



November 2015

Seven Year Fixed rate bonds

Important Information

Auckland Airport intends to make an offer of fixed rate bonds (Bonds) in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). Except for the interest rate and maturity date, the Bonds will have identical rights, privileges, limitations and conditions as Auckland Airport's:

- (a) 4.73% NZ\$100,000,000 fixed rate bonds maturing on 13 December 2019 which are quoted on the NZX Debt Market under the ticker code AIA120; and
- (b) 5.52% NZ\$150,000,000 fixed rate bonds maturing on 28 May 2021 which are quoted on the NZX Debt Market under the ticker code AIA130,

(together, Quoted Bonds) and therefore are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (FMC Regulations).

Auckland Airport is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purpose of that information being made available to participants in the market and that information can be found by visiting <https://www.nzx.com/companies/AIA>.

Investors should look to the market price of the Quoted Bonds to find out how the market assesses the returns and risk premium for those bonds.

Disclaimer

This presentation is for preliminary information purposes only and is not an offer to sell or the solicitation of any offer to purchase or subscribe for any financial products and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

All of the data provided in this document is derived from publicly available information in relation to Auckland Airport (including the annual report of Auckland Airport for its financial year ended 30 June 2015), unless otherwise indicated.

A Terms Sheet dated 2 November 2015 (Terms Sheet) has been prepared in respect of the offer of the Bonds. Investors should not purchase the Bonds until they have read the Terms Sheet. Investors should consider the risks that are associated with an investment in the Bonds, particularly with regard to their personal circumstances (including financial and tax issues).

The selling restrictions set out in the schedule to the Terms Sheet apply to the Bonds.

This presentation is dated November 2015.

Indicative Terms Sheet



Description of Bonds	Direct, unsecured, unsubordinated, fixed rate debt obligations of Auckland Airport ranking equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Auckland Airport (except indebtedness preferred by law)
Issuer Long-Term Credit Rating (S&P)	A-
Expected Long-Term Issue Credit Rating (S&P)	A-
Issue Amount	Up to NZ\$100,000,000
Opening Date	Monday, 2 November 2015
Closing Date	1.00pm on Wednesday, 4 November 2015
Issue Date	Monday, 9 November 2015
Tenor	7 years
Maturity Date	Wednesday, 9 November 2022
Interest Rate	The aggregate of the Base Rate and the Margin on the Rate Set Date
Base Rate	The semi-annual mid-market swap rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date
Indicative Issue Margin	The indicative margin range is 0.95 per cent to 1.00 per cent per annum for the Bonds
Interest Payment Dates	9 May and 9 November in each year until and including the Maturity Date
Minimum Denomination	NZ\$10,000 and multiples of NZ\$1,000 thereafter
Interest Payments	Semi-annually in arrears
Joint Lead Managers	Bank of New Zealand and Westpac Banking Corporation
Co-Manager	Deutsche Craigs Limited
Registrar	Link Market Services Limited

Company overview

Investor update

Philip Neutze, Acting Chief Financial Officer
Campbell De Morgan, Treasury & IR specialist



Company position in the group

Investing in Auckland International Airport Limited – the parent

Auckland International Airport Limited is listed on the NZX and ASX

- Acquired 24.55% ownership of North Queensland Airports (Cairns and Mackay) in January 2010
- Acquired 24.99% of Queenstown Airport in July 2010
- Has a 20% ownership in 4+ star Novotel Hotel limited partnership located next to Auckland Airport's international terminal (opened in May 2011)



Aeronautical assets

- Single 3,535m runway and associated taxiways and aprons, able to accommodate all current aircraft types, including A380 and Boeing 787 Dreamliner
- Main taxiway can function as a standby runway in emergencies
- Existing and planned northern runway 2,150m (parallel to main runway) can provide Auckland's aviation requirements for the foreseeable future
- International Terminal Building with 14 airbridge stands (3 A380 capable) and 10 remote stands
- Domestic Terminal Buildings with 8 airbridge stands and 19 remote stands



Significant land holdings



- Auckland Airport owns approximately 1,500 hectares of freehold land (~298 hectares available for IP development)
- Land value NZ\$3.2 billion as at 30 June 2015
- Vacant land enables staged and affordable expansion of aeronautical infrastructure as required and ongoing rental income growth

