Auckland Airport

annual results to June 2010

Notes

This annual results presentation dated 26 August 2010 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.

Auckland Airport

Simon Moutter
Chief Executive

Simon Robertson
Chief Financial Officer

Reinventing our business

Re-focused from airport infrastructure manager to a sales-led engine of economic growth

Redirected resources into promoting New Zealand as a destination to fuel growth in travel, trade and tourism

Expanded Australasian footprint to increase influence with airlines and agencies to boost passenger volumes

Auckland Airport

2009 saw growth strategy launched

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

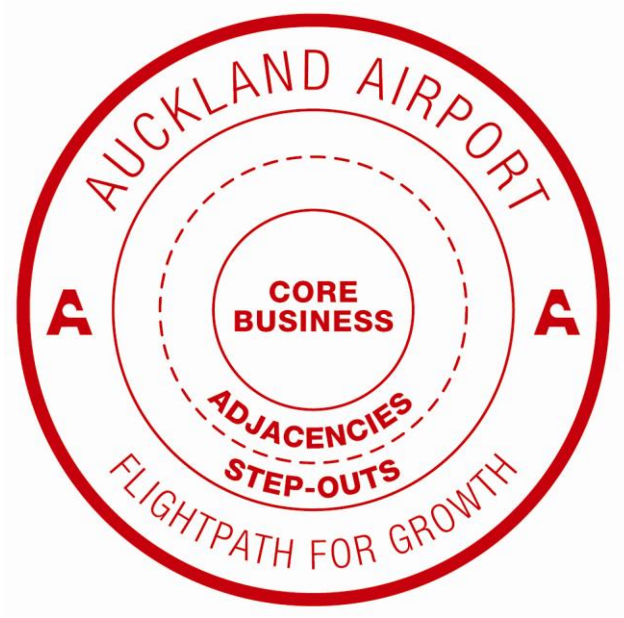
In 2009 travel demand and economy was at a low and we weren't sure where was bottom

Extra investment in air-services development had yet to bear any significant fruit

Lean Six Sigma efficiency work was just hitting its straps

Property deal flow was still sluggish

Step-out investments were merely conceptual



The market has changed in 2010

Travel demand beginning to rebound from recession

Growth economies (especially Asia) becoming increasingly important

Aviation sector still challenged but in healthier position – new routes, new aircraft orders, new business models

Link between air-connectivity and economic growth more widely understood in New Zealand

Alignment within wider New Zealand tourism sector improving

	June 2010 vs. June 2009	
Region	**Revenue pax km**	**Available seat km**
Africa	21.3%	12.1%
Asia/Pacific	15.5%	4.4%
Europe	7.8%	4.3%
Latin America	14.7%	9.5%
Middle East	18.0%	13.1%
North America	10.8%	5.6%
Total	**11.9%**	**5.9%**

Source: IATA

The plan is taking shape

High passenger satisfaction - 9th best airport in world in Skytrax

Significant air-service sales achieved:

- **More than 850,000 additional international seats announced for Auckland**
- **More than 800,000 additional international and domestic seats announced for Cairns & Mackay**
- **Jetstar the first low-cost carrier on a long haul route to Asia from Auckland**
- **Continental to launch the first B787 route to Houston from Auckland**
- **Jetstar increasing linkages between Auckland, Queenstown, Cairns and Mackay**

Auckland international terminal retail development and new Cairns domestic terminal nearing completion

Property development accelerated – land-use clarified and now over $115 million worth of property development underway at Auckland

Lean Six Sigma, new technologies, and sourcing initiatives delivering enhanced service, higher infrastructure utilisation and reduced cost

