



ASX Release

5 December 2011

MAp

Sydney Airport Announces New Vision to Integrate International, Domestic and Regional Services

Please find attached a presentation providing further information about Sydney Airport's new vision.

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AGENDA



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EXECUTIVE SUMMARY

NEW CONCEPT



Seamless International, Domestic & Regional Transfers Under One Roof by 2019

Sydney Airport today announced a new concept for how the airport would operate that envisages the development of two airport precincts integrating international, domestic and regional services under one roof by 2019. This aims to:

- Improve passenger experience
- Reduce airline costs
- Increase capacity
- Improve the airport's competitiveness

AIRLINE PARTNERSHIPS



Collaborative Approach with Airlines

Sydney Airport has the support of its two major airline partners operating at the airport to work together to develop and improve the airport facilities in line with this concept:

- The Qantas Group
- The Virgin Group

Signed agreements with both the Qantas and Virgin Groups which:

- Extend the existing international aeronautical charges agreements until July 2015; and
- Establish principles for a collaborative approach to the development of this concept, the Master Plan, the scale of investment and a multi-decade charges agreement

Working with Wider Stakeholders for the Benefit of Sydney and NSW

Sydney Airport has also signed a MoU with the NSW Government to:

- Coordinate tourism and aviation marketing
- Develop a joint approach to government and airlines to foster growth in Sydney and NSW
- Develop a joint approach in supporting / promoting the attractiveness of Sydney as a destination
- This partnership has already borne fruit with the announcement by Scoot, Singapore Airline's new LCC, that its first destination will be Sydney

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THE PROPOSAL

THE PROPOSAL



Transforms Facilities to Address the Needs of our Airlines & Passengers

- Creates a precinct (currently T2/T3) for Qantas, Jetstar, oneworld and other partners
- Creates a precinct (currently T1) for Virgin Australia and its partners, and other international carriers
- Guarantees ongoing access for regional airlines to Sydney Airport
- Construction of new Qantas Engineering complex and a new hangar for Virgin Australia

THE PROPOSAL



Impact of Proposal on 2014 Master Plan to be Evaluated

- New concept remains exploratory; detailed costing analysis not yet prepared
- Involves substantial investment in airport infrastructure by Sydney Airport and the airlines
- Indicative investment for the co-location in alliance based terminals (base scope) is similar to 2009 Master Plan but with some possible phasing changes: ~A\$2.5bn 2010-2029
- MoUs contain commitment to explore additional investments (eg early termination of Qantas leases): not included in base scope & only pursued if appropriate returns are projected
- Explore additional commercial opportunities which may arise: not included in base scope, entirely discretionary & only pursued if appropriate returns are projected

THE PROPOSAL



No Change to Existing Financial Policies

- Debt funding of growth capital expenditure
- Maintenance of existing credit rating
- Adequate return on investment

THE PROPOSAL – VIRGIN ALLIANCE PRECINCT



THE PROPOSAL – QANTAS ALLIANCE PRECINCT



THE BENEFITS



Most Stakeholders Will Benefit, None Will be Worse Off

| Benefit | Detail |
|--------------------------------------|---|
| Co-location | Significantly improved transfer product / passenger experience Strengthen the hub Increased aircraft utilisation Reduced airline costs |
| Capacity | More effective use of land and airside infrastructure Increased gate utilisation through co-location and swing gates Improved ground access |
| Continuity and certainty | Extended tenure for freight and JUHI |
| Reduced congestion and delays | Reduced bussing Quicker turnaround of aircraft Reduction in runway crossings Reduce each precinct's peak gate flows by 10-20% |

AIRLINE COLLABORATION



Extension of International Pricing Agreement & MoUs with Home-Based Carriers

- Agreements signed with both Qantas and Virgin Groups to extend the current international airline agreements until July 2015, including NNI increases
- Continuation of existing consultation framework
- Signed non-binding MoUs with both Qantas and Virgin to establish the planning and pricing principles that will govern the project development. These include:
 - Joint development approach on Master Plan
 - Use of technology
 - Economic pricing principles
 - Multi-decade charging agreements
 - Potential early reversion of properties leased by Qantas



Sydney Airport & Destination NSW Join Forces to Drive Tourism and Growth

Signed MoU with NSW Government which envisages:

- Joint marketing initiatives to attract new airlines and routes
- Enhancing the airport's passenger arrival and departure experiences
- Joint promotion of major NSW events
- Mutually beneficial objectives including economic growth, tourism, operating efficiency

Target Key Growth Markets and Efficient Use of Facilities

Allocated more resources to airline marketing and focused our marketing efforts on four key areas:

- Foster growth from based carriers by improving the economics of their Sydney operations
- Focus on major Asian economies (China, India, Malaysia, Indonesia)
- Incentivise services by new LCCs such as Scoot
- Encourage use of off-peak slots by offering differentiated pricing

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