

# SYDNEY NEWNEY



# AIRPORT



# VISION & VALUES

Our vision is to deliver a world-class airport experience and foster the growth of Sydney Airport for the benefit of Sydney, NSW and Australia.

## VALUES

### **Integrity & Openness**

Acting honestly and openly to achieve corporate and social objectives.

### **Safety & Security**

Delivering the highest levels of safety and security.

### **Excellence**

Striving to deliver an outstanding airport experience through operational efficiency, superior customer service and innovation.

### **Teamwork**

Fostering a collaborative and supportive work environment that values diversity.

### **Creativity & Flexibility**

Working with our partners to achieve superior business outcomes.

### **Sustainability**

Responsible growth through balancing community and environmental needs with corporate objectives.



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# CHAIRMAN'S MESSAGE



During 2011, the directors and management took the opportunity to simplify and restructure the business for the long-term benefit of investors.

In agreement with the Ontario Teachers' Pension Plan Board (OTPP) we successfully acquired an additional 10.9 per cent of Sydney Airport, taking our interest to approximately 85 per cent and receiving \$801 million in cash. In return, OTPP acquired our interests in Brussels and Copenhagen airports.

To reflect the new sole focus on Sydney Airport, investors approved the simplification of the listed structure and we changed our name from MAp to Sydney Airport and our ASX ticker to SYD. Strong support for our initiatives was reflected in the security price, which significantly outperformed the relevant benchmarks over the year.

Investors were paid ordinary distributions of \$0.21 per stapled security in 2011 and an additional \$0.80 cash per stapled security as part of the Simplification Consideration.

At Sydney Airport, we undertook capital management initiatives to further derisk the business. We raised \$1.1 billion of senior debt facilities to facilitate the refinancing of SKIES in January 2012 and secured the financing of capital expenditure into 2014. There are now no subordinated debt facilities for the first time since 2002.

Kerrie Mather's appointment as chief executive and managing director of Sydney Airport alongside her role as chief executive and managing director of the ASX-listed Sydney Airport was another important milestone during the year. The boards determined that given her deep knowledge of the aviation sector and her involvement as a member of the Sydney Airport boards and the strategy committee since 2002, Kerrie was ideally placed to lead and grow the business.

Kerrie, together with the Sydney Airport management team, has been working proactively to boost the competitiveness of the airport by listening and responding to the needs of all stakeholders, and by partnering with airlines to deliver a better product to airport users.

Sydney Airport is an exciting business to own, it is our national gateway and a major driver of NSW's economic performance. Since privatisation, Sydney Airport has delivered a strong record of earnings growth particularly in these tumultuous economic times. This demonstrates the resilience of the business and gives us confidence about future performance.

I am therefore pleased to be able to reaffirm our financial year 2012 distribution guidance of 21 cents per stapled security fully covered by net operating receipts, subject to external shocks to the aviation industry and material changes to forecast assumptions.

We have a new focus and renewed energy and I thank you for your continued and valued support.

A handwritten signature in black ink, appearing to read 'Max Moore-Wilton', written in a cursive style.

**Max Moore-Wilton**  
Chairman

**Sydney Airport is an exciting business to own, it is our national gateway and a major driver of NSW's economic performance.**

# CEO'S MESSAGE



2011 was a year of great change that delivered outstanding results for both investors and stakeholders and positioned the business well for future growth.

We began the year with investments in a global portfolio of airports. Through a unique opportunity that emerged, we were able to simplify our structure, turn our focus solely to and increase our interest in Sydney Airport and return \$1.01 per stapled security to investors.

I am very pleased to report that as a result of the initiatives we undertook, investors received a total return 33 per cent higher than the ASX 200 Accumulation Index in 2011, one of our benchmarks. Additionally, since listing in April 2002, we have delivered an average annual return to investors of approximately 14 per cent.

Today, through ASX-listed Sydney Airport (formerly known as MAp), investors now hold an approximate 85 per cent interest in Sydney Airport – the international gateway to Australia. With a sole focus on Sydney Airport, investors will benefit from an enhanced exposure to its resilient and predictable earnings.

Sydney Airport has a proven track record of performance. Over the past five years, it has delivered 3 per cent average growth in traffic, which has translated into an average annual growth of 7 per cent in EBITDA and 13 per cent for proportionate earnings. The strong earnings profile demonstrates the robustness of the business and following the simplification process, investors now have a clearer view of Sydney Airport's value proposition.

I was delighted to be appointed as chief executive officer and managing director of Sydney Airport on 1 July 2011, in addition to my role as CEO and MD of the ASX-listed Sydney Airport. One of the key changes we made last year was to combine the functions of the ASX-listed entity and Sydney Airport. It is exciting to be working with the new integrated team, leading Sydney Airport into its next phase of growth.

There is no doubt that 2011 was a challenging year for aviation in both domestic and international markets, but at Sydney Airport we continued to lay the foundation for strong future growth and cement our status as Australia's international gateway.

Despite major disruptions to the aviation, travel and tourism sectors, Sydney Airport attracted a 3 per cent growth in international passengers over the year. A record 35.6 million

passengers used the airport and this occurred without any increase in aircraft movements, reflecting the significant and positive move to new generation quieter and larger aircraft.

Every day we want to deliver a world-class airport experience and foster the growth of the airport for the benefit of travellers and to continue to contribute meaningfully to the economic prosperity of Sydney, NSW and Australia. With that focus in mind, we undertook a number of major initiatives during the year.

In December, we announced a new vision for the airport that has the potential to transform Sydney's airport operations and deliver a superior passenger experience, while improving the attractiveness to our airline partners.

