Welcome to
Sydney's Airport

Equity raise and 2020 half year results

25 August 2020

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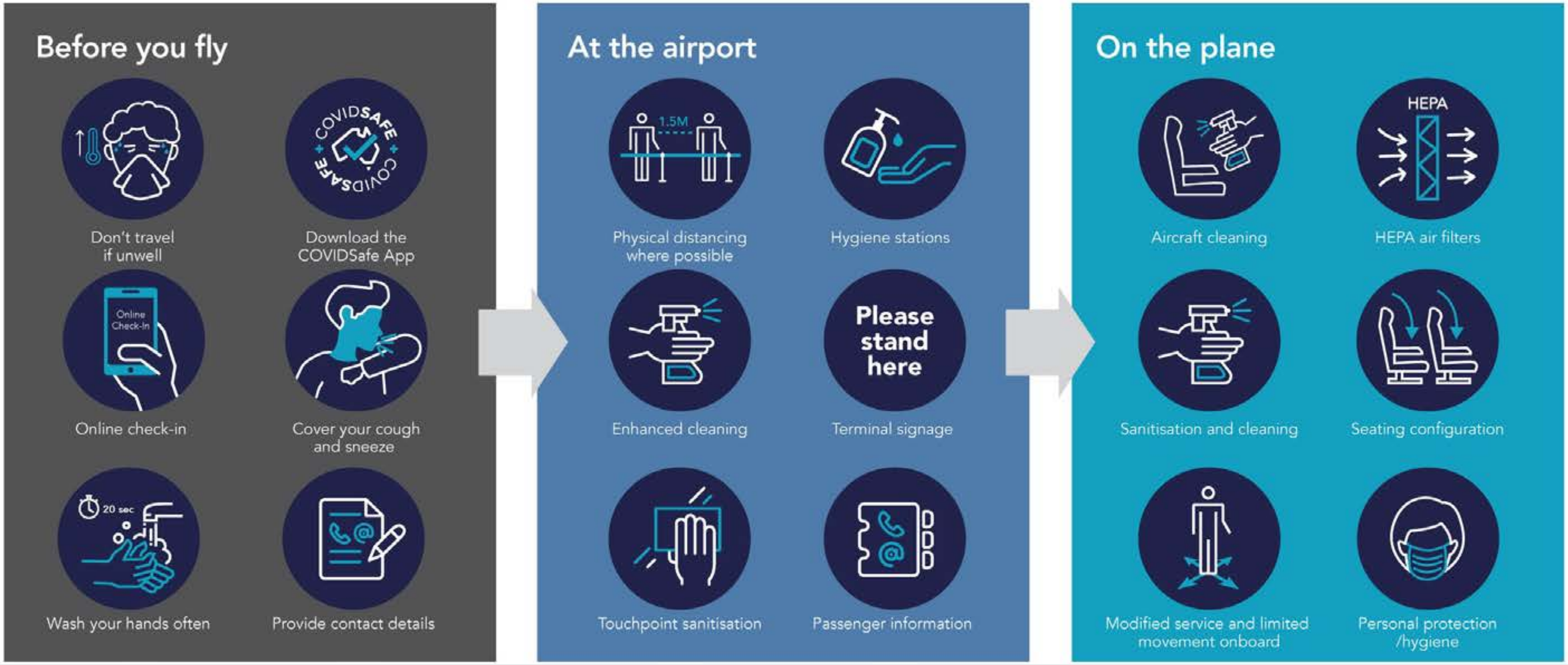
COVID-safe protocols

Developed with the Australian Aviation Recovery Coalition and in place across all Australian domestic airports



Source: Developed via the Australian Aviation Recovery Coalition, made up of Australian Airports Association and Airlines for Australian and New Zealand (A4ANZ) members: https://airports.asn.au/covid-19-resource-centre/.

Equity raising

Decisive action

Positioning Sydney Airport for the future

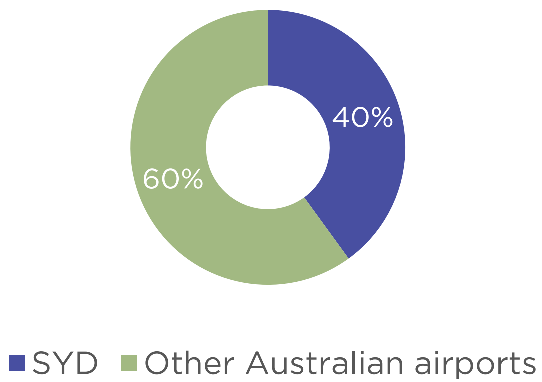
Decisive action being taken	– SYD took pre-emptive action early in the COVID-19 pandemic to put in place significant extra liquidity which gave us the flexibility to monitor how the situation evolved – After six months of pandemic impact, significant ongoing uncertainty continues as to how long aviation markets will take to recover to pre-COVID-19 levels – Accordingly, SYD is taking further decisive action to strengthen its balance sheet and ensure it remains well capitalised to meet the challenges presented by the uncertain operating environment – The equity raising is in addition to already announced measures to improve SYD's financial resilience including significant reductions in both capital expenditure and operating costs
Strengthen the balance sheet and liquidity position	– Following the raising, SYD's pro forma net debt position will be substantially reduced from \$9.1bn to \$7.1bn as at 30 June 2020 o Pro forma net debt / FY19 EBITDA will be reduced from 6.8x to 5.3x as at 30 June 2020 – In addition to existing available cash, the equity raising proceeds will cover debt maturities, as well as be used for general corporate purposes, including but not limited to capital expenditure – It also provides SYD with flexibility to: o Respond to a range of recovery scenarios o Pursue sensible growth opportunities as the recovery unfolds

A critical piece of Australia's economy

Sydney Airport has always been, and remains, a crucial component of Australia's infrastructure, tourism industry and broader economy

- One of Australia's most important infrastructure assets
- Australia's largest airport with demonstrated ability to produce stable and growing cash flows
- Key contributor to economic growth
- Australia's international gateway and an essential part of the country's transport network
- Accounts for almost half of Australia's air cargo by weight
- Significant contributor to local and national economies, generating over $38 billion in economic activity (equivalent to 6.8% of NSW economy)[1]

Australia's international gateway



Sydney Airport handled over 44 million passengers[2] to over 90 destinations in 2019

1. Source: Deloitte Access Economics – Economic contribution of Sydney Airport report, Inquiry into National Freight and Supply Chain priorities.
2. International passengers contribute approximately 70% of passenger generated revenues.

