A Higher Altitude

Auckland Airport

Annual Results June 2011

Auckland Airport

“Our vision is to build a great New Zealand business recognised as a world leader in creating value from modern airports”

Simon Moutter
Chief Executive

Simon Robertson
Chief Financial Officer

This annual results presentation dated 23 August 2011 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.

A break-out result

Break-out profit result despite global volatility and natural events/disasters

Underlying profit $120.9m, up 15.1% on FY10 and at high-end of guidance as revenue growth outstrips cost growth

Total revenue $397.7m, up 9.5% on FY10 through excellent passenger volume and retail yield growth

International passenger growth good at Auckland (4.9%), strong at Cairns (20.7%), and outstanding at Queenstown (49.7%)

Total dividend for the year 8.7 cents per share, up 0.5 cents on FY10

Quality of assets confirmed through $500m+ net uplift in valuation for financial reporting purposes

A year of highlights

Exceptional resilience of all our airports exhibited again with solid growth achieved despite negative external influences

Focus on Asia paying off in air-services and passenger growth, particularly with China

Government highly engaged and supporting us on growth initiatives

International departures revamp in Auckland completed and retail performing very strongly

Success founded on service – Auckland voted 8th best airport in the world in Skytrax awards and best in Australia/Pacific for 3rd year in succession

A year of highlights

Momentum of new Auckland Airport Business District vision evident in expanding property development activity

Novotel Auckland Airport launched with exceptional customer feedback and very strong early trading performance

Partnerships with Queenstown and North Queensland bedded down and performing well

Strategy and vision fine-tuned to maintain forward momentum

Preparations to gain short and long-term benefit from RWC 2011 in place

Transition path to dual-runway, integrated terminal emerging


Results in more detail

Results overview

	2011 $m	2010 $m	% change
Revenue	397.7	363.1	9.5
Expenses	(99.5)	(86.8)	14.6
Earnings before interest, taxation, depreciation, fair-value adjustments and investments in associates (EBITDAFI)	298.2	276.3	7.9
Share of profits of associates	4.8	0.1	
Investment property fair value gain	21.6	9.5	127.4
Other gains	4.7	-	
Property revaluations recognised in income statement	(63.5)	-	
Depreciation	(56.8)	(55.7)	2.0
Interest	(70.4)	(71.9)	(2.1)
Total taxation expense	37.9	128.5	(70.5)
Reported profit after taxation	100.8	29.7	239.3
Underlying profit after taxation	120.9	105.1	15.1

Underlying profits explained

	2011			2010		
	Reported earnings $m	Adjustments $m	Underlying earnings $m	Reported earnings $m	Adjustments $m	Underlying earnings $m
EBITDAFI	298.2	-	298.2	276.3	-	276.3
Share of profit of associates	4.7	(4.3)	0.4	0.1	-	0.1
Gain on sale of an associate	1.2	(1.2)	-	-	-	-
Derivative fair value increases	3.5	(3.5)	-	-	-	-
Investment property fair value increases	21.6	(21.6)	-	9.5	(9.5)	-
Property, Plant and Equipment fair value decreases	(63.5)	63.5	-	-	-	-
Depreciation	(56.8)	-	(56.8)	(55.7)	-	(55.7)
Interest expense and other finance costs	(70.4)	-	(70.4)	(71.9)	-	(71.9)
Deferred tax adjustment on buildings	-	-	-	(84.4)	84.4	0
Other taxation expense	(37.8)	(12.6)	(50.5)	(44.1)	0.4	(43.7)
Profit after tax	100.8	20.1	120.9	29.7	75.4	105.1

Revaluations of assets

Asset Classes	Asset values before revaluations	Asset values after revaluations	Difference	Recognised in the Income Statement	Recognised in Other Comprehensive Income	Total
	$m	$m	$m	$m	$m	$m
Land	1,506.0	1,909.3	403.3	(8.8)	412.1	403.3
Buildings and Services	518.2	518.3	0.1	(43.6)	43.7	0.1
Infrastructure	224.4	280.0	55.6	(9.7)	65.4	55.6
Runway, Taxiways and Aprons	247.0	307.1	60.1	(1.4)	63.5	62.1
Plant and Equipment and Vehicles	20.6	20.6	-			-
Total Property, Plant and Equipment	2,516.2	3,035.4	519.2	(63.5)	582.7	519.2
Total Investment Property	524.6	546.2	21.6	21.6	-	21.6

