

Welcome to
Sydney's Airport

Sydney Airport Investor Day

SYD

Introduction & strategy

Geoff Culbert - Chief Executive Officer
Dhruv Gupta - Chief Strategy Officer

Acknowledgement of Country

Sydney Airport wishes to acknowledge the Aboriginal people of coastal Sydney who are the Traditional Custodians of the land on which today's airport sits.

They identify themselves in a number of ways including Gamayngal, Bideagal, Gweagal, Gadigal and Gadhugal.

We pay our respects to them, their cultures and to their Elders past, present and emerging and to other Aboriginal and Torres Strait Islander people who have made this area their home.

Safety Share



Meet the Team



Greg Botham
Chief Financial
Officer



Hugh Wehby
Chief Operating
Officer



Vanessa Orth
Chief Commercial
Officer



Dhruv Gupta
Chief Strategy
Officer



Chris Evans
Chief Assets &
Infrastructure Officer

What to expect from today

Introduction and strategy

Geoff Culbert
& Dhruv Gupta

Foundations for growth and aviation opportunities

Hugh Wehby
& Rob Wood

Commercial opportunities

Vanessa Orth
& Colin Reay

Capital funding and delivery

Greg Botham
& Chris Evans

Strategic framework

1

Geoff Culbert – Chief Executive Officer

Fundamental strategy remains unchanged



Operational efficiency
and effectiveness



Increase revenue per pax



Grow number of high
value pax and movements



Leverage our capabilities
beyond the core

Focused capital strategy

Aligned culture

Applying the strategy in a different environment

Global
uncertainty



RESPONSE

Simplify the business

Strengthen operational discipline

Continue to build revenue diversity

Evolving
stakeholder environment



RESPONSE

Focus on the customer

Deliver for the community

Lead in sustainability

Sydney Airport over the next 20 years



Material passenger growth



Two airport city



Sustainability

- 66 million passengers, with international/ domestic mix ~50/50
- Build capacity for short, medium and long-term
 - Southern bag room, international gate expansion and Sydney Gateway
- Deliver world class product
 - Continue to improve the customer experience
- Become a global leader in sustainability
 - Carbon neutral by 2025

Strategy and growth

2

Dhruv Gupta – Chief Strategy Officer

Sydney Airport faces an evolving operating environment

- Physical infrastructure
- Slots and operating restrictions

- Airline agreements expiring
- Efficiency focus



- Airports: local, international, Western Sydney Airport
- Commercial: hotels, parking, retail

- Mobile-empowered
- Changing expectations and behaviours

Sydney Airport is evolving to meet these changes

Taking an ecosystem perspective

Identifying areas where Sydney Airport could play a greater role

Moving from “landlord” to partner

Growing the overall value pool through collaboration

Understanding, meeting and then exceeding consumer expectations

Initiatives to improve customer experience and deliver business benefits

Using data and technology to improve performance

Data insights and machine-learning to improve performance

Building capability and investing in people

Reinvigorating approach to culture and building capability

Focused on creating value across our strategic pillars



Operational efficiency and effectiveness

Continued cost discipline

Use of technology to better manage operations and capacity



Increase revenue per pax

Better understanding of the consumer journey, behaviour and needs



Grow number of high value pax and movements

Grow the right capacity

Pursue strategies to improve utilisation



Leverage our capabilities beyond the core

Explore adjacencies that support the broader growth of Sydney Airport, or service customer needs

Commercial Masterplan

Focused capital strategy

Aligned culture —> safety, security, community and sustainability

Expand the core

Identify areas that are complementary to the overall growth of our core and present an opportunity to deliver value growth

Supporting and enhancing our partners



Fuel strategy that delivers investment for growth and competitive fuel supply

Supporting freight and logistics
(~80% of freight is in the belly of passenger aircraft)

Servicing customer needs



Improving access (including through the application of Sydney Gateway proceeds)

Additional services sought by travellers

Building digital, data and analytics capability to deliver value



Data warehouse

improve information accessibility and deliver efficiencies



Machine-learning passenger forecasts

support efficient resourcing decisions



Digital twin

more efficiently manage and maintain infrastructure



Improved wi-fi access

improve customer experience, and lay foundations to understand behaviours



Heatmaps of passenger movement

support planning decisions and assist retail tenants

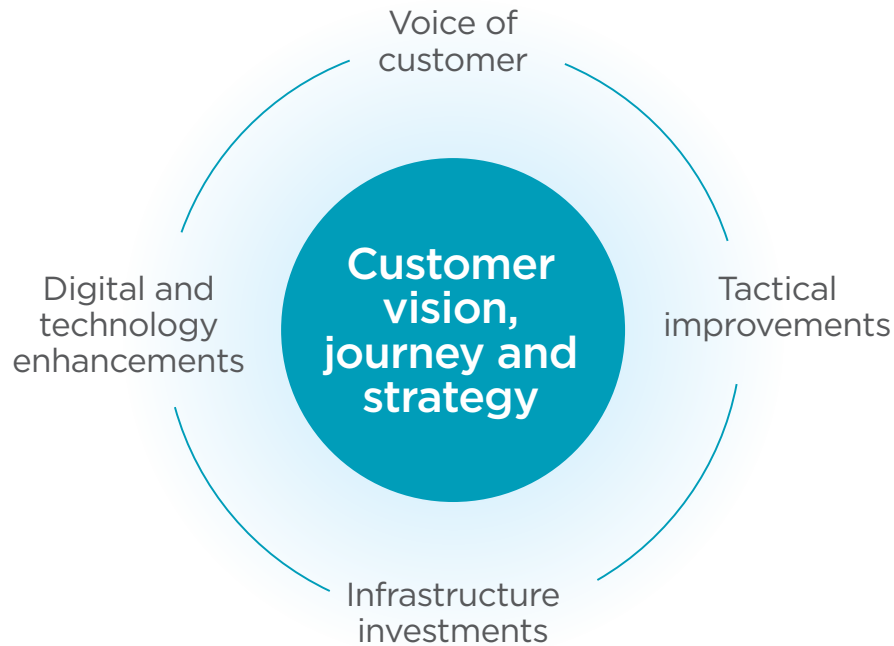


Future, seamless customer journey

create a better experience to enhance future value opportunities

Greater focus on customer will deliver business benefits

Approach to customer strategy



Business benefits

Meeting community expectations	'License to operate'
Competitive positioning	Future-proofing the business
Commercial opportunities	Inform commercial decisions to increase spend
Delivering value to partners	Sharing of customer insights with airline and tenant partners to "grow the pie"
Operational benefits	Improve passenger flows and reduce impact of disruptions

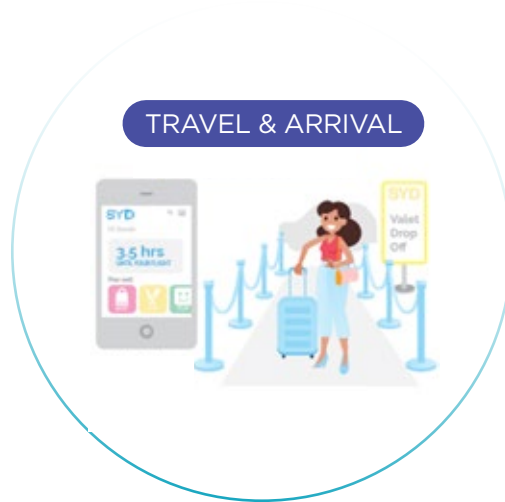
Future customer journey

Tailored

Relevant

Supportive

Seamless



Collaboration with airlines and other stakeholders to deliver a better experience

Questions?

Geoff Culbert & Dhruv Gupta

Foundations for growth and aviation opportunities

Hugh Wehby – Chief Operating Officer
Rob Wood – General Manager Aviation

Safety and security

1

Hugh Wehby – Chief Operating Officer

Safety strategy 2019-2021



Build safety
culture and
community



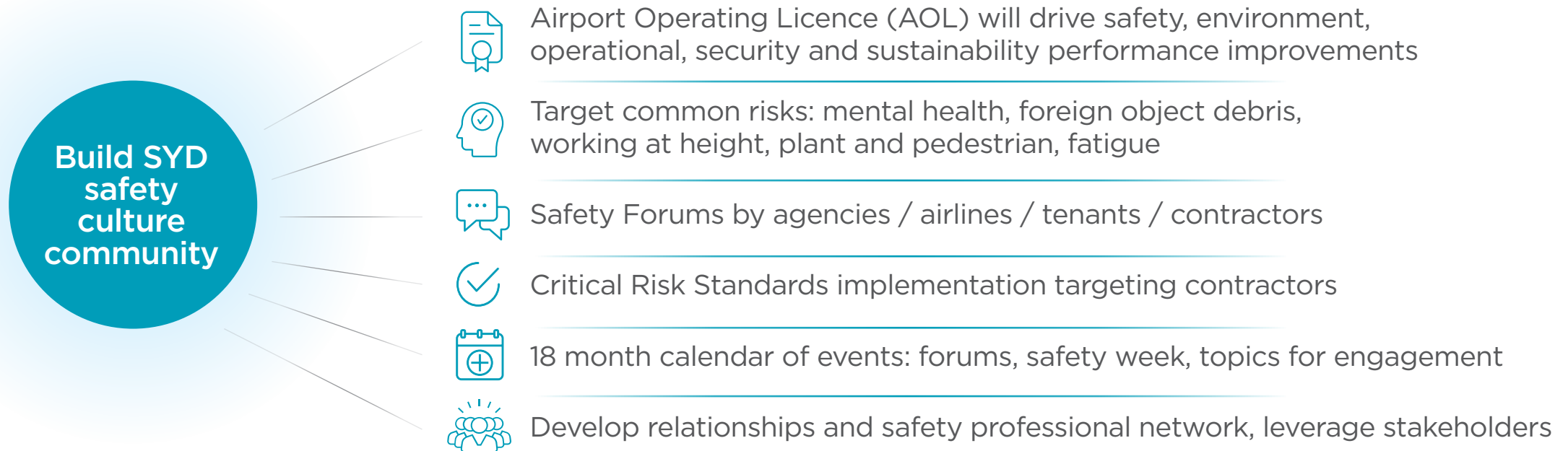
Enhance
safety risk
management



Streamline
safety
system

Safety culture and community

Central to our safety strategy 2019-2021 is building safety culture and creating safety communities



SYD Safety rules and safety community

Hazard control



Prioritise safety at all times

Energy isolation



Verify isolation before work begins

Hot work



Control flammables and ignition sources

Fit for work



Be in a state to perform work safely

Manual handling



Look after your body and perform tasks safely

Driving



Follow safe driving rules

Foreign object debris (FOD)



FOD is everyone's responsibility

Safe mechanical lifting



Plan lifting operations and control the area

Working at height



Protect yourself against a fall when working at height

Line of fire



Keep yourself and others out of the line of fire

Safety controls



Obtain authorisation before overriding or disabling safety controls

Safety behaviours



Lead by example

Confined space



Obtain authorisation before entering a confined space

Regulatory environment

2

Economic regulation

The Productivity Commission delivered the final report on economic regulation of airports

