

Annual Review 2013





Soaring to new heights



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Queenstown Airport Corporation Limited
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Our achievements & highlights

JULY

124,201 passengers – the Largest number of people to pass through the airport in one month ever



AUGUST

International Departure Facility finished



Duty free stores' expansion announced

SEPTEMBER

Sponsorship for Queenstown Memorial Hall and Queenstown Coastguard

OCTOBER

Air NZ summer marketing campaign promoting summer evening flights Queenstown-Auckland



NOVEMBER

Jetstar introduces additional international flights (37% increase in capacity) and Air NZ increases schedules

New Air space Management System introduced

DECEMBER



Bill Wrigley, Head of Fire Rescue wins 2012 ATTO Ambassador Award for Aviation

High loadings ranging from 84% to 88% result in strong passenger numbers

JANUARY

NZ's longest driving range made on the runway at Queenstown Airport



FEBRUARY

18 corporate jet landings – above the monthly average



MARCH

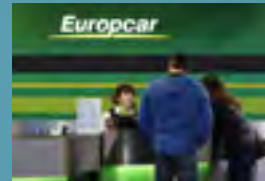
Rental Car Tenancies Awarded

Long term parking introduced

**LONG
TERM
PARKING**

APRIL

Airways receive international award for Air Management System operating at Queenstown



Europcar first new look tenancy to open in the rental car concourse

MAY

First big snowfall



Newly expanded duty free stores open



JUNE

Rental Car Concourse completed

All jets RNP capable

The Remarkable Sweet Shop opens



Chairman's Report

I am pleased to report that Queenstown Airport Corporation Limited has continued to build steadily on the successes of recent past years to deliver another solid financial result for the year ended 30th June 2013.



Directors
(left to right):
Grant Lilly,
Richard Tweedie,
John Gilks (Chairman),
Alison Gerry and
James Hadley.

Financial

The Company earned a net profit after tax of \$5.3 million for the year. This compares with a profit of \$5.2 million in the previous year, an increase of 2%.

Earnings before interest, tax, depreciation and amortization (EBITDA) were strong at \$12.9 million (\$11.5 million last year).

The result reflects continuing growth in passenger movements and revenue combined with prudent management of operating expenses.

Revenue grew 7.7% from \$18.2 million last year to \$19.6 million.

Passenger numbers, which underpinned the financial performance, rose 14.5% to 1,198,918 for the financial year. Contributing to this growth international passenger numbers were particularly strong increasing by 23.8% to 241,714. Domestic passenger numbers increased by 12.4% to 957,204. The excellent growth in international passenger numbers was driven by increased flights by all four airlines operating in and out of Queenstown. Growth in domestic passenger numbers primarily resulted from the introduction of aircraft with higher seating configuration.

Capital expenditure for the year totalled \$5.7 million (\$8.6 million previous

year). The principle components of this spend included: extension of the terminal to provide larger international departure facilities, a new and much larger Koru Lounge and completion of the new Hertz rental car facility.

Completion of these projects enabled the company to more efficiently manage the growth in passenger numbers. However the capital projects did result in increases in both depreciation and amortisation (up \$0.9 million) and funding costs (up \$0.3 million) reflecting a "timing lag" between project completion and securing an uplift in earnings which will flow from these projects. As a

consequence of this "timing lag" the increase in net profit after tax was restricted to 2.1%.

The Company's financial position remains sound. Term debt increased by \$800,000 during the year to assist with funding capital expenditure 83% of which was funded from operating cash flow. At 30th June 2013 the Company had drawn \$20.6 million under its committed banking facility against a facility limit of \$30.0 million.

The equity ratio (total shareholders funds to total tangible assets) was 79.5% at 30th June 2013.

Strategic alliance with Auckland Airport

A constructive and close working relationship exists between personnel at Queenstown Airport and its Strategic Alliance partner, Auckland International Airport. This alliance is delivering benefits exceeding initial expectations. Auckland, as the much larger airport, has a depth in resources not able to be matched by an airport the size of Queenstown and has demonstrated its ready willingness to share these resources and knowledge with Queenstown when approached to do so.

