

Upgrading international departure experience / New and expanded security screening and processing area / New retail hub / New passenger lounge / Roading and public transport upgrades / Providing more gates for international aircraft / Expanding our airfield / New five-star hotel / Building a new domestic jet terminal / Improving international arrival experience / Upgrading international check-in area / Second runway /
Building the future...

...The biggest changes in our history are now being delivered.

We're investing more than \$1 million every working day to implement our 30-year vision...

Improve international arrival experience

2020

Second runway

2028

More international aircraft gates

2017, 2018 & 2020

Airfield expansion

2022

**New 5-star
hotel**

2020

**Upgrade
international
departure
experience**

2017 & 2018

**Upgrade
international
check-in area**

2022


**Improved
public transport
and roading
infrastructure**

2017 to 2022

**New domestic
jet terminal**

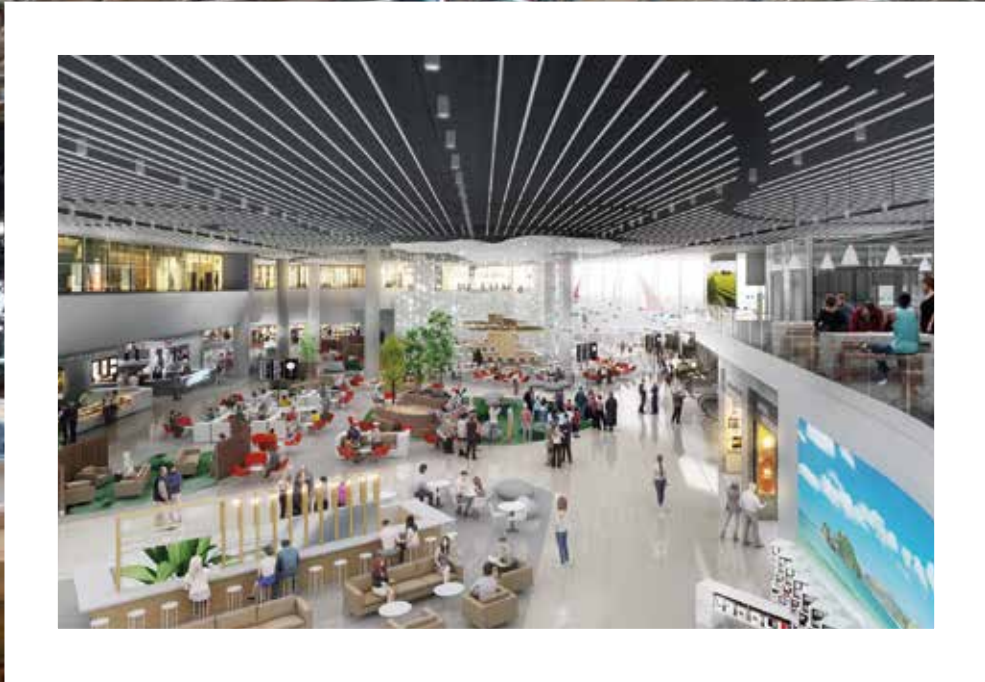
2022

**...with approximately \$2 billion
to be invested in aeronautical
infrastructure over the next
five financial years.**



New international departure experience

A reconfigured landside farewell portal,
a new and expanded security screening
and processing area, a new retail hub
and a new passenger lounge.



Current Status

Opened the first stages of both the new security screening space and the new stores for our two duty free operators. Western retail and lounge area structure nearing completion in readiness for interior works.

Target Completion
Mid-2018





Extending Pier B of the international terminal

Additional international gate lounges and airbridges to accommodate two more A380 or B787 aircraft, or four smaller A320 or B737 aircraft.



Current Status

New fuel pipelines installed; airfield stands 17 and 18 complete; construction of gate lounges, gatehouse and arrivals corridor underway.

Target Completion
Early-2018



Improving the airport's roads and public transport infrastructure

New transport projects to improve travel around Auckland Airport and support better public transport options.

Current Status

Upgraded Puhinui Road roundabout; expanded Park & Ride car park; upgraded traffic light phasing and lane configurations at key intersections; upgrading Nixon Road; ongoing advocacy for improvements to public transport services and state highway access to and from the airport.



Target Completion
2020

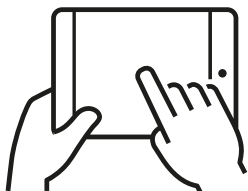
Connecting Auckland with New Zealand & New Zealand with the world

Auckland Airport is the third busiest international airport in Australasia. More than three-quarters of all international visitors to New Zealand arrive here, with 19 million passengers having travelled through our terminals in the past 12 months. We play a significant role in supporting New Zealand businesses, with around \$15 billion worth of freight passing through the airport every year. Around 15,000 people, across more than 100 businesses, work here. The wider airport precinct features a world-class business park, commercial office buildings, transport and logistics warehouses, hotels and leisure and recreation facilities.

We are proud of what has been achieved at Auckland Airport since it opened in 1966. Today, we are focused on making Auckland an aviation hub for New Zealand and the Pacific Rim, and on being able to accommodate the increasing number of passengers and aircraft wanting to use Auckland Airport. Implementation of our 30-year vision to build the “airport of the future” is well underway. It’s creating jobs, boosting tourism and household incomes and lifting our regional economy and we are playing our part in maintaining New Zealand’s reputation as one of the world’s great travel destinations.

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Online report

View our interactive report at report.aucklandairport.co.nz. It has been designed for ease of online use, with tablets in mind.





NOTE: CONCEPT IMAGERY IS INDICATIVE ONLY AND SHOULD NOT BE USED FOR PLANNING PURPOSES.

Nau mai & welcome

Nau mai and welcome to Auckland Airport's annual report for the 2017 financial year.

The 12 months to 30 June 2017 was another strong year of growth right across our business with the company continuing to focus on upgrading its airport infrastructure, growing and supporting tourism and providing the best possible customer experience during a time of significant change.

To help accommodate the ongoing increase in passengers and aircraft, we continued to spend more than \$1 million every working day on our core airport infrastructure.

There are now 44 aeronautical projects underway across the airport, each in excess of \$1 million, and we plan to invest around \$2 billion in aeronautical capital expenditure by the 2022 financial year. During the 2017 financial year, we progressed the upgrade of our international departure area and the extension of Pier B of the international terminal to provide two more aircraft gates and expanded departure lounges. We also further developed our airfield including upgrading existing and building new remote aircraft stands.

We have continued to sustainably grow travel markets to increase our air connectivity, which is essential for a city and country reliant on tourism and trade for its economic prosperity. We have also maintained our support for the New Zealand tourism industry, especially the operators who provide our international visitors with high-quality experiences. We also joined with other industry leaders to encourage the Government to develop new and innovative ways to upgrade tourism infrastructure.

Auckland Airport remained focused on its customers during the 2017 financial year, ensuring their journeys through the airport are fast and efficient and they have a range of options when parking, shopping or staying here. Improving travel times and flows around the airport precinct has been a top priority for the company in the 2017 financial year and we also continued to advocate to central and local government the need for better public transport services and state highway access to and from the airport.

We fast-tracked a number of planned roading and transport improvements on our own network to improve traffic flows, including upgrading the Puhinui Road roundabout, upgrading the traffic light phasing and lane configurations at the airport's George Bolt Memorial Drive and Tom Pearce Drive intersection, and updating the lane configurations at the airport's George Bolt Memorial Drive and Laurence Stevens Drive roundabout. We also announced, in June 2017, the details of four new transport projects as part of our longer-term plan to improve travel around the airport over the next three years.

Late in the 2017 financial year we announced our new aeronautical prices for the next five financial years – the result of a year-long consultation process with airlines on investment plans, operations and pricing. The outcome of that consultation process, in real terms, sees average annual international passenger charges reducing by 1.7% per annum and domestic passenger charges increasing by just 0.8% per annum over the next five years. We also confirmed that a runway land charge of \$1.19 (excluding GST) per passenger will likely be introduced from the start of the 2021 financial year once certain operational and construction triggers are met.

