

Faster Higher Stronger _____ 2013

Investor Day 2013

Auckland International Airport Limited



Agenda

9:00 a.m.	Welcome	Simon Robertson	Chief Financial Officer
9:05 a.m.	Faster, Higher, Stronger	Adrian Littlewood	Chief Executive Officer
9:35 a.m.	Grow Travel Markets	Glenn Wedlock	General Manager - Business Development
10:20 a.m.	Break		
10:35 a.m.	Progressing Our 30 Year Vision	Adrian Littlewood	Chief Executive Officer
11:05 a.m.	Be Fast, Efficient & Effective - Aeronautical Operations	Judy Nicholl	General Manager - Aeronautical Operations
11:25 a.m.	Be Fast, Efficient & Effective - Managing Costs	Simon Robertson	Chief Financial Officer
11:30 a.m.	Travel to Abbeville		
12:00 p.m.	Lunch		
12:30 p.m.	Investing For Future Growth - Property	Peter Alexander	General Manager - Property
	Investing For Future Growth - Our Investments	Simon Robertson	Chief Financial Officer
1:15 p.m.	Strengthen Our Consumer Business	Richard Barker Paul Divers	General Manager – Retail & Commercial Manager – Retail
2:05 p.m.	Aspirations and wrap-up	Simon Robertson	Chief Financial Officer
2:20 p.m.	Tour		
3:00 p.m.	Ends		

Faster Higher Stronger 2013



Strategy Briefing

Investor Day 2013

Auckland International Airport Limited



Strong
infrastructure
heritage



Changed philosophy, improved performance, increased expectations – a different business

Flight path for growth



Our growth strategy has continued to be fine-tuned over the year but, at its heart, it remains all about accelerating business growth, in particular international passenger numbers, at Auckland Airport, and about sustainably developing travel, trade and tourism for the markets we serve.

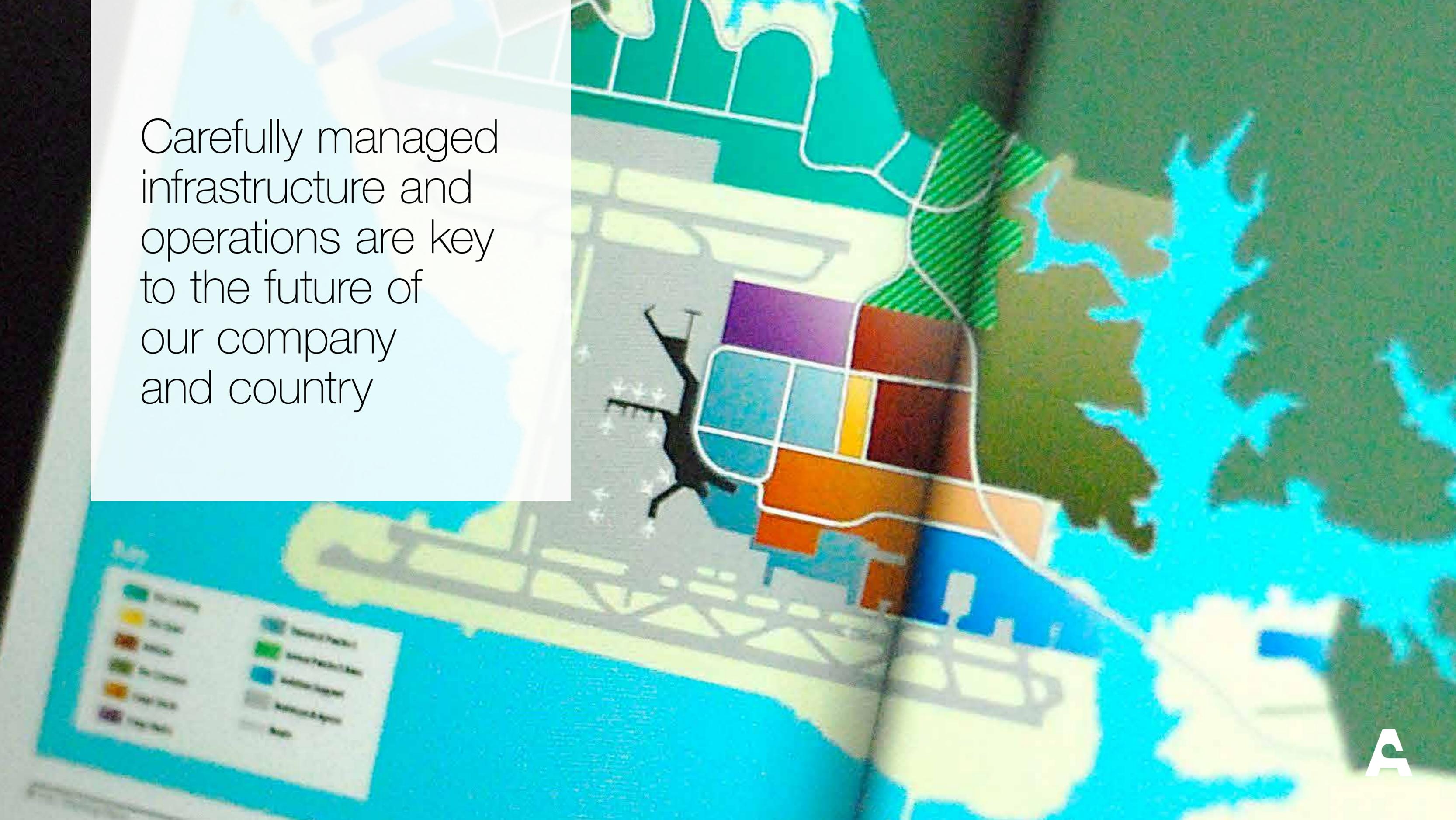


CHALLENGES & OPPORTUNITIES

Infrastructure and operations are the foundation of our business



Carefully managed infrastructure and operations are key to the future of our company and country



We are in a race to capture the growth in international tourism markets



We can help
New Zealand
realise its potential



New customers
are in control and
have changing
expectations



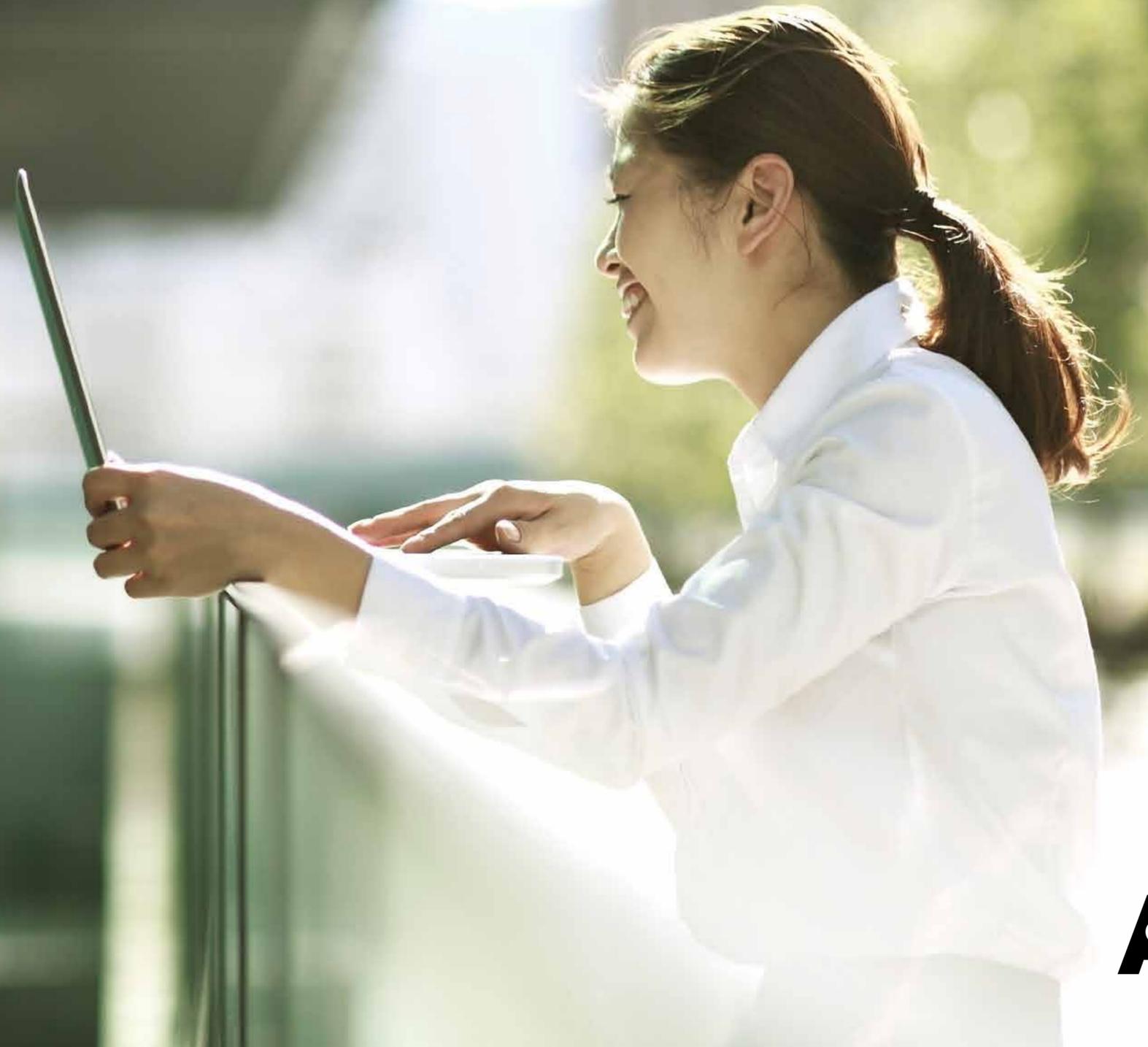
We have a
strong foundation
to build upon



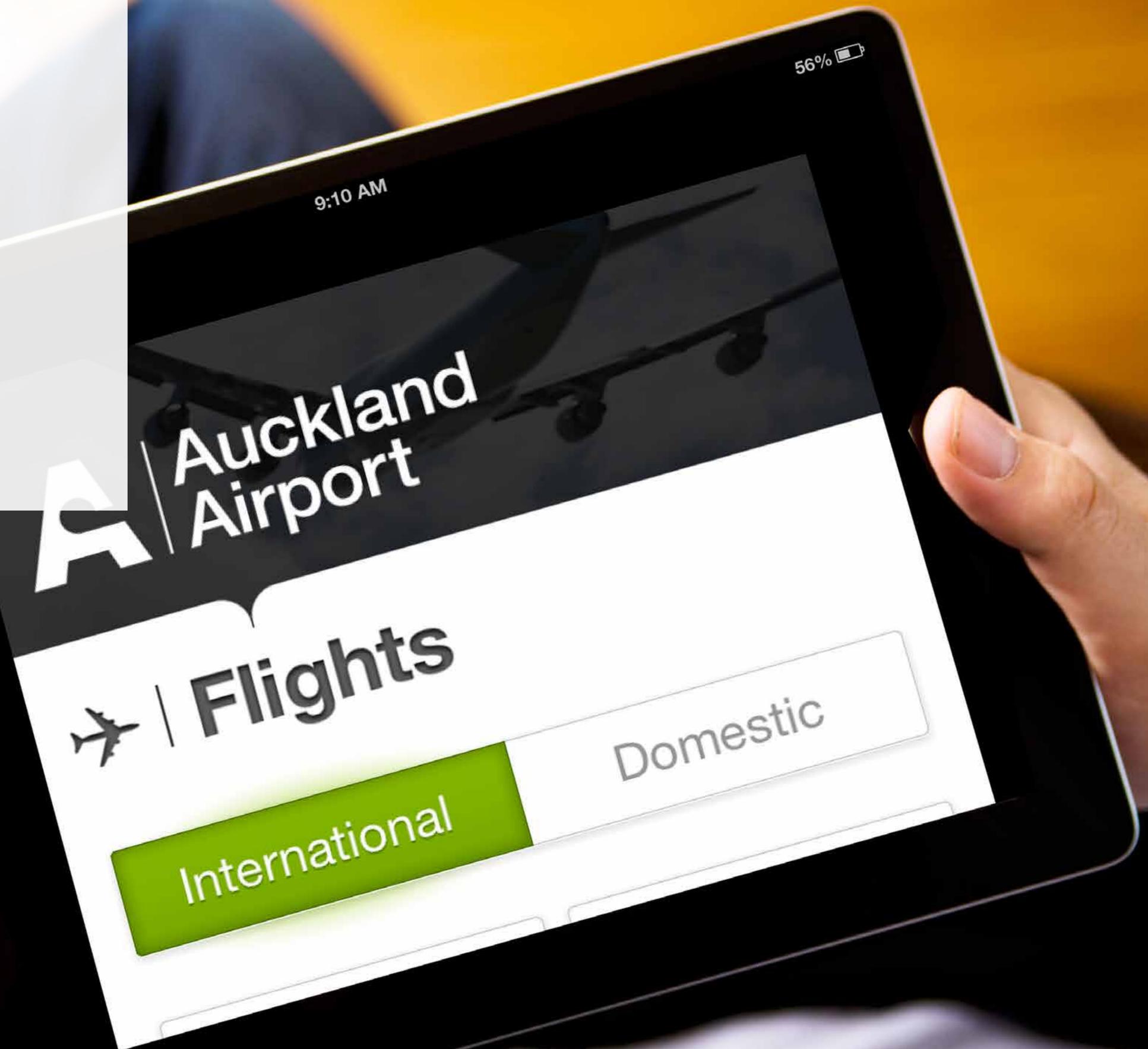
It's more than
just constructing
buildings



Need to inspire
people and prove
the value of the
airport's location

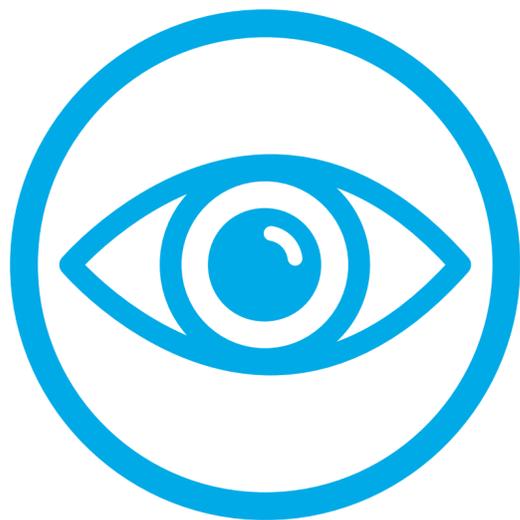


Technology gives us new ways of operating and communicating



Evolution
not
revolution





VISION

We want to be a great New Zealand business that is a world leader in creating value from modern airports.



PURPOSE

We strive to be a leader in growing travel, trade and tourism.



VALUES

We are a committed and talented team which shares the core values of outstanding, welcoming, ambitious, and authentically New Zealand.

MAKING
JOURNEYS
BETTER





FASTER



HIGHER



STRONGER



GROW
TRAVEL
MARKETS

STRENGTHEN
OUR
CONSUMER
BUSINESS

BE FAST,
EFFICIENT
& EFFECTIVE

INVEST
FOR FUTURE
GROWTH





GROW
TRAVEL
MARKETS

- Adopt an **ambitious and innovative** approach to driving growth from Asia Pacific markets

- Build opportunity to become an **interregional hub**

- **Influence travel industry** policy and set ambitious industry goals



STRENGTHEN
OUR
CONSUMER
BUSINESS

- Engage customers fully in the **retail offer**

- Deliver **smart capacity** and **revenue management** tools

- Extend our customer reach through **new space, offers** and **channels**

- Extend our accommodation offer with **more hotel rooms**

BE FAST,
EFFICIENT
& EFFECTIVE

- Transform operating capability so we can be **passengers' favourite airport**

- Carefully **manage our capital** programme

- Stronger effective **cost control** throughout the business



INVEST
FOR FUTURE
GROWTH

- Secure our development pathway towards an **efficient airport of choice** for airlines

- Build New Zealand's **greatest business location** at Auckland Airport

- Apply a **disciplined approach** to managing our investments





FASTER



HIGHER



STRONGER

Faster Higher Stronger _____ 2013

Developing Markets

Investor Day 2013

Auckland International Airport Limited



Developing Growth Market Structure

Grow Travel & Trade Markets

A Key Theme of Faster, Higher Stronger

- Today's presentation is to cover four areas that are part of our approach to developing growth.
- Building Auckland Airports position as an inter-regional hub.
- Ambition and innovation as a catalyst for industry alignment to growth strategies.
- Market understanding/influence and alignment to aviation economics to create the right value triggers for higher growth. - India Case Study
- Building marketing and conversion assets to create market outcomes and scale for greater long term benefits.



