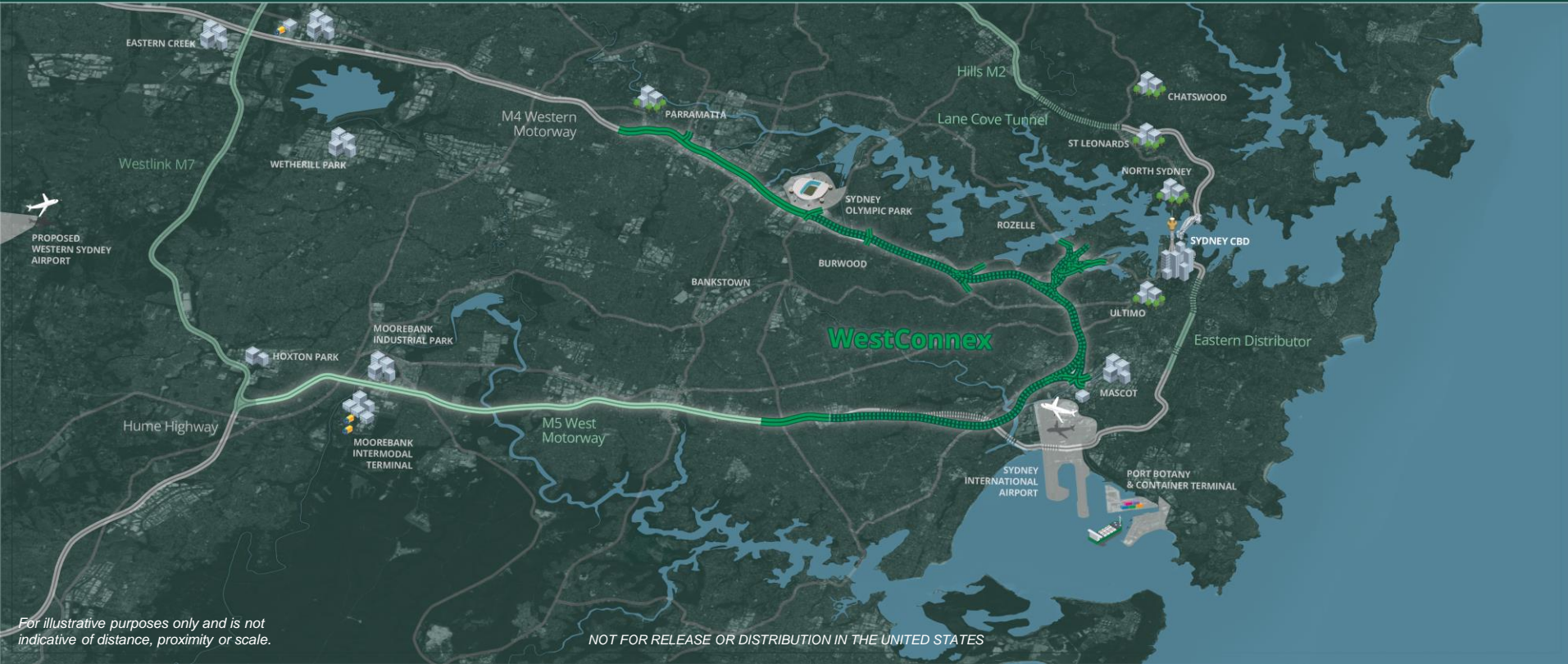


# WestConnex Acquisition

Transurban equity raising



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- eligible institutional security holders of Transurban ("Institutional Entitlement Offer"); and
- eligible retail security holders of Transurban ("Retail Entitlement Offer"),

under sections 708AA and 1012DAA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (together, the "Entitlement Offer"). Unless the context otherwise requires, capitalised terms and abbreviations have the meaning given in the glossary at the end of this Presentation.

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The offer is a 'PAITREO' structure and while it accommodates trading of retail entitlements, it does not constitute a pro rata 'renounceable' offer for the purposes of ASX Listing Rule 7.7.1(c), meaning a nominee facility for the sale of foreign security holder interests is not required.

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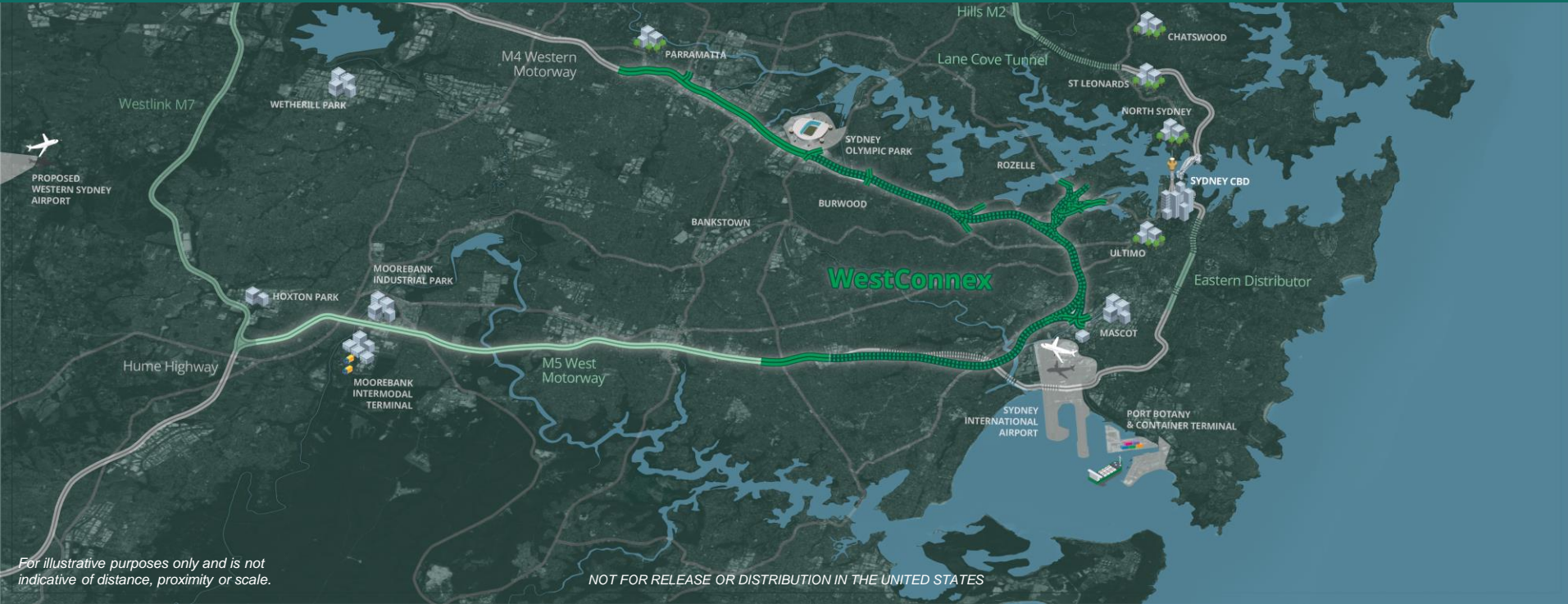
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# Transaction overview

Scott Charlton



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- Transurban (50%), AustralianSuper (20.5%), CPPIB (20.5%) and Tawreed Investments Limited (Tawreed)<sup>1</sup> (9%), as Sydney Transport Partners (STP) have executed an agreement to acquire a 51% equity stake in WestConnex (WCX) from the NSW Government for \$9.3 billion<sup>2</sup>
- Financial close of the acquisition expected in late September, subject to Foreign Investment Review Board (FIRB) approval<sup>3</sup>
- By 2031, the NSW Government expects WestConnex to provide travel time savings of approximately 40 minutes between Parramatta and Sydney Airport<sup>4</sup>
- Majority of traffic from well-established brownfield corridors with the M4 and M5 operational for over 26 years<sup>5</sup>
- Construction materially progressed under fixed-time, fixed-price contracts<sup>6</sup>
- Operational synergies identified, leveraging Transurban's capabilities
- Investment discipline maintained
- Transurban to raise \$4.2 billion through a fully underwritten accelerated pro rata renounceable entitlement offer with retail entitlements trading (Entitlement Offer), plus \$600 million through a placement to certain STP consortium members<sup>7</sup>
- Proceeds raised under the Entitlement Offer and placement that are in addition to the WestConnex investment requirements will be used for general corporate purposes
- FY19 and FY20 mid-single digit distribution growth targeted, with FY19 distribution guidance maintained at 59.0 cps<sup>8</sup>
- For further detail regarding Transurban's FY18 performance, refer to the FY18 Results Presentation

*“We are honoured to be chosen by the NSW Government as its partner for WestConnex. We understand the significant responsibilities that come as custodian of this city-shaping infrastructure and the enduring legacy it will create.”*

1. A wholly owned subsidiary of Abu Dhabi Investment Authority.

2. Excluding transaction costs of \$0.1 billion. The purchase price is subject to a post completion adjustment for working capital, net debt and capex as at completion of the acquisition.

3. Subject to customary closing conditions. Refer to Key risk 3.1.

4. Source: WestConnex Updated Strategic Business Case (2015).

5. Refer to slide 22 for additional information.

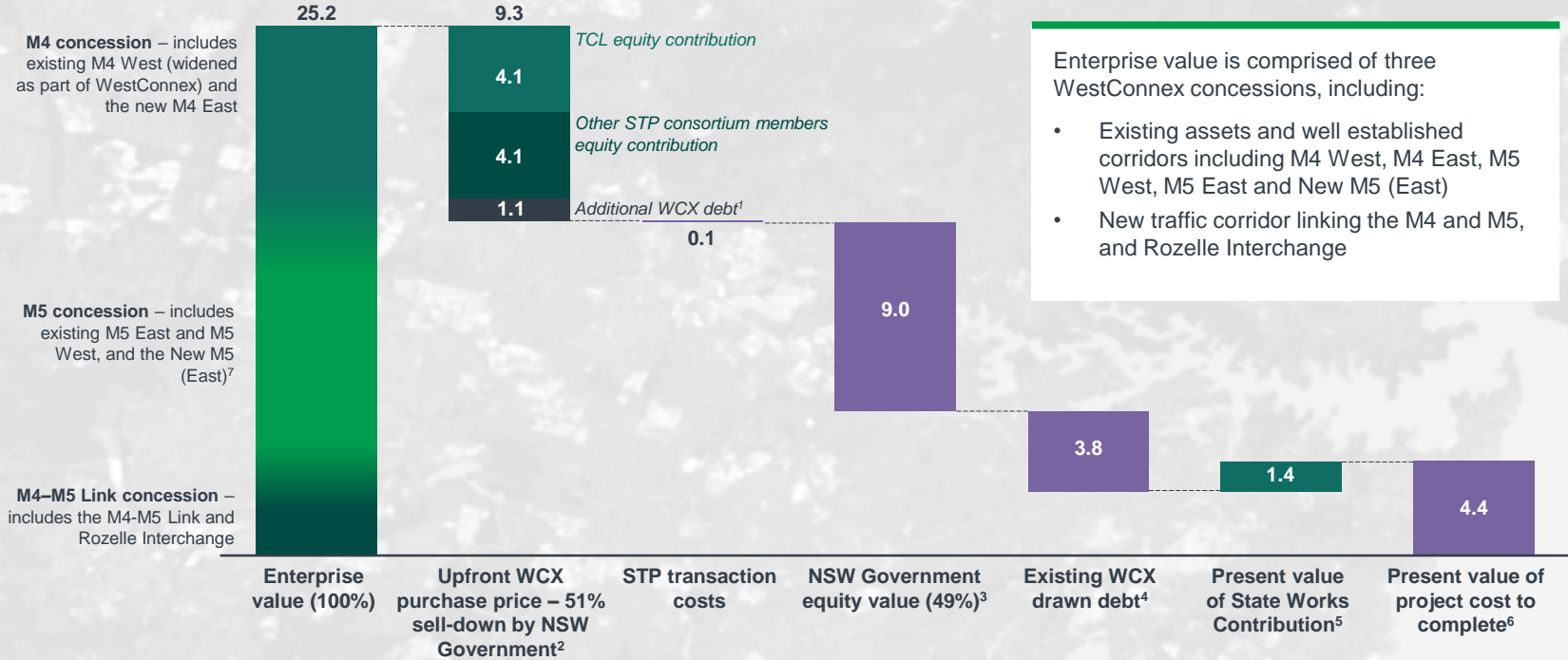
6. Refer to slides 23 and 40 for additional information.

7. New Securities and securities issued under the placement will rank equally with ordinary securities.

8. Refer to slide 17 for additional information.

# WestConnex concessions

## Composition of WCX enterprise value (\$b)



Enterprise value is comprised of three WestConnex concessions, including:

- Existing assets and well established corridors including M4 West, M4 East, M5 West, M5 East and New M5 (East)
- New traffic corridor linking the M4 and M5, and Rozelle Interchange

1. Will be repaid via the additional debt drawn at Debt Financial Close as per slide 38, which is used by STP to fund the upfront purchase price.

2. Upfront WCX purchase price is inclusive of approximately \$0.6 billion stamp duty, payable on acquisition.

3. Includes the value of the additional debt drawn at Debt Financial Close and distributed to the NSW Government as per slide 38.

4. Existing drawn debt at Acquisition Financial Close. See slide 38 for further information.

5. The State Works Contribution is the capital contribution for Stage 3A to be provided by RMS. This is separate to the NSW Government's 49% share of the equity funding commitment for Stage 3A. Equivalent to the nominal amount of \$1.6 billion as per slide 40.

6. Equivalent to the nominal amount of \$5 billion as per slide 40.

7. M5 West is currently under concession to Interlink Roads Pty Ltd (of which Transurban is a part owner) until current concession expiration date in December 2026. The M5 West will form part of the concession for WestConnex from December 2026.



# WestConnex aligned with strategy

- WestConnex will provide effective and innovative urban road infrastructure
- 42.5 year concession extends Transurban's average concession length<sup>1</sup>
- Sydney's population is projected to reach almost 8.5 million by 2061<sup>2</sup>
- Population growth expected to be concentrated in WestConnex corridors, with a projected compound annual growth rate of 2.4% through to 2026<sup>3</sup>
- Cost of Sydney traffic congestion in 2015 estimated at \$6.1 billion and may increase to \$12.6 billion by 2030 without any action<sup>4</sup>
- WestConnex key to Sydney's transport plan:
  - extends the M4, doubles capacity along the M5 East corridor and connects the M4 and M5
  - 33km of new or improved motorway linking Sydney's west and south-west with the CBD, and the corridor to Sydney Airport and Port Botany<sup>5</sup>
  - connects to the proposed Western Harbour Tunnel, Sydney Gateway and F6 Extension
- Equivalent to approximately double the lane kilometres of CityLink in Melbourne
- Toll escalation greater of CPI or 4% per annum until 2040 and the greater of CPI or 0% thereafter<sup>6</sup>
- Long-term traffic history for M4 West, and M5 West and East, which are primary WestConnex value drivers

1. WestConnex concession life remaining in years as at 30 June 2018, not including M5 West which forms part of the concession for WestConnex from December 2026. Not revenue weighted because concession life for all stages is the same.

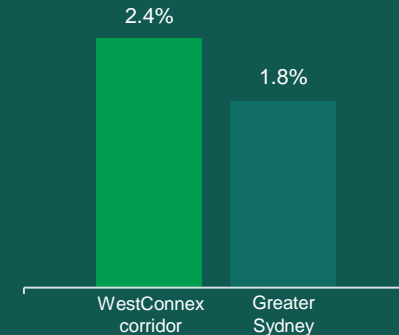
2. Source: Infrastructure Australia, Population Estimates and Projections, Australian Infrastructure Audit Background Paper, April 2015.

3. Based on Deloitte Access Economics estimates and Transurban's own internal estimates and assessments. Expectations relating to population and employment growth are based on a number of assumptions including fertility and mortality rates, overseas and interstate migration, land use, the form and timing of government planning and infrastructure policies, demographic trends and macroeconomic factors and there can be no assurance that these projections are accurate and actual outcomes may differ materially from such projections because events and actual circumstances frequently do not occur as projected. See the Key risks for further information.

## Key statistics

Sydney population (2017) <sup>7</sup>	5.1 million
Gross state product growth (2007-2017) <sup>8</sup>	2.4%
Number of registered vehicles in NSW (2018) <sup>9</sup>	5.6 million

## PROJECTED POPULATION GROWTH 2016-2026<sup>3</sup>



4. Source: Bureau of Infrastructure, Transport and Regional Economics publication - Traffic and congestion cost trends for Australian capital cities – Information sheet. Bureau of Infrastructure, Transport and Regional Economics considers multiple scenarios, with \$12.6 billion reflecting the upper baseline projection.

5. Approximate length. WestConnex includes approximately 30km of additional existing assets.

6. Not including M5 West which escalates quarterly by CPI.

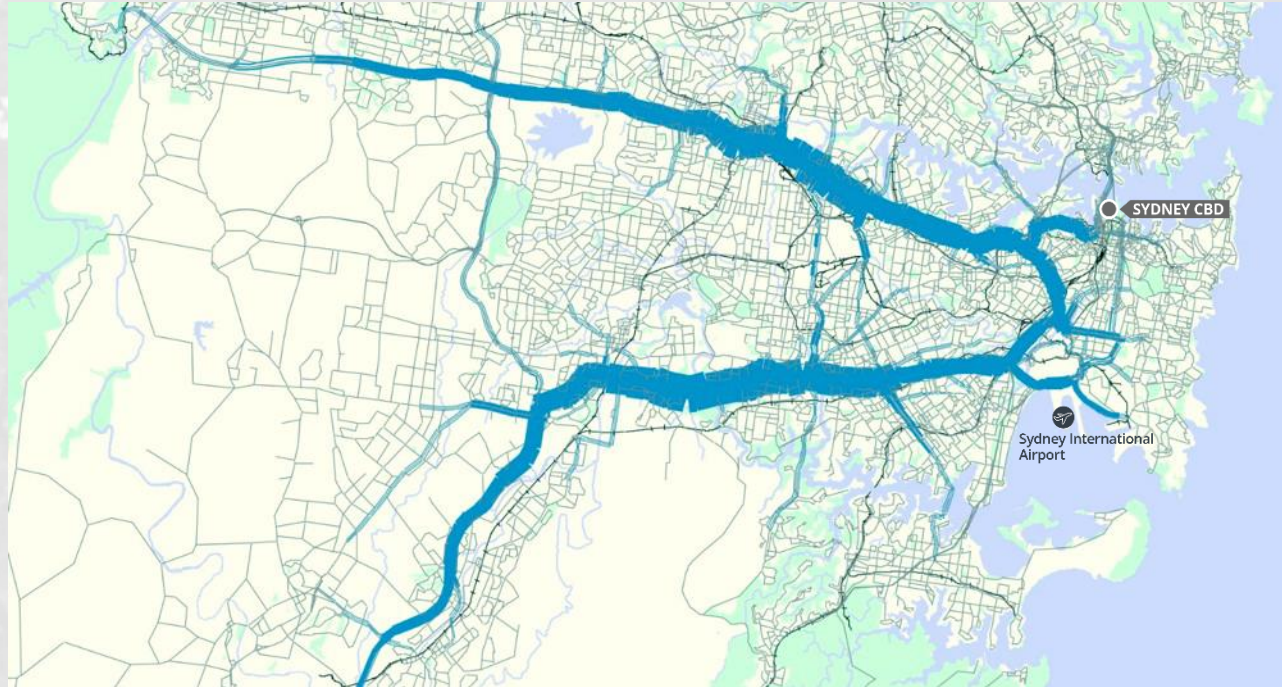
7. Source: Regional Population Growth 2016-2017, Australian Bureau of Statistics, catalogue 3218.0.

8. Source: Gross State Product, Australian Bureau of Statistics, catalogue 5220.0 Australian National Accounts: State Accounts, 2016-17.

9. Source: Motor Vehicle Census, Australian Bureau of Statistics, catalogue 9309.0., 31 January 2018.

# 40% of Sydney population expected to live within 5km of WestConnex<sup>1</sup>

## Vehicle trips expected to use WestConnex<sup>2</sup>

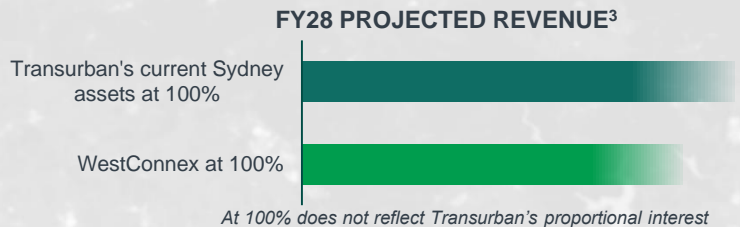
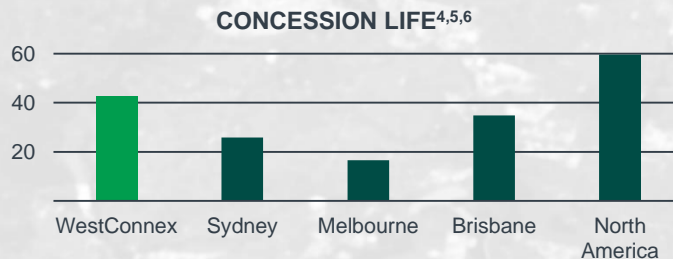
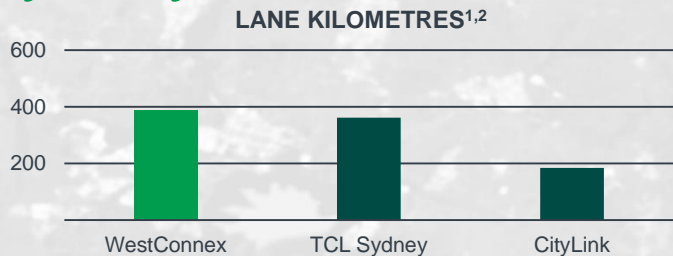


- Vehicles using WestConnex are drawn from across the city
  - critical connection between Sydney's west and south-west and the Sydney CBD, and the corridor to Sydney Airport and Port Botany
- WestConnex expected to be a key beneficiary of further proposed links to the north and south:
  - F6 Extension
  - Western Harbour Tunnel
  - Sydney Gateway

1. In 2031, based on Deloitte Access Economics estimates and Transurban's own internal estimates and assessments. See slide 9 and footnote 3 on that slide, and Key risks for further information.

2. Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

# WestConnex doubles Transurban's lane kilometres in Sydney<sup>1</sup>



	Transurban's current Sydney asset base	WestConnex
<b>Toll escalation</b>	Various mechanisms <sup>7</sup>	Greater of CPI or 4% per annum to 2040 <sup>8</sup>
<b>Concession years remaining</b>	25.8 <sup>5</sup>	42.5 <sup>4</sup>

1. M5 West included in WestConnex and excluded from Transurban Sydney.

2. Lane kilometres are approximate estimates based on available data and actual construction figures may vary. Figures are based on main-line lane length without ramps, except in relation to the Rozelle Interchange where certain ramp lengths are included.

3. Provided for illustrative purposes only to demonstrate Transurban management's estimate and assessment of the projected relativities of Transurban's current Sydney portfolio with that of WestConnex post-construction of all planned stages and with the handover of M5 West concession included. This assessment has regard to the Business Plans which are in turn subject to a range of assumptions and contingencies. There can be no assurance that these estimates and assessments will be accurate and the actual outcome may differ materially because events and actual circumstances frequently do not occur as projected or assumed in long term business plans. See the Basis of Preparation on slide 58 for information on the preparation of the Business Plans.

4. WestConnex concession life remaining in years as at 30 June 2018, not including M5 West which forms part of the concession for WestConnex from December 2026. Not revenue weighted because concession life for all stages is the same.

5. Remaining life as at 30 June 2018 for each concession is weighted based on the contribution to Transurban's total proportional revenue for FY18 in each concession's respective region as reported in Transurban's audited financial statements. M5 West is included in the Sydney weighted average concession life calculation up until the current concession expiration date in December 2026.

6. M5 West forms part of the concession for WestConnex from December 2026. USD toll revenue is translated monthly using the average exchange rate for the month. CAD toll revenue is translated at the spot exchange rate at 31 May 2018 (0.9733), used as a proxy for rate on acquisition which occurred on 5 June 2018. A25 FY18 pro forma full year toll revenue has been used in the North America weighted average concession length calculation as the asset was only acquired on 5 June 2018. Melbourne weighted average concession length not inclusive of 10 year CityLink concession extension as part of the West Gate Tunnel Project which requires the successful passage of legislation through parliament.

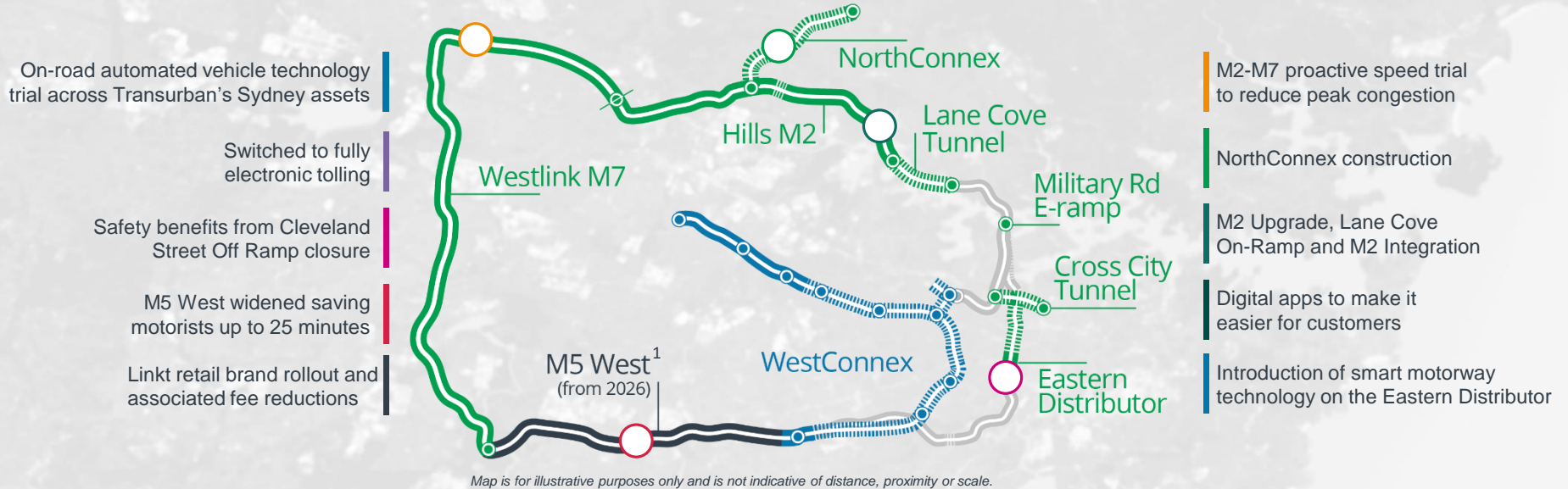
7. For full details of concession escalation mechanisms refer to slide 51.