Together, our modest price changes for the 2018–2022 financial years and our \$2 billion infrastructure investment plan will deliver significant benefits for passengers. The new pricing and capital expenditure programme also balances the needs of passengers, the airport community, the tourism industry, our investors and the airlines – ensuring Auckland Airport has the infrastructure it needs to continue connecting Auckland with New Zealand and New Zealand with the world.

The 2017 financial year also saw Auckland Airport continue to focus on a wide range of activities to improve educational, employment and environmental outcomes at the airport, in our local communities and across the Auckland region.

Ara, our airport jobs and skills hub, continues to deliver real benefits, providing more than 1,300 training opportunities and placing 190 people into jobs – 82% of whom were South Aucklanders.

In the year to 30 June 2017 the total number of passengers using our airport increased by 10.2% to 19 million. Domestic passengers were up 8.9% to 8.6 million, international passengers (excluding transit passengers) were up 11% to 9.7 million and international transit passengers were up 16.8% to 0.7 million.

Total revenue was up 9.7% to \$629.3 million, while operating expenses were up 8.8% to \$156.2 million. Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) increased 9.9% to \$473.1 million.

Total profit after tax was up 26.9% to \$332.9 million, while underlying profit after tax was up 16.5% to \$247.8 million. As a result, our underlying earnings per share is up 16.2% to 20.8 cents. Our final dividend for the 2017 financial year is up 16.7% to 10.5 cents per share, delivering a total dividend of 20.5 cents, an increase of 17.1% compared with the 2016 financial year. Auckland Airport's performance in the 2017 financial year means the five-year average annual shareholder return is 26.3%.

During the 2017 financial year, the Board elected to reinstate our dividend reinvestment plan to provide funding flexibility to support our investment in new infrastructure and growth opportunities. The dividend reinvestment plan will again be in place for the 2017 financial year final dividend, enabling shareholders to elect to purchase Auckland Airport shares at a 2.5% discount to market price, instead of receiving the dividend as cash.



ADRIAN LITTLEWOOD, CHIEF EXECUTIVE AND SIR HENRY VAN DER HEYDEN, CHAIR

We expect underlying profit after tax (excluding any fair value changes and other one-off items) for the 2018 financial year to be between \$248 million and \$257 million. This guidance would deliver underlying earnings per share growth of up to 3.7% compared with the 2017 financial year and reflects the impact of our new aeronautical prices commencing in the 2018 financial year.

As always, this guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and deterioration as a result of global market conditions or other unforeseeable circumstances.

Sir Henry van der Heyden | Chair

Adrian Littlewood | Chief Executive



\$247.8m

AN INCREASE OF 16.5%

Underlying profit

The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. However, due to the complexity of accounting standards, it may be difficult for investors to compare one financial year's results with another. Therefore, we also provide an underlying profit measure to help investors compare profits between years and to make comparisons between different companies with confidence. We also believe that an underlying profit measure can assist investors to understand what is happening in a business such as Auckland Airport where revaluation changes can distort short-term financial results or where one-off transactions, both positive and negative, can occur.

For several years, Auckland Airport has referred to underlying profits alongside reported results. We do so not only when we report our results but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 100% of underlying profit after tax, excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items. However, in referring to underlying profits, we acknowledge our obligation to show investors how such results have been derived. The reconciliation for the current period can be found on page 34.

Our year in numbers

Passengers



Domestic
International
International transits

8.6m
9.7m
0.7m



8.9%
11%
16.8%



Revenue
9.7%

\$629.3m



Operating EBITDAFI
9.9%

\$473.1m



Total profit
26.9%

\$332.9m

Health and safety

↑ 27%

Reporting of safety observations, hazards and near misses

↓ 22%

Employee recordable injury rate

Ara – Airport Jobs and Skills Hub

1,342 Training opportunities

190 Total job placements

156 South Aucklanders placed in jobs

Environmental impact

↓ 7% Energy use per passenger

↓ 4% Waste to landfill per passenger

19m [↑] 10.2%

[↑] Underlying profit
16.5% **\$247.8m**

[↑] Dividend per share
17.1% [↑] Interim 17.6% [↑] Final 16.7% **20.5 cents** [↑] Interim 10 cents [↑] Final 10.5 cents

[↑] Underlying earnings per share
16.2% **20.8 cents**

Five-year average annual shareholder return
26.3%

\$658,000

Invested in our local communities

\$346,000

Granted to community projects by the Auckland Airport Community Trust to support learning, literacy and life skills in South Auckland

Faster, Higher, Stronger

In the 2013 financial year, we announced our strategic plan to grow faster, aim higher and become stronger. Our five-year business strategy – Faster, Higher, Stronger – focuses us on ‘making journeys better’ for all customers and partners of Auckland Airport and responding to the challenges we have identified ahead. These challenges include fast-changing aviation markets and changing customer expectations, competitive pressure in our retail and commercial property markets, and a booming New Zealand tourism industry.

We're growing travel and trade markets

We have an ambitious and innovative approach to helping New Zealand sustainably unlock growth opportunities in travel, trade and tourism. Growing travel markets with our airline and industry partners makes journeys better by providing customers with greater choice and more-convenient flight schedules and providing better value for money for all customers and partners of Auckland Airport.

We're strengthening our consumer business

We are strengthening and extending our retail, transport and accommodation businesses to ensure we can respond to evolving customer needs. This means we are increasing the range of products and services we provide and making Auckland Airport more appealing to our customers – in short, we are making their journeys better.

We're being fast, efficient and effective

We are improving our performance by increasing the productivity of our assets, processes and operations. A fast, efficient and effective airport makes journeys better by saving time and money for airlines and passengers.

We're investing for future growth

We are building on our strong foundations for long-term, sustainable growth by investing in the infrastructure required to meet long-term customer needs. This makes journeys better both within the airport and around our vibrant business district.

Faster, Higher, Stronger embraces our objective of making journeys better and is a commitment to improvement in everything we do. In 2013 the strategy set a number of new aspirations to drive our company's performance. These high-level aspirations and our progress to date are not market guidance, and the results are likely to fluctuate from year to year. However, they provide the company with a sharp focus on important goals that underpin our long-term success. In the 2017 financial year, we continued to deliver on the aspirational goals of Faster, Higher, Stronger.

Aspirations:



400,000

Double Chinese arrivals to 400,000 by FY17, up from 213,781 in FY13

How we tracked in FY17:



