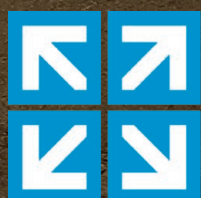


# INTERIM REPORT

WAIKATO REGIONAL AIRPORT LIMITED

For the six months ended 30 December 2021



Hamilton Airport



# CHIEF EXECUTIVE'S REPORT



## KEY RESULTS AT A GLANCE

**-13%** Passenger volume - 138,000  
Decrease of 21,000

**-70%** Aircraft movements - 15,000  
Decrease of 35,000

**+5%** Operating revenue - \$8.6m  
Growth of \$0.4m

**+1%** EBITDA excluding land sales - \$3.2m  
Growth of \$27k

**+35%** Net surplus after tax - \$1.4m  
Growth of \$0.4m

**+39%** Total shareholder funds - \$148.9m  
Growth of \$42.1m

\* Changes are measured compared to the six months ended 31 December 2020

The large decline in aircraft movements was not unexpected given the closure of international airline pilot academy L3Harris, however the last six months have also yielded many positives for the future of the aeronautical business, the two most significant being:

- The first of three stages in the Airport's \$15 million Terminal Resilience Project was completed, resulting in the successful transition to a temporary domestic terminal operation located in the former international terminal area. Domestic passenger operations are expected to operate from this repurposed space until September 2022. This project accounts for the majority of the \$2.7 million of capital expenditure in the period.
- WRAL will make its first expansionary investment into the General Aviation sector in over a decade with the development of a corporate jet precinct on land being sold in the central precinct business park adjacent to the airside boundary of the Airport. A new helicopter servicing base is also scheduled for development in the 2022 calendar year.
- As Stage 5 of Central precinct is constructed and completed over the next 6 months, contracted land sales in excess of \$10m will then settle in August 2022.
- In addition to the Titanium Park Central Precinct development, the Group's property strategy continues to advance with acceleration of due diligence and master planning work for the Northern Precinct development. This opportunity has gained traction in the last six months, with a private plan change application to re-zone over 100ha of land adjacent to the airport expected to be lodged by April 22. If successful, the re-zoned land would ensure the Airport will continue to be a significant regional industrial/commercial hub, with a supply of land expected to serve market demand south of the Hamilton City over the next two decades.

Via multi-year central government funded initiatives, Hamilton & Waikato Tourism are supporting the otherwise devastated local tourism industry with exciting new opportunities and initiatives to attract tourists to the Waikato, initially focused on domestic and in time the international markets. In addition an updated Destination Management Plan is being finalised to ensure a more coordinated and united approach for the sector to attract and host visitors in our region.

The changing landscape of COVID-19, including new variants becoming active in the community provide some uncertainties for the Group to navigate. Whilst the move away from lockdown and travel restrictions should provide for improved ongoing confidence in our aeronautical business, short term indications are this could be disrupted by the Omicron variant. With the Government announcing plans to re-open the international border in the first half of 2022, the future of the Hotel's trading beyond the tenure of its current Managed Isolation Facility contract to June 2022 is less clear.

**Mark Morgan - Chief Executive**

## COMMENTARY

WRAL's achievements over the last six months continue to reinforce the success of the diversification strategy implemented over the past few years which has been primarily led by optimisation and acquisition of properties around the Airport precinct, most notably the continued operation of the Jet Park Hotel as a Managed Isolation Facility for arrivals into New Zealand.

Improved revenue and earnings metrics disguise the disruption of the COVID-19 Delta Community outbreak on the Aeronautical Business. Regional travel restrictions implemented at heightened alert levels dominated all but three weeks of a three-month period from August to November during which time there were only essential air movements. This period was bookended by record individual trading months for July and December, the latter speaking volumes to the strength of the recovery in passenger volumes from our airport.

# FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Income & Expense For the six month period ended 31 December 2021

	2021 \$ '000	2020 \$ '000
<b>Revenue</b>		
Operating revenue	8,574	8,156
Land sales	770	-
Other gains/(losses)	305	191
	<b>9,649</b>	<b>8,347</b>
<b>Expenses</b>		
Operating expenses	(2,911)	(2,815)
Cost of land sales	(574)	-
Employee benefits expense	(2,379)	(2,084)
Depreciation & amortisation	(1,708)	(1,683)
Finance costs	(206)	(304)
	<b>(7,778)</b>	<b>(6,886)</b>
<b>Net surplus/(deficit) before tax</b>	<b>1,871</b>	<b>1,461</b>
Tax expense	(439)	(403)
<b>Net surplus/(deficit) after tax</b>	<b>1,432</b>	<b>1,058</b>
<b>Other comprehensive revenue &amp; expense</b>		
Revaluation of property, plant & equipment	-	-
Deferred tax	-	-
<b>Total other comprehensive revenue &amp; expense</b>	<b>-</b>	<b>-</b>

These interim financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards.

