

Level 7, 50 Martin Place  
SYDNEY NSW 2000  
GPO Box 4294  
SYDNEY NSW 1164  
AUSTRALIA

Telephone 612 8232 3333  
Facsimile 612 8232 4713  
Internet: [www.macquarie.com/mqa](http://www.macquarie.com/mqa)  
DX 10287 SSE

The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
BERMUDA

15 May 2018

**ASX RELEASE**

**Macquarie Atlas Roads**

**2018 AGM Presentation**

Please find attached the presentation to be given by Macquarie Atlas Roads Limited Chairman, Dr Nora Scheinkestel, Macquarie Atlas Roads International Limited Chairman, Mr Jeffrey Conyers, and MQA Chief Executive Officer, Mr James Hooke, at MQA's 2018 Annual General Meetings which will be held today.

**For further information, please contact:**

Investor Enquiries:

**Victoria Hunt**

Head of Investor Relations

Tel: +61 2 8232 5007

Email: [Victoria.Hunt@macquarie.com](mailto:Victoria.Hunt@macquarie.com)

Media Enquiries:

**Sue Cato**

Cato & Clegg

Tel: +61 2 8306 4244

Email: [cato@catoandclegg.com](mailto:cato@catoandclegg.com)





# Macquarie Atlas Roads Limited Macquarie Atlas Roads International Limited 2018 Annual General Meeting

15 May 2018



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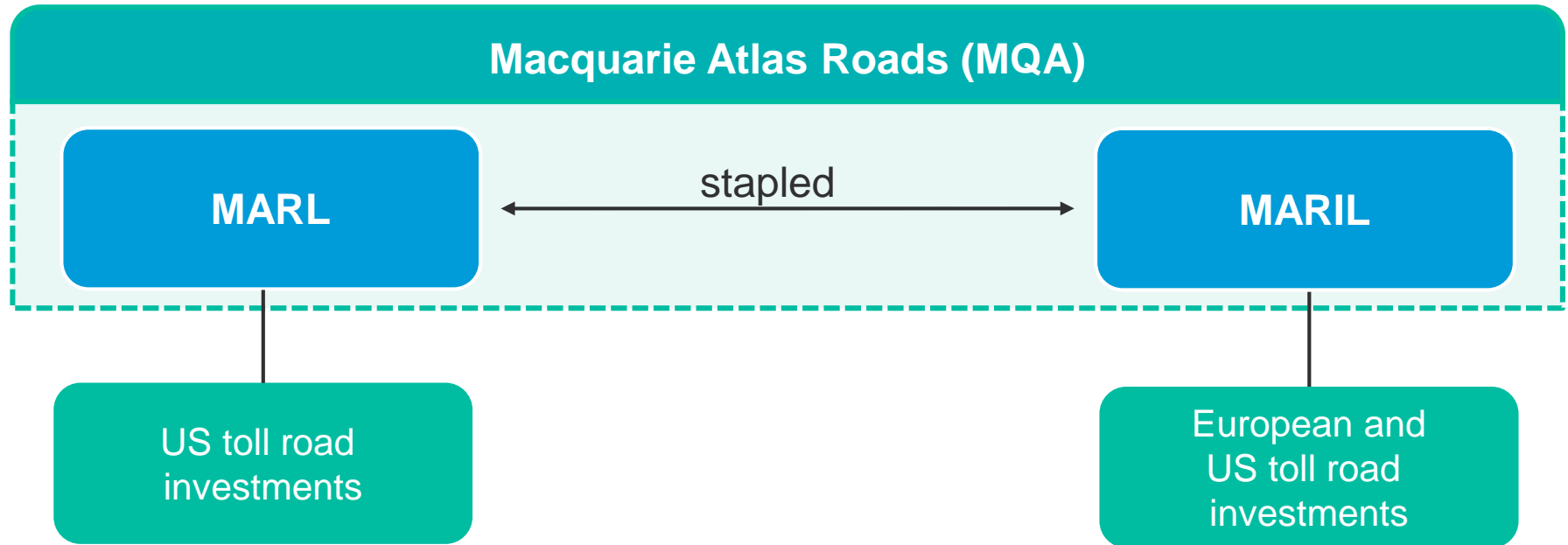
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Dollar amounts throughout the presentation are Australian Dollars unless stated otherwise. Any arithmetic inconsistencies are due to rounding.



# MQA structure



- **MARL** – Macquarie Atlas Roads Limited (Australian public company)
- **MARIL** – Macquarie Atlas Roads International Limited (Bermudan mutual fund company)



# Meeting structure

- 
- 01** Introduction and Chairpersons' Address – Nora Scheinkestel, Jeffrey Conyers
  - 02** Chief Executive Officer's Address – James Hooke
  - 03** MARL 2018 AGM Resolutions and Polls  
MARIL 2018 AGM Resolutions and Polls
  - 04** Closure of Meeting
  - 05** Refreshments
  - 06** Voting Results Announced to ASX
-





