Media release | 20 February 2020

Auckland International Airport FY20 Interim Results

Historic period of transformation: $1.2 billion of infrastructure projects now under construction as Auckland Airport announces a new international arrivals area and advances plans for the Domestic Jet Hub

Auckland Airport today announced its financial results for the six months to 31 December 2019. Board Chair Patrick Strange said: “Auckland Airport is well underway with the biggest transformation in our history to modernise and expand the precinct to become an airport of the future. There is strong momentum in our infrastructure development programme with construction in progress on four of our eight key anchor infrastructure projects. Our focus is on delivering for customers and for New Zealand and it’s been a solid start to the financial year as we continue our work on significant new aeronautical infrastructure and advance plans for a new Domestic Jet Hub.”

Highlights

Six months ended	31 December 2019	31 December 2018	Variance
Total passengers	10.6 million	10.6 million	Down 0.5%
Revenue	$374.7 million	$370.6 million	Up 1.1%
Operating EBITDAFI	$279.2 million	$277.1 million	Up 0.8%
Profit after tax	$147.2 million	$147.2 million	-
Earnings per share	12.1 cents	12.2 cents	Down 0.7%
Underlying profit after tax*	$139.9 million	$136.9 million	Up 2.2%
Underlying earnings per share*	11.5 cents	11.4 cents	Up 0.9%
Interim dividend	11.0 cents	11.0 cents	-

* Refer to slide 33 of the 2020 interim results presentation for a definition of underlying profit after tax and a reconciliation between this non-GAAP profit measure and reported profit after tax.

- Solid performance delivering earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) of $279.2 million in the first half of the 2020 financial year, a rise of 0.8% on the previous half-year period. Results reflect several factors, including moderating passenger growth and the impact of the discounts announced in February last year to the airport's previously published aeronautical prices.
- Total investment in infrastructure projects now under construction has reached $1.2 billion as part of a broader $1.5 billion development programme underway across the precinct.
- Announced the construction of a new $350 million-plus 30,000m^2 arrivals area at the international terminal, with site enabling works underway and vertical construction to begin mid-2020. It's the fourth of eight key anchor infrastructure projects to get underway over the past year, alongside an expansion and redevelopment of the airfield and transport improvements across the precinct.
- Interim construction alliance negotiated and now formed to accelerate the delivery of the new Domestic Jet Hub, a $1 billion-plus terminal to be connected to the international terminal. The alliance is between Auckland Airport, Hawkins (a Downer company), Fletcher Construction and designers Mott MacDonald.
- Continued strength in Auckland Airport's property business with $300 million of investment assets under construction in the first half of the 2020 financial year, including a new hotel and an 85,000m^2 warehouse and office facility for Foodstuffs NZ. Additional investment in the new Te Arikinui Pullman Hotel under a joint venture partnership.
- Strong pipeline of new investment opportunities ahead. New pre-committed investment property developments of over $60 million for DHL Supply Chain, Hellman Logistics, and Interwaste – all within The Landing Business Park.

Solid performance in first half of the 2020 financial year

Auckland Airport reported revenue growth of 1.1% on the first half of the 2019 financial year to $374.7 million, while total reported profit after tax was flat on the prior period at $147.2 million. Underlying net profit, which excludes unrealised gains and losses arising from revaluation of property or treasury instruments, increased 2.2% to $139.9 million.

Overall passenger numbers were 10.6 million, down 0.5% on the first half of the 2019 financial year, reflecting changes in international visitor source markets and reductions in airline seat capacity as airlines consolidated their networks. International passenger numbers including transits were up 0.2% to 5.8 million during the period, while domestic passenger numbers were down 1.2% to 4.7 million due to Jetstar's exit from regional services and other reductions in airline seat capacity impacting passenger demand.

"Global tourism has experienced rapid expansion in recent years and it's clear that the market has cycled into a consolidated phase and this is naturally reflected in our interim results. We are also working closely with our airline and tourism partners to understand the impact of the Covid-19 outbreak. But we remain confident about our prospects over the medium to longer term and continue to lay the groundwork for future growth," said Mr Strange.

Auckland Airport welcomed new services to the network in the first half of the 2020 financial year, with new international routes to Vancouver and Seoul commencing along with the announcement of new services to New York and Dallas/Fort Worth. The Chinese market continued to evolve during the period and while passenger numbers softened overall, the trend of high-value independent traveller Chinese nationals flying direct to New Zealand and staying for longer continued in the first half of the 2020 financial year with these direct passengers up 5.3% on the prior period.

"Routes between Auckland and mainland China make up 5.9% of total overall seat capacity and while we are anticipating that the Covid-19 outbreak will continue to impact the Chinese market and possibly other markets for the remainder of the current financial year, it's still too early to judge the final impact.

"With more than 21 million people passing through Auckland Airport every year, our focus has been on providing a great experience for our customers. We have worked hard to deliver important terminal improvements and to streamline processes for travellers and it's great to see these gains reflected in our customer satisfaction scores," Mr Strange said.

In the first half of the 2020 financial year, Auckland Airport's combined customer satisfaction rating (Airport Service Quality) for the domestic and international terminals climbed to its highest annual score in six years: 4.16 out of 5.

The uplift in customer satisfaction reflected improvements delivered as part of the multi-million-dollar 36,000m^2 transformation of Auckland Airport's international terminal departure area, along with works to upgrade the existing domestic terminal building, such as expansion of the security screening area and the food precinct.

Building an airport of the future – International arrivals and Domestic Jet Hub

The arrival point for more than five million Kiwis returning home and visitors to New Zealand is set for a $350 million-plus expansion as Auckland Airport begins work on a new international arrivals area.

"The investment will add more than 30,000m^2 of floor space or roughly three rugby fields to the current footprint of the international terminal, bringing a significant increase in space for border processing, biosecurity screening, retail, public dwell and back of house areas," said Auckland Airport Chief Executive Adrian Littlewood.

"We want everyone stepping off a long flight to feel the warmth of manaakitanga, a generous and warm welcome that is uniquely Aotearoa New Zealand, when they arrive into Auckland Airport. The expanded area will also help to strengthen New Zealand's border to prevent pests and diseases from entering the country and allow for the automation of many biosecurity processes. Scheduled for completion in late 2023, the expanded area will also deliver a 50% capacity increase in Biosecurity New Zealand and New Zealand Customs processing space, helping to improve peak time capacity."

The arrivals expansion is the fourth of eight key anchor infrastructure projects to get underway over the past year: large-scale roading; airfield and terminal infrastructure developments which will deliver greater capacity and resilience. A highlight will be a more efficient roading system to enable public transport, to prioritise traffic heading to the terminals and to ensure safer and reliable journeys.

Roading improvements will also support infrastructure development and integrate with the improvements Waka Kotahi NZ Transport Agency and Auckland Transport are making to the airport's southern access point – SH20B.

"Auckland Airport is becoming an increasingly important business hub, with more than 900 businesses and 20,000 workers based at or near the airport," said Mr Littlewood.

"Despite growth leveling off recently, traveller numbers are estimated to more than double to 40 million-plus per year by 2044. We know that we need to work fast to progress our transformation plans and our core focus is on delivering the essential aeronautical infrastructure New Zealand needs to succeed for the future.

"We are investing heavily in our airfield with $720 million to be spent over the next four years in renewing, maintaining and expanding the airfield and associated airfield utilities. We are making good progress with our airfield expansion: building new taxiways and remote stands, and creating headroom for the parking and servicing of aircraft as we make way for further infrastructure development.

"Our team is accelerating progress of the Domestic Jet Hub – a $1 billion-plus development to be connected to the current international terminal and one of our most important anchor projects.

"It's no secret that the complexity of delivering such a large-scale vertical development in both a constrained construction market and a 24/7 operating environment has created some challenges for us. However, we have made significant strides in advancing the design and delivery model for the project over the period, with enabling works for Domestic Jet Hub now underway in and around the future building footprint. We have worked closely with our airline partners to understand their requirements and we are now moving from preliminary to developed design," Mr Littlewood said.

A project alliance is being formed to build and deliver the Domestic Jet Hub, with an interim alliance agreement now in place between Auckland Airport, Hawkins (a Downer company), Fletcher Construction and Mott MacDonald.

Common in horizontal infrastructure developments such as roading or rail, the vertical construction alliance will be made up of a 150-strong project team, with an estimated 1,600 contractors at the peak of development to deliver a new domestic jet-only pier, a retail area, and a new food and beverage precinct.

"For a build as complex as the Domestic Jet Hub, we need to tackle the project differently, shifting away from traditional procurement practices to a delivery model based on shared responsibility and collaboration, in line with the new Construction Industry Accord. The alliance will also provide the capacity we need in a constrained construction market to successfully deliver such a large-scale development," said Mr Littlewood.

Construction for the project is expected to begin in late-2020 with the first stage of the project due for completion in 2023.

Developing the airport precinct

The scale and pace of development continues to provide new opportunities for growth and job creation at Auckland Airport, one of the fastest-growing parts of Auckland city.

Construction is well underway on two new quality hotels, each providing a complementary offering to appeal to a range of travellers. Built in partnership between Auckland Airport and Tainui Group Holdings, the luxury Te Arikinui Pullman Hotel is a 311-room, five-star hotel that is now emerging on the doorstep of the arrivals area at the international terminal. Generating 200 new jobs once the hotel is open, construction is expected to be complete in 2022.

Further north across the precinct, construction on the airport's fourth hotel is also progressing well – a 146-room, four-star property to be operated by Accor Group under the Mercure Hotel brand. Located near the existing airport retail centre, the project is generating an estimated 100 jobs during its construction and will employ around 82 full-time workers on its completion in 2021.

"The performance of our property investment business has been a highlight for the first half of the 2020 financial year with annualised rent roll of $104.7 million, growth of 11.4%

against the first half of the 2019 financial year and our portfolio achieving 99.4% occupancy for the period. Momentum is accelerating, with $300 million of investment properties under construction in the first half of the 2020 financial year.

"In quarter three, the property team will begin the development of almost 40,000m^2 of new, pre-leased premium facilities. This includes a new state-of-the-art 4,000m^2 purpose-built facility for Interwaste. This facility will service waste from Auckland Airport, Ports of Auckland, Port of Tauranga and the majority of the District Health Boards in the North Island.

"We're also progressing a number of transport-related projects, including a new 3,200-bay Park & Ride facility south of the airport and enabling works at the international terminal to allow for the development of a new multi-storey car park to meet growing customer demand.

"The pipeline of investment property work for the remainder of the 2020 financial year is very positive with more than 65,000m^2 and over $100 million of development under discussion," said Mr Littlewood.

Growing the precinct safely and sustainably with a community focus

As construction ramps up, Auckland Airport is working to connect local people with local jobs through Ara – Auckland Airport's Jobs and Skills Hub. In November 2019, hundreds of job seekers and employers took part in Auckland Airport's first-ever job expo, held in partnership between the Ministry of Social Development (MSD), Auckland Business Chamber and Ara.

"Thousands of jobs will be created at the airport precinct over the next 30 years, and we are working with our partners to ensure local people can make the most of the career opportunities that are on their doorstep, while helping local employers to fill any vacancies they have," said Mr Littlewood.

While pressing ahead with new initiatives to boost local employment, Auckland Airport continues to seek opportunities to lighten our impact on the environment.

Auckland Airport is focused on progressing designs that reduce energy, carbon and waste, drawing on best practice in sustainable design to guide decision-making through the planning, design and construction phases. This includes consulting with the New Zealand Green Building Council (NZGB) and the Infrastructure Sustainability Council of Australia (ISCA), as well as preparing a sustainable design and construction manual to guide the activities of Auckland Airport and our suppliers, supporting the delivery of sustainable outcomes through the design and construction process. An example of this is the construction of a new 75,000m^2 distribution centre for Foodstuffs NZ with a Green Star rating of 6 stars and a roof to support the 6,000m^2 of solar panels now being installed.

"Auckland Airport has a proud history of being a business focused on the long term and we want to ensure that we are minimising any impact of our development programme.

"This also extends to workplace safety. With so much development going on at the airport, we are committed to ensuring the safety and security of everyone working at and travelling through the precinct. Our strong safety culture includes a health and safety forum where we collaborate with our construction partners to ensure we share information, manage safety standards and improve outcomes for our people and contractors.

"The scale and pace of change at Auckland Airport also means we need to work hard to keep travellers and local businesses informed about construction work here, particularly on how it could impact their journey."

Auckland Airport has launched a new campaign called Stay in the Know, combining a marketing strategy with a series of other communication tools – including a new website, fortnightly development update newsletters, videos and the quarterly AKL Update publication – to keep the public and stakeholders up to date with progress on our construction programme.

"Like many parts of Auckland, there is a significant amount of infrastructure change happening at Auckland Airport. It's exciting, but we also want to make sure that we are upfront about the disruption all this construction might cause on a day-to-day basis, to make sure they can plan ahead and keep safe on the road," said Mr Littlewood.

