

Macquarie Australia Conference

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Sydney Airport



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MANAGING DIRECTOR AND CHIEF EXECUTIVE
OFFICER



Introduction



An excellent start to 2017

- International traffic continues to be strong, up 5.7% for the first quarter of 2017
- Government road works surrounding the airport well underway; will significantly improve access to the airport
- Large number of new retail outlets opened, final stage by 2H17
- Completion of a very successful refinancing on improved terms, lowering costs and lengthening tenor
- 2017 Distribution guidance of 33.5 cents reaffirmed¹



New Mantra Hotel

¹Guidance subject to aviation industry shocks and material forecast changes

Sydney Airport's performance



Consistent track record of growth

Passenger growth



EBITDA growth

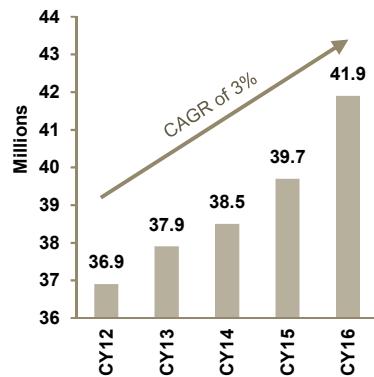


Cash flow outcomes

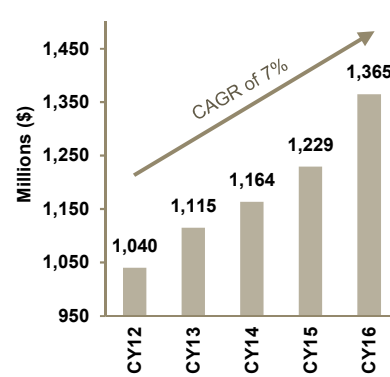


Investor returns

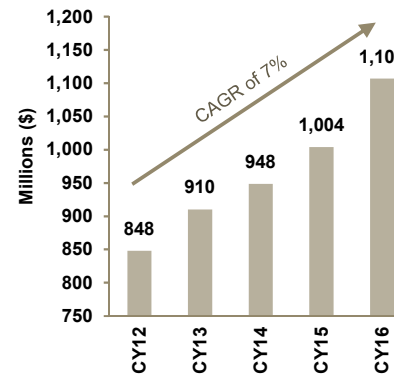
Total passengers



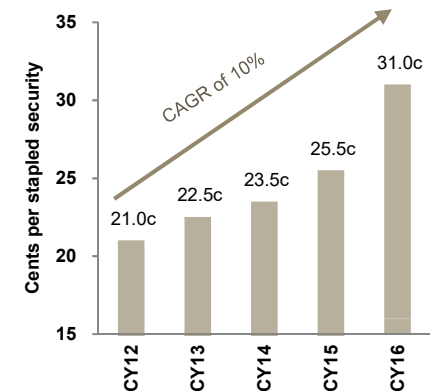
Total revenue



EBITDA



Distributions



Market Position and Traffic Trends



A strong market position and market fundamentals



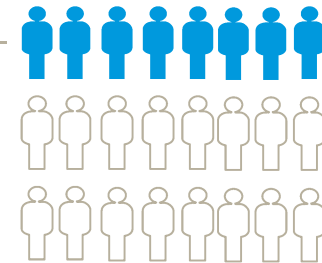
Sydney and NSW are the most significant local and state economies in Australia



Economic significance

- **32%** of Australia's GDP, larger than Hong Kong or Singapore
- **600** multinationals with Asia-Pacific Headquarters
- **41%** of Australia's leading 500 companies with head office in Sydney and New South Wales
- **38%** of Australia's first and business class passengers

7.5m
Sydney's
catchment
population



31%
of Australia's
population

24.5m
Australian
population

NSW Highest consumer confidence

- \$3.7B budget surplus
- \$0 net state government debt
- triple A credit rating
- 63% of jobs created in Australia
- State with highest business investment growth

