



Hamilton Airport

WAIKATO REGIONAL AIRPORT LIMITED



**GROUP
STATEMENT OF INTENT
2022/2023**

Issued June 2022

STRATEGIC INTENT

The Group has identified its core purpose and key objectives that recognise the strategic intent of the business:

CORE PURPOSE

- 1) Enabler of air services to the region.
- 2) Operate a first class, safe, sustainable and compliant airport.
- 3) Strategic positioning of the business to enhance capital value.

WRAL: KEY OBJECTIVES

- 1) Operate an efficient, sustainable and resilient airport.
- 2) Enhance the traveller experience.
- 3) Maintain a viable and sustainable aeronautical business.
- 4) Maximise revenue diversification through non-aeronautical business opportunities.

INTRODUCTION

This statement is presented by the Directors in accordance with s.64 (1) of the Local Government Act 2002 and sets out the Board's intentions for the Company and Group for the year ending 30 June 2023 and succeeding two financial years.

COVID-19 and the WRAL Group

The COVID-19 pandemic resulted in world-wide crises: from health, to social and economic devastation. The ongoing impact on the WRAL Group has been significant, as the Group is primarily aviation and tourism-focused.

Fortunately, the Group's existing 10-year strategy already had a focus on non-aeronautical income diversification activities which will continue to be critical to our future. Our property initiatives served us well through the initial COVID-19 crisis period and the uncertainty through 2022/2023. We expect property initiatives will continue to provide a level of support to the Group, minimising future economic volatility, whilst aviation and tourism fully recover.





KEY OBJECTIVES OF THE GROUP

The Group incorporates Hamilton Airport, Titanium Park Limited, Hamilton & Waikato Tourism Limited and Waikato Regional Airport Hotel Limited.

1. Operate an efficient, compliant and resilient airport.
2. Provide an improved customer experience upon completion of the Terminal Resilience Project.
3. Maintain a viable aeronautical business.
4. Maximise revenue diversification through non-aeronautical business opportunities.
5. Develop and optimise the land holdings of the Group to generate a long-term income from a diversified property portfolio.
6. Operate the airport hotel to return to its investment business case growth targets and customer satisfaction targets.
7. Marketing the Hamilton & Waikato region as a visitor destination to domestic and international visitors.
8. Assist recovery of the visitor economy through tourism development and destination management.

Nature and scope of activities to be undertaken

1. Operate an efficient and compliant airport.

Operate a first class, safe and compliant regional airport by providing for essential projects, together with any compliance expenditure warranted.

2. Enhance the traveller experience.

Maximise traveller satisfaction and airport experience.

3. Maintain a viable aeronautical business.

The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years.

We will:

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Promote the recovery and new development opportunities of the general aviation sector.
- Develop and implement a plan to give effect to, or seek renewal of the runway extension designation.
- Position and protect the airport as an efficient, cost effective international port of arrival.
- Pursue new international air service opportunities (both charter and scheduled services) as New Zealand's international borders open up.

- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.
- Identify sources and monitor carbon and emissions. Incorporate reduction initiatives into capital projects.

4. Maximise revenue diversification through non-aeronautical business opportunities.

Support the development of land within the bounds of a sound, strategic approach to long-term planning for the airport precinct.

- Titanium Park Ltd will continue marketing for sale, development and optimised investment, all available non-aeronautically strategic land in a planned and co-ordinated approach.
- In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business upon completion of the Managed Isolation Facility contract.

5. Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.

Knowledgeable and capable, high performing and appropriately resourced personnel to ensure sound reporting and accountability, and delivery of the strategic plan.

In pursuing its goals, the Group will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders.
- Be an employer of choice.
- Ensure a safe and healthy workplace environment that complies with legislation and fosters the wellbeing of its employees.








PERFORMANCE TARGETS

The following annual performance targets are proposed for the Waikato Regional Airport Limited Group in relation to its core purpose and key objectives.

| Based on Company forecasts | YEAR ENDING 30 JUNE | | |
|---|---------------------|---------|---------|
| | 2023 | 2024 | 2025 |
| EBITDA excluding land sales | \$4.3m | \$6.4m | \$6.8m |
| EBITDA including land sales | \$11.1m | \$7.4m | \$17.8m |
| Net profit before tax <i>no less than</i> | \$6.0m | \$1.0m | \$12.1m |
| Net operating cash flow (excluding land sales) | \$3.5m | \$5.5m | \$6.0m |
| Total debt excluding design build property <i>not exceeding</i> | \$30.0m | \$55.0m | \$30.0m |
| Percentage of non-landing charges revenue <i>at least</i> | 60% | 60% | 60% |
| Land sales | \$14.0m | \$2.0m | \$40.0m |
| Interest cover <i>at least</i> | 4.0x | 3.0x | 3.0x |

NON-FINANCIAL PERFORMANCE TARGETS

| | |
|---|--|
|  | Health, safety and well-being |
| | Zero Work Safe notifiable accidents/injuries |
| | Independently review and audit the Health & Safety system each year |
|  | Operational compliance |
| | To maintain the Airport Certification Standards as required by the Civil Aviation Authority |
| | Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events) |
|  | Property |
| | Complete construction of airport infrastructure to support private aeronautical property development and land sales. |
|  | Hotel operation |
| | Implement a recovery plan to enable a steady return from a Managed Isolation Facility to normal trading as a hotel and achieve pre-COVID metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating. |
|  | Climate Change Response |
| | Reduce Group electricity consumption by 3% on 2022 levels (measured in kWh used) and maintain water consumption level on 2022 levels (measured in Litres used). |



Statement of accounting policies

The accounting policies adopted by the Group for the year ending 30 June 2023 and succeeding two years are those as adopted in the 2021 Annual Report prepared under Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR). The impact of accounting standards changes is not expected to have a material impact on the Group's financial statements or their comparability with previous results.

Dividend policy

The Directors will review the performance and outlook for the group annually before declaring any dividend.

Information to be provided to Shareholders

- The Annual Report of the Group.
- An interim report circulated to Shareholders each half-year including a Chair's Report, Consolidated Income Statement, Consolidated Balance Sheet and progress against Financial Performance Targets.
- Shareholder briefings held at least twice annually.

Future investment proposals

If the Group wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation, it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

There are no additional major transactions to be contemplated for which shareholder approval has not yet been sought.

Commercial value of the Shareholders' investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2021 shows shareholder equity of \$147m based on recent independent valuations of the Group's property, plant and equipment and investment properties.

Compensation from Local Authorities

There are no known activities of the Company or Group for which the Directors would seek compensation from any local authority.

Major transactions

Shareholders approve major transactions via a special resolution. A major transaction for WRAL is defined as:

- the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- the disposal of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 10% of the value of the Company's assets before the acquisition; or
- a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 10% of the value of the company's assets before the transaction.

Health & Safety and Wellbeing

The Board and Management will ensure that all requirements to the Health & Safety at Work Act 2015 are maintained.

This will be achieved by the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practice processes. At all times the Group will continue to monitor and review health and safety requirements via monthly reporting.





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