



# Sydney Airport Institutional Investor Day

Opening Remarks and Overview

Kerrie Mather, Chief Executive Officer



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Airport**

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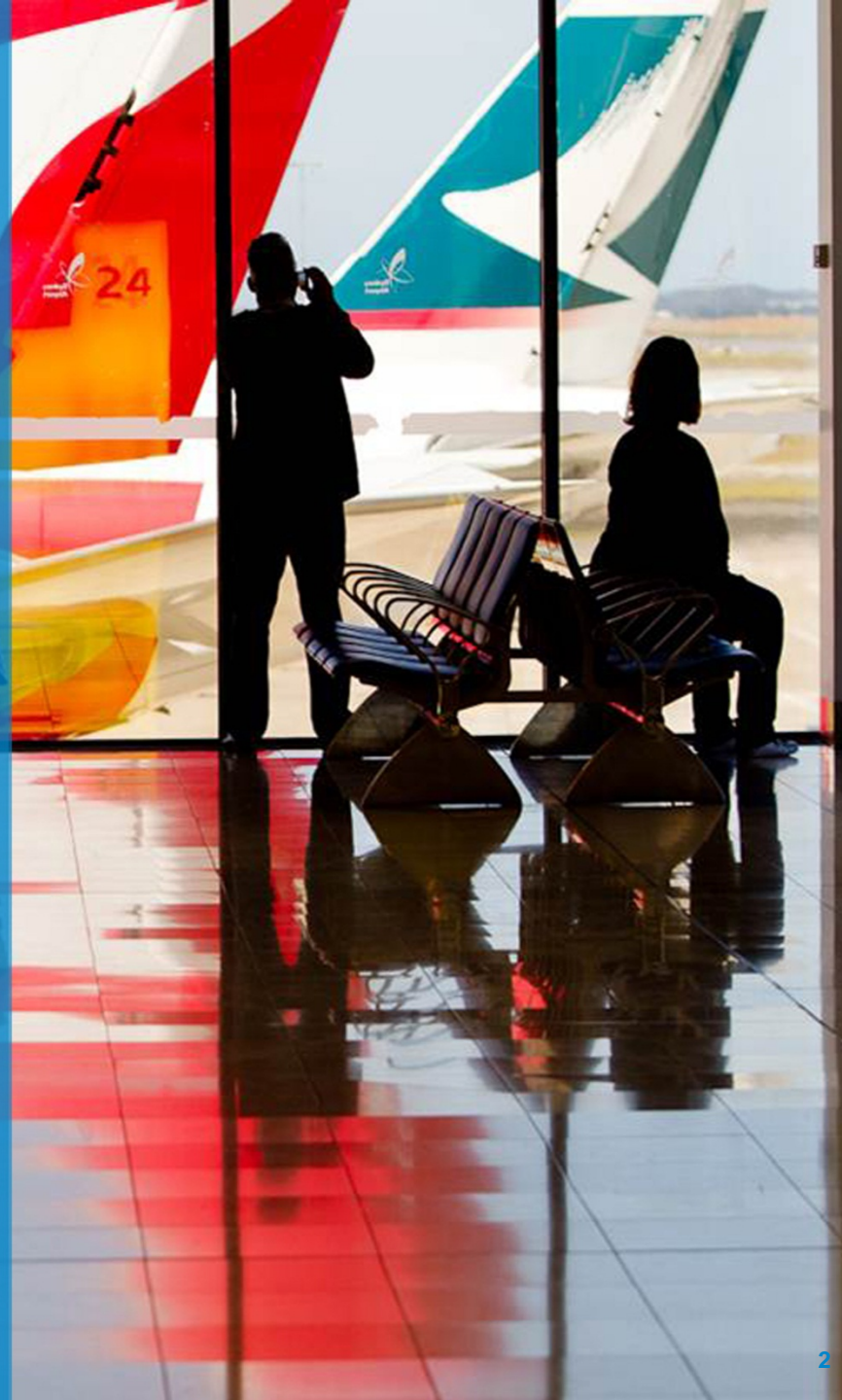
# Agenda

- 9.15 Opening remarks and overview  
**Kerrie Mather**
- 9.45 Market growth and position  
**Shelley Roberts**
- 10.15 Morning Tea
- 10.45 Car Parking, our strategy yielding results  
**Craig Norton**
- 11.00 Retail, enhancing our customers journey  
**Andrew Gardiner**
- 11.30 A platform for growth  
**Stephen Mentzines**
- 12:00 Q&A Session
- 12.30 Lunch
- 1:15 Airfield & T2 tour  
**Peter Wych & Andrew Gardiner**



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# Senior Management Team

## Highly experienced and proven management team

Kerrie Mather  
Chief Executive  
Officer

Shelley Roberts  
Executive Director  
Aviation Services

Andrew Gardiner  
General Manager  
Retail

Peter Wych  
General Manager  
Development &  
Construction

Craig Norton  
General Manager  
Car Parking &  
Ground Transport

Stephen Mentzines  
Chief Financial  
Officer

Jamie Motum  
General Counsel &  
Company Secretary

Sally Fielke  
General Manager  
Corporate Affairs

Sarah Rodgers  
General Manager  
People &  
Performance

# Themes for today

1. **Confirmed growth in Business performance**
2. **Tax resolutions, minority acquisitions and simplification**
3. **Strategic development to grow the business**
4. **Business outlook**
5. **Benefits to shareholders**



# Financial Performance 1H 2013 Recap

**Strong result, driven by international traffic and yield improvement from new initiatives**

## **Financial Highlights**

- 6.3% EBITDA growth relative to 3.0% passenger growth in 1H13
- Yield improvements across all businesses
- ATO tax resolution, 100% ownership and restructure and simplification
- Distribution guidance of 22.5 cents for the year, 7% headline growth, 10% underlying

## **Operational Highlights**

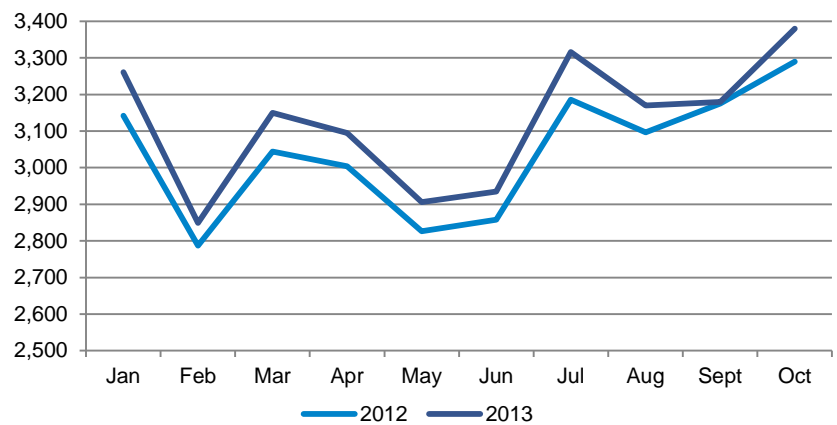
- Year to date international passenger growth of 4.0%
- Continuing strong business performance driven by traffic, investment and management initiatives
- Air India service commenced, first direct flight from India in 22 years
- Significant upgauging and increased frequencies

# Year to date traffic performance

## Traffic year to date up 2.7% driven by solid international growth of 4.0%

- 37.5 million passengers served in the year to 30 June 2013
- Strong international passenger growth of 4.0%, while domestic passengers grew 2.7%
- Key international wins
  - Securing Air India service
  - AirAsia X double daily
  - Malaysian Airlines triple daily service
  - Sichuan Airlines service to Chongqing

Traffic growing steadily through time, five year CAGR 3.5%



## Developing and implementing a new retail strategy to create a platform for growth

### Strategy

- Understanding the customer
- Increase share of travel retail market
- Property and space productivity improvements
- Enhanced product range
- Customer service excellence

### Achievements

- Opening of T2
- Implementation of duty free initiatives
- Opened / refurbished 23 stores across T1 and T2
- 750m<sup>2</sup> space expected to be delivered in 2013



New brands and façade Duty Free T1 - Top  
Studio T2 - Bottom

# Successful Car Parking Strategy

Transformational Car Parking strategy has delivered significant yield improvement

## Strategy

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

## Achievements

- Development of a flexible on line booking system
- Created new markets, through targeted products
- Marketing in targeted publications while using customer segmentation data to focus on specific demographics
- Superior customer parking facilities





# Minority Acquisitions, ATO Resolution & Simplification

This package of initiatives marks the successful conclusion of a number of long held strategic objectives



## A number of positive changes in the SYD register have occurred during 2013

**Increased domestic content, with current foreign ownership level approximately 30%**

- Material headroom to foreign ownership cap
- Increased cap from 40% to 49% as of today

**Increased retail ownership with the number of listed investors having increased from 34,000 to over 39,000**

**Previously unlisted Sydney Airport investors have taken new or increased listed SYD stakes through the minority acquisitions**

**Imminent removal of Macquarie Group overhang due to in-specie distribution of SYD securities**

- Subject to Macquarie investor approval
- Proposal is to implement the change mid January 2014
- Expected to lead to significant increase in index weightings

## The Draft Master Plan is a land use and ground transport strategy to outline the airport's ability to accommodate growth over the next 20 years

### Our approach

Our approach to delivering new capacity has been modular and incremental ie invest and build as customer demand supports new investment. That approach remains today and is embedded as a principle underpinning the new Draft Master Plan

- We have invested \$2.3bn over the past 11 years
- Capex guidance for 2013-2015 remains \$700m, consistent with historical spend rate

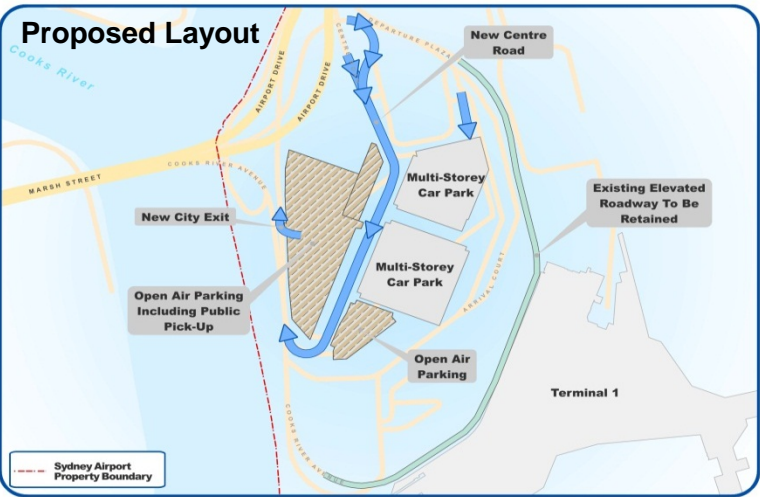
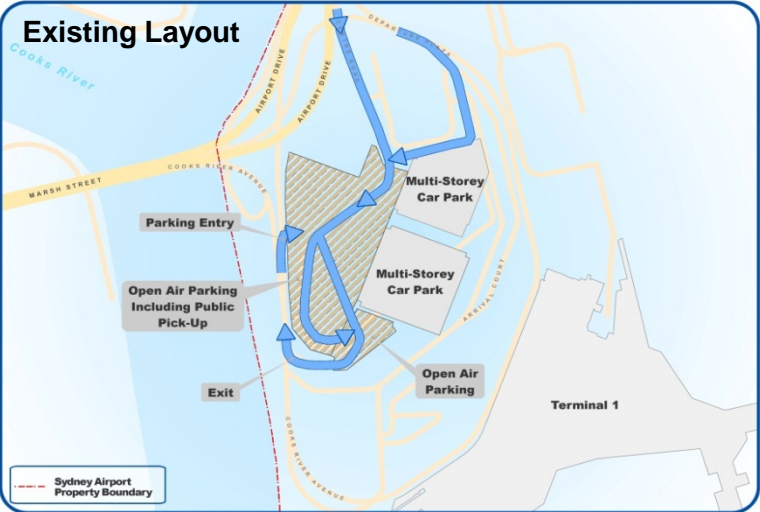
### Future Growth and Capex

The Draft Master Plan proposes the new expansion chamber to accommodate future growth in the current Qantas domestic terminal (T3) and other land under lease to Qantas immediately adjoining that terminal

- Qantas leases revert to SYD around 2019-2020
- Customer experience and airline operations and efficiency would be enhanced by integrated terminal precincts on both sides of the airfield each accommodating international, domestic and regional passenger facilitation
- The Draft Master Plan reflects progression to integrated terminals through the planning period
- The timing of any new integrated terminal development will be dependent on; demand; the timing of the reversion of the land currently under lease; and discussions/negotiations with the airline community, including Qantas
- After the leases revert, we would expect at least a [five] year period of design and construction before the integrated terminals would become operational
- Any decisions around integrated terminals and investment will be subject to our normal disciplines 11

# Ground transport improvements 5 year plan

Sydney Airport's Ground Transport improvements align with NSW Government's \$282m 5 year program of Westconnex enabling works



Departures		Local Time: 13:09	
Flight	To	Departs	Gate Status
JQ35	MEL Denpasar/Bali	1400	34
QF267	MEL Denpasar/Bali	1400	34
QF11	Los Angeles	1405	9 Gate Open
AA7363	Los Angeles	1405	9 Gate Open
QF7	Dallas/FtWorth	1425	8
AA7308	Dallas/FtWorth	1425	8
VA1	Los Angeles	1440	51 Gate Open
DL6799	Los Angeles	1440	51 Gate Open
UA840	Los Angeles	1450	60 Gate Open
LI19299	Los Angeles	1450	60 Gate Open

## ENTREPRENEURS

The UK is one of the easiest places to set up a business in Europe, and home to Westfield Stratford City, Europe's largest urban shopping centre.

