

SYD



Full year results 2020

24 February 2021

Disclaimer

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Sydney Airport advises that on 20 January 2021 foreign ownership was 30.3%

Authorised for ASX release by the SAL and TTCSAL Boards.

Acknowledgement of Country

Sydney Airport would like to acknowledge the Aboriginal people of coastal Sydney who are the Traditional Custodians of the land on which today's airport sits.

They identify themselves in a number of ways including Gamayngal, Bideagal, Gweagal, Gadigal and Gadhungal.

We pay our respects to them, their cultures and to their Elders past, present and emerging and to other Aboriginal and Torres Strait Islander people who have made this area their home.

Safety share

Sydney Airport at the front line of protecting the country



Coordinated with NSW Health, Australian Border Force, NSW Police and the Australian Defence Force to keep essential travel and supply routes open



Developed COVID-safe protocols with the Australian Aviation Recovery Coalition supporting confidence for safe return to travel



Achieved the Airport Council International (ACI) Airport Health Accreditation



2020 full year results

Chief Executive Officer
Geoff Culbert

Key metrics

2020 results reflect the severe impact of the COVID-19 pandemic

Total passengers¹

11.24m

↓74.7% from 2019

Revenue

\$803.7m

↓51.0% from 2019

EBITDA

ex. other income and expenses

\$508.1m

↓62.0% from 2019

Net operating receipts

\$45.5m

↓95.0% from 2019

Capital expenditure²

\$237.5m

↓21.1% from 2019

Operating expenses³

\$138.8m

↓32.3% from 2019

Net loss after income tax

(\$107.5)m

↓150.0% from 2019

Full year distribution

Nil

↓100.0% from 2019

1. International passengers 3.79 million, down 77.5% on 2019; domestic passengers 7.45 million, down 72.9% on 2019
2. Excludes the acquisition of Jet Fuel Infrastructure for \$85 million and associated transaction costs
3. Represents total operating expenses excluding \$62.9 million security recoverable expense and \$93.9 million expected credit loss expense

COVID-19 response

Decisive action taken to mitigate the impact of COVID-19

Operational

- Partnered with airlines, NSW Health, Border Force, NSW Police and the Australian Defence Force in order to repatriate Australians and ensure critical supply lines were kept open
- Implemented COVID-safe protocols to work safely at the frontline while protecting passengers and the Sydney Airport community
- Rapidly delivered revised operational procedures in response to changing state government border requirements
- Alongside NSW government, facilitated the majority of Australia's international passenger traffic 56%¹ and international airfreight 64%¹ since April 2020

Financial

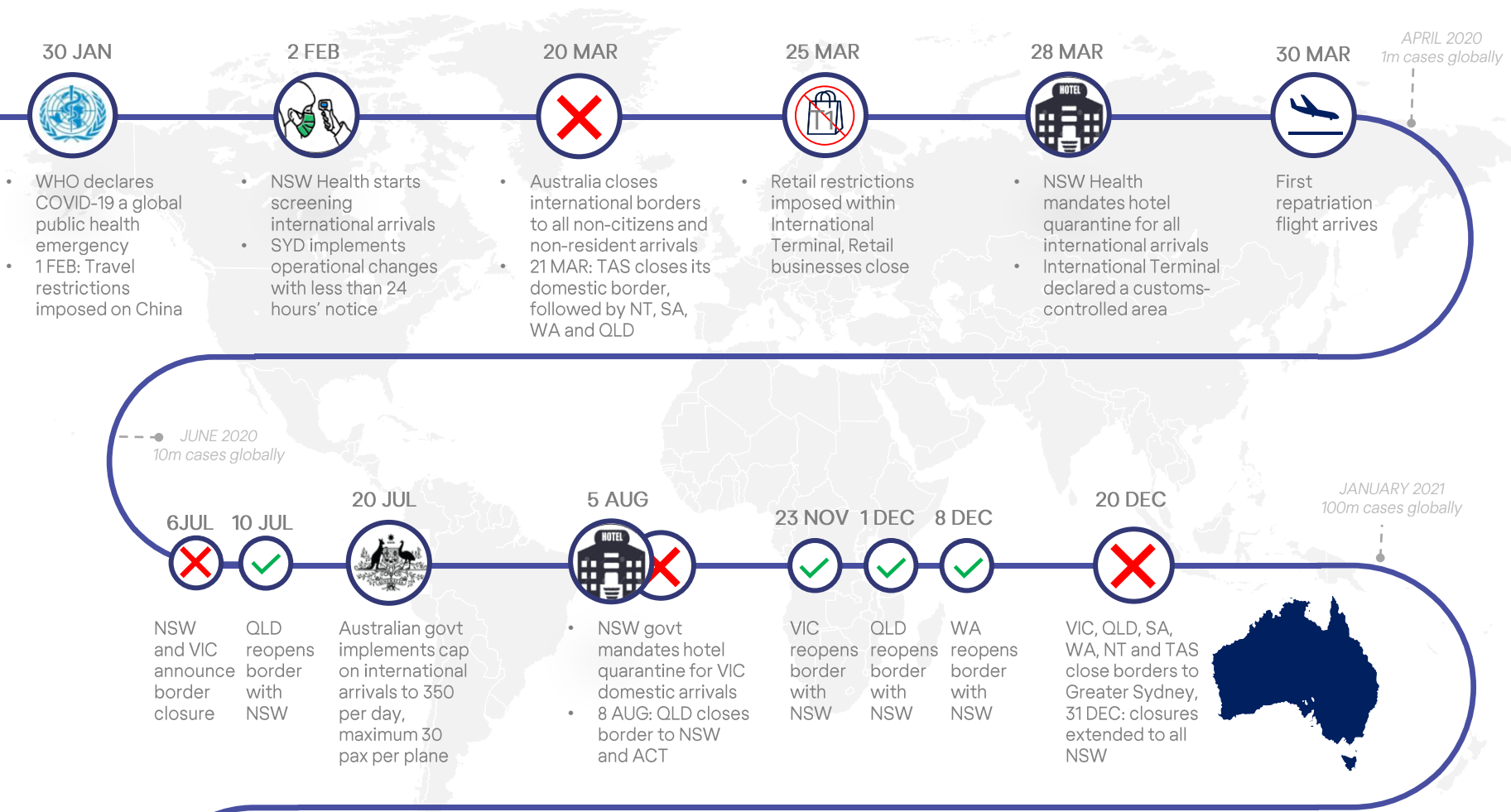
- Early action to enhance liquidity
 - Secured \$850m in additional bank facilities
 - ~A\$600m USPP bond proceeds received Jun-20
 - Reduced 2020 operating expenditure² by 32.3%
 - Reprioritised 2020 capital expenditure down to \$237.5m³
 - Enhanced focus on outstanding receivables
- Reinforced balance sheet strength through \$2bn equity raise via a pro-rata accelerated renounceable entitlement offer
- Reset \$5.2bn interest rate swaps, reducing ~12 months of interest payments by ~\$138m in exchange for a corresponding upfront payment