Strong Potential Growth

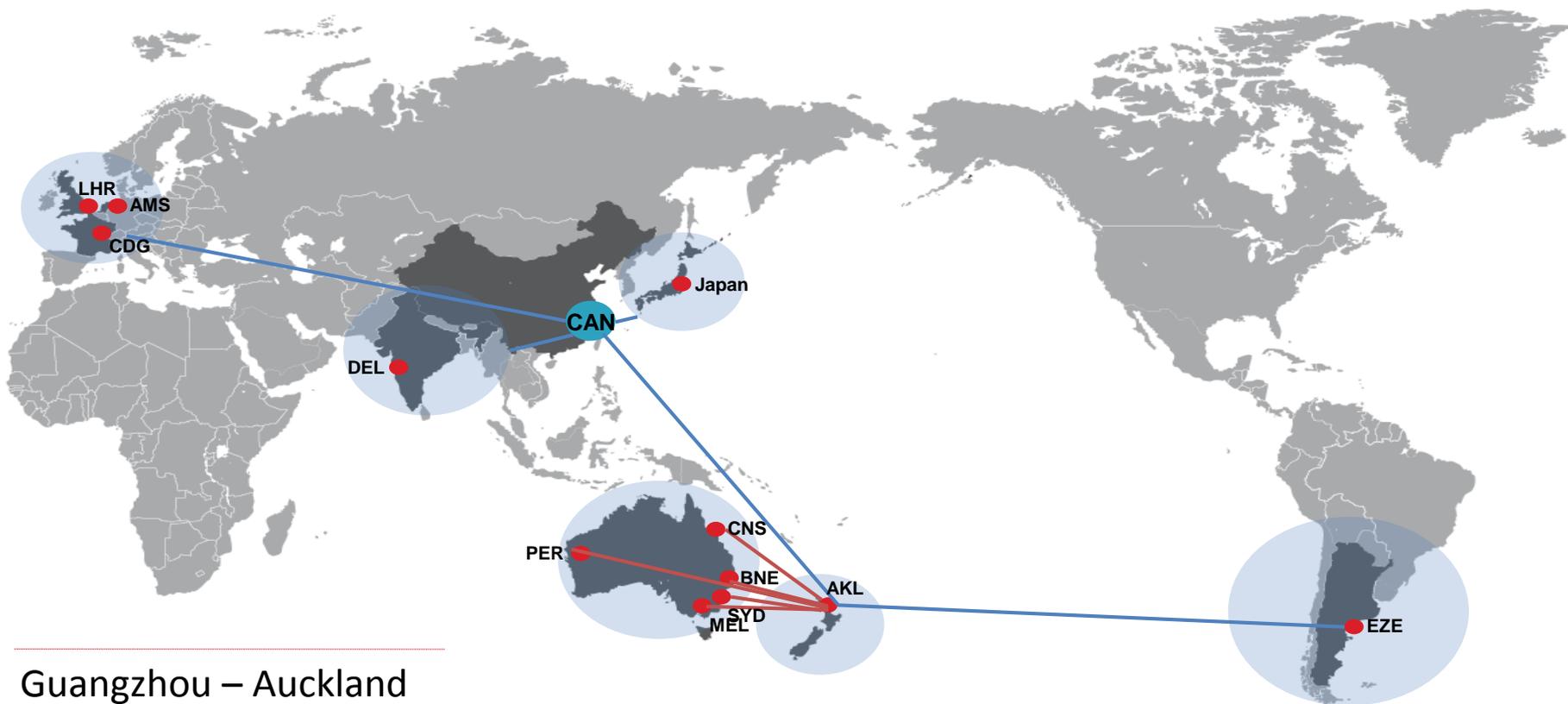
Building “Southern Link” position

- Building Link to Emerging Power Hubs e.g. CAN, CGK, GRU
- Connectivity to growth markets in Asia/India through hubs e.g. KUL, SIN, CAN
- Building Premium Value Positioning in Asia/Europe
- Linking Australasia/Asia to Americas. USA, Canada, Chile, Brazil
- Market Share Development Australia/Dual/ME to increase loads.
- Growing Australia Regional Direct



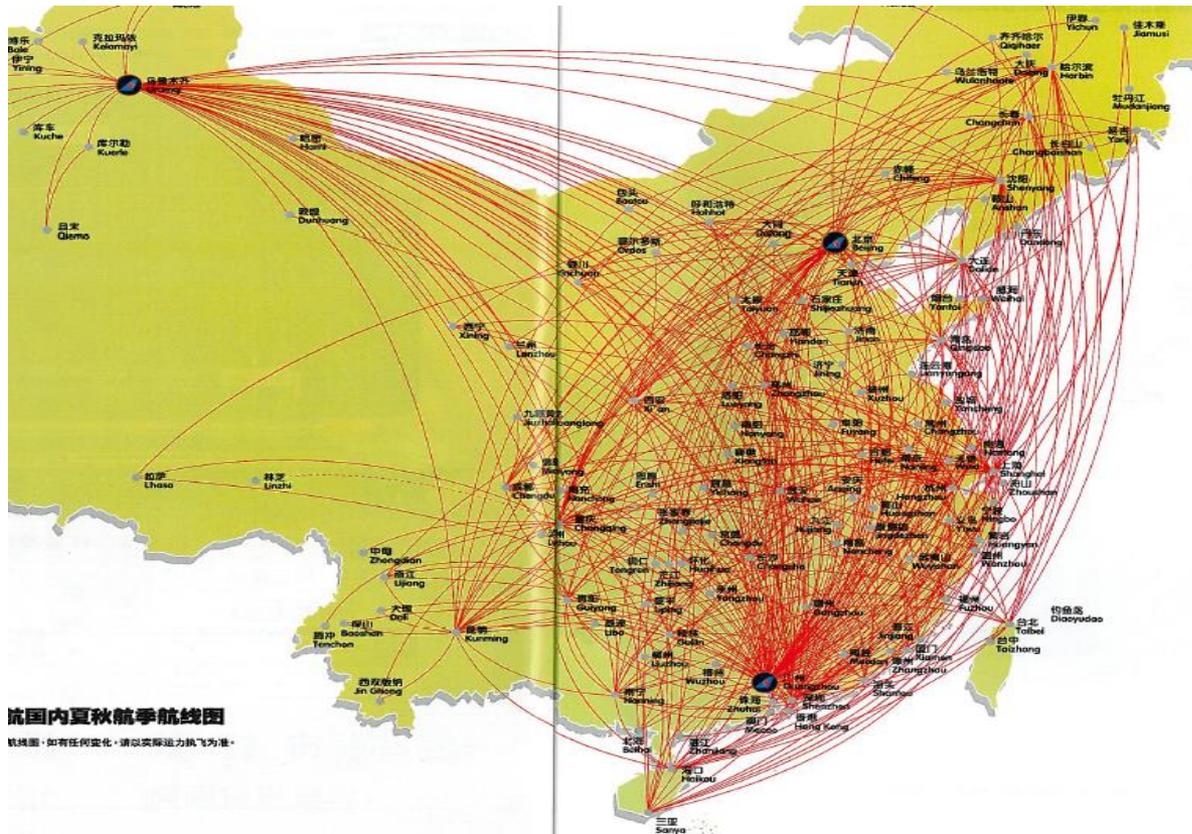
Strong Potential Growth

Building “Southern Link” position



Strong Potential Growth

Building “Southern Link” position



Strong Potential Growth

Building “Southern Link” position

- 440 Cities are to Deliver 47% of Global GDP Growth to 2025.
- Other Emerging Cities will account for 27% of GDP Growth

... as well as growth in attractive income segments

Top cities by increase in the number of households with annual income above \$20,000 at PPP
Million households

■ Developed regions
■ Developing regions

Megacities	Top-performing middleweights	Middleweight outperforms
Number of megacities		
Shanghai 6.0	Shenzhen 2.7	19
Beijing 6.0	Nanjing 2.1	16
Tokyo 3.3	Foshan 2.1	16
Mumbai 2.9	Tianjin 2.1	16
São Paulo 2.4	Dongguan 2.0	16
Delhi 2.4	Guangzhou 1.9	15
Cairo 2.2	Chengdu 1.4	14
Chongqing 1.9	Hangzhou 1.4	14
Mexico City 1.5	Xiamen 1.3	11
London 1.3	Hong Kong 1.3	11
Moscow 1.3	Jakarta 1.3	11
Karachi 1.3	Lima 1.2	10
Paris 1.3	Taipei 1.2	10
Kolkata 1.1	Wuhan 1.2	10
Osaka 1.0	Changzhou 1.2	10
Istanbul 0.9	Tehran 1.1	9
Rhein-Ruhr 0.9	Shantou 1.1	9
Rio de Janeiro 0.9	Wenzhou 1.0	9
New York 0.9	Johannesburg 1.0	9
Buenos Aires 0.8	Seoul 1.0	9
Manila 0.7	Bangkok 1.0	9
Los Angeles 0.6	Bogotá 0.9	7
Dhaka 0.3	Taizhou 0.9	7

SOURCE: McKinsey Global Institute Cityscope 1.0



Ambition 2020

Building Arrivals to 4 Million by 2020

- Developing “HOT” markets for Growth
- Creating Profitable Market Structure
- Influencer Partnerships to Build Scale and Category Value



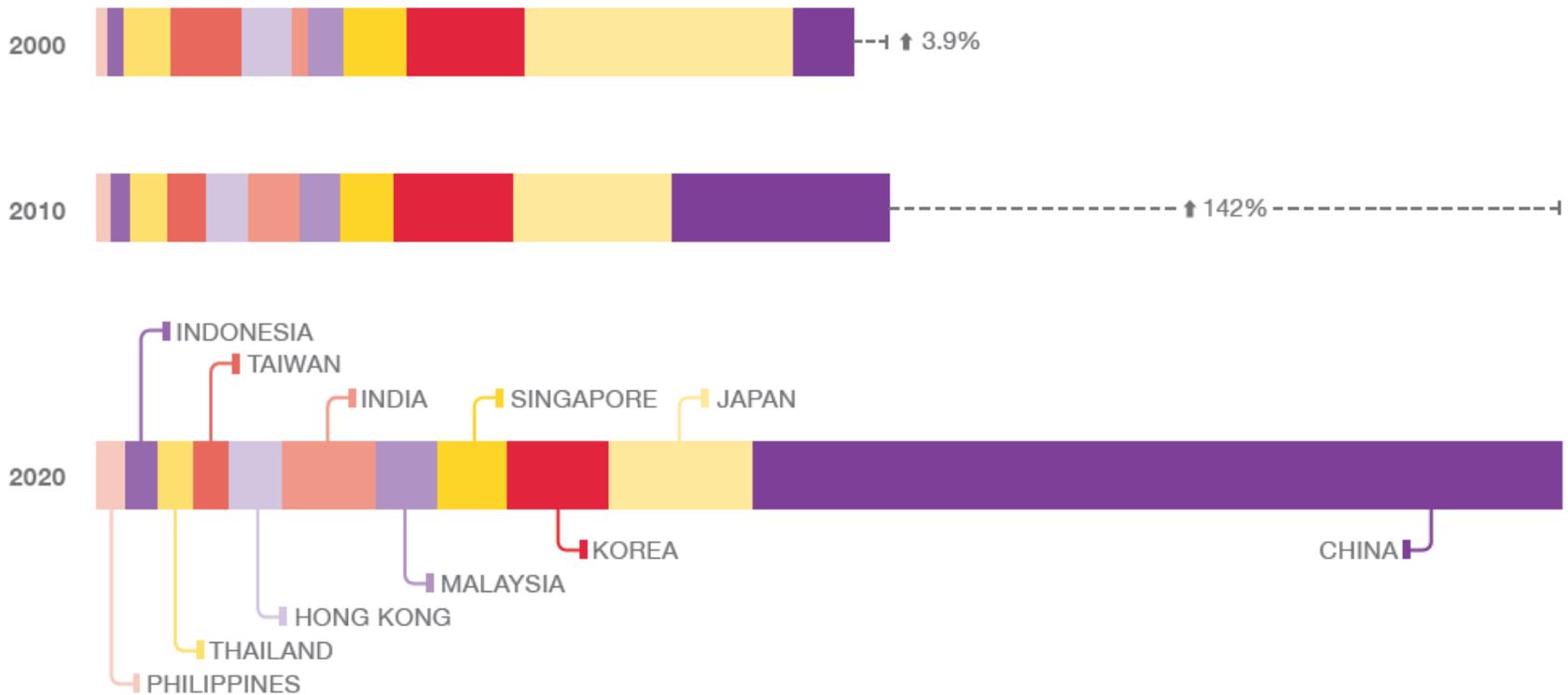
Ambition 2020: View of Future Customer

000s Visitors to New Zealand							
Country	2012	2020			CAGRS		
	Actual	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Australia	1,156	1,487	1,566	1,665	3.2%	3.9%	4.7%
China	197	452	483	573	10.9%	11.9%	14.3%
UK	190	206	213	228	1.0%	1.5%	2.3%
USA	178	230	243	256	3.3%	4.0%	4.7%
Japan	72	81	97	+100	1.4%	3.7%	4.2%
Germany	64	76	76	83	2.2%	2.3%	3.4%
Korea	53	57	67	86	1.0%	3.0%	6.2%
Canada	46	56	56	64	2.3%	2.4%	4.0%
Singapore	36	39	45	50	1.0%	2.6%	4.0%
India	30	53	58	69	7.3%	8.7%	11.0%
Malaysia	29	35	42	51	2.1%	4.5%	7.1%
Hong Kong	26	30	34	35	1.7%	3.2%	3.5%
France	25	31	33	34	2.6%	3.5%	4.0%
Argentina, Brazil, Chile	21	40	50	73	8.4%	11.5%	16.8%
Taiwan	19	20	22	24	0.9%	2.0%	3.2%
Thailand	17	20	20	22	2.2%	2.0%	3.5%
Indonesia	12	18	33	39	5.0%	13.2%	15.5%
Philippines	10	15	21	26	5.8%	10.0%	13.0%
Other Countries	374	473	516	561	3.0%	4.1%	5.2%
TOTAL	2,555	3,418	3,674	4,039	3.7%	4.6%	5.9%

More than US, UK & Germany combined

Ambition 2020: View of Future Customer

VISITOR ARRIVALS BY COUNTRY 2000-2020

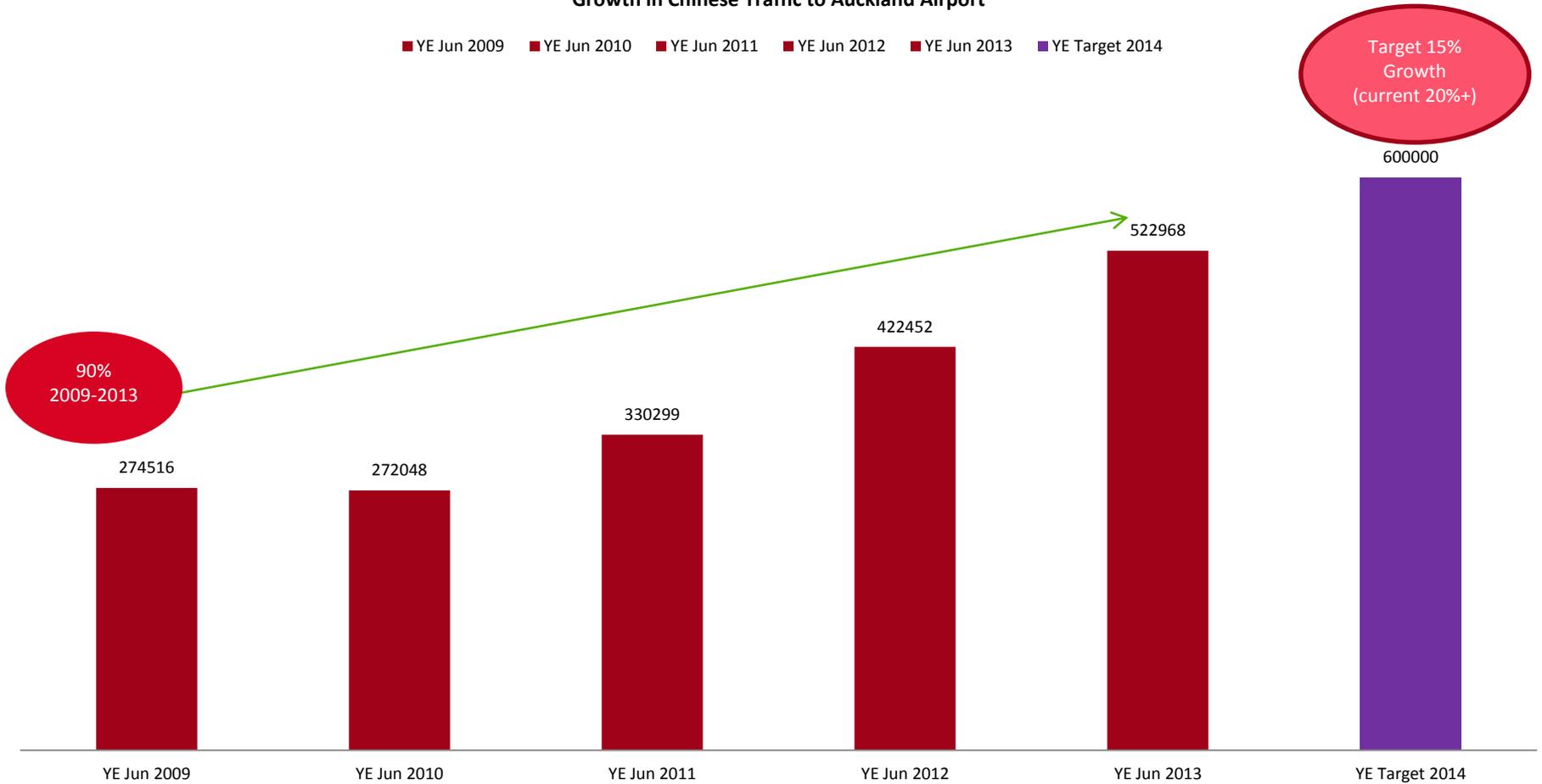


Construct Near Term View



Growth in Chinese Traffic to Auckland Airport

■ YE Jun 2009 ■ YE Jun 2010 ■ YE Jun 2011 ■ YE Jun 2012 ■ YE Jun 2013 ■ YE Target 2014



Ambition 2020: Size the Prize

KEY DRIVERS

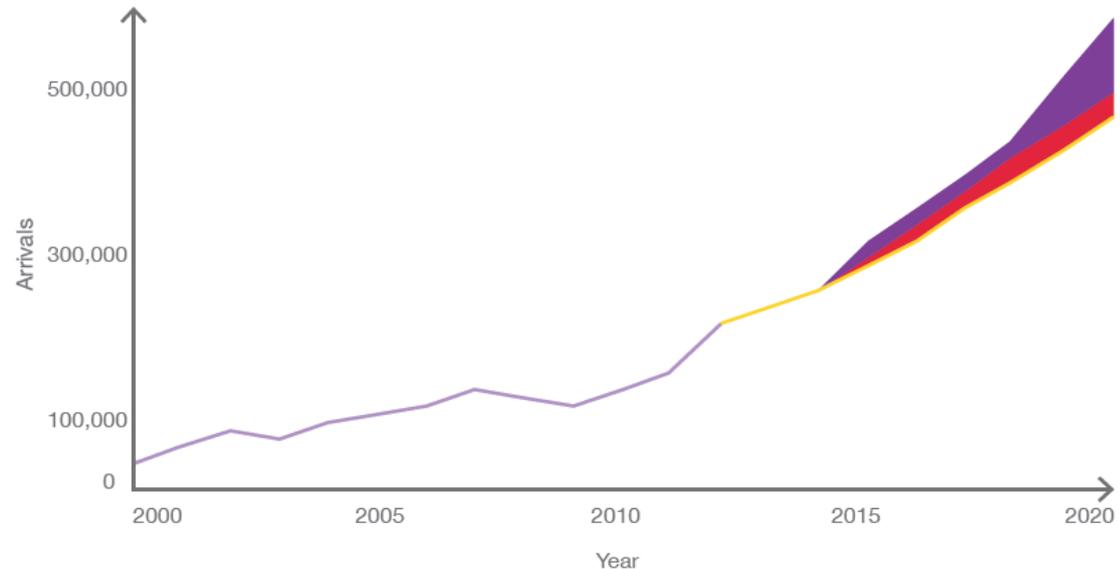
- Structural economic growth path
- An expanding middle class
- Rapid growth from visitor spending

14.27%

average annual growth
between 2012-2020 or
a total of 191.75%

POTENTIAL VISITOR ARRIVALS FROM CHINA TO NEW ZEALAND

2000–2020



● 2020 ORGANIC

Forecast visitor arrivals **452,126**
Average annual growth **10.94%**
Forecast market share **13.23%**
Forecast market value **\$1,611m**

● 2020 ACCELERATED

Forecast visitor arrivals **482,735**
Average annual growth **11.85%**
Forecast market share **13.14%**
Forecast market value **\$1,720m**

● 2020 TARGET

Forecast visitor arrivals **572,857**
Average annual growth **14.27%**
Forecast market share **14.18%**
Forecast market value **\$2,041m**

Investing & Industry Alignment

Investment in Market Builds Understanding, Opportunity and Alignment to Create Growth

- Auckland Airport Investment has supported greater understanding of opportunity and secured market/capacity.
- Tourism New Zealand and regional tourism organisations are important partners that have increased funding and investment into emerging markets.
- Alignment with policy and engagement that stimulate and enable market development e.g. air services, visa, trade agreements, sister city
- National Growth Ambition and Framework with Tourism Industry, Tourism NZ, Airlines, Suppliers



Ambition 2020: Growing India to \$200M



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Ambition 2020: Understand Drivers

INDIA 2020

With Indian outbound travel forecast to grow from approximately 14 million departures to 50 million by 2020 the Indian market offers significant opportunity for growth.

With a middle class of 300 million, an economy growing at 8% per annum and High Net Worth Individuals forecast to grow by 100% over the next decade the economic drivers for increased long haul travel are strong. The Australasian market is forecast to grow to 370,000 plus, with New Zealand increasing its share to almost 70,000 (19%) over the period as holiday travel increases at an accelerated rate.



