

Seven Year Fixed Rate Bonds



Disclaimer

Auckland International Airport Limited (the "Issuer" or "Auckland Airport") is seeking to issue up to NZ\$150 million of unsecured, unsubordinated fixed rate bonds ("Bonds") for general corporate purposes and the refinancing of the April 2014 capital return to shareholders.

Application has been made to NZX Limited ("NZX") for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this document have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this document. NZX is a registered exchange, and the NZX Debt Market is a registered market under the Securities Markets Act 1988.

This document does not constitute a recommendation by the Issuer, ANZ Bank New Zealand Limited (the "Lead Manager and Organising Participant"), Deutsche Craigs Limited or Forsyth Barr Limited (together, the "Co-Managers"), The New Zealand Guardian Trust Company Limited (the "Trustee") nor any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Bonds. The Issuer, the Lead Manager and Organising Participant, the Co-Managers and the Trustee, and their respective directors, officers, employees and agents accept no liability whatsoever for any loss arising from this document or its contents or otherwise arising in connection with the offer of Bonds or any person's investment in the Bonds.

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All of the data provided in this document is derived from publicly available information in relation to the Issuer (including the annual report of the Issuer for its financial year ended 30 June 2013), unless otherwise indicated.

This presentation is dated 20 May 2014.

Selling restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. No offering document or other offering material in respect of the Bonds may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction. No action has been or will be taken by the Issuer which would permit an offer of Bonds to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

By purchasing the bonds, each holder is deemed to have indemnified the Issuer, the Lead Manager and Organising Participant, the Co-Managers and the Trustee for any loss suffered by any of them by reason of any breach of the above selling restrictions.

Indicative Terms Sheet



Description of Bonds	Direct, unsecured, unsubordinated, fixed rate debt obligations of Auckland Airport
Issuer Long-Term Credit Rating (S&P)	A-
Expected Long-Term Issue Credit Rating (S&P)	A-
Issue Amount	Up to NZ\$150 million
Opening Date	Tuesday, 20 May 2014
Closing Date	11.00am, Friday, 23 May 2014
Issue Date	Wednesday, 28 May 2014
Tenor	7 years
Maturity Date	Friday, 28 May 2021
Interest Rate	The aggregate of the Base Rate and the Margin
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	0.90 percent per annum
Interest Payment Dates	28 May and 28 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
Lead Manager	ANZ
Co-Managers	Deutsche Craigs Limited/Forsyth Barr Limited
Registrar	Link Market Services Limited

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).

