

Welcome to
Sydney's Airport

Half Year Results 2019

15 August 2019

SYD



Disclaimer

This presentation has been prepared by Sydney Airport Limited (ACN 165 056 360) ("SAL") in respect of ASX-listed Sydney Airport ("SYD"). SYD is comprised of the stapled entities SAL and Sydney Airport Trust 1 (ARSN 099 597 921) ("SAT1"). The Trust Company (Sydney Airport) Limited (ACN 115 967 087 /AFSL 301162) ("TTCSAL") is the responsible entity of SAT1.

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Sydney Airport advises that on 22 July 2019 foreign ownership was 29.0%.

The logo consists of the letters 'SYD' in a large, bold, sans-serif font. The letters are filled with a blue-to-white gradient, giving them a three-dimensional appearance. The 'S' and 'Y' are a lighter blue, while the 'D' is a darker blue.

Highlights

Solid performance delivered across 1H19

21.6m

total passengers

-0.2%

+1.9%

international
passengers

-1.5%

domestic
passengers

\$797.1m

revenue

+3.4%

\$431.2m

net operating receipts

+4.8%

\$101.2m

operating expenses

(excluding security recoverable costs)

-1.4%

\$649.2m

EBITDA¹

(excluding other expenses)

+4.1%

39.0¢

full year distribution
guidance²

+4.0%
from 2018

¹ EBITDA after indemnity expenses (\$181.7m) and restructuring and redundancy costs (\$2.4m) is \$465.1m.

² Guidance per stapled security subject to aviation industry shocks and material forecast changes.

Distribution

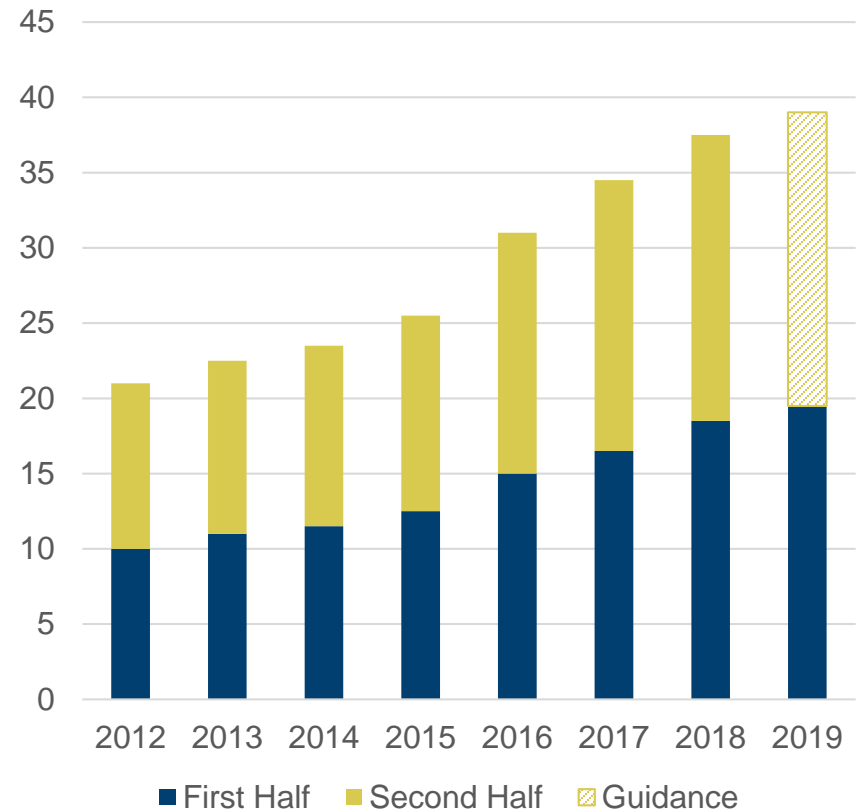
First half 2019 distribution per stapled security

- First half distribution of 19.5 cents paid today, 15 August 2019

2019 distribution reaffirmed at 39.0 cents per stapled security

- 4.0% growth on the 2018 distribution
- 10.7% 5 year CAGR
- Expected to be more than fully covered by Net Operating Receipts across the full year
- Subject to underlying operational performance and capital investment opportunities, Sydney Airport expects to commence paying cash income tax in the 2022 calendar year
- Guidance subject to aviation industry shocks and material forecast changes

Distribution (cents per security)





Financial Results

Statutory Income Statement

Strong revenue growth and cost management driving statutory income growth

\$ MILLIONS	1H19	1H18
Total revenue and other income	797.1	770.8
Total operating expenses	(147.9)	(147.4)
Indemnity expenses ¹	(181.7)	-
Restructuring and redundancy expenses	(2.4)	-
EBITDA	465.1	623.4
EBITDA excluding other expenses	649.2	623.4
Depreciation and amortisation	(211.4)	(202.2)
Profit before net finance costs and income tax (EBIT)	253.7	421.2
Net finance costs	(204.6)	(226.4)
Profit before income tax expense	49.1	194.8
Income tax expense	(31.8)	(21.6)
Profit after income tax expense	17.3	173.2
Add back: Loss attributable to non-controlling interests ²	182.5	0.8
Net profit attributable to security holders	199.8	174.0