Passenger growth strong at all airports

International pax grew 4.9% at Auckland, 20.7% at Cairns and 49.7% at Queenstown

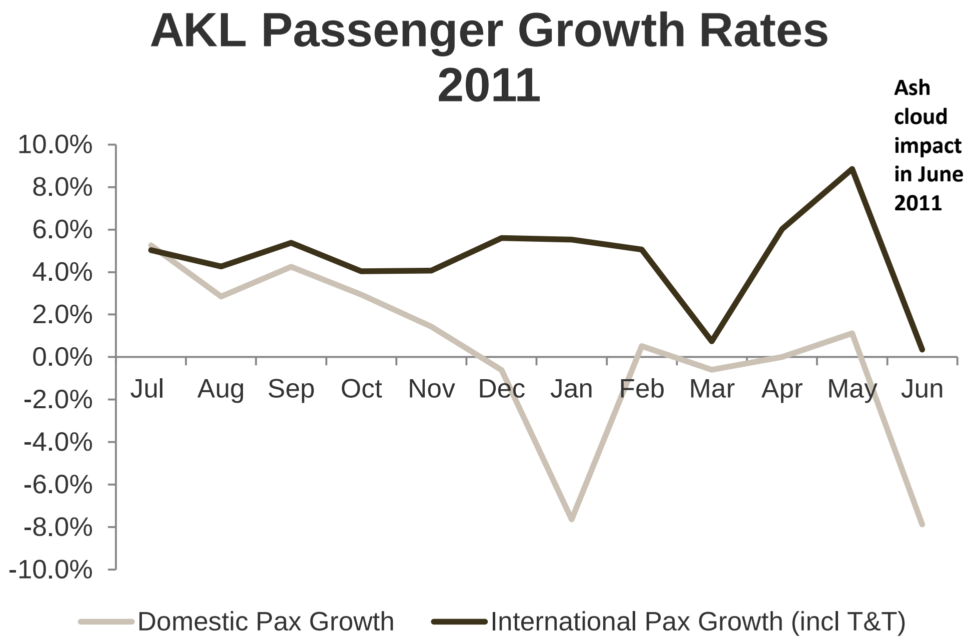
Domestic pax steady at Auckland despite withdrawal of Pacific Blue

Domestic passengers grew 14.3% at Mackay, 6.1% at Cairns and 8.4% at Queenstown

Volcanic ash cloud from Chile impacted in June 2011

Growth at all airports expected to continue

Auckland international pax has grown 7.0% over pcp for the period 1 July 2011 to 14 August 2011



Strong trans-Tasman and Asia markets

Particularly good growth between Australia and New Zealand and from Asian markets

