

17 October 2016

## Sydney Airport Investor Day presentation

Please find attached a presentation that will be provided at the Sydney Airport Investor Day today (also available on the Sydney Airport website at [www.sydneyairport.com.au](http://www.sydneyairport.com.au)).

In addition, a webcast of the presentation will be available at the above link tomorrow.

### CONTACT FOR FURTHER INFORMATION

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# SYDNEY AIRPORT 2016 INVESTOR DAY

**Sydney Airport**



17 OCTOBER 2016



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OVERVIEW AND STRATEGY

**Sydney Airport**



**KERRIE MATHER**  
MANAGING DIRECTOR AND CHIEF EXECUTIVE  
OFFICER



# Disclaimer

## General securities warning

This presentation has been prepared by Sydney Airport Limited (ACN 165 056 360) ("SAL") in respect of ASX-listed Sydney Airport ("SYD"). SYD is comprised of the stapled entities SAL and Sydney Airport Trust 1 (ARSN 099 597 921) ("SAT1"). The Trust Company (Sydney Airport) Limited (ACN 165 967 087/ASFL 301662) ("TTCSAL") is the responsible entity of SAT1.

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Sydney Airport advises that on 28 September 2016 foreign ownership was 30.4%.

# Senior management team



Highly experienced and proven management team



Kerrie Mather  
Chief Executive  
Officer

Hugh Wehby  
Chief Financial  
Officer

Shelley Roberts  
Executive Director  
Aviation Services

Glyn Williams  
General Manager  
Retail

Peter Wych  
General Manager  
Development &  
Construction

Craig Norton  
General Manager  
Car Parking &  
Ground Transport

Stuart Rattray  
General Manager  
Technology

Jamie Motum  
General Counsel &  
Company Secretary

Sally Fielke  
General Manager  
Corporate Affairs

Gayle Philpotts  
General Manager  
People &  
Performance

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# Key themes for today



Our strategy for delivering sustainable and growing cash flows to investors



**Aviation, passenger and capacity development**



**Capital management strategy**



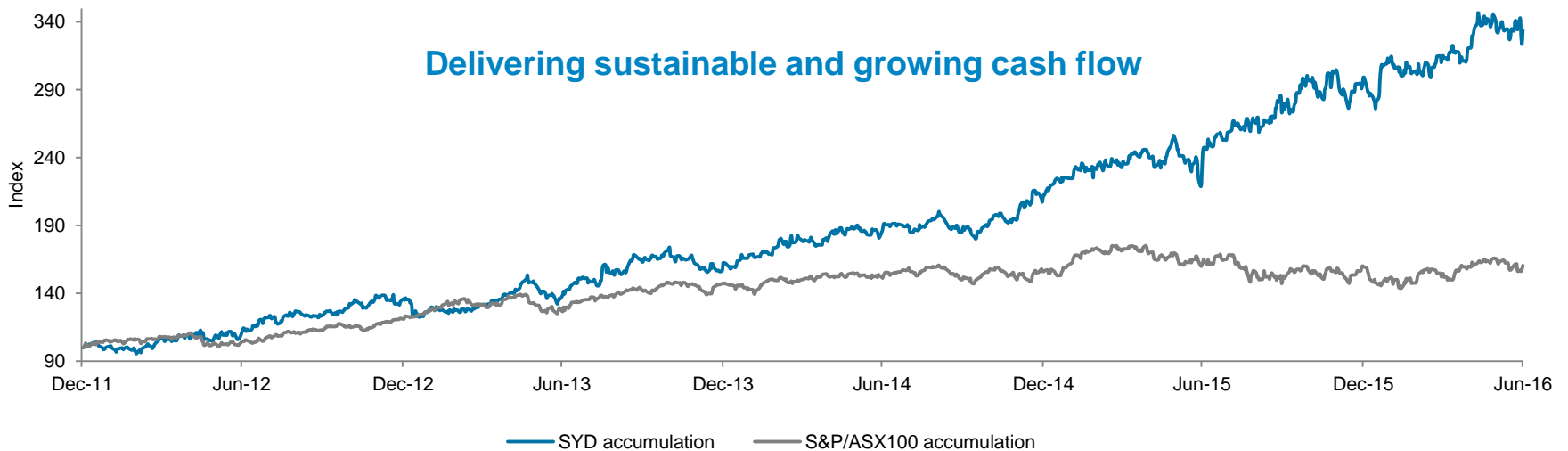
**Ground transport, the evolution**



**Retail strategy**



**Innovation driving passenger experience and asset utilisation**



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## Strong investment characteristics of Sydney Airport

### The business

- Balanced and diverse airlines, nationalities and revenues from aeronautical, retail, car parking and property businesses
- High quality, surplus aviation capacity
- Supportive 'monitoring based' regulatory environment

### The performance

- Proven track record of traffic, EBITDA and distribution growth
- Reliable, resilient cash flows
- Robust, low risk business
- Operational leverage and high EBITDA margin







## Our four strategic priorities

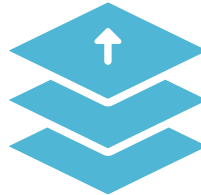


### Partnering for growth



Aviation, tourism and community partnerships driving passenger growth

### Investing in capacity, product and efficiency



Investment delivering sustainable growth and yield expansion across all businesses

### Delivering a superior customer experience



Broad stakeholder engagement and focus to deliver an improved experience for customers

### Managing risk



Strengthen balance sheet  
Strict investment criteria  
Long term contracts  
Business diversity  
Safety and security

**Strong sustainable investor value growth over time**



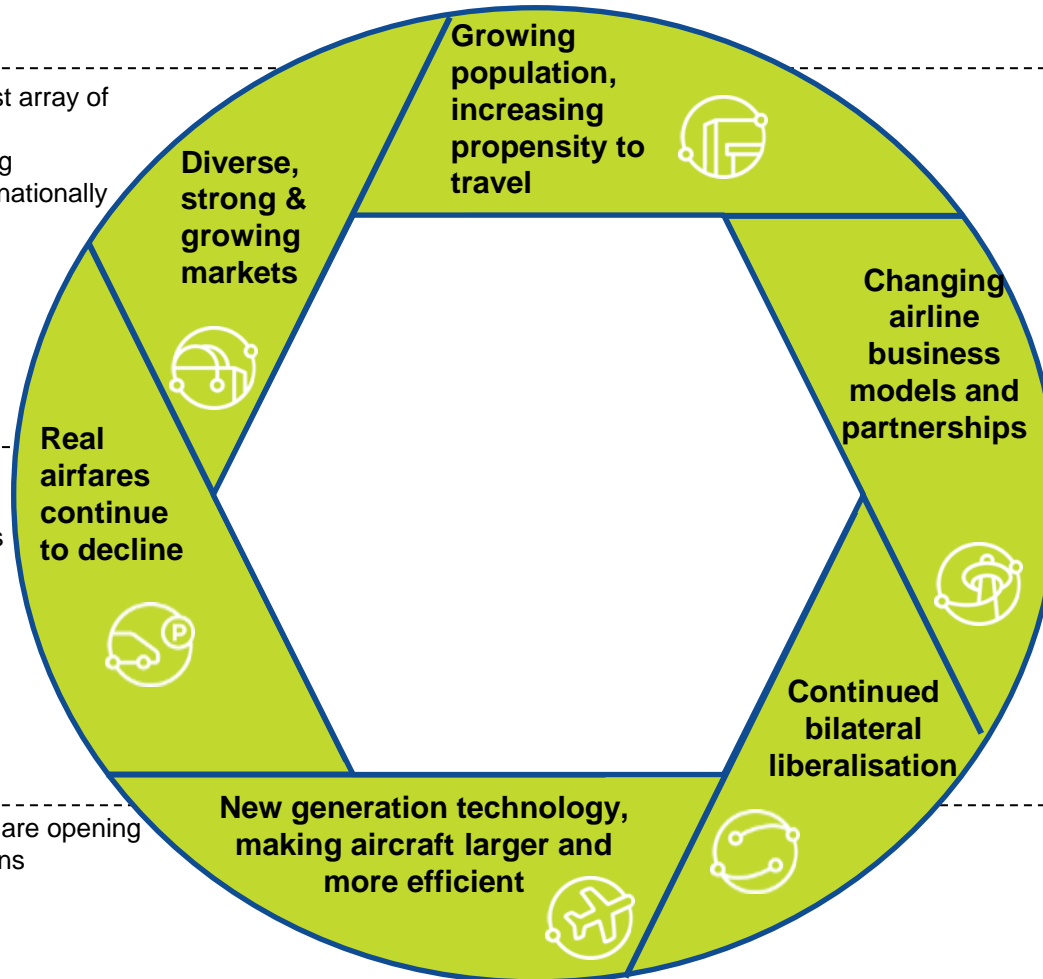
# Changing markets driving future traffic growth



Attractive markets and changing industry conditions supporting strong passenger performance



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Diverse growth from vast array of markets  
Australians have a strong propensity to travel internationally

New aircraft technologies are changing the economics for airlines and lowering airfares

Next generation aircraft are opening up new direct destinations previously unviable

Increased urbanisation and increasing affluence throughout Asia  
Aging population with increasing disposable income available for travel

Low cost carriers offering competitive fares, opening markets and stimulates new demand  
Airline partnerships are improving route diversity and viability

1.5 million new seats expected to be flown in 2016  
Load factors stable through a period of strong capacity growth

# Potential future growth markets

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Target markets for expected future growth include emerging economies and improving mature economies





Our strategic approach to facilitating long term demand



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## Optimising our existing infrastructure

- Innovation
- Embracing new technology
- Utilising existing facilities more efficiently
- Pinch point processing investment

## Investing and expanding our infrastructure

- Airfield expansion
- Terminal expansion
- Commercial business expansion

# Significant organic commercial growth potential



Commercial initiatives delivering strong internally generated revenue growth

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## Retail delivering yield through:

- New and unique experiences, enhance the passenger journey and spend
- Tailored offering to match the passenger mix
- Retail areas will continue to expand along with terminal expansion



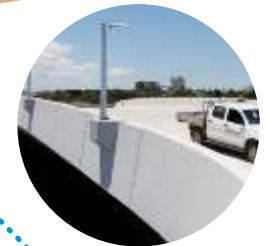
## Car parking delivering yield through:

- Online and demand management system improving asset utilisation
- 10% additional capacity to be delivered over the next 18 months, with further expansion expected as demand grows

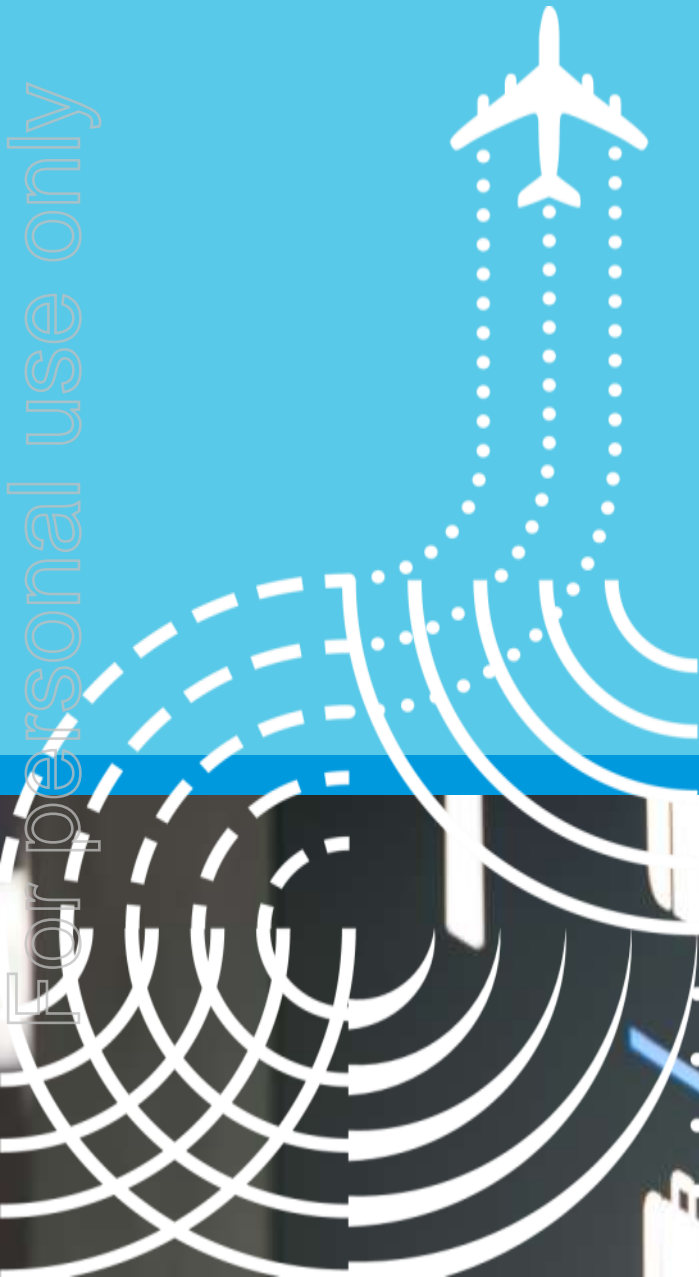


## Property delivering yield through:

- Consistently improving yields, as all contracts have annual escalations
- Efficiently developing unutilised land
- Hotel strategy commenced
- Expanding the property portfolio as consumers demand new services



