



# GROUP STATEMENT OF INTENT

For the year ended 30 June 2024

WAIKATO REGIONAL AIRPORT LIMITED



(June 2023)



# 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 2024 and succeeding two financial years.

# STRATEGIC INTENT

The Group has identified its core purposes under its current ten-year strategic plan to be:

## CORE PURPOSES

1. An enabler of air services to the region.
2. A supporter and developer of aviation through investment in, and provision of, airport infrastructure and support services for both general aviation and airline activities.
3. The operator of a first class, safe, sustainable and compliant airport that connects the Mighty Waikato to New Zealand.
4. To strategically position the Group to enhance capital value and be financially self-sustaining through an income diversification strategy.

The logo for Hamilton Kirikiriroa, featuring the word "Hamilton" in a white sans-serif font, followed by a stylized white icon of two vertical bars of unequal height, and then the word "Kirikiriroa" in the same font. The logo is illuminated against a dark background.



## ABOUT THE WRAL GROUP

The Group comprises the following entities:



- **Waikato Regional Airport Limited (trading as Hamilton Airport)** - is the Group's parent company, and the owner and operator of Hamilton Airport.
- **Titanium Park Limited** - has a goal to develop and optimise land holdings to generate long-term income streams from a diversified property portfolio.
- **Waikato Regional Airport Hotel Limited** - has an intent to provide non-aeronautical earnings to the Group through the operation of a Qualmark 4 Star hotel and conference centre facility at Hamilton Airport.
- **Hamilton & Waikato Tourism Limited** - the Regional Tourism Organisation markets the Hamilton & Waikato region as a visitor and business events destination, and to assist in growing the visitor economy through tourism development and destination management.

## KEY OBJECTIVES OF THE WRAL GROUP

*The Group's key objectives and activities that will be undertaken to deliver on these include the following:*

### 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.

### Enhance the traveller experience.

Maximise traveller satisfaction and airport experience through continued investment in passenger facilities and technologies that also assist to drive sustainable outcomes.

### Maintain a viable aeronautical business.

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Identify and activate new development opportunities within the general aviation sector.
- Position and protect the airport as an efficient, cost effective international port.
- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.

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

- Promote and secure tenants for the airline engineering base and flight training academy facilities to secure new aeronautical operators and enhance a vibrant general aviation community.
- Support Pyper Vision to deliver trials of the fog dispersal technology to improve airline efficiency and customer experience, whilst also enhancing value of WRAL's investment in this venture.

- Complete construction of airport infrastructure to support private aeronautical property development.

### People

- Implement an organisation-wide strategy that takes a holistic view of employee wellbeing, recognising wellbeing as a measure of our organisation's success.
- Provide training and development to personnel to ensure individually and collectively, our personnel remain leaders of best practice in their respective fields.
- Retain a high performing team to build resilience, capability and responsiveness to growth and change opportunities.

### Sustainability

- Achieve Level Three certification under the global Airport Carbon Accreditation Program.
- Maintain the Jet Park Hotel's Qualmark Silver Enviro rating.
- Continue to develop and implement a long-term sustainability plan aligned to advancing levels under the global Airport Carbon Accreditation Program.

### Develop and optimise the land holdings of the Group to generate a long-term income from a diversified property portfolio.

- Titanium Park Limited will continue marketing for sale, development and optimised investment, all



available non-aeronautically strategic land in a planned and co-ordinated approach.

- Support the development of land within the bounds of a sound, strategic approach to long-term planning as defined in the 2022 updated aeronautical master plan.
- Upon notification of the private plan change outcome, complete a detailed master plan for the first stage of Northern Precinct for at least 10ha of land and its enabling infrastructure.

### Operate the airport hotel to return to (or exceed) its investment business case growth targets and customer satisfaction targets following the disruptions to its growth strategy from the pandemic.

