

# Auckland International Airport Limited

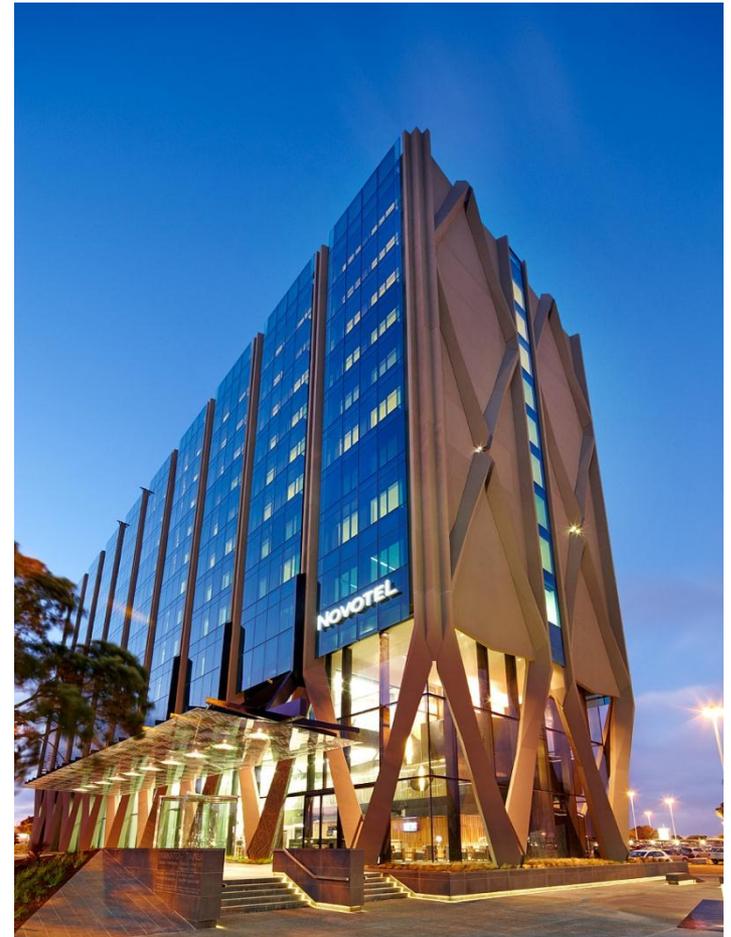
Investor Day  
16 June 2011



# Agenda

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- **9.00am** Introductions
- **9.05am** Continuing the growth trajectory  
*(Simon Moutter & Simon Robertson)*
- **10.00am** Break
- **10.30am** Shaping markets for faster growth  
*(Glenn Wedlock)*
- **11.30am** Sustaining our retail growth trajectory  
*(Adrian Littlewood)*
- **12.00pm** Lunch
- **1.00pm** Property momentum  
*(Peter Alexander)*
- **2.00pm** Tour of property precincts
- **3.00pm** Drinks



# Auckland International Airport Limited

Investor Day  
16 June 2011

*Continuing the  
growth trajectory*



# Our vision is clear

*To build a great New Zealand business recognised as a world leader in creating value from modern airports*

## Our vision is clear and focussed on our core competencies

- **Our skill in managing the large scale movement of people in an Airport**
- **Our highly effective concession/outsourced business model**
- **Our strength in developing highly efficient enabling infrastructure**
- **Our excellence in developing opportunities for growing for air services**
- **Our ability to drive retail yield performance through proactive management of the Airport environment, information and concessionaires**
- **Our proficiency in maximising yield from parking assets by developing products, markets, promotions and infrastructure**
- **Our capability in developing and managing large scale, comprehensively planned, developed, owned and managed mixed use property estates**

# Strategy evolves as business grows

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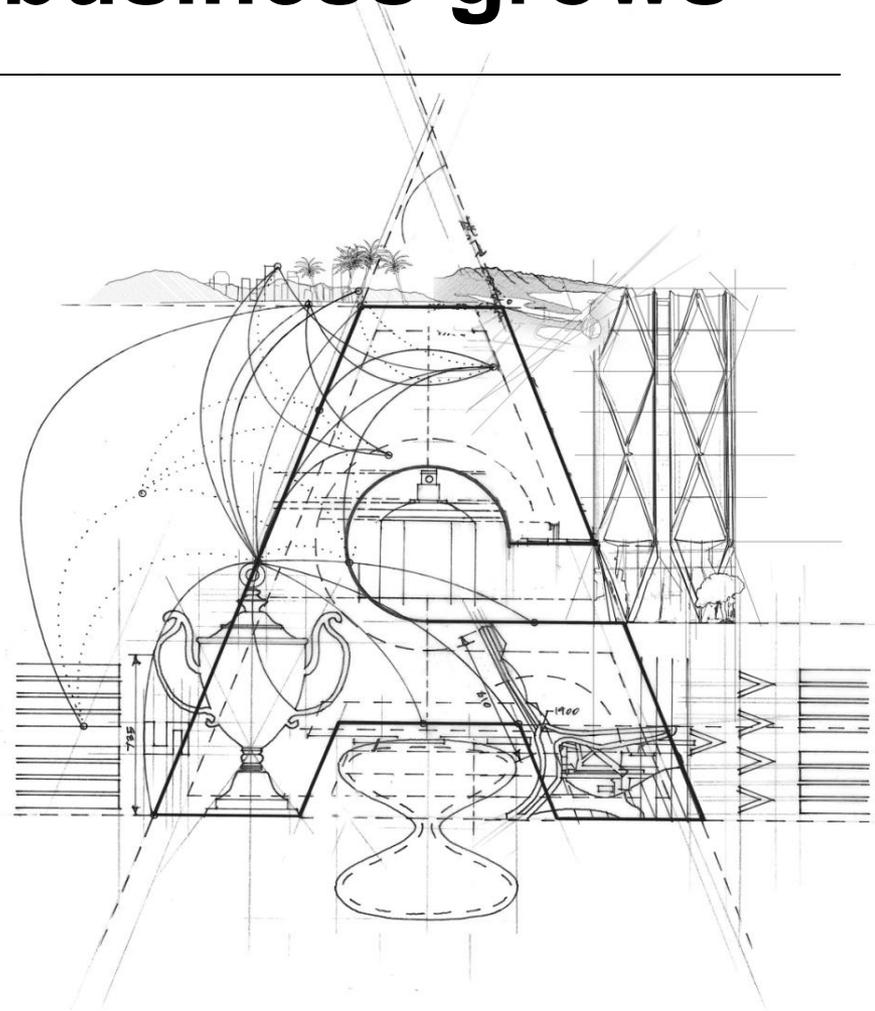
**Two years of directional clarity, boldness and strong execution is paying off**

**We have closed the capability gaps in our transformation from an infrastructure builder to a sales-led driver of growth**

**Six years of flat underlying profitability of about \$105m is behind us**

**We no longer think about kick-starting growth – the engine is running!**

**Now is the time for Auckland Airport's strategies to be "tuned-up" as we position the business to continue the growth momentum**



# Outline of June 2011 business strategy

	Strategic Themes
<b>Negotiate Win Win Commercial Frameworks</b>	Fuel growth through aeronautical commercial arrangements which deliver long-term superior value to regulated posted-terms
<b>Drive Growth in Tourism and Trade</b>	Drive a sustainable upward shift in New Zealand tourism and trade volumes and values
<b>Sustain Retail and Property Growth Trajectory</b>	Further upweight capability and resources to grow retail and property return on investment
<b>Deliver a Smarter Airport Experience</b>	Solve for future growth with smarter delivery of an excellent airport experience
<b>Maximise Beneficial Airport Partnerships</b>	Partner with our airports and others for superior growth
<b>Provide Outcome Focused Leadership</b>	Set the agenda and gain support from internal and external stakeholders

# Negotiate win-win commercial frameworks

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Not all airlines have the same growth ambitions, risk appetite or business model

A one size fits all approach to commercial arrangements limits how our airline partnerships can be grown

Auckland Airport will engage with any airline that has a desire to have an individual commercial relationship

Discussions are commencing with two airlines to see if there are common objectives with beneficial outcomes for both parties



International



Code Share

# Negotiate win-win commercial frameworks - regulatory

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**Auckland Airport is investing in changes to systems and reports in preparation for the first information disclosure reporting in May 2012**

**Also underway is a revaluation of land as at 30 June 2009 and 30 June 2011 in accordance with the MVAU methodology established by the Commerce Commission**

**Auckland Airport is appealing parts of the Commerce Commission's input methodologies for information disclosure relating to asset valuation and WACC**

**Timeframe for the merits appeal to be heard is likely to be delayed due to other companies seeking a judicial review of the Commerce Commission process**



# Driving growth in tourism and trade

**We know that international passenger volumes are a significant value driver for Auckland Airport**

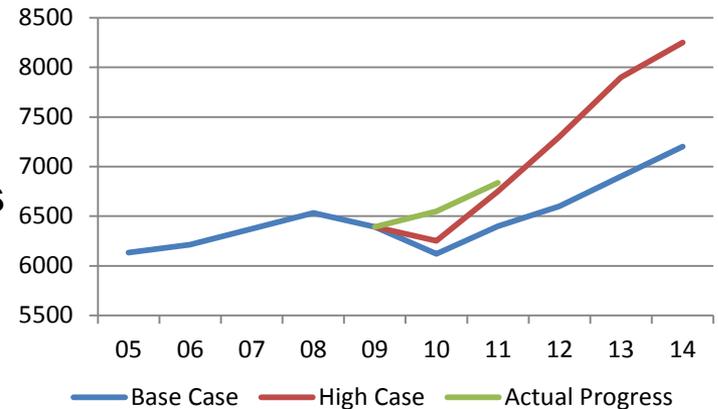
**Our 2009 aspirational goal to grow international passengers by 2 million passengers is becoming achievable**

**Our air services development work, with its focus on Asia, is having considerable success**

**IATA expect 800 million new travellers by 2014 (from 2009) with 360 million on Asia Pacific routes**

**We believe there are further opportunities to grow passenger volumes faster than the market's organic rate and we are investing further resources into delivering superior passenger growth outcomes**

2009 International passengers (excl. transits)  
planning assumptions per financial year (000's)



# Sustaining our retail growth trajectory

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**Strong retail growth in the current year driven significantly by the new passenger experience in international departures**

**Strong car parking growth in current year driven significantly by online booking channel increasing utilisation and allowing targeted promotions**

**As we lap the commencement of these initiatives the strategies for growth relate to leveraging off proactive landlord approach and targeted marketing and commercial initiatives**

**Our objective is to lift passenger spend rates while still growing passenger volumes**



# Sustaining our property growth trajectory

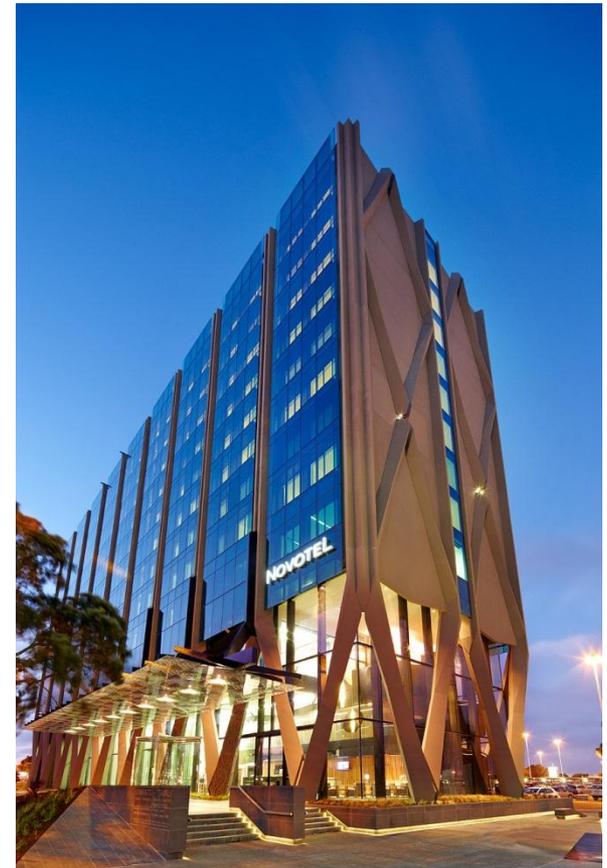
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**Our property growth strategy is to have a clear property proposition, increase amenity and gain critical mass to leverage opportunities between each property precinct**

**We have developments underway or just finished in accommodation, industrial and office segments**

**One currently untapped opportunity is linked to retail opportunities in the Altitude precinct**

**Our objective is to gain more than our fair share of market opportunities to grow our property divisions rent roll to between \$50m and \$60m by FY14**



# Deliver a smarter airport experience

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**This new strategic theme ensures that our short-term and long-term airport infrastructure provides the quality experience demanded by passengers**

**Links to changing technologies and innovation to improve departures, arrivals and border initiatives**

**Efficient airport processes increase the propensity to travel and increase the available capacity (deferring growth capital expenditure)**

**Work on master planning initiatives is underway to test our terminal and runway plans to ensure they unlock the full value potential of aeronautical and non-aeronautical revenues**



# Why masterplanning is a key component of strategy

## A320-200 fleet up gauge impact on the DTB will be significant

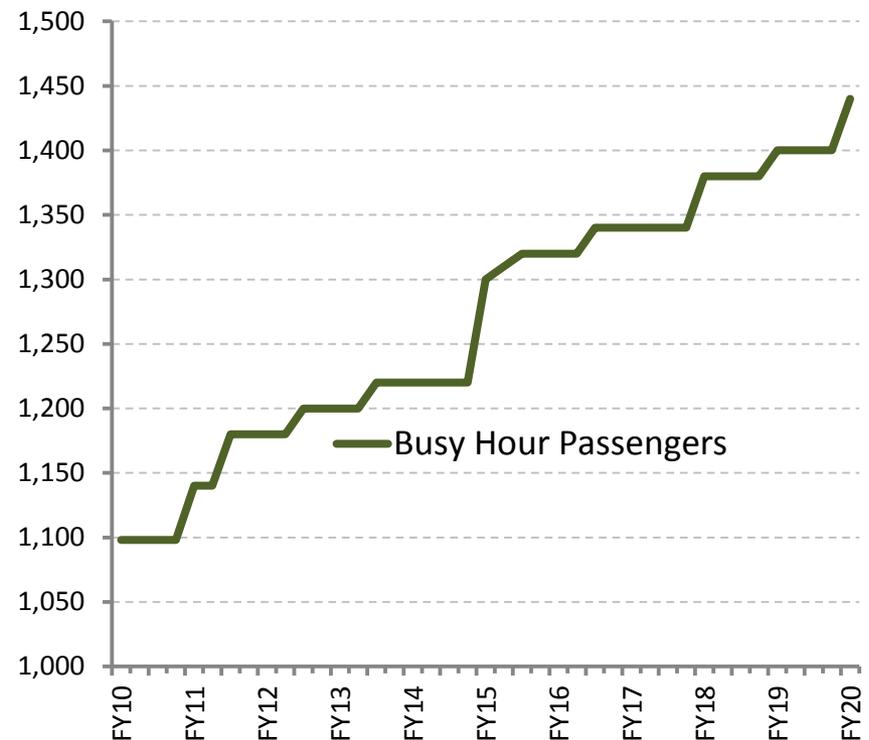
Between FY 11–16, Air NZ will take delivery of 14 Airbus 320-200 jets, each configured to seat 171 passengers

This compares with the 133 seat configuration of the Boeing 737's they replace

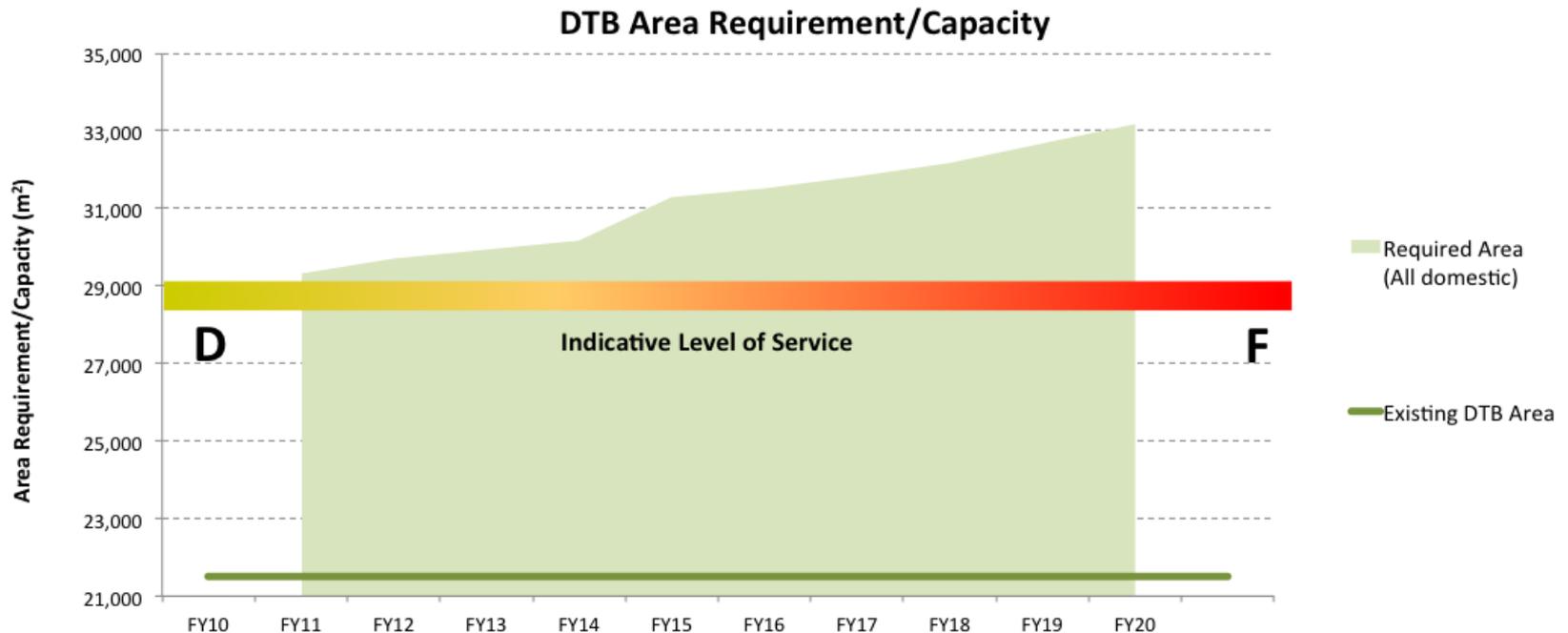
The fleet replacement is 'like for like' with no schedule change. Air NZ is committed to selling the additional capacity

Over this period, absent other changes, peak busy hour traffic will increase 18% overall in the DTB, with Air NZ jet facilities at the centre experiencing a 28% increase

Any concerted Jetstar response or new entrant would be incremental to peak busy hour passenger numbers



# Impact of pax growth on DTB service experience



The domestic terminal is currently ~27% undersize for its peak busy throughput, based on IATA standard C (represented by the shaded green area). Absent any intervention, the service experience will continue to slide to the bottom of the IATA scale.

