

Full year results 2018

12 March 2019



Greg Botham
Chief Financial Officer

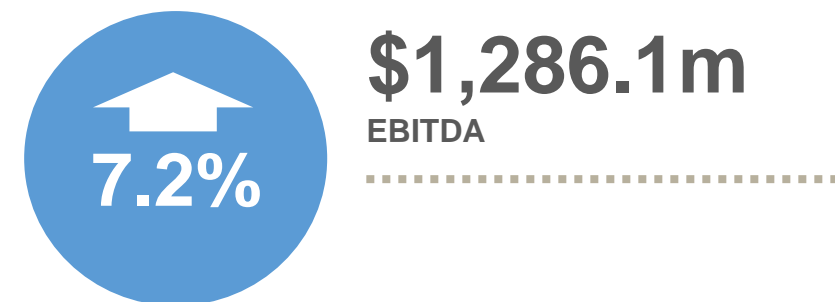
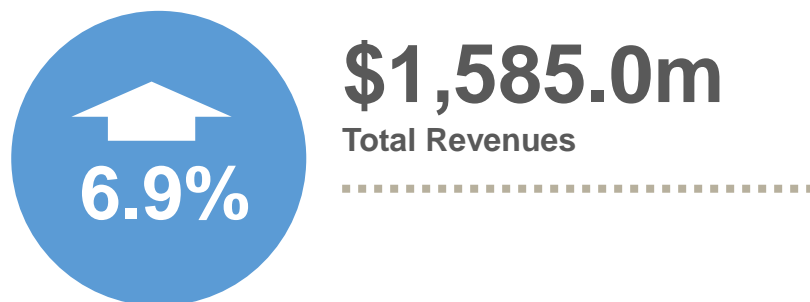
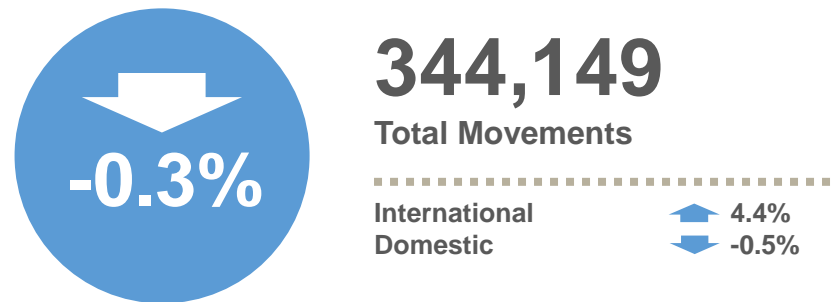
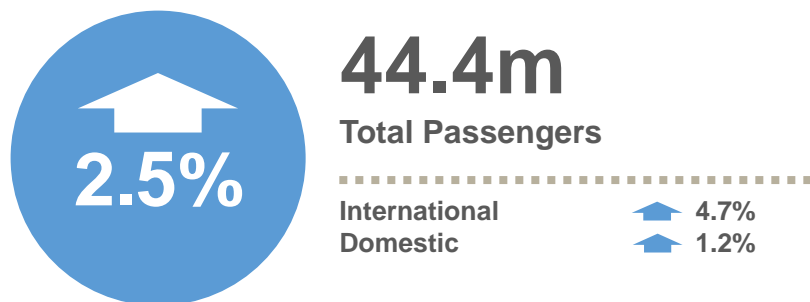
Michael Momdjian
Treasurer



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Strong performance delivered in 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 and operating cost management driving statutory income growth

\$ MILLIONS	2018	2017
Aeronautical revenue	721.7	670.6
Aeronautical security recovery	98.7	91.3
Retail revenue	357.0	333.1
Property and car rental revenue	238.1	221.4
Car parking and ground transport revenue	162.1	159.5
Other revenue	7.3	7.4
Total revenue	1,585.0	1,483.4
Total expenses	299.0	283.6
Profit before depreciation, amortisation, finance cost and income tax (EBITDA)	1,286.1	1,199.8
Capital expenditure	378.5	394.0

Capital expenditure



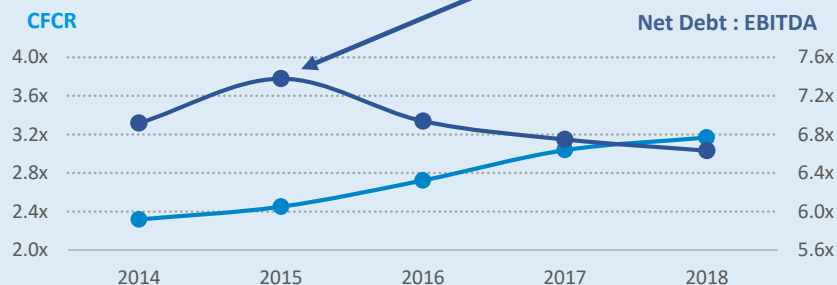
Capital management update

Strong interest coverage and continued deleveraging

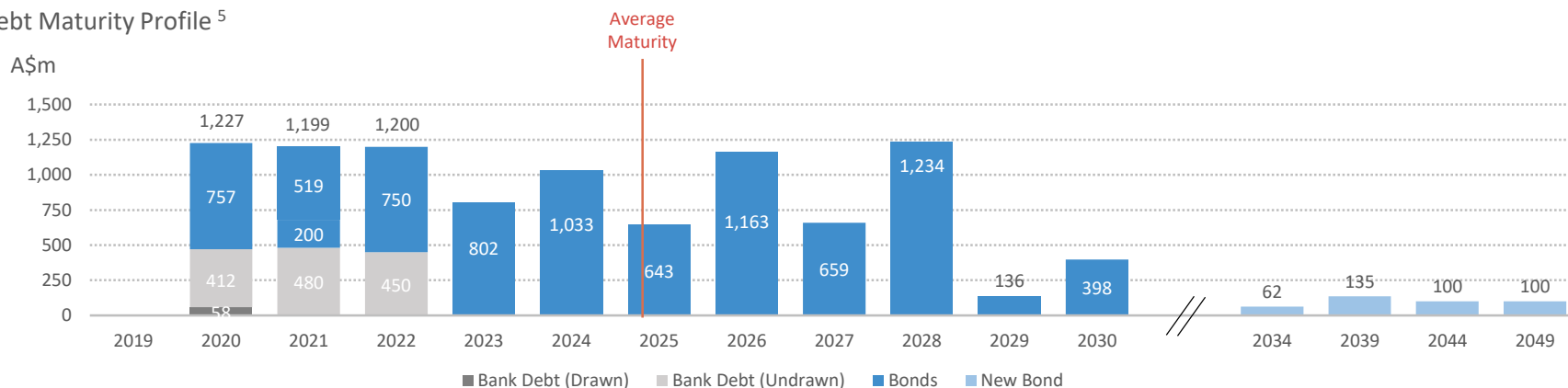
31 December 2018 Metrics

Net debt	\$8.5bn
CFCR ¹	3.2x
Net debt : EBITDA ¹	6.6x
Credit rating	BBB+ (stable)/Baa1 (stable)
Next drawn maturity	Early-2020
Average maturity	Early-2025
Average cash interest rate ⁴	4.8%
Spot interest rate hedge position	95% (incl. bank debt)

