



Overview of
Auckland Airport
2023 Macquarie Australia Conference

2 May 2023



Important notice

2023 Macquarie Australia Conference

Disclaimer

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All currency amounts are expressed in New Zealand dollars unless otherwise stated and figures, including percentage movements, are subject to rounding.

Non-GAAP measures

This presentation contains references to non-GAAP measures including EBITDAFI, EBITDA and underlying profit or loss. A reconciliation between reported profit after tax and the non-GAAP measure of underlying profit or loss is included in the Appendix as well as the published materials for the respective interim and annual results.

The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors know that comparisons can be made with confidence between different companies and that there is integrity in our reporting approach. However, we believe that an underlying profit or loss measurement can also assist investors to understand what is happening in a business such as Auckland Airport, where revaluation changes can distort financial results or where one-off transactions, both positive and negative, can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profit or loss alongside reported results. We do so when we report our results, but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 100% of underlying profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items).

In referring to underlying profits or losses, we acknowledge our obligation to show investors how we have derived this result.

Auckland Airport, unrivalled domestic connectivity

Auckland Airport is the largest and busiest airport in New Zealand with an extensive domestic aeronautical network, connecting with Kiwis from Kaitiaki to Invercargill

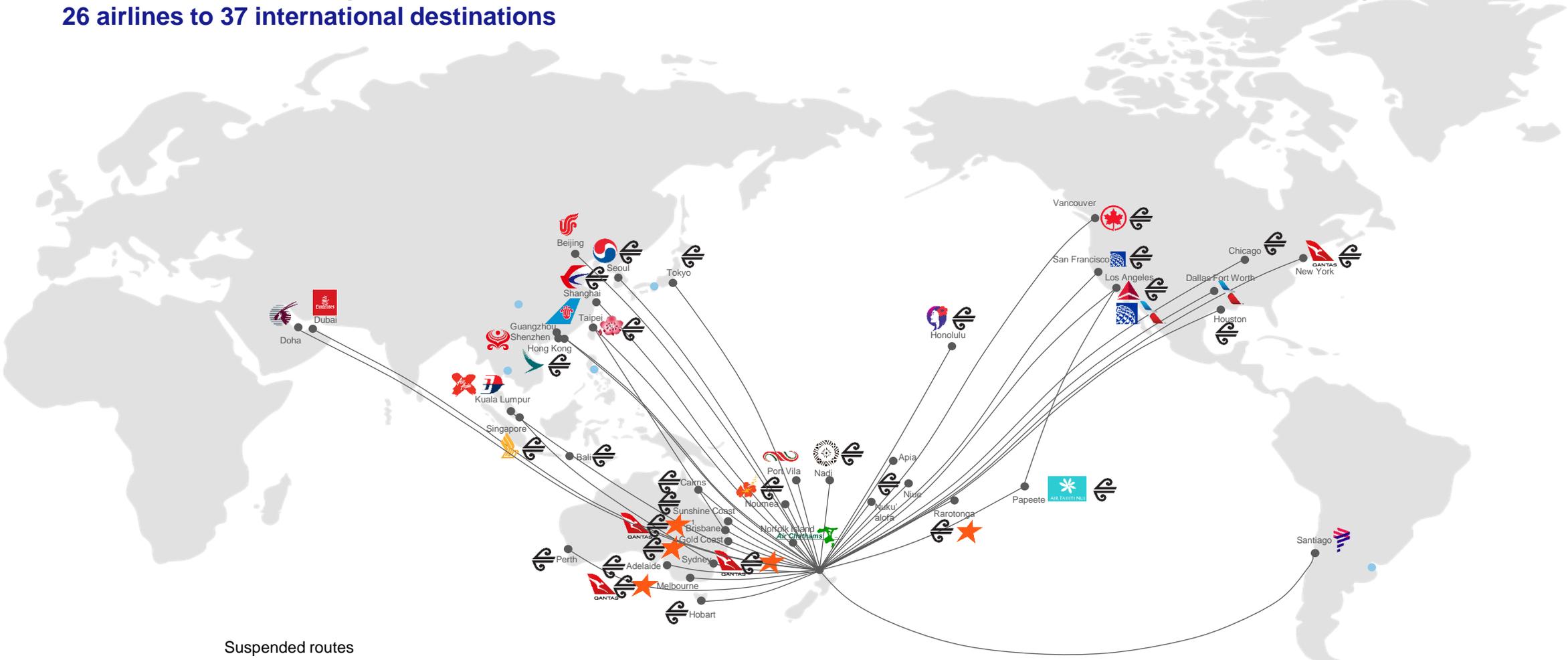


- New Zealand's largest commercial airport serving the country's largest city
- Auckland Airport has an extensive domestic network serving 23 destinations
- Significant market share with 2/3rds of all domestic flights either originating or ending in Auckland¹
- Processed 9.6 million domestic passengers in the year to 30 June 2019 and 6.9 million in the year to 31 December 2022
- Hub to Air New Zealand, the country's main domestic carrier
- Located on 1,500 hectares of freehold land 26km from Auckland's central business district
- No flight curfew, capable of operating 24 hours a day, 7 days a week from a single 3,635m runway
- Provision for a second runway in the future will cater for Auckland's commercial aviation requirements for the foreseeable future



...and connecting New Zealand to the world

Pre-COVID Auckland Airport connected 29 airlines to 43 international destinations. Next summer, Auckland expects it will connect 26 airlines to 37 international destinations



Suspended routes



Suspended airlines



Overview of Auckland Airport

Diverse and complementary business activities

Aeronautical



Retail



Transport



Investment Property



Hotels



Queenstown Airport



Quality retail precinct



Extensive transport business...