Sydney Airport has not unfairly or systematically exercised its market power in respect of commercial negotiations, aeronautical services or car parking

There is presently no justification for significant change to the current form of regulation of aeronautical services at Sydney Airport

The report acknowledged that there is scope to improve competition and pricing by allowing third parties to access on-airport infrastructure for the supply of fuel

The report recommended that the Australian Government review the Sydney Airport Slot Management Scheme



Operational regulations

Sydney Airport is subject to four main operational constraints



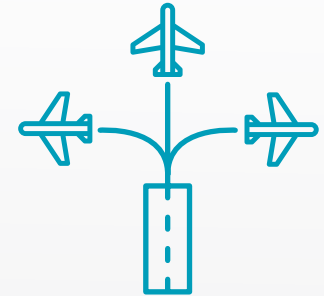
Curfew



Regional
ring fence



Movement
cap



Noise
sharing

Slot strategy

Efficient use of slots is critically important

- Review of the Sydney Airport demand management scheme
- Working with stakeholders
- World Airports Slot Board (WASB)



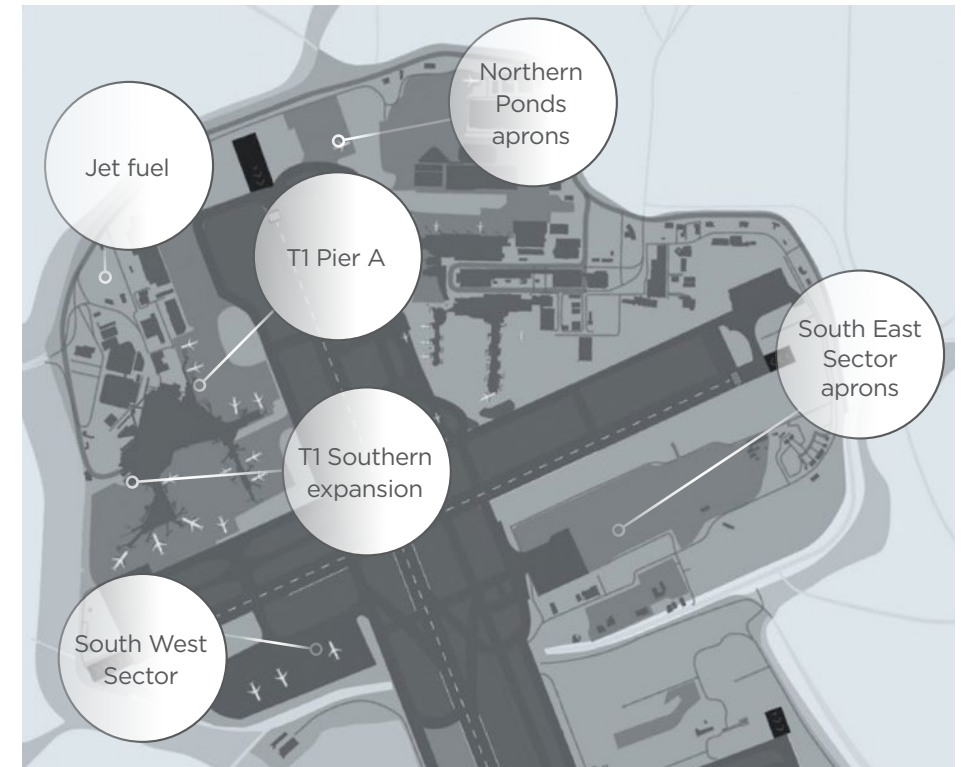
Capacity

3

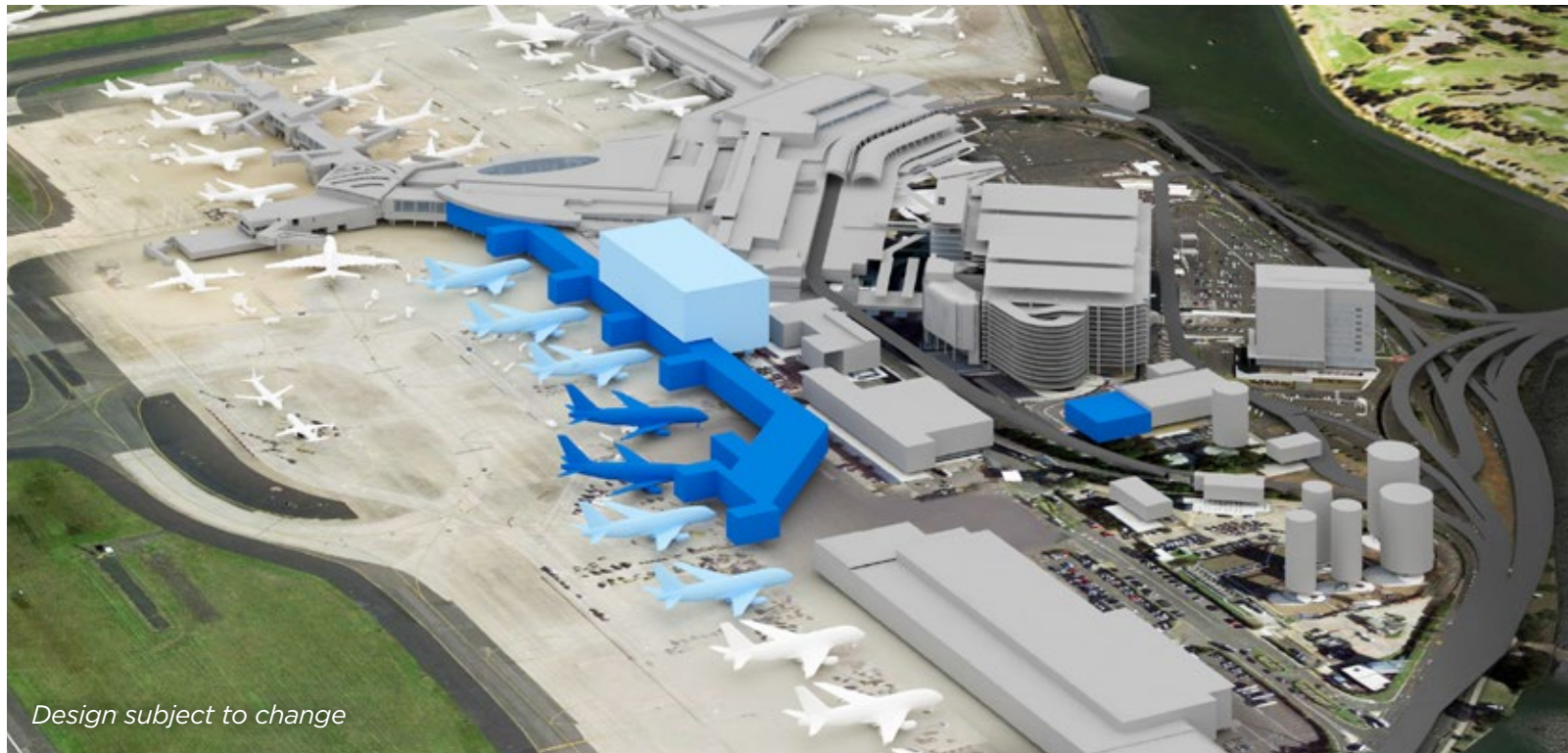
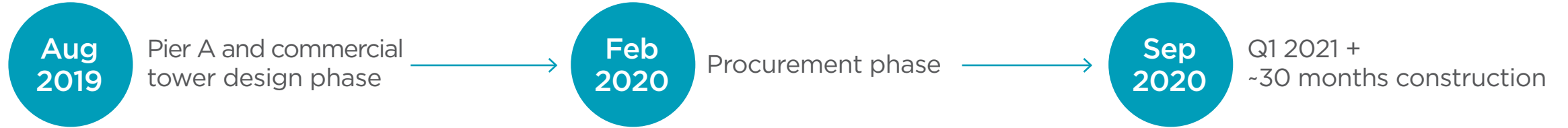
Creating capacity on airport

Sydney Airport has numerous near-term projects to address international capacity pinch points

Project	Primary Elements
T1 Pier A	Provision of new contact gates
T1 Southern expansion	A new outbound baggage facility
Northern Ponds aprons	Conversion of layover bays to active (fuelled) bays
South West Sector	Conversion of layover bays to active (fuelled) bays Potential for a new satellite pier with additional contact gates
South East Sector aprons	Construction of new layover bays
Jet fuel	Jet fuel storage infrastructure and the hydrant reticulation system



Pier A



Jet fuel – facilitating competition

Sydney Airport is seeking innovative models to improve competition and support the effective investment and operation of jet fuel storage infrastructure and the hydrant reticulation system

REQUEST FOR SOLUTION (RFS)

- The RFS process commenced and will allow participants to propose solutions consistent with the SYD principles
- An RFS allows for an innovative and market-led approach that is guided by appropriate boundaries

TIMING

- Sydney Airport released the RFS in late October 2019
- Responses are due mid December 2019
- A decision on a preferred model is likely in early 2020

SUSTAINABILITY

- Biofuels
- Efficiency

Jet Base and Colocation

It is the optimal time to enhance our product offering and infrastructure due to these factors:

- The Qantas Jet Base lease expires on 30 June 2020
- Sydney Airport now has operational control of all terminals
- Colocation of domestic and international service is being reviewed

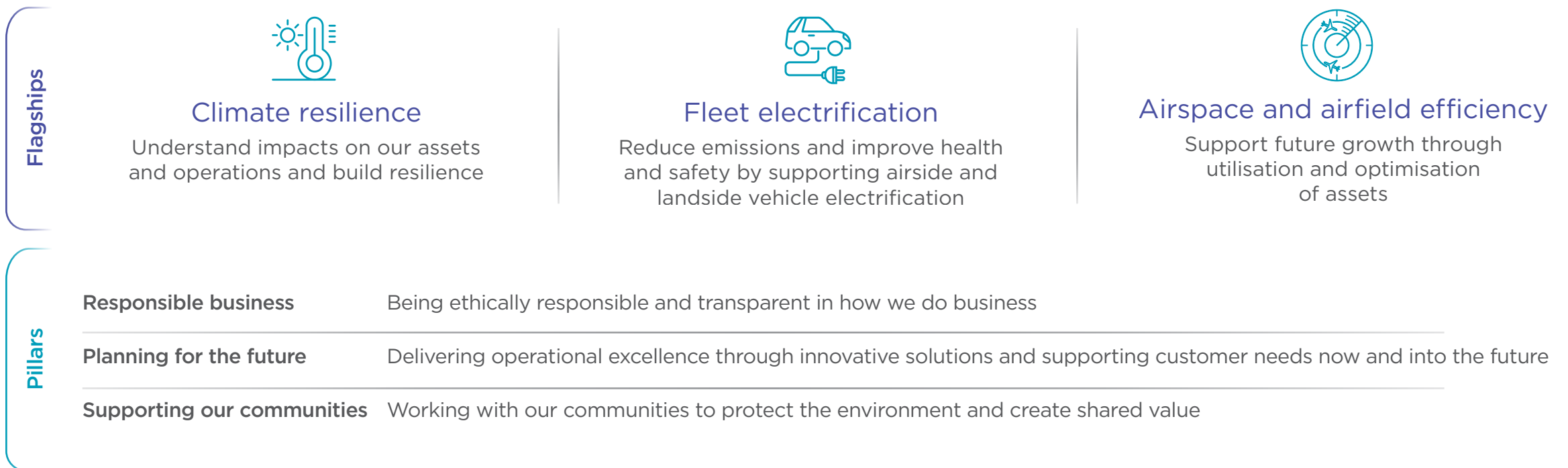


Focus on sustainability

4

Sustainability Strategy 2019-2021

Sydney Airport is a global leader in Environmental, Social and Corporate Governance (ESG) performance with sustainability integrated in to all aspects of our business



