

Welcome to
Sydney's Airport

Full Year Results 2019

Full Year Results 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 21 January 2020 foreign ownership was 30.9%.

Authorised for ASX release by the SAL and TTCSAL Boards.

Thank you Australia

Sydney Airport thanks the firefighters, the volunteers and the communities that have been tirelessly managing the bushfires over last few months

We are saddened by the lives lost and the destruction to homes, businesses, habitats and national parks across Australia and will do what we can to support communities impacted by the fires.

We are offering support to Sydney Airport staff affected and have been humbled by the donations collected by our staff on behalf of the Red Cross and WIRES from people visiting the airport.



Highlights

Solid performance delivered in 2019

Total passengers

44.4m

↑0.1% from 2018

+1.1%

International
passengers

-0.5%

Domestic
passengers

Revenue

\$1,639.7m

↑3.5% from 2018

Net operating receipts

\$905.7m

↑5.2% from 2018

Operating expenses^{1,2}

\$205.1m

↓1.6% from 2018

EBITDA²

\$1,336.3m

↑4.0% from 2018

Full year distribution

39.0¢

↑4.0% from 2018

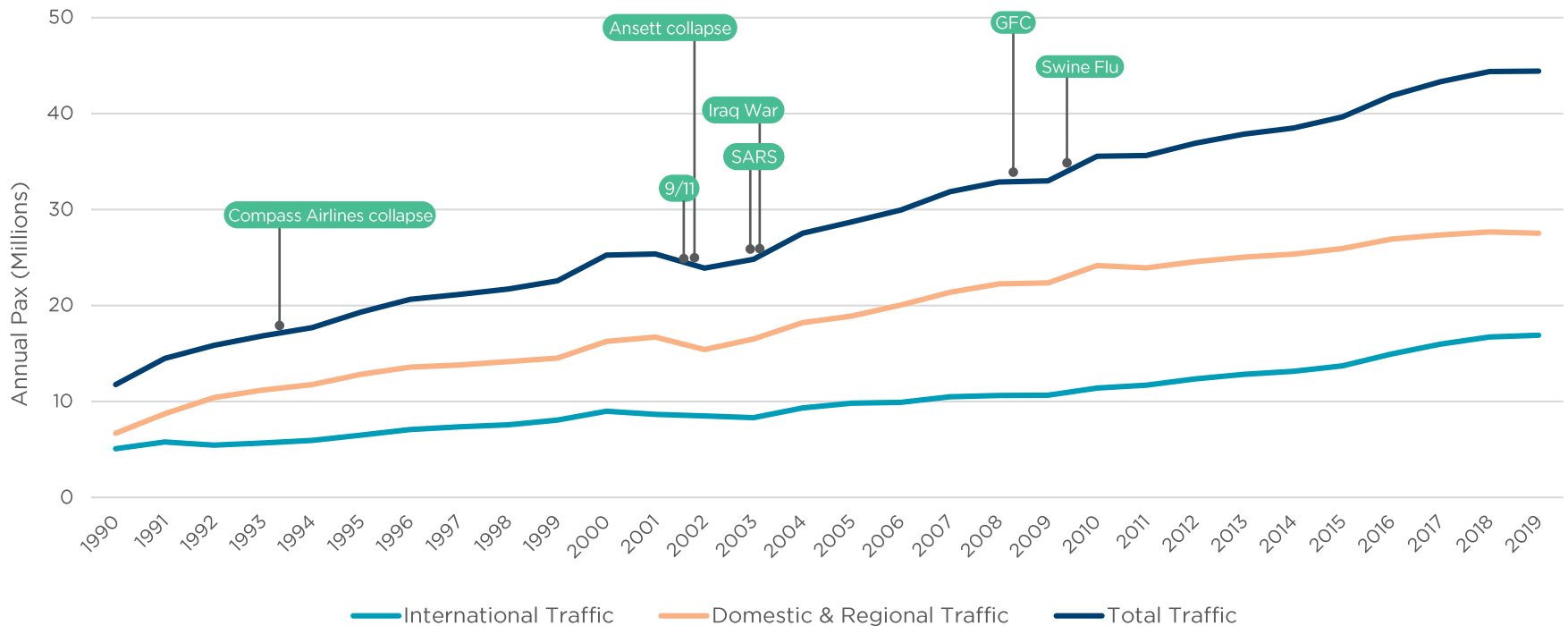
1. Excluding security recoverable expenses.

2. Excludes other expenses and specific expenses relating to restructuring and redundancy.

Long term traffic growth

A history of resilience and solid growth over two decades, through significant global events

Passenger Traffic

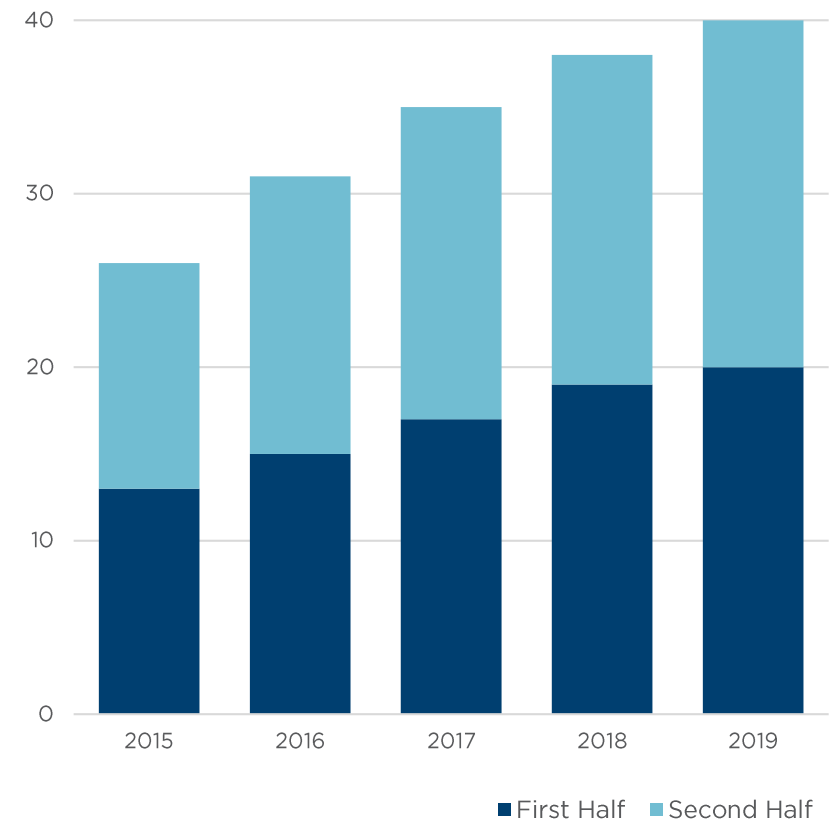


Distribution

2019 distribution of 39.0 cents per stapled security

- Final distribution of 19.5 cents was paid on 14 February 2020
- 2019 distribution 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
- Due to the significant uncertainty surrounding coronavirus and the bushfires we will provide distribution guidance as soon as we have more clarity

