

CHAIRMAN'S ADDRESS

MAX MOORE-WILTON

Good morning ladies and gentlemen, and welcome to the 2015 Sydney Airport Annual General Meeting. My name is Max Moore-Wilton, I am the Chairman of Sydney Airport Limited and I have also been appointed to chair the meeting of Sydney Airport Trust 1.

I now open the meetings of the members of SAL and SAT1 and declare that a quorum is present for each entity.

Welcome to the meeting, and I thank you for attending today.

Let me begin by introducing my fellow directors.

Directors of Sydney Airport Limited seated on the stage in order from left to right are Kerrie Mather, who is also Sydney Airport's Managing Director and CEO, Trevor Gerber, Michael Lee, John Roberts, Ann Sherry and Stephen Ward.

In the front row we also have the directors and secretary of The Trust Company (Sydney Airport) Limited, the responsible entity for Sydney Airport Trust 1. Let me introduce you to them. Seated in order from left to right are Russell Balding, Chris Green, Patrick Gourley and Rupert Smoker.

We also have Julian Donnan our legal advisor from Allens here in the audience and Eileen Hoggett our audit partner from KPMG.

The following members of Sydney Airport's management team, who are wearing name tags, are also in attendance:

Mr Hugh Wehby, Chief Financial Officer

Mr Jamie Motum, General Counsel & Company Secretary, and

Ms Chantal Travers, Head of Investor Relations

They will be happy to speak with you while morning tea is being served at the end of the meeting.

After my opening remarks, I will hand over to our CEO and Managing Director to present her report.

Kerrie will provide you with an overview of our financial performance and the highlights of 2014. She will then take you through our key focus areas for 2015, in addition to some of our most recent developments, and finish with our outlook.

After that I will move to the formal business and open the meeting to questions, before proceeding to a vote on the resolutions.

We will have questions and discussion after each resolution, during this time, if you would like to ask a question you will need to go to the microphone with your security holder card and introduce yourself to the attendant.

It has been another excellent year with revenue and EBITDA growing well in excess of traffic growth, and driving a high distribution.

Reinforcement of our clear strategy was demonstrated by our strong headline financial results; international passengers grew 2.8% due to strong load factors and demand from our Asian neighbours. Revenue increased by 4.3%, EBITDA grew by 6.1%, net operating receipts grew by 9.2% while importantly for our investors distributions grew by 6.8%.

These strong financial outcomes of the Sydney Airport business model continue to be a major part of our great strength and appeal to investors along with our solid track record of distribution growth.

Our financial performance enabled distributions of 23.5 cents to be paid to security holders in 2014. And in February the Board announced distribution guidance of 25 cents per stapled security for the 2015 financial year, representing growth of 6.4%. I am pleased today to reaffirm this distribution.

The Duty Free contract tender was completed, on improved terms, with Heinemann as our new duty free partner.

Our 2033 Master Plan was approved by the Government, outlining how Sydney Airport will meet demand over the next 20 years.

\$241.5 million was invested in facilities on the airfield and throughout the terminals. All projects were executed on time and on budget. This programme continues through 2015 in line with our five year \$1.2 billion capital expenditure guidance. This investment will provide essential capacity and facilities for airlines, passengers and other stakeholders.

Significant progress has been made on ground transport improvements. The first stages of the five year plan opened at T1 in December including the new centre road and expanded 15 minute free pick up and drop off zones.

Once again, a very busy and successful year at the Airport.

CEO AND MANAGING DIRECTOR'S ADDRESS

KERRIE MATHER

Thank you Chairman, and good morning everyone.

Let me also add my welcome to you.

I would like to start by taking you through last year's business performance in more detail, followed by a discussion of our key focus areas for 2015 and beyond.

Sydney Airport is Australia's busiest airport and the gateway to Australia. In 2014, we welcomed 38.5 million passengers, connecting Sydney to 88 international and domestic destinations.

We are a major employer in NSW, generating more than 307,000 direct and indirect jobs, with 29,000 of these jobs at the airport itself.

Sydney Airport contributes more than \$30 billion in economic activity each year, equivalent to 6.4 per cent of the NSW economy, while we facilitated the export of nearly \$15 billion of freight to international markets in 2014.

Clearly, Sydney Airport is an extremely important piece of infrastructure, for Sydney and Australia.

Our vision is to deliver a world-class airport experience, and foster the growth of Sydney Airport for the benefit of Sydney, NSW and Australia.

We have delivered facilities and upgrades to improve our passengers' journeys, and continue to deliver on our clear strategy to convert strong operational and customer outcomes into returns to you, our investors.

In 2014, we delivered 6.1% EDITDA growth, on 1.7% passenger growth.

This growth is being driven by higher passenger numbers, investment, economies of scale, inflation and management initiatives. As a result of these factors, real revenue per passenger has consistently increased over time. At the same time, prudent cost control has led to real operating expenditure per passenger remaining steady or declining.

And ultimately, our strategy delivered investor returns of 31% in 2014 including a cash yield of 5.5%. That is 18 percentage points ahead of the ASX200.