# Chairpersons' Address

Nora Scheinkestel – MARL Chairman  
Jeffrey Conyers – MARIL Chairman



# Chairpersons' address

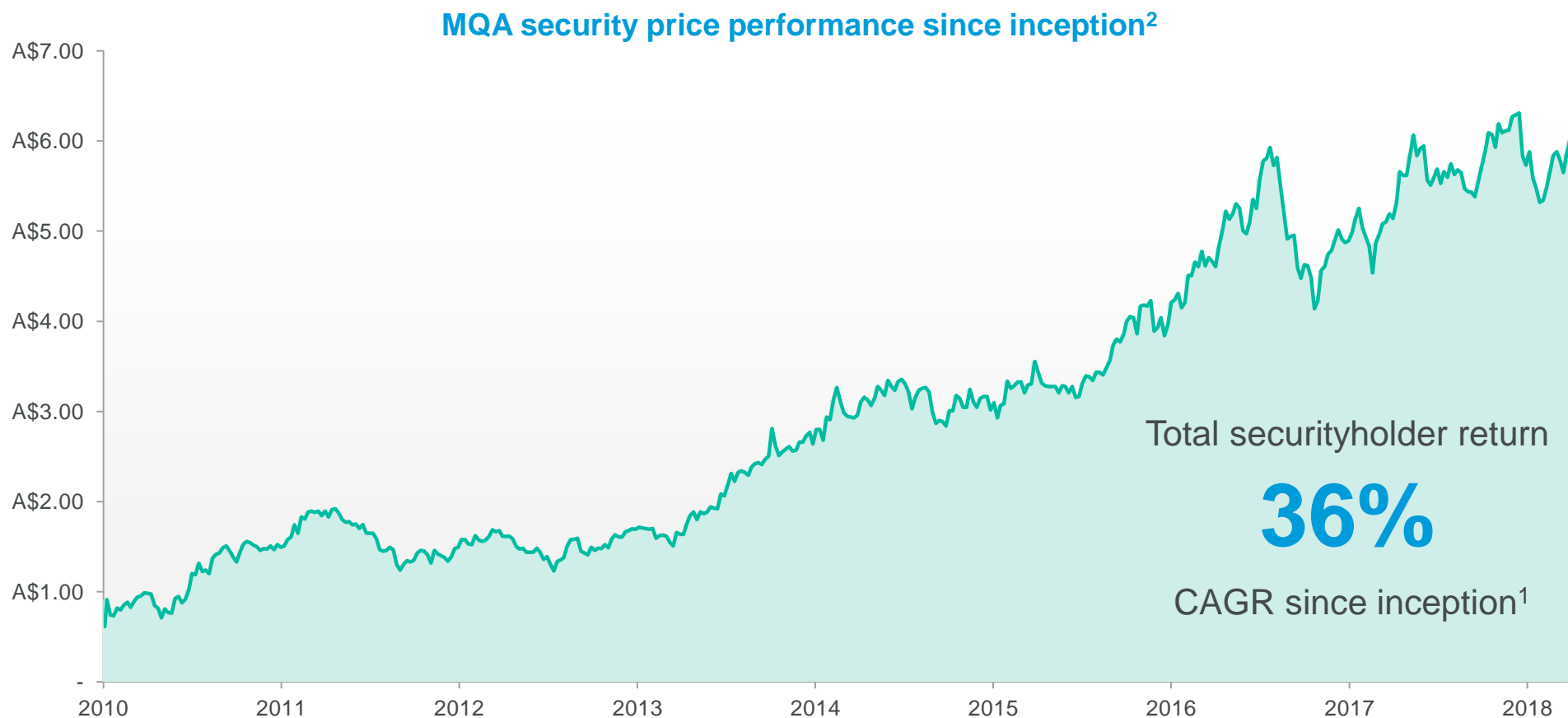
## Agenda items

- MQA performance in 2017
- Distribution growth
- Internalisation Proposal
- Sustainability
- Delivering on strategy



# MQA performance in 2017

Enhanced portfolio value demonstrated through 36%<sup>1</sup> compound annual growth rate over eight years



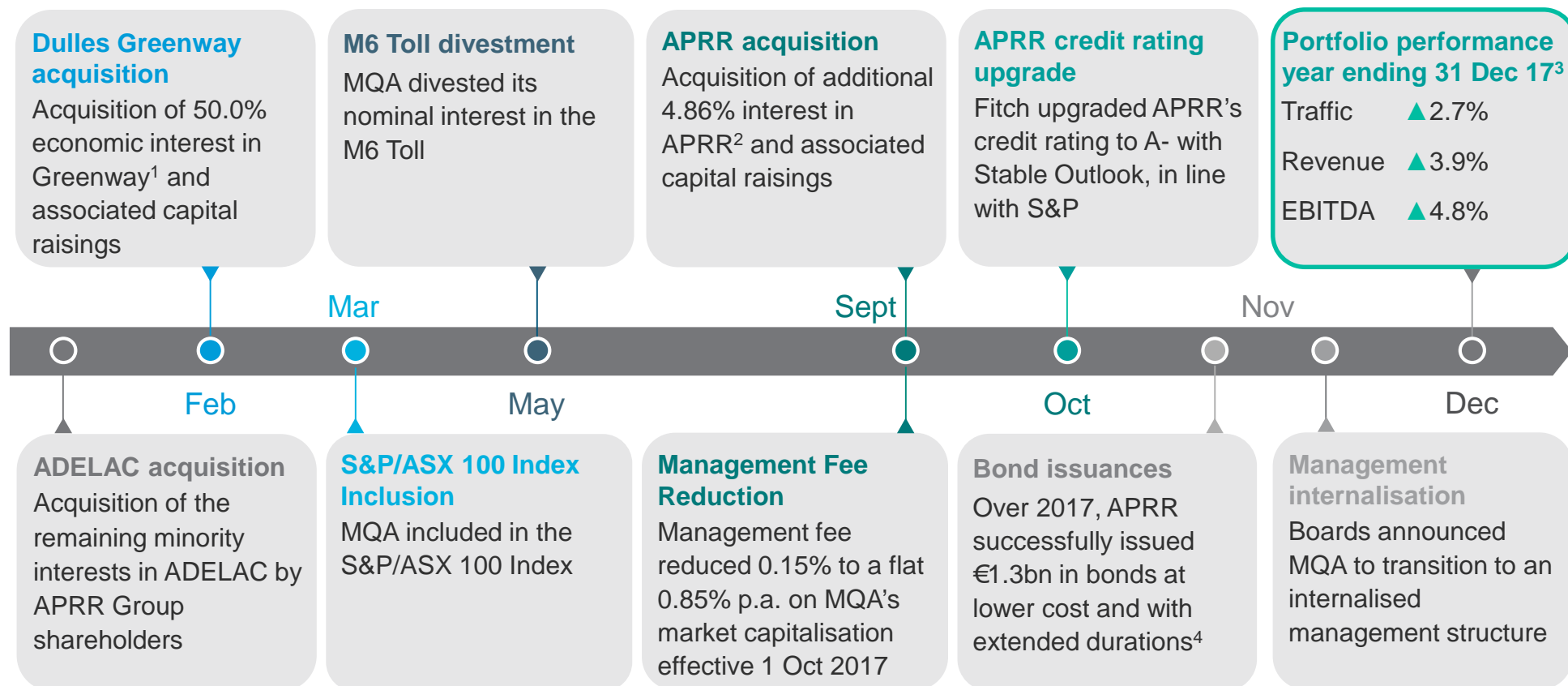
1. Compound annual growth rate from 25 January 2010 to 10 May 2018.

2. From 25 January 2010 to 10 May 2018.



# 2017 highlights

2017 was a transformative year for MQA




1. Acquisition announced in February 2017 and completed in May 2017. Post acquisition, MQA holds a 100% estimated economic interest in the Dulles Greenway, held through ~86.6% subordinated loans secured against the equity held by other limited partners with the remaining ~13.4% interest held through equity.
2. Acquisition announced in September 2017 and completed in October 2017.
3. 2017 performance as disclosed in the Management Information Report, compared to the prior corresponding period (pcp). Weighted average based on MQA's average beneficial interest in its assets over the period.
4. €1.3bn of debt issued by APRR in 2017 at a weighted average cost of 1.6% and maturity of ~15 years, replacing facilities with an average cost of ~5%.