8km
to Sydney
city centre

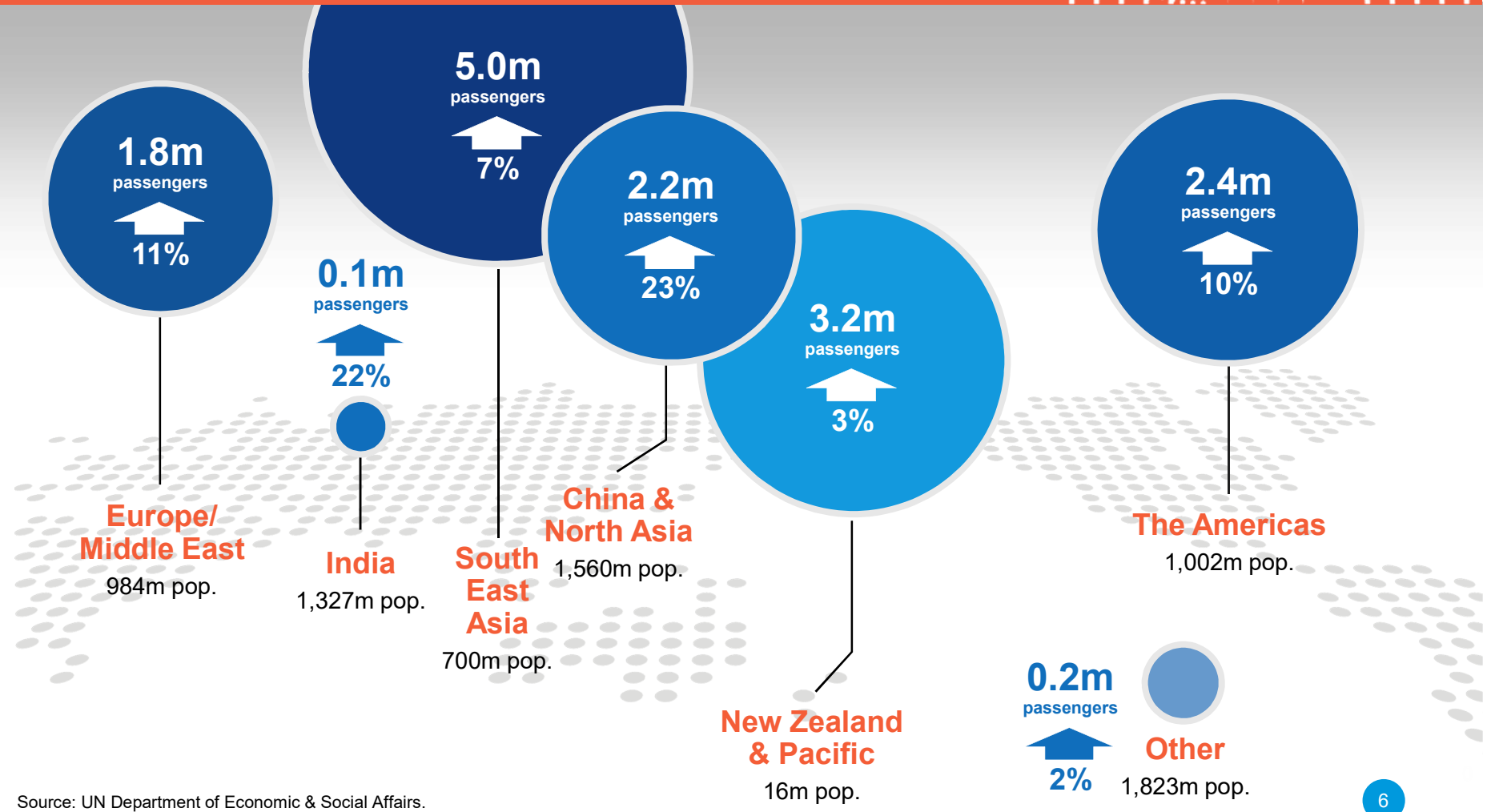
10km
to major tourist
attractions



A geographically diverse international market



Sydney Airport's business development activities and tourism partnerships are attracting strong growth from across the globe



Source: UN Department of Economic & Social Affairs.