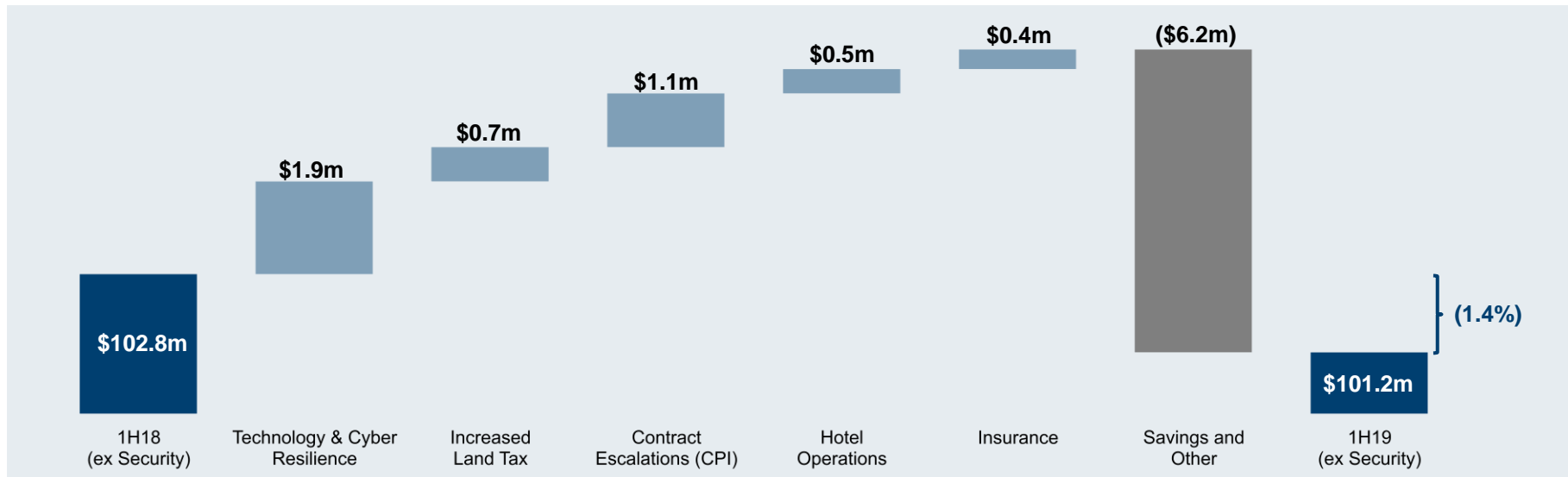
¹ See Note 10 in Sydney Airport Interim Financial Report for the Half Year Ended 30 June 2019 relating to the status of indemnities regarding certain Danish tax disputes.

² 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 result.

Disciplined Cost Control

Cost control delivering savings in current and future years

- 1H19 operating expenses¹ decreased by \$1.6m or 1.4% versus prior corresponding period
- On track for full year decrease in operating expenses¹
- Savings realised through a range of initiatives including a simplified organisation, energy procurement and other contract negotiations
- Organisational restructure at end of 1H19 will deliver benefits in 2H19 onwards



¹ Operating expenses excluding recoverable security expense.

Profit To Net Operating Receipts Reconciliation

\$ MILLIONS	1H19	1H18
Profit before income tax expense	49.1	194.8
Add back: depreciation and amortisation	211.4	202.2
Profit before tax, depreciation and amortisation	260.5	397.0
Add/(subtract) non-cash expenses		
— Capital indexed bonds capitalised ¹	9.5	12.5
— Amortisation of debt establishment costs ¹	(7.1)	5.8
— Borrowing costs capitalised ¹	(5.1)	(5.1)
— Change in fair value of swaps ¹	3.7	12.0
Total non-cash financial expenses	1.0	25.2
Add/(subtract) other cash movements:		
— Movement in cash balance with restricted use ²	(0.9)	(0.6)
— Other	(11.1)	(10.3)
Total other cash movements	(12.0)	(10.9)
— Indemnity expense ³ (non-operating)	181.7	-
Net operating receipts	431.2	411.3
Average stapled securities on issue (m)	2,256.6	2,253.0
Net operating receipts per stapled security (cents)	19.1	18.3
Distributions declared per stapled security (cents)	19.5	18.5

¹ Taken from Note 6 in the Sydney Airport Interim Financial Report for the Half Year Ended 30 June 2019.

² Included in the SAL Group's consolidated deposit balance is \$11.3m (31 December 2018: \$10.4m) held by Sydney Airport Corporation Limited (SACL) which is restricted to fund capital expenditure.

³ Taken from the Consolidated Statements of Comprehensive Income in Sydney Airport Interim Financial Report for the Half Year Ended 30 June 2019. Indemnities relate to historical asset divestments and are non-operating in nature.

