# transurban

### asx release

5 February 2013

#### **RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

Transurban has today announced its financial results for the six months ended 31 December 2012, delivering another set of solid financial results and significant progress on the business' development pipeline.

Proportional toll revenue was \$491.8 million, an increase of 3.8 per cent on the prior corresponding period. Proportional EBITDA (earnings before interest, tax, depreciation and amortisation) increased 6.9 per cent to \$416.9 million.

On a statutory accounting basis, Transurban recorded a net profit of \$81.1 million, compared to a profit of \$96.6 million in the prior corresponding period.

Free cash was up 4.6 per cent for the half year, to \$192.8 million, which supports the 15.5 cent distribution per stapled security for the period. The Transurban Board has also confirmed distribution guidance for the 2013 financial year of 31.0 cents per stapled security.

#### Business highlights for the half year include:

#### **Development**

- The Hills M2 Upgrade in Sydney is 84 per cent complete, with works estimated to finish in mid-2013.
- Construction started on the 95 Express Lanes project which connects to the 495 Express Lanes in Virginia, USA – and is now 23 per cent complete.
- Work is 22 per cent complete on the widening of the M5 South West Motorway in Sydney.
- A proposal was submitted to the NSW Government in relation to the F3-M2 link (also known as the M3).

#### **Operations**

- The 495 Express Lanes in Virginia, USA, opened early to traffic in November 2012, with tolling systems and operations functioning well in the live traffic environment. Initial traffic is below expectations, however the required adjustments to local traffic patterns are expected to take time to occur. A more complete picture of the asset's performance will take at least six months to emerge.
- Significant progress was made in the consolidation of the operations and maintenance on the Hills M2 and Lane Cove Tunnel assets in Sydney.

#### Corporate

- Transurban's strategy has been reviewed and confirmed following the transition to CEO Scott Charlton in 2012.
- The executive team was restructured and several portfolios were elevated to best deliver on the strategy, including operational excellence.
- Ongoing success in refinancing with approximately \$1 billion refinanced in the past six months.

Classification

Public

Transurban Group

Transurban International Limited ABN 90 121 746 825

Transurban Holdings Limited ABN 86 098 143 429 Transurban Holding Trust

Transurban Holding Trust ABN 30 169 362 255 ARSN 098 807 419

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Transurban CEO Scott Charlton today said, "Transurban is well positioned, anchored by a strong portfolio of assets that continues to deliver growth in free cash for our security holders."

"We have made good progress on key development projects during the period and are now focused on completing the Hills M2 upgrade so that we can see the full benefit of that project flow through all of our northern Sydney assets."

"Our strategic network positions in our markets are integral to the cities they serve and significantly contribute to the economies of those markets. As Governments and communities look for answers to growing issues in transport networks, we are well positioned to play a leading role in the development of unique transport solutions and unlock further value in our networks."

#### HALF YEAR DISTRIBUTION

A distribution totalling 15.5 cents per stapled security will be paid on 14 February 2013 for the six months ended 31 December 2012. This will be made up of a 12.0 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 2013 financial year are tax deferred will be confirmed in Tax Statements issued with the final distribution in August 2013.

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

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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 security holders.

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	М5	Pocahontas	495 Express lanes
Toll Revenue (\$'m)	244.7	71.2	30.8	51.0	104.8	96.7	7.4	0.8
Fees and other revenue (\$'m)	22.4	2.2	0.9	0.3	1.8	6.4	-	0.2
Total revenue (\$'m)	267.1	73.4	31.7	51.3	106.6	103.1	7.4	1.0
Toll revenue growth	5.3% <sup>1</sup>	(1.7%)	0.3%	8.2%	3.2%	10.1%	5.3%	-
Traffic growth	2.0%	(2.0%)	-	(0.4%)	2.4%	(0.4%)	5.1%	-
Total cost (\$'m)	(52.0)	(15.9)	(13.4)	(13.7)	(23.8)	(14.2)	(3.1)	(3.2)
EBITDA (\$'m)	215.1	57.5	18.3	37.6	82.8	88.9	4.3	(2.2)
EBITDA growth	5.6% <sup>1</sup>	(1.9%)	4.0%	8.0%	3.0%	11.4%	(6.0%)	-
EBITDA Margin	87.9%	80.8%	59.4%	73.7%	79.0%	91.9%	58.1%	(275.0%)

 Due to the timing of processing and revenue accruals related to the bedding down of a new tolling and customer billing system in the prior year, a negative adjustment of \$3.3 million is included in toll revenue for the current half year. The growth numbers quoted above exclude this adjustment. Including this adjustment, toll revenue for CityLink increased 4% on the prior corresponding period and CityLink EBITDA grew 3.9%.

