



Seven Year Fixed Rate Bond
October 2016



A50YEARS

Delivering results
From 1966 - 2016

Philip Neutze
Chief Financial Officer

Stewart Reynolds
Manager, Business Intelligence

Campbell De Morgan
Treasury Specialist

Important Notice

2016

October NZDCM Presentation

Auckland International Airport Limited (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 the 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;
- (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; and
- (c) 4.28% NZ\$100,000,000 fixed rate bonds maturing on 9 November 2022 which are quoted on the NZX Debt Market under the ticker code AIA200,

(together, Quoted Bonds) and therefore are the same 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 the 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 the 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 2016), unless otherwise indicated.

A Terms Sheet dated 26 October 2016 (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 Terms Sheet shall apply to the Bonds.

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.

This presentation may contain forward looking statements with respect to the financial condition, results of operations and business, and business strategy, of Auckland Airport. Auckland Airport gives no assurance that the assumptions upon which Auckland Airport based its forward looking statements on will be correct, or that its business and operations will not be affected in any substantial manner by other factors not currently foreseeable by Auckland Airport or beyond its control. Accordingly, Auckland Airport can make no assurance that the forward looking statements will be realised.

This presentation is dated 26 October 2016.

Agenda

2016

October NZDCM Presentation

	Page
1. Key terms of the offer	4
2. Company overview	6
3. Strategy for our future	13
4. Financial information	17
5. Outlook	23
Appendices	

Key terms of the offer

2016

October NZDCM Presentation

Issuer	Auckland International Airport Limited (“Auckland Airport”)
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 with the ability to accept unlimited oversubscriptions at Auckland Airport’s discretion
Opening Date	Wednesday, 26 October 2016
Closing Date	1.00pm on Friday, 28 October 2016
Issue Date	Wednesday, 2 November 2016
Tenor	7 years
Maturity Date	Thursday, 2 November 2023
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 is 1.40 per cent per annum area for the Bonds
Interest Payment Dates	2 May and 2 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 (acting through its New Zealand branch) (ABN 33 007 457 141)
Co-Managers	Commonwealth Bank of Australia and Forsyth Barr
Registrar	Link Market Services Limited