Capital Expenditure



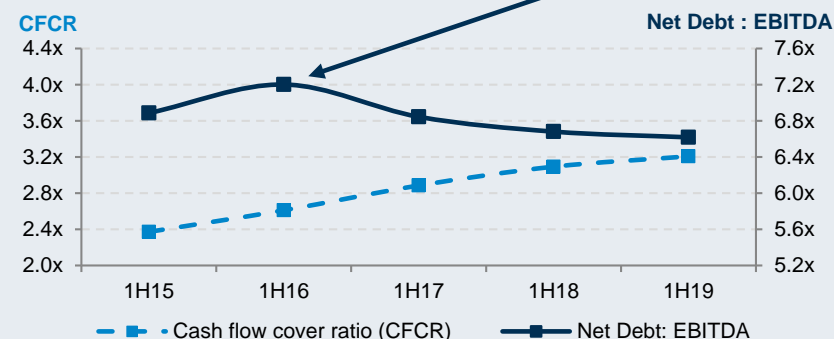
Capital Management

Strong interest coverage and strong balance sheet

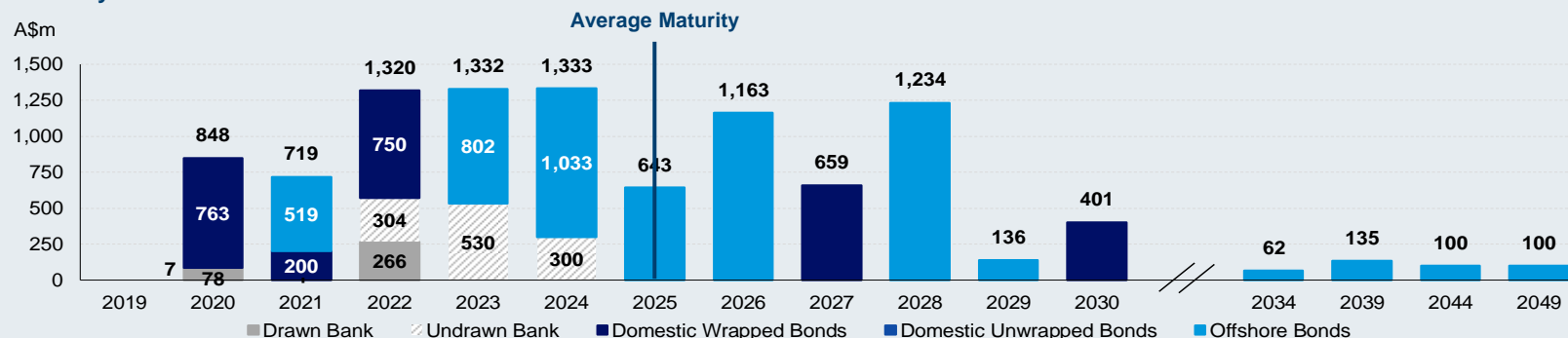
30 June 2019 Metrics

Net debt ¹	\$8.4bn
CFCR ²	3.2x
Net debt : EBITDA ²	6.6x
Credit rating	BBB+ (stable) / Baa1 (stable)
Next drawn maturity	2020
Average maturity	Mid-2025
Average cash interest rate ⁵	4.7%
Spot interest rate hedge position	96% (incl. bank debt)

CFCR^{1,3,4} and Net Debt : EBITDA^{1,3,4}



Debt Maturity Profile⁶



¹ Includes SAL bilateral debt facility and SAL/SAT1 cash.

² Debt metrics calculated for the SCACH Group in line with financing documents.

³ Excludes WSA project costs expensed (2016).

⁴ Excludes EBITDA in relation to the Ibis Budget hotel for Q3 2017 given transitional treatment as an Excluded Subsidiary under finance documents (2017).

⁵ Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs.

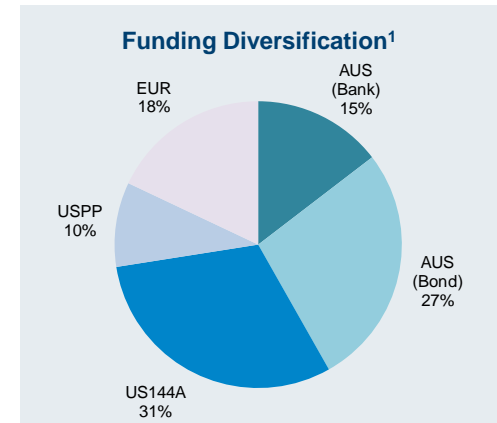
⁶ Includes \$85 million SAL working capital facility of which \$78 million was drawn as at 30 June 2019.

Australian First – Syndicated Sustainability Linked Loan

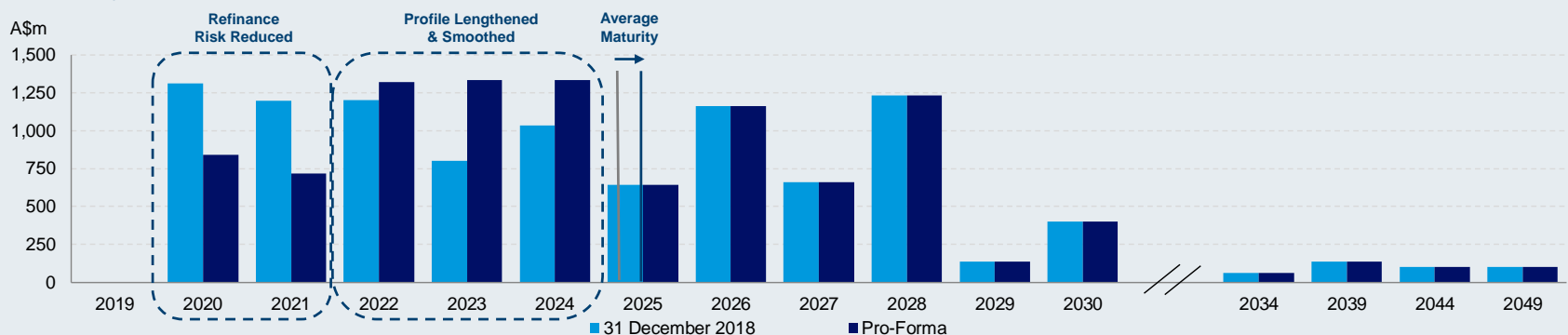
A\$1.4 bn of bank debt facilities refinanced by way of a market-leading Sustainability Linked Loan

Direct link established between our sustainability performance and funding cost, with the Sustainability Linked Loan (SLL) delivering strong capital management and sustainability outcomes:

- A\$1.4 billion of bank debt facilities refinanced in May 2019 at lower margins
- Weighted average debt maturity extended 3 months to mid-2025
- Debt maturities over 2021-22 reduced by 38%, with strong liquidity positioned maintained
- The first syndicated (multi-bank) SLL in Australia, largest syndicated SLL across Asia Pacific
- Commitment to being an industry leader in sustainability reinforced with further innovation



Debt Maturity Profile¹



¹ Includes \$85 million SAL working capital facility.



Opportunities across all businesses

Simplified Organisation

A strong business model combined with effective management will continue to deliver results

Streamlined structure

- Collapsed four business units into two, Aeronautical and Non-Aeronautical
 - Removed duplication
 - Consolidation of key corporate functions
 - Knowledge sharing and cross-team collaboration
- Restructured workforce
 - Reduced headcount by 8%
 - CEO direct reports reduced from ten to five
 - 22 talent moves across the organisation
- Focus on operating expenses
 - Mindset shift
 - Procurement/contract management
 - Project prioritisation
- Dedicated resources for the exploration of core and adjacent opportunities



Strong Business Growth

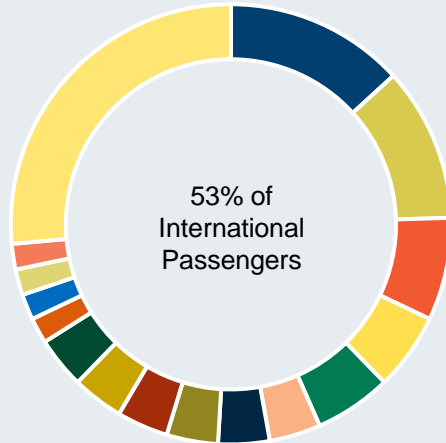
Delivering results in a challenging environment



¹ Excludes security recovery revenue \$50.1 million.

