

Market Release | 29 April 2024

Auckland Airport considers retail bond offer

Auckland International Airport Limited (“**Auckland Airport**”) is considering an offer of fixed rate bonds maturing in November 2030 to New Zealand retail investors and to institutional investors.

Any such offer will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as Auckland Airport’s existing quoted debt securities. The bonds are expected to be quoted on the NZX Debt Market. It is expected that full details of the bond issue will be released the week of 6 May 2024.

Auckland Airport has appointed Bank of New Zealand and Craigs Investment Partners Limited as Joint Lead Managers.

Investors can register their interest with the Joint Lead Managers (details below) or a financial adviser. Indications of interest will not involve an obligation or commitment of any kind. No money is currently being sought and no bonds can be applied for or acquired until the offer opens and the investor has received a copy of the offer document in relation to the bonds.

A copy of a market update presentation to be made by Auckland Airport is **attached**.

Ends

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Auckland Airport

Update for debt investors

Stewart Reynolds
Chief Financial Officer (Acting)

Campbell De Morgan
Treasury Manager



Important Notice

Debt investor update

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All of the data provided in this presentation is derived from publicly available information in relation to Auckland Airport (including the interim results presentation of Auckland Airport for its half year ended 31 December 2023 and the annual report of Auckland Airport for its financial year ended 30 June 2023, unless otherwise indicated). Any internet site addresses provided in this presentation are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this presentation.

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

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This presentation is dated 29 April 2024.

Company overview



Auckland Airport, a gateway to New Zealand...

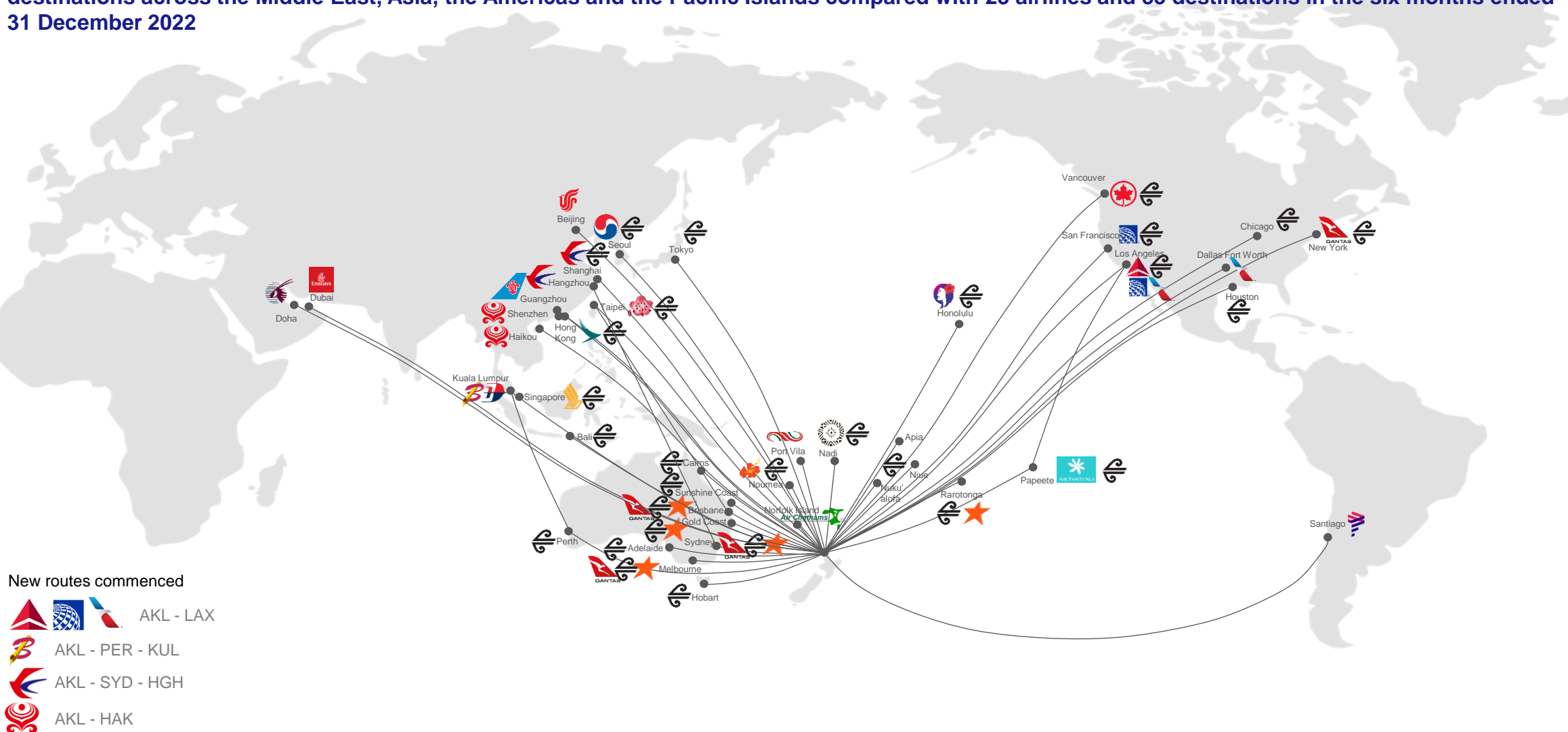
Auckland Airport is the largest and busiest airport in New Zealand with an extensive domestic aeronautical network, connecting Kiwis from Kaitiaki to Invercargill