300 million

is the size of India's middle class

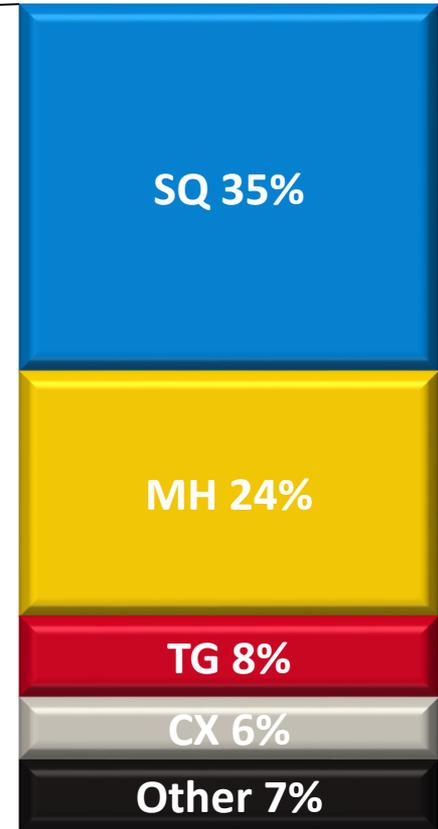
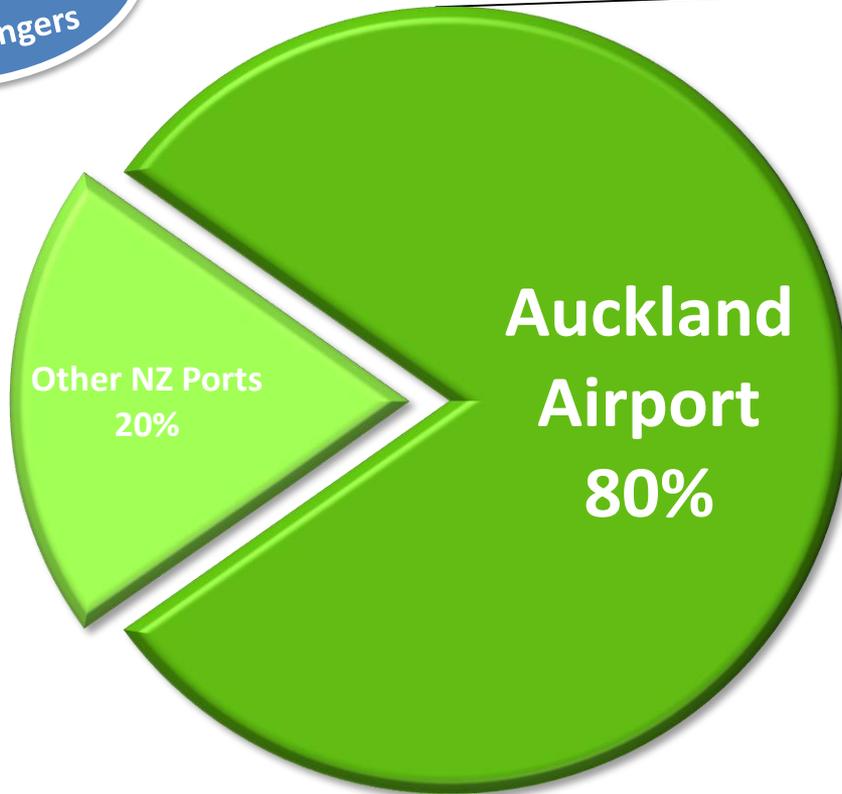
8% per annum

is India's year-on-year economic growth

	2012 VISITOR ARRIVALS	2012 SHARE OF MARKET	2020 ARRIVALS (ORGANIC)	2020 ARRIVALS (ACCELERATED)	2020 ARRIVALS (TARGET)	2020 MARKET SHARE (TARGET)	2020 CAGR* (TARGET)
 INDIA	29,856	1.17%	52,517	58,278	68,769	1.70%	10.99%

Understand Market Share and Players

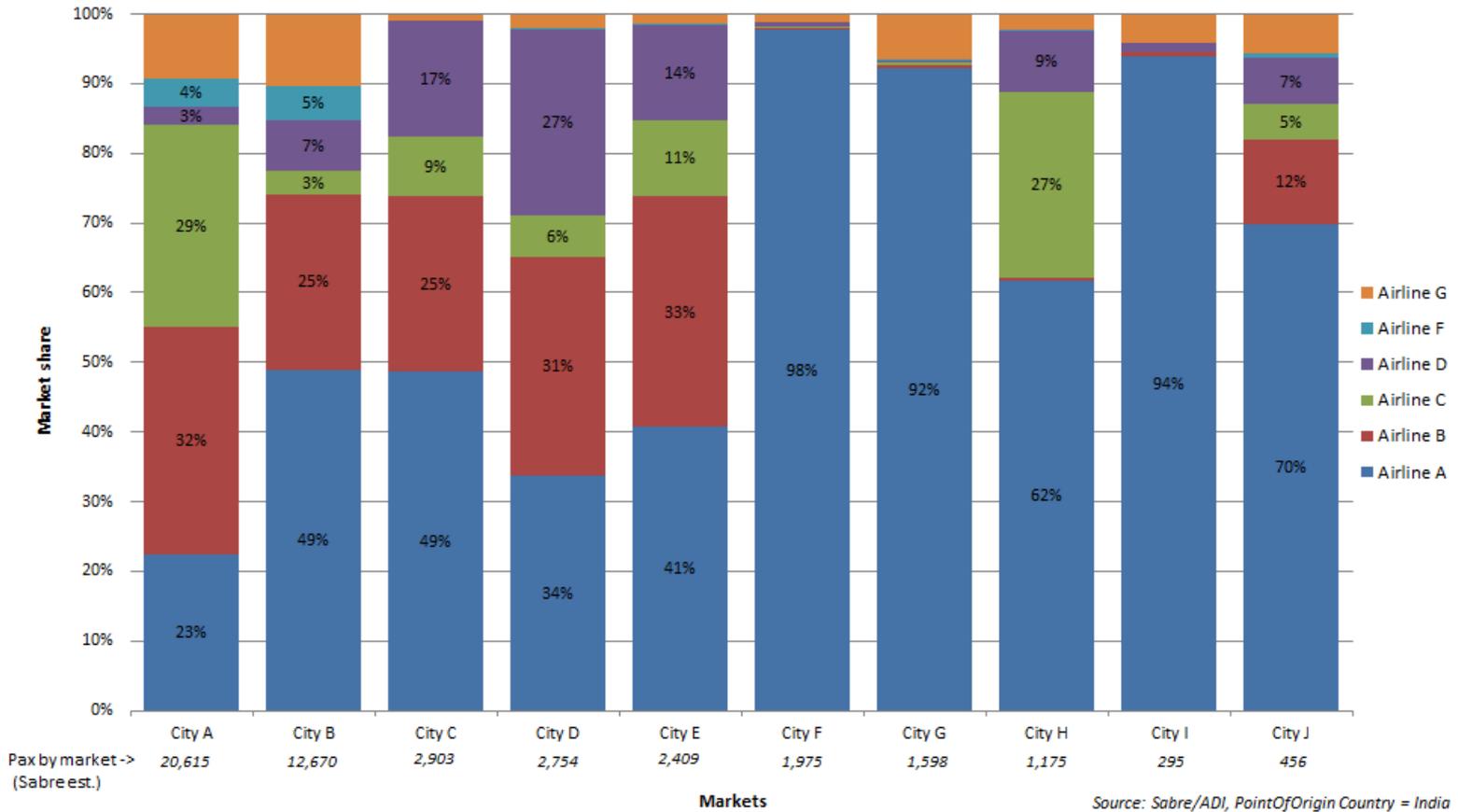
India-NZ
153,500
passengers



Understand Market Dynamics

Inbound India market (arrivals to NZ) 12 mths to Jun 2013

Annual arrivals = 46,850 & Point of Origin Country: India



Understand Airline Dynamics

Malaysian Airlines for example

Passengers travelling between Auckland and India for the 12 months ending 31 May 2013

	Passengers	Share	Rank
Arrivals:	19,374	28.90%	#2
Departures:	17,222	30.62%	#2
Total:	36,596	29.69%	#2

One-Stop One-Airline Travel between Auckland and India

- ARR – 35.83% market share, Ranked #2 Airline
- DEP – 37.55% market share, Ranked #2 Airline

One-Stop One-Airline Rank to/from Individual Indian Cities:

Route	Sum of Passengers	Market Size	Share	Rank
DEL	19,995	47,541	42.1%	1
BOM	7,868	28,461	27.6%	2
HYD	3,147	4,130	76.2%	1
MAA	2,443	6,202	39.4%	1
BLR	2,232	5,225	42.7%	2
Total India-AKL (Two Ways)	35,685	97,486	36.6%	2

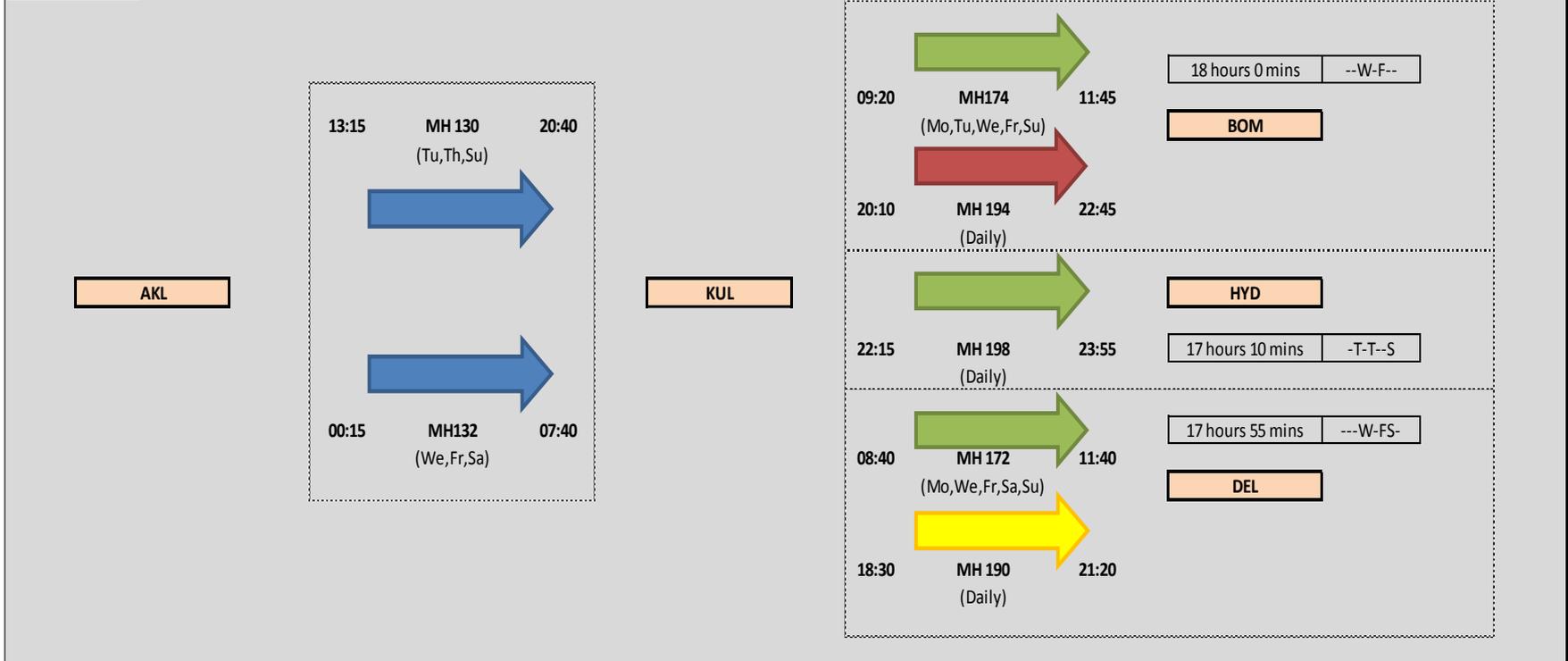
Connections

- MH has 6 services a week between AKL and KUL
- MH then has:
 - 12 services a week between KUL and Mumbai; and
 - 7 services a week between KUL and Hyderabad; and
 - 12 services a week between KUL and Delhi
- The Mumbai flights connect well to AKL but only well on two days from Auckland
- The Delhi flights connect poorly from Auckland but well to Auckland.
- The Hyderabad flights connect well 3 days a week but poorly on the other days.



Understand Connection Dynamics

AKL -> KUL -> India

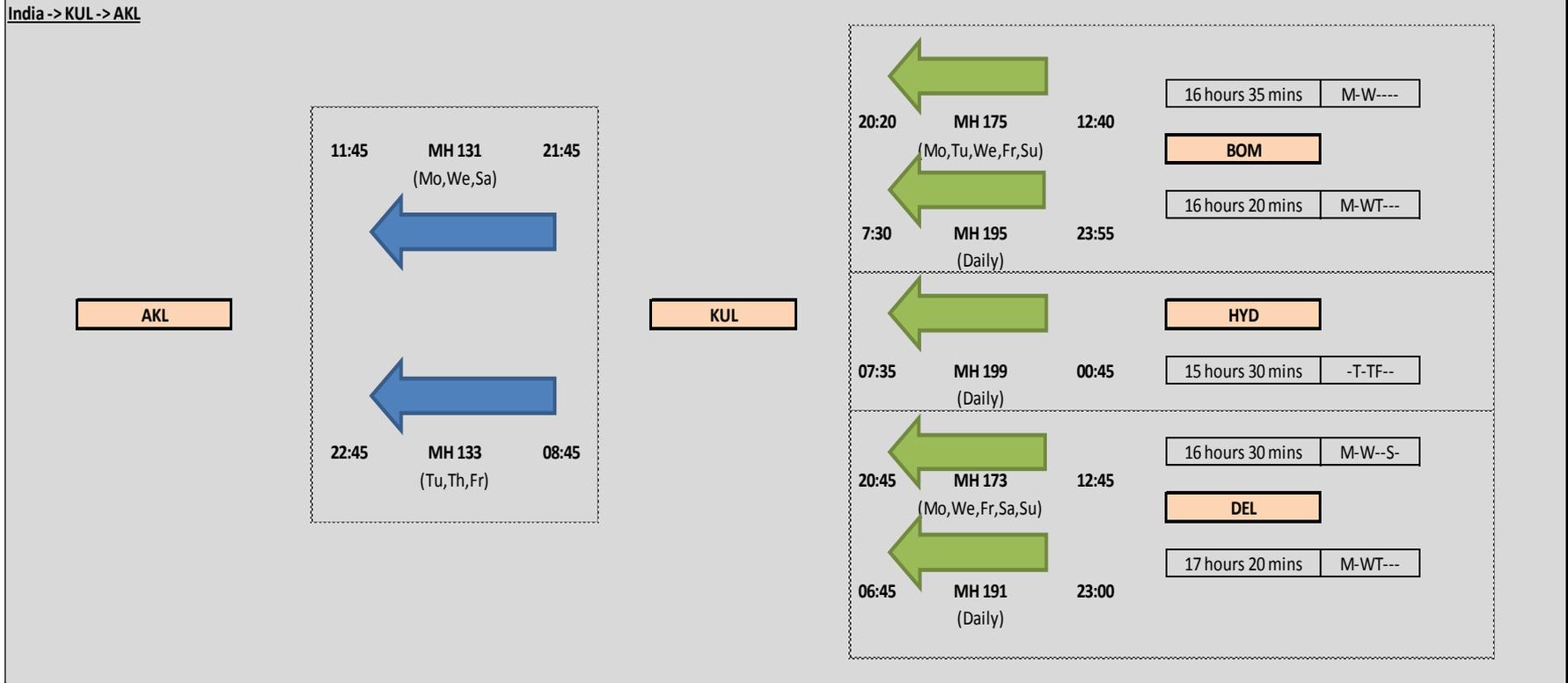


Connection Time

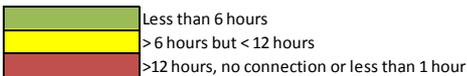
- Less than 6 hours
- > 6 hours but < 12 hours
- >12 hours, no connection or less than 1 hour

