

**WELLINGTON
AIRPORT**



**WELLINGTON AIRPORT
ANNUAL REVIEW 2023**

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Matt Clarke - CEO



Rachel Drew - Chair



The last 12 months have seen ongoing recovery for Wellington Airport and exciting steps towards future growth.

Trans-Tasman flights resumed the day before the start of the financial year on 31 March 2022 and since then travel demand has continued to recover.

International borders are now fully open, major events are running smoothly, and the terminal is bustling again – a shot in the arm after so much global disruption. Wellington Airport’s early actions to respond to the pandemic, including cost saving measures and resizing, have contributed to the Airport’s resilience.

Passenger numbers are climbing back to pre-Covid levels, with domestic passengers recovering to around 90% of previous levels and international to around 76% by the end of the financial year. An after-tax profit of \$25.2 million has been recorded, up from \$3 million last year. EBITDAF grew in line with passenger numbers to \$89.6 million, with good recovery across all business areas.

Several headwinds remain in the short term, with high inflation, cost of living challenges, and restrained airline capacity. We continue to work hard to maintain efficiencies across investment and spending, retaining material cost efficiencies achieved during the pandemic.

At the same time our focus over the last year has been on preparing for the return to growth over the medium term. Land use roadblocks have been removed, new space is available for development and projects are underway to cater for the continued growth in travel expected over the coming decades. We continue to work hard to attract more capacity and new routes to Wellington.

Of course, growth can only happen if it is sustainable for people and the planet.

This year we have made excellent progress towards our sustainability goals and it’s pleasing to have this confirmed through independent assessments.

This year for the first time we will be publishing a separate annual summary focused on our sustainability work programme, covering our Environmental, Social and Governance (ESG) work.

While this work is intrinsically combined with all areas of our operation, we feel it deserves a separate report to highlight in more detail the strides we are making.

Matt Clarke - CEO

Rachel Drew - Chair

	FY23	FY22	Variance
Passengers Domestic	4,689,792	3,480,581	34.7%
Passengers International	563,533	48,667	1057.9%
Aeronautical Income	77.3	54.3	42.4%
Passenger service Income	46.8	27.4	70.8%
Property/Other Income	15.7	13.8	13.8%
Opex	(50.2)	(38.7)	29.7%
EBITDAF¹	89.6	56.8	57.7%
Net Profit After Tax	25.2	3.0	740.0%
Capital Investment	42.3	17.8	139.9%

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 Wellington Airport’s NPAT and EBITDAF before subvention payment is set out in the NZX announcement and Note A1 of the Annual Report for the year ended 31 March FY23. No subvention payment was made in FY23.



5.26 MILLION PASSENGERS
4.7 MILLION DOMESTIC PASSENGERS
564,000 INTERNATIONAL PASSENGERS

PARTNERED WITH GWRC ON LAND TO DEVELOP REGIONAL BUS TERMINUS



12.9

HECTARES OF DEVELOPMENT RIGHTS SECURED



98% OF PASSENGERS RATE WELLINGTON AIRPORT AS 'GOOD', 'VERY GOOD' OR 'EXCELLENT'¹



\$100M

INAUGURAL SUSTAINABILITY LINKED BANK LENDING



\$89.6M

EBITDAF



RATED THIRD IN WORLD FOR AIRPORT SUSTAINABILITY BY GRESB²



JOINED NEW INDUSTRY ADVISORY BOARD FOR HEART AEROSPACE, HELPING DEVELOP ELECTRIC AIRCRAFT

ZERO HARM HEALTH AND SAFETY GOAL ACHIEVED
AIRPORT EXPRESS ELECTRIC BUS SERVICE LAUNCHED
OUR FIRST FULL YEAR OF TRAVEL WITHOUT COVID DISRUPTIONS SINCE 2019



70

ROLES FILLED AT THE AIRPORT JOB FAIR

¹ ASQ Survey 2022

² Amongst participating Airport's by GRESB as part of their independent global assessment.



In the last 12 months Wellington Airport welcomed over 5.2 million travellers, an increase from just 3.5 million in FY22.



Looking back to this time a year ago, it's hard to believe how much things have changed for travellers at Wellington Airport.