1. Source: Bureau of Infrastructure and Transport Research Economics, International Airline activity, data between April 2020 to November 2020

2. Excludes the impact of expected credit loss provisions and security recoverable expenditure

3. Excludes the acquisition of Jet Fuel Infrastructure for \$85 million and associated transaction costs

Aviation industry upheaval





2020 financial results

Chief Financial Officer

Greg Botham

Statutory income statement

| \$ Million | 2020 | 2019 |
|--|----------------|----------------|
| Total revenue | 803.7 | 1,639.6 |
| Total other income | 115.7 | 0.1 |
| Total revenue and other income | 919.4 | 1,639.7 |
| Total operating expenses | (295.6) | (303.4) |
| <i>Other expenses:</i> | | |
| Write-off of non-current assets | (28.2) | - |
| Restructuring and redundancy expenses | (7.5) | (3.2) |
| Indemnity refund/(expense) | 39.7 | (183.4) |
| MALSA expense | - | (4.2) |
| Total other expenses | 4.0 | (190.8) |
| EBITDA | 627.8 | 1,145.5 |
| EBITDA ex. other income and other expenses | 508.1 | 1,336.2 |
| Depreciation and amortisation | (440.4) | (438.0) |
| Profit before net finance costs and income tax (EBIT) | 187.4 | 707.5 |
| Net finance costs | (431.8) | (420.9) |
| (Loss)/Profit before income tax expense | (244.4) | 286.6 |
| Income tax benefit/(expense) | 136.9 | (71.6) |
| (Loss)/Profit after income tax expense | (107.5) | 215.0 |
| Add back: (Profit)/loss attributable to non-controlling interests ¹ | (38.1) | 188.9 |
| Net (loss)/profit attributable to security holders | (145.6) | 403.9 |

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

Net operating receipts reconciliation

| \$ Millions | 2020 | 2019 |
|--|---------------|---------------|
| (Loss)/profit before income tax expense ¹ | (244.4) | 286.6 |
| Add back: depreciation and amortisation ¹ | 440.4 | 438.0 |
| Profit before tax, depreciation and amortisation | 196.0 | 724.6 |
| Add/(subtract) non-cash expenses | | |
| Capital indexed bonds capitalised ² | 7.6 | 17.8 |
| Amortisation of debt establishment costs ² | 26.4 | 4.2 |
| Borrowing costs capitalised ² | (7.2) | (9.7) |
| Change in fair value of swaps ² | 60.4 | 0.1 |
| Total non-cash financial expenses | 87.2 | 12.4 |
| Add/(subtract) other cash movements | | |
| Movement in cash balance with restricted use ³ | (0.6) | (0.8) |
| Other | (19.3) | (18.1) |
| Total other cash movements | (19.9) | (18.9) |
| Add back: Net indemnity and MALSA (refund)/expense ¹ | (39.7) | 187.6 |
| Add back: Sydney Gateway transaction ⁴ | (118.0) | - |
| Add back: Amortisation on interest rate swap resets ⁵ | (60.1) | - |
| Net operating receipts | 45.5 | 905.7 |
| Average stapled securities on issue (m) ⁶ | 2,408.6 | 2,257.4 |
| Net operating receipts per stapled security (cents) | 1.9 | 40.1 |
| Distribution declared per stapled security (cents) | Nil | 39.0 |

1. Taken from the Consolidated statements of comprehensive income in the Sydney Airport Financial Report for the Year Ended 31 December 2020

2. Taken from note 6 in the Sydney Airport Financial Report for the Year Ended 31 December 2020

3. Taken from note 3 in the Sydney Airport Financial Report for the Year Ended 31 December 2020

4. Includes gain on de-recognition in relation to Sydney Gateway of \$115.7 million and interest income recognised for accounting purposes pursuant to the Sydney Gateway implementation deed of \$2.3 million – refer to note 15 of the Sydney Airport Financial Report for the Full Year ended 31 December 2020

5. Represents straight line amortisation of the interest rate swap resets over the reset period recognised in the change in fair value of swaps

6. Taken from note 8 in Sydney Airport Financial Report for Full Year Ended 31 December 2020

Liquidity and debt maturity profile

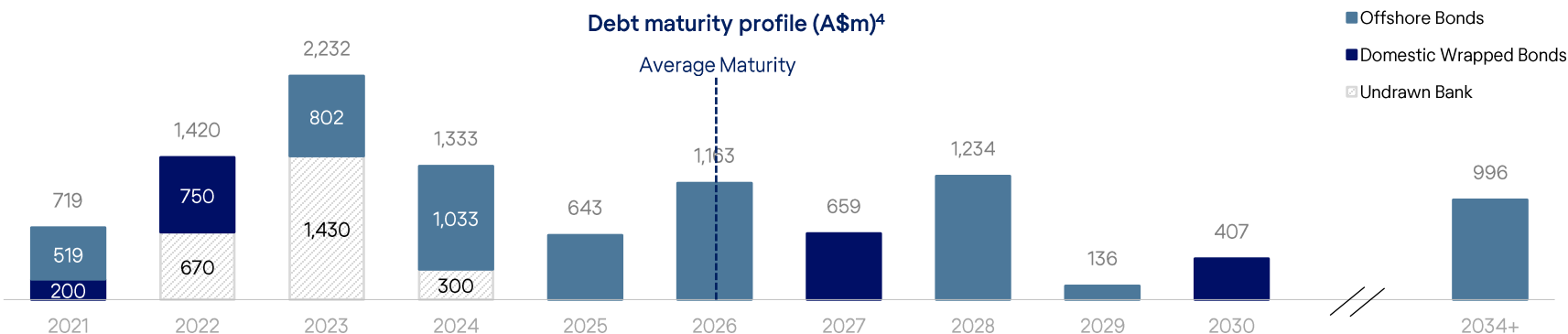
Liquidity of \$3.5 billion as at 31 December 2020

31 December 2020 Metrics

| | |
|---|---|
| Net debt ¹ | \$7.5bn |
| CFCR ² | 1.8x |
| Net debt / EBITDA ^{1,2} | 11.9x |
| Credit rating | BBB+ (negative outlook)/Baa1 (negative outlook) |
| Next drawn maturity | February 2021 / November 2021 |
| Average maturity | Mid-2026 |
| Average cash interest rate ³ | 4.0% |
| Spot interest rate hedge position | 95% (incl. bank debt) |

- \$1.1bn of available cash
- \$2.4bn of undrawn bank debt facilities
- Equity raise proceeds will be used to repay maturing bonds-\$519m in February 2021 and \$200m in November 2021
- Committed to maintaining at least a BBB/Baa2 credit rating
- Continue to expect to remain compliant with covenant requirements

