



Sydney Airport Half Year Results 2013

22 August 2013



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Airport**

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Agenda

1. Results and Recent Highlights
2. Traffic Development
3. Financial Results HY 2013
4. Business Strategies Driving Growth
5. Airport Planning and Productivity
6. Outlook



Investor returns and dividend growth

7% headline distribution growth, rolling annual return of 17%

Total Investor Return 16% year to date

To 30 June 2013:

- Rolling annual return 17%
- Average annual investor return since listing of 13%
- Average investor return for the last three years of 23%

2013 distribution guidance of 22.5 cents*

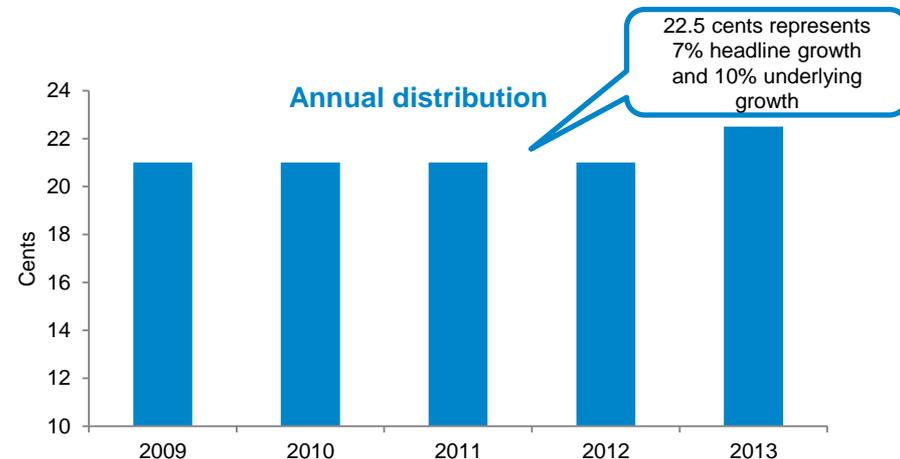
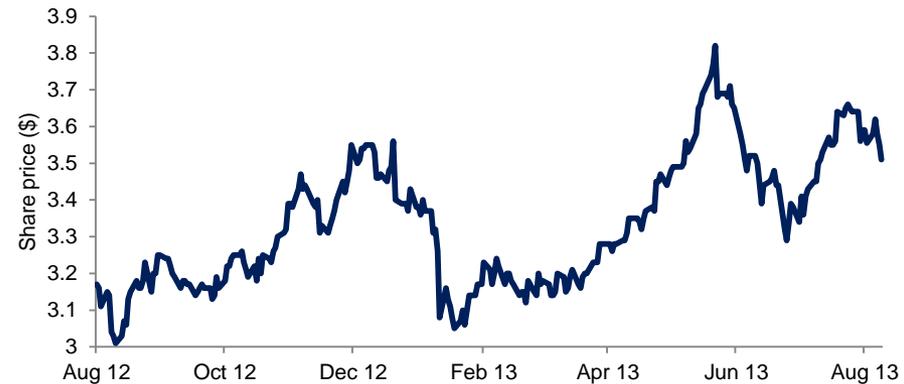
- Headline distribution growth of 7%
- Underlying distribution growth of 10%**
- First half Net Operating Receipts 11 cents, underlying growth of 8%**

Foreign ownership 28.2%

*Our guidance remains subject to external shocks to the aviation industry, material changes to forecast assumptions

**Adjusted for \$27 million SKIES release in 1H12 distribution and \$15.5 million of Newcastle and Bristol proceeds in 1H13

12 month security price performance



Source: IRESS

Strong result, driven by international traffic and yield improvement from new initiatives

Financial Highlights

- 6.3% EBITDA growth relative to 3.0% passenger growth
- Continuing strong business performance driven by traffic, investment and management initiatives
- Yield improvements across all businesses
- Distribution guidance of 22.5 cents for the year, 7% headline growth
- Distribution expected to be fully covered by Net Operating Receipts

Operational Highlights

- 3.6% international passenger growth; 3.0% total passenger growth
- Significant upgauging and increased frequencies
- Focus on customer experience and value proposition continuing
- Release of the 2033 Master Plan (preliminary draft)

Minority acquisitions, ATO resolution and simplification

Providing investors with certainty and a simplified platform for growth

1. 100% Ownership

- SYD will own 100% of Sydney Airport
- ASX 50 index weighting increased
- Strategic benefits, greater flexibility, clarity of operations and cash flows

2. Tax Certainty

- In-principle non-binding agreement with Australian Taxation Office (ATO) for settlement of all historic matters concerning deductibility of interest paid on RPS
- SYD to make a cash payment of \$69m (~\$0.03 per stapled security)

3. Simplification

- SYD holding structure to be further simplified
- Under the proposed simplification foreign ownership limit increases from 40% to 49%