Working with our partners

We are taking action and seeing results

Airport Collaborative
Decision Making (ACDM)

Tackling Scope 3
emissions

Airport Operators
Licence

Aeronautical growth opportunities

5

Rob Wood – General Manager Aviation

Sydney Airport recently launched new services and increased seat capacity to a number of global destinations, ensuring continued growth

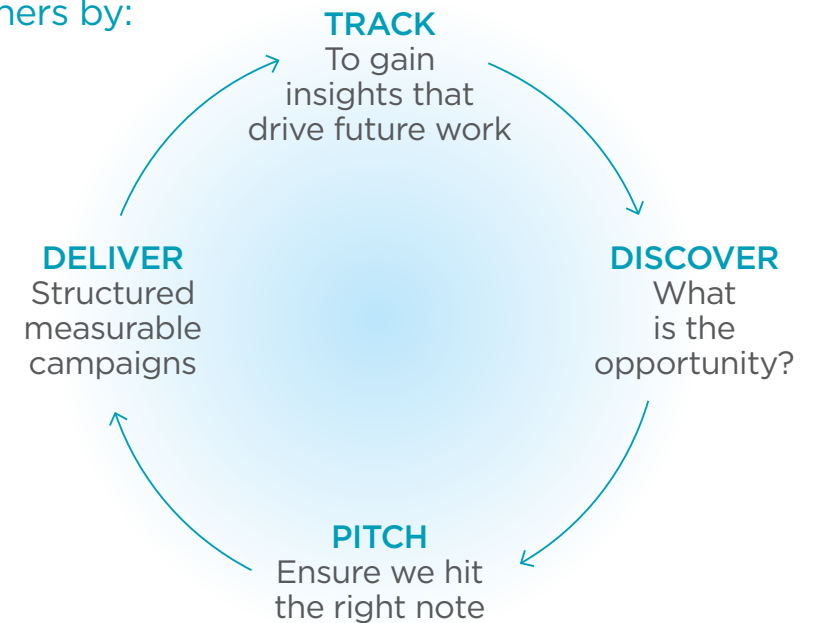


Supporting growth

Sydney Airport has restructured the Airline Partnerships team in order to support our existing and new airline partners

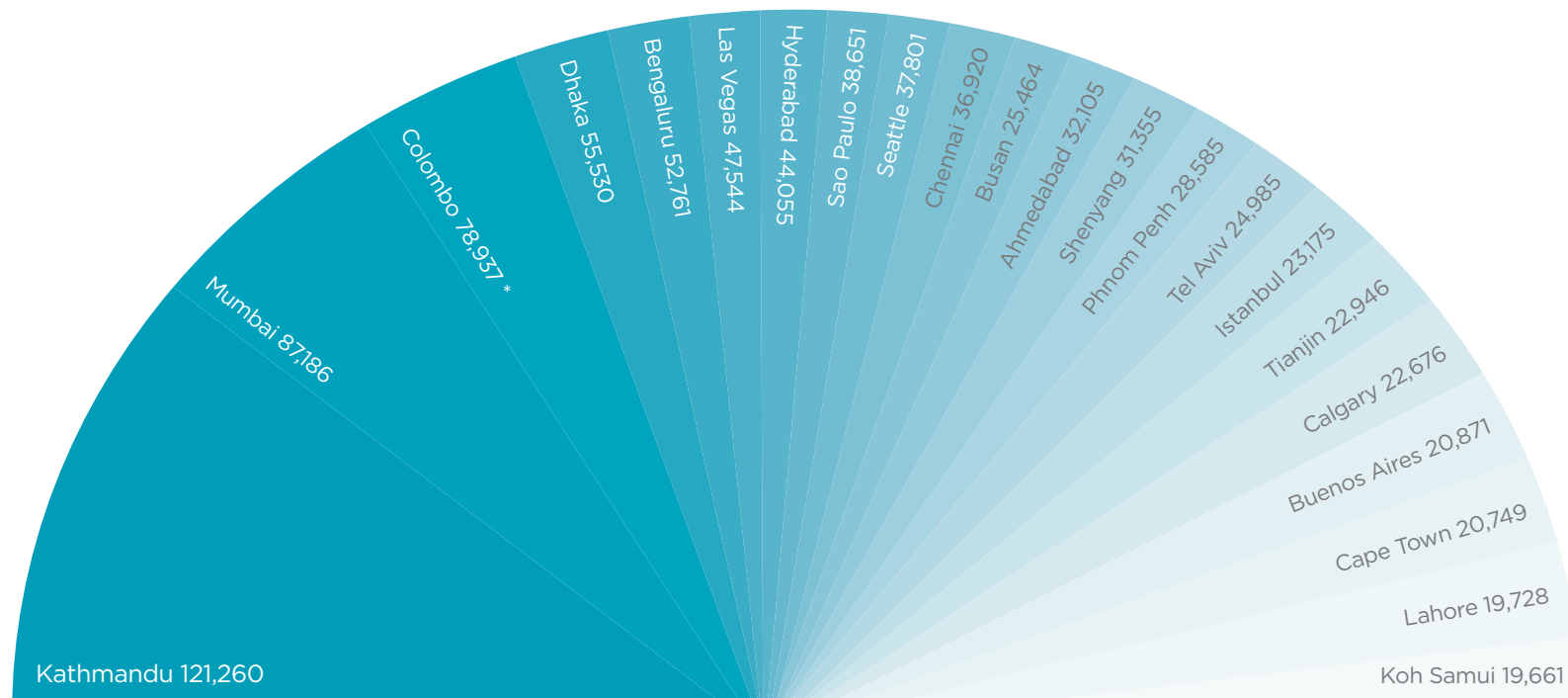
The objective is to deliver innovative marketing that creates demonstrable value for partners by:

- Ensuring potential revenue is optimised for both new and existing routes through passenger growth
- Providing a competitive advantage that drives the acquisition of new routes for Sydney Airport
- Deepening beneficial relationships with key partners including airlines, tourism boards, travel media and travel distributors
- Producing marketing innovation for SYD that counters threats and weaknesses
- Delivering value to internal teams including on cooperative projects that drive revenue



Targeting new markets

There are key opportunities to target under-served markets and new, medium sized origin and destination markets from mid 2020

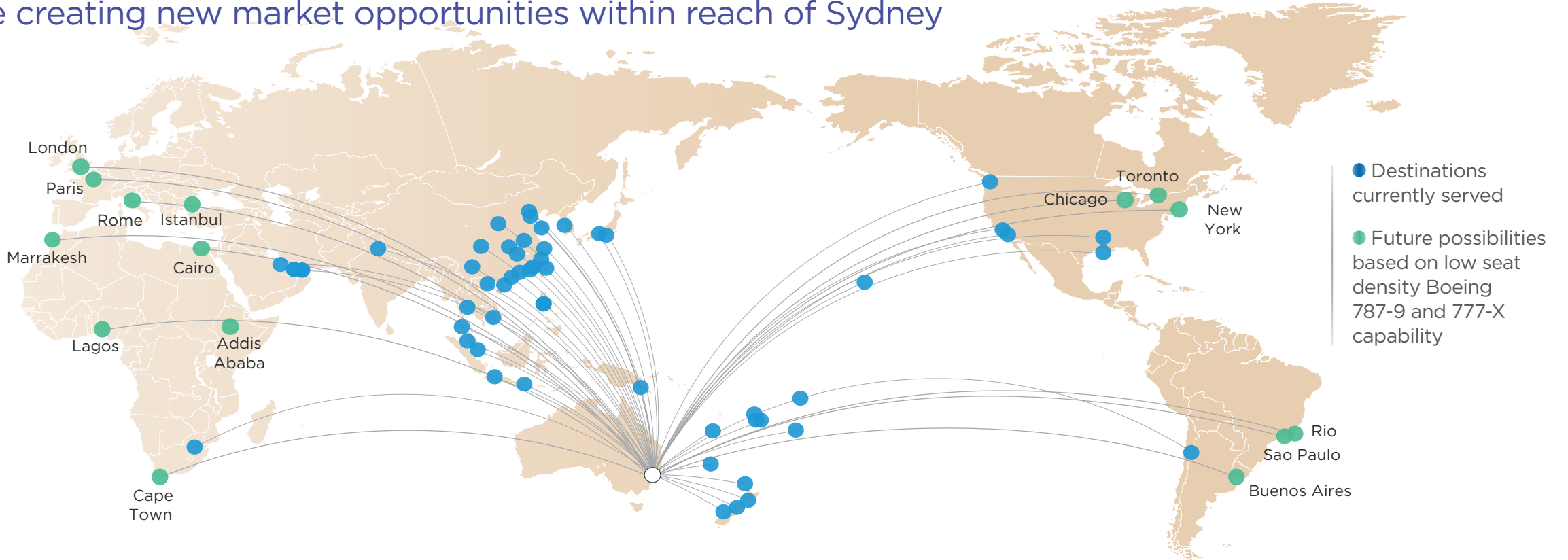


Sydney Airport's largest unserved markets

Source: Sabre ADI MIDT - O&D Passengers YE June 2019;
*based on Sydney Airport analysis of DIBP OAD Data YE June 2019 between Sydney - Sri Lanka

Ultra long haul aircraft

When equipped with ULR seat configurations, the range capability of Boeing's 787-9 and B777-X are creating new market opportunities within reach of Sydney



