Media Release | 29 February 2012

Auckland Airport announces interim results for half-year ending 31 December 2011

- **Reported profit and underlying profit both up**
- **On track for higher end of full year guidance**
- **Good passenger growth at all four airports**
- **Dividend increased to 4.40 cents per share**
- **Growing need to address constraints at Auckland domestic terminal facilities**

Overview

Auckland Airport today announced a reported profit after tax of $69.103 million for the six month period ended 31 December 2011, up 5.5% on the same period last year. Underlying profit after tax was up 15.0% to $70.791 million.

“Initiatives to lift Auckland Airport’s performance contributed to another strong result in the six-months,” said Auckland Airport’s Chair, Joan Withers. “Our efforts have been rewarding for investors. The interim dividend has increased to 4.40 cents per share, underlining the Board’s confidence in the execution of strategy. The last two financial years have seen total shareholder returns per annum in excess of 20%, and we are on track for another solid performance this year. These results reflect our efforts to deliver excellent value to shareholders, passengers, business partners and New Zealand.

“We have seen rising travel demand across all four of our airport interests, and we have helped to stimulate that demand by encouraging sustainable growth in air-service capacity. Recognising the changing architecture of global travel and trade, we have continued to focus our market development efforts on expanding sustainable access to those markets that are experiencing faster growth.”

Auckland Airport’s chief executive, Simon Moutter, said, “We have also further honed the performance of our aeronautical, retail and property businesses, by expanding choices and amenities for customers, improving the service experience, and driving operational efficiencies wherever we can. Each part of our business is performing well relative to their peers and to market conditions.”

Domestic terminal

Mr Moutter also said that considerable effort has also gone into necessary future planning. “As previously indicated, we are experiencing capacity constraints and sub-optimal performance at the current domestic terminal. The heart of the domestic terminal was built over 40 years ago. Today, it is becoming increasingly inadequate in terms of available space and passenger handling capacity, especially with the increasing use on domestic routes of new, larger aircraft such as the A320.”

While an expansion of the security screening area at the domestic terminal in time for RWC 2011 relieved some pressure, more A320 services are due to be progressively introduced over the next few years and passenger numbers are expected to grow.

“All the parties involved recognise the need to address this situation before it becomes a major issue,” said Mr Moutter. “Over recent months, we have been consulting actively and constructively towards the best pathway for a new domestic terminal solution with our airline partners and with input from independent experts. That process is continuing and we expect to see an outcome in the next few months,” said Mr Moutter.

Passenger Numbers

Total international passenger movements at Auckland Airport, including transits, increased 6.5% to 3.964 million in the six months to 31 December 2011. Total domestic passenger volume growth was more muted, up 0.9% to 3.130 million. The six-month period saw particularly strong growth out of Singapore, China, Australia and, reflecting the RWC 2011 influence, the major rugby playing nations of Europe in September and October. New Zealand outbound travel also increased.

Queenstown Airport had another big international passenger volume increase of 30.1% to 118,840. Its domestic volumes also reflected increases in air-link capacity, growing 3.9% to 399,070.

Cairns Airport experienced good international passenger growth, up 6.7% to 423,735, while its domestic operations reflected the flat Australian domestic tourism market, largely driven by the strong Australian dollar which is motivating outbound international travel, steady at 1.731 million. Mackay Airport bucked the sluggish Australian domestic travel trend, with the booming resources sector continuing to fuel strong domestic growth, up 6.3% to 570,497.

Results in more detail

The half-year financial results reflect consistent execution of growth strategy across all parts of the business.

Revenue was $215.867 million, up 8.9% on the previous corresponding six month period. In particular, there was a strong performance from the retail and car-parking businesses. There were also pleasing income increases in both the aeronautical and property businesses, with aeronautical up 6.0% and the property division's income up 10.0% on the previous period.

The dividend has been increased to 4.40 cents per share. The Company's dividend reinvestment plan will not apply to this dividend, but will be reconsidered by the Board for future dividends.

While there remains a focus on tight management of costs, expenses were up 15.3% to $54.506 million. This was largely the result of expenditure on operational support and maintenance ahead of the RWC 2011, phasing of investment in air-service route development, which will ameliorate in the second half of the year, and an increase in master-planning activities. Depreciation expenses were $31.751 million, up 10.5% on the previous corresponding period.

Earnings before interest, taxation, depreciation, fair-value adjustments and investments in associates (EBITDAFI), were up 6.9% to $161.361 million. Earnings per share on underlying profit was 5.3 cents per share for the six months ended 31 December 2011, compared with 4.7 cents per share from the corresponding period for the six months ended 31 December 2010.

Share of profit of associates (comprising North Queensland Airports, Queenstown Airport and Auckland Airport Hotel Holdings Limited), was $2.713 million up 219.9% on the corresponding period, reflecting a significant increase in return from North Queensland Airports, and the commencement of returns from the Novotel Auckland Airport hotel.

North Queensland Airports had an excellent six months, with our shareholding return in cash received relating to the period up 27% to AUD4.836 million. This was underpinned by revenue growth of 7.4% to AUD 57.320 million, with EBITDAFI up 16.2% to AUD 37.513 million.

Queenstown Airport reported a small decline in profit, down 5.1% on the prior corresponding period to $2.817 million. While revenue growth was solid, up 9.9% to $8.478 million, and EBITDAFI was also up 4.9% to $6.154 million, there was an increase in costs arising from higher aeronautical costs from longer terminal opening hours, increased marketing support to airlines and one-off snow clearing expenses following two winter 2011 storms.

The RWC 2011 was a major operational success at Auckland Airport. Alongside all our airport partners, we delivered a successful, safe and smooth airport experience for many thousands of travellers, fans, players and officials. Financially, we believe that the tournament delivered an additional non-seasonal peak to the business in terms of passenger volumes and retail spend, which we estimate to have delivered a modest one-off boost to the bottom line.

Looking ahead

The second half of the 2012 financial year has started well, particularly in terms of passenger volumes, with January 2012 notable for featuring the busiest week for international arrivals and departures ever recorded at Auckland Airport.

At the beginning of the 2012 financial year, we outlined our expectations that the net profit after tax (excluding any fair value changes and other one-off items) would be in the $130 millions. We are firmly on track to meet the higher end of this guidance, subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and further volatility in global market conditions or other unforeseeable circumstances.

Ends

For further information, please contact:

Simon Moutter

Chief executive

+64 9 255 9167

Simon Robertson

Chief financial officer

+64 9 255 9174

Richard Llewellyn

Corporate relations manager

+64 9 255 9089

64 27 477 6120

Refer pdf attachments: Financial Report / Results at a Glance / Company Report / NZX Appendix 1 / PowerPoint presentation

Results at a Glance

	31 Dec 2011 $m	31 Dec 2010 $m	Movement %
Financial Results			
Income	215.867	198.270	8.9
Expenses	54.506	47.269	15.3
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	161.361	151.001	6.9
Share of profit of associates	2.713	0.848	219.9
Investment property fair value increases	-	2.294	N.A
Depreciation	31.751	28.726	10.5
Interest expense and other finance costs	35.012	35.756	-2.1
Taxation expense	26.145	26.772	-2.3
Reported profit after taxation	69.103	65.493	5.5
Earnings per share	5.2 c	5.0 c	4.0
Underlying profit after taxation[1]	70.791	61.536	15.0
Underlying earnings per share	5.3 c	4.7 c	12.8
Dividends			
Interim dividend (cents per share)	4.40 c	4.00 c	10.0
Interim dividend ($m)	58.193	52.703	10.4
Financial Position			
Shareholders' equity	2,462.323	1,945.898	26.5
Total assets	3,865.066	3,291.805	17.4
Debt to debt plus equity	31.1%	35.8%	-4.7
Debt to enterprise value[2]	25.0%	27.4%	-2.4
Capital expenditure	34.0	24.2	40.5
Passenger and aircraft statistics – Auckland Airport			
International passenger movements including transits	3,963,706	3,721,402	6.5
Domestic passenger movements	3,129,650	3,101,221	0.9
Maximum certificated take-off weight (tonnes)	3,012,178	2,873,892	4.8
Aircraft movements	79,310	78,847	0.6
North Queensland Airports performance			
Cairns international passenger movements including transits	423,735	396,966	6.7
Cairns domestic passenger movements	1,730,677	1,727,937	0.2
Mackay domestic passenger movements	570,497	536,688	6.3
Revenue[3]	AUD 57.320	AUD 53.365	7.4
EBITDAFI[3]	AUD 37.513	AUD 32.257	16.2
Profit after taxation[3]	AUD 5.843	AUD 0.245	2284.9
Queenstown Airport performance			
International passenger movements	118,840	91,371	30.1
Domestic passenger movements	399,070	384,213	3.9
Revenue[3]	8.478	7.714	9.9
EBITDAFI[3]	6.154	5.864	4.9
Profit after taxation[3]	2.817	2.968	-5.1

