



ASX Release

20 April 2020

Sydney Airport Liquidity, Half-Year Distribution, and Traffic Update

- Sydney Airport secures \$850m of additional bank debt facilities, further strengthening its balance sheet
- Sydney Airport advises no half year distribution will be paid
- Strict operating expenditure reduction measures implemented, including reducing directors' fees and CEO fixed remuneration by 20%
- March traffic performance significantly impacted by progressive tightening of travel restrictions

Balance Sheet and Liquidity

Sydney Airport has now established an additional \$850 million dollars of new two and three year bank debt facilities.

After establishment of these new facilities, we have \$430m available cash, \$1.75bn of undrawn bank facilities and approximately \$600m of new USPP bond market debt (due to be funded in June 2020), for combined liquidity of \$2.8bn. This is comfortably in excess of the \$1.3bn of debt maturing in the next 12 months and the \$150m - \$200m of expected capital expenditure over the same period. We also expect to remain compliant with our covenant requirements.

Given the strength of our balance sheet and liquidity position, at this time we do not see the need to raise equity.

Interim 2020 Distribution

Given the importance of liquidity, the current impact of COVID-19 and the uncertain near-term trading outlook, the Boards of SAL and SAT1 will not declare an interim distribution for the half year period ending June 2020.

Sydney Airport

Sydney Airport Limited ACN 165 056 360 (SAL) and The Trust Company (Sydney Airport) Limited (ACN 115 967 087) (AFSL 301162) (TTCSAL) as responsible entity for Sydney Airport Trust 1 (ARSN 099 597 921) (SAT1) (together "SYD")
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Operating Expense Reductions

In response to the COVID-19 crisis, we are implementing a range of operating cost initiatives. We are targeting at least a 35% reduction in operating costs for the next 12 months from 1 April 2020 (excluding security recoverable costs). This will ensure the operating cost base reflects the lower level of activity, without compromising on the safe and secure operations of the airport. As part of this process, we are working with our suppliers to sensibly reduce operating costs in a fair and reasonable manner.

Considering the current circumstances, the directors of Sydney Airport Limited (SAL) and The Trust Company (Sydney Airport) Limited (TTCSAL) (as responsible entity of Sydney Airport Trust 1) (SAT1) have decided to reduce their fees by 20% for three months commencing 1 April 2020 until 30 June 2020. The fixed remuneration of the Chief Executive Officer (CEO) will also be reduced by 20% over that same period.

Capital Investment Program

Sydney Airport has a modular capital investment program and sophisticated capital program governance. As previously announced, the program has been adjusted to rapidly defer, rescope and cancel a broad range of non-critical projects.

At this time, we are targeting a capital investment range of \$150-\$200m for the next 12 months from 1 April 2020. Our focus will be on essential projects targeting safety, maintenance and asset resilience. In addition, we may consider a range of non-critical projects that would take advantage of the fact that the terminals, facilities and airfield are largely dormant. Any projects in this category would be pursued prudently and the overall capital investment target will be constantly reviewed and updated over coming months as business conditions continue to unfold.

Retail and Commercial Tenancies

We note the Federal Government's announcements in relation to commercial and retail tenants and the associated Code of Conduct. We will adhere to the Code of Conduct and all other relevant guidelines set by Government. We are working closely with all our retail partners to reach fair and equitable outcomes. Likewise, we are also working with our aeronautical and commercial partners and tenants to reach outcomes that represent a fair and equitable sharing of the pain. Those discussions are currently ongoing, but we note that the Government's Code of Conduct is helpful in progressing negotiations.

Traffic

PAX ¹ (‘000s)	Monthly Performance			Year-to-Date Performance		
	Mar-20	Mar-19	Growth (%)	YTD-20	YTD-19	Growth (%)
Domestic	1,319	2,333	-43.4%	5,582	6,703	-16.7%
International	687	1,319	-47.9%	3,441	4,305	-20.1%
Total	2,007	3,652	-45.1%	9,022	11,008	-18.0%

Total traffic for the month of March 2020 was 2.0 million passengers, down 45.1% on the prior corresponding period (pcp). International traffic was 0.7 million, down 47.9% and Domestic traffic was 1.3 million, down 43.4% on the pcp.

For the first 16 days of April, provisional data indicates a 96.1% decrease in International passenger traffic and a 97.4% decrease in Domestic passenger traffic versus the pcp.

We expect to see similar reductions in traffic for so long as current restrictions on travel remain in place. The extent and duration of the downturn in traffic will continue to be dependent to a large extent on the measures taken by Governments in response to COVID-19.

Top 10 Nationalities travelling through Sydney Airport ²							
Rank	Nationality	Growth (%)		Rank	Nationality	Growth (%)	
		Mar-20	YTD-20			Mar-20	YTD-20
1	Australia	-46.4%	-14.6%	6	India	-42.5%	-11.9%
2	United States of America	-49.4%	-20.1%	7	Germany	-24.2%	-16.7%
3	United Kingdom	-30.6%	-13.2%	8	Canada	-38.0%	-17.7%
4	New Zealand	-45.6%	-16.4%	9	Japan	-63.9%	-27.9%
5	China (Including Hong Kong)	-70.2%	-47.1%	10	France	-37.3%	-15.9%

¹ 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.

² 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)	2019-Apr	2019-May	2019-Jun	2019-Jul	2019-Aug	2019-Sep	2019-Oct	2019-Nov	2019-Dec	2020-Jan	2020-Feb	2020-Mar	12 months to		
													Mar-20	Mar-19	Growth %
Dom	2,284	2,217	2,096	2,388	2,297	2,286	2,541	2,377	2,348	2,275	1,987	1,319	26,416	27,534	-4.1%
Int	1,399	1,294	1,306	1,459	1,374	1,365	1,435	1,356	1,605	1,656	1,097	687	16,033	16,750	-4.3%
Total	3,683	3,511	3,402	3,846	3,671	3,651	3,976	3,733	3,953	3,932	3,084	2,007	42,449	44,284	-4.1%

CEO Comments

Sydney Airport CEO, Geoff Culbert said, "The entire industry is hurting but we are all in this together and we are working closely with our airline and commercial partners to make sure everyone has the best shot of making it through to the other side, while continuing to operate the airport as an essential service. We remain confident in the strength of our balance sheet and liquidity position, but we will continue to tightly manage liquidity and operating and capital expenditure to reflect the significant reduction in passenger traffic at the airport."

A further business update will be provided no later than at the AGM on 22 May 2020.

Authorised for release by the Boards of SAL and TTCSAL

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