Auckland Airport at a glance

2016

October NZDCM Presentation



17.3 million
annual passengers

91% share of long haul arrivals to New Zealand



26 international airlines announced

4 international freight airlines

44 international destinations

19 domestic destinations

229,000 tonnes of cargo each year

Auckland Airport in 2016



157,000+ flights each year

135+ international flights each day

295+ domestic flights each day

74% share of international visitors to New Zealand

6.6% average annual passenger growth over 50 years



1,500 hectares of land



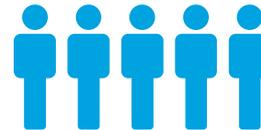
3,635 metres of runway



24 x 7 operation, 365 days a year



900+ businesses



20,000+

people working at and around the airport



100+ shops, cafés and restaurants

2 hotels



Company overview

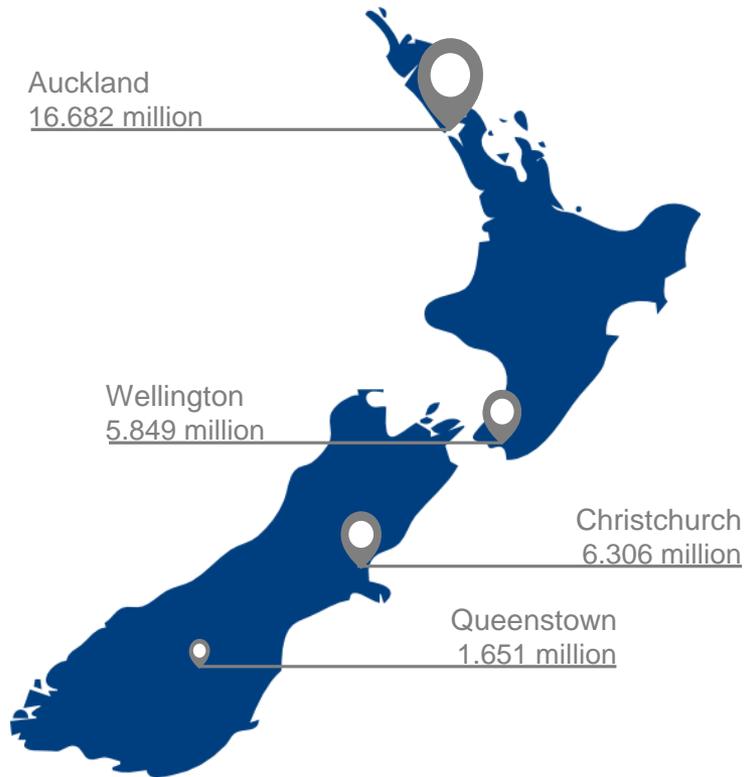


Auckland Airport is the busiest in New Zealand

2016

October NZDCM Presentation

New Zealand international airports by passenger numbers



- The largest airport in New Zealand
- ~74% of international passengers to New Zealand arrive or depart from Auckland Airport and 91% of total long haul arrivals
- Main commercial airport serving New Zealand's largest city with 157,000 aircraft movements a year
- No curfew for flights, operating 24 hours a day, 7 days a week
- It is one of New Zealand's most important infrastructure assets, and the largest NZX listed company with a market capitalisation of \$8.0bn²
- 1,500 hectares of freehold land on the Auckland isthmus (\$3.6 billion market value at 30 June 2016)
- Listed on the NZX and ASX

Passengers excluding transits in the year ended June 2016

Connecting New Zealand to the world

2016

October NZDCM Presentation

Auckland Airport connects New Zealand to 44 international destinations



Routes launched or announced based on single ticketed fares as at 13 October 2016

- Auckland Airport's focus on increasing connectivity and working closely with airlines has helped achieve a 6.6% average annual passenger growth over 50 years
- Auckland Airport welcomes travellers from established, emerging and new destinations like Buenos Aires, Dubai, Shanghai, Houston and Ho Chi Minh City

Regulatory environment

2016

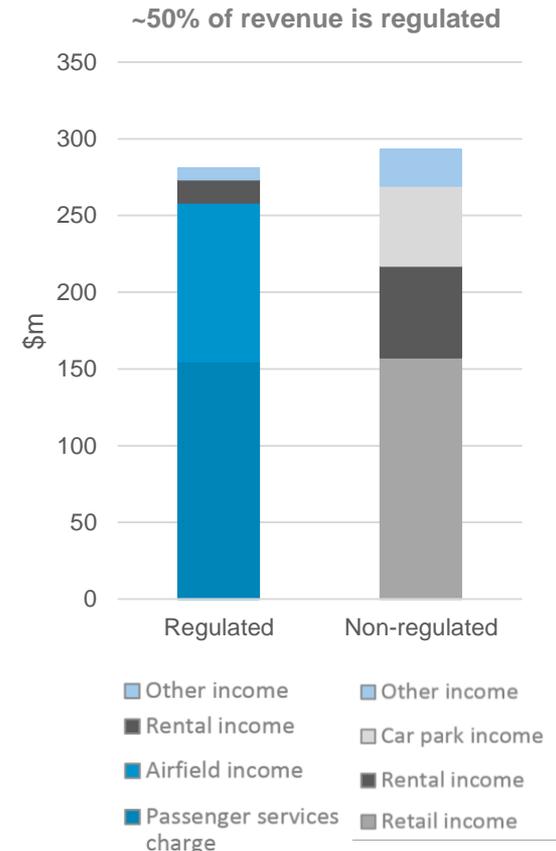
October NZDCM Presentation

Overview

- Dual-till regime, with the aeronautical segment (1st till) subject to information disclosure regulation under the Commerce Act 1986
- 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