[1] Excluding derivative fair value movement in the company and share of profit of associates and the tax effect of this adjustment in 2012. Excluding one-off gain on sale of associate, investment property fair value increase, derivative fair value increase and tax effect of these adjustments in 2011. Refer to Appendix A attached for a reconciliation of these adjustments.
[2] Based on the share price as at 31 December 2011 of $2.52.
[3] From non-audited management accounts of North Queensland Airports and Queenstown Airport. The financial results have not been apportioned for the level of ownership interest being 24.55% for North Queensland Airports and 24.99% for Queenstown Airport.

Results at a Glance

Appendix A

Profit after tax	Dec 2011 Reported profit [6] $000	Dec 2011 Adjustments $000	Dec 2011 Underlying profit $000	Dec 2010 Reported profit [6] $000	Dec 2010 Adjustments $000	Dec 2010 Underlying profit $000
EBITDAFI per Income Statement	161,361	-	161,361	151,001		151,001
Share of profit of associates [1]	2,713	281	2,994	848		848
Gain on sale of an associate [2]	-	-	-	1,240	(1,240)	-
Derivative fair value (decreases)/increases [3]	(2,063)	2,063	-	1,364	(1,364)	-
Investment property fair value increases [4]	-	-	-	2,294	(2,294)	-
Depreciation	(31,751)	-	(31,751)	(28,726)		(28,726)
Interest expense and other finance costs	(35,012)	-	(35,012)	(35,756)		(35,756)
Other taxation expense [5]	(26,145)	(656)	(26,801)	(26,772)	941	(25,831)
Profit after tax	**69,103**	**1,688**	**70,791**	**65,493**	**(3,957)**	**61,536**

[1] Auckland Airport's share of the fair value movement in associates' derivative financial instruments that do not qualify for hedge accounting for the six months ended 31 December 2011 was a $0.281 million loss.

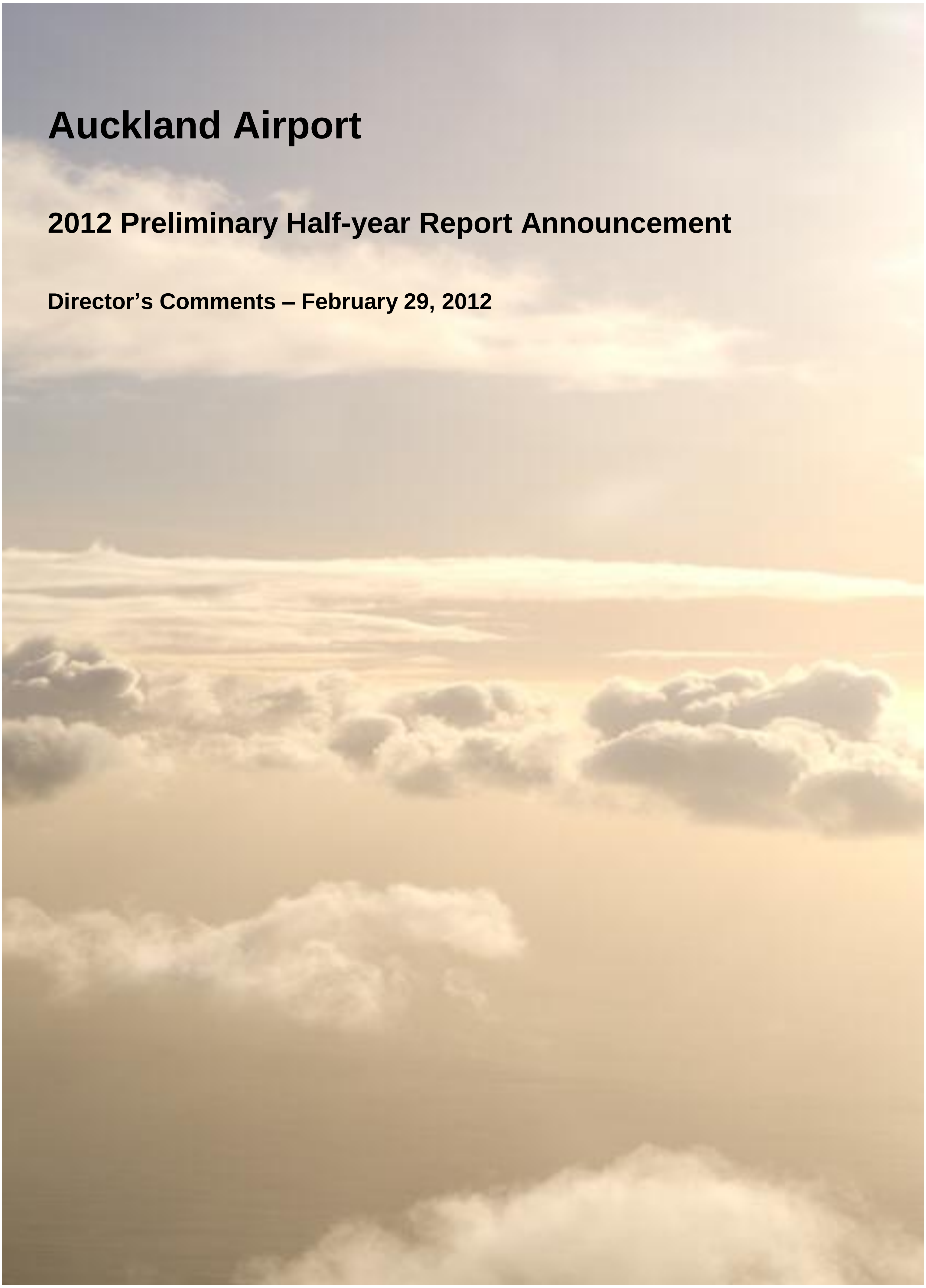
[2] The sale of Auckland Airport's joint venture investment in HMSC-AIAL was a one off gain of $1.240 million during the six months ended 31 December 2010.

[3] The fair valuation movement of the derivative financial instruments that do not qualify for hedge accounting put in place in conjunction with the US Private Placement (USPP) debt issuance in November 2010.

[4] The fair value increase of Auckland Airport's investment property portfolio. No fair value change was recorded as at 31 December 2011.

[5] Taxation adjustments as a result of adjustments 1 to 4 above.

[6] The reported profit information has been prepared in accordance with New Zealand generally accepted accounting practice and comply with New Zealand Equivalent to International Accounting Standards NZ IAS 34 and IAS 34 Interim Financial Reporting. The reported profit information has not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants (NZICA) Review Engagement Standards RS-1



Auckland Airport

2012 Preliminary Half-year Report Announcement

Director’s Comments – February 29, 2012

Auckland Airport - 2012 Preliminary Half-year Report Announcement

Director's Comments

Overview

Initiatives to lift Auckland Airport's performance to higher altitudes contributed to another strong result in the six-months leading to 31 December 2011.