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
Malaysia	MH122 Kuala Lumpur	1500	56
KLM	KL4104 Kuala Lumpur	1500	56
Cathay Pacific	CX100 Hong Kong	1505	30
Vigantair	VS201 Hong Kong London	1525	58
Vigantair	VA188 Hong Kong London	1525	58
New Zealand	NZ718 Auckland	1530	55
Australia	DJ183 Tonga	1535	63
United	UA870 San Francisco	1545	61 Gate Open
United	UA887 San Francisco	1545	61 Gate Open
Qantas	QF113 Auckland	1600	37

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
Singapore	SO222 Singapore		
Singapore	MS321 Singapore		
Australia	VA5512 Singapore		
Australia	VA29 Abu Dhabi		
Etihad	EY6451 Abu Dhabi		
Singapore London	BA16 Singapore London		
Singapore London	BA730 Singapore London		
Qantas	QF5 Singapore Frankfurt		
Qantas	QF7 Singapore Frankfurt		
Qantas	QF1 Singapore Frankfurt		

# Outlook

↑  
 Food Shops  
 Post Office

Gourmet pizza from \$6.95 ready in 3 minutes.  
 crust

SYDNEY



Check-in H-K

Street Depot

All Day Breakfast & Coffee only \$19.50

## Second half has seen improved performance in a number of business areas

- International traffic has remained strong and benefited from a number of new services
- \$A depreciation while neutral for traffic performance, has led to some increased retail sales
- Excellent car parking performance has continued driven by new strategy and products
- Property has benefited from new developments such as the Rydges Hotel



# Benefits for Investors



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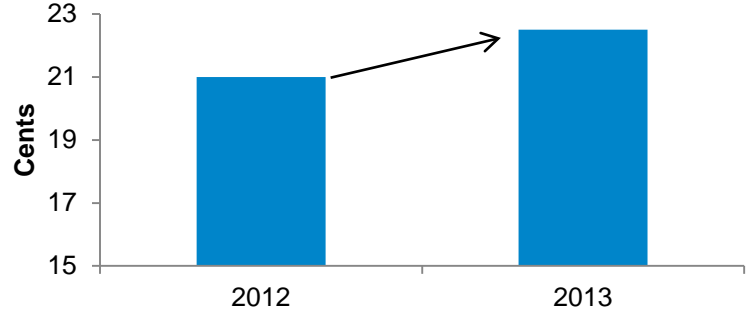


# Income growth

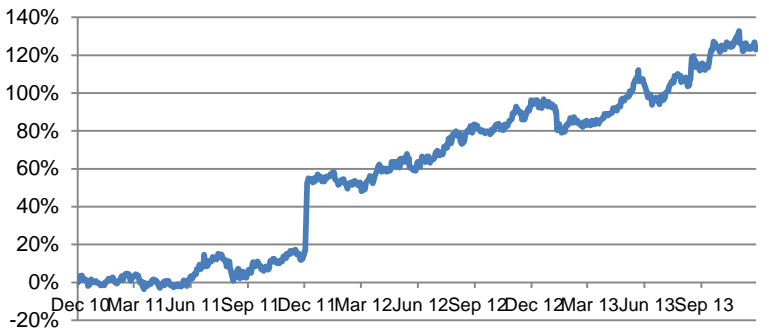
## Demonstrated long term distribution growth, coupled with stable capital growth

- 2013 distribution guidance of 22.5 cents
  - Headline distribution growth of 7%
  - Underlying distribution growth of 10%\*
- Distribution policy, to pay out 100% of free cash flow
- Cash yield approximately 5.6%\*\*
- SYD total shareholder return over three years of 130%
  - 5 year CAGR of 27%
- Strong platform for future distribution growth

**2012 - 2013 Cash Distribution**



**SYD Total Return over 3 years**

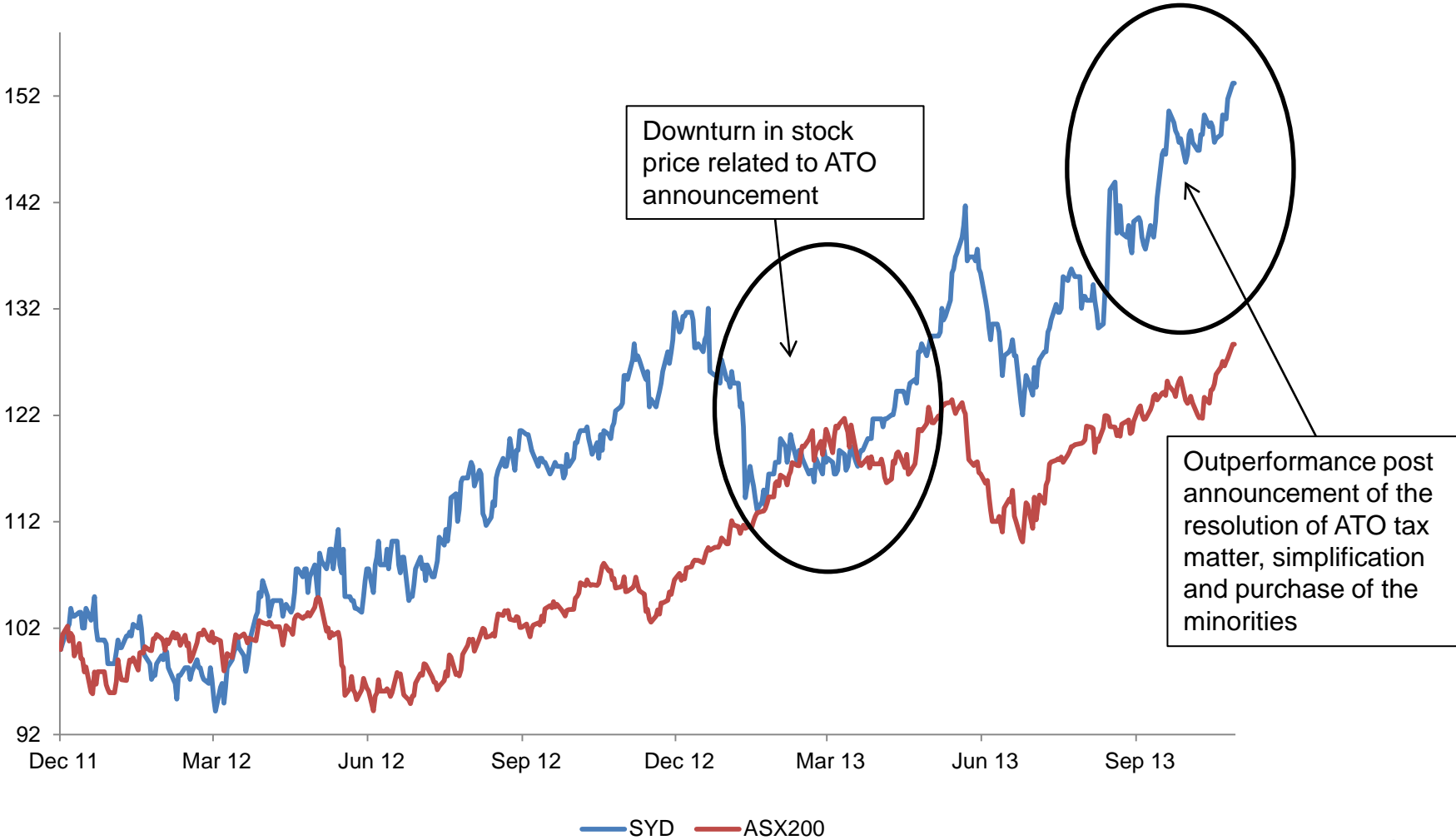


\*Deducting one off SKIES reserve release of \$27m in 2012  
 \*\*Based on a security price of \$4.00



# Capital growth

**SYD has consistently outperformed the ASX200. Over the last 2 years SYD has outperformed the ASX200 by more than 15%**



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# Sydney Airport Institutional Investor Day

Market growth and position

Shelley Roberts, Executive Director,  
Aviation Services



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# Agenda

1. Airline, route and frequency delivery in 2013
2. Route development approach
3. Future growth opportunities



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# Aviation Service Delivery in 2013



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## The Domestic market paradigm has shifted following airline consolidation

LCC's expanded their Sydney networks during 2013 increasing frequency and adding new routes:

- Tigerair – Perth, Cairns, Alice Springs, Coffs Harbour, Proserpine
- Jetstar – Ayers Rock



**V**



# International market review

In addition to attracting two new international airlines on two new routes, Sydney Airport has worked closely with airlines and tourism agencies to deliver capacity or frequency increases from more than half of the airport's 35 international airlines



AIR NEW ZEALAND

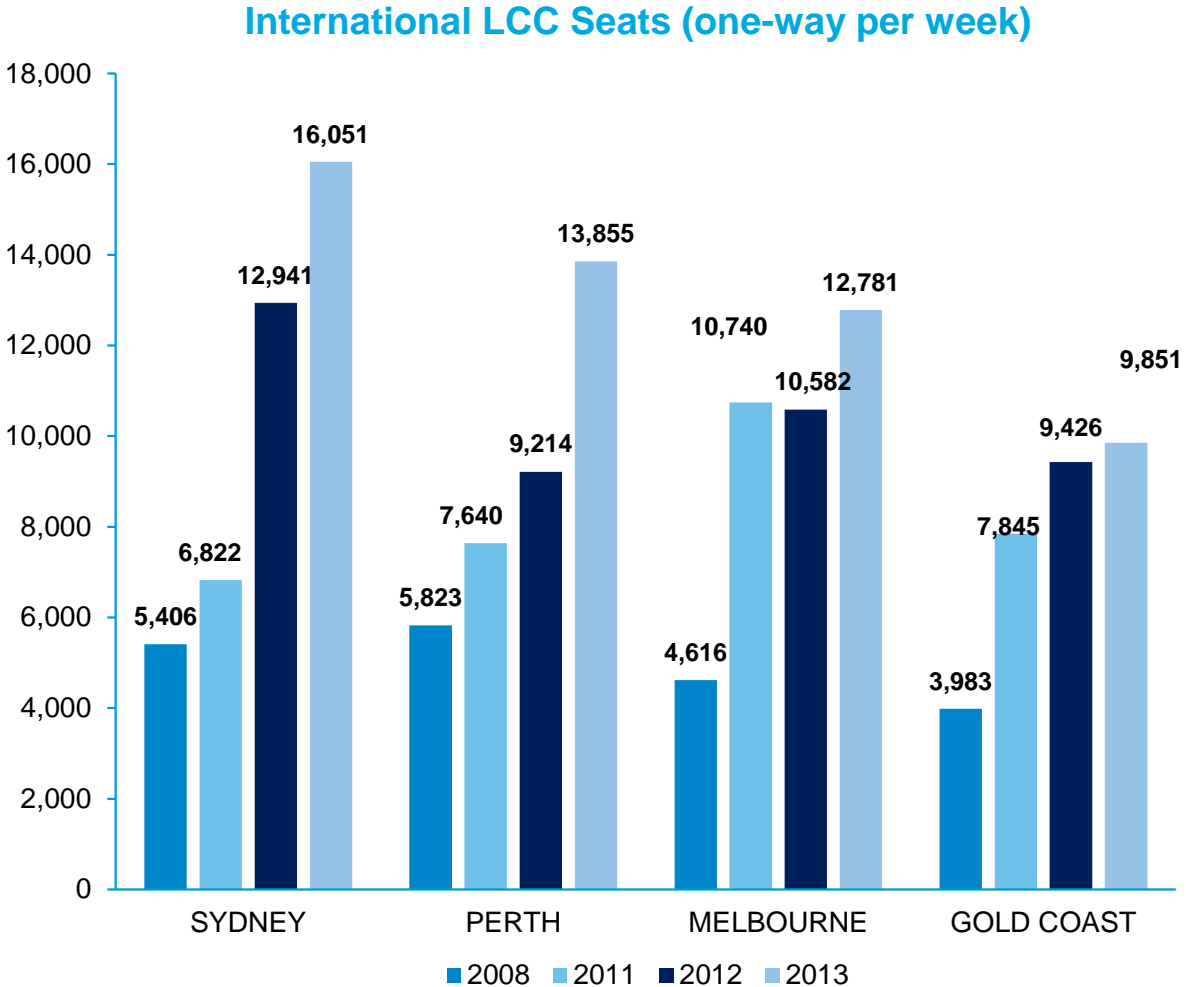


ASIANA AIRLINES



# International low cost carrier growth

Sydney Airport has gained its place as the largest International low cost carrier airport in just two years

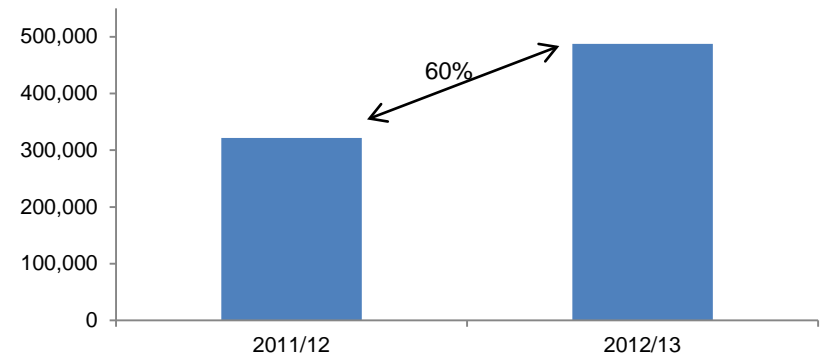




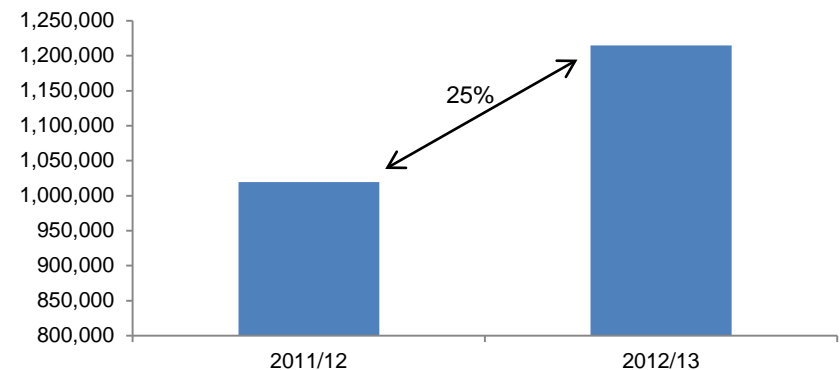
## The expansion of long haul low cost has created new demand, through product and price

