



## ASX Release

1 May 2012

### Sydney Airport Institutional Investor Day Presentation

Please find attached a presentation to be delivered to institutional investors by Sydney Airport management on 1 May 2012.

For further information, please contact:

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# Sydney Airport Institutional Investor Day

## Introduction

Kerrie Mather  
Chief Executive Officer

Kingsford Smith Suite  
1 May 2012

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

# Senior Management Team

Highly experienced, proven management team, with dedicated focus on Sydney Airport

Kerrie Mather  
Chief Executive  
Officer

Shelley Roberts  
Executive Director  
Aviation Services

Andrew Gardiner  
General Manager  
Retail

Peter Wych  
General Manager  
Development &  
Construction

Craig Norton  
General Manager  
Car Parking &  
Ground Transport

Tim Finlayson  
Chief Financial  
Officer

Jamie Motum  
General Counsel &  
Company Secretary

Sally Fielke  
General Manager  
Corporate Affairs

Sarah Rodgers  
General Manager  
People &  
Performance

# Investment Fundamentals

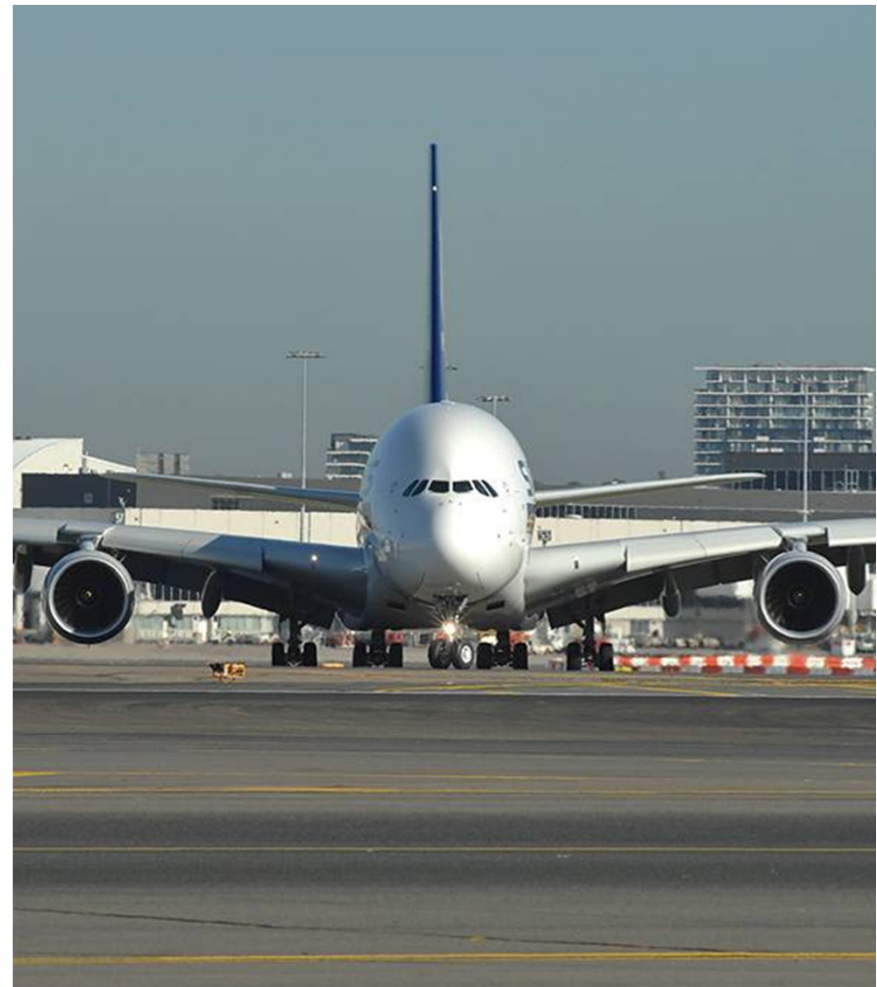
## Sydney Airport enjoys a number of strong investment characteristics

### The Business

- Gateway to Australia
- Core component of Australia's transport network
- Balanced and diverse revenue base from aeronautical, retail, car parking and property businesses
- Surplus aviation capacity
- Supportive regulatory environment

### The Performance

- Proven track record of traffic growth
- Reliable, resilient cash flows
- Robust, low risk business
- A powerful business model



# Sydney Airport Operations

## Sydney Airport is one of the world's leading infrastructure assets

<b>99-year leasehold</b>	<ul style="list-style-type: none"><li>• Lease until 2097</li></ul>
<b>Catchment area</b>	<ul style="list-style-type: none"><li>• Core catchment area: 7.3m people in NSW and 4.5m people in Sydney</li><li>• Major international airport in NSW</li></ul>
<b>Strong passenger growth profile</b>	<ul style="list-style-type: none"><li>• Both a business and tourism hub, in a growing Australian economy</li><li>• Strong Asian connections – growth of middle class in China, India, Malaysia &amp; Indonesia</li></ul>
<b>Largest Australian International airport</b>	<ul style="list-style-type: none"><li>• Disproportionate contribution of international passengers</li><li>• Account for approximately 75% of EBITDA but only 12% of total slots and 33% of pax</li></ul>
<b>Light-handed regulatory framework</b>	<ul style="list-style-type: none"><li>• Direct agreements with airlines include contractually agreed charges increases on new aeronautical assets – the Necessary New Investment model (“NNI Model”)</li><li>• Dual till principle enshrined in regulatory framework</li></ul>
<b>Fixed cost model</b>	<ul style="list-style-type: none"><li>• Real operating costs<sup>1</sup> are largely fixed, and have a low traffic elasticity</li><li>• Operating costs mainly relate to management and administration functions</li></ul>
<b>Commercial improvements</b>	<ul style="list-style-type: none"><li>• Generally, CPI escalation in retail, periodic car parking price reviews and CPI or market rent reviews for property</li><li>• Development of additional parking bays to meet demand</li></ul>
<b>Potential upsides</b>	<ul style="list-style-type: none"><li>• Expiry of Terminal 3 lease in 2019 and Jet Base lease in 2020</li><li>• MoUs signed for the “New Vision” proposal of integrated alliance networks</li></ul>

<sup>1</sup> Excludes security costs which are passed through to airport users

# A Powerful Business Model

## Resilient cash flows, strong growth potential and built-in protections

Generates cash through...	Delivers growth through...	Built-in protection from...	Potential upsides...
<ul style="list-style-type: none"> <li>• Aero charges largely on a per passenger basis, with increases primarily through Necessary New Investment (NNI) framework</li> <li>• Commercial performance of retailing, car parking and property businesses</li> <li>• A low fixed cost base delivering margins of c. 80%</li> <li>• Capex, mainly recovered through NNI or commercial revenue growth</li> <li>• Debt funding of capex</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger growth, generally a GDP+ growth rate</li> <li>• Agreed aeronautical charges, from aeronautical capex</li> <li>• Increased commercial revenues at inflation+ growth</li> <li>• Sustainable capex improving aeronautical or commercial revenues</li> <li>• Appropriately geared capital structure</li> </ul>	<ul style="list-style-type: none"> <li>• Returns on aeronautical asset base below its peers</li> <li>• Contracted recovery methodology for new aero capex</li> <li>• Retail contracts typically including minimum guarantees</li> <li>• Non-passenger related property revenues</li> <li>• New capex can be timed to meet demand</li> </ul>	<ul style="list-style-type: none"> <li>• Terminal 3 lease expiry</li> <li>• New Vision development</li> <li>• Industry structural changes</li> </ul>

**Sydney Airport has delivered traffic growth every year since privatisation**

**Sydney Airport has a 20-year history of growing passenger numbers, both international and domestic**

- Compound annual growth rate of 3% from 2007 to 2011 (despite GFC)

**Continued passenger growth expected**

- Propensity to travel is increasing in China, India, Indonesia, Malaysia and other growing economies
- Structural changes in airline industry support growth:
  - Low Cost Carriers (AirAsia X, Scoot, Jetstar)
  - Further release of air rights
  - Delivery of new, larger, more efficient aircraft

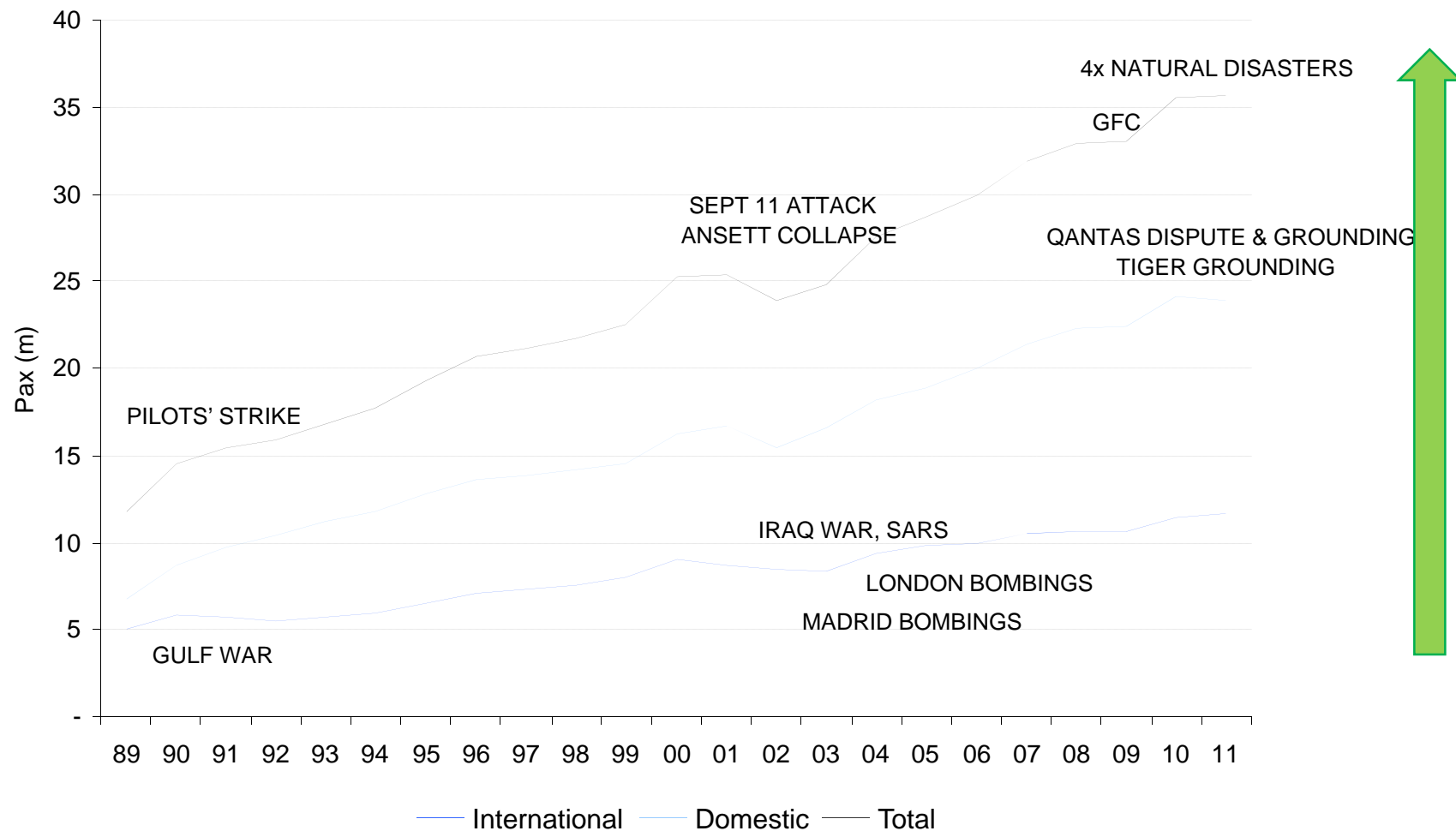
**Well balanced mix of leisure and business travel**

- 52% leisure and 48% business / education / visiting friends & relatives
  - Significant geographic diversification
- Other than Australians, no single nationality represents >10% of international passengers
- Other than Qantas, no single airline has >10% market share
- #1 market position in Australia