8. Not including M5 West which after December 2026 escalates quarterly by CPI. For the other WestConnex assets, from 2040 through to end of concession, tolls escalate at the greater of CPI or 0%.



# Enhanced value over time

Transurban operates its Sydney assets with the objective of benefitting all Sydney motorists, communities and the NSW Government



1. Currently under concession to Interlink Roads Pty Ltd (of which Transurban is a part owner) until current concession expiration date in December 2026. The M5 West will form part of the concession for WestConnex from December 2026.

# Synergies and value add

Strategy: to be the partner of choice with governments, providing effective and innovative urban road infrastructure and services utilising core capabilities



## Customer experience

- Enhanced offerings including Transurban's mobile apps and tolling platforms
- Linkt customer interface



## Operations<sup>1</sup>

- Ability to extract synergies through centralisation of corporate services and customer operations
- Cost reduction through insourcing of operations
- Operational expertise to improve road safety and maximise lane availability



## Community engagement

- Ability to leverage experience gained through NorthConnex and West Gate Tunnel community engagement processes
- Respect for the communities in which we operate to ensure a sustainable future



## Technology

- Transition to Transurban's back-office tolling system, GLIDe, and utilisation of smart motorway technologies
- Utilisation of existing Transurban customer and corporate systems



## Development/delivery

- Demonstrated capability to work with tier-one contractors to deliver major projects
- Track record of working with governments to deliver enhancements to existing toll-road concessions



## Network planning

- Experienced network planning and traffic modelling teams supporting long-term strategic planning and development activities

<sup>1</sup>. Refer to Key risk 3.2.

# Ongoing Sydney infrastructure investment

- Opportunities for capacity expansion on existing Transurban assets, including the M7, which will need widening in the future to meet demand
- NSW Government proposed infrastructure projects, including<sup>1</sup>:
  - F6 Extension (Stage 1: \$2.2-\$2.6 billion, targeted opening 2024)<sup>2</sup>
  - Sydney Gateway (targeted construction completion by 2023)<sup>3</sup>
  - Western Harbour Tunnel (targeted opening by 2026)<sup>4</sup>
  - Beaches Link (targeted opening by 2026)<sup>4</sup>
  - Sydney Metro City and Southwest (\$11.5-\$12.5 billion, targeted opening 2024)<sup>5</sup>
  - Sydney Metro West (\$10 billion<sup>6</sup>, targeted opening late 2020s<sup>7</sup>)
  - Rail links connecting Western Sydney and the Western Sydney Airport<sup>8</sup> (\$27-\$35 billion identified by scoping study<sup>9</sup>, Stage 1 of North-South Link targeted opening 2026<sup>10</sup>)
  - Western Sydney Airport<sup>11</sup> (\$5.3 billion, targeted opening 2026)<sup>12</sup> and associated road investment program (\$3.6 billion)<sup>13</sup>, including the M12 motorway (expected completion before the opening of the Western Sydney Airport)

1. As per the NSW State Infrastructure Strategy 2018-2038. Cost and timing estimates based on publicly available information.

2. Source: <http://www.rms.nsw.gov.au/projects/sydney-south/f6/index.html>

3. Source: [http://www.infrastructure.nsw.gov.au/media/1682/nsw\\_infrastructure\\_pipeline\\_july-2018-web-version.pdf](http://www.infrastructure.nsw.gov.au/media/1682/nsw_infrastructure_pipeline_july-2018-web-version.pdf)

4. Source: <https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/western-harbour-tunnel-and-beaches-link-take-major-steps-forward/>

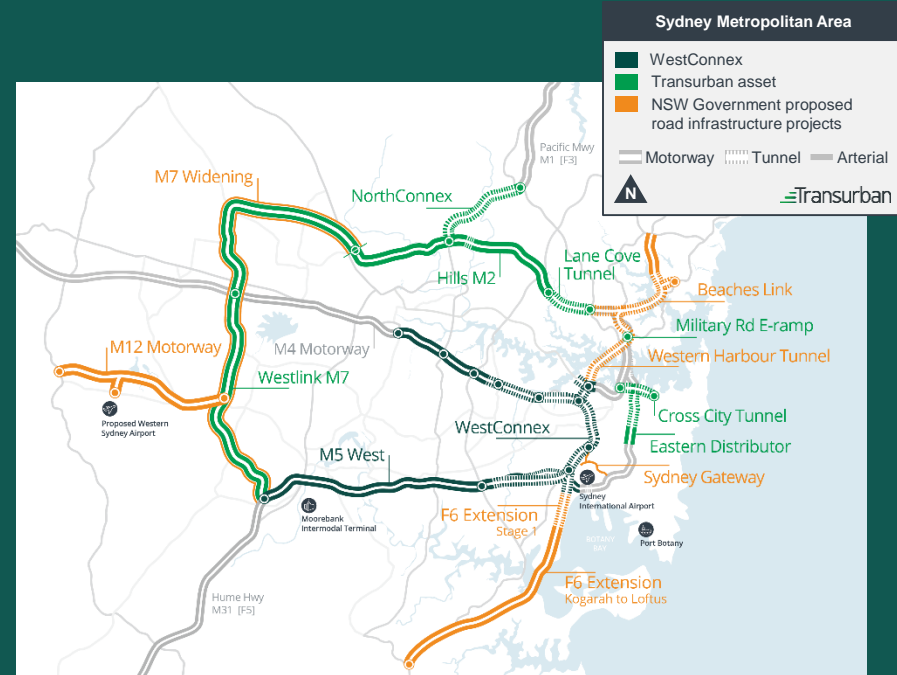
5. Source: <https://www.sydneymetro.info/sites/default/files/Sydney%20Metro%20CSW%20Business%20Case%20-Summary.pdf>

6. Source: <https://infrastructurepipeline.org/project/sydney-metro/>

7. Source: <https://www.sydneymetro.info/sites/default/files/document-library/Sydney-Metro-West-Project-Overview-March-2018.pdf>

8. The Western Sydney Rail Needs Scoping Study identified the need for a North-South Link (\$15-\$20 billion) and East-West Link (\$12-15 billion). The initial stage of the North-South Link (from St Marys to Western Sydney Airport and the Badgerys Creek Aerotropolis) will proceed under the Western Sydney City Deal agreed between the NSW and Australian Governments.

9. In 2017 dollars. Source: <https://cities.infrastructure.gov.au/22446/documents/73656>



Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

10. Source: <https://cities.infrastructure.gov.au/westernsydney-connectivity>

11. Federal Government initiative, not NSW Government.

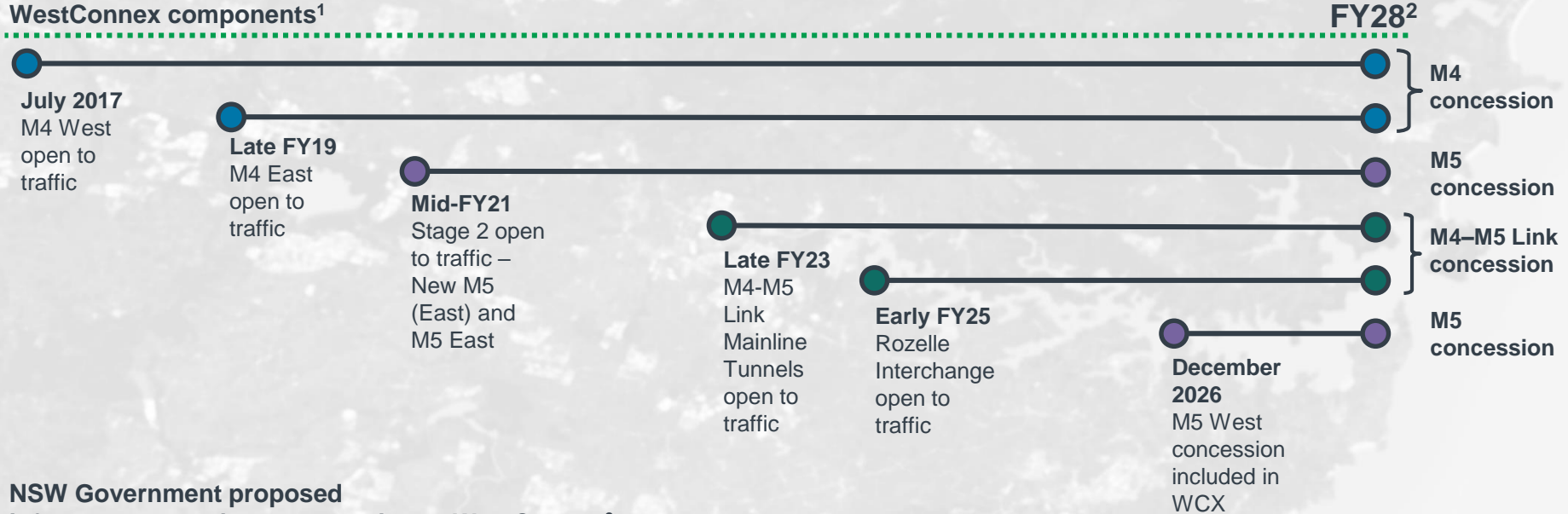
12. Source: <https://budget.gov.au/2017-18/content/glossies/jobs-growth/html/jobs-growth-05.htm>

13. Source: <http://www.rms.nsw.gov.au/projects/sydney-west/m12-motorway/index.html>



# WestConnex cash flows progressively building

## WestConnex components<sup>1</sup>



## NSW Government proposed infrastructure projects connecting to WestConnex<sup>3</sup>



1. Estimated opening dates. Given the nature, scale and construction timeframe of the WestConnex components, there is a risk that the components may take longer to complete than estimated, including if the D&C contractors fail to perform their obligations under the D&C contracts. Rozelle Interchange is still in procurement. See Key risks 1.10, 1.12 and 3.9 for further information.

2. FY28 represents the first full financial year after expected construction of all planned stages and inclusion of the M5 West concession.

3. Targeted opening/completion dates based on publicly available information. Refer to slide 14 for additional information.

## TRANSURBAN ACQUISITIONS— CONCESSION PERIOD AND EV/EBITDA MULTIPLES<sup>1</sup>

24 years	A25 (Jun-18) <sup>2</sup>	26.3x
37 years	AirportlinkM7 (Nov-15) <sup>3</sup>	28.0x
38 years	Queensland Motorways (Jul-14) <sup>4</sup>	27.5x
21 years	Cross City Tunnel (Mar-14) <sup>5</sup>	18.0x
38 years	Lane Cove Tunnel (May-10)	28.5x

- WestConnex implied EV/EBITDA multiple broadly in line with Transurban's recent transactions, having regard to the pro forma EV/EBITDA multiple at Acquisition Financial Close, calculated using the present value of the projected EBITDA in FY28, being the first full year of operation of the integrated three stage network including the M5 West concession<sup>6</sup>
- Acquisition is projected to be value accretive<sup>7</sup>
- Investment is expected to increase Transurban's cumulative distributions over the WestConnex concession life
- WestConnex concession length of 42.5 years compares to 25.8 years for Transurban's current Sydney asset base and 28.1 years for Transurban Group<sup>8</sup>

Source: Transurban statutory accounts and ASX releases in respect of the relevant acquisition.

- Enterprise value includes net debt and excludes transaction costs and stamp duty where disclosed.
- The transaction multiples set out are calculated based on the EV of the relevant asset at the time of its acquisition and historical EBITDA as at the same date. The multiple may not be reflective of the current multiple for the relevant asset.
- In relation to the selected transactions (a) the transaction multiples may incorporate various levels of a control premium and special values paid for by the acquirer based on the specific circumstances of the acquisition at the time and (b) the transactions occurred between May 2010 and June 2018 when economic conditions, including interest rates and economic outlook, may have been materially different from those currently experienced in relation to the WestConnex acquisition and may be materially different in FY28. These and other factors may influence the amounts paid for the businesses.

1. Concession years remaining at financial close of the relevant acquisition.

2. Calculated using pro forma FY17 EBITDA and an enterprise value based on a purchase price of CAD 840 million and acquired debt of CAD 377 million.

3. Calculated using FY16 Q1 EBITDA of \$16.9 million (annualised using FY15 seasonality) and a purchase price of \$1.87 billion.

4. Calculated using underlying FY15 EBITDA and an enterprise value based on purchase price (excluding stamp duty and transaction costs) of \$6.67 billion. No adjustment for value attributable to Legacy Way for which operations commenced on 25 June 2015 and contributed no earnings at the time of acquisition. Excludes operating synergies / business improvements at Queensland Motorways.

5. Based on disclosed acquisition price and 12 months historic EBITDA to June 2013 of \$26.4 million based on CCT Motorway Group financial statements provided in the course of the acquisition of Cross City Tunnel.

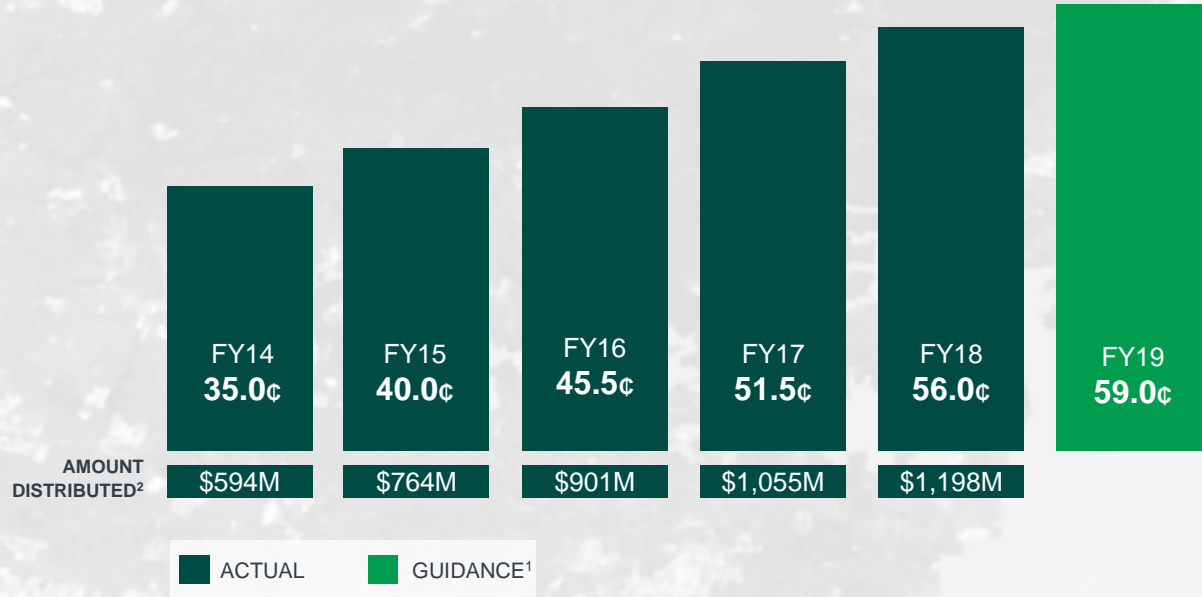
6. The enterprise value at Acquisition Financial Close is determined based on the present value of 100% of WestConnex at Acquisition Financial Close including additional capital invested (net of return on capital) up until the end of the first full year of operation of the M5 West concession. The enterprise value and projected FY28 EBITDA are based on Transurban management's estimates and assessment, having regard to the WestConnex Business Plan, and are subject to a range of assumptions and contingencies. There can be no assurance that these estimates and assessments will be accurate and the actual outcome may differ materially because events and actual circumstances frequently do not occur as projected or assumed in long term business plans. See the Basis of Preparation on slide 58 for information on the preparation of the WestConnex Business Plan.

7. Investment delivers a projected project Internal Rate of Return over the life of the WestConnex concession greater than Transurban's corporate Weighted Average Cost of Capital.

8. As at 30 June 2018. WestConnex concession life not revenue weighted because concession life for all stages is the same. M5 West forms part of the concession for WestConnex from December 2026 and is therefore excluded from the WestConnex concession life calculation. M5 West is included in the Transurban Group and Sydney weighted average concession life calculation up until the current concession expiration date in December 2026.

# Transurban distribution growth

- FY19 and FY20 mid-single digit distribution growth targeted, with FY19 distribution guidance maintained at 59.0 cps<sup>1</sup>
- Targeting distributions to be approximately 100% free cash flow covered over time
- Transurban distributions will be supported immediately by distributions from WestConnex, and from capital releases generated as new WestConnex assets come online and credit metrics improve, similar to other scheduled Transurban capital releases as pre-agreed with state governments<sup>3</sup>



1. Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described in the Basis of Preparation on slide 58. Also see Key risks.

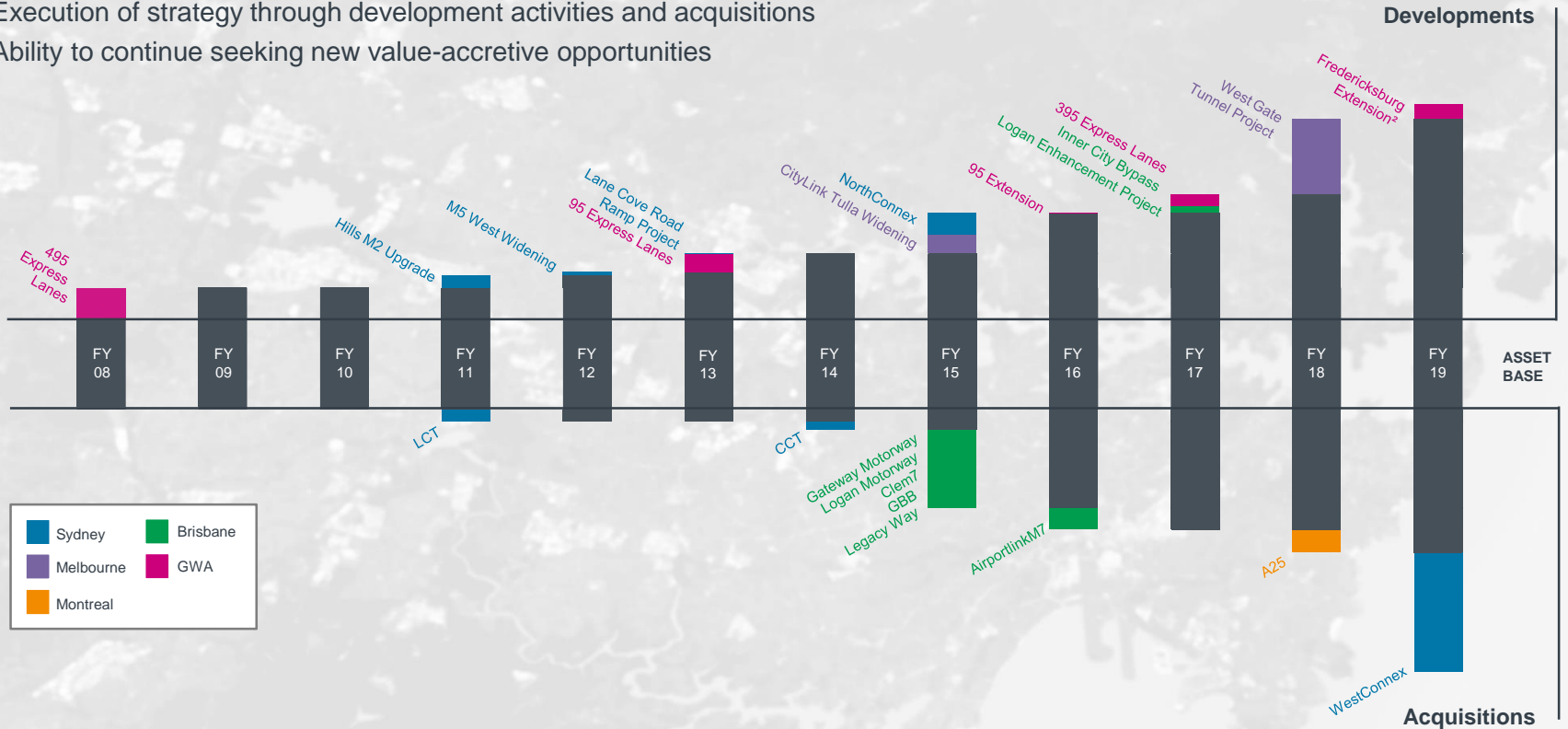
2. Gross distributions paid inclusive of DRP.

3. Future capital releases over the next several years have been pre-agreed with governments and managed within Transurban's credit metric parameters for developments including Transurban Queensland, NorthConnex and the 95 Express Lanes.



# Transurban value creation over time<sup>1</sup>

- Execution of strategy through development activities and acquisitions
- Ability to continue seeking new value-accretive opportunities



1. Chart scale is for illustrative purpose only and is based on proportional construction or acquisition cost in nominal terms upon reaching contractual / financial close.

2. Fredericksburg Extension project approved in January 2018 with financial close scheduled for first half of 2019.

# From concessionaire to integrated transport company

## CORE BUSINESS

- Operating in five urban markets
- Inflation-linked revenue
- Traffic growth through economic cycles
- Focus on organisational culture and people

## OPERATIONAL EXCELLENCE

- Application of smart motorway technology
- Organisational expertise and capability
- Advanced data analytics capability
- Continuous investment in safety and efficiency
- Traffic modelling
- Using data to determine optimal incident response staging locations

## LONG-TERM SUSTAINABILITY

- Investing in improved experiences for customers through fee restructuring, and service offerings to give customers choice and flexibility
- Balanced view of stakeholder interests including customers and the community

## FUTURE POSITIONING

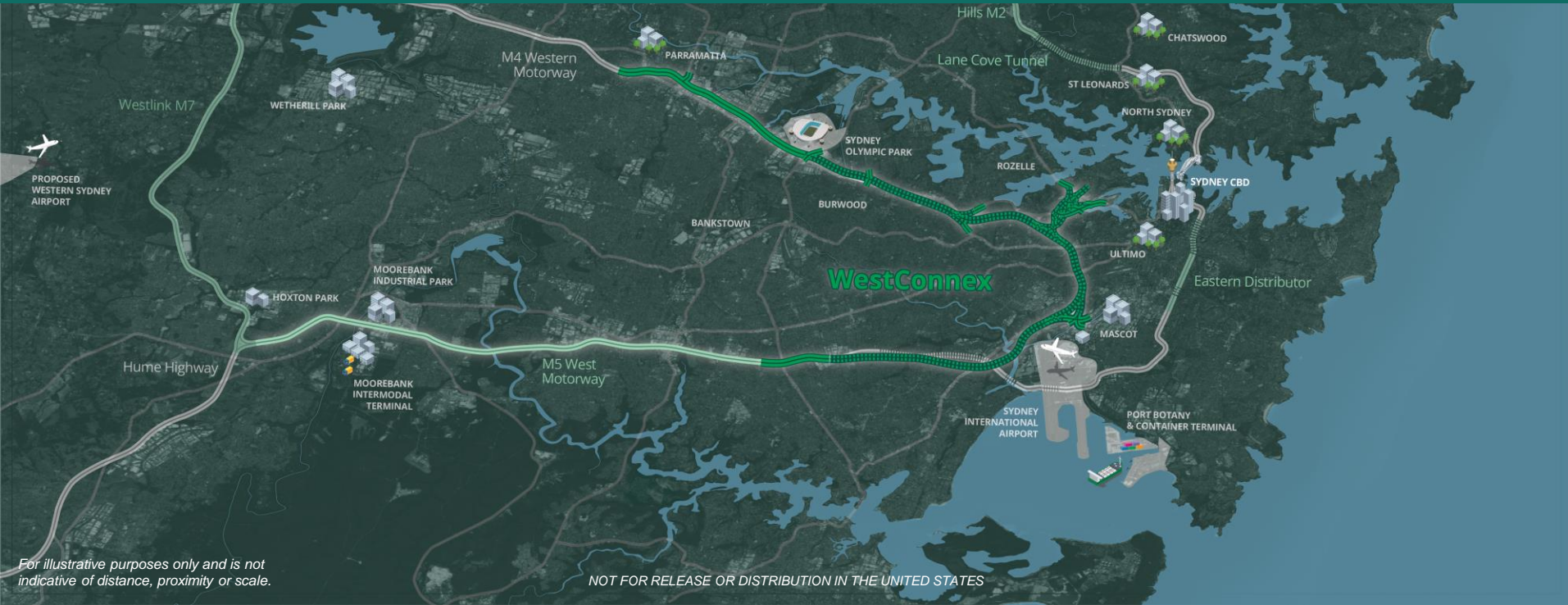
- CAV trials
- Road usage and transport policy reform
- Data analytics
- Technology partnerships
- Mobility as a service

## DEVELOPMENT

- Approximately 341 lane kilometres across seven projects with multiple government partners

# WestConnex overview

Andrew Head



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# WestConnex overview

33km of new or improved motorway linking Sydney's west and south-west with the CBD, and the corridor to Sydney Airport and Port Botany<sup>1</sup>

## WestConnex Stage 1

- **M4 West Widening (M4 West) / Stage 1A:** existing M4 West motorway widened to four lanes in each direction from Parramatta to Homebush (7.5km)
- **M4 East Motorway / Stage 1B:** new 6.5km motorway section of three lanes in each direction, from Homebush Bay Drive, Homebush to Parramatta Rd and City West Link (Wattle St) at Haberfield. This includes 5.5km of new twin tunnels and associated surface works

## WestConnex Stage 2

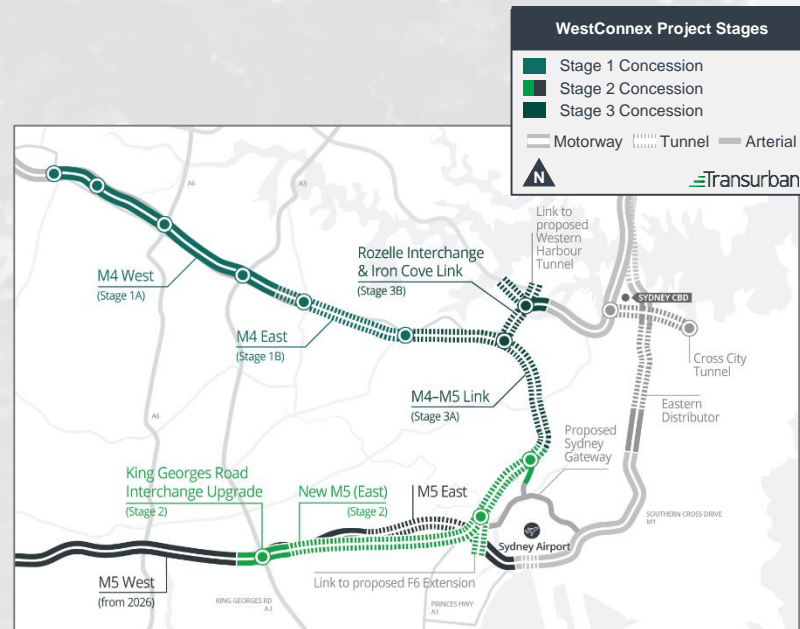
- **New M5 (East) Motorway:** new 11km motorway
  - surface widening of M5 East, from King Georges Rd to new tunnel portal
  - new 9km twin tunnels, marked for two lanes (built to accommodate three lanes from Kingsgrove to Arncliffe and five lanes from Arncliffe to St Peters)
  - provision for connection to future F6 Extension
- **M5 East Motorway:** existing M5 East motorway between King Georges Rd and General Holmes Drive, transfer from opening completion of New M5 (East)

## WestConnex Stage 3

- **Stage 3A—M4-M5 Link Mainline Tunnels:** new 7.5km twin tunnels of four lanes connecting the M4 East at Haberfield to the New M5 (East) at St Peters, and stub connections for the future Rozelle Interchange and Iron Cove Link
- **Stage 3B—Rozelle Interchange and Iron Cove Link:** new interchange connecting the M4-M5 Link Mainline Tunnels to the surface and the Anzac Bridge, including provision for future connectivity to the proposed Western Harbour Tunnel

## M5 West

- **M5 West:** existing motorway of three lanes in each direction stretching between the M5 East and WestLink M7 to form part of the Stage 2 concession from December 2026, once the existing concession expires



Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

1. Approximate length. WestConnex includes approximately 30km of additional existing assets.

# Significant brownfield exposure

Trips drawn predominantly from the established M4 and M5 corridors, with only 6% of expected FY28 WestConnex toll revenue projected to come solely from greenfield (Stage 3 only) trips<sup>1</sup>

Brownfield trips are characterised by movements that are:

- on existing assets and well established corridors;
- based on existing, well defined travel patterns; and/or
- already observed and measurable

## Stage 1

Combination of widening project on an existing motorway with established traffic and new twin-tunnels, providing an alternative route to the highly congested Parramatta Road

## Stage 2

Duplication of the existing M5 East, with twin tunnels from Kingsgrove to a new interchange at St Peters and an existing brownfield asset

## Stage 3

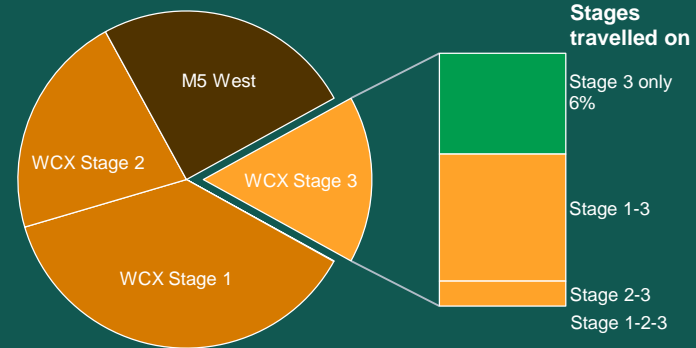
Project component creating new traffic corridor between the M4 and M5

## M5 West

Existing brownfield asset in a heavily utilised and growing corridor

1. Based on Transurban management's estimates and assessment, having regard to the WestConnex Business Plan. See the Basis of Preparation on slide 58 for information on the preparation of the WestConnex Business Plan. Expectations relating to traffic are based on a number of assumptions including changes to the Sydney road network (for example the proposed projects referred to on slide 14), land use profiles and macroeconomic factors. There can be no assurance that these projections are accurate and actual outcomes may differ materially from such projections because events and actual circumstances frequently do not occur as projected. See the Key risks (in particular Key risk 1.2) for further information.