New Zealand outbound up 6.0% on last year

China inbound up 26.5% on last year

India and Singapore growth well into double-digits

Australia inbound up 2.5% on last year

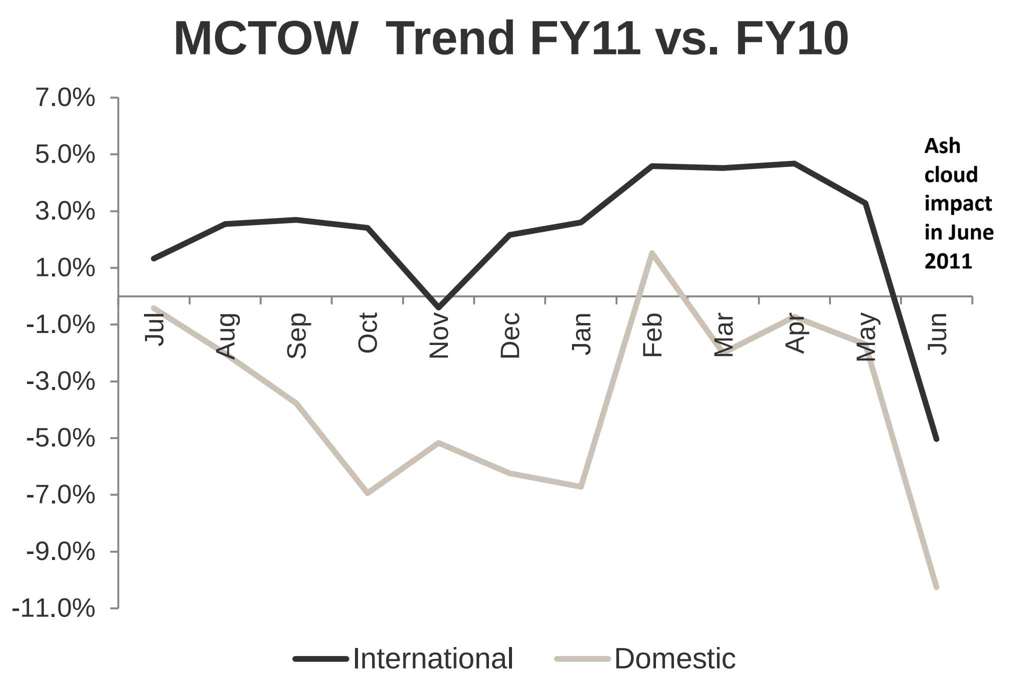
Other markets mainly flat

Aircraft weight trends

New services lifted international MCTOW during FY11

Withdrawal of Pacific Blue from domestic market in October 2010 was followed by a market response from Air NZ/Jetstar

Volcanic ash cloud from Chile impacted in June 2011



	2011 (tonnes)	2010 (tonnes)	% change
International MCTOW	4,007,728	3,923,989	2.1
Domestic MCTOW	1,682,824	1,744,547	(3.5)
Total MCTOW	5,690,552	5,668,536	0.4

Auckland Airport

Revenues lead the growth

Particularly strong retail performance on back of international terminal redevelopment

Airfield revenue reflects reversion to scheduled landing charges following delay to assist airlines during global financial crisis

New car-parking yield management delivering excellent results

	2011 $m	2010 $m	% change
Airfield	72.5	66.7	8.7
Passenger service charge	78.8	73.3	7.5
Terminal services charge	28.3	27.8	1.9
Retail	111.1	95.8	16.0
Rental	49.9	48.5	2.9
Car parking	33.4	31.1	7.7
Interest	1.5	1.7	(13.0)
Other	22.2	18.2	21.2
Total revenue	397.7	363.1	9.5

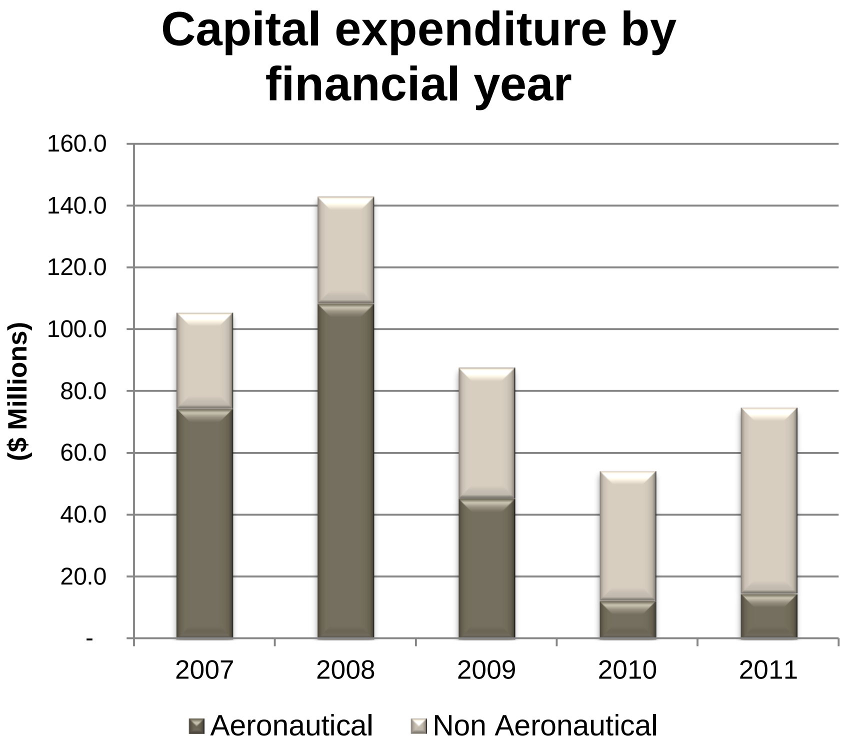
Expenses growth fuelling revenue growth

	2011 $m	2010 $m	% change
Staff	32.6	31.6	3.3
Asset management, maintenance and airport operations	32.9	31.0	6.2
Rates and insurance	7.8	7.0	11.3
Marketing and Promotions	11.8	4.5	158.6
Other	14.5	12.7	13.8
Total expenses	99.5	86.8	14.6
Depreciation	56.9	55.7	2.0
Interest	70.4	71.9	(2.1)
Taxation expense	37.9	128.5	(70.5)

The marketing and promotions lift in expenditure is predominantly a result of the front-loading of marketing to support several significant new air-services and capacity/frequency increases which commenced during second-half of FY11.