Equity raising increases resilience

Reinforcing SYD's balance sheet strength and ensuring SYD remains well capitalised for a range of potential recovery scenarios

Decisive and proactive response

1. Operating cost reductions

   - Implemented initiatives to reduce SYD's cost base

   - 20.5% operating cost reduction for 1H20[1]

2. Capital investment program

   - Capex program scaled back to reflect current environment

   - $150-200m versus historical run rate of ~$350m p.a.

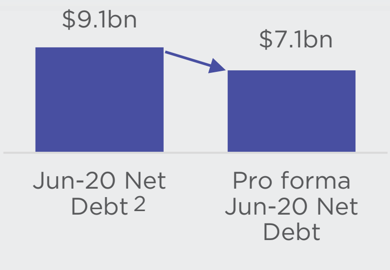
3. Balance sheet and liquidity

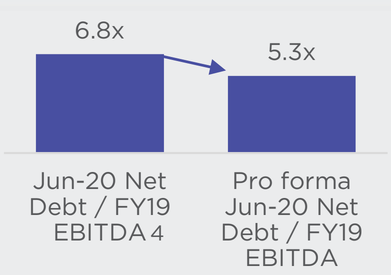
   - Proactively addressed liquidity and cash flow requirements

   - Liquidity of $2.6bn ($1.0bn of available cash, $1.6bn undrawn bank facilities at 30 June 2020)

Increasing resilience through today's equity raising

- Active strategy of reducing overall leverage within the Group
- Pro forma net debt reduced from $9.1bn to $7.1bn (as at 30 June 2020)
- Pro forma net debt / FY19 EBITDA reduced from 6.8x to 5.3x (as at 30 June 2020)





~22% reduction in net debt

1. Excluding the impact of expected credit loss provision, and security recoverable expenditure.
2. Prior to equity raising.

Half year results 2020

The impact of COVID-19 is unprecedented in the history of aviation

Total passengers[1,2]
9.4m
↓56.6% from 1H19

Revenue
$511.0m
↓35.9% from 1H19

Net operating receipts
$90.4m
↓79.0% from 1H19

Operating expenses[3]
$80.5m
↓20.5% from 1H19

Security recoverable expense, expected credit loss and other expenses[4]
$130.1m
↓ 43.6% from 1H19

EBITDA
$300.4m
↓35.4% from 1H19

1. International passengers 3.5 million, down 57.3% on 1H19. Domestic passengers 5.8 million, down 56.1% on 1H19.
2. Total passengers in 1Q20 was 9.0 million, down 18.0% on 1Q19. Total passengers in 2Q20 was 0.4 million, down 96.6% on 2Q19.
3. Represents total operating expenses excluding security recoverable expense and expected credit loss expense.
4. Other Expenses represents write-off of non-current assets and indemnity expense.

Half year financial results 2020

Statutory income statement

$ millions	1H20	1H19
Total revenue	511.0	797.1
Total operating expenses[1]	(187.5)	(147.9)
Total other expenses[2]	(23.1)	(184.1)
EBITDA	**300.4**	**465.1**
Depreciation and amortisation	(220.0)	(211.4)
Profit before net finance costs and income tax (EBIT)	**80.4**	**253.7**
Net finance costs	(208.9)	(204.6)
(Loss)/Profit before income tax expense	**(128.5)**	**49.1**
Income tax benefit/(expense)[3]	74.9	(31.8)
(Loss)/Profit after income tax expense	**(53.6)**	**17.3**
Add Back: Loss attributable to non-controlling interests[4]	1.8	182.5
Net (loss)/profit attributable to security holders	(51.8)	199.8

1. Includes expected credit loss expense of $68.4 million (30 June 2019: Nil) and security recoverable expense of $38.6 million (30 June 2019: $46.7 million).
2. Includes write off of non-current assets $22.2 million (30 June 2019: Nil), indemnity expenses in respect of the Danish tax matters taken from Note 12 in the Sydney Airport Interim Financial Report for the Half Year Ended 30 June 2020 $0.9 million (30 June 2019: $181.7 million) and restructuring and redundancy expenses (30 June 2019: $2.4 million).
3. SAL no longer expects to commence paying cash income tax from calendar year 2022 given the impact of COVID-19 to earnings.
4. Represents SAT1 operating loss for the half year period. SAL is the head entity for the Consolidated Group for reporting purposes. Non-controlling interests represents SAT1 accounting results.

COVID-19 response

Proactively addressed liquidity and cashflow requirements to the end of calendar 2021

Balance sheet

- Prudently secured additional $850m of two and three year bilateral bank facilities in April 2020
- ~AUD600m USPP bond proceeds received in June 2020. Transaction included world first two-way sustainability linked tranche
- Certain interest rate swaps reset to current market rates in July 2020, reducing interest payments over next ~12 months by $138m in exchange for a corresponding upfront payment
- Continue to expect to remain compliant with covenant requirements

Cashflow management

- On track to deliver targeted operating cost outcomes for 12 months to March 2021, of at least a 35% reduction on the prior corresponding period[1]
- On track to deliver targeted capital expenditure for 12 months to March 2021, of $150m to $200m
- A strong focus on collecting outstanding receivables, yielding positive results in the first half of 2020
- No distribution paid for 1H 2020, with no distribution expected to be declared for full year 2020