Debt maturity profile (A\$m)⁴

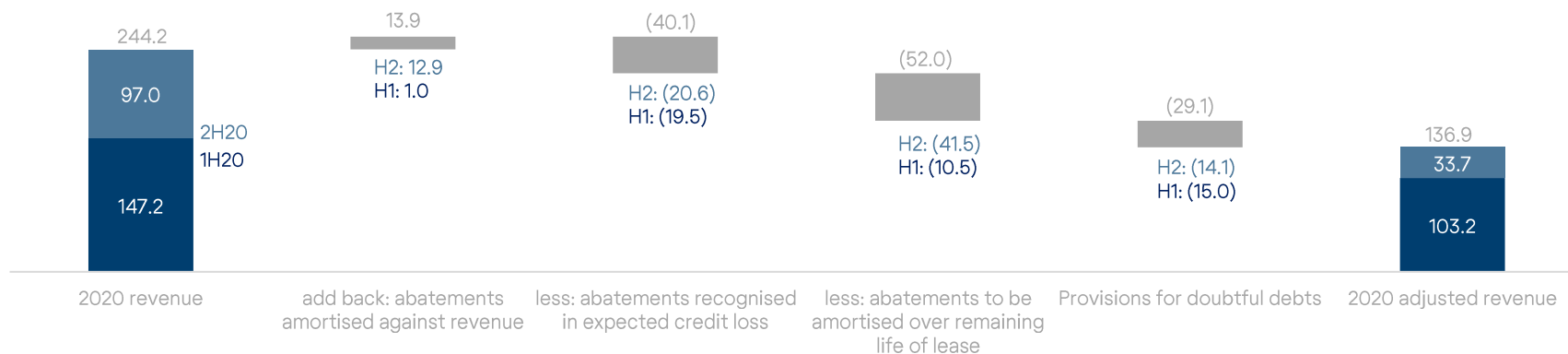


1. Includes lease liabilities and related interest expense due to the application of AASB 16
2. Calculated on rolling 12-month basis (CFCR metric calculated for the SCACH Group)
3. Excludes capitalised interest, fair value of swaps and amortisation of debt establishment and other costs
4. As at 31 December 2020, including the \$150 million SAL working capital facility (fully undrawn)

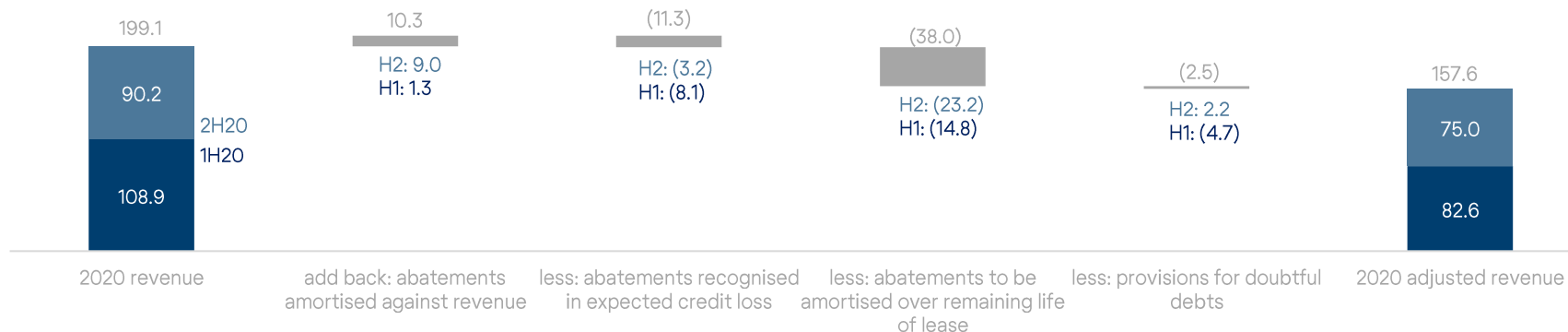
Revenue reconciliation

Breakdown of retail and property revenue recognised in 2020

2020 gross retail revenue to adjusted retail revenue (\$m)¹



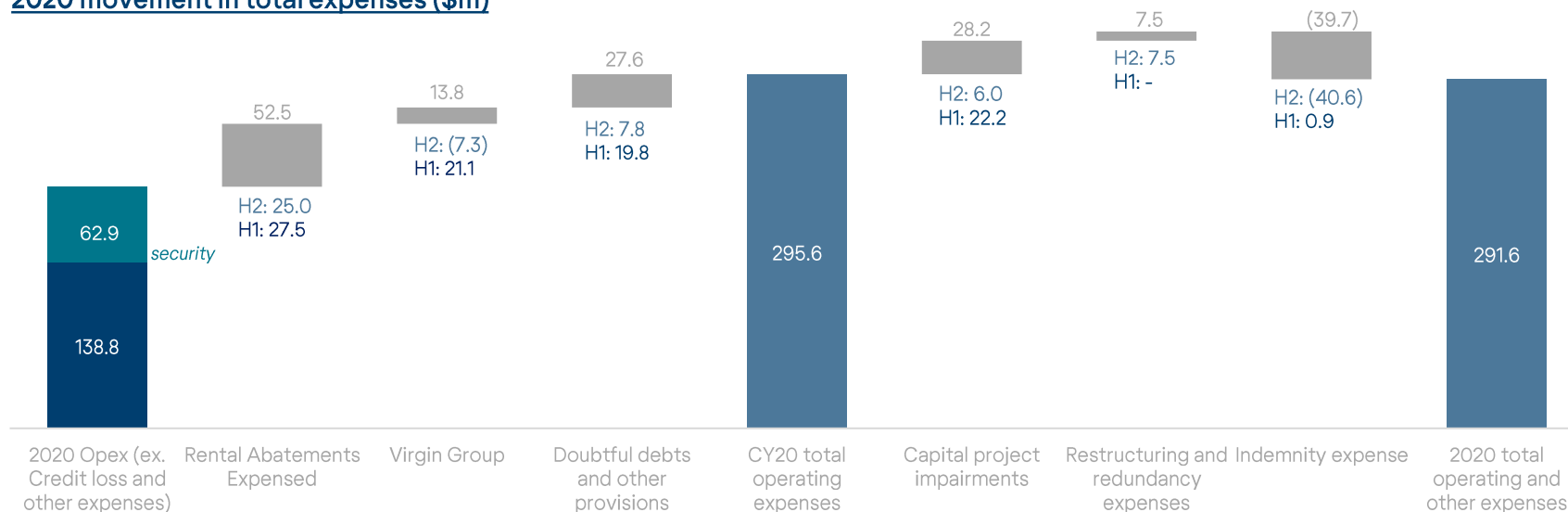
2020 gross property revenue to adjusted property revenue (\$m)¹



1. In accordance with applicable accounting standards

Expected credit loss and other expenses

2020 movement in total expenses (\$m)