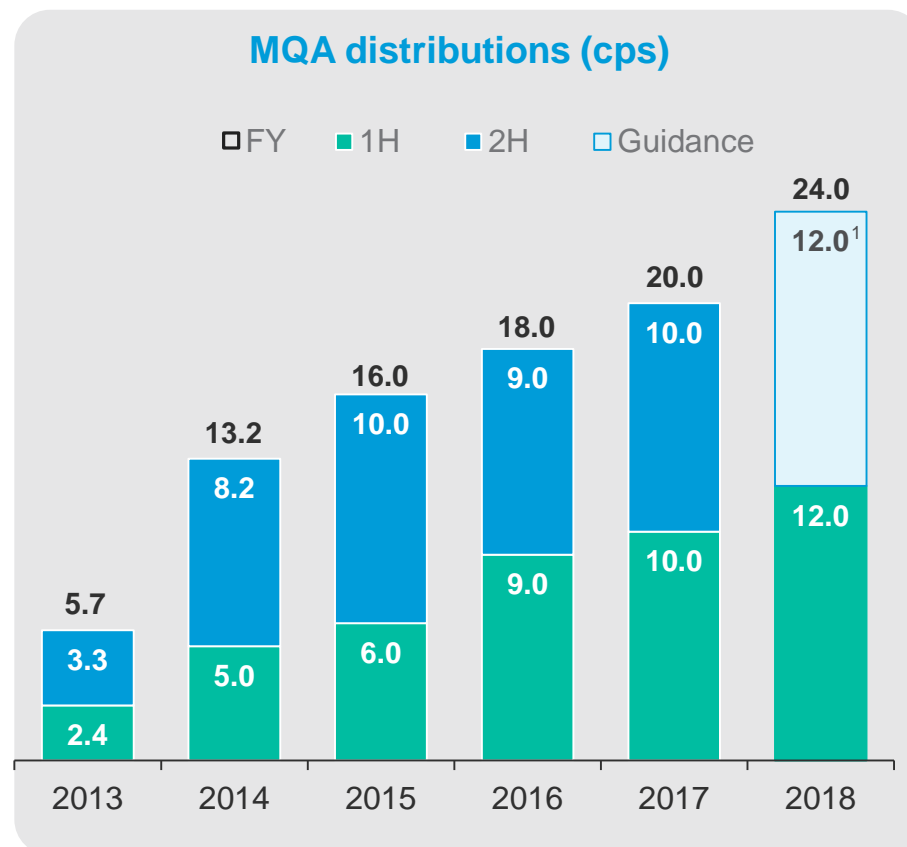


# Distribution growth

## Double digit distribution growth achieved annually since 2013

- 20.0 cents per security (cps) distribution paid in 2017, up 11.1% on 2016
- 24.0 cps distribution guidance for 2018, up 20.0% on 2017<sup>1</sup>
  - 12.0cps 1H18 distribution paid in April 2018
  - 12.0cps 2H18 distribution guidance<sup>1</sup>

Total distributions  
 **A\$386m**  
paid since inception



1. Subject to asset performance, foreign exchange movements and future events.



# Internalisation Proposal

- Macquarie to **remain as manager** until May 2019 (unless terminated earlier)
- **No consideration** paid to Macquarie for terminating the MQA Management Agreements
- Current management fee arrangements to continue until **May 2019**
- MQA **performance fees to cease** post 30 June 2018
  - Payment of accrued 3rd instalment of 2016 performance fee and 2nd instalment of 2017 performance fee remain subject to testing
  - 3rd instalment of 2017 performance fee payable without testing
  - New and final 2018 performance fee (if earned) payable in full with no instalments
- Macquarie to provide **specific transition services** from May 2019 to December 2019
- MQA will change its name to **Atlas Arteria** and its ASX ticker code to **ALX**

More details on the Internalisation Proposal are included in the Explanatory Memorandum which was lodged with the ASX on 9 April 2018



# Internalisation Proposal

## Key benefits

- Replace base management fees to Macquarie with directly incurred operating costs
- Eliminate MQA performance fees payable to Macquarie post 30 June 2018
- Better transparency of alignment of the management team to the interests of MQA
  - Employees to be directly employed and remunerated by MQA and solely focused on MQA core business and strategy
- Broaden appeal of MQA to a wider range of investors

## Key risks or disadvantages

- One-off transaction and implementation costs incurred with the internalisation proposal
- MQA may no longer automatically access Macquarie's expertise and global reach, nor retain the services of Macquarie staff currently working for MQA
- Macquarie will continue to manage MQA's interest in APRR and will receive base management fees and potentially a performance fee for this service from 16 May 2019

**Note:** For further information on the Internalisation Proposal refer to the Explanatory Memorandum lodged with the ASX on 9 April 2018.



# Sustainability

MQA is committed to ensuring environmental, social and governance risks (ESG) are identified, assessed and managed responsibly at both the MQA corporate level and at the portfolio companies

## MQA sustainability framework focus areas



1 / Safety



2 / Climate Change  
& the Environment



3 / People &  
Diversity



4 / Supply Chain



5 / Community



6 / Technology

MQA's Sustainability Report can be viewed on MQA's website at: [www.macquarieatlasroads.com/esr](http://www.macquarieatlasroads.com/esr)





# Delivering on strategy

To generate long term value for MQA securityholders via investment in quality infrastructure assets providing access to long-dated, predictable and growing cash flows

## Continued focus on growing distributions and enhancing portfolio value



### Active asset management

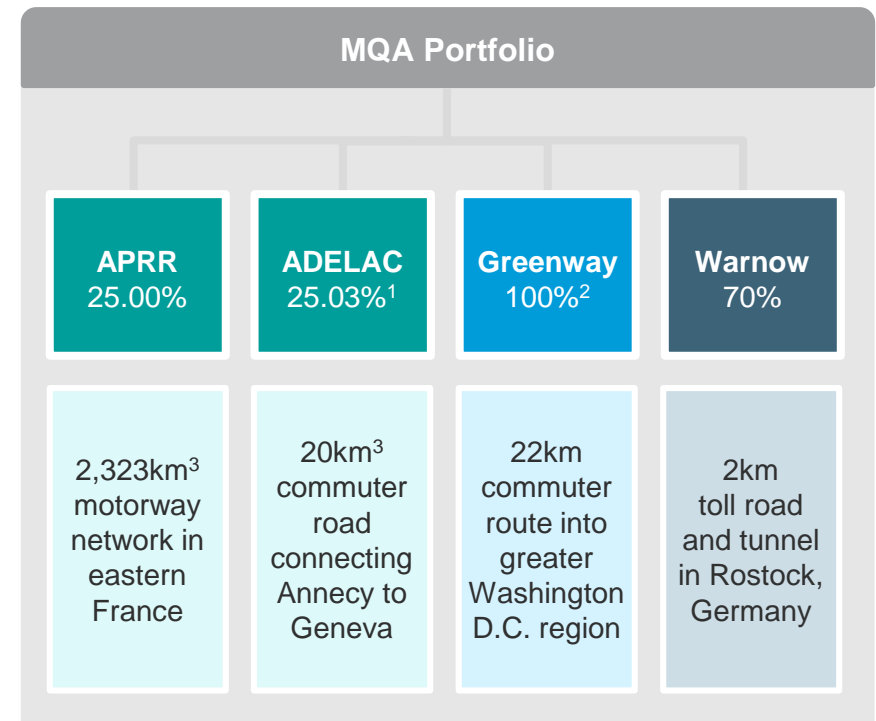
*Driving operational performance and improved user experience*



### Disciplined capital management

*Reinvesting retained asset-level cash into capex and debt reduction/refinancing*

## Consolidation of asset ownership resulting in a simplified investment proposition



1. MQA holds 12.48% of its interest in ADELAC through APRR and the remaining 12.55% through MAF2.

2. Estimated economic interest held through ~86.6% subordinated loans secured against the equity held by other limited partners. Remaining ~13.4% interest held through equity.