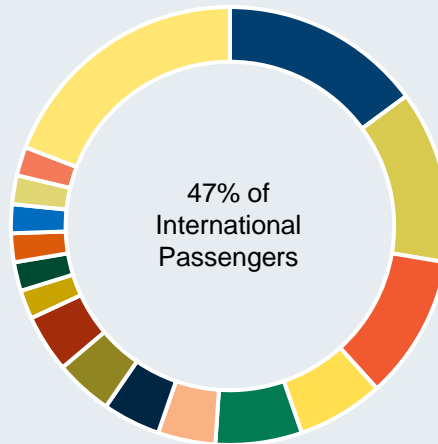
Highly Diversified Passenger Mix

Australian Destination Departures



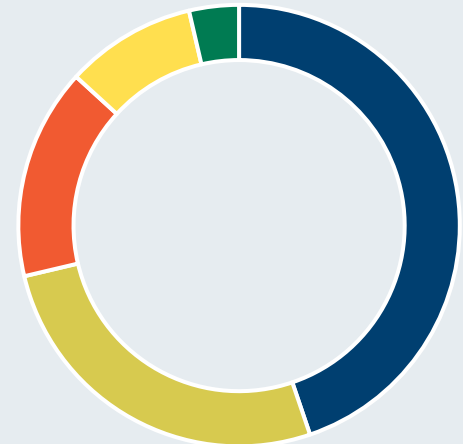
- USA (7%)
- China (4%)
- UK (3%)
- Fiji (2%)
- India (2%)
- Hong Kong (2%)
- Philippines (1%)
- Canada (1%)
- New Zealand (6%)
- Indonesia (3%)
- Thailand (2%)
- Japan (2%)
- Singapore (2%)
- Vietnam (1%)
- Italy (1%)
- Other (14%)

Foreign Residency Arrivals



- China (7%)
- New Zealand (5%)
- Japan (3%)
- India (2%)
- Singapore (2%)
- Malaysia (1%)
- Indonesia (1%)
- France (1%)
- USA (6%)
- UK (3%)
- South Korea (2%)
- Hong Kong (2%)
- Canada (1%)
- Taiwan (1%)
- Germany (1%)
- Other (9%)

Foreign Residency Purpose of Travel

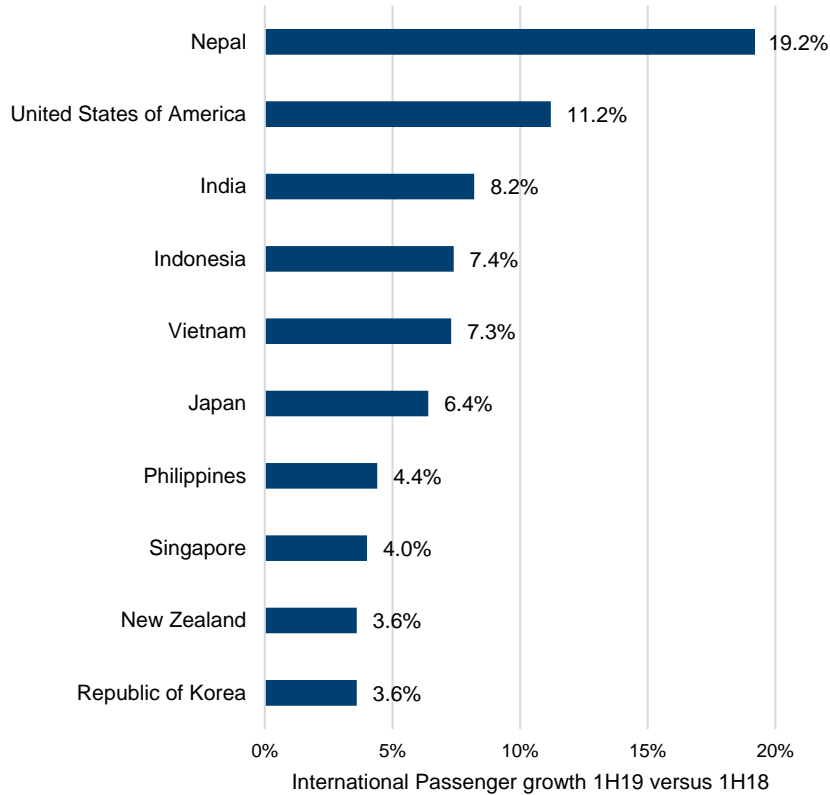


- Holiday (44%)
- Visiting Friends and Relatives (27%)
- Business (15%)
- Education (10%)
- Other (4%)

