



## ASX Release

15 September 2010

### **MAp PRESENTATION TO RBS MORGANS ANNUAL QUEENSLAND CONFERENCE**

Please find attached a presentation that will be delivered by Ms Kerrie Mather, Chief Executive Officer of MAp, at the RBS Morgans Annual Queensland Conference in Brisbane today.

For further information, please contact:

**Bryony Duncan-Smith**

Corporate Affairs Manager

Tel: +612 9237 3317

Mob: +61 417 091940

Email: [bryony.duncan-smith@mapairports.com.au](mailto:bryony.duncan-smith@mapairports.com.au)

**Keith Irving**

Chief Financial Officer

Tel: +612 9237 3302

Mob: +61 417 254369

Email: [keith.irving@mapairports.com.au](mailto:keith.irving@mapairports.com.au)

# *RBS Morgans Annual Queensland Conference*



*15 September 2010*

# Disclaimer

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## General Securities Warning

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Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling shares, securities or other instruments in MAp. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of MAp. Past performance is not a reliable indication of future performance.

## Foreign Ownership

MAp advised on 6 September 2010 that its foreign ownership was 39.1%.

MAp is not a "Foreign Person" under the Airports Act 1996 for so long as foreign ownership of MAp remains below 40%. As such, MAp is not currently a Foreign Person.

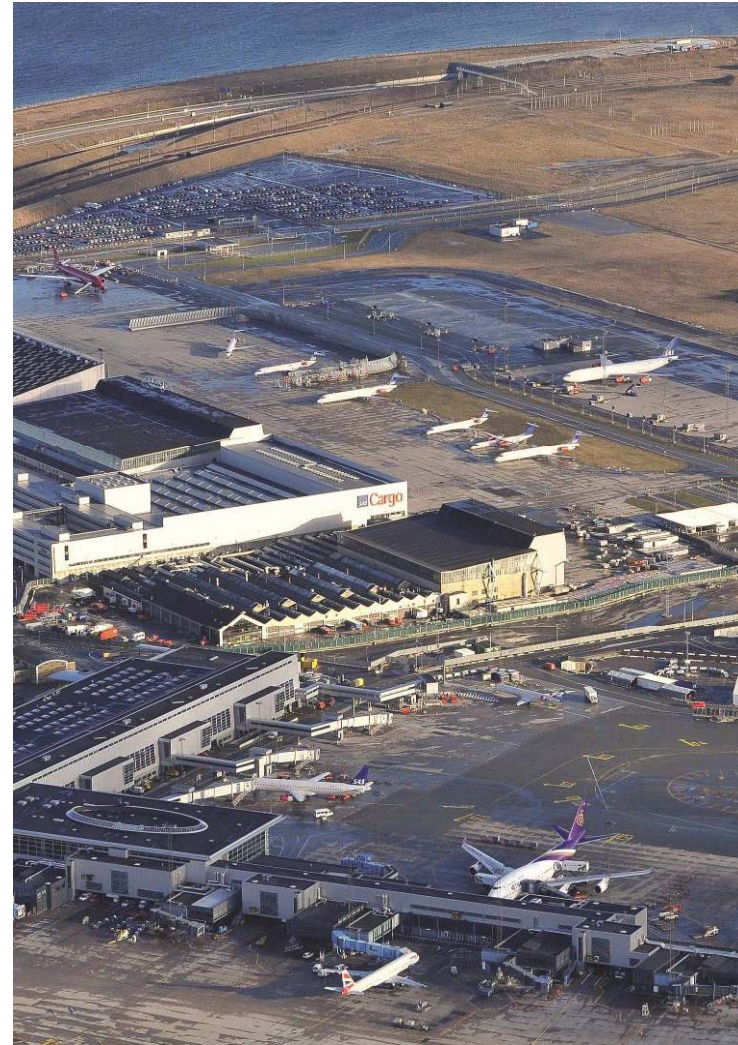
The MAp constitutions set out the process for disposal of securities to prevent MAp from becoming a Foreign Person or to cure the situation where MAp becomes a Foreign Person (Foreign Ownership Situation). Where a Foreign Ownership Situation occurs or is likely to occur, MAp can require a foreign security holder (on a last in first out basis) to dispose of MAp stapled securities. MAp has the power to commence procedures to divest foreign security holders once the foreign ownership of MAp reaches 39.5% under the Foreign Ownership Divestment Rules that it has adopted. If the foreign security holder fails to dispose of its MAp stapled securities, MAp may sell those securities at the best price reasonably obtainable at the time.

# Agenda

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1. MAp Today
2. Financial Performance
3. Capital Management, Cash & Distributions
4. Structural Changes in the Aviation Industry
5. Investing for Service Quality & Growth – A Sydney Airport Case Study
6. MAp Outlook





# *MAp Today*





# World Class Airports


## One of the Largest Private Owners & Operators of Airports in the World

MAP has a uniquely integrated management model, with operational & financial skills in house

MAP is a stand alone entity, no longer part of Macquarie


MAP's airports serve ~70 million passengers every year

### Sydney



- ~33 m passengers
- ~300 employees
- Busiest Australian aviation hub
- UK Conde Nast top ten Airport (2009)
- Skytrax Airport of the Year Top Ten (2006/7)
- 2007 best airport in Australia/Pacific region

### Copenhagen



- ~20 m passengers
- ~ 1,700 employees
- Scandinavia's largest airport
- Most Efficient Airport (2004, 2005, 2006)
- Skytrax Airport of the Year Top Ten (2006)
- #1 Airport in Europe (2005)

### Brussels



- ~17 m passengers
- ~ 800 employees
- Gateway to the political capital of Europe
- #1 Airport in Europe (2005)
- ACI Airport People Award (2006)



# MAP's Investment Criteria

## MAP Targets High Quality Airports with Strong Growth Potential

### Location, location, location

- Large catchment area
- Attractive destination for both business & tourism
- Strong traffic profile dominated by origin/destination traffic – resilient through business cycle