At the beginning of 2022 there was no regular international travel, face masks were compulsory in the terminal, and 'locations of interest' were hot topics in the media. Since then we've seen a gradual return to normality after a turbulent and challenging few years.

In the last 12 months Wellington Airport welcomed over 5.2 million travellers, an increase from just 3.5 million in FY22.

Domestic travel is approaching normal with around 4.7 million domestic passengers and 564,000 for international.

It was a steady rebuild for international travel with Air New Zealand resuming regular international flights on 31 March 2022, followed by Qantas in May and then Jetstar and Fiji Airways in June. Singapore Airlines and Virgin Australia have not yet returned to Wellington.

Looking forward, we are working to maintain momentum and support more international services into Wellington. It's pleasing to see both Jetstar and Fiji Airways increasing their international flights to and from Wellington this winter.

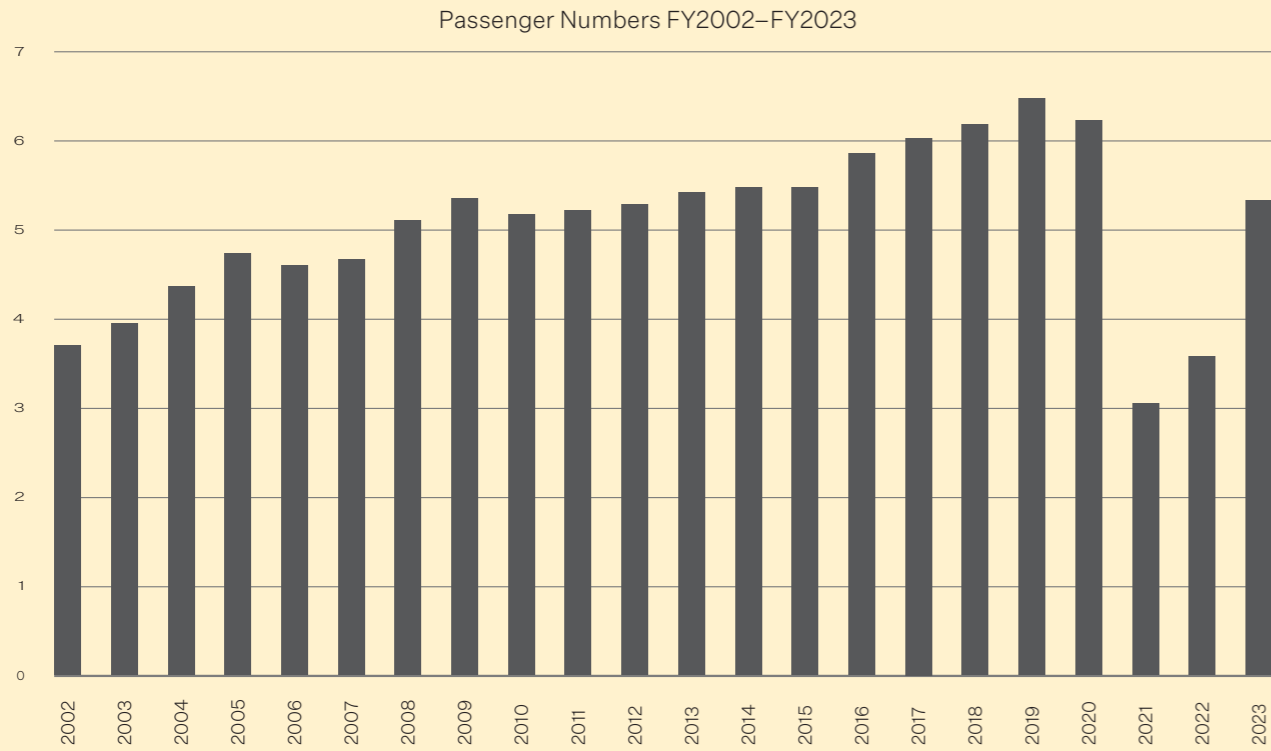
Recovery has not been without challenges for the wider aviation sector, particularly in staffing. Airlines and Government agencies have struggled at times and to this end, Wellington Airport organised a Job Fair in September last year. More than 600 people attended and over 70 jobs across the Airport campus were filled as a result.

