SYDNEY AIRPORT FULL YEAR RESULTS 2014

Sydney Airport

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Sydney Airport advises that on 4 February 2015 its foreign ownership was 36.0%.

AGENDA

STRONG GROWTH PERFORMANCE IN 2014

2014 KEY RESULTS

4.3%

$1,164m

Revenue

6.1%

$948m

EBITDA

4.4%

23.5c

Distribution

1.7%

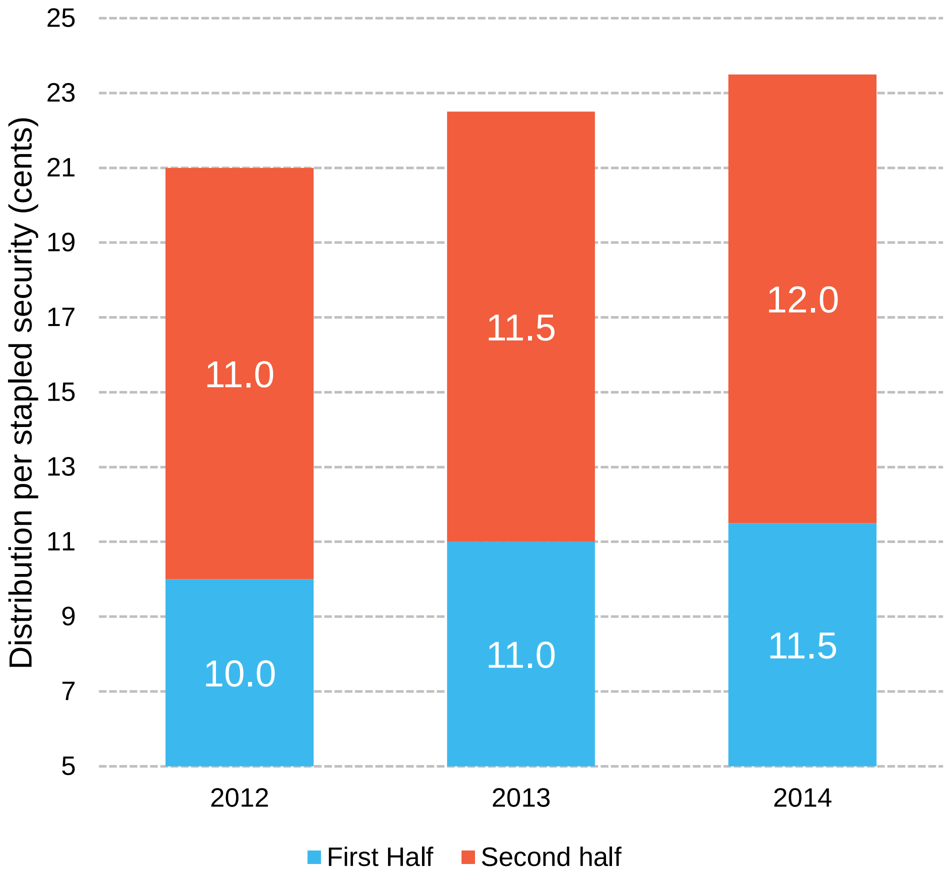
38.5m

Passengers

International	2.8%
Domestic	1.2%

DISTRIBUTION GROWTH TRACK RECORD

Distribution stable, growing in line with cash flows and more than 100% covered by net operating receipts



KEY TARGETS DELIVERED IN 2014

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Full year 2014 saw continued growth and momentum at Sydney Airport, delivering higher revenue and yield expansion

2014 HIGHLIGHTS

- Key initiatives delivered ahead of expectations
- Continued strong revenue growth and yield expansion across all businesses
- $3.1 billion refinancing completed
  - Diversifying funding sources
  - Lengthening average maturity by two years
  - Refinancing all bank facilities maturing over 2014 – 2017
- Distribution of 23.5 cps

/// 2014 KEY TARGETS DELIVERED

FOCUS	2014 RESULT
Duty free retender	✓ Duty free retender completed with a 7.5 year contract with new duty free partner, Gebr. Heinemann on improved terms
2033 Master Plan	✓ Approved by the Australian Government in February 2014 ✓ Investment continues in line with the plan ✓ Draft major development plan submitted for the T2/T3 precinct covering ground transport, parking and hotel development
Five year investment program	✓ $241.5m invested in infrastructure with all projects executed to plan and budget
Ground transport improvements	✓ Announcement with NSW Government to jointly invest approximately $500m to improve traffic flow in and around the airport ✓ First stages opened at T1 in December including the new Centre Road and new expanded pick up and drop off zones

CONSISTENT EXECUTION OF STRATEGY DELIVERS GROWTH

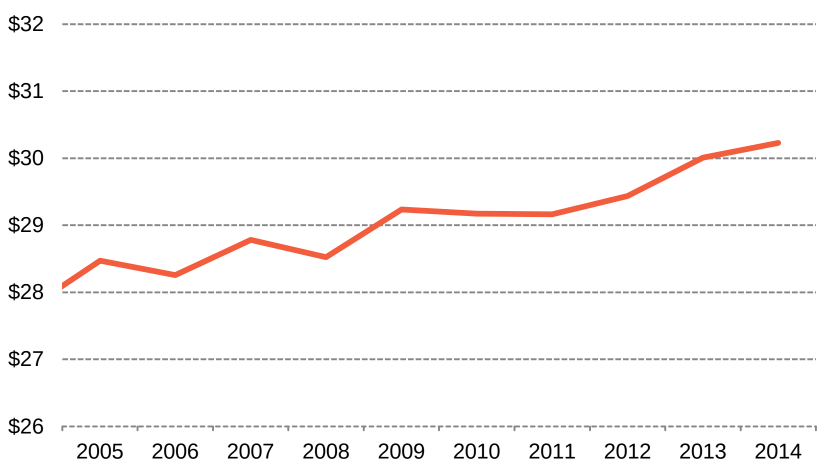
Management continue to drive initiatives which convert passenger growth into investor returns