New capacity from diverse markets



Supply side factors remain strong, with above average seat growth, particularly from the Asian growth region

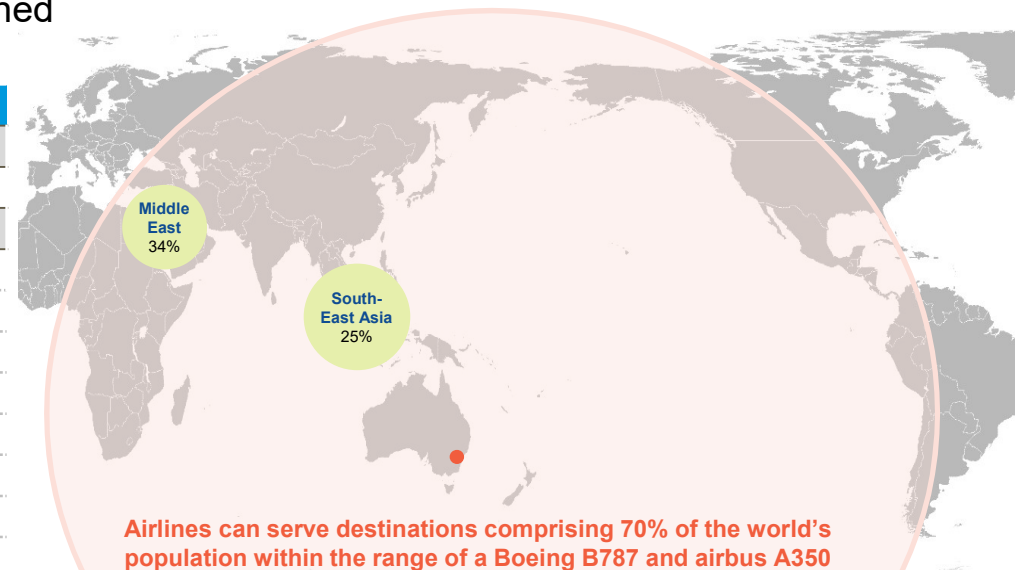



Growth drivers

- Strong international growth continuing with **5.7% growth** during **1Q17**, driven by capacity increases and stable load factors
 - Over 750,000 new seats (annualised) have already been added to the market in 2017
- ~60% of future widebody aircraft orders¹ are from our growth regions of the Middle East and Asia
- Domestic load factors continue to be maintained

Announced capacity increases

Airline	Destination	Annual seats	Start Date
FY16			
FY16 Total	Various	1,912,000	n/a
FY17 (announced to date)			
Qantas	Beijing	171,000	25 Jan 17
Jetstar	Ho Chi Minh City	140,000	11 May 17
Etihad	Abu Dhabi	123,000	NW17
Vietnam Airlines	Hanoi	85,000	29 Mar 17
China Eastern	Wuhan	72,000	28 Jan 17
Cathay Pacific	Hong Kong	65,000	NW17
Korean Air	Seoul	40,000	2 Sept 17
Qantas	Denpasar	35,000	29 May 17
Garuda Indonesia	Jakarta	21,000	30 May 17
FY17 YTD Total	Various	752,000	n/a



