Sydney Airport Limited (ACN 165 056 360)
The Trust Company (Sydney Airport) Limited
(ACN 115 967 087) (AFSL 301162) as responsible
entity for Sydney Airport Trust 1 (ARSN 099 597 921)
(together SYD)

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Sydney Airport
The right future.
Starting now.

ASX Release

26 February 2014

Results for the full year ended 31 December 2013

Sydney Airport today announced its results for the full year to 31 December 2013.

"2013 has been an exceptional year of achievement and activity. We delivered a package of strategic initiatives including the acquisition of our minority holdings, resolution of the ATO audit and structural simplification of the company. This transformational set of transactions marks the conclusion of a simplification process that commenced in 2009. The simplification has delivered significant value to investors, through distribution growth, transparency of cash flows, historic and future tax certainty, as well as a streamlined structure allowing for the foreign ownership cap to increase from 40% to 49%," Sydney Airport Chief Executive Officer, Kerrie Mather, said.

"We have continued to deliver a strong set of operational and financial results in 2013. EBITDA grew by 7.3% on international passenger growth of 4.1%. Key drivers of EBITDA growth were international passengers, primarily from China and Asia, capital investment in aviation capacity and facility improvements, and commercial business initiatives. In particular, it has been pleasing to achieve revenue growth and yield improvement due to commercial expansion. Significant customer research and targeted products have translated into increased sales and market penetration.

"Today we are pleased to provide distribution guidance of 23.5 cents per stapled security for FY14. This guidance is underpinned by our continued growth in operational performance and distributable cash, as well as the business commitment towards growing investor distributions. It is subject to external shocks to the aviation industry and material changes to forecast assumptions."

1. FY 2013 Highlights

- Package of strategic initiatives completed;
- Total investor return[i] of 19.1%;
- International passenger growth of 4.1%, EBITDA growth of 7.3%; and
- Full year distribution of 22.5 cents per stapled security; 100% covered by Net Operating Receipts.

2. Performance in Brief

ASX-listed Sydney Airport (SYD)	SAL FY 2013	SAT1 FY 2013	SAT1 FY 2012
Statutory Net Profit Attributable to Security Holders[ii]	(26.9)	88.4	179.2
ASX-listed Sydney Airport (SYD)		**FY 2013**	**FY 2012**
Net Profit Attributable to Security Holders (365 Day View)		61	179
Net Operating Receipts per Stapled Security		$0.225	$0.21
Distribution per Stapled Security		$0.225	$0.21

Sydney Airport Performance ($m)	FY 2013	FY 2012	% Change
Traffic (Millions of Passengers)	37.9	36.9	2.6%
Revenue	1,114.6	1,039.7	7.2%
Operating Costs (Pre-Specific and Security Expenses)	(131.4)	(124.6)	5.5%
Security	(73.1)	(66.2)	10.4%
Other	0.3	0.1	
EBITDA (Pre-Specific Expenses)	**910.4**	**849.0**	**7.2%**
Specific Expenses	(0.1)	(1.0)	
EBITDA	**910.3**	**848.0**	**7.3%**

3. Performance and Operations

EBITDA growth of 7.3% for FY13 was driven by strong international passenger growth, investment in aviation capacity and facility improvements, and yield improvement from new initiatives in all business areas. Management continues to demonstrate a disciplined approach to controllable costs, which has contributed to our strong EBITDA growth.

Revenue

Total revenue rose 7.2% over the pcp to $1,115 million. All businesses performed well, with revenue growth in excess of passenger growth.

Aeronautical revenue grew a strong 7.2% over the year. This was driven by passenger growth and investment in aviation capacity and aeronautical facilities. International passenger growth of 4.1% was driven by both strong foreign inbound travellers (+4.8%) and Australian outbound growth of 3.3%. Asian nationality markets continued to perform strongly, with China, Malaysia, Singapore and India contributing the largest proportion of growth during 2013. Aircraft upgauging and increased frequencies by a number of airlines were each significant drivers of growth during the period. In fact, Sydney Airport's collaboration with airlines and tourism agencies delivered additional capacity from more than half of the airport's 36 international airlines. During the second half of the year, we added two new routes served by two new airlines: Air India's Delhi service (which was also Australia's first 787-8 passenger service) and Sichuan Airlines' Chongqing service. Domestic passengers grew by 1.9% over the year. The domestic market has seen lower capacity growth recently and we expect this to continue into the short to medium term.

Retail revenue grew 5.2% after adjusting for the revenue impact of the change in tobacco duty free allowance in FY12. The Retail business has added nearly 1,000m^2 and twelve extra retail outlets during the period across both terminals. Meanwhile significant work has progressed on customer research and segmentation in order to provide new tailored brands and product range. These changes have ensured our terminals are providing an offering which represents choice and value for our constantly changing customer mix. New concessions such as MoVida, Coopers Alehouse, Marcs and Oxford together with a refresh of other major branded stores have transformed the dining and shopping experience in Terminal 2. In Terminal 1, new stores such as National Geographic, Cerrone, A Little Something and La Perla provide our international passengers with a unique offering at a range of different price points.

