



Transurban 2021 AGM Report

ASX Code	TCL
Meeting Time/Date	10am, Tuesday 15 October 2021
Type of Meeting	Virtual
Monitor	Mike Muntisov
Pre-AGM Meeting?	Yes, with Chair Lindsay Maxsted, Company Secretary Fiona Last and Investor Relations Tess Palmer

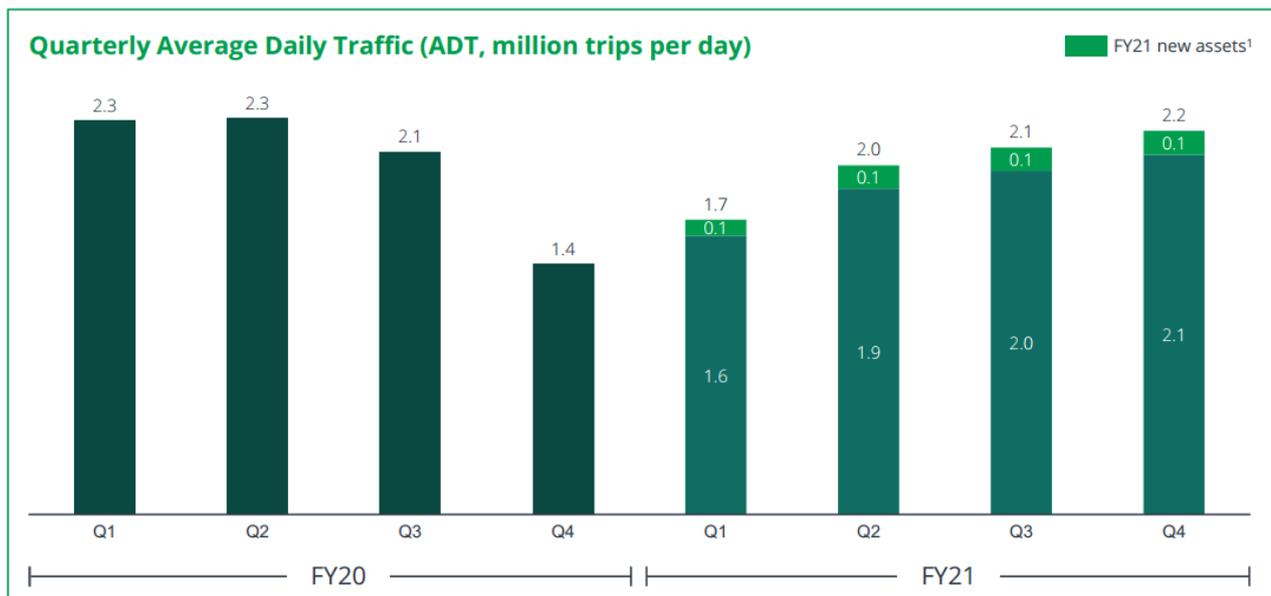
Expecting a post-lockdown bounce back

What the Company Does

Transurban is one of the world's largest toll-road developers. It develops and manages toll roads in Australia and North America. It has interests in seventeen Australian roads, three in USA and one in Canada.

Developments in the Financial Year

Once again COVID affected traffic volumes. The overall volume across the portfolio was down 7% for the year on a like-for-like basis.



Source: Transurban 2021 results presentation

Transurban opened two new projects in FY21 being the M8 and NorthConnex, and took over the operations of M5 East, all in Sydney. In Melbourne, the landmark West Gate Tunnel project continues to be delayed due to contaminated soil. The company estimates the delay costs to be of the order of \$3.3b. How these costs are to be shared between Transurban, the contractor and the government is at the heart of the dispute.

A major highlight for the year was the sale of 50% of Transurban Chesapeake, which operates the toll roads in the Washington area. This allowed a \$3.7b gain to be booked and freed up capital and introduced equity partners for further growth in the USA.