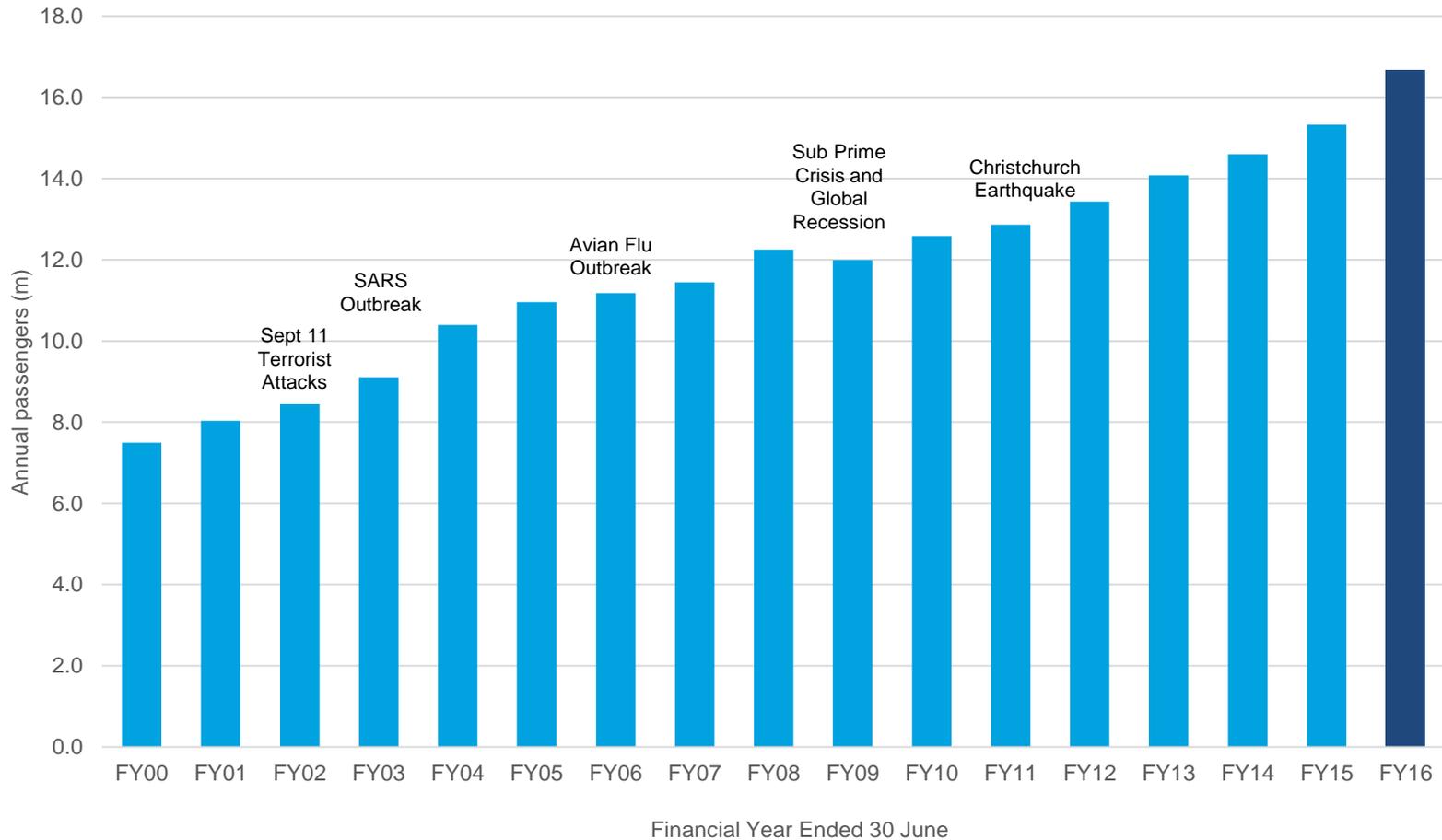
Ongoing Commerce Commission review

- The Commerce Commission's review of the current Input Methodologies ("IM") is expected to finish in December 2016
- The Commission's draft decision on the IM review was released in June reaffirming that the Commission does not set prices for airport services and that its focus is on ensuring there is transparency in relation to the pricing decisions made by the airports
- Auckland Airport's FY18-22 aeronautical price path consultation with major airlines and representatives began in early FY17, with final pricing decision expected in May 2017



Proven passenger growth

Total Passengers at Auckland Airport (excl. Transits)