 Percentage of future global widebody aircraft orders¹

¹CAPA Centre for Aviation, Fleet Warehouse Data

Focus on slot potential

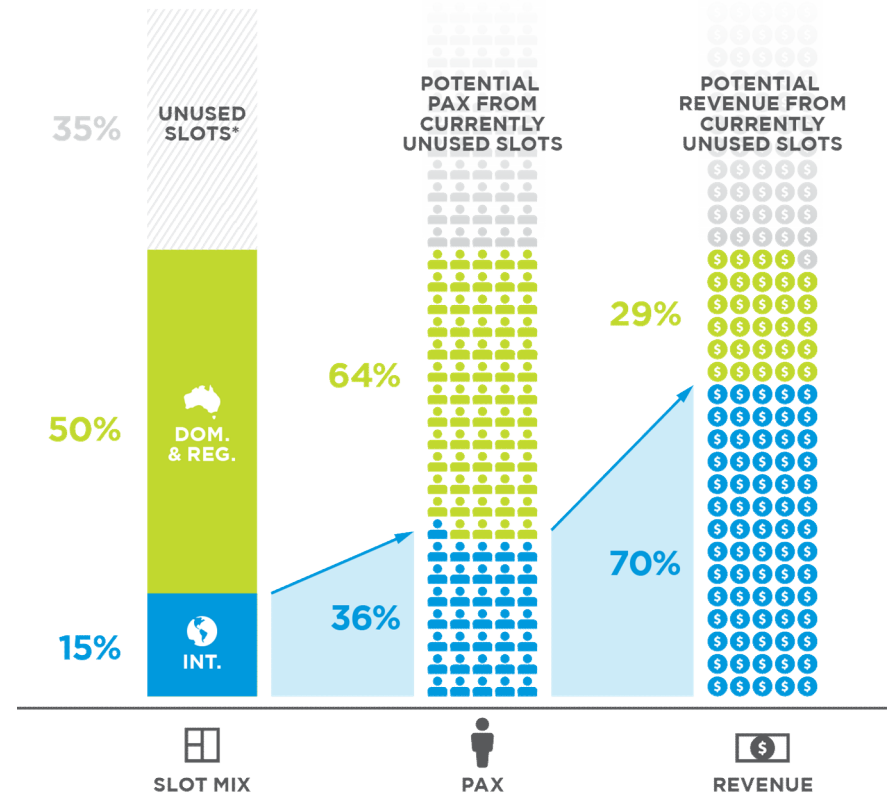


35% of slots currently remain available. International use just 15% of all available slots and generate ~70% of revenues

Revenue generation and upside potential

- 35% of Sydney Airport's slots remain available
- International traffic generates 70% of passenger attributable revenues (eg. aeronautical and retail revenues) while only using 15% of slots
- KSA is the main gateway to Sydney and Australia, with a 40% market share of international traffic to Australia
 - Likely to attract an even greater share of premium traffic given Sydney's status as Asia Pacific's business hub
- Introduction of larger aircraft by airlines to meet growing demand will contribute to increased revenue per slot
 - For example, London Heathrow Airport has demonstrated continued traffic growth and resilience despite no movement growth
 - London Heathrow's pax/movement has grown 15% from 2007-2016, with no movement growth across the same period

2016 Slot Usage and Revenue Generation



* Includes General Aviation movements without slot tenure (2-3% of slots)

Case Study: London Airport System



Heathrow operates as part of the London system and continues to grow



Case Study of the London airport system

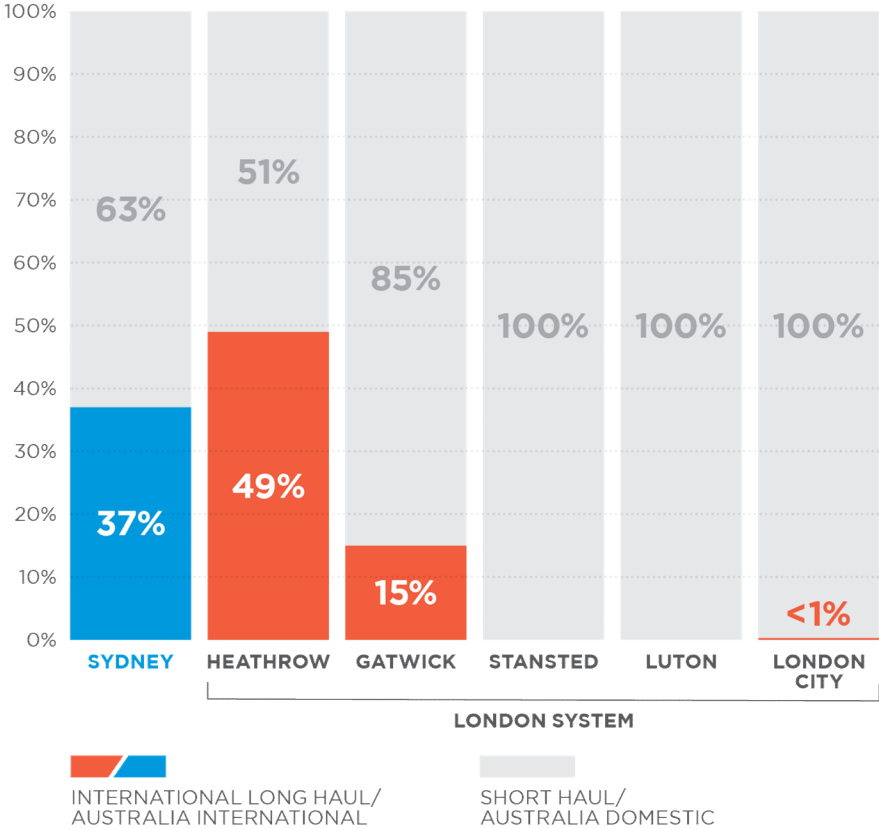
- Heathrow Airport’s passenger growth has continued despite no movement growth, and traffic has proven more resilient to economic shocks
- Over the past 10 years, Heathrow Airport’s growth has shown significantly lower volatility than any of the other airports within the London airport system