hours mins Total Flight Time
 MTWTFSS Connecting services days

Understand Connection Dynamics



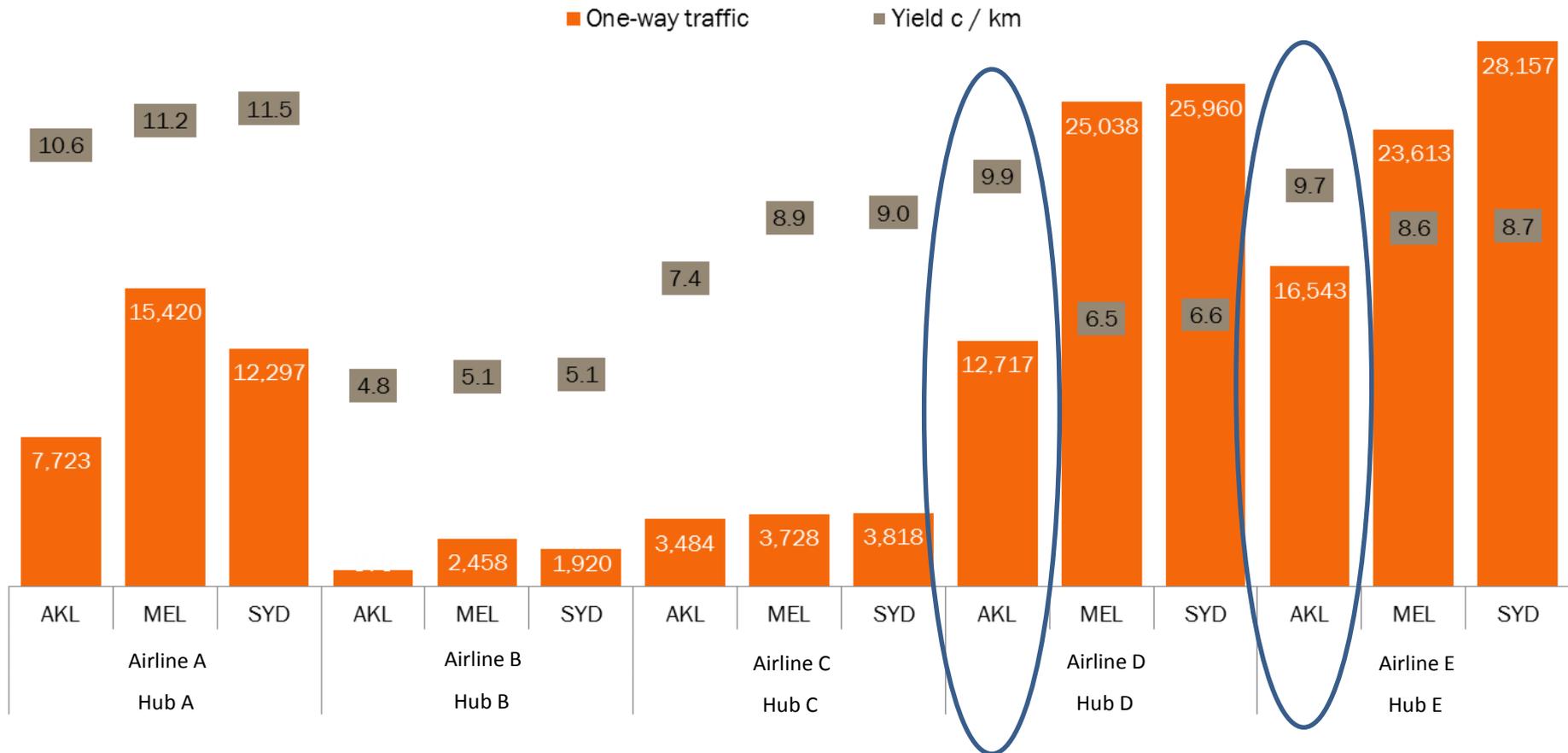
Connection Time



hours mins	Total Flight Time
MTWTFSS	Connecting services days

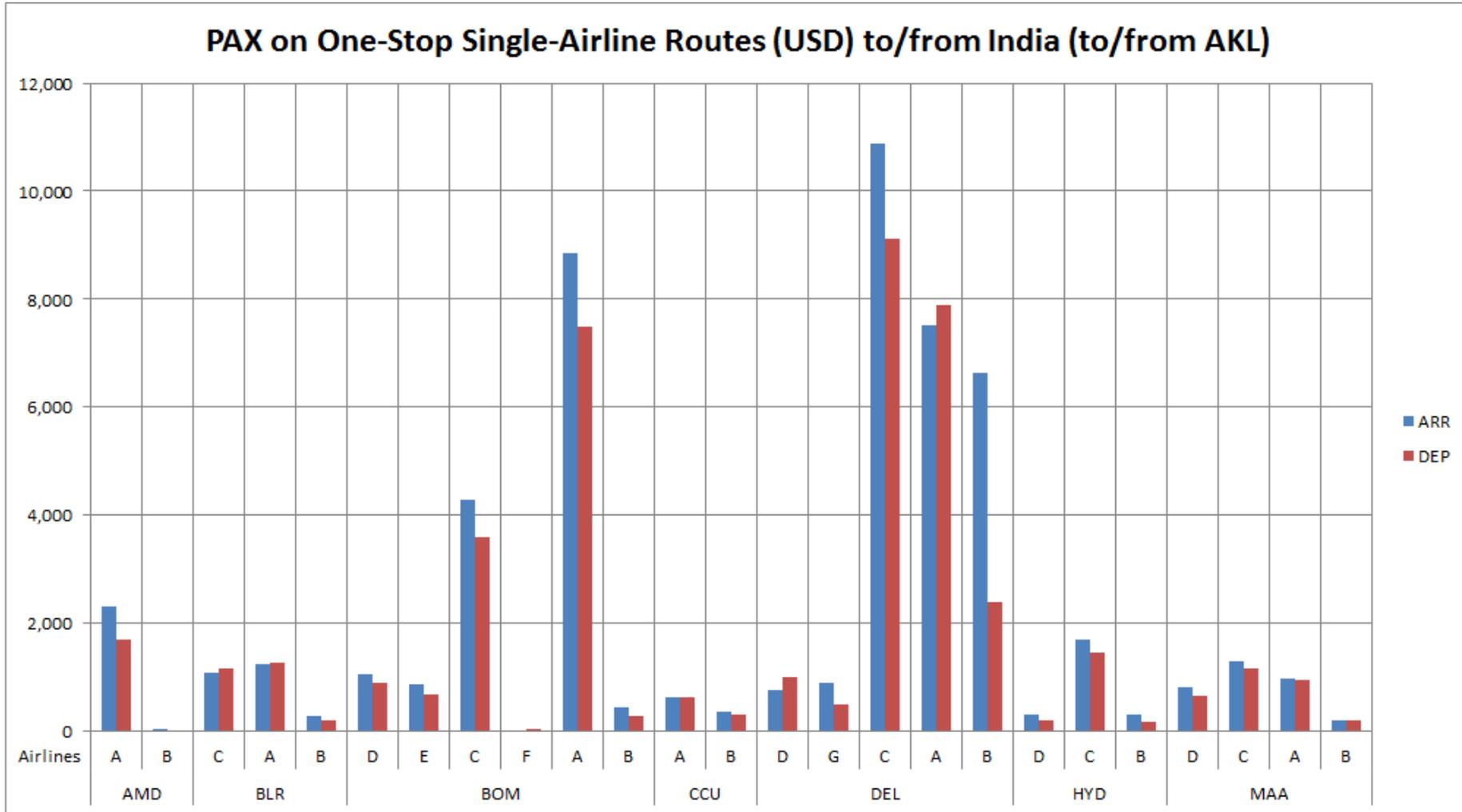
Understand Value of Market to Route

Segment Yield on Point of Origin India



Disguised example – For illustrative purposes only

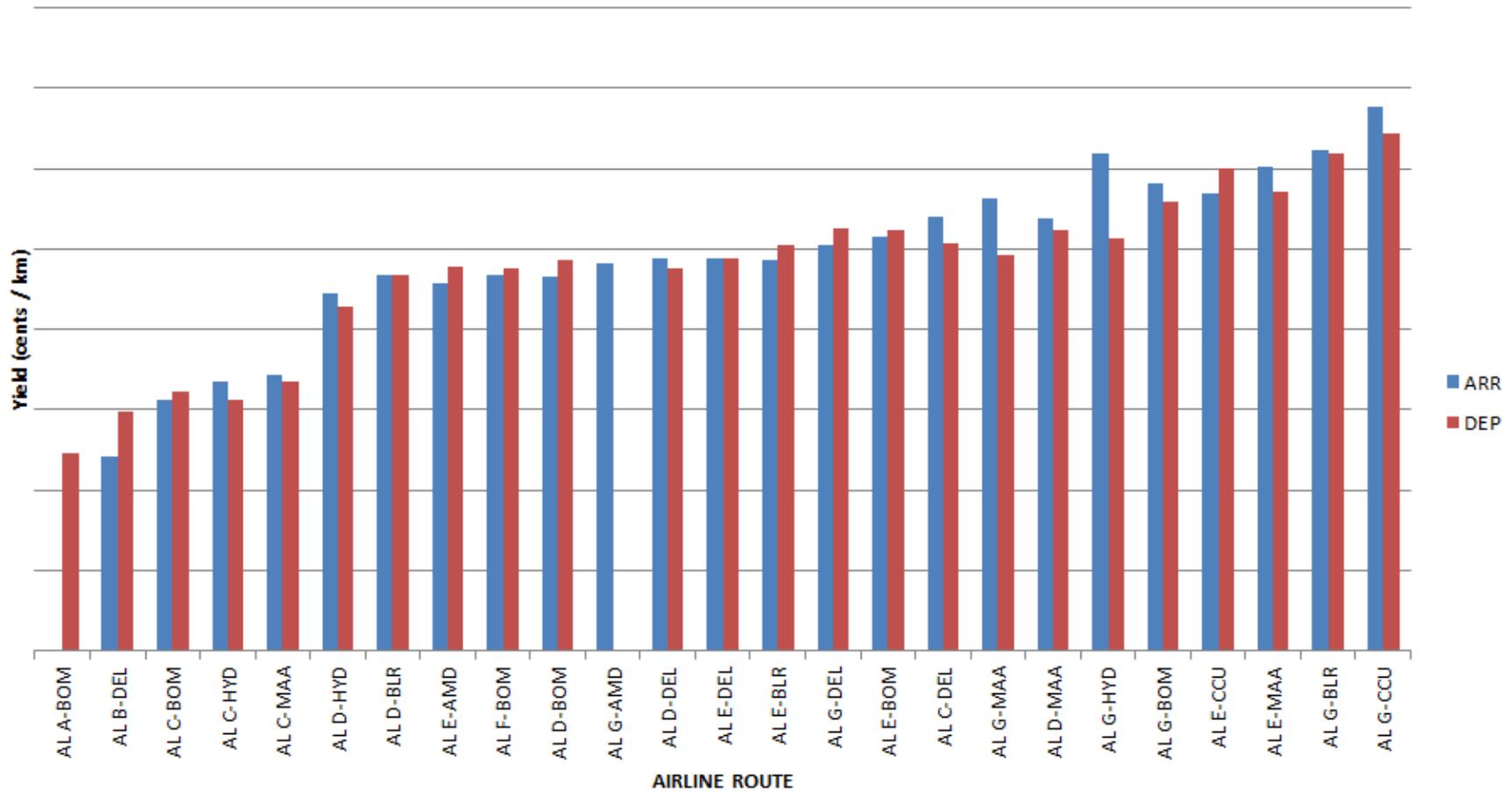
Know Where to Target Future Customer



Know Worth of Target Future Customer



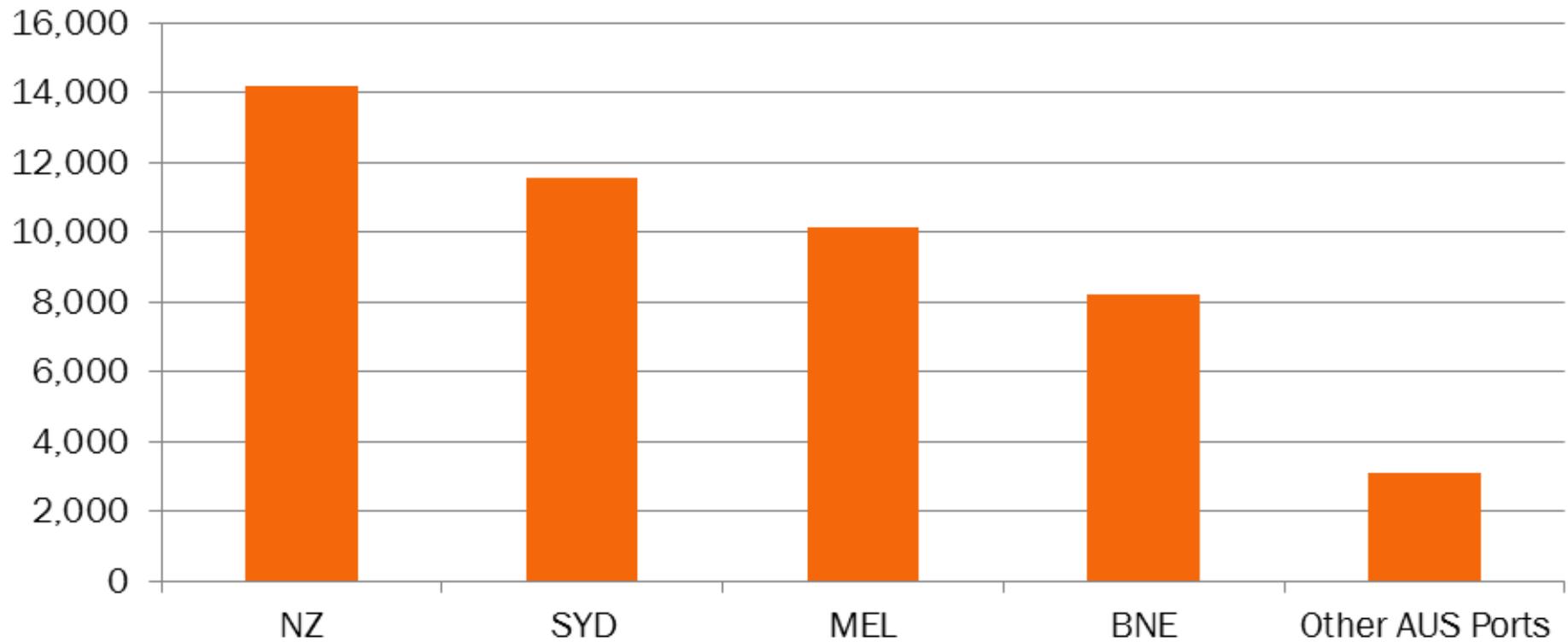
ARR & DEP Yields on Services between AKL & India - Year Ended 31 May 2013



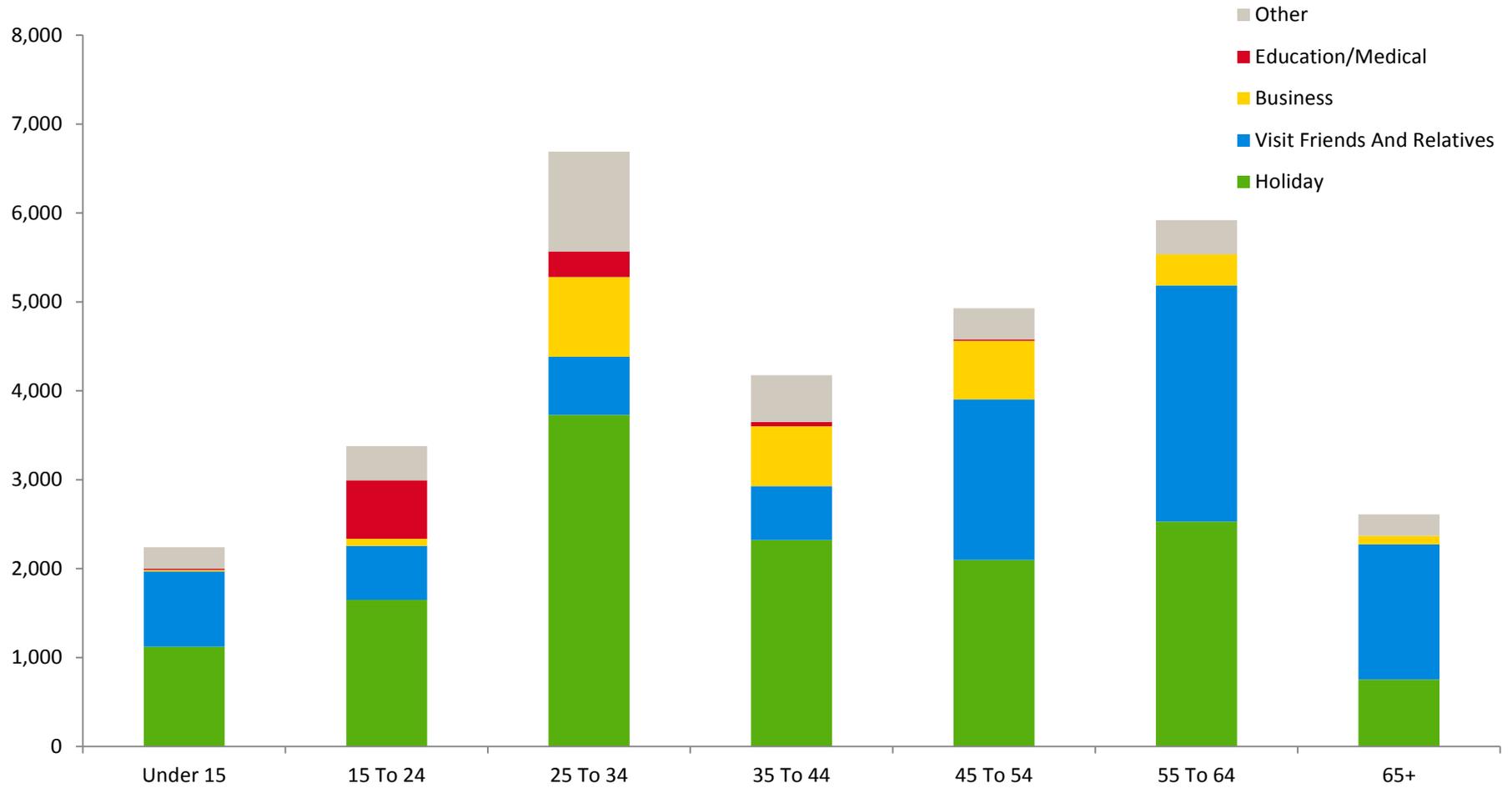
Know Which Target Future Customer



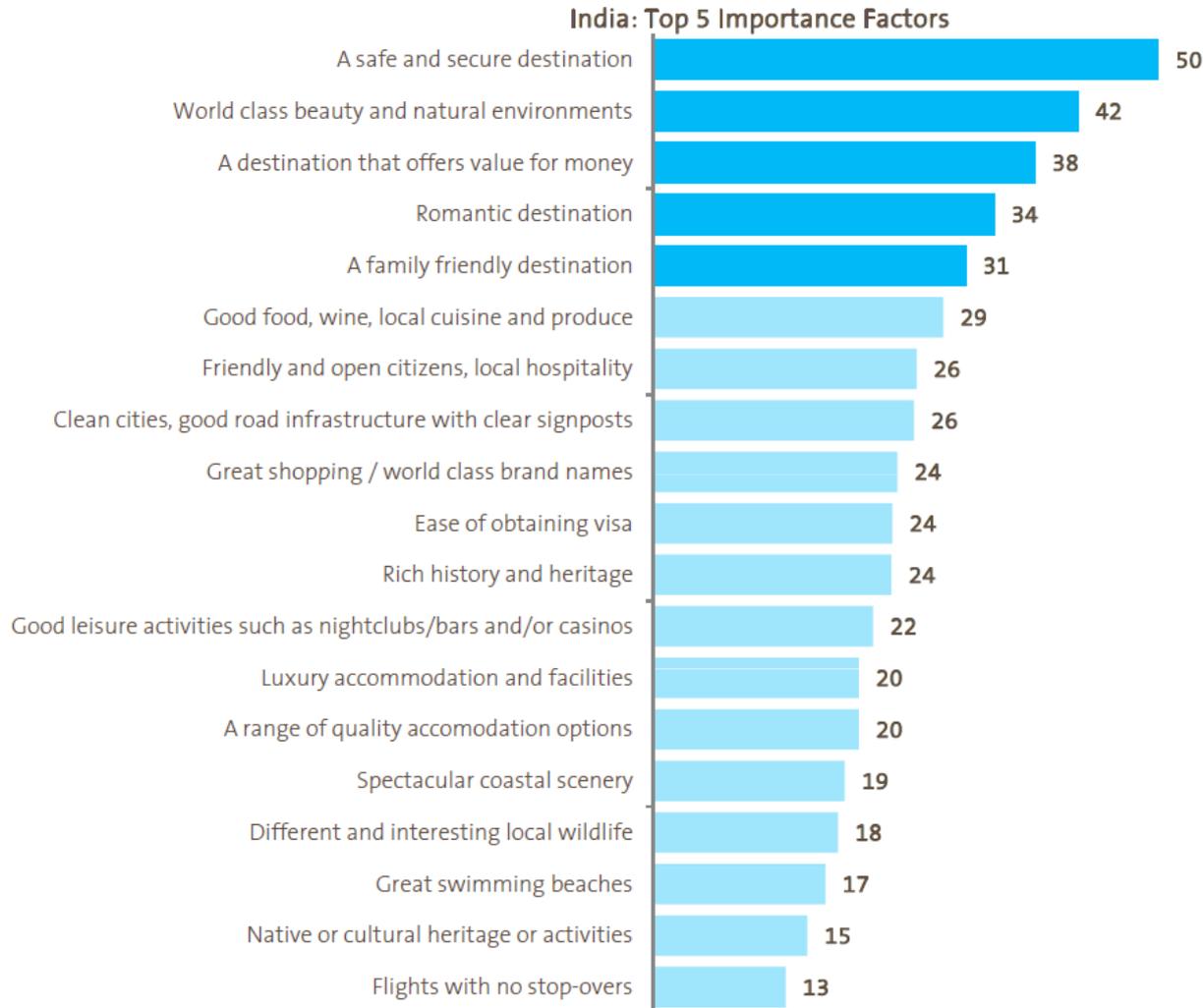
Holiday Arrivals Only



Know Which Target Future Customer



Know Wants of Target Future Customer



Read as: 50 per cent of Indian respondents ranked 'a safe and secure destination' in their top five considerations when choosing a destination

Market/Value Development – Agent Influencers



Wholesale Channel Target

Awareness - Mono NZ

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100% PURE NEW ZEALAND

THAI AIRWAYS INTERNATIONAL

Auckland Airport

KBank

citibank

2012 奥克兰机场杯 高尔夫联谊赛

Korah Cliff Golf Course | Terepui Golf Club | Gulf Harbour Country Club

2012年10月10日

MEYCO

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Building Marketing Assets with Partners

Marketing Conversion Assets

New Zealand

TripGuide
TV/Digital/Print

Build value, partners & seasonality - trusted advice with supporting channel offers



Offer Awareness 20-40% - Advertising Recall 7% with 34-48% Positive Impact

destination China
TV/Film/Digital/Print

Build awareness, partners & NZ demand - Preferred source of info & offers for China

Website 20,000 page views and drove #1 Sales Promotion period for Airlines

45% Share of Sales
50% Growth Business Class
Partner Funding \$750K

China

LUXURY NEW ZEALAND
新岛华旅

Digital/PR
Build awareness, partners & demand
Premium Mkt- #1 Luxury Source NZ



Social Media Fanbase 50,000 (TNZ 140,000) - 50% Growth in Premium Class Sales

LUXURY NEW ZEALAND
新西兰旅程
NEW ZEALAND JOURNEYS

Digital/PR
Build awareness, partners & demand
FIT Mkt- #1 FIT Source NZ

Website 200,000 page views & 22M Impressions
Database 2000

18% Pax Growth #1
World Netizens 525M #1
Online Shoppers 228M
#1 Airport & Luxury Country

Other Asia

Indonesia

India/Malaysia

LUXURY NEW ZEALAND

Digital/Print/PR
Build awareness, partners & demand
Premium Mkt- #1 Luxury Source NZ Indonesia



#1 Australasian Facebook Fanbase in Indonesia 65K

LUXURY NEW ZEALAND

Digital/PR
Build awareness, partners & demand
Premium? FIT Mkt = #1 Source NZ

Website 100,000 page views and 3,500 Database
10,000 App Users

14% Pax Growth
Indo - Facebook Pop = 47M
India - Facebook Pop = 61M
Malay- Facebook Pop = 18M

Ambition 2020

World First Partnership – New Travel Planner

- Providing Scale & Reach In China
- Accessing 500 Million Users
- Focused on Tier 1 & Tier 2 Cities
- Most Preferred with HNWI markets
- Share Position - Largest “HOT” market
- Largest number of Netizens
- Largest E-commerce market in World
- Leadership in Social Commerce
- Building Value
- Developing Mono NZ Position
- Understanding Consumer Trends
- Building FIT/SIT Market



...vision is represented in this plan and illustrates how the ru
...look 25 years from now.



