



Etihad A380 at Sydney Airport, 2016. Courtesy of the Sydney Airport Archive.

SYD - Company Report

This report revolves around the financial data analysis of Sydney Airport (SYD). Sydney Airport owns and operates an airport in Sydney (Australia) providing aeronautical, retail, property, car rental along with parking and ground transport services through their two main business units which are Aviation (Sydney Airport) and Leasing & Advertising Opportunities. The business operations and revenue are dependent on the number of passengers that use Sydney Airport – essentially international passengers.

Past 5 years financial statements of SYD are considered and its' ASX listed competitor Auckland International Airports' (AIX) last 2 years data is used for competitor analysis and forecasting. With the COVID pandemic disrupting the aviation industry in 2020 and 2021, it would be interesting to analyze how both the airports have reacted to this event.

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Horizontal Analysis & Vertical Analysis

During the period 2015 – 2018 SYD were successfully able to increase their profits on the back of growth in revenue due to increasing operating revenue. This is shown in the 14 to 6 % year on year increase in the Reported NPAT in the years 2016 to 2018 but this percent change has a downward trend. In the year 2019 NPAT decreased by 45% and by 150% in 2020.

The business model was thrown into chaos in 2020 due to pandemic and the implementation of government regulation to control the spread of COVID virus with restrictions on inbound travel. This resulted in a decrease in passenger numbers by more than 97% in April 2020 as compared to March 2019. The passenger numbers can be seen in the below graph where the downward trend is visible from February 2020.

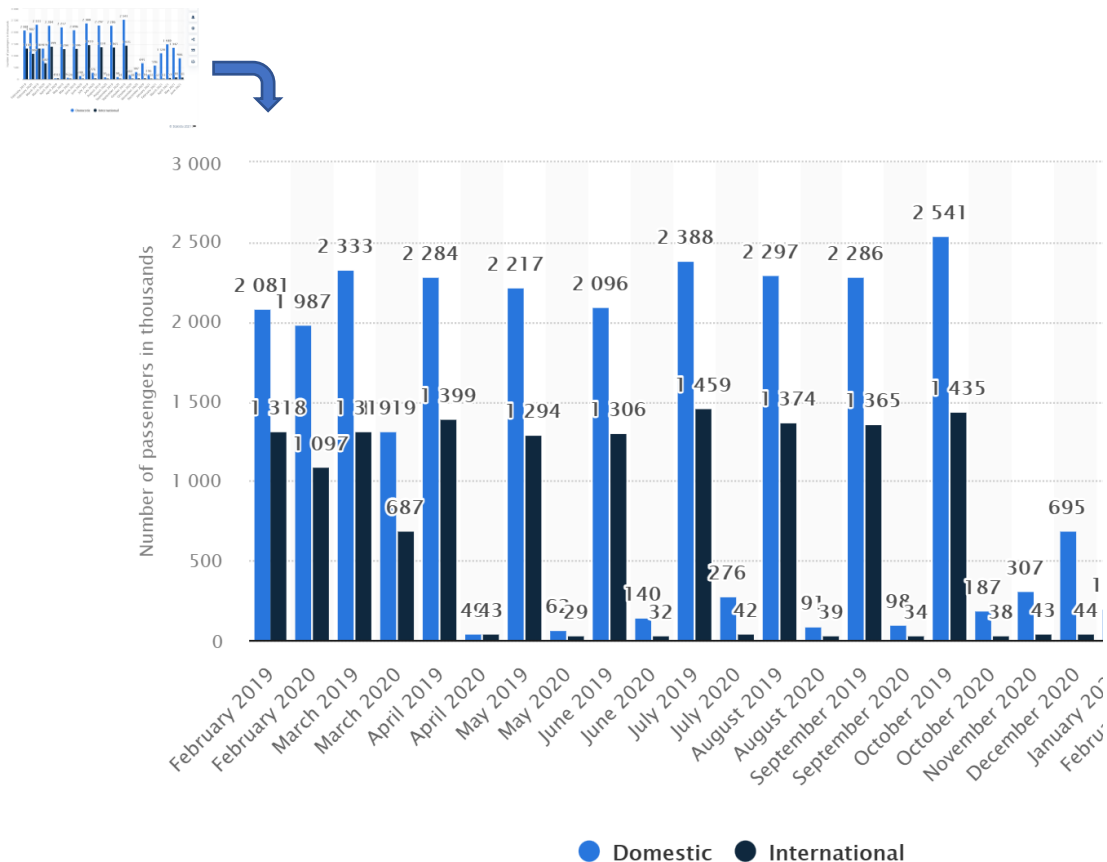


Figure 1 - SYD Passenger Traffic

Image Source- Statista, 2021, [Australia: Sydney Airport passenger traffic 2019-2021 | Statista](https://www.statista.com/chart/11111/sydney-airport-passenger-traffic-2019-2021/)

Sydney Airport Chief Executive Officer, Geoff Culbert said, "The COVID-19 pandemic delivered a crisis of unprecedented magnitude to the global aviation industry, and Sydney Airport has been right on the frontline, both operationally and financially."

During 2020 – travel restrictions on China and Iran were imposed from February, and later closed the international borders for all the passengers except Australian citizens, PR holders and their immediate family members. Further retail restrictions, cap on international travel to 450 passengers per day and changes in domestic border decisions decreasing the income stream while increasing expenses due to

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increasing cleaning and safety requirements as well as new costs incurred from the beginning of October 2020 associated with operating Jet Fuel Infrastructure (JFI).

The financial results reflect this event with the operating revenue decreasing by 51% and negative NPAT (decreased by 150%) in 2020. Given the business has a high proportion of fixed costs, the expenses did not decrease by the same proportions, and some expenses increased due to –

- 2019 - Indemnity expense which contributed nearly 20% of the total expenses and,
- 2020 – ‘Write-off of non-current assets -Impairment-Capital works in progress’ which contributed 4% of total expense and loss in derivatives which contributed 8% of total expenses.
- Additional health and safety measures
- Flight operations with limited passengers

On the other hand, AIX has impact of COVID in 2019 report as the report is from June 2019 to June 2020 which is shown by 16% loss in revenue as compared to the earlier year and followed by 64% further loss of revenue in 2020. Even after the loss, AIX has reported positive NPAT revenue as it has gain in the value of financial instruments which contributes more than 20% to the revenue.

Profit and Loss Statement

Most values of SYD have seen downward trend in 2020 except the notable change in ‘Other Revenue’ through gains on the sales of non-current assets.

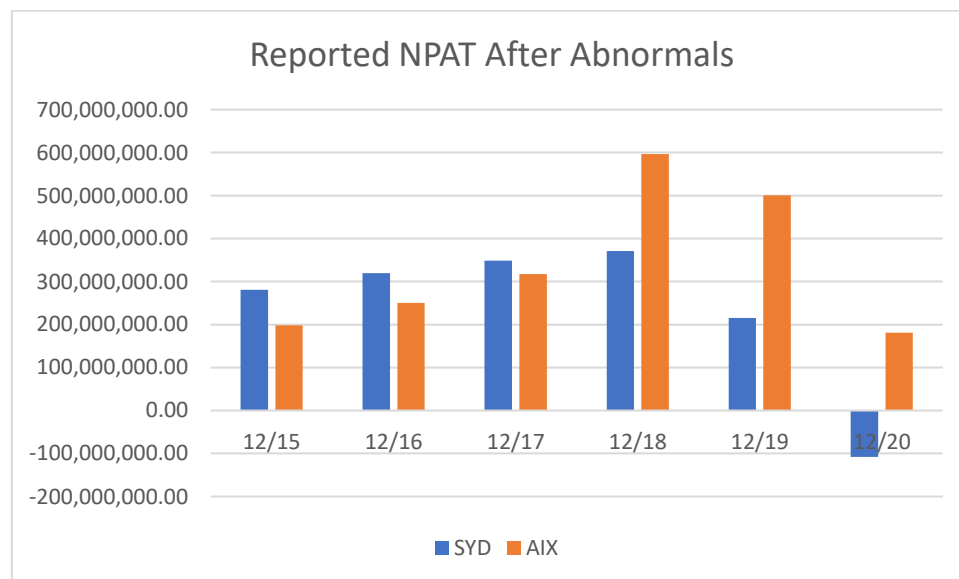


Figure 2 NPAT After Abnormals

- At the start of the year 2019, Sydney airport implemented several cost control measures including organizational restructure, energy expense reduction through contract negotiation and disciplined property maintenance. With increasing risks around cyber-attacks, SYD invested in technology which increased the operational cost by 8%. As SYD business operations and revenue are largely dependent on the number of international passengers, reduction in number of passengers in 2020 due to the pandemic has significant impact on the revenues though the business kept receiving various grants from government including job keeper.