- 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 sectors either originating or ending in Auckland¹
- Processed 9.6 million domestic passengers in the year to 30 June 2019 and 8.1 million in the year to 30 June 2023
- 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 3,535m runway
- Provision for a second runway in the future will cater for Auckland's aviation requirements for the foreseeable future

...and New Zealand to the world

With the continued growth in the international network, during the six months ended 31 December 2023, 27 airlines connected Auckland Airport with 42 destinations across the Middle East, Asia, the Americas and the Pacific Islands compared with 23 airlines and 35 destinations in the six months ended 31 December 2022



New routes commenced

-    AKL - LAX
-  AKL - PER - KUL
-  AKL - SYD - HGH
-  AKL - HAK

Diverse Business



Aeronautical



Retail



Transport

Diverse Business



Commercial Property



Hotels

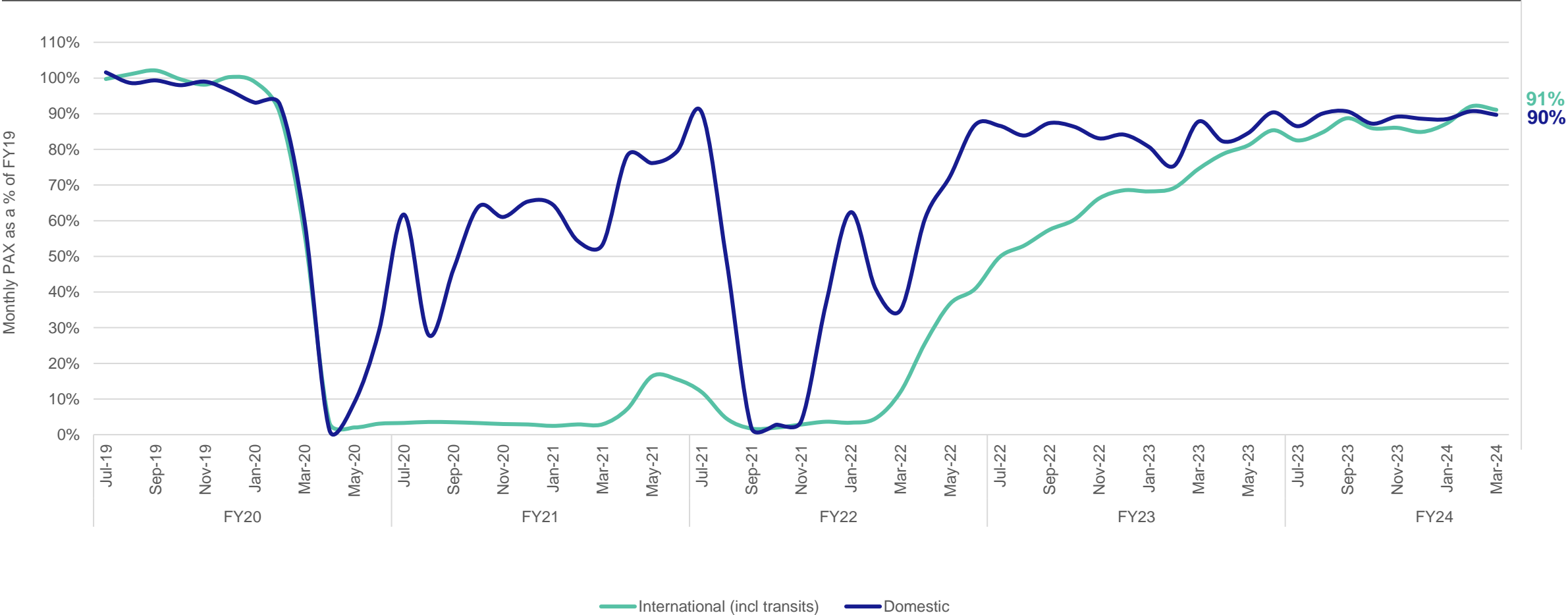


Investment in
Queenstown Airport

Passenger numbers recovering

Aircraft and passenger movements increased significantly, with a 22% rise to 9.3 million passengers in the six months to 31 December 2023, led by a 43% increase in international travel to nearly 5 million. North America and China saw major capacity boosts, though New Zealanders dominated the rise in international arrivals. Domestic travel grew 4% to 4.3 million, plateauing at 90% due to capacity constraints.

