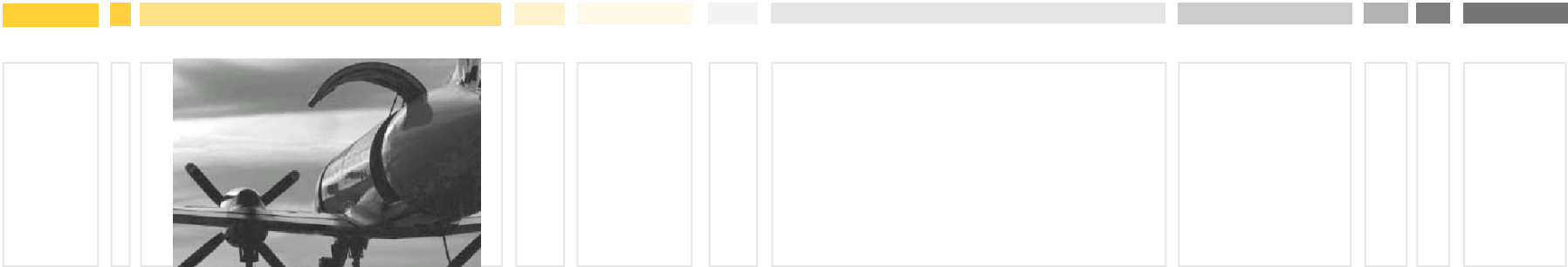


# PECC International Roundtable

## Financing Airport Privatisation in Australia

September 2003





or

# How to pay for the Wedding

# Financing Privatisation - Why?

1. Increasing capex spend
2. Private sector efficiencies
3. Proven Private infrastructure sector
4. Investor demand
5. Political will

## Why? 1. Increasing Capex spend forecast...



Double digit growth in passenger numbers

- Second Sydney airport investment
- Adelaide new terminal
- New / Extension runways at regional airports
- Security ramp up
  - baggage screening equipment
  - access facilities security

## Why? 2. Private Sector Efficiencies...

- FAC had previously been corporatised
- Seen as bureaucratic and moribund
- Relatively high staffing levels
- Unresponsive to regional needs
- Difficulty in implementing changed work practices

## Why? 3. Proven private infrastructure sector...

- Toll roads - 1989
- Victorian Power Assets - 1996 -1998
- Port sale in SA - 2001
- Growing scale of property trusts



## Why? 4. Investor demand...

- BAA Listing
- Partial privatisations Vienna, Copenhagen
- International Road show to attract existing operators
- Successful privatisation - CBA, Telstra
- Shrinking Government borrowing
- Funded Pension Schemes appetite for yield



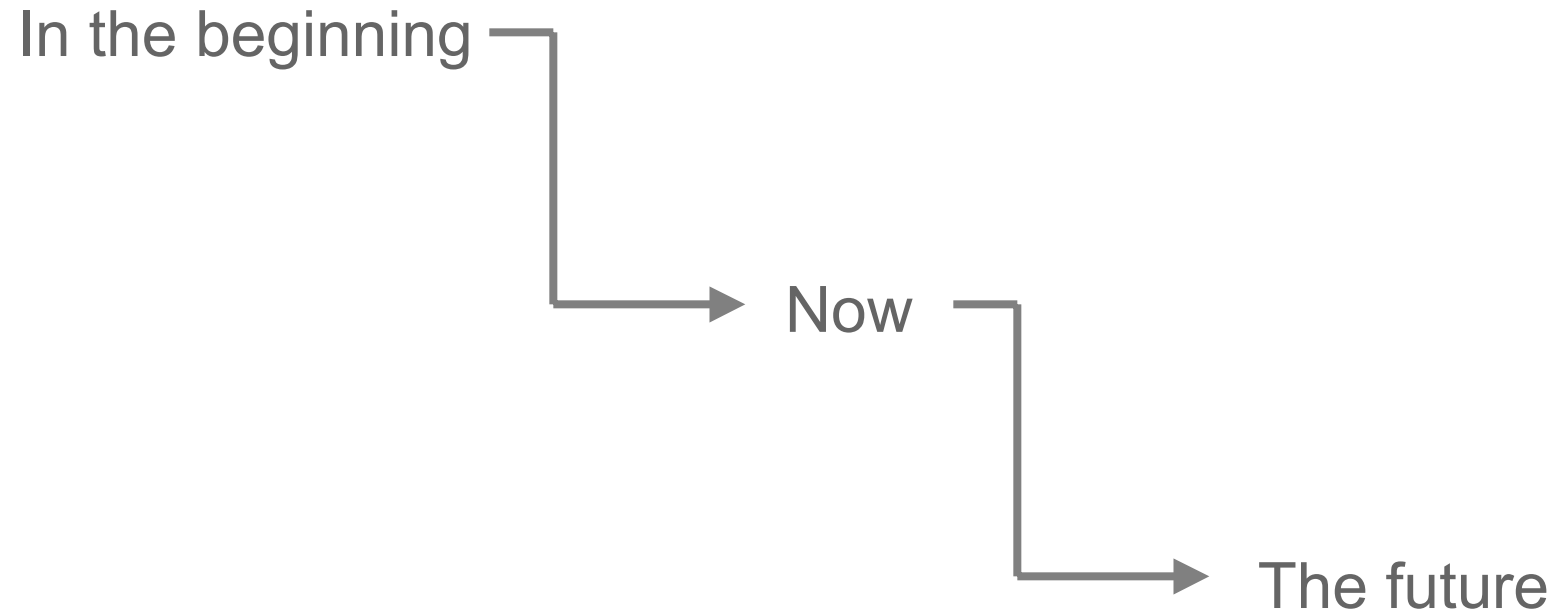
## Why? 5. Political will...

