



Auckland Airport ADR virtual investor conference

Auckland Airport at a glance



Associates

- Queenstown (24.99%)
- Novotel hotel (40%)

Strong foundations for growth

Positive exposure to growth markets

2/3^{rds}

of the global middle class will be residents of the Asia-Pacific region by 2030¹

Strong network

94%

share of long haul arrivals to New Zealand

Attractive customer base

#1 

Highest individual footfall of any retail operator in NZ

Strong development potential

#1 

Largest owner of vacant land in the Auckland region³

0.7%

New Zealand's share of South East Asia & Pacific outbound tourism²

75%

share of international visitors to New Zealand



Attractive demographic



Master plan indicates strong capacity for growth



Strong pipeline of new aircraft deliveries

46

International destinations, 8 China destinations

~40%

of New Zealand's population live within a two hour drive



No operating curfew

Why invest in Auckland Airport?

- ✓ One of the largest listed corporates in New Zealand with a market capitalisation of US\$5.5 billion and debt of US\$1.6 billion¹
- ✓ Average total shareholder return of 22.1% per annum since FY12
- ✓ Ideal platform for exposure to buoyant local economy and very strong Asia-Pacific tourism growth
- ✓ Attractive macro environment continues to support strong tourism and investment property growth
- ✓ Significant capital investment underway to accommodate the ongoing growth in passengers, aircraft and businesses operating at the airport
- ✓ Driven by a clearly articulated Faster, Higher, Stronger strategy



Company overview



Regulatory environment

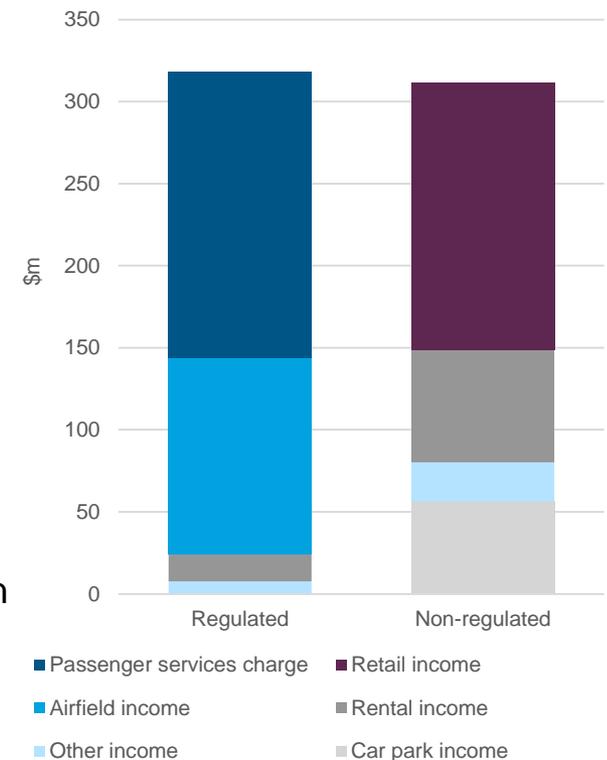
Overview

- Dual-till regime, with the aeronautical segment subject to information disclosure regulation under the Commerce Act 1986
- Disclosure regime includes monitoring of service standards, asset availability, capital expenditure plans, efficiency of pricing and return on investment
- Commerce Commission monitors information disclosure regime effectiveness, they do not set prices

Aeronautical prices set for PSE3 (FY18-22)