Monthly passenger numbers



1H24 financial results at a glance

Total revenue

\$440.5m



Aeronautical revenue

\$194.8m



Retail revenue

\$90.3m



Parking revenue

\$33.8m



Commercial property revenue

\$72.5m



\$3.0bn portfolio valuation

EBITDAFI ¹

\$310.2m



EBITDAFI margin of 70.4%

Reported profit after tax

\$118.7m



1H24 earnings per share of
8.05 cps

Underlying profit after tax ¹

\$145.7m



Underlying profit per share of
9.89 cps

Interim dividend

6.75cps

Capital investment

\$602.8m



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

Credit highlights

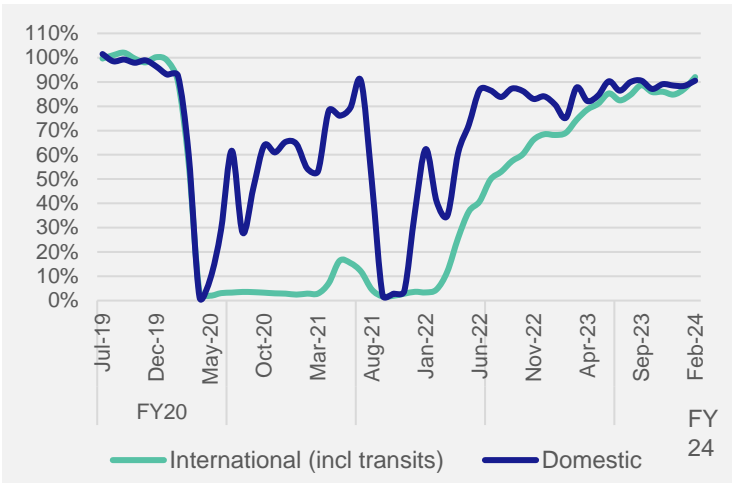
Gateway to
New Zealand



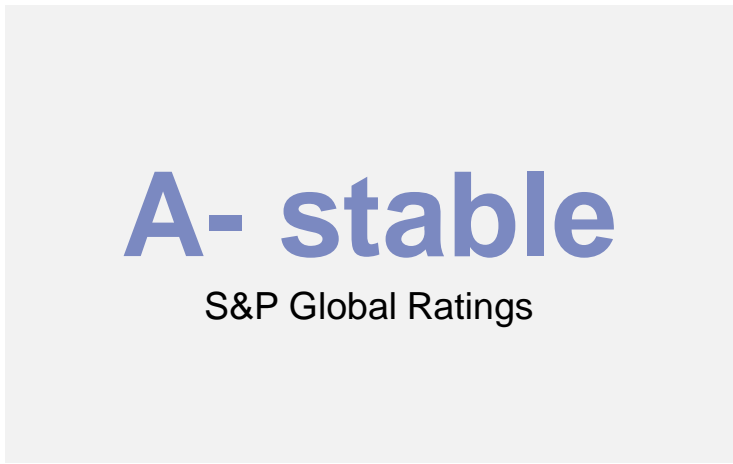
Significant freehold
asset base



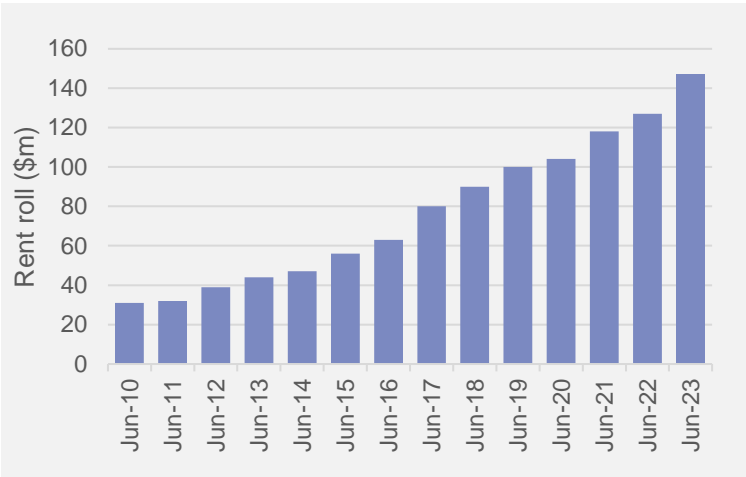
Benefiting from the recovery
in travel



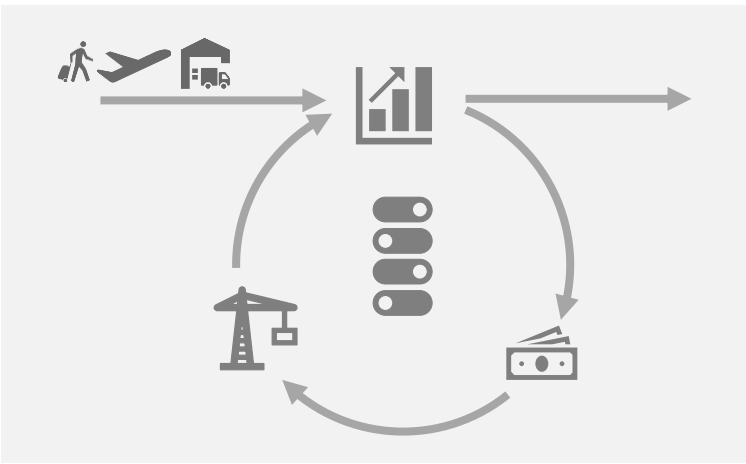
Investment grade
credit rating



Significant commercial
property portfolio



Proactive capital
management



Building a better future



Building a Better Future



Thriving enterprise

A thriving commercial community lies at the core of the long-term success and sustainability of our precinct. It will encompass a wide range of industries: from aviation and tourism; to retail and hospitality; to accommodation and entertainment; to high value exports and trade – a place that New Zealanders are proud of, as they connect with each other and the world via a thriving aviation network. Together, we will create a vibrant and dynamic environment that drives prosperity for our economy



Empowered community

We value our strong links with the community and will continue to actively contribute to the wellbeing and growth of local people. We will leverage the resources of the aviation precinct to empower and create opportunities for people, including our own incredible team. We foster collaboration and support to pave the way for positive progress and shared prosperity