The last year has also seen extreme weather events wreak havoc in parts of New Zealand, especially Auckland, Hawke's Bay and Tairāwhiti Gisborne. This has emphasised both the importance of aviation in connecting our communities, especially when other transport networks are unavailable; and the need for both mitigation and adaption for our changing climate.

To this end we are also working closely with airlines to support the development of new, sustainable technologies like electric aircraft and Sustainable Aviation Fuel (SAF) to ensure that aviation is sustainable into the future.

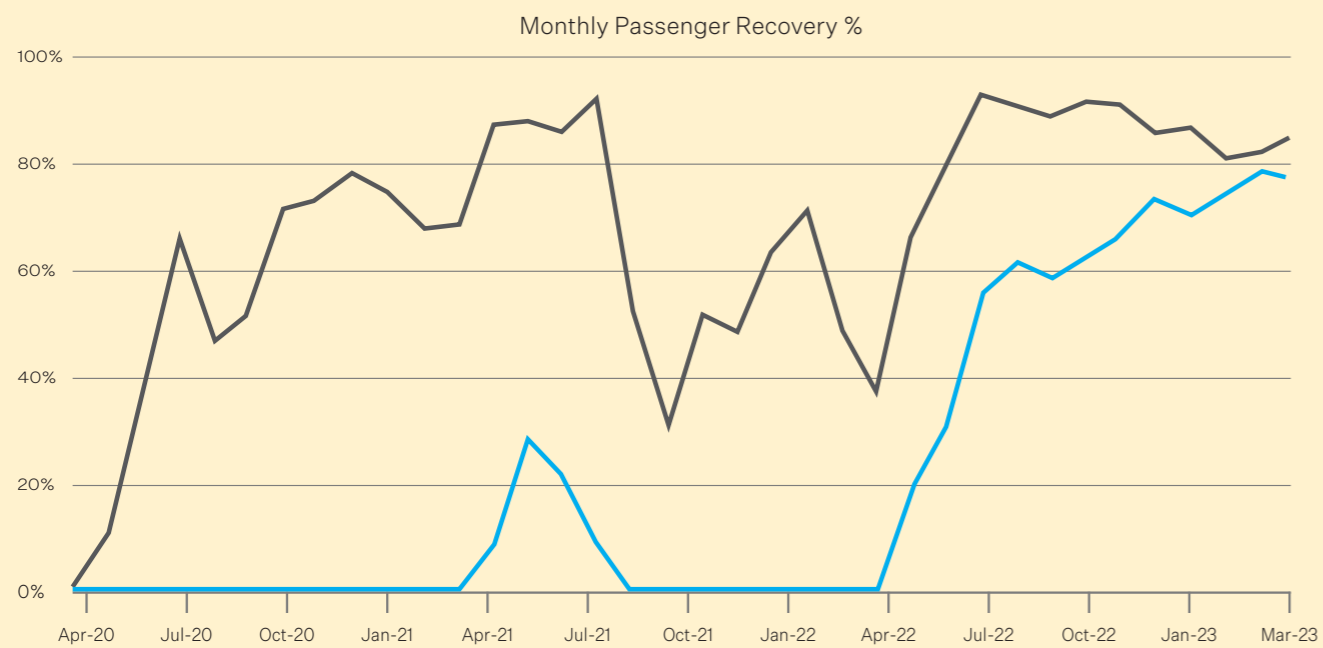
Resilient long-term passenger growth Pre-Covid

AVERAGE ANNUAL PASSENGER GROWTH OVER 20 YEARS TO FY20 WAS +2.7%



Strong recovery has continued over FY23

FULL YEAR PASSENGER NUMBERS 86% OF PRE-COVID*



Domestic - Actual % of Pre-Covid
International - Actual % of Pre-Covid

* Pre-Covid numbers are defined as FY20 numbers.