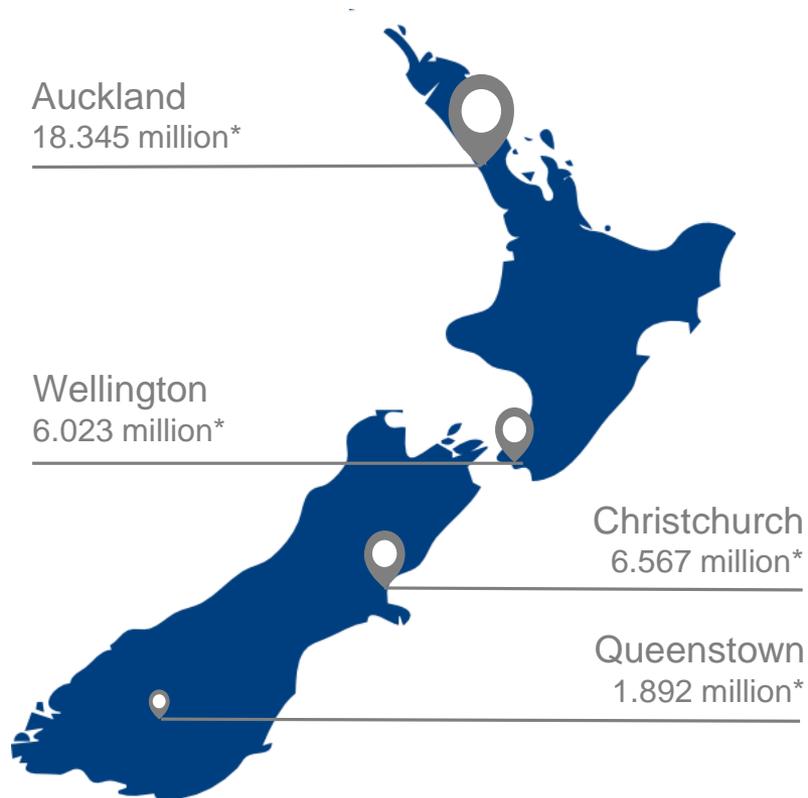
- New five year aeronautical pricing will deliver average international revenue per passenger reductions of 1.7% p.a. and domestic increases of 0.8% p.a. in real terms over the next five years (excluding the Runway Land Charge)
- Forecast total aeronautical segment after tax returns of 7.06% p.a. on a growing aeronautical asset base
- \$1.9b capital expenditure in 2017 dollars (\$2.3b nominal) on aeronautical infrastructure over the next five years – includes a new domestic jet terminal (forecast end FY22) and start of second runway (forecast FY28)

~50% of revenue is regulated¹



Auckland Airport is the busiest in New Zealand

New Zealand international airports by passenger numbers¹



- The largest airport in New Zealand
- 75% of international passengers to New Zealand arrive or depart from Auckland Airport and 94% of total long haul arrivals²
- Main commercial airport serving New Zealand's largest city with 173,000 aircraft movements per year³
- No flight curfew, operating 24 hours a day, 7 days a week
- It is one of New Zealand's most important infrastructure assets
- Listed on the NZX and ASX (AIA)
- Single 3,635m runway plus future second runway (parallel to main runway) will cater for Auckland's aviation requirements for the foreseeable future
- 1,500 hectares of freehold land

*Passengers excluding transits in the year ended June 2017

1) Monthly traffic performance updates by AKL, CHC, WLG, ZQN airports

2) As at December 2017. Long haul arrivals excludes Trans-Tasman and Pacific Islands

