

Auckland International Airport Limited

2010 annual meeting



Anthony Frankham - Chairman

Welcome

Introduction to your board

Today's meeting order



The board of directors

Anthony Frankham

John Brabazon

Sir Henry van der Heyden

Keith Turner

Joan Withers

Lloyd Morrison

Richard Didsbury

James Miller



Meeting order

- 1. Notice of Meeting**
- 2. Proxies**
- 3. Chairman's address**
- 4. Chief executive's review**
- 5. Resolutions**
- 6. General Business**
- 7. Close**



Chairman's address

- **Where we have come from**
- **Where we are today**
- **Highlights of 2010**
- **Update since June 30**
- **Outlook for 2011**



Where we have come from

Extraordinary transformation over last 15 years:

- **Passenger numbers doubled**
- **From Council department to NZX and ASX**
- **2nd runway started and ready to recommence**
- **World-class infrastructure and capacity in place**
- **Creation of Airport Business District**
- **Strategic partnerships formed with two other airports**
- **New 4+ star hotel will be completed in 8 months**
- **Assets up from \$0.4b to \$3.3b and profits grown from \$34.8m to \$105.1m**



Where we are today

- Rated by travellers as one of best airports in the world, with traveller experience at the heart
- An engine of economic growth for New Zealand
- Poised to play a major part in future of the new Auckland



Board future in good hands



- **Cohesive and committed board**
- **Strong succession planning**
- **Sir Henry Van der Heyden and James Miller joined in 2009**
- **Brett Godfrey standing today, with great airline experience**
- **Lloyd Morrison welcomed back**
- **Joan Withers to take over as Chair**
- **Have necessary skills to capture value from opportunities ahead**

Highlights of 2010

- Aviation sector in better health than 12 months ago
- Passenger growth returning
- Gaining traction on our growth strategy
- Better than expected results, underlying net profit of \$105.1m
- Successful equity raising
- Strategic investments into North Queensland and Queenstown
- Skytrax top 10 for second year



Since June 30

- **Passenger volumes up**
- **On track with our main forecasted value drivers**
- **Can confirm 2011 guidance range**
- **Dividend policy modified**
- **DRP to continue for at least 12 months**

Outlook for 2011

- **Growth in air-links critical to NZ economic growth – Auckland Airport can make a significant contribution**
- **Good relationship forming with new Auckland City**
- **Final commerce commission determination due in December**
- **RWC preparations to be completed**
- **Operating leverage has been set-up**
- **Guidance of \$112-118 million net profit**



To close

- **We value our shareholder support**
- **Chief executive Simon Moutter to follow**



