Media Release | 18 February 2021

FY21 Interim Results: Continuing to manage the impact of COVID-19, while preparing for a safe recovery in trans-Tasman travel

Auckland Airport today announced its financial results for the six months to 31 December 2020.

Auckland Airport Chair Patrick Strange said: “The first half of the 2021 financial year has continued to be a challenging time for both the company and the wider aviation industry. While we were pleased to see domestic travel starting to rebuild, international travel has remained at very low levels.

“The past six months have been a period of constant adjustment for Auckland Airport. We have taken the opportunity to continue our programme to upgrade core infrastructure during this period of low passenger numbers while also supporting the New Zealand government, border agencies and airlines in the operation of a safe border.

“The company has also been hard at work alongside industry, stakeholders and medical experts to help establish a recovery path for New Zealand. One area of focus has been implementing the trial of new testing technologies to improve access to rapid, low-cost, and less invasive COVID-19 testing for our staff working at the border.

“We have also supported the development of a scientific risk-based model to safely manage the risk of COVID-19 across the aviation system. Using a ‘traffic light’ approach to categorise countries using COVID-19 risk data, the model offers a method that could be applied to safely re-establish regular and reliable air connections with low-risk countries like Australia and certain Pacific nations when that approach is combined with New Zealand’s domestic virus management strategy and ongoing controls at the border.”

Mr Strange acknowledged the outstanding efforts of everyone who works at Auckland Airport and noted that they have done a great job in responding to the quickly evolving operating environment and the additional health and safety measures required as a result of the pandemic.

Key performance data for the six months to 31 December 2020:

- Total number of passengers decreased to 2.8 million, down 73.4% on the previous six-month period to 31 December 2019
- Domestic passengers decreased 44.6% to 2.6 million, and international passengers (including transits) decreased 96.8% to 187,003
- Revenue was down 64.9% to 131.5 million
- Operating EBITDAFI was down 68.4% to $88.2 million
- Reported profit after tax was down 80.9% to $28.1 million
- Earnings per share was down 84.1% to 1.91 cents
- Net underlying loss after tax of $10.5 million [1]
- Net underlying loss per share of 0.71 cents [1]
- No interim dividend will be paid

Chief Executive Adrian Littlewood said the impact of the COVID-19-related travel restrictions continued to be felt across the business in the first half of the 2021 financial year.

“Recognising the ongoing impact that COVID-19 could have on Auckland Airport we took significant steps to reposition the company. Core operating expenses were reduced by $33 million, or 34%, in the six months to 30 December 2020 and we scaled-back our significant infrastructure expansion programme while continuing to focus on upgrading critical infrastructure assets such as runways and roads.

“Nevertheless, the lower number of passengers, especially international and transit passengers, resulted in significant decreases to our key aeronautical, retail and transport income. Revenue from our hotel operations and our investment in Queenstown Airport also declined.

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[1] We recognise that EBITDAFI and underlying loss are non-GAAP measures. Please refer to the table at the end of the media release for the reconciliation of reported profit after tax to underlying loss after tax.

“The partial recovery of New Zealand’s domestic travel market was a positive sign in the first half of the 2021 financial year. Pleasingly, our domestic passenger numbers have now recovered to around 65% of the pre-pandemic level. This was in part achieved by working very closely with domestic airlines and other businesses operating at the domestic terminal to ensure a high-quality and safe travel experience. It was a real team effort across the airport system, and I want to acknowledge and thank everyone involved in this critical work.

“The ongoing success of Auckland Airport’s commercial property business was a highlight of the first half of the 2021 financial year. Property revenue increased 2.4% to $47 million, driven by rental growth in the existing property portfolio and a part year contribution from the large new Foodstuffs distribution centre.

“We have a number of new commercial developments currently under construction which we expect to be valued at more than $223 million on completion with an annualised rent roll of $116 million. Our commercial property portfolio is now valued at approximately $2.4 billion, up 15% in the year to 31 December 2020. This is an outstanding result that reflects both the underlying quality of our assets and the high-quality approach of our commercial development team.”

Responding to COVID-19 in 1H21

Mr Littlewood said the unprecedented impact of COVID-19 called for a rapid response to best protect Auckland Airport’s travellers, precinct workers, the wider community and its business.

“Our procedures have been completely revised with new operational models to assist travellers and meet new and evolving border requirements. We developed and implemented a comprehensive process that included enhancing cleaning protocols, managing physical distancing, staff protection, new passenger communications, and reorganising the layout of our international terminal to allow for the separation of different categories of passengers. We also worked closely with airlines to help maintain New Zealand’s global freight connectivity. The government’s international air freight capacity support scheme has also been an important facility to ensure New Zealand remains connected to its international markets.

“We were pleased to be the first New Zealand airport to receive Airports Council International’s Airport Health Accreditation – an endorsement of our COVID-19 health and safety measures.

“Despite the impact of the COVID-19-related travel restrictions on the company Auckland Airport was able to continue its support of projects within the local community, many of which were also impacted by the pandemic. Auckland Airport also remained committed to long term sustainability by developing a new 10-year strategy with new targets to guide its activities in relation to diversity, health and safety, resource consumption, and carbon.”

Positioning for the recovery from COVID-19

Throughout the response to COVID-19 we have constantly adjusted our approach to ensure we are best placed to recover and manage through the ongoing uncertainty, said Mr Littlewood.

“As we enter a second year of operating in a pandemic environment we continue to look for opportunities to strengthen our health and safety response, particularly for those at the front line, and help support the development of a path to safely restart two-way connections with our closest neighbours in Australia and the Pacific Islands. Our work in implementing new rapid saliva testing technology for staff and the proposal for a safe model to re-open to low risk countries like Australia are examples and we will continue that work with our colleagues in the aviation and travel industry.

“We have also been reworking our infrastructure development roadmap with airlines to ensure our refreshed plan for developing airport infrastructure reflects the reality of a post-pandemic recovery while serving the needs of our airline customers and the travelling public.

“The low-volume of aeronautical activity has provided a unique opportunity to accelerate select infrastructure upgrades. Most noticeably for visitors to the airport we have continued with a major upgrade of the northern airport access road to include high occupancy vehicle lanes, shared pedestrian and cycle paths, and new wayfinding gantries. We’ve also successfully completed the replacement of more than 360 concrete slabs in the runway’s east and west touchdown zones and made progress on an upgrade of the airside fuel network. In January 2021 we began a pavement upgrade across the airfield's taxiways and apron and restarted work on a new one-way exit road system for the international terminal in line with our future terminal development plans.

"The momentum in our commercial property business continued with the completion of the 84,000 square metre Foodstuffs warehouse and office and a 10,000 square metre warehouse on Timberly Road. Construction also continued on the structures and façades of the 5-star Te Arikinui Pullman Hotel and the 4-star Mercure Hotel with the fit-out of both hotels scheduled for completion when market conditions improve. A $172 million future property development pipeline to accommodate clients such as EBOS (Healthcare Logistics), Geodis Wilson, Hellmann, DHL and Interwaste will help Auckland Airport's property business continue to grow."

Outlook

Mr Littlewood said: "We expect the timing of the recovery will remain uncertain in the coming five months of the 2021 financial year. While we have already seen a partial recovery of domestic travel and the opening of one-way quarantine free travel to Australia, our recovery path is strongly linked to two-way quarantine free trans-Tasman travel.

"Despite the ongoing level of uncertainty around the recovery of trans-Tasman and wider international travel the company is providing underlying earnings guidance for the 2021 financial year of a loss after tax of between $35 million and $55 million.

"Although the government remains committed to restarting two-way trans-Tasman travel, and we support this, for the purposes of this underlying earnings guidance we have assumed there will be no material quarantine-free, two-way Tasman travel during the remainder of the 2021 financial year. It also assumes no further lockdowns of an extended duration during the period.

"Auckland Airport has a strong focus on investing in infrastructure to help position the company for the safe and measured recovery in travel. The company is reducing its capital expenditure guidance for the 2021 financial year to between $200 million and $230 million and we continue to take a measured approach to capital expenditure due to the current trading environment."

The above 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.

ENDS

Note 1. Underlying profit / (loss) reconciliation

For the six months ended 31 December ($m)	2020			2019		
	Reported profit	Adjustments	Underlying profit / (loss)	Reported profit	Adjustments	Underlying profit / (loss)
EBITDAFI per Income Statement	**88.2**	**-**	**88.2**	**279.2**	**-**	**279.2**
Investment property fair value increase	29.8	(29.8)	-	9.1	(9.1)	-
Fixed asset impairment	-	0.9	0.9	-	-	-
Reversal of fixed asset termination costs	-	(14.9)	(14.9)	-	-	-
Derivative fair value movement	0.8	(0.8)	-	(0.4)	0.4	-
Share of profit of associates and joint ventures	3.2	(0.1)	3.1	5.0	-	5.0
Depreciation	(59.3)	-	(59.3)	(55.4)	-	(55.4)
Interest expense and other finance costs	(35.0)	-	(35.0)	(34.7)	-	(34.7)
Taxation expense	0.4	6.1	6.5	(55.6)	1.4	(54.2)
Profit after tax	**28.1**	**(38.6)**	**(10.5)**	**147.2**	**(7.3)**	**139.9**

We have made the following adjustments to show underlying profit / (loss) after tax for the six months ended 31 December 2020 and 2019:

- we have reversed out the impact of revaluations of investment property. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
- we have reversed out the impact of fixed asset project write-offs, impairments and termination costs. In response to the COVID-19 outbreak, some capital expenditure projects were abandoned and fully written off and others were suspended. Some of these abandoned or suspended projects incurred contractor termination costs. The abandonment or suspension of live capital expenditure projects is extremely rare

and is the direct consequence of COVID-19. 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;
- we have adjusted the share of profit of associates and joint ventures 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 six-month periods.