Since privatisation in 2002, Sydney Airport's delivered a 23% annual return to investors. The foundation of our return to investors, is not only high distributions, but consistent growth.

Passenger volumes have proven to be very resilient over several decades, regardless of significant world events. This has applied to international, domestic and total passenger segments.

More recently, international passenger growth is being driven by our Asian neighbours, particularly China and India. This year, we have already had our busiest day ever. We have had occasions such as Chinese New Year, Easter and Anzac Day, alongside sporting and business events attracting strong passenger growth.

Within our operating business, we have four key areas: aeronautical, retail, property and car parking.

Looking at these individual business performances for 2014, you can see growth across the board.

Good aero performance reflects strong international passenger growth, and investment in aviation capacity and aero facilities.

A strong performance in retail, saw passenger spend rates increase 8.2%. This is a result of our continued efforts to improve the retail offering and value proposition throughout the airport.

Property performed strongly through contracted escalations, new tenancies and robust occupancy of 98%.

And we delivered a very good performance from car parking and ground transport, as we continued to execute on our well defined on-line strategy.

We are delighted that this strategy has resulted in improved Quality of Service ratings and more people choosing to pre-book parking online to take advantage of our great value deals and save more than 70% on drive-up rates. In fact, last year we had around 400,000 online parking bookings, an increase of 40% on the previous year.

So, following our successful 2014, let us look at what we are focused on over 2015 and beyond.

A number of our international pricing agreements expire at the end of June. We are working with BARA, Qantas, Virgin and other airlines on a new agreement.

We see the renegotiation as a unique opportunity to deepen our engagement with our airline partners and BARA on all aspects of their requirements for facilities, products, capacity and quality of service at Sydney Airport.

We remain focused on responding to our airline customers' feedback by delivering improvements in priority areas such as wayfinding, improved signage, comfort of gate areas, terminal presentation and availability of facilities, and faster processing. Some of these improvements include: creating wider walkways and better lines of sight to streamline passenger flow, expanding the emigration and security areas to cater for growing demand, and increasing seating capacity.

These initiatives will dramatically improve all aspects of the passenger experience at the Airport.

In September, after a successful tender process, we announced our New Duty Free partner, Heinemann. Heinemann is now the world's third largest travel retailer. They operate in more than 65 airports, across 28 countries and employ more than 6,000 staff.

One of the reasons we selected Heinemann as our partner is for the exclusive brands and value they will provide to our more than 13 million passengers who travel internationally each year. They are bringing in 400 new brands and will offer customers the convenience of online and mobile shopping. Importantly, they understand that the retail offering needs to cater for and adapt to changing demographics, ranging from value products to luxury items. In addition to their extensive core product range, they will be offering an exciting collection of premium fashion and accessories brands, a large selection of toys and games, local and international delicacies and a dedicated Australian products section. And to round out their product offering, Dick Smith has a specialist technology and electronics store.

Heinemann commenced on 17 February, and as part of the handover, we undertook one of the largest terminal operations in our history - an overnight transition of the Duty Free operations after 25 years. Over a 4.5 hour period, a team of over 700 people worked during curfew, bringing in 300 pallets of stock or roughly 100,000 individual items, to convert the duty free shops in T1 departures and arrivals. It was a highly successful operation, with the first passengers ready to be served at 4:30am.

Heinemann is set to transform the duty free experience over the coming months, investing more than \$60 million in the design and fit out at T1. They will create a new, unique shopping experience with an extensive selection of brands at attractive prices, in addition to two dining concepts headed by celebrity chef Luke Mangan.

The design and construction program associated with the new duty free operator was set to complete in early 2016. This timetable has now been accelerated and we expect the majority of the shops to be open in time for the 2015 Christmas trading period.

We are looking forward to delivering ongoing retail changes and upgrades over the coming months.

When it comes to ground transport options, it is our priority to make it easier to travel to, from or past Sydney Airport by car, taxi or public transport. We know it is vital to get airport access working well, for today, and to accommodate the forecast growth in passenger numbers.

I was delighted to announce late last year with the NSW Government, the \$500m combined investment from Sydney Airport, the NSW and Australian Governments to improve the roads in and around the airport.

In March, the Government approved our Major Development Plan for T2/T3. The plan includes road works increased parking and a new hotel.

This is an extensive ground transport improvement program, with works to be staged until 2018, to minimise disruptions. It will benefit airline passengers, airport workers and other airport visitors, as well as Sydney motorists and commuters generally. We are creating a better performing one-way road network through the T2/T3 precinct, increasing the capacity of major intersections, significantly improving traffic flow and reducing traffic congestion. Motorists will also have more 'green light time' at key intersections, making their journey quicker and easier.

Works on the domestic precinct will commence this month, with the first stage being an extension of Seventh Street, creating a new intersection with Qantas Drive and Robey Street, resulting in a dedicated one way exit from the Domestic precinct.

We are also implementing Ground Transport improvements at T1.

In December we opened the new Centre Road and the expanded 15 minute free pick-up and drop-off zones.