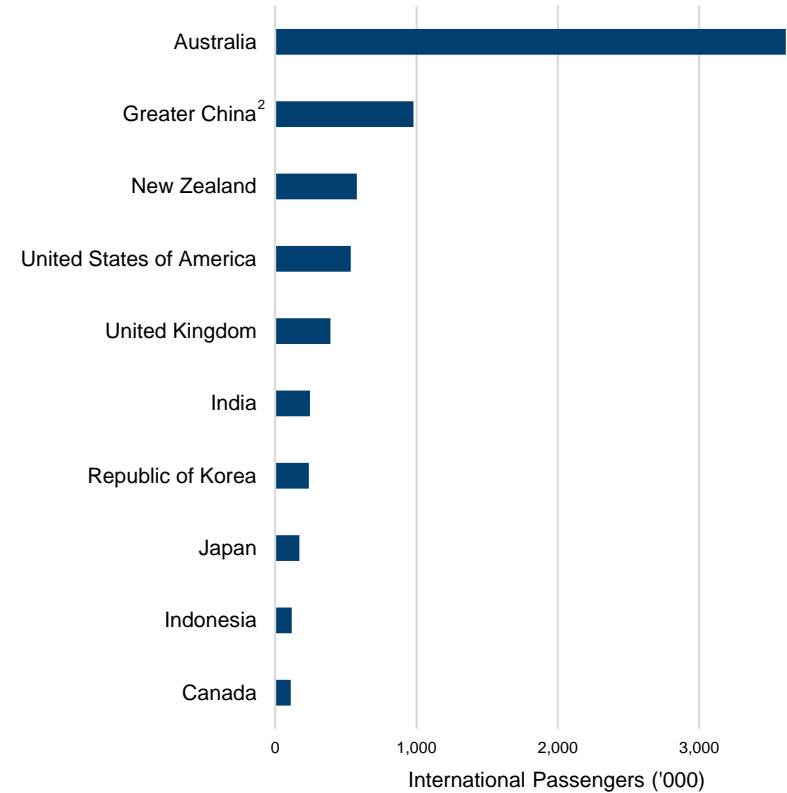
Aeronautical – Passenger Growth

Diversity of passengers

Fastest growing nationalities¹



Top 10 nationalities



¹ Foreign nationalities with greater than 40,000 passengers in 1H19.

² Greater China includes Mainland China, Hong Kong, Taiwan and Macau.

Aeronautical Opportunities



CAPACITY

Growing passengers and attracting new airlines

- Emerging market opportunities
- Team re-structured to support new and existing airlines

Delivering efficient infrastructure in line with demand and consistent with future airline needs

- Southern bag room
- Pier A and Northern Ponds delivering new gates and aprons

COMPETITION

Investment in creating a world class experience, to compete locally and globally

- International and domestic terminal development
- Engaging Government in aviation development support including through air service agreements, visas and tourism promotion

Focus on ground transport including Sydney Gateway



CUSTOMERS

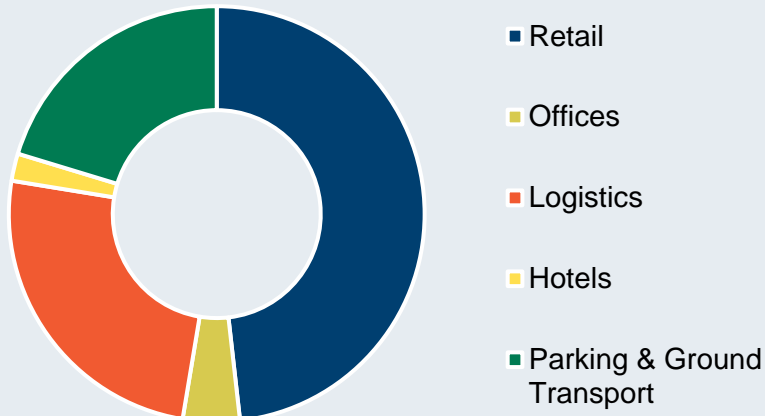
Delivering what our customers value

- Seamless integrated experience
- Enable passengers to manage their own journey
- Elimination of pinch points
- Digitally connected, efficient and cost effective airport

Highly Diversified Non-Aeronautical Business

- Diversified commercial business and revenue streams
- Leases underpinned by annual contracted escalations
- 93% of retail leases underpinned by minimum guarantees
- Strong demand for and limited supply of all commercial real estate assets

Non-Aero Revenue Split 1H19



RETAIL

150+ tenants
31,300 square metres
99% occupancy



OFFICES

50+ tenants
38,900 square metres
98% occupancy



LOGISTICS

90+ tenants
879,000 square metres
98% occupancy



HOTELS

2 Hotels – Mantra & Ibis
414 rooms
278 budget rooms and 136 mid scale rooms
85% occupancy



PARKING & GROUND TRANSPORT

7,900 international car spaces
10,900 domestic car spaces



Non-Aeronautical Opportunities

Retail remixing opportunities being progressed

- 80% of T3 retail leases due to expire across 2019
- T1 Luxury Precinct expansion underway, opening 1H20

Transition of T3 Valet and Advertising to SYD operations from 1 July 2019

Enhancing International lounge services

- Arrivals lounge and hotel including sleeping pods due to open 1H20
- New AMEX lounge opening 2H19

Continued improvement and expansion of hotel products

- Ibis additional 78 rooms opened 1H19
- Pre-planning of new domestic hotel

Recent road upgrades and traffic management strategies have improved journey times

- International peak period drop-off zone introduced in 1H19, resulting in 9 minute travel time reduction

Land unlock strategy underway, focusing on underutilised land

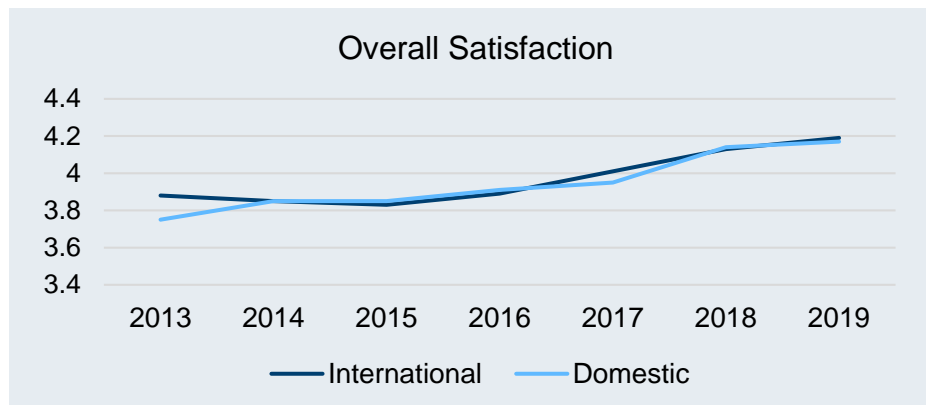
- Interim activation of 35,000 sqm in Southern Precinct
- Large footprint of property leases expiring in 2020



