Auckland Airport

Annual Results to June 2009

Notes

This annual results presentation dated 28 August 2009 provides additional comment on the media and financial materials released at the same date. As such, it should be read in conjunction with, and subject to, the explanations and views provided in that release.

Simon Moutter
Simon Robertson

The state of the market

Brutal operating conditions

Aviation sector under pressure

Passenger volumes down

Major customer weathering the storm

Unsure if we are through worst

Auckland Airport proactively managing conditions

Sound strategy in place

Creating value from movement of people and goods

Getting “fighting fit”

Making the most of what we have

Encouraging a healthy market

Looking for new opportunities

Solid results achieved

Voted one of world's top 10 airports

Two new international airlines won

Revenue $369.2m up 5.2%

Operating EBITDA $280.4m up 1.6%

Capital expenditure $87.5m down 38.8%

Underlying profit $105.9m up 2.1%

Balance sheet further strengthened

The 2009 financial results

Passenger volumes

Aircraft movements

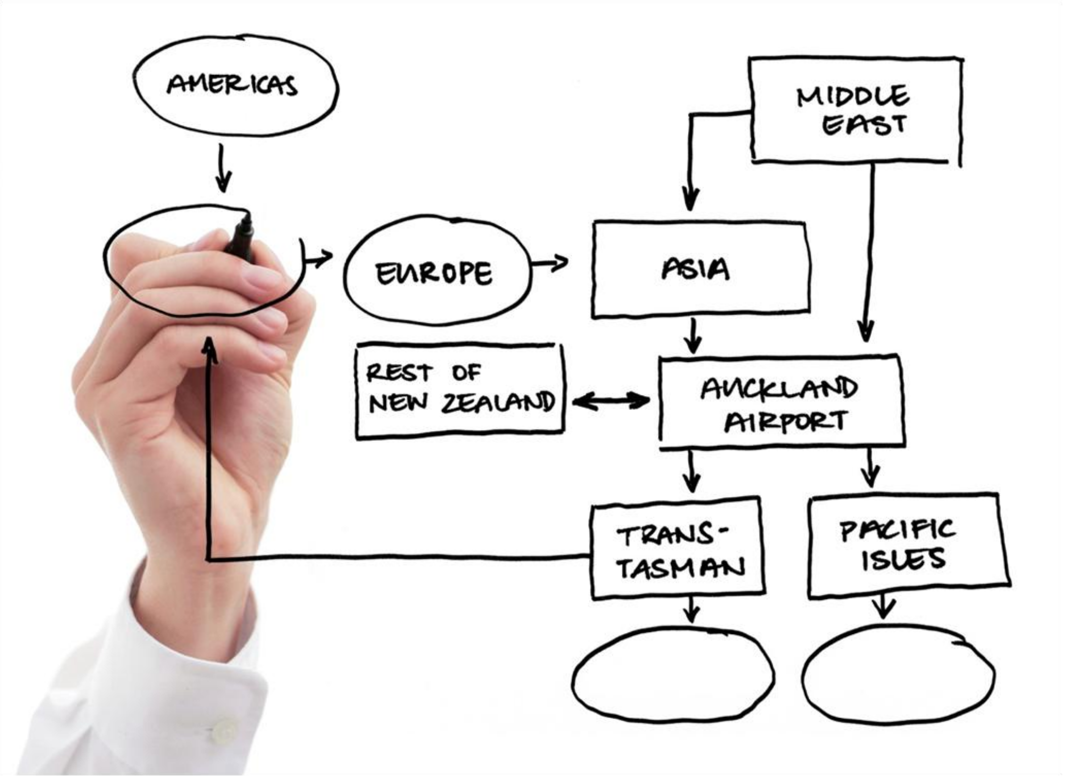
Revenues

Costs

Profit

Dividends

Balance sheet



Results overview

	2009 ($m)	2008 ($m)	% Change
Revenue	369.2	351.0	5.2
Operating EBITDA	280.4	275.8	1.6
Cost relating to ownership proposals	-	(9.6)	-
Investment property fair value	(64.6)	13.7	-
Total EBITDA	215.8	280.0	(22.9)
Reported Profit after taxation	41.7	113.0	(63.1)
Underlying Profit	105.9	103.7	2.1
Underlying earnings per share - cents per share	8.65	8.49	1.9
Ordinary dividends - cents per share	8.20	8.20	

