

An aerial photograph of Dunedin, New Zealand, showing the city built on a hillside overlooking the sea. The coastline features a mix of urban development, a beach, and a rocky shore with waves crashing against the rocks. In the background, there are large, forested mountains under a blue sky with some clouds.

INTERIM REPORT

31 DECEMBER 2019

dunedin
AIRPORT

REVIEW OF THE SIX MONTHS ENDED

31 DECEMBER 2019



Surplus after Tax (unaudited)



Actual



Budget



Prior Year

Revenue

(excl. FV movement in investments)

TOTAL



AERO



Against Prior Year

NON-AERO

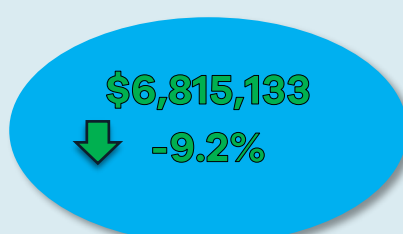


Against Prior Year

Expenditure



Actual



Budget



Prior Year

Revenue

The increase in aeronautical revenue is representative of:

- An increase in the landing charge revenue per passenger. This increase is caused by a change in airline mix with, for example, jet and ATR services attracting different landing charges, and
- A 1.2% decrease in the number of scheduled services passengers against the prior period.

The net impact of the above is a 1.0% increase in aeronautical revenue against the prior year to date.

The increase in non-aeronautical revenue against the prior year to date is a function of:

- A 304,000 (32.7%) increase in terminal rentals caused by:
 - 1) rental car providers now paying rent based on a % of their revenue,
 - 2) The opening of a temporary Relay news and books store not open in the prior year, and
 - 3) An increase in the Aviation Security screening footprint, and therefore associated revenue, following the opening of Stage One of the Terminal Expansion Project (TXP).
- A \$45,150 (2.7%) increase in carpark revenue and a \$23,130 (10.7%) increase in passenger service charges, both as a function of an increase in passenger numbers.

These increases are offset by a \$107,500 decrease in dairy farm revenue, caused primarily by a change in our revenue recognition accounting policy for dairy farm 'retro payment' revenue.

Expenditure

Wages and salaries are \$178,250 ahead of prior year as a result of the airport headcount increasing from FTE staff of 35.6, to 39.9 for the YTD, coupled with organic growth in salaries and wage rates.

At \$74,200 AES training expenses are \$55,700 ahead of the prior year due the increase in AES headcount, coupled with a significant investment by the Airport in the development and training of our crews.

Further, Works and Services expenditure is \$23,500 ahead of prior year due to the replacement of our sewer treatment plant (SPT) membrane filters.

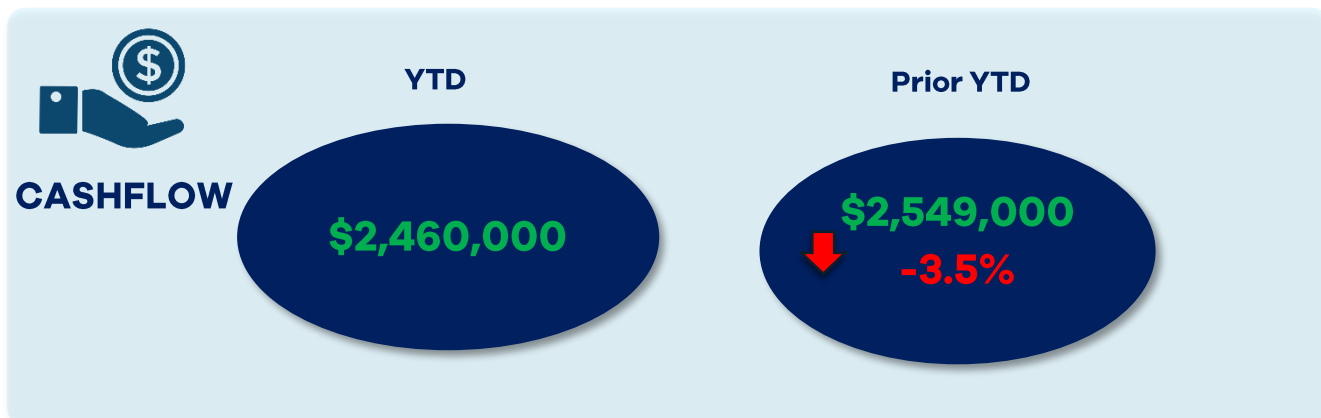
Dairy Farm land repairs are \$41,200 ahead of prior year due to the repair of the Centre Road silage pit.

Marketing campaigns are \$33,500 above prior year as a result of the timing of the Lower South promotion initiatives.

Information Technology expenditure is \$17,500 ahead of the prior year as a result of mitigation work completed to address matters identified as part of prior year penetration testing.

