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Starting now.

Sydney Airport

Interim Results 2012

23 August 2012

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Agenda

01. Highlights

02. Financial Results 1H 2012

03. Operational Results 1H 2012

04. Sydney Airport Business Model

05. Outlook

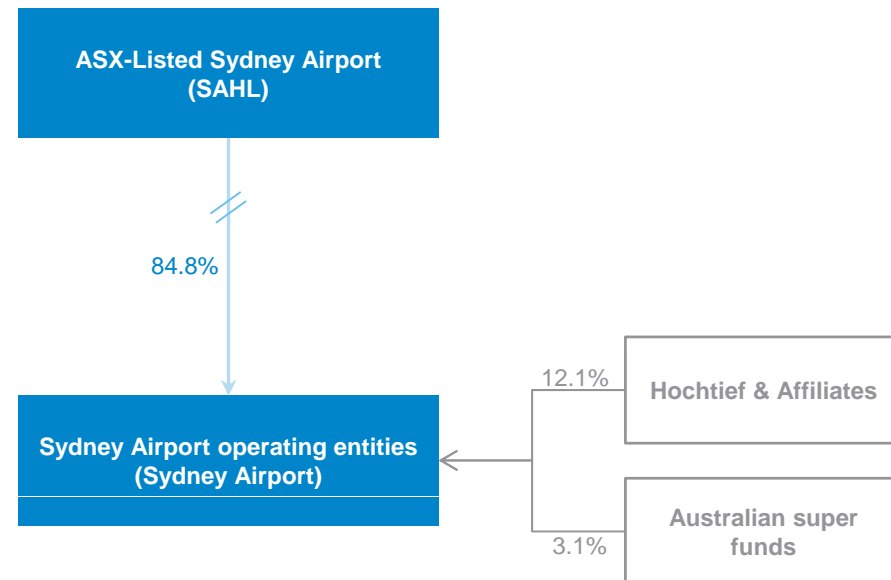
Group Structure Diagram

Simplified group structure is displayed in blue boxes below

Throughout this presentation:

- ASX-listed Sydney Airport referred to as **SAHL**
- Sydney Airport operating entities referred to as **Sydney Airport**

SAHL owns 84.8% of Sydney Airport



Highlights

1H 2012 Performance

Delivered above market returns to investors

Financial Results

- 10% outperformance relative to the ASX200 accumulation index
- 6.7% underlying EBITDA growth on 1.6% passenger growth
- Net Operating Receipts per stapled security = \$0.11
- Distributions per stapled security = \$0.11
- Net Profit Attributable to Investors = \$88.6m

Operational Highlights

- Delivered additional aircraft parking capacity and wide-body gates at T2
- Improved overall service levels in the annual ACCC report
- Attracted two international LCCs, AirAsia X and Scoot, to Sydney Airport
- Enhanced the value proposition in car parking and retail offerings
- Operating and corporate expense control

Regulatory / Operating Environment

Outcomes generally exceeded expectations

Regulatory/Operating Process	Status	Key Recommendations / Outcomes	Next Steps
Productivity Commission Inquiry Report into the Economic Regulation of Airport Services (PC Inquiry)	Completed Published March 2012	<ul style="list-style-type: none"> - Light-handed regulation should continue until at least 2020 - Delivered investment, commercial outcomes & improved productivity - No evidence of abuse of market power - No additional areas of monitored activities 	N/A
ACCC Airport Monitoring Report 2010-2011 (ACCC Report)	Completed Published March 2012	<ul style="list-style-type: none"> - Report found improved service levels at Sydney Airport - Sydney Airport aeronautical returns are reasonable 	Provide inputs for 2011-2012 report
Three Year Extension of International Aeronautical Charges Agreement	Completed	<ul style="list-style-type: none"> - International charges agreement extended by three years to mid-2015 - Includes base charges and incremental returns for aero investment - Provides certainty for both airlines and customers 	Consult customers on New Vision
Master Plan 2014 Accelerated Timetable	Administrative Appeals Tribunal (AAT) Process	<ul style="list-style-type: none"> - Infrastructure & Transport Minister brought forward 2014 Master Plan - Sydney Airport is seeking a review of the decision in the AAT 	AAT process ongoing
Joint Study on Aviation Capacity for the Sydney Region (Joint Study)	Completed Published March 2012	<ul style="list-style-type: none"> - Recognised primacy of Sydney Airport as NSW's main airport - Identified need to maximise existing airport capacity - Called for improvements to ground transport - Identified potential sites for secondary airport in order to preserve them 	Scoping study on Wilton site

