

For our future



A woman with long dark hair tied back, wearing a dark winter jacket with a fur-lined hood and dark gloves, is sitting in a field of tall, dry grass. She is looking down at her hands, which are held out in front of her. The background shows a hazy, mountainous landscape under a bright sky. The overall tone is soft and contemplative.

Adrian Littlewood
Chief Executive

Simon Robertson
Chief Financial Officer

Investment ↘

Story



International Gateway to New Zealand

- New Zealand is an island nation and arrival by road and rail is impossible. Sea transport is unattractive for most overseas travellers.
- Auckland Airport is the only commercial airport in New Zealand's largest city.
- Approximately 2 million people (40% of NZ's population) live within a two hour drive of Auckland Airport. 75% of international visitors arrive or depart from Auckland Airport, and 94% of long haul arrivals (excluding Australia).
- No curfew, operating 24 hours a day.
- Auckland is New Zealand's centre for commercial, industrial, residential and migration growth.
- There are high barriers to competitive entry of another airport in Auckland.

Population*

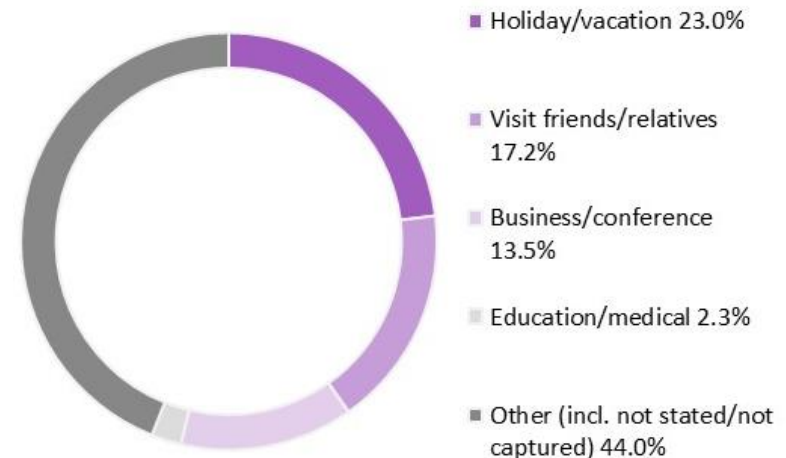
New Zealand:
4.4 million

**Auckland Airport
Catchment Area**

- Within 2 hours' drive time:
1.780m people
- Within 4 hours' drive time:
2.244m people



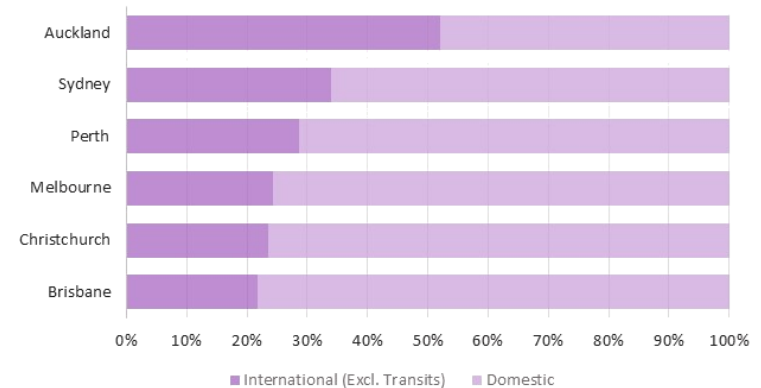
* 2012 Population Estimate Per Statistics New Zealand.
Catchment data per Property Economics (2012)



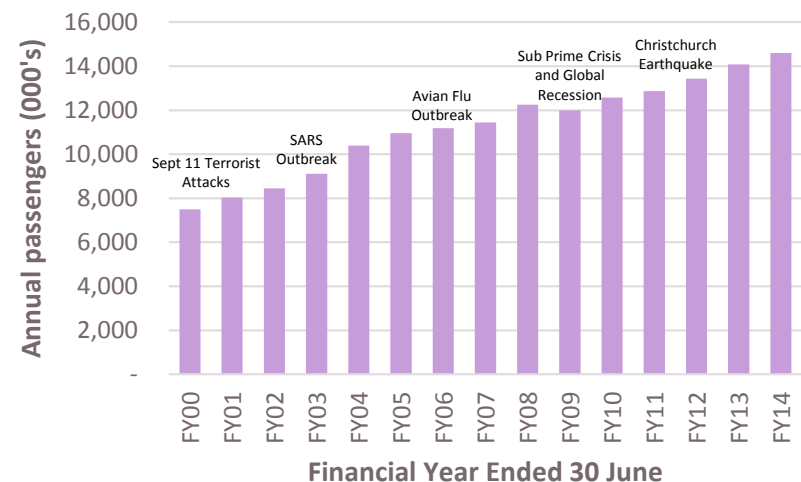
International Gateway to New Zealand

- Highest proportion of international passengers (53%) of all Australasian airports and third highest number of international passengers.
- 18 international airlines connecting to 32 international destinations.
- Proven passenger growth resilience during times of stress in global economies and external negative events – total passenger growth of 4.9% CAGR since 2000.
- Providing passengers with a quality experience – voted “Best Airport in Australia/Pacific” in World Skytrax Airport Awards for the last six years (2009 – 2014).
- World class EBITDA margin of between 74% and 75%.

