

An aerial photograph of the Sydney Harbour Bridge and the Sydney Opera House, viewed through the circular window of an airplane. The water is a vibrant blue, and the city skyline is visible in the background. The bridge is a large steel arch, and the Opera House has its distinctive white, shell-like roof. Several boats are visible in the water, and a large ferry is docked at a pier. The surrounding area is lush with green trees and some urban buildings.

OCTOBER 2018

# HALF YEAR RESULTS 2018

**Greg Botham**  
Chief Financial Officer

**Michael Momdjian**  
Treasurer

**Sydney Airport**

**SYD**

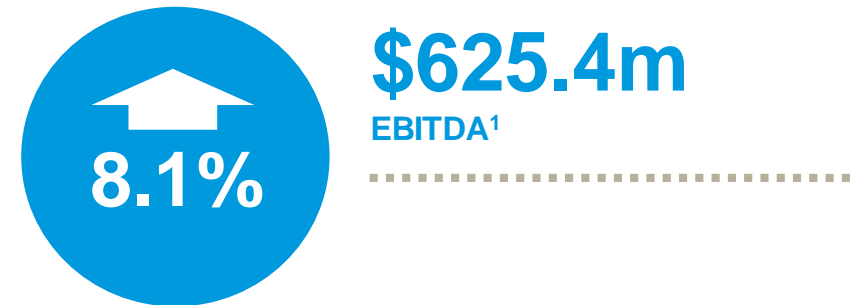
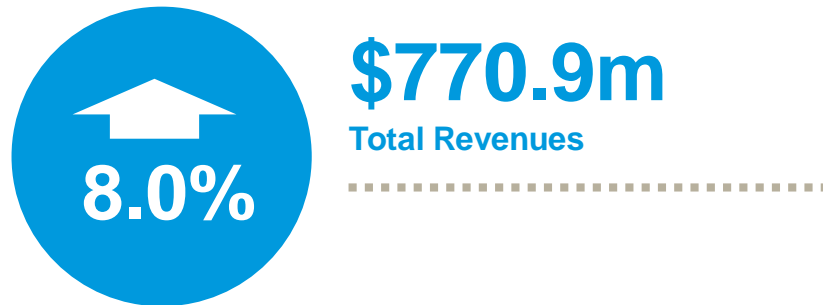
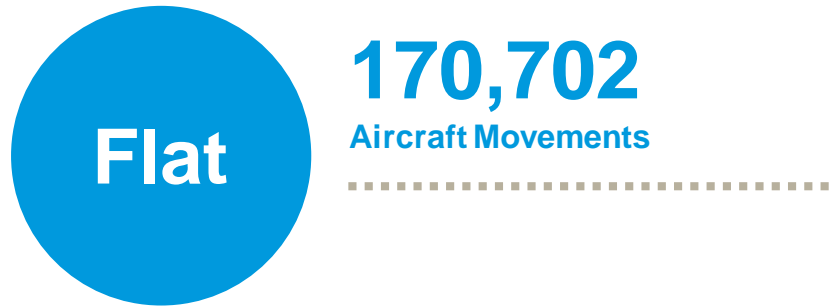
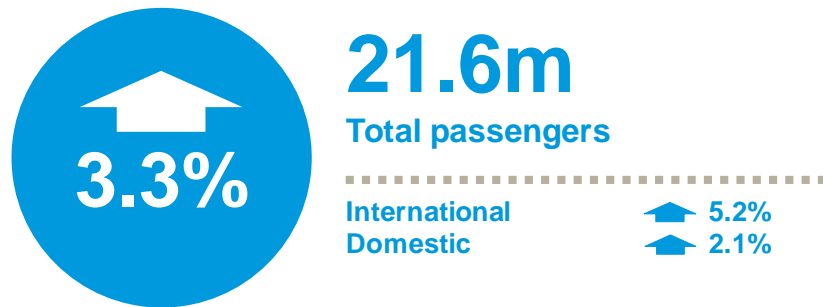
# Disclaimer

## General securities warning

- This presentation has been prepared by Southern Cross Airports Corporation Holdings Limited (ACN 098 082 029) and its subsidiaries (“Sydney Airport” or “Sydney Airport Group”).
- The information contained in this presentation is not, and does not constitute, an offer to issue or sell, or a solicitation, invitation or recommendation to subscribe for or purchase, any securities, nor is it intended to constitute legal, tax or accounting advice or opinion. The information contained in this presentation is not investment or financial product advice and is not intended to be used as a basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any person. Any issuance of securities will involve particular risks that an investor should understand before making any decisions. This presentation should not be regarded by recipients as a substitute for the exercise of their own judgment. Before making an investment decision, you should consider, with or without the assistance of a financial or other adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.
- The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, reliability, accuracy, completeness or correctness of such information or opinions contained herein. Past performance is no guarantee of future performance. The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation. None of Sydney Airport nor any of its respective affiliates, advisers or representatives accept any liability whatsoever (whether in contract, tort, strict liability or otherwise) for any direct, indirect, incidental, consequential, punitive or special damages howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. This presentation contains data sourced from and the views of independent third parties. In replicating such data in this presentation, Sydney Airport makes no representation, whether express or implied, as to the accuracy of such data. The replication of any views in this presentation should be not treated as an indication that Sydney Airport agrees with or concurs with such views.
- This presentation contains confidential and proprietary information and no part of it may be reproduced, redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organisation / firm) or published, in whole or in part, for any purpose. This presentation is also not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. The distribution of this presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the relevant securities laws.
- This presentation contains statements that constitute “forward-looking statements”. Examples of these forward-looking statements include, but are not limited to (i) statements regarding the future results of operations and financial condition of Sydney Airport, (ii) statements of plans, objectives or goals, and (iii) statements of assumptions underlying those statements. Words such as “may,” “will,” “should”, “expect,” “forecast”, “target”, “aim”, “goal”, “intend,” “plan,” “estimate,” “anticipate,” “believe,” “continue,” “probability,” “risk,” and other similar words are intended to identify forward-looking statements but are not the exclusive means of identifying those statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on forward looking statements and Sydney Airport assumes no obligation to update such information.
- You should also be aware that Sydney Airport utilises a number of “non-IFRS measures” to assess the operational and financial performance of the business which are included in this presentation. These non-IFRS measures may not be comparable to similar measures presented by other companies.