Passenger volumes decline

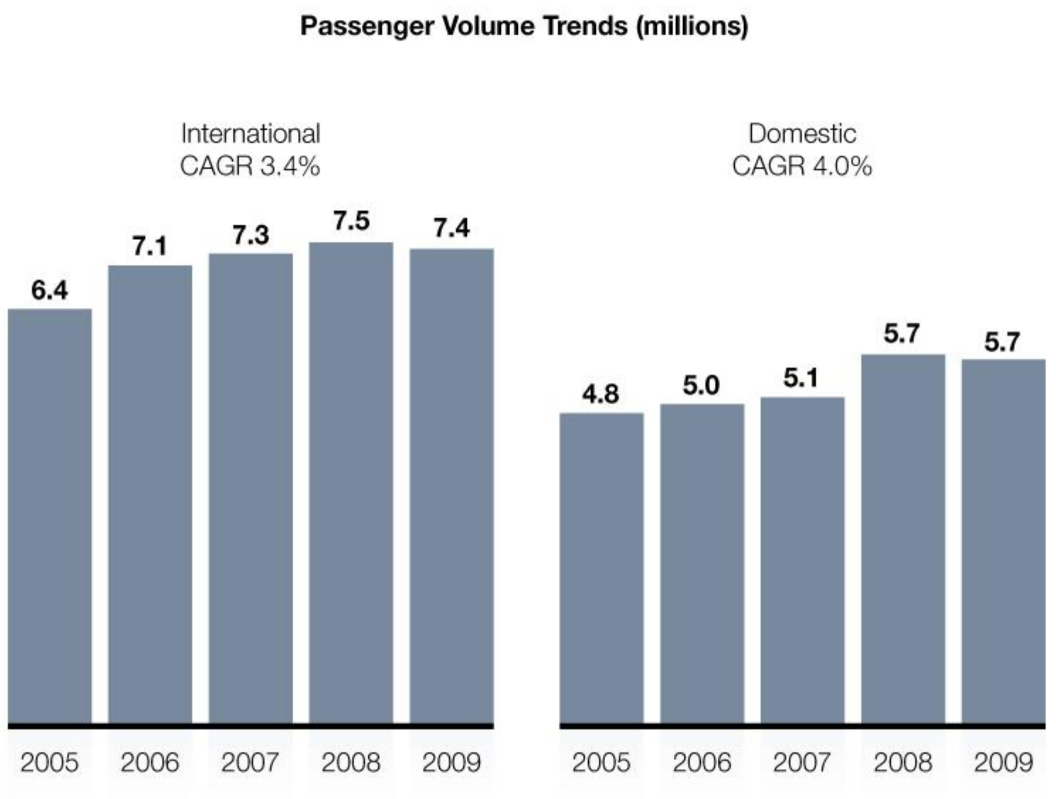
Economic conditions impact passenger volumes

Swine flu added to decline

International passengers down 1.4% year on year, 3.2% H2:H2

Domestic passengers down 1.5% year on year, 6.7% H2:H2

Working on stimulating passenger volumes



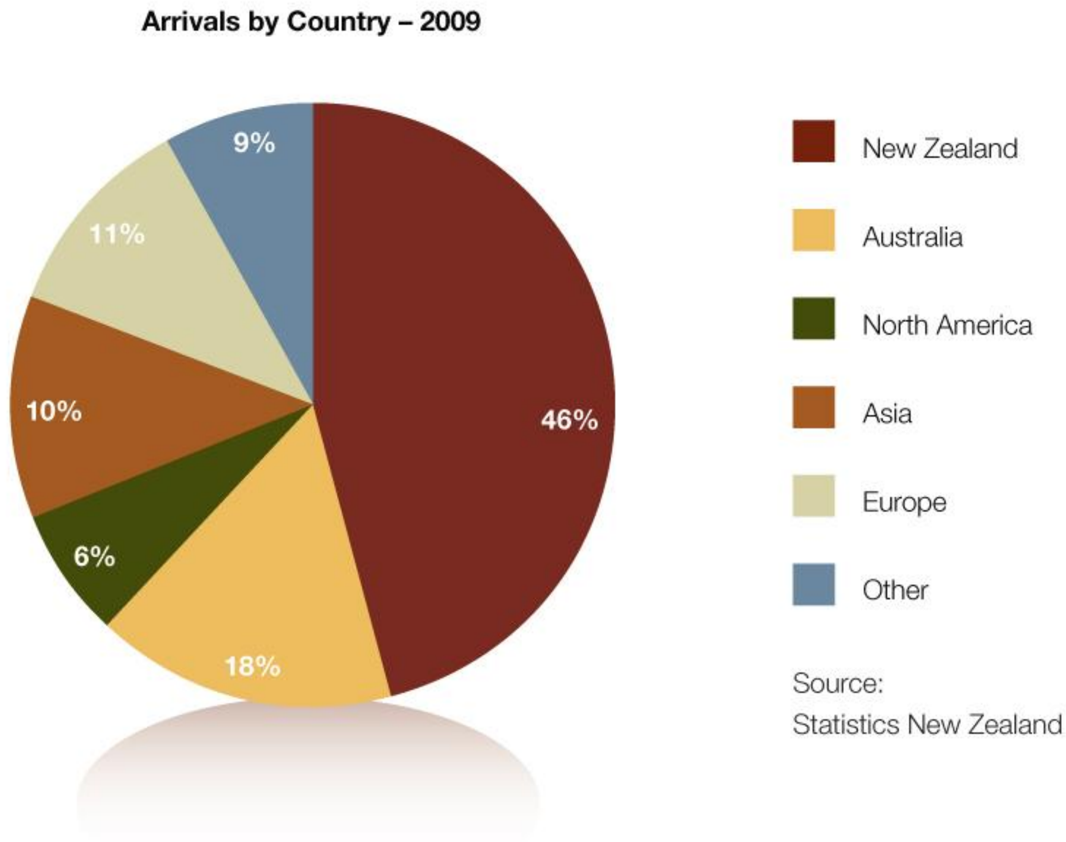
Passenger markets changing

International long-haul volumes hit hardest

- UK -9.6%, US -11.0%, Asia -12.5%

Competition on trans-Tasman stimulating demand, Australian visitors increased 7.1%