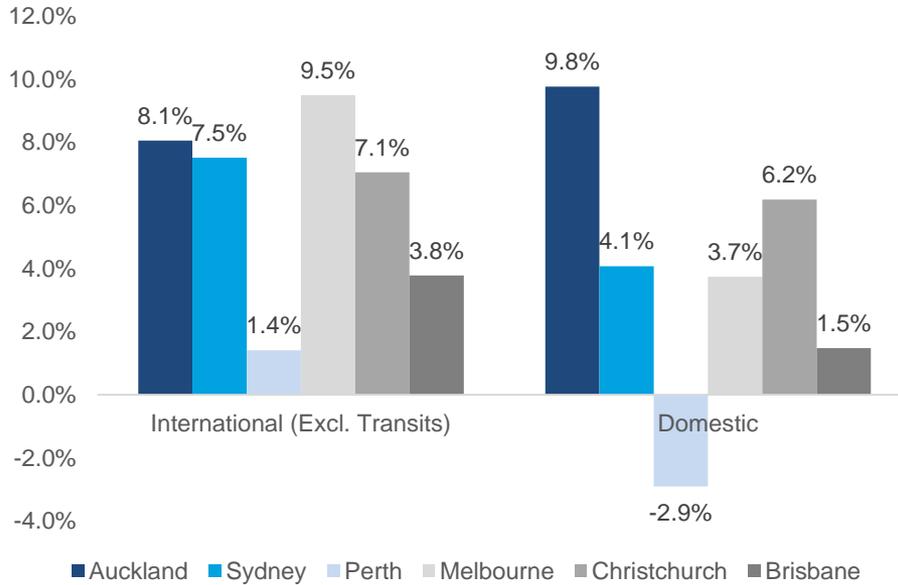


- Continued growth demonstrates resilience to global economic weakness and other external shocks

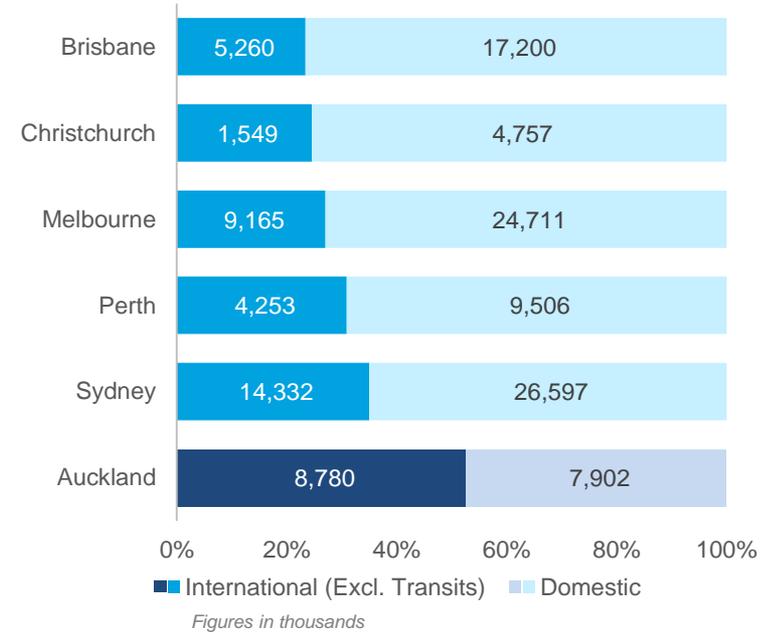


Compares favourably to Australasian airports

FY16 passenger growth rates %



International vs domestic passenger mix



- Auckland Airport experienced the highest total passenger growth of the main Australasian airports in FY16
 - highest rate of domestic passenger growth
 - second highest rate of international passenger growth
- Auckland Airport has the highest proportion of international passengers of all Australasian airports



Diverse business activities

2016

October NZDCM Presentation

Highlights

Company overview

Strategy for our future

Financial Information

Outlook



Aeronautical Base

- ~50% of revenues come from aeronautical activities
- 8 new airlines announced and 15 new routes established in FY16
- Continued focus on route development



Diverse Retail Offering

- Significant and diverse retail offering
- Strong performance from Specialty and Destination categories – up 25% FY16
- Larger space in development will drive step change in retail over the next two years



Strong Carpark Growth

- ~10,000 parking spaces across a range of parking services from Valet to Park&Ride
- Increase to average revenue per space over FY16
- Increasing demand is driving further expansion



Extensive Investment Property

- Significant land holding of 1,500 hectares
- 9 hectares of development completed and a 12.3% increase in rent roll in FY16
- Momentum building for 2017, a number of significant developments underway



Hotel Occupancy Increasing

- Holds interest in two hotels at the airport
- Occupancy rates increased to 89%
- Design underway for a third hotel



Strong Associate Airport Performance

- Holds interest in two other airports
- Queenstown experienced an 18% increase in passenger numbers in 2016 with total aircraft movements up 7% on prior period
- NQA international passenger numbers increased by 24.4% in 2016

Strategy for our future



Our strategy

2016

October NZDCM Presentation

Highlights

Company overview

Strategy for our future

Financial Information

Outlook

**Faster
Higher
Stronger**



Grow Travel Markets

Adopt an ambitious and innovative approach to help New Zealand to sustainably unlock the growth opportunities in travel, trade and tourism



Strengthen Our Consumer Business

Strengthen and extend our retail, transport and hotel businesses to ensure we can respond to evolving customer needs