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Auckland Airport

Interim Financial Statements 2021

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Consolidated interim income statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Income			
Airfield income		30.8	60.8
Passenger services charge		9.5	91.1
Retail income		7.0	113.6
Rental income		55.4	57.0
Rates recoveries		3.8	3.8
Car park income		12.5	34.3
Interest income		3.1	0.7
Other income		9.4	13.4
Total income		131.5	374.7
Expenses			
Staff	5	21.0	30.6
Asset management, maintenance and airport operations		24.5	42.5
Rates and insurance		10.6	8.9
Marketing and promotions		0.2	5.6
Professional services and levies		1.5	2.8
Fixed asset impairment	3	0.9	-
Reversal of fixed asset termination costs	3	(14.9)	-
Other expenses		3.3	5.9
Reversal of expected credit losses		(3.8)	(0.8)
Total expenses		43.3	95.5
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)[1]		88.2	279.2
Investment property fair value change	10	29.8	9.1
Derivative fair value change		0.8	(0.4)
Share of profit of associate and joint ventures	7	3.2	5.0
Earnings before interest, taxation and depreciation (EBITDA)[1]		122.0	292.9
Depreciation		59.3	55.4
Earnings before interest and taxation (EBIT)[1]		62.7	237.5
Interest expense and other finance costs	5	35.0	34.7
Profit before taxation	4	27.7	202.8
Taxation expense		(0.4)	55.6
Profit after taxation, attributable to the owners of the parent		28.1	147.2
Earnings per share		Cents	Cents
Basic and diluted earnings per share		1.91	11.97

1 EBITDAFI, EBITDA and EBIT are non-GAAP measures.

THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 (REVISED) FOR THE SIX-MONTH PERIOD TO 31 DECEMBER 2020 AND NEW ZEALAND STANDARD FOR REVIEW ENGAGEMENTS 2410 FOR THE SIX-MONTH PERIOD TO 31 DECEMBER 2019. THE FULL-YEAR FINANCIAL STATEMENTS TO 30 JUNE 2020 HAVE BEEN AUDITED.
THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Consolidated interim statement of comprehensive income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Profit for the period	28.1	147.2
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Cash flow hedges:		
Fair value gains/(losses) recognised in the cash flow hedge reserve	14.4	0.4
Realised (gains)/losses transferred to the income statement	(0.5)	1.2
Tax effect of movements in the cash flow hedge reserve	(3.9)	(0.4)
Total cash flow hedge movement	10.0	1.2
Movement in cost of hedging reserve	(2.6)	2.2
Tax effect of movement in cost of hedging reserve	0.7	(0.6)
Items that may be reclassified subsequently to the income statement	8.1	2.8
Total other comprehensive income	8.1	2.8
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	36.2	150.0

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Consolidated interim statement of changes in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	Issued and paid-up capital $M	Cancelled share reserve $M	Property, plant and equipment revaluation reserve $M
Six months ended 31 December 2020 (unaudited)				
At 1 July 2020		1,678.6	(609.2)	4,333.7
Profit for the period		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Reclassification to retained earnings		-	-	(3.6)
Shares issued	11	0.6	-	-
Long-term incentive plan		-	-	-
At 31 December 2020		1,679.2	(609.2)	4,330.1
Six months ended 31 December 2019 (unaudited)				
At 1 July 2019		468.2	(609.2)	4,968.8
Profit for the period		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Shares issued	11	32.2	-	-
Dividend paid	8	-	-	-
At 31 December 2019		500.4	(609.2)	4,968.8

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Share-based payments reserve $M	Cash flow hedge reserve $M	Cost of hedging reserve $M	Share of reserves of associate and joint ventures $M	Retained earnings $M	Total $M
1.6	(100.7)	(3.9)	28.8	1,308.2	6,637.1
-	-	-	-	28.1	28.1
-	10.0	(1.9)	-	-	8.1
-	10.0	(1.9)	-	28.1	36.2
-	-	-	-	3.6	-
-	-	-	-	-	0.6
0.2	-	-	-	-	0.2
1.8	(90.7)	(5.8)	28.8	1,339.9	6,674.1
1.4	(67.1)	(5.8)	28.8	1,247.8	6,032.9
-	-	-	-	147.2	147.2
-	1.2	1.6	-	-	2.8
-	1.2	1.6	-	147.2	150.0
-	-	-	-	-	32.2
-	-	-	-	(136.3)	(136.3)
1.4	(65.9)	(4.2)	28.8	1,258.7	6,078.8

Consolidated interim statement of financial position

AS AT 31 DECEMBER 2020

	Notes	Unaudited As at 31 Dec 2020 $M	Audited As at 30 Jun 2020 $M
Non-current assets			
Property, plant and equipment	9	6,066.5	6,060.8
Investment properties	10	2,094.0	2,042.7
Investment in associate and joint ventures	7	124.5	114.7
Derivative financial instruments		148.4	230.5
		8,433.4	8,448.7
Current assets			
Cash and cash equivalents		682.4	765.3
Trade and other receivables		48.7	46.2
Taxation receivable		21.0	21.6
Derivative financial instruments		12.1	15.4
		764.2	848.5
Total assets		9,197.6	9,297.2
Shareholders' equity			
Issued and paid-up capital	11	1,679.2	1,678.6
Reserves		3,655.0	3,650.3
Retained earnings		1,339.9	1,308.2
		6,674.1	6,637.1
Non-current liabilities			
Term borrowings	12	1,684.3	1,824.4
Derivative financial instruments		119.3	134.6
Deferred tax liability		233.4	231.7
Other term liabilities		2.2	2.1
		2,039.2	2,192.8
Current liabilities			
Accounts payable and accruals		92.7	106.3
Derivative financial instruments		4.9	3.0
Short-term borrowings	12	382.5	320.8
Provisions		4.2	37.2
		484.3	467.3
Total equity and liabilities		9,197.6	9,297.2

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Consolidated interim cash flow statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Cash flow from operating activities			
Cash was provided from:			
Receipts from customers		133.8	358.6
Interest received		2.2	0.7
		136.0	359.3
Cash was applied to:			
Payments to suppliers and employees		(71.2)	(99.7)
Income tax paid		-	(56.3)
Interest paid		(33.7)	(34.3)
		(104.9)	(190.3)
Net cash flow from operating activities	6	31.1	169.0
Cash flow from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		0.1	-
Dividends from associate and joint ventures		-	8.9
		0.1	8.9
Cash was applied to:			
Purchase of property, plant and equipment		(76.2)	(120.9)
Interest paid – capitalised		(3.6)	(6.5)
Expenditure on investment properties		(32.7)	(92.8)
Investment in joint ventures		(6.6)	(15.4)
		(119.1)	(235.6)
Net cash flow applied to investing activities		(119.0)	(226.7)
Cash flow from financing activities			
Cash was provided from:			
Increase in borrowings		5.0	290.0
		5.0	290.0
Cash was applied to:			
Decrease in borrowings		-	(100.0)
Dividends paid	8	-	(104.4)
		-	(204.4)
Net cash flow from financing activities		5.0	85.6
Net (decrease)/increase in cash held		(82.9)	27.9
Opening cash brought forward		765.3	37.3
Ending cash carried forward		682.4	65.2

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Notes and accounting policies

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1. Corporate information

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

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

These interim financial statements were authorised for issue in accordance with a resolution of the directors on 18 February 2021.

2. Basis of preparation and accounting policies

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

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

These interim financial statements are not required to and do not make disclosure of all of the information required to be included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements and related notes included in Auckland Airport's Financial Report for the year ended 30 June 2020.

The accounting policies set out in the 2020 Financial Report have been applied consistently to all periods presented in these interim financial statements.

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

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

3. Changes in key estimates and judgements

The financial position and performance of the group continued to be affected by the COVID-19 pandemic during the period. The following key estimates and judgements, arising from COVID-19, were generated on the same basis as at 30 June 2020:

Abatements
The group continues to provide abatements to retailers, aeronautical and property tenants significantly affected by COVID-19. During the period ended 31 December 2020, the group recognised $97.8 million of abatments as negative variable lease payments. These abatements were consistent with expectations and were factored into revaluations and impairment assessments at 30 June 2020.

Fixed asset write-offs, impairment and termination costs
No fixed assets were written off during the period ended 31 December 2020.

At 30 June 2020, the group recognised a $39.7 million impairment of capital works in progress. During the period ended 31 December 2020, the group recognised a further impairment of $0.9 million.

The provision for contract termination costs as at 30 June 2020 was $36.3 million. The group successfully concluded negotiations with most contractors during the period ended 31 December 2020, resulting in $18.0 million being used in settlements, $14.9 milllion being reversed to the income statement and $3.4 million provisions remaining at period end.

Provision for expected credit losses
The provision for expected credit losses as at 30 June 2020 was $7.6 million. During the period ended 31 December 2020, the provision has decreased by $3.8 million reflecting the recovery of outstanding debt.

Fair value assessments of investment properties
The valuations of investment properties at 30 June 2020 were prepared on the basis of 'material valuation uncertainty'. The group has assessed that, as at 31 December 2020 there is no 'material valuation uncertainty' for investment properties (note 10).

Other balance sheet assessments
There have been no material changes in the assessments of the following items disclosed in the 30 June 2020 financial statements:

- Impairment of associate and joint ventures (note 7); and
- Fair value assessments of property, plant and equipment (note 9).

4. Segment information

(a) Identification of reportable segments

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

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

(b) Types of services provided

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

During the period ended 31 December 2020, New Zealand's international border remained closed for non-residents, significantly affecting airfield income and passenger services charges. Further information is available in the 2020 Financial Report.

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

The above-mentioned travel restrictions continued to affect retailers within the terminals and the group provided $94.8 million of abatements to retailers during the six-month period ended 31 December 2020. Refer to note 3 for further information.

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

The group provided $2.8 million of rent abatements to property tenants during the six-month period ended 31 December 2020, but this was offset by new tenancies, with no material impact on total property rental revenue due to COVID-19 during the period.

	Aeronautical $M	Retail $M	Property $M	Total $M
Six months ended 31 December 2020 (unaudited)				
Total segment income	52.5	21.9	51.7	126.1
Total segment expenses	18.7	5.3	8.4	32.4
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)	33.8	16.6	43.3	93.7
Six months ended 31 December 2019 (unaudited)				
Total segment income	167.3	154.1	50.2	371.6
Total segment expenses	46.7	16.7	11.1	74.5
Segment earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)	120.6	137.4	39.1	297.1

Income reported above represents income generated from external customers. There was no inter-segment income in the period (31 December 2019: nil).