Passenger growth → EBITDA growth → Cash flow outcomes → Improved debt service coverage → Investor returns

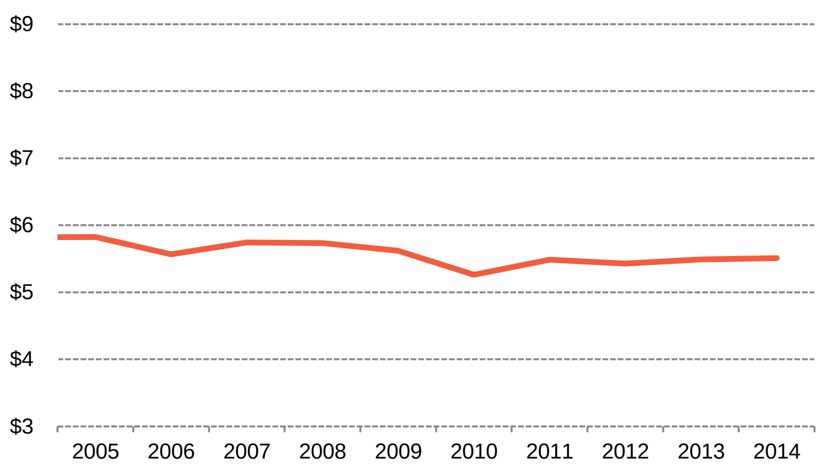
	Passenger growth	EBITDA growth	Cash flow outcomes	Improved debt service coverage	Investor returns
Year ended 31 Dec 2014	38.5m passengers	$948.3m EBITDA	$525.1m net operating receipts	2.3x CFCR	$10.4bn equity value
2014 Growth	+1.7%	+6.1%	+9.2%[1]	+ 0.1x	+30.5% Total Return

1. On a like-for-like basis adjusting for minority interests in 2013

/// REAL REVENUE PER PASSENGER



/// REAL OPERATING EXPENSE PER PASSENGER



CONTINUING OPERATIONAL GROWTH

Sydney Airport

Strong operational performance across all revenue generating businesses underpins distribution growth

REVENUE STREAM	2014 HIGHLIGHTS	REVENUE	REVENUE CONTRIBUTION	REVENUE GROWTH
Aeronautical	• 2.8% international passenger growth driven by Asian nationalities and a robust Australian market • Secured new low cost airline, Cebu Pacific Air • Completion of several major investments including Category II certification for the main runway, new baggage reclaims and T1 terminal improvements	$568m	49%	+4.9%[1]
Retail	• Passenger spend rates increased by 8.2% • Duty free contract awarded to Heinemann • T1 landside food court renovations allowing for 15 refreshed and new tenancies • Advertising revenues grew 13% • Airport wide advertising contract retender	$255m	22%	+5.6%
Property	• 320 market rent reviews conducted across the portfolio • New leases delivered approximately half of revenue growth • Occupancy at 98% • Development approval for a new 126 room hotel • Successful car rental contract renewal with all six operators • Approval of northern lands bridge accessing new operational area	$194m	17%	+3.6%
Car Parking	• Increasing productivity of car spaces drove revenue growth above passenger increases • Online bookings now accounting for 29% of revenues • Full year of an extra 964 spaces in T2/T3	$140m	12%	+5.7%

1. Growth percentage, excluding aeronautical security recovery

OUTLOOK AND 2015 GUIDANCE

Strong performance and solid outlook underpin management's confidence in 2015 distribution guidance

DISTRIBUTION GUIDANCE FOR 2015

- 25.0 cents per stapled security distribution for 2015 subject to aviation industry shocks and material forecast changes
  - 6.4% growth
  - 100% covered by net operating receipts

FIVE YEAR CAPITAL EXPENDITURE GUIDANCE (2015-2019)

- $1.2bn capital expenditure
  - No single project more than 5% of the capex program
  - Flexible and deferrable in line with demand

MANAGEMENT INITIATIVES

- New initiatives on track and progressing well including
  - Upgrades to the airfield
  - Upgrades to terminals
  - New duty free partner and store
  - Ground transport improvements
- Improving business performance by continuing to work in partnership with
  - Airlines
  - Our duty free operator
  - Tenants
  - Tourism bodies
  - Governments
  - Community

