



The right future.  
Starting now.

# Sydney Airport

## Full Year Results 2012

27 February 2013

# Disclaimer

## General Securities Warning

This presentation has been prepared by Sydney Airport Holdings Limited (ACN 075 295 760 / AFSL 236875).

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in Sydney Airport Trust 1 (ARSN 099 597 921) or Sydney Airport Trust 2 (ARSN 099 597 896) (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 presentation should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in Sydney Airport. 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 very nature are subject to uncertainty and contingencies, many of which are outside the control of Sydney Airport. Past performance is not a reliable indication of future performance.

# Agenda

---

01. Highlights

---

02. Financial Results FY 2012

---

03. Business Update FY 2012

---

04. Key Areas of Focus

---

05. Outlook

---

# Highlights

Kerrie Mather

## Initiatives to lift performance contributed to a strong result and above market returns to investors

### Financial Results

- 7.4% underlying EBITDA growth and 3.6% passenger growth
- Net Operating Receipts 100% covered distribution
- 36% total investor return for 2012, inclusive of 21 cent per security distribution
- Net Profit Attributable to Investors \$179.2m

### Operational Highlights

- Terminal 2 extension, five new gates and increased retail space
- Successful implementation of new car park strategy
- Delivery of new aircraft parking stands
- 5.6% international passenger growth; 3.6% total passenger growth
- Significant capacity increases for existing carriers and low cost carriers (LCC)
- Enhanced the value proposition across the airport

# Delivering on Commitments

## Delivered on commitments and progressed the Master Plan for delivery late 2013

	Extension of international aero charges agreement to 2015
	New car park strategy delivered on time and on budget, with strong initial take-up
	Delivery of T2 extension on time and on budget
	International Low Cost Carrier expansion
	Distribution fully covered by net operating receipts
	Refinance successfully completed with significant over subscription
	In progress, Master Plan including New Vision

# Investor Return

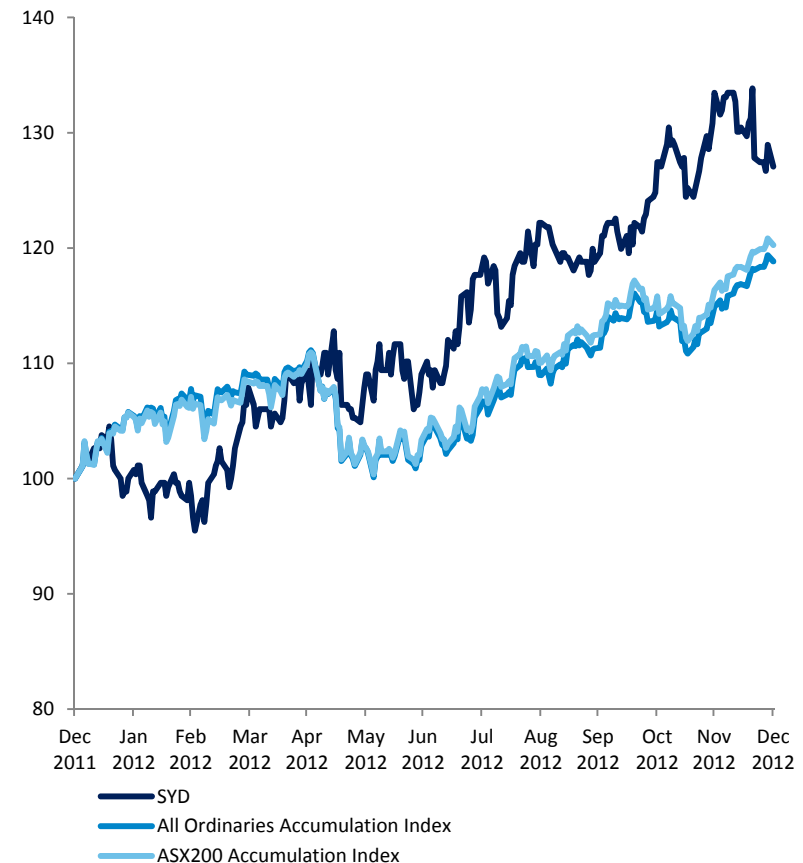
## 36% total investor return for 2012, inclusive of 21 cent per security distribution

FY 2012 Total Investor Return:

- Outperformed the ASX200 Accumulation Index by 16%
- Outperformed the All Ords Accumulation Index by 17%