CFCR^{1,2,3} and Net Debt : EBITDA^{1,2,3}



Debt Maturity Profile ⁵



1. Debt metrics calculated for the SCACH Group in line with financing documents.

2. Excludes WSA project costs expensed (2016).

3. Excludes EBITDA in relation to the Ibis Budget hotel for Q3 2017 given transitional treatment as an Excluded Subsidiary under finance documents (2017).

4. Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs.

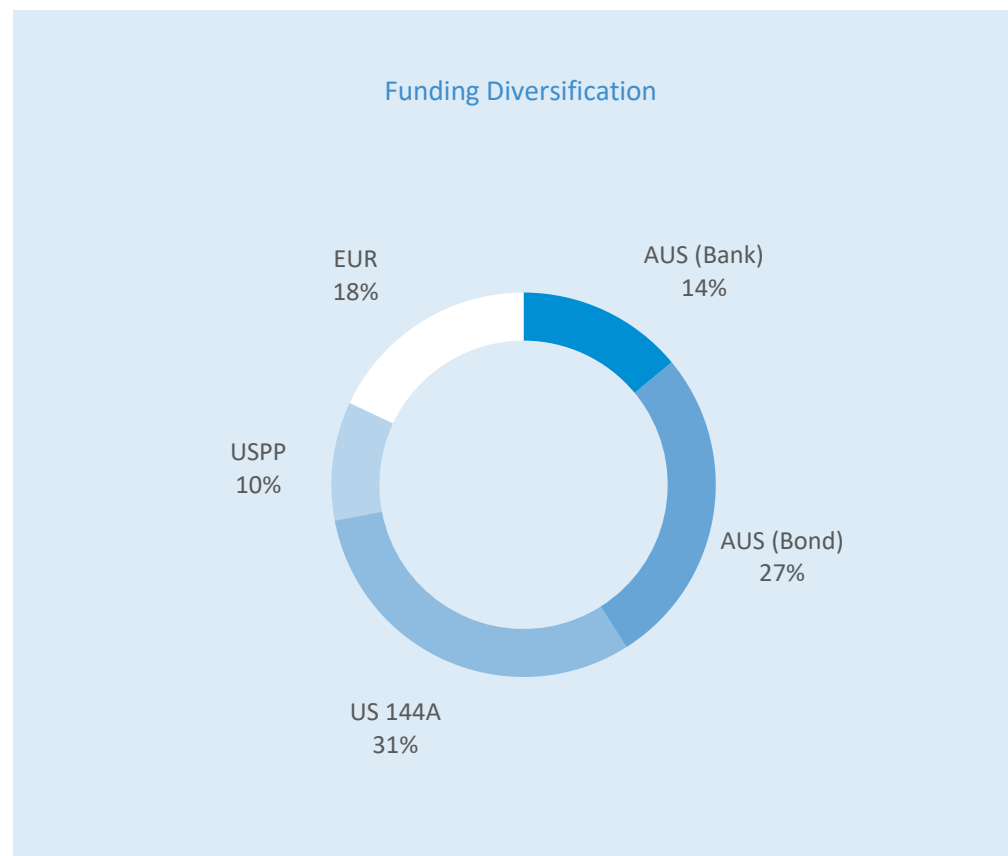
5. As at 31 December 2018; pro-forma use of USPP bond issuance proceeds received by 7 February 2019

US private placement bond issuance

~AUD400 million multi-tranche US private placement bond successfully issued with significant liquidity unlocked and new frontier of debt maturities created

Proactive capital management approach with longest ever tenor bond issued

- Competitive pricing locked in over 15–30 years; 4 months free delayed settlement
- Strong liquidity position enhanced; >\$1.3bn in undrawn facilities available
- Debt maturity profile spread; new maturity towers spanning 2034 to 2049
- Debt maturity profile lengthened; average maturity extended 8 months to early-2025
- Debt maturity profile smoothed; less than 15% of debt maturing in one year
- Funding sources diversified; second US private placement bond issuance
- Currency exposures 100% hedged; 84% of bonds raised in Australian Dollars