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- AIX operating revenue reduced significantly as compared after COVID impact as it was 53% lower than earlier year but other revenue increased by 170% through gain in investment property fair value as well as non-operating revenue through ordinary activities. more than 20%. For AIX, operating expense continued to increase throughout the last 2 years unlike Sydney airport for which operating expense reduced by 36% in the year 2020.

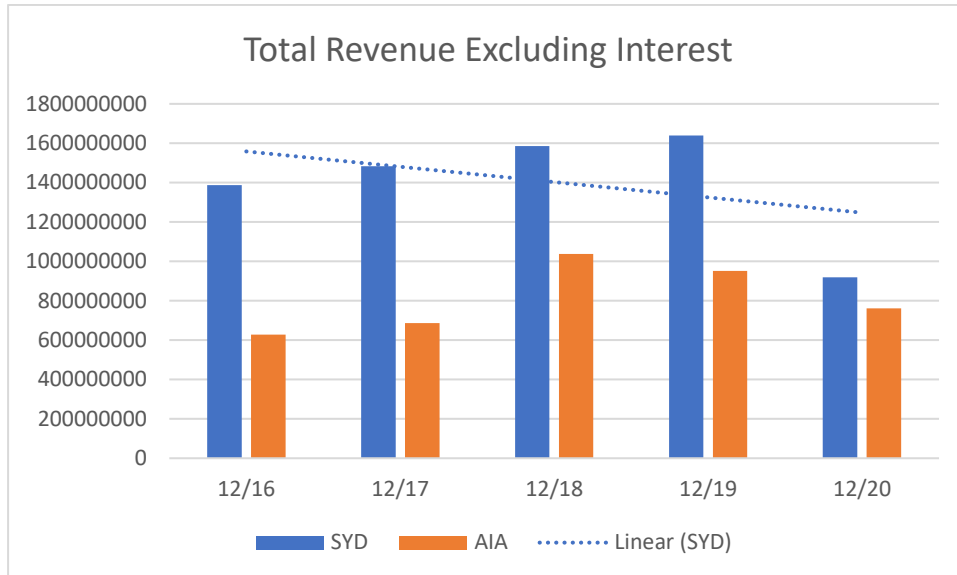


Figure 3 Revenue Excluding Interest

- From the year 2015 to 2019, the Operating revenue of SYD has seen positive change but the percent change over time has decreasing trend with a steep decrease from the year 19 to 20. This impact is due to the loss of traffic by 74.4% on prior corresponding period(pcp) as Australia introduced cap on inbound travel to control the spread of pandemic and manage mandatory hotel quarantine efficiently. Total passengers were 18% less in Q1 2020 than Q1 2019 but the major set back was during the next 3 quarters when the passengers decreased by 93.4%.
- Even after a massive loss of business, gain on disposal of non-current assets of SYD has increased from \$100 thousand in the year 2019 to \$115 million in the year 2020, in turn increasing other revenues exponentially. This has impact on current assets, giving flexibility in working capital.
- AIA continued investing in infrastructure to diversify property portfolio into 5-star green built foodstuffs headquarter and roads. Despite the challenging trading environment, property rental income grew by 13.6% in the period due to completed developments and rental growth within the existing portfolio. AIX 2020 (FY 2021) report also includes \$527.3 million of investment property revaluation gains increasing profit after tax by 139% as compared to 2019 (FY 2020).

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Balance Sheet

Assets

Total Assets for SYD have increasing trend with a slight decrease in 2017 but significant increase in 2018 followed by another drop in 2019. In the year 2017, SYD acquired Ibis business hotel and completed New Mantra hotel in the domestic precinct and later in the year 2018 the new work was undertaken on the airport along with expansion of Ibis budget hotel, and installation of solar panels (Solar panels will contribute to reducing energy expenses as well as improve brand image as a green brand). In 2020, demand for freight and freight services increased, which provided opportunities differently in 2020 to secure new leases with improved terms with freight operators. 122 sites were leased through 25 contracts newly negotiated in 2020 which gave 23% raise to passing rents.

AIA on the other hand has consistent increasing trend in total assets with their vision to build airport of future with diversified property portfolio such as foodstuffs headquarter. Cash increased by more than 20 times in 2020 by sell of investments and also the rent increase through completed developments.

SYD has between 50% and 60% contribution of intangible assets with goodwill in total assets whereas AIA has no contribution from them, and more than 65% contribution is by property plant and equipment.

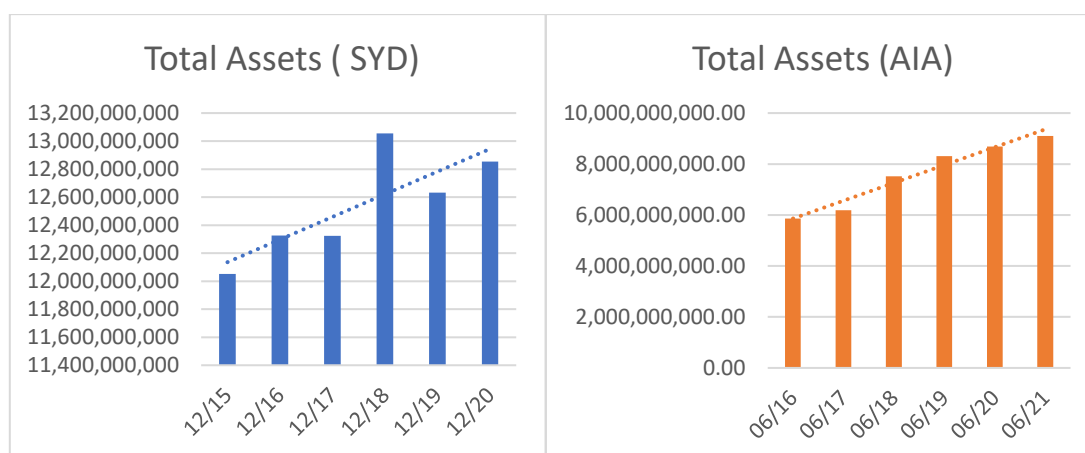


Figure 4 Total Assets

- In 2019, Sydney airport refinanced \$1.4 billion bank debt, hence increasing the cash. Overall, current assets have always seen positive change except from year 18 to 19 as year 18 has seen a significant growth (44311%) in other current assets which then decreased by 100% in next year and Current Assets Other is a significant contributor in \$ amount for current assets. The investments have also seen notable increase in year 2017. Overall positive change in Cash, Receivables, Investments has increased total current assets even after the business disruption in 2020.
- The biggest contributor in total assets has always been the NCA-Intagibles (ExGW) for SYD which contributes more than 50% every year unlike AIA which has biggest contribution in PP&E (more than 65% every year). The contribution of CA-Cash and CA-Receivables has seen a steady growth in contribution from 2015 to 2020 in Total Assets of SYD.
- Current assets of SYD has positive trend and it has increased even during the pandemic whereas total non-current assets have decreasing trend. On the other hand, AIA reported decrease in current assets during the pandemic and increase in non-current assets.

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- Both SYD as well as AIA have highest contribution by long term debt in liabilities which is higher than 65% for both the airports but SYD has lower short-term debt contribution (maximum 6%) than AIA (12 to 17 % in last 3 years). Though this is a good sign for SYD – total liabilities of SYD has increasing trend whereas total liabilities of AIA has decreasing trend over the years. With the recently raised equity in 2020, share capital contribution of SYD has significantly higher contribution in total equity of SYD in 2020. Total equity value for SYD is significantly lower than the share capital of SYD whereas Share capital contributes at the max 25% in total equity of AIA. Total equity trend of SYD is decreasing (without new equity) whereas the total equity trend of AIA is continuously increasing.
- Overall, total non-Current assets have been very steady but there has been significant variance in receivables and investments. Year 2019 and 2020 have seen decrease in total NCA due to significant drop in NCA receivables in 2019 and NCA investments in 2020.
- Significant increase in NCA investments in 2018 is due to the investment in capacity and service improvement through airfield resurface, expansion of hotel, solar panel installation, new roads at terminal 1, and terminal work for better user experience. 2017 and 2020 has seen a significant growth in receivables.