Capital expenditure tightly managed

Category	Amount $m	Key projects
Retail	10.4	First floor redevelopment
Aeronautical	14.6	Noise treatment of houses and schools, new Emirates VIP lounge
Property	46.2	NZ Food Innovation centre, Formule 1 Hotel, Careers Travel & Training, other land and property development
Infrastructure and other	3.0	Service delivery enhancements
Car parking	0.6	
Total	74.8	



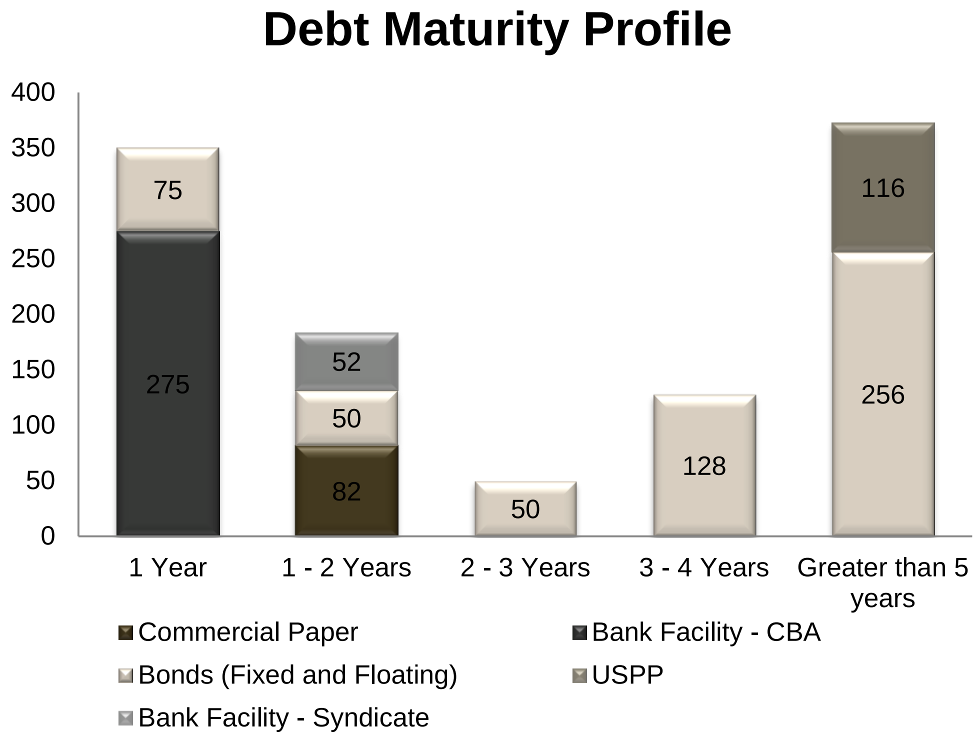
Debt profile extended

Average interest rate for FY11 reduced to 6.58% (FY10 6.86%)

Average debt maturity increased in FY11 to 4.16 years (FY10 3.17 years)

Underlying EBITDAFI interest cover ratio increased to 4.16 times from 3.7 times in FY10

The next maturity is bank debt maturing in January 2012. The process to refinance this maturity has commenced



Commercial paper maturities are less than three months but are supported by committed bank facilities that mature in March 2013. The $75 million of bonds in the 1 year category were refinanced in July 2011 with the drawdown of 10 year USPP notes on terms agreed in November 2010.

