



R rosenbauer

HGA825

Rescue
WELLINGTON AIRPORT

WELLINGTON
AIRPORT

2014 Annual Review

Engine room of the region

Celebrating
2014
Achievements

5.4m passengers in 2014

97,000 aircraft movements

\$20m capital investment

3.7% underlying earnings (EBITDAF before subvention)¹

investment in two Rosenbauer Panther fire trucks

Awarded ACC Workplace Safety Gold Award

Welcomed an ANA Boeing 777-300ER direct from Tokyo

17% increase in American visitors
19% increase in Asian visitors
28% increase in European visitors

20,000 passengers on our busiest day

Double passenger drop-off space
12% increase in car park capacity
30% increase in online parking

\$75m retail bonds issue

\$50m wholesale bonds issue

Spruce Goose Café landed at Lyall Bay

Country Road opened

Mojo Wellington Airport named 2nd best airport coffee in the World

TEAM-WLG has enhanced collaboration and communication across airport organisations

CAA audit passed and recertified for 5 years

17% increase in staff engagement

20,000 likes on Facebook

415 medicals responded to by the Airport Fire Service

1m coffees purchased

¹ EBITDAF before subvention payment is a non-NZ GAAP measure of earnings. A reconciliation between WIAL's NPAT and EBITDAF before subvention payment is set out in its NZX announcement.

Chairman & CEO's Report



Wellington Airport is a critical piece of national infrastructure and we have the responsibility to ensure it is efficient, provides value for money and reflects the best of what Wellington has to offer.

Not only did Wellington Airport maintain its position as one of the best in Australasia for service quality, it received the accolade of having the second best Airport coffee in the World, thanks to Mojo Café. The Airport was also recognised with the ACC Workplace Safety award at the Wellington Gold Awards.

The investment in the Airport's service and efficiency, facilities and passenger growth has translated into solid results with a Net Profit After Tax (NPAT) of \$23.5m. Underlying earnings show an EBITDAF before subvention payment¹ of \$86m, a 3.7% increase over the previous year.

Growth and returns for investors, ratepayers and the region

Wellington Airport continues its focus on route development by collaborating with its airline partners to promote sustainable capacity growth and expansion into new markets for central New Zealand's travel and tourism industry.

Passenger numbers totalled 5.4m for the year and aeronautical revenue increased by 5.3%. We reached 750,000 international passengers for the first time, continuing the trend which has seen growth every year since 2006 when 565,000 passengers boarded or disembarked international services.

Last year new airline alliances resulted in a significant increase in Wellington's trans-Tasman passengers starting or ending their journeys in the United States (+20%), Europe (+28%) or Asia (+19%).

The domestic market was relatively flat with a 1% increase over the prior year. The trunk showed solid growth as airlines improved load factors after strong capacity increases driven by Jetstar, while the regional market was impacted by Jetstar's withdrawal from the Queenstown route. Air New Zealand is introducing larger aircraft on some trunk and regional routes, which is expected to increase passenger numbers on those services.

The vibrant retail offering at the Airport provides a comprehensive range to meet all visitors' tastes and budgets. Passenger services and property revenue increased 3% and this year we welcomed the arrival of Country Road and the new Lyall Bay café, Spruce Goose, which is now one of the busiest in Wellington.

Five year plan of \$250m for travel and tourism infrastructure

Over the last 16 years the Airport has invested around \$350m in travel and tourism infrastructure. Given the steady passenger growth and the Airport's constrained land area, \$250m of capital development is planned for the next five years including a terminal extension, hotel, multi-story car park, relocation of the fire station and a noise mitigation programme for neighbouring residents.

The Airport's retail bond offer in October 2013 was well received by investors with applications accepted for \$75m and an additional \$50m of bonds were also issued to institutional investors in June 2013.