Reported profit after tax was up 5.5% to $69.103 million, while underlying profit after tax was up 15.0% to $70.791 million. For several years now, Auckland Airport has reported underlying profit alongside reported profit. Our position on the importance of reporting underlying results and a reconciliation to assist investors is set out in detail at the end of this report.

Our improving financial performance is directly benefiting shareholders. The interim dividend has increased to 4.40 cents per share, underlining the Board's confidence in the execution of strategy. The Company's dividend reinvestment plan will not apply to this dividend, but will be reconsidered by the Board for future dividends.

Our efforts have been rewarding for investors. The last two financial years have seen total shareholder returns per annum in excess of 20%, and we are on track for another solid performance this year. These results reflect our efforts to deliver excellent value to shareholders, passengers, business partners and New Zealand.

We have seen rising travel demand across all four of our airport interests, and we have helped to stimulate that demand by encouraging sustainable growth in air-service capacity. Recognising the changing architecture of global travel and trade, we have continued to focus our market development efforts on expanding sustainable access to those markets that are experiencing faster growth.

We have also further honed the performance of our aeronautical, retail and property businesses, by expanding choices and amenities for customers, improving the service experience, and driving operational efficiencies wherever we can. Each part of our business is performing well relative to their peers and to market conditions.

The service experience in particular starkly differentiates our business from competing visitor destinations and we firmly believe helps drive repeat travel. This is why we are single-minded about making the journeys of each of our passengers, airlines and partners better across every step of the way. That determination helped ensure a very successful and busy RWC 2011 airport operation.

Considerable effort has also gone into necessary future planning. Shareholders may be aware we are experiencing capacity constraints and sub-optimal performance at the current domestic terminal. The heart of the domestic terminal was built over 40 years ago as a cargo facility and was converted into a temporary terminal when the airport first opened for operations in 1965. Today, it is increasingly inadequate in terms of available space and passenger handling capacity, especially with the increasing use on domestic routes of new, larger aircraft such as the A320.

While an expansion of the security screening area at the domestic terminal in time for RWC 2011 relieved some pressure, more A320 services are due to be progressively introduced over the next few years and we expect passenger numbers to continue to grow. The resulting congestion will further degrade service quality at the domestic terminal.

The International Air Transport Association ('IATA') has service level standards for airport passenger terminals based on available functional area for peak hour passengers, ranging from a scale of A (optimal) to F (poor). Auckland Airport's domestic terminal is currently estimated at D, and with the continued growth is at risk of moving towards an E rating, which is clearly unacceptable for passengers, the airport, airlines and other stakeholders. All the parties involved recognise the need to address this situation before it becomes a major issue.

Our long-term master plan for Auckland Airport envisages an integrated international and domestic terminal facility served by two parallel runways, surrounded by a vibrant airport business district, well connected with the city. It would provide tangible benefits for travellers, airlines and airport partners in terms of facilitating greater use of smart technologies, reduced inter-terminal walk times, greater operational flexibility, better road access and forecourt management, and consolidation of activities and resources.

Over recent months, we have been consulting actively and constructively towards the best pathway for a new domestic terminal solution with our airline partners and with input from independent experts. That process is continuing and we expect to see an outcome in the next few months.

While new terminal facilities will deliver big benefits to New Zealand tourism and trade, we do acknowledge that providing this new infrastructure will represent a significant investment that will affect airport charges. In pricing matters, the current five yearly aeronautical pricing review process is well underway, and is on track for a final decision by the end of May. The outcome of the pricing review will become effective from 1 July 2012.

We are very conscious of the challenging environment some airlines currently face, and the Asia-centric growth that other airlines are experiencing. We must balance such concerns with the requirement to invest in our infrastructure, in a staged, fit-for-purpose and highly efficient way to meet New Zealand's interests. It is our intention to do everything we can to work through this process in an appropriate way and for the best outcome for New Zealand.

Travel Numbers

Passenger numbers remain a key driver for our company performance, and have proven resilient during times of stress in global economies and negative external events.

Total international passenger movements at Auckland Airport, including transits, increased 6.5% to 3.964 million in the six months to 31 December 2011. Total domestic passenger volume growth was more muted, up 0.9% to 3.130 million. The six-month period saw particularly strong growth out of Singapore, China, Australia and, reflecting the RWC 2011 influence, the major rugby playing nations of Europe in September and October. New Zealand outbound travel also increased.

Queenstown Airport had another big international passenger volume increase of 30.1% to 118,840. Its domestic volumes also reflected increases in air-link capacity, growing 3.9% to 399,070.

Cairns Airport experienced good international passenger growth, up 6.7% to 423,735, while its domestic operations reflected the flat Australian domestic tourism market, largely driven by the strong Australian dollar which is motivating outbound international travel, steady at 1.731 million. Mackay Airport bucked the sluggish Australian domestic travel trend, with the booming resources sector continuing to fuel strong domestic growth, up 6.3% to 570,497.

Focus on travel growth

Our passenger numbers highlight the major geopolitical and economic shifts of recent years, which are influencing global travel and trade, and in turn shaping aviation markets. We believe these market shifts are fundamental and will be long lasting, representing both a challenge and a significant opportunity for Auckland Airport, for the tourism industry, and indeed for New Zealand.

The growth in Asia is not a temporary or one-off phenomenon. China is expected to be New Zealand's second most important market for international passenger arrivals, behind Australia, within 12 months. Longer term, Asia's wealth is rapidly expanding, and will be the source of much of the world's middle-class during this century.

We have been working hard to play our part in growing New Zealand's tourism industry. Our air-service development efforts have continued to bear fruit. Notably, we saw China Southern Airlines increasing its Auckland to Guangzhou route to a daily service in November 2011 and we saw an increase in Air New Zealand services to China. There was also an increase in services from Korean Air, a number of new services launched by Jetstar, and the announcement of a second trans-Tasman A380 service from Emirates, due to commence later in 2012.

The New Zealand tourism sector is undergoing a period of transition, in response to flat or declining demand from many traditional longer-haul markets and a surge in demand from faster growing markets in the Asia Pacific region. Although there are more visitors to New Zealand than ever before, tourists are tending to stay for shorter periods and hence overall tourism revenues are not growing at the same pace. This reflects the shift in visitation trend from Europe and North America to Asia Pacific markets.

A key challenge for the sector is therefore to accelerate the profile of the 'new' visitor markets into longer staying patterns. There are opportunities. For example, the December 2011 Ministry of Economic Development data for international visitors shows the fastest growing market, China, now ranks the third highest in terms of average spend per night, behind only Japan and Germany. This highlights the value opportunity to New Zealand if we can extend average visitor stay.

Although Auckland Airport's revenues are geared to visitor numbers, and not to duration of stay, it is clearly in our interests to support a vibrant visitor industry with good sustainable growth and high rates of repeat travel. One of the ways we can assist the growth of longer-stay, higher-value tourism is by encouraging direct air services to New Zealand, as visitors travelling direct generally stay longer than those who come to New Zealand via Australia.

The aviation industry also continues to reflect global market shifts, with many airlines working hard to find ways to tap into the Asian travel growth phenomenon and the advancing South American economies, through new or expanded air-services, new aircraft, new partnerships and alliances, or new subsidiaries.

We are also focused on ways to tap into new growth opportunities. We will keep exploring new partnerships, business extensions, information sources and technologies as means of increasing New Zealand's share of growth from these expanding markets.

At a 'New Zealand Inc.' level, the challenge will be to direct more collective market development resources to where the forecasted growth is and where the best 'bang for buck' can be achieved. Auckland Airport has the opportunity to be a key hub between the dynamic growth economies in Asia and South America. Our location in the Asia Pacific region offers a unique opportunity to take advantage of the increase in travel and trade forecast between Asian and South America and in doing so enhance our future economic prospects. Gaining more air connections to high-growth markets will be a critical enabler to that future. For New Zealand to be more internationally competitive, we need to be more internationally connected.

Half-year Financial Results in detail

The half-year financial results reflect consistent execution of our growth strategy across all parts of the business.