# Together with airlines we will find the path for a better solution

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We are working towards identifying the best solution with our domestic airlines.

Options include investing in the current DTB location

- lower initial cost
- probably a medium-term solution

Or investing in a new DTB to the north of the ITB with or without a northern runway

- higher initial cost particularly if a northern runway is included in solution
- provides a long-term solution

Or accepting a lower level of service outcomes

The solution including timing, value of capital expenditure and aeronautical revenue impact are to be resolved but will require an agreed path with our airline customers

# Maximising beneficial airport partnerships

**Driving value from our positions in NQA and Queenstown enables Auckland Airport to share in the growth of fast growing airports**

**NQA improvement milestones for FY11 are on track to be surpassed**

**Queenstown legal position behind us and actual performance is above business case**

**Our airport expertise is delivering value and we believe further strong growth remains achievable**

**We would be happy to invest further in these airports but no path for increased stakes is currently likely**

**Working with other airports may also be possible on air services development or other opportunities (like approach to insurance)**



# Providing outcome focused leadership

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**We know that strong internal leadership qualities will transfer into higher value creation**

**We are a leading company in supporting, promoting and building New Zealand tourism**

**Strong internal and tourism leadership will lead to heightened growth outcomes for Auckland Airport's investors but also for Auckland and New Zealand**

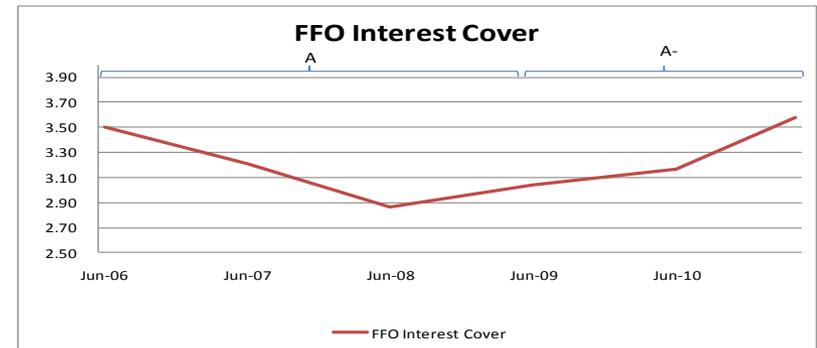
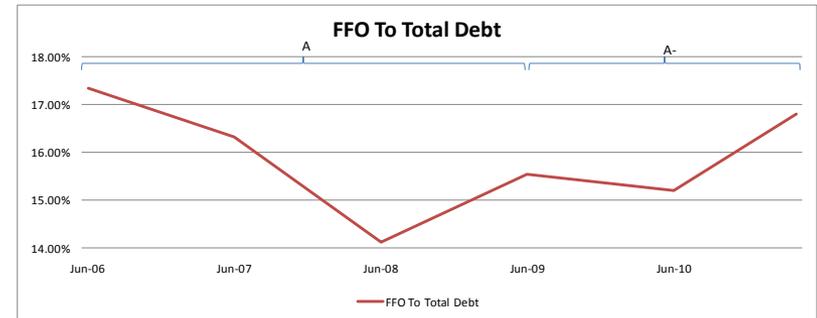
# Our growth is supported by a strong balance sheet

**Our debt levels have remained constant since 2008**

**Gross interest costs (excluding capitalised interest) has been falling from 2009 while cash flow has been increasing**

**Credit metrics are now stronger when the Company was an A rated entity**

**We believe this positions Auckland Airport well to invest for the future in property and in necessary aeronautical capital expenditure while maintaining a strong credit rating and continuing to distribute 90% of underlying profits to shareholders**



# Our big targets

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**Our aspirations for growth are strong. We are excited by the growth potential of the business and continue to challenge our people, the markets and our investments in assets to deliver results beyond planning assumptions**

**We are having success on the path to our big targets including:**

**We are committed to work together to unlock the potential value in our airport businesses to grow earnings above \$150m by FY13**



# Our big targets

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**Our aim is to grow international passenger numbers (excluding transits) by 2 million movements by FY14**

**We believe that the greatest opportunity for passenger movement growth in the medium and long-term is from Asia. Therefore we will focus our efforts to capitalise on the Asian opportunity so that New Zealand is an early preference for the fastest growing markets. From a base year of FY10 we will aim to double Chinese arrivals by FY16 and increase Indian arrivals by 50% by FY14**

**We will aim to develop the property business so that the committed rent roll on leased property outside of the terminals is between \$50m and \$60m by FY14**

**We will aim to develop the products available to passengers to grow our retail business segment to \$170 million by FY13**



# Impact of natural events/disasters

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**Long-term impact of Christchurch, Japan, and Chile ash cloud events still not yet known**

**Has been some short-term and modest impact on traffic flows to NQA, ZQN and Auckland**

**Impact of Japan on Cairns likely to slow the very strong growth momentum experienced this financial year**

**Any adverse impact on New Zealand tourism market will likely be mitigated by a market response to shift travel itineraries and by a diverse passenger base and multiple connectivity options**

**Business and VFR travel unlikely to be significantly impacted**



# The case for investment

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**Low risk exposure to Asia–Pacific growth story**

**Ownership position in four airports all with considerable upside potential**

**Growth strategies succeeding in growing passenger volumes, aero revenues, retail yields and property rents and plenty more to come**

**Strong Balance Sheet with diversified sources of funding**

**Guidance for full year has a significant lift on prior year and long-term prospects for our airports and the markets they serve are strengthening**



# Questions

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# Shaping markets for faster growth

determination<sup>NZ</sup>

# Shaping markets for faster growth

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**We aim to influence the shape of travel market to open opportunities faster than they would otherwise occur**

**We focus on where we believe the opportunities are the greatest**

**We will work with multiple parties to maximize opportunities, open new markets and/or ease the burden on the traveller**

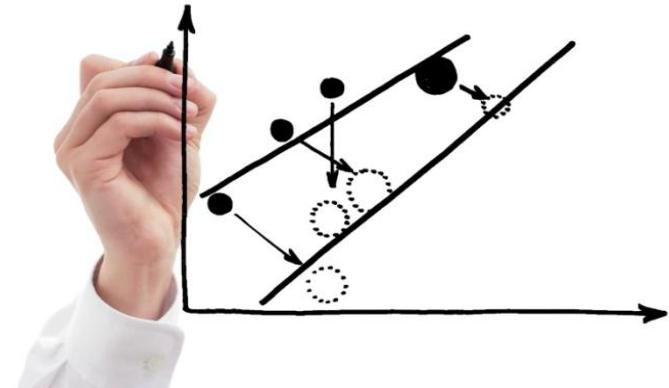
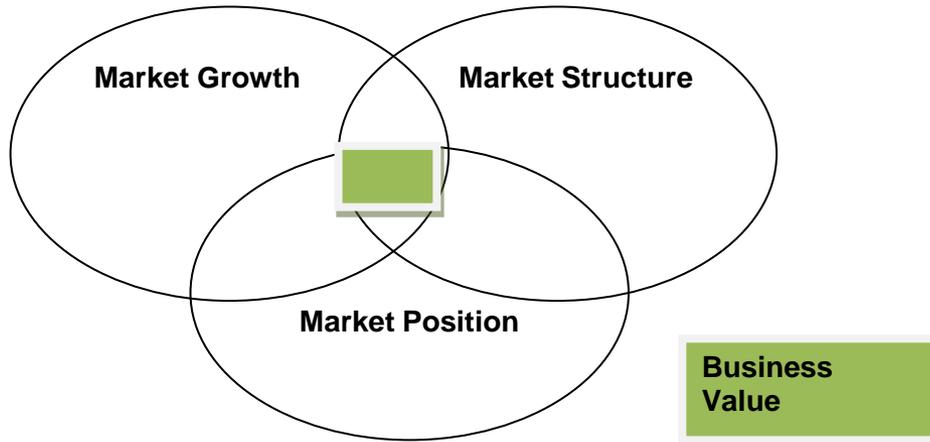
**New Zealand fights for attention in travel markets and we aim to ensure the New Zealand opportunity gets noticed**

**We are prepared to invest our resources, including marketing as we believe the value of bringing forward growth is a long-term high value investment**



# Market structure as a driver of growth

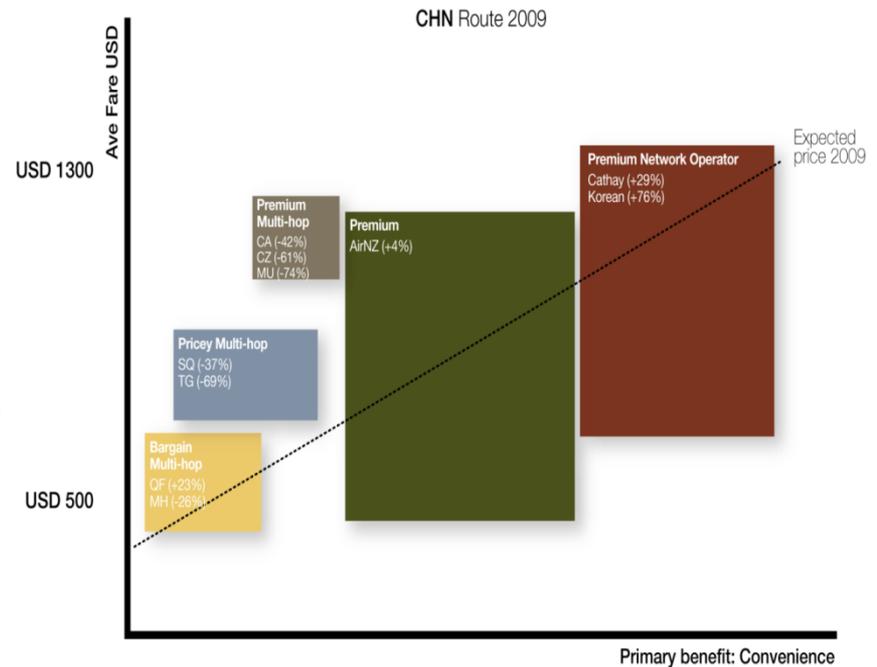
**To drive our business value we must drive growth and residual value.** Given capital intensity we need to develop the right market structure and our competitive position.



# Market structure as a driver of growth

Primary benefit is a platform we call convenience. To understand the market structure we question aspects of the market eg:

- Where are the players positioned?
- What is the shape and size of the market and is this desirable?
- What are the market leading indicators?

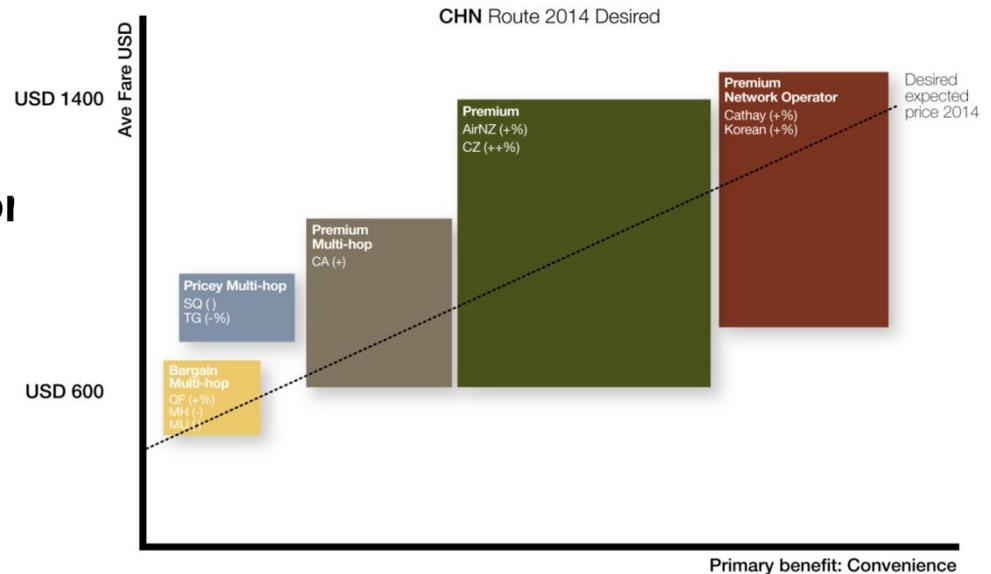


Source: SABRE ADI

# Market structure as a driver of growth

We then consider a possible future view and then question:

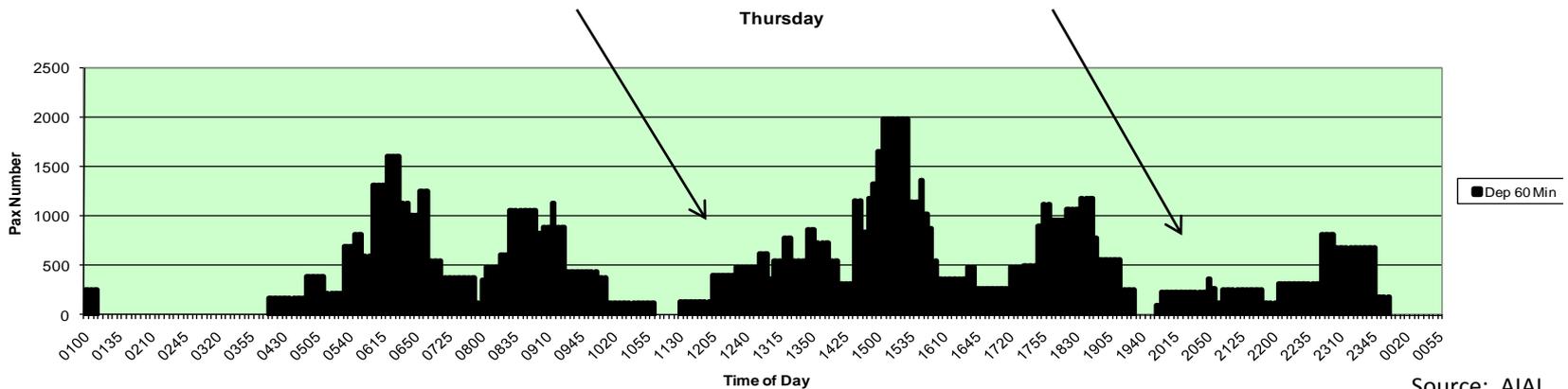
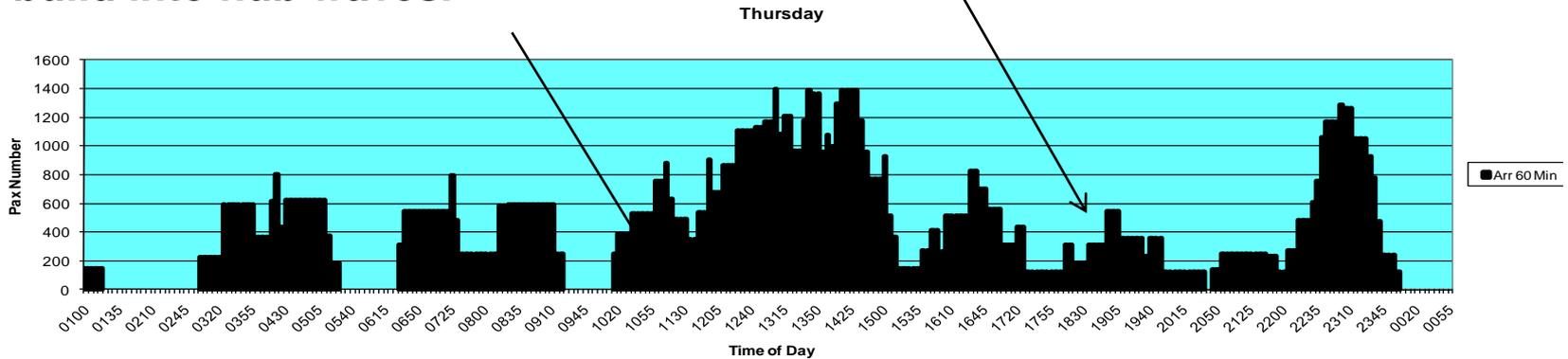
- Is it desirable?
- What are the implications for customers?
- How do we shape the market?
- Product implications?
- What is the risk?