The duty free contract with Nuance expires in February 2015. Expressions of interest have been sought from the world's best and largest duty free operators. The structure of the expression of interest and subsequent tender process has been designed such that the potential exists for a range of different concepts and/or operators. The initial interest in our concession indicates that it is a very sought after operation and that this will be a competitive tender process. We look forward to working with the successful operator or operators at the conclusion of the process.

Property and car rental revenue grew strongly, up 10.8% for the year driven by market rent reviews, new leases and additional income from ancillary services. The property business continues to grow, now with approximately 360 on-airport leases. This year the business delivered a new hotel, one new lounge and the expansion and enhancement of two others, as well as a number of new commercial leases. The demand for on-airport space continues to be strong with occupancy at 98%. This strong demand continues to support our strategy of optimising portfolio returns, increasing leasing space opportunities and providing superior passenger and customer facilities.

Car Parking and Ground Transport revenues were 10.9 % higher than the pcp. A more than 35% increase in car parking spaces, a clear value proposition, higher penetration, targeted advertising and tailored products have resulted in increased productivity and yield improvements. Online car park bookings continue to increase as a proportion of our car parking revenues, and currently account for 20-25% of revenues.

An additional 965 spaces were delivered in December for the Domestic precinct just in time for the 2013 Christmas peak. These spaces increased public parking capacity at the domestic terminal by 33% and over the Christmas period had an occupancy high of 90%. Our continued investment in new facilities, products and the upgrades to services ensure that our product continues to improve and evolve to meet passenger demand.

Operating Expenses

Operating expenses were up $1.3 million or 2% in the second half. Over the full year operating expenses were up 5.5%, predominantly due to first half Services and Utilities increases and other operational costs related to the implementation of our new car parking strategy. Recoverable security was up $6.9 million or 10.4%, driven by additional government-mandated security requirements.

Capital Expenditure

Capital expenditure was $241 million for the year. Key projects commenced or completed this year included:

- Upgraded and expanded gates and aprons to accommodate larger aircraft;
- Departures screening works making way for the new body scanners and increasing passenger circulation during the screening process;
- Seventh Street car park (P3) delivered just in time for the Christmas peak, increasing car park spaces in the domestic precinct by 965 spaces; and
- T2 Pier A expansion completed in July delivering additional retail space, gate lounges and a new bussing lounge facility.

Capital expenditure is expected to be approximately $1.2 billion for the next five years, 2014-2018 inclusive, or a run rate of $240 million per annum. This guidance is broadly consistent with our long term investment run rate of $210 million per annum since acquisition. The investment program over the next five years assumes the incremental delivery of capacity to support peak growth. Investment will be made in line with demand and be flexible to meet the changing needs of airlines and operating conditions. Short term capex includes projects such as International terminal improvements, apron expansion, a new T1 baggage system and roadworks. Medium term capex includes incremental terminal expansion, airfield upgrades, ground transport works and a range of commercial initiatives all consistent with the master plan. Significant undrawn facilities are available to fund business expansion.

Debt

Net debt at 31 December was $6.3 billion, increasing by our 2013 capital expenditure of $241 million. Debt metrics continued to improve as EBITDA grew faster than financing costs. The cash flow cover ratio increased to 2.21x and Net Debt to EBITDA has reduced to 7.0x. The balance sheet remains strong, with undrawn facilities of approximately $663 million available to provide financial flexibility and fund growth capex into 2016.

Sydney Airport's next refinancing is due in the fourth quarter of 2014, with $822 million maturing. Offshore debt capital markets remain favourable, particularly the US and European markets. Sydney Airport has a BBB or equivalent credit rating.

Master Plan 2033

We welcomed the Australian Government's approval of Sydney Airport's 20 year Master Plan, on 17 February 2014. The master plan outlines Sydney Airport's plan for the operation and development of Australia's premier airport for the period to 2033. Forecast demand in 2033 is 74 million passengers, a significant increase from the 38 million in 2013. The initiatives outlined in the master plan will meet the needs of our customers by delivering a superior passenger experience, improving the efficiency of the airport, enhancing safety and maximising capacity at Sydney Airport. The plan contemplates a staged rollout subject to demand, airline requirements and regulatory approvals, and encompasses the feedback from two years of extensive stakeholder and community consultation. Beyond the planning period of the master plan there is substantial further potential to meet traffic growth.

Ground Transport

The ground transport plan was approved in conjunction with the master plan. The plan includes innovative ground transport solutions developed in collaboration with the NSW Government that will significantly improve access to the airport and the road traffic flow around it. We have also proposed significant upgrades to our public transport facilities to support more public transport services.

We have already commenced planning work on improving traffic flow and reducing congestion to the airport, including a new road and exit for T1. The remaining ground transport works, including a new one-way ring road for the T2/T3 precinct are expected to be completed by 2018, with works commencing shortly.

In addition, we welcome the Australian and NSW governments' commitment to the construction of WestConnex as a high priority, which will significantly improve access to Sydney Airport from the growth centres of Western Sydney.