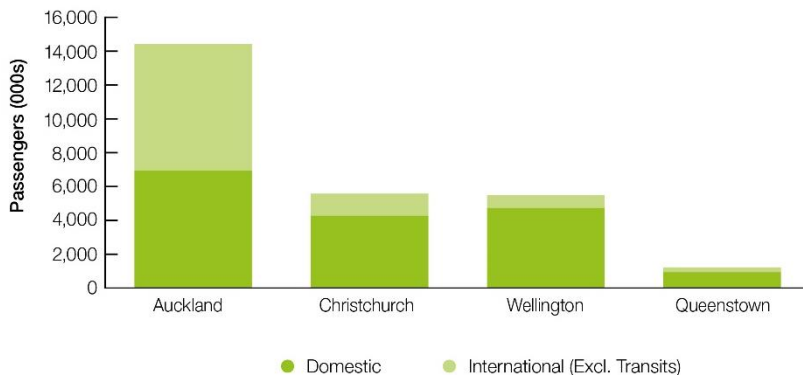


New Zealand's busiest airport and our international gateway

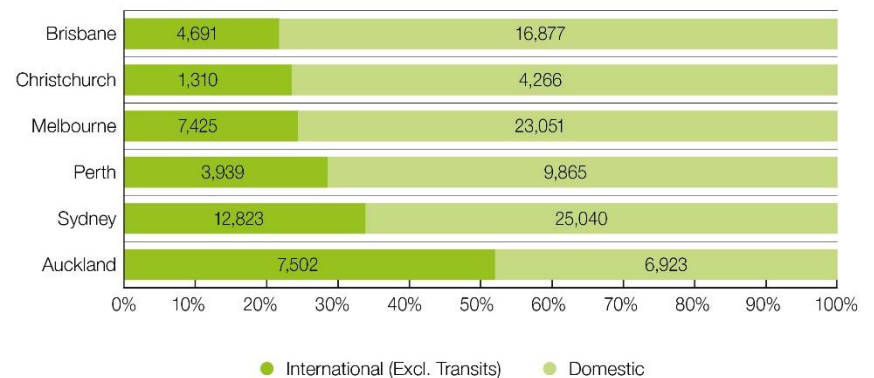


- Auckland Airport is the largest and busiest airport in New Zealand in terms of passenger movements and revenue.
- International passengers represented 53% of total passenger movements in the year to 30 June 2013, the highest proportion of all Australasian airports.
- Second highest number of international passengers in Australasia, second only to Sydney.

Total Passengers – New Zealand Airports



Comparison of International vs Domestic Passengers (000's)



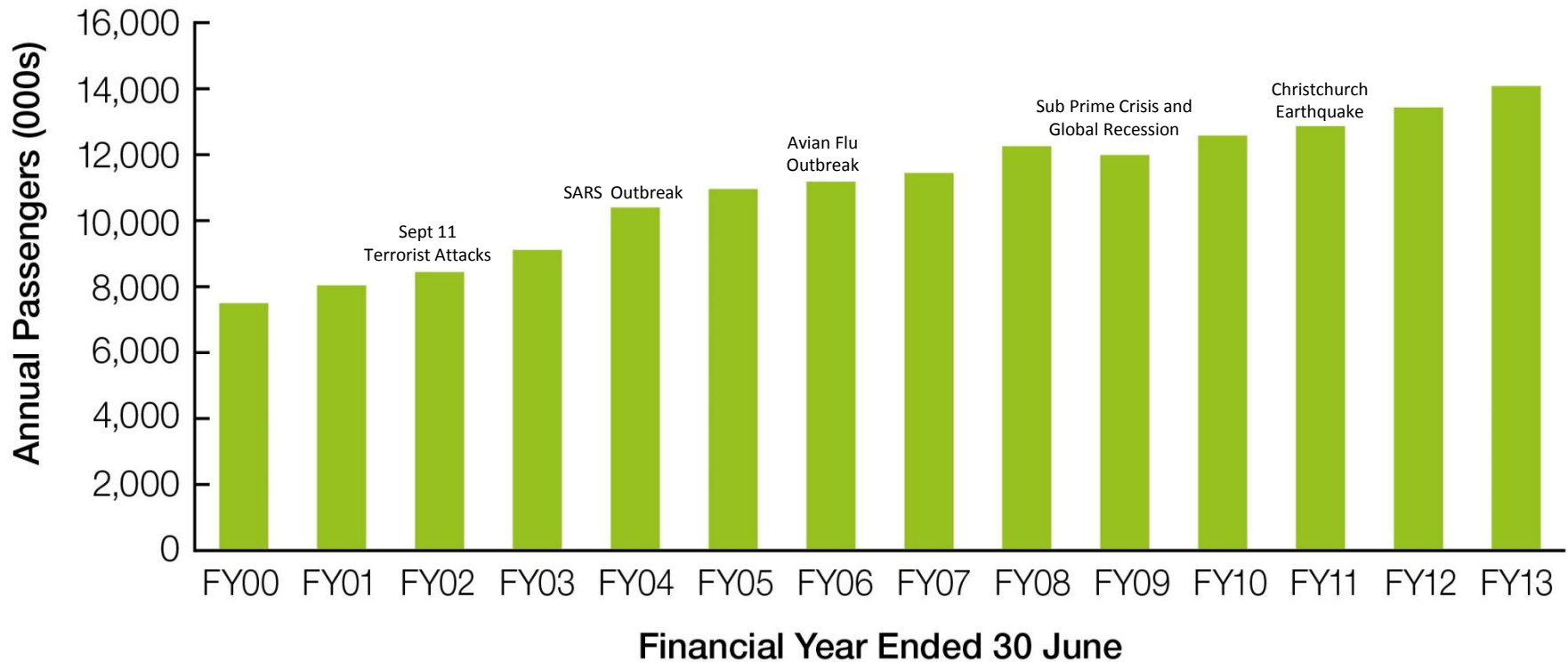
Source: Passenger information has been taken from each airport's monthly traffic update (via their individual websites) or from ACI Statistics for the 12 month period ending 31 December 2013.

