Auckland Airport

Annual Results Presentation

19 August 2021

Adrian Littlewood
Chief Executive

Philip Neutze
Chief Financial Officer

Important notice

Disclaimer

This presentation is given on behalf of Auckland International Airport Limited (NZX: AIA; ASX: AIA; ADR: AUKNY). Information in this presentation:

- is provided for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Auckland International Airport Limited (Auckland Airport);
- should be read in conjunction with, and is subject to, Auckland Airport's audited Annual Report for the twelve months ended 30 June 2021, prior annual and interim reports and Auckland Airport's market releases on the NZX and ASX;
- includes forward-looking statements about Auckland Airport and the environment in which Auckland Airport operates which are subject to uncertainties and contingencies outside of Auckland Airport's control. Auckland Airport's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and
- may contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.

All information in this presentation is current at the date of this presentation, unless otherwise stated. Auckland Airport is not under any obligation to update this presentation at any time after its release, whether as a result of new information, future events or otherwise.

All currency amounts are expressed in New Zealand dollars unless otherwise stated and figures, including percentage movements, are subject to rounding. Similarly, unless otherwise indicated, all references to a year in the presentation are for the financial year ended 30 June.

Refer page 39 for a glossary of the key terms used in this presentation.

Highlights

Results at a glance

Revenue	Reported profit after tax	Passenger movements	Operating cashflow
$281.1m	$464.2m	6.4m	$61.0m
▼ -50.4%	▲ 139.4%	▼ -58.5%	▼ -65.3%
	Earnings per share 31.5 cps		

EBITDAFI	Underlying loss[1]	Aircraft movements	Capital investment[2]
$171.5m	$41.8m	98,689	$195.7m
▼ -34.1%	▼ -122.2%	▼ -29.1%	▼ -47.2%
	Loss per share 2.8 cps		

1. *Refer appendix for reconciliation of reported profit after tax to underlying profit after tax*
2. *Net capital expenditure additions after $1.4m of capex write-offs and impairments*

2021 reflects the impact of the COVID-19 pandemic

Aeronautical

$88.2m revenue -62.2%

COVID-19 impacting PAX volumes
-92.8% International (FY19: -94.7%)
-17.1% Domestic (FY19: -39.1%)
-94.1% Transits (FY19: -95.7%)

Retail

$17.8m income -87.4%

Difficult retail environment:
$2.77 income per passenger
21.6% decline in international PSR

Transport

$28.7m revenue -42.9%

Less decline than domestic PAX:
-65.6% reduction in exits
-42.9% ARPS decrease

Property

$100.5m revenue 13.6%

Development momentum continues:
$160m plus under construction
$2.6bn portfolio value
$117.0m rent roll
9.7 years WALT

Hotels

$27.2m revenue[1] -29.0%

Travel restrictions impacted demand:
58.6% occupancy[2]

Queenstown

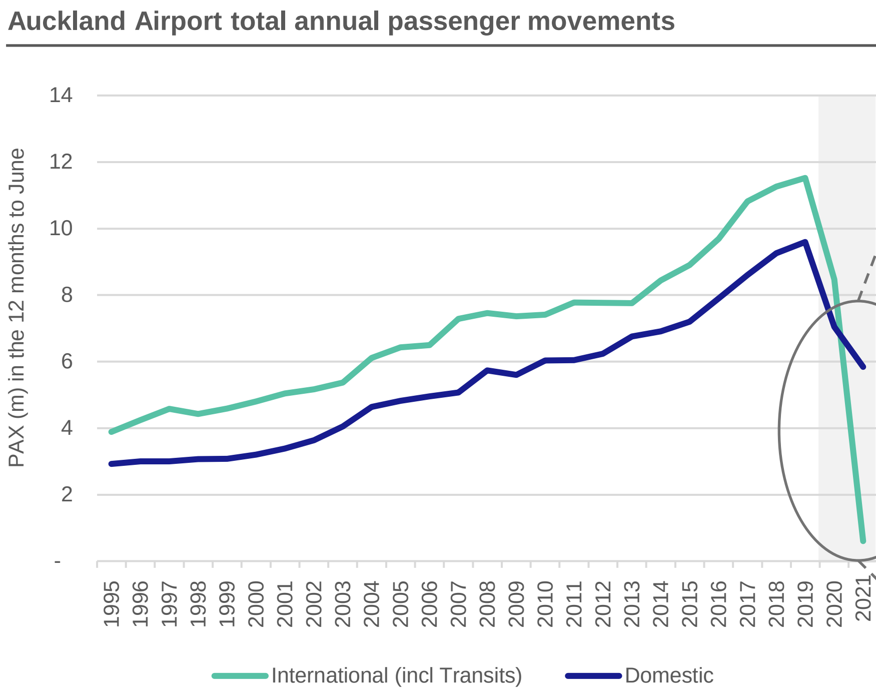
$27.8m revenue -40.5%

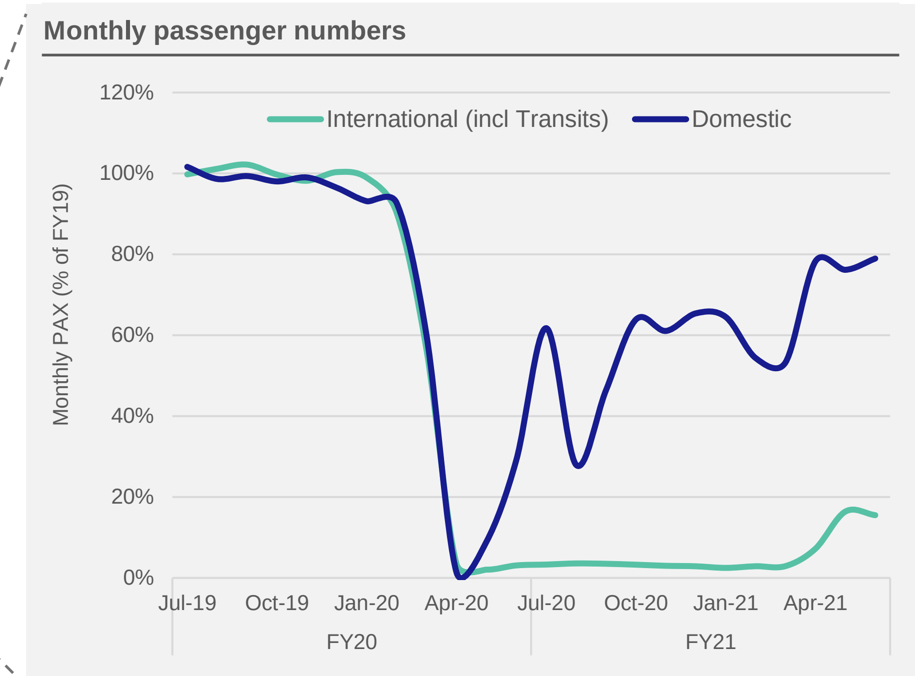
COVID-19 impacting PAX volumes
-95.7% International (FY19: -96.1%)
1.9% Domestic (FY19: -21.3%)