Emerging narrow body markets

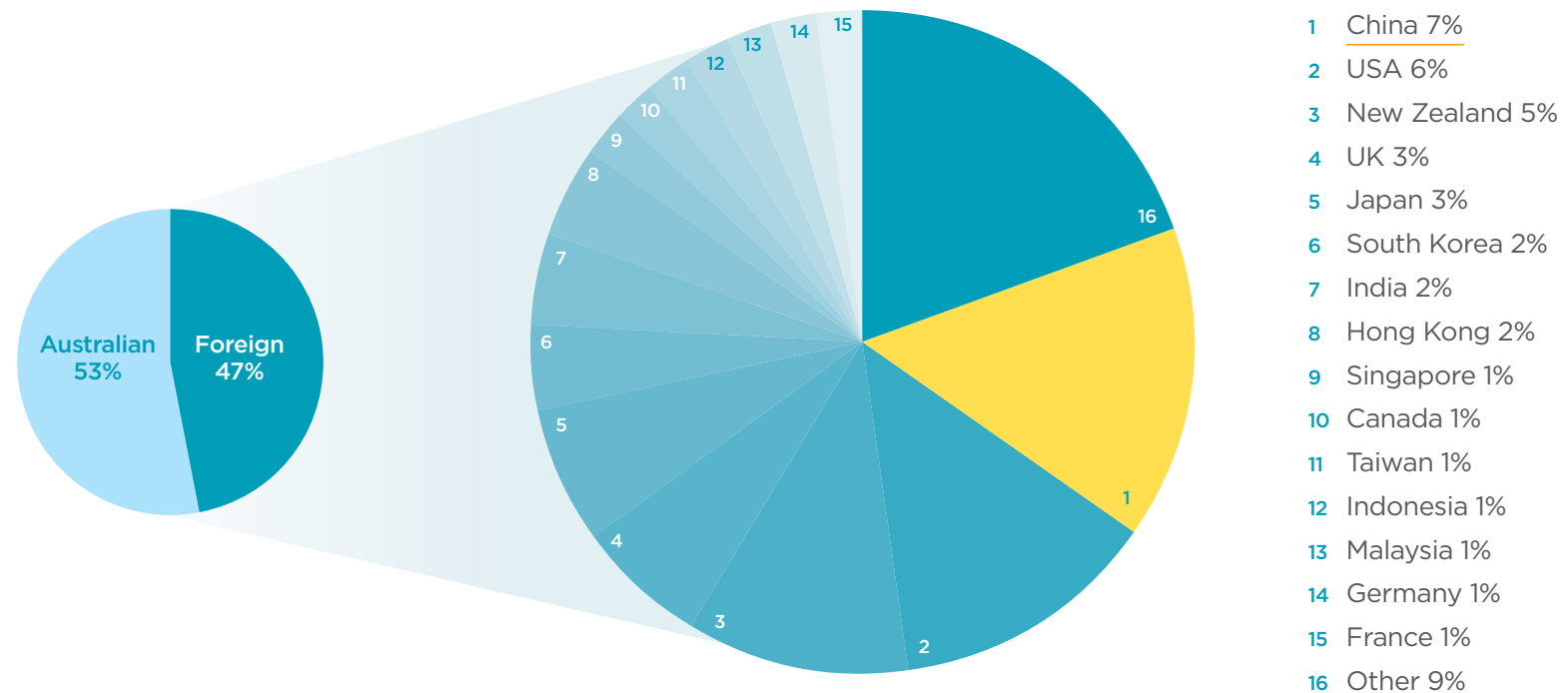
Sydney Airport also sees great opportunities for new narrow body markets to be serviced with ultra long haul aircraft and narrow body aircraft



Source: Boeing and Airbus

China continues to be Sydney's largest international source market

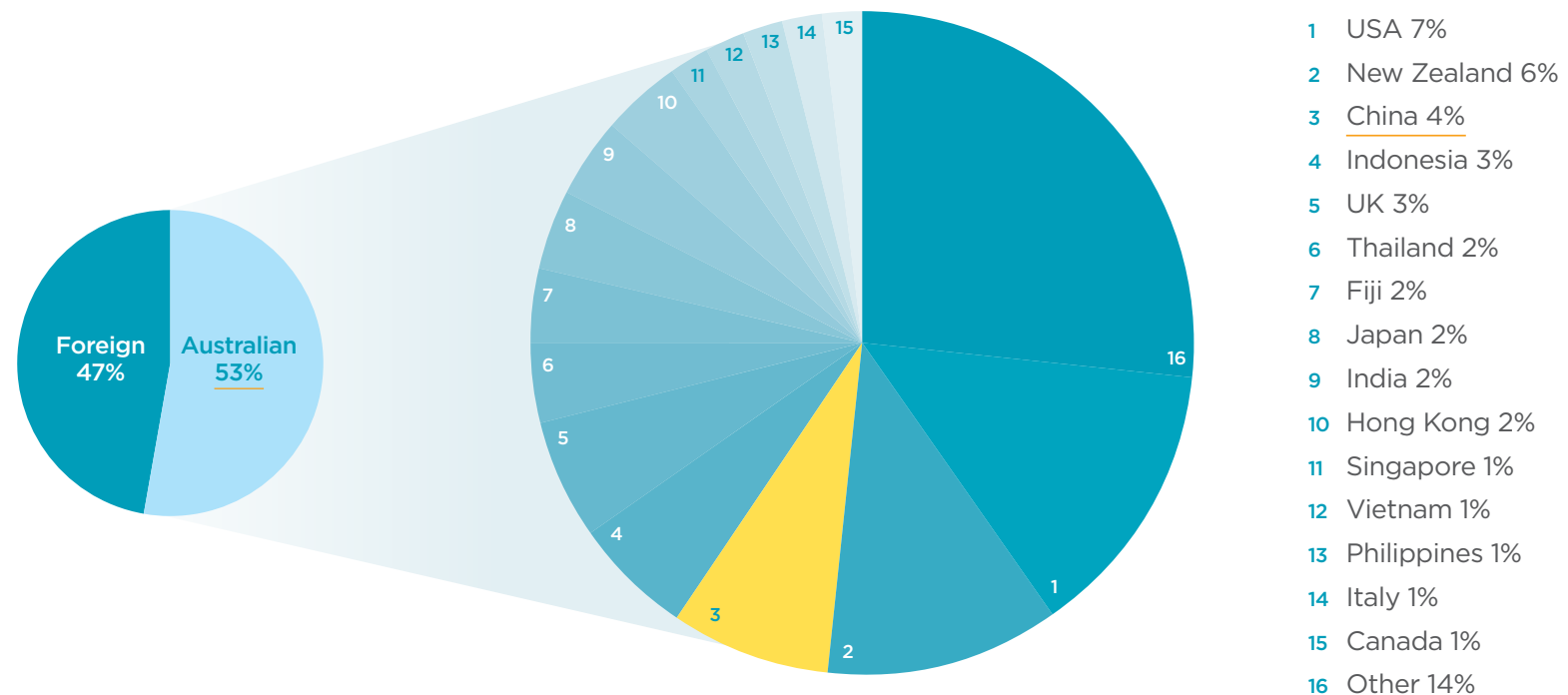
Chinese residents lead Sydney's international inbound markets totalling 1.23m passengers in the 12 months to June 2019



Source: based on Sydney Airport analysis of DIBP OAD Data YE June 2019 (sector passengers - millions)

Australian outbound travel to China

Destination China growth has been strong since 2015, with +5% growth in Australian residents visiting China in the 12 months to June 2019 to total 604,000 per annum



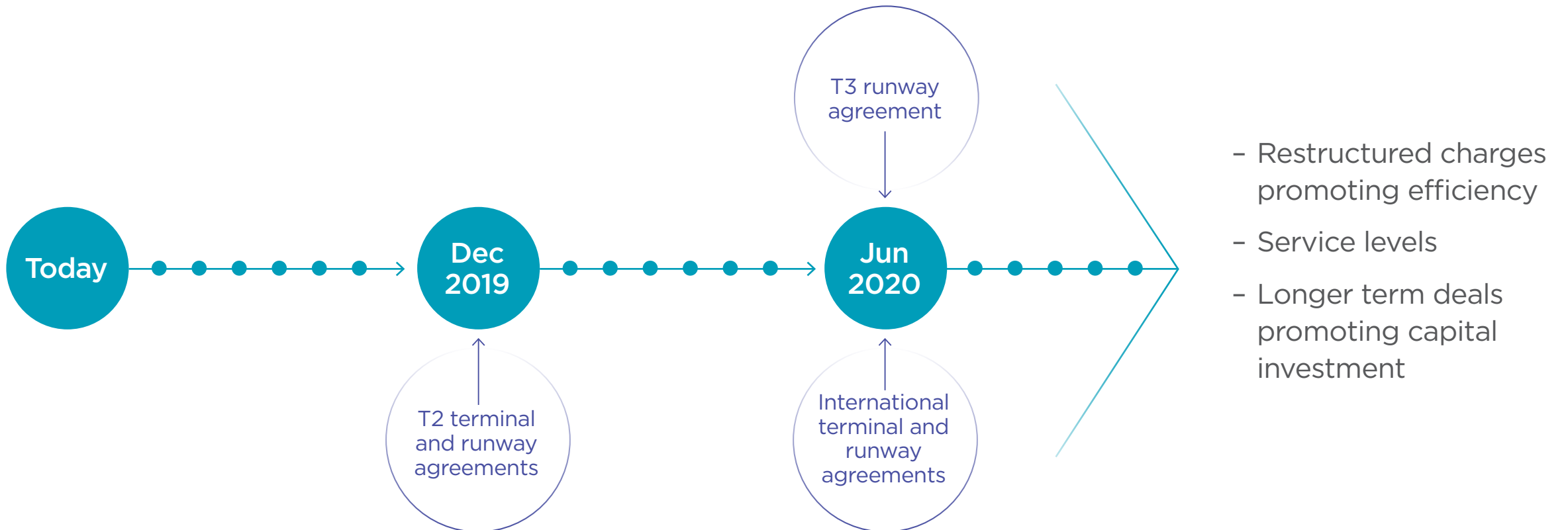
Source: based on Sydney Airport analysis of DIBP OAD Data YE June 2019 (sector passengers - millions)

Airline agreements

6

Airline agreements

Negotiations have commenced on the majority of aeronautical agreements across airport



Aeronautical agreements

Sydney Airport's commercial negotiations are seeking to deliver the following:



Build the right infrastructure



Break the five-year negotiation cycle for increased investment certainty



Promote efficient use of slots

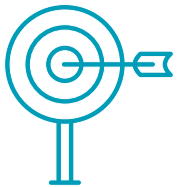


Shift to a different pricing approach



Capacity and product

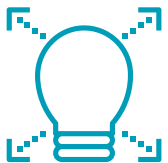
Ready for the challenge



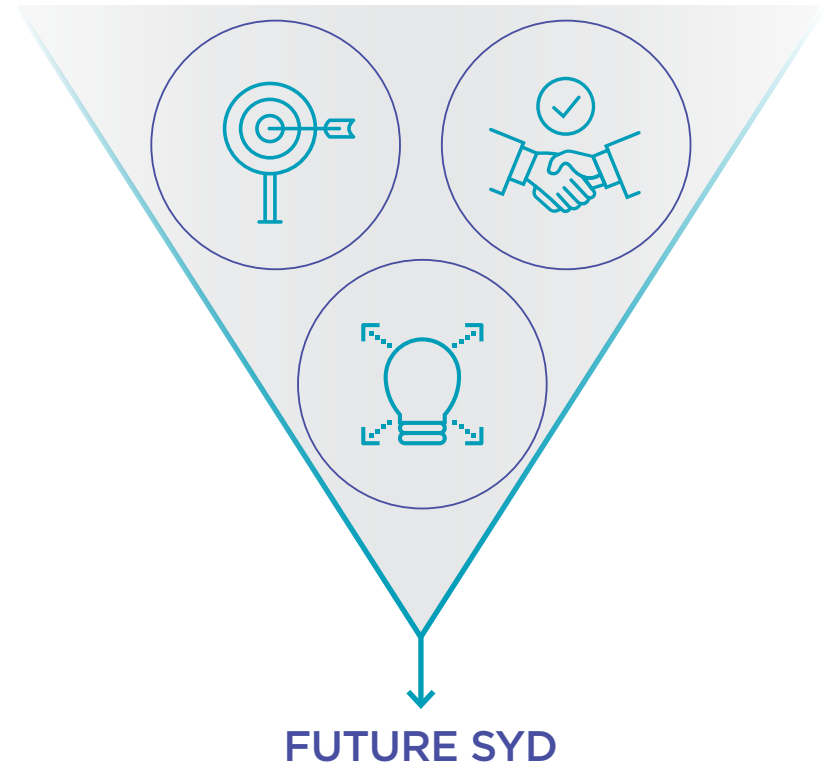
Target sustainable, consistent and optimised growth



