# ASX Release

20 April 2011

## MAp
## FIRST QUARTER 2011 RESULTS FOR SYDNEY AIRPORT

MAp today announces Sydney Airport's results for the three months to 31 March 2011 (see below)[1], reporting EBITDA (earnings before interest, tax, depreciation and amortisation) of A$193.5m (excluding specific expenses), which represents an increase of 3.4% over the previous corresponding period (pcp).

| A$m | Q1 2011 | Q1 2010 | % Change |
|---|---|---|---|
| Revenue | 238.7 | 228.6 | +4.4% |
| Cost of Sales | (0.8) | (0.2) | nm |
| Other Income | - | 0.0 | nm |
| Operating Costs | (44.4) | (41.4) | +7.3% |
| **EBITDA (before specific expenses)** | **193.5** | **187.1** | **+3.4%** |
| Specific Expenses | (0.2) | - | nm |
| **EBITDA** | **193.3** | **187.1** | **+3.3%** |

MAp CEO, Ms Kerrie Mather, said, "Sydney Airport delivered a solid performance for the first quarter of 2011 with EBITDA growth of 3.4%, outperforming traffic growth of 1.5%. This was despite a number of disruptions in the first quarter, with severe weather in Queensland and earthquakes in New Zealand and Japan having a significant impact on traffic growth and financial performance. The late timing of Easter in 2011 also weighed on performance in the first quarter.

[1] Results based on unaudited management accounts.

"Despite the impacts on international traffic growth, growth from China was particularly strong. China is now the airport's third largest inbound market, with approximately 200,000 Chinese visitors arriving through Sydney Airport during the quarter. Capacity increases were driven by Hainan Airlines' new service – which commenced in January - and additional services by China Southern Airlines, China Eastern Airlines and Air China. A revised bilateral air services agreement with China was announced in February 2011, paving the way for further capacity additions.

"Another exciting development for the airport announced during the quarter, is the increased presence of Virgin Blue in Sydney. The airline recently opened its new direct lounge entry and car valet product for premium passengers, will commence flying A330 aircraft to Perth from May 2011, and will open a maintenance hangar as part of a new engineering base at the airport.

"Capacity expansions by Jetstar and Tiger Airways, and new Qantas Airways services, including the commencement of direct B747 services to Dallas – Fort Worth from May 2011, cement Sydney's position as Australia's gateway.

"Construction activity around the airport continues and despite adverse weather, completion of the Central Terrace Building remains on schedule for mid-2011. The airport reached an agreement with KFC for a new drive through facility, and the product offering at the International Terminal continues to expand with the redevelopment of the Arrivals area. Passengers will also benefit from the upgrade of the International Terminal taxi rank, with additional capacity to be completed by May 2011."

Other key points to note from the first quarter 2011 results include:

- Total revenues increased by 4.4% over the pcp to A$238.7 million.
- Aeronautical revenues and aeronautical security recovery revenues increased by 5.2% over the pcp to A$118.8 million, reflecting the completion of significant investment projects and passenger growth.
- Retail revenue increased by 6.5% over the pcp to A$54.8 million, reflecting the opening of the International Terminal redevelopment in June 2010.

- Property and car rental revenue growth was impacted by a A$1.9 million non-recurring benefit in the pcp. Excluding the non-recurring item, revenue increased by 6.9% over the pcp.
- Total operating expenses (excluding specific items) increased by 7.3% over the pcp to $44.4 million. This includes non-recurring staff expenses of A$1.1 million. Excluding recoverable security expenses, operating expenses (excluding specific items) increased by 4.3% over the pcp on a per passenger basis.
- Adjusting for the A$1.9 million non-recurring property and car rental benefit in 2010, and the A$1.1 million of non-recurring staff expenses in 2011, EBITDA (excluding specific items) increased by 5.1 per cent over the pcp.
- Total capital expenditure of A$33.4 million primarily related to construction of the Central Terrace Building, and aviation related runway projects due for completion in 2011.