1. *Includes ibis Budget Hotel and 100% of Novotel Hotel revenues*
2. *Average occupancy across the ibis Budget Hotel and Novotel*

Passenger numbers remain significantly down

Despite a strong recovery in domestic travel over the last twelve months, total passenger numbers remain well down on pre-COVID levels





Pre-COVID, passenger numbers at Auckland Airport were resilient to a number of major external shocks over the long term…

…but COVID-19 has continued to impact passenger numbers with activity down on pre-COVID levels particularly international passengers, with the closure of the country's border

Source: Auckland Airport

We haven't wasted a day getting after what matters

Safe management of border and leading the design of future border models

Investing in core asset resilience and developing new trigger-based infrastructure programme

Stabilising existing commercial business and establishing new foundations

Shored up liquidity immediately following the first lockdowns, disciplined operational and capital expenditure throughout 2021, negotiated extensions to nearly $700 million of soon-to-mature bank facilities and introduced an EBITDA based interest cover covenant

Financial performance

Passenger numbers

For the year ended 30 June	2021	2020	Change
International arrivals	261,469	3,948,248	(93.4%)
International departures	297,592	3,791,012	(92.2%)
International passengers excluding transits	**559,061**	**7,739,260**	**(92.8%)**
Transit passengers	43,064	734,686	(94.1%)
Total international passengers	**602,125**	**8,473,946**	**(92.9%)**
Domestic passengers	5,841,514	7,047,108	(17.1%)
Total passengers	**6,443,639**	**15,521,054**	**(58.5%)**

- Total passenger volumes fell 58.5% on 2020 reflecting travel restrictions imposed in response to COVID-19 (2020 included a full quarter of COVID-19 impacts)
- International passengers decreased by 92.8% on 2020 (94.7% versus pre-COVID 2019 numbers), as border restrictions significantly impacted demand. Quarantine free travel with Australia and the Cook Islands commenced in the final quarter of FY21
- Domestic passengers decreased by 17.1% on 2020 (39.1% versus pre-COVID 2019 numbers). Demand was impacted by a number of mini lockdowns in Auckland during 2021 and a lack of international flow-on traffic
- Domestic passenger numbers recovered to 77.7% of pre-COVID 2019 activity in the final quarter of 2021

Aircraft movements and MCTOW

For the year ended 30 June	2021	2020	Change
Aircraft movements			
International aircraft movements	15,106	44,961	(66.4%)
Domestic aircraft movements	83,583	94,175	(11.2%)
Total aircraft movements	**98,689**	**139,136**	**(29.1%)**
MCTOW (tonnes)			
International MCTOW	1,771,014	4,669,929	(62.1%)
Domestic MCTOW	1,637,867	1,830,711	(10.5%)
Total MCTOW	**3,408,881**	**6,500,640**	**(47.6%)**

- International aircraft movements and MCTOW declined by 66.4% and 62.1% on the prior year. Relative to 2019 levels, this equates to a 73.5% and 70.0% respective decrease. MCTOW reduced far less than international passenger volumes, as airlines, including those operating under the government cargo support schemes, utilised larger passenger aircraft types in order to maximise cargo capacity uplift despite the very low international passenger loads
- Domestic aircraft movements and MCTOW decreased by 11.2% and 10.5% on the prior year. Relative to 2019 levels, this equates to a 31.3% and 31.0% respective decrease reflecting domestic lockdowns, a lack of international flow-on demand and Jetstar’s withdrawal from regional services. Similar to international, lower load factors led to MCTOW falling less than the reduction in passenger numbers

Performance impacted by border restrictions

For the year ended 30 June ($m)	2021	2020	Change
Revenue	281.1	567.0	(50.4%)
Expenses[1]	109.6	306.6	(64.3%)
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**171.5**	**260.4**	**(34.1%)**
Share of profit from associates	21.1	8.4	151.2%
Derivative fair value movement	(0.5)	(1.9)	73.7%
Property, plant and equipment revaluation	(7.5)	(45.9)	83.7%
Investment property revaluation	527.3	168.6	212.8%
Impairment of investment in joint venture	-	(7.7)	100.0%
Depreciation expense	124.7	112.7	10.6%
Interest expense	94.0	71.8	30.9%
Taxation expense	29.0	3.5	728.6%
Reported profit after tax	**464.2**	**193.9**	**139.4%**
Underlying profit/(loss) after tax[2]	**(41.8)**	**188.5**	**(122.2%)**

1. 2020 includes capital expenditure write-offs, impairments and contractor termination costs of $117.5 million, redundancy costs of $5.9 million and credit losses of $7.3 million in 2020. 2021 includes a net reversal of $16.9m of fixed asset impairment and termination costs and a $4.2m reversal of expected credit losses

2. A reconciliation between profit after tax and underlying profit after tax is included in the Appendix

Property growth, other segments declined

For the year ended 30 June ($m)	2021	2020	Change
Airfield income	64.0	100.6	(36.4%)
Passenger services charge	24.2	133.0	(81.8%)
Retail income	17.8	141.5	(87.4%)
Car park income	28.7	50.3	(42.9%)
Investment property rental income	100.5	88.5	13.6%
Other rental income	14.7	20.7	(29.0%)
Other income	31.2	32.4	(3.7%)
Total revenue	**281.1**	**567.0**	**(50.4%)**