Minority Acquisition, ATO Resolution and Simplification

On 3 December 2013, the last stage in this package of transformational initiatives was completed. In August, SYD announced an exciting package of initiatives including:

- Acquiring the remaining 15.2% minority holdings of Sydney Airport, thereby moving to 100% ownership;
- Settling the ATO review of RPS interest deductibility, receiving all required rulings and providing greater certainty around our tax profile historically and into the future; and
- Simplifying the SYD corporate group, thereby increasing the foreign ownership limit from 40% to 49%.

Each of these steps formed an important part of realising SYD's long term strategy to acquire more of Sydney Airport at the right value, and to provide investors with increased certainty and simplicity. Completion of these initiatives is a transformational step for both the airport and our investors.

Distributions

Net Operating Receipts per stapled security were 22.5 cents for the year, providing 100% coverage of the distributions paid.

Today we announced distribution guidance for 2014 of 23.5 cents[iii], representing an underlying growth of 8% and a headline growth of 4%. This demonstrates management's confidence in the year ahead as well as the strength and security of both distributable cash and EBITDA. Sydney Airport is committed to growing investors' distributions, providing confidence over future distributable cash and a solid platform for future growth.

4. Outlook

2013 has been an exceptional year of achievement and delivery. Management has delivered on some long term strategic goals and operationally the business has continued to deliver strong investor returns. Leading into 2014, management is focused on traffic development and growing passengers through working with airlines to develop underserved routes and markets. In addition, management will focus on the competitive duty free retender, debt refinancing and the delivery of investment in line with airline demand. Finally, we will maintain our focus on delivering our 23.5 cent[iii] distribution guidance.

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[i] Total investor return is calculated as capital gain/(loss) plus distributions, calculated from 1 January to 31 December 2013

[ii] Taken from the SAL (Sydney Airport Limited) audited Full Year 2013 Financial Statements

[iii] This guidance is subject to external shocks to the aviation industry and material changes to forecast assumptions

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SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

Millions	2H CY13	2H CY12	% change	CY 2013	CY 2012	% change
Revenues						
Aeronautical	240.6	224.0	7.4%	464.2	433.2	7.2%
Aeronautical security recovery	41.7	39.2	6.3%	83.7	77.4	8.1%
Retail	125.2	119.7	4.6%	241.6	235.1	2.8%
Property and car rental	97.0	87.3	11.1%	187.3	169.0	10.8%
Ground transport and commercial services	69.4	62.9	10.4%	132.3	119.3	10.9%
Other	2.8	3.0	-6.7%	5.5	5.7	-3.5%
Total revenues	**576.7**	**536.1**	**7.6%**	**1,114.6**	**1,039.7**	**7.2%**
Other income						
Profit on sale / (loss on disposal) of non current assets	0.2	0.0		0.3	0.1	
Operating expenses						
Cost of sales	1.9	2.6	-28.4%	3.7	4.8	
Labour	20.7	20.0	3.3%	41.1	38.7	6.2%
Services and utilities	25.5	24.7	3.3%	50.5	46.6	8.5%
Other operational costs	9.2	9.0	2.2%	17.4	16.4	5.9%
Property and maintenance	9.7	9.4	3.6%	18.7	18.1	3.5%
Recoverable security opex	36.4	33.5	8.6%	73.1	66.2	10.4%
Specific expenses:	0.1	0.0		0.1	1.0	
Total operating expenses before recoverable security opex and specific expenses	**67.0**	**65.7**	**2.0%**	**131.4**	**124.6**	**5.5%**
Total operating expenses before specific expenses	**103.4**	**99.2**	**4.2%**	**204.5**	**190.8**	**7.2%**
Total operating expenses	**103.5**	**99.2**	**4.3%**	**204.6**	**191.8**	**6.7%**
EBITDA before recoverable security opex before specific expenses	**509.9**	**470.4**	**8.4%**	**983.5**	**915.2**	**7.5%**
EBITDA before specific expenses	**473.5**	**436.9**	**8.4%**	**910.4**	**849.0**	**7.2%**
EBITDA	**473.4**	**436.9**	**8.3%**	**910.3**	**848.0**	**7.3%**
Capital expenditure	**141.8**	**96.9**	**46.3%**	**241.3**	**207.5**	**16.3%**
International	6.7	6.4	4.7%	12.8	12.3	4.1%
Domestic	13.0	12.9	0.8%	25.1	24.6	2.0%
Total Pax	**19.7**	**19.3**	**2.1%**	**37.9**	**36.9**	**2.7%**
$ per passenger measures						
Revenue	29.27	27.85	5.1%	29.41	28.17	4.4%
Operating expenses before specific expenses	5.25	5.15	1.9%	5.40	5.17	4.4%
Operating expenses	5.25	5.15	2.0%	5.40	5.20	3.8%
EBITDA before specific expenses	24.03	22.68	6.0%	24.02	23.00	4.4%
EBITDA	24.02	22.69	5.9%	24.02	22.97	4.6%