

ASX Announcement

Australian Infrastructure Fund (AIX)

Total pages: 35

24 August 2012

Presentation – Results for the year ended 30 June 2012

Attached is a presentation of the results for the year ended 30 June 2012.

An Analyst call will be held this morning to present the results:

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A webcast of the presentation will be available at <http://www.hfm.com.au/asxlisted/funds/aif/>.

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Jane Frawley
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Photo: Melbourne Airport

Important information and disclaimer

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All data in this presentation has been calculated using the most accurate sources available, however any rates or totals manually calculated may differ from those shown due to rounding. Asset results for the financial year ended 30 June 2012 reflect the most current available at the time of publication and may be unaudited, and therefore subject to further adjustment following the publication of this report. Figures may also differ from those previously disclosed due to adjustments made following period end.

Agenda

1. Overview
2. Continued performance
3. Strategy execution
4. Delivering value
5. Results
6. Outlook

Appendix

1. Asset results

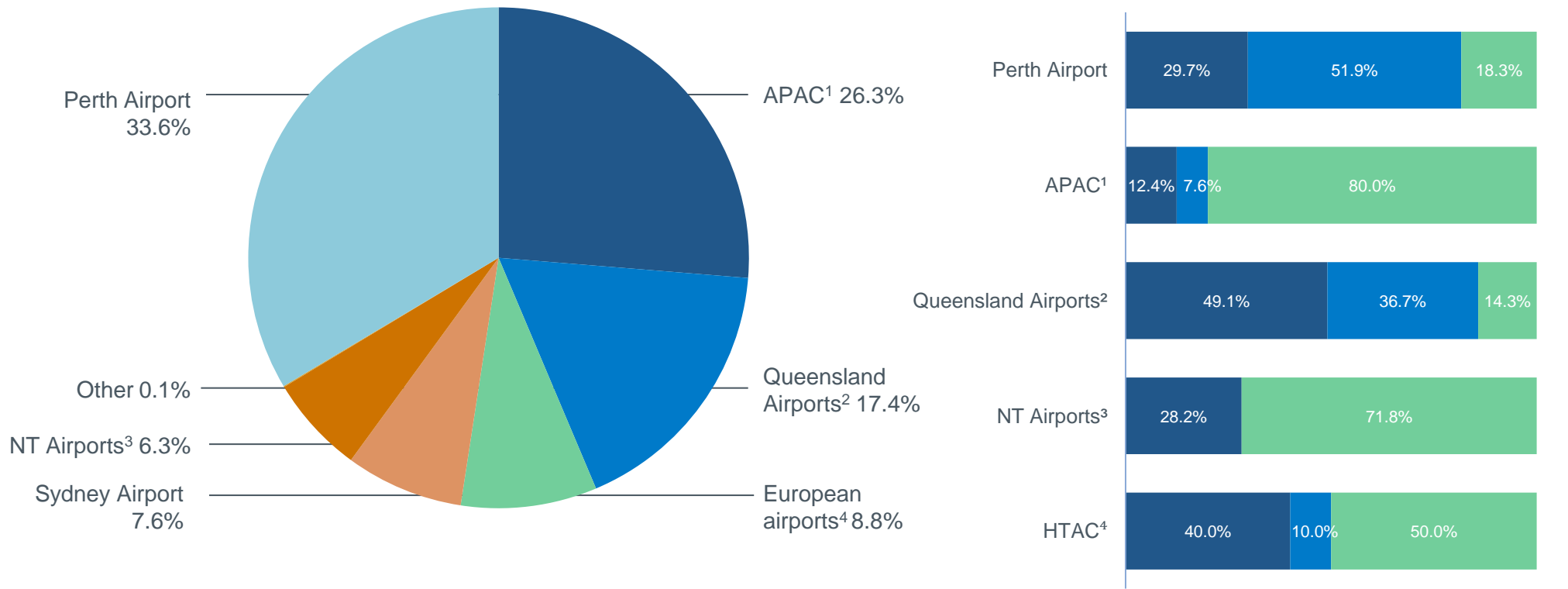


Photo: Perth Airport

Section 1 Overview

AIX portfolio snapshot

Portfolio composition by value and AIX ownership interests in each asset as at 30 June 2012



1) APAC comprises Melbourne Airport and 90% of Launceston Airport
 2) Queensland Airports comprises Gold Coast, Townsville and Mount Isa airports
 3) NT Airports comprises Darwin, Alice Springs and Tennant Creek airports
 4) European airports comprise a 5.34% interest in Athens Airport, a 4.00% interest in Dusseldorf Airport and a 5.69% interest in Hamburg Airport, and are held together with a 2.60% interest in Sydney Airport via Hochtief Airport Capital (HTAC)

Highlights

Continued Performance

- The Australian airports in the AIX portfolio continue to deliver strong financial performance
- Weighted by AIX's interests, passenger numbers grew by 1.9% compared to the prior year with Australian airports growth of 2.3%
 - stronger growth in second half of FY12 (2H12) compared to pcg
- Key assets positioned for further growth

Strategy Execution

- Metro Transport Sydney, Port of Geelong and Port of Portland divested for value in 2H12
 - AIX is now an airport fund¹, providing substantial access to strategic Australian assets in the sector