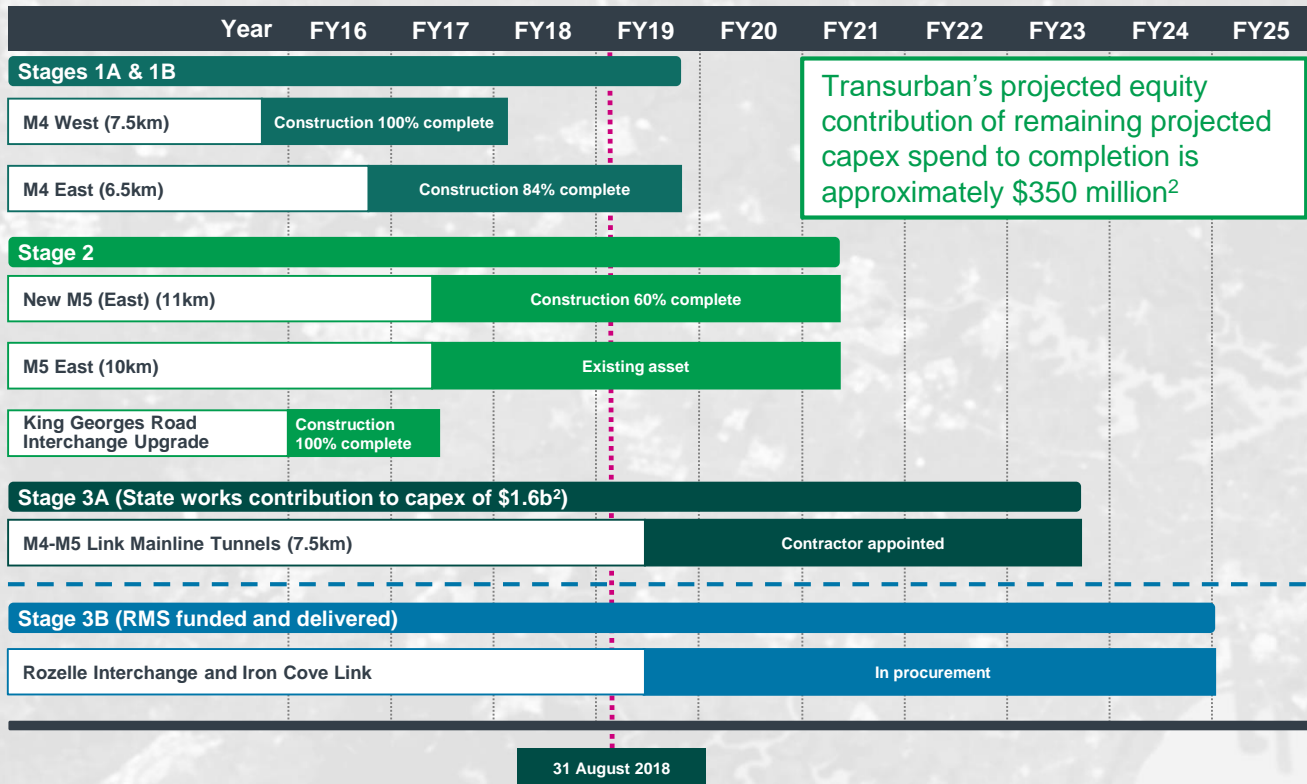
STAGE 3 PROJECTED RELATIVE TOLL REVENUE CONTRIBUTION BY STAGE IN FY28<sup>1</sup>



Segments are for illustrative purposes only

- M5 West – Existing brownfield asset, separately tolled
- WCX – Largely brownfield trips
- WCX – Overlap movements
- WCX – Greenfield trips

# Construction profile materially progressed<sup>1</sup>



- WestConnex delivery oversight will be led by an experienced and dedicated team
- Reduced construction risk with two of three stages substantially progressed, and Roads and Maritime Services responsible for the delivery of Stage 3B
- Industry-standard, fixed time and fixed price construction contracts with tier-one contractors

1. Construction completion percentages as per WestConnex website as at 27 August 2018. Estimated completion dates. See slide 15 and footnote 1 on that slide for further information.

2. Refer to slides 40 and 41 for additional information.



## Stage 3A M4-M5 Link Mainline Tunnels

- 7.5km of tunnelling construction from the New M5 (East) to the M4 East together with stub connections for the future Stage 3B
- Lendlease Samsung Bouygues Joint Venture selected as the D&C contractor
- Contracts stipulate Stage 3A to be delivered under a fixed-price and fixed-time contract, in line with other industry-standard D&C contracts
- NSW Government contributing \$1.6 billion capex funding via the State Works Contribution expected to leave Transurban with a proportional residual capex contribution of \$0.5 billion which will be funded through a combination of debt, equity and cash reserves

## Stage 3B Rozelle Interchange & Iron Cove Link

100% funded and  
delivered by RMS

- Interchange connecting the M4-M5 Link Mainline Tunnels to the surface and the Anzac Bridge, including provision for future connectivity to the proposed Western Harbour Tunnel
- RMS delivery of Stage 3B means all capex and delivery risk will sit with RMS until handover of the asset to WestConnex for operation
- Under the M4-M5 Link Project Deed, RMS is liable to compensate WestConnex for delay in completion, abandonment or a change in scope of Stage 3B
- Asset transfers to WestConnex ownership upon construction completion at no additional cost

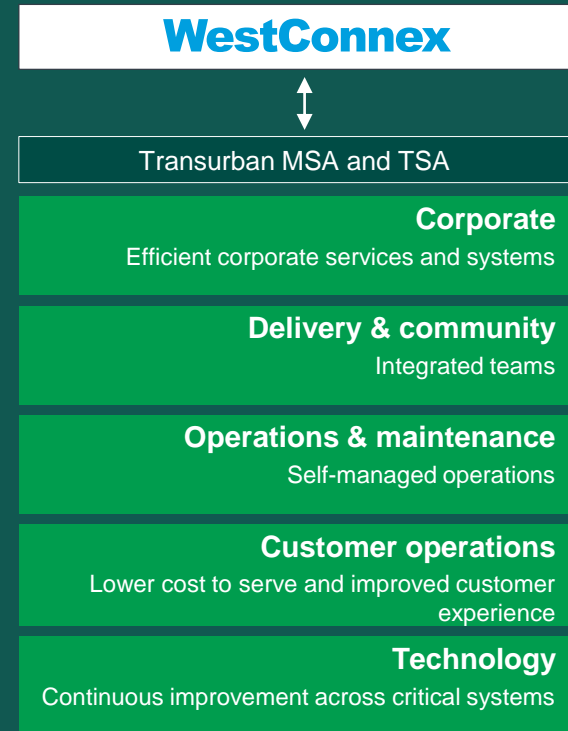
# Governance and operating model

- STP will enter into governance arrangements with the NSW Government in relation to WestConnex, with STP having operational control
- STP consortium members have a well-established and cohesive working relationship, developed through years of successful partnering on a number of Australian road projects
- Clear alignment with STP consortium partners, with AustralianSuper and Tawreed holding an equity stake in Transurban
- Transurban to provide WestConnex with operational services under a pre-agreed Master Services Agreement (MSA), consistent with the Transurban Queensland model<sup>1</sup>
- STP given the right of first offer if and when the NSW Government decide to sell-off their remaining 49% stake in WestConnex which the NSW Government is not required to accept<sup>2</sup>

1. Refer to Key risk 3.2.

2. Refer to Key risk 1.11.

## Proposed operating model<sup>1</sup>



# Transition pathway<sup>1</sup>

- Targeting EBITDA margins that are comparable to Transurban's current Sydney assets post construction, ramp-up and handover of M5 West<sup>2</sup>
- Current WestConnex operational structure largely efficient with an opportunity to apply Transurban synergies over the medium term

## PHASE 1 Corporate

- Alignment with Transurban structure
- Streamlined processes and corporate systems
- National-based contracts and procurement (i.e. insurance)

## PHASE 2 Technology and Customers

- Align GLIDe back-office tolling platform
- Utilise retail brand Linkt and existing operations for customer service
- Roadside tolling equipment and on-going maintenance
- Improved customer experience
- Operation and maintenance of Intelligent Transport Systems to be insourced

## PHASE 3 O&M

- Performance of existing contract to be reviewed
- Opportunities to align to Transurban's operating model following D&C completion
- Leveraging procurement across Transurban's portfolio of assets

<sup>1</sup>. Refer to Key risk 3.2.

<sup>2</sup>. WestConnex targeted EBITDA margin for FY28 compared to FY18 Sydney assets proportional EBITDA margin.



# Stakeholder engagement

- Stakeholder strategy supported by dedicated resources, leveraging Transurban's recent experience with West Gate Tunnel, NorthConnex and CityLink Tulla Widening projects
- Tailored communication and engagement reflects the specific challenges posed by WestConnex and how stakeholder concerns may shift over the life of the project



## Community

STP to engage with community stakeholders including local residents, businesses, road users and community groups to:

- provide further information about the benefits of WestConnex to broader Sydney
- enhance relationship with communities around construction areas by proactively sharing information
- provide ongoing consultation with the community to seek to improve trust

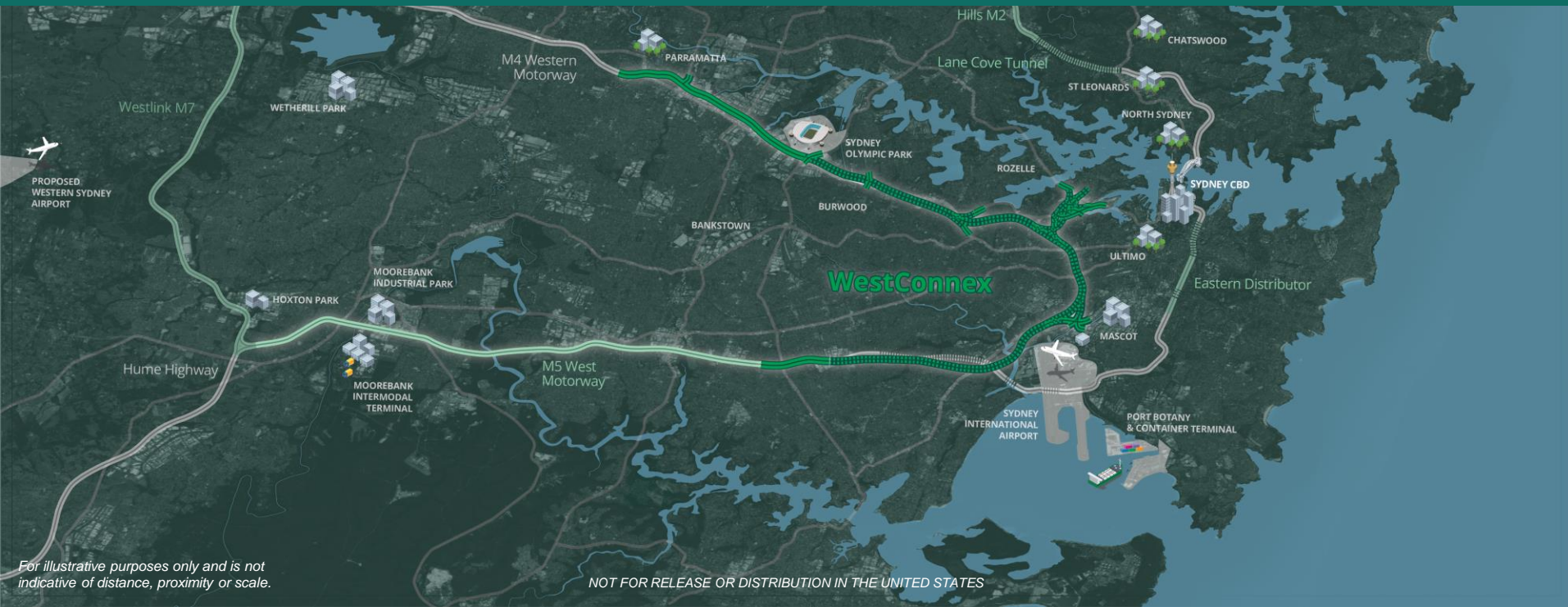
## Customer

Shift in customer-experience approach:

- convenient, streamlined service as tolling is transitioned to Linkt retail brand
- flexible and innovative tolling products such as LinktGO - new GPS based tolling app

# WestConnex traffic

Darryn Paterson



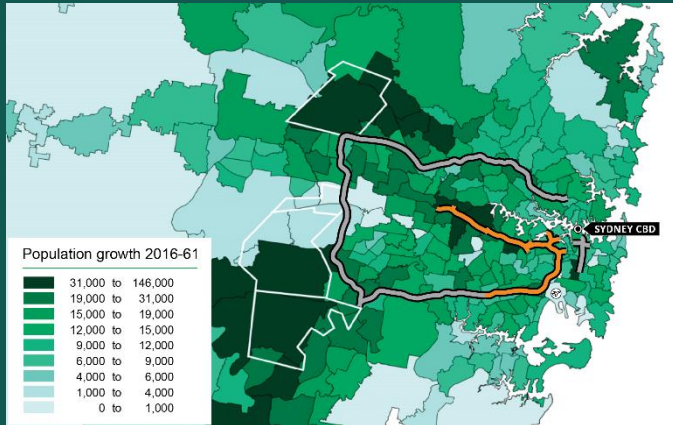
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- Forecast population growth concentrated in Sydney growth areas to the west, south-west and north-west of Sydney CBD through to 2026<sup>1</sup>
- If current trends continue, by 2036 over 50% of Sydney's population are forecast to live west of Parramatta<sup>2</sup>
- 60% of jobs are outside Sydney's major centres<sup>3</sup>

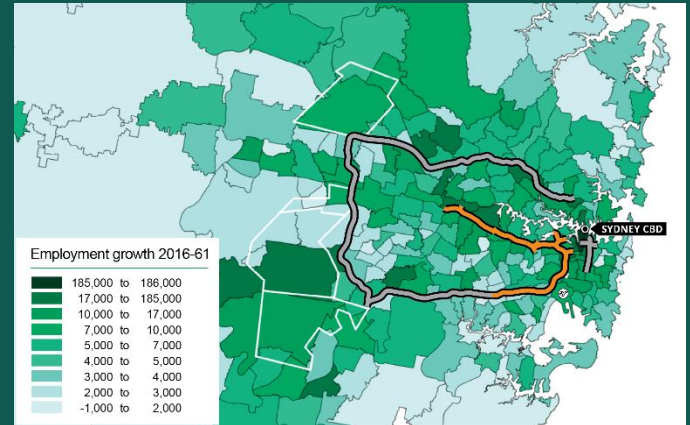
## Population growth<sup>1,4</sup>

Orange line illustrates approximate positioning of WestConnex



## Employment growth<sup>1,4</sup>

Orange line illustrates approximate positioning of WestConnex



1. See slide 9 and footnote 3 on that slide, and Key risks for further information.

2. Source: Greater Sydney Commission – Three Cities @State of New South Wales through the Greater Sydney Commission.

3. Source: Bureau of Transport Statistics 2014, September 2014 Release Employment Forecasts, TINSW, Sydney

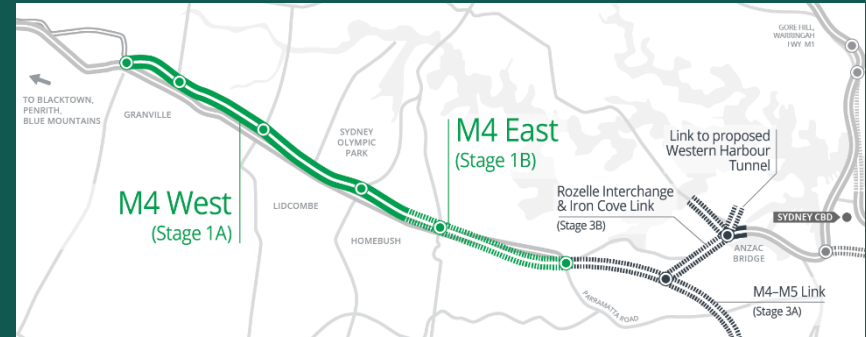
4. Map is for illustrative purposes only and is not indicative of distance, proximity or scale.



# Stage 1 overview

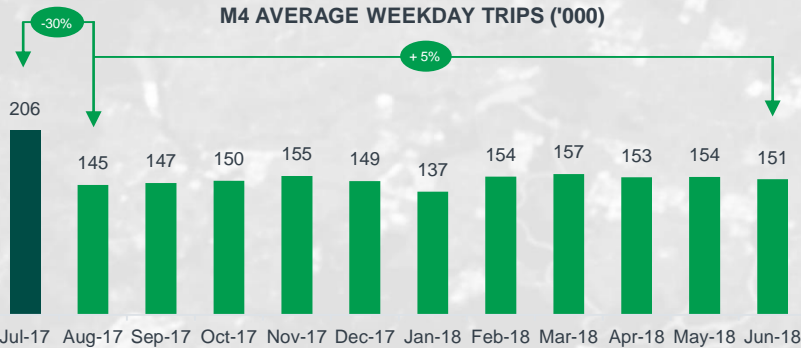
## M4 West and M4 East

- Widened M4 West opened to traffic in July 2017 with tolling commencing in August, M4 East construction 84% complete<sup>1</sup>
- M4 West ADT of ~138,000 post widening to eight lanes in each direction and tolling recommencement<sup>2</sup>
- Stage 1 links key centres including Parramatta and Homebush with numerous interchanges along its length
- M4 East new twin-tunnels providing an alternative route to the highly congested Parramatta Road
- The NSW Government expects daily weekday traffic of approximately 163,800 vehicles on the M4 West (east of James Ruse Drive) in 2031<sup>3</sup>



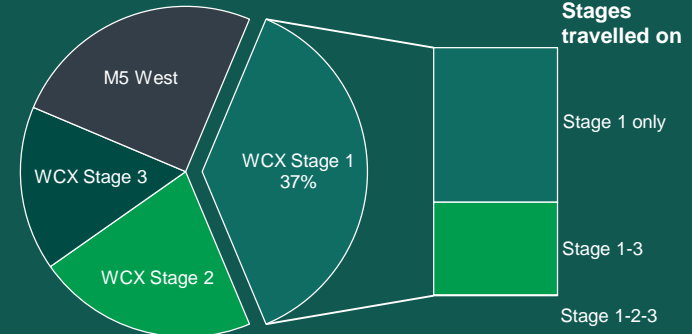
Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

## Monthly performance of M4 West post tolling recommencement<sup>2,4</sup>



1. Construction completion percentage as per WestConnex website as at 27 August 2018.  
 2. Source: NSW Government, Transport Roads & Maritime Services, Widened M4 traffic volume data from 1 July 2017 to 30 June 2018.  
 3. As per the NSW Government's WestConnex Strategic Business Case. Source: Dated November 2015, <https://www.westconnex.com.au/sites/default/files/WestConnex%20Updated%20Strategic%20Business%20Case%20-%20November%202015.pdf>

## STAGE 1 PROJECTED RELATIVE TOLL REVENUE CONTRIBUTION BY STAGE IN FY28<sup>5</sup>



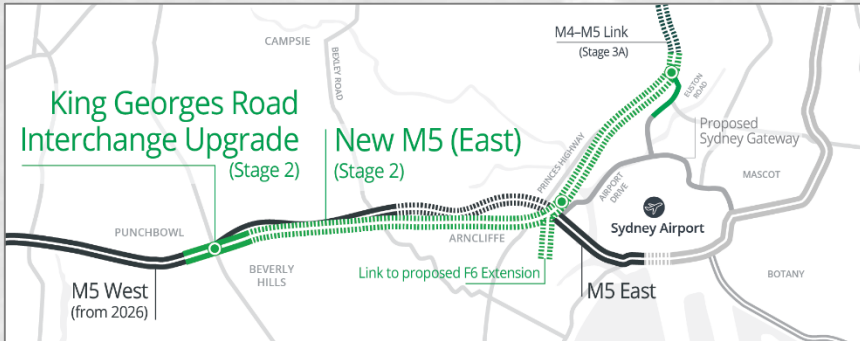
Segments are for illustrative purposes only

4. 30% drop in average weekday traffic between July and August 2017 is due to tolling recommencement. August data only includes days post tolling recommencement on 15 August. Public holidays are excluded from data set.  
 5. See slide 22 including footnote 1 on that slide and Key risks for further information.

# Stage 2 overview

## M5 East and New M5 (East)

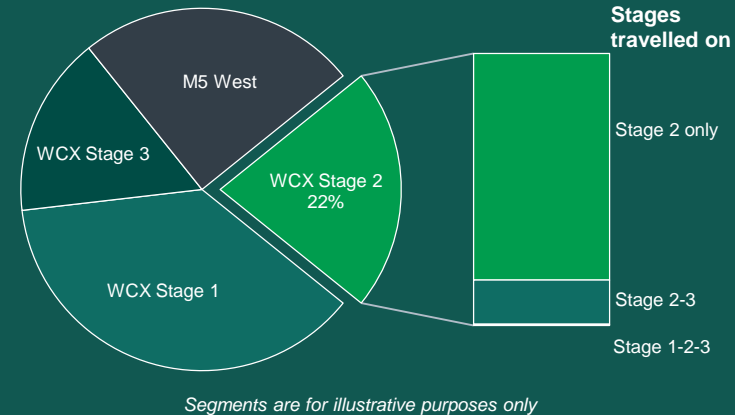
- New M5 (East) scheduled to open mid-FY21 with handover and tolling commencement on the M5 East at opening<sup>1</sup>
- Together with the M5 West, the M5 East serves as the major freight route between Port Botany and key distribution centres along the corridor
- Over 220,000 vehicles a day move between the M5 East area and the M5 West area according to traffic counts from 2016<sup>2</sup>
- M5 East is expected to draw heavily from trips immediately upstream and downstream of the tunnels and provide direct connection to the proposed F6 Extension once developed
- M5 East corridor is highly utilised with traffic counts from 2014/15 indicating over 120,000 vehicles a day at the western end and over 106,000 a day in the main tunnel<sup>3</sup>



Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

1. Estimated completion date. See slide 15 and footnote 1 on that slide for further information.
2. Traffic counts commissioned by Transurban in 2016. Locations surveyed for each area are intended to capture traffic movements moving broadly in the same direction that could logically use the respective WestConnex component as an alternative route for that trip.
3. Source: New M5 (East) EIS traffic report, November 2015.
4. See slide 22 including footnote 1 on that slide and Key risks for further information.