# Traffic Resilience

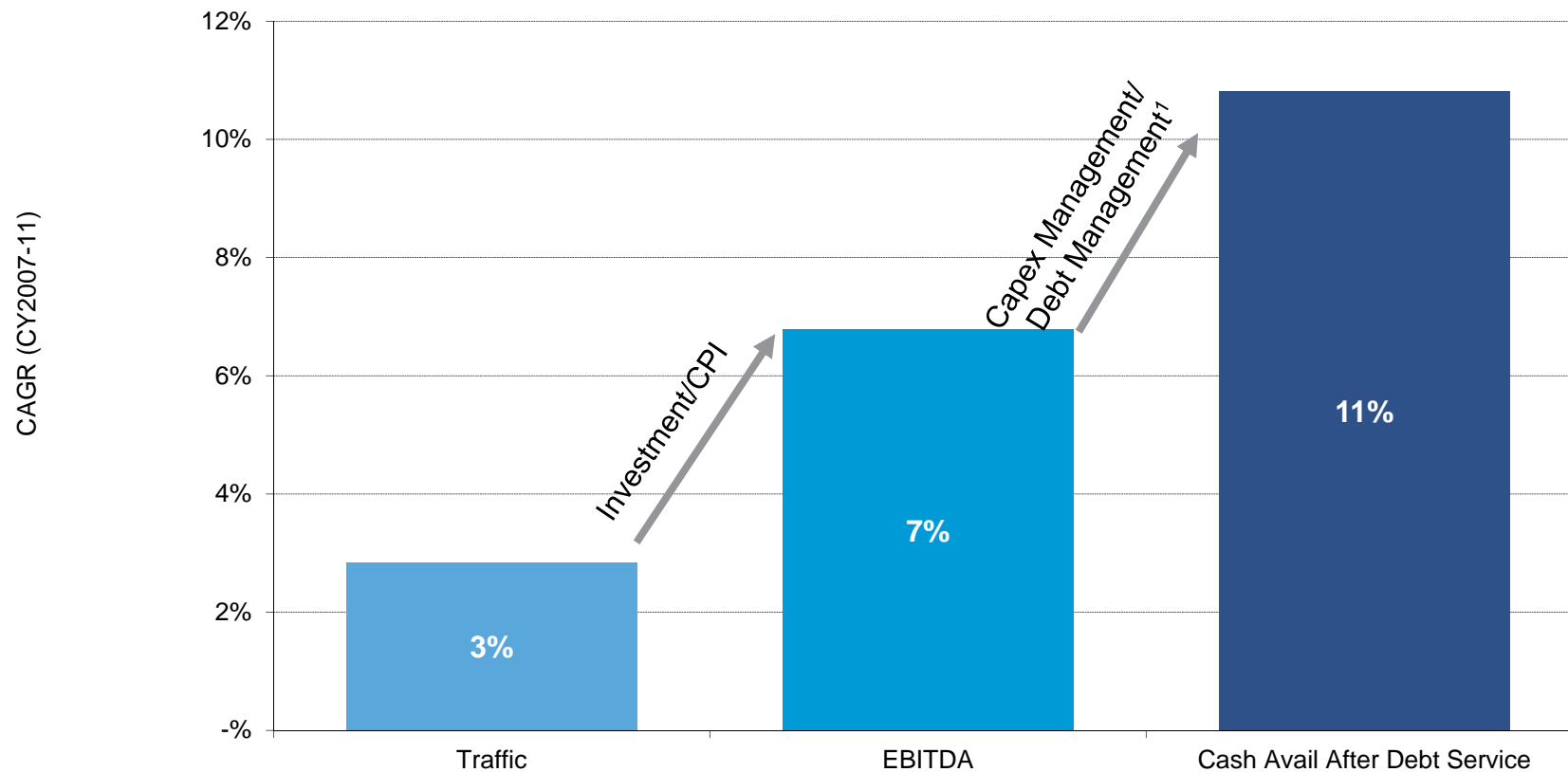
## Long-term traffic trends upwards despite significant shocks



# Traffic Underpins 5 Year Growth

2007-2011 delivered impressive conversion of traffic to growth in EBITDA and cash flows

## Sydney Airport CAGR 2007 - 2011



<sup>1</sup> Includes the benefit of degearing in 2008/09

# Investor Return and Distribution Guidance

## Average annual investor return of approximately 14% since listing in April 2002

- 2011 total investor return of 22.7% compared to ASX200 Accumulation Index return of -10.5%
- 2011 investor return included A\$1.01 in cash payments to investors comprising:
  - A\$0.11 interim distribution and A\$0.10 final distribution
  - A\$0.80 payment as part consideration for the Simplification
- Reaffirm 2012 distribution guidance of approximately A\$0.21 per stapled security
- Expect 100% coverage of 2012 distribution by net operating receipts defined as:
  - 84.8% of distributions declared by Sydney Airport<sup>1</sup>
  - Less corporate costs
- This is subject to external shocks to the aviation industry and material changes to forecast assumptions

<sup>1</sup> SCACH



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# Sydney Airport

## Aviation Update

# Stable Regulatory Environment

## Between 1995 and 1997, all the pillars of airport regulation came into effect and have remained broadly consistent

- 1995: the Sydney Airport curfew was enshrined in legislation (operating hours 6am – 11pm)
- 1996: the Australian Airports Act commenced, providing an overarching system to govern airport activity. The Act governs how airport master planning and development activity is carried out
- 1996: the process to privatise Australia's major airports began and with that came a quality of service and price monitoring regime
- 1997: the aircraft movement cap and slot management system was formally introduced. The Long Term Operating Plan (LTOP) was established giving stability to the noise-sharing arrangements for the Sydney Basin
- 2002: Sydney Airport was privatised, with an annual lease review by the Department of Infrastructure and Transport

## Independent review and oversight of Sydney Airport

- The Productivity Commission is the key adviser to Government on matters affecting national productivity and economic development issues. It has historically conducted enquiries every five years (next enquiry in 2018) into the economic regulation of airports and in particular the effectiveness of the light-handed regulatory regime
- The Australian Competition and Consumer Commission (ACCC) is the competition regulator and does annual quality of service monitoring and reporting on Sydney Airport

# Findings of Productivity Commission and ACCC 2012 Reports

## Productivity Commission Report

On 30 March 2012, the Australian Government released the Productivity Commission report into the Economic Regulation of Airport Services, which reviewed the effectiveness of the current regulatory regime and future price regulation.

The report confirmed that light-handed regulation had delivered investment and development at airports around Australia.

Findings and recommendations:

- There was no evidence of excessive returns or anti-competitive behaviour
- A continuation of current regime until at least 2020 with no further review until 2018
- No additional areas of monitored aeronautical facilities and services were required
- ACCC monitoring should be reviewed and updated by mid-2013
- No regulation of car parking or landside vehicle access was required
- 'Pre-funding' of investment is a recognised component of the pricing principles

## ACCC

The ACCC monitors the prices, costs, profits and quality of certain services provided by Australia's five major airports

The ACCC report published on 30 March 2012 found:

- No abuse of market power
- Improved overall service levels at Sydney Airport, including a satisfactory rating by airlines

# Joint Study on Aviation Capacity in the Sydney Region

## Summary of Findings

- On 2 March 2012, the Steering Committee overseeing the Joint Study on Aviation Capacity for the Sydney Region presented its report to the Australian and NSW Governments. It supported:
  - maintaining Sydney Airport as the primary airport for Sydney and NSW, ensuring the airport can grow to its maximum practical operational capacity
  - optimising use of existing airports (e.g. Bankstown, Richmond, Canberra and/or Newcastle)
  - identifying a site for a secondary airport in the long term and recognising the need to consult with Sydney Airport
- There were many statements and recommendations that would, if implemented, increase the capacity of Sydney Airport:
  - changes to the operating restrictions incl. increases to the movement cap per hour in nine peak hours each weekday
  - improving rail and road links and increasing the use of public transport to the airport precinct
  - limiting growth beyond 2015 to aircraft larger than 50 seats, and beyond 2020 to aircraft larger than 70 seats
  - accelerating plans for the implementation of advanced air traffic management systems
- The report also recognised that Sydney Airport's New Vision will enhance the capacity and efficiency of the airport

# Sydney Airport and a Second Sydney Airport

## Sydney Airport has first right of refusal to build and operate a second Sydney airport

### Current Status

- No government decision has been taken on the findings and recommendations of the Joint Study
- Sydney Airport continues to work cooperatively with both governments and the Department of Infrastructure and Transport

### Should a decision be made to proceed with a second airport the following steps (amongst many others) would be undertaken:

- A formal consultation period of 5 – 12 months between Sydney Airport and the Australian Government
- A formal notice from the Australian Government to Sydney Airport that it intends to develop a second airport and the terms of the development
- If, after due consideration, Sydney Airport decided not to proceed with the development of a secondary airport the Australian Government would have two years to sign an agreement with a third party, on materially the same terms.



# Sydney Airport's Capacity The Facts

## Sydney Airport has significant capacity on its runways and in its terminals

- Based on the proposed reconfiguration, and without changes to the runways, curfew or cap, a secondary airport will not be required before 2045
- The current master plan envisages passenger numbers will grow to 79 million (from 36 million in 2011) by 2029 without requiring changes to the runways, curfew or cap
- Only 61% of Sydney Airport slots are currently being used
- Since 2000, 41% more passengers (approx 10 million people) have used Sydney Airport with only 0.3% more aircraft movements
- New generation, quieter and larger aircraft are transforming airport usage.
  - In 1976 there was an average of 129 passengers per international flight
  - Today there is an average of 190 passengers per international flight
  - By 2030 that number is forecast to increase to 290 passengers per international flight
- The introduction of low cost carriers and the growth from Asian markets, will assist Sydney Airport to maximise use of the airport across the off-peak periods
- Changes to the current operating restrictions, as flagged by the Joint Study, would make Sydney Airport substantially more efficient and increase both flexibility and capacity



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# Sydney Airport

Focus for 2012 and beyond

# New Vision Progress and Benefits

## Improved Connectivity, Increased Capacity, Reduced Congestion, Better Ground Access

- In December 2011, Sydney Airport announced a new vision for growth. The new vision includes development of two airport precincts co-locating international, domestic and regional services under one roof
- Significant activity already underway in 2012:
  - consultation with wider stakeholder groups giving rise to additional opportunities to enhance the new vision
  - master planning process
  - consultation around future investment programme and potential lease reversions
- Additional investments remain discretionary and will be pursued where returns are appropriate

New Vision Timeline						
	CY2012	CY2013	CY2014	CY2015	CY 2016	2017 and beyond
Consultation						
Planning						
Potential Lease Reversion Negotiations						
Aeronautical Charge Negotiations						
Construction & Implementation						

# Partnerships Will Drive Growth

**Sydney Airport's leadership team is changing the narrative, transforming the culture, focussed on delivering value and choice to airport users**

## **We strive to be**

- An engine of economic growth for Sydney and NSW
- A partner of choice
- A place to be proud of
- An integral part of the community

## **We have strengthened our engagement with tourism and business partners**

- Destination NSW partnership
- TTF Board & working group representation
- NSW Premier's India delegation

## **We are advocating improved transport links to Sydney Airport**

- Working group established with NSW Roads & Maritime Services
- Discussions with NSW Government to remove rail access fee

## **We are partnering with the aviation industry for growth**

- New Vision emerged from dialogue with partners
- Airlines representing 90% of passengers have signed three year extensions to aeronautical agreements
- Growing existing and new markets
- Engagement with BARA and AAA

## **We are committed to improving choice and value**

- Development of Customer charter – commitment to excellence and value
- New value proposition – car parking and retail

## **We are embracing cultural change**

- No more silos, open plan offices
- New ways of working together



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# Sydney Airport Institutional Investor Day