Sydney Airport has capacity to meet demand to 2045, and is supportive of the government identifying & preserving a site for a secondary airport

The Facts on Sydney Airport capacity:

- The airport is not full
- Only 61% of slots are used
- Since 2000:
 - the busiest hour uses less slots
 - 41% passenger growth; 0.3% aircraft movement growth
- Invested \$2 billion since privatisation to deliver additional capacity
- Government-approved Master Plan shows more than double the current passengers with no changes to runways, curfew or movement cap

Going forward:

- LCC & Asian growth operating off peak
- Ongoing passengers per aircraft growth
- Operating restriction changes flagged by Joint Study would increase efficiency, flexibility and capacity



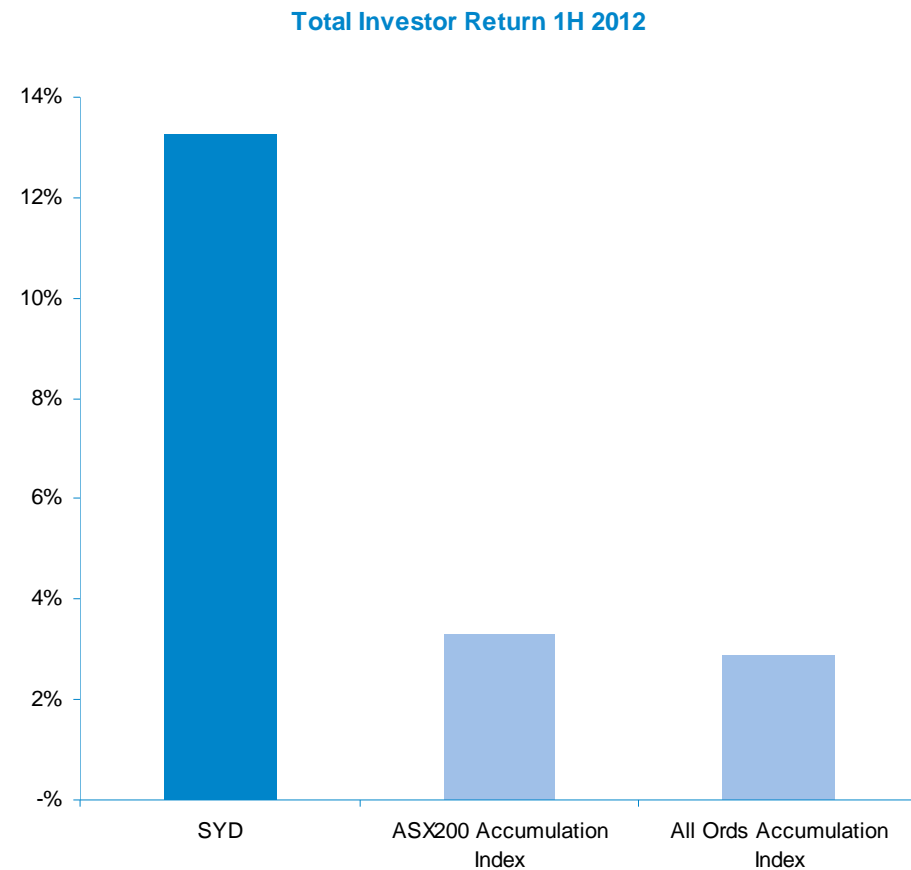
Investor Return

10% outperformance of the ASX200 Accumulation Index

1H 2012 Total Investor Return:

- SAHL = 13.3%
- ASX200 Accumulation Index = 3.3%
- All Ords Accumulation Index = 2.9%

SAHL average annual investor return since listing approximately 15%



Source: IRESS

2012 distribution to be fully sourced from Net Operating Receipts

Reaffirm distribution guidance of approximately \$0.21 per stapled security

100% coverage of distribution by Net Operating Receipts defined as:

- 84.8% of distributions declared by Sydney Airport
- +/- net SAHL items

Subject to external shocks to the aviation industry and material changes to forecast assumptions

\$0.11 distribution declared in June 2012 and paid in August 2012

Financial Results 1H 2012

SAHL Statutory Income Statement

Net profit attributable to investors of \$88.6m

SAHL Statutory Income Statement 1H 2012 (\$m)

Category	1H 2012	1H 2011
Revenue	512.2	503.3
Revaluation of Investments	(0.1)	0.2
Other Income	(3.5)	0.1
Revenue from Continuing Operations	508.6	503.6
Finance Costs	(219.2)	(236.4)
Other Expenses	(243.6)	(260.8)
Operating Expenses from Continuing Operations	(462.8)	(497.2)
Profit from Continuing Operations Before Tax	45.8	6.4
Income Tax Benefit	32.0	42.8
Profit from Continuing Operations After Income Tax	77.8	49.2
Loss from Discontinued Operations Net of Income Tax	-	(345.2)
Profit / (Loss) After Income Tax	77.8	(296.0)
(Profit) / Loss Attributable to Minority Interest	10.8	22.5
Net Profit / (Loss) Attributable to Investors	88.6	(273.5)

Implementation of streamlined reporting by SAHL & Sydney Airport

Additional disclosures

- Sydney Airport Distribution
 - In Sydney Airport Directors' Report
 - Sourced from Sydney Airport statutory financial statements
 - Reconciles with actual distributions declared by Sydney Airport during the period
- SAHL Net Operating Receipts
 - In SAHL Directors' Report
 - Sourced from SAHL statutory financial statements and Sydney Airport Distribution
 - Proxy for cash flow available for SAHL investors (total and per stapled security basis)

Cessation of Management Information Report and Proportionate Earnings publication given single asset ownership and Net Operating Receipts calculation above

Sydney Airport Distribution Calculation



EBITDA growth & SKIES Reserve movements lead to increased distribution

Sydney Airport Distribution Calculation 1H 2012 (\$m)*

Category	1H 2012	1H 2011
Loss before income tax expense	(61)	(81)
Add back: borrowing costs – RPS held by ordinary shareholders	141	140
Add back: depreciation & amortisation	112	116
Profit before tax, shareholder interest, depreciation & amortisation	192	175
- Fair value adjustment to interest swaps not qualifying as hedges	4	(1)
- Amortisation of deferred debt establishment costs & other borrowings costs	10	7
- Capital indexed bonds capitalised during the period less interest expense	13	13
- Borrowing costs capitalised	(4)	(2)
- SKIES - amortisation of establishment costs	-	1
Add back: non-cash financial expenses	23	18
- Movement in cash balances reserved for specific purposes	34**	(9)
- Other	(6)	(1)
Add back / (subtract): other cash movements	28	(10)
Cash flow available to equity	243	183
RPS Payments	138	137
Ordinary dividends	105	46
Total Distributions	243	183

* Refer to page 4 of the SCACH Interim Financial Report for the Half Year Ended 30 June 2012 for further information and source data

** Includes approximately \$27m release of SKIES interest reserve

SAHL Net Operating Receipts

Net Operating Receipts provided 97% coverage of the SAHL distribution

SAHL Net Operating Receipts Calculation 1H 2012 (\$m)*

Category	1H 2012	1H 2011
Distributions declared by Sydney Airport**	243	183
SAHL's shareholding of Sydney Airport	84.8%	74.0%
SAHL's share of distributions declared by Sydney Airport	206	136
- SAHL cash receipts***	4	43****
- SAHL cash costs***	(4)	(16)
- SAHL cash transaction costs***	(7)	(2)
Add / (subtract): net SAHL cash flows***	(7)	25
Net Operating Receipts	199	161
Net Operating Receipts per Stapled Security	\$0.11	\$0.09
Distributions Declared per Stapled Security	\$0.11	\$0.11
Net Operating Receipts Coverage of Distributions	97%	79%

* Refer to page 4 of the SAHL Interim Financial Report for the Half Year Ended 30 June 2012 for further information and source data