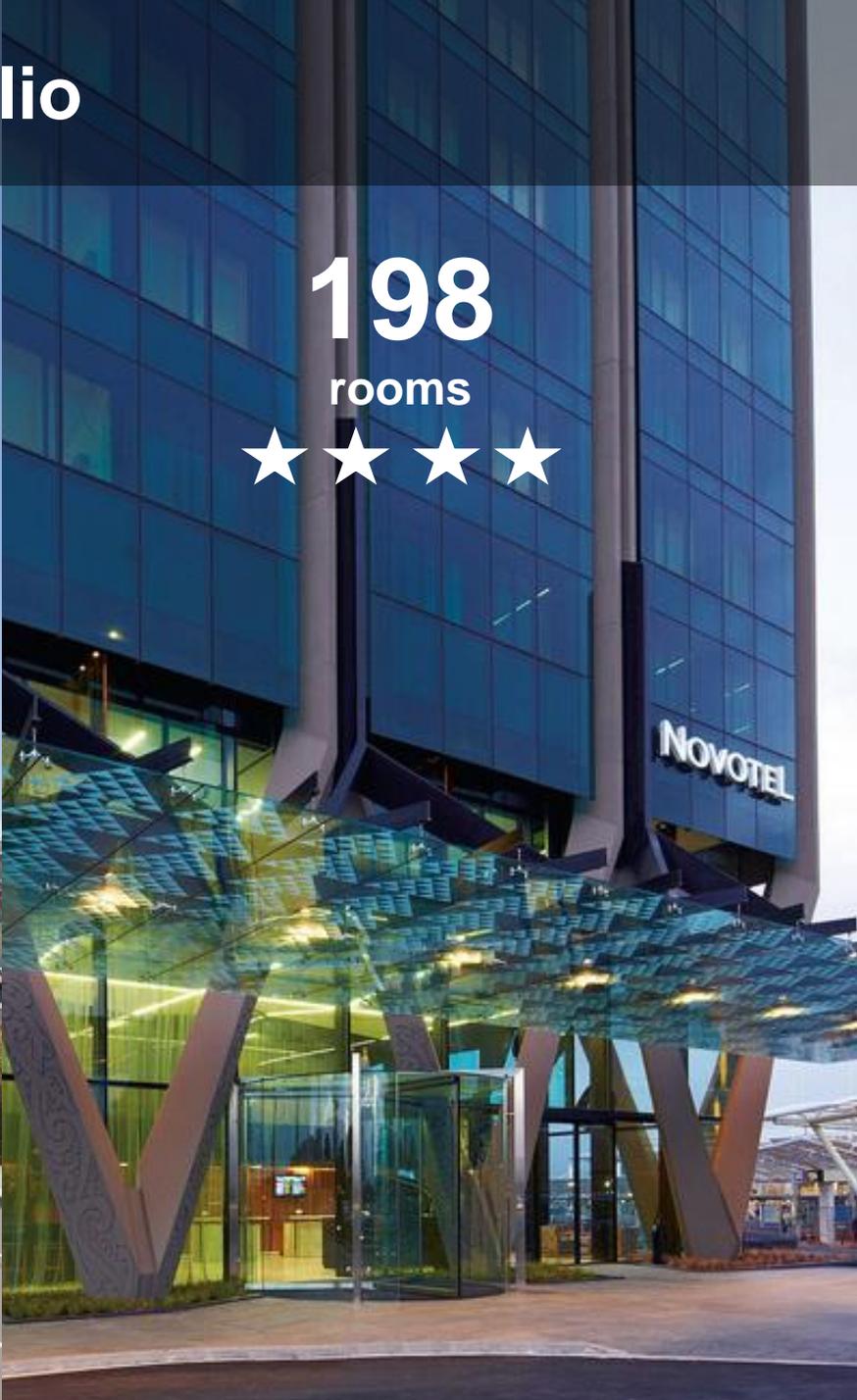
...with a range of products currently on offer and in development