### Selection of airports with high quality infrastructure & significant unutilised capacity

- MAP has traditionally acquired airports with low capacity utilisation & high quality facilities

Sydney Airport	Copenhagen Airport	Brussels Airport
<ul style="list-style-type: none"> <li>— 33m passengers</li> <li>— 37 international airlines handling 50% of Australia's international traffic</li> <li>— Gateway to Australia</li> <li>— 9km from CBD</li> <li>— 60% of Australians live within 75 minutes flying time from Sydney</li> <li>— Sydney-Melbourne is the world's 5<sup>th</sup> busiest route and Sydney-Brisbane the 12<sup>th</sup></li> </ul>	<ul style="list-style-type: none"> <li>— 20m passengers</li> <li>— Largest airport in Scandinavia</li> <li>— Catchment area of 6.5m people within 3 hour drive with direct links to Sweden</li> <li>— Main SAS hub, part of Star Alliance</li> <li>— Strategic partnership with SAS to drive hub activities</li> <li>— 8km from city centre</li> </ul>	<ul style="list-style-type: none"> <li>— 17m passengers</li> <li>— Capital of Europe, home to the EU and NATO</li> <li>— 10.2m catchment area</li> <li>— Europe's major hub servicing Africa &amp; Star Alliance hub</li> <li>— 12km from city centre</li> </ul>

# *“Corporate” MAp: Values & Governance*



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## **Internalisation & GFC a Catalyst to Revitalise MAp’s Management Model**

Greater transparency & simplification

- Simplification of MAp structure (retirement of TICKETS, sale of Bristol & ASUR)
- Continued improvements to disclosure & reporting
- Clear statement of policies

Established MAp’s own culture

- MAp’s vision & corporate values published
- Bottom up re-assessment of policy, process, systems & performance measurement
- Rebranding of MAp, new offices & system transition complete
- MAp’s industry relationships renewed

Transition from a fund to “Corporate” MAp

- Renewed focus on corporate earnings performance metrics
- Individual KPI’s established for all MAp executives



# *Financial Performance*





# 1H10 Performance

## Significant Improvement in Quality of Earnings

Yield expansion continues

- EBITDA & earnings outperformed traffic for 1H10 despite Ash Cloud impact in Europe
- Strong traffic growth from Sydney & Copenhagen & cost management at Brussels

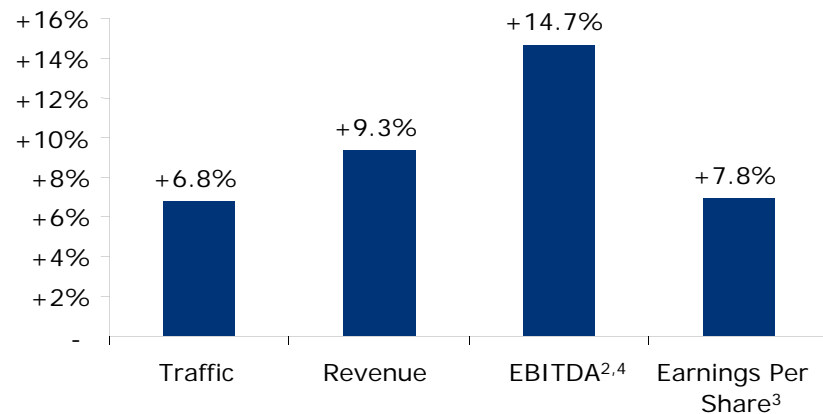
Operating performance over last 5 years demonstrates consistent operating leverage delivery

- Pro forma revenue growth CAGR of 5.7% from 2005 to 1H10
- Operating costs decreased by 1.5% per annum delivering 10.0% CAGR in EBITDA

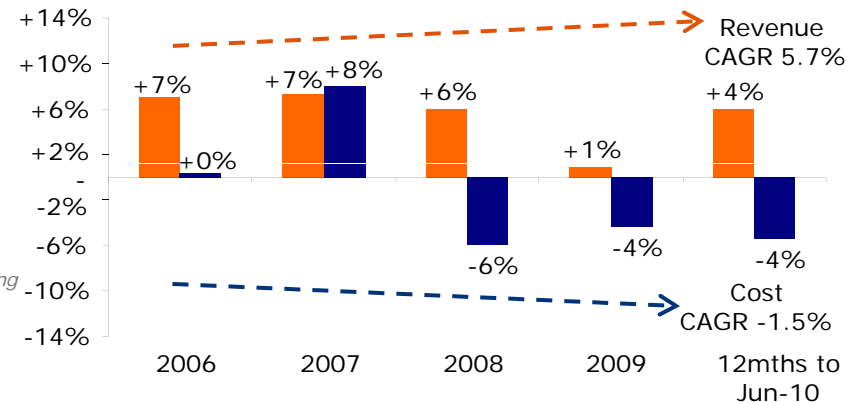
EBITDA margin<sup>4</sup> increased

- 69.3% for 1H10 vs 66.1% for 1H09

### 1H10 Pro Forma Proportionate Performance (vs pcp<sup>1</sup>)



### MAP Pro Forma Revenue vs Opex Growth (A\$)<sup>1,5</sup>



1. pcp results restated for constant ownership and constant foreign exchange rates (excluding Earnings Per Share)  
 2. Excluding specific items, post corporate expenses  
 3. Excluding concession asset net debt amortisation & non-recurring items  
 4. EBITDA post corporate expenses/revenue  
 5. Post corporate expenses