As outlined in the overview, there was growth in both reported profit, up 5.5% to $69.103 million, and, adjusting for one-off items and non-cash fair value changes, growth in underlying profit, up 15.0% to $70.791 million for the six months ended 31 December 2010, from the previous corresponding period.

Revenue was $215.867 million up 8.9% on the previous corresponding six-month period. In particular, there was a strong performance from the retail and car-parking businesses, reflecting the use of better performance management technologies, the investment in a high-quality retail environment and strong promotional support, and the development of a wider choice of products and services to meet a variety of market needs and stimulate retail purchasing. Our duty-free partners, JR Duty Free and DFS, in particular worked very hard to meet market needs and their retail growth reflected this.

There were also pleasing income increases in both the aeronautical and property businesses, with aeronautical up 6.0% and the property division's income up 10.0% on the previous period.

While there remains a focus on tight management of costs, expenses were up 15.3% to $54.506 million. This was largely the result of expenditure on operational support and maintenance ahead of the RWC 2011, phasing of investment in air-service route development, which will ameliorate in the second half of the year, and an increase in master-planning activities. Depreciation expenses were $31.751 million, up 10.5% on the previous corresponding period.

Earnings before interest, taxation, depreciation, fair-value adjustments and investments in associates (EBITDAFI), were up 6.9% to $161.361 million. Earnings per share on underlying profit was 5.3 cents per share for the six months ended 31 December 2011, compared with 4.7 cents per share from the corresponding period for the six months ended 31 December 2010.

The balance sheet of the company remains in good shape, with the average debt maturity increasing to 4.88 years as at December 2011. In October 2011, Auckland Airport established a new bank facility and completed a six-year $100 million bond issue, to refinance a $275 million Commonwealth Bank of Australia bank facility.

Share of profit of associates (comprising North Queensland Airports, Queenstown Airport and Auckland Airport Hotel Holdings Limited), was $2.713 million up 219.9% on the corresponding period, reflecting a significant increase in return from North Queensland Airports, and the commencement of returns from the Novotel Auckland Airport hotel.

North Queensland Airports had an excellent six months, with our shareholding return in cash received relating to the period up 27% to AUD4.836 million. This was underpinned by revenue growth of 7.4% to AUD 57.320 million, with EBITDAFI up 16.2% to AUD 37.513 million. During the six months to December 2011, there was a change in chief executive, with the outgoing Stephen Gregg being replaced by Kevin Brown. Mr Brown brings with him extensive airport management experience, which has included senior positions at BAA's Heathrow, Aberdeen, Southampton and Edinburgh Airports.

Queenstown Airport reported a small decline in profit, down 5.1% on the prior corresponding period to $2.817 million. While revenue growth was solid up 9.9% to $8.478 million, and EBITDAFI was up 4.9% to $6.154 million, there was an increase in costs arising from higher aeronautical costs from longer terminal opening hours, increased marketing support to airlines and one-off snow clearing expenses following two winter 2011 storms. During the half-year reporting period, Queenstown Airport chief executive, Steve Sanderson, announced his resignation to take up the role of Wellington Airport chief executive. Scott Paterson has been announced as his replacement, bringing a track record in infrastructure and transport, particularly ports.

Significant business items

The RWC 2011 was a major operational success at Auckland Airport. Alongside all our airport partners, we delivered a successful, safe and smooth airport experience for many thousands of travellers, fans, players and officials. Years of careful planning and investment in facilities saw everyone at the airport helping to play their part in creating the right atmosphere and working together to grow New Zealand's reputation as a great place to visit. Processing time performance was at an excellent level throughout the tournament, even on the peak days. The active participation of schools and communities in supporting the arrival of seven of the teams was notable, with the very enthusiastic welcomes for some of the Pacific nation teams helping to get the tournament off to a flying start.

Financially, we believe that the tournament delivered an additional non-seasonal peak to the business in terms of passenger volumes and retail spend, which we estimate to have delivered a modest one-off boost to the bottom line. However, this one-off boost is very difficult to assess with any great deal of accuracy, as we are aware of substitution activity around the RWC event in terms of choice of travel timing, and retail spending preferences.

The rapid pace of global market changes has been matched by swift technological and behavioural change. In particular, the growing ubiquity of smart mobile devices is driving collaboration between consumers and companies and is influencing behaviour in travel, tourism and trade. The rising prevalence of self-processing technologies, such as Smart Gate, is but one example of the applications and benefits. We believe this trend will only accelerate. Auckland Airport has commenced a 'Smart Airport' initiative to understand how these changing dynamics may affect future terminal design, consumer behaviour and marketing approaches.

In the shorter-term, over the six months we completed the installation of an extra security screening area and machines at the domestic terminal to alleviate congestion issues. We made changes to the domestic and international terminal forecourts to ease congestion, facilitate better traffic flow, and make provision for more public transport. Ahead of the RWC 2011, we also invested in a revamp of the international terminal arrivals experience, particularly the airside arrivals corridor and the landside public arrivals hall, and in a revamp of signage at both terminals.

While the New Zealand commercial property sector remains relatively quiet, the Auckland Airport Property team has consolidated the market position of the Auckland Airport Business District, with a number of projects nearing completion and a new deal agreed to add CEVA, a major global logistics company, to the expanding tenant portfolio. The two airport hotels, the Novotel Auckland Airport and the Formule One, are performing above expectations, and have proven to be strong additions to our range of products and services. The Novotel Auckland Airport is trading especially well, and the partnership with Tainui Group Holdings and Accor is delivering a successful outcome for investors and travellers.

Governance

On behalf of the Board of Directors and Management team of Auckland Airport, we would like to pay tribute to our friend and fellow Director, Lloyd Morrison, who sadly passed away in early February 2012 following a long illness.

Appointed a Director of the Company in 2007, Lloyd challenged our thinking and inspired debate on many important issues, and he was passionate and aspirational about Auckland Airport and its role in New Zealand. He made a significant contribution to Auckland Airport and was a huge advocate for the strategic shift of the company in recent years that has provided the foundation for our successful results.

Lloyd was widely respected and admired for his vision, his passion, his courage, and his fierce determination to make New Zealand a better place. Aside from his visionary business leadership and acumen, which included the founding of one of New Zealand's most successful companies, Infratil, Lloyd was a very proud New Zealander who cared deeply about our future and who contributed enormously to many areas of New Zealand society outside of business, including the arts, sport and the environment.

Lloyd was relentless in his pursuit of excellence, whatever the endeavour, and encouraged and inspired many others to reach for and achieve their potential. We intend to honour Lloyd's philosophy and continue to pursue excellence on behalf of Auckland Airport.

The Board is in the process of considering its succession planning, and will advise outcomes to shareholders when those considerations are complete.

Looking ahead

The second half of the 2012 financial year has started well, particularly in terms of passenger volumes, with January 2012 notable for featuring the busiest week for international arrivals and departures ever recorded at Auckland Airport.

Looking ahead, we have a talented and stable team and we have a clear vision and strategy. We will maintain our focus on execution of strategy, underpinned by our ethos of making each journey better for passengers, for tenants, for partners, and for investors. This is how we intend to capture the value creating opportunities we believe are on offer.

At the beginning of the 2012 financial year, we outlined our expectations that the net profit after tax (excluding any fair value changes and other one-off items) would be in the $130 millions. We are firmly on track to meet the higher end of this guidance, subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and further volatility in global market conditions or other unforeseeable circumstances.

The importance of reporting on underlying profit

Directors and management of Auckland Airport understand the critical importance of reported profits meeting appropriate accounting standards. In complying with accounting standards, users must have the confidence that meaningful comparisons between different companies can be made and there is integrity in the reporting approach of an entity.

For several years now, Auckland Airport has referred to underlying profits alongside reported results. We do this when we report our results, when we give market guidance (where we exclude fair value changes and other one off items) and when we consider dividends (our dividend policy is to pay 90% of net profit after tax – excluding unrealised gains and losses arising from a revaluation of property, or treasury instruments and other one off items).