Average annual investor return since listing of 16%

Average investor return for last three years of 23%



Source: IRESS

# Financial Results FY 2012

Stephen Mentzines



# SAHL Statutory Income Statement

Net profit attributable to investors of \$179.2m

## SAHL Statutory Income Statement FY 2012 (\$m)

Category	FY 2012	FY 2011
Revenue	1,055	1,042
Revaluation of Investments	-	0
Other Income	(7)	(16)
<b>Revenue from Continuing Operations</b>	<b>1,049</b>	<b>1,026</b>
Finance Costs	(460)	(490)
Other expenses	(498)	(551)
<b>Operating Expenses from Continuing Operations</b>	<b>(958)</b>	<b>(1,041)</b>
<b>Profit from Continuing Operations Before Tax</b>	<b>91</b>	<b>(15)</b>
Income Tax Benefit	67	97
<b>Profit from Continuing Operations After Income Tax</b>	<b>158</b>	<b>82</b>
Loss from Discontinued Operations Net of Income Tax	-	(362)
<b>Profit / (Loss) After Income Tax</b>	<b>158</b>	<b>82</b>
(Profit) / Loss Attributable to Non Controlling Interests	(21)	(40)
<b>Net Profit / (Loss) Attributable to Investors</b>	<b>179</b>	<b>122</b>

# Sydney Airport EBITDA

## Strong EBITDA growth of 7.4%

### Sydney Airport EBITDA FY 2012 (\$m)

Category	FY 2012	FY 2011	%
Aeronautical revenue	433	403	7.6%
Aeronautical security recovery	77	76	1.5%
Retail revenue	235	223	5.3%
Property and car rental revenue	169	156	8.3%
Car parking and ground transport revenue	119	110	8.9%
Other	6	5	11.7%
<b>Total Revenue</b>	<b>1,040</b>	<b>973</b>	<b>6.9%</b>
<b>Expenses (pre recoverable security and specifics)</b>	<b>120</b>	<b>115</b>	<b>4.1%</b>
Recoverable Expenses	72	69	4.7%
<b>EBITDA</b>	<b>848</b>	<b>790</b>	<b>7.4%</b>
<i>Depreciation and amortisation</i>	<i>(228)</i>	<i>(231)</i>	
<i>EBIT</i>	<i>620</i>	<i>559</i>	
<i>Total external finance costs</i>	<i>(434)</i>	<i>(428)</i>	
<i>Shareholder related finance costs</i>	<i>(284)</i>	<i>(282)</i>	
<i>Total finance costs</i>	<i>(718)</i>	<i>(711)</i>	
<i>Profit/(Loss) before income tax expense</i>	<i>(98)</i>	<i>(152)</i>	

# Expenses

## Improved cash flow to investors through prudent expense control

### Sydney Airport Expenses FY 2012 (\$m)

Category	FY 2012	FY 2011	%
Labour	39	38	3.1%
Services and utilities	47	45	3.0%
Properties and maintenance	18	18	2.2%
Other operational costs	16	15	12.6%
<b>Expenses (pre recoverable security and specifics)</b>	<b>120</b>	<b>115</b>	<b>4.1%</b>
Recoverable security	66	63	5.6%
Specific expenses	1	1	
Cost of sales	5	4	
<b>Total Sydney Airport expenses (including cost of sales)</b>	<b>192</b>	<b>183</b>	<b>4.9%</b>
<b>Total SAHL expenses</b>	<b>9</b>	<b>25</b>	<b>-64.0%</b>
<b>Grand total expenses</b>	<b>201</b>	<b>208</b>	<b>-3.4%</b>

# Sydney Airport Distribution Calculation



## Sydney Airport Distribution Calculation FY 2012 (\$m)\*

Category	FY 2012	FY 2011
Profit/(Loss) before income tax expense	(98)	(152)
Add back: borrowing costs – RPS held by ordinary shareholders	284	282
Add back: depreciation & amortisation	228	231
<b>Profit before tax, shareholder interest, depreciation &amp; amortisation</b>	<b>414</b>	<b>361</b>
- Fair value adjustment to interest swaps not qualifying as hedges	5	(4)
- Amortisation of deferred debt establishment costs & other borrowings costs	21	9
- Capital indexed bonds capitalised during the period less interest expense	27	25
- Borrowing costs capitalised	(8)	(6)
- SKIES – write off of establishment costs	-	2
<b>Add back: non-cash financial expenses</b>	<b>45</b>	<b>37</b>
- Movement in cash balances reserved for specific purposes**	28	(26)
- Other	(13)	(6)
<b>Add back / (subtract): other cash movements</b>	<b>15</b>	<b>(32)</b>
<b>Cash flow available to equity</b>	<b>474</b>	<b>366</b>
RPS payments	277	276
Ordinary dividends	197	90
<b>Total Distributions</b>	<b>474</b>	<b>366</b>

