



ASX Release

23 April 2010

MAp FIRST QUARTER 2010 RESULTS FOR SYDNEY AIRPORT

MAp today welcomes Sydney Airport's announcement of its results for the three months to 31 March 2010 (see below)¹, reporting an EBITDA (earnings before interest, tax, depreciation and amortisation) of A\$187.1m (excluding specific expenses), which represents an increase of 13.0% over the previous corresponding period (pcp).

A\$m	Q1 2010	Q1 2009	% Change
Revenue	228.6	204.6	+11.7%
Cost of Sales	(0.2)	(0.4)	-
Other Income	0.0	-	-
Operating costs	(41.4)	(38.6)	+7.3%
EBITDA (before specific expenses)	187.1	165.6	+13.0%
Specific expenses	-	(0.3)	-
EBITDA	187.1	165.3	+13.1%

MAp CEO, Ms Kerrie Mather, said, "Sydney Airport's performance for the first quarter was excellent with EBITDA growth of 13.0% outperforming traffic growth of 9.4%. The result was driven by the strong rebound in traffic. Particularly pleasing was international traffic, up 11.8% on the pcp, reflecting the increase in demand from both leisure and business passengers.

¹ Results based on unaudited management accounts.

"The traffic recovery continues to be supported by strong underlying cost discipline combined with substantial and timely investment. Airlines and passengers are benefitting from the significant investment made over the last two years to upgrade and streamline the facilities and infrastructure on offer across the airport. Since 2008, A\$0.7 billion has been invested to meet passengers' needs and support traffic growth, and a further A\$1.0 billion has been earmarked for ongoing investment over the next five years in line with airlines' priorities.

"The soon to be completed redevelopment of the International Terminal has met with strong approval, with 84% of passengers rating the facilities at 7 or above out of 10 in the latest survey published by the airport. 67% of passengers rated the airport satisfactory according to the latest monitoring report by the ACCC despite the extensive construction occurring at the time of the survey in 2009. During the quarter, the airport also completed a major undertaking with the construction of the A\$100 million runway safety area, designed to meet revised international safety standards.

"The benefit of investment and continued strong cost discipline at Sydney Airport has delivered an increase in the EBITDA margin from 80.8% in the pcp to 81.8% this quarter," Ms Mather added.

Other key points to note from the results include:

- Total revenues increased by 11.7% in the first quarter over the pcp to A\$228.6 million. Aeronautical revenues increased by 17.8% and this growth was the combined result of the significant rebound in demand in both leisure and business travel and the recovery of significant investment under the commercial charging agreements with the airlines.
- Retail revenue increased by 10.0% for the quarter to A\$51.4 million, reflecting the growth in traffic. There is only a partial contribution from the roll out of the new retail and flagship duty free stores at the International Terminal, which opened progressively during the quarter.
- Property and car rental revenue increased by 7.7% to A\$37.2 million and included \$1.9 million in non-recurring income as a result of commercial outcomes.
- Underlying operating expenses continue to be tightly controlled. Total operating expenses excluding recoverable security expenses and specific non-recurring expenses increased by 8.9% over pcp to \$27.5 million, with the prior period reflecting lower management incentives payments. On a normalised basis, costs increased by 4.3%. Total operating expenses per passenger excluding recoverable security expenses and specific non-recurring expenses decreased by 0.5% over the pcp to \$3.14 per passenger.

- Security costs increased by 4.2%. The 1.4% decline in aeronautical security revenue reflected the end in the recovery profile of some security capital assets.
- Total capital expenditure was A\$30.8 million in the first quarter. Airfield projects and the development of the Central Terrace Building are scheduled to start later in 2010. The prior period included significant spend relating to the completion of the runway safety area works and the International Terminal redevelopment.

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Media Release

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Three Months to March 2010 Financial Results for Sydney Airport

Sydney Airport¹ today announced a 13.0 per cent increase in EBITDA (excluding specific non-recurring expenses) for the three months to 31 March 2010.

