

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.



QY2 YEM

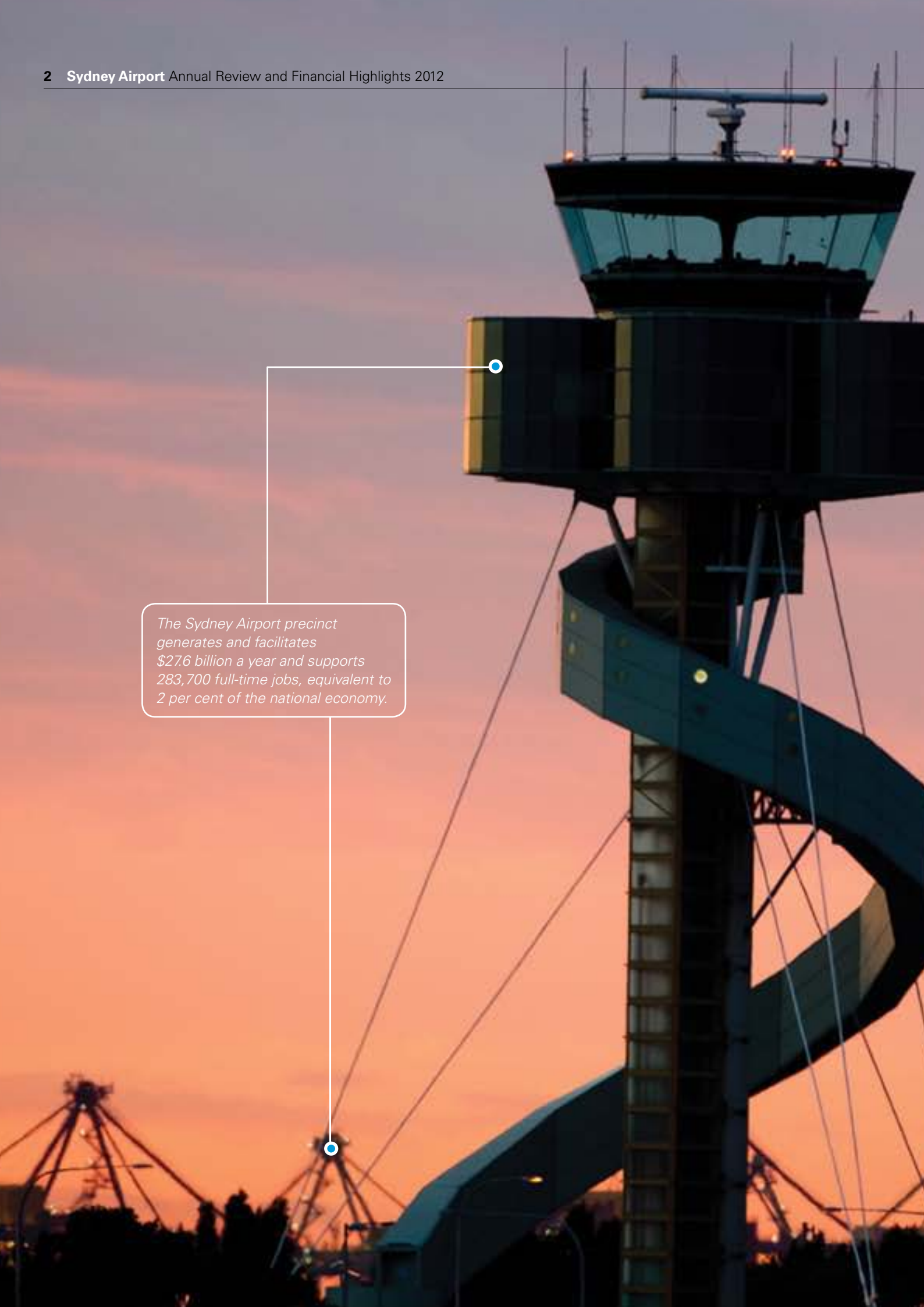


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Just eight kilometres from the city centre, Sydney Airport's proximity to the CBD and major tourist attractions is a competitive advantage for business and tourism and one that few other global cities in the world enjoy.





The Sydney Airport precinct generates and facilitates \$27.6 billion a year and supports 283,700 full-time jobs, equivalent to 2 per cent of the national economy.

ABOUT SYDNEY AIRPORT

Welcoming 37 million passengers a year, Sydney Airport is Australia's international gateway serving 34 international airlines, nine domestic and regional carriers and 10 dedicated freight carriers, which fly to a network of 97 destinations.

International trade and air routes are vital to national productivity and prosperity. Airports are an essential part of the transport networks on which all successful modern economies rely. The Sydney Airport precinct contributes \$27.6 billion to the economy each year – equivalent to 6 per cent of the NSW economy or close to 2 per cent of Australia's GDP – and acts as a major generator for a range of economic activity. Sydney Airport is also Australia's largest international and domestic air freight hub, handling 530,000 tonnes of airfreight in 2012.

Its close proximity to Sydney's Central Business District also provides a unique advantage for business and tourism, major events and conference industries, over other state capitals.

Sydney Airport has three passenger terminals serving a range of airlines*:

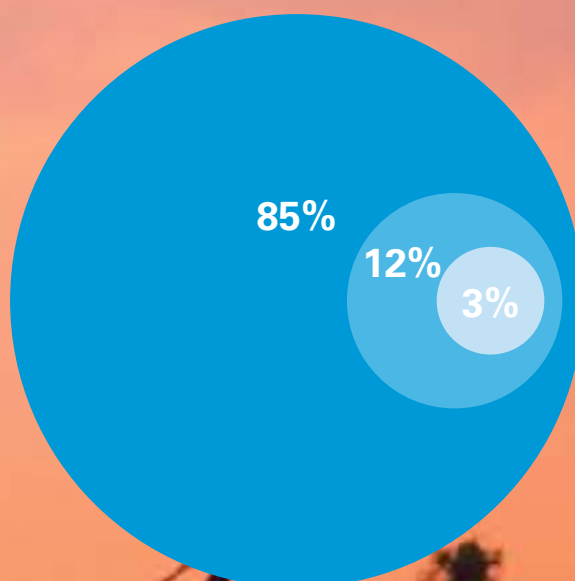
- T1: International terminal – used by 34 carriers to fly to 47 destinations around the world;
- T2: Domestic common user terminal – used by 8 domestic and regional carriers that fly to 50 destinations across NSW and Australia;
- T3: Qantas domestic terminal – operated by Qantas and used for Qantas domestic flights.

There are three runways at Sydney Airport:

- Main north-south runway 16R/34L – 3,962 metres long
- Parallel north-south runway 16L/34R – 2,438 metres long
- East-west runway 07/25 – 2,530 metres long

* figures at 31 December 2012

OWNERSHIP STRUCTURE



- ASX-listed Sydney Airport and its affiliates – with investors including institutions, super funds and more than 35,000 retail investors – 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.