Operating efficiencies improving

Financial performance	2011	2010	% change
Underlying operating EBITDAFI margin	75.0%	76.1%	(1.1)
Underlying profit after tax return on capital employed	5.5%	5.6%	(0.1)
Financial position and gearing			
Debt/Debt + equity	30.5%	36.3%	(5.8)
Debt/EBITDAFI	3.64	3.92	(7.1)
Operating efficiencies			
Passengers per operating staff	47,366	44,491	6.5
Operating income per operating staff	$1,362,712	$1,201,300	13.4
Operating income per passenger	$28.77	$27.00	6.6
Retail income per international passenger	$14.28	$12.92	10.5
Car park income per passenger	$2.60	$2.47	5.3
Operating staff costs/operating revenue	8.20%	8.70%	(0.5)

Profit growth flows to shareholders

Final dividend of 4.70 cps a 5.6% increase from 4.45 cps in FY10

Record date for dividend is 7 October 2011

DRP continues with price set at 5 day VWAP (zero discount)

Intention is to conduct a share buy-back in conjunction with DRP to offset shares issued

	2011	2010	% change
Final Dividend CPS	4.70	4.45	5.6
Total Dividend CPS	8.70	8.20	6.1
Final Dividend $m	62.2	58.3	6.7
Total Dividend $m	114.9	107.2	7.2

Auckland air-services in 2011

Airline	Service	Airport	Route	Start Date	Annual Capacity
Emirates	Up-gauge	Auckland	Melbourne	Aug-10	72,000
Jetstar	New service	Auckland	Melbourne	Dec-10	130,000
Jetstar	Increase frequency	Auckland	Queenstown	Dec-10	74,000
China Airlines	New service	Auckland	Brisbane - Taipei	Jan-11	96,000
Emirates	Up-gauge	Auckland	Brisbane	Jan-11	72,000
Malaysia Airlines	Increase frequency	Auckland	Kuala Lumpur	Mar-11	29,000
Jetstar	New service	Auckland	Singapore	Mar-11	220,000
China Southern	New service	Auckland	Guangzhou	Apr-11	68,000
Jetstar	New service	Auckland	Cairns	Apr-11	56,000
Total new services for Auckland in FY11					*817,000

* Note this excludes Pacific Blue departure from NZ domestic services in October 2010 with a total annual capacity of 748,000 seats, mostly off-set by an up-gauge on some domestic services by Air New Zealand

NQA and QAC air-services in 2011

Airline	Service	Airport	Route	Start Date	Annual Capacity
Jetstar	New service	Queenstown	Melbourne	Dec-10	37,000
Jetstar	New service	Queenstown	Gold Coast	Dec-10	37,000
Total new services for Queenstown in 2011					74,000
Qantas	New service	Cairns	Port Moresby	Jul-10	92,000
Tiger*	New service	Cairns	Melbourne	Sep-10	131,000
Cathay Pacific	Increase frequency	Cairns	Hong Kong	Nov-10	27,000
Jetstar	Increase frequency	Cairns	Brisbane	Jan-11	55,000
Jetstar	Increase frequency	Cairns	Gold Coast	Jan-11	74,000
Jetstar	Increase frequency	Cairns	Sydney	Apr-11	129,000
Jetstar	Increase frequency	Cairns	Melbourne	Apr-11	129,000
Total new services for Cairns in 2011					637,000

* Note the Tiger service has been impacted by their recent suspension

Growing air-services remains a priority

Airline	Service	Airport	Route	Start Date	Annual Capacity
Jetstar	New service	Auckland	Dunedin	Jul-11	129,000
China Southern	Increase frequency	Auckland	Guangzhou	Oct-11	90,000
Air NZ	Increase frequency	Auckland	Beijing, Shanghai	Dec-11	17,000
Air NZ	Up-gauge	Auckland	Japan	Summer	16,000
Korean	Increase frequency	Auckland	Seoul	Dec-11	36,000
Continental	New service	Auckland	Houston	2012	138,000
Total new services anticipated for Auckland in the next 12 months					426,000

*** Note that this capacity will be partially offset by the announced suspension of services by Royal Brunei from Auckland from October 2011 which was 138,000 seats in FY11**

Retail performance outstanding

Strong retail growth in the current year driven significantly by the new passenger experience in international departures