- Malaysia and Singapore, were seen as well served markets for Sydney before the entry of Scoot and AirAsia X
- These have grown 60% and 25% respectively
- AirAsia X put on sale double daily services very early after route commencement
- Malaysian bilateral seat capacity expanded by 40%
  - AirAsia X second daily service
  - Malaysian Airlines triple daily service
- Sydney international LCC penetration grew to 9% on June pcp, there remains significant potential for future LCC growth

Direct Malaysian route growth in the year post commencement of AirAsia X



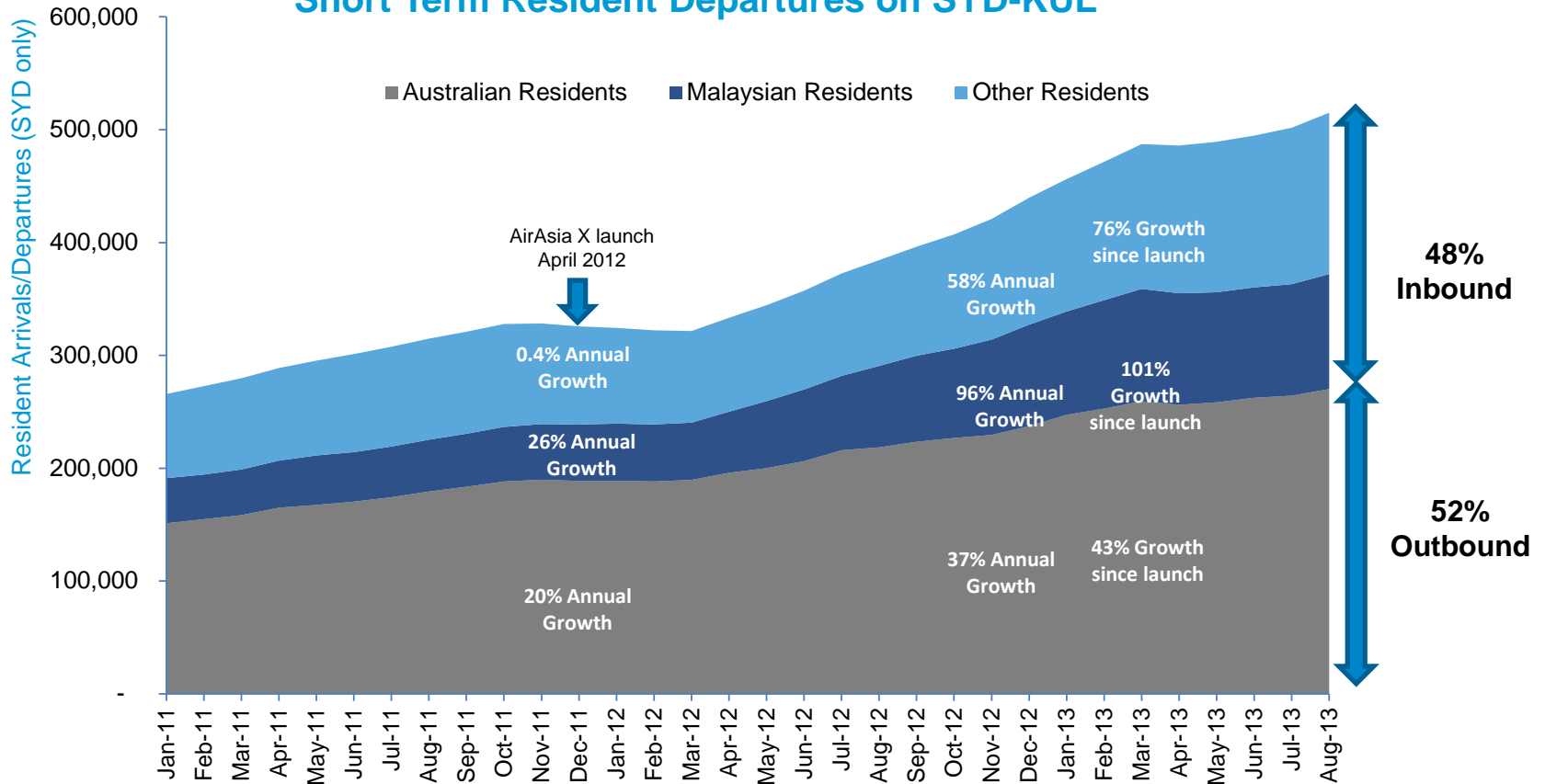
Direct Singaporean route growth in the year post commencement of Scoot



# Low Cost Carriers - Malaysian market case study

The launch of AirAsia X services on the Kuala Lumpur - Sydney route has significantly increased traffic, with total passenger growth of 60% and Malaysian resident growth of 101%

### Malaysian Short Term Resident Arrivals and Australian Short Term Resident Departures on SYD-KUL

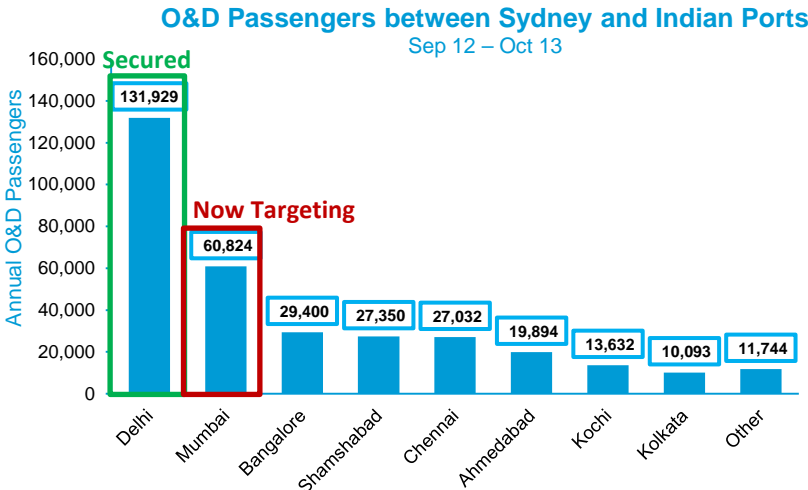
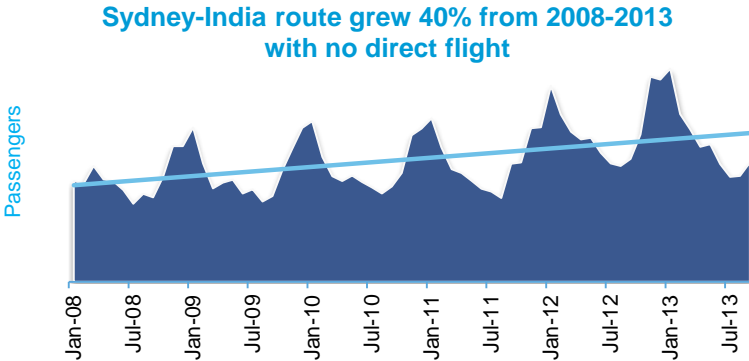


Source: DIAC

# India breakthrough

## Securing Air India is a major achievement which has the potential to double the market

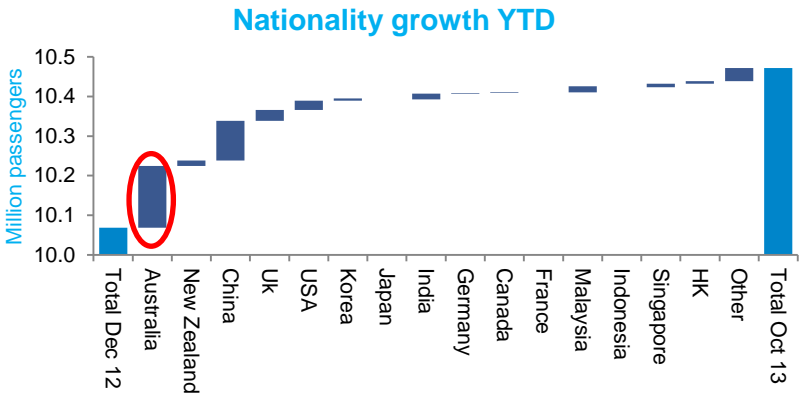
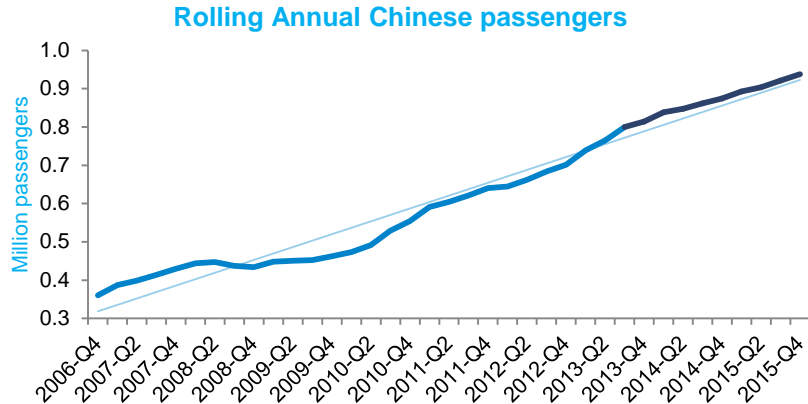
- India launched daily flights to Sydney at the end of August
- Worked over the last two years on the establishment of this route
  - Presenting the business case to Air India and building up strong relationships with organisations, both locally and in India
- India is Australia's largest source of permanent migrants, with nearly 300,000 Indian-born people living in Australia. In addition, it's the second largest international student group behind the Chinese
- There is significant potential for growth in this market, in particular Mumbai



# China growth

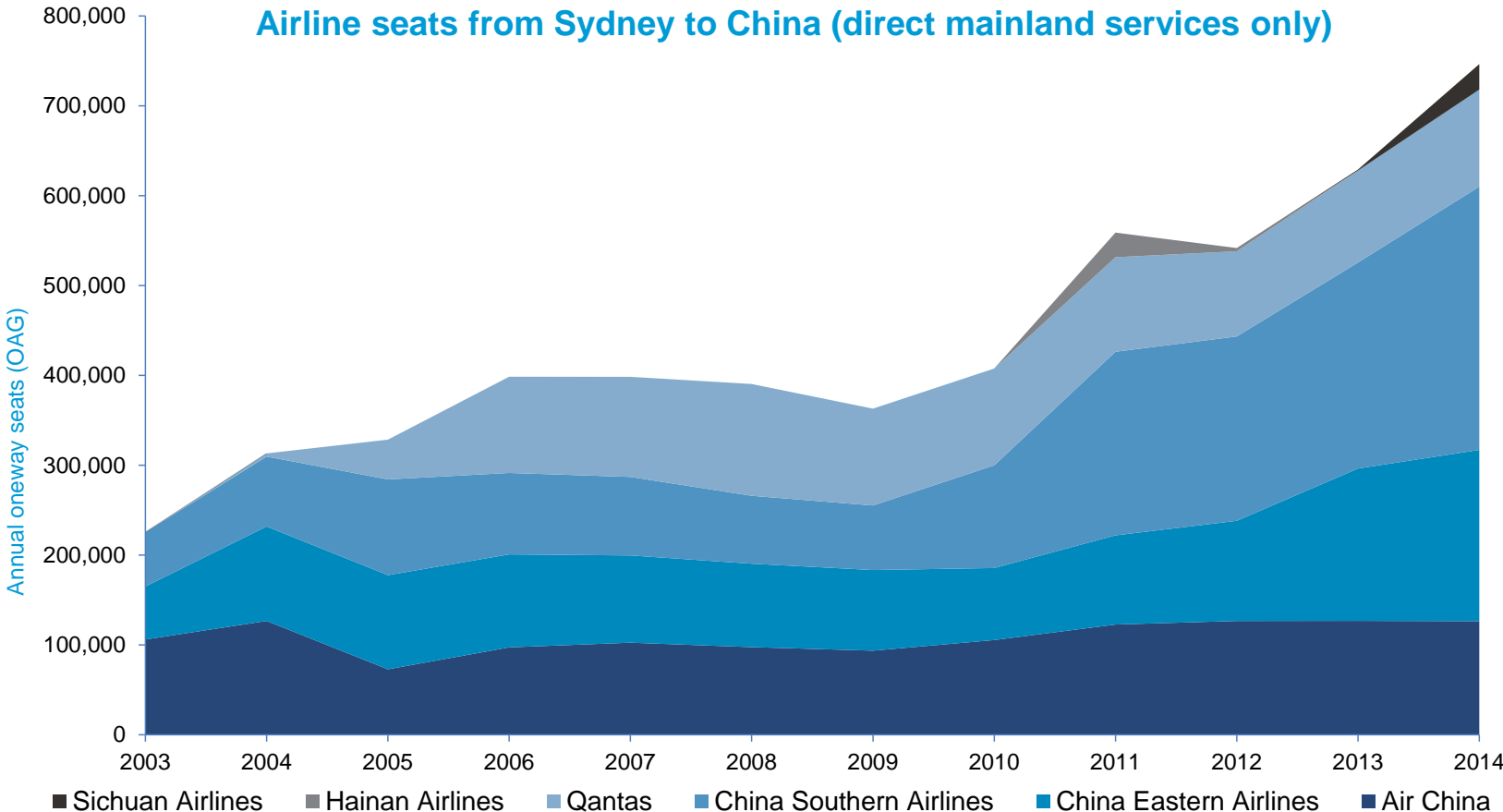
## Sydney Airport has a comprehensive strategy to attract Chinese airlines

