

SGX release

8 February 2024

Transurban 1H24 results

Attached is an announcement made by Transurban Group (ASX: TCL) which is provided for the information of Transurban Queensland Finance Pty Limited (**Transurban Queensland**) noteholders.

Transurban Queensland has notes listed on the Singapore Exchange.

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Classification

Public

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Transurban 1H24 results¹

1H24 highlights

- Average Daily Traffic (ADT) of 2.5 million trips, up 2.1% on 1H23. Traffic was supported by growth in all regions and the opening of new assets
- 1H24 interim distribution of 30.0 cents per stapled security (cps), 108% covered by Free Cash (excluding Capital Releases) with Free Cash generation of 32.5 cps²
- Full year distribution of 62.0 cps expected, representing 7% growth on FY23 and in line with guidance provided at FY23 results³
- Proportional EBITDA⁴ of \$1,331 million, supported by proportional toll revenue increase of 6.3% to \$1,763 million and lower cost growth
- Active management of operational costs kept cost growth below inflation at 1.7%⁵. Excluding volume and new asset related costs, which are more than offset by associated revenue, costs declined in 1H24 relative to 1H23
- Strong balance sheet with ~\$3.4 billion in corporate liquidity. 94.6% of the debt book hedged, with weighted average cost of AUD debt remaining broadly stable at 4.3%
- Continued focus on strengthening stakeholder relationships through delivery of our existing development projects and demonstrating customer value

2.1%

increase in ADT across the portfolio

6.3%

increase in proportional toll revenue

1.7%

increase in proportional costs

30.0 cps

distribution for 1H24 fully supported by Free Cash (excl. Capital Releases)

¹ All % changes shown throughout are in relation to the respective prior corresponding period unless otherwise noted.

² Free Cash excluding Capital Releases of 32.5 cps. Free Cash per security including Capital Releases of 45.7 cps.

³ Distribution guidance is subject to traffic performance and macroeconomic factors, as well as the timing of distributions from non-100% owned assets. Any distribution will ultimately be determined by the Transurban Board at the relevant time.

⁴ Transurban assesses its performance based upon its proportional results and Free Cash. Appendix 1 reports the statutory results for the period.

⁵ Refer to slide 17 and 27 of 1H24 Investor Presentation for further details on cost growth and the reporting change of other revenue.

Classification

Public

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Commentary on operational performance and outlook

Chief Executive Officer, Michelle Jablko, said it was pleasing to see continued traffic growth in the first half of the financial year.

"We have had traffic growth across all the markets in which we operate, with overall Group traffic reaching around 2.5 million average trips a day. This solid traffic result, combined with disciplined operational and financial cost management, has underpinned the financial performance seen in the first half of FY24."

"Traffic in Brisbane has continued to grow, well supported by net migration. North America saw improved traffic performance, benefitting from return to office trends. Higher congestion and the time savings offered to our customers resulted in increased average toll prices, further complemented by additional access points opening on the Fredericksburg Extension."

"In Sydney, Rozelle Interchange opened in November, providing a greater number of connections for our customers. The opening of the interchange completes the final piece of WestConnex, which is performing in line with our assumptions. As expected, with WestConnex now complete, we are observing some diversionary traffic effects on other assets as customers make choices to best suit their travel needs. Melbourne continues its steady recovery with its highest half year result since 2019 despite short-term construction effects along the western corridor and office occupancy improving but still below peak rates."

Since commencing as CEO in October, Ms Jablko said that she had been focused on optimising the core business, setting the foundations for growth while strengthening current stakeholder relationships.

"In the short-term, earnings growth across the business is supported by solid traffic growth and disciplined cost management. Delivering and demonstrating value to our range of stakeholders across government, customer, community and investors remains key to us being a partner of choice. This half, we worked with Google to provide greater transparency on Google Maps in Australia, further empowering our customers to make informed travel choices. We also want to continue to grow value for customers through our rewards program. We currently have over 750,000 Linkt Rewards members, up 3 times since August last year and continuing to grow strongly."

"Longer term, we are well positioned to deliver disciplined growth through existing opportunities, supporting the significant population growth that is forecast in key markets and emerging mobility trends."

Ms Jablko highlighted the strength of the balance sheet to fund current and potential projects and opportunities.

"Our weighted average cost of debt remains relatively stable at 4.3% despite an active refinancing period during the first half of FY24. The corporate liquidity headroom of \$2.6 billion provides optionality for funding near term opportunities."

Finally, with respect to the Group's outlook, Ms Jablko said Transurban maintains its FY24 distribution guidance.

"The FY24 distribution guidance of 62.0 cents per security represents 7% growth on the FY23 distribution³. The distribution is currently expected to include approximately 4 cents per security from WestConnex cash, previously held during construction."

Key business activities

Project updates

- Rozelle Interchange opened to traffic on 26 November 2023, completing the 33-kilometre WestConnex project. Rozelle Interchange was delivered by Transport for NSW and forms part of the WestConnex concession managed by Transurban
- The West Gate Tunnel project completed the Footscray Road elevated section during 1H24. The installation of the road deck across both tunnels is now complete with the mechanical and electrical fit out progressing
- The 495 Northern Extension (Project NEXT) continues to progress with approximately 29% of the project completed. Opening is expected in 2025
- 95 Express Lanes signed development framework agreements with the Virginia Department of Transportation to explore the feasibility of bi-directional travel on a segment of the 95 Express Lanes
- Fredericksburg Extension mainline opened to the public on 18 August 2023 with the remaining access points opened in early December 2023. The extended 95 Express Lanes is the longest reversible road in the USA with the Fredericksburg Extension having seen 1.3 million trips since its opening
- Construction activities have commenced on the \$1.7 billion project to widen the M7 and connect with the new M12 Motorway. Construction of the Elizabeth Drive Connection, M7-M12 Interchange and M7 widening commenced during 1H24 with earthworks underway and progress made on installing and relocating utilities. Works are scheduled for completion in 2026

