FORSYTH BARR

NEW ZEALAND EQUITY RESEARCH | TRANSPORT | AIRPORT OWNER & OPERATOR

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Auckland Airport
1H20 — Soft Coronavirus Landing

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UNDERPERFORM

Auckland Airport's (AIA) 1H20 result provided few surprises, but along with commentary yesterday from Qantas (QAN) and Sydney Airport (SYD), we gleaned a greater level of insight into the impact of the coronavirus on the demand outlook. In fact, AIA appears to have eased market concerns that the impact on near term earnings will be modest rather than significant despite a potential material reduction in international passengers over the next few months. The business is exposed from an aeronautical perspective but largely protected near term by concession agreements in its retail operations. The newsflow, however, is likely to get worse before its gets better given consistent capacity cutting by airlines. With near to medium earnings risk still weighted to the downside (prolonged coronavirus fall-out and a deferral of the runway land charge), and despite a modest de-rating in recent months, we retain an UNDERPERFORM rating.

What's changed?

- **Earnings:** Small cuts to FY20 in light of weaker demand outlook, partly offset by lower interest costs
- **Target price**: Increased to NZ$8.10 from NZ$7.90 to reflect the re-rating of Sydney Airport in our sum-of-the-parts valuation

NZX Code	AIA
Share price	NZ$8.60
Target price	NZ$8.10
Risk rating	Low
Issued shares	1207.0m
Market cap	NZ$10,380m
Avg daily turnover	1,121k (NZ$9,813k)

Financials: Jun/	19A	20E	21E	22E
NPAT* (NZ$m)	274.7	266.3	268.2	270.8
EPS* (NZc)	22.8	21.9	21.9	22.0
EPS growth* (%)	3.6	-3.8	0.0	0.4
DPS (NZc)	22.3	22.3	22.3	22.3
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	22.2	23.1	22.3	21.1
EV/EBIT	27.2	29.1	28.7	28.1
PE	37.8	39.3	39.2	39.1
Price / NTA	1.7	1.7	1.7	1.7
Cash div yld (%)	2.6	2.6	2.6	2.6
Gross div yld (%)	3.6	3.6	3.6	3.6

Demand outlook uncertainty

We estimate that AIA's coronavirus 2H20 post-tax impact guidance of NZ$10m implies an ~-8% reduction in international passengers. This is a material contraction which will play out in its monthly operating stats for the next six months. The growing number of cases outside of China (South Korea and Japan in particular) poses a wider risk to Asian-Pacific travel markets.

Consensus earnings risk to FY21

We expect market expectations for near to medium earnings to fall further. Coronavirus and the downgraded company guidance (NPAT range now: NZ$260m–NZ$270m) will likely lower FY20 estimates. FY21 and FY22 will be impacted by the likely deferral of the runway land charge, which was expected to be levied once the Board signed off the Northern runway construction programme. AIA has yet to confirm the deferral of the Northern runway project, but it looks highly likely given (1) market structure changes with the exit of Jetstar regional, (2) continued upgauging by airlines, (3) the perceived threat of flight shaming, and (4) acknowledgement from management that the Northern runway will now only be needed in the early 2030s (previously mid-point delivery was 2028).

Valuation drivers suggest downside

The three key drivers of AIA's valuation remain (1) bond rates, (2) near term international pax growth, and (3) underlying forward profitability. The latter two are likely to get worse before they get better and therefore we retain an UNDERPERFORM rating. AIA is trading at ~22x one year forward EV/EBITDA, having de-rated from ~24x since mid-2019. It now trades at a small premium to SYD but at least for the next several years has an inferior earnings growth profile.

