Auckland Airport

Annual Results Presentation

30 June 2018

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Building
Delivering
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Important notice

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

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

Highlights


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Results at a glance

Revenue	Underlying profit	Passenger movements	Operating cashflow
$683.9m	$263.1m	20.5m	$321.2m
↑ 8.7%	↑ 6.2%	↑ 5.7%	↑ 4.6%

EBITDAFI	Earnings per share*	Aircraft movements	Capital investment
$506.4m	22.0c	174,276	$405.2m
↑ 7.0%	↑ 5.8%	↑ 3.0%	↑ 8.1%

** Underlying earnings*

Growth across the business

Aeronautical

$301.2m revenue 2.5% ⬆

Strong passenger growth:
4.7% International
7.7% Domestic
(1.2)% Transits

Retail

$190.6m revenue 17.1% ⬆

Footprint expansion driving growth:
13 new store concepts
$17.76 income per passenger
(1.8)% international PSR

Transport

$61.0m revenue 8.3% ⬆

Capacity growth and product choice:
849 net car park spaces added
1.9% ARPS increase

Property

$90.2m rent roll 23.7% ⬆

Continued momentum:
105,000m² completed
191,000m² under construction

Hotels

$39.2m revenue* 8.3% ⬆

Strong performance:
>92% occupancy
311 room new Pullman hotel
146 room new Hotel 4

Queenstown

$45.7m revenue 17.2% ⬆

Strong passenger growth:
12.0% International
13.5% Domestic

** Includes ibis Budget Hotel and 100% of Novotel Hotel revenues*

Delivering key infrastructure

Financial performance

Solid growth in underlying profit

For the year ended 30 June ($m)	2018	2017	Change
Revenue	683.9	629.3	8.7%
Expenses	177.5	156.2	13.6%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**506.4**	**473.1**	**7.0%**
Gain on sale of associate	297.4	-	n/a
Share of profit from associates	16.7	19.4	(13.9%)
Derivative fair value (decrease)/increase	(0.7)	2.5	n/a
Investment property revaluation	152.2	91.9	65.6%
Depreciation expense	88.9	77.9	14.1%
Interest expense	77.2	72.8	6.0%
Taxation expense	155.8	103.3	50.8%
Reported profit after tax	**650.1**	**332.9**	**95.3%**
Underlying profit after tax*	**263.1**	**247.8**	**6.2%**

** A reconciliation between reported profit after tax and underlying profit after tax is included in the Appendix*

Revenue growth across the business

For the year ended 30 June ($m)	2018	2017	Change
Airfield income	122.1	119.6	2.1%
Passenger services charge	179.1	174.3	2.8%
Retail income	190.6	162.8	17.1%
Car park income	61.0	56.3	8.3%
Investment property rental income	79.1	68.1	16.2%
Other rental income	18.5	16.8	10.1%
Other income	33.5	31.4	6.7%
Total revenue	**683.9**	**629.3**	**8.7%**

- Aeronautical revenue slightly up on prior year reflecting growth in passengers and runway movements, largely offset by a reduction in international and regional aeronautical prices
- Retail income rose following Duty Free moving into the new space at the start of the financial year and the expanded space from early December 2017. Sections of other new retail space opened in the departure area of the international terminal in the year
- Together with passenger growth, this helped deliver stronger category performance from Duty Free, Food & Beverage, Strata Lounge and the Collection Point
- Parking revenue increased with ~1,000 new spaces
- Investment property rental income growth was driven by new properties, strong rental growth in the existing portfolio and ibis budget hotel performance

Steady passenger growth

For the year ended 30 June	2018	2017	Change
International arrivals	5,116,341	4,906,383	4.3%
International departures	5,086,185	4,836,896	5.2%
International passengers excluding transits	**10,202,526**	**9,743,279**	**4.7%**
Transit passengers*	1,063,856	1,077,256	(1.2)%
Total international passengers	**11,266,382**	**10,820,535**	**4.1%**
Domestic passengers	9,263,666	8,601,841	7.7%
Total passengers	**20,530,048**	**19,422,376**	**5.7%**

- Total passenger volumes surpassed the 20 million milestone to finish the year at 20.5 million, up 5.7% driven by capacity additions
- Domestic passenger volumes increased by 7.7% driven by additional capacity on both trunk and regional routes, combined with strengthening load factors
- International passenger growth of 4.7% due to increased airline capacity, primarily on Asia and Middle East routes
- Transit passengers were down 1.2% following the introduction of Santiago direct services to Australia, but this was entirely offset by international passenger growth on direct flights from Santiago to Auckland

** In June 2018 Auckland Airport restated transit passenger information following a review of Immigration New Zealand data*