- ASX-listed Sydney Airport – 85%
- HOCHTIEF AirPort GmbH – 12%
- Other Australian super funds – 3%



SYDNEY AIRPORT AT A GLANCE

39* Airlines

34 International

6 Domestic

6 Regional

* Five airlines fly multiple sectors

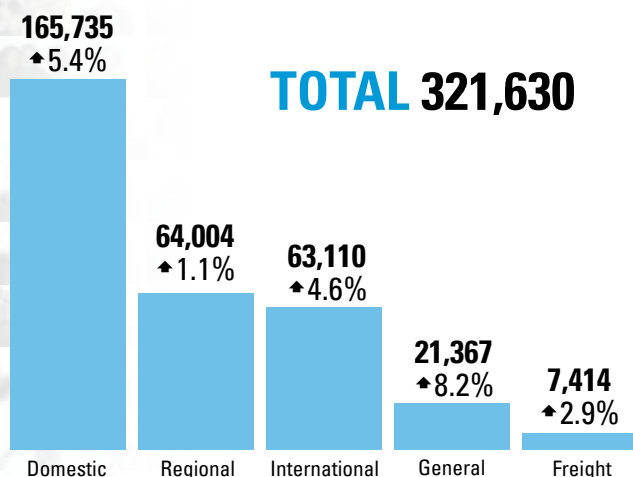
97 Destinations

47 International

24 Domestic

26 Regional

AIRCRAFT MOVEMENTS



AIRCRAFT TONNAGE (000s)

	2012	2011
Domestic	7,179	6,896
Regional	630	621
International	8,008	7,881
General aviation	93	83
Freight	737	702
Total	16,647	16,183

Million

Total passengers (000s)

International	12,251	↑	5.3%
Domestic-on-carriage	100	↑	51.5%
Regional	2,105	↑	1.8%
Domestic	22,464	↑	2.7%



CHAIRMAN'S MESSAGE

Sydney Airport continued to demonstrate resilience, deliver strong returns to investors and set the foundations for future growth in 2012.

2012 was the listed entity's first full year operating with a sole focus on our 85 per cent investment in Sydney Airport. Investors have displayed strong support for this new strategy and the increased clarity of earnings and cash flows associated with it. The move to a fully cash covered distribution was a key element of this investor support.

Our disciplined approach to capital management was maintained in 2012. As part of this, the team completed an award-winning debt refinancing, raising \$1.1 billion of senior debt. The issue into the US 144A market of US\$825 million was significantly oversubscribed and a further \$300 million in bank debt facilities were raised, with existing and new Australian and overseas financial institutions committing funds. Each of these facilities was raised at competitive interest rates. The business now has no maturities until the fourth quarter of 2013, which is already covered by committed undrawn facilities. The average debt maturity is now extended to 2021.

Late in 2012, we announced that SAT2 had received a position paper from the Australian Taxation Office (ATO) in which it proposed it would deny deductions on certain financing arrangements between SAT1 and SAT2. While it's early days in the process of disputing this

issue with the ATO, we are confident of the position we took in claiming those deductions during the relevant years.

The ATO is challenging the treatment of legitimate arrangements which have been in place for many years, so we are considering the full range of available options in disputing its position.

In line with our distribution guidance given in October 2011, investors received a strong distribution of 21 cents or a 6.2 per cent cash yield (as at the 31 December 2012 closing price). The strong distribution and security price growth delivered to investors a total return of 36 per cent, with Sydney Airport outperforming the ASX200 by 16 percentage points and the All Ordinaries index by 17 percentage points.

Kerrie Mather and the Sydney Airport management team have spent 2012 driving changes to enhance operational efficiency, implementing initiatives to provide a better passenger experience and attracting further growth by taking a leading role in the tourism sector. Sydney Airport's partnership with Destination NSW resulted in a number of new airlines commencing services to Sydney, as well as the addition of new capacity by existing and new carriers. We also received greater certainty with the Productivity Commission recommending that light-handed regulation for airports continue and an improved rating from the Australian Competition and Consumer Commission in its annual monitoring report.

At the end of 2011, we announced a development concept plan for the airport. Since the announcement we have been consulting broadly across all our stakeholders and I'm pleased to say that the plan is progressing strongly and will be detailed in our next master plan later in 2013.

After a strong 2012, we look forward to driving ongoing investor value during 2013. On behalf of the board, I would like to thank you for your continued and valued support.



Max Moore-Wilton
Chairman

Sydney Airport continued to demonstrate resilience, delivering a total return to investors of 36 per cent, outperforming the ASX200 and the All Ordinaries index.



CEO'S MESSAGE

Sydney Airport performed strongly in 2012, boosted by a focus on partnerships that will position the business well for future growth.

Traffic

2012 was a record year for Sydney Airport, with 36.9 million passengers passing through the terminals – an increase of 3.6 per cent on the previous year. This was largely driven by a 5.3 per cent surge in international traffic, a result of our close partnership with the state and federal governments to drive tourism growth.

We were delighted to see two new international long-haul low cost carriers, Scoot and AirAsia X begin operations to Sydney, with Scoot choosing Sydney as its inaugural destination in June.

Last year also saw the recovery of the domestic market, driven by strong competition between the four major carriers and new routes to leisure destinations. The resurgence of Tiger was a boon for domestic travellers, prompting great value fares across all domestic carriers, while Jetstar continued to add capacity.

In 2012, China became our second largest visitor market, up from number seven only a few years ago. Sydney Airport is the number one arrival point for Chinese travellers and we share the keen focus and alignment of everyone in the tourism sector on promoting Sydney as a premium destination to the Chinese market and existing and potential carriers.

2012 saw major steps to improve the passenger experience for this market, including the introduction of Mandarin-speaking Red Ambassadors during the Lunar New Year peak, installation of Chinese signage, launch of a Chinese-language iPhone app, adoption of China Union Pay (the Chinese equivalent of Visa) by many of our retailers and close collaboration with our concessionaires on offers and experiences targeted at the Chinese market.

Partnerships

2012 was the first full year of ASX-listed Sydney Airport operating as a single-airport entity following the divestment of Brussels and Copenhagen airports. This has enabled the team to focus solely on strengthening our partnerships across government and the tourism sector to grow aviation for the benefit of Sydney, NSW and Australia.

Early in the year, the joint federal-state taskforce into Sydney's aviation capacity recognised that Sydney Airport would remain the primary airport for NSW and Australia now and into the future. Our location, just eight kilometres from the CBD and 10 kilometres from major tourist attractions, is a key competitive advantage for Sydney. While we support the federal government identifying a site for a secondary airport for the long term, it is pleasing to note the recognition that Sydney Airport should be maximised before making a significant investment in a new greenfield facility.

New vision and master plan

We have made excellent progress on plans to enhance the passenger experience at Sydney Airport, completing more than 12 months of consultation with all relevant stakeholders across airlines, other airport operators, government and the local community. I am pleased to report that there is widespread support for making the most of Sydney Airport as the first priority in meeting aviation demand and for a demand-led investment approach.

As a result of this ongoing consultation, we have identified further improvements to keep growing capacity, increase efficiency of operations and enhance the passenger experience.

Focus on customer service

Other key areas of focus during 2012 were continued improvement in customer service and strengthening our value proposition by increasing choice for our passengers in retail and parking. During 2012, more than 130,000 customers booked parking online, taking advantage of discounts of up to 73 per cent. In our terminals, we've worked with our retailers on providing a range of choice to suit every budget. I'm pleased to say that customer sentiment has risen accordingly.