Traffic Development

Kerrie Mather

Chief Executive Officer



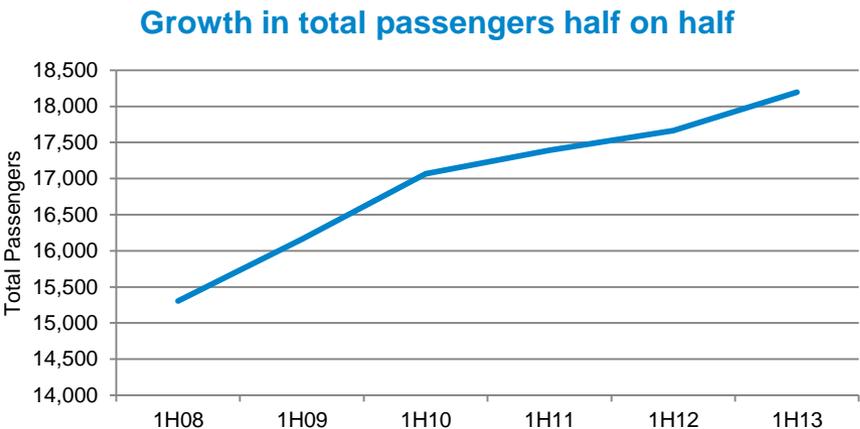
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Traffic performance

Traffic year to date up 3.0% and international up 3.6%; strong start to second half with July international up 5.5%

- Record first half passengers of 18.2 million
- Strong international passenger growth of 3.6%, while domestic passengers grew 2.8%
- Key drivers of international growth
 - Upgauging from existing carriers
 - Seat capacity and load factors
 - Inbound Asian growth, particularly Chinese nationals
 - Full year effect of Scoot and AirAsia X
- Traffic growing steadily through time, five year CAGR 3.5%

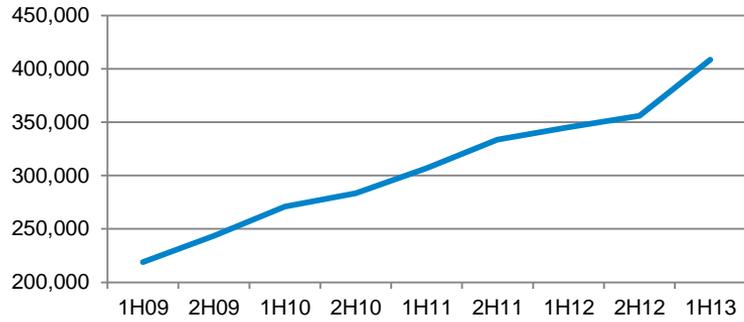


Nationality growth

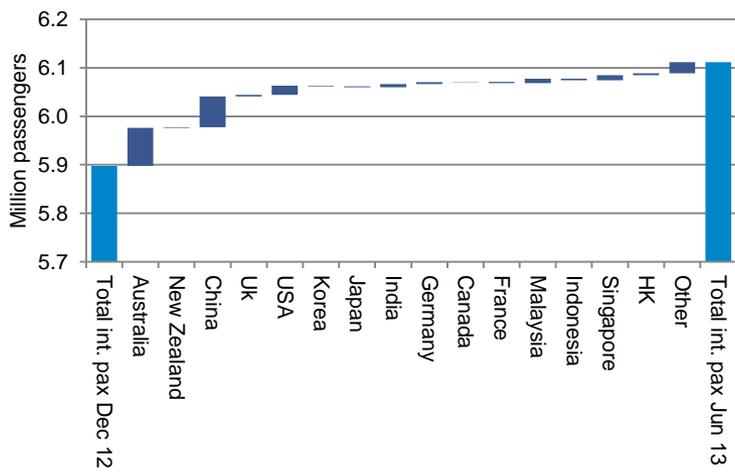
Asian and US nationalities have supported passenger growth this half

- Asian nationality markets have again supported strong international passenger growth, particularly China
- Easing of international air rights will enable further growth
- Proximity to Asia, a growing middle class, with a high propensity to travel and increased airline capacity put Sydney in a prime position to capitalise on this growth
- USA has been a large contributor in the period due to increased capacity and strong load factors

Chinese passenger growth over time



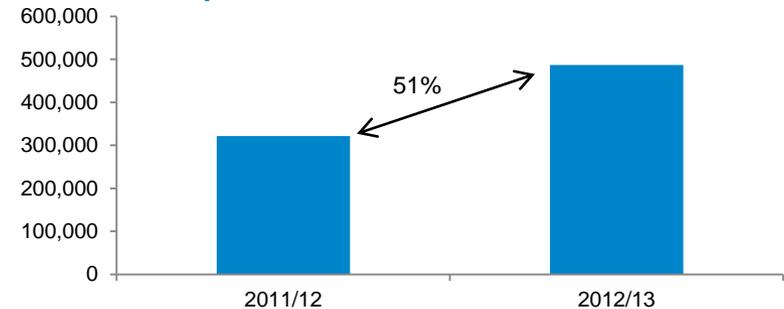
Nationality growth 1H13



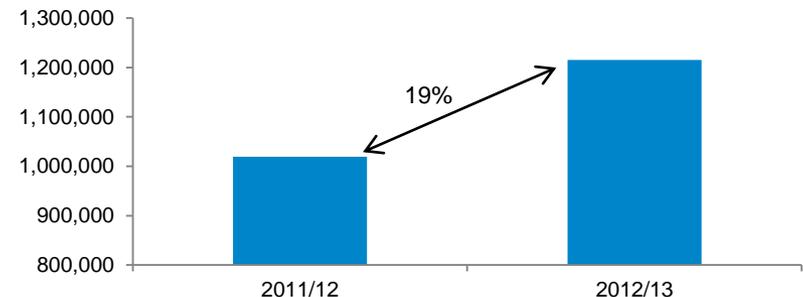
Long haul low cost carriers (LCC) have created new markets and unlocked latent demand