1. Excluding security recoverable expenses.

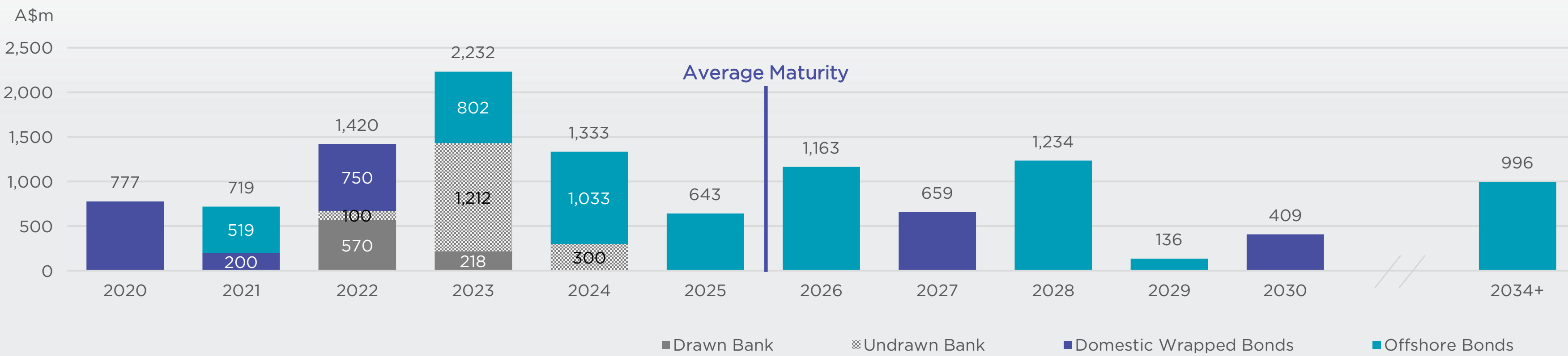
Liquidity and debt maturity profile

Liquidity of $2.6 billion as at 30 June 2020

30 June 2020 Metrics	
Net debt[1]	$9.1bn
CFCR[2]	2.4x
Net debt / EBITDA[1,2]	9.3x
Credit rating	BBB+ (negative outlook)/ Baa1 (negative outlook)
Next drawn maturity	Nov 2020
Average maturity	Early 2026
Average cash interest rate[3]	4.2%
Spot interest rate hedge position	88% (incl. bank debt)

- $1.0bn of available cash
- $1.6bn of undrawn bank debt facilities
- Committed to maintaining at least a BBB/Baa2 credit rating
- Ability to receive up to $197m from NSW Govt by September 2021 in respect of the Sydney Gateway transaction announced in September 2018[4]

Debt Maturity Profile[5]

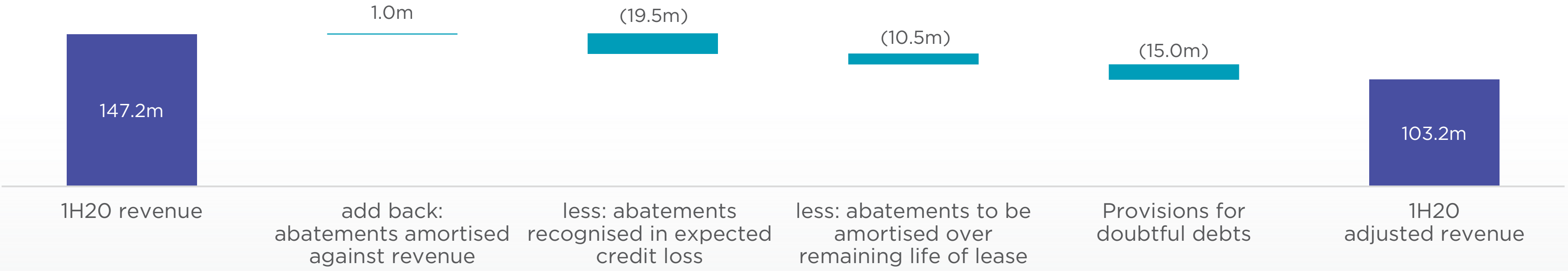


1. Includes SAL bilateral debt facility, SAL/SAT1 cash and leases liabilities due to the application of AASB16.
2. Calculated on rolling 12-month basis (CFCR metric calculated for the SCACH Group).
3. Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs.
4. Consideration valued at $170 milion in 2018, escalating over 3 years at 5% p.a. Option to consider deploying expected proceeds into alternative project if suitable opportunity arises
5. Includes $150 million SAL working capital facility (fully drawn) as at 30 June 2020.

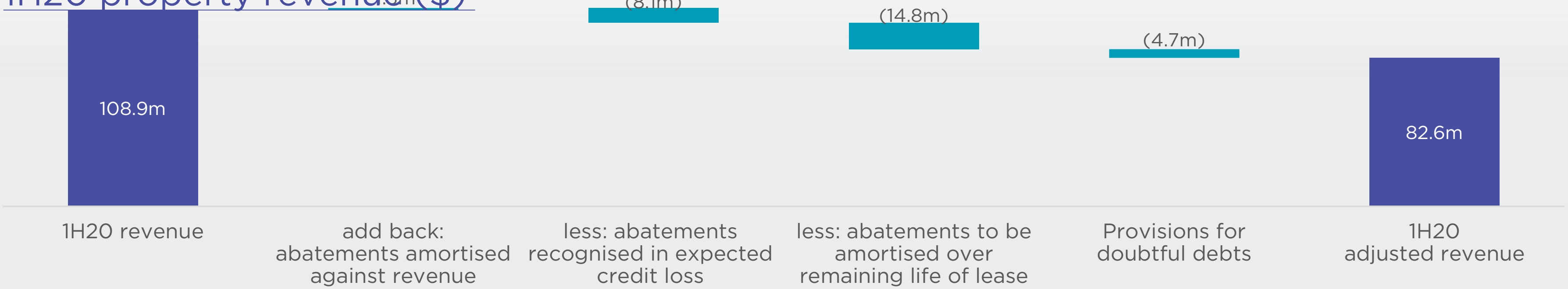
Revenue reconciliation

Breakdown of retail and property revenue recognised in 1H20

1H20 retail revenue ($)[1]