## Western Sydney Airport





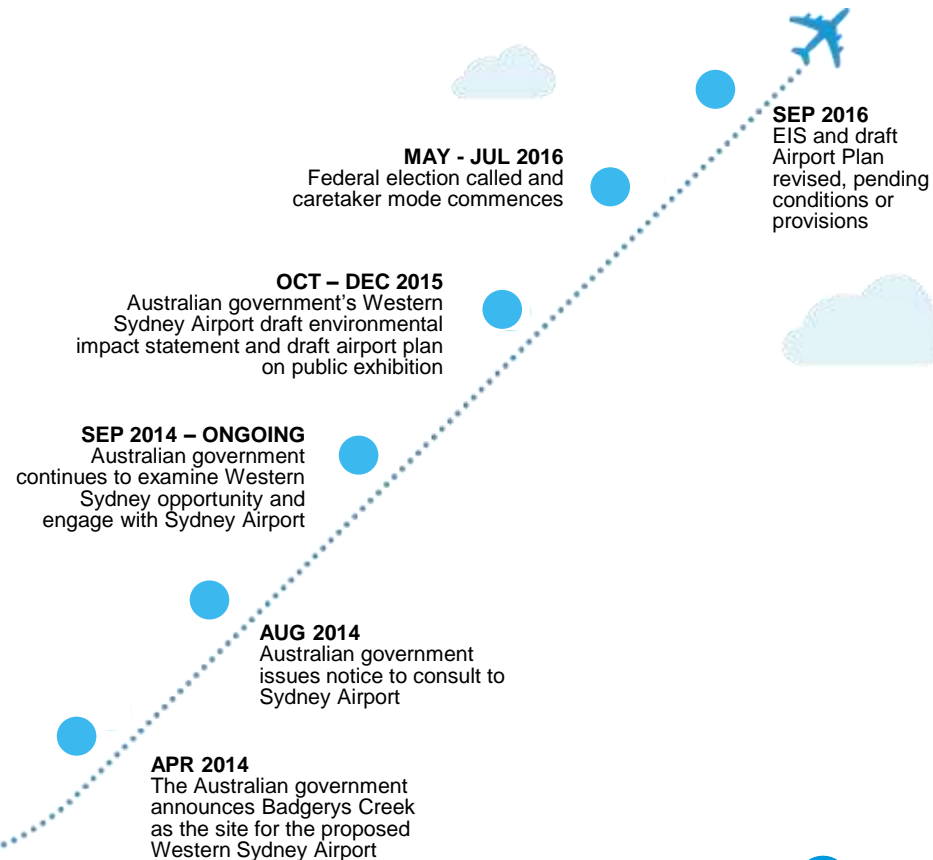
# Western Sydney Airport process



Sydney Airport continues to examine the opportunity to develop and operate the Western Sydney Airport (WSA)

## Internal evaluation of the WSA opportunity is ongoing, focus remains on key commercial and investment parameters

- Broad-based community and bipartisan political support remains for the project
- The EIS and draft Airport Plan, are being considered by the Environment Minister to inform development of conditions or provisions
- Government has indicated it expects to deliver an NOI to Sydney Airport in 2016
- The first road projects of the 10 year \$3.6 billion Western Sydney Infrastructure Plan are now underway
- Australian and NSW governments have released a discussion paper on Western Sydney's future rail needs for community comment, they have indicated the final report is expected first half of 2017



# Sydney Airport is best placed to deliver jobs and economic growth at Western Sydney Airport



Sydney Airport has a deep and proven understanding of the Sydney aviation market

Sydney Airport has:

- The unique ability to deliver the jobs and growth for Western Sydney, with the airports able to operate as a system
- Demonstrated expertise in planning and financing an airport to meet growing aviation demand
- Existing business relationships with key airline customers and suppliers
- In-house expertise that can be effectively deployed to ensure efficient execution of this project
- Global experience with airport operations and management





# Evaluation principles



Key metrics and priorities for Sydney Airport when evaluating any WSA proposal



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Hurdle rates of return → greenfield premium



Cash flow and yield



Growth potential



Downside protections → operationally, financially and contractually



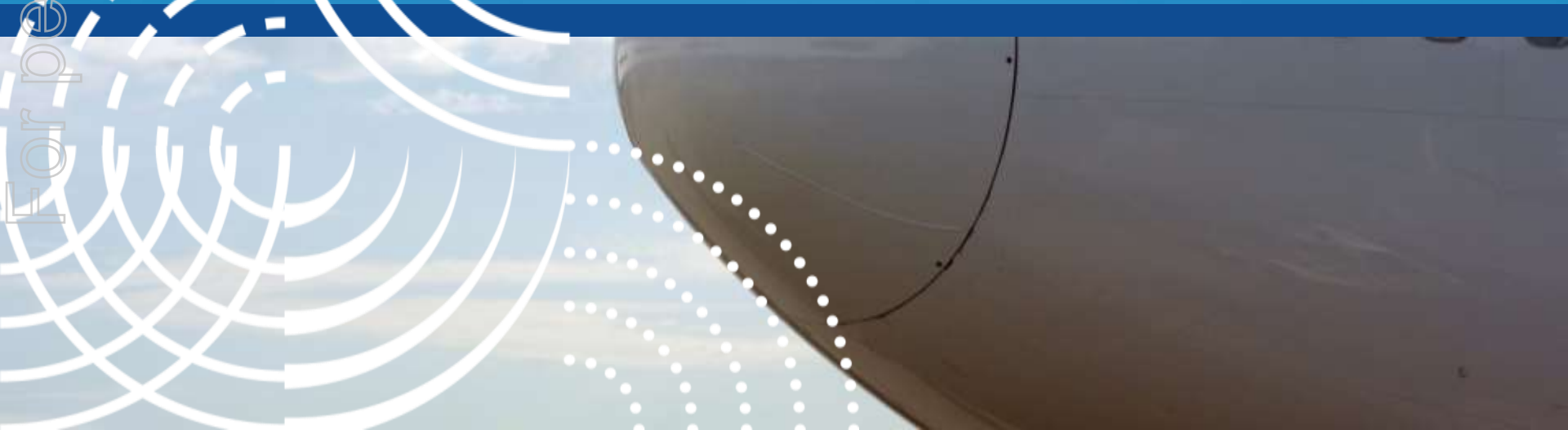
Impacts on KSA

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**AVIATION, GROWING PASSENGERS AND  
ACCOMMODATING CAPACITY**

**RAYMOND KWAN**  
HEAD OF STRATEGIC PROJECTS



# Largest catchment and strongest economy



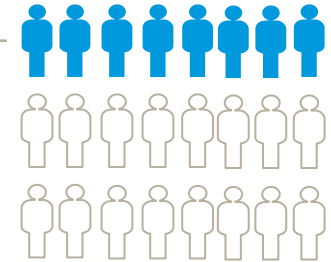
Sydney and NSW are the most significant local and state economies in Australia



## Economic significance

- **31%** of Australia's GDP, larger than Hong Kong or Singapore
- **600** multinationals with Asia-Pacific Headquarters
- **41%** of Australia's leading 500 companies with head office in Sydney and New South Wales
- **38%** of Australia's first and business class passengers

**7.5m**  
Sydney's catchment population



**32%**  
of Australia's population

**23.5m**  
Australian population

## NSW Highest consumer confidence

- \$4.7B budget surplus
- \$0 net state government debt
- triple A credit rating
- 63% of jobs created in Australia
- only state with business investment growth

**8km**  
to Sydney city centre

**10km**  
to major tourist attractions



# Sydney is Australia's busiest airport



Sydney Airport air traffic statistics for the 12 months to June 2016



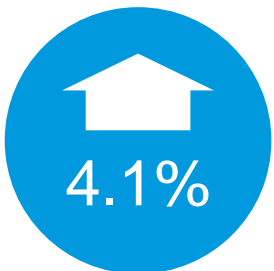
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**40.9m**  
Total Passengers



**14.3m**  
International Passengers



**26.6m**  
Domestic Passengers



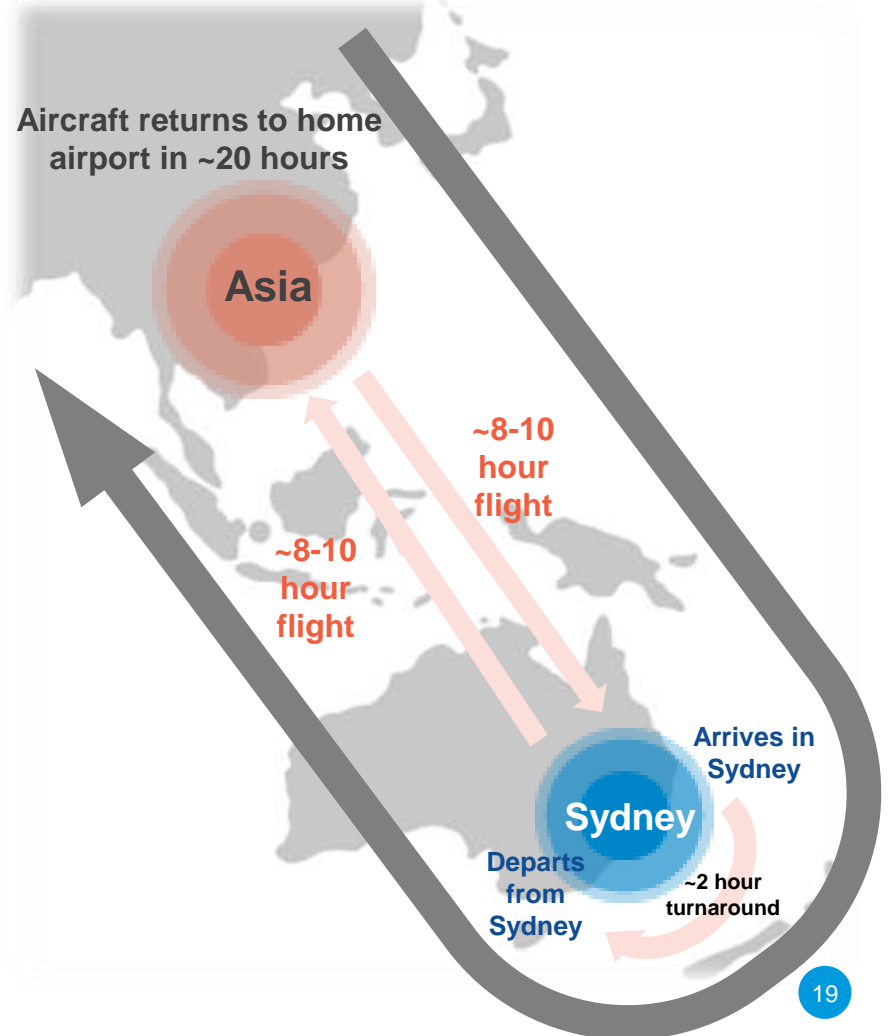
**342,300**  
Aircraft Movements

# Sydney has significant geographical advantages to attract continued growth



Daily flights from Asia can be served by a single aircraft – a significant competitive advantage vs. Asia to Europe or North America

- **Sydney is the largest airport for long haul, Chinese based airlines globally**
- A major reason for this is that daily Asian flights can be served by a single aircraft – a significant competitive advantage vs. Asia to Europe or North America
- For these reasons, the ~8-10 hour sector is also ideal length for long haul, low-cost airlines
  - Jetstar (SYD was Jetstar's base for long-haul flights)
  - Scoot (SYD was the first global destination)
  - Cebu Pacific (SYD was the first Australian destination)
  - AirAsia X
- Importantly, airlines can serve destinations comprising 70% of the world's population within the range of a Boeing B787 and Airbus A350



# China has been one of Sydney's growth drivers

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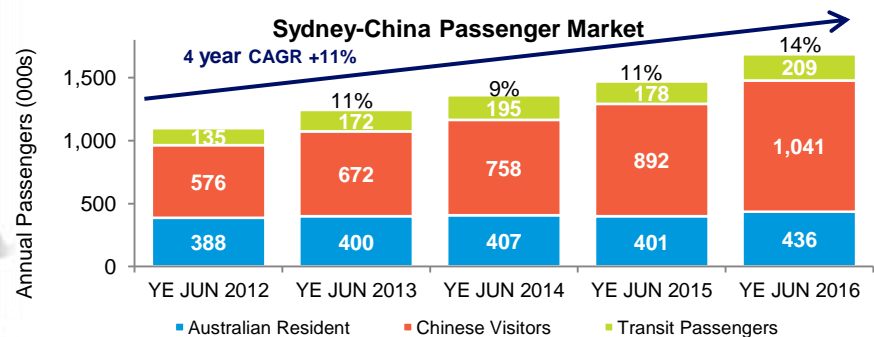
China has been one of Sydney's largest and fastest growth markets



- Sydney has 45% share of the 3.3 million O&D passenger movements between Australia and mainland China
- 13 Mainland cities served direct by 7 airlines vs. 3 Mainland cities served by 4 airlines just 6 years ago

## Reasons for Chinese Passenger Growth

- Sydney offers a Western experience in a safe and welcoming environment with a mild climate (particularly during Golden Week Holidays which is in China's winter / Australia's summer)
- Australia ranks first or second on five of the top six criteria which Chinese consider most likely to motivate them to visit a country
- NSW has Australia's largest international student population with almost 250,000 international student enrolments, 27% (65,000) of which are Chinese Nationals



Source: based on Sydney Airport analysis of DIBP OAD Data YE June 2016 (sector passengers - millions)

