

Market release | 20 October 2022

Auckland Airport lifts FY23 profit guidance and outlook

Auckland Airport today announced it has revised guidance for the 2023 financial year following a stronger than expected rebound in the aviation market, with high aircraft load factors and continued strength in forward international seat capacity expected to fuel the ongoing recovery.

Reflecting this, guidance of underlying profit after tax of between \$100 million and \$130 million is now being provided for the 2023 financial year, an uplift on guidance provided in August of between \$50 million and \$100 million.

Chief Executive Carrie Hurihanganui said the improvement was a result of aviation's strong performance both domestically and internationally.

“During the first quarter we experienced strong demand for travel within New Zealand as well as internationally, particularly in North and South American, South Pacific and Trans-Tasman routes. The shape of the recovery is also consistent with what we're seeing globally, with travel significantly picking up in the United Kingdom, Europe and in the Americas following the relaxation of border controls.

“While North Asia has been slower to reopen, what we're now seeing is evidence of a stronger than forecast uplift in seat capacity in the market, including to and from South Korea.”

Ms Hurihanganui said there was more certainty about the performance of the market over the coming months, with forward capacity and reports from airlines indicating a stronger than expected summer peak.

From early November five airlines will be flying between Auckland and North America over the high season, offering up to 60 flights per week and direct flights to eight destinations: Honolulu, Los Angeles, San Francisco, Houston, Dallas, Chicago, New York, and Vancouver. Capacity to North Asia has been boosted by Korean Air increasing its services, while Trans-

Tasman travel has benefitted from connections with China Airlines flying to Taipei via Brisbane and AirAsia X flying to Kuala Lumpur with a Sydney touchdown. In addition, Emirates will restart daily non-stop Auckland-Dubai A380 flights from 1 December.

“The global aviation system continues to be impacted by constraints such as availability of crew and ground staff and resourcing challenges associated with bringing fleets out of hibernation. Uncertainty also remains about the reopening pathway for the Chinese market.

“However, we are increasingly confident that aviation is returning to normal, with the structure of the market becoming more balanced across inbound and outbound travel, and ‘business’, ‘friends and family’ and ‘leisure’ travel categories.

“For the full 2023 financial year we are now anticipating international passenger numbers will be between 60 and 70 per cent of pre-covid levels and domestic passenger numbers between 85 and 90 per cent.

“We have also adjusted our outlook which is now in line with International Air Travel Association’s (IATA) view that the global industry will recover to pre-pandemic levels by the end of the 2024 calendar year,” said Ms Hurihanganui.

Auckland Airport’s capital expenditure guidance for the 2023 financial year remains unchanged at between \$600 and \$700 million, reflecting a number of roading, airfield, and investment property projects alongside progressing with the continued design and enabling works for the combined domestic and international jet terminal.

The capital investment plan is considered within our consultation on aeronautical prices under Price Setting Event 4 and could be subject to change as airline consultation continues.

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