# Highlights

Strong performance delivered in the first half of 2018



1. EBITDA (and its components) throughout presentation based on SCACH Group rather than SYD Group figures



# FINANCIAL RESULTS





# Statutory income statement

Strong EBITDA growth of 8.1% supported by passenger growth of 3.3%

\$ MILLIONS	1H18	1H17
Aeronautical revenue	345.0	320.6
Aeronautical security recovery	48.2	43.6
Retail revenue	177.1	162.6
Property and car rental revenue	118.2	106.6
Car parking and ground transport revenue	78.6	77.1
Other revenue	3.8	3.6
Total revenue	770.9	714.1
Total expenses	(145.5)	(135.6)
<b>Profit before depreciation, amortization, finance cost and income tax (EBITDA)</b>	<b>625.4</b>	<b>578.5</b>
Capital expenditure	179.6	161.4

# Capital expenditure

**\$179.6m**

**CAPITAL EXPENDITURE  
IN 1H18**



Pier B retail



Ground  
access work



Charging stations  
at gate lounges



Reclaims hall  
redevelopment



Runway resheeting



Airfield lighting



New bathroom fitouts



Automated check in

**T2/T3  
DOMESTIC  
TERMINALS**

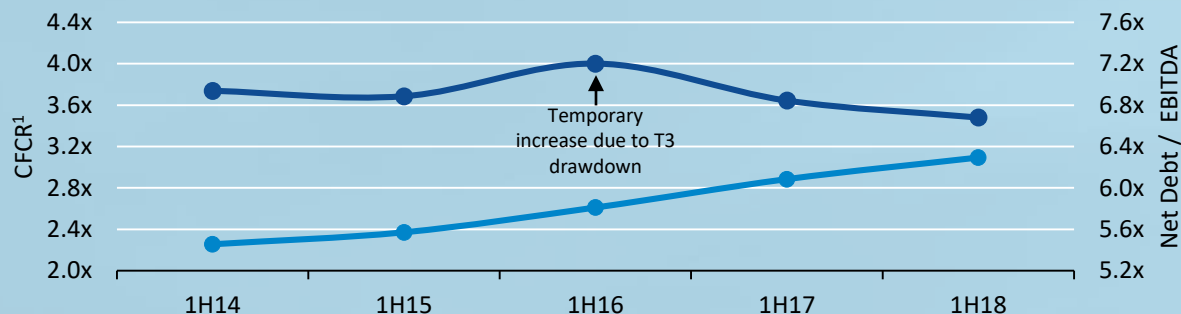
**T1  
INTERNATIONAL  
TERMINAL**

# Capital management update

Strong interest coverage and continued deleveraging

## CFCR<sup>1,2,4</sup> AND NET DEBT : EBITDA<sup>1,2,4</sup>

- Net Debt / EBITDA
- Cash flow cover ratio



## 30 JUNE 2018 METRICS<sup>1</sup>

Net Debt	\$8.3b
CFCR <sup>2</sup>	3.1x
Net Debt / EBITDA <sup>2</sup>	6.7x
Credit rating <sup>3</sup>	BBB+ (stable) / Baa1 (stable)
Next drawn maturity <sup>5</sup>	July-2018
Average maturity	Mid-2024
Average cash interest rate <sup>6</sup>	4.8%
Spot interest rate hedge position	90% (incl. bank debt)

1. Debt metrics and ratios calculated for SCACH in line with finance documents.
2. Excludes EBITDA in relation to the Ibis Budget hotel for Q3 2017 given transitional treatment as an Excluded Subsidiary under finance documents (2017).
3. Credit rating upgraded by S&P on 27 March 2018 from BBB to BBB+ (stable outlook); credit rating upgraded by Moody's on 31 January 2018 from Baa2 to Baa1 (stable outlook).
4. Excludes WSA project costs expensed (2016).
5. 2018 maturities funded using undrawn bank debt facilities.
6. Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs.