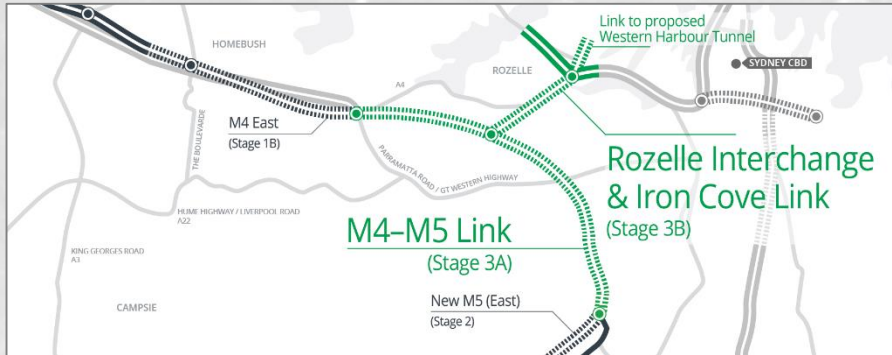
STAGE 2 PROJECTED RELATIVE TOLL REVENUE CONTRIBUTION BY STAGE IN FY28<sup>4</sup>



# Stage 3 overview

## M4-M5 Link and Rozelle Interchange

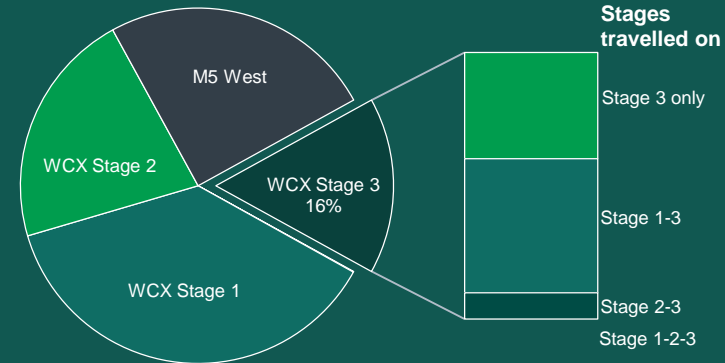
- Stage 3A scheduled opening late FY23 and 3B early FY25<sup>1</sup>
- Crucial hub connecting WestConnex Stages 1 and 2 together
- Trips drawn predominantly from established WestConnex stages, with only 6% of expected FY28 WestConnex toll revenue projected to come from solely greenfield (Stage 3 only) trips<sup>2</sup>
- Expected to facilitate north-south movements through the connections to the proposed Western Harbour Tunnel to the north and F6 to the south
- Over 220,000 vehicles a day move between the M4 area and M4-M5 Link area, and over 380,000 between the M5 area and M4-M5 Link area according to traffic counts from 2016<sup>3</sup>



Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

1. Estimated completion dates. See slide 15 and footnote 1 on that slide for further information.
2. See slide 22 including footnote 1 on that slide and Key risks for further information.
3. Traffic counts commissioned by Transurban in 2016. Locations surveyed for each area are intended to capture traffic movements moving broadly in the same direction that could logically use the respective WestConnex component as an alternative route for that trip.

## STAGE 3 PROJECTED RELATIVE TOLL REVENUE CONTRIBUTION BY STAGE IN FY28<sup>2</sup>



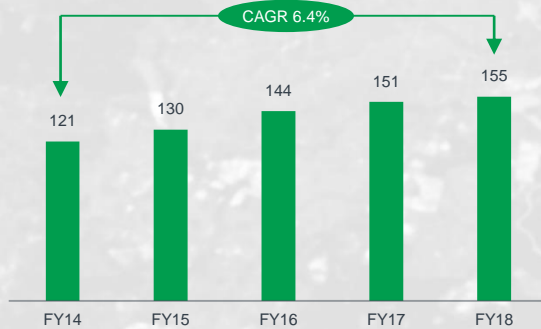
Segments are for illustrative purposes only

# M5 West overview

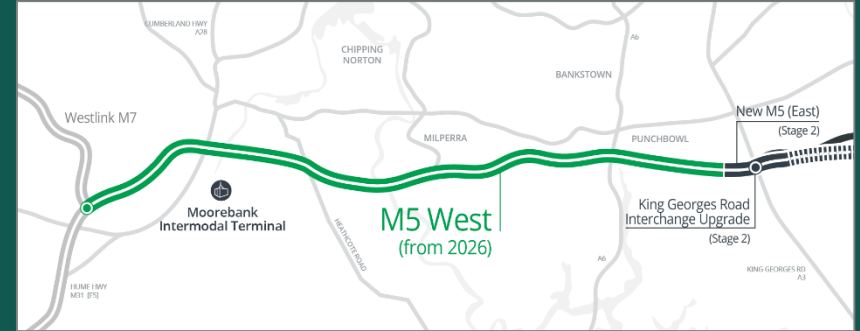
- Highly utilised, existing motorway 50% owned by Transurban to end of 2026 where the concession will be handed over to WestConnex
- 155,000 average daily trips in FY18
- EBITDA margin of approximately 91% in FY18

## ADT for M5 West post M5 widening project<sup>1</sup>

AVERAGE DAILY TRIPS POST M5 WIDENING PROJECT ('000s)

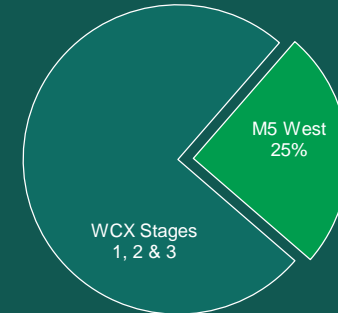


1. Source: Transurban ASX releases. M5 West widening project completed in December 2014.  
 2. See slide 22 including footnote 1 on that slide and Key risks for further information.



Map is for illustrative purposes only and is not indicative of distance, proximity or scale.

M5 WEST PROJECTED RELATIVE TOLL REVENUE CONTRIBUTION IN FY28<sup>2</sup>

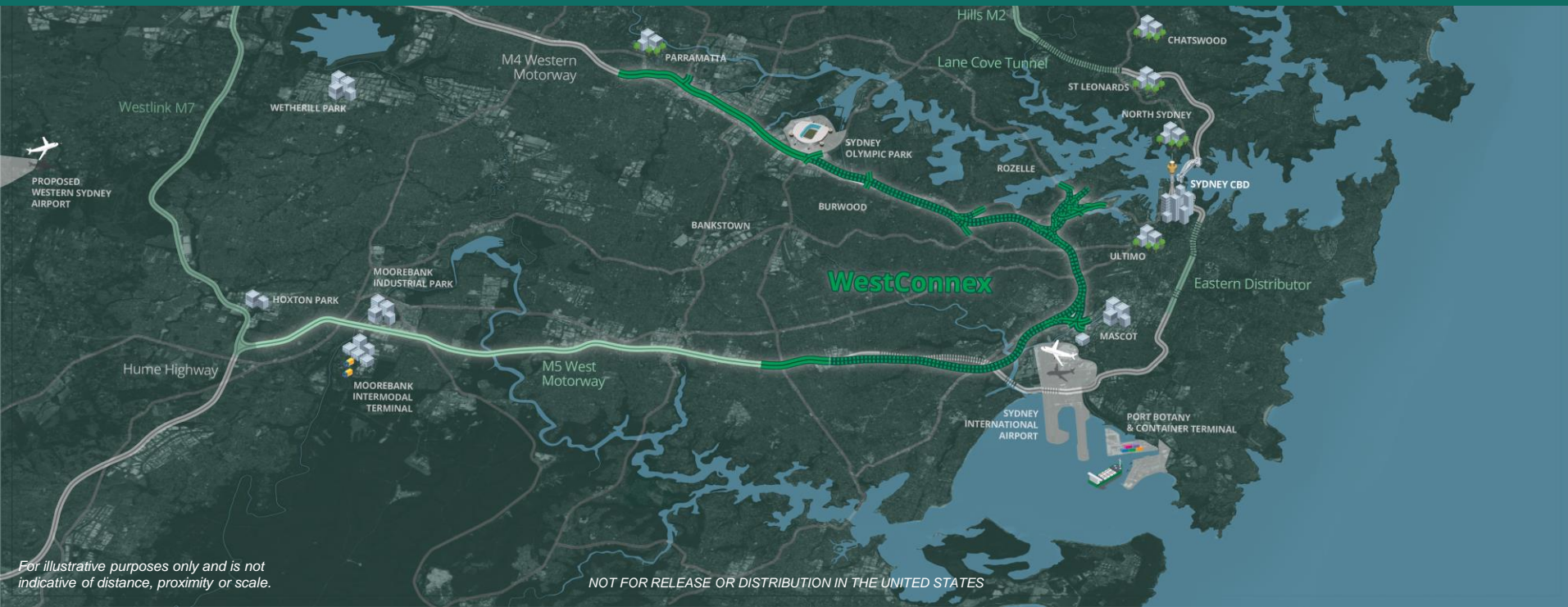


Segments are for illustrative purposes only



# Capital strategy

Adam Watson



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# Entitlement Offer and placement key details<sup>1</sup>

## Entitlement Offer

- Fully underwritten 10 for 57 accelerated pro rata renounceable entitlement offer with retail entitlements trading to raise gross proceeds of approximately \$4.2 billion
- Entitlement Offer price of \$10.80 per New Security
  - 10.4% discount to Transurban's closing price of \$12.06 on 30 August 2018
  - 8.9% discount to TERP<sup>2</sup> of \$11.85

## Placement

- \$450 million of securities to be placed to AustralianSuper
- \$150 million of securities to be placed to Tawreed
- Placement issue price of \$10.85 per security, a 0.5% premium to the Entitlement Offer price

New Securities and securities issued under the placement to AustralianSuper and Tawreed will rank equally with ordinary securities

*1. Refer to slides 54 and 55 for additional detail.*

*2. TERP is a theoretical price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and having regard for to the Entitlement Offer ratio and securities issued under the placement. TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$12.06 on 30 August 2018.*

# Offer timetable

<b>Dates and times are subject to change without notice</b>	<b>Timing</b>
Announcement of WestConnex Acquisition and Entitlement Offer, trading halt and institutional entitlement offer opens	31 August 2018
Announcement of completion of institutional entitlement offer	5 September 2018
Trading halt lifted	5 September 2018
Retail entitlements commence trading on a deferred settlement basis	5 September 2018
Record date under the Entitlement Offer	5 September 2018
Despatch of Retail Information Booklet and entitlement and acceptance form	7 September 2018
Retail entitlement offer opens	7 September 2018
Retail entitlements commence trading on a normal settlement basis	10 September 2018
Initial Retail Closing Date – last day to apply for New Securities to be issued on the Initial Allotment Date	11 September 2018
Retail entitlements conclude trading	11 September 2018
Settlement of institutional entitlement offer, institutional shortfall bookbuild and initial retail acceptance	12 September 2018
Initial Allotment Date – Institutional entitlement offer, institutional shortfall bookbuild and initial retail acceptance	13 September 2018
Normal trading commences on ASX of New Securities issued under the initial allotment	13 September 2018
Retail entitlement offer closes	18 September 2018
Retail shortfall bookbuild	20 September 2018
Settlement of retail entitlement offer and retail shortfall bookbuild	25 September 2018
Final allotment of New Securities	26 September 2018
New Securities issued under the retail entitlement offer and retail shortfall bookbuild commence trading on the ASX	27 September 2018
Despatch of holding statements	28 September 2018

## Sydney Transport Partners funding sources and uses – Upfront WCX purchase price<sup>1</sup>

Sources	(\$b)	Uses	(\$b)
Transurban equity – 50%	4.1	Upfront WCX purchase price – 51% sell-down by NSW Government <sup>2</sup>	9.3
AustralianSuper equity – 20.5%	1.7	STP transaction costs	0.1
CPPIB equity – 20.5%	1.7		
Tawreed equity – 9%	0.7		
Additional debt <sup>3</sup>	1.1		
<b>Total sources of funds</b>	<b>9.3</b>	<b>Total uses of funds</b>	<b>9.3</b>

## Transurban equity contribution sources and uses<sup>1</sup>

Sources	(\$b)	Uses	(\$b)
Entitlement Offer <sup>4</sup>	4.2	TCL share of WCX equity contribution to fund upfront WCX purchase price	4.1
Placement to STP consortium members	0.6	TCL share of WCX FY19 capex contribution	0.1
		General corporate purposes	0.6
<b>Total sources of funds</b>	<b>4.8</b>	<b>Total uses of funds</b>	<b>4.8</b>

1. Figures may not add up due to rounding.

2. Upfront WCX purchase price is inclusive of approximately \$0.6 billion stamp duty, payable on acquisition.

3. Debt raised by STP to fund the Upfront WCX purchase price. This debt will be repaid by additional debt raised by WCX at Debt Financial Close. Refer to slide 38 for further information.

4. Assumes approximately 390 million fully paid new securities are issued under the Entitlement Offer. The exact number of new securities to be issued under the Entitlement Offer is still to be finalised and is subject to reconciliation of security holder entitlements.



# WestConnex funding summary

At Debt Financial Close (which will occur after Acquisition Financial Close), WestConnex will have total drawn debt of \$6.5 billion, with additional undrawn debt capacity of \$1.7 billion to fund remaining construction<sup>1</sup>

## Stage 1

- At Debt Financial Close, \$4.0 billion of new debt will be raised to fully refinance Stage 1 existing debt and raise additional debt to rebalance the capital structure of Stage 1
- The Stage 1 entities will reserve sufficient cash to fully fund the remaining cost of Stage 1B construction<sup>2</sup>

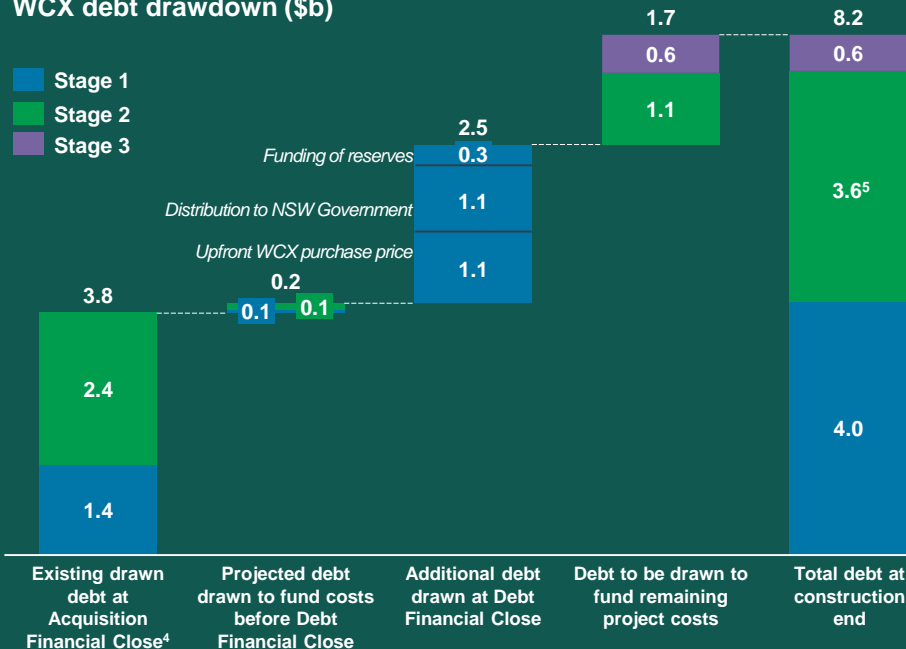
## Stage 2

- Existing Stage 2 senior debt facilities and Commonwealth subordinated loan are retained by WestConnex
- Both facilities will continue to be drawn upon over the Stage 2 construction period to fund construction costs<sup>2</sup>

## Stage 3

- A new \$0.6 billion construction facility will be established at Debt Financial Close to partially fund Stage 3A construction costs<sup>2</sup>
- STP consortium members will also provide equity Letters of Credit totaling \$0.9 billion at Acquisition Financial Close for their respective shares of the equity funding commitment<sup>3</sup>

## WCX debt drawdown (\$b)

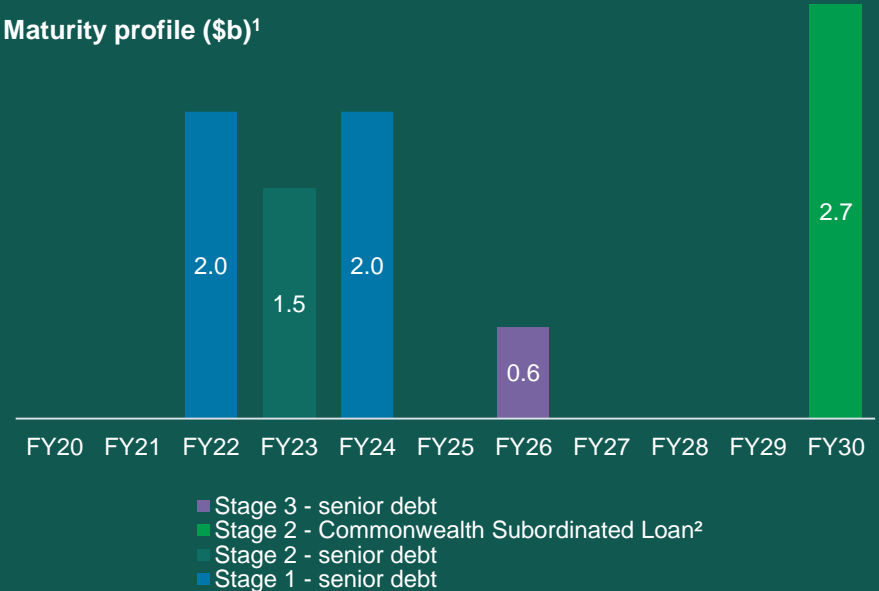


- Once new committed Stage 1 and Stage 3 debt facilities reach financial close.
- Includes capitalised interest.
- Letters of Credit will progressively reduce following Debt Financial Close and as equity commitments are funded.
- Excludes the \$1.1 billion bridge facility used to fund the upfront WestConnex purchase price at Acquisition Financial Close which will be repaid via the additional debt drawn at Debt Financial Close.
- An additional \$0.6 billion of capitalised interest will accrue on the Commonwealth Subordinated Loan between Stage 2 construction end and the facility maturing in FY30.

# WestConnex long-term capital strategy

- WestConnex's debt facilities have a staggered maturity profile to reduce potential market risk with future refinancings
- The long-term capital strategy is to progressively refinance WestConnex asset-level financing and migrate to a consolidated Hold Co WestConnex funding structure
  - This will allow WestConnex to become a diversified borrower and access debt capital markets
  - The refinancing strategy will be supported by WestConnex seeking to maintain investment grade credit metrics as the assets mature
  - The current equity funding supporting WestConnex will be partially replaced with additional debt over time as credit metrics improve on the back of construction completion, revenue ramp-up and the inclusion of the M5 West
  - Additional debt will be distributed to the WestConnex investors in the form of capital releases, reflecting the high proportion of initial equity funding
  - This will be done within the parameters agreed with the NSW Government and within Transurban's targeted credit metrics

Maturity profile (\$b)<sup>1</sup>

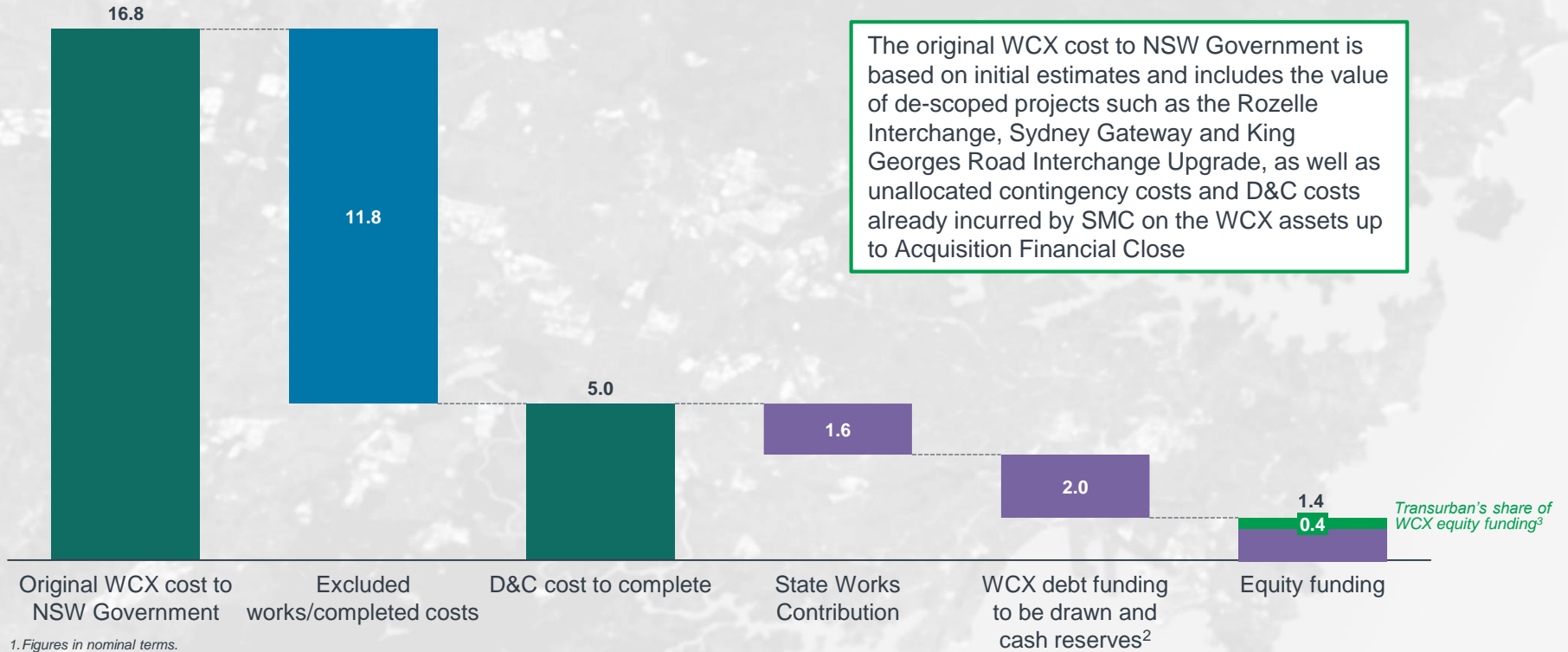


<sup>1</sup>. At Debt Financial Close, WestConnex's debt will be fully hedged or fixed-rate.  
<sup>2</sup>. Includes capitalised interest.

# WestConnex capex profile

\$5.0 billion remaining projected capex spend to completion, of which Transurban's projected equity contribution is approximately \$350 million

**WCX construction funding composition (\$b)<sup>1</sup>**



The original WCX cost to NSW Government is based on initial estimates and includes the value of de-scoped projects such as the Rozelle Interchange, Sydney Gateway and King Georges Road Interchange Upgrade, as well as unallocated contingency costs and D&C costs already incurred by SMC on the WCX assets up to Acquisition Financial Close

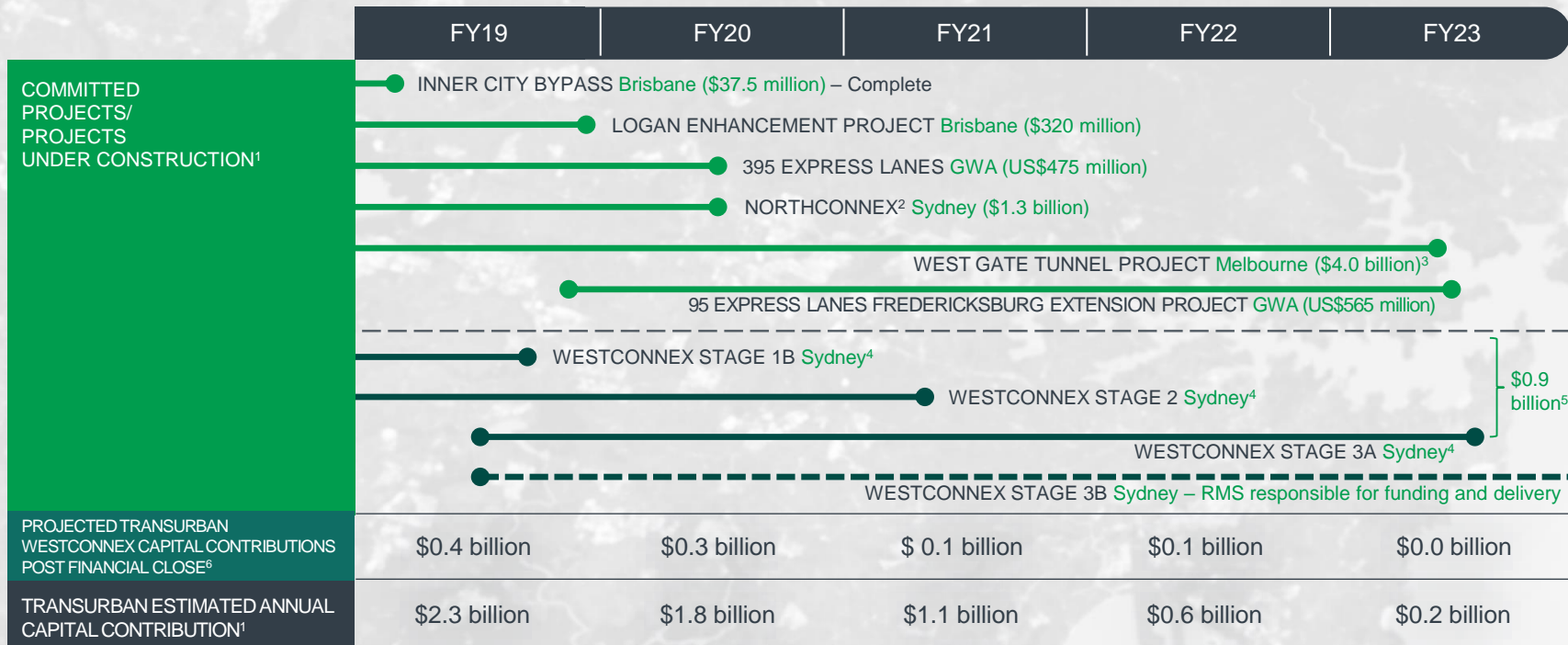
1. Figures in nominal terms.

2. Including \$1.7 billion of debt drawn to fund remaining D&C costs.

3. Transurban's \$0.4 billion share of equity funding will be funded as part of the ongoing development pipeline.

# Transurban development pipeline

The development pipeline including WestConnex is expected to be funded through proceeds from the Entitlement Offer and placement, additional debt to be obtained over the WestConnex construction program and other funding sources such as the Distribution Reinvestment Plan (DRP).



1. Estimated spend reflects Transurban's proportion of the total project cost, net of government contribution at time of announcement including WestConnex Stages 1B, 2 and 3A.

2. The delivery timeframe is currently under review. Project expected to remain within Transurban's budget.

3. WGTP cost to Transurban of \$4.0 billion of the total \$5.5 billion WGTP D&C and associated costs (inclusive of Webb Dock Access and Monash Freeway Upgrade).

4. Estimated opening dates. See Key risks 1.10, 1.12 and 3.9 for further information and footnote 1 on slide 15.

5. Represents Transurban's projected proportional capex contribution, net of State Works Contribution, to completion. See slide 40 for further information.