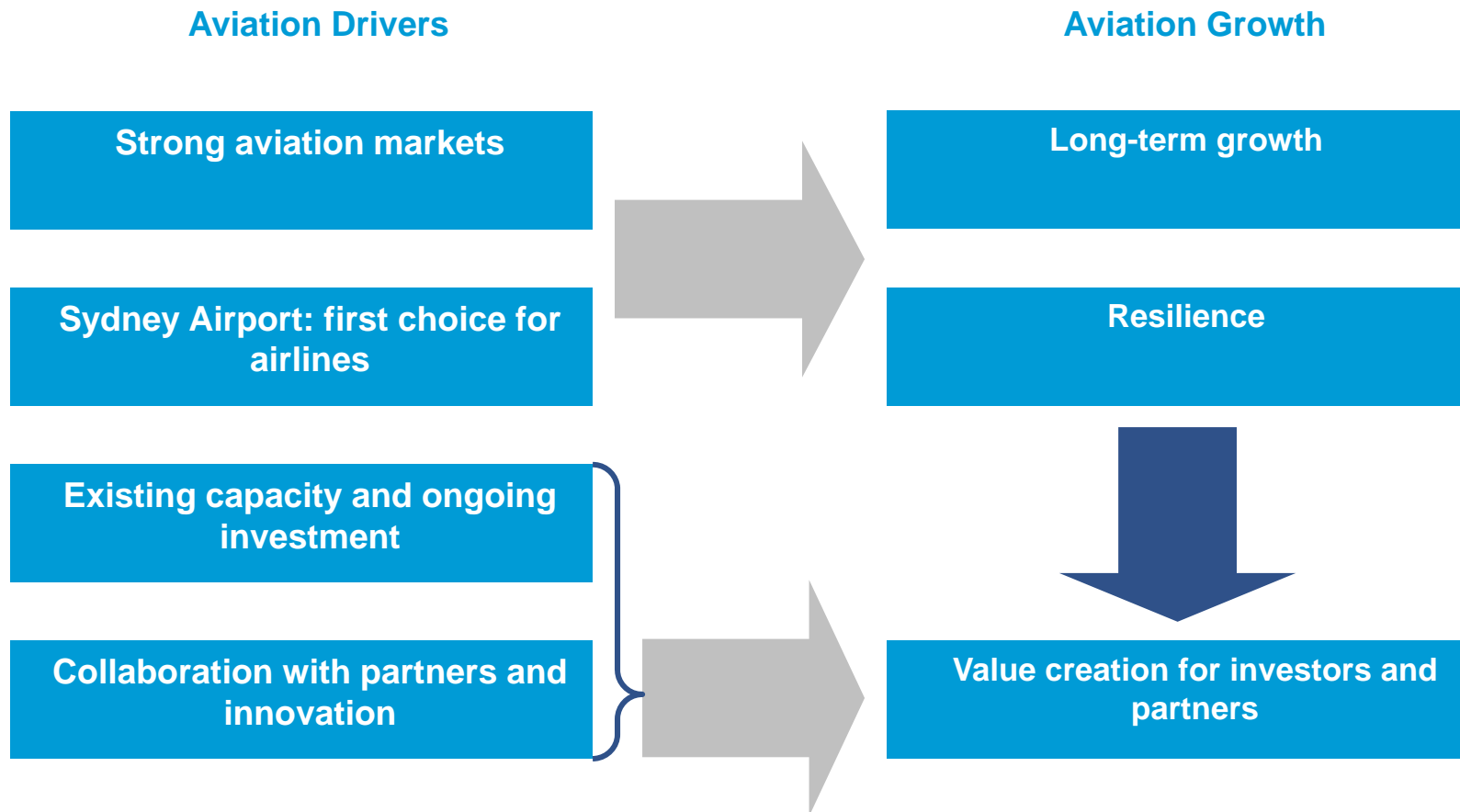
## A Partnership Approach

Shelley Roberts  
Executive Director Aviation Services

Kingsford Smith Suite  
1 May 2012

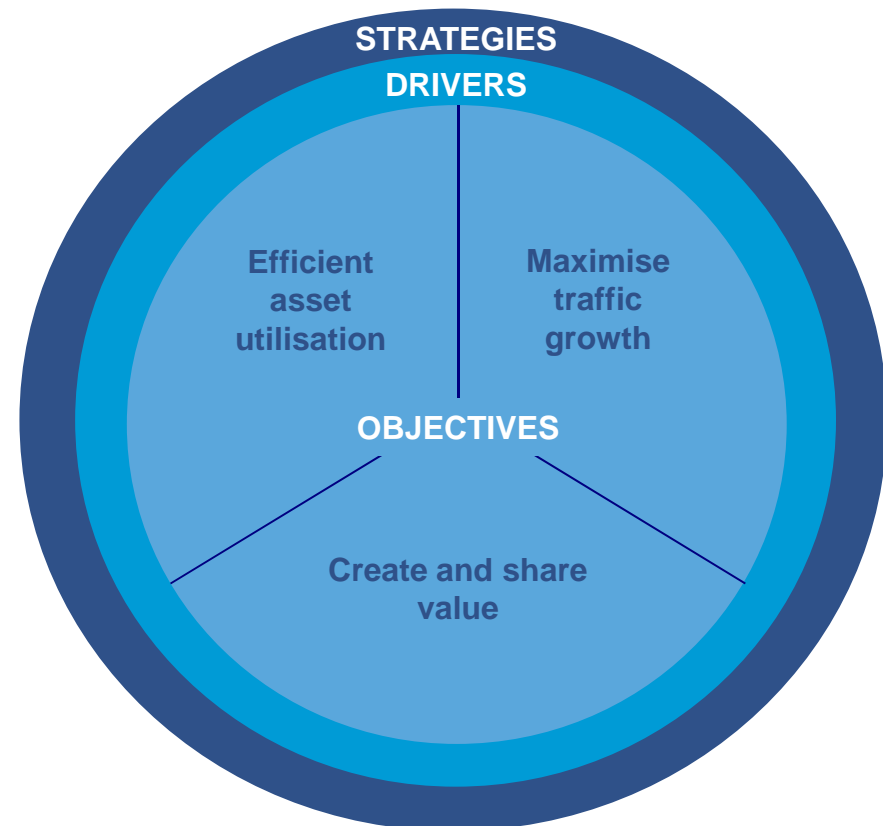
# Introduction

Growing value through long-term growth and innovation



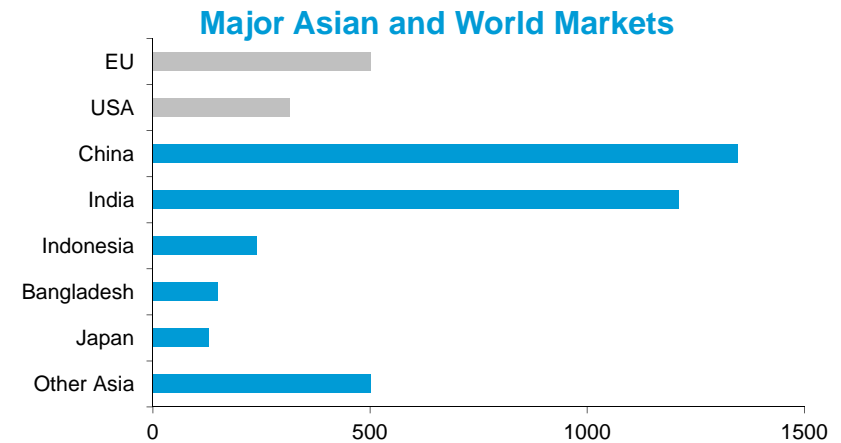
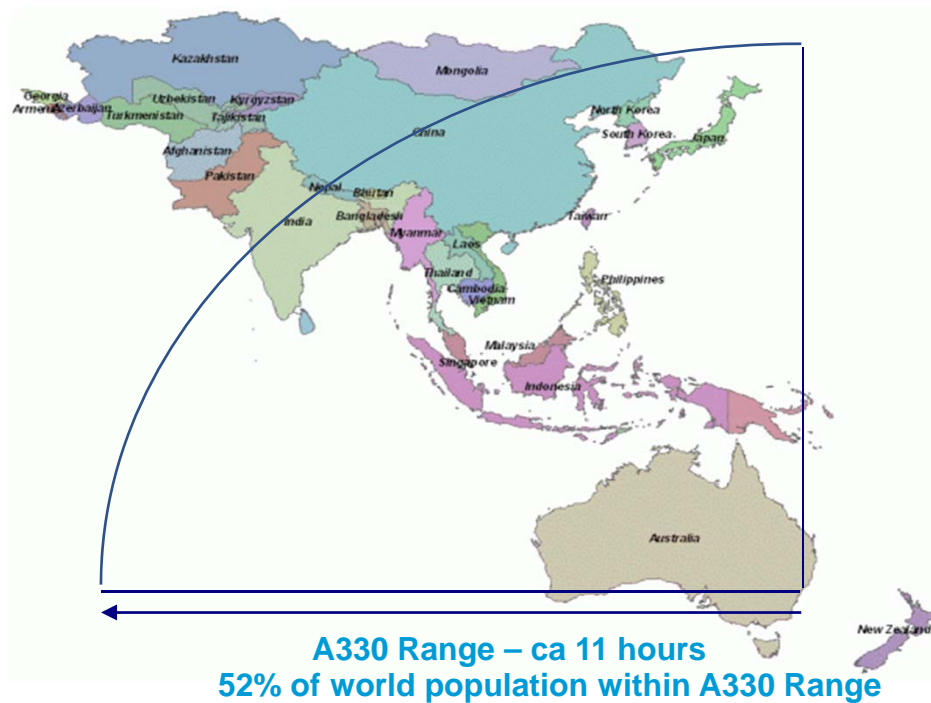
The strategy of Aviation Services promotes all of the drivers

<b>Executive Director</b> Shelley Roberts
<b>Business Development</b> David Bell
<b>Aviation Development</b> Ray Kwan
<b>Aviation Strategy</b> Luke Kameron
<b>Planning &amp; Development</b> John Gunek
<b>Strategic Programme Delivery</b> Malcolm Skene
<b>Service Delivery</b> Jeff Stirk



# Proximity to Asian Population

Sydney is proximate to the large Asian markets ... 52% of the world's population



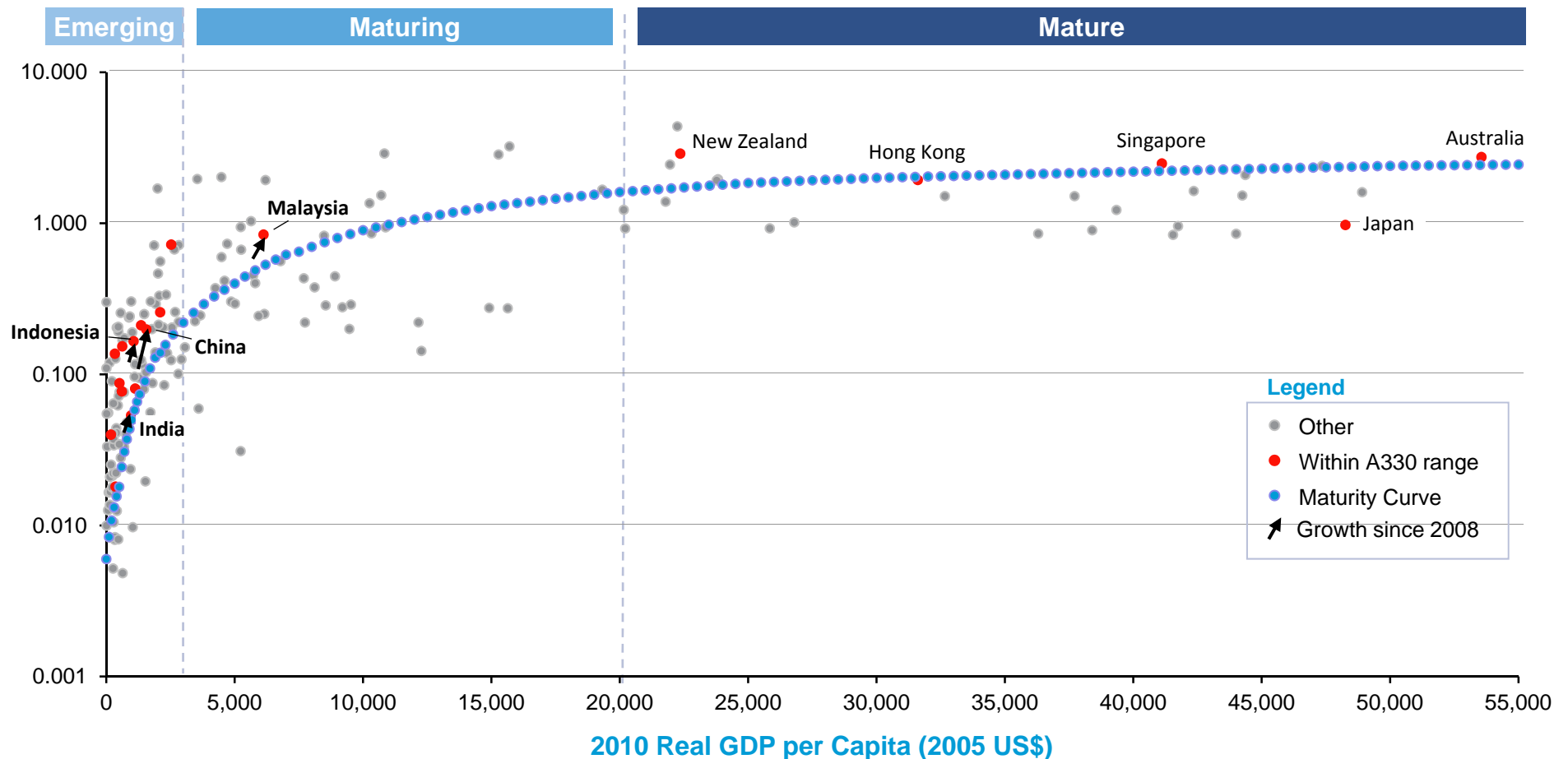
- More than half of the global population lives within range of an A330 or B777
  - China and India are individually larger than EU and USA combined
  - Indonesia is almost as large as the USA
  - Boeing 787 will have a longer range and with the A330 will be able to open routes not yet large enough to sustain a B747 or A380