Liabilities

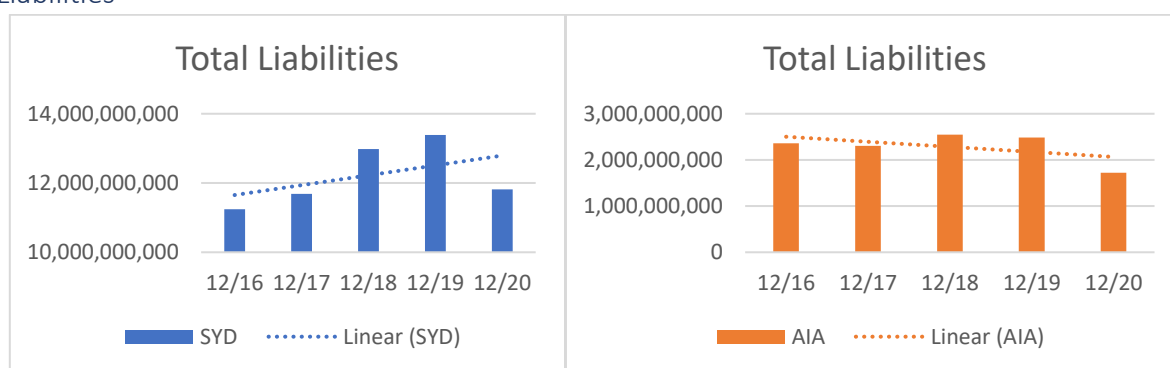


Figure 5 Company Liabilities

Total liabilities have seen a steady growth from 2015 to 2019 and decrease by 12% in year 2020 due to reduction in payables, provisions, and payments of long-term debt through raised equity. Current liabilities increased in the years 2017 and 2019 majorly due to additionally drawn debt to fund growth capital expenditure, repayment of bank debt and borrowing costs payment. Whereas non-current liabilities increased in 2018. On the other hand, AIA has decreasing trend in liabilities.

Equity

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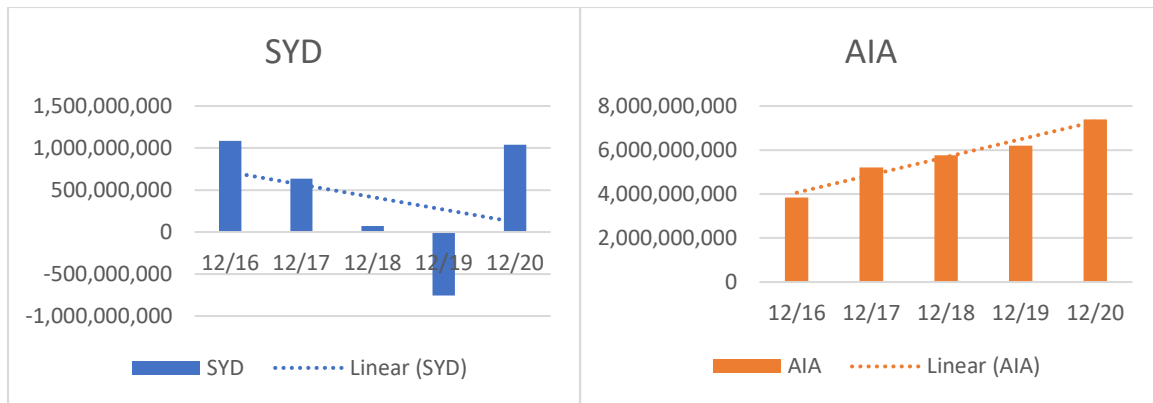


Figure 6 Company Equity

- Total equity for Sydney Airport has overall decreasing trend over the years due to increase in liabilities for several infrastructure work to improve customer experience. During the year 2019, total equity was in negatives and increased share capital in 2020 has notable impact on total equity bringing it back into positive.
- In 2020, \$2 billion equity was raised by Sydney Airport via renounceable entitlement offer. Significant drop in reserved and retained earnings in 2018 and drop in outside equity in 2019 has overall impact on the total equity. SYD won a battle in 2019 against a coalition of airlines and airport operators [Source- Andrew Curran, December 31, 2019 - [Sydney Airport Stock Falls 4% - Here's Why - Simple Flying](#)] who were calling for greater economic regulation of Australia's big airports which may have impact on the overall performance in 2019 and 2020 quarter 1 (before pandemic restrictions).
- AIA on the other hand has increasing trend in equity. Increasing share capital and retained earnings have helped equity stay positive even during the pandemic.

Cash Flow Statement

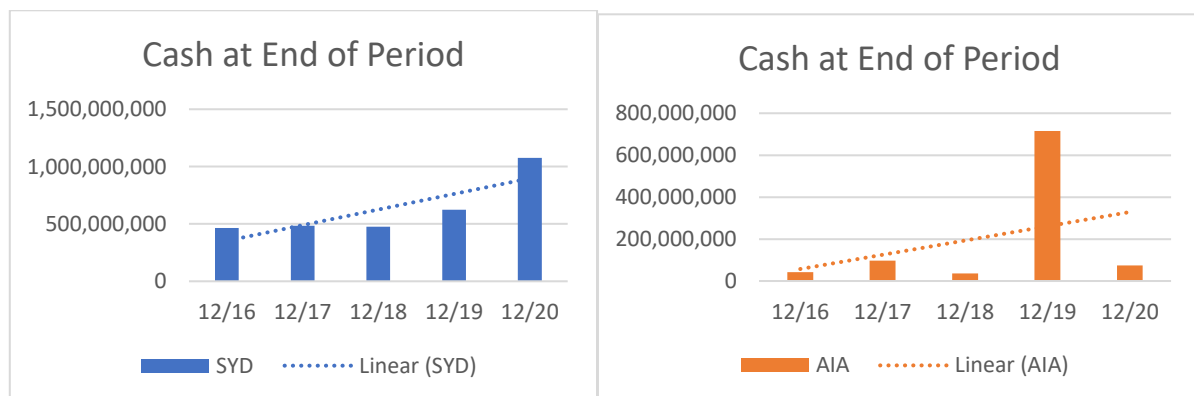


Figure 7 Cash flow - Cash at the end of the period

- With all the volatility in cash flows, Sydney airport has seen increasing trend in 'Net increase in cash' as well as Cash at the end of the period. In 2015, SYD sold some of the investments which increased cash by \$35M. In the year 2017, Sydney airport acquired Ibis Budget Hotel and completed new hotel in domestic precinct. Its' impact can be seen on the 'Payments for Purchase of Subsidiaries' as well as 'Other Investing Cashflows' and hence impacting the net investing cashflow.

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- Due to the pandemic, and reduced travel, the net operating cashflow of SYD has decreased by 68% in the year 2020 as compared to the previous year which was steadily increasing between 4% to 11% from 2015 to 2019. The impact of pandemic can be seen on the receipts from customers which decreased by 58% than 2019. Due to limited operations, the expense in payments has also reduced by 24%. Proceeds from Issues in 2020 has impact on net financing cash flows. Borrowings have been volatile throughout 2015 to 2020 with notable drop in borrowings repayment in 2018 and 2020.
- AIA 'Net Increase in Cash' is comparatively more volatile and has decreased 3 out of 5 times in the latest statements.

Profitability Ratio

Though SYD received job keeper and other government grants, generated revenue through disposal of non current assets, the operating cost which increased due to higher health safety requirements could not be covered with limited revenue streams. Some majors taken by SYD to reduce negative impact of COVID –

- Collection of outstanding receivables
- More control on costs
- Re-prioritisation of expenditure focus on essential projects targeting resilience, safety and security

Even after several control measures, AIA looks stronger and more stable in the overall profitability comparison.