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Auckland International Airport Ltd (AIA)

Priced as at 20 Feb 2020 (NZ$)	8.60

12-month target price (NZ$)*	8.10
Expected share price return	-5.8%
Net dividend yield	2.6%
Estimated 12-month return	-3.2%

Spot valuations (NZ$)	
1. DCF	6.54
2. Sum of the parts	8.88
3. n/a	n/a

Key WACC assumptions	
Risk free rate	2.00%
Equity beta	0.80
WACC	6.2%
Terminal growth	2.0%

DCF valuation summary (NZ$m)	
Total firm value	10,129
(Net debt)/cash	(2,238)
Less: Capitalised operating leases	0
Value of equity	7,892

Profit and Loss Account (NZ$m)	2018A	2019A	2020E	2021E	2022E
Sales revenue	683.9	743.4	737.2	773.7	816.5
Normalised EBITDA	**506.4**	**554.8**	**545.3**	**571.5**	**602.2**
Depreciation and amortisation	(88.9)	(102.2)	(112.7)	(128.1)	(149.8)
Normalised EBIT	**417.5**	**452.6**	**432.6**	**443.4**	**452.4**
Net interest	(77.2)	(78.5)	(72.5)	(81.2)	(87.1)
Associate income	8.5	8.2	9.7	10.3	10.9
Tax	(217.7)	(109.2)	(106.3)	(104.3)	(105.3)
Minority interests	0	0	0	0	0
Normalised NPAT	**263.1**	**274.7**	**266.3**	**268.2**	**270.8**
Abnormals/other	(387.0)	(248.8)	(7.3)	0	0
Reported NPAT	**650.1**	**523.5**	**273.6**	**268.2**	**270.8**
Normalised EPS (cps)	22.0	22.8	21.9	21.9	22.0
DPS (cps)	21.8	22.3	22.3	22.3	22.3

Valuation Ratios	2018A	2019A	2020E	2021E	2022E
EV/EBITDA (x)	24.1	22.2	23.1	22.3	21.1
EV/EBIT (x)	29.3	27.2	29.1	28.7	28.1
PE (x)	39.1	37.8	39.3	39.2	39.1
Price/NTA (x)	1.8	1.7	1.7	1.7	1.7
Free cash flow yield (%)	-0.6	0.5	-1.1	-2.4	-2.2
Net dividend yield (%)	2.5	2.6	2.6	2.6	2.6
Gross dividend yield (%)	3.5	3.6	3.6	3.6	3.6

Capital Structure	2018A	2019A	2020E	2021E	2022E
Interest cover EBIT (x)	5.4	5.8	6.0	5.5	5.2
Interest cover EBITDA (x)	6.6	7.1	7.5	7.0	6.9
Net debt/ND+E (%)	25.6	26.3	28.9	32.4	33.1
Net debt/EBITDA (x)	3.9	3.9	4.5	5.1	5.2

Growth Rates	2018A	2019A	2020A	2021A	2022A
Revenue (%)	8.7	8.7	-0.8	4.9	5.5
EBITDA (%)	7.0	9.6	-1.7	4.8	5.4
EBIT (%)	5.6	8.4	-4.4	2.5	2.0
Normalised NPAT (%)	6.2	4.4	-3.1	0.7	1.0
Normalised EPS (%)	5.6	3.6	-3.8	0.0	0.4
Ordinary DPS (%)	6.1	2.3	0.0	0.0	0.0

Key Ratios	2018A	2019A	2020E	2021E	2022E
Return on assets (%)	5.1	5.2	4.8	4.6	4.5
Return on equity (%)	4.6	4.6	4.4	4.4	4.3
Return on funds employed (%)	12.3	11.0	9.3	8.5	7.6
EBITDA margin (%)	74.0	74.6	74.0	73.9	73.8
EBIT margin (%)	61.0	60.9	58.7	57.3	55.4
Capex to sales (%)	56.6	43.1	66.2	82.7	78.4
Capex to depreciation (%)	436	313	433	499	427
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	99	98	102	102	101

Cash Flow (NZ$m)	2018A	2019A	2020E	2021E	2022E
EBITDA	**506.4**	**554.8**	**545.3**	**571.5**	**602.2**
Working capital change	(12.3)	(48.6)	(9.7)	(10.3)	(10.9)
Interest & tax paid	(294.9)	(187.7)	(178.8)	(185.4)	(192.4)
Other	122.0	57.4	19.8	10.3	10.9
Operating cash flow	**321.2**	**375.9**	**376.6**	**386.1**	**409.7**
Capital expenditure	(387.4)	(320.1)	(488.0)	(640.0)	(640.0)
(Acquisitions)/divestments	347.3	(0.8)	0	0	0
Other	(8.8)	(7.0)	(10.7)	(12.0)	(15.1)
Funding available/(required)	**272.3**	**48.0**	**(122.1)**	**(266.0)**	**(245.3)**
Dividends paid	(182.8)	(192.4)	(179.7)	(194.0)	20.9
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	**89.5**	**(144.4)**	**(301.8)**	**(459.9)**	**(224.5)**