\* Refer to page 5 of the SCACH Interim Financial Report for the Full Year Ended 31 December 2012 for further information and source data

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

# SAHL Net Operating Receipts

Net Operating Receipts provided 100% coverage of the SAHL distribution

## SAHL Net Operating Receipts Calculation FY 2012 (\$m)\*

Category	FY 2012	FY 2011
Distributions declared by Sydney Airport	474	366
SAHL's shareholding of Sydney Airport	84.8%	79.2%
<b>SAHL's share of distributions declared by Sydney Airport</b>	<b>402</b>	<b>290</b>
- SAHL cash receipts**	7	80***
- SAHL cash costs**	(9)	(25)
- SAHL cash transaction costs**	(8)	(30)
<b>Add / (subtract): net SAHL cash flows**</b>	<b>(10)</b>	<b>25</b>
<b>Net Operating Receipts</b>	<b>392</b>	<b>297</b>
<b>Net Operating Receipts per Stapled Security</b>	<b>\$0.21</b>	<b>\$0.17</b>
Distributions Declared per Stapled Security	\$0.21	\$0.21
<b>Net Operating Receipts Coverage of Distributions</b>	<b>100%</b>	<b>76%</b>

\* Refer to page 4 of the SAHL Interim Financial Report for the Full Year Ended 31 December 2012 for further information and source data

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

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

## Sydney Airport is confident of its position and will seek to preserve investor value

### The facts

- SAHL has received an ATO Position Paper relating to deductibility of certain distributions paid on redeemable preference shares (RPS)
- The issues raised in the position paper are not Sydney Airport specific and relate to a new draft ruling issued by the ATO in July 2012
- The ATO has not issued an Amended Assessment, and no tax is due
- The Directors are confident that the relevant distributions on RPS are tax deductible

### Sydney Airport position

- If the ATO decides to issue any Amended Assessments, the Directors will consider all available options to protect the position of investors
- The timing of a final resolution on this matter remains uncertain

### Further information

- All information currently available on these matters has been released to the ASX
- The ASX releases and a related FAQ document are available on the Sydney Airport website: [www.sydneyairport.com.au/investors/news-and-events/asx-releases](http://www.sydneyairport.com.au/investors/news-and-events/asx-releases)

## Successful refinancing lowered cost of debt and extended maturity profile

### Finance Objectives

1. Capacity for further raisings
  - ~\$1.1bn of new senior debt facilities raised, significant unmet demand
2. Minimise implementation risk
  - All 2013 maturities addressed 12 months in advance
3. Diversify funding sources
  - New A\$300m bank debt and US\$825m US144A bond issue
4. Maintain investment grade rating
  - BBB or equivalent rating confirmed by all three major rating agencies
5. Competitive pricing
  - Total facilities average interest rate 6.4%\*\*
6. Maturity profile smoothed and average tenor lengthened

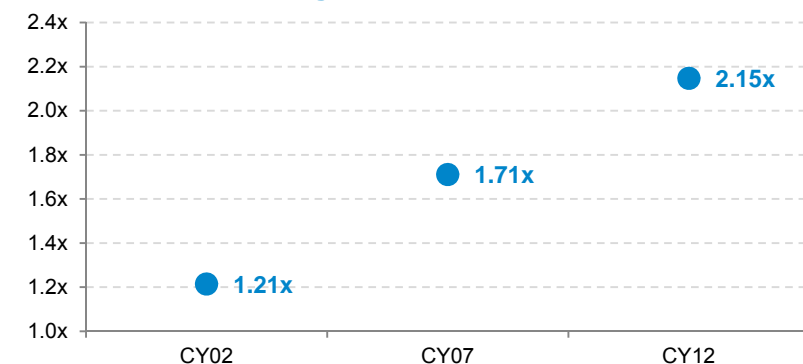
### Sydney Airport Key Debt Metrics

Category	31 December 2012
Net Debt	\$6.1 billion
Net Debt/EBITDA	7.2x
DSCR	2.15x
Credit Rating	BBB / Baa2 / BBB
Next Maturity	Q4 2014*
Average Maturity	8 years
Average Interest Rate	6.4%**