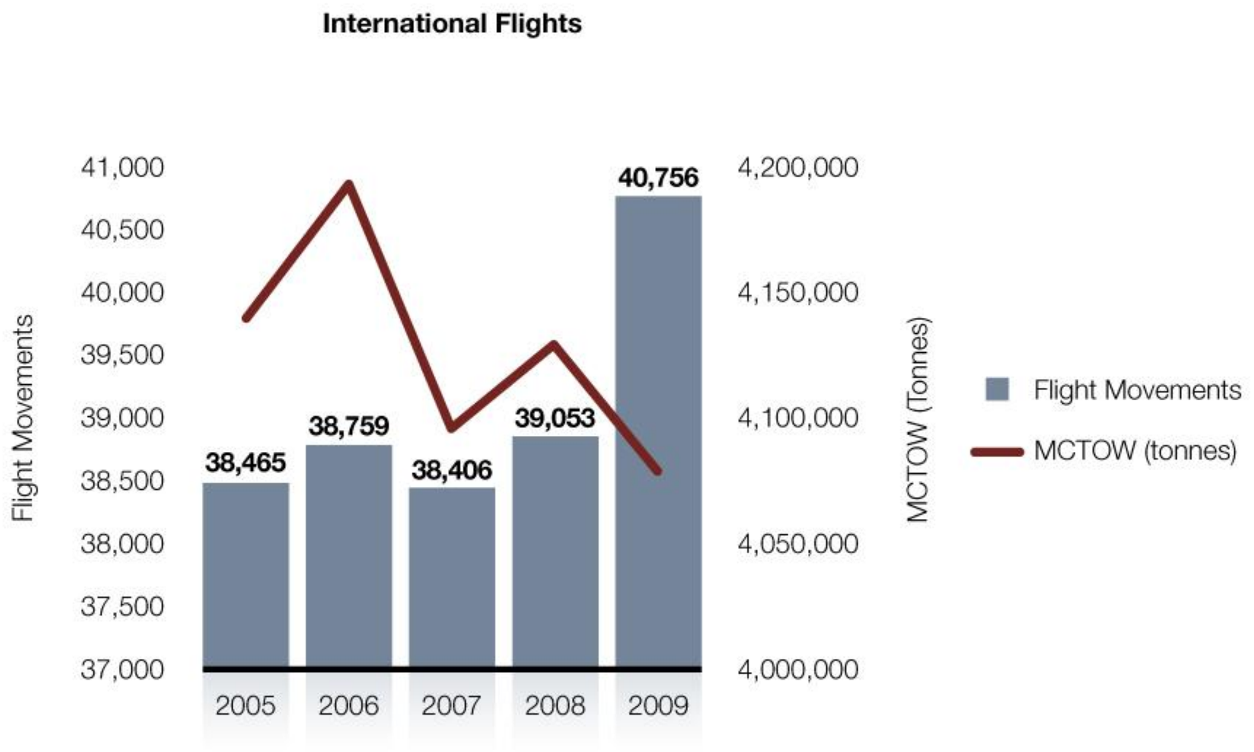
Domestic market reflects changes to airline services



International aircraft movements up

Airlines managing air services, frequencies and aircraft size to cope with conditions

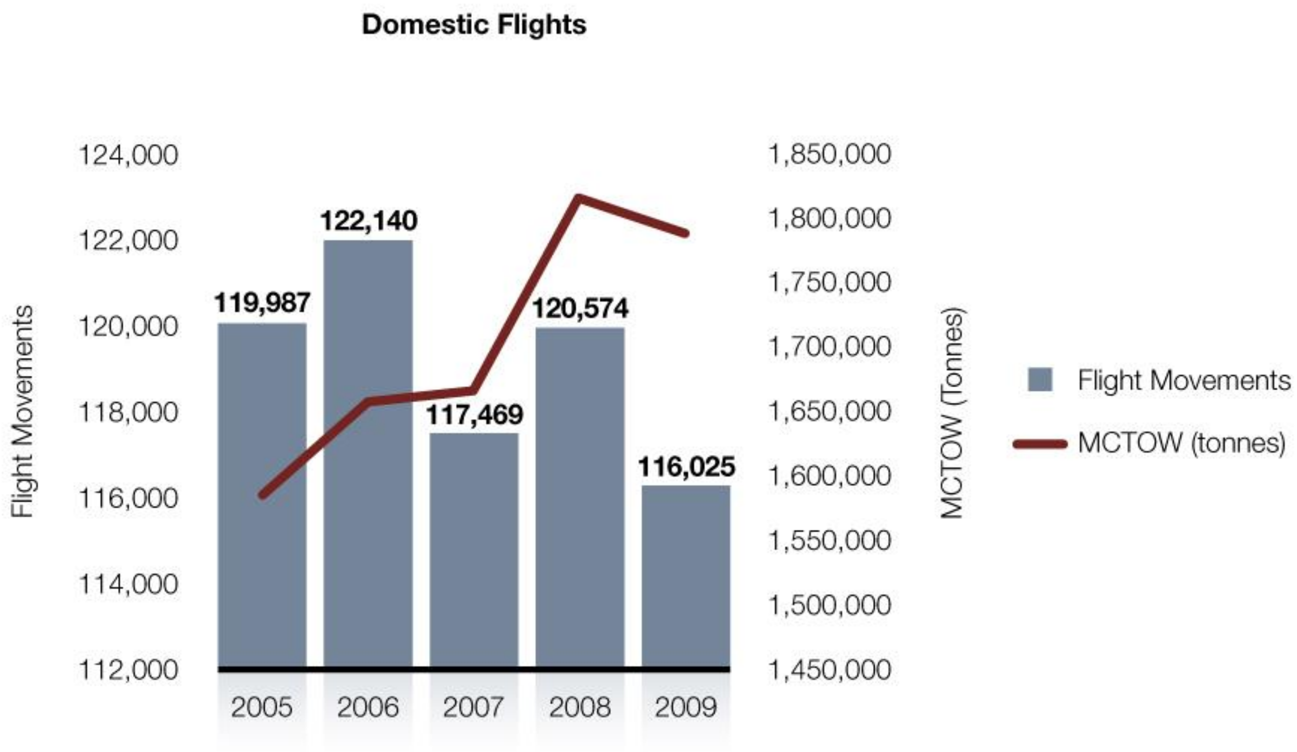
Our air service development and promotions stimulated volume