- Malaysia and Singapore, were seen as well served markets for Sydney before the entry of Scoot and AirAsia X
- Markets have grown 51% and 19% respectively
- Incumbent carriers in both markets continue to perform well
- Low cost carriers have changed the way our airport is used: they use infrastructure more efficiently, have higher load factors, and passengers have longer dwell times
- Sydney international LCC penetration grew to 9% on June pcp, there remains significant potential for future LCC growth

Direct Malaysian route growth in the year post commencement of AirAsia X



Direct Singaporean route growth in the year post commencement of Scoot

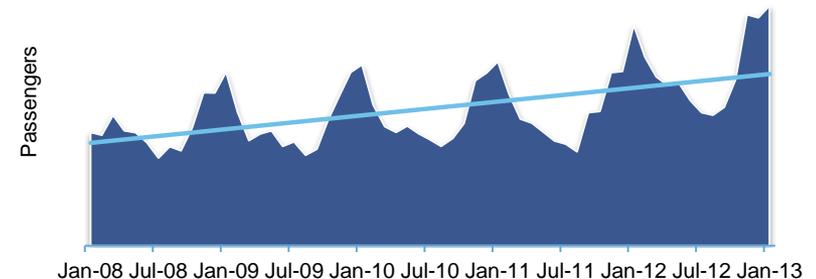


India case study

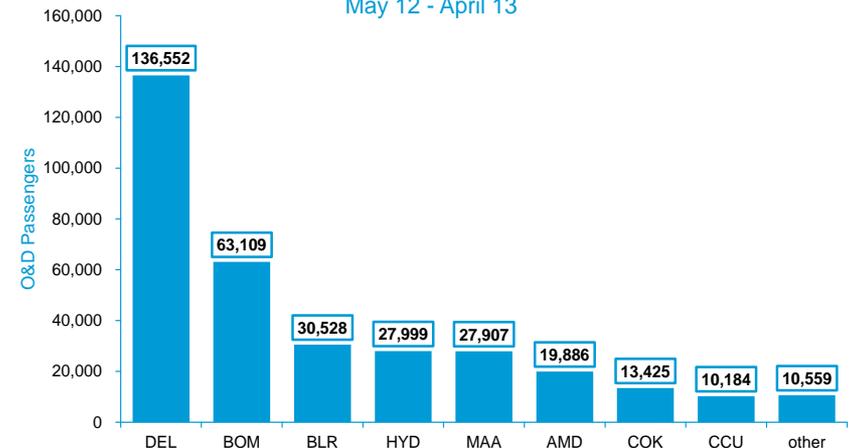
Significant growth potential in the India nationality market, to be serviced directly for the first time in 22 years by Air India

- India - Australia and is Sydney's largest unserved market
- Nearly 40% of passenger traffic between India and Australia is between Sydney and India
- Sydney and NSW have Australia highest number of residents with Indian ancestry
- Air India will operate Delhi-Sydney-Melbourne-Delhi 4 times weekly and the reverse 3 times weekly
- Sydney Airport's partnership with Destination NSW and Tourism Australia played a major role in the establishment of this route
- There is significant potential for growth in this market, in particular Mumbai

Sydney-India route has grown +26.8% from Jan08-Jan13 with no direct flight



O&D Passengers between Sydney and India
May 12 - April 13



Departures		Local Time: 13:09	
Flight	To	Departs	Gate Status
JQ35	MEL Denpasar/Bali	1400	34
QF267	MEL Denpasar/Bali	1400	34
QF11	Los Angeles	1405	9 Gate Open
AA7363	Los Angeles	1405	9 Gate Open
QF7	Dallas/FtWorth	1425	8
AA7308	Dallas/FtWorth	1425	8
VA1	Los Angeles	1440	51 Gate Open
DL6799	Los Angeles	1440	51 Gate Open
UA840	Los Angeles	1450	60 Gate Open
LM9299	Los Angeles	1450	60 Gate Open

ENTREPRENEURS

The UK is one of the easiest places to set up a business in Europe, and home to Westfield Stratford City, Europe's largest urban shopping centre.

Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
Malaysia	MH122 Kuala Lumpur	1500	56
KLM	KL4104 Kuala Lumpur	1500	56
Cathay Pacific	CX100 Hong Kong	1505	30
Vietnam Airlines	VS201 Hong Kong London	1525	58
Vietnam Airlines	VA789 Hong Kong London	1525	58
Air New Zealand	NZ718 Auckland	1530	55
Australia	DJ163 Tonga	1535	63
United	UA870 San Francisco	1545	61 Gate Open
United	UA887 San Francisco	1545	61 Gate Open
Qantas	QF113 Auckland	1600	37

Departures		Local Time: 13:09	
Airline	Flight To	Departs	Gate Status
Singapore Airlines	SO222 Singapore		
Singapore Airlines	3022 Singapore		
Australia	VA5512 Singapore		
Australia	VA29 Abu Dhabi		
Etihad	EY6451 Abu Dhabi		
Singapore Airlines	BA16 Singapore London		
Singapore Airlines	3022 Singapore London		
Qantas	QF5 Singapore Frankfurt		
Qantas	3022 Singapore Frankfurt		
Qantas	3022 Singapore Frankfurt		

Financial Results HY 2013

Stephen Mentzines
Chief Financial Officer



SYD Statutory income statement

SYD Statutory Income Statement HY 2013

Category	HY 2013 (\$m)	HY 2012 (\$m)
Revenue	554.9	512.2
Revaluation of Investments	-	(0.1)
Other Income	(1.0)	(3.5)
Total Revenue	553.9	508.6
Finance Costs	241.8	219.2
Other expenses	259.1	243.6
Operating Expenses	500.9	462.8
Profit Before Tax	53.0	45.8
Income Tax Benefit	(39.7)	32.0
Profit After Income Tax	13.3	77.8
Profit Attributable to Non Controlling Interests	10.7	10.8
Net Profit / (Loss) Attributable to Investors	24.0	88.6