The 2010 financial results in full

Results Overview

Passenger volumes

International passenger market trends

Aircraft movement trends

Income

Expenses

Profit

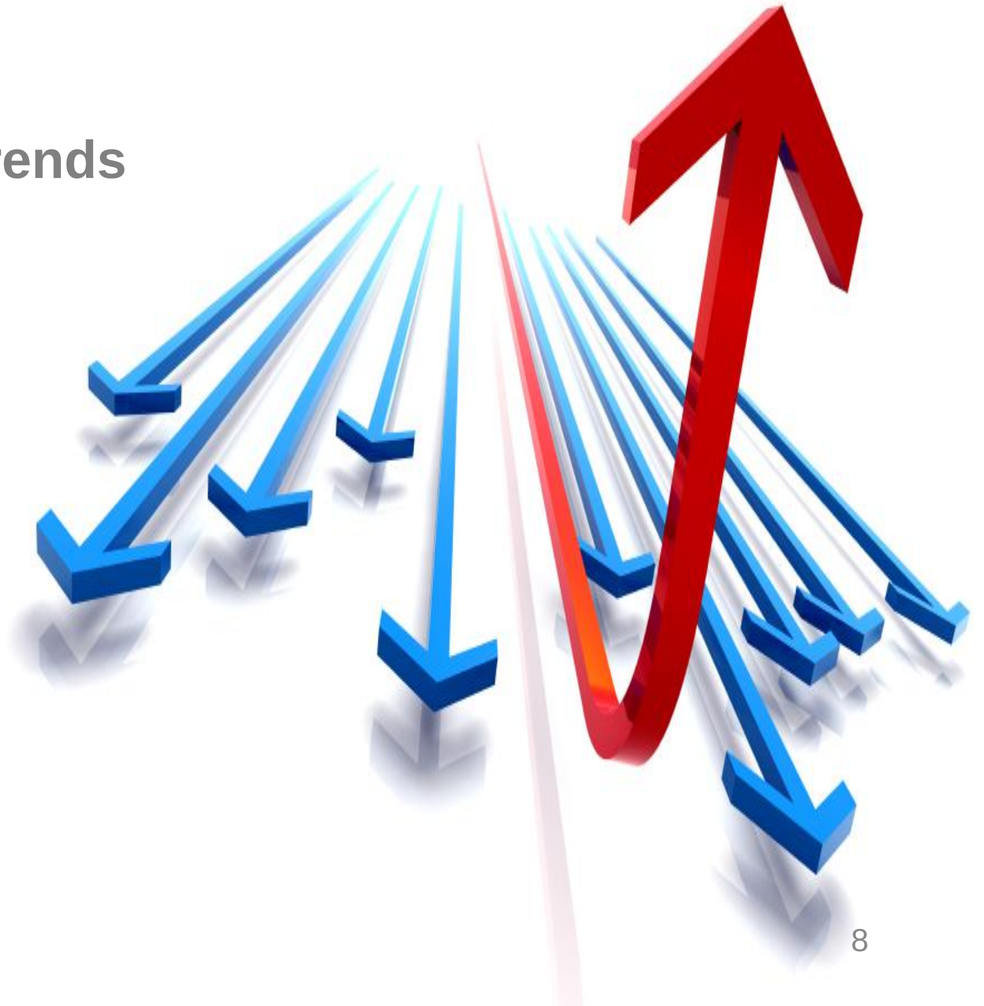
Balance sheet

Debt ratios

Capital expenditure

NQA financial results summary

Dividends



Results overview

	2010 $m	2009 $m	% Change
Income	363.1	368.3	-1.4
Expenses	86.8	88.9	-2.3
EBITDAFI (Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates)	**276.3**	**279.4**	**-1.1**
Share of profit of associates	0.1	0.9	-89.7
Investment property fair value gain/(loss)	9.5	(64.6)	114.7
Depreciation	55.7	54.8	1.8
Interest	71.9	75.6	-4.8
Deferred tax adjustment on buildings	84.4	-	-
Reported net profit after tax	29.7	41.7	-28.8
Underlying Profit	**105.1**	**105.9**	**-0.8**

Passenger volume growth in 2010

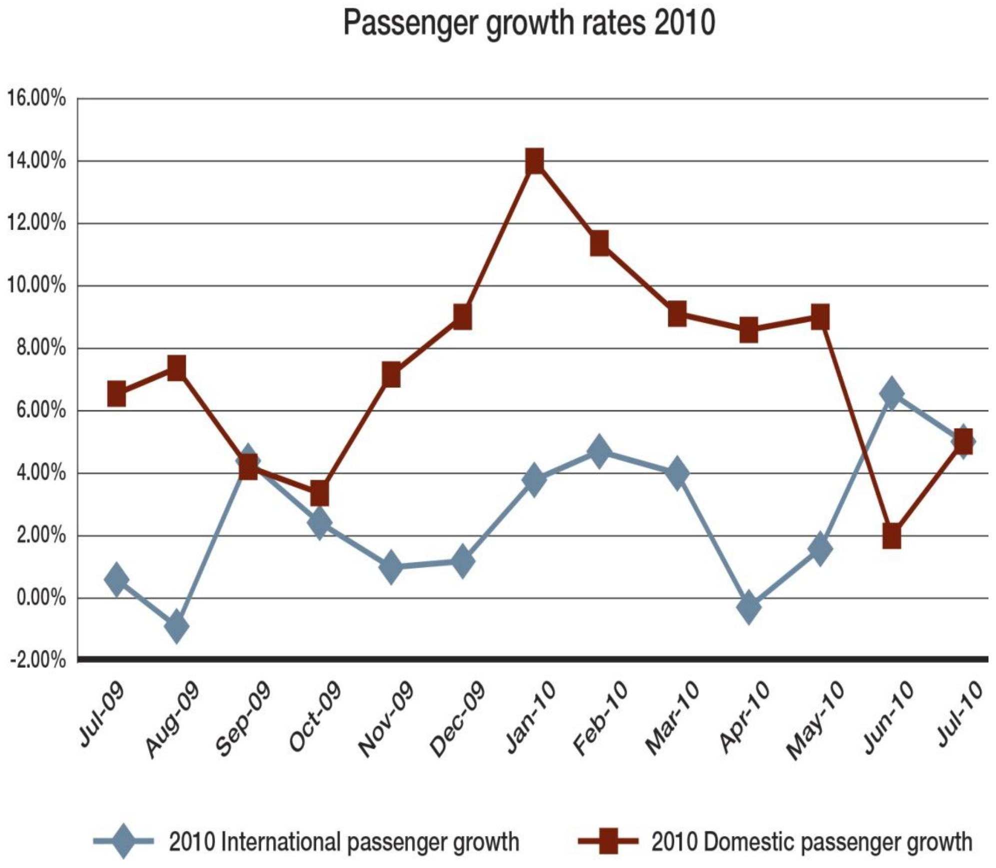
Strong domestic passenger volume with 7.8% growth