Operating Performance	2018A	2019A	2020E	2021E	2022E
Aeronautical	328.5	342.2	322.9	340.5	361.1
Consumer	263.0	301.3	305.8	318.1	334.8
Property	86.1	94.7	103.2	109.6	115.1
Other	6.3	5.2	5.3	5.4	5.5
Total sales revenue	**683.9**	**743.4**	**737.2**	**773.7**	**816.5**
Aeronautical	239.9	252.1	235.5	249.1	265.3
Consumer	232.6	269.0	272.2	283.1	298.0
Property	65.5	72.2	78.9	83.9	88.0
Total EBITDAFI	**506.4**	**554.8**	**545.3**	**571.5**	**602.2**
International pax growth (%)	4.7	3.0	-3.5	4.0	4.5
Transits (%)	-1.2	-1.2	-15.0	2.0	3.5
Total int'l pax growth (%)	4.7	3.0	-3.5	4.0	4.5
Domestic pax growth (%)	7.7	3.6	-3.1	3.0	3.0
Aero income per pax change	-2.4	1.3	-1.3	-0.4	2.3
Retail sales per int'l pax change	12.1	15.5	5.0	0.0	1.0
Car park income per pax change	1.6	1.8	5.0	1.0	1.0
Yield on property BV (%)	7.4	6.8	6.6	6.5	6.4
Int'l aircraft numbers ('000)	55.7	57.1	54.0	55.5	57.4
Domestic aircraft numbers ('000)	118.6	121.7	116.4	118.4	120.5

Balance Sheet (NZ$m)	2018A	2019A	2020E	2021E	2022E
Working capital	(76.3)	(33.4)	(117.2)	(123.0)	(129.8)
Fixed assets	6,378.0	6,577.1	6,812.4	7,224.2	7,614.5
Intangibles	0	0	0	0	0
Right of use asset	0	0	0	0	0
Other assets	1,640.4	2,013.7	2,163.4	2,273.6	2,384.5
Total funds employed	**7,942.1**	**8,557.4**	**8,858.5**	**9,374.9**	**9,869.1**
Net debt/(cash)	1,953.6	2,153.1	2,454.9	2,914.8	3,139.2
Lease liability	0	0	0	0	0
Other liabilities	306.4	371.4	371.4	371.4	371.4
Shareholder's funds	5,682.1	6,032.9	6,032.3	6,088.7	6,358.5
Minority interests	0	0	0	0	0
Total funding sources	**7,942.1**	**8,557.4**	**8,858.5**	**9,374.9**	**9,869.1**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

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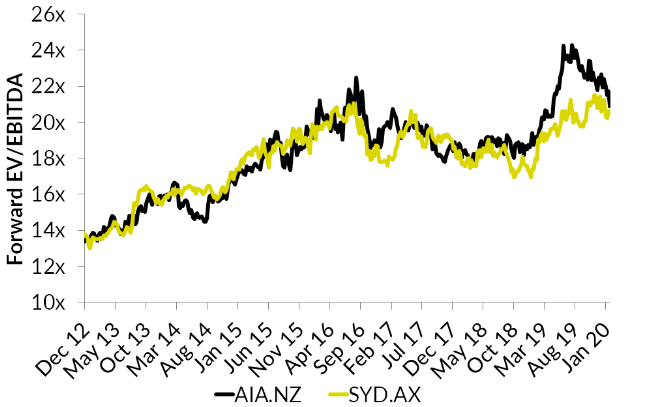
1H20: Slowest rate of growth in a decade

