Auckland Airport

Annual Results Presentation

18 August 2022

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Important notice

Disclaimer

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- 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);
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The 2021 comparative financial information has been restated following the IFRIC decision on cloud computing. Refer to note 2 of the Financial Statements.

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 to page 38 for a glossary of the key terms used in this presentation.

Non-GAAP measures

This presentation contains references to non-GAAP measures including EBITDAFI, EBITDA and underlying profit or loss. A reconciliation between reported profit after tax and the non-GAAP measure of underlying profit or loss is included in the Appendix.

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 believe that an underlying profit or loss measurement can also 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 or loss 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 profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items).

In referring to underlying profits or losses, we acknowledge our obligation to show investors how we have derived this result.

Auckland Airport is about connections…

Highlights

Results at a glance

Revenue	Reported profit after tax	Passenger movements	Operating cashflow
$300.3m	$191.6m	5.6m	$101.2m
▲ 7%	▼ (59)%	▼ (13)%	▲ 67%
	Earnings per share 13.0 cps		

EBITDAFI	Underlying loss[1]	Aircraft movements	Capital investment[2]
$144.5m	$11.6m	86,063	$253.1m
▼ (16)%	▲ 71%	▼ (13)%	▲ 29%
	Loss per share 0.8 cps		

1. *Refer Appendix for reconciliation of reported profit after tax to underlying profit after tax*
2. *Net capital expenditure additions after $6.9m of capex write-offs and impairments*

2022 reflects a recovery in key business segments

Aeronautical

$94.7m revenue 7% ▲

COVID-19 restrictions impacted activity throughout the year

124% international

(27)% domestic

105% transits

Retail

$22.7m income 28% ▲

Recovering retail environment:

$4.08 income per passenger

No change in international PSR

Transport

$26.2m revenue (9)% ▼

Continued impact from Auckland lockdown

6% increase in exits

1% ARPS decrease

Property

$112.9m revenue 12% ▲

Development momentum continues:

$2.9bn IP portfolio value

$127.5m rent roll

9.41 years WALT

Hotels

$25.0m revenue[3] (8)% ▼

Travel restrictions impacted demand:

40% occupancy[4]

Queenstown

$26.8m revenue (4)% ▼

COVID-19 impacting PAX volumes

50% international

(16)% domestic

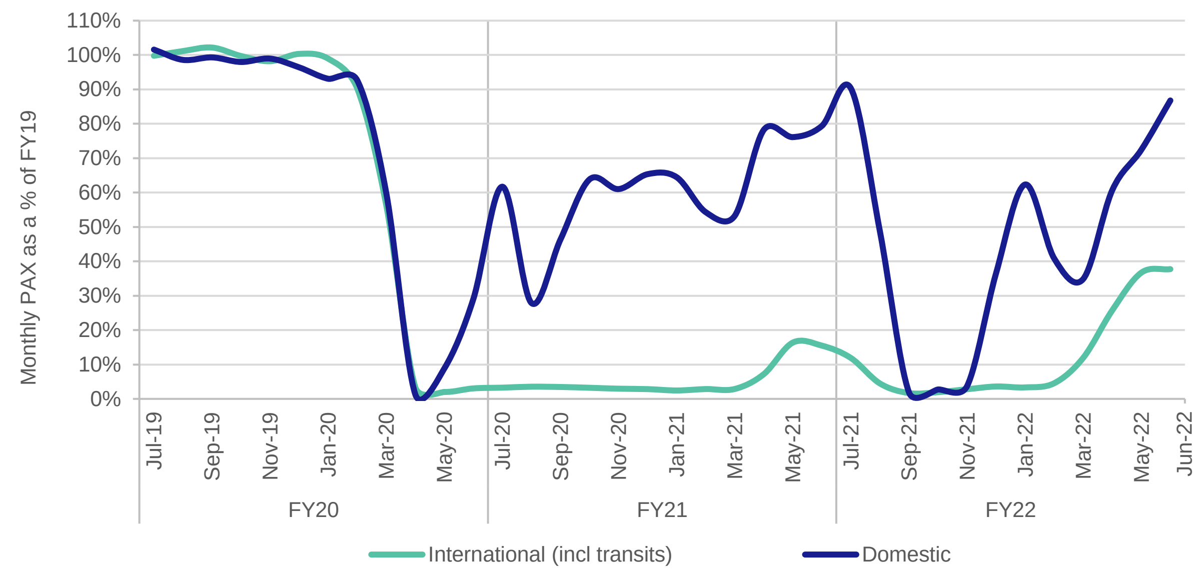
3. *Includes ibis Budget Hotel and 100% of Novotel Hotel revenues*
4. *Average occupancy across the ibis Budget Hotel and Novotel*

AKL is open with passenger numbers recovering

The Delta and subsequent Omicron outbreaks had a significant impact on aeronautical activity for much of the year. With the removal of almost all of New Zealand's travel restrictions, we have seen a gradual recovery in both domestic and international travel during the second half of the financial year

- The Delta and Omicron outbreaks on both sides of the Tasman and the associated imposition of travel restrictions resulted in significantly reduced passenger numbers in the lead up to and immediately following the busy Christmas travel season
- The Government's subsequent relaxation of travel restrictions and reopening of the country's border has seen a gradual recovery in travel, led by domestic activity
- International air travel is now stronger than any time since COVID-19 first closed our border and is expected to progressively recover as additional capacity is deployed connecting New Zealand to more global destinations

Monthly passenger numbers

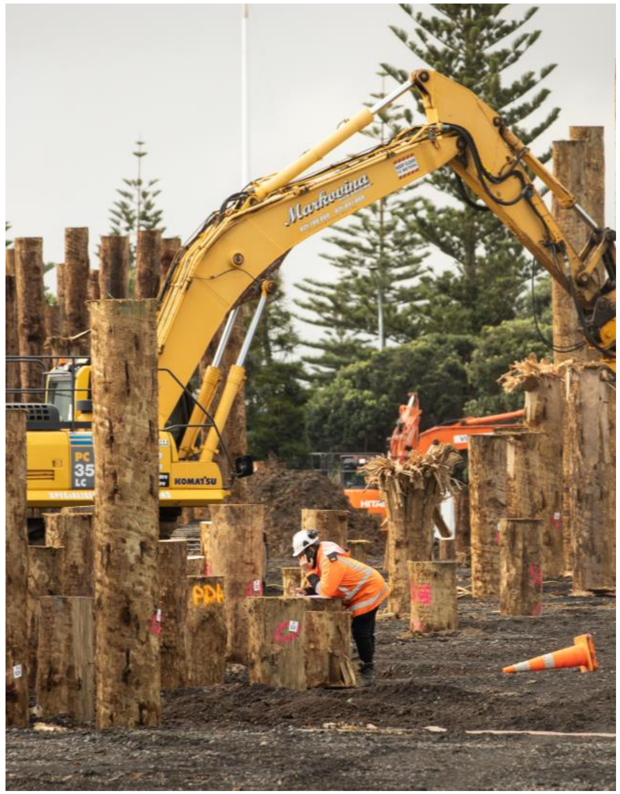


We are focused on positioning for the future

Reconnecting New Zealand to the world through the return of international carriers