International passenger numbers grew from September 2009. Full year international passenger (excl Transits) growth of 2.4%

Particularly strong trans-Tasman with 10.6% growth

Asian passengers in the second half of 2010 grew 11.1%

July 2010 saw a good start to the new financial year with further domestic passenger growth of 5.0% and international passenger (excl Transits) growth of 4.9%

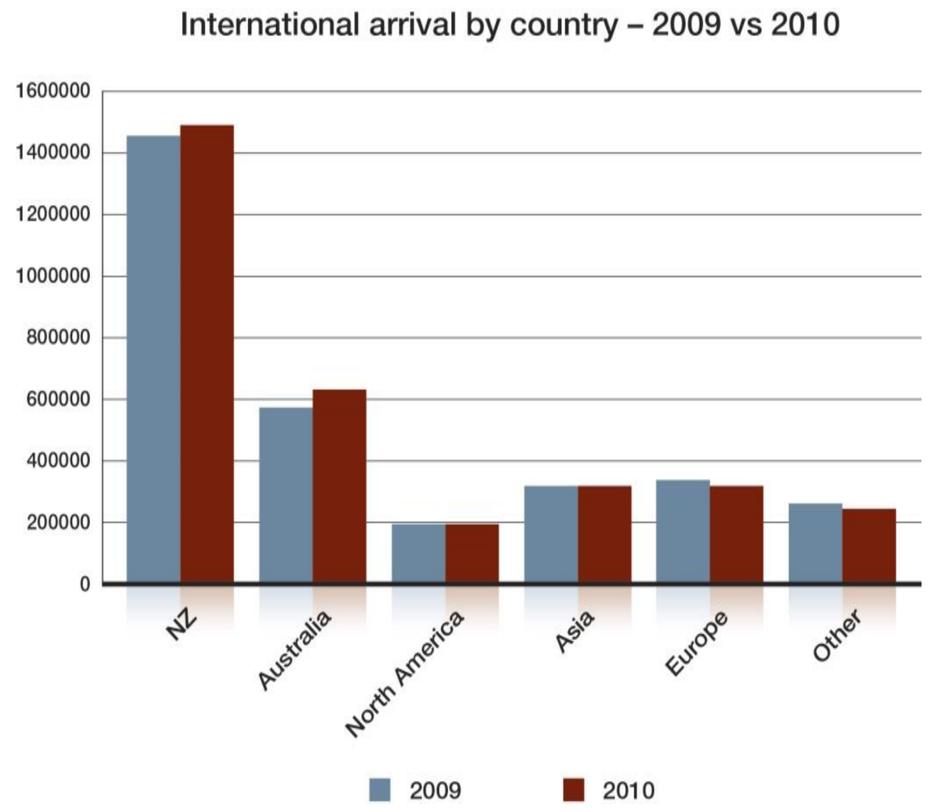


Resilient international markets

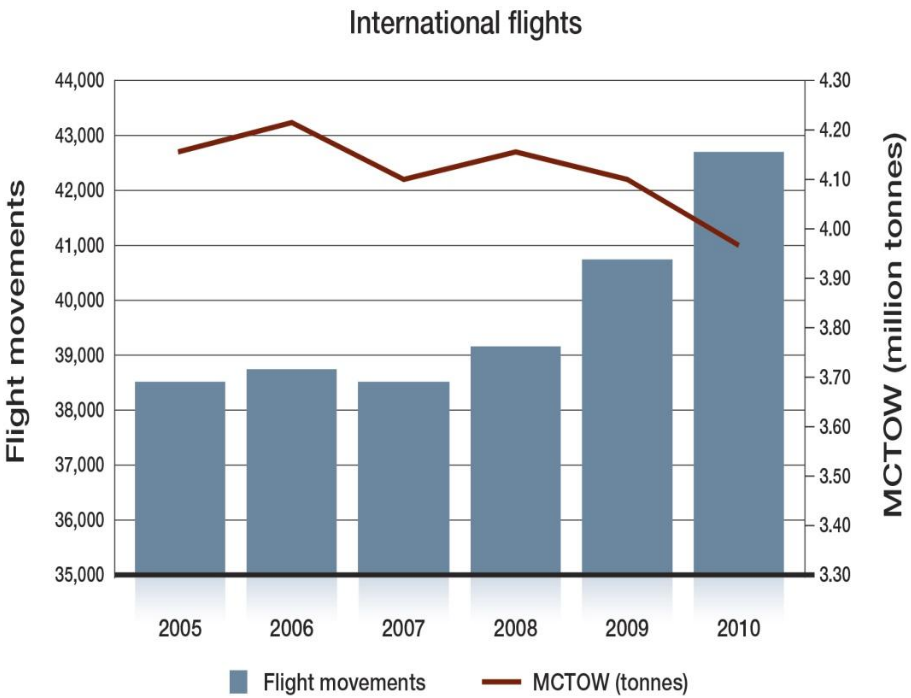
Additional trans-Tasman carriers and routes increased Australia arrivals to 19.5% (2009: 18.1%) of all international arrivals

