



Christchurch International Airport Limited
Fixed Rate Bond Offer Presentation
May 2018



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Application has been made to NZX Limited (NZX) and for permission to quote the bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of this presentation have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator and the NZX Debt Market is a licensed market, under the FMCA.

Agenda

1. Key Terms of the Offer
2. Company Overview
3. Strategic Mission
4. Aeronautical Overview
5. Property Overview
6. Sustainability & Innovation
7. Financial Overview & Credit Highlights

Key Terms of the Offer

Issuer	Christchurch International Airport Limited ("CIAL")
Description	Unsecured, unsubordinated, fixed rate bonds
Issuer Credit Rating	BBB+ (stable) S&P Global Ratings
Issue Credit Rating	BBB+ S&P Global Ratings
Term	6 years, maturing on 24 May 2024
Offer Amount	Up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at CIAL's discretion)
Interest Rate	To be determined by CIAL in conjunction with the Lead Manager following a bookbuild, and announced via NZX on the Rate Set Date. The Interest Rate will be equal to the sum of the Swap Rate on the Rate Set Date and the margin, but in any case will be no less than the minimum Interest Rate announced by CIAL via NZX on or about the Opening Date (being 14 May 2018)
Financial Covenants	<ul style="list-style-type: none"> • Total Tangible Assets of the Guaranteeing Group will exceed 90% of Total Tangible Assets of the CIAL Group; • Total Debt of the Guaranteeing Group will not exceed 60% of the sum of Total Debt plus Total Equity of the Guaranteeing Group*; • Interest cover ratio of the Guaranteeing Group will not be less than 1.75:1; and • Total Tangible Assets of the Guaranteeing Group attributable to joint venture interests will not exceed 10% of Total Tangible Assets of the CIAL Group*
Purpose	The proceeds of this offer are expected to be used by CIAL to refinance \$50m of its existing bank loan facilities. Any additional proceeds raised will be used to provide funding for capital development projects and for general operational purposes
Denominations	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
Quotation	Application has been made to NZX to quote the Bonds on the NZX Debt Market
Securities Registrar	Computershare Investor Services Limited
Lead Manager	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)

* Please refer to section 6 of the PDS for more details

Company Overview



Company Overview

- Christchurch International Airport Ltd ("CIAL") is 75% owned by Christchurch City Holdings Ltd and 25% by the Crown
- Second largest airport in New Zealand and busiest air connection for South Island trade and tourism markets
- One of only two airports in New Zealand capable of handling direct long-haul international services operated by "wide-bodied" aircraft (i.e. direct services to destinations other than Australia)
- Recently developed terminal complex built for maximum capacity of 10.5 million passengers



Company Overview (cont.)