# Proximity to Asian Economies

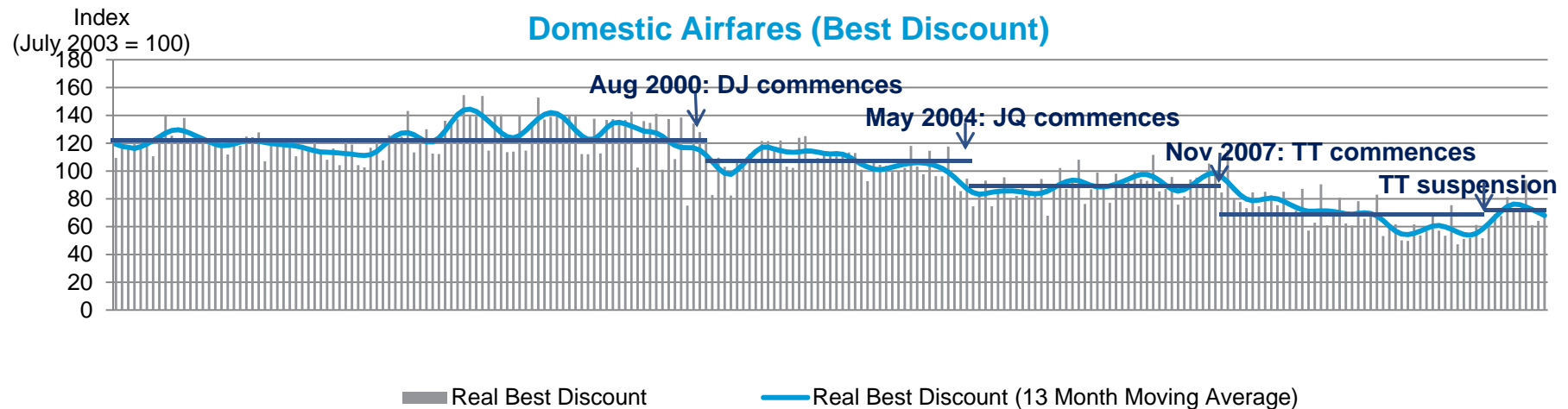
Growth from emerging markets including China and India will accelerate as propensity to travel increases

## Air Trips per Capita (2010)

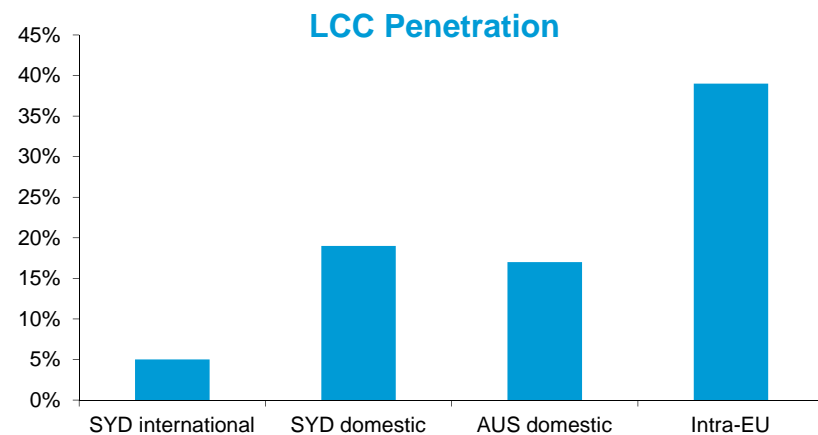


# Australia's Airline Market

## Sydney stands to benefit from growth of international LCCs



- Domestic air fares have declined on every occasion that competition has increased
- Australia's LCC market is growing but still immature
- International LCC growth has barely commenced in Sydney

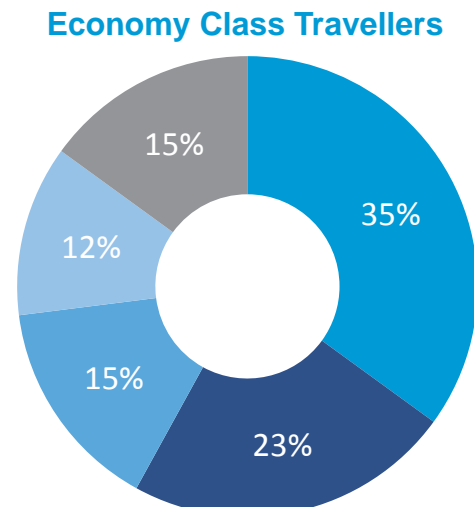
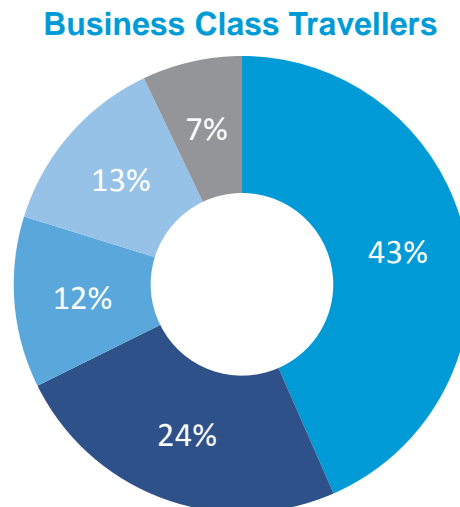
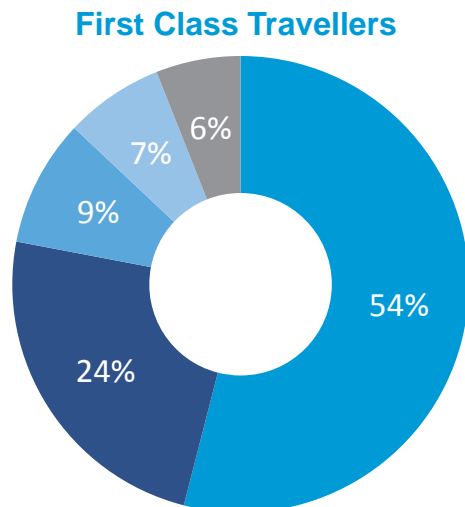


# Sydney: First Choice for Airlines

Sydney is first choice for airlines because of high yielding international demand



- Sydney has the highest share of high-yielding international passengers in the region
- As a result, Sydney has substantially stronger international passenger volumes in the region
- Sydney's leisure market is 50% bigger than the next largest market



● Sydney  
● Melbourne  
● Brisbane  
● Perth  
● Other

# Case Study: AirAsia X

## AirAsia X and other LCCs will transform international leisure travel



### Opportunity

- Well recognised that LCCs have been a catalyst for significant growth in aviation globally
- Potential for LCCs to enter market and capture / create new demand from price conscious travellers
- For example, people who may not have travelled overseas before, or people who want to travel overseas more often
- Asia presents a significant tourism opportunity with a large population but relatively low penetration of LCCs
- Upside to be realised through growth in aviation services between Australia and Asia

### The Right Product

- Flexible scheduling and high density seating configuration enhance the efficiency of A330-300 aircraft
- Delivering a product that can be sold at market leading fares, stimulating competition and passenger growth
- Already proving popular with Australians; More than 50% of fares for initial flight sold to Australians plus strong forward bookings

# Case Study: AirAsia X

## AirAsia X and other LCCs will transform international leisure travel

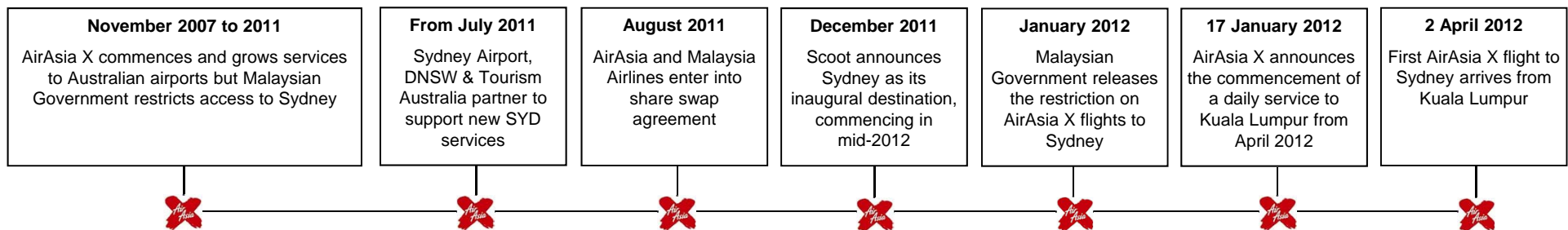


### Executed through Partnership

- Sydney Airport, Destination NSW and Tourism Australia have partnered with AirAsia X to support the introduction of services to Sydney
- Coordinated marketing approach leverages the expertise and resources of respective parties to drive tailored campaigns
- Working to open up key Australian and Asian gateways for the benefit of all stakeholders

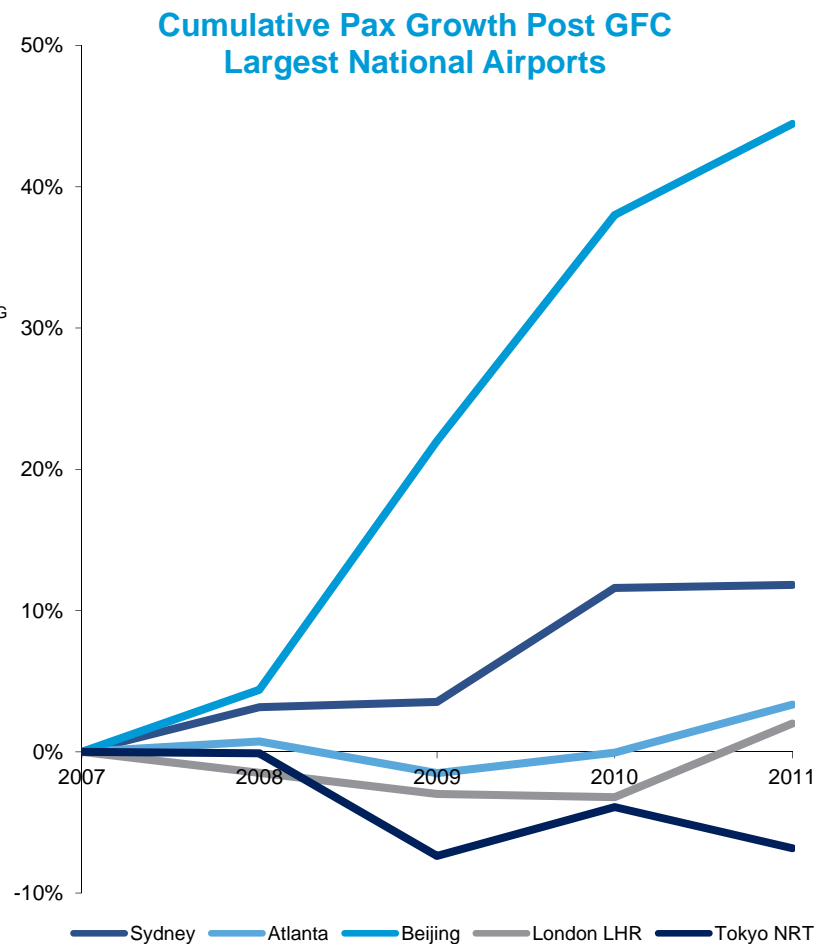
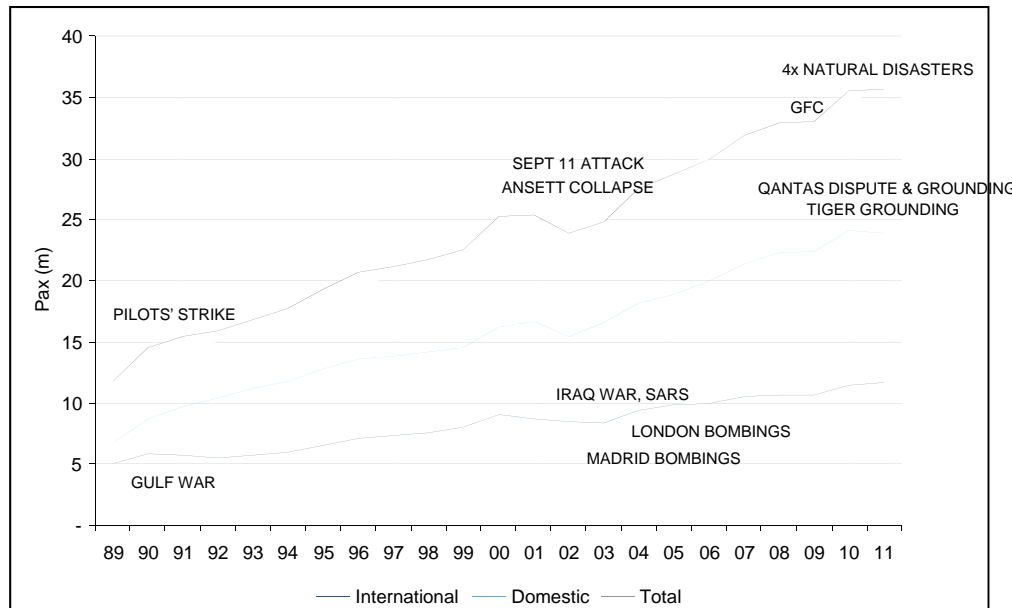