3) As at January 2018

Connecting New Zealand to the world

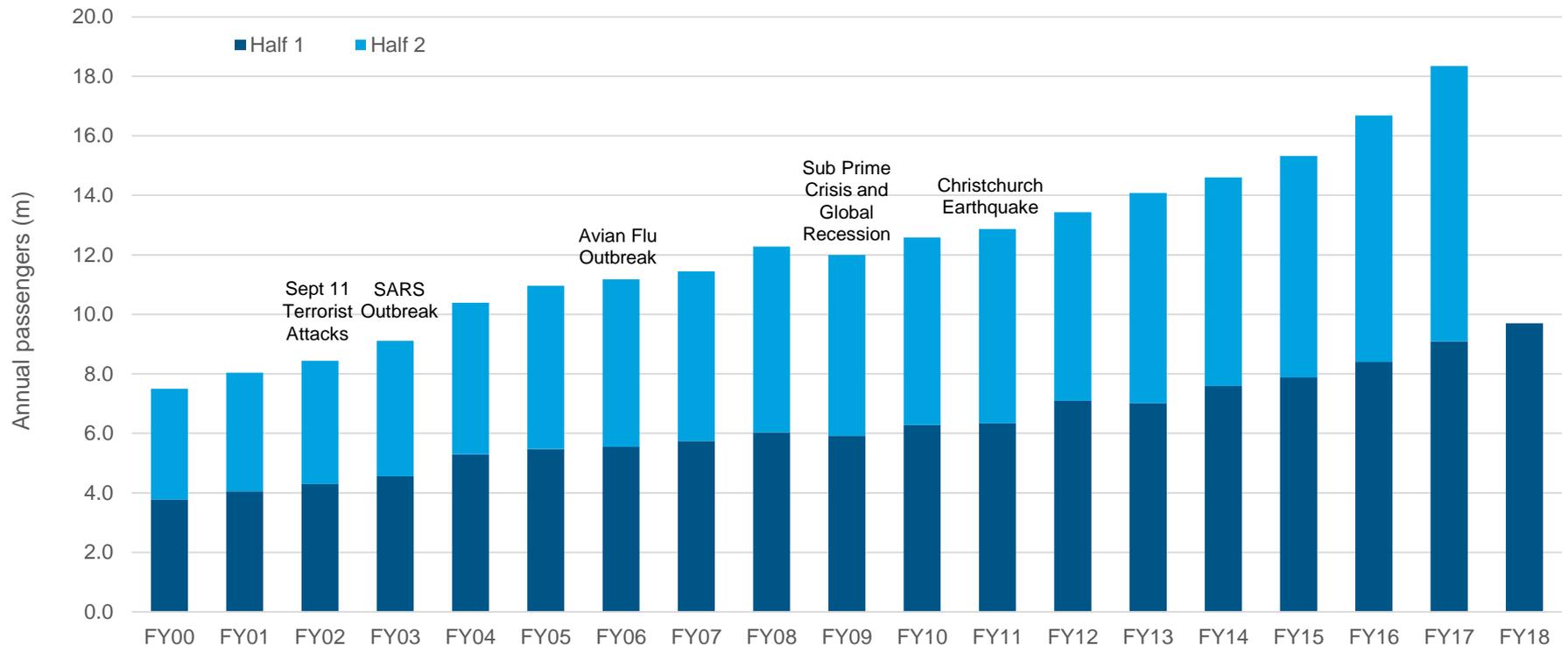
Routes added since 2015 have connected Auckland with new cities of nearly 140 million people while passengers increased 24% and airlines serving Auckland increased by 67%



Note: Routes launched or announced based on single ticketed fares as at 31 December 2017, excluding the Norfolk Island service which ceased in mid-January 2018. One stop single ticket destinations include London, Taipei and Tianjin

Proven passenger growth

Total Passengers at Auckland Airport (excl. Transits)



- Passenger growth of 5.7% CAGR since FY2000 demonstrates resilience to global economic weakness and other external shocks

Diverse business activities

Aeronautical

1H18: \$149m revenue, ↑ 2.7%



- 45% of 1H18 revenue
- 1 new airline, 4 new routes in 1H18
- International passengers up 5.8%, domestic passengers up 7.7% in 1H18
- Strategy to grow capacity, sustain capacity and diversity markets

Retail

\$89m revenue, ↑ 10.2%



- Diverse retail offering with ~90 stores, 2 duty free operators
- Currently increasing international level 1 departures retail sqm by 65%, completion by 1H19
- Opened expanded Duty Free stores and new Destination stores in Dec17

Car park

\$31m revenue, ↑ 8.7%



- 12,332 parking spaces
- Options range of parking services from premium Valet to Park&Ride at different price points
- Increasing demand is driving ongoing expansion and revenue growth

Diverse business activities

Investment Property

1H18: \$90m rent roll, ↑ 38.9%



- \$1.3b portfolio value at 31 Dec. 2017, \$90m rent roll
- Medium to long term leases
- Typically developed on a design/build/lease basis with committed tenants
- Development continues in response to market demand
- Recently announced new 65,000sqm distribution centre plus office