Seamless connectivity

We seek to be a connected aviation precinct that enhances travellers’ wellbeing, streamlines the travel experience and optimises maintenance and services. With real-time responsiveness, we will promptly address events and traveller management. Customers will enjoy a seamless travel experience and enhanced services through our integrated technology and data-driven approach. We’re embracing the future of aviation connectivity



Enduring infrastructure

As custodians, we think long-term. Enhancing ground transportation options, embracing digital, and investing in the future of the end-to-end travel experience. Our initiatives will cater to the growing and evolving needs of customers, partners, tenants and visitors ensuring our place remains at the forefront. Together, we’ll achieve increased efficiencies and a seamless travel experience – now and for the future



Future resilience

We’re not just a business – but a multigenerational endeavour. Applying a long-term perspective in everything we do. Working closely with tangata whenua, prioritising our people, aviation community, our country’s economy and the protection of our natural environment. With our partners, we are driving modal shifts across transport and applying new technologies towards decarbonisation. Together, we’re building a sustainable legacy that benefits future generations

Transforming the aviation system at Auckland



Ten-year roadmap

Projects are subject to change and may be replaced, deferred or cancelled

Progress continues towards terminal integration...



Airfield expansion providing important capacity for growth



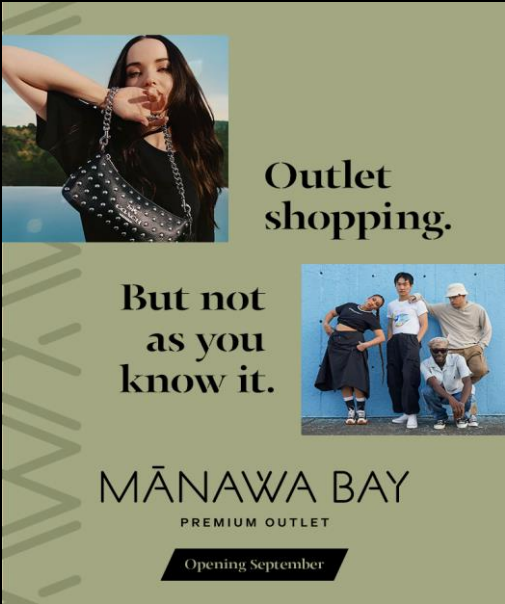
First stage of the Transport Hub opened April 2024



