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WELLINGTON
AIRPORT
ANNUAL REVIEW



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Annual Report

Wellington Airport reported a net profit after tax of \$24.7 million with underlying earnings showing an EBITDAF before subvention payment of \$95.4 million, up 5.4% on the last year.

Passenger numbers reached over six million for the first time. EBITDAF is expected to continue to increase as capital investment in the hotel and multi-level transport hub is completed, airport facilities are expanded and investment in route development continues.

	Audited Year Ended 31 March 18	Audited Year Ended 31 March 17	Variance
Passengers Domestic	5,249,081	5,076,479	172,602
Passengers International	895,369	888,427	6,942
Aeronautical income	\$76.1m	\$70.3m	\$5.8m
Passenger services income	\$40.3m	\$37.0m	\$3.3m
Property/other income	\$12.2m	\$12.2m	-
Operating expenses	(\$33.2m)	(\$29.0m)	(\$4.2m)
EBITDAF before subvention payment¹	\$95.4m	\$90.5m	\$4.9m
Net Profit After Tax	\$24.7m	\$16.1m	\$8.6m
Capital investment	\$85.6m	\$79.3m	\$6.3m

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 Annual Report for the year ended 31 March 2018.

Chairman
Tim Brown

Chief Executive
Steven Sanderson

Airline services & passenger numbers



Enabling better access and direct flights to a region is good for those who benefit from inbound visitors: universities, businesses, restaurants, etc. and for those who benefit from more convenient and affordable ways to travel outbound, whether for a holiday, visiting family or for business.

Over the last five years international passenger numbers have on average risen by 35,750 a year, 4.4% p.a., and the number of international airlines has doubled. The airport's international carriers now comprise Air New Zealand, Qantas, Jetstar, Virgin Australia, Fiji Airways, and Singapore Airlines.

Wellington Airport takes an active role in assisting each of these carriers to raise local awareness about their services, to promote central New Zealand to overseas tourists, and improve the efficiency of aircraft operations.

Growth is expected in the coming year with Virgin introducing flights to Sydney and Air New Zealand increasing international capacity.

The Singapore Airlines service celebrated its first birthday in September and since it commenced Wellington has benefited from being promoted as a destination across Singapore's vast international network. As a result arrivals from Asia are up 20% overall, with Singapore up by 86%, India 83% and Indonesia 56%. The recent improvement to fly via Melbourne will allow the service to better cater for Wellington travellers with more dedicated seats to Singapore and beyond.

Wellington Airport has partnered with Wellington Regional Economic Development Agency, its airlines and Tourism NZ on marketing initiatives in Asia. Separately, Tourism NZ's "Heart of the Long White Cloud" campaign in China was highly successful in encouraging visitors to central New Zealand and it delivered the best response they have had to an online campaign in China.

5,249,081 domestic passengers went through Wellington Airport, up 3.4% for the year. Air New Zealand added more domestic capacity and regions such as Dunedin and Nelson have benefited from strong competition by Jetstar. Air New Zealand's upgauging to larger aircraft has left opportunities in smaller regions and Sounds Air has continued to capture more of that market.

Increasing the attractiveness of Wellington as a great gateway to New Zealand is not just about highlighting its status as a walkable, cosmopolitan city, there is also the need to have good onward connections to regional destinations such as Nelson, New Plymouth and Queenstown, which for many tourists is a "must see". Nelson is now Wellington's third largest domestic service. In 2019 Queenstown is expected to grow by 65% to 260,000 seats.

\$809m

Annual international visitor spend in Wellington up by \$93 million.

Torrent Bay
Abel Tasman

New tourism itineraries for New Zealand



Wellington is now a genuine option for direct international travel with six airlines and access to their global networks, resulting in new itineraries throughout New Zealand.

