



Chairman and Chief Executive Report

Unaudited results for the six months ended 30 September 2016

Wellington Airport is pleased to announce its unaudited results for the six months ended 30 September 2016 which reflect steady ongoing passenger growth. The results were a net loss after tax of \$5.0 million with underlying earnings showing an EBITDAF before subvention payment ¹ of \$43.7 million, up 4.5% on the prior period last year. Revenue and EBITDAF are expected to continue to increase reflecting investment in route development, increase in passenger numbers and scheduled aeronautical charges.

	Unaudited 6 Months Ended 30 September 2016	Unaudited 6 Months Ended 30 September 2015	Audited Year Ended 31 March 2016
Passengers Domestic	2,520,872	2,388,201	4,899,326
Passengers International	411,587	419,139	897,316
Aeronautical income	\$33.9m	\$32.2m	\$65.9m
Passenger services income	\$18.5m	\$17.7m	\$35.7m
Property/other income	\$6.0m	\$5.7m	\$11.8m
Operating expenses and employee remuneration and benefits	(\$14.7m)	(\$13.8m)	(\$27.3m)
EBITDAF before subvention payment ¹	\$43.7m	\$41.8m	\$86.1m
Net (Loss)/Profit After Tax	\$(5.0)m	\$(8.9)m	\$12.5m
Capital investment	\$45.2m	\$28.0m	\$56.9m

Total passenger numbers grew 4.5% to over 2.9 million over the half year period. Domestic passengers were the main driver of the increase +5.6% following up-gauging of Air NZ aircraft and regional competition from Jetstar. International passenger numbers have stabilised following a considerable period of growth and investment in route development with four new international services over the last few years and 29% growth since 2011. Marketing of all new and existing routes has been undertaken in partnership with WREDA and travellers to and from Wellington are experiencing the benefits of increased competition which contributes to both price and travel options.

The Singapore Airlines inaugural flight was on 21 September 2016 and the service has been very popular. The full impact of the Canberra - Singapore route will be realised over the coming six months with an expected addition of over 55,000 seats for the year ending 31 March 2017.

Better Passenger Services

\$45 million of capital was invested during the period including completion of the main terminal extension and commencement of the multi-level transport hub. The main terminal extension has already transformed the terminal and passenger experience. The next step is the refurbishment of the existing terminal space to open up the whole area and introduce new retail, food and beverage options. The International Arrivals area also

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 six months ended 30 September 2016.

underwent an interim enhancement to improve the experience for visitors and residents alike and improve processing efficiency.

These developments are part of the wider investment programme of up to \$300 million in aeronautical and terminal developments to cater for current and future passenger growth. The investment programme also includes the 4 star Rydges Hotel which is currently out for construction tender, ongoing aeronautical developments and a further expansion of the international terminal which is at the concept stage and will be consulted upon with our airline customers.

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

Almost 1,600 people per day travelled between Wellington's market catchment and a long haul destination over the last 12 months. All of them had to take additional connections and time on ground to reach their final travel point. The joint venture with Wellington City Council to extend Wellington's runway will open the door for long haul airlines to operate to and from central New Zealand, delivering significant visitor growth, business connectivity and more convenient, affordable long haul services.

Over the period Wellington Airport lodged its application for consents with the Greater Wellington Regional Council and Wellington City Council and formal submissions were sought on the project. The Councils also released summary of issues reports on the application and indicated they were open to the consent being granted provided the effects of the project can be remedied or mitigated. The application will shortly be in the hands of the Environment Court with a potential hearing date around May 2017.

Supporting Wellington events and the community

Every year the airport is proud to play a supporting role in the region's events and community endeavours. The Airport is a major supporter of New Zealand's most successful innovative performing arts and design event, the World of Wearable Art, which attracted a record audience to Wellington.

236 volunteer organisations from across the region were nominated for the Wellington Airport Community Awards. The Supreme Award was taken out by Cuba Dupa, Wellington's vibrant street festival attracting over 100,000 people who all revelled in the creative spirit of Cuba Street and the Wellington community.

The Makara Peak Mountain Bike Park is an award winning purpose built bike park set in 250 hectares of bird filled native bush. The airport has contributed funding towards a 66m long suspension bridge across a gully to reach the summit of Makara Peak. The bridge is likely to become an iconic feature not only in the park but for the region. 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.