Hotel portfolio

93.4% occupancy, ↑ 1.3%



- Novotel 263 room 4+star hotel, Auckland Airport holds a 40% stake and collects ground rental
- ibis 198 room 3 star hotel, fully owned by Auckland Airport
- Strong occupancy at both Novotel (92%) and ibis (94%) in 1H18
- Design work progressing on a new 300 room 5 star hotel

Associates

\$11.2m underlying profit, ↑ 47.4%

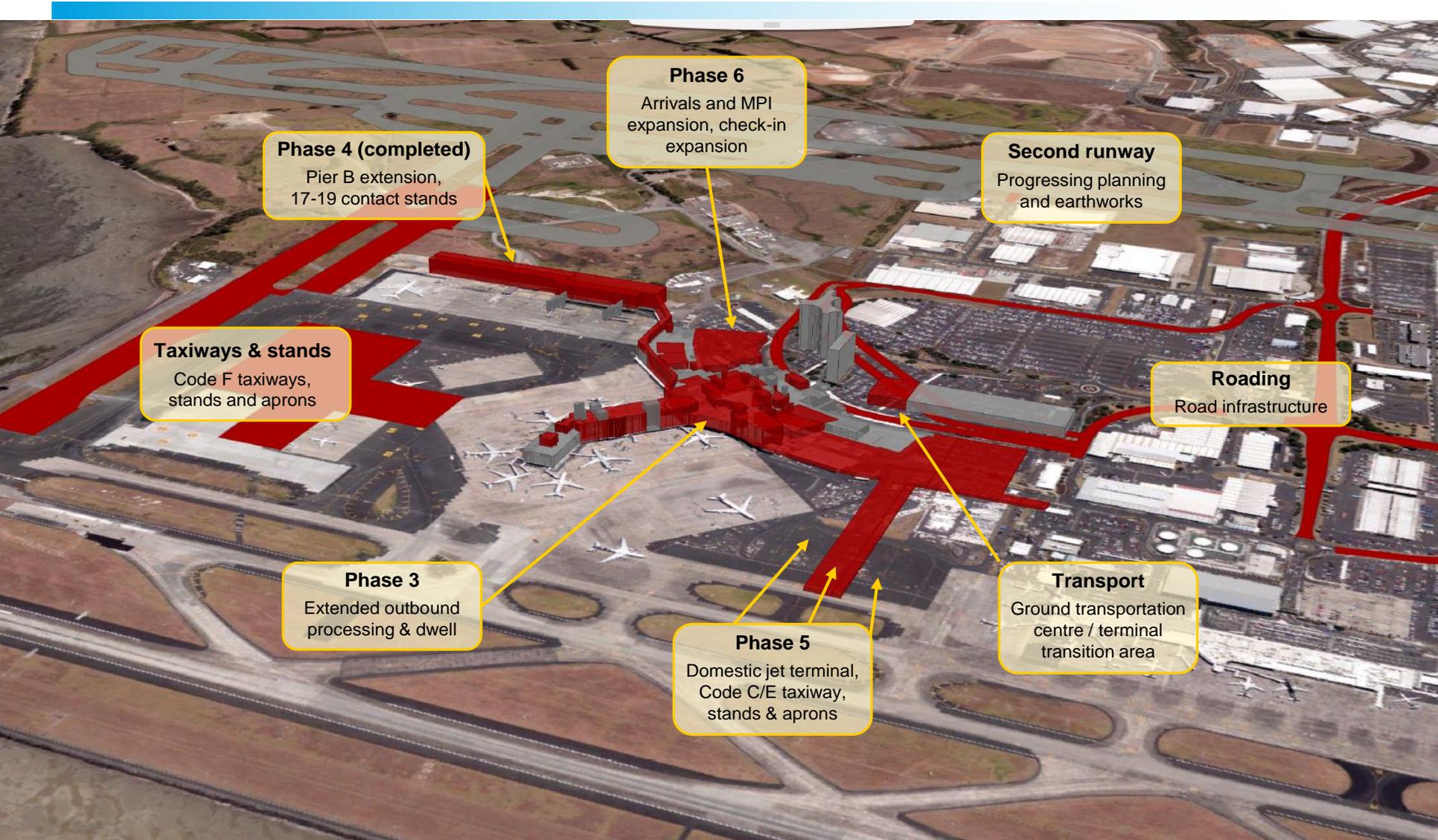