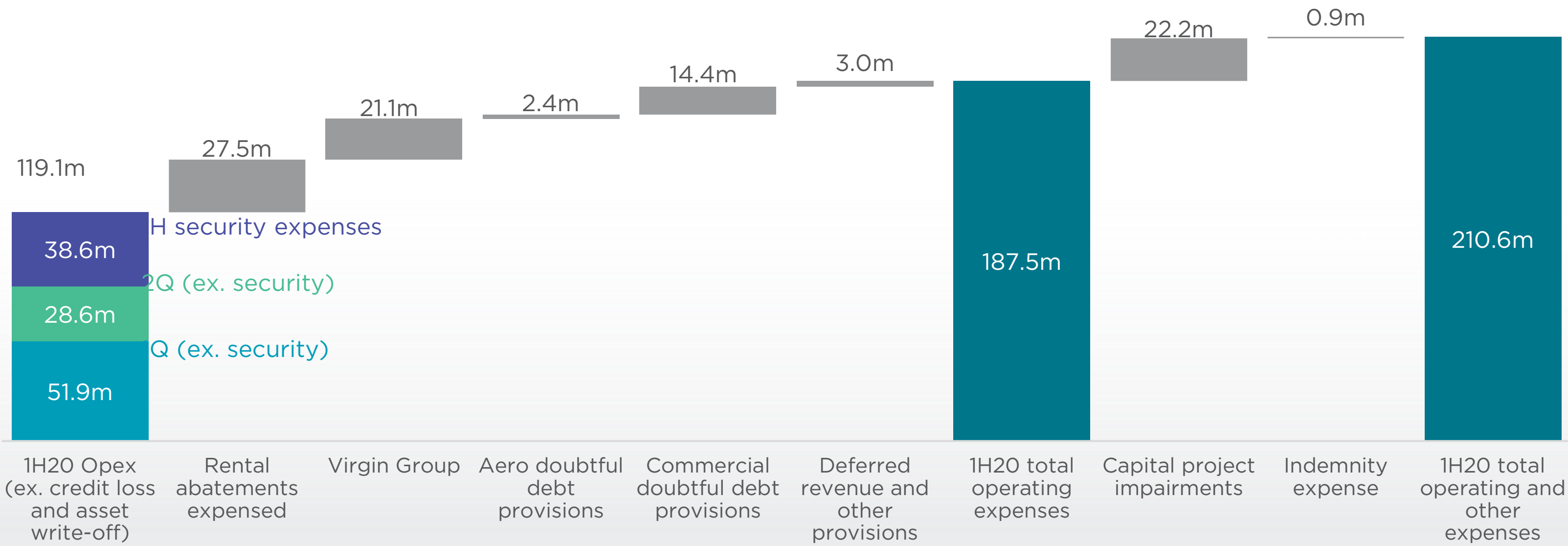
1H20 property revenue ($)[1]



1. In accordance with applicable accounting standards.

Expected credit loss and asset write-off

Movement in total expenses ($)

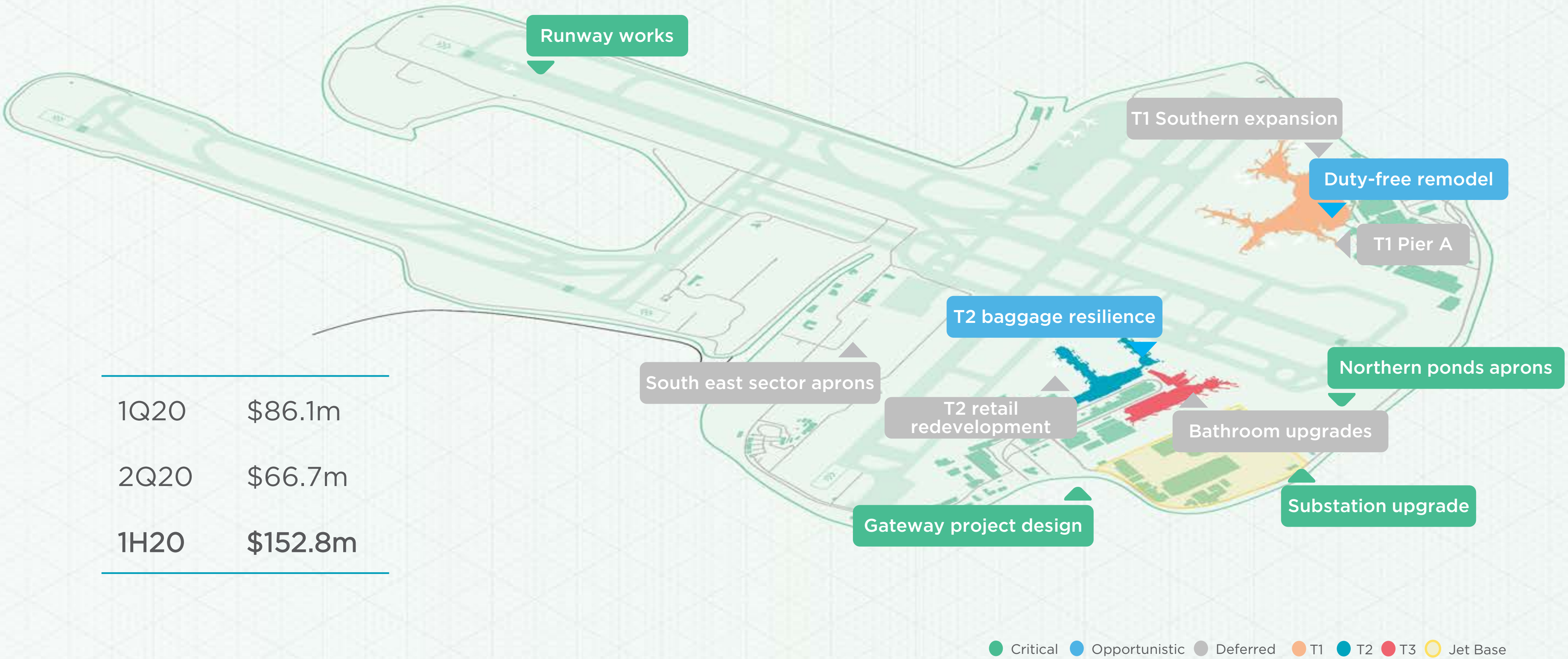


- Worked closely with tenants to reach a fair and equitable outcome on rental abatements[1]
- Impairment in full of Virgin Group pre-administration debts $24.8m[2]
- Impairment charge of $22.2m in respect of significantly deferred capital projects[3]

1. $52.9 million of retail and property abatements were provided in 1H20 with $27.5 million recognised in operating expenditure.
2. $21.1 million of this provision is recognised as operating expenditure, while the remaining $3.7 million was recognised as a reduction in revenue in accordance with accounting standards.
3. Write-off of non-current assets.