\* Funding already raised to redeem bonds maturing in 2013

\*\* Cash interest paid / average gross debt

### Total Interest Coverage \*

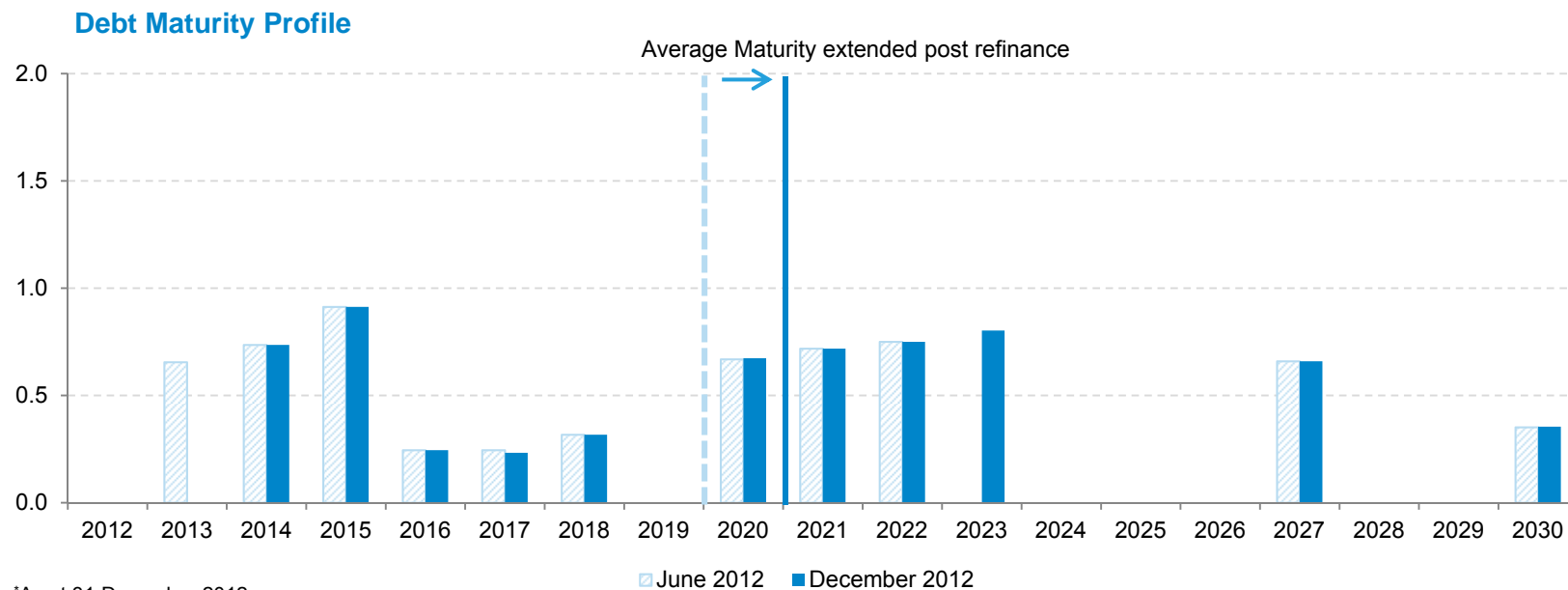


\*Calculated as cash flow available for debt service divided by total interest paid

# Active Capital Management Maturity Profile

## Further extended maturity profile with multiple sources of funding

- Undrawn facilities of \$1.1bn to provide financial flexibility and fund future capex
- Average maturity extended to 2021
- Strong liquidity position with over \$1.3bn in cash and undrawn facilities
- 96% of interest rate exposure hedged or fixed, 100% of currency exposure hedged\*