Our 30-year vision

Philosophy

- Playing our part to enable New Zealand growth
- Demand led
- Customer focused: airlines and passengers
- Commercially focused
- Connected to the city
- Asia-Pacific regional player
- Principles based: efficient, resilient and flexible



Aims

- Planned
- Affordable
- Stageable
- Implementable
- Permits future change
- Considers environmental and community needs

Process

- International expertise: SOM and ARUP
- Themes
 - Improving domestic capacity and passenger experience
 - A hub for Australasia, to & from Asia and the Americas
 - New Zealand's best business location
- Industry engagement has now commenced



Planning for growth

Indicative growth forecast*	Current	2044
Passengers per annum	14.5m	40m
Domestic/International	6.7 / 7.8	16 / 24
Air Traffic Movements pa	155,000	240,000
Aircraft Positions	56 (2-3F)	94 (11F)
Estimated Terminal Area	130,000m ²	322,000m ²
Daily Vehicle Trips	63,000	140,000
Public Car Parking Spaces	6,100	15,900
Staff Car Parking Spaces	2,500	6,300

* The above numbers have been formulated by Auckland Airport for planning purposes and are based on a range of forecasts and assumptions for this purpose only. While this information is given in good faith, its accuracy and correctness is not guaranteed and it should not be relied upon in connection with any contract or commitment whatsoever.



Airfield

- Challenges
 - Growth increases congestion, aircraft delay and airline costs
 - Bigger and next generation aircraft require more space
- Opportunities
 - Creating a hub airport for Australasia, to and from Asia and the Americas
 - Space for dual code F taxiways and taxilanes for efficient future aircraft movements
 - Land holding size enables a cost effective future runway
 - Our expectation remains that a second runway is required in 2025 (\pm 3 years)





Terminal precinct

- Challenges
 - Growth can make terminal precincts and forecourts unpleasant and disorientating
 - Providing right passenger experience
- Opportunities
 - Relatively unobstructed state of international terminal provides rare opportunity to create a uniquely New Zealand environment
 - Flexibility to respond to aviation demands
 - A southern domestic terminal integrated with the international terminal for more convenience and higher productivity
 - Highly efficient, flexible and stageable



Surface transport

- Challenges
 - Growth means more pressure on land transport system
 - Journey time reliability
 - Mixing of aviation infrastructure and geography
- Opportunities
 - Provide people with a range of travel options that meet their needs (a multi-modal system)
 - Allowance for rapid transit connected to the wider Auckland transport network
 - Ring road to separate commercial and passenger traffic



Affordability

- Our 30-year vision is not a confirmed capital expenditure plan
- Delivery of investment will be trigger led, subject to optimisation through detailed planning and design and supported by a business case
- Aeronautical investment expected to be staged to provide a reasonable price path and a fair return

Our high-level estimate:

- A \$2.4 billion investment in New Zealand's core infrastructure over 30 years (in today's dollars).

This is based on forecast passenger growth and would result in a similar asset intensity in 2044 to today (in today's dollars)



Where to from here

- Key stakeholder engagement and briefings
- Publish vision in the new year
- Design of terminal capacity with industry consultation
- Deliver terminal capacity



Preliminary conclusions

- Auckland Airport has
 - The land holding to provide Auckland's and New Zealand's aviation needs for the foreseeable future
 - The land to enable capacity growth solutions in an efficient, resilient and flexible way
- A resilient airport system that responds to demand
 - Integrated terminal with domestic in the south
 - Runway disconnected from terminal space requirements
 - Creates the ability for faster connections, swing gates and utilisation of existing baggage make-up facilities
 - Long-term path is stageable and affordable

Faster Higher Stronger _____ 2013

Be Fast, Efficient and Effective - Aeronautical Operations

Investor Day 2013

Auckland International Airport Limited



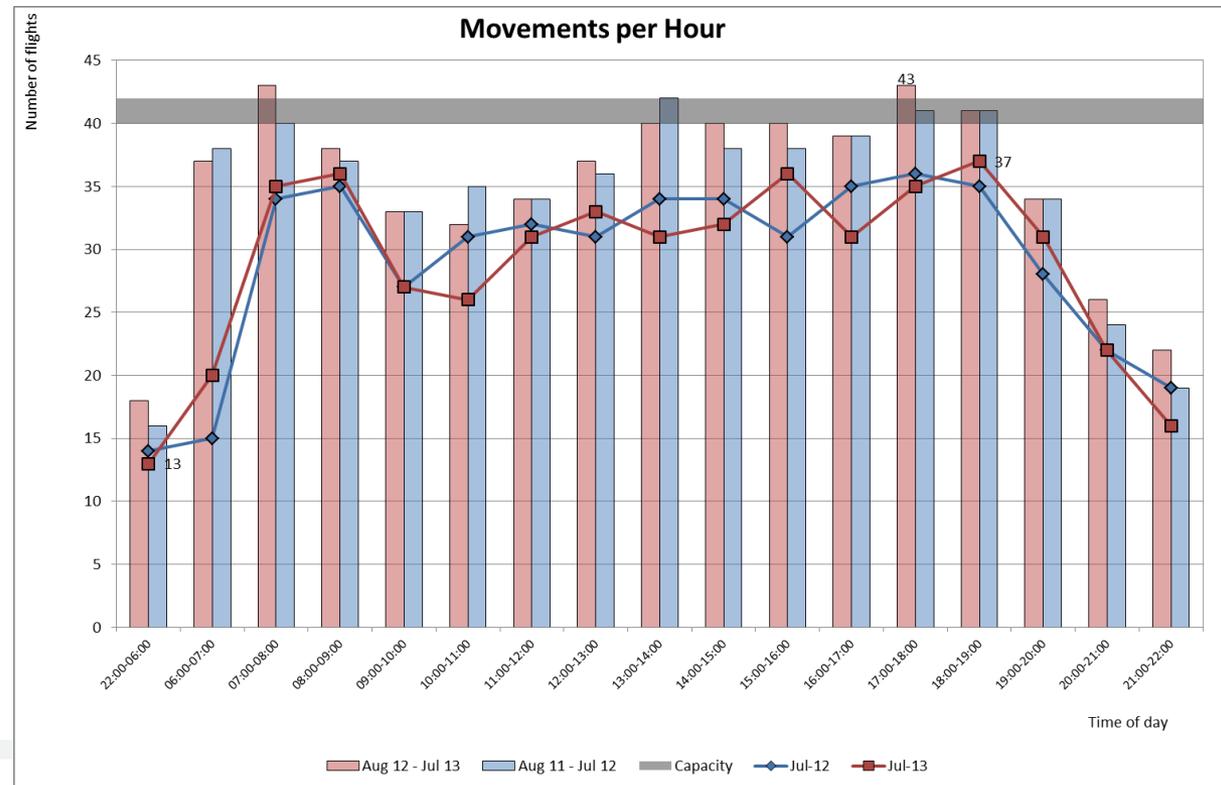
Fast, Efficient and Effective Operations

- Carefully managed operations at Auckland is core to our business – it earns us the right to do everything else that we do.
- Being fast, efficient and effective is all about improving our performance by increasing the productivity of our assets, processes and operations.
- This requires us to know our business inside out and track performance much closer to real time so we can identify and weed out inefficiency or under performance.
- This requires successful collaboration with all operational partners and excellence in data management.

- Driving efficiency and productivity in operations has benefits for multiple stakeholders:
 - Passengers with higher satisfaction levels
 - Airlines through our lower capital investment requirements
 - Lower cost of operations for stakeholders and operators at the airport
 - Improved ability to grow revenues from a higher quality passenger dwell
- Excellence in operations requires the team to respond quickly to short-term unplanned events, manage the daily volume peaks and requirements as well as undertake planning for long term efficiency gains
- Some examples of the multiple facets of our drive for efficiency follow:

Runway Efficiency

- Together with other stakeholders we are targeting a 10-20% improvement in runway capacity to a minimum of 46-47 runway movements in the busy hour
- Two key projects are in place to deliver on the target:
 - ACE (Airfield Capacity Enhancement); and
 - A-CDM (Airport Collaborative Decision Making)



Airspace Efficiency

- Auckland Airport is a centre of economic activity, generating jobs and driving tourism, trade and travel. Aircraft noise is an inevitable consequence of operating a busy international airport.
- SMART Approaches are part of innovative developments within the aviation industry and both Airways and the Airlines involved saw the trial as an important trial of this emerging technology.
- Recently, awareness of aircraft over flight noise was heightened for the Epsom/Onehunga/Royal Oak community due to a 12 month trial on new 'SMART Approaches'.
- The trial concluded this week and a full analysis is to be undertaken of the potential benefits of these tracks, in terms of community impact, noise, track miles, reduced emissions and fuel savings.
- The draft review of the trial will be released by the end of March 2014 and community and industry feedback on the draft recommendation will be sought.

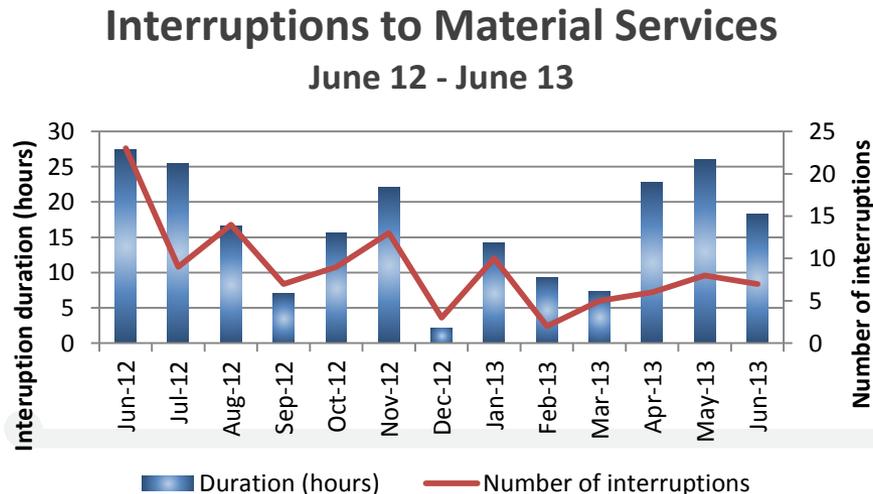
Apron Efficiency

- Taxiway Lima was completed in July 2013. We are now optimising operations to alleviate apron congestion at Pier A.
- We are now also working on improving apron congestion through optimisation of ground service equipment efficiency and space utilisation.



Data Management

- We have committed to an investment in a new airport operating system platform and passenger tracking tools to greatly improve our ability to collaborate with all companies and agencies at the airport to manage in real time.
- The new operating platform is in the development stage with full introduction expected mid 2014.
- This new platform will allow greater tracking of the passenger journey and provide us with the ability to adjust in real time to the inevitable operational variation of forecast to actual events.



A regulatory measure where a key service (e.g. Air Bridge) is not available for airline use at a scheduled time

Collaborative Operations

- In the past year we have established a new collaborative operations group at Auckland Airport with border agencies, airlines and other service providers working closely together to drive operational improvements on a daily basis, a shift from solely a project focus to business as usual.
- The collaborative operations group works with forecasts and historical data, combined with real time data to ensure that operational planning meets the requirements on the day, i.e. contingency for off-schedule events.
- The collaborative operations group also identifies key projects to drive continual improvements, following a well established lean methodology approach.
- The collaborative operations group reports to a steering group of CEO's from the airport, airlines, agencies and service providers to report on progress, gain commitment for improvements and set combined targets.

Collaborative Operations – Building on Past Success

Successes

- New pax tracking tool
- Set passenger processing KPIs
- Direct exit AU/NZ passports
- Smartegate technology

Challenges and gaps

- Data sharing
- Data – insufficient and some quality issues
- Growing buy in from certain stakeholders
- Moving from project focus to real time activity

KPI	Apr 2010	Nov 2011	RWC	June 2012	June 2013
Arrivals: 85% of Passengers processed within 25 min	64%	84%	90%	87%	82%
Departures: 95% of Passengers processed within 12 min	89%	97%	99%	97%	97%

Operating Safely

- For regular passengers and tourist visitors to New Zealand, we manage safety and risks and protect our customers through the establishment of sound policy, systems and routines.
- We are focussed on safety and incident preparation management to prevent and mitigate unplanned events for the safety of our customers, stakeholders and employees to protect the wider NZ Inc. brand in the tourism, trade and travel industry.

Faster Higher Stronger _____ 2013

Be Fast, Efficient and Effective – Managing Costs

Investor Day 2013

Auckland International Airport Limited



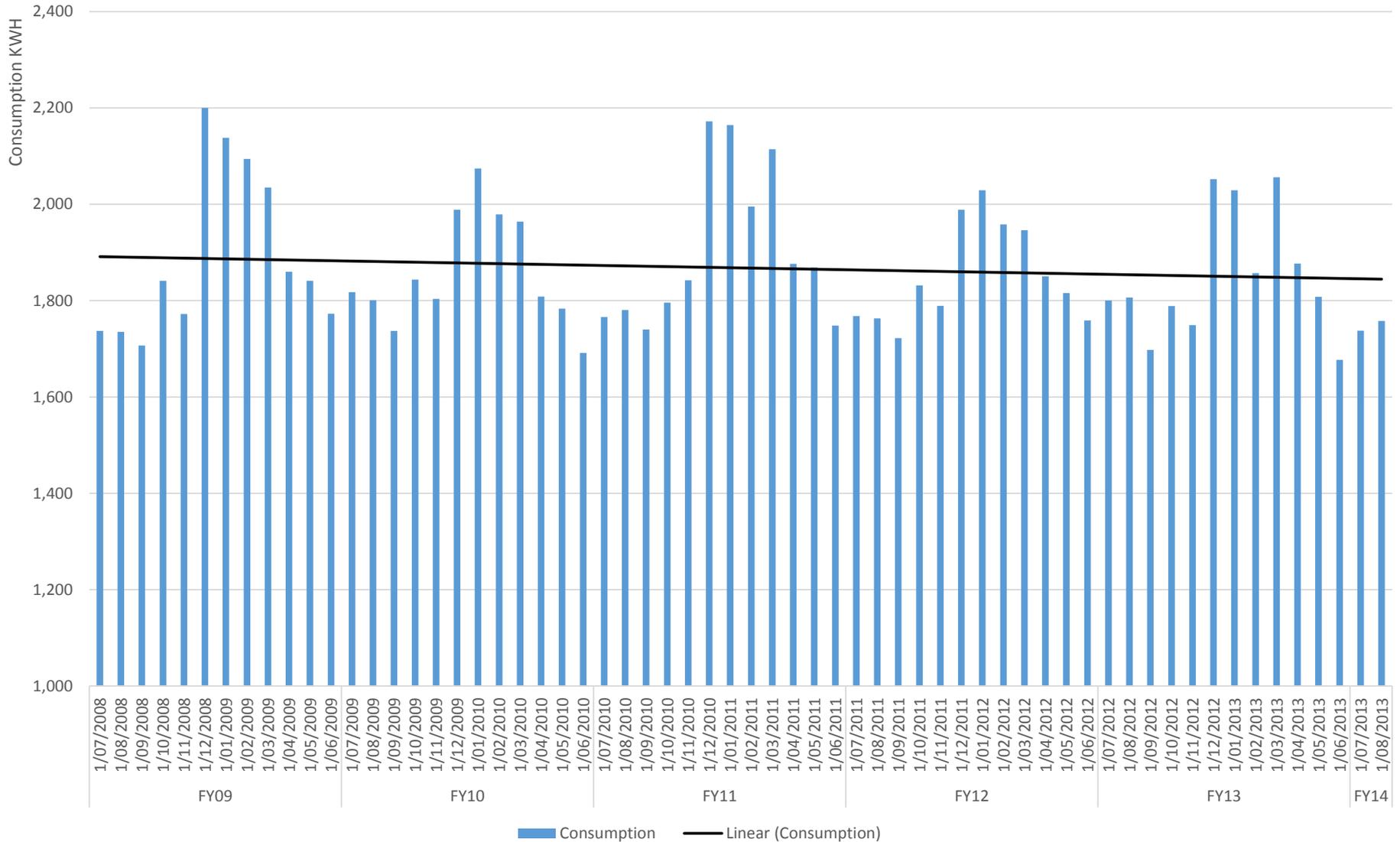
Be Fast, Efficient and Effective

- Efficiency and effectiveness goes to the heart of the productivity of our assets
- That productivity includes the use of our investors' money. We respect your investment in Auckland Airport and aim to utilise that cash effectively
 - Ensuring that our operating expenses do not grow faster than our cost drivers
 - Efficient capital expenditure, rightly timed, seeking synergies across capital investments and maximising procurement savings to optimise the capital investment.