Sydney Airport						
Profitability Ratios						
Item	12/16	12/17	12/18	12/19	12/20	Trend
Total Revenue Excluding Interest	1,386,600,000	1,483,400,000	1,584,900,000	1,639,700,000	919,400,000	
Reported NPAT After Abnormals	319,600,000	348,600,000	371,000,000	215,000,000	-107,500,000	
Total Equity	1,086,800,000	633,900,000	71,900,000	-753,600,000	1,037,900,000	
Total Assets	12,325,900,000	12,323,100,000	13,054,200,000	12,632,400,000	12,852,800,000	
PM (NPAT After Abnormals)	23.05%	23.50%	23.41%	13.11%	-11.69%	
Return on Equity (NPAT After Abnormals)	29%	55%	516%	-29%	-10%	
Return on Assets (NPAT After Abnormals)	3%	3%	3%	2%	-1%	

Figure 8 SYD Airport - Profitability Ratios

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AIA						
Profitability Ratios						
Item	06/17	06/18	06/19	06/20	06/21	Trend
Total Revenue Excluding Interest	687,047,619	1,037,604,329	951,634,486	760,814,724	927,221,963	
Reported NPAT After Abnormals	317,047,619	596,257,910	500,382,336	181,164,159	432,014,890	
Total Equity	3,837,142,857	5,211,501,421	5,766,488,243	6,201,158,553	7,383,434,155	
Total Assets	99,047,619	163,624,690	101,605,811	792,768,382	117,077,710	
PM (NPAT After Abnormals)	46.15%	57.46%	52.58%	23.81%	46.59%	
Return on Equity (NPAT After Abnormals)	8%	11%	9%	3%	6%	
Return on Assets (NPAT After Abnormals)	320%	364%	492%	23%	369%	

Figure 9 AIA - Profitability Ratios

Return on Equity

For SYD as well as AIA – the passenger traffic is the biggest driver of their revenues and specially the international passengers. With the worldwide pandemic, both the businesses were affected in 2020 in one or the other way.

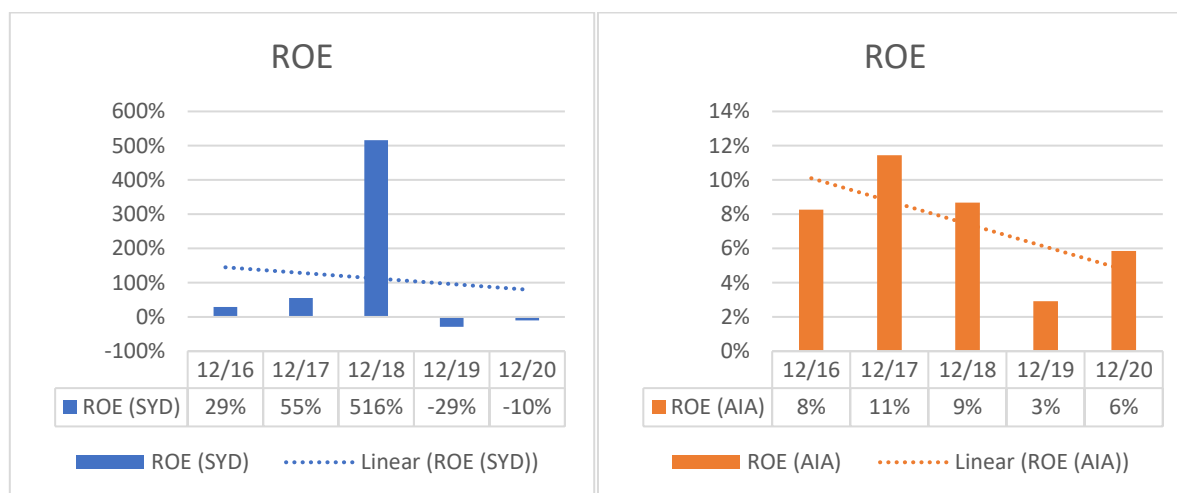


Figure 10 Returns on Equity

- Return on Equity (ROE) for SYD has been much more volatile than AIA. In 2018, SYD reported highest ROE i.e. 516% but that was a reflection of reduced equity rather than increased profits. The drop in SYD total equity was due to the drop in the reserves due to historical business operations as well as retained earnings. SYD peak ROE is then followed by negative ROE for 2 consistent years as SYD reported negative total equity in 2019 and later negative NPAT in 2020 when SYD was able to raise \$2B equity to reduce debt and strengthen the financial position during the biggest crisis of COVID.

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- Even after having decreasing trend over last 5 years, ROE of AIA is much more stable as compared to SYD and has increasing trend in last 2 years. Even during the pandemic, AIA was able to draw positive NPAT while equity remained steadily increasing. AIA kept investing in Property Plant and Equipments to keep moving towards their vision of future of Airports. The pandemic impacted AIA NPAT and it decreased but AIA was able to keep it positive with their actions.

Profit Margin

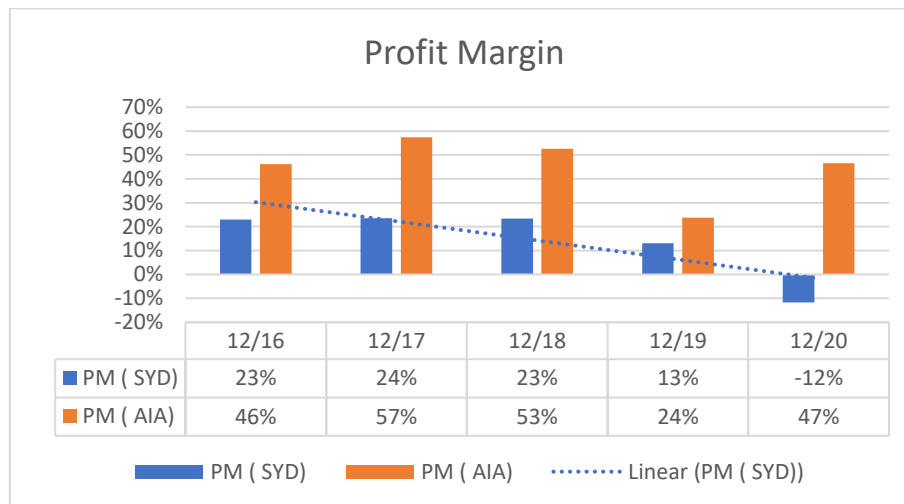


Figure 11 Profit Margin

- Profit Margin of SYD increased to 23% from 8% between 2011 and 2016 and remained steady near 23% till 2018. Year 2019 has a drastic change in profits, where profit margin has reduced to 13% even when the revenue amount has increased. During pandemic, SYD reported negative profit margin as SYD had to keep operating with significantly reduced traffic to bring back the citizens who were stranded in other countries.
- AIA was also affected by pandemic but it was still able to report positive profit margin in last 5 years and has increasing trend in the last 2 years unlike SYD.
- Revenue as well as NPAT have decreasing trend for SYD however they both have increasing trend for AIA in the last 2 years.

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Return on Asset

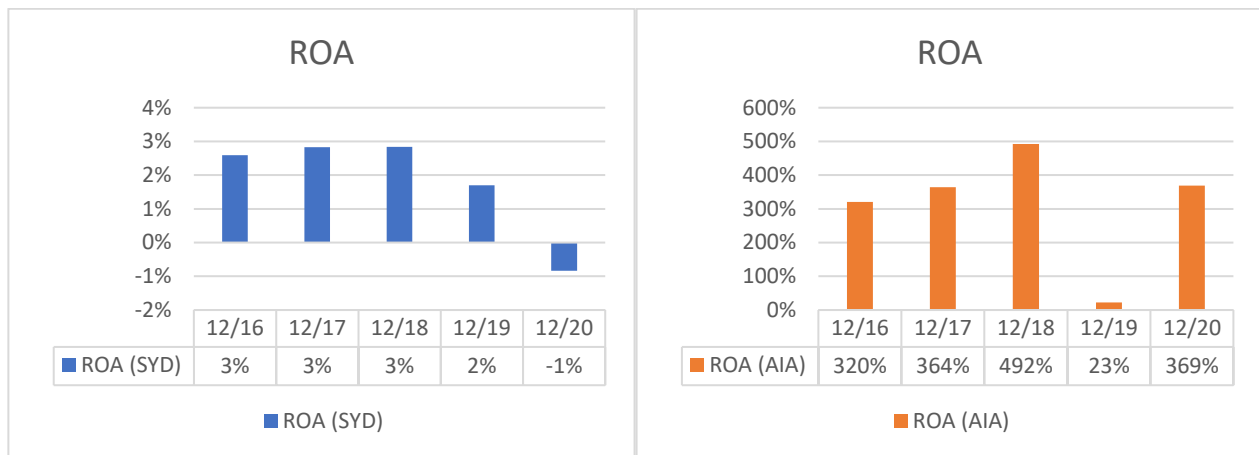


Figure 12 Return on Assets

- Return on Asset has been between 1% and 3% between 2014 and 2019 with increasing trend from 2013 to 2018 and then downward trend to -1% in the year 2020. Certain assets were upgraded or removed from terminal as a part of advertising growth in 2019 by SYD. Though the total assets value has not changed much by the pandemic, the negative revenue has impacted the profit margin.
- AIA 2021 - EBITDAFI includes a reversal of \$19.4 million of previously expensed fixed asset write-offs, impairments, and termination costs, partially reversing the full \$117.5 million of costs that were booked in 2020. 2021 EBITDAFI also includes \$2.5 million of new fixed asset write-offs, impairments, and termination costs.