Comparison of International vs Domestic Passengers



Total Passengers at Auckland Airport (excl. Transits)



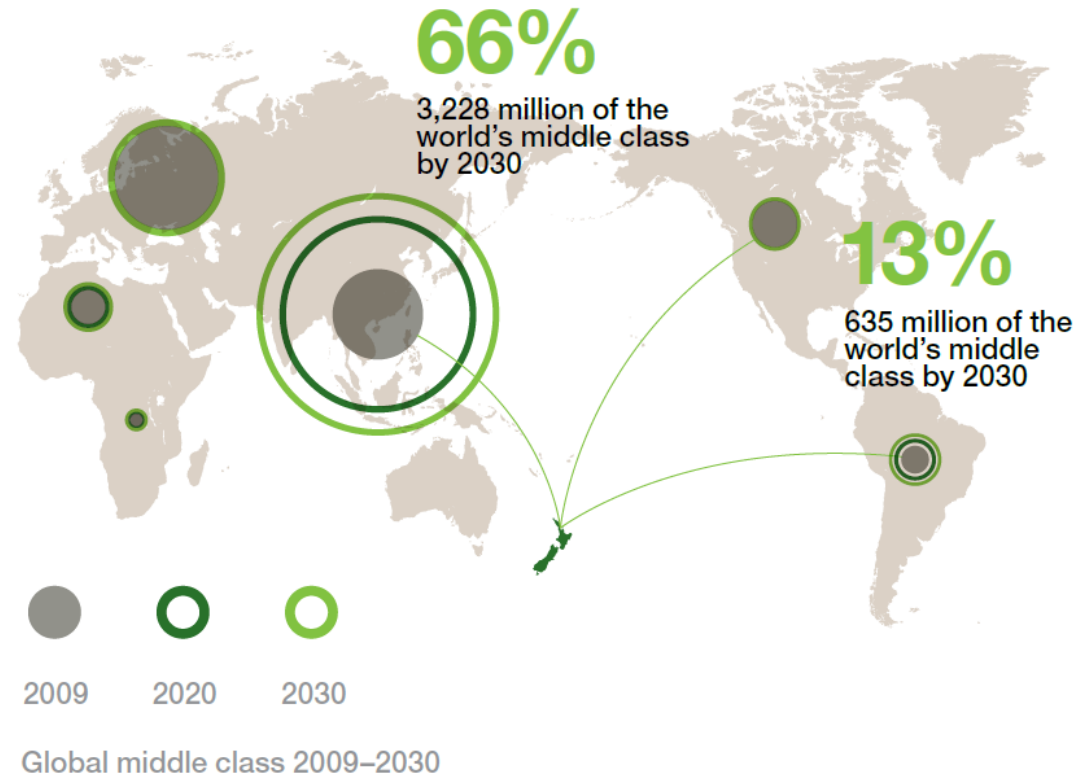
Aeronautical Regulatory Environment

- Dual-till regime under the Commerce Act 1986 (NZ) with information disclosure regulation.
- Aeronautical is subject to disclosure regulation.
- Non-aeronautical till faces open market competitive forces.
- Airport Authorities Act 1966 (NZ) provides for and requires:
 - Airports to set charges.
 - Consult on aeronautical charges at least every five years.
 - Consult on capex decisions exceeding 20% of aeronautical asset base.
- New disclosure regime includes monitoring of service standards, asset availability, capital expenditure plans, efficiency of pricing and return on investment.
- New Zealand Commerce Commission provides monitoring of the information disclosure regulatory regime.
- AIAL was found by the Commerce Commission in its s56g report to have targeted a fair return of 8% after tax for FY13-17.
- MBIE to report to minister on effectiveness of ID regulation (calendar 2015). Wellington International Airport and Christchurch International Airport have addressed concerns in their original s56g reports.
- Airports WACC percentile review to take place during calendar 2015. Recently completed review for price controlled electricity and gas distribution business lowered WACC percentile from the 75th to the 67th percentile of the Commerce Commission's WACC parameters.

Positioned in high growth Asia-Pacific

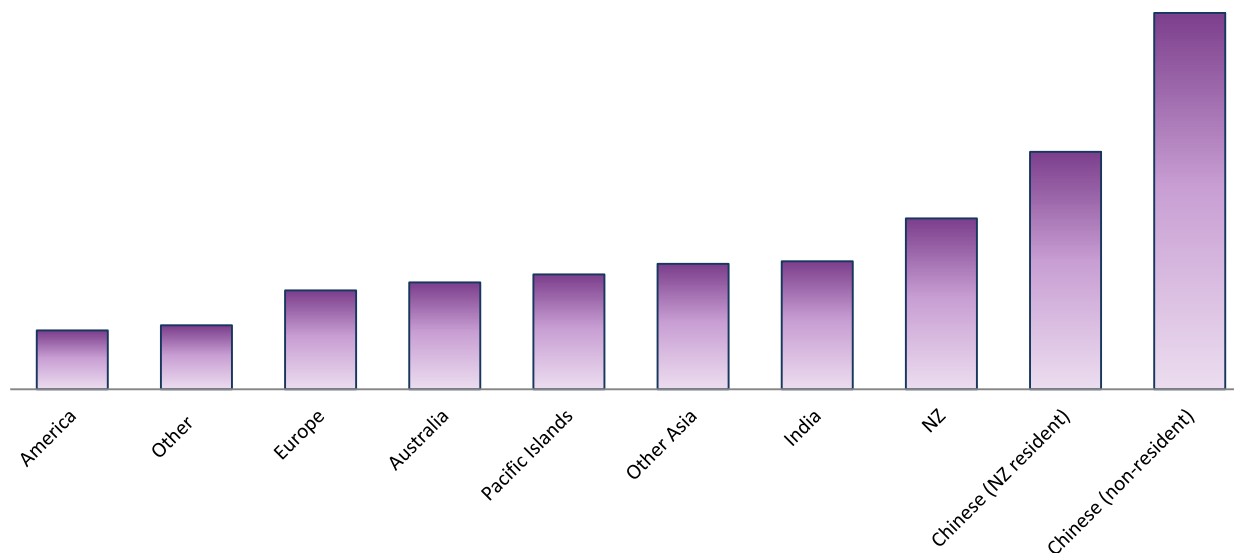
Grow travel markets

- Unique approach to driving airline capacity.
- AIA does not discount landing charges but rather offers cooperative marketing campaigns to help drive traffic on new routes as well as wider marketing initiatives such as:
 - www.tripguide.co.nz
 - www.ambition2025.co.nz
- Auckland Airport aims to become the southern hub for air travel in Australasia and the Pacific Rim, assisted by its location in the high growth Asia-Pacific region and capacity to expand infrastructure in a staged and efficient manner.