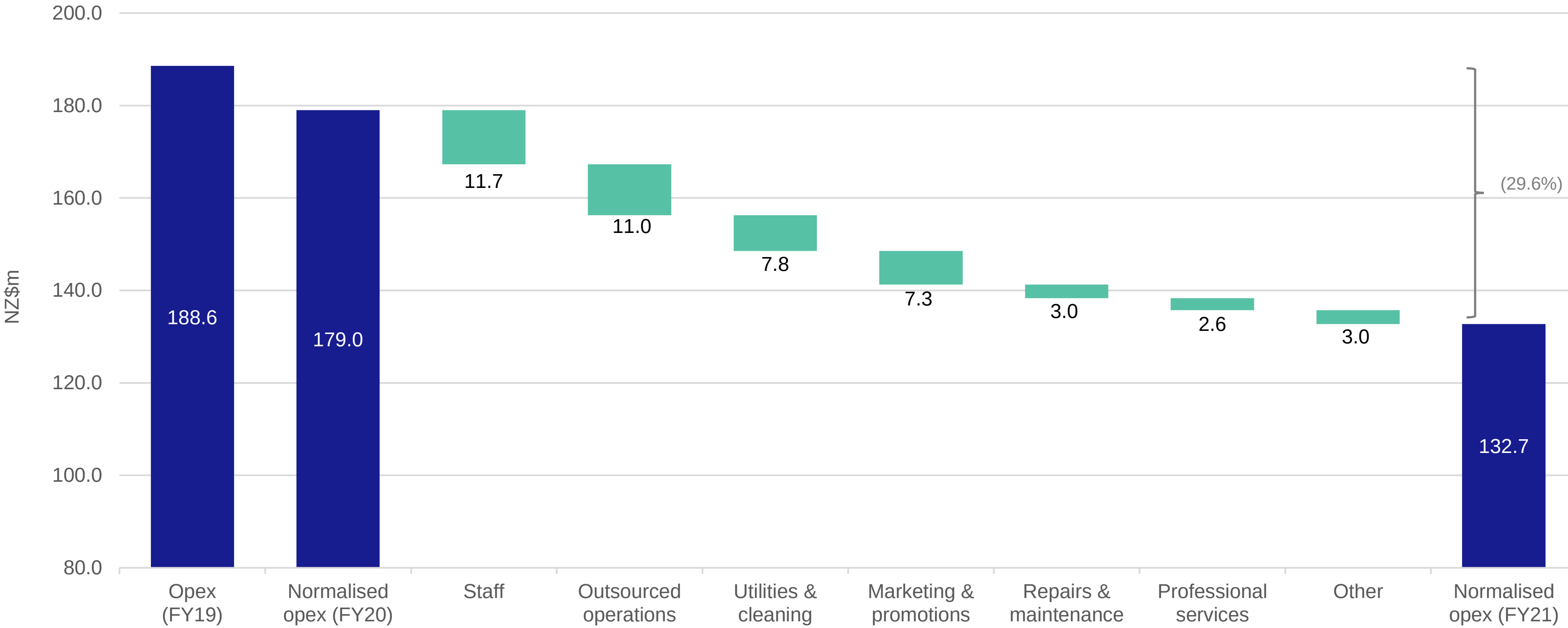
- Airfield income decreased 36.4%, far less than the reduction in PAX volumes as airlines maintained connectivity despite significantly lower PAX volumes in order to serve strong air cargo demand. Airfield income includes a 49.2% increase in aircraft parking charges due to longer aircraft layover times
- Passenger services charge fell 81.8%, much greater than the 58.5% reduction in total PAX, reflecting the 93% reduction in higher yielding international PAX
- Retail income fell by 87.4% reflecting ongoing MAG and concession relief as international PAX remains subdued. Car parking income fell 42.9%, reflecting almost no international parking which normally generates about half our car parking income
- Investment property rental income growth of 13.6% reflects the completion of Foodstuffs North Island, Interwaste and DHL and the leasing of the remaining units at 27 Timberly Road

Significant cost reductions implemented

For the year ended 30 June ($m)	2021	2020	Change
Staff	45.6	62.9	(27.5%)
Asset management, maintenance and airport operations	53.4	77.5	(31.1%)
Rates and insurance	20.8	18.0	15.6%
Marketing and promotions	1.0	8.3	(88.0%)
Professional services and levies	3.6	6.2	(41.9%)
Fixed asset write-offs, impairments and termination costs	2.5	117.5	(97.9%)
Reversal of fixed asset impairment and termination costs	(19.4)	-	N/A
Other expenses	6.3	9.5	(33.7%)
Expected credit losses	(4.2)	6.7	(162.7%)
Total operating expenses	**109.6**	**306.6**	**(64.3%)**
Depreciation	124.7	112.7	10.6%
Interest	94.0	71.8	30.9%

- Reported operating expenses reduced 64.3%, reflecting a combination of scaling back of operating costs and the reversal of prior period fixed asset losses
- Interest expenses increased by $22.2 million or 30.9% as a result of $23.5 million of one-off costs associated with the prepayment of USPP debt and the close-out of cross currency and fixed interest rate swaps in the year. This will deliver more than $10 million per annum interest expense savings over the next few years

Normalised operating expenses down nearly a third



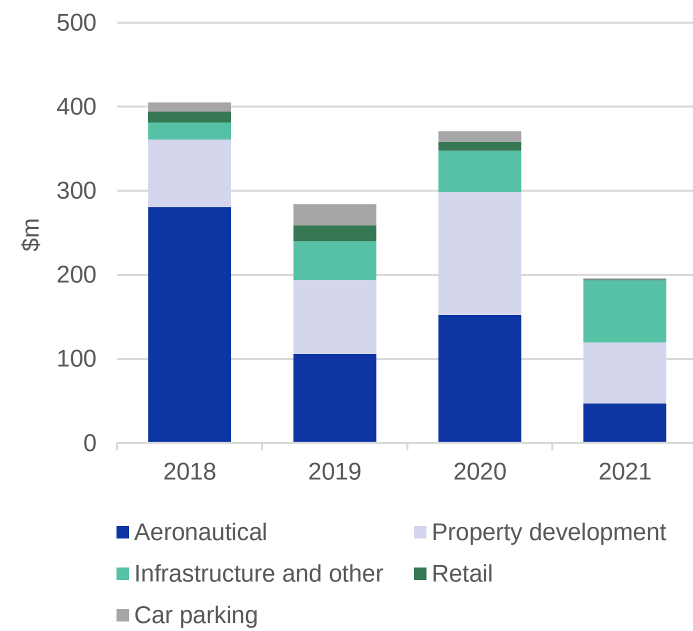
- Normalised staff costs reduced by $11.7 million reflecting the reduction in headcount across the organisation
- Outsourced operations decreased by $11.0 million driven by the scaling back of baggage handling, bus services, Park & Ride, Valet and Strata Lounge for the reduced demand environment
- Utilities and cleaning costs reductions reflect lower PAX volumes and prudent management
- Marketing and promotions activity down by nearly 90% as a result of the travel restrictions
- See slide 38 for a reconciliation of reported to normalised operating expenses