- Integrated approach to the Chinese market, across all business areas, is highly regarded by our Chinese carriers:
  - Way finding/signage
  - Red ambassadors
  - Chinese mobile application
  - Chinese eligibility to use Smart Gate
- Five Mainland Chinese cities now served by five Chinese carriers
- 94 flights per week, from Sydney serving Greater China
- 19% increase in seat capacity between Sydney and Mainland China, supporting growth in Chinese nationals of 17%



# Sydney China capacity development

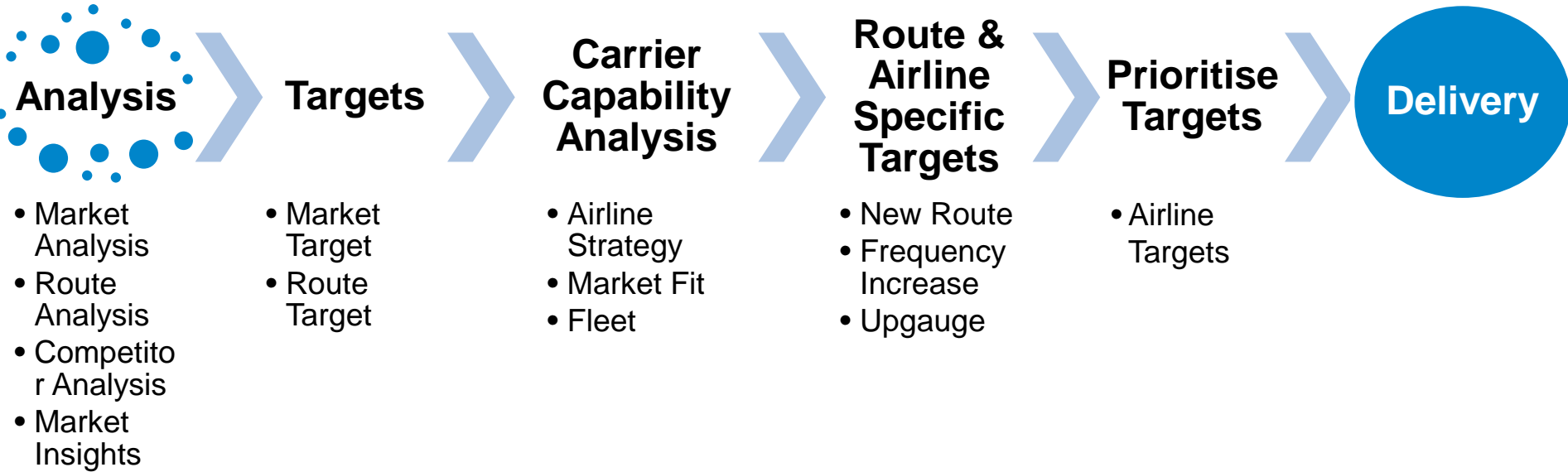
Since 2003, direct aviation capacity on the Sydney Mainland China route has grown 101%. This calendar year capacity on the direct route has grown 16% over the preceding year and in 2014



# Sydney's Route Development Approach



Our aviation business development strategy and process is designed to identify targets markets, carriers, and then prioritise targets by opportunity type and size



# Our Partnership Approach

We adopt a partnership approach to securing new capacity and growing demand

## Sydney Airport

Working collaboratively with these organisations and many more





Attracting New Airlines  
Growing Traffic  
Growing Tourism  
Economic Growth



## It is essential that bilateral capacity is added ahead of demand. Increased bilateral capacity in a number of key growth markets is required

- Sydney Airport is actively engaged with key stakeholders in Australia and overseas to increase bilateral capacity
- In many cases, the current bilateral is blocking significant growth from non-Australian carriers
- The expansion of bilateral capacity between Australia and China, Philippines, Hong Kong, Qatar, Fiji, Malaysia and Turkey has the potential to provide a significant growth opportunity

	Australian Carriers	Foreign Carriers	Constraint
China	Green	Red	Seats
India	Green	Green	Seats
Malaysia	Green	Red	Seats
Indonesia	Green	Green	Seats
Hong Kong	Green	Red	Frequency
Korea	Green	Green	Seats
Thailand	Green	Green	Units (aircraft type)
Canada	Green	Green	Seats
Qatar	Green	Red	Frequency
Sri Lanka	Green	Green	Frequency
Philippines	Green	Red	Seats
Turkey	Green	Red	Frequency
Fiji	Red	Green	Seats
UAE	Green	Green	Frequency

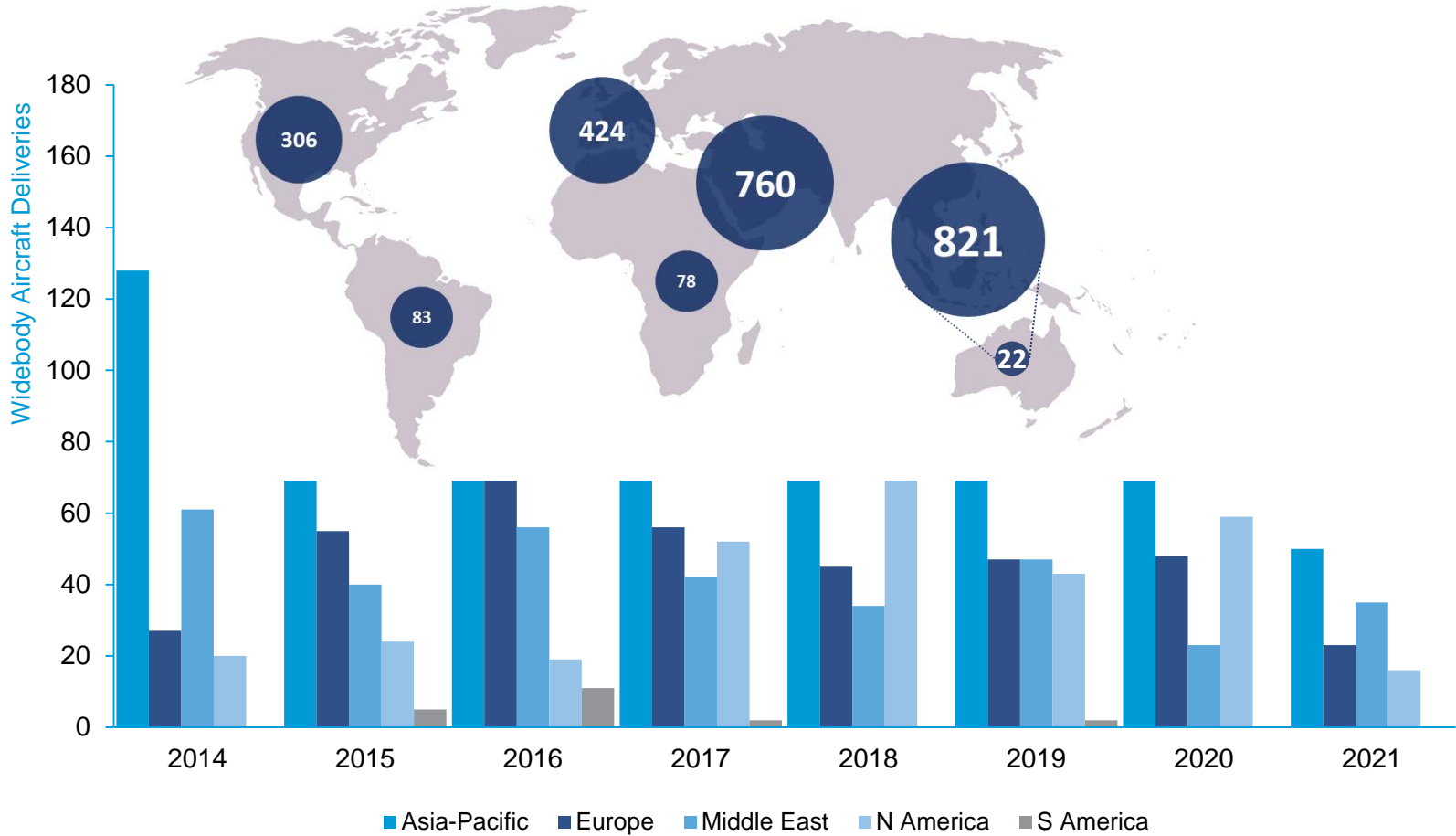
 Sufficient capacity to meet demand  
 Insufficient capacity to meet demand

# Future Growth Opportunities



# Airline fleet development between 2014 - 2021

The Asia-Pacific region accounts for 43% of all widebody aircraft orders over the next 8 years



Source: CAPA Fleet Database (Excludes orders not scheduled for delivery e.g. recent Dubai Airshow)

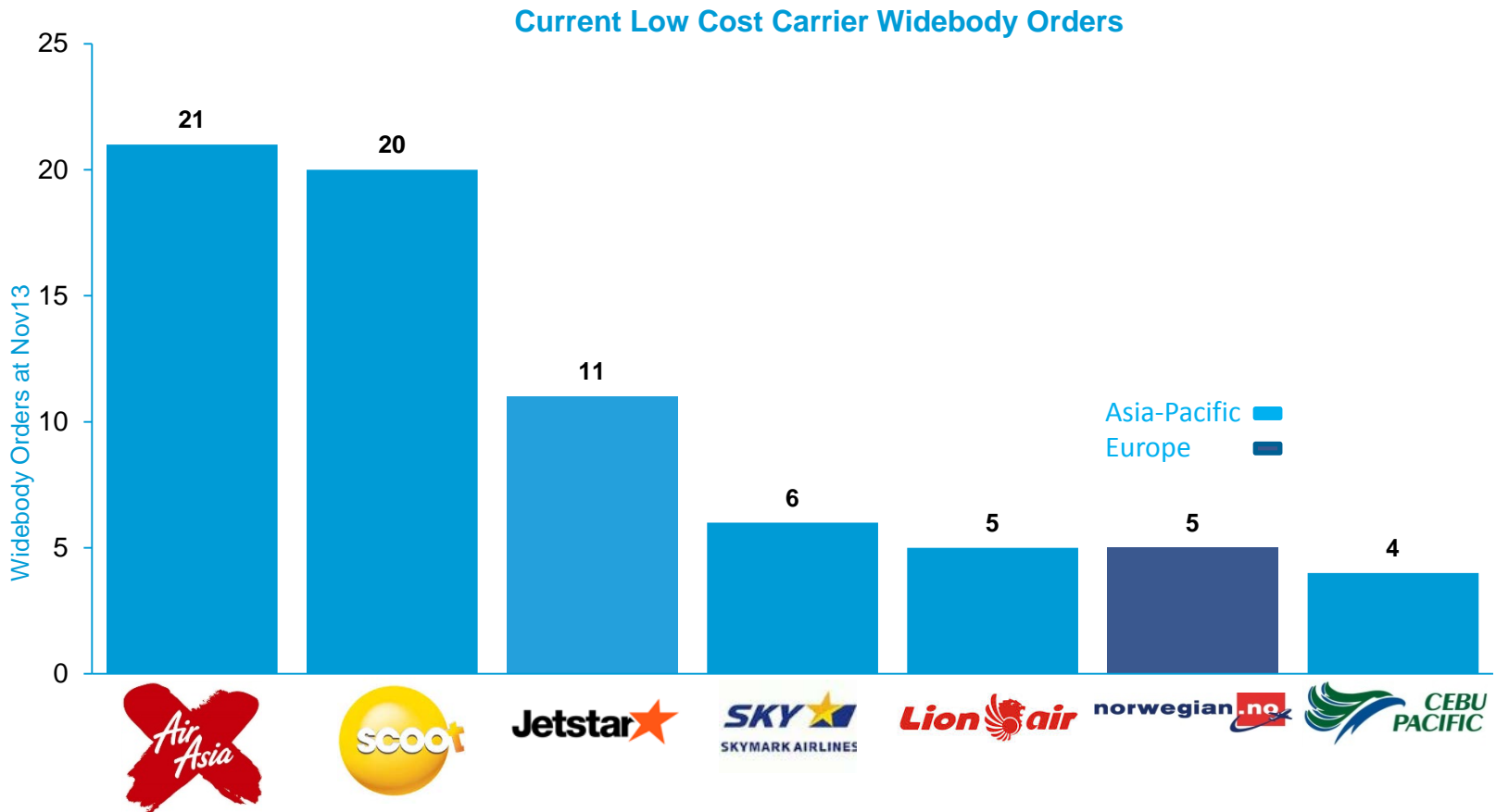
# China's next stage of development

## Second tier city targets



# International low cost carriers More growth to come

Long haul low cost carrier opportunities continue to grow for Sydney with 67 of the current 72 widebody orders placed by Asia Pacific LCCs



Source: CAPA Fleet Database: A350/B787/A330/A380 orders for delivery after Jan14 (includes current orders to November 2013)

## Significant potential upside in future passenger growth

### Low Cost Carriers

- Sydney Airport is now Australia largest International low cost carrier airport
- Continued growth opportunities with significant orders placed by Asia Pacific LCCs
- New demand created through LCC product and price which can co-exist with traditional carriers

### Demand strength from Asia

- Significant airline capacity now channelling Europe passengers via the Middle East
- Leading to increased dedicated Asian seats for O&D traffic
- Second tier China cities opportunities
- Asia-Pacific carriers account for 43% of widebody orders
- Forecast growth from Asian Century

### Bilateral relaxation

- Essential bilateral expansion ahead of demand
- Stakeholder engagement both in Australia and overseas to increase bilateral capacity and unlock significant

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# Sydney Airport Institutional Investor Day

