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ASX Release

23 August 2012

Results for the Half Year Ended 30 June 2012

Sydney Airport today announced its results for the half year to 30 June 2012. CEO, Ms Kerrie Mather, said, "During the period Sydney Airport delivered 7.9% EBITDA growth based on 1.6% total passenger growth. This strong performance demonstrates the benefit of new business initiatives and the importance of our key non-passenger performance drivers including investment, inflation and prudent cost management. I am also very pleased to report that the distribution was 97% covered by Net Operating Receipts."

1. 1H 2012 Highlights

- Total investor return[i] of 13.3%; 10.0% above the ASX200 Accumulation Index
- Underlying EBITDA growth of 6.7%; EBITDA pre specific expenses growth of 7.9%
- SAHL distributed $0.11 per stapled security; 97% covered by Net Operating Receipts

2. Performance in Brief

Sydney Airport Holdings Limited (SAHL) Performance	1H 2012	1H 2011
Statutory Net Profit/(Loss) Attributable to SAHL Security Holders[ii]	$88.6m	($273.5m)
Net Operating Receipts per stapled security[iii]	$0.11	$0.09
Distribution per stapled security	$0.11	$0.11

Sydney Airport Performance ($m)	1H 2012	1H 2011	% Change
Traffic (millions of passengers)	17.7	17.4	1.6%
Revenue	503.6	472.4	6.6%
Cost of Sales	(2.2)	(1.7)	n/a
Other Income	0.1	-	n/a
Operating Costs (pre specific expenses)	(89.4)	(88.9)	0.6%
EBITDA (pre specific expenses)	**412.1**	**381.8**	**7.9%**
Specific Expenses	(1.0)	(0.3)	n/a
EBITDA	**411.1**	**381.5**	**7.7%**

3. 1H 2012 Review

Ms Mather said, "Sydney Airport delivered strong EBITDA growth of 7.9% in the first half of 2012, driven by international passenger growth of 5.0%, revenue initiatives across all business segments and prudent cost management.

Tourism Leadership Driving Increased Airline Capacity

"During the first six months of 2012, we have seen a number of very exciting aviation developments occur at Sydney Airport. AirAsia X and Scoot each commenced low cost operations from Asia, increasing passenger choice and stimulating demand particularly from Malaysian, Singaporean and Australian travellers. Combined with ongoing strong performances in the Chinese and Indian markets, these new services have led to significant inbound tourism growth. Tiger established its second Australian base at Sydney Airport in July, and is expected to have three aircraft based here by the end of 2012. We also welcomed the Boeing 787 Dreamliner as part of its world tour, which provided the public with an exciting view of the next step in aircraft technology. A number of carriers are planning to commence Dreamliner services to Sydney Airport in 2013.

Regulatory Certainty & Improved Service Levels

"All international airlines have agreed to a three year extension of the aeronautical pricing agreement, incorporating a continuation of the existing base charges and a return on aeronautical growth capital expenditure during the period. This provides both the airport and airlines with certainty until mid-2015, and ensures ongoing investment on a timely and efficient basis.

"On 30 March the Australian Government released the Productivity Commission's report into the Economic Regulation of Airport Services, which reviewed the effectiveness of the current regulatory regime. The report was in line with our expectations and confirmed that the current regime had facilitated direct commercial agreements between airports and airlines, delivered investment and development at airports around Australia, and that it should continue until at least 2020 with no further reviews until 2018. Also during the half, the ACCC published its annual monitoring report which found improved overall service levels at Sydney Airport.

Investment in Capacity

"As part of our continuing focus on improvements to service levels, in December 2011 we announced our intention to commence broad stakeholder consultation on the New Vision for Sydney airport. The New Vision would see the development of two common use precincts integrating international, domestic and regional services under the one roof. This would enable the airlines and airport to increase operational efficiency, provide passengers with an improved experience and facilities and enhance our ability to respond quickly to changing alliances and business models. The New Vision would provide capacity to meet the anticipated aviation demands of Sydney until at least 2045 without any changes to operating restrictions.

"Investment in aviation capacity has continued during 2012. New aprons have delivered additional aircraft parking spaces and an extension of Terminal 2 is well underway to facilitate wide-body aircraft operations. All investments are consistent with the long-term vision for Sydney Airport and are being implemented to meet airline and passenger demand.