FINANCIAL RESULTS FULL YEAR 2014

Sydney Airport

SYDNEY AIRPORT STATUTORY INCOME STATEMENT

Sydney Airport

Strong revenue growth of 4.3% and EBITDA growth of 6.1%

$ MILLION	FY 2014	FY 2013	% CHANGE
Aeronautical revenue	486.8	464.2	+4.9%
Aeronautical security recovery	81.5	83.7	-2.6%
Retail revenue	255.2	241.6	+5.6%
Property and car rental revenue	194.0	187.2	+3.6%
Car parking and ground transport revenue	139.9	132.3	+5.7%
Other	6.1	6.2	-1.6%
Total Revenue	1,163.5	1,115.2	+4.3%
Expenses (pre one-offs)	(214.1)	(212.2)	+0.8%
Profit before depreciation, amortisation, finance cost and income tax (EBITDA pre specifics)	949.4	903.0	+5.1%
Specifics/one-offs	(1.1)	(9.4)	
Profit before depreciation, amortisation, finance cost and income tax (EBITDA)	948.3	893.6	+6.1%
Depreciation and Amortisation	(326.4)	(300.1)	
Profit before finance costs and income tax (EBIT)	621.9	593.5	
Interest income	12.5	14.2	
Finance costs and change in fair value of swaps	(518.7)	(481.7)	
Profit before income tax (expense)/benefit	115.7	126.0	
Income tax (expense)/benefit	(58.5)	(96.8)	
Profit after income tax	57.2	29.2	
Profit Attributable to Non Controlling Interests	1.9	12.4	
Net Profit Attributable to Investors	59.1	41.6	

% changes my not tie exactly due to rounding

SYDNEY AIRPORT DISTRIBUTION RECONCILIATION

Sydney Airport 2014 distribution was more than 100% covered by net operating receipts

$ MILLION	FY 2014
Profit before income tax expense	115.7
Add back: depreciation and amortisation	326.4
Profit before tax, depreciation and amortisation	442.1
Add back non-cash financial expenses:	
- fair value adjustment to swaps	54.6
- amortisation of debt establishment costs	24.6
- Capital Indexed Bonds capitalised	29.7
- borrowing costs capitalised	(8.0)
Total non-cash financial expenses	100.9
Add/(subtract) other cash movements:	
- movement in cash reserved for specific purposes	(8.7)
- other	(9.2)
Total other cash movements	(17.9)
Net operating receipts	525.1
Stapled securities on issue ('m)	2,216.2
Net operating receipts per stapled security	23.7 cents
Distributions declared per stapled security	23.5 cents

CAPITAL MANAGEMENT SNAPSHOT

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Significant liquidity and solid credit metrics provide increased flexibility

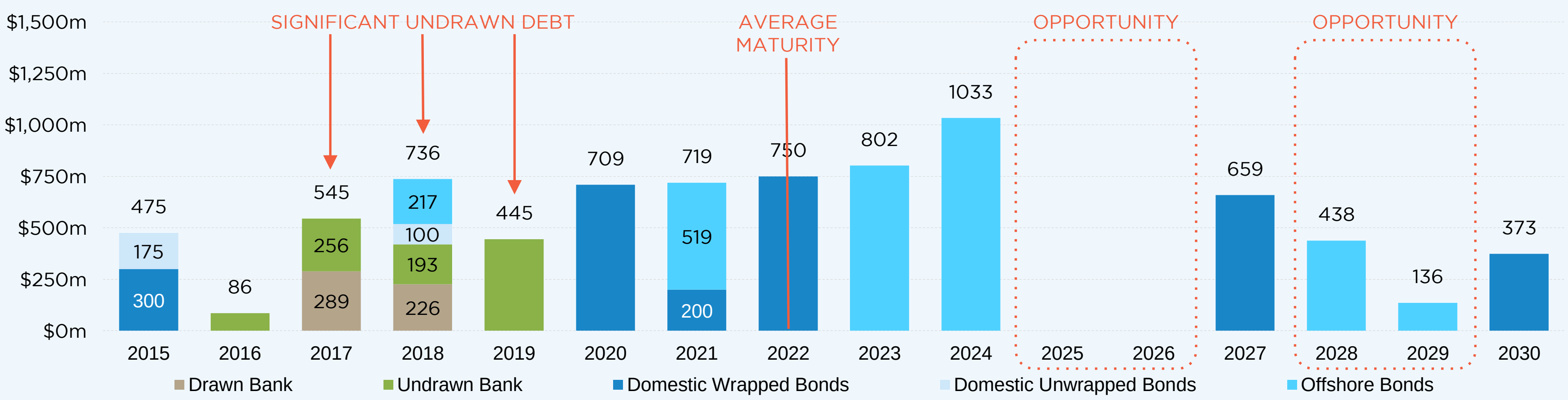
- $1.0bn of undrawn facilities available to cover current liabilities and fund growth capex into 2018
- CFCR 2.3x; Net Debt to SCACH EBITDA 6.9x; continued natural deleveraging
- Next maturity in 2H 2015; proactive refinancing approach
- Average debt maturity in 2022; opportunities to lengthen further
- Stable cost of debt at 6.1%; interest rate exposure highly hedged and currency exposure fully hedged
- Gaps remain in maturity profile for 10+ year tenor

/// 31 DECEMBER 2014 METRICS

Net debt	$6.6bn
Net debt : EBITDA	6.9x
CFCR	2.3x
Credit rating	BBB / Baa2
Next maturity	2H 2015
Average maturity	2022
Average cash interest rate[1]	6.1%

Debt metrics calculated for SCACH
1. Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs

/// DEBT MATURITY PROFILE AT 31 DECEMBER 2014



2014 REFINANCING EXCEEDED TARGETS

Sydney Airport

$3.1bn of refinancing in 2014, including two new debt markets and Australian bank debt portfolio