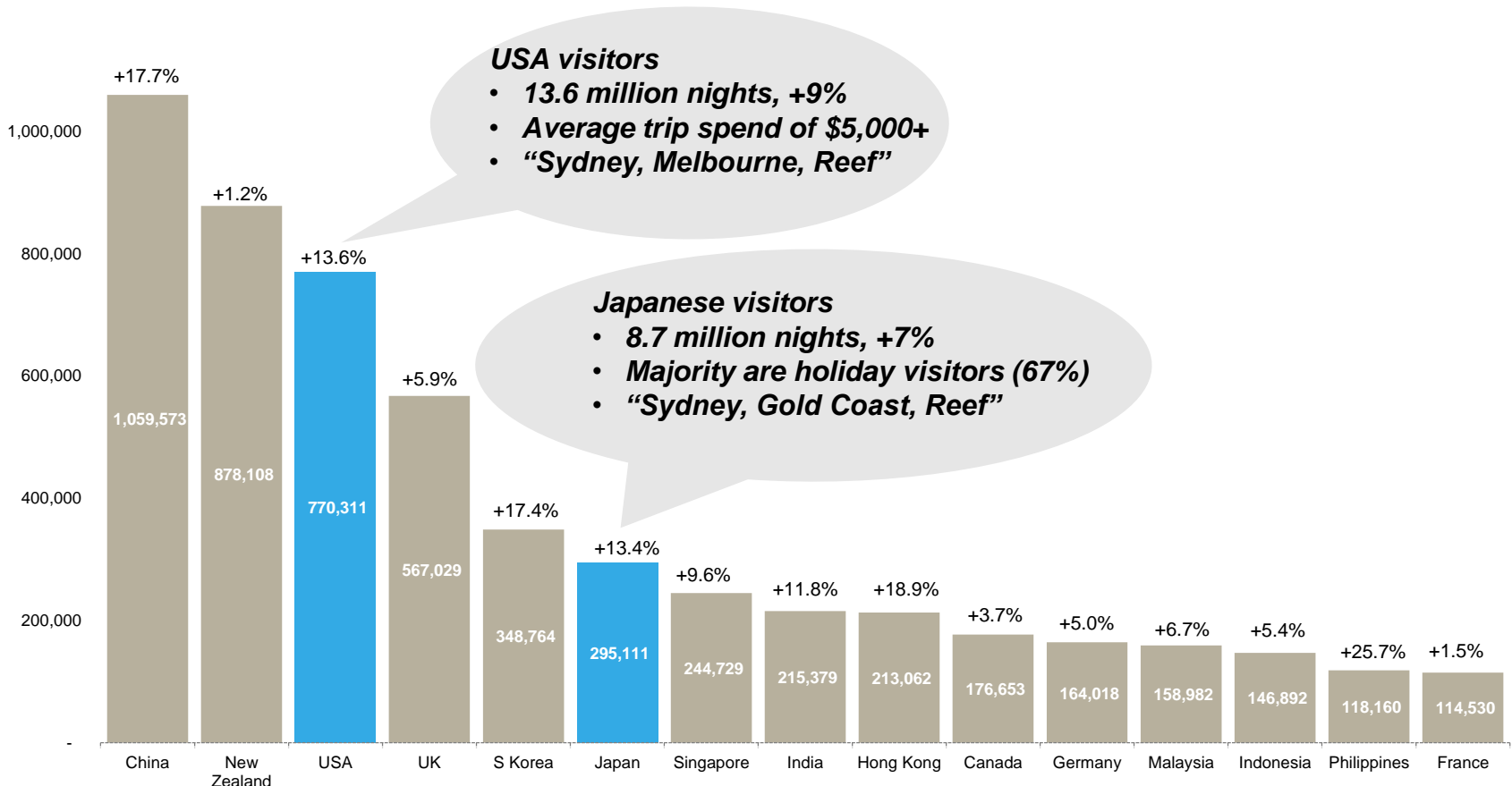
- The Consumer Demand Project (CDP) international tourism research project printed by Tourism Australia
- "Understanding the Chinese consumer May 2014"

# We've also seen strong growth from all of Sydney's other major markets

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All of Sydney's major markets – new and traditional, mature markets – have grown over the last 12 months



% represents year on year growth of each market (12 months to July 2016 vs. July 2015).

Source: DIAC OAD Data YE July 2016, Tourism Australia, "Tourism Australia and Aviation" 2016.



# Sydney is Australia's highest yielding international market



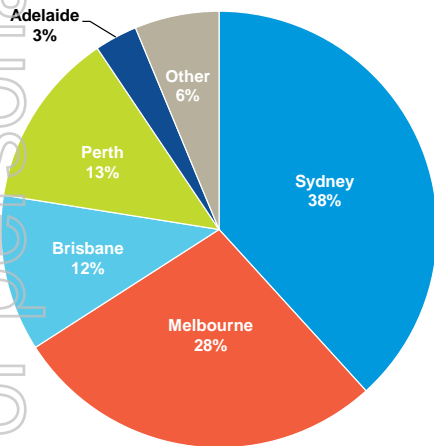
Sydney's status as Australia's business and economic hub is reflected in its 38% share of Australia's international premium passengers



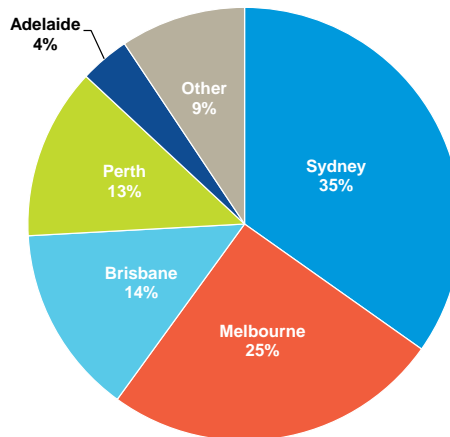
Sydney's ability to attract the largest share of the premium market provides airlines with a significant revenue premium compared to other Australian airports

The premium traveller is critical for airlines' profitability – airlines have made significant improvements in premium products, in their fleet as well as lounges at Sydney Airport

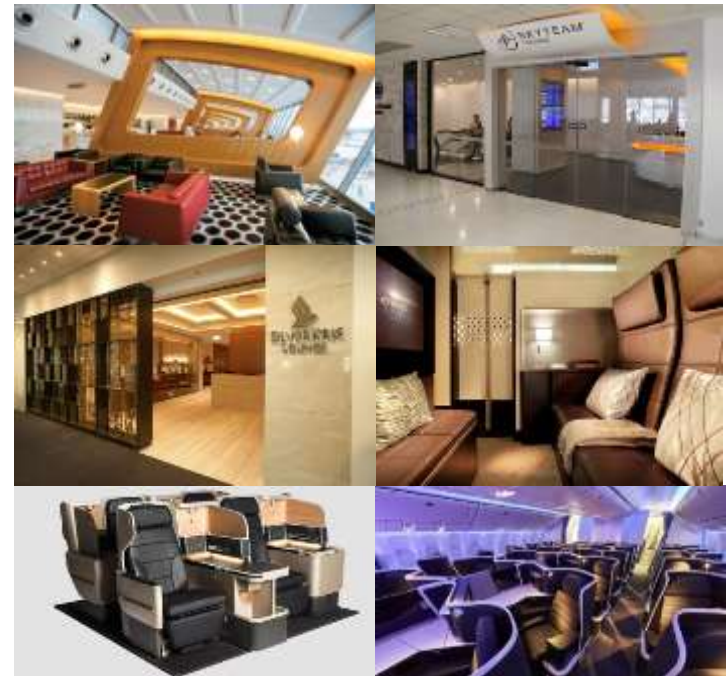
International Premium Passenger Share



International Economy Passenger Share



Source: Sabre MIDT Data Year Ending Apr 2016



# Australia's two-speed economy has meant a return to the East Coast business hubs

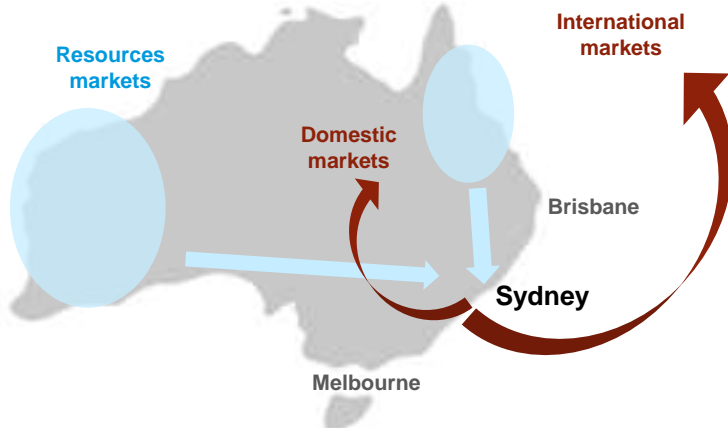


Sydney Airport is benefiting from a re-focus on the East Coast business hubs, and increasing LCC penetration rates

## Domestic airlines have re-focused on the East Coast business hubs in a pursuit for Yield Growth

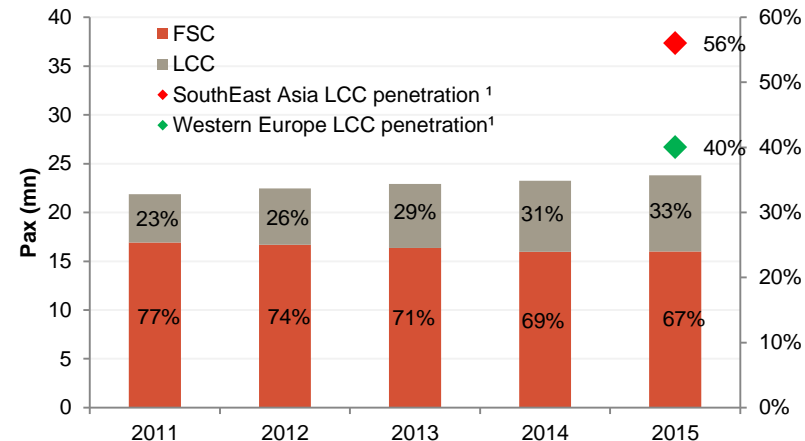
- Airlines redirecting capacity and resources from mining markets to business and tourism routes

*"Since the mining investment boom peaked in 2011, travel demand has been tapering in mining-intensive markets – like Western Australia and parts of Queensland – but stronger in other markets, including east coast business and tourism routes", Qantas 2016 Annual Review*



## Despite strong market growth, Sydney Airport is still significantly underrepresented by LCCs

- LCCs continue to gain market share
- The LCC market share at Sydney Airport remains at levels well below LCC penetration in more developed markets



Source: Sydney Airport, CAPA 2016  
<sup>1</sup> LCC share of available seats within a region (Jun-2016)

# Sydney Airport's Plans to Leverage Our Advantages

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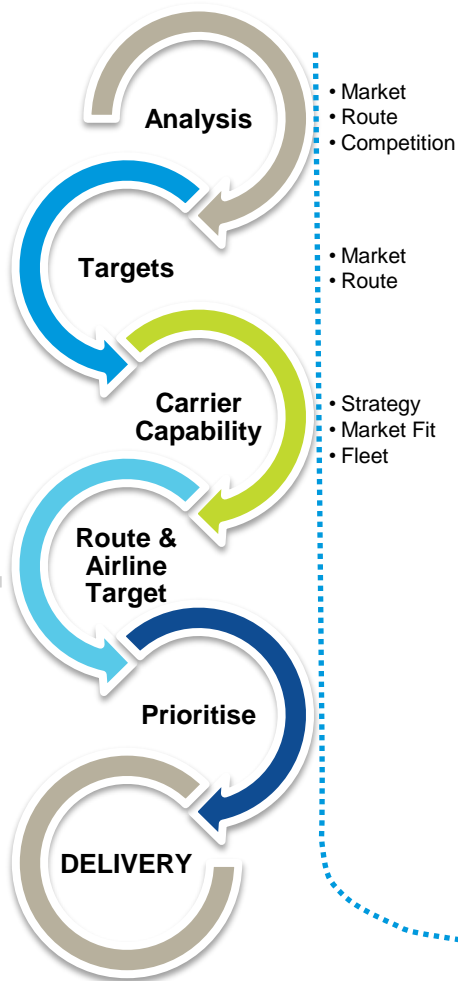


# We will continue to adopt our proven approach to attracting airlines

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Our aviation business development strategy and process is designed to identify target markets, carriers, and then prioritise targets by the opportunity



## First Mover Advantage

- Sydney has consistently been able to attract airlines as their entry point to Australia
- There are numerous advantages by being able to attract the first service to Australia:
  - First to be considered for additional frequencies
  - First to be considered for upgauges
  - First to be considered for new services from secondary cities

New frequencies from secondary cities (e.g. A330)

Upgauge of new frequencies (e.g. A330 => B777)

Upgauge of first frequency (e.g. A330 => B777)

Additional frequencies (e.g. A330)

New frequency (e.g. A330)

Evolution of a Route  
(Example: China)