(c) Reconciliation of segment EBITDAFI to income statement

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Segment EBITDAFI	93.7	297.1
Unallocated external operating income	5.4	3.1
Unallocated external operating expenses	(10.9)	(21.0)
Total EBITDAFI as per income statement	88.2	279.2
Investment property fair value increase	29.8	9.1
Derivative fair value change	0.8	(0.4)
Share of profit of associate and joint ventures	3.2	5.0
Depreciation	(59.3)	(55.4)
Interest expense and other finance costs	(35.0)	(34.7)
Profit before taxation	27.7	202.8

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

5. Profit for the period

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Staff expenses comprise:		
Salaries and wages	24.5	31.4
Capitalised salaries and wages	(2.8)	(7.2)
Employee benefits	(0.2)	2.4
Share-based payment plans	0.2	0.4
Defined contribution superannuation	0.9	0.9
Government wage subsidy	(2.2)	-
Other staff costs	0.6	2.7
	21.0	30.6
Interest expense and other finance costs comprise:		
Interest on bonds and related hedging instruments	18.5	21.3
Interest on bank facilities and related hedging instruments	9.7	6.8
Interest on USPP notes and related hedging instruments	4.5	7.1
Interest on AMTN notes and related hedging instruments	4.4	4.4
Interest on commercial paper and related hedging instruments	1.5	1.6
	38.6	41.2
Less capitalised borrowing costs	(3.6)	(6.5)
	35.0	34.7
Interest rate for capitalised borrowings costs	4.04%	3.94%

As part of its response to COVID-19, the group reduced its workforce, affecting both employees involved in operational activities and employees whose time is predominantly capitalised to capital expenditure projects. Salaries and wages have previously been disclosed net of the capitalised amounts. To improve transparency and illustrate the impact of fewer project oriented employees and less time capitalised to projects, 'capitalised salaries and wages' has been disaggregated from 'salaries and wages' in both the current and comparative periods.

The interest expense amounts disclosed in the table above are net of the impact of interest rate hedges. The gross interest costs of bonds, bank facilities, USPP, AMTN and commercial paper, excluding the impact of interest rate hedges, was $35.1 million for the period ended 31 December 2020 (31 December 2019: $41.0 million).

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

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Profit after taxation	28.1	147.2
Adjustments for:		
Depreciation	59.3	55.4
Deferred taxation expense	(1.5)	2.2
Fixed asset impairment	0.9	-
Reversal of fixed asset termination costs	(14.9)	-
Share-based payments	0.2	0.4
Equity-accounted earnings from associate and joint ventures	(3.2)	(5.0)
Investment property fair value increase	(29.8)	(9.1)
Derivative fair value (increase)/decrease	(0.8)	0.4
Items not classified as operating activities:		
Loss on asset disposals	0.5	-
Decrease/(increase) in property, plant and equipment retentions and payables	34.9	(10.4)
Decrease/(increase) in investment property retentions and payables	5.0	(0.1)
Items recognised directly in equity	0.8	-
Movement in working capital:		
(Increase) in trade and other receivables	(2.5)	(22.0)
Decrease in taxation receivable/(payable)	0.6	(2.9)
(Decrease)/increase in accounts payable and provisions	(46.6)	13.0
Increase/(decrease) in other term liabilities	0.1	(0.1)
Net cash flow from operating activities	31.1	169.0

7. Associate and joint ventures

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

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
Movement in investment in associate and joint ventures continuing		
Investment in associate and joint ventures at the beginning of the period	114.7	105.7
Further investment in joint ventures	6.6	15.4
Share of profit after tax of associate and joint ventures	3.2	5.0
Share of dividends received and repayment of partner contribution	-	(8.9)
Investment in associate and joint ventures at the end of the period	124.5	117.2

Carrying value of investments in associate and joint ventures:

	Unaudited As at 31 Dec 2020 $M	Audited As at 30 Jun 2020 $M
Investment in associate and joint ventures continuing		
Tainui Auckland Airport Hotel Limited Partnership	23.1	20.5
Tainui Auckland Airport Hotel 2 Limited Partnership	28.3	21.7
Queenstown Airport Corporation Limited	73.1	72.5
Total	124.5	114.7

8. Distribution to shareholders

	Dividend payment date	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M
2019 final dividend of 11.25 cps	18 October 2019	-	136.3
2020 final dividend	N/A	-	-

As part of the capital restructure undertaken in April 2020 in response to COVID-19, Auckland Airport agreed financial covenant waivers with its bank lenders and USPP noteholders and agreed that no dividends will be paid while those waivers are in effect. Hence no final dividend was paid during the period ended 31 December 2020 (31 December 2019, $104.4 million dividends paid in cash and $31.9 million of dividends reinvested).

The company has a dividend reinvestment plan, but this was inactive during the period as no dividend was paid.

9. Property, plant and equipment

	Unaudited As at 31 Dec 2020 $M	Audited As at 30 Jun 2020 $M
At fair value	5,719.2	5,675.2
At cost	214.7	202.1
Work in progress at cost	381.1	372.8
Accumulated depreciation	(248.5)	(189.3)
Net carrying amount	6,066.5	6,060.8

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

At 31 December 2020 and 31 December 2019 the group undertook a desktop review of the property, plant and equipment balances carried at fair value. For assets valued using the discounted cash flow approach, the 31 December 2020 desktop assessment considered expectations of the timing and shape of the recovery from COVID-19, which remains uncertain. The changes since the last valuations at 30 June 2020 include the expected delay in establishing quarantine free travel, offset by positive strides in vaccine development and rollout. For assets valued using the optimised depreciated replacement cost approach, the assessment considered movements in the capital goods price index provided by Beca Projects NZ Ltd (Beca). For assets valued using the market value alternative use and direct sales comparison approaches, the assessment considered the outcome of the investment property desktop review described in note 10. These assessments indicated that there was no material fair value movement in property, plant and equipment from 30 June 2020.

Impact of COVID 19

The impact as at 30 June 2020 of COVID 19 on the valuation of property, plant and equipment was set out in note 11 of the 2020 Financial Report. Given the circumstances, all of the valuations as at 30 June 2020, except for reclaimed land, were prepared on the basis of “significant market uncertainty” or “material valuation uncertainty”, and therefore the valuers advised that less certainty should be attached to their valuations than would normally be the case. Due to the ongoing impacts of COVID-19, including the considerable uncertainty as to the timing and shape of the recovery, the group and its valuers consider that the carrying values remain subject to 'significant market uncertainty' or 'material valuation uncertainty'.

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

Additions to property, plant and equipment were $57.2 million for the six months ended 31 December 2020 (six months ended 31 December 2019: $135.1 million).

Transfers from investment property were $8.4 million for the six months ended 31 December 2020 (six months ended 31 December 2019: $1.2 million). The transfers in both the current and comparative periods were to make land available for the international terminal exit road.

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

- Aeronautical land, including land associated with aircraft, freight and terminal use carried at $216.0 million (30 June 2020: $216.0 million);
- Land associated with retail facilities within terminal buildings carried at $1,667.5 million (30 June 2020: $1,667.5 million); and
- Space within terminal buildings, being 13% of total floor area or $123.2 million (30 June 2020: 13% of total floor area or $113.7 million).

10. Investment properties

	Unaudited 6 months to 31 Dec 2020 $M	Audited 12 months to 30 Jun 2020 $M
Balance at the beginning of the period	2,042.7	1,745.4
Additions	29.9	138.6
Transfer to property, plant and equipment (note 9)	(8.4)	(9.5)
Write-offs	-	(0.4)
Change in net revaluations	29.8	168.6
Balance at the end of the period	2,094.0	2,042.7

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

At 31 December 2020 and 31 December 2019, desktop reviews were performed by Auckland Airport which comprised a review of recent comparable transactional evidence of market sales and leasing activity using market data provided by Colliers. The reviews did not include full property inspections or the issue of new valuation reports but examined the likely effect on property values relevant to Auckland Airport's investment property portfolio. The reviews indicated that there was no material fair value movement in the overall investment property portfolio between 30 June and 31 December 2020.

Impact of COVID-19
As reported in the 2020 Financial Report, the group's overall investment property portfolio has remained stable despite COVID-19. There has been no material change in circumstances since 30 June 2020 and the portfolio continues to be supported by high quality tenants, with long leases in industrial properties. Although the group provided $2.8 million of rent abatements to property tenants during the six-month period, these were consistent with expectations at 30 June 2020. There was no material impact on overall property rental revenue during the period (refer to notes 3 and 4 for further information).

The group has assessed that, as at 31 December 2020, there is no 'material valuation uncertainty' for investment properties. This assessment is based on the aforementioned market data provided by Colliers and the continued stability of the investment property portfolio since 30 June 2020.

At 31 December each year, Auckland Airport also reviews investment properties that are recently constructed or in the latter stages of construction. At 31 December 2020, a review of two new investment properties was performed by Colliers.

The valuation of these two investment properties resulted in a $29.8 million increase in the fair value at 31 December 2020 (31 December 2019: $9.1 million increase resulting from the valuation of four investment properties either recently constructed or in the latter stages of construction).

The following categories of investment property are leased to tenants:

- Retail and service carried at $323.0 million (30 June 2020: $279.1 million);
- Industrial carried at $1,295.7 million (30 June 2020: $1,240.9 million); and
- Other investment property carried at $164.3 million (30 June 2020: $192.5 million).

11. Issued and paid-up capital and earnings per share

	Unaudited 6 months to 31 Dec 2020 $M	Unaudited 6 months to 31 Dec 2019 $M	Unaudited 6 months to 31 Dec 2020 Shares	Unaudited 6 months to 31 Dec 2019 Shares
Opening issued and paid-up capital[1]	1,678.6	468.2	1,471,916,791	1,210,674,696
Shares fully paid and allocated to employees by employee share scheme	0.3	0.1	52,400	10,300
Shares vested to employees participating in long-term incentive plans	0.3	0.2	61,546	89,379
Shares issued under the dividend reinvestment plan	-	31.9	-	3,620,888
Closing issued and paid-up capital[1]	1,679.2	500.4	1,472,030,737	1,214,395,263

1 During April 2020, the company issued an additional 257,510,728 shares as part of a $1.2 billion capital raise (refer to the 2020 Financial Report for further details).

Earnings per share
The earnings used in calculating basic and diluted earnings per share is net profit attributable to equity holders of $28.1 million (31 December 2019: $147.2 million).