Capital expenditure focused on asset upgrades

Lower aeronautical activity in the year has facilitated the upgrade and renewal of key infrastructure assets

- Capital expenditure in the year totalling $195.7m[1] focused on core infrastructure renewals, upgrades to the roading network and new property developments
- Key FY21 projects included:
  - major upgrade of the northern airport access road to include HOV lanes, shared pedestrian and cycle paths, and new wayfinding gantries;
  - construction of SH20B HOV lanes and upgrade to Prices Road;
  - accelerated renewal and upgrade programme of runway, apron and fuel systems;
  - delivery of a dedicated facility for processing passengers to Managed Isolation Quarantine facilities;
  - completion of the Foodstuffs office and warehouse, Interwaste and DHL developments; and
  - commencing construction on three preleased warehouse developments scheduled for completion in FY22-23

Historical capital expenditure



1. Net of $1.4m capex write-offs and impairments

Capital management and liquidity

Secured liquidity to support the business

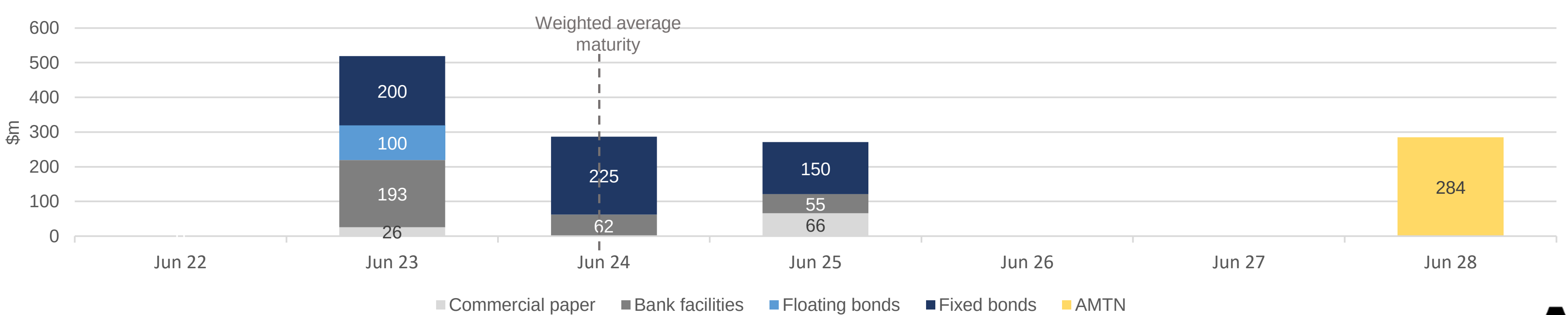
- During 2021 repaid $215 million of debt as it matured in the ordinary course and prepaid NZ$425 million of USPP from existing cash reserves
- Committed undrawn facility headroom at 30 June 2021 of $831.7m and $79.5m in available cash
- Waivers for any interest coverage and gearing covenant breaches until 31 December 2021 (inclusive). Moving to an EBITDA interest coverage covenant after that (2.0x in calendar 2022, 2.5x in 2023, 3.0x thereafter)
- Extended nearly $700m of bank facilities maturing over Jan-Apr 2022 by between 7-19 months
- A- credit rating from S&P maintained on stable outlook

Credit metrics and key lending covenants

For the year ended 30 June	Covenant	2021	2020
Gearing[1]	≤ 60%	15.3%	23.5%
Interest coverage[2]	≥ 1.5x	0.75x	2.62x
Debt to enterprise value		11.6%	19.4%
Net debt to enterprise value		10.9%	12.5%
Funds from operations interest cover[3]	2.5x	1.5x	3.4x
Funds from operations to net debt[3]	11.0%	3.9%	18.6%
Weighted average interest cost[4]		5.43%	3.89%
Average term to maturity (years)		2.92	4.66
Percentage of fixed borrowings		80.4%	65.4%

1. *Gearing defined as nominal value of debt plus derivative liabilities divided by nominal value of debt plus derivative liabilities plus the book value of equity*
2. *Interest coverage defined as reported NPAT plus taxation, interest expense, revaluations and derivative changes (broadly EBIT) divided by interest expense*
3. *S&P A- rating threshold*
4. *2021 includes one off close out costs for interest rate swaps, USPP notes and associated cross currency swaps of $23.5m. Excluding these costs the weighted average interest cost was 4.16%*

Drawn debt maturity profile (post August refinancing)



Balance sheet remains strong

For the year ended 30 June ($m)	2021	2020[1]	Change
Non-current assets	**9,657.0**	**8,460.2**	**14.1%**
Property, plant and equipment	6,832.0	6,060.8	12.7%
Investment properties	2,641.4	2,054.2	28.6%
Other non-current assets	183.6	345.2	(46.8%)
Current assets	**125.8**	**837.0**	**(85.0%)**
Cash	79.5	765.3	(89.6%)
Other current assets	46.3	71.7	(35.4%)
Non-current liabilities	**1,523.3**	**2,192.8**	**(30.5%)**
Term borrowings	1,172.8	1,824.4	(35.7%)
Other non-current liabilities	350.5	368.4	(4.9%)
Current liabilities	**326.0**	**467.3**	**(30.2%)**
Equity	**7,933.5**	**6,637.1**	**19.5%**

- Balance sheet strengthened by large land revaluations in 2021 for PP&E ($762 million) and investment property ($527 million)
- Remaining proceeds of April 2020 $1.2 billion equity raise used to prepay remaining $425 million of USPP notes
- Total debt of $1,393 million and net debt of $1,313 million at its lowest level in absolute terms since 2013

1. *The split between 2020 current and non-current assets has been restated*

Our continuing journey

Auckland Airport's COVID-19 strategy

The global spread of COVID-19 and the subsequent imposition of travel restrictions continues to have a profound impact on the aviation industry