Recovery Timeline 2022

April: Trans-Tasman travel resumes with no quarantine

May: Public health presence in terminal finishes

June: Pre-departure tests for international arrivals scrapped

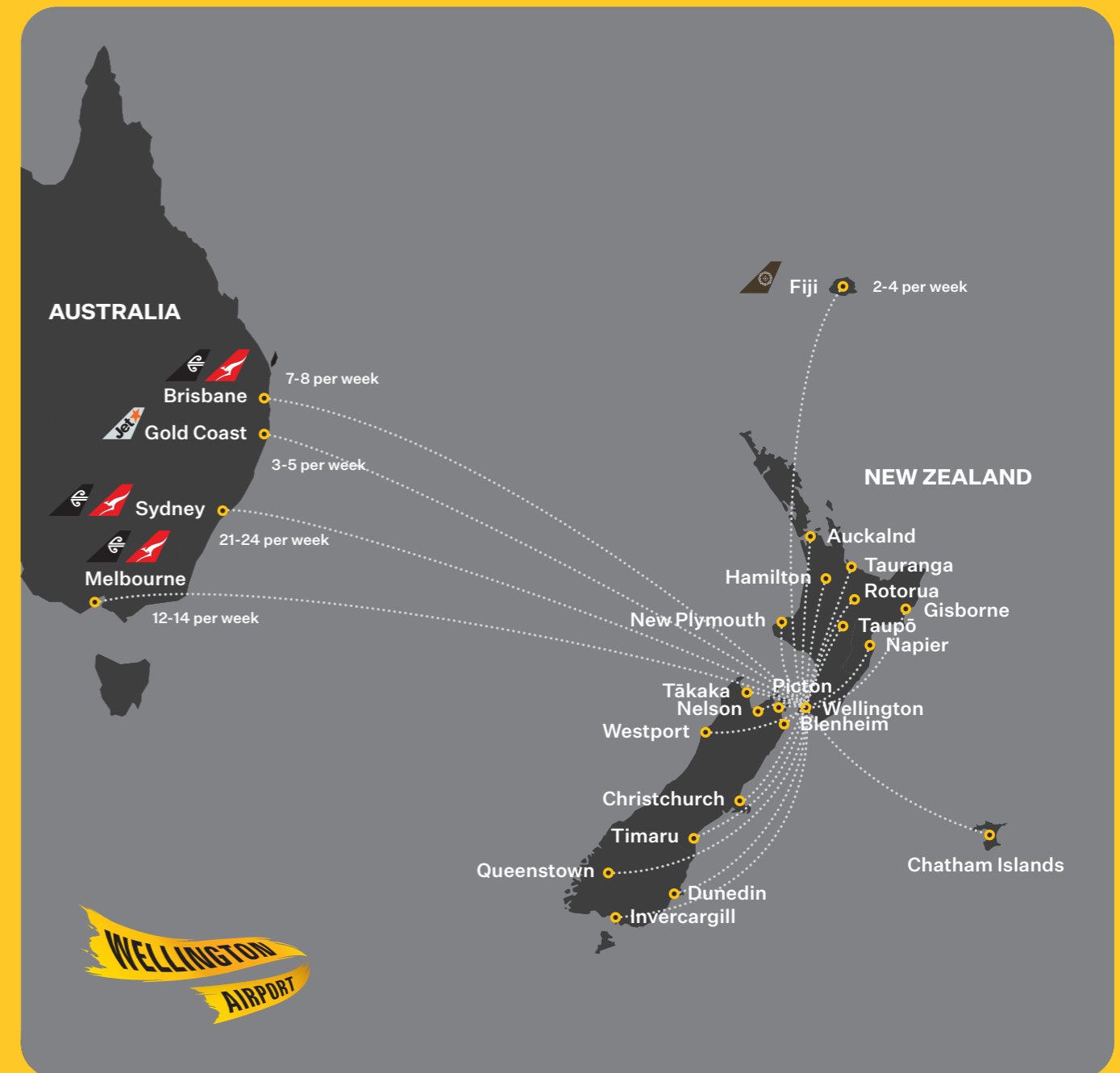
July: Full border re-opened

September: Traffic light system ends

Mask wearing no longer required in Airport's or on flights

October: New Zealand Traveller Declaration scrapped

Route Map





As we move beyond the impacts of Covid-19, our 2040 Masterplan provides a clear blueprint for the future. This outlines the developments needed to meet future demand from travellers and ensure our infrastructure is future-proofed.