The concept to develop two precincts by 2019 that would integrate regional, domestic and international services under one roof emerged from our active engagement with our airline partners and listening to their needs. We will continue to work closely with all our partners throughout 2012 on detailed planning, design and evaluation.

I was also pleased to announce a new partnership agreement with Destination NSW, which will see Sydney Airport work in collaboration with government towards the goal of doubling tourism expenditure by 2020.

The strength of this partnership has already been realised through our success in attracting two new low cost airlines – Scoot and AirAsia X – to Sydney in 2012. It is exciting to see that low cost carriers are unlocking new segments of demand and driving much of the growth in aviation. Sydney Airport is well placed to realise the potential of this growing market.

In addition to new airlines, there is also new capacity on a number of key routes, including China and South-East Asia and we continue to improve our service to these passengers, including the introduction of a Red Ambassador program to assist Chinese travellers in Sydney during Chinese New Year.

Sydney Airport's long-term success fundamentally depends on the strength of our partnerships and open and transparent communication with our broad range of stakeholders.

We commence 2012 with a tremendous sense of optimism as we deepen our engagement with our airline partners and other stakeholders to jointly deliver improvements to what I believe is already one of the world's best airports.

A strong, successful and highly competitive Sydney Airport is the foundation upon which we will be able to deliver improved services to our customers, meaningful engagement with our stakeholders and growing returns to investors.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Kerrie Mather'.

**Kerrie Mather**  
CEO

# YEAR IN REVIEW

## JANUARY

Jan 28 Tiger Airways announces daily Sunshine Coast service.

## FEBRUARY

Feb 7 Tiger Airways launches Sydney–Brisbane service.

Feb 11 T1 wins world's best airport food and beverage category at the Moodie Report's Airport Food and Beverage Awards.

Feb 24 Inaugural V Australia flight from Sydney to Abu Dhabi; Virgin announces new maintenance base at Sydney Airport.

## MARCH

Mar 2 State government removes station access fee at airport line stations Green Square and Mascot, prompting a marked increase in patronage.

## APRIL

Apr 15 Sydney Airport celebrates 100th anniversary of first flight.

Apr 17 \$2.8 million upgrade of T1 taxi rank complete.

## MAY

May 16 Qantas commences Dallas/Fort Worth service.

## JUNE

June 16 Vietnam Airlines commences daily service to Ho Chi Minh City and Hanoi.

June 22 China Eastern launches daily service to Shanghai.

June 30 \$26 million runway resurfacing project completed.

## JULY

July 1 Kerrie Mather becomes Sydney Airport CEO and MD.

July 5 eTag system introduced for limousine and bus drivers, work starts on expansion of taxi pick-up zone and \$1.1 million undercover awning.

July 20 Agreement reached with Ontario Teachers' Pension Plan Board (OTPP) on sale of European airports.

## AUGUST

Aug 9 Work starts on \$25 million stop bar lights project.

## SEPTEMBER

Sept 7 Sponsorship of Sydney Fringe festival announced.

Sept 8 Construction starts on \$47 million multi-storey car park at T1 International terminal.

## OCTOBER

Oct 5 New website launched.

Oct 7 Interests in Brussels Airport and Copenhagen Airports sold to OTPP.

## NOVEMBER

- Nov 2 Sydney Airport announces sponsorship of Sydney Festival.
- Nov 15 Boeing 787 Dreamliner test flight lands at Sydney Airport.
- Nov 18 Sydney Airport's security team wins Innovation and Service Delivery Award.
- Nov 18 MAp's stake in Sydney Airport increases to 85 per cent as part of asset swap with OTPP.

- Nov 19 Four-star Rydges hotel at International terminal announced; early enabling works commence.
- Nov 23 Sydney Airport and Destination NSW announce partnership agreement on airline marketing.
- Nov 24 MAp investors approve corporate Simplification.

## DECEMBER

- Dec 1 Scoot announces inaugural service will commence to Sydney in mid-2012.
- Dec 5 New vision for Sydney Airport announced.
- Dec 16 New Sydney Airport head office opens.
- Dec 19 Simplification of MAp completed, \$0.80 paid to investors as part of Simplification; MAp changes name and brand to Sydney Airport.
- Dec 22 iPhone app and official Facebook page launched.
- Dec 24 T2 improvements, including taxi rank expansion and undercover walkway, completed.