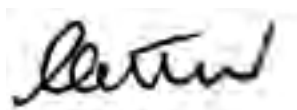
Stronger community

We met with our community stakeholders to review Sydney Airport's current community activities to understand how we can strengthen our engagement and focus on areas that our community values.

With more than 800 businesses and organisations operating at Sydney Airport, the importance of partnerships has never been stronger. Much of our recent success can be attributed to the close partnerships we have with tourism and business bodies, which all share a key goal of boosting business and leisure tourism in Sydney and NSW.

In 2013, it remains clear that aviation is a dynamic, fast-changing industry with technology driving a tremendous amount of potential. We will continue to work with our airline and industry partners to build tourism and their businesses, improve the passenger experience and strengthen the value proposition. We look forward to building on the hard work and successes of the past year.

Thank you for your continued support.



Kerrie Mather
CEO and MD

Much of our recent success can be attributed to the strong partnerships we have built in the tourism sector and a shared goal of boosting visitors to Sydney and NSW.

YEAR IN REVIEW

JANUARY

- 1 Jan Sydney gourmet brands Toby's Estate and Brasserie Bread open at T2
- 7 Jan Busiest day for international passengers since the 2000 Olympics, with 42,938 passengers at T1
- 15 Jan Red Ambassadors commence for Lunar New Year 2012
- 16 Jan Qantas commences A380 service to Hong Kong

FEBRUARY

- 3 Feb NSW Tourism Minister George Souris turns first sod on \$68 million, 318-room Rydges hotel at T1

MARCH

- 2 Mar Joint study on Sydney's aviation capacity recommends Sydney Airport remains primary airport for Sydney and NSW and changes to maximise its efficiency and improve ground access
- 12 Mar Customer charter emphasising choice, value and convenience adopted
- 30 Mar Productivity Commission recommends no change to light-handed regulation of airports; Australian Competition and Consumer Commission service quality ratings improve
- 31 Mar Parking guidance system installed at T1 and T2 multi-storey car parks

APRIL

- 2 Apr AirAsia X commences daily service from Kuala Lumpur
- 5 Apr 1,000 spaces added to the long stay car park

MAY

- 25 May Boeing Dreamliner returns to Sydney

JUNE

- 5 Jun Sydney Airport hosts worldwide inaugural service of new low cost carrier, Scoot

JULY

- 1 Jul Tiger Airways establishes new Sydney base
- 2 Jul Skytrans commences daily service to Toowoomba
- 3 Jul Aerolineas Argentinas commences non-stop service to Buenos Aires
- 23 Jul Installation of new car park equipment including entry gates, exit gates and pay machines commences

AUGUST

- 23 Aug New nine-storey car park opened at T1
- 27 Aug Runway stop bars commissioned

SEPTEMBER

- 1 Sep New parking products launched
- 3 Sep Sydney Airport recognised in the Green Globe environmental sustainability awards

OCTOBER

- 3 Oct Infrastructure NSW report announces WestConnex project to link the M4 and M5 motorways
- 23 Oct 2012 school grants program announced
- 25 Oct T1 first concept Coffee Club restaurant opens

NOVEMBER

- 15 Nov Sydney Airport partners with Starlight Children's Foundation for 2012 Giving Tree appeal
- 28 Nov Sydney Airport Twitter feed launched
- 28 Nov More than 200 Sydney Airport, airline and emergency personnel take part in Exercise Soteria

DECEMBER

- 3 Dec Body scanners introduced
- 13 Dec Final NSW Transport Master Plan released confirming pinch point strategy for Sydney Airport/Port Botany precinct
- 15 Dec Red Ambassadors commence at T1 for Lunar New Year 2013
- 15 Dec "Sound at Gates" initiative wins an inaugural Moodie Award
- 15 Dec *Companion* – the airport's first travel magazine launched
- 16 Dec Tiger Airways Australia commences new Mackay service, bases fourth aircraft in Sydney

- 21 Dec Chinese iPhone app released and dynamic wayfinding signage installed
- 21 Dec T2 Pier A extension opened, new Virgin T2 lounge opens
- 22 Dec Inaugural China Eastern service from Nanjing
- 31 Dec A record month for Sydney Airport, with 3.3 million passengers
- 31 Dec More than \$116,000 raised for Starlight Children's Foundation through the Giving Tree initiative



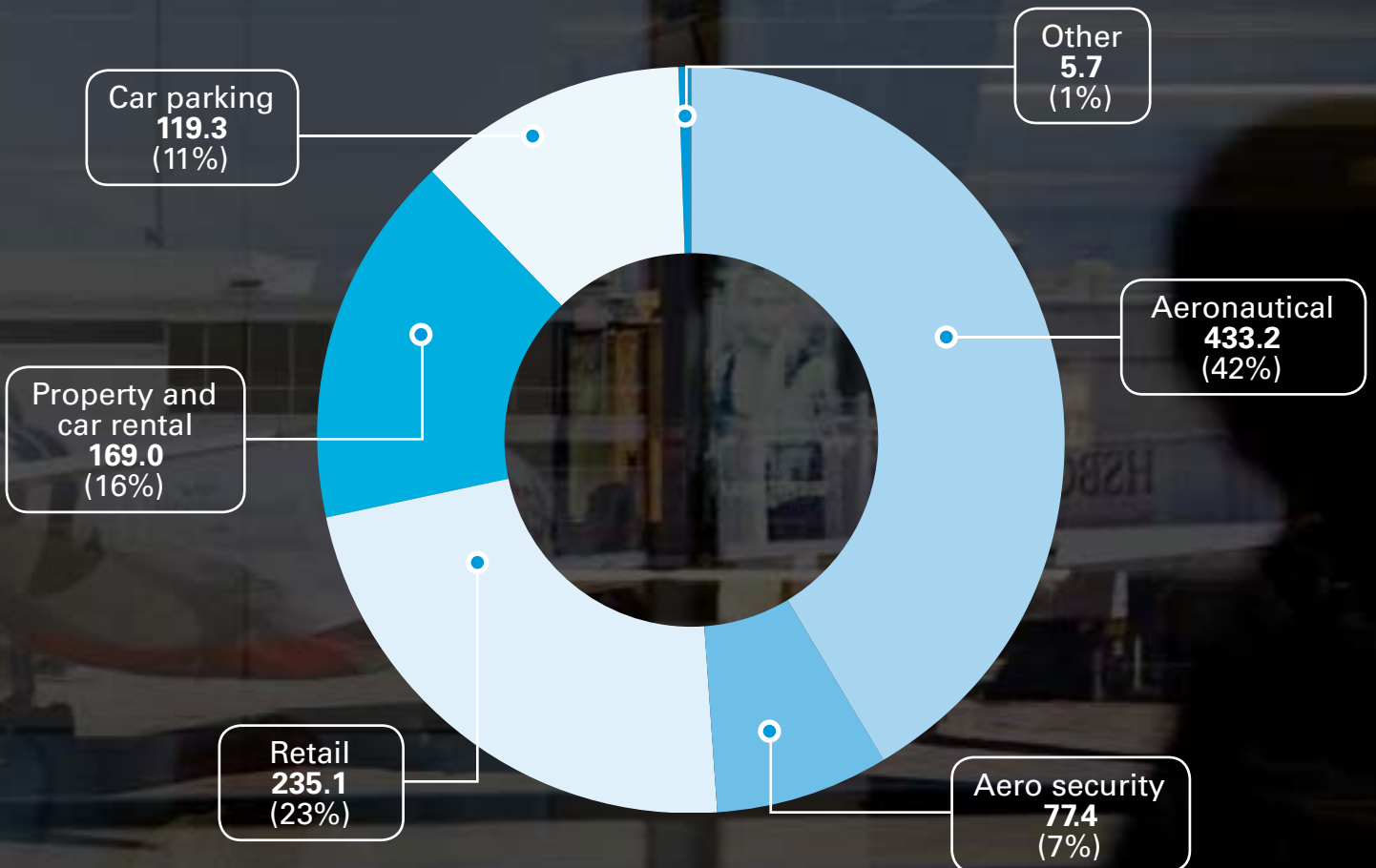
Nose In Guidance Systems were installed at all contact gates at T1 and T2 in 2012, providing pilots precise guidance to enable visual docking. The system increases efficiency and productivity.