## Outstanding Performance Reflects Investment & Commercial Yield Improvement

Strong performance in first half of 2010

— 9.4% traffic growth in 1H10

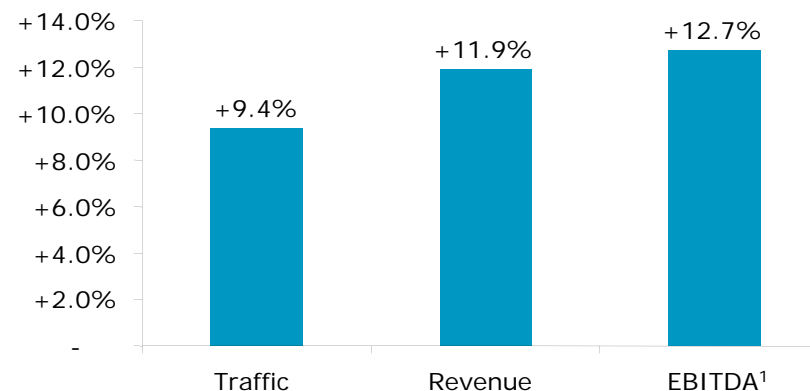
Strong cost control & operational leverage resulted in EBITDA growth of 12.7% in 1H10

Retail revenue growth of 12.2% reflecting T1 re-development

Continued operational & financial benefits from multi-year capital investment program with T1 redevelopment & the Runway End Safety Area complete

Strong outlook for traffic growth in 2H10 owing to recent capacity announcements in both the domestic & international segments  
2011/2012 refinancing process in train with A\$175m bond offering completed successfully

### Sydney Airport 1H10 (vs pcp)



### Pro Forma Proportionate Earnings Contribution (A\$m)

	1H08	1H09	1H10
Revenue	293.8	299.2	334.8
Operating Expenses	(57.5)	(58.2)	(63.2)
<b>EBITDA</b>	<b>236.3</b>	<b>241.0</b>	<b>271.6</b>
Specific Items	(0.7)	(0.3)	-
Economic Depreciation	(5.4)	(2.8)	(2.5)
Net Interest	(140.6)	(133.3)	(124.9)
Tax	-	-	-
<b>Earnings</b>	<b>89.6</b>	<b>104.6</b>	<b>144.2</b>

1. Before specific items

# Copenhagen



## Strong Traffic Growth & Cost Control Contributed to Outstanding Result

Strong 1H10 traffic growth of 5.7% notwithstanding ash cloud impact in April 2010

Cost control & operational leverage contributed to 19.2% EBITDA growth

Retail & car parking re-launched – encouraging early signs

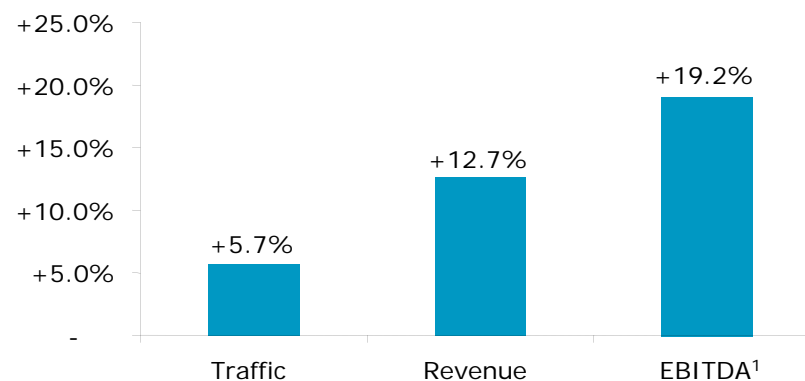
Regulatory settlement provides certainty until April 2015 with CPI+1 increases from April 2011 onwards

Copenhagen welcomed a number of capacity announcements with long haul capacity being restored, CPH Go will drive further LCC growth

CPH Go on track to open in 4Q10

US private placement completed in 2Q10

### Copenhagen Airports 1H10 (vs pcp)



### Pro Forma Proportionate Earnings Contribution (A\$m)

	1H08	1H09	1H10
Revenue	93.9	88.2	98.3
Operating Expenses	(41.7)	(42.1)	(43.4)
<b>EBITDA</b>	<b>52.2</b>	<b>46.1</b>	<b>54.9</b>
Specific Items	(0.5)	(1.8)	(2.2)
Economic Depreciation	(4.0)	(3.6)	(3.9)
Net Interest	(15.9)	(18.7)	(20.0)
Tax	(7.4)	(3.9)	(8.7)
<b>Earnings</b>	<b>24.4</b>	<b>18.1</b>	<b>20.2</b>

1. Before specific items





## Operating Leverage Created via Excellent Cost Control & New Initiatives

Traffic decline in 1H10 impacted by Ash Cloud

Overall EBITDA outperformance of traffic in 1H10 due to strong cost control resulting from stringent implementation of Financial Performance Improvement plan

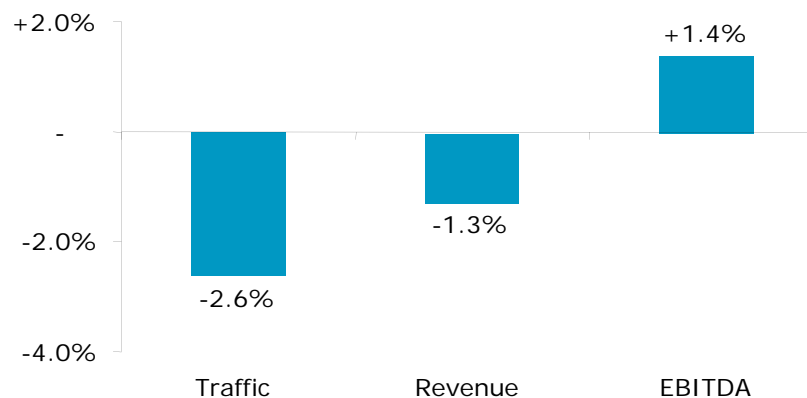
Retail revenues benefited from improved sales & the introduction of new food & beverage concepts, with commercial revenue per pax up 4.8% on the pcp

Successful cleaning contract re-tender, other procurement initiatives underway

Traffic growth expected to be driven by Star Alliance carriers along with additional routes from various airlines

1H10 saw the delivery of a dedicated check-in area for the Leisure/Charter operators

