

Annual Profile 2016 – 2017



About Queenstown Airport

Queenstown Airport is the gateway to stunning southern New Zealand.

As New Zealand's fourth busiest airport by passenger numbers, it is a strategic national asset with a vital role to play in the region's growth and prosperity.

Queenstown Airport welcomes nearly 2 million visitors, residents and businesses each year and directly connects our region to key cities across New Zealand and Australia and then to international destinations beyond.

As a major tourism hub, the airport provides easy access to some of New Zealand's most renowned scenery and visitor experiences. It is also used for regional flight-seeing operations, is New Zealand's busiest helicopter port and caters to a growing private jet market.

The airport plays an important role in the local economy, supporting a thriving tourism industry as well as providing business and employment opportunities with 60 tenant businesses and 700 staff. The total annual economic benefit of the airport's operations to the region equates to \$203 million.



About us

Queenstown Airport Corporation (QAC) operates Queenstown Airport to ensure it is safe, welcoming, operationally efficient and provides value to shareholders.

We strive to deliver world-class facilities and an exceptional experience for our visitors which represents the best of our region and a unique sense of place.

The company is owned by two shareholders:

75.01% Queenstown Lakes District Council

24.99% Auckland International Airport Limited

The year in review

Queenstown Airport achieved a number of key strategic, operational and financial milestones in 2016/17.

The airport continued to benefit from the region's attractiveness as a destination, with a record 1.89 million passengers by the year ended 30 June 2017, a 14.6% increase on the previous year.

The introduction of after-dark flights last year marked a step-change for the airport as it moved to a double-shift operating model to cater for the extended winter operating window. By year's end, another milestone was reached as all four airlines operating at Queenstown Airport became certified for after-dark flights.

Providing a safe, memorable, and efficient experience for our customers is our top priority. In line with this we made further investments to improve runway and car parking/roading infrastructure and acquire land to accommodate future passenger growth and provide greater operational resilience.

Work also continued on several long term projects during the year, including our noise management programme, working with QLDC on a long-term lease for Wanaka Airport, and developing Queenstown Airport's 30-year master plan. This plan will provide a critical roadmap for our future, as we continue to develop the airport to serve our customers, local communities, region and nation for decades to come.

Passenger growth once again underpinned QAC's excellent financial performance, providing a strong year-end result with revenue of \$39 million and profit for the year reported at \$12.1 million. This allowed the business to deliver greater benefits to the regional economy and higher returns to shareholders.

We are very pleased to have delivered \$7.2 million, our largest annual dividend to date, to the airport's two shareholders. This was a 14% increase on the previous year.



Unprecedented passenger growth continues

In the 12 months to 30 June 2017, the airport welcomed 1,892,443 passengers – an increase of 241,334 or 14.6% on the previous year.

Domestic passenger numbers grew 15.6% to 1,360,158, though a significant portion of these passengers were international visitors travelling on domestic flights in and out of the region.

International passenger numbers rose 12.1% to 532,285 with growth across all direct trans-Tasman routes – Sydney, Melbourne, Brisbane and Coolangatta – as a result of additional airline capacity.

The commercial general aviation operators at Queenstown Airport also performed strongly, with fixed wing and helicopter landings up 12.5% on the previous year. Private jet landings increased by 14.1%.

Our strategic alliance with Auckland Airport, New Zealand's largest travel gateway, continued to deliver long-term value. This positive impact was reflected in the airport's performance.



Passengers and landings profile



Total passengers
1.89m ▲15%


1,360,158
domestic
passengers
▲16%


532,285
International
passengers
▲12%

Total aircraft movements



Scheduled airline landings 7,277 ▲7%



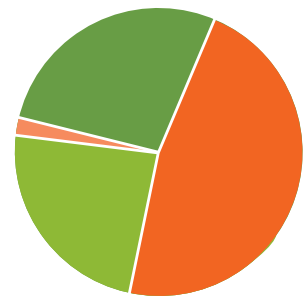
Helicopter landings 13,606 ▲12%



Fixed wing landings 6,530 ▲13%



Private jet landings 243 ▲14%



- Scheduled airline landings
- Helicopter landings
- Fixed wing landings
- Private jet landings

Passenger numbers explained

Airports report passengers and aircraft as "movements".

- Passenger movements count both arrivals and departures i.e. 1 passenger is counted as

2 movements – their arrival and then their departure. This means the actual number of visitors arriving into the region via the airport is approximately half the number of passengers.

- Domestic passenger numbers include international visitors travelling on domestic flights.

Record returns to shareholders and community

QAC returned a total of \$7.2 million to its two shareholders Queenstown Lakes District Council (75.01%) and Auckland Airport (24.99%), in FY17 - a 14% increase on the \$6.3 million delivered the previous year.