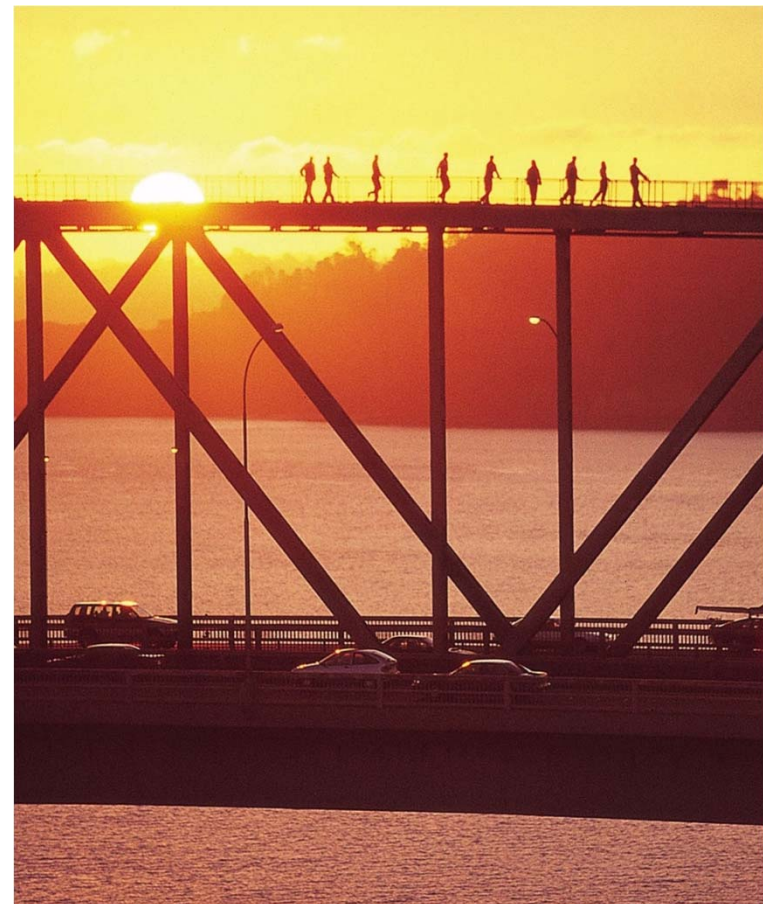
Chief executive's review

The importance of growth economies to New Zealand and how we intend to grow air-links to reach into those markets and drive trade and tourism



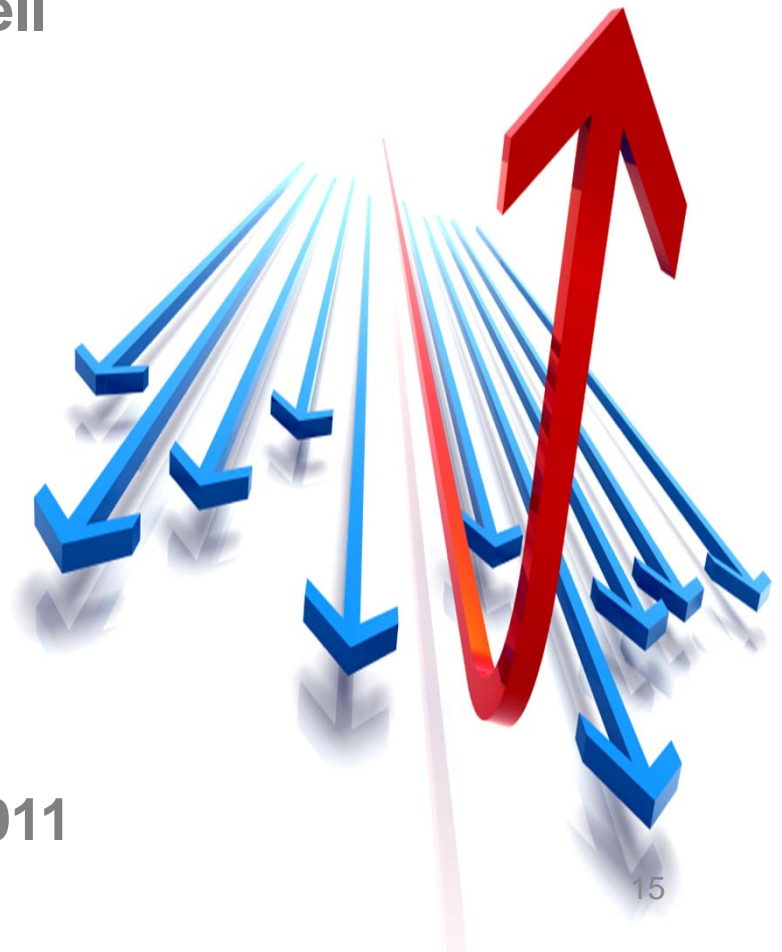
In 2009 we said

- Outlook for FY10 \$93m to \$100m
- Capital expenditure \$60m to \$65m
- Downside risks were being mitigated
- We were unsure if we were through the worst
- Building high upside leverage to economic recovery or early return to passenger growth trend-line



How did we go?