Source: SABRE ADI

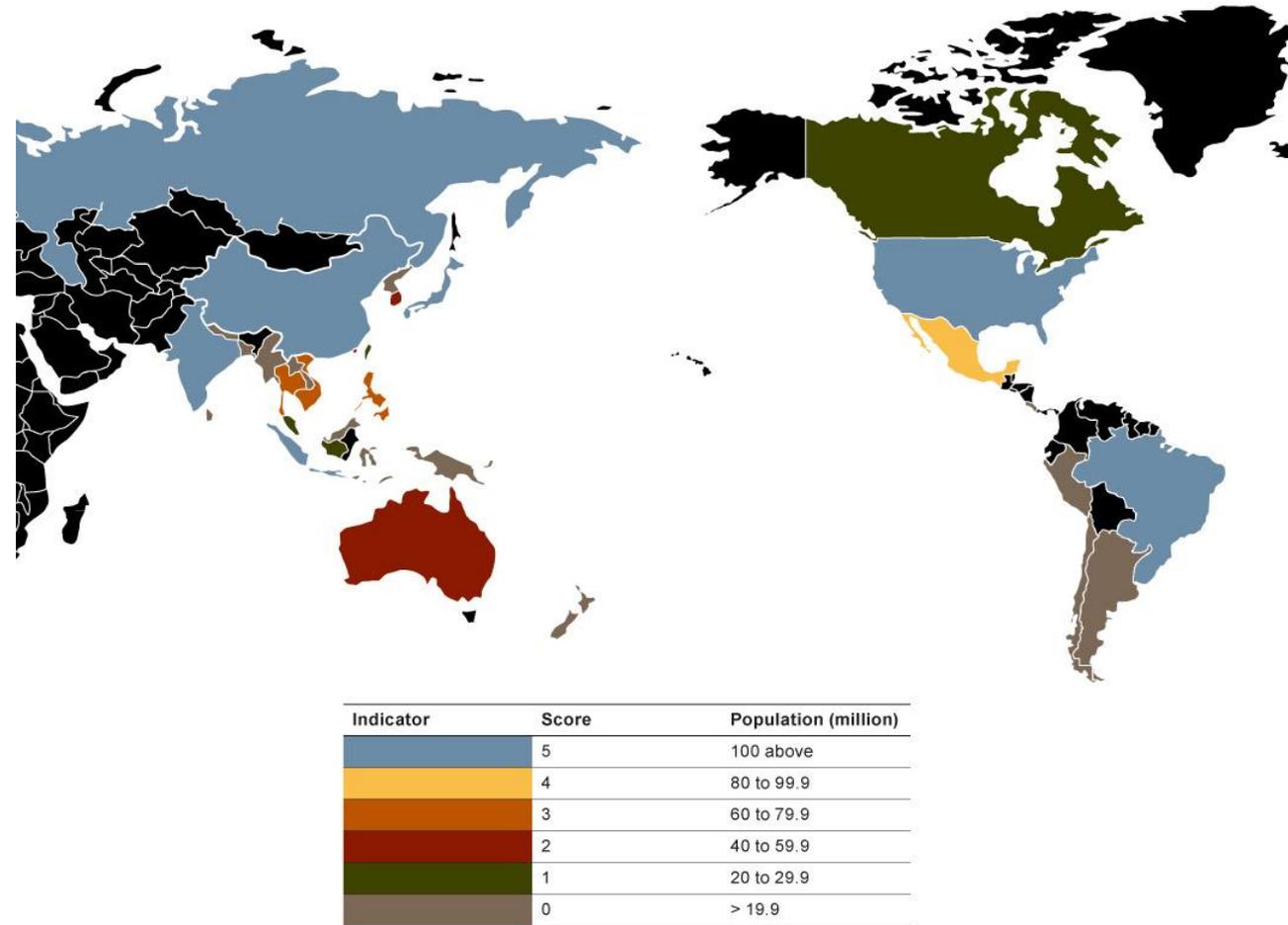
# Where can we build utilisation and connection

To grow markets we need to ensure we have the capacity to capture opportunities. Long haul flights build utilisation across the day to build into hub waves.



Source: AIAL

# Population size of countries accessed by direct flight is important to understand market opportunities



Country	Rank
Argentina	1
Australia	1
Brazil	5
Brunei	0
Cambodia	0
Canada	1
Chile	0
China	5
Cook Islands	0
Costa Rica	0
Ecuador	0
Fiji	0
French Polynesia	0
Hong Kong	2
India	5
Indonesia	5
Japan	5
Korea	2
Laos	0
Malaysia	1
Mexico	4
Myanmar	0
Nepal	0
New Caledonia	0
Papua New Guinea	0
Peru	0
Philippines	3
Russia	5
Samoa	0
Singapore	0
Sri Lanka	0
Taiwan	1
Thailand	3
Tonga	0
United States of America	5
Vanuatu	0
Vietnam	3

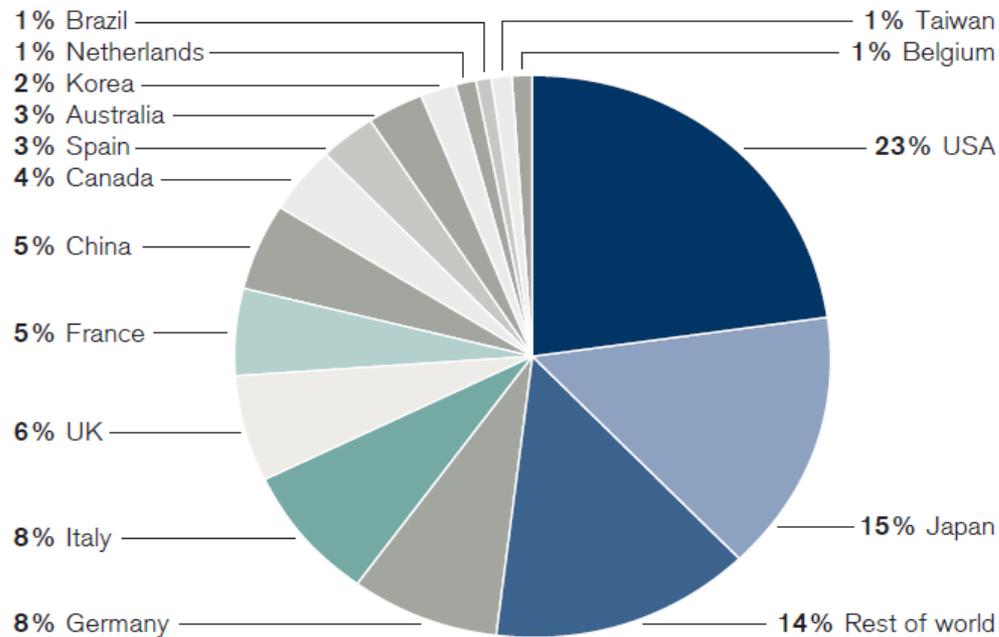
Source: ASPERION

# As is understanding population wealth characteristics

Figure 4

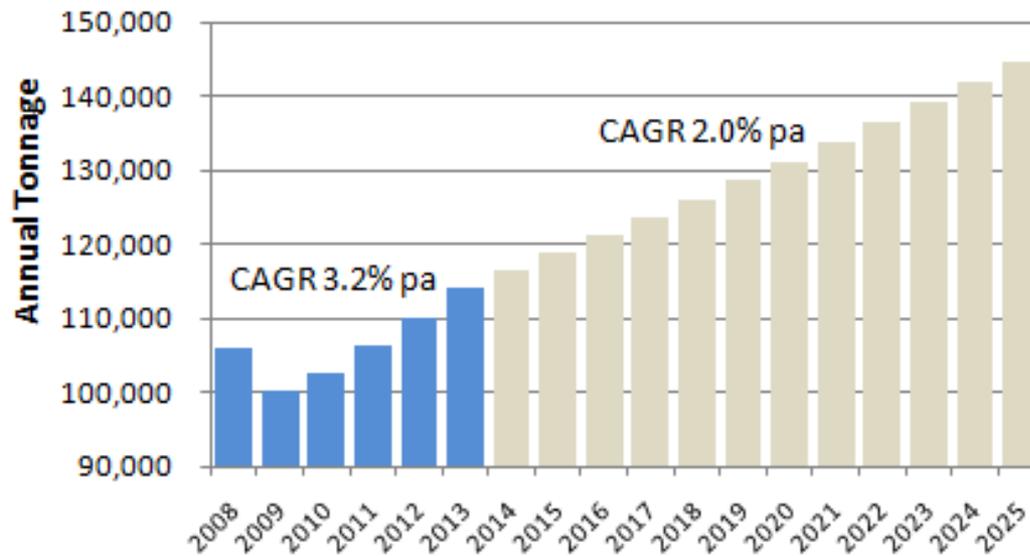
## Owners of wealth above USD 100,000 by country of residence

Source: Credit Suisse Global Wealth Databook, Shorrocks/Davies/Lluberias



# Freight volumes provide a market opportunity

Projected growth in Auckland air freight export volumes and compounded annual growth rate to 2025



Organic growth forecasts of 3.2%.

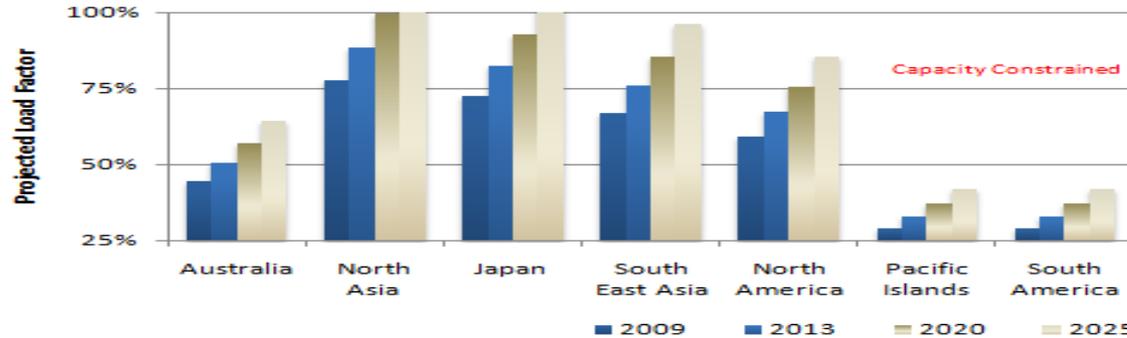
For 12 months ending April total airfreight volumes increased by 2.2%.

April month was up 12.5%.

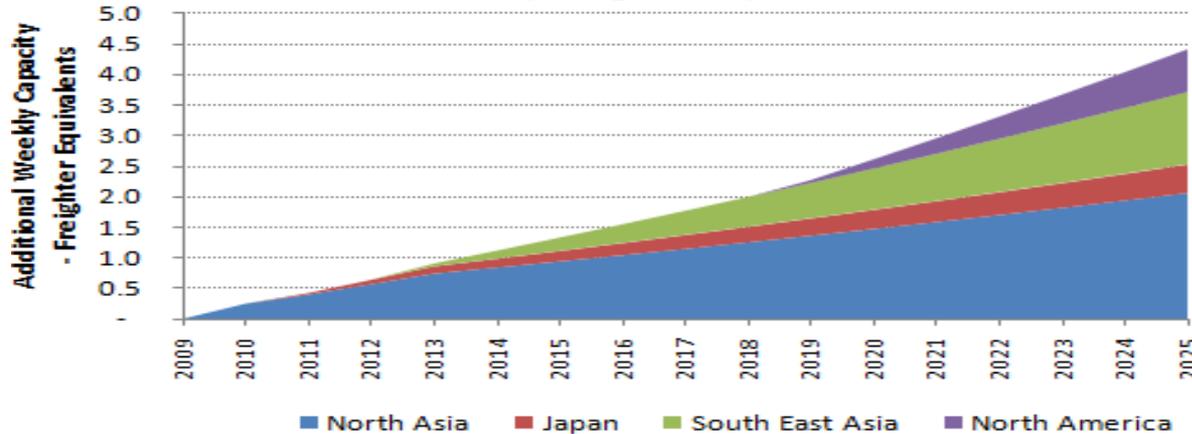
Source: EAGLE I

# As some routes are constrained for freight

**Projected load factor by non stop route (all carriers)  
- 2009 to 2025**



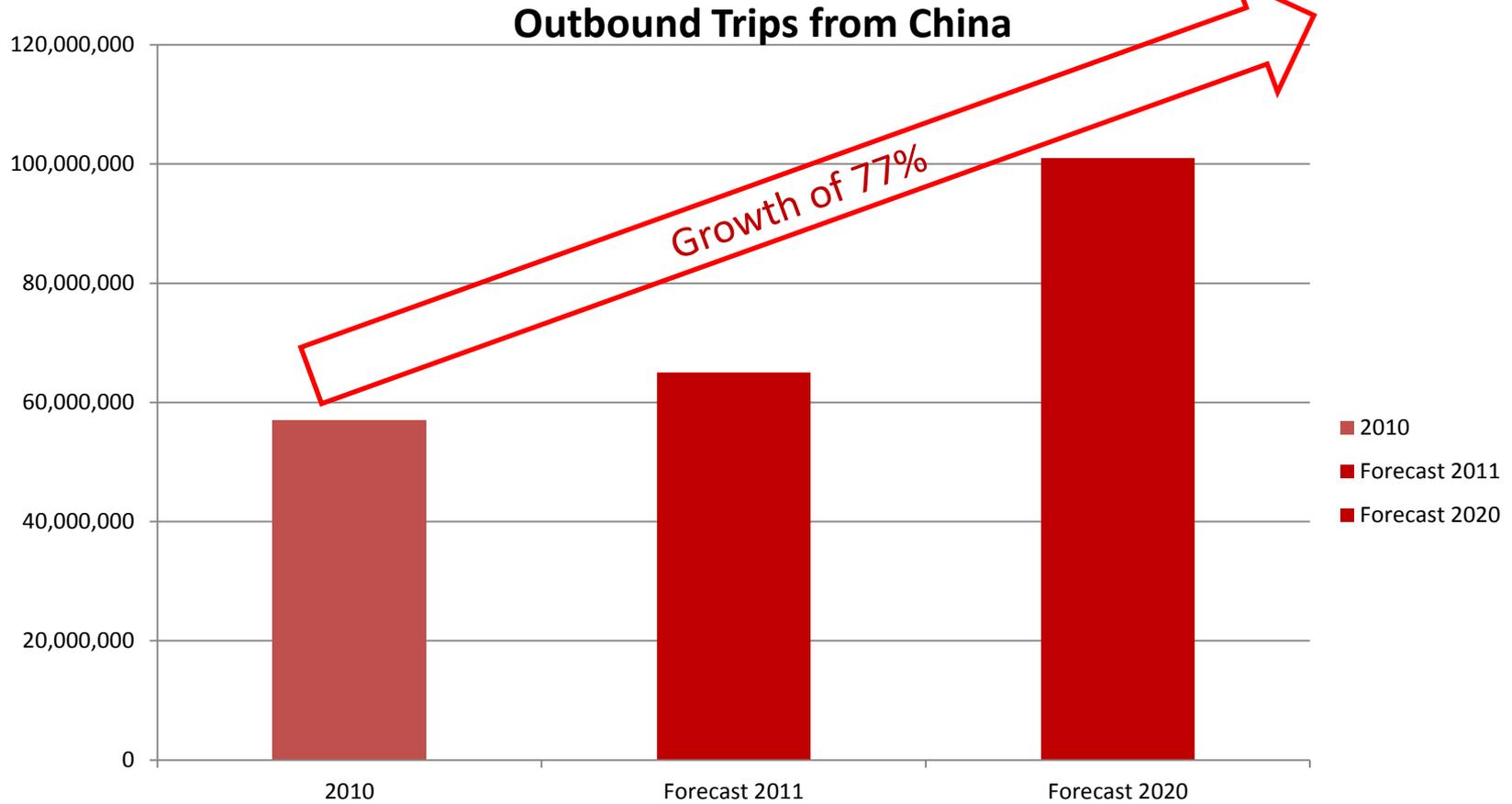
**Additional capacity to accommodate organic growth -  
weekly freighter equivalents**



**Target 29 weekly 777-200 to meet organic growth with North Asia begin identified as constrained**

Source: EAGLE I

# Growing markets will get our attention



Source: WTO, BCG

# China is volume and massive wealth!

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- 1.34 billion people
- China replaced the United States as NZ's second-largest export market at US\$2.66 billion
- 57 million outbound trips in 2010
- NZ currently 0.2% of market
- One in every 175 people in Shanghai has personal wealth of US \$1.5 m
- Estimated 4,000 RMB billionaires in China
- 30% of London luxury good sales made to Chinese travellers



Source: CNTA, BCG

# Development of high value travel from China

	Inexperienced travelers	Experienced mass-market travelers	Experienced affluent travelers
<b>Attitudes and aspirations</b>	<ul style="list-style-type: none"> <li>◇ Travel is for sightseeing—the more the better</li> <li>◇ Traveling around the world is a lifetime dream</li> </ul>	<ul style="list-style-type: none"> <li>◇ Travel is to explore cities outside nearby regions</li> <li>◇ Outbound travel is an indication of status and special occasions</li> </ul>	<ul style="list-style-type: none"> <li>◇ Travel is good for relaxation and stress relief</li> <li>◇ Prefer to return to places that offer relaxing activities and a slower pace of life</li> </ul>
<b>Trip activities</b>	<ul style="list-style-type: none"> <li>◇ Packed schedules of must-see sites</li> <li>◇ Historical sites and museums</li> </ul>	<ul style="list-style-type: none"> <li>◇ Sightseeing and relaxing entertainment</li> </ul>	<ul style="list-style-type: none"> <li>◇ Entertainment, shopping, and luxury accommodations rather than overscheduled sightseeing</li> </ul>
<b>Trip planning</b>	<ul style="list-style-type: none"> <li>◇ Travel agencies for packaged tours and booking assistance</li> <li>◇ Word of mouth, TV, and websites</li> </ul>	<ul style="list-style-type: none"> <li>◇ Fewer packaged tours and more independently planned trips</li> <li>◇ Online search and booking</li> </ul>	<ul style="list-style-type: none"> <li>◇ Websites are the main channel for travel planning</li> <li>◇ Premium theme-based tour packages for outbound trips</li> </ul>
<b>Share of total travel spending<sup>1</sup></b>			
2010	◇ 56%	◇ 23%	◇ 21%
2020	◇ 33%	◇ 26%	◇ 41%

**Sources:** BCG Chinese Consumer Travel Survey, July 2010; BCG consumer interviews.  
**Note:** We define inexperienced travelers as those with fewer than three years of travel experience who have taken fewer than three trips in the past 12 months. Experienced mass-market and affluent travelers have made more than three trips in the past 12 months.  
<sup>1</sup>Share of the total value of the domestic and outbound overnight leisure markets.