# SYDNEY AIRPORT FACTS & FIGURES

**45\*** AIRLINES

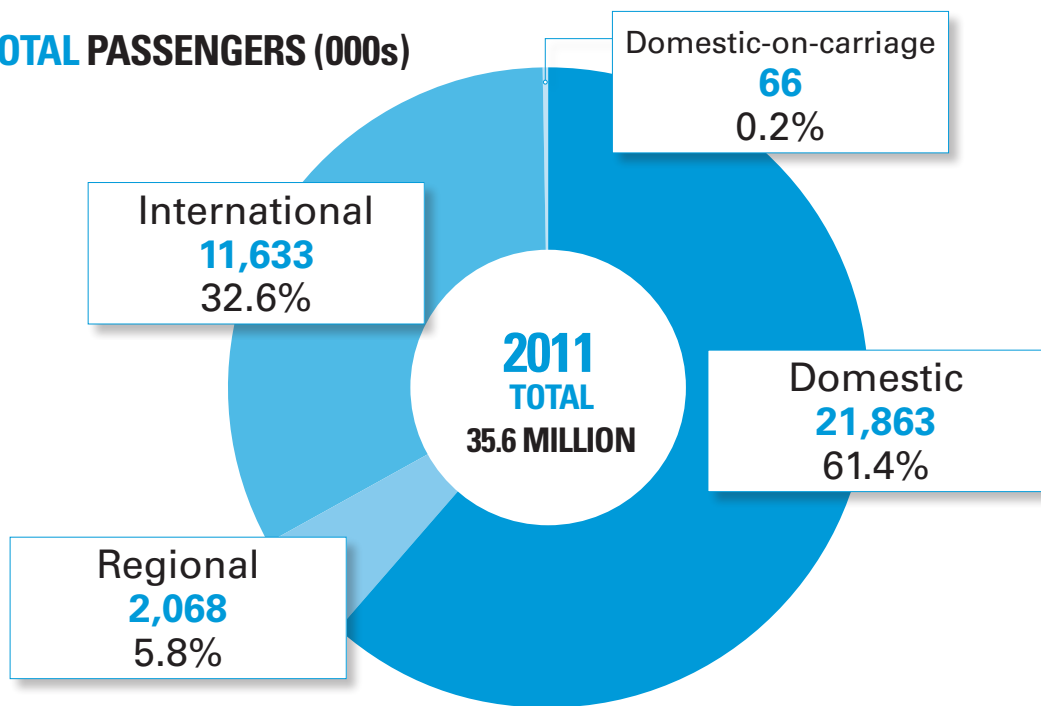
**37** International  
**04** Domestic  
**06** Regional

**99** DESTINATIONS

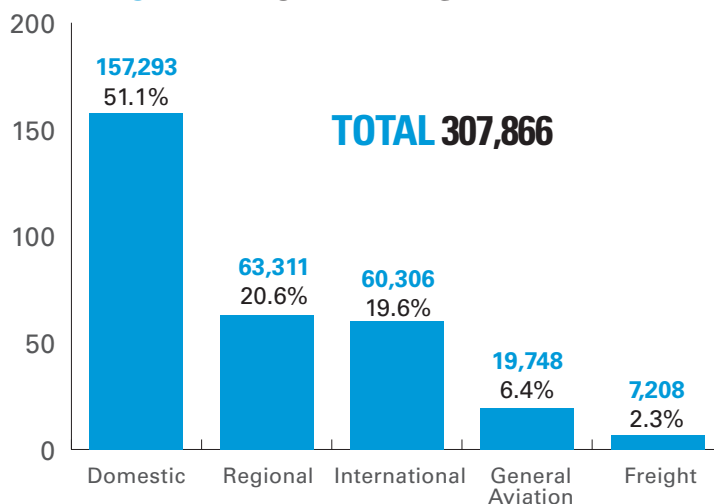
**52** International  
**21** Domestic  
**26** Regional

\* Two airlines fly multiple segments

## TOTAL PASSENGERS (000s)



## AIRCRAFT MOVEMENTS



## AIRCRAFT TONNAGE (000s)

	2011	2010
Domestic	6,896	7,033
Regional	621	626
International	7,881	7,601
General Aviation	83	108
Freight	702	656
<b>Total landed</b>	<b>16,183</b>	<b>16,024</b>



# MAp → SYD

In 2011, MAp sold its interests in Brussels Airport and Copenhagen Airports to the Ontario Teachers' Pension Plan Board (OTPP), in return for an additional 10.9 per cent of Sydney Airport and \$801 million in cash. Following completion, MAp held approximately 85 per cent of Sydney Airport.

To better reflect Sydney Airport becoming MAp's sole airport, the corporate structure was simplified. At meetings held on 24 November, investors approved a number of resolutions allowing MAp's listed structure to move from a triple-stapled security to a double-stapled security. Key benefits for investors were:

- Payment of \$0.80 to investors per MAIL share, as partial consideration for the purchase of their MAIL shares;
- Simpler governance as MAp became governed solely by an Australia-based board;
- Reduction in expenses by approximately \$1 million per annum.

In late December 2011, the Simplification was implemented when MAT2 bought all MAIL shares from investors for a consideration of \$0.80 in cash and additional MAT2 units. MAp then changed its name to Sydney Airport and its ASX ticker from MAP to SYD.

## ASSET SWAP

- **Acquired a further 10.9 per cent stake in Sydney Airport plus \$801 million in cash**
- **Sold interests in Brussels Airport and Copenhagen Airports**



## SIMPLIFICATION

- **Listed structure changed to double-stapled security**
- **Governance shifted entirely to Australia**
- **\$1.5 billion paid to investors**

## INTEGRATION

- **MAL name changed to Sydney Airport**
- **Management teams joined and moved to new open plan offices**
- **Kerrie Mather appointed MD and CEO of Sydney Airport Corporation Limited**

# ABOUT SYDNEY AIRPORT

Sydney is Australia's premier tourist destination and the airport's proximity to the city centre is an advantage enjoyed by few other global cities. Air services are vital to NSW's high-value service industries, as they provide access to new customers, markets and opportunities. The airport contributes \$16.5 billion in economic activity a year and supports 206,000 jobs, representing about 6 per cent of the NSW economy.

Sydney Airport has three passenger terminals that service a range of airlines\*:

- T1: International terminal – used by 37 carriers to fly to 52 destinations around the world;
- T2: Domestic common user terminal. Used by 9 domestic and regional carriers, including Virgin Australia, Jetstar, Qantaslink, Aeropelican, Brindabella Airlines, Regional Express and Tiger Airways;
- T3: Qantas Domestic Terminal – operated by Qantas and used for Qantas domestic flights.

