



ASX Release

20 August 2021

## Sydney Airport 2021 Half Year Results and July 2021 Traffic Performance

### Highlights

- Sydney Airport welcomed 6.0 million passengers for the half year, a decline of 36.4% on the prior corresponding period (pcp)
- International passengers declined by 91.0% on the pcp, domestic passengers declined by 3.1% on the pcp
- Loss after income tax expense of \$97.4 million for the half year
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$210.8 million, down 29.8% on the pcp
- Net operating receipts (NOR) of \$1.8 million, down 98.0% on the pcp
- Tight cost control resulted in operating expenses<sup>1</sup> of \$74.2 million, down 7.8% on pcp
- First half disciplined capital investment of \$65.2 million focused on critical projects
- Strong balance sheet with \$2.9 billion of liquidity as at 30 June 2021
- 12 new global luxury brands to reposition the international luxury retail precinct
- Over 100 hectares of land under active planning for development pipeline

Sydney Airport Chief Executive Officer, Geoff Culbert said, “It was a challenging six months, but we were encouraged to see passenger traffic rebound strongly every time borders were open. From January to April, we recovered to 65% of our pre-COVID domestic passengers and in just over two months between late April and June, trans-Tasman traffic recovered to more than 40% of pre-COVID levels.

“We’re optimistic that this trend will repeat itself as the vaccine program gains momentum and we see a sustained easing of restrictions.”

### Financial results

Sydney Airport delivered revenue of \$341.6 million, a decrease of 33.2% compared to the pcp:

- **Aeronautical revenue:** half year revenue of \$110.8<sup>2</sup> million, down 27.0% on an adjusted basis to the pcp, reflective of passenger volumes down 36.4% on the pcp
- **Retail revenue:** half year revenue of \$87.4 million, or \$27.5 million when adjusted for rental abatements and doubtful debts, down 73.4% on an adjusted basis to the pcp
- **Property and car rental revenue:** half year revenue of \$84.6 million, or \$83.5 million when adjusted for rental abatements and doubtful debts, up 1.1% on an adjusted basis to the pcp

<sup>1</sup> Excluding the impact of expected credit loss expense and security recoverable expenditure

<sup>2</sup> Excluding security recoverable revenue

**Sydney Airport**

- **Car parking and ground transport revenue:** half year revenue of \$28.7 million, or \$27.8 million when adjusted for rental abatements and doubtful debts, down 27.0% on an adjusted basis to the pcp

COVID-19 impacts to the interim financial results include the following:

- **Abatements and expected credit loss:** temporary relief in the form of rental abatements of \$77.0 million. In addition, a \$24.5 million doubtful debt provision was recognised as at 30 June 2021
- **Government assistance:** \$2.6 million in JobKeeper for employees, recognised up until March 2021 as an offset to employee benefits expense

### **Positioned to manage through a range of recovery scenarios**

The comprehensive measures taken in 2020 to protect people and protect the business are ongoing and continue to deliver resilience through 2021, strongly positioning Sydney Airport to manage through a range of potential recovery scenarios:

- **A strong liquidity position:** Sydney Airport had available liquidity as at 30 June 2021 of \$2.9 billion, comprising \$0.5 billion in available cash and \$2.4 billion of undrawn bank debt facilities
- **Tightly controlled costs:** Operating expenditure for the half year was \$74.2 million, a decrease of 7.8% on the pcp. This reflects continued discipline across every aspect of the controllable cost base and the ongoing benefits of a wide range of cost saving initiatives implemented in 2020
- **Re-prioritisation of capital expenditure:** A scaled back capital program continued into the first half of 2021, with capital expenditure of \$65.2 million. Despite lower investment, Sydney Airport continues to invest in critical projects targeting asset resilience, safety and security, and a limited number of opportunistic projects

### **Balance sheet**

Sydney Airport took a range of proactive steps in 2020 to strengthen its liquidity position, with these actions continuing to provide resilience into 2021. Sydney Airport continues to expect to remain compliant with its covenant requirements. Sydney Airport's credit rating remains BBB+/Baa1 by S&P/Moody's respectively, each with a negative outlook.

### **Airline agreements**

With the continued uncertainty in traffic recovery, Sydney Airport has again negotiated short-term agreements with airlines, on broadly consistent commercial terms, including:

- An agreement to extend the current aeronautical arrangements for Jetstar domestic and Qantas Group domestic runway and international operations until 30 June 2022
- International airline agreements extended by twelve months to 30 June 2022
- Discussions with Virgin Australia Group in relation to an extension of its current domestic aeronautical arrangements remain ongoing

### **12 new Global Luxury brands to reposition international luxury precinct**

Sydney Airport announced today the reinvigoration of the luxury retail precinct, with the Airport due to welcome 12 new global luxury brands for the first time in the second half of 2022 including Louis Vuitton, Saint Laurent, Dior, Moncler, Loewe, Celine, Bottega Veneta, Prada, Balenciaga, Gentle Monster, and another two brands in final negotiations.

The new Louis Vuitton store will anchor the reinvigorated luxury retail precinct as the largest stand-alone luxury store in the International Terminal, and will be the brand's first travel retail store in the Southern Hemisphere

Sydney Airport CEO Geoff Culbert said: "We are excited to welcome 12 new luxury brands in 2022, all on long-term deals. The commitment of these brands demonstrates faith in the future of international travel and confidence that Sydney Airport will remain at the heart of Australia's international aviation network."