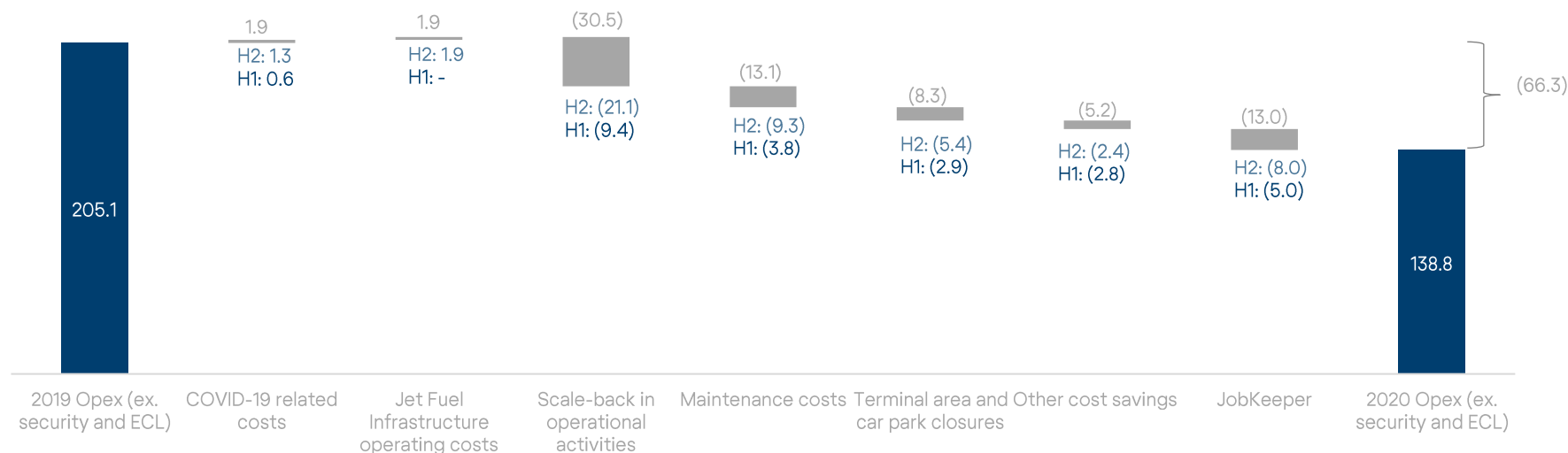
- Worked closely with tenants to reach a fair and equitable outcome on rental abatements¹
- Virgin Group pre-administration debts have been provided in full, minus any agreed dividends from the assets of the creditors trust²
- Impairment charge of \$28.2m in respect of capital projects³

1. \$142.8 million of commercial abatements were provided in 2020 with \$52.5 million recognised in operating expenditure
 2. \$13.8 million of this provision is recognised as operating expenditure, while the remaining \$3.7 million was recognised as a revenue reduction in accordance with accounting standards
 3. Write-off of non-current assets

Scaled back costs from Q2 2020

Delivered on April 2020 operating cost targets¹

2020 movement in total expenses (\$m)



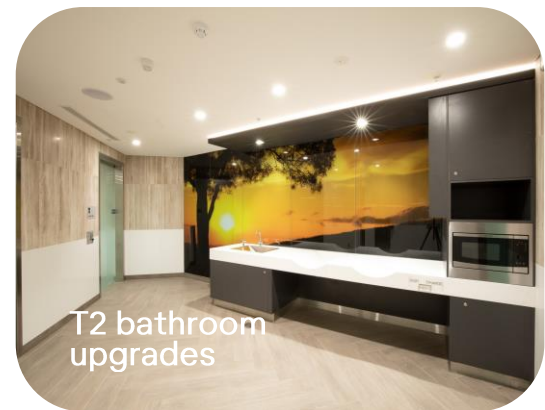
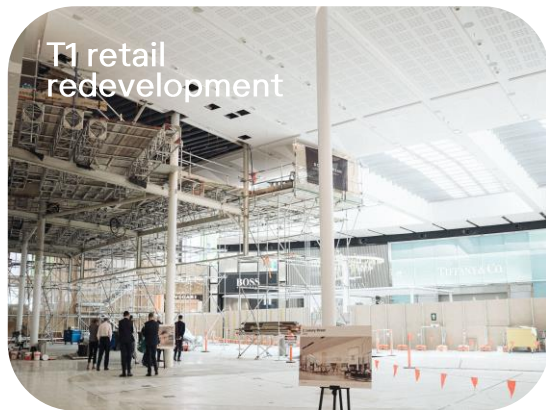
- Operating costs¹ in line with April 2020 guidance of 35% reduction, 32.3% overall reduction versus 2019
- Organisational restructure announced in August 2020 resulted in ~22% reduction of the workforce
- 2H20 result includes Q4 Jet Fuel Infrastructure costs of \$1.9m, with operational control from 1 October 2020

1. Excluding the impact of expected credit loss provisions and security recoverable expenditure

Investing for resilience

Full year capex \$237.5m¹ in line with guidance²

| 1H20 | 2H20 |
|----------|---------|
| \$152.8m | \$84.7m |



1. Excludes the acquisition of Jet Fuel Infrastructure for \$85 million and associated transaction costs
 2. Guidance of \$150–\$200 million for 12 months from 1 April 2020

Business performance

Chief Executive Officer – Geoff Culbert

Chief Commercial Officer – Vanessa Orth

Chief Aviation Officer – Dhruv Gupta



Business performance

Full year revenues reflect the impact of COVID-19



AVIATION REVENUE¹

\$238.2m

↓67.8% from 2019

ADJUSTED REVENUE²

\$228.7m

↓69.1% from 2019



RETAIL REVENUE

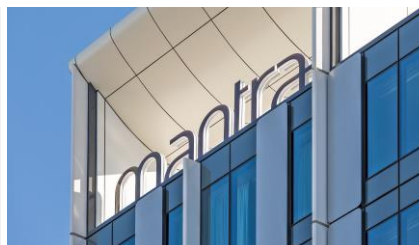
\$244.2m

↓34.9% from 2019

ADJUSTED REVENUE²

\$136.9m

↓63.5% from 2019



PROPERTY & CAR RENTAL REVENUE

\$199.1m

↓20.7% from 2019

ADJUSTED REVENUE²

\$157.6m

↓37.3% from 2019



PARKING & GROUND TRANSPORT REVENUE

\$49.1m

↓69.7% from 2019

ADJUSTED REVENUE²

\$47.5m

↓70.7% from 2019

1. Excludes security recovery revenue of \$68.7 million
 2. Taken from the Director's Report in the SYD Financial Report for the year ended 31 December 2020