Distributions



2019 financial results

Chief Financial Officer
Greg Botham

Statutory income statement

Revenue growth and disciplined cost management driving statutory income growth

\$ Millions	2019	2018
Total revenue and other income	1,639.7	1,584.9
Total operating expenses	(303.4)	(299.9)
Total other expenses ^{1,2}	(190.8)	(2.4)
EBITDA	1,145.5	1,282.6
EBITDA excluding other expenses	1,336.3	1,285.0
Depreciation and amortisation	(438.0)	(415.6)
Profit before net finance costs and income tax (EBIT)	707.5	867.0
Net finance costs	(420.9)	(433.5)
Profit before income tax expense	286.6	433.5
Income tax expense	(71.6)	(62.5)
Profit after income tax expense	215.0	371.0
Add Back: Loss attributable to non-controlling interests ³	188.9	1.5
Net profit attributable to security holders	403.9	372.5

1. The prior year Restructuring and redundancy expense of \$2.4 million was reclassified from Employee benefits expense to conform with the current period's presentation.

2. See Note 14 in Sydney Airport Financial Report for the Full Year Ended 31 December 2019 relating to the status of historical tax disputes.

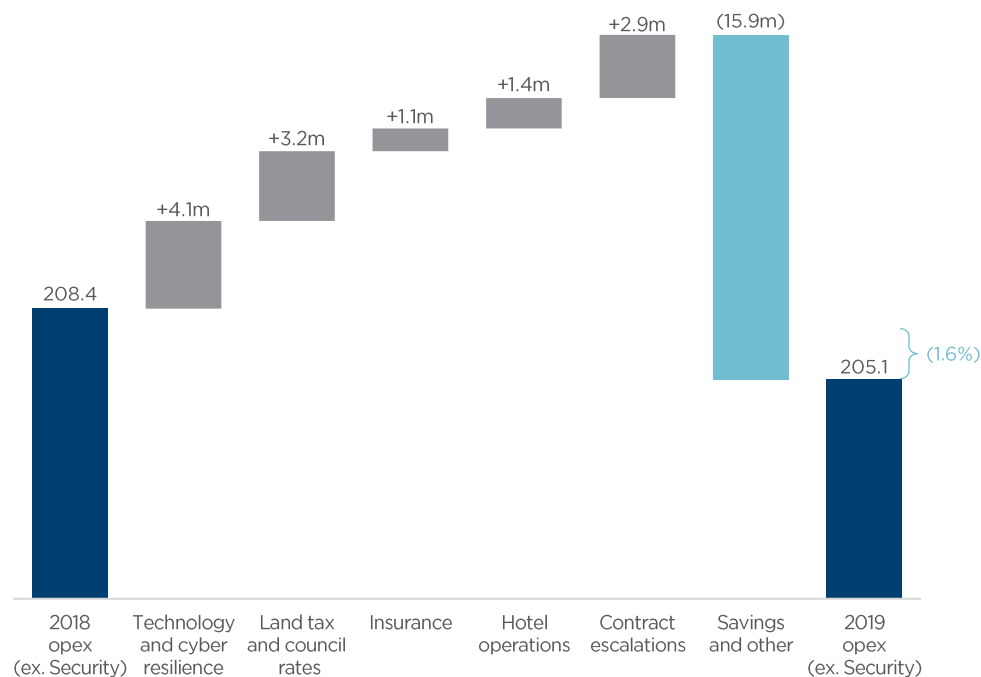
3. Represents SAT1 operating loss for the full year period. SAL is the head entity for the Consolidated Group for reporting purposes. Non-controlling interests represents SAT1 accounting results.

Disciplined operating cost control

Whole of business cost discipline delivered a 2% reduction in operating expenses¹ year on year

- 2019 operating expenses¹ fell by \$3.3m or 1.6% versus 2018
- Savings initiatives including a simplified organisation, energy procurement and a range of contract negotiations and efficiencies
- Organisational restructure undertaken in June 2019 delivered ongoing benefits from 2H19 onwards
- Continue to prudently reinvest in high priority areas including: enhanced customer experience, cyber, aviation business development, technology, training and development

2019 operating expenses¹



1. Excluding security recoverable costs.

Profit to net operating receipts reconciliation

\$ Millions	2019	2018
Profit before income tax expense ¹	286.6	433.5
Add back: Depreciation and amortisation ¹	438.0	415.6
Profit before tax, depreciation and amortisation	724.6	849.1
Add/(subtract) non-cash expenses		
- Capital indexed bonds capitalised ²	17.8	22.6
- Amortisation of debt establishment costs ²	4.2	13.4
- Borrowing costs capitalised ²	(9.7)	(10.6)
- Change in fair value of swaps ²	0.1	5.0
Total non-cash expenses	12.4	30.4
Add/Subtract other cash movements		
- Movement in cash balance with restricted use ³	(0.8)	(0.6)
- Other	(18.1)	(18.0)
Total other cash movements	(18.9)	(18.6)
Add back: Indemnity and MALSA expenses ⁴ (non-operating)	187.6	—
Net operating receipts	905.7	860.9
Average stapled securities on issue (m) ⁵	2,257.4	2,253.8
Net operating receipts per stapled security (cents)	40.1	38.2
Distribution declared per stapled security (cents)	39.0	37.5

1. Taken from the Consolidated Statements of Comprehensive Income in the Sydney Airport Financial Report for the Full Year Ended 31 December 2019.

2. See Note 6 in Sydney Airport Financial Report for the Full Year Ended 31 December 2019.

3. See Note 3 in Sydney Airport Financial Report for the Full Year Ended 31 December 2019.

4. Indemnities relate to historical asset divestments and are non-operating in nature. See Note 14 in Sydney Airport Financial Report for Full Year Ended 2019.

