

# STELLAR

WELLINGTON INTERNATIONAL AIRPORT ANNUAL REVIEW 2016



CHAIRMAN AND CHIEF EXECUTIVE REPORT 01  
STELLAR HIGHLIGHTS 03  
EXTENDING OUR WELCOME 05  
SUPPORTING OUR  
COMMUNITY 11



## CHAIRMAN AND CHIEF EXECUTIVE REPORT

Results for the year ended 31 March 2016

	<b>2016</b>	<b>2015</b>	<b>Variance</b>
Passengers Domestic	4,899,326	4,682,086	217,240
Passengers International	897,316	775,193	122,123
Aeronautical income	\$65.9m	\$62.7m	\$3.2m
Passenger services income	\$35.7m	\$34.1m	\$1.6m
Property/other income	\$11.8m	\$11.5m	\$0.3m
Operating expenses and employee remuneration and benefits	\$(27.4)m	\$(26.2)m	\$(1.2)m
EBITDAF before subvention payment <sup>1</sup>	\$86.1m	\$82.1m	\$4.0m
Net Profit After Tax	\$12.5m	\$9.7m	\$2.8m
Capital Investment	\$56.9m	\$22.1m	\$34.8m

1. EBITDAF before subvention payment is a non-NZ GAAP measure of earnings. A reconciliation between WIAL's net profit after tax and EBITDAF before subvention payment is set out in the Airports NZX announcement, and note A1 of WIAL's Annual Report for the year ended 31 March 2016.



# Passenger growth is expected to continue with the arrival of widebody services with Singapore Airlines.



**Wellington Airport is pleased to present its results for the year ended 31 March 2016 which reflect exceptional passenger growth, especially on international routes. The results were a net profit after tax of \$12.5 million, with underlying earnings showing an EBITDAF before subvention payment<sup>1</sup> of \$86.1 million, up \$4.0 million on the prior year.**

## **An exceptional year of passenger growth**

Wellington Airport has invested significantly in route development with airlines and five new international services from Jetstar, Fiji Airways, and Qantas were successfully launched. The strong and sustained demand for Wellington's international services and the addition of 160,000 annual seats from the new services has delivered unprecedented international growth of almost 16% for the year.

The growth is expected to continue with the much anticipated arrival of wide body services with Singapore Airlines flying between Wellington, Canberra and Singapore from September 2016. The Boeing 777 service will add 110,000 seats and is estimated to deliver a \$95m increase in visitor spend to New Zealand.

Domestic passenger growth is traditionally steady at around 3%, but was up 4.6% for the year with the up-gauging of Air New Zealand aircraft and regional competition from Jetstar including new routes from Dunedin and Nelson to Wellington. Sounds Air has grown into a material regional player with five routes and 100,000 seats annually.

## **Better Passenger Services**

\$300m of capital development is underway to cater for current and future passenger growth. The \$65m expansion of the

domestic terminal is nearing completion with the next stage being a redevelopment of the retail and dining areas later in 2016. To provide all modes of transport with a covered stop right outside the front door of the terminal, the \$70m eight storey transport hub commenced construction in January. With 50% of international flights being in the morning or evening, the airport is completing the detailed design of the \$50m four star Rydges hotel. Construction for the on-airport hotel could commence in late 2016.

The growth in international passengers has fast tracked an expansion of the international arrivals area within the existing building. Consultation is also underway with airlines for a longer term \$60m expansion of the international terminal.

Behind the scenes the airport facilitates efficient operations to assist with on time flight performance, baggage handling and screening. To enable a step change in efficiency the airport launched a technology platform, the first in New Zealand to be used across all aircraft types, to deliver real time information for collaborative decision making with airlines and agencies. The airport has also implemented Common Use Terminal Equipment which enables different airlines to use the same check in counters and ticketing systems, providing a streamlined and efficient service for airlines and passengers.

## **Wellington City Council – Wellington Airport joint project to enhance the region's air connectivity**

This year well over 500,000 people travelled between northern hemisphere destinations and Wellington's market catchment. The joint venture with Wellington City Council to extend Wellington's runway will enable long haul airlines with hubs in Asia and North America to operate to and from

central New Zealand, delivering significant visitor growth, business connectivity and more convenient, affordable long haul services.