Traffic performance

2020 traffic severely impacted by COVID-19 related travel restrictions

Total Passengers

11.24m

↓74.7% on PCP

International

3.79m

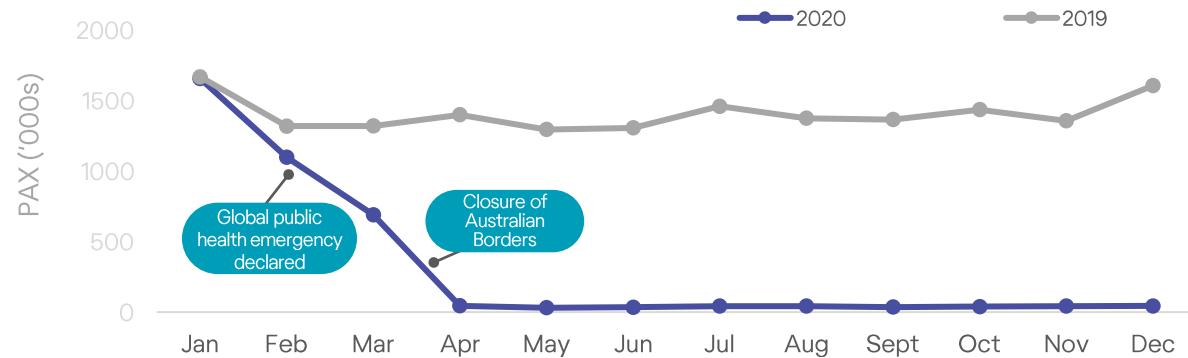
↓77.5% on PCP

Domestic

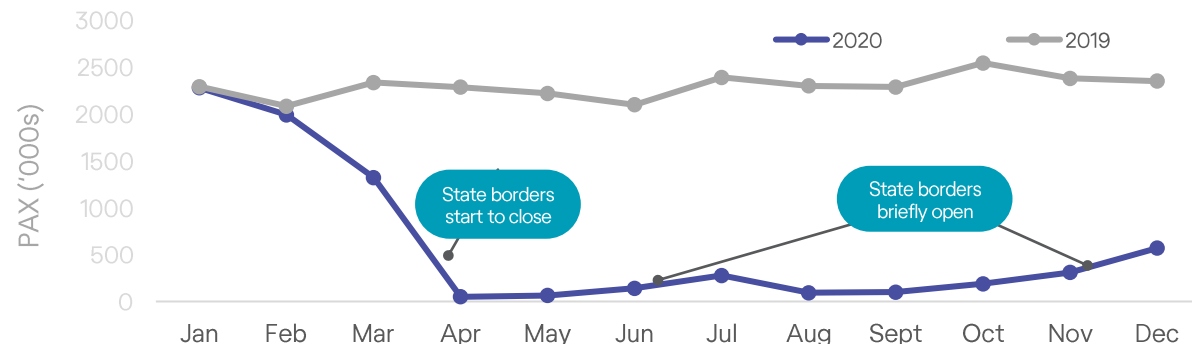
7.45m

↓72.9% on PCP

International passenger comparison



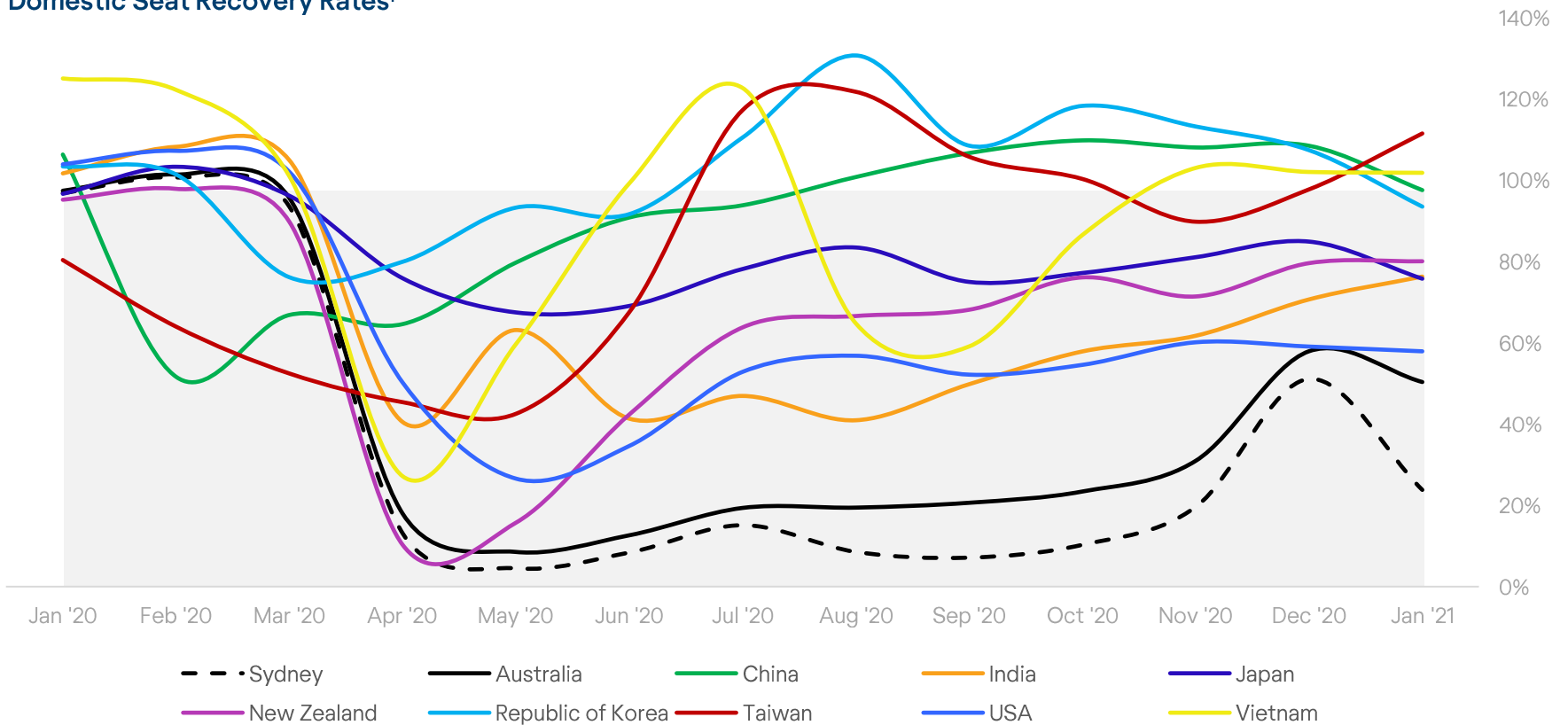
Domestic passenger comparison



Domestic recovery lagging peers

Despite promising global benchmarks, ongoing state border closures disrupt domestic recovery