FINANCIAL HIGHLIGHTS

	CY 2012 \$m	CY 2011 \$m
Revenues		
Aeronautical	433.2	402.5
Aeronautical security recovery	77.4	76.2
Retail	235.1	223.3
Property and car rental	169.0	156.0
Car parking	119.3	109.5
Other	5.7	5.3
Total revenue	1,039.7	972.8
Operating costs		
Other	(4.7)	(4.3)
EBITDA	848.0	789.8
\$ per passenger measures		
Revenue	28.2	27.3
Operating Expenses	5.1	5.0
EBITDA	23.0	22.2



REVENUE (\$m)



Total revenue rose 6.9 per cent in 2012, driven by international passenger growth, retail, property and commercial services.

PLANNING FOR THE FUTURE

Sydney Airport master plan

Our plan to evolve Sydney Airport into two integrated terminal precincts – incorporating international, domestic and regional services – progressed during 2012, with extensive consultation across industry and the community.

Key benefits of the plan include:

- A better passenger experience, with improved on-time performance through more efficient airport and airline operations;
- A better transfer experience for millions of passengers who transfer between international and domestic flights each year, allowing them to make connections within the same terminal building rather than travel across the airport; and,
- Improved traffic flow around the airport precinct – currently, the international and domestic precincts experience different peaks, with only one hour that overlaps during the week. Distributing international and domestic passenger traffic across the airport would smooth out the peaks.

A preliminary version of the draft master plan will be released for public consultation in mid-2013, with a draft master plan to be submitted to the Australian Government in early December 2013.



The revised release date follows proceedings in the Administrative Appeals Tribunal to review a direction by the Australian Government to produce a draft master plan in July 2013, 12 months earlier than the original timetable.

Keeping pace with changes in aviation

Sydney Airport continues to work closely with industry and government on achieving policy settings that better reflect the technological changes in aviation.

Five years after the world's first commercial flight of the A380 aircraft to Sydney Airport in 2007, we have become one of the busiest A380 ports in the world, with more than 90 services a week.

We support the Australian Government identifying and preserving a site for a supplementary airport for future decades, however, the focus should be first and foremost on maximising the advantages of Sydney Airport's location close to the CBD, which is a competitive advantage for tourism and business for NSW.

A joint study on Sydney's aviation capacity needs, released by the Australian and NSW governments in March 2012, found that Sydney Airport will continue to be the most important airport for the Sydney region and for Australia, both for passengers and freight.

The study said that Sydney Airport's use by passenger aircraft should be optimised for international, domestic and regional passengers by ensuring it operates efficiently and safely, and can grow to its practical maximum operating capacity.

The current restrictions – implemented close to 20 years ago – do not take into account the number of new generation quieter aircraft now in operation. For example, the complex administration of the 80-movement per hour cap prevents airlines and Airservices Australia from responding flexibly to delays caused by weather or other unanticipated events. As a result, delays to flights on the east coast network – often due to reasons beyond an airline's control – can result in delays throughout the day and potentially flight diversions or cancellations if approaching the nightly curfew. This results in inconvenience to the travelling public, additional costs for airlines, greater air emissions and reduced national productivity.

Sydney Airport supports a review and modernisation of the operating restrictions, which could reduce total aircraft noise and carbon emissions, increase opportunities for noise sharing, improve on-time performance for passengers and reduce airline fuel and delay costs.



PARTNERING FOR GROWTH

Airports are central to tourism growth and Sydney Airport has taken a leadership role in the tourism sector, working closely with government and industry on marketing Sydney and NSW to tourists overseas as well as on the right policy settings for sustained growth.

Destination NSW and Tourism Australia

The partnership formed with Destination NSW at the end of 2011 to promote Sydney and NSW to new airlines, as well as closer ties with Tourism Australia, started to deliver new services and additional capacity in 2012.

These partnerships have seen the commencement of two very successful new international low-cost carriers, Scoot and AirAsia X, a new direct service from Nanjing, China, as well as the decision by Tiger Airways to establish a new Sydney base with four A320s flying to popular domestic leisure destinations.

Working with industry and government to grow tourism

Sydney Airport works closely with industry and business groups to drive policy outcomes and reform, including the Tourism and Transport Forum (Australia's peak tourism body representing 200 members including airports, airlines and hotels), the Sydney Business Chamber, Business Events Sydney, the Committee for Sydney, the Business Council of Australia, the Australian Tourism Export Council,



the Australian Hotels Association (NSW), the Tourism Industry Council NSW, Tourism Accommodation Australia, the Australia Gulf Council and the Botany Bay Business Enterprise Centre.

Results through advocacy

A number of key reports released in 2012 affirmed the success of our industry engagement program, with a raft of recommendations that would improve airside and landside operations and promote further growth at Sydney Airport.

The NSW Government's Visitor Economy Taskforce – headed by a high-level panel of government and industry experts – called for restrictions around Sydney Airport's capacity to be eased. It also called for reforms to improve public transport access to the airport, including more public bus services and lowering the train fare.

A \$15 million China tourism strategy by the NSW Government and Destination NSW was announced, with primary and secondary markets in China to be targeted over the next four years.

Transport for NSW's long-term transport master plan recommended the WestConnex motorway be built to join the M5 and M4 motorways. This would significantly alleviate congestion around the airport by giving commuters a more direct route to the city that will bypass the airport.

It also set aside \$300 million for short-term measures to improve traffic flow around the airport-Port Botany precinct, including a widening of Mill Pond Road and turning O'Riordan Street and Bourke Road into a one-way pair.

The joint study on Sydney's aviation capacity also recommended a number of ground transport improvements, including removal of the station access fee to encourage more airport users onto public transport.

Strategic MOUs with partner airports

We have also forged strategic partnerships with Beijing and Delhi airports – the capital city airports that serve key target markets – with formal memoranda of understanding to collaborate on route development and improving passenger facilitation for these important markets.

Partnerships

Sydney Airport's partnership program supports major events that attract tourism in NSW, showcase the city and highlight the great diversity of our gateway city.

As well as providing financial support, the airport also offers the ability to provide such events considerable exposure to local and international markets through static and digital signage, ticket sales and promotional spaces throughout the terminals.