10 Years Pax Growth Volatility*



*Calculated as standard deviation of traffic growth

Seat Capacity Mix by Route Type



Capacity, passenger experience, operational efficiency and community partnerships

Sydney Airport 



Transformational road and transport improvements



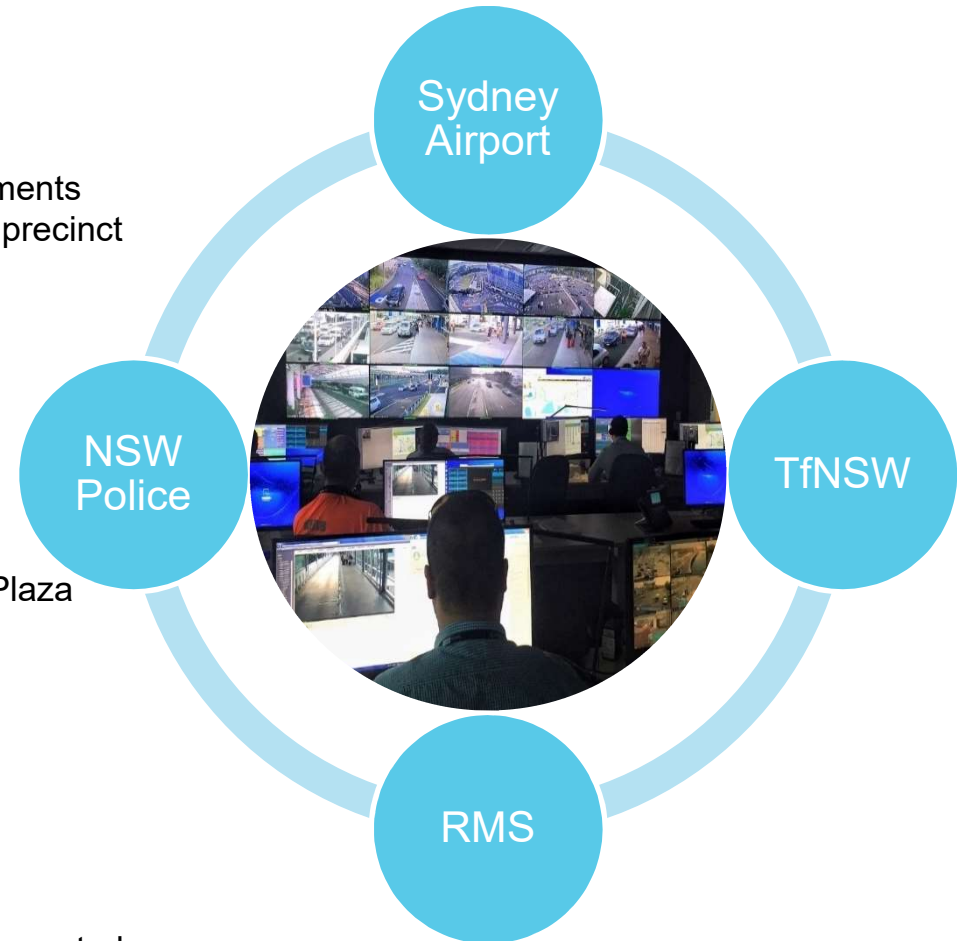
Sydney Airport and Governments are delivering complementary road transformation projects