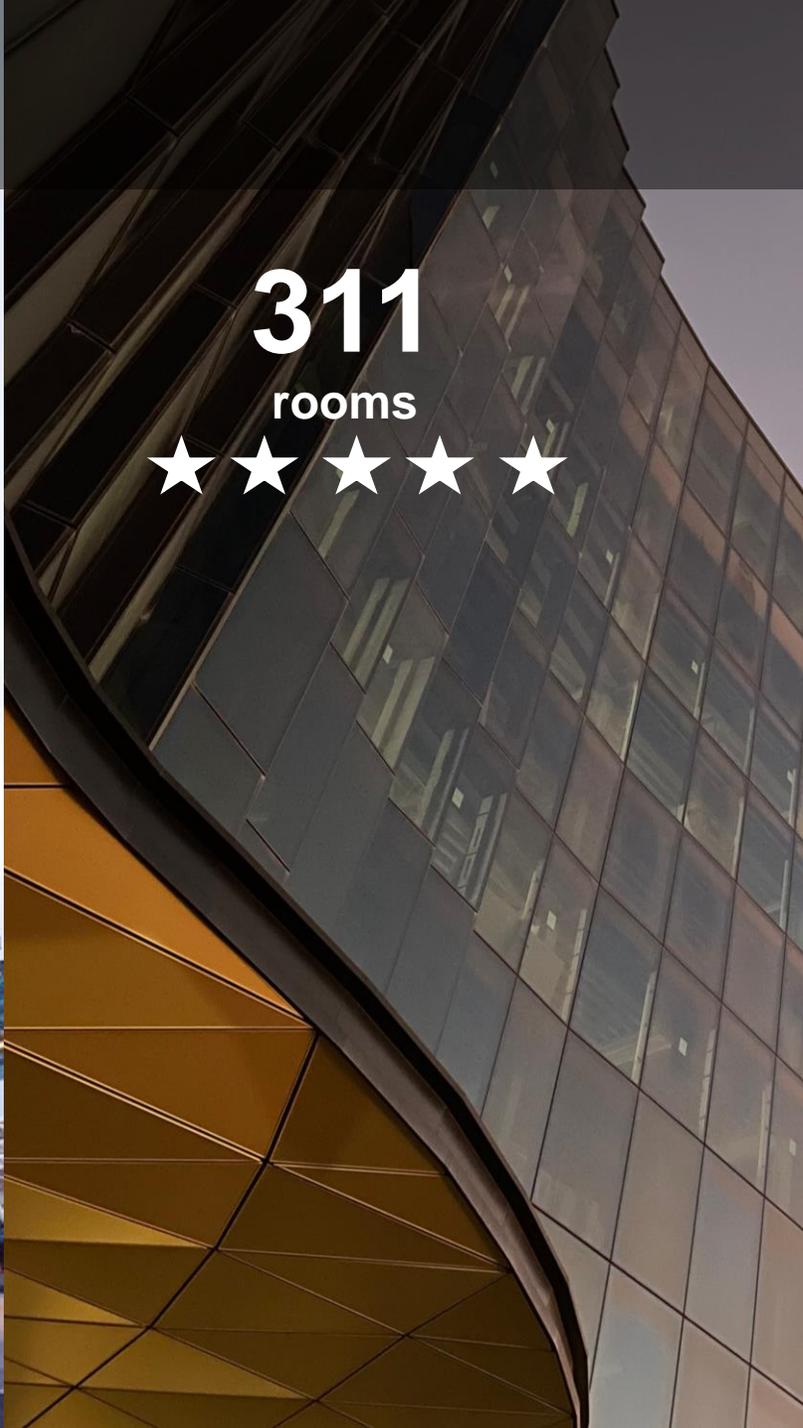
Extensive hotel portfolio



273
rooms
★ ★

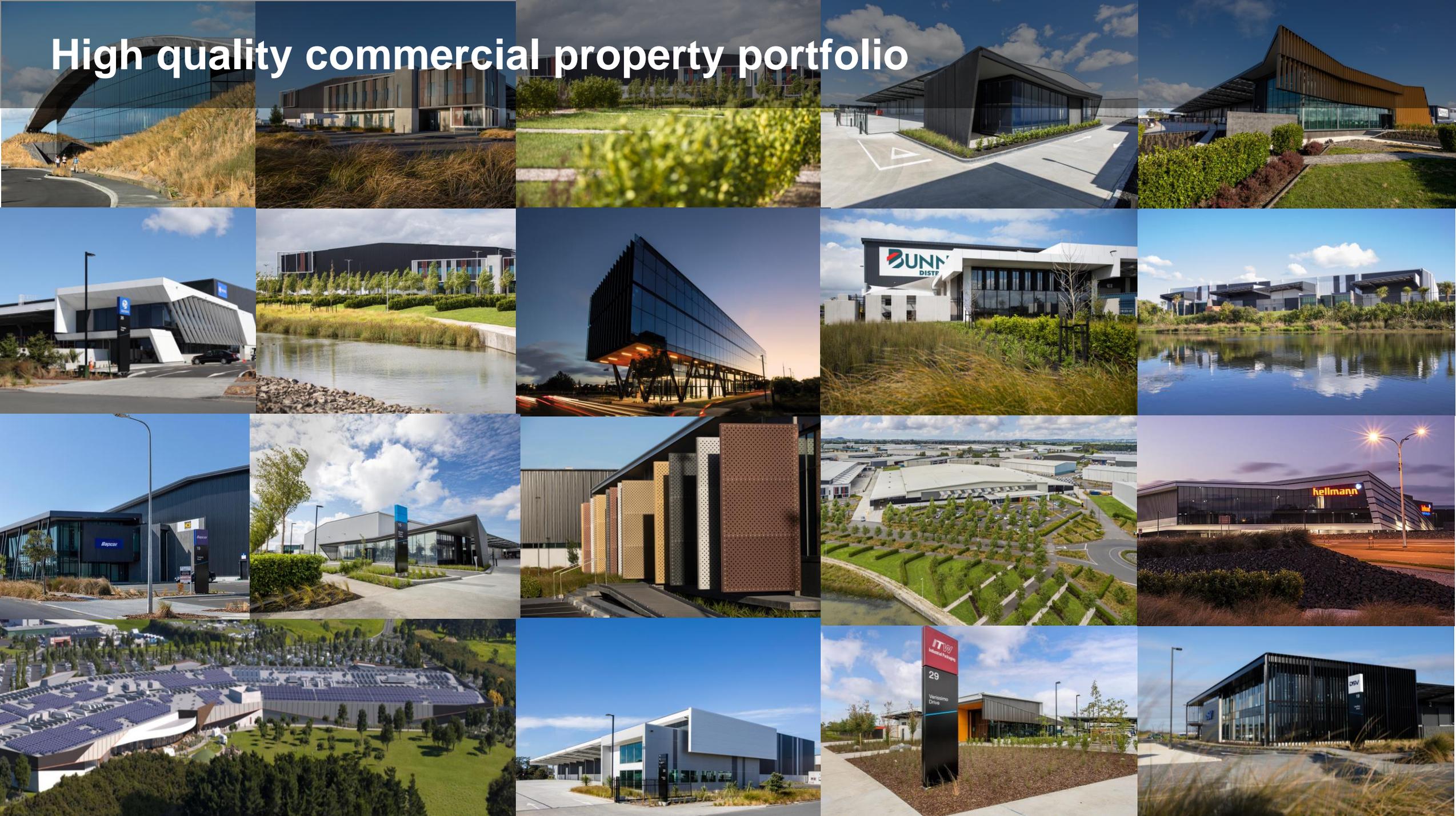


198
rooms
★ ★ ★ ★



311
rooms
★ ★ ★ ★ ★

High quality commercial property portfolio



1500 ha land holding enables a precinct wide vision



Notes

1. Pre-COVID-19, for the 12 months to 31 Dec 2019