- Underlying profit at \$105.1m was well up on guidance
- Capital expenditure managed down further to \$54.3m
- Revenue \$363m down only 1.4%, in tough market conditions
- Downside risks under control
- Passenger volumes back on the increase in second half
- Operating leverage set for strong 2011



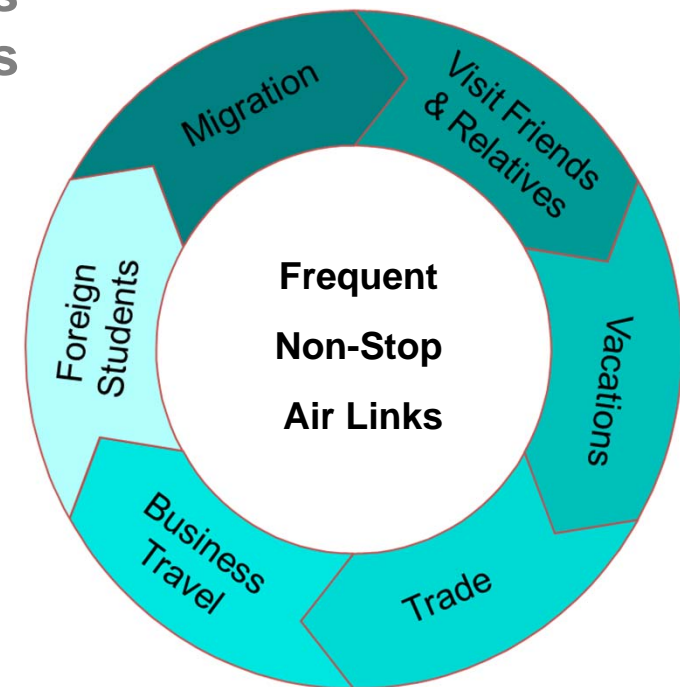
Our 2010 learning's

- Growth is fuelled by air-links
- Trade is stimulated by tourism
- NZ tourism mix still unbalanced
- Tiger economies are critical
- Aviation dynamics changing
- Need for balanced carrier focus
- Our strategy is beginning to impact



Growth is fuelled by air-links

- Our strategy is to grow passenger volumes by expanding air-links with growth markets
- Tourism NZ and MED have also identified growth in air-links as a key priority
- Air-links drive passenger traffic, business activity, and high-value exports
- WTO research suggests strong link between traffic volume and degree of air-service liberalisation
- Growth markets need frequent, and preferably non-stop, air-links to be 'effectively close' to NZ



Trade is stimulated by tourism

- Tourism is a precursor to trade
- 90% of high-value global air freight transported in belly-holds of NZ passenger aircraft
- Travel is a critical enabler for freight, business links and migration
- Government priority 'to increase tourism's economic contribution'
- Tourism NZ aim is 'to increase value added to New Zealand economy from international visitors'



Tiger economies vital to NZ

- Asia now biggest travel market in world and forecast to grow the fastest
- If Asians travel as often as Americans, the global air travel industry will treble
- Asia, Latin America and Middle East driving growth in global travel demand



Need for balanced carrier focus

- Low fare carriers and global hub carriers rapidly expanding and targeting growth markets
- National airline business models under market pressure in many countries
- New generation aircraft impacting route economics and opening new direct route opportunities
- New aircraft orders largely focused on high-growth markets, Asia in particular
- Need to balance growth in 'New age' carriers alongside strong traditional and flag-carrying airlines to reach into growth markets



Our strategy is beginning to impact

- Traveller focused strategy in place and delivering growth outcomes
- Principal goal is to accelerate international passenger movements
- Growth markets and balanced mix of airlines key to success
- Will capitalise on new generation 'hub-busting' aircraft
- Seeking industry and agency alignment on market priorities and optimal carrier mixes for benefit of NZ



We've had a clear focus

- **Refocused business to sales-led engine of growth**
- **Redirected resources into fuelling growth in travel, trade and tourism**
- **Expanded footprint to increase influence with airlines and agencies to boost passenger volumes**
- **Invested heavily in customer service, efficiencies and product choices**
- **Kick-started development of the Airport Business District**