## **Sustainability**

Sydney Airport remains committed to sustainability leadership. This was recognised during the half year when Sydney Airport reached the ESG targets embedded in both Sustainability Linked facilities and as a result triggered improved pricing on these arrangements, realising cost of capital benefits through our continuous improvement in sustainability.

In May 2021, Sydney Airport announced our commitment to reach Net Zero emissions by 2030. We look forward to delivering on the challenge to drive down our Scope 1 and 2 emissions, as well as contributing to meaningful improvement in Scope 3 over time.

## **July 2021 Traffic Performance**

Passenger traffic in July 2021 was impacted by the extension of NSW stay-at-home orders and the subsequent suspension of trans-Tasman travel. This is shown in the July 2021 traffic performance at Appendix A. Traffic performance will continue to be challenging while these restrictions remain in place.

## **Outlook**

The trajectory of the recovery prior to the latest restrictions, in addition to the resilience enabled through all the steps taken over the past 18 months to protect the business, provides Sydney Airport confidence through the crisis and strongly positions the Airport to navigate the recovery.

Given the uncertainty that remains with respect to the recovery in 2021, no distribution guidance will be provided at this point in time. The Boards will update the market on the outlook for future distributions as more clarity emerges around the timing and strength of recovery from the COVID-19 pandemic.

Sydney Airport Chief Executive Officer, Geoff Culbert said, "The pathway to the recovery is clear. Governments at all levels are highly motivated to roll out the vaccine, which has now been tied to the lifting of restrictions. As border restrictions are eased, international and domestic travel will be back, and Sydney Airport will be ready to go."

**Authorised for release by the SAL and TTCSAL Boards**

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### **Contacts for further information**

#### **Rob Catterall**

Head of Investor Relations

T +61 2 9667 6418

M +61 412 111 016

E [rob.catterall@syd.com.au](mailto:rob.catterall@syd.com.au)

#### **Josh Clements**

Head of Media and Communications

T +61 2 9667 9590

M +61 437 033 479

E [josh.clements@syd.com.au](mailto:josh.clements@syd.com.au)

**Sydney Airport**

## Sydney Airport Traffic Performance July 2021

PAX <sup>3</sup> ( <sup>000s</sup> )	Monthly Performance					Year-to-Date Performance				
	Jul-21	Jul-20	Growth vs. pcp	Jul-19	Growth vs. 2019	YTD-21	YTD-20	YTD-21 vs. pcp	YTD-19	YTD-21 vs. 2019
Domestic	69	276	-75.1%	2,388	-97.1%	5,722	6,109	-6.3%	15,688	-63.5%
International <sup>4</sup>	33	42	-20.9%	1,459	-97.7%	351	3,592	-90.2%	9,763	-96.4%
Total	102	317	-67.9%	3,846	-97.4%	6,073	9,702	-37.4%	25,451	-76.1%

Total passenger traffic in July 2021 was 102,000 passengers, down 67.9% on the corresponding period (pcp).

Domestic passenger traffic totalled 69,000 in July 2021, down 75.1% on the pcp.

33,000 international passengers passed through Sydney Airport in July 2021, down 20.9% on the pcp.

International and domestic passenger numbers were impacted by the extension of the stay-at-home orders issued by the NSW government on 25 June 2021. These restrictions have resulted in continued border closures to NSW, limiting interstate travel and suspending trans-Tasman travel.

Top 10 Nationalities travelling through Sydney Airport <sup>5</sup>							
Rank	Nationality	Growth (%)		Rank	Nationality	Growth (%)	
		Jul-21	YTD-21			Jul-21	YTD-21
1	Australia	15.3%	-90.6%	6	India	-54.1%	-91.1%
2	China (Including Hong Kong)	-39.3%	-89.7%	7	South Korea	-55.0%	-95.8%
3	New Zealand	30.8%	-65.2%	8	Japan	-49.7%	-95.6%
4	United States of America	11.2%	-95.7%	9	Canada	-32.0%	-95.9%
5	United Kingdom	-37.6%	-96.0%	10	France	-63.7%	-95.9%

<sup>3</sup> Due to data availability, all international passenger numbers (including prior corresponding period comparisons) are based on Confirmed Airline Passenger (CAP) data. As per previous information releases, these figures may contain estimates with any adjustments to preliminary statistics included in the year-to-date results in future months

<sup>4</sup> Includes Domestic-on-Carriage

<sup>5</sup> All data is for arriving and departing international passengers. All data is taken from management accounts, is provisional and subject to revision. All data has been rounded to the nearest thousand and in some instances the total may not be equal to the sum of the parts. Percentage changes have been calculated based on actual figures

### Last 12 Months' Traffic Data

PAX ('000s)	2020-Aug	2020-Sept	2020-Oct	2020-Nov	2020-Dec	2021-Jan	2021-Feb	2021-Mar	2021-Apr	2021-May	2021-Jun	2021-Jul	12 months to		
													Jul-21	Jul-20	Growth %
<b>Dom</b>	91	98	187	307	659	196	596	1,120	1,489	1,347	906	69	7,063	17,958	-60.7%
<b>Int</b>	41	35	38	43	44	33	27	33	53	88	83	33	552	10,727	-94.9%
<b>Total</b>	131	133	225	350	703	230	623	1,153	1,542	1,435	989	102	7,615	28,686	-73.5%