\*figures at 31 December 2011

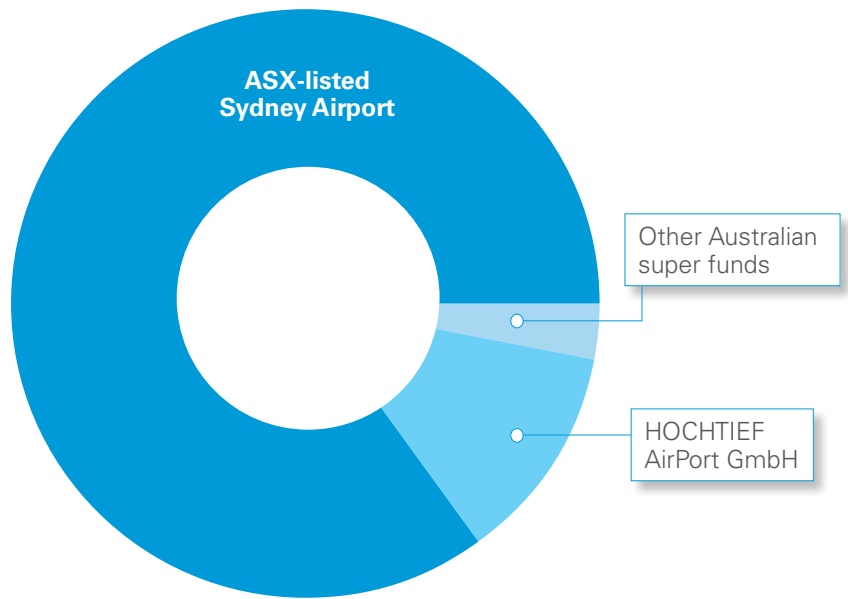
## SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

	CY 2011 '000	CY 2010 '000
<b>Revenues</b>		
Aeronautical	402,513	394,682
Aeronautical security recovery	76,202	73,316
Retail	223,344	212,890
Property and car rental	156,033	150,015
Ground transport and commercial services	109,514	107,144
Other	5,149	4,961
<b>Total revenue</b>	<b>972,755</b>	<b>943,008</b>
<b>Cost of sales</b>	<b>4,303</b>	<b>2,785</b>
Profit on sale/(loss on disposal) of non-current assets	0	97
<b>Total expenses (pre specific items)</b>	<b>177,753</b>	<b>167,015</b>
<b>EBITDA</b>	<b>790,699</b>	<b>773,305</b>
<b>\$ per passenger measures</b>		
Revenue	27.30	26.52
Expenses (pre specific items)	4.99	4.70
EBITDA	22.19	21.75



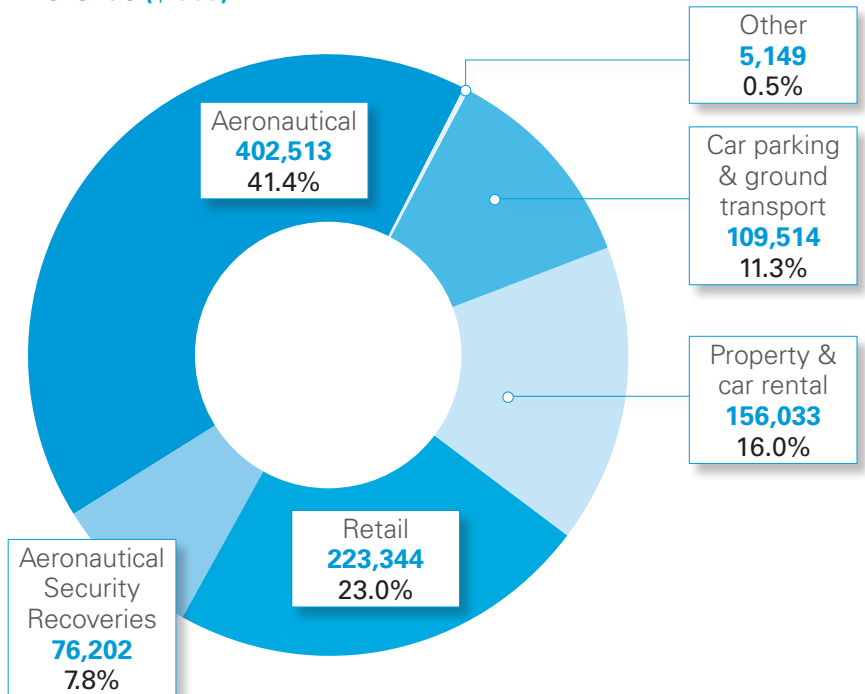


### Ownership structure



- ASX-listed Sydney Airport and its affiliates – with investors including institutions, super funds and individuals – own approximately **85 per cent** of Sydney Airport.
- HOCHTIEF AirPort GmbH and its affiliates own approximately **12 per cent** of Sydney Airport.
- Other Australian super funds own approximately **3 per cent** of Sydney Airport.

### Revenue (\$'000)



The airport contributes \$16.5 billion in economic activity a year and supports 206,000 jobs, representing about 6 per cent of the NSW economy.

# AIRLINES

## New airline business

Sydney Airport continued to demonstrate strength and resilience, despite a challenging domestic and international market. Strong international passenger growth continued throughout 2011, despite conditions which included a global economic downturn, natural disasters in Japan, New Zealand and Queensland, volcanic ash clouds and service disruptions to major domestic carriers.

A successful marketing program was bolstered by a partnership agreement with the NSW Government's Destination NSW to actively market Sydney to new airlines in November. As a result, low cost carriers Scoot and AirAsia X will start new services to Sydney in 2012.