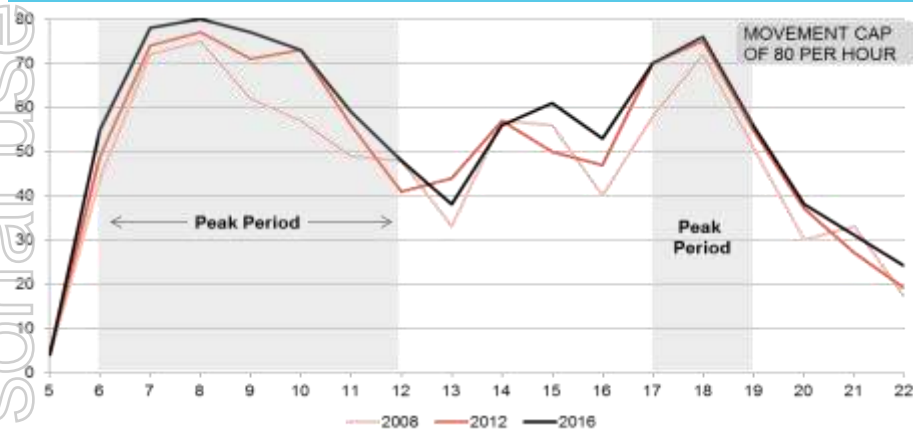


# Increased slot utilisation and continued aircraft upgauging will support future traffic growth

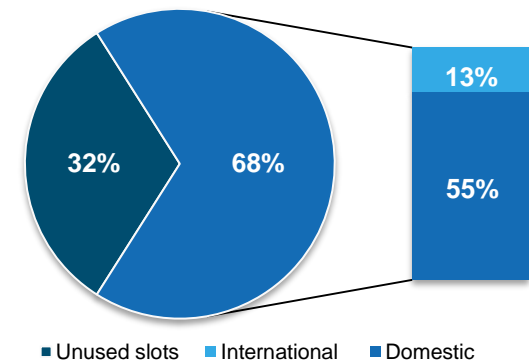


32% of our slots remain unused. These unused slots are primarily in the early morning and afternoon / evening periods, which are ideal for the Asian and Middle Eastern growth regions

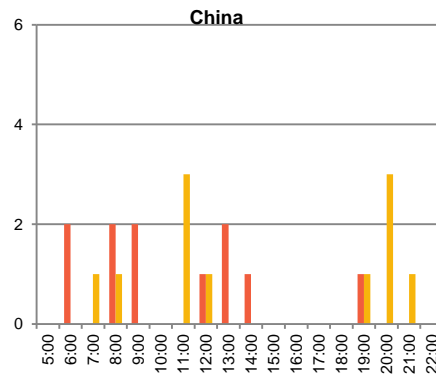
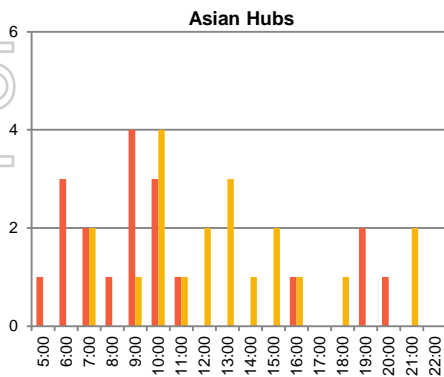
Growth of Aircraft Movements (Indicative of a Busy Day)



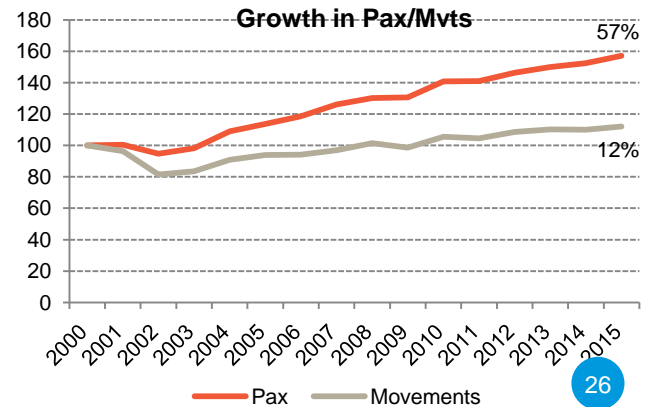
32% of Slots Remain Unused – Significant Growth Opportunities



Arrival / departure periods for our growth markets of Asia and specifically China are spread through the day



Since 2000, passenger growth has outstripped growth in aircraft movements by a factor of 5x





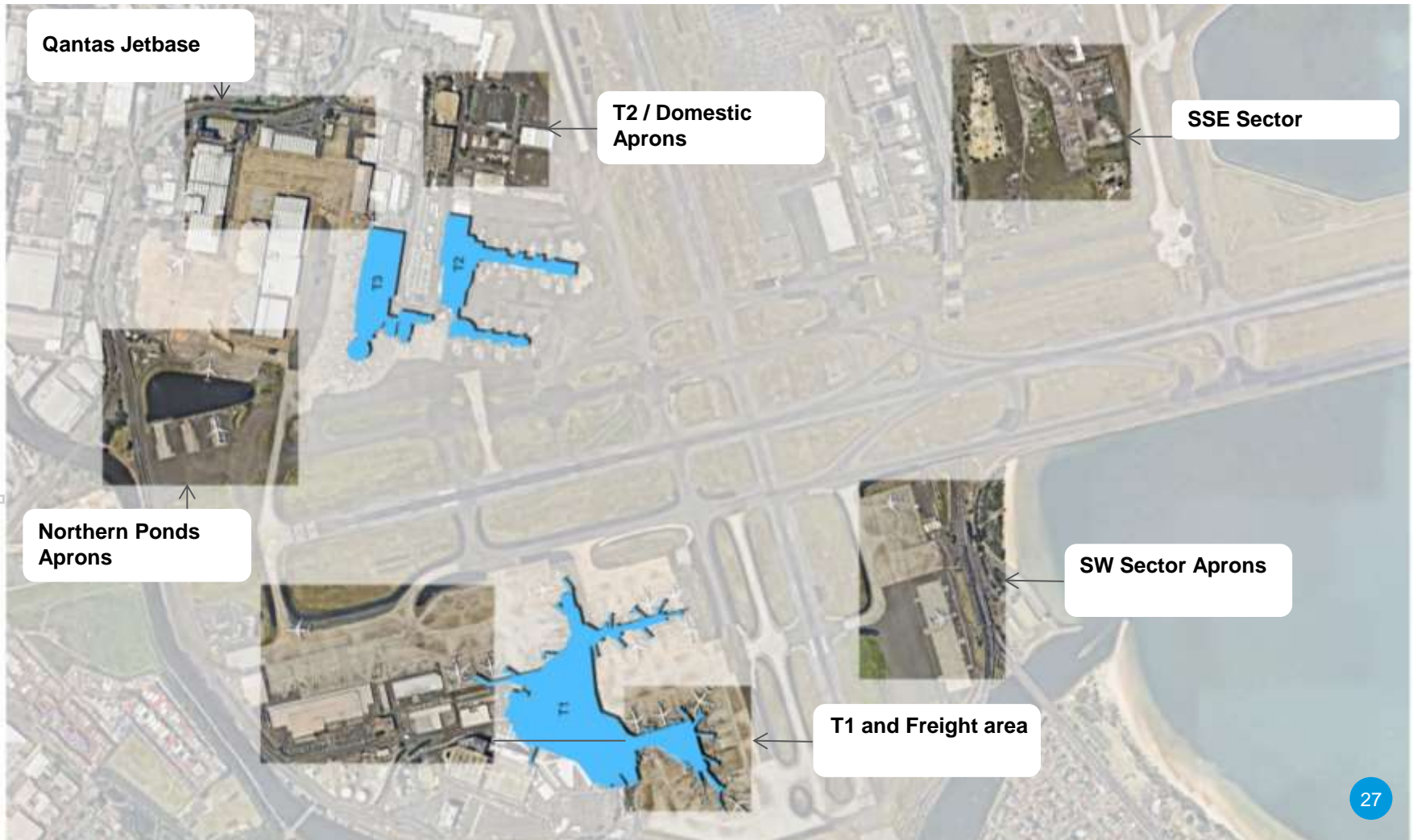
# Sydney Airport's investments will be staged and driven by demand



Expansion areas under consideration are shown below – primarily to increase gate, apron and support infrastructure capacity



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# Yield accretion through product differentiation



Sydney Airport will continue to target yield accretion by focusing on efficient processing to facilitate a seamless journey, with tailored offerings for passengers



## Smart processing

- Auto bag drops
- Touchless Experience
- E-gates



*“Minimise time in processing, maximise time relaxing”*

**Enhance Customer Experience**

## Premium Products

- Direct lounge entry/exit
- Concierge Service
- Pre-clear status



## Seamless Journey

- Integrated landside developments
- Automated valet; Car drop and fly
- Bag delivery products



## Tailored Entertainment

- Airline lounges
- Retail, F&B
- Hotels, Conference facilities



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Sydney Airport has a clear strategy for Continued Growth



## Sydney's Unique Advantages

- Sydney has significant geographic advantages, resulting in strong growth from China and other major markets
- Sydney is Australia's highest yielding market for airlines
- Sydney has an unrivalled domestic and international network

## Our Plans to Leverage our Advantages

- We will continue to adopt our proven approach to attracting airlines
- Encouraging increased slot utilisation and continued aircraft upgauging will support future traffic growth
- A staged approach to investment, driven by demand
- Driving yield accretion by investing in efficient technologies and bespoke products

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## CAPITAL MANAGEMENT STRATEGY

**HUGH WEHBY**  
CHIEF FINANCIAL OFFICER



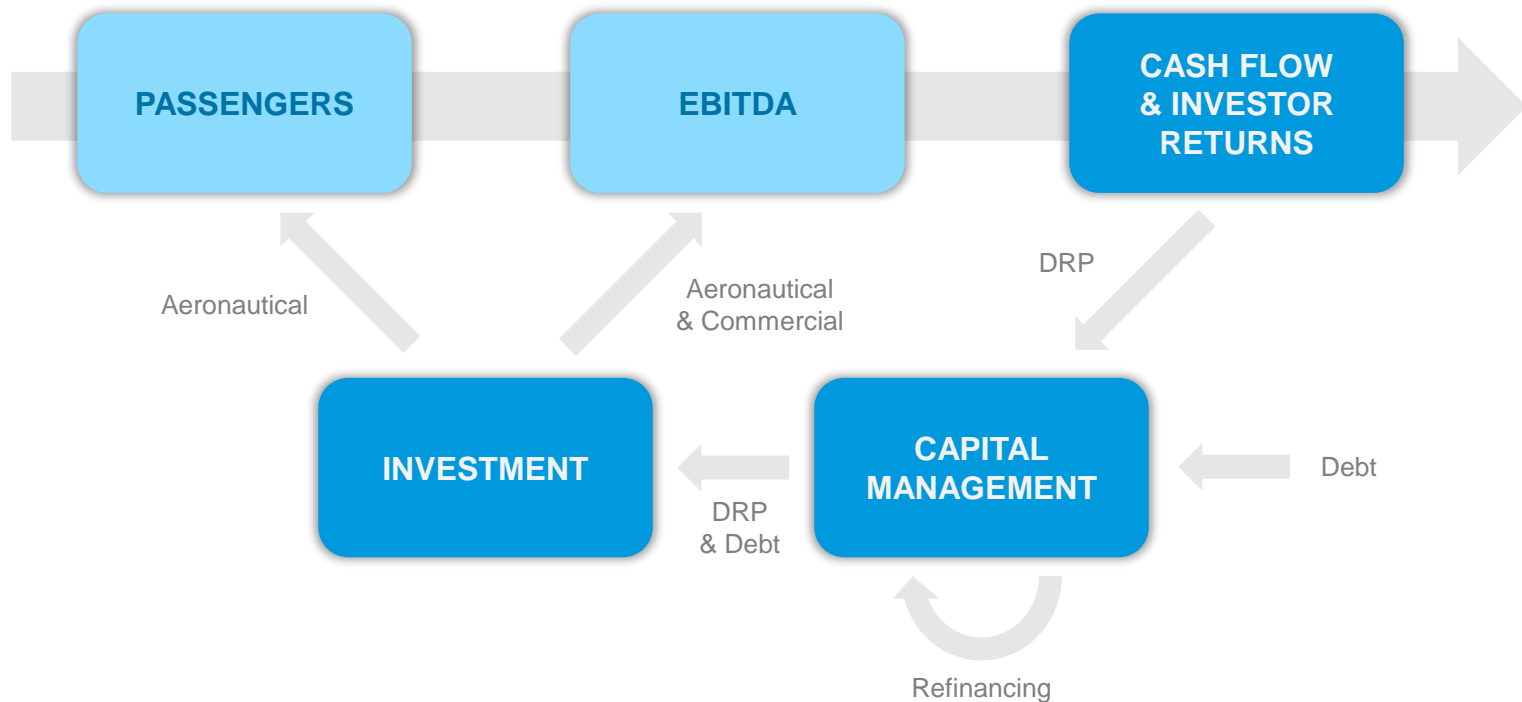
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Managing a capital structure optimised to effectively fund investment and deliver stable and growing returns



## EXPANDING THE BUSINESS MODEL



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Short term bank debt funds investment  
Long term bonds refinance drawn bank debt and maturities