356,315

A slight decrease of 2,955 in FY17



\$60m

Build property rent roll to \$60 million by FY17, up from \$44 million in FY13



\$72.9m

An increase of \$9.9 million in FY17



10m

Achieve 10 million international passengers by FY18, up from 7.3 million in FY13



9.7m

An increase of 1 million in FY17



20m

Reach 20 million total passengers by FY20, up from 14.5 million in FY13

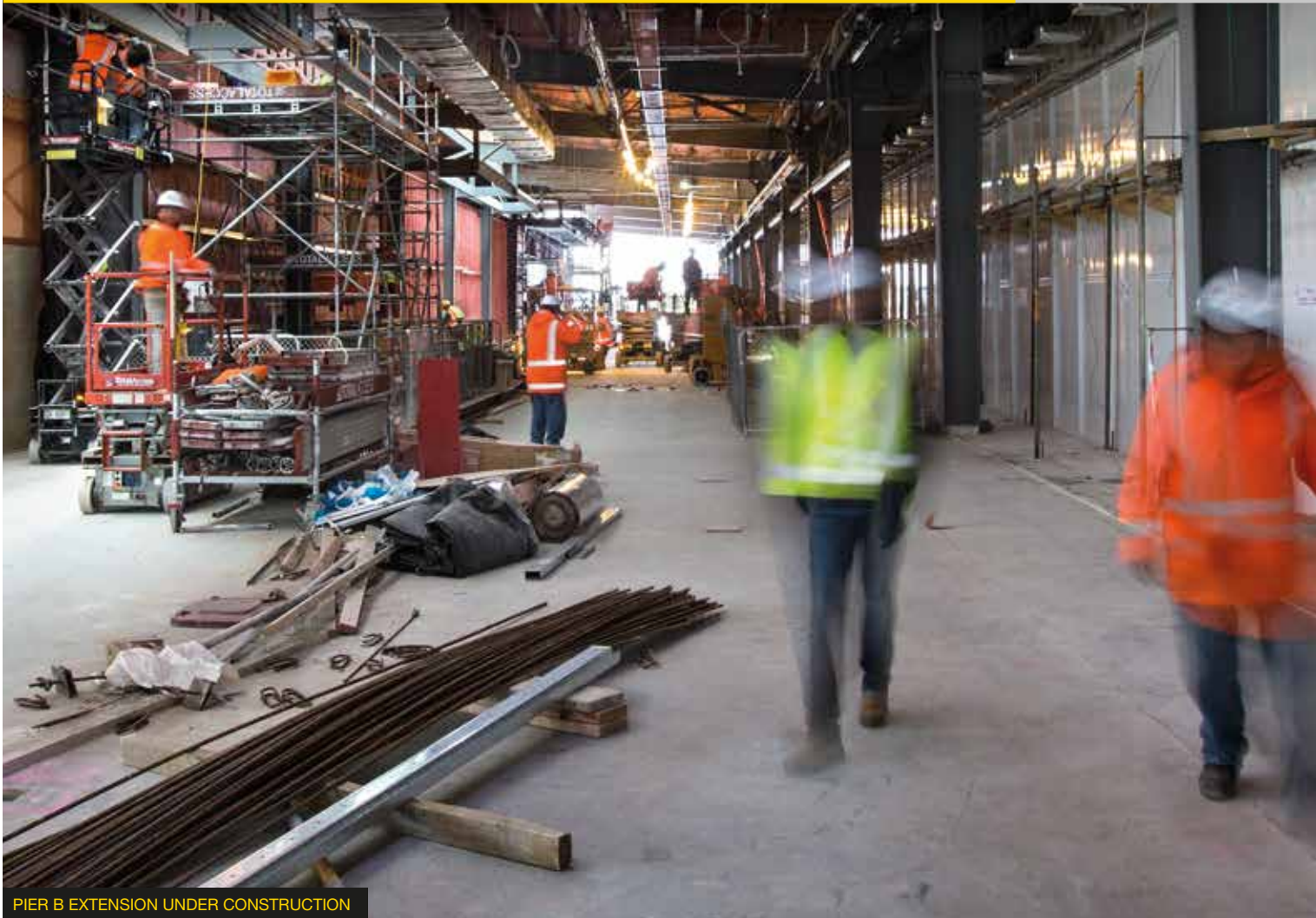


19m

An increase of 1.8 million in FY17

Investing in our strategy

→ Investing in our infrastructure



PIER B EXTENSION UNDER CONSTRUCTION



Auckland Airport is making a significant investment in its infrastructure which will both benefit and excite generations of Kiwis and international visitors. You can immediately tell from the number of cranes above the international terminal and the number of construction workers on site that this is one of the biggest infrastructure upgrades currently underway in New Zealand.”

STEPHEN SELWOOD, CHIEF EXECUTIVE
INFRASTRUCTURE NEW ZEALAND

During the 2017 financial year Auckland Airport undertook its most significant upgrade programme ever in support of the strong and ongoing growth in New Zealand tourism. We are now investing more than \$1 million every working day on our core airport infrastructure and over the next five financial years we expect this level of aeronautical capital expenditure to total around \$2 billion. Our investment in infrastructure will ensure we can accommodate the current and forecast passenger and aircraft growth over the next 30 years, as well as the increasing traffic volumes being experienced in our part of Auckland and into the airport.

In the 12 months to 30 June 2017, we progressed the major upgrade of our international departure area. This upgrade includes a reconfigured landside farewell portal, a new and expanded security screening and processing area, a new retail hub and a new passenger lounge. It creates a uniquely New Zealand departure experience and is themed a “haerenga”, or journey, from sea to land to sky. The construction of this significant infrastructure project is well underway, with the opening in late June 2017 of the new security screening space and the first phase of the new stores for our two main duty free operators. During the 2018 financial year we will deliver the rest of the new international departure experience, with the project due to be completed around the end of the 2018 financial year. When finished, our new international departure area will be more than twice the size of the previous space.

During the 2017 financial year we also commenced construction of the international terminal's Pier B extension. This project will provide two more gate lounges and additional airbridges to accommodate the increasing number of international aircraft using our airport. The first new gate lounge and airbridges – Gate 17 – will open on Pier B prior to the 2017/18 summer peak season and the second gate lounge and airbridges – Gate 18 – will be completed by early-2018. This extension project will enable Pier B to accommodate four A380 or B787 aircraft at the same time or, alternatively, it could accommodate eight smaller international aircraft.

In addition to the investments we made in our terminal infrastructure during the 2017 financial year, we significantly expanded our airfield infrastructure to better service international aircraft during our busiest months. We built a new taxiway – Taxiway Echo – and completed the construction of a new international airfield stand, fully serviced with fuel and other utilities. We progressed the construction of a second, fully serviced international airfield stand, which is scheduled for completion prior to the 2017/18 summer peak season. We upgraded two remote international airfield stands so they can each accommodate an A380, or two smaller aircraft. These airfield upgrade works significantly increased our airfield pavement by more than 63,000m², or the equivalent of six rugby fields.



\$1m

— WE ARE NOW INVESTING MORE THAN \$1 MILLION EVERY WORKING DAY ON OUR CORE AIRPORT INFRASTRUCTURE.

\$2b

— OVER THE NEXT FIVE FINANCIAL YEARS WE EXPECT THIS LEVEL OF AERONAUTICAL CAPITAL EXPENDITURE TO TOTAL AROUND \$2 BILLION.



DURING THE 2017 FINANCIAL YEAR, WE SIGNIFICANTLY EXPANDED OUR AIRFIELD INFRASTRUCTURE

63,000m²+

— OUR AIRFIELD UPGRADE WORKS SIGNIFICANTLY INCREASED AIRFIELD PAVEMENT BY MORE THAN 63,000M², OR THE EQUIVALENT OF SIX RUGBY FIELDS.



— WE ANNOUNCED THE IMPLEMENTATION OF A TRANSIT LANE SYSTEM ACROSS THE AIRPORT PRECINCT OVER THE NEXT THREE FINANCIAL YEARS FOR BUSES AND HIGH-OCCUPANCY VEHICLES.



SCOTT STANDRING, PROJECT MANAGER, AIRPORT DEVELOPMENT & DELIVERY

In the 12 months to 30 June 2017, we also progressed the design and planning approvals needed to build our second runway, and have advanced the concept planning of the new domestic jet terminal.

The strong and ongoing growth of Auckland continues to put additional pressure on the city's transport infrastructure, including around Auckland Airport. Given the importance of air connectivity for New Zealand's travel, trade and tourism sectors, improving land transport access to and from Auckland Airport must remain a priority for central and local government transport agencies. The opening of the \$1.4 billion Waterview Connection in July 2017 has improved travel times between the city and the airport and its surrounding suburbs. It has also positively impacted wider Auckland traffic flows. The \$146 million upgrade of the State Highway 20A/Kirkbride Road intersection – scheduled to open during the 2018 financial year – should also improve travel times to and from the airport.

We continued to advocate throughout the 2017 financial year for additional transport network improvements, in particular an upgrade to State Highway 20B/Puhinui Road and improved public transport services. We are working closely with the New Zealand Transport Agency and Auckland Transport to advance both short and longer-term roading and public transport solutions for South Auckland and the airport precinct, including a rail service.

We also fast-tracked a number of planned roading and transport upgrades on our own network. In the first half of the 2017 financial year we:

- upgraded the Puhinui Road roundabout to help improve the eastern access to the airport from State Highway 20B/Puhinui Road
- added more car parks to our Park & Ride facility, mostly for use by staff working at the international terminal to remove staff traffic from the inner airport roads
- upgraded the traffic light phasing and lane configurations at the airport's George Bolt Memorial Drive and Tom Pearce Drive intersection to improve traffic flows
- updated the lane configurations at the airport's George Bolt Memorial Drive and Laurence Stevens Drive roundabout to improve traffic flows
- developed new traffic management plans for use when the airport roading network is particularly busy.