These opportunities not only increase exposure of these events to a broader audience, but provide an opportunity to showcase Sydney culture and diversity and provide a richer passenger experience for all visitors to the airport.

Sydney Festival

Sydney Airport renewed its partnership with Sydney Festival, Australia's premier arts and cultural event, returning as a Special Distinguished Sponsor in 2012.

As well as providing financial support, we provided considerable in-kind support to the festival, promoting the three-week event to visitors at the international and domestic terminals.

City of Sydney Chinese New Year Festival

In line with our commitment to pursuing growth from emerging markets in China and south-east Asia, Sydney Airport joined as a sponsor of the City of Sydney's Chinese New Year Festival, one of the largest celebrations outside of mainland China.

With Chinese and Asian travellers peaking at this time of year, Lunar New Year is now a prominent event in the corporate calendar, with market-specific promotions, signage and events such as traditional lion dances providing this important market with a richer passenger experience and attracting more capacity from existing and new carriers.

Sydney Fringe Festival

Sydney Airport continued its partnership with the Sydney Fringe Festival in 2012, providing both financial support and showcasing the event by displaying artworks in the arrivals hall at the international terminal.

Exchange

Traveler

外币兑换 · 外货两替

OUR PARTNERS

Airports
Council
International

Airlines

Tourism and
Transport
Forum

Business
Events
Sydney

Tasman
Business
Council

NSW Trade
and
Investment

Tourism
Australia

Sydney
Festival

Tourism
Industry
Council NSW

Trans-Tasman
Business Circle

Tourism
Accommodation
Australia

Committee
for Sydney

Sydney
Fringe

Local councils

SNP Security

City of
Sydney

Australian
Tourism
Export
Council

Asialink

Business
Council of
Australia

Rotary



Trains 国内航班 Domestic transfer
国内航班 Domestic Transfer

↑ ↑ ↑ Toilets
Central Baggage Services

CAPA Centre for Aviation

Australian Airports Association

Australian Hotels Association (NSW)

Infrastructure Partnerships Australia

Sydney Business Chamber

Airservices Australia

Transport for NSW

Beijing Airport

NSW Police

Australian Federal Police

Delhi Airport

Local schools

Australia Gulf Council

Botany Bay Business Enterprise Centre

Freight operators

Surf Life Saving Australia

Starlight Children's Foundation

Ground handlers

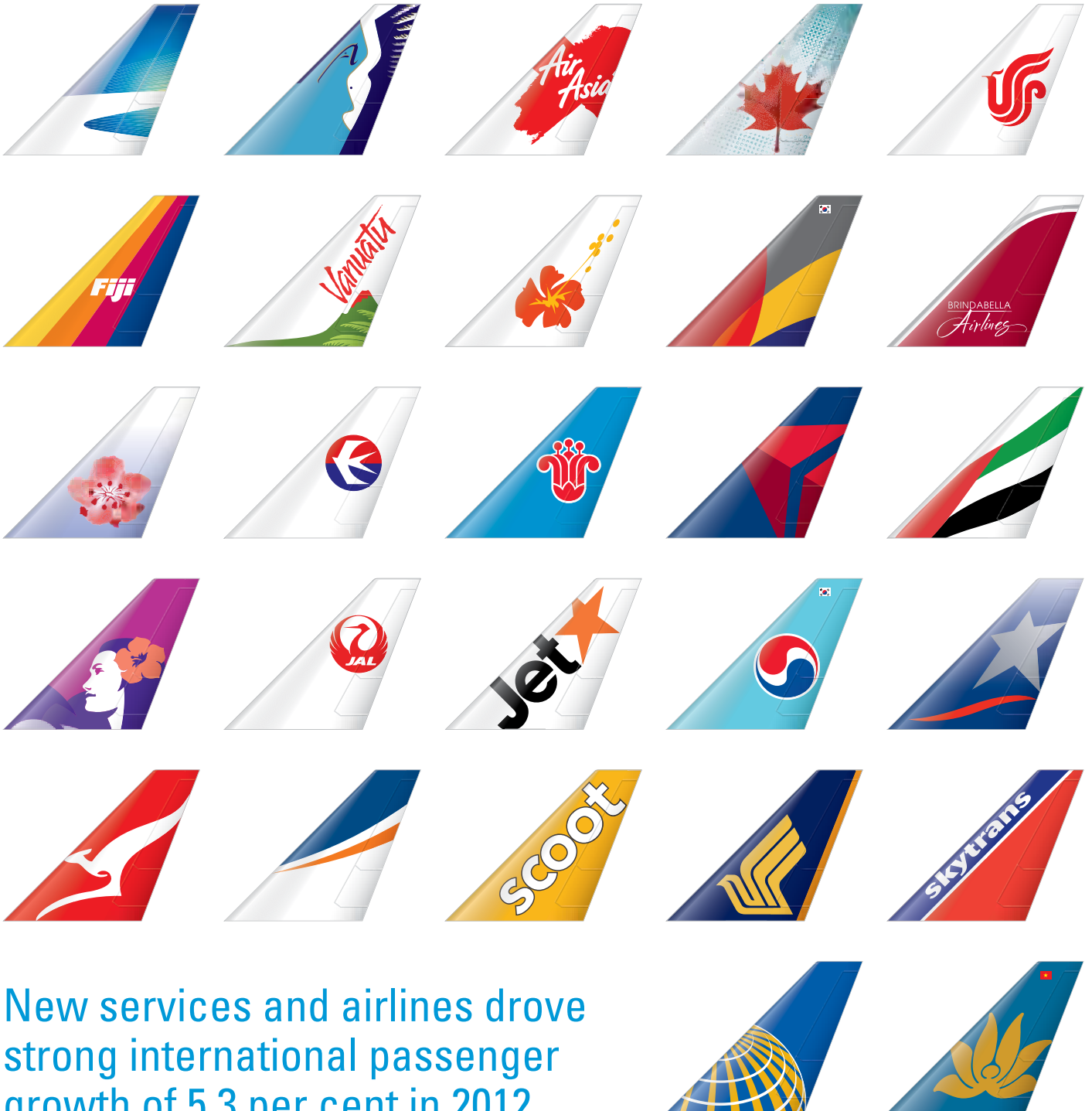
Destination NSW

Department of Agriculture, Fisheries and Forestry

Sydney Airport Planning Coordination Forum

Customs and Border Protection Service

Sydney Airport Community Forum



New services and airlines drove strong international passenger growth of 5.3 per cent in 2012, supported by our strategy to drive tourism growth and promote Sydney as a premier global destination.

GROWING AIRLINE CAPACITY

Additional services and new destinations

Our strategy to drive tourism growth and promote Sydney as a destination to new and emerging markets saw Sydney Airport perform strongly in 2012, with an international passenger growth rate of 5.3 per cent and domestic growth rate of 2.7 per cent driven by capacity additions from new and incumbent airlines.

Under a partnership with the NSW Government's Destination NSW, two new long-haul low-cost airlines – AirAsia X and Scoot – commenced operations to Sydney in 2012. These services have seen a marked increase in traffic in the Malaysia and Singapore markets, contributing more than \$300 million a year to the economy, confirming that low-cost carriers are creating new demand to travel.