Enter flexible agreements that allow step changes in infrastructure and service



Address the three key risks and opportunities: infrastructure, capacity and competition



Commercial opportunities

Vanessa Orth - Chief Commercial Officer
Colin Reay - General Manager Commercial Development

Commercial operations – a diversified real estate portfolio



Retail

150+ tenants
31,300 square metres
99% occupancy



Office

50+ tenants
38,900 square metres
98% occupancy



Logistics

90+ tenants
879,000 square metres
98% occupancy



Hotel

2 Hotels Mantra & Ibis
414 rooms
278 budget rooms and 136 mid scale rooms
85% occupancy



Parking

7,700 international car spaces
7,600 domestic car spaces

Delivering real estate solutions for both our partners and customers

In 2020 we remain focused on maximising the value of our real estate whilst enhancing our digital platforms to better understand our customer and create an integrated community asset

Developing a Commercial masterplan

Mixed-use opportunities

Road to runway capacity

Connected airport

Precinct focus – support aviation operations

Explore off-airport opportunities

Maximising the value of our real estate

Terminal enhancements

Road access and parking improvements

Domestic hotel development

Freight and logistics expansion

Enhancing our digital platforms and selling channels

Revenue management system improvements

Yield management system improvements

Digital marketing capability

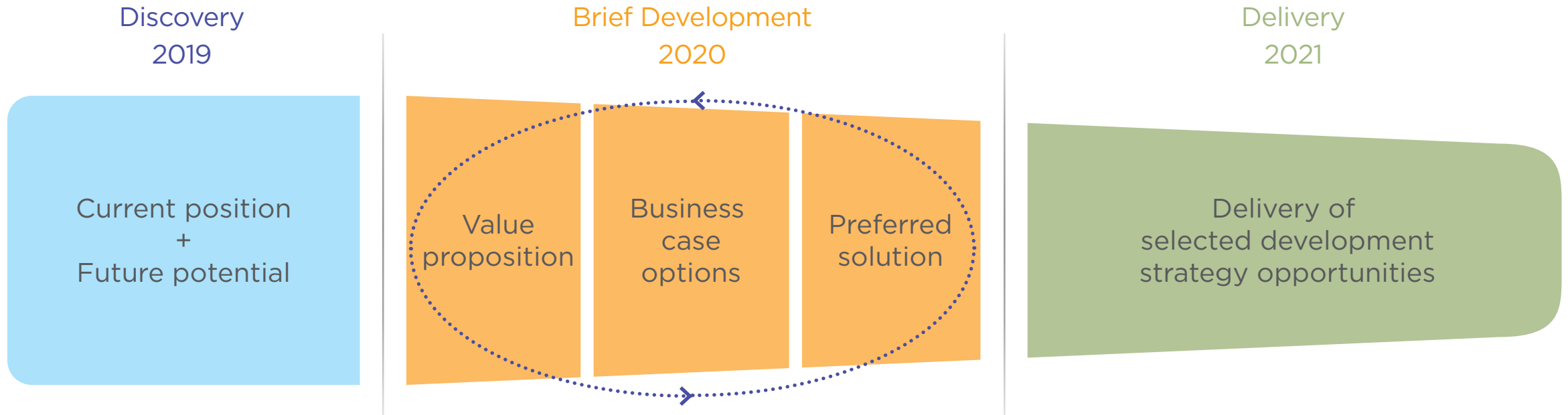
Customer database improvements

Commercial Masterplan

2

Colin Reay – General Manager Commercial Development

The Commercial Masterplan will unlock value in a timely and disciplined manner



Creating real estate solutions to meet the needs of our communities



Strategic objectives of the Commercial Masterplan

- 1 Establish market valuation for all real estate
- 2 Complete a market needs analysis for community
- 3 Define and deliver individual terminal value propositions
- 4 Develop and deliver a Sydney Airport hotel strategy
- 5 Develop and deliver a Sydney Airport freight and e-commerce strategy
- 6 Create an adjacent land strategy

2020 Development Pipeline

3

We are building a dedicated hotel precinct to leverage operational synergies

Hotel market

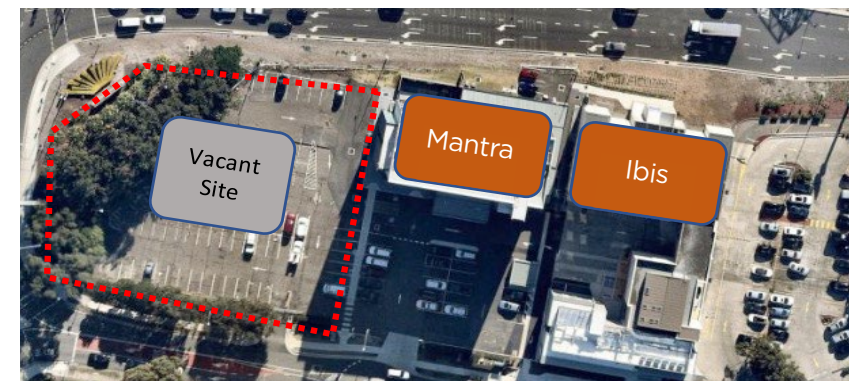
- Increased supply entering the airport hotel market in the short-term
- Demand is forecast to remain strong increasing at 5% per annum over the next 5 years
- The airport market is forecast to absorb an additional 2,000 rooms over the next 10 years whilst still retaining high occupancy (>80%)

Domestic on-airport hotel precinct

- An alternative opportunity for a new hotel adjacent to Mantra has been identified with the objective of forming an on-airport hotel precinct

The hotel development will

- deliver a new hotel adjacent to the Mantra and Ibis Budget creating an integrated precinct offer
- target a minimum increase in rooms of 250+
- target upper to upper midscale room positioning to complement the existing assets



On-Airport demand for freight and logistics remains strong

Freight market

- Sydney Airport is Australia's most significant air freight hub that facilitates movement of 45% of Australia's imports and exports by volume and value (estimated at \$53 billion in value in 2018- 2019)
- Approximately 80% of freight is carried within the belly of commercial aircraft
- Freight contributes to commercial airline profitability, circa 8-10% of revenues
- Freight volumes are estimated to increase by 58% by 2039 from 2017 levels (including freight operations from Western Sydney Airport from 2026)

Freight strategy

- Creation of a freight precinct
- Support growth of e-commerce through enhanced facilities
- Enhance import, export and distribution capabilities
- Formation of strategic partnerships

Source: 2019 International Airfreight Indicator



Maximising our real estate

3

Vanessa Orth – Chief Commercial Officer

Within Terminal 1 we continue to meet the demands from luxury retailers



Terminal 1

1

Relocation of the Tourist Refund Scheme (TRS) to leverage high demand from global luxury fashion brands and extend the T1 Luxury precinct

2

Pier A commercial and customer strategy to align with the broader offering will be ready for execution in 2022

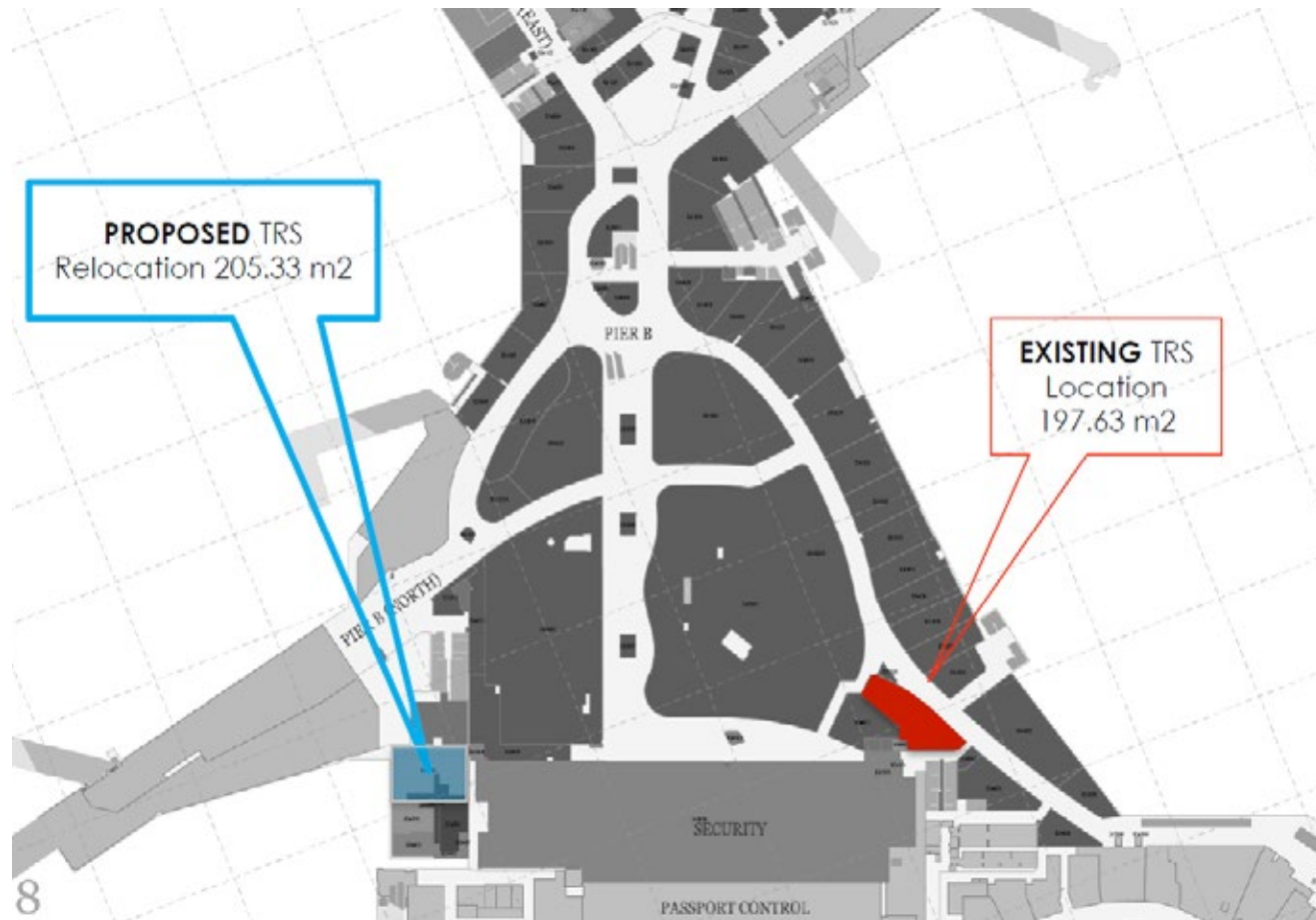
3

Enhanced Sydney Culinary market leasing engagement strategy for approval and execution at lease expiry in 2022