The weighted average number of shares used to calculate basic and diluted earnings per share is as follows.

	Unaudited 6 months to 31 Dec 2020 Shares	Restated 6 months to 31 Dec 2019 Shares
For basic earnings per share	1,471,966,206	1,229,278,684
Effect of dilution of share options	-	-
For diluted earnings per share	1,471,966,206	1,229,278,684

The company has restated the prior period basic and diluted earnings per share to reflect the small dilution that arose because the new shares issued at $4.66 under both the institutional share placement on 15 April 2020 and the share purchase plan on 1 May 2020 were priced at a 7.5% discount to the $5.04 closing price on the NZX on 3 April 2020, immediately before the equity raise was announced. Technically, the extra shares allotted because of the issue discount versus the number required if there was no discount is referred to as the “implied bonus” element. The prior period comparatives have been adjusted downwards to reflect those extra bonus shares. There is no adjustment required for the current period.

The reported basic and diluted earnings per share for the six months ended 31 December 2020 is 1.91 cents (six months ended 31 December 2019: 11.97 cents).

12. Borrowings

	Unaudited As at 31 Dec 2020 $M	Audited As at 30 Jun 2020 $M
Current		
Commercial paper	91.9	91.9
Bonds	150.0	150.0
USPP notes	140.6	78.9
Total short-term borrowings	382.5	320.8
Non-current		
Bank facilities	210.0	205.0
Bonds	675.0	675.0
USPP notes	471.5	613.5
AMTN notes	327.8	330.9
Total term borrowings	1,684.3	1,824.4
Total		
Commercial paper	91.9	91.9
Bank facilities	210.0	205.0
Bonds	825.0	825.0
USPP notes	612.1	692.4
AMTN notes	327.8	330.9
Total borrowings	2,066.8	2,145.2

In the six-month period to 31 December 2020, the company did not issue or repay any bonds or notes but did draw down $5 million on existing bank facilities.

The financial covenant waivers, granted by bank and USPP lenders remain in place until December 2021 (inclusive). During the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

The carrying amount of USPP and AMTN notes has reduced due to foreign exchange rate movements. The foreign currency exposure is fully hedged by cross-currency interest rate swaps, which have similarly reduced in value (refer to note 14).

13. Financial risk management

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

The interim financial statements do not include all financial risk management information and disclosures and should be read in conjunction with note 18 of the 2020 Financial Report.

Further information on risk management is contained in the corporate governance section of the 2020 Financial Report.

There have been no significant changes in the financial risk management objectives and policies since 30 June 2020.

14. Fair value of financial instruments

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the period to 31 December 2020 (30 June 2020: nil).

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

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

Borrowings issued at fixed rates, including bonds, USPP notes and AMTN notes, are also carried at amortised cost, which differs from their fair value. The fair values are shown in the table below for comparative purposes and are determined as follows:

- The group's bonds are classified as level 1. The fair value of the bonds is based on the quoted market prices for these instruments at balance date;
- The group's USPP notes are classified as level 2. The fair value of the USPP notes has been determined at balance date on a discounted cash flow basis using the USD Bloomberg curve and applying discount factors to the future USD interest payment and principal payment cash flows; and
- The group's AMTN notes are classified as level 2. The fair value of the AMTN notes has been determined at balance date on a discounted cash flow basis using the AUD Bloomberg curve and applying discount factors to the future AUD interest payment and principal payment cash flows.

	Unaudited 31 Dec 2020		Audited 30 Jun 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	$M	$M	$M	$M
Bonds	825.0	873.4	825.0	878.9
USPP notes	612.1	625.3	692.4	697.3
AMTN notes	327.8	326.8	330.9	316.0

14. Fair value of financial instruments CONTINUED

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

	Unaudited Fair value As at 31 Dec 2020 $M	Audited Fair value As at 30 Jun 2020 $M	Valuation key inputs
Interest rate swaps			Forward interest rates (from observable yield curves) and contract interest rates
Liabilities	(124.2)	(137.6)	
Interest basis swaps			Observable forward basis swap pricing and contract basis rates
Assets	1.1	1.2	
Cross-currency interest rate swaps			Forward interest and foreign exchange rates (from observable yield curves and forward exchange rates) and contract rates
Assets	159.4	244.8	

15. Commitments

(a) Property, plant and equipment

The group had contractual obligations to purchase or develop property, plant and equipment for $37.1 million at 31 December 2020 (30 June 2020: $91.9 million).

(b) Investment property

The group had contractual obligations to purchase, develop, repair or maintain investment property for $64.9 million at 31 December 2020 (30 June 2020: $64.6 million).

16. Contingent liabilities

Noise insulation

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

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

Projections are undertaken annually to determine eligibility, and the rate of acceptance of offers of treatment by landowners is variable. However, it is estimated that further costs on noise mitigation should not exceed $8.1 million (30 June 2020: $8.2 million).

Contractor claims

A contingent liability of $11.6 million (30 June 2020: $10.4 million) is estimated for contractor claims in respect of capital works which are under ongoing independent assessment of both entitlement and value. The group has taken a highly conservative view by including all known uncertified contractor claims as part of this estimate.

17. Events subsequent to balance date

On 12 February 2021, the directors of Queenstown Airport resolved that no interim dividend would be declared for the period ended 31 December 2020.

On 17 February 2021, the directors of Auckland Airport resolved that no interim dividend would be declared for the period ended 31 December 2020.

Deloitte.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF AUCKLAND INTERNATIONAL AIRPORT LIMITED

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Auckland International Airport Limited ('the Company') and its subsidiaries ('the Group') which comprise the consolidated interim statement of financial position as at 31 December 2020, and the consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 2 to 21.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2020 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Emphasis of Matter – Significant market uncertainty or material valuation uncertainty related to the carrying values of property, plant and equipment

We draw your attention to note 9 in the condensed consolidated interim financial statements, where the Group discloses that due to the ongoing impacts of COVID-19, including the considerable uncertainty as to the timing and shape of the recovery, the Group and its independent registered valuers consider that the carrying values of the property, plant and equipment, except for reclaimed land, remain subject to "significant market uncertainty" or "material valuation uncertainty" as at 31 December 2020 and therefore less certainty should be attached to the valuations than would normally be the case. Our opinion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Directors' responsibilities for the interim financial statements

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

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

Restriction on use

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

Deloitte Limited

Andrew Dick
Partner
for Deloitte Limited
Auckland, New Zealand
18 February 2021

Shareholder information

Reporting entity

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

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

Stock exchange listings

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

The total number of voting securities on issue as at 31 December 2020 was 1,472,647,437.

Waivers granted by NZX

NZX class waiver and ruling dated 19 March 2020
On 19 March 2020 NZX issued a class waiver and ruling in relation to Section 4 of the NZX Listing Rules. The company relied upon the class waiver in respect of Listing Rule 4.5.1 in relation to the April 2020 $1 billion equity raise (**Equity Raise**) and Listing Rule 4.3.1 in relation to the April 2020 $200 million Share Purchase Plan (**SPP**).

Under the class waiver, the placement cap under Listing Rule 4.5.1 was increased from 15% to 25%, and the cap per registered holder under Listing Rule 4.3.1 for issues under a Share Purchase Plan was increased from $15,000 to $50,000 and the total cap from 5% to 30% of equity securities of that class at the time of offer.

The Equity Raise involved the issuance of 17.66% of the total equity securities at the time of the offer. The SPP was offered to all eligible existing shareholders of the company, enabling them to each subscribe for up to a maximum of NZ$50,000 of new company shares and had an average application of approximately NZ$15,000.

Auditors

Deloitte Limited has continued to act as external auditor of the company and has undertaken a review of the interim financial statements for the six months ended 31 December 2020. The external auditor is subject to a partner rotation policy.

Credit rating

As at 31 December 2020, the S&P Global Ratings' long-term credit rating for the company was A- Stable Outlook.

Company publications

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

Enquiries

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

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

Corporate directory

DIRECTORS

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

SENIOR MANAGEMENT

Adrian Littlewood
chief executive

Philip Neutze
chief financial officer

Anna Cassels-Brown
general manager operations

Jonathan Good
general manager technology and marketing

André Lovatt
general manager infrastructure

Scott Tasker
general manager aeronautical commercial

Mark Thomson
general manager property and commercial

Mary-Liz Tuck
general manager corporate services and
general counsel

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GENERAL COUNSEL & GENERAL MANAGER CORPORATE SERVICES

Mary-Liz Tuck

AUDITORS

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

Auckland Airport

Interim Results Presentation

18 February 2021

Adrian Littlewood
Chief Executive

Philip Neutze
Chief Financial Officer

Important notice

Disclaimer

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

- is provided for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Auckland International Airport Limited (Auckland Airport);
- should be read in conjunction with, and is subject to, Auckland Airport's unaudited Interim Financial Statements for the six months ended 31 December 2020, prior annual and interim reports, and Auckland Airport's market releases on the NZX and ASX;
- may include forward-looking statements about Auckland Airport and the environment in which it operates which are subject to uncertainties and contingencies outside of Auckland Airport's control. Auckland Airport's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and
- may contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.

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

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

Refer to page 33 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.

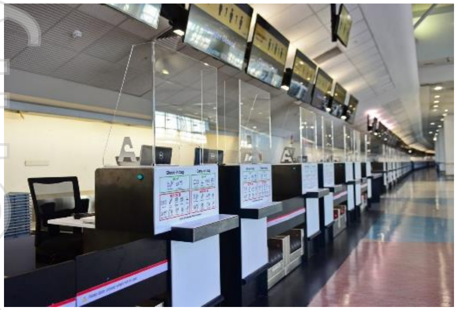
For several years, Auckland Airport has referred to underlying profit or loss alongside reported results. We do so when we report our results, but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 100% of underlying profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items).

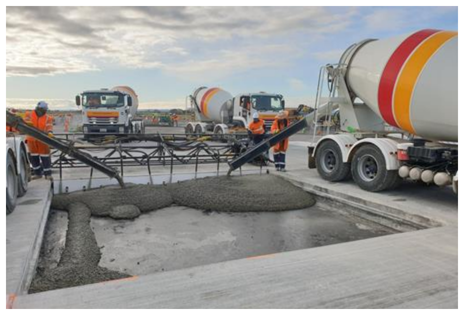
In referring to underlying profits or losses, we acknowledge our obligation to show investors how we have derived this result.