6. Funded through WCX debt and cash reserves, as well as Transurban equity funding.



# Transurban capital strategy

Balancing distribution growth with long-term value creation

Diversification of funding sources

Balanced approach to debt/equity funding mix while maintaining strong investment grade credit metrics

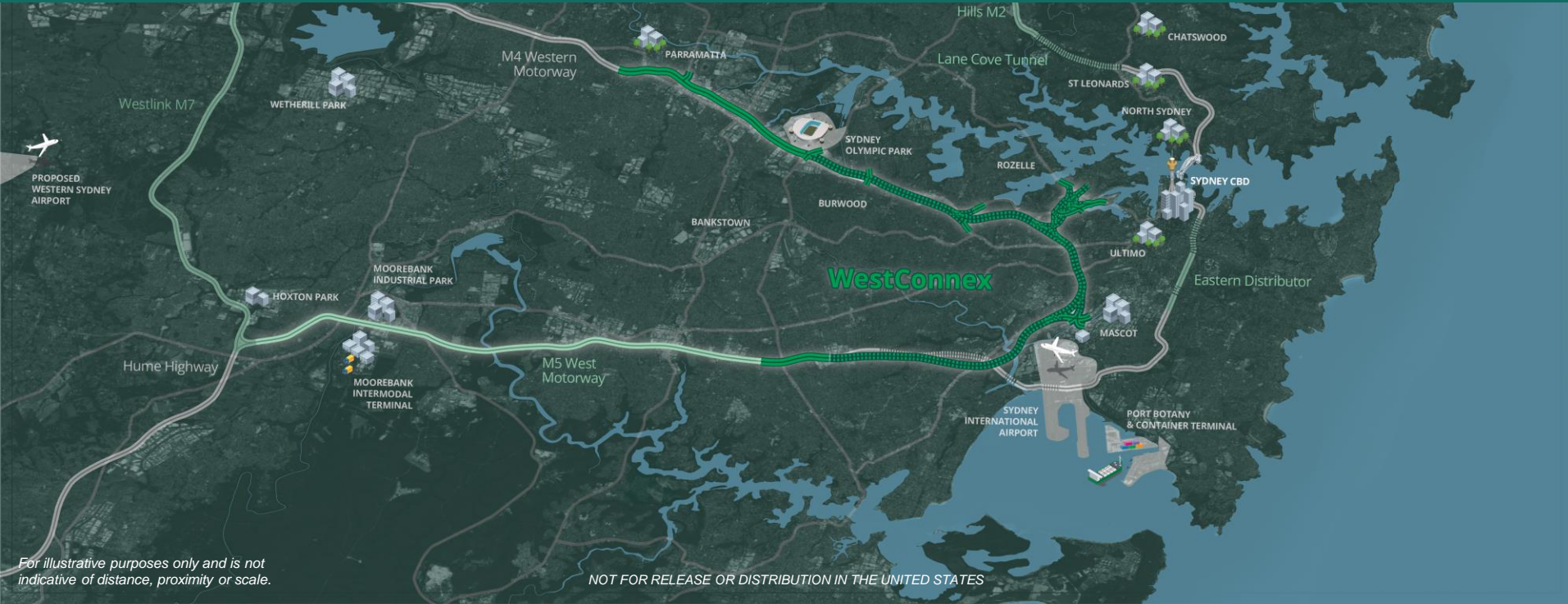
- Transurban distributions will be supported immediately by distributions flowing from WestConnex, and from capital releases generated as new WestConnex assets come online and credit metrics improve, similar to scheduled capital releases as pre-agreed with state governments<sup>1</sup>
- DRP program is expected to be re-activated to further support credit metrics and fund the development pipeline

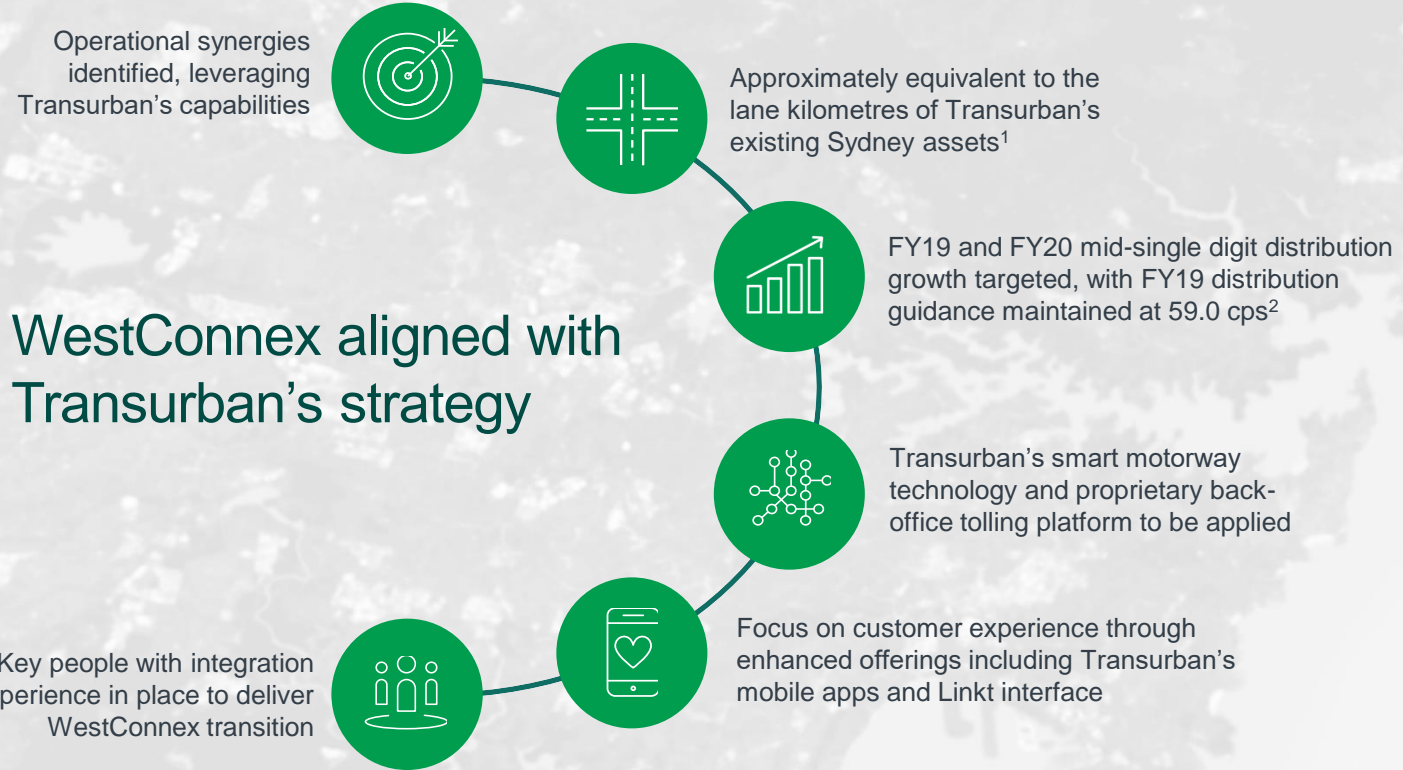
## Pro Forma impact on Transurban<sup>2</sup>

Calculated on drawn debt	As at 30 June 2018	
	Transurban Reported	Pro Forma
Proportional debt <sup>3</sup>	\$14,971m	\$15,880m
Gearing <sup>4</sup>	35.2%	32.9%
FFO/Debt <sup>5</sup>	8.9%	9.3%
Corporate senior interest cover ratio (historical ratio for 12 months)	4.9x	4.9x

1. Future capital releases over the next several years have been pre-agreed with governments and managed within Transurban's credit metric parameters for developments including Transurban Queensland, NorthConnex and the 95 Express Lanes.  
 2. Refer to Basis of Preparation on slide 58.  
 3. Transurban reported proportional drawn debt includes the issued letters of credit as at 30 June 2018. The pro forma proportional debt is calculated as Transurban reported proportional drawn debt aggregated with the proportional debt drawn by SMC as at 30 June 2018. Should the additional proportional debt of WCX Group to be drawn down at Stage 1 debt financial close be assumed in the pro forma adjustments, the pro forma proportional debt and gearing will be \$16,627 million and 34.0%.  
 4. Transurban reported gearing has been calculated using proportional debt to enterprise value, exclusive of issued letters of credit. Security price was \$11.97 with 2,225 million securities on issue at 30 June 2018. The pro forma gearing aggregates Transurban reported gearing as at 30 June 2018 with the net proceeds anticipated to be raised from the Entitlement Offer and placement.  
 5. Based on S&P methodology. The pro forma FFO/Debt aggregates Transurban reported FFO/Debt for FY18 with an annualised impact resulted from the additional surplus cash anticipated to be raised from the Entitlement Offer and placement.

# Summary

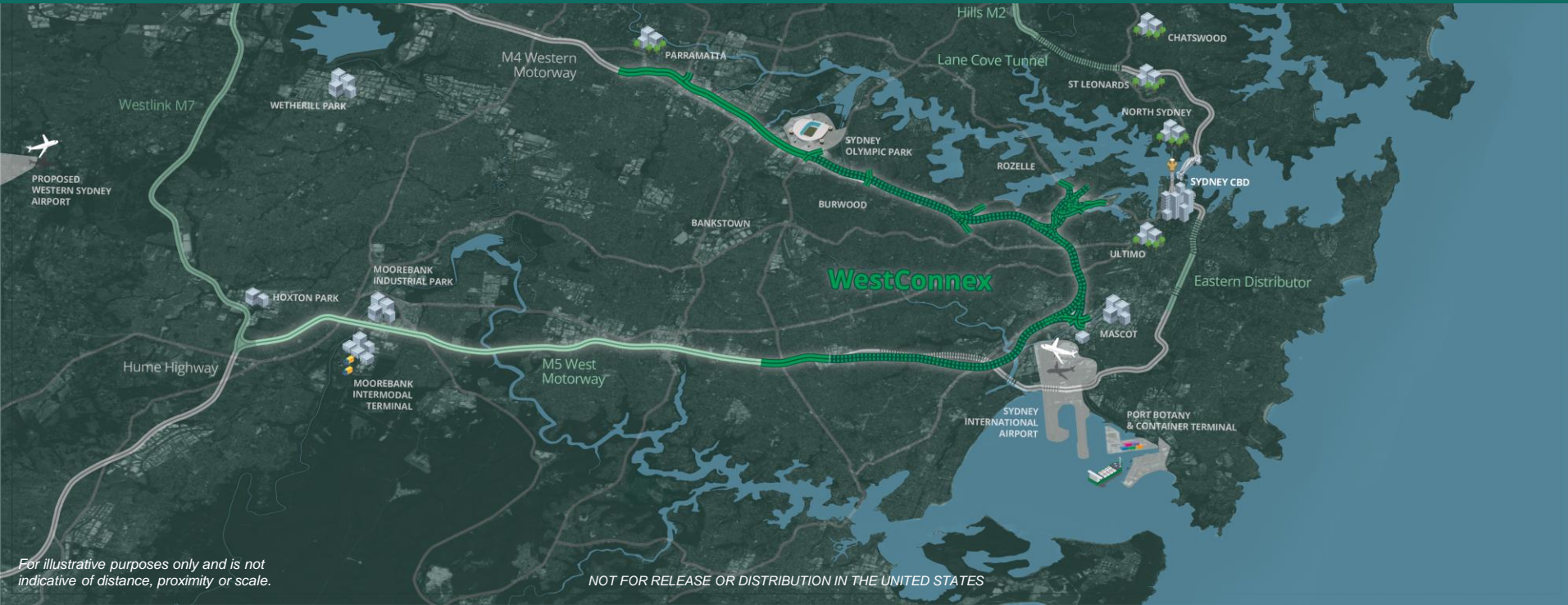




1. M5 West included in WestConnex and not included in Transurban Sydney.  
2. Refer to slide 17 for additional information.



# Supplementary information



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# Transurban overview

Transurban is a global leader in road development, delivery, operations and technology

- Melbourne, Australia headquarters
- Approximately 71% of Transurban's investors are Australian<sup>1</sup>
- Publicly listed on the ASX with a market capitalisation of \$26.6 billion<sup>2</sup>
- Transurban employs over 2,500 people and almost 5,900 additional contractors on projects<sup>2</sup>

LONG-LIFE TOLL ROAD  
CONCESSIONS

EMBEDDED INFLATION  
PROTECTION FOR  
AUSTRALIAN ASSETS

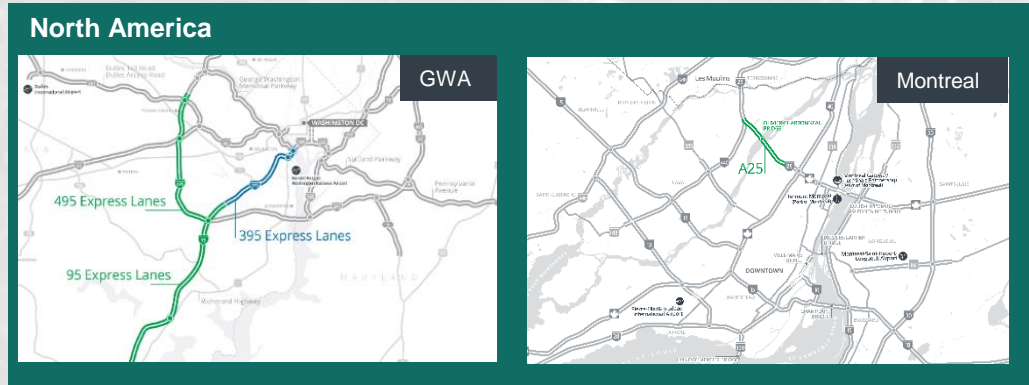
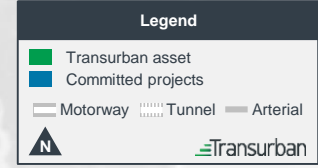
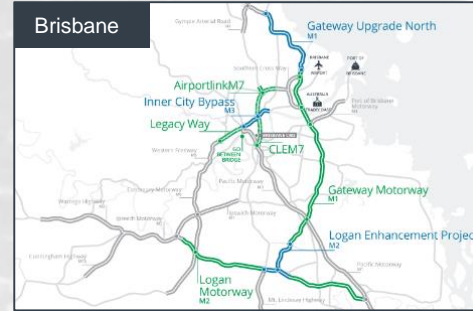
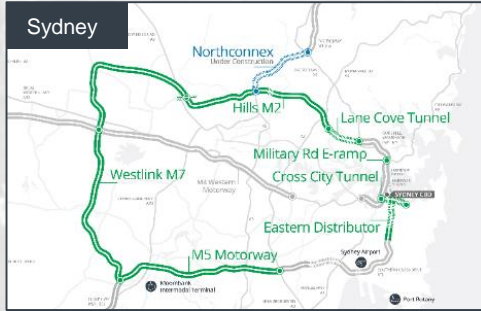
ESSENTIAL URBAN  
INFRASTRUCTURE

COMMITTED TO STRONG  
INVESTMENT GRADE  
CREDIT METRICS

<sup>1</sup>. By value, as at 13 July 2018.

<sup>2</sup>. As at 30 June 2018.

# Transurban assets



Market	Number of operational assets	FY18 proportional toll revenue contribution
Sydney	6	40.4%
Melbourne	1	33.3%
Brisbane	6	16.8%
North America <sup>1</sup>	3	9.5%

Maps are for illustrative purposes only and is not indicative of distance, proximity or scale.

1. North American proportional toll revenue contribution includes A25 toll revenue since acquisition.

# Transurban operational and development update

## Sydney

- NorthConnex project is progressing with the majority of tunnelling completed<sup>1</sup>
- Maintenance and incident response contractor, Ventia, commenced maintenance services on Lane Cove Tunnel and the Hills M2 from July 2018 and will commence incident response services from October 2018
- Transurban has agreed to acquire an additional 8.24% equity interest in the M5 motorway, taking its total equity interest to 58.24%.<sup>2</sup> Transurban is engaged in discussions to potentially acquire a further 7.15% interest in the M5 Motorway

## Melbourne

- Transurban's incident response services extended beyond CityLink to WGTP construction areas between Williamstown Road and the M80
- West Gate Tunnel Project planning scheme amendment passed through both houses of the Victorian Parliament<sup>3</sup>

## Brisbane

- AirportlinkM7 operations insourced as part of broader tunnel network integration program
- ICB now complete and LEP expected completion in late FY19

## Greater Washington Area

- Successful integration and operation of two mile extension to the southern end of the 95 Express Lanes
- Design-build request for proposal for the Fredericksburg Extension project issued; financial close expected in FY19

## Montreal

- Asset assessments complete and in line with expectation
- Lifecycle and maintenance approach alignment underway

<sup>1</sup> The delivery timeframe is currently under review. Project expected to remain within Transurban's budget.

<sup>2</sup> Subject to customary closing conditions.

<sup>3</sup> Legislative approval for the CityLink funding sources is pending. The State has confirmed that it is government policy intention to implement the necessary legislative support for the CityLink concession deed amendments during the WGTP construction period.

# WestConnex tolling regime<sup>1</sup>

- WestConnex tolls are distance-based, similar to the M7, with customers only paying tolls for the sections of tollway they use
- WestConnex tolls will be capped at a maximum amount (\$8.95)<sup>2</sup>
- Revenue from the toll cap will be divided across the various concessions based on the 'home trip percentage', which is calculated as the distance travelled on each asset divided by the total trip length on WestConnex
- Large vehicles are expected to represent approximately 9% of traffic mix at steady state in FY28<sup>3</sup>
- Projected average trip length of 8.8 kilometres at FY28<sup>3</sup>
- WestConnex will be operated under three separate concession agreements

1. The WestConnex concessionaires cannot toll the Iron Cove Link section of the Rozelle Interchange under the M4-M5 Link Project Deed.

2. WestConnex toll cap is as at 1 January 2018.

3. Based on Transurban's internal management assessment, refer to footnote 1 on slide 22. Projected average trip length excludes M5 West which is not tolled based on distance.

WestConnex (excl. M5 West)		2018 \$
Current toll flag fall		\$1.27
Current toll rate		\$0.47 per km
Current toll cap		\$8.95
Truck multiplier		3x
Escalation—at any time prior to 31 December 2040		Greater of CPI or 4% per annum (escalated on 1 January each year)
Escalation—post 31 December 2040		Greater of CPI or 0% per annum
Concession term expiry		31 December 2060
M5 West (from December 2026)		
Base toll (each direction)		\$4.44 (as at 1 July 2015)
Escalation		CPI per quarter
Concession term expiry		31 December 2060



# WestConnex reporting and tax considerations

## Statutory results – equity accounting

- Transurban will equity account its 25.5% ownership interest in WestConnex on Transurban’s balance sheet
- Transurban does not control WestConnex through its equity investment in STP nor through the MSA with WestConnex
- Share of profits from the WestConnex investment to be reported within “share of net profits of equity accounted investments”

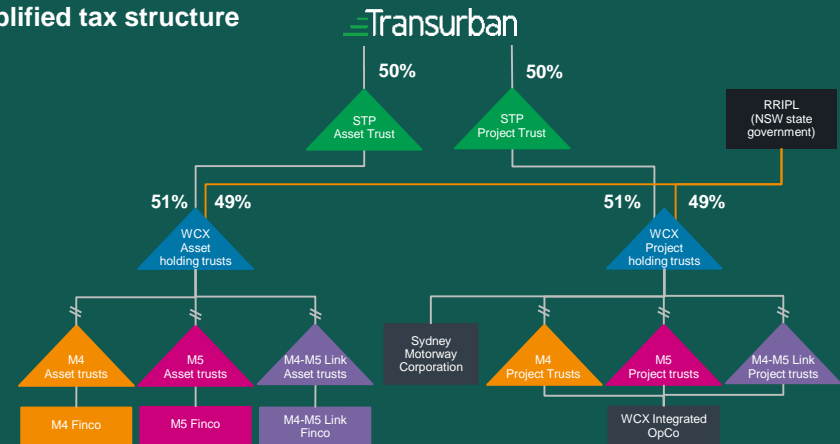
## Proportional results

- WestConnex to be reported in the NSW segment for Transurban
- Separate WestConnex asset reporting will be prepared as required by relevant regulatory authorities and under lending agreements
- Distributions from WestConnex to be passed through STP to be included in Transurban’s free cash flow
- Stamp duty, transaction and integration costs are likely to be included as significant items in FY19 reporting. It is at the Board’s discretion to adjust LTI targets to exclude significant items under the terms of the LTIs

## Tax considerations

- The NSW Government has set up a dual trust structure at the WestConnex holding level and for each stage of the WestConnex project
- Each of the WCX Asset trusts will be flow-through trusts for tax purposes
- Each of the WCX Project trusts will be subject to tax at the corporate tax rate whilst the NSW Government retains a 20% or greater ownership interest. These WCX Project trusts will be flow-through trusts for tax purposes if the NSW Government’s interest falls below 20%
- Distributions from WestConnex asset trusts received and distributed by THT to TCL security holders should be regarded as flow-through distributions

## Simplified tax structure



# Transurban tolling escalation

## EMBEDDED INFLATION PROTECTION

MOTORWAY	ESCALATION
<b>M2</b>	Tolls escalate quarterly by the greater of quarterly CPI or 1%
<b>LCT</b>	Car tolls escalate quarterly by quarterly CPI. Large vehicle tolls escalate quarterly by the greater of quarterly CPI or 1%
<b>CCT</b>	Tolls escalate quarterly by the greater of quarterly CPI or 0.7417% (equivalent to 3% per annum) to June 2018; thereafter tolls escalate by quarterly CPI to concession end. The toll cannot be lowered as a result of deflation
<b>ED</b>	Tolls escalate quarterly by the greater of a weighted sum of quarterly AWE and quarterly CPI or 1%
<b>M7</b>	Tolls escalate or de-escalate quarterly by quarterly CPI
<b>M5</b>	Tolls escalate quarterly by quarterly Sydney CPI. The toll cannot be lowered as a result of deflation
<b>NorthConnex<sup>1</sup></b>	Tolls escalate quarterly by the greater of quarterly CPI or 1%
<b>WestConnex</b>	Tolls escalate annually by the greater of CPI or 4% to December 2040; the greater of CPI or 0% per annum to concession end. Excludes M5 West, which escalates quarterly by CPI
<b>CityLink<sup>2</sup></b>	Tolls escalate quarterly by CPI. This is subject to a cap of annual CPI plus 2.5%, which cannot be exceeded. If changes to the CityLink Project Deed are approved by the Victorian Parliament, escalation rate will be 4.25% per annum from 1 July 2019 to 30 June 2029, and at CPI thereafter
<b>West Gate Tunnel<sup>1</sup></b>	Tolls escalate quarterly an equivalent of 4.25% per annum from construction completion to 30 June 2029 and quarterly CPI thereafter
<b>Logan Motorway</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>Gateway Motorway</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>Clem7</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>Go Between Bridge</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>Legacy Way</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>AirportlinkM7</b>	Tolls escalate annually by Brisbane CPI. The toll cannot be lowered as a result of deflation
<b>95 Express Lanes<sup>3</sup></b>	Dynamic, uncapped
<b>495 Express Lanes</b>	Dynamic, uncapped
<b>A25</b>	Tolls escalate annually at Canadian CPI. Additional toll escalation applies when peak traffic volumes (for peak tolls) or total daily traffic volumes (for off-peak tolls) reach pre-determined thresholds

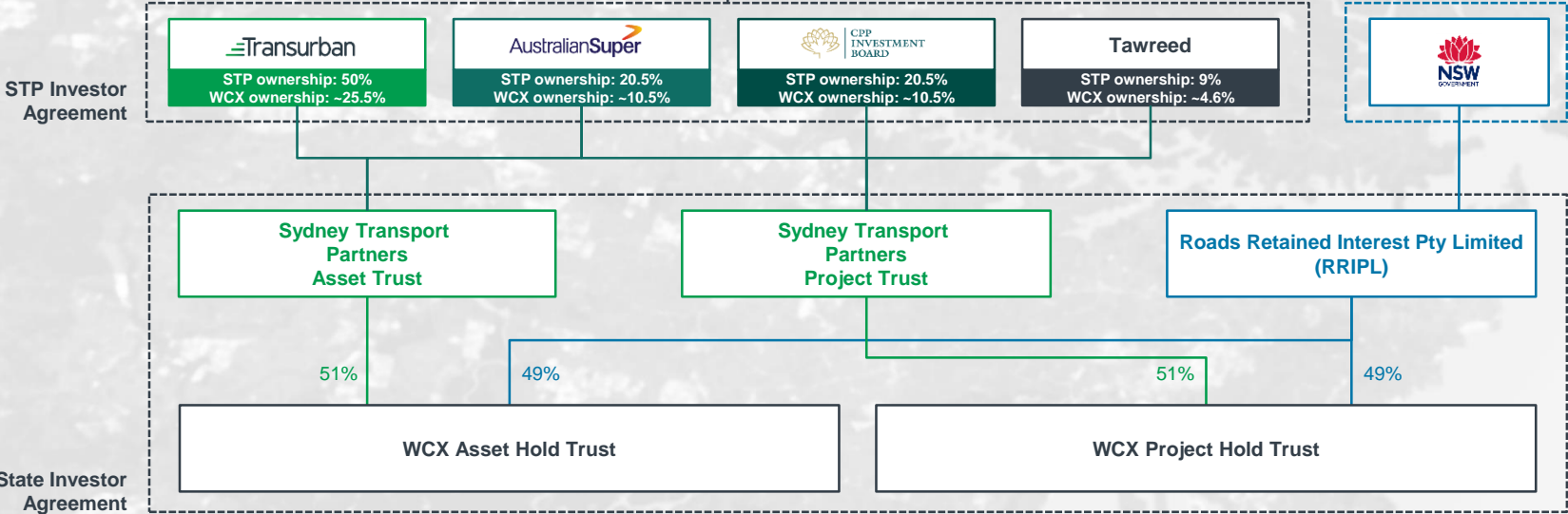
1. Assets currently under construction.

2. In the event required changes to the CityLink Project Deed do not successfully pass through Victorian Parliament, the State of Victoria will replace the WGTP funding source with completion/substitution payments.

3. 95 Express Lanes concession includes 395 Express Lanes (currently under construction) and will include the Fredericksburg Extension (construction set to commence in FY19).

# WestConnex governance structure

SMC has an independent Chairperson



# Additional WestConnex detail

## WESTCONNEX LANES<sup>1</sup>

Project component	Number of lanes (two-way)
Widened M4 West, east of James Ruse Drive	8
M4 East, east of Concord Road	6
M4-M5 Link <sup>2</sup>	8
Existing M5 East	4
New M5 (East) <sup>3</sup>	4

1. Source: <https://www.westconnex.com.au/traffic-outcomes>

2. M4-M5 Link initially opened as two traffic lanes in each direction until the opening of the Rozelle Interchange.

3. Built to accommodate three lanes from Kingsgrove to Arncliffe and five lanes from Arncliffe to St Peters.

## WESTCONNEX CONTRACTORS

### Stage 1A: M4 West Widening (Complete)

Rizzani De Eccher & CPB

### Stage 1B: M4 East

CPB, Samsung & John Holland

### Stage 2: New M5 (East)

CPB, Dragados & Samsung

### Stage 3A: M4-M5 Link (Mainline) Stage 3B: M4-M5 Link (Rozelle I/C)

**Stage 3A:** Lendlease Samsung Bouygues JV

**Stage 3B:** In procurement by RMS



# Entitlement Offer key details

<b>Structure and size</b>	Fully underwritten 10 for 57 accelerated pro rata renounceable entitlement offer with retail entitlements trading to raise gross proceeds of approximately \$4.2 billion
<b>Ranking</b>	New Securities will rank equally with ordinary securities
<b>Offer price</b>	Offer price of \$10.80 per New Security <ul style="list-style-type: none"><li>• 10.4% discount to Transurban's closing price of \$12.06 on 30 August 2018</li><li>• 8.9% discount to TERP<sup>1</sup> of \$11.85</li></ul>
<b>Institutional entitlement offer</b>	Institutional entitlement offer is: <ul style="list-style-type: none"><li>• Open from 31 August 2018 to 5 September 2018; and</li><li>• Any entitlements not taken up and the entitlements of ineligible security holders will be placed into the institutional bookbuild to be conducted on 4 September 2018</li></ul>
<b>Retail entitlement offer</b>	Eligible retail security holders in Australia and New Zealand have a number of options under the retail entitlement offer <sup>2</sup> <ul style="list-style-type: none"><li>• Elect to take up all or part of their pro rata entitlement by either:<ul style="list-style-type: none"><li>– the early retail close date of 11 September 2018; or</li><li>– 18 September 2018 the retail offer close date</li></ul></li><li>• Sell or transfer all or some of their entitlement. Entitlements may be traded on the ASX from 5 September 2018 (on a deferred settlement basis) and 10 September 2018 (on a normal settlement basis) to 11 September 2018</li><li>• Do nothing and let their entitlement be offered for sale through the retail shortfall bookbuild process managed by the underwriters with any proceeds in excess of the offer price (net of any withholding tax and expenses) paid to the security holder</li></ul>

1. TERP is a theoretical price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and having regard to the Entitlement Offer ratio and securities issued under the placement. TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$12.06 on 30 August 2018.