High growth Asia-Pacific also highest retail earners

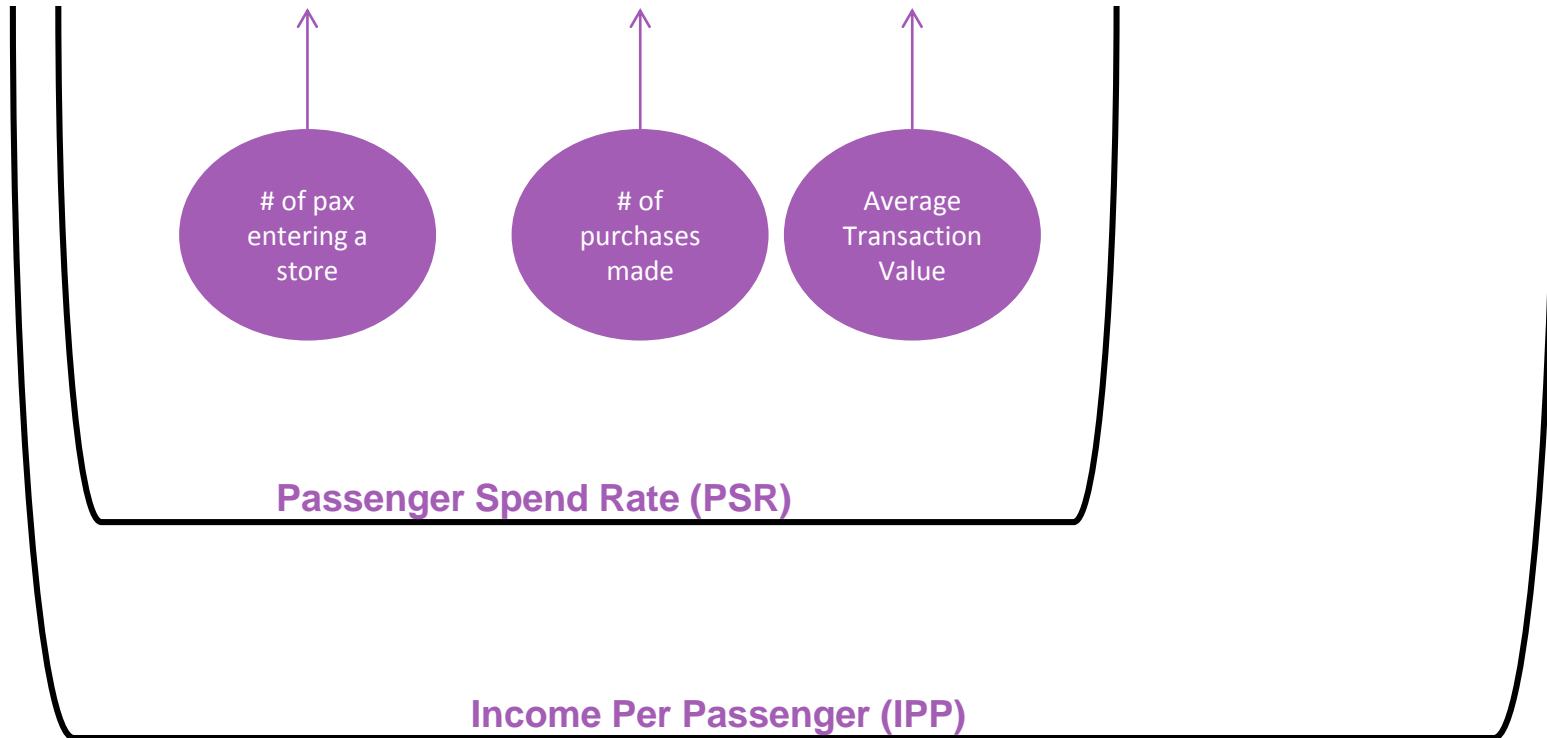
Retail Spend Rates By Nationality



- Chinese passengers (NZ resident + non-resident) represent 7% of all traffic, yet 14% of international terminal retail spend.
- Non-resident Chinese spend rate is +166% above the overall average

The Retail Equation

$$\text{Passengers} \times (\text{Penetration (\%)} \times \text{Conversion (\%)} \times \text{ATV (\$)}) = \text{Sales (\$)} \times \text{Yield (\%)} = \text{Revenue (\$)}$$



Car Parking Business

- Dynamic, direct to consumer, online sales channel provides high car park occupancy to maximise car park revenue
- As at December 2014, the Airport had 9,924 parking spaces.
- In FY15 Auckland Airport moved some airline and other staff car parking from the domestic terminal to the Park & Ride facility, providing more car parks close to the terminal for the travelling public.

International Terminal	Domestic Terminal	Park & Ride
Proximate short-term and long term parking options	Multi-level car park with direct connectivity into terminal	Opened December 2008
3,574 public parking bays	2,622 public bays	1,100 parking bays
Covered and uncovered parking	Covered and uncovered parking	Prominent location, 24/7 shuttle with transfers every 10 minutes, GPS, High Security

In addition, there are 2,628 staff car parks across domestic and international terminals which can be leveraged for customer parking at peak times.