Aeronautical overview



Investor update

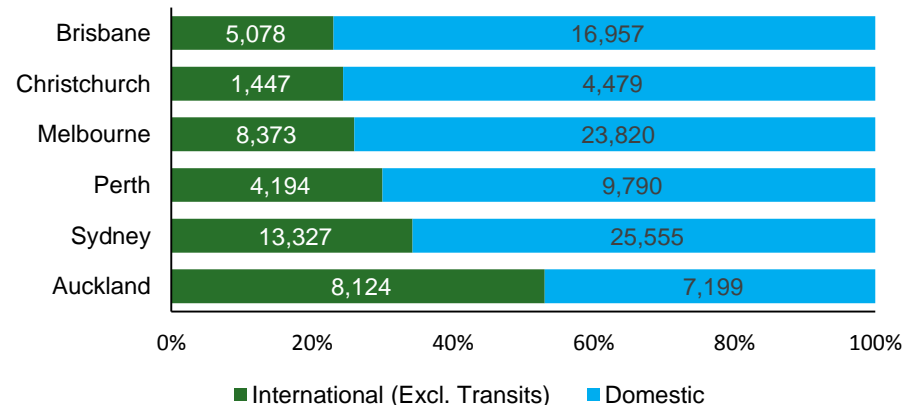
New Zealand's busiest airport and our international gateway

- Auckland Airport is the largest and busiest airport in New Zealand in terms of passenger movements and revenue
- International passengers represented 51% of total passenger movements in the year to 30 June 2015, the highest proportion of all Australasian airports
- Third highest number of international passengers in Australasia (behind Sydney and Melbourne)

Total passengers – New Zealand airports



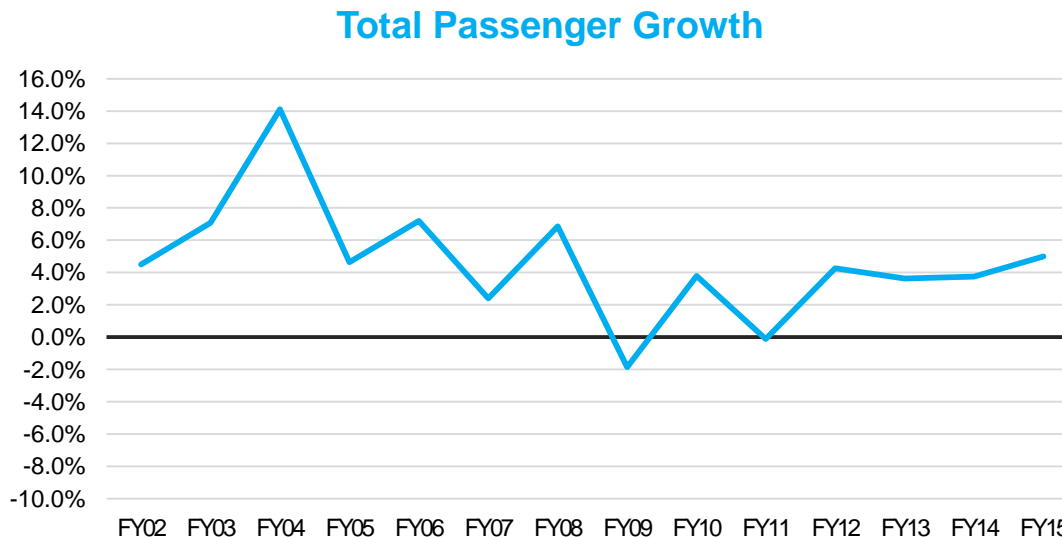
Comparison of international vs domestic passengers



Source: Passenger information has been taken from each airport's monthly traffic update (via their individual websites) or from ACI Statistics for the 12 month period ending 30 June 2015

Passenger volume growth and volatility

Auckland Airport	12 months to 30 June 2015	12 months to 30 June 2014	Change %
International passengers excluding transits	8,124,435	7,687,836	5.7
Transit passengers	493,756	462,560	6.7
Total international passenger movements	8,618,191	8,150,396	5.7
Domestic passengers	7,198,595	6,911,689	4.2
Total passenger movements	15,816,786	15,062,085	5.0



FY01 – FY15 CAGR	AIAL
International	3.9%
Domestic	5.5%
Total	4.6%
Standard Deviation	
International	4.2%
Domestic	5.0%
Total	3.7%
Coefficient of Variation	0.80