The airport is a combination of regulated and unregulated activities

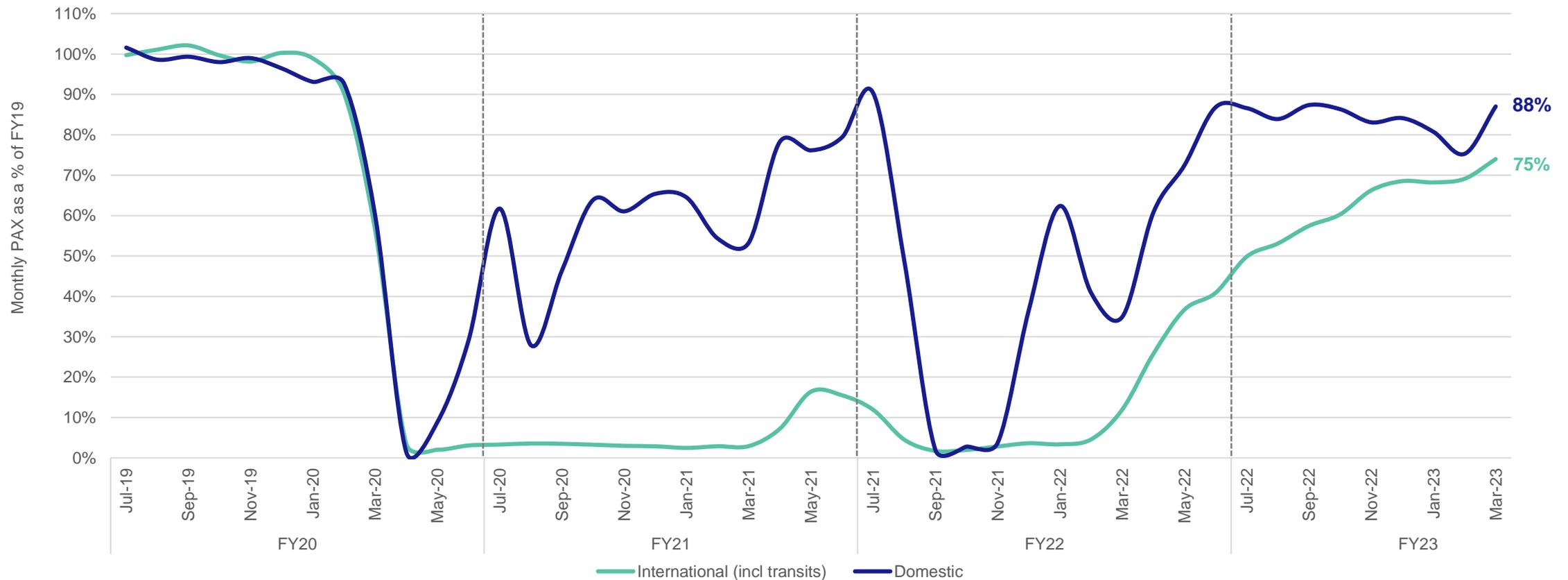
2019 Revenue composition - \$738.2m



So where are we today?

COVID-19 and the associated imposition of travel restrictions resulted in two full financial years of disruption for Auckland Airport. Passenger numbers are expected to be back to pre-pandemic levels during 2025

