



# Hamilton Airport

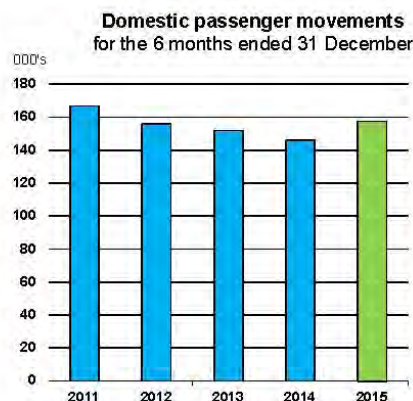
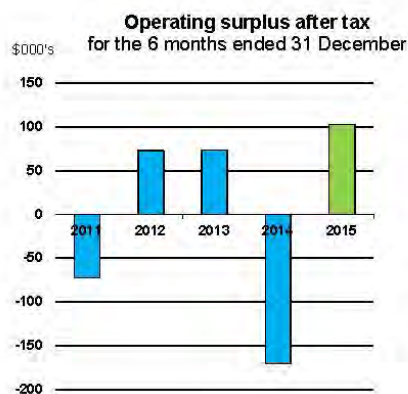
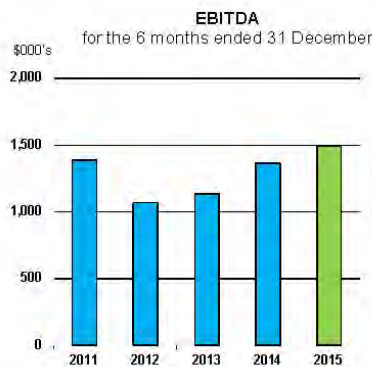
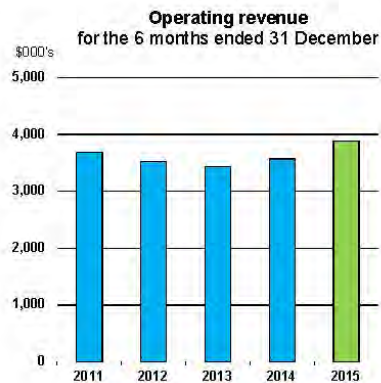
## Interim Report

For the six months ended  
31 December 2015

**GROUP RESULTS AT A GLANCE**

<b>Domestic Passenger Numbers</b>	<b>157,000</b>
Domestic passengers up 7.5%	
<b>Air Movements</b>	<b>62,000</b>
Air movements are the same as prior year	
<b>Operating Revenue</b>	<b>\$3,886,000</b>
Operating revenue up 9%	
<b>Operating Expenses</b>	<b>\$1,350,000</b>
Operating expenses up 11% Total expenses down \$16k	
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>\$1,492,000</b>
EBITDA up 10%	
<b>Operating Surplus After Tax</b>	<b>\$102,000</b>
<b>Term Loans</b>	<b>\$9,733,000</b>
Term loans reduced by \$1.9m over the 12 months	

Note: Results are compared to six months ended 31 December 2014 unless otherwise stated. The financial results shown above are "normalised" and exclude the revenue from the NZTA compulsory acquisition of land.



## CHAIRMAN'S REPORT

### OVERVIEW OF THE HALF YEAR

The first six months trading delivered an acceptable financial performance, primarily assisted by revenue growth from increased passenger numbers and the benefit of lower interest expenses. The focus for the Management Team has been the on-going efficient operation of the Airport and the completion of a number of projects.

These projects have included the agreement with Air New Zealand to construct a new Koru Lounge, which will be completed in mid-2016. There has been a full review of the company I.T. systems and a new support provider was appointed in December. In addition, the book store was re-branded and launched as "The Store" in November.

A full review of the five year lapse period designation for approach lighting is being completed by independent aviation consultants and recommendations will be discussed in the first quarter of 2016.

The new management structure was finalised, with the appointments of a permanent Chief Executive and Finance Manager along with the existing role of General Manager Operations.

The half year has seen 157,486 passengers using the airport which is a 7.5% increase on last year and reverses the trend of recent years of passenger decline. The Air New Zealand services to Wellington and Christchurch have seen reasonable growth, somewhat offset by the reduction in frequency of the Hamilton to Auckland service which will cease completely in February 2016. In November Kiwi Regional Airlines commenced a new service from Hamilton to Nelson which is receiving good support from both Nelson and the Waikato markets.

During late 2016 we will see increased seat capacity on the Air New Zealand service as they introduce a 50 seater Q300 aircraft to the schedule that replaces the Beech 19 seater aircraft on the Palmerston North route.

Capital works this financial year have been focused on maintaining operational improvements and general capital maintenance to the aerodrome. A detailed review of all assets has been conducted and an updated asset management plan has been completed for board review in early 2016.

There continues to be a major focus on Health & Safety. Independent expertise has been engaged to oversee Health and Safety audit and compliance for the company ensuring obligations are met in relation to the new legislation that comes into effect on the 4th April 2016.

### Financial Results

The operating surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) is \$102,000. The improved performance is due to higher passenger numbers. In November there was a compulsory acquisition of five hectares of land by NZTA which resulted in a profit (net of tax) of \$562,000 bring the total surplus after tax to \$664,000.

Term loans reduced by \$1.9m over the 12 months of which \$1.7m related to Titanium Park Limited. Given the current economic climate, the company cancelled the swap agreements that were in place with the associated cost of \$0.6m being added to the term loan balance. Other loan repayments were \$0.8m.