- In 2020 Auckland Airport outlined a three-stage plan for its management through and beyond the pandemic including a comprehensive approach to scaling down the business: reducing operating and capital expenditure; suspending or deferring major infrastructure projects; restructuring bank debt; and raising $1.2 billion new equity from shareholders

- Having moved quickly to respond to challenging environment that COVID-19 presented, in 2021 Auckland Airport has gone further to:
  - scale down activity to reflect the current operating environment;
  - invest in critical infrastructure;
  - repaid $640 million of debt to reduce interest costs;
  - extend short-term bank maturities;
  - modify our interest coverage covenant; and
  - continued to support our tenants and business partners who are critical to the long-term success of the precinct

First line of defence

The airport's primary objective throughout the pandemic has been on ensuring the safe and secure operation of our facility to protect New Zealand's border

- Close coordination with government, border agencies and airlines to reinstate domestic services and manage ongoing changes to the international border
- Introduced new protocols for cleaning, physical distancing, testing and passenger communications to assist staff, travellers and support the new border requirements
- Collaborated with partners on the Safe Border projects to establish:
  - a blueprint for a trans-Tasman Safe Travel Zone; and
  - a quantitative risk-based border framework
- In April 2021, the international terminal was split into two areas to support the reopening of quarantine-free travel between New Zealand and other countries
- Currently, Auckland Airport is playing a leading role in a public-private sector work programme to develop options for future border settings

Continuing to invest in critical infrastructure

The low-volume of aeronautical activity continues to provide a unique opportunity to accelerate infrastructure upgrades whilst minimising disruption

- Activity during 2021 focused on the upgrade and renewal of core infrastructure including runway, airfield, utilities and roading
- Following being halted in April 2020, the Airport infrastructure development programme was reprioritised to reflect a post COVID environment
  - new projects will be triggered based on either regulatory requirements, asset replacement or aeronautical demand with significant additions of new capacity aligned with the recovery in aviation; and
  - completing existing projects focused on asset renewal and resilience
- The key element of our infrastructure programme over the next five years will be a new domestic terminal that is integrated with international operations
- In 2022, the terminal integration programme will focus on enabling works for the domestic terminal

Construction at the George Bolt Memorial Drive intersection

Construction of the 5-star Te Arikinui Pullman Hotel

Four key projects underway whilst four remain on hold

Artist impression of the new domestic terminal

A new transport hub at the front door of the terminals

A new transport hub will provide improved passenger amenity, connectivity and capacity for the integrated terminal precinct

- A new transport hub is planned to integrate public transport with commercial operators and parking for the general public at the front door of the international and new domestic terminals
- The new facility will provide 2,500 carparks alongside a ground floor pick-up and drop-off to enable a close, covered access to the terminal precinct
- Facility part of a comprehensive transport plan for multi-mode transport access to terminal precinct and considers both current and future developments (eg future expansion to parking capacity)
- Transport hub design also provides a path for mass transport connectivity

Concept design of the Transport Hub

Pick up and drop off on the ground floor of the Transport Hub

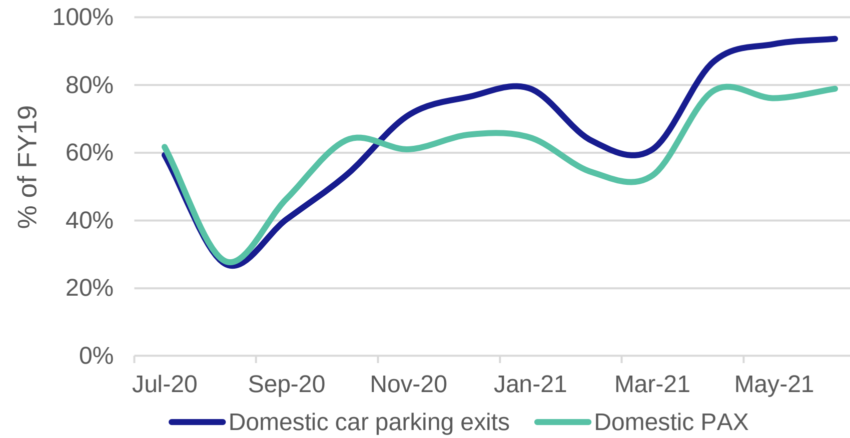
Positioning for the recovery

Our retail and transport offering has repositioned to cater to the resumption in domestic travel

Retail

- Retail income 87.4% down on the prior year reflecting strong domestic operations and the opening of over 30 stores in the international terminal in Q4, but with ongoing MAG and concession relief
- Domestic stores PSR 13.8% above pre-COVID levels, driven by expanded offering
- Duty-free PSR in May and June recovered to pre-COVID levels
- Low vacancy rates from a pragmatic and tailored approach to rent relief with c.90% ($185 million) of contracted revenue abated in the year

Transport



- Transport revenue 42.9% down on the prior year similarly reflecting mainly domestic only operations for the year
- The recovery in the domestic car parking business continues to outpace the PAX recovery, driven by a higher propensity to park
- Full suite of parking products opened in the year with reallocation of excess international parking capacity to meet domestic demand

Investment property continues to perform strongly

Amid the pandemic, our investment property portfolio continues to perform and provide income diversification

- 12.5% increase in rent roll and a 29% increase in the portfolio value continues to demonstrate the strength of the airport property development proposition
- Completed developments in the year include:
  - 84,000m^2 Foodstuffs distribution centre and head office;
  - specialised waste processing facility for Interwaste;
  - speculative 10,000m^2 warehouse across six units which has been leased to Zeta Group and Tempur at 27 Timberly Road
- Quality pipeline of $160 million of new developments including:
  - EBOS (Healthcare Logistics);
  - Geodis Wilson; and
  - Hellmann (now complete)