For further information, please contact:

**Hugh Wehby**
Manager Investor Relations
Tel: +612 9237 3316
Mob: +61 427 992 538
Email: hugh.wehby@mapairports.com.au

**Louisa Aherne**
Corporate Affairs Manager
Tel: +612 9237 3317
Mob: +61 428 822 375
Email: louisa.aherne@mapairports.com.au

# Media Release

***www.sydneyairport.com***

**20 April 2011**

# Three Months to March 2011 Financial Results for Sydney Airport

**Sydney Airport[1] today announced a 3.4 per cent increase in earnings before depreciation and amortisation, net financing costs, income tax and specific non-recurring expenses for the three months to 31 March 2011.**

Sydney Airport today announced an unaudited consolidated profit before depreciation and amortisation, net financing costs, income tax, and specific non-recurring expenses (EBITDA excluding specific non-recurring expenses) of A$193.5 million for the three months to 31 March 2011 (Q1 CY2010: A$187.1 million). EBITDA including specific non-recurring expenses increased to A$193.3 million (Q1 CY2010: A$187.1 million).

EBITDA (excluding specific non-recurring expenses) for the three months to 31 March 2011 represents a 3.4 per cent increase over the previous corresponding period (pcp). EBITDA (including specific non-recurring expenses) increased by 3.3 per cent on the pcp.

Sydney Airport's Chief Executive Officer, Russell Balding, said "Sydney Airport achieved a pleasing result for the quarter."

"During the quarter, results were impacted by the Queensland floods, Cyclone Yasi and earthquakes in New Zealand and Japan. Notwithstanding these events, and the later timing of Easter this year, Sydney Airport recorded positive year on year passenger growth for the quarter."

"During the quarter V Australia made its inaugural flight to Abu Dhabi, becoming the only Australian airline to fly to the Middle East. In addition, Virgin has decided to build a new hangar at Sydney Airport as part of a new engineering maintenance base. This, along with the news that Virgin will fly A330s on the Sydney-Perth route and this week opened direct lounge entry and car valet for premium passengers at Sydney Airport's T2, strengthens Sydney Airport as Australia's national aviation hub."

"In addition, Jetstar and Tiger Airways achieved strong passenger growth versus the pcp, reflecting increased capacity and services on Sydney routes."

"Sydney Airport continues to attract new airlines and new services. Hainan Airlines commenced its service between Sydney, Shenzhen and Hangzhou. In addition, Qantas announced it will commence flying a Sydney – Dallas / Fort Worth service in May."

"Sydney Airport has made a detailed submission to the Productivity Commission's current inquiry, which is available on the airport's website. Sydney Airport looks forward to further assisting the Productivity Commission in its inquiry over the coming months" Mr Balding said.

1. Southern Cross Airports Corporation Holdings Limited is the parent company of Sydney Airport Corporation Limited.

**Revenue**

Total revenue from all areas of the business rose 4.4 per cent over pcp to A$238.7 million (Q1 CY2010: A$228.6 million).

While the strength of the Australian dollar continued to benefit Australian outbound international traffic, a number of one off factors including the recent natural disasters and the timing of Easter holidays versus the pcp adversely impacted on growth in passenger numbers.

Retail revenue for the quarter grew 6.5 per cent on the pcp following the opening of the International Terminal redevelopment in June 2010. It is particularly pleasing that Sydney Airport's International Terminal has been named as having the world's best airport food and beverage offer at the Airport Food and Beverage Awards held in Manchester, UK. Further upgrading is continuing with the redevelopment of the International Terminal Arrivals area, including the opening of the new WH Smith newsagency.

Ground transport and commercial services revenues reflect traffic growth in the quarter. The completion of the International Terminal taxi rank upgrade is expected to be complete in May. The upgrade provides for additional capacity and an improved service for passengers.