Sydney Airport EBITDA

Strong first half EBITDA growth of 6.3%

Category	HY 2013 (\$m)	HY 2012 (\$m)	%
Aeronautical revenue	223.6	209.2	6.9%
Aeronautical security recovery	42.0	38.2	10.0%
Retail revenue	116.4	115.4	0.9%
Property and car rental revenue	90.3	81.7	10.5%
Car parking and ground transport revenue	62.9	56.4	11.5%
Other	2.7	2.7	-0.4%
Total Revenue	537.9	503.6	6.8%
Expenses (pre recoverable security and specifics)	(64.4)	(58.9)	9.4%
Recoverable Expenses	(36.7)	(32.7)	12.2%
Other	0.1	(0.9)	
EBITDA	436.9	411.1	6.3%
<i>Depreciation and amortisation</i>	<i>(114.2)</i>	<i>(112.0)</i>	
<i>EBIT</i>	<i>322.7</i>	<i>299.1</i>	
<i>Total external finance costs</i>	<i>(219.1)</i>	<i>(219.1)</i>	
<i>Shareholder related finance costs</i>	<i>(140.7)</i>	<i>(141.0)</i>	
<i>Total finance costs</i>	<i>(359.8)</i>	<i>(360.1)</i>	
<i>Profit/(Loss) before income tax expense</i>	<i>(37.1)</i>	<i>(61.0)</i>	

Sydney Airport distribution calculation

Sydney Airport Distribution Calculation HY 2013

Category*	HY 2013 (\$m)	HY 2012 (\$m)
Profit/(Loss) before income tax expense	(37)	(61)
Add back: borrowing costs – RPS held by ordinary shareholders	141	141
Add back: depreciation & amortisation	114	112
Profit before tax, shareholder interest, depreciation & amortisation	218	192
- <i>Fair value adjustment to interest swaps not qualifying as hedges</i>	1	4
- <i>Amortisation of deferred debt establishment costs & other borrowings costs</i>	5	10
- <i>Capital indexed bonds capitalised during the period less interest expense</i>	15	13
- <i>Borrowing costs capitalised</i>	(4)	(4)
Total non-cash financial expenses	17	23
- <i>Movement in cash balances reserved for specific purposes</i>	(1)	34 **
- <i>Other</i>	1	(6)
Add back / (subtract): other cash movements	-	28
Cash flow available to equity	235	243

*Refer to page 12 of the SCACH interim financial report for the half year ended 30 June 2013 for further information and source data

** Includes approximately \$27m release of SKIES interest reserve

SYD Net Operating Receipts

Net Operating Receipts provided 100% coverage of the SYD distribution

Category	HY 2013 (\$m)	HY 2012 (\$m)
Distributions declared by Sydney Airport	235	243
SYD's shareholding of Sydney Airport	84.8%	84.8%
SYD's share of distributions declared by Sydney Airport	201	206
- SYD cash receipts**	2	4
- SYD cash costs**	(6)	(4)
<i>Proceeds from Bristol and Newcastle</i>	15	-
<i>Transaction costs</i>	(4)	(7)
- SYD net transaction items***	11	(7)
Add / (subtract): net SYD cash flows**	7	(7)
Net Operating Receipts	208	199
Net Operating Receipts per Stapled Security	\$0.11	\$0.11
Distributions Declared per Stapled Security	\$0.11	\$0.11
Net Operating Receipts Coverage of Distributions	101%	97%

* Refer to page 4 of the SYD Interim Financial Report for the half year ended 30 June 2013 for further information and source data

** Includes items from the listed entity and 100% owned subsidiaries

*** Includes proceeds received from the sale of Newcastle and Bristol airports of \$15.2m

Solid balance sheet ratios and strong credit metrics

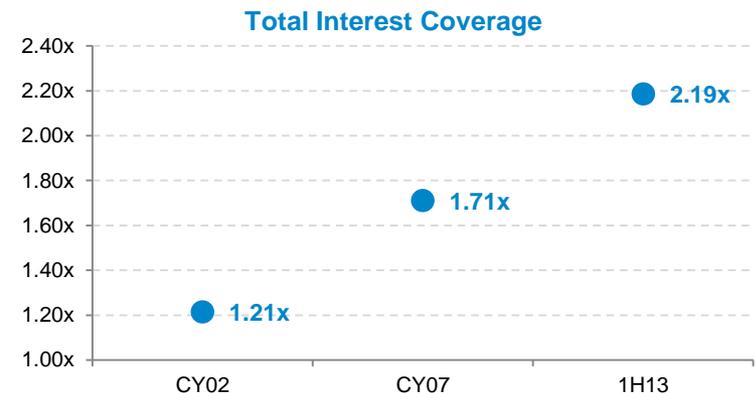
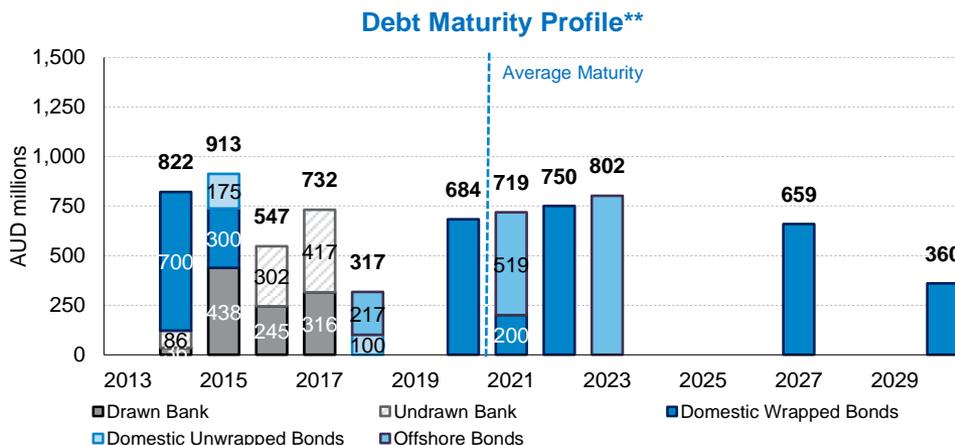
- Smooth and long-dated maturity profile
- Diversified funding sources
- \$1.3b liquidity in undrawn facilities and cash
- Fully funded capex into 2016
- Stable cost of debt, IR hedged 95%, currency hedged 100%*