For majority shareholder Queenstown Lakes District Council, this means a dividend payment of \$5.4 million, which equates to around \$224 per rateable property in the district.

Underlying Profit for the year was \$12.3 million, up \$1.8 million or 17 per cent on the prior year. Consistent with the Annual Report at 30 June 2016, Underlying Profit has been arrived at by adjusting for the costs associated with appealing the adverse taxation ruling related to depreciation claimed on the Runway End Safety Area. These one-off adjustments were \$0.2m in FY17 and \$2.6m in FY16. Statutory Profit before these adjustments increased from \$7.8 million to \$12.1 million, up 56 per cent from the prior year.



Strong financial performance

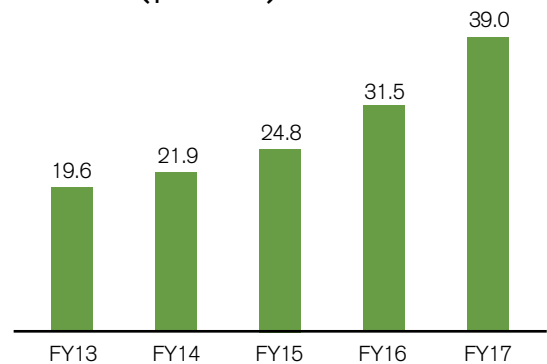
Queenstown Airport Summary of Financial Performance

For the year ended 30 June 2017

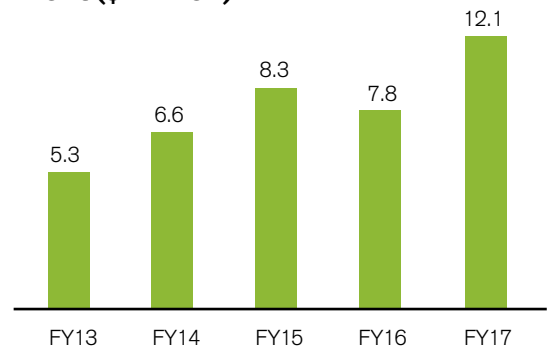
	FY16 (\$m)	FY17 (\$m)
Revenue	31.5	39.0
Profit	7.8	12.1
Dividend	6.3	7.2
Net Assets	198.6	235.0

Full Financial Statements: 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 queenstownairport.co.nz

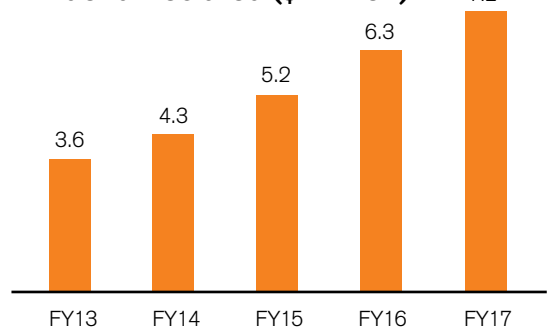
Revenue (\$ million)



Profit (\$ million)



Dividend Declared (\$ million)



Key milestones

July – Aug 2016

The Manaia Lounge relocates to International Departures and expands its capacity from 75 to 120 passengers to meet growing demand from international passengers.



Our 5 new Rescue Fire recruits graduate with a formal 'passing out' parade.



September 2016

Queenstown Airport wins Project of the Year at the NZ Airport Awards for our airfield infrastructure upgrade. The runway widening, overlay and airfield lighting package was a key enabler for evening flights.



October 2016

More than 200 people from the airport community attend events as part of Airport Safety Week. These include anti-fatigue workshops, incident re-enactments and airside tours.



November 2016

Public car parking increases nearly 10% to assist with demand ahead of the busy summer season.

A new area is developed for dedicated commercial pick-ups and drop-offs.

TravelPharm and NZ Premium swap retail spaces within the terminal to better suit their product offerings.



Key milestones (continued)

December 2016

Virgin Australia and Air New Zealand announce plans to introduce an evening ski shuttle service between Australia and Queenstown for winter 2017. Virgin Australia will commence after-dark services between Queenstown and Brisbane from 23 June 2017 and Air New Zealand will operate an evening service from Sydney from 1 July 2017.

QAC acquires 106 hectares of land adjacent to Wanaka Airport to preserve strategic options for the future.



January 2017

Plans are put in place to manage the final stage of the airfield upgrade – a \$750,000 project to groove the runway. The full airfield upgrade, which involved widening the runway, resurfacing it and installing airfield lighting in 2016, was part of the infrastructure required to introduce after dark flights.



February 2017

The next stage of the airport's programme to improve traffic flow and increase car parking for visitors, airport staff and the broader community kicks off.

NASA announces its return to Wanaka Airport in 2017 for a third super pressure balloon launch and QAC negotiates a lease which ensures Wanaka Airport is one of NASA's global launch bases for up to 10 years.



