

PROGRESS

WELLINGTON AIRPORT ANNUAL REVIEW 2017



WELLINGTON
AIRPORT



Annual Report

Chairman
Tim Brown

Chief Executive
Steven Sanderson

Wellington Airport is pleased to announce its audited results for the year ended 31 March 2017.

Wellington Airport reported net profit after tax of \$16.1 million with underlying earnings showing an EBITDAF¹ before subvention payment of \$90.5 million, up 5.1% on the last year. EBITDAF is expected to continue to increase, reflecting investment in route development, new and expanded airport facilities and services, growth in passenger numbers and scheduled aeronautical charges.

¹ EBITDAF before subvention payment is a useful non-NZ GAAP measure of earnings which presents management's view of the underlying business operating performance. A reconciliation between WIAL's NPAT and EBITDAF before subvention payment is set out in the NZX announcement and Note A1 of the Financial Statements for the year ended 31 March 2017.

	Audited Year Ended 31 March 17	Audited Year Ended 31 March 16	Variance
Passengers Domestic	5,076,479	4,899,326	177,153
Passengers International	888,427	897,316	(8,889)
Aeronautical income	\$70.3m	\$65.9m	\$4.4m
Passenger services income	\$37.0m	\$35.7m	\$1.3m
Property/other income	\$12.2m	\$11.8m	\$0.4m
Operating expenses	(\$29.0m)	(\$27.3m)	(\$1.7m)
EBITDAF before subvention payment¹	\$90.5m	\$86.1m	\$4.4m
Net Profit After Tax	\$16.1m	\$12.5m	\$3.6m
Capital investment	\$79.3m	\$56.9m	\$22.4m

Airline Services & Passenger Numbers

Wellington is already seeing the much-anticipated benefits of connectivity to one of the World's largest hubs thanks to the commencement of Singapore Airline's service between Wellington, Canberra and Singapore on 21 September 2016.

Its commencement reflected the work and commitment of Wellington and Canberra Airports, Australia Capital Territory, Wellington City Council, and of course Singapore Airlines. It is ground breaking in too many ways to list and like many new things any initial scepticism has given way to enthusiasm and expectation for more.

Not only is the service a convenient and comfortable way for people to access central New Zealand, and for the region's residents to access the world, it is proof there is strong demand for long haul services to central New Zealand.

Air New Zealand's move to introduce larger aircraft on some domestic services and increased capacity on others, contributed towards a 3.6% increase and a milestone of over 5,000,000 domestic passengers using Wellington Airport. The highest domestic growth has been between Auckland and Wellington, but there has been strong regional growth, in particular with Jetstar's Dunedin and Nelson routes and additional Sounds Air services.



Welcoming Singapore Airlines first inaugural flight in Wellington on 21 September 2016.

While these services are quite different to the level provided by Singapore Airlines they illustrate the dynamics of the aviation market and that reliable, affordable services attract users.

International passenger numbers have more than doubled in the last 15 years to nearly 900,000. This year the growth has levelled off following a significant increase of 16% or 122,000 passengers last year (five times the average) which was driven by new airlines, additional capacity and the marketing of Wellington as a destination. In part this was an expected consolidation, but there are other factors channelling New Zealand's international growth via Auckland and Christchurch as a lot of that growth is on long-haul services.

Better Passenger Services

The Airport has almost completed stage one of its \$300m capital investment programme with most of the work on the domestic terminal extension completed. Given the extremely warm response to the first part of this upgrade, airport users will be delighted with the next phase.

Work is well underway on the multi-level transport hub. It will incorporate a range of state of the art features such as electronic wayfinding and electric vehicle charging points. People dropping off and picking up have been inconvenienced by the construction work, but have started to benefit from new Licence Plate Recognition technology that is enabling faster and easier exiting from the car park. For customers who have booked their car park online it will have the added convenience of allowing them to drive in and out without any tickets at all.

The main terminal extension is transforming the terminal and passenger experience. Air New Zealand's new design standard in its regional Koru Lounge is also pleasing airport users. The next stage is the refurbishment of the original terminal space and to improve the retail, food and beverage options. The first of the new operators, Al Brown's Best Ugly Bagels, opened in March and is proving popular.

The International Arrivals area underwent a small expansion to enhance the experience for passengers and to improve processing efficiency. A more significant expansion of the International Terminal is under development.