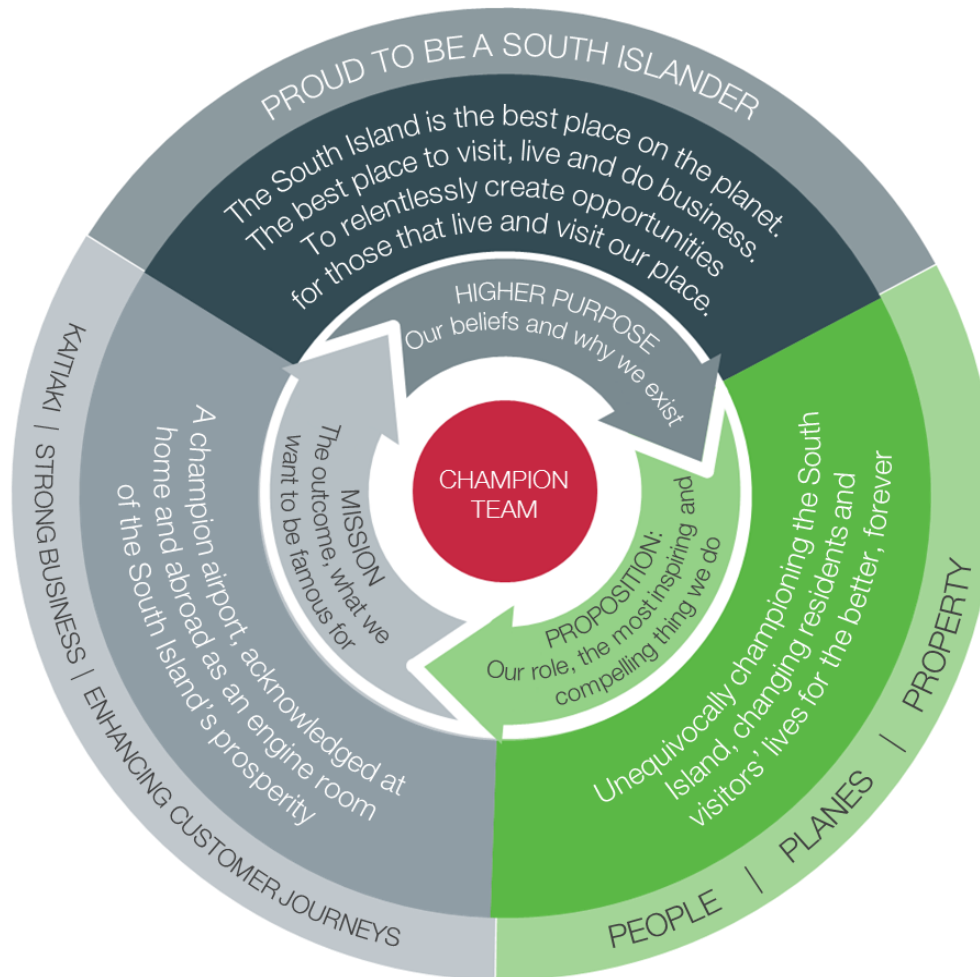
- No flight curfew, operating 24 hours a day, 7 days a week
- The largest single centre of employment in the South Island with more than 6,200 people working on the airport campus
- 4 commercial airlines flying 60,000 domestic flights p.a. and 9 commercial airlines flying 10,000 international flights p.a.
- 6.57m passengers in FY17 (domestic 4.91m and international 1.66m)
- Total land holding of approximately 1,000 hectares
- EBITDA for the year ended 30 June 2017 was \$143.6m
- \$1,288.4m in total assets and \$345.6m in total borrowings as at 30 June 2017
- Long-term credit rating of BBB+(stable) (S&P Global Ratings)

