



Transurban keeps growing

Company/ASX Code	Transurban Group (TCL)
AGM date	10 October 2019
Time and location	11am Melbourne Convention and Exhibition Centre
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Michael Muntisov assisted by Sue Shields
Pre AGM Meeting?	Yes with Company Secretary, Amanda Street, Manager Corporate Affairs, Henry Byrne, and GM Investor Relations Jessica O'Brien

Item 1	Consideration of financial report
ASA Vote	No vote required

Summary of ASA Position

Financial Performance: Transurban had another strong year with Average Daily Traffic growth of 2% on the prior year. Underlying proportional earnings before interest, tax, depreciation and amortization (EBITDA) grew by 12.3% and distributions per security increased by 5.4% to 59c. The Board has set guidance for the 2020 financial year (FY20) distribution of 62c, up 5.1% from FY19.

Key Events: During the year Transurban acquired a share of the Sydney Westconnex project, and lanes opened on three new projects in Brisbane and one in Sydney.

Board and management changes: Director Robert Edgar will retire at this AGM after ten years on the Board. A replacement non-executive director (NED) will be appointed later in 2019.

ASA Focus Issues: Transurban had a successful equity raise as part of the Westconnex acquisition, using the pro-rata accelerated institutional tradeable renounceable entitlement offer (PAITREO) approach which is the fairest for retail shareholders and is supported by the ASA. Subsequent to end of FY19, Transurban announced the purchase of the balance of the M5 project in Sydney and a further equity raise by institutional placement and through a Share Purchase Plan. Although not as beneficial to retail shareholders, Transurban did not scale back applications under the plan.

Transurban's share price has increased significantly over the year, primarily due to the low interest rate environment, which has resulted in an overall Total Shareholder Return for the year of 28%.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	260	485	239	99	(182)
UPAT (\$m)	261	387	230	220	236
Share price (\$)	14.74	11.97	11.88	11.99	9.30
Dividend (cents)	59	54.5	51.5	45.5	40
TSR (%)	31%	6.3%	3.5%	35%	32%
EPS (cents)	6.6	23.3	11.7	10.5	0.5
CEO total remuneration, actual (\$m)	8.3	9.4	9.3	8.4	4.4

For 2019 the CEO's total actual remuneration was **94 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Item 2a	Re-election of Lindsay Maxsted as a Director
ASA Vote	For

Summary of ASA Position

Lindsay Maxsted has been a director of Transurban for 11 years and chairman for 8 years. His tenure is close to the 12 year term which is considered a flag for independence. He has a solid director workload, being Chair of Westpac and a director of BHP, and therefore is right at the limit of ASA guidelines. The ASA asked about his future plans and succession planning at the pre-AGM meeting. It is believed that Mr Maxsted will announce that this will be his last term. The Board believe an additional term will aid in smooth succession of directors. On this basis, the ASA intends to vote in favour of his appointment

Item 2b	Re-election of Samantha Mostyn as a Director
ASA Vote	For

Summary of ASA Position

Ms Mostyn has been a director of Transurban for 9 years. She has experience in the Australian corporate sector both in executive and non-executive capacities. In particular she brings skills in the areas of human resources, corporate and government affairs, sustainability management and diversity. These are important for a company like Transurban. She is currently on the Board of ClimateWorks Australia, which is relevant as climate is a significant issue for many Transurban stakeholders as illustrated by the questions at last year's AGM.

Item 2c	Re-election of Peter Scott as a Director
ASA Vote	For

Summary of ASA Position

Mr Scott has been a director of Transurban for 3 years. He has over 20 years' senior business experience in publicly listed companies. In particular he brings and a breadth of expertise in the engineering and finance sectors. He was formally the CEO of MLC, Head of National Australia Bank's Wealth Management Division, and held a number of senior positions with Lend Lease. His skills in the engineering and construction sectors are an important element of Board balance in a company like Transurban.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The remuneration scheme meets a number of criteria favoured by ASA including:

- Total remuneration at risk of greater than 50% (63% at target, see table below)
- Face value is used to determine number of performance grants
- 50% of the Short Term Incentive (STI) is in the form of deferred equity
- The STI criteria are stated and weighted (could be more transparent though)
- There are two performance measures for the Long Term Incentive (LTI) (Relative TSR, and Free Cash Flow growth)

Remuneration targets for CEO remuneration in FY19 is summarised below. Actual received was \$8.3m.

	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.403	37%	2.403	25%
STI - Cash	1.201	18%	1.802	19%
STI - Equity	1.201	18%	1.802	19%
LTI	1.766	27%	3.532	37%
Total	6.571	100%	9.539	100%

Areas for improvement include:

- Provision of an actual 'take home' table
- The LTI performance period is only 3 years. Transurban, more than most, has a business model which is very compatible with ASA guideline of at least 4 years.

These points and others were raised with the company at the pre-AGM meeting. The company undertook to review these aspects including to consider a chart that would summarise the tabular information provided above.

Item 4	Approval of LTI grant to CEO Scott Charlton
ASA Vote	For

Summary of ASA Position

The Long Term Incentive (LTI) is designed to incentivise management to grow the company and its performance over the long term. With a Compound Annual Total Shareholder return of more than 13% pa over the last 5 years, it is hard to fault Transurban's performance. It has been very good for shareholders.

The proposed equity rights grant to the CEO is valued at \$3.38m (at face value) if all performance measures are met over the next 3 years. As mentioned earlier the ASA prefers a longer performance period and will raise this issue again at the AGM.

There are two performance measures with a 50% weighting each. One is a Total Shareholder Return measure relative to a set of relevant ASX peers. The other is an annual increase in Free Cash Flow (FCF) per security of 5.5% to 7.5%. All of the rights related to this FCF measure will vest if the 7.5% pa is achieved and none if less than 5.5% is achieved. We will query the company at the AGM as to whether this is too soft a target.

Note: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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