Highlights

The past 6 months have been a period of adjustment

We have responded to the demands of the COVID-19 environment while taking the opportunity to upgrade core infrastructure…



…and have prepared for a recovery in the business





Results at a glance

Revenue	Reported profit after tax	Passenger movements	Dividend
$131.5m	$28.1m	2.8m	0.0cps
▼ -64.9%	▼ -80.9%	▼ -73.4%	–
	Earnings per share 1.91 cps		

EBITDAFI	Underlying loss[1]	Aircraft movements	Capital investment[2]
$88.2m	$10.5m	44,737	$93.7m
▼ -68.4%	▼ -107.5%	▼ -49.5%	▼ -59.4%
	Loss per share 0.71 cps		

1. Auckland Airport recognises EBITDAFI and underlying profit or loss are non-GAAP measures. A reconciliation between reported profit after tax and underlying loss after tax is included in the Appendix.
2. Net capital expenditure additions after $0.9m of capex impairments. Includes contributions to investments in Joint Ventures (Pullman). Excludes any impact from termination cost provisions

Impact of travel restrictions felt across the business

Aeronautical

$40.3m revenue -73.5%

Lower PAX reflecting COVID-19
-97.1% International
-94.0% Transits
-44.6% Domestic

Retail

$7.0m income -93.8%

Majority of international retail closed
-40.0% International PSR
+8.5% Domestic PSR

Transport

$12.5m revenue -63.6%

Lower activity reflecting COVID-19
-81.7% exits
-71.4% ARPS

Property

$47.0m revenue 2.4%

Development momentum continues
$223m-plus under construction[3]
$2.41b portfolio valuation[4]
$116.0m rent roll
10.1 year WALT

Hotels

$13.8m revenue[5] -34.0%

Travel restrictions impacted demand
49.2% average occupancy across both hotels[6]

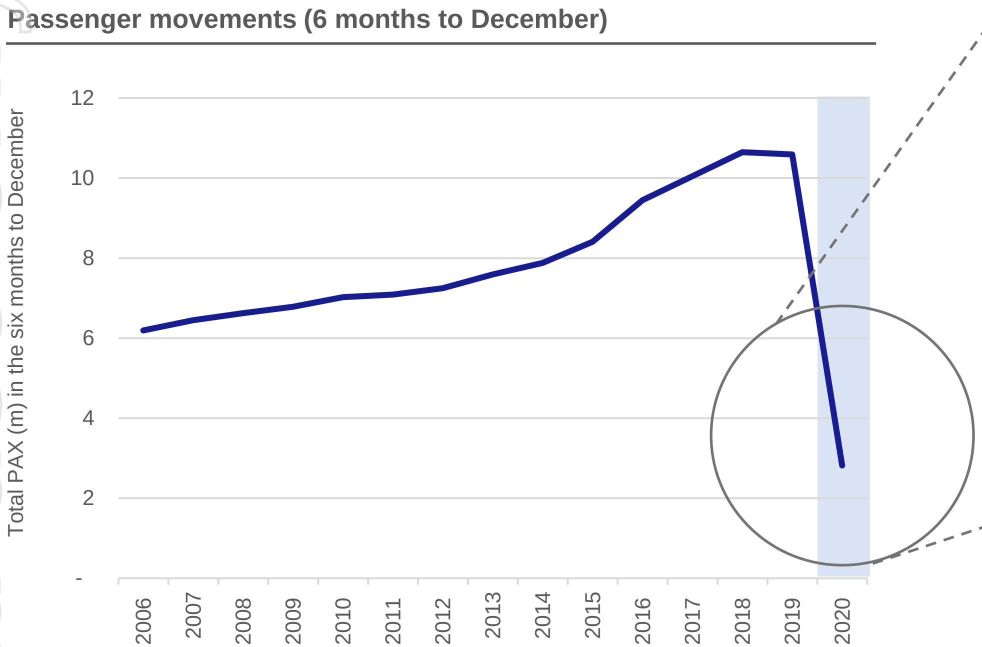
Queenstown

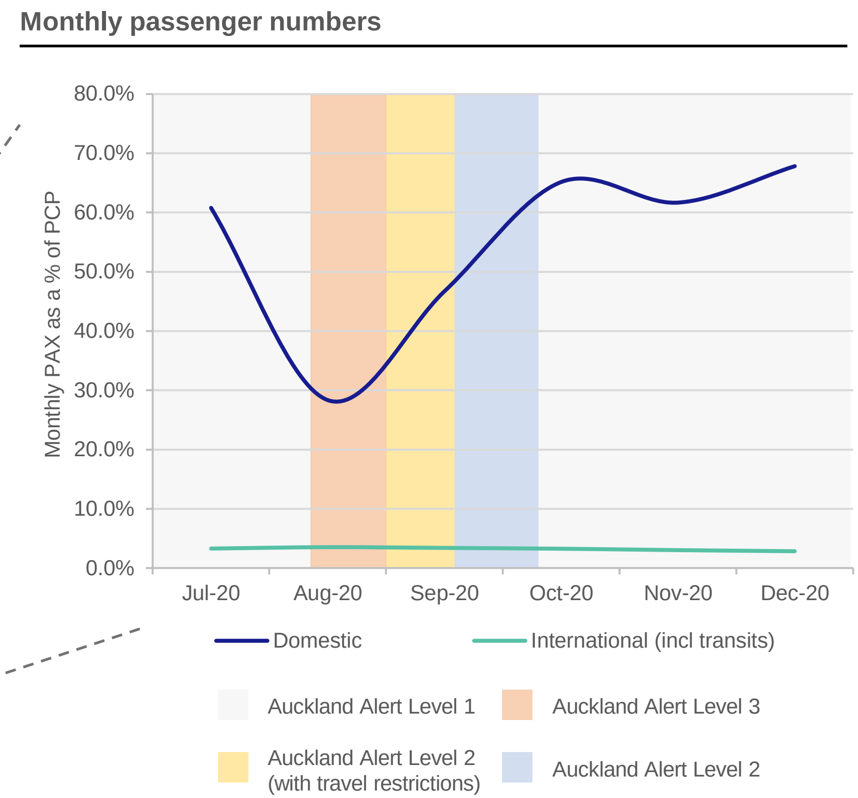
$13.6m revenue -53.3%

PAX reductions owing to COVID-19
-100.0% International
-19.2% Domestic

3. Estimated asset value on completion
4. Includes both IP and PPE assets managed by Property
5. Includes ibis Budget Hotel and 100% of Novotel Hotel revenues
6. The Novotel Hotel has been solely occupied by the Ministry of Health in the 6 months to 31 December 2020 as a managed isolation and quarantine facility

Domestic recovering, but international effectively shut





Auckland Airport's PAX numbers have been resilient over the long-term, but COVID-19 has had an unprecedented impact

Under Alert Level 1, domestic PAX has partially recovered to c.65% of pre-COVID-19 levels. Meanwhile, international flows remain very low while travel restrictions are in place

Source: Auckland Airport

Living with COVID and proposing a managed path out

Played a critical role in managing COVID-19 and proposing options for recovery paths

- Close coordination with government, border agencies and airlines to reinstate full domestic services at Level 2, manage ongoing changes to international borders
- Collaborated with partners to propose:
  – blueprint for a Trans-Tasman Safe Travel Zone; and
  – quantitative risk-based border framework, guided by an expert medical panel
- Introduced new split terminal model and secure off-site processing to support new Safe Travel border models
- Launch partner for new saliva PCR COVID-19 test to support development of better testing options for staff and potentially future pre-travel and domestic surveillance testing

The path out will need further close coordination across business and government

- Ongoing development and operationalisation of a full risk-managed model for border management – in line with other border risks (e.g. aviation/bio security)
- Alignment on preferred 'authority to fly' system (e.g. IATA TravelPass) that considers country/individual risk for non-Safe Travel zone countries
- Transparent approach to thresholds/ metrics required to enable travel restart (e.g. vaccines, domestic health performance) and plans for any resurgence
- Launch of selected Safe Travel Zone destinations where appropriate (e.g. Australia/Pacific Islands)
- Continued development of testing, tracing and other domestic health security measures

When appropriate, start of a Safe Travel Zone into Australia and the Pacific Islands represents a material near-term opportunity

Financial performance

First underlying loss in the airport's history

For the six months ended 31 December ($m)	2020	2019	Change
Revenue	131.5	374.7	(64.9%)
Expenses[7]	43.3	95.5	(54.7%)
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**88.2**	**279.2**	**(68.4%)**
Share of profit from associates	3.2	5.0	(36.0%)
Derivative fair value movement	0.8	(0.4)	(300.0%)
Investment property revaluation	29.8	9.1	227.5%
Depreciation expense	59.3	55.4	7.0%
Interest expense	35.0	34.7	0.9%
Taxation expense	(0.4)	55.6	(100.7%)
Reported profit after tax	**28.1**	**147.2**	**(80.9%)**
Underlying profit / (loss) after tax[8]	**(10.5)**	**139.9**	**(107.5%)**

7. Expenses include the benefit of a $14.9m reversal of the FY20 provision for termination costs and a $3.8m reversal of expected credit loss provisions
8. A reconciliation between reported profit after tax and underlying profit / (loss) after tax is included in the Appendix.