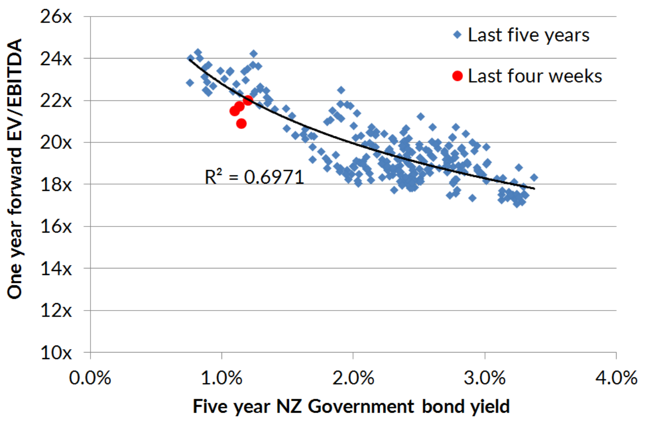
Auckland Airport (AIA) reported first half numbers largely consistent with our expectations; representing its slowest rate of growth for a decade. With consensus earnings forecasts likely to fall as a result of the new NPAT guidance range for FY20, the temporary removal of the runway land charge as a source of income from FY21, and ongoing concerns from the coronavirus outbreak, we believe the balance of risk around the near term earning outlook is to the downside. The stock has de-rated in recent months reflective of firmer bond rates and the slowing pax growth backdrop. UNDERPERFORM.

Figure 1. AIA has de-rated on softer earnings growth



Source: Eikon, Forsyth Barr analysis

Figure 2. Bond rates are a key driver of AIA's valuation



Source: Eikon, Forsyth Barr analysis

Result summary

First half EBITDAFI (earnings before interest, tax, depn, fair value adjustments) increased +1% against the prior year on revenue growth of +1%, reflecting flat passenger growth and lower aeronautical prices. Underlying NPAT growth was marginally higher (+2%), assisted by a higher level of interest being capitalised. Broader expense control is a relative highlight, particularly given the ongoing need to manage its development pipeline. The company will pay an 11c dividend for the period.

Figure 3. Result summary (NZ$m)

	1H19	1H20	Change	Forbar
Sales revenue	370.6	374.7	1.1%	375.1
EBITDAFI	277.1	279.2	0.8%	279.3
Underlying NPAT	**136.9**	**139.9**	**2.2%**	**135.9**
Underlying EPS (cents)	11.4	11.5	1.4%	11.2
Interim DPS (cents)	11.0	11.0	0.0%	11.0
Net debt	2,083	2,311	10.9%	n/a

Source: AIA, Forsyth Barr analysis

Figure 4. Revenue summary (NZ$m)

	1H19	1H20	Change	Forbar
Aeronautical	157.6	151.9	-3.6%	153.1
Retail	110.8	113.6	2.5%	115.2
Property	47.1	50.2	6.6%	50.9
Car Park	32.9	34.3	4.3%	32.9
Other	22.2	24.7	11.3%	23.0
Revenue	**370.6**	**374.7**	**1.1%**	**375.1**

Source: AIA, Forsyth Barr analysis

Earnings revisions

We make relatively small earnings revisions as outlined in Figure 5 reflecting the 2H20 pax growth challenges in light of coronavirus. Our revised FY20 NPAT forecast of NZ$266.3m compares to the new guidance range of NZ$260m–NZ$270m.

Figure 5. Earnings revisions (NZ$m)

	FY20E			FY21E			FY22E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
International pax growth	1.0%	-3.5%	-450 bps	2.0%	4.0%	+200 bps	3.5%	4.5%	+100 bps
Sales revenue	751.7	737.2	-1.9%	781.7	773.7	-1.0%	820.0	816.5	-0.4%
EBITDAFI	557.9	545.3	-2.3%	576.3	571.5	-0.8%	605.2	602.2	-0.5%
Underlying NPAT	**271.2**	**266.3**	**-1.8%**	**269.1**	**268.2**	**-0.3%**	**272.1**	**270.8**	**-0.5%**
Underlying EPS (cents)	22.3	21.9	-1.8%	22.0	21.9	-0.4%	22.1	22.0	-0.5%
DPS (cents)	22.3	22.3	-0.3%	22.0	22.3	1.1%	22.1	22.3	0.6%

Source: Forsyth Barr analysis

Key issues from the result

(1) Pax growth outlook uncertainty

Management refrained from guiding to a specific decline in international pax as a result of the coronavirus outbreak but alluded to (1) the greatest impact being on direct pax to/from China, (2) a significant reduction in pax transiting through China, (3) other Asian direct routes down, and (4) a resultant impact on domestic New Zealand travel.