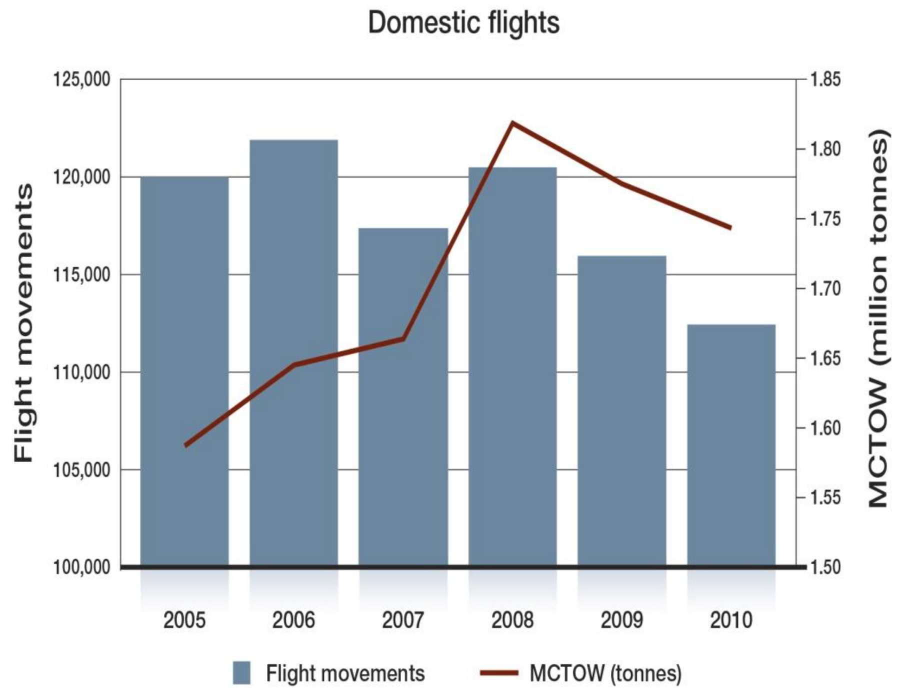
Asia and North America have been resilient through the downturn, maintaining percentage of arrivals at 10.1% and 6.1%, respectively

Arrivals from Europe declined from 11% of arrivals in 2009 to 10% of arrivals in 2010



Aircraft movement trends





Airline fleet management has, in general, seen more frequent, smaller aircraft on international routes and less frequent, larger aircraft on domestic routes

Pacific Blue have announced their withdrawal from domestic routes in October 2010. In 2010, Pacific Blue domestic MCTOW was 0.171 million tonnes (<10%). We are confident that the customer demand will be met by other airlines.

Strength in our core revenues

Growth in international passenger and price increase deliver a 10.1% increase in PSC

Deferral of airport charge increase to 1 March 2010 had $2.7m impact on airfield charges

Retail revenue impacted by ITB development and duty-free unwind but in upper end of guidance

Property rentals showing signs of growth after launch of new precinct strategy

Car park product development and promotions deliver revenue growth

	2010 $m	2009 $m	% change
Airfield	66.7	70.5	-5.3
Passenger services charge	73.3	66.5	10.1
Terminal services charge	27.8	27.5	1.3
Retail	95.8	105.3	-9.0
Property rentals	48.5	48.0	1.2
Car parks	31.1	29.4	5.7
Interest	1.7	2.6	-35.7
Utilities and general	18.2	18.5	-1.6
Total revenue	**363.1**	**368.3**	**-1.4**