Growth across the business



Growth across the business

Our teams are delivering sustainable results across all businesses

Aeronautical

\$721.7m
revenue

⬆ 7.6% from 2017

Retail

\$357.0m
revenue

⬆ 7.2% from 2017

Property

\$238.1m
revenue

⬆ 7.5% from 2017

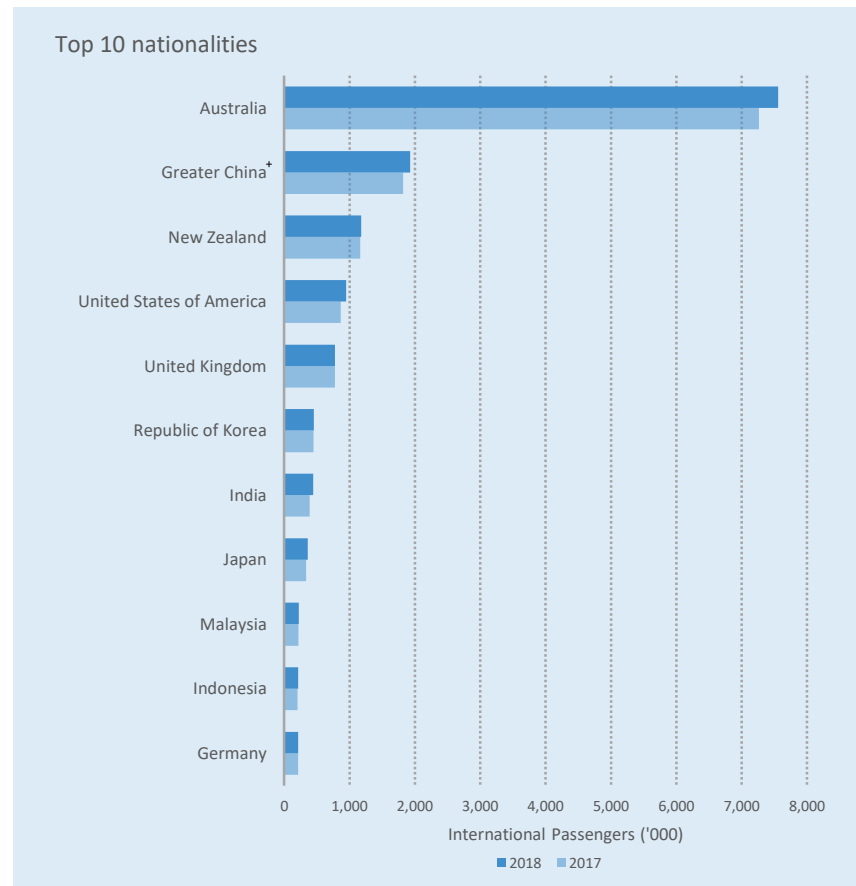
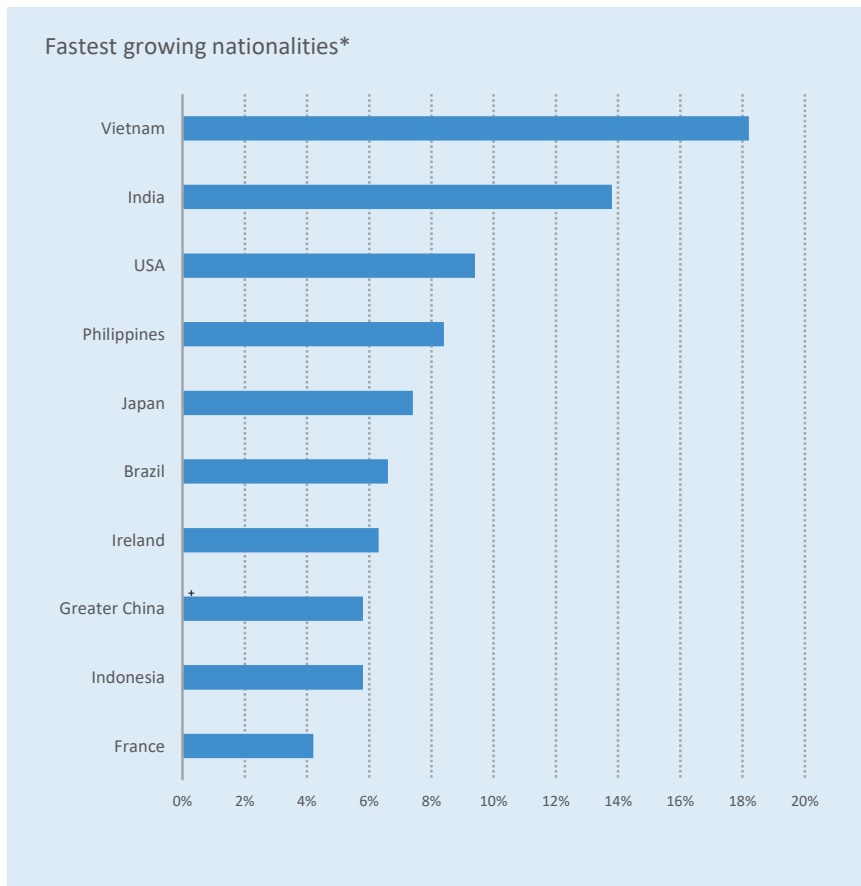
Parking & Ground Transport

\$162.1m
revenue

⬆ 1.7% from 2017

Diversity of passenger

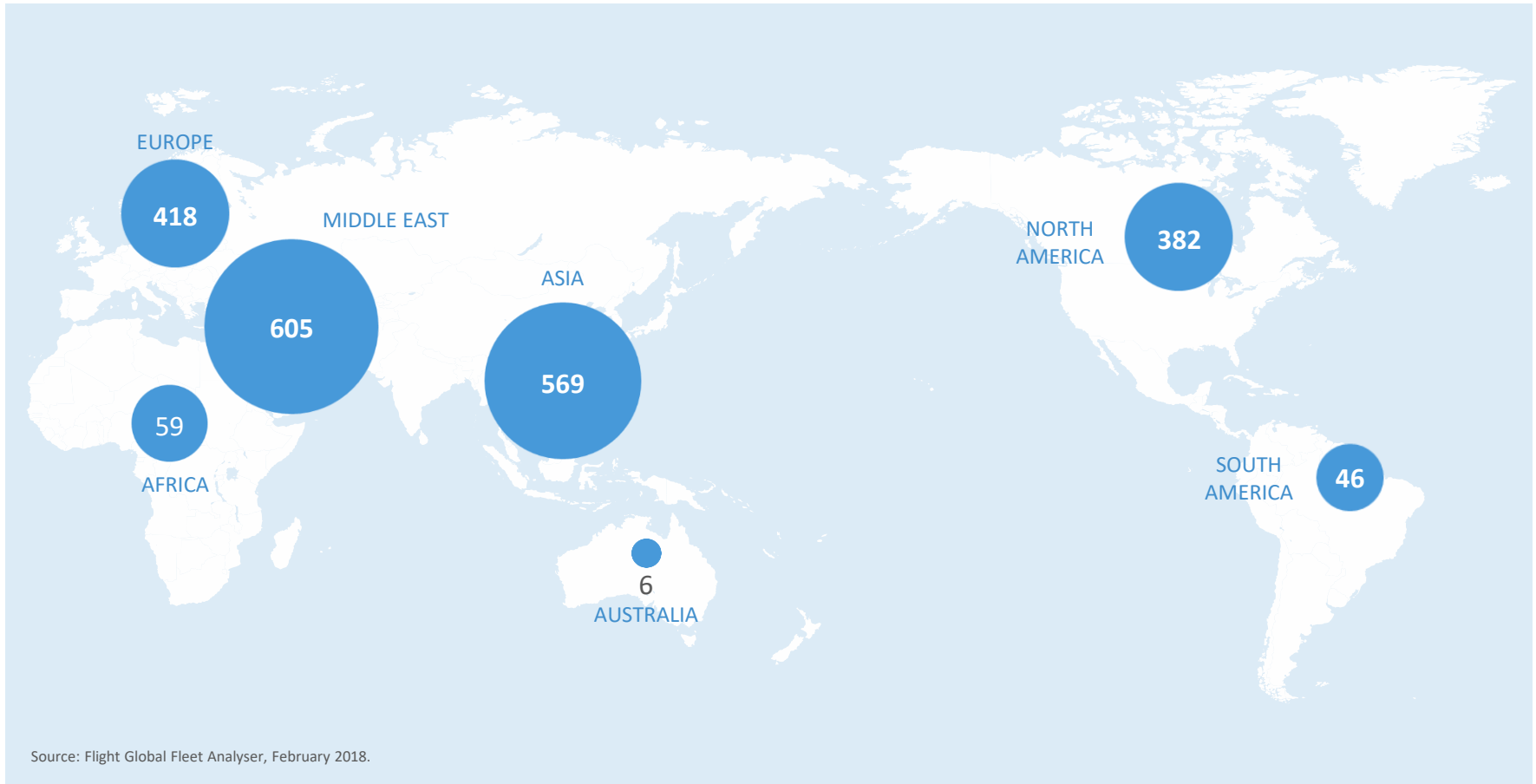
Fastest growing passenger groups travelling Internationally in 2018 versus 2017