There is also a new dedicated exit from T1 onto Airport drive, heading to the city or the T2/T3 precinct, completed and in operation.

In April 2014, the Government announced that Badgerys Creek, had been selected as the site for the Western Sydney Airport.

Under the 2002 Sydney Airport Sale Agreement, we have a Right of First Refusal, which gives us the opportunity to develop and operate a second major airport within 100 kilometres of Sydney's CBD. This is a valuable right, and one that we take very seriously.

The government has outlined, in broad terms, its expectations for the airport.

- That it could be operational from the mid-2020s
- The initial stage will have a single runway on opening
- It is expected to be a full service airport
- Built to serve new demand, with approximately three million passengers on opening

We have embarked on the task of analysing the potential opportunity to develop and operate an airport in Western Sydney. We have established a team of internal and external experts with extensive and global experience to evaluate the opportunity on behalf of our investors.

The team is working through important issues such as maximising aviation capacity in the Sydney Basin, risk and cost minimisation, value engineering, optimum design and staging, efficient pricing structures, and precedents for government assisted private sector provision of infrastructure.

The nine month consultation period between Sydney Airport and the Department of Infrastructure and Regional Development ends on 30 June.

The government said last week, that the next phase will be to develop a proposal that sets out the terms for the development and operation of the airport, including technical specifications, contractual terms and the timetable.

That work will take some months, and the government indicated that it is possible that they would have a formal proposal to present to Sydney Airport as soon as the end of this year.

On the basis of this timetable a decision would be required from Sydney Airport either four or nine months later, so some time in 2016.

Following the formal consultation period, we expect to continue our informal consultations with the Commonwealth in the lead up to the development of their proposal for the Western Sydney Airport.

In addition to continuing engagement with the Commonwealth, Sydney Airport will engage with the construction market in the third quarter of this year to assist us to gather information as to the efficient and optimum design to determine the cost and viability of the WSA project.

We are working actively to understand all stakeholder impacts and expectations. In particular we are considering our investor base and its priorities which we are very familiar with.

Sydney Airport has a long-term commitment to sustainability.

This year we became the first Australian airport to release a Sustainability Report and commit to annual reporting. It was an excellent achievement and significant milestone for the business and our investors.

We engaged with a wide range of stakeholders and consulted with them on the key sustainability issues which are most significant for Sydney Airport and our stakeholders. They include:

- Engaging and responding to our stakeholders
- Responsibly managing the airport while enhancing the passenger experience
- Supporting passenger growth
- Developing our people

We understand that by considering the impact of our business, we are able to deliver sustainable growth while creating value for our investors over the long term. We are pleased that our Sustainability Report has received very positive feedback from a wide range of stakeholders from the Australian Airports Association to the City of Botany Bay Council and of course our investors.

We have a strong history of partnership and engagement with the local community, investing in initiatives that support and benefit the children, families and businesses in the area in which we live and work.

In 2014, Sydney Airport invested \$1.5 million in the community. We partnered with charities, local communities, sporting organisations and schools throughout the year, and sponsored a number of local and major events.

We hosted our third airport community Christmas Giving Appeal, in partnership with Variety – the Children’s Charity, joining with airport partners, passengers and the general public, to raise a record \$263,000 over the six weeks to Christmas.

The School Grants Program awarded 13 local schools more than \$60,000 in grants, to assist in the funding and delivery of environmental projects.

Our annual lost property charity auction raised \$154,000 to be donated to a variety of causes this year to help the vulnerable in our community.

Late last year we partnered with Conservation Volunteers Australia, to deliver environmentally beneficial outcomes across our local community including a bush regeneration program at Kamay Botany Bay National Park.

We are also funding two scholarships for students undertaking a Bachelor of Tourism Management at the University of Western Sydney as part of our ongoing support for the community, education and the tourism industry.

We look forward to continuing to support our local communities through 2015 and engaging proactively in the development of business and tourism activity in Sydney and NSW.

We have a clear strategy for driving growth in value and distributable cash for investors.

Key priorities for 2015 include:

- International aeronautical charges agreements
- Ground transport improvements
- T1 terminal improvements
- The Western Sydney Airport consultation

Sydney Airport is in excellent financial health, and our balance sheet provides the platform to invest and grow.

We remain confident in our ability to continue to convert passenger traffic into EBITDA and cashflow growth.

And we are committed to delivering our 2015 distribution guidance of 25 cents per stapled security, growth of 6.4%

That concludes my presentation today, and I would like to take the opportunity to thank you, our investors, for your continuing support.

I would also like to thank our Chairman given this is his final meeting today. For over a decade, I have had the pleasure of working with Max.

He has a unique blend of skills and experience that has been of great benefit to Sydney Airport and our investors from public policy, transport and infrastructure, to global airport operations and investment.

Over that time Sydney Airport has generated strong returns to investors. In addition, the airport has successfully navigated significant transformation, and continues to keep pace with the constantly evolving needs of airlines, passengers, and other stakeholders.

His contribution and stewardship has been important and highly valued.

On behalf of Sydney Airport's management, we wish him all the very best.