Quality retail proposition



Mānawa Bay retail outlet centre due to open September 2024



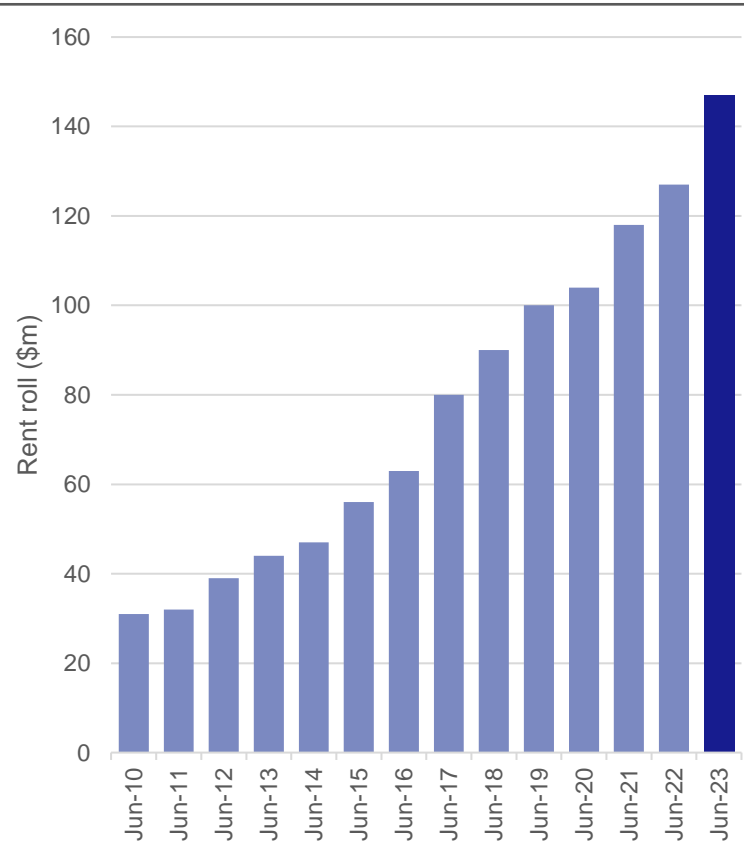
24,000m²+ Leasable Retail Area

100+ Retail Stores, 14 F&B

Commercial property remains well positioned

Auckland Airport’s commercial property portfolio has grown rapidly in recent years, leveraging an exceptional track record of design and delivery, and the precinct’s high quality, high covenant tenancy characteristics. These characteristics continue to resonate with existing and prospective tenants resulting in a strong forward order book.

Commercial property rent roll



\$3.0 billion

Portfolio value

\$151.7 million

Rent roll

99.2%

Portfolio occupancy

8.3 years

Weighted average lease term

147 ha

of land available for property development



Continuing to build a sustainable future

Reducing waste

Organic waste separation in
landside food courts is
diverting 8 tonnes of waste
from landfill per month

Resilience against climate change

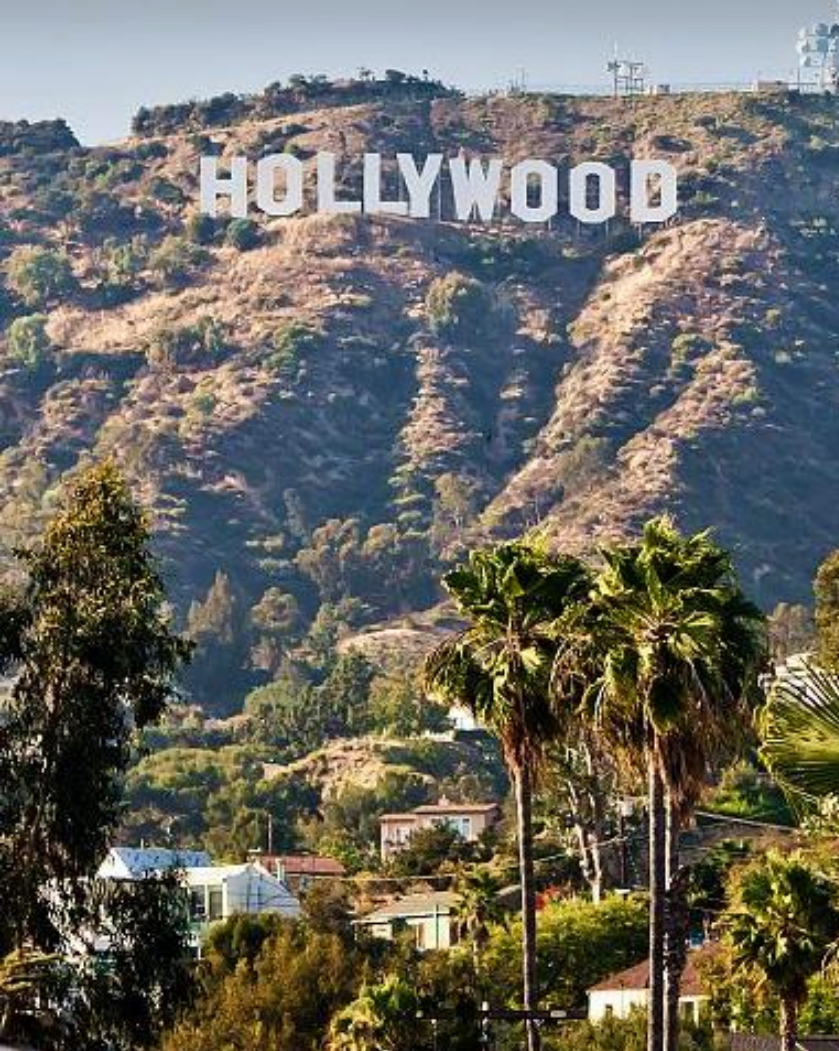
Construction of 3,500 metres of
stormwater pipes to manage
future extreme weather events

Protecting and enhancing our natural environment

Continuing to support a
successful protection and
breeding programme for
NZ dotterel

We are building a better future

New flights driving additional choice for travellers...