### Taking Flight From Sydney



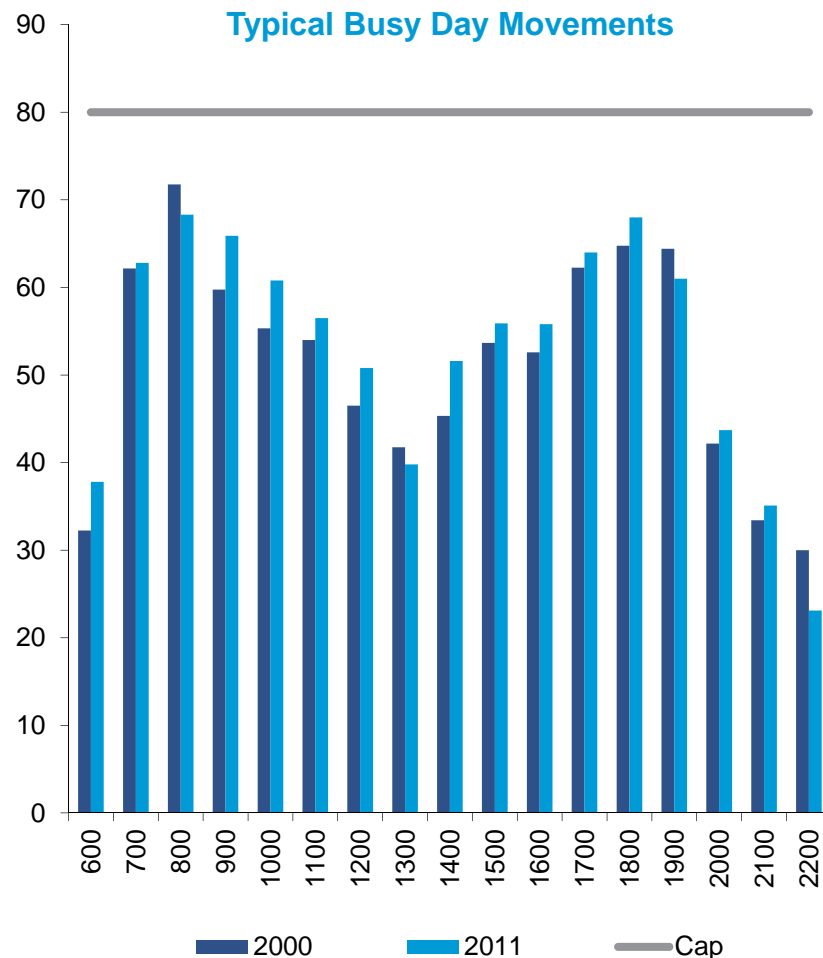
# Resilience

Sydney is more resilient than many of its international peers



# There is Potential to Further Improve Asset Utilisation

Capacity utilisation has improved over the day

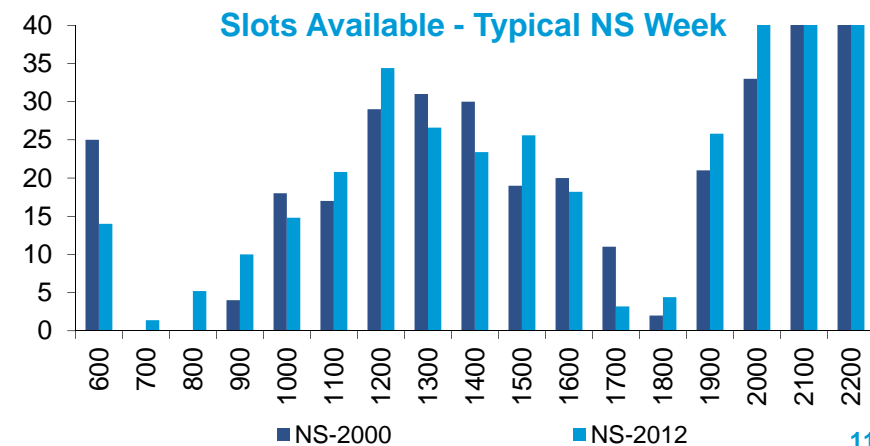


## Since 2000

- The busiest hour reduced on the typical busy day
- 42% more slots available in the busiest 5 hours
- Growth in the off-peak, particularly in the 0600 hour
- Ratio of average: peak movements improved from 0.71 to 0.78
- Passengers increased by more than 10 million
- Increased utilisation of filed slots

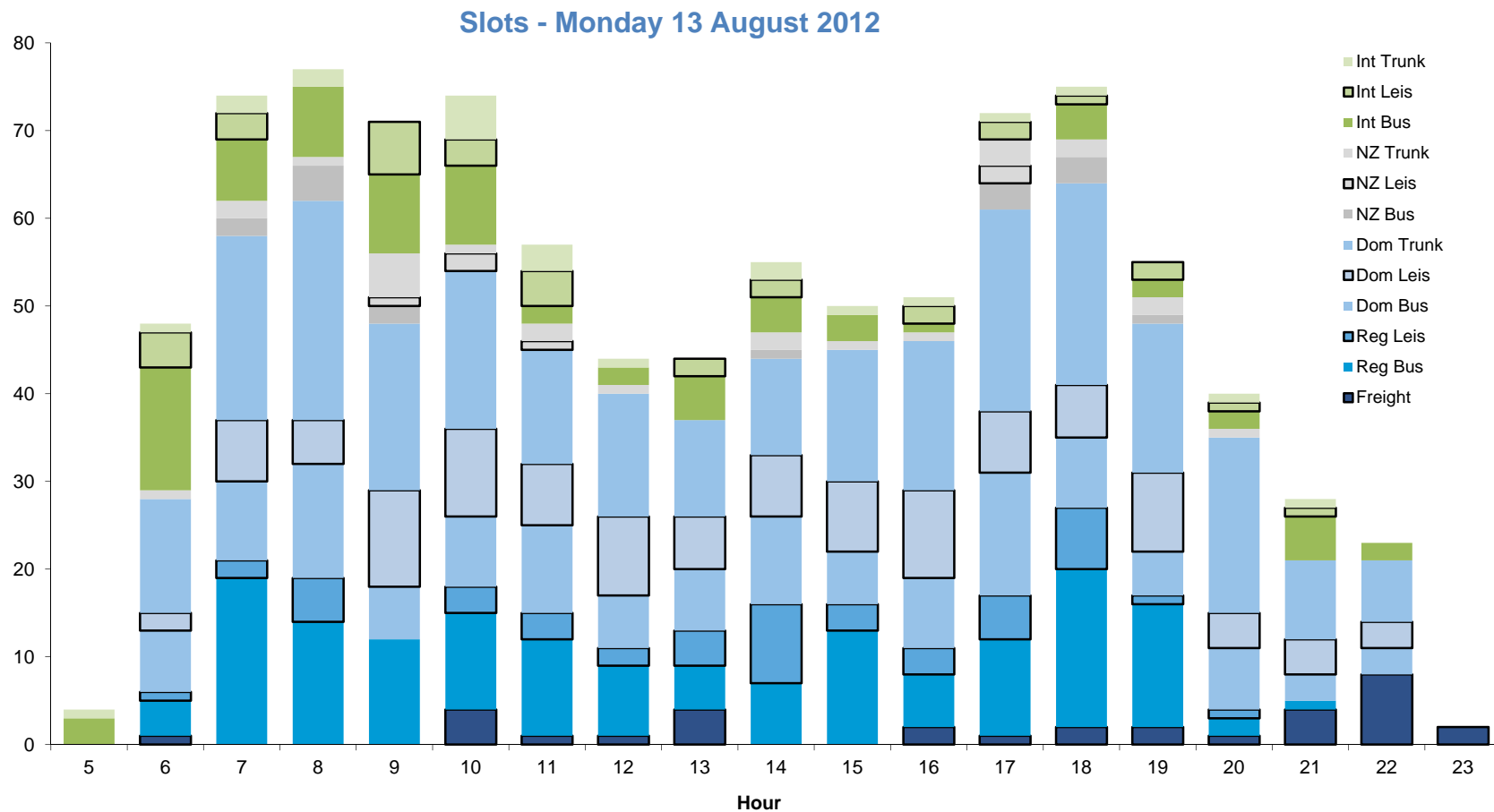
## Significant potential remains to spread peaks:

- Asian schedule windows and LCC operators
- 2nd and 3rd daily flights



# Different Markets: Different Avenues for Growth

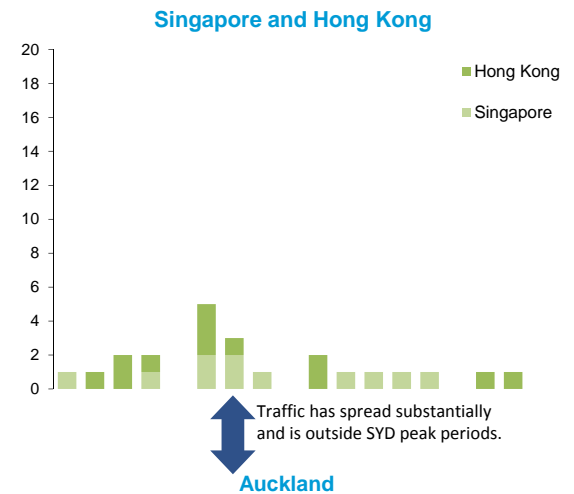
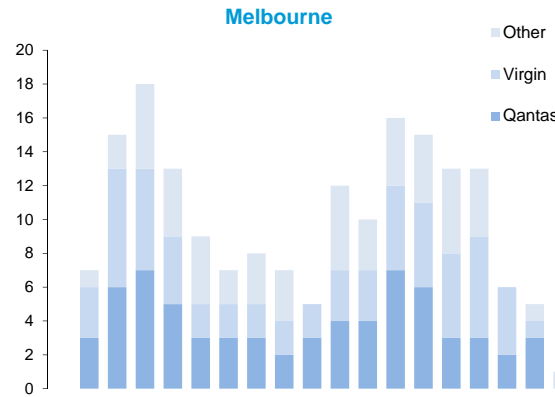
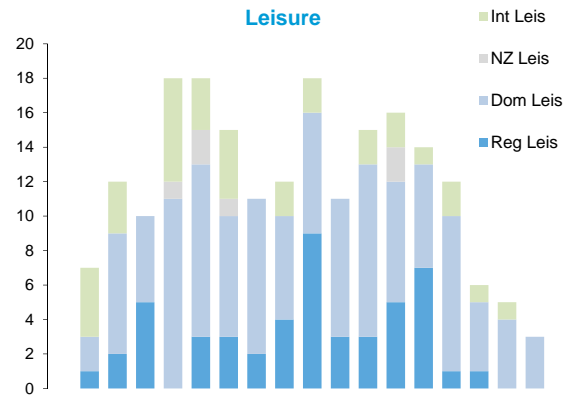
Different markets have different current and future slot requirements



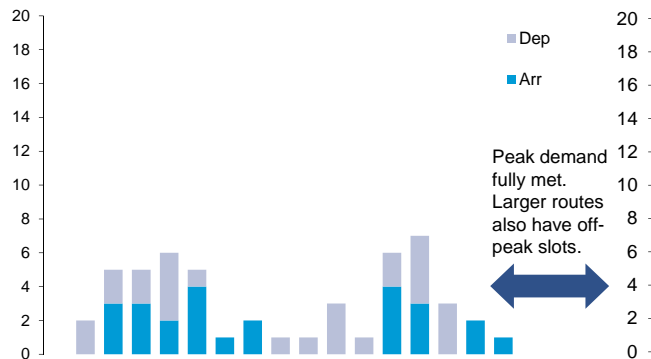


# Different Markets: Different Avenues for Growth

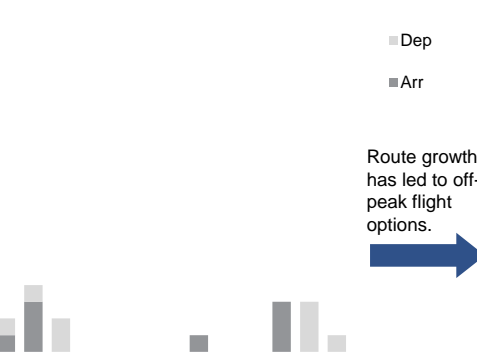
- All business/mixed routes requiring peak hour slots have them
- Domestic trunk routes already have very high frequency in the peak – MEL-SYD is 23% of total slot capacity in the 8am hour
- Peak spreading occurs as routes grow and mature
- Leisure routes are busiest outside the peak hours



**Smallest 10 Regional Business Routes**



**Christchurch and Wellington**



# We Will Invest in Infrastructure

## Productivity improvements and intelligent investment will continue to provide capacity for the long term

- Sydney Airport and the airlines ensure as a first priority that the existing infrastructure is optimised prior to further investment
  - T2 facilitates almost twice the passengers envisaged by Ansett
- Investment is prioritised to re-use existing facilities more efficiently before new facilities are built
  - Expansion of T2 Pier A to provide flexible capacity for 3-5 aircraft, depending on aircraft size
  - An apron reconfiguration is planned for T2 Pier B which would gain two additional gates and facilitate quicker turnarounds without any expansion of the building envelope
  - Conversion of some layover apron to busbed apron for peak hour movements
  - Bridging and modification of existing aprons adjacent to the international terminal, to create contact positions for A380s
- 14 additional active aprons are anticipated by 2015, an increase of 5% pa
- Under the new vision, apron capacity could be developed for 90-100m pax on the existing site
  - Based on a joint analysis with Qantas and Airbiz of the capacity provided under the new vision, using Master Plan traffic forecasts
  - Reflects peak-spreading and increasing aircraft size
  - Without requiring any expansion of the site

# Collaboration and Innovation

Track record of partnership, innovation and plans for the future





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# Sydney Airport Institutional Investor Day