Domestic aircraft movements decline

Domestic performance assisted by full year impact of Pacific Blue

Fewer domestic flights but more larger sized aircraft



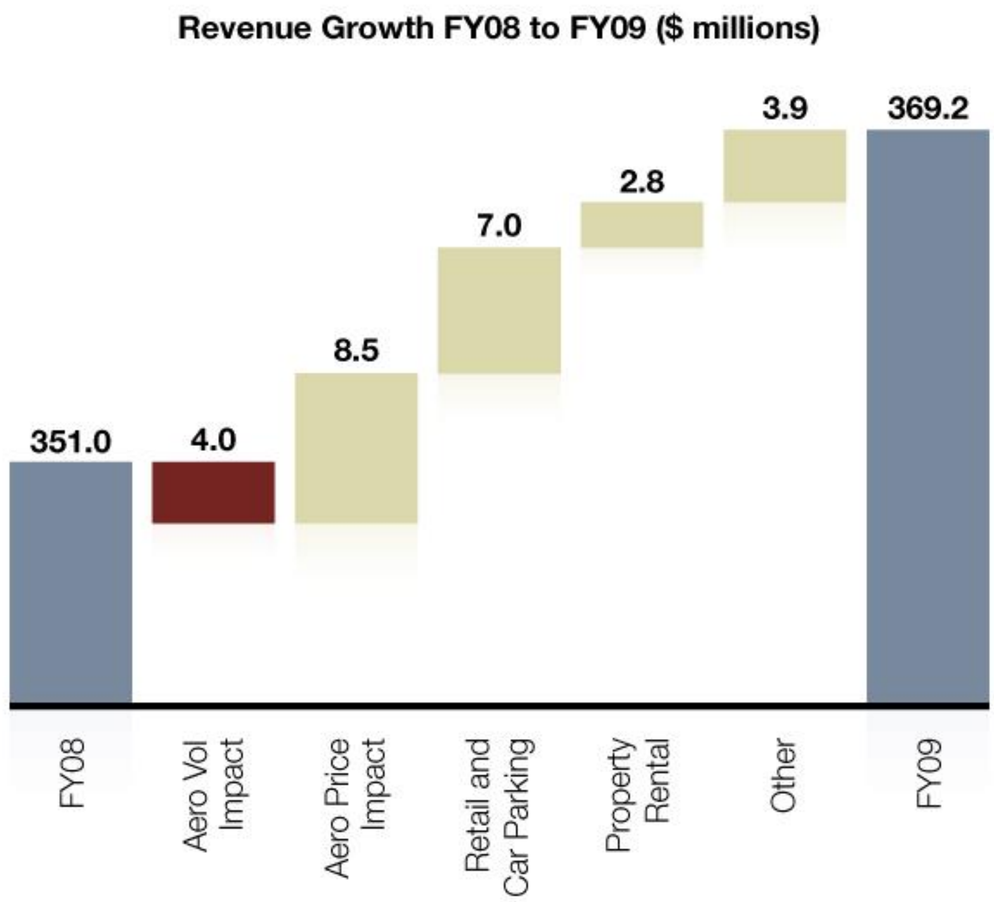
Revenues strong in non-aero

Aeronautical revenue growth modest

Pleasing retail and property growth

Pax volumes down but retail yield improving

Retail growth boosted by single duty free operator contract (now renegotiated)