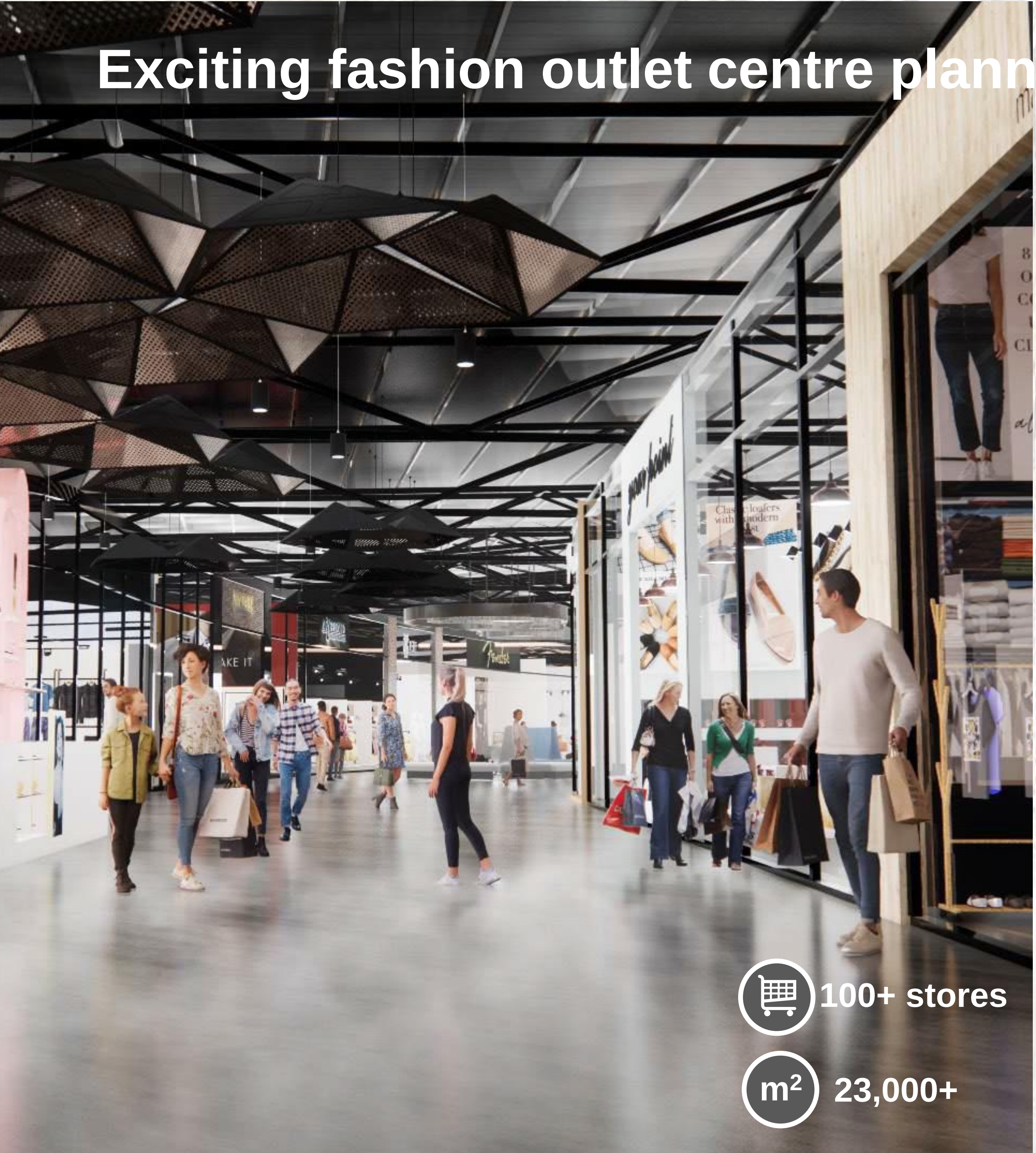
New hotels

- Construction continued to complete the structures and façades of the 5-star Te Arikinui Pullman and 4-star Mercure hotels. Ready to reactivate with fit-outs to occur as demand recovers
- Interim Novotel revenue underpinned by MIQ contract

$2.6bn	Portfolio value
518,600m^2	Portfolio net lettable area
$117m	Investment property rent roll
99%	Occupancy
9.7 years	WALT
185	hectares of land available for development

Foodstuffs development

Exciting fashion outlet centre planned for the precinct



100+ stores

m^2 23,000+

Operating sustainably to create enduring value

As a long-term multi-generational business, it is natural for us to take a long-term approach to our place in the world, the New Zealand economy and the local environment and community in which we operate

- Auckland Airport has developed a new sustainability strategy and goals that build on our significant achievements over the last 15 years
- Our sustainability strategy is framed by four pillars of Purpose, Place, People and Community
- Having largely met previous objectives, Auckland Airport has lifted its sights and is challenging itself again by setting new sustainability targets

Our long-term ambitions

Purpose
Kaupapa

85%
Customers rate their overall experience as ‘excellent’ or ‘very good’ by 2030

100%
Of procurement activity is aligned with sustainable procurement guidelines ISO20400 by 2030

TSR
Rolling 3 year total shareholder return exceeds cost of equity by 1%

Place
Kaitiakitanga

Net Zero
Scope 1 and 2 carbon emissions by 2030

20%
Reduction in potable water use by 2030 from 2019 levels

20%
Reduction in waste to landfill by 2030 from 2019 levels

People
Whanau

40 | 40 | 20
Gender balance across Auckland Airport’s Board, Leadership Team and its direct report populations by 2025

Safety
Year on year improvement in number of high-quality safety observations per employee