Delivering Value

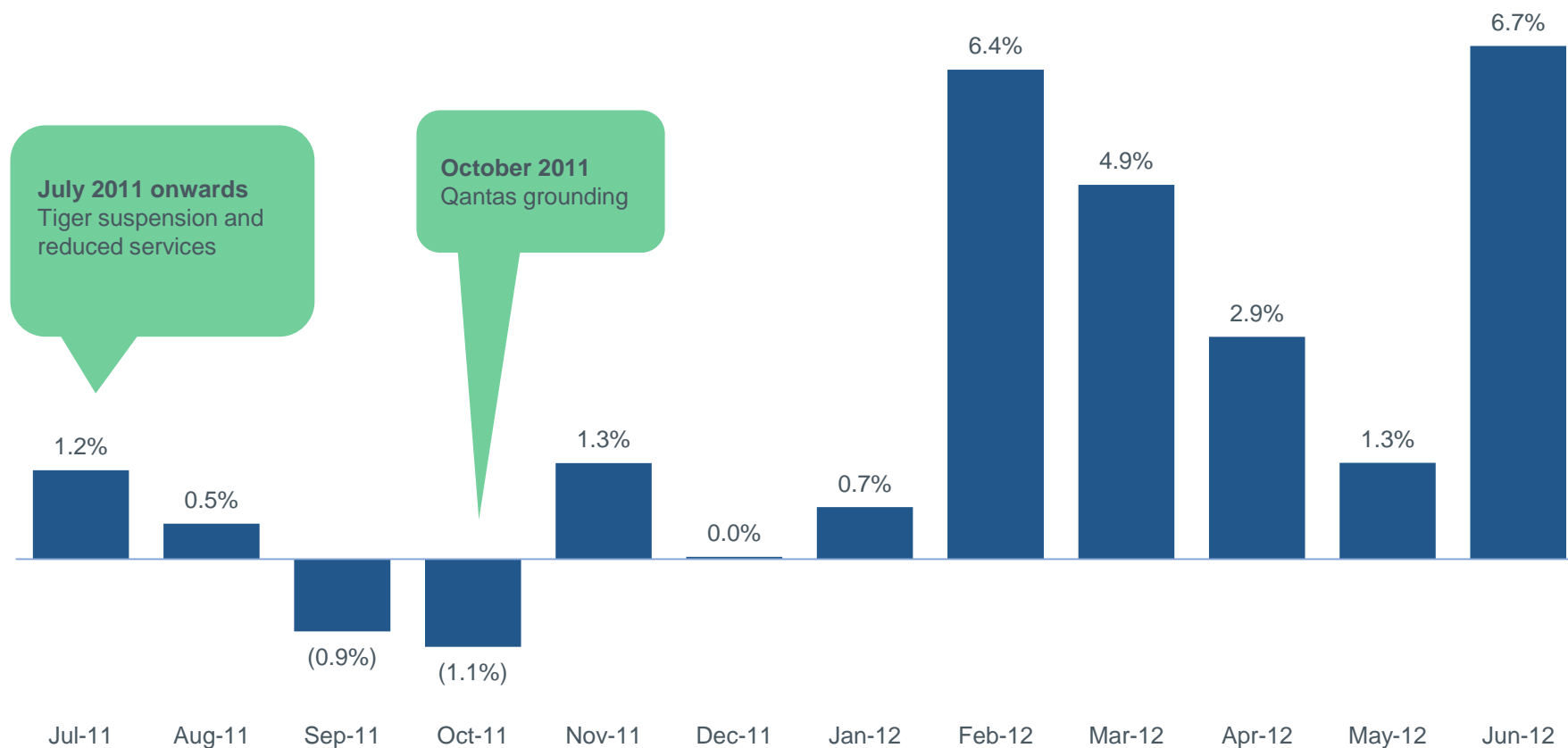
- AIX security price increased 25.0% in the financial year, outperforming the ASX 200 Industrials Index
- Dividend for 2H12 increased to 5.5 cents per security, a 10% increase on the first half
- Successful refinancing at Perth, QAL and NT in FY2012 (APAC FY2011) providing strong debt maturity profile

1) AIX holds a 6.25% interest in Statewide Roads, which comprised less than 0.1% of AIX's portfolio by value as at 30 June 2012

Section 2 Continued performance

Monthly passenger growth rates

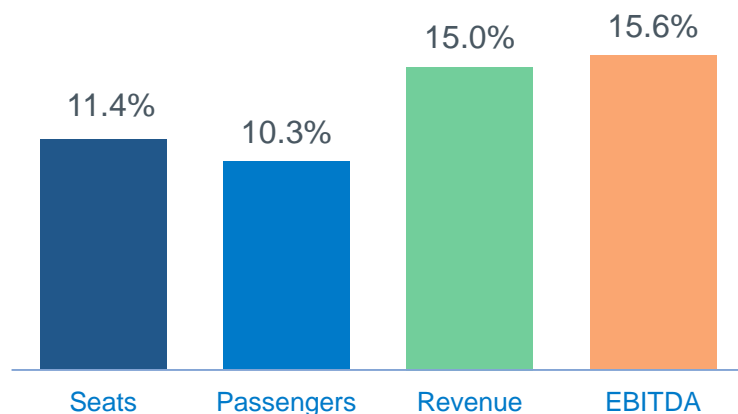
Return to growth in 2H12



NOTE: Growth rates presented in this chart represent the increase in total passengers on the pcq for the AIX portfolio when weighted by AIX's interests

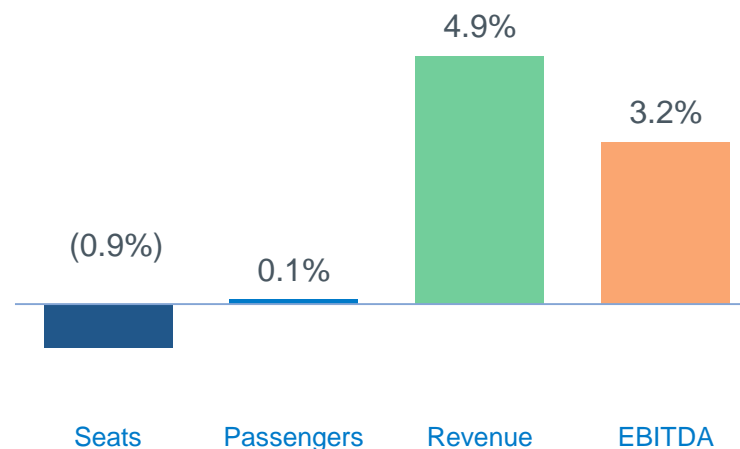
Asset highlights

Perth Airport



- Strong pax growth driven by resource-based WA economy, particularly the intrastate sector. Traffic to short-haul leisure destinations in Asia remains strong, driven by high AUD promoting overseas travel
- Revenue growth driven by strong domestic (11.7%) and International (6.9%) pax growth; premium property lease revenue; and increased product penetration (e.g. car parking)
- While EBITDA grew strongly during the year, incremental costs associated with pax growth, combined with wage increases, resulted in EBITDA margin remaining flat on the pcp