Strategic Mission



Strategy

Our Purpose, Mission and Proposition



Real Growth 2025 Defined

→ Our Success Defined

8.5 MILLION PASSENGERS P.A. (FROM 5.5M IN 2014)

\$1 BILLION IN NEW REGIONAL GDP FOR SOUTH ISLAND

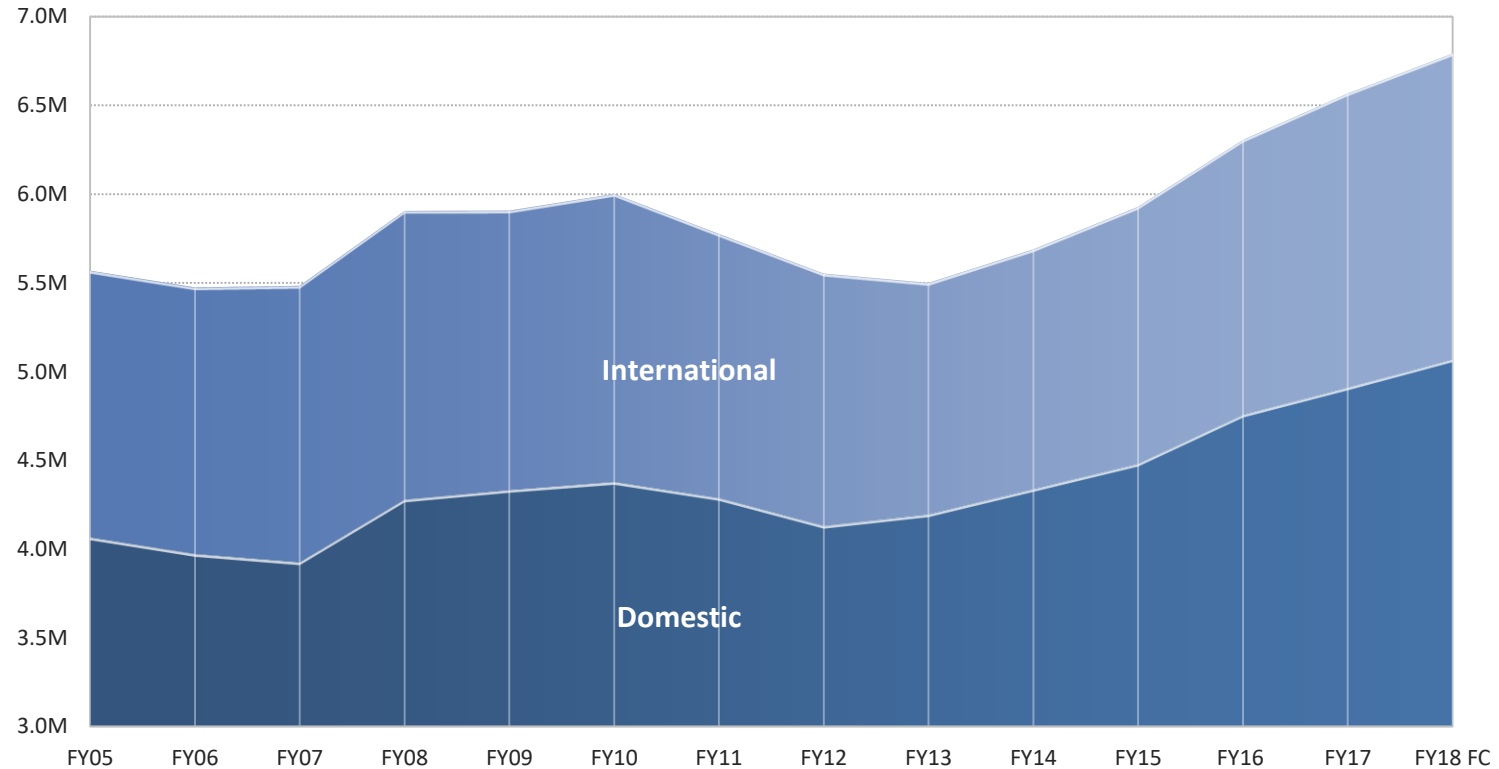
10,000 NEW REGIONAL JOBS FOR SOUTH ISLAND

Aeronautical Overview



Passenger Numbers Increasing

CIAL Annual Passengers



Aviation Growth Driven by International

- South Island generates circa 3.6 million international airline passengers p.a.
- 3 million being generated by international tourists and 600,000 by South Island residents leaving the country
- Growth is expected to be driven by the combined share of New Zealand's international tourist arrivals and the share of South Island residents using Christchurch Airport

Key Success Factors

CIAL has identified the following as key factors to success:

- **Strong Airport Business:** able to and confident to compete for its outcomes
- **Match Fit City:** including credible visitor strategy
- **South Island:** flying in formation on the international stage
- **Open Skies Policy:** maintaining integrity in New Zealand's open skies aviation policy

Airline Capacity Growth

- CIAL has achieved significant growth in airline capacity since the strategy reset
- Christchurch is the smallest city in the world to achieve a daily A380 service
- Compared to Canberra (a city with a similar population to Christchurch) – Canberra Airport has 365 international services p.a. while Christchurch has more than 10,000 international services p.a.