Scaled back capex from 2Q 2020

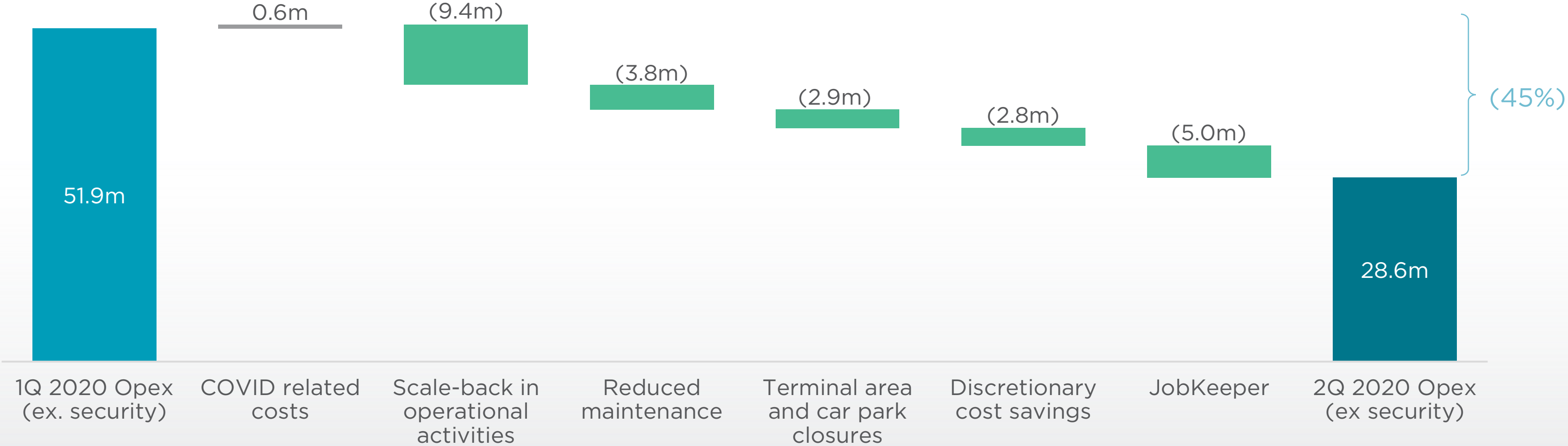
Further review now enables us to target a baseline range of $100-$125m for calendar 2021. Further commercial investment above this level, may be pursued subject to business case assessment



1Q20	$86.1m
2Q20	$66.7m
1H20	$152.8m

Tightly controlled operating cost

1H20 operating expenses ($)



- Every aspect of the controllable cost base was challenged resulting in a decrease of operating costs[1] by 20.5% versus 1H2019
- Staff Job Guarantee will not be extended beyond September 2020 - review underway to restructure the organisation

1. Excluding security recoverable expense, expected credit loss expense and including JobKeeper rebate.

Business performance

Business performance

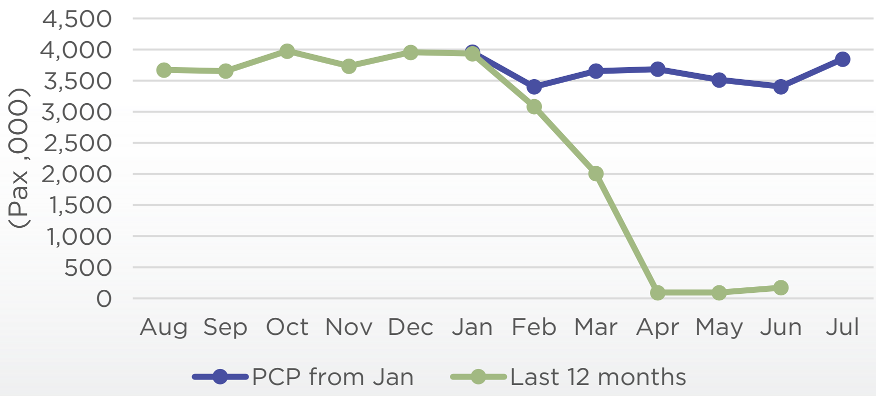
Significant passenger declines affecting revenues across all portfolios

1. Excludes security recovery revenue of $41.5 million.
2. Taken from the Director's Report in the SYD Interim Financial Report for the half year ended 30 June 2020.

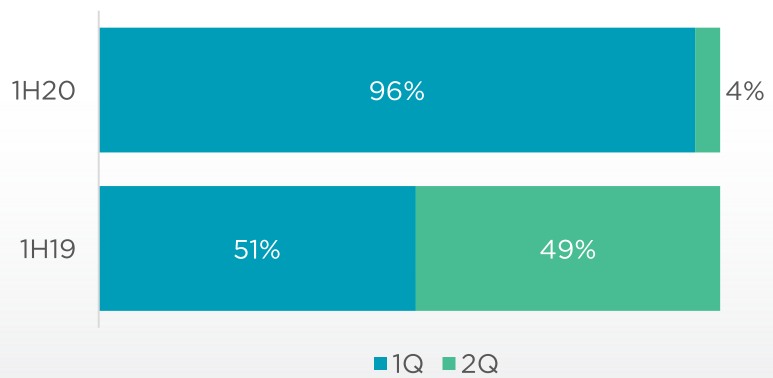
Traffic performance

Unprecedented travel restrictions impacted traffic from Feb 2020

Traffic Comparison[1]