3. The APRR network length includes ADELAC's 20km.





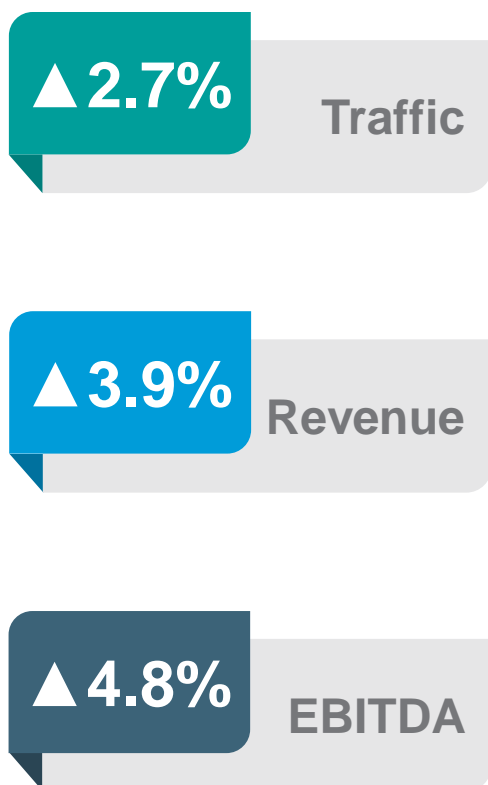
# Chief Executive Officer's Address

James Hooke



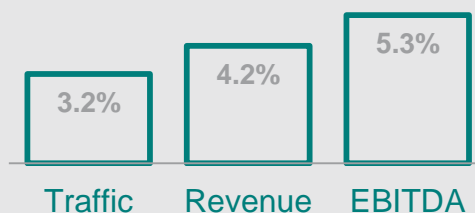
# 2017 portfolio performance

MQA's portfolio continued to deliver growth in 2017<sup>1</sup>



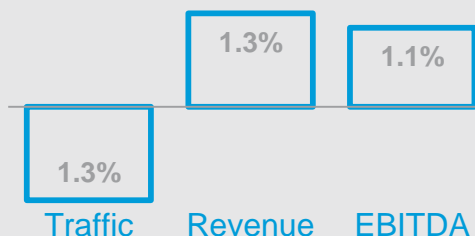
## APRR

85% of MQA EBITDA<sup>2</sup>



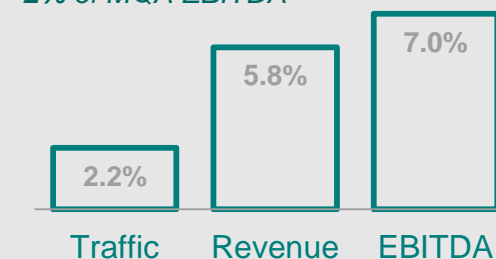
## Dulles Greenway

12% of MQA EBITDA<sup>2</sup>



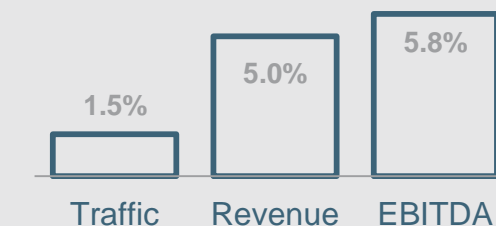
## ADELAC

2% of MQA EBITDA<sup>2</sup>



## Warnow

1% of MQA EBITDA<sup>2</sup>



2017 portfolio asset performance

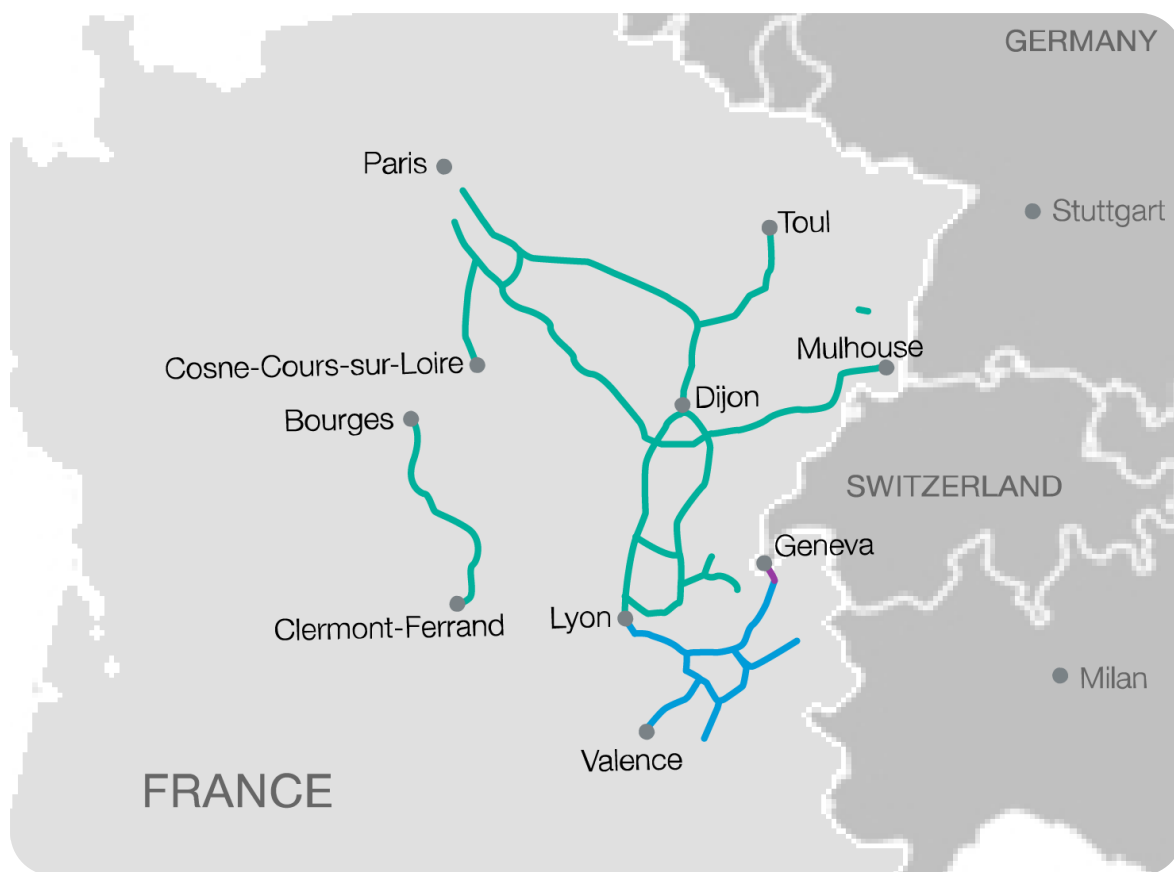
**Note:** MQA holds a 25.00% interest in APRR, 25.03% interest in ADELAC, 100% estimated economic interest in Dulles Greenway and 70% interest in Warnow. Results on this slide are reported on a 100% asset basis and in the natural currency of the asset.

- 2017 portfolio performance as disclosed in the Management Information Report, compared to the prior corresponding period (pcp). Weighted average based on MQA's average beneficial interest in its assets over the period.
- 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.



# APRR overview

APRR is the concessionaire of a 2,323km motorway network in the east of France



**MQA ownership**  
25.00%

## APRR

Concession Expiry: Nov 2035  
Road Length: 1,895km

## AREA

Concession Expiry: Sep 2036  
Road Length: 408km

## ADELAC<sup>1</sup>

Concession Expiry: Dec 2060  
Road Length: 20km<sup>1</sup>

1. APRR holds a 49.9% interest in ADELAC. MQA's total indirect interest in ADELAC is 25.03%. Note the APRR network length of 2,323km includes ADELAC's 20km.