Car Parking, our strategy yielding results

Craig Norton, General Manager,  
Parking and Ground Transport



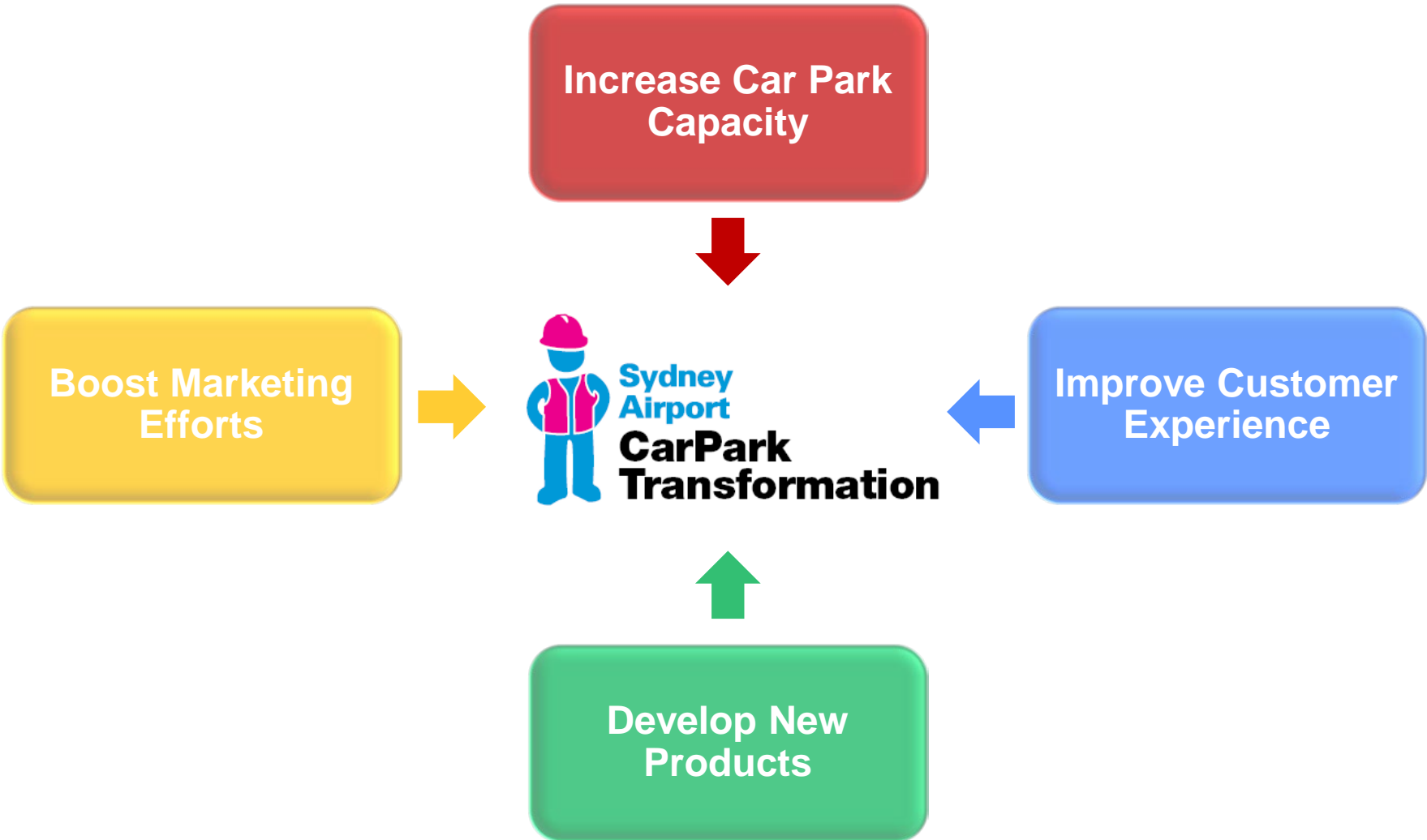
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# Recap of Car Park Action Plan

Based on customer feedback we articulated a simple four-step action plan



# Increase Car Park Capacity

Since April 2012 we have opened approximately 4,464 new car parking spaces



# Improve Customer Experience

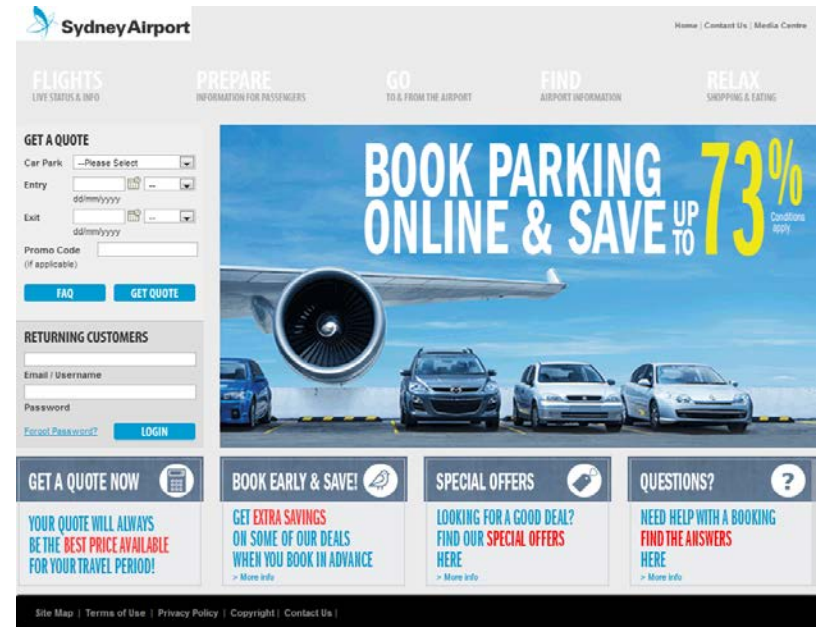
## World leading online booking software improving the passenger experience

### Flexible online booking system

- Chose Advam Attendant as an off-the-shelf online booking system to replace legacy software
- Capable of credit card or barcode scan at entry

### Access Equipment Replacement

- Rigorous tender process with detailed specifications resulted in choice of Designa equipment
- Designa were the systems integrator



# Improve Customer Experience

**Superior customer experience through, parking guidance, centralised control and integrated valet system**

## Parking Guidance System

- Indect - Simple, effective ultra-sonic system

## Centralised Control

- Establishment of 'contact centre' control room with new processes and customer centric approach

## Valet System

- American valet system by STS integrated with online booking system and equipment
- Valet business represents less than 4% of parkers but delivers 13% of our revenues



# Develop New Products

## Sydney Airport has continued to expand its online offerings during 2012 and 2013, offering up to 73% discount

Location	Offer	Description	Standard Rates*	Discount	Target Market
International	No Worries	\$20 for 3 hours parking	\$32	37%	Meeters & Farewellers
	Jetsetter	From \$22 per day. Minimum stay 1 week	\$252	Up to 39%	Business
	Great Escape	From \$199 for up to 1 month	\$756	Up to 73%	Business & Leisure
Domestic	P3 Weekender	From \$69 for up to 4 days.	\$180 for four days	Up to 62%	Leisure
	No Rush	\$19 for up to 2 hours parking	\$24	21%	Meeters & Farewellers
	Overnighter	From \$85 for 2 days and 1 night	\$112	Up to 24%	Business & Leisure
	P3 Holiday Saver	\$99 for up to 7 days at P3 (Dec-Jan only)	\$315	69%	Leisure
	Advance Park	Book 7+ days in advance	\$56 per day	5%	Business & Leisure
	P3 Take It Easy	From \$35 per day. Minimum 3 days stay	\$135	Up to 22%	Business & Leisure
	P3 Take A Break	From \$139. Minimum 5 days stay	\$225	Up to 38%	Business & Leisure
Blu Emu	Super Saver	From \$99 for up to 15 days	\$245	Up to 60%	Budget Leisure
	Bargain Bonanza	\$125 for up to 3 weeks	\$305	59%	Budget Leisure

### Sydney Airport has also run short term ad-hoc promotions, including:

\* Current as at November 2013

- Valentines Day Long Weekend & AFL Grand Final Long Weekend
- International Fareweller (\$20 for 3 hrs + two free coffees + newspaper + free photo + \$10 duty free voucher)
- More to come – watch this space!












# Boost Marketing Efforts

Our marketing and special offers have created new markets, aimed at the 27% of the market which utilise taxis



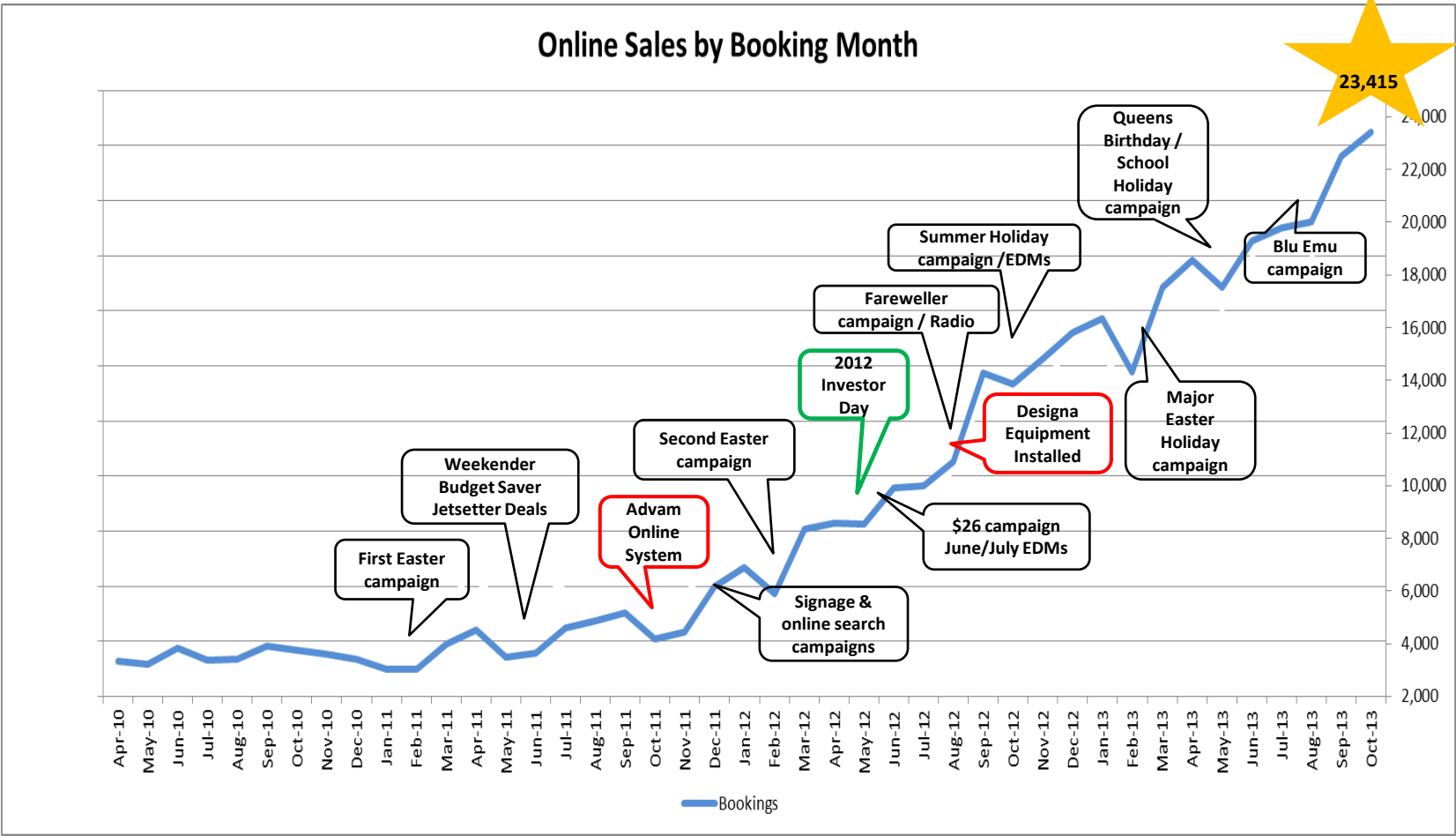
# Delivery of Car Park Action Plan

**Our strategy has delivered significant results, however there is more potential upside to capture**

ACTION	OUTCOMES	Delivered
<b>Increase Car Park Capacity</b>	<ol style="list-style-type: none"> <li>1. Products that address under served segments</li> <li>2. Visibility of spaces available</li> </ol>	 
<b>Improve Customer Experience</b>	<ol style="list-style-type: none"> <li>1. Replace entry/exit and pay stations</li> <li>2. Provide valet customers with a superior service</li> <li>3. Implement a customer-friendly online booking system</li> <li>4. Introduce a Parking Guidance System</li> </ol>	   
<b>Develop New Products</b>	<ol style="list-style-type: none"> <li>1. Identify opportunities within under-served customer groups</li> <li>2. Analyse capacity utilisation and create products to ‘fill the troughs’</li> </ol>	 
<b>Boost Marketing Efforts</b>	<ol style="list-style-type: none"> <li>1. “Up-weight” Search Engine Marketing</li> <li>2. Communicate to our customers through Electronic Direct Mail</li> <li>3. Increase general awareness through traditional and digital media</li> </ol>	  

# The Proof of the Pudding

Strong connection between marketing campaigns and increasing booking volumes. Online bookings now driving 25% of our revenues