4

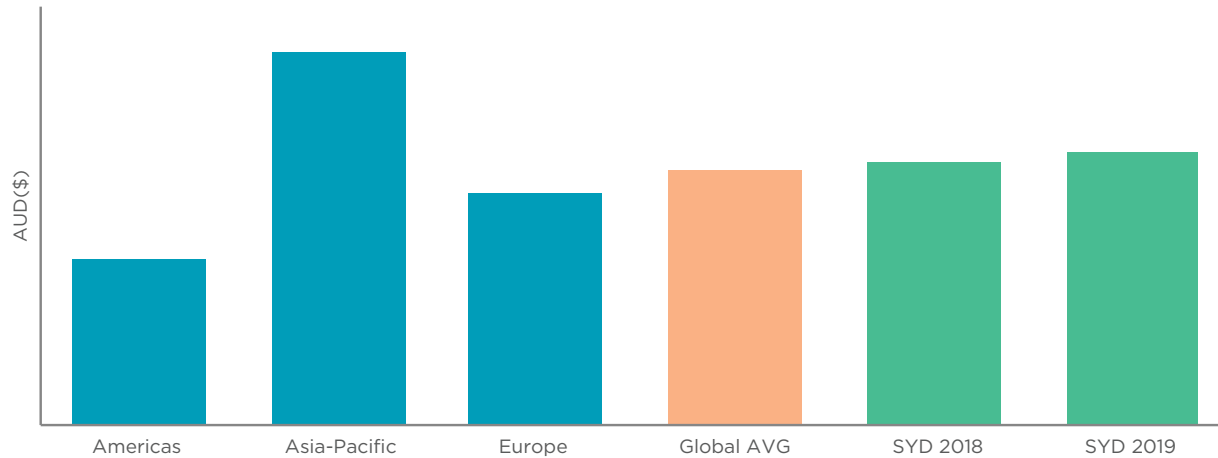
Development of the Duty-Free strategy for approval and execution at lease expiry in 2022

Securing Moncler and Saint Laurent



Whilst our Duty-Free offer continues to perform strongly

Global comparison of Duty Free Sales per departing international PAX June MAT



Source: The Airport Commercial Resources Study – 2018/2019

Working with Heinemann on future opportunities



Concept photograph

The retail improvements are continuing across Terminal 2

Terminal 2



1

Realignment of the Pier A specialty retail layout

2

Terminal enhancement works

3

Delivering four new tenancies

4

Improving the ambience through events and activations





Remixing Pier A to create an 'Aspirational Lifestyle' precinct



Re-positioning Terminal 3 to meet the needs of our domestic traveller

Terminal 3



1

Create a premium aspirational specialty retail precinct that is tailored to the unique customer demographic

2

Substantially elevate the food & beverage offer creating a benchmark retail proposition, differentiated from T2

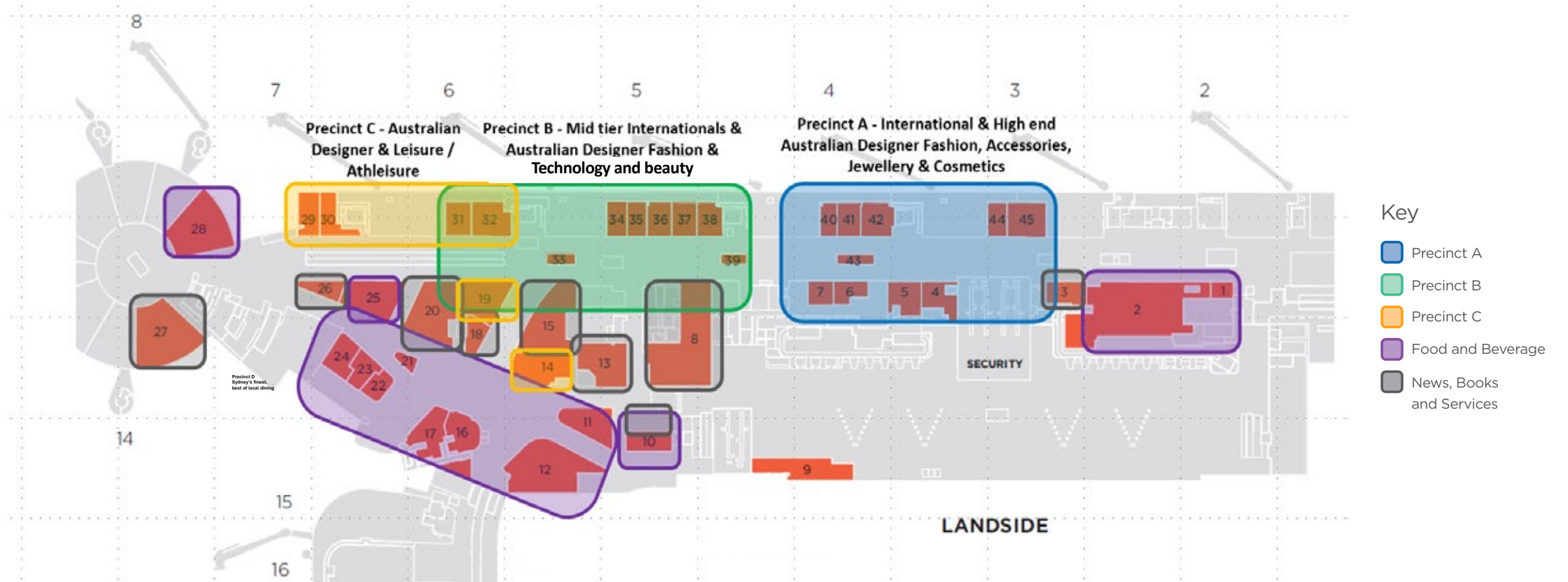
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Secure retailers that are either iconic, first to Australia or first to a Domestic Airport

4

Recognise revenue upside through optimisation of existing leases and new tenant deals

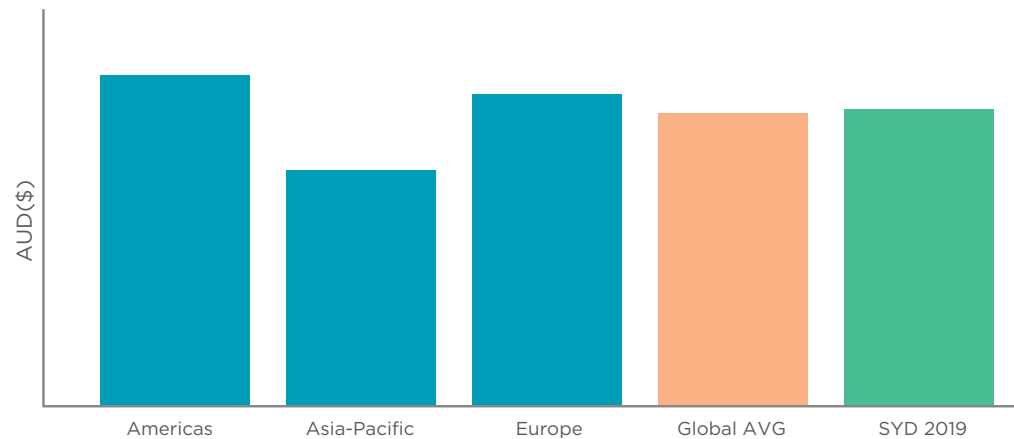
Across the terminal creating distinct travel retail precincts



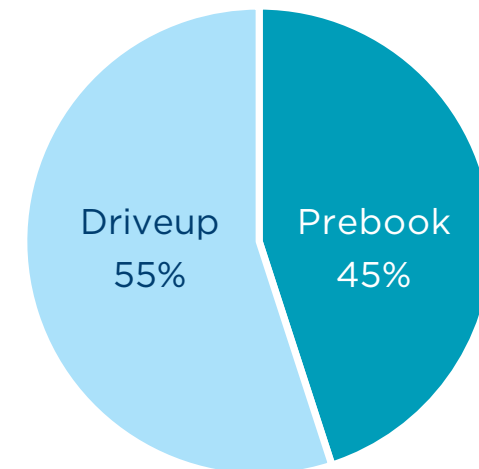
Maintaining our parking revenue remains a priority

- SYD car parking income per PAX is in line with the global average
- SYD achieves 25% higher revenue per departing PAX than Asia-Pacific
- As more customers convert online our opportunity to increase pre-book revenue creates an engaged parking customer

Car parking income per departing PAX >30m pax

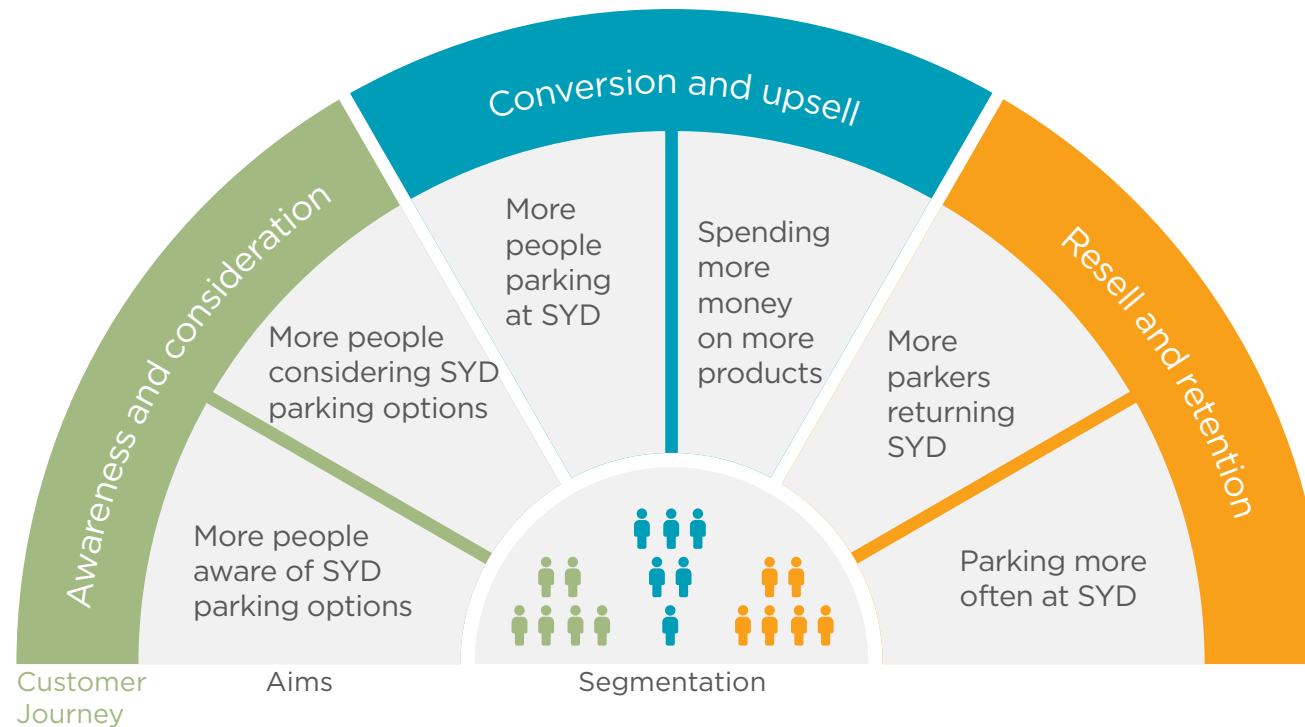


High customer knowledge = higher pre-book 2019 Parking revenue



To maximise car park revenue firstly we need to understand our customer

We have undertaken value based customer segmentation and are building an engagement plan around these segments focused on product mix, pricing and selling strategies to drive conversion