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Liquidity Ratio

SYD shows stronger performance in liquidity ratios during pandemic as compared to AIA (except receivable turnover ratio) which gives SYD more financial resources to improve further.

Sydney Airport						
Liquidity Ratios						
Item	12/16	12/17	12/18	12/19	12/20	Trend
Total Current Assets	625,700,000	672,000,000	1,111,800,000	840,200,000	1,598,900,000	
Total Curr. Liabilities	706,200,000	1,112,700,000	795,700,000	1,590,700,000	1,074,800,000	
Current Ratio	89%	60%	140%	53%	149%	
CA - Cash	465,800,000	483,400,000	476,300,000	625,100,000	1,075,600,000	
CA - Investments	500,000	9,600,000	200,000	14,800,000	149,900,000	
CA - Receivables	158,700,000	178,100,000	235,600,000	199,700,000	372,000,000	
Total Curr. Liabilities	706,200,000	1,112,700,000	795,700,000	1,590,700,000	1,074,800,000	
Quick Ratio (Current)	88.50%	60.31%	89.49%	52.78%	148.63%	
Net Operating Cashflows	1,087,400,000	1,183,200,000	1,232,500,000	1,370,700,000	434,300,000	
Total Curr. Liabilities	706,200,000	1,112,700,000	795,700,000	1,590,700,000	1,074,800,000	
Operating Cashflow ratio	154%	106%	155%	86%	40%	
Operating Revenue	1,357,400,000	1,475,900,000	1,577,600,000	1,632,400,000	799,300,000	
CA - Receivables	158,700,000	178,100,000	235,600,000	199,700,000	372,000,000	
NCA - Receivables	65,600,000	197,500,000	194,600,000	79,400,000	142,100,000	
Receivables	224,300,000	375,600,000	430,200,000	279,100,000	514,100,000	
Average Acc Receivable	205,300,000	299,950,000	402,900,000	354,650,000	396,600,000	
Receivables Turnover Ratio	661%	492%	392%	460%	202%	

Figure 13 SYD - Liquidity Ratios

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AIA						
Liquidity Ratios						
Item	06/17	06/18	06/19	06/20	06/21	Trend
Total Current Assets	99,047,619.00	163,624,690.00	101,605,811.00	792,768,382.00	117,077,710.00	
Total Curr. Liabilities	536,666,666.00	301,843,529.00	535,270,502.00	436,606,558.00	303,396,928.00	
Current Ratio	18%	54%	19%	182%	39%	
CA - Cash	42,952,380.00	97,862,973.00	35,652,838.00	715,033,168.00	73,987,901.00	
CA - Investments	571,428.00	0.00	0.00	14,388,489.00	0.00	
CA - Receivables	41,809,523.00	49,069,063.00	37,373,351.00	34,569,746.00	16,938,110.00	
Total Curr. Liabilities	536,666,666.00	301,843,529.00	535,270,502.00	436,606,558.00	303,396,928.00	
Quick Ratio (Current)	15.90%	48.68%	13.64%	174.98%	29.97%	
Net Operating Cashflows	292,476,190.00	294,597,817.00	359,300,324.00	164,253,013.00	56,770,590.00	
Total Curr. Liabilities	536,666,666.00	301,843,529.00	535,270,502.00	436,606,558.00	303,396,928.00	
Operating Cashflow ratio	54%	98%	67%	38%	19%	
Operating Revenue	574,761,904.00	596,533,064.00	685,528,579.00	506,680,369.00	239,832,480.00	
CA - Receivables	41,809,523.00	49,069,063.00	37,373,351.00	34,569,746.00	16,938,110.00	
NCA - Receivables	0.00	0.00	0.00	0.00	0.00	
Receivables	41,809,523	49,069,063	37,373,351	34,569,746	16,938,110	
Average Acc Receivable	20,904,762	45,439,293	43,221,207	35,971,549	25,753,928	
Receivables Turnover Ratio	2749%	1313%	1586%	1409%	931%	

Figure 14 AIA - Liquidity Ratios

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Current Ratio

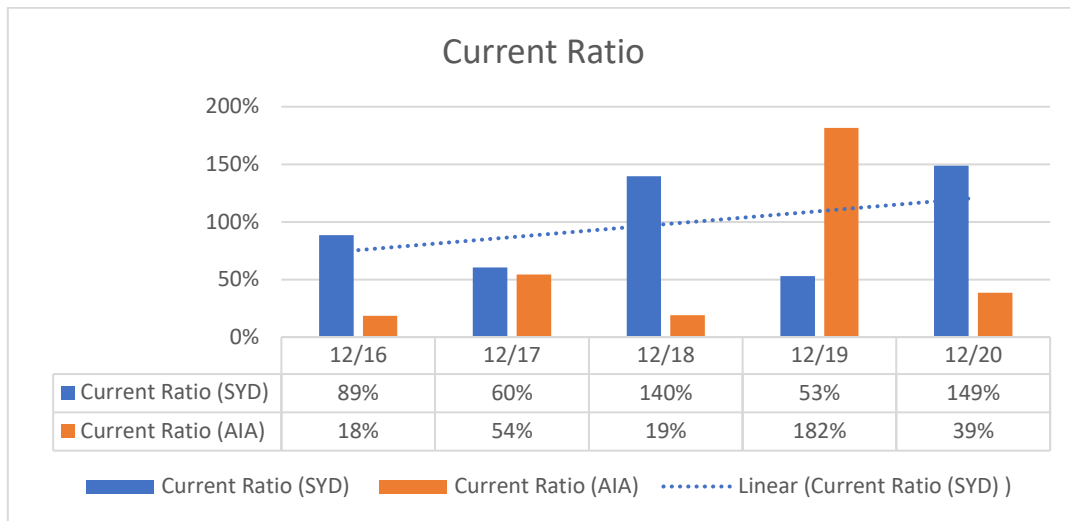


Figure 15 Current Ratio

Though SYD has poor performance in profitability as compared to AIA, it has better liquidity due to reduced liabilities and significant increase in current assets with completion of terminal work as well as expansion of hotels. The \$2B equity raised by SYD was used to repay the debts and improve financial position. AIA current assets value on the other hand reduced during the pandemic.