5. Taken from Note 8 in Sydney Airport Financial Report for Full Year Ended 2019.

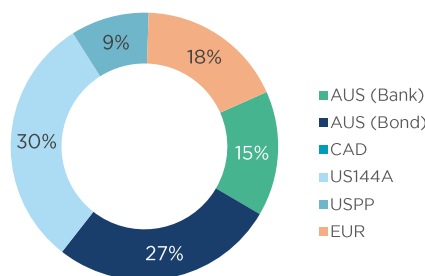
Strong balance sheet

Strong interest coverage and strong balance sheet

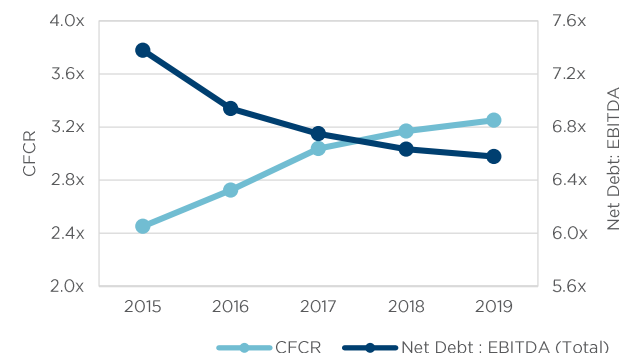
31 December 2019 Metrics

Net debt ¹	\$8.6bn
CFCR ²	3.3x
Net debt: EBITDA ²	6.6x
Credit rating	BBB+ (stable) / Baa1 (stable)
Next drawn maturity	Nov-2020
Average maturity	Mid-2025
Average cash interest rate ⁵	4.60%
Spot interest rate hedge position	90% (incl. bank debt)

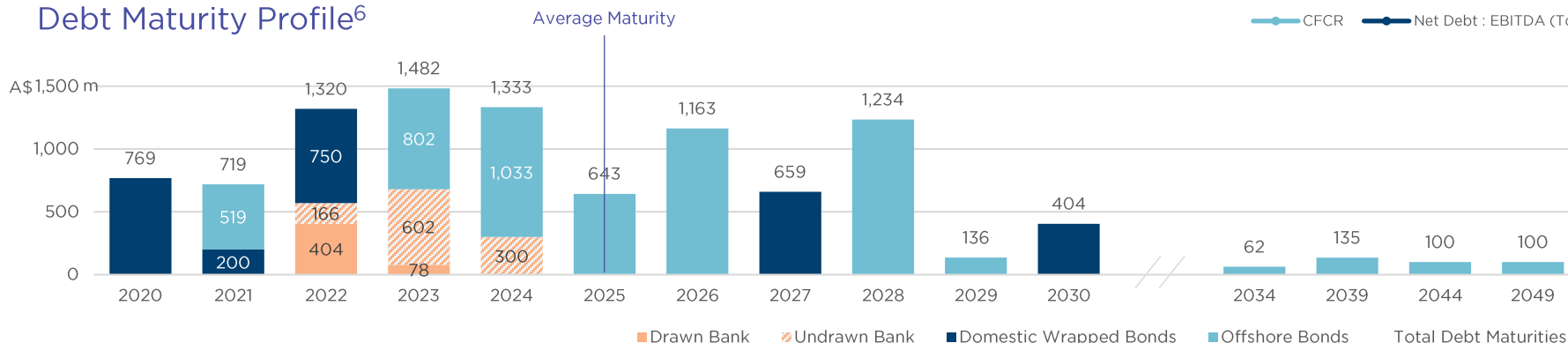
Funding Diversification



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



Debt Maturity Profile⁶



1. Includes SAL bilateral debt facility and SAL/SAT1 cash and leases liabilities due to the application of AASB16.

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 \$150 million SAL working capital facility of which \$78 million was drawn as at 31 December 2019.

Bond issuance

Ground-breaking US private placement (USPP) bond issued in February 2020

Proactive strengthening of our balance sheet with continued innovation and commitment to sustainability leadership:

- Competitive fixed pricing locked in over 15 to 30 years
- Debt maturity profile spread and lengthened with new maturities spanning 2025 to 2050 and total portfolio average maturity extended to 10 months to mid-2026
- Third issuance into the USPP market
- Current exposure 100% hedged over the life of the bond
- Four-month free delayed settlement with funding in June 2020
- First sustainability-linked bond in the USPP bond market
- First sustainability-linked bond with two-way pricing across bond markets globally

-AUD600m multi-tranche multi-currency USPP bond:

15-year EUR50m (AUD81m)

maturing June 2035

15-year USD50m (AUD77m)

maturing June 2035

20-year AUD220m

maturing June 2040

20-year AUD100m

maturing June 2040 (sustainability-linked¹)

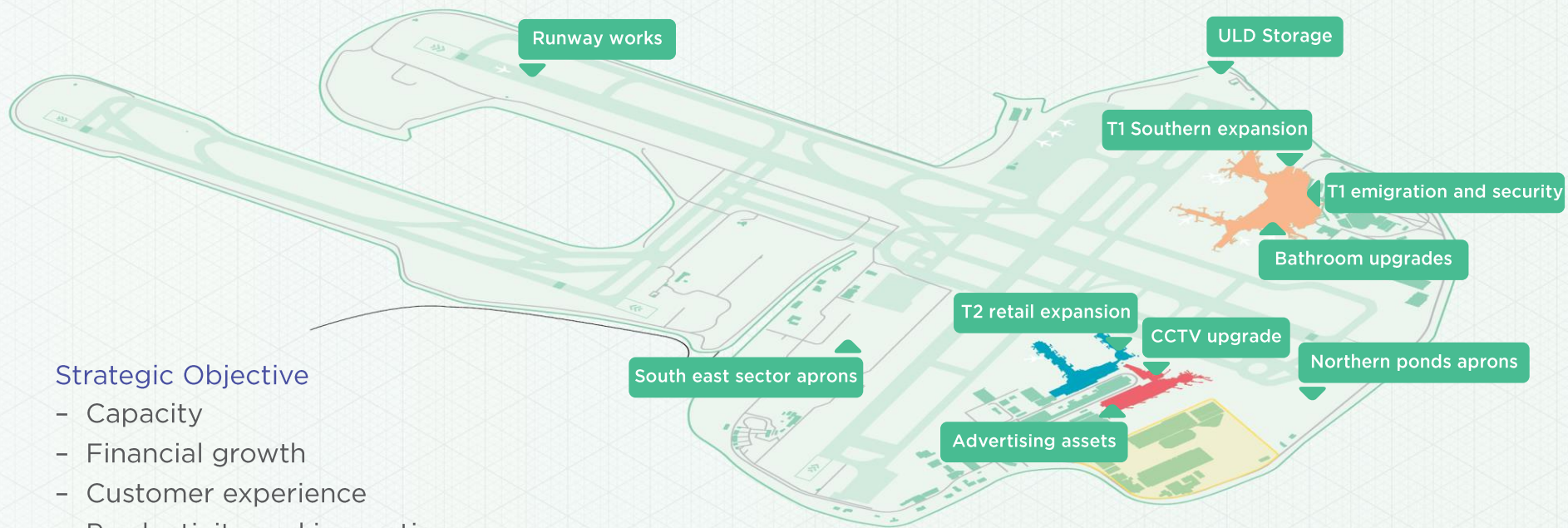
30-year AUD120m

maturing June 2050

1. Coupon will decrease or increase depending on Sydney Airport's sustainability performance over time, as assessed by an independent third party, Sustainalytics