# What Next?

## Focusing on our underserved markets with marketing and yield management initiatives will drive future growth

### In the next 12 months (and beyond!) - More Marketing and Product Development

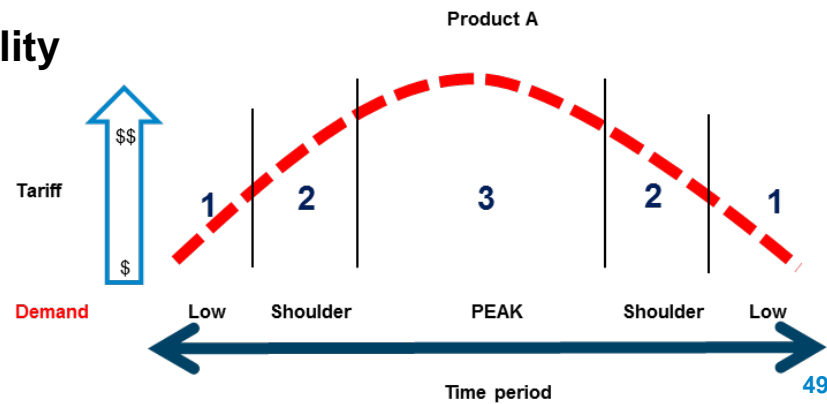
- Continue value messaging incorporating radio, billboard and online (Search engine marketing, electronic direct mail, facebook etc)
- Utilise segmentation research to acquire new customers and retain existing ones

### In the next 12 - 24 months - Extend online capability to short stay parking

- Online Booking systems are calibrated to offer parking stays of one day or more
- 70% of parking at Domestic and 95% of parking at International is 3 hours or less
- Work with Advam and Designa to develop new integrated short stay online capability

### Introduce pre-book dynamic pricing capability

- Using techniques developed in airline / hotel industries
- Sophisticated algorithms to maximise utilisation in peak and non-peak periods



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for your attention



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# Sydney Airport

## Institutional Investor Day

Retail, Enhancing our Customers' Journey

Andrew Gardiner, General Manager  
Retail



## Retail revenue represents 23% of total revenue

### Duty Free

- Represents 56% of total Retail revenue
- Reflects high margin products and international dwell times



# Retail Space

Both terminals have strong demand for space from local and international brands

## Space

**26,056 square metres**

- T1 21,416m<sup>2</sup>
- T2 4,640m<sup>2</sup>

- Stores
- 203



## Significant port with diverse mix of large, international operators

### Duty Free

- 6 stores

### Foreign Exchange

- Travelex
- ANZ
- 22 outlets
- 71 ATMs (local and foreign)

### Food & Beverage 63

### Specialty 96

### News & Gifts 12

### Vending Machines 163



# The Retail Strategy

Implement Key Strategies to deliver business improvements



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QF7	Dallas/FtWorth	1425	8
AA7308	Dallas/FtWorth	1425	8
VA1	Los Angeles	1440	51 Gate Open
DL6799	Los Angeles	1440	51 Gate Open
UA840	Los Angeles	1450	60 Gate Open
LI19299	Los Angeles	1450	60 Gate Open

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
malaysia	MH122 Kuala Lumpur	1500	56
KLM	KL4104 Kuala Lumpur	1500	56
Cathay Pacific	CX100 Hong Kong	1505	30
vignair	VS201 Hong Kong London	1525	58
Qantas	QA199 Hong Kong London	1525	58
Air New Zealand	NZ718 Auckland	1530	55
Australia	DJ183 Tonga	1535	63
UNITED	UA870 San Francisco	1545	61 Gate Open
UNITED	UA887 San Francisco	1545	61 Gate Open
QANTAS	QF113 Auckland	1600	37

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
Singapore	SQ222 Singapore		
Singapore	SQ321 Singapore		
Qantas	VA5512 Singapore		
Qantas	VA29 Abu Dhabi		
ETIHAD	EY6451 Abu Dhabi		
Singapore London	BA16 Singapore London		
Singapore London	BA730 Singapore London		
Singapore Frankfurt	QF5 Singapore Frankfurt		
Singapore Frankfurt	QF7 Singapore Frankfurt		

# Strategy One

## Understanding our Customers





# Understanding our Customers

## Our Customer Segmentation work provides rich information on our customer

### Sample Size

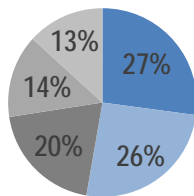
52%

n = 2367

### Lifestage

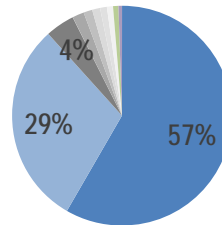
- Married (63%)
- Have children at home (45%)
- Full Time Work (69%)

### 1 Age Group



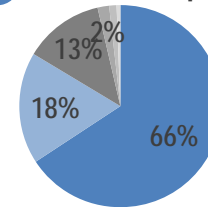
- 40-49
- 50-59
- 30-39
- 60+
- 18-29

### 2 Residency



- Sydney
- NSW Regional
- Canberra
- Foreign Resident
- QLD Regional
- Brisbane
- Melbourne
- Living overseas
- ACT Regional
- Adelaide

### 3 Travel Purpose



- Holiday
- Work-Related
- Visiting Friends/Relatives
- Other
- In-Transit
- Education

### 4 Carrier

- Qantas (26%)
- Air Pacific (4%)

### 5 Spending Point At Overseas Airport

24% shopped at overseas airport

- Liquor (54%)
- Perfume (35%)
- Cosmetics (28%)

### 7 Spending Habit

#### Spending Profile

- The frequency of spending on the three touch points were higher when flying outbound with liquor ...
- The average amount spent on Fashion & Specialty and F&B were significantly higher why ...

## Mature Premium Travellers



### 6 Spending Point At Sydney Airport



Fashion & Specialty

Inbound : Outbound

- Books & Magazine (42%: 55%)



Duty Free

Inbound : Outbound

- Liquor (73% : 60%)
- Perfume (25% :30%)
- Confectionary (9%: 13%)



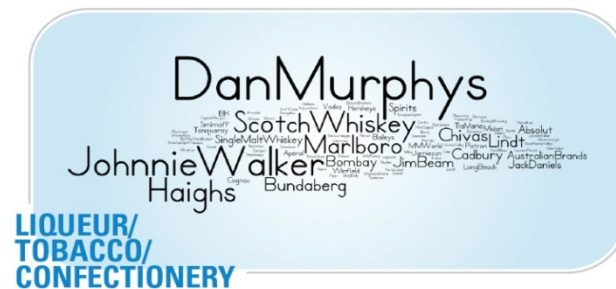
Food & Beverage

Inbound : Outbound

- Coffee (34%:42%)
- Dine in an outlet (30%:38%)
- Water (26%:29%)
- Takeaway (26%:29%)

# Understanding our Customers

## Surveys define our Customers' priorities and, in turn, our brand decisions



\* Font size in the word cloud indicates the frequency of the occurrence of brand. The bigger the font size is, the more visitors would like to see the brand at Sydney Airport

# Strategy Two

Increasing  
Sydney Airport's  
share of the  
overall market



# Global Duty Free and Travel Retail business

Duty Free and Travel Retail sales are increasing globally



Source: Generation Research

# Global Duty Free and Travel Retail business

## Airport Duty Free and Travel Retail Sales increasing globally



Source: Generation Research

# Strategy Three

## Property and Space Productivity Improvements

Efficient use  
of space



# Strategy Four

## Enhanced Product Assortment

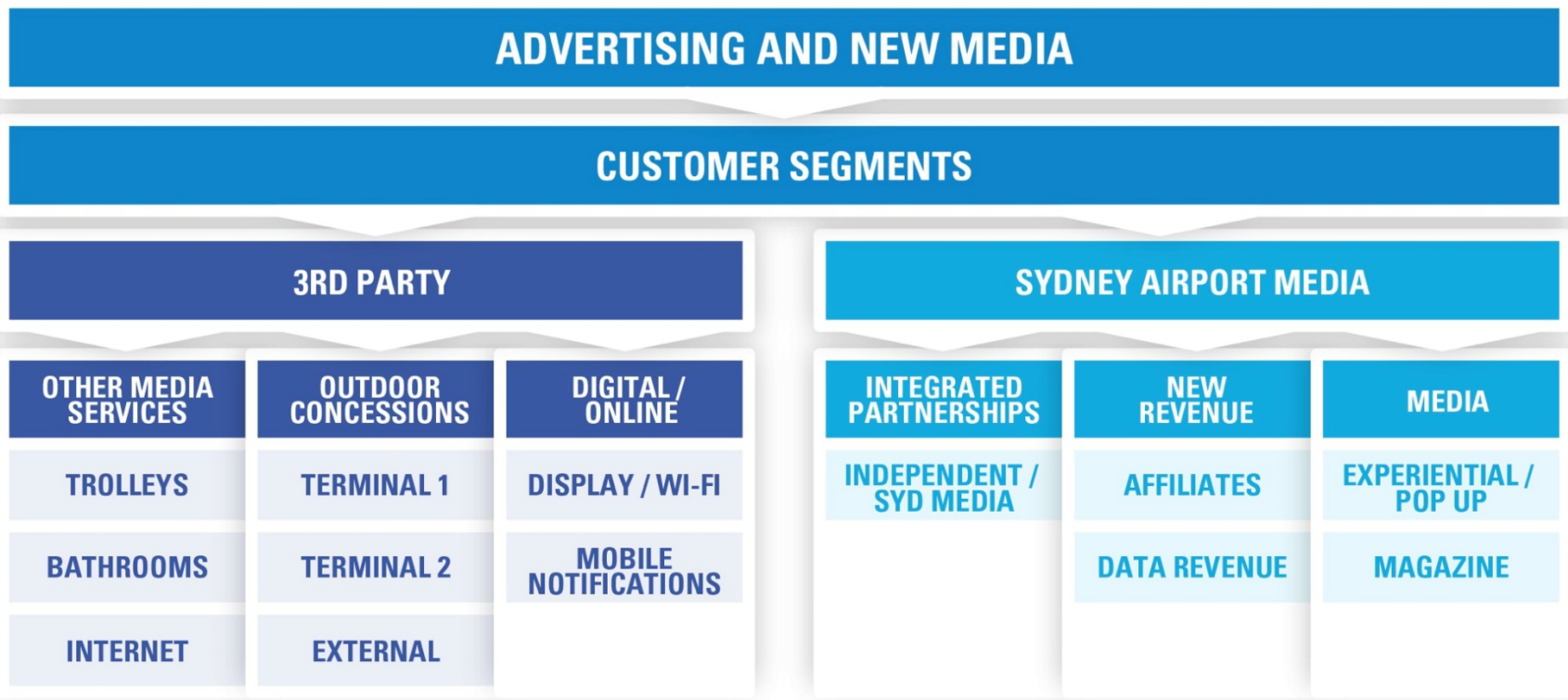
That was perfect

Just what  
I needed



# Advertising and Media Strategy

Advertising Strategy drives revenue from Sydney Airport media assets





# Strategy Five

## Customer Service Excellence

Have you thought about?

Great idea

Departures		Local Time: 13:09	
Flight	To	Departs	Gate Status
JQ35	MEL Denpasar/Bali	1400	34
QF267	MEL Denpasar/Bali	1400	34
QF11	Los Angeles	1405	9 Gate Open
AA7363	Los Angeles	1405	9 Gate Open
QF7	Dallas/FtWorth	1425	8
AA7308	Dallas/FtWorth	1425	8
VA1	Los Angeles	1440	51 Gate Open
DL6799	Los Angeles	1440	51 Gate Open
UA840	Los Angeles	1450	60 Gate Open
LI19299	Los Angeles	1450	60 Gate Open

## ENTREPRENEURS

The UK is one of the easiest places to set up a business in Europe, and home to Westfield Stratford City, Europe's largest urban shopping centre.

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
malaysia	MH122 Kuala Lumpur	1500	56
KLM	KL4104 Kuala Lumpur	1500	56
Cathay Pacific	CX100 Hong Kong	1505	30
vignatronic	VS201 Hong Kong London	1525	58
Virgin Australia	VA188 Hong Kong London	1525	58
air new zealand	NZ718 Auckland	1530	55
australia	DJ183 Tonga	1535	63
UNITED	UA870 San Francisco	1545	61 Gate Open
UNITED	UA887 San Francisco	1545	61 Gate Open
QANTAS	QF113 Auckland	1600	37

T1 Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
airasia	SQ222 Singapore		
airasia	MS321 Singapore		
australia	VA5512 Singapore		
australia	VA29 Abu Dhabi		
ETIHAD	EY6451 Abu Dhabi		
British Airways	BA16 Singapore London		
British Airways	BA730 Singapore London		
QANTAS	QF5 Singapore Frankfurt		
QANTAS	QF730 Singapore Frankfurt		
QANTAS	QF730 Singapore Frankfurt		