Sydney Airport Key Debt Metrics

Category	30 June 2013
Net Debt	\$6.2 billion
Net Debt/EBITDA	7.1x
DSCR	2.2x
Credit Rating	BBB / Baa2 / BBB
Next Unfunded Maturity	Q4 2014*
Average Maturity	7.6 years
Average Interest Rate	6.4%**

* Funding already raised to redeem bonds maturing in 2013

** Cash interest paid / average gross debt



* As at 30 June 2013

** Funding already raised to redeem bond maturing in 2013

Simplification process expected to be completed in 2013

1. How will the simplification be achieved?

- Increase SYD ownership of Sydney Airport to 100%
- Settlement of ATO matters concerning deductibility of distributions paid on RPS
- Reduced complexity of holding structure
- Increased foreign ownership cap from 40% to 49%

2. What are the costs involved? How will they be funded?

- \$69m to settle ATO, \$54m of stamp duty and advisory costs
- Funded by a mixture of existing cash and debt
- Various options for debt repayment, including DRP

3. What are the next steps?

- EGM to finalise acquisition of 100% of Sydney Airport, 19 September
- Work with ATO to finalise settlement and tax rulings
- EGM and Scheme Meeting to approve corporate restructure, Q4 2013

Business Strategies Driving Growth

Kerrie Mather

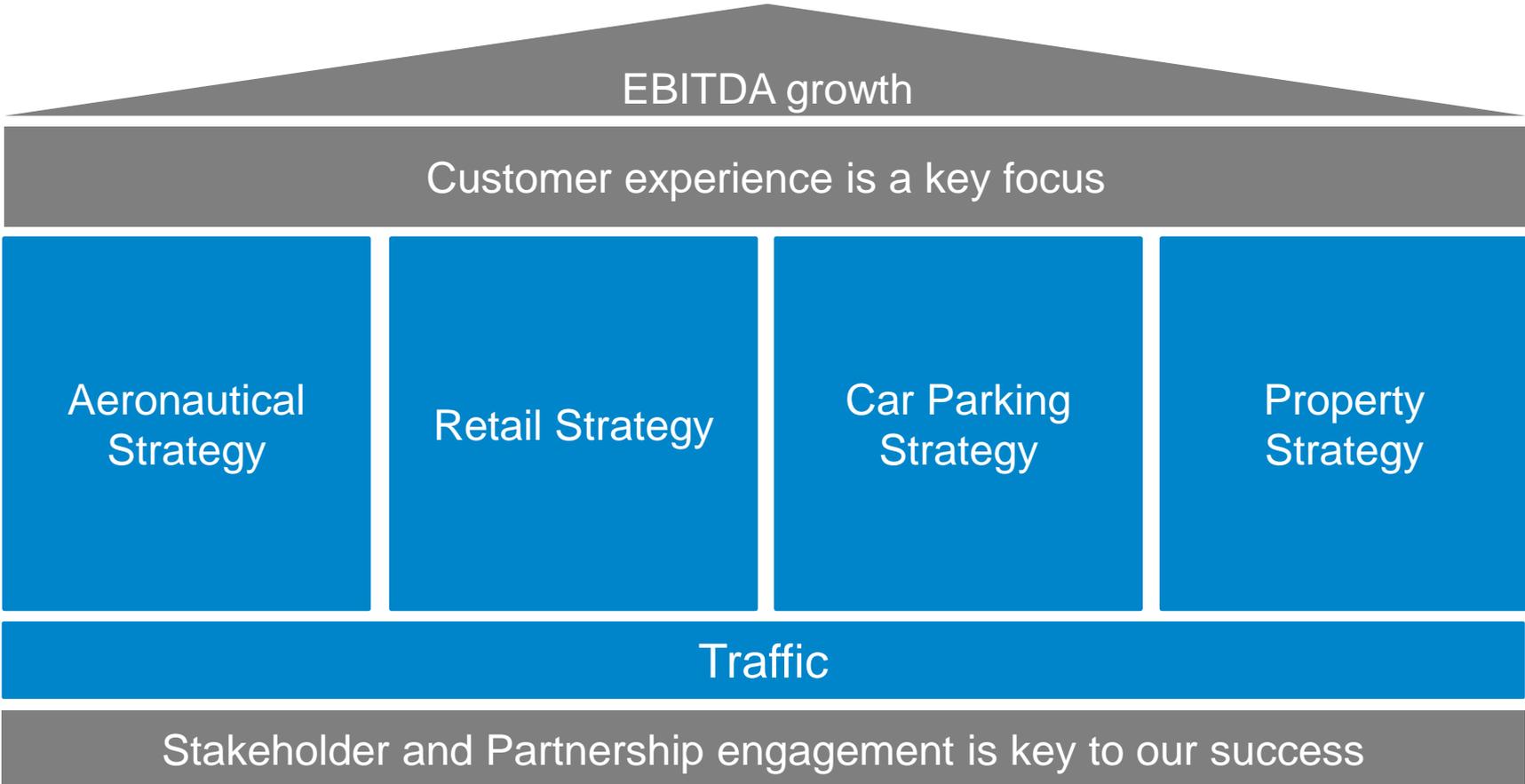
Chief Executive Officer



Successful implementation of our strategy

Our vision: To deliver a world class airport experience and foster the growth of Sydney Airport for the benefit of Sydney, NSW and Australia

Executing strategy to deliver sustainable growth and distributable cash



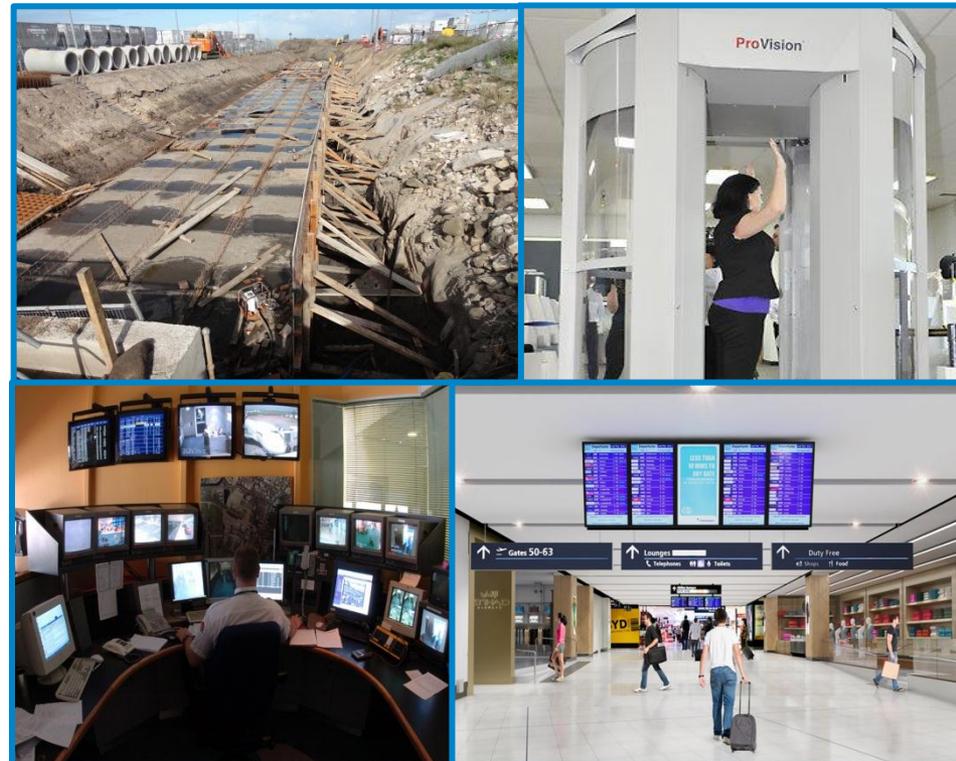
Improving the customer experience - Investment

Investing in capacity for growth and passenger facilitation

Large projects commenced or completed over the period

- Aprons
 - Increased facilities for larger aircraft
 - Greater flexibility for airlines
- Departures screening – works to support body scanners
 - Increased floor area to facilitate passenger circulation
- Seventh Street car park
 - 900 new spaces in the domestic precinct due for delivery 2H13
- Improvements to Pier C in T1
 - Expanded gate lounges
 - Improved lighting
 - New stores and brands