- ~25% stake in Queenstown Airport, the gateway to New Zealand's adventure capital and a major tourist destination. Over 2 million passengers travelled through the airport in 2017
- Increased stake in Novotel hotel from 20% to 40%
- Sold 24.6% stake in North Queensland Airports in March 2018 for A\$370m (~22x trailing FY17 EBITDA multiple¹)

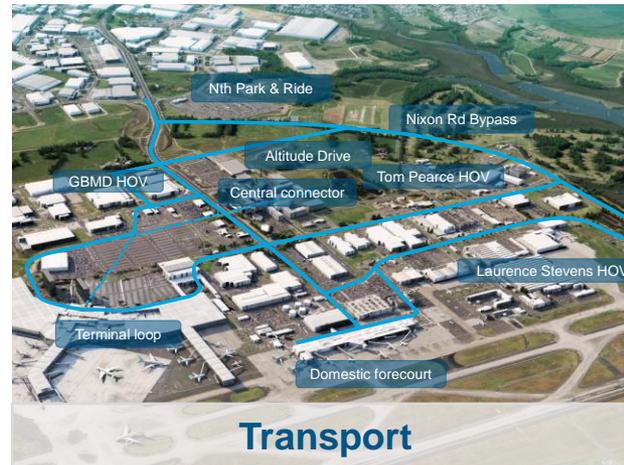
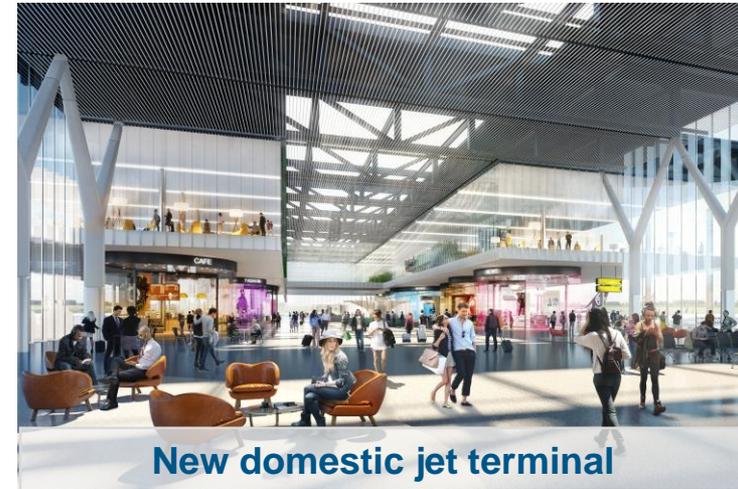
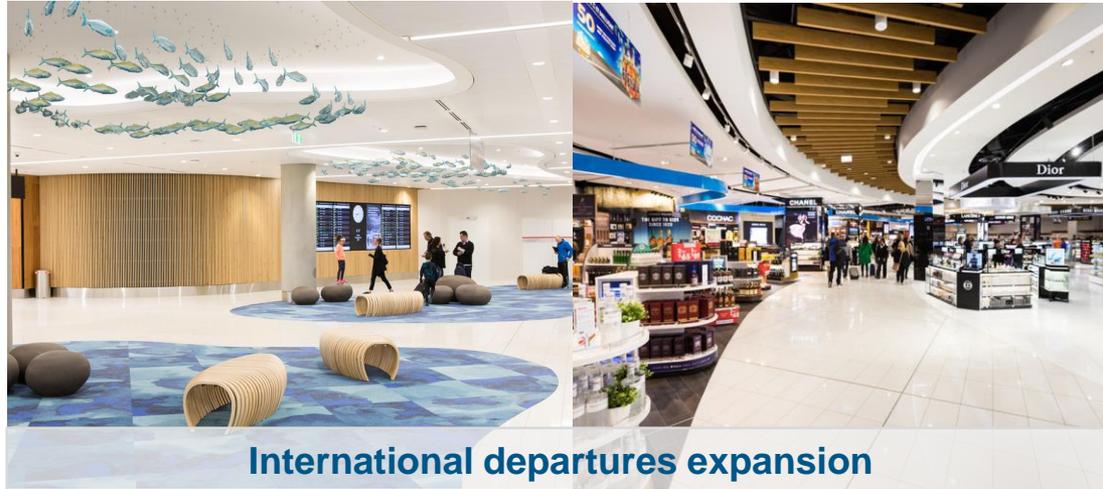
Our strategy – faster, higher, stronger



