TRANSURBAN GROUP (TCL)

7 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Toll Revenue ($m)	2,249.0	2,083.0	+7.9%
Construction Revenue ($m)	989.0	592.0	+67%
EBITDA ($m)	1,649.0	1,526.0	+8.1%
Bloomberg Consensus ($m)	1,725.0		
Statutory Net Profit ($m)	468.0	209.0	+123.9%
Bloomberg Consensus ($m)	450.1		
Final Distribution ($)	0.28	0.265	+4.5%

Transurban (TCL) profits more than doubled helped by higher toll revenue

- Toll road operator **Transurban (TCL)** has more than doubled its annual profits to $485m for the 12 months to 30 June 2018. A lift in traffic numbers and increasing toll fares across the east coast of Australia, helped drive an 8% rise in revenue from its key toll road business. While net profit was above Bloomberg consensus, underlying earnings and guidance for distributions for the year ahead fell slightly short of market expectations.

- **Average Daily Traffic (ADT)** grew by 2.2% across its markets. While the group does have some assets in North America, its interests across the east coast of Australia still account for more than 90% of total revenue. **Sydney toll roads** revenue – the group's biggest earner – rose by 8.3% thanks partly to strong growth in large vehicle traffic. Revenue in Sydney contributed more than 40% of the organisation's total revenue. **Melbourne** stood out over the year, with toll revenue surging by 13.4% and EBITDA up 15.7%. The double digit growth was assisted by a lift in fares charged to heavy vehicles on the CityLink Tullamarine Freeway. Traffic numbers in Melbourne however remained under pressure due to State works. Growth in **Brisbane** was modest due partly to construction interruptions and what TCL described as "…improved fee arrangements for customers".

- No further details were provided in relation to the TCL led bid for a 51% stake in Sydney's **WestConnex** which it launched last month. The NSW government had previously said it would take some time to evaluate the offers on the table and TCL shares have been sluggish ahead of its decision. The ACCC on 19 July said it would delay its decision date until 6 September and …"is engaging with the NSW State Government regarding the sale process and will update the market once further information is available." TCL said it would maintain its FY19 distribution guidance even in the event of a successful bid for the motorway.

- **Outside of Australia**, TCL completed its acquisition of the A25 asset in Montreal which diversifies its Washington operations. Its North America business only accounts for 10% of total toll revenue. TCL's **development pipeline** remains significant at $10bn. This includes $4bn committed for the West Gate Tunnel project in Melbourne and $1.3bn on Sydney's NorthConnex.

- A **$0.28 per share final distribution** will be paid to eligible shareholders on 10 August. This was already declared in May and TCL went ex-distribution (the date that determines eligibility) on 28 June. $0.255 of the payment will be unfranked. At current prices, TCL has a dividend yield around 4.75%. **Looking ahead**, TCL flagged distribution guidance of $0.59/share for FY19, a $0.03 increase on the payments made in FY18. The payments are slightly below the $0.606 anticipated by the 13 analysts surveyed by Bloomberg.