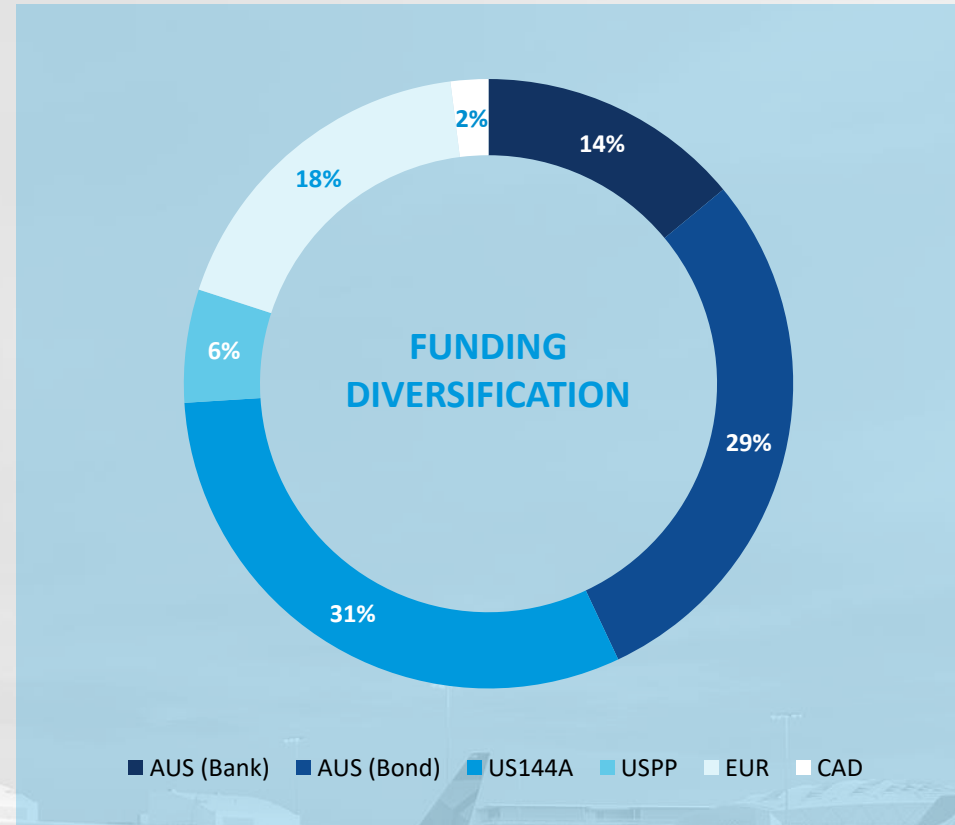


# Successful Euro bond issuance

EUR500 million bond successfully issued with significant liquidity unlocked

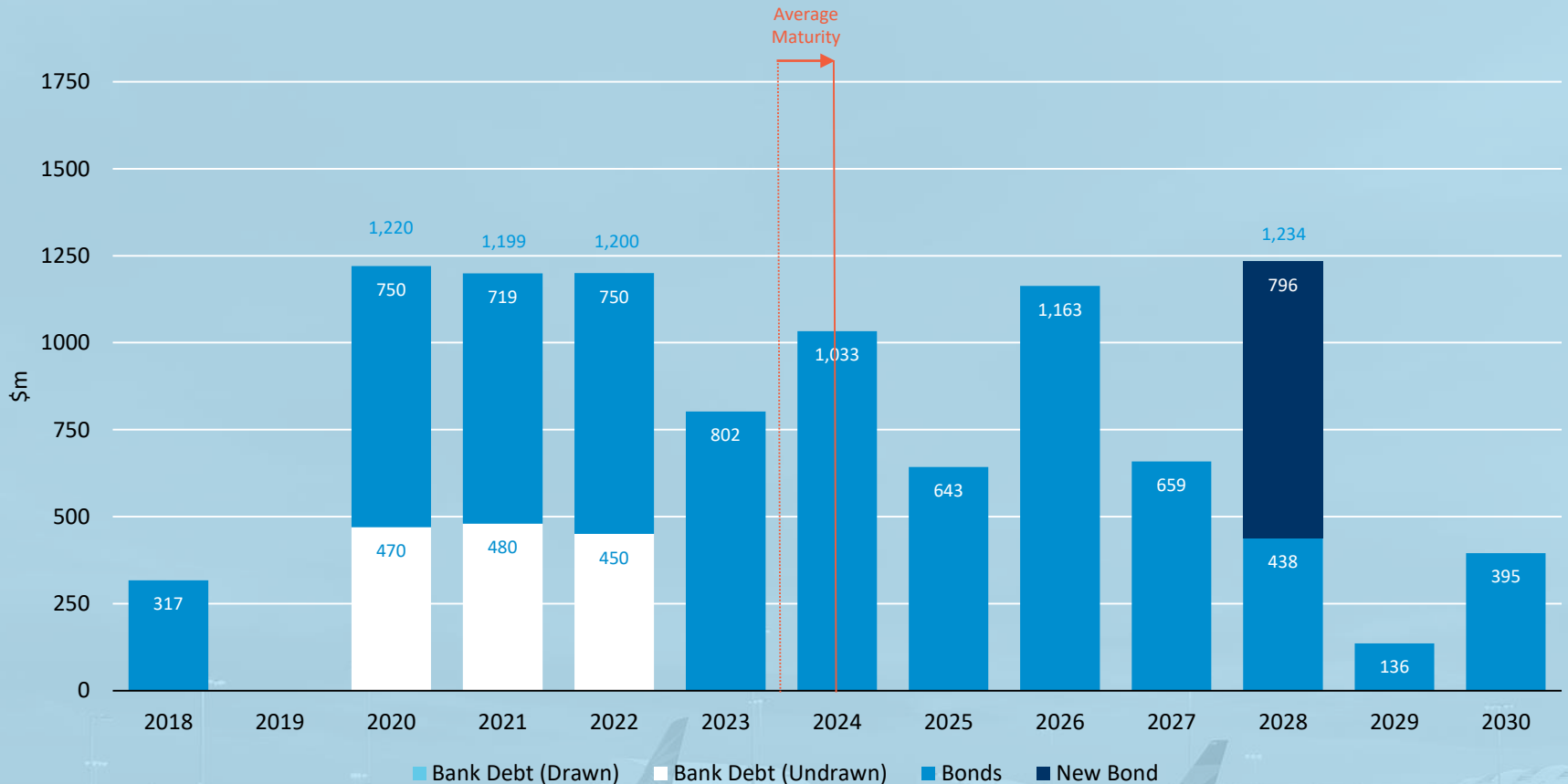
Continued demonstration of proactive capital management approach

- Strong liquidity position enhanced with \$1.4bn in undrawn bank debt facilities available
- Debt maturity profile
  - Spread, with tower filled in 2028
  - Lengthened, with average maturity extended four months to mid-2024
  - Smoothed, with less than 15% of debt maturing in one year
- Funding sources diversified, with our second Euro bond issuance
- Optimal timing with early investor engagement significantly minimising execution risk
- Currency exposures 100% hedged over the life of the bond



# Debt maturity profile

## DEBT MATURITY PROFILE <sup>1</sup>



1. 2018 maturities funded using undrawn bank debt facilities.