...focused on improving the operating efficiencies...



...and investing to deliver further capacity and resilience



Financial information



Return to underlying profit

For the year ended 30 June \$m	2024 H1	2023	2022	Restated 2021 ³	2020	2019
Revenue	440.5	625.9	300.3	281.1	567.0	743.4
Expenses ¹	130.3	228.8	155.8	110.0	306.6	188.6
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	310.2	397.1	144.5	171.1	260.4	554.8
<i>EBITDAFI Margin</i>	<i>70%</i>	<i>63%</i>	<i>48%</i>	<i>61%</i>	<i>46%</i>	<i>75%</i>
Share of profit / (loss) from associates	4.7	11.1	(12.8)	21.1	8.4	8.2
Impairment on investment in JV	-	-	-	-	(7.7)	-
Derivative fair value movement	(0.3)	(0.7)	1.7	(0.5)	(1.9)	(0.6)
Property, plant and equipment revaluation	-	(15.6)	(1.4)	(7.5)	(45.9)	(3.8)
Investment property revaluation	(27.1)	(139.7)	204.4	527.3	168.6	254.0
Depreciation expense	84.3	145.3	113.1	120.9	112.7	102.2
Interest expense	33.1	62.7	53.7	94.0	71.8	78.5
Taxation expense	51.4	1.0	(22.0)	30.0	3.5	108.4
Reported profit after tax	118.7	43.2	191.6	466.6	193.9	523.5
Underlying profit / (loss) after tax²	145.7	148.1	(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 1H24 is included in the Appendix. Reconciliations for years ended 2019 – 2023 are available in the Annual Results report

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

Higher PAX numbers driving improved performance

For the year ended 30 June \$m	2024 H1	2023	2022	2021	2020	2019
Airfield income	75.3	86.6	60.9	64.0	100.6	127.6
Passenger services charge	119.5	132.9	33.8	24.2	133.0	185.1
Retail income	90.3	130.9	22.7	17.8	141.5	225.8
Car park income	33.8	57.7	26.2	28.7	50.3	64.2
Rental income	87.3	170.6	129.7	115.2	109.2	107.8
Other income	34.3	47.2	27.0	31.2	32.4	32.9
Total revenue	440.5	625.9	300.3	281.1	567.0	743.4

Balance sheet remains strong

\$m	Dec 2023	Jun 2023	Jun 2022	Restated Jun 2021 ¹	Jun 2020	Jun 2019
Cash	57.9	106.2	24.7	79.5	765.3	37.3
Trade and other receivables	97.3	51.6	28.5	25.4	34.7	69.0
Other current assets	1.3	3.0	21.6	20.9	37.0	-
Current assets	156.5	160.8	74.8	125.8	837.0	106.3
Property, plant and equipment	7,949.5	7,548.3	6,986.1	6,826.5	6,060.8	6,577.1
Investment properties	2,988.1	2,882.1	2,897.4	2,641.4	2,054.2	1,745.4
Investment in associates	191.1	193.1	166.5	154.4	114.7	105.7
Derivative financial instruments	58.3	45.0	28.1	29.2	230.4	162.6
Total assets	11,343.5	10,829.3	10,152.9	9,777.3	9,297.2	8,697.1
Borrowings	2,231.4	1,817.1	1,476.6	1,392.8	2,145.2	2,190.5
Other liabilities	669.2	634.7	525.4	455.0	514.9	473.7
Total liabilities	2,900.6	2,451.8	2,002.0	1,847.8	2,660.1	2,664.2
Equity	8,442.9	8,377.5	8,150.9	7,929.5	6,637.1	6,032.9
Total liabilities and equity	11,343.5	10,829.3	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