- Bilateral support
- Desire to reduce debt
- Capital intensive assets
- Pull back of the public sector
  - regulation not asset ownership and operator risk control





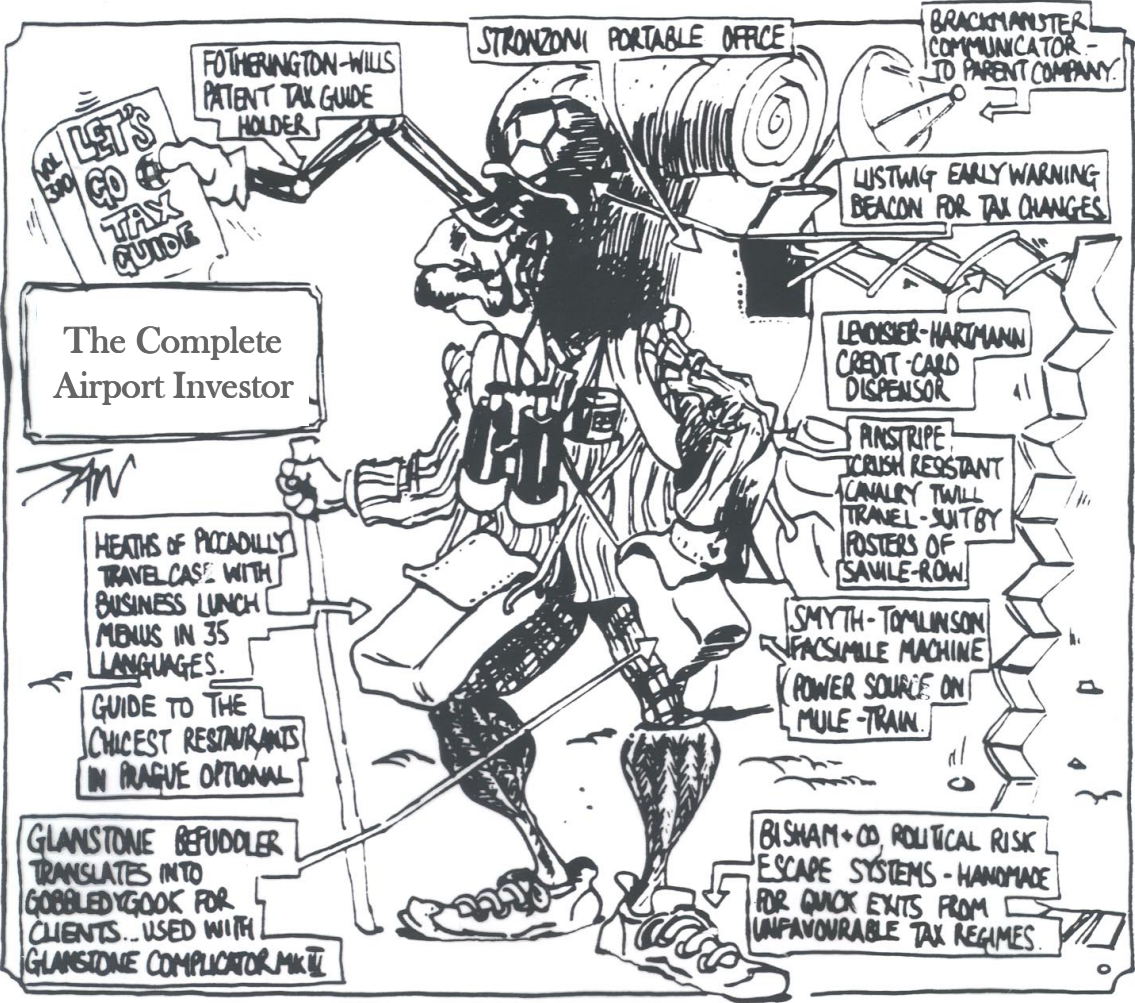
# How?