Customers, communities and sustainability

- Partnered with Google to launch estimated toll pricing in Google Maps
- 428,000 hours⁶ in average workday travel-time saved by Transurban customers
- More than 3,800 participants in LinktGO customer carbon offsets program, at January 2024
- NeuRA partnership has delivered research to improve the child car seat safety for children living with a disability
- >750,000 current Linkt Rewards members, up 3x since August 2023⁷

Sydney

- ADT increased by 1.2%
- Proportional toll revenue increased by 5.2% to \$878 million
- Proportional EBITDA increased by 3.0% to \$694 million
- Average workday traffic increased by 1.4% and average weekend/public holiday traffic increased by 0.7%
- Car traffic increased by 1.4% and large vehicle traffic decreased by 0.1%

⁶ Travel time savings based on TomTom data during 1H24 (excludes any savings associated with Rozelle Interchange).

⁷ Growth in number of Linkt Rewards members from end of August 2023 to end of January 2024.

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Melbourne

- ADT increased by 2.3%
- Proportional toll revenue increased by 6.6% to \$475 million
- Proportional EBITDA increased by 5.8% to \$403 million
- Average workday traffic increased by 2.8% and average weekend/public holiday traffic increased by 1.1%
- Car traffic increased by 2.3% and large vehicle traffic increased by 2.1%

Brisbane

- ADT increased by 2.6%
- Proportional toll revenue increased by 10.5% to \$288 million
- Proportional EBITDA increased by 11.4% to \$212 million
- Average workday traffic increased by 2.5% and average weekend/public holiday traffic increased by 2.9%
- Car traffic increased by 3.3% and large vehicle traffic increased by 0.3%

North America

- ADT increased by 5.3%
- Proportional toll revenue increased by 3.5% to \$122 million
- Proportional EBITDA increased by 8.4% to \$80 million
- Average workday toll revenue on the 95 Express Lanes increased by 17.7%. The average dynamic toll price was USD10.84
- Average workday toll revenue on the 495 Express Lanes increased by 54.2%. The average dynamic toll price was USD7.11
- Rolling 12-month peak direction traffic of 2,872 vehicles per hour on the A25

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Distribution and DRP

A distribution totalling 30.0 cps will be paid on 13 February 2024 for the six months ended 31 December 2023 and does not include a Capital Release.

The half year distribution will include ~2.0 cps of cash received from WestConnex, previously held during construction.

The distribution will be paid from the Transurban Holding Trust and its controlled entities and will not be franked. Transurban Holdings Limited and Transurban International Limited will not be paying a dividend for the period.

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.

FY24 distribution guidance

Transurban reaffirms its FY24 distribution guidance of 62.0 cents per stapled security on the basis set out in the FY23 results materials³, inclusive of the distribution of 30.0 cents per stapled security for the six months ended 31 December 2023.

The FY24 distribution is currently expected to include approximately 4 cents per security from WestConnex cash, previously held during construction.

Market briefing

Transurban will provide a market briefing with the CEO and CFO at 10:00 am (AEDT) today, 8 February 2024. The market briefing will be webcast via the Transurban website at transurban.com.

END

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This announcement is authorised by the Transurban Group Board.

Note: Further details are provided in the Appendices and the 1H24 Results Investor Presentation published alongside this release.

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Appendix 1

Statutory results

	1H23 \$M	1H24 \$M
Toll revenue	1,436	1,484
Construction revenue	508	539
Other revenue	88	102
Total revenue	2,032	2,125
Total operating expenses	(965)	(993)
Depreciation and amortisation	(570)	(536)
Net finance costs	(367)	(203)
Share of loss of equity accounted investments	(172)	(142)
(Loss)/profit before income tax	(42)	251
Income tax benefit/(expense)	97	(21)
Profit for the year	55	230

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Appendix 2

Proportional results

	1H23 \$M	1H24 \$M	% CHANGE
Toll revenue	1,658	1,763	6.3%
Other revenue	35	32	(9.7%)
Total revenue	1,693	1,795	6.0%
Total costs	(455)	(464)	1.7%
EBITDA	1,238	1,331	7.5%
EBITDA margin⁸	73.1%	74.2%	110bps
Free Cash (incl. Capital Releases)	863	1,412	63.5%
Gross distributions	815	927	13.7%
Distributions per security (DPS)	26.5cps	30.0cps	13.2%

⁸ Refer to slide 17 and 27 of 1H24 Investor Presentation for further details on cost growth and the reporting change of other revenue.

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Appendix 3

Traffic and revenue performance by market

Market	ADT ('000) ⁹		PROPORTIONAL TOLL REVENUE (A\$M)	
	Dec 23 qtr	1H24	Dec 23 qtr	1H24
Sydney	1,014	1,011	437	878
Melbourne ¹⁰	825	823	238	475
Brisbane	462	468	142	288
North America	155	156	61	122
Group	2,455	2,457	878	1,763
<i>North America (like for like basis)¹¹</i>	155	156	70	138

⁹ Market ADT figures may not add to Group ADT totals due to rounding.

¹⁰ CityLink traffic reported as average daily transactions ('000).

¹¹ Like for like basis excludes revenue contributions from the sale of a 50% interest in A25 to CDPQ effective from 1 March 2023, as well as contributions from the Fredericksburg Extension in the 95 Express Lanes. It also excludes any foreign exchange impact during the comparison period. Change in ownership does not impact traffic data which is reported on a 100% basis.

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