After an extensive consultation on the proposal with the community, the airport finalised its assessment of effects and lodged the application for consent. The project will be publicly notified and a request for formal submissions will be made around June with a hearing in the Environment Court possible for later in the year and a decision in 2017.

## **Supporting Wellington events and the community**

Wellington has a thriving and vibrant culture, international events and a strong community spirit for which the airport is proud to play an enabling and supporting role.

In February the world came to Wellington for the New Zealand Festival of which Wellington Airport is a lead partner and sponsored the light show For The Birds in Otari Wilton Bush Reserve. The Airport is also a major supporter of New Zealand's most successful innovative performing arts and design event the World of Wearable Art. The Wellington Airport Community Awards recognise volunteer organisations from across the region and the Supreme Award was presented to Earthlink who help clients coping with mental health or addiction on their pathway towards sustainable employment.

## **Thank you**

We want to warmly thank the team at Wellington Airport, the many people who work within the wider airport community including our volunteer ambassadors and all our airlines including Air New Zealand, Jetstar, Qantas, Fiji Airways, Virgin Australia, Singapore Airlines and Sounds Air.

1. EBITDAF before subvention payment is a non-NZ GAAP measure of earnings. A reconciliation between WIAL's net profit after tax and EBITDAF before subvention payment is set out in the Airports NZX announcement, and note A1 of WIAL's Annual Report for the year ended 31 March 2016.



# STELLAR HIGHLIGHTS

1

## TRANSPORT HUB

Construction of the \$70m, 8 storey transport hub is underway. Due to be complete at the end of 2017 it will deliver 1000 new carparks, undercover bus stop, electric car charging, enclosed bicycle parking – all right in front of the main terminal.



2

## SINGAPORE AIRLINES

Singapore Airlines and Wellington Airport announced a B777 service between Wellington and Singapore via Canberra, commencing in September 2016.



3

## HOTEL

The \$50m airport hotel, managed by Rydges, is well into detailed design with construction set for late 2016.



4

## EXTENDING THE MAIN TERMINAL

The \$65m expansion of the main terminal is nearly complete adding an extra 6000sqm. The next project is opening up the food and beverage area to provide more space, light, food and shopping choices.



5

## INTERNATIONAL PASSENGER GROWTH

International passenger numbers had unprecedented growth of 16%, driven by Jetstar arriving on the Trans-Tasman, Fiji Airways to Nadi and additional capacity from Qantas.

6

## COLLABORATIVE DECISION MAKING

This new technology provides a portal of real time information between the airport operator, airlines, ground handlers and air traffic control. With this shared situational knowledge all aviation partners are able to work together for operational efficiencies and enhanced traffic capacity. Wellington is the first airport in Australasia to include all aircraft onto the ACDM platform.

7

## RUNWAY EXTENSION

After releasing all draft technical reports and extensive consultation with the community, the airport lodged the application for consent. The next step is for Wellington City Council and the Greater Wellington Regional Council to publicly notify the project and seek submissions, before a hearing in the Environment Court expected later in 2016.







# EXTENDING OUR WELCOME



# The long haul market through Wellington Airport has grown by 60% over 5 years.

## International Passengers

International passenger numbers have more than doubled in the last 15 years and had unprecedented growth of 16% in this year driven by new airlines, additional capacity and marketing of Wellington as a destination.

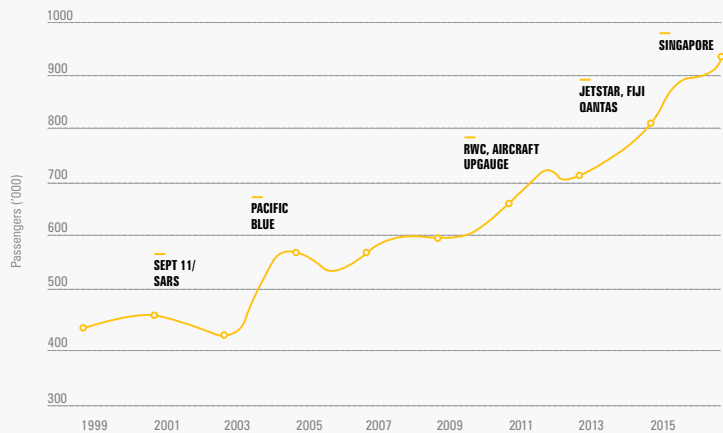
While the international market has shown steady growth since the exit of Pacific Blue, the arrival of Jetstar on the Trans-Tasman, Fiji Airways and additional capacity from Qantas gave Wellington's passenger numbers a considerable lift. This is expected to climb higher when Singapore Airlines arrive in September and introduce widebody services to Asia via Canberra.