2. Retail security holders should read the Retail Information Booklet which contains full information on the retail entitlement offer and application process.

# Placement key details

<b>Size</b>	<ul style="list-style-type: none"><li>• \$450 million of securities to be placed to AustralianSuper</li><li>• \$150 million of securities to be placed to Tawreed</li></ul>
<b>Ranking</b>	Securities issued under the placement rank equally with ordinary securities
<b>Issue price</b>	Issue price of \$10.85 per security, a 0.5% premium to the Entitlement Offer price

## **Australian Competition & Consumer Commission (ACCC) decision**

The ACCC will not oppose STP's acquisition of a 51% equity stake in WestConnex following the acceptance of a court-enforceable undertaking.

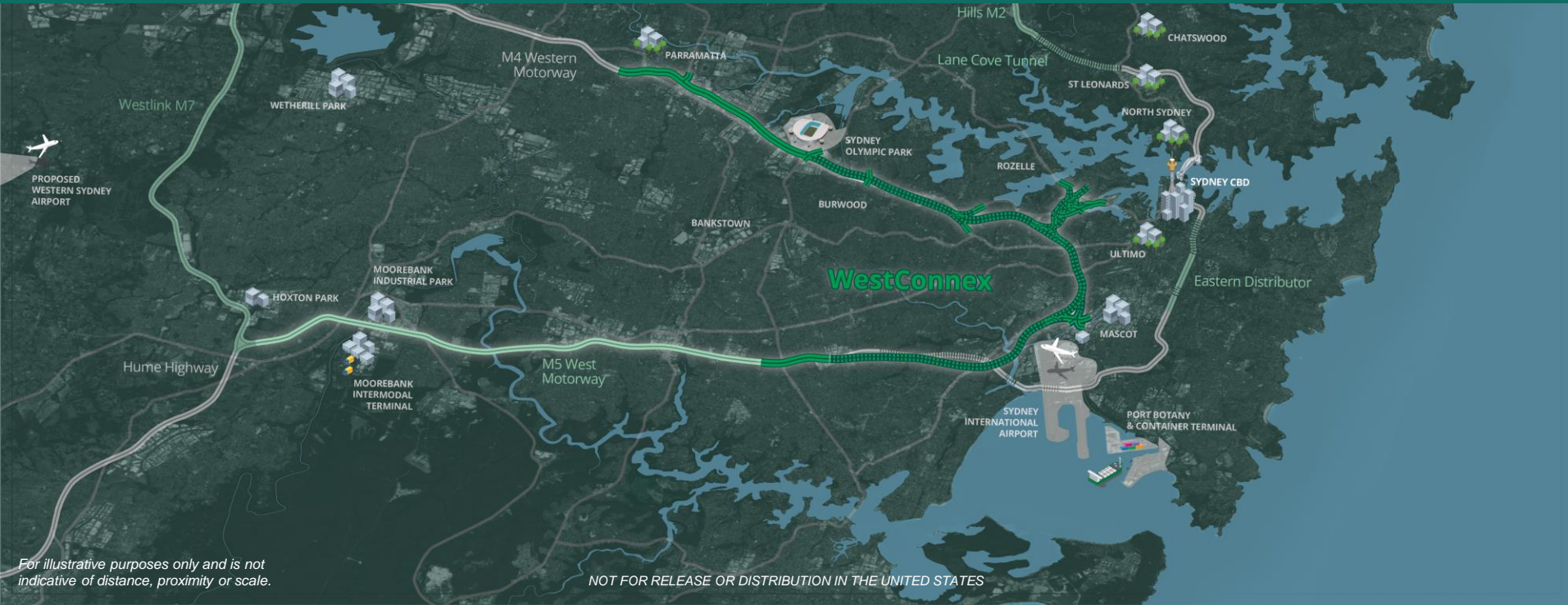
## **Undertaking detail**

Transurban does not consider that the acquisition would have the effect, or be likely to have the effect, of substantially lessening competition for future toll road concessions, however to address the competition concerns that were expressed by the ACCC, Transurban will publish quarterly traffic data (as described in the undertaking) that is obtained or collected on existing and future NSW toll roads in which it has an ownership interest.

The undertaking has no operational impact on the WestConnex concession or Transurban's NSW toll roads.

Supplementary information

# Funding sources and financials



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## Pro Forma Financial Information

### **Source of information**

The pro forma financial information on slides 42 and 61 to 64 is derived from:

- financial information extracted from Transurban's FY18 audited statutory financial statements; and
- financial information extracted from the Sydney Motorway Corporation Pty Ltd (SMC) and its controlled entities' FY18 audited statutory financial statements (SMC Accounts). Throughout FY18, SMC was the head entity holding 100% of the equity ownership interest in all the entities acquired under the WCX Acquisition.

### **Basis of preparation**

The pro forma statutory results on slide 61 and the pro forma proportional EBITDA results on slide 62 have been prepared as if the WCX Acquisition had occurred on 1 July 2017.

The pro forma statutory results reflect the statutory results of Transurban for FY18, aggregated with Transurban's 25.5% share of pro forma SMC net loss for FY18 pursuant to the equity accounted investment approach being adopted by Transurban (see slide 50 for more information). The pro forma SMC net loss is derived from the SMC Accounts, adjusted to reflect:

- maintenance provision expense aligned to Transurban's accounting policy; and
- amortisation of the intangible assets arising on acquisition of the concession as if acquisition accounting had been applied from 1 July 2017.

The pro forma proportional EBITDA results reflect Transurban's proportional EBITDA results for FY18, aggregated with SMC's EBITDA results for FY18 on a 25.5% proportional basis adjusted for maintenance provision expense as discussed above and excluding construction revenue to align to Transurban's proportional basis of presenting results.

The pro forma consolidated balance sheet on slide 64 has been prepared as if the WCX Acquisition, Entitlement Offer and placement had occurred on 30 June 2018.

The pro forma balance sheet aggregates Transurban's audited balance sheet as at 30 June 2018 with:

- Transurban's portion of equity contribution to STP recognised as an equity accounted investment and shareholder loan note funding provided to fund the purchase price for the WCX Acquisition; and
- estimated proceeds of the Entitlement Offer and placement net of associated costs.

The pro forma free cash flow information on slide 63 assumes no distribution or interest receipts from SMC in FY18. The pro forma free cash per security information on slide 63 has been prepared as if the Entitlement Offer and placement had occurred on 1 July 2017. The pro forma weighted average securities on issue during FY18 is calculated by assuming both the number of securities on issue at 30 June 2018 and the number of securities to be issued under the Entitlement Offer and placement were on issue at 1 July 2017.

## ***Basis of preparation (continued)***

The pro forma proportional debt and gearing information on slide 42 reflects Transurban's group debt drawn and gearing as at 30 June 2018, aggregated with the proportional debt drawn by SMC as at 30 June 2018 and the additional net proceeds anticipated to be issued under the Entitlement Offer and placement, as if the WCX Acquisition, Entitlement Offer and placement had occurred on 30 June 2018. The pro forma FFO/Debt and senior interest cover ratio information on slide 42 reflects Transurban's group FFO/Debt and senior interest cover ratio for FY18 aggregated with the incremental impacts as if the WCX Acquisition, Entitlement Offer and placement had occurred on 1 July 2017.

The pro forma statutory results and the pro forma proportional EBITDA results do not include the impacts of any cost or other operating synergies that may result from the WCX acquisition. Transurban and STP have just recently begun collecting information in order to formulate detailed integration plans to deliver planned synergies. However, as at 30 June 2018 (being the last practicable date before the date of this Presentation), the integration plans are in their preliminary stages and the associated costs and benefits are estimates and not yet factually supportable for the purposes of inclusion in the pro forma historical financial information.

## **Free cash flow available for distributions**

Transurban's free cash is calculated as:

- Cash flow from operating activities
- Add back transaction and integration costs related to acquisitions
- Add back payments for maintenance of intangible assets
- Add back capital releases from 100% owned entities
- Less debt amortisation relating to 100% owned entities
- Less allowance for maintenance of intangible assets for 100% owned assets
- Less cash flow from operating activities from consolidated non 100% owned entities
- Add distributions and interest received from non 100% owned entities

## **Proportional basis of presenting results**

Certain pro forma financial information in this Presentation has been prepared on a proportional underlying basis. Transurban's CEO and the Executive Committee receive information for assessing the business on an underlying proportional basis reflecting the contribution of individual operating concession assets in the proportion of Transurban's equity ownership. This method of presentation differs from the statutory accounting format and is consistent with Transurban's previous method of disclosure of proportional results.

## **Assumptions for distribution guidance**

The statements on slides 7, 17 and 44 include information relating to Transurban's distribution guidance for FY19 and FY20. The FY19 and FY20 guidance incorporates Transurban's forecast free cash flow performance for FY19 and FY20 including forecast distribution receipts from WCX post financial close.

In determining distribution guidance certain assumptions have been made about future performance and expenditure. There is no guarantee that these assumptions will materialise and the following information on the assumptions should be read together with the "Key risks".

## **Distributions from non-controlled entities**

Distributions from non-controlled entities are assumed to continue in line with existing practice and policies of those entities.

## **Business plans**

Certain information in this presentation illustrates Transurban management's estimate and assessment of a specific matter having regard to the Business Plans. Those assessments are subject to a range of assumptions and contingencies that, given the length of time reflected in those business plans, may not be factually supportable for the purpose of providing guidance or a projection. There can be no assurance that these estimates and assessment will be accurate and the actual outcome may differ materially because events and actual circumstances frequently do not occur as projected or assumed in those business plans. Further, changes to the business plan for WestConnex are not within Transurban's sole control (or any single party with an ownership interest in WestConnex) given respective ownership interests and associated governance arrangements (see slide 52). Refer to slide 15 for an explanation of the WestConnex project components through to FY28. Also see the Key risks for further information.

## **Traffic volumes and toll revenue assumptions**

These are based on internal budgets and forecasts which reflect current volumes and revenues for existing concessions, observed and expected traffic growth and the terms of individual concession deeds, including price escalation terms and the assumption that there are no significant unplanned adverse events impacting road availability.

## **Maintenance expenditure and maintenance expense assumptions**

These are based on Transurban's assessment of each concession's existing asset condition and the timing and cost of future works, with reference to the nature of the underlying asset, past cost for works and price escalation over time, primarily CPI.

## **Other assumptions**

For FY19, equity raising costs relating to the Entitlement Offer will be excluded from free cash flow.

# Statutory results – pro forma

	FY18 (\$M)		
	TCL	WCX ACQUISITION	PRO FORMA
Toll revenue	2,249	-	2,249
Construction revenue	989	-	989
Other revenue	60	-	60
<b>Total revenue</b>	<b>3,298</b>	<b>-</b>	<b>3,298</b>
Employee benefits expense	(180)	-	(180)
Road operating costs	(326)	-	(326)
Construction costs	(989)	-	(989)
Transaction and integration costs	(21)	-	(21)
Corporate and other expenses	(133)	-	(133)
<b>Total costs</b>	<b>(1,649)</b>	<b>-</b>	<b>(1,649)</b>
<b>EBITDA</b>	<b>1,649</b>	<b>-</b>	<b>1,649</b>
Depreciation and amortisation	(671)	-	(671)
Net finance costs	(722)	-	(722)
Share of equity accounted profits	33	(17)	16
<b>Profit/(loss) before income tax</b>	<b>289</b>	<b>(17)</b>	<b>272</b>
Tax benefit	179	-	179
<b>Net profit/(loss)</b>	<b>468</b>	<b>(17)</b>	<b>451</b>



# Proportional EBITDA results – pro forma

	FY18 (\$M)		
	TCL	WCX ACQUISITION	PRO FORMA
Toll revenue	2,340	44	2,384
Other revenue	56	-	56
<b>Total revenue</b>	<b>2,396</b>	<b>44</b>	<b>2,440</b>
<b>Underlying proportional EBITDA</b>	<b>1,796</b>	<b>36</b>	<b>1,832</b>
Significant items	(21)	-	(21)
<b>Proportional EBITDA</b>	<b>1,775</b>	<b>36</b>	<b>1,811</b>

# Free cash flow – pro forma

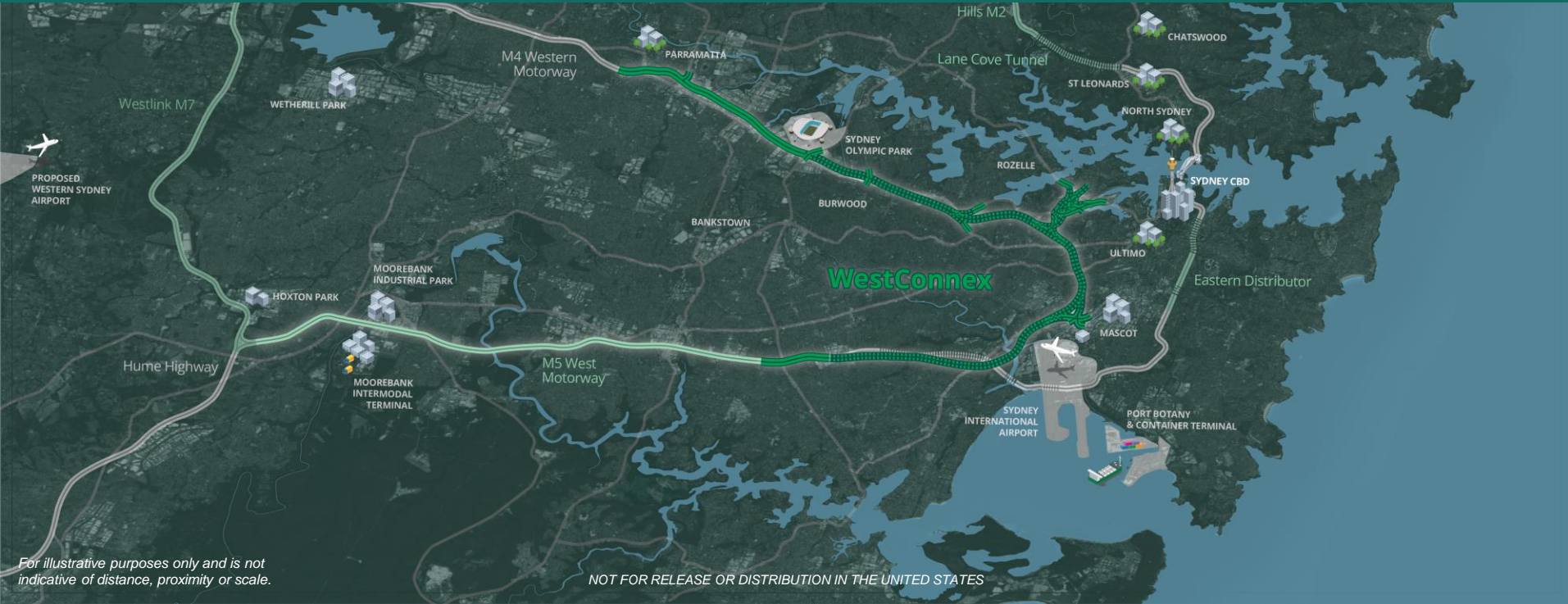
	FY18		
	TCL	EQUITY FUNDING	PRO FORMA
Free cash (\$M)	1,215	-	1,215
Underlying free cash per security (cents) – weighted average securities on issue during period	56.8	(11.3)	45.5

# Consolidated balance sheet – pro forma

	As at 30 June 2018 (\$M)			
	TCL	WCX ACQUISITION	EQUITY FUNDING	PRO FORMA
<b>ASSETS</b>				
Cash and cash equivalents	1,130	(4,110)	4,742	1,762
Intangible assets	21,390	-	-	21,390
Property, plant and equipment	374	-	-	374
Equity accounted investments	474	3,410	-	3,884
Other current assets	691	-	-	691
Other non-current assets	2,367	700	-	3,067
<b>Total assets</b>	<b>26,426</b>	<b>-</b>	<b>4,742</b>	<b>31,168</b>
<b>LIABILITIES</b>				
Short-term borrowings	524	-	-	524
Long-term borrowings	14,871	-	-	14,871
Other current liabilities	1,699	-	-	1,699
Other non-current liabilities	2,566	-	-	2,566
<b>Total liabilities</b>	<b>19,660</b>	<b>-</b>	<b>-</b>	<b>19,660</b>
<b>Net assets</b>	<b>6,766</b>	<b>-</b>	<b>4,742</b>	<b>11,508</b>
<b>Total security holders' funds</b>	<b>6,766</b>	<b>-</b>	<b>4,742</b>	<b>11,508</b>

Supplementary information

# Key risks



*For illustrative purposes only and is not indicative of distance, proximity or scale.*

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## 1.1 Transurban's concession agreements have finite lives

Transurban's business is dependent on concession agreements that have been granted to members of the Transurban group, or entities in which Transurban has an interest, to operate various toll roads in Australia and North America ("**concession agreements**"). Earnings from the concession agreements account for virtually all of Transurban's earnings. When the concession agreements expire, the toll roads and related infrastructure must be returned to the relevant government counterparty. If Transurban cannot enter into new concession agreements or extend its existing concession agreements to permit it to carry on its core business, or any new concession agreements entered into are on less advantageous terms to those of the current concession agreements, Transurban's business and financial performance could be materially adversely affected.

To facilitate the West Gate Tunnel Project, Transurban and the State of Victoria have entered into the CityLink Option Deed which specifies agreed amendments to the CityLink concession deed required to implement the CityLink funding sources for that project and other agreed changes, including an extension of that concession deed. If those amendments are not successfully passed through the Victorian Parliament during the West Gate Tunnel Project construction period, the State of Victoria has agreed to replace the CityLink funding sources with completion / substitution payments inclusive of an agreed return consistent with Transurban's investment metrics and commensurate with the capital invested by Transurban for services rendered and the risk taken on the delivery of a project of this size.

## 1.2 Traffic volumes

The volume of traffic using a toll road is critical to the generation of revenues and ultimately returns for Transurban security holders. Any developments that reduce traffic volumes or inhibit the growth in traffic volumes below Transurban's traffic forecasts or growth expectations could have a material impact on Transurban's financial performance. Factors that affect traffic volumes on Transurban's toll roads, and consequently Transurban's earnings, include:

- a) The level of congestion, mix of traffic, level of carpooling, and tolls charged to users and any toll increases on the toll roads;
- b) The quality and state of repair of the toll roads, including any upgrades and any disruption as a result;
- c) The quality, state of repair, proximity and convenience of alternative arterial public (toll-free) roads as well as the existence of other public transport infrastructure;
- d) The nature and extent of the connections of Transurban's toll roads to other urban roads and regional highway networks;
- e) Disruptions, changes to, or events (including events that affect public safety) that occur on Transurban's toll roads or on roads that connect to or feed Transurban's toll roads;
- f) Economic and fiscal conditions including fuel prices, taxation on road use and motor vehicle use, other costs associated with owning and operating a vehicle, inflation, interest rates and levels of employment in areas served by Transurban's toll roads;

- g) Changing travel patterns and habits of private and commercial users of Transurban's toll roads;
- h) Demographic and social conditions including population growth, migration, land development programs, social instability, changes in residential and commercial land use and general development in areas served by Transurban's toll roads;
- i) Community and customer perception and sentiment in relation to Transurban's toll roads;
- j) Transport, environmental and corporate regulation and policy, including the impact of carbon reduction programs, congestion taxes on urban travel, other measures to restrict motor vehicle use and government transport and urban management policies and strategies;
- k) Weather conditions, forest fires, flooding, natural phenomena, pandemics, natural disasters and acts of terrorism; and
- l) Reduced traffic volumes or an inability to grow traffic volumes including as a result of Transurban carrying out brownfield upgrade/development work on its toll roads.

Many of these factors, including the number and classes of vehicles using Transurban's toll roads are, to a large extent, outside of its control.

If Transurban's toll roads are unable to maintain or grow an adequate level of vehicle traffic, or if traffic volumes decrease or experience unexpected lower rates of growth than in previous periods, this could materially adversely affect Transurban's revenues, cash flow, financial condition and results of operations.

### 1.3 Revenue collection

Transurban collects and processes toll revenue using a variety of tolling systems and other information technology systems, and is reliant on the reliable and efficient operation and maintenance of those systems in the manner expected. The failure of an existing tolling system could result in a loss of revenue that may materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

The costs associated with the development of a new tolling system may be greater than anticipated and there is also a risk that the new tolling system may never be implemented. Once implemented, the new tolling system may not function effectively or deliver the anticipated benefits. Any circumstances that impair the operation or maintenance of the tolling system may result in an inability to collect tolls from users of Transurban's toll roads, which could result in a loss of toll revenue. If Transurban is unable to successfully implement or deliver these projects or systems in a timely manner, this could have a material adverse effect on its business, cash flow, financial condition and results of operations.

Transurban relies on the assistance of governmental authorities to take enforcement action against motorists who default on their obligation to pay Transurban's road tolls. Transurban also relies in part on the assistance of governmental authorities to monitor and prevent unauthorised use of the 95 Express Lanes and 495 Express Lanes in the Greater Washington Area. If these enforcement actions are not taken or are unsuccessful, or if the legislative framework governing the enforcement proceedings is deficient or changes, Transurban may be unable to recover the relevant tolls from road users which may adversely affect Transurban's cash flow, financial condition and results of operations. However, if enforcement action is pursued too vigorously, Transurban's reputation may be adversely affected.

Agreements between Transurban and other toll road operators require that each operator pays Transurban for that operator's customers who travel on Transurban's toll roads. Transurban bears the credit risk if those other operators default on such payments.

Transurban also collects revenue from its tag customers for travelling on other toll roads. Transurban bears the credit risk relating to recovering these toll payments from those customers.

## **1.4 Restriction on toll price**

Most of Transurban's concession agreements contain mechanisms that regulate the tolls that can be charged for using the relevant toll road. The mechanism used generally provides for increases in tolls on a quarterly or annual basis by reference to inflation, measured by the quarterly consumer price index, or annual consumer price index of a specified geographic area. Under certain concession agreements, Transurban does not have the right to increase tolls beyond the relevant rate of inflation. Where there is deflation, certain of the concession agreements may require Transurban to reduce the tolls that can be charged to users of the relevant toll road. Additionally, for some concession agreements with inflation-linked tolls, tolls cannot be lowered as a result of deflation; however, an increase cannot occur until inflation offsets the previous deflation.

The price adjustment mechanisms in the concession agreements do not take account of changes in Transurban's operating, financing and other costs. Therefore, those operating, financing and other costs could increase at a greater rate than revenue from tolls and other fees charged to users of the toll roads, which could negatively impact on Transurban's results of operations.

## **1.5 Maintenance and capital expenditure projects**

Transurban is required under its concession agreements to undertake information technology, maintenance and capital expenditure projects from time to time on its toll roads. There can be no assurance that Transurban will be able to implement these projects in the manner or within the timeframe and budget expected. In addition, Transurban is also subject to the risk of unexpected significant maintenance or capital expenditure requirements, which may arise as a result of a variety of factors which may be outside Transurban's control, such as the identification of material defects or material latent defects in the road infrastructure.



Under the terms of its concession agreements and the documents related to those agreements, Transurban can also be required to perform upgrades on the concessions and other road projects. The upgrades are generally governed by process deeds. Under those deeds, a failure to carry out an upgrade in accordance with the terms of the deed can result in the government counterparty having a right to terminate the relevant concession agreement.

Additionally, in negotiations with the relevant governmental entity to undertake improvement projects on an existing toll road, or to develop new toll roads, Transurban may agree to vary or waive certain benefits under an existing concession agreement, including waiving rights to receive compensation where infrastructure is built or a material adverse event occurs. While Transurban aims to carefully consider a range of factors in any such circumstances before varying or waiving rights under a concession agreement, any such variation or waiver may restrict Transurban's rights if the relevant event occurred. Transurban's failure to successfully implement planned information technology, maintenance and capital expenditure projects in the manner or within the timeframe and budget expected, or the occurrence of any unexpected maintenance or capital expenditure requirements or events for which Transurban's right to compensation has been waived, could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.6 Loss of a toll road concession

If Transurban breaches a material obligation under a concession agreement and fails to remedy the breach, this could lead to the early termination of the relevant toll road concession. A failure to comply with agreements with government counterparties that govern upgrade projects could result in the termination of the underlying concession agreement.

In relation to the Legacy Way and Go Between Bridge concessions, a default under either of the concession agreements governing those concessions gives the government counterparty a right to terminate both of the relevant concession agreements.

In relation to WCX, any of the three WCX concession agreements may be terminated by RMS for breach by the relevant WCX concessionaire, and in other circumstances, including a failure by the WCX concessionaire to comply with certain specified obligations under the Road Operators Coordination Agreement, the insolvency of a WCX concessionaire or the insolvency of a D&C or O&M contractor working on the WCX project where the contractor is not replaced by a party acceptable to RMS.

The WCX concession agreements may also be terminated by RMS in no-fault circumstances, including where a court has made a determination that cannot be overcome that prevents the project from proceeding, a native title claim is made that prevents the project from proceeding, or a subsisting uninsurable force majeure event occurs.

If one of Transurban's concession agreements were to be terminated early, the relevant toll road and associated infrastructure would revert to the relevant government body, which could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.