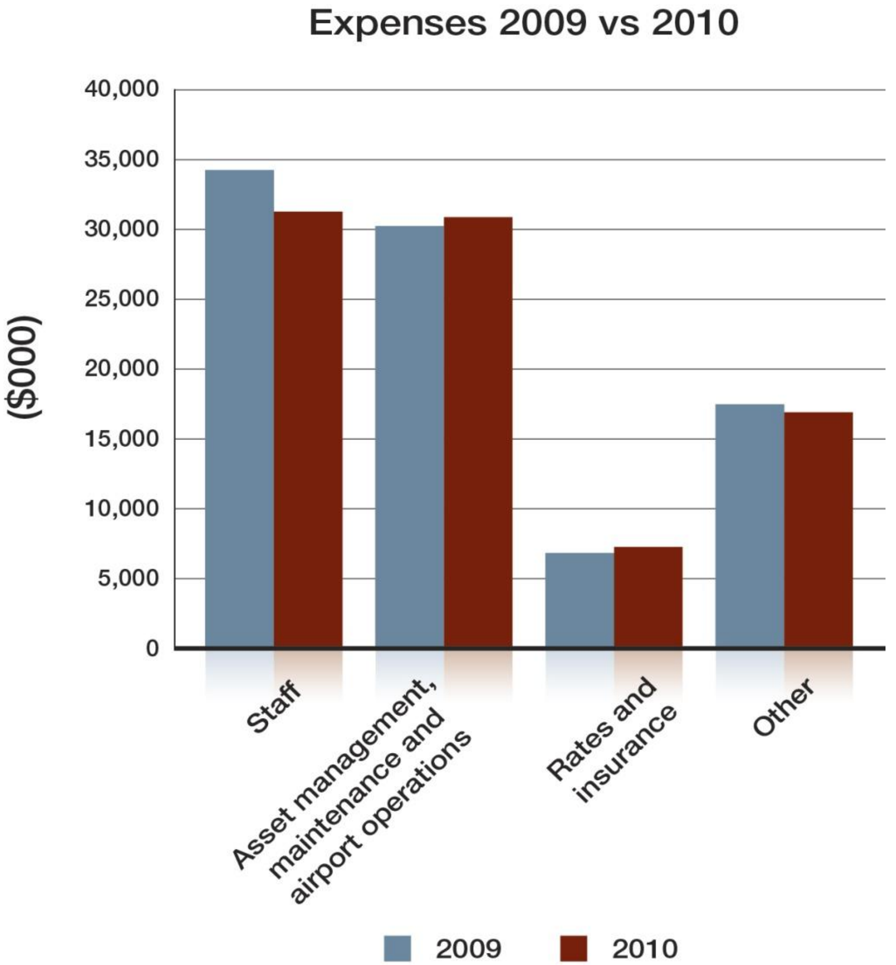
Operating leverage at work

Restructuring in 2009 set platform for focus on proactively managing costs

Restructuring costs substantially lower in 2010 by $3.1m

Cost savings in other expenses of $3.0m achieved across a range of expense items

$2.7m of the $3.0m savings redirected to the marketing of air services development, retail, car parking and property



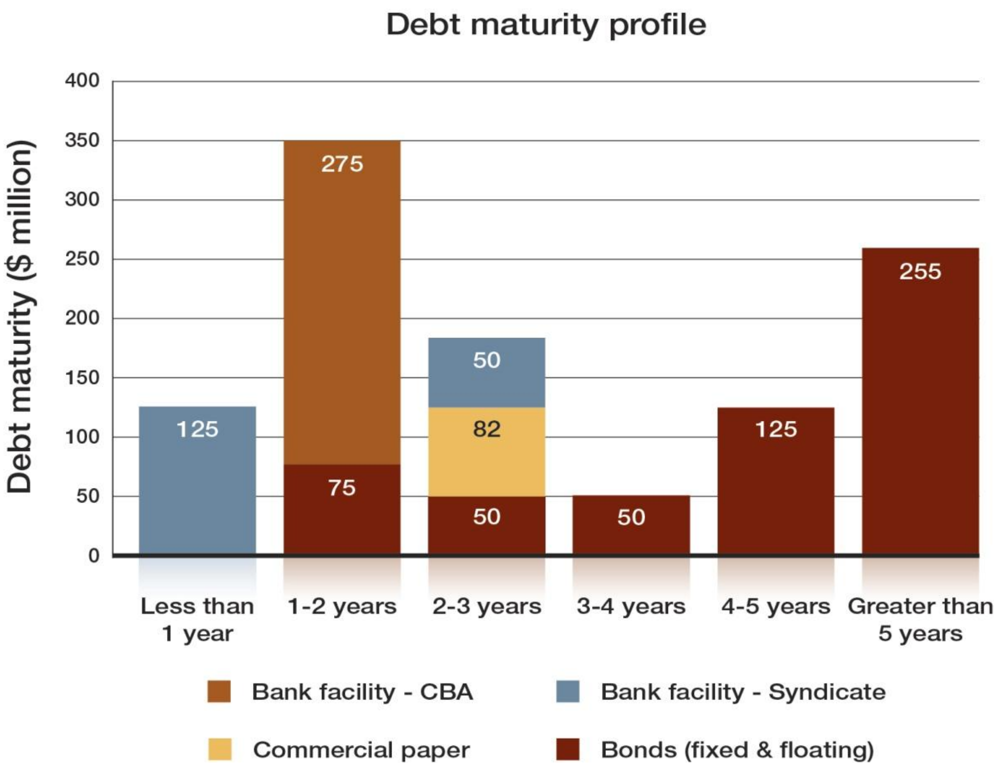
Auckland Airport

Underlying profits held up

	2010 $m	2009 $m	% change
Reported net profit after tax	29.7	41.7	-28.8
Investment Property Revaluation	(9.5)	64.6	
Restructuring costs	-	4.2	
Deferred tax adjustment	84.4	-	
Tax effect	0.4	(4.6)	
Underlying Profit	105.1	105.9	-0.8

The deferred tax adjustment of $84.4 million is a consequence of the new tax legislation to remove the ability to depreciate building structures for income tax purposes when the life of the building is greater than 50 years. The increase in the deferred tax liability represents the forfeiture of all the future depreciation tax deductions with no discount to reflect the time value of money even for effects that are more than 50 years from today. This is a non-cash adjustment and does not impact on the company’s underlying profitability.

Stable balance sheet



Debt is based on contractual maturities at par excluding interest rate swap valuations.

Commercial Paper maturities are less than three months but are supported by committed bank facilities that mature in March 2013.