We welcome several high profile visitors through the airport - Oprah Winfrey, Reese Witherspoon and Mindy Kahling jet in to film and spend time enjoying our region, and the Prime Ministers of New Zealand and Australia visit Queenstown for their annual bilateral talks.



March 2017

QAC acquires Windermere Farm, a 43-hectare block of land adjacent to Wanaka Airport.

NASA returns to Wanaka Airport with a 40-strong team and begins setting up for its super pressure balloon launch. QAC and NASA develop a new launch pad over the far side of the runway in order to minimise disruption to the airport's operations.



Air New Zealand's new-look lounge opens. The lounge can accommodate around 230 guests - almost double the capacity of the previous lounge.

Key milestones (continued)

April 2017

The runway grooving project is completed ahead of schedule and under budget.

QAC welcomes the Environment Court's final decision on the designation of land next to the airport known as "Lot 6". The designation is to enable expansion of the airport alongside and to the south of the main runway.

We provide support for the 70th Aviation Pioneers' Reunion which brings together 120 former staff from the region's original airlines – Southern Scenic Air Services, Ritchie Air Services, West Coast Airways, Tourist Air Travel, and Mt Cook Airline - and their families.



Queenstown Lakes District Council (QLDC) decides to grant QAC a long term lease for Wanaka Airport.

NASA's super pressure balloon is successfully launched from Wanaka Airport on 25 April.



More than 50 spaces are added to the staff car park, increasing its capacity by 30%.

May 2017

Qantas and Virgin Australia complete their proving flights and gain approvals to operate after-dark flights in and out of Queenstown.

Queenstown Airport comes in at #5 on the Top 10 list for PrivateFly's 'World's Most Scenic Airport Landing' annual global poll.



Go Bus, one of New Zealand's leading passenger transport businesses, is confirmed as the shuttle operator for our new Park and Ride facility.



June 2017

We invest in new runway and apron snow removal equipment and de-icing procedures to complement the recently grooved runway ahead of the winter season.

We welcome Virgin Australia's first international after-dark service from Brisbane on 23 June.



Our new 150-space Park and Ride facility opens on Brookes Road, in conjunction with the Stage 1 opening of Hawthorne Drive. With 150 extra car parking spaces now available, the Park and Ride facility will significantly increase the airport's car parking offering and provide more choice and a lower cost option for locals and visitors.

Stage 4 car parking and traffic flow improvements roll out end of June/early July. The \$3.2 million project includes:

- Reintroduction of the 2-minute public drop-off zone
- Construction of a new roundabout inside the airport entrance to:
 - reduce traffic congestion and improve safety through the airport ring road
 - provide easy exit for coaches and rental cars
 - provide easy access to terminal car parking
- 52 extra spaces in the staff car park
- A new, expanded coach park
- Upgraded drainage across the airport, particularly in flood-prone areas.

New retail and food and beverage options 'pop-up' around the terminal for the winter season.



We welcome Qantas' first international after-dark service from Sydney on 1 July.



After-dark capacity expands

After-dark flights have created opportunities for airlines to offer more choice for travellers, both domestic and international, doubled employment opportunities at the airport and enabled us to make better use of our airport infrastructure.

By the end of the financial year, a milestone was achieved with all four airlines operating at Queenstown Airport – Air New Zealand, Jetstar, Qantas and Virgin Australia – certified to operate after-dark services. This was a huge achievement and the culmination of more than four years of hard work and collaboration by all of the organisations involved who shared a vision and commitment to safety to make after-dark flights a reality.

We are grateful for the airlines' ongoing support and commitment to growing sustainable capacity and improving connectivity to the region, which ultimately provides our customers with more flexibility and choice. In particular, we congratulate Qantas and Virgin Australia for their efforts in becoming certified for after-dark flights this year.



Focusing on safety

Safety continued to be our top priority with several new initiatives introduced in the past year.

These included:

- Establishment of a Board committee to oversee matters related to health & safety as well as the management of operational risk
- Enhanced health & safety and corrective action reporting systems across both Queenstown and Wanaka airports



- Introduction of an 'authority to work' permit system and induction program to better manage contractor activity across Queenstown and Wanaka airports
- Development of an interactive schedule of events for airport community staff during Airport Safety Week
- Improvements to our emergency response capability and crisis management planning

Our target is to achieve zero harm to our people and environment and we're pleased to report no lost time injuries to staff or contractors over the 12-month period.

Investing in the customer experience and a more resilient airport

During the year we invested around \$24 million in customer service improvements with the goal of making it easier for our visitors to travel to and from the region and creating a memorable airport experience.