Passenger Choice and Value

"We continue to work on initiatives to increase value and choice for our customers. This month, we completed the $47 million second multi-storey car park in the international precinct. It delivered 2,300 additional car parking spaces, or a precinct capacity increase of 60%. We have implemented new technology including guidance systems, enhanced entry and exit points and an integrated online booking system. For passengers this means an improved car parking experience and a wider product choice including significantly discounted online offers, such as the 'Great Escape' which provides for stays of up to one month for as little as $6.50 per day giving international passengers a discount of up to 73%.

"In late 2011 we commenced an upgrade of the Terminal 2 retail precinct. A number of new offerings were introduced to provide passengers with a wider choice in the specialty and food and beverage categories. The results have been pleasing with strong increases in retail performance.

"Our vision is to deliver a world class airport experience and foster aviation growth for the benefit of Sydney, NSW and Australia. We are starting to see positive outcomes from our emphasis on partnerships and strengthening our focus on customers, with excellent financial results in the first half and a wide range of initiatives either underway or about to be launched," Ms Mather added.

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4. Performance Analysis

Revenue

Total revenue rose 6.6% over the pcp to A$503.6 million. Revenue benefitted from $5.0 million of non-recurring items[iv] and excluding these, total revenue rose 5.6% over the pcp.

International passenger growth continued to be driven by Australian outbound and Asian inbound travellers. Particularly pleasing were the successful launches of AirAsia X to Kuala Lumpur and Scoot to Singapore. Passenger numbers to and from these regions were significantly higher than the pcp as travellers sought to take advantage of new low-cost long haul travel opportunities. China, India and Indonesia have also continued the recent trends of strong underlying growth. Domestic passengers held firm in the first half, however as of July, Tiger has opened a base in Sydney and will operate on three east-coast routes. Capacity additions in the second half from Qantas, Virgin Australia and Jetstar will also help to drive ongoing recovery in the domestic market.

Retail revenue grew 6.4% for the half year. Key drivers of the result were international passenger growth, a full period effect of an improved News and Gifts offer across the airport and very strong performance across both the speciality stores and food and beverage categories in T2. T2 has benefitted from the opening of new stores including Victoria's Secret, Tech to Go, Toby's Estate and Brasserie Bread.

Ground transport and commercial services revenues were 8.0% higher than the pcp. The focus on affordability including targeted marketing campaigns, the introduction of new online offers and increased capacity in the long-term car park, all contributed to the strong result. The A$47 million second multi-storey car park at the International Terminal completed this month will facilitate further expansion of the product and pricing range to meet customer needs.

Property and car rental revenue grew strongly, up 9.0% for the half year driven by increased lettable areas and additional income from fuel services. The Central Terrace Building was completed in 2011 and is now substantially occupied, signifying the ongoing demand for office space at Sydney Airport. The international Rydges hotel development being undertaken by the Denwol Group is well underway, with opening expected in the first half of 2013.

Operating Expenses

The impressive operating expense control for the six months to June 2012 highlights the prudent approach of management across the board and the ongoing benefits of economies of scale. Total operating expenses excluding recoverable security expenses and specific items decreased by 1.7% over the pcp to A$56.7 million. Total operating expenses increased by 1.3% over the pcp to A$90.4 million.

The impact of higher utility prices in NSW was mitigated by energy saving initiatives and a supply retender, but additional step ups in prices are likely to have an impact on operating expenses for the second half.

Adjusted for non-recurring items, underlying operating expenses were 0.8% above pcp.

($m)	1H 2012	1H 2011	% Change
Underlying Operating Expenses	**57.0**	**56.6**	**0.8%**
Non-recurring items	(0.3)	1.1	n/a
Operating Expenses pre-recoverable security & specifics	**56.7**	**57.7**	**(1.7%)**
Recoverable security	32.7	31.2	4.7%
Specific items	1.0	0.3	n/a
Operating Expenses	**90.4**	**89.2**	**1.3%**

Underlying EBITDA

Adjusted for non-recurring items, first half 2012 EBITDA excluding specific expenses and recoverable security expenses increased by 6.7% over the pcp.