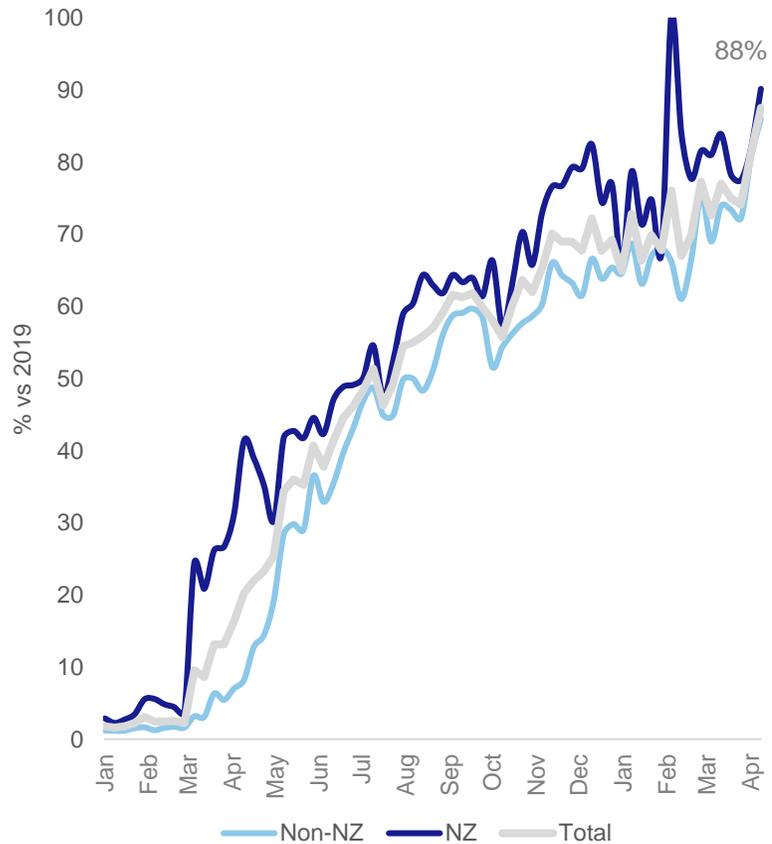
Monthly passenger numbers



Broad-based recovery driven from PAX mix

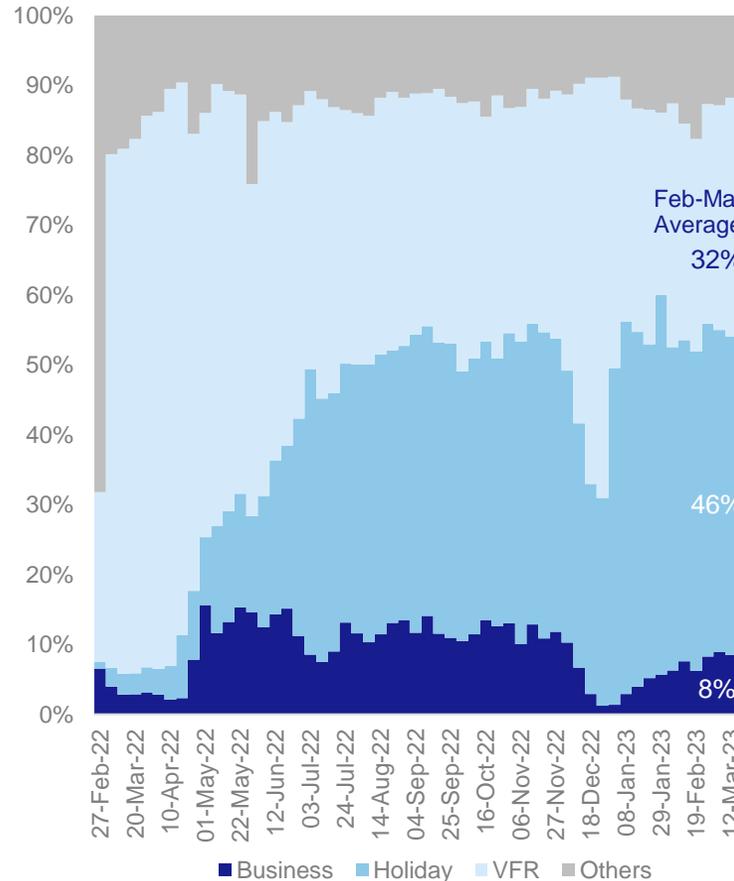
The recovery in aviation markets is strengthening as Kiwi outbound travellers are joined by increasing numbers of international visitors. Holiday travel has rebounded strongly with the overall purpose of travel mix similar to pre-COVID despite much higher fares

Recovery in New Zealand arrivals versus 2019



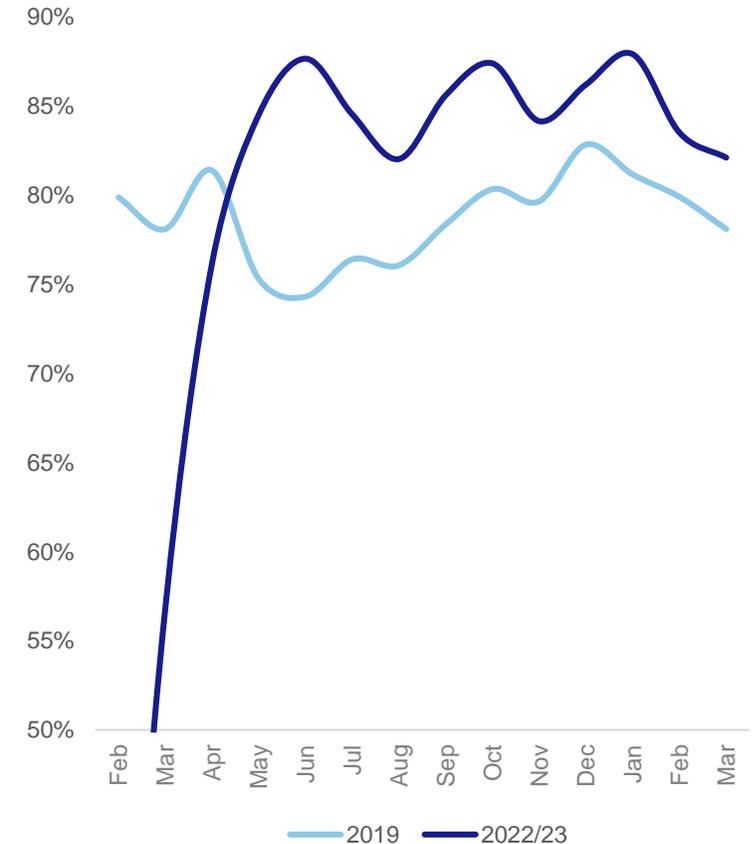
Source: Ministry of Business, Innovation & Employment