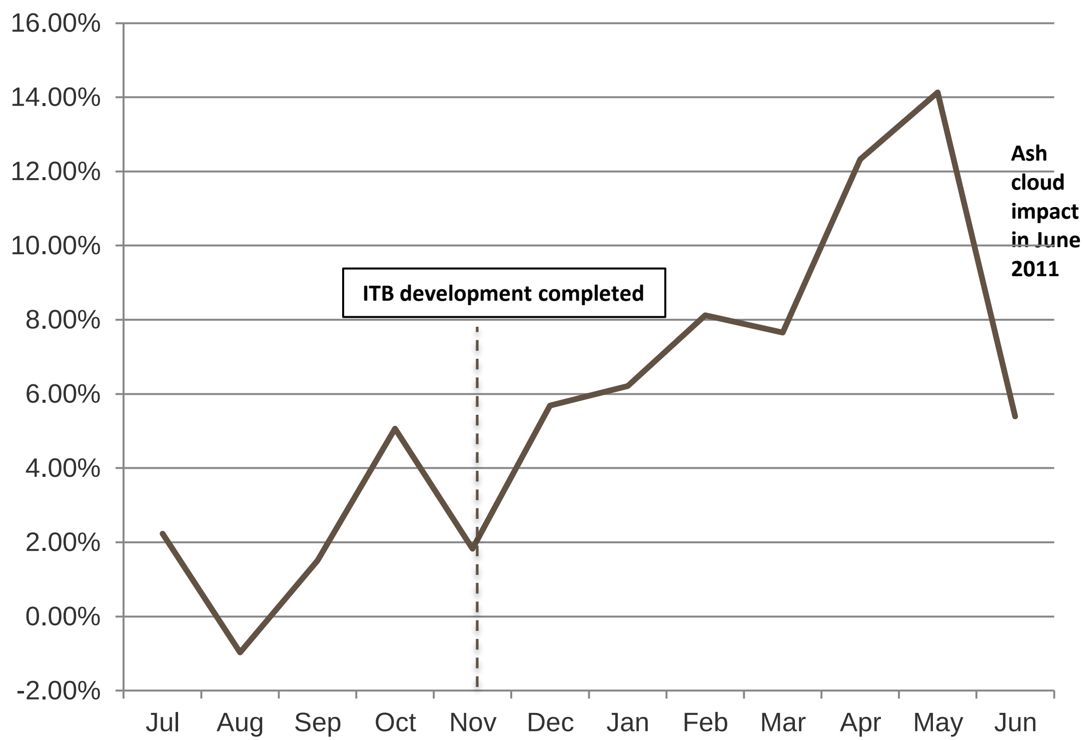
Retail income was up 16.0% from FY10

Retail income per passenger increased, reflecting improved retail experience

Focus on applying scale and whole of airport approach

Volcanic ash cloud from Chile impacted in June 2011

Revenue growth (excluding FX) over pcp

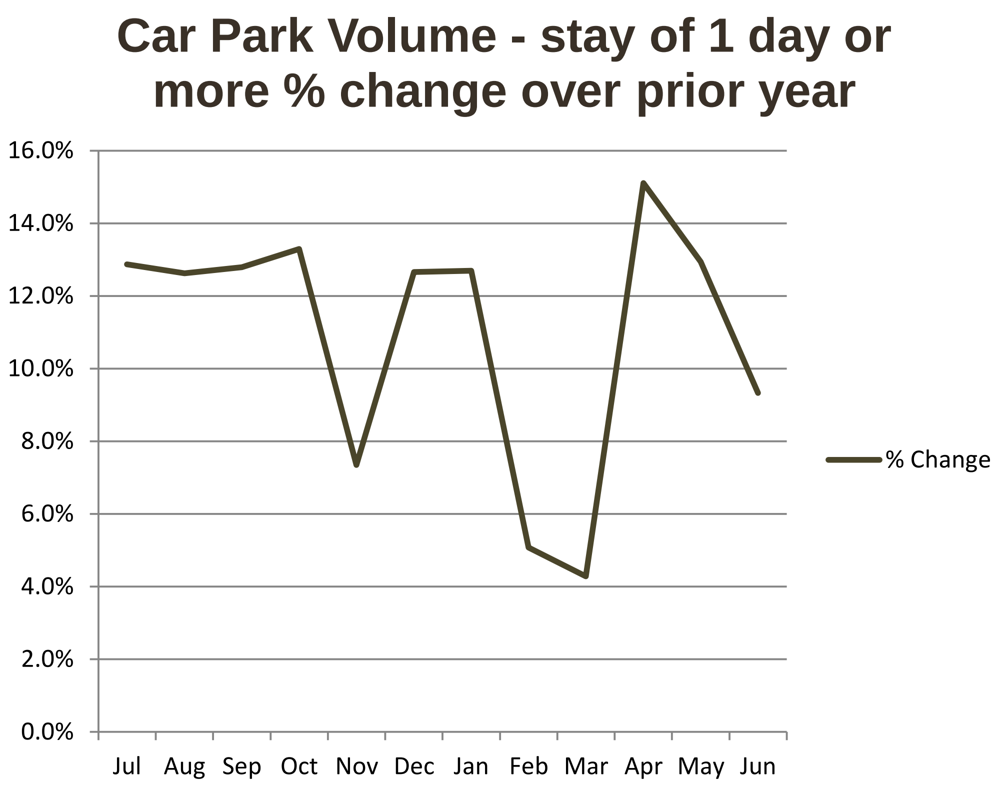


Car parking another highlight

Online parking tool has been operating for a year delivering improvements in utilisation, propensity, share and yield