There has been a major shift in international long haul traffic trends over the last five years. Previously most long haul travellers flew to Auckland and took the ten minute walk across to the international terminal to catch their long haul flight. But now 50% of long haul traffic starts internationally in Wellington, across to Australia, and then connects onwards to travellers' final destination.

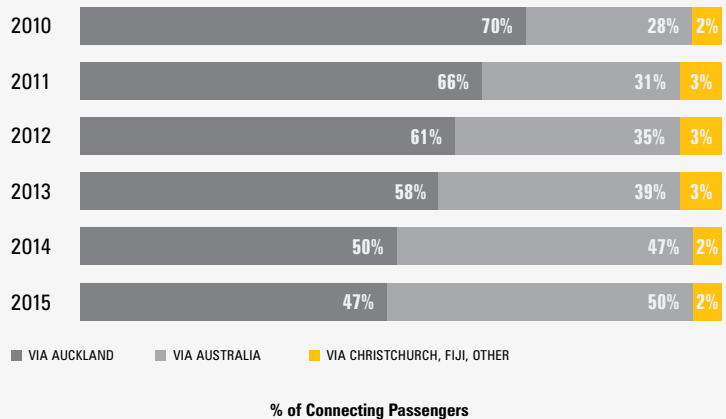
This shift has been driven by travellers recognising the benefits of starting their international travel in Wellington and more connectivity options to Asia and Europe via Sydney and Melbourne. While these routes are still not optimal and capacity constrained, the growth and change in behaviour shows the value of making long haul travel as convenient as possible.

The long haul market through Wellington Airport has also grown by 60% over the last 5 years. This is forecast to continue and has been driven by a number of factors including more travel to USA with a favourable exchange rate, Tourism NZ marketing, The Hobbit, more airline competition, cheaper fares and new aircraft, strong New Zealand economy and the increased awareness of Wellington as a holiday destination.

International Passengers over the Last 15 Years



Long Haul Passengers Connecting through Wellington Airport



## Wellington is expected to reach 1m international passengers by 2018.





**Singapore Airlines will deliver an increase in visitor spend to New Zealand of \$95m per annum, around a \$44m contribution to GDP.**

#### **Singapore Airlines**

The announcement in January 2016 marked an historic day for Wellington in welcoming Singapore Airlines and linking Australia's and New Zealand's capital cities together with the most efficient onward connections to Singapore and beyond. Travellers will be able to stay on the same widebody B777 plane all the way to Singapore and connect onwards to Asia, Europe and other parts of the world from their award winning global hub, Changi Airport.

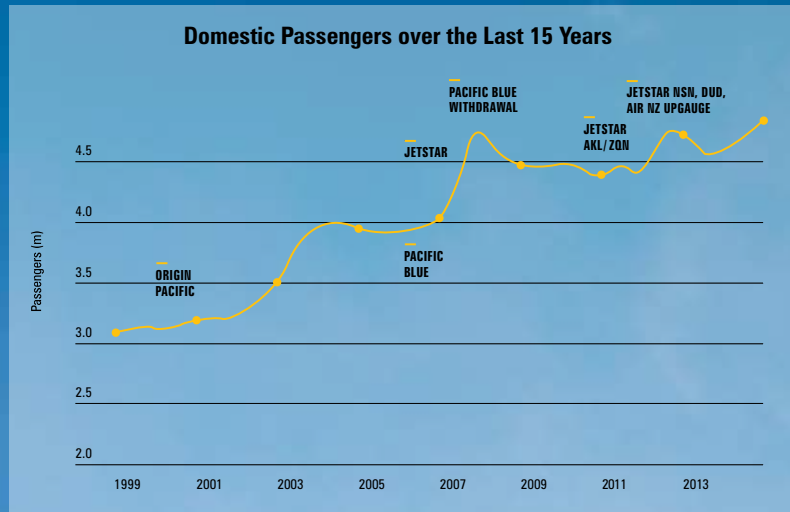
The service will add 110,000 seats to our international network and stimulate growth of business, tourism, education, and freight. This will deliver an increase in visitor spend to New Zealand of \$95m per annum, around a \$44m contribution to GDP.