Two bond issues in FY10 raising $150 million at very attractive pricing

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

Management are already looking at refinancing options for maturities in the next 12 months

Modest increase in debt with investments also funded by equity raise and positive cash flow

Auckland Airport

Robust debt ratios

	2010	2009
Average Interest Rate	6.86%	7.52%
Underlying EBITDA interest cover ratio	3.73	3.57
Average debt maturity (years)	3.17	3.30
Debt to Debt + Equity	36%	37%
Fixed interest rate exposure	74%	79%

Reduced percentage of fixed rate debt enables benefits from lower interest rates, whilst managing cash flow risk

Improved EBITDA interest cover as interest costs fall

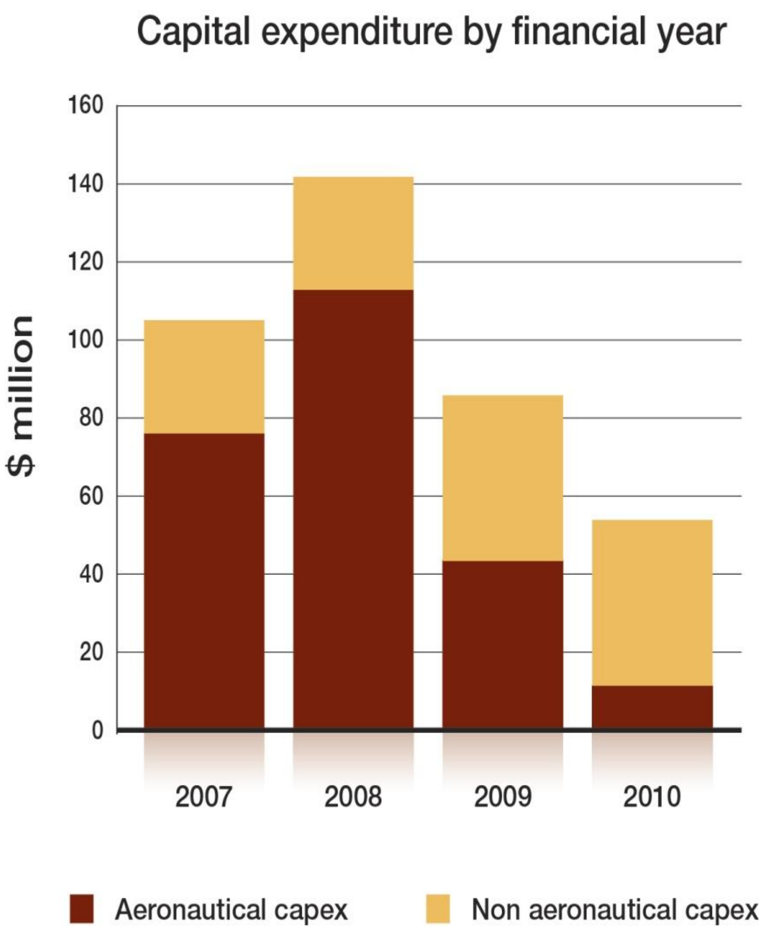
Debt to Debt + Equity (gearing ratio) is stable year on year, despite airport shareholding acquisitions

Capital expenditure

Total capital expenditure at $54.3m down 38.0% from prior year and broadly in line with depreciation

Significant change in capital expenditure from aeronautical investments in capacity, to profit-oriented non-aeronautical investments

	2010 $m
Aeronautical	12.3
Property	11.9
Retail	24.3
Car parking	0.4
Infrastructure and other	5.4
Total Capital Expenditure	**54.3**



NQA financial results

Highlights:

- **Technical Services Agreement with QAL terminated**
- **Pacific Blue entered and Jetstar announced to enter direct Auckland to Cairns services.**
- **Substantial increase in capacity added or announced from March 2010 (over 800,000 seats)**
- **Dividends paid to Auckland Airport = A$ 2.995 million (NZ$ 3.719 million) for six month period**
- **June 2010 domestic passengers up 10% and international passengers up 29% compared to June 2009**
- **July 2010 domestic passengers up 5% and international passengers up 18% compared to July 2009**

	Actual FY10	Forecast FY10	Improvement Milestones
Operating EBITDA	A$ 45.6m	A$ 45.0m	FY11 A$55.0m FY13 A$75.0m
Non Aeronautical revenue	A$ 30.2m	A$ 29.8m	FY11 A$34.0m FY13 A$43.0m
Domestic Passenger Volume (Cairns + Mackay Airports)	3.911m	3.920m	FY11 4.20m FY13 4.70m
International Passenger Volume (Cairns Airport)	564,000	560,000	FY11 640,000 FY13 830,000

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Dividends and the DRP

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

Dividend payout ratio of 102% of underlying profit. Formal dividend policy remains at 90%

Record date for dividend is 8 October 2010 to be paid on 22 October 2010

Launched DRP for the first time in March 2010 – 30% acceptance. DRP will apply to the final dividend at a 2.5% discount to the 5 day VWAP after the record date