# How? In the beginning...

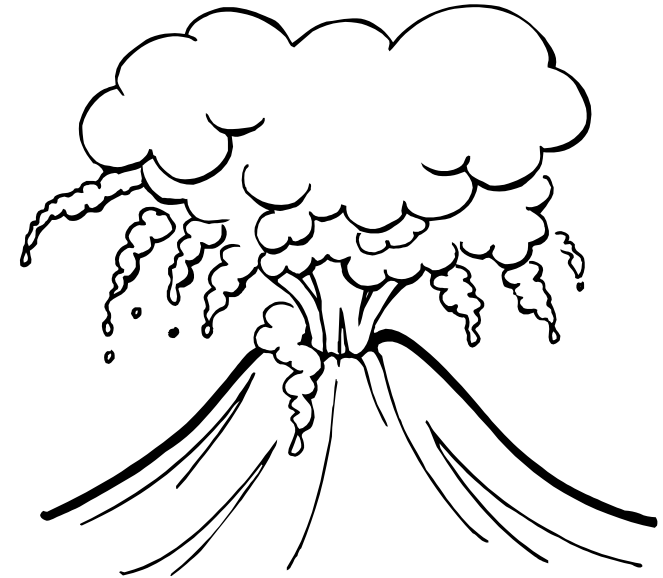
- Unknown
- Unbanked
- Untested





## How? Now....

- Fusion finance model
- Customer alignment re: passenger charging - not landing fees based
- Property development finance - service and facilities

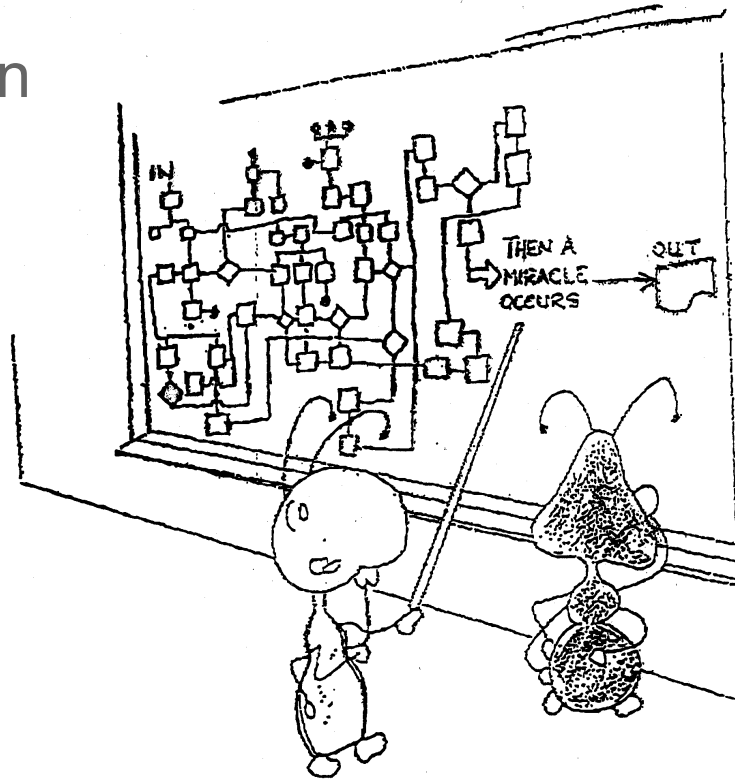


## How? The future...

- Stand alone corporate finance model
- Continuing revenue enhancement
- Increasing enterprise value
- Consolidation
- Increasing secondary market

# Who? Product...

## ■ Increasing sophistication



"Good work .... but I think we need just a little more detail right here."