Investment for 1H13 \$103.6m

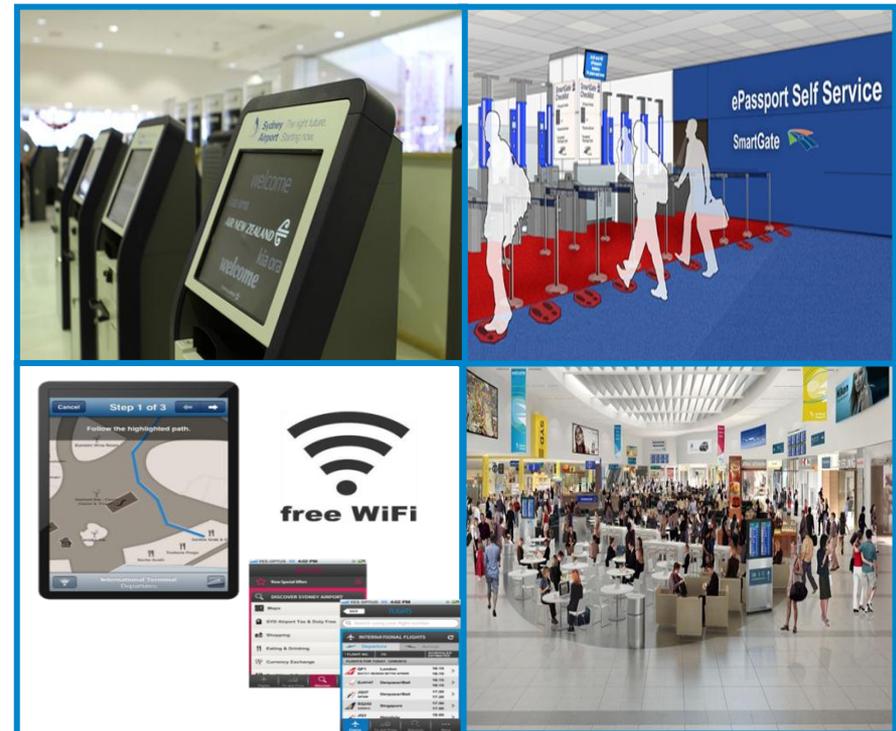


Investment in capacity & facilities, until 2013-2015 ~\$700m

Improving the customer experience - Aeronautical

Embracing technology to streamline the passenger journey

- Aero revenue increased 6.9%
- Self serve kiosks in international, undergone successful trial and looking to expand offering
- Self serve bag drop trial in international currently undergoing assessment
- Smart Gates: increasing nationality eligibility, more capacity and retail promotions to raise penetration
- Focus on self service and technology, to speed the passenger journey, ease congestion, reduce costs and increase passenger satisfaction



Improving the customer experience - Retail

Defined retail strategy will drive improved growth

Understanding our customers



- Customer led approach
- Significant customer analysis complete
- Information utilised to develop stores and brands

Brand and value enhancements



- Identifying gaps in current offering
- Focus on new, exclusive and unique products
- Benchmarking all retailers and offering travel essentials at prices comparable to downtown

Property & space improvements



- T1 objective - maximise quality of existing space and increase available retail area
- T2 objective - increase available space

Customer service focus



- Ensuring value and changing perceptions
- Monitor customer service and set targets
- Understand trends and evolve offering
- Implement customer service training

Improving the customer experience - Retail

Increasing the brands and range in accordance with informed analysis of passenger needs

- Retail revenue grew 1% or 5.3% on a normalised basis*
- 500m² new space created at T2, incremental 500m² new space in T1 due for delivery 1H14
- Duty Free changes nearing completion, initial results positive
- Many well known brands opening soon at the airport:
 - Penfolds (world first stand alone store);
 - National Geographic (first airport store in Australia); La Perla; Kailis; and Cerrone
- Productivity of space remains high
- Significant demand for airport retail space continues

New retailers coming to T1



New retailers coming to T2



*Adjusting for the \$750k per month for the duty free tobacco contract amendment

Improving the customer experience - Car Parking

Car Parking yield improvement reflects increased capacity and increased parkers based on good value products and a superior experience

- Car Parking revenue grew 11.5%
- Online bookings now comprise 18% of car parking revenue
- 900 new domestic spaces under construction, due for delivery 2H13
- New market created in International long stay
- Targeted special offers very successful
- Further scope for yield management refinements and capacity utilisation
- Successful marketing campaign, driving strong results



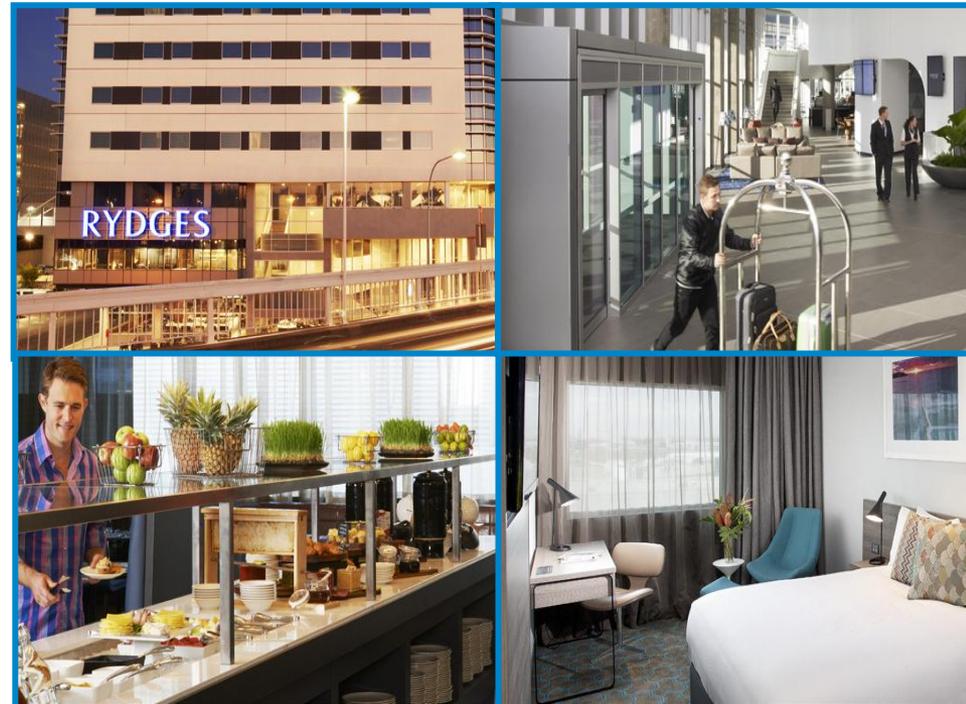
No Rush	Weekender	Take It Easy	Jetsetter	No Worries	Blü Emu Super Saver
\$5 on 1-2 hours	Up to 4 days from \$69	From \$35 per day	1 week for \$22 per da	Up to 3 hrs for \$20	Up to 15 days \$99