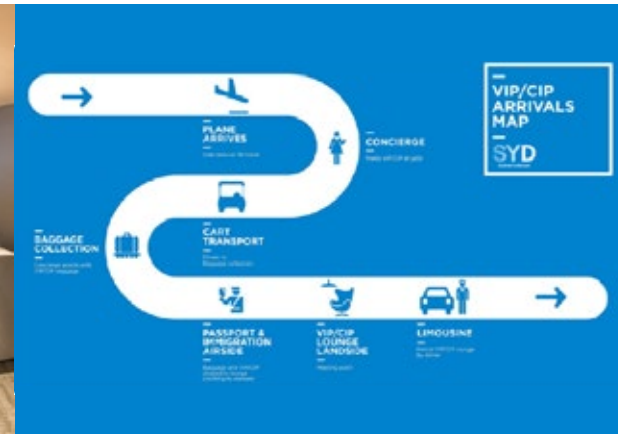
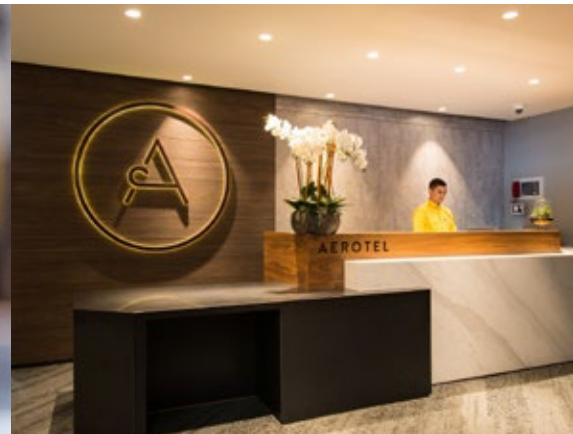
Exploring new revenue opportunities

4

New products launched to meet the changing traveller needs

Lounges - departures and arrivals

VIP services - departures and arrivals



Amex lounge tripled in size to meet demand

First paid lounge
The House, by No. 1
Lounges

Aerotel

SYD EOI in-market
for VIP services

Questions?

Hugh Wehby & Vanessa Orth

Capital funding and delivery

Chris Evans – Chief Assets & Infrastructure Officer
Greg Botham – Chief Financial Officer

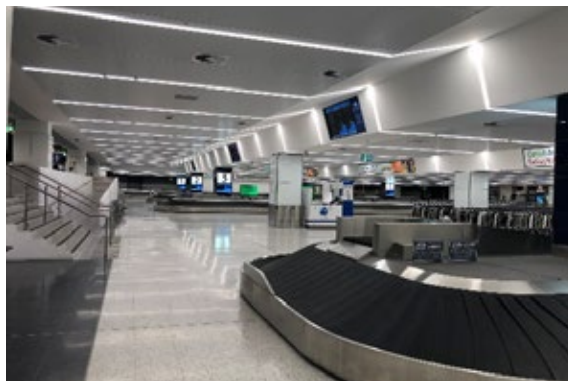
Capital project delivery

1

Chris Evans – Chief Assets & Infrastructure Officer

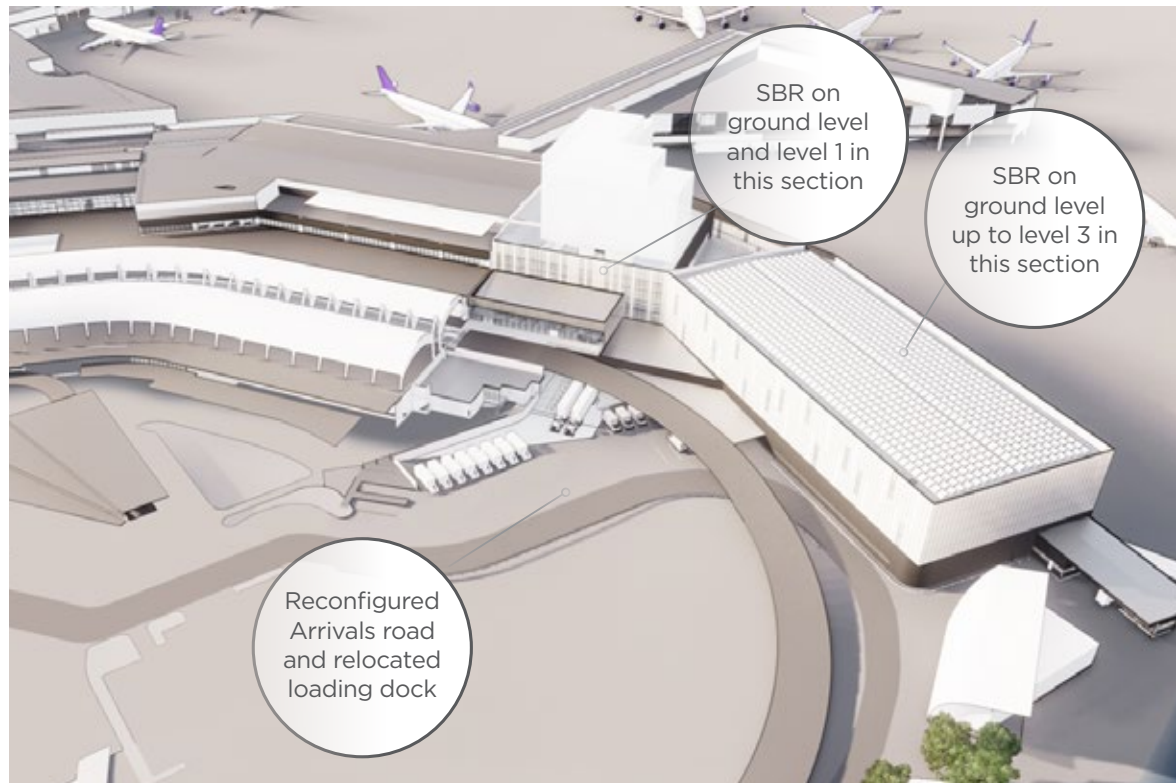
Historic delivery

A range of successful projects have been delivered over recent years



Southern bag room project (SBR)

A new baggage room to meet future requirements



What

- First phase in a broader baggage handling system upgrade across the 2020s

Why

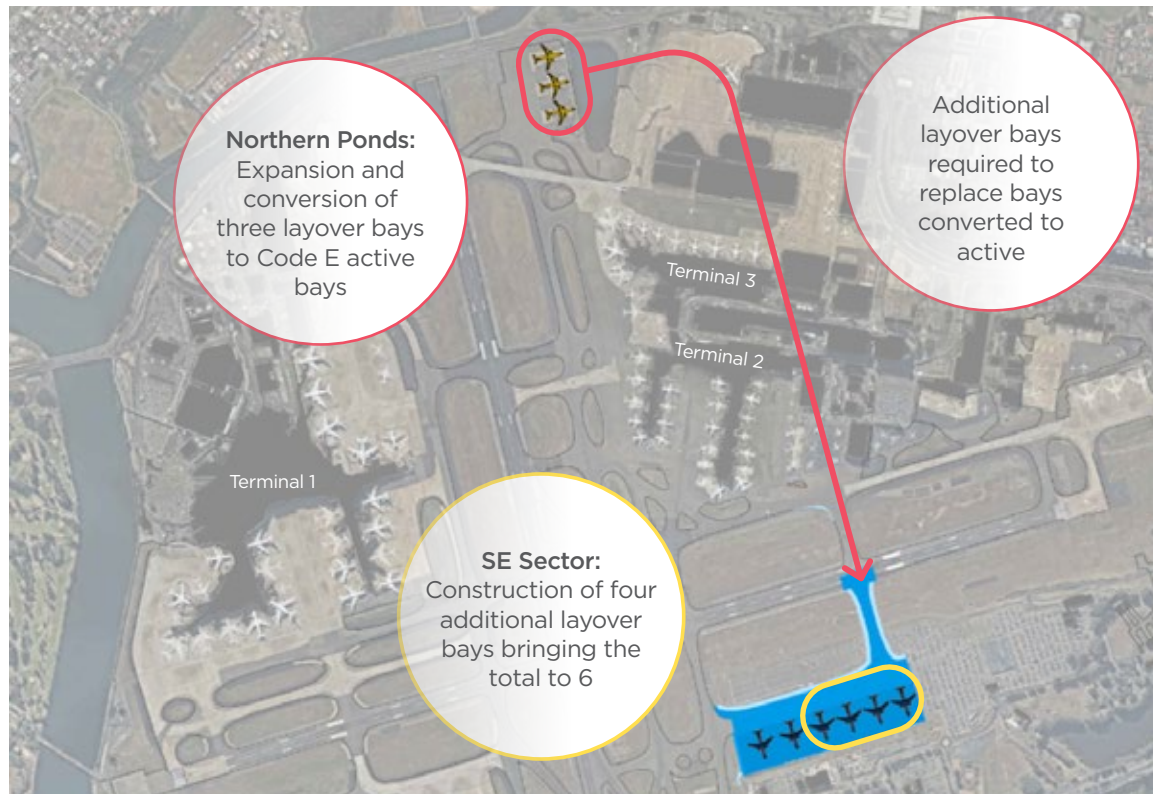
- Improve safety outcomes
- Increase system resilience
- Leverage new technology & automation
- New checked baggage screening requirements
- Accommodate future growth

How

- Significant airline engagement conducted
- Operational by 2022
- Whole of life approach including maintenance and operational support

Northern Ponds and South East Sector project

Creating more bays for international departure and arrivals, meeting peak demand



What

- Fuelling of 3 existing bays at the Northern Ponds
- Construction of 4 additional 'layover' bays in the South East Sector

Why

- Meets growing demand for peak international aircraft movements
- Provides short-term capacity to facilitate future development of aprons at terminals

How

- Northern Ponds currently at tender and early procurement stage
- Sector delivery: Fulton Hogan
- Targeted completion: Northern Ponds 1H 2021; South East Sector 1H 2022
- Significant airline engagement conducted

Sydney Gateway

- 1 Widening of Qantas Drive
- 2 Connection to the international terminal
- 3 New Link Road
- 4 New elevated road or 'flyover'
- 5 Connection to St Peters Interchange and beyond
- 6 Alternative shared cycle and pedestrian pathway



Sydney Gateway

Sydney Gateway provides a new, toll free alternative route to Sydney Airport from the Sydney motorway network at St Peters Interchange

