



## Chairman and Chief Executive Report

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### Results for year ended 31 March 2016

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.

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<sup>1</sup> 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.

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 leader 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.