# 2013

# Achievements

↑ Food Shops  
Post Office

Check-in H-K

Bank Street Depot

All Day Breakfast & Coffee only \$19.50

# Achievements 2013

## Duty Free initiatives – Duty Paid store



# Achievements 2013

## Duty Free initiatives – Duty Paid store



# Achievements 2013

## Duty Free initiatives – Duty Paid store



# Achievements 2013

## Duty Free initiatives – Duty Paid store



# Achievements 2013

## Duty Free initiatives – T1



# Achievements 2013

## Duty Free initiatives – T1





# Achievements 2013

## Duty Free initiatives – T1



# Achievements 2013

## Duty Free initiatives – T1



# Achievements 2013

## T1



# Achievements 2013

## T1

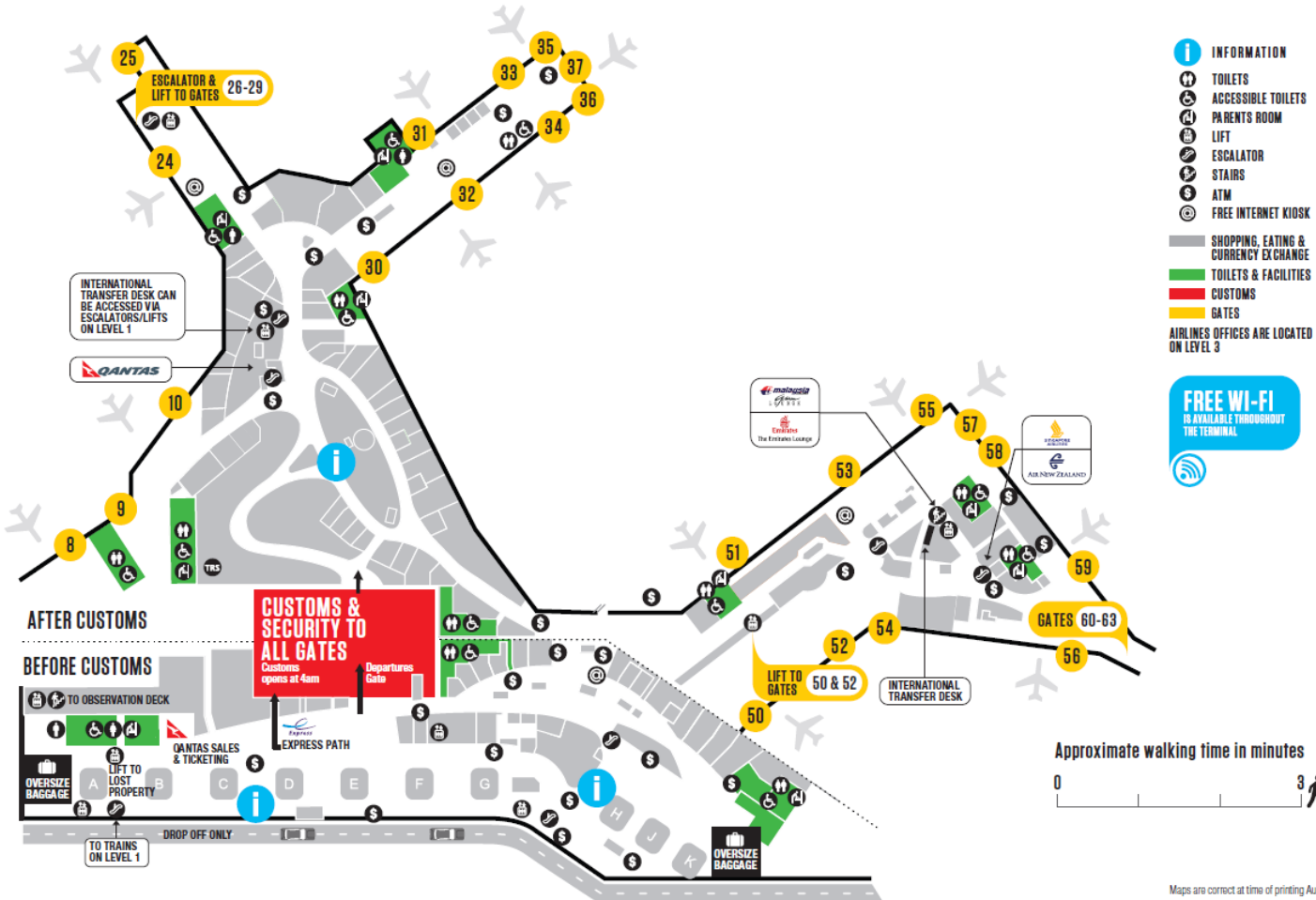


# Achievements 2013



# 2014 Leases

## Sydney Airport (T1) International Departures



# 2014 Duty Free Contract



Thank you  
for your attention



**Sydney  
Airport**

The right future.  
Starting now.





# Sydney Airport Institutional Investor Day

Platform for Growth

Stephen Mentzines,  
Chief Financial Officer

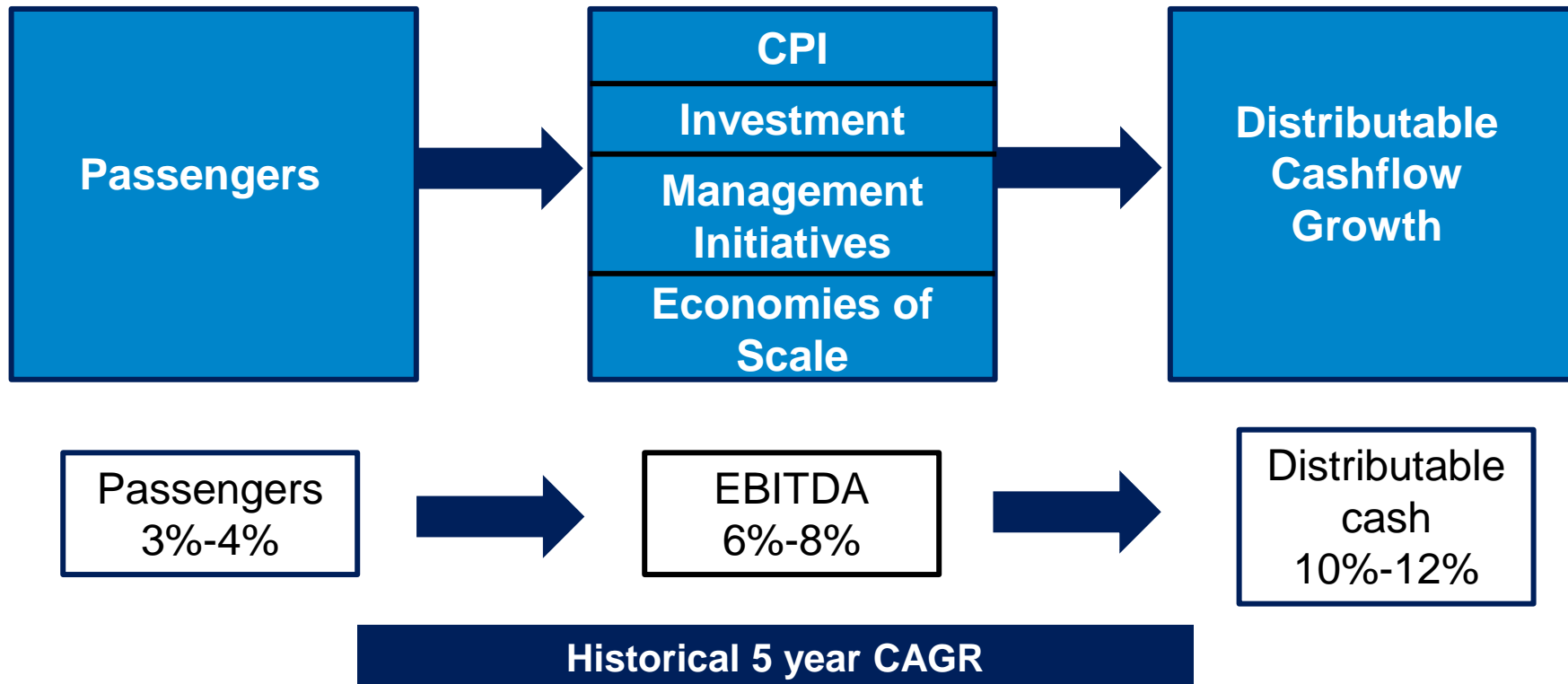


**Sydney  
Airport**

The right future.  
Starting now.

# Delivering yield + growth

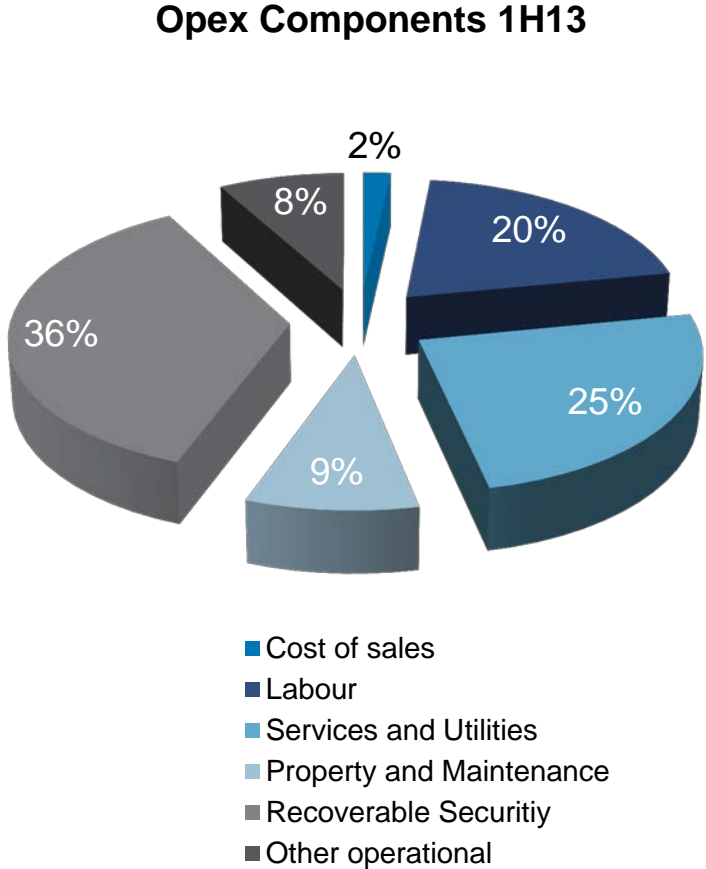
Operational leverage has built a platform for consistent delivery of cash flow growth



# Operating Costs

Large proportion of cost base is recoverable and or predictable

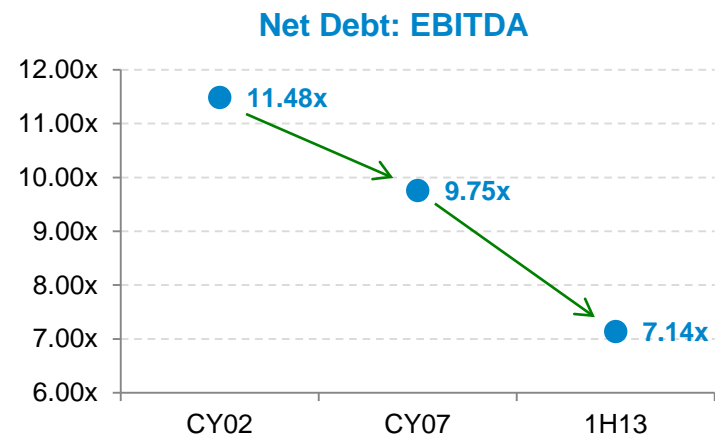
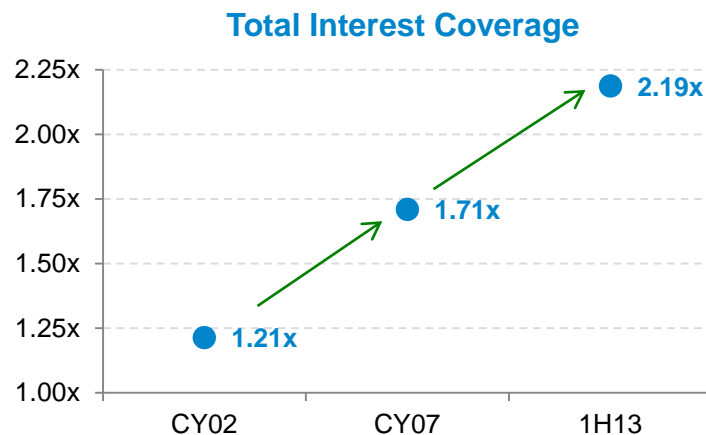
Opex	Percentage	Drivers
Controllable & contracted (including Services)	53%	CPI + margin; Contract step-ups and/or volume dependent
Security	36%	Regulatory; 100% recoverable
Utilities & other	11%	External market dynamics



The outsourced model enables disciplined cost control and a high EBITDA margin

## Focused on delivering sustainable distribution growth

- Sustainable returns to investors with EBITDA over two times interest expense
- Strong improvement in both interest coverage and leverage in the context of more than \$2bn investment since listing
- Interest rate movements currently 95% hedged, exchange rate movements 100% hedged
- Policies in place to maintain liquidity and ensure sufficient debt service coverage with cash reserves and undrawn facilities totalling \$1.1 billion<sup>1</sup>
- Net operating receipts provide 100% coverage of SYD distributions
- Distribution Reinvestment Plan reinstated; proceeds to be utilised to prudently manage capital requirements



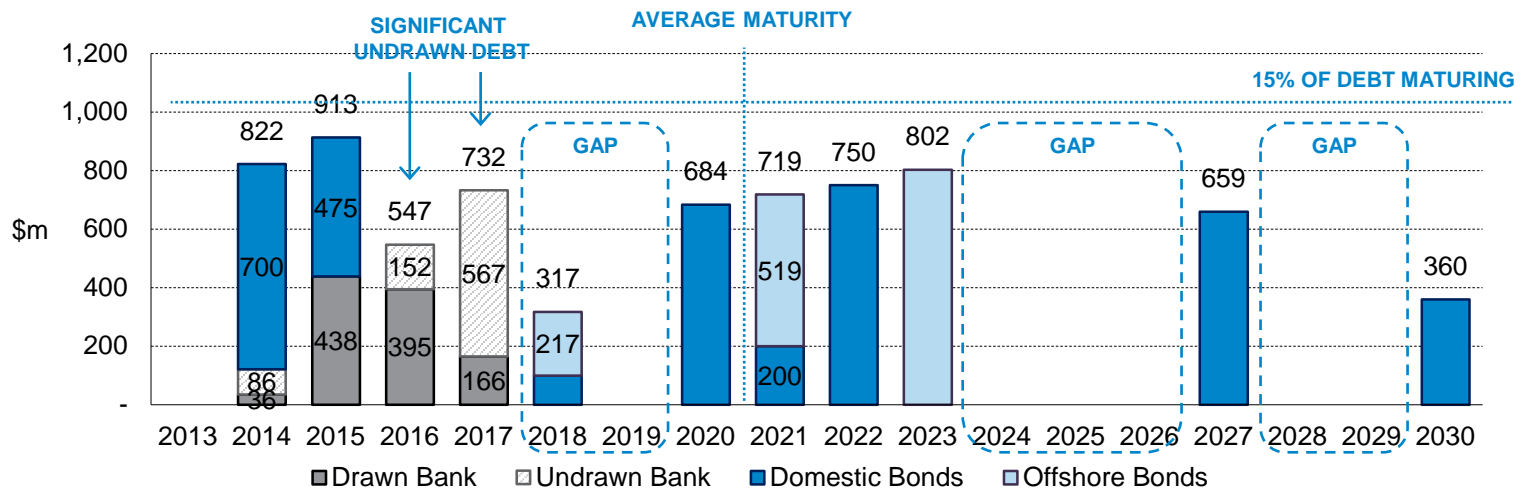
<sup>1</sup> As at 30 June 2013, pro-forma redemption of \$217m bond that matured in November 2013