We, at Queenstown Airport Corporation, are pleased with the benefits the Strategic Alliance has delivered to date and confident about its ability to continue to create opportunities for future growth in passenger numbers, improved operating efficiencies and ultimately enhanced shareholder and community value.

Dividends

A fully imputed interim dividend of 6 cents a share (\$1.0 million) was paid on 31st January 2013.

On 16 August 2013 the Director's declared a final fully imputed dividend of 16 cents a share (\$2.6 million) for the year ended 30th June 2013.

These dividends, totalling \$3.6 million, were covered 1.5 times by the after tax earnings for the year.

Directors and management

Murray Valentine retired from the Board in November 2012. Murray was a Director for six years and was a key contributor to the airports development and success during that period.

Simon Lange joined the Company as General Manager of Corporate Services in March this year replacing Karen Castiglione who left after having served in that position for four years.

The Board extends its thanks to Scott Paterson, our C.E.O., and his "team" at Queenstown Airport for delivering another solid financial result and successfully guiding the Company through another challenging year.

For and on behalf of the Board.

John Gilks
Chairman, 16 August 2013

“Building steadily on the success of recent past years, Queenstown Airport has paid a \$3.6 million dividend to its two shareholders.”

Queenstown Airport Summary of Financial Performance

For the financial
year ended
30 June 2013

	2013 Actual (\$)
Income	19,566,902
Profit before income tax	7,387,768
Profit for the year	5,279,769
Dividend	3,639,884
Net Assets	122,563,739

Full Financial Statement: This is a summary of the financial information only, which has been derived from, and should be read in conjunction with the Queenstown Airport Corporation Limited Annual Report. The Annual Report contains the full Company Financial Statement and the accompanying notes which form part of these Financial Statements. The Annual Report is available at www.queenstownairport.com/about/reports/

Chief Executive Officer's Report

With revenue sitting at \$20 million, up from \$18 million last financial year, Queenstown Airport is reporting another strong financial performance based on increased passenger numbers and management of this growth through the delivery of timely infrastructure upgrades and efficient operations.

The double-digit passenger growth continued with the airport hosting 1,198,918 passengers, a 14.5% increase, over the previous financial year. International passenger numbers were up 23.8% and domestic passenger numbers grew 12.4%.

Over the 12 months all four airlines servicing Queenstown - Air New Zealand, Qantas, Jetstar and Virgin Australia - increased capacity (number of seats) in and out of Queenstown by 7.2%.

Increasing the number of seats by changing schedules and aircraft type meant airlines stayed nimble and were able to meet customer demand.

Air New Zealand saw an opportunity in winter to increase its capacity on its Wellington route and during summer on

the Auckland service. Jetstar realigned its schedule to increase capacity on international routes and reduced its Auckland service and suspended its Christchurch service.

To help manage this increased activity and ease the terminal and airfield congestion during peak times, the airport improved facilities and infrastructure in the terminal and airside.

For example the completion of Project 2012 has delivered a 50% increase in the international departures facilities; as well as additional amenities and two new oversize baggage belts.

The increased passenger numbers directly benefited the Company's revenue line with both aeronautical and commercial activity performing well.

On the commercial front the airport initiated several major projects that will enhance the look and feel of the terminal and provide the traveller with more choice.

Expiring rental car leases and three expiring retail tenancies gave scope to refresh the look and offering within the terminal as well as improve passenger flows. The number of rental car in-terminal tenancies was reduced to six to allow for an expansion to the international arrivals area. All rental car tenants now have new fit-outs enhancing the appearance of the busy arrivals concourse. Full benefit of the new rental car concession structure will be seen next financial year.

The Remarkable Sweet Shop is the first stage of the redevelopment to enhance the retail area. Going forward our plans include adding a new food and beverage offering in time for the summer season and a new look for the existing café and bar, pre-winter 2014.