Drivers of growth: 2011 and beyond

Growing airline passenger capacity to drive future passenger growth

Increasing aeronautical revenue

Improving retail yield

Investing in property development

Managing capital expenditure

Outlook for 2011

Growing Auckland international capacity

Jet	New service New service New service	Singapore Melbourne Cairns	Mar 2011 Dec 2010 Apr 2011	220,000 130,000 56,000
Continental Airlines	New service	Houston	Nov 2011	138,000
Emirates	Upgrade (A340 to 777)	Melbourne Brisbane	Aug 2010 Dec 2010	72,000 72,000
pacific blue	New service Increased frequency Increased frequency	Cairns Rarotonga Gold Coast	Mar 2010 Jul 2010 Feb 2010	37,000 18,000 18,000
THAI malaysia	Increased frequency and charters	San Francisco Japan Bangkok Kuala Lumpur	Various	>100,000
				>850,000

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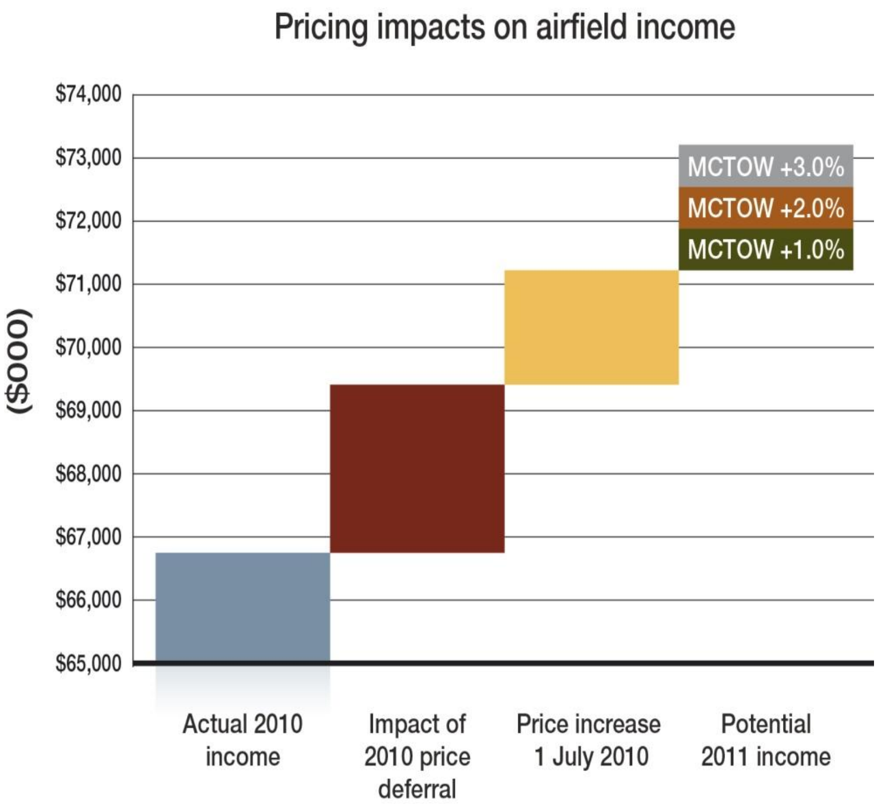
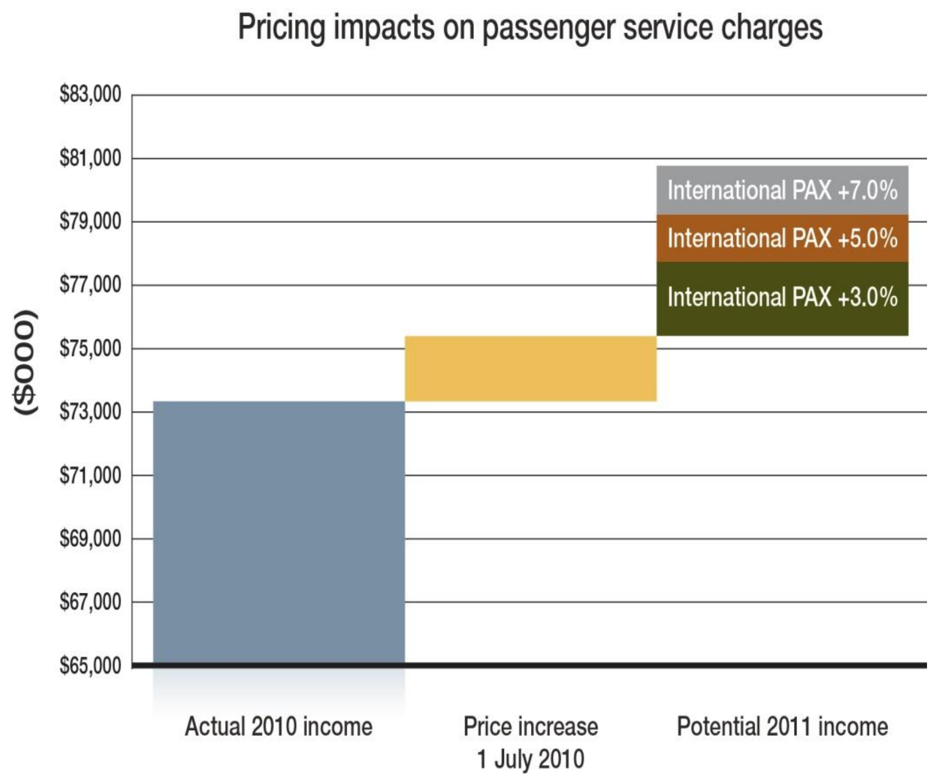
Growing Cairns & Mackay capacity