Road improvement programs

- Sydney Airport is two years into its five year road improvement program and is ahead of schedule
- Sydney Airport is working in conjunction with Governments on the road improvement program around the airport precinct

Ongoing investment

- Next milestones of the combined Sydney Airport and Governments road improvement program include:
 - widening of surrounding roads
 - A new connecting road from the Eastern Distributor to General Holmes Drive
 - Widening of Joyce Drive
 - One-way road system around the Stamford Plaza block
 - Widening of Marsh Street;
 - smoothing traffic flows;
 - eliminating traffic lights;
 - minimising vehicle lane changes;
 - separating pedestrians from vehicle traffic;
 - increasing capacity for public buses.
- Expansion of the T1 Northern Multi Storey Car Park expected to be completed by the end of the year



Domestic precinct exit transformed



New one-way Seventh Street exit delivering improved traffic flows, reduced congestion and increased capacity



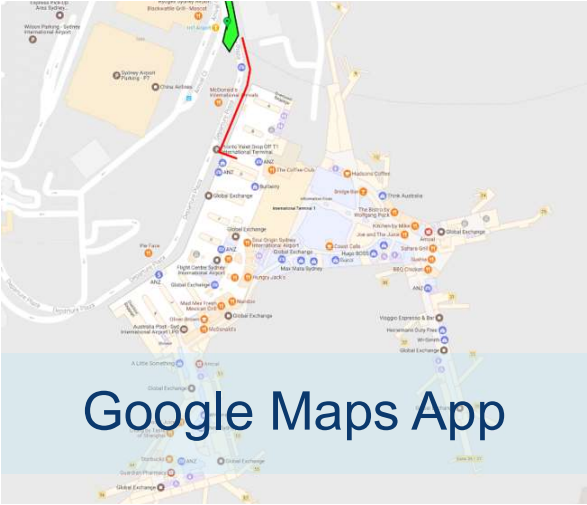
Projects delivering improved customer experience



Using technology to provide customer experience and increase efficiencies and capacity