Steady growth in movements and MCTOW

For the year ended 30 June ($m)	2018	2017	Change
Aircraft movements			
International aircraft movements	55,693	54,879	1.5%
Domestic aircraft movements	118,583	114,366	3.7%
Total aircraft movements	**174,276**	**169,245**	**3.0%**
MCTOW (tonnes)			
International MCTOW	5,798,018	5,609,244	3.4%
Domestic MCTOW	2,341,699	2,238,853	4.6%
Total MCTOW	**8,139,717**	**7,848,097**	**3.7%**

- The increased frequency of domestic services by Air New Zealand and Jetstar combined with the additional Air New Zealand aircraft delivered a 3.7% increase in domestic aircraft movements
- International and domestic MCTOW and PAX increased ahead of aircraft movements in the year as airlines continued to upgauge

Expenses driven by business growth

For the year ended 30 June ($m)	2018	2017	Change
Staff	57.9	50.5	14.7%
Asset management, maintenance and airport operations	69.5	55.6	25.0%
Rates and insurance	13.7	12.2	12.3%
Marketing and promotions	13.8	16.7	(17.4)%
Professional services and levies	11.1	11.4	(2.6)%
Other	11.5	9.8	17.3%
Total operating expenses	**177.5**	**156.2**	**13.6%**
Depreciation	88.9	77.9	14.1%
Interest	77.2	72.8	6.0%

- EBITDAFI margin declined to 74.0% reflecting ongoing investment in staff and airport operations to cater for growth in the business, as well as costs associated with business technology outsourcing project, as signalled in the pricing-setting disclosure
- A focus on safety, operational performance and customer experience led to an increase in headcount, driving most of the 14.7% increase in staff costs
- Asset management, maintenance and operations increase driven by additional airside bus operations and baggage services, business technology enhancements, higher terminal footprint and variable costs to drive revenue growth (Strata Lounge, Park & Ride)
- Marketing and promotions costs declined by $2.9m with fewer new air services than expected and maturing existing services running off fixed period support arrangements

Associates' performance

For the year ended 30 June ($m)	2018	2017	Change
Queenstown Airport (24.99% ownership)			
Total Revenue	45.7	39.0	17.2%
EBITDA	31.6	26.2	20.6%
Underlying Earnings (Auckland Airport share)	3.8	3.0	26.7%
Domestic Passengers	1,544,393	1,360,158	13.5%
International Passengers	596,276	532,285	12.0%
Aircraft movements	16,148	14,554	11.0%
Novotel Tainui Holdings (40.00% ownership)*			
Total Revenue	30.7	28.7	7.0%
EBITDA	12.1	11.7	3.4%
Underlying Earnings (Auckland Airport share)*	4.5	2.7	66.7%
Average occupancy	92.4%	90.8%	
Average room rate increase	5.4%	11.7%	

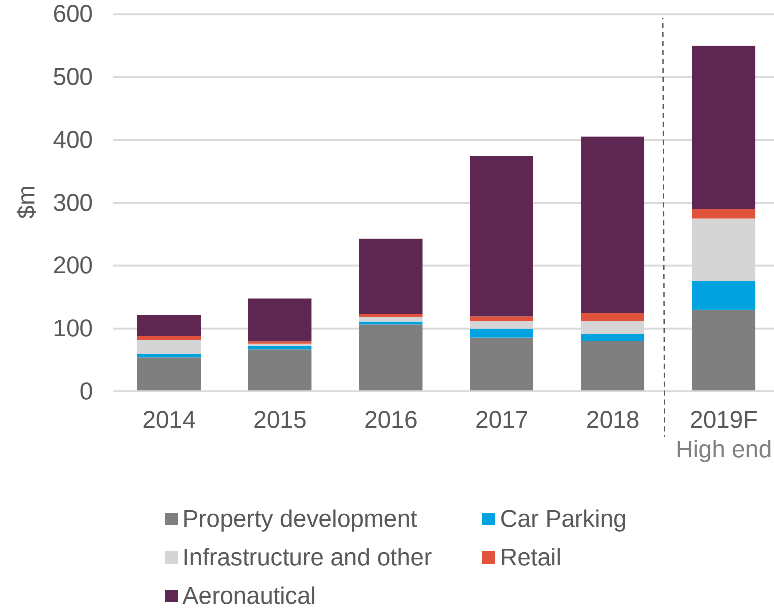
- Auckland Airport sold its investment in North Queensland Airports to a consortium of existing investors in March 2018 for A$370 million

** Novotel ownership increased from 20% to 40% in February 2017*

Capital expenditure

- Capital expenditure in 2018 increased 8.1% to $405.2m
- Over 90% of the capital expenditure is investing for future earnings growth, c.$40m renewals spend per year
- Capital expenditure in FY19 is forecast to increase to between $450m and $550m* comprising:
  - completion of the international terminal departure upgrade, new taxiways, remote stands and aprons in the vicinity of Pier B, planning and enabling works for the new domestic jet facility, expansion of the MPI arrivals area;
  - continued investment in utilities, IT infrastructure, and transport projects; and
  - investment property developments including the Pullman Hotel, Foodstuffs Distribution Centre and offices for Airways