It did, however, provide an estimate of the NPAT impact from coronavirus in 2H20 being ~NZ$10m, of which two thirds would be aeronautical, one third commercial. Working backwards, we estimate this "*coronavirus guidance*" infers a drop in international pax through 2H20 of ~-8%. This implies the anticipated impact gets worse before it gets better. Flight schedule data suggests that March international seat capacity will be down -7%, following a -4% decline in February. This doesn't yet include the Qantas capacity reductions announced today: Qantas Tasman down -6% until the end of May; Jetstar Tasman -5%. Our revised international pax growth assumption is for a -7% reduction in 2H20.

Figure 6. Breaking down AIA's NZ$10m coronavirus guidance

	NPAT	Aeronautical
Weighting	100%	67%
NPAT (NZ$m)	10.0	6.7
EBIT (NZ$m, tax at 28%)	13.9	9.3
Incremental aero margin	n/a	95%
Revenue impact (NZ$m)	n/a	9.8
Sensitivity to +/-1% change in int'l pax* (NZ$m)	n/a	+/-1.2
International pax decline in 2H20*	**n/a**	**c.-8%**

Source: Forsyth Barr analysis *assumes ~25% of international pax transfer to/from domestic

Figure 7. AIA international seat capacity history/outlook

Source: OAG, Forsyth Barr analysis

Management's NZ$10m estimate excludes any retail concession currently within its minimum annual guarantee (MAG). However, future MAGs (say in FY21) could be impacted if (1) they are based on a % of prior year income as is the case for the majority of speciality stores and food/bevs outlets, or (2) they are leveraged in both directions (positively and negatively) to passenger growth. AIA will undoubtedly be asked the question of relief by concessionaires and therefore the NZ$10m impact may be correct for FY20, but there could be a hangover into FY21.

(2) Capex on track for PSE3; Northern runway VERY likely to be deferred

AIA's full year capex guidance range remains NZ$450m–NZ$550m and it is reiterating its stance that commissioned capex for the current five year price setting period (PSE3:FY18–FY22) "*is forecast to be broadly consistent with the original c.NZ$1.5bn aeronautical pricing forecasts*".

Management says that it is reviewing the timing of the Northern runway project as it progresses the concept design. In the result conference call it suggested that the runway would now only be needed in the early 2030s as opposed to the previous base case of 2028. While a Board decision on runway construction is not due until May, management said that the likelihood of it being in a position to levy the runway land charge from July 2020 is "*diminishing*". We have already removed the runway land charge from our FY21 and FY22 forecasts.

(3) Opex flex mitigating earnings hit from revenue challenges

Operating expenses (opex) grew by just +2.1% in 1H20 against the prior year, despite ongoing asset management cost increases in light of new capex being commissioned. Management guidance suggests that 2H20 opex will grow at a lower rate. AIA has some but limited flex to its opex. In particular, it can manage marketing, consultancy fees, travel, and training costs. In light of the now expected EBITDA decline in 2H20, the provision for staff STI (short term incentives) bonuses will be lower.

Our revised earnings forecasts imply opex growth of +1.4% in 2H20, climbing to +5.4% in FY21 given the increased costs associated with commissioned capex.

Result analysis

Figure 8. AIA 1H20 result analysis (NZ$m)