Additional capacity was generated by a combination of new airlines electing to fly to and from Sydney Airport, additional services from existing airlines and the continuing trend of airlines operating larger aircraft. New routes and expanded services demonstrate Sydney Airport's significant appeal as the gateway to Australia.





## 2 new low fare airlines to commence in 2012

Sydney Airport continued to demonstrate strength and resilience, despite a challenging market, with strong international passenger growth continuing throughout 2011

Several existing airlines added new and additional services, including:

- V Australia commencing three times weekly B777 services to Abu Dhabi on 24 February 2011;
- Qantas starting the first non-stop service to Dallas/Fort Worth, meaning Sydney now serves five direct North American destinations;
- Jetstar launching a new service to Queenstown and Air New Zealand to Rarotonga;
- Regional Express commencing services to Newcastle, offering three return services each weekday and two return services every Saturday and Sunday;
- Emirates reintroducing its third daily service to Dubai;
- Virgin Australia launching its new Capital Connect service to Canberra, offering up to 10 daily return services in October 2011;
- Garuda Indonesia adding an additional weekly A330 service to Denpasar, flying daily during the southern summer;
- Air China adding four weekly A330-200 frequencies to Beijing, now flying non-stop daily;
- Hawaiian Airlines commencing a daily service to Honolulu in December 2011, by adding two weekly B767-300ER services;
- Korean Air upgauging its daily service to Seoul Incheon from a B777-200ER to a B747-400 between July and October 2011, adding approximately 25,000 seats to the route over the period;
- China Eastern Airlines introducing two additional A330 services to Shanghai, now a daily service;
- Vietnam Airlines commencing a daily service by operating two additional A330 frequencies to Hanoi via Ho Chi Minh City;
- Virgin Australia's first A330 service to Perth commencing in May; and
- Qantas commencing the first of six weekly B747 services to Perth.

# THE RIGHT FUTURE. STARTING NOW



**Click on the image to  
view the flyover of Sydney  
Airport's new vision.**





## NEW VISION CONCEPT PLAN

Sydney Airport announced a new vision concept plan on 5 December and since then has been consulting extensively with airline partners and aviation stakeholders, governments and government agencies and local community groups. These discussions have already identified further opportunities for incorporation in the concept plan.

A core principle of the new vision is to enhance the airport experience by co-locating related activities where possible, creating flexibility and facilitating investment in new technology. It would include two common-use passenger terminal precincts that would each facilitate international, domestic and regional passengers.

Both terminals would accommodate existing and future airline alliances from 2019, with the current domestic terminal precinct including Qantas and its partners and the current international terminal including Virgin Australia and its partners. New precincts would also be created for aircraft engineering and other aviation-related activities.

Sydney Airport believes all stakeholders would benefit from:

- A better passenger experience. Transfer passengers would enjoy a faster and simpler transfer process and all passengers would benefit from the terminal investments;

- Improved on-time performance for both passengers and airlines as a result of more efficient use of the runways and taxiways;
- Better traffic flow around the airport because of a more even balancing of traffic between the terminal precincts, which currently experience different peaks;
- Increased aircraft utilisation, improved engineering facilities and lower costs for airlines; and
- Potential improvements to noise sharing and safety.

The concept plan is underpinned by memoranda of understanding with our two largest airline partners, Qantas and Virgin Australia, who together with their partner airlines represent more than 85 per cent of passengers.

Broad consultation with all airline partners and stakeholders will continue throughout 2012.

Delivery of the plan from 2019 would enhance Sydney Airport's contribution to the Sydney, NSW and Australian economies by making the airport more efficient for airlines and improving connectivity for international services.

Passengers would enjoy a faster and simpler transfer process and improved on-time performance as a result of more efficient use of runways and taxiways.





## MAJOR CAPITAL PROJECTS UNDERTAKEN OR COMMENCED IN 2011

### Main runway upgrade

Removal of the existing surface, laying new asphalt and installation of new ground lighting, line-marking and grooving was completed in June 2011. Work took place during the curfew, with no significant impact on flights.

### Taxiway upgrades

In-pavement aeronautical ground lighting on the taxiways was replaced to comply with new standards requiring reduced spacing between the lights. The project was undertaken in conjunction with the main runway upgrade with no impact to flights.

Taxiways B4 and C were also realigned between January and May.

### Stop bars

Installation of a complete system of lights at all taxiways adjoining the main runways used by air traffic controllers to tell aircraft and other vehicles when they can access the runway commenced in 2011, with Airservices Australia signing off on Factory Acceptance Testing of the system in December.

### Apron development

Work commenced on an apron expansion at T2 to deliver two additional wide-body gates and one additional narrow body aircraft parking position. This gives airlines operating out of T2 the flexibility to operate a wider variety of aircraft. Upgrades of other aircraft bays at both the domestic and international terminals continued throughout 2011.

Sydney Airport also completed upgrades of bays 97, 98 and 99 at the Domestic terminal in October, including new floodlighting, aeronautical ground lighting, stormwater drainage and associated safety equipment.

### T1 North multi-storey car park

Work commenced in September 2011 on a new eight-level, 2,300-space car park (pictured) to the north of the existing multi-storey car park. The project is expected to be completed in mid-2012 and will allow Sydney Airport to offer customers more competitive parking products.

### Central Terrace Building

Sydney Airport's new nine-level, 9,000m<sup>2</sup> commercial office building was completed in June 2011, with internal fitout completed in December. A Commonwealth agency has taken out a major lease, while Sydney Airport reduced its footprint and costs by moving to the environmentally friendly building.