Investing for growth

\$301 million invested in 2019



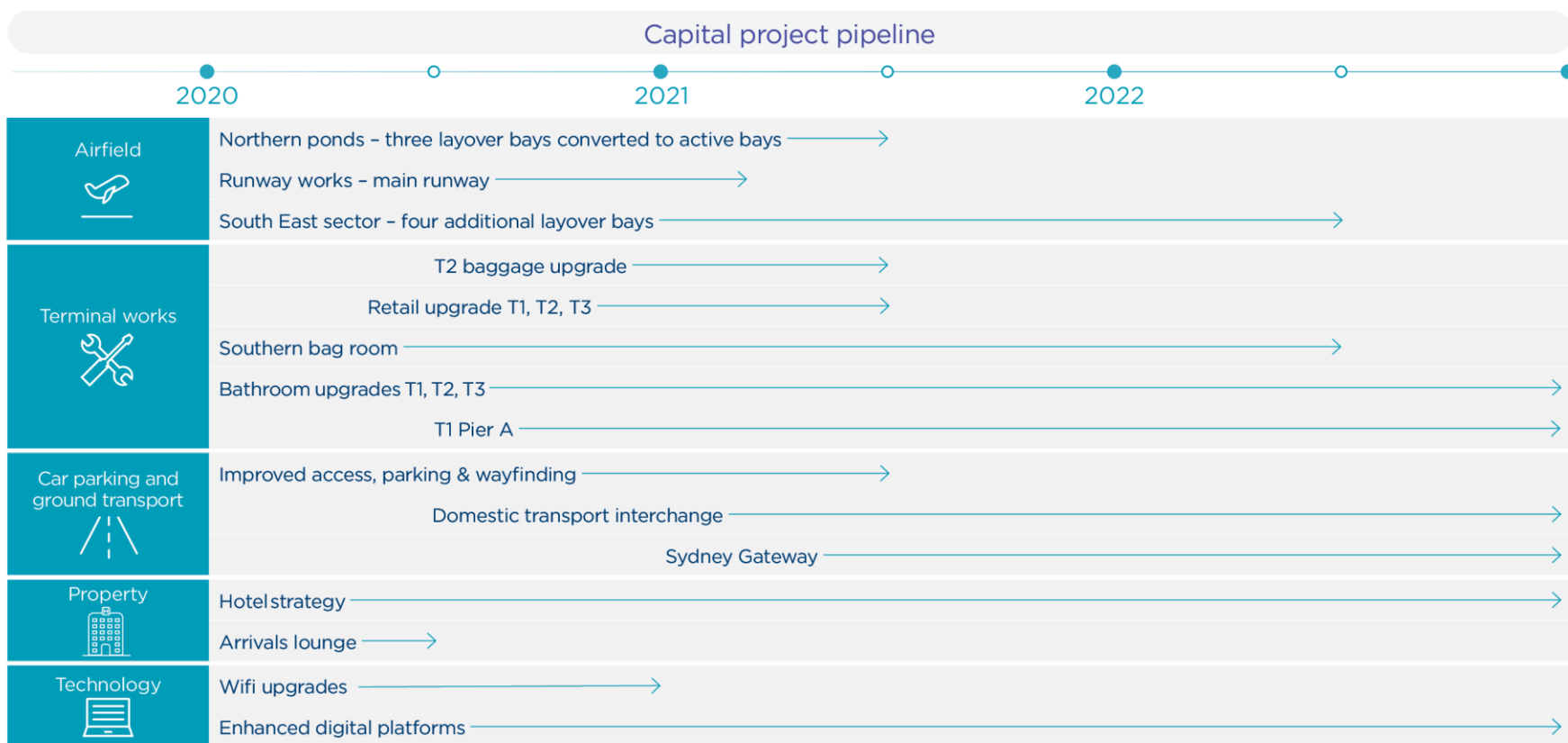
Strategic Objective

- Capacity
- Financial growth
- Customer experience
- Productivity and innovation
- Sustainability
- Risk management

● T1 ● T2 ● T3 ● Jet Base

Future capital expenditure

2020 Capex guidance of \$350-450 million and 2020-2021 of \$600-800 million



Aviation and commercial performance

Chief Executive Officer - Geoff Culbert
Chief Operating Officer - Hugh Wehby
Chief Commercial Officer - Vanessa Orth