Property and car rental revenue was impacted by a non-recurring benefit in the pcp of A$1.9 million. Excluding the non-recurring item, revenue increased by 6.9 per cent over the pcp. During the quarter, agreement was reached with KFC for the construction of a new drive through facility and construction of the Central Terrace Building remains on schedule for completion in mid 2011 despite the adverse weather.

**Operating Expenses**

Total operating expenses excluding recoverable security expenses and specific non-recurring expenses increased by 5.9 per cent over pcp to A$29.1 million (Q1 CY2010: A$27.5 million). Total operating expenses per passenger excluding recoverable security expenses and specific non-recurring expenses increased by 4.3 per cent to A$3.28 per passenger (Q1 CY2010: A$3.14 per passenger).

Total operating expenses including specific non-recurring expenses increased by 7.8 per cent on pcp to A$44.6 million (Q1 CY2010: A$41.4 million).

Operating expenses in the quarter included non-recurring expenses of A$1.1 million relating to non-recurring staff expenses. Adjusted for non-recurring expenses, operating expenses excluding recoverable security expenses and specific non-recurring expenses increased by 1.9 per cent over the pcp. EBITDA before specific expenses and adjusted for non-recurring items, increased by 5.1 per cent over the pcp.

**Capital Expenditure**

Total capital expenditure increased by 8.3 per cent on the pcp to A$33.4 million (Q1 CY2010: A$30.8 million). The increase in capital expenditure compared to the pcp is primarily attributed to the construction of the Central Terrace Building, as well as aviation related runway projects due for completion later in the year.

**Attachment: Financial Highlights**

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**Further information:**

**Michael Samaras Ph: 02 9667 6470 Mobile: 0437 033 479**

# SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

| Thousands | Q1 2011 SCACH Group | Q1 2010 SCACH Group | % change |
|---|---|---|---|
| Quarter / Year to date - from: | 01-Jan-11 | 01-Jan-10 | |
| Quarter / Year to date - to: | 31-Mar-11 | 31-Mar-10 | |
| **Revenues** | | | |
| Aeronautical | 100,087 | 95,110 | 5.2% |
| Aeronautical security recovery | 18,679 | 17,818 | 4.8% |
| Retail | 54,788 | 51,432 | 6.5% |
| Property and car rental | 37,781 | 37,245 | 1.4% |
| Ground transport and commercial services | 26,164 | 25,775 | 1.5% |
| Other | 1,224 | 1,230 | -0.5% |
| **Total revenues** | **238,724** | **228,610** | **4.4%** |
| **Cost of sales** | 818 | 197 | |
| **Other income** | | | |
| Profit on sale / (loss on disposal) of non current assets | 0 | 28 | |
| **Operating expenses** | | | |
| Labour | 11,149 | 9,704 | 14.9% |
| Services and utilities | 25,301 | 23,475 | 7.8% |
| Other operational costs | 3,186 | 3,777 | -15.7% |
| Property and maintenance | 4,761 | 4,425 | 7.6% |
| Specific expenses: | 196 | 0 | |
| **Total operating expenses before specific expenses** | **44,397** | **41,381** | **7.3%** |
| **Total operating expenses** | **44,593** | **41,381** | **7.8%** |
| **EBITDA before specific expenses** | **193,509** | **187,060** | **3.4%** |
| **EBITDA** | **193,313** | **187,060** | **3.3%** |
| **Capital expenditure** | **33,365** | **30,810** | **8.3%** |
| **$ per passenger measures** | | | |
| Revenue | 26.90 | 26.15 | 2.9% |
| Operating expenses before specific expenses | 5.00 | 4.73 | 5.7% |
| Operating expenses | 5.03 | 4.73 | 6.2% |
| EBITDA before specific expenses | 21.81 | 21.39 | 1.9% |
| EBITDA | 21.79 | 21.39 | 1.8% |
| Capex | 3.76 | 3.52 | 6.7% |