	1H19	1H20	Change	Comments
Profit and loss account				
Sales revenue	370.6	374.7	1%	Underpinned by strong growth in retail income
Airfield income	64.3	60.8	-5%	Aircraft movements down -2.5% in period, excerbated by reduction in charges
Passenger Service Charge	93.3	91.1	-2%	Lower pax (total down -0.5%) and a reduction in charges
Retail income	110.8	113.6	3%	Retail income per pax of +2.5% exceeded by international PSR of +4.6%
Property income	47.1	50.2	7%	Rent roll up to NZ$105m; 99.4% occupency rate with 9.1 years WALT
Car Park income	32.9	34.3	4%	Strong valet demand and +8% growth in parking capacity
Interest income	1.0	0.7	-30%	
Other income	21.2	24.0	13%	
EBITDAFI	**277.1**	**279.2**	**1%**	
Depreciation	(50.0)	(55.4)	11%	
Associate income	4.3	5.0	16%	Very strong earnings at Queenstown Airport; robust at Novotel Tanui Holdings
One-time items	11.3	8.7	-23%	Fair value increases in property (NZ$9.1m) and derivatives (-NZ$0.4)
Interest expense	(40.1)	(34.7)	-13%	Higher level of capitalised interest (NZ$6.5m from NZ$2.7m) and lower net funding costs
Taxation	(55.4)	(55.6)	0%	Effective rate of 28.7% after adjusting for fair value changes
Reported NPAT	147.2	147.2	0%	
Abnormals (post tax)	(10.3)	(7.3)	-29%	
Underlying NPAT	**136.9**	**139.9**	**2%**	**Full year guidance lowered to NZ$260m–NZ$270m**
Underlying EPS (cents)	11.4	11.5	1%	
Interim DPS (cents)	11.00	11.00	0%	Includes DRP offered at a -2.5% discount to market price
Cashflow and net debt				
Operating cashflow	155.1	169.0	9%	
Maintenance capex = depreciation	(50.0)	(55.4)	11%	Capex guidance for FY20 remains NZ$450m to NZ$550m
Capitalised interest	(2.7)	(6.5)	141%	
Associate dividends	7.2	8.9	24%	
Free cash flow	**109.6**	**116.0**	**6%**	**Driven by robust operating cashflow**
Acquisitions	(0.6)	(15.4)	n/a	Investment in JV hotels
Disposals	0.0	0.0	n/a	No disposals in the period
Net debt	**2,083**	**2,311**	**11%**	**Funding capex developments**
Margin and efficiency analysis				
Underlying EBITDAFI margin	74.8%	74.5%	0%	Expense control insufficient to counter softer revenue trend
Op. income per passenger	34.82	35.37	2%	
Retail income per international passenger	19.92	20.42	2%	Steady growth in terminal income amd double-digit from Collection Point and Strata Lounge
Car park income per passenger	3.25	3.41	5%	New 1,000 bay multi-storey car park opened 1 July 2019
Operating staff costs/ operating revenue	8.0%	8.2%	2%	
Operational statistics				
International passengers	5,828	5,837	0%	International pax declined -0.1%, transits grew +2.7%
Domestic passengers	4,817	4,758	-1%	Domestic pressure from Air New Zealand capacity reductions and Jetstar regional exit
International MCTOW (KT)	3,004	2,915	-3%	
Domestic MCTOW (KT)	1,203	1,169	-3%	
International aircraft (numbers)	29,101	28,616	-2%	Less of a decline than MCTOW given backfilling of Air Asia X withdrawal by smaller aircraft
Domestic aircraft (numbers)	61,776	59,974	-3%	Rate of decline will deteriorate in 2H20 given Jetstar regional exit in early December 2019

Source: AIA, Forsyth Barr analysis

Investment Summary

Auckland Airport (AIA) is New Zealand's premier airport and provides Air New Zealand with a domestic and international hub. It is very profitable given strong concession based commercial assets. It is part way through a major 10-year plus capex programme, which will facilitate longer term growth. Despite the support from attractive return on capital in AIA's non-regulated commercial assets and low prevailing Government bond rates, its valuation is stretched. Moreover, earnings risk is to the downside, in our opinion. UNDERPERFORM.

Business quality

- **Hub-airport**: AIA is New Zealand's key international gateway and accounts for ~90% of all long-haul passengers (pax) arriving in New Zealand. Its available land provides scope to increase capacity over the next 30+ years.
- **Multi-pronged strategy**: AIA has three key income streams — (i) aeronautical (regulated); (ii) commercial, which incorporates retail and car parking; and (iii) development property.
- **Track record**: AIA has created value in recent years through route development activities, expanding its retail footprint to optimise passenger spend and concession rates, and developing property.