Consistent business growth

Delivering results in a challenging environment

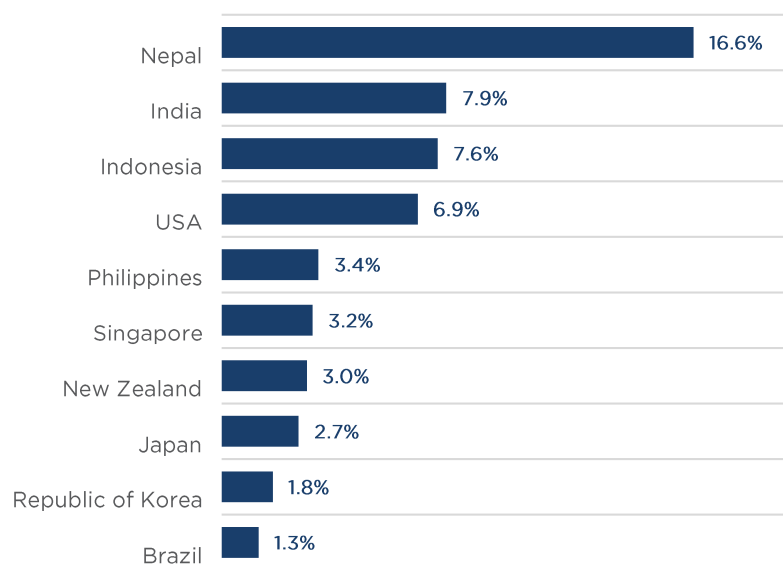


1. Excludes security recovery revenue \$105.0 million.

Diversity of passengers

Growth from emerging and mature markets in 2019

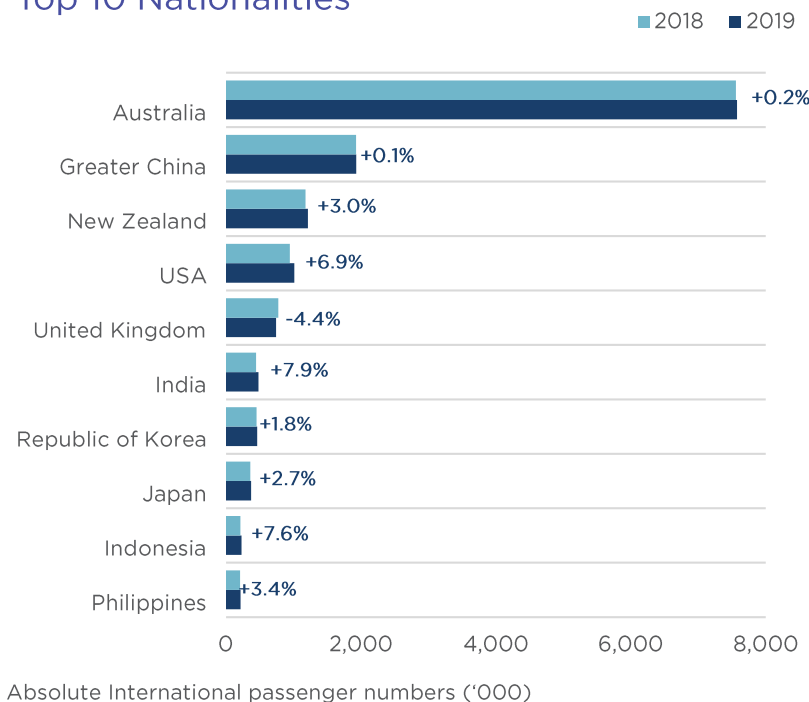
Fastest growing nationalities



International passenger growth 2019 versus 2018

1. Foreign nationalities with greater than 80,000 passengers in 2019.
2. Greater China includes Mainland China, Hong Kong, Taiwan and Macau.

Top 10 Nationalities



Domestic passenger performance

Mixed performance across the domestic network in 2019

First half

- Passengers -1.5% on 1H18
- High cancellation rates
- Corporate weakness
- Federal election
- Weak consumer and business confidence
- Strict capacity management

Second half

- Passengers +0.4% on 2H18
- Continued high cancellation rates
- October was the strongest passenger month on record
- Fewer weather events than 2H18
- Continued capacity management

Disruption impacts

People, property and travel plans have been impacted by the bushfire crisis and the novel coronavirus outbreak. Sydney Airport continues to assess the emerging impacts

People

- Safety of our people comes first
- High quality personal protection equipment provided for staff and volunteers at the airport
- Employee Assistance Program Support for all employees
- Ongoing financial support for Volunteer Fire Fighters, Defence Force Reservists and impacted staff

Operations

- Navigational instrumentation at Sydney Airport certified for smoke conditions
- Significant operational resources deployed to assist Federal biosecurity and NSW Health officials at the inbound border
- Supported the facilitation of passengers denied border entry due to travel restriction changes
- Enhanced border measures including announcements, signage and information pamphlets in English and Chinese
- Slots associated with suspended services will be grandfathered

Traffic

- Cancellations due to bushfires were minimal
- Travel restriction for foreign arrivals from mainland China announced by the Federal Government - 1 February 2020 and extended on 13 February 2020
- Scale of the impact will depend upon the longevity of travel restrictions and the speed of recovery
- The mainland China origin and destination passengers accounted for 11.6 percent of international passengers in 2019¹
- International traffic was down 0.7% in January
- Domestic traffic was down 0.6% in January, mainly attributable to industrial relations disputes
- Current month-to-date February traffic results indicate a SARS-like impact to international traffic and weakness in domestic traffic²

1. Department of Home Affairs OAD, data recorded for arriving passengers by residency, final destination and stated Country of stay, 12 months to November 2019.

2. The most materially impacted months during SARS were between 15% and 20% international passenger declines. Month-to-date domestic passenger declines estimated at between 5 to 10%.

Targeting new markets

Sydney Airport looks to our underserved and unserved markets to build incremental capacity

Africa

- New extended range aircraft technology opens up this emerging and growing market
- New air services possible following new bilateral trade and air service agreements

South Asia

- Seven of our top ten unserved markets are in South Asia
- Our fastest growing nationalities are Nepalese and Indian

South East Asia

- Low cost carriers add significant seat capacity through denser aircraft
- Narrow-body aircraft offer possibility of profitable links to thinner routes and new destinations

South America

- Growing demand for educational travel out of South America
- Brazilians are 10th fastest growing Nationality to Sydney
- Sao Paulo is one of our top 10 unserved markets

Airline Scorecard

Sydney Airport works with its airline partners to deliver service levels consistent with key performance indicators and customer needs

On Time Performance (OTP)		Bussing		Baggage	
KPI 2019 v 2018 (ppts)	Terminal 1	KPI 2019 v 2018 (ppts)	Terminal 1	KPI 2019 v 2018	Terminal 1
Arrival OTP	↑ 2.6	Arrival movements	↓ 1.9	Total missed bags per 1,000	↓ 10.7%
Departure OTP	↑ 1.3	Departure movements	↓ 1.2	Average block to first bag (mins)	↓ 6.0%
Peak arrival OTP	↑ 2.9	Overall time to terminals (mins)	↓ 2.5		



Aeronautical and supporting agreements

A number of aeronautical and commercial agreements are in negotiation, with expiries throughout 2020. Sydney Airport's priorities are:



Build the right infrastructure



Investment certainty



Promote efficient use of infrastructure and slots



Consider different pricing approaches



Deliver required capacity



Enhance product offering

June 2020

International agreement expiry
Jet Base lease expiry

Sep 2020

JUHI lease expiry

Strong retail performance

Focused on building from a strong retail platform in 2019

revenue

\$374.9m **↑5.0%** from 2018

Key revenue contributors in 2019

- Completion of T2 Pier B from 1 July 2019 including 12 new stores
- T3 advertising revenue from July 2019
- Australian Way master concession extension to 2025

Future growth opportunities

- Relocation of Tourist Refund Scheme and three new luxury stores in T1 2020 including Moncler and Saint Laurent
- T2 Pier A enhancement works including the progressive opening of four new tenancies early 2021
- Progressive re-mixing of T3 retail