THE 2014 $3.1BN REFINANCING

- Addressed all 2014 maturities
- Refinanced all bank debt
- Lengthened maturity by two years
- Optimised pricing
- Entered two new markets: Europe and USPP
- Extended growth capex funding available by two years

THE 2014 DEBT ISSUANCES

- $1.5bn of bank debt refinanced across two/three/four/five year tenors
- $1.0bn (EUR700m) debut 10 year EUR bond
- $0.6bn debut 14/15 year USPP bonds

/// ALL REFINANCING OBJECTIVES SUCCESSFULLY MET

PRIORITY	2014 RESULT	PRIORITY	2014 RESULT
Optimised pricing	✓ Pricing inside current portfolio average ✓ Bank facilities refinanced at lower margins	Maintain capacity for future raisings	✓ New EMTN platform established ✓ Significant bond oversubscription
Spread and lengthen maturity profile	✓ Maturity lengthened by over two years ✓ Profile spread with gaps filled (2024, 2028 and 2029)	Minimise execution risk	✓ 2014 maturities addressed well in advance ✓ Parallel bank & EUR bond refinancing process ✓ AUD denominated USPP managed currency risk
Diversify funding sources	✓ Bond issuances into two debut markets targeting 10+ year tenor (EUR, USPP)	Maintain BBB/Baa2 credit rating	✓ BBB/Baa2 credit rating maintained

2014 REFINANCING TRANSFORMED THE DEBT PORTFOLIO

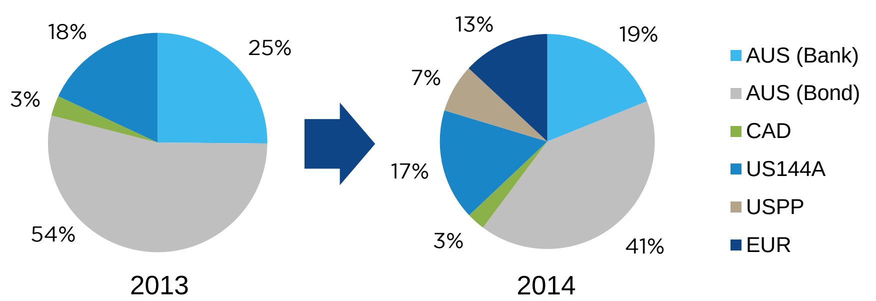
Sydney Airport

Management capitalised on market conditions in 2014, fundamentally improving Sydney Airport's capital position with increased liquidity and diversifying the portfolio into new markets

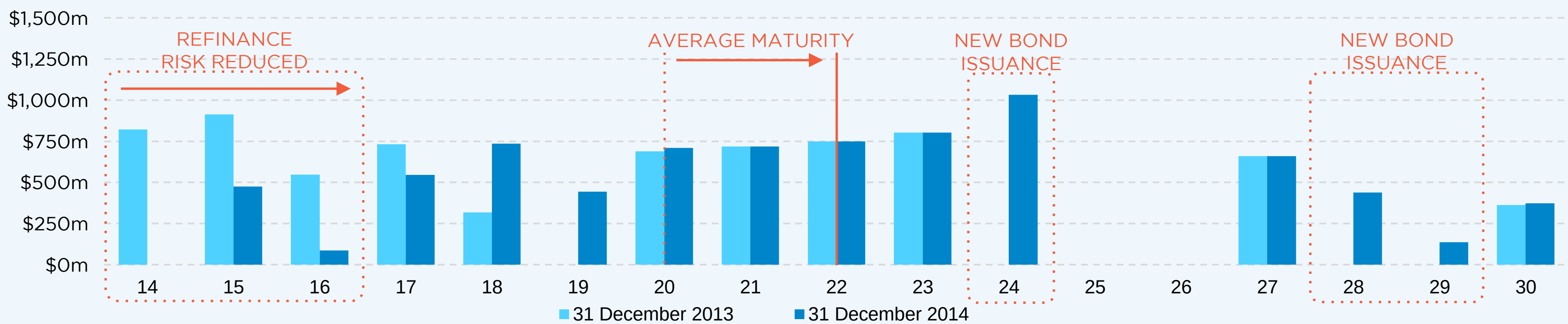
Sydney Airport's debt portfolio now has reduced refinancing risk

- Four offshore capital markets vs. two at the start of 2014
- Both public and private capital markets vs. no private markets at the start of 2014
- Only 14% of debt maturing over the next three years vs. 31% at the start of 2014
- No more than 15% of debt matures in any one year

/// DIVERSIFICATION OF THE DEBT PORTFOLIO



/// DEBT MATURITY PROFILE



MAJOR CAPITAL EXPENDITURE PROJECTS IN 2014

Sydney Airport

$241.5m of capital expenditure, in line with guidance, delivered on time and on budget demonstrating fiscal and project management discipline

Terminal Experience

- Reconfiguration of the T1 terminal space to improve passenger experience, increase seating and enhance retail and food court offerings in Departures and Arrivals
- T1 Pier C improvements with expanded seating capacity and improved natural light

Terminal Capacity

- Two additional A380 capable baggage reclaims and make up space facilitating additional capacity
- Australia's first early bag store holding 1,200 bags and allowing passengers to check-in up to five hours before a flight
- Gate upgrade to Code E (B747, B787, A350 aircraft)
- Three T1 gate lounge upgrades to accommodate A380s