Historical and forecast capital expenditure



Consistent with prior years, guidance excludes any uncommitted investment property capital expenditure

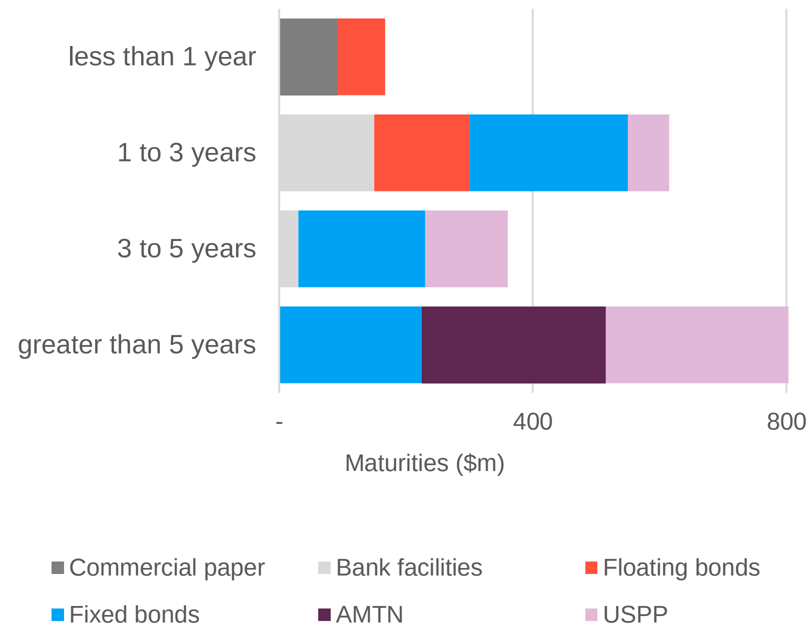
Funding

- Reflecting increased infrastructure investment, offset by proceeds from the sale of NQA, total borrowings at 30 June were flat with the prior year at $2,060m
- Committed undrawn facility headroom of c.$380m
- Committed to our A- credit rating
- Dividend policy of paying ~100% of underlying NPAT
- Dividend reinvestment plan remains in place for the FY18 final dividend and offered at a 2.5% discount to market price
- Considering a $175m NZDCM bond issue in the second half of calendar 2018

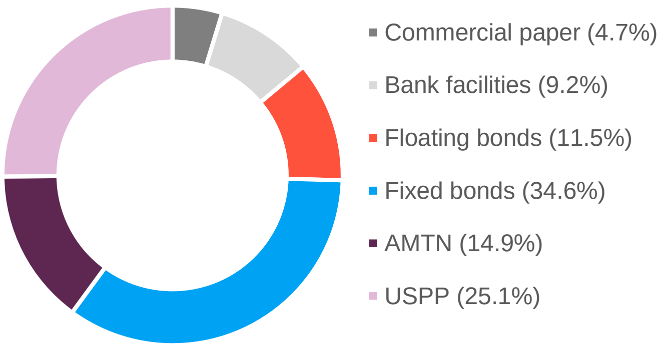
Credit metrics

For the year ended 30 June	2018	2017
Debt/Debt + market value of equity	20.4%	19.5%
Funds from operations interest cover	5.0	4.9
Funds from operations to net debt	18.4%	16.6%
Weighted average interest cost	4.24%	4.46%
Average debt maturity profile	4.93	4.74
Percentage of fixed borrowings	54.7%	51.4%