Weekly visitor arrivals' purpose of travel



Source: Ministry of Business, Innovation & Employment

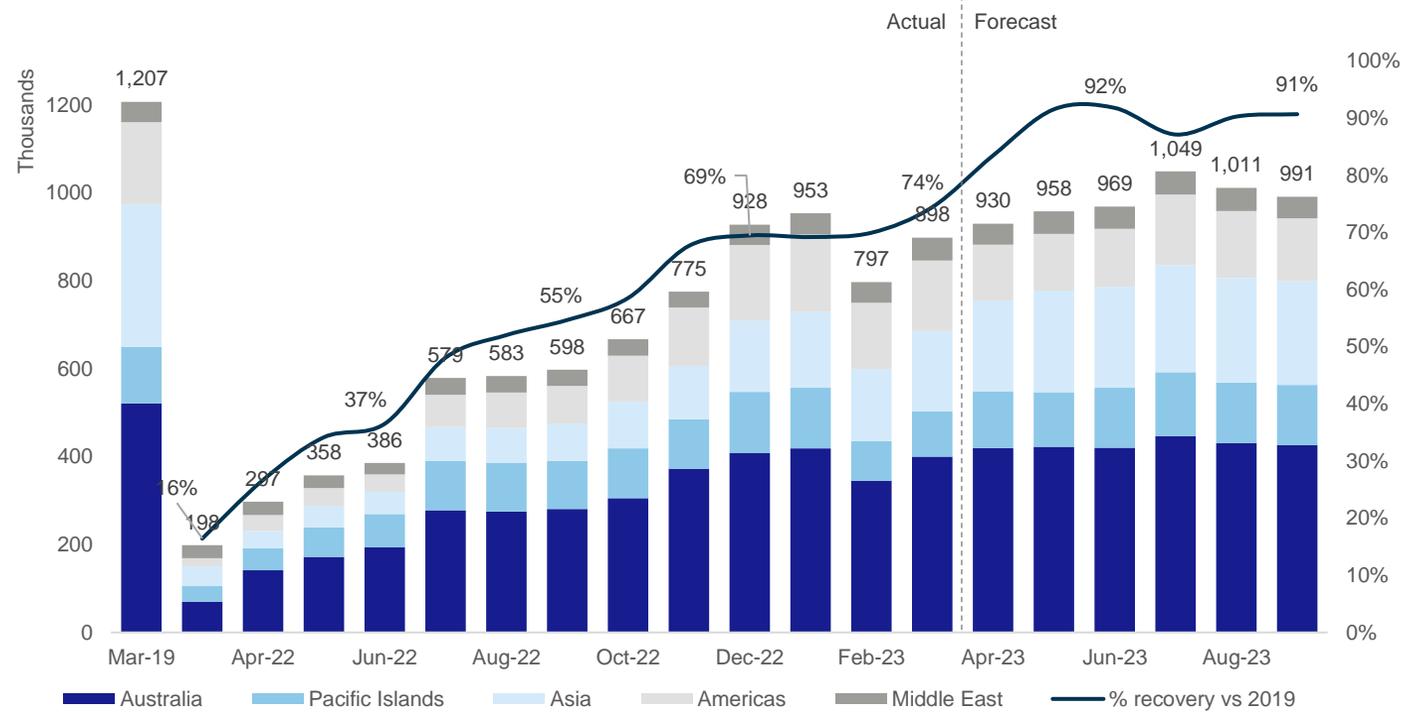
International passenger load factors at Auckland



International travel recovery ongoing

International seat capacity serving Auckland is expected to significantly increase over the remainder of the calendar year as airlines restart previous Auckland services and launch new routes

Auckland international seat capacity (000s)



Recovery % versus pre-COVID equivalent	Dec-22	Sept-23
Australia	74%	89%
Pacific Islands	91%	84%
Asia	40%	83%
Americas	102%	121%
Middle East	90%	100%

Source: Sabre

Announced and launched airline restarts

Jul 22		Adelaide, Cairns, Hobart, Sunshine Coast, Papeete, Noumea, Honolulu, Houston
		Honolulu
		Los Angeles via Papeete
Sep 22		Norfolk Island
		New York
		Chicago
		Dallas
		San Francisco
Nov 22		Vancouver
		Kuala Lumpur via Sydney
Dec 22		Dubai direct
Mar 23		Bali
May 23		Beijing
Jun 23		Sydney-Auckland-New York
		Shenzhen
Sept 23		Doha
		Los Angeles
Oct 23		Los Angeles
Dec 23		Los Angeles

The recovery is not without its challenges

From labour shortages, poor on-time performance, lost baggage and cost inflation to high ticket prices, a number of factors are presenting as challenges to the recovery in the aviation system

Worker shortages



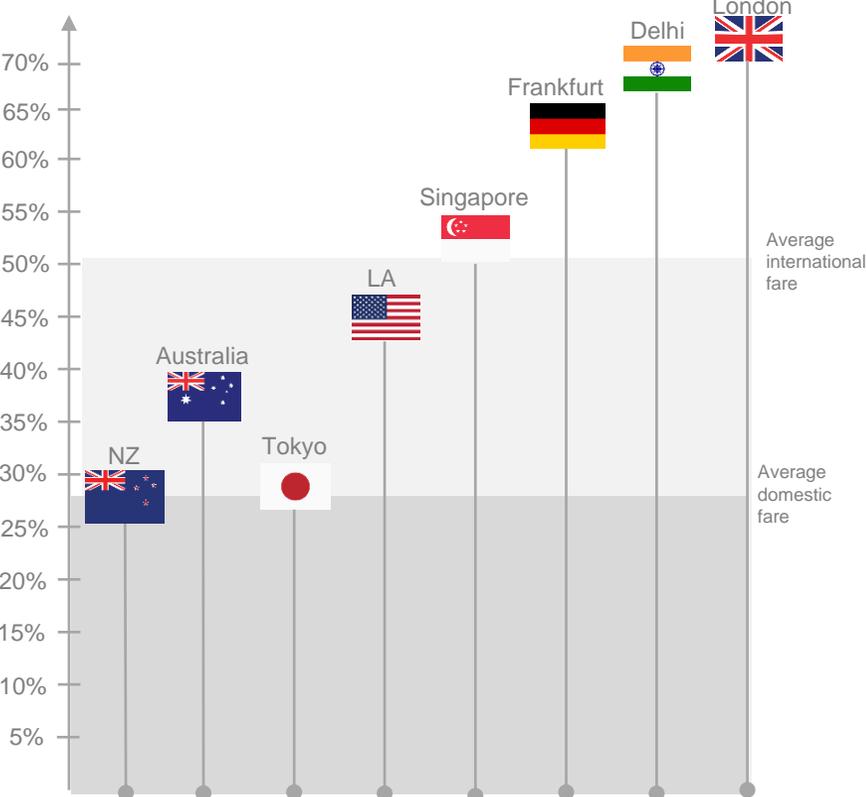
Queues at the outbound international departure hall