- Improvement of hotel brand awareness through increased marketing activity.
- Establishment of Propeller Restaurant as a local destination restaurant.
- Complete renovations of guest recreation facilities to improve customer satisfaction.

### Assist in the development and marketing of the Hamilton and Waikato region as a visitor destination to domestic and international visitors.

- Implement activities within the Destination Management Plan to assist with the restart and reimagining of the tourism sector in a regenerative/sustainable manner.
- Assist with major event bids and then work with major event promoters to ensure the event is leveraged to activate visitors to the region.
- Maintain and strengthen support for regional tourism through partnerships with local government, the tourism industry and the wider regional community.





KEY 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.

|  | Financial year ending |              |              |
|--|-----------------------|--------------|--------------|
|  | 30 June 2024          | 30 June 2025 | 30 June 2026 |
| EBITDA (excluding Land Sales)                            | \$6.0m                | \$6.5m       | \$7.0m       |
| EBITDA (including Land Sales)                            | \$7.5m                | \$9.5m       | \$18.0m      |
| Net profit before tax (no less than)                     | \$1.0m                | \$3.0m       | \$12.5m      |
| Net operating cash flow (excl land sales)                | \$6.0m                | \$7.0m       | \$15.0m      |
| Total debt excluding design-build acquisitions (maximum) | \$35.0m               | \$35.0m      | \$55.0m      |
| Percentage of non-landing charge revenue                 | 60%                   | 60%          | 60%          |
| Land sales   | \$3.0m                | \$4.5m       | \$40.0m      |
| Interest coverage (at least)                             | 3.0x                  | 4.0x         | 4.0x         |

NON-FINANCIAL PERFORMANCE TARGETS

The following non-financial key performance targets are proposed for the Waikato Regional Airport Limited Group in relation to its core purpose and key objectives for the year ending 30 June 2024.

Health, safety and wellbeing.

- Zero Work Safe notifiable accidents/injuries
- Operate a workplace that fosters employee wellbeing and improving organisational culture, as measured by the Employee Engagement Survey.

Aeronautical 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).

Maintain a viable aeronautical business.

- Assist airlines to identify opportunities to increase flight schedules and passenger numbers.
- Identify and activate new development opportunities within the general aviation sector.
- Position and protect the airport as an efficient, cost effective international port.
- Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.

Property.

- Complete construction of airport infrastructure to support property development and optimisation.
- Develop a MOU with local iwi organisations that provides for a collaborative relationship to future developments that will embrace Te Ao Maori principles and celebrating the rich cultural history of our rohe.

Climate Change Response.

- Reduce Group electricity purchases by at least 20% on 2023 levels (measured in kWh used) upon commissioning of the first stage of the solar farm development.
- Achieve Level 3 (Optimisation) accreditation to the Airport Council International's Airport Carbon Accreditation programme.
- Reduce landfill waste through reduced usage of non-recyclable single-use materials and improved sustainable material usage in construction.



NON-FINANCIAL PERFORMANCE TARGETS

Governance and management of the Group.

At all times the Group will behave in a professional and ethical manner in all its business dealings with its customers and stakeholders and strive to be an employer of choice in fostering a high performing organisation. The Group is committed to its obligations under the Local Government Act 2002 to its employees, shareholders, the community including climate change response and Te Tiriti o Waitangi.

The Board and Management will ensure that all requirements of the Health & Safety at Work Act 2015 are maintained, including through the engagement of an independent consultant and audit processes to ensure the organisation and its subsidiary companies are maintaining compliant and best practice processes.

Shareholder value.

While no commercial valuation of shares has been completed, the consolidated balance sheet of WRAL as at 30 June 2022 shows shareholder equity of \$211 million based on current independent valuations of the Group's property, plant and equipment and investment properties.

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

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 presently contemplated for which shareholders have not already been consulted over. Major transactions in the WRAL Group are those that would result in 10% of the company's assets (by book value) being acquired or disposed by the Group annually before declaring any dividends.