## FUNDING SOURCES

### BANK DEBT

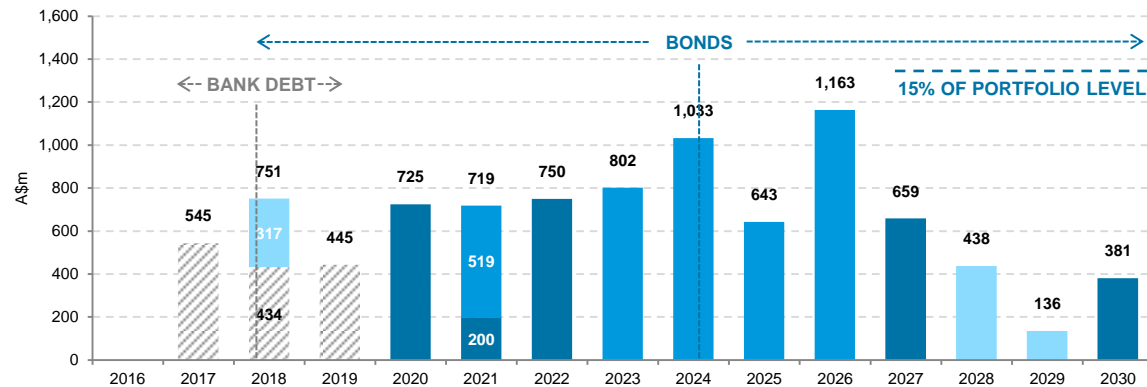
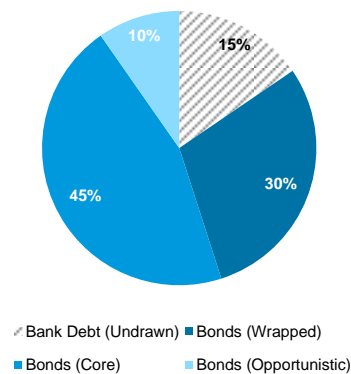
Funds investment  
Domestic and foreign banks  
4 years<sup>1</sup> average issue tenor  
Early-2018<sup>1</sup> average maturity



### BONDS

Refinance drawn debt and maturities  
Core and opportunistic markets  
10 years<sup>1,2</sup> average issue tenor  
Mid-2024<sup>1</sup> average maturity

## DEBT PORTFOLIO COMPOSITION<sup>3</sup>



<sup>1</sup> As at 30 June 2016

<sup>2</sup> Core and opportunistic market bonds only; excludes credit wrapped bonds

<sup>3</sup> As at 30 June 2016; pro-forma repayment of drawn bank debt using DRP proceeds on 15 August 2016

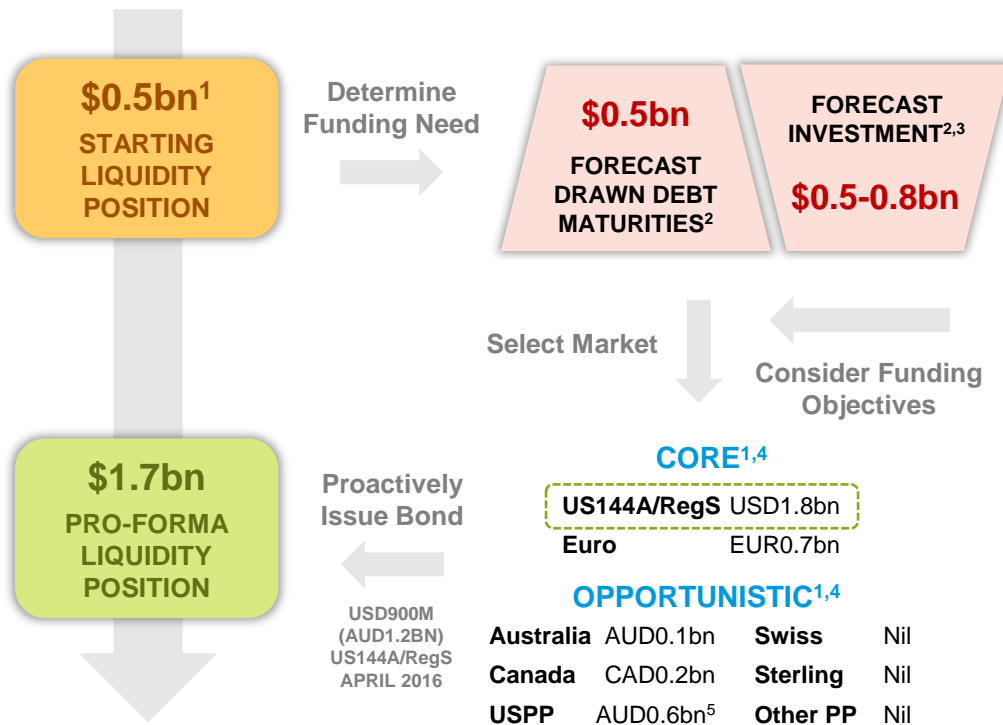
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Proactively address funding needs while delivering on funding objectives



## FUNDING STRATEGY (2016 CASE STUDY)



## FUNDING OBJECTIVES



<sup>1</sup> As at 31 December 2015

<sup>2</sup> As at 31 December 2015; over the following two year period from 31 December 2015

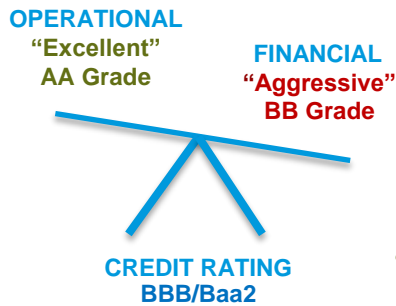
<sup>3</sup> Illustrative range based on market guidance

<sup>4</sup> Excludes bank debt and credit wrapped bonds

<sup>5</sup> USPP bonds issued in AUD

## Commitment to maintaining at least a BBB/Baa2 credit rating

### CREDIT RATING



*“Strongly positioned in Baa2 rating” – Moody’s*

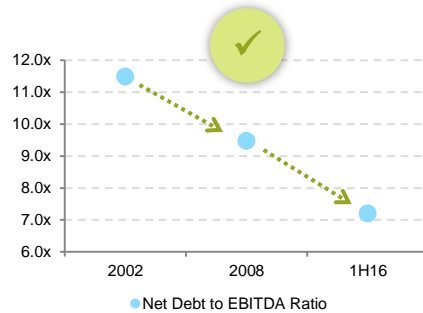
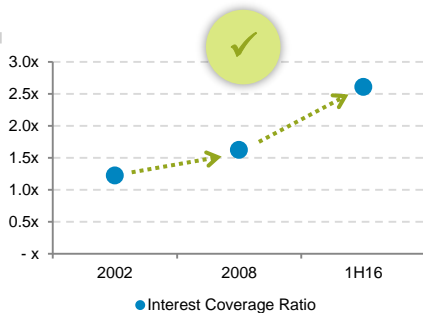
*“Resilience of passenger demand to external shocks” – S&P*

*“Proactive management of debt refinancing” – S&P*

*“Significant metrics headroom that can accommodate potential increased leverage” – S&P*

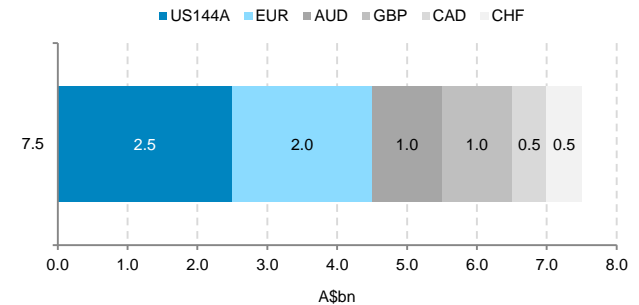
*“Relatively high leverage compared to regional peers” – S&P*

### HEADROOM



### ANNUAL DEMAND

✓ AUD7.5bn of debt investor demand<sup>1,2</sup>  
 AUD1.6bn maximum drawn debt maturities<sup>1</sup>



### PRICING

✓ Attractive pricing within rating band  
 Attractive pricing relative to peers  
 Strong investor pricing tension  
 Low new issue concessions

<sup>1</sup> Figure measured over a rolling 12 month period

<sup>2</sup> Illustrative level of demand based on feedback from banks assuming no premium pricing to access greater volume; does not include private placement demand

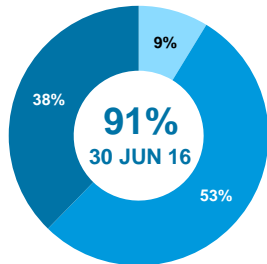
# Managing the capital structure

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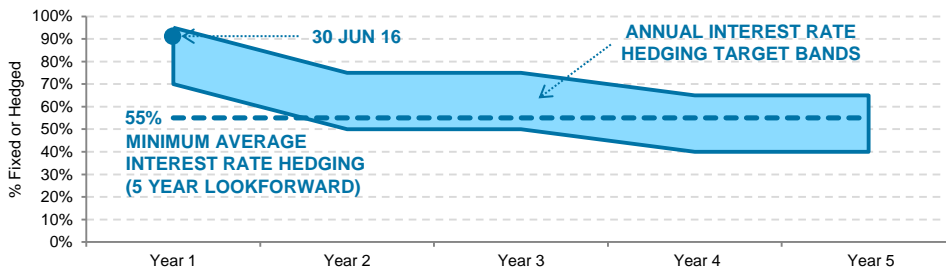
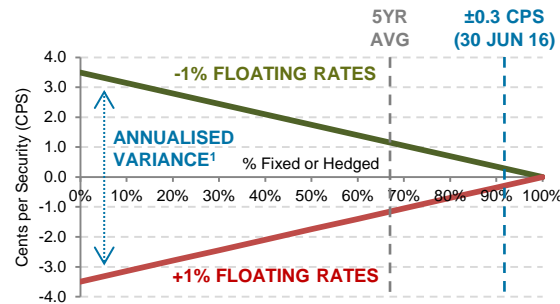


Interest rate and currency hedging stabilise and de-risk cash flows

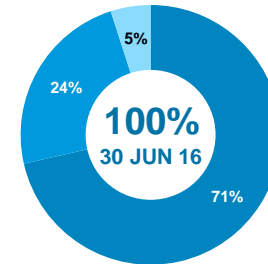
## INTEREST RATE HEDGING



■ Unhedged Floating ■ Hedged Floating ■ Fixed



## CURRENCY HEDGING



■ Hedged US144A ■ Hedged Euro ■ Hedged Canadian

<b>US144A/RegS ('21)</b>	USD500m	→	🔒	AUD519m
<b>US144A/RegS ('23)</b>	USD825m	→	🔒	AUD802m
<b>US144A/RegS ('25)</b>	USD500m	→	🔒	AUD643m
<b>US144A/RegS ('26)</b>	USD900m	→	🔒	AUD1.2bn
<b>Euro ('24)</b>	EUR700m	→	🔒	AUD1.0bn
<b>Canadian ('18)</b>	CAD225m	→	🔒	AUD217m

**USPP ('28/29)**

AUD574m<sup>2</sup>

<sup>1</sup> Measured using floating drawn debt outstanding as at 30 June 2016; fixed rate debt may be refinanced with unhedged floating rate debt over time

<sup>2</sup> USPP bonds issued in AUD



# Effectively funding investment

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Investment evaluation framework ensures capital is allocated to its highest and best use



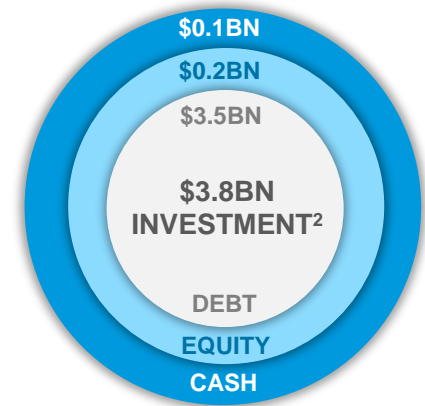
## IDENTIFY



## EVALUATE



## FUND



## REVIEW



## IMPLEMENT

$$\text{PASSENGER GROWTH} + \text{RETURNS} = \text{INCREASED CASH FLOW} = \text{ADDITIONAL DEBT SUPPORT}$$

<sup>1</sup> Hurdle rates consider both investment risk (i.e. separate hurdles for aeronautical and commercial projects) and investment life (i.e. use of long term parameters)

<sup>2</sup> Measured over the period 2002-1H16



Aeronautical and commercial investment generates operational cash flow growth above passenger growth



## AERONAUTICAL INVESTMENT

Runways, taxiways, airfield lighting, aprons, gates, baggage, terminals, security, bussing, wayfinding, technology



*Early Bag Store completed mid-2015*

- ✓ *Contracted investment recovery*
- ✓ *Increased baggage system efficiency*
- ✓ *Increased baggage system capacity*
- ✓ *Enhanced check-in capability*
- ✓ *Enhanced airline flexibility*
- ✓ *Reduction in operating expenses*

## COMMERCIAL INVESTMENT

Car parking, car rental, ground transport, retail, offices, hotels, lounges, advertising, technology



*Domestic Precinct Hotel est. completion mid-2017*

- ✓ *Strong returns, cash flow and credit metric accretion*
- ✓ *Core component of airport experience*
- ✓ *Significant demand at two existing hotels*
- ✓ *Shortfall in supply on and off-airport*
- ✓ *Diverse occupant mix with increasing pax and airlines*
- ✓ *Owner-operator strategy enhances return proposition*

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Sydney Airport's business model provides significant downside protection