Operating Efficiency - Electricity Example



Electricity Consumption



Faster Higher Stronger _____ 2013

Investing for Future Growth - Property

Investor Day 2013

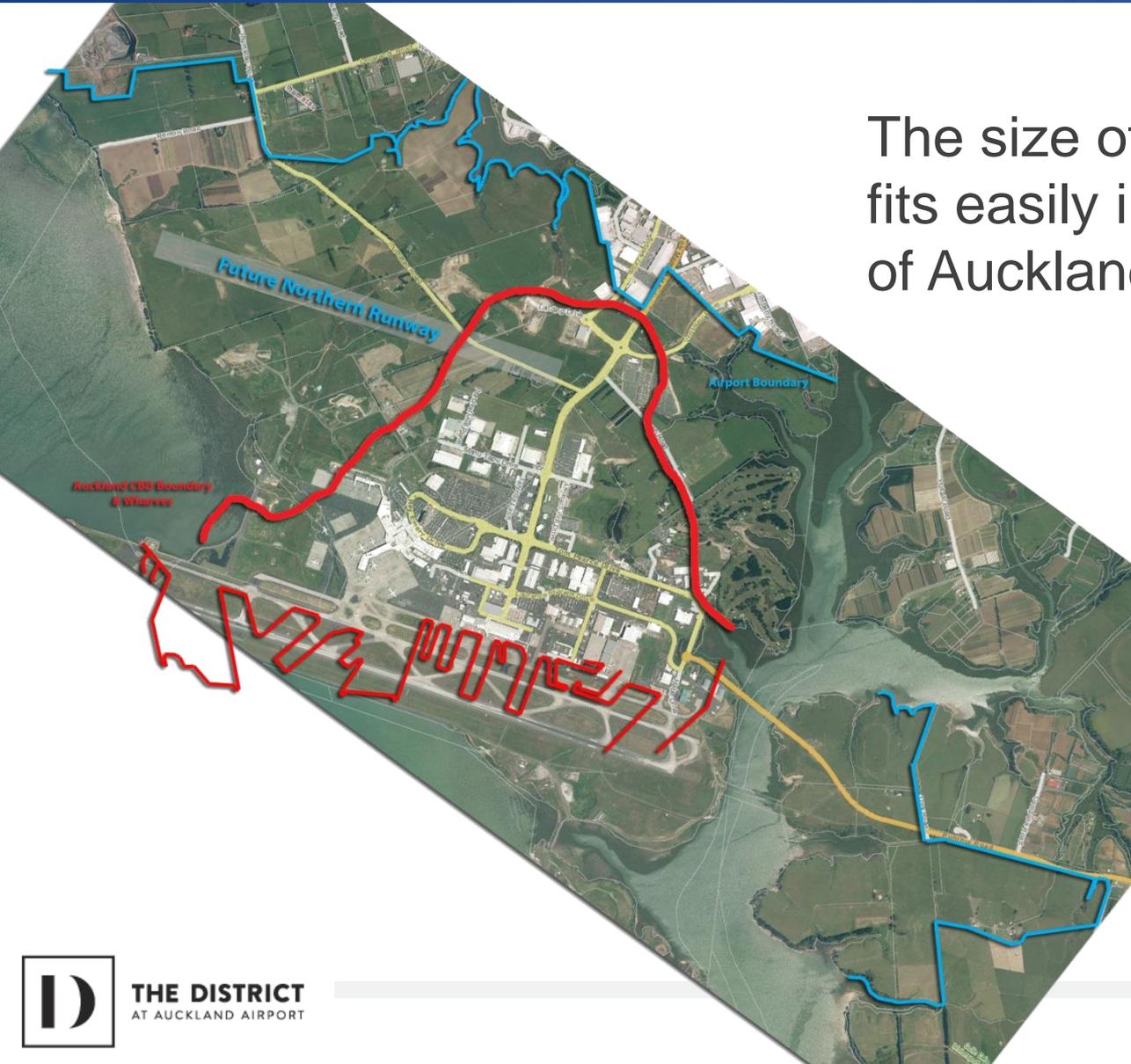
Auckland International Airport Limited



The District - Land Holdings



The District - Land Holdings



The size of Auckland's CBD fits easily into the land holding of Auckland Airport

The District - Precinct Plan

Auckland Airport Business District and the Airport environs



Land Bank

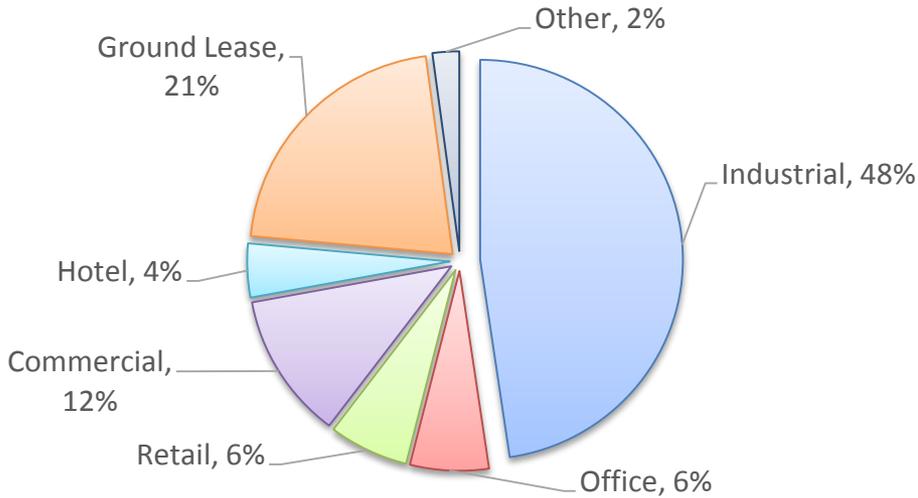
- 314 hectares of land identified for airport commercial development.
- Land inventory is actively managed to ensure sufficient supply is available to meet market demand
- Aim to have approximately 10 – 20 hectares of land ready for commercial development.



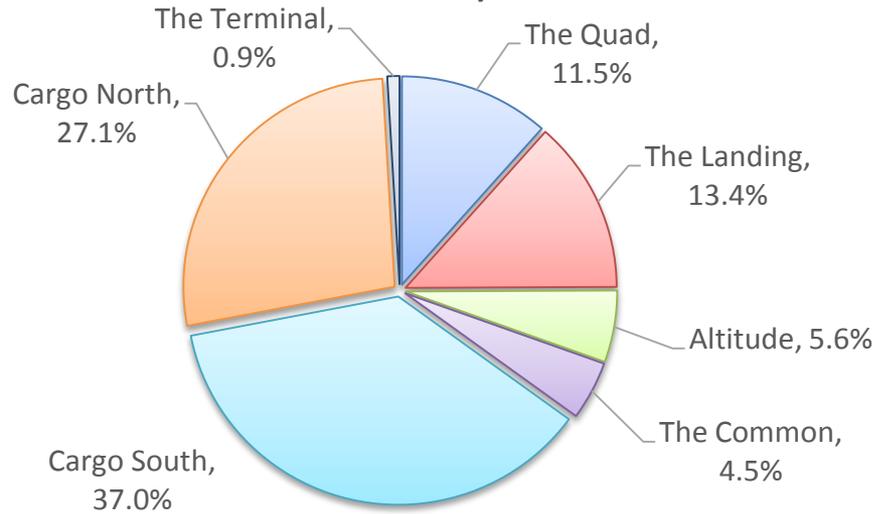
AIAL Portfolio Snapshot



FY13 Revenue by Category



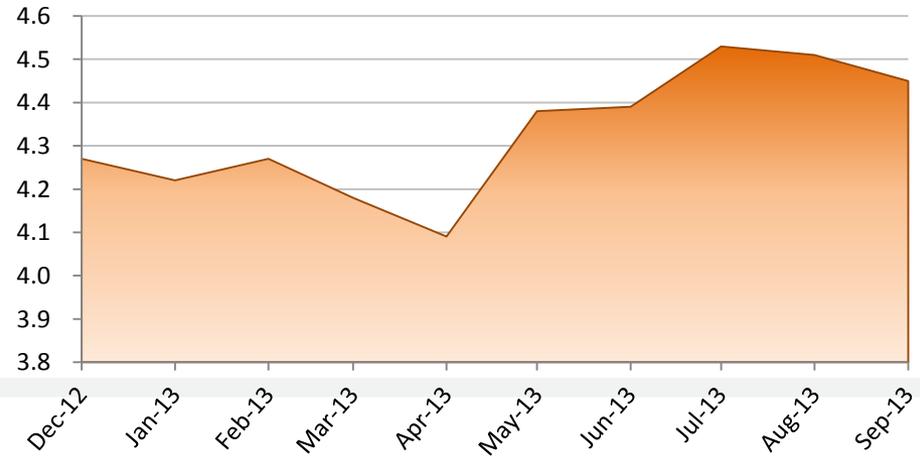
FY13 Revenue by Precinct



Occupancy



WALT



Portfolio Health Check - Occupancy



Company	Occupancy
1. DNZ	99.6%
2. Vital Healthcare	99.5%
3. PFI	97.3%
4. Kiwi Income Property	97.2%
5. Auckland Airport	96.42%
6. Argosy	96.2%
7. Goodman	96.0%
8. National Property	95.6%
9. Precinct Properties	95.0%
10. Augusta Capital	91.0%



What's vacant? 2178m² of office, 492m² of retail, 2784m² of office/warehouse and 1670m² of hangar space

Source: Craigs Investment Partners – Listed Property Fortnightly 25 September 2013 and Auckland International Airport Limited records

Portfolio Health Check - WALT

Company	WALT
1. Vital Healthcare	11.8 years
2. Argosy	6.2 years
3. National Property	5.7 years
4. Precinct Properties	5.7 years
5. DNZ	5.6 years
6. PFI	5.5 years
7. Goodman	5.3 years
8. Augusta Capital	4.6 years
9. Auckland Airport	4.4 years
10. Kiwi Income Property	4.3 years

Source: Craigs Investment Partners – Listed Property Fortnightly 25 September 2013 and Auckland International Airport Limited records



DHL – The Landing



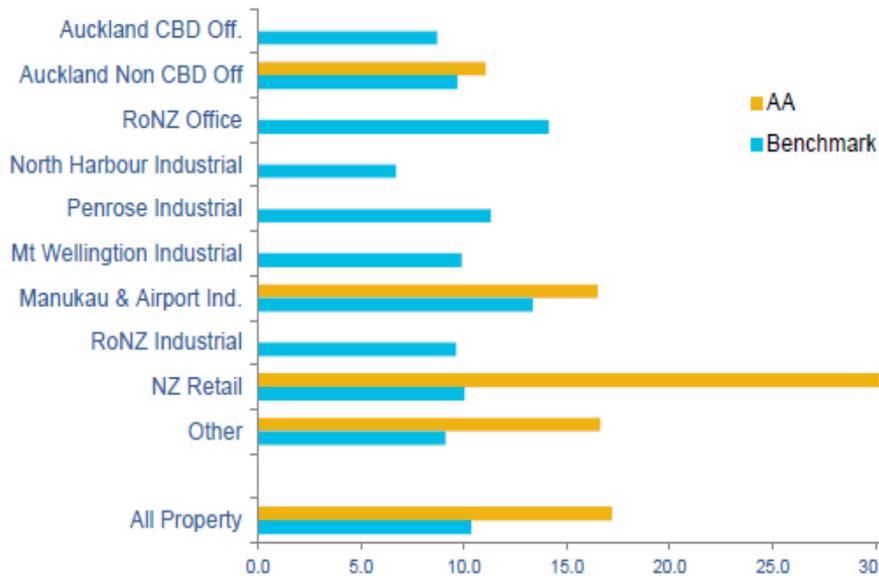
Panalpina

Capability, Proposition & Track Record

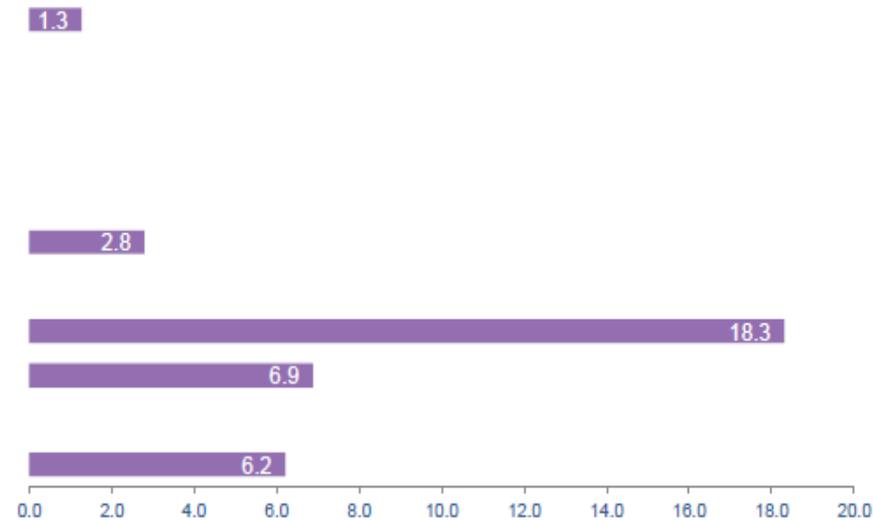


- Developed capability, established proposition and established development and management track record
- Over 150 years of Property Industry experience and knowledge

AA return by segment: annual to Jun 2013



Relative return by segment: annual to Jun 2013



Returns Across Market Segments – © Investment Property Databank Ltd. All rights reserved.

Initiatives – Keeping it Simple

Build More:

- Rent
- Hotels



Property Strategy Phase 1 - 2009-2012

Kick-Start Development

- 2009 Strategy “Flightpath to Growth” – “Kickstart Property Development”
- Complete, committed or under construction, 2009 to 31 January 2013
 - NZD \$225 million
 - 21 projects
 - 2 hotels
 - 39,000m² office/warehouse
 - 7,000m² office
 - 1,600m² retail
- 20 hectares land development, 4.4 hectares land acquired
- Plan Change 13/14 – Whole site within MUL/RUB, 100Ha+ rezoned Business
- Rent Roll growth from \$30.2m in 2008 to \$44.0m as at 30 June 2013
- Developed capability, established proposition and built development and management track record

Market Demand Re-Emerging

Auckland Average Annual Absorption m²/annum (source CBRE Market Outlook June 2013)

Period	Non CBD Office	Auckland Industrial
5 Years to 2007	39,102	316,776
5 Years to 2012	2,941	113,236
5 Years to 2017	25,141	195,879



Auckland Plan Projections

Great Potential for The District

- Auckland Plan targets 5% annualised growth
- Auckland Plan forecasts Auckland will require:
 - 1,400 hectares of additional business land and 12.5million m² of new floor space by 2041
 - 2,968,000 m² office space/129,000 employees
 - 6,067,000 m² industrial space
- 64% of office demand expected in the Central Area and 16-17% in the Northern & Southern economic corridors (490,000 m² of office space in the Southern corridor by 2041)
- “The airport, as a key transportation and distribution hub, will continue to be a major driver of business location, as will population growth, which is likely to be strongest in the southern parts of Auckland over the next 30 years”

-Auckland Plan

Phase 2 – 2012+ Transformation

Objective

- Change perception of location and strengthen workforce proposition
 - Build non-travel footfall
 - Create development momentum
- First round of physical interventions complete 2012/2013
 - 2013 + promotion and marketing

Phase 2 – 2012+ Transformation

- Place – based strategy to create New Zealand’s greatest business location
- Moving from a collection of projects and investments to a place and a community
- Interventions:
 - Physical Interventions – landscape entrance features and connections
 - Amenities – sculpture park, playing field, playground and mountain bike trail, retail
 - Landmark buildings
 - Events
 - First stage released October 2013



Build NZ's Best Business Location



Leveraging our PLACE based strategy, as we plan, develop, deliver, build, lease and manage the District, to build committed rent roll to \$60m by 30 June 2017

What is our goal?

To build New Zealand's best business location

How will we do it?

By leveraging our place based strategy, as we plan, develop, deliver, build, lease and manage the district

How will we measure progress?

We have set an aspirational goal to increase committed rent roll to \$60m by 30 June 2017



FASTER



HIGHER



STRONGER



Faster Higher Stronger _____ 2013

Invest for Future Growth – Our Investments

Investor Day 2013

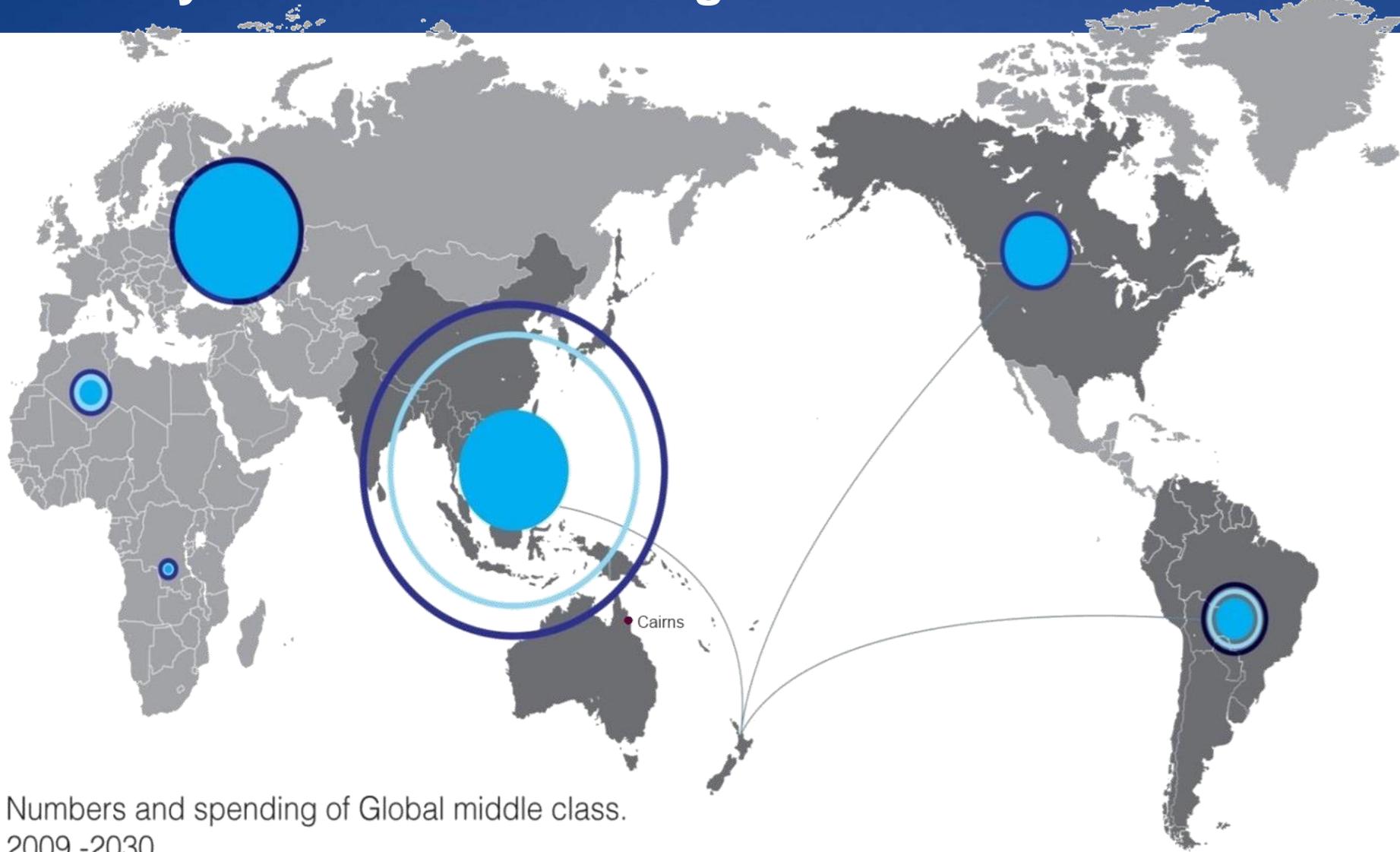
Auckland International Airport Limited



Invest for future growth

- A key strategic objective is to make the most out of the strong assets we own.
- These strong assets include:
 - North Queensland Airports
 - Queenstown Airport
- North Queensland Airports has significant potential centred around its proximity to the fast growing middle class in Asia and the planning self determination enabled by the Cairns land use plan
- Queenstown Airport has significant potential to grow markets, increase utilisation of infrastructure and deliver for the Queenstown tourism industry by obtaining approval for evening flights