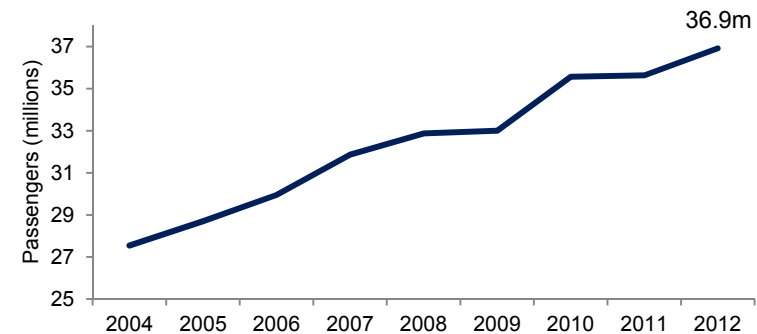
# Business Update FY 2012

Kerrie Mather

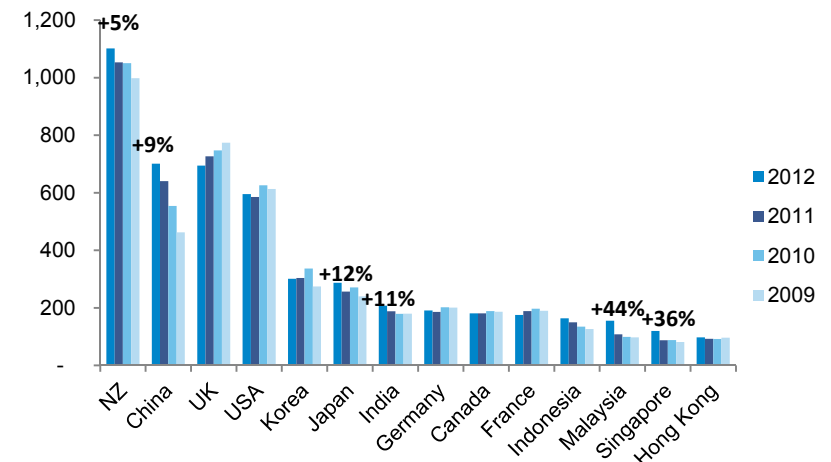
## Record passenger numbers in 2012 and 2013 year to date growth of 3.9%

- Record total of 36.9m passengers served in 2012, growth of 3.6%
- Strong international passenger growth of 5.6%, while domestic passengers grew 2.7%
- Key drivers of international growth:
  - New international low cost carriers
  - Other seat capacity and load factor increases
  - Inbound Asian growth: China; Malaysia; Singapore; Japan; and India
- Despite the strong Australian dollar, inbound passenger growth was 4.8% (-0.3% in the pcp) and broadly consistent with outbound performance

Historic traffic numbers



Inbound performance 2009-2012





## Well positioned for continued growth

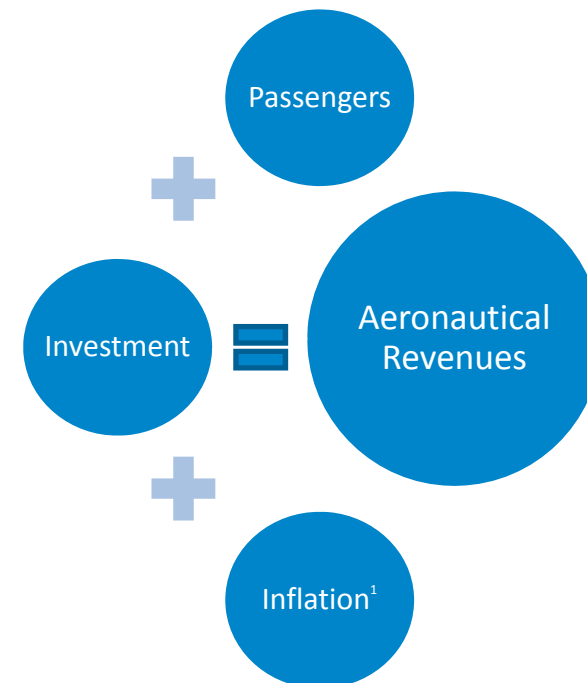
### Highlights

- 7.6% increase in revenue driven by 3.6% passenger growth and capital investment
- Significant increase in LCC capacity
- Record traffic numbers
- More than 40 new weekly international services announced during the year

### Outlook

- Master Plan including New Vision, moving to the next phase of planning and implementation
- Emerging markets, particularly Asian nationalities, are growing rapidly. Sydney Airport is focused on harnessing that growth
- International LCC market is growing rapidly and Sydney Airport is in prime position to capitalise on that growth

