

24 May 2019

2019 Annual General Meeting

Attached are the addresses of the Chairman and the Chief Executive Officer, and presentation for the Sydney Airport Annual General Meeting which is being held at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney, NSW at 11.00am today.

The meeting will be webcast and can be viewed by using the following link: [The SYD 2019 AGM webcast](#).

CONTACT FOR FURTHER INFORMATION

Chantal Travers
Head of Investor Relations

t | +61 2 9667 9271
m | +61 428 822 375
e | chantal.travers@syd.com.au

Jason Tin
Media and Communications

t | +61 2 9667 6405
m | +61 437 033 479
e | jason.tin@syd.com.au

**Chairman's
and
Chief Executive Officer's
Addresses
to the
Sydney Airport
and
Sydney Airport Trust 1
2019 Annual General Meeting**

Chairman's Address

Good morning. My name is Trevor Gerber. I am the Chairman of Sydney Airport Limited and I have also been appointed to chair the meeting of Sydney Airport Trust 1.

Before we begin today, I would like to acknowledge the traditional owners of the land on which we meet, the Gadigal people of the Eora Nation and pay my respects to the elders past, present and future. I now open the meetings of the members of Sydney Airport Limited and Sydney Airport Trust 1 and declare that a quorum is present for each entity.

Welcome to the meeting. I thank you for attending today. Let me begin by introducing our CEO and my fellow directors. Seated on the stage in order from left to right are Jamie Motum, Sydney Airport General Counsel and Company Secretary; Geoff Culbert, Sydney Airport's Chief Executive Officer; and Directors, Grant Fenn, Ann Sherry, John Roberts, Stephen Ward, Abi Cleland, David Gonski and Michael Lee.

In the front row we have the Directors of The Trust Company (Sydney Airport) Limited, the responsible entity for Sydney Airport Trust 1. Seated in order from left to right are Russell Balding, Patrick Gourley and Eleanor Padman. Also in attendance are Julian Donnan, our legal advisor from Allens, and Nigel Virgo, our KPMG audit partner.

The following members of the Sydney Airport team are also in attendance: Greg Botham, Chief Financial Officer and Chantal Travers, Head of Investor Relations.

I will commence proceedings with an overview of the Airport and touch on our financial track record. After my opening remarks, I will hand over to Geoff to present on our performance and business outlook, before we move on to the formal business of the meeting and the resolutions. We know you will have questions for us, so we will provide the opportunity for discussion and any questions after the presentations, when we address each of the formal agenda items.

Sydney Airport has been a part of the fabric of NSW and a key driver of tourism, jobs and economic growth in the State for the past 100 years. We have come a long way from that first flight in 1919 when Nigel Love took off carrying a solitary passenger. Compare that to last year when a record 44.4 million passengers passed through our 3 terminals and travelled on one of the 47 airlines which serve more than 100 destinations around the world.

Sydney is the international gateway to Australia, it has the largest population, is the most popular tourist destination and is Australia's business capital. Our proximity to the CBD

and NSW tourist attractions make us a highly attractive airport for airlines and passengers and provides a strong and enduring competitive advantage.

Sydney Airport is a high-quality asset on a very long-term lease (out to 2097). The precinct supports a flourishing array of retailers, offices and other facilities, and offers a diverse range of car parking and transport facilities. In addition, there are three and soon to be four in-demand and successful hotels.

Sydney Airport is a significant contributor to the NSW and local economies, supporting \$38bn in economic activity each year¹. The airport community employs over 31,000 people, many of whom reside in the local communities, and supports 800² small, medium and large businesses.

As you can see on the chart, over the very long-term Sydney Airport has had stable and extremely resilient passenger growth. In fact, through all economic environments over the last 28 years, including economic down-turns and recessions, global events, and domestic challenges, Sydney Airport has showed incredible resilience. Over this period passengers have grown a compound 5% per annum. This resilience and consistency have driven EBITDA growth every year since privatisation, and importantly, growing cash distributions to our investors.