Source: BCG

# Routes – Competition for aircraft is fierce



## Facts

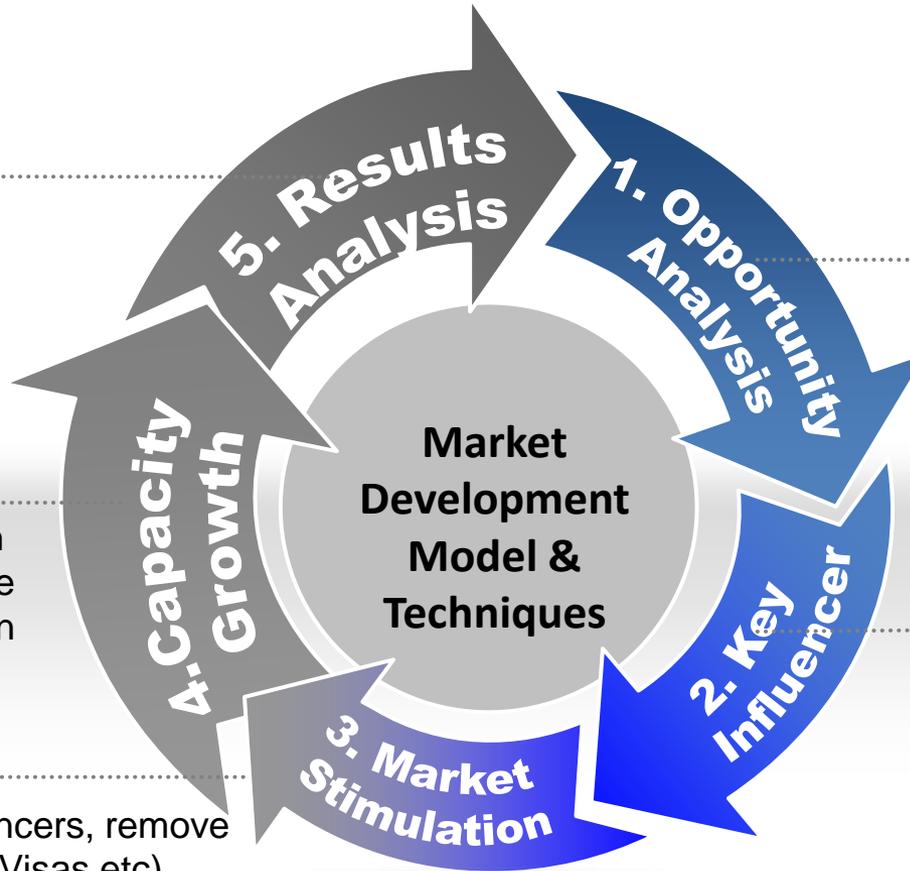
- 2 Days
- 350 Airlines
- 750 Airports
- 2300 Attendees
- 28,000 Meetings

# The Development Playbook!

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- Easy- Air rights, Visas, Distribution, Network fit**
- Strategic Imperative: create case, resolve issues, buy in from partners, building influence, creating opportunity cost, regional/alliance strategy link**
- Great value & result: Comparative advantage, growth, support, developing success, creating the success story, building depth**

# Market Development Loop



Learning from results to improve our knowledge and develop sustainable market structure

Target growth market segments through considered and detailed analysis of markets

Securing capacity growth is a fundamental outcome of the demand stimulation

Work with key influencers for the route and market. This can be industry partner, airline, airline executive, politician, consumer opinion leaders or distribution agent

Stimulate through influencers, remove impediments to growth (Visas etc), create market segmentation, building high value markets, develop market structure

# Need to stand out from the crowd

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# As opposed to hiding in the detail

In Guangzhou there was previously limited promotion as less capacity available to potential customers

**2009年黄金周旅行社 广东第一** 广州用户满意度调查第一名 全国十佳旅行社集团 广东唯一全国十大入境组团社 61年中国品牌 61年诚信经营

## 斥资数千万 包机包船 直达世界

**11月21日 春节抢鲜大热卖** 时间: 11月21日 13:00-17:00 地点: 中国大酒店26层

<b>特价专区</b> 中山长隆游1天 88元 广州一日游 98元 佛山一日游 99元 佛山一日游 99元	<b>双重抽奖</b> 现场抽免费游深圳大南山 抽幸运金条游香港等惊喜 惊喜连连, 惊喜连连!	<b>半价风暴</b> 游欧美香港泰国曼谷 买400送1000元使用 凡100元送2000元使用	<b>买一送一</b> 凡热卖会场报名 指定线路即可获赠 国内游	<b>高额优惠</b> 现场报名参团 最高优惠 2400元	<b>免费升舱</b> 现场报名参团 有机会升舱至商务舱 名额有限先到先得	<b>早教互动</b> 现场赠送新东方早教 亲子互动手册 参团即送新东方早教 亲子互动手册
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### 澳洲包机

12月20日前报名澳洲春节线路即可优惠500元/人

澳洲大墨尔本7天 12799	澳洲大墨尔本7天 26999
澳洲大墨尔本7天 16699	澳洲大墨尔本7天 16499
澳洲大墨尔本7天 10099	澳洲大墨尔本7天 14799
澳洲大墨尔本7天 22099	

### 包船游台湾

经典台湾邮轮假期4晚5天 香港-台北-基隆-台北-香港 4999元  
香港-三亚-越南下龙湾-香港4晚5天 2799元

### 东南亚

曼谷4天 2899元, 曼谷5天 3788元, 曼谷6天 4299元, 曼谷7天 5199元, 曼谷8天 6099元, 曼谷9天 6999元, 曼谷10天 7899元, 曼谷11天 8799元, 曼谷12天 9699元, 曼谷13天 10599元, 曼谷14天 11499元, 曼谷15天 12399元, 曼谷16天 13299元, 曼谷17天 14199元, 曼谷18天 15099元, 曼谷19天 15999元, 曼谷20天 16899元, 曼谷21天 17799元, 曼谷22天 18699元, 曼谷23天 19599元, 曼谷24天 20499元, 曼谷25天 21399元, 曼谷26天 22299元, 曼谷27天 23199元, 曼谷28天 24099元, 曼谷29天 24999元, 曼谷30天 25899元

### 东非

肯尼亚4天 10999元, 肯尼亚5天 11899元, 肯尼亚6天 12799元, 肯尼亚7天 13699元, 肯尼亚8天 14599元, 肯尼亚9天 15499元, 肯尼亚10天 16399元, 肯尼亚11天 17299元, 肯尼亚12天 18199元, 肯尼亚13天 19099元, 肯尼亚14天 19999元, 肯尼亚15天 20899元, 肯尼亚16天 21799元, 肯尼亚17天 22699元, 肯尼亚18天 23599元, 肯尼亚19天 24499元, 肯尼亚20天 25399元, 肯尼亚21天 26299元, 肯尼亚22天 27199元, 肯尼亚23天 28099元, 肯尼亚24天 28999元, 肯尼亚25天 29899元, 肯尼亚26天 30799元, 肯尼亚27天 31699元, 肯尼亚28天 32599元, 肯尼亚29天 33499元, 肯尼亚30天 34399元

**国家旅游局最新公布 "2009年全国十佳旅行社集团, 全国出境旅游十佳旅行社" 排名中广之旅再次双双名列广东第一**

## 无忧假期 二人同行

广州直航马尔代夫

<b>致胜岛</b> 4天3晚 14399	<b>椰子岛</b> 4天3晚 8399
<b>明月岛</b> 4天3晚 10899	<b>金多玛岛</b> 4天3晚 8399
<b>天堂岛</b> 4天3晚 7699	<b>白鸟岛</b> 4天3晚 8199

### 东南亚

曼谷4天 2499元, 曼谷5天 2799元, 曼谷6天 2699元, 曼谷7天 3369元, 曼谷8天 4299元, 曼谷9天 3099元, 曼谷10天 3999元, 曼谷11天 5999元, 曼谷12天 3649元, 曼谷13天 4799元



# To further develop greater connections and more capacity



## 经典-新西兰南北岛100%纯净之旅8天

- 特别安排：“企鹅镇”--奥玛鲁观蓝眼小企鹅；
- 美食赏不停：世界十大美景餐厅--皇后镇山顶海鲜自助餐、奥克兰三文鱼刺身、罗托鲁瓦鹿膳餐；
- 绝美皇后镇、毛利文化村、纽式爱歌顿农庄等经典景点一网打尽！

广州往返 5月1日出发 **13989** 元

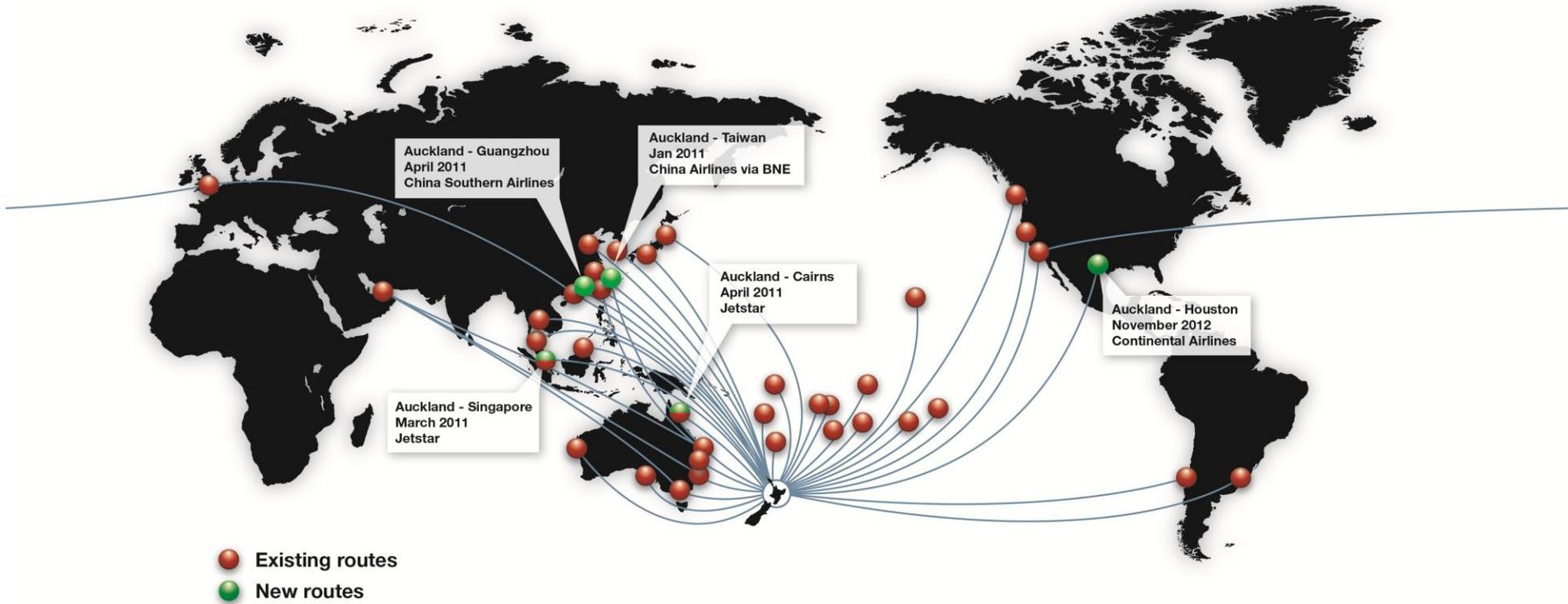
## 经典-澳洲（大堡礁）新西兰北岛欢乐10天/精华12天/南北岛全赏14天

- 遍游澳洲、新西兰各大经典之地，赏尽南半球绝美秋色■12天加游绿岛大堡礁，14天加游新西兰南岛。

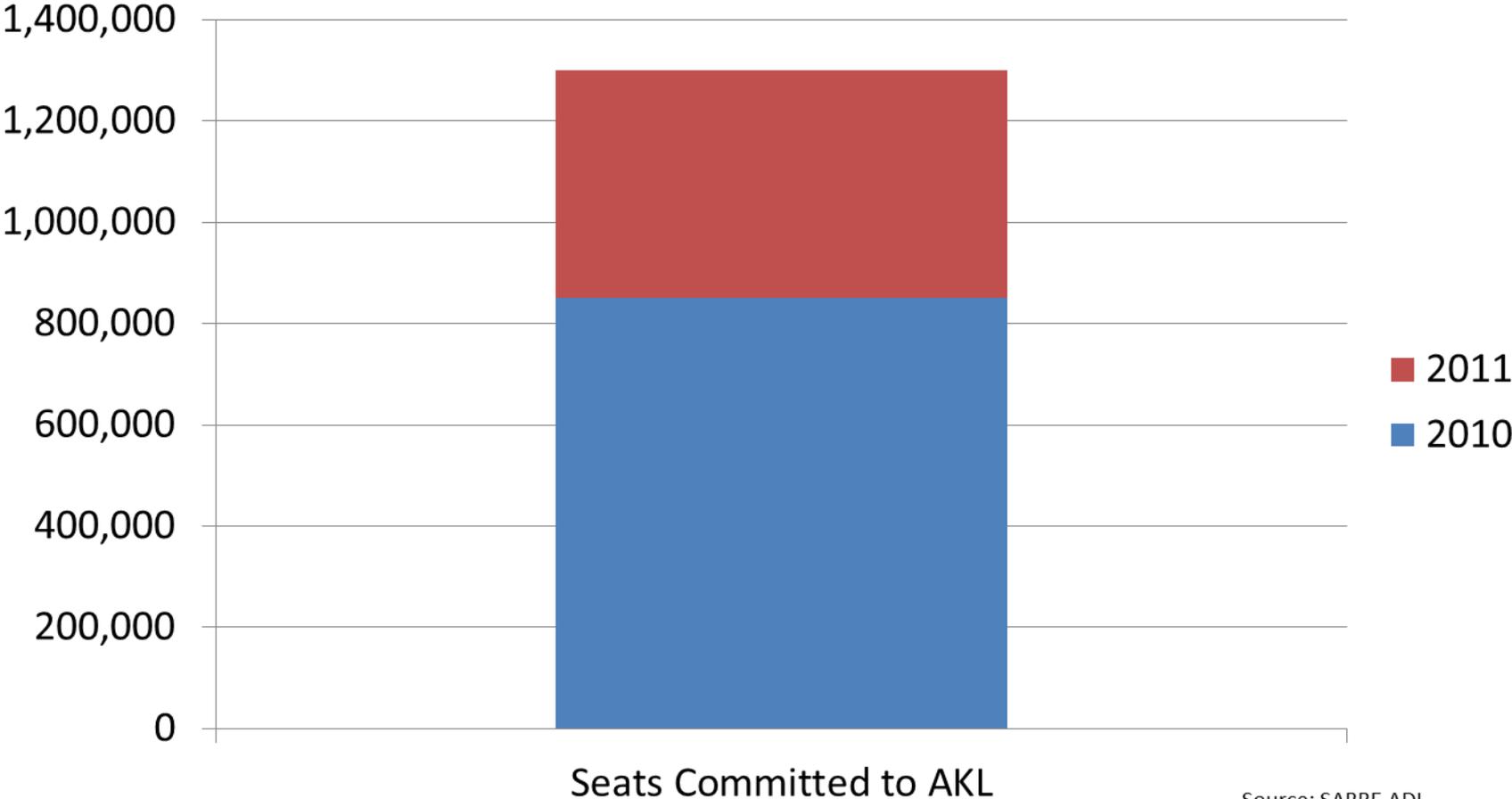
10天：4月15、22、29日，5月6、13、20、27日  
 12天：4月13、20、27日，5月4、9、16、23、30日  
 广州往返：4月14、29日，5月6、13、20、27日  
 14天：4月15、22日 5月6、13、20、27日