Debt maturity profile



Sources of funding

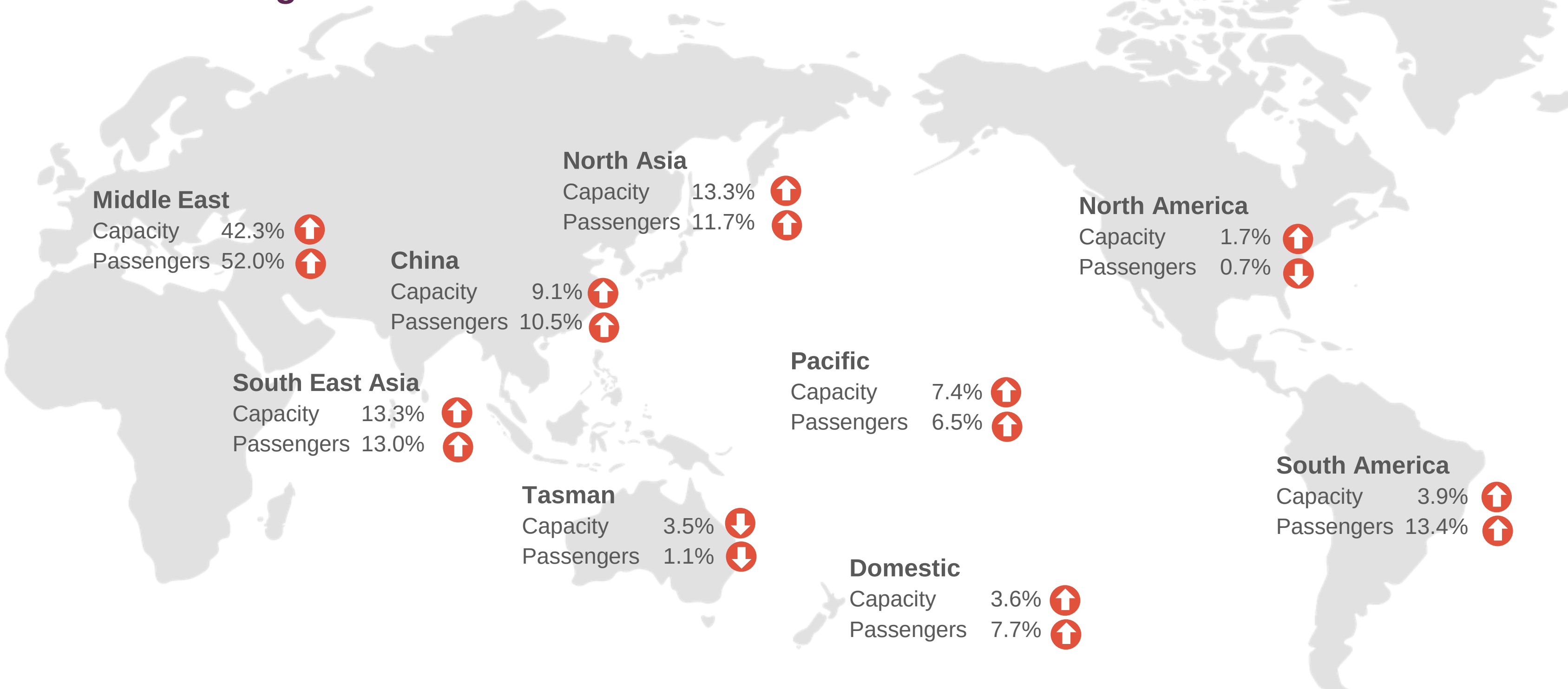


Our continuing journey

Strategic priority:

Growing travel and trade markets

2018 has seen growth across a number of markets



- 12 new airlines and 21 new routes added since 2015 have connected Auckland with new cities of nearly 140 million people, providing 29% increase in capacity
- Increased capacity is requiring markets to evolve through greater consumer choice and more competitive pricing with direct services unlocking new visitor markets
- Recent changes in airline alliances and network plans highlight importance of taking a long-term view on infrastructure

Growing travel and trade markets

Long-term the outlook remains positive…

- Chinese and Indian middle-class emergence and passenger growth forecasts
- IATA forecasts Asia-Pac to grow in importance, with aircraft deliveries in the region also projected to be strong
- Long haul aircraft technology; efficiencies and enhancements
- New Zealand remains an attractive destination with 118 million active considerers

…but there are short-term challenges

- Jet fuel prices lifting off recent lows
- Some local infrastructure challenges
- Localised taxes and levies to fund infrastructure
- Geo-political and trade related protectionism

Multiple opportunities for growth remain

Grow Capacity

- Continue to focus on underserved markets such as China, South East Asia, Europe, North America

Sustain Capacity

- Building connectivity into tier 2 Chinese cities and supporting Chinese carriers to drive off-peak demand
- Driving US demand across the year, particularly off-peak

Diversify Markets

- Develop Auckland and the North Island as destinations for Australian travellers as well as driving increased friends and family related travel
- Focused on in-market development in India to support indirect services

Invest for future growth

We have continued to invest more than $1m every day on airport infrastructure

Delivery

- In 2018 Auckland Airport reached some important milestones in its core aeronautical and infrastructure development programme including:
  - completion of Pier B extension;
  - 90 percent completion of our multi-stage redevelopment of the international terminal departure zone; and
  - delivered a number of new transport projects to improve the flow of traffic around the airport precinct

Extension to Pier B

Planning

- New domestic jet terminal design well advanced with consultation with stakeholders underway
- Progressed the design and planning approvals for the second runway

Stands 74 and 75

Benefits

- Customers are experiencing the benefits of these projects through upgraded facilities and improvements in operational and service performance:
  - departure processing times down 12%[1] in 2018; and
  - international flights subject to bus operations reduced to 3.3%[2] from 8.4% in the prior year