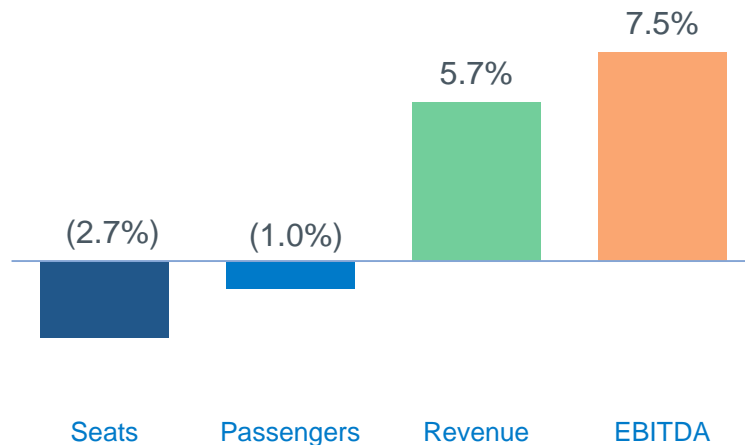
APAC



- Domestic pax affected by seat capacity reductions compared to the prior year
- International pax growth supported by strong AUD stimulating outbound travel, offset decline in domestic pax
- Revenue growth compared to the prior year driven by pax growth in the international terminal and strong commercial revenue from increased retail offering
- Slight decline in EBITDA margin due to increased staff and maintenance expenses arising from recent capex projects

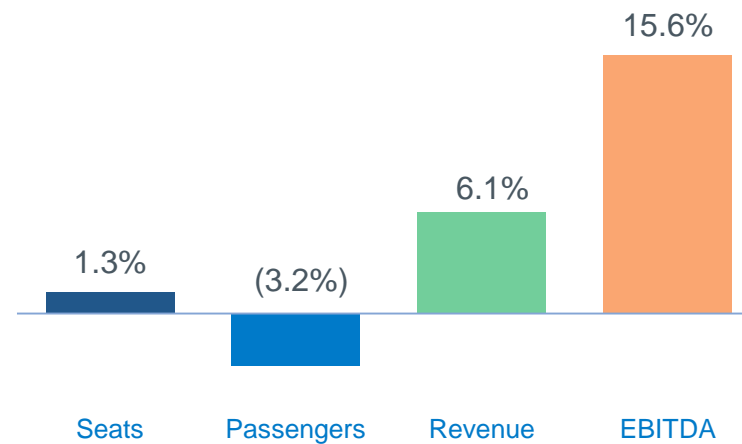
Asset highlights

Queensland Airports



- Slight pax decline on the pcp due to: reduced seat capacity at Gold Coast; strong AUD stimulating overseas travel; general economic conditions; and residual affects of natural disasters in SE Queensland, Japan and NZ
 - partially offset by strong pax growth at Townsville and Mount Isa airports, driven by the resources sector
- Revenue growth attributable to: strong trading revenue across the three airports; property rent reviews; and benefits derived from recent investment in terminal and car parking infrastructure
- EBITDA margin improved due to lower general administration and consultancy expenses

NT Airports



- Decline in domestic pax due to strong AUD and soft economic conditions in the key markets of Melbourne, Sydney and Adelaide
- International pax continues to grow with strong AUD encouraging offshore travel
- Revenue uplift driven by revised aeronautical pricing and strong property revenue following completion of stage three of the Lodge accommodation and rent reviews
- EBITDA margin further improved due to lower maintenance capex in FY12 following completion of large program in the prior year

Organic growth - key near term expansion projects

Asset	Project	Estimated cost (\$m)	Expected completion	Sources of funding	Funded
Perth	Terminal 3 phase 1 works	22	Completed Oct 2011	Debt	✓
Perth	Terminal 1 domestic expansion	180	Q3 FY2014	Debt	✓
Perth	Terminal WA	114	Dec 2012	Debt	✓
Perth	Terminal 1 international expansion	90	Q3 FY2014	Debt	✓
Perth	Terminal 1 arrivals expansion	66	Q2 FY2013	Debt	✓
Melbourne Airport	Baggage carousels 6 & 7	43	Completed May 2012	Debt	✓
Melbourne Airport	T2 expansion project	294	FY2013	Debt	✓
Melbourne Airport	Multi-level car park development	121	Planning phase	Debt	✓
QAL	GCA – Virgin lounge facility	3	Apr 2012	Debt	✓
QAL	TSV – Terminal upgrade	27	FY2015	Debt	Pending
NT Airports	AFP office building	10	Completed Sep 2011	Debt	✓
NT Airports	Darwin International Airport terminal expansion	59	Dec 2014	Debt	✓

Section 3 Strategy execution

Execution of strategy

Divestment of non-core assets

- **Port of Portland:** AIX's 50% interest in Port of Portland was divested to Palisade Ports Pty Ltd for gross consideration of \$66.5m
- **Port of Geelong:** AIX's 35% interest in the Port of Geelong was divested to its co-investors for gross consideration of approximately \$25.8m
- **Metro Transport Sydney:** 100% of MTS was divested to the state of NSW for total gross consideration of approximately \$22m (AIX: \$8.7m)
- AIX received total gross consideration of \$100.8m from the divestment of its non-core assets, which compares to their independent valuation of \$100.4m at 31 December 2011