Strong demand growth and asset renewal is driving capital investment



Significant projects will create benefits for consumers



Financial information



1H18 results at a glance

Revenue

↑ 6.9% **\$332.4m**

Passenger movements

↑ 6.4% **10.0m**

Operating EBITDAFI

↑ 6.0% **\$250.1m**

Aircraft movements

↑ 4.2% **88,113**

Underlying profit

↑ 7.8% **\$133.1m**

Interim dividend per share

↑ 7.5% **10.75 cents**

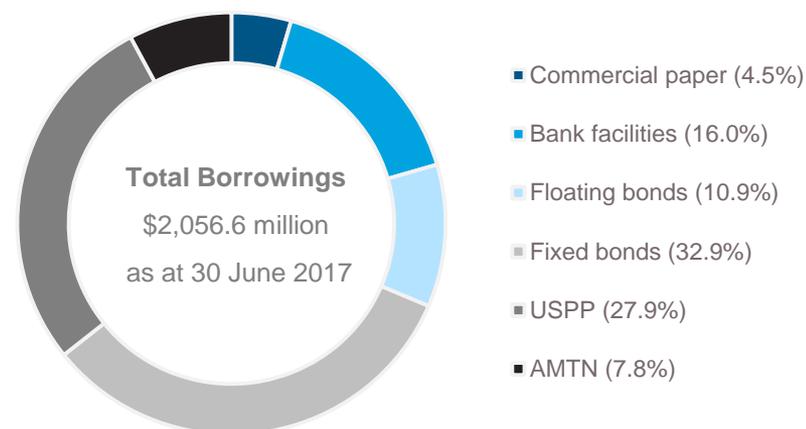
Strong five year financial performance

For the year ended 30 June NZ\$m	2017	2016	2015	2014	2013	4 year CAGR
Revenue	629.3	573.9	508.5	475.8	448.5	8.8%
Expenses	156.2	143.6	128.5	120.6	117.6	7.4%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	473.1	430.3	380.0	355.2	330.9	9.3%
<i>EBITDAFI Margin</i>	75.2%	75.0%	74.7%	74.7%	73.8%	
Share of (loss) / profit from associates	19.4	(8.4)	12.5	11.6	9.9	18.3%
Derivative fair value (decrease)/increase	2.5	(2.6)	(0.7)	0.6	1.5	
Property, plant and equipment revaluation	-	(16.5)	(11.9)	4.1	-	
Investment property revaluation	91.9	87.1	57.2	42.0	23.1	
Depreciation expense	77.9	73.0	64.8	63.5	62.1	5.8%
Interest expense	72.8	79.1	86.0	68.2	66.7	2.2%
Taxation expense	103.3	75.4	62.8	65.9	58.6	15.2%
Reported net profit after tax	332.9	262.4	223.5	215.9	178.0	16.9%
Underlying profit after tax	247.8	212.7	176.4	169.9	153.8	12.7%