We are also very aware, however, of the current industry debate on the disclosure of non-IFRS financial information and the potential for this to be used to mask poor results.

Merits of this debate notwithstanding, we firmly believe that further financial information, including references to underlying profits, adds valuable additional information to assist non-professional investors to understand what is happening at Auckland Airport. We believe the underlying profit measure is helpful to investors in understanding the underlying performance of the business and make comparisons of profits between years, without the positive or negative impact of one-off transactions or revaluations.

However, in reporting on underlying profits we also acknowledge our obligation to do so in a principled way. By that, we mean that Auckland Airport will reconcile how we have derived our underlying result, we will provide the information with no greater prominence than reported financial results, and we will provide information in a consistent way from period to period. We will also provide an explanation of why the information is useful to investors and provide unbiased information on the nature of any adjustment.

The table below shows how we reconcile between reported profit after tax and underlying profit after tax for the six months ended 31 December 2011. The table also provides the comparative six-month period to 31 December 2010 which is the same as previously reported:

			Dec 2011			Dec 2010
Profit after tax	**Reported profit $000**	**Adjustments $000**	**Underlying profit $000**	**Reported profit $000**	**Adjustments $000**	**Underlying profit $000**
EBITDAFI per Income Statement	161,361	-	161,361	151,001		151,001
Share of profit of associates	2,713	281	2,994	848		848
Gain on sale of an associate	-	-	-	1,240	(1,240)	-
Derivative fair value (decreases)/increases	(2,063)	2,063	-	1,364	(1,364)	-
Investment property fair value increases	-	-	-	2,294	(2,294)	-
Depreciation	(31,751)	-	(31,751)	(28,726)		(28,726)
Interest expense and other finance costs	(35,012)	-	(35,012)	(35,756)		(35,756)
Other taxation expense	(26,145)	(656)	(26,801)	(26,772)	941	(25,831)
Profit after tax	**69,103**	**1,688**	**70,791**	**65,493**	**(3,957)**	**61,536**

We have made the following adjustments to show underlying profit after tax in the 2011 and 2010 financial years:

1. We have reversed out the impact of revaluations of investment property in the 2010 period (a gain of $2.294 million). The 2011 period had no change in the fair value 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 can be too short for measuring success in this area. Changes between years can be volatile and will therefore affect comparisons. Finally, the amount, being unrealised, is not considered when determining dividends in accordance with the dividend policy or in providing market guidance.
2. In 2011 and 2010, we had a fair value change in a hedge of interest rate risk that may not be hedge accounted. This fair value change, like investment property, is unrealised but will also reverse out over the life of the hedge. That is, as the future benefits or obligations are realised or as the market perception of future interest rates changes the value of the hedge will change value. In the 2010 period, this change was a gain of $1.364 million and in the 2011 period, this change was a loss of $2.063 million.
3. To be consistent we have adjusted the revaluations of hedges of interest rate risk from our associates that are contained within the share of profit of associates in 2011 of $0.281 million.
4. In 2010, we sold an associate (HMSC-AIAL Limited) and made a gain on the sale. This is a one-off transaction that we have reversed out in order to make the comparison to the prior year based on business that is expected to continue.
5. We also adjust for the taxation impacts of the above adjustments in both the 2011 period and the 2010 period

Joan Withers
Chair

Simon Moutter
Chief executive

A Higher Altitude …..

Auckland Airport

Interim Results December 2011

….. And Still Climbing

Simon Moutter
Chief Executive

Simon Robertson
Chief Financial Officer

This interim results presentation dated 29 February 2012 provides additional comment on the media and financial materials released at the same date. As such, it should be read in conjunction with, and subject to, the explanations and views provided in that release.

A half year of high performance

Profit growth momentum delivered via a focus on strong business execution throughout the organisation

Clear goals combined with parallel execution of supporting initiatives expands choices and amenities for customers, powers up opportunities for Auckland Airport and grows returns for shareholders

Improving financial performance is pleasing against a backdrop of challenging times in the aeronautical, retail and property sectors in NZ, Australia and globally

	6 months to 31 Dec 2011	Movement from prior period ($m)	% Change
Revenue	215.867	17.597	8.9
EBITDAFI *	161.361	10.360	6.9
Reported profit	69.103	3.610	5.5
Underlying profit	70.791	9.255	15.0

* EBITDAFI means Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates

Auckland Airport

The highs of the half

Auckland Airport staff and airport partners were a championship winning operations team, delivering a smooth, successful and safe RWC 2011

Daily services from the Chinese based carrier, China Southern Airlines commenced, contributing to a substantial lift in Chinese arrivals

Passenger spend rates in retail and car parking continue to perform strongly as we continue to refine our retail offering and online parking options

Significant long term planning undertaken including dialogue with airlines and independent experts to work towards a pathway for expanding domestic capacity

Changing shape of travel markets continues

In March 2009 our growth strategy placed a significant emphasis on targeting Asian passenger growth

Market dynamics continue to change with Asia becoming even more important to New Zealand as traditional markets are continuing to deliver, at best, lackluster growth

China Tourism Academy recorded China outbound tourism at 70 million trips in 2011 up more than 20% from 2010

United Nations World Tourism Organisation expects "to see China become the number one country in terms of both receiving and sending tourists in the next five to seven years"

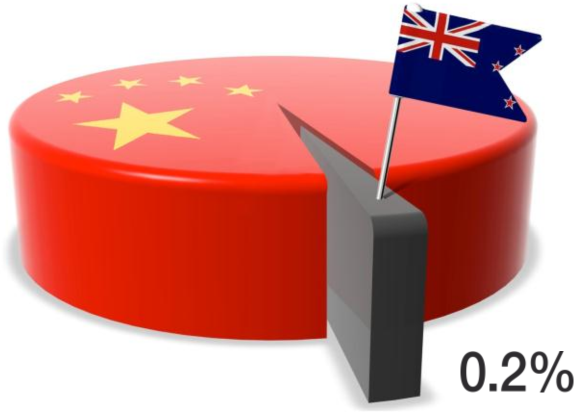
Imagining the possibilities

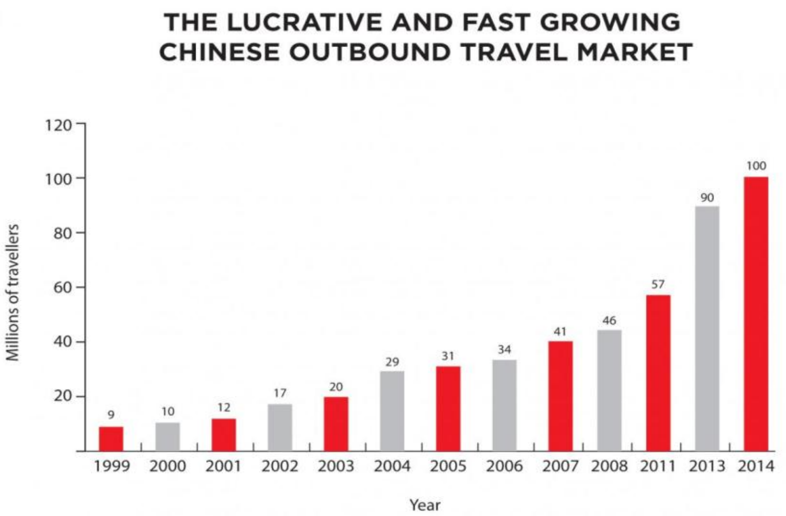
NZ received just 0.2% of the Chinese outbound tourism market in 2011

In 2011, Chinese visitors to NZ spent more than double German visitors and outstripped the American visitor market for total spend
(Source: International Visitor Survey Statistics for NZ)

Chinese average spend per trip in 2011 is the third highest, after Korea and Germany
(Source: International Visitor Survey Statistics for NZ)

If NZ could aim for just 1% of the Chinese outbound tourist market, their total spend in NZ would make China New Zealand's most important tourist market