# DELIVER ON THE CORE





# Strong business growth

Our strategy is delivering sustainable results across all businesses

## AERONAUTICAL

**\$345.0m<sup>1</sup>**

Revenue

⬆ 7.6% from 1H17

## RETAIL

**\$177.1m**

Revenue

⬆ 8.9% from 1H17

## PROPERTY

**\$118.2m**

Revenue

⬆ 10.9% from 1H17

## PARKING & GROUND TRANSPORT

**\$78.6m**

Revenue

⬆ 2.1% from 1H17

1. Excludes security recovery revenue.

# Announced capacity highlights for 2018

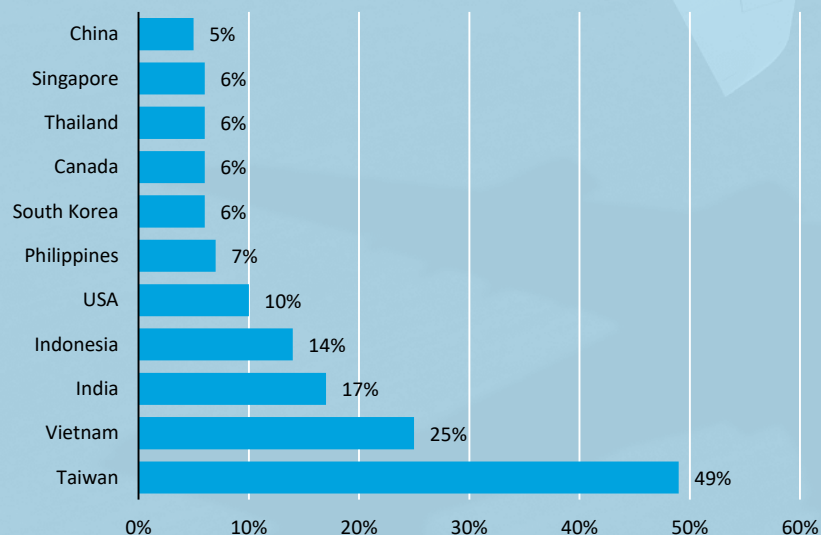
New international seat additions contribute to positive growth outlook for 2018

AIRLINE	ROUTE	ANNUAL SEATS
Tianjin	Zhengzhou	17,000
Hainan	Haikou	21,000
United	Houston	184,000
Qatar	Doha	260,000
Emirates	Dubai	300,000
Air India	Delhi	14,000
Virgin	Hong Kong	200,000
Virgin	Auckland	139,000
Virgin	Wellington	90,000
Air NZ	Auckland	125,000
Singapore Airlines	Singapore	79,000
Qantas	San Francisco	38,000
Qantas	Manila	27,000
Qantas	Osaka	31,000
Qantas	Los Angeles	15,000
Qantas	Honolulu	35,000
Qantas	Singapore	74,000
Qantas	Jakarta	24,000
Qantas	Noumea	18,000

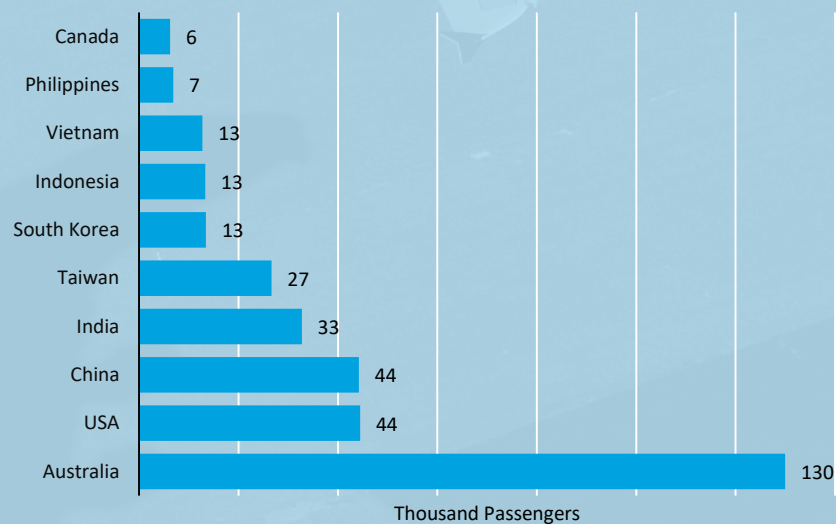
# Major trends

## Diversity of passengers

### FASTEST GROWING PASSENGER GROUPS IN 1H18



### LARGEST 1H18 GROWTH BY ABSOLUTE PASSENGER NUMBERS





# Major trends

Seat growth continues to be delivered in the off peak

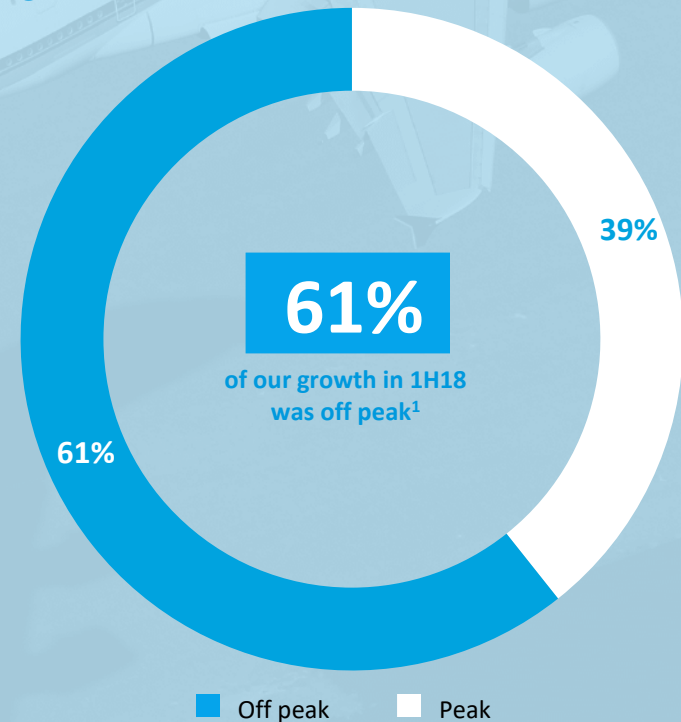
## Off peak seat growth

- Doha, Qatar (Departure)
- Dubai, Emirates
- Singapore, Singapore Airlines

## Peak seat growth

- Zhengzhou, Tianjin
- Haikou, Hainan
- Houston, United
- Doha, Qatar (arrival)
- Delhi, Air India