# FINANCIAL STATEMENTS

## Consolidated Statement of Changes in Equity

For the six month period ended 31 December 2021

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
Opening Balance - 1 July 2020	14,860	33,772	57,102	105,734
Net profit/(loss) after tax	-	1,058	-	1,058
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,058	-	1,058
Dividends paid to shareholder	-	-	-	-
<b>Closing Balance - 31 December 2020</b>	<b>14,860</b>	<b>34,830</b>	<b>57,102</b>	<b>106,792</b>
Opening Balance - 1 July 2021	14,860	73,523	59,080	147,463
Net profit/(loss) after tax	-	1,432	-	1,432
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,432	-	1,432
Dividends paid to shareholder	-	-	-	-
<b>Closing Balance - 31 December 2021</b>	<b>14,860</b>	<b>74,955</b>	<b>59,080</b>	<b>148,895</b>

# FINANCIAL STATEMENTS

## Consolidated Statement of Financial Position

As at 31 December 2021

	2021 \$ '000	2020 \$ '000
<b>Current Assets</b>		
Cash and cash equivalents	1,094	1,014
Trade and other receivables	1,242	2,121
Inventories	578	485
Development property	8,169	12,145
	<b>11,083</b>	<b>15,765</b>
<b>Non Current Assets</b>		
Property, plant and equipment	98,478	94,394
Investment property	63,584	26,305
Intangible & other non-current assets	834	1,156
	<b>162,896</b>	<b>121,855</b>
<b>Total Assets</b>	<b>173,979</b>	<b>137,620</b>
<b>Current Liabilities</b>		
Trade and other payables	2,226	2,676
Income received in advance	1,777	1,655
Employee entitlements	606	495
	<b>4,609</b>	<b>4,826</b>
<b>Non Current Liabilities</b>		
Provisions for Infrastructure Development	1,431	1,417
Borrowings	13,895	19,725
Deferred tax liability	5,149	4,860
	<b>20,475</b>	<b>26,002</b>
<b>Total Liabilities</b>	<b>25,084</b>	<b>30,828</b>
<b>Net Assets</b>	<b>148,895</b>	<b>106,792</b>
<b>Equity</b>		
Share capital	14,860	14,860
Retained earnings	74,955	34,830
Revaluation reserves	59,080	57,102
<b>Total Equity</b>	<b>148,895</b>	<b>106,792</b>

# FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flows For the six months ended 31 December 2021

	2021 \$ '000	2020 \$ '000
<b>Operating activities</b>		
Receipts from operations	9,433	7,584
Payments to suppliers and employees	(6,417)	(4,694)
Payments for construction of development property	(1,315)	(2,836)
Payment of interest	(206)	(283)
Payment of income taxes	(1,409)	-
Net cash from/(used in) operations	<b>86</b>	<b>(229)</b>
<b>Investing activities</b>		
Receipts from sale of property, plant and equipment	500	-
Purchases of property, plant & equipment	(2,708)	(555)
Purchases of investment properties	-	(929)
Purchases of intangible assets	(44)	-
Net cash from/(used in) investment activities	<b>(2,252)</b>	<b>(1,484)</b>
<b>Financing activities</b>		
Receipts from/(repayments of) borrowings	1,900	2,098
Payments of dividends	-	-
Net cash from/(used in) financing activities	<b>1,908</b>	<b>2,098</b>
<b>Net change in cash for the period</b>	<b>(266)</b>	<b>385</b>
Add opening cash and cash equivalents balance	1,360	629
<b>Closing cash and cash equivalents</b>	<b>1,094</b>	<b>1,014</b>

# PERFORMANCE REPORTING

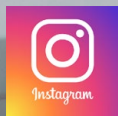
## Performance against Statement of Intent For the six months ended 31 December 2021

	SOI Full Year 30/6/22	Actual 6 months 31/12/21	Forecast Full Year 30/6/22
<b>Financial Targets</b>			
EBITDA excluding Land Sales	\$5.2m	\$3.3m	\$5.0m
EBITDA including Land Sales	\$5.7m	\$3.5m	\$5.6m
Net Profit before Tax	\$1.2m	\$1.8m	\$1.4m
Net Operating Cash Flow excl Land Sales	\$3.6m	\$0.6m	\$3.8m
Total Debt (not exceeding)	\$29.0m	\$13.9m	\$23.4m
Percentage of non-landing charges revenue	60%	82%	81%
Land Sales	\$2.0m	\$0.8m	\$2.0m
Interest coverage	4.0x	13.6x	9.2x

The group has a number of non-financial performance targets covering the range of activities the group undertakes. At 31 December 2021, the Group was on track to meet substantially all of its targets except for certain targets in relation to the Jet Park Hotel Hamilton Airport business due to the ongoing Managed Isolation Facility operation meaning it has not returned to a trading hotel business.



HAMILTON



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