Transurban was also part of a consortium that was selected as preferred developer of the Maryland Express Lanes project

After FY end, the company and its partners (Including Australian Super) announced the acquisition of the 49% of equity in WestConnex it did not already own. It subsequently raised \$4b to part fund the acquisition, with strong retail participation.

The distribution for the year was 36.5c reflecting the level of free cash flow generated (down from 47c). Total shareholder return for the year was +3%.

Debate and Voting at the AGM

All nominated directors were comfortably elected. This was the last AGM for retiring long-time directors Sam Mostyn and Neil Chatfield. It is expected that Chairman Lindsay Maxted will retire at the 2022 AGM.

A surprise was the first strike on the remuneration report with a 26% vote against. At least two proxy advisers (ISS and ACSI) had recommended against it on the basis that the STI award was excessive given the circumstances. We spent some time delving into the STI award with the Chairman at our pre-AGM meeting and we concluded that on balance it was acceptable.

On the positive side, the new remuneration plan incorporated an increased 4-year performance period for the first time after advocacy from ASA.

There were many comments/questions put to the chairman at the meeting. Some of note were:

Both the ASA and Stephen Mayne acknowledged Transurban's exemplary record in using pro-rata renounceable rights offers for capital raising which is fair for retail shareholders.

In response to an ASA question, the Chair revealed that the number of shareholders voting was up by 33% compared to last year, but still down by 46% on 2019 numbers, which was the last year in which Transurban mailed physical proxy forms to those shareholders opting-in to mail communication. The Chair undertook for the board to investigate the reasons for the drop off in shareholder engagement.

One shareholder questioned why there was a dominance of finance skills in the nominated directors. The chair answered that financing was an important part of Transurban's business model and that Tim Reed brought technology skills, Peter Scott engineering, and Mark Birrell infrastructure experience.

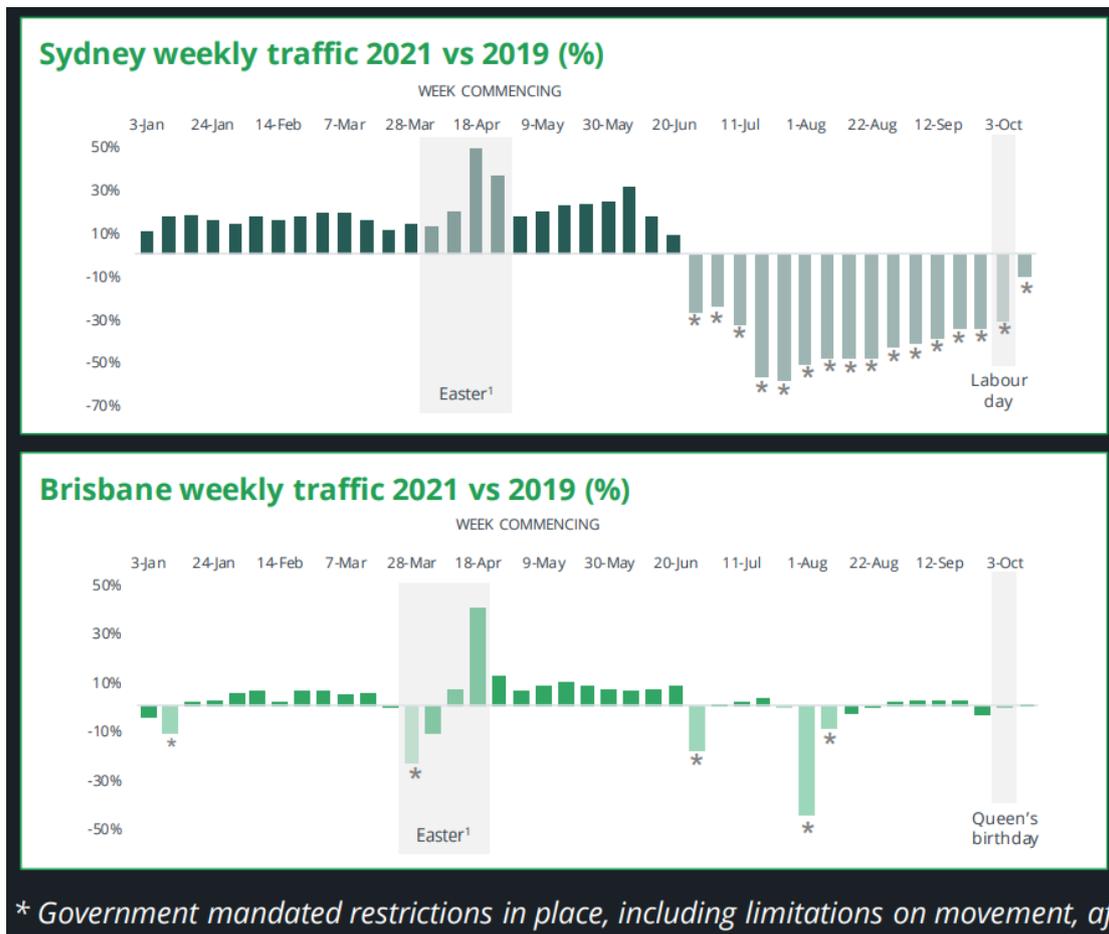
Stephen Mayne followed up after the first strike vote asking whether the STI award was fair given the unresolved Westgate Tunnel dispute (An issue we covered in our pre-AGM meeting). The chair answered that the outcome of any resolution would factor into the STI award in that year.