Improving car parking and traffic flow at Queenstown Airport was a priority and a \$4.6 million upgrade over an 18-month period has provided more options for local residents and visitors, including a new Park and Ride facility and the re-introduction of a public drop-off zone. Other enhancements included a new roundabout at the entrance of the airport as well as a purpose-built coach parking zone and commercial drop-off/pickup area.

- Public car parking increased 45% in the 12-month period. It will increase a further 25% in December 2017 when 150 extra spaces are made available at the Park and Ride facility.
- Staff car parking increased by 30%, expanding from 178 spaces to 230 spaces.

We strive to provide a consistently exceptional customer experience and our efforts are closely monitored via a comprehensive airport experience survey conducted throughout the year. This year we were delighted to achieve an overall rating of 4.1 out of 5, with our customers rating the whole airport community highly - particularly on friendliness of welcome.

Our key investments included improvements to the runway, car parking and roading as well as buying approximately 150 hectares of land adjacent to Wanaka Airport.

Our airfield investment programme continued with the final stage of the upgrades - grooving the runway - being completed this year. A further \$1.3 million investment is being made in new runway and apron snow removal and de-icing equipment to complement the grooved runway.

A number of enhancements inside the terminal, included new-look lounges for Air New Zealand and Maniaia, which have both almost doubled in capacity, as well as expanded food and beverage and retail offerings.



Managing environmental impacts

We are very aware of the potential impact of aircraft noise on neighbouring residents and have an active programme to monitor and mitigate this.

To date, our aircraft noise management programme has been primarily focused on the homes in the airport's 'Inner Noise Sector', as they are most affected by aircraft noise.

During FY17 we completed the design of custom noise mitigation packages for each of these homes and got underway with the associated works.

We also have finalised the package specifications for homes in the 'Mid Noise Sector' and will begin an engagement process with homeowners over the next 12 months.



Developing a 30-year Master Plan

To support the long term growth of our region and its continued attractiveness as a place to live, work and play, we need to provide sustainable air connectivity and a world-class airport experience.

At the same time, we strive to be a good neighbour and continue to recognise our social, economic and environmental responsibilities.

Over the past 12 months, we developed Master Plan options to help manage future growth and identify infrastructure requirements at the airport out to 2045. We hope that our work will also assist the region with its own master planning efforts and inform related infrastructure developments.

The final Master Plan option will be developed at a detailed level following a period of extensive community and stakeholder engagement.

We have adopted four principles to help guide our thinking:

1

SUSTAINABLE

Support a safe, commercially focused, environmentally conscious and community orientated business.

2

ADAPTABLE

Allow for staged growth and innovative solutions aligned to visitor and community needs.

3

AFFORDABLE

Recognise the economic challenges and opportunities associated with growth.

4

MEMORABLE

Provide our visitors with an exceptional service experience representing the best of the region and a sense of place.

Guiding Wanaka Airport's future



In April 2017, Queenstown Lakes District Council (QLDC) decided to grant QAC a long-term lease at Wanaka Airport.

This decision supports our “one airport company, two complementary airports” approach to facilitating aviation services across the region. We are currently working with QLDC to finalise the lease arrangement and will then work closely with the Wanaka community on future planning and development activities.

Supporting the communities we serve

We are committed to supporting our regional communities and continue to be involved in initiatives such as Shaping Our Future and the regional Transport Governance Group, as well as supporting various community events and not-for-profit organisations.

To help facilitate the promotion of our region, we provided support for filming, marketing promotions and large-scale events such as the NZ Golf Open, Festival of Colour, Winter Festival and the Queenstown Marathon. We also provided operational support to Wanaka Airport by assisting NASA with logistics for its super pressure balloon launch in May and negotiating a lease which ensures Wanaka Airport is one of its global launch bases for up to 10 years.

Queenstown Airport is dedicated to providing educational opportunities both to the local community and our airport community. We host educational visits for students to further their understanding of airport operations and provide targeted support to students with an interest in careers in aviation and tourism, and providing work education programmes for the airport community. This year, our airport community worked together to host more than 15 educational programmes for a range of groups, including school students of all ages, community groups, budding flight attendants, and helicopter pilots.



Recognising a great team effort



Queenstown Airport continues to reflect the quality, diversity and culture of its people and our collective success relies on close collaboration and a ‘one-team’ approach.

The airport community has doubled in size in the past year, growing from approximately 350 staff to a 700-strong team across 60 tenant businesses. Our sincere thanks go to the whole airport community who worked hard to build capacity within their own businesses to service after-dark flights and then together seamlessly moved to double-shift operations.

Thanks also to our board of directors, team, service providers, contractors and stakeholders for their continued hard work, expertise and commitment to excellence to help us deliver an outstanding customer experience and a strong financial result.



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The Annual Report is available at

www.queenstownairport.co.nz/corporate/planning-and-performance