## Choice-Driven Performance

Craig Norton  
General Manager  
Parking & Ground Transport

Kingsford Smith Suite  
1 May 2012

## Historically Sydney Airport parking

- Was priced on a one-size-fits-all approach
- Did not adjust its pricing or products to reflect the changing passenger mix
- Was not fully cognisant of the highly competitive nature of the parking business

## The New Approach

- Enhance the car parking business at Sydney Airport by offering products, services and pricing that suit the needs of our customer groups
- We will achieve this by:
  - Increasing the range of products and services tightly linked to customer needs
  - Introducing differential pricing through yield management to lift utilisation
  - Strengthening our brand
  - Executing promotions targeted at our customers

# Focus Areas

## Current Environment

- Operating Environment
- Choice of Transport Options

## Performance Analysis

- Customer Choice
- Customer Research Findings
- Action Plan

## Growth Strategy

- Transformation Investment
- Online Offerings

## A New Narrative





# Current Operating Environment



# Competitive Environment / Transport Options

**Sydney Airport's location close to the CBD gives visitors a wide choice of alternative transport options**

- Taxis, limousines, shuttle buses or coaches
- Off airport car parks
- Free pick up and drop off facilities at the airport
- Public rail and public buses



**Access to public transport is artificially constrained due to**

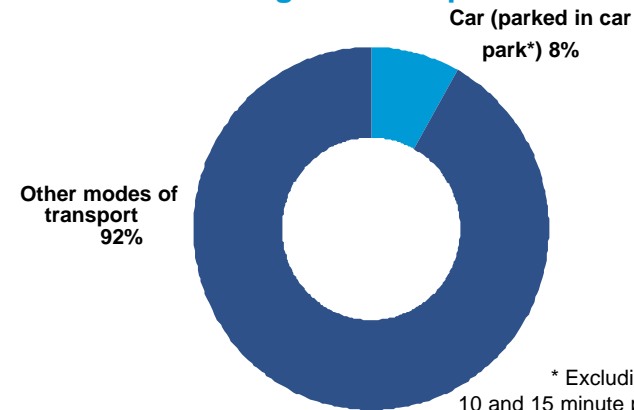
- The imposition of the Rail Access Fee on the train; and
- Only one public bus (400 operating from Burwood to Bondi)

**Sydney Airport parking currently has a modal market share of 8%**

**Sydney Airport continues to build infrastructure to support other transport modes**

- Investing over \$8m in the last 18 months has delivered
  - Expansion of the T1 Taxi Rank to 20 bays
  - Expansion of the T2 Taxi Rank to 15 bays
  - Expansion of T2 pre-booked taxi area from 6 to 20 bays
  - New undercover pedestrian walkway and entry lane to the Public Pick Up area
  - Expansion of the T1 limousine area to 62 bays and construction of awnings

**Passenger Mode Split**





## There are a number of factors affecting visitors' choice of transport

### Cost

- Primary consideration across different passenger groups (less so for business travellers)
- Is considered as a proportion of the total trip cost

### Convenience

- Traded off against cost, time and comfort (eg. trains often not considered by those on the northern beaches)

### Customer Experience

- A previous negative experience will often mean that a transport option will be excluded from future consideration
- A positive experience will mean it will continue to be used without serious consideration of alternatives until a negative experience disrupts this

### Awareness of Options

- Lack of awareness and understanding of transport options will exclude them from being considered (eg. knowledge of our various product and pricing options)

# Customer Research Findings

## A research study was commissioned to understand the preferences of visitors to Sydney Airport

- **60%** of non-car park users listed convenience, speed or cost as a reason that they chose not to drive and park
- **45%** of travellers would drive and park if it was a cheaper alternative to their chosen transport mode (excluding those for whom parking was not an option)
- **20% to 40%** of travellers have no idea how much parking costs at Sydney Airport
- Some respondents stated that they would have changed their modal choice if parking was the cheaper alternative. In fact, parking was the cheaper alternative for:
  - **28%** of these respondents in Terminal 1; and
  - **47%** of these respondents in Terminal 2

# Car Park Action Plan

Based on results of the research a simple four-step action plan has been developed

ACTION	OUTCOMES
<b>Increase Car Park Capacity</b>	<ol style="list-style-type: none"><li>1. Products that address under served segments</li><li>2. Visibility of spaces available</li></ol>
<b>Improve Customer Experience</b>	<ol style="list-style-type: none"><li>1. Replace entry/exit and pay stations</li><li>2. Provide valet customers with a superior service</li><li>3. Implement a customer-friendly online booking system</li><li>4. Introduce a Parking Guidance System</li></ol>
<b>Develop New Products</b>	<ol style="list-style-type: none"><li>1. Identify opportunities within under-served customer groups</li><li>2. Analyse capacity utilisation and create products to 'fill the troughs'</li></ol>
<b>Boost Marketing Efforts</b>	<ol style="list-style-type: none"><li>1. "Up-weight" Search Engine Marketing</li><li>2. Communicate to our customers through Electronic Direct Mail</li><li>3. Increase general awareness through traditional and digital media</li></ol>

# Car Park Transformation Investment

## Capacity Increases

- New \$47m Multi-Storey Car Park providing additional 2,300 spaces at the International terminal scheduled for completion in July 2012
- Addition of 1,000 spaces at the Long Term Car Park at a cost of \$5m completed in April 2012
- Addition of circa 900 spaces at the Domestic terminal currently under consideration

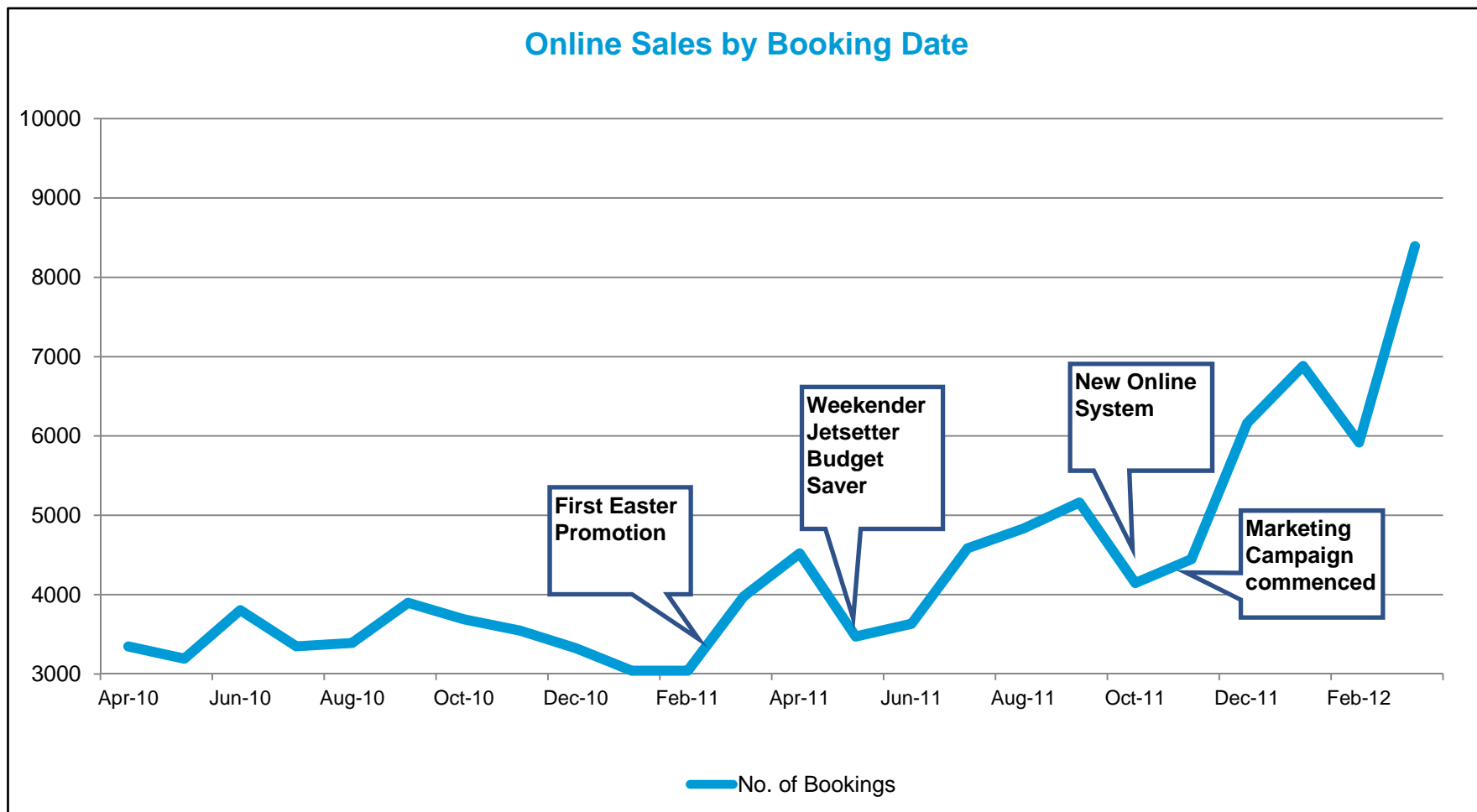


## Equipment Replacement

An investment of \$14.6m provides

- New customer friendly, easy to use online booking system
- Replacement of 41 entry and 31 exit gates and 18 payment machines
- Introduction of new valet system making drop-off and pick-up smooth and seamless
- Parking Guidance System already installed and commissioned

# Early Online Success



# Online Offers

International Terminal	Description	Standard Rates	Discount	Target Market
"No Worries"	\$20 for up to 3 hours parking	\$29 for 2-3 hrs	31%	Greeters & Farewellers
"Jetsetter"	\$22 per day. Minimum stay 1 week	\$248	38%	Long Stay



Domestic Terminal	Description	Standard Rates	Discount	Target Market
"Long Weekend"	\$69 for up to 4 days parking. Entry on Friday or Saturday and exit by midnight Monday	\$224 for four days	69%	Leisure
"Valet Long Weekend"	\$20 upgrade to Valet for Long Weekend Booking	\$225 for four days	60%	Leisure
"Advance Park"	\$53.20 per day if booking more than 7 days in advance	\$56 per day	5%	Business
"Valet Advance Park"	\$68.40 per day if booking more than 7 days in advance	\$72 per day	5%	Business

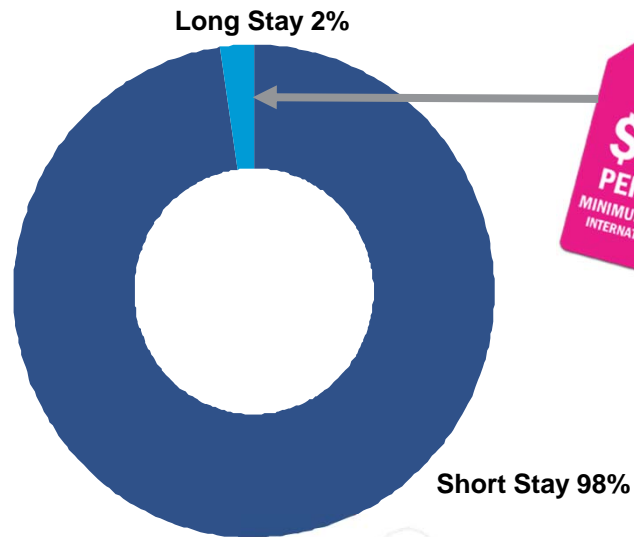


Long Term Car Park	Description	Standard Rates	Discount	Target Market
"Budget Saver"	\$95 for up to 15 days parking	\$242	60%	Budget Leisure



# Targeted Offerings

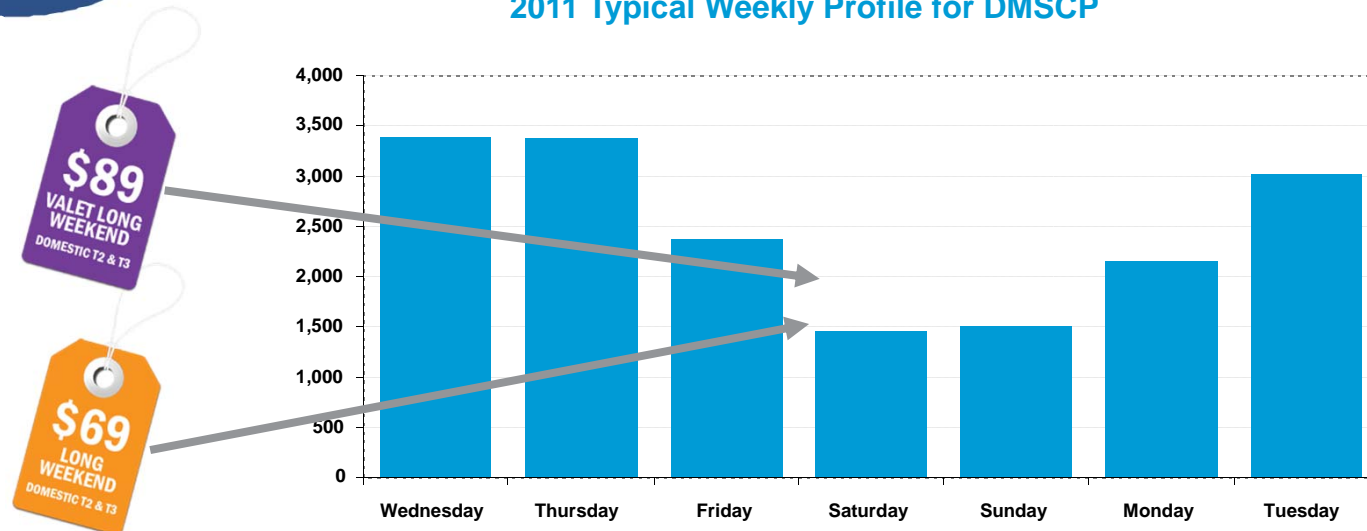
## 2011 T1 Short to Long Stay Volume Ratio