Historically Resilient Business



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

Total Passengers At Auckland International Airport (excl. Transit)




Gateway to New Zealand


- 75% of New Zealand's visitors arrive or depart from Auckland Airport, and over 90% of long haul visitor arrivals.
- Only commercial airport in New Zealand's largest city – 40% of New Zealand's total population within a two hour drive.
- No curfew, operating 24 hours a day.
- Auckland is New Zealand's centre for commercial, industrial, residential and migration growth.
- Auckland is a very culturally diverse city – almost 40% of the people living in Auckland were born overseas.
- Auckland Airport's broad mix of purpose of travel (Holiday, Visit Friends/Relatives, Business, Education) benefit from the diverse population base.

Population*

New Zealand:
4.4 million

Auckland Airport
Catchment Area

 Within 2 hours'
drive time:
1.780m people

 Within 4 hours'
drive time:
2.244m people



* 2012 Population Estimate Per Statistics New Zealand.
Catchment data per Property Economics (2012)

Significant Land Holdings



- Auckland Airport owns approximately 1,500 hectares of freehold land.
- The land holding provides opportunities for expansion of aeronautical infrastructure and growth from rental income streams.

Our Strategy – Faster, Higher, Stronger

GROW TRAVEL
MARKETS

STRENGTHEN
OUR
CONSUMER
BUSINESS

BE FAST,
EFFICIENT
AND
EFFECTIVE

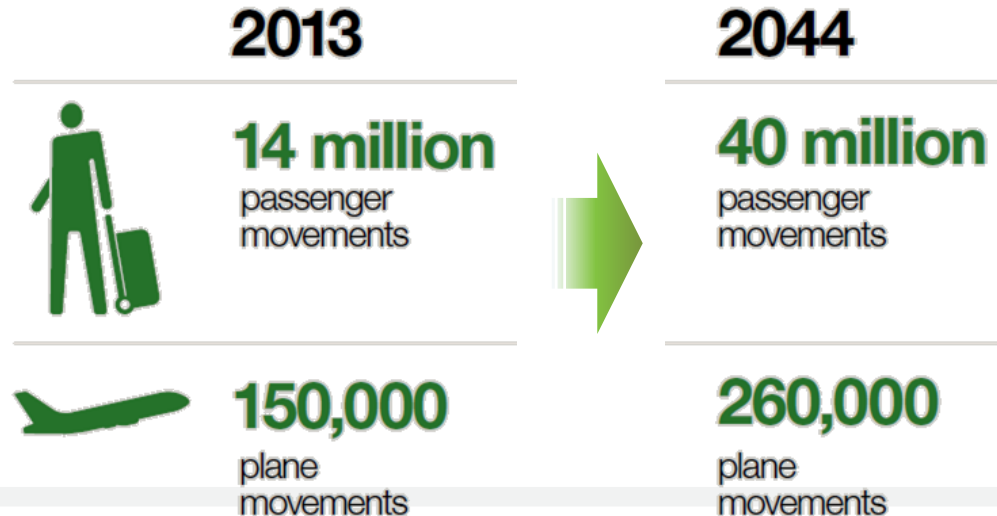
INVEST FOR
FUTURE
GROWTH

Our 30 Year Vision

- **Staged and Affordable**



- **Capacity for growth to 2044 and beyond**



Regulatory Environment

- Dual-till regime under the Commerce Act 1986 with information disclosure regulation.
- Aeronautical till: faces limited competition and therefore is subject to disclosure regulation.
- Non-aeronautical till: open market competitive forces.
- Airport Authorities Act 1966 provides for and requires:
 - Airports to set charges.
 - Consult on aeronautical charges at least every five years.
 - Consult on capex decisions exceeding 20% of aeronautical asset base.
- New disclosure regime includes monitoring of service standards, asset availability, capital expenditure plans, efficiency of pricing and return on investment.
- New Zealand Commerce Commission provides monitoring of the information disclosure regulatory regime.
- Merits appeal outcome has not impacted Auckland Airport's 56G report as the outcome "would likely bring the Commission's estimate of Auckland Airport's target returns further within the range of acceptable returns"¹.
- Appeal has also resulted in the Commission announcing its intention to do further work on whether it should amend the 75th WACC percentile for regulated industries.