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#### Appendix 2

Statutory results

	Six months ended 31 Dec 2012	Six months ended 31 Dec 2011	% Change
	\$'m	\$'m	
Toll, fee and other road revenue	439.4	424.3	3.6%
Construction revenue	124.6	138.6	(10.1%)
Business development and other revenue	21.2	7.8	171.8%
Total revenue	585.2	570.7	2.5%
Road operating costs	(97.0)	(91.8)	(5.7%)
Corporate costs	(22.8)	(19.1)	(19.4%)
Business development costs	(8.8)	(8.0)	(10.0%)
Construction costs	(115.8)	(134.3)	13.8%
Total direct costs	(244.4)	(253.2)	3.5%
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	340.8	317.5	7.4%
Depreciation and amortisation	(154.9)	(146.9)	(5.4%)
Finance income	53.9	104.6	(48.5%)
Finance costs	(177.8)	(193.8)	8.3%
Net finance costs	(123.9)	(89.2)	(38.9%)
Share of net profits (losses) of equity accounted investments	0.9	0.8	12.5%
Profit/(loss) before income tax	62.9	82.2	(23.5%)
Income tax benefit	18.2	14.4	26.4%
Profit/(loss) for the half	81.1	96.6	(16.0%)
Profit/(Loss) attributable to:			
Ordinary equity holders	80.9	93.2	(13.2%)
Non-controlling interests	0.2	3.4	(94.1%)
	81.1	96.6	(16.0%)

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### Appendix 3:

Proportional results

	Six months ended 31 Dec 2012	Six months ended 31 Dec 2011	% change
	\$'m	\$'m	
Toll revenue	491.8	473.8	3.8%
Fee revenue	36.1	32.1	12.5%
TTMS revenue	18.3	10.1	81.2%
Other revenue	16.4	5.6	192.9%
Total Revenue	562.6	521.6	7.9%
Operating costs	(114.9)	(108.3)	(6.1%)
Business development costs	(7.7)	(7.4)	(4.1%)
Corporate costs	(23.3)	(19.2)	(21.4%)
TTMS development costs	(9.4)	(5.7)	(64.9%)
Total Direct Costs	(155.3)	(140.6)	(10.5%)
Capitalised overheads	9.6	9.0	6.7%
Proportional EBITDA	416.9	390.0	6.9%
Free Cash	192.8	184.2	4.6%

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Appendix 4:

Reconciliation of Proportional EBITDA to the statutory income statement

	Six months ended 31 Dec 2012	Six months ended 31 Dec 2011
	\$'m	\$'m
Statutory EBITDA	340.8	317.5
Less: EBITDA attributable to Minority Interests	(9.3)	(9.0)
Add: M5 Proportional EBITDA	44.5	39.9
Add: M7 Proportional EBITDA	41.4	40.2
Add: Pocahontas Proportional EBITDA	3.2	3.4
Add: 495 Express Lanes proportional EBITDA	(1.5)	-
Add: DRIVe Operations Proportional EBITDA	(2.2)	(2.0)
Proportional EBITDA	416.9	390.0

### Appendix 5:

Reconciliation of statutory Cash Flows from operating activities to Free Cash

	Six months ended 31 Dec 2012	Six months ended 31 Dec 2011
	\$'m	\$'m
Cash flow from operating activities (Refer Group Statutory Accounts)	181.0	182.8
M7 Term Loan Notes received	(18.7)	(10.4)
Payments for maintenance capital expenditure	5.3	13.1
Cash flow from operating activities – M1 and M4	(18.2)	(34.7)
Controlled cash	149.4	150.8
M1 Eastern Distributor	11.0	11.6
M5 Interlink	24.5	21.0
M7 Term Loan Notes	18.7	10.4
Maintenance capital expenditure	(10.8)	(9.6)
Free Cash	192.8	184.2

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