SEATS COMMENCED  
IN 1H18



1. Peak is defined as 6am to 12pm.

# EXPAND THE CORE



# Aviation: Diversifying our markets

South Asia  
(including  
India)

South East Asia

South America



# Capturing growth from emerging markets: India

Collaborative marketing and engagement has led to significant opening of the Indian market in addition to greater direct capacity



## The India Opportunity

- A market of 1.3bn, one sixth of the world's population<sup>1</sup>
- GDP growth of +7.4% forecast for 2018<sup>2</sup>
- Rapidly growing middle class
- Fastest growing domestic aviation market in the world
- Indian airlines expected to order up to 2,100 new aircraft worth \$290bn over the next 20 years<sup>3</sup>
- New open skies agreement between India and Australia in June 2018
- +17% growth in Indian visitors to Sydney in 1H18
- 5 direct services weekly between India and Sydney are operated on new generation, fuel efficient Boeing Dreamliner aircraft

Source:

1. <https://data.worldbank.org/country/india>

2. <https://www.thehindu.com/business/Economy/imf-expects-india-to-grow-at-74-in-fy-201819/article23823339.ece>

3. <https://www.reuters.com/article/us-india-airshow-orders/indian-airlines-to-add-new-jets-in-booming-aviation-market-idUSKCN1GK22L>

# Aviation: South and South East Asia

## New growth opportunities

### Bangladesh

- Sydney is home to Australia's largest Bangladeshi community
- Prospective Bangladeshi carriers with widebody Dreamliner aircraft entering fleet
- Over 53,000 annual passengers between SYD and Bangladesh in the last year, +18% growth on previous year

### Nepal

- Kathmandu is one of SYD's largest unserved market with 93,000 annual passengers
- Growth of +41% in the last year
- Growth driven by Nepalese students, strong VFR connections and growing appeal of both destinations as holiday destinations

### Vietnam

- New direct services between Vietnam and Sydney launched in 2017
- In one year, direct services have stimulated:
  - Vietnamese visitors by 40%
  - Australian outbound to Vietnam by 29%

### Philippines

- Low cost carriers such as Cebu add significant capacity through minimal movements because of dense seat configurations
- 436 seats on an A330-300 which typically has 250-300 seats
- Filipino visitors to SYD have grown by 21% per year over the last five years



# Retail and Property/Hotels: Next growth opportunities

## RETAIL New leases

14 new T2 stores, 85% already leased, first phase due to open Q4 2018

Complete T3 repositioning to enhance the offer from July 2019

## RETAIL Lease renegotiation

T1 Luxury and food expiry profile from 2020 will provide opportunities to deliver elevated new deals and enhance revenue

Advertising contract renegotiated on superior terms, commencing 1 Jan 2019, with T3 added from 1 Jul 2019

Refurbishment and re-leasing opportunity of T2 Pier A

## PROPERTY Hotel opportunities

New airport hotel, 430 rooms, operator due to be announced by Q4 2018

IBIS additional 70 room expansion to be delivered by Q2 2019

## PROPERTY Commercial opportunities

Commercial leasing opportunities across all airport land currently being investigated

Heads of agreement signed for new Plaza Premium lounge in T1 expected opening Q2 2019

Strong response to expressions of interest on sleeping pod and arrivals lounge facilities in T1



# BUILD THE CULTURE



# Transforming our customer experience



## PASSENGERS

### Listening to our customers

- Over 17,000 independent passenger surveys conducted annually
- Top concerns monitored with executive and board oversight
- Real-time feedback monitoring

### Informed investment

- Targeted data is reviewed regularly by each business unit
- Balanced scorecards ensure impacts are understood
- Initiatives identified and tracked by each team



## AIRLINES

### Accountability

29 Key Performance Indicators measure:

- Passenger processing
- Customer satisfaction
- Baggage performance
- Safety

### Engagement

Stakeholder Forums held regularly:

- ICF — quarterly
- AOC — monthly
- Surveys — weekly

Airline:

- Steering committees

# Customers are responding positively

On a regular basis, our customers are asked what they thought of their airport experience and how we can improve

RATINGS OUT OF 5	INTERNATIONAL	DOMESTIC
Overall satisfaction	<b>4.11</b> +4% from 1H17	<b>4.12</b> +6% from 1H17
Airport ambience	<b>4.23</b> +2% from 1H17	<b>4.18</b> +3% from 1H17
Airport cleanliness	<b>4.29</b> +2% from 1H17	<b>4.22</b> +3% from 1H17
Airport wayfinding	<b>4.08</b> +3% from 1H17	<b>4.19</b> +4% from 1H17

All customer service scores are out of 5



# Sustainability leadership

Sydney Airport is rated as a global sustainability leader. Sustainability is driving positive outcomes for the business and our stakeholders.

SAFETY	CLIMATE CHANGE	PEOPLE	SUSTAINABLE DEVELOPMENT
<ul style="list-style-type: none"><li>• Delivery of enhanced airport-wide safety culture program</li><li>• 1,434 safety training hours delivered 1H18</li><li>• 4,160 airside safety enforcement hours delivered 1H18</li><li>• Zero harm target established</li></ul>	<ul style="list-style-type: none"><li>• Up to 75% of load to be contracted by PPA, through Grassroots Renewable Energy and Origin Energy</li><li>• Maintained Level Three Airport Carbon Accreditation</li><li>• Target set to reduce carbon intensity by 50% by 2025 (compared to 2010 levels), achieved 27.2% intensity reduction to date</li><li>• Public TCFD supporter and aligning with reporting framework</li></ul>	<ul style="list-style-type: none"><li>• 87.5% of people enjoy working at Sydney Airport</li><li>• Increased focus on people development, including delivery of service excellence training</li><li>• 3,871 learning and development training hours delivered 1H18</li></ul>	<ul style="list-style-type: none"><li>• 29% of operated international movements are on quieter, low emission aircraft</li><li>• Targeting 80% of property portfolio achieving a Green Star performance rating</li><li>• Achieved 4 Star Communities rating for Masterplan 2039</li></ul>
<div><div>ZERO</div><div>Class 1 (serious)<sup>1</sup> incidents for past ten years</div></div>	<div><div>TCFD</div><div>TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</div></div>	<div><div>FEMALE EMPLOYEES</div><div><div><div>34.7%</div><div>36.7%</div><div>39.2%</div></div><div><div>HY16</div><div>HY17</div><div>HY18</div></div></div></div>	<div><div>green building council australia</div><div><div>4</div><div>greenstar</div></div><div>Communities v1.1</div></div>