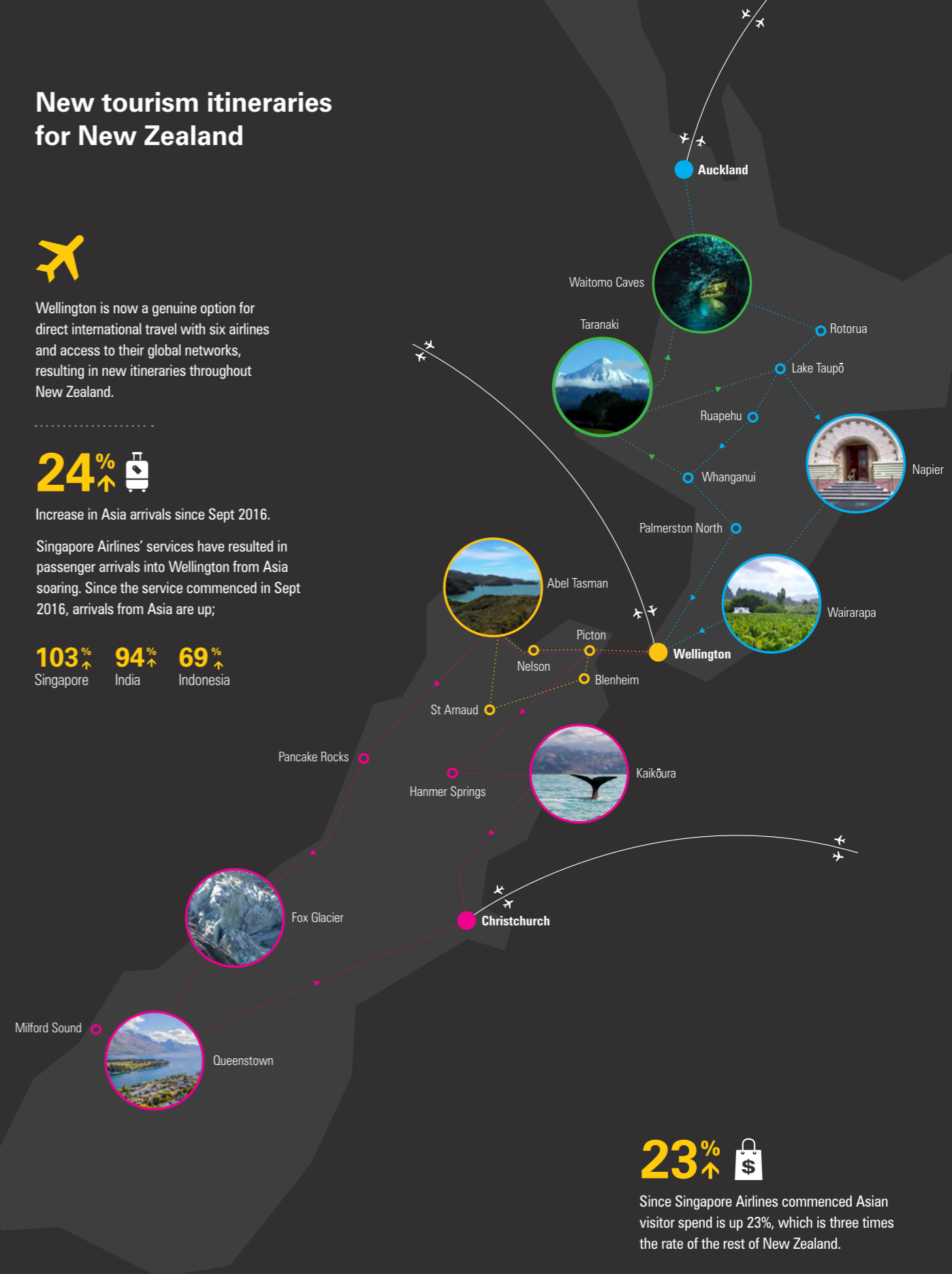
24%



Increase in Asia arrivals since Sept 2016.

Singapore Airlines' services have resulted in passenger arrivals into Wellington from Asia soaring. Since the service commenced in Sept 2016, arrivals from Asia are up;

103% Singapore
94% India
69% Indonesia



23%



Since Singapore Airlines commenced Asian visitor spend is up 23%, which is three times the rate of the rest of New Zealand.



Airport Hotel & Transport Hub under construction

Better passenger services

Wellington Airport has almost concluded its \$300 million investment programme which started five years ago.

The transport centre, hotel, domestic terminal expansion, international terminal refurbishment and airfield enhancements are expected to be completed by the end of the current year, after which a new investment programme is being planned with a currently estimated cost of \$250 million.

When it opens, the multi-level car park and transport hub will provide a technologically advanced facility, with electronic wayfinding and electric vehicle charging points being added to existing features such as exit arms opening automatically thanks to licence plate recognition.