Aircraft up-gauging delivers benefits

Aircraft movements and MCTOW

	12 months to 30 June 2015	12 months to 30 June 2014	Change %
Aircraft movements			
International departures	46,692	45,809	1.9
Domestic aircraft movements	104,264	107,454	(3.0)
Total aircraft movements	150,956	153,263	(1.5)
MCTOW ¹ (tonnes)			
International MCTOW	4,556,051	4,339,266	5.0
Domestic MCTOW	1,890,764	1,879,199	0.6
Total MCTOW	6,446,815	6,218,465	3.7

- Domestic landings still trending down, but larger aircraft delivering MCTOW growth
- Bigger aircraft introduced on both domestic and international routes, eg:
 - Guangzhou
 - Shanghai
 - Singapore
 - Seoul
 - NZ domestic trunk
 - NZ regional

1. MCTOW: Maximum Certified Take Off Weight

Future Investment ↘



Investor update

Investing in capacity for growth

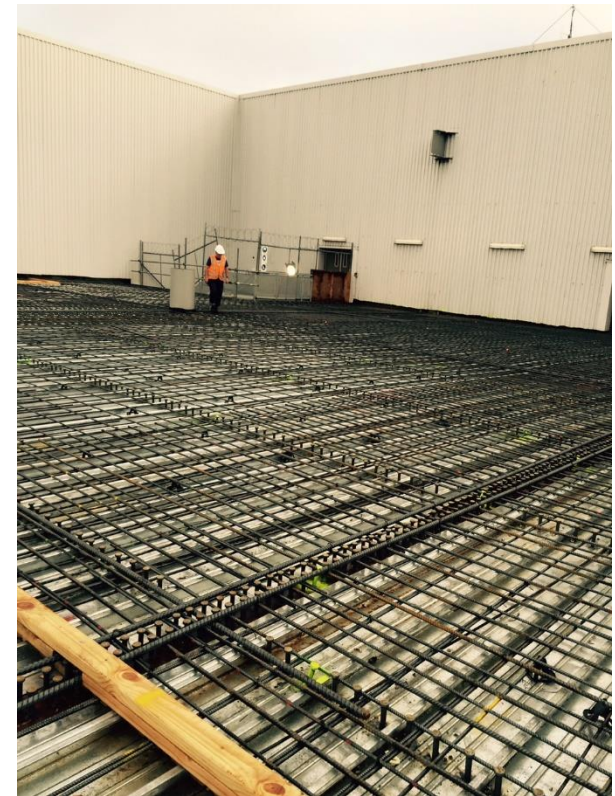
2015 progress

- Addressed initial capacity priorities and took first steps on path to 30 year plan (extra MPI screening space, two new baggage belts at the international terminal adding +40% capacity)
- Supported domestic fleet changes with two new regional aircraft stands
- Completed emergency fleet upgrade to support passenger growth
- Continued work on planning approvals to support long term growth (Auckland Unitary Plan, northern runway design)
- Commenced important 'precursor' projects to enable International Terminal Level 1 redevelopment: relocation of legacy operations centre, core utilities and standby services, tenancies and Air NZ Koru Lounge
- Re-commenced future integrated domestic terminal planning



Key focus areas for coming year

- Commencing Level 1 redevelopment construction following design, scope and consultation outcomes
- Staged expansion of Pier B to support international growth and fleet changes
- Develop further domestic stand and gate capacity to support growth in regional market later in 2015
- Continue working with partners on future integrated domestic and international terminal planning
- Working with commercial partners and local and central transport agencies to support improved transport access
- Continued work on statutory planning and northern runway design



Strong property momentum

Development activity has never been higher

- Q4 2015 had \$162m worth of development projects under construction – quadruple our best prior period
- 87% of projects pre-leased (excl. Quad 7 office)