# APRR 2017 results<sup>1</sup>

Record earnings performance underpinned by continued growth across light and heavy vehicle traffic

▲ 3.2%

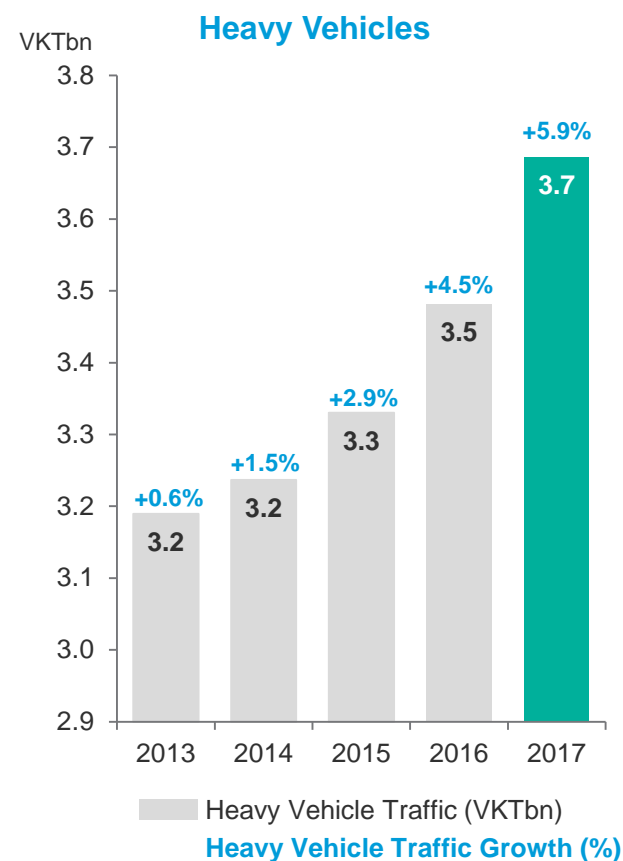
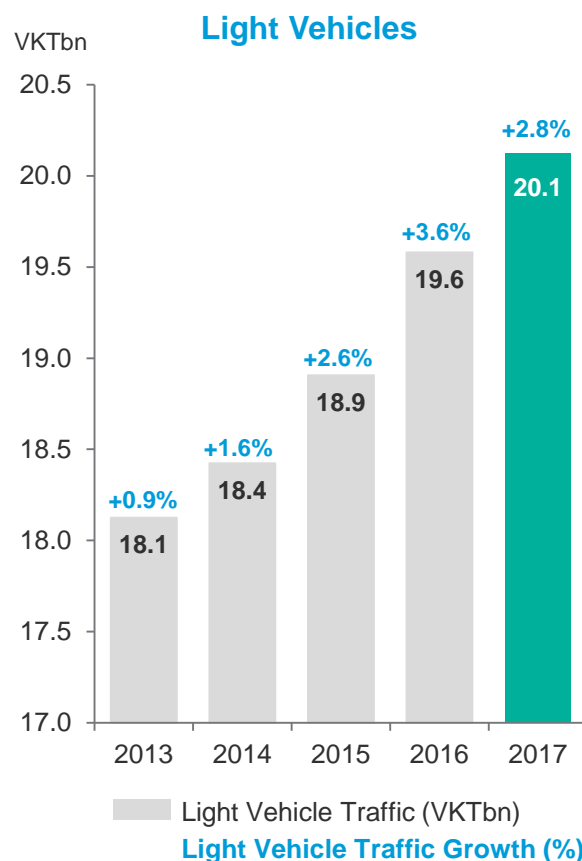
**Traffic**  
23.8bn VKT<sup>2</sup>

▲ 4.2%

**Revenue**  
€2,424.7m

▲ 5.3%

**EBITDA**  
€1,774.7m



**Note:** APRR represents APRR and its subsidiaries. APRR Group represents a consolidation of Financière Eiffarie, Eiffarie, APRR and its subsidiaries. References to APRR and APRR Group excludes ADELAC financial information.

1. Results on this slide are reported on a 100% asset basis and in the natural currency of the asset.

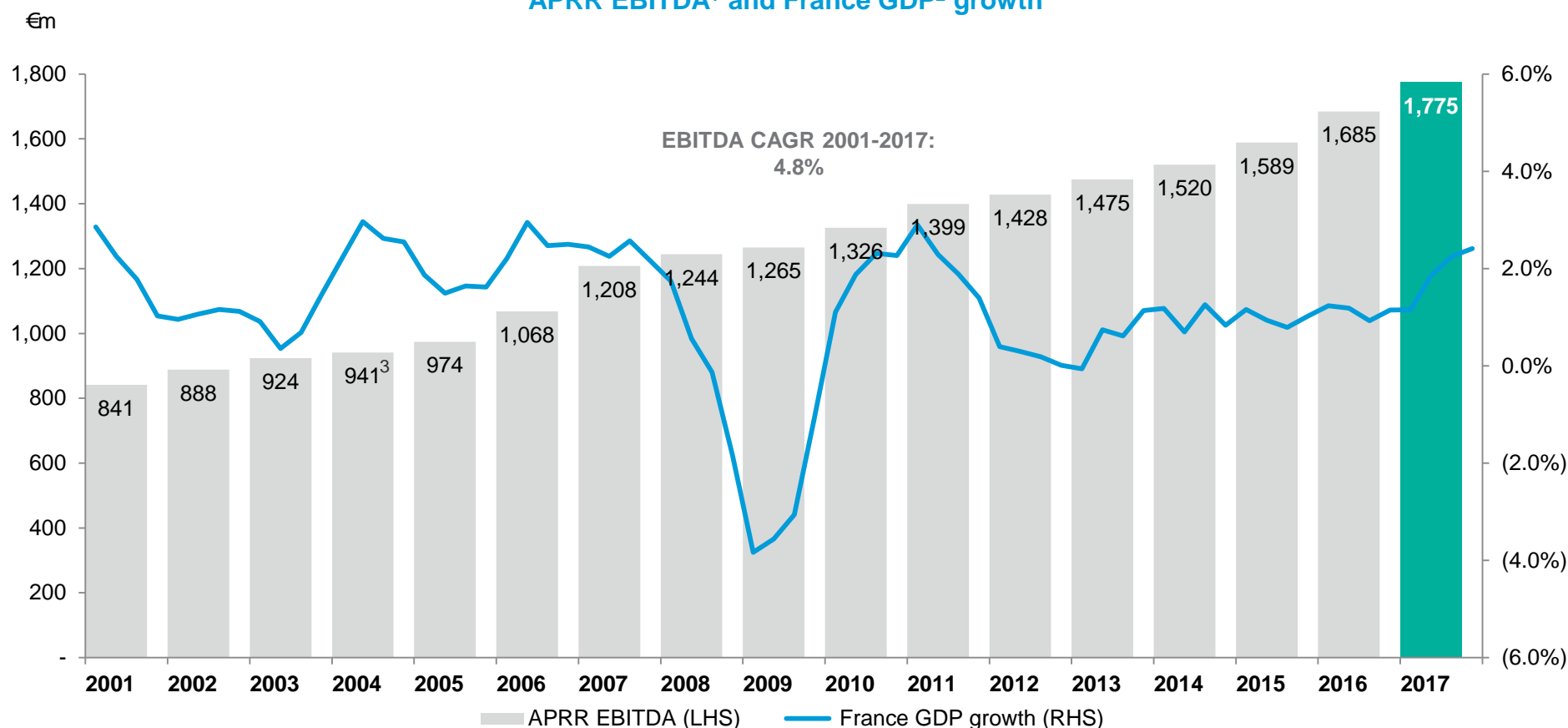
2. Vehicles Kilometres Travelled.