### Online Offers target

- Segments which are underserved such as International Long Stay; or
- Off peak periods such as the weekend at Domestic Terminal

## 2011 Typical Weekly Profile for DMSCP



# Expected Outcomes of Action and Investment Plan

## Changing perception, compelling new offers and a new narrative for Sydney Airport parking

- 1. Customers can make significant savings by booking online**
- 2. Establishing a one-on-one relationship with our customers**
- 3. Enhance our brand and reputation through relevant offers**
- 4. Provide pricing options targeted to under penetrated segments**
- 5. Make it easier and less stressful to find a space**





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# Sydney Airport Institutional Investor Day

## Growing Distributions

Tim Finlayson  
Chief Financial Officer

Kingsford Smith Suite  
1 May 2012

## Tim Finlayson – Chief Financial Officer

- ASX-Listed Sydney Airport
- Southern Cross Airports Corporation Holdings Limited Group
- Main areas of responsibility include financial control, treasury, tax, investment and capital management, commercial management, customer intelligence, investor relations, accounts receivable and procurement and IT

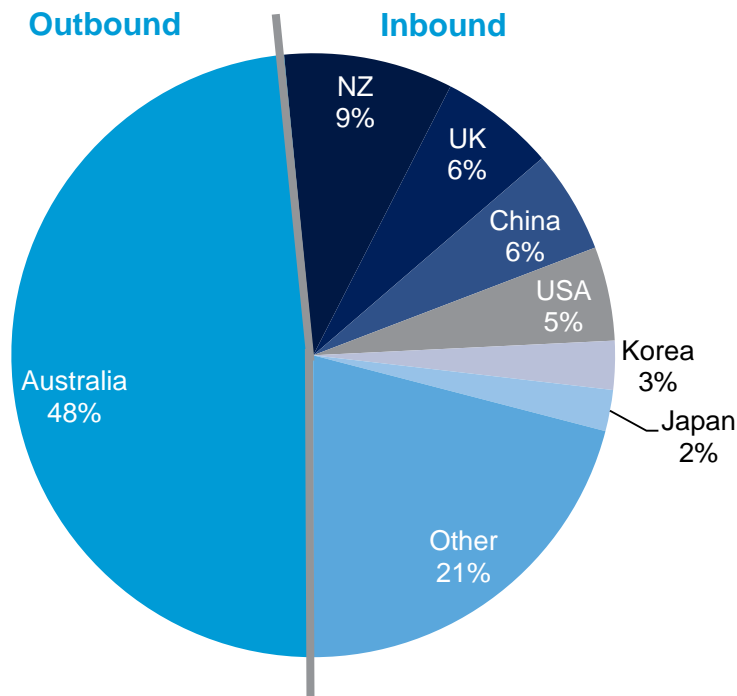
## Areas to Cover

- Performance drivers
- Capital expenditure
- Cashflow and distributions
- Debt management

# Performance Drivers Traffic and Revenues

## Traffic<sup>1</sup>

Strong Australian outbound and Asian Inbound growth continues

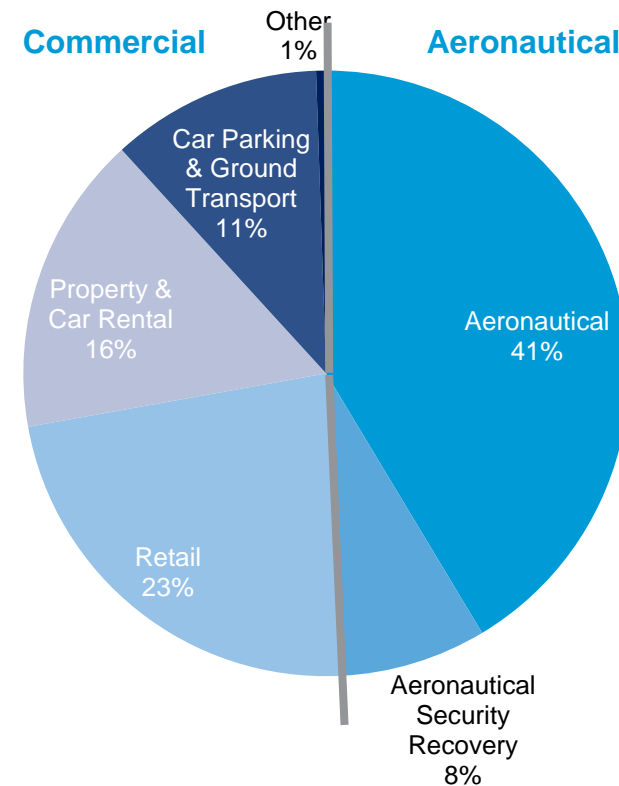


Source: DIMIA

<sup>1</sup> International nationality split based on CY2011 breakdown

## Revenues<sup>2</sup>

Good diversification of income sources with a balanced aeronautical / commercial mix



Source: Sydney Airport

<sup>2</sup> Revenue split based on CY2011 breakdown

# Performance Drivers

Strong revenue link with passengers, investment and inflation

## Passengers

Aeronautical Revenues  
Retail Revenues<sup>1</sup>  
Car Parking Revenues

## Investment

Aeronautical Revenues  
Retail Revenues  
Car Parking Revenues  
Property Revenues

## Inflation

Aeronautical Revenues<sup>2</sup>  
Retail Revenues  
Car Parking Revenues  
Property Revenues

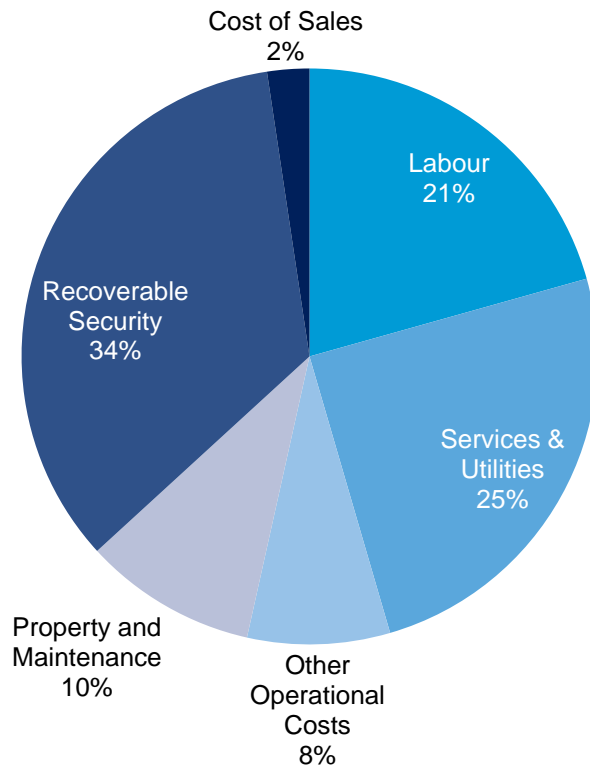
<sup>1</sup> If not in MGR

<sup>2</sup> Indirectly

# Performance Drivers Opex and Business Model

## Opex<sup>1</sup>

Significant portion of tightly controlled cost base is recoverable and highly predictable

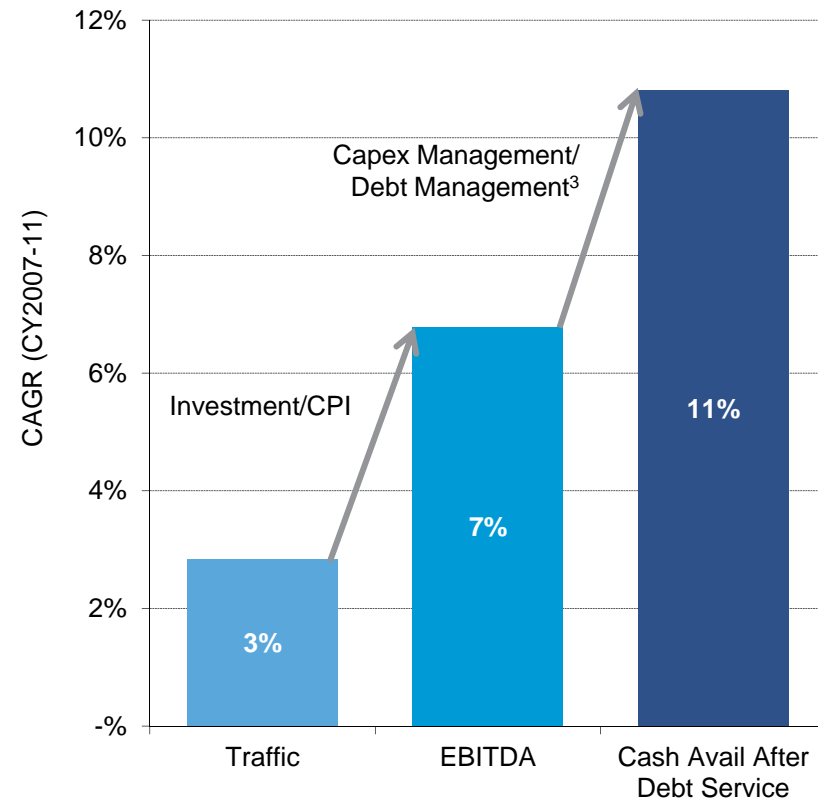


Source: Sydney Airport

<sup>1</sup> Opex split based on CY2011 breakdown

## Business Model<sup>2</sup>

Proven operational and capital management discipline drives outperformance



Source: Sydney Airport

<sup>2</sup> Cash Available After Debt Service calculated in SCACH Financial Accounts

<sup>3</sup> Includes the benefit of degearing in 2008/09

# Capital Expenditure Aeronautical

All aeronautical capex is recoverable

Aeronautical capex breakdown		
	Growth	Maintenance
Basis	Capacity enhancement, upgrades and necessary investment (e.g. government-mandated security projects)	Replacing like-for-like, repairs
Return	Semi-annual price increases	Included in asset base
Funding	Debt	Cashflow

# Capital Expenditure Commercial

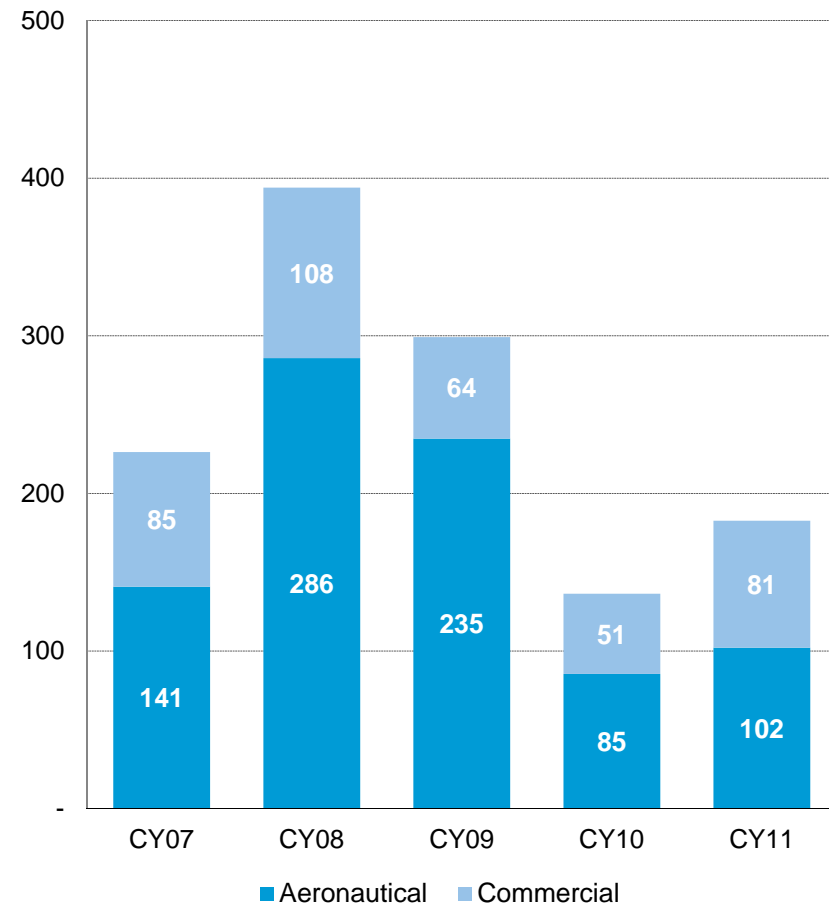
## Commercial capex generates incremental return