Over the last 12 months we've been laying the groundwork for the future with a number of important projects.

BUILDING FOR SUSTAINABLE GROWTH

Travel demand has rebounded strongly over the last year and Wellington Airport is preparing for this to continue in coming years.

In June, our designation for Airport Purposes over the southern part of Miramar Golf course was confirmed by the Environment Court. This means we can expand onto the southern half of the Miramar Golf Course without the need for a land use consent from Wellington City Council.

We were pleased to reach a settlement over appeals against this designation avoiding the need for a full Environment Court hearing which would have been long and costly for everyone involved.

This gives us vital space we need to meet the demands of Wellington's population growth and new, lower emissions aircraft technology. This expansion will happen incrementally over time as required, and eventually will include a new international terminal and increased space for aircraft parking.

Over the last year we have built an electric bus charging facility on the site of the old Miramar South School, just the second of its kind in New Zealand.

The new 10-bus depot has overnight bus changing capabilities, driver amenities and vehicle wash down facilities.

The site also has space for rental cars, helping free up valuable space in the main Airport precinct for aviation support facilities.

In 2023 we will also begin construction on a new Airport Fire Station on Coutts Street in Rongotai. This will provide a modern and resilient new facility, and allow the existing site to be used for aviation purposes.

Construction is also well underway on a new Aviation Ground Services (AGS) building at the southern end of Wellington Airport, along with preparations to remove the grassy knoll nearby which will create valuable new space.

Other exciting projects on the horizon include an upgrade of international arrivals to manage peaks, baggage handling enhancements, a multi-level terminal retail development and a new logistics centre.

Our first major apron taxiway reconstruction since 1959 also involves installation of a new stormwater management system and airfield ground lighting.



Installation of new stormwater management system



Reconstruction on Taxiway Bravo

Investing in the resilience of core infrastructure has been a key priority over the last year.

Taxiway Bravo reconstruction work has continued at pace while also avoiding any disruption to airside movements, which is no small feat.

This is the first time our major apron taxiway has been reconstructed since 1959. The project also involves installation of a new stormwater management system, and airfield ground lighting.

Another major resilience project is replacement work on our seawalls and breakwater which are reaching the end of their design lifespans.

As well as protecting the runway from inundation and erosion, this infrastructure also protects the Moa Point Road and tunnel, and major pipelines transporting most of Wellington's waste to and from the Wastewater Treatment plant. This work is crucial given sea levels are rising and the frequency and severity of storms continues to increase.

Options for this work have been identified for further investigations and early consultation with interested parties will soon be underway.

This year we have installed a new warm roof system over a large part of our international terminal, significantly increasing the building's thermal efficiency. As well as improving amenity, this has allowed us to put a significant dent in energy emissions and our reliance on natural gas for heating.

We are also continuing important seismic resilience upgrades to building stock including strengthening older terminal and carpark buildings, along with upgrades to critical baggage handling system components.



Airport Express bus service

We were proud to welcome the Airport Express bus service from 1 July last year, giving travellers a quick, easy and affordable way to reach the terminal.

The service runs between Wellington Airport and Wellington Railway Station seven days a week every

10-20 minutes, and with zero emissions thanks to the entirely electric fleet of buses. The service has been a hit with travellers and proved popular beyond expectations. Restoring the service took several years of work from different parties including the Greater Wellington Regional Council, Metlink, Transdev and Wellington Airport.



Airport Express bus



Airport Ambassadors Patricia Saxby and Maureen Groucott

We've loved having more travellers back in the terminal over the last year and are proud of the experience we offer.

During this period we've added new technology to further improve passenger journeys through the Airport.

This includes new common use check-in and boarding equipment which provides greater flexibility and resilience and has streamlined systems for airline staff.

Biometric processing has also been introduced in collaboration with Qantas, providing a quick and smooth process for bag drops without the need for ground staff to check passport details. This is the first in New Zealand and across the entire Qantas network.

Our friendly Ambassadors are now in the terminal seven days a week, providing a welcoming and helpful presence for travellers.