Traffic composition across the half year



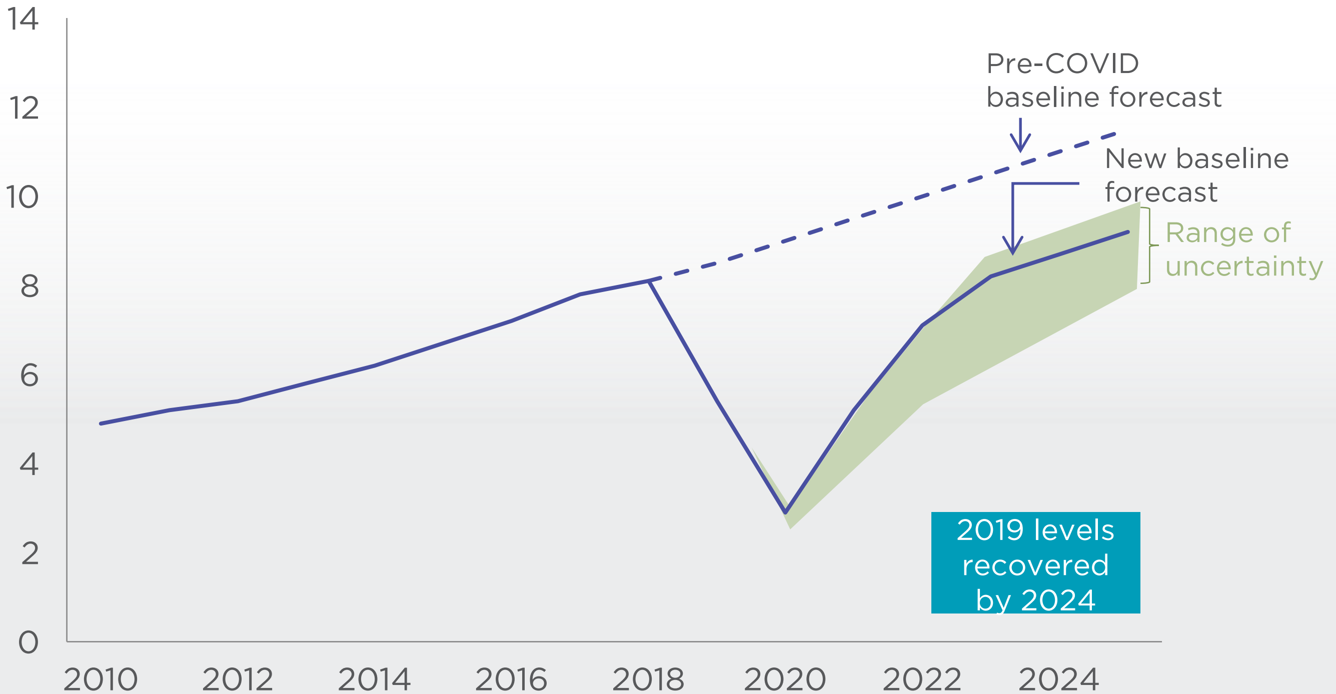
- Traffic down 56.6% in the first half
- International traffic was down 97.2% in July[2] and 96.8% in August month-to-date[3]
- Domestic traffic was down 88.2% in July[2] and 94.8% in August month-to-date[3]

1. Year to date traffic from 1 January 2020 to 30 June 2020 compared to the prior corresponding period (pcp)
2. July 2020 figures are provisional and subject to change.
3. August month-to-date figures are provisional and subject to change (1 August 2020 – 9 August 2020)

Recovery profile – IATA forecasts

The International Air Transport Association (IATA) signals international RPK recovery to pre-COVID levels by 2024

Global RPK, trillion per year[1]



- Analysis focuses on Revenue Passenger Kilometres (RPK)
- Represents global perspectives on air travel recovery rather than Australia specific
- Based on blended Domestic and International recovery profile

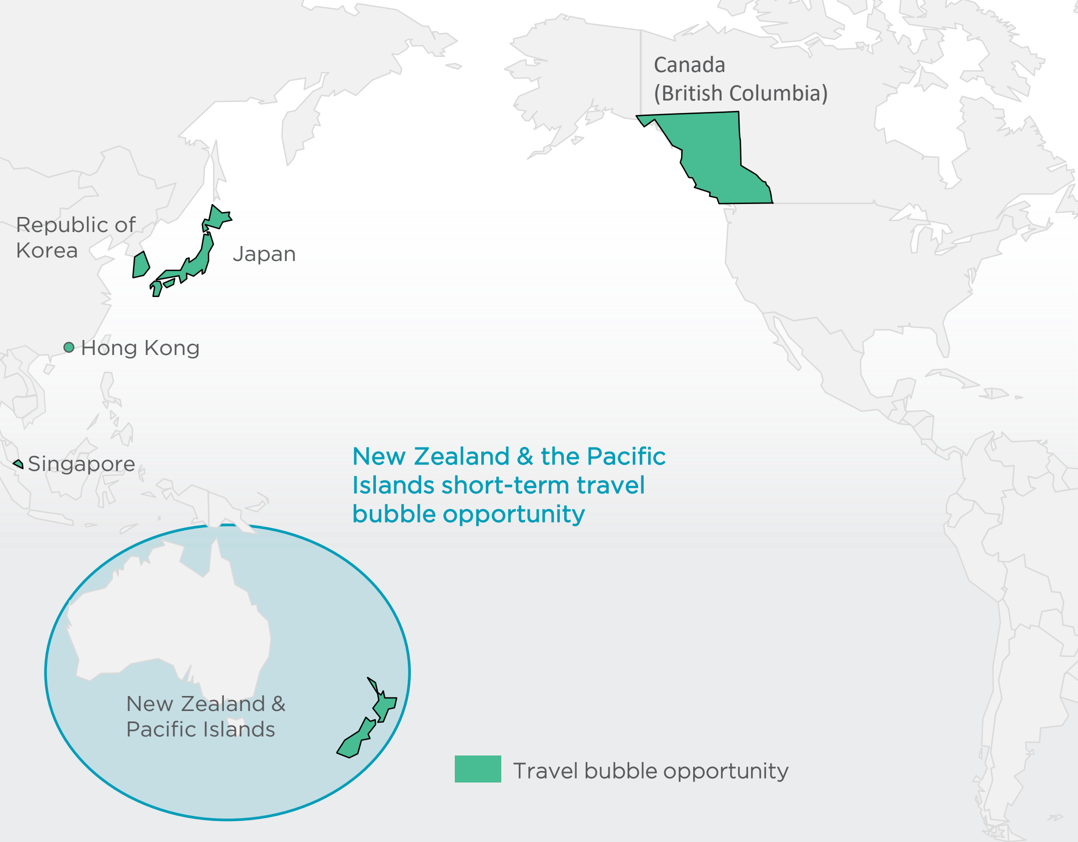
1. This graph is provided for illustrative purposes only. It was sourced from the International Air Transport Association and SYD makes no warranty or representation as to its accuracy, completeness or reliability. Source: © International Air Transport Association, 2020. Five years to return to pre-pandemic level of passenger demand, 30 July 2020. All Rights Reserved. Available on IATA Economics page.