Looking over the last five years, our strong passenger growth on the aeronautical side, and increasingly diverse non-aeronautical business, coupled with a strong strategy has delivered five-year compound revenue growth of 7.3% and EBITDA of 7.1% per annum respectively. And most importantly for our investors, execution of the company's strategy has translated directly into stable distributions with a solid growth profile. Over the past 5 years, Sydney Airport has delivered a total shareholder return of 17.7% per annum, including the reinvestment of distributions. This compares to the ASX100 performance of 7.2% per annum over the same period.

That means if you invested \$10,000 in Sydney Airport securities on 31 December 2013, the value of that investment including reinvested distributions would be approximately \$22,600 at 31 December 2018, a fantastic return for investors. And pleasingly this is not a one off, we could run this same calculation over multiple time frames, and we would get very similar patterns.

¹ Deloitte Access Economics, (April 2018) *Economic Contribution of Sydney Airport*

² Deloitte Access Economics (January 2013) *The Economic value of Sydney Airport*

2018 was another excellent year for Sydney Airport

We hosted 44.4 million passengers, an additional 1.1 million passengers or 2.5% compared to 2017. Management has built upon strong passenger growth to deliver strong revenue and EBITDA growth. Revenue growth was business wide, with aeronautical and non-aeronautical revenue streams growing. It is also good to see the benefits of tightly controlled operating costs.

Pleasingly for investors, these strong results drove an increase in our Net Operating Receipts of 9.4% and distributions to investors in 2018 of 37.5 cents per stapled security.

Let us now move to the distribution guidance for 2019. Today I reaffirm our 2019 distribution guidance of 39 cents per stapled security, representing 4.0% growth on 2018. For the record, I want to note that today we released an update on SAT1's Danish tax indemnity. I want to take this opportunity to reiterate that, regardless of the outcome of the case, it will have no material impact on our NOR and we reaffirm our guidance.

I would also like to make some remarks regarding Sydney Airport Limited's transition towards becoming a cash tax payer.

As was communicated to the market in February, Sydney Airport Limited currently expects to fully utilise its remaining carried forward tax losses over the next three years. Subject to operational performance and capital investment opportunities, we currently expect to become a cash tax payer from 2022.

So how are we managing the transition and what does it mean for you, our investors?

As a Board we understand the importance of growing distributions to you, our security holders. After extensive consideration, we have adopted a graduated approach to growing distributions over the transition period to becoming a cash tax payer.

What that means is, measured on average across the period rather than just one year, distributions would continue to be fully covered by Net Operating Receipts, which is our measure of sustainable free cash flow. In very simple terms, we will hold back a small portion of our free cash flow enabling us to smooth the distribution growth profile over coming years.

In due course after we have begun to pay cash tax, we would expect to be able to frank a portion of our distributions.

Lastly, I just want to take this opportunity to talk to social responsibility and culture at Sydney Airport. In the many years I have been on the Board of Sydney Airport I have seen some significant changes. I am pleased to say the direction the business is currently heading is one of which I am very proud.

From the commitments that we have made to our local community through our partnership with Bayside Council, to our Power Purchase Agreement, which contracts up to 75% of our current electricity load from renewable sources. Every part of the business is not only driving strong financial outcomes but is also focused on being a good neighbour and employer, driving superior passenger experiences and an active and responsible member of our community.

We are now in an era where a company's social licence to operate is as fundamental as the service or product it sells. Therefore, it is important that we continue to be a leader with our ongoing corporate social responsibility activities.

Thank you and I will now hand over to Geoff Culbert, our Chief Executive Officer, who will take you through our business and outlook.

Chief Executive Officer's address

Thank you Trevor and good morning everyone. It is great to see everyone here today.

What I would like to do in my presentation is provide a bit more detail on the performance of the business, take you through some of the major trends we are seeing, and give you an update on progress we are making in critical areas like investment in the airport, customer satisfaction, sustainability and community investment.