Growing our logistics core

- 14,000m² expansions including DHL Express, CEVA Logistics and Agility

While attracting new marquee tenants

- Fuji Xerox
- Coca-Cola Amatil

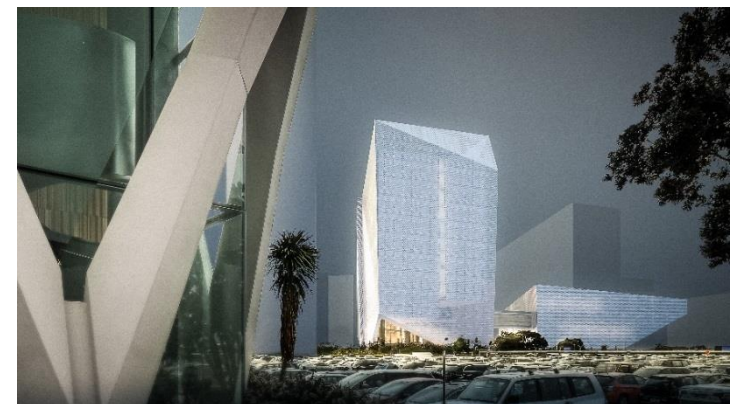
Future developments

- New speculative build on Timberley Road (8,500m²).
- Stage 3 of the Landing encompassing 8.7 hectares soon to be ready for commercial development
- 8,500m² Quad 7 office development underway.
Expected completion Q2 FY17



Demand supports hotel expansion

- ~50% expansion to Ibis budget hotel in December 2014 with an additional 73 rooms
- Preferred site identified for a third hotel adjacent to international terminal
- First stage of conceptual design and feasibility completed
- Clear on product – expected to comprise 250-300 rooms catering to the mid-tier market



Ibis occupancy	88.7%
Novotel occupancy	87.3%

Financial performances and borrowings ↘

Investor update



Five year results overview

Auckland International Airport Limited (Parent only)	30 June 2015 \$'M	30 June 2014 \$'M	30 June 2013 \$'M	30 June 2012 \$'M	30 June 2011 \$'M
Revenue	520.7	488.5	469.1	441.1	411.6
Expenses	122.8	115.0	117.6	108.5	99.5
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	397.9	373.5	351.5	332.6	312.1
Gain on sale of associates	-	-	-	-	1.2
Plant, property and equipment revaluation	(11.9)	4.1	-	-	(63.5)
Investment property fair value increase/ (decrease)	57.2	42.0	23.1	1.4	21.6
Derivative fair value increase / (decrease)	(0.7)	0.6	1.5	(2.1)	3.5
Share of profit of associates	-	-	-	-	-
Costs relating to ownership proposals	-	-	-	-	-
Earnings before interest expense, taxation and depreciation (EBITDA)	442.5	420.2	376.1	331.8	275.017
Depreciation	64.8	63.5	62.1	64.5	56.8
Interest expense and other financial costs	86.0	68.2	66.7	69.0	70.4
Taxation expense	66.9	70.5	63.8	55.3	42.0
Reported net profit after taxation	224.8	217.9	183.6	143.0	105.7
Underlying profit	183.6	170.0	160.9	142.7	130.2
Capital expenditure	147.6	121.5	93.5	83.1	74.8