# APRR earnings stability

Historical earnings resilience through economic cycles, with over 50 years of operating history and earnings growth

APRR EBITDA<sup>1</sup> and France GDP<sup>2</sup> growth



1. Represents performance of APRR consolidated statements excluding ADELAC.

2. Source: French National Institute of Statistics and Economic Studies (INSEE), February 2018; quarterly growth on pcp.

3. EBITDA from 2004 onwards prepared using IFRS.

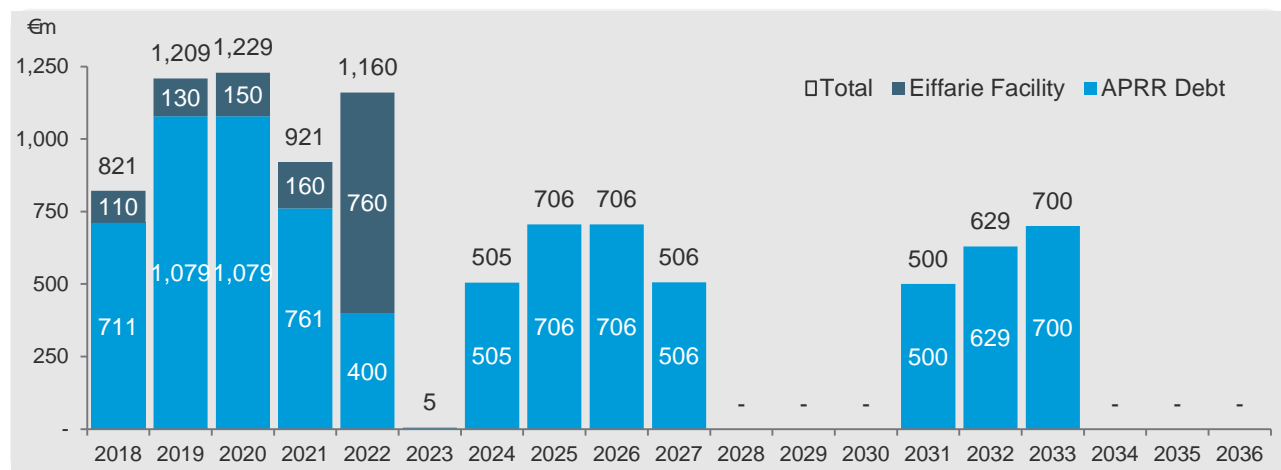


# APRR debt profile

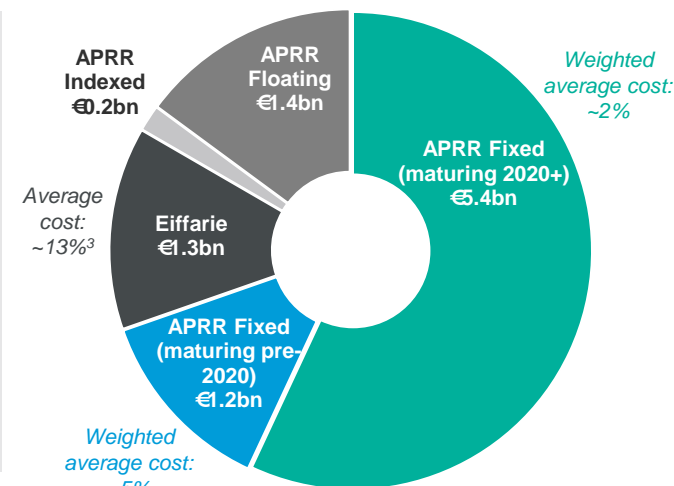
Extended average debt maturity profile with strong liquidity position

- APRR/Eiffarie Net Debt balance of €8.4 billion as at 31 December 2017<sup>1</sup>; representing **4.8x Net Debt / EBITDA**
  - €1.3bn of debt issued by APRR in 2017 at a weighted average cost of 1.6% and maturity of ~15 years
  - Opportunity to continue to replace maturing APRR debt with lower cost facilities<sup>2</sup>
  - Eiffarie debt cost impacted by swap to expire June 2018<sup>3</sup>, **providing immediate interest savings** of ~€150m p.a.
- APRR investment grade credit rated A- (Stable Outlook) by S&P and Fitch