** Refer to slide 14 for calculation of distributions declared by Sydney Airport

*** Includes items from the listed entity and 100% owned subsidiaries

**** Includes distributions received from Brussels and Copenhagen airports

Debt Summary

Diversified capital structure & capex funding certainty

- Completed SKIES refinancing with senior debt in January 2012
- Issues in bank, domestic bond and foreign bond markets
- Growth capex funded with undrawn facilities into 2014
- Stable average interest rate and coverage ratios

Sydney Airport Key Debt Metrics

Category	30 June 2012
Net Debt	\$6.0 billion
Net Debt/EBITDA	7.4x
DSCR	2.1x
Credit Rating	BBB / Baa2 / BBB
Next Maturity	October 2013*
Average Maturity	8 years
Average Interest Rate	6.5%**

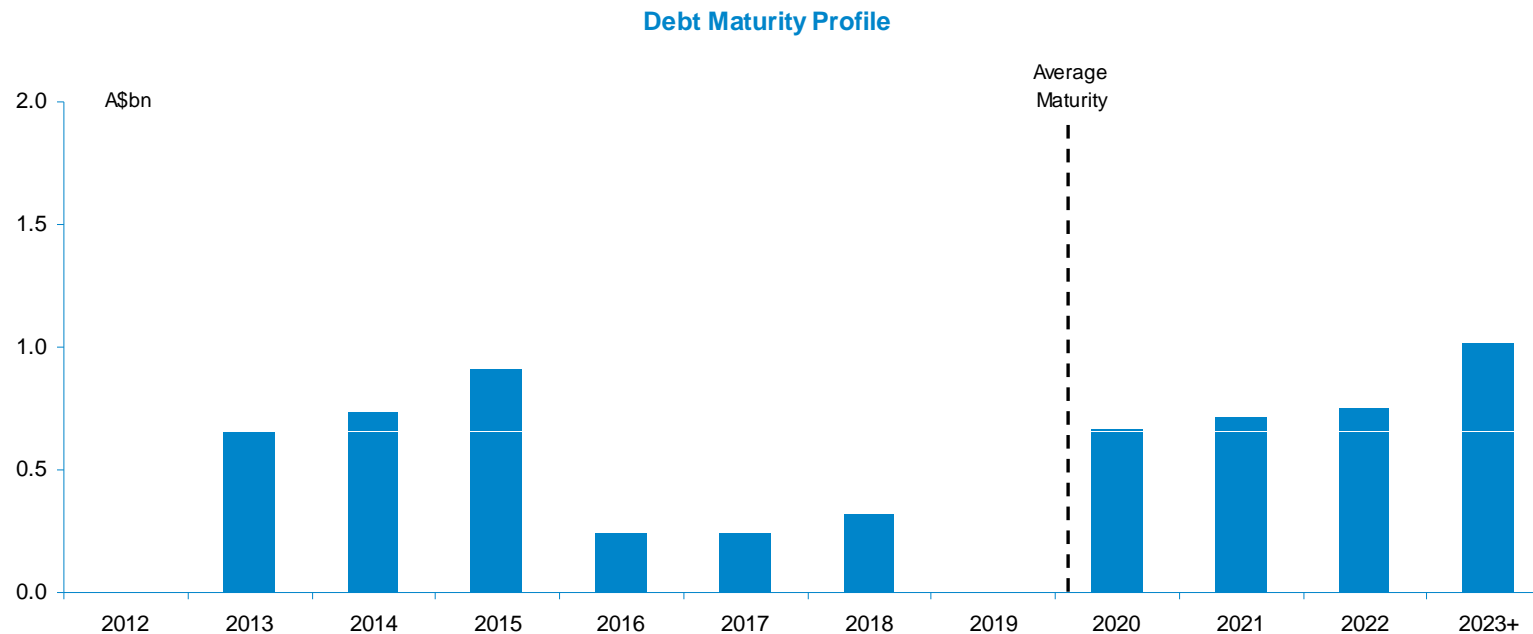
* 2012 maturing debt facilities are fully funded

** Cash interest paid / average gross debt (excluding one-off impacts of SKIES redemption)

Debt Maturity Profile

Long dated maturity profile with multiple sources of funding

- October 2013 refinancing process to commence in H2 2012
- Strong demand for Sydney Airport credit from debt markets
- Average maturity in 2020