This year we welcomed new café Ted & Rose serving great coffee and snacks in the arrivals area, along with the return of Percival café in the south-west pier. A new retail pop-up kiosk has also been well utilised for the support of small retail operators, tastings and event activations.

Our pop-up 'Kids Zone' entertainment has been a major hit over school holidays, providing a fun space for young children with toys and colouring in activities. We've also hosted regular live entertainment in the terminal including musicians, DJs and school choir groups.

These improvements are reflected in our most recent Airport Service Quality Survey (ASQ) in which Wellington Airport has a high level of satisfaction by travellers. Overall satisfaction was rated:

Excellent: 29% **Very Good:** 52% **Good:** 17%

LONG TERM LEASE SIGNED FOR TIRANGI ROAD

In late 2022 we signed a long-term agreement to lease nearly two hectares of land around Tirangi Road in Rongotai to Greater Wellington Regional Council.

A range of public transport infrastructure options are being explored for this site, which could include a bus depot. We are pleased to help the Council find suitable land, and the deal is another good example of the Airport working with key stakeholders and growing a diversified income stream.



Wellington Airport has worked hard over the pandemic-impacted years to secure long term and efficient funding.

The Airport has continued to manage its operating and capital expenditure commensurate with its cashflows and operating environment.

In February 2023, we issued \$75 million of retail bonds, which will fund existing bonds maturing on 12 May 2023. This was our ninth retail bond issue and cumulative issuances have totalled over \$770 million.

The \$75.8 million shareholder support agreement put in place with both shareholders (Infratil and Wellington City Council) at the onset of the pandemic was thankfully not utilised, and the company's option to draw down on this agreement was left to expire in June 2022. Wellington Airport is fully compliant with all lender covenants, and no covenant waivers remain in place.

In March 2023, Wellington Airport converted \$100 million of bank finance into sustainability linked lending across its banking group. This creates direct financial incentives by aligning interest rates with agreed sustainability targets.

Wellington Airport will be charged a lower interest cost and line fee for achieving the sustainability goals, and a higher rate if those goals are not achieved.

Wellington Airport's funding arrangements and liquidity are well placed as we emerge from the pandemic, with forecast passenger recovery and a range of planned infrastructure investments. Consultation with airlines on pricing for FY25-29 will shortly commence, with prices to be set before 1 April 2024.

“As momentum starts to build in the travel industry, it’s hard to imagine a more exciting time to lead the talented team at our capital city’s spectacular Airport. There are many opportunities ahead as we work with our airline partners to get New Zealand back on the world map and it is a privilege to be able to play my part.”

- Matt Clarke, CEO



CURRENT DIRECTORS

From left to right

Rachel Drew, Chair
(from December 2022)

Mayor Tory Whanau
(from December 2022)

Matthew Ross
(from December 2022)

Phillippa Harford

Phil Walker

Wayne Eagleson
(independent Wellington
City Council appointment)

**RETIRED DIRECTORS
DURING FY23**

Peter Coman
(Chair – retired December 2022)

Andy Foster
(retired December 2022)

Tim Brown
(retired April 2022)

This year has seen new leadership take up key roles at the Airport, including Matt Clarke as CEO in May 2022 and then Rachel Drew elected as Chair in December to replace the outgoing Chair Peter Coman.

With borders reopening and stability returning to the aviation industry, the Board viewed this as a good opportunity for a smooth succession to new leadership.

Matt has over 20 years’ experience in the Airport industry having first joined Infratil’s Airport team in Europe after serving as the Chief Executive of Rotorua Airport. He was Wellington Airport’s Chief Commercial Officer for twelve years before his appointment, overseeing the Airport’s commercial operations, strategic development and airline relationships.

Rachel Drew brings significant leadership experience, having served on five boards located in New Zealand, Australia and the United Kingdom. She is an Executive Director at Morrison & Co and prior to this was Chief Commercial Officer at NZ Bus, and has an extensive background in investment management, strategy, business planning and governance.

At the Board directors’ level, Matthew Ross was appointed to replace the outgoing Peter Coman and new Wellington Mayor Tory Whanau has replaced Andy Foster as a Wellington City Council representative.