10天  
 最低价 **16389** 元

# We are connected well to the World



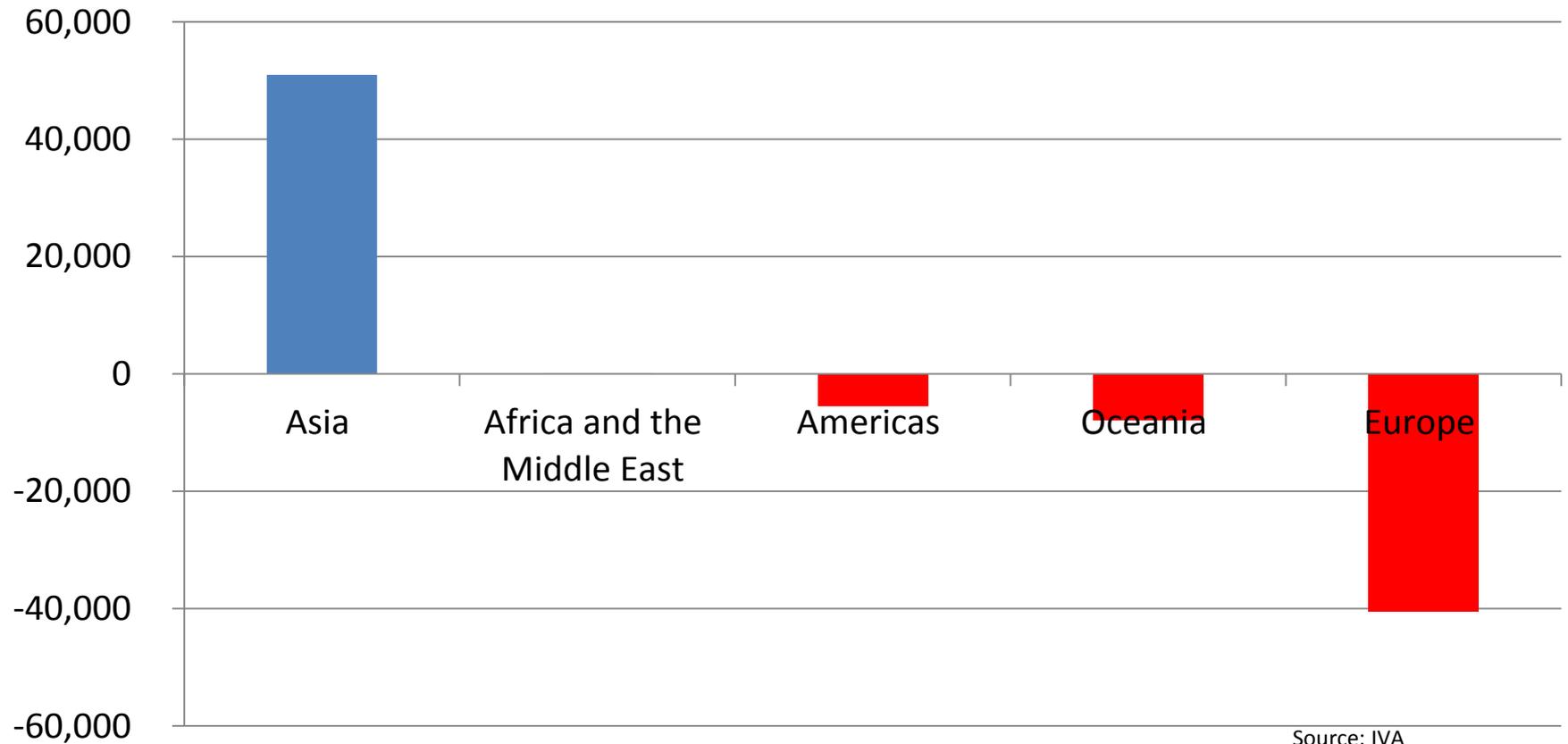
# And we have gained commitments for in excess of 1.3m international seats in the last 2 years



Source: SABRE ADI

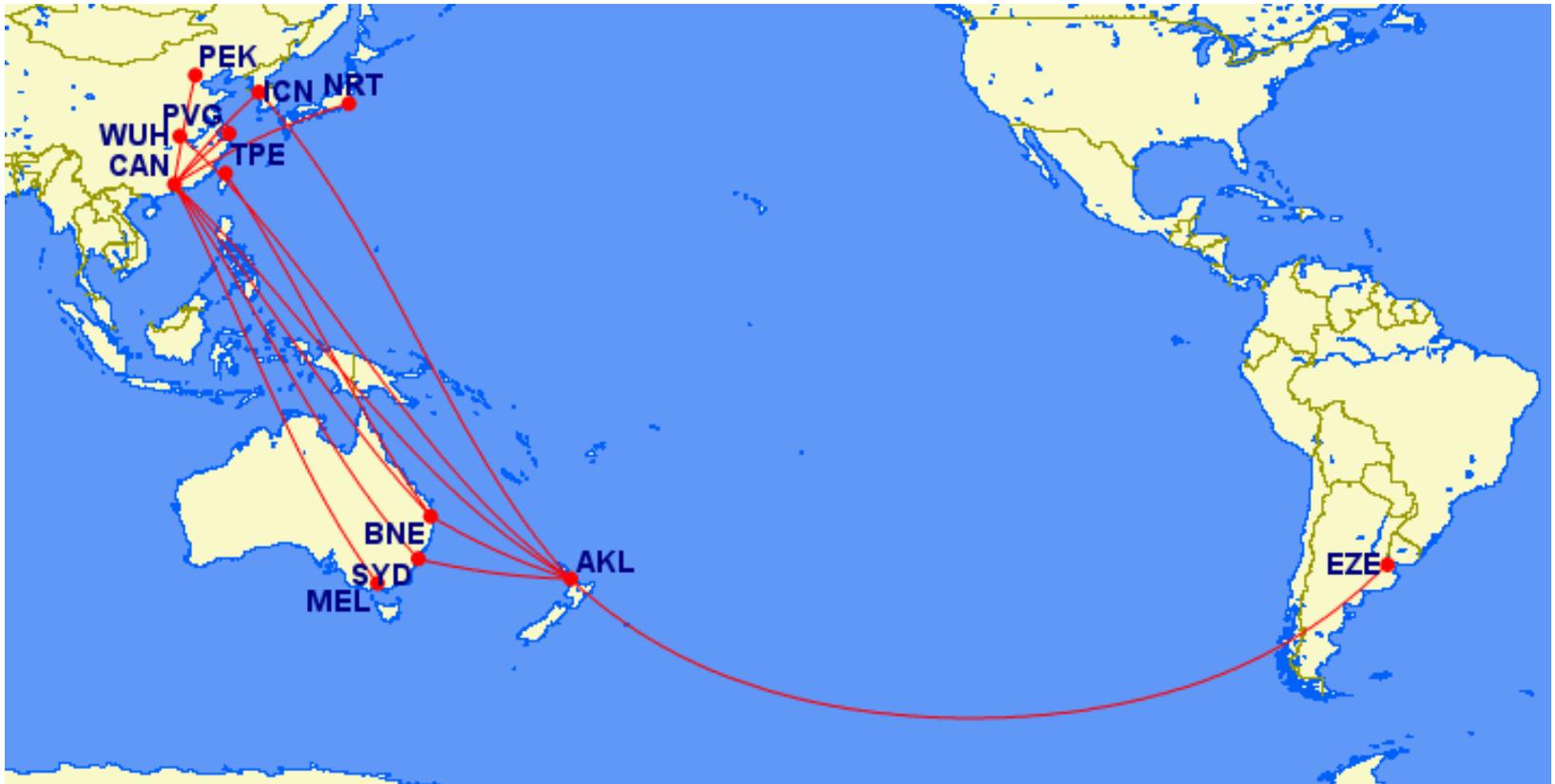
# Asia is NZ Tourism's growth engine

NZ Arrivals Growth as at YE March 2011



# Building alliances can stimulate markets

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# Recognising a problem when you see one

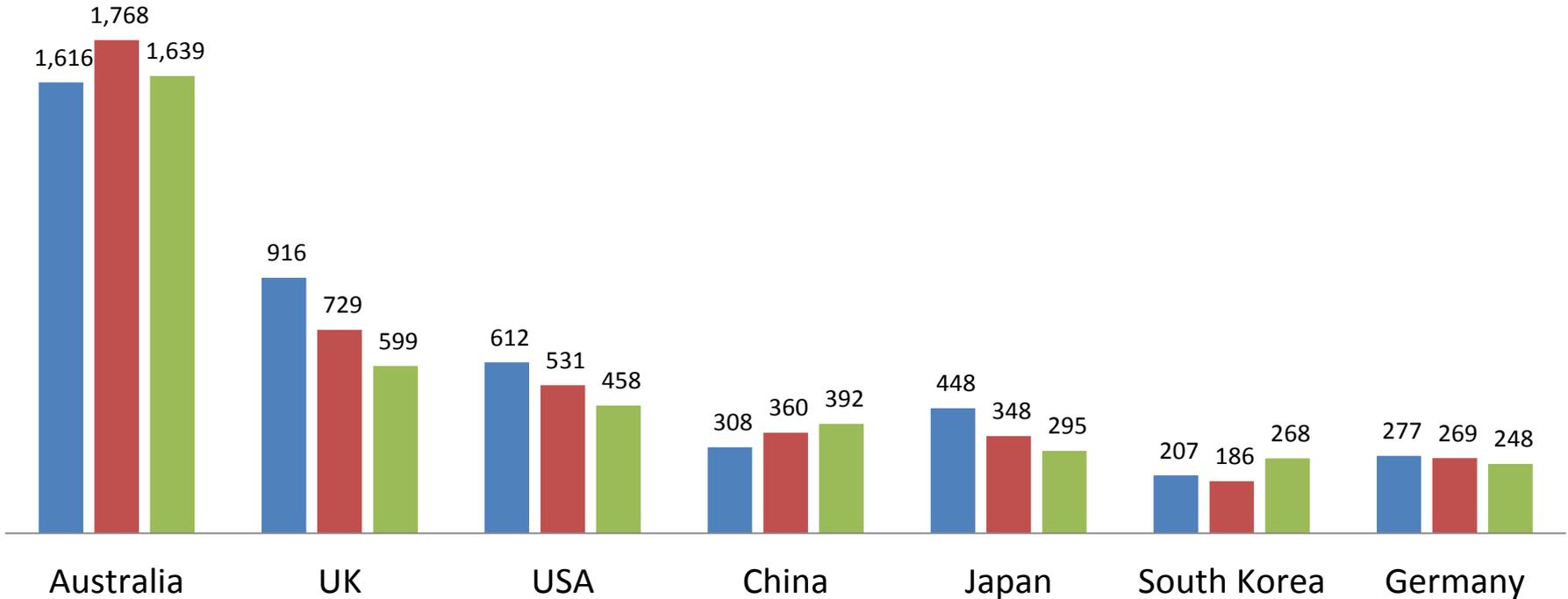
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# Our leading value growth markets are Korea and China

Markets by Tourism Export Value NZD Million

■ YE March 09 ■ YE March 10 ■ YE March 11



Source: IVS

# However, we need to change to get parity with Australian industry value

Tourism Expenditure Value NZ v Aus YE Dec 2010

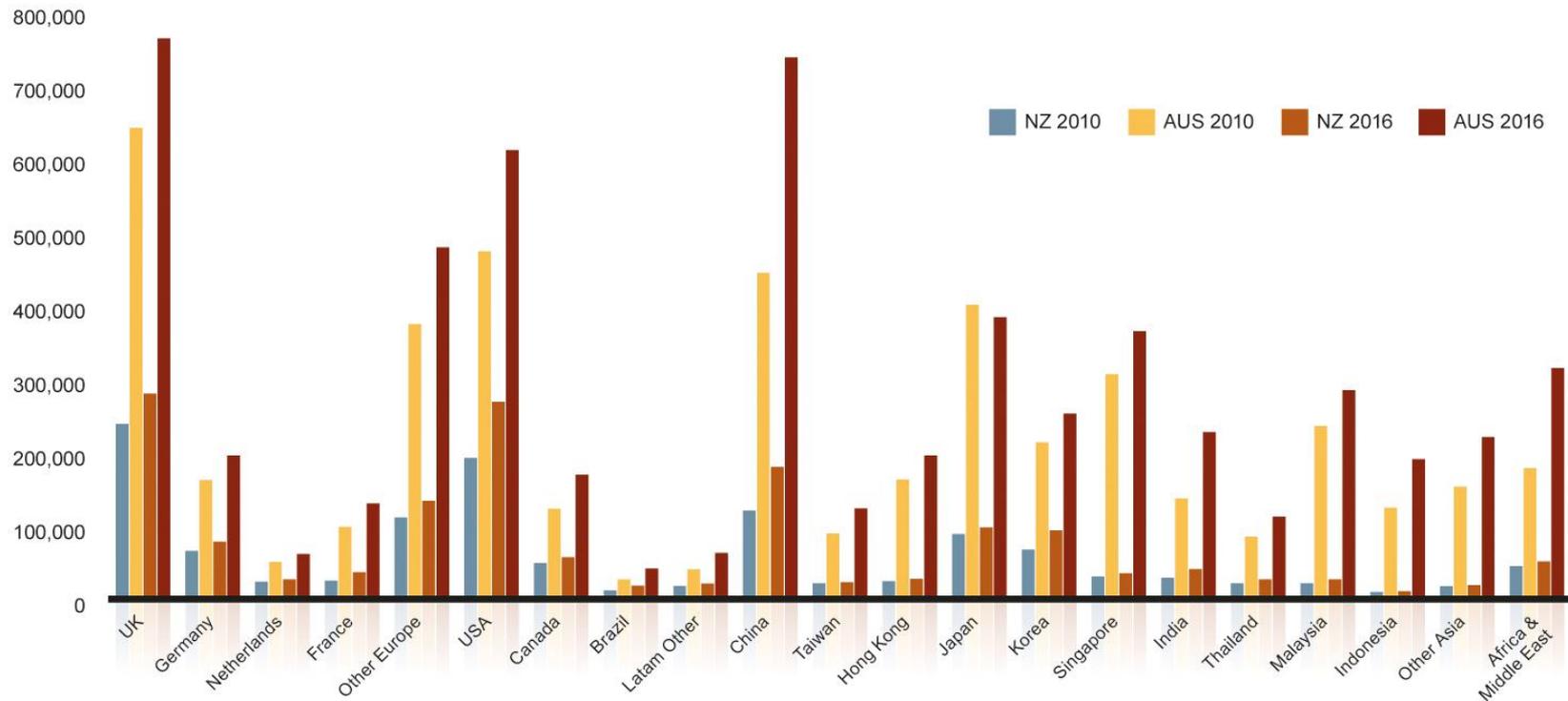
■ AUS NZD YE Dec 10 ■ NZ NZD YE Dec 11



Source: IVS, Tourism Australia

# Completing with Australia – International Arrival Forecasts

Competing with Australia – Ambition

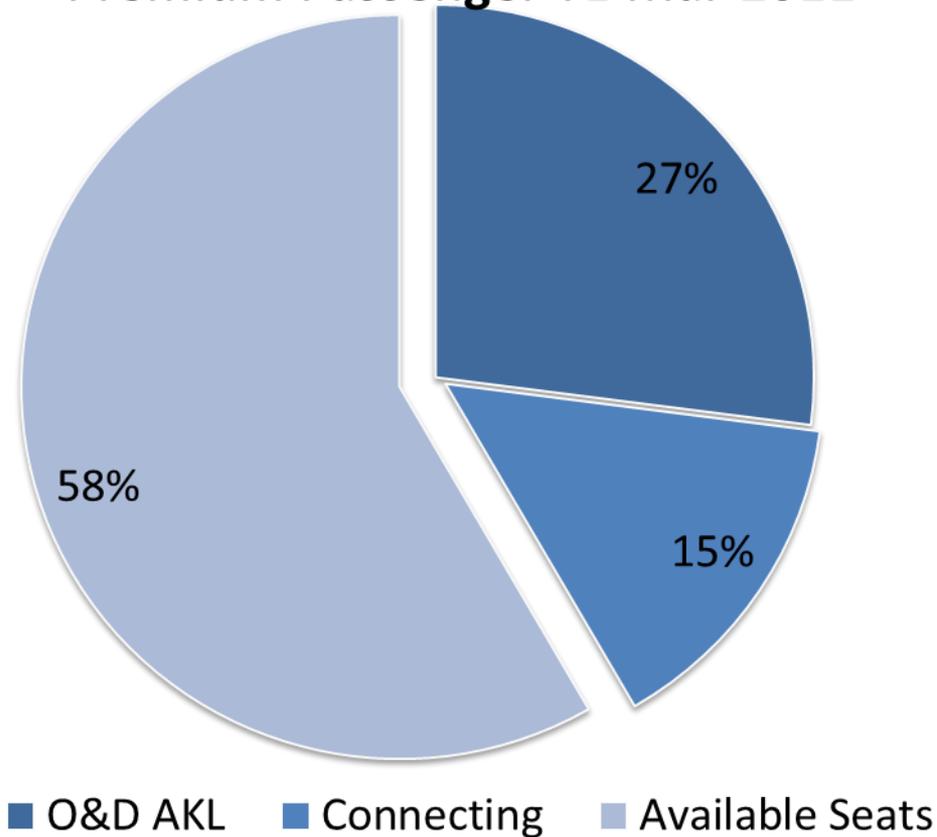


Source: Tourism NZ, Tourism Australia

# Auckland's existing First & Business Class demand generates a 42% loading in Premium seats

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Premium Passenger YE Mar 2011