Sydney Airport today announced an unaudited consolidated profit before depreciation and amortisation, net financing costs, income tax, and specific non-recurring expenses (EBITDA excluding specific non-recurring expenses) of A\$187.1 million for the three months to 31 March 2010 (Q1 CY2009: A\$165.6 million). EBITDA (including specific non-recurring expenses) also increased to A\$187.1 million (Q1 CY2009: A\$165.3 million).

EBITDA (excluding specific non-recurring expenses) for the three months to 31 March 2010 increased by 13.0 per cent over the previous corresponding period (pcp). EBITDA (including specific non-recurring expenses) increased by 13.1 per cent on the pcp.

Sydney Airport's Chief Executive Officer, Russell Balding, said that the airport had achieved an encouraging result in the quarter, with EBITDA excluding specific non-recurring expenses exceeding passenger growth.

"The 13.0 per cent increase in EBITDA (excluding specific non-recurring expenses) was achieved with a 9.4 per cent increase in traffic on the pcp for the first quarter. Total revenue growth of 11.7 per cent over the pcp was mainly driven by a strong traffic rebound in the quarter and in particular the strong growth in international traffic of 12.1 per cent over the pcp for the period.

"As traffic recovers, passengers are benefiting from the substantial investment in improved facilities which has been made over the last two years. Some A\$700 million has been invested to support growth and improve the passenger experience in the last two years alone. Airlines and passengers will continue to benefit from ongoing investment, with a further A\$1.0 billion in planned capital expenditure over the next five years."

"The soon to be completed upgrade of Sydney Airport's International Terminal has already received strong approval from passengers, with 84 per cent of passengers rating the terminal at 7 or above out of 10 in a survey undertaken in November-December 2009. This is a significant increase on the 67 per cent recorded when construction was at its most extensive in 2009."

"A new "transport calculator" was launched on the Sydney Airport website to provide passengers with easy access to a price comparison among the varied modes of transport to determine the most cost effective way to travel to the airport."

"Sydney Airport also completed a significant runway safety project on the east-west runway. Construction of the new safety area – a 90 by 90 metre cleared and paved area at the western end of the runway – was an engineering challenge as it had to be built over a major sewerage line, the M5 East Motorway tunnel, and a major electricity cable. It is designed to support nearly 600 tonnes, the weight of a fully laden A380 aircraft as well as emergency and rescue vehicles. The Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon

1. Southern Cross Airports Corporation Holdings Limited is the parent company of Sydney Airport Corporation Limited.

Anthony Albanese MP, inspected the new runway safety area ahead of the runway returning to full service.”

“The quarter has seen a strong traffic performance and continued delivery of new infrastructure and facilities to support the growing number of passengers. Sydney Airport will continue to work with its airline partners and wider stakeholders to support this growth, ensuring Sydney is well positioned to benefit from the recovery in air travel,” Mr Balding said.

Revenue

Total revenue from all businesses rose 11.7 per cent over pcp to A\$228.6 million (Q1 CY2009: A\$204.6 million).

The first quarter of the year saw a continuation of strong traffic growth of 9.4 per cent overall and 12.1 per cent for international traffic that started during the second half of 2009. This growth is testament to Sydney Airport's position as the gateway to Australia and the hub of Oceania. International traffic growth will continue to be underpinned by industry developments such as new air services agreements, as seen recently with China and Turkey.

Traffic development benefited from capacity growth indicating the strength and resilience of carriers in the Sydney market. China Southern Airlines commenced all year round daily services to Guangzhou, Malaysia Airlines increased frequencies to Kuala Lumpur to 12 services per week and Emirates increased frequencies to Dubai to 21 services per week. In addition, Garuda and Etihad increased capacity on services to Sydney by deploying larger aircraft. A number of domestic routes saw increased capacity out of Sydney and low-cost competition continues to boost the domestic market.