Outlook

As we look to the remainder of the financial year we expect underlying profit after tax (excluding any fair value changes and other one-off items) for the full year to be between $260 million and $270 million. This is a slight reduction on the original guidance for the year, reflecting Auckland Airport's current estimates of the impact of the Covid-19 outbreak. We will continue to monitor developments and update guidance if actual outcomes differ materially from current assumptions.

We expect total capital expenditure for the current financial year of between $450 million and $550 million, and total aeronautical capital expenditure during PSE3 is still forecast to be broadly consistent with the original PSE3 pricing forecasts.

As always, this guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and deterioration as a result of global market conditions or other unforeseen circumstances.

$2 billion PSE3 infrastructure development programme to provide capacity for an increase in passenger numbers, forecast to more than double to 40 million-plus by 2044.

Eight key anchor projects

Four underway

- New international arrivals area
- Airfield expansion – stands and taxiways
- Roading upgrade – northern network
- Domestic terminal works

Four in early to advanced stages of planning

- Domestic Jet Hub
- Pick-up and drop-off and multi-storey car park 1
- Northern runway
- Cargo precinct

$1 billion-plus Domestic Jet Hub

- Enabling works now underway
- Moving from preliminary to concept design
- Interim construction alliance now formed for the Domestic Jet Hub
  - Auckland Airport
  - Hawkins (a Downer company)
  - Fletcher Construction
  - Mott MacDonald

Developing the precinct

- $300 million of investment properties under construction in the first half of the 2020 financial year including the 146-room Mercure Hotel
- Additional investment in the 311-room Te Arikinui Pullman Hotel as part of a joint venture partnership with Tainui Group Holdings
- Park & Ride South development, providing 3,200 car-parking spaces
- 85,000m^2 facility for Foodstuffs NZ
- Auckland Airport continues to investigate commercial on-precinct retail property opportunities to complement existing retail developments

ENDS

To download or view a video about our arrivals project, click here: https://vimeo.com/392128348

For further information, please contact:

Media:
Head of Communications and External Relations
Libby Middlebrook
+64 21 989 908
libby.middlebrook@aucklandairport.co.nz

Investors:
Investor Relations and Reporting
Suzannah Steele
+64 9 257 7042
suzannah.steele@aucklandairport.co.nz

Auckland Airport

Interim Financial Statements 2020

Contents

Consolidated interim income statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Income			
Airfield income		60.8	64.3
Passenger services charge		91.1	93.3
Retail income		113.6	110.8
Rental income		57.0	53.3
Rates recoveries		3.8	3.1
Car park income		34.3	32.9
Interest income		0.7	1.0
Other income		13.4	11.9
Total income		374.7	370.6
Expenses			
Staff	4	30.6	29.8
Asset management, maintenance and airport operations		42.5	38.6
Rates and insurance		8.9	7.9
Marketing and promotions		5.6	5.5
Professional services and levies		2.8	4.9
Other expenses		5.1	6.8
Total expenses		95.5	93.5
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)		279.2	277.1
Share of profit of associate and joint ventures	6	5.0	4.3
Derivative fair value (decrease)/increase		(0.4)	0.2
Investment property fair value increase	9	9.1	11.1
Earnings before interest, taxation and depreciation (EBITDA)		292.9	292.7
Depreciation		55.4	50.0
Earnings before interest and taxation (EBIT)		237.5	242.7
Interest expense and other finance costs	4	34.7	40.1
Profit before taxation	3	202.8	202.6
Taxation expense		55.6	55.4
Profit after taxation, attributable to the owners of the parent		147.2	147.2

	Cents	Cents
Earnings per share		
Basic and diluted earnings per share	12.14	12.23

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIODS TO 31 DECEMBER 2019 AND 31 DECEMBER 2018. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2019 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Consolidated interim statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2019

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Profit for the period	147.2	147.2
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Cash flow hedges:		
Fair value gains/(losses) recognised in the cash flow hedge reserve	0.4	(10.9)
Realised losses transferred to the income statement	1.2	1.0
Tax effect of movements in the cash flow hedge reserve	(0.4)	4.3
Total cash flow hedge movement	1.2	(5.6)
Movement in cost of hedging reserve	2.2	(0.6)
Tax effect of movement in cost of hedging reserve	(0.6)	0.2
Items that may be reclassified subsequently to the income statement	2.8	(6.0)
Total other comprehensive income/(loss)	2.8	(6.0)
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	150.0	141.2

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIODS TO 31 DECEMBER 2019 AND 31 DECEMBER 2018. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2019 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Consolidated interim statement of changes in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	Issued and paid-up capital $M	Cancelled share reserve $M	Property, plant and equipment revaluation reserve $M
Six months ended 31 December 2019 (unaudited)				
At 30 June 2019		468.2	(609.2)	4,968.8
Profit for the period		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Shares issued	10	32.2	-	-
Dividend paid	7	-	-	-
At 31 December 2019		500.4	(609.2)	4,968.8
Six months ended 31 December 2018 (unaudited)				
At 30 June 2018		404.2	(609.2)	4,913.9
Adjustment on adoption of NZ IFRS 9		-	-	-
At 1 July 2018		404.2	(609.2)	4,913.9
Profit for the period		-	-	-
Other comprehensive loss		-	-	-
Total comprehensive income		-	-	-
Shares issued	10	34.7	-	-
Long-term incentive plan		-	-	-
Dividend paid	7	-	-	-
At 31 December 2018		438.9	(609.2)	4,913.9

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIODS 31 DECEMBER 2019 AND 31 DECEMBER 2018. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2019 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Share-based payments reserve $M	Cash flow hedge reserve $M	Cost of hedging reserve $M	Share of reserves of associate $M	Retained earnings $M	Total $M
1.4	(67.1)	(5.8)	28.8	1,247.8	6,032.9
-	-	-	-	147.2	147.2
-	1.2	1.6	-	-	2.8
-	1.2	1.6	-	147.2	150.0
-	-	-	-	-	32.2
-	-	-	-	(136.3)	(136.3)
1.4	(65.9)	(4.2)	28.8	1,258.7	6,078.8
1.3	(38.2)	-	28.8	981.3	5,682.1
-	3.3	(3.3)	-	-	-
1.3	(34.9)	(3.3)	28.8	981.3	5,682.1
-	-	-	-	147.2	147.2
-	(5.6)	(0.4)	-	-	(6.0)
-	(5.6)	(0.4)	-	147.2	141.2
-	-	-	-	-	34.7
(0.1)	-	-	-	-	(0.1)
-	-	-	-	(132.3)	(132.3)
1.2	(40.5)	(3.7)	28.8	996.2	5,725.6

Consolidated interim statement of financial position

AS AT 31 DECEMBER 2019

	Notes	Unaudited As at 31 Dec 2019 $M	Audited As at 30 Jun 2019 $M
Non-current assets			
Property, plant and equipment	8	6,658.3	6,577.1
Investment properties	9	1,848.7	1,745.4
Investment in associate and joint ventures	6	117.2	105.7
Derivative financial instruments		160.8	162.6
		8,785.0	8,590.8
Current assets			
Cash and cash equivalents		65.2	37.3
Trade and other receivables		91.0	69.0
		156.2	106.3
Total assets		8,941.2	8,697.1
Shareholders' equity			
Issued and paid-up capital	10	500.4	468.2
Reserves		4,319.7	4,316.9
Retained earnings		1,258.7	1,247.8
		6,078.8	6,032.9
Non-current liabilities			
Term borrowings	11	1,893.9	1,748.6
Derivative financial instruments		88.1	88.4
Deferred tax liability		268.5	265.3
Other term liabilities		1.8	1.9
		2,252.3	2,104.2
Current liabilities			
Accounts payable and accruals		115.1	102.4
Taxation payable		12.4	15.3
Short-term borrowings	11	481.8	441.8
Provisions		0.8	0.5
		610.1	560.0
Total equity and liabilities		8,941.2	8,697.1

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIODS TO 31 DECEMBER 2019 AND 31 DECEMBER 2018. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2019 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Consolidated interim cash flow statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers		358.6	352.1
Interest received		0.7	1.0
		359.3	353.1
Cash was applied to:			
Payments to suppliers and employees		(99.7)	(110.7)
Income tax paid		(56.3)	(49.0)
Interest paid		(34.3)	(38.3)
		(190.3)	(198.0)
Net cash flow from operating activities	5	169.0	155.1
Cash flow from investing activities			
Cash was provided from:			
Dividends from associate and joint ventures		8.9	7.2
		8.9	7.2
Cash was applied to:			
Purchase of property, plant and equipment		(120.9)	(153.3)
Interest paid – capitalised		(6.5)	(2.7)
Expenditure on investment properties		(92.8)	(24.5)
Investment in joint ventures		(15.4)	(0.6)
		(235.6)	(181.1)
Net cash flow applied to investing activities		(226.7)	(173.9)
Cash flow from financing activities			
Cash was provided from:			
Increase in borrowings		290.0	150.0
		290.0	150.0
Cash was applied to:			
Decrease in borrowings		(100.0)	(75.0)
Dividends paid	7	(104.4)	(98.1)
		(204.4)	(173.1)
Net cash flow from/(applied to) financing activities		85.6	(23.1)
Net increase/(decrease) in cash held		27.9	(41.9)
Opening cash brought forward		37.3	106.7
Ending cash carried forward		65.2	64.8

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIODS TO 31 DECEMBER 2019 AND 31 DECEMBER 2018. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2019 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Notes and accounting policies

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. Corporate information

Auckland International Airport Limited ('the company' or 'Auckland Airport') is a company established under the Auckland Airport Act 1987 and was incorporated on 20 January 1988 under the Companies Act 1955. The company was re-registered under the Companies Act 1993 on 6 June 1997. The company is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013.

The financial statements presented are for Auckland Airport and its wholly owned subsidiaries, joint ventures and an associate ('the group').

These interim financial statements were authorised for issue in accordance with a resolution of the directors on 20 February 2020.

2. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Markets Conduct Act 2013 and the Main Board/Debt Market Listing Rules of NZX Limited. The interim financial statements comply with New Zealand Equivalent to International Accounting Standards NZ IAS 34 and IAS 34 *Interim Financial Reporting*.

Auckland Airport is designated as a profit-oriented entity for financial reporting purposes.

These interim financial statements are not required to and do not make disclosure of all of the information required to be included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements and related notes included in Auckland Airport's Annual Report for the year ended 30 June 2019 ('2019 Annual Report').

The accounting policies set out in the 2019 Annual Report have been applied consistently to all periods presented in these interim financial statements, other than the adoption of NZ IFRS 16 for the 2020 financial year.

NZ IFRS 16 *Leases* is effective for annual periods beginning on or after 1 January 2019. The group has applied NZ IFRS 16 from 1 July 2019. When applying the new standard, the group reviewed:

- Leases where the group is the lessor and has concluded that these will remain as operating leases under NZ IFRS 16; and
- Leases where the group is the lessee and has concluded that there is no material impact of NZ IFRS 16 on the financial statements.

Investment properties, space within terminals and certain properties used for aeronautical purposes, where the group acts as a lessor, are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, sales-based concession fees and adjustments to rentals depending on the passenger numbers.

To manage any credit risk exposure where considered necessary, the group may obtain bank guarantees for the term of the lease.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Application of this standard by the group has not materially affected any of the amounts recognised in these financial statements. The application of this standard resulted in additional disclosures relating to the disaggregation of leased vs non-leased assets (refer to note 8 and note 9) and a number of other qualitative disclosures that were included above.

There are no other new or amended standards that are issued but not yet effective that are expected to have a material impact on the group.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars ($M) and one decimal point unless otherwise indicated.

3. Segment information

(a) Identification of reportable segments

The group has identified its operating segments based on the internal reports reviewed and used by the chief executive, as the chief operating decision-maker, in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of services provided. Discrete financial information about each of these operating segments is reported to the chief executive at least monthly. The chief executive assesses the performance of the operating segments based on segment EBITDAFI. Interest income and expenditure, taxation, depreciation, fair value adjustments, and share of profits of associate and joint ventures are not allocated to operating segments as the group manages the cash position and borrowings at a group level.

(b) Types of services provided

Aeronautical

The aeronautical business provides services that facilitate the movement of aircraft, passengers and cargo and provides utility services that support the airport. The aeronautical business also earns rental revenue from space leased in facilities such as terminals.

Retail

The retail business provides services to the retailers within the terminals and provides car parking facilities for passengers, visitors and airport staff.

Property

The property business earns rental revenue from space leased on airport land outside the terminals including cargo buildings, hangars, shops and other stand-alone investment properties.

	Aeronautical $M	Retail $M	Property $M	Total $M
Six months ended 31 December 2019 (unaudited)				
Total segment income	167.3	154.1	50.2	371.6
Total segment expenses	46.7	16.7	11.1	74.5
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)	120.6	137.4	39.1	297.1
Six months ended 31 December 2018 (unaudited)				
Total segment income	171.7	149.0	47.1	367.8
Total segment expenses	42.4	15.9	12.1	70.4
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)	129.3	133.1	35.0	297.4

Income reported above represents income generated from external customers. There was no inter-segment income in the period (31 December 2018: nil).