Operational Results 1H 2012

Strong performance across the board driven by passenger growth & initiatives

- International passenger growth of 5.0% was the key driver of aeronautical and retail revenue
- Retail
 - Improved News & Gifts offer
 - T2 additional tenancies
- Property
 - New / larger leases
 - Successful scheduled renegotiations
- Ground transport & Commercial
 - Additional long-term car park capacity
 - Targeted marketing campaigns & new online offers

Sydney Airport Revenue 1H 2012 (\$m)*

Category	1H 2012	1H 2011	%
Aeronautical	209.2**	196.2	6.6%
Aeronautical Security Recovery	38.2	38.0	0.6%
Retail	115.4	108.4	6.4%
Property & Car Rental	81.7***	75.0	9.0%
Ground Transport & Commercial	56.4	52.2	8.0%
Other	2.7	2.6	6.6%
Total Revenue	503.6	472.4	6.6%
Profit on Sale	0.1	-	n/a

* Excluding non-recurring items Total Revenue growth was 5.6%

** Includes \$4.8m of non-recurring benefits

*** Includes \$0.2m of non-recurring benefits

Operating Expenses

Management continued its prudent approach to cost management

- Controllable operating expenses were 1.7% lower than the pcg
 - Excluding recoverable security & specifics
 - 0.8% higher adjusted for non-recurring
- Other operational expenses were higher due to marketing of new car parking and retail products
- Recoverable security expenses were 4.7% higher driven by mandated requirements, but remain EBITDA neutral

Sydney Airport Operating Expenses 1H 2012 (\$m)*

Category	1H 2012	1H 2011	%
Labour	18.7	19.6	(4.1%)
Services & Utilities	21.8	22.3	(2.3%)
Property & Maintenance	8.7	9.0	(2.8%)
Other Operational Costs	7.5	6.8	8.9%
Expenses (pre recoverable security & specifics)*	56.7**	57.7***	(1.7%)
Recoverable Security	32.7	31.2	4.7%
Expenses (pre specifics)	89.4	88.9	0.6%
Specific Expenses	1.0	0.3	n/a
Total Expenses	90.4	89.2	1.3%
Cost of Sales	2.2	1.7	n/a

* Adjusted for non-recurring items, Expenses (pre recoverable security & specifics) growth was 0.8%

** Includes \$0.3m of non-recurring benefits

*** Includes \$1.1m of non-recurring expenses

Strong EBITDA growth at the headline and underlying levels

- Headline EBITDA growth of 7.7%
- EBITDA (excluding specific items) growth of 7.9%
- Underlying EBITDA up 6.7%
 - As defined in the opposite table
 - Provides best view of sustainable and controllable performance

Sydney Airport EBITDA 1H 2012 (\$m)

Category	1H 2012	1H 2011	%
Revenue + Profit on Sale	503.6	472.4	6.6%
Expenses + Cost of Sales	(92.6)	(90.9)	1.9%
EBITDA	411.1	381.5	7.7%
+ specific items	1.0	0.3	n/a
EBITDA (ex specific items)	412.1	381.8	7.9%
- aeronautical security recovery	(38.2)	(38.0)	0.6%
+ recoverable security expenses	32.7	31.2	4.7%
+/- non-recurring items	(5.3)	1.1	n/a
Underlying EBITDA (ex security)	401.3	376.2	6.7%

Key projects focussed on aeronautical capacity expansion

Aeronautical capacity projects

- Aircraft parking bays
 - Area of continual capacity expansion
 - Delivered five new bays in 2011-12
 - Further works through to 2014
- T2 wide-body gates
 - Accommodate larger aircraft
 - 28% increase in capacity
- Transit passenger security upgrade