### Electrical upgrades

- More than three kilometres of high voltage cabling was re-laid to create four structured HV ring mains servicing the International terminal;
- Two new 22/11kV transformers installed; and
- Project to replace diesel generators commenced, with completion expected by March 2012.

**\$182.7<sub>M</sub>**  
**capital  
 expenditure  
 in 2011**

# CREATING A WORLD- CLASS PASSENGER EXPERIENCE



## Improving ground transport

The Sydney Airport/Port Botany precinct is the centre of economic activity in NSW. By working actively with all levels of government to improve public and land transport for customers and industry, Sydney Airport is committed to delivering a sustainable environmental and economic outcome.

Major work to improve access for passengers and more than 16,000 people who work at the airport included:

- Upgrading the Domestic 10-minute free pick-up zone with an all-weather walkway; increasing the number of pre-booked taxi bays from six to 20; and expanding the T2 taxi pick-up area by 50 per cent to 15 bays to reduce waiting times;
- A \$2.8 million expansion of the taxi rank at the T1 International terminal, increasing capacity from 12 to 20 spaces; and
- Additional awnings for limousines at the International terminal, increasing the number of spaces from 36 to 52.

Strong advocacy continued for improved rail and bus services to the airport, including removal of the station access fee to the airport rail stations and the extension of the M20 bus service to and from the CBD.

Sydney Airport also works closely with Roads and Maritime Services and Infrastructure NSW on improvements to the motorway network.

## Upgrading passenger facilities

Sydney Airport continues to upgrade facilities for passengers to meet the changing business needs of our airline partners and other stakeholders. Work in 2011 included:

- T1 Pier C upgrade: Expansion and upgrade of gate lounges at Gates 53, 54 and 57 to enhance circulation and queuing for passenger facilitation of larger new-generation aircraft like the A380 and to improve efficiency of secondary security screening. The project also provided an additional 650 seats in gate lounges, a new atrium lounge seating area and an additional transit security screening lane;
- T1 seamless transfer: The seamless transfer area at the southern end of T1 was upgraded with new carpet, check-in counter finishes, FIDs screens, new seating, lighting and landscaping for Virgin Australia's brand relaunch. Virgin took exclusive occupancy in December;
- T2 VIP lounge and VIP valet: Sydney Airport, in conjunction with Virgin Australia, launched the airline's T2 premium kerbside entrance and valet service in April. The upgrade gives Virgin's premium passengers a seamless airport experience, including kerbside drop-off or valet parking, direct entry, a dedicated security screening point and check-in, all within the Virgin lounge; and
- International airport hotel: Enabling works for a 317-room, four-star Rydges hotel located opposite the International terminal commenced in December 2011. The hotel is due to open mid-2013.



### Increasing choice in retail and restaurant offerings

A key focus of 2011 was to consolidate T1's enhanced retail and food offering, which included a number of new operators. The new Travel Concierge service in T1 Arrivals provided high quality information and booking services to airport customers.

The investment made in 2010 to upgrade the T1 International retail precinct was successful with positive sales growth, despite difficult market conditions. This has led to high levels of interest in occupancy opportunities.

A number of key leases were renegotiated at T2, along with the signing of new leases. Victoria's Secret opened in T2 – becoming the brand's first Australian open to the public retail store. Premium gourmet brands Toby's Estate and artisan bread maker Brassiere Bread were also signed to improve the range of food on offer to customers at T2.

Retail offers and innovative marketing promotions were launched both in the terminals and online. The "Airport Bonus Dollars" promotion at T2 saw more than 30,000 vouchers distributed to customers and received positive feedback from customers and participating retailers. More than 700,000 T1 Departure Guides, which included retail promotions, were also distributed during the year.

Advertising assets performed well during the year. The Captive Area Network (CAN) integration project was completed, linking the network to flight information and enabling content to be targeted by destination.



**By working actively with all levels of government to improve public and land transport for passengers and industry, Sydney Airport is determined to deliver a sustainable environmental and economic outcome.**



### Enhancing customer service

Sydney Airport remains committed to creating a world-class experience for travellers and visitors. Throughout 2011, there was a renewed focus on continuing high levels of customer service.

Sydney Airport conducts continuous service monitoring to measure customer satisfaction across our facilities and services, as well as participating in best practice monitoring comparing airports in Australia and overseas.

One major survey, Airports Council International's Airport Service Quality program, measured Sydney's performance against other similar sized airports around the world. In 2011, Sydney Airport ranked in the top 10 in our class (25-40 million passengers per annum) in a number of survey areas.

Passenger satisfaction across a whole range of services and facilities continued to improve, with 87 per cent of customers indicating that they were either satisfied or highly satisfied with their overall airport experience. A further 87 per cent of customers were also satisfied with their experience at T2.

Sydney Airport uses feedback from these programs to work both internally and with our key contractors and other airport partners to drive continuous improvement across the airport.

More than 16,000 people work at the airport and Sydney Airport aims to ensure key service providers share its vision of creating a world-class experience for passengers. The airport's security contractor was recognised for its work by winning the NSW Business Chamber's Roger Pysden Business Innovation Award.



The Sydney Airport Service Star program was launched, recognising staff from across the airport community who consistently deliver excellent service and endeavour to create a memorable experience. To date, staff from many airport partners including airlines, government agencies, ground handlers and retailers have been the proud recipients of these awards.