1. Class 1 incident, fatal, total permanent disability or partial permanent disability.

# Our community commitment

Sydney Airport is committed to making a meaningful contribution to the communities in which we live and work. We strive to deliver outcomes that help our local communities thrive, support our leaders of tomorrow and embrace and showcase Sydney's best.

## LIVE LOCAL



Annual lost property auction  
Funding to support local grass roots charities  
One large \$100k grant and 10 smaller \$10k grants awarded

## LEADING AND LEARNING



Kids Teaching Kids  
Supporting 'Kids Teaching Kids' to empower and inspire future environmental leaders  
Universities Program – UNSW and UWS  
Supporting the development of future leaders

## SYDNEY'S AIRPORT



Sydney's festivals and events  
Sponsorship of more than 15 key events which celebrate Sydney as a destination, for example, Sydney festival, Fringe festival, Newtown festival, Parramasala, Cook Classic and Chinese New Year

# Key outputs of Master Plan 2039

Master Plan 2039 will be on public exhibition 27 August 2018

## TOTAL PASSENGERS

**65.6m**

Forecast total annual passengers in 2039

## INTERNATIONAL PASSENGERS

**31.5m**

International passengers are expected to be the main driver of growth, nearly doubling from 16.0m in 2017

## TOTAL MOVEMENTS

**408,260**

An increase of 17% by 2039

## TOTAL PASSENGER GROWTH

**+51%**

From 43.3m passengers in 2017

## INTERNATIONAL PASSENGER SHARE

**48%**

International passengers as a percentage share of total passengers in 2039

## FREIGHT

**1m tonnes**

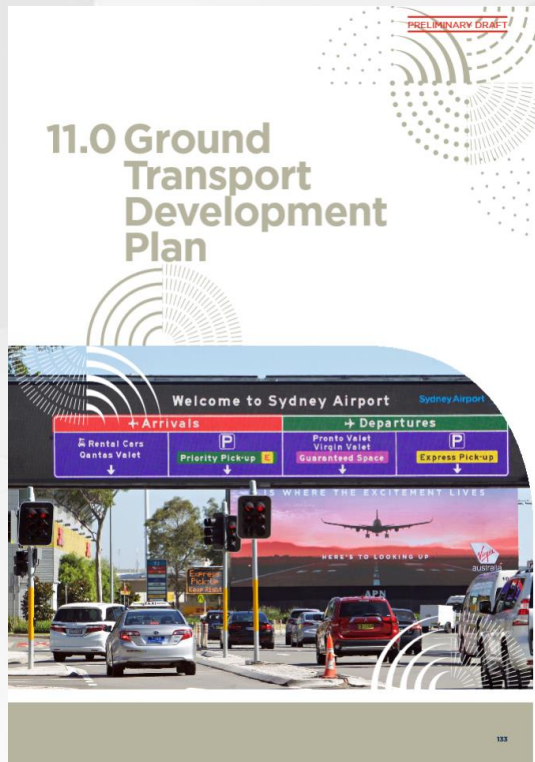
Total freight at Sydney Airport is forecast to grow by 58% by 2039

Note: Total annual passengers include international, domestic and regional passengers Total annual movements include international, domestic, regional, freight and general aviation movements.



# Master Plan 2039: Ground transport initiatives 2019-2024

The next five year ground transport strategy will improve road network performance around Sydney Airport. It recognises the potential changes in traffic volumes and patterns resulting from relevant proposed government road projects



## TERMINAL 1

- Widen Airport Drive to any proposed Gateway connection
- Widen Centre Road
- New pick/up drop off facility
- Possible P6 Ground Transport Interchange

## TERMINAL 2/3

- Redevelop P1 for rail, taxis, ride-share and parking
- Improved left hand turn for better circulation
- Ground Transport Interchange
- Grade separated right hand turn, subject to any proposed Gateway plan



# OUTLOOK



# Outlook

Excellent traffic growth, strong business performance and positive macro environment underpins a positive outlook

## KEY 2018 FOCUS AREAS

- Continue to maximise our core business
- Grow new business opportunities
- Enhance the culture including strengthening our focus on the customer

## GUIDANCE

- Four year capex guidance for 2018-2021 of \$1.3-1.5b supported by aeronautical charges and strong international passenger growth
- 2018 capex guidance \$360-400m