* Foreign nationalities with greater than 75,000 passengers per annum.

+ Greater China includes Mainland China, Hong Kong, Taiwan and Macau.

Global widebody aircraft orders drive targets and opportunities



Aeronautical infrastructure



Non-Aeronautical business

Diversity builds resilience in our commercial business

Resilient business model

- Diversified businesses and revenue streams
- Contracted escalations
- Large proportion of revenues underpinned by minimum guarantees

Well positioned business metrics

- Fully leased
- Strict investment hurdles
- Capital investment opportunity

Growth opportunities

- Hotels, unutilised land and commercial opportunities
- Retail expansion, advertising opportunities and brand upscaling
- Dynamic pricing and product innovation

Retail stores



Lounges



Ground transport



Freight, logistics & catering



Hotels



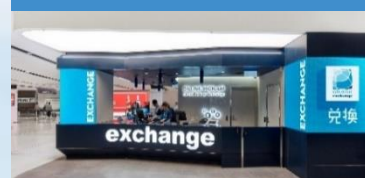
Advertising



Car parking



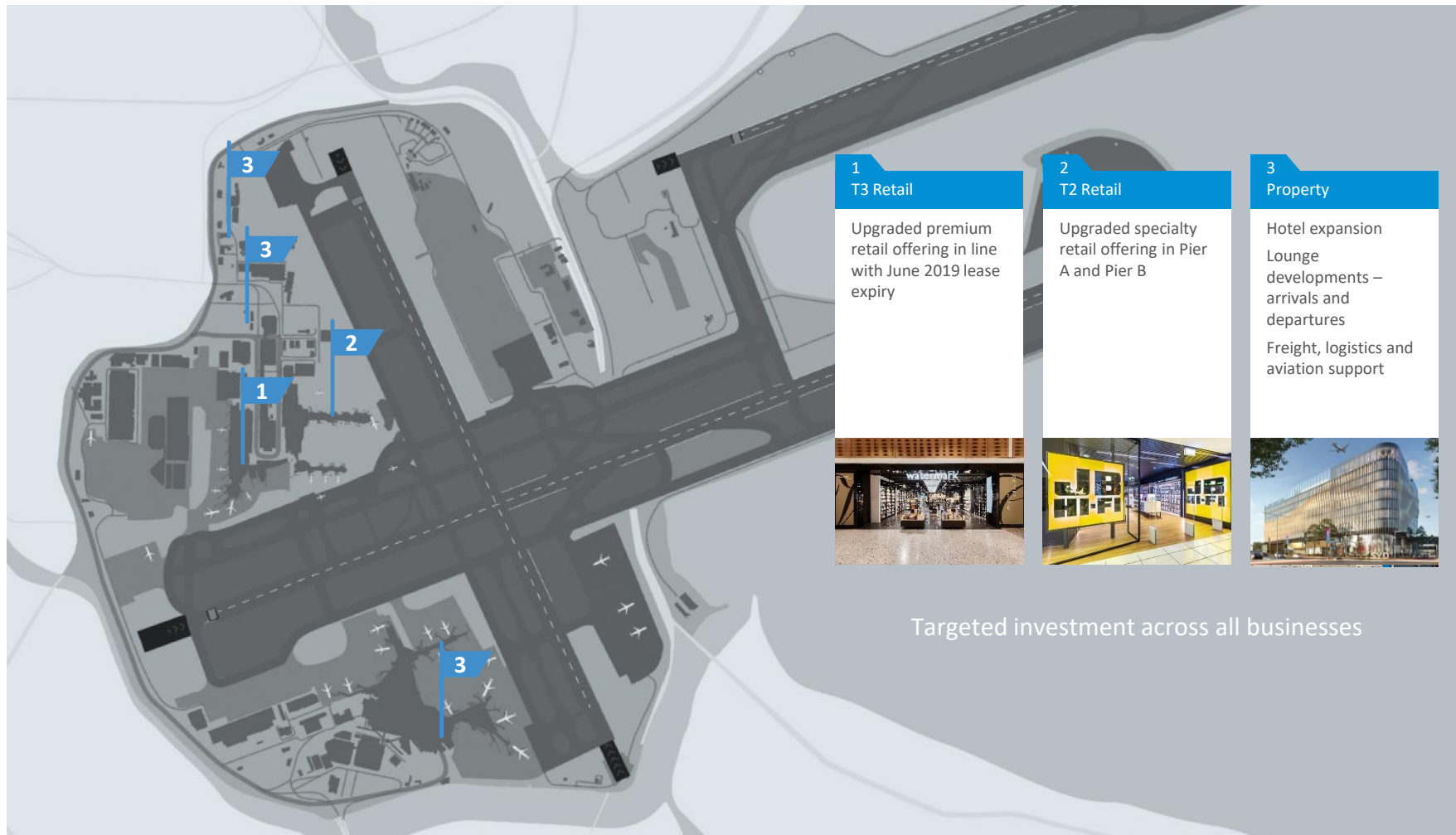
Foreign exchange



Car rental



Non-Aeronautical Investment



Productivity Commission inquiry

Productivity Commission Draft Report on the Economic Regulation of Airports published February 2019

The purpose of the inquiry is to determine the effectiveness and efficiency of the current arrangements and determine whether they remain appropriate.