Retail offerings at 31 December 2019

T1 **128**
stores

21,559m²
retail area

T2 **70**
stores

6,127m²
retail area

T3 **49**
stores

4,603m²
retail area

Average dwell time
133 mins
international

247
stores



Duty free contract extended

Heinemann duty free contract extended on revised terms until 31 December 2029

Why Heinemann

- Contract extended to 31 December 2029
- Renegotiated on improved terms per square metre
- Hand back of 790 square metres of retail to Sydney Airport for five additional luxury boutiques in July 2020
- Redevelopment of duty free store in 2020, expected mid 2021 completion
- Downside protection through minimum guaranteed rent
- Annual rent escalation mechanisms
- Positions the duty free business for growth

Why Heinemann

- Trusted operator performing well at Sydney Airport since commencement in 2015
- World's fifth largest duty-free operator with operation in 74 airports across 28 countries
- Sydney Airport duty free sales per departing passenger under Heinemann have increased every year of their contract since commencement in 2015

EXISTING



NEW CONCEPT



Progressing property opportunities

Identifying highest and best use opportunities

revenue
\$251.2m **↑5.5%** from 2018

Key revenue contributors in 2019

- 62 site leases negotiated on improved terms
- Long-term and strategic partnership with DHL Express
- Freight leases renegotiated on improved terms with some land reverting to Sydney Airport control
- 78 additional Ibis Budget rooms in first half 2019

Property portfolio at 31 December 2019



Office

50+ tenants
38,900 squaremetres
99% occupancy



Logistics

90+ tenants
879,000 squaremetres
98% occupancy



Hotel

2 hotels Mantra and Ibis
414 rooms
278 budget rooms
136 mid scale rooms
84% occupancy

Future growth opportunities

- Pursuing domestic and international hotel development and delivering an in-Terminal arrivals experience - Aerotel, mid 2020
- Freight and logistics strategy and expansion
- Jet Base expiry in June 2020 (30hA)



Enhancing the parking experience

Continued focus on product differentiation and congestion reduction initiatives

revenue
\$162.0m ↓**0.1%** from 2018

Key revenue contributors in 2019

- Revenue performance remained inline with 2018
- Online pre-booked parking now represents 45% of total paid public parking
- T3 Valet Parking revenue from 1 July 2019

Future growth opportunities

- Continue to build the pre-book business through improved booking channels
- Continued utilisation of analytics to activate over-flow drop-off zones for improved customer experience and journey time
- Enhanced airport access through major NSW Government road projects including Sydney Gateway, with co-investment by Sydney Airport and M6 Stage 1
- Enabling works for the Domestic Transport Interchange project will begin mid 2020

Parking portfolio at 31 December 2019

7,675	7,606	45%
international car spaces	domestic car spaces	pre-booked parking

2019 delay times reduced by up to

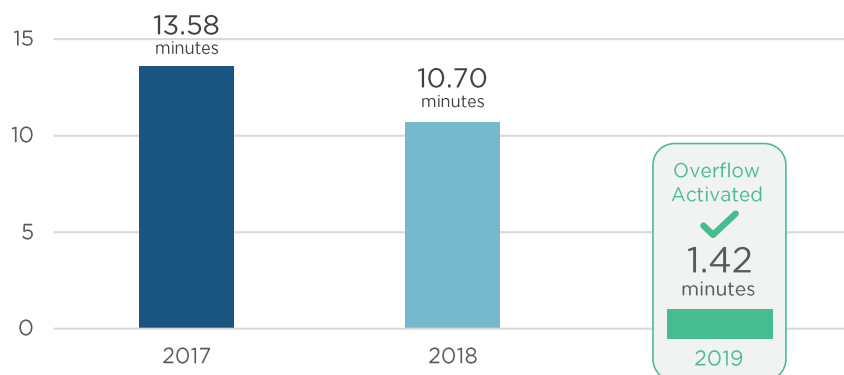
90% during peak periods with operation of international departures overflow



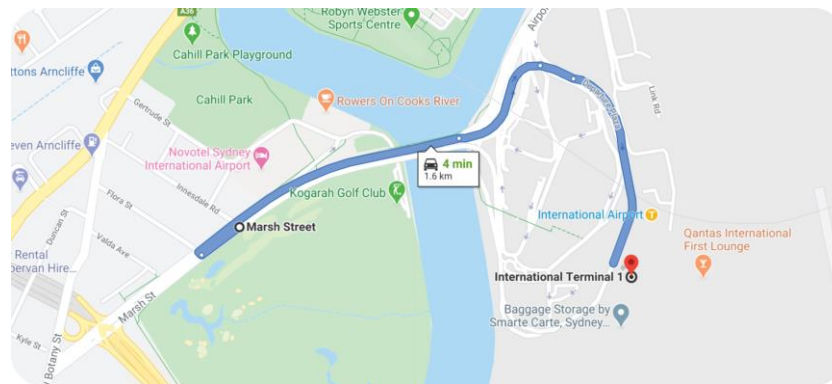
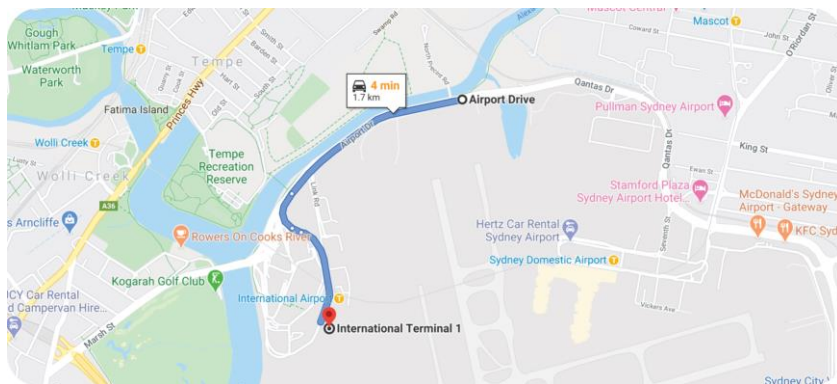
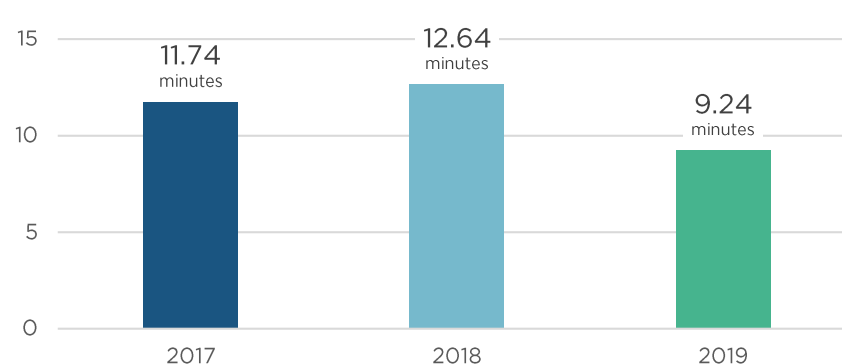
Improving vehicle arrival times at the international terminal