Be Fast, Efficient & Effective

Continue to improve our performance by increasing the productivity of our assets, processes, operations and balance sheet



Invest for Future Growth

Add to our strong infrastructure and commercial foundations for long-term sustainable growth

Delivering on our ambitions

In 2013 we established several ambitious targets under our Faster, Higher, Stronger growth strategy

Aspirations:

How we tracked in FY16:



400,000

Double Chinese arrivals to 400,000 by FY17, up from 213,781 in FY13

↑ 359,270

An increase of 66,835 in FY16



\$60m

Build property rent roll to \$60 million by FY17, up from \$44 million in FY13

↑ \$63m

An increase of \$7 million in FY16



10m

Achieve 10 million international passengers (excluding transits) by FY18, up from 7 million in FY13

↑ 9m

An increase of 0.7 million in FY16



20m

Reach 20 million total passengers by FY20, up from 14.5 million in FY13

↑ 17.3m

An increase of 1.5 million in FY16

Investing for future growth

2016

October NZDCM Presentation

- Bold 30-year vision developed with international experts (www.airportofthefuture.co.nz)
- Vision based on a combined domestic and international terminal as well as an efficient, affordable and staged development path
- Work completed on the first two phases and well underway on phases 3-5:
 - Phase 1: Additional baggage belts
 - Phase 2: Reconfigured inbound processing
 - Phase 3: Expanded outbound processing and airside dwell areas
 - Phase 4: Pier B, bus lounge, remote and contact stands
 - Phase 5: Domestic Terminal (first stage)
- A significant period of investment is underway as we build to accommodate the ongoing growth in passengers, aircraft and businesses operating at the airport



Financial Information



Strong five year financial performance

2016

October NZDCM Presentation

For the year ended 30 June NZ\$m	2016	2015	2014	2013	2012	CAGR
Revenue	573.9	508.5	475.8	448.5	426.8	7.7%
Expenses	143.6	128.5	120.6	117.6	107.5	7.5%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	430.3	380.0	355.2	330.9	319.3	7.7%
<i>EBITDAFI Margin</i>	<i>75.0%</i>	<i>74.7%</i>	<i>74.7%</i>	<i>73.8%</i>	<i>74.8%</i>	
Share of (loss) / profit from associates	(8.4)	12.5	11.6	9.9	9.2	n/a
Derivative fair value (decrease)/increase	(2.6)	(0.7)	0.6	1.5	(2.1)	n/a
Property, plant and equipment revaluation	(16.5)	(11.9)	4.1	-	-	n/a
Investment property revaluation	87.1	57.2	42.0	23.1	1.4	n/a
Depreciation expense	73.0	64.8	63.5	62.1	64.5	3.1%
Interest expense	79.1	86.0	68.2	66.7	69.0	3.5%
Taxation expense	75.4	62.8	65.9	58.6	52.0	9.7%
Reported net profit after tax	262.4	223.5	215.9	178.0	142.3	16.5%
Underlying profit after tax¹	212.7	176.4	169.9	153.8	139.0	11.2%

¹ A reconciliation showing the difference between reported net profit after tax and underlying profit after tax is included in the financial report for the year ended 30 June 2016

Summary balance sheet

2016

October NZDCM Presentation

For the year ended 30 June NZ\$m	2016	2015	2014	2013	2012
Cash	52.6	38.5	41.4	69.2	42.8
Trade and other receivables	42.3	36.6	29.0	26.8	23.1
Other current assets	8.0	12.3	3.2	3.6	3.4
Current assets	102.9	87.4	73.6	99.6	69.3
Property, plant and equipment	4,708.1	3,884.1	3,761.5	3,020.2	3,021.7
Investment properties	1,048.9	848.1	733.4	635.9	579.8
Investment in associates	142.8	163.6	158.4	165.7	180.0
Derivative financial instruments	138.8	118.3	6.9	17.1	24.7
Total assets	6,141.5	5,101.5	4,733.8	3,938.5	3,875.5
Borrowings	1,886.9	1,722.5	1,506.9	1,142.0	1,108.7
Other liabilities	373.9	336.1	308.2	297.1	294.0
Total liabilities	2,260.8	2,058.6	1,815.1	1,439.1	1,402.7
Equity	3,880.7	3,042.9	2,918.7	2,499.4	2,472.8
Total liabilities and equity	6,141.5	5,101.5	4,733.8	3,938.5	3,875.5