In June 2017 we announced four transport projects as part of our longer-term plan to improve travel around the airport over the next three financial years. These include:

- construction of an iconic new gateway bridge over George Bolt Memorial Drive for pedestrians and cyclists to connect "the Quad" hotel and commercial precinct with the airport terminals and take cars off the main road network



AN ICONIC NEW GATEWAY BRIDGE OVER GEORGE BOLT MEMORIAL DRIVE WAS ANNOUNCED IN THE 2017 FINANCIAL YEAR



Auckland Airport is an economic powerhouse for the region and New Zealand, connecting workers, employers and manufacturers with their domestic and international markets. The investment being made by Auckland Airport to upgrade its infrastructure, including the strong focus on improving transport around the airport and advocating to central and local government the need to improve access to and from the airport, will benefit us all – for many, many years to come.”

KIM CAMPBELL, CHIEF EXECUTIVE EMPLOYERS' AND MANUFACTURERS' ASSOCIATION (NORTHERN)

- improving traffic flows and improving public transport access to the domestic terminal by Christmas 2017 through the provision of more space for buses on the terminal forecourt and a new and separate access road for taxis and buses
- implementing a transit lane system across the airport precinct between December 2017 and 2020 for buses and high-occupancy vehicles
- upgrading Nixon Road by October 2017 to provide a new route to Auckland Airport's Park & Ride on Verissimo Drive without the need for drivers to use the main intersection that connects the domestic and international terminals at Tom Pearce Drive and George Bolt Memorial Drive.

These new transport projects will help improve traffic flows and travel times around the airport, and help our transport network accommodate the increasing number of buses that will travel to and from the airport in the future.

Our new gateway bridge will be a spectacular sight as you enter and leave Auckland Airport to the north towards the city. Designed by architects Warren and Mahoney, the suspension bridge will feature a 40m-high concrete mast inspired by the form of a huia feather with a white light-tipped column and Māori motifs. It will be an urban beacon and precinct marker that will be visible across the airport, both during the day and at night.

The bridge will also significantly improve the walking and cycling experience between our commercial precinct and the terminals.

Investment property

During the 2017 financial year, Auckland Airport continued to invest in its property business. We completed construction of the new Quad 7 office building, delivering 9,000m² of office space for both aeronautical and non-aeronautical tenants on Leonard Isitt Drive. We also completed a 15,000m² Fonterra chilled and frozen facility on Timberly Road and a fully-leased 9,600m² development on Maurice Wilson Avenue. We commenced construction on a new building to accommodate the Ministry for Primary Industries and a new 7,000m² warehouse and office facility for international freight-forwarding specialist Röhlig Logistics. The new facility will complete the Stage 2 development of The Landing, our world-class business park. In the 12 months to 30 June 2017 we also advanced civil and roading works on Phase 3 of The Landing, which will deliver an additional 12 hectares of developed land, to ensure we can accommodate new business seeking space close to the airport.



→ Investing in tourism growth



HOOKER VALLEY TRACK WITH VIEWS TO AORAKI (MT COOK) AND HOOKER GLACIER, SOUTH ISLAND



— THE 2017 FINANCIAL YEAR SAW SEVEN NEW INTERNATIONAL AIRLINES.



↑ 14.5%

— INTERNATIONAL SEAT CAPACITY INCREASED 14.5% IN THE 12 MONTHS TO 30 JUNE 2017.

Sustainably growing Auckland Airport's air connectivity continues to be essential for our long-term performance, and the combination of new airlines, new services and new capacity provides the growth that underpins our ongoing success.

In the 2017 financial year the total number of passenger movements was up 10.2% to 19 million. International passengers (excluding transits) were up 11% to 9.7 million, and domestic passengers were up 8.9% to 8.6 million. International transit passenger movements were up 16.8% to 0.7 million.

International

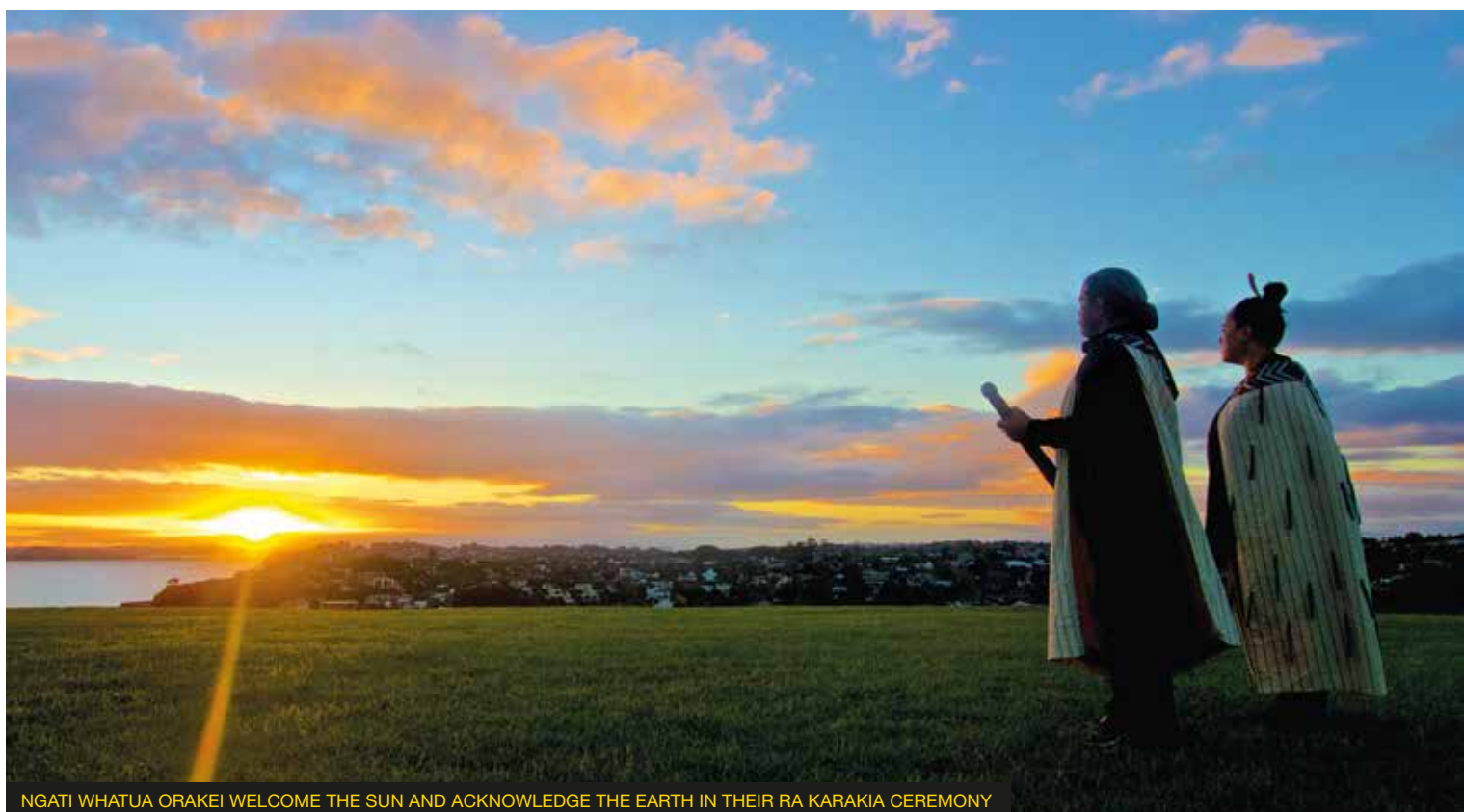
The 12 months to 30 June 2017 saw the following broad-based growth in our international passenger markets:

- Australia grew by 6.2%
- Europe grew by 15.6%
- North America grew by 29.1%
- Asia grew by 7.4%.