Displaced baggage



Displaced baggage in the arrivals hall

Elevated ticket prices from Auckland



Average Auckland international fares are forecast to be 51% higher than their pre-COVID-19 equivalent and domestic 27% higher¹

1. Based on the average non-stop or one-stop economy return airfare from Auckland between February 2023 and July 2023. Source Skyscanner Travel Insights

1H23 Results at a glance

Revenue

\$287.8m

▲ 128% on 1H22
(78% of 1H19)

Reported profit after tax

\$4.8m

▼ 96% on 1H22
(3% of 1H19)

1H23 earnings per share of 0.33cps

Passenger movements

7.6m

▲ 341% on 1H22
(71% of 1H19)

Operating Cashflow

\$140.3m

▲ 374% on 1H22
(90% of 1H19)

EBITDAFI ¹

\$189.0m

▲ 213% on 1H22
(68% of 1H19)

1H23 EBITDAFI margin of 65.7%

Underlying profit after tax

\$67.9m

▲ 690% on 1H22
(50% of 1H19)

1H23 underlying profit per share of 4.62cps

Aircraft movements

69,936

▲ 117% on 1H22
(77% of 1H19)

Capital investment ²

\$261.6m

▲ 124% on 1H22
(198% of 1H19)

1. Auckland Airport recognises EBITDAFI and underlying profit or loss are non-GAAP measures. A reconciliation between reported profit after tax and underlying loss after tax is included in the appendix

2. Net capital expenditure additions after \$0.1m of capital expenditure impairments

Return to underlying profit

For the year ended 30 June (H1 2023 6 months to 31 December 2022) \$m	1H23	2022	Restated 2021 ³	2020	2019
Revenue	287.8	300.3	281.1	567.0	743.4
Expenses ¹	98.8	155.8	110.0	306.6	188.6
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	189.0	144.5	171.1	260.4	554.8
<i>EBITDAFI Margin</i>	66%	48%	61%	46%	75%
Share of profit / (loss) from associates	3.0	(12.8)	21.1	8.4	8.2
Impairment on investment in JV	-	-	-	(7.7)	-
Derivative fair value movement	(0.3)	1.7	(0.5)	(1.9)	(0.6)
Property, plant and equipment revaluation	-	(1.4)	(7.5)	(45.9)	(3.8)
Investment property revaluation	(93.8)	204.4	527.3	168.6	254.0
Depreciation expense	68.7	113.1	120.9	112.7	102.2
Interest expense	30.7	53.7	94.0	71.8	78.5
Taxation expense	(6.3)	(22.0)	30.0	3.5	108.4
Reported profit after tax	4.8	191.6	466.6	193.9	523.5
Underlying profit/(loss) after tax²	67.9	(11.6)	(39.4)	188.5	274.7

1. 2020 includes capital expenditure write-offs, impairments and contractor termination costs of \$117.5 million, redundancy costs of \$5.9 million and credit losses of \$7.3 million in 2020. 2021 includes a net reversal of \$16.9 million of fixed asset impairment and termination costs and a \$4.2 million reversal of expected credit losses

2. A reconciliation between profit after tax and underlying profit after tax for 1H23 is included in the Appendix

3. The 2021 comparatives are restated following the IFRIC decision on cloud computing. Refer to note 2 of the Financial Statements to the Annual Results for the year ended 30 June 2022

Balance sheet remains strong

As at 30 June \$m	Dec-2022	2022	Restated 2021 ¹	2020	2019
Cash	62.8	24.7	79.5	765.3	37.3
Trade and other receivables	58.7	28.5	25.4	34.7	69.0
Other current assets	21.7	21.6	20.9	37.0	-
Current assets	143.2	74.8	125.8	837.0	106.3
Property, plant and equipment	7,130.3	6,986.1	6,826.5	6,060.8	6,577.1
Investment properties	2,848.4	2,897.4	2,641.4	2,054.2	1,745.4
Investment in associates	175.3	166.5	154.4	114.7	105.7
Derivative financial instruments	50.3	28.1	29.2	230.4	162.6
Total assets	10,347.5	10,152.9	9,777.3	9,297.2	8,697.1
Borrowings	1,611.1	1,476.6	1,392.8	2,145.2	2,190.5
Other liabilities	562.7	525.4	455.0	514.9	473.7
Total liabilities	2,173.8	2,002.0	1,847.8	2,660.1	2,664.2
Equity	8,173.7	8,150.9	7,929.5	6,637.1	6,032.9
Total liabilities and equity	10,347.5	10,152.9	9,777.3	9,297.2	8,697.1

1. The 2021 comparatives are restated following the IFRIC decision on cloud computing. Refer to note 2 of the Financial Statements to the Annual Results for the year ended 30 June 2022

Building a better future...