Credit metrics

2016

October NZDCM Presentation

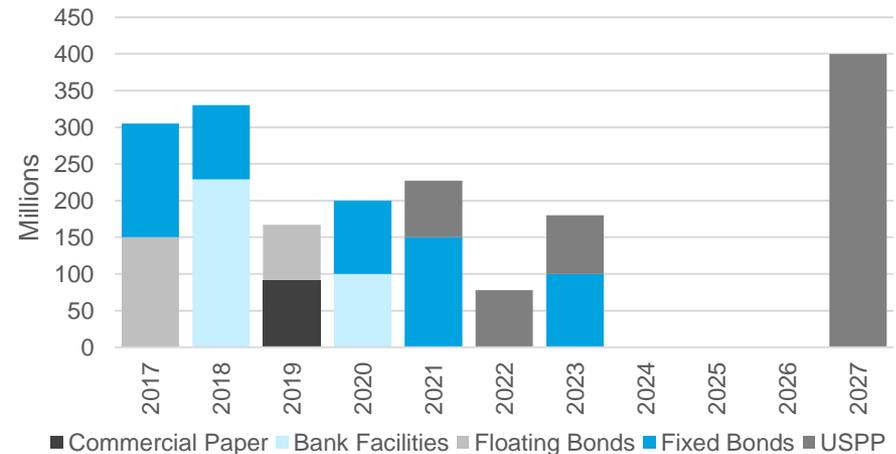
For the year ended 30 June	2016	2015	2014	2013	2012
Debt / debt + book value of equity	30.7%	33.8%	31.8%	29.0%	28.6%
Debt / debt + market value of equity	19.7%	22.5%	24.7%	22.8%	25.8%
Funds from operations / gross debt (S&P methodology)	16.7%	15.3%	16.0%	19.9%	19.3%
Funds from operations interest cover	4.6x	3.9x	4.5x	4.2x	3.9x
Weighted average interest cost (12 months to 30 June)	5.1%	5.8%	6.0%	6.2%	6.5%
Average debt maturity profile (years)	4.3	4.9	3.2	4.2	4.5
Percentage of fixed borrowings	49%	50%	59%	66%	66%

- Growth in the debt book has been mirrored by the increasing asset base of the company
 - book leverage has only increased 2.1%
- Average interest cost fell to 5.1% following successful refinancing at lower rates, rebalancing towards floating rate exposure and the decline in base rates during the year
- Credit rating is A-
- Balance sheet capacity for capital expenditure uplift

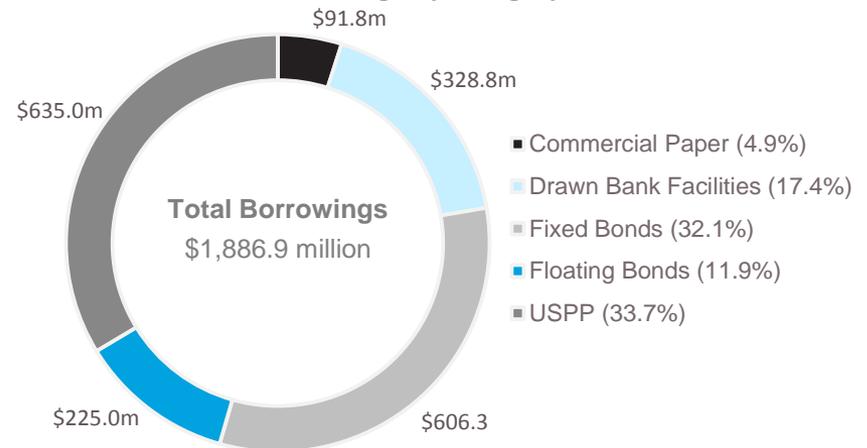
Funding

- Auckland Airport sources debt funding from a variety of markets and maintains a wide range of debt maturities
- Weighted average maturity of existing facilities of 4.3 years
- Committed headroom of \$280 million at 30 June
- Auckland Airport continues to target an A- credit rating
- Auckland Airport remains committed to dividend policy of paying ~100% of underlying NPAT
- Targeting \$500 million debt raisings in FY17
- This will refinance \$305 million of maturing debt and \$195 million of growth capital expenditure