The above growth in arriving and departing international passengers reflects the efforts made by Auckland Airport and the New Zealand tourism industry to diversify international passenger growth across a number of markets and to mitigate the risks that any one market declines in the future. Pleasingly, travel by New Zealand residents was also strong, up by 11.5%, and now represents 47% of our total growth in international passengers.

Building on the capacity growth in the 2016 financial year, the 12 months to 30 June 2017 also saw the launch of eight new international routes, seven new international airlines and a 14.5% increase in international seat capacity.

- In July 2016, United Airlines introduced a three-flights-per-week B787 Dreamliner service between Auckland and San Francisco. From October 2016 this service increased to a daily service using a larger B777 aircraft; however, it was placed on hold in April 2017 and will recommence in October 2017.
- The success of Emirates' Auckland to Dubai direct daily service, launched in the 2016 financial year, saw the airline replace its B777 aircraft with a larger A380 in October 2016.
- In November 2016, Hong Kong Airlines commenced a daily A330 service between Hong Kong and Auckland. The airline increased this service to 10 flights per week between December 2016 and February 2017.
- In December 2016, Tianjin Airlines commenced its first Australasian service, with up to three-flights-per-week using an A330 aircraft between Auckland and the Chinese cities of Tianjin and Chongqing.
- Also in December 2016, Hainan Airlines started a new direct A330 service from Shenzhen in southern China.



NGATI WHATUA ORAKEI WELCOME THE SUN AND ACKNOWLEDGE THE EARTH IN THEIR RA KARAKIA CEREMONY

- In February 2017, Qatar Airways started a new daily B777 service between Doha and Auckland – our second direct Middle Eastern route and the world's longest-duration commercial passenger flight.
- Sichuan Airlines launched a three-times-per-week A330 service from Chengdu in June 2017. Sichuan Airlines is the seventh airline flying passengers between Auckland and mainland China.

The 2017 financial year also saw Air New Zealand continue its international route expansion, adding a seasonal three-flights-per-week B787 service between Auckland and Osaka from November 2016. This is in addition to the new seat capacity delivered by its Ho Chi Minh City, Houston and Buenos Aires services, launched in the 2016 financial year. Also in the 2017 financial year, Norfolk Island Airlines reopened services on the Norfolk Island to Auckland route.

Domestic

The 2017 financial year saw strong growth in Air New Zealand's domestic seat capacity, up by 8.8% or 650,000 seats. This growth was driven by additional capacity from new aircraft and increased frequency on the airline's Wellington, Christchurch and Queenstown services. Pleasingly, market stimulation saw passenger numbers increase at a greater rate than capacity growth on Air New Zealand's regional services.

Jetstar also experienced strong capacity growth in the 12 months to 30 June 2017, up by 8.9% or 197,000 seats. This growth was a result of the airline operating a full year of regional services, with an average of 11 return Jetstar services every day between Auckland Airport and Nelson, Napier, New Plymouth and Palmerston North.

Queenstown Airport and North Queensland Airports

We maintained our support for the development of Queenstown Airport and North Queensland Airports during the 2017 financial year, providing strategic and commercial advice on everything from master-planning to aeronautical operations, retail and funding.

Queenstown Airport's passenger numbers continued to grow in the 12 months to 30 June 2017. It increased its number of international passengers to more than 532,000, up 12.1%, and also increased the number of domestic passengers to 1.4 million, up 15.6%.

In the 2017 financial year Queenstown Airport started welcoming evening flights during winter months, allowing the airport to maximise its operating hours of 6am to 10pm and reduce peak-time pressure on its facilities and services. All four airlines operating at Queenstown Airport – Air New Zealand, Jetstar, Virgin Australia and Qantas – are now certified to fly after-dark services in and out of the resort town. This

is an exciting development for the region, the airport and passengers who now have more flexibility and connectivity across airline networks.

To provide its visitors with greater choices and to help address car parking pressures, Queenstown Airport has opened a new 150-space Park & Ride facility. In the 2017 financial year Queenstown Airport also expanded its commercial transport operator pick-up and drop-off zone, and extended its short and long-term car parking facilities.

Pleasingly, Cairns Airport continued to play its part in growing travel markets during the 2017 financial year. The number of international passengers increased 7.4% to 667,650, domestic passengers increased 3.5% to 4.4 million and transfer and transit passengers increased 17.3% to 171,603. The airport's strong international passenger performance was in part due to growth on the airport's Tokyo and Osaka routes, which were up 19%. The arrival of a new international airline, Jin Air, also contributed to the growth, as did increased flight frequencies by Hong Kong Airlines, SilkAir and Jetstar. We expect that Cairns Airport's international passenger numbers will continue to grow in the 2018 financial year with the announcement that China Southern Airlines will commence a year-round, three-flights-per-week, service from Guangzhou to Cairns in December 2017.



— EIGHT NEW INTERNATIONAL ROUTES WERE LAUNCHED IN THE 2017 FINANCIAL YEAR.

\$50,000 x2

— WE PROVIDED TWO GRANTS OF \$50,000 TO SUPPORT OPERATORS WHO OFFER OUTSTANDING SEASONAL AND REGIONAL TOURISM PRODUCTS FOR VISITORS FROM CHINA, AUSTRALIA, UNITED STATES OR INDIA.

QUEENSTOWN AIRPORT'S PASSENGER NUMBERS CONTINUED TO GROW IN THE 12 MONTHS TO 30 JUNE 2017



“

As a large tourism operation Te Puia continues to see the benefits of Auckland Airport's efforts to grow international inbound air capacity. The growth in air capacity has meant a significant increase in visitor numbers and revenue for Te Puia. This in turn has given us the confidence to invest over \$20 million in new facilities that will enhance the visitor experience in the future. Auckland Airport's drive to grow air capacity is tangible for Te Puia and as such we look at increased air capacity as one of the most critical leading indicators in our business and investment planning.”

TIM COSSAR, CHIEF EXECUTIVE
— TE PUIA, ROTORUA

Unfortunately, Mackay Airport's passenger numbers decreased by 8.4% to 774,969 during the 2017 financial year, in part due to its Sydney route being cancelled and the ongoing softening of the mining and resources industry.

Tourism

Auckland Airport plays an important tourism sector leadership role, ensuring there is sufficient capacity and connectivity to allow tourism, travel and trade markets to continue to grow.

We have continued to develop strategic off-shore markets, such as Australia, the United States, Indonesia and India, to drive passenger volumes and demand, especially in the low, off-peak season. We also continued to support New Zealand tourism operators during the 2017 financial year. Once again we brought together travel and tourism industry leaders from throughout the country to participate in an international travel summit, and we also provided two grants of \$50,000 to support operators who offer outstanding seasonal and regional tourism products for visitors from China, Australia, United States or India.

Given the ongoing strong growth in tourism, we worked with Air New Zealand, Christchurch Airport and Tourism Holdings Limited during the 2017 financial year to commission research on how best to fund New Zealand's public tourism-related infrastructure. The project proposed that a new national tourism entity be created, focused on developing local and mixed-use infrastructure and funded by a targeted tourism infrastructure levy and new government funding. The project report was provided to the Government to assist it with policy development. Following the report's launch, the Government announced that it will invest \$102 million over four years in a new Tourism Infrastructure Fund to develop mixed public and tourist infrastructure. The Government also announced it will invest \$76 million over four years to improve the Department of Conservation's tourism-related infrastructure.



→ Investing in our customer experience

CAROLE CHANT, CUSTOMER SERVICE REPRESENTATIVE, AERONAUTICAL OPERATIONS



WE INSTALLED 45 MOBILE INTERNATIONAL SELF-SERVICE CHECK-IN KIOSKS TO HELP PROVIDE THE BEST POSSIBLE PASSENGER EXPERIENCE

During the 2017 financial year we remained focused on our customers to ensure they have safe and enjoyable journeys when travelling through Auckland Airport.