Significant Land Holdings

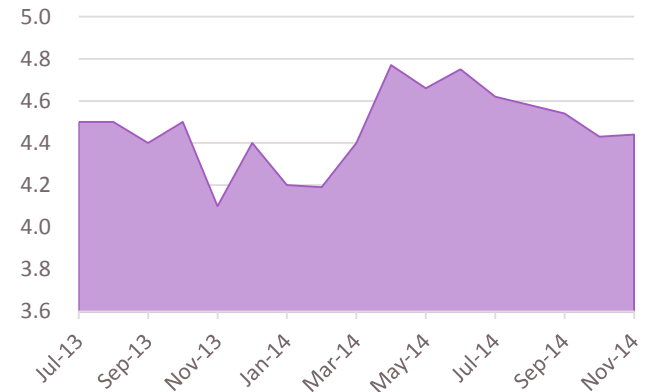


- Auckland Airport owns approximately 3,707 acres (1,500 hectares) of freehold land.
- Land value NZ\$2,650 million as at 30 June 2014 (excluding Investment Property), considerably more than total debt.
- The land holding provides opportunities for expansion of aeronautical infrastructure and growth from rental income streams.

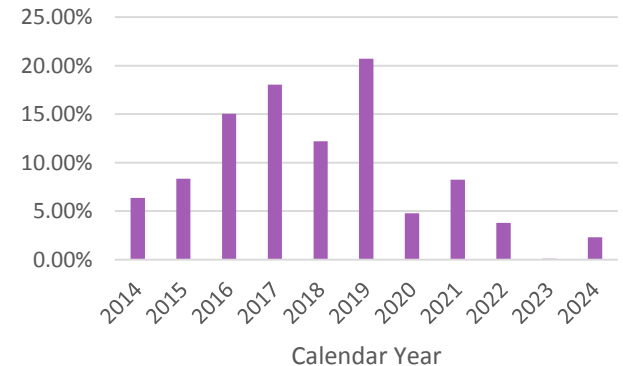
Property Business

- Developments comprise all types of land use except permanent residential and heavy industrial. The Auckland Airport business district (“The District”) has been divided into seven precincts reflecting logical groupings of industry type and sector.
- There are 761 acres (308 hectares) of land available to be developed in The District.
- Leases are typically medium to long term and properties are typically leased on a design/build and lease basis with committed tenants. The weighted average lease term of existing properties was 4.43 years as at 31 October 2014.
- Vacancy in the portfolio is negligible (1% as at 31 October 2014).

Historic WALT



Lease expiry profile



Hotels



- Auckland Airport completed its first Hotel in May 2011.
- The Novotel is a 263 room (4+ star) hotel.
- The hotel was a joint venture with Tainui Holdings and Accor Hospitality with Auckland Airport holding a 20% stake.
- Auckland Airport also collects ground rental from the Novotel site.
- A second hotel (Ibis - 3 star) was completed in August 2011 and designed to enable future expansion.
- Construction of an additional 73 rooms at the ibis budget hotel close to completion.

Associates – Queenstown Airport

Queenstown
Airport

24.99%

Queenstown
(New Zealand)

- Queenstown Airport is the gateway airport to New Zealand’s adventure capital, a major tourist destination and the fourth largest international airport in New Zealand. It is the fastest growing airport in New Zealand and is pivotal to the tourism growth aspirations and future of the region, with a significant domestic visitor market
- Queenstown Airport has a runway length of 1,911m (2,090 yards)
- In the year ended 30 June 2014, Queenstown airport handled 940,477 domestic and 308,402 international passengers with growth of -1.7% and 27.6% on the previous year respectively



Associates – North Queensland Airports

North Queensland Airports

24.55%

Cairns Airport (Australia)

- Cairns Airport is the gateway airport to Tropical North Queensland, a major Australian leisure destination. Two world heritage listed attractions, the Great Barrier Reef and Wet Tropics Rainforests are accessed from Cairns
- The airport has direct flights to all Australian capital cities with the exception of Hobart and a high number of other regional destinations are also serviced from Cairns. The airport is also Australia’s seventh busiest airport for international passengers
- Cairns Airport has a main north-south runway (3,196m / 3,495 yards) and a smaller cross runway (925m / 1,012 yards) for general aviation, with curfew free operations
- The international terminal has total floor area of 25,419 sqm (273,608 square feet)
- The airport is subject to a 99 year lease (with 94 years remaining) from the State of Queensland
- In the year ended 30 June 2014, Cairns Airport handled 3,948,094 domestic and 505,302 international passengers (excluding transits)

Mackay Airport (Australia)

- Mackay Airport is an important regional airport, benefitting from the strong resources industry and located close to the Whitsunday Islands
- Mackay is the access point to Bowen Basin, one of the largest coal-mining regions in the world containing over 70% of known coal reserves in Queensland, Australia.
- Mackay Airport has a main runway (1,981m) and a smaller cross runway (1,344m / 1,470 yards) for general aviation, with curfew free operations
- The airport is subject to a 99 year lease (with 94 years remaining) from the State of Queensland
- In the year ended 30 June 2014, Mackay Airport handled 1,076,227 domestic passengers