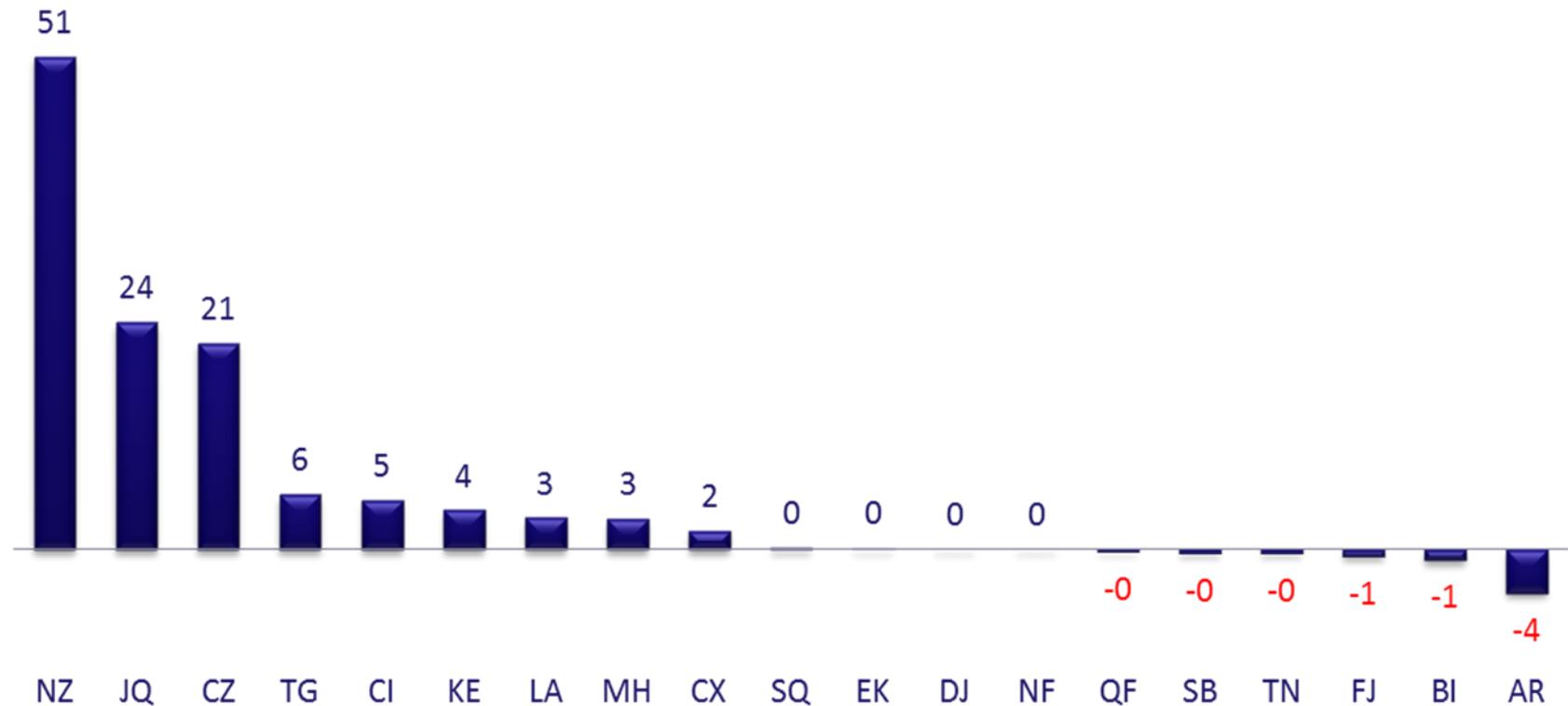


Source: SABRE, PAC

# Over the coming year, premium seats at AKL are expected to rise by 113k, or 11%

## CHANGE IN PREMIUM SEATS AT AUCKLAND AIRPORT - YE APRIL 2012 VS YE APRIL 2011

Change in thousands of premium seats

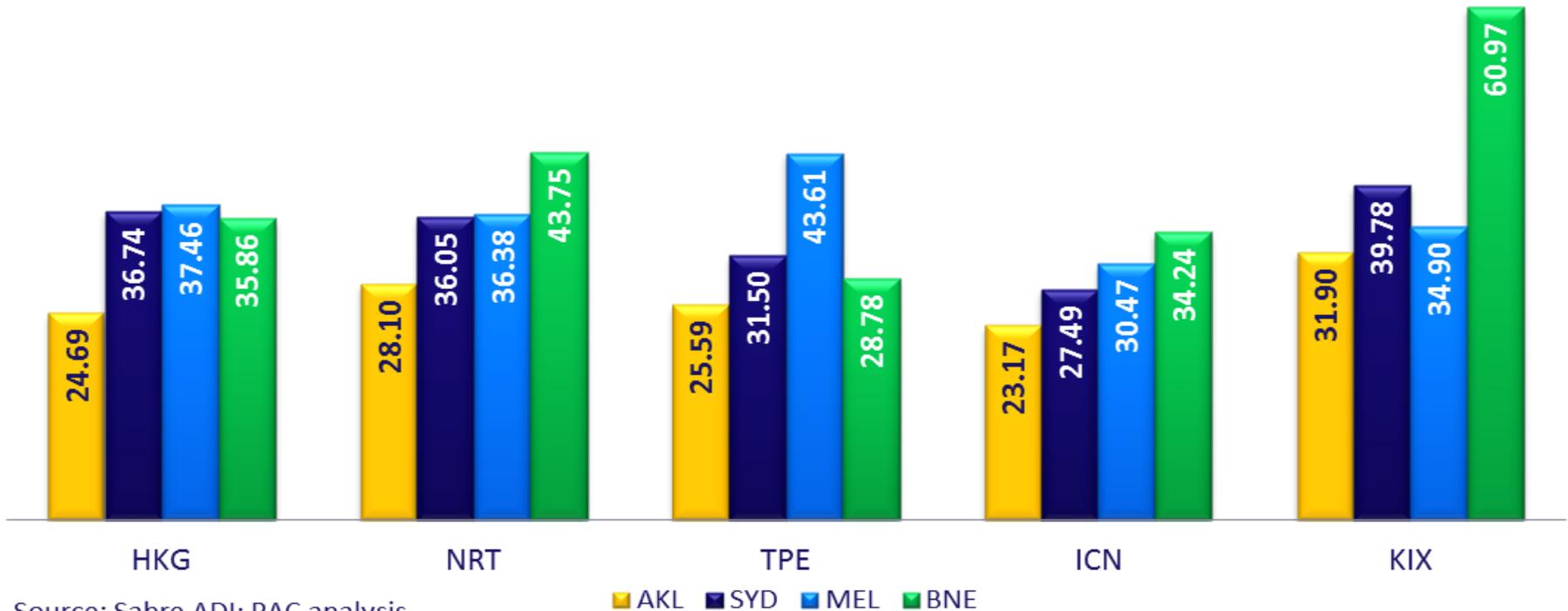


Source: Sabre ADI; OAG; PAC analysis

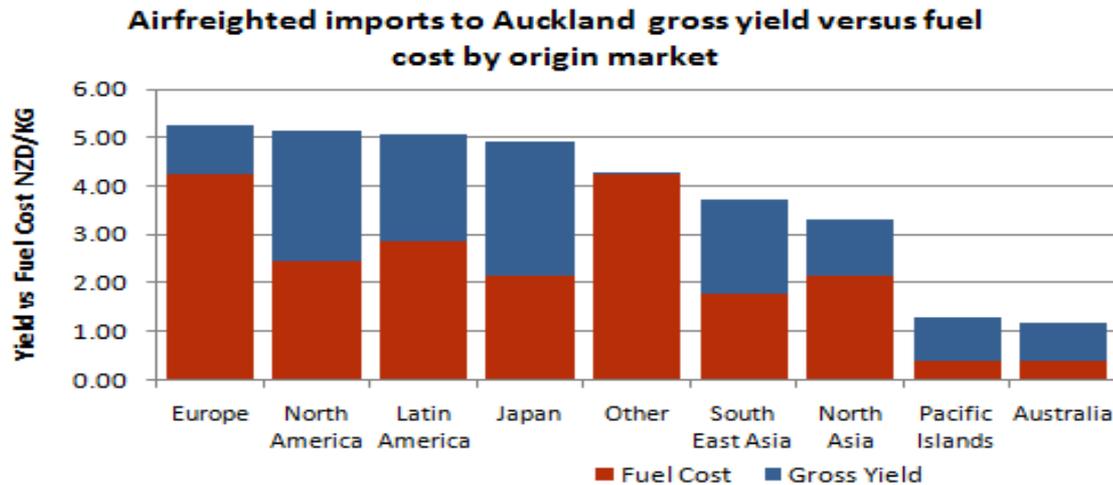
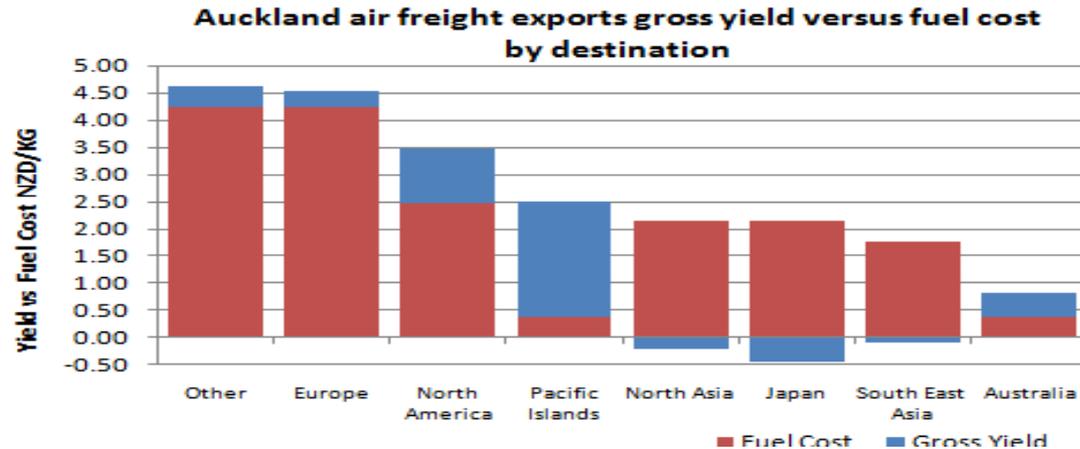
# Premium Cabin Yields: North East Asia (excluding Mainland China)

NORTH EAST ASIA FIRST & BUSINESS CLASS AVERAGE YIELDS - YE MARCH 2011

US cents per kilometre



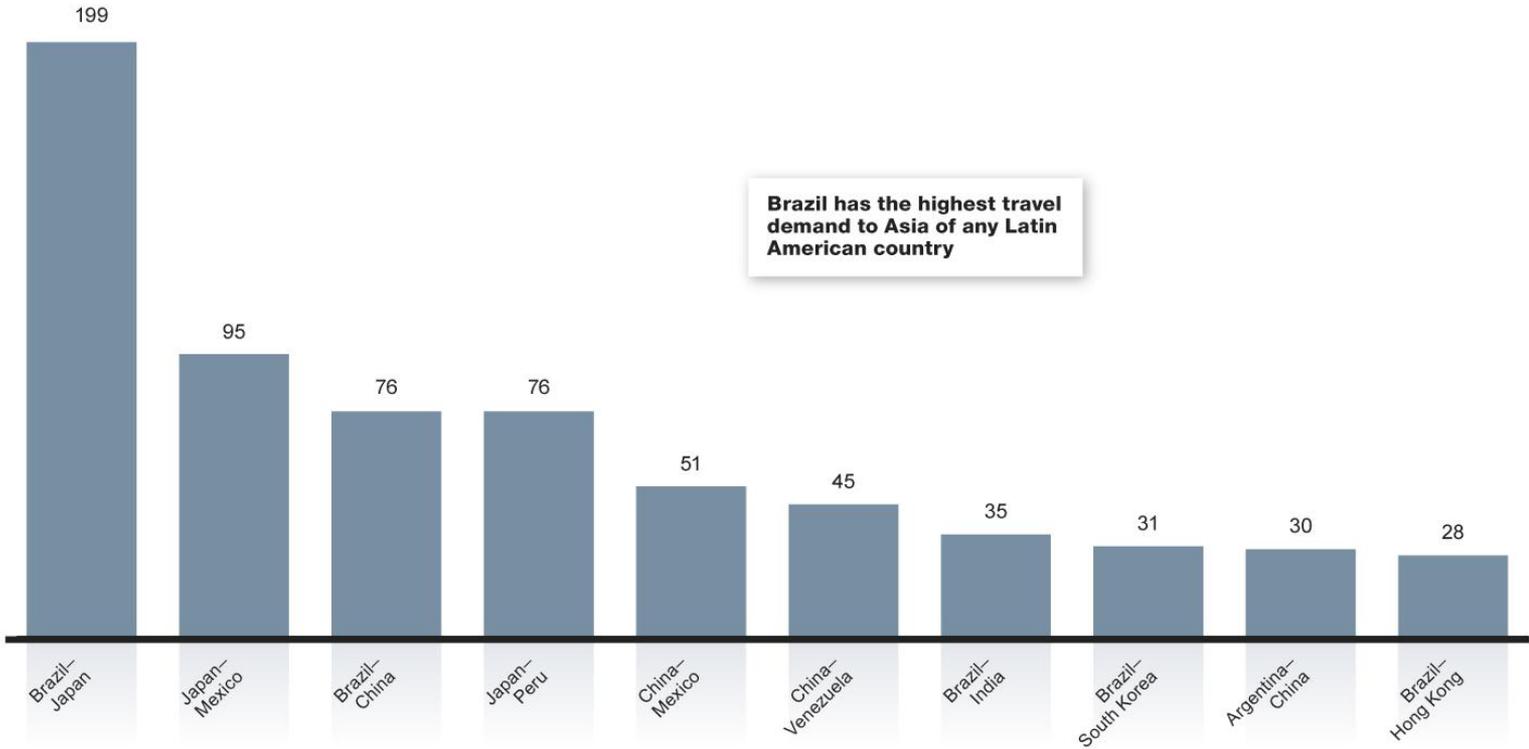
# Yield is also an issue for air freight exports



Source: EAGLE I

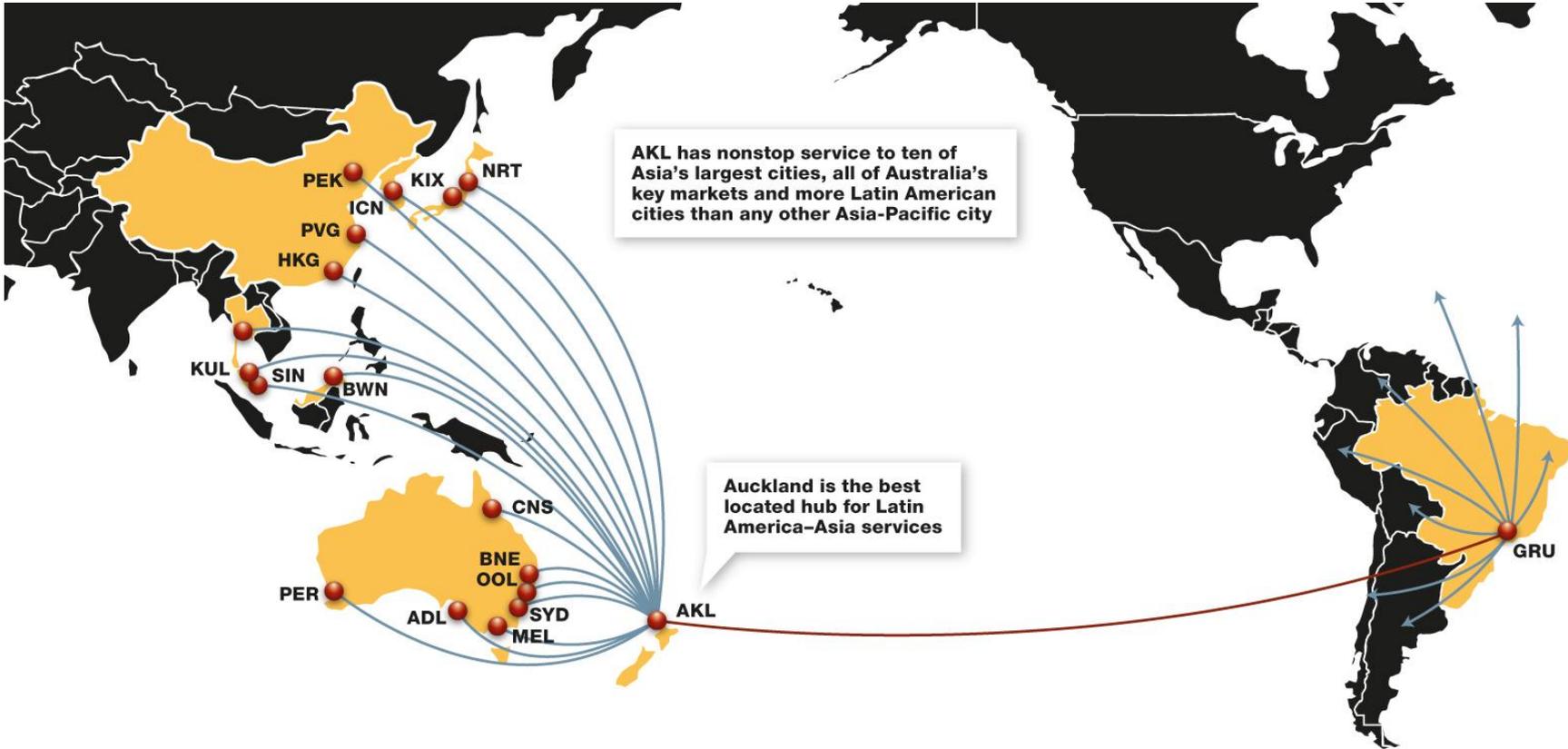
# There are 1.2m O/D passengers per year between Asia & Latin America

Top 10 Asia–Latin America Origin–Destination Markets  
Thousands of passengers per year; Year ending October 2009