## 1.7 Breach of financing arrangements

Transurban has entered into financing arrangements with external financiers in relation to its business and many of its toll roads. The WCX concessionaires also have in place, or will be required to put in place, debt financial arrangements with external financiers to fund each WCX project. In addition to principal and interest repayment obligations, the financing arrangements typically require Transurban or the WCX concessionaire to comply with covenants and undertakings with regard to their operation, maintenance and tolling of the relevant toll road or the operation of their business. If Transurban or a WCX concessionaire breaches a material obligation under its financing arrangements, it could result in the financing becoming immediately due and payable, or the external financiers enforcing their securities to facilitate an asset sale or ownership transfer and/or stepping-in and taking control of the relevant toll road. In such circumstances, the relevant financiers would obtain the benefit of the relevant toll road concession, and Transurban or the WCX concessionaire may suffer material financial loss and reputational damage. If there is an event of default under Transurban's financing arrangements, Transurban may be required to take action in response which might include (but not be limited to) restricting distributions ultimately to Transurban's security holders.

## 1.8 Relationship with government

Transurban's relationship with government entities is key to ensuring the continuity of its existing concession agreements and future opportunities for new projects and improvements or growth of its toll roads.

If Transurban is prevented from exercising its material rights (such as operating and tolling the relevant toll road) under a concession agreement as a result of government action, Transurban may be able to terminate the concession agreement early. In such circumstances Transurban may be entitled to receive compensation from the relevant government entity but the compensation may not be adequate to compensate Transurban for the loss of its rights under the concession agreement.

Transurban's dealings with government are subject to stringent regulations, breaches of which may result in substantial fines and other penalties. Transurban's reputation may also suffer and breaches may result in limitations on its future ability to interact with governments or participate in government tender processes.

## 1.9 Alternate public (toll-free) roads and other modes of public transport

In general, the concession agreements do not prevent the relevant governmental authorities from building or awarding contracts to build roads or infrastructure for alternate modes of transportation which may impact Transurban's toll roads, although Transurban may, in certain circumstances, be entitled to compensation from the relevant government counterparty. Any compensation awarded in such circumstances may not adequately compensate Transurban.

In relation to WCX, the WCX concession agreements do not prevent RMS from carrying out infrastructure developments that run in parallel to WCX. However, where those new developments connect to a particular stage of WCX, the relevant WCX concessionaire is generally entitled to compensation for the impact of the new development in relation to certain categories of expenditure incurred whilst the project is being undertaken, including reductions to toll revenue expected during construction of the new development. The relevant WCX concessionaire may also be entitled to other relief (which may, but is not required to, include financial compensation) where the project is undertaken in a manner that is not consistent with the relevant WCX concession agreements and the new project has a material adverse effect on the WCX concessionaire. In relation to the West Gate Tunnel Project, Transurban has agreed a number of changes to the CityLink concession deed which require successful passage through the Victorian Parliament. If the agreed changes successfully pass through the Victorian Parliament, certain existing protections afforded to Transurban in connection with the CityLink concession deed will be reduced, including the relaxing of legacy restrictions to allow the State of Victoria to make certain improvements to the adjacent road network. These changes to the CityLink concession deed will only be implemented if they are successfully passed through the Victorian Parliament. The changes, in aggregate, would restrict Transurban's right to object to, or be compensated for the changes to the adjacent road network.

## 1.10 Reliance on key contractors/counterparty risks

Transurban may engage third party contractors and counterparties to carry out development and construction activities and to provide certain systems and services, including those relating to tolling, customer services, operations and maintenance services, road management and control systems. Transurban is therefore dependent upon the services of key contractors and counterparties.

In the event that any of these contractors or counterparties are unable or unwilling to perform the obligations owed to Transurban or there is industrial action taken by the employees of those third party contractors and counterparties, Transurban could suffer material disruptions to its operations. Disruptions to Transurban's operations or inadequately performed services could result in delays to projects, degradation in the quality and state of repair of Transurban's toll roads, dissatisfaction of toll road users, reduced traffic volumes, reduced toll road revenue and breach of concession agreements and financing arrangements.

Any of these factors could result in a material increase in Transurban's costs and interruption to Transurban's operations in the event of a service provider having to be replaced. The occurrence of any of these risks could materially adversely affect Transurban's business, cash flow, financial condition and results of operations. In addition, the early termination of a concession agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

To facilitate the West Gate Tunnel Project, the State of Victoria has agreed to replace the CityLink funding sources with completion/substitution payments in the event the agreed amendments to the CityLink concession deed required to implement the CityLink funding sources for the West Gate Tunnel Project are not passed through the Victorian Parliament. It is possible that a challenge could be made as to the enforceability of the obligations on the State of Victoria to make the completion / substitution payments. Any outcome which results in Transurban failing to receive the CityLink funding sources or the completion / substitution payments could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

## 1.11 Joint venture risk

Transurban's interests in certain concessionaires (including the WCX concessionaires) are held with joint venture partners. In those circumstances, the success of the concessionaire and the toll road it operates may be adversely impacted by the actions of Transurban's joint venture partners. Although Transurban has significant influence over the decision making of these joint ventures, certain decisions require approval of the majority or a higher percentage of all the directors or shareholders of the joint venture. Therefore irrespective of Transurban's proportional interest in the joint venture, Transurban will not be able to unilaterally control all decision-making processes of the joint venture, including decisions in respect of distributions.

The joint venture partners in these projects (which may include State-owned entities) may have economic or business interests or objectives that are different to those of Transurban, may be unable or unwilling to fulfil their obligations under the relevant joint venture contracts or may experience financial or other difficulties.

In addition, Transurban's reputation and its relationships with governments and other stakeholders could be affected if its brand is associated with a partner that has engaged in misconduct or has been negligent, either in connection with a joint venture project or a different project. The occurrence of any of these risks could disrupt the operations of the joint venture and negatively impact Transurban's investment in, and the returns from, the joint venture.

In connection with WCX, STP has limited rights in relation to the New South Wales Government transferring its retained interest in WCX to a new investor. There is a risk that an acquirer of the New South Wales Government's interest may have different objectives from those of STP, be a competitor of STP or Transurban or otherwise be a party with whom disputes arise or who could otherwise have an adverse effect on the operation of WCX.

## 1.12 Risks in relation to current and future development projects

Transurban may not be able to implement current and future development projects (including each WCX project and the West Gate Tunnel Project) in the manner or within the timeframe and budget expected. Additionally, such current and future development projects may not deliver the return or earnings expected by Transurban.

Transurban's failure to successfully implement current and future development and construction projects in the manner or within the timeframe and budget expected could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 1.13 Acquisitions

The Transurban group has in the past expanded its portfolio through acquisitions or bids for new projects. In the future, Transurban may seek to acquire or develop additional toll roads, assets or businesses.



The success of any such acquisitions or developments depends on a variety of factors including that there can be no assurance that such acquisitions or developments would be available, successful or generate the anticipated project cash flows and returns, benefits, synergies and efficiencies that Transurban expects. Transurban may incur substantial costs, delays or other operational or financial problems in acquiring, integrating, developing and/or managing the additional asset or business, and any such investment may divert management's attention from the operation of Transurban's existing businesses. In particular, Transurban's ability to supplement its current portfolio of assets with new assets and to undertake additional developments on its existing assets is dependent on government policies with respect to ownership and operating models for transport and road infrastructure. Changes to government policies could adversely impact Transurban's ability to invest in new projects, develop existing assets and maintain or continue to grow its existing levels of business.

Additionally, Transurban may encounter unanticipated events, circumstances or legal liabilities in connection with the investment, Transurban may have difficulty financing or refinancing any investment and Transurban may be unable to service any increased indebtedness as a result of such investment. The occurrence of any of the risks relating to any such investment could materially adversely affect Transurban's business, results of operations and financial condition.

## **1.14 Impact of forecasts and modelling on Transurban's business and growth projects**

Transurban has regard to internal traffic and other forecasts and modelling capability to assess the viability of acquisitions, the development of new projects, the improvement and expansion of existing toll roads, the timeframe in which to undertake these activities and the carrying value of its assets. Traffic modelling is dependent on other inherently variable data inputs such as population, employment, trip rates and travel costs. Population forecasting for instance relies on assumptions which are in turn tied to other macro factors such as government policies, housing, employment, demographics, economic growth and some of the other factors outlined in risk 1.2 in relation to traffic volumes. If Transurban's forecasting methodology and modelling, including the assumptions inputted into them or information from third-party sources used to derive the information, are inaccurate or do not reflect current or future market conditions, Transurban may undertake acquisitions and projects (including the WCX Project and the West Gate Tunnel Project) that do not deliver forecasted returns or earnings, may impact the profitability of existing assets, may fail to optimise the value of acquired assets and may overvalue acquisition targets which may result in write down of the carrying value of assets.

## **1.15 Systems, information technology and confidential information**

Transurban relies on operating, maintenance, traffic management and safety technology and systems to optimise the safe and efficient operation of its toll roads. The failure of these systems, including a failure to adequately respond to a disruption event or manage an incident effectively could materially disrupt the operation of Transurban's toll roads, leading to reduced traffic volumes or closure of a road.



Transurban's ability to continue to improve revenue generation from its toll roads and provide key services to its customers depends on its capacity to develop and manage new technology systems and platforms. In some cases, Transurban partners with technology providers to develop and implement new information technology systems. Certain of Transurban's software is held under licence agreements with technology providers. If Transurban fails to continue to maintain its relationships with its key technology partners or licensors of key software, its ability to operate and grow its business may be adversely affected.

Transurban's technology systems may be subjected to external cyber-attacks that could adversely affect its business and reputation. Although Transurban takes various measures to prevent or mitigate external breaches to its systems and monitor its technology networks, there is no guarantee that such measures will provide absolute security. The occurrence of any such cyber-attacks could have a material adverse effect on its business, cash flow, financial condition and results of operations.

Transurban's tolling arrangements and systems lead it to obtain personal and confidential information from its customers. The handling and retention of such information is regulated by various privacy laws. Transurban is exposed to the risk of deliberate or inadvertent release of this information and the loss or misuse of data. Although Transurban utilises systems and processes that are designed to protect data and to prevent data loss and other security breaches, no assurance can be given that such measures will provide absolute security. If such information were released, Transurban may be subject to financial penalties under privacy laws and/or be subject to increased regulatory scrutiny or legal action and its reputation may be negatively affected.

## **1.16 Refinancing risks and use of debt**

Transurban has existing debt financing arrangements and credit facilities from bank, debt capital markets and government sources. Transurban will need to continue accessing debt markets in the future to refinance maturing debt and to access debt for corporate purposes or in connection with the financing of existing projects or new acquisition or development projects. Additionally, the WCX concessionaires also have in place, or will be required to put in place, debt financing arrangements to fund each WCX project. The use of debt by Transurban and the WCX concessionaires may enhance returns, but it may also substantially increase the risk of loss.

Transurban and the WCX concessionaires are exposed to risks associated with debt financing, including that they will be unable to arrange financing for growth projects or the refinancing of their existing indebtedness as and when required, on the terms expected or at all. If Transurban or a WCX concessionaire is able to refinance its existing indebtedness, the terms of such refinancing may not be as favourable as the original terms of such indebtedness. Additionally, RMS consent may be required before a WCX concessionaire refinances any of its existing debt or incurs any new debt.

Transurban's access to, and cost of finance, is affected by its credit ratings, in particular its senior secured debt credit ratings. Any downgrade or change in outlook (including in relation to global credit markets) could affect its ability to refinance its existing indebtedness or materially increase its cost of finance.

Financing arrangements typically require Transurban or a WCX concessionaire to comply with certain obligations and undertakings, including maintaining security arrangements for the benefit of lenders, and in some instances the meeting of certain financial covenants. If a material obligation is breached and not remedied within prescribed cure periods, this could lead to early termination of the financing arrangement and a requirement to repay the debt financing or the lender may have rights to step in and operate the applicable asset or appoint receivers.

Transurban undertakes transactions with financial counterparties including banking, cash investments and derivatives that create an exposure to the credit worthiness of those financial counterparties. If a financial counterparty defaults on such a transaction, Transurban may suffer material financial loss.

## **1.17 Reliance on dividends, distributions and interest on and repayments of shareholder loans from entities in the Transurban group**

Transurban operates its business through its subsidiaries. Transurban also funds certain of its subsidiaries through intra-group loans. The availability of funds to service Transurban's debts is impacted by dividends, distributions, interest and repayments on intra-group loans and shareholder loans received from Transurban's subsidiaries.

Some of Transurban's subsidiaries that have entered into concession agreements have incurred debt with external financiers which is secured against the specific assets, including the relevant concession agreement, of the Transurban subsidiary. The external financiers may in certain circumstances be able to restrict the ability of the relevant Transurban subsidiary to pay dividends or other distributions to Transurban. As a result, Transurban's ability to service its debt may be restricted and this could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## **1.18 Interest rate risk**

Transurban's ability, and the ability of the concessionaires in which Transurban has or will have an interest (including the WCX concessionaires), to arrange financing, and the cost of any such financing, is impacted by changes in interest rates, prevailing economic conditions and deteriorations in the bank finance market or in the national or international debt capital markets.

An increase in interest rates would increase the Transurban group's or the relevant concessionaire's debt servicing costs on any part of their indebtedness which is unhedged.

## **1.19 Foreign exchange risk**

Transurban is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A portion of Transurban's investments is and will continue to be denominated in, or generate cash flow in, U.S. dollars and Canadian dollars, while its reporting currency is Australian dollars. As a result, certain of Transurban's income, costs and operating cash flows are exposed to foreign exchange risks arising from U.S. dollar and Canadian dollar exposures when the assets and liabilities are translated into Australian dollars. Consequently, portions of its costs and margins are affected by fluctuations in the exchange rates between these currencies.

To the extent that Transurban has unhedged investments in assets outside of Australia, movements in currency exchange rates have the potential to reduce the capital value of its investments and cash returns from investments.

## **1.20 Payment of distributions**

Future payment of distributions to Transurban's security holders will be determined by the Transurban Board. Transurban will pay distributions having regard to the free cash flow and its financial position and there is no guarantee that future distributions will be paid.

## **1.21 Fraudulent behaviour of employees**

Transurban is exposed to risks associated with fraudulent behaviour of its officers, employees, consultants, contractors and contractual counterparties. The occurrence of such behaviour could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## **1.22 Key personnel**

Retaining and recruiting qualified personnel is critical to Transurban's success. Transurban may face risks from the loss of key personnel and an inability to attract any new personnel required in its business. Although Transurban has implemented strategies designed to assist in the recruitment and retention of people within its business, Transurban may encounter difficulties in recruiting and retaining candidates with appropriate experience and expertise.

If any of Transurban's key employees leave their employment, this may adversely affect its ability to conduct its business. If Transurban is unable to retain and attract the services of a sufficient number of qualified personnel, this could impact its operations and development and could have a material adverse effect on its business, cash flow, financial condition and results of operations.

## **1.23 Risks of accidents or other incidents relating to toll roads**

Transurban is subject to the risk of accidents and incidents on its toll roads and adjacent and feeder roads and sites, as well as to weather conditions, natural phenomena, natural disasters, vandalism and acts of terrorism which may impact its toll roads. The occurrence of any of these factors could adversely affect traffic volumes, the collection of toll revenue and could cause physical damage to Transurban's toll roads. In addition, any such incident could result in the loss of part of Transurban's infrastructure assets or critical operating equipment and Transurban may incur additional costs in repairing the affected infrastructure asset. The occurrence of any of these risks could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.



Transurban operates critical road infrastructure assets in and around high-density population areas in Australia and North America that could be targeted by terrorist attacks or threatened with terrorist attacks. Terrorist attacks or threats of terrorist attacks on Transurban's toll road assets could affect traffic volumes and the collection of toll revenue and could lead to physical damage to toll roads, any of which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations. In addition, any physical damage to Transurban's toll roads may cause loss or damage to customers or third parties who may seek to recover damages from Transurban for any such terrorist attacks.

## 1.24 Social licence to operate

Transurban relies on a level of broad public acceptance of its activities, which it refers to as its social licence to operate. Transurban's business, projects and toll roads generally, may generate negative public sentiment with certain stakeholder groups due to the perception that its toll roads are expensive, that there are too many toll roads or negative sentiment towards private ownership of roads. In addition, construction and improvement of new and existing toll roads often results in disruptions to local business, communities and road users over extended periods of time, which may lead to negative public sentiment and publicity for Transurban's toll roads. Negative public sentiment, any resulting community action and related publicity may result in federal and state governments declining to pursue projects involving private toll road operators or implementing political measures that adversely impact Transurban's ability to own and operate toll roads in the future or that adversely impact the profitability of its current toll roads. Any government measures restricting Transurban's ability to own or operate toll roads or negative community sentiment and publicity could impact its social licence to operate and adversely impact its reputation, financial condition and results of operations.

Consistent with this, there has been some negative public sentiment regarding the WCX project from local communities and businesses who may be affected by the project and other stakeholders, and there is currently a NSW parliamentary inquiry into the WCX project which could make negative findings that have the potential to impact on the WCX project.



## 2.1 Underwriting risk

Transurban has entered into an underwriting agreement under which three underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties. The underwriters' obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including Transurban delivering certain certificates, sign-offs and opinions to the underwriters. Further, if certain events occur, the underwriters may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer. If the underwriting agreement is terminated, STP will not be entitled to terminate the WCX Acquisition and Transurban will still be required to contribute its portion of the purchase price for the WCX Acquisition. In these circumstances Transurban would need to find alternative funding to meet its contractual obligations to fund its share of the purchase price. Termination of the underwriting agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

The underwriters' obligations to underwrite the Entitlement Offer are conditional on certain matters, including that the WCX Acquisition has not been terminated, rescinded or varied in any material respect without the underwriters' consent.

The events which may trigger termination of the underwriting agreement include where:

- a) Transurban is suspended from the official list of the ASX or its securities are delisted or suspended from quotation;
- b) Transurban alters its capital structure;
- c) Transurban or a material subsidiary of Transurban is or becomes insolvent;
- d) Transurban's CEO or CFO has their employment terminated for cause;
- e) Transurban contravenes its constituent documents, the Corporations Act, the ASX Listing Rules or other applicable law; or
- f) Transurban's directors engage in fraud or commit certain offences.

The ability of the underwriters to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the underwriters.

In addition to these termination events, the occurrence of certain other events (including market disruption, hostilities, regulatory action or material adverse change) may affect the underwriters' obligation to underwrite the Entitlement Offer at the offer price under the underwriting agreement. If any such event occurs, the underwriters' obligation to underwrite at the offer price may cease to apply, in which case the underwriters and Transurban may be required to work together in good faith to agree amendments to the underwriting agreement to implement an alternative capital raising that enables Transurban to fund its portion of the purchase price for the WCX Acquisition. In such circumstances, there is no guarantee that the underwriters will agree appropriate and timely amendments to the underwriting agreement, which may adversely impact the timing and success of the Entitlement Offer (or any other capital raising), the proceeds raised by Transurban and Transurban's funding for the WCX Acquisition.

## 2.2 Renouncement risk

If you are an eligible security holder, and you do not take up or sell your entitlements under the Entitlement Offer, then your entitlements will be treated as renounced and will be sold on your behalf in the institutional or retail bookbuild (as applicable) and any proceeds of sale of your entitlements will be paid to you. However, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell New Securities under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriters, will, if accepted, result in acceptable allocations to clear the entire book.

To the maximum extent permitted by law, Transurban, the underwriters and the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the bookbuild at a price in excess of the offer price. If there is a retail premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

You should also note that if you do not take up all of your entitlement, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

## 2.3 Risk of selling or transferring entitlements

If you are an eligible retail security holder and do not wish to take up your entitlements, you can sell them on the ASX or transfer them to another person or entity other than on the ASX during the entitlement trading period.

Prices obtainable for retail entitlements may rise and fall over the entitlement trading period and liquidity may vary. If you sell or transfer your entitlements at one stage in the retail entitlement trading period you may receive a higher or lower price than a security holder who sells or transfers their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

# Offer and general risks

There is no guarantee that there will be a viable market during, or on any particular day in, the retail entitlement trading period, on which to sell retail entitlements on the ASX. Eligible retail security holders who wish to sell their entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for entitlements.

If you choose to transfer your entitlements to another person or entity other than on the ASX, there is no guarantee that you will receive any value for transferred entitlements.

You should also note that if you sell or transfer all or part of your entitlements, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

The tax consequences from selling or transferring entitlements or from doing nothing may be different. Before selling entitlements or choosing to do nothing in respect of entitlements, you should seek independent tax advice and may wish to refer to the tax information contained in the retail information booklet which will provide further information on potential taxation implications for Australian security holders.

## 2.4 Market generally

The price of Transurban securities on the ASX may rise or fall due to numerous factors, including:

- a) Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;
- b) tensions and acts of terrorism in Australia and around the world;
- c) investor perceptions in the local and global markets for listed stocks; and
- d) changes in the supply and demand of infrastructure securities.

Transurban securities may trade below the offer price and no assurances can be given that Transurban's market performance will not be materially adversely affected by any such market fluctuations or factors. No member of Transurban, nor any of their directors nor any other person guarantees Transurban's market performance.

## 2.5 Asset impairment

The Transurban Board regularly monitors impairment risk. Where the recoverable value of an asset is assessed to be less than its carrying value, Transurban is obliged to recognise an impairment charge in its profit and loss account.



Asset impairment charges may result from actual performance failing to meet Transurban's forecasts or the occurrence of unexpected adverse events that impact Transurban's expected performance. Assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. This could result in the recognition of impairment provisions that could be significant and could have a material adverse effect on Transurban's financial condition and results of operations.

## 2.6 Changes to accounting standards

Changes to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act could affect Transurban's reported results of operations in any given period or Transurban's financial condition from time to time.

## 2.7 Tax developments

The Transurban group is structured as a stapled group comprising two companies (Transurban Holdings Limited and Transurban International Limited) and a trust (Transurban Holding Trust), which trade as a single stapled security. Australian taxation laws apply to each of these entities separately. Changes to tax legislation, the interpretation of tax legislation by the courts, the administration of tax legislation by the relevant tax authorities and the applicability of such legislation to the Transurban group or entities within the Transurban group may increase Transurban's tax liabilities.

Transurban Holding Trust and its subsidiary trusts are generally not liable for Australian income tax and capital gains tax, provided that:

- a) where the trust is an Attribution Managed Investment Trust ("AMIT"), the trust attributes the net income to its unit holders on a fair and reasonable basis; and
- b) where the trust is not an AMIT, all income is distributed to its unit holders.

Transurban Holding Trust is qualified to make and has made the relevant election under the Australian tax law to be treated as an AMIT. This position must be assessed on a yearly basis in the future. If Transurban Holding Trust ceases to be qualified to make the relevant election to be characterised as an AMIT or ceases to reasonably attribute all of its income to unitholders in any income year, Transurban may incur tax liabilities.

Transurban Holding Trust may be liable for tax if it derives non-arm's length income. Transurban Holding Trust subsidiary trusts may be liable for tax if they derive non-arm's length income or do not designate all income to their unitholders.

In addition, certain companies within the Transurban group have carried forward tax losses which are recognised as deferred tax assets on the balance sheet. The ability of members of the Transurban group to utilise their tax losses to decrease their tax liabilities in future periods is subject to them meeting certain conditions under the relevant tax legislation regarding continuity of ownership and activities. If members of the Transurban group fail to meet the relevant conditions, or if the relevant tax legislation is amended in a way that results in an inability for members of the Transurban group to use their tax losses in future periods, the relevant Transurban entity's tax liabilities could be materially higher than currently expected.



# Offer and general risks

Adverse tax developments, including the factors described above, could materially increase Transurban's tax liabilities or timing of its tax payments, which could have a material adverse effect on its business, cash flow, financial condition and results of operations.

As noted above, Transurban operates through a stapled structure. Stapled structures have been a common Australian vehicle for infrastructure assets and typically involve the principal assets of the structure being held through a trust that is stapled together with a company that conducts the primary operations of the structure. The Australian Taxation Office ("ATO") and The Treasury of the Australian Federal Government continue to closely scrutinise the use of stapled structures where such structures are used to recharacterise trading income from operations into more favourably taxed passive income.

The Treasury of the Australian Federal Government undertook a consultation on stapled structures in 2017 and released details of a stapled structures integrity package in March 2018. The Treasury has released exposure draft legislation and explanatory materials to give effect to the stapled structures integrity package. The draft legislation includes conditions that stapled entities must comply with in order to access transitional concessions. If the stapled structures integrity package is enacted as currently proposed:

- the withholding tax rate that is applicable to certain distributions made to non-resident security holders by stapled structures in Australia will change;
- certain income distributed by Transurban Holding Trust will be subject to withholding tax at the corporate tax rate (currently 30%) rather than the 15% withholding tax rate that currently applies to fund payments distributed by Transurban Holding Trust to non-resident security holders; and
- there will be a 15-year transitional period for existing economic infrastructure facilities, which includes toll road networks, and a separate 15-year concessional period for new investment in economic infrastructure facilities approved by the Treasurer. Transurban's existing toll road networks, including WCX, are anticipated to meet the eligibility requirements to access the 15-year transitional period but this will not be certain until legislation to give effect to the stapled structures integrity package has been enacted.

The proposed stapled structures integrity package is expected to apply to WCX. At the expiry of any transitional period, certain distributions made by WCX flow through trusts that are received by Transurban Holding Trust and distributed to non-resident security holders on a flow through basis will be subject to withholding tax at the prevailing corporate tax rate (currently 30%) rather than the concessional 15% withholding tax rate that applies under current law. If the 15-year transitional period is available in respect of WCX toll road networks then certain cross staple income distributed by WCX flow through entities to Transurban Holding Trust and distributed to non-residents on a flow-through basis should be subject to the concessional withholding tax rate of 15% in income years within the 15-year transitional period. To the extent that WCX cross staple rental income during an income year within the 15-year transitional period exceeds the proposed annual cap in that income year, then the concessional withholding tax rate of 15% will not be available where that excess amount is distributed by Transurban Holding Trust to non-residents. At the expiry of any transitional period, distributions of certain types of income to non-residents are expected to be subject to withholding tax at the prevailing corporate tax rate.

## 2.8 Changes in law or regulation

Governments may impose new or increased charges on road transportation, on motorists or motor vehicles or fuel. In addition, Governments may restrict or prohibit the levying of tolls on toll roads. Such changes in law or regulation may have an adverse effect on traffic volumes on Transurban's toll roads.

Transurban's concession agreements generally contain mechanisms under which Transurban may be able to claim compensation for the impact of a qualifying change in law or regulation, but the compensation mechanism may not be applicable to every possible change in law or regulation, or the compensation payable may not adequately compensate Transurban for the adverse effect on traffic, business, cash flow, financial condition and results of operations.

## 2.9 Other external factors

Other external factors may impact Transurban's performance, including changes or disruptions to political, regulatory, legal or economic conditions or to national and international markets.

Natural phenomenon such as fire, earthquake, flood or cyclone may occur and some of the assets of Transurban may not be insured for such an event. Events of this nature can affect a party's ability to perform its contractual obligations.

## 2.10 Insurance counterparty risk

There can be no assurance that Transurban maintains, or will continue to maintain, sufficient insurance coverage for all of the risks associated with the operation of its businesses. In particular, there can be no assurance that events that result in a prolonged reduction in traffic volume or in toll revenues will be adequately covered by Transurban's insurance policies.