We delivered a number of improvements across our terminals to help provide the best possible passenger experience during a period of significant change, including:

- installing 45 mobile international self-service check-in kiosks
- reconfiguring our international check-in area to provide 13 more serviced counters
- upgrading our back-of-house international baggage handling system
- adding new technology to monitor real-time traffic movements across the airport precinct so we can improve the journey time information we provide through our mobile and digital channels
- expanding our popular concierge service for international passengers who prefer a personalised and dedicated arrival facilitation service.

We also recruited more than 60 Passenger Experience Assistants to help passengers during our busy December and January months, and additional Customer Service Agents were recruited to proactively assist travellers requiring assistance.

In March 2017 we launched Strata Club, inviting travellers and other customers to join our new, innovative, mobile-based programme designed to recognise their

travel choices with personalised services and benefits. These include longer access to free and improved Wi-Fi, parking upgrades and discounts, special offers from participating general, duty free and food and beverage retailers, and discounted entry to Auckland Airport's Emperor Lounge. More than 30,000 people became members of the free-to-join programme within the first few months of launch.

During the 2017 financial year we also completed a significant upgrade to the Auckland Airport app. The upgrade allowed us to incorporate both the Strata Club and a number of user experience improvements, many of which were based on specific customer feedback. In the 12 months to 30 June 2017 downloads of the app increased by 71%, user sessions increased by 56% and car parking bookings via the app increased by 185%.

Bus operations are commonplace in airports across the world, facilitating the transfer of passengers between lounges in the terminals and aircraft parked on remote airfield stands. At Auckland Airport buses have played a critical role in servicing new demand while new aircraft piers, gates and stands are developed. Internationally, bus operations often represent approximately 10% of an airport's total international flight movements. During the 2017 financial year, 9% of our international flights were serviced using buses and only 5% of our domestic flights were serviced by buses – all of which related to Jetstar's regional flight operations.

30,000+

— MORE THAN 30,000 PEOPLE BECAME MEMBERS OF STRATA CLUB WITHIN THE FIRST FEW MONTHS OF LAUNCH.



IN MARCH 2017 WE LAUNCHED OUR STRATA CLUB



— DOWNLOADS OF THE AUCKLAND AIRPORT APP INCREASED BY 71% IN THE 2017 FINANCIAL YEAR.

To improve the customer experience during bus operations, we purchased two Aviramp mobile jet bridges and completed a tender for a new airfield bus fleet. Aviramps are covered ramps that protect passengers from bad weather and allow passengers to enter or exit their aircraft without having to negotiate stairs. Aviramps also significantly improve the travel experience for passengers with reduced mobility or using a wheelchair by eliminating the need for a separate lift vehicle. Our two Aviramps will be delivered in October 2017 and if the trial is successful, we will purchase more. Our 10 new airfield buses will be supplied by SkyBus and are scheduled to arrive in early 2018. They have been specifically designed for the comfort of passengers being transferred between the terminals and aircraft parked on remote airfield stands.

Auckland Airport continued to work closely with government agencies during the 2017 financial year to improve the efficiency of border services for our passengers. In particular we worked with the New Zealand Aviation Security Service (AvSec) to improve processing times by installing a seventh security screening machine in the international departure area and improving the international transit screening facility.

We remain focused on the importance of biosecurity screening to New Zealand. As a result, we have continued to work with the Ministry for Primary Industries (MPI) to improve its international arrival process, by introducing an additional baggage X-ray machine, new detector dog teams and a new biosecurity area layout and by opening a Green Lane. The Green Lane, which was constructed by Auckland Airport for MPI, helps deliver faster processing times for New Zealand and Australian passport holders who arrive in the country and do not have any food or other biosecurity risk items to declare.

During the 2017 financial year, we continued the process of selecting new tax and duty free retailers and food and beverage operators to sell products representing the best of New Zealand and the world. We will be announcing the names of new retailers closer to the store opening dates, which will start before Christmas 2017.

To further improve our customer experience before people reach the terminal buildings, we have provided additional public car parks closer to the international terminal and at our Park & Ride facility. At Park & Ride, we also introduced a new valet parking service and a new Drop & Ride service.

Drop & Ride has reduced traffic volumes on the inner airport roads and in the drop-off/pick-up zones at the terminals and is a quick and easy way to drop off friends and family for their travel. We also introduced The Wait Zone for domestic customers, a 30-minute free parking option located just two minutes from the terminal which helps keep traffic moving in the domestic terminal's drop-off/pick-up zone.

Two hotels are currently located at Auckland Airport, a 4.5-star Novotel hotel and a 2.5-star ibis budget hotel. Both hotels are popular with travellers and have high occupancy rates. Together with Tainui Group Holdings we progressed the design of a new 5-star, 300-room hotel during the 2017 financial year and selected Accor to operate it as a Pullman hotel. This new luxury hotel will be located close to our international terminal and increases the accommodation options available at the airport. The new 5-star hotel is scheduled to open in the 2020 financial year.

TOGETHER WITH TAINUI GROUP HOLDINGS WE PROGRESSED THE DESIGN OF A NEW 5-STAR, 300-ROOM PULLMAN HOTEL DURING THE 2017 FINANCIAL YEAR



“

Auckland Airport is such an incredible place to work – seeing the excitement of passengers heading off on their journey and the sense of joy from both first-time and returning travellers. As a team, we are 100% committed to ensuring an amazing experience every day of the year for all passengers who pass through our international and domestic terminals.”

TRISH COCHRANE
TERMINAL SERVICES MANAGER
AUCKLAND AIRPORT



ANIL VARMA, MANAGER SECURITY AND EMERGENCY SERVICES, AERONAUTICAL OPERATIONS



→ Being a good employer and neighbour



MANUREWA HIGH SCHOOL'S JOSHUA ROBERTS DEVELOPING HIS SKILLS THROUGH ARA'S WORK EXPERIENCE PROGRAMME



23 

— 23 PEOPLE NOW TRAINED TO INVESTIGATE HEALTH AND SAFETY INCIDENTS ACROSS THE COMPANY.



68%

— STAFF HEALTH AND SAFETY ENGAGEMENT INCREASED TO 68%, AN INDICATOR OF AN INCREASINGLY PROACTIVE CULTURE IN THIS ALL-IMPORTANT AREA.

Our people

Our company's ongoing financial and non-financial success is very much due to the efforts of the people who work here. Auckland Airport has therefore remained focussed on being a good employer in the 2017 financial year.

The health and safety of employees, contractors, customers and visitors remained a top priority for Auckland Airport in the 12 months to 30 June 2017. The company continued to grow the team responsible for supporting our employees, with 23 people now trained to investigate health and safety incidents across the company, and significantly enhanced our permit to work system for managing higher-risk and non-routine physical works. Pleasingly, in the 12 months to 30 June 2017 staff health and safety engagement increased to 68%, an indicator of an increasingly proactive culture in this all-important area. Underlying this result, the 2017 financial year saw a 27% increase in the reporting of safety observations, hazards and near misses, a 22% decrease in the employee recordable injury frequency rate and an 81% reduction in the contractor lost time injury frequency rate. These further improvements are evidence of a culture where people are increasingly focused on eliminating health and safety hazards before they cause injury.

The learning and development requirements of employees has also been a key focus for the company during the 2017 financial year. Investment in our people is essential and ensures they have the skills they need to do their jobs to the best of their abilities. To help achieve this, in the 2017 financial year we refreshed the company's on-boarding and induction programme, completed talent reviews and succession plans, offered six new programmes under the professional development framework and initiated a new Leadership Congress for 70 of our senior managers.

Valuing different backgrounds and viewpoints underpins a constructive workplace environment and Auckland Airport has continued to focus on highlighting and celebrating the diversity of its people and its commitment to inclusion throughout the 2017 financial year. A particular focus in the 12 months to June 2017 has been increasing the number of women employed as a proportion of employees. During the 2017 financial year, women represented 38% of our workforce, 22% of our Leadership Team and 38% of our Board, and 100% of our Future Directors have been women. We have also continued to celebrate cultural diversity, with sponsorship of, and employee involvement with, Auckland's ASB Polyfest, Māori Language Week activities and the development of a company waiata.