CIAL has achieved significant growth in airline capacity since 2014

	– CHINA SOUTHERN AIRLINES NEW DIRECT YEAR-ROUND SERVICE FROM GUANGZHOU
	– EMIRATES A380 DAILY SERVICE FROM DUBAI VIA SYDNEY
	– CHINA AIRLINES NEW SIX SERVICES A WEEK FROM TAIPEI VIA MELBOURNE/SYDNEY
	– QANTAS NEW DAILY SERVICE TO MELBOURNE AND BRISBANE
	– SINGAPORE AIRLINES DOUBLE DAILY SERVICES OVER SUMMER
	– FIJI AIRWAYS INCREASE FROM ONE TO THREE SERVICES PER WEEK
	– AIR NEW ZEALAND DIRECT SERVICE FROM PERTH
	– CATHAY PACIFIC NEW DIRECT SERVICE COMMENCED DEC 2017

Property Overview



Dakota Park

- 80 hectare freight, logistics and manufacturing precinct
- Roading and services infrastructure largely complete
- Close to 20 developments completed or under construction



South Island Logistics Centre Development

- Contracted with Freightways and NZ Post to cement Christchurch as the location for 80% of South Island parcel and air freight logistics for the next 20 years
- 27,000m² distribution centre on a 5.5ha site – circa \$50 million investment
- Construction completed in early 2017



Mustang Park

- 30 hectare Tourism Transport Hub
- Rental vehicle operations, vehicle storage and vehicle servicing
- 15 developments either completed or underway



Spitfire Square

- Convenience retail precinct now completed, anchored by Countdown
- A total of 17 stores all fully leased
- A mix of quality food, beverage and service retail offerings
- Targeted at the 6,000 people who work at the airport, plus airport visitors



Novotel Christchurch Airport

- A strategically important development to support capturing increased share of South Island international passenger growth
- 200 rooms – planned opening in late 2018



'JUCY Snooze' Backpacker

- Operated by JUCY Group as 'JUCY Snooze'
- 280 bed backpacker completed in November 2016
- New Zealand's first pod hostel when opened



Harvard Park

- Trade, automotive, marine, building, farming, agricultural, garden, office furniture and equipment supplies and petrol station
- Stage 1 to comprise a 6.6ha development
- Final stages of discussions with anchor tenant



Sustainability & Innovation



Championing Environmental Sustainability

Our sustainability strategy identifies five key areas we focus our efforts on



Embracing Innovation

CIAL has a focus on adapting to innovation centred on three areas of current innovation and new technology:

- Autonomy, including autonomous transport systems
- Development of data driven platforms to fundamentally reshape services and products
- Artificial intelligence and augmented reality



Financial Overview & Credit Highlights



Financial Performance

All numbers in this table are taken from, or calculated from, full year financial statements that have been audited by CIAL's external auditor, Audit New Zealand, or from CIAL's unaudited interim financial statements for the six months ended 31 December. The non-GAAP financial information set out below, Operating revenue and EBITDAF, have not been subject to audit or review.

\$ millions	FY15 Actual	FY16 Actual	FY17 Actual	IFY17 Actual	IFY18 Actual
Operating Revenue *	159.0	169.9	177.3	86.4	88.9
EBITDA	106.6	114.1	143.6	53.3	56.0
EBITDAF **	92.7	103.2	108.6	53.3	56.0
Net Profit after Tax	39.3	43.1	64.6	18.3	19.3
Total Assets (accounting values)	1,212.8	1,260.6	1,347.0	1,288.4	1,373.8
Total Borrowings	295.3	324.0	369.2	345.6	395.2
Equity (Book Value)	766.8	791.2	826.9	802.2	823.9

* Operating Revenue is non-GAAP financial information that does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. For CIAL it is defined as Total Revenue (determined in accordance with GAAP) less fair value gains on investment properties and interest income. CIAL uses this as its key internal revenue measure, as it reflects revenues received from the core operations within the three commercial portfolios.