Average inbound delay to T1 has reduced 25% from Marsh St, and almost 90% from Qantas Drive since the same period last year

Qantas Drive to T1 Departures



M5 Marsh St to T1 Departures

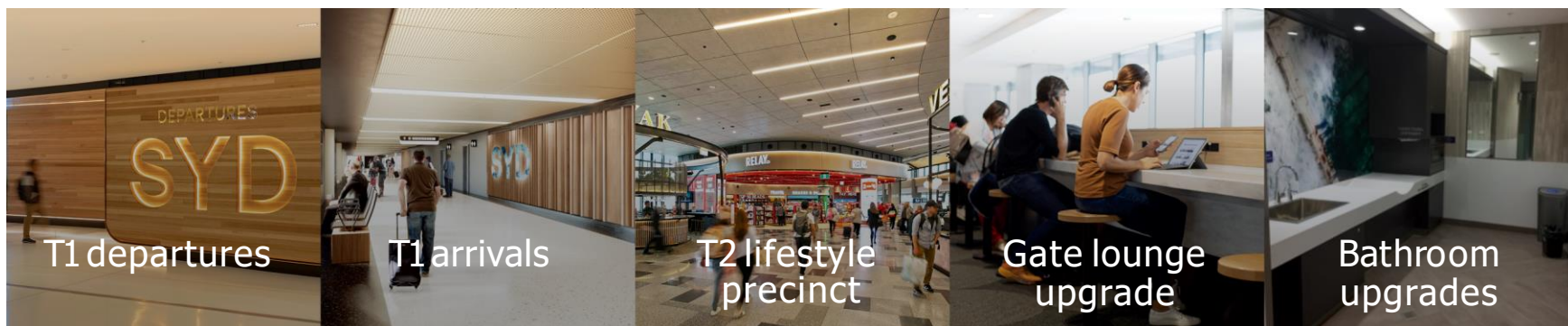


Sustainable focus

Chief Executive Officer
Geoff Culbert

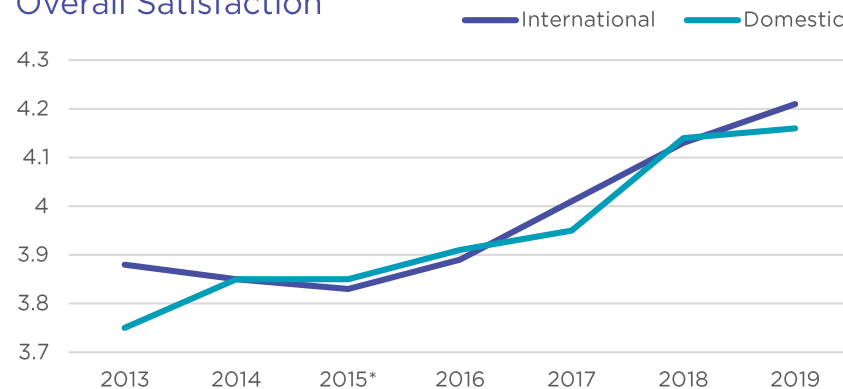
Satisfied Customers

We continue to invest in customer experience from the first hello to the last goodbye



Ratings out of 5	International	Domestic
Overall Satisfaction	4.2 + 1.9% on 2018 + 4.2	4.2 0.5% on 2018
Ambience	4.3 + 1.4% on 2018 + 4.2	4.2 1.4% on 2018
Cleanliness	4.3 + 0.9% on 2018 + 4.2	4.2 0.7% on 2018
Wayfinding	4.2 + 1.7% on 2018 + 4.3	4.3 1.0% on 2018

Overall Satisfaction

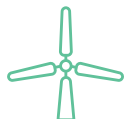


*T3 data included from July 2015.

Sustainable and safe future

Sydney Airport is committed to responsible growth in a way that delivers positive outcomes

Climate and Environment



Climate resilience

Understand impacts on our assets and operations and built resilience



Fleet electrification

Reduce emissions and improve health and safety by supporting airside and landside vehicle electrification



Airspace and airfield efficiency

Support future growth through utilisation and optimisation of asset

Safety



No class 1 injuries



5 Lost Time Injuries, down from 10 in 2018



>90% of people leaders completed safety walks



13% decrease in passenger injury rate from 2018

Community

Sydney Airport has contributed \$5.2 million in value to community initiatives in 2019



