

12 October 2015

Address by Chairman Lindsay Maxsted and Chief Executive Officer Scott Charlton

Transurban 2015 Annual General Meetings

Monday 12 October 2015

Please see the attached address to be delivered by the Chairman and the Chief Executive Officer to security holders at this morning's Annual General Meetings.



Julie Galligan
Company Secretary

Investor enquiries

Henry Byrne

General Manager, Communications, Media and Investor Relations
+61 438 564 245

Classification

Public

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23

Tower One, Collins Square
727 Collins Street

Docklands

Victoria 3008 Australia

Telephone +613 8656 8900

Facsimile +613 9649 7380

Level 9

1 Chiffey Square
Sydney

NSW 2000 Australia

Telephone +612 9254 4900

Facsimile +612 9254 4990

CHAIRMAN'S SPEECH

LINDSAY MAXSTED

Good morning ladies and gentlemen, and welcome to the 2015 Transurban Annual General Meeting.

My name is Lindsay Maxsted, and I am the Chairman of the Transurban Group. Before we start, can I please ask you to ensure your mobile phones are turned off or switched to silent.

I also want to make sure you are familiar with the evacuation procedures that we will follow in the unlikely event of an emergency.

I ask you to take the time to familiarise yourself with the exits in the rooms.

If the evacuation alarm sounds, the venue's fire wardens will enter the room and direct us to the emergency evacuation points, shown on the screen behind me. The wardens will also tell us where to assemble once we leave the building.

We have a signer for the hearing impaired with us today. Can I ask if we have any people who are hearing-impaired in the audience today?

This morning we are holding three meetings concurrently. This is the AGM for:

- Transurban Holdings Limited;
- Transurban International Limited; and
- Transurban Holding Trust.

We have a quorum, so I declare the meetings open.

The Notice of Meetings was distributed to all of you. With your consent, I will take that document as read.

I would now like to introduce the Directors and our Company Secretary. On my right are our Chief Executive Officer Scott Charlton, and Directors Christine O'Reilly, Neil Chatfield and Sam Mostyn. On my left are Company Secretary Julie Galligan, and Directors Rodney Slater, and Bob Edgar.

Rodney and Christine are standing for re-election and will be addressing the meeting later today.

In August we announced the resignation of Ian Smith, who had been on our Board since 2012. I would like to formally thank Ian for his valuable contributions and service to the Board during his tenure.

We are committed to regularly reviewing the Board in terms of its skills, experience and diversity and we now have a search process under way for another one or two non-executive directors. We hope to be in a position to announce these appointments later this year, or perhaps in the first quarter of next year.

Financial year 2015 has been another outstanding year for Transurban with our financial results and achievements in operations and development clearly demonstrating the success of our business strategy.

With the growing awareness of the infrastructure challenges facing our cities, we are in an enviable position. Our strategy to be the partner of choice to governments to provide effective and innovative urban transport solutions fully aligns to these challenges.

We have an exceptional team with the skills to implement our strategy and develop transportation solutions that not only produce results for our investors but at the same time meet the needs of our government partners, our customers and the community.

Our financial results for the year reflect strong traffic and revenue results across each of our markets.

Proportional toll revenue increased by 39.6 per cent to more than \$1.5 billion, whilst EBITDA, that is, earnings before interest, tax, depreciation and amortisation - grew by 38%. These, of course, are large numbers because, for the first time, our results include revenue from our Queensland network and Cross City Tunnel in Sydney, both of which we acquired last year. The results also include toll income from our second Express Lanes project, which opened in the United States in late December 2014.

Excluding these projects and acquisitions, our proportional toll revenue increased by 10.7 per cent and our EBITDA increased by 13.1 per cent, which, of course, are both excellent outcomes. Average daily traffic was up by a healthy 5 per cent across the portfolio with every market recording an increase in traffic numbers.

The strong operating performance and growth in these key metrics contributed to a 34.3 per cent increase in free cash flow. As you would be aware we align our distributions to security holders with free cash flow and these results enabled a full-year distribution of 40 cents per stapled security.

For the year ending 30 June 2016, the Board has issued distribution guidance of 44.5 cents per security. This reflects our continued confidence in the long-term cash flow and outlook for the business, and our commitment to increasing distributions to create value for our security holders. Since 2009 we have achieved more than 10 per cent year on year growth in distributions.

As these results show, we have an exceptional suite of assets that produces consistent returns and offers a compelling investment proposition.