3. Segment information CONTINUED

(c) Reconciliation of segment EBITDAFI to income statement

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Segment EBITDAFI	297.1	297.4
Unallocated external operating income	3.1	2.8
Unallocated external operating expenses	(21.0)	(23.1)
Total EBITDAFI as per income statement	279.2	277.1
Share of profit of associate and joint ventures	5.0	4.3
Depreciation	(55.4)	(50.0)
Derivative fair value (decrease)/increase	(0.4)	0.2
Investment property fair value increase	9.1	11.1
Interest expense and other finance costs	(34.7)	(40.1)
Profit before taxation	202.8	202.6

The income included in unallocated external operating income consists mainly of interest from third-party financial institutions and income from telecommunication and technology services provided to tenants. The expenses included in unallocated external operating expenses consists mainly of corporate staff expenses and corporate legal and consulting fees.

4. Profit for the period

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Staff expenses comprise:		
Salaries and wages	24.2	23.5
Employee benefits	2.4	2.0
Share-based payment plans	0.4	0.4
Defined contribution superannuation	0.9	0.8
Other staff costs	2.7	3.1
	30.6	29.8
Interest expense and other finance costs comprise:		
Interest on bonds and related hedging instruments	21.3	20.2
Interest on bank facilities and related hedging instruments	6.8	6.1
Interest on USPP notes and related hedging instruments	7.1	8.9
Interest on AMTN notes and related hedging instruments	4.4	5.3
Interest on commercial paper and related hedging instruments	1.6	2.3
	41.2	42.8
Less capitalised borrowing costs	(6.5)	(2.7)
	34.7	40.1
Interest rate for capitalised borrowings costs	3.94%	4.29%

The gross interest costs of bonds, bank facilities, USPP, AMTN and commercial paper, excluding the impact of interest rate hedges, was $41.0 million for the period ended 31 December 2019 (31 December 2018: $40.4 million).

5. Reconciliation of profit after taxation with cash flow from operating activities

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Profit after taxation	147.2	147.2
Non-cash items:		
Depreciation	55.4	50.0
Deferred taxation expense	2.2	7.0
Share-based payments	0.4	0.4
Equity-accounted earnings from associate and joint ventures	(5.0)	(4.3)
Investment property fair value increase	(9.1)	(11.1)
Derivative fair value decrease/(increase)	0.4	(0.2)
Items not classified as operating activities:		
(Increase)/decrease in property, plant and equipment retentions and payables	(10.4)	51.7
Increase in investment property retentions and payables	(0.1)	(2.8)
Movement in working capital:		
Increase in trade and other receivables	(22.0)	(31.3)
Decrease in taxation payable	(2.9)	(0.6)
Increase/(decrease) in accounts payable and provisions	13.0	(51.0)
(Decrease)/increase in other term liabilities	(0.1)	0.1
Net cash flow from operating activities	169.0	155.1

6. Associate and joint ventures

Movement in the group's carrying amount of investments in associate and joint ventures:

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
Movement in investment in associate and joint ventures continuing		
Investment in associate and joint ventures at the beginning of the period	105.7	104.4
Further investment in joint ventures	15.4	2.3
Share of profit after tax of associate and joint ventures	5.0	4.3
Share of dividends received and repayment of partner contribution	(8.9)	(7.2)
Investment in associate and joint ventures at the end of the period	117.2	102.1

Tainui Auckland Airport Hotel Limited Partnership (joint venture)

On 31 October 2019, the group increased its investment in Tainui Auckland Airport Hotel Limited Partnership from 40% to 50% by way of acquiring Accor Hospitality's remaining 10% stake in the partnership. The 10% stake was purchased for a consideration of $6.6 million.

Tainui Auckland Airport Hotel 2 Limited Partnership (joint venture)

During the period ended 31 December 2019, the group contributed $8.8 million into the Tainui Auckland Airport Hotel 2 Limited Partnership to fund its 50% share of the initial construction costs of the Pullman Hotel.

In August 2019, the group provided a $96.3 million 35-month loan facility to the Tainui Auckland Airport Hotel 2 Limited Partnership. The loan facility was undrawn at 31 December 2019 but will be used to fund future construction costs of the Pullman Hotel. The loan facility will be secured over the joint venture's assets, with a floating interest rate of BKBM plus 1.5%.

Carrying value of investments in associate and joint ventures:

	Unaudited As at 31 Dec 2019 $M	Audited As at 30 Jun 2019 $M
Investment in associate and joint ventures continuing		
Tainui Auckland Airport Hotel Limited Partnership	32.2	30.4
Tainui Auckland Airport Hotel 2 Limited Partnership	14.0	5.2
Queenstown Airport Corporation Limited	71.0	70.1
Total	117.2	105.7

7. Distribution to shareholders

	Dividend payment date	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M
2018 final dividend of 11.00 cps	19 October 2018	-	132.3
2019 final dividend of 11.25 cps	18 October 2019	136.3	-
Total dividends paid		136.3	132.3

The company has a dividend reinvestment plan. During the period ended 31 December 2019, $31.9 million of dividends were reinvested and $104.4 million were paid in cash (31 December 2018: $34.2 million reinvested and $98.1 million paid in cash).

8. Property, plant and equipment

	Unaudited As at 31 Dec 2019 $M	Audited As at 30 Jun 2019 $M
At fair value	6,402.5	6,373.6
At cost	185.0	174.4
Work in progress at cost	325.2	229.8
Accumulated depreciation	(254.4)	(200.7)
Net carrying amount	6,658.3	6,577.1

The group carries land, buildings and services, infrastructure and runway, taxiways and aprons at fair value.

At 31 December 2019 the group assessed that carrying amounts do not differ materially from fair value.

Vehicles, plant and equipment and work in progress are carried at cost.

Additions to property, plant and equipment were $135.1 million for the six months ended 31 December 2019 (six months ended 31 December 2018: $104.4 million).

Transfers from investment property were $1.2 million for the six months ended 31 December 2019 to make land available for the terminal exit road. Transfers from investment property were $21.6 million for the six months ended 31 December 2018 to make land available for new public car parks and for owner-occupied office space.

The following categories of property, plant and equipment are leased to tenants:

- Aeronautical land, including land associated with aircraft, freight and terminal use carried at $188.6 million (30 June 2019: $188.6 million);
- Land associated with retail facilities within terminal buildings carried at $2,232.0 million (30 June 2019: $2,232.0 million); and
- Space within terminal buildings, being 14% of total floor area or $124.4 million (30 June 2019: 14% of total floor area or $127.9 million).

9. Investment properties

	Unaudited 6 months to 31 Dec 2019 $M	Audited 12 months to 30 Jun 2019 $M
Balance at the beginning of the period	1,745.4	1,425.6
Additions	95.4	92.8
Disposals	-	(0.5)
Transfer to property, plant and equipment (note 8)	(1.2)	(26.5)
Change in net revaluations	9.1	254.0
Balance at the end of the period	1,848.7	1,745.4

Investment property is measured at fair value, which reflects market conditions at balance date. To determine fair value, Auckland Airport commissions investment property valuations at 30 June each year and undertakes a desktop review at 31 December each year.

At 31 December 2019 and 31 December 2018, desktop reviews were performed by Auckland Airport which comprised a review of recent comparable transactional evidence of market sales and leasing activity using market data provided by Colliers. The reviews did not include full property inspections or the issue of new valuation reports but examined the likely effect on property values relevant to Auckland Airport's investment property portfolio. The reviews indicated that there was no material fair value movement in the overall investment property portfolio.

At 31 December each year, Auckland Airport also reviews investment properties that are recently constructed or in the latter stages of construction. At 31 December 2019, a review of four new investment properties was performed by Savills.

The valuation of these four investment properties resulted in a $9.1 million increase in the fair value at 31 December 2019 (31 December 2018: $11.1 million increase resulting from the valuation of one recently constructed investment property).

The following categories of investment property are leased to tenants:

- Retail and service carried at $295.1 million (30 June 2019: $271.3 million);
- Industrial carried at $1,007.3 million (30 June 2019: $927.8 million); and
- Other investment property carried at $176.0 million (30 June 2019: $169.1 million).

10. Issued and paid-up capital

	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2018 $M	Unaudited 6 months to 31 Dec 2019 Shares	Unaudited 6 months to 31 Dec 2018 Shares
Opening issued and paid-up capital	468.2	404.2	1,210,674,696	1,201,875,336
Shares fully paid and allocated to employees by employee share scheme	0.1	0.3	10,300	64,200
Shares vested to employees participating in long-term incentive plans	0.2	0.2	89,379	125,515
Shares issued under the dividend reinvestment plan	31.9	34.2	3,620,888	4,839,421
Closing issued and paid-up capital	500.4	438.9	1,214,395,263	1,206,904,472

11. Borrowings

	Unaudited As at 31 Dec 2019 $M	Audited As at 30 Jun 2019 $M
Current		
Commercial paper	91.8	91.8
Bank facilities	240.0	100.0
Bonds	150.0	250.0
Total short-term borrowings	481.8	441.8
Non-current		
Bank facilities	130.0	80.0
Bonds	825.0	725.0
USPP notes	628.8	631.9
AMTN notes	310.1	311.7
Total term borrowings	1,893.9	1,748.6
Total		
Commercial paper	91.8	91.8
Bank facilities	370.0	180.0
Bonds	975.0	975.0
USPP notes	628.8	631.9
AMTN notes	310.1	311.7
Total borrowings	2,375.7	2,190.4

Bank facilities
In August 2019 a new $100 million five-year facility was established with Mizuho Bank. The new facility replaced an existing drawn facility of the same amount that was set to mature in October 2019.

An additional $95 million 39-month facility was also established in August 2019 with China Construction Bank.

In December 2019 two new $50 million 12-month standby facilities were established with BNZ and Westpac.

Bonds and notes
In the period to 31 December 2019 the company undertook the following bond financing activity:

- The issuance of $100 million of three-year floating rate notes in October 2019; and
- The repayment of a $100 million seven-year 4.73% fixed rate bond in December 2019.

During the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

12. Financial risk management

The group has a treasury policy which limits exposure to market risk for changes in interest rates and foreign currency, liquidity risk and counter-party credit risk. The group has no other material direct price risk exposure.

The interim consolidated financial statements do not include all financial risk management information and disclosures and should be read in conjunction with the group's annual financial statements for the year ended 30 June 2019.

Further information on risk management is contained in the corporate governance section of the 2019 Annual Report.

There have been no significant changes in the financial risk management objectives and policies since 30 June 2019.

13. Fair value of financial instruments

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the period to 31 December 2019 (30 June 2019: nil)

The following financial instruments are carried at amortised cost, which approximates their fair value:

- Cash;
- Trade and other receivables;
- Accounts payable and accruals;
- Other term liabilities; and
- Borrowings issued at floating rates.

Borrowings issued at fixed rates, including bonds, USPP notes and AMTN notes, are also carried at amortised cost, which differs from their fair value.

The fair values are shown in the table below for comparative purposes and are determined as follows:

The group's bonds are classified as level 1. The fair value of the bonds is based on the quoted market prices for these instruments at balance date;The group's USPP notes are classified as level 2.

The fair value of the USPP notes has been determined at balance date on a discounted cash flow basis using the USD Bloomberg curve and applying discount factors to the future USD interest payment and principal payment cash flows; andThe group's AMTN notes are classified as level 2.

The fair value of the AMTN notes has been determined at balance date on a discounted cash flow basis using the AUD Bloomberg curve and applying discount factors to the future AUD interest payment and principal payment cash flows.

	Unaudited 31 Dec 2019		Audited 30 Jun 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	$M	$M	$M	$M
Bonds	975.0	1,026.6	975.0	1,031.1
USPP notes	628.8	639.0	631.9	637.0
AMTN notes	310.1	315.8	311.7	303.0

13. Fair value of financial instruments CONTINUED

The group's derivative financial instruments are carried at fair value and are classified as level 2. The fair values are determined on a discounted cash flow basis. The future cash flows are forecast using the key inputs presented in the table below. The forecast cash flows are discounted at a rate that reflects the credit risk of both counterparties to the derivative financial instruments.

	Unaudited Fair value As at 31 Dec 2019 $M	Audited Fair value As at 31 Dec 2018 $M	Valuation key inputs
Interest rate swaps			Forward interest rates (from observable yield curves) and contract interest rates
Liabilities	(88.1)	(88.4)	
Interest basis swaps			Observable forward basis swap pricing and contract basis rates
Assets	1.5	1.8	
Cross-currency interest rate swaps			Forward interest and foreign exchange rates (from observable yield curves and forward exchange rates) and contract rates
Assets	159.3	160.8	

14. Commitments

(a) Property, plant and equipment

The group had contractual obligations to purchase or develop property, plant and equipment for $375.0 million at 31 December 2019 (30 June 2019: $72.0 million).

(b) Investment property

The group had contractual obligations to purchase, develop, repair or maintain investment property for $133.7 million at 31 December 2019 (30 June 2019: $183.4 million).

15. Contingent liabilities

Noise insulation

Auckland Airport Designation 1100, contained in the Auckland Unitary Plan, sets out the requirements for noise mitigation for properties affected by aircraft noise. The conditions include obligations on the company to mitigate the impact of aircraft noise through the installation of noise mitigation packages to existing dwellings and schools. The noise mitigation packages provide treatment of dwellings to achieve an internal noise environment of no more than 40dB. The company is required to subsidise 100% of treatment costs for properties in the high aircraft noise area and 75% in the medium aircraft noise area.