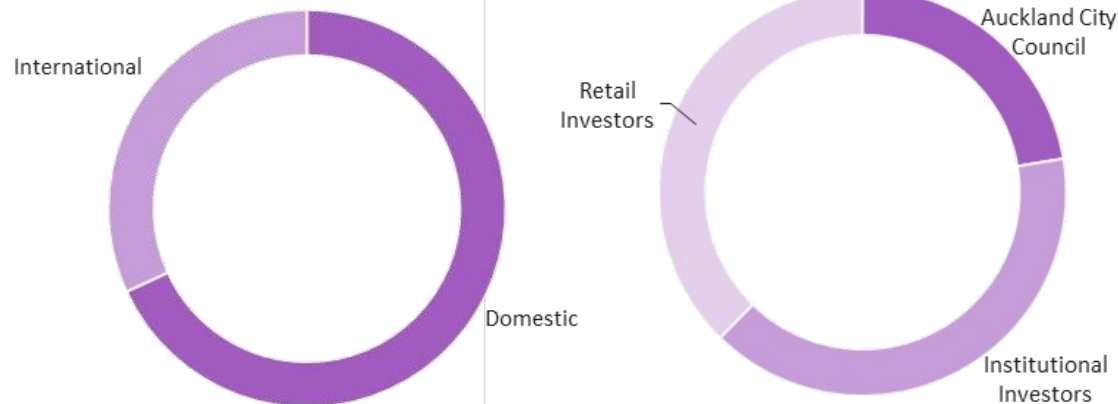


Current Position

Market Capitalisation

\$4,702m *

Register Composition



Returns to Shareholders	Share Price Opening \$	Share Price Closing \$	Dividend cps	Capital Return cps	Cost of Cancelled Shares cps	Total Return \$	Total Shareholder Return %
1 July 2010 to 30 June 2011	1.870	2.230	8.700	-	-	0.447	23.9
1 July 2011 to 30 June 2012	2.230	2.440	10.500	-	-	0.315	14.1
1 July 2012 to 30 June 2013	2.440	2.970	12.000	-	-	0.650	26.6
1 July 2013 to 30 July 2014	2.970	3.900	7.000	34.300	(34.300)	1.000	33.7

Strategy for our Future



Going forward – Faster, Higher, Stronger

GROW
TRAVEL
MARKETS

Adopt an ambitious and innovative approach to help New Zealand to sustainably unlock the growth opportunities in travel, trade and tourism

STRENGTHEN
OUR
CONSUMER
BUSINESS

Strengthen and extend our retail, transport and accommodation businesses to ensure we can respond to evolving customer needs

BE FAST,
EFFICIENT
& EFFECTIVE

Continue to improve our performance by increasing the productivity of our assets, processes and operations

INVEST
FOR FUTURE
GROWTH

Build on our strong foundations for long-term sustainable growth

Grow Travel Markets

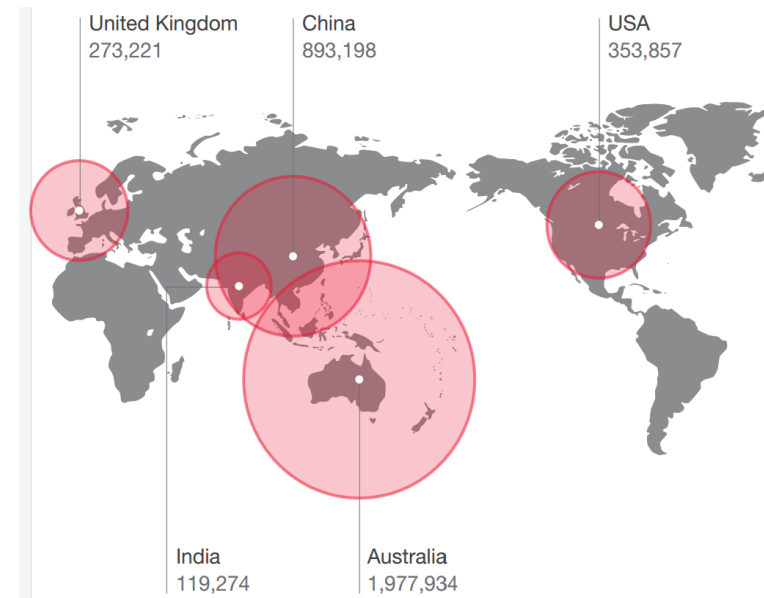
- NZ has an opportunity to capture a larger share of the fast growing Asia-Pacific aviation market.
- Aligning industry on opportunities is a key part of our “Ambition 2025: High Opportunity Target”.

Refer: www.ambition2025.co.nz

- We are working with Tourism Industry Association, Government and other industry stakeholders to reset New Zealand’s tourism ambitions and guide how the country can grow tourism faster.
- Launched initiatives to focus on Asian growth markets such as China and Indonesia:
 - Hosted industry “Asia Summit” in May 2014
 - Continued to invest in the New Zealand tourism industry contributing to the development of a strategic tourism framework targeting 6% annual growth for the tourism sector



Top five markets by visitor arrivals 2025



Grow Travel Markets

 GROW
TRAVEL
MARKETS

Select announcements during the 2014 financial year

- Emirates started flying a third A380 to Auckland in October 2013, servicing the airline's Dubai-Brisbane-Auckland route.
- China Southern Airlines commenced flying New Zealand's first commercial B787 Dreamliner service on its Guangzhou-to-Auckland route, resulting in 5% more seat capacity. China Southern also provided two additional return flights during the 2014 Chinese New Year celebrations and then increased its Guangzhou-to-Auckland service from seven to 10 weekly flights until October 2014, when it will increase services to double daily until March 2015.
- China Airlines announced it will change its A330 aircraft to a B747 on its Taipei Brisbane-Auckland route during the summer peak and increase the number of flights from three to four per week, adding 15,000 seats to the route.
- China Eastern Airlines operated two return charter flights from China over the 2014 Chinese New Year period.

Grow Travel Markets

GROW
TRAVEL
MARKETS

Subsequent Announcements

- China Eastern announced four flights per week starting December increasing the seasonal service to daily through January 2015. This will add an extra 47,000 seats on the Auckland to Shanghai route.
- China Southern has up gauged the night flight from a Boeing 787 to a Boeing 777-300R resulting in an additional 17,000 seats on the route over peak period from mid December
- Air New Zealand and Singapore Airlines announced a strategic alliance bringing at least 100,000 extra seats on the Singapore to Auckland route commencing January 2015.



中國東方航空
CHINA EASTERN

Strengthen our consumer business: Retail

STRENGTHEN
OUR
CONSUMER
BUSINESS

- Continued to introduce new retail stores throughout 2014 and 2015 into incremental space additions
- Duty free retender currently in progress has shown a strong interest from a number of parties. We are focused on delivering a wider range of products to drive sales performance.
- Retail revenue faced pressure throughout FY2014 due to the relative competitiveness of Australia's weaker dollar.
- New initiatives are underway to address this including:
 - Closer monitoring of price points;
 - addition of more retail space; and
 - The introduction and development of our online retail channel

Concept design for international passenger area



Strengthen our consumer business: Hotel

STRENGTHEN
OUR
CONSUMER
BUSINESS



- Auckland Airport has 100% ownership of the Ibis Budget 2+ star hotel and 20% ownership in 4+ star Novotel hotel joint venture situated next to the international terminal in Auckland.
- Occupancy continued to grow in FY14:
 - 86.5% for Novotel, up from 83.2% in FY13 and 82.0% in FY12
 - 92.4% for Ibis Budget, up from 83.6% in FY13 and 60.2% in FY12
- Growing profitability at Novotel
- Construction nearing completion on an expansion to the Ibis Budget hotel – from 125 rooms to 198 rooms, an investment of \$8 million.
- Recent strong performance of these two assets demonstrates the potential for future opportunities in this sector.
- Market analysis of potential for further ‘at terminal’ hotel rooms underway.

Responding to challenges in retail

- Strong programme to lift future retail performance:
 - Continue temporary/pop-up retail programme to test new brands and categories.
 - Launch new speciality and F&B concessions/refurbishments: e.g. 3WiseMen, Shaky Isles at domestic; Juicy Details, DB signature bar, KiwiYo, OPI Nail Bar and lolaandgrace at international. Early sales results very strong.
 - Leverage new online channel to extend categories, range, reach and target segment elasticity. Online trading lifting off – recently trading at least 7x prior year.
 - New international arrivals collection point on ground floor addresses physical issue of carrying shopping through terminal. Will open up new promotional options pre-Xmas.
 - New outbound international expansion creates opportunity for increase in net lettable area up to 80% and new categories/brands where we are currently underserved e.g. fashion/accessories.
 - Duty free tender underway with strong interest - 10 registered bidders.



Strengthen our consumer business: Car parking

STRENGTHEN
OUR
CONSUMER
BUSINESS



- Expansion of higher value parking products while expanding assets with low cost “at grade” capacity increases.
- Valet product launched at domestic terminal to extend the premium car parking offer. Expansion of the valet service to international is set to commence early December.
- 600 spaces at the international terminal released from staff to passenger parks in September 2014.
- Increased Park & Ride business with an additional 879 spaces during FY2014

Be fast, efficient & effective: Operational

BE FAST,
EFFICIENT
& EFFECTIVE



- Successfully managing airport operations requires proactive collaboration, data sharing and real-time information.
- We are investing in systems to leverage more from collaboration with Airport Operating Systems (AOS) upgrades and passenger tracking tools.
- Joint aviation stakeholder programme identified airfield capacity enhancements – delivery in FY15.
- Launched new sustainability initiatives plus targets across 11 key areas to drive energy and fuel efficiency.
 - Examples include the replacement of the international terminal heating and cooling system, resulting in electrical-energy savings of 84% and gas savings of 56%.
- NZ Customs expanded SmartGate to UK/US citizens driving further improvements in processing efficiency.
- SMART Approaches flight path trial concluded and community feedback sought.

Be fast, efficient & effective: Financial



BE FAST,
EFFICIENT
& EFFECTIVE

- We are monitoring cost drivers throughout the business to improve our EBITDA margin. The focus on cost efficiency led to a 1.1% drop in operating costs per passenger throughout FY2014.
- We are carefully managing our capital programme to make the most of our existing infrastructure.
- Completed \$454 million capital return to shareholders including the associated long-term debt financing.

Credit metrics

	June 2011	June 2012	June 2013	June 2014
Debt/Enterprise value (%)	27.2	25.8	22.8	24.7
Funds from operations/interest cover ratio (x)	3.6	3.9	4.2	4.5
Funds from operations/debt (%)	17.1	17.9	18.4	15.8
Weighted average interest cost (%)	6.57	6.52	6.21	5.95

Invest for Future Growth: The potential of the Business District

Auckland Airport
Business District
and the Airport
environs



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FOR FUTURE
GROWTH

Invest for Future Growth: Building more rent roll

- The Auckland property market is recovering after a subdued 5 years and we are starting to see more active enquiry and demand.
- FY2014 tenancy additions included Harrison Grierson, Specsavers, BASF and Meridian Energy.
- We are changing the perception of Auckland Airport as a location to strengthen the workforce and build non-travel footfall:
 - Marketing 'The District' at Auckland Airport to create property development momentum.
 - Moving from a collection of projects and investments to a place and community.
 - Transformation projects completed to enhance tenant amenity: Outdoor Gallery, Footy Field and Runway Mountain Bike Park.
 - Creating a 'place-based' strategy to create New Zealand's greatest business location.

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GROWTH



Invest for Future Growth:

Building more rent roll



- Developments completed during FY14 included a new 130,000 square feet (12,000 square metre) warehouse facility for DHL, additional facilities completed for Panalpina and Hobbs. A new 135,000 square foot (12,500 square metre) facility for Hellman logistics was announced in February 2014.
- Leasing of office space at Quad 5 completed enabling planning for a new 97,000 square foot (9,000 square metre) Quad 7 office space to progress.
- Several pre-committed projects are under construction e.g. ibis budget hotel and Hellman.
- Two speculative industrial properties (Duplex and Flex 2) are also underway to fill gap in the market. Half of the Duplex has a lease commitment.
- Industrial property opportunity at the Landing further enabled with completion of 15 ha of high quality serviced sites.

Invest for Future Growth:

Airport investments

- Queenstown Airport international passenger growth outstanding and outlook strong with safety case for after dark flights established. Flights anticipated from mid-2016.
- NQA financial growth continued in FY14. Positive outlook with Mackay Airport hotel underway and proposed AQUIS development, just north of Cairns, adding significant passenger growth potential.

INVEST
FOR FUTURE
GROWTH



Invest for Future Growth: Our future – 30-year vision launched



- Bold 30-year vision developed with international experts (www.airportofthefuture.co.nz). Very positive stakeholder feedback.
- Vision is based on a combined domestic and international terminal as well as an efficient, affordable and staged development path.
- Work has commenced on the first three phases of the vision:
 - Increasing capacity in the arrivals baggage hall to eventually deliver two more baggage belts and 2,500 m² of additional space.
 - Increasing space in arrivals, customs and bio-security screening.
 - Feasibility work completed on departure processing and passenger waiting areas. Concept design for this phase is now underway. Initial high level costs are approximately \$125 million.¹

¹ This is subject to the successful completion of concept design, detailed design and the final business case.

Financial performance



FY14 annual results

Simon Robertson, chief financial officer



Great financial outcome

Auckland International Airport Group (NZ\$'000)	30 Jun 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Revenue	475,814	448,458	426,813	397,723	363,113
Expenses	120,646	117,624	107,524	99,494	86,802
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	355,168	330,834	319,289	298,229	276,311
Gain on sale of associates	-	-	-	1,240	-
Plant, property and equipment revaluation	4,060	-	-	(63,465)	-
Investment property fair value increase/ (decrease)	41,974	23,091	1,350	21,640	9,469
Derivative fair value increase / (decrease)	636	1,473	(2,148)	3,503	-
Share of profit/(loss) of associates	11,632	9,921	9,240	4,755	8
Earnings before interest expense, taxation and depreciation (EBITDA)	413,470	365,319	327,731	265,902	285,878
Depreciation	63,541	62,053	64,483	56,843	55,736
Interest expense and other financial costs	68,171	66,689	68,958	70,417	71,938
Taxation expense	65,877	58,610	52,006	37,881	128,510
Reported net profit after taxation	215,881	177,967	142,284	100,761	29,694
Underlying profit ¹	169,877	153,781	139,025	120,870	105,051
Capital expenditure	121,497	93,471	83,141	74,774	54,290

¹ A reconciliation showing the difference between reported net profit after tax and underlying profit (for FY2013 & FY2014) after tax is included on the following slide.

Healthy underlying trend

Underlying profit

	Reported earnings \$000	Adjustments \$000	2014 Underlying earnings \$000	Reported earnings \$000	Adjustments \$000	2013 Underlying earnings \$000
EBITDAFI	355,168	-	355,168	330,834	-	330,834
Share of profit from associates	11,632	(2,938)	8,694	9,921	(1,899)	8,022
Derivative fair value increases	636	(636)	-	1,473	(1,473)	-
Investment property revaluation	41,974	(41,974)	-	23,091	(23,091)	-
Property, plant and equipment revaluation	4,060	(4,060)	-	-	-	-
Depreciation	(63,541)	-	(63,541)	(62,053)	-	(62,053)
Interest expense and other finance costs	(68,171)	-	(68,171)	(66,689)	-	(66,689)
Taxation expense	(65,877)	3,604	(62,273)	(58,610)	2,277	(56,333)
Profit after tax	215,881	(46,004)	169,877	177,967	(24,186)	153,781

We have made the following adjustments to show underlying profit after tax for the 12-month periods ended 30 June 2014 and 30 June 2013: We have reversed out the impact of revaluations of investment property in 2014 and 2013. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year can be too short for measuring performance. Changes between years can be volatile and will consequently 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 adjusted the revaluation of the land class of assets within property, plant and equipment. The fair value changes in property, plant and equipment are less frequent than investment property revaluations also making comparisons between years difficult. The group recognises gains or losses in the income statement arising from valuation movements in interest rate derivatives which are not hedge accounted or where the counterparty credit risk on derivatives impact accounting hedging relationships. These gains or losses, like investment property, are unrealised and are expected to reverse out over the lives of the derivatives. To be consistent we have adjusted the revaluations of investment property and financial derivatives that are contained within the share of profit of associates in 2014 and 2013. We also allow for the taxation impacts of the above adjustments in both the 2014 and 2013 financial years.