Earnings and cashflow outlook

- **Slower phase of earnings**: The growth outlook for the next three years is impacted by subdued aeronautical income and reversion to mean for pax growth after a recent boom. Earnings growth should accelerate from FY23.
- **Aeronautical income**: AIA resets its aeronautical prices every five years which are subject to regulatory oversight from the Commerce Commission (ComCom). The current price path prescribes subdued aeronautical income growth through to FY22.

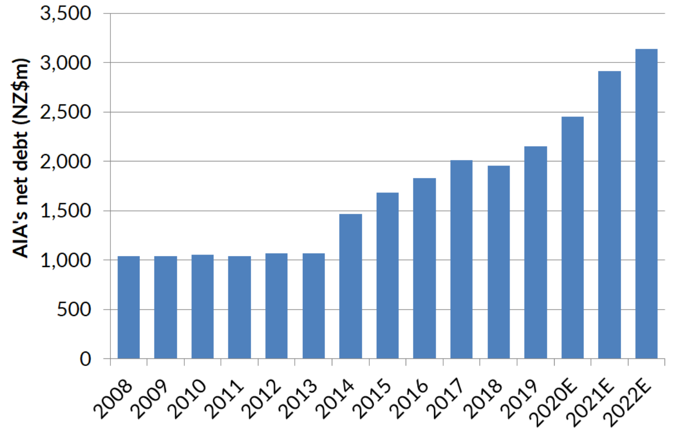
Financial structure

- **Balance sheet**: AIA is in the midst of a major capex bulge given the need to build capacity. AIA expects to spend ~NZ$3.0bn over the next five years.
- **Dividends**: It has a 100% dividend pay-out rate and has a dividend reinvestment plan in place.

Risk factors

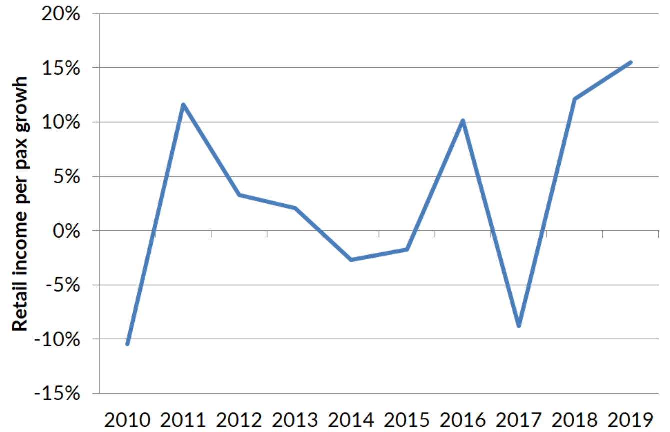
- **Rising bond yields**: AIA trades as a bond proxy. Its valuation holds a very strong inverse relationship with bond yields.
- **Regulatory risk**: We expect AIA to lower current aeronautical prices to ease any regulatory pressure given its mixed ComCom report last year.

Figure 9. Increasing debt burden at AIA



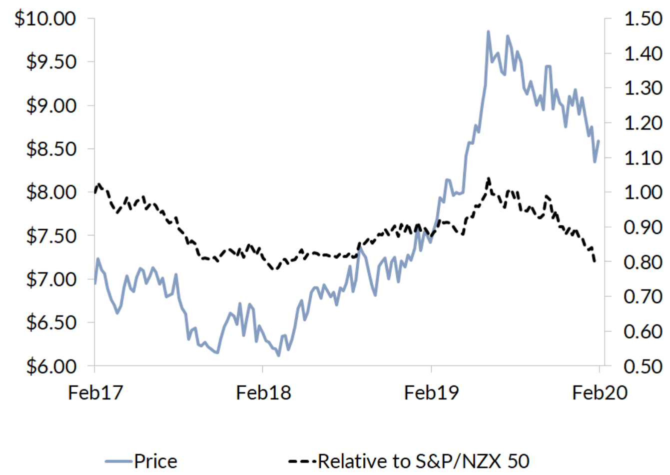
Source: AIA, Forsyth Barr analysis

Figure 10. Retail income per international pax growth



Source: AIA, Forsyth Barr analysis

Figure 11. Price performance



Source: Bloomberg, Forsyth Barr analysis

Figure 12. Substantial shareholders

Shareholder	Latest Holding
Auckland City Council	22.1%
BlackRock Investment Management	5.0%