## OPERATING PROTECTIONS

Stable and resilient passenger growth

Diverse passenger, airline and destination mix

Contracted aeronautical investment recovery

Minimum guaranteed rents

Strong commercial demand with low vacancies and long-term agreements

Non-passenger linked revenue sources

Investment flexibility



## FINANCIAL PROTECTIONS

100% distribution coverage with net operating receipts

Robust interest rate hedging and 100% foreign currency hedging

Minimum BBB/Baa2 credit rating

Maintaining sufficient liquidity buffers

Ensuring minimum counterparty credit ratings

Ensuring maximum counterparty exposure limits

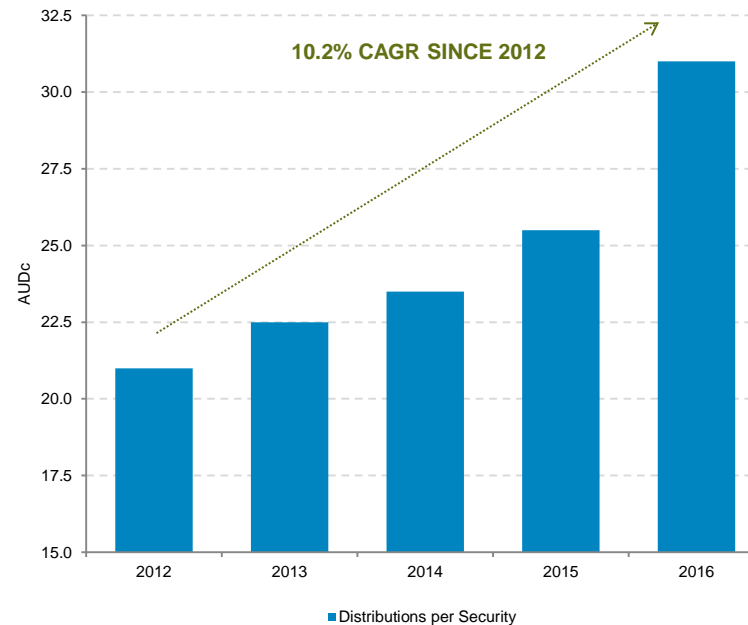
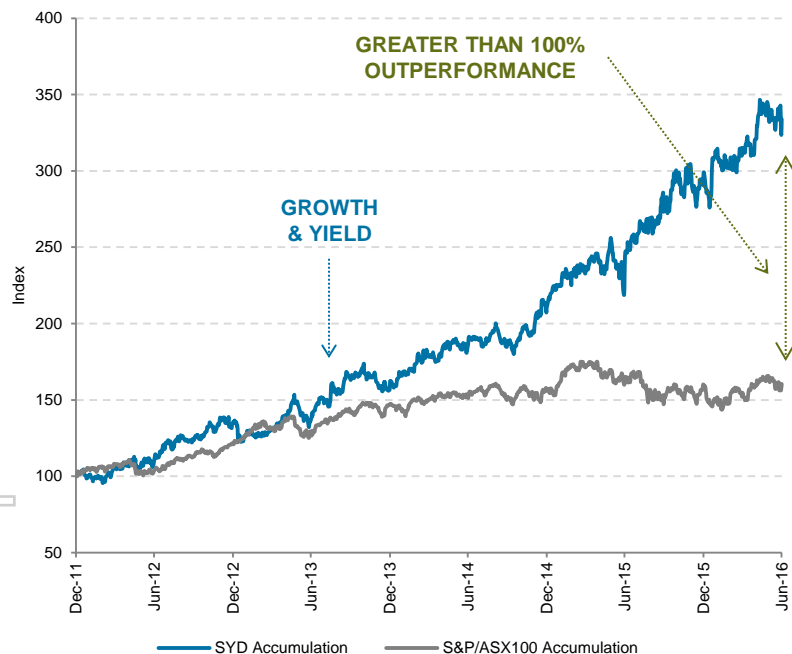
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Delivery of both growth and yield to investors



## ALIGNING MANAGEMENT TARGETS WITH INVESTOR RETURNS



### Long Term Incentive Plan Hurdle 1

*Total Investor Return*

50-75% percentile of comparator companies



### Long Term Incentive Plan Hurdle 2

*Cash Flow Per Stapled Security*

8-12% three year compound annual growth

## GROUND TRANSPORT, THE EVOLUTION

**CRAIG NORTON**  
GENERAL MANAGER PARKING AND GROUND  
TRANSPORT





# Sydney - a growing city

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Sydney Airport roads exist within the wider road network managed by the NSW Government and local councils



**Stuart Ayres**  
Minister for Trade, Tourism and Major Events  
Minister for Sport

**MEDIA RELEASE**

Wednesday, 31 August 2016

**INTERNATIONAL VISITORS SPEND \$9.1 BILLION IN NSW**

Overseas visitors to NSW have spent more during their stay than ever before, according to the International Visitor Survey released today.

Minister for Trade, Tourism and Major Events Stuart Ayres said Tourism Research Australia (TRA) figures highlight international visitors to NSW spent more than \$9 billion for the first time – up 18 per cent on the previous year.

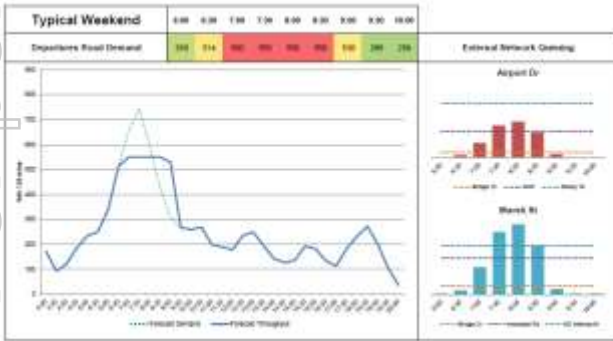
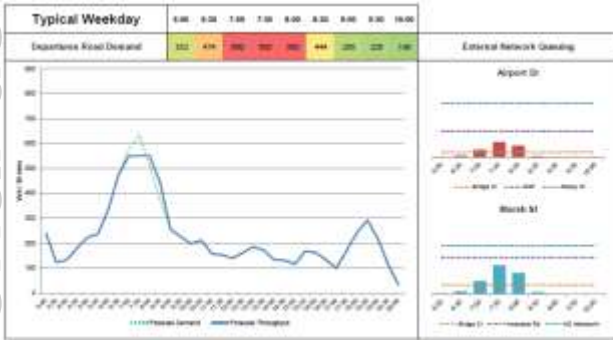
- In the year to June 2016, there were 3.8 million overseas visitors who stayed almost 87 million nights and spent \$9.1 billion in NSW – more than 55 per cent higher than any other state and close to 80 per cent more overnight stays, Mr Ayres said.
- Tourism has a massive impact on employment, with analysis highlighting NSW tourism supports almost 270,000 jobs, with around five thirds employed in one of the State's 85,000 tourism businesses.
- China is the largest source of international visitors and continues to lead NSW's tourism growth. We saw 570,000 visitors from China traveling to NSW over the 12-month period – up 21 per cent on the previous year.
- There was also huge growth in visitors from the US and Korea with both markets up by 18 per cent. In fact, NSW was the top destination for the year in 11 of the top 15 source markets for Australia: China, United Kingdom, USA, South Korea, Germany, India, Hong Kong, Canada, France, Taiwan and Indonesia.
- Regional NSW achieved significant growth – welcoming 718,000 visitors who stayed nearly 14 million nights – an 11 per cent increase on the previous year and more than double the rate of growth in nights for Regional Australia.
- Destination NSW Chief Executive Officer Sandra Christophers said the results reflected the continued success of the NSW Government's partnership with industry to drive overseas visitors.
- Our strategic marketing, along with industry performance and securing and staging of major world-class events such as 'Vivid Sydney' are delivering for NSW," Ms Christophers said.

Anna Mitchell | Minister Ayres | 9437 084 873

# Immediate term – process improvements



Sydney Airport uses forecast passenger demand profiles to model the likely extent of traffic queues



- The combination of the curfew and global scheduling connections drives the early morning arrivals and departures
- Additional seat capacity scheduled by airlines during the peak is in response to passenger demand
- During the peak on weekdays airport traffic will mix with general commuter traffic which may lead to delays on roads leading to and from the airport
- Many friends and family offer to drop off or pick up on weekends because they have the time. This additional volume sometimes means delays on roads to and from the airport

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# Immediate term – process improvements



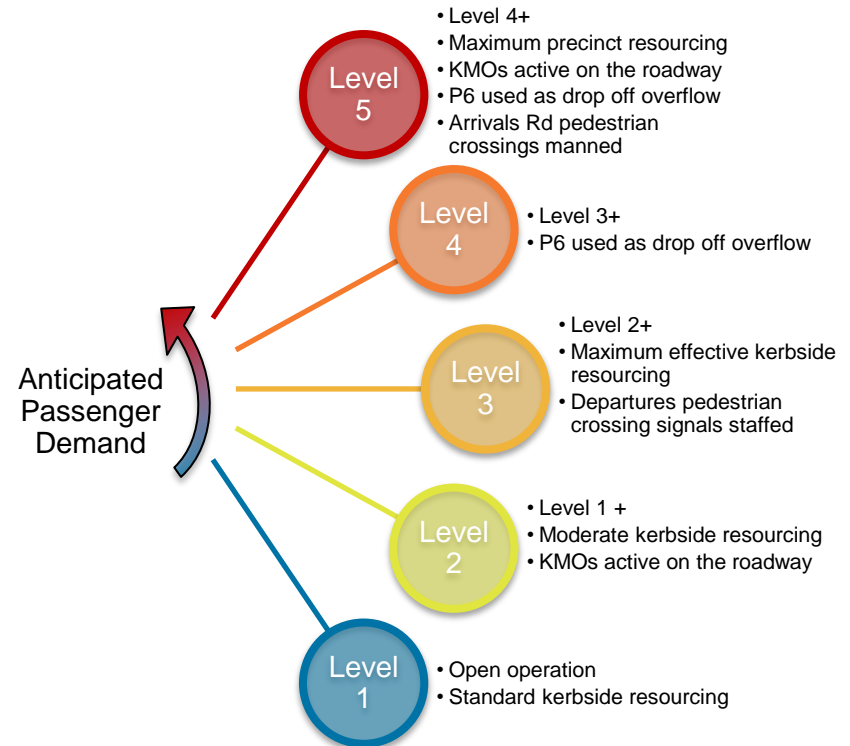
Sydney Airport has clearly defined traffic management processes which include close liaison with TMC and Police

## Operational Principles:

Maximise	Minimise
User Safety	Operational Disruption
Throughput	Impacts on the local and wider road network
Resilience	
Customer Experience	

## Management Framework

- Defines levels of intervention
- Anticipated demand is assessed and a resourcing and management plan to achieve operational principles is selected and implemented.
- Management level can be escalated as required through the Landside Operations Centre
- Through rigorous selection processes, training and benchmarking, reliable kerbside management performance is established and maintained



# Immediate term – process improvements



Landside operations centre is the hub for real time active control of airport roads with seating for TMC and NSW Police as required



Drive time made easy

Domestic T2/T3	4 min
Brighton-le-Sands / President Ave	9 min
Marsh St / M5 Entry	3 min
Mascot / Gardeners Rd	6 min
Port Botany	12 min
Southern Cross Drive / General Holmes Drive	6 min



T1 Live\* Congestion  
27-Sep-2016 10:24 AM

M5 to T1 Dep 3.0 3 mins	T1 Arr to M5 4.0 4 mins
Airport Dr to T1 3.0 3 mins	T1 to Airport Dr 2.0 2 mins
Blu Emu to T2 7.0 7 mins	T2 to Blu Emu 10.0 10 mins





# Short term – infrastructure repurposing

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The new pick up arrangements at T2/T3 re-purposed existing infrastructure to adapt to legalisation of ride sharing



# Short term – infrastructure repurposing



The new pick up arrangements at T2/T3 re-purposed existing infrastructure to adapt to legalisation of ride sharing



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**Limousine Pick Up**

Distance: At terminal  
Walking Time: 1 min

0 – 15 mins = \$8.00

**Priority Pick Up**

Distance: 280m  
Walking Time: 4.5 min

0 – 15 mins = \$4.00

**Express Pick Up**

Distance: 480m  
Walking Time: 8 min

0 – 15 mins = Free

**Limousine Holding**

(Registered Drivers Only)

**BSP Holding**

(Unregistered Drivers)

- No change to taxi rank
- No changes at T1
- One hour free at Blu Emu



# Short term – infrastructure repurposing



The new drop off arrangements at T1 re-purposed the existing P6 staff car park to provide more 'kerbside' for peak periods



# Medium term – five year ground transport plan



## Works staged to minimise disruption to operations

	Description	Operational
<b>Sydney Airport Works</b>		
1	Widening of kerbside lane on Departures Rd & extend kerb by 120m Link Rd entry reconfiguration on Airport Drive Dedicated bus drop off zone at south end of terminal	Completed
2	Reconfigured parking entries and exits, including a new city bound exit Relocation and improvement of Express Pick-Up facility New Centre Road & taxi holding area improvements	Completed
3	New Marsh Street exit to Centre Road entry	Feb-17
4	Above grade pedestrian/cyclist shared path from the Alexandra Canal Cycleway over roads and open air car park into the P7 at Level 1	May-17
5	New dedicated exit road for Departures Road and Arrivals Court traffic to Airport Drive	Sep-17
6	New Airport Drive flyover to Arrivals Court, eliminating weaving on approach to Departures Ramp	Q4, 2017
7	Widening of Airport Drive link to Centre Road, Marsh Street off ramp to Departures Road and Departures Road Up-ramp	Q4, 2019
8	Tidal lane configuration on Airport Drive/Marsh Street	Q4, 2019
9	Expanding P6 car park with four extra floors adding 1,230 bays	Nov-17
<b>NSW Government Works</b>		
A	Widening Marsh Street westbound with two extra lanes, one of which being dedicated to cyclists.	Jul-17