Over the year there has been substantial activity in operations and development projects in each of our markets including the addition of two new assets to our portfolio – the 95 Express Lanes in Northern Virginia and Legacy Way in Brisbane. We also have major projects under construction or discussion in each of our markets. Our CEO will take you through these activities later in the meeting.

This year we commissioned an independent assessment to give us a better understanding of the economic, environmental and social contribution of toll roads in Victoria, New South Wales and Queensland.

The report estimates that Australia's toll roads have directly contributed \$52 billion in benefits over a 10-year period in terms of travel time savings, reliability gains, and vehicle operating cost savings. This includes \$24 billion in direct benefits to business productivity, \$28 billion in improvements to households and \$336 million in environmental benefits through savings on greenhouse gas emissions.

Toll roads and their flow-on benefits have contributed \$37 billion in increased GDP and provided 5,600 jobs a year.

The report's findings reinforce the importance of efficient transport networks in sustaining economic productivity and lifestyle standards in Australia's biggest cities.

Our cities are facing increasing traffic congestion which is already threatening living standards and, as our population grows, we will face even further pressure.

Transurban has continued to play a prominent role in progressing the public discourse on how to address this issue because we understand the importance of efficient transport networks in supporting continued growth. It will be impossible to get the best use of our networks and value for our investors as well as our clients and customers if our cities become consumed with congestion. Solving difficult transport issues and enhancing value are at the core of our approach. Australia's current model for funding public road infrastructure is largely based on collecting the Federal fuel excise and State-based vehicle registrations and licence fees.

This model no longer generates sufficient revenue to meet Australia's current expenditure requirements, as revenue from fuel excise is in decline as we move to more fuel-efficient cars. The system is complex and it is opaque with road users largely unaware of the contribution they make to fund the roads on which they drive. This means Australians are unlikely to appreciate the inherent inequities of the current system and the growing need for a solution.

Reform to the funding model is critical and some difficult decisions will need to be made if we are to protect the liveability and productivity of our cities. Transurban wants to be – and has a responsibility to be – part of the solution.

As part of our commitment, we are undertaking a Road Usage Study in Melbourne over the next eight months.

Approximately 1,200 drivers will participate in the study, which will be the first of its kind in Australia. Participants will monitor their driving patterns under alternative forms of road pricing such as a rate per kilometre charge or fixed charge per trip.

The purpose of the study is to provide a comprehensive insight into road user preferences and behaviour and a pool of statistically meaningful data that can be used to inform the discussion about how to progress options for a sustainable road user funding model.

This is an information gathering exercise and will have no impact on the current charging arrangements for our existing roads, which, of course, are bound by long-dated concession agreements with governments.

We look forward to sharing the results over the coming year and expect they will make a valuable contribution to the road funding debate.

Our role in this discussion aligns with our business vision – to strengthen communities through transport - as well as our commitment to be sustainable in all that we do from operations and projects to everyday business practices.

Our sustainability strategy focuses on three areas - to be good neighbours, use less and think long term and we have made significant progress in each of these areas as well as embarking on some innovative new projects.

One of our projects has been in Melbourne where we launched a competition for ideas on how we could rejuvenate a vacant piece of land known as the Power Street Loop, which is alongside one of the CityLink tunnel exits. After a tremendous response from the community, work will begin next year on landscaping and installing the winning creative idea. This is the first of a series of rejuvenation projects we have planned to improve disused sites alongside our roadways.

Other highlights of our work in the sustainability program included the awarding of grants to projects that generate social and environmental benefits for the communities that neighbour our networks. We also announced that a team from the University of Newcastle was the first recipient of our Innovation Grants Program. The team is developing a revolutionary material for road safety barriers that will reduce the impact of crashes and improve safety for road users.

We see our work in sustainability as helping Transurban build on its position as a world-class owner, operator and developer of road infrastructure and essential for us to be able to deliver on our strategy to be the partner of choice for governments.

We have launched our 2015 Sustainability Report today, which provides a comprehensive overview of our performance. The full report is on Transurban's website, while a summary, highlighting our key activities, is available in the foyer. To coincide with the report, we have also launched a new section called "In the Community" on our website to promote the many programs and activities that support our vision.

Diversity also continues to be a specific focus for the business and this year we were pleased to receive a Workplace Gender Equality Agency citation for 2014. The citation recognises employers of choice for gender equality.

A diversity of skills, experience and opinion is essential to creating a strong organisational culture and for that reason we continuously look for ways to promote gender equality and create a workplace where people are recognised on merit.