As Trevor showed, it has been a record year at the airport. Record passenger numbers, record revenue and EBITDA, and record distributions. And we are very pleased to be able to deliver this performance for you, the owners of the company. But these results don't happen by chance. They are the product of a lot of hard work by the team at Sydney Airport, and for the record I want to take a moment to thank the team for everything they have done over the past 12 months. It has been a great effort.

Trevor walked you through the overall results, and one thing that really pleased me is that we saw good, strong growth across our four business units, as you can see from this chart.

Aero revenue was up by 7.6% on the back of strong international passenger growth. Over the full year our international passengers grew to 16.7 million, up 700k over 2017, which was a great result.

Moving across the page, Retail revenue grew by 7.2%. The growth came from a number of sources: we had new leasing deals in Terminal 2, favorable lease escalations and a number of specialty stores performed so strongly we received performance-based rent.

The Property business also had a strong year, up by 7.5%. In 2018 we had a full year of trading from the Mantra and Ibis hotels, over 430 rent reviews across the Property business, and the addition of 19 new leases and lease renewals across the precinct, all of which drove the growth.

Finally, Parking and Ground transport grew by 1.7%, ahead of domestic passenger growth which tends to be our benchmark. This is despite increasing competition from car parks popping up off-airport, and increased train usage.

The thing I really like about this chart is the spread of growth across the portfolio. This is a diverse and resilient business. This is a business that is able to perform in all economic cycles, and I want to talk about this in the next few slides, starting with the Aero business.

This is a really important chart, because it shows the diversity of our passenger markets and airlines.

China has been a growth engine for us in recent years and although the China market continues to grow at a steady pace, it is important to note that Sydney Airport is far more than just a China story.

The graph on the left shows the strong growth we saw in 2018 from emerging markets. Vietnam grew by 18%, India grew by close to 14%, and the Philippines grew by over 8%. These are all big markets with large populations and are easily reachable from Sydney in a single flight.

The other thing to note on this chart is the strong growth we saw from more mature markets like the USA and Japan. The US grew by over 9% and Japan by over 7%. People often want to know what is the next big country to emerge - what is the next big market - but in this business you can't take your eye off your large and established existing markets. They give you a strong foundation for your business, and they provide stability and resilience.

The perfect case in point is Australia. On the right hand side, you can see that Aussies travelling abroad remain the largest market in absolute terms by a significant number – almost four times the next biggest market. And last year we saw a 4% increase in Australian passengers off a huge base, which represents around 290,000 additional passengers over the course of the year. This is a really great story.

It is likely that 2019 will see more subdued growth in passengers across the board - we have seen that in the first 4 months of this year - but to a certain extent this was to be expected when we have just come off a number of years of extraordinary growth. The base number gets higher every year, and the bar gets raised every year. But we still remain confident about the growth profile of the aero business in the medium and longer term, particularly given the world of possibilities that remain.

This page shows you all the places we currently fly to in a single flight from Sydney. With aircraft technology where it is right now we can reach 60% of the world's population in a single flight. That is not bad considering the first commercial flights to London 72 years ago took four days and six stops³.

But with the next generation of aircraft technology – the 777X and the A350 Ultra Long Range – 100% of the world's population will be reachable from Sydney in a single flight.

That will bring all the great cities shown in green on this chart into range of a single flight.

London, Paris, Rome, New York, Chicago and Toronto. And importantly new markets like Rio, Sao Paulo and Buenos Aires, Cape Town, Cairo and Istanbul. Mega cities with huge

³ Leadbeater, Chris (26 March 2018) [31 stops, fares from £10,384 and sandwiches courtesy of the co-pilot – the first flight from Britain to Australia](#), telegraph.co.uk, Retrieved 17 May 2019

populations of people that want to visit Sydney, and great cities for Aussies traveling abroad to visit.