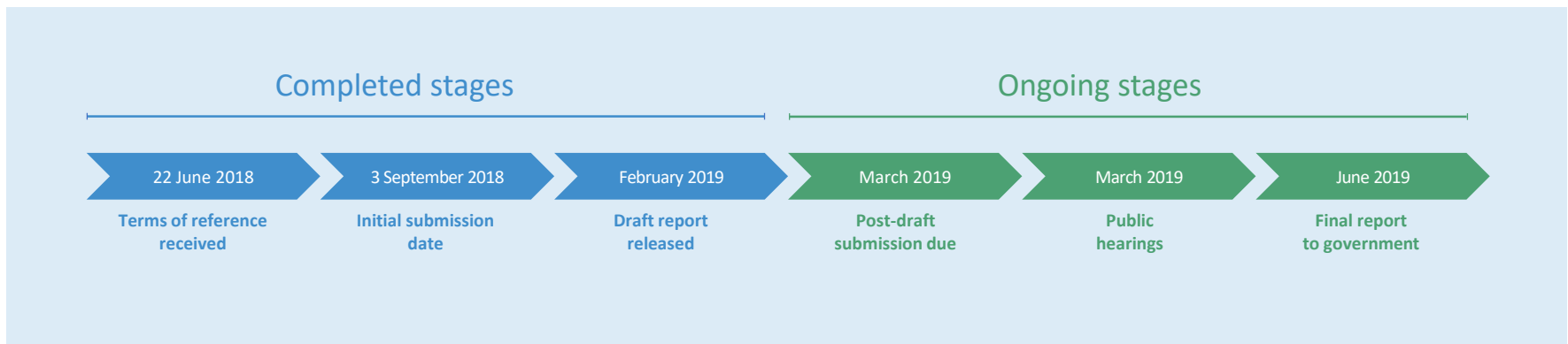
The final report will be provided to the Government in June 2019, after another submission round and the public hearings. It is anticipated the report will be released publicly later in the year.

Sydney Airport's customer focus, significant investment in 'just in time' facilities, contracted agreements and collaborative engagement with airlines provides a very positive story.

Productivity Commission in their draft report thoroughly reviewed the aeronautical framework and indicated that Airports have not abused their market power.

The draft report recommended:

- No changes to the commercial negotiation framework
- No material change to the monitoring framework
- Public review of operating restrictions including Sydney Airport Slot Management Scheme, movement cap and curfew



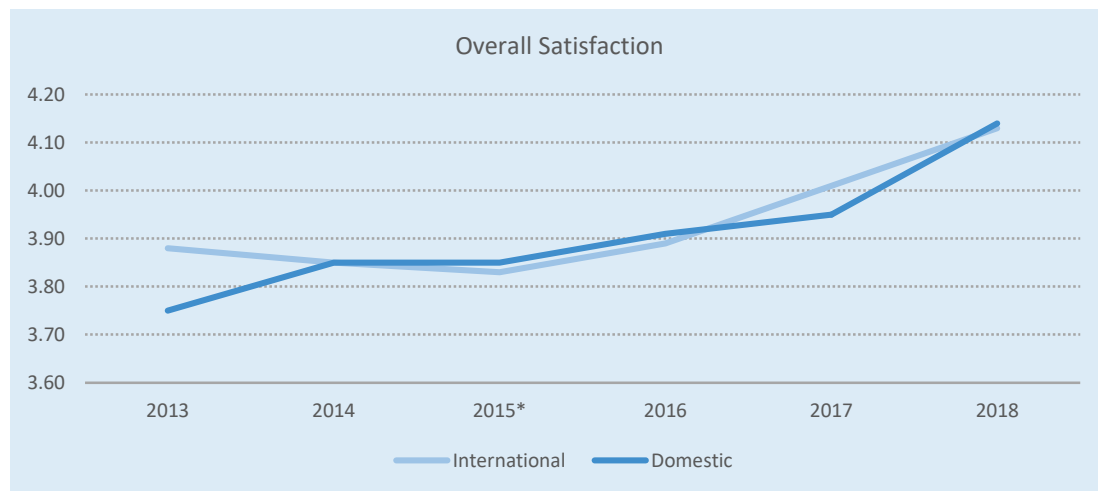
Delivering for our stakeholders



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	4.13 +3% from 2017	4.14 +5% from 2017
Airport ambience	4.22 +1% from 2017	4.14 +1% from 2017
Airport cleanliness	4.27 +1% from 2017	4.19 +1% from 2017
Airport wayfinding	4.12 +4% from 2017	4.21 +3% from 2017