OUR OWNERSHIP

Wellington Airport is jointly owned by Infratil (66%) and Wellington City Council (34%).



EXECUTIVE LEADERSHIP TEAM

From left to right

Richard Dalby
(GM Commercial)

Jenna Raeburn
(GM Corporate Affairs)

Martin Harrington
(Chief Financial Officer)

Nick Petkov
(GM Infrastructure
and Development)

Jackie Holley
(GM People and Culture)

Ayolt Wiertsema
(GM Aeronautical Operations)

Matt Clarke
(CEO)



This year we have ramped up our engagement with community and local neighbourhoods.



Regional Community Awards



Wellington Airport Ngā Taniwha Stage at Cuba Dupa

The welcome return to normality over the last year means we've been able to support more events out in the community.

We are proud to sponsor some of the most iconic events on Wellington's calendar, helping make our city lively and entertaining for locals and visitors alike.

These include:

- Visa Wellington on a Plate
- World of WearableArt (WOW) Show
- Beervana
- CubaDupa
- Fringe Festival

A highlight was the 18th annual Wellington Airport Regional Community Awards, held in person for the first time since 2019.

The awards, organised in collaboration with local councils, recognise the work of volunteer groups in the areas of Arts and Culture, Education and Child/Youth Development, Health and Wellbeing, Heritage and Environment, and Sport and Leisure, as well as a Rising Star award and People's Choice category.

Supreme Award winners for 2022 were Kiwi Community Assistance (KCA) for their work rescuing surplus food and household goods, and redistributing it to frontline agencies working directly with people in need across Wellington.

This year we've ramped up our engagement with local neighbourhoods, appointing a Community Engagement Officer and launching a quarterly community newsletter. We have also begun establishing the WLG Community and Environment Fund which will provide funding for the benefit of the local communities living near the Airport.

Recycling is underway at our Community Garden site on Bridge Street in Rongotai, which is creating compost out of used coffee cups from the terminal. Over time this garden will expand, helping reduce and re-use waste while involving the local community.

We've enjoyed a lot of engagement with local schools over the last year, hosting tours and attending numerous careers days. The Airport Fire Service has also been superb ambassadors for the Airport at numerous local events and parades.

Our Cystic Fibrosis Christmas Tree festival in December created a spectacular forest within the terminal raising awareness and valuable funds for this important cause.

Other highlights have been holding local workshops to discuss the Airport's urban design principles, and reaching agreement with airlines to avoid overflying the Miramar Peninsula.

We place a big effort into our people practices and creating a fun and vibrant culture.



Wellington Airport 'Hanga Kapa' surfing lessons



Wellington Airport Midwinter Party

Wellington Airport's reputation as a great place to work has served us well in attracting and retaining highly skilled and talented people.

This is a greater challenge than ever as the aviation industry rebounds and deals with an extremely competitive labour market. This is why we place a big effort into our people practices and creating a fun and vibrant culture.

Investment has been aimed at fostering team cohesion so that all parts of the business feel a sense of belonging to the same family.

This has been achieved through monthly activities and our calendar of events 'Hanga Kapa' which includes surfing lessons, cooking classes, mini golf, axe throwing, and even a Masterchef competition. Staff social events have also been held in person again, including mid-winter and Christmas events bringing all the different teams together.

We also offer a range of other benefits to staff to ensure we are a top contender in the battle for top talent:

- Flexible working practices and conditions
- Free car parking and Airport retail discounts
- Regular social events and team lunches
- Rewards systems to recognise achievement and effort
- Learning and development opportunities
- Free twice weekly F45 fitness sessions
- Free eye checks and annual flu vaccination, and discounted health insurance.

DIVERSITY AND INCLUSION

Diversity and inclusion at Wellington Airport has gone from strength to strength this year.

Our annual diversity report continues to be released to all staff, providing in-depth coverage of the data across each of the Airport teams and wider business.

We're pleased to be attracting a good balance of candidates from a range of ethnic backgrounds and genders.

We are making progress on many areas within the Airport, and employing more women in areas which have traditionally been male-dominated, such as the Airport Fire Service.