Construction has commenced on the 4-star hotel which is to be managed by Rydges. It is expected to be complete in late 2018. It is a part of the Airport's wider efforts to improve the experience of everyone who has to catch an early flight or arrive on a late one. Many travellers utilise these international flights and the Airport's particular focus is on improving its role as the gateway for central New Zealand.

Passengers coming and going in the South Terminal.



133,000

Over the last decade total passengers have increased, on average, by 133,000 a year.

26% 

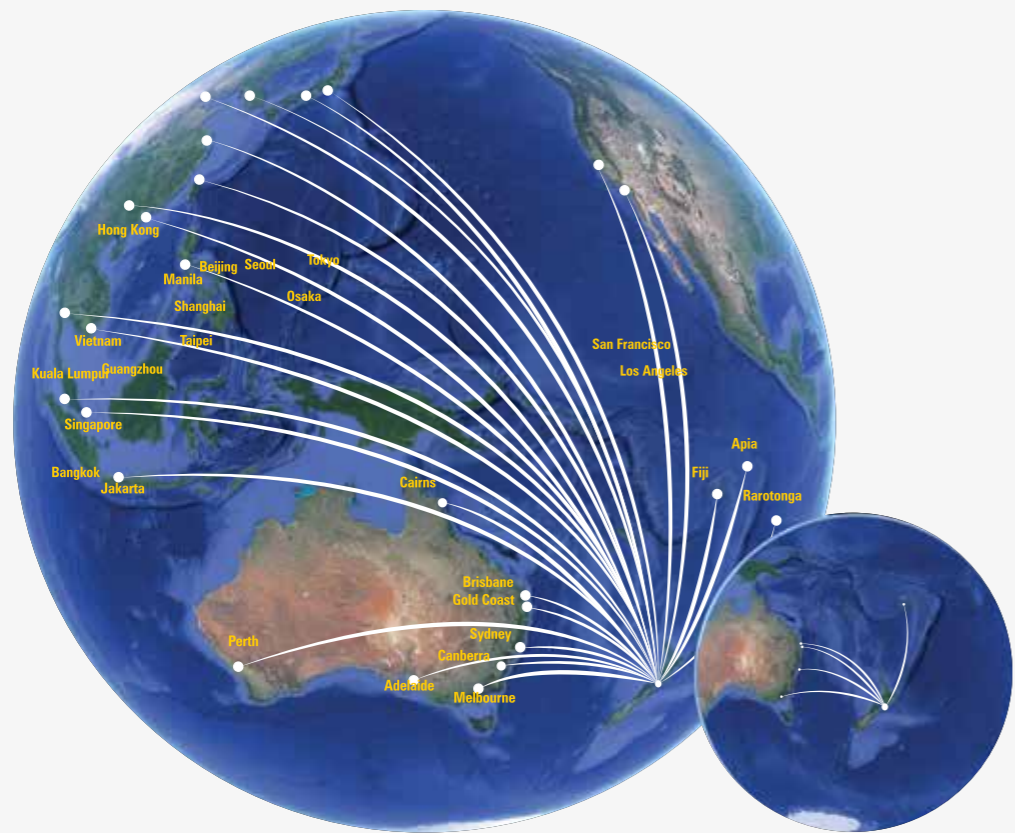
Since its inaugural flight on 21 September 2016, the Singapore service has added 59,000 additional seats and delivered a 26% increase in Asian visitors overall. The number of Singaporean visitors has increased 80%, and visitors from Canberra have more than doubled.

12% 

Asia Visitor Spend in Wellington increased from \$61.1m-\$68.5m since the launch in February, despite the negative impact of earthquakes. This compares with a -10% reduction in the whole of New Zealand.

16 thousand per day

When the main terminal was opened in 1999 around 9,500 passengers came through the airport each day. That number now averages 16,000 and over 20,000 on busy days.



Destinations we are capable of reaching with a 355m runway extension.

Our current world

Wellington's runway extension will open the door for long-haul airlines to operate from central New Zealand, delivering significant visitor growth, business connectivity and more convenient, affordable long haul services.

Bringing Long Haul Air Services to Central New Zealand

After a four year preparatory process, the Environment Court hearing for Wellington Airport's application to extend its runway and enable long haul services was scheduled to commence in June 2017.

It has been placed on hold at Wellington Airport's request due to an unexpected development involving the government agency that regulates NZ airports, the Civil Aviation Authority, and the New Zealand Airline Pilots' Association. In separate proceedings the Court of Appeal overturned a previous High Court decision and found the CAA had misapplied the requirements around the length of safety areas for New Zealand Airports.