Domestic Seat Recovery Rates¹

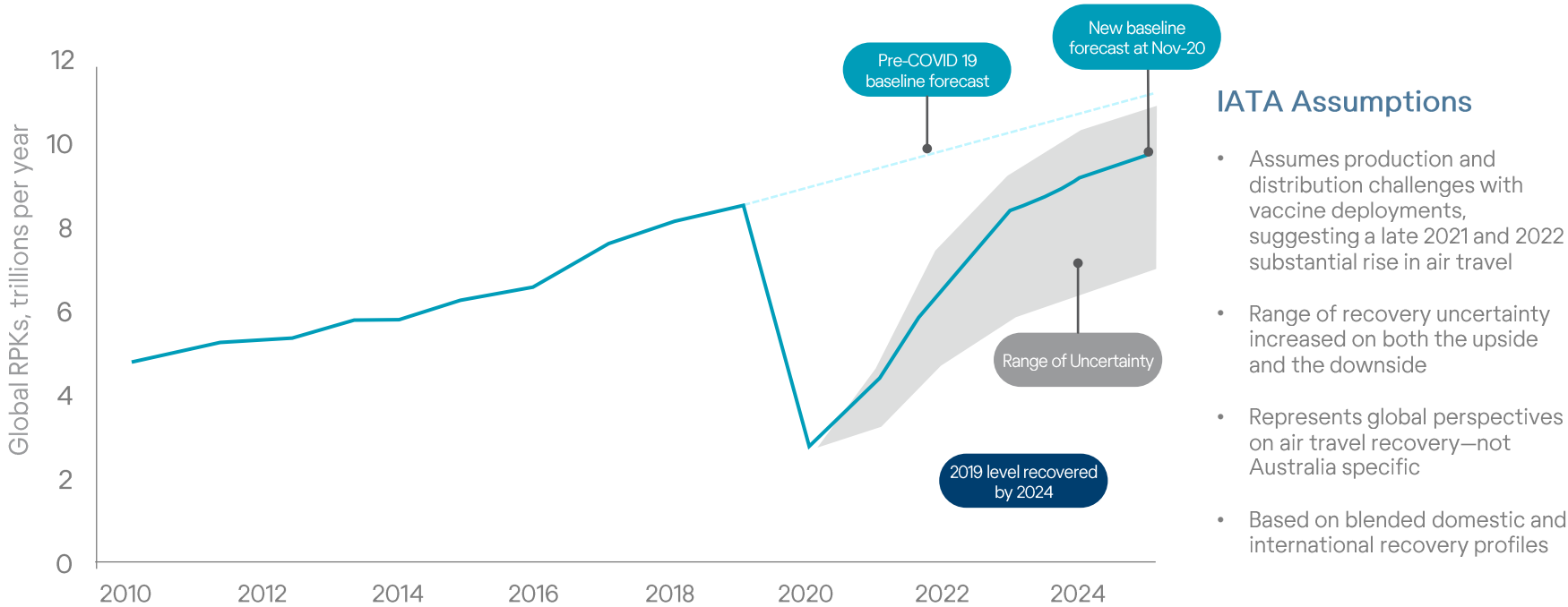


1. Source: SRS analyser

Recovery profile – IATA forecast

The International Air Transport Association continues to signal global RPK recovery to 2019 levels by 2024, with an increased range of uncertainty

Global RPKs departures, trillions per year¹



IATA Assumptions

- Assumes production and distribution challenges with vaccine deployments, suggesting a late 2021 and 2022 substantial rise in air travel
- Range of recovery uncertainty increased on both the upside and the downside
- Represents global perspectives on air travel recovery—not Australia specific
- Based on blended domestic and international recovery profiles

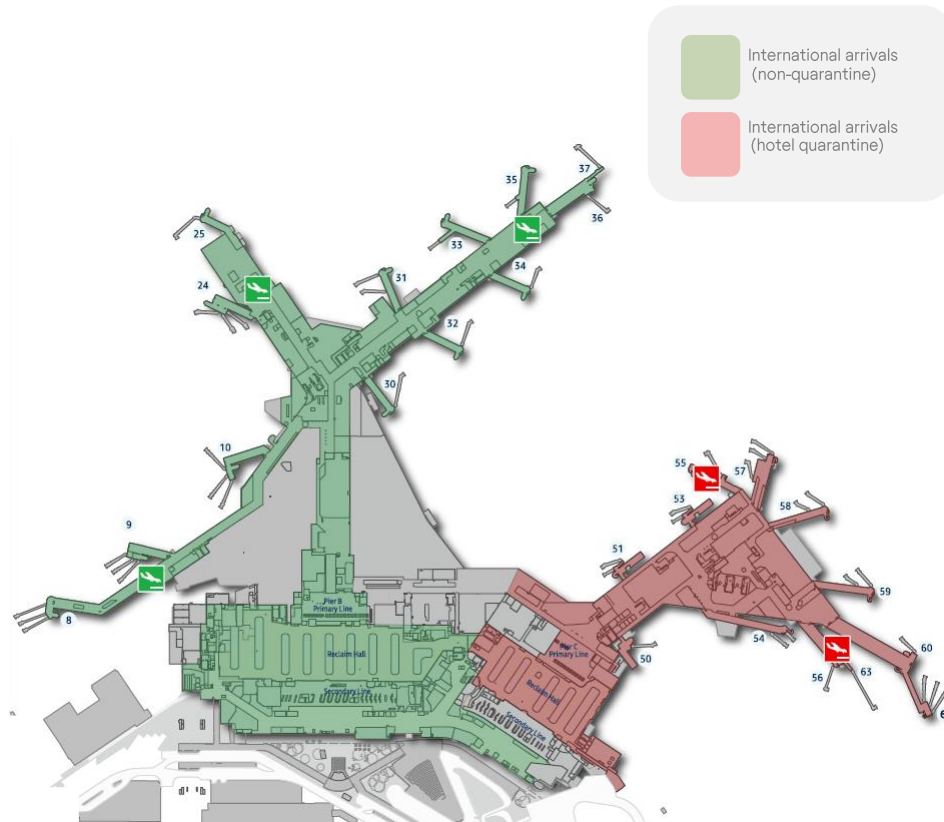
1. This graph is provided for illustrative purposes only. It was sourced from the International Air Transport Association and SYD makes no warranty or representation as to its accuracy, completeness or reliability

Source: © International Air Transport Association, 2020. Airline industry economic performance November 2020, 24 November 2020. All Rights Reserved. Available on IATA publication

