

# Media Release

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## Three Months to March 2010 Financial Results for Sydney Airport

**Sydney Airport<sup>1</sup> 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.

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**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
<b>Revenues</b>			
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%
<b>Total revenues</b>	<b>228,610</b>	<b>204,605</b>	<b>11.7%</b>
<b>Cost of sales</b>	197	427	
<b>Other income</b>			
Profit on sale / (loss on disposal) of non current assets	28	0	
<b>Operating expenses</b>			
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	
<b>Total operating expenses before specific expenses</b>	<b>41,381</b>	<b>38,576</b>	<b>7.3%</b>
<b>Total operating expenses</b>	<b>41,381</b>	<b>38,834</b>	<b>6.6%</b>
<b>EBITDA before specific expenses</b>	<b>187,060</b>	<b>165,602</b>	<b>13.0%</b>
<b>EBITDA</b>	<b>187,060</b>	<b>165,343</b>	<b>13.1%</b>
<b>Capital expenditure</b>	<b>30,810</b>	<b>76,895</b>	<b>-59.9%</b>
<b>\$ per passenger measures</b>			
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.