Lower PAX numbers impacted key income streams

For the six months ended 31 December ($m)	2020	2019	Change
Airfield income	30.8	60.8	(49.3%)
Passenger services charge	9.5	91.1	(89.6%)
Retail income	7.0	113.6	(93.8%)
Car park income	12.5	34.3	(63.6%)
Investment property rental income	47.0	45.9	2.4%
Other rental income	8.4	11.0	(23.6%)
Other income	16.3	17.9	(8.9%)
Total revenue	**131.5**	**374.7**	**(64.9%)**

- Large declines in PAX volumes continued to impact the business
- Airfield income decreased 49.3%, with aircraft movements reducing less than PAX volume as airlines maintained connectivity with reduced PAX, but higher cargo loads. This includes an 80.2% increase in Aircraft parking revenues due to longer aircraft layover times.
- Passenger services charge fell 89.6%, greater than the 73.4% reduction in total PAX, reflecting the much greater percentage fall in higher-yielding passengers
- Retail income decreased by 93.8%, dominated by international PAX reductions, reflecting New Zealand's ongoing border restrictions and our support of retail tenants. Car parking income decreased 63.6% reflecting the combined effects of ongoing international travel restrictions and the partial recovery of domestic activity
- Property rental income increased by 2.4% driven by rental growth in the existing portfolio and a part year contribution from the new Foodstuffs distribution centre, partially offset by reduced ibis Budget hotel income

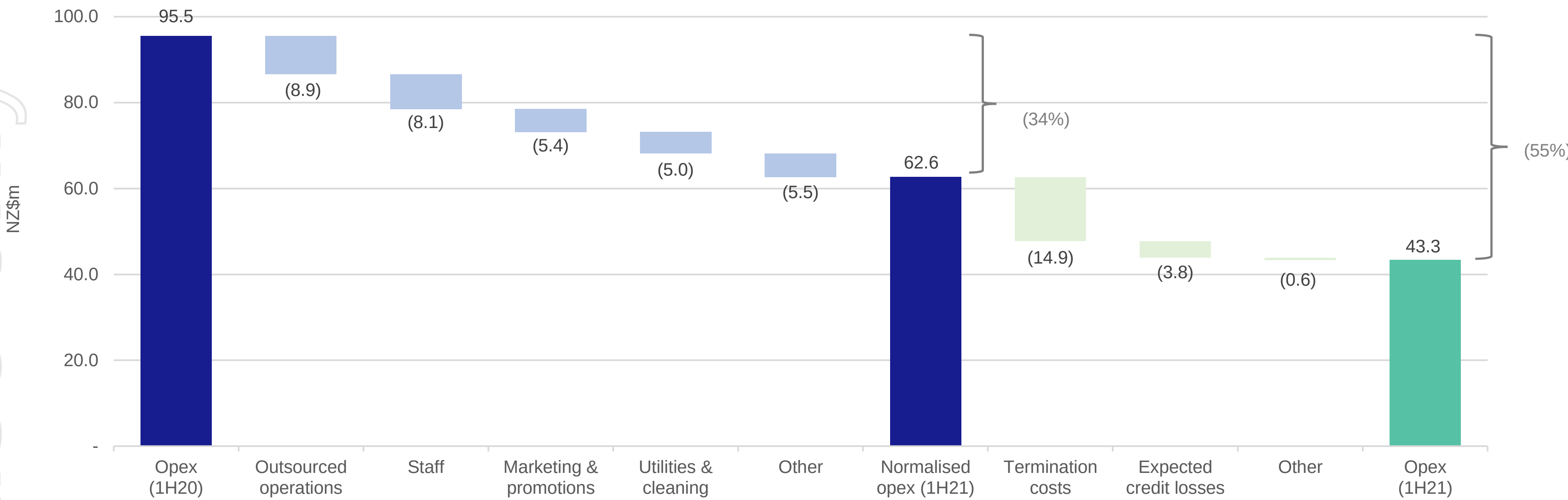
Significant cost reductions to reposition the business

For the six months ended 31 December ($m)	2020	2019	Change
Staff	21.0	30.6	(31.4%)
Asset management, maintenance and airport operations	24.5	42.5	(42.4%)
Rates and insurance	10.6	8.9	19.1%
Marketing and promotions	0.2	5.6	(96.4%)
Professional services and levies	1.5	2.8	(46.4%)
Fixed asset impairment	0.9	-	n/a
Reversal of fixed asset termination costs	(14.9)	-	n/a
Other expenses	3.3	5.9	(44.1%)
Reversal of expected credit losses	(3.8)	(0.8)	(375.0%)
Total operating expenses	**43.3**	**95.5**	**(54.7%)**
Depreciation	59.3	55.4	7.0%
Interest	35.0	34.7	0.9%

- A significant cost reduction programme involving reductions in staffing levels, outsourced activities (e.g. car parking, Valet and bus operations, baggage and trolley services, VIP lounges) and marketing delivered a c.$33 million (34%) reduction in operating costs in the period.
- Better than forecast collection of overdue debts from airlines, tenants and retailers and more favourable project termination costs contributed a further c.$19 million reduction in total operating expenses.

Normalised opex down materially

1H21 v 1H20 operating expenditure



- The new operating environment necessitated a significant organisational response. Every aspect of the cost base was challenged resulting in a 34% reduction in core operating costs compared to the prior period.
- Scaled back operational activities to reflect the lower demand environment with reductions in outsourced operations following the temporary closure of car parks and the Strata Lounge and reduced bus services
- Staff costs declined materially on the prior period reflecting both a 35% reduction in headcount and the majority of staff and directors taking a voluntary remuneration reduction in July and August
- Marketing & promotions scaled back to reflect travel restrictions
- Improved outcomes in the collection of expected credit losses and contract terminations have resulted in a reversal of provisions in the period

Scaled-back capex focused on asset upgrades

Lower aeronautical activity has facilitated the upgrade and renewal of core assets

- Capital expenditure of $93.7 million[9] targeted core airfield renewals, the roading network and new property developments

Airfield ($15.2 million)

- Completed the runway slab replacement programme, upgrading the east and west touchdown zones

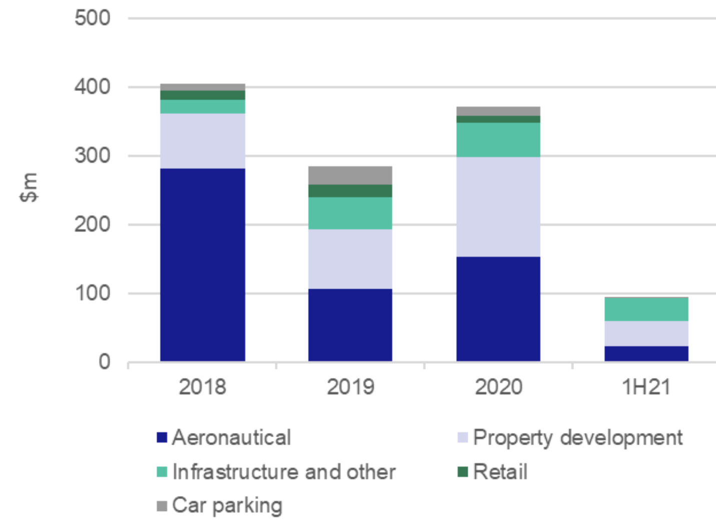
Roading ($33.5 million)

- Continued major upgrade of the northern airport access road, (George Bolt Memorial Drive) to include HOV lanes, shared pedestrian and cycle paths, and new wayfinding gantries.
- Construction of SH20B HOV lanes and upgrade to Prices Rd access continues
- New terminal exit road to provide a one-way loop past the international terminal before reconnecting back to the city at Manu Tapu Drive

Property ($36.4 million)

- Completion of Foodstuffs development and the extensions of Interwaste and DHL.
- Construction of two pre-leased properties underway for Geodis Wilson and Hellmann

Historical capital expenditure



9. *Net capital expenditure additions after $0.9m of capex impairments. Includes contributions to investments in Joint Ventures (Pullman). Excludes reduction of termination cost provisions*

Significant liquidity available

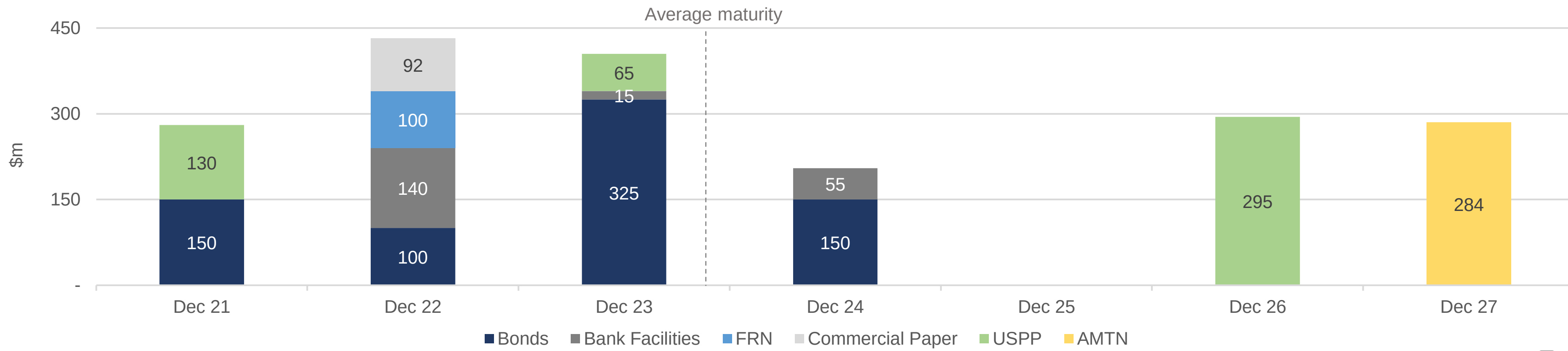
Liquidity of $1.6 billion to support the business

- No change in debt facilities since 30 June 2020
- Committed undrawn facility headroom at 31 December of c.$925 million (Jun-20: $936 million), and $682 million in available cash (Jun-20: $765 million)
- Bank and USPP waivers remain in place for any interest coverage and gearing covenant breaches until 31 December 2021 (inclusive)
- Dividends remain suspended while covenant waivers in place
- A- credit rating maintained

Credit metrics and key lending covenants

	Covenant	Dec-20	Jun-20
Gearing[10]	≤ 60%	23.3%	23.5%
Interest coverage[11]	≥ 1.5x	(0.11x)	2.62x
Debt to enterprise value		16.5%	19.4%
Net debt to enterprise value		11.0%	12.5%
Funds from operations interest cover[12]	2.5x	2.0x	3.4x
Funds from operations to net debt[12]	11.0%	7.1%	18.6%
Weighted average interest cost		4.04%	3.89%
Average debt maturity profile (years)		3.39	4.66
Percentage of fixed borrowings		65.5%	65.4%

Drawn debt maturity profile as at 31 December 2020



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 and derivative changes (broadly EBIT) divided by interest expense
12. S&P A- rating threshold

Our continuing journey

Response to COVID-19

Having moved quickly to respond to challenging environment that COVID-19 presented, Auckland Airport is positioning for a recovery in aeronautical activity