Quick ratio

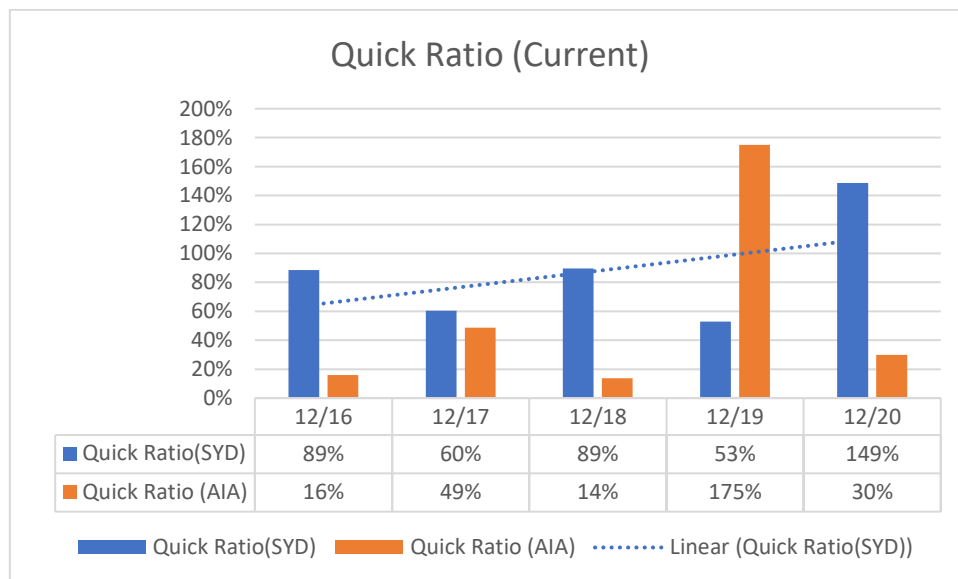


Figure 16 Quick Ratio

With increased cash through raised equity and payment of liabilities, SYD outperformed itself in 2020 with highest quick ratio in 5 years. AIA quick ratio reduced significantly as compared to earlier year as the current investments from 2019 were put on sale and cash as well as receivables reduced significantly.

- Notes – SYD financial reports are from January to December and AIA financial reports are from July to June. Year 2020 for AIA = Financial Year 2021 for AIA, and similarly for all prior years of AIA.
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Operating Cashflow Ratio

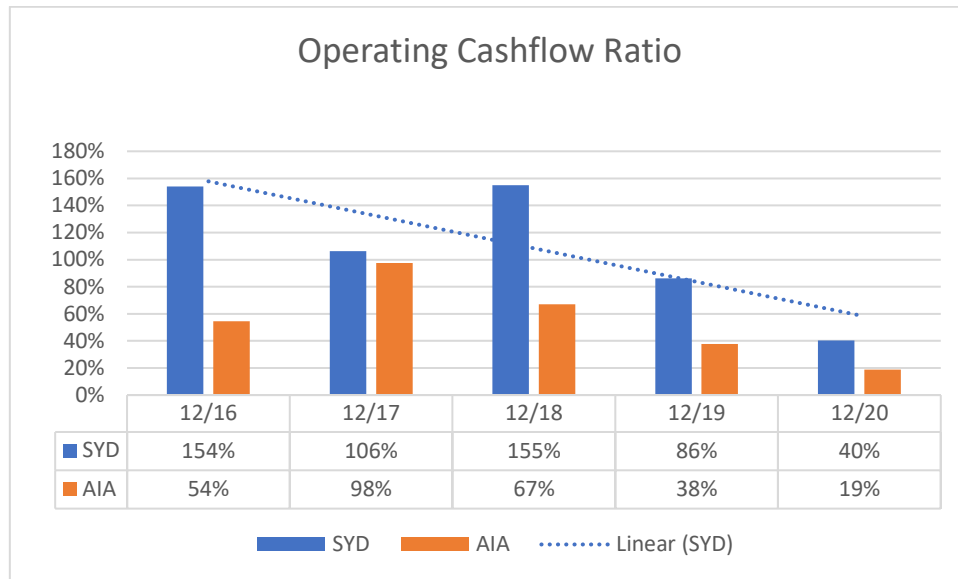


Figure 17 Operating Cashflow Ratio

With payment of liabilities and in turn reduced current liabilities, SYD was able to maintain better operating cash flow ratio as compared to AIA even during the pandemic. But both AIA as well as SYD show a decreasing trend in this ratio.

Receivables Turnover Ratio

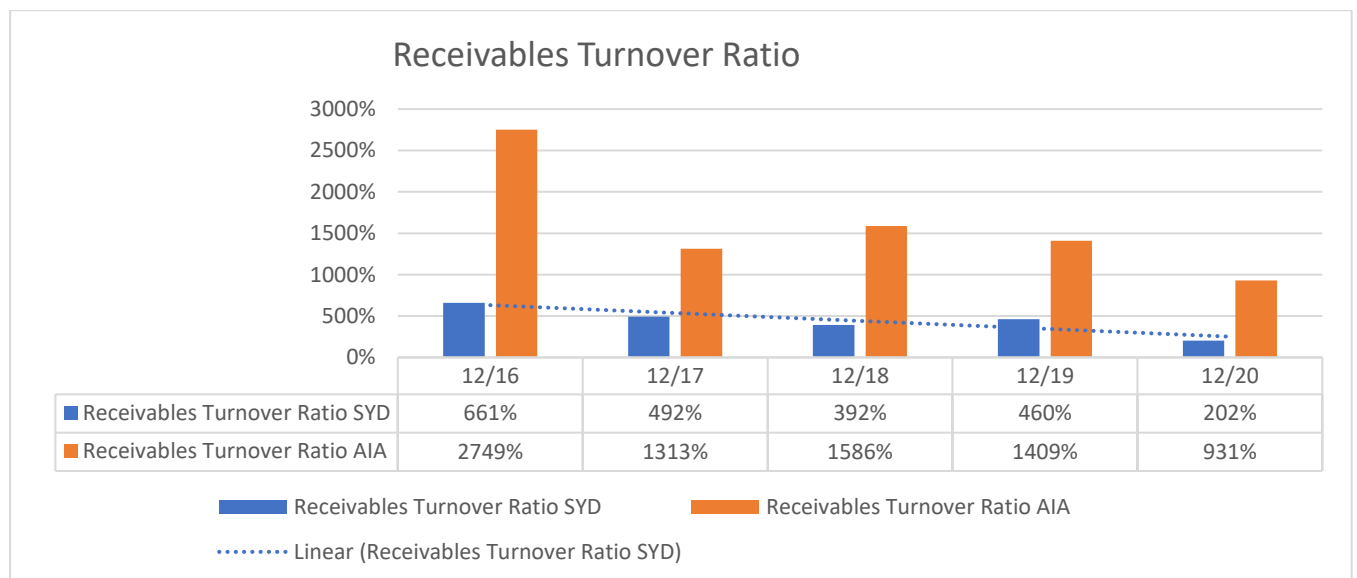


Figure 18 Receivables Turnover Ratio

Though, overall SYD has better liquidity than AIA, in case of collecting sales revenues, AIA has performed far better than SYD and thus has better liquidity in sales revenue.

- Notes – SYD financial reports are from January to December and AIA financial reports are from July to June. Year 2020 for AIA = Financial Year 2021 for AIA, and similarly for all prior years of AIA.
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Capital structure ratios

Though SYD has higher liquidity, it also is riskier as compared to AIA as most of the solvency ratios are extremely high. Apart from the risks in the business, new airport being constructed in the western parts of NSW also has a competitive risk for SYD when it becomes operational in 2026, making AIA a stronger company than SYD in this section.

Sydney Airport					
Solvency Ratios / Capital Structure ratios					
12/16	12/17	12/18	12/19	12/20	Trend
11,239,100,000	11,689,200,000	12,982,300,000	13,386,000,000	11,814,900,000	
12,325,900,000	12,323,100,000	13,054,200,000	12,632,400,000	12,852,800,000	
91%	95%	99%	106%	92%	
1,086,800,000	633,900,000	71,900,000	-753,600,000	1,037,900,000	
1034%	1844%	18056%	-1776%	1138%	
9%	5%	1%	-6%	8%	

Figure 19 SYD Solvency Ratios

AIA						
Solvency Ratios / Capital Structure ratios						
Item	06/17	06/18	06/19	06/20	06/21	Trend
Total Liabilities	2,356,666,666	2,306,429,423	2,546,549,416	2,485,377,931	1,721,079,571	
Total Assets	6,193,809,523	7,517,930,844	8,313,037,660	8,686,536,485	9,104,513,727	
Debt to Asset Ratio	38%	31%	31%	29%	19%	
Total Equity	3,837,142,857	5,211,501,421	5,766,488,243	6,201,158,553	7,383,434,155	
Debt to Equity Ratio	61%	44%	44%	40%	23%	
Equity Ratio	62%	69%	69%	71%	81%	