Jet★	New service New service Increased frequency Increased frequency Increased frequency Increased frequency New service	Osaka Sydney Melbourne Sydney Adelaide Perth Auckland	Apr 2010 Apr 2010 Apr 2010 Apr 2010 Mar 2010 Mar 2010 Apr 2011	126,000 63,000 128,000 128,000 36,000 36,000 56,000
pacific blue	New service	Auckland	Mar 2010	37,000
tiger airways.com	New service	Melbourne	Sep 2010	131,000
QANTAS	Upgrade New service (QantasLink)	Brisbane Port Moresby	Mar 2010 Jul 2010	47,000 92,000
				>800,000

Increasing aeronautical revenue





Improving retail yield

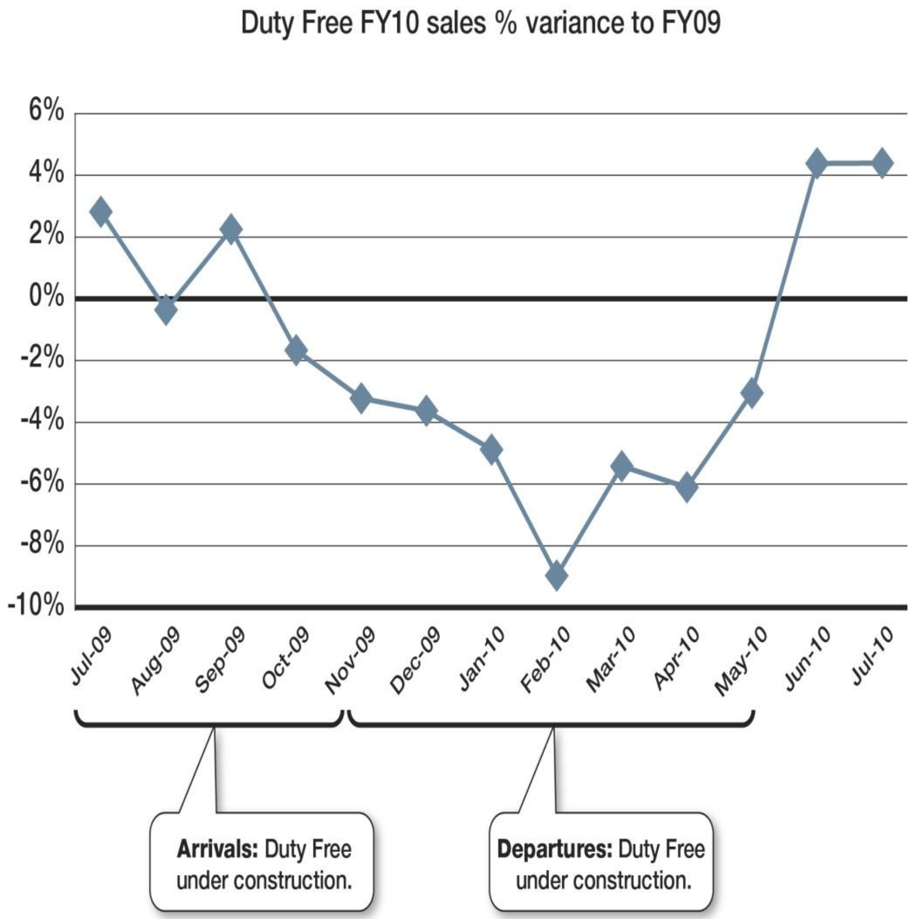
2010 retail revenues impacted by construction disruption

Completion of duty-free stores on departures in May reduced disruption impact on this category and showing strong initial results

Some disruption still expected in 2011 but impact more modest and benefits of completed works will lift spend

Online car parking product launched:

- **Long-term international car-park full in July 2010**
- **New sales channel providing visibility of future demand**



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Investing in property development

Project	Construction Value ($m)	Auckland Airport Construction Cost ($m)	Expected Completion
Mercedes	3.0	3.0	Mar 2011
DSV Air and Sea	3.8	3.8	May 2011
Aviation Travel and Training	3.5	3.5	Jun 2011
NZ Food Innovation Centre Manukau	7.9	7.9	Aug 2011
Aviation Security	5.9	5.9	Jul 2010
Leonard Isitt Drive Office	14.3	14.3	Jan 2012
Novotel Hotel	65.0	6.5	Jun 2011
Formule 1 Hotel	15.5	15.5	Aug 2011
Total	**118.9**	**60.4**	

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Managing capital expenditure

Forecast excludes yet to be committed property development

Retail first-floor development to be completed in December 2010

Property capital expenditure excludes the Novotel investment

75% of the investments are profit-oriented with minimal maintenance capital expenditure

	Forecast 2011 $m
Aeronautical	20.0
Property	50.0
Retail	12.0
Car parking	1.0
Infrastructure and other	2.0
Total Capital Expenditure	**85.0**

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**

Top 10 Airport 2009, 2010

QUESTIONS PLEASE