## Domestic passengers

Domestic travel is traditionally steady at around 3% growth year on year, but this year saw higher growth of 4.6%. Underpinning this growth is Air New Zealand's up-gauging of their aircraft and Jetstar commencing regional services on both Nelson and Dunedin to Wellington. Sounds Air has also become a strong player in the regional network flying 100K seats a year.

The previous uplift in the domestic network was when Jetstar and Air New Zealand went head to head on the main trunk and Queenstown. Unfortunately this saw Jetstar pulling out of the Queenstown-Wellington route, but the route did see significant growth much of which has still been retained.





### Extending the Terminal

When the main terminal was opened in 1999 around 9,500 passengers came through the airport each day. That number has now increased to 15,000 on average with busy days reaching up to 20,000.

The terminal expansion is in full swing with the first phase of the new area now open. Adding an extra 6000sqm of new seating lounges, more food and shopping choices and a convenient centralised screening point in the extended space will be a hub of activity.

When completed the terminal will be a refreshing, open space with easy movement, clear signs, more aircraft parking, and a centralised screening point. It will be a very comfortable place to welcome and farewell family and friends with new retail and food offerings, and double the number of toilets.

The new terminal will cater for up to 1500 passengers during busy hours and will ensure the Wellington region continues to provide a world class, vibrant experience for its ever growing number of travellers.

With the exceptional international visitor growth, the international arrivals area is currently being improved.

### Transport Hub

With more travellers per square metre than any airport in Australasia, and major terminal and apron expansion underway, our land constraints have left us with one option – going up. Work has started on a

multi-level transport hub located directly opposite the terminal. The eight storey building will provide much needed space to cater for the increase in passengers travelling to and from Wellington.

As well as 1000 new spaces, the upgrade will bring an expanded pick-up and drop-off area, more entry and exit gates, new short-term parking options, real-time display of available spaces, and a host of improvements to cycling and public transport facilities. All in all, it means better access and a smoother experience; however you're coming or going.

### Hotel

With international capacity soaring and 50% of international flights operating in the early morning or late evening, the outer Wellington region has been calling for an on-airport hotel for quite some time. Detailed design plans are well underway for the four star hotel. It will be built on the northern end of the terminal and will be one of the few truly integrated airport hotels in the world and the first in New Zealand.

The hotel, managed by Rydges will offer 134 rooms, along with conferencing facilities and a restaurant and bar. Provided final costs meet expectations the Hotel will be opened in 2018.