The China market remained an important focus, with China Eastern launching a new route to Nanjing, China in December, as well as frequency additions to destinations including Beijing and Shanghai. Sydney Airport will continue to focus on primary and secondary Chinese markets in line with Destination NSW's 2012-2020 China Tourism Strategy.

Qantas and Aerolineas Argentinas commenced direct services to Santiago and Buenos Aires respectively, enhancing connectivity to this important emerging market. Just 12 months after commencing services to Dallas/Fort Worth in 2011, Qantas increased the service to daily in July, confirming the success of this new route.

Other airlines, such as Jetstar, added capacity to leisure destinations including Honolulu, Phuket, Bali and Queenstown.

Domestic airlines also performed strongly in 2012. Tiger Airways resumed operations, flying to a network of popular domestic routes and established a new base in Sydney, with four A320 aircraft now based at the airport. Tiger also launched a new service to Mackay in December 2012 and announced new services to Coffs Harbour to commence in February 2013 and Cairns and Alice Springs, commencing in April 2013.

The resurgence of Tiger prompted capacity increases across other major carriers on the domestic network.

Services to regional Australia also performed strongly. Sydney Airport welcomed a new airline, Skytrans, adding the first interstate regional destination, Toowoomba, to our growing network, while Jetstar announced a new service to Ayers Rock (Uluru), commencing in June 2013.





UPGRADING PASSENGER FACILITIES

Sydney Airport continued to invest in and upgrade facilities to deliver a better passenger experience, increase efficiency and productivity and add capacity.

Streamlining the passenger experience

Sydney Airport continued to deliver improvements in screening and passenger processing, as well as exploring ways to streamline the passenger experience.

Sydney Airport is working closely with border agencies to improve the customer experience and increase capacity in these key processing areas. An additional four self-service SmartGates were installed during 2012, helping to significantly reduce inbound waiting times for Australian and foreign passport holders. We continue to work with the government to install additional SmartGates and to increase their usage in 2013, including a trial enabling eligible US passport holders to use the new technology.

New screening technologies for liquids, aerosols and gels were implemented from mid-2012 at transit screening points at the international terminal. The technologies included next

generation multi-view x-ray machines and bottled liquid scanners.

Body scanners also became operational at the international central screening point in December. More body scanners will be progressively rolled out at our international departure and transit screening points in 2013.

In support of the introduction of new passenger screening technologies, new transit screening points in the international terminal were built. These new transit screening points were also redesigned to improve passenger facilitation through the terminal.

A trial of self-service check-in kiosks for international commenced at T1 in November. If successful, this common use technology could be used by many airlines to significantly reduce outbound processing times, with benefits for both passengers and airlines.

Building a better airport

Sydney Airport invested \$215.2 million in capital projects and other improvements in 2012, including:



- a 4,500m² extension of the T2 terminal, including five new contact gates accommodating wide-bodied domestic operations and 28 per cent additional capacity. New bussing bays and lounges under the new concourse extension will be completed in 2013;
- upgrades and refurbishments to T1, Pier C, including new aerobridges, upgraded gate lounges and restoring lines of sight to improve circulation. The works – which are ongoing throughout 2013 – allow greater capacity and assist airlines in offering differentiated services to their passengers;
- expansion of check-in capacity at T1 and T2, including 19 additional counters at check-in counter K and new interim check-in counters and injector belts for domestic carriers. A further 10 counters will be added to check-in counter J in 2013;
- new aprons, suitable for 747s, for international operations;
- repaving of forecourt and departures roadway areas of T1 and facade upgrade of the international terminal building;
- completion of a new \$47 million nine-storey car park at T1;

- expansion of the Blu Emu Car Park by approximately 1,000 spaces;
- replacement of lifts at T1 and T2;
- topping out of the new four-star 318-room Rydges hotel at T1; and
- bathroom upgrades, with new tapware, automated flush systems and hand dryers installed in more than 20 toilet blocks across T1 and T2.

Improving ground transport

In 2012, in conjunction with Transport for NSW, we undertook the most comprehensive survey of airport users ever conducted at Sydney Airport. More than 14,000 passengers, meeter-greeters, staff across more than 800 airport businesses and organisations and residents were interviewed.

The survey focused on how regular and casual airport users access the airport and informs ground transport planning, as well as the airport's policy positions on improving traffic flow around the airport-Port Botany precinct.



Increasing choice in retail and restaurant offerings

Strong collaboration with retailers and concessionaires delivered better choice and value for customers in 2012.

A customer charter (see page 29), outlining a set of principles applying to all retailers and service providers at the airport, was adopted. Alongside the charter, we worked closely with retailers on enhancing value and choice. A key part of this initiative was ensuring that basic items, such as coffee and bottled water, were no more expensive at the airport than in other retail settings. Projects like these have resulted in improved customer satisfaction ratings and complement work in other areas on improving the value proposition, such as provision of free WiFi and filtered water.

Retail offers and innovative marketing promotions were launched at both T1 and T2. At the end of the year, we gave away 23,000 prizes, including free coffees, iPod shuffles and a \$2,000 opal and diamond necklace, to customers at T1 in our “Random Acts of Kindness” Christmas promotion. This promotion was a strong driver of add-on sales, with many customers purchasing additional items when redeeming their prizes with retailers.

Sydney Airport attracted a number of new retailers in 2012, including local gourmet brands Toby’s Estate and Brasserie Bread to T2. These new options enhanced the range of eating options at T2 and reflect the changing mix of passengers who use the terminal. At T1, we also welcomed the first new concept Coffee Club.

The first airport magazine, *Companion*, was launched to highlight the variety of retail options and offers available.



We implemented a “pop-up” strategy, which saw a number of new exciting concepts and brands including TW Steel and Marc Coblen. This introduces fresh new brands regularly and is a good test bed for future leasing opportunities.

More parking capacity, choice and offers

Recognising its importance to the overall customer experience at Sydney Airport, as well as the impact of pricing on the airport’s reputation, we continued to drive innovation in online parking offers and marketing in 2012, becoming a market leader in this field.

Online parking offers

Customers have embraced online parking offers, with a 150 per cent increase in bookings in 2012 compared to the



previous year. Some 130,000 bookings were made in 2012, with significant savings off standard rates.

Launch of the new car park equipment made online bookings easier and more efficient with a completely automated service. Customers may redeem their prepaid booking by scanning their printed booking at the entry gate, or even more conveniently, use their credit card to identify their booking.

New offers are regularly launched and customers are encouraged to check the Sydney Airport website before they travel to find the best deal for their stay.

The \$69 Weekender deal was one of our most popular offers with 20 per cent of all online customers saving up to \$155 off the standard rate for up to four days' parking at the domestic terminal.

The opening of the new T1 car park in August opened up availability for discounted online offers for long-haul travellers. A new deal offering up to one month of parking for \$199 was launched, saving customers 73 per cent off standard rates to park at the terminal.

Blu Emu launch

The long-stay car park on Ross Smith Avenue was rebranded as the Blu Emu Car Park in September 2012, with a marketing and social media campaign aimed at driving brand recognition amongst domestic budget travellers.

The car park and shuttle buses are now fully themed with the Blu Emu character "Banjo," to be shortly joined by a team of his friends who will assist customers locate their car when returning from their trip.

