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FY19 Annual Results: Delivering critical infrastructure for the future

Auckland Airport today announced its financial results for the 12 months ended 30 June 2019.

Patrick Strange, Auckland Airport's Chair, says: "It has been another year of growth and we are pleased with the progress we have made on our 30-year vision to build an airport of the future.

"We achieved several milestones in the 2019 financial year as part of our infrastructure development programme, including work beginning on two of our eight key anchor infrastructure projects – our airfield expansion and a major upgrade of the inner core of our roading network. We also delivered strong results for our customers, with the completion of significant transport projects and the multi-stage redevelopment of the departure area at the International Terminal."

Performance highlights include:

- Total number of passengers increased to 21.1 million, up 2.8% on the previous year
- Operating EBITDAFI up by 9.6% to \$554.8 million
- Total profit after tax down 19.5% to \$523.5 million
- Underlying profit after tax was up 4.4% to \$274.7 million
- Underlying earnings per share rose 3.6% to 22.8 cents
- Final dividend increased 2.3% to 11.25 cents per share

The financial year 2019 was another record year for traveller numbers at both the International and Domestic Terminals, although growth was slower than in recent years. Overall, passenger numbers increased to 21.1 million (up 2.8% on the previous year), with international passenger numbers including transits reaching 11.5 million (up 2.2% on the previous year). Domestic passenger numbers reached 9.6 million (up 3.6% on the previous year).

The completion of the upgrade and expansion of Auckland Airport's 36,000m² International Terminal departure area delivered meaningful improvements for customers in the 2019 financial year, including upgraded bathroom facilities, generous public seating areas, greater access to device charging stations and a sophisticated new food and beverage experience. The response from customers has been strong across our operation, with average Airport Service Quality (ASQ) scores ranking above 4 out of 5 for both terminals throughout the year – a 12-year high for Auckland Airport.

The growth in Auckland Airport's investment property business was another highlight for the 2019 financial year. Auckland Airport now owns and manages one of New Zealand's largest premium investment-grade portfolios, with an estimated value of \$1.7 billion and a committed rent roll of \$100 million as at June 2019.

Chief Executive Adrian Littlewood says Auckland Airport remains focused on the delivery of long-term core aeronautical and non-aeronautical infrastructure projects.

"In the financial year 2019, we delivered transport upgrades that have reduced travel times, such as the completion of the Nixon Road bypass between State Highways 20A and 20B and the Landing Road intersection upgrade, in partnership with NZTA. We acknowledge the importance of safe and efficient transport options for travellers to get to, from and around the airport and we are advocating on their behalf and working closely with our government partners to deliver meaningful improvements.

"In June 2019 we began our largest airfield project in decades – a 250,000m² pavement expansion to accommodate the number of aircraft expected by 2044, flying an estimated 40 million travellers each year. As one of eight key anchor

projects to begin at Auckland Airport over the next decade, the development includes new taxiways and remote stands for the parking and servicing of aircraft – increasing the surface area of the airfield by 18%.

“We reached a milestone for another key anchor project in June 2019, with a contract being awarded for the Northern Network. The project will expand the roading network to the north of the existing terminals to improve traffic flows, enable public transport and upgrade and strengthen underground utilities – all to support the future terminal and runway developments.

“In the financial year 2019, we also continued to carry out works to upgrade the existing Domestic Terminal to improve the experience for our customers while we prioritise our plans for a new Domestic Jet Facility to be integrated into the International Terminal.

“These transformational projects are just a few of more than 200 projects either planned or underway at Auckland Airport, as part of a highly complex infrastructure development programme being rolled out in one of our country’s busiest development precincts.

“At Auckland Airport, we are harnessing new ways of working to create a strong foundation to underpin this next phase of growth. In 2019, we embarked upon an intensive programme of work to refine and enhance our investment plan for key aeronautical infrastructure projects, with the objective of delivering planning certainty, improved cost control and a realistic and achievable build programme. Our airline customers have been at the heart of this process, to ensure we are as closely aligned as possible as we shift into an unprecedented phase of development.

“We are confident with the insights and progress we have made and continue to develop our detailed roadmap ahead for the delivery of the next decade of key projects. The additional time we have invested in these valuable formative stages has led to lower capital expenditure than planned for the 2019 period, reaching \$284.1 million against the previous guidance of \$280 million to \$330 million. However, we expect to finish the five-year pricing period (2017 – 2022) strongly and broadly in line with the forecast released to the market in mid-2017, delivering approximately the same value of commissioned or in-use aeronautical assets.

“We look forward to providing a more detailed update at our investor day in November 2019.

“As always, our progress and achievements are thanks to the commitment and dedication of our 730 full time and contracted staff, which have increased in number by 40% since 2016. As Auckland Airport scales up its labour force to ensure the delivery of key infrastructure assets, we are working hard to create a diverse, flexible and modern environment where people want to work.

“We continue to share the benefits of our investment programme with our neighbouring communities through ongoing creation of new employment and education opportunities. Ara, our airport jobs and skills hub, has continued to play a pivotal role in providing training and employment opportunities, placing 210 people in jobs in the 2019 financial year. The health and safety of our customers also remained a top priority, and we were pleased to reduce our passenger injury rate by 41.3% year on year.

“As we look to the 2020 financial year, we expect underlying profit after tax (excluding any fair value changes and other one-off items) to again be between \$265 million and \$275 million. As always, this guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration as a result of global market conditions, or other unforeseeable circumstances.

“Auckland Airport is committed to growing New Zealand’s success in travel, trade and tourism and we would like to take this opportunity to thank our community and customers for their continued support and patience, as we work hard to build an airport of the future.”

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