Benefits

- Supports growth of SYD pax numbers
- Improving journey times and reliability
- Separates airport and through traffic
- Faster journey between terminals
- Reduces trucks and congestion in local precinct
- Unlocks up to 18 hectares of airside land

Delivery

- SYD is working in partnership with Roads and Maritime Services and TfNSW (the NSW Government) to deliver Sydney Gateway while maintaining essential airport operations
- The NSW Government will construct Sydney Gateway with the support of SYD
- SYD and the NSW Government will consult extensively with key stakeholders
- Construction works expected to start in late 2020

Funding

- Sydney Gateway is estimated to cost \$2.2-2.6bn predominantly funded by the NSW Government

Success factors

SYD has the critical success factors in place to deliver projects effectively

Safety and
sustainability focus

Informed leadership

Capable and
committed teams

Comprehensive planning
for operational overlay

Collaborative and aligned
win-win culture

Customer centric focus

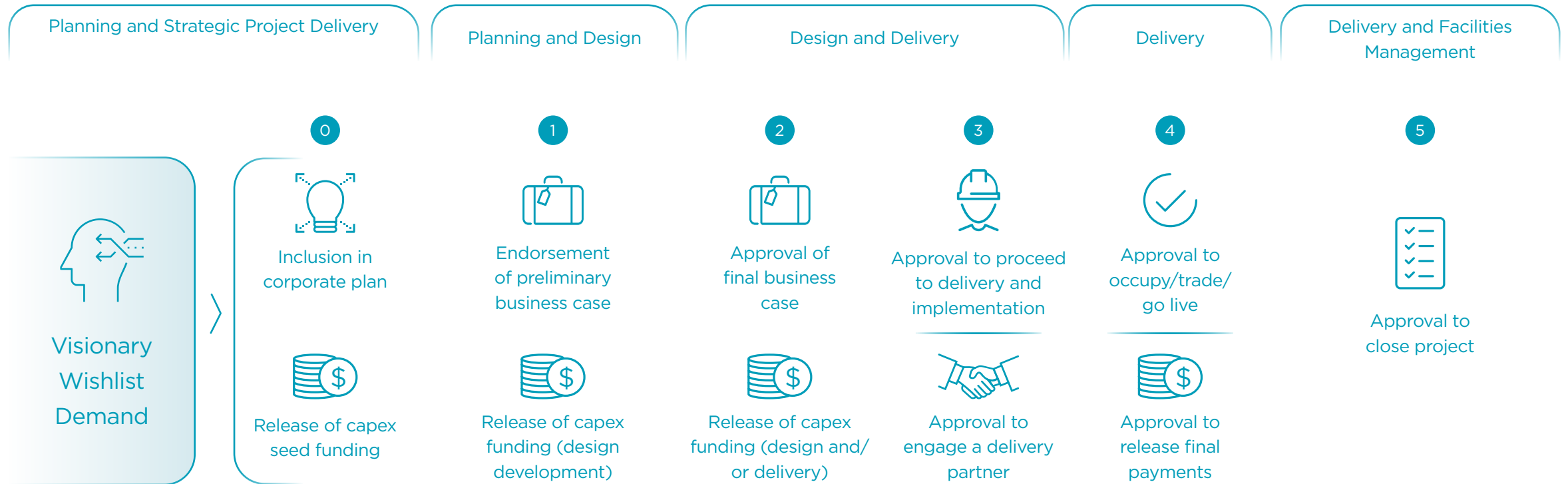
Communication

Well defined criteria
and objectives

Robust and effective
controls and governance

Enhanced governance approach to planning and delivery

SYD has in place a comprehensive framework covering all stages of project delivery



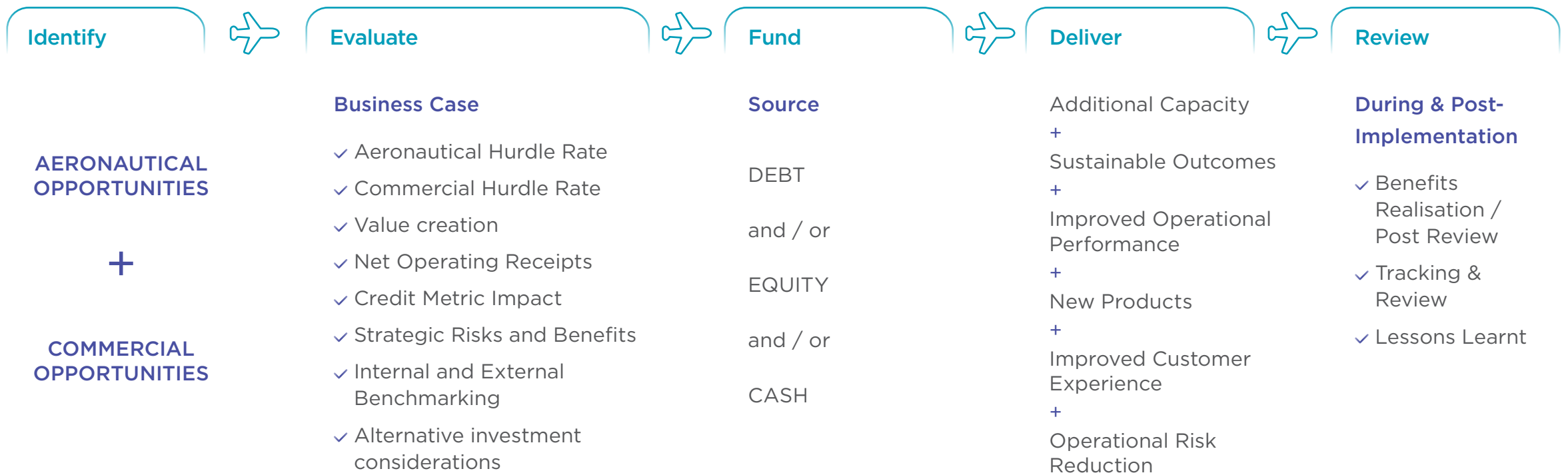
Capital funding and allocation

2

Greg Botham – Chief Financial Officer

Ongoing capital allocation discipline

Well established and consistent framework ensures Sydney Airport delivers the right projects the right way



Capital evaluation

Disciplined evaluation of projects via well established Investment Evaluation Framework

1 Capital plan core to annual business planning

- Capital plan set as part of annual business plan
- Projects included in plan based on both an individual and portfolio wide assessment on key financial metrics
- Plan regularly refreshed as projects progress

2 Return on investment is key

- All investment evaluated against target hurdle rates
- Aeronautical investment recovered through airline charges
- Commercial growth projects only pursued if minimum target return hurdles are met

3 Projects and framework regularly reviewed

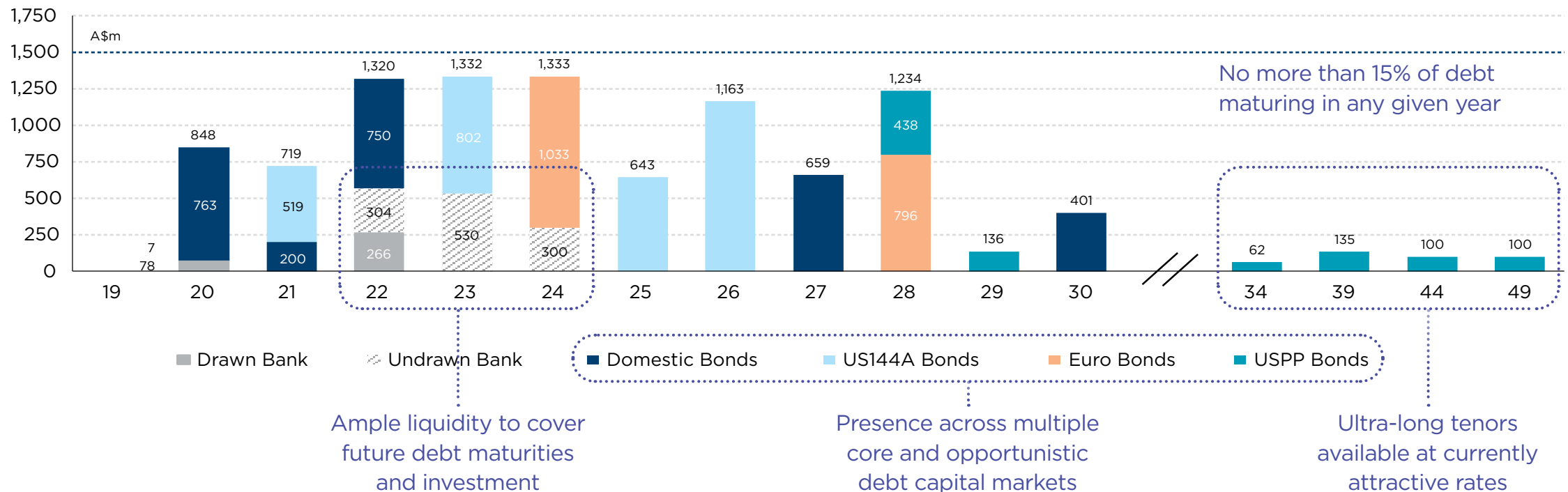
- Constant review of projects during and post delivery to ensure forecast returns are achieved
- Investment framework reviewed at least annually to ensure it remains fit-for-purpose

4 Consideration of other factors

- In-depth investigation of project specific risk and returns
- Analysis of strategic factors and other long term objectives
- Alignment with safety, sustainability and environmental plans

Proactive and consistent funding approach

Proactive capital management with funding available across multiple debt capital markets¹










¹ Debt maturity profile as at 30 June 2019

Sustainability Linked Loan






Commitment to sustainability reinforced; sustainability performance – funding cost link

- A\$1.4 billion of bank debt facilities refinanced at lower margins
- Direct link established between sustainability performance and funding costs
- Bank debt margins may marginally increase or decrease depending on sustainability performance over time
- Performance measured with respect to Sustainalytics' Environmental, Social and Governance risk rating across the airport sector
- Loan not based on pre-set targets / business as usual, with focus on driving performance across the entire ESG spectrum




Sustainalytics material rating areas

- | | |
|--|--|
|  Corporate Governance |  Community Relations |
|  Product Governance |  Occupational Health and Safety |
|  Human Capital |  Emissions, Effluents and Waste |
|  Business Ethics | |

Examples of sustainability initiatives

-  Committed to becoming carbon neutral by 2025
-  Refreshed safety strategy and launch of SYD Safety Rules
-  Developed a precinct-wide waste strategy to 2030
-  Updated whistleblower policy
-  Updating our anti-bribery and corruption program

Industry recognition

-  Global Capital Most Impressive Green/SRI Loan Borrower
-  Global Capital Green/SRI Loan of the Year
-  FinanceAsia Issuer of the Year – Sustainable Award
-  KangaNews Syndicated Loan Deal of the year

Questions?

Chris Evans & Greg Botham

An aerial photograph of a city at sunset. The sun is low on the horizon, creating a warm, golden glow over the city and the sky. The city below is silhouetted against the bright light. In the foreground, the wing of an airplane is visible, extending from the right side of the frame towards the center. The wing is dark and contrasts with the bright sky.

Thank you

SYD