The aircraft noise contours included in Designation 1100 reflect the long-term predicted aircraft noise levels generated by aircraft operations from the existing runway and proposed northern runway. Annually, the company projects the level of noise that will be generated from aircraft operations for the following 12 months. These annual projections confirm which dwellings and schools are eligible for noise mitigation each year and offers are sent out to those affected properties. It is at the discretion of the individual landowner whether they accept a noise mitigation package.

Projections are undertaken annually to determine eligibility. The rate of acceptance of offers of treatment by landowners is variable. It is estimated that further costs of noise mitigation should not exceed $9.0 million in relation to the existing runway and proposed northern runway.

Firefighting foam clean-up

The group has an obligation to dispose of PFOS/PFOA contaminated firefighting foam inventory, which is currently underway. PFOS/PFOA containing firefighting foam has been widely used in the airport sector, globally and throughout New Zealand.

The Ministry for the Environment is yet to determine if the airport sector will need to perform any additional decontamination tasks other than disposing of surplus inventory, but our investigations to assess the extent of any contamination are ongoing.

At this time, the potential cost of any yet-to-be-determined decontamination obligations has not been provided for in the financial statements.

16. Events subsequent to balance date

On 20 February 2020, the directors approved the payment of a fully imputed interim dividend of 11 cents per share amounting to $133.7 million to be paid on 3 April 2020.

On 12 February 2020, the directors of Queenstown Airport declared a dividend of $1.0 million. The group's share of the dividend is $0.2 million and was received on 13 February 2020.

Deloitte.

INDEPENDENT REVIEW REPORT
TO THE SHAREHOLDERS OF AUCKLAND INTERNATIONAL AIRPORT LIMITED

We have reviewed the condensed consolidated interim financial statements of Auckland International Airport Limited ('the Company') and its subsidiaries ('the Group') which comprise the condensed consolidated interim statement of financial position as at 31 December 2019, and the condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 2 to 19.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Auckland International Airport Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm carries out other assignments for Auckland International Airport Limited in the area of taxation advice, AGM vote scrutineering assistance and assurance reporting for regulatory purposes. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Deloitte Limited

20 February 2020
Chartered Accountants
AUCKLAND, NEW ZEALAND

This review report relates to the unaudited condensed consolidated interim financial statements of Auckland International Airport Limited for the 6 months ended 31 December 2019 included on Auckland International Airport Limited's website. The Board of Directors is responsible for the maintenance and integrity of Auckland International Airport Limited's website. We have not been engaged to report on the integrity of Auckland International Airport Limited's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed consolidated interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed consolidated interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed consolidated interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited condensed consolidated interim financial statements dated 20 February 2020 to confirm the information included in the unaudited condensed consolidated interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shareholder information

Reporting entity

The company was incorporated on 20 January 1988, under the Companies Act 1955, and commenced trading on 1 April 1988. The company was re-registered under the Companies Act 1993 on 6 June 1997. On 25 June 1998, the company adopted a revised constitution, approved as appropriate for a publicly listed company. Further revisions of the constitution were adopted on 21 November 2000, 18 November 2002, 23 November 2004 and 23 October 2019 to comply with NZX and ASX Listing Rule requirements.

The company was registered in Australia as a foreign company under the Corporations Law on 22 January 1999 (ARBN 085 819 156) and was granted Foreign Exempt Listing Entity status by ASX on 22 April 2016.

The company's shares were quoted on the NZX on 28 July 1998. The company's shares were quoted on the ASX effective 1 July 2002. The company is not subject to chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (i.e. substantial holdings and takeovers).

The total number of voting securities on issue as at 31 December 2019 was 1,215,040,409.

Waivers granted by the NZX

Waiver dated 28 November 2012

NZX granted a waiver of the previous Listing Rule 11.1.1 in relation to the company's quoted bonds. This allowed the company to refuse a transfer of bonds if the transfer was not in multiples of $1,000 or would result in the transferor holding an aggregate principal amount of less than $10,000 of the relevant series of bonds (if not zero).

Waiver dated 12 September 2018

The company was issued with waivers of the previous Listing Rules 5.2.3 and 7.11.1 by NZX on 12 September 2018 (for a period of six months from 11 October 2018) in respect of the company's October 2018 issue of $150 million of unsecured, unsubordinated, fixed rate notes ('Bonds').

The previous Listing Rule 5.2.3 (as modified by NZX's ruling on Rule 5.2.3 issued on 29 September 2015) provides that a class of securities will generally not be considered for quotation unless those securities are held by at least 100 members of the public, holding at least 25% of the number of securities in the class issued, with each member holding at least a minimum holding.

The waiver was granted on the conditions that (i) the waiver and its implications were disclosed in the terms sheet for the Bonds, (ii) the waiver, its conditions and their implications are disclosed in the company's half-year and annual reports, (iii) the terms sheet for the Bonds disclosed liquidity in the Bonds as a risk, and (iv) the company is to notify NZX Regulation if there is a material reduction in the total number of and/or percentage of the Bonds held by members of the public holding at least a minimum holding of the Bonds.

The effect of the waiver from the previous Listing Rule 5.2.3 is that the Bonds may not be widely held and there may be reduced liquidity in the Bonds.

The previous Listing Rule 7.11.1 provides that an issuer making an issue of debt securities quoted or to be quoted shall proceed to allotment within five business days after the latest date on which applications close. The company was given a waiver from Rule 7.11.1 to structure the offer so that the allotment date was ten business days after the closing date.

NZX's class ruling dated 19 November 2018

On November 2018, NZX granted a class ruling to all issuers transitioning to the new Listing Rules. Waivers granted prior to 1 January 2019 will continue to have effect from a transitioning issuer's transition date to 30 June 2020, in respect of the application of such waivers and/or rulings to the comparable new NZX Listing Rule.

During the transitional period, NZX Regulation will redocument the grandfathered waivers identified by the issuer to reflect updated Listing Rule references and language. Redocumented waivers will then continue to apply after 30 June 2020.

The effect of NZX's class ruling is that the waivers dated 12 September 2018 from the previous Listing Rules 5.2.3 and 7.11.1 continued to have effect until 11 April 2019, at which point they expired in accordance with the terms of the waivers above.

The company will not require an equivalent waiver under the new Listing Rules to the waiver dated 28 November 2012 from the previous Listing Rule 11.1.1. This is because the new Listing Rule 8.1.6(a) allows the company to refuse to transfer its quoted bonds if the transfer is not in multiples of $1,000 or would result in the transferor holding an aggregate principal amount of less than $10,000 of the relevant series of bonds (if not zero). The company considers that the new Listing Rule 8.1.6(a) fully covers the previous waiver and therefore the waiver is no longer required.

Shareholder information CONTINUED

Auditors

Deloitte has continued to act as external auditor of the company and has undertaken a review of the interim financial statements for the six months ended 31 December 2019. The external auditor is subject to a partner rotation policy.

Credit rating

As at 31 December 2019, the S&P Global Ratings' long-term credit rating for the company was A- Stable Outlook.

Company publications

The company informs investors of the company's business and operations by issuing an annual report (with notice of meeting) and interim financial statements.

Enquiries

Shareholders with enquiries about transactions, changes of address or dividend payments should contact Link Market Services Limited on +64 9 375 5998. Other questions should be directed to the Company Secretary at the registered office.

Share Registrars

New Zealand:
Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010

PO Box 91976
Auckland 1142

Australia:
Link Market Services Limited
Level 12
680 George Street
Sydney
NSW 2000

Locked Bag A14
Sydney South
NSW 1235

Financial calendar	Half-year	Full-year
Results announcement	February	August
Reports published	February	August
Dividends paid	April	October
Annual meeting	-	October
Disclosure financial statements	-	November

Corporate directory

DIRECTORS

Patrick Strange, chair
Mark Binns
Dean Hamilton
Julia Hoare
Elizabeth Savage
Tania Simpson
Justine Smyth
Christine Spring

SENIOR MANAGEMENT

Adrian Littlewood
chief executive

Philip Neutze
chief financial officer

Richard Barker
general manager retail and commercial

Anna Cassels-Brown
general manager operations

Jonathan Good
general manager technology and marketing

André Lovatt
general manager airport development and delivery

Scott Tasker
general manager aeronautical commercial

Mark Thomson
general manager property

Mary-Liz Tuck
general manager corporate services and
general counsel

REGISTERED OFFICE NEW ZEALAND

4 Leonard Isitt Drive
Auckland Airport Business District
Manukau 2022
New Zealand

Phone: +64 9 275 0789
Freephone: 0800 Airport (0800 247 7678)
Facsimile: +64 9 275 4927
Email: tellus@aucklandairport.co.nz
Website: www.aucklandairport.co.nz

REGISTERED OFFICE AUSTRALIA

c/o KPMG
147 Collins Street
Melbourne
Victoria 3000
Australia

Phone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
Website: www.kpmg.com.au

MAILING ADDRESS

Auckland International Airport Limited
PO Box 73020
Auckland Airport
Manukau 2150
New Zealand

GENERAL COUNSEL & GENERAL MANAGER CORPORATE SERVICES

Mary-Liz Tuck

AUDITORS

External auditor – Deloitte
Internal auditor – Ernst & Young
Share registry auditor – Grant Thornton

Auckland Airport

Interim Results Presentation

20 February 2020

Adrian Littlewood
Chief Executive

Philip Neutze
Chief Financial Officer

Disclaimer

Disclaimer

This presentation is given on behalf of Auckland International Airport Limited (NZX: AIA; ASX: AIA; ADR: AUKNY). Information in this presentation:

- is provided for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Auckland International Airport Limited (Auckland Airport);
- should be read in conjunction with, and is subject to, Auckland Airport’s unaudited Interim Financial Statements for the six months ended 31 December 2019, prior annual and interim reports and Auckland Airport's market releases on the NZX and ASX;
- includes forward-looking statements about Auckland Airport and the environment in which Auckland Airport operates which are subject to uncertainties and contingencies outside of Auckland Airport's control. Auckland Airport's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and
- may contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.

All information in this presentation is current at the date of this presentation, unless otherwise stated. Auckland Airport is not under any obligation to update this presentation at any time after its release, whether as a result of new information, future events or otherwise.

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

Refer page 34 for a glossary of the key terms used in this presentation.

Highlights


Tour group area
Media centre
Toilets
Ground transport
Domestic terminal
TAXI

Interim results at a glance

Revenue	EBITDAFI	Underlying profit[1]	Profit after tax
$374.7m	$279.2m	$139.9m	$147.2m
▲ 1.1%	▲ 0.8%	▲ 2.2%	▶ unchanged

Passenger movements	Capital investment	Operating cashflow	Underlying earnings per share
10.6m	$230.8m	$169.0m	11.5c
▼ 0.5%	▲ 74.4%	▲ 9.0%	▲ 0.9%

[1] The reconciliation between underlying and net profit can be found on page 33.

Diversified, resilient and growing revenues

Aeronautical

$151.9m revenue (3.6%)

New direct routes to Seoul and Vancouver. Moderating PAX growth:
(0.1%) International
(1.2%) Domestic
2.7% Transits

Retail

$113.6m revenue 2.5%

Solid, resilient income growth and diversification:
$20.42 income per passenger
4.6% uplift in international PSR
28% increase in off airport sales

Transport

$34.3m revenue 4.3%

Capacity led revenue growth reflecting strong demand:
8.1% increase in capacity[1]
(3.6%) ARPS decrease

Property

$45.9m revenue 6.0%

Accelerating momentum:
$300m+ under construction
$105m rent roll
99.4% occupancy

Hotels

$20.9m revenue[2] 5.5%

Increasing demand:
~96% occupancy
2% uplift in average room rate

Queenstown

$29.1m revenue 15.0%

Strong passenger growth:
17.1% International
1.3% Domestic

[1] Based on average number of spaces in 1H FY20 compared with 1H FY19
[2] Includes ibis Budget Hotel and 100% of Novotel Hotel revenues

Coronavirus (Covid-19) is evolving quickly

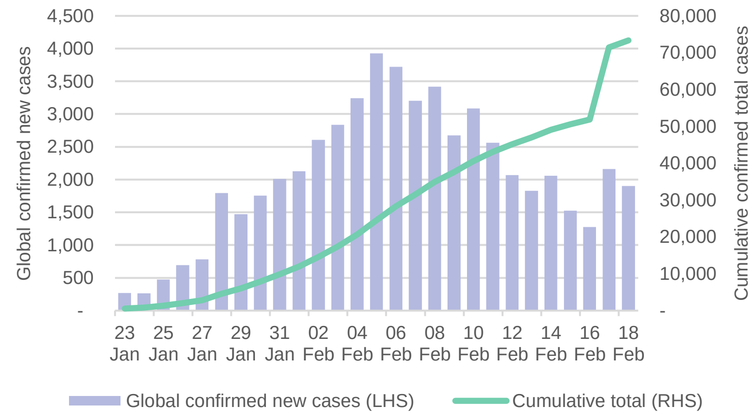
Covid-19 presents a challenge to the industry

- The recent Covid-19 outbreak is impacting the tourism industry across the globe as travel restrictions and reductions in airline capacity reduce travel
- Given the evolving nature of the Covid-19 situation, it is difficult to estimate the impact on tourism across the region, New Zealand and as the country's primary gateway, ultimately Auckland Airport
- The impact of previous pandemic outbreaks has typically been short term, followed by a strong rebound

Covid-19 impact on Auckland Airport to date

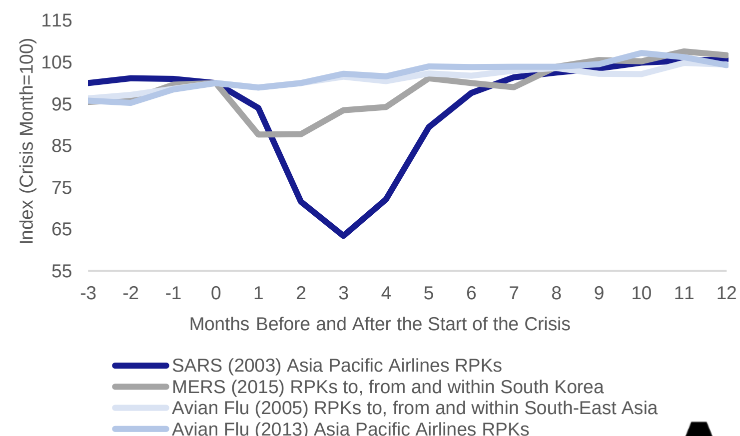
- Chinese New Year largely followed historic trends
- We are now seeing an impact on passenger numbers with capacity to/from China reduced following travel restrictions. Currently 8-11 services per week to/from China (normally up to 45)
- Passenger volumes excluding China are largely following summer peak trends, but we are staying in close contact with our airline partners who are seeing some signs of softer forward bookings
- We are working closely with our airline partners and Tourism New Zealand to support key markets and to help ensure a strong rebound in China after Covid-19

Covid-19 confirmed cases by date



Source: World Health Organisation Situation Reports. Effective 17 February, 'confirmed' cases include both laboratory-confirmed as previously reported, and clinically diagnosed

Impact of previous pandemic outbreaks on aviation



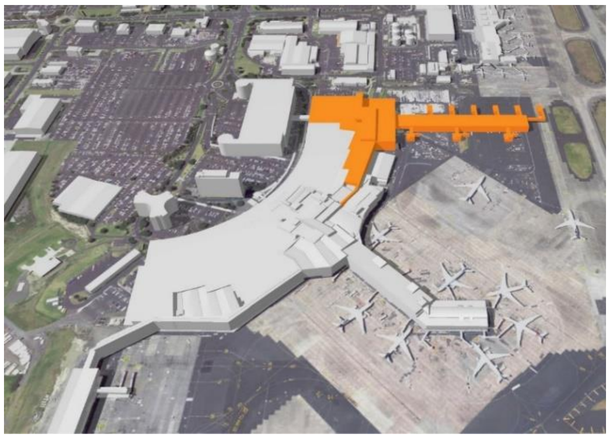
Source: IATA

Substantial investment underway

Airfield expansion and redevelopment – stands and taxiways

Northern road network (artists impression)

New international arrivals area render



Indicative location of new Domestic Jet Hub

Mercure hotel render, new 4 star hotel within the Quad

Foodstuffs facility under construction

Outlook and guidance

Profit guidance[1]

- Covid-19 impact on FY20 underlying profit is uncertain. Current forecast is approximately $10m after tax impact in 2H FY20 over both aeronautical and non-aeronautical revenues. Assumes increasing impacts over March/April and a gradual recovery over May/June
- Prior to Covid-19 outbreak, guidance unchanged. We now expect FY20 underlying NPAT (excluding any fair value changes and other one-off items) to be between $260m and $270m
- Dividend policy unchanged
- High-level Covid-19 assumptions:
  - greatest impact on direct passengers to/from China from February 2020, with a gradual recovery over May/June 2020
  - lower, albeit still significant reduction in passengers from other countries previously transiting through China airports
  - other Asian direct routes down too, but a smaller impact
  - some flow on to New Zealand domestic travel
- We will continue to monitor developments over the remainder of FY20 and update guidance if actual outcomes differ materially from our current assumptions

Capex guidance[1]

- We continue to expect total capital expenditure in FY20 of between $450m and $550m and commissioned capex for PSE3 is forecast to be broadly consistent with the original circa $1.5bn aeronautical pricing forecasts

[1] This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and any deterioration due to global market conditions or other unforeseeable circumstances

Financial performance

Revenue and EBITDA growth continues

For the six months ended 31 December ($m)	2019	2018	Change
Revenue	374.7	370.6	1.1%
Expenses	95.5	93.5	2.1%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**279.2**	**277.1**	**0.8%**
Share of profit from associates	5.0	4.3	16.3%
Derivative fair value (decrease)/increase	(0.4)	0.2	N/a
Investment property revaluation	9.1	11.1	(18.0%)
Depreciation expense	55.4	50.0	10.8%
Interest expense	34.7	40.1	(13.5%)
Taxation expense	55.6	55.4	0.4%
Reported profit after tax	**147.2**	**147.2**	**0.0%**
Underlying profit after tax*	**139.9**	**136.9**	**2.2%**

** A reconciliation between reported profit after tax and underlying profit after tax can be found on page 33.*

Revenue growth driven by non-aeronautical

For the six months ended 31 December ($m)	2019	2018	Change
Airfield income	60.8	64.3	(5.4)%
Passenger services charge	91.1	93.3	(2.4)%
Retail income	113.6	110.8	2.5%
Car park income	34.3	32.9	4.3%
Investment property rental income	45.9	43.3	6.0%
Other rental income	11.1	10.0	11.0%
Other income	17.9	16.0	11.9%
Total revenue	**374.7**	**370.6**	**1.1%**

- Aeronautical income fell 3.6% reflecting the reduction in aeronautical prices associated with a 6.62% target return for PSE3 coming into effect from 1 July 2019 (6.99% previously), combined with lower passenger numbers as a result of reduced seat capacity
- Retail income increased by 2.5% driven by steady growth in terminal income and double-digit growth from the Collection Point and Strata Lounge
- Parking revenue grew 4.3% reflecting continuing, growing demand for higher margin / premium products such as Valet, and increased capacity
- Investment property rental income growth of 6.0% was largely driven by the completion of new assets in the first six months of the year and strong rental growth in the existing portfolio

Passenger numbers moderating after multi-year growth

For the six months ended 31 December	2019	2018	Change
International arrivals	2,715,217	2,724,021	(0.3%)
International departures	2,574,181	2,570,486	0.1%
International passengers excluding transits	**5,289,398**	**5,294,507**	**(0.1%)**
Transit passengers	547,448	533,200	2.7%
Total international passengers	**5,836,846**	**5,827,707**	**0.2%**
Domestic passengers	4,757,573	4,816,706	(1.2%)
Total passengers	**10,594,419**	**10,644,413**	**(0.5%)**

- Total passenger numbers fell 0.5% driven by reduced seat capacity on both domestic and international services
- International passengers (excl. transits) decline of 0.1% reflects a reduction in airline capacity driven by Air Asia X and Hong Kong Airlines exits during February 2019 and May 2019 respectively
- Domestic passenger volumes decreased by 1.2% driven by capacity reductions on both main trunk and regional services by both main carriers, including Jetstar's regional exit on 1 December 2019
- Transit passengers were up 2.7% reflecting growth in transiting passengers between Asia and the Pacific Islands and a rebound in passengers transiting between Australia and the Americas

Lower aircraft movements and MCTOW in the period

For the six months ended 31 December	2019	2018	Change
Aircraft movements			
International aircraft movements	28,616	29,101	(1.7%)
Domestic aircraft movements	59,974	61,776	(2.9%)
Total aircraft movements	**88,590**	**90,877**	**(2.5%)**
MCTOW (tonnes)			
International MCTOW	2,914,921	3,003,550	(3.0%)
Domestic MCTOW	1,168,864	1,203,153	(2.8%)
Total MCTOW	**4,083,785**	**4,206,703**	**(2.9%)**

- 1.7% decline in international aircraft movements was less than the 3.0% decline in international MCTOW, mainly driven by the withdrawal of Air Asia X on the Tasman being backfilled by smaller aircraft
- Domestic aircraft movements decreased 2.9% in the year in line with Domestic MCTOW, reflecting the reduced frequency of main trunk and regional services

Prudent opex management

For the six months ended 31 December ($m)	2019	2018	Change
Staff	30.6	29.8	2.7%
Asset management, maintenance and airport operations	42.5	38.6	10.1%
Rates and insurance	8.9	7.9	12.7%
Marketing and promotions	5.6	5.5	1.8%
Professional services and levies	2.8	4.9	(42.9%)
Other	5.1	6.8	(25.0%)
Total operating expenses	**95.5**	**93.5**	**2.1%**
Depreciation	55.4	50.0	10.8%
Interest	34.7	40.1	(13.5%)

- Total opex growth for the period fell to 2.1% compared with 6.3% in FY19, 13.6% in 1H FY19 and 13.6% in FY18
- Staff costs rose 2.7% reflecting additional headcount in Operations, partly offset by more staff time associated with the capital delivery programme
- Asset management, maintenance and operations expenses increased by 10.1%
- Rates and insurance grew by 12.7% reflecting higher capital value and floor area increases
- Professional services and levies reduced 42.9% with greater use of internal resources and less outsourcing to external consultants
- Interest expense fell 13.5% reflecting lower average rates and higher capitalised interest

Associates' performance

For the six months ended 31 December ($m)	2019	2018	Change
Queenstown Airport (24.99% ownership)			
Total Revenue	29.1	25.3	15.0%
EBITDA	20.4	17.4	17.2%
Underlying Earnings (Auckland Airport share)	2.7	2.1	28.6%
Domestic Passengers	840,628	829,957	1.3%
International Passengers	417,111	356,153	17.1%
Aircraft movements	9,592	9,086	5.6%
Novotel Tainui Holdings (50.00% ownership)[1]			
Total Revenue	16.1	15.4	4.5%
EBITDA	6.1	5.8	5.2%
Underlying Earnings (Auckland Airport share)	2.3	2.1	9.5%
Average occupancy	95.9%	91.8%	4.1%
Average room rate increase	0.3%	2.4%	

[1] Novotel ownership increased from 40% to 50% on 31 October 2019

Capital expenditure

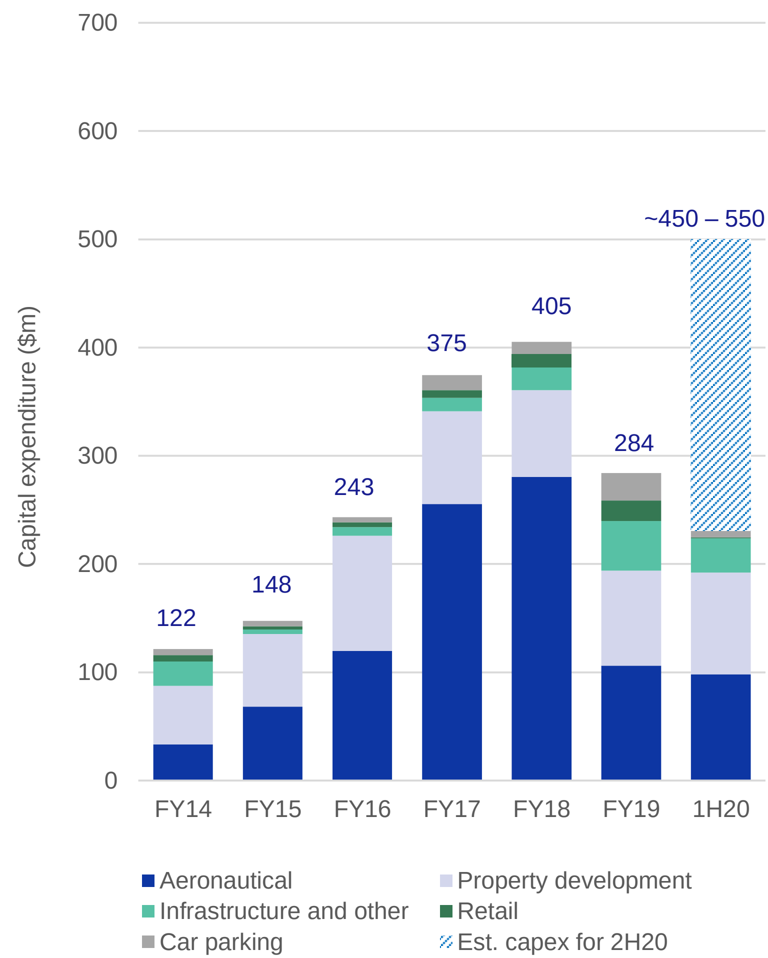
Significant increase in capital spend in 1H FY20

- Capital spend of $230.8m in the first half of FY20, up 74% on the first half of FY19
- Key aeronautical projects undertaken in the period include:
  - northern stands and taxiways;
  - design and enabling activity for the expansion of the arrivals biosecurity area and international terminal forecourt; and
  - design and enabling for the new Domestic Jet Hub
- Non-aeronautical capital expenditure focused on investment property (Foodstuffs, warehouse facility, Mercure hotel) and transport infrastructure across the northern and southern road networks

Capital planning

- Updated framework for reviewing long-term capital expenditure programme in conjunction with key stakeholders
- Developed a "Risk-Adjusted Capital Plan" methodology to help long term planning and enhance performance monitoring

Historical capital expenditure



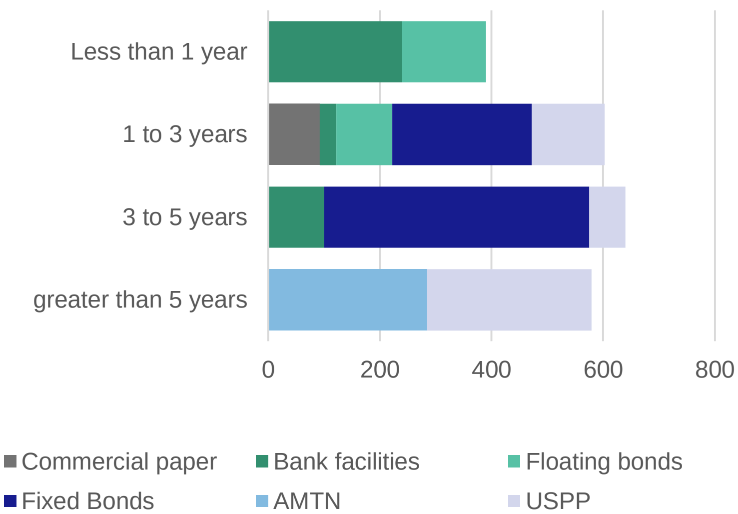
Funding position

- Total borrowings at 31 December increased to $2,376m, up 8.5% versus 30 June
- Committed undrawn facility headroom at 31 December of c.$283.9m
- Committed to our A- credit rating
- Dividend policy of paying ~100% of underlying NPAT
- Dividend reinvestment plan remains in place for the FY20 interim dividend and offered at a 2.5% discount to market price
- Considering New Zealand and Australian debt issue(s) in the second half of the financial year

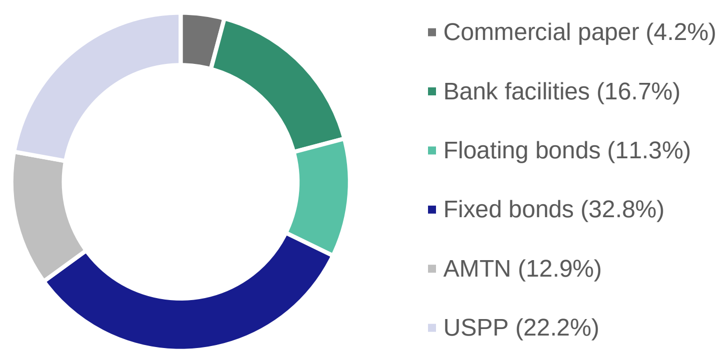
Credit metrics

For the period ended	Dec 2019	Jun 2019
Debt/Debt + market value of equity	18.4%	20.3%
Funds from operations interest cover	5.5	5.0
Funds from operations to net debt	17.5%	18.4%
Weighted average interest cost	3.94%	4.24%
Average debt maturity profile	3.80	4.93
Percentage of fixed borrowings	56.1%	54.7%

Drawn debt maturity profile



Sources of funding



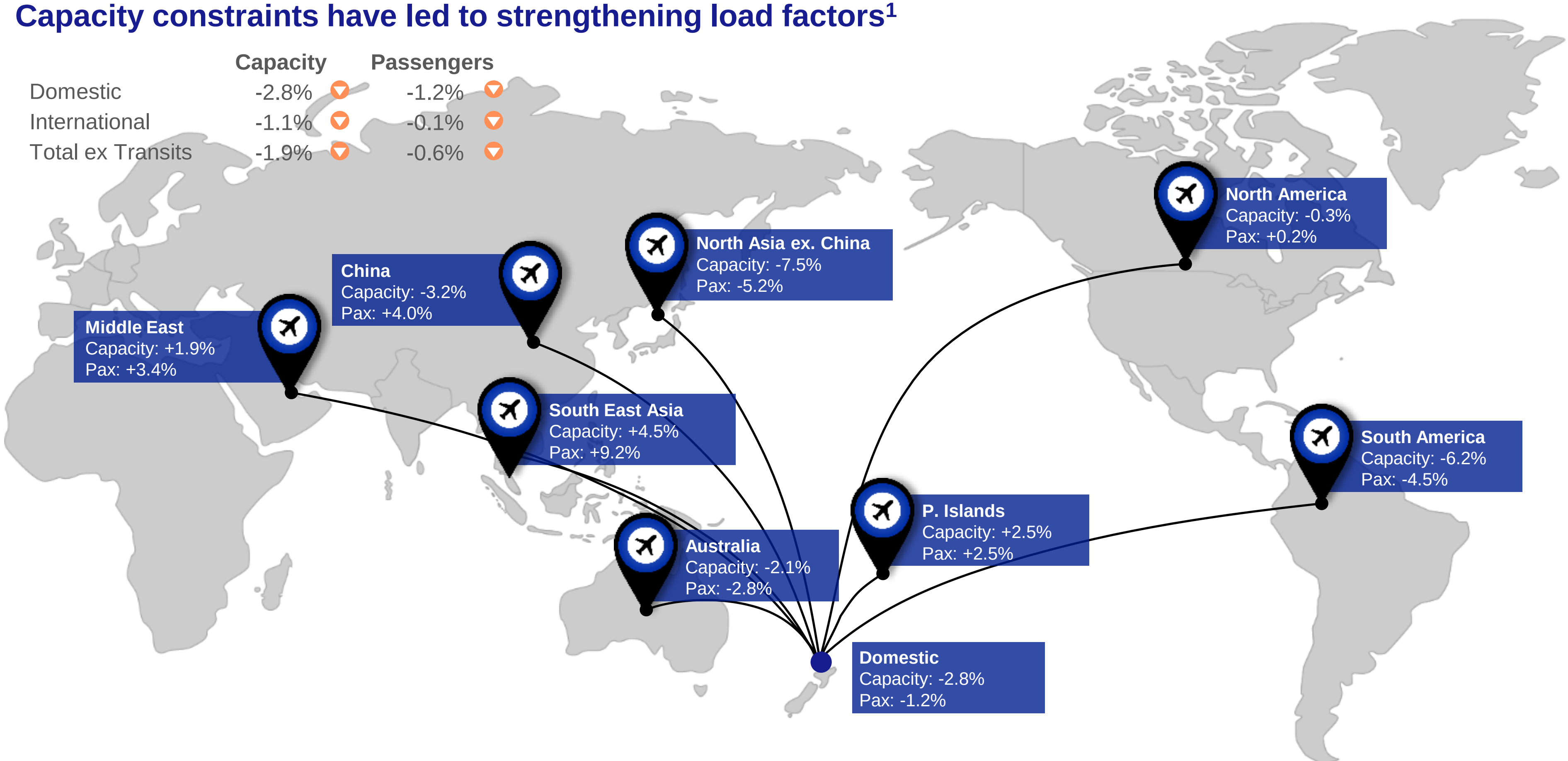
Our continuing journey

Strategic priority:

Growing travel and trade markets

Capacity constraints have led to strengthening load factors[1]

	Capacity	Passengers
Domestic	-2.8%	-1.2%
International	-1.1%	-0.1%
Total ex Transits	-1.9%	-0.6%



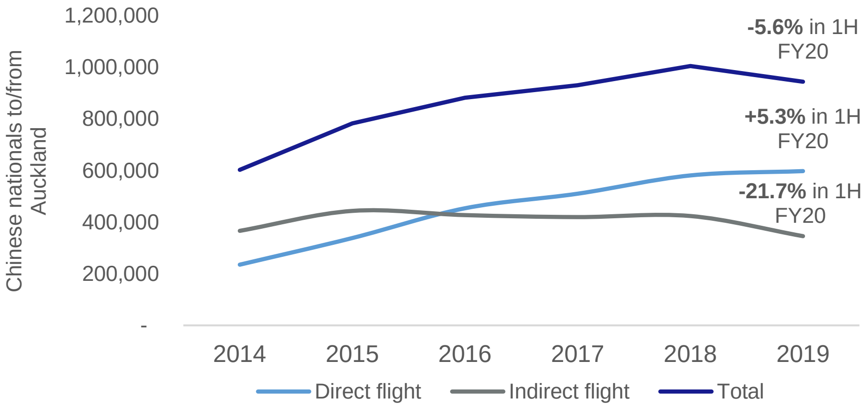
- Domestic market capacity constrained leading to increased load factors
- New international routes to Vancouver and Seoul added in late 2019 and new routes to North America announced
- Pockets of market softness and global aircraft reliability issues, but load factors and fares are strengthening

[1] This analysis shows growth into geographic markets. This will differ to passenger flows by country of last permanent residence. Data is for the six months ended 31 December 2019

Highlights
Financial performance
Our continuing journey

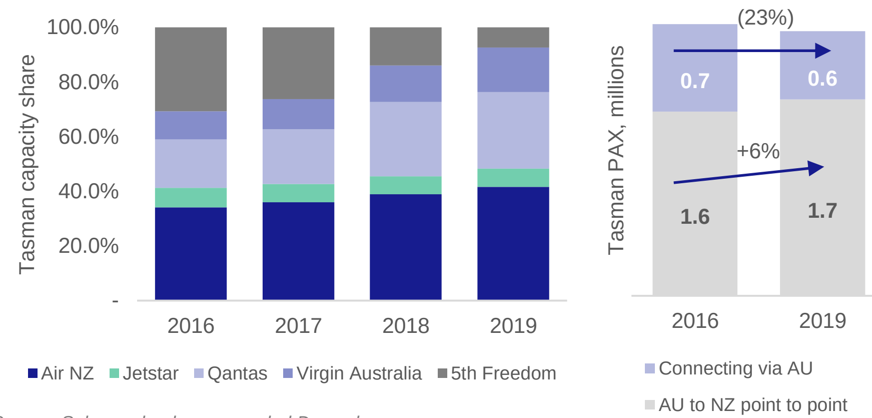
Strategic priority:
Growing travel and trade markets

China direct passenger growth while indirect slows (pre Covid-19)



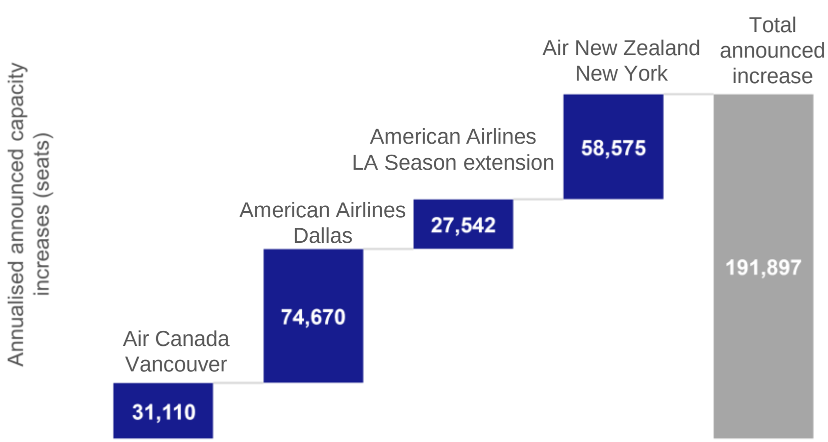
Source: Auckland Airport data, chart shows calendar year ended December

Australia changing airline partnerships and fewer indirect PAX



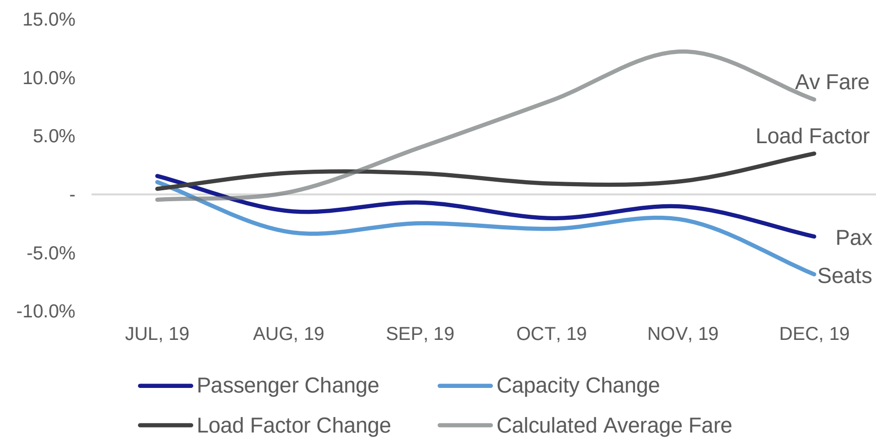
Source: Sabre, calendar year ended December

North America new routes and capacity



Source: Auckland Airport data

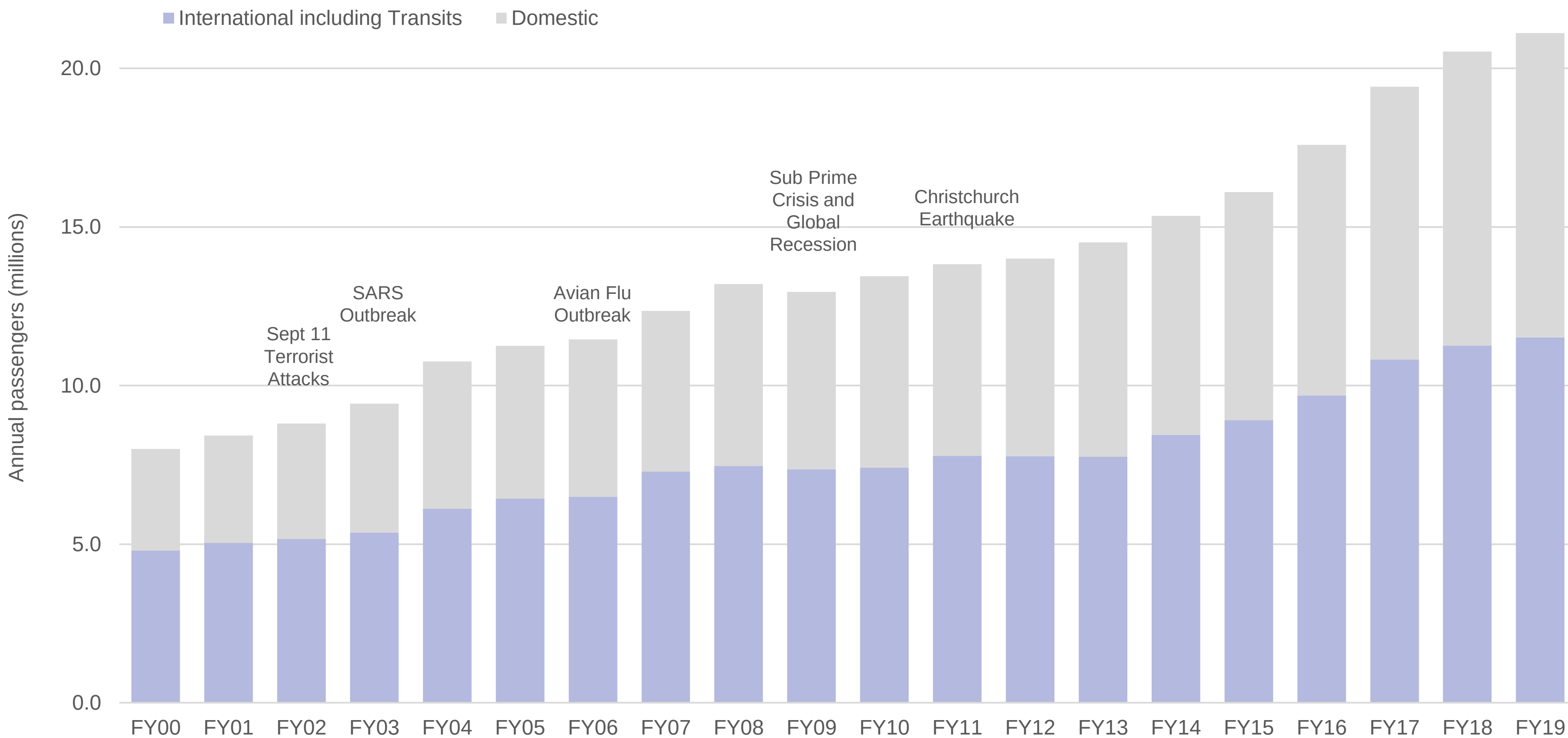
Underlying domestic demand is solid



Source: Auckland Airport, Infare data

Resilient long term passenger growth

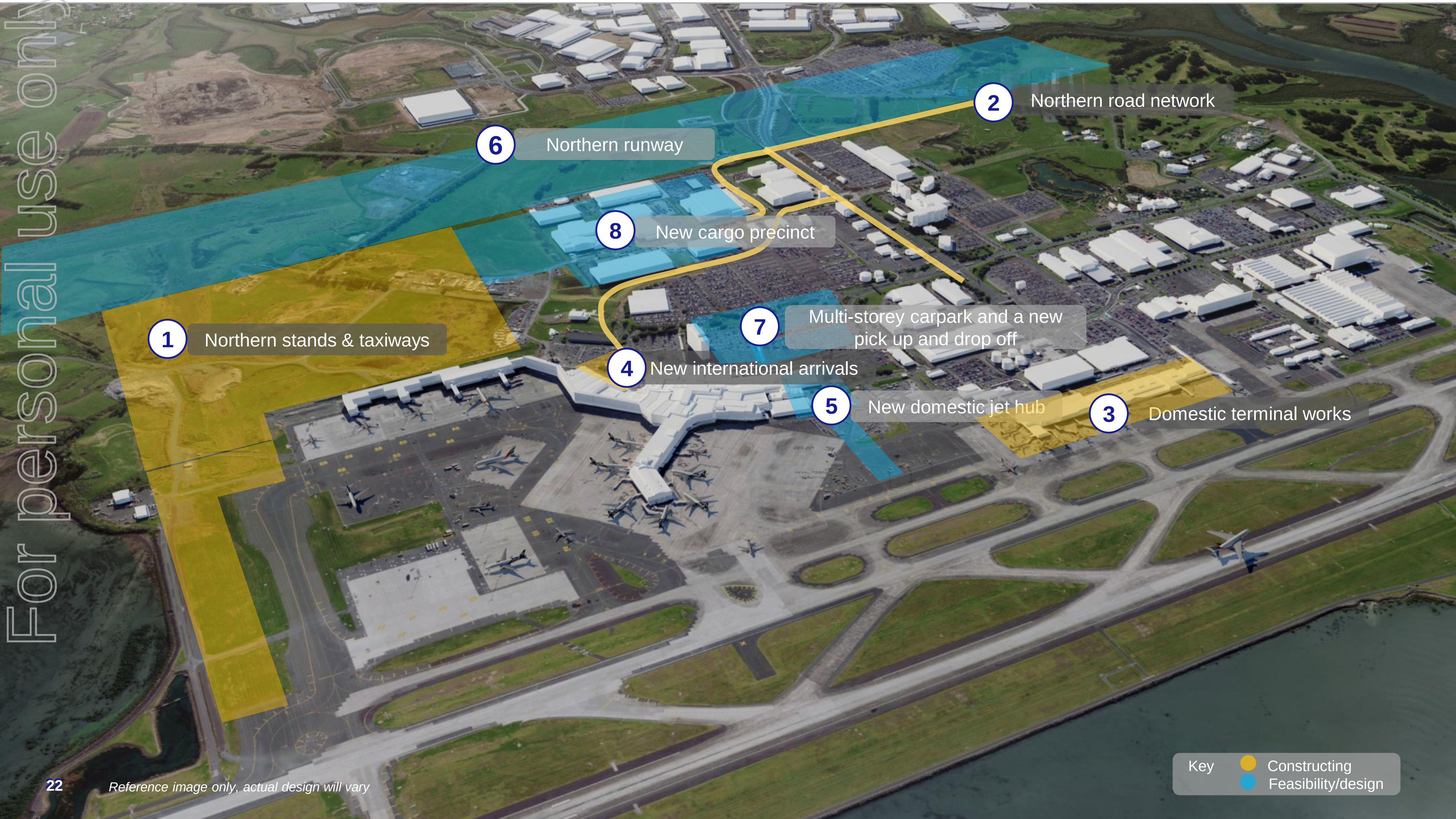
The long term fundamentals of travel and trade markets are strong



- Passenger growth of 5.2% CAGR since FY2000 demonstrates resilience to global economic weakness and other external shocks

Invest for future growth

Four anchor projects are now in execution phase



Reference image only, actual design will vary

Invest for future growth

Substantial work is underway on our anchor projects

1 Northern stands and taxiways

- Construction is now underway on two new taxiways and six remote aircraft stands covering more than 250,000m^2
- Investing $350 million-plus on this key airfield project
- Taxiways are on-track to be operational in 2020
- Remote aircraft stands on-track to be operational in late 2021

2 Northern road network

- Work began on roading project transforming the main entranceway into the airport
- Makes access more reliable and resilient
- On-track to be operational in mid-2021

3 Domestic terminal works

- Work continues with the foodcourt and security area expanded in the first half of the financial year

Breaking ground on the new taxiway and remote stands

Artists impression of enhanced northern roading network

Refreshed Domestic Terminal food offering

Strategic priority:

Invest for future growth

4 $350 million-plus international arrivals anchor project underway

- Agreed key elements in collaboration with border agencies and airlines. Appointed Hawkins as contractor
- Enabling works began in September 2019, with vertical construction commencing mid-2020
- Will create a uniquely New Zealand welcome for our international arrivals at Auckland Airport, through an efficient and effective border processing zone
- Our commitment to playing a part in protecting New Zealand's borders includes:
  - over 30,000m^2 of new space immediately adjacent to the existing Arrivals process area
  - increased space for MPI and other Joint Border Agencies, enabling future technology and border process upgrades
  - 50% greater peak hour passenger MPI throughput
  - position of new facility avoids significant disruption to existing operations through construction
- Planned completion in late 2023

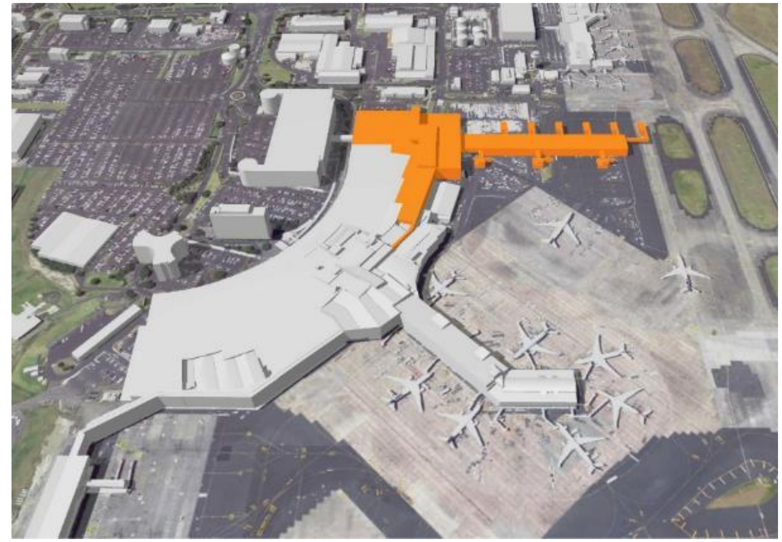
Artist impression of new international arrivals hall

Artist impression of international arrivals façade

Strategic priority:
Invest for future growth

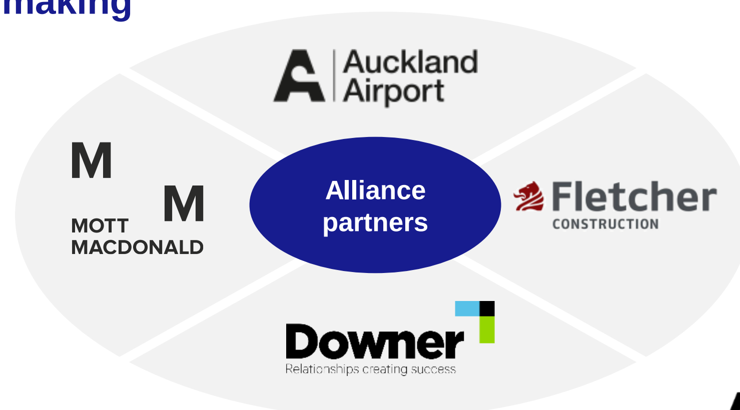
5 New Domestic Jet Hub progress in the first six months

- Design, procurement and costing work progressing on this $1 billion-plus development. Responding to customer requirements and securing agreements with the best partners in New Zealand to work with us
- Forming a project alliance with design consultant and contractors
  - shifted away from traditional procurement practices to a vertical construction alliance
  - creates a team with joint accountability and aligned incentives
  - provides capacity in a constrained construction market
- Key benefits of the project include:
  - expanded domestic hub offering and enhanced retail proposition
  - direct access between domestic and international travel and reduced connection times
  - improved operational efficiencies through common landside functions
- Construction for the project is expected to begin in late 2020 with the first stage due for completion in 2023



Indicative location of new domestic jet hub

Project Alliance Agreement with aligned incentives, shared risk and joint decision making



Invest for future growth

Planning and design continues on remaining anchor projects

6 Northern runway

- Notice of requirement is complete
- Progressing concept design and reviewing timing

7 Multi-storey car park and new pickup and drop off

- Project is currently in the design phase
- Completion expected in 2022

8 New cargo precinct

- Assessment of feasibility is currently underway
- Cargo terminal operator tenant discussions ongoing

Significant work is ongoing on renewing and upgrading of our existing infrastructure

- Key projects include airfield infrastructure, fuel pipelines transport network road upgrades, etc

New multi-storey car park. Image for illustration purposes only

Airfield fuel pipeline upgrade

Invest for future growth

Track record of successful property development

- Completed developments include:
  - 5,500m² development leased to ASX listed Bapcor
  - Airways office and control centre
  - stage 1 of The Landing commercial centre

Strong pipeline with high quality tenants

- Momentum is accelerating, with over $300m currently under construction including:
  - 85,000m² Foodstuffs office and warehouse facility – on budget and ahead of programme
  - 11,000m² multi-unit speculative facility
  - 8,000m² warehouse extension for DHL at The Landing
  - new 16,000m² warehouse pre-leased to Hellman in The Landing due to start in early 2020
- Continue to investigate off-terminal, on-precinct retail opportunity

New hotels

- Two hotel projects under construction – a 311 room 5 star Pullman hotel, plus a 146 room 4 star Mercure hotel. Both projects are advancing well and tracking to programme and budget

$105m Investment property rent roll

99.4% Occupancy in the portfolio

9.12 years WALT

205 hectares of land available for development

Foodstuffs concept

The recently opened Landing Cafe

Strategic priority:

Be fast, efficient and effective

In the first six months we have…

Capacity and effectiveness

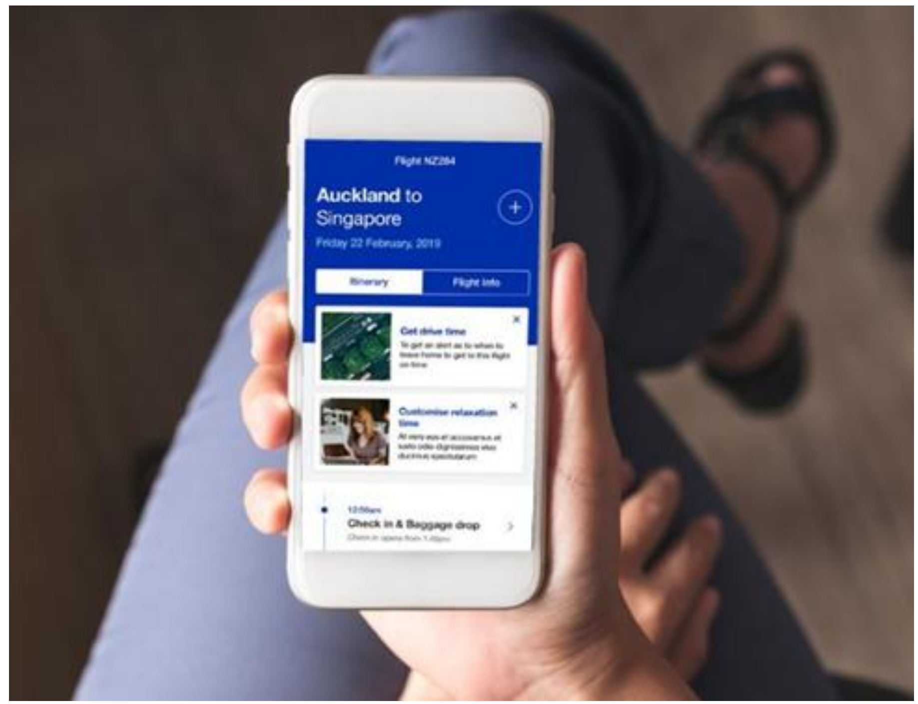
- Launched 12 new automated pre-security gates, replaced manual checking of boarding passes
- Continued the rollout of check in kiosks, including trials at the Novotel Hotel and Park & Ride
- Further expanded domestic terminal security screening area providing increased passenger comfort
- Reconfigured and expanded domestic terminal food court providing more seating and charging ports as well as new retail offerings

Passenger experience improvements

- Developed Family Lane in collaboration with the Aviation Security Service and New Zealand Customs for Christmas holidays
- Prepared Passenger Lane introduced at the Domestic Terminal for a faster path through security screening
- Released home-to-gate feature on our airport app
- Opened Air New Zealand regional lounge

Over the next six months we are…

- Launching second stage of the automated boarding pass scanners, providing real-time reports for airlines and ground handlers on passenger locations
- Working towards introduction of automated bag drop machines



New home-to-gate feature on our airport app

Strengthen our consumer business

Retail growth across multiple revenue streams

- Overall retail income per passenger grew 2.5% driven by steady growth in terminal income and double-digit growth from the Collection Point and Strata Lounge
- Opened the two-story Vantage Bar overlooking the runway, marking the conclusion of the international departures upgrade. The new retail stores are performing in line with expectations
- International PSR increased 4.6%, with Duty Free and F&B the biggest contributors. Duty Free PSR grew 7.1% with growth across all categories
- The Mall continues rapid growth; transactions via the platform have grown 55% compared to 2H FY19
  – WeChat Mall launched. WeChat Pay and Alipay functionality added
  – trialing direct to consumer shipments to China
- Domestic Terminal PSR increased 7.4% reflecting an enhanced food and beverage offering and expansion of the food court

2.5%	Increase in retail income per international passenger
4.6%	Growth in international PSR
7.4%	Growth in domestic PSR

New Vantage Bar overlooking the runway

New domestic terminal F&B offerings

Strategic priority:
Strengthen our consumer business

Parking revenue increased following capacity additions

- Parking income grew 4.3% supported by strong Valet demand and a 8.1% increase in parking capacity[1]:
  - new 1,000 bay multi-storey car park opened 1 July 2019
  - 700 Valet storage spaces added in the half, in addition to the 500 added in July
- Park & Ride South facility underway, delivering 3,200 new car parks in late 2020. It will make journeys easier for travellers from the south and reduce the number of vehicles on the precinct's busy road network. The project complements NZTA's widening of SH20B
- As work begins on the expanded arrivals area, domestic jet facility and 3,200 space multi-storey car park. Capacity reductions will be minimised during construction
- A covered pedestrian walkway will be built in the second half of the financial year, providing weather protection for travellers and access to international terminal parking while the multi-storey car park is being built

13.6%	Valet revenue growth
50%	Online channel as % of total car parking income
8.1%	Increase in parking capacity compared to last year

Park & Ride South site blessing in November 2019

Artists impression of the Cloud in the international terminal car park

[1] Based on average number of spaces in 1H FY20 compared with 1H FY19

People, place and community

Customer experience

Invest in infrastructure that enhances the customer experience

4.16 Overall ASQ customer satisfaction score remains high after the international terminal upgrade

4.06 Customer in-terminal kiosk score, up from 4.01 in 1H FY19

- 2.0% decline in the number of international flight movements bussed to the terminal
- 2.4% Baggage reclaim time improvement

Safety and sustainability

Commit to operating in a safe and sustainable way

"Stay in the know" safety initiative put in place and two contractors health and safety forums held

Included in DJSI Asia Pacific; maintained B rating in GRESB Infrastructure and CDP

- 120% increase in reporting of safety observations and hazards
- 41% reduction in the passenger incident rate
- 48% decrease in employee recordable injury rate

Education and employment

Share the benefits of our investment programme with job creation and training

Ara

In the six months to 31 December 2019:

218 training opportunities

59 job placements

73 students involved in work experience

Auckland Airport first Job Expo:

450 job seekers met 24 employers looking to fill 300 roles across retail, hospitality and tourism

~100 people looking for employment found jobs around the Airport precinct

Social procurement policy launched encouraging contractors to use Ara

Questions


Tour group area
Media centre
Ground transport
Domestic terminal
Toilets
TAXI

Appendix: underlying profit reconciliation

- The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors know that comparisons can be made with confidence between different companies and that there is integrity in our reporting approach. However, we also believe that an underlying profit measurement can assist investors to understand what is happening in a business such as Auckland Airport, where revaluation changes can distort financial results or where one-off transactions, both positive and negative, can make it difficult to compare profits between years.
- For several years, Auckland Airport has referred to underlying profit alongside reported results. We do so when we report our results, but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 100% of underlying net profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items). However, in referring to underlying profits, we acknowledge our obligation to show investors how we have derived this result.
- The table below shows how we reconcile reported profit after tax to underlying profit after tax for the for the six months ended 31 December 2019 and 31 December 2018:

	2019			2018		
For the six months ended 31 December ($m)	**Reported profit**	**Adjustments**	**Underlying profit**	**Reported profit**	**Adjustments**	**Underlying profit**
EBITDAFI per Income Statement	**279.2**	**-**	**279.2**	**277.1**	**-**	**277.1**
Share of profit of associates	5.0	-	5.0	4.3	(0.1)	4.2
Derivative fair value movement	(0.4)	0.4	-	0.2	(0.2)	-
Investment property fair value increases	9.1	(9.1)	-	11.1	(11.1)	-
Depreciation	(55.4)	-	(55.4)	(50.0)	-	(50.0)
Interest expense and other finance costs	(34.7)	-	(34.7)	(40.1)	-	(40.1)
Taxation expense	(55.6)	1.4	(54.2)	(55.4)	1.1	(54.3)
Profit after tax	**147.2**	**(7.3)**	**139.9**	**147.2**	**(10.3)**	**136.9**

- We have made the following adjustments to show underlying profit after tax for the for the six months ended 31 December 2019 and 31 December 2018:
  - We have reversed out the impact of revaluations of investment property. 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;
  - We have reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting as well as the ineffective valuation movement 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;
  - In addition, to be consistent, we have adjusted the revaluations of investment property and financial derivatives that are contained within the share of profit of associates; and
  - We have also reversed the taxation impacts of the above movements.

Glossary

AMTN	Australian medium term notes
ARPS	Average revenue per parking space
ASQ	Airport Service Quality
CAGR	Compound annual growth rate
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
JV	Joint venture
MCTOW	Maximum certified take off weight
MPI	Ministry for Primary Industries
NPAT	Net profit after tax
NZTA	New Zealand Transport Authority
OCF	Operating cash flow
Opex	Operating expenditure
PAX	Passenger
PSE3	FY18-FY22
PSE4	FY23-FY27
PSR	Passenger spend rate
RACP	Risk-adjusted capital plan
Second till	Non-aeronautical activities subject to open market competitive forces
USPP	United States Private Placement
WALT	Weighted average lease term

Auckland Airport

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Auckland International Airport Limited	
Reporting Period	6 months to 31 December 2019	
Previous Reporting Period	6 months to 31 December 2018	
Currency	NZD	
	Amount (millions)	**Percentage change**
Revenue from continuing operations	$374.7	1.1%
Total Revenue	$374.7	1.1%
Net profit/(loss) from continuing operations	$147.2	0.0%
Total net profit/(loss)	$147.2	0.0%
Interim Dividend		
Amount per Quoted Equity Security	$0.1100	
Imputed amount per Quoted Equity Security	$0.042778	
Record Date	20 March 2020	
Dividend Payment Date	03 April 2020	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$5.00	$4.74
A brief explanation of any of the figures above necessary to enable the figures to be understood	-Refer to attached media release, audited Interim Financial Statements and Results Presentation	
Authority for this announcement		
Name of person authorised to make this announcement	ADRIAN BROWN	
Contact person for this announcement	ADRIAN BROWN	
Contact phone number	09 - 257 7014	
Contact email address	adrian.brown@aucklandairport.co.nz	
Date of release through MAP	20 February 2020	

Audited financial statements accompany this announcement.

Distribution Notice

Section 1: Issuer information				
Name of issuer	Auckland International Airport Limited			
Financial product name/description	Auckland International Airport Limited Ordinary Shares			
NZX ticker code	AIA			
ISIN (If unknown, check on NZX website)	NZAIAE0002S6			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	20 March 2020			
Ex-Date (one business day before the Record Date)	19 March 2020			
Payment date (and allotment date for DRP)	03 April 2020			
Total monies associated with the distribution	$133,654,445.00			
Source of distribution (eg retained earnings)	Retained earnings			
Currency	NZD			

Section 2: Distribution amounts per financial product	
Gross distribution	$0.15277778
Gross taxable amount	$0.15277778
Total cash distribution	$0.11000000
Excluded amount (applicable to listed PIEs)	N/A - Not a listed PIE
Supplementary distribution amount	$0.01941177

Section 3: Imputation credits and Resident Withholding Tax	
Is the distribution imputed	Fully imputed
	~~Partial imputation~~
	~~No imputation~~
If fully or partially imputed, please state imputation rate as % applied	28.00%
Imputation tax credits per financial product	$0.04277778
Resident Withholding Tax per financial product	$0.00763889

Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	2.50%	
Start date and end date for determining market price for DRP	20 March 2020	26 March 2020
Date strike price to be announced (if not available at this time)	30 March 2020	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New issue of Ordinary Shares	
DRP strike price per financial product	$TBC	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	23 March 2020	

Section 5: Authority for this announcement	
Name of person authorised to make this announcement	ADRIAN BROWN
Contact person for this announcement	ADRIAN BROWN
Contact phone number	09 - 257 7014
Contact email address	adrian.brown@aucklandairport.co.nz
Date of release through MAP	20 February 2020