A performance update



Auckland International Airport Limited (Parent)

- Net profit after tax of \$183.6 million for year to 30 June 2013 (up 28.4% from 2012).
- Underlying profit of \$160.9 million for the year to 30 June 2013 (up 12.7% from 2012).
- Passenger growth has continued at Auckland Airport – 5.0% international passenger growth, 3.2% domestic passenger growth in the financial year to date at March 2014.
- Our vision for the next 30 years was released showing a stageable, affordable and flexible pathway for growth¹.
- Best Airport in Australia Pacific for the 6th year in a row in Skytrax ².

1. See www.airportofthefuture.co.nz

2. 2014 Skytrax awards announcement – 27 March 2014.

Five year results overview

Auckland International Airport Limited (Parent only)	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000
Revenue	469,146	441,089	411,625	369,300	368,313
Expenses	117,624	108,537	99,526	86,802	88,881
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	351,522	332,552	312,099	282,498	279,432
Gain on sale of associates	-	-	1,240	-	-
Plant, property and equipment revaluation	-	-	(63,465)	-	-
Investment property fair value increase/ (decrease)	23,091	1,350	21,640	9,469	(64,586)
Derivative fair value increase / (decrease)	1,473	(2,148)	3,503	-	-
Share of profit of associates	-	-	-	890	949
Costs relating to ownership proposals	-	-	-	-	-
Earnings before interest expense, taxation and depreciation (EBITDA)	376,086	331,754	275,017	292,857	215,795
Depreciation	62,053	64,483	56,843	55,736	54,766
Interest expense and other financial costs	66,689	68,958	70,417	71,938	75,590
Taxation expense	63,763	55,313	42,042	130,366	43,696
Reported net profit after taxation	183,581	143,000	105,715	34,817	41,743
Underlying profit	160,853	142,666	130,163	110,174	106,035
Capital expenditure	93,471	83,141	74,774	54,290	87,593

Capital Return – Rationale

- Auckland Airport has been reinvesting surplus cash flows in the business to drive growth.
- This investment and strong execution has significantly improved profitability over the last five years.
- Key credit metrics have strengthened beyond historic levels.
- In effect shareholders held a significantly higher proportion of the Company's funding.
- Capital return of \$454m was paid on 14 April.
- \$280m bridge facilities drawn to provide initial funding.
- Three year \$150m floating rate bonds issued to reduce the initial bridge funding.
- Seven year \$150m fixed rate bond will be used to partially repay bridge facilities.
- Other long term funding plans are underway.