In addition to the number of investments we are making in Auckland Airport's people and people-related systems, ongoing enhancements to the airport's built and natural environment are also ensuring we are a great place to work. The significant investments we are making in improving the airport's transport network and our advocacy to improve public transport and state highway access will play a key role in the long-term attractiveness of Auckland Airport as a place to do business and to work.

In August 2016, to recognise the efforts of our whole team and the contribution they made to strong company performance in the 2016 financial year, the Board and Chief Executive approved a one-off performance bonus payment of \$1,500 (before tax) to all permanent employees who do not already participate in the short-term incentive scheme.

Our neighbours

Throughout the 2017 financial year we have continued to invest in our local community, focusing our investment in our corporate social responsibility priorities of employment, education and the environment.

In June 2017 we were proud to host the official launch of Ara – the Auckland Airport Jobs and Skills Hub. The launch by the Minister of Tertiary Education, Skills and Employment was attended by around 100 employers, community members, local schools, central and local government representatives, people connected to jobs through Ara, training providers and people from across the wider airport community. It was a celebration of the achievements of Ara, which in the 12 months to 30 June 2017 organised 1,342 training opportunities and placed 190 people into employment – 156 of them living in South Auckland and 74 of whom were previously receiving a central government benefit.

As we continue to build the airport of the future, we believe Ara will go from strength to strength. It showcases long-term, sustainable, 'shared value' corporate social responsibility by providing training and long-term employment opportunities for people in our local community, and at the same time assisting the company to progress its infrastructure development programme.

Our local communities tell us that education is important to them and Auckland Airport has continued to develop a comprehensive programme that empowers people through educational initiatives. In the 12 months to 30 June 2017, we have awarded eight education scholarships to students from local schools. Our educational focus also saw 50 students from five local schools participate in a work experience programme, and the ongoing sponsorship of the Counties Manukau Life Education Trust, ASB Polyfest and the Auckland Arts Festival's schools programme.

As a major New Zealand company we are committed to operating in an environmentally sustainable way and we are well on track to achieving our 2020 goal of reducing our environmental footprint by 20% per passenger.

Pleasingly, in the 2017 financial year the amount of waste per passenger sent to landfill decreased by a further 4% and energy use per passenger fell by 7%. We established a transitional waste facility to improve the sorting of aeronautical biosecurity waste and successfully completed a three-year energy savings agreement with the Energy Efficiency and Conservation Authority (EECA). We also



FIA TAUVELA, AIRPORT SECURITY COORDINATOR PRESENTS THE AUCKLAND AIRPORT AWARD ON THE SAMOAN STAGE AT ASB POLYFEST



\$1,500

— THE BOARD AND CHIEF EXECUTIVE APPROVED A ONE-OFF PERFORMANCE BONUS PAYMENT OF \$1,500 (BEFORE TAX) TO ALL PERMANENT EMPLOYEES WHO DO NOT ALREADY PARTICIPATE IN THE SHORT-TERM INCENTIVE SCHEME.

\$346,000

— THE AUCKLAND AIRPORT COMMUNITY TRUST AWARDED \$346,000 DURING THE 2017 FINANCIAL YEAR TO COMMUNITY PROJECTS IN THE PARTS OF SOUTH AUCKLAND MOST AFFECTED BY AIRCRAFT NOISE.



MARTIN FRYER, SUSTAINABILITY MANAGER, AIRPORT DEVELOPMENT & DELIVERY
KATE THOMPSON, COMMUNICATIONS AND COMMUNITY RELATIONS MANAGER,
PEOPLE & SAFETY



Auckland Airport clearly understands its role in ensuring the success of its local community. As one of the largest employers in the community, it is impressive to see how wide ranging its support is, and its focus on long term employment, as the key highlight.”

BACS – BUSINESS AND COMMUNITY
SHARES NEW ZEALAND

undertook a new climate change analysis to increase our understanding and minimise our risk in relation to climate change events.

In addition to our focus on education, employment and the environment, we have continued to support local initiatives through our community grants programme, including:

- 18 “Our Auckland” grants, each of \$1,000, to community groups across Auckland nominated by our Auckland Airport staff
- 8 “He Tangata” grants, totalling \$40,000, to support organisations nominated by local community members for the excellent work they do in South Auckland
- \$120,000 to 12 charities across Auckland and New Zealand – also known as our “12 Days of Christmas” grants which distribute money donated by travellers into our collection globes.

The many corporate social responsibility initiatives undertaken by Auckland Airport are detailed in our annual Corporate Social Responsibility Report, which is available online: corporate.aucklandairport.co.nz/corporate-responsibility.

The Auckland Airport Community Trust awarded \$346,000 during the 2017 financial year to community projects which supported learning, literacy and life skills in the parts of South Auckland most affected by aircraft noise.

The Trust also provided some homeowners with financial assistance to pay their share of the installation of noise mitigation packages.

Throughout the 2017 financial year Auckland Airport has continued to develop its relationship with mana whenua. In addition to our regular engagement hui and consultation on airport development, the designers of our upgraded international departure experience and iconic gateway bridge have been working closely with iwi on some of the projects’ key design features. Auckland Airport also continues to support the administration and maintenance of the Te Manukanuka o Hoturoa Marae which is located at the airport and is an important community asset.

Governance & leadership

Richard Didsbury

Richard Didsbury became a director of the company in 2007 and is the Chair of Auckland Airport's safety and operational risk committee. He has been a much-valued member of the Board for the past 10 years and a champion for health and safety and corporate social responsibility. Richard's significant management and governance experience in property, infrastructure and tourism, combined with his passion for Auckland, has helped Auckland Airport to deliver strong results for investors, our city and the country.

Richard's retirement was deferred by the Board in 2016 so that it could retain his skills and experience to support the company's aeronautical and property infrastructure investment programme. Richard will now retire at the annual meeting in October 2017 and the Board is undertaking a search for a new director to fill the vacancy.



RICHARD DIDSBURY
DIRECTOR

Sydney visit

As part of its ongoing commitment to excellence, learning from other successful companies and being engaged in regional aeronautical developments, the Board met in Sydney in April 2017. Directors and management visited Sydney Airport, which welcomes more than 40 million passengers every year, and discussed infrastructure development, trans-Tasman tourism and health and safety. A briefing was also held with Facebook to discuss its travel and tourism activities and with Qantas to discuss airline infrastructure requirements and alliances. Directors and management also met with the New South Wales Government to discuss the development of Sydney's new airport in Badgerys Creek and met with Boeing to discuss its view on the future of travel.

NZX Code reporting

The company has amended this annual report to ensure it incorporates the new corporate governance reporting principles issued by the New Zealand Stock Exchange, which take effect in the 2018 financial year. The following key amendments have been made to the corporate governance section of our 2017 annual report, located on page 14 of the 2017 financial statements:

- All "Principles" are now in the same order as, and labelled in accordance with the New Zealand Stock Exchange Code
- Reference is made to the various Board committees and links provided to their individual policies
- A skills matrix has been added to demonstrate what attributes each Director brings to the Board
- Diversity reporting is now reported under Principle 2
- Non-financial reporting has been highlighted and a link provided to the company's 2016 Corporate Social Responsibility Report
- Additional information on the Chief Executive's remuneration has been provided
- Confirmation has been included that we have a takeover offer protocol.



SCOTT TASKER, GENERAL MANAGER
AERONAUTICAL COMMERCIAL

Leadership team change

In July 2017, the Chief Executive announced the appointment of Scott Tasker as Auckland Airport's new General Manager Aeronautical Commercial. Scott will lead the company's route development work programme, as well as its focus on tourism strategies and sustainably growing airline services to New Zealand. Scott brings 21 years of experience in the travel industry to the role and for the past two and a half years he has led our aeronautical commercial activities in the Americas market and overseen significant growth in new carriers and additional capacity. Scott replaces Norris Carter who left Auckland Airport in November 2016 to become the Chief Executive of North Queensland Airports.

