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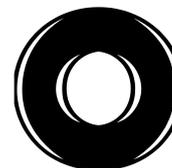
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## ASX RELEASE

### Macquarie Atlas Roads

#### Full Year Results to 31 December 2017



MACQUARIE

Macquarie Atlas Roads (MQA) today announces its full year results for the 12 months ended 31 December 2017.

#### 2017 financial highlights

- Statutory net profit of A\$519.6 million<sup>1</sup> largely comprising a revaluation gain of A\$375.6 million relating to the acquisition of an additional 50% economic interest in Dulles Greenway as well as the share of net profit from MQA's investment in APRR.
- Aggregate portfolio traffic grew 2.7%<sup>2,3</sup> compared to the prior corresponding period (pcp), underpinned by continued traffic growth on the APRR network, partially offset by traffic performance at the Dulles Greenway.
- Proportionate revenue increased 3.9% to A\$878.2 million<sup>3</sup>, reflecting a combination of increased aggregate traffic levels and revised toll schedules implemented over the last 12 months.
- Proportionate EBITDA<sup>4</sup> from road assets increased 4.8% to A\$652.8 million<sup>3</sup>.
- Full year 2017 distribution paid of 20.0 cents per security (cps), up 11.1% from 18.0 cps in 2016.
- Increase in full year 2018 distribution guidance to 24.0 cps, up 20.0% from 2017, subject to asset performance, movements in foreign exchange rates and future events. MQA anticipates declaring a first half 2018 distribution of 12.0 cps during March 2018.

Mr James Hooke, who became Chief Executive Officer of MQA on 1 February 2018, commented: "MQA delivered a strong result for the 12 months to 31 December 2017, with portfolio traffic, revenue and EBITDA all experiencing continued growth. Our French assets, which represent over 85% of MQA's 2017 EBITDA<sup>5</sup>, continued to provide robust growth, while the Dulles Greenway's traffic experienced some challenges from surrounding network changes that remain a focus for us."

"2017 was a transformative year for MQA as the company consolidated its portfolio through acquisitions of additional interests in three of our four assets and divestment of a non-core asset, resulting in a simplified investment proposition for securityholders."

"Notably, during the year MQA capitalised on its pre-emptive rights to increase its interest in both the Dulles Greenway and APRR to 100% and 25% respectively. The Dulles Greenway acquisition provides us with operational control, enhancing our ability to optimise Dulles Greenway's key operating business decisions, while the APRR acquisition provides us with greater exposure to a high quality asset with a favourable outlook leveraged to French economic growth and trans-European trade," Mr Hooke said.

1. Note the statutory result is not indicative of MQA's cash flows or future distributions.

2. Weighted average based on portfolio revenue allocation. MQA holds a 25.00% interest in APRR, 25.03% interest in ADELAC, 100% estimated economic interest in Dulles Greenway and 70% interest in Warnow.

3. On a like-for-like portfolio basis. Traffic, revenue and EBITDA results as disclosed in MQA's Management Information Report (MIR). Refer to the MIR for a reconciliation of the statutory results to the proportionate result.

4. Earnings before Interest, Tax, Depreciation and Amortisation.

5. Based on proportionate EBITDA weighted by MQA's ownership interest in each asset as at 31 December 2017. Assumes spot exchange rate as at 31 December 2017.

## Operational update

APRR revenue and EBITDA grew by 4.2% and 5.3% respectively over the year, with traffic up 3.2% on pcp. The result reflects increased traffic volumes across both light and heavy vehicle traffic, February 2017 toll increases and the addition of a further 26km of motorway to the network as part of the stimulus plan agreed with the French State.

During 2017, APRR reduced its interest expense by 22%, replacing maturing facilities with lower cost debt at extended maturities. APRR issued €1.3 billion of debt during the year under its Euro Medium Term Note program. These included €500 million of bonds issued in May, with a coupon of 1.625% and a maturity of January 2032, and €700 million of bonds issued in November, with a coupon of 1.50% and a maturity of January 2033.

Dulles Greenway traffic declined 1.3% in 2017, impacted by continued network improvements on competing routes and ongoing construction works. Revenue and EBITDA grew by 1.3% and 1.1% respectively on pcp, predominately reflecting toll increases in March 2017.

ADELAC and Warnow both recorded positive traffic, revenue and EBITDA growth over 2017.

## Portfolio focus

MQA continued its portfolio focus and simplification in 2017. In May 2017, MQA acquired the remaining 50% interest in the Dulles Greenway, bringing MQA's estimated economic interest to 100%. MQA also divested its nominal interest in the M6 Toll in the U.K. during the same month.

In October 2017, MQA acquired an additional 4.86% interest in APRR, bringing MQA's total interest in APRR to 25.0% and its total interest in ADELAC to 25.03%.

## Distributions and outlook

MQA paid a total distribution of 20.0 cps for the full year 2017, up 11.1% from 18.0 cps in 2016.

MQA today announced an increase to its distribution guidance for the full year 2018 to 24.0 cps, subject to asset performance, movements in foreign exchange rates and future events. This represents a 20.0% increase in distribution on 2017.

MQA anticipates declaring a first half 2018 distribution of 12.0 cps during March 2018. It is expected that the distribution will comprise a foreign dividend.

## Changes to Management arrangements

As announced in September 2017 and effective from 1 October 2017, the base management fees payable by MQA were reduced to a flat 0.85% per annum for all market capitalisations.

In November 2017, the MQA Boards announced MQA had reached a stage where a transition to internalisation of the management of MQA was now appropriate. The Independent Directors of MQA and their advisors continue to engage with Macquarie to determine the optimal internalisation path. An update on the transition is expected by no later than MQA's next AGM in May 2018.

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