Airfield

- Airfield re-sheet and improvement of taxiways
- Category II upgrade of runway lighting for enhanced safety and increased operational usage during low visibility
- Two new layover aprons in the South East Sector to accommodate Code F (A380) aircraft

Ground Transport

- T1 road and car park improvement creating a new Centre Road
- New T1 express pick-up zone and increased capacity
- Improved traffic circulation to streamline traffic flow in and out of the T1 car parks

TRAFFIC DEVELOPMENT AND AERONAUTICAL ACTIVITIES

PASSENGER GROWTH IN 2014

Sydney Airport

Significant load factor increases drove traffic growth in 2014 and point to improved airline performance and future capacity additions

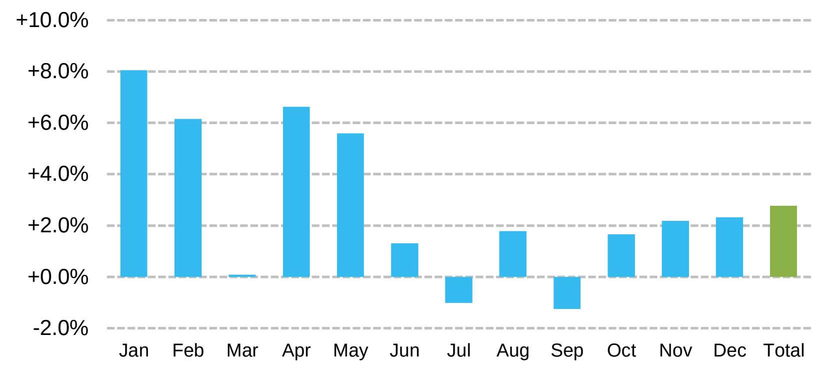
AVIATION BUSINESS DEVELOPMENT

- New international LCC, Cebu Pacific Air, commenced services to Sydney
- New routes, new services, aircraft upgauges and frequency increases from most major customers
- Strong load factor growth in the second half, as foreshadowed at the first half results
- Load factors on international services improved throughout 2014 and increased by a significant 1.6 percentage points over the year
- Stronger load factors are a leading indicator for future capacity

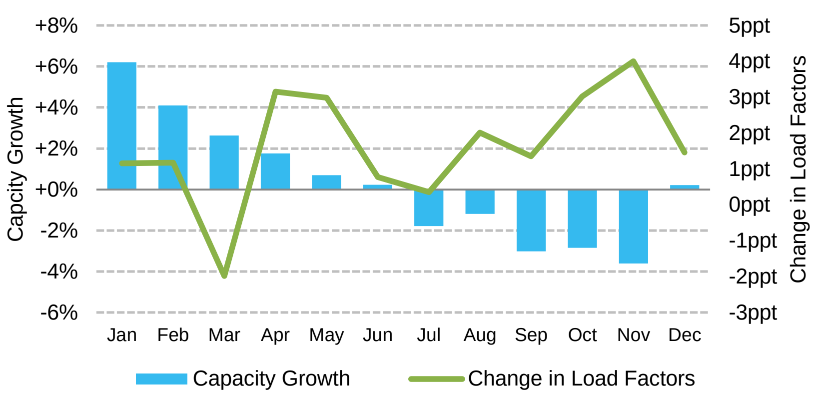
/// PASSENGER GROWTH IN 2014

PASSENGERS ('000s)	2014	2013	GROWTH
Domestic	25,351	25,040	+1.2%
International	13,103	12,753	+2.8%
DOC	42	70	-40.5%
Total	38,496	37,863	+1.7%

/// INTERNATIONAL PASSENGER GROWTH



/// LOAD FACTOR AND CAPACITY DEVELOPMENT



March swing due to the timing of Easter in 2014

SYDNEY'S UNIQUE MARKET POSITION

Sydney Airport

Sydney Airport has a strategic advantage as a result of its geographical position within Sydney, NSW and proximity to Asia

Sydney and NSW are unique tourist and business destinations and benefit from

- 32% of Australia's population
- 41% of Australia's top 500 companies' headquarters
- 90% of international banks' regional headquarters
- 34% of Australia's international visitor bed nights

GLOBAL POSITION

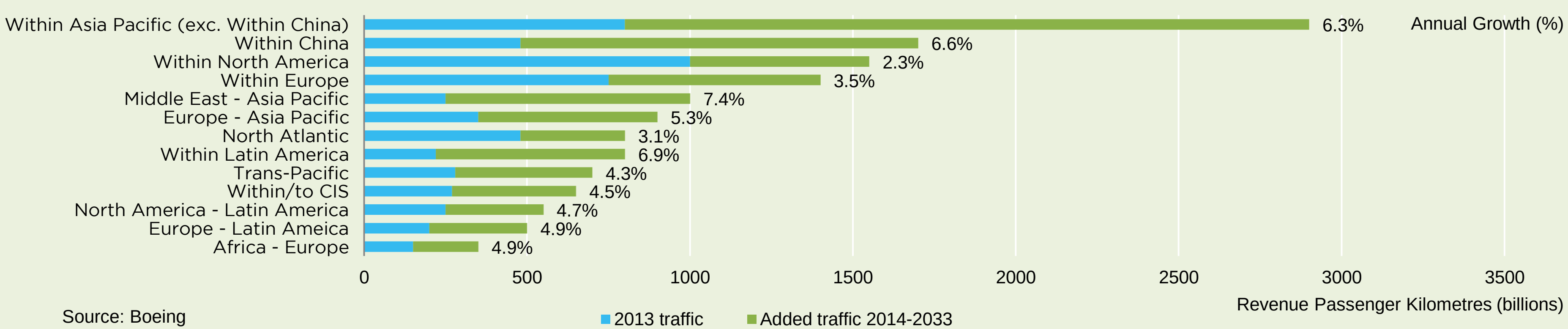
- An emerging middle class in neighbouring Asian countries make the Asia Pacific the largest global growth region for air travel