The CAA's previous practice was consistent with similar agencies and industries elsewhere in the developed world (including Australia, USA, Europe). However, until the issue is resolved it represents an impediment to Wellington progressing its resource consent.

This is naturally disappointing, but Wellington Airport's commitment hasn't dimmed especially as all the recent evidence has reinforced the huge benefits that would arise to the region and New Zealand from Wellington being able to accept long haul airlines.

The New Zealand Airports Association has approached the Minister of Transport for his assistance and Wellington Airport and the CAA have appealed the decision to the Supreme Court.

Singapore being one of the target destinations for long haul flights.



1635 people every day

had to take additional connections and time on the ground to reach their long-haul destination from Wellington's catchment this year.

\$2.3b billion dollars is forecast

as a direct benefit to New Zealand by enabling long haul services to and from central New Zealand.

27% ↑

The Nelson to Wellington route has 16 flights per day and is now the region's third busiest route with over 330,000 passengers (+27%) p.a.



Licence Plate Recognition technology was introduced this year which enables faster and easier access for all vehicles. It will be most convenient for customers who have booked their car park online as they will be able to drive in and out without any tickets.





Supporting Wellington's Vibrant Community, and Culture

The Airport is proud to play a supporting role in the region's events and community endeavors.

The Airport is a major supporter of New Zealand's most successful innovative performing arts and design event, the World of WearableArt, which this year attracted a record audience to Wellington.

We also honour and celebrate the contribution of community group volunteers with the Wellington Airport Regional Community Awards, which this year attracted 236 nominations from volunteer organisations from across the region. The Supreme Award was taken out by CubaDupa, Wellington's vibrant street arts festival. This year its over 1,000 performers entertained over 110,000 people over the weekend of 25th and 26th March.

Wellington's recreational activities are of significant value to the community. This year, the Airport contributed funding to the Makara Peak Mountain Bike Park, an award-winning community built bike park set in 250 hectares of bird-filled native bush. Funds helped build a 70m long suspension bridge across a gully to reach the summit of Makara Peak. The bridge is likely to become an iconic feature for the region's riders.

Closer to the runway, Lyall Bay Surf Club has voluntarily patrolled the beach for over 100 years and has commenced the construction of their new clubhouse. The Airport has contributed towards the build that will meet the needs of a modern club for both lifeguarding and sports.

Makara Bike Park Supporters
Karori, Wellington

We are proud to support:

- Wellington Airport Regional Community Awards
- Wild at Heart Spirit Awards
- World of WearableArt
- Makara Peak Mountain Bike Park
- CubaDupa
- Life Flight Trust
- Wellington On a Plate
- Beervana
- New Zealand Festival
- New Zealand Fringe Festival
- Marine Education Centre
- Lyall Bay Surf Life Saving Club
- Wellington Phoenix
- Victoria University Tourism Management Awards

"We are proud to be able to bring such a vibrant street arts festival to Wellington and are honoured to be recognised alongside other amazing movers and shakers in our community. So many people contribute to this event with their time, energy, creativity and enthusiasm to make Wellington's CubaDupa such an extraordinary experience for all. A huge thank you to everyone who becomes part of our community in delivering this event."

Kate Louise Elliot
General Manager CubaDupa



Wellington Airport ambassadors assist travellers with airport services and facilities, and directions to various terminal locations and gates. The programme has now 55 volunteer ambassadors from Mon-Fri, between 8am and 5pm operating at two kiosks.



Initial interest has been high with the quieter home package, while many are still in the stages of application and site inspections, nine houses are close to having the acoustic enhancements fully completed.



To provide greater resilience in the event of a major disaster, the airport has implemented high-speed fibre connections including one microwave link & free wireless internet access.



Common-Use-Terminal-Equipment platforms were implemented providing airlines with universal check in terminals, access to all applications they need for passenger processing and overall better passenger experience by increasing efficiency and reducing waiting time during check-in.



A new Emergency Operations Centre, along with a new Airport Emergency Response app, has opened to provide the airport community with a command centre during an emergency. During the Kaikoura earthquake the two accelerometers on the runway showed a level of shaking that required a full runway inspection but was able to reopen within 30 minutes. The new terminals are built to Importance Level 3 and are some of the most resilient buildings in Wellington.