**Strict board-approved investment evaluation framework in place to assist in allocating capital to its highest and best use, incorporating:**

- Benchmarking to internal and market hurdles
- Investment decisions tailored to asset class
- Clear visibility of both risk and return
- Post implementation project review

**Commercial projects provide opportunities to drive EBITDA growth and provide appropriate return on investment**

## Capex Breakdown



# Cashflow and Distributions Policy

100% cash coverage net operating receipts



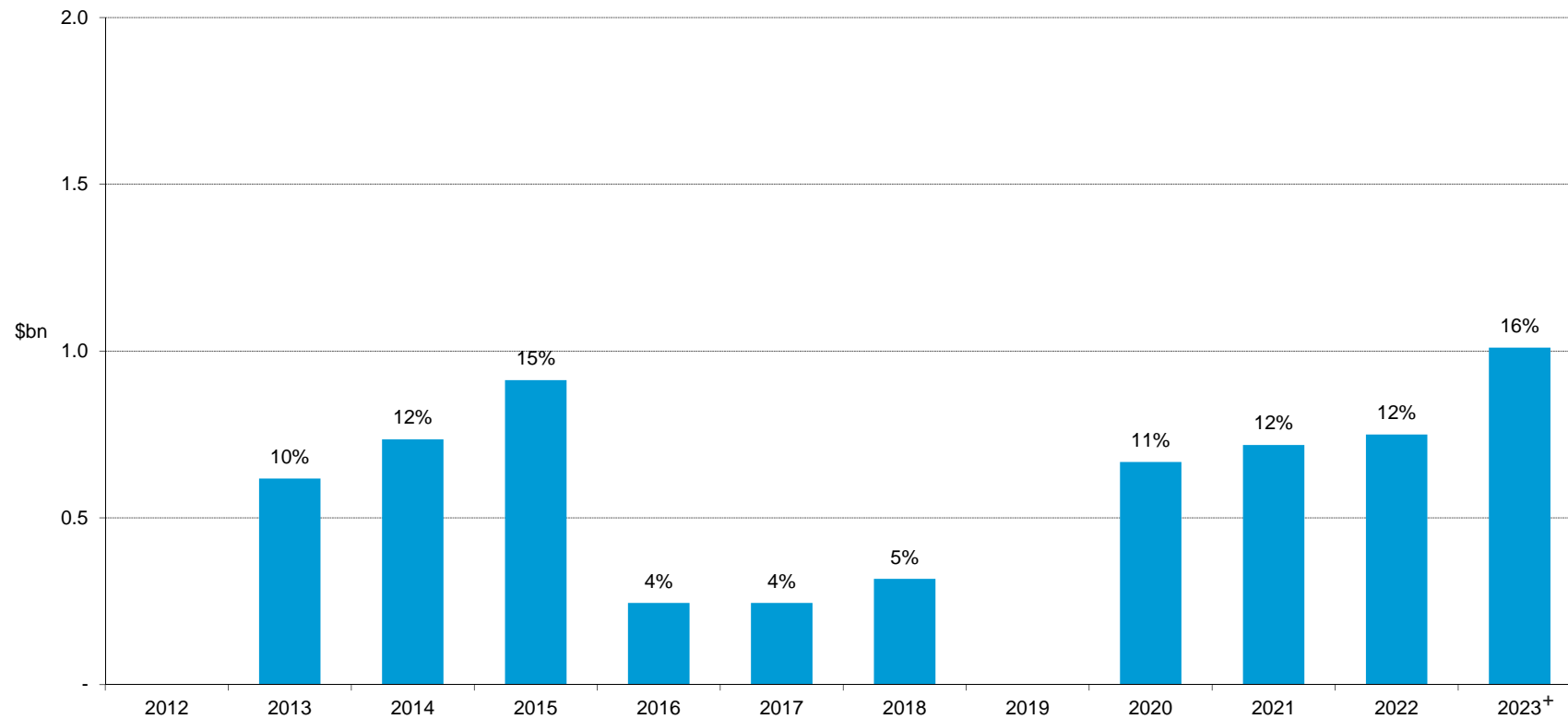
<sup>1</sup> Subject to meeting certain tests under debt documentation



# Debt Management Maturity Profile

Well diversified maturity profile

## SCACH Group Debt Maturity Profile<sup>1</sup>



Source: Sydney Airport (as at 31 March 2012)

<sup>1</sup> Funding already secured to refinance 2012 bonds (\$278m) assumed drawn

# Debt Management Strategy

## Robust Capital Management strategy in place

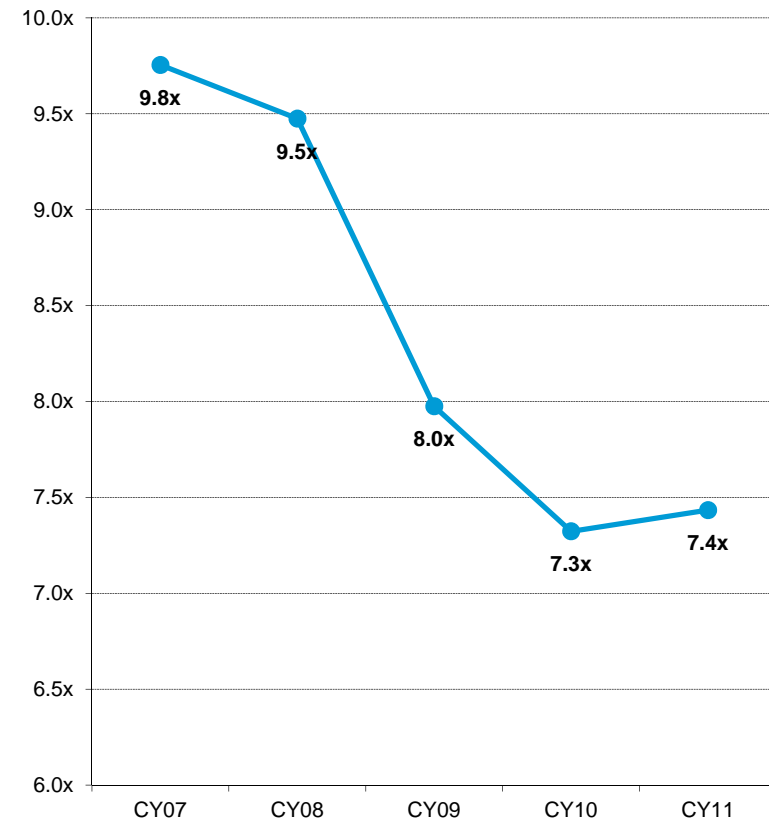
**\$650m SKIES redeemed (January 2012) and capital expenditure funded into 2014**

### Sydney Airport intends to:

- Monitor bank and capital markets to refinance debt at appropriate time and raise capex funding
- Diversify into new markets (where appropriate) and extend the investor base
- Spread maturities and reduce the refinancing ask at any one time
- Maintain adequate levels of hedging to manage interest rate and currency risks
- Maintain adequate cash reserves to manage operational and refinance risks

**Annual interest costs over the short term can be forecast within a reasonably tight range**

## Net Debt: EBITDA<sup>1,2</sup>



Source: Sydney Airport

<sup>1</sup> Ratio calculated as (Gross Debt - Cash) / EBITDA

<sup>2</sup> Ratios from 2009 lower primarily due to deleveraging



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## Retail Tour

Andrew Gardiner  
General Manager Retail

Kingsford Smith Suite  
1 May 2012

# Sydney Airport Retail

## Total retail space of 25,445m<sup>2</sup> incorporating 197 retail stores

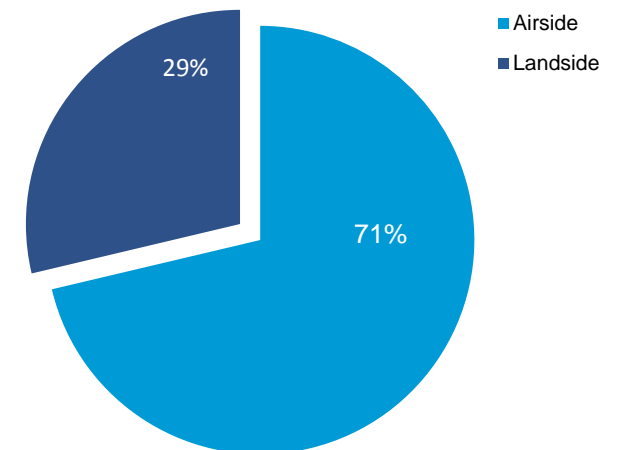
- Main areas of business
  - Duty Free – six T1 stores
  - Foreign Exchange - over 21 outlets and 80 ATMs (local and foreign currency)
  - Food and Beverage - 61 outlets
  - Specialty / News and Gifts make up the balance
  - 100+ Vending Machines
- As a shopping centre, Sydney Airport would rank in the top 10 of the best performing centres in Australia (incl DF)
- Duty Free is the largest income generator in retail
- Duty Free comprises all the relevant and sought-after travel retail categories such as liquor, tobacco, perfume and cosmetics as well as specialist categories such as wine, watches and electronics including an Apple shop.
- Partnerships with leading international travel retail operators:
  - LSS, WH Smith, DFS Galleria, Nuance, ARE, Spotless



# Retail Space



**T1 Retail space allocation**



- T1 has the majority of its retail offering airside as passengers spend the majority of their time post-Customs
- T2 retail offer is available to all passengers and their companions as they can pass through security
- Both terminals have strong demand for space from local and international brands

**Sydney Airport Customer Charter is our commitment to providing the highest standards of customer service possible**

## **Customer Charter**

We will work to ensure customers get value at Sydney Airport by focussing on the following:

- Range and Choice
- Enhance customer convenience
- Quality
- Value for Money
- Competition
- Service
- Feedback

## **Customer Service Committee = Customer First**

- Deliver Best Service – Facilities
- KPIs

# Expanded Choice and Value

## Use Every square metre

- Identify vacant space and agree best usage/mix
- Engage retailers
- Experiential retail
- Pop up retailers

## Value

- Duty Free pricing
- Currency exchange
- Travel essentials – water, coffee

## Sydney Airport Academy

- Firing up the front line
- Induction
- Ongoing staff development
- Monthly Retailer Newsletter
- Quarterly Retailer Committee Meeting







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# Sydney Airport Institutional Investor Day

## Development and Construction Tour

Peter Wych  
General Manager  
Development & Construction

Kingsford Smith Suite  
1 May 2012



# Development and Construction Portfolio Overview

## Property & Car Rental Overview

- Property leasing and management
- Car rental concessions
- Utilities business management (power, water, sewerage, etc)
- Facilities maintenance

## Project Delivery

- Terminals
- Airfield
- Hangars and maintenance facilities
- Commercial



# Property and Car Rental Overview

**T1 building - over 5 levels with an area of circa 280,000m<sup>2</sup>**

**T2 building - over 4 levels with an area of circa 65,000m<sup>2</sup>**

- Over 300 other commercial buildings and facilities on the airport
  - Nearly 600 sites
  - Over 300 leases, licences and agreements
  - Circa 160 tenants
  - Covering a net lettable area of over 950,000m<sup>2</sup>
- Current occupancy rate of 98.3%
- Property and Car Rental revenues of circa \$156 million per annum



# Project Delivery Terminals T1 and T2

## T2 terminal expansion and upgrades

- Pier A works for Virgin and Tiger
- Pier B works for Jetstar, Qantas Link, Tiger and Rex

## Baggage handling system upgrades

- Baggage handling system (A and B and power redundancy) upgrades

## T1 terminal expansion and upgrades

- Pier C Departures gate and pax facility improvements
- Arrivals Hall landside lighting upgrade
- Security upgrades for transit and main screening areas
- Check in Counter facilities (J and K) upgrades

## T1 Precinct

- Water treatment plant
- Taxi pick up area; Limo pick up area
- Rental car desks and parking facilities



# Project Delivery – Airfield Runways, Taxiways and Aprons

- Runway resheeting
- International apron parking development
- Domestic apron parking development
- Stop bars project
- Taxiway lights re-spacing project
- Fixed electrical ground power and pre conditioned air projects





# Project Delivery Hangars and Maintenance Facilities

- Qantas
  - Jet Base facilities
  - A380 Hangar 96 facility
  - Jetstar facilities
  - Qantas Link facilities
- Virgin Australia hangar development proposal
- Rex hangar facility
- Corporate aviation facilities (Execujet, Hawker, Westfield)



# Project Delivery Non- Aeronautical

## Car Parking

- New Long Term Car Park expansion project – circa 1,400 extra spaces delivered Easter 2012 (400 already delivered)
- New T1 multi-storey car park development – circa 2,300 additional spaces, due July 2012
- Proposed DMSCP expansion – circa 900 parking spaces, due end 2013

## Property

- Commercial office space
- CTB 9,000m<sup>2</sup> NLA office development and fit out, 5 Star green rating – completed end 2011 and over 83% occupied
- T1 level 3 office refurbishment and leasing program
- Hotel development (via site lease) – 4 star, 320 rooms
- Aviation support developments – Alpha (halal) catering facility

**Thank you**  
for your attention