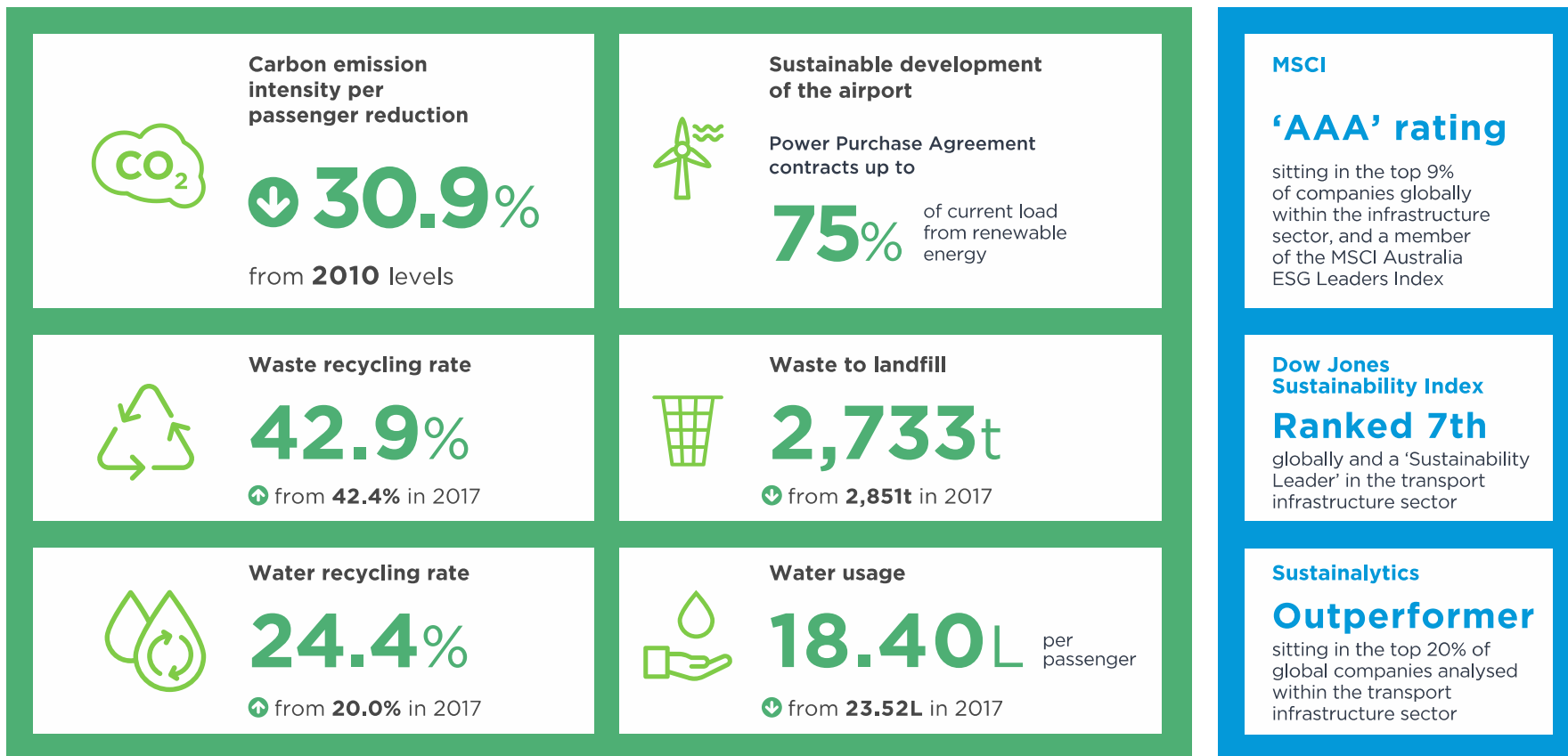
* T3 only contains data from two quarters.

Key projects delivered

- ✓ Free terminal transfers
- ✓ Quiet terminal
- ✓ Digital wayfinding
- ✓ Increased charging points
- ✓ Biometric trial conducted
- ✓ Real time sentiment
- ✓ Service Excellence training
- ✓ Greater diversity in amenities
- ✓ Expanded dwell areas

Sustainable airport

Sydney Airport continued to deliver on its commitment to sustainability in 2018 and enhanced its sustainability approach through refreshed commitments to 2021 that will drive continued performance improvements



Our community commitment

Sydney Airport is committed to helping our local communities thrive, support our leaders of tomorrow and embrace and showcase Sydney's best. We have contributed \$5.7m into community initiatives in 2018



Live local

Keeping local communities connected, healthy, vibrant and thriving

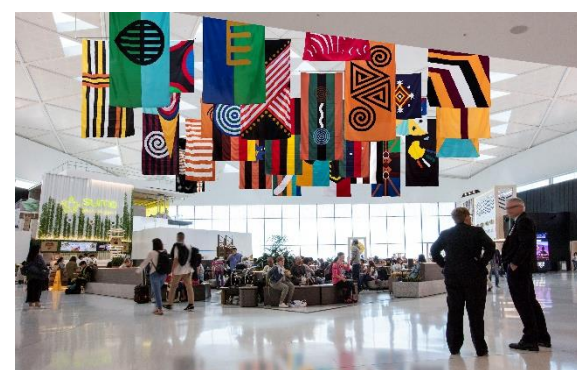
Sydney Airport has joined forces with Bayside Council to establish the Community and Environmental Projects Reserve Fund. A joint commitment of \$11 million over 10 years focusing on delivering initiatives and key projects for the benefit of our local community.



Leading and learning

Be the best you can be in your field. Supporting the leaders of tomorrow

In 2018, Sydney Airport continued our engagement with our education partners by further connecting future leaders in aviation and tourism to our staff, our on-airport community and our business.



Sydney's Airport

Developing a sense of place at Sydney Airport that reflects our city and supports tourism-generating initiatives

Sydney Airport celebrated artistic and cultural talent through internationally renowned tourism events, partnerships and festivals in 2018 including as a special distinguished partner for the Sydney Festival, Sydney Fringe Festival and Newtown Festival.