Debt maturity profile as at 30 June 2016



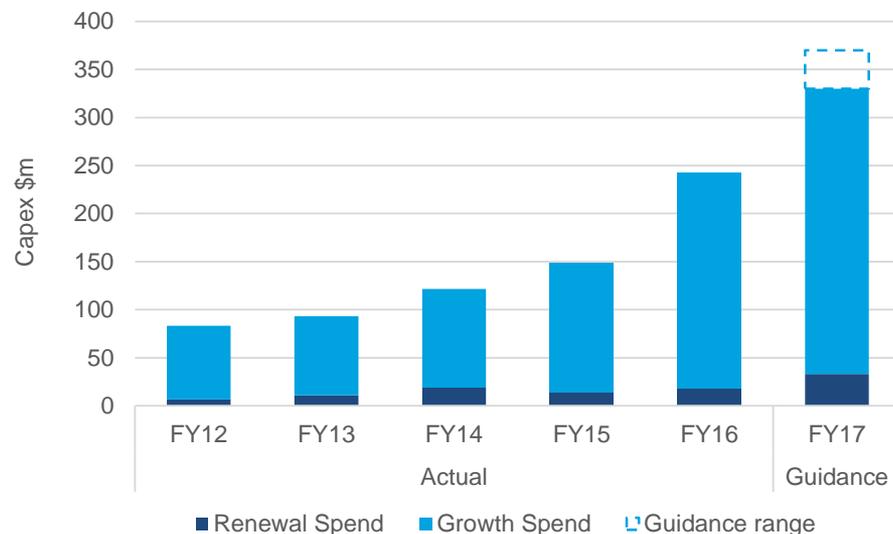
Drawn borrowings by category as at 30 June 2016



Capital expenditure

2016

October NZDCM Presentation



For the year ended 30 June	2016 \$m	2015 \$m	Change
Renewal	18.4	13.7	34.3%
Growth	224.8	133.9	67.9%
Total capital expenditure	243.2	147.6	64.8%
Depreciation	73.0	64.8	12.7%

- The majority of capital expenditure is investing for future earnings growth
- Capital expenditure is forecast to increase in FY17 to between \$330 million and \$370 million on:
 - significant aeronautical projects including the International Terminal level 1 redevelopment, the extension to International Terminal Pier B, and additional remote and contact stands; and
 - investment property developments including Fonterra, Ministry for Primary Industries, two logistics developments and the new office development Quad 7

Outlook



Guidance

- Ongoing strong growth and performance means that we are confident that the Company will again deliver strong financial results in the next 12 months
- We expect total capital expenditure of between \$330 million and \$370 million in FY17, including approximately \$232 million of aeronautical projects
- We expect underlying net profit after tax (excluding any fair value changes and other one-off items) in FY17 to be between \$230 million and \$240 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

Supportive macro environment

- ✓ Travel industry benefiting from continued favourable drivers
- ✓ Strong aircraft deliveries forecast for the Asia Pacific region over the next 20 years is expected to drive connectivity
 - 13,458 new Airbus airplanes (41% of total deliveries)¹
 - 15,130 new Boeing airplanes (38% of total deliveries)¹
- ✓ New Zealand benefitting from proximity to Asia and growing Asia-Pacific markets
- ✓ Strong New Zealand tourism market
- ✓ Growing Auckland population

Contact details

2016

October NZDCM Presentation

Debt investor inquiries

Campbell De Morgan

Treasury Specialist

DDI: +64 9 255 9029, Mobile: +64 27 478 3243

campbell.demorgan@aucklandairport.co.nz

Questions



Appendices



Significant land holdings



- Auckland Airport owns approximately 1,500 hectares of freehold land with ~300 hectares available for investment property development
- Vacant land enables staged and affordable expansion of aeronautical infrastructure as required and ongoing rental income growth