Airport focus

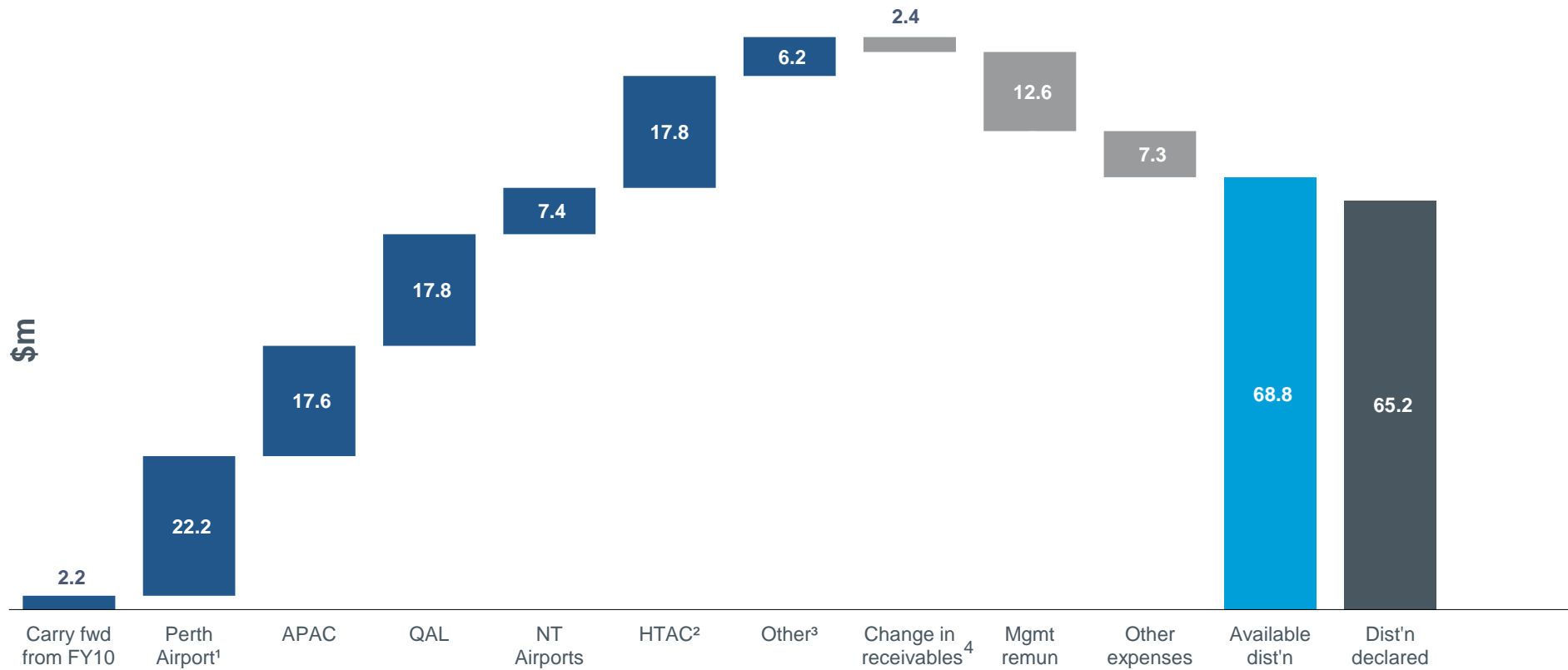
- Following divestment of AIX's non-airport assets in 2H12, the fund is now truly an airport focused fund
- AIX is now comprised of 99.94% airports:
 - Australian airports: 91.15%
 - European airports: 8.79%
 - other ⁽¹⁾ 0.06%



1) AIX holds a residual interest in Statewide Roads, which comprised less than 0.1% of AIX's portfolio by value as at 30 June 2012.

Section 4 Delivering value

Increased distribution



1) Includes \$2.5m cash received in the form of shareholder loan repayment

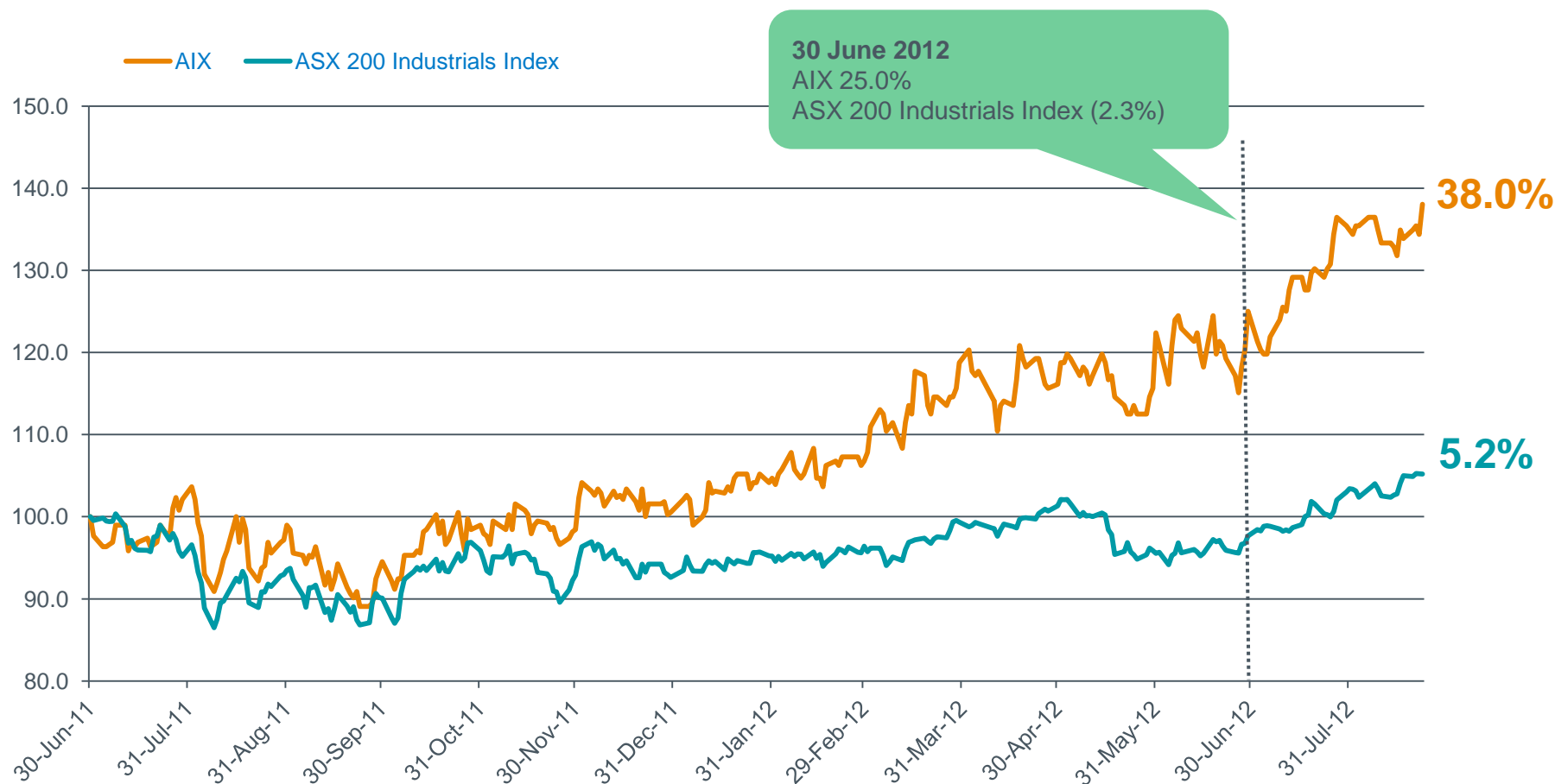
2) Includes \$10.3m cash received in the form of shareholder loan repayment