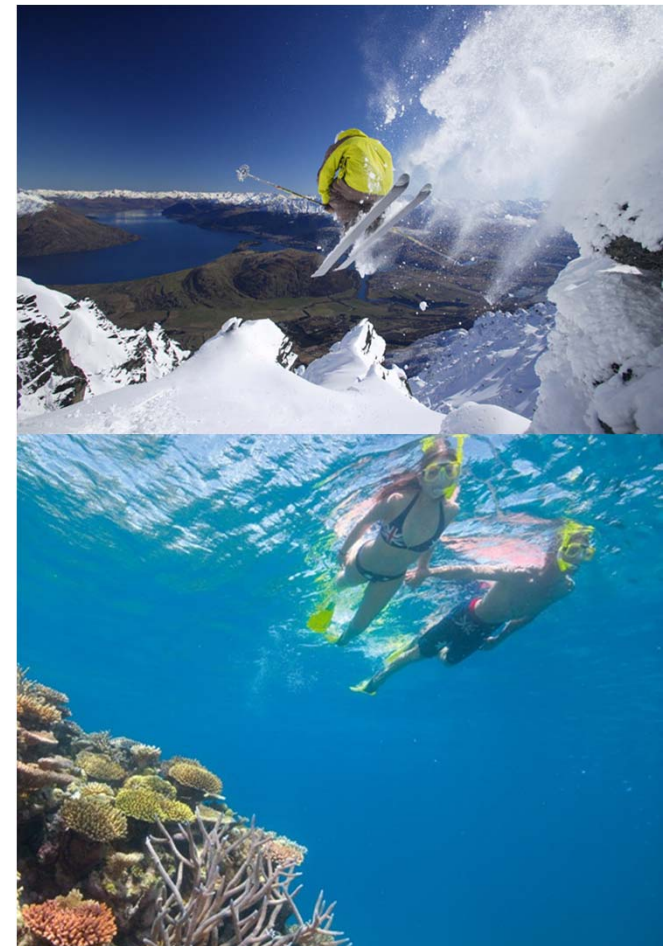
We are busy growing air-links

- **Extra 2 million+ committed seats across Auckland, Queenstown, Cairns and Mackay, including:**
 - **Jetstar: AKL to Singapore 220,000**
 - **Jetstar: Cairns to Osaka 126,000**
 - **Continental: AKL to Houston 138,000**
- **Investing several millions annually in partnered promotional activity to help fill these seats**
- **High concentration of sales effort and marketing investment into Asia**
- **Won 2010 Routes Global Marketing Award for Asia**