### Red and Gold Ambassadors

The Gold Ambassador program of more than 120 volunteers was an integral part of the airport community in 2011, answering thousands of questions and providing directions and other assistance to passengers at Terminals 1 and 2.

A Red Ambassador program – staffed by Mandarin-speaking volunteer guides – was established in 2011 and ran during the 2012 Lunar New Year period.



## Digital media

Sydney Airport invested significantly in providing free Wi-Fi and internet access to passengers throughout 2011, including:

- Improving and expanding free Wi-Fi throughout T1 and T2 with over 120,000 users each month;
- Introducing additional free computer facilities throughout the terminals; and
- A new free flight arrivals and departures iPhone app.

More than 1.3 million customers took advantage of free Wi-Fi at T1 and T2 during 2011, more than 10 times the original expectation.

The airport launched an official Facebook page in 2011 where customers may post comments and feedback. The social media team undertakes to respond to enquiries or complaints within one business day.

## More parking capacity, choice and offers

Recognising its critical role in providing a positive experience for customers, a number of major improvements took place in Sydney Airport's parking business during 2011.

Sydney Airport introduced an innovative range of online parking deals offering up to 60 per cent off regular casual rates for travellers using the car parks during off-peak periods, which was well-received by customers. A new \$30 valet service special was introduced at the International terminal and a long weekend offer of \$69 at the Domestic terminal. The success of these offers will inform the development of more parking products in 2012.

A new online pre-booking tool was launched in October, significantly simplifying the process for customers while giving the airport improved flexibility and usage data. In its first three months, online sales increased steadily with bookings placed in the week prior to Christmas double the same period the previous year. Strong growth is forecast to continue into 2012 as further special offers and promotions continue.

Following a rigorous selection process, Designa GmbH was awarded the contract to replace ageing equipment and systems with a best-practice integrated solution for the International and Domestic terminal car parks, as well as the Domestic long-term car park that will deliver:

- New gates and ticket machines for the 41 entrances and 31 exits across the airport and 18 pay stations with a combination of cash and credit card facilities and eight valet point of sale terminals;
- A Parking Guidance System at the existing multi-storey car parks at the International and Domestic terminals that will direct drivers to free spaces by the quickest and most direct route, reducing time spent finding a spot and reducing carbon emissions by vehicles.

The new equipment and systems will be phased in by mid-2012.

Construction of a \$47 million, 2,300-vehicle multi-storey car park at T1 and the \$5 million expansion of the long-term car park by 1,000 spaces is due for completion mid-2012.

# PARTNERSHIPS & COMMUNITY



Humpty Dumpty Foundation  
charity flight to Melbourne

## Destination NSW

Recognising Sydney Airport's role as a key driver for the economy and tourism, Sydney Airport deepened its engagement with industry and government in 2011, signing a partnership agreement with Destination NSW in November.

Under this agreement, Sydney Airport and the NSW Government will join forces to actively market Sydney to new airlines, compete for new routes and promote NSW events.

A more coordinated approach to airline marketing has already paid dividends, with new airline Scoot announcing its inaugural flight in mid-2012 will be to Sydney and AirAsia X starting a service to Sydney in April 2012. Further announcements about new routes and airlines are expected in 2012.

## Sydney Airport Community Forum and Sydney Airport Planning Coordination Forum

Throughout 2011, Sydney Airport continued to consult and engage with the local community, their elected representatives and federal, NSW and local government stakeholders concerning a range of on-airport development projects and activities.

Regular reports were provided to the Sydney Airport Community Forum, the main consultative forum for community stakeholders. The Sydney Airport Planning Coordination Forum – where key agencies of the Australian and NSW governments, local councils adjoining the airport and the Sydney Business Chamber are represented – met twice in 2011 to discuss a range of planning and ground transport-related issues.

Sydney Airport also regularly meets with councils individually to discuss issues of mutual concern.





Sydney Festival's I Am Eora



Performers greet passengers during Chinese New Year

Sydney Airport sponsored Sydney Festival and the Sydney Fringe in 2011 and looks forward to supporting more major events that drive tourism growth and showcase Sydney as a global city, as well as the great diversity of NSW.

### Sponsorship

Sydney Airport was proud to be a Special Distinguished Sponsor of Sydney Festival – Sydney's premier arts and cultural event – in 2011, in particular supporting the Black Capital program. Black Capital, based at Carriageworks in Redfern, celebrated Sydney's rich indigenous history across a week-long program of art and performance.

The airport also proudly sponsored the Sydney Fringe festival in September.

Sydney Airport looks forward to supporting further major events that drive tourism growth and showcase Sydney as a global city as well as the great diversity of NSW.

Our schools grants program saw seven local schools win grants for environmental initiatives, including teaching children sustainable living through school plant nurseries and to reduce waste through recycling schemes.

The airport also provided support to Nippers and other local community and sporting groups.

More than 20 riders from Sydney Airport participated in the Sydney to the Gong Bike Ride in November, raising close to \$20,000 for the Multiple Sclerosis Society.

Sydney Airport also supported airport partners in charity initiatives throughout the year, including the annual Pathfinders joyflight in conjunction with Rotary in November and the Humpty Dumpty Foundation Flight of Fantasy trip in December.



# SAFETY, ENVIRONMENT & SUSTAINABILITY



## Occupational health and safety

Sydney Airport places a high priority on occupational health and safety.

The airport has a number of systems and processes in place to ensure compliance with all health and safety obligations.

In addition, staff with dedicated safety roles are responsible for delivering improvements that extend beyond mere legal compliance.