APRR/Eiffarie Pro Forma Debt Maturity Profile<sup>4</sup>



APRR/Eiffarie Cost of Debt<sup>4</sup>

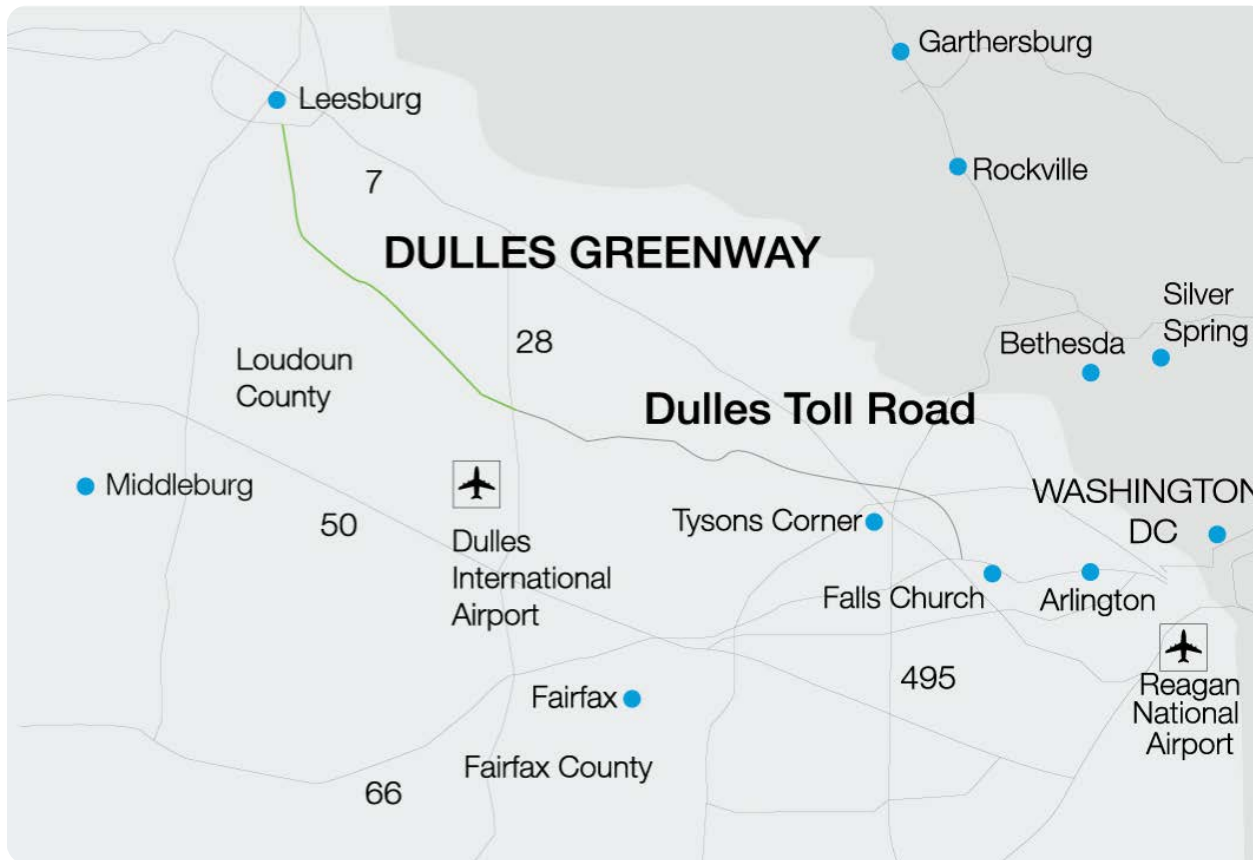


**Note:** APRR debt excludes ADELAC debt which is not consolidated in APRR accounts. <sup>1</sup> As at 31 Dec 2017. Includes €0.3bn of short term debt, accrued interest and mark to market on swaps at APRR. <sup>2</sup> Subject to market conditions. <sup>3</sup> Pro forma as at 31 Jan 2018. Eiffarie average cost of debt of ~13% includes €1.3bn Eiffarie facility at a cost of 0.90% over 6 month Euribor and ~€3.2bn swaps at a cost of 4.6% which mature 30 June 2018. <sup>4</sup> As at 31 Dec 2017 adjusted to remove the EMTN maturity in Jan 2018 (€500m fixed EMTN at 5.125%). Excludes short term debt, accrued interest and mark to market on swaps (€0.3bn) at APRR.



# Dulles Greenway overview

Dulles Greenway is a 22km toll road in Loudoun County, northern Virginia in the United States



**MQA ownership**  
100%<sup>1</sup>

**Concession expiry**  
February 2056

## Corridor dynamics

Key commuter route connecting Leesburg to the greater Washington D.C. area.

Loudoun County remains one of the fastest growing and most affluent counties in the US<sup>2</sup>, however competing network improvements continue to be implemented in the region.

1. Estimated economic interest held through ~86.6% subordinated loans secured against the equity held by other limited partners. Remaining ~13.4% interest held through equity.

2. Source: U.S. Census Bureau; 2016 American Community Survey 5-Year estimates, released 7 December 2017.



# Dulles Greenway 2017 results<sup>1</sup>

▼1.3%

**Traffic**  
52,555 ADT<sup>2</sup>

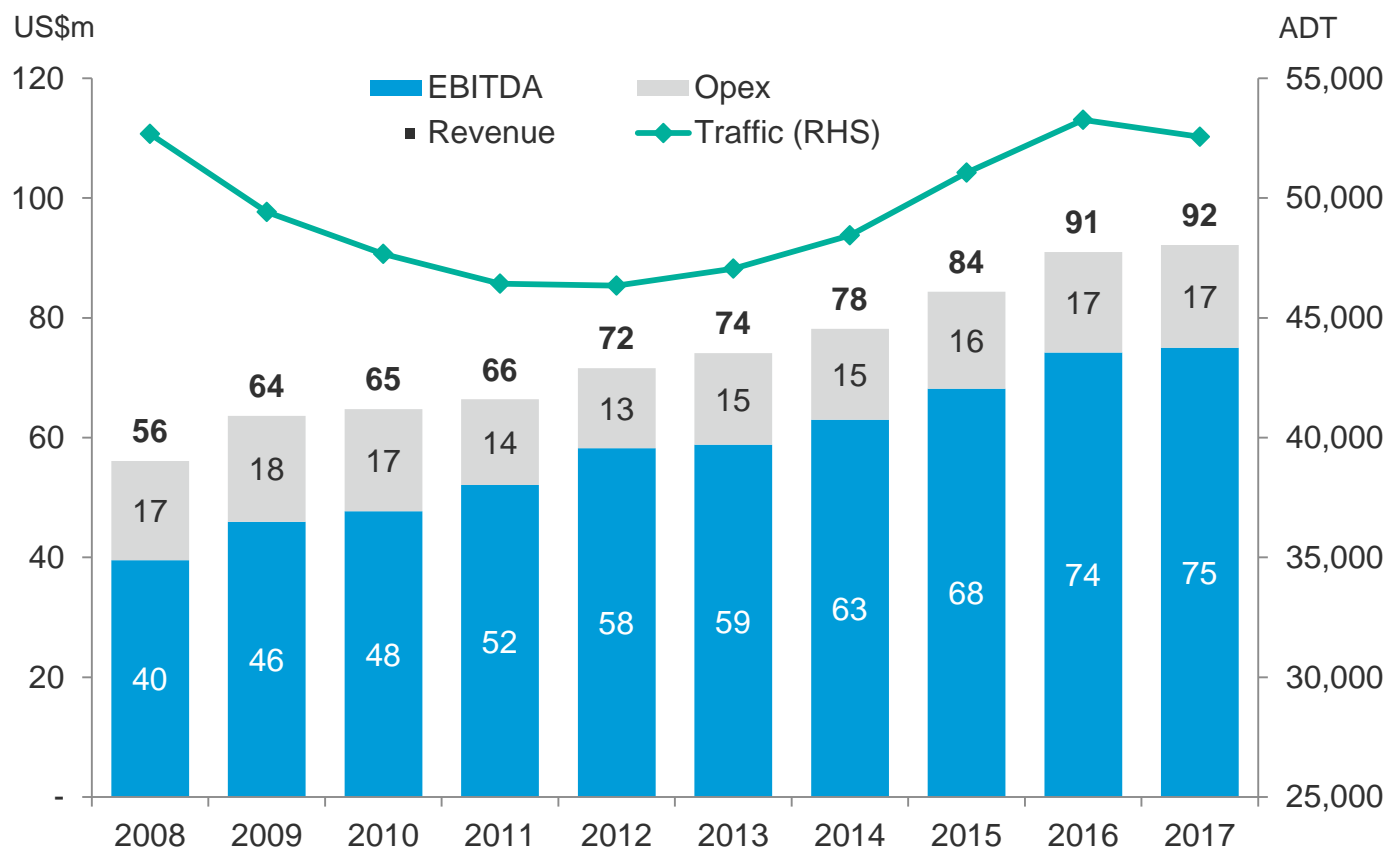
▲1.3%

**Revenue**  
US\$92.2m

▲1.1%

**EBITDA**  
US\$75.0m

## Financial Performance<sup>3</sup> vs Traffic



1. Results on this slide are reported on a 100% asset basis and in the natural currency of the asset.

2. Average Daily Traffic.

3. VIP cash back payments have been reclassified from operating expenses to revenue in current and prior years. This adjustment has no impact on EBITDA.