Financial year 2015 has been another significant and successful year for your business. I thank you for your continued support and would now like to hand over to CEO Scott Charlton who will speak in more detail about our achievements in the operations and development activities of the business.

CHIEF EXECUTIVE OFFICER'S SPEECH

SCOTT CHARLTON

We have been clear and consistent with our strategy and these results show that we are achieving what we set out to do, and that is, deliver best-in-class outcomes for our partners in government, our customers and communities, and, of course, for you our security holders. Lindsay has already presented our financial results and work in the policy space so today I am pleased to give you an overview of the key activities in the operations and development of our networks.

You may have noticed we talk in terms of networks rather than individual assets and that is because we see the value that comes from maximising the benefits of our network positions. Our networks not only give us the opportunity to optimise our customer, roadside and back-office operations but they also give us a unique and broad perspective on how we can help address our cities' transportation challenges.

The projects we have completed, or have in development are all designed to create flow-on benefits across the network for our customers and ultimately our security holders. Our Sydney network provides an excellent example of our strategy at work.

Over the past few years, Transurban and its partners have invested more than a billion dollars in two upgrade projects – the M2 and M5 – and motorists are realising the benefits with travel time savings of up to 40 minutes in the peak period on the M2 and at least 15 minutes on the M5.

The benefit from this development activity is flowing to our broader network, which is reflected in the fact that traffic numbers in Sydney increased by more than 7% and toll revenue has risen 21% this year.

We completed the M5 West Widening in December, where we added an extra lane in both directions of this critical corridor serving Port Botany and Sydney Airport on one end and serving significant planned residential and employment growth in south-west Sydney at the other.

Our next major project in Sydney is NorthConnex, twin 9km tunnels linking our M2 motorway with the M1 Pacific Motorway, which is the major freight route along the east coast. We started preliminary construction in January and last month we began the excavation work for tunnelling. This project is expected to take 5000 trucks a day off local streets in Sydney's north when it opens in 2019.

The investment we are making in that project will be supported by tolling on the new tunnels as well concession extensions on the adjacent M7, M2 and Lane Cove Tunnel, which demonstrates how we can leverage our network positions to support further investment to benefit the network.

Here in Melbourne, we began work last week on the CityLink - Tulla widening project. The western section of CityLink has become increasingly busy with weekday traffic more than doubling since it opened in 2000. This project will increase capacity by 30% and improve travel times and reliability for the 200,000 vehicles that use this corridor every week day. The project is expected to be completed by early 2018 but we will take a similar approach to our M5 widening project and look to open sections progressively to ensure motorists get the benefits as soon as possible.

In late April, the Victorian Government announced it had progressed our proposal for the Western Distributor, a new motorway connecting CityLink and the Port of Melbourne to the West Gate Freeway. We submitted the proposal to the government under its new guidelines for market-led proposals.

We are now engaging with stakeholders and enhancing our detailed proposal, investment case and procurement plan for the project, which includes a tunnel, elevated motorway, widening of the West Gate Freeway and improved access to the Port.

This proposal addresses one of Melbourne's most critical transport issues by relieving pressure on the West Gate Bridge, the city's major east-west river crossing. As many of you here will be well aware, an incident on the West Gate can bring the Melbourne network to a virtual standstill.

It will also help get thousands of trucks off local streets every day, which is the major concern for local residents.

This is a significant project that will support Melbourne's economic growth and future liveability, and we look forward to working with the government and all stakeholders to progress our proposal.

Moving to our newest network, the 70km Brisbane network of tolled roads, bridges and tunnels. Since we acquired and took over the management of Queensland Motorways last July, we have focused on integrating these assets into our business and turning the five assets into a powerful network. We have been pleased with our progress so far. In just 12 months we have seen significant changes and tangible benefits in areas including technology and customer operations.

In June, we made a valuable addition to our Brisbane network with the opening of Legacy Way - twin 4.6km tunnels which connect the inner-northern and western suburbs. Brisbane City Council was responsible for construction and we have now taken over ownership, tolling, operations and maintenance.

We have also partnered with the Queensland and Federal governments to deliver the \$1 billion Gateway Upgrade North Project on their behalf. Preliminary work will start later this year on the project to add two extra lanes to an 11km section of the motorway. This is a different type of project for us. The project is Government funded and the upgraded section of the motorway will not be tolled - but we expect that we will see traffic benefits from the upgrade flow on to the Gateway, which is a major section of our Brisbane network. We see this project as important in continuing to advance our relationship with our government partners.