20%
Of people leaders of Maori / Pasifika ethnicity by 2030

Ethnicity
Workforce reflective of the ethnicity of New Zealand by 2030

Community
Hapori

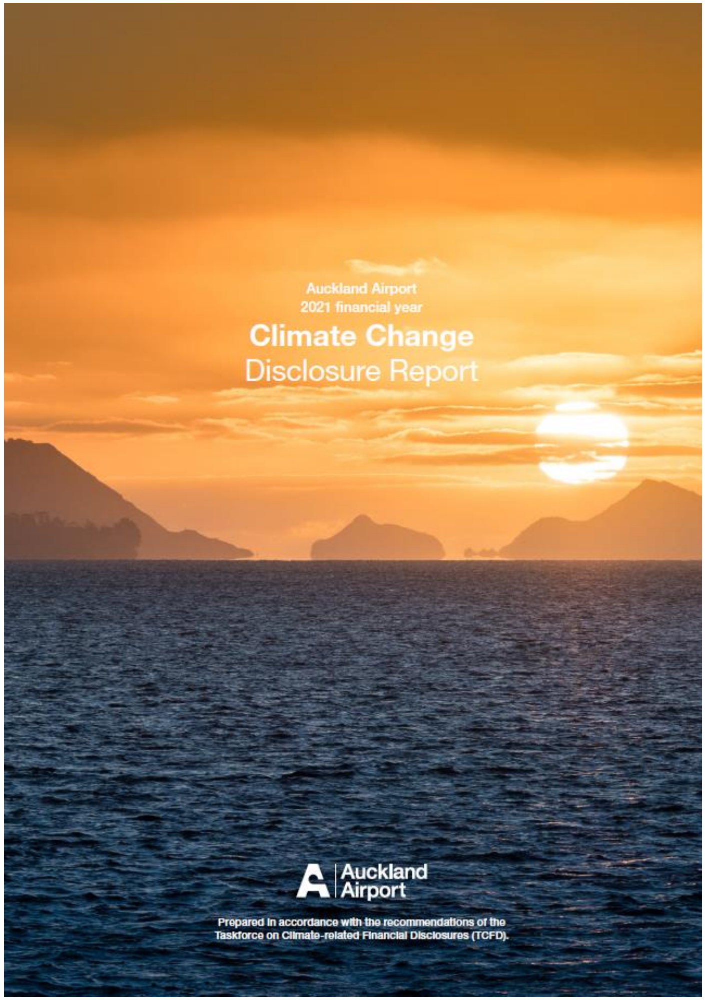
40%
Of employees participating in community volunteer programme by 2030

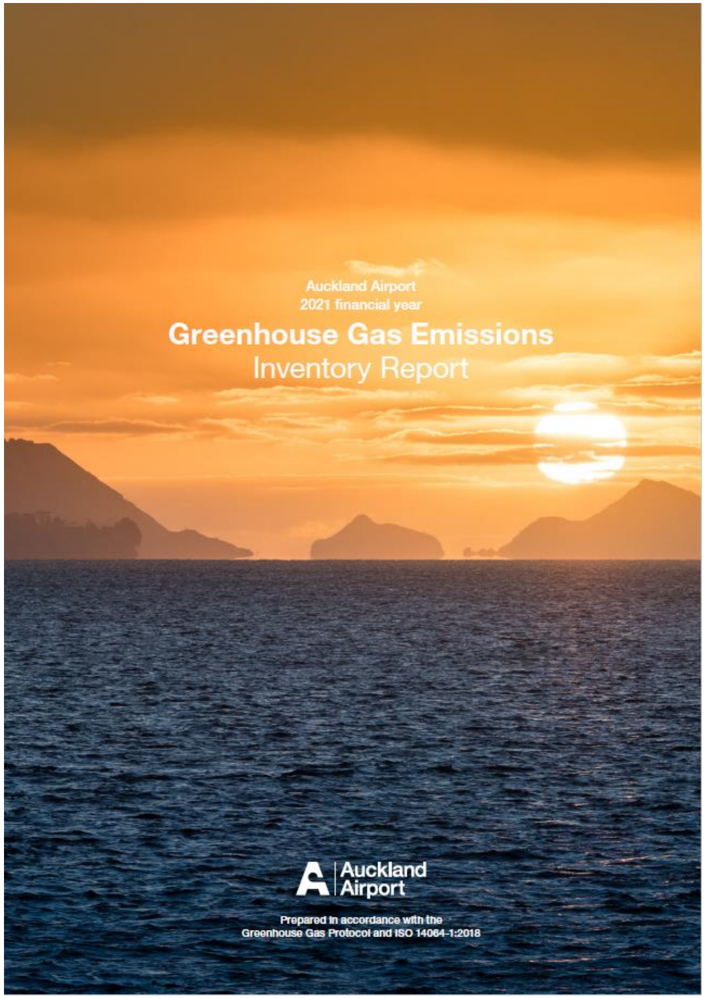
Apprenticeship
Create a pathway for women, Maori and Pasifika into the trades, with

30% of total trade staff sourced from a targeted apprenticeship scheme by 2030.

We will track our progress to these goals

We have updated our approach to sustainability disclosures, including comprehensive reporting of performance against climate change and greenhouse gas emissions targets





Still uncertainty but recovery pathway is emerging

The recovery in aviation will need further close coordination across business and government to ensure an orderly and safe path out

- The current nationwide lockdown illustrates that considerable uncertainty remains regarding a measured and safe resumption of travel
- The New Zealand Government's framework for re-opening the borders and moving to an individualised risk-based model for quarantine-free travel, provides a clear direction for border re-opening
- Progress on vaccine rollout is providing growing confidence in the likelihood of reopening from early calendar 2022
- Over the remainder of 2021 we expect low volume trials of technology and quarantine pathways
- During this period Auckland Airport is participating in a multi-party project with government agencies, airlines and airports under the Reconnecting New Zealanders to the World strategy

Planes at sunset

Positioning for a post-COVID world

Re-establishing our aeronautical network

Supporting the recovery in travel and trade for New Zealand

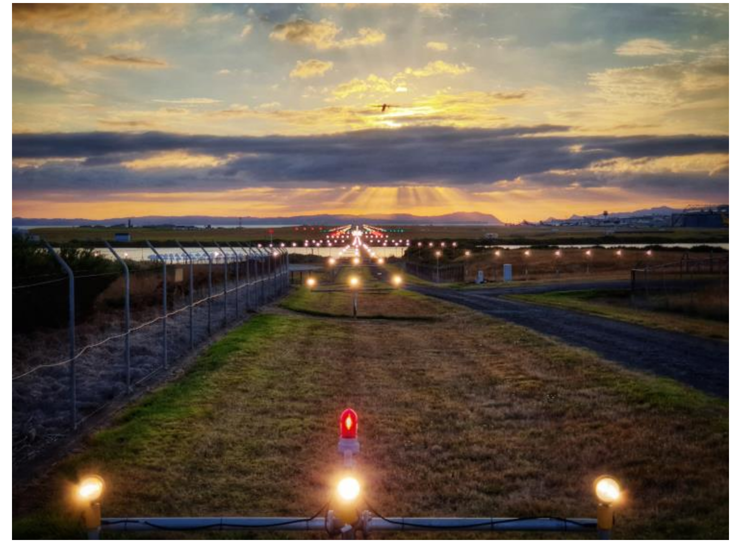
Driving the recovery in our commercial business

Outlook

Outlook

Guidance and regulatory

- As we look to the 2022 financial year, we continue to face significant uncertainty regarding the recovery of international passengers.
- Because of this continued uncertainty, Auckland Airport has suspended underlying earnings guidance for FY22.
- Auckland Airport expects capital expenditure in FY22 of between $250 million and $300 million including completing existing roading, airfield and investment property projects and progressing the design and enabling activity for the terminal integration programme.
- Auckland Airport is consulting on potentially delaying the PSE4 pricing decision (for FY23-27) for circa 12 months until the building blocks forecasts are more certain. If so, the under-recovery during the price freeze is expected to be made up over the remainder of PSE4.
- This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and any deterioration due to global market conditions or other unforeseeable circumstances.