Source: China Outbound Travel & Tourism Market (www.cottm.com)

Results in more detail

Passenger growth drives revenue drives profit

Total revenue of $215.9m (+ 8.9%), driven by increased passenger volumes, from RWC and new route developments

Exceptional retail revenue of $61.8m (+12.8%), rewarding the capital expenditure in prior year and the proactive landlord model

Underlying profit $70.8m (+15.0%) highlights operating leverage benefits

International passenger growth remains strong at Auckland (6.5%) and Queenstown (30.1%), and Cairns (6.7%) despite external challenges in aviation markets

Interim dividend for the six months of 4.4 cents per share, up 0.4 cents per share on FY11 interim (+10%)

Auckland Airport

Results overview

	6 months to 31 Dec 2011 ($m)	6 months to 31 Dec 2010 ($m)	% Change
Revenue	215.9	198.3	8.9
Expenses	54.5	47.3	15.3
EBITDAFI (Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates)	**161.4**	**151.0**	6.9
Share of profit of associates	2.7	0.8	219.9
Gain on sale of associates	-	1.2	-
Investment property fair value increases	-	2.3	-
Derivative fair value change	(2.1)	1.4	(251.3)
Depreciation	31.8	28.7	10.5
Interest	35.0	35.8	(2.1)
Reported net profit after tax	**69.1**	**65.5**	5.5
Underlying profit	**70.8**	**61.5**	15.0

Underlying profits explained

	6 months to 31 Dec 2011			6 months to 31 Dec 2010		
	Reported earnings ($m)	Adjustments ($m)	Underlying earnings ($m)	Reported earnings ($m)	Adjustments ($m)	Underlying earnings ($m)
EBITDAFI per income statement	**161.4**	**0.0**	**161.4**	**151.0**	**0.0**	**151.0**
Share of profit of associates [1]	2.7	0.3	3.0	0.8	0.0	0.8
Gain on sale of an associate [2]	0.0	0.0	0.0	1.2	(1.2)	0.0
Derivative fair value increases/(decreases) [3]	(2.1)	2.1	0.0	1.4	(1.4)	0.0
Investment property fair value increases [4]	0.0	0.0	0.0	2.3	(2.3)	0.0
Depreciation	(31.8)	0.0	(31.8)	(28.7)	0.0	(28.7)
Interest expense and other finance costs	(35.0)	0.0	(35.0)	(35.8)	0.0	(35.8)
Other taxation expense [5]	(26.1)	(0.7)	(26.8)	(26.8)	0.9	(25.9)
Profit after tax	**69.1**	**1.7**	**70.8**	**65.5**	**(4.0)**	**61.5**

[1] Auckland Airport's share of the fair value movement in the derivative financial instrument that do not qualify for hedge accounting for the six months ended 31 December 2011 was a $0.281 million loss.

[2] The sale of Auckland Airport's joint venture investment in HMSC-AIAL was a one off gain of $1.240 million during the six months ended 31 December 2010.

[3] The fair valuation movement of the derivative financial instruments that do not qualify for hedge accounting put in place in conjunction with the US Private Placement (USPP) debt issuance in November 2010.

[4] The fair value increase of Auckland Airport's investment property portfolio. No fair value change was recorded as at 31 December 2011.

[5] Taxation adjustments as a result of adjustments 1 to 4 above.

Passenger growth resists aviation volatility

International passenger growth for 6 months to 31 December 2011		
	Movement from prior period ($m)	% Change
Auckland Airport	242,304	6.5
Queenstown Airport	27,469	30.1
Cairns Airport	26,769	6.7

Domestic passenger growth for 6 months to 31 December 2011		
	Movement from prior period ($m)	% Change
Auckland Airport	28,429	0.9
Queenstown Airport	14,857	3.9
Cairns Airport	2,740	0.2
Mackay Airport	33,809	6.3

Our delivery against passenger growth targets has been strong despite challenges in the aviation industry, tourism and global markets

At Auckland Airport, international passenger volumes were positively impacted by the RWC 2011 and new services (China arrivals up 21.8%, Singapore arrivals up 60.5%)

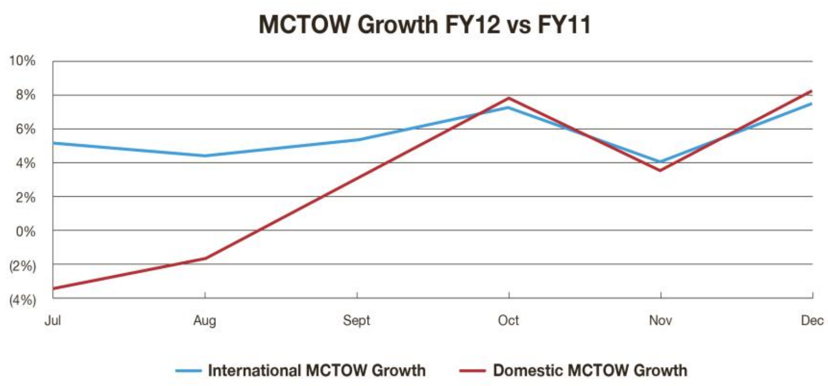
Cairns Airport volumes have held strong following the affects on tourism from floods, cyclones and the Japan earthquake

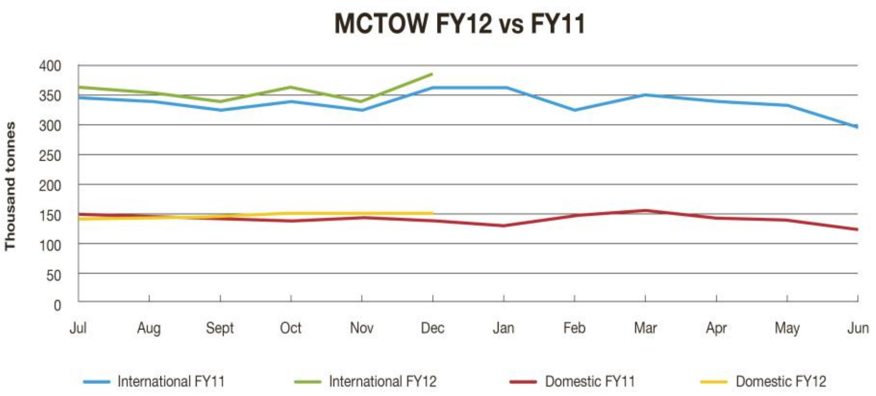
Queenstown passenger volumes were boosted by increases in capacity

Mackay Airport continues to be supported by growth in the Australian resources sector

Auckland Airport aircraft weight trends

MCTOW for 6 months to 31 December			
	2011 (tonnes)	2010 (tonnes)	% Change
International	2,132,005	2,018,464	5.6
Domestic	880,173	855,428	2.9
Total	3,012,178	2,873,892	4.8





Domestic MCTOW recovered from the dip in prior year following Pacific Blue's departure and increased services from Air NZ and Jetstar

International MCTOW growth in six months to December 2011 driven by new services

RWC benefits – real but modest

Arrivals by country for 6 months to 31 December			
	2011	2010	% Change
Australia	379,216	327,587	15.8
UK & Ireland	99,359	88,047	12.8
France	21,790	9,857	121.1
South Africa	14,288	7,789	83.4

- Our estimate of the profit benefit from the RWC for Auckland Airport is $2 million before tax
- Auckland Airport saw increased international passenger arrivals from rugby nations
- Substitution of other travellers was evident – a decrease in New Zealander departures during the RWC period, but increase in New Zealander departures before and after as passengers adjusted travel patterns
- Retail did benefit from an increase in the volume of customers and spend rates but mostly in lower yielding product categories
- Car parking business saw a decrease in yield and revenue opportunities over the period due, in particular, to a decrease in the New Zealand business segment
- The RWC required an investment in expenditure to maintain service during the peak period in R&M, cleaning and temporary staff