Figure 20 AIA Solvency Ratios

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Debt to Asset Ratio

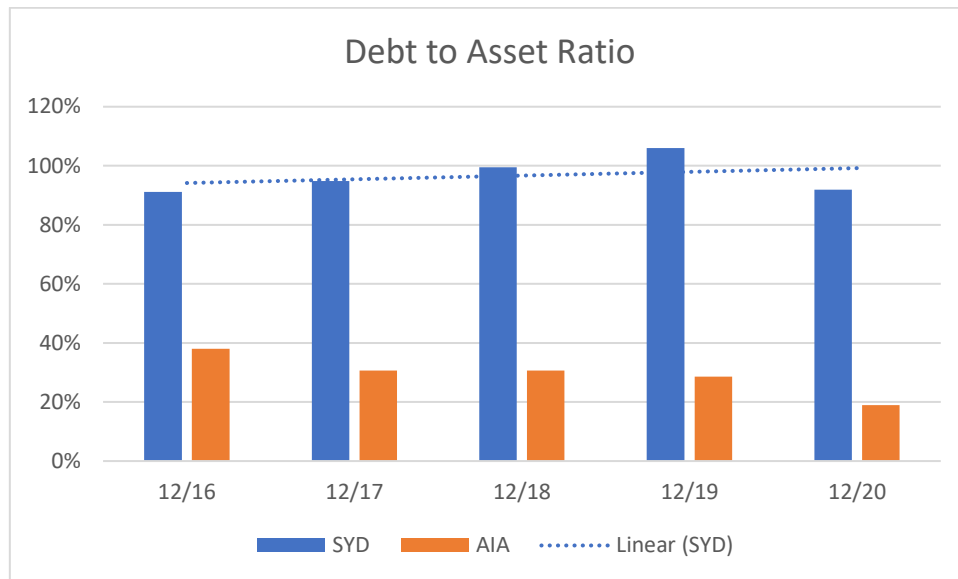


Figure 21 Debt to Asset Ratio

SYD has mostly been in as much debt as much as its' assets value with increasing trend till 2019 and peaked during 2019 with 6% higher debt than its assets value which then reduced in the following year due to payment of some debts by raising equity of \$ 2B. On the other hand, AIA has maintained debts to asset ratio at less than 40% and has decreasing trend over the years which makes AIA stronger than SYD.

Debt to Equity Ratio

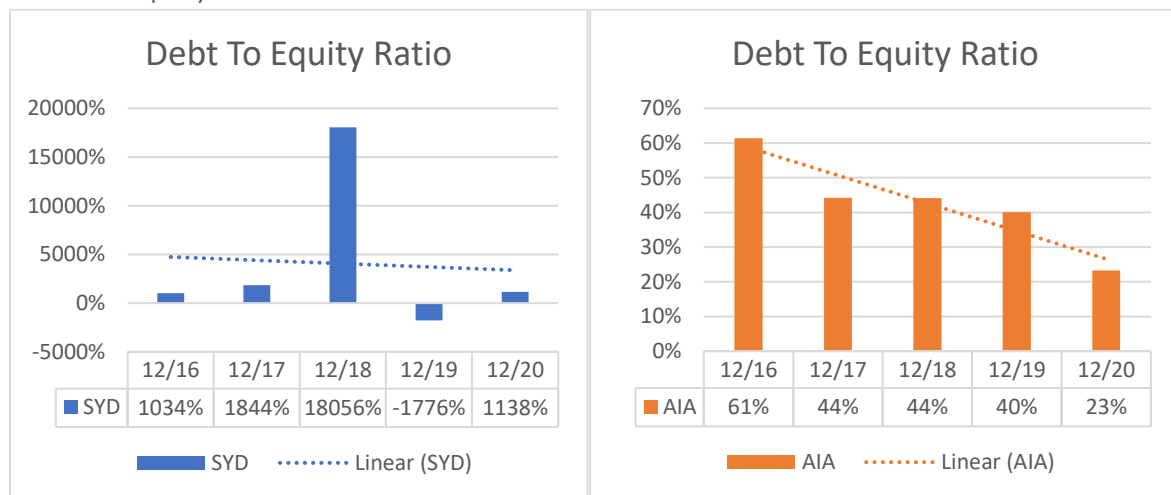


Figure 22 Debt to Equity Ratio

SYD has very high Debt to Equity all throughout which puts the business into risk. SYD has been improving its terminals, airfields as well as property for customer experience along with acquisition and expansion of hotels which kept adding to SYD debts. AIA has better performance in this respect and has decreasing trend over the years which makes AIA a lower risk company.

- Notes – SYD financial reports are from January to December and AIA financial reports are from July to June. Year 2020 for AIA = Financial Year 2021 for AIA, and similarly for all prior years of AIA.
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Equity Ratio

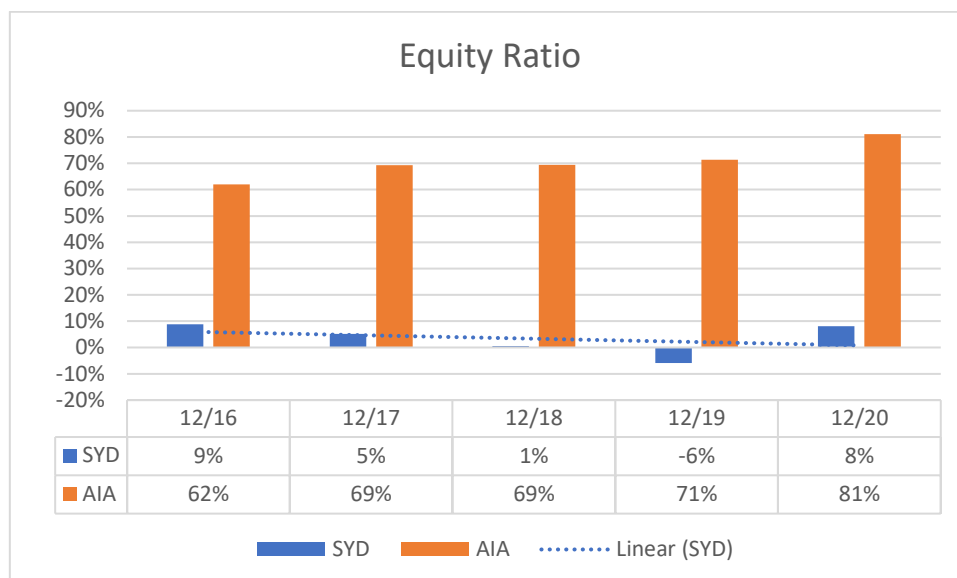


Figure 23 Equity Ratio

Market Performance Ratios

Sydney Airport						
Market Performance Analysis						
Item	12/16	12/17	12/18	12/19	12/20	Trend
Reported NPAT After Abnormals	319,600,000	348,600,000	371,000,000	215,000,000	-107,500,000	
Outside Equity Interests	1,300,000	1,200,000	1,500,000	188,900,000	-38,100,000	
Shares Outstanding at Period End	2,249,900,000	2,251,500,000	2,255,300,000	2,258,600,000	2,698,700,000	
Weighted Average Number of Shares	2,237,400,000	2,250,500,000	2,253,800,000	2,257,400,000	2,408,600,000	
CentsProfitPerShare (Profit)	14.20507578	15.48301133	16.45013967	9.519171168	-3.983399415	
Dividends Paid	-481,800,000.00	-731,300,000.00	-822,000,000.00	-868,600,000.00	-440,400,000.00	
Total Revenue Excluding Interest	1,386,600,000	1,483,400,000	1,584,900,000	1,639,700,000	919,400,000	
CentsPerShare (Revenue)	61.9737195	65.91424128	70.32123525	72.63666165	38.17155194	
Earnings per share	40.21512067	33.40439707	33.82698532	34.14061808	17.74928669	