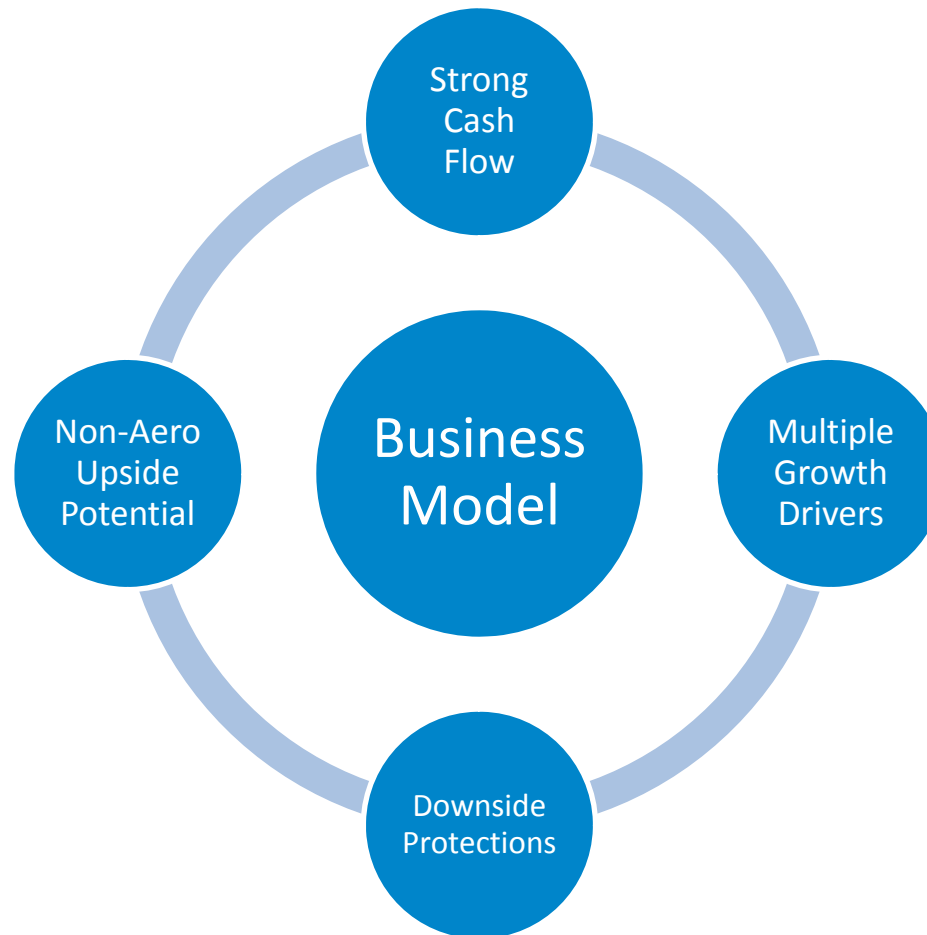
Non-aeronautical projects

- International multi-storey car park
- T2 Virgin premium lounge

Sydney Airport Business Model

Four Core Elements

Sydney Airport's business model drives investor value



Strong Cash Flow

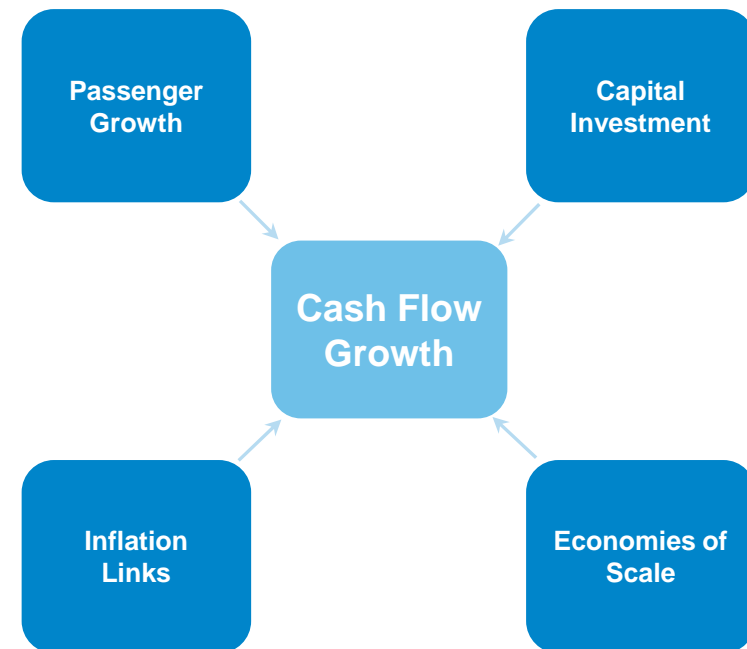
Four revenue streams, underpinned by fixed cost bases and capex debt funding