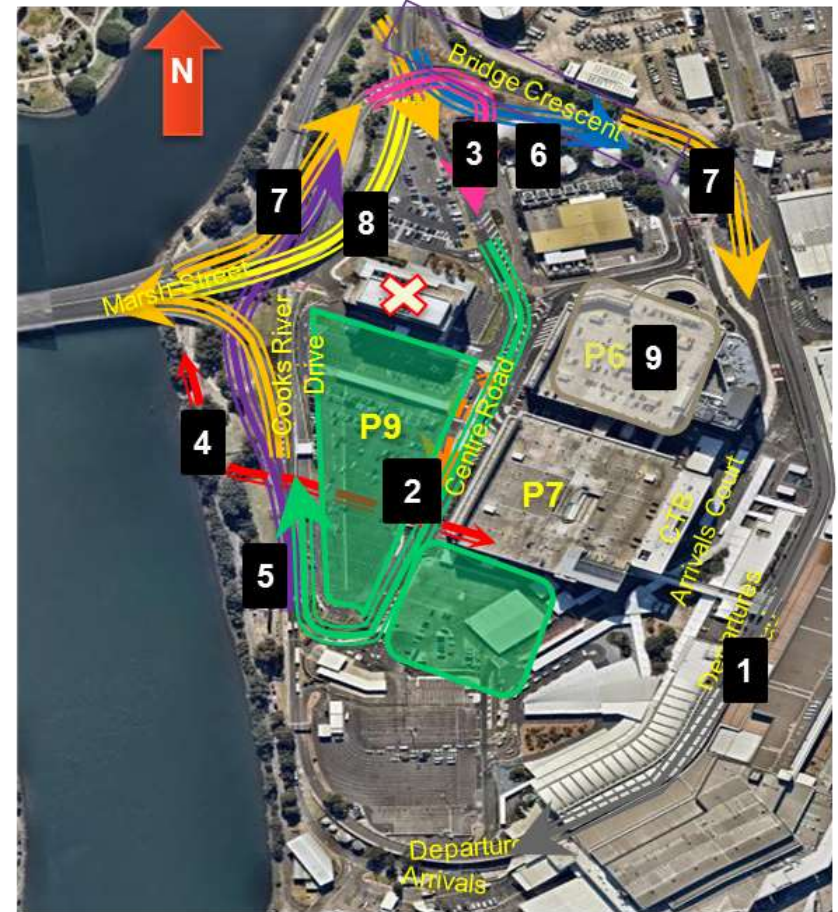


# Medium term – five year ground transport plan

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Works staged to minimise disruption to operations



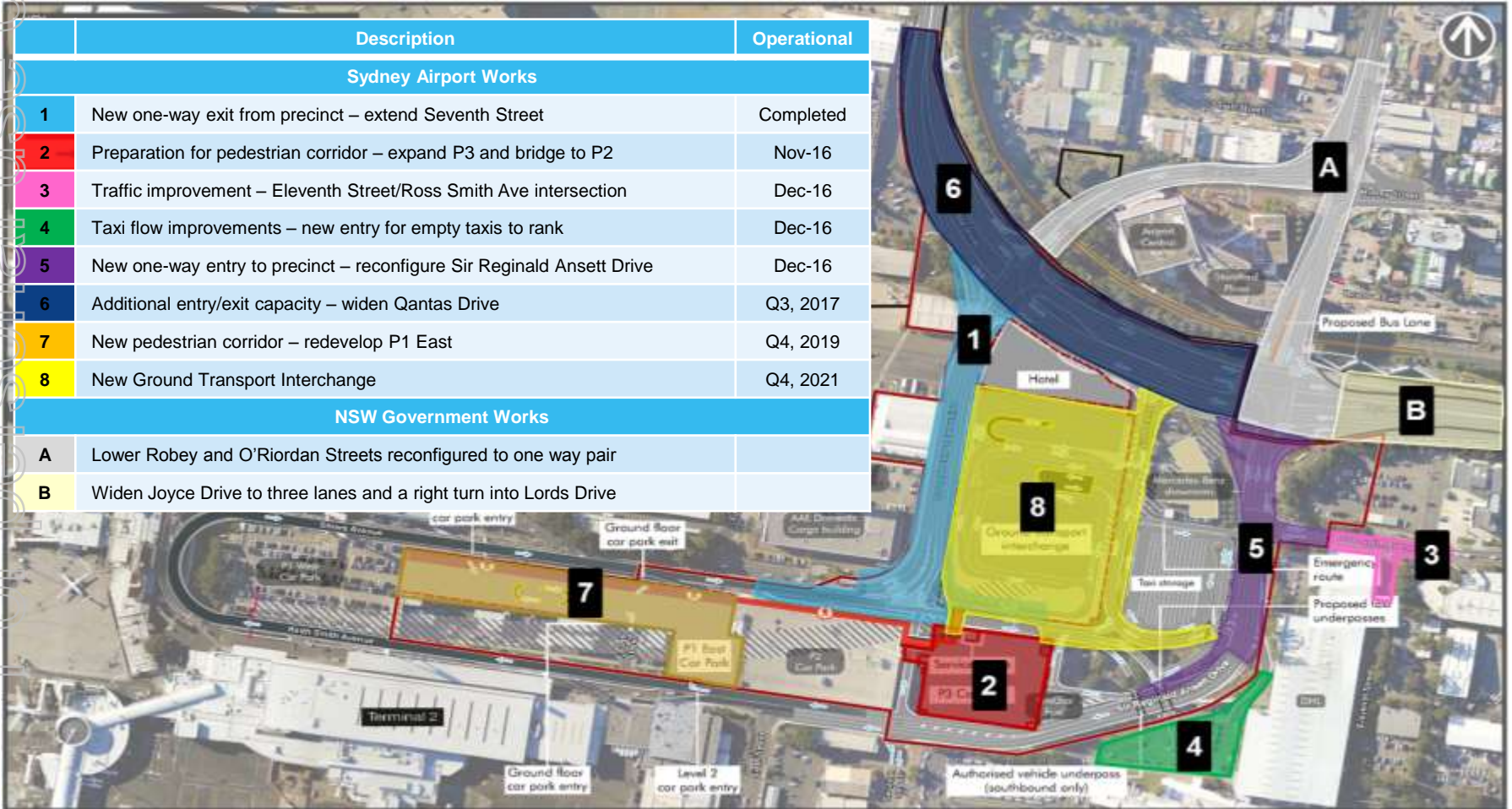


# Medium term - five year ground transport plan



## Works staged to minimise disruption to operations

	Description	Operational
<b>Sydney Airport Works</b>		
1	New one-way exit from precinct – extend Seventh Street	Completed
2	Preparation for pedestrian corridor – expand P3 and bridge to P2	Nov-16
3	Traffic improvement – Eleventh Street/Ross Smith Ave intersection	Dec-16
4	Taxi flow improvements – new entry for empty taxis to rank	Dec-16
5	New one-way entry to precinct – reconfigure Sir Reginald Ansett Drive	Dec-16
6	Additional entry/exit capacity – widen Qantas Drive	Q3, 2017
7	New pedestrian corridor – redevelop P1 East	Q4, 2019
8	New Ground Transport Interchange	Q4, 2021
<b>NSW Government Works</b>		
A	Lower Robey and O’Riordan Streets reconfigured to one way pair	
B	Widen Joyce Drive to three lanes and a right turn into Lords Drive	



# Bring on the evolution!

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Driverless cars, ticketless parking, road access charging represent opportunities to make the customer journey easier



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## RETAIL STRATEGY

**GLYN WILLIAMS**  
GENERAL MANAGER RETAIL





# Overview – retail strategy



Our vision is to deliver a world-class airport experience offering customers enhanced choice and value

## When you think about great retail in Australia you include Sydney Airport

- A tailored retail approach that caters to the changing passenger mix
- A retail offering difficult to replicate at other Australian airports
- Redefining the product offering to deliver the best of local and best of global, as well as first to airport and Australia brands
- Delivering a retail mix that increases passenger spend and ATV across fashion, food and luxury
- Showcasing dedicated shopping and dining precincts to enhance the experience across the airport
- Driving strong pre-engagement with the passenger on the new retail offer





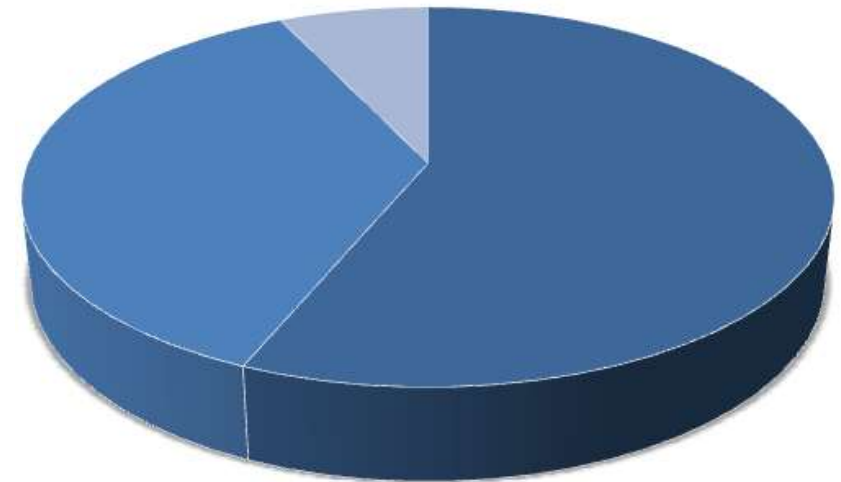
Delivering strong retail revenues across the airport

## Ranks in the best performing shopping destinations in Australia, based on \$PSM

- Represents 22% of total Sydney Airport revenue with a 1H16 revenue contribution of \$142.3 million
- 9.5% revenue growth 1H16
- Duty free represents ~ 60% of total Retail revenue
- T1 accountable for 85% of retail revenue
- The new, seven inline tenancies at the T2 casual dining precinct have represented a revenue uplift of 50% (1H15 vs. 1H16)
- A smooth transition of the T3 terminal is delivering exciting leasing opportunities for future growth

Retail Revenue Split 1H16

■ Duty Free ■ Non-Duty Free ■ Advertising



# Duty free



A new contemporary duty free offering delivering a world-class passenger experience

- Approximately 60% of total retail
- Contract structure includes a high minimum guarantee, increasing by CPI and passenger growth
- Remains the highest and best use of retail space by \$/sqm
- Five of the duty free stores have now been completed with the Mega B store launched in May 2016
- Reviewing new opportunities to grow turnover
- Enhancing the customer experience through the integration of technology to deliver a bespoke web shop

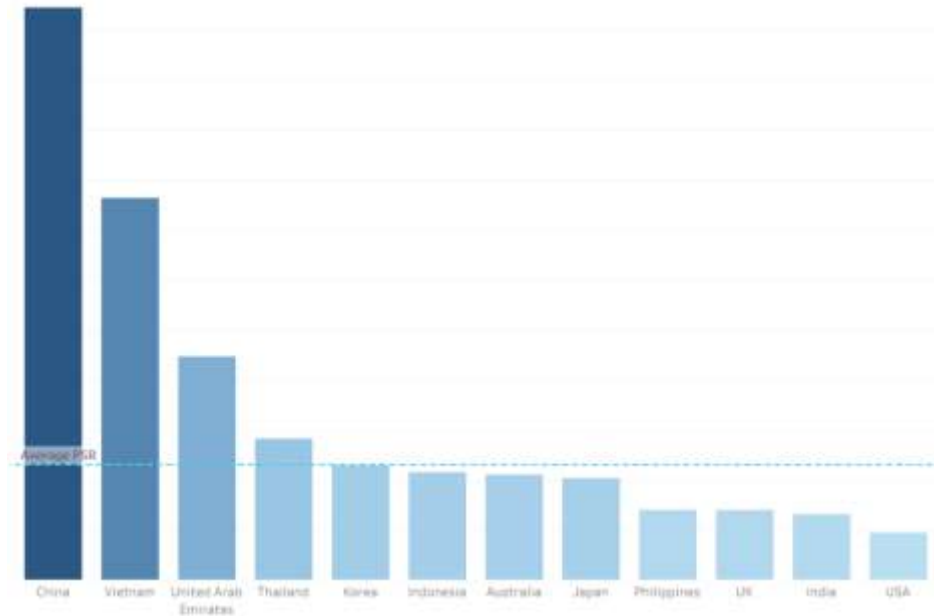




## Market segmentation

### Evolving passenger mix Spend by nationality/destination

- Chinese passengers continue to be our highest spending nationality
- Higher than average spend for secondary Chinese cities such as Xiamen and Chongqing, compared to cities like Shanghai and Beijing
- Australians continue to spend and remain an important passenger mix to our business





# The customer experience – a case study



A focus on tailoring the passenger experience

- China-ready strategy across a number of different platforms
- Chinese website hosted in China
- Agency in Shanghai assisting with collateral
- The first airport in Australia to launch a WeChat channel
- Dedicated tourism partnership with Destination NSW to maximise these channels
- Mandarin-speaking Airport Ambassadors
- Tailored retail, food and beverage offering
- Simplified Chinese apps and wayfinding



# The customer experience

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## Omni-channel approach – pre-journey engagement

- Consistently communicate with passengers across owned, earned and bought channels and drive excitement on the Sydney Airport offering
- Sydney Airport app for passengers to check updates and news
- Programmatic media buy for travel intenders, delivering the right message at the right time
- Exciting, engaging and useful social media content across a number of channels
- Leveraging user generated content to drive positive sentiment



# The customer experience

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## Omni-channel approach – in-terminal engagement

- We're communicating with passengers inside the terminal
- Delivering tailored messages about the retail, food and dining experience to enhance their journey
- First Australian airport to introduce free Wi-Fi
- Content partnership with TripAdvisor to deliver tailored news and travel guides to passengers
- Dynamic multilingual wayfinding e-directories located throughout the terminal