SYD

A I R P O R T

100 YEARS



Outlook



Sydney Airport is well positioned for growth in 2019

Guidance

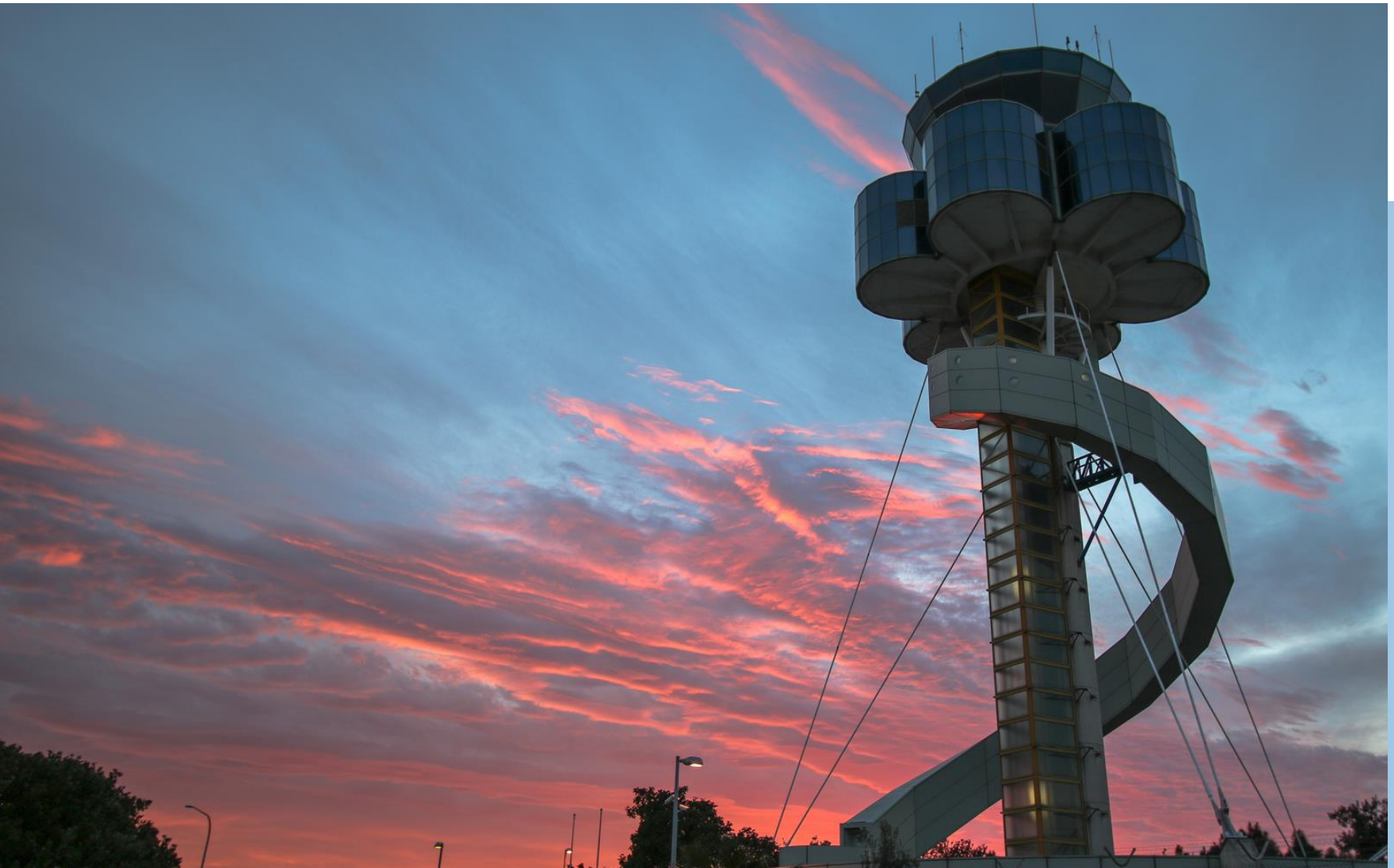
Three year capex guidance
for 2019–2021 of