The 35 metre extension of the main terminal to the south commences in October. It will double the widths of both southern piers, provide extra gate lounge space, increase the retail mix, double the number of toilets and provide more parking spaces for aircraft. Floor to ceiling windows and laminated timber cross-braces will span the full length of the southwest pier. This strong architectural feature will enhance the Airport's existing use of natural light with views over the runway and Lyall Bay.

Returns within regulatory benchmark and consulting with airlines over future prices

Wellington Airport's FY2013 annual performance report to the Commerce Commission indicated a return on aeronautical assets of 6.2%, which is under the Commission's benchmark of 8%. Coupled with an acceptable return was a high quality service rating, an appropriate level of innovation and operational efficiency, and prudent capital investment.

The Airport has been in consultation with airlines over the charges to use the Airport's runway and terminal services from June 2014 to March 2019. It is expected that revenue will increase moderately over the next five years driven by passenger growth and our commitment to new investment.

The engine room - supporting New Zealand and the Wellington region

There continues to be a very strong show of support from the region for the need to have direct air connections with Asia, which will require an extension to the runway.

The Airport commissioned an initial economic study which showed significant regional and national benefits which justified further analysis.

By mid-2014 the Airport will have undertaken a more substantive economic impact study, an engineering analysis of the work required and will have developed the business case.

These reports will then inform discussions with airlines, civic partners, our local community, businesses and other regional interests as the Airport works to develop a case for consenting the runway extension next year.

This year was the 10th anniversary of the Wellington Airport Regional Community Awards, it was a privilege to support and recognise the volunteer organisations that contribute so much to the region. In February we welcomed the World to Wellington as a leading partner of the New Zealand Festival and are looking forward to another year as a sponsor of the World of Wearable Arts in 2014.

We would like to recognise the outstanding contribution of our Chairman, David Newman, who passed away in October last year. David was a Board member of the Airport since Infratil acquired its interest in 1998 and he became Chairman in 2004. He really believed in the people who work at the Airport and gave them his full support and leadership which will be missed by all.

Since Infratil has been a shareholder, Wellington City Council has been represented on the Airport's Board by either the Mayor or Deputy Mayor and has ensured the City's interests have been fully recognised and respected in the management and strategic direction of the Airport.

Over the year Deputy Mayor Ian McKinnon retired and he deserves great credit for his support, guidance and for ensuring a very constructive dialogue with the Board and Wellington City. While both departures are regretted, the board has gained Mayor Celia Wade-Brown and Jason Boyes.

Behind the Airport's welcoming, safe and award winning gateway are its people. We would like to warmly thank the team at WIAL, our customers, service providers, contractors and stakeholders.

Steve Sanderson
Chief Executive

Tim Brown
Chairman

¹ EBITDAF before subvention payment is a non-NZ GAAP measure of earnings. A reconciliation between WIAL's NPAT and EBITDAF before subvention payment is set out in its NZX announcement.

Taking Off

Projects on at Wellington Airport



Planning is underway for a runway extension that will provide the capability for long haul services to and from Wellington.



Noise mitigation package to protect the community against future airport noise will be implemented in 2015.



The old Mitre 10 building has been removed to make way for further development opportunities.



Strengthening to the subway that runs between Coutts and Miro St is likely to start in June 2014.



Refurbishment of the domestic departure lounge in the North Pier including new restroom facilities is set to commence in late 2014.



Runway signage developments, improving guidance for pilots.

RYDGES HOTELS • RESORTS

The Rydges have been named the preferred operator for the potential airport hotel.

6000m²

Expansion of the main Terminal Building and widening of the South West Pier is set to commence in October 2014.



Planning for a multi-level car park option is currently underway.

91

34

Growing Together

1999

9,600 passengers per day

\$350m 

has been invested in the last 16 years in terminals, runway upgrades, passenger facilities and property development.

2014

15,000 passengers per day

20,000 passengers on our busiest day

\$250m 

is forecast over the next five years to be invested into travel and tourism infrastructure, and we are also working towards the application for consent to extend the runway.