International recovery taskforce

Created to identify short-term opportunities and establish necessary protocols for governments to restart travel when safe to do so

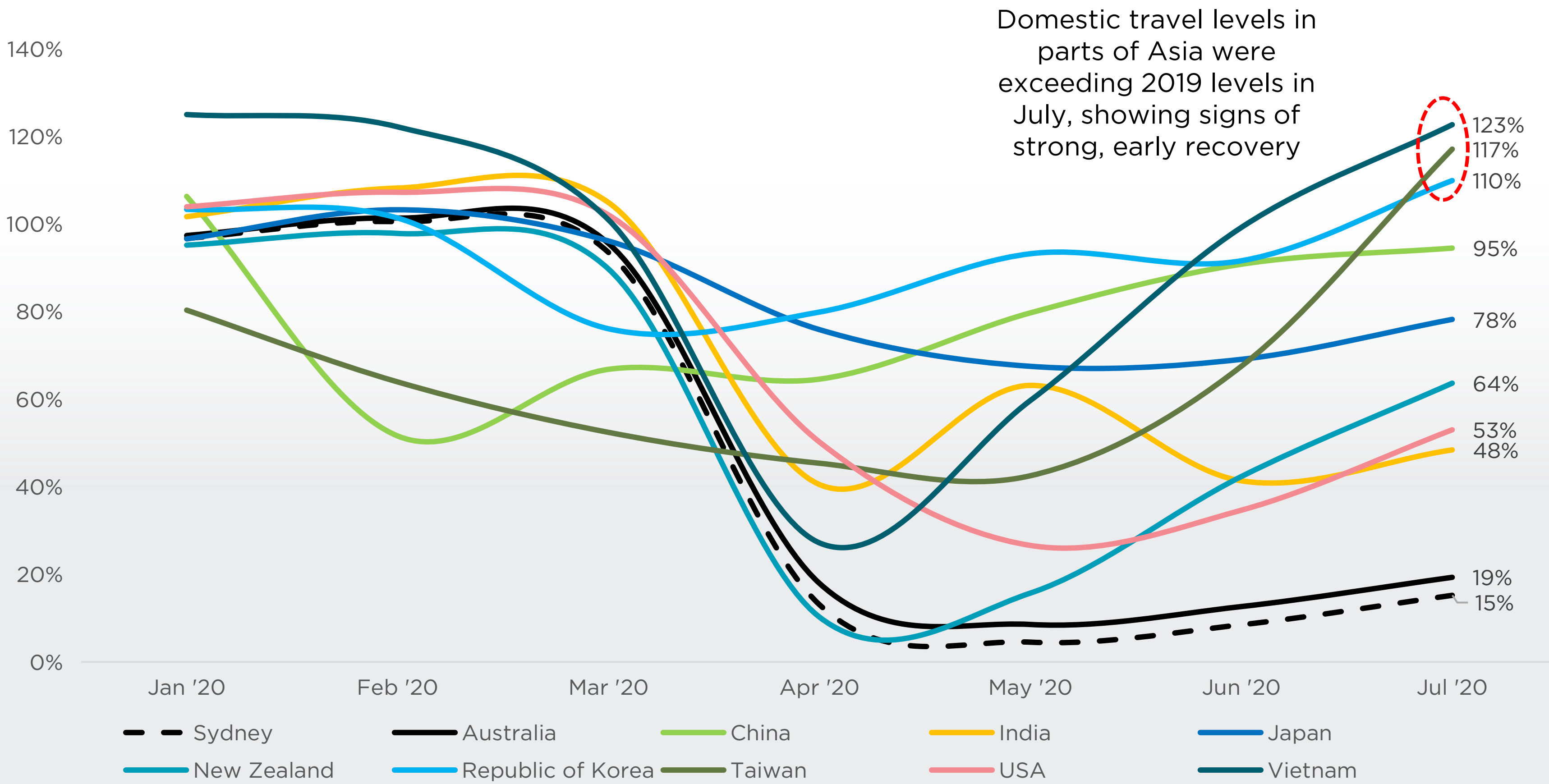
Consideration of minimum requirements for quarantine-free travel

- Minimise passenger transmission risk
- Mandated personal protective equipment for staff
- Stringent and regular cleaning regimes
- Consistent and regular communication to all stakeholders
- Formalising travel arrangements on a country-by-country/province-by-province basis



Global domestic recovery

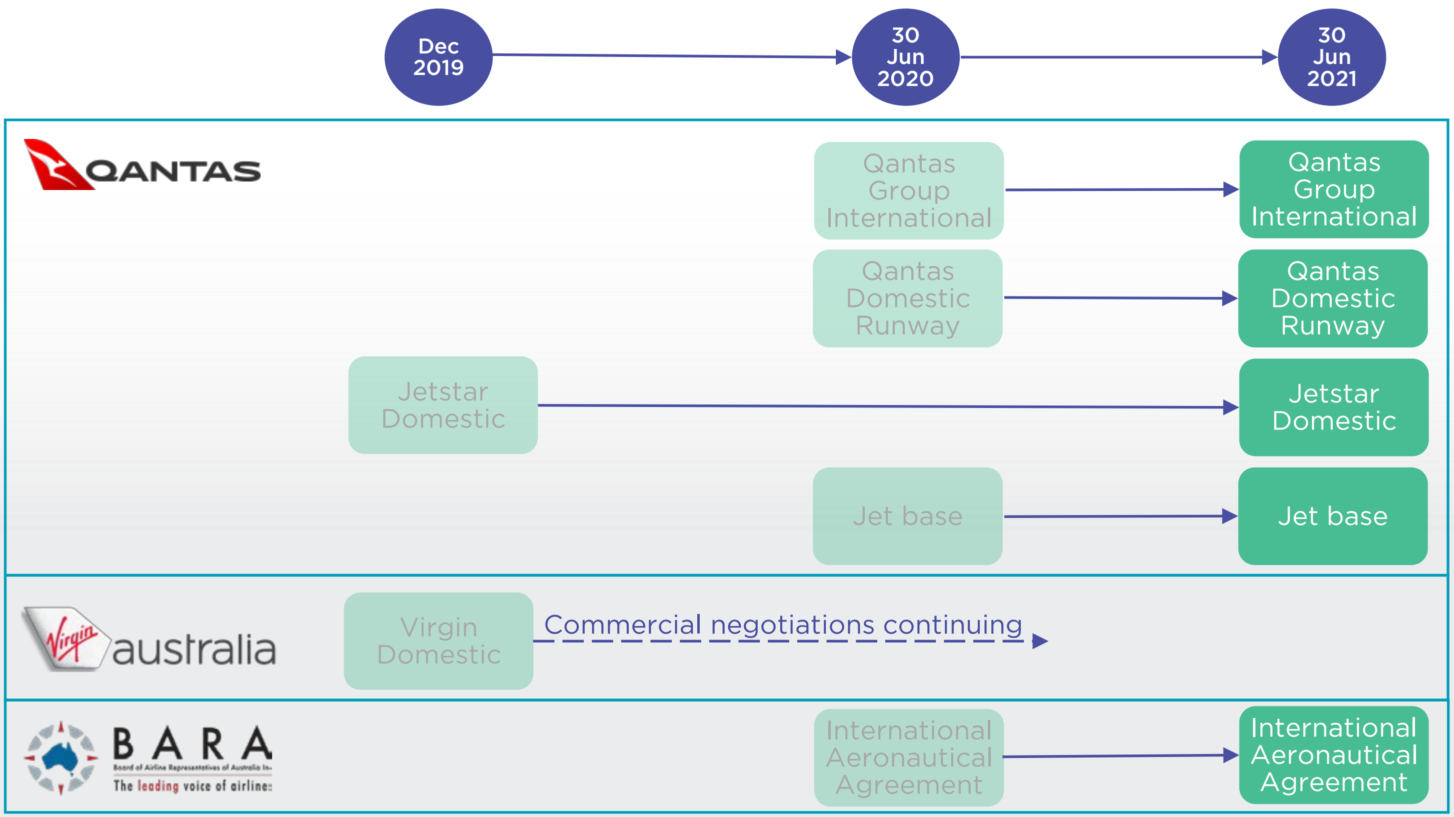
Promising domestic recovery demonstrated by other geographies after internal border openings



