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Financial year 2005 results for Sydney Airport

Southern Cross Airports Corporation Holdings today announced a 14.0 per cent increase in earnings (excluding specific non-recurring expenses) for Sydney Airport for financial year 2005.

Southern Cross Airports Corporation Holdings Limited (SCACH¹) today announced an unaudited consolidated profit before depreciation and amortisation, net borrowing costs, income tax, and specific non-recurring expenses (EBITDA excluding specific non-recurring expenses) of \$A495.2 million for financial year 2005 (FY 2004: \$A434.4 million). EBITDA (including specific non-recurring expenses) increased to \$A493.3 million (FY 2004: \$A423.5 million).

EBITDA (excluding specific non-recurring expenses) for financial year 2005 represents a 14.0 per cent increase in earnings over the previous corresponding period (pcp). EBITDA (including specific non-recurring expenses) increased by 16.5 per cent on the pcp.

Revenues grew 12.9 per cent over the pcp, which were primarily driven by passenger traffic growth from new airline services, improved yields from commercial initiatives and increased property revenues. Total operating expenses including specific non-recurring expenses were 0.8 per cent higher than pcp, reflecting an increase in security costs, partly offset by reduced specific non-recurring charges.

Max Moore-Wilton, Sydney Airport Corporation Ltd Executive Chairman and CEO, said "Sydney Airport has delivered another strong financial year performance thanks to ongoing passenger growth and a diversified revenue base.

"Passenger growth continued to underpin a solid performance from retail, property and other commercial activities. Combined with an ongoing focus on minimising operational costs, this approach has resulted in the third consecutive financial year of double digit EBITDA growth since privatisation," Mr Moore-Wilton said.

Sydney Airport aeronautical charges have remained stable in financial year 2005 other than increases in aeronautical security recovery charges as a result of increased expenditure on government mandated security requirements and recovery on new aeronautical investment agreed with airlines.

Airfield and terminal works required to make Sydney Airport ready to welcome the world's first A380 aircraft next year are ahead of schedule, with design and construction of the first of the new aerobridges now underway. Sydney Airport is spending over \$A100 million to prepare the airport for the arrival of the Airbus A380, with total capital expenditure since privatisation reaching \$A465 million.

1. SCACH is the parent company and controlling entity of Sydney Airport following the airport's privatisation and trade sale transaction completed on 28 June 2002.

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A significant enhancement of security is underway with \$A90 million committed to implement 100% checked baggage screening by December 2005 at the international terminal, and followed at a later date at the T2 terminal. In addition, Sydney Airport is participating in the recently announced Australian Government measures to strengthen security and crime management at major Australian airports.

Revenue

Total revenue from all business units rose 12.9% over pcp to \$A619.2 million (FY 2004: \$A548.4 million). Growth in aeronautical revenue reflects continued expansion of airline services. Virgin Atlantic and Royal Brunei started services from Sydney in FY 2005. Significant additional services were also provided during the year by Qantas to London, Mumbai, and Shanghai, Cathay Pacific (3rd daily service to Hong Kong), Emirates (2nd daily service to Dubai), and Malaysian Airlines (moving to double daily service including new services to Kuching). Sydney Airport welcomed its 40th international carrier on 9 July 2005 with 2 services per week by Air Tahiti Nui to Papeete. Aeronautical security recovery was higher than pcp, matched by an increase in security costs as a result of increased security measures.

Retail revenues increased 13.3% on pcp, higher than passenger traffic growth. Duty Free remained the mainstay, benefiting from the walk through stores and increased allowances, supported by an expanded foreign exchange offering, redevelopment of the T1 Food Court and a revitalised retail offer. Work will soon commence on the construction of a major \$18 million redevelopment of the T2 Retail precinct.

Growth in commercial trading revenues reflects a positive contribution from car parking. Construction of an additional 2,000 spaces in the long term car park and 700 spaces in the domestic multi storey car park was completed during the second half of the financial year.

The property portfolio continues to perform strongly. Construction works continue for a new Emirates customer lounge at the international terminal, and works for a purpose-built Mercedes-Benz sales and service facility located within the Airport precinct commenced during the quarter.

Operating Expenses

Total operating expenses excluding specific non-recurring expenses increased 8.7 per cent on pcp to \$A124.0 million (FY 2004: \$A114.0 million). Total operating expenses including specific non-recurring expenses increased 0.8% on pcp to \$A125.9 million (FY 2004: \$A125.0 million).

During the year there was a substantial increase in expenditure on security requirements. Excluding security expenditures, operating expenses have benefited from sustainable savings achieved over the last few years, particularly as a result of the implementation of a flatter management structure and a reduction in the full time workforce.

Attachment: Financial Highlights

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SYDNEY AIRPORT FINANCIAL HIGHLIGHTS

Thousands	Q4 2005 SCACH Group	Q4 2004 SCACH Group	% change	FY 2005 SCACH Group	FY 2004 SCACH Group	% change
Quarter / Year to date - from:	1-Apr-05	1-Apr-04		1-Jul-04	1-Jul-03	
Quarter / Year to date - to:	30-Jun-05	30-Jun-04		30-Jun-05	30-Jun-04	
Revenues						
Aeronautical	61,488	57,789	6.4%	258,279	237,792	8.6%
Aeronautical security recovery	10,257	7,122	44.0%	37,779	31,470	20.0%
Retail	36,419	32,041	13.7%	149,397	131,805	13.3%
Property	20,238	17,640	14.7%	80,060	69,627	15.0%
Commercial trading	18,929	17,668	7.1%	78,226	71,221	9.8%
Other	4,160	4,356	-4.5%	15,347	6,326	142.6%
Proceeds from sale of non-current assets	25	63	-60.3%	131	202	-35.1%
Total revenues	151,516	136,679	10.9%	619,219	548,443	12.9%
Operating expenses						
Labour	8,002	7,931	0.9%	32,053	34,346	-6.7%
Services and utilities	15,888	13,373	18.8%	61,665	52,476	17.5%
Other operational costs	4,182	3,290	27.1%	16,401	14,636	12.1%
Property and maintenance	3,485	3,408	2.3%	13,773	12,457	10.6%
Specific expenses:						
Redundancy and restructuring	0	925		294	7,557	
Airline regulatory action	0	791		1,682	791	
Aeronautical data adjustment	0	695		0	2,572	
Cost of non-current assets sold	0	20		78	116	
Total operating expenses before specific expenses	31,557	28,022	12.6%	123,970	114,031	8.7%
Total operating expenses	31,557	30,433	3.7%	125,946	124,951	0.8%
EBITDA before specific expenses	119,959	108,657	10.4%	495,249	434,412	14.0%
EBITDA	119,959	106,246	12.9%	493,273	423,492	16.5%
Capital expenditure	46,982	36,337	29.3%	126,240	95,307	32.5%
\$ per passenger measures						
Revenue	\$22.61	\$21.26	6.3%	\$21.89	\$20.75	5.5%
Operating expenses before specific expenses	\$4.71	\$4.36	8.0%	\$4.38	\$4.32	1.6%
Operating expenses	\$4.71	\$4.73	-0.5%	\$4.45	\$4.73	-5.8%
EBITDA before specific expenses	\$17.90	\$16.90	5.9%	\$17.51	\$16.44	6.5%
EBITDA	\$17.90	\$16.53	8.3%	\$17.44	\$16.03	8.8%
Capex	\$7.01	\$5.65	24.0%	\$4.46	\$3.61	23.7%

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