Strong liquidity position and robust credit metrics

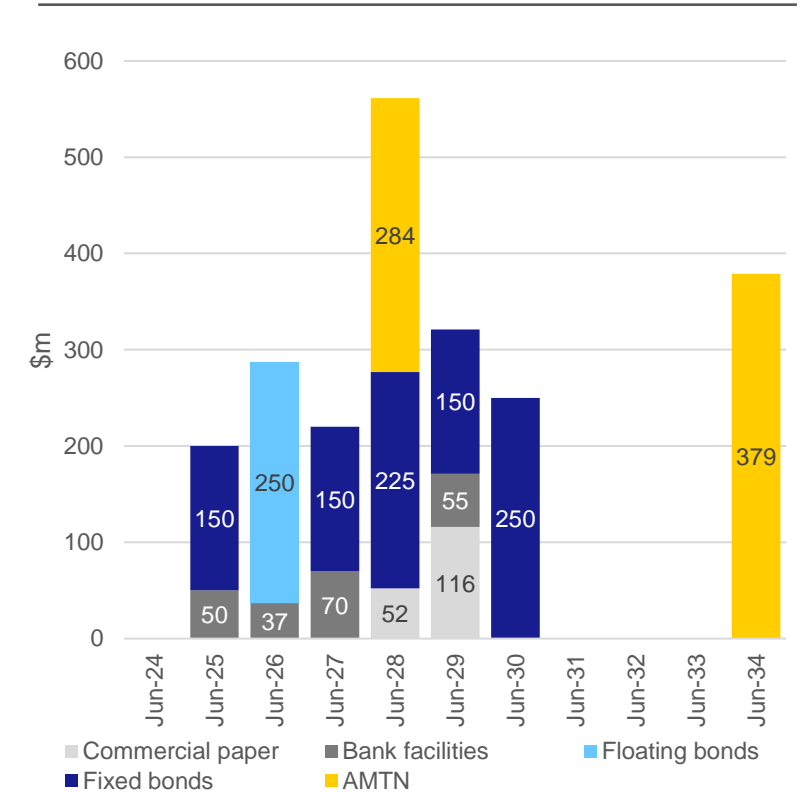
Strong financial metrics with strong covenant headroom and liquidity to support the planned capex

- Total drawn debt of \$2,231 million at 31 December 2023, an increase of 23% or \$414 million on June 2023
- Committed undrawn bank facility headroom of circa \$993 million (Jun-23: \$963 million), and \$58 million in available cash (Jun-23: \$106 million)
- Raised \$629 million of new borrowings through two bond issues in the period comprising:
 - \$250 million NZ 6-year fixed rate bond; and
 - AU\$350 million AMTN
- Further issuance planned for 2H24 to support the investment programme
- A- credit rating maintained

Key credit metrics

	Test	Dec-23	Jun-23
Gearing covenant ¹	≤ 60%	21.1%	18.2%
Interest coverage covenant ²	≥ 2.0x	8.22x	6.57x
Debt to enterprise value		14.7%	12.7%
Net debt to enterprise value		14.4%	12.0%
FFO interest cover ³	≥ 2.5x	5.1x	5.0x
FFO to net debt ³	≥ 11.0%	18.1%	18.5%
Weighted average interest cost		5.66%	5.03%
Average debt maturity profile (yrs)		4.70	2.65
Percentage of fixed borrowings		70.6%	63.2%

Drawn debt maturity profile by financial year



Regulatory update

1H24 was the first financial period in which the new aeronautical charges for PSE4 applied, and the Commerce Commission completed its Input Methodologies review

Review of price setting event 4

- On 30 November 2023, the Commerce Commission published a process and issues paper highlighting the scope, process and timing of the review of Auckland Airport’s pricing for PSE4
- Auckland Airport has submitted on the process and issues paper. A draft report is expected late May with the final report from the Commission due September 2024

Input Methodologies review

- The Commerce Commission released its final IM determination on 13 December 2023
- Having carefully examined the final decision, Auckland Airport - along with NZ Airports, Wellington and Christchurch Airports - filed a notice of appeal for a merits review of the final IM determination
- Auckland Airport believe the final IM decision undermines the purpose of the IMs to provide a stable regulatory environment which operates for the benefit of New Zealand consumers, and offers certainty to organisations that invest in long-life infrastructure assets

Timetable for review of aeronautical pricing for PSE4

Process and issues paper	30 Nov 2023
Submissions due	31 Jan 2024
Cross submissions due	14 Feb 2024
Update on process and scope, if required	Mar 2024
Draft review report published	Late May 2024
Submissions on draft review report due	Late June 2024
Cross submissions due	Mid July 2024
Final PSE4 review report published	Sept 2024

Source: Commerce Commission

Outlook

Guidance

- As we look to the remainder of FY24, we continue to see growth in capacity deployed by international airlines and strong demand for our commercial products and services
- However, uncertainty remains around the pace of growth given the effect of economic headwinds on domestic demand and externalities impacting capacity to Auckland
- Reflecting this, Auckland Airport provides the following guidance for FY24:
 - reconfirms underlying earnings guidance of between \$260 million and \$280 million reflecting anticipated domestic and international passenger numbers of circa 8.6 million and circa 10.3 million respectively; and
 - lifting capital expenditure guidance to between \$1,100 million and \$1,400 million in the year reflecting the significant investment across the airport precinct
- This guidance is subject to any material adverse events, significant one-off expenses and any deterioration due to global market conditions or other unforeseeable circumstances