Improving the customer experience - Property

Property optimisation drives growth from existing portfolio and provides superior on airport facilities for passengers

- Property revenue increased 10.5%
- Defined strategy to optimise the portfolio; freight; office; rental cars; fuel; and lounges
- Rydges hotel opened in May, tracking ahead of expectations
- Broadening rental car operators with new facility opened in June, potential for further growth and offering different price points for customers
- Etihad lounge opening in December and negotiations in progress with the Skyteam Alliance regarding lounge opportunities

Rydges Hotel, Sydney Airport



Integrated business approach to customers and markets

An integrated approach to the Chinese market is driving performance improvements across all businesses

Aeronautical Improvements

- Way finding/signage
- Red ambassadors
- Chinese mobile application
- Smart gates, Chinese eligibility

Retail and Services

- Luxury brands and concessions
- Targeted advertising
- China Union pay

Property Opportunities

- Office space for Chinese Airlines
- Lounge opportunities



Airport Planning and Productivity

Kerrie Mather



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Sydney Airport has adequate capacity to meet air traffic demand for the foreseeable future

- Sydney Airport expects to have sufficient capacity well beyond 2033
- Approximately 320,000 slots a year are utilised out of a possible 500,000 regulated slots
- Sydney Airport supports the Joint Study Recommendations:
 - Optimising the use of Sydney Airport to ensure it operates efficiently and safely and can grow to its practical maximum operating capacity
 - Protect and optimise the use of other existing airports in the Sydney region
 - Select and confirm the site for a new supplementary airport for the Sydney region
- New generation, quieter and larger aircraft are transforming airport usage
- Since 2000 passengers have increased by more than 46%, with less than 3% increase in aircraft take offs and landings as a result of larger aircraft

Key areas for investment:

- Development of airfield capacity, aprons, gates and terminals in line with demand
- Ground transport improvements

Long term planning – productivity and improved passenger experience

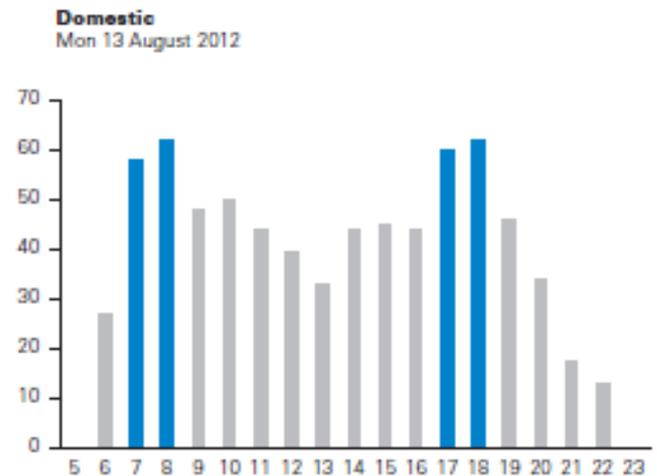
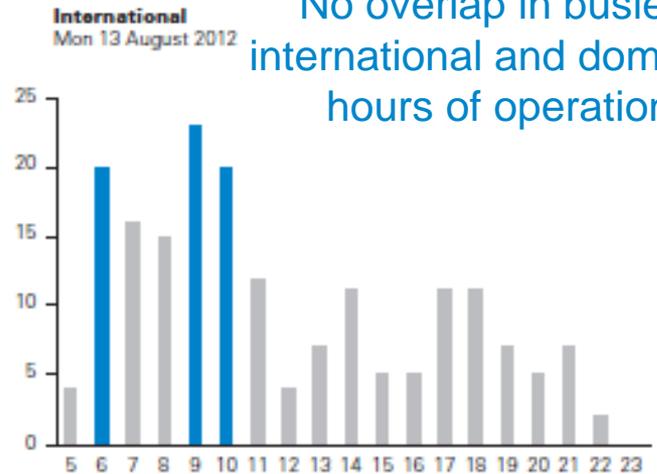
Long term master plan released as preliminary draft on 5 June, following extensive industry and community consultation

Planning concepts focus on maximising the productivity of the infrastructure and delivering better customer and operational outcomes for passengers and airlines.

The plan is:

- Better for passengers
- Better for airlines
- Better for freight operators
- Better for Sydney residents
- Better for regional communities
- Better for business and tourism
- Better for investors

No overlap in busiest international and domestic hours of operation



Ground transport 2013-2018

The road and intersection solutions provide more capacity, simpler flows and integration with the NSW Government's off airport plans. They will deliver improved road and intersection performance in and around Sydney Airport



Outlook

Kerrie Mather

Chief Executive Officer



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2013 has started strongly. 22.5c dividend guidance fully covered by net operating receipts reflects confidence in continued growth in operations and free cash flow

Traffic

- Focus on our underserved markets with significant potential for growth
- Stimulate passenger growth through tourism leadership and airline marketing
- Invest in aeronautical capacity in line with demand

Business Performance

- Strong business model with growth opportunities and downside protections
- Consistent execution of new business initiatives to drive yield
- Prudent management of costs and expenditure
- Sustainable distributions and track record of cash flow growth
- Guidance of 22.5c, 100% covered by Net Operating Receipts

Simplified Structure

- 100% ownership
- Simplified accounts
- Resolution of ATO review
- Increase in foreign ownership cap to 49%
- Completion expected Q4 2013



Thank you
for your attention

Questions?



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