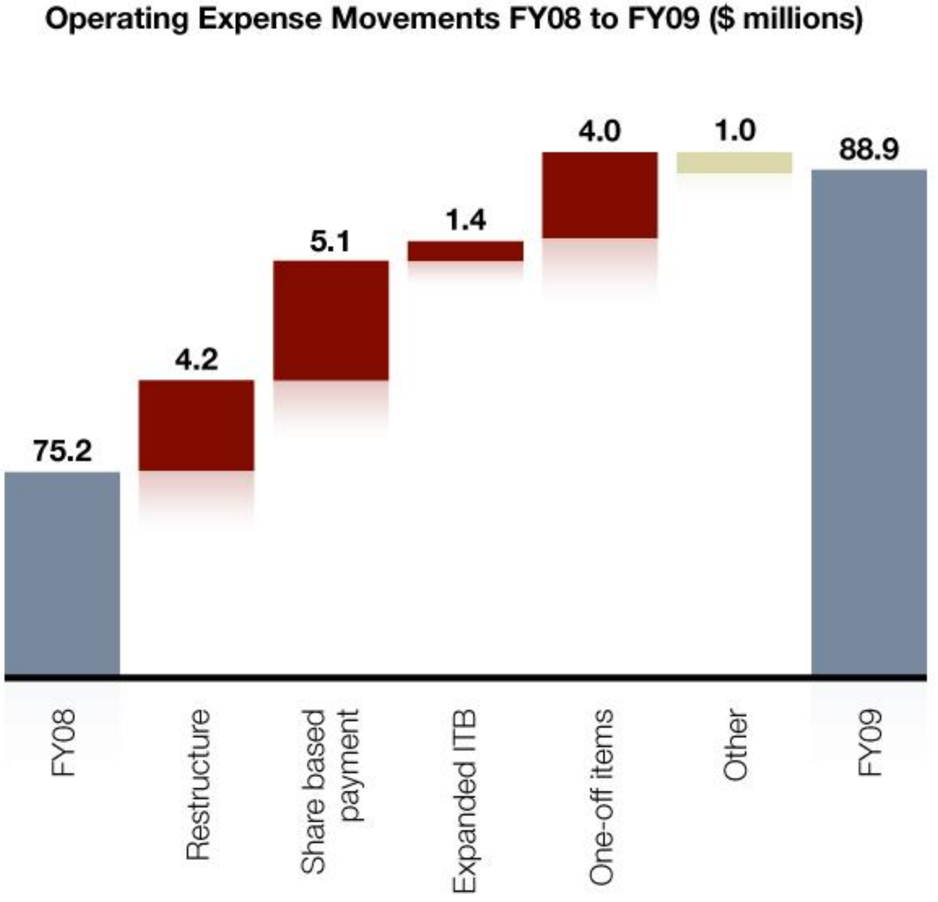
Costs up due to unusual items

Unusual items in FY08 and FY09 distort comparison

Staff costs (excluding one-offs) increased 1.7%

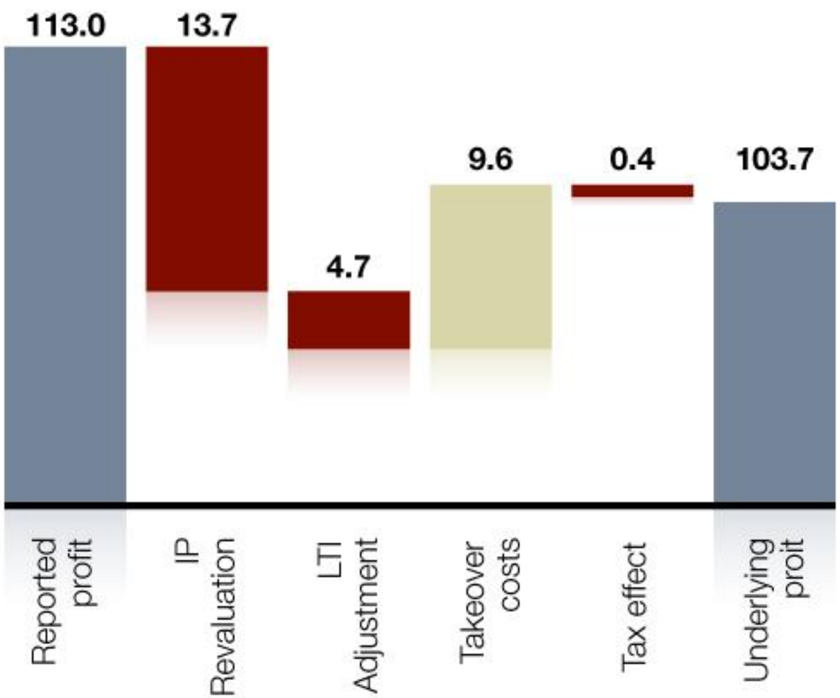
Other one-off items include Commerce Commission costs, bad debts and loss on sale

Focus on proactively managing costs key to being fighting fit

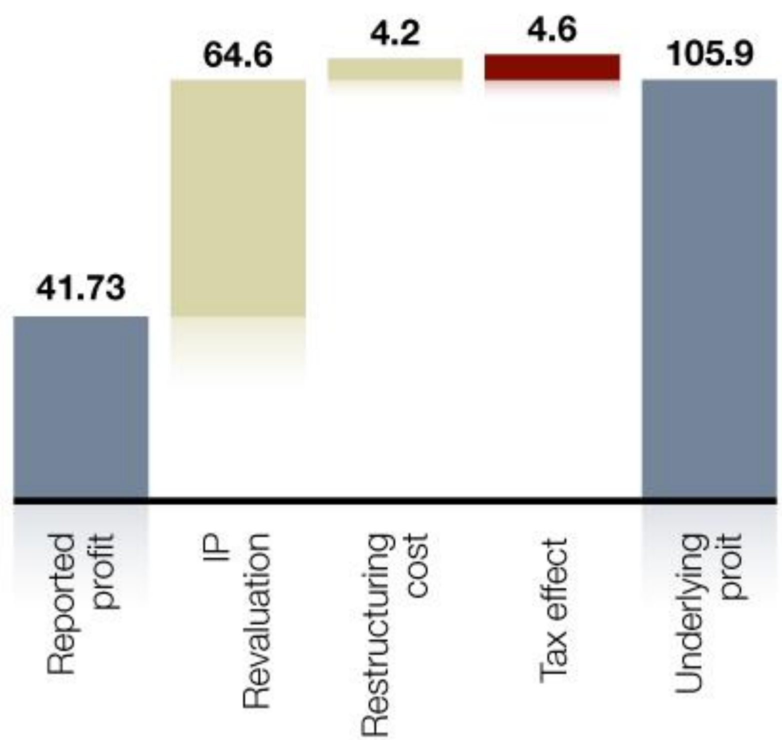


Underlying profit up

Reported profit to Underlying Profit FY08 ($ millions)



Reported profit to Underlying Profit FY09 ($ millions)