Several other questions on the Westgate Tunnel came up, but the chair could not elaborate further upon his AGM address comments.

Outlook Statements and updates from the Company

The graphic below shows the most recent traffic data for 2021 relative to pre-COVID levels for Sydney and Brisbane as presented at the AGM (For those interested, the Melbourne and Washington data is also included in a similar format in the Transurban AGM presentation). It

shows the dramatic impact of mandatory lockdowns on traffic. However the company is optimistic that numbers will bounce back when the economies open up, as their research shows an expected increased use of private transport and a decrease in the use of public transport.



Source: Transurban 2021 AGM presentation

The following table shows Transurban’s opportunity pipeline in its operating markets.

REGION	POTENTIAL OPPORTUNITIES	NEXT 5 YEARS	5+ YEARS
Sydney	Sale of the NSW Government’s 49% stake in WestConnex	☑	
	M7 staged widening and M7/M12 interchange	☑	
	Western Harbour Tunnel and Sydney Harbour Tunnel potential monetisation		☑
	M6 potential monetisation (formerly known as F6 extension)		☑
	Beaches Link potential monetisation		☑
Melbourne	North East Link potential monetisation		☑
Brisbane	Gateway Motorway widening	☑	
	Logan Motorway widening	☑	
	Broader network enhancements including in relation to Brisbane 2032 Olympics		☑
North America	Phase 1 of Maryland Express Lanes Project	☑	
	Capital Beltway Accord	☑	
	Express Lanes enhancements and/or extensions	☑	
	Future traditional toll road and Express Lanes acquisition opportunities	☑	☑
	Maryland Express Lanes Project future phases		☑

Source: Transurban 2021 results presentation

At the results presentation in August, Transurban advised that FY22 distribution would in line with free cash flow excluding capital releases. After the Westconnex announcement in September 2021, Transurban provided guidance for a first half distribution of 15 cps.

As at 4 October 2021, there were eight brokers recommending a buy for Transurban, six a hold, and zero a sell according to MarketIndex.com

Meeting Statistics

Number of Holdings Represented by ASA	353 (up from 321 last year)
Number of Shares represented by ASA	2.46m (up from 2.1m last year)
Value of Shares represented by ASA	\$36m
Number Attending Meeting	98 shareholders plus 245 visitors (83/267 last year)
Market capitalisation	\$42B
Were proxies voted?	Yes, on a poll