Source: Sabre ADI; PAC analysis

# Auckland is ideally located to capture Latin America-Asia traffic



# What could it look like?



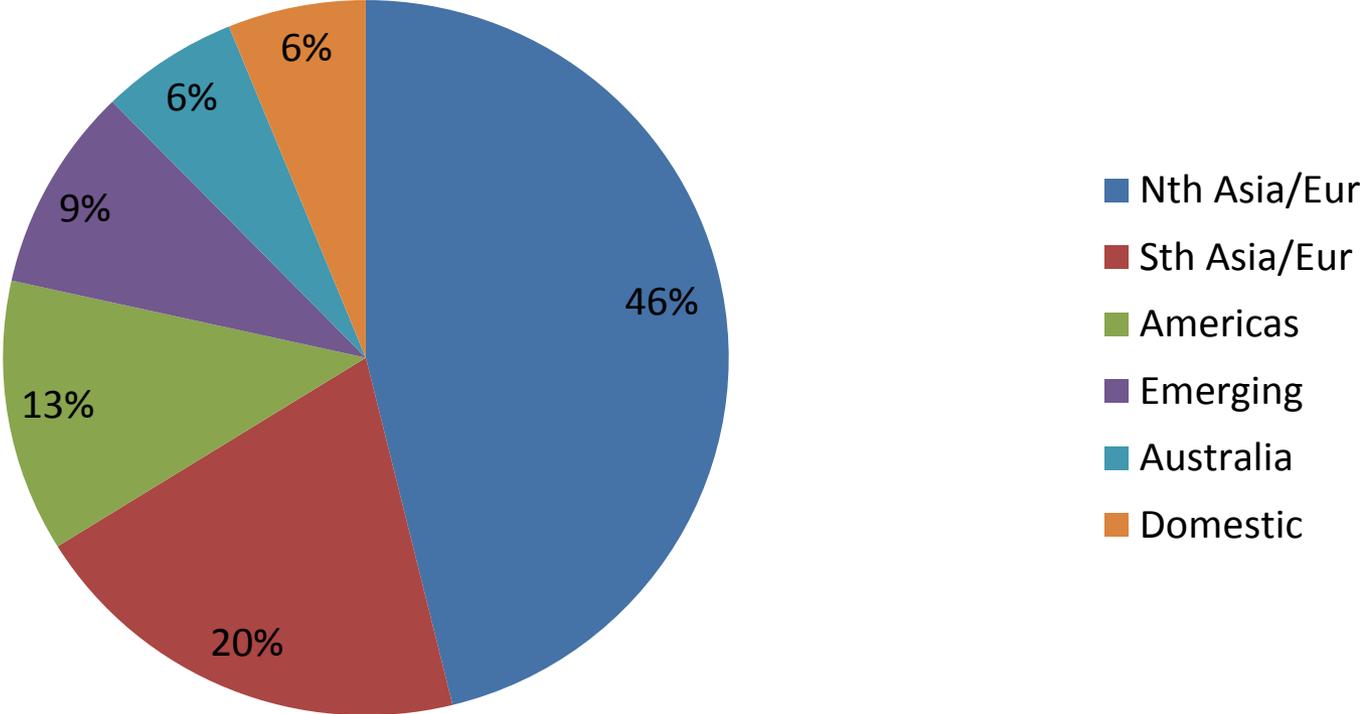
## Our competitive advantage

- Seasonality opposite to northern hemisphere
- Appealing and safe destination
- Proximity to Australia
- AKL is New Zealand's hub
- Gateway Americas–Australasia
- Gateway Americas–Asia

# To influence we will concentrate our marketing spend in Asia, Americas and supporting markets

---

Breakdown of Spend by Region FY 2011/12



# Future story....

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- **Easiest and most desired route for customers moving between Asia, Australasia & Americas**
- **High value passenger and freight development**
- **#1 Dynamic Capacity Development**



# Our conclusions

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**Opportunities for market development include:**

- **The fast growing markets of Asia**
- **Lifting yield on premium to lift the airline value proposition**
- **Ensure freight opportunities are maximised for overall airline profitability**
- **Remove impediments to growth (air rights, visas etc)**
- **Leverage of our physical position between Asia and South America**
- **Our ability to influence others on aligning views on the growth opportunities**

**Earlier growth is high value growth. We believe our volume growth is currently more than twice the organic rate and we wish to build on our volume growth opportunities.**

# Questions

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# Auckland International Airport Limited

Investor Day  
16 June 2011

*Sustaining our retail  
growth trajectory*



# Summary of retail business at Auckland Airport

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- 102 retail sites with 71 different concepts
- 35 operators
- Two full service duty free operators with total of 6 duty free stores
- 18m+ combined visits a year to our two terminals

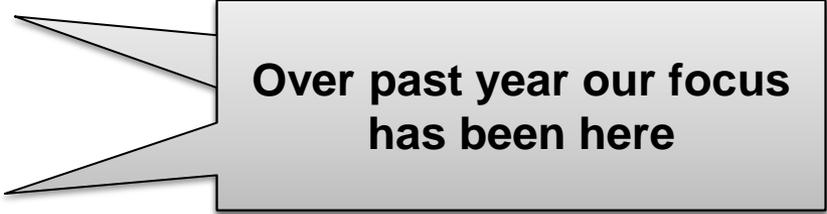
# Past year has focused on delivering ideal retail environment and reset of commercial & operational foundation

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Retail Strategy shared in May 2010

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- 1** Deliver a high quality retail experience
- 2** Set strong operational & commercial foundations
- 3** Adopt whole of airport approach to drive retail performance
- 4** Apply our scale to support retailer performance



Over past year our focus has been here



Focus now shifts to constant fine tuning of relatively stable environment

# Deliver a high quality retail experience



- Unique, award winning retail environment
- Strong sense of 'NZ' in common area and retailer selection
- Outcome held true to retail strategy set at start
- Opportunities remain for regular retail change out to maintain shopper engagement
- Now in fine tuning mode to improve propensity to shop and dwell time

1



# Set strong operational & commercial foundation

2



- Refreshed retail mix during redevelopment
- Exit of 21 year old HMSHost/AIAL JV
- Driven retailer consolidation to build local scale and capability
- Reset of 60% of all ITB retailer commercial terms – retained excellent upside exposure with strong downside protection
- Invested in new tenant management tools and resources



# Apply our scale to support retailer performance

4

**Exclusive Auckland Airport shopping deals for Chinese New Year**

恭賀新禧

20

**SAVE \$8** when you spend over \$888

**DUTY FREE:** Get **15% off** when you buy any two Flamy Martin XO Flamy Martin XO Escentials. Offer valid from Feb 1st 194. Flamy Martin XO Premium. Offer valid from Feb 1st 2018.

**DUTY FREE:** Save **\$8** when you spend over \$888

**Bonus bag** when you spend over \$99 on any Johnnie Walker product

**Free eco-bag** when you spend over \$50

**10% off** all food (excluding alcohol)

**Free Icebreaker reversible beanie** when you spend \$200 or above (while stocks last)

**Whitcoulls:** Spend \$20 in-store and go in the draw to win!

**40% off** second pair of sunglasses purchased\*

**65% off** Kiodale Omega 3 or Evening Primrose oil

**40% off** Ker skin care range (selected product only)

**35% off** Manuka Health Royal Jelly caps

**25% off** mentro placenta serum with gold flak

Happy Chinese New Year and safe travels from Auckland Airport.

Auckland Airport

**Smaller country, smaller prices.**

ABSOLUT VODKA

**Grab 'n' GO Super Deals**

Don't miss out on super deals like these!

Wiltons, K&M, Coles, H&M, Myer, A. Auckland Airport

**DUTY FREE**

**JR/DUTY FREE**

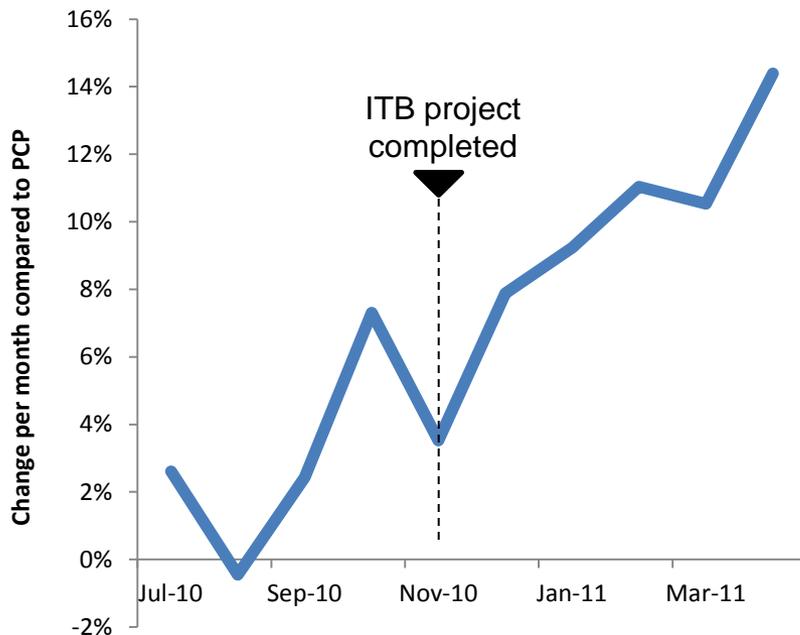
奥克兰机场对携带免税物品的限量在世界上是最宽松的。

奥克兰机场 免税店

- Lifting marketing performance – increasingly targeting Chinese/Australians
- Strong operational audit programme in place resulting in improved retailing standards
- Continuing retail operational and sales training – focusing now on Asian market
- High retailer engagement in support programme

# Retail performance showing significant improvement despite on-going redevelopment

**MoM Total ITB Retail Sales  
% Change (excl FX)**



- Recent and consistent improvement in sales suggests new retail environment is working
- While FX rate changes may support lift in sales, relative stronger performance of departures vs arrivals shopping supports our view on impact of redevelopment
- Income up 12.9% in six months to December 2010 – we will surpass FY11 aspirational target of \$105m (FY10:\$95m)

# Summary of parking business at Auckland Airport



## Car park product offering at Auckland Airport

International Terminal	Domestic Terminal	Park & Ride
Proximate short-term and long-term parking options	Multi-level car park with direct connectivity into terminal	Opened December 2008
2,928 public parking bays,	2,345 public bays	650 parking bays
Covered and uncovered parking	Covered and uncovered parking	Prominent location, 24/7 shuttle with GPS, high security
In addition, there are 2,330 staff car parks across domestic and international terminals which can be leveraged for customer parking at peak times.		

# Parking business has been transformed to yield management model

-  **CHOOSE**  
A TIME & PARK TO  
SUIT YOUR NEEDS
-  **PAY**  
SECURELY ONLINE  
VIA CREDIT CARD
-  **PARK**  
IN A SECURE &  
GUARANTEED SPACE

- Capability upgrade combined with new online booking tool enabled launch of dynamic product and price management in May 10
- Adopted best of breed hosted model rather than customised solution – helped speed to market
- Can create new (virtual) products in days and manage supply/demand in real time



**ENTER TRAVEL DATES HERE** 

TO VIEW A RANGE OF PARKING OPTIONS AND PRICES.

**ENTER YOUR TRIP DETAILS**

Carpark Entry Date  
13 Jun 2011 05:30 pm

Carpark Exit Date

Promo Code (if applicable)

International  Domestic

**CHECK AVAILABILITY**

 Park right at the terminal for up to 5 days this Easter from

 **\$39\***

[BOOK ONLINE NOW](#)



# Growth since launch has outstripped passenger growth

- Significant growth in target segments/products over prior year:

- Long term volumes +26%

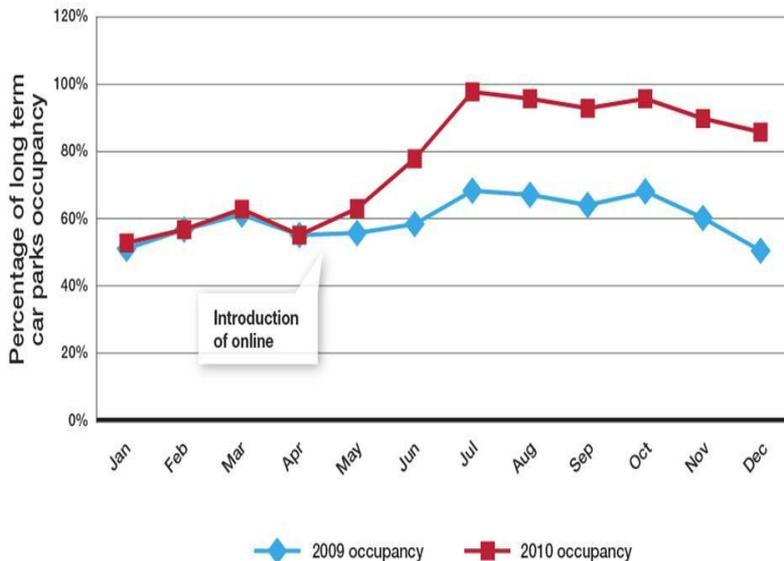
- Business Express occupancy +85% with limited product cannibalisation for travel of 1 day+

- ~20%+ of total transactions from online booking (excluding meters/farewellers)

- New virtual product capability allowing much greater utilisation across asset base lifting returns per parking bay

- Revenue growth of 7.6% in six months to Dec 2010 and growth has continued

International long term car parks occupancy



# Focus will be maximising potential of new yield model

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**Come back to a clean car.**

Express Wash from **\$13**

Visit the kiosk on level 1, let us know your registration number, where you're parked and we'll take care of the rest.



**The car from this spot is being looked after by the Car Cleaning Company**

Visit our kiosk on level 1 to find out more



Enjoy our squeaky clean guarantee

- Continue to improve product:
  - Adding new/repurposing existing capacity to service higher demand from public and local staff
  - Improve quality of physical parking product
  - Improving online tool and back-end capability to improve sales options
  - Launch new adjacent products e.g. car grooming
- Further sharpen marketing sophistication
- Develop better channels to market

# Questions

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# Auckland International Airport Limited

Investor Day  
16 June 2011

*Property momentum*



Canals, railroads and highways have, channelling the flow of the traffic, created urban alignments, hinterlands and nodal points. Now air transportation promises to become a vital factor

- Edward JT 1956



**THE TERMINAL CITY**  
THE GREATEST CIVIC DEVELOPMENT EVER UNDERTAKEN—INCIDENT TO THE  
NEW GRAND CENTRAL TERMINAL IN NEW YORK CITY, WHICH WILL BE  
OPENED FEBRUARY, 1913

This vast undertaking comprehends the erection of a great Terminal City, a city within a city, occupying an area of thirty blocks, in New York City.

It will embrace hotels and modern apartment houses, convention and exhibition halls, clubs and restaurants, and department stores and specialty shops. In short, practically every sort of structure or enterprise incident to the modern city.

These features are all in addition to post office, express buildings and other natural adjuncts of the up-to-date terminal—to expeditiously handle diverse traffic.

All these structures will be erected over the tracks about the terminal itself, while a plaza will surround the Terminal building, reached on the North and South by a new Boulevard, hiding all trace of the railroad yard.

**THE NEWLY COMPLETED  
GRAND CENTRAL TERMINAL**

Will provide every detail essential to the comfort and convenience of its patrons. The Terminal itself is the physical embodiment of the latest and the highest ideal of service. Its adequate description is impossible here. It must be seen to be fully appreciated—or indeed to be completely comprehended.

The Main Terminal alone is 722 feet long and 804 feet wide on the surface, and half again as wide below the street level. It will accommodate comfortably 80,000 people at one time.

Through and suburban service occupy different levels approached by inclines, avoiding stairways, so that each level may be reached without confusion. Incoming and outgoing traffic is segregated and the two currents of travel separated. Every facility is progressively arranged so that no step need be retraced, no time lost.

There are 42 tracks for through travel and 22 tracks for local trains, 33 miles in all, within the Terminal, accommodating over 1000 cars at one time. Dedicated to the Public Service, February, 1913.