### Runway Extension

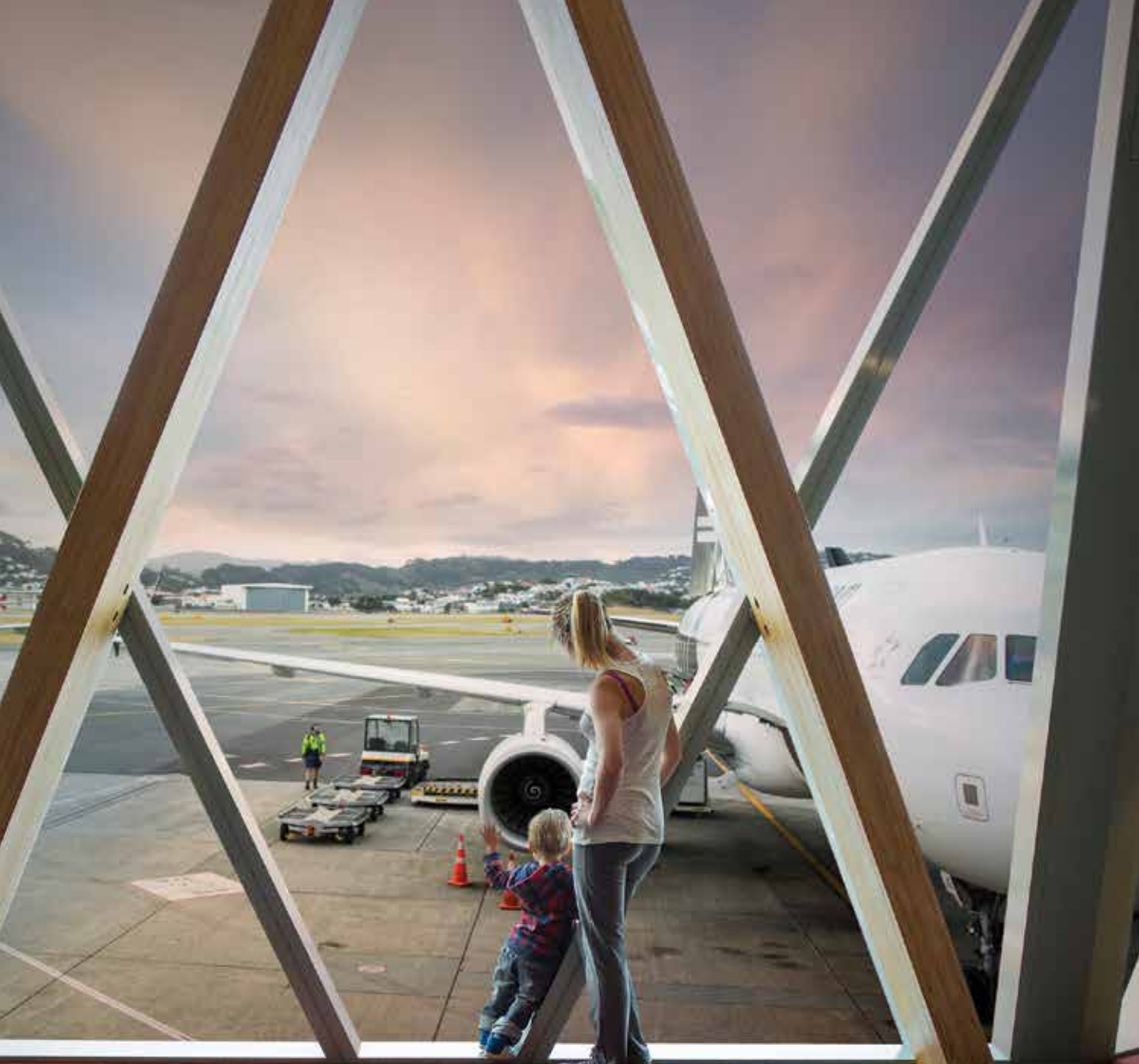
The last major extension to the Region's runway occurred in 1972. It enabled direct jet services with Australia and transformed

Wellington's attractiveness for air travellers. Today, Wellington looks after 900,000 international passengers each year, there are 65 international return flights every week and the market continues to grow with the arrival of Singapore Airlines later this year. But despite this growth, central New Zealand's air connectivity still lags behind. It is now time for the next phase of growth and improve connection times, pricing and options for the Region.

Wellington Airport has lodged the applications for consent to extend its runway with Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC).

The airport released the draft proposal and technical documents to the public and has listened to local residents, surfers, Iwi, business groups and the wider community. The feedback was encouraging and additional work was undertaken with some changes to the proposal as a result. WCC and GWRC will now undertake completeness checks on the full application and then call for formal submissions. The application for consent has been requested to be heard in the Environment Court which is expected to occur towards the end of this year. Up until then the airport will continue to consult with our neighbours on key areas throughout and keep them updated on progress.