	Aeronautical & Security	Retail	Property & Car Rental	Ground Transport & Commercial Services
1H 2012 Revenue	\$247.4m	\$115.4m	\$81.7m	\$56.4m
Key Dynamics	<ul style="list-style-type: none"> • Per passenger charges • Agreed with airlines • Capex related step-ups 	<ul style="list-style-type: none"> • 5-7 year contracts • Maximum of: <ul style="list-style-type: none"> • % of sales • Minimum guarantees 	<ul style="list-style-type: none"> • Long-term property leases • Periodic rent reviews • Car rental 	<ul style="list-style-type: none"> • Short, long term & valet passenger parking • Staff parking • Ground access
Costs	<ul style="list-style-type: none"> • Majority of non-security: labour & maintenance • Security costs passed through 	<ul style="list-style-type: none"> • Contract / lease management 	<ul style="list-style-type: none"> • Contract / lease management • Some cost pass through 	<ul style="list-style-type: none"> • Contract management • Some direct costs

Multiple Growth Drivers

Cash flow growth is driven by a number of key airport characteristics

- Passenger growth
 - International passengers higher yielding
 - Impacts all revenues except Property
- Capital investment
 - Aero investment increases aero charges
 - Commercial investment subject to strict investment evaluation and hurdle rates
- Inflation links
 - Explicit inflation links in most non-aeronautical contracts
 - Implicit and explicit inflation links in aeronautical contracts
- Economies of scale
 - Costs do not rise in line with passengers



Downside Protections

Downside protections provide resilience in challenging times

Key Sydney Airport downside protection mechanisms

Area of Protection	% of 1H2012 Revenue	Protection Mechanism
Aeronautical Revenue	42%	<ul style="list-style-type: none"> • Periodic aeronautical charge negotiations targeting appropriate return on capital • Necessary New Investment (NNI) regime: <ul style="list-style-type: none"> • contractually guarantees appropriate return on new aeronautical investment • includes the principle of capex consultation between airport and airlines
Aeronautical Security Recovery	8%	<ul style="list-style-type: none"> • 'Pass-through' recovery of all mandated security operating expenses • EBITDA neutral
Retail	23%	<ul style="list-style-type: none"> • Retail contracts generally include minimum guarantees • Sydney Airport earns the maximum of: <ul style="list-style-type: none"> • a percentage of sales; and • a minimum guaranteed revenue (often per passenger)
Property & Car Rental	16%	<ul style="list-style-type: none"> • Property revenues are not passenger volume related in the short and medium term • Large tenants require airport-based leases
Capital Expenditure	n/a	<ul style="list-style-type: none"> • Flexible capex profile • Projects can be deferred in response to demand changes

Business Model Outcomes

Success of business model demonstrated by historic operational performance

Since privatisation in 2002:

- Passenger traffic has increased every year
- EBITDA has increased in every half-year

In the period 2007-2011 (including GFC) :