**IN TERMINAL**

**FOLLOWED WITH COOKIES ON MOBILE BROWSER IN OVERSEAS MARKETS**

**DEPARTS SYDNEY AIRPORT**

# The customer experience



## Innovative and unique brands

- An enhanced food and beverage and speciality retail offering that caters to a range of tastes and budgets
- We're capitalising on the modern traveller's propensity for impulse shopping through innovative and interactive brand spaces throughout Sydney Airport
- Working with compelling local brands, we're delivering powerful pop-ups that surprise and delight our passengers and complement the overall retail mix



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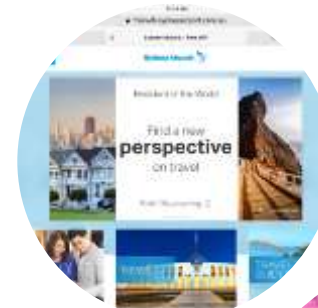
# The customer experience

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## Significant growth in the advertising market

- Sydney Airport's advertising revenues have grown over 30% in the last 24 months
- We have an integrated digital strategy which incorporates web, mobile, digital outdoor, as well as an extensive digital signage network to improve customer engagement
- We've consolidated, standardised and upgraded signage across the airport (excluding T3) with more digital screens that tailor the advertising experience for passengers
- We understand technology is an essential part of our advertising business, with passengers seeking more choice, control and connectivity





T2







First to Australia and first to Australian airport brands

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Before

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T3





## An opportunity for strong growth

- Acquired in September 2015, the transition of T3 was completed smoothly
- Significant research has been undertaken to understand the passenger demographic and future growth opportunities
- 22% of T3 passengers buy fashion, accounting for 52% of sales
- Females under 30 years of age have the highest fashion spend
- Passengers from major NSW regional towns have the highest spend (Wagga Wagga, Tamworth, Coffs Harbour and Dubbo)
- Majority of leases expire in June 2019
- We're currently exploring leasing opportunities to further elevate the passenger experience, with R.M Williams, Pandora and Hudsons Coffee signing new leases on superior terms
- We will operate T3 advertising from 2019





# What's next for Sydney Airport retail?



## Looking to the future

- Integrated strategy to continue to drive strong sales growth
- Continued innovation and evolution of the product offering, tailored to the changing passenger demographic
- Delivering value and choice through exciting new retail opportunities
- Looking to global markets to inform the local offering, to ensure we continue to stay on-trend



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**INNOVATION DRIVING CUSTOMER SERVICE  
IMPROVEMENTS AND AIRPORT EFFICIENCY**

**STUART RATTRAY**  
GENERAL MANAGER, TECHNOLOGY



# Technology innovations are providing multiple opportunities for airports



The potential is to greatly improve operational efficiency and enhance the passenger experience



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## Technology innovation

## Opportunities



### Mobile internet

Unlimited connectivity everywhere

- Operational data on people movements
- Finding my way around the airport
- Smart notifications, commercial offers & promotions



### Big data

Greater operational understanding from pooled data

- Predictive analytics & machine learning to power our business
- Sharing data with airline stakeholders for common good
- Feeding smart terminal design
- Proactive operational issue avoidance
- Who uses our terminals – optimising use of facilities



### Cloud computing

Optimising data storage, management and processing

- Resilient systems & applications
- Reduced operational cost
- Improved recoverability



### Sustainable vehicles

Smart vehicles, and smart use of vehicles

- Electric Buses
- Ride Sharing
- Self driving vehicles



### Biometrics

Biological characteristics of a person

- Operational data on people movements
- SmartGates to drastically reduce processing times
- Identify passengers once only



### Internet of things

Collecting data from networked devices

- Facilities which report breakages before they occur
- Bathrooms that report when they need cleaning
- Lost luggage trolleys that 'find' themselves

# All airport stakeholders are introducing digital tools



The challenge and the opportunity is to co-operate digitally for the benefit of all stakeholders and for the passenger



## Area

## Objective

## Innovation Benefits

### Passenger Journey



- Relax – it just works
- Spending time in shops and lounges vs waiting in queues
- Offering an integrated, seamless passenger experience
- Maximise Retail opportunities

- Push information and commercial offers to passengers when it is most useful
- Guide passengers throughout their airport journey via whichever digital medium is most appropriate to them
- Increase opportunities for passenger self service

### Operational Efficiency



- Streamline processes to achieve better efficiencies
- Optimise deployment of scarce and costly resources

- Capture and visualise operational data in real time
- Detect and address issues before they occur with operational modelling
- Minimise over and under servicing – deploy resources only when needed

# The end to end digital customer journey

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Throughout the passenger journey, digital technologies improve customer experience and make airport processes more efficient



Getting to the airport

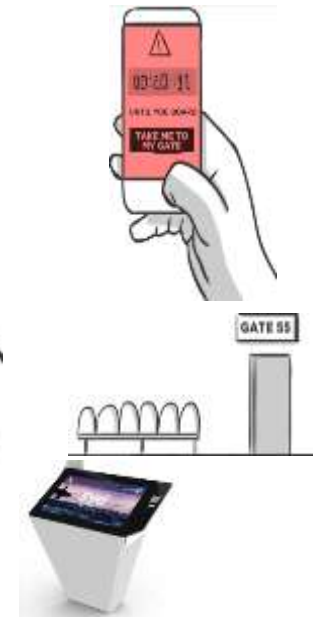
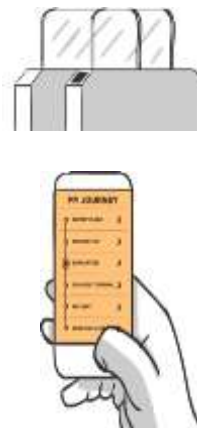
Check-in and baggage

Security and immigration

Retail experience

Wayfinding

Aircraft departure





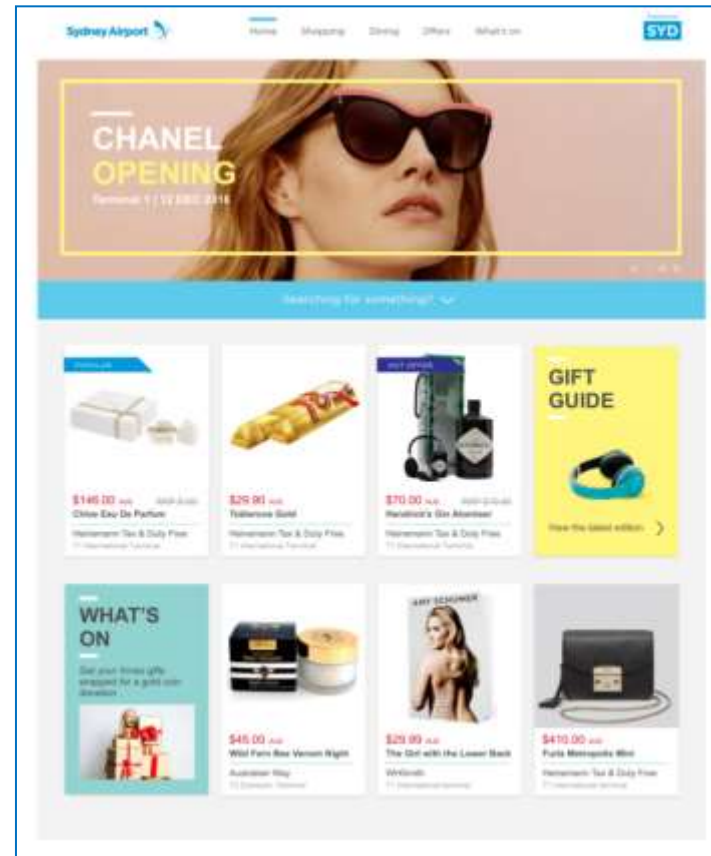
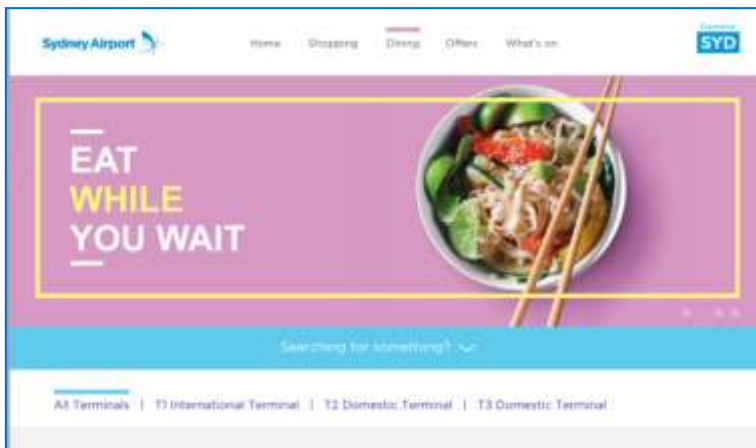
# Sydney Airport website is a key digital communication platform

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Even before the customer arrives at the airport, we will assist in the planning process

- Refreshing our web presence in an integrated, responsive fashion
- The experience of using the website will reflect the customer journey where it will become one seamless interaction (“couch to gate”)
- Learn what is available at the airport before you arrive. Even order online & collect at the airport



# Helping passengers find their way using a smart device



Airlines are keen to incorporate Sydney Airport wayfinding in their customer apps



Where in the Airport am I?



Food options near my gate



Show me the path

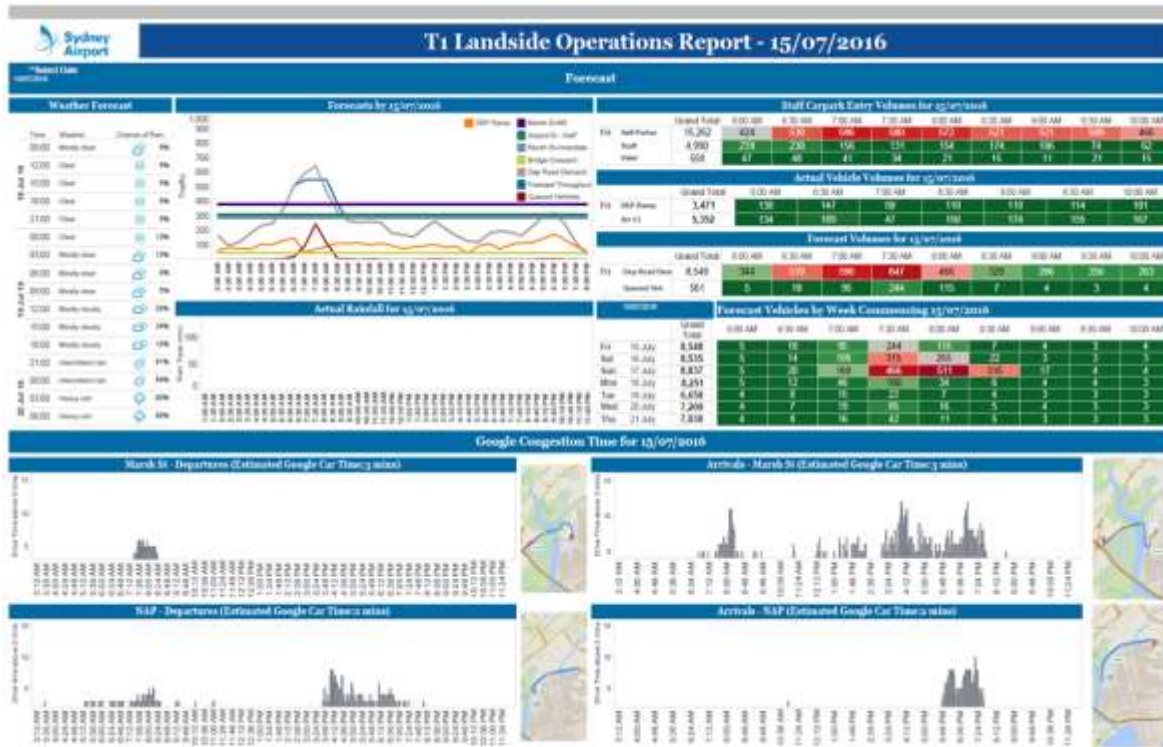


- Customers become more relaxed and informed
- Less operational interventions required

# Using predictive analytics, machine learning and technology to power airport operations

 Operational intelligence delivered through alignment of disparate data sets

Information	Source
Weather forecast	Bureau of Meteorology
Historical rainfall actual data	Bureau of Meteorology
Staff car park volumes	Parking system
Ground Handler staff levels	Ground handler data feeds
Actual vehicle volumes	CCTV Analytics
Forecast vehicle volumes	Car parking bookings
Local precinct traffic data	Google API feed



# Security queue measurement - video

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Measuring live queue times to improve operational outcomes and the customer experience



# Security queue measurement – customer view



Information and communication is key to a positive passenger experience

- In peak times, passengers entering security may be confronted with a considerable number of people in front of them
- The passenger experience is improved by showing that the expected queue time is actually quite short
- Provision of expected queue time in Airline and third party apps is expected to be an early candidate for sharing airport data

Expected security queue time

7 minutes

预计安检等待时间

7 分钟

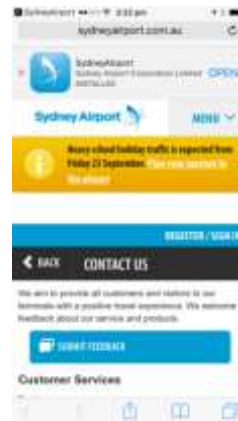
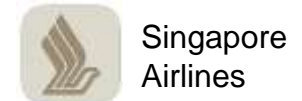
Sydney Airport 

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## Sharing our data with stakeholders

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We understand dedicated apps provide a rich experience but have only limited use, so there is huge value in getting our information to customers via the channels that they use regularly

# Interesting and promising future technology

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## Virtual reality and augmented reality



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Using technology to optimise the value of airport assets





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**Thank you**