It is enormously exciting to think about what the future will deliver and what it means for Sydney Airport. The world keeps getting smaller, the tyranny of distance becomes less of a factor, and the opportunities for Sydney and Australia continue to grow.

And I'm equally excited about the opportunities on the Non-Aero side of the business as well particularly in a more challenging market environment.

Our non-aero business now represents 51% of our total revenue. This is significant as it provides stability and resilience in the business model.

The non-aero business has diversified revenue streams across the Retail, Property and Car Parking businesses and many of those revenue streams are protected against movements in passenger numbers.

Here are some important stats that underline what I'm saying:

- 94% of our Retail revenues are underpinned by minimum guarantees.
- 98% of our currently available Property sites are leased.
- All Retail and Property leases have contracted escalations.
- The average tenure of retail leases is 5 years and there is extremely high demand amongst tenants looking to gain access to sites at the Airport.

All of this provides exceptionally strong, stable and reliable revenue streams for the business. And we also have opportunities to expand the existing footprint.

We take control of Terminal 3 - the Qantas terminal - in July of this year which brings with it the benefit of new advertising revenues, as well as the opportunity to reconfigure and improve the retail, food and beverage offering. Here is an interesting stat for you - the spend per passenger in T3 is the lowest across all our three terminals, which is surprising given the passenger demographic in T3, so we see opportunity there.

Moving across to Terminal 2, we just opened 14 new retail stores in the Jetstar and Tiger wing. If you have been through there recently, you will see that it is looking really good, and it is a great example of optimising and utilising space to create new revenue generating opportunities. Next up we are going to look at opportunities in Pier A, the Virgin wing.

In the property business, our two hotels are performing well. We just opened 78 new rooms at the Ibis Budget and we are well advanced on plans for a new 450 room premium hotel

on the domestic side, which should open in 2021. And we also think there is demand for additional hotels on the International side over time.

Beyond hotels, we continue to look at property expansion opportunities across the precinct. We see opportunities in freight, logistics, catering, lounges and advertising. And there are still significant amounts of unutilised land that can support the growth of the airport.

And, as I said, given that a high percentage of these revenue streams are locked in with contracted downside protections, it provides a really solid base of secure revenues that gives us confidence in the resilience of the business and our ability to deliver for you, the shareholders.

If we are going to capture the growth I have been talking about, we do need to continue to invest in the asset and I want to spend a few moments talking about our plans to invest in infrastructure at the airport.

This chart here shows some of the major projects we have in the pipeline.

Given the growth in passengers, we have seen an increase in bussing, and the baggage reclaim hall is busier and more crowded. Both of these things impact the customer experience, so we plan to address this through the Northern Expansion of the International Terminal where we will construct two new contact gates and expand the baggage reclaim area. Both really good projects.

We also plan to build a new Baggage Room at the International Terminal. With 44 million passengers a year we are beyond capacity on our existing bag rooms and the new Southern Bag Room will give us breathing space for the next decade and, importantly, improve system resilience and operational safety.

The Terminal 2 Departures Hall is set to undergo significant expansion and refurbishment. What is interesting to me is that the footprint of the departures at T2 is the same as T3, but given the way it is configured it feels a lot smaller, and it gets very busy in peak periods. So, the plan is to overhaul this, bring in the latest automated technology, enhance the security infrastructure and create space to accommodate future growth. When you match it up with the improvement of the retail offering in T2, we are expecting a significant improvement in the overall passenger experience coming through that terminal.

And finally, on this chart, to cater for the growing number of international airlines and routes we are adding four new layover bays and supporting taxiways in the South East Sector, which you can see flagged as number 4 on the map.

These are all critical projects that will enable us to meet future demand while at the same time improving the customer experience. We said in our Master Plan that we expect to be handling 65 million passengers by 2039, which is a 50% increase on the current number.

These projects are part of the path to get there and are clearly aligned to the growth opportunities we expect to see.

Another critical part of infrastructure that we continue to develop and invest in are our roads.