**Brussels Airport 1H10 (vs pcp)**



**Pro Forma Proportionate Earnings Contribution (A\$m)**

	1H08	1H09	1H10
Revenue	106.0	99.0	97.8
Operating Expenses	(46.2)	(47.6)	(45.6)
<b>EBITDA</b>	<b>59.8</b>	<b>51.4</b>	<b>52.2</b>
Specific Items	-	(1.0)	(0.2)
Economic Depreciation	(4.2)	(3.9)	(3.8)
Net Interest	(17.7)	(17.6)	(17.5)
Tax	(12.0)	(6.6)	(8.7)
<b>Earnings</b>	<b>25.8</b>	<b>22.4</b>	<b>22.0</b>

1. Before specific items

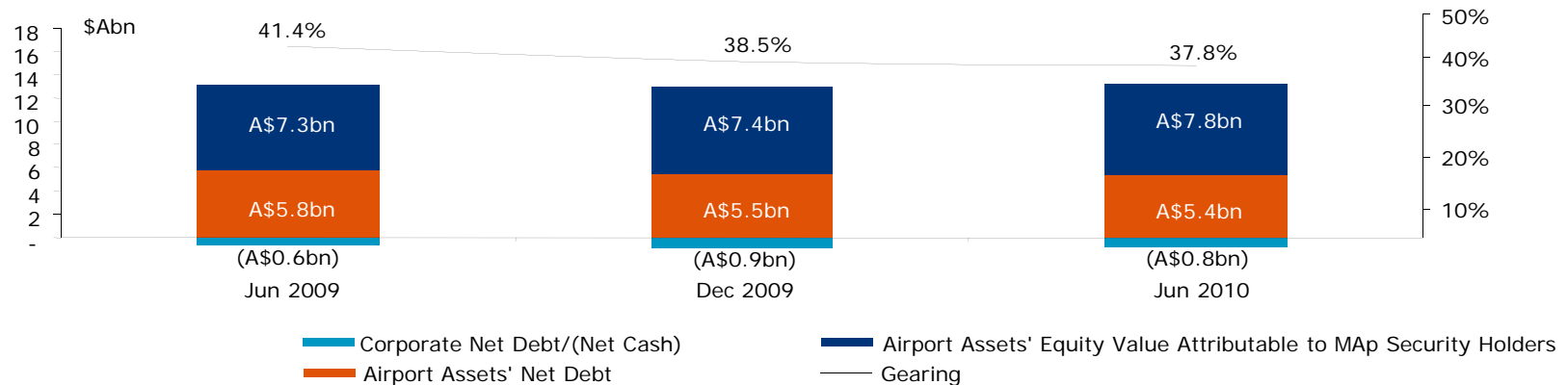
# *Capital Management, Cash & Distributions*



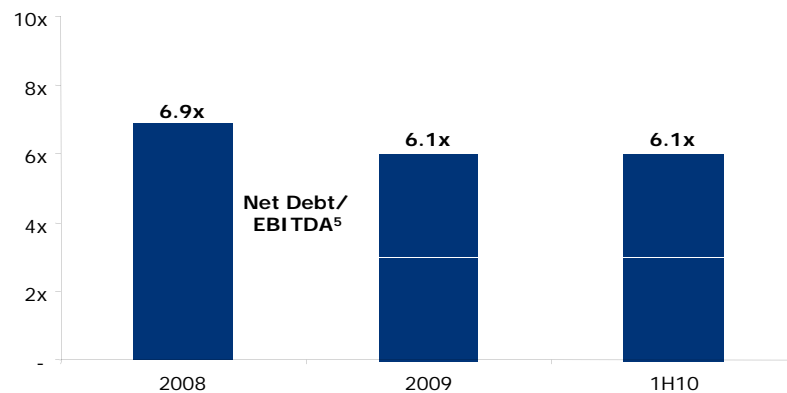


# Airport Debt Metrics

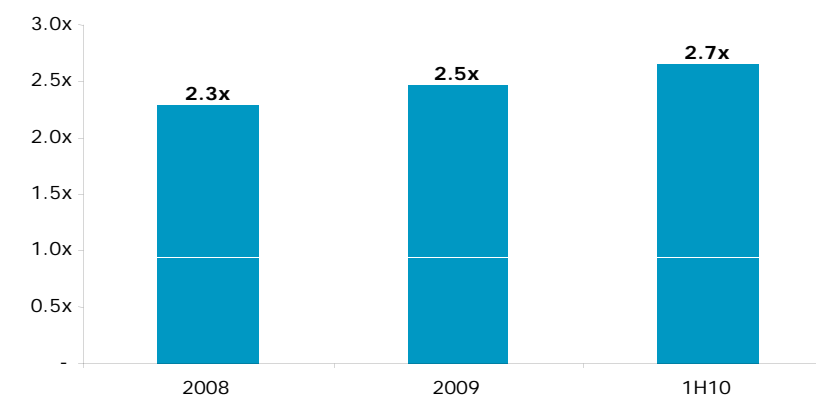
## Improved Leverage at All Airports Has Strengthened Credit Metrics



### Net Debt/EBITDA



### EBITDA<sup>6</sup>/Interest



1. Per last compliance certificate  
 2. Estimated effective interest rate  
 3. Includes undrawn capex facilities, as at 30 June 2010