Satisfied Customers

Our customers are regularly surveyed about their airport experience to inform where we can improve

Ratings out of 5	International	Domestic
Overall Satisfaction	4.2 +2.0% from 1H18	4.2 +1.2% from 1H18
Ambience	4.3 +1.0% from 1H18	4.2 +0.2% from 1H18
Cleanliness	4.3 +0.0% from 1H18	4.2 +0.0% from 1H18
Wayfinding	4.2 +2.4% from 1H18	4.3 +1.9% from 1H18

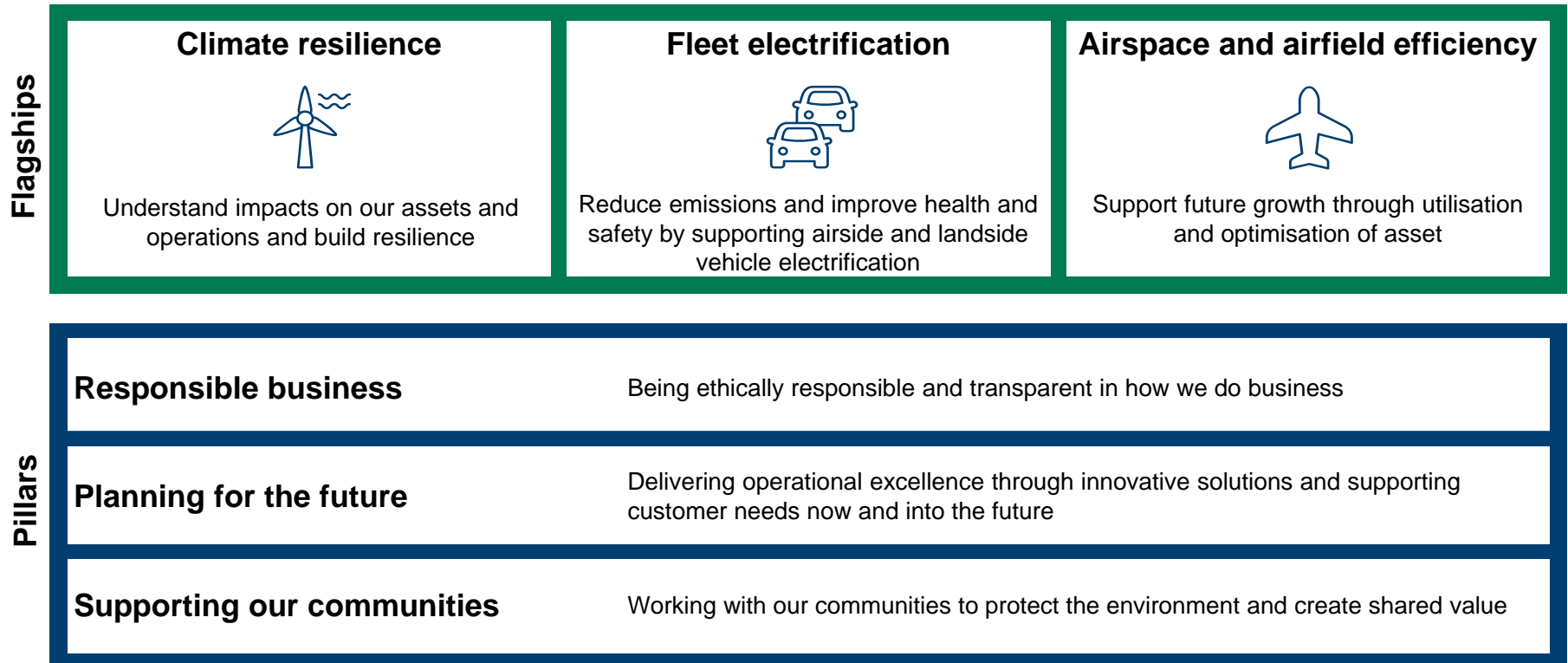


Delivered for our customers in 1H19

- ✓ Level 2 Globally recognised Customer Experience Accreditation
- ✓ 1,000 new charging points across T1 and T2
- ✓ 2,000 refills per day from two new water filling stations in T2
- ✓ New bathrooms in T1
- ✓ Navigation app for low vision customers
- ✓ New retail and F&B precinct with increased circulation and seating in T2
- ✓ Five new e-directories for locating services

Sustainable Airport

Sydney Airport is a global leader in ESG performance with sustainability embedded in all aspects of our business. We've identified three flagship initiatives to support long term growth



Sustainable Leadership

Sydney Airport's commitment to sustainability in the transport infrastructure and aviation sectors continues to gain global recognition

Ratings

Sustainalytics

**Ranked
3rd**



Ranked 3rd globally in the airport sub-industry sector
Ranked 22nd in the global transportation sector

Dow Jones Sustainability Index

**Ranked
7th**



Ranked 7th globally
'Sustainability Leader' in the transport infrastructure sector