Source: SRS Analyser.

Extension of airline agreements

Existing agreements extended to 30 June 2021



Acquisition of jet fuel infrastructure

Jet fuel infrastructure ownership represents key strategic outcome for the airport

Ownership of the Joint User Hydrant Installation (JUHI) increases our strategic flexibility:

- Developing an open access fuel regime to increase competition amongst existing and new fuel suppliers
- Greater control over infrastructure investment decisions to support future airport growth
- Enhanced ability to influence usage of sustainable aviation fuels

Sydney Airport to assume ownership in October 2020

- Purchase price of $85m payable 30 September 2020
- Skytanking, a global leader in aviation fuelling services, has been selected to operate the facilities following a competitive process

JUHI

- Five storage tanks
- 29 mega litres of aviation fuel storage capacity – approximately three days of normal fuel supply
- 11 kilometres of underground pipelines
- 170 hydrant points across the airport

Commercial approach to tenant support

A standard set of principles resulting in fair and equitable outcomes

Principled approach

- Code of Conduct framework applied to all negotiations, adopting the principle of proportionate relief
- Financial transparency required from tenants before relief was granted
- No structural changes to contracts – temporary relief only

Relief outcomes

- $52.9m of rental abatements provided to retail and property tenants across April to June 2020 – equivalent to 62% of contracted rents by value
- Following accounting standards to recognise a reduction in revenue over the life of the contract upon agreement
- Further negotiations beyond June are in progress

Jacob Maaranbani –T2 Velocé Café manager

Commercial portfolio performance

Retail

- 30% of stores trading in July, up from 12% in May 2020
- 71% of contracted rents were abated between April and June 2020
- 97% occupancy as at 30 June 2020
- Heinemann relief provided in line with contract

Property & car rental

- 54% of contracted rents were abated between April and June 2020
- Hotel operations consolidated to reduce operating cost – occupancy at 44% in 1H20

Parking & ground transport

- Performance directly aligned with passenger volumes
- Reduced operation to one carpark per precinct to minimise cost – scaling up as volumes return

Outlook

- Duty Free remix underway
- Enhanced international luxury retail precinct, deals finalised with Moncler and Saint Laurent
- Advanced negotiations across a number of freight facilities and commercial office spaces
- Progressing development opportunities - Jet Base and Ross St Hotel
- Pre-book parking platform enhanced

Sustainably focused

Committed to our values, community and customers

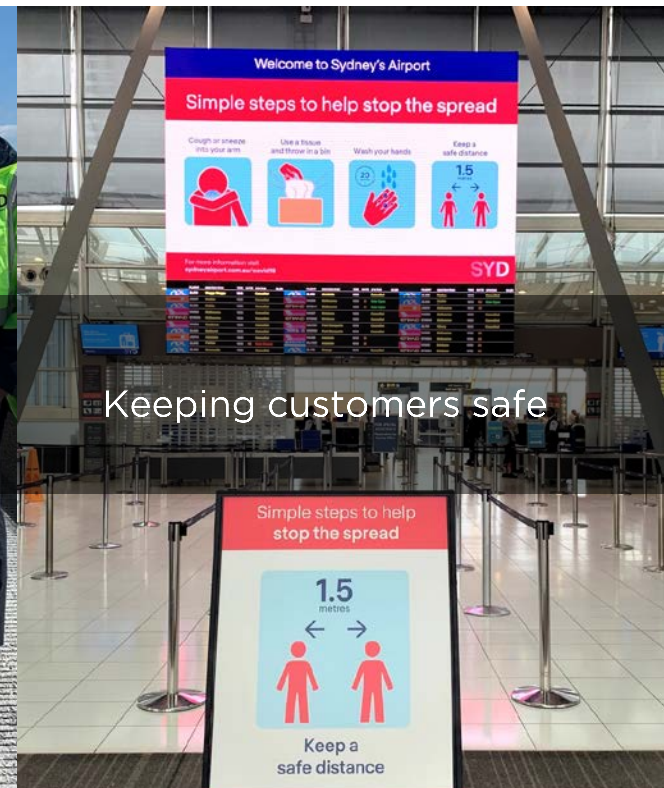
Sustainability

Ranked 2nd globally in the Sustainalytics airports sector

Community

Inaugural **SYD100** scholarship awarded by University of NSW

Customers



Keeping customers safe

Outlook

Focused on controllable measures

- Continued focus on controlling operating and capital expenditure
- Ensuring we maintain strong liquidity
- Making customers feel safe – adhering to any government requirements
- Supporting Sydney's airport as an essential service and working closely with government
- Preparing for domestic-led recovery
- Focusing on opening international markets


Welcome back!
SYD
QANTAS
Protect yourself & others
CHECK-IN
rex.
Regional Express
Wishing you safe travels
We've missed you!
SYD