Aeronautical pricing

The Board retained its increased oversight of aeronautical pricing throughout the 2017 financial year. The ad-hoc Board sub-committee met regularly to provide governance oversight of this important task, which assisted the company in the development of its aeronautical charges for the financial years 2018–2022 in June 2017. James Miller chaired the sub-committee which was comprised of the following directors: Justine Smyth; Christine Spring and Patrick Strange. The Chair of the company, Sir Henry van der Heyden, also attended meetings of the subcommittee.

Financial summary

Our total profit after tax for the year to 30 June 2017 was up 26.9% to \$332.9 million, while underlying profit after tax increased 16.5% to \$247.8 million.

Revenue increased 9.7% to \$629.3 million. This was, in part, due to ongoing strong growth in aeronautical and investment property revenues. Operating expenses increased 8.8% to \$156.2 million, in part due to operational resources and asset management and maintenance. Our earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) increased 9.9% to \$473.1 million.

Our total share of the underlying profit from associates was \$14.9 million for the 2017 financial year, up 29.6%. The underlying profit share from Queenstown Airport was up 57.9% to \$3 million and the share from the Novotel hotel, in which we increased our shareholding to 40% in February 2017, was up 58.8% to \$2.7 million. Our underlying profit share from North Queensland Airports was up 16.5% to \$9.2 million.

In the 2017 financial year we undertook a review of our 24.55% investment in North Queensland Airports (NQA). We believe NQA is a highly attractive asset and a great investment with a strong growth strategy and a new and highly capable management team. However, our review has confirmed that while NQA is a quality asset, it is not integral to our current business strategy.

The final dividend for the 2017 financial year is up 16.7% to 10.5 cents per share. It will be imputed at the company tax rate of 28% and paid on 20 October 2017 to shareholders who are on the register at the close of business on 6 October 2017. As a result, the total dividend for the 12 months to 30 June 2017 is up 17.1% to 20.5 cents per share. Our performance in the 2017 financial year means that underlying earnings per share have continued to increase, up 16.2% to 20.8 cents per share.

The reinstatement of our dividend reinvestment plan, to provide funding flexibility to support our investment in new infrastructure and growth, has been welcomed by many of our shareholders. The dividend reinvestment plan will again be in place for the 2017 financial year final dividend, enabling shareholders to elect to purchase Auckland Airport shares at a 2.5% discount to market price, instead of receiving the dividend as cash.

The table on page 36 shows how we reconcile reported profit after tax and underlying profit after tax for the full-year periods ended 30 June 2017 and 30 June 2016.

The following adjustments have been made to show underlying profit after tax for the 12-month periods ended 30 June 2017 and 30 June 2016:

- We have reversed out the impact of revaluations of investment property and associates in the 2017 and 2016 financial years. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular period can be too short for the purposes of measuring performance. Changes between periods can be volatile and, consequently, will have an impact on comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy.

- We recognise gains or losses in the income statement arising from valuation movements in interest rate derivatives that are not hedge accounted and where the counter-party credit risk on derivatives has an impact on accounting hedging relationships. These gains or losses, as in the case of investment property, are unrealised and derivative gains or losses are expected to reverse out over their lives.
- To be consistent, we have adjusted the revaluations of investment property and financial derivatives that are contained within the share of profit of associates in the 2017 and 2016 financial years.
- We also allow for the taxation impacts of the above adjustments in the 2017 and 2016 financial years.

 **\$14.9m**

— OUR TOTAL SHARE OF THE UNDERLYING PROFIT FROM ASSOCIATES WAS \$14.9 MILLION FOR THE 2017 FINANCIAL YEAR, UP 29.6%.

 **57.9%**

— THE UNDERLYING PROFIT SHARE FROM QUEENSTOWN AIRPORT WAS UP 57.9% TO \$3 MILLION.

Underlying profit

	2017			2016		
	Reported profit \$M	Adjustments \$M	Underlying profit \$M	Reported profit \$M	Adjustments \$M	Underlying profit \$M
EBITDAFI per Income Statement	473.1	–	473.1	430.3	–	430.3
Share of profit of associates	19.4	(4.5)	14.9	(8.4)	19.9	11.5
Derivative fair value movement	2.5	(2.5)	–	(2.6)	2.6	–
Investment property fair value increases	91.9	(91.9)	–	87.1	(87.1)	–
Property, plant and equipment revaluation decrease	–	–	–	(16.5)	16.5	–
Depreciation	(77.9)	–	(77.9)	(73.0)	–	(73.0)
Interest expense and other finance costs	(72.8)	–	(72.8)	(79.1)	–	(79.1)
Other taxation expense	(103.3)	13.8	(89.5)	(75.4)	(1.6)	(77.0)
Profit after tax	332.9	(85.1)	247.8	262.4	(49.7)	212.7

Cash flows

	2017 \$M	2016 \$M
Net cash inflow from operating activities	307.1	270.5
Net cash outflow applied to investing activities	(337.3)	(217.7)
Net cash inflow/(outflow) applied to financing activities	22.7	(38.7)
Net (decrease)/increase in cash held	(7.5)	14.1

Financial performance

	2017 \$M	2016 \$M
Income		
Airfield income	119.6	103.4
Passenger services charge	174.3	154.9
Retail income	162.8	157.5
Rental income	84.9	74.7
Rates recoveries	5.6	5.4
Car park income	56.3	52.1
Interest income	2.3	1.7
Other income	23.5	24.2
Total income	629.3	573.9
Expenses		
Staff	50.5	46.8
Asset management, maintenance and airport operations	55.6	49.1
Rates and insurance	12.2	11.5
Marketing and promotions	16.7	16.3
Professional services and levies	11.4	9.7
Other expenses	9.8	10.2
Total expenses	156.2	143.6
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	473.1	430.3
Share of profit/(loss) of associates and joint ventures	19.4	(8.4)
Derivative fair value increase/(decrease)	2.5	(2.6)
Property, plant and equipment fair value revaluation	–	(16.5)
Investment property fair value increase	91.9	87.1
Earnings before interest, taxation and depreciation (EBITDA)	586.9	489.9
Depreciation	77.9	73.0
Earnings before interest and taxation (EBIT)	509.0	416.9
Interest expense and other finance costs	72.8	79.1
Profit before taxation	436.2	337.8
Taxation expense	103.3	75.4
Profit after taxation attributable to owners of the parent	332.9	262.4

Financial position

	2017 \$M	2016 \$M
As at 30 June		
Non-current assets	6,399.5	6,038.6
Current assets	104.0	102.9
Total assets	6,503.5	6,141.5
Non-current liabilities	1,911.0	1,768.6
Current liabilities	563.5	492.2
Equity	4,029.0	3,880.7
Total equity and liabilities	6,503.5	6,141.5



CONSTRUCTION OF THE NEW QUAD 7 OFFICE BUILDING WAS COMPLETED IN THE 2017 FINANCIAL YEAR



Share registrar

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Annual Report 2017

This annual report covers the performance of Auckland International Airport Limited for the period from 1 July 2016 to 30 June 2017. This volume contains overview information and a summary of our performance against financial and non-financial targets for the 2017 financial year. Our audited financial statements for the period from 1 July 2016 to 30 June 2017 are contained in a separate volume, which may be accessed at report.aucklandairport.co.nz

2017 Financial Statements

The 2017 Financial Statements are available on our website report.aucklandairport.co.nz or you may elect to have a copy sent to you by contacting our investor relations team.

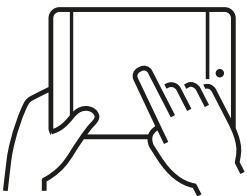
Electronic shareholder communication

If you would like to receive all investor communications electronically, including interim and annual shareholder reports, please visit the Link Market Services website www.linkmarketservices.co.nz or contact them directly (details above).

Investor relations

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Online report

View our interactive report at
report.aucklandairport.co.nz
It has been designed for ease of
online use, with tablets in mind.

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