** EBITDAF is non-GAAP financial information that does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. For CIAL it is defined as net profit after tax plus interest expense, plus tax expense, plus depreciation and amortisation, plus investment property expenditure, less fair value gain on investment properties less gain on disposal of assets. CIAL uses this as its key measure of underlying operational profitability at a gross margin level. It eliminates the impact of unrealised gains or losses on the investment property portfolio which are non-cash items and externally influenced. Consequently, this measure more closely aligns to a cash based operating margin.

In relation to all non-GAAP financial information contained in this presentation, a reconciliation is available in the "Reconciliation of Non-GAAP Financial Information" document under the "Other financial information" section on the Disclose Register.

Non-Aeronautical

- ➔ **54.6% of IFY18 operating revenue is from non-aeronautical activities, these include:**
 - Terminal lease concessions (food and beverage outlets, retail operations, duty free shops, rental car operators)
 - Car parking and commercial vehicle access charges
 - CIAL's commercial property portfolio
- ➔ **Commercial Property Strategy – 'To be a Landlord'**
 - Approx. 100 properties (147 leases) as at 30 June 2017
 - Occupancy rate of 99%
 - Average yield of 7.68% (on land & buildings) and WALT of 6.45 years
 - Operates under 'Special Purpose (Airport) Zone' from planning perspective

Regulatory Overview

Overview

- New Zealand's three largest airports including Christchurch are subject to an Information Disclosure regime under Part 4 of the Commerce Act 1986, with regulatory oversight undertaken by the Commerce Commission
- The Commission does not set prices for airport services but instead focus on monitoring airport performance, ensuring transparency in pricing decisions, as well as the effectiveness of the regime
- CIAL has 46% of its forecast FY18 revenue under this regulatory regime (or circa \$80 million p.a.)

Aeronautical Prices set for Price Setting Event 3 ("PSE3")

- Regulated airports set prices once every five years. CIAL has set prices for the period from 1 July 2017 to 30 June 2022 ("PSE3")
- Forecast total aeronautical segment (including non aero pricing activities) after tax returns of 6.65% p.a.
- Risk free interest rates are historically low, which has played into lower WACC for PSE3 than in prior price setting period
- CIAL has moved to standardised per passenger pricing structure using levelised price path over asset lives
- Focus on efficient use of existing asset base. CIAL does not have material capex projects over the next 5 years
- *Pricing versus Charging*: Pricing is what the regulator allows you to earn - charging is what the market will withstand.

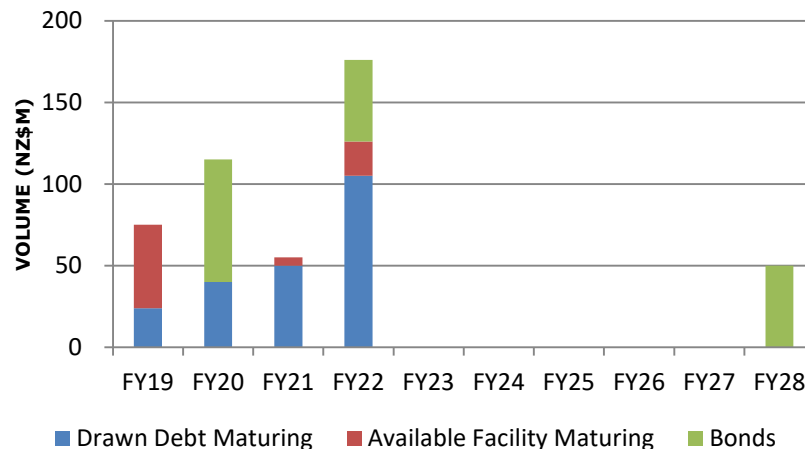
Credit Summary

- Credit Rating
 - Corporate credit rating of 'BBB+/Stable' from S&P Global Ratings (Dec 2017)
- In 2016 the CIAL Board completed capital strategy review – focus on lifting return on equity and appropriate balance sheet management. Focus on achieving sustainable stand alone credit rating of BBB+ (consistent with Treasury Policy)
- Debt/(Debt+Equity) ratio targeted between range of 30%-40% per Treasury Policy (IFY18 Actual 32.4%)
- CIAL continues to review its capital structure with a focus on extending its overall debt maturity profile and further diversification away from bank funding