SYDNEY AIRPORT HAS A LEADING MARKET POSITION

- 40% share of Australia's international passengers
- 42% of Australia's premium traffic
- 37% of Australia's outbound leisure traffic
- 517k tonnes or 47% of all international air cargo into Australia
- $65 billion in value of air cargo each year

Source: Australian Bureau of Statistics, NSW Trade and Investment, Tourism Research Australia, Sabre ADI MIDT, OAD Passenger Card, BITRE and Australian Customs and Border Services

/// FORECAST 20 YEAR GROWTH IN TRAFFIC BY GLOBAL REGION



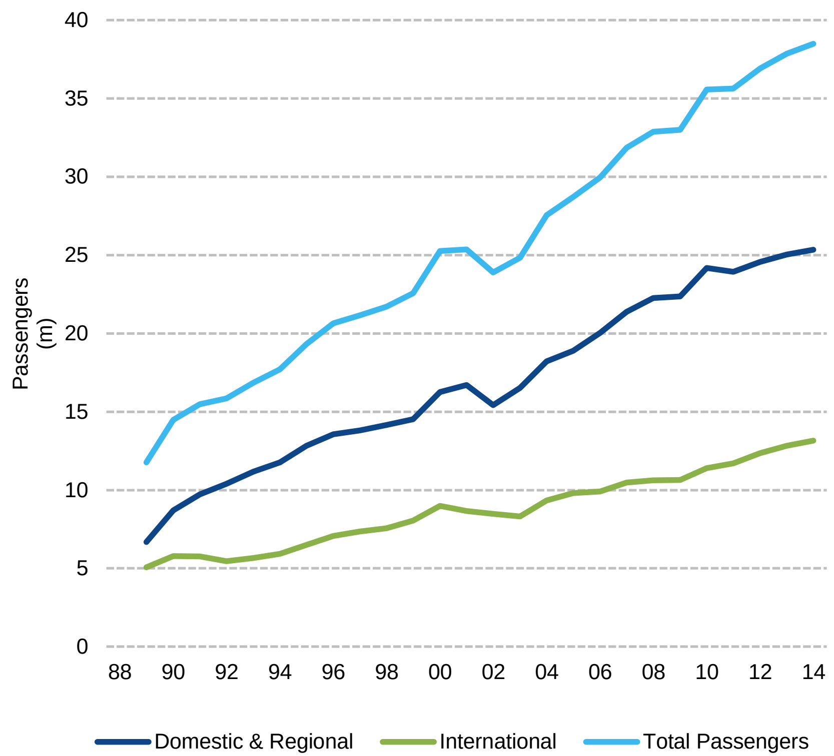
Source: Boeing

PASSENGER GROWTH OUTLOOK

Long term drivers remain firmly in place for continued passenger growth at Sydney Airport

- Long term traffic trends remain robust and are assisted by near term tailwinds
- Passenger growth at Sydney Airport has proven to be consistently strong over a number of decades
- China market (+16.4%) remains our largest growth market
- Malaysia (+11.6%) and India (+11.9%) have shown strong growth in 2014 and India continues to be a major opportunity
- USA market (+5.0%) has performed strongly in recent years and continues to be a major contributor
- A number of tailwinds are a catalyst for near term capacity and passenger growth
  - Lower oil prices reducing airline fuel costs
  - Australia's improving competitiveness
  - New free trade agreements
  - New bilateral air service agreements

/// SYDNEY AIRPORT LONG TERM TRAFFIC GROWTH



CHINA-AUSTRALIA BILATERAL AIR SERVICES AGREEMENT

Increases in bilateral air rights capacity agreed by Australian and Chinese governments secures Sydney Airport's ability to continue growing the Chinese market

- Australian and Chinese governments announced a new bilateral air service agreement in January 2015
- The agreement
  - Triples capacity available to Australian major cities by 2017
  - Opens up a new category between Australian major cities and regional Chinese cities

CHINESE MAJOR GATEWAYS

- Beijing
- Shanghai
- Guangzhou

AUSTRALIAN MAJOR GATEWAYS

- Sydney
- Melbourne
- Brisbane
- Perth

/// NEW CHINA – AUSTRALIA AIR SERVICES CAPACITY

SEATS EACH WAY, EACH WEEK FROM AUSTRALIAN MAJOR GATEWAYS	TO CHINESE MAJOR GATEWAYS	TO ALL OTHER CHINESE CITIES	TOTAL CAPACITY ACCESSIBLE	% INCREASE
Pre January 2015	22,500	-	22,500	-
from January 2015	26,500	26,500	53,000	+136%
from October 2015	30,500	30,500	61,000	+171%
from October 2016	33,500	33,500	67,000	+198%