**Our infrastructure will be well placed to accommodate the significant increases in flight demand to and from the Capital and to ensure that our passenger service levels get better and better as we grow.**





## **SUPPORTING OUR COMMUNITY**

**'CubaDupa is a celebration of the heart of our creative, vibrant and wonderful city. It builds a stronger and happier Wellington community'**

Brianne Kerr



**'Representing the Wellington Region at the National Awards as a result of this was an incredible and overwhelmingly rewarding experience for our team.'**

**Shirley Cressy** CEO Earthlink Incorporated



### Community Awards

The Wellington Airport Regional Community Awards recognised 60 community groups across the Wellington region as part of its annual awards. Earthlink Incorporated won the Supreme Award for their work on a pilot project that recycled obsolete corporate uniforms to become, amongst other things, children's clothing which previously were being wasted. 25 tonnes (approximately 36,800 garments) of corporate apparel has been recovered to date.

*"Winning the Supreme Award was such an honour. There are so many community groups doing wonderful things in our region so winning really gave our volunteers and staff a well-deserved boost. I whole-heartedly recommend nominating a group. Winning the Awards has helped us in amplifying awareness of our mission. Representing the Wellington Region at the National Awards as a result of this was an incredible and overwhelmingly rewarding experience for our team."*

**Shirley Cressy,**  
CEO Earthlink Incorporated

### World of Wearable Art

The World of WearableArt® Awards

show encourages creative exploration through the world of garment design. As sponsors of the Avant Garde category, Wellington Airport joined the Awards show on their quest for the revolutionary, extravagant and extrovert. Each year we are blown away by the calibre of the garments, the performance and the art and this year was no exception. We have thoroughly enjoyed supporting the evolution of the World of WearableArt Awards show and look forward to a change of pace with our new sponsorship category, Aotearoa, in 2016.

### NZ Festival

Wellington Airport is a leader partner of the NZ Festival and its partnered event, For the Birds, transformed the Otari-Wilton bush into a celebration of light, flight and birdsong. Through ingenious use of light, sound and moving sculpture, the artists made you think about the mystery and beauty of the avian world — and why it should be protected. As long term partners of the Festival, we were excited to welcome the world again in 2016 and are proud to have played an integral part in helping For the Birds take flight

*"Tonight we were incredibly lucky to be invited by Wellington Airport to the preview*

*of "For the Birds". Aaaaaazing!! Drop everything and go, go, go to this fantastic light show at Otari-Wilton's Bush. It was a perfect windless night and the lighting and sound effects bought the trees and ferns alive. Wellington Airport has for many years been a sponsor of many community initiatives. This time they've outdone themselves by bringing this amazing spectacle to Wellington's very own Otari-Wilton's Bush." — NZ Festival Attendee*

### CubaDupa

CubaDupa lit up Cuba Street in March for a second time this year, flooding the area with over 100,000 enthusiastic attendees. We are proud to be a major supporter of this street festival which lets the creative spirit of Cuba Street and the Wellington community shine over two magical days and unforgettable nights.

### Marine Education Centre

We have been long term partners and advocates for the Wellington Marine Education Centre Conservation Trust. This year, we further cemented this partnership with a financial pledge to support a resource consent application for the much anticipated Ocean Exploration Centre.



# WE ARE PROUD TO SUPPORT



WILD AT HEART  
**SPIRIT AWARDS**

The Wellington Airport Regional Mayor Community Awards

Life Flight Trust



THE MARINE EDUCATION  
**CENTRE**

Wellington on a Plate



**CUBADUPA**

New Zealand Airports Association

Wellington High Performance Aquatics



**FRINGE FESTIVAL**

Miramar Events Trust

Miramar Golf Club



WELLINGTON  
**JAZZ FESTIVAL**

Lyall Bay, Maranui and Worsler Bay Surf Clubs

Wellington Gold Awards



WORLD OF  
**WEARABLE ART**

Wellington Lux Festival

Refugee Services



**NZ FESTIVAL**

Wellington Employers Chamber of Commerce



WELLINGTON  
**PHOENIX FC**



# OUR EXECUTIVE TEAM



LEFT TO RIGHT

**Greg Thomas**

General Manager  
Communications

**Ayolt Wiertsema**

General Manager  
Aeronautical Operations

**Aimee Froud**

General Manager People  
and Culture

**Geoff Eban**

General Manager  
Infrastructure, Facilities  
and Planning

**Steven Sanderson**

Chief Executive Officer

**Leanne Gibson**

Chief Information Officer

**Martin Harrington**

Chief Financial Officer

**Matt Clarke**

Chief Commercial Officer