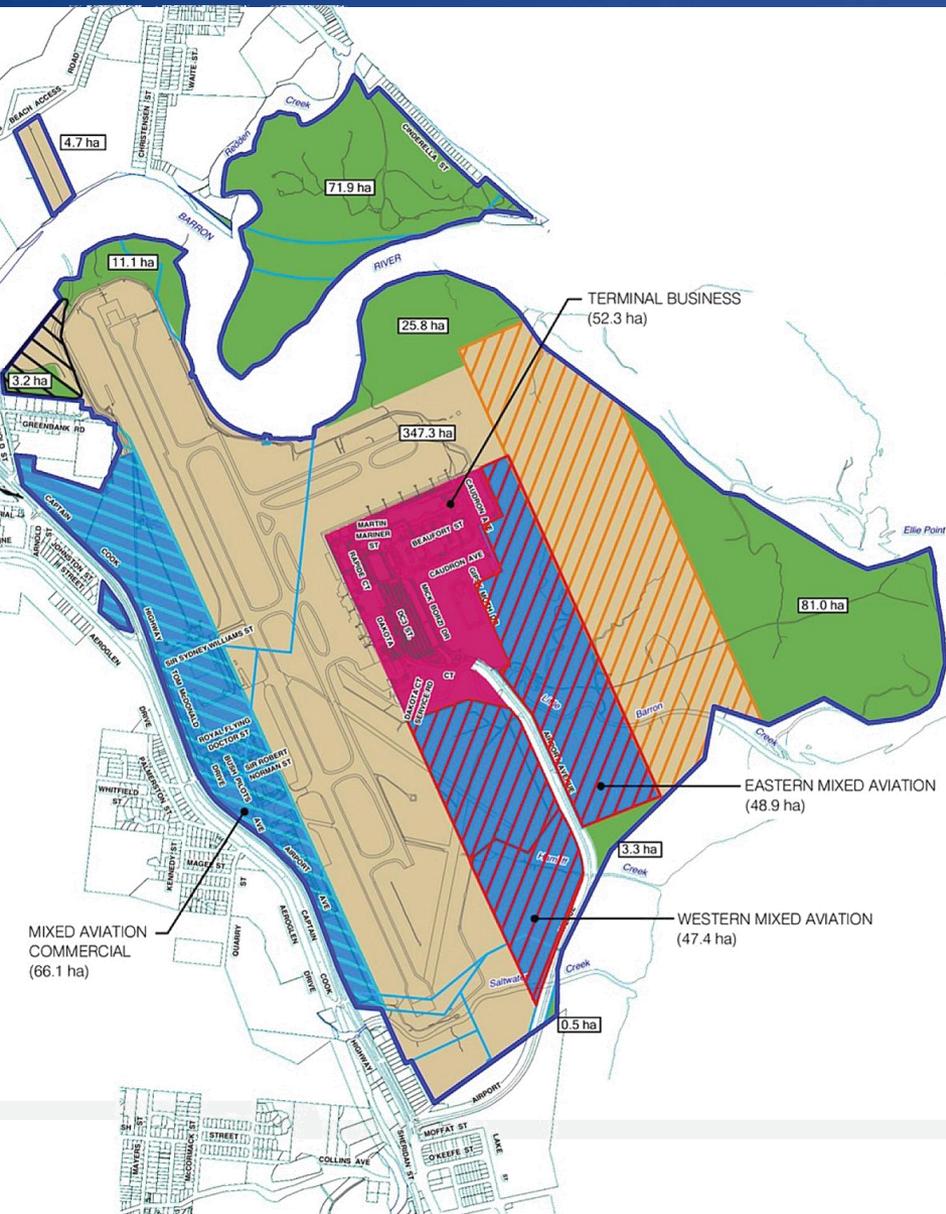
Proximity of Cairns to Growing Asian Wealth



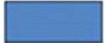
Numbers and spending of Global middle class.
2009 -2030



Land Use Plan at Cairns



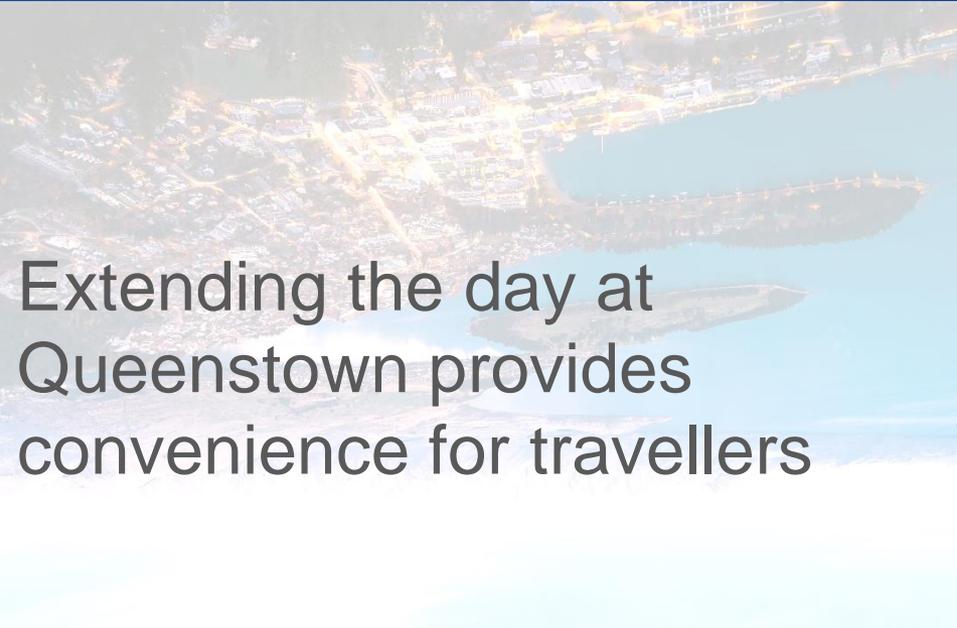
Airport Zones

-  Green space zone
-  Mixed aviation zone
-  Movement zone
-  Terminal business zone

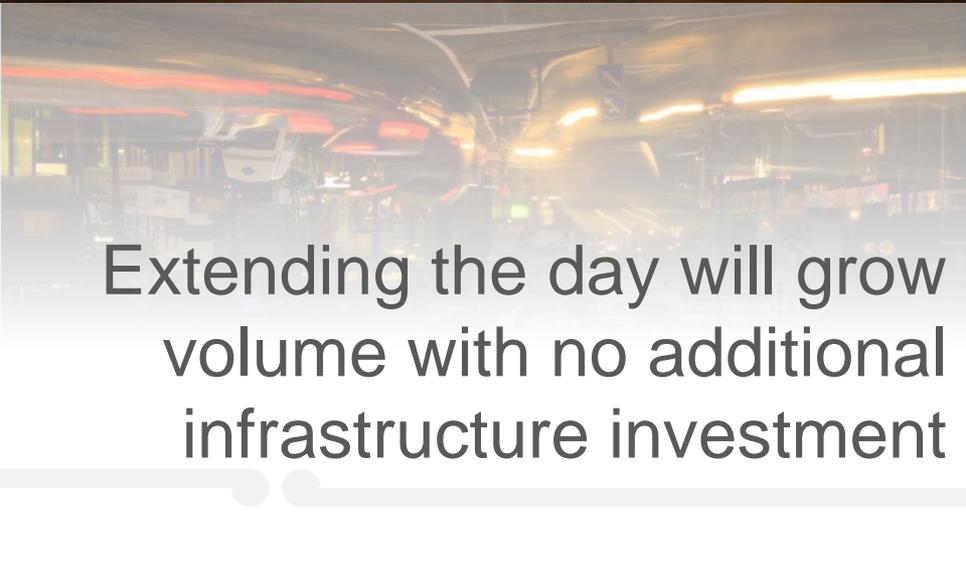
Precincts

-  Aviation enterprise precinct
-  Commercial enterprise precinct
-  Movement expansion precinct

Queenstown



Extending the day at Queenstown provides convenience for travellers



Extending the day will grow volume with no additional infrastructure investment



Invest for future growth

- Auckland Airport has and will continue to consider step-out opportunities
- We will look at investments through four strategic filters:

Would the acquisition support the core growth strategy? E.g. Potential to stimulate significant direct traffic	Is the opportunity good business stand-alone? E.g. Strong pre-conditions (exposure to growth markets, travel infrastructure etc.)
Does it enable management to meaningfully add value? E.g. Level of control	Is the investment expected to deliver attractive financial returns? E.g. ROIC > WACC IRR > Risk Adjusted Investment Specific Return Hurdle

Faster Higher Stronger _____ 2013

Strengthening Our Consumer Business

Investor Day 2013

Auckland International Airport Limited



Retail and Parking summary

RETAIL

- \$124.3m revenue in FY13 (+2.9% vs. PCP)
- 103 retail tenancies across both terminals, many trade 20+ hours per day
- Core categories of Duty Free, Foreign Exchange, Food and Beverage, Destination, Specialty



CAR PARKING

- \$40.4m revenue in FY13 (+10.2% vs. PCP)
- 8567 parking bays (public + staff). 10 'at-terminal' public car parks
- 24 hour Park & Ride facility, transfers every 15 minutes



Recent focus areas

RETAIL

- Driving productivity from existing space
- Optimising retailer mix
- Product extensions to meet changing passenger demographics
- Increasing use of data, tools to uncover insights and influence retailer performance
- Closer commercial management of retailers performance

CAR PARKING

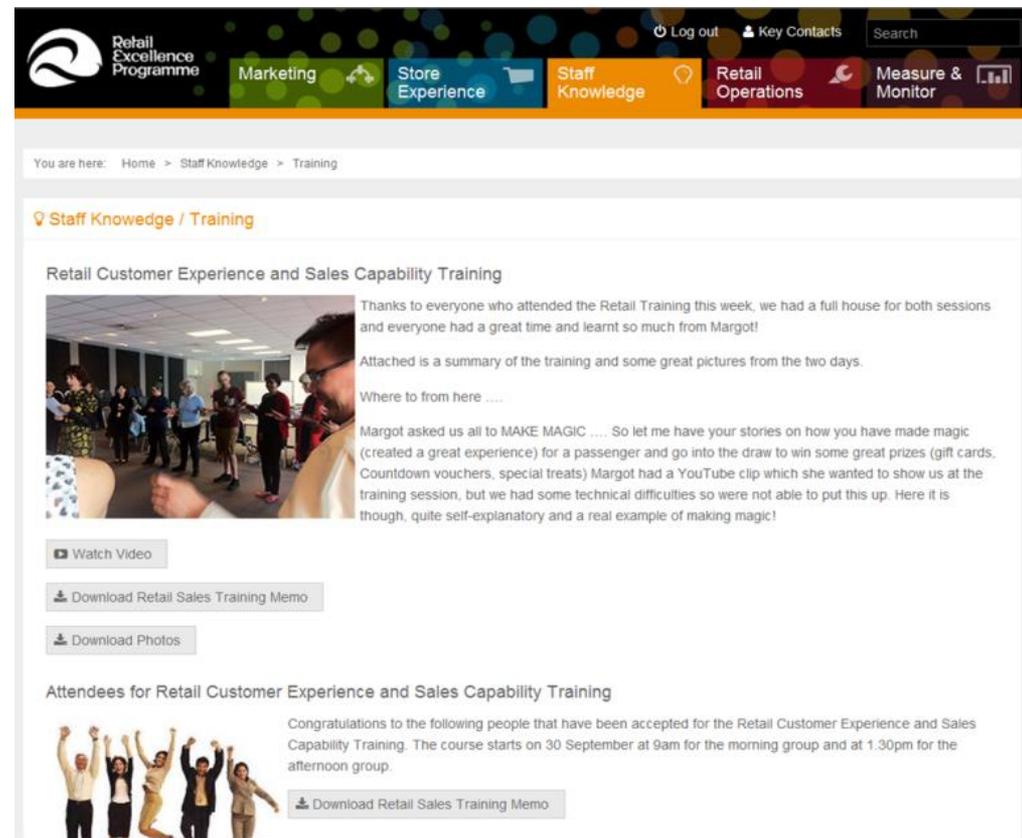
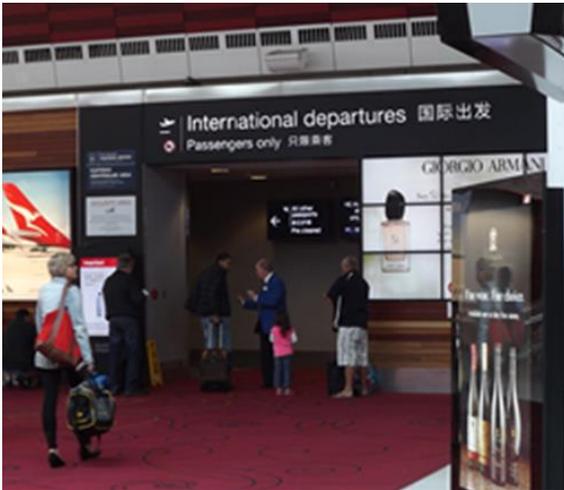
- Demand growth and revenue optimisation through yield management (online tools)
- Strict capacity management
- Selective product and service development
- Operational enhancements and outsourcing efficiencies

Retail and parking growth supported by improved sophistication of marketing, plus ongoing research programmes

Recent achievements – Products and Services



Recent achievements – products and services



The screenshot shows the website interface for the Retail Excellence Programme. The navigation bar includes "Marketing", "Store Experience", "Staff Knowledge", "Retail Operations", and "Measure & Monitor". The main content area is titled "Staff Knowledge / Training" and features a section for "Retail Customer Experience and Sales Capability Training". This section includes a video thumbnail, a text summary of the training, and a list of attendees. The text summary mentions a training session with a full house, a summary of the training, and a video clip. The attendees list includes a congratulatory message and a download link for a training memo.

You are here: Home > Staff Knowledge > Training

Staff Knowledge / Training

Retail Customer Experience and Sales Capability Training

Thanks to everyone who attended the Retail Training this week, we had a full house for both sessions and everyone had a great time and learnt so much from Margot!

Attached is a summary of the training and some great pictures from the two days.

Where to from here

Margot asked us all to MAKE MAGIC So let me have your stories on how you have made magic (created a great experience) for a passenger and go into the draw to win some great prizes (gift cards, Countdown vouchers, special treats) Margot had a YouTube clip which she wanted to show us at the training session, but we had some technical difficulties so were not able to put this up. Here it is though, quite self-explanatory and a real example of making magic!

[Watch Video](#)

[Download Retail Sales Training Memo](#)

[Download Photos](#)

Attendees for Retail Customer Experience and Sales Capability Training

Congratulations to the following people that have been accepted for the Retail Customer Experience and Sales Capability Training. The course starts on 30 September at 9am for the morning group and at 1.30pm for the afternoon group.

[Download Retail Sales Training Memo](#)

Recent achievements – products and services



Recent achievements – products and services




Book your car park 

1. Your car park
2. Extras
3. Your details
4. Secure payment
5. Confirmation

Your booking	TOTAL \$56.00	CONTINUE
<div style="display: flex; align-items: center; margin-bottom: 5px;"> CHANGE <div style="display: flex; align-items: center;"> E <div> <p>Car Park E</p> <p>→ Enter Carpark: Friday 1 November 2013, 9:00AM</p> <p>← Exit Carpark: Friday 8 November 2013, 11:00AM</p> </div> </div> </div>	\$56.00	Click to proceed to your details

Upgrades and Add-ons



Emperor Lounge

Located after Security in the International Terminal Premium facility with complimentary Services and close to award winning tax free shopping area 0600 to 2300 daily
Too late to book online? Pay at the lounge direct for just \$55

\$49.00

+ ADD

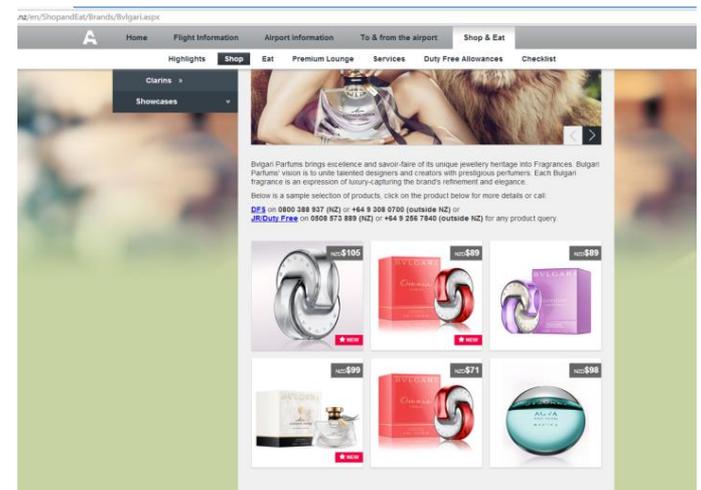
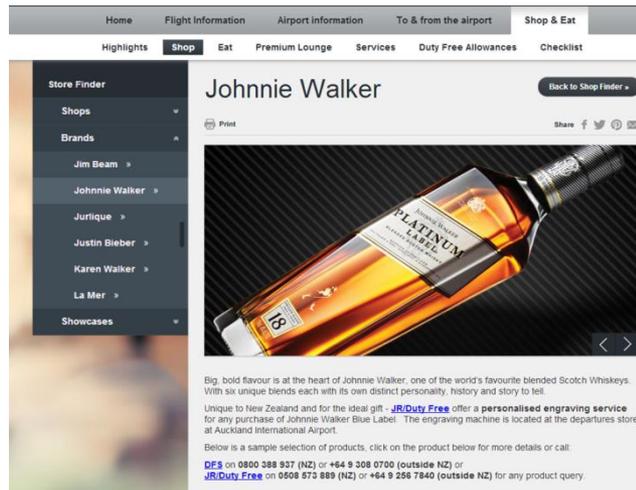
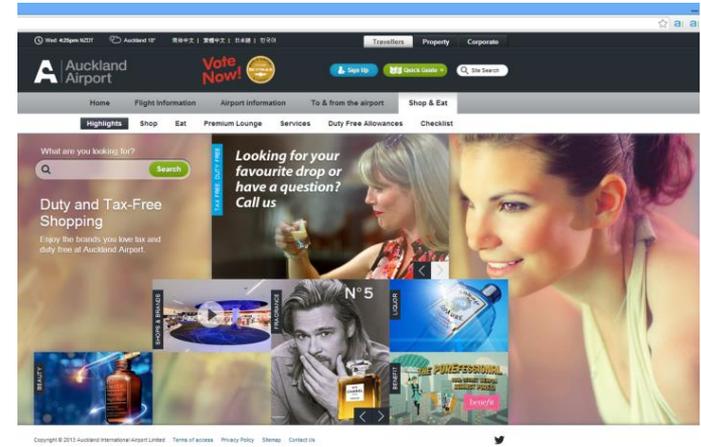
Number of passengers 1 ▼