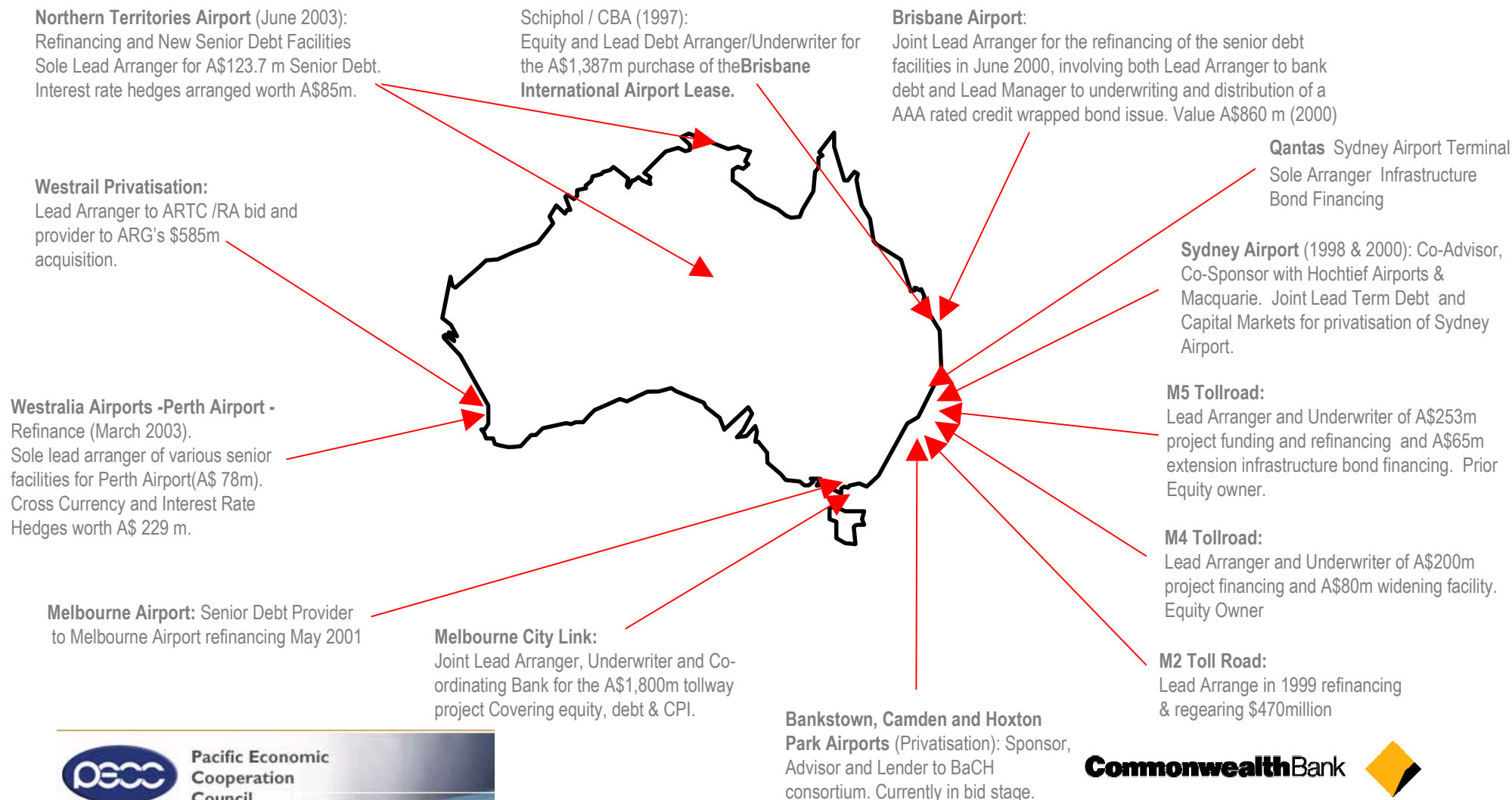
# Who? Relationship

A balance of price, covenants and performance  
but  
A long term relationship is important  
so...



Sedikit-sedikit lama-lama jadi bukit

# Leading Airports Financier





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