4. Senior debt only, excludes SKIES  
 5. Copenhagen & CADH combined  
 6. Post corporate expenses



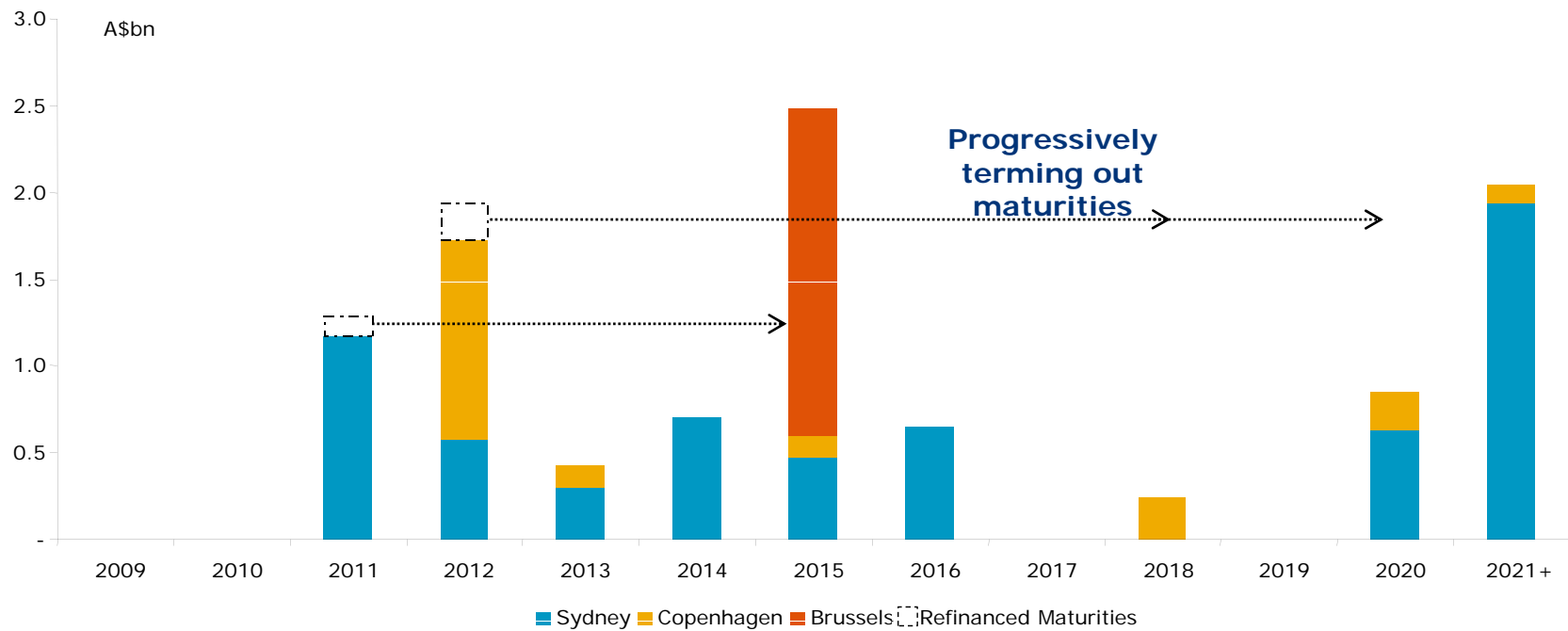
# Debt Maturity Profile

## Diversification & Lengthening of Maturity Profile

Phased approach to 2011/2012 debt maturities

Recent successful bond issuance by both Copenhagen Airports & Sydney Airport

### Maturity Profile of Airport Debt at the Core Assets (Based On 100% Ownership)<sup>1</sup>



1. Copenhagen includes CADH





# MAP Distribution

## 1H10 Distribution Fully Covered by Earnings

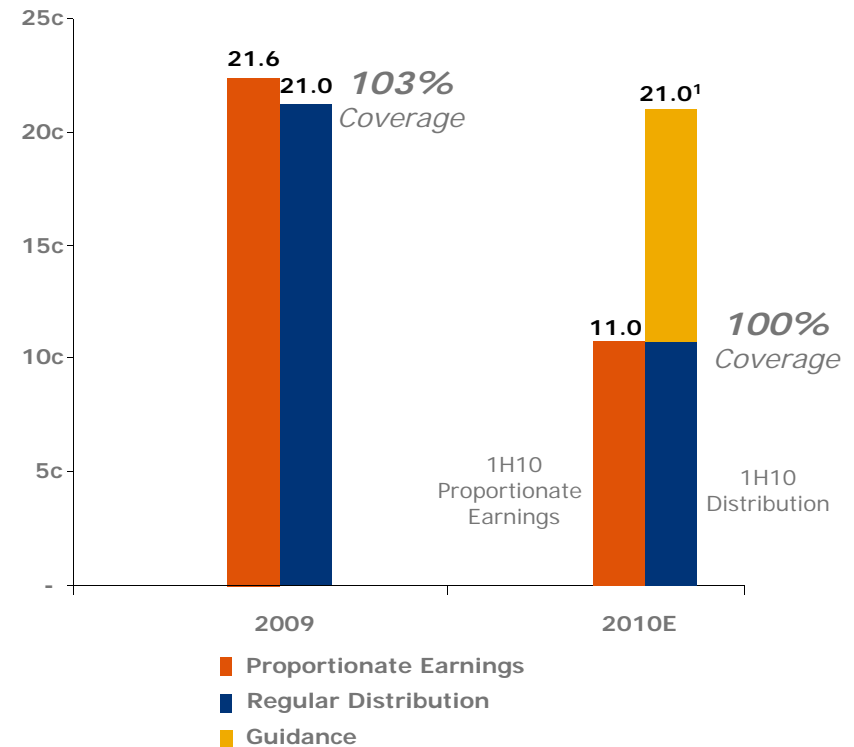
Distribution policy simplified to pay future distributions from operating cash flow, near term shortfalls covered by surplus cash

1H10 distribution fully covered by proportionate earnings & almost 90% covered by operating cash flow

Distribution guidance at 21 cents per stapled security reaffirmed for 2010

Distribution policy & guidance are subject to external shocks to the aviation industry or material changes in forecast assumptions

### Regular Distributions & Guidance



1. Subject to external shocks to the aviation industry or material changes in forecast assumptions



## *MAp Capital Position*

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### **Cash Position Provides Sufficient Flexibility to Return ASUR Proceeds**

Strong airport operational performance, prudent leverage

- ~A\$1.2bn in undrawn facilities & near term capex fully funded
- Strong & flexible balance sheet leaves MAp well placed to achieve optimum outcomes for near term refinancings
  - Phased approach to 2011/2012 maturities, with Copenhagen Airports & Sydney Airport conducting recent bond issues