### Drivers of growth



<sup>1</sup> Indirectly included in base charges

## Enhanced retail strategy including space expansion and marketing

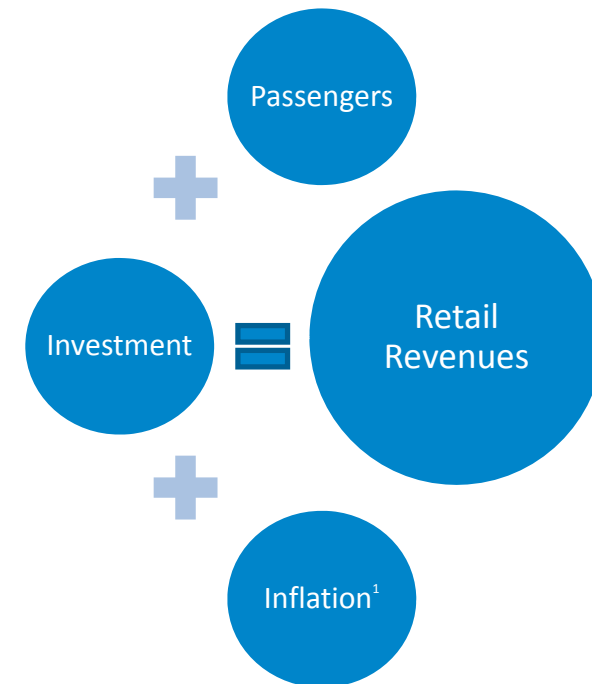
### Highlights

- Retail revenue growth of 5.3%, in line with CPI and passenger growth
- Delivered seven new stores and six refurbishments in T1 and T2
- Positive customer feedback from a number of core initiatives in 2012, including free WiFi and new retail magazine

### Outlook

- Partner with duty free and other retail operators to enhance sales, increase range and maximise productivity
- Further develop the T2 retail offer with a variety of new and first to market stores and increased space
- Innovative marketing and advertising through new media platforms including mobile, web and app

### Drivers of growth



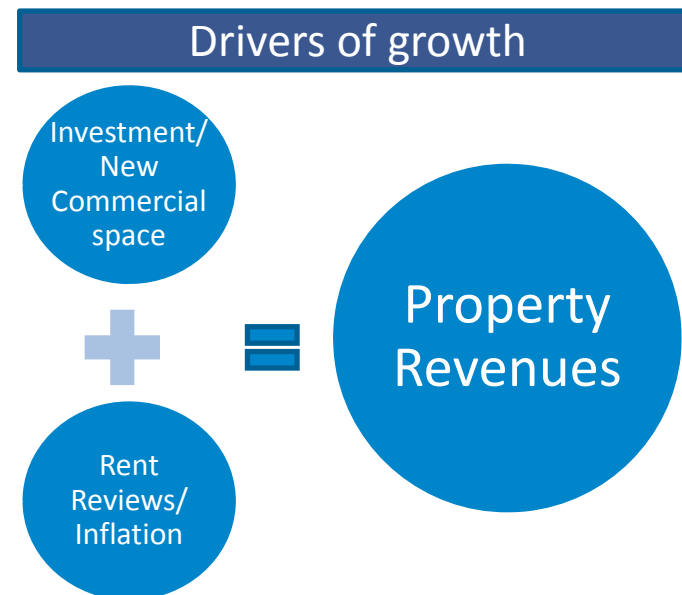
Occupancy level of circa 99%, with ongoing developments to come on line in 2013

## Highlights

- Revenue increased 8.3% primarily driven by:
  - Full year of revenues for the Central Terrace Building
  - Market rent reviews
  - Additional fuel services revenue
- Virgin T2 lounge extension and refurbishments

## Outlook

- Rydges four-star hotel development on track for completion mid 2013
- Etihad lounge development to open by end 2013