Preparing for the recovery

Focused on preparing for all recovery scenarios

Terminal 1 Arrivals

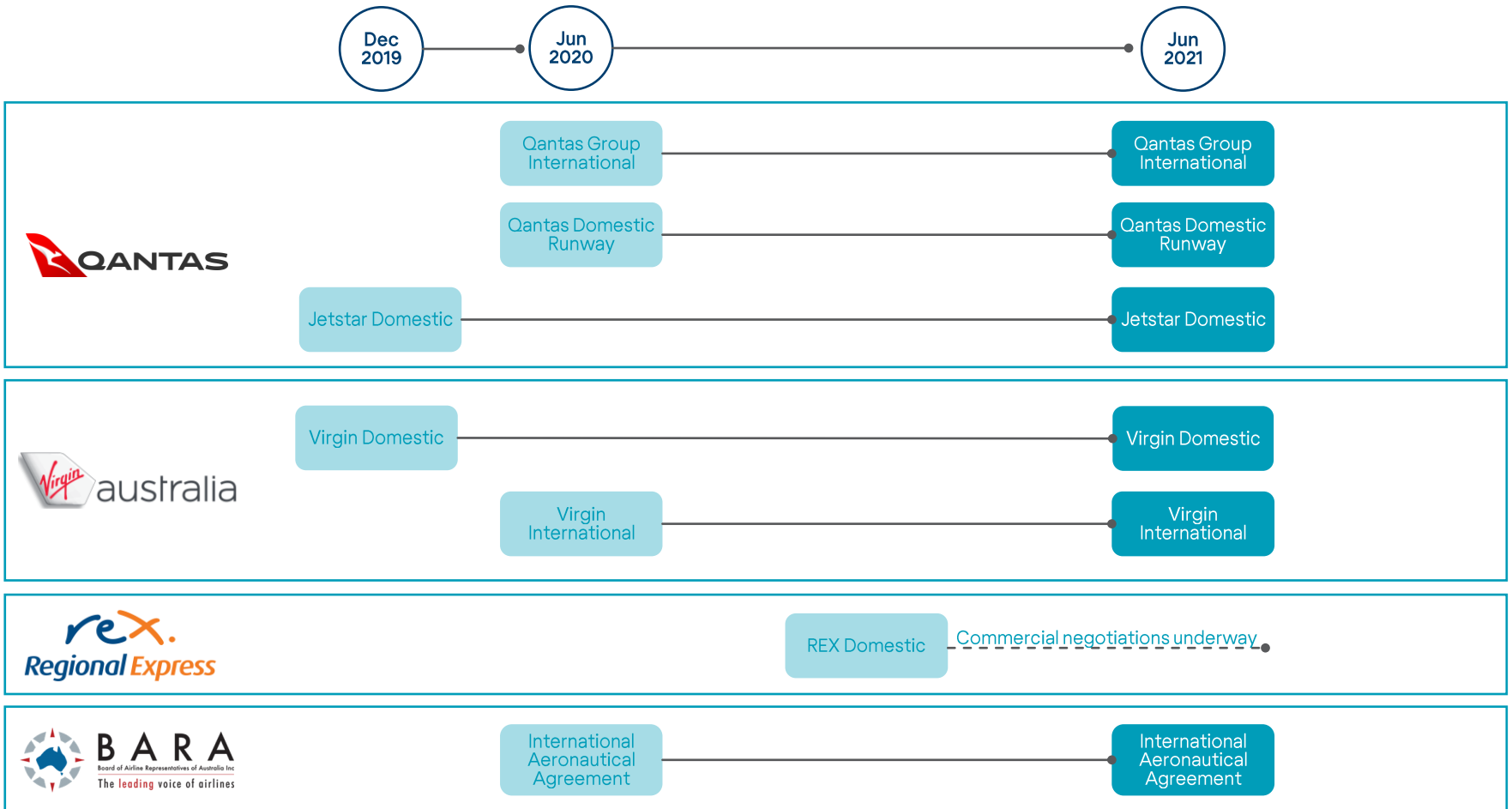


Operations to support recovery

- Implemented a range of processes and protocols to meet specific requirements
- Amended operations to facilitate international arrivals with different risk-levels, providing clear passenger segregation
- Red zone facilitates multi-agency mandatory health screening and quarantine processes, while green zone facilitates non-quarantine passengers
- Green zone scalable as the recovery accelerates, and is currently being used to facilitate NZ arrivals not requiring quarantine
- Sydney Airport remains heavily engaged with government and advocacy groups focused on restoring safe international travel

Airline engagement

Agreements extended to mid-2021



Commercial portfolio performance

Retail

- 41% of stores trading in December, up from 30% in July 2020
- 73% of contracted rents were abated April to December 2020
- 97% occupancy as at 31 December 2020
- Heinemann relief provided in line with contract

Property & car rental

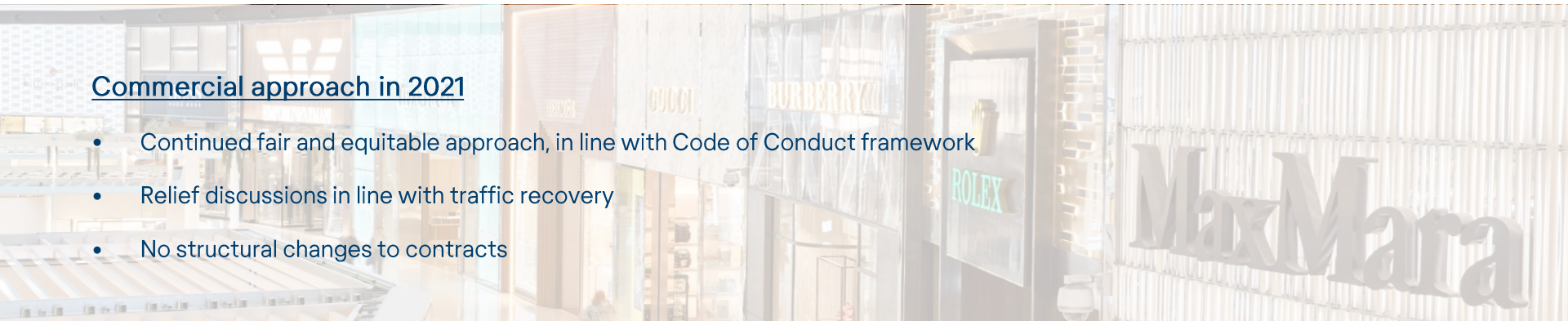
- 39% of contracted rents were abated April to December 2020
- 98% occupancy across the property portfolio as at 31 December 2020
- 25 new lease deals on pre COVID-19 or improved commercial terms
- Hotel operations consolidated to reduce operating cost – occupancy at 17% in 2H20

Parking & ground transport

- Performance directly aligned with passenger volumes, with strongest link to domestic
- Focused on controllable costs– reduced car park operations in line with volumes
- Domestic demand was strong, up to 60% of PCP before December 2020 domestic border closures to NSW

Commercial approach in 2021

- Continued fair and equitable approach, in line with Code of Conduct framework
- Relief discussions in line with traffic recovery
- No structural changes to contracts



Value beyond the crisis

Demand for airport space continues, providing confidence beyond the crisis



Demand across real estate portfolio remains strong

- Strong demand from global luxury retail brands
- Continued growth in freight facilities
- Increased interest from logistics providers



Opportunities exist to unlock additional real estate supply

- Short-term Jetbase lease expires 30 June 2021
- Northern precinct unlocked with Sydney Gateway