Thank you

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

From left to right:

Jackie Holley
General Manager People and Culture

Martin Harrington
Chief Financial Officer

Matt Clarke
Chief Commercial Officer

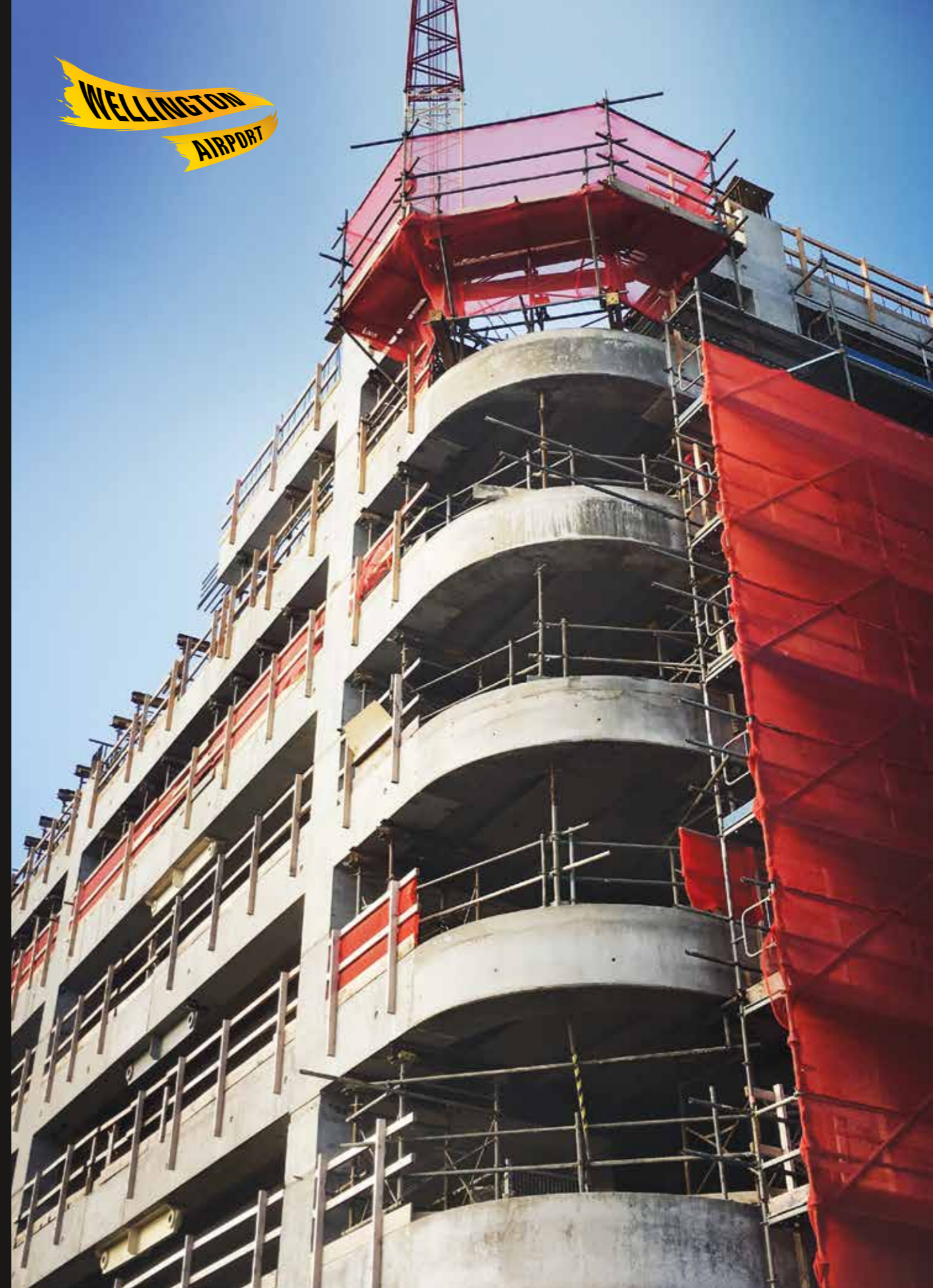
Steven Sanderson
Chief Executive

Ayolt Wiertsema
General Manager Aeronautical Operations

Greg Thomas
General Manager Communications

Leanne Gibson
General Manager IT and Facilities

John Howarth
General Manager Infrastructure



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