International services recommence following border relaxation

Disciplined investment in aeronautical infrastructure and commercial property developments



Foundation piles for the Transport Hub

Reopening of commercial businesses to cater for the increased activity

Domestic retail reopens following travel restrictions easing

Financial performance

Passenger numbers

For the year ended 30 June	2022	2021	Change	Pre-COVID 2019[5]
International arrivals	596,104	261,469	128%	5,284,325
International departures	656,657	297,592	121%	5,222,335
International passengers excluding transits	**1,252,761**	**559,061**	**124%**	**10,506,660**
Transit passengers	88,114	43,064	105%	1,011,328
Total international passengers	**1,340,875**	**602,125**	**123%**	**11,517,988**
Domestic passengers	4,261,271	5,844,734	(27)%	9,593,625
Total passengers	**5,602,146**	**6,446,859**	**(13)%**	**21,111,613**

- Total passenger volumes fell 13% on 2021 reflecting increased travel restrictions imposed on domestic travel in response to both the Delta and Omicron outbreaks during the year, particularly in Auckland where the city was in ‘lockdown’ for 107 days between August and December 2021
- With the relaxation of border restrictions from late February 2022, international passenger numbers increased significantly in the final quarter of the financial year, resulting in a 124% increase on 2021
- Domestic passengers decreased by 27% on the prior year reflecting elevated Alert Levels in Auckland from August 2021 to January 2022 and a degree of reluctance for domestic travel soon after that owing to the Omicron outbreak

5. *Comparative information for the year to June 2019 has been included to compare the 2022 performance against the last financial year that immediately preceded the COVID-19 pandemic*

Aircraft movements and MCTOW

For the year ended 30 June	2022	2021	Change	Pre-COVID 2019
Aircraft movements				
International aircraft movements	18,315	15,102	21%	57,084
Domestic aircraft movements	67,748	83,582	(19)%	121,703
Total aircraft movements	**86,063**	**98,684**	**(13)%**	**178,787**
MCTOW (tonnes)				
International MCTOW	2,115,128	1,771,014	19%	5,894,113
Domestic MCTOW	1,343,150	1,637,867	(18)%	2,372,412
Total MCTOW	**3,458,278**	**3,408,881**	**1%**	**8,266,525**

- International aircraft movements and MCTOW increased by 21% and 19% respectively on the prior year reflecting the progressive reopening of the border from late February 2022
- The elevated Alert Levels in year associated with the Delta and Omicron outbreaks and an element of domestic air travel reticence resulted in domestic aircraft movements and MCTOW declining 19% and 18% respectively on the prior year.

Travel restrictions drove underlying loss

For the year ended 30 June ($m)	2022	Restated 2021[6]	Change
Revenue	300.3	281.1	7%
Expenses[7]	155.8	110.0	42%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**144.5**	**171.1**	**(16)%**
Share of profit from associate and joint ventures	(12.8)	21.1	(161)%
Derivative fair value movement	1.7	(0.5)	440%
Property, plant and equipment revaluation	(1.4)	(7.5)	81%
Investment property revaluation	204.4	527.3	(61)%
Depreciation expense	113.1	120.9	(6)%
Interest expense	53.7	94.0	(43)%
Taxation expense	(22.0)	30.0	(173%)
Reported profit after tax	**191.6**	**466.6**	**(59%)**
Underlying loss after tax[8]	**(11.6)**	**(39.4)**	**71%**

6. The 2021 comparatives are restated following the IFRIC decision on cloud computing. Refer to note 2 of the Financial Statements
7. 2022 includes $6.9m fixed asset write-offs, impairment and termination costs and a $0.6m reversal of expected credit losses. 2021 includes a net reversal of $16.9m of fixed asset impairment and termination costs and a $4.2m reversal of expected credit losses
8. A reconciliation between profit after tax and underlying profit after tax is included in the Appendix

Investment Property the mainstay, plus PAX growth

For the year ended 30 June ($m)	2022	2021	Change
Airfield income	60.9	64.0	(5)%
Passenger services charge	33.8	24.2	40%
Retail income	22.7	17.8	28%
Car park income	26.2	28.7	(9)%
Investment property rental income	112.9	100.5	12%
Other rental income	16.8	14.7	14%
Other income	27.0	31.2	(13)%
Total revenue	**300.3**	**281.1**	**7%**

- Airfield income decreased 5% on the prior year with lower parking and domestic landing charges in 2022 partially offset by growth in international landing charges
- Revenue from the Passenger Services Charge grew 40% as a result of the growth in higher yielding international passengers following the reopening of the country's border, partially offset by the reduction in domestic passengers seen in the year
- Retail income rose by 28% reflecting the partial reopening of the international retail offering in the final quarter of the year
- Car parking income fell by 9% largely as a result of the reduction in domestic passengers in the year compared to 2021
- Investment property rental income grew 12% following the completion of facilities for Hellmann Worldwide Logistics and Geodis Wilson. Three quarters of the investment property rent growth reflected new properties commissioned in the year plus the annualised growth from new properties commissioned part way through FY21. The remainder was due to rental increases across the existing portfolio, net of approximately $1.0 million of extra rent abatements to selected tenants in FY22