Questions

Appendix: Associates' performance

For the year ended 30 June ($m)	2021	2020	Change
Queenstown Airport (24.99% ownership)			
Total Revenue	27.8	46.7	(40.5%)
EBITDA	17.1	31.3	(45.4%)
Underlying Earnings (Auckland Airport share)	0.4	4.5	(91.1%)
Domestic Passengers	1,311,416	1,287,072	1.9%
International Passengers	25,280	583,219	(95.7%)
Aircraft movements	11,078	14,777	(25.0%)
Novotel Tainui Holdings (50.00% ownership)			
Total Revenue	25.1	29.8	(15.8%)
EBITDA	13.2	10.2	29.4%
Underlying Earnings (Auckland Airport share)	5.0	4.7	6.4%
Average occupancy[1]	73.0%	87.3%	
Average room rate increase / (decrease)	(1.2%)	(1.0%)	

- Auckland Airport's share of Queenstown Airport's underlying earnings fell by 91.1% reflecting the challenging trading environment with international border restrictions in place
- Despite a reduction in revenue, the Novotel Hotel delivered underlying earnings growth of 6.4% owing to its use as an MIQ facility throughout the year and prudent cost management

1. *The Novotel Hotel was used by the Ministry of Health as a quarantine facility throughout FY21 and in the final quarter of FY20*

Appendix: Underlying profit reconciliation

For the year ended 30 June ($m)	2021 Reported profit	2021 Adjustments	2021 Underlying profit	2020 Reported profit	2020 Adjustments	2020 Underlying profit
EBITDAFI per Income Statement[1]	**171.5**	**-**	**171.5**	**260.4**	**-**	**260.4**
Investment property fair value increase	527.3	(527.3)	-	168.6	(168.6)	-
Property, plant and equipment revaluation	(7.5)	7.5	-	(45.9)	45.9	-
Fixed asset write-offs, impairments and termination costs[1]	-	2.5	2.5	-	117.5	117.5
Reversal of fixed asset impairments and termination costs[1]	-	(19.4)	(19.4)	-	-	-
Derivative fair value movement	(0.5)	0.5	-	(1.9)	1.9	-
Share of profit of associates and joint ventures	21.1	(15.7)	5.4	8.4	0.8	9.2
Impairment of investment in joint venture	-	-	-	(7.7)	-	(7.7)
Depreciation	(124.7)	-	(124.7)	(112.7)	-	(112.7)
Interest expense and other finance costs	(94.0)	-	(94.0)	(71.8)	-	(71.8)
Taxation expense / (credit)	(29.0)	45.9	16.9	(3.5)	(2.9)	(6.4)
Profit after tax	**464.2**	**(506.0)**	**(41.8)**	**193.9**	**(5.4)**	**188.5**

- We have made the following adjustments to show underlying profit after tax for the years ended 30 June 2021 and 2020:
  - We have reversed out the impact of revaluations of investment property in 2021 and 2020. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
  - Consistent with the approach to revaluations of investment property, we have also reversed out the revaluations of the land class of assets within property, plant and equipment in 2021 and the land, infrastructure, and runways, taxiways and aprons classes of assets within property, plant and equipment in 2020. The fair value changes in property, plant and equipment are less frequent than are investment property revaluations, which also makes comparisons between years difficult;
  - We have reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals for both the 2021 and 2020 financial years. In response to the COVID-19 outbreak, some capital expenditure projects were abandoned and fully written off and others were suspended and impaired. During the 2020 financial year, some of these abandoned or suspended projects incurred contractor termination costs which were provisioned for in 2020 with the actual amounts finalised during the 2021 financial year resulting in some reversals of 2020 expenses. The abandonment or suspension of live capital expenditure projects is extremely rare and is the direct consequence of COVID-19. These fixed asset write-off costs, impairments and termination costs are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit;
  - We have also reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting on foreign exchange hedges, as well as any ineffective valuation movements in other financial derivatives. The group intends to hold its derivatives to maturity, so any fair value movements are expected to reverse out over their remaining lives. Further information is included in note 18(b) of the financial statements;
  - In addition, we have adjusted the share of profit of associates and joint ventures in both 2021 and 2020 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
  - We have also reversed out the taxation impacts of the above movements in both the 2021 and 2020 financial years.

1. *2021 EBITDAFI includes a reversal of $19.4 million of previously expensed fixed asset write-offs, impairments and termination costs, partially reversing the full $117.5 million of costs that were booked in 2020. 2021 EBITDAFI also includes $2.5 million of new fixed asset write-offs, impairments and termination costs.*

Appendix: Normalised opex reconciliation

For the year ended 30 June ($m)	2021	2020	Change
Reported operating expenses	**109.6**	**306.6**	
Fixed asset write-offs, impairments and termination costs	16.9	(117.5)	
Expected credit losses / reversals	4.2	(6.5)	
Redundancy costs	-	(5.9)	
Non-capitalised project manager salaries	-	(1.8)	
Government wage subsidy	2.0	4.1	
Normalised operating expenses	**132.7**	**179.0**	(25.9%)

Glossary

AMTN	Australian medium term notes
ARPS	Average revenue per parking space
ASQ	Airport Service Quality
EBIT	Earnings before interest and taxation,
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
GBMD	George Bolt Memorial Drive
HOV	High occupancy vehicle
MAG	Minimum annual guarantee
MCTOW	Maximum certified take off weight
MIQ	Managed isolation and quarantine
MOT	Ministry of Transport
NPAT	Net profit after tax
PAX	Passenger
PSR	Passenger spend rate
USPP	United States Private Placement
WALT	Weighted average lease term