Re-establishing our aeronautical network and supporting the recovery in travel



Delta Airlines announced a daily Auckland-Los Angeles service commencing October 2023

Driving the recovery in our commercial business



Reopening of Aelia Duty Free in October 2022

Increase in aero infrastructure capex with strong ongoing commercial opportunities



Construction of the Transport Hub

Five key projects now underway whilst three remain on hold



NORTHERN STANDS AND TAXIWAYS

NEW CARGO PRECINCT (ON HOLD)

INTERNATIONAL ARRIVALS (ON HOLD)

GROUND TRANSPORT HUB

UPGRADED ROAD & TRANSIT SYSTEM

CURRENT DOMESTIC TERMINAL

NEW DOMESTIC HUB

Artist impression of the new domestic terminal



Construction of key enabling projects well underway



Artist impression of the completed Transport Hub



Future Mass
Transit

Transport Hub



Exciting fashion outlet centre under construction



 100+ stores

 23,000+



Illustrative only, actual layout will vary

Airline consultation on PSE4 aeronautical prices due to complete by June 2023 with price changes effective from 1 July 2023. Separately, the revision of the Civil Aviation Bill now been passed into law retaining the ability for airports to set aeronautical prices

Aeronautical pricing

- Prices for FY23-27 (PSE4) will be determined following airline consultation over the remainder of the financial year considering the “building block” forecasts:
 - commissioning of aeronautical infrastructure projects;
 - operational expenditure;
 - recovery in passengers and aircraft movements; and
 - weighted average cost of capital / target return
- Charges for FY23 have been held constant at FY22 prices while this consultation is undertaken¹. A decision on aeronautical prices for FY24 through FY27 is scheduled to be made by June 2023 with changes to take effect from 1 July 2023
- Aeronautical prices for PSE4 will be set to achieve a full target return over the five years, including making up the FY23 shortfall
- Commerce Commission currently reviewing the “Input Methodologies” – i.e., the rules and processes that underpin regulatory information disclosures including the Commission’s WACC determination for monitoring purposes. This review is due to be completed no later than December 2023

Other regulation:

- Separately, the Civil Aviation Bill has now been passed into law retaining the ability for airports to set aeronautical prices



View of Auckland Airport's runway

Sustainability is central to who we are

Purpose

Kaupapa

85%

Customers rate their overall experience as 'excellent' or 'very good' by 2030

100%

Of procurement activity is aligned with sustainable procurement guidelines ISO20400 by 2030

TSR

Rolling 3 year total shareholder return exceeds cost of equity by 1%

Place

Kaitiakitanga

Net Zero

90% reduction in scope 1 and 2 carbon emissions by 2030 from a 2019 baseline

20%

Reduction in potable water use by 2030 from 2019 levels

20%

Reduction in waste to landfill by 2030 from 2019 levels

People

Whānau

40 | 40 | 20 flex

Gender balance across Auckland Airport's Board, Leadership Team and its direct report populations by 2025

20%

Of people leaders of Māori / Pasifika ethnicity by 2025

Ethnicity

Workforce reflective of the ethnicity of New Zealand by 2030

Community

Hapori

40%

Of employees participating in community volunteer programme by 2030

Apprenticeship

Create a pathway for women, Māori and Pasifika into trades with

30%

of total trade staff sourced from a targeted apprenticeship scheme by 2030

Re-energising the airport with solar



Artist's illustration

Auckland Airport is looking skywards as we take our first steps to generate onsite renewable energy, with plans for rooftop solar systems atop two of our newest buildings

- A 2.3-megawatt solar array is planned for Mānawa Bay to support more than 80 per cent of the center's anticipated power usage when it opens in 2024
- Expected to be the largest rooftop solar system in New Zealand
- A solar array of 1.2 megawatts will be installed on the 14,000m² roof of the Transport Hub opposite the International Terminal
- Output will power the attached office building and electric vehicle charging stations within its car park

Thank you



Appendix



Appendix: Underlying profit / (loss) reconciliation

For the six months ended 31 December (\$m)	2022			2021		
	Reported profit	Adjustments	Underlying profit / (loss)	Reported profit	Adjustments	Underlying profit / (loss)
EBITDAFI per income statement	189.0	-	189.0	60.3	-	60.3
Investment property fair value change	(93.8)	93.8	-	131.5	(131.5)	-
Fixed asset write-offs and impairment	-	0.1	0.1	-	0.1	0.1
Derivative fair value movement	(0.3)	0.3	-	(0.6)	0.6	-
Share of profit / (loss) of associate and joint ventures	3.0	0.0	3.0	(17.4)	19.8	2.4
Depreciation	(68.7)	-	(68.7)	(53.7)	-	(53.7)
Interest expense and other finance costs	(30.7)	-	(30.7)	(26.8)	-	(26.8)
Taxation benefit / (expense)	6.3	(31.1)	(24.8)	15.5	(9.3)	6.2
Profit / (loss) after tax	4.8	63.1	67.9	108.8	(120.3)	(11.5)

- Auckland Airport recognises EBITDAFI and underlying profit or loss are non-GAAP measures.
- We have made the following adjustments to show underlying profit / (loss) after tax for the six months ended 31 December 2022 and 2021:
 - reversed out the impact of revaluations of investment property. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
 - reversed out the impact of fixed asset write-offs. Related costs and cost reversals are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit;
 - reversed out the impact of derivative fair value movements. Derivative fair value movements are unrealised and relate to basis swaps that do not qualify for hedge accounting, as well as the ineffective valuation movements in other financial derivatives. The group holds its derivatives to maturity, so any fair value movements are expected to reverse out over their remaining lives;
 - adjusted the share of profit of associates and joint ventures to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
 - reversed out the taxation impacts of the above movements in both six-month periods.
- The underlying profit / (loss) reconciliation for years ended 30 June 2022 and prior are provided in the relevant annual results for that year