- Following the outbreak, we immediately revised operational procedures and established new operational models to assist staff, travellers, and support the new border requirements:
  - additional cleaning protocols and solutions to provide a higher level of hygiene assurance;
  - management of physical distancing including physical layout;
  - testing procedures for frontline staff;
  - improved passenger communications; and
  - reorganising the international terminal layout to separate passengers
- ACI's Airport Health Accreditation of our COVID-19 health and safety measures – the first New Zealand airport to achieve this
- Having responded to the demands of a new operating environment caused by COVID-19, we are now positioning the business for a recovery in aeronautical activity

Focused on safety

Terminal signage to assist passengers

Positioning for the recovery

The low-volume of aeronautical activity has provided a unique opportunity to accelerate select infrastructure upgrades

- With the support of airline partners and other industry stakeholders we've successfully completed the replacement of more than 360 slabs in the runway's east and west touchdown zones
- Work on a pavement upgrade programme for taxiways and apron began in January 2021 and will continue
- Progressed the airside fuel network upgrade to enable future flexible operations of the mid-field
- Recommenced work on the new one-way exit road, a one-way loop road for the international terminal
- Partnership with Waka Kotahi / NZ Transport Agency and Auckland Transport will bring greater public transport connectivity, with high-frequency, electric bus services on dedicated HOV lanes between the airport and Puhinui Station's bus and train hub

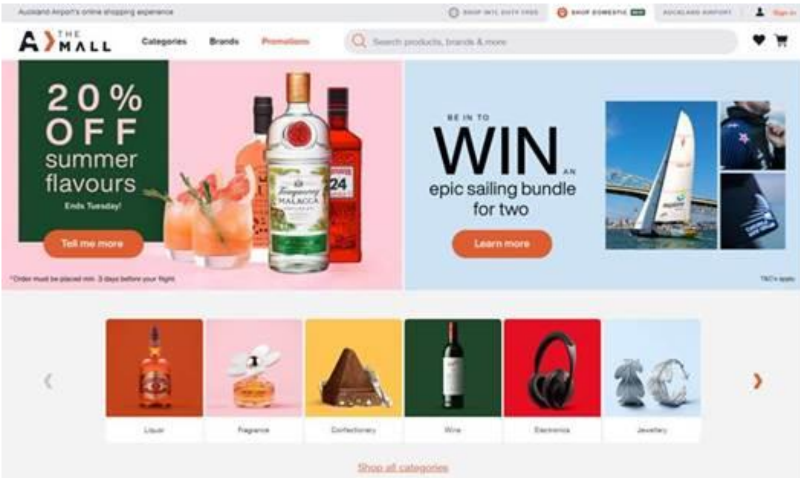
Runway slab replacement work

International terminal exit road works

Positioning for the recovery (cont'd)

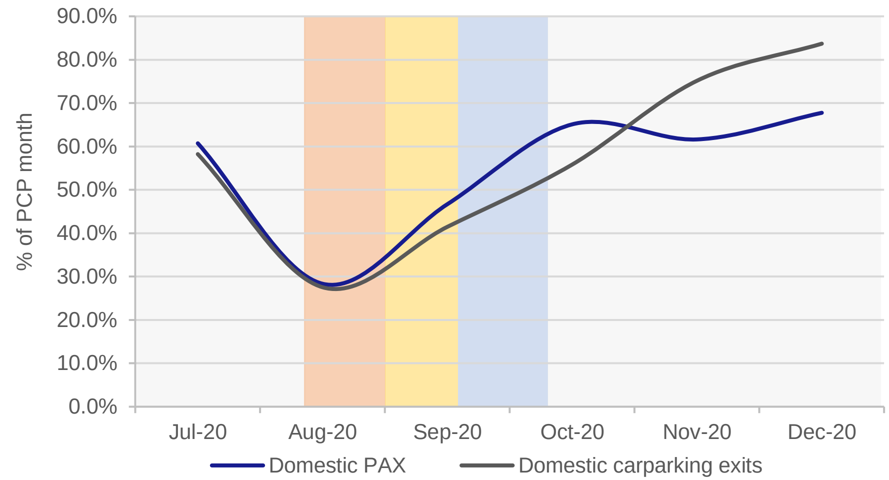
Our retail and transport offering has repositioned to cater to the resumption in domestic travel

Retail



- Substantial decline in retail income of 94% reflecting the decrease in international PAX
- Tailored approach to temporary retail tenant relief on a case-by-case basis
- Launched online retail proposition 'The Mall' as part of domestic repositioning
- Domestic PSR 8.5% above pre-COVID-19 levels

Transport



- Transport revenue decreased 64%, reflecting the ongoing international travel restrictions, partially offset by the resumption of domestic travel
- Full suite of domestic products opened in the period
- Domestic parking rebounded strongly following the resumption of domestic travel and on a per PAX basis is up on pre-COVID-19 levels
- Using excess international parking capacity to accommodate additional domestic demand

Positioning for the recovery (cont'd)

Development momentum and quality of tenants provide resilience and underpin future income growth

- 10.5% increase in rent roll continues to demonstrate the strength of the airport property development proposition
- Completed developments in the six months include:
  - 84,000m^2 Foodstuffs distribution centre and head office; and
  - Speculative 10,000m^2 warehouse across six units which has been leased to Zeta Group and Tempur at 27 Timberly Road
- Quality pipeline of $172 million of new developments including:
  - EBOS (Healthcare Logistics);
  - Geodis Wilson;
  - Hellmann;
  - DHL Expansion; and
  - Interwaste

New hotels

- Construction continued to complete the structures and façades of the 5-star Te Arikinui Pullman and 4-star Mercure hotels. Fit-outs will occur when demand conditions return

$116.0m	**Investment property rent roll**
98.2%	**Occupancy**
10.1 years	**WALT**
181	**hectares of land available for development**

Foodstuffs development

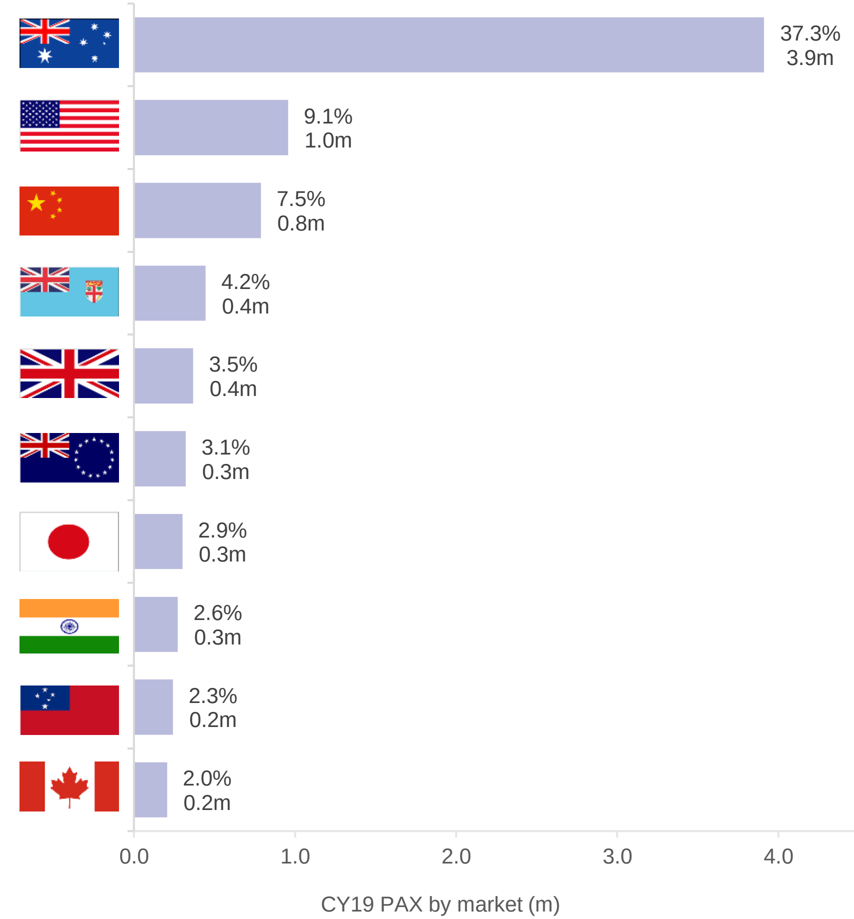
New Geodis Wilson development at Timberly Road

Positioning for the recovery (cont'd)

Reposition the business to respond to a recovery in the travel industry when safe to do so

- While domestic PAX achieved c.65% of FY19 levels, considerable uncertainty remains, given the risk of future changes to alert levels
- Australia is Auckland Airport's largest international market, c.300% greater than the second largest, USA
- At the appropriate time, two-way quarantine free travel between Australia and New Zealand would provide a significant boost to local tourism and our business given the importance of the Australian market
  - Australians made 11.3 million international outbound trips in 2019, spending an estimated AU$65 billion
  - Australian travellers spent over $2.7 billion p.a. in New Zealand prior to COVID-19[13]
  - surveys suggest strong appetite in Australia for overseas travel once borders re-open – New Zealand strong preference[14]

Auckland Airport international PAX flows pre-COVID-19 by market[15]



13. Source: Tourism New Zealand
14. Source: Tourism & Transport Forum Australia: COVID-19 travel and leisure insights
15. Auckland Airport's CY19 international PAX (excluding transits) based on the country of terminal destination for departures and country of boarding origin for arrivals. The % indicates how much of the total CY19 international PAX each market represents

Positioning for the recovery (cont'd)

Establishing a trigger-based capital roadmap to further invest in infrastructure when conditions support

- Flexible, resilient, affordable, and stageable 30-year masterplan remains appropriate
- Significant progress had been made on the 8 key anchor projects under the pre-pandemic programme – but now on hold
- Have reviewed with stakeholders the need, timing, and investment triggers
- Concluded that key elements of the capital roadmap remain relevant, however an opportunity exists for changes to simplify, re-sequence and incrementalise delivery to gain greater efficiency at a lower cost and match recovery path
- Investigating the purchase of local airfield lighting assets following Airways' proposal to exit this service