Aged 5 years and over

Arrival Time 06:00 AM ▼

Lounge opens 0600 - 2359

Recent marketing activity

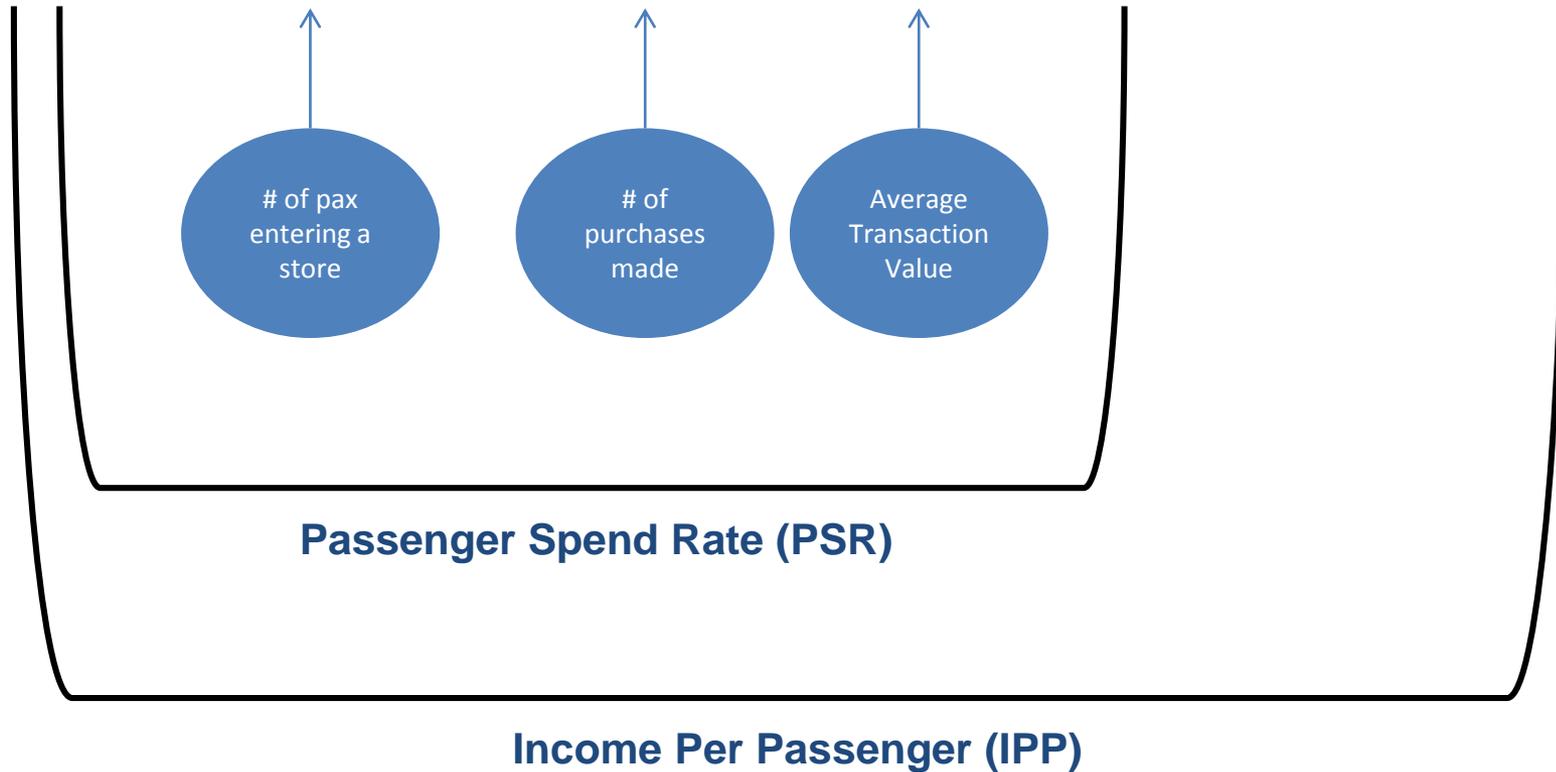


Television Advertising

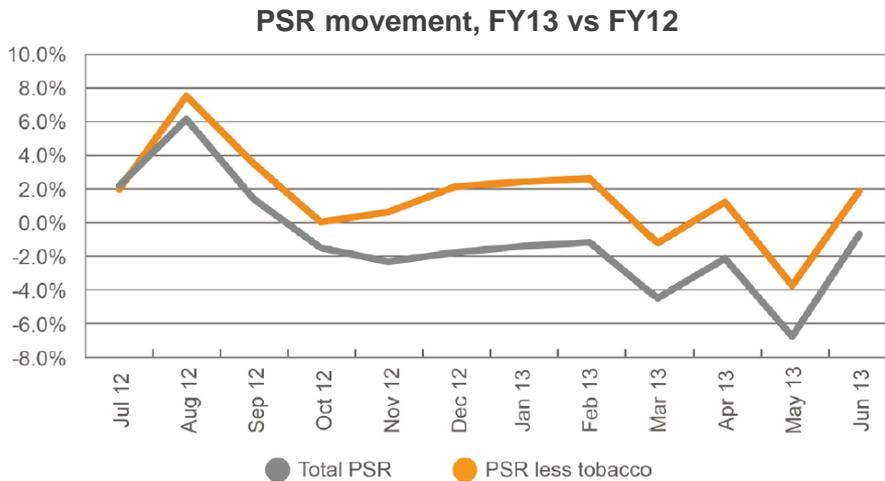


The Retail equation

$$\text{Passengers} \times (\text{Penetration } (\%) \times \text{Conversion } (\%)) \times \text{ATV } (\$) = \text{Sales } (\$) \times \text{Yield } (\%) = \text{Revenue } (\$)$$



Retail results and tools



- PSR grew +1.6% in FY13, excluding tobacco
- Strong PSR growth in Specialty, Food and Beverage categories
- Buoyant Duty Free ATVs, challenging conversion rates

RETAILER NAME HERE

Month ending: 31-May-13

Monthly Governance Report - Lease

Sales growth vs previous year		Lease Total Sales			Food & Beverage Total Sales			Total AIAL Retail Sales		
		May-13	FY13 YTD	Last 12M	May-13	FY13 YTD	Last 12M	May-13	FY13 YTD	Last 12M
ITB	Airside	-	-	5.5%	9.4%	3.8%	4.1%	-	-	-
ITB	Landside	-	-	1.5%	11.7%	1.4%	2.2%	-	-	-
DTB	Airside	-	-	-	57.1%	26.2%	17.0%	-	-	-
DTB	Landside	-	-	-	13.6%	6.8%	8.1%	-	-	-

Passenger Numbers		May-13	May-12	Change	FY13 YTD	FY12 YTD	Change	Last 12M	Prev 12M	Change
		ITB	Arrivals	264,123	231,571	14.1%	3,394,516	3,319,090	2.3%	3,645,470
ITB	Departures	282,782	268,145	5.5%	3,381,222	3,331,377	1.5%	3,665,615	3,581,997	2.3%
DTB	Arrivals	283,543	253,544	11.8%	3,140,581	2,886,711	8.8%	3,397,272	3,112,686	9.1%
DTB	Departures	273,082	239,651	13.9%	3,087,804	2,846,372	8.5%	3,334,945	3,059,871	9.0%

Conversion		May-13	May-12	Change	FY13 YTD	FY12 YTD	Change	Last 12M	Prev 12M	Change
		ITB	Arrivals	5.4%	-	-	5.6%	-	-	-
ITB	Departures	12.4%	-	-	14.0%	-	-	-	-	-
DTB	All	0.0%	NA	NA	0.0%	NA	NA	0.0%	NA	NA

Average Transaction Value		May-13	May-12	Change	FY13 YTD	FY12 YTD	Change	Last 12M	Prev 12M	Change
		ITB	All	-	-	-	-	-	-	-
DTB	All	-	-	-	-	-	-	-	-	-

Monthly sales vs Pax

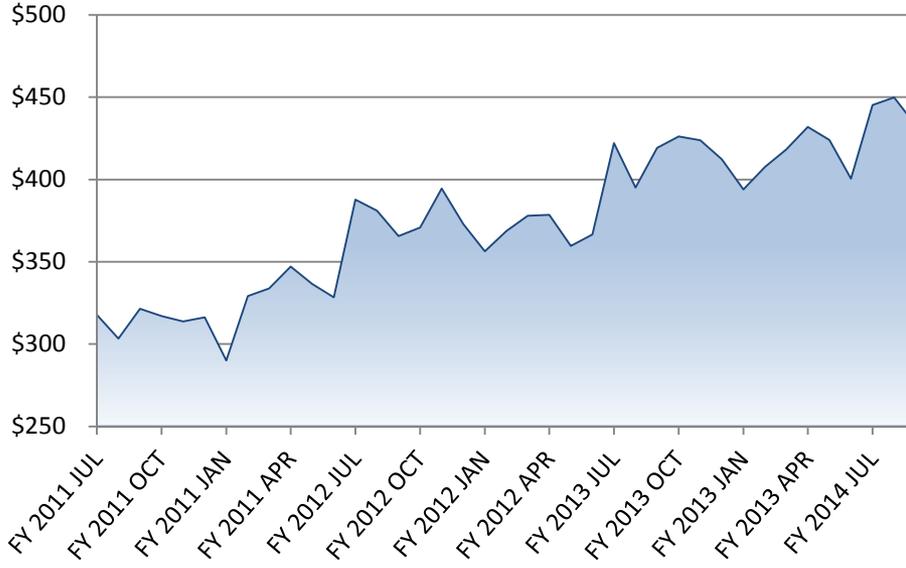
Sales vs same month last year

This report is confidential to AIAL and the Retailer

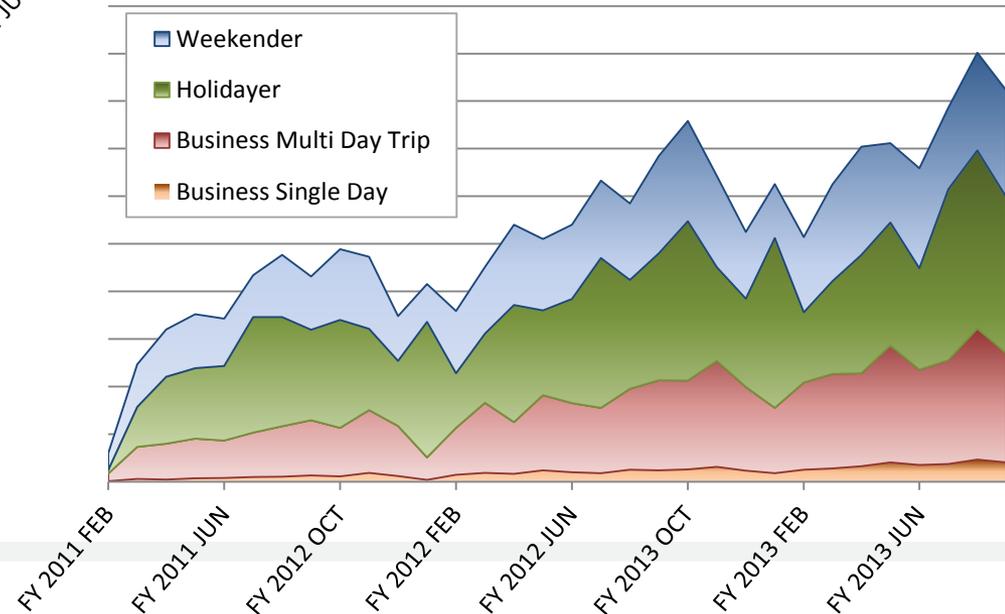
Printed: 24 Jun 2013

Parking results and capacities

Average Revenue Per Parking Space Growth



Growth of On Line Car Parking Revenue by Key Segment



Parking results and capacities

Car Parking Capacities				
		June 12	June 13	June 14 (f/c)
DTB	Public	2310	2638 14%	2722 3%
	Staff	500	150	150
ITB	Public	2912	2974 2%	3584 21%
	Staff	1710	1710	1100
Park & Ride	Public	695	695	1063
	Staff	0	400	1089
Totals	Public	5917	6307	7369
	Staff	2210	2260	2339

- Creation of additional “at-terminal” capacity for public, through conversion of staff parking spaces
- Progressive migration of staff to Park & Ride
- 1,140 increase in carparks

Strengthening our consumer business

- Preserve our current strengths and extend our customer reach
- Engage customers more fully
- Smart capacity additions and revenue management



Key insights to guide direction

Regional airports benchmarking, 2012

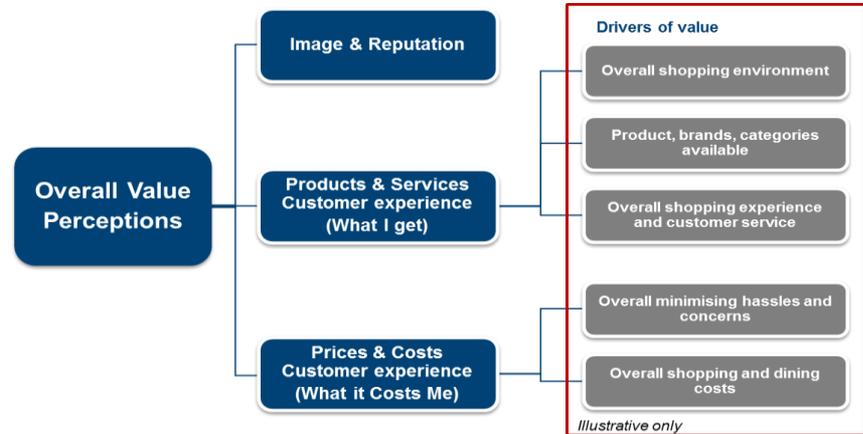
Retail floorspace -23% vs peer airports

(m2 per 1000 dep pax)
International terminal: duty free, retail, food/bev

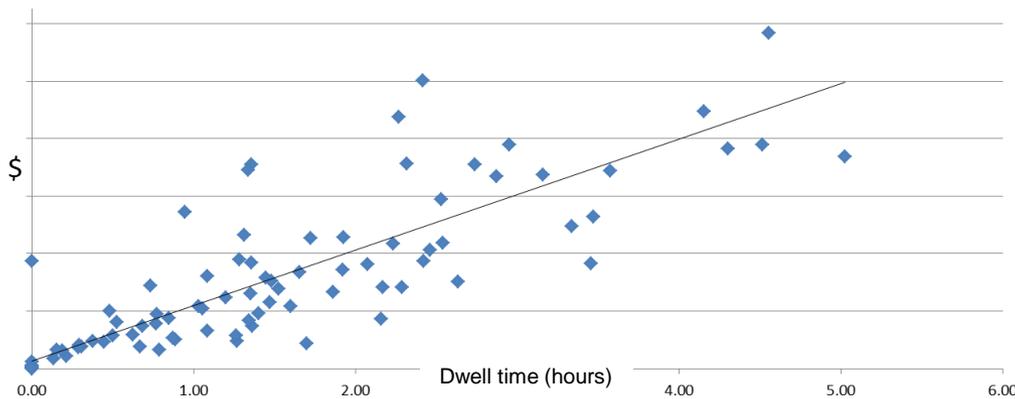
Car park bays -21% vs peer airports

(departing pax per bay)
All airports, all car parks

Customer Value Measurement (CVM) research, 2013



Duty Free PSR by average dwell time, Sept 2013



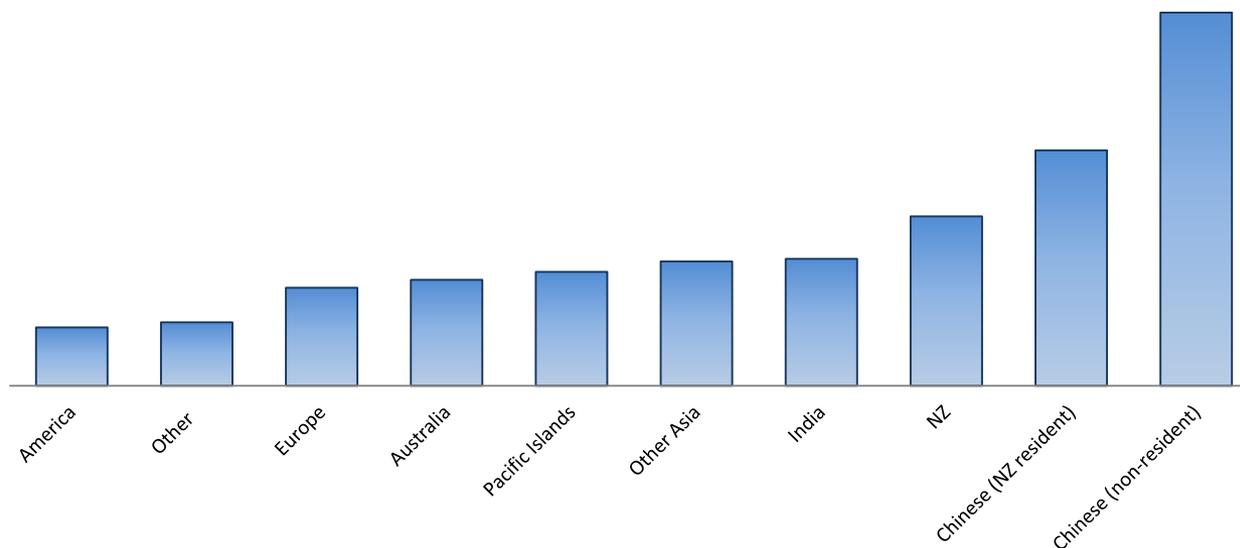
Retail conversion research, 2013

Seven in ten departing international travellers purchase something from Auckland Airport

Asian travellers, specifically Chinese, spend on average significantly higher than others – up to **2 ½ times** more than the average spend

Key insights to guide direction

Retail Spend Rates By Nationality



- Chinese passengers (NZ resident + non-resident) represent 7% of all traffic, yet 14% of international terminal retail spend.
- Non-resident Chinese spend rate is +166% above the overall average

The path ahead

Clear focus on PSR and ARPS growth

Preserve existing strengths

- Proactively manage retailers, exit underperformers
- Strong pipeline of prospective tenants
- Drive for retailing / service / sales excellence
- Mastery of segmentation and pricing, to maximise returns

Extend customer reach

- Additional retail floorspace
- Broadened and deepened product range (new categories and brands)
- Demographic tailoring of retail mix
- Progression of new product and service development

Higher customer engagement

- Targeted campaigns to drive participation and conversion
- Driving upsell through existing customer databases
- Creating a highly experiential in-terminal retailing environment
- Development of new channels for product reservation / ordering

Smart capacity add-ons

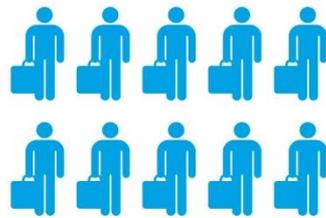
- Higher yields from at-terminal parking space (migrate staff off-terminal)
- Timely additions (e.g. multi-level parking) aligned with 30 year vision roll-out

OUR
ASPIRATIONS

Double Chinese arrivals
to 400,000 by FY17



10 million international
passengers by FY18



20 million
total passengers
by 2020

Build property rent
to \$60m by FY17



**What we do matters for
our customers
our city
our country**