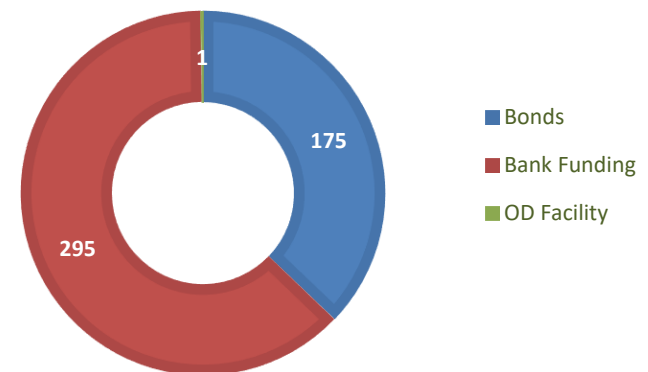
Funding & Liquidity

- Current funding facilities in place total \$471 million
- Overall debt as at 31 December 2017 was \$394 million
- Debt levels forecast to peak in mid to late 2020

**DEBT MATURITY PROFILE
AS AT 31 DEC 2017**



**SOURCES OF FUNDING
AS AT 31 DEC 2017 (NZ\$M)**



Structure and Covenants

- CIAL must join its subsidiaries as guarantors of the Bonds if it is required to meet the Guaranteeing Group Covenant
- Bondholders will have the benefit of the following financial covenants under the Master Trust Deed

Covenant	Threshold Level	As at 31/12/2017
Total Tangible Assets of Guaranteeing Group	>90%	100%
Debt/Debt+Equity	<60%	32.4%
EBITDA Interest Cover	>1.75x	4.9x
Total Tangible Assets of Guaranteeing Group to JVs	<10%	0%

- All existing senior lenders have the benefit of the same financial covenants
- Additional credit metrics are as set out below:

Credit Metrics	As at 31/12/2017
Free Funds from Operations/Interest Cover	4.5x
Free Funds from Operations/Debt	17.2%

Key Credit Highlights

- **Competitive advantage:** Strategic position as the gateway to Christchurch and the wider South Island with 74% market share in South Island passenger volume
- **Financial and economic resilience:** Continued international passenger growth driven by key Asian markets as well as consistent earnings growth. Issuer rating of BBB+/Stable (S&P Global Ratings, affirmed Dec-17)
- **Modern infrastructure asset:** Integrated international and domestic terminal which processed 6.57 million passengers in FY17. Terminal has sufficient capacity for further passenger growth. Strategic plan in place to increase this to 8.5 million passengers per year by 2025 without the requirement for a major rebuild
- **Diversified revenue:** Approximately 54% of IFY 2018 operating revenue was from non-aeronautical activities (property rental, ground transport and other trading activities) mitigating volatility in air traffic demand and regulatory restrictions on aeronautical income
- **Management:** Highly experienced management team with comprehensive knowledge of transport and tourism sectors

Bond Offer Timetable

PDS Lodged	Friday, 4 May 2018
Offer Open	Monday, 14 May 2018
Closing Date	11am Friday, 18 May 2018
Rate Set Date	Friday, 18 May 2018
Issue Date	Thursday, 24 May 2018
Expected Date of Initial Quotation on the NZX Debt Market	Friday, 25 May 2018
Interest Payment Dates	24 May and 24 November in each year until and including the Maturity Date
First Interest Payment Date	24 November 2018*
Maturity Date	Friday, 24 May 2024

* Payment will be made on Monday, 26 November 2018 as 24 November 2018 is a Saturday



christchurchairport.co.nz