Investment has been made to upgrade the facilities at the Blu Emu Car Park, including the addition of 1,000 spaces in April 2012, new signage and the refurbishment of the transit lounge and bus shelters in the final quarter of 2012.

Refreshing the brand resulted in the Budget Saver offer at the Blu Emu Car Park becoming our most popular online deal, with one in four customers taking advantage of up to

15 days' parking for \$95 – which equates to as little as \$6.33 per day.

Major Car Park Projects

- A new \$47 million nine-storey car park with approximately 2,300 spaces was opened in August 2012.
- A Parking Guidance System at the existing multi-storey international and domestic car parks that directs drivers to free spaces by the quickest and most direct route was completed in March 2012.
- New car parking equipment was installed across all three Sydney Airport car parks, including new entry gates, exit gates and pay machines, commencing operation in August 2012. The system has facilitated faster gate cycle and improved traffic flow.





FOCUS ON CUSTOMER SERVICE

Innovation in customer feedback

Continuous service monitoring across the business demonstrated Sydney Airport is improving in a number of key areas.

In 2012, quality of service monitoring by international peak body Airports Council International found significant improvement in value for money, reflecting online parking discounts of up to 73 per cent and work with our retailers on providing more choice to customers to suit every budget.

Our own customer satisfaction surveys found 86 per cent of customers indicated that they were either satisfied or highly satisfied with the overall airport experience.

Direct customer feedback is primarily received through our website, with a new cloud-based back-end system providing real-time feedback and reporting implemented in 2012. Real-time monitoring facilitates better visibility across customer issues, allowing the airport to be more responsive than previously possible, benchmark performance and implement improvements.

With customers increasingly using social media to provide feedback, the new customer service system is also capable of monitoring, capturing and managing feedback posted on social networks.

In the second half of 2012, Sydney Airport utilised QR codes to encourage customers to use smartphones to provide feedback in a "Rate your Experience" promotion, primarily targeted at customers using our bathroom facilities. More

than 87 per cent of customers who provided feedback rated the facilities as good or better, with the feedback used to inform a major upgrade of bathrooms at the end of the year.

Sydney Airport continued face-to-face quarterly surveys with airline partners in 2012, providing an opportunity to discuss future plans and areas of both immediate and long-term focus. Overall satisfaction with Sydney Airport was 77 per cent, above a target of 75 per cent.

Customer Experience Committee

To ensure feedback received is communicated across the business, a Customer Experience Committee was formed in 2012.

This cross-functional committee has been successful in aligning all areas of the business to achieve efficiencies and work as a group on solutions which ultimately improve the customer journey. This included the implementation of a strategic vision for the airport as well as a Customer Charter (see page 29), which serve as reference points for the business across all levels of decision-making.

Collaboration with service providers

A collaborative approach with Sydney Airport's security service provider was implemented, resulting in significant improvements in the delivery of contracted security services. The One Aviation Security Team model is positively changing the way customers see and experience aviation security, as well as ensuring an alignment of goals with a key frontline service provider.



The success of this partnership has also prompted a restructure of cleaning services at the airport, with the model to be rolled out across the cleaning services contract in 2013.

Red and Gold Ambassadors

More than 120 volunteer Gold Ambassadors remained an integral part of the airport community, assisting thousands of customers with directions and other assistance at T1 and T2.

During the Lunar New Year period, they have been joined by up to 40 Red Ambassadors – volunteer Mandarin-speaking guides – to cater for additional Chinese travellers over this period, reflecting the significant growth in Chinese visitation overall.

Service Star program

The Sydney Airport Service Star program is designed to recognise employees across the airport community who have made a significant positive impact on a customer's journey – and to encourage staff to go above and beyond to ensure a positive customer experience. Every area of the airport community was recognised by customers during 2012.

Innovation in digital media

Sydney Airport continues to lead in the digital space, with 2013 earmarked for exploring further commercial and other opportunities in this area.

Sydney Airport Customer Charter

The Sydney Airport Customer Charter is our commitment to providing the highest standards of customer service possible.

We will work to ensure customers get value at Sydney Airport by providing:

Range and Choice

Offer a wide range of products and services giving customers choice.

Availability and Convenience

Enhance customer convenience by ensuring all airport services are open 16 hours a day, 365 days of the year.

Quality

Provide the highest quality products and services at a range of price points.

Value for Money

Ensure that our products and services provide value for money.

Competition

Encourage competition between products and between operators to improve choice.

Service

Adopt and deliver the highest standards of customer service and regularly monitor trends.

Feedback

Listen to and ensure a timely response to all customer feedback.

More than 50,000 people have downloaded the Sydney Airport iPhone app, with a simplified Chinese version released in December 2012. With an Apple App Store user rating of four-and-a-half stars and around 37,000 log-ins a week, the app, which features real-time flight arrival and departure information, has been extremely well-received.

There were more than seven million visits to the website, an increase of 25 per cent from 2011, three million of which were to check flight details.

Free sponsored WiFi at T1 and T2 remained popular throughout 2012, with the number of sessions nearly doubling to 2.3 million last year, up from 1.3 million in 2011. With many customers opting to receive news and alerts from Sydney Airport, free WiFi has also become a key source of customer insight and assisting our customer analysis work.

SAFETY

The health and safety of our passengers, staff and contractors are the highest priority for Sydney Airport.

Runway and apron safety

To further enhance airfield safety at Sydney Airport, runway stop bars were installed at all 47 runway hold points across the airport's three runways. Consisting of a series of inset red lights installed across the width of the taxiway at each runway entry point, as well as elevated lights on the side of each taxiway, stop bars provide an additional protection, further reducing the risk of runway incursions through:

- enhanced visibility of runway hold points;
- reinforcing the control of aircraft and vehicles in the vicinity of hold points;
- minimising the risk of aircraft or vehicle identification error; and,
- enhanced safety during low visibility operations.

Nose-in guidance systems (NIGS) were installed at all contact gates at T1 and T2 during 2012. The NIGSs guide the aircraft into the parked position on a bay with greater levels of accuracy and efficiency than previous manual systems.

Emergency preparedness


A full-scale field exercise of the Airport Emergency Plan (AEP) was undertaken in November, involving more than 200 Sydney Airport, airline and emergency services volunteers. "Exercise Soteria" simulated the crash of a wide-bodied passenger aircraft at the airport. The AEP had been revised during 2012 and the high level of participation by external agencies provided an opportunity to test coordination under the plan.

Work health and safety

Sydney Airport continued to raise the awareness of workplace safety throughout the organisation through the ongoing safety training of operational staff and initiatives including participation in Safe Work Australia week.



Runway stop bars – consisting of a series of inset red lights installed across the width of the taxiway at each runway entry point – were installed to complement current airfield safety practices and to better facilitate low visibility operations, keeping Sydney Airport in line with world’s best practice.



Fixed electrical ground power and air conditioning minimises auxiliary power unit consumption by aircraft while on the ground, improving air quality and reducing ground-based noise.

ENVIRONMENT AND SUSTAINABILITY

Sydney Airport is committed to driving sustainable aviation growth, delivering a number of projects during 2012 to maximise energy, water and waste efficiencies and reduce noise.

Our five-year Environment Strategy details 11 action plans, which address: 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 response to spills.

