	12.5%
Total revenue	1,218	1,222	0.4%
Total costs	(378)	(417)	(10.4%)
EBITDA	840	805	(4.1%)
EBITDA margin	69%	66%	(300 bps)
Free cash (incl. Capital Releases)	467	459	(1.6%)
Gross distributions	411	461	12.2%
Distributions per share (dps)	15cps	15cps	-

Appendix 3:

Traffic & revenue performance by market

Market	ADT (‘000) ⁷		Proportional Toll Revenue (AU\$M)	
	Dec 21 qtr	1H22	Dec 21 qtr	1H22
Sydney	875	676	\$340	\$527
Melbourne	641	552	\$177	\$313
Brisbane	425	414	\$113	\$224
North America	142	143	\$49	\$99
Group	2,083	1,785	\$679	\$1,163
<i>Sydney (like for like basis)⁸</i>	<i>840</i>	<i>651</i>	<i>\$313</i>	<i>\$491</i>
<i>North America (like for like basis)⁹</i>	<i>142</i>	<i>143</i>	<i>\$77</i>	<i>\$155</i>

⁷ Market ADT figures may not add to Group ADT totals due to rounding.

⁸ Like for like basis excludes NorthConnex (opened 31 October 2020) and revenue contributions from additional ownership of WestConnex from 1 November 2021.

⁹ Like for like basis excludes 50% divestment of 95 Express Lanes and 495 Express Lanes from April 2021. Change in ownership does not impact traffic data which is reported on a 100% basis.

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