Dividends maintained

Final dividend of 4.45 cps, bringing total dividend for the year to 8.2 cps

Dividend payout ratio of 95% of underlying profit

Formal dividend policy remains at 90%

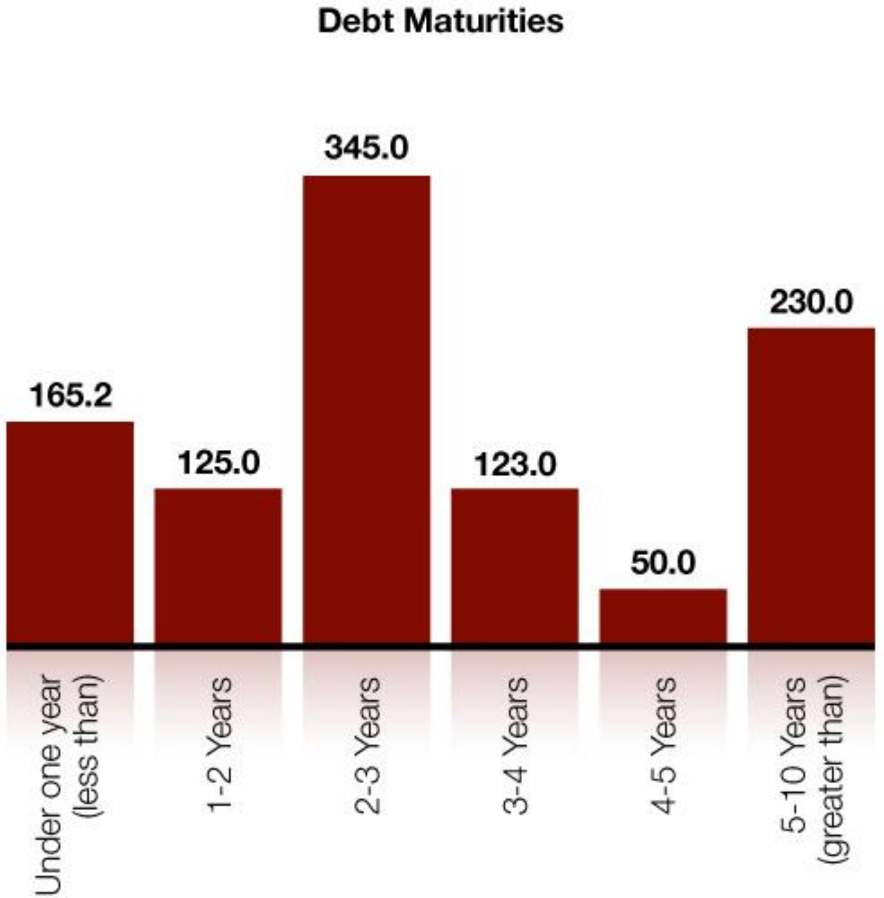
Balance sheet strengthened

Active management of debt portfolio

Two bond issues in FY09 raised $180 million

S&P rating A- /A2 (stable outlook)

Balance sheet remains robust



Improved debt ratios

	2009	2008	% change
Underlying EBITDA Interest cover	3.58	3.42	4.7%
Average debt maturity	3.3	3.2	3.1%
Debt to Debt + Equity	36.9%	35.5%	(3.9%)
Percentage Fixed	79%	58%	36.2%
Average Interest Rate	7.52%	8.18%	(8.1%)

Getting ‘Fighting Fit’

This year’s progress:

Reduced capital expenditure programme

Restructured management and operations

Costs and resources managed proactively

Instituted performance management culture

Health & Safety performance improved

Getting 'Fighting Fit'

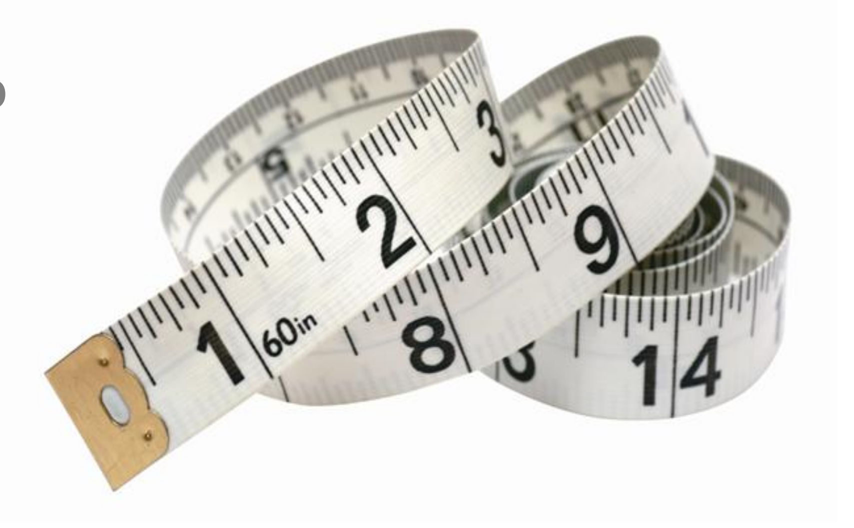
Next year's focus:

Capital expenditure in range of $60 to $65 million (excluding yet to be committed property development)

Sharpen capital allocation methodologies

Strategic sourcing review

Introduce new smart technologies



Making the most of what we have

Retail:

Outlook for duty free lower

FY09 benefited from duty free MAG "premium"

JR Duty Free joined the offering

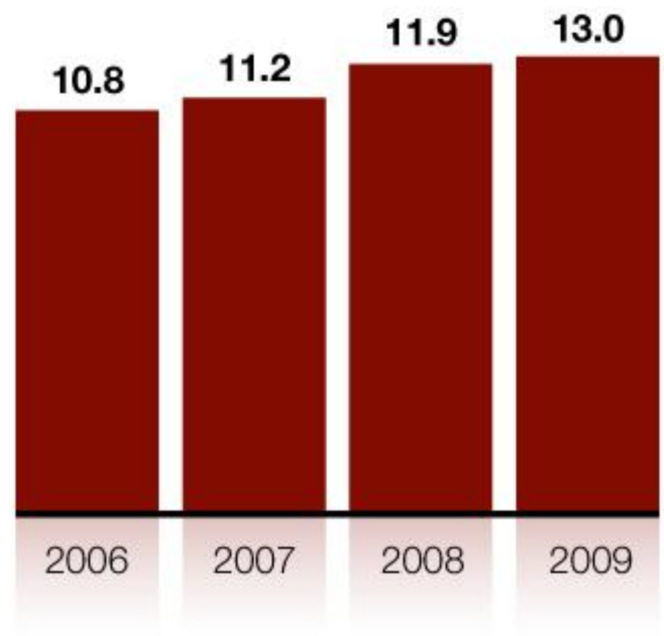
Departure redevelopment underway

Pro-active management of retail concessions to improve yields

Parking revenue up (Park and Ride venture a success)