Terminal Extension

Wellington's 35m terminal extension will provide a refreshing, open space with easy movement throughout the terminal, clear way-finding, and a comfortable place to welcome and farewell family and friends. The extension will also double the widths of both southern piers, provide extra gate lounge space, new retail and food and beverage offerings, double the number of toilets and more parking spaces for aircraft. Floor to ceiling windows and laminated timber cross-braces will span the full length of the southwest pier. This strong architectural feature will enhance the airport's environment as a hub of natural light with open views over the runway and Lyall Bay.



Runway Extension

Improving air connectivity is vital for a region's economy. It provides significant benefits to residents, businesses, government and the economy by reducing the time and costs associated with travel, encouraging more visitors and migrants to the city, and opening up new business markets. Extending Wellington's runway will enable direct long-haul flights to Asia; the world's fastest growing region.

There continues to be a very strong show of support from the region for the extension. By mid-2014 we will have completed an engineering analysis of the work required for both south and north options, a more substantive economic study and developed the business case.

Communication is pivotal for the plans and these reports will inform discussion and consultation with airlines, civic partners, our local community, businesses and other regional interests as the Airport works to develop a case for consenting the runway extension next year.



2020

17,260 passengers per day

6.3m 

Travellers through the airport are expected to grow to 6.3m



Supporting our Community

Community Awards

2013 marked the 10th anniversary of the Community Awards and to celebrate, we donated \$10,000 to our past winners. Ignite Sport Trust took out the Supreme Award for their volunteers commitment and contribution to their cause.

"It was incredibly humbling to win the Supreme Award at the Wellington Airport Community Awards and we want to pass on Ignite Sport's thanks to everyone who had helped make this happen - volunteers, supporters, schools and young people - as well as Wellington Airport and the Wellington Community Trust."

Kevin Goldsbury, Ignite Sport's Director.



NZ Festival

We have been a loyal partner of the NZ Festival for many years and in February we welcomed the World for the 2014 Festival.



Phoenix FC

From their season launch in The Rock, to the confronting signage in international arrivals, our airport is undoubtedly Phoenix territory. We are proud supporters of the Phoenix and are looking forward to next season.



Wellington High Performance Aquatics

We have thoroughly enjoyed supporting Wellington High Performance Aquatics and will continue to support them into 2015. We have seen these young athletics flourish in the programme, with 6 going to the Commonwealth Games this year.



Spirit Awards

The Wild at Heart Spirit Awards are presented annually by Wellington Airport to a Year 13 student from each of the five local Colleges. This year the recipients each received a scholarship of \$3000 towards furthering their education.