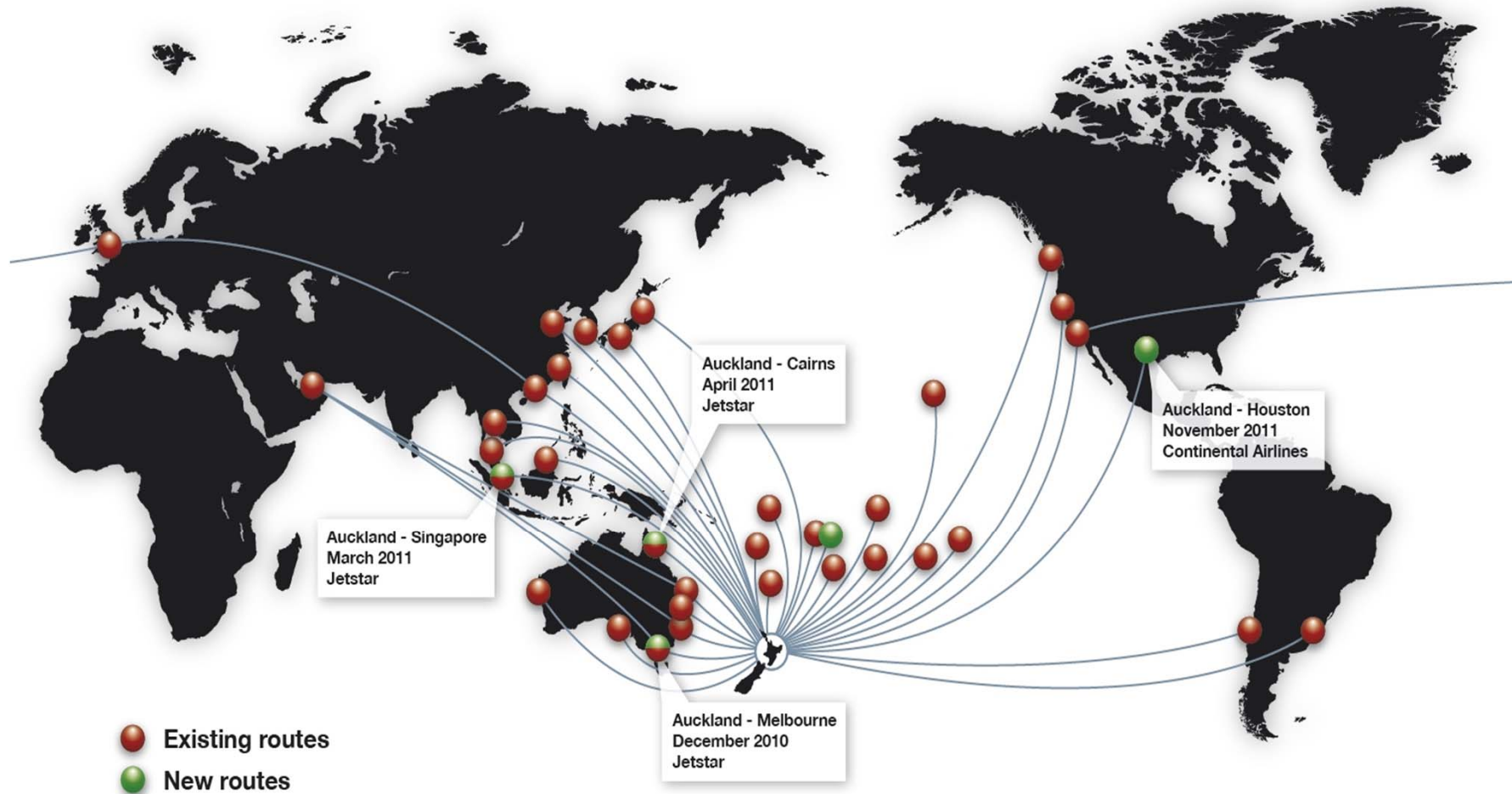


Airport partnerships are helping

- Beefing up our offer through partnerships with like-minded and synergistic airports
- Cairns & Mackay and Queenstown alliances cemented by minority ownership stakes
- Collaborating on development of air links and multi-destination marketing when pitching to airlines
- Cairns turnaround well underway with 31% international pax growth in first quarter
- Queenstown high growth continuing with 31% international growth in 1st quarter