# Dulles Greenway corridor development

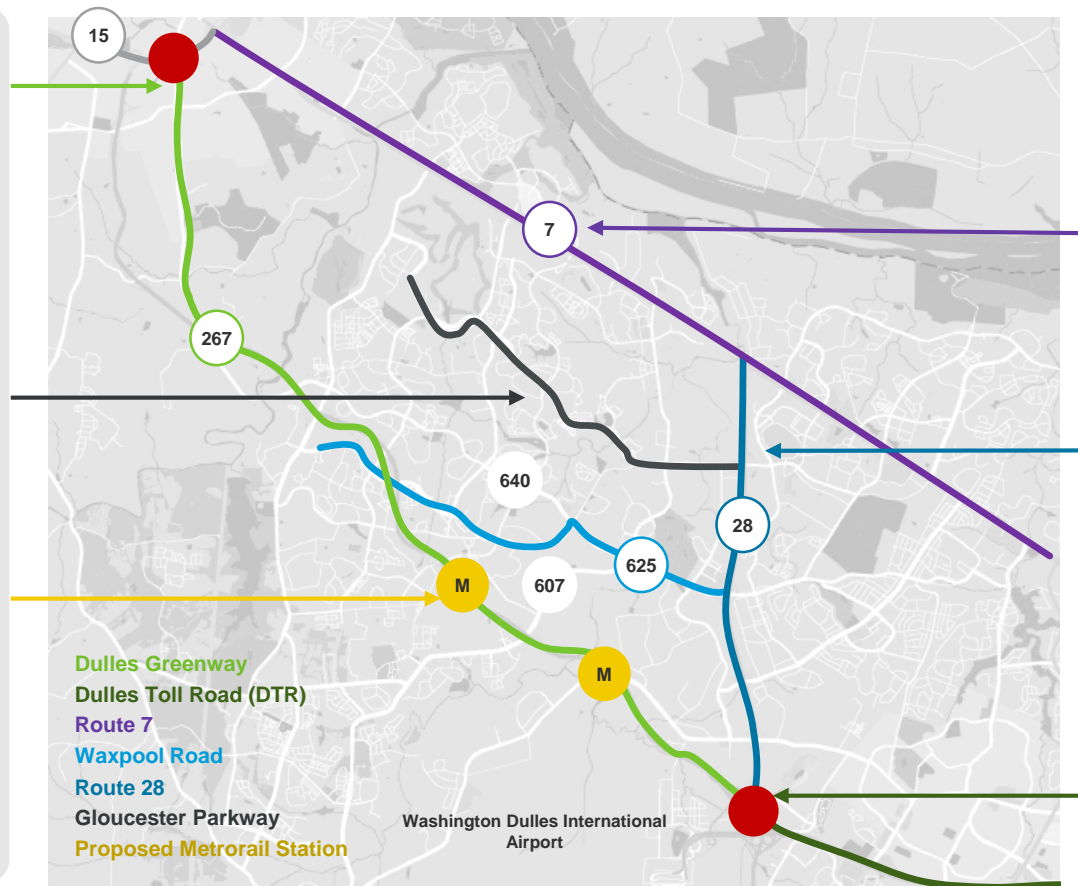
Local network developments have resulted in continued traffic volatility

## Corridor Network Changes 2016-2017

Growing **western-end congestion** due to increased merging PM traffic from the Greenway onto **Route 15** following removal of traffic lights before the merge

Growing traffic usage of the **Gloucester Parkway** following its extension in Ashburn which opened August 2016

Continued **Metrorail** extension activity along Greenway: short-term traffic disruption anticipated due to some lane narrowing/closures, until project completion in 2020



Removal of traffic signals along **Route 7** up to junction with Route 28, improving traffic flow, operations and reducing congestion on this alternative route

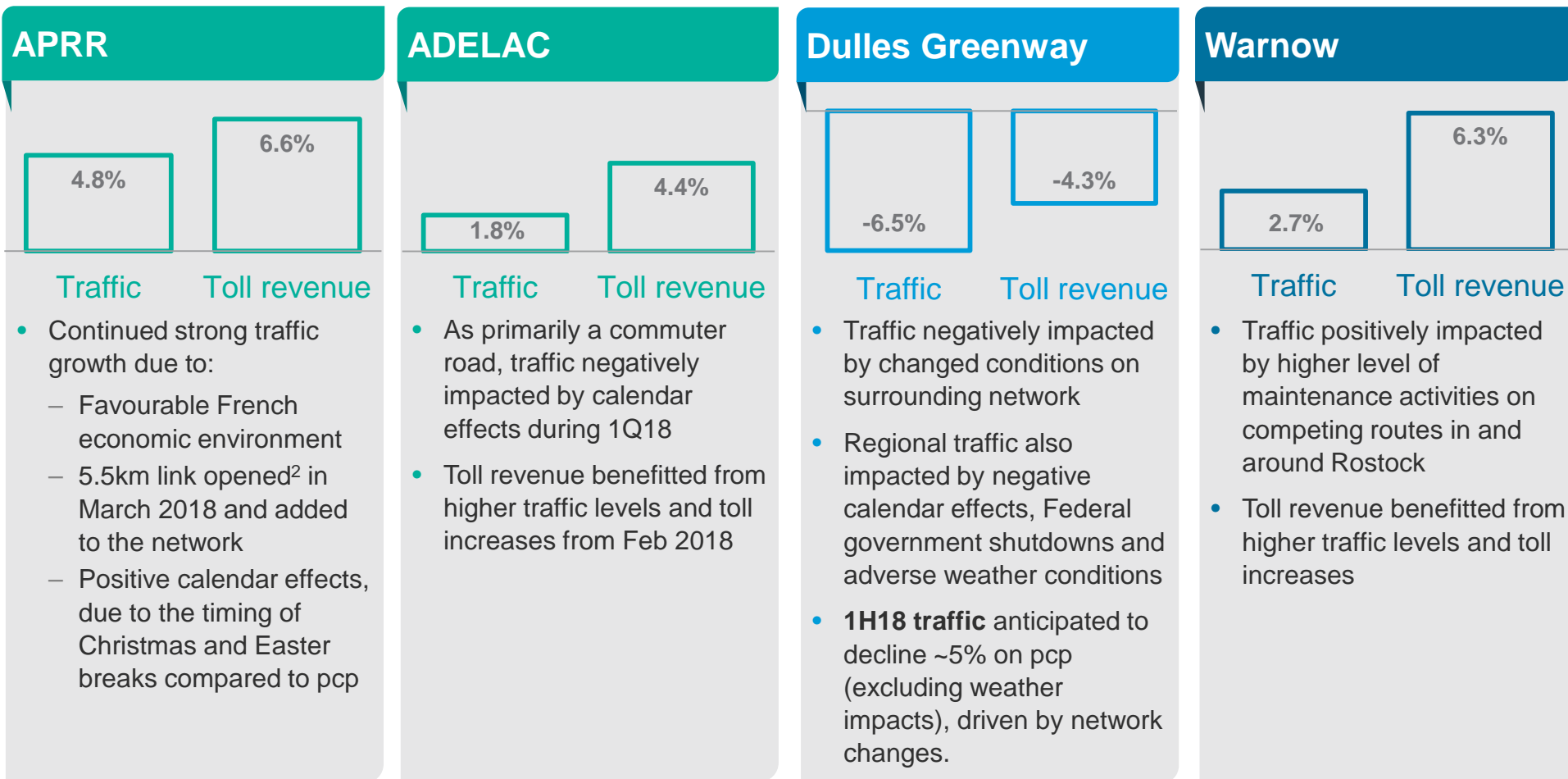
Completion of widening works on **Route 28** in stages between December 2016 and May 2017, providing congestion relief on this alternative route

Growing **eastern-end congestion** on the **Greenway** due to increased merging AM traffic onto the **DTR**



# 1Q18 portfolio performance

Weighted average toll revenue up 5.4% and traffic up 3.4% for the March 2018 quarter<sup>1</sup> on pcp



1. Weighted average based on portfolio revenue and reflects MQA's economic interest in each asset for the period.

2. As part of the Management Contract agreed with the French State.





# Macquarie Atlas Roads Limited Macquarie Atlas Roads International Limited 2018 Annual General Meeting

15 May 2018