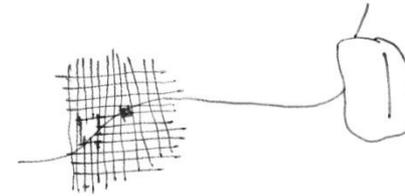


# Development of Airports and Cities

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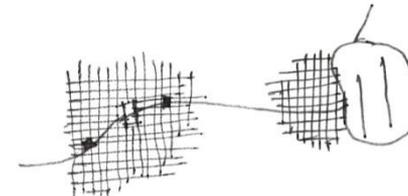
## 1950's – Airport

Airport remote from City



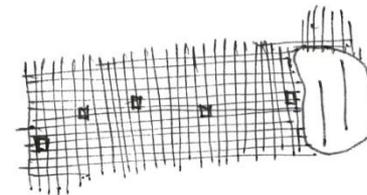
## 1970's – Airport City

Airport remote from City but self contained, City grows towards Airport



## Today – Airport Corridor & Aerotropolis

Airport with many of the activities of a centre or suburban business district, but integrated into City to maximise the economic value of the Airport to the City



# Auckland Airport Business District

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- **Flexibility**
- **Security**
- **Amenity**

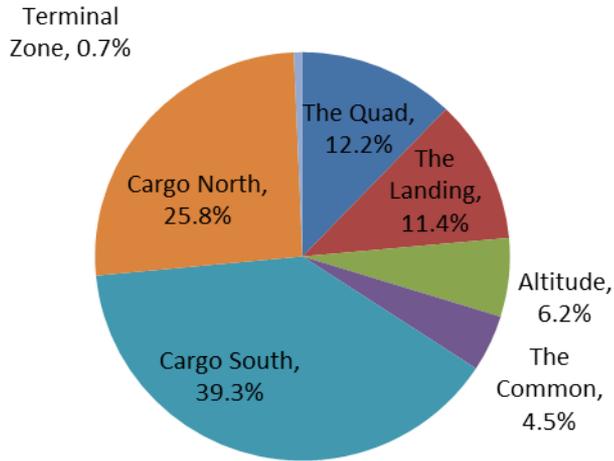
# Market Summary

Market	Stock	Vacancy	Absorption Forecast pa	Rents	Cap rates	Ave Value \$/m2
CBD Office	1,369,736	13.8%	22,158	\$224	9.43%	\$2,375
Non CBD Office	1,531,202	13.2%	27,211	\$221	8.83%	\$2,503
Warehouse	11,280,768	4.5%	232,679	\$107	8.29%	\$1,291
Retail (Sub Regional)	56,085	0.1%	-	\$973	8.67%	\$11,223
Retail (District)	132,470	0.5%	-	\$419	9.22%	\$4,544
Retail (Community)	99,380	1.9%	-	\$405	8.81%	\$4,597
Retail (Bulk Retail)	385,101	0.8%	-	\$224	8.45%	\$2,650

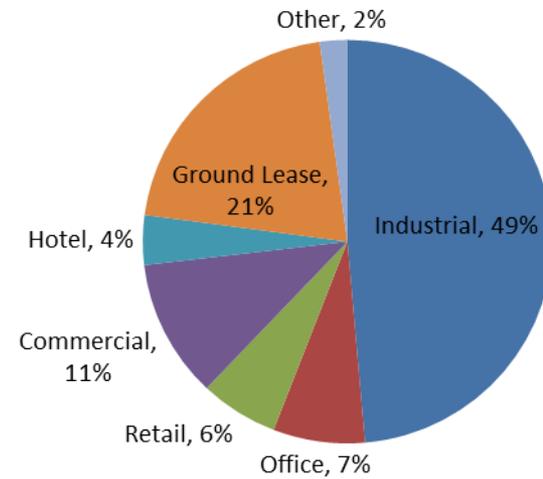
# Source CBRE: AKL Property Market Outlook : June 2011 & Dec 2010

# AIAL Portfolio Snap Shot

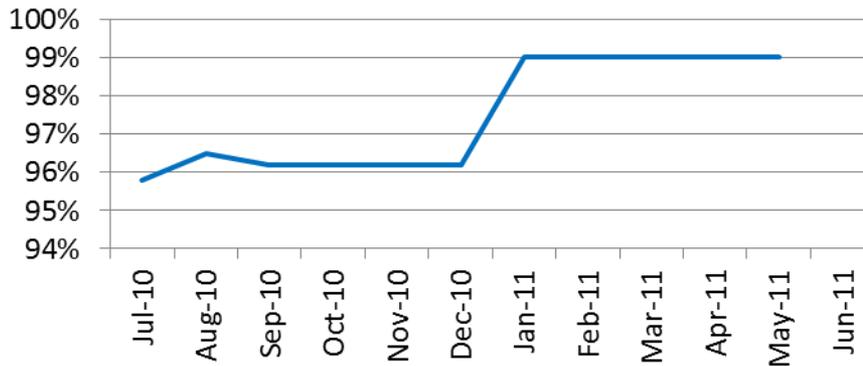
## FY12 Rent Roll by Precinct



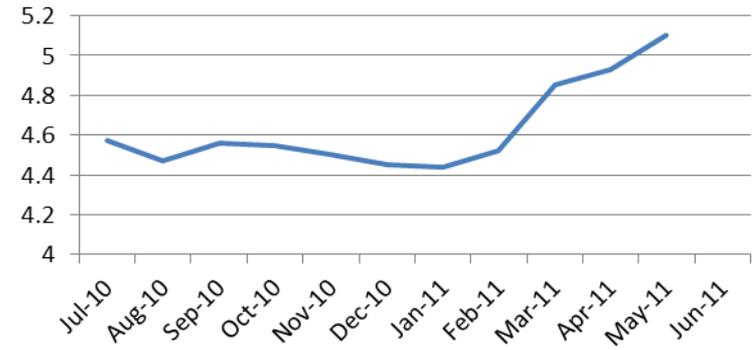
## FY12 Rent Roll by Category



## Occupancy FY11



## WALT



# Portfolio Comparison

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	Occupancy	WALT	Market Cap Rate
DNZ Property	96%	4.4	8.7%
Argosy	96%	5.3	8.8%
Goodman	95%	5.5	8.1%
AMP NZ Office	92%	4.6	8.1%
Kiwi Income	97%	4.2	8.0%
PFI	99%	4.1	8.8%
Industry Ave	95%	4.9	8.6%
AIAL	99.5%	5.1	8.3%

# Source FNZC: “NZ Property Play” (18 May 2011)

# Portfolio Comparison

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## HIGH GROWTH LOCATION SINGLE LOCATION, SECTOR DIVERSITY

	Office	Industrial	Retail	Commercial	Other
DNZ Property	40%	27%	12%	21%	0%
Argosy Property	29%	35%	36%	0%	0%
Goodman Property	33%	29%	0%	25%	13%
Auckland Airport	7%	49%	6%	11%	27%

# Source: Latest listed Annual Reports

# Inventory for Property Development

---

	<b>Size Ha</b>	<b>Value</b>	<b>\$ / m2</b>
The Quad	13.6	14.5	107
The Landing	166.7	104.9	63
Altitude	13.0	12.8	98
The Common	53.2	17.2	32
Cargo South	0	0	0
Terminal zone	0.4	1.1	254
Cargo North	7.7	18.3	239
Other	87.5	11.4	13
<b>Total*</b>	<b>342.0</b>	<b>180.2</b>	<b>53</b>

\*Total excludes land impacted by flight path constraints and other miscellaneous land parcels of lower development interest

# Auckland Airport Business District

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## The Landing

	<b>Quantum</b>
Land available for development	120 ha approx
Absorption Akl Forecast pa (ave 5 years) - Warehouse (NLA)	232,679
Absorption Airport Mkt <sup>1</sup> last 12 months	43,572
Rents (blend office/warehouse)	97.5
Prime Yields Airport Oaks (low)	8.25%
Prime Capital Values Airport Oaks \$m <sup>2</sup>	1,116

- **Plan change operative**
- **4 New buildings complete or under construction**
- **Comprehensive development plan (CDP) underway**

1. Auckland Airport Market refers to Airport Oaks business district

# Source CBRE: AKL Property Market Outlook : June 2011 & Dec 2010

# Auckland Airport Business District

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## The Quad

	Quantum
Land available for development	10 ha approx
Non CBD Office forecast Akl Absorption (ave 5 years)	27,211
Absorption South Akl Mkt <sup>1</sup> last 12 months	-7,807
Non CBD Grade A Rents (face high)	355
Non CBD Prime Yields (low)	7.50%
Prime Capital Values Grade A Non CBD \$m <sup>2</sup>	2,941

- **Concept advanced**
- **3 New buildings under construction**
- **Travel Rich / Knowledge based**

1. South Auckland Market refers to Office precincts south and including Greenlane

# Source CBRE: AKL Property Market Outlook : June 2011 & Dec 2010

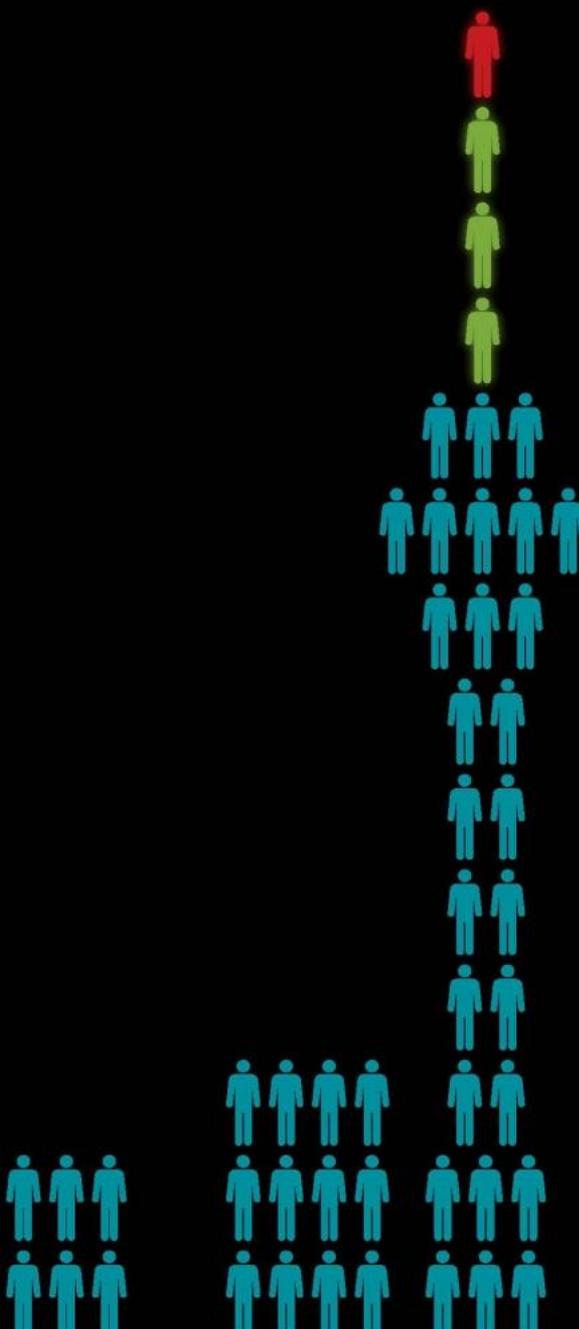
# Auckland Airport Business District

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## Altitude

- **Strong fundamentals**
- **Convenience centre fully leased**
- **F1 success suggests latent demand**
- **Concept 'testing' modest expansion**

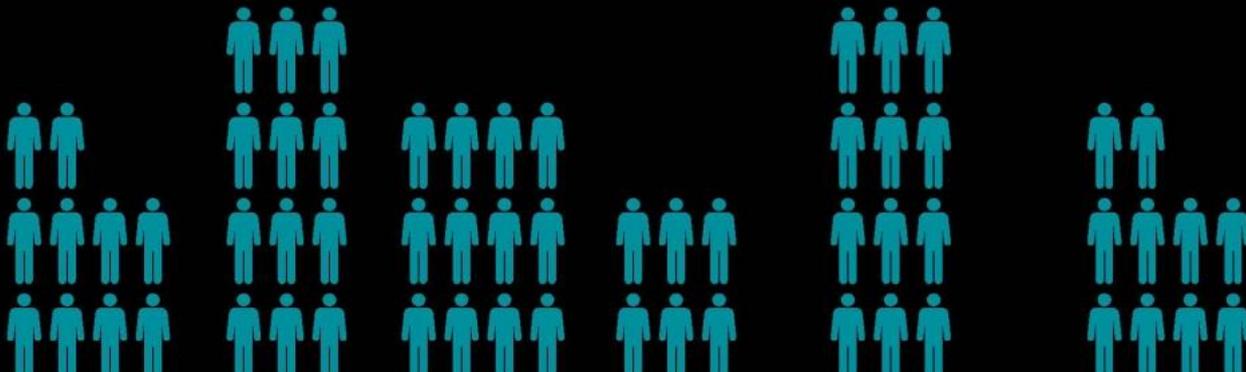




90%

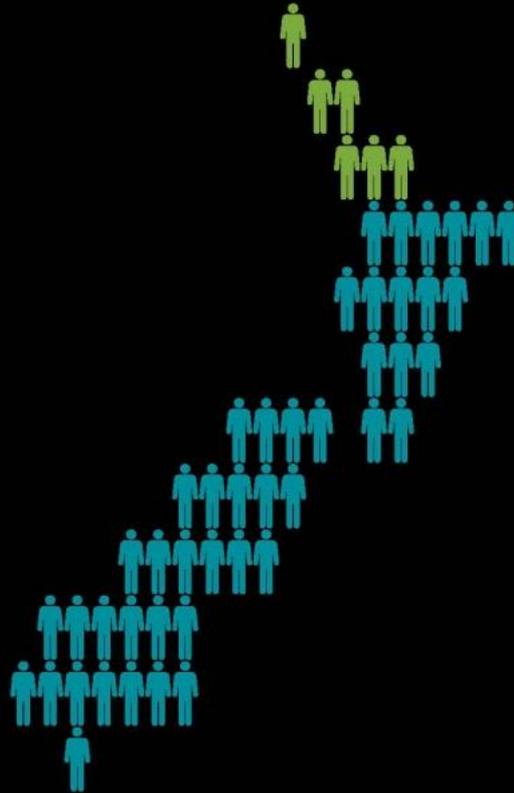
of Aucklanders surveyed have visited the airport at least once in the last 12 months\*

\*Feb 09–Feb 10 TNS Research





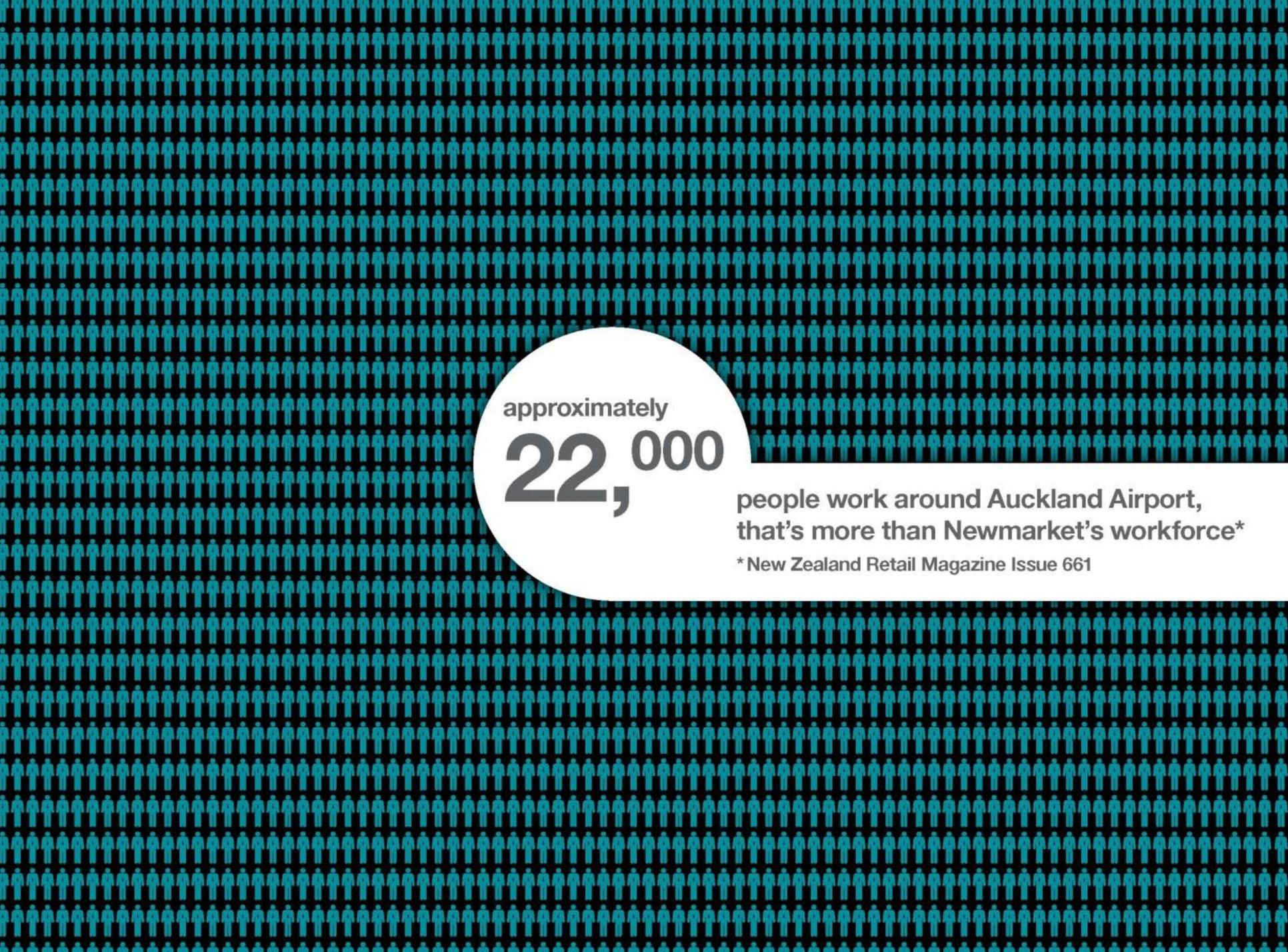
**Massive exposure with over 65,000  
vehicles visiting the airport every day**



**75%**

of New Zealanders surveyed have visited the airport  
at least once in the last 12 months\*

\*Feb 09–Feb 10 TNS Research



approximately

**22,000**

people work around Auckland Airport,  
that's more than Newmarket's workforce\*

\*New Zealand Retail Magazine Issue 661



**18.5  
million**

people spend time in Auckland Airport's terminals in the course of a year\*

\* Feb 09–Feb 10 TNS Research

**2.1**  
million

people live within a three hour drive

**1.4**  
million

people live within a one hour drive



The Fundamentals of  
the Airport location  
support a greater  
opportunity in the  
Altitude precinct

# Auckland Airport Business District

## Cargo – South and North

- Demand steady
- 4 Percival Gull leased
- Cargo Central
  - From 79% to 95% occupancy
  - Rent roll increased 32% in 12 months



# Auckland Airport Business District

## The Common

- **Amenity and Supportive Activity**
  - Employees
  - Tourism/Visitors
  - Conferences
- **Initiatives**
  - Abbeville Farm Estate
  - Campervan
  - Paintball
  - High-Ropes
  - Driving Range
  - Golf



# Questions

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