Capital structure

For the year ended 30 June	2017	2016	2015	2014	2013
Debt / debt + market value of equity	19.5%	19.7%	22.5%	24.7%	22.8%
Debt / EBITDAFI	4.3x	4.4x	4.5x	4.2x	3.5x
Funds from operations / net debt	16.5%	16.7%	15.3%	16.0%	19.9%
Funds from operations interest cover	4.9x	4.6x	3.9x	4.5x	4.2x
Weighted average interest cost (12 months to 30 June)	4.5%	5.1%	5.8%	6.0%	6.2%
Average debt term to maturity (years)	4.7	4.3	4.9	3.2	4.2
Percentage of fixed borrowings	51.4%	48.9%	49.5%	58.6%	66.3%

- Dividend policy of paying ~100% of underlying profit after tax
- Committed to A- S&P credit rating
- Debt will fund the majority of the capital expenditure programme (plus non-cash depreciation allowance)
- Incremental funding sources:
 - Dividend reinvestment plan (DRP) offered at a 2.5% discount to market price
 - Sale of NQA for A\$370m in March 2018 to cycle into aeronautical infrastructure



Outlook

FY18 Guidance

- Underlying profit after tax (excluding any fair value changes and other one-off items) guidance of between \$250m and \$257m
- Capital expenditure guidance of between \$410m and \$460m
- This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances



Summary

- ▶ Unique business model with 75% EBITDAFI margin, ~50% regulated activities, a broad business mix, and \$6.7b assets including 1,500 hectares of freehold land
- ▶ Strong foundations for future growth with an attractive macro environment, a strong network, attractive customer base and strong development potential
- ▶ Significant investment underway to accommodate the ongoing growth in passengers, aircraft, trade operators and businesses operating at the airport



Reference material and further details

Reference material

- Auckland Airport website: <https://corporate.aucklandairport.co.nz/>
- Regulation overview: <https://corporate.aucklandairport.co.nz/investors/regulation>
- Commerce Commission: <http://www.comcom.govt.nz/regulated-industries/airports/>
- ADR overview: <https://corporate.aucklandairport.co.nz/investors/shares-and-bonds/adr-overview>
- ADR ticker: AUKNY

Investor inquiries

- Suzannah Steele, Investor Relations and Reporting
- DDI: +64 9 257 7043, Mobile: +64 27 203 2822
- suzannah.steele@aucklandairport.co.nz

ADR broker inquiries

- Deutsche Bank ADR broker services desks
- New York: Michael Tompkins, +1 212 250 9100, adr@db.com

Important disclaimer

This presentation has been prepared by Auckland Airport. It does not purport to be complete or comprehensive. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither Auckland Airport nor any of its directors, employees or agents accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of the information contained in this presentation.

Forward-looking statements

This presentation contains certain forward-looking statements and comments about future events, including Auckland Airport's expectations about the performance of its businesses, its plans and strategies, and expected trends in the industry sector in which it currently operates. Forward-looking statements also include prospective financial information for Auckland Airport. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar statements. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause Auckland Airport's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, and many of these factors are beyond Auckland Airport's control. Nothing in this presentation is a promise or representation as to the future. Statements or assumptions in this presentation as to future matters may prove to be incorrect. Auckland Airport does not make any representation or warranty as to the accuracy of such statements or assumptions. Forward-looking statements speak only as at the date of this presentation. Auckland Airport disclaims any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this presentation.

Financial information

Certain financial data included in the presentation may be considered 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act. Such non-GAAP financial measures do not have a standardized meaning prescribed by New Zealand Accounting Standards or International Financial Reporting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with New Zealand Accounting Standards or International Financial Reporting Standards. Although Auckland Airport believes these non-GAAP/IFRS financial measures provide useful information to recipients in measuring the financial performance and condition of the business, recipients are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation.

Rider A

This presentation is not an offer or invitation for subscription or purchase, or a recommendation of securities. Neither this presentation nor the information contained herein constitutes a solicitation to any person in any jurisdiction where solicitation would be unlawful.

All figures are in NZ\$ unless otherwise stated.