International Retail Yields per Int PAX ($)

CAGR 6.4%



Making the most of what we have

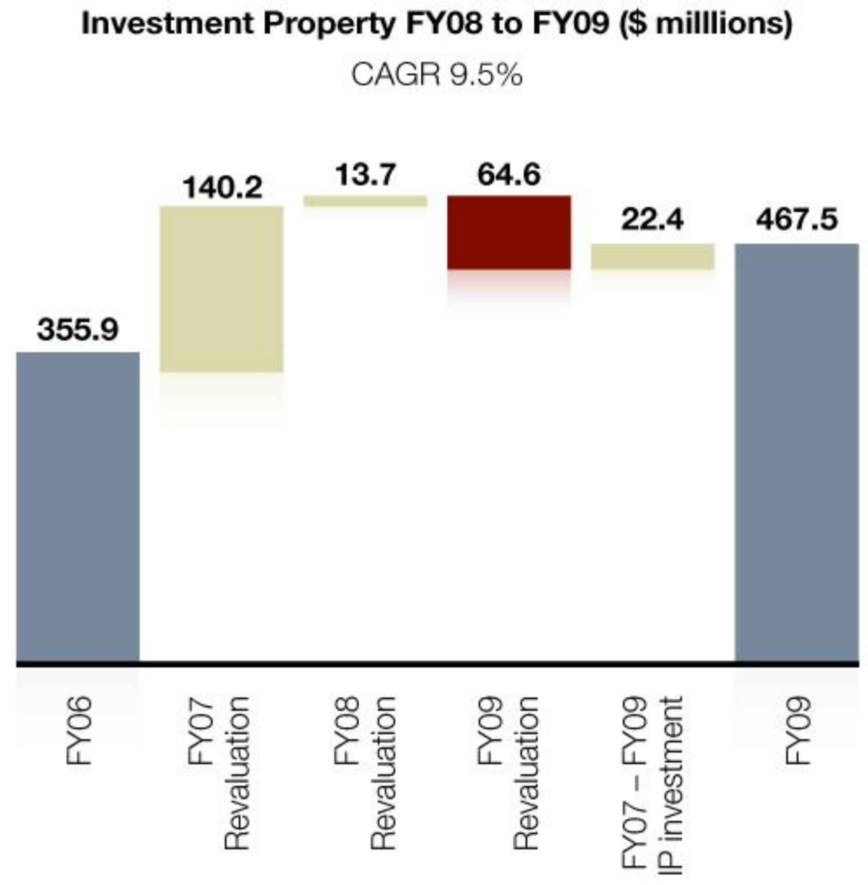
Property:

Rental growth through active management

Hotel offering will add to the wider airport offering

Investment property revaluation down 12.1%

Despite this, property portfolio shows significant value increase over three year period



Making the most of what we have

Aeronautical:

Two new international airlines won in FY09:

- Pacific Blue expanded into international
- Jetstar commenced international and domestic

Emirates' A380 attracted to New Zealand

Big investment in scaling up air service development capability and activity

Successful Lean Six Sigma pilot study completed in international arrivals

Making the most of what we have

Next year's focus:

Progress departures redevelopment

Expand Lean Six Sigma programme

Implement common border initiatives

Lift passenger yield through better match to customer needs, better value propositions, better links with retailers

Defer some aeronautical capex, including northern runway

Encouraging a healthy market

This year's progress:

Aeronautical charge increase deferred

Air NZ judicial review dropped

Well managed reversion to dual duty-free arrangement

Many long-standing commercial issues resolved with Air NZ and other tenants

Light-handed information disclosure and dual-till regulatory approach preserved

Passengers satisfied – voted top 10

Encouraging a healthy market

Next year's focus:

Even more stable, long-term commercial relationships with customers

Respond to varying needs of airlines individually

Effective and fit-for-purpose disclosure regime

Alignment on fair land valuation approach

Lift customer satisfaction drivers further

Adapt quickly to changing demand

New opportunities

This year's progress:

Focus shifted to volume and yield maximisation

Reworked departures redevelopment

New air services sales pipeline established

Tourism promotions undertaken

Airport hotel deal finalised

New opportunities

Next year's focus:

Further air services development

Accelerate property development activity

Freight business investigation

Capturing future opportunities

The case for investment in Auckland Airport is as strong as ever

Leveraged for growth

Forecasts impossible

Base expectations are for decrease in FY10 before increasing

Focused on influencing above base

Impact of each 100k increase in international Pax to EBITDA is approximately $2.0 to $2.3m