The duty free stores for departing and arriving international passengers were revamped and expanded during the year. L S Travel Retail Pacific,

the duty free operator, extended its duty free store leases in return for an undertaking of a major refit and expansion of its duty free product range. We are delighted that these Queenstown Airport duty free stores are the first in Australasia to trade under the *Aelia* Duty Free brand.

Car parking revenue continues to provide good returns and was boosted with the introduction of long-term parking, a facility provided in response to public demand.

As well as meeting current demand the airport team continues to focus on preparing for future growth. The key is progressing the amendment to the District Planning processes for the extension of the Airport's noise boundaries (PC35), advancement of which has been halted until the Environment Court makes a decision on the matter known as Lot 6 (the extension of the Airport Designation on to neighbouring land to allow for a new aeronautical precinct, and to free up land for a terminal extension). It is hoped that decisions on both matters can be made promptly.





“The year under review has shown that airlines need to be nimble to meet passenger demand by changing aircraft and schedules.”

The airport has a role in growing future demand, by continuing to help build tourism to the Southern Lakes region through route development and strengthening airline relationships. Encouraging airlines to increase routes and schedules through joint marketing campaigns; and promoting key events such as the NZ PGA and Winter Festival will all contribute to building Queenstown and the Airport as a popular destination.

The best route development opportunity continues to be securing evening flights. While airlines need to gain approval from CAA for non-daylight operations, we are working collaboratively on understanding what airport infrastructure would be needed to facilitate such operations.

The Airport is committed as a supporter of the Queenstown community. It renewed its sponsorship of the Queenstown Coastguard and became a major sponsor of the Queenstown Memorial Hall refurbishment – a facility that many residents will use and enjoy.

Technology advances by airlines and Airways, the provider of air traffic control, has seen the introduction of a new airport Air Management System (AMS) and all jet aircraft being Required Navigation Performance (RNP) compliant by end of June 2013. All developments mean safer and more efficient flying as well as reductions in the number of delays and disruptions due to bad weather.

“The airport team will continue to focus on providing a great passenger experience.”

General Aviation is a key part of the make up of Queenstown Airport and has had a strong year and is growing. Corporate Jets were plentiful and at several points during the year bookings were turned down due to the lack of stand space. We are working hard to secure land for a new aviation precinct that will allow both general aviation and corporate jet activity to flourish at Queenstown Airport.

In the next 12 months the airport team will continue to focus on providing a great passenger experience. The key will be the progression of the Airport master plan and what and when we need to build infrastructure to meet the projected growth in passenger numbers. At the same time we will be working hard to get the best return and use of current facilities and systems.

It's been a good year again and I would like to thank the airport team and the wider airport community for their dedication to provide our passengers the best service available.