Sydney Airport's commitment to sustainability was recognised in the 10-Year Sustainability Achievement Award in the 2012 Green Globes. The NSW Office of Environment and Heritage awarded Sydney Airport for outstanding leadership and commitment to sustainability between 2002 and 2012.

Fixed electrical ground power and airconditioning

Installation of fixed electrical ground power and air conditioning infrastructure at all T1 and T2 contact gates was

completed in 2012. Representing a significant investment of around \$45 million, use of fixed ground power minimises auxiliary power unit usage by aircraft, improving air quality and reducing ground-based noise. The availability of fixed ground power also allows airlines to reduce carbon emissions while on the ground at the airport.

Water recycling plant delivers increased water savings

A total of 220 million litres of water was recycled during 2012. The water recycling project involves recycling sewage from sources within the international precinct for reuse in toilet flushing and cooling towers.

The plant is now delivering more than 600,000 litres of recycled water a day, as well as offsetting a similar amount of sewage disposal from the airport. The operation of the Water Recycling Plant has contributed to almost a 10 per cent reduction in potable water use per passenger during the year and an overall reduction of 26 per cent since the plant's commissioning in 2009.



220

million litres of
water recycled
in 2012

Energy and water savings action plans

Sydney Airport updated its comprehensive Energy Savings Action Plan and Water Savings Action Plan. The new plans were prepared in consultation with a range of airport stakeholders, and identify a strategy for the implementation of cost effective energy and water savings measures for the airport.

Some of the energy and water savings measures identified in the plans include:

- improvements to energy efficiency of escalators, travelators and baggage handling equipment;
- various lighting efficiency upgrades;
- air conditioning system upgrades;
- delivering recycled water to additional cooling towers, amenities and irrigation areas;
- installing additional flow-restricting and/or sensor-operated taps;
- encouraging tenants to minimise energy and water consumption;
- improving leak detection and response; and,
- reducing potable water use for runway maintenance activities through the use of licenced borewater supplies.

A number of energy and water saving initiatives were implemented throughout the year including the installation of solar hot water at T1, retrofitting LED lighting throughout large areas of the terminals with more planned for 2013, upgrades to the baggage handling system belts and extension of the recycled water network to new developments in the international precinct.

Other initiatives carried out to meet our sustainability commitments in 2012 included:

- introducing additional recycling facilities across the airport to maximise resource recovery;
- establishing a joint working group with Transport for NSW and NSW Roads and Maritime Services, to collaboratively develop ground transport solutions for the airport, including improved public transport services;
- developing new staff facilities (bike racks, lockers and showers) to encourage the use of active and sustainable transport options; and
- implementing an enhancement program for the Sydney Airport Wetlands.

COMMUNITY

Sydney Airport is a strong supporter of the local community, working with a range of local schools, community groups, local councils and charity organisations. In 2012, the community and stakeholders were consulted in a review of our current activities to assist us in understanding how we could strengthen our engagement.

Consultation

Last year, we held nine community information sessions in areas surrounding the airport, providing information on the new vision concept as well as environmental and other initiatives being implemented at the airport.

Social media is seen as a key new channel for communicating directly with the community. The official Sydney Airport Twitter channel – @sydneyairport – was launched in 2012, while the Facebook page has grown to 40,000 “likes” and almost 2 million “check-ins” since its launch at the end of 2011.





Surf Live Saving – Sydney Branch

Sydney's beaches are a key attraction for the millions of interstate and international tourists that visit Australia every year. Last year marked Sydney Airport's thirteenth year of sponsoring the Nippers program run by the Surf Life Saving Sydney Branch, supporting 15 clubs from North Bondi to Burnie Palms in the Royal National Park.

Funding went towards the Nippers training program and education promoting water safety.

Christmas Giving Tree

The inaugural Sydney Airport Community Giving Tree Christmas appeal was launched in November 2012. The giving tree was a unique opportunity to include the entire airport community, including passengers, airport partners and more than 28,000 staff across 800 organisations and businesses.

The campaign raised more than \$116,000 for the Starlight Children's Foundation through cash donations by customers

at collection points throughout the terminal, donations by corporate partners, sales of Starlight merchandise, gift-wrapping bars (offering gift-wrapping for a gold coin donation) and through the sale of overnight bags, \$5 of which was donated to the appeal.

Supporting local schools

In its eleventh year, Sydney Airport's school grants program supports schools in the local community with funding for environmental initiatives and school upgrades.

Last year, the program provided more than \$51,000 to 13 local schools to fund a range of projects, including upgrades of sports and playground equipment and the purchase of computer equipment.

Supporting local sport

Sydney Airport supports a number of local sporting clubs, including the Marrickville Cricket Club, the Sutherland Shire Netball Club, the Newtown Junior Jets and the Marrickville Football Club with the funding of training and equipment.



Supporting the community

With close to 37 million passengers a year passing through the terminals, Sydney Airport is uniquely positioned to work with community organisations to raise the profile of a number of national causes and events. The airport also strongly encourages staff to support the community by facilitating the support of charity initiatives by staff. Last year, these included:

- Legacy Week: More than \$60,000 was raised in cash donations and merchandise sales by volunteers across Sydney Airport;
- Daffodil Day: Sydney Airport supported the Cancer Council to raise funds for cancer research through the sale of merchandise and establishing a dedicated branded 'Daffodil Day' location in T2;
- Gong ride: Nineteen riders comprising the "Sydney Airport Flyers" raised \$16,087 for MS Australia in the annual 90km ride from Sydney to Wollongong, helping to fund research into disease as well as providing assistance to people living with MS;

Sydney Airport is a strong supporter of the local community, working with a range of local schools, community groups and charity organisations.

- Australia's Biggest Morning Tea: Staff raised \$780 for the Cancer Council;
- CEO Cook-Off: Chief Executive Officer Kerrie Mather raised \$18,675 for OzHarvest at the annual CEO Cook-Off. Oz Harvest provides 441,500 meals a month nationally through the collection of excess food from restaurants and food outlets, preventing 147 tonnes of waste going to landfill;
- Funding for organisations such as SHINE For Kids and local Rotary clubs to provide day trips and activities for families impacted by disability and impairment, including visiting Taronga Zoo and attending a magic show; and,
- Red Shield Appeal: \$25,000 collected in the terminals by volunteers.

Collaborating with our airline partners

Sydney Airport supported airline partners on a number of charity joy flights in 2012, providing operations, security and events staff, as well as in-kind support.

Several hundred children with impaired vision and hearing were hosted by Qantas and the Royal Institute for Deaf and Blind Children on the annual Pathfinders flight in December.

We also worked with Qantas and the Rotary Club of Turrumurra on the annual jumbo joy flight for sick and disabled children.

The airport also worked with airlines on welcome home events for the Australian Olympic and Paralympic teams, following the London 2012 games.

OUR TEAM

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Parking and Ground
Transport

Sally Fielke

General Manager –
Corporate Affairs

Peter Wych

General Manager –
Development and
Construction

Jamie Motum

General Counsel
and Company
Secretary

Shelley Roberts

Executive Director –
Aviation Services



Kerrie Mather
Chief Executive Officer

Stephen Mentzines
Chief Financial Officer

Sarah Rodgers
General Manager –
People and
Performance

Andrew Gardiner
General Manager –
Retail



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