Capital Expenditure

Total capital expenditure for the half year was A$114.6 million. Key aeronautical projects were focussed on capacity expansion including additional aprons for aircraft parking and the ongoing extension of Terminal 2 to accommodate domestic wide-body aircraft operations. Other major projects were the stop bar lights installation to enhance airfield safety, new international transit passenger security infrastructure and the second international multi-storey car park.

SAHL Net Operating Receipts[iii]

SAHL Net Operating Receipts per stapled security were $0.11 for the half year and provided 97% coverage of the $0.11 per stapled security distribution.

A complete integration of the former MAp activities and Sydney Airport has been achieved during 1H 2012. Management has worked to establish an efficient cost structure which is reflected in the SAHL net corporate costs (excluding transaction costs) result of less than $1m[v].

5. Outlook

The boards and management believe that the Sydney Airport business model is capable of delivering distribution growth and strong ongoing operational performance.

Debt and Capital Expenditure

- All 2012 debt maturities are fully funded
- Next debt maturity is Q4 2013
- Debt facilities in place to fund the forecast capital expenditure programme into 2014
- Forecast capital expenditure of approximately $670m for 2012-2014

Distributions & Distribution Guidance

On 16 August 2012, SAHL paid an interim distribution of A$0.11 per stapled security. SAHL reaffirms its distribution guidance of approximately 21 cents per stapled security for 2012, fully covered by Net Operating Receipts, subject to external shocks to the aviation industry and material changes to forecast assumptions.

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[i] Total investor return is calculated as capital gain / (loss) plus distributions

[ii] Taken from the SAHL audited Half Year 2012 Financial Statements

[iii] Net Operating Receipts defined as SAHL distributions received from Sydney Airport less SAHL net corporate cash flows. Refer to page 4 of the SAHL Interim Financial Report for Half Year Ended 30 June 2012 for the calculation of SAHL Net Operating Receipts, and for a description of how Net Operating Receipts should be utilised

[iv] Aeronautical and Property revenue benefitted from $4.8 million and $0.2 million of non-recurring items respectively

[v] Refer to page 4 of the SAHL Interim Financial Report for Half Year Ended 30 June 2012 for the calculation of SAHL net corporate costs and SAHL transaction costs

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SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

Millions	1H CY12 SCACH Group	1H CY11 SCACH Group	% change
Quarter / Year to date - from:	01-Jan-12	01-Jan-11	
Quarter / Year to date - to:	31-Mar-12	31-Mar-11	
Revenues			
Aeronautical	209.2	196.2	6.6%
Aeronautical security recovery	38.2	38.0	0.6%
Retail	115.4	108.4	6.4%
Property and car rental	81.7	75.0	9.0%
Ground transport and commercial services	56.4	52.2	8.0%
Other	2.7	2.6	6.6%
Total revenues	**503.6**	**472.4**	**6.6%**
Cost of sales	2.2	1.7	
Other income			
Profit on sale / (loss on disposal) of non current assets	0.1	0.0	
Operating expenses			
Labour	18.7	19.6	-4.1%
Services and utilities	21.8	22.3	-2.3%
Other operational costs	7.5	6.8	8.9%
Property and maintenance	8.7	9.0	-2.8%
Recoverable security opex	32.7	31.2	4.7%
Specific expenses:	1.0	0.3	
Total operating expenses before recoverable security opex and specific expenses	**56.7**	**57.7**	**-1.7%**
Total operating expenses before specific expenses	**89.4**	**88.9**	**0.6%**
Total operating expenses	**90.4**	**89.2**	**1.3%**
EBITDA before recoverable security opex before specific expenses	**444.7**	**413.1**	**7.7%**
EBITDA before specific expenses	**412.0**	**381.8**	**7.9%**
EBITDA	**411.1**	**381.5**	**7.7%**
Capital expenditure	**114.6**	**69.6**	**64.6%**
Total Pax	**17.7**	**17.4**	**1.6%**
$ per passenger measures			
Revenue	28.50	27.17	5.0%
Operating expenses before specific expenses	5.06	5.11	-1.0%
Operating expenses	5.12	5.13	-0.2%
EBITDA before specific expenses	23.33	21.96	6.2%
EBITDA	23.27	21.94	6.1%
Capex	6.49	4.00	62.0%