Live Local



Leading & Learning



Sydney's Airport

SURF RESCUE

Outlook

2020 capex
guidance

\$350-450m

Two-year capex guidance
for 2020-2021 of

\$0.6-0.8bn

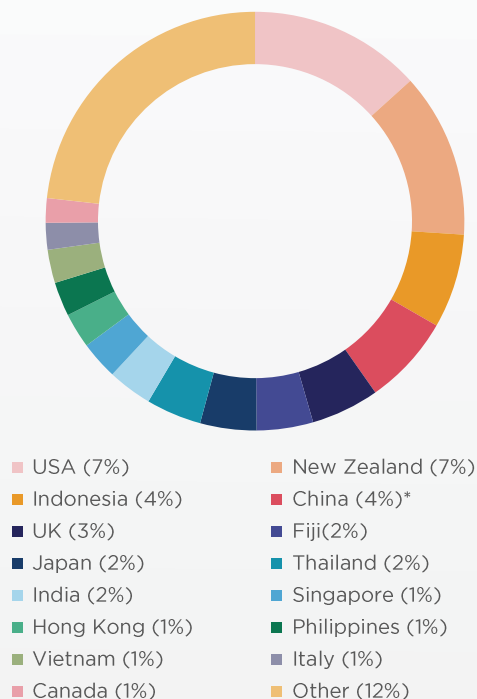
SYD

Appendix



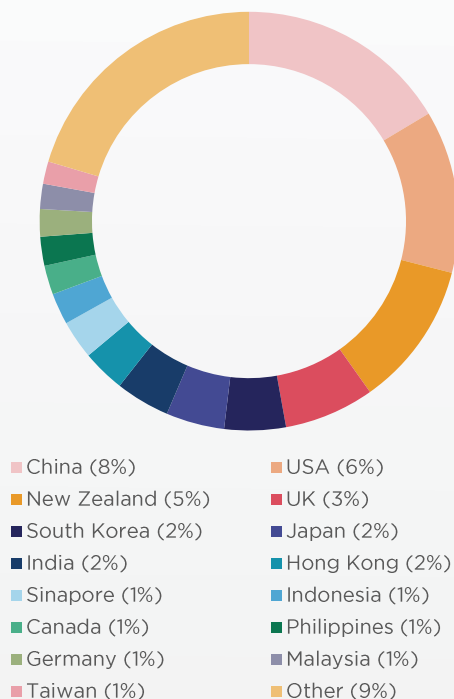
Highly diversified passenger mix

Australian Arrivals
52% Country of Stay



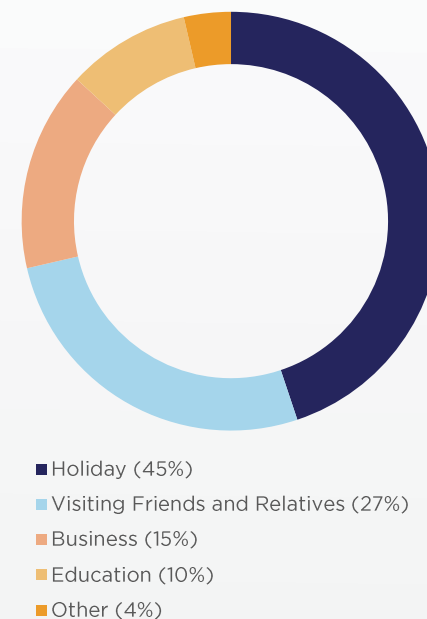
Source: Department of Home Affairs OAD, data recorded for Australian residents' arrival and stated Country of stay - 12 months to November 2019.

Foreign Residency
48% Arrivals



Source: Department of Home Affairs OAD, data recorded for arriving passengers by residency and final destination - 12 months to November 2019.

Foreign Residency
Purpose of Travel

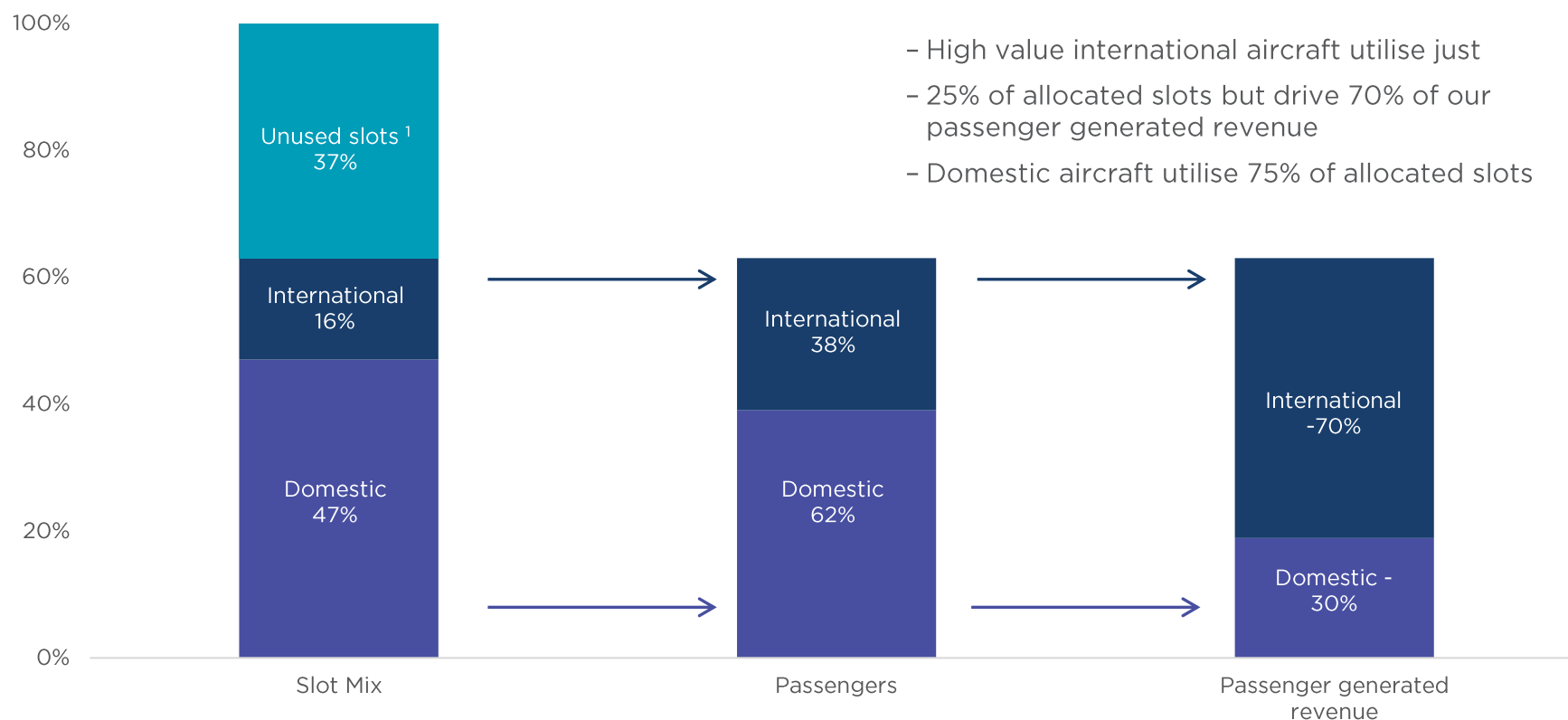


Source: Department of Home Affairs OAD, data recorded for arriving passengers by residency and journey purpose - 12 months to November 2019.

*Mainland China

Passenger mix and capacity

2019 Slot Usage and Revenue Generation



1. Excluding general aviation movements.

Investment merits

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

99 year leasehold	Lease until 2097
Catchment area	7.5m Sydney and NSW catchment populations
Strong passenger growth profile	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	Account for ~70% of passenger driven revenues Represents 16% of available slots and 25% of used slots
Commercial opportunities	Substantial growth opportunities Minimum guarantees offer downside protections Strict hurdle rates of return apply to all investment
Negotiating framework	Commercially negotiated charges with all airlines include investment, price and service levels
Outsourced model	Controllable operating costs with contracted escalations
Consistent growth and downside protections	Long term contracts with airlines and tenants CPI or higher escalation on commercial revenues Growth initiatives across all businesses
Strong sustainability credentials	Ranked 3rd globally within Sustainalytics' airports sub-industry sector 'AAA' rated by MSCI. Top nine percent of companies globally within the infrastructure sector Ranked 7th Ranked 90th percentile globally in Dow Jones Sustainability Index's Transport and Transportation Infrastructure sector

Thank you

SYD