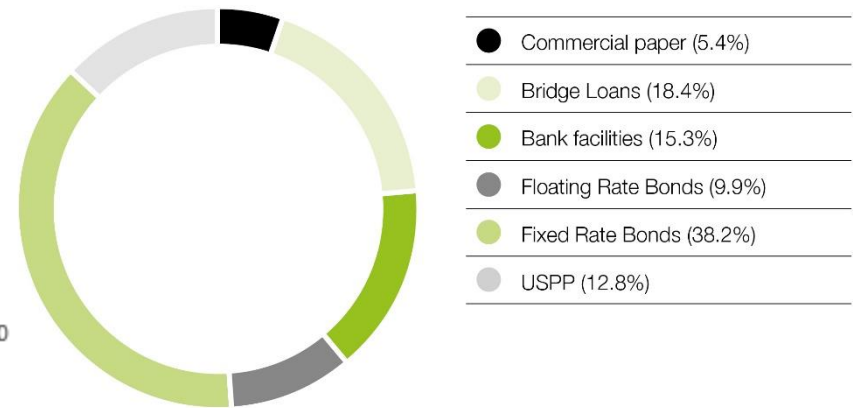
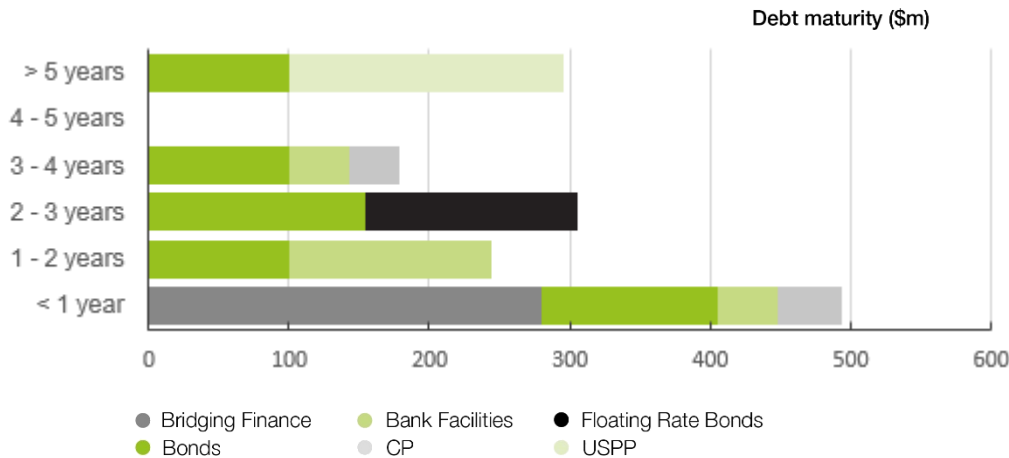
Auckland Airport borrowings

- Auckland Airport currently utilises a mixture of NZ DCM term bonds, bank facilities, USPP notes, commercial paper and money market facilities.
- As at 30 April 2014, Auckland Airport had:
 - \$1.519 billion total drawn debt.
 - \$336.6 million committed but undrawn facilities.
- Average interest rate for FY14 = 6.0%
- Bond programme supported by a master trust deed.

Auckland Airport borrowings

Debt Maturity Profile – As At 30 April 2014

Borrowings By Category



The BNZ multi currency facility and the CBA multi currency bank facility both support the commercial paper programme (current balance of \$81.675 million as at 30 April 2014) through the availability of same-day draw-downs and provide liquidity backing for general working capital. As the commercial paper is supported by the bank facilities the debt maturity profile chart as at 30 April 2014 includes the commercial paper in the less than one year and three to four year brackets, matching the maturities of the supporting facilities.

Passenger Volume Growth and Volatility

Total Passenger Growth



FY02 – FY13 CAGR	AIAL
International	3.7%
Domestic	5.9%
Total	4.6%

Standard Deviation	
International	4.5%
Domestic	5.3%
Total	4.0%
Coefficient of Variation	0.86

Key credit metrics

Auckland International Airport Limited (Parent only)	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
S&P Long-term credit rating	A- (Positive)	A- (Stable)	A- (Stable)	A- (Stable)	A- (Stable)
FFO / average net debt (%)	20.7	19.8	19.2	15.7	15.4
FFO interest cover	4.31	4.02	3.85	3.29	3.12
Total Borrowings (\$m)	1,141.9	1,108.7	1,084.6	1,092.0	1,076.7
Fixed Borrowings (after swaps) (%)	66.3	66.3	63.5	73.7	78.5
Debt/Debt + equity (%)	31.1	30.8	30.5	36.2	36.9
Debt/EBITDAFI (times)	3.25	3.33	3.48	3.87	3.85
EBITDAFI interest cover (times)	5.10	4.70	4.36	3.82	3.52

- Credit metrics strong.
- Following the Auckland Airport 2012 annual results including the announcement of increased dividend policy, Standard & Poor's confirmed its rating of Auckland Airport at A- and upgraded its outlook to Positive (from Stable).
- Following the announcement of the capital return, S&P affirmed Auckland Airport's issuer rating of A- and revised the outlook to Stable.
- S&P also assessed Auckland Airport's "anchor rating" as 'a' flat.

How to Find Out More



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