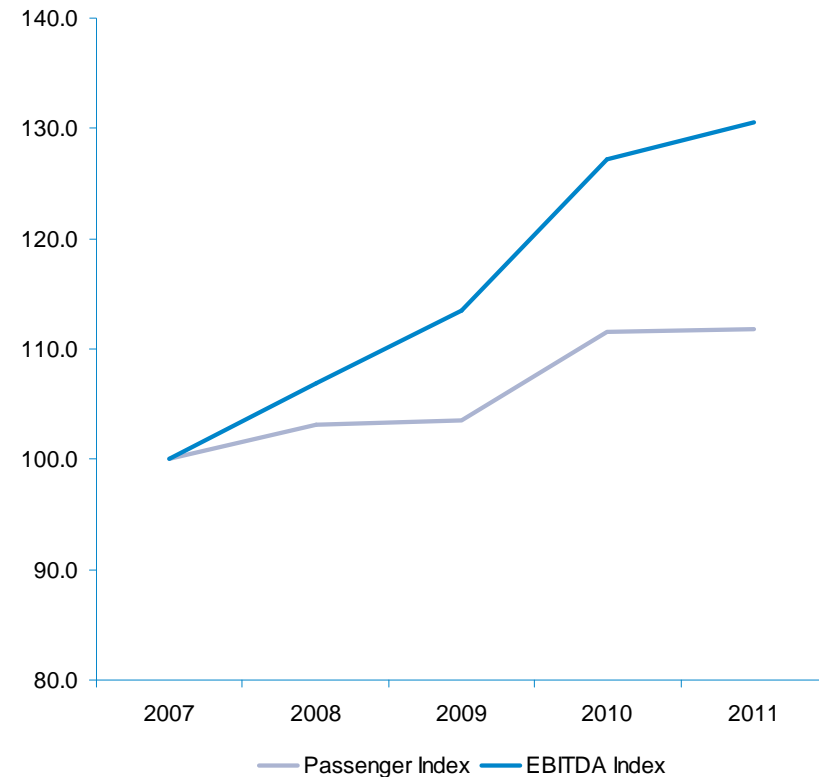
- Passenger CAGR of 3%
- EBITDA CAGR of 7%

EBITDA outperformed passengers due to:

- Capital investment
- Economies of scale
- Inflation

EBITDA outperformance continues in 2012

Operational Growth Indices 2007-2011



Non-Aero Upside Potential Car Parking Repositioning & Value

Car parking relaunch includes additional capacity, new technology & online offers

Four step action plan has been implemented:

- Increase capacity
- Improve customer experience
- Develop new products
- Boost marketing efforts

Exciting results in initial launch phases

Primary financial impact to start 2H 2012



Non-Aero Upside Potential Car Parking New Products & Capacity

Hatching early September!

- Long Term Car Park upgraded and renamed the Blu Emu Car Park
- Budget parking for domestic travellers
- Renovations of the lounge and bus shelters
- Space for 5,448 cars, plus 246 shaded bays
- 'Blu Emu Express' bus to Domestic Terminal
- Online customers park up to 15 days for just \$95

- 'Fareweller' international product launch in September
- For a three month period, \$20 for up to three hours parking and:
 - Two free coffees at Danks St Depot
 - Free Daily Telegraph
 - Free use of trolleys in the car park



Non-Aero Upside Potential Property & Retail Expansion

In the medium-term Sydney Airport has numerous commercial opportunities

Property potential

- SSE sector hangar facilities
- Hotel development strategy
- Northern airport logistics precinct

Retail opportunities

- Additional space at T2
- Development of Customer Market strategy
 - Focus on key segments e.g. Australia & China
 - Future of facilitation given passenger mix
 - Value proposition by product



Outlook

New Vision will provide significant benefits for Sydney and NSW

Key principles of the New Vision remain:

- Evolving airline landscape reinforces benefits of flexible and common-use facilities
- Lease reversions / expiries leading to 100% control of airport footprint:
 - Improve customer products & airline efficiency
 - Increase capacity

Status of consultation process

- Concept has continued to evolve following discussions
- Excellent progress and ongoing consultation with all stakeholders

Next steps

- MDP for new hangar on public display in coming months
- Provision of further details as part of next Master Plan

2H 2012 Outlook

Business model is capable of delivering ongoing operational & distribution growth

Delivering on Sydney Airport's business model:

- Working with partners to drive airline capacity & passenger growth
- Investing in aeronautical capacity projects
- Providing world class passenger choice and value propositions
- Capturing non-aeronautical upside potential



Some Useful Investor Resources from the Sydney Airport Website

- Tax Guide:
 - Annual publication to assist investors preparing their tax returns
 - <http://www.sydneyairport.com.au/investors/stock-information/tax-guides.aspx>
- Tax Calculator:
 - Online tool to assist Australian investors calculating the tax consequences of the December 2011 Simplification and revised cost bases
 - <http://www.sydneyairport.com.au/investors/stock-information/tax-calculator.aspx>
- ASX releases:
 - <http://www.sydneyairport.com.au/investors/news-and-events/asx-releases.aspx>
- Frequently Asked Questions
 - <http://www.sydneyairport.com.au/investors/stock-information/faqs.aspx>

**Thank you
for your attention**

Questions?