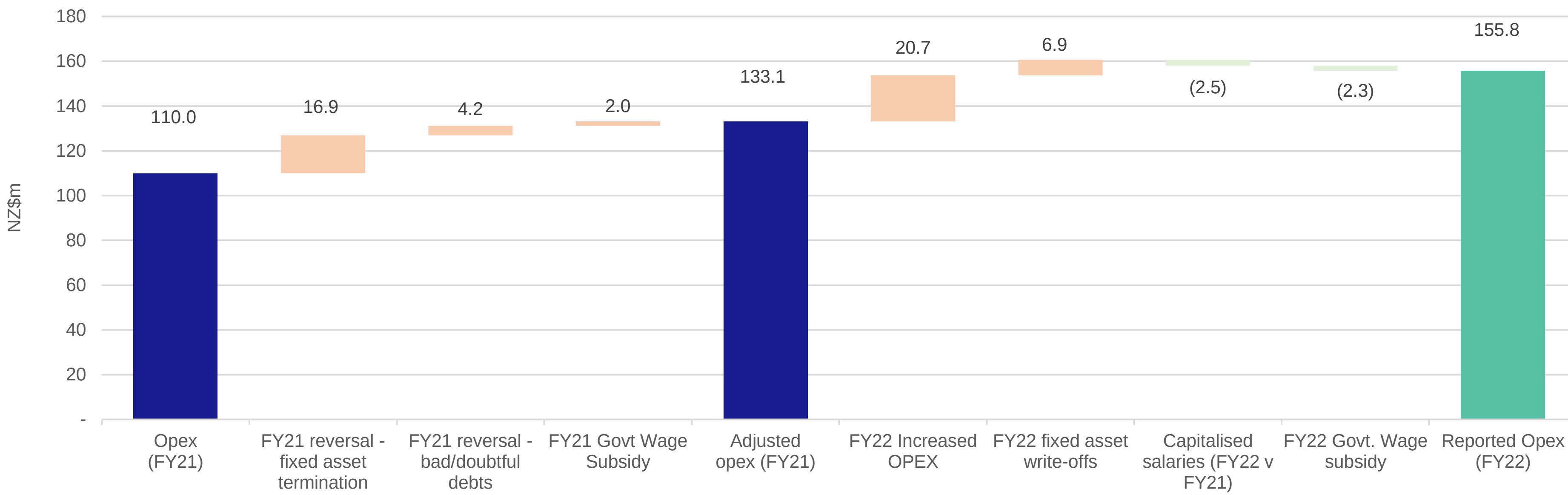
Operating costs

For the year ended 30 June ($m)	2022	Restated 2021	Change
Staff	50.0	45.6	10%
Asset management, maintenance and airport operations	66.7	53.4	25%
Rates and insurance	21.0	20.8	1%
Marketing and promotions	1.4	1.0	40%
Professional services and levies	4.3	4.0	8%
Fixed asset write-offs, impairments and termination costs	6.9	2.5	176%
Reversal of fixed asset impairment and termination costs	-	(19.4)	100%
Other expenses	6.1	6.3	(3)%
Expected credit losses	(0.6)	(4.2)	86%
Total operating expenses	**155.8**	**110.0**	**42%**
Depreciation	113.1	120.9	(6)%
Interest	53.7	94.0	(43)%

- FY22 opex increased by 42%, or 16% after adjusting for the fixed asset write-offs, impairments and termination costs / reversals impacting FY21 and FY22 (refer Appendix). The increase in normalised opex reflects the planned ramp up in operational activity and headcount as the aviation recovery got underway
- Depreciation declined by 6% reflecting the recent IFRIC accounting decision for configuration and customisation costs for SaaS applications. The FY21 results are restated, incl. expensing previously capitalised assets ($5.5 million). This in turn lowered FY22 depreciation by $4.2 million. FY22 increased by $1.6 million reflecting ongoing SaaS investment immediately expensed
- Interest costs reduced in the year primarily as a result of a lower average debt balance, higher capitalised interest in 2022 and no repeat of the $23.5 million one-off costs associated with the early prepayment of USPP notes in the prior year

Operating costs increasing as activity returns

2022 operating expenditure bridge



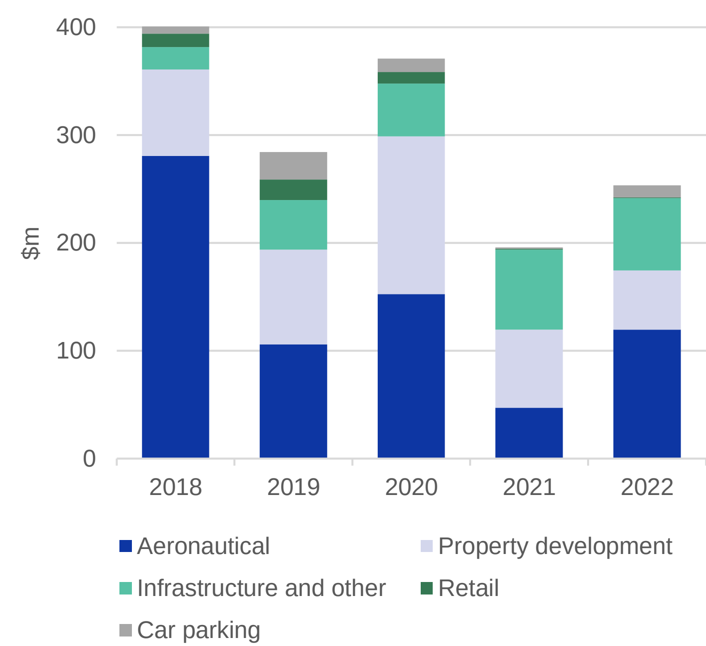
- Adjusted operating costs increased $20.7 million in FY22 vs FY21 before the benefits of increased capitalisation of infrastructure team salaries, increased wage subsidy receipts and one-off costs associated with fixed asset write-offs
- Of the $20.7 million increase, $9.2 million related to staff costs and $3.5 million to additional outsourced operations as a result of the ramp up in activity to cater for the recovery in aviation
- Repairs and maintenance increased $9.9 million on the prior period reflecting the ongoing programme of proactive maintenance across the entire precinct
- These increases were partially offset by small reductions in other expense categories

Capital expenditure, building for the future

Balanced investment across renewals, strategic aeronautical projects and property development

- Capital expenditure in the year totalled a net $253.1 million[9] focused on upgrades to the roading network, core infrastructure renewals, landside enabling works to support future terminal developments and new property developments
- Key projects in the year included:
  - completed the major upgrade of the northern airport access road, (George Bolt Memorial Drive);
  - completed a new terminal exit road;
  - continued to progress renewal and upgrade works on runway slabs, aprons and fuel systems;
  - design and enabling activity associated with the terminal integration programme (which will include the new domestic processor);
  - commencing construction of the Mānawa Bay Outlet Centre and the Transport Hub;
  - completion of the Geodis Wilson and Hellmann Worldwide Logistics office and warehouse developments; and
  - commencing design or construction on five preleased warehouse developments scheduled for completion in FY23 and FY24

