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?

In the beginning Now The future

How? In the beginning...

Unknown

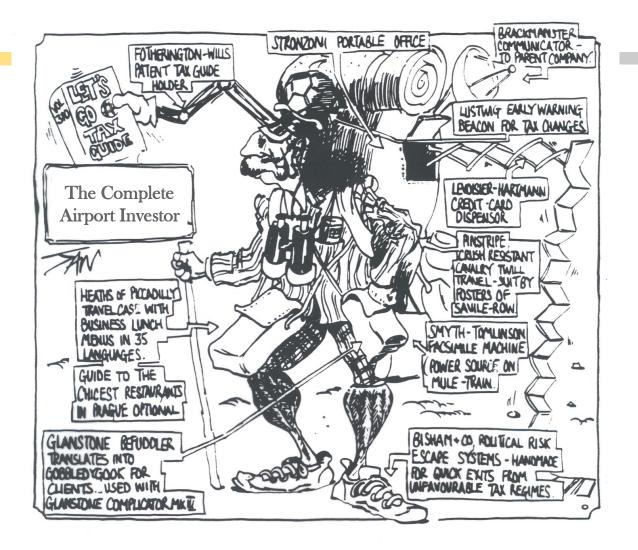
Unbanked

Untested







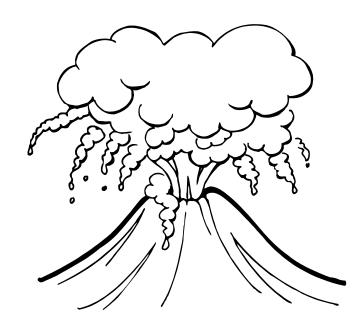






How? Now....

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







How? The future...

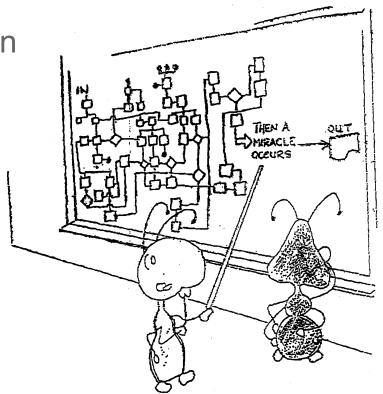
- Stand alone corporate finance model
- Continuing revenue enhancement
- Increasing enterprise value
- Consolidation
- Increasing secondary market





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

Northern Territories Airport (June 2003): Refinancing and New Senior Debt Facilities Sole Lead Arranger for A\$123.7 m Senior Debt. Interest rate hedges arranged worth A\$85m.

Westrail Privatisation:

Lead Arranger to ARTC /RA bid and provider to ARG's \$585m acquisition.

Westralia Airports -Perth Airport -Refinance (March 2003). Sole lead arranger of various senior facilities for Perth Airport(A\$ 78m). Cross Currency and Interest Rate Hedges worth A\$ 229 m.

Melbourne Airport: Senior Debt Provider

Schiphol / CBA (1997):

Equity and Lead Debt Arranger/Underwriter for the A\$1.387m purchase of the Brisbane

International Airport Lease.

Brisbane Airport:

Joint Lead Arranger for the refinancing of the senior debt facilities in June 2000, involving both Lead Arranger to bank debt and Lead Manager to underwriting and distribution of a AAA rated credit wrapped bond issue. Value A\$860 m (2000)

> **Qantas** Sydney Airport Terminal Sole Arranger Infrastructure **Bond Financing**

Sydney Airport (1998 & 2000): Co-Advisor, Co-Sponsor with Hochtief Airports & Macquarie. Joint Lead Term Debt and Capital Markets for privatisation of Sydney Airport.

M5 Tollroad:

Lead Arranger and Underwriter of A\$253m project funding and refinancing and A\$65m extension infrastructure bond financing. Prior Equity owner.

M4 Tollroad:

Lead Arranger and Underwriter of A\$200m project financing and A\$80m widening facility. **Equity Owner**

M2 Toll Road:

Lead Arrange in 1999 refinancing & regearing \$470million

CommonwealthBank





Joint Lead Arranger, Underwriter and Coordinating Bank for the A\$1,800m tollway project Covering equity, debt & CPI.





Contact Details

John Bulford
Head of Structured Finance
Commonwealth Bank of Australia
Level 15
52 Martin Place
Sydney NSW 2000

Phone: 61 2 9312 3333 Mobile: 61 4 1488 7497

Email: bulforjo@cba.com.au