Strong revenue performance

	6 months to 31 Dec 2011 ($m)	6 months to 31 Dec 2010 ($m)	% Change
Airfield income	39.5	36.7	7.7
Passenger service charge	42.1	39.4	6.6
Terminal services charge	14.4	13.9	3.3
Retail income	61.8	54.8	12.8
Rental income	26.6	25.6	4.2
Car park income	18.6	17.1	8.8
Interest income	0.8	0.6	49.7
Other revenue	12.0	10.2	17.8
Total revenue	**215.9**	**198.3**	**8.9**

MCTOW and passenger growth boost Airfield and Passenger Service Charge revenue

Retail revenue shows exceptional growth from international terminal redevelopment

Car parking continues to deliver strong performance through online marketing and yield management

Other revenue growth of 17.8% due to higher tenant recoveries (rates, insurance and maintenance), higher transport licence revenue and the new Formule 1 Hotel revenue

Expenses growth fuelling revenue growth

	6 months to 31 Dec 2011 ($m)	6 months to 31 Dec 2010 ($m)	% Change
Staff	17.1	16.4	4.7
Asset management, maintenance and airport operations	18.8	16.3	15.5
Rates and insurance	4.5	3.9	14.3
Marketing and promotions	6.4	4.0	58.2
Other	7.8	6.7	15.7
Total operating expenses	**54.5**	**47.3**	**15.3**
Depreciation	31.8	28.7	10.5
Interest	35.0	35.8	(2.1)
Taxation	26.1	26.8	(2.3)

The RWC saw an increase in repairs, maintenance, cleaning, contracted services and temporary staff in the six months to December 2011. Further increases were in property maintenance (with higher recoverables) and volume related utility expenditure.

Council rates increased by 11% in the six months to December 2011 and insurance 24%. Most of these increases are recovered through tenants.

Marketing and promotions expenditure increased by $2.4m compared to the prior six month period but decreased over the six months to 30 June 2011.

Other costs increased due to doubtful debt provisions against a debt from the Marae Trust and direct hotel expenditure from the Formule 1 Hotel.

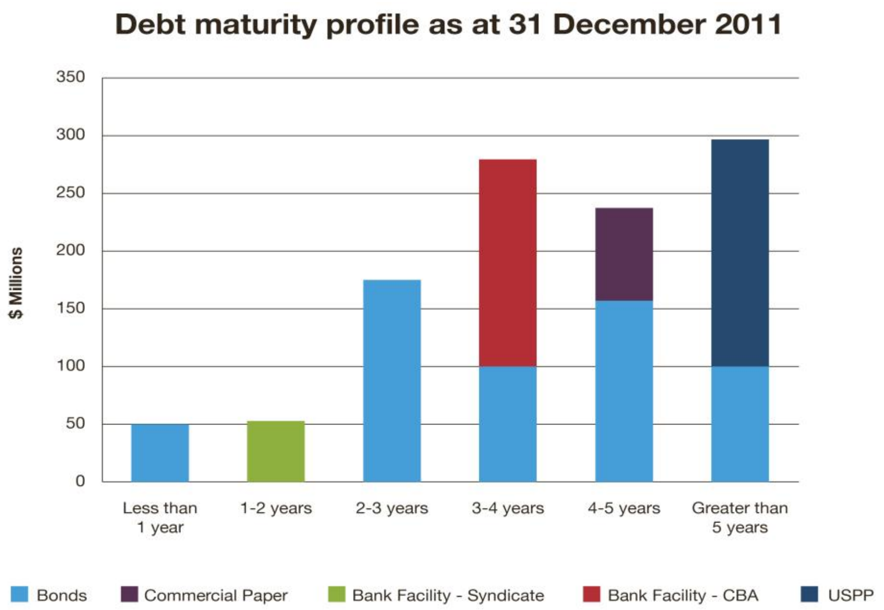
Busy debt refinancing period in 2011

The third and final series of the USPP was drawn down in July 2011.

A new six-year $100 million bond at 5.47% was issued in October 2011. A new multi-currency bank facility (NZD $135m and AUD $40m) with expiry date 31 January 2015 commenced in October 2011.

The standby facility was amended extending the expiry date to 10 March 2016 (from 2013).

Debt ratios	31 Dec 2011	31 Dec 2010
Average interest rate for the six months	6.51%	6.63%
Underlying EBITDAFI Interest cover ratio	4.19	3.93
Average debt maturity	4.88	4.56
Debt/Debt + equity	31.16%	35.75%



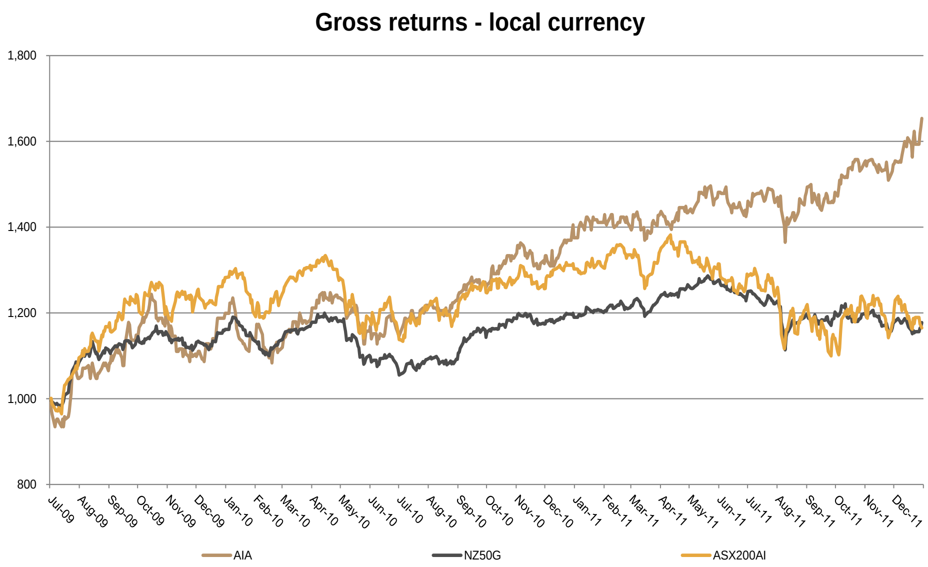
Commercial paper maturities are less than three months but are supported by committed bank facilities that mature in March 2016. As at 31 December 2011, $100 million was still outstanding on the maturing $275m CBA Facility, however this has been refinanced with the new CBA Facility agreed in October 2011 with a maturity date of 31 January 2015, therefore has been re-classified to the maturity bracket of 3-4 years.

Growth strategy driving results for shareholders

FY12 Interim dividend of 4.40 cps, a 10.0% increase from 4.00cps interim for FY11

Record date for dividend is 19 March 2012 with payment date on 2 April 2012

Dividend reinvestment plan suspended for this dividend



	Share Price Opening	Share Price Closing	Dividend (cps)	Total return (cps)	Total shareholder return (%)
1 July 2009 to 30 June 2010	1.61	1.87	0.082	0.342	21.2
1 July 2010 to 30 June 2011	1.87	2.23	0.087	0.447	23.9
1 July 2011 to 24 February 2012	2.23	2.47	0.044	0.284	12.7 *

*Over 8 months

Auckland Airport

Growing air services remains a top priority

Route development in Asia is showing real results through increased visitors from Singapore (up 60.5%) and China (up 21.8%) from prior period

United's new service to Houston awaits 787 aircraft delivery. "The 787 is coming to United mid-year, and one of our first routes will be Houston-Auckland, which we're very excited about" United Airlines COO Pete McDonald 23 January 2012