3) Includes \$1.3m distribution from Port of Portland, \$1.4m from Port of Geelong, \$0.9m from MTS, \$0.1m from SWR and \$2.5m in bank interest

4) Change in receivables mainly comprises decreases in accrued interest and accrued distributions from Port of Portland and Port of Geelong

Share price performance

AIX has outperformed its benchmark for the year to 30 June 2012



Source: Bloomberg

Note: Chart data as at close of trade on Thursday 23 August 2012

Sustainable asset capital structure

Asset	Net Debt/EV ⁽¹⁾	Senior ICR ⁽²⁾
Perth Airport	32.5%	3.6x
APAC	32.6%	3.1x
Queensland Airports	39.8%	2.5x
NT Airports	36.4%	3.5x
HTAC ⁽³⁾	40.1%	2.7x
Asset weighted average	35.5%	3.1x
Fund weighted average	32.3%	

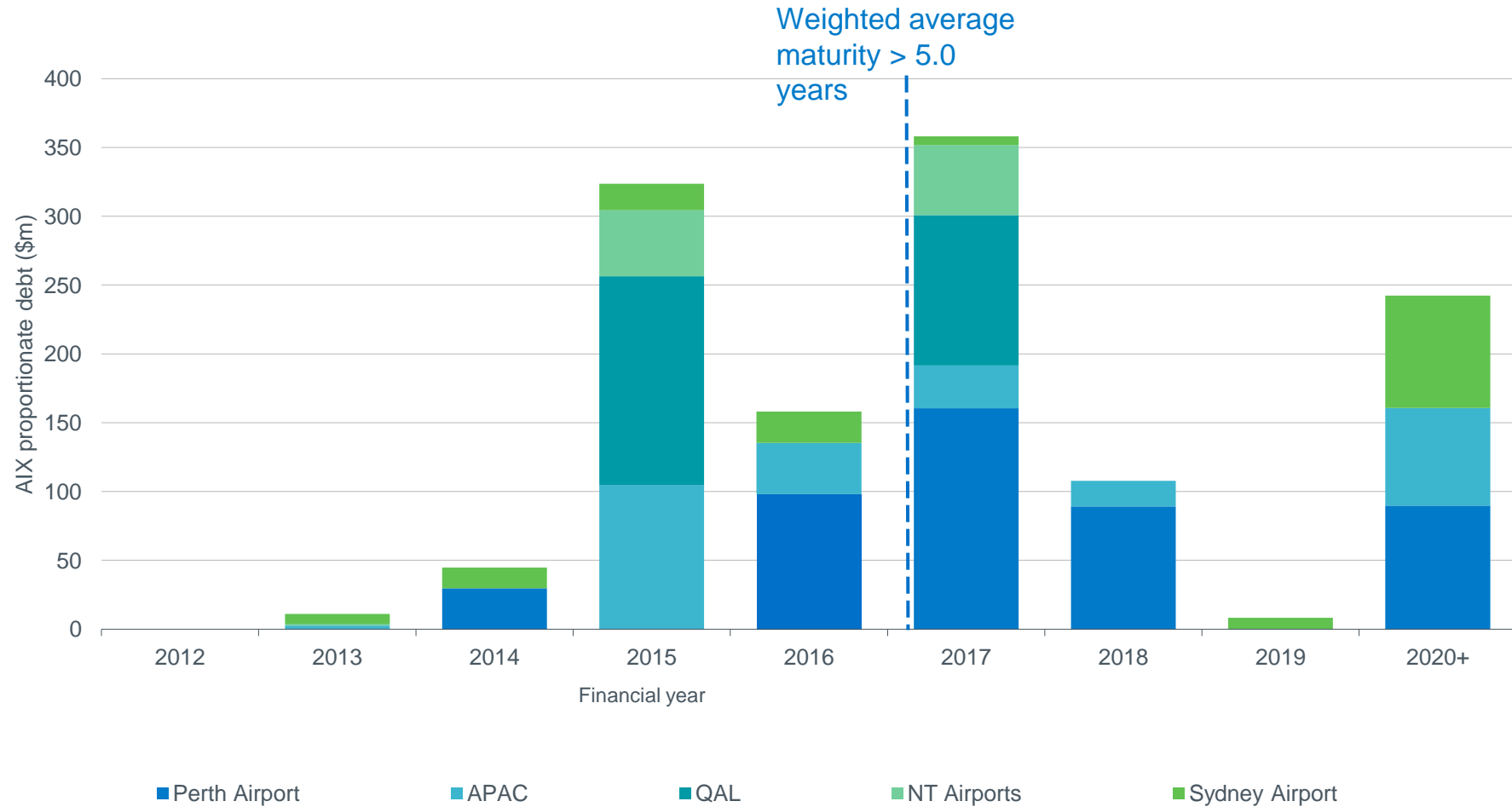
- Quality assets with sustainable capital structures
 - history of successful asset refinancing. Perth, QAL and NT airports successfully refinanced during FY12
 - prudent levels of gearing
 - healthy coverage ratios
- Low interest rate risk
 - hedging policies in place
 - actively managed at asset level
- Fund level \$100m standby facility in place
 - two year facility entered into in August 2011