# QUESTIONS





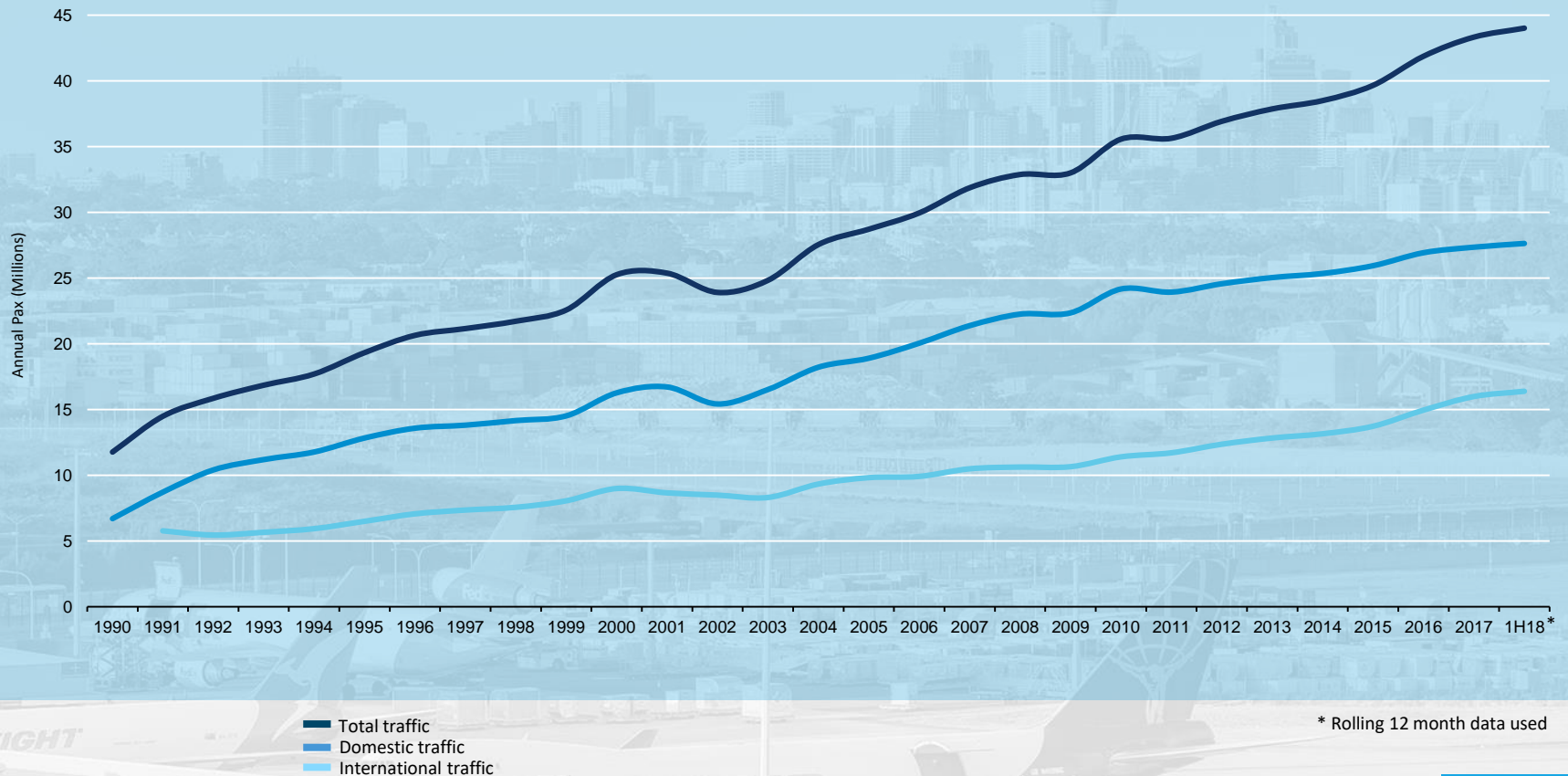
# APPENDIX





# Long term traffic growth

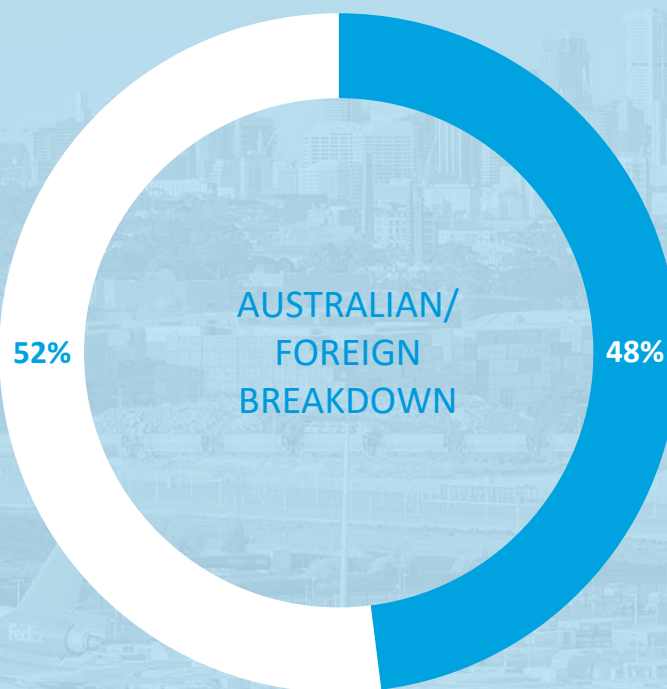
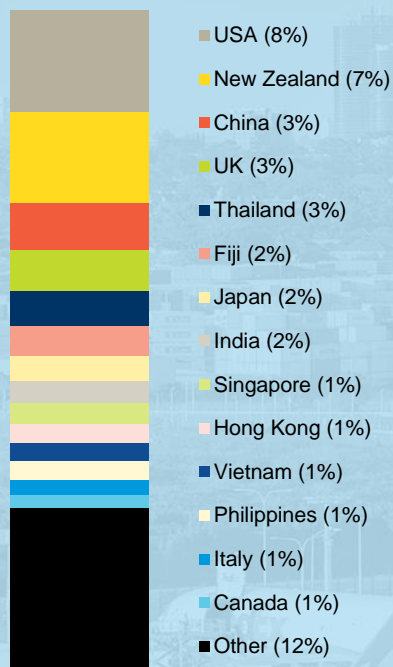
Resilient passenger growth across all economic cycles and events