Above
Domestic Terminal Extension



Top Left
Pippi Kettle
Manager Transport

Middle Left
Nick Petkov
Manager Airfield Engineering

Bottom Left
Matt Palliser
Manager Operations



Top Right
Nicola Cordner
Airport Planner

The main terminal extension has transformed the passenger experience and the current upgrade will provide visitors with the best retail, food and beverage Wellington has to offer. The improvements to the terminal have already delivered the airport's highest customer service score ever.

Construction is progressing well on the Rydges Wellington Airport Hotel and it is planned to be complete in December 2018. The hotel will make it more convenient for travellers from a wider catchment to use Wellington's international flights.

The complete repaving and installation of new resilient ground lighting for the airfield's taxiway will be completed in the next few months. This major construction project has to be undertaken during

the curfew hours and considerable effort has gone into making sure that the airport can open each morning and on minimising noise for neighbours.

Given the airport operates on a small footprint with residents and popular recreational areas nearby, considerable thought goes into the effect of operations on the local community. The Quieter Homes programme, in particular, has been popular and many residents are enjoying the noise insulation improvements. The airport is also consulting with local boardriders on improvements around the seawall which might assist with wave conditions.



Palace of Westminster
London, UK

Bringing long haul air services to central New Zealand

The Singapore Airlines service has been very successful and has raised the profile of the Wellington region internationally. It has proven that better connectivity delivers growth in international arrivals.

Direct flights enabled by the runway extension would deliver even greater opportunities as they would remove the need to have a transit stop and Australian visa restrictions and match the service offering available via other airports.

Extending Wellington's runway will enable long haul airlines to operate directly to and from Asia and North America delivering significant visitor growth, business connectivity and more convenient, affordable travel.

After a four year preparatory process, the Environment Court hearing for Wellington Airport's application to extend its runway was scheduled to commence in June 2017. It was placed on hold at Wellington Airport's request while the New Zealand Air Line Pilots' Association and Civil Aviation Authority sought Supreme Court clarification as to the meaning of the regulations which govern the CAA's decisions about airport safety.

Following receipt of the Supreme Court's judgement, Wellington Airport provided CAA with an updated recommendation on the safety features required for an extended runway in April this year. It is expected to take around six months for the CAA Director to make a decision. If the recommendation is accepted then the original Environment Court proceedings can be resumed. If it is not it is likely to require additional work, public consultation and further delay.

The time and costs involved are disappointing, but Wellington Airport is committed to the proposal which will deliver significant economic and social benefit to the Wellington region and New Zealand.

Supporting Wellington's vibrant community & culture



The New Zealand Festival hosted around 100,000 people and 400 local and international performances in 2018. The airport was proud to be a lead sponsor of the Festival and one of the highlight acts, Swan Lake performed by the Teac Damsa dancers and musicians of Ireland.

This coming year represents the 30th anniversary of the World of Wearable Art show, which attracts 60,000 people and increasingly more international visitors. Wellington Airport will be playing its part in ensuring the anniversary's success. Almost as venerable is the New Zealand Fringe Festival, while the CubaDupa free access performing arts festival is still in its infancy – the airport is a proud supporter of both.



The Wellington Airport Community Awards is a different way to give something back to the region. The partnership with the region's councils and the Wellington Community Trust attracts hundreds of nominations from a huge array of volunteer groups who make our region a better place. The supreme award this year was won by Porirua's Virtuoso Strings who help students learn music and be part of a community orchestra. Sport is also of significant value to the community and over the year the airport supported the Makara Peak Mountain Bike Park and the Lyall Bay Surf Club. Congratulations to Club member Lewis Clareburt who won the 400 metres individual medley bronze medal at the Gold Coast Commonwealth Games.

Top
CubaDupa, always drawing
a crowd and a smile.

Bottom
Local Lyall Bay Surfers

Thank you

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

From left to right:

Ayolt Wiertsema
General Manager Aeronautical Operations

Matt Clarke
Chief Commercial Officer

Jackie Holley
General Manager People and Culture

Steven Sanderson
Chief Executive

John Howarth
General Manager Infrastructure

Leanne Gibson
General Manager IT and Facilities

Martin Harrington
Chief Financial Officer

Greg Thomas
General Manager Communications



The taxiway repaving is a once in fifteen year project. 3,500 tonnes of asphalt were recycled during the repaving – a first for Wellington.

That is the equivalent weight of 48 fully laden A320 aircraft. It is also 3,500 tonnes saved from going to landfill and saved from needing to be sourced from a quarry.



Photo: Shane Saheem, Airfield Project Manager