1) Enterprise Value (EV) equals Net Debt (net external debt) plus independent valuations as at 30 June 2012

2) Senior ICR reflects EBITDA for the full year to 30 June 2012 divided by interest expense on external debt, net of interest received

3) Net Debt/EV and Senior ICR for HTAC have been estimated by HFML based on information from HTAC and public sources

Debt facilities - maturity profile



Note: Excludes HTAC amortising debt not required to be refinanced. Sydney Airport amounts estimated by HFML from SCACH 2011 Annual Report / other public sources

Section 5 Results

Summary profit and loss

	Change	Jun 2012 full year (\$'000)	Jun 2011 full year (\$'000)
Dividend/distribution/interest/ other income	9%	76,742	70,414
Gains on investments	(17%)	139,706	168,048
Total revenue	(9%)	216,448	238,462
Operating expenses	(15%)	(17,514)	(15,164)
Operating profit	(11%)	198,934	223,298
Finance costs	76%	(1,710)	(974)
Profit before tax	(11%)	197,224	222,324
Income tax (expense) / benefit	88%	(1,250)	(10,003)
Net profit after tax	(8%)	195,974	212,321

- Increased operating income reflects a net increase in dividends and distributions from assets
- Gains on investments are below those achieved in the pcg primarily due to:
 - strong uplift in valuation for APAC (largely comprising Melbourne Airport) and Perth in the pcg
- Increase in operating expenses relates to:
 - one-off strategic advisory costs; and
 - increased management fee following security price appreciation
- Increased finance costs due to commitment fees on increased AIX fund level debt facility (increased from \$30m to \$100m in August 2011)
- Reduced income tax expense due to strengthening of AUD / EUR cross rate reducing HTAC unrealised gains and associated deferred tax liability

Summary cashflow

	Change	Jun 2012 full year (\$'000)	Jun 2011 full year (\$'000)
Cashflow from assets	7%	86,328	80,802 ¹
Operating expenses	14%	(17,158)	(15,056)
Tax paid		(651)	(1,120)
Net interest received less finance costs		484	1,376
Operating cashflow plus capital returns and shareholder loan repayments	5%	69,002	66,002
Investments		(18,776)	2,060
Debt (repaid) / drawn		-	-
Proceeds from asset sales		89,575	-
Capital raising proceeds		-	(27)
Distributions paid		(62,073)	(62,074)
Net change in cash		77,728	5,961
Opening balance		79,237	61,990
Closing balance ²		157,110	67,951
Closing balance inc QAL FY10 distn ²		157,110	79,237

- Increased cashflow from assets due to increased cash receipts from QAL, APAC and NT
- Increase in operating expenses relates to one-off strategic advisory costs and increased management fees
- Net interest received down due to commitment fees on increased AIX fund level debt facility (increased from \$30m to \$100m in August 2011)
- Net increase in investments due to \$25.0m and \$2.5m equity injections in Perth and QAL respectively, partly offset by \$8.7m repayment of loans as part of MTS sale
- Proceeds from asset sales is comprised of funds received for the sale of Port of Geelong and Port of Portland
- Dividends, distributions and other cash received from assets are declared by the asset boards. As in prior years, the receipt of cash from assets is skewed to the second half

1) Excludes dividend of \$11.3m received from QAL in FY11 relating to FY10

2) Includes effect of foreign exchange rate movements on cash and cash equivalents (FY2011Nil; FY2012: +\$0.145m)

Gross cashflow received from assets

Asset	Jun 2012 full year (\$m)	Jun 2011 full year (\$m)
Perth Airport	22.2	22.0
APAC	17.6	16.7
QAL	17.8	13.9 ¹
NT Airports	7.4	8.1
HTAC	17.8	14.4
Port of Portland	1.3	3.5
Port of Geelong	1.4	0.5
Other	0.9	1.7
Gross cash flow	86.3	80.8

- Increased QAL distribution above FY11 reflects net interest cost savings due to improved debt terms, a litigation settlement and tax refund received
- Increase in HTAC distribution was primarily due to release by Athens Airport of funds earned but retained by the airport in prior years

1) Excludes dividend of \$11.3m received from QAL in FY11 relating to FY10

AIX proportionate earnings

	Change	June 12 full year (\$m)	June 11 full year (\$m)
Revenue ⁽¹⁾	9.0%	259.1	237.6
EBITDA ⁽¹⁾	9.7%	173.4	158.0
Net interest paid ⁽²⁾	(1.2%)	(55.3)	(56.0)
Income tax paid ⁽³⁾	(19.5%)	(14.8)	(18.4)
Maintenance capex ⁽⁴⁾	(10.9%)	(20.1)	(22.6)
AIX (ex HTAC) prop earnings	36.1%	83.1	61.0
HTAC distributions		17.8	14.4
SWR distributions		0.1	1.7
AIX proportionate earnings	30.9%	101.0	77.2