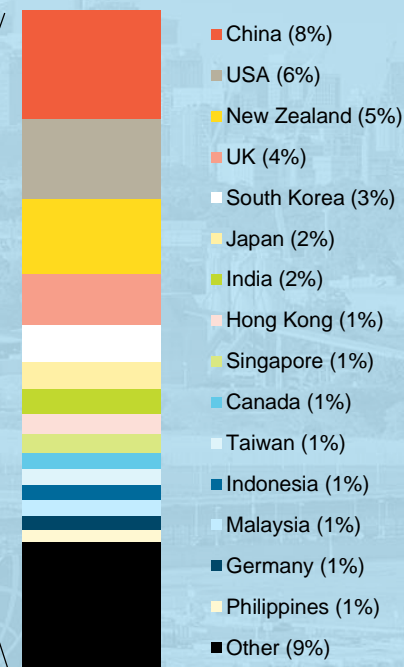


# Highly diversified passenger and destination mix

## AUSTRALIAN DESTINATION DEPARTURES (%)

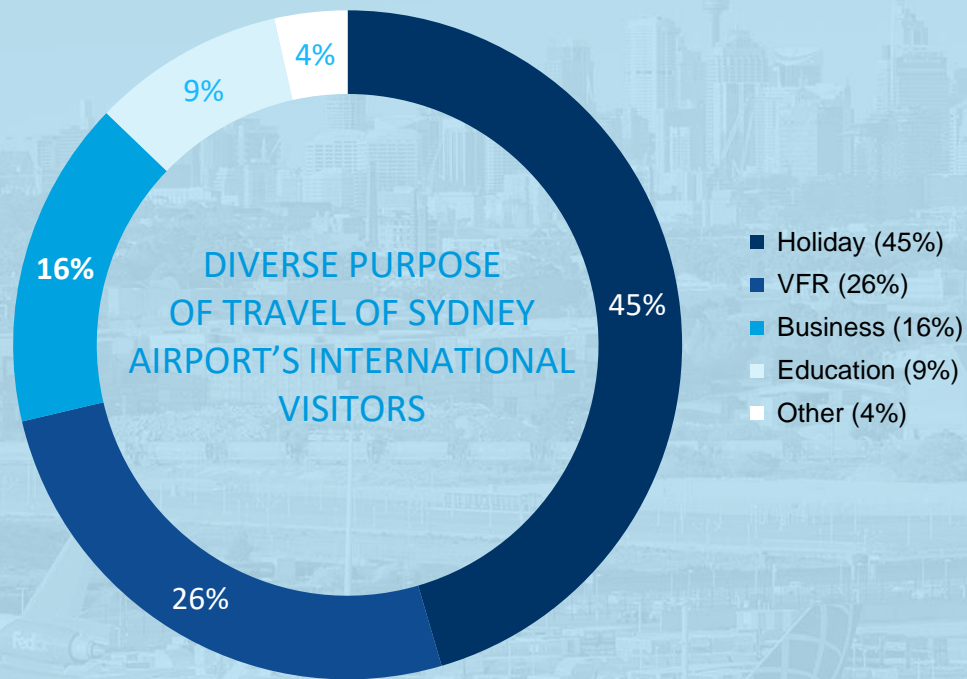


## FOREIGN RESIDENCY ARRIVALS (%)



Source: DIAC, data recorded by residency and final destination — 12 Months to May 2017.

# Highly diversified passenger and destination mix



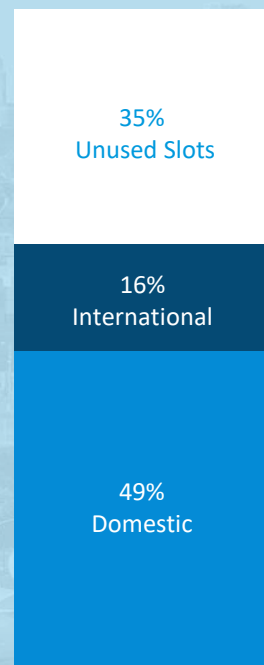
# Passenger mix and capacity are the important growth drivers

International passenger growth is forecast to continue to outpace domestic growth

## 1H18 SLOT USAGE AND REVENUE GENERATION

High value international aircraft utilise just 16% of slots but international passengers drive 70% of our passenger related revenues (aero and retail)

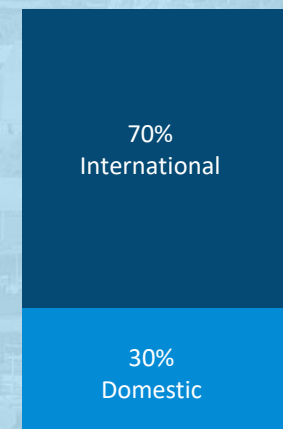
### SLOT MIX



PAX



REVENUE





# Investment merits

Sydney Airport is one of the world's highest quality airport investments

<b>99 year leasehold</b>	<ul style="list-style-type: none"><li>• Lease until 2097</li></ul>
<b>Catchment area</b>	<ul style="list-style-type: none"><li>• 7.5m Sydney and NSW catchment population</li></ul>
<b>Strong passenger growth profile</b>	<ul style="list-style-type: none"><li>• Sydney is both a business and tourism hub, in a growing NSW economy</li><li>• Strong visiting friends and relatives, education and tourism market</li><li>• Strong Asian connections — increasing urbanisation</li></ul>
<b>International passengers</b>	<ul style="list-style-type: none"><li>• Account for ~70% of passenger driven revenues</li><li>• Represent 16% of slots</li></ul>
<b>Commercial opportunities</b>	<ul style="list-style-type: none"><li>• Substantial growth opportunities</li><li>• Minimum guarantees offer downside protections</li><li>• Strict hurdle rates of return apply to all investment</li></ul>
<b>Negotiating framework</b>	<ul style="list-style-type: none"><li>• Commercially negotiated charges agreements with all airlines include investment, price and service levels</li></ul>
<b>Outsourced model</b>	<ul style="list-style-type: none"><li>• Controllable operating costs with contracted escalations</li></ul>
<b>Consistent growth and downside protections</b>	<ul style="list-style-type: none"><li>• Long term contracts with airlines and tenants</li><li>• CPI or higher escalation on commercial revenues</li><li>• Growth initiatives across all businesses</li></ul>

# THANK YOU



Sydney Airport

**SYD**