Key credit metrics

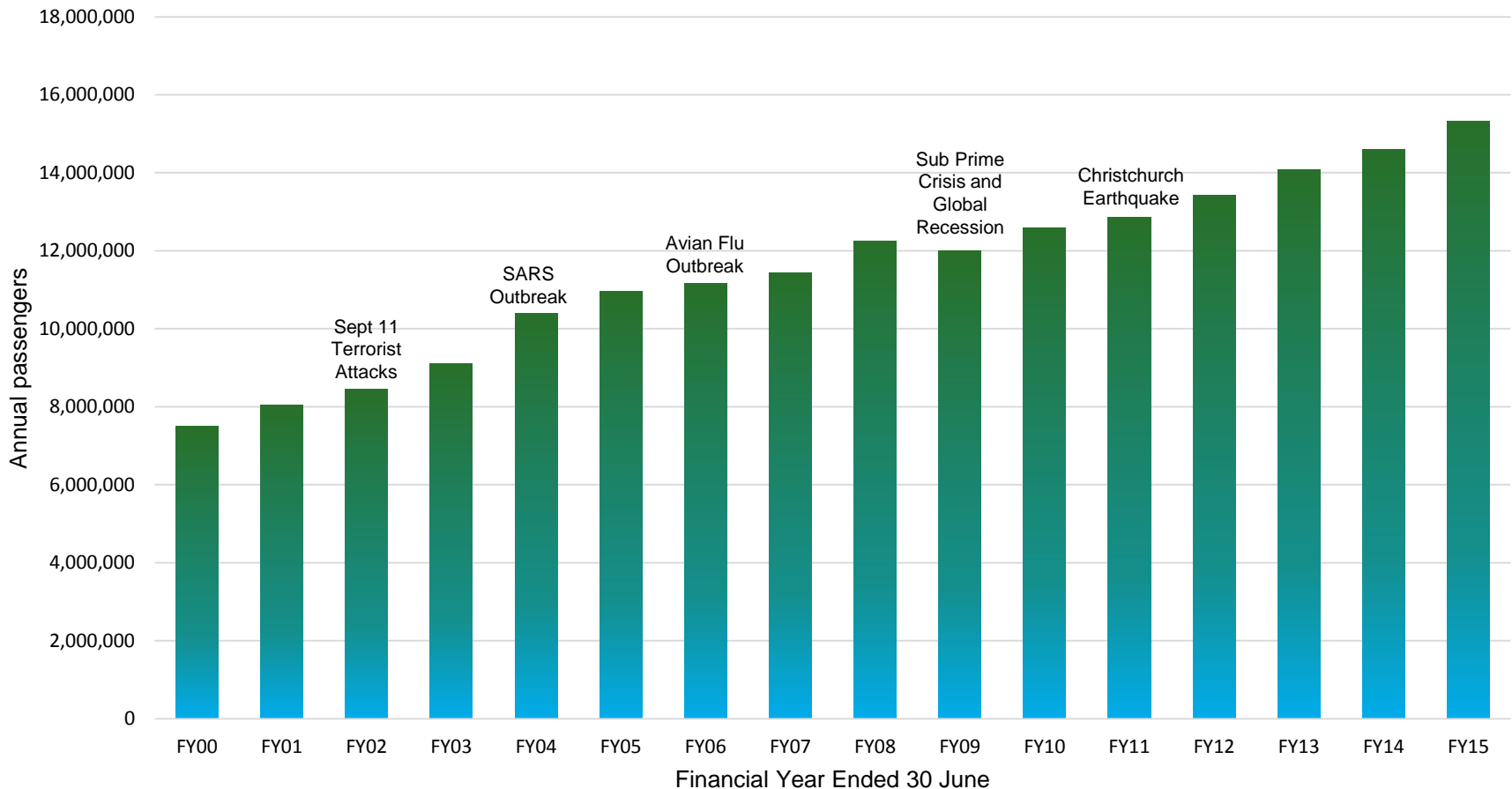
Auckland International Airport Limited (Parent only)	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
S&P Long-term credit rating	A- (Stable)	A- (Stable)	A- (Positive)	A- (Stable)	A- (Stable)
FFO / average net debt	15.6%	18.5%	20.7%	19.8%	19.2%
FFO interest cover	3.85	4.44	4.31	4.02	3.85
Total Borrowings (\$m)	1,722.5	1,506.9	1,141.9	1,108.7	1,084.6
Fixed Borrowings (after swaps)	49.5%	58.6%	66.3%	66.3%	63.5%
Debt/Debt + equity (%)	35.9%	33.8%	31.1%	30.8%	30.5%
Debt/EBITDAFI (times)	4.33	4.03	3.25	3.33	3.48
EBITDAFI interest cover (times)	4.41	5.23	5.10	4.70	4.36

- Strong, stable A- long term S&P credit rating
- S&P assesses Auckland Airport’s “anchor rating” as A flat
- In August 2012 the dividend pay-out ratio was increased from 90% to 100% of underlying profit after tax
- Capital return of \$454 million paid to shareholders in April 2014

Resilient passenger growth underpins credit strength

- The business has been resilient during times of stress in global economies and during times of external negative events.

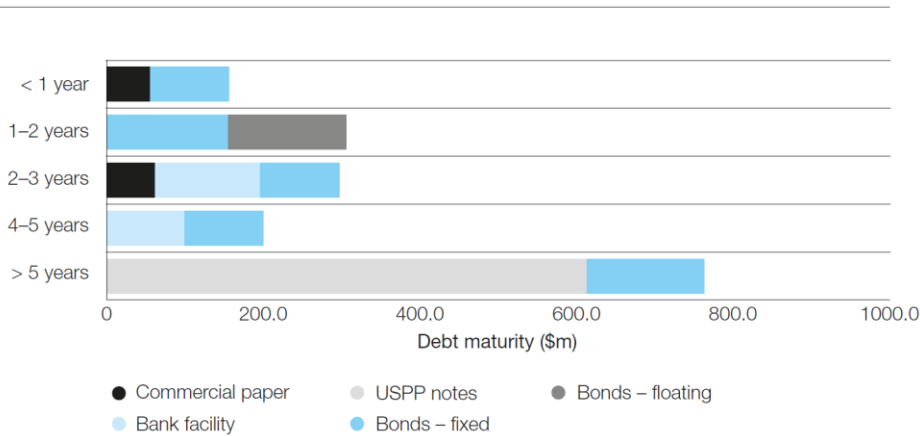
Total Passengers at Auckland Airport (excl. Transits)