1. International departures for the calendar year to date, including construction impact and higher passenger volumes than prior year
2. Q4 2018

Strategic priority:
Invest for future growth

	Completed 1H FY18	2H FY18	FY19 and beyond

Phase 3

Departures expansion

Completed 1H FY18
- New emigration hall
- Recompose space
- Expanded Duty Free and new Destination stores

2H FY18
- Phased opening of first new Speciality stores & Luxury high street stores
- 90% completion

FY19 and beyond
- Remaining Speciality & Luxury high street
- New Food & Beverage offering
- Completion 1H FY19

Phase 4

Pier B expansion

Completed 1H FY18
- Delivered Gate 17, including a gate lounge and two airbridges, ahead of summer peak

2H FY18
- Project completed
  - delivered Gate 18
  - gate lounges 15 and 16 refurbished

FY19 and beyond
- Feasibility underway for remote stands north of Pier B to meet forecast demand
- Enabling works in FY19

Phase 5

Domestic jet terminal

Completed 1H FY18
- Progressed new domestic terminal design
- Shortlisted contractors for the main build

2H FY18
- Initial design shared with stakeholders, consultation underway
- Commenced enabling works

FY19 and beyond
- Further design following consultation
- Continue enabling works
- Procurement

Phase 6

MPI / Arrivals expansion

Completed 1H FY18
- Planning work for expansion of the border processing area and public arrivals space for international passengers

2H FY18
- Second stage design work complete
- Consultation with stakeholders ongoing

FY19 and beyond
- Finalise detailed design
- Procurement
- Enabling works to begin in FY19

Second Runway

Completed 1H FY18
- Continued design work and planning approvals
- Appointed international design consultants

2H FY18
- First stage design work completed
- Second stage design work initiated
- NOR hearings commenced

FY19 and beyond
- Construction forecast to begin in FY21, subject to triggers
- Completion forecast FY28

Invest for future growth

Investing in transport improvements

Delivery

- Investing in a multi-modal transport system to prioritise staff, passenger and crew access
- 2018 completed projects and developments include domestic forecourt improvements, priority access for public bus services, new HOV lanes

Planning

- Working with NZTA and AT to provide improved travel-time reliability and connection within the south-west, as well as public transport connectivity
- Introduced a range of new initiatives to:
  - reduce traffic volumes and improve flows in the airport precinct;
  - better manage the transport network; and
  - provide greater choice and flexibility around how people travel to/from the airport

Benefits

- Domestic forecourt improvements delivered a 45% reduction in main entrance flow movements
- T2 lane improving access to the south-east

Key projects completed in 2018

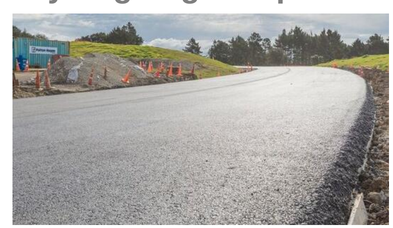
Domestic forecourt improvements

Phase 1 of new T2 lane system

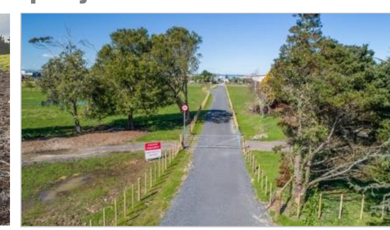
Landing Drive signalisation

Real time data collection

Key ongoing and planned projects for 2019



Nixon Road bypass



Contingency route for buses, construction traffic

Strategic priority:

Invest for future growth

16.2% growth in property rental, 23.7% growth in rent roll

- Completed 6 developments during FY18, with a land area of 105,000m^2 and net lettable area of 42,000m^2 plus 26,000m^2 of car parking
- Finalised in the second half of the year:
  - 20,000m^2 Bunnings distribution centre
  - 6,500m^2 duplex warehouse at 15 Maurice Wilson, now fully leased to Early Settler and Sheppard Cycles
  - 1,500m^2 car rental facilities for Koru Valet and Go Rentals with 20,000m^2 of storage
- Previously completed developments received recognition at the annual Property Council of New Zealand awards, including Excellence and Best in Category accolades for Rohlig Logistics, Excellence for Fonterra and Excellence and Merit for MPI
- Projects under construction:
  - 7,000m^2 new DSV Logistics warehouse and office at The Landing, consolidating two DSV facilities
  - 1,400m^2 IL4 rated building for Airways at The Quad
  - 10,000m^2 new speculative duplex warehouse

$90.2m Investment property rent roll

96.3% Occupancy in the portfolio

10.2 years WALT

250 hectares of land available for development

Invest for future growth

Well-positioned to service market growth in one of Auckland's most sought-after locations

- One of the largest developers of high-quality commercial property in New Zealand, with 250ha available land bank and $1.2bn assets under management
- Well-positioned to service demand with 34ha of non-committed, ready to develop serviced land
- Anchor projects under development:

Foodstuffs Distribution Centre

- 65,000m2 warehouse and 8,000m2 office
- One of the largest commercial property developments in New Zealand
- Earthworks have begun and are expected to finish in Q2 FY19

Hotels

- 457 rooms to be added to the portfolio with the construction of two new hotels, the Pullman (311 rooms) and Hotel 4 (146 rooms)
- Both hotels are currently in the design and procurement phase
- Construction of hotels to commence in 2019
- Full suite of hotel products, from 2* to 5*, making us a one of the most significant hotel investors in New Zealand

Be fast, efficient and effective

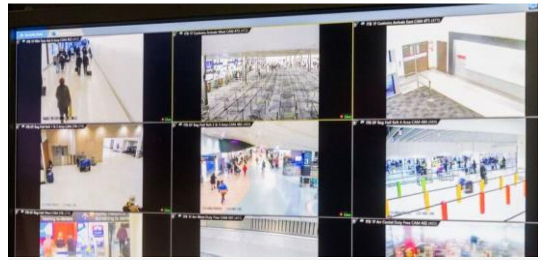
Investing in our core operations

To improve airport coordination

First stage trial of an integrated APOC* completed, enhancing collaboration between all operational stakeholders

Extended new world class airport planning, modelling and forecasting tools to border agency partners allowing better coordination

To improve operational effectiveness



CCTV upgrade of over 1,000 cameras and systems, improving operational intelligence, and lifting security and performance

Added further mobile check-in kiosks to improve customer experience. Now servicing more than one million passengers a year

To improve passenger services

10 new specialist airside buses to provide an enhanced passenger experience on remote stands

2 new mobile jet airbridges for a better experience for passengers on remote bussed stands, with another 4 on order

** Airport operations centre incorporating airport operations staff, border agencies and other stakeholders*

Strategic priority:
Be fast, efficient and effective

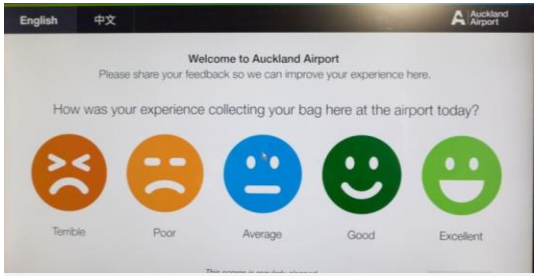
Investing in our customer experience

To improve passenger services

Strata Lounge was opened in September 2017, receiving a Priority Pass highly commended award in the Asia Pacific category

Upgraded the coverage and performance of our public WiFi network enabling the extension of free WiFi access* for passengers

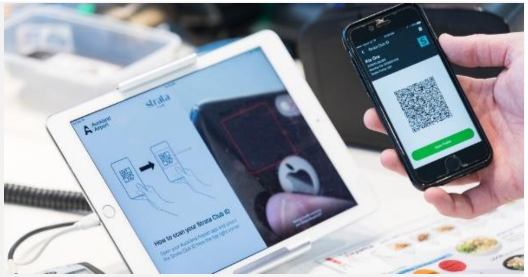
To improve passenger experience



Extended the capability of our customer feedback tool to enable real-time service response

Launched Airport Virtual Assistant ('Ava'), an AI online tool capable of answering most common service questions. To be extended over time

To improve passenger accessibility



Introduced single online customer account page, integrating all airport online services including parking, shopping and loyalty

Implemented a range of transaction and fast payment and processing solutions that reduced transaction times for retail and parking customers

Expected in October 2018

Strengthen our consumer business

Improved retail offering driving strong revenue growth

- 2018 was a milestone year for our most complex project to date - the expansion of the international terminal emigration and dwell space
- The new environment is already delivering an improved customer experience, resulting in international terminal retail sales being up 2.8%
- International PSR was down 1.8% on prior year as disruption continued to affect Specialty stores, trading out of temporary locations. Excluding Specialty, PSR was up 4.1%
- Duty Free PSR grew 7.8%, led by improved performance in departures due to space expansion
- Retail income grew 17.1% and per passenger by 12.2%* driven by:
  - new space;
  - new store openings;
  - passenger growth; and
  - strong performances from the Collection Point, and Strata Lounge

13 New retail concepts opened during the year

17.1% Increase in retail income

12.2% Increase in retail income per passenger*

Only New Zealand airport location for Partridge and Rolex

First Michael Kors store in New Zealand

** Per international passenger*

Strengthen our consumer business

International departures delivering an improved experience

Events during the year

- Opened new enlarged security screening, ‘decompression’ and dwell areas
- First stage of the Duty Free stores open
- Expansion to Duty Free stores and new Destination precinct
- Additional Destination and Food & Beverage outlets opened in the second half of the year
- First tranche of the new retail high street stores opened in June 2018, providing a range of leading luxury brands

To come in FY19

- Second stage of the new retail high street stores expected to be open by September
- Improved and expanded customer dwell area to be open by November
- Formal project sign-off by third quarter of FY19

Layout illustrative, not to scale

New and exclusive names are coming

New and exclusive names coming to the airport*

Luxury

- Partridge Jewellers
- Rolex
- BOSS Hugo Boss
- TUMI
- kate spade New York
- Coach
- Fossil
- Lacoste
- Furla
- Michael Kors
- Weekend MaxMara
- Mont Blanc

Destination

- Whittaker's Since 1896
- Mountain Jade
- Cape to Bluff
- Merino Collection

Food & Beverage

- Best Ugly Bagels
- Wondertree Travel Happy
- Orleans Music · Liquor · Kitchen
- Bar Glamp Grounds & Kitchens
- Po Po Dumplings 婆婆餃子
- Mexico Food and Liquor
- Oma Artisan Bakery & Cafe
- Blue Marble Lane
- tea garden by Dilmah
- The Juicery
- 400 Gradi Handcrafted Italian Cuisine
- the Gipsy Moth
- Better Burger
- Halong Bay Vietnamese Kitchen

*Excludes existing brands


The Official
ALL BLACKS®
Store
TEAM


WEEKEND
MaxMara


Whittaker's
MULTIPACKS
SLABS
SHARE PACKS
BLOCKS
DESTINATIONS
NZ ARTISAN
Whittaker's

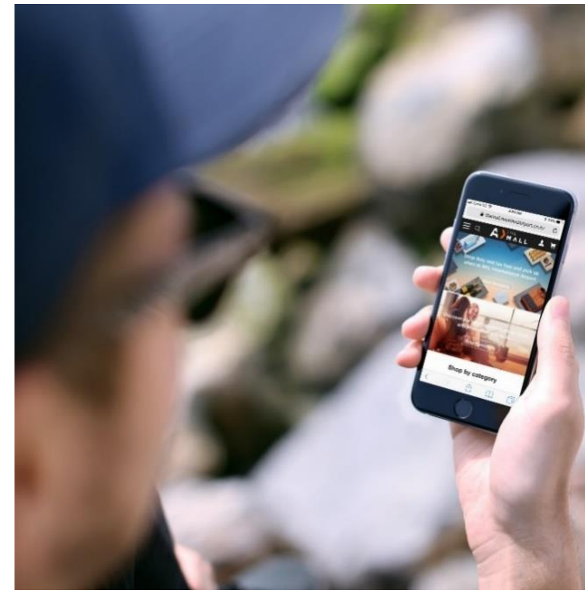

MONTBLANC
MONT BLANC
JOIN NOW

Strategic priority:

Realising our vision for a digital future

‘The Mall’ is our world-leading online retail platform

- The Mall represents the culmination of a strategy to bring physical and online retail together and make us match fit for the modern retail world
- The Mall was soft launched at the end of FY18 providing an online multi-channel solution that integrates with the design of our new terminal to improve the customer experience and expand our reach
  - – launched with three partners with over 2,300 products including duty free, jewellery and quintessential New Zealand goods
- The Mall simplifies the customer experience by enabling international passengers to purchase from multiple airport retailers with a single transaction and then pick up all their items from a single collection point
- Combined with our Strata single account system, we now believe we have one of the most advanced customer airport platforms in the world
- Early feedback from retailers and customers has been very positive with further features and retailers to be added, including a Chinese language proposition in 2019



THE MALL

Strengthen our consumer business

Parking revenue increase following capacity additions

- Car parking income for the year up 8.3% and ARPS up 1.9% as a result of higher demand, improved utilisation and New Zealand passenger growth
- Valet revenue increased by 28.6% due to strong demand
- Continued to focus on providing a range of options for customers:
  – Park & Ride Express and Drop & Ride were launched in FY18 offering customers greater choice and convenience
- Added 1,000 (849 net) new parking spaces
- Construction of the 1,000 (500 net) bay multi-storey car park progressing to plan to ensure we meet growing demand
- Demolition of the Cargo Central building, repurposed for car parking purposes, is expected to add 400 new domestic spaces in Q2 FY19
- A 3,000 space multi-storey car park, to be located outside the future domestic jet terminal, is currently in design

34% Increase in Valet exits

41% Online booking as % of total car parking income

5 mins Frequency of Park & Ride buses to the ITB

Focusing on what's important

Customer experience

Invested in infrastructure that has enhanced the customer experience

- 45% reduction in entry movements to the domestic terminal forecourt
- 61% reduction[1] in international flights subject to bus operations following commission of two new contact gates
- 59% improvement in land journey time reliability from the airport to Auckland City

4.0 ASQ customer satisfaction stable at just over four out of five

4.1 Customer in-terminal kiosk score, a 3.8% increase on prior year

Safety and sustainability

Committed to operating in a safe and environmentally sustainable way

TOP carbon reducer 2017-18 | CEMARS ISO 14064-1 certified organisation

Recognised as a New Zealand Top Carbon Reducer

1st major airport in New Zealand to have its safety management system certified by the CAA

1st airport globally to set a publicly disclosed Science Based Target for carbon reduction

ACI Green Airports Award for waste minimisation

- 113% increase in reporting of safety observations[2]
- 49% reduction in the passenger injury rate

Education and employment

Sharing the benefits of our investment programme through job creation and training

Ara

1,342 training opportunities

215 job placements

68 students involved in work experience

9 local year 13 students Auckland Airport education scholarships

$572,021 investment in local communities

5 local community sponsorships

1. *Q418 compared to Q417*
2. *Also includes reporting of hazards and near misses*

Regulatory and guidance

Regulatory update

- On 26 April, the Commerce Commission published its draft report on Auckland Airport's PSE3 aeronautical pricing, with submissions and cross-submissions completed in June
- The Commission expects to publish its final report on Auckland Airport's FY18-22 pricing in October 2018
- Auckland Airport has provided extensive evidence to support its FY18-22 prices and target return
- In parallel, the Commerce Select Committee has been holding hearings with interested parties regarding potential updates to the Commerce Act 1986, including giving the Commerce Commission:
  - — general market studies power; and
  - — a streamlined process to investigate potential changes to the regulatory regime
- We continue to believe that information disclosure plus the upcoming Commerce Act change represents an appropriate regulatory regime that is delivering very reasonable prices for passengers and airlines together with unprecedented infrastructure investment focused on customer experience

Outlook

Guidance

- Moderate underlying profit growth anticipated as we enter the second year of international aeronautical price reductions in the new FY18-22 pricing period and infrastructure investment continues at pace
- We expect underlying net profit after tax (excluding any fair value changes and other one-off items) in FY19 to be between $265m and $275m
- We expect total capital expenditure in FY19 of between $450m and $550m
- 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

Questions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Appendix: Underlying profit reconciliation

For the year ended 30 June ($m)	2018 Reported profit	2018 Adjustments	2018 Underlying profit	2017 Reported profit	2017 Adjustments	2017 Underlying profit
EBITDAFI per Income Statement	**506.4**	**-**	**506.4**	**473.1**	**-**	**473.1**
Share of profit of associates	16.7	-	16.7	19.4	(4.5)	14.9
Gain on sale of an associate	297.4	(297.4)	-	-	-	-
Derivative fair value movement	(0.7)	0.7	-	2.5	(2.5)	-
Investment property fair value increases	152.2	(152.2)	-	91.9	(91.9)	-
Property plant and equipment revaluation	-	-	-	-	-	-
Depreciation	(88.9)	-	(88.9)	(77.9)	-	(77.9)
Interest expense and other finance costs	(77.2)	-	(77.2)	(72.8)	-	(72.8)
Taxation expense	(155.8)	61.9	(93.9)	(103.3)	13.8	(89.5)
Profit after tax	**650.1**	**(387.0)**	**263.1**	**332.9**	**(85.1)**	**247.8**

- We have made the following adjustments to show underlying profit after tax for the 12-months ended 30 June 2018 and 30 June 2017:
  - reversed out the gain arising from the sale of our investment in North Queensland Airports. This sale was a one-off transaction that does not reflect normal business activities;
  - reversed out the impact of revaluations of investment property in 2018 and 2017. 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. None of the property, plant and equipment revaluation in 2018 affected reported profit. Therefore, no underlying profit adjustment was required in 2018, nor in 2017 in which there was no property, plant and equipment revaluation;
  - the group recognises gains or losses in the income statement arising from valuation movements in interest rate derivatives which are not hedge accounted and where the counterparty credit risk on derivatives impacts accounting hedging relationships. These gains or losses, like investment property, are unrealised and interest rate derivative valuation movements are expected to reverse out over their lives;
  - to be consistent, we have also reversed the revaluations of investment property and financial derivatives that are contained within the share of profit of associates in 2018 and 2017; and
  - reversed the taxation impacts of the above movements in both the 2018 and 2017 financial years.

Glossary

APOC	Airport operations centre
ARPS	Average revenue per parking space
AT	Auckland Transport
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
GDP	Gross domestic product
HOV	High occupancy vehicles
ITB	International Terminal Building
MCTOW	Maximum certified take off weight
NZTA	New Zealand Transport Agency
NQA	North Queensland Airports
PAX	Passenger
PSE2	FY13-FY17
PSE3	FY18-FY22
PSR	Passenger spend rate
WALT	Weighted average lease term