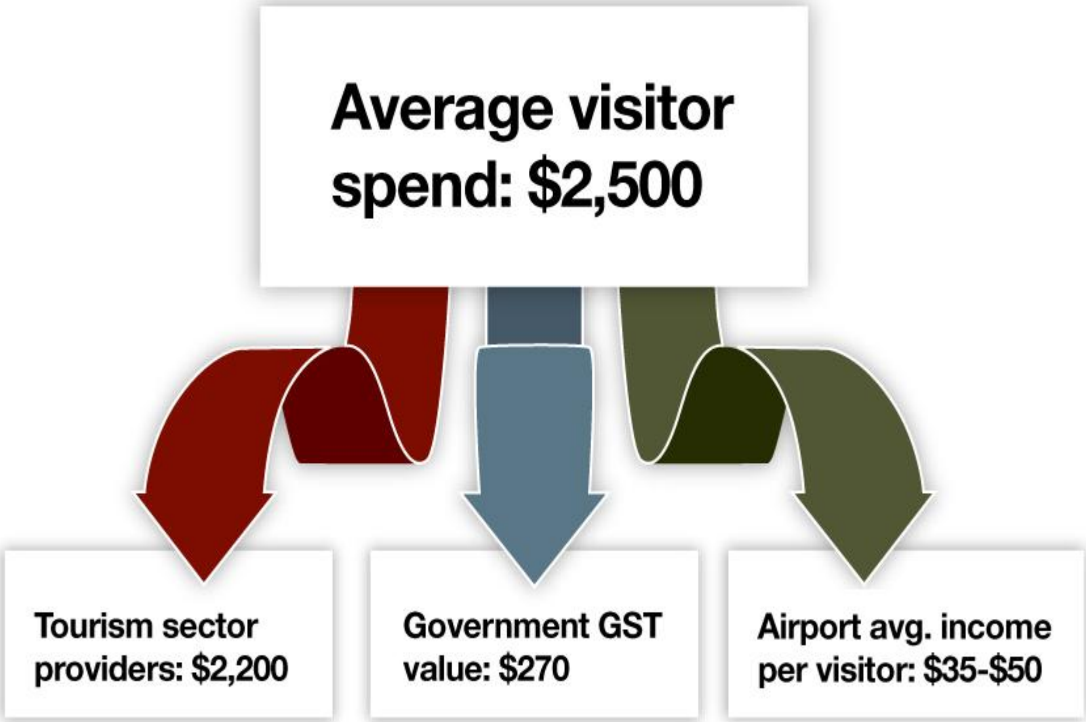
Delivering tourism value

Further air service development activity

High-growth market opportunities

Growing supply to stimulate demand

Value to Auckland Airport delivers value to New Zealand



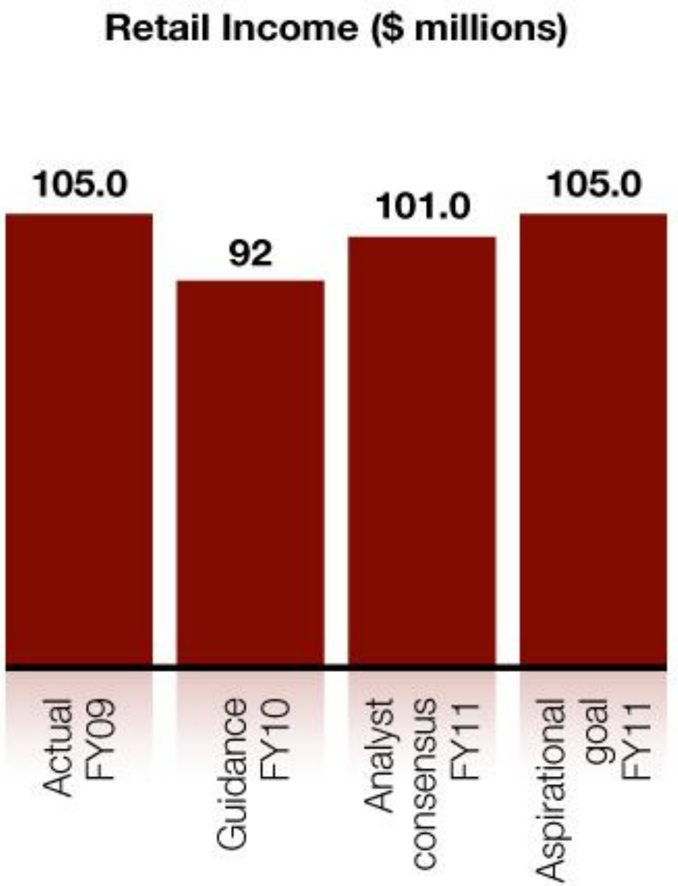
Managing retail opportunity

Minimum guarantees a feature of most concession agreements

Typical structure is 80-90% trailing ratchet

Benefit is high exposure to upside, protection to downside

Biggest driver is duty free, currently affected by unravelling of single operator model and soft operating environment



Reducing regulatory risk

Process continuing, a regulatory pathway clearing

Scope of Commerce Commission involvement is defined

Regime limited to information disclosure, does not recommend price control, dual-till maintained

Emerging as similar to proven and stable Australian regime

Fully engaged in process

Land valuation in the regulated asset base and treatment of revaluations are key issues

We are strongly opposed to inequitable backdating proposals

Improving capital intensity

- **Changing conditions make it sensible to review spend and planning priorities**
- **Northern runway deferred, other medium-term plans being reviewed**
- **Process efficiency and new technology enables more Pax using current infrastructure**
- **Reworking masterplan to optimise aero outcomes and add more value to development land**

Today

Tomorrow

The case for investment

Outlook for FY10 net profit after tax $93m to $100m

Capex forecast range $60m to $65m, excluding yet to be committed property development

Downside risks being mitigated

Unsure if we are through the worst but may be nearing the demand trough

High upside leverage to economic recovery or early return to Pax growth trend-line

Questions