Retail revenue is ahead of pcp driven by passenger growth with the headline result partially benefiting from the roll out of new stores as the T1 redevelopment nears completion. In particular, the flagship Nuance duty free store opened in February offering passengers an improved duty free shopping opportunity and experience.

Ground transport and commercial services revenues are benefiting from the traffic recovery. During the quarter, an updated and improved parking website, E-Park was launched which provides more convenience for the public and also enables the travel trade to pre-book parking for their customers.

Property revenues are continuing to perform strongly. The first quarter performance was supported by successful commercial outcomes resulting in a non-recurring benefit of A\$1.9 million. During the quarter, a new specialist aviation catering facility was opened. Sydney Airport and Alpha Flight Services worked together to develop and deliver this facility to an efficient timetable.

Operating Expenses

Operating expenses continue to be tightly controlled. Total operating expenses excluding recoverable security expenses and specific non recurring expenses increased by 8.9 per cent over pcp to A\$27.5 million (Q1 CY2009: A\$25.2 million), mainly attributed to savings from lower management incentive payments in pcp. On a normalised basis, costs increased by 4.3 per cent. Total operating expenses per passenger excluding recoverable security expenses and specific non-recurring expenses decreased by 0.5 per cent over pcp to A\$3.14 per passenger (Q1 CY2009: A\$3.16 per passenger). Whilst security expenses increased by 4.2 per cent, the decline in aeronautical security revenue reflected the end in the recovery profile of some security capital assets.

Issued by Sydney Airport, Public Affairs

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Total operating expenses including specific non-recurring expenses increased by 6.6 per cent on pcp to A\$41.4 million (Q1 CY2009: A\$38.8 million).

Capital Expenditure

Total capital expenditure decreased 59.9 per cent on pcp to A\$30.8 million (Q1 CY2009: A\$76.9 million). A number of important airfield projects and the development of the central terrace building are all planned to commence later in the year. The decline in capital expenditure compared to the pcp is primarily attributed to the T1 redevelopment and runway safety area works, as these projects approached completion.

Attachment: Financial Highlights

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SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

Thousands	Q1 2010 SCACH Group Quarter / Year to date - from: 01-Jan-10 Quarter / Year to date - to: 31-Mar-10	Q1 2009 SCACH Group 01-Jan-09 31-Mar-09	% change
Revenues			
Aeronautical	95,110	80,767	17.8%
Aeronautical security recovery	17,818	18,063	-1.4%
Retail	51,432	46,762	10.0%
Property and car rental	37,245	34,582	7.7%
Ground transport and commercial services	25,775	23,218	11.0%
Other	1,230	1,214	1.3%
Total revenues	228,610	204,605	11.7%
Cost of sales	197	427	
Other income			
Profit on sale / (loss on disposal) of non current assets	28	0	
Operating expenses			
Labour	9,704	8,000	21.3%
Services and utilities	23,475	22,817	2.9%
Other operational costs	3,777	3,564	6.0%
Property and maintenance	4,425	4,195	5.5%
Specific expenses:	0	259	
Total operating expenses before specific expenses	41,381	38,576	7.3%
Total operating expenses	41,381	38,834	6.6%
EBITDA before specific expenses	187,060	165,602	13.0%
EBITDA	187,060	165,343	13.1%
Capital expenditure	30,810	76,895	-59.9%
\$ per passenger measures			
Revenue	26.15	25.60	2.1%
Operating expenses before specific expenses	4.73	4.83	-2.0%
Operating expenses	4.73	4.86	-2.6%
EBITDA before specific expenses	21.39	20.72	3.2%
EBITDA	21.39	20.69	3.4%
Capex	3.52	9.62	-63.4%

Note

1. Car rental has been reclassified from Ground transport and commercial services to Property and car rental.
2. Commercial trading has been renamed as Ground transport and commercial services.