Broad international passenger growth

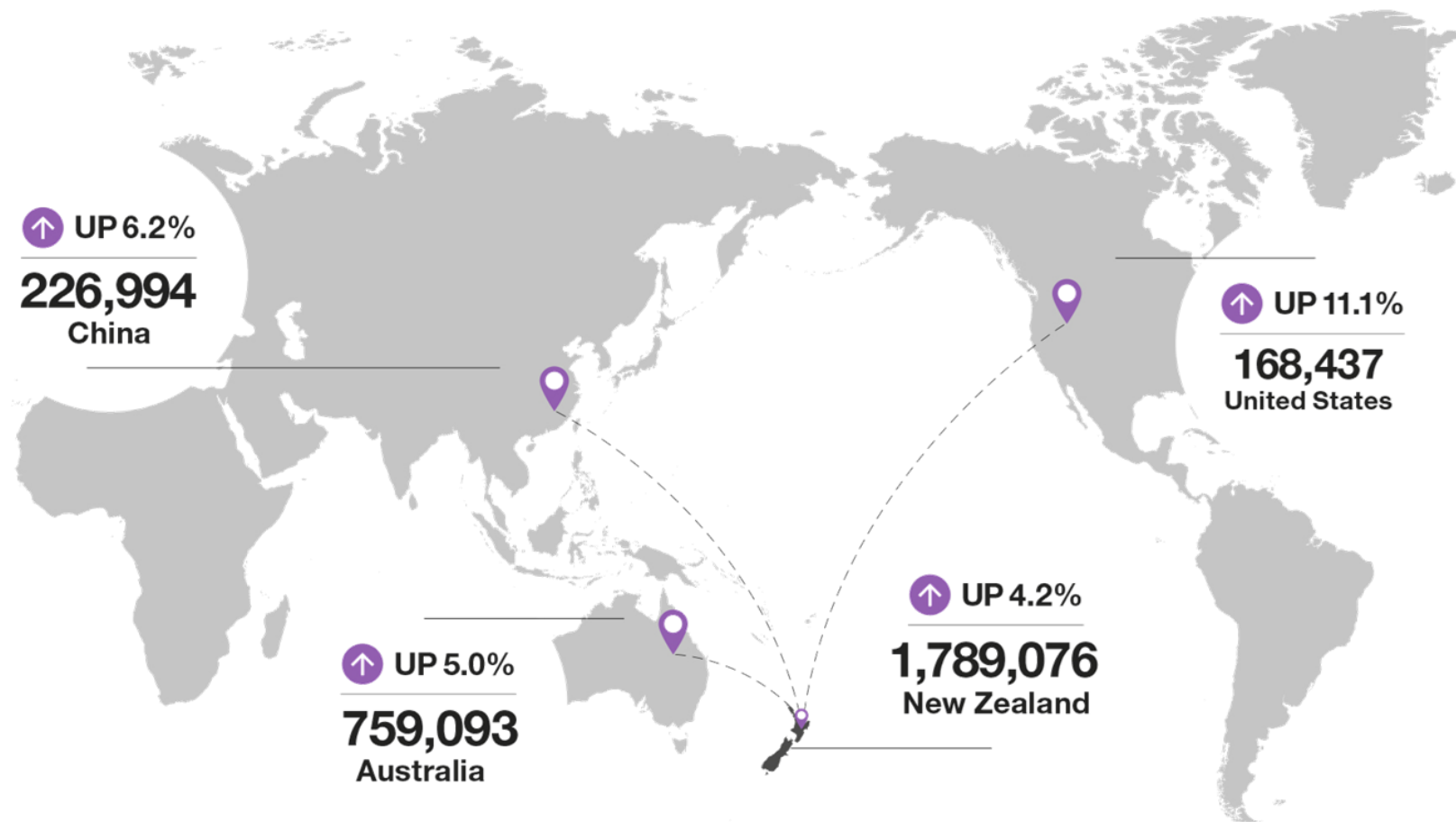
Auckland Airport passenger movements

	12 months to 30 June 2014	12 months to 30 June 2013	Change %
International arrivals	3,847,132	3,664,376	5.0
International departures	3,840,704	3,652,948	5.1
International passengers excluding transits	7,687,836	7,317,324	5.1
Transit passengers	462,560	437,354	5.5
Total international passenger movements	8,150,396	7,755,678	5.1
Domestic passengers	6,911,689	6,760,537	2.2
Total passenger movements	15,062,085	14,516,215	3.8

- Growth has continued so far in the new financial year. International passenger growth (excluding transits) has been 2.7% up to 31 October 2014.
- Schedule for the summer period is promising with plans for further capacity to be added.

Broad international passenger growth

Top 4 arrivals into Auckland Airport by country of last permanent residence – 2014



Larger domestic aircraft + more international frequency

Aircraft movements and MCTOW

	12 months to 30 June 2014	12 months to 30 June 2013	Change %
Aircraft movements			
International departures	45,809	44,315	3.4
Domestic aircraft movements	107,454	110,832	(3.0)
Total aircraft movements	153,263	155,146	(1.2)
MCTOW (tonnes)			
International MCTOW	4,339,266	4,104,679	5.7
Domestic MCTOW	1,879,199	1,824,689	3.0
Total MCTOW	6,218,465	5,929,368	4.9

- International MCTOW growth is a combination of more frequency (e.g. Air New Zealand increase in services to North America and Shanghai) and larger aircraft (e.g. Emirates using an A380 on Brisbane replacing a 777).
- Domestic MCTOW growth is predominantly Air New Zealand using larger aircraft on jet routes (A320s replacing 737s) and on regional routes (Q300s and ATRs replacing Dash 8s and Beech 1900s).

International passenger growth leads to revenue growth

Revenue

	12 months to 30 June 2014 \$m	12 months to 30 June 2013 \$m	Change %
Airfield income	87.607	81.573	7.4
Passenger services charges (PSC)	131.552	120.242	9.4
Retail income	127.073	124.308	2.2
Car park income	42.815	40.370	6.1
Rental income	59.260	55.407	7.0
Rates recoveries	4.626	4.180	10.7
Interest income	2.002	2.823	(29.1)
Other income	20.879	19.555	6.8
Total revenue	475.814	448.458	6.1

- Strong passenger and MCTOW growth and the completion of the graduated introduction of the PSC for passengers between 2 and 12 years of age delivered excellent growth in aeronautical revenue.
- The property division lifted rental income 10.0% and was the biggest contributor to the total company rental income growth of 7.0%.

Cost base maintained

Expenses

	12 months to 30 June 2014 \$m	12 months to 30 June 2013 \$m	Change %
Staff	42.502	39.953	6.4
Asset management, maintenance and airport operations	40.310	39.607	1.8
Rates and insurance	10.081	9.707	3.9
Marketing and promotions	13.750	14.138	(2.7)
Professional services and levies	6.806	7.491	(9.1)
Other	7.197	6.728	7.0
Total operating expenses	120.646	117.624	2.6
Depreciation	63.541	62.053	2.4
Interest expense	68.171	66.689	2.2

- Operating expenses have been flat since the second half of FY13 resulting in operating expenses per passenger falling 1.1%.
- Interest costs have modestly risen despite the \$454 million capital return in April 2014. The increase in the average debt balance has been offset by average interest rates declining from 6.21% in FY13 to 5.95% in FY14.

Guidance

- We are confident in Auckland Airport's ability to grow revenues and EBITDAFI in the 2015 financial year.
- Allowing for the increased interest costs from the \$454 million capital return we expect underlying net profit after tax (excluding any fair value changes and other one off items) to be between \$160 million and \$170 million.
- Due to the 10% reduction in the number of shares on issue following the capital return, this guidance would be a lift in earnings per share of between 2% and 9%.
- This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances.

Questions