# Debt Management Maturity Profile

## Smooth debt profile with windows available to further lengthen average maturity

- ~\$800m<sup>1</sup> of committed undrawn facilities available to fund growth capex and refinance maturing debt
- Maturity gaps in 2019 ideal for 5 year tenor bank debt and/or bonds
- Maturity gaps in 2024-26 & 2028-29 ideal for 10+ year tenor bonds
- Smooth profile, with less than 15% of total debt maturing in any one year
- Weighted average debt maturity currently exceeds 7 years with the opportunity to lengthen

Debt Maturity Profile<sup>1</sup>



<sup>1</sup> As at 30 June 2013, pro-forma redemption of \$217m bond that matured in November 2013

# Debt Management Refinancing

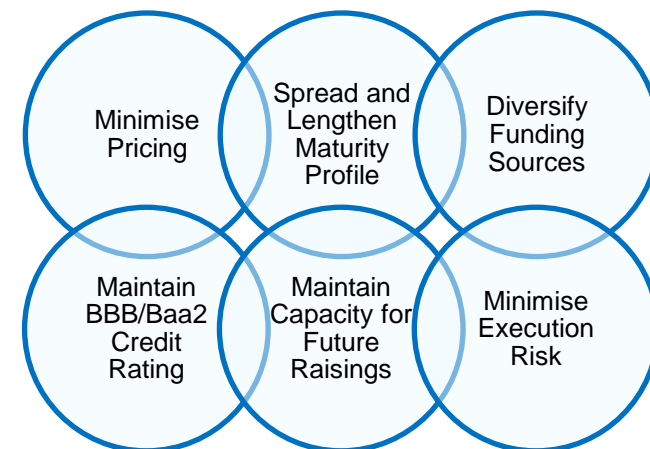
## We continue to manage refinancings in accordance with prudent objectives

- Proactive approach, however next maturity not till Q4 2014
- Upcoming maturities represent only 11% of total debt outstanding
- Deep liquid markets (Euro/Sterling) and opportunistic markets (USPP/Swiss/Asia/others) completely untapped; very significant demand for Sydney Airport credit
- Frequent reverse enquiries and past oversubscribed issuances also reveal strong private placement demand
- Euro/Sterling pricing currently favourable relative to US144A/USPP. Provides opportunity to both minimise pricing and further diversify

Sydney Airport Debt			
Major Markets		Opportunistic Markets	
<b>Domestic</b>	A\$4.9bn	<b>Maple</b>	CAD0.2bn
<b>US144A</b>	US1.3bn	<b>USPP</b>	<b>Nil</b>
<b>Euro</b>	<b>Nil</b>	<b>Swiss</b>	<b>Nil</b>
<b>Sterling</b>	<b>Nil</b>	<b>Asia</b>	<b>Nil</b>
<b>Significant untapped capacity</b>			

Recent Comparable Bond Issuances					
Corporate	Rating	Market	Volume	Tenor	Issue Margin
Brisbane Airport	BBB/Baa2	Domestic	A\$350m	7	Swap+180bps
Melbourne Airport	A-/A3	Euro	EUR550m	10	MS+105bps
Origin	BBB/Baa2	US144A	USD800m	5	UST+215bps
Origin	BBB/Baa2	Euro	EUR800m	8	MS+175bps
Incitec Pivot	BBB/Baa3	Domestic	A\$200m	5.5	Swap+215bps
ConnectEast	Baa2	Domestic	A\$250m	7	Swap+185bps
Perth Airport	BBB/Baa2	Domestic	A\$150m	7	Swap+205bps
Port of Brisbane	BBB	Domestic	A\$300m	7	Swap+190bps

## Refinancing Objectives



# Debt Management Hedging

## Hedged heavily in the short term and 65% over the medium term

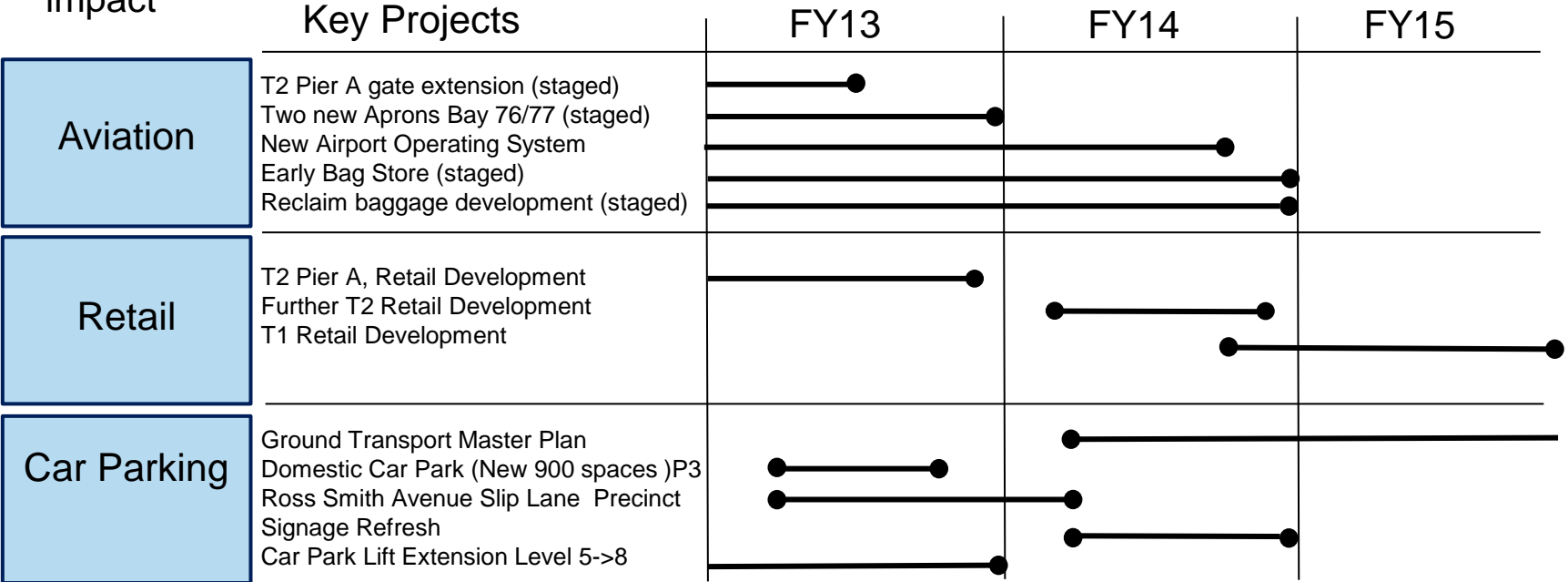
- As at 30 June 2013, 95% of senior debt was hedged or fixed rate
- Treasury policies require Sydney Airport to maintain a minimum hedge position of 65% over the medium term
- 100% of currency risk has been eliminated through execution of cross currency swaps



# Capital Expenditure in 2013

## Spent \$104m in 1H13, on track for guidance of ~\$230m for full year

- Guidance 2013-2015 of \$700 million. Capital expenditure continues to be prudently managed
- Delivery of investment will be demand led, subject to optimisation through detailed planning and design and supported by an appropriate business case
- Our Master Plan is not a capital expenditure plan, but a land use plan demonstrating how Sydney Airport will manage the growth in demand over the next 20 years
- All investment is expected to be staged to ensure continuity of operations with minimal impact

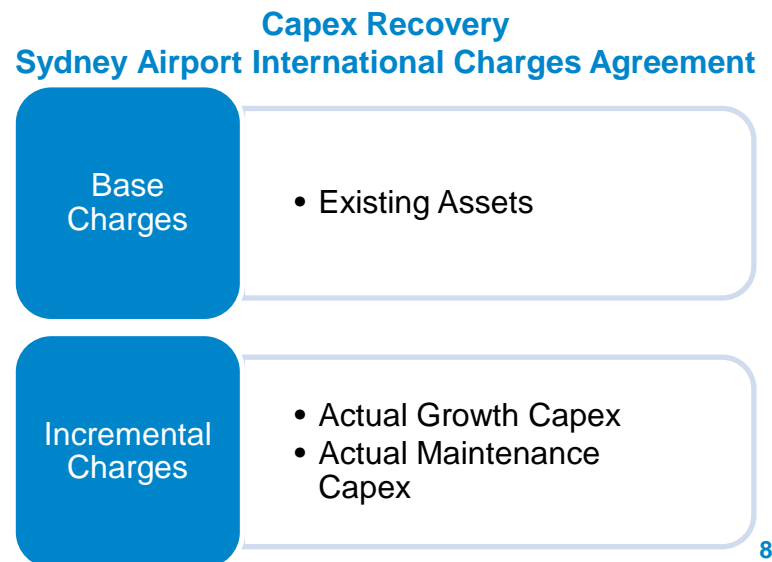
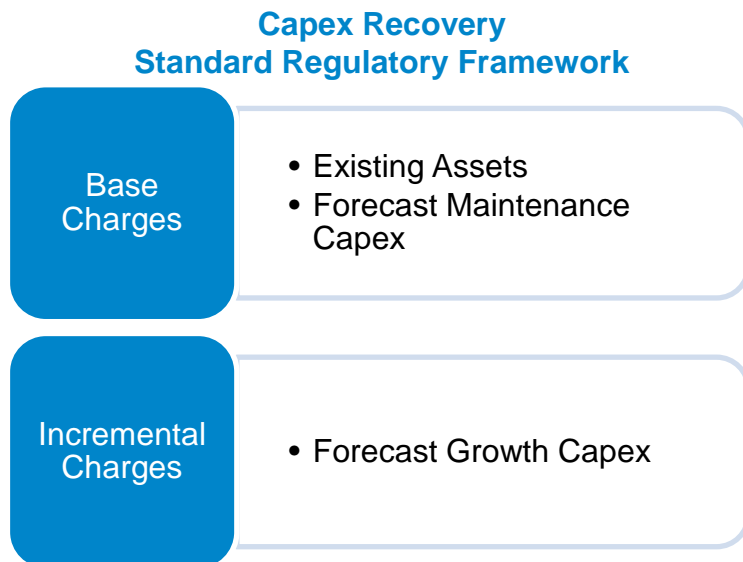


● Indicates project completion and ability to earn a return commencing



## Sydney Airport's capex recovery model differs from most other major airports

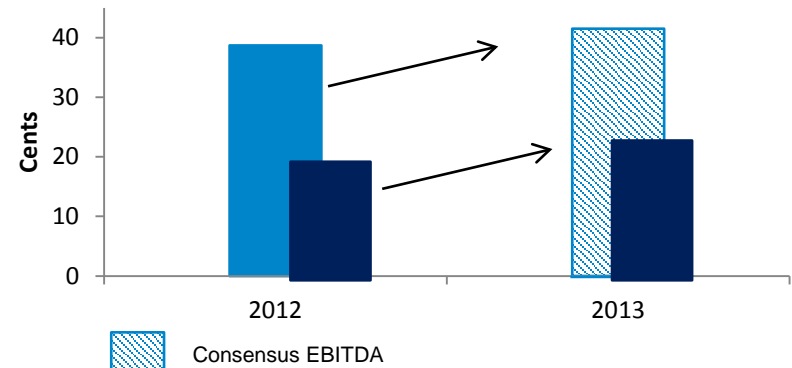
- It is standard practice for airports to earn revenue on all capital investment – both growth and maintenance
- However airport charges structures vary significantly
- Sydney Airport operates its aeronautical business under a light-handed regulatory framework
  - All international and domestic aeronautical charges have been set by direct agreement between the airport and airlines
  - Both growth and maintenance capex are recovered through incremental charges for projects delivered each six months



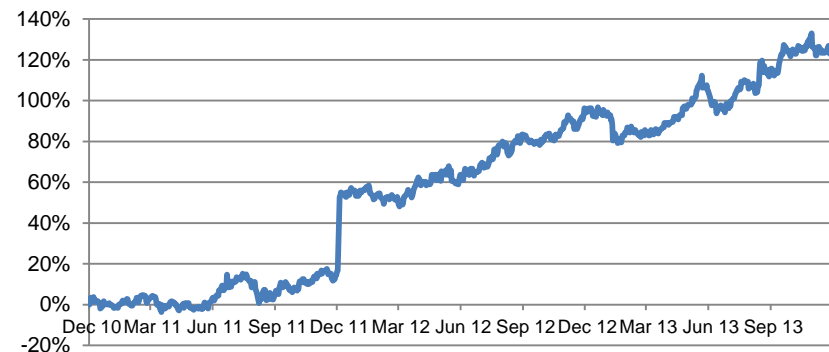
## Consistent and growing returns, provided through sound capital management

- Distribution Policy: Distribute 100% of Net Operating Receipts to investors
- Distributions will continue to grow in line with earnings
- Distributions are determined annually with regard to;
  - Traffic expectations and investment opportunities;
  - Net Operating Receipts;
  - Debt and Capital markets; and
  - Maintaining strong BBB/Baa2 credit rating

2012 - 2013 EBITDA and Cash Distribution growth



SYD Total Return over 3 years



Thank you  
for your attention



**Sydney  
Airport**

The right future.  
Starting now.