We continue to make steady progress towards minimising the gender pay gap across our business. As part of the 'Mind the Gap' initiative we have committed to disclosing our gender pay gap which as at 31 March 2023 sits at a median of 6.1%. This compares favourably to the wider New Zealand gender pay gap of 11.9%.

A key strategic focus is to remove bias from selection processes and to achieve a more balanced gender split across the whole of the business.



Fiona Gibb at the Job Fair



Job Fair staff promotion

“I wanted to take a moment to thank Wellington Airport for their amazing parental leave policy for Dads! Wellington Airport sets a great example as a leader in this space”

- Matthew Palliser, Head of Operations



Parental Leave Provisions

This year Wellington Airport introduced a generous new parental leave policy, well ahead of what is required by law. This includes:

- 100% salary top up (inclusive of Govt payment) for up to 18 weeks
- Continuation of KiwiSaver contributions while on leave and annual leave topped up to full value
- 2 weeks paid partner leave

“I wanted to take a moment to thank Wellington Airport for their amazing parental leave policy for Dads! I feel extremely lucky that as of today, I have been granted the opportunity to take time off to bond with our 4-month year old daughter Neve.

“I'm proud to work for a company that prioritises family values and recognises the importance of work-life balance. Wellington Airport sets a great example as a leader in this space.”

- Matthew Palliser, Head of Operations

Our vision and values

Our vision and core values have stood the test of time. They were inspired and co-designed by our people, and have served us well through change and uncertainty. Our values are:

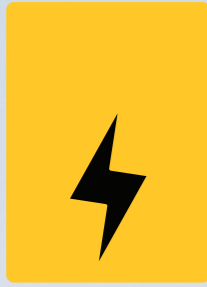
- Whānau Kotahi (one team)
- Diversity & Inclusion
- Be Exceptional
- Courage & Freedom
- Customer Obsessed

Wellington Airport Job Fair

Over 600 people attended the first ever Wellington Airport Job Fair in September 2022, a new initiative we organised to help Airport employers fill much needed roles.

More than 70 jobs were filled across the Airport campus as a result, including roles with airlines, retailers, border agencies and hospitality providers.





Wellington Airport is proud to be an active member of Heart Aerospace's Industry Advisory Board.



New EV vehicles



Janoo Patel charging the new EV van

Sustainability is incorporated into everything we do at Wellington Airport and we have made large strides over the last year.

We have a detailed plan to reach net zero emissions by 2030, and then absolute zero (no carbon output at all) by 2050.

Air travel is vital to Wellington and New Zealand, which is why we've set ambitious sustainability targets for ourselves and are working with airlines to help them transition as well.

The key steps to achieve our net zero target include:

- Tracking against transparent, science-based targets
- Improving the efficiency of heating, cooling and lighting systems
- Replacing our gas boilers and moving to 100% renewable energy sources
- Replacing our vehicle fleet with electric vehicles
- Offsetting any residual emissions.

Our efforts were recognised in 2022 when we were rated third in the world for sustainability amongst participating Airport's by an independent global assessment.

This assessment was carried out by GRESB who rate the performance and management of environmental, social and governance (ESG) efforts of companies worldwide.

In December last year we also achieved Level 2 Certification from the Airport Carbon Accreditation programme, which runs independent assessments of Airport's around the world. This reflects that we have comprehensive emissions profile mapping and reductions in place.

We are putting real weight behind these efforts by converting \$100 million of existing bank facilities into sustainability linked loans. This means that Wellington Airport's lending will be charged a lower interest cost and line fee for achieving the sustainability goals, and a higher rate if those goals are not achieved. We are also making good progress towards our goals of reducing water use and waste sent to landfill by 30% by 2030.

We're also working directly with airlines to support their decarbonisation goals. Our aim is to be a pioneer and hub for electric flights, and we have established a working group on electrification with airlines and other partners.

Looking further ahead, Wellington Airport is proud to be an active member of Heart Aerospace's Industry Advisory Board. This work is helping to speed up the rollout of electric aircraft and build our understanding of the infrastructure we'll need in future.

We will expand on this work in a dedicated sustainability report later this year.