Completed review of capital priorities post ASUR sale

- Refinanced debt is likely to incur higher credit spreads than those currently in place
- Consideration to be given to retirement of potentially expensive tranches of debt as they mature
- Earnings & cash flow accretive, accelerates distribution convergence

Unanticipated proceeds from ASUR sale

- Pro forma cash balance of A\$1bn, distribution almost 90% covered by operating cash flow

ASUR proceeds of A\$230m (12.5c per stapled security) considered surplus to requirements & hence available for return to investors

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# *Structural Changes in the Aviation Industry*



# Structural Changes in Aviation Market

MAP's Airports Will Benefit from the Key Trends Driving Traffic Growth





# Aircraft Technology



## Latest Generation Aircraft Delivering More Seats at Lower Cost

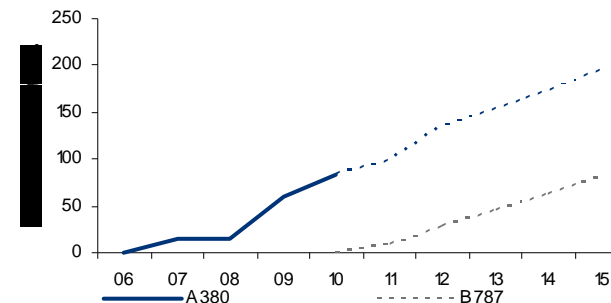
New aircraft technology will deliver several benefits, across the fleet

- Up to 50% more seats than aircraft being replaced
- ~20% cheaper to operate
- ~20% lower fuel per seat-km
- Longer range
- Quieter, for passengers & residents

New aircraft technology at Sydney

- Sydney is 3<sup>rd</sup> busiest A380 port in the world with 66 movements per week, to rise to 84 by year end
- Qantas Group has orders for 50 B787s, the 2<sup>nd</sup> largest airline order
- Longer range enables new or more efficient routes
  - Beyond B747: eg Chicago
  - Beyond B767: eg San Francisco

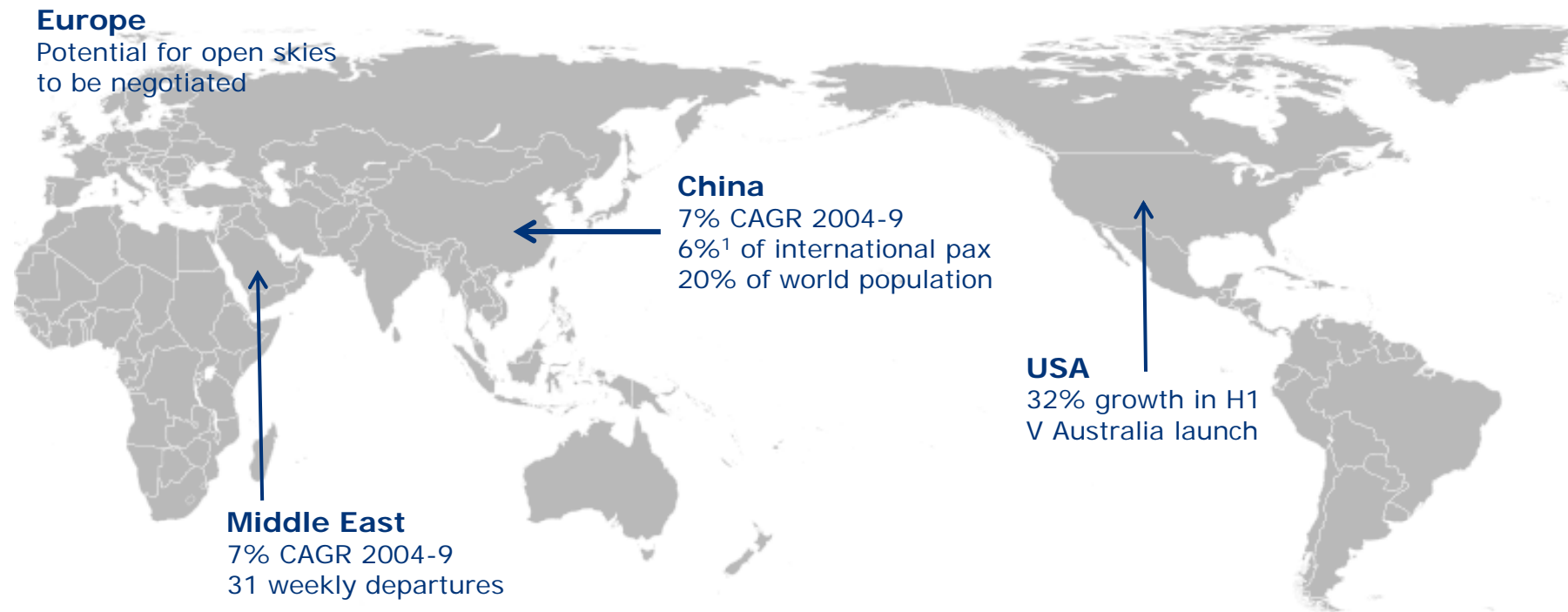
Sydney A380 & B787 Weekly Movements - Indicative





# Liberalisation of Air Rights

Opening up of Bilateral Air Rights Has Driven & Will Drive Sydney Traffic



1. Chinese residents

# Airline Development – Low Cost Carriers



## MAP's Airports will Continue to Benefit From the Growth & Evolution of LCCs

LCCs will provide 50% of intra-European capacity by 2015

- Already 50% of Sydney domestic
- LCC business model is flexible:
  - Ryanair / Tiger Airways
  - Mid range (eg easyJet)
  - Premium products (eg Virgin Blue)
  - Transfer pax (eg Norwegian)

Low operating costs & marginal fares, fast growth

- Norwegian grew from 1 to 33 routes at Copenhagen in 19 months
- easyJet now flies up to 56 weekly services at Brussels