Continue to focus on improving the customer experience

- Improved access with the NSW Sydney Gateway Road project
- Activating products to capture the modal shift to private vehicles
- Enhanced car park booking platforms

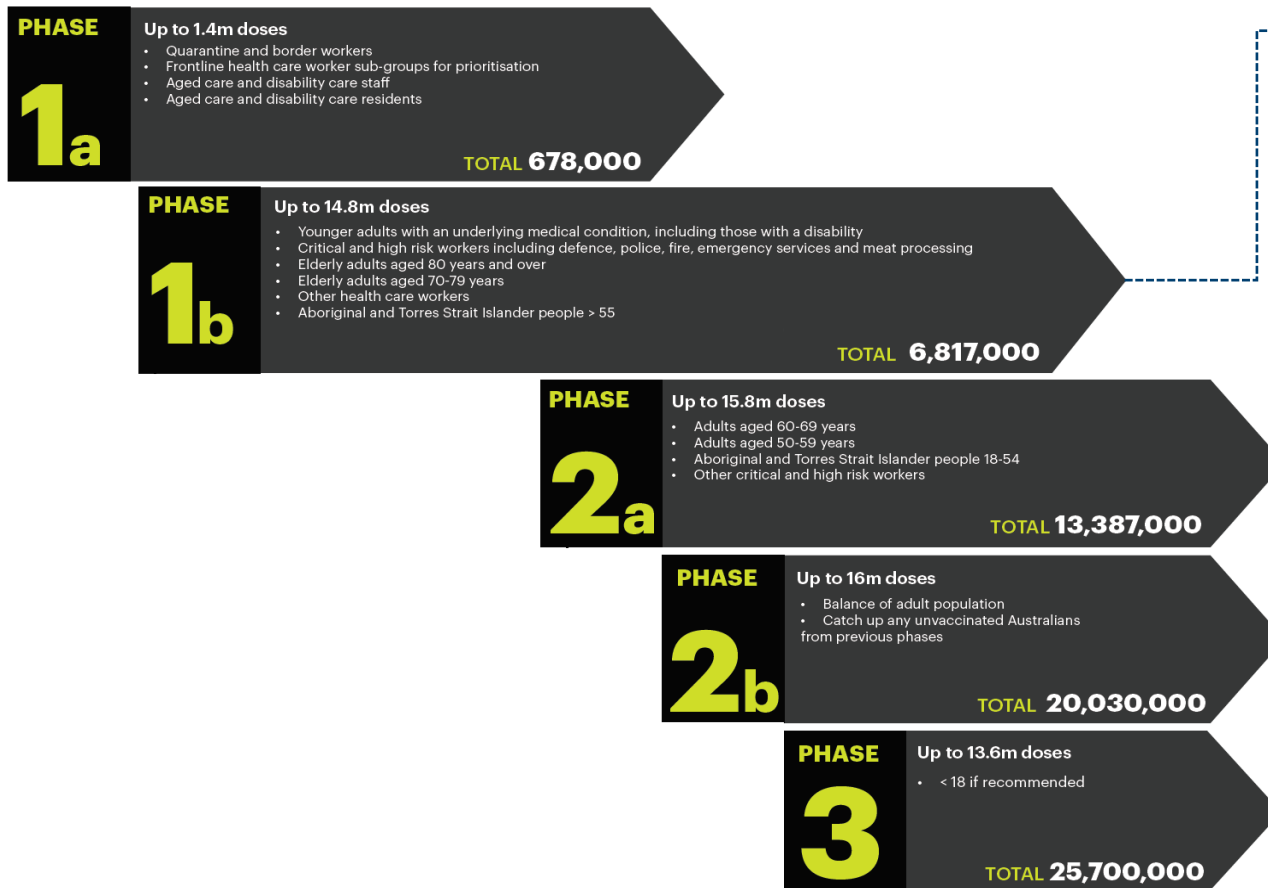
Rolling back restrictions post vaccine

Proposal to lift restrictions in line with vaccine rollout

Government vaccine rollout

FEBRUARY 2021

OCTOBER 2021



Restrictions Lifted

- PHASE 1b**
 - State borders to remain permanently open
 - Lift some restrictions, e.g. capacity and density limits
- PHASE 2a**
 - International borders should start opening to:
 - International students
 - Skilled and in-demand workers
 - Accelerate Australians wishing to return
 - Travellers should have proof of vaccination and may require risk based quarantine
- PHASE 2b**
 - Open vaccine corridors with low-risk countries
 - Following completion of phase 2b, open inbound / outbound borders for vaccinated travellers

Sustainable focus

Chief Executive Officer

Geoff Culbert

Sustainable and safe future

Continued to prioritise safety and sustainability in a year of crisis

Sustainability highlights 2020

43% ↓

reduction in injuries across our workforce

> 95% ↑

of people leaders completed safety walks up from 90% in 2019

>1,000hrs

of mental health training in the organisation

75,854 tCO₂e

Scope 1 & 2 emissions down from 83,620tCO₂e in 2019¹

44.7% ↑

Waste recycling rate up from 43.4% in 2019¹ (excluding quarantine waste)

99.8 ↑

Gender pay equity ratio up from 95.9 in 2019

2020 Sustainability benchmarks and ratings

Ranked 3rd globally in the Airports sub industry sector and 1st in our peer group



'AAA' rating in the top 9% of companies globally within the infrastructure sector



Ranked in the 94th percentile globally in the Transport and Transportation Infrastructure sector and included in Dow Jones' World, Asia-Pac and Australia indices



'Leading' rating

for our Sustainability Report by the Australian Council of Superannuation Investors



Key initiatives in 2020

- 1st sustainability-linked bond in the USPP bond market
- Achieved the Airport Council International (ACI) Airport Health Accreditation
- Expanded mental health program, accredited 30+ mental health first aiders
- Progressing the Airport Operator Licence
- Delivered our first Modern Slavery Statement

Community

\$2.7m in value to 30 organisations and contributed >1,980 volunteer hours

Live Local

- Supported local youth through mentoring program with Raise Foundation
- Built on connections with the Indigenous community through our work with the Gujaga Foundation

Leading & Learning

- Generated social impact through partnering with Adara Partners on our equity raising and The Social Outfit for the sale of masks in terminals
- Launched SYD100 Scholarship with University of NSW, first recipient awarded in 2020

Sydney's Airport

- Volunteered >1,980 hours contributing to emergency relief, local schools and the environment
- Developed Secondments@SYD – a skilled redeployment program for employees with capacity during the pandemic



Outlook

Recover, optimise, grow

- No distribution guidance
- Remain open for essential travel and critical supply chains
- Maintain COVID-safe protocols to support traveller confidence
- Tight control over operating and capital expenditure
- Focus on targeted growth opportunities
- Work closely with Government to prepare for the recovery





Thank you

BYD