In the US, we opened our second Express Lanes project ahead of schedule in December. The 95 Express Lanes link to our 495 Express Lanes and we now have a 70km network of free-flowing express lanes in one of the most congested areas in the United States leading into and around the nation's capital, Washington DC.

The 95 Express Lanes run alongside the regular free lanes and, like the 495, they are dynamically priced with the toll price fluctuating to ensure traffic can travel at a minimum speed of 55 miles an hour. After 10 months of operations, motorists are clearly seeing the benefits with travel time savings of up to two hours at the busiest times. The average toll price is almost \$5.50 but we have been receiving some of our best feedback from motorists when the toll price has been even higher because people value the time savings.

We have a central operations centre in Virginia to oversee both of our Express Lanes facilities and this gives us the opportunity to achieve efficiencies and standardise our tolling, customer operations and maintenance. It also gives us a network view of traffic management so if an incident occurs on one section we can gauge and cater for the impacts to other sections of our network.

On June 30 we announced that we had taken our ownership of the 495 and 95 Express Lanes to 100 per cent. Having total ownership will give us more options and provide a base for us to consider further opportunities in this market.

While our current agenda of development projects promises to deliver great benefits to our investors and to the community, we continue to plan for the next generation of projects and opportunities that will help solve transportation issues and underpin our longer-term growth pipeline and additional value for investors.

In Brisbane we are participating in the sale process for AirportLink. We have assets on three sides of this toll road so have a great understanding of synergies and value we could realise. We are also looking at how we can address some other congestion pinchpoints on the Queensland network.

In Sydney, while we are not currently involved in the WestConnex project, we will continue to look for opportunities to both enhance the broader network and play a role in that project in the future should the government seek private sector participation.

In Melbourne our focus will be on the Western Distributor proposal that is critical to the efficiency of the greater network, but there are also longer-term opportunities for further development.

In the US, we are investigating a number of enhancement opportunities that would allow us to use our intellectual property and proven capability to expand our Express Lanes network footprint. We are in early discussions for an extension to the 95 Express Lanes at the southern end and the Virginian Department of Transportation is also looking at Express Lanes projects for the 395 and I-66, which connect with our current express lanes.

These opportunities demonstrate the kind of long-term pipeline that may eventuate if we continue to effectively partner with governments to develop our network positions.

These networks also allow us to share our learnings and apply the best of everything we do across our wide base of operations.

Management of motorway networks is becoming increasingly sophisticated and hi-tech, and we are constantly looking for ways to improve and innovate. We use metrics such as lane availability and incident management to measure and refine our performance as well as optimise efficiency.

For example, earlier this year we conducted a review of our 24/7 control rooms. The review resulted in a change to the way we manage shift rosters across all control rooms to ensure we are managing fatigue and our employees are well rested and at their best.

The network approach also means we can apply the same tolling technology platform across multiple assets. In Sydney we have implemented our tolling technology GLIDe across our assets and we are seeing better customer service as well as accuracy and reliability of trip data.

We have also introduced national procurement and customer operations models so that we can benchmark and streamline our processes and performance across our markets.

With the addition of our Queensland customers, we have doubled our Australian customer base to over three million account holders. Combined with our almost two million customers in the US, we now have a larger customer base than the major utility retailers in Australia. Our national model gives us the ability to apply consistent measures across the customer services practices, communications and growing digital platforms.

Safety is, of course, our major priority. In recent years we have continued to improve safety on our roads by introducing measures such as electronic speed and lane control, specialised tunnel safety systems and automatic detection of incidents to ensure a rapid response.

This year we were extremely pleased also to complete the 95 Express Lanes and M5 West construction projects without a lost-time injury. This is a tremendous outcome considering that these projects combined completed 5.7 million construction hours. Our employees also achieved an excellent safety result with zero lost-time injuries for the year and we are endeavouring to repeat these results again this year.

Transurban has achieved many milestones this year but we recognise that we have plenty of work ahead and these exciting opportunities are what drive our dedicated employees. We are well positioned to enhance our networks by striving for more efficient operations and

undertaking targeted development projects. In addition, we have an opportunity to be at the forefront of discussion and debate about policy reforms that are so critical to ensuring our networks will meet the growing needs of our cities in the years ahead.

I would now like to take this opportunity to thank the Board for its continued support of management and to thank the whole Transurban team for their commitment and hard work that has gone into producing these great results.