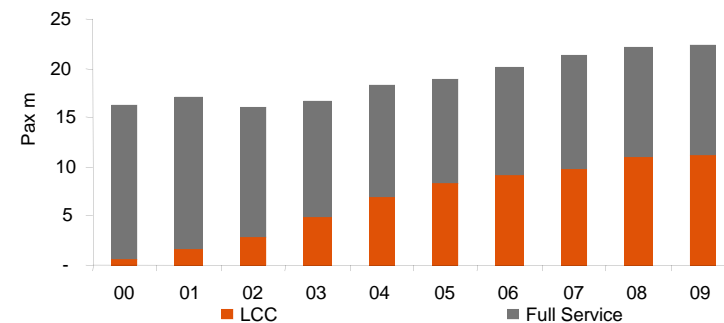
Efficient airport use

- T2 pax of 12.8m, more than double Ansett's pax in its final full year

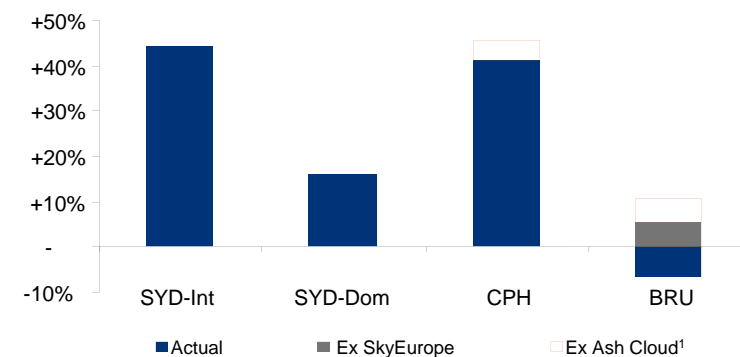
Long haul low cost now emerging

- Jetstar, V Australia, AirAsiaX, Norwegian

Sydney Domestic: Historic LCC Growth



1H10 LCC Growth

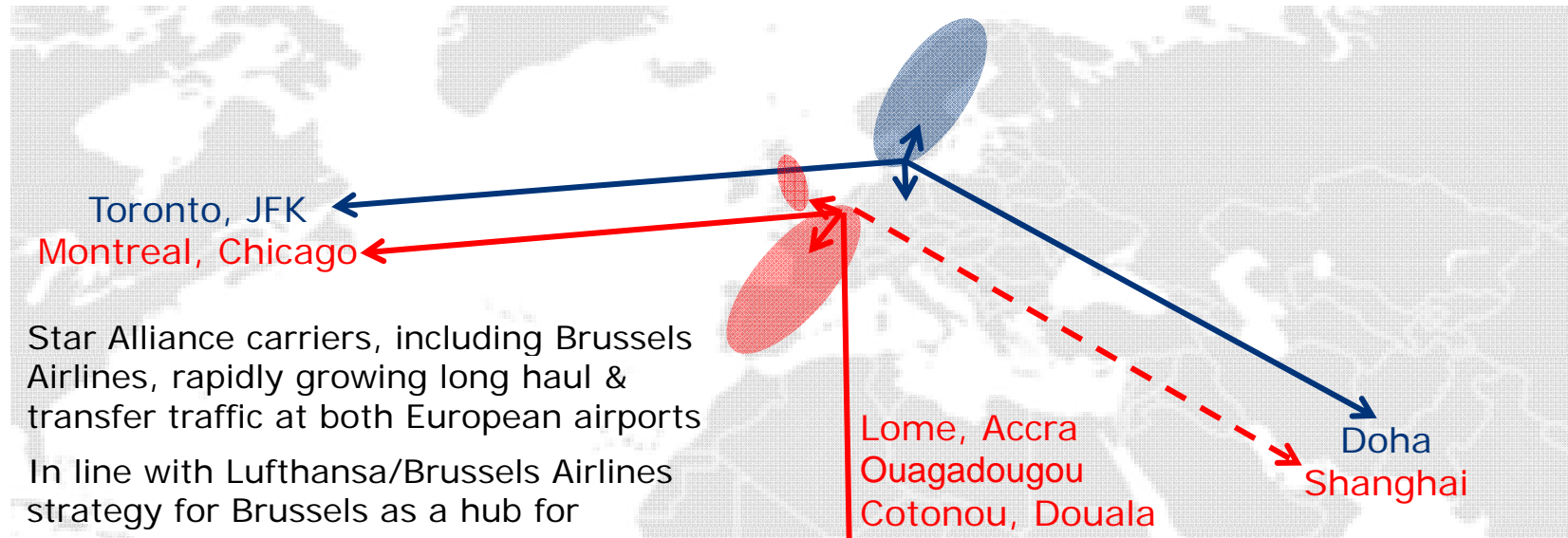


1. Ash cloud impact estimated as 400,000 at each of Copenhagen & Brussels, pro-rated across all airlines



# Alliance Expansion

## Integration of Airline Industry will Strengthen MAP's European Airports



Star Alliance carriers, including Brussels Airlines, rapidly growing long haul & transfer traffic at both European airports

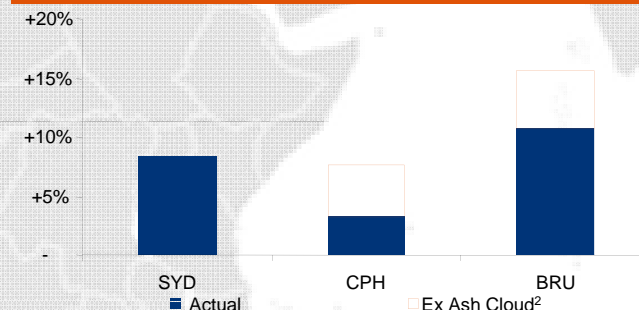
In line with Lufthansa/Brussels Airlines strategy for Brussels as a hub for

- Central Africa
- European feeder (Benelux to Iberia)
- Intercontinental

Rationalisation of duplicated short haul capacity at Brussels will have long term benefits, as it has elsewhere