REGIONAL CITIES PROVIDE THE NEXT STAGE OF DEVELOPMENT IN THE CHINESE MARKET

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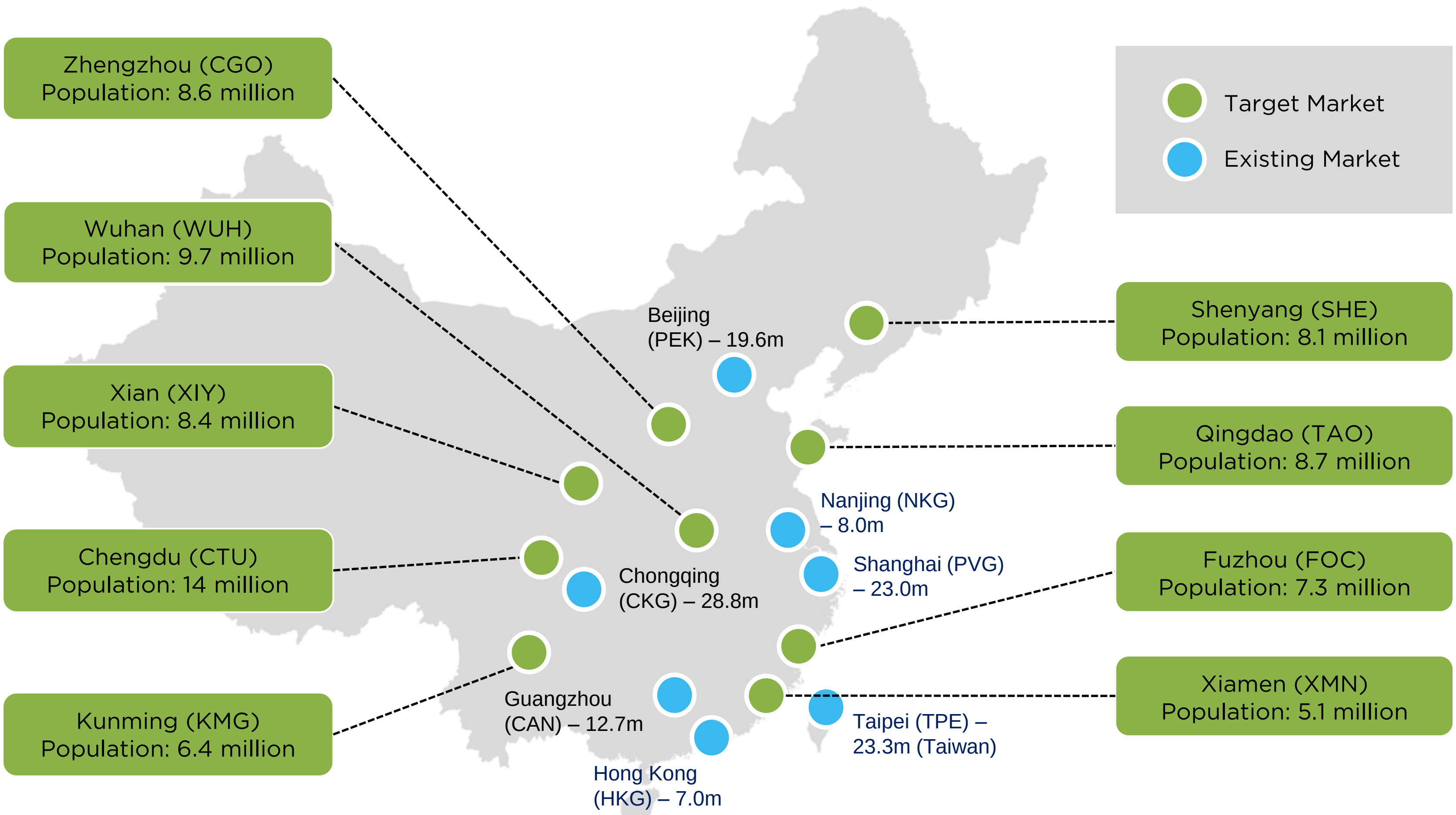
Significant opportunities for services to Sydney from Chinese cities outside the Major Gateways



INTERNATIONAL AERONAUTICAL PRICING AGREEMENT

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Sydney Airport has a good track record of commercial agreements with all our airline partners

NEGOTIATIONS UPDATE

- Discussions have not just been about the price of aeronautical passenger charges
- Working groups established with the Airlines and BARA to focus on a number of areas
  - Quality of service improvement
  - Demand forecasting
  - Terminal presentation
  - Pricing structure
- Sydney Airport is focused on providing infrastructure to support airlines' changing needs
- The consultation is part of a "business as usual" periodic process every five years and provides an opportunity to deepen our engagement with our Airline partners

CONTEXT

- A number of international aeronautical pricing agreements expire on 30 June 2015
- Sydney Airport is working on a new agreement with the Airlines and the Board of Airline Representatives Australia (BARA)

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IMPROVING THE CUSTOMER EXPERIENCE

IMPROVING THE CUSTOMER EXPERIENCE AND BUSINESS OUTCOMES

Sydney Airport

Management is engaged in multiple initiatives that will improve the customer experience, expand and increase the quality of service and develop new business at Sydney Airport