Scott Paterson
Chief Executive Officer, 16 August 2013

The year at a glance

Queenstown Airport achieved an impressive

14.5%

growth in annual passengers for the financial year

23.8%

growth in international passengers

9.5%

increase in the number of landings

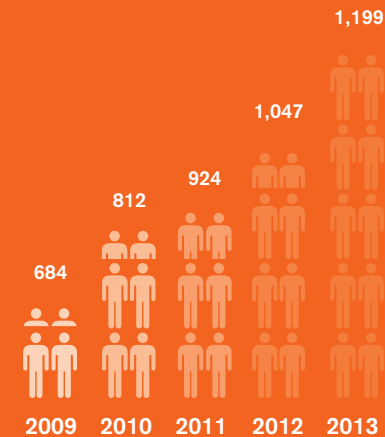
7.1%

increase in the number of seats available over the last 12 months

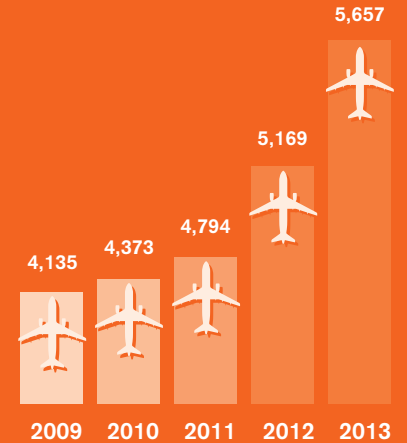
12.4%

annual growth in number of domestic passengers

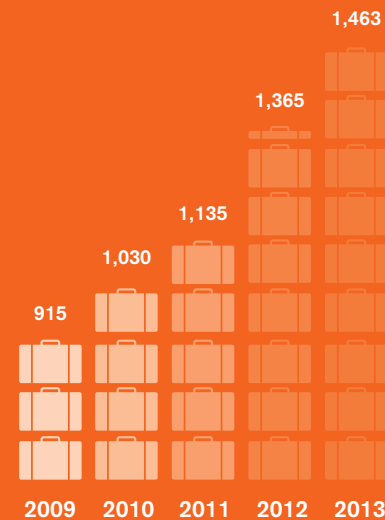
Passenger numbers (000's)



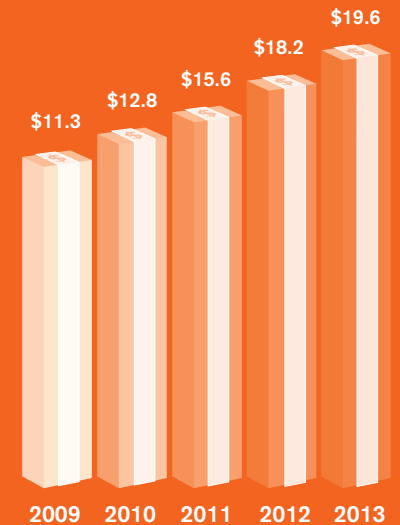
Landings



Capacity (000's)



Revenue (\$millions)





“ Queenstown Airport has invested in airfield and apron improvements to manage growth, reduce congestion and look towards the future.”



Growing together

In another demanding year, Queenstown Airport has worked with all its partners to continue to grow the infrastructure, technology and systems for the expanding airport.

New Technology in our skies

Introduced in November the Air Management System (AMS) is making flying safer and more efficient as it reduces disrupts. All jets flying in and out of Queenstown are now able to operate using Required Navigation Performance (RNP).



Reducing congestion at peak times

Completion of Project 2012, increasing screening points, reconfiguration of Ministry of Primary Industries and other processing systems are all adding to a smoother passenger experience.

Airfield developments

New taxiway Charlie developed and Fuel pump relocated for General Aviation; and new Airways wind masts installed are just a few of the initiatives and developments airside.



Growing and updating terminal services and leases

Renewing licences, new builds and fitouts made for a busy year at the airport.

Rental car concourse reconfigured and new licences negotiated; new leases and revamp of the duty free stores; new leases negotiated for Milford Sound Scenic Flights, Glenorchy Air, Virgin and Skycare and Aviation Security Services lease and building agreement negotiated. Building open by year-end.



Not just an airport



Queenstown Airport is seen as an important part of the resort town's community whether it be through sponsorship, supporting local events, helping educate young people or just being a fun place to be.

Loyal Supporter

This year marks the 6th anniversary of the airports support for Queenstown Coastguard.

Joining in with the community

Queenstown Airport's donation to the upgrade of the Queenstown Memorial Hall is a worthy cause, which will be appreciated across all ages and groups of the local community.



Being Part of the Tourism Development Story

Helping support key events and activities in the region helps build the Queenstown experience for visitors as well as provide opportunities to promote the region and upcoming events.

NZ's longest golf drive on the airport runway gained national coverage of the key event. The hosting of the Winter Festival Picasso play in the international departure lounge was a great way to use the terminal for a local event. And winter theming throughout the terminal helps promote the town's winter season.



Queenstown Airport is also sponsoring key events in the 2013 New Zealand Winter Games.

Going back to School

An unexpected growth area has been the number of school groups hosted at the airport. Ranging from University students to pre schoolers the airport is a popular place to tour whether it be part of the curriculum or out of interest.



“Queenstown Airport is part of the tourism development story supporting key events and activities in the region.”





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