PSE3 capital expenditure



9. *Net of $6.9m capex write-offs and impairments*

Capital management and liquidity

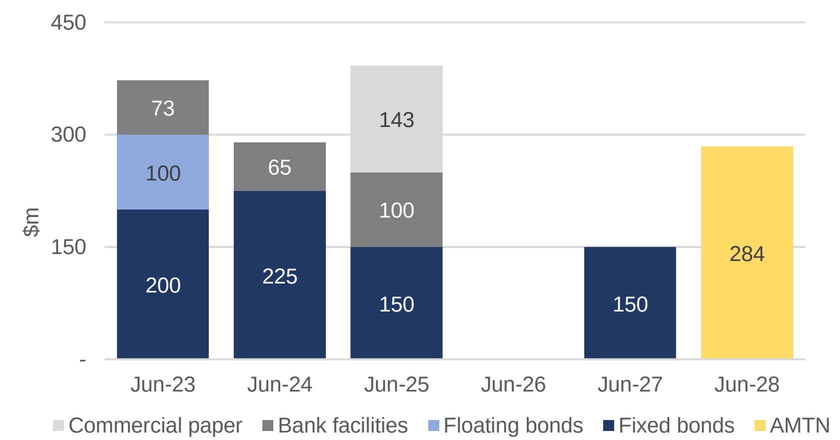
Prudent capital management as the business positions for the recovery in aviation

- Total drawn debt of $1,476.6 million, an increase of 6% or $83.8 million on June 2021
- Committed undrawn bank facility headroom of c.$954.5 million (2021: $832 million), and $22.9 million in available cash (2021: $79 million)
- Raised $150 million from a NZDCM issue in November 2021
- In February 2022, banking group approval of revised EBITDA based interest coverage covenants to cater for the uncertain trajectory of the aviation recovery
- Refinanced nearly $230 million of bank facilities maturing over FY23
- S&P A- long term credit rating maintained on stable outlook

Credit metrics and key lending covenants

For the year ended 30 June	Covenant	2022	2021
Gearing[10]	≤ 60%	15.6%	15.3%
Interest coverage[11]	≥ 1.25x	2.58x	2.07x
Debt to enterprise value		12.3%	11.6%
Net debt to enterprise value		12.1%	10.9%
Funds from operations interest cover[12]	≥2.5x	2.6x	1.5x
Funds from operations to net debt[12]	≥11.0%	6.4%	3.9%
Weighted average interest cost[13]		4.32%	5.43%
Average term to maturity (years)		2.29	2.92
Percentage of fixed borrowings		71.5%	80.4%

Drawn debt maturity profile for the twelve months ending



10. Gearing defined as nominal value of debt plus derivative liabilities divided by nominal value of debt plus derivative liabilities plus the book value of equity
11. Interest coverage defined as reported NPAT plus taxation, interest expense, revaluations, derivative changes and depreciation (broadly EBITDA) divided by interest expense
12. S&P A- rating threshold
13. 2021 includes one off close out costs for interest rate swaps, USPP notes and associated cross currency swaps of $23.5m. Excluding these costs the weighted average interest cost was 4.16%

Equity book value continued to grow

For the year ended 30 June ($m)	2022	Restated 2021	Change
Non-current assets	**10,078.1**	**9,651.5**	4%
Property, plant and equipment	6,986.1	6,826.5	2%
Investment properties	2,897.4	2,641.4	10%
Other non-current assets	194.6	183.6	6%
Current assets	**74.8**	**125.8**	(41)%
Cash	24.7	79.5	(69)%
Other current assets	50.1	46.3	8%
Non-current liabilities	**1,391.9**	**1,521.8**	(9)%
Term borrowings	961.0	1,172.8	(18)%
Other non-current liabilities	430.9	349.0	(23)%
Current liabilities	**610.1**	**326.0**	87%
Equity	**8,150.9**	**7,929.5**	3%

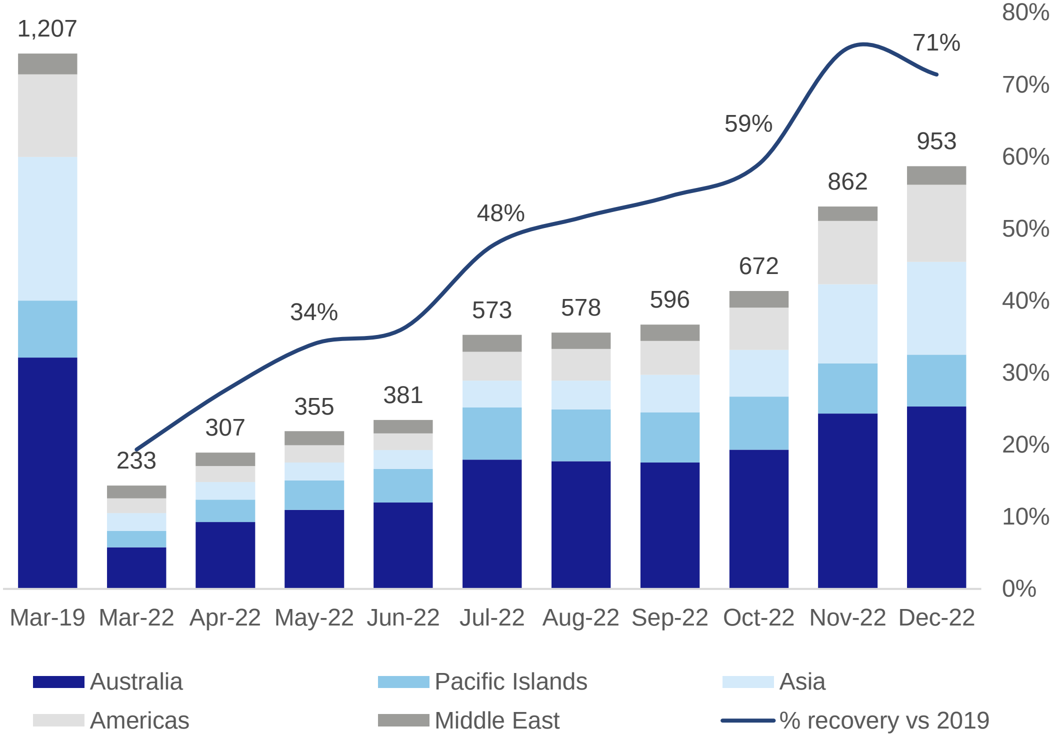
- Book value equity increased 3% on the prior year, bolstered by another $204.4 million revaluation uplift for Investment Property (retained earnings) and the net $24.4 million revaluation increase in the property, plant and equipment asset class (reval reserve)
- Total debt of $1,477 million and net debt of $1,452 million both significantly below the peak at June 2019 pre-COVID ($2,190 million and $2,153 million respectively)

Our continuing journey

The recovery in travel is underway

International seat capacity serving Auckland is expected to significantly increase over the remainder of the calendar year as airlines restart previous Auckland services and launch new routes

AKL international seat capacity (000's)