Key future capacity projects

1 Northern stands & taxiways	5 New domestic jet hub
2 Northern road network	6 Northern runway
3 Domestic terminal works	7 MSCP & PUDO
4 New international arrivals	8 New cargo precinct

Supporting our local community

We are committed to doing our best for our business, our shareholders and also for our local community

- Contributed $356,682 to the Auckland Airport Community Trust
- Local community focus for the Twelve Days of Christmas programme, distributed $100,000 donated by travellers
- Ara continued to connect local people with training and employment opportunities, as part of joint initiatives with government agencies, training providers and employers
- Continued longstanding support of The Life Education Trust
- Our support of the Sky Tower Stair Challenge since the first climb in 2005 continued, with AES staff raising funds for Leukaemia and Blood Cancer New Zealand
- Commencement of Māori leadership programme Manu Ao, designed to enhance the skills and sense of indigenous self in Māori staff

Manurewa South School students in their veggie garden installed by Oke Charity, a Twelve Days of Christmas grant recipient

asthma NEW ZEALAND | ms MULTIPLE SCLEROSIS AUCKLAND | MIDDLEMORE FOUNDATION | the RISING FOUNDATION | diabetes new zealand | Asylum Seekers Support Trust | FSM | SOUNDRAISE | STRIVE COMMUNITY TRUST | OKE | AUCKLAND PUPPY RESCUE | Budgeting & Family Support Services

Charities supported in the Twelve Days of Christmas grants

Operating sustainably

Continued strong focus on operating in a sustainable way to create enduring value

- FY20 marked the end of many of the environmental targets we set in 2013
  - ✓ nearly doubled targeted waste reduction, with a 39% decrease per PAX;
  - ✓ achieved science-based carbon target of a 45% reduction per m^2, five years early
  - ✗ did not achieve water reduction target which was adversely affected by water use associated with construction activities
- Achievements recognised by ongoing inclusion in the Dow Jones Sustainability Asia Pacific Index
- A new 10-year sustainability strategy is under development:
  - based on four pillars: purpose; people; community; and place
  - involving the setting of new targets to guide activities, including: diversity, health & safety, resource consumption; and carbon reduction / neutrality

Four pillars of Auckland Airport's 2030 Sustainability Strategy

Outlook

Outlook

Guidance

- As we look to the remainder of the 2021 financial year, we continue to face considerable uncertainty regarding the timing of the recovery in international travel
- Despite this uncertainty, we are providing underlying earnings guidance for the 2021 financial year of a loss of between $35 million and $55 million. Although the NZ government remains committed to restarting Tasman travel as a priority, this guidance assumes that:
  - there will be no material quarantine-free two-way Tasman travel during the remainder of the 2021 financial year; and
  - no further lockdowns of an extended duration during the period
- In addition, Auckland Airport is revising downwards its FY21 capital expenditure[16] guidance from $250 million to $300 million to between $200 million and $230 million. This includes completing existing roading, runway, baggage system and investment property projects
- No dividend will be declared for FY21
- 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

Cargo loading at Auckland Airport

16. *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: Passenger numbers

For the six months ended 31 December	2020	2019	Change
International arrivals	65,210	2,715,217	(97.6%)
International departures	88,765	2,574,181	(96.6%)
International passengers excluding transits	**153,975**	**5,289,398**	**(97.1%)**
Transit passengers	33,028	547,448	(94.0%)
Total international passengers	**187,003**	**5,836,846**	**(96.8%)**
Domestic passengers	2,636,379	4,757,573	(44.6%)
Total passengers	**2,823,382**	**10,594,419**	**(73.4%)**

- Total PAX volumes decreased 73.4% as a result of COVID-19 travel restrictions
- International PAX were particularly impacted, decreasing 96.8% on the prior period
- Domestic PAX volumes decreased by 44.6% on the prior period. During Alert Level 1 periods, domestic PAX recovered to c.65% of the prior period

Appendix: Aircraft movements and MCTOW

For the six months ended 31 December	2020	2019	Change
Aircraft movements			
International aircraft movements	6,762	28,616	(76.4%)
Domestic aircraft movements	37,975	59,974	(36.7%)
Total aircraft movements	**44,737**	**88,590**	**(49.5%)**
MCTOW (tonnes)			
International MCTOW	825,803	2,914,921	(71.7%)
Domestic MCTOW	760,720	1,168,864	(34.9%)
Total MCTOW	**1,586,523**	**4,083,785**	**(61.2%)**

- International aircraft movements and MCTOW declined by 76.4% and 71.7% respectively. The reduction was smaller than the reduction in PAX volumes, as load factors for international travel decreased in response to COVID-19
- Domestic aircraft movements and MCTOW decreased by 36.7% and 34.9% respectively. This was due to COVID-19 lockdowns in Auckland, constrained international flow-on traffic, and Jetstar's withdrawal from regional services in December 2019.
- Air NZ operated at almost 90% of its pre-COVID-19 domestic capacity during the October school holiday period

Appendix: Associates' performance

For the six months ended 31 December ($m)	2020	2019	Change
Queenstown Airport (24.99% ownership)			
Total Revenue	13.6	29.1	(53.3%)
EBITDA	9.1	20.4	(55.4%)
Underlying Earnings (Auckland Airport share)	0.6	2.7	(77.8%)
Domestic Passengers	678,836	840,628	(19.2%)
International Passengers	-	417,111	(100.0%)
Aircraft movements	5,919	9,592	(38.3%)
Novotel Tainui Holdings (50.00% ownership)			
Total Revenue	12.6	16.1	(21.7%)
EBITDA	5.8	6.1	(4.9%)
Underlying Earnings (Auckland Airport share)[17]	2.5	2.3	8.7%
Average occupancy[18]	73.0%	95.9%	
Average room rate increase	(2.9%)	0.3%	

17. On 31 October 2019, Auckland Airport's investment in Novotel Tainui Holdings increased from 40% to 50%
18. The Novotel Hotel has been solely occupied by the Ministry of Health in the 6 months to 31 December 2020 as a managed isolation and quarantine facility

Appendix: Balance sheet remains strong

As at ($m)	Dec-20	Jun-20	Change
Non-current assets	**8,433.4**	**8,448.7**	**(0.2%)**
Property, plant and equipment	6,066.5	6,060.8	0.1%
Investment properties	2,094.0	2,042.7	2.5%
Other non-current assets	272.9	345.2	(20.9%)
Current assets	**764.2**	**848.5**	**(9.9%)**
Cash	682.4	765.3	(10.8%)
Other current assets	81.8	83.2	(1.7%)
Non-current liabilities	**2,039.2**	**2,192.8**	**(7.0%)**
Term borrowings	1,684.3	1,824.4	(7.7%)
Other non-current liabilities	354.9	368.4	(3.7%)
Current liabilities	**484.3**	**467.3**	**3.6%**
Equity	**6,674.1**	**6,637.1**	**0.6%**

Appendix: Underlying profit / (loss) reconciliation

For the six months ended 31 December ($m)	2020			2019		
	Reported profit	Adjustments	Underlying profit / (loss)	Reported profit	Adjustments	Underlying profit / (loss)
EBITDAFI per Income Statement	**88.2**	**-**	**88.2**	**279.2**	**-**	**279.2**
Investment property fair value increase	29.8	(29.8)	-	9.1	(9.1)	-
Fixed asset impairment	-	0.9	0.9	-	-	-
Reversal of fixed asset termination costs	-	(14.9)	(14.9)	-	-	-
Derivative fair value movement	0.8	(0.8)	-	(0.4)	0.4	-
Share of profit of associates and joint ventures	3.2	(0.1)	3.1	5.0	-	5.0
Depreciation	(59.3)	-	(59.3)	(55.4)	-	(55.4)
Interest expense and other finance costs	(35.0)	-	(35.0)	(34.7)	-	(34.7)
Taxation expense	0.4	6.1	6.5	(55.6)	1.4	(54.2)
Profit after tax	**28.1**	**(38.6)**	**(10.5)**	**147.2**	**(7.3)**	**139.9**

- We have made the following adjustments to show underlying profit / (loss) after tax for the six months ended 31 December 2020 and 2019:
  - we have reversed out the impact of revaluations of investment property. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy;
  - we have reversed out the impact of fixed asset project write-offs, impairments and termination costs. In response to the COVID-19 outbreak, some capital expenditure projects were abandoned and fully written off and others were suspended. Some of these abandoned or suspended projects incurred contractor termination costs. The abandonment or suspension of live capital expenditure projects is extremely rare and is the direct consequence of COVID-19. 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;
  - we have adjusted the share of profit of associates and joint ventures 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 six-month periods.

Glossary

ACI	Airports Council International
AMTN	Australian medium term notes
ARPS	Average revenue per parking space
EBITDA	Earnings before interest, taxation and depreciation
EBITDAFI	Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates
FRN	Floating rate note
HOV	High occupancy vehicles
IATA	International Air Transport Association
MCTOW	Maximum certified take off weight
MSCP	Multi-storey carpark
NPAT	Net profit after tax
PAX	Passenger
PCP	Previous corresponding period
PCR	Polymerase chain reaction
PSR	Passenger spend rate
PUDO	Pick up and drop off
USPP	United States Private Placement
WALT	Weighted average lease term

Results announcement

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

Results for announcement to the market		
Name of issuer	Auckland International Airport Limited	
Reporting Period	6 months to 31 December 2020	
Previous Reporting Period	6 months to 31 December 2019	
Currency	NZD	
	Amount (millions)	**Percentage change**
Revenue from continuing operations	$131.5	-64.9%
Total Revenue	$131.5	-64.9%
Net profit/(loss) from continuing operations	$28.1	-80.9%
Total net profit/(loss)	$28.1	-80.9%
Interim Dividend		
Amount per Quoted Equity Security	$0.0000	
Imputed amount per Quoted Equity Security	$0.000000	
Record Date	n/a	
Dividend Payment Date	n/a	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$4.53	$5.00
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to attached media release, unaudited Interim Financial Statements and Results Presentation	
Authority for this announcement		
Name of person authorised to make this announcement	MARY-LIZ TUCK	
Contact person for this announcement	MARY-LIZ TUCK	
Contact phone number	027 277 5086	
Contact email address	investors@aucklandairport.co.nz	
Date of release through MAP	18 February 2021	

Unaudited financial statements accompany this announcement.