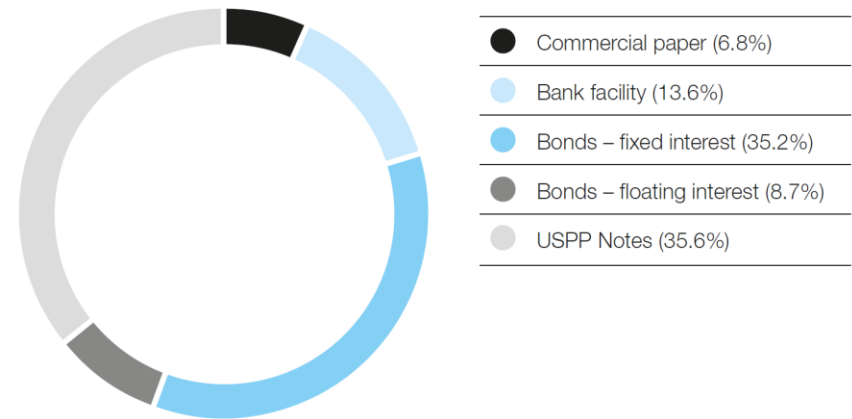
- Auckland Airport currently utilises a mixture of NZ DCM term bonds, bank facilities, USPP notes, commercial paper and money market facilities
- As at 30 June 2015, Auckland Airport had:
 - \$1.723 billion total drawn debt
 - \$220 million committed but undrawn facilities
- Average interest rate for FY15 = 5.8%
- Average term to maturity of drawn debt as at 30 June 2015 = 4.9 years
- Bond programme supported by a master trust deed

Auckland Airport borrowings

Drawn debt maturity profile – as at 30 June 2015



Drawn borrowings by category



The ANZ, Westpac and BNZ standby facilities all support our commercial paper programme, which had a balance of \$117.6 million as at 30 June 2015, and provide liquidity support for general working capital. As the commercial paper is supported by the bank facilities, the debt maturity profile chart above, as at 30 June 2015, includes the commercial paper in the 'less than one year' and 'two to three year' brackets, matching the maturities of the supporting facilities

Upcoming debt facility maturities

Type	Maturity Date	Drawn Volume
NZD Bond	November 2015	\$100m
Wpac Facility	April 2016	Nil
BNZ Facility	April 2016	Nil
NZD Bond	August 2016	\$25m
NZD Bond	November 2016	\$130m

Regulatory and guidance ↴



Investor update

- Dual-till regime under the Commerce Act 1986 with information disclosure regulation
- Aeronautical till faces limited competition and therefore subject to information disclosure regulation
- Airport Authorities Act 1966 provides for and requires:
 - Airports to set charges as they see fit
 - Consult on aeronautical charges at least every five years
 - Consult on capex decisions exceeding 20% of aeronautical asset base
- Disclosure regime includes monitoring of service standards, asset availability, capital expenditure plans, efficiency of pricing and return on investment
- Commerce Commission monitors information disclosure regime effectiveness
- 'Input Methodology Review' underway (December 2016 completion). Key issues for AIAL = WACC percentile & treatment of land held for future aeronautical use
- Auckland Airport's FY18-22 aeronautical price path consultation with major airlines and representatives to begin early FY17, with the final pricing decision expected circa May 2017

- We expect total capital expenditure of between \$230 million and \$260 million in FY16, including approximately \$135 million of aeronautical projects
- Aeronautical capital expenditure will continue firming over the remainder of the current aeronautical pricing period (PSE2) reflecting higher than expected demand and emerging airline requirements regarding Pier B.
- We expect underlying net profit after tax (excluding any fair value changes and other one off items) to be between \$183 million and \$191 million
- This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances