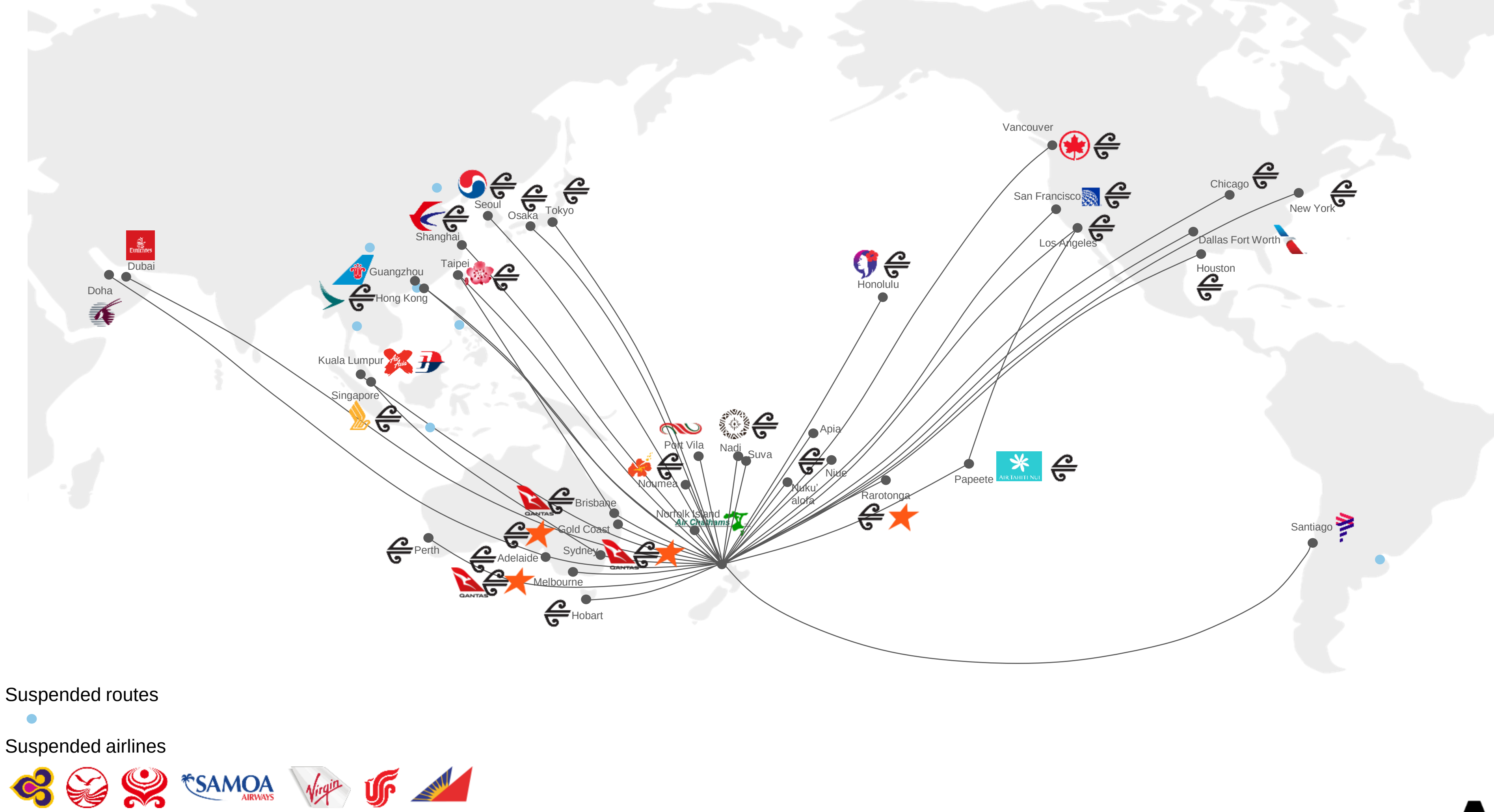
Source: Sabre

Announced and launched airline restarts

Month	Airline	Destination	
June		Hong Kong	
	Jetstar	Rarotonga	
July		Adelaide Cairns Hobart Honolulu Houston Noumea Papeete Sunshine Coast	
	Hawaiian Airlines	Honolulu	
	Air Tahiti Nui	Los Angeles via Papeete	
Sept		Norfolk Island	
		New York	NEW
Oct		Chicago	
		Dallas	NEW
		San Francisco	
Nov		Vancouver	
		Kuala Lumpur via SYD	NEW
Dec	Emirates	Dubai direct	

Reconnecting New Zealand to the world

17 airlines connected Auckland Airport with 28 destinations across the region at 30 June 2022. With the restart of services and the launch of new routes, 23 airlines will connect Auckland Airport with 37 destinations across the Middle East, Asia, the Americas and the Pacific by December 2022



Long-term fundamentals remain strong

Aeronautical capacity is expected to increase over the remainder of the year as airlines restart previous services and launch new routes. However, the new world of travel presents opportunities and challenges

Drivers of growth

Regional hub: With American Airlines returning in Sept-22, Auckland Airport will offer eight non-stop connections to the US and Canada, the most of any in Australasia

Strong recovery in demand for travel to and from New Zealand as a safe destination to travel

Enablers

Global vaccine rollout, coupled with a coordinated international effort in reducing restrictions, will drive the recovery

Next generation aircraft and fleet availability create opportunity for attractive destinations

Challenges for the recovery

Rising operating costs for airlines and shortages in labour will slow the recovery in some markets

WHO advice is that border closures are not an effective means of controlling the spread of a virus. There is, however, downside risk should governments return to knee-jerk border-closing responses to future outbreaks

Design of the integrated terminal is progressing well

Significant work undertaken in the year on the design of a new domestic terminal that will be tightly integrated with the existing international building

- Final stages of design and on-site enabling works for:
  - the relocation of the eastern truck dock;
  - demolition of the eastern bag hall; and
  - relocation of eastern airfield operations including livestock, ULDs, the ‘honey-pot’ and checkpoint Charlie
- The new terminal is in preliminary design including site investigations for utilities, geotechnical and survey data
- Detailed consultation with airline stakeholders continues

Preliminary design of the new integrated domestic terminal

Source: Auckland Airport BIM model

Reopening Retail as demand recovers

The airport retail proposition is gradually reopening in line with growing international passenger numbers

- Retail income of $22.7 million was up 28% on the prior year following the international retail offering beginning to reopen in the final quarter of the year
- By 30 June 2022, 90% of the domestic and 45% of the international retail offering was open to the public
- Income per passenger lifted 48% on the prior year, however it remained under pre-COVID levels. International PSR in FY22 is similar to FY21
- Auckland Airport has commenced discussions with its existing Duty-Free operators regarding possible extension(s) to the current contracts with a tender for longer term outcomes towards the end of FY24
- We have continued to support our retailers by offering rent reductions and abatements that are in line with the recovery of passenger numbers. Auckland Airport's collaborative and tailored approach to rent relief resulted in $173 million of contracted retail revenue abated in the year
- Reflecting the reopening of the international border, Auckland Airport's Strata Lounge reopened to guests in July 2022

Mountain Jade reopens in the International Terminal


Strata Lounge

Transport business recovering well

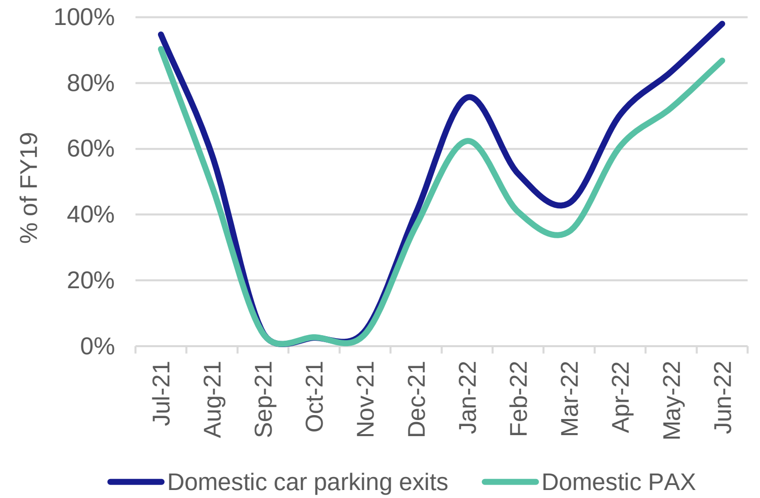
With a full suite of products open and an increased demand for self-drive and premium products, Transport is outpacing the passenger recovery

- Transport revenue was 9% down on the prior period reflecting lower passenger numbers following elevated Alert Levels associated with the Delta and Omicron COVID outbreaks
- Once COVID Alert levels permitted, a full suite of parking products were opened in the year with revenue for the final quarter of the year 11% higher than Q4 FY21
- The recovery in the domestic car parking business continues to outpace the passenger recovery as a result of a higher propensity to drive

Development activity

- Carpark A was closed in June 2022 to facilitate the construction of the new Transport Hub and office development

Domestic parking exits relative to passengers



A new transport hub at the front door of the terminals

Construction of a new transport hub is underway that will provide improved passenger amenity, connectivity and capacity for the integrated terminal precinct[14]

- The new transport hub is planned to integrate public transport with commercial operators and parking for the general public at the front door of the international and new domestic terminals
- The new facility will provide 2,500 carparks alongside a ground floor pick-up and drop-off to enable a close, covered and connected access to the terminal precinct
- Facility part of a comprehensive transport plan for multi-mode transport access to terminal precinct and considers both current and future developments (e.g. future expansion to parking capacity and rapid mass transit)

14. *Auckland Airport is in consultation regarding the design, form and timing of the integrated terminal*

Investment Property

Development momentum and quality of tenants continue to provide income growth and income diversification

- 9% increase in rent roll and a 10% increase in the portfolio value in the year
- Completed developments in the year include:
  - 5,700m2 facility for Geodis Wilson; and
  - 16,400m2 Hellmann Worldwide Logistics office and warehouse facility
- Quality pipeline of five new industrial developments that are currently under construction. These developments are included in today's $127.5 million rent roll and are expected to add a further $9 million in rental income to the business once completed
- Earthworks for the Outlet Centre underway. Design continues with the Centre to offer a net lettable area of more than 23,000m2 covering +100 stores and food outlets

New hotels

- Construction of the façade of the Te Ārikinui Pullman complete with fit-out underway. Completion expected in 1H24. The Mercure hotel remains on hold, with the fit-out ready to activate as demand recovers

$2.9bn	Portfolio value
522,588m^2	Portfolio net lettable area
$127.5m	Investment property rent roll
99%	Occupancy
9.41 years	WALT
153	hectares of land available for development

Mānawa Bay building platform

Delivering on our sustainability agenda

Good progress against all our eight material issues, which are aligned to the UN Sustainable Development Goals

Purpose
Kaupapa

Material issues:

- Customer experience
- Wider economic contribution

Key activities:

- Achievements recognised by ongoing inclusion in the Dow Jones Sustainability Asia Pacific and FTSE4Good Indices
- Conducted modern slavery training and procurement review and issued second Modern Slavery Statement

Place
Kaitiakitanga

Material issues:

- Climate change risk and adaptation
- Minimising our environmental footprint

Key activities:

- Defined a decarbonisation pathway for scope 1 and 2 emissions which will see a 90% emission reduction by 2030
- Incorporated sustainability principles into Infrastructure Design Standards
- Broadened GHG disclosure to include aircraft LTO emissions[15]

People
Whānau

Material issues:

- Health, safety, wellbeing and security
- Responsible employer

Key activities:

- Extended Māori leadership development programme to Pasifika employees
- Mental wellbeing offerings including Mental Health First Aid training, Midday Mindfulness and Mates in Construction "Applied Suicide Intervention Skills Training"
- Reduced gender pay gap to 13% (FY21: 14%)
- Improvement in gender diversity of leadership team and senior leaders to 37% and 43% respectively

Community
Hapori

Material issues:

- Aircraft noise
- Community and mana whenua involvement

Key activities:

- Delivered 210,000 vaccinations, and over 350 hours of staff volunteering, to the local community through 'Park and Vax', making it Auckland's second largest vaccination facility
- Launched a mentoring programme for Māori and Pasifika secondary students from South Auckland, with 16 staff members taking part as mentors

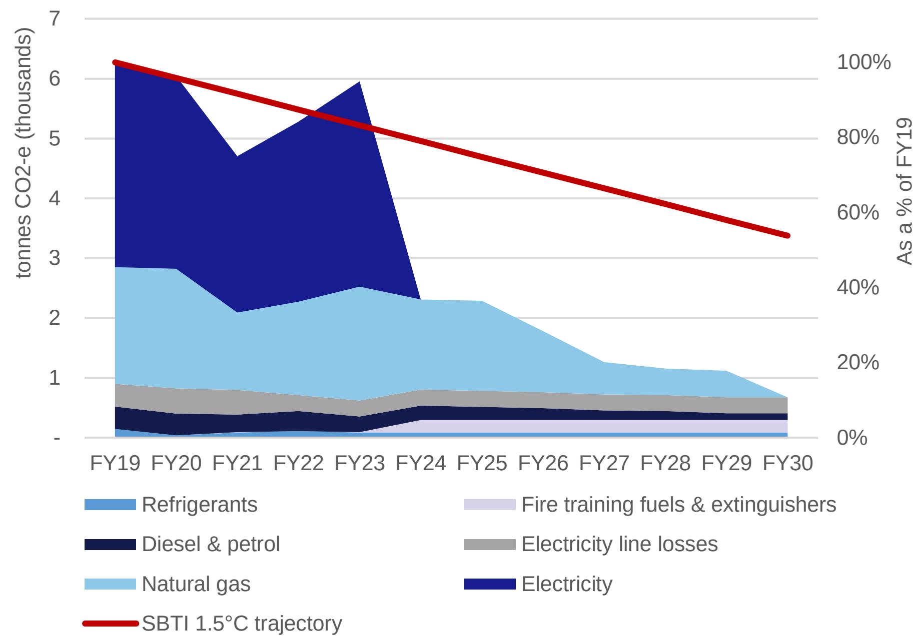
15. Landing and take-off emissions up to 1000m, aircraft auxiliary power unit emissions and engine run-ups

Clear path to net zero established

Auckland Airport recognises that climate change and the role carbon plays is one of the most significant issues facing the global aviation industry. As a result, climate change considerations are integrated across all elements of strategy, planning and operations, underpinning the long-term sustainability of the business

- The impacts of flooding and inundation on Auckland Airport's operations have been modelled under three climate scenarios to inform the design of infrastructure upgrades
- Our Net Zero pathway, aligned to the 1.5°C warming trajectory, will see a 90% reduction in scope 1 & 2 carbon emissions by 2030 through:
  - phasing out the use of natural gas in the terminal through incremental replacement of gas boilers with electric alternatives;
  - using 100% renewable electricity likely from 2024 (a mix of on- and off-site generation);
  - transitioning our vehicle fleet to electric; and
  - using the least harmful refrigerants available
- We recognise we have significant scope 3 emissions and are taking steps to address these. Decarbonisation of scope 3 activities will be the focus in the coming year
- The most important role an airport can play is to ensure that the right infrastructure is in place to support the wider decarbonisation of the aviation sector, including the adoption of low emissions aircraft technologies and fuels. We have made sure that our 30-year masterplan makes provision for these needs

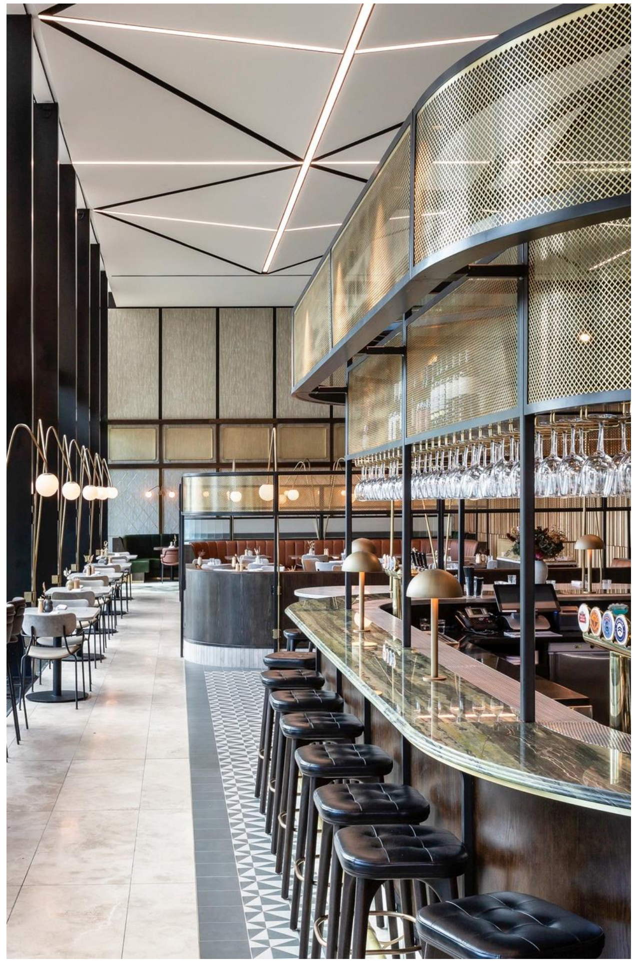
Scope 1 & 2 decarbonisation pathway to net zero



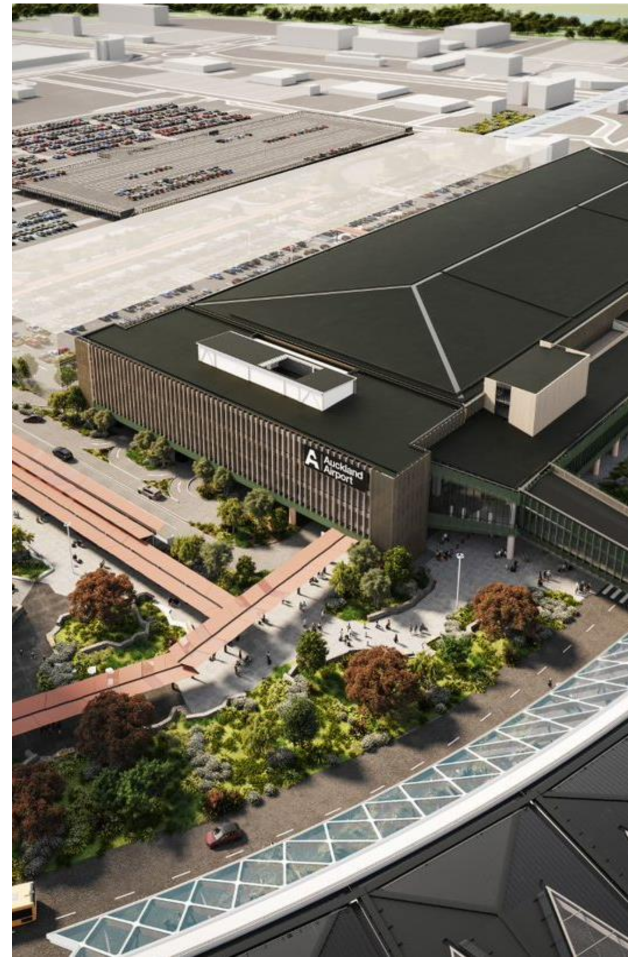
Accelerating into the recovery…and the future

Re-establishing our aeronautical network and supporting the recovery in travel

Driving the recovery in our commercial business



Disciplined investment in infrastructure and commercial opportunities



Outlook

Aeronautical pricing

Consultation with airlines on aeronautical prices for PSE4 is now underway and due to be completed by June 2023

- Prices for FY23-27 (PSE4) will be determined following airline consultation over the remainder of the financial year considering the "building block" forecasts:
  - commissioning of aeronautical infrastructure projects;
  - operational expenditure;
  - recovery in passengers and aircraft movements; and
  - weighted average cost of capital / target return
- Charges for FY23 have been held constant at FY22 prices while this consultation is undertaken[16]. A decision on aeronautical prices for FY24 through FY27 is scheduled to be made by June 2023 with changes to take effect from 1 July 2023
- Aeronautical prices for PSE4 will be set to achieve a full target return over the five years, including making up the FY23 shortfall – an approach is supported by Air New Zealand and BARNZ
- Separately, the Civil Aviation Bill is before Parliament – as currently drafted, it retains the ability for airports to set aeronautical prices
- Commerce Commission currently reviewing the "Input Methodologies" – i.e., the rules and processes that underpin regulatory information disclosures (and inform aero price setting calculations). This review is due to be completed no later than December 2023

Auckland Airport airfield

16. *The adjustment to International and Transit Passenger Charges of $2.00+GST under the Regulatory and Requested Investment (RRI) Policy ended on 30 June 2022 and is not being applied in FY23. Any under or over recovery in accordance with the RRI Policy will be considered as part of the PSE4 pricing consultation*

Outlook

Guidance

- As we look to the 2023 financial year, we continue to face uncertainty regarding the pace of recovery of international travel
- Reflecting this, Auckland Airport is providing the following guidance for FY23 of:
  - underlying earnings of a profit after tax between $50 million and $100 million based on anticipated domestic and international[17] passenger numbers of 7.8 million and 6.2 million respectively; and
  - capital expenditure of between $600 million and $700 million[18] including completing existing roading, airfield and investment property projects and progressing the design and enabling activity for the terminal integration programme
- Auckland Airport is currently consulting with substantial airline customers for Price Setting Event 4, with a decision on aeronautical prices scheduled to be made following this consultation in June 2023. The capital investment plan is considered within the consultation on aeronautical prices and may be subject to change as consultation with airlines is undertaken
- 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 including any imposition of international travel restrictions in the year

Auckland Airport Community Trust beneficiaries Sistema Aotearoa who focus on equity, community empowerment and personal growth through orchestral music-making

17. *Excludes transits*
18. *Capital expenditures net of any impairments and excluding the impact of reduced termination cost provisions. Includes contributions to investments in Joint Ventures (Pullman)*

Questions

Appendix: Associates' performance

For the year ended 30 June ($m)	2022	2021	Change
Queenstown Airport (24.99% ownership)			
Total Revenue	26.8	27.8	(4)%
EBITDA	14.0	17.1	(18)%
Underlying Earnings (Auckland Airport share)	0.3	0.4	(25)%
Domestic Passengers	1,096,655	1,311,416	(16)%
International Passengers	37,889	25,280	50%
Aircraft movements	9,691	11,079	(13)%
Novotel Tainui Holdings (50.00% ownership)			
Total Revenue	21.5	25.1	(14)%
EBITDA	12.3	13.2	(7)%
Underlying Earnings (Auckland Airport share)	4.1	5.0	(18)%
Average occupancy	20%	73%	(72)%

- Auckland Airport's share of Queenstown Airport's underlying earnings fell by 25% reflecting the challenging trading environment with international border restrictions in place for much of the year
- The Novotel hotel operated as a Managed Isolation Facility in 2022. Following a refurbishment, in July 2022 the Novotel Hotel reopened to the public

Appendix: Underlying profit reconciliation

For the year ended 30 June ($m)	2022			2021 Restated		
	Reported profit	Adjustments	Underlying profit	Reported profit	Adjustments	Underlying profit
EBITDAFI per Income Statement[19]	**144.5**	**-**	**144.5**	**171.1**	**-**	**171.1**
Investment property fair value increase	204.4	(204.4)	-	527.3	(527.3)	-
Property, plant and equipment revaluation	(1.4)	1.4	-	(7.5)	7.5	-
Fixed asset write-offs, impairments and termination costs[19]	-	6.9	6.9	-	2.5	2.5
Reversal of fixed asset impairments and termination costs[19]	-	-	-	-	(19.4)	(19.4)
Derivative fair value movement	1.7	(1.7)	-	(0.5)	0.5	-
Share of profit of associate and joint ventures	(12.8)	17.2	4.4	21.1	(15.7)	5.4
Depreciation	(113.1)	-	(113.1)	(120.9)	-	(120.9)
Interest expense and other finance costs	(53.7)	-	(53.7)	(94.0)	-	(94.0)
Taxation expense / (credit)	22.0	(22.6)	(0.6)	(30.0)	45.9	15.9
Profit after tax	**191.6**	**(203.2)**	**(11.6)**	**466.6**	**(506.0)**	**(39.4)**

- We have made the following adjustments to show underlying profit after tax for the years ended 30 June 2022 and 2021:
  - we have reversed out the impact of revaluations of investment property in 2022 and 2021. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
  - consistent with the approach to revaluations of investment property, we have also reversed out the revaluations of the land and building classes of assets within property, plant and equipment in 2022 and the land class of assets within property, plant and equipment in 2021;
  - we have reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals in 2022 and 2021. These fixed asset write-off costs, impairments and termination costs are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit;
  - we have also reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting on foreign exchange hedges, as well as any ineffective valuation movements in other financial derivatives. The group holds its derivatives to maturity, so any fair value movements are expected to reverse out over their remaining lives. Further information is included in note 18(b) of the financial statements;
  - in addition, we have adjusted the share of profit of associates and joint ventures in both 2022 and 2021 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
  - we have also reversed out the taxation impacts of the above movements in both the 2022 and 2021 financial years.

19. 2022 EBITDAFI included fixed asset write-offs, impairments and termination costs of $6.9m. 2021 included a net reversal of $16.9 million

Appendix: Normalised opex reconciliation

For the year ended 30 June ($m)	2022	Restated 2021	Change
Reported operating expenses	**155.8**	**110.0**	**42%**
Reversal of prior period fixed asset write-offs, impairments and termination costs	-	16.9	(100%)
Fixed asset write-offs, impairments and termination costs	(6.9)	-	100%
Expected credit losses / reversals	0.6	4.2	(86)%
Government wage subsidy	4.3	2.0	115%
Normalised operating expenses	**153.8**	**133.1**	**16%**

Glossary

AMTN	Australian medium term notes
ARPS	Average revenue per parking space
BARNZ	Board of Airline Representatives New Zealand Inc.
CPS	Cents per share
EBIT	Earnings before interest and taxation,
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
IFRIC	International Financial Reporting Interpretations Committee
IP	Investment Property
MCTOW	Maximum certified take off weight
NPAT	Net profit after tax
NZDCM	New Zealand Debt Capital Markets
PAX	Passenger
PCP	Prior calendar period
PSR	Passenger spend rate
SaaS	Software as a Service
ULD	Unit load device
USPP	United States Private Placement
WALT	Weighted average lease term
WHO	World Health Organisation