Smart Gates



Google Maps App



T1 Automated Check-in

Retail experience



Recent redevelopments have transformed the customer experience at both T1 and T2



Terrace

“Flying high”,
Sunday Telegraph

*“Stop over in style
at Sydney Airport”,*
Sunday Telegraph



T2



Kitchen by Mike

*“Sydney’s
international airport
just got a lot cooler”,*
Tourism Australia

*“Eating on the fly
set to soar”,*
Sunday Telegraph



Tiffany

Terminal 1 Transformation



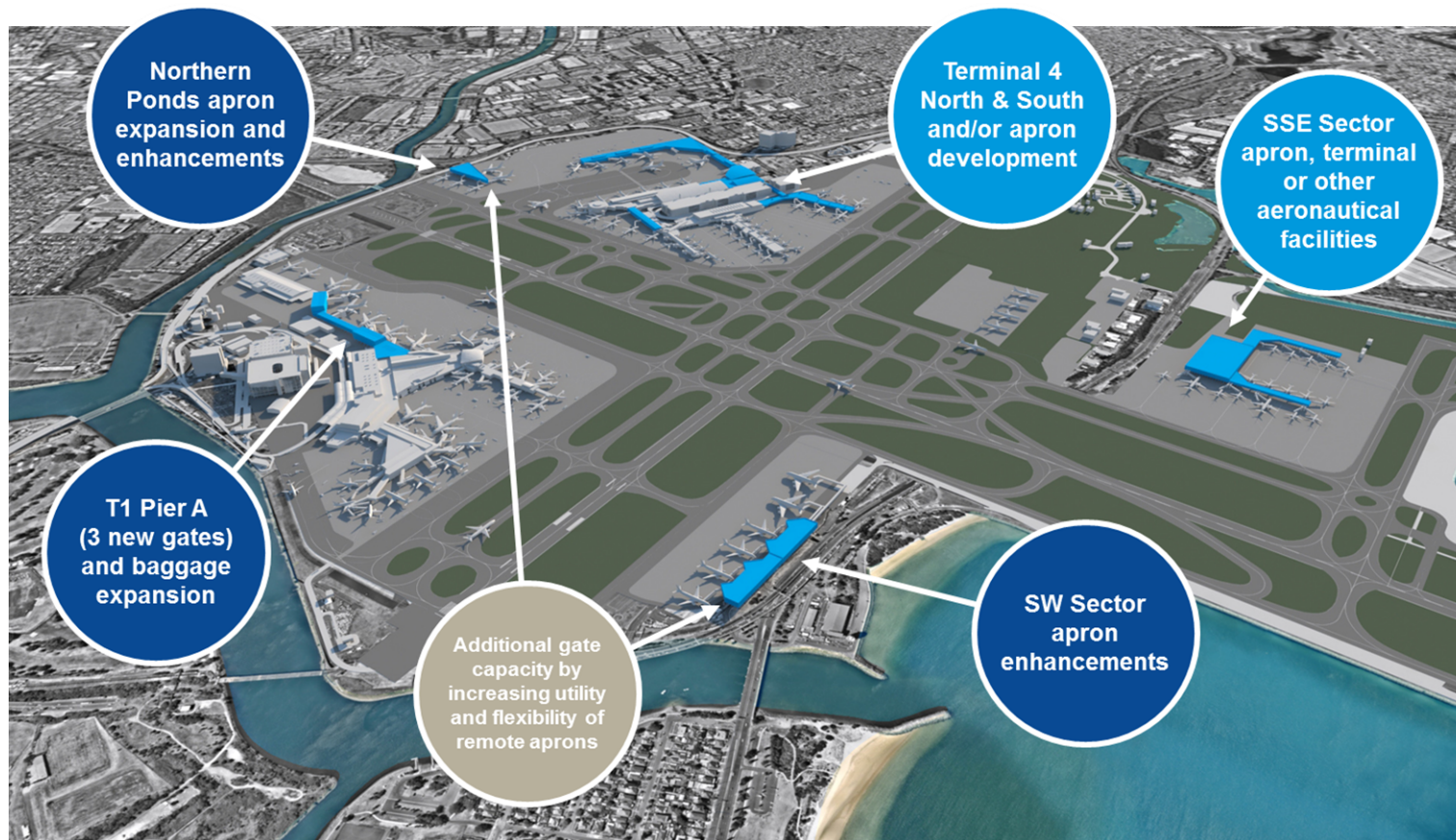
Terminal 1 passenger experience has been transformed, reflected by increasing satisfaction levels and ACCC's "good" rating



Sydney Airport delivering aviation growth



Sydney Airport has the flexibility to expand gates, aprons and supporting infrastructure to grow capacity over the long term



Our Community



We are focused on partnering with our neighbours and the broader community through a focus on education, leadership and tourism



- \$3.3 million invested in our community in 2016
- Development of a community engagement strategy to connect us to our community and to Sydney

Community engagement strategy



Living local

Keeping local communities connected, healthy, vibrant and thriving



Leading and learning

Supporting the leaders of tomorrow



Sydney's airport

A great airport that embraces Sydney and of which Sydney can be proud





We aim to drive responsible growth that balances social, community and environmental needs with corporate objectives



Our sustainability strategy focuses on issues that are most important to our business and our stakeholders



- ✓ Ensuring the safety and security of the airport community



- ✓ Improve airport access
- ✓ Meet our future capacity needs
- ✓ Enhance service delivery



- ✓ Work with all stakeholders to deliver an enhanced customer experience



- ✓ Carbon Accreditation
- ✓ Environmental efficiency
- ✓ Minimising waste



- ✓ Enhance operational resilience
- ✓ Maintain the highest levels of corporate governance



- ✓ Attracting and retaining the right people and investing in their growth and development



- ✓ Making a positive contribution to the community



Outlook





Sydney Airport is well positioned as the key gateway to Sydney, NSW and Australia



A strong start to 2017, with a focus on integrated and sustainable growth. We are:

- Working globally to attract airlines to Sydney Airport to increase choice and value for passengers, with 2017 international traffic growth strong to date
- Continuing to focus on airline and passenger evolving needs
- Delivering improvements that will positively transform the customer experience
- Investing in significant roadworks to improve access to and around the airport
- Undertaking new commercial developments that will drive increased returns
- Committed to being a good neighbour and investing in our community



Questions