MSCI

**'AAA'
Rating**



Top 9% of companies globally within the infrastructure sector



Outlook

Outlook

2019 distribution
guidance¹ of

39.0¢
per stapled security

Three-year capex guidance for
2019-2021 of

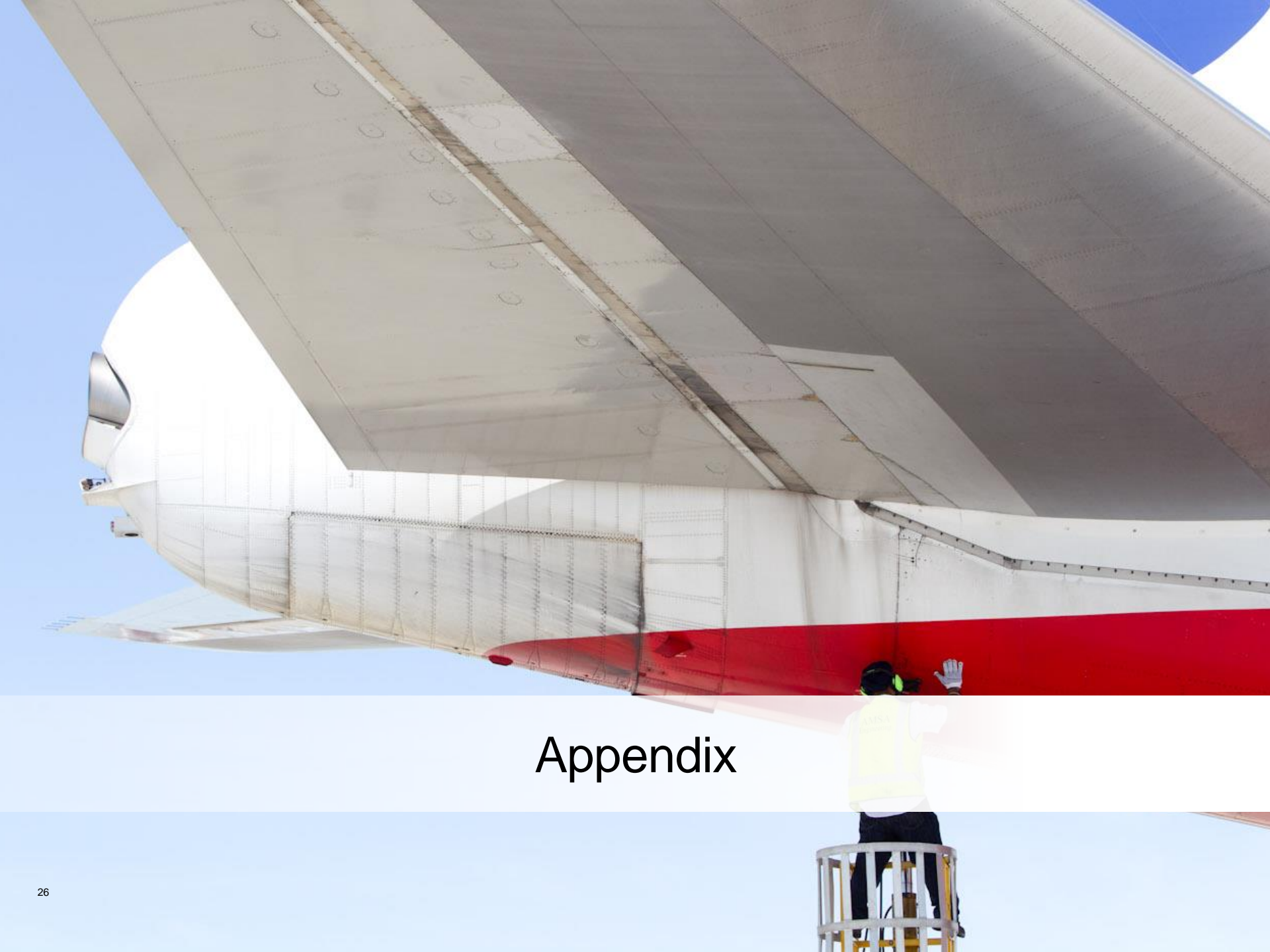
\$0.9-1.1bn

2019 capex
guidance

\$300-350m



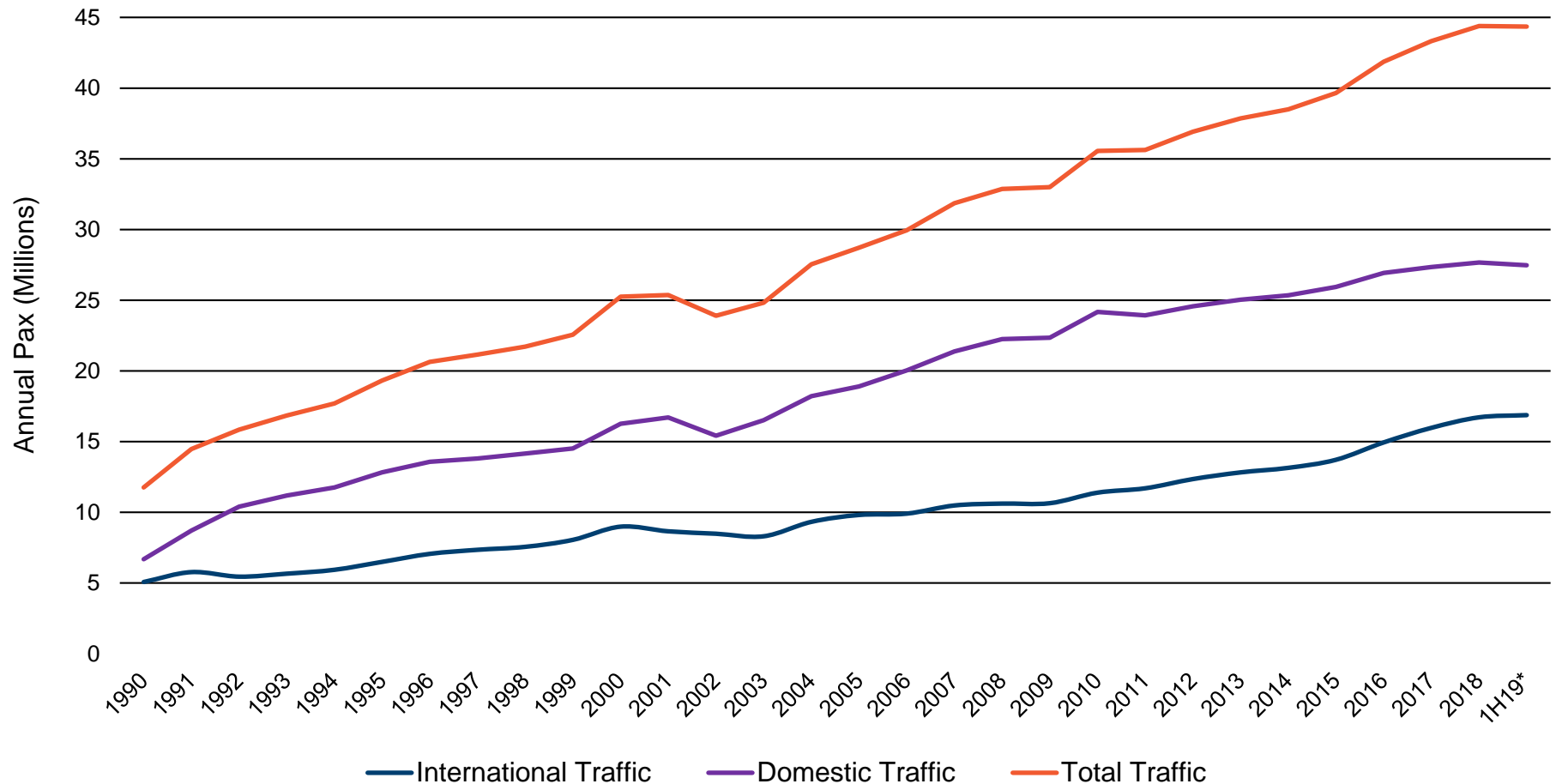
Questions



Appendix

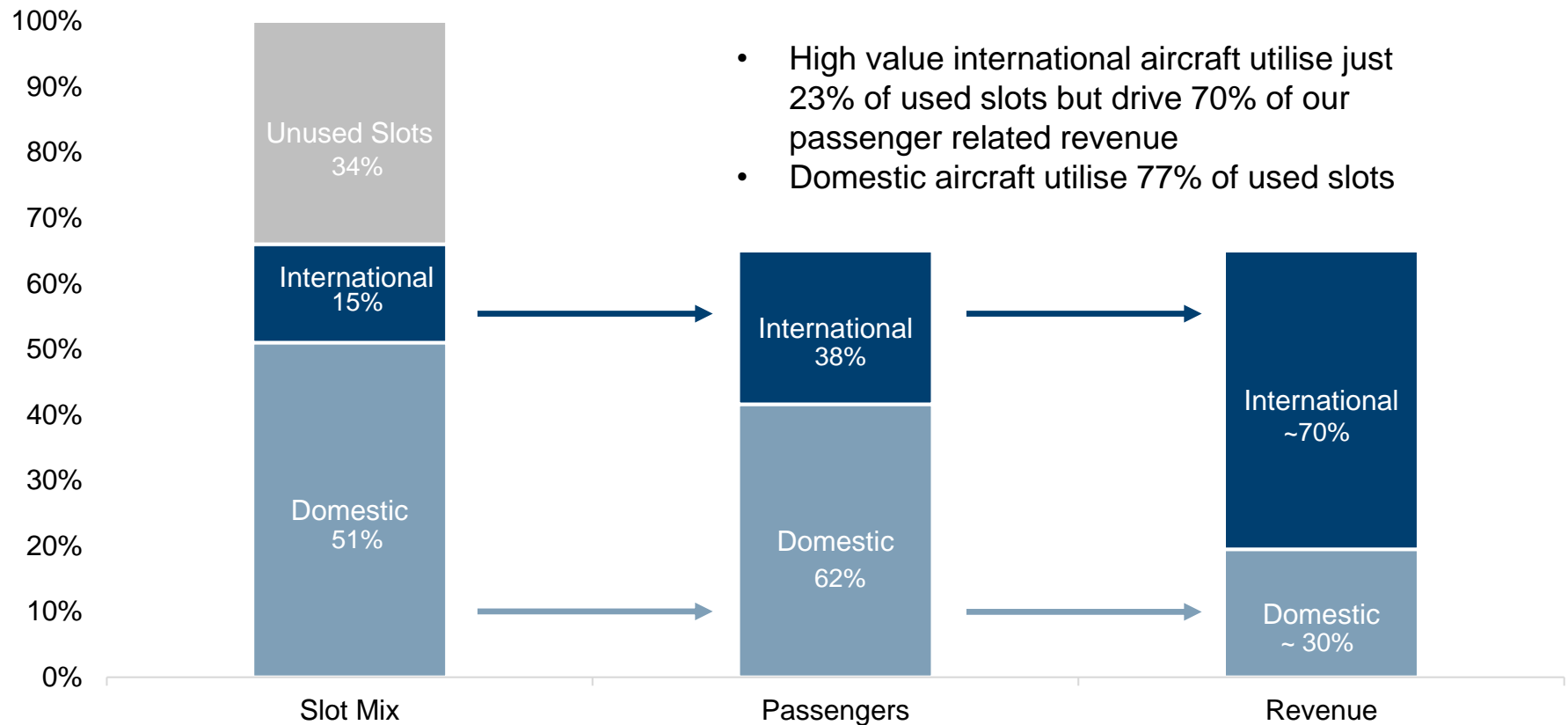
Long Term Traffic Growth

Growth through all economic cycles across the long term



Passenger Mix and Capacity

1H19 Slot Usage and Revenue Generation



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 populations
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 markets Strong Asian connections – increasing urbanisation
International passengers	<ul style="list-style-type: none"> Account for ~70% of passenger driven revenues Represents 15% of available slots and 23% of used slots
Commercial opportunities	<ul style="list-style-type: none"> Substantial growth opportunities Minimum guarantees offer downside protections Strict hurdle rates of return apply to all investment
Negotiating framework	<ul style="list-style-type: none"> Commercially negotiated charges with all 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
Strong sustainability metrics	<ul style="list-style-type: none"> Ranked 3rd globally within Sustainalytics' airports sub-industry sector 'AAA' rated by MSCI. Top 9% of companies globally within the infrastructure sector Ranked 7th globally and as a 'Sustainability Leader' in the transport infrastructure sector by Dow Jones Sustainability Index



Thank You