- Growth in revenue and EBITDA reflects earnings performance of AIX portfolio, driven by the Australian airport groups, particularly Perth
- Net interest paid largely in line with the prior year
- Income tax paid decreased primarily as a result of \$9m tax refund received by Perth in March 2012
- Reduction in maintenance capex primarily due to decreased spend at QAL following completion of the ISA runway overlay in FY11
- Increase in HTAC distribution was primarily due to release by Athens Airport of funds earned but retained by the airport in prior years

1) Revenues and EBITDA normalised to exclude non-recurring items

2) Net interest paid sourced from management accounts cashflows, excluding refinancing costs

3) Tax paid sourced from management account cashflows

4) Maintenance capex based on management estimates, except where unavailable (APAC), depreciation used as a proxy

Section 6 Outlook

Outlook



- Passenger growth rates improved in second half of FY2012
 - strong AUD and exposure to the WA resources sector likely to continue to stimulate growth at Perth
 - short-term domestic pax numbers (excluding Perth) may remain subdued but confidence remains in long-term growth and value
- Focusing on longer-term fundamentals, AIX portfolio is well placed
 - diversified across core airport portfolio; a strength in current economic environment
 - continuing scope for future investment in AIX airports
- AIX has announced today that it has executed an MOU with the Future Fund
 - This is intended, subject to conditions precedent, to lead to the sale of all the assets of AIX

Appendix Asset results

Perth Airport

	Change	Jun 2012 full year	Jun 2011 full year
Revenue ⁽¹⁾ (\$m)	15.0%	347.4	302.0
EBITDA ⁽¹⁾ (\$m)	15.6%	226.3	195.9
EBITDA margin		65.2%	64.9%
Domestic pax (m)	11.7%	9.1	8.2
International pax (m)	6.9%	3.5	3.3
Total pax (m)	10.3%	12.6	11.5
Domestic seat capacity (m)	14.0%	12.4	10.9
International seat capacity (m)	4.8%	4.6	4.4
Total seat capacity (m)	11.4%	17.1	15.3

- Strong domestic pax growth driven by the resources sector, supported by seat capacity increases across all routes
- Strong international pax growth as AUD continues to stimulate international outbound traffic, particularly to Bali. Increased inbound traffic also evident from key growth markets of China, India and New Zealand
- Revenue growth driven by strong domestic and International pax growth, increased product penetration (e.g. car parking) and premium property lease revenue
- Incremental costs associated with pax growth, combined with wage increases, resulted in EBITDA margin remaining flat on the pcp
- Successfully completed \$1.23b senior debt financing and USPP of \$270m USD and \$30m AUD during FY2012

1) Sourced from unaudited management accounts. Amounts exclude investment property revaluations

APAC (Melbourne and Launceston airports)

	Change	Jun 2012 full year	Jun 2011 full year
Revenue ⁽¹⁾ (\$m)	4.9%	588.5	561.0
EBITDA ⁽¹⁾ (\$m)	3.2%	435.6	422.3
EBITDA margin		74.0%	75.3%
Domestic pax (m)	(2.0%)	22.6	23.1
International pax (m)	7.9%	6.8	6.3
Total pax (m) ⁽²⁾	0.1%	29.5	29.5
Domestic seat capacity (m)	(2.4%)	27.8	28.5
International seat capacity (m)	4.1%	9.4	9.0
Total seat capacity (m)	(0.9%)	37.2	37.5

- Pax largely inline with prior year as international growth offset subdued domestic performance
 - reduced domestic seat capacity
 - international pax benefited from strong AUD
 - additional international seat capacity supported inbound growth, particularly from China
- Revenue growth compared to the prior year driven by pax growth in the international terminal and strong commercial revenue from increased retail offering
- Slight decline in EBITDA margin due to increased staff and maintenance expenses in line with recent capex projects
- T2 upgrade now complete, including improved retail and food & beverage offering
- \$45m runway overlay completed Oct 2011
- Stage 1 of terminal forecourt redevelopment is complete, with stage 2 planning under way
- Successfully raised US\$600m in private placement, with financial close in September 2011

1) Sourced from unaudited management accounts

2) Total includes international transits (not shown separately)

Queensland Airports Limited (Gold Coast, Townsville & Mount Isa airports)

	Change	Jun 2012 full year	Jun 2011 full year
Revenue ⁽¹⁾ (\$m)	5.7%	123.2	116.5
EBITDA ⁽¹⁾ (\$m)	7.5%	74.7	69.5
EBITDA margin		60.7%	59.7%
Domestic pax (m)	(0.9%)	6.5	6.5
International pax (m)	(2.2%)	0.8	0.8
Total pax (m) ⁽²⁾	(1.0%)	7.3	7.3
Domestic seat capacity (m)	(2.1%)	8.3	8.5
International seat capacity (m)	(7.5%)	1.0	1.1
Total seat capacity (m)	(2.7%)	9.4	9.6

- Domestic pax declined due to:
 - reduced domestic seat capacity at GCA due in part to Tiger suspension / restrictions
 - continued strength in AUD encouraging offshore travel as a substitute for domestic leisure travel: Gold Coast is a leisure destination
 - residual affect of natural disasters in SE Queensland
- Strong pax growth continues at Townsville and Mount Isa driven by the resources sector
- International pax subdued due to residual affects of natural disasters in Japan and NZ
- Revenue growth achieved despite passenger reduction, due to strong trading revenue, property rent reviews and benefits derived from recent investment in terminal and car parking infrastructure
- Successful refinancing completed in December 2011
- Scoot Airlines commenced a direct Singapore service from Gold Coast in June 2012

1) Sourced from unaudited management accounts

2) Total includes transits (not shown separately)

Northern Territory Airports (Darwin, Alice Springs & Tennant Creek airports)