We are growing our Auckland connections



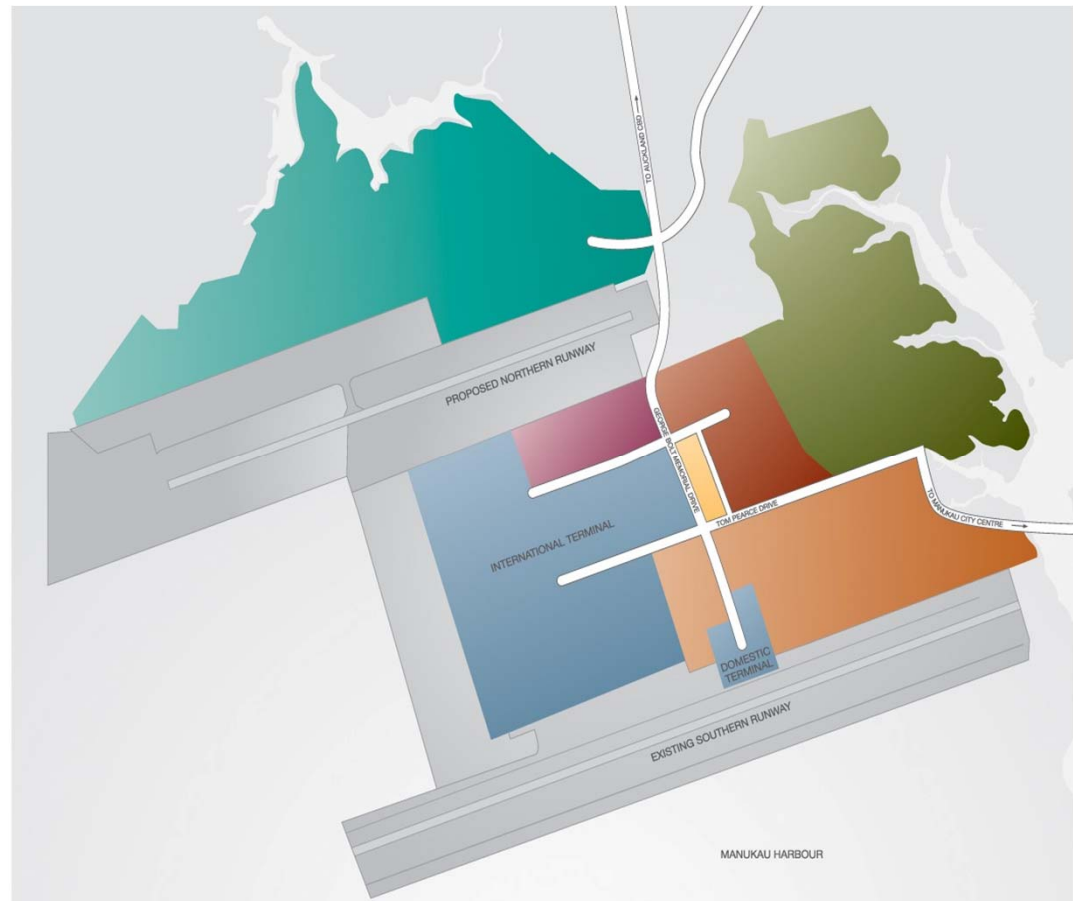
We are getting more efficient

- Process efficiency and new technology enables more passengers using current infrastructure
- Self-service check-in, SmartGate and Lean Six Sigma programme succeeding in providing simplified border process



Our Airport Business District is thriving

- Airport Business District plan achieved \$115m deals in last year
- 50 years supply of prime commercial and industrial land available
- Airport location becoming even more central to city
- Location of choice on broad range of attributes
- Customer aligned “property partner” approach



We are using our assets sensibly

- Master planning review complete
- Northern runway construction deferred for a few more years
- New roading plan developed to avoid \$150m of uneconomic roading construction
- Craigie Trust claim convincingly won to remove over-hang on commercial land holdings
- Rapidly improving transport links and advocating for more



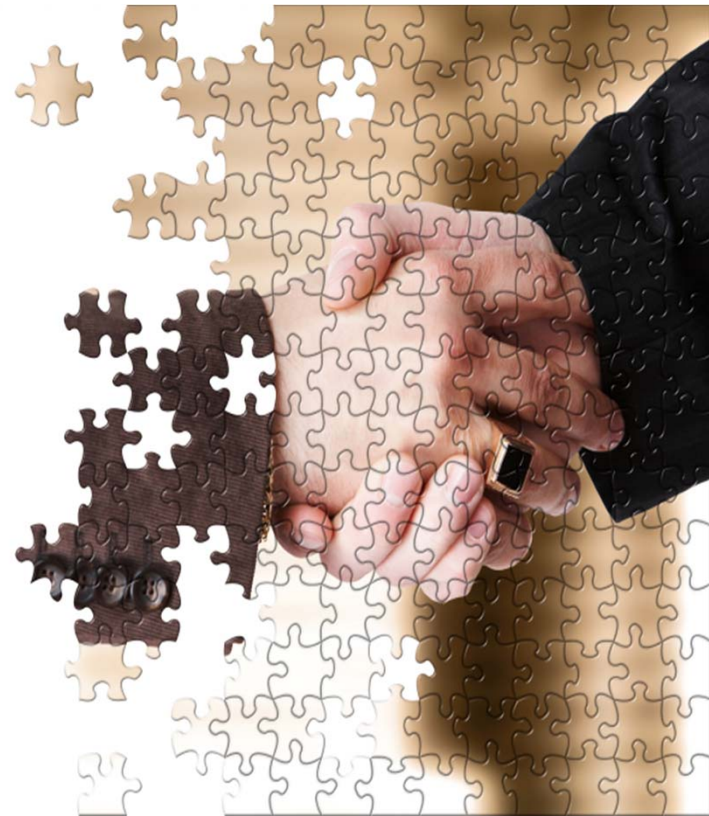
Making a big investment in Retail

- Most of way through \$50m international terminal retail redevelopment
- New duty-free shops open and going well
- Deploying ‘proactive landlord’ model to terminal retailing
- Focused on good-better-best choices in every product category
- Competing very strongly in highly active car-parking market



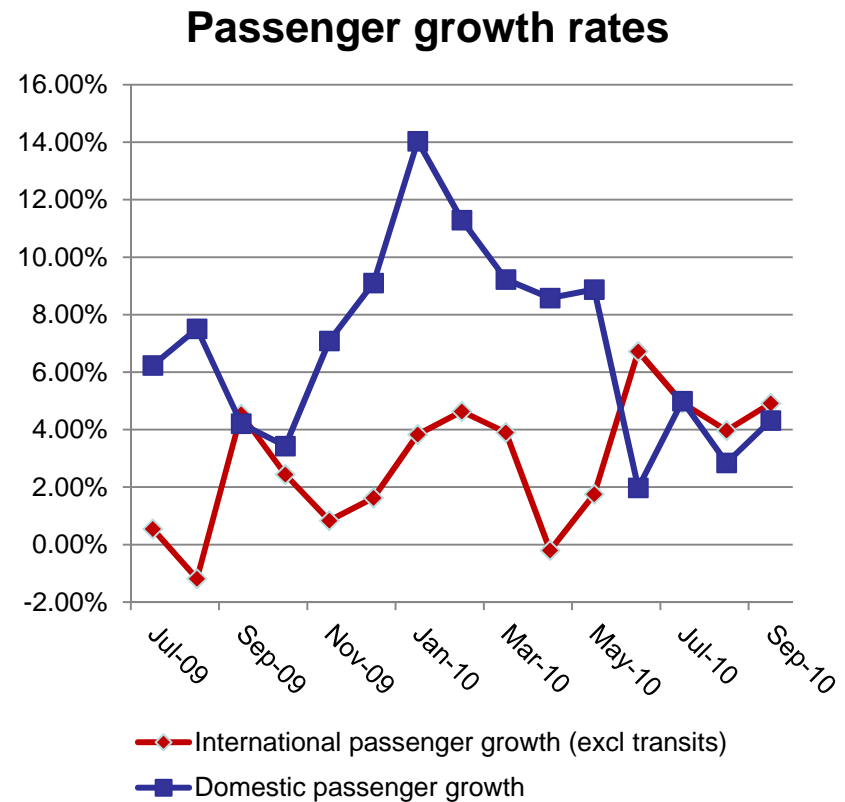
A regulatory path is clearing

- **Draft determination of Commerce Commission 31 May 2010**
- **Land valuations based on market value alternative use (MVAU) with revaluations going forward**
- **Land held for future use is included in regulated asset base when commissioned (including holding costs)**
- **Final determination due in December 2010**



Passenger volumes are growing

- First quarter of 2011 financial year up 4.6% for international (ex transits) and 2.6% for domestic
- Continues recent growth trend, with pax growth rebounding well in second half of the year from low in March 2010
- International growth on upward trend, domestic growth flattening in near term with impact of Pacific Blue withdrawal to be felt in next few months









2011 and beyond: cleared for take-off



The primary goal of our strategy is to accelerate business growth at Auckland Airport

We expect 2011 profit in the range of \$112 to \$118 million assuming international passenger growth in the order of 5% (excluding any fair-value changes and other one-off items)

Double digit profit growth is a possible outcome of strategy by:

-  Growing airline passenger capacity to drive future passenger growth
-  Increasing aeronautical revenues
-  Improving retail yield
-  Investing in property development
-  Managing capital expenditure
-  Benefiting from operating leverage

**We are determined to drive trade
and tourism growth for the benefit
of our shareholders and all of
New Zealand**

determination^{NZ}

Resolutions

- **Constitution provides for up to eight directors**
- **Two directors standing for re-election**
- **One new director standing for election**
- **All to address meeting**
- **Voting by way of poll at end of meeting**

Re-election of director

Re-election of Lloyd Morrison



Re-election of director

Re-election of Joan Withers



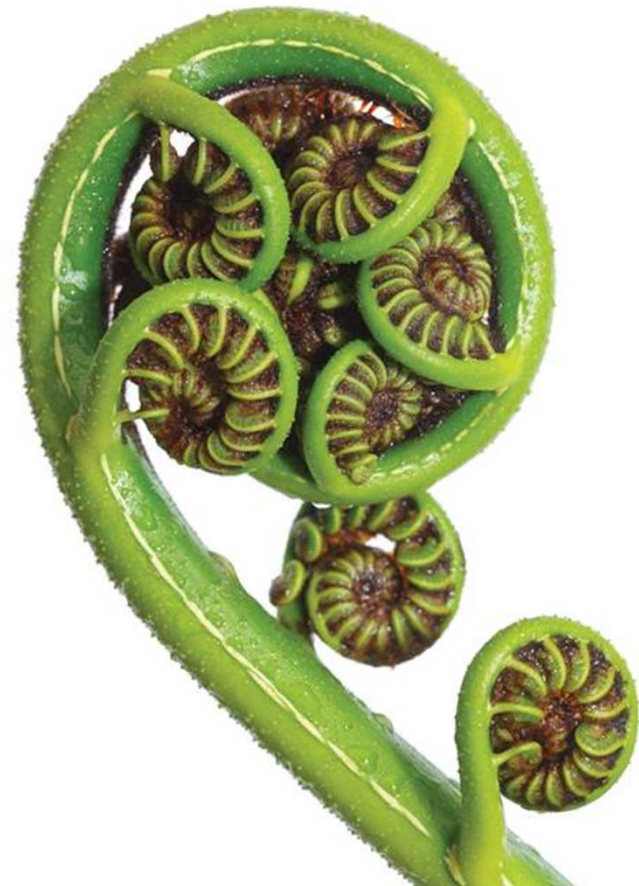
Election of director

Election of Brett Godfrey



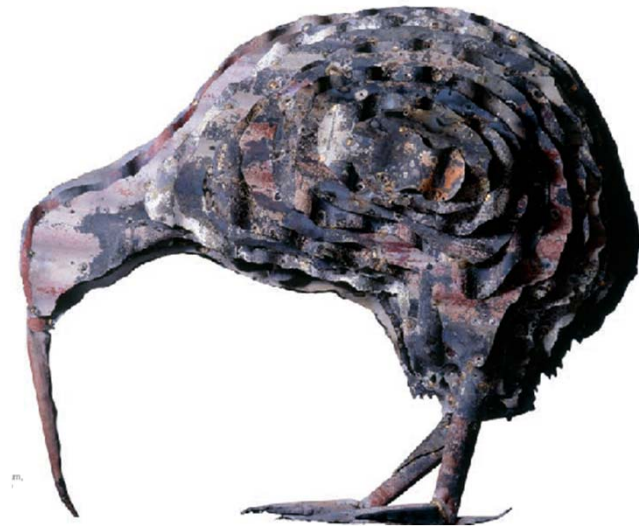
Auditors

- **Deloitte is automatically reappointed as auditor**
- **Auditors fees to be fixed by the directors**



Directors' fees

- **Last increase in 2007**
- **Proposed increase well below independent recommendation**
- **Will involve share purchases to better align interests**
- **Reflects significant repositioning of company in last two years**



General Business

**Please wait for microphone
and please state your name
before asking a question**



Retirement of Chairman

Address by Joan Withers



Polls and close

- **Polls to be conducted**
- **Formal proceedings closed**
- **Thank you for your attendance**
- **Please join us for refreshments**



Thank you