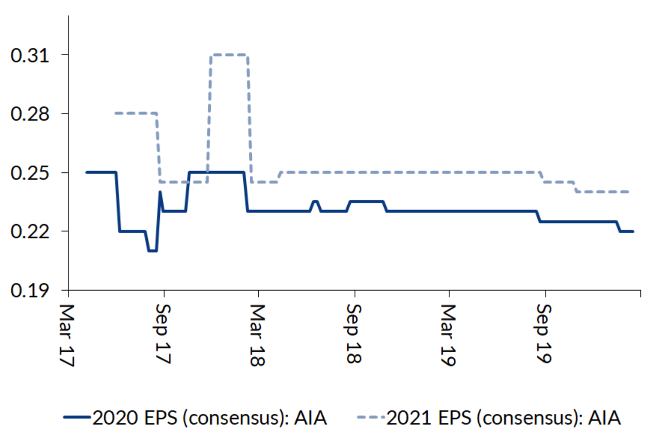
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 13. International valuation comparisons

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
(metrics re-weighted to reflect AIA's balance date - June)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Auckland Airport	**AIA NZ**	**NZ$8.60**	**NZ$10,380**	**39.3x**	**39.2x**	**23.0x**	**21.9x**	**29.0x**	**28.3x**	**2.6%**
Sydney Airport	SYD AT	A$8.44	A$19,073	47.6x	43.7x	21.0x	20.1x	30.7x	29.1x	4.8%
Malaysia Airports Holdings Bhd	MAHB MK	RM7.05	RM11,697	19.2x	17.5x	6.9x	6.6x	11.4x	10.9x	3.1%
Flughafen Wien AG	FLU AV	€36.25	€3,045	18.4x	17.8x	8.4x	8.2x	12.8x	12.4x	3.3%
Flughafen Zurich AG	FHZN SW	CHF172.00	CHF5,281	17.5x	19.3x	9.3x	9.6x	14.9x	16.1x	3.2%
Fraport AG Frankfurt Airport Services Worldwide	FRA GY	€69.84	€6,458	14.2x	13.6x	9.0x	8.7x	14.7x	14.3x	3.1%
Airports of Thailand PCL	AOT TB	THB67.75	THB967,856	38.5x	29.4x	24.3x	18.8x	29.2x	22.4x	2.0%
Beijing Capital International Airport Co	694 HK	CN¥6.79	CN¥31,093	15.8x	20.5x	8.1x	9.4x	12.6x	16.6x	2.1%
			Compco Average:	**24.5x**	**23.1x**	**12.4x**	**11.6x**	**18.1x**	**17.4x**	**3.1%**
EV = Current Market Cap + Actual Net Debt			**AIA Relative:**	**60%**	**70%**	**85%**	**89%**	**60%**	**62%**	**-16%**

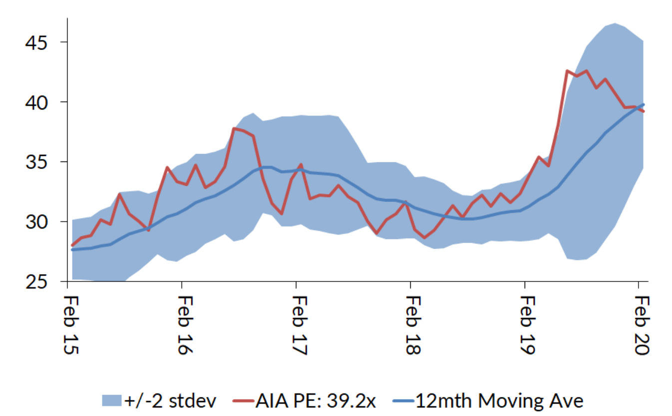
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (AIA) companies fiscal year end

Figure 14. Consensus EPS momentum (NZ$)



Source: Bloomberg, Forsyth Barr analysis

Figure 15. One year forward PE (x)



Source: Forsyth Barr analysis

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