\$0.9-1.1bn

2019 capex
guidance

\$390–440m

Questions

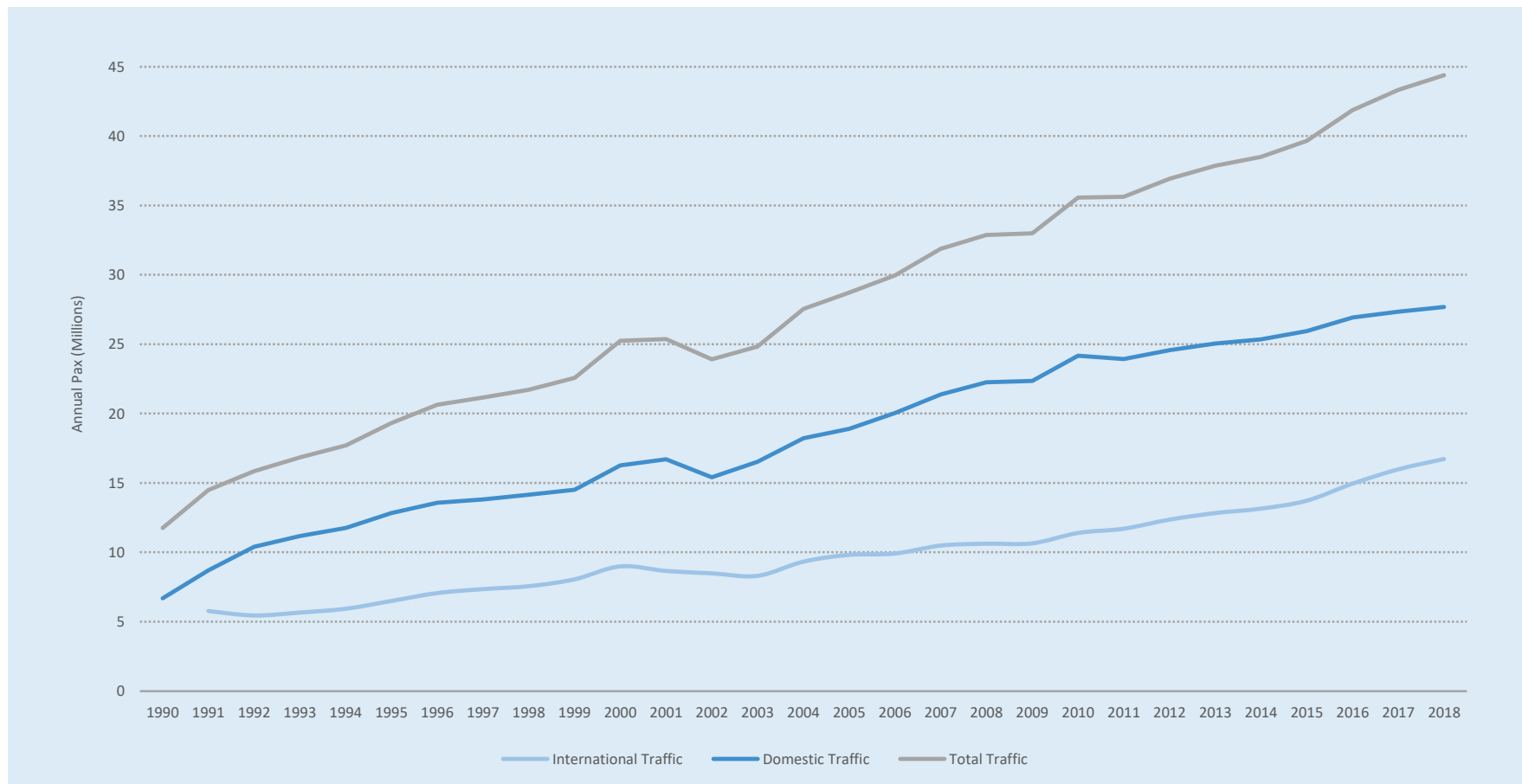


Appendix



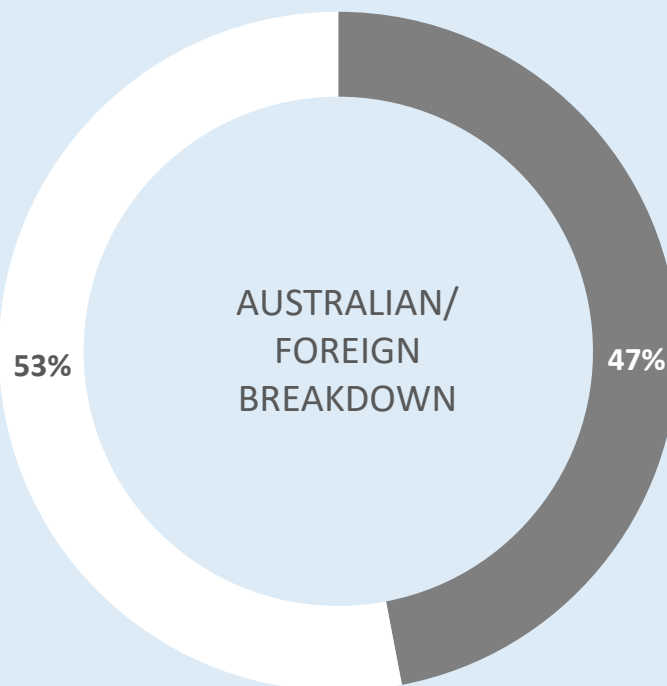
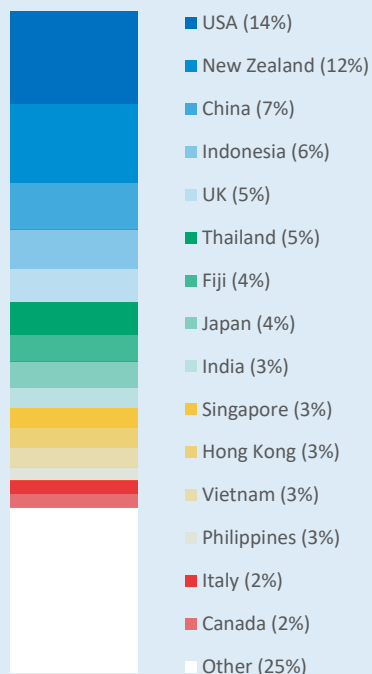
Long term traffic growth

Resilient passenger growth across all economic cycles and events

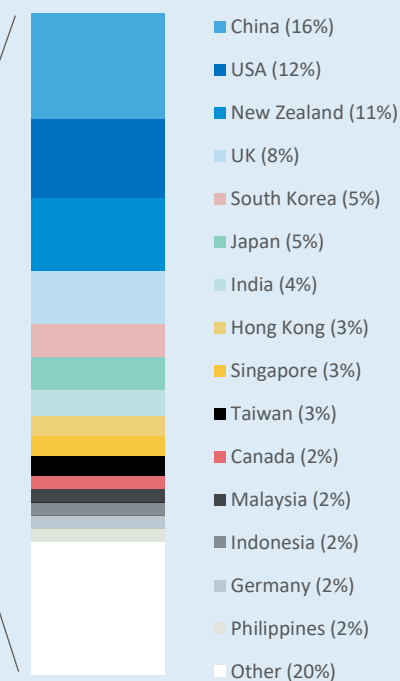


Highly diversified passenger & destination mix

Australian destination departures (%)

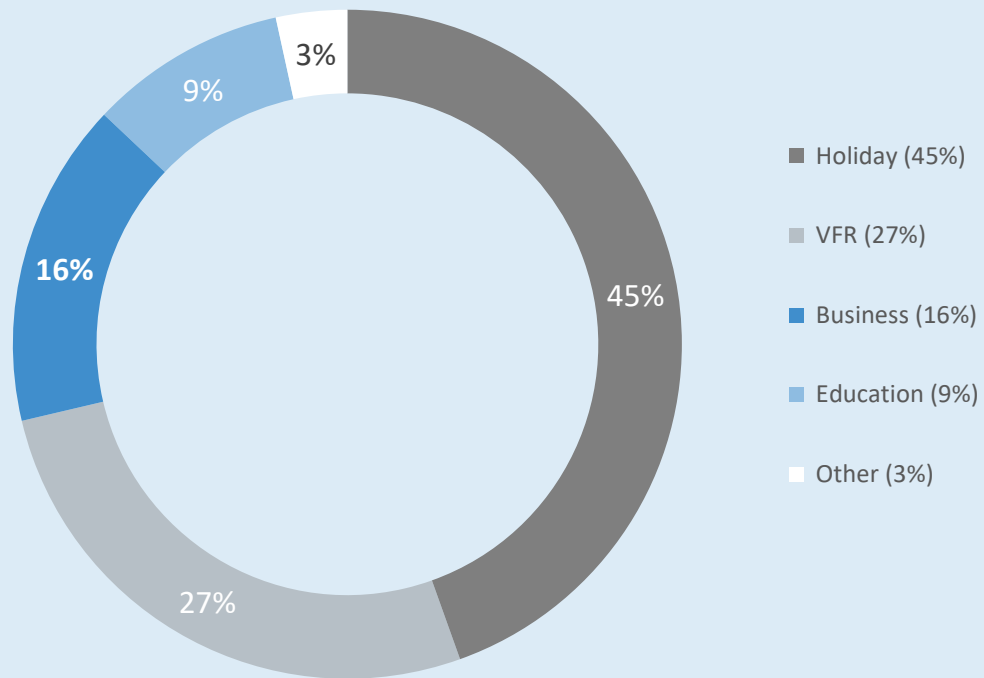


Foreign residency arrivals (%)



Source: Sydney Airport analysis of DIBP OAD Data YE October 2018.

Highly diversified purpose of travel



Investment merits

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

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

Thank you

SYD
A I R P O R T