The roadways surrounding Sydney Airport are important to our customers and the local community. As you know, increasingly they have become more congested and that hurts the experience for passengers traveling to the airport to catch a flight, and it also hurts locals trying to get to and from work.

In September last year we announced the Sydney Gateway project, which will be a major game changer for the Airport. From the new WestConnex interchange at St Peters, about two kilometers to the north of Sydney Airport, Sydney Gateway will pass through Sydney Airport land to the north and create direct access to the international and domestic precincts.

We are really excited about this project and the stats show why:

- Once it is open, there won't be a single traffic light between Parramatta and the domestic airport.
- Travel times to and from the airport will be significantly faster. In the morning peak, if you are coming from Dee Why in the North, you will save up to 41 minutes on your trip. If you are coming from Parramatta in the West during the morning peak, you will save up to 40 minutes. These are material improvements.
- The existing road between the Domestic and International Terminal will become an internal road which we can use for a better transfer product between the two sides of the airport. This is a source of frustration for passengers. The current transfer product isn't great, we understand that, and Sydney Gateway gives us the chance to improve it.
- Importantly the Gateway project will take airport traffic off the local roads and give those local roads back to the local community.

Over the past five years we have invested significantly in reducing congestion and improving access to the airport. We have made improvements, but there is more we need to do, and we think Sydney Gateway will make a real difference for our customers and the local community.

And while roads are a really important part of the customer experience, they are only one part of the overall experience.

And that overall experience continues to be a major focus for me as CEO. We have made a real commitment to improving customer service and the results shown on this slide tell a great story.

So, we have an independent agency conduct 17,000 to 18,000 surveys every year across our three terminals. We take the feedback from customers, we listen to it and we target our effort and investment on the things they tell us matter the most.

The three areas where we get the most feedback is quality of bathrooms, more charging stations, and better signage, and we have invested a lot in these areas. Over the last three years we have upgraded 14 bathrooms, we have deployed over 1000 new charging points and installed 23 electronic directories to assist with digital wayfinding.

These directories are available in 9 different languages, with some of them receiving more than 72,000 hits in a month. Another initiative that I love has been the upgrade of our water fountains to include refilling, which are tracking at over 1000 refills a day.

These are the practical things that get noticed and appreciated by our customers and we are really pleased with the fact that we are making progress here – our customer satisfaction scores reflect that we are at record highs, but we also know there is more to do. We will keep taking feedback, we will keep listening to that feedback and we will keep investing in the areas that matter most to our customers.

The other area that really matters to our customers, and the broader community, is Sustainability, and this is another area where I think we have made real progress.

My goal for Sydney Airport is that we are a leader in Sustainability. Not just doing the bare minimum, but a leader. We have put a lot of effort into this over the past year and I want to take you through what we are doing.

We have a Sustainability strategy that is built on three pillars:

1. We want to be an ethically responsible and transparent business;
2. We want to run our business for the long term by planning for the future; and
3. We want to work closely with our local communities to protect the environment in and around the airport and make sure it is sustainable for years to come.

We have multiple initiatives under each of these three pillars, but I want to focus quickly on three flagship initiatives that we think will make a real difference.

Firstly, we are building climate resilience in our assets and minimizing our carbon footprint. This includes setting an ambitious goal of achieving carbon neutrality by 2025.

Secondly, we are investing in electrification of our vehicle fleet. By 2021 we plan to be operating electric buses on 100% of our landside fleet. We are also working with our airport partners to encourage and support use of electric ground servicing vehicles and equipment.

Thirdly, we continue to look at ways to operate the airspace and the airfield more efficiently to minimise our environmental footprint. This includes things like optimising the movement of aircraft on the ground to reduce taxiing and holding, and ensuring efficient gate turnarounds.

I'm pleased to say we are already making good progress in these areas and we are seeing some really tangible results.