Asia still viewed as most important growth region

Continued support from Tourism New Zealand and Government

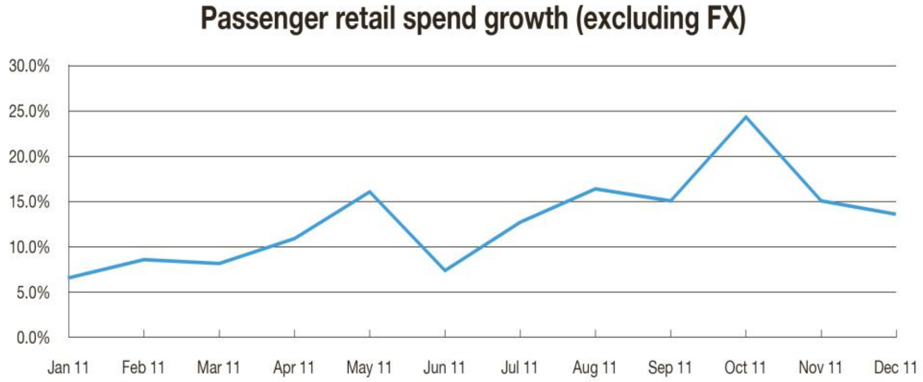
Challenging times for airlines means it is essential for Auckland Airport to ensure current services and potential new services are sustainable long-term

Positive developments (seasonal Air New Zealand Bali and Emirates Melbourne upgrade) and negative developments (Qantas withdrawal from LAX) highlight how different airlines are adapting their growth strategies to the current aviation challenges and opportunities

Retail sales growth continues post refurbishment

International terminal development boosting retail revenue in all areas:

- **Duty Free (arrivals and departures)**
- **Food and Beverage (outlets before and after security)**
- **Specialty stores**

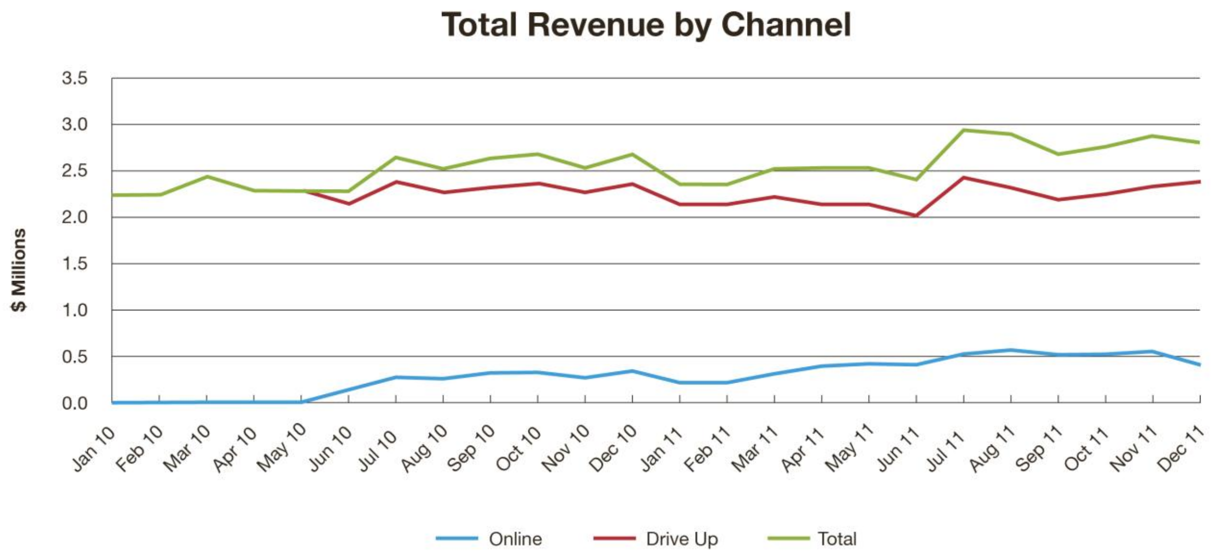


Passenger mix also contributed to retail income per international passenger increasing to $16.25 in the six months to 31 December 2011, from $15.35 in the six months to 31 December 2010

Continue to focus on improving the passenger experience and product (e.g. Emperor Lounge, inter-terminal bus)

Growth rates have been high for 12 months. Our expectations are for growth to continue but with the rate of growth easing.

Car park yield management delivers results



Online parking now makes up 18% of total car park revenue

Parking products available to suit all market requirements

Continuing to fine-tune our offers, our marketing and our add-on products to maximise car parking performance and revenue yield management

We are exploring how we can utilise this direct to consumer channel to improve the passenger experience in the terminals as well as retail spend rates

Property portfolio delivers

Property segment revenues up $1.8m (+10.0%) reflecting property development completions in a very tough market

New accommodation product performed very strongly. In December 2011, Novotel (20% owned) occupancy rates were 79% (average 72% in the six month period) and Formule 1 occupancy rates were 70% (average 55% in the six month period). The hotels have only been open for 7 and 4 months, respectively.

Toll warehouse facility nearing completion (March 2012)

Quad 5 building to be completed mid year

CEVA Logistics warehouse & office well underway

Two stand-alone speculative warehouse facilities under development to match demand unable to be met due to our current low vacancy levels

NQA continues to grow EBITDA

NQA Performance	6 months to 31 Dec 2011	6 months to 31 Dec 2010	% Change
Passenger Movements (million)			
International - Cairns (ex transits)	0.424	0.397	6.7
Domestic – Cairns & Mackay	2.301	2.265	1.6
Financial Performance (AU$m)			
Total revenue	57.3	53.4	7.4
Expenses	19.8	21.1	(6.1)
EBITDAFI	37.5	32.3	16.2
Profit after taxation	5.8	0.2	2284.9

Cairns performs strongly in light of global events such as Japan earthquake with international passenger numbers still up 6.7%

Revenue and EBITDAFI easily surpass prior period performance up 7.4% and 16.2% respectively

Cash dividends received relating to the six months period were AUD4.836m up from AUD3.805m (+27%)

We are highly supportive of NQA's growth plans and would invest further if an opportunity becomes available and the price was right

Queenstown international growth continues

Queenstown Airport Performance	6 months to 31 Dec 2011	6 months to 31 Dec 2010	% Change
Passenger Movements			
International	118,840	91,371	30.1
Domestic	399,070	384,213	3.9
Financial Performance ($m)			
Revenue	8.5	7.7	9.9
EBITDAFI	6.2	5.9	4.9
Profit after taxation	2.8	3.0	(5.1)

Passenger volume growth continues to surpass expectations with international passenger growth of 30.1%

Operating expenses up $0.5m from volume related expenditure, promotions and planning consultation

Depreciation and interest increase following capital expenditure investment resulting in a flat profit performance

First dividend of $0.822m was received on 31 August 2011 and a further $0.250m on 31 January 2012

Price consultation with airlines in progress

Auckland Airport commenced confidential aeronautical pricing consultation under the Airport Authorities Act in August 2011

Pricing consultation covers landing charges, passenger service charges and terminal service charges

The consultation process to date has been thorough, undertaken with BARNZ and a wide range of airlines

There are two key components in determining appropriate charges:

a) Forecasting the level of new investment over the next 5 year period which we believe can be managed to moderate levels inclusive of investment in domestic facilities

b) Delivering higher revenues through volume growth

Together these can alleviate the need for significant price increases.

Path towards lifting the domestic passenger experience

Current domestic process elements are experiencing constraints right through the processing chain from surface access through to aircraft aprons

The advent of larger jet aircraft operating today and proposed to be added will further exacerbate the issues

We have been engaging with the main domestic operators for almost a year and we believe a clear path is required for implementation to deliver required capacity before significant A320 aircraft deliveries occur in the middle of the decade

Our proposed pathway remains as signalled to the markets in August 2011 with a carefully staged approach, and we remain committed to a consultation process with a decision in May 2012

Looking ahead

We believe we provide a low risk exposure to the Asian growth story

Continuing to explore new partnerships, business extensions, information sources and technologies to increase New Zealand's share of growth in the Asia-Pacific region

Quality execution of business strategies across the group will provide further opportunities for long term growth for shareholders

We are cautiously optimistic about our near term future prospects and expect profit for FY12 to be at the higher end of the previous guidance range of in the $130 millions (excluding fair value changes and one-off items)

Capital expenditure is forecast to be around $90 million

Questions?