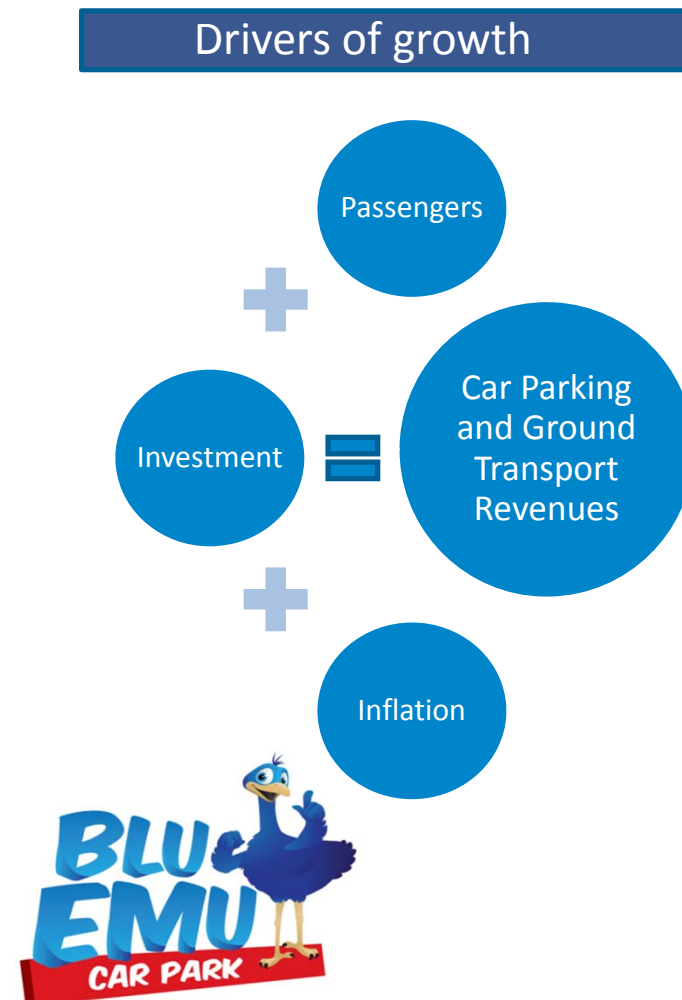
## Enhanced car parking business by offering products, services and pricing to match customer needs

### Highlights

- Revenue increased by 8.9% primarily driven by record online bookings
- Capacity increased by over 3,300 spaces
- Parking guidance and signage system introduced at T1 and domestic and upgrade of entry/exit gates and pay machines
- Launch of Blu Emu Car Park recording 96% occupancy over Christmas

### Outlook

- Continued focus on improving product offering, value for money and increasing choice
- Ongoing marketing efforts across radio, print, outdoor and digital media



# Investing in the future

Kerrie Mather



# Investing in the future

## Master Plan development

**The new Master Plan will include New Vision proposals and provide details on Sydney Airport's land use plan and environmental strategy over the next 20 years**

### Master Plan Design Principles

The Master Plan is being developed to meet several core principles:

- Improve passenger door-to-door experience:
- Improve passenger transfer experience
- Enhance airline efficiency and product development
- Maximise the long-term airport capacity by increasing the productivity of the infrastructure
- Design infrastructure to be flexible to changes in demand across the day, week and year, and to changes in the aviation industry
- Design infrastructure to be environmentally efficient
- Retain existing facilities where possible
- Deliver incremental capacity as required to meet demand

### Master Plan Progress

As part of the consultation stage, Sydney Airport has engaged numerous times with a wide range of stakeholders including:

- Australian and NSW government agencies
- 25 Sydney councils
- 61 members of the Australian and NSW parliaments
- 13 relevant ministers and shadow ministers
- Airport forums, airlines and the broader community

The feedback and comments received during the initial consultation process were positive and continue to inform the preparation of the preliminary Draft Master Plan.

The preliminary Draft Master Plan will be on public exhibition from mid 2013.

The Draft Master Plan is due for submission to the Minister for Infrastructure and Transport on 2 December 2013.

# Investing in capacity, 2012 and beyond

## \$900m four year 2012 – 2015 investment program delivering significant capacity expansion

### Program of significant investment

- Apron expansion
- Airfield capacity expansion
- Ground transport improvements
- Facilities improvements
- Terminal expansion and improvement

### Highlights

- 2012 total capex expenditure of \$215m
- All consistent with new Master Plan including New Vision

### Outlook

- Forecast capex for 2013-2015 is approximately \$230m per annum



# Investing in capacity 2012 case studies

## All capex in line with the Master Plan and proposals for the New Vision

### Terminal 2 expansion

- 4,500m<sup>2</sup> expansion complete 22 December
- Five new contact gates allowing for wide bodied aircraft to support airline demand
- Increased contact gate capacity by 28%
- Wider concourse to support better circulation and accommodate four new retail tenancies