- Larger aircraft, fewer total flights
- SAS already recommenced growth

1H10 Long Haul Growth<sup>1</sup>



1. Sydney: International, Copenhagen: Non-EU, Brussels: Scheduled Non-EU  
 2. Ash cloud impact estimated as 400,000 at each of Copenhagen & Brussels, prorated across all airlines



# *Investing for Service Quality & Growth – A Sydney Airport Case Study*





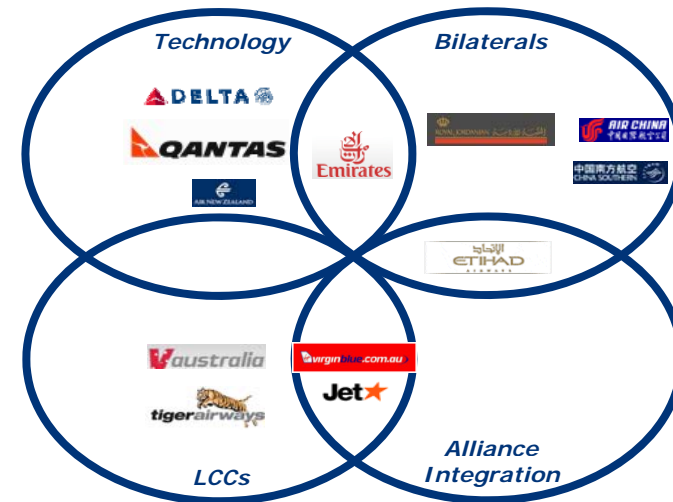
# Opportunity for Sydney Airport – An Economic Growth Engine



## Sydney Airport is Actively Positioning Itself with Airlines & Stakeholders to Capture its Natural Market Potential

Sydney Airport is a major engine of growth for NSW economy & Australian tourism:

- Most attractive market in Australia
  - Pre-eminent population centre
  - Financial capital
  - Attractive tourist destination
  - Gateway to/from Australia
  - Attractive airline mix
- Major beneficiary of new larger aircraft
- Strong growth potential from further liberalisation
- LCC stimulation of demand
  - Strong growth in domestic and regional markets over past decade
  - Growth of international LCCs commencing
- Major infrastructure asset in NSW
  - Over 200,000 jobs, or about 6% of the Sydney workforce
  - Around \$16.5 billion in contribution to NSW's annual Gross State Product
  - 6% of the NSW economy & 2% of the Australian economy



# Delivering Growth



## Capacity to Accommodate Growth Beyond 2029 within Existing Regulations

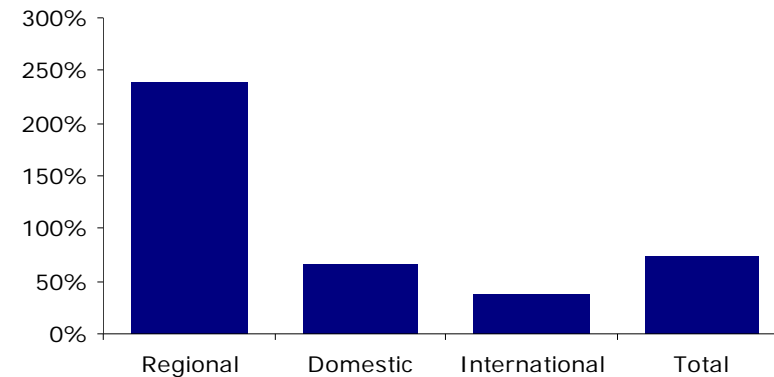
Master Plan approved by the government:

- Passengers forecast to grow from 33m in 2009 to 79m in 2029
- No changes to existing operational constraints

This will be delivered through:

- Greater efficiency & capacity utilisation
  - Larger & quieter aircraft
  - 42% of slots unutilised
- Upgrade and expansion of airport infrastructure
- Ongoing consultation with airlines & regular passenger surveys as well as ongoing dialogue with community & government through established channels

Increase in Passengers per Aircraft 1989-2009



# *Investing in Growth & Service Quality*

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## **A\$1.7 Billion Invested since 2002...**

### Accommodate new aircraft

- Runway widening
- New airfield lighting
- Triple aerobridges
- Expanded departure gates

### Streamlined security & immigration

- Centralised to better manage departing peaks
- Automation for low-risk arrivals

### Expanded baggage reclaim area

### Premium lounges tailored for each airline

### Better traffic flows in the airport precinct

- More domestic pick-up bays
- Free international parking for 15 minutes

### Upgraded check-in facilities

### Improved signage across the airport

### Larger and improved seating & rest areas

### Increased choice on offer for passengers

- Increased range of food & beverage
- Recognisable brands
- Expanded duty free offer
- Internet pre-booking in the car parks

## **... & A\$1 Billion Earmarked for the Coming Five Years**

# *MAp Outlook*



# ***Outstanding 1H10 Performance & Positive Outlook***

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## **Strong Earnings Outperformance**

- Earnings growth of 18.2% against traffic growth of 6.8% for 1H10
- Sydney Airport EBITDA growth of 12.7%, underlying EBITDA growth in Europe ~10%
- All airports entering 2011 in excellent shape and with good earnings momentum

## **Robust & Flexible Balance Sheet Permits Return to Investors**

- Pro forma cash balance of A\$1bn
- No corporate level debt, substantial de-gearing over past 2 years has increased interest coverage to 2.7x
- Near term capacity growth plans fully funded
- Significant surplus cash permits return of ASUR proceeds to investors
- Regular distribution guidance of 21 cents reaffirmed for 2010 subject to external shocks to the aviation industry & material changes to forecast assumptions

## **Positive Outlook Benefiting from Aviation Industry Structural Changes**

- Larger more efficient aircraft, increased low-cost carrier market share, expansion of alliances & the liberalisation of air rights
  - Operational leverage delivered by cost restructures, discipline & economies of scale
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# *RBS Morgans Annual Queensland Conference*



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