Sydney Airport's commitment to safety not only includes occupational health and safety matters, but also includes ongoing safety of aircraft operations as applicable on the ground. Communication and consultation with both the Civil Aviation Safety Authority (CASA) and the WorkCover Authority of NSW is considered a critical part of the safety improvement process.

## Sydney Airport Environment Strategy 2010–2015

Following ministerial approval of the Sydney Airport Environment Strategy 2010–2015, 2011 saw the first full year of implementation of the strategy.

The Environment Strategy provides a framework for achieving environmental sustainability at Sydney Airport. There are 11 action plans, which include key objectives and a list of actions to be implemented to achieve environmental sustainability and the principles of the Sydney Airport Environment Policy. Action plans have been developed for:

- Environmental management and community engagement;
- Climate change and energy management;
- Water management;
- Air quality;
- Ground transport;
- Ground-based noise;
- Biodiversity and conservation management;
- Heritage;
- Waste and resource management;
- Soil and land management; and
- Spills response.

Key actions in the Environment Strategy include:

- Measures to protect and improve the environmentally significant Sydney Airport Wetlands. The Sydney Airport Wetlands are part of the larger Botany Wetlands, which are listed in the Directory of Important Wetlands in Australia;
- Exploring the use of cost-effective cleaner energy to reduce carbon emissions and other measures to improve energy efficiency;
- Conducting a comprehensive air quality study to identify opportunities to reduce pollution; and
- Encouraging the increased use of sustainable transport modes, including public transport and bicycles.

## Central Terrace Building achieves 5 Star Green Star rating

Construction of the Central Terrace Building in the International Terminal Precinct was completed during 2011. The building – approved in 2005 as part of the International Terminal Car Parking and Commercial Facilities Major Development Plan – comprises nine levels of office and retail space.

The base building achieved a 5 Star Green Star – Office Design v2 rating, certified by the Green Building Council of Australia.



A five-star rating is given for excellence in environmentally sustainable design and/or construction.

## Sydney Airport water recycling project

Sydney Airport water recycling project was completed in November 2009 and has helped realise significant reductions in water use at Sydney Airport.

In 2011, the plant was saving in excess of 550,000 litres of potable water every day. The plant, together with other water saving measures, has realised a 20 per cent reduction in drinking water use since commissioning, taking water consumption down to the lowest level in almost a decade.

## Energy, water and greenhouse gas management plans

Sydney Airport has had energy and water savings plans in place for a number of years and has carried out many initiatives to save water and energy across the airport.

An update of these plans commenced during 2011 along with the development of a greenhouse gas management plan. Once completed, these plans will be the basis for cost-effective environmentally sustainable initiatives and provide a road map for reducing our environmental footprint. At the same time, they will assist Sydney Airport to achieve the commitments made in the Environment Strategy and the Global Aviation Commitment to Action on Climate Change.

Sydney Airport continues to upgrade infrastructure to reduce energy use and emissions, such as LED lighting upgrades, installation of solar hot water and offsetting vehicle fleet



emissions while the energy and water savings plans are being updated.

### **New recycling and recovery-focused waste contract**

Sydney Airport commenced a new waste contract in February, which targets 30 per cent recovery of recyclable and organic material from the non-quarantine general waste stream, in addition to recyclables already separated on-site.

Waste is taken from Sydney Airport to SITA's Resource Recovery & Treatment Facility to undergo a process known as CROP (Camellia's Recycling and Organics Process). CROP is a specially designed process for separating mixed waste for resource recovery and recycling. Paper, cardboard, aluminium cans and plastics are baled for recycling and food organics are captured and sent for further processing into compost.

### **Airport ecological assessment**

Sydney Airport completed a comprehensive ecological assessment of the airport, including terrestrial habitat, aquatic habitat and marine habitat within Botany Bay adjacent to the runways.

The ecological assessment identified areas of ecological value, with the highest value areas being the Sydney Airport Wetlands – Engine Pond East and West, Mill Pond and Millstream – and the area around the end of the third runway (a habitat for the threatened little tern).

The ecological assessment provides a number of recommendations for managing and improving Sydney Airport's ecological resources, including weed and pest control, wetland regeneration and management planning; along with additional



**Sydney Airport's water recycling plant**

threatened species survey and monitoring. We will work towards implementing the recommendations – many of which represent the continuation of existing programs – over the coming years.

### **Wetlands enhancement**

Implementation of the Wetlands Enhancement Program for the Sydney Airport Wetlands continued. The Sydney Airport Wetlands are classified as an Environmentally Significant Area under the Environment Strategy and are listed in the Directory of Important Wetlands (as part of the larger Botany Wetlands system).

Revegetation works were undertaken at Engine Pond East and aquatic and terrestrial weeding continued throughout the Sydney Airport Wetlands. We also worked with adjoining land managers, including the Centennial Park and Moore Park Trust and Sydney Water, to release thousands of native Australian bass fingerlings in the wetlands as part of a pest species management strategy.

The Wetlands Enhancement Program is an important step in improving the quality and function of the wetlands, which are now heritage-listed and an important environmental resource for the local community.

**550,000**  
litres of water  
saved daily

**Disclaimer**

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This annual review and financial highlights is general advice and does not take account of the particular investment objectives, financial situation or particular needs of the investor. Before making an investment in ASX-listed Sydney Airport, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this report should not be considered as a recommendation in relation to holding, purchasing or selling Sydney Airport securities. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their nature, are subject to uncertainty and contingencies, many of which are outside the control of Sydney Airport Holdings Limited. Past performance is not a reliable indication of future performance.







# CORPORATE DIRECTORY

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