### Aircraft parking aprons

- Four new parking stands and aprons built across T1 and T2/T3
- Three parking stands reconfigured to accommodate larger aircraft or more flexible operation
- Aprons increase aircraft parking and layover capacity, flexibility of operation and accessibility for larger aircraft
- Net effect of increasing peak capacity



### Car parking

- Completion of new T1 multi storey car park
- Rebranding and expansion of Blu Emu car park
- Launch of targeted online specials
- Significant upgrade of facilities across both terminal car parks
- 3,300 new car spaces created, expanded capacity of 32% in the Blu Emu car park and 60% in the international precinct



# Investing in the future

## Ground transport

### Integrated airport and government proposed ground transport plan to significantly improve service levels

#### **Sydney Airport welcomes government initiatives to alleviate congestion**

- WestConnex
  - Western freeway bypassing Sydney Airport, diverting non-airport traffic away from Airport drive
- Pinch point alleviation
  - Traffic management changes
- Public Transport
  - Provision of additional train and bus services

#### **Sydney Airport Ground Transport Strategy**

- Proposed one way pairs system at domestic precinct reduces congestion at entry and exit points
- Realignment of international precinct internal roadway configuration to facilitate better traffic flow
- Provision of shuttle bus 'slip lane' at corner of Lords Ave and Ross Smith Ave to enable quicker transit times from the Blu Emu Car Park
- Improved capacity within the main taxi holding bay at the domestic terminal

# Investing in the future Maximising Sydney Airport

It is in the national interest to maximise the long term productivity of Sydney Airport

## Maximising airport productivity today

- Increase competitiveness through partnerships
- Deliver the Master Plan including the New Vision and improve ground access
- Modernise the operational regulations

## Maximising long term airport productivity

- Site and airspace should be preserved for development of a second major airport
- Demand-led development
- Restoring shoulder periods
- Flexible administration of the cap
- Better use should be made of other existing 'regular public transport' airports





# Investing in customers

## The value proposition

Investing in value remains core to the long term strategy to drive growth in revenue

### Retail

- Travel essentials pricing – coffee starting price point \$3.50, water starting price point \$3.00
- Currency exchange specials and online pricing
- All retailers benchmarked regularly against their city counterparts to ensure competitiveness
- Increased range and choice, at various price points



### Car Parking

- Increasing the range of products, services and price points; linked to customer needs
- Executing promotions targeted at our customers. Particularly focused online and targeting off-peak periods
- Improving facilities; guidance and signage systems; new entry gates; cashless exit; pre booking facilities and increased capacity



# Investing in customers Service and satisfaction

## Improving the customer experience remains a key focus beyond 2012

### Key successes in 2012

- In this year's ACCC quality of service statistics, Sydney satisfaction rating improved year on year with a large majority of our passengers rating their overall experience as good to excellent
- Customer experience committee formed aligning all areas of the business in order to develop holistic solutions



### Key initiatives

- Improving car parking and ground transport
  - Car park guidance systems
  - Car park cashless exit
  - Additional car park spaces
- Upgrading passenger facilities
  - Upgrading bathroom facilities
  - Landscape and lighting upgrades
  - Red and Gold ambassadors



# Outlook

Kerrie Mather



## Sydney Airport continues to deliver operational and distribution growth

- 21 cent distribution covered by net operating receipts, provides a solid base for growth
- Focus on driving EBITDA and cash flow outperformance of traffic growth
- Stimulate passenger growth through tourism leadership and airline marketing
- Consistent execution of new business initiatives to improve choice, value and customer penetration
- Prudent management of costs and expenditure
- Continued focus on future planning to maximise efficiency, infrastructure productivity and improve passenger experience
- Distribution guidance update will be given at AGM in May



## Some Useful Investor Resources from the Sydney Airport Website

- 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>
- Frequently Asked Questions
  - <http://www.sydneyairport.com.au/investors/stock-information/faqs.aspx>
- Economic Fact sheet
  - <http://www.sydneyairport.com.au/corporate/~media/Files/Corporate/About%20Us/Fact%20Sheets/Economic%20Impact.pdf>
- ATO dispute Frequently Asked Questions
  - <http://www.sydneyairport.com.au/investors/news-and-events/asx-releases.aspx>
- Foreign Ownership now 32.5%
  - Foreign ownership will be updated half yearly at results and monthly reporting will be provided in periods when foreign ownership is above 35%

**Thank you  
for your attention**

**Questions?**