The renewal of insurance will be dependent on a number of factors, such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. The cost of Transurban's insurance policies could significantly increase as a result of claims made by it or as a result of local or global economic conditions that cause insurance to be more expensive.

Transurban is also subject to the credit risk of its insurers and their continued ability to satisfy claims made by Transurban. Certain risks and liabilities, including potential losses of a catastrophic nature, such as those arising from floods, earthquakes, terrorism or other similar catastrophic events, may be either uninsurable or not insurable on a financially reasonable basis, or may be subject to larger deductibles. Transurban may also elect to self-insure and/or carry large deductibles. In the event Transurban experiences a loss or liability to third parties in the future, the proceeds of an applicable insurance policy may not respond to cover the full actual loss incurred or related liabilities to third parties. If Transurban's insurance coverage is not sufficient to cover any losses that are incurred in the course of its business, or if Transurban's insurers are unwilling or unable to satisfy claims made by Transurban, Transurban could be exposed to uninsured losses that are significant or the payment of a larger deductible.

# Offer and general risks

## 2.11 Ongoing disputes

Transurban may from time to time be involved in legal, regulatory and other proceedings and disputes arising from its businesses and operations, including proceedings and disputes relating to construction, development, delivery, operation, maintenance and expansion of toll roads, collection of toll revenue, environmental issues, native title claims, shareholder action, industrial action, special interest group action and disputes with joint venture partners, contractors and other counterparties (including government counterparties). These disputes may lead to legal, regulatory and other proceedings, and may cause Transurban to incur significant costs, delays and other disruptions to its businesses and operations. In addition, regulatory actions and disputes with governmental authorities may result in fines, penalties and other administrative sanctions.

## 2.12 Environment and health and safety

Transurban is subject to environmental and health and safety regulations under Australian Commonwealth and State laws and applicable laws in North America. Although Transurban maintains comprehensive environmental management plans to monitor the performance of its toll roads, and any external parties responsible for operating any Transurban toll road, no assurance can be given that Transurban will not be subject to potential environmental and health and safety liabilities associated with the operation of its businesses. Transurban's construction projects may also be subject to delays as a result of environmental disputes, environmental impact assessments and consultation processes and the need to obtain necessary environmental approvals.



## 3.1 Completion risk

Completion of the WCX Acquisition is conditional on STP obtaining approval from the Foreign Investment Review Board (**FIRB**) and on certain other matters, including the New South Wales Government obtaining the consent of RMS for the change of control in the WCX concessionaires that will occur as a result of the WCX Acquisition.

STP has been working constructively and collaboratively with FIRB to obtain approval for the WCX Acquisition and Transurban remains confident that STP will obtain that approval. If STP does not obtain FIRB approval by 27 September 2018, the New South Wales Government has the right to terminate the WCX Acquisition. Additionally, if the New South Wales Government does not obtain the consent outlined above or any of the other conditions to completion are not met, completion of the WCX Acquisition may be deferred or cancelled.

If completion of the WCX Acquisition does not occur, Transurban will need to consider alternative uses for, or ways to return the proceeds of, any money received from Transurban security holders under the Entitlement Offer. Failure to complete the WCX Acquisition and/or any action required to be taken to return capital may have a material adverse effect on Transurban's financial performance, financial position and security price.

## 3.2 Implementation of STP's preferred operating model for WCX

Once the WCX Acquisition is complete, STP is proposing to implement a new operating model for WCX that it believes will provide opportunities for WCX to reduce its costs.

Under the proposed new operating model, Transurban will enter into a master services agreement with WCX under which Transurban will be contracted to provide corporate, operations, tolling and customer management and traffic services to WCX. Transurban will also enter into a tolling services agreement with each WCX project trustee for Transurban to provide tolling services and customer services to the WCX assets.

The implementation of the new operating model will require the consent of a number of third parties, including RMS, the existing lenders to M5 (including the Commonwealth) and the new lenders to M4 and M4 – M5 Link, and will also require the co-operation of the O&M and D&C contractors. In addition, some of the initiatives will require the consent of the directors appointed to the board of the New South Wales Government investment vehicle, Roads Retained Interest Pty Ltd. There is no certainty that those consents will be obtained or that co-operation will be provided by those contractors.

If STP cannot implement the proposed new operating model, cannot implement the model in the manner or time frame it proposes or the model does not give rise to the cost reductions expected, there may be a material adverse effect on the financial performance of WCX and therefore on the return Transurban receives from its investment in WCX through STP.



## 3.3 Reliance on information provided

STP (including Transurban) undertook a due diligence investigation process in respect of WCX and was provided with the opportunity to review certain financial and other information provided by or on behalf of the New South Wales Government and its advisers. While the Transurban Board considers that this review was adequate, the information was largely provided by the New South Wales Government. Consequently, Transurban has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data and there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the WCX Acquisition have been identified.

Similarly, financial information in respect of WCX has been derived from audited (in the case of FY18) and unaudited financial information. Transurban is unable to verify the accuracy or completeness of this information.

If any of the data or information provided is shown to be incomplete, incorrect, inaccurate or misleading, this may consequently have an adverse impact on the actual performance of WCX compared to the performance expected of it as part of Transurban's analysis and assessment of the WCX Acquisition opportunity. This may therefore have an adverse impact on the financial position and performance of Transurban.

It should also be noted that:

- a) limited contractual representations and warranties have been obtained from the New South Wales Government under the WCX Acquisition documentation, including in respect of the adequacy or accuracy of the materials disclosed to STP by the New South Wales Government and its advisers during the due diligence process; and
- b) the maximum amount STP may recover from the New South Wales Government under the WCX Acquisition documents if the New South Wales Government breaches those documents may not be sufficient to rectify the adverse impact the breach has had on STP.

## 3.4 Analysis of acquisition opportunity

Transurban has undertaken financial, operational, asset condition, business and other analysis in respect of WCX to determine its attractiveness to Transurban and whether to pursue the WCX Acquisition as part of STP.

It is possible that the analysis undertaken by Transurban, and the best estimates assumptions made by Transurban, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances or differing actual traffic volumes from those assumed (see the risk described under the heading "Impact of forecasts and modelling on Transurban's business and growth projects" on slide 73).

To the extent that the actual results achieved by WCX are weaker than those indicated by Transurban's analysis, or the level of capital and operational expenditure required by WCX in the future is higher than that forecast in Transurban's analysis, there is a risk that there may be an adverse impact on the financial position and performance of Transurban.

## 3.5 Funding risk

STP has an unqualified obligation to fund the purchase price for the WCX Acquisition if the New South Wales Government satisfies its completion obligations under the WCX Acquisition documents.

Part of the purchase price will be funded by a bridging loan to STP that STP intends to repay when the existing M4 debt is refinanced (which is planned to occur shortly after the WCX Acquisition completes). If certain conditions are not satisfied or certain events occur, that bridging loan may not be provided which would have an adverse impact on STP's funding sources for the WCX Acquisition. Additionally, if the existing M4 debt is not refinanced during the time period contemplated by STP, STP will be required to repay the bridging loan through other sources which could have an adverse impact on STP and its members (including Transurban).

Transurban and the other members of STP have agreed to fund their respective share of the purchase price for the WCX Acquisition. If one or more members of STP do not provide their funds and the WCX Acquisition cannot or does not complete, Transurban may be exposed to a liability that could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 3.6 Tax risk

The ATO closely scrutinises large infrastructure transactions and new projects in Australia and provides formal and informal guidance about the way it will administer the application of the Australian taxation laws to these transactions. Transurban and the other STP consortium members have undertaken extensive analysis of the WCX documents and associated contractual arrangements to determine appropriate tax assumptions and positions that are consistent with Australian taxation laws. Should these assumptions not be realised, then Transurban's tax exposure may increase and impact the returns Transurban receives as a member of STP.

Whilst STP engaged extensively with the ATO in relation to the tax positions adopted for the WCX transaction, given the nature and scale of WCX, the ATO may review the WCX transaction tax positions, the tax positions adopted for WCX entities and Transurban's interest in WCX as a member of STP. Changes to tax legislation, the interpretation of tax legislation by the courts, the administration of tax legislation by the relevant tax authorities and the applicability of the tax legislation to contractual arrangements entered into by STP to acquire a 51% equity stake in WCX may increase Transurban's tax liabilities which could impact the returns Transurban receives as a member of STP.

Certain trusts within the WCX group are anticipated to incur tax losses in certain income years. The ability of trusts with carried forward tax losses to utilise their tax losses to decrease their taxable income in future periods is subject to them meeting certain conditions under the relevant tax legislation regarding continuity of ownership by the ultimate individuals who maintain a greater than 50% entitlement to income and capital of the relevant trust. A company wholly owned by the New South Wales Government will hold a retained 49% stake in the WCX entities. Any future divestment of the entirety of that 49% interest by the New South Wales Government held company is likely to result in carried forward tax losses at the underlying WCX trust level being subsequently unavailable to utilise against taxable income of the relevant WCX trust.

## 3.7 Site Access

As outlined on slide 21, the M4 – M5 Link will interface with both the M4 and M5 Motorways. Therefore, to construct the M4 – M5 Link, the M4-M5 Link (Main Tunnel) D&C contractor will require access to certain integration sites that form part of the M4 and M5 Motorways. If that access is not provided for an extended period of time or there is a defect in the M4 or M5 Motorways at those sites, there is a risk the M4 – M5 Link concessionaire may suffer loss that it is not able to recover under its contractual arrangements. Any such loss may have a material adverse effect on the financial performance of WCX and therefore on the return Transurban receives from its investment in WCX through STP.

## 3.8 Compliance with the enforceable undertaking given by Transurban

The ACCC has accepted an enforceable undertaking by Transurban under which Transurban will publish quarterly traffic data (as described in the undertaking) that is obtained or collected by Transurban (or an alternative tolling services provider) on existing and future NSW toll roads in which it has an ownership interest. The undertaking also requires Transurban to identify any error in traffic data published, explain how the error was corrected and re-publish that traffic data corrected to eliminate the error. The undertaking has no operational impact on the WCX concession.

If Transurban breaches a term of the enforceable undertaking, the ACCC could apply to the Court to make orders against Transurban in respect of the breach. The orders made could include a direction to Transurban to comply with the undertaking, a penalty up to the amount of any financial benefit reasonably attributable to the breach, an order to pay compensation to any person who has suffered loss or damage, or any other order the Court considers appropriate. If the Court were to make any orders of this nature, it could materially adversely affect Transurban's business, reputation, cash flow, financial condition and results of operations.

## 3.9 Rozelle Interchange

RMS is responsible for delivery of the Rozelle Interchange, which will be handed over to the WCX concessionaires who must operate, maintain, repair and accept all risks in relation to the Rozelle Interchange on and from the date it is transferred to them.

There is a risk that there will be a delay in the handover of the Rozelle Interchange, abandonment of the Rozelle Interchange or a change in design of the Rozelle Interchange that adversely impacts the WCX concessionaires, in circumstances where the risk is not adequately addressed by the compensation mechanisms under the M4-M5 Link concession agreement. If such a situation was to arise, it could adversely impact the return Transurban receives from its investment in WCX through STP.



## 3.10 Pass through of contractual risk

Under each concession agreement, the relevant WCX concessionaire takes on certain design and construction, and operation and maintenance, risks. Generally, those risks are passed through to the relevant D&C and O&M contractors by the relevant WCX concessionaire on a “back to back” basis.

However, there are certain risks that the WCX concessionaires have not been able to pass through to those contractors, and the liability of those contractors for certain risks that have been passed through is capped and may not be sufficient to cover all loss a WCX concessionaire suffers as a result of that risk arising.

If a risk that has not been passed through was to arise, or a WCX concessionaire was to suffer loss in connection with a pass through risk greater than the liability cap provided by the relevant contractor, the financial performance of that WCX concessionaire may be adversely impacted which could adversely impact the return Transurban receives from its investment in WCX through STP.

## 3.11 Claims by D&C and O&M contractors

Generally, any claim made by a D&C or O&M contractor to a WCX concessionaire will be passed through to RMS where the claim is linked to an act or omission of RMS. Those claims are referred to as “linked claims” and are governed by a specific “linked claim regime” in the relevant D&C or O&M contract. That regime operates by suspending the progress of the claim at D&C or O&M contract level while the claim is resolved at the concession agreement level.

However, not all claims made by a D&C or O&M contractor will be linked claims. Where a claim made by a contractor relates to an act or omission of a WCX concessionaire (eg it relates to a variation or direction given by the WCX concessionaire that was not given to reflect an RMS variation or direction), the WCX concessionaire will be liable for that claim. In addition, the Security of Payment Act may adversely impact on the ability of the WCX concessionaire to assert that a claim at D&C or O&M contract level falls under the linked claim regime. If any such claims arise and a WCX concessionaire is required to make payment to a contractor, that payment may have a material adverse effect on the the financial performance of WCX and therefore on the return Transurban receives from its investment in WCX through STP.

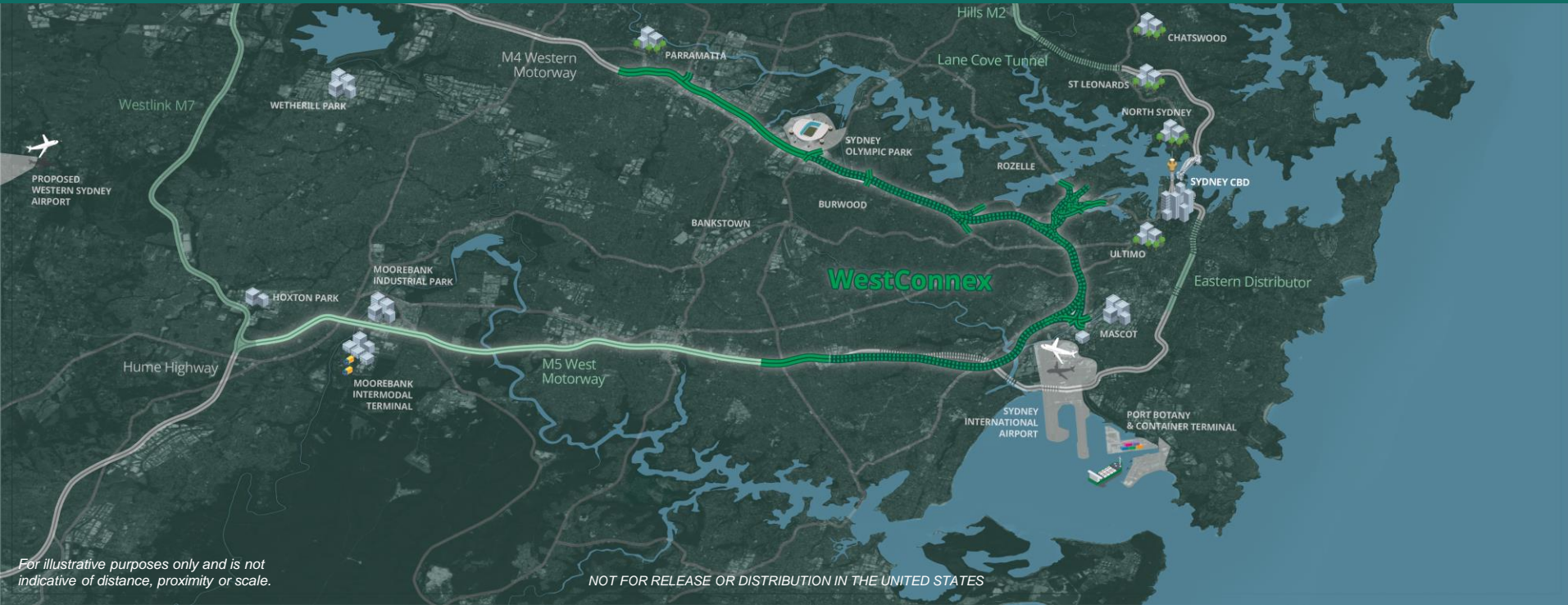
## 3.12 Uninsured events

Each WCX concessionaire bears the risk of damage to its toll road caused by events that cannot be insured. The relevant WCX concessionaire will be required to self-fund the costs of rectifying that damage but may receive some assistance from RMS in certain limited circumstances. Any rectification costs that must be paid by a WCX concessionaire may adversely impact the WCX concessionaire and therefore potentially the return Transurban receives from its investment in WCX through STP.



Supplementary information

# International offer restrictions



*For illustrative purposes only and is not indicative of distance, proximity or scale.*

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## **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of entitlements and New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the entitlements or the New Securities or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and received by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Transurban as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Transurban or its directors or officers. All or a substantial portion of the assets of Transurban and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Transurban or such persons in Canada or to enforce a judgment obtained in Canadian courts against Transurban or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the entitlements or the New Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Transurban if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Transurban. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the entitlements and the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Transurban, provided that (a) Transurban will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, Transurban is not liable for all or any portion of the damages that Transurban proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the entitlements and the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*



# International offer restrictions

## China

The information in this document does not constitute a public offer of the entitlements or the New Securities, whether by way of sale or subscription, in the People's Republic of China ("PRC") (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The entitlements and the New Securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.

## European Economic Area – Belgium, Denmark, Germany, Liechtenstein, Luxembourg and Netherlands

This document has been prepared on the basis that all offers of entitlements and New Securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of entitlements and New Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565.

## France

This document is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French *Autorité des marchés financiers* ("AMF"). The entitlements and the New Securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the entitlements and the New Securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the entitlements and the New Securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the entitlements and the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to entitlements and the New Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted entitlements or New Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The entitlements and the New Securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

# International offer restrictions

## Italy

The offering of the entitlements and the New Securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors ("Qualified Investors"), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of entitlements and New Securities or distribution of any offer document relating to the New Securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws;
- in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Investors should also note that, in any subsequent distribution of entitlements or New Securities in Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, when such securities are placed solely with Qualified Investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of such securities who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises such securities were purchased, unless an exemption under Decree No. 58 applies.

## Korea

Transurban is not making any representation with respect to the eligibility of any recipients of this document to acquire the entitlements or the New Securities under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the entitlements and the New Securities may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The entitlements and the New Securities in the entitlement offer are not being offered to the public within New Zealand other than to existing security holders of Transurban with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.



# International offer restrictions

The entitlements and the New Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## Singapore

This document and any other materials relating to the entitlements and the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of entitlements and New Securities, may not be issued, circulated or distributed, nor may the entitlements and New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Transurban's securities, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the entitlements or the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire entitlements or New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the entitlements or the New Securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lag (1991:980) om handel med finansiella instrument*). Any offering of entitlements or New Securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

## Switzerland

The entitlements and the New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Securities (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 *et seqq.* of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the entitlements and the New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering material relating to the New Securities may be publicly distributed or otherwise made publicly available in Switzerland. The entitlements and the New Securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

## United Arab Emirates

Neither this document nor any securities relating to it have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. Transurban has not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the entitlements or the New Securities within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the entitlements or the New Securities, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the entitlements and the New Securities may be offered, and this document may be distributed, only as an "Exempt Offer", as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the "DFSA"). The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it.

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the entitlements or the New Securities.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

# International offer restrictions

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the entitlements or the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Transurban.

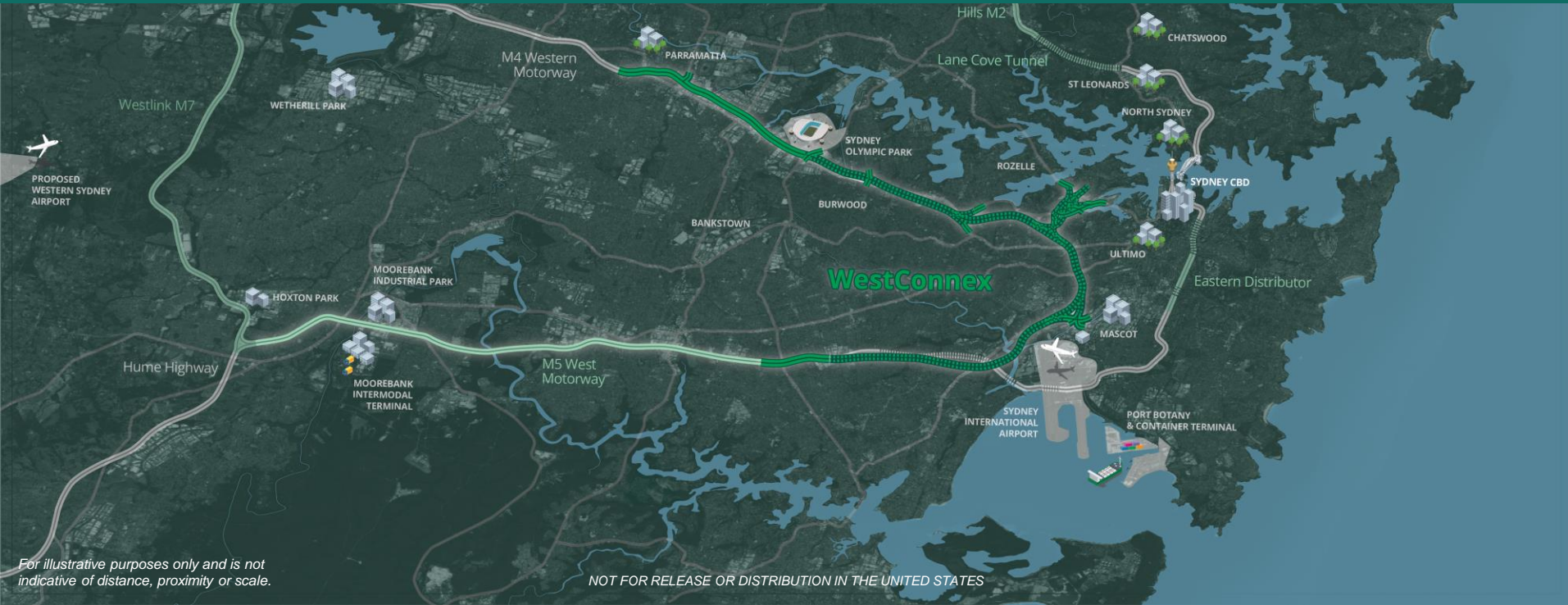
In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **United States**

This document may not be distributed or released in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States) or in any other jurisdiction in which such an offer would be illegal. Any securities described in this document have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, to, any person, in the United States or any person that is acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or jurisdiction of the United States.

Supplementary information

# Glossary



*For illustrative purposes only and is not indicative of distance, proximity or scale.*

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TERM	DEFINITION
<b>1H/2H</b>	First or second half of a financial year
<b>A25</b>	A25 Tollway
<b>ADT</b>	Average daily traffic is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period
<b>Acquisition Financial Close</b>	The date on which STP acquires its 51% equity stake in WestConnex
<b>ASIC</b>	Australian Securities and Investment Commission
<b>ASX</b>	Australian Securities Exchange
<b>AWE</b>	Average Weekly Earnings
<b>Business Plans</b>	The WestConnex Business Plan and the Transurban Sydney Business Plan
<b>CAD</b>	Canadian Dollars
<b>CPPIB</b>	Canada Pension Plan Investment Board
<b>CAGR</b>	Compound Annual Growth Rate
<b>CAV</b>	Connected and Automated Vehicles
<b>CBD</b>	Central Business District
<b>CCT</b>	Cross City Tunnel
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>CPI</b>	Consumer Price Index. Refers to Australian CPI unless otherwise stated
<b>CPS</b>	Cents per security
<b>CTW</b>	CityLink Tulla Widening
<b>Debt Financial Close</b>	The dates on which the Stage 1 debt and Stage 3 debt can be drawn in accordance with the requirements under the relevant finance documents. Stage 1 debt financial close may occur before Stage 3 debt financial close
<b>D&amp;C</b>	Design and Construct
<b>DRP</b>	Transurban's Distribution Reinvestment Plan
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>ED</b>	Eastern Distributor

TERM	DEFINITION
<b>Entitlement Offer</b>	The fully underwritten 10 for 57 accelerated pro rata renounceable entitlement offer with retail entitlements trading described on slide 54
<b>EV</b>	Enterprise value
<b>FC</b>	Financial close
<b>FIRB</b>	Foreign Investment Review Board
<b>FY</b>	Financial year 1 July to 30 June
<b>GBB</b>	Go Between Bridge
<b>GLIDe</b>	Transurban's tolling back-office system
<b>GWA</b>	Greater Washington Area meaning northern Virginia, Washington D.C., areas of Maryland and the surrounding metropolitan area
<b>ICB</b>	Inner City Bypass
<b>LCT</b>	Lane Cove Tunnel
<b>LEP</b>	Logan Enhancement Project
<b>LinktGO GPS app</b>	LinktGO is a mobile phone application which uses GPS to track a customer's trip. The app is perfect for occasional toll road users as the customer does not require a tag
<b>LTI</b>	Long Term Incentive
<b>M2</b>	Hills M2
<b>M5</b>	M5 West Motorway
<b>M7</b>	Westlink M7
<b>MSA</b>	Master Services Agreement
<b>New Securities</b>	New Transurban stapled securities issued through the Entitlement Offer
<b>NSW</b>	New South Wales
<b>NWRG</b>	NorthWestern Roads Group
<b>O&amp;M</b>	Operations and Maintenance
<b>QLD</b>	Queensland
<b>Record Date</b>	The record date is the cut-off date established by Transurban to determine which security holders are eligible to receive a distribution.



TERM	DEFINITION
<b>RMS</b>	NSW Government—Transport Road & Maritime Services
<b>RR IPL</b>	Roads Retained Interest Pty Ltd – Company holding the NSW Government’s retained interest in WestConnex
<b>SMC</b>	Sydney Motorway Corporation
<b>State Works Contribution</b>	The capital contribution for Stage 3A to be provided by RMS. This is separate to the NSW Government’s 49% share of the equity funding commitment for Stage 3A.
<b>STP</b>	Sydney Transport Partners
<b>TERP</b>	Theoretical ex-rights price
<b>Toll Revenue</b>	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
<b>Transurban or TCL</b>	Transurban Group, comprising Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as the responsible entity of Transurban Holding Trust and, where the context requires, Transurban and all controlled entities
<b>Transurban Sydney Business Plan</b>	Transurban’s internal long term business plan for its Sydney assets
<b>TSA</b>	Tolling Services Agreement
<b>USD</b>	US Dollars
<b>WCX Acquisition</b>	STP’s acquisition of a 51% equity stake in WestConnex
<b>WestConnex or WCX</b>	Depending on the context, means either: <ul style="list-style-type: none"> <li>• the road network comprising the components outlined on slide 15; or</li> <li>• the entities that hold the concessions to design, construct, operate, maintain and toll that road network, including any of their related bodies corporate</li> </ul>
<b>WestConnex Business Plan</b>	The internal long term business plan for WestConnex agreed between the STP consortium members and the NSW Government
<b>WGT</b>	West Gate Tunnel asset currently under construction. Includes West Gate Freeway
<b>WGTP</b>	West Gate Tunnel Project

The logo consists of three horizontal green bars of increasing length from top to bottom, positioned to the left of the word 'Transurban'.

Transurban