Return of Singapore Airline's A380 in November 2023

Thank you



Appendices



Appendix: Board of directors



Dr Patrick Strange
Chair



Tania Simpson
Director



Dean Hamilton
Director



Christine Spring
Director



Julia Hoare
Director



Mark Binns
Director



Liz Savage
Director



Mark Cairns
Director

Appendix: Management team



Carrie Hurihanganui
Chief Executive



Melanie Dooney
Chief Corporate Services Officer



Darren Evans
Chief Safety and Risk Officer



Stewart Reynolds
Chief Financial Officer
(acting)



Susana Fueyo Suarez
Chief Infrastructure Officer



Chloe Surridge
Chief Operations Officer



Scott Tasker
Chief Customer Officer



Mark Thomson
Chief Commercial Officer



Mary-Liz Tuck
Chief Sustainability & Master
Planning Officer



Richard Wilkinson
Chief Digital Officer

Appendix: Underlying profit reconciliation

\$m	2024 H1			2023		
	Reported profit	Adjustments	Underlying profit	Reported profit	Adjustments	Underlying profit
EBITDAFI per Income Statement	310.2	-	310.2	397.1	-	397.1
Investment property fair value change	(27.1)	27.1	-	(139.7)	139.7	-
Property, plant and equipment fair value change	-	-	-	(15.6)	15.6	-
Fixed asset write-offs, impairments and termination costs ¹	-	-	-	-	2.8	2.8
Derivative fair value change	(0.3)	0.3	-	(0.7)	0.7	-
Share of profit / (loss) of associate and joint ventures	4.7	(0.3)	4.4	11.1	(3.6)	7.5
Depreciation	(84.3)	-	(84.3)	(145.3)	-	(145.3)
Interest expense and other finance costs	(33.1)	-	(33.1)	(62.7)	-	(62.7)
Taxation expense / (benefit)	(51.4)	(0.1)	(51.5)	(1.0)	(50.3)	(51.3)
Profit after tax	118.7	27.0	145.7	43.2	104.9	148.1

We have made the following adjustments to show underlying profit after tax for the six months ended 31 December 2023 and the year ended 30 June 2023:

- we have reversed out the impact of revaluations of investment property in FY23 and FY22. 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;
- consistent with the approach to revaluations of investment property, we have also reversed out the revaluations of the land, runways, taxi ways, aprons and infrastructure and building classes of assets within property, plant and equipment in FY23;
- we have reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals. These fixed asset write-off costs, impairments and termination costs are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit;
- we have also reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting on foreign exchange hedges, as well as any 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. Further information is included in note 18(b) of the financial statements;
- in addition, we have adjusted the share of profit of associates and joint ventures in both 24H1 and FY23 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
- we have also reversed out the taxation impacts of the above movements in both 24H1 and FY23.

Appendix: Associates' performance



For the six months ended 31 December (\$m)	2023	2022	Change
Queenstown Airport (24.99% ownership)			
Total revenue	33.0	30.0	10%
EBITDA ¹	24.1	22.5	7%
Underlying earnings (Auckland Airport's share) ¹	3.1	2.9	7%
Domestic passengers	799,301	845,216	(5)%
International passengers	464,838	378,795	23%
Aircraft movements	9,392	8,877	6%



Novotel Auckland Airport (50.00% ownership)			
Total revenue	16.9	8.8	92%
EBITDA ¹	3.4	0.1	3,300%
Underlying earnings (Auckland Airport's share) ¹	1.7	-	-
Average occupancy	90.5%	54.1%	67%



Te Arikunui Pullman Auckland Airport (50.00% ownership)²			
Total Revenue	0.4	-	-
EBITDA ¹	(0.9)	-	-
Underlying Earnings (Auckland Airport's share) ¹	(0.4)	-	-

1. Auckland Airport recognises that EBITDAFI and underlying profit or loss are non-GAAP measures
2. The Pullman hotel opened on 13 December 2023 at reduced capacity

Glossary

Debt investor update

Auckland Airport	Auckland International Airport Limited
Bn	Billion
COVID	COVID-19
Cps	Cents per share
EBITDA	Earnings before interest, taxation and depreciation
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
FFO	Funds from operations
FY	Financial year
Ha	Hectares
JV	Joint venture
KM	Kilometers
NPAT	Net profit after tax
PAX	Passenger
PSE4	Price setting event 4 covering the period 1 July 2022 to 30 June 2027
PSE5	Price setting event 5 covering the period 1 July 2027 to 30 June 2032
TSR	Total shareholder return