- The Sydney Airport vision is to create world class airport facilities, addressing every phase of the journey including
  - Travel planning
  - Travel to and from the airport
  - Terminal presentation and experience
  - Terminal and airfield operational efficiency
- Key management initiatives to improve the customer experience include
  - Car parking enhancements
  - New hotels
  - Expanded check-in
  - Early bag store
  - Re-organisation of T1 food court
  - Expanded security
  - Outbound e-gates
  - Increased SmartGates at arrivals
  - Expanded ambassador program
  - Category II low visibility certification
  - Satellite navigation equipment

/// **SYDNEY AIRPORT AMBASSADORS**

DUTY FREE TRANSFORMATION
THE HEINEMANN PARTNERSHIP

The new Heinemann partnership secured growth in the retail business

- Heinemann officially commenced operating on 17 February 2015
- The Heinemann partnership will significantly improve the duty free offering
  - Over 400 new brands
  - Online shopping for collection at the airport
  - Value propositions with prices below high street
  - Flexible retail spaces
- 2015 transition year
- 2016 full operations
- Reallocation of retail space from specialty to duty free resulting in a higher overall revenue base
- Duty free stores in five locations
  - Main departures forum
  - Pier B Satellite and Arrivals
  - Pier C Satellite and Arrivals

/// NEW DUTY FREE SPACE PROVIDES CLEAR LINES OF SIGHT

- In addition, Sydney Airport will deliver T1 improvements including
  - Faster access and improved wayfinding to gates
  - More seating capacity
  - Wider walkways
  - Brand new shopping and dining outlets
  - Environmentally friendly design features

EXCELLENT PROGRESS ON GROUND TRANSPORT UPGRADES

Sydney Airport is focused on improving traffic flow in and around the airport and working in collaboration with the NSW Government to invest in upgrades

- NSW Government and Sydney Airport are jointly investing almost $500m (including $40m from the Commonwealth Government) to improve traffic flow in and around Sydney Airport
- NSW Government and the Commonwealth will be responsible for the investment in roads outside the airport boundary
- Ground access improvements to 2019 are included in the five year $1.2bn capital expenditure guidance
- T2/T3 major development plan submitted covering ground transport, parking and new hotel
- T1 ground transport works are well underway
  - New T1 express pick up and drop off zone and Centre Road opened in December
  - Continued good progress on ground transport works in 2015

/// **T1 CENTRAL ROAD AND PICK UP & DROP OFF ZONE**

WESTERN SYDNEY AIRPORT

GOVERNMENT VISION FOR WESTERN SYDNEY AIRPORT

Sydney Airport

An airport for Western Sydney to service local aviation needs and be a catalyst for investment, jobs growth and tourism in the region for decades to come

THE AUSTRALIAN GOVERNMENT OBJECTIVES

- **Transportation access:** Improve access to aviation services in Western Sydney
- **Long term security:** Provide for long-term aviation capacity in the Sydney basin
- **Economics:** Maximise economic benefit for Australia by maximising the value of the airport as a national asset
- **Employment:** Optimise the benefit of the airport to employment and investment in Western Sydney
- **Value:** Deliver sound financial, environmental and social outcomes ("Value for Money")

The Government has outlined its expectations for the Western Sydney airport

- Could be operational from the mid-2020s
- Built to serve new demand
- Anticipated three million passengers on opening
- Initial stage – single runway on opening
- Expected to be a full service airport

Source: DIRD
Australian Government

UPDATE ON CONSULTATION PROCESS

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Sydney Airport has a team of internal and external experts evaluating the opportunity in consultation with the Australian Government

- Sydney Airport is fully committed to the formal consultation process with the Australian Government
- Given the size, complexity and importance of this project, it is crucial that the Western Sydney Airport is designed, constructed and operated in the most efficient manner
- Sydney Airport is engaged in multiple work streams to examine the opportunity
- Following the end of the consultation and after a period of consideration, the Commonwealth may enter a contractual phase which would involve issuing Sydney Airport a Notice of Intention setting out the material terms for the development and operation of the Western Sydney Airport
- Sydney Airport will have four or nine months to consider exercising the option

SYDNEY AIRPORT IS EVALUATING

- Airport design, infrastructure, services and utilities, airspace and runways
- Business plan and traffic demand
- Financial and commercial parameters
- Legal and regulatory aspects
- Environmental processes
- Stakeholder and government consultation

INDICATIVE TIMELINE

Preliminary discussions *Complete* → Notice to Consult 30 Sept 2014 – 30 June 2015 → Government consideration → Notice of Intention 4 or 9 months

Sydney Airport

OUTLOOK AND 2015 GUIDANCE

OUTLOOK AND 2015 GUIDANCE

Sydney Airport

Management remains focused on delivering the strategy and driving growth in value and distributable cash for investors

- Management is focused on improving the customer experience and in turn driving stronger business outcomes
- Balance sheet strength, substantial liquidity and undrawn credit facilities available to fund future capital expenditure into 2018 provides Sydney Airport with a platform from which it can invest and grow
- Management will continue to capitalise on Sydney Airport's unique position as Australia's major gateway and tailwinds including lower fuel prices and new free trade and bilateral air service agreements

KEY 2015 FOCUS AREAS

- T1 transformation and reconfiguration
- Renewal of international aeronautical charges agreements
- Ground transport improvements
- Western Sydney Airport consultation

GUIDANCE[1]

- 25.0 cps distribution for 2015
- $1.2bn capital expenditure over the next five years (2015-2019)

1. Subject to aviation industry shocks and material forecast changes

Questions?