There are a lot of stats on this page, but there are a few I want to call out. First, we have reduced our carbon emissions intensity per passenger by 30.9% since 2010, and we are on our way to reaching our goal of being carbon neutral by 2025. There are a lot of things we have done to achieve this – electrification of vehicles, solar panels on our car parks, ground based power for aircraft, LED lighting across the entire site and efficient lighting and cooling systems installed in T1. They all add up and make a difference.

We currently recycle over 42% of the waste created in our terminals and offices. Close to 25% of the water used on site is recycled in our facility. And we have a number of initiatives to drive this even further. We are eliminating single use plastic bags and plastic straws. We are targeting a 20% reduction of waste to landfill. So here is an interesting stat for you. Over 5.4 million cups of coffee are sold at the Airport each year - that is a lot of coffee - so recycling the cups presents plenty of opportunity.

And we were really pleased with the new Power Purchase Agreement we signed up. We are now taking 75% of our energy from renewable sources, with the remaining 25% baseload coming from the grid. Not only was this a really innovative structure that will significantly reduce our carbon footprint, it will also significantly reduce our power bill – this is a genuine win-win.

And I'm very pleased to say that our efforts are being recognised. You can see on this page some of the recognition we have received.

- We were rated 4th globally by Sustainalytics in the airport category;
- We were rated 7th globally by the Dow Jones Sustainability Index for the Transport Infrastructure Sector; and
- We were rated AAA by MCSI, which puts us in the top 10% of infrastructure companies globally.

These are all really important Environmental, Social and Governance measures, and they are global rankings, not just Australia. We are really proud of this.

We have made a lot of great progress and received good recognition for the progress we have made. But we will keep pushing on this. We have set ourselves ambitious targets and we are committed to hitting them. We know strong ESG practices are vital for creating long term value for our people and our investors. It is also vital for our local communities. And on that point, before I close out on guidance, I want to touch on the work we have been doing out in the community.

We are committed to being a good neighbour and last year we contributed \$5.7 million to local community initiatives, up from \$4.9 million the year before. This investment covered our three pillars of Live Local, Leading and Learning and Sydney's Airport.

We ran 37 projects last year and they were all very worthy, but there is one I want to call out, which is the establishment of the Community and Environment Projects Reserve Fund with Bayside Council.

Together we have committed more than \$11 million to deliver projects over the next 10 years focusing on the local Bayside community.

We are working on the first phase of projects, focusing on things like bike paths, improvements to Cooks River water quality, and new community facilities. Things that will really have an impact on the quality of life of people in the Bayside community.

The value of our community initiatives has gone up each year over the past few years and we want that trend to continue. We have a good relationship with our local community and we are constantly looking for ways to strengthen it.

We want to be a responsible business, one that plans for the future, and one that supports our community. At the same time, we want to deliver for you, the shareholders. I'm always mindful of the fact that you invest your hard-earned money into the company. We don't take that for granted, and it is our responsibility to make sure we deliver for you, and in that regard I'm pleased with the results for 2018.

It was a successful year for our business, and 2019 is off to a strong start.

The overall economic outlook is less certain than what we saw a year ago, but the robustness, resilience, and diversity of our business, together with our track record of performance and growth in all economic cycles, makes us optimistic about the year ahead. It also gives us confidence in reaffirming our 2019 distribution guidance of 39 cents per stapled security.

Before I hand back to Trevor, I want to highlight that we reach a really important milestone this year – Sydney Airport celebrates its 100th birthday.

It was 100 years ago that the first commercial flight took off from Sydney Airport and since then the history of the airport has been closely linked to the history of the city, and the history of aviation. We have played host to Kings and Queens, Presidents and Prime Ministers, rock stars and even the Pope. We have also played host to breakthrough moments in aviation, from the first flights of our aviation pioneers right through to the advances of modern aviation.

I think 100 years of aviation at Sydney Airport is really something to celebrate.

The progress that has been made in the last 100 years is nothing short of astounding and we are really excited about the new developments and opportunity the next 100 years will bring.

And I want to close out by playing a brief clip that celebrates the last 100 years.

Thank you.