	Change	Jun 2012 full year	Jun 2011 full year
Revenue ⁽¹⁾ (\$m)	6.1%	79.4	74.8
EBITDA ⁽¹⁾ (\$m)	15.6%	54.6	47.2
EBITDA margin		68.7%	63.1%
Domestic pax (m)	(0.6%)	2.3	2.3
International pax (m)	14.3%	0.4	0.4
Total pax (m) ⁽²⁾	(3.2%)	2.8	2.9
Domestic seat capacity (m)	(2.7%)	3.3	3.4
International seat capacity (m)	22.0%	0.8	0.7
Total seat capacity (m)	1.3%	4.1	4.1

- Domestic pax decrease due to:
 - exposure to domestic tourism market
 - general economic conditions
 - withdrawal of Tiger Airways from Alice Springs
- Strong international volumes supported by strong AUD, as well as proximity to Asia with competitive fares on additional seat capacity, particularly to Bali
- Revenue driven by FY12 aero pricing step-up and additional property lease revenue following completion of stage three of the Lodge development and general rent reviews
- EBITDA margin benefited from reduced administration and maintenance costs relative to the pcp
- Practical completion and handover of AFP office building for fit out in September 2011, with occupation by AFP in March 2012
- Successful refinance and upsize of debt facilities (from \$225m to \$350m) on competitive terms in October 2011

1) Sourced from unaudited management accounts

2) Total includes transits (not shown separately)

HOCHTIEF AirPort Capital – Sydney Airport

	Change	Dec 2011 full year	Dec 2010 full year
Revenue ⁽¹⁾⁽²⁾ (\$m)	3.2%	972.8	943.0
EBITDA ⁽¹⁾⁽²⁾ (\$m)	2.2%	790.7	773.3
EBITDA margin		81.3%	82.0%
Domestic pax (m)	(1.0%)	23.9	24.2
International pax (m)	3.0%	11.6	11.3
Total pax (m) ⁽³⁾	0.2%	35.6	35.6

- Pax for the financial year ended 31 December 2011 were largely inline with the pcip
- Moderate increase in international traffic largely offset by decreased domestic volumes
- Domestic pax numbers were affected by a number of disruptions in 2011
- International pax growth was driven by addition of new services to Asia
- Solid revenue growth of 3.2% despite difficult trading environment
- Total capex for the year was \$182.7m following construction of the central terrace building, commencement of a new multi-storey car park at the international terminal and runway and apron projects
- In the financial year ended 31 December 2011, Sydney Airport raised approximately \$1.1b of senior debt and in January 2012 redeemed the entire \$650m issue of Sydney Kingsford Smith Interest Earnings Securities (SKIES)

1) Sourced from publicly available information

2) Excluding specific expenses

3) Total includes domestic-on-carriage (not shown separately)

HOCHTIEF AirPort Capital – Dusseldorf Airport

	Change	Dec 2011 full year	Dec 2010 full year
Revenue ⁽¹⁾ (€m)	5.4%	369.5	350.6
EBITDA ⁽¹⁾ (€m)	9.3%	140.2	128.3
EBITDA margin		37.9%	36.6%
Domestic pax (m)	4.4%	4.6	4.4
International pax (m)	7.9%	15.7	14.6
Total pax (m) ⁽²⁾	7.1%	20.3	19.0

- Strong passenger growth of 7.1% was experienced in 2011, outperforming the average for German airports of 4.8%
- Growth was partially a result of weather disruptions that reduced traffic in 2010, but also a reflection of Dusseldorf Airport's increasing prominence as Germany's third major hub airport, with intercontinental traffic the main driver of pax growth, up 10.4% on the pcp
- Growth in both aviation and non-aviation revenue was driven by higher passenger volumes, with a strong increase in landing fees, up 7.9% on the prior corresponding period, more than offsetting a reduction in ground handling revenue

1) Revenue and EBITDA normalised to exclude non-recurring items

2) Sourced from German airport association, ADV

HOCHTIEF AirPort Capital – Hamburg Airport

	Change	Dec 2011 full year	Dec 2010 full year
Revenue ⁽¹⁾ (€m)	1.1%	257.7	255.0
EBITDA ⁽¹⁾ (€m)	15.2%	91.3	79.3
EBITDA margin		35.4%	31.1%
Domestic pax (m)	1.0%	5.6	5.6
International pax (m)	7.3%	7.9	7.4
Total pax (m) ⁽²⁾	4.6%	13.6	13.0

- Hamburg similarly experienced solid passenger growth in 2011, primarily driven by international passengers
- This reflects the resilience of Germany as a business location and its strong GDP growth
- Increased aviation revenues reflecting growth in passengers, partially offset by reduction in ground handling revenues which was largely a reflection of the high de-icing revenues earned in late 2010 in addition to a slight loss in market share
- Lower maintenance and winter service costs due to the mild winter resulted in improved EBITDA margin

1) Revenue and EBITDA normalised to exclude non-recurring items

2) Sourced from German airport association, ADV

HOCHTIEF AirPort Capital – Athens Airport

	Change	Dec 2011 full year	Dec 2010 full year
Revenue ⁽¹⁾ ⁽³⁾ (€m)	(6.6%)	379.5	406.4
EBITDA ⁽¹⁾ ⁽³⁾ (€m)	(10.5%)	249.1	278.4
EBITDA margin		65.7%	68.5%
Domestic pax (m)	(11.9%)	4.9	5.6
International pax (m)	(3.1%)	9.5	9.9
Total pax (m) ⁽²⁾	(6.3%)	14.4	15.4

- Passenger decline evident in financial year ended 31 December 2011
- Main drivers of the negative performance were the continued weak macroeconomic situation in Greece, combined with network rationalisation by domestic carriers
- Reduction in revenue and EBITDA reflects the decrease in passenger movements due to challenging market conditions
- The proportionally larger decrease in EBITDA was driven by increased provisioning and higher utility costs, which offset the modest cost reductions that were achieved elsewhere
- The Greek Government continues to explore the option of extending the AIA concession period and investigate sell-down options, however discussions remain protracted

1) Sourced from Athens International Airport annual report

2) Total includes transits (not shown separately)

3) Revenue and EBITDA includes subsidies AIA is entitled to under the Greek State's Airport Development Fund (ADF)