Strong revenue growth across the business

2016

October NZDCM Presentation

Revenue by segment

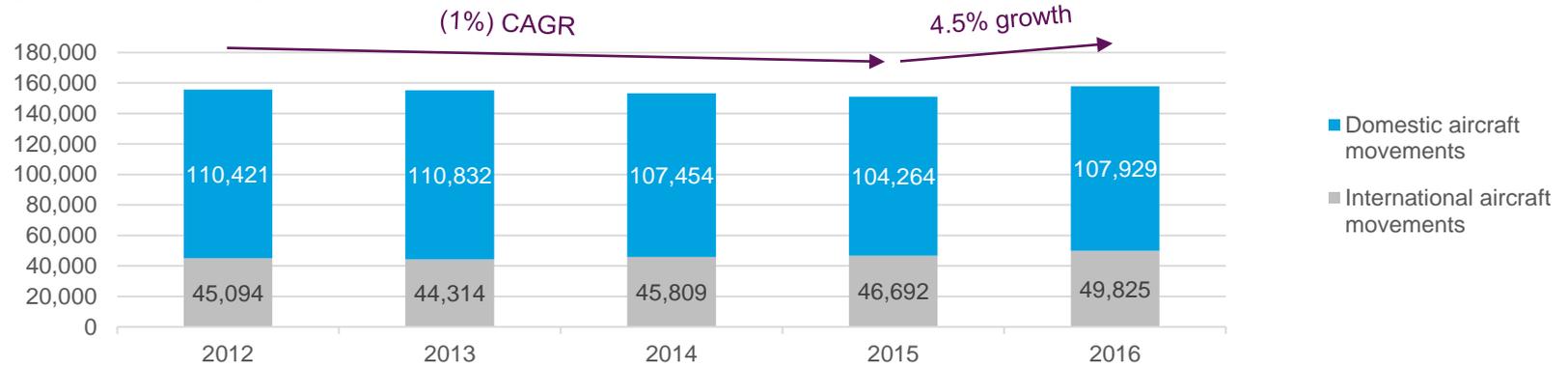
For the year ended 30 June \$m	2016	2015	2014	2013	2012	CAGR
Airfield income	103.4	93.3	87.6	81.6	77.3	7.5%
Passenger services charge	154.9	140.9	131.5	120.2	83.1	16.8%
Terminal services charge	-	-	-	-	28.6	n/a
Retail income	157.5	132.0	127.1	124.3	120.8	6.9%
Car park income	52.1	46.6	42.8	40.4	36.6	9.2%
Rental income	74.7	64.6	59.3	55.4	55.0	8.0%
Other income	31.3	31.1	27.5	26.6	25.4	5.4%
Total revenue	573.9	508.5	475.8	448.5	426.8	7.7%

- Aircraft and passenger growth drove the majority of the increase in FY16 airfield income and passenger service charge, plus 1.5% - 2.5% price increases
- Strong passenger growth, new commercial agreements in duty free and outstanding specialty performance contributed to the excellent growth in retail income
- Proactive management through the online channel resulted in higher parking transaction values, combined with higher passenger volumes
- Strong rent reviews and the completion of office and warehouse space in year drove rental increase

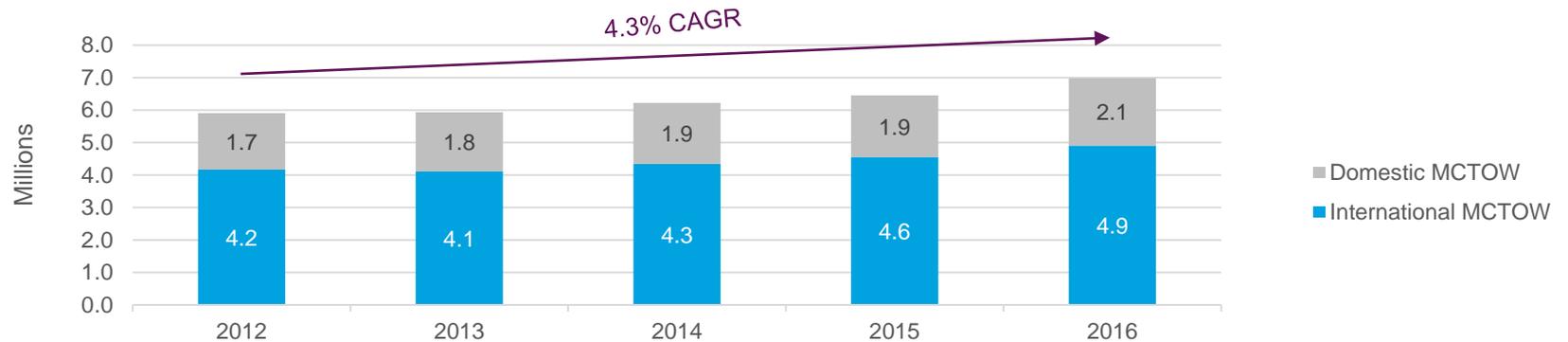


Runway movements growing

Aircraft movements



MCTOW



- Increased connectivity to new and existing destinations reversed a 7 year decline in total aircraft movements
- Up-gauging of domestic and international fleets continued in FY16, however existing carriers appear to be closer to optimal configuration, suggesting aircraft movement growth may continue