Parking products available to suit all market requirements

Continuing to fine-tune our offers, our marketing and our add-on products to maximise car parking performance



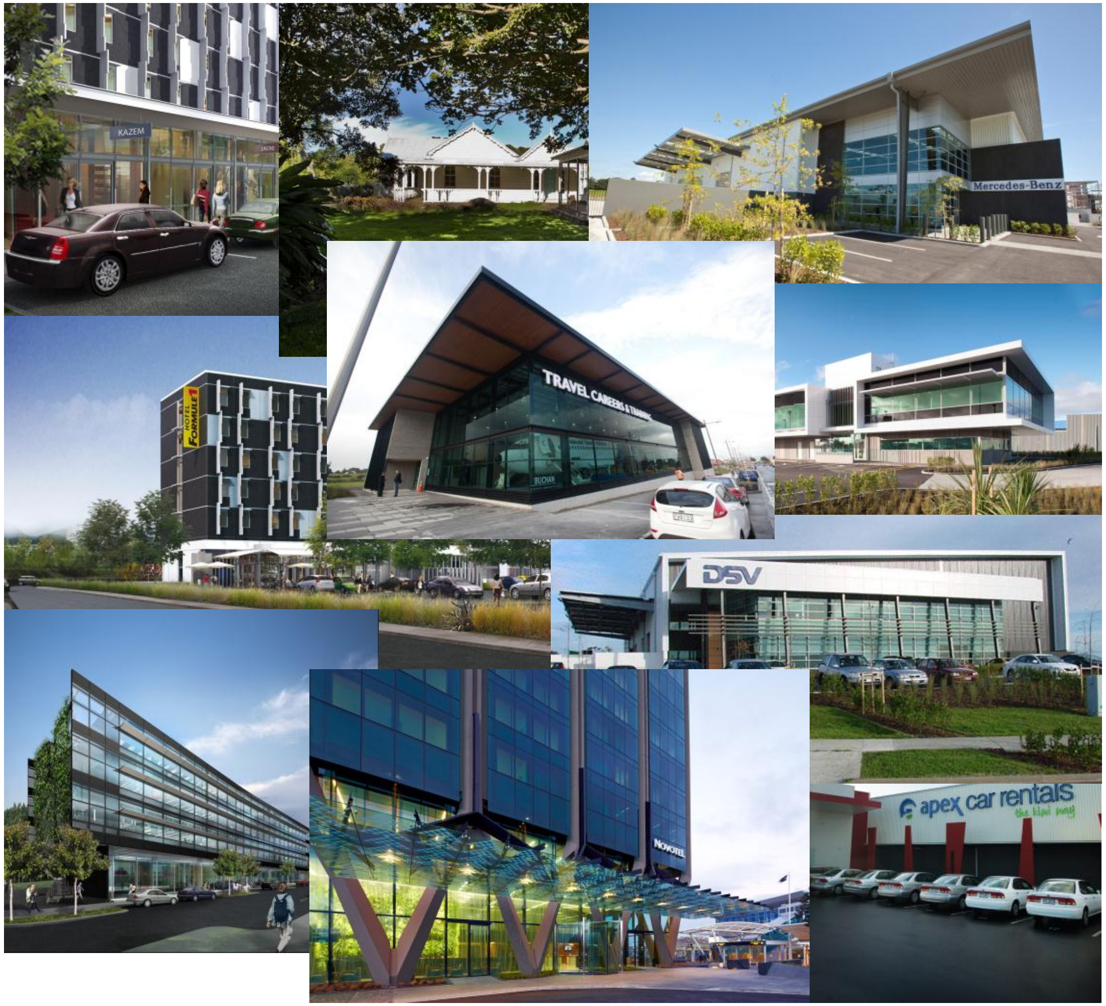
Property developments

Surge of property developments recently completed or nearing completion

Toll warehouse/office and Quad 5 office building have commenced construction

Investment property rental income will benefit from recent developments in 2012

Amenities being developed will assist in maximising our market share of future development opportunities