Figure 24 SYD Market Performance

- Notes – SYD financial reports are from January to December and AIA financial reports are from July to June. Year 2020 for AIA = Financial Year 2021 for AIA, and similarly for all prior years of AIA.
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AIA						
Market Performance Analysis						
Item	06/17	06/18	06/19	06/20	06/21	Trend
Reported NPAT After Abnormals	317,047,619	596,257,910	500,382,336	181,164,159	432,014,890	
Outside Equity Interests Shares	317,047,619.00	596,257,910.00	500,382,336.00	181,164,159.00	432,014,890.00	
Outstanding at Period End	1,192,614,174	1,201,875,336	1,210,674,696	1,471,916,791	1,472,034,637	
Weighted Average Number of Shares	1,190,841,542	1,196,956,832	1,206,269,145	1,279,220,528	1,471,999,685	
CentsProfitPerShare (Profit)	26.58425716	49.61062867	41.33086598	12.30804351	29.34814706	
Dividends Paid	-200,761,904	-181,784,829	-192,697,380	-97,449,313	0	
Total Revenue Excluding Interest	687,047,619	1,037,604,329	951,634,486	760,814,724	927,221,963	
CentsProfitPerShare (Revenue)	57.69429389	86.68686299	78.890726	59.47486828	62.99063597	
Earnings per share	40.7747724	71.20701077	62.68712054	45.06813259	62.98914032	

Figure 25 AIA Market Performance

Earnings per share

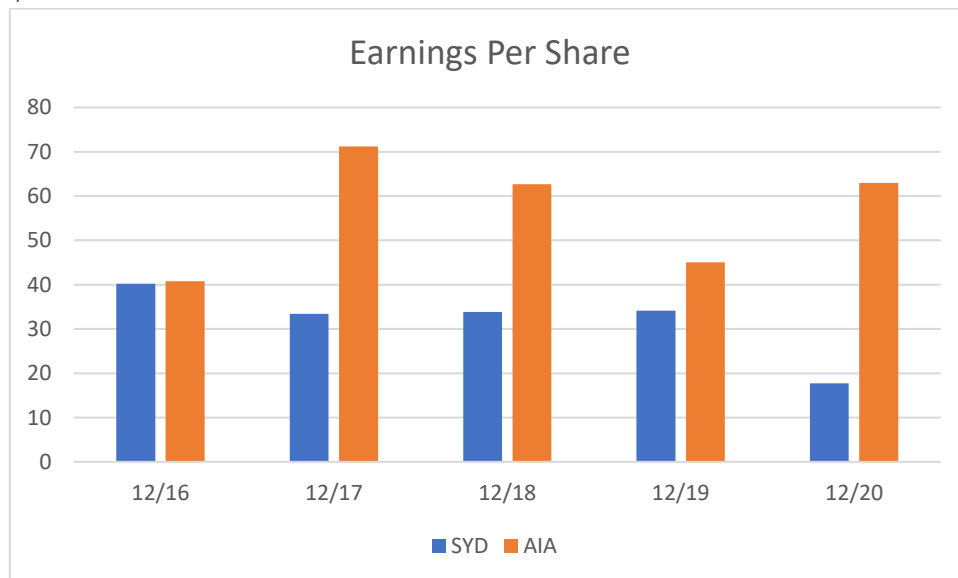


Figure 26 Market Performance Ratio

Though SYD share price growth is higher than AIA; AIA has more earnings per share. Overall, based on the share prices, SYD has higher returns to the shareholders over 5 years, but the stock is volatile and riskier as well.

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Siddhi Auti

Auckland International Airport Limited

7.53 AUD

+1.06 (16.38%) ↑ past 5 years

1 Oct, 4:10 pm AEST · Disclaimer

ASX: AIA

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | **5Y** | Max



Open	7.40	Mkt cap	11.32B NZD	52-wk high	7.77
High	7.54	P/E ratio	-	52-wk low	6.23
Low	7.39	Div yield	-		

Figure 27 AIA Market Share Price - 5 years

Source - [AIA share price - Google Search](#)

Sydney Airport

8.20 AUD

+1.76 (27.33%) ↑ past 5 years

1 Oct, 4:10 pm AEST · Disclaimer

ASX: SYD

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | **5Y** | Max



Open	8.15	Mkt cap	22.13B	52-wk high	8.41
High	8.22	P/E ratio	-	52-wk low	5.45
Low	8.15	Div yield	-		

Figure 28 SYD Market Share Price - 5 years

Source - [syd share price - Google Search](#)

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DuPont Analysis

DuPont analysis shows that AIA has consistently been performing better than SYD and even during the crisis like COVID, AIA was able to draw positive ROE. SYS has very high financial leverage, but even then NPAT was negative in 2020 whereas, with consistent financial leverage, AIA has been successful in increasing its NPAT.

Sydney Airport						
DuPont Analysis						
Item	12/16	12/17	12/18	12/19	12/20	Trend
Total Current Assets	625,700,000	672,000,000	1,111,800,000	840,200,000	1,598,900,000	
Total NCA	11,700,200,000	11,651,100,000	11,942,400,000	11,792,200,000	11,253,900,000	
Average Total Assets	6,162,950,000	6,161,550,000	6,527,100,000	6,316,200,000	6,426,400,000	
Operating Revenue	1,357,400,000	1,475,900,000	1,577,600,000	1,632,400,000	799,300,000	
Asset Turnover	22%	24%	24%	26%	12%	
PM (NPAT After Abnormals)	23%	24%	23%	13%	-12%	
Share Capital	5,470,900,000	5,482,300,000	5,508,600,000	5,533,000,000	7,523,500,000	
Equity Multiplier	113%	112%	118%	114%	85%	
Total Equity	1,086,800,000	633,900,000	71,900,000	-753,600,000	1,037,900,000	
Financial Leverage	567%	972%	9078%	-838%	619%	
DuPont Analysis (with average assets)	6%	6%	7%	4%	-1%	
DuPont Analysis (with total assets)	3%	3%	3%	2%	-1%	

Figure 29 SYD Du Pont Analysis

AIA						
DuPont Analysis						
Item	06/17	06/18	06/19	06/20	06/21	Trend
Total Current Assets	99,047,619.00	163,624,690.00	101,605,811.00	792,768,382.00	117,077,710.00	
Total NCA	6,094,761,904	7,354,306,154	8,211,431,848	7,893,768,102	8,987,436,016	
Average Total Assets	3,096,904,762	3,758,965,422	4,156,518,830	4,343,268,242	4,552,256,863	
Operating Revenue	574,761,904.00	596,533,064.00	685,528,579.00	506,680,369.00	239,832,480.00	
Asset Turnover	19%	16%	16%	12%	5%	
PM (NPAT After Abnormals)	46%	57%	53%	24%	47%	
Share Capital	331,714,285	370,723,654	447,524,373	1,568,345,323	1,562,773,382	
Equity Multiplier	934%	1014%	929%	277%	291%	
Total Equity	3,837,142,857	5,211,501,421	5,766,488,243	6,201,158,553	7,383,434,155	
Financial Leverage	81%	72%	72%	70%	62%	
DuPont Analysis (with average assets)	6%	6%	6%	6%	6%	
DuPont Analysis (with total assets)	40%	46%	40%	4%	4%	

Figure 30 AIA Du Pont Analysis

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Forecast

Based on the Analysis, SYD is very volatile whereas AIA is comparatively stable. SYD has better liquidity but with the new airport being built in western Sydney it will have higher competition. With poor ROE and poor capital structure, SYD becomes a risky option to invest in. Having said that, higher the risk, higher is the opportunity to earn money as SYD has more liquidity and with Australia's plans of freedom and willingness to open the borders in this year [Source – Sept, 2021, [Fully vaccinated Australian citizens, permanent residents could travel to India this year: Scott Morrison \(sbs.com.au\)](#)] – SYD seems closer to bringing back international passengers than AIA (which means higher revenue) and hence may perform better than AIA on a short-term investment.

For long term investment, AIA would be a better choice than SYD as most of assets of AIA has are tangible unlike SYD, and with the new competition goodwill and intangible assets may lose its value rapidly.

Appendix

Calculation's reference

- 'Sydney Airport.xlsx' – Horizontal and Vertical Analysis of Sydney Airport
- 'AucklandAirport.xlsx' – Horizontal and Vertical Analysis of Auckland Airport
- 'Financial Ratios.xlsx' – SYD and AIA financial Ratios along with graphs

Information References

<https://datanalysis-morningstar-com-au.ezproxy.lib.uts.edu.au/>

[Sydney Airport gets \\$17bn buyout offer in travel recovery wager | Financial Times \(ft.com\)](#)

[Fully vaccinated Australian citizens, permanent residents could travel to India this year: Scott Morrison \(sbs.com.au\)](#)

[Auckland Airport | Auckland Airport](#)

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