### Operations

Operations continue to be conducted in accordance with CAA regulatory compliance. Total Air Movements remain consistent with the same period in 2014. Airfield capital works have included the implementation of enhanced passenger control infrastructure on the terminal apron area, the installation and introduction of enhanced aerodrome manoeuvring area signage and the sealing of additional taxiway areas.

### Titanium Park Joint Venture (TPJV)

The Board's key priority this year has been the review of Titanium Park and the agreement with its joint venture partner. This review has considered the future options for the Park and the Board will have finalised a position on this by March 2016.

## CHAIRMAN'S REPORT

### Hamilton & Waikato Tourism Limited

New Zealand's tourism industry is experiencing exceptional growth with visitor arrivals and expenditure at its highest level ever. The Hamilton & Waikato region has shared in this growth. Data released in November (YE March 15, MBIE) showed the region's visitor expenditure was \$1.23b, a 7% increase on the previous year.

International visitors contributed \$230m of visitor expenditure to the region, up 19% on the previous year. Hobbiton Movie Set and Waitomo Caves remain key drivers of international visitation. Domestic visitors contributed \$1b of visitor expenditure, up 4.5% on the previous year.

Mark Morgan was appointed to the Hamilton & Waikato Tourism Board in December.

### Outlook

The ongoing focus for the Board and Management during the second half of the year will be the continuation of strategies to prudently control operating expenses and to continue to repay debt.

John Spencer  
Chairman

**CONSOLIDATED INCOME STATEMENT**  
For the Six Months Ended 31 December 2015

	GROUP	
	\$000	
	2015	2014
<b>Revenue</b>		
Operating revenue	3,886	3,568
Other revenue	-	5
<b>TOTAL REVENUE</b>	<b>3,886</b>	<b>3,574</b>
<b>Expenses</b>		
Operating expenses	1,350	1,212
Employee benefit expenses	824	881
Depreciation and amortisation	1,051	1,048
Directors' fees	81	68
Interest	258	370
Remuneration of auditor	40	43
Loss / (gain) on interest rate swaps	23	110
<b>TOTAL EXPENSES</b>	<b>3,727</b>	<b>3,743</b>
Operating surplus/(loss) before taxation	159	(169)
Taxation	57	4
<b>OPERATING SURPLUS/(LOSS) AFTER TAXATION</b>	<b>102</b>	<b>(173)</b>
NZTA compulsory acquisition of land (net of tax)	562	-
<b>SURPLUS/(LOSS) AFTER TAXATION</b>	<b>664</b>	<b>(173)</b>

The above results have not been audited.



**CONSOLIDATED BALANCE SHEET**  
As At 31 December 2015

	GROUP \$000	
	2015	2014
<b>Equity</b>		
Share capital	14,860	14,860
Asset revaluation reserve	28,677	28,677
Retained earnings	16,987	15,757
<b>Total Equity</b>	<b>60,524</b>	<b>59,294</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,501	240
Trade and other receivables	677	1,005
Prepayments	84	212
Inventories	91	107
Term deposits	-	160
Development property	11,298	12,316
	<b>13,651</b>	<b>14,040</b>
<b>Current Liabilities</b>		
Derivative financial instruments	-	518
Payables and accruals	963	882
Employee entitlements	207	186
Income in advance	208	623
	<b>1,378</b>	<b>2,209</b>
<b>Working Capital</b>	<b>12,273</b>	<b>11,831</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	60,890	62,423
Investment property	3,720	3,720
Other financial assets	25	25
Intangible assets	9	3
Other assets	88	97
	<b>64,742</b>	<b>66,268</b>
<b>Non-Current Liabilities</b>		
Term loans	9,733	11,668
Deferred taxation	6,758	7,137
	<b>16,491</b>	<b>18,805</b>
<b>Net Assets</b>	<b>60,524</b>	<b>59,294</b>

The above results have not been audited

## FINANCIAL PERFORMANCE TARGETS

For the Six Months Ended 31 December 2015

	Group		
	SOI 30/06/16	Actual 31/12/15	Forecast 30/06/16
<b>MEASURES</b>			
Earnings before interest, taxation & depreciation (EBITDA)	\$2.06m	\$1.492m	\$2.39m
Net surplus/(deficit) after tax	-\$421k	\$102k	-\$195k
Net profit after tax to average shareholders' funds	-1.0%	0.2%	-0.3%
Net profit after tax to total assets	-1.0%	0.1%	-0.3%
Net cash flow (operating & investing)	-\$892k	\$104k	\$695k
Total liabilities to shareholder funds	25.75	30.70	27.73
<b>Parent only:</b>			
Percentage of non-landing charges revenue to total revenue	64%	80.9%	78.8%
Interest cover (Banking covenant requirement 1.50)	2.86	4.05	5.0

The above results have not been audited and excludes NZTA compulsory acquisition of land

 **CORPORATE DIRECTORY**

For the Six Months Ended 31 December 2015

<b>Board of Directors</b>	John Spencer, Chairman Annabel Cotton Margaret Devlin Carlos da Silva
<b>Chief Executive</b>	Mark Morgan
<b>General Manager - Operations</b>	Simon Hollinger
<b>Finance Manager</b>	Michelle Clark
<b>Registered Office</b>	Hamilton Airport Terminal Building Hamilton Airport Airport Road, R D 2 Hamilton 3282
<b>Telephone</b>	07 848 9027
<b>Facsimile</b>	07 843 3627
<b>E-mail</b>	wral@hamiltonairport.co.nz
<b>Web Site</b>	www.hamiltonairport.co.nz
<b>Bankers</b>	Bank of New Zealand
<b>Solicitors</b>	Tompkins Wake, Hamilton
<b>Auditors</b>	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General