NQA milestones

	2011	2010	% change	Published Milestones
Passenger Movements				
International - Cairns (ex transits)	0.67	0.56	19.6	0.64
Domestic – Cairns & Mackay	4.22	3.91	8.0	4.20
Financial				
Non-aero revenue (AUD)	35.1	30.2	16.2	34.0
Total revenue (AUD)	102.7	87.3	17.6	Not published
Expenses (AUD)	43.2	42.1	2.6	Not published
EBITDAFI (AUD)	59.5	45.2	31.7	55.0
Profit after taxation (AUD)	11.3	(3.3)		Not published
Other				
Domestic terminal opens	Sep 2010			Oct 2010
Refinancing complete	Jul 2011			Dec 2011
Joint promotional activity	3 campaigns			2 campaigns
Annual capacity growth	Japan market not achieved			Various
Joint initiatives	Surpassed			NPV = $2m

Queenstown

Queenstown legal position behind us and actual performance strong

Strategic alliance is delivering value and we believe further strong growth remains achievable

Passenger volume growth exceptional with international pax up nearly 50%

Queenstown Airport performance	2011	2010	% change
Passenger Movements			
International	161,089	107,572	49.7
Domestic	763,159	703,892	8.4
Financial Performance			
Revenue	15.7	13.3	17.5
Expenses	5.8	4.4	30.2
EBITDAFI	9.9	8.9	11.2
Profit after taxation	4.4	(3.8)	N/A


Our future

Working towards a new regulatory environment

Preparing for the first information disclosure reporting under the new regime in May 2012

First stage is a revaluation of land as at 30 June 2009 in accordance with methodology established by Commerce Commission

In conjunction with this and the other revaluation work underway, Auckland Airport also conducted a land revaluation as at 30 June 2011 also in accordance with methodologies established by the Commerce Commission

Regulatory land valuations are based on a 'market value alternative use' which ignores the current airport use

Land valuations are performed for land delivering specified airport services including shared services between regulated and non-regulated use, e.g. land for common assets such as terminals

Land held for future use is excluded from the regulated asset base (RAB) until commissioned for airport services but was valued concurrently with land in current use

Summary outcomes and impact

	June 2011 value $m	June 2009 value $m
Land in current use	387.3	332.2
Land held for future use	175.8	150.6
Total	563.1	482.8

Estimate of opening Regulated Asset Base (RAB) at 30 June 2009		$m
Allocated RAB under previous disclosure regime as at 30 June 2009		1,346
Less works under construction		(33)
Less land valued in previous disclosure		(565)
Sub-total is value of specialised assets in RAB as at 30 June 2009	Sub-total	748
Add new land valuation		332
Adjust for estimated range for allocation of land		(5) – (25)
Estimated 2009 Allocated RAB		1,055 – 1,075

RAB at 30 June 2011 requires asset value roll forward, asset allocations for new additions, allocation rule changes, holding costs added to additions, updated land valuation and CPI adjustments to specialised assets

A vision for unlocking future growth

Long-term working towards a dual-runway, integrated terminal solution at Auckland Airport which will unlock more growth potential for NZ tourism and trade

Growing demand serviced by larger A320 aircraft and faster passenger processing capabilities mean the existing domestic terminal is reaching the end of its useful life

Working constructively towards identifying a staged development pathway with the support of our airline partners aiming to make the most efficient use of existing infrastructure and avoid building excess capacity too far ahead of demand

The solution including timing, value of capital expenditure and aeronautical revenue impact is to be resolved

Current thinking is along these lines:

- Stage 1 delivered around 3 years from now - first part of new integrated terminal, apron and taxiway built alongside international terminal ($100-150m), interim capacity improvements to existing domestic terminal ($15-25m)
- Stage 2 a few years further on - second part of new integrated terminal and apron, new northern runway and taxiway system, closure of existing domestic terminal

Looking ahead

We are not finished with our growth story - we believe there is further momentum and we intend to capture this for investors

We expect profit for FY12 to be in the $130 million’s (excluding fair value changes and one-off items)

Capital expenditure forecast at around $80 million excluding yet to be committed property development or dual-runway, integrated terminal works


Questions?