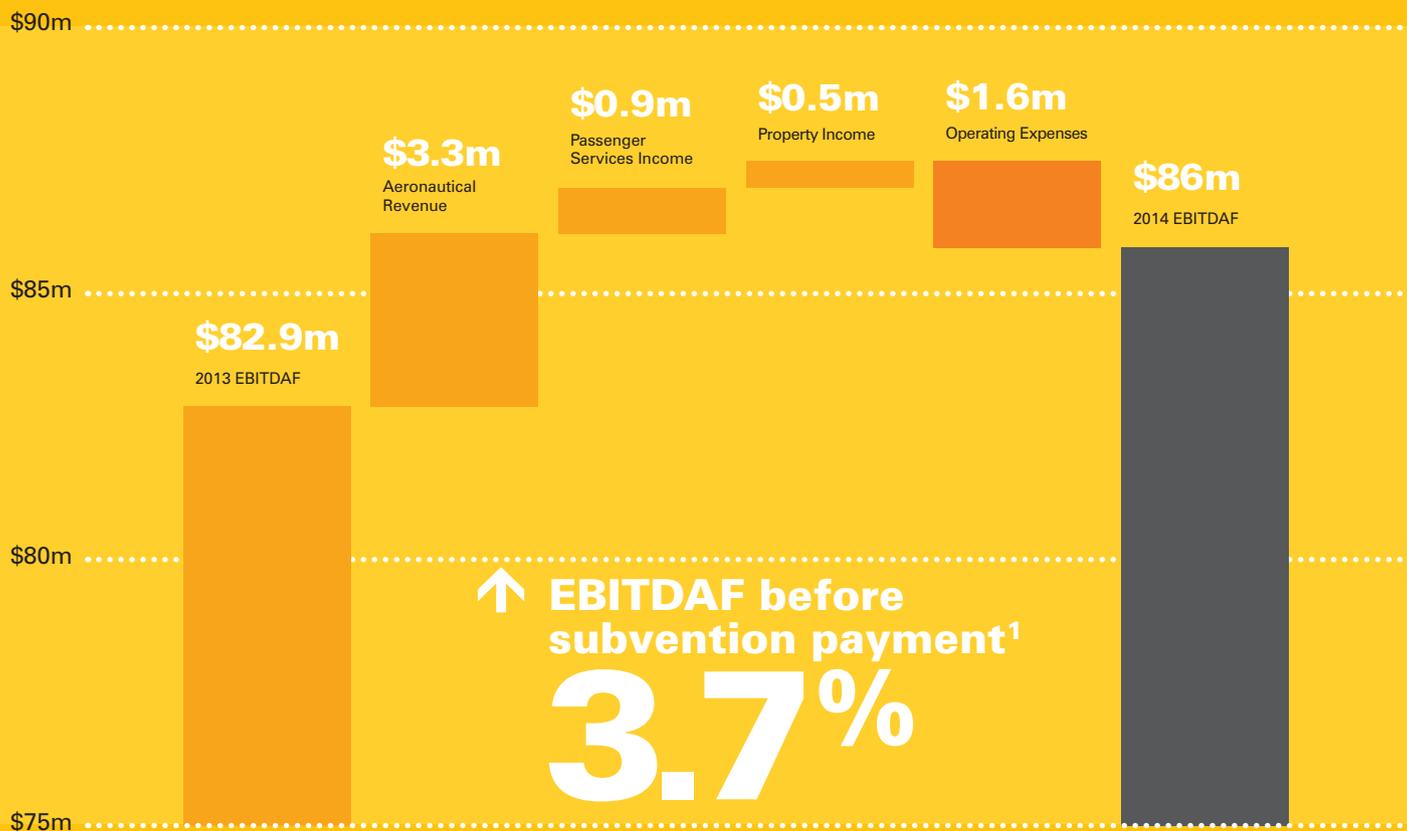
Marine Education Centre

We have been long term sponsors and advocates for the Wellington Marine Education Centre Conservation Trust. They offer exciting hands-on marine educational experiences and conservation projects, with the vision to develop a national Ocean Exploration Centre in the future.

We are proud to support:

- Wellington Airport Community Awards
- Wild at Heart Spirit Awards
- NZ Festival
- World of Wearable Arts
- Wellington Phoenix
- Wellington Gold Awards
- Wellington High Performance Aquatics
- Kate Mcilroy, Triathlete
- Wellington Jazz Festival
- Winter Games
- Sevens
- Wellington on a Plate
- Fringe Festival
- Marine Education Centre
- Life Flight Trust
- NZ Airports Association
- Wellington Aero Club
- Wellington Employers Chamber of Commerce
- Lifelines
- Miramar Golf Club
- AFL – Anzac Day match
- Refugee Services

Financials



Since 1998, when Infratil acquired its interest in Wellington Airport, over \$350 million has been invested in terminals, runway upgrades, passenger facilities and property development. This investment in travel and tourism infrastructure for Wellington has enabled the airport to cater for passenger growth from 9,600 a day in 1998 to 15,000 a day in 2014 and become one of the highest rated for service quality in Australasia.

¹ EBITDAF before subvention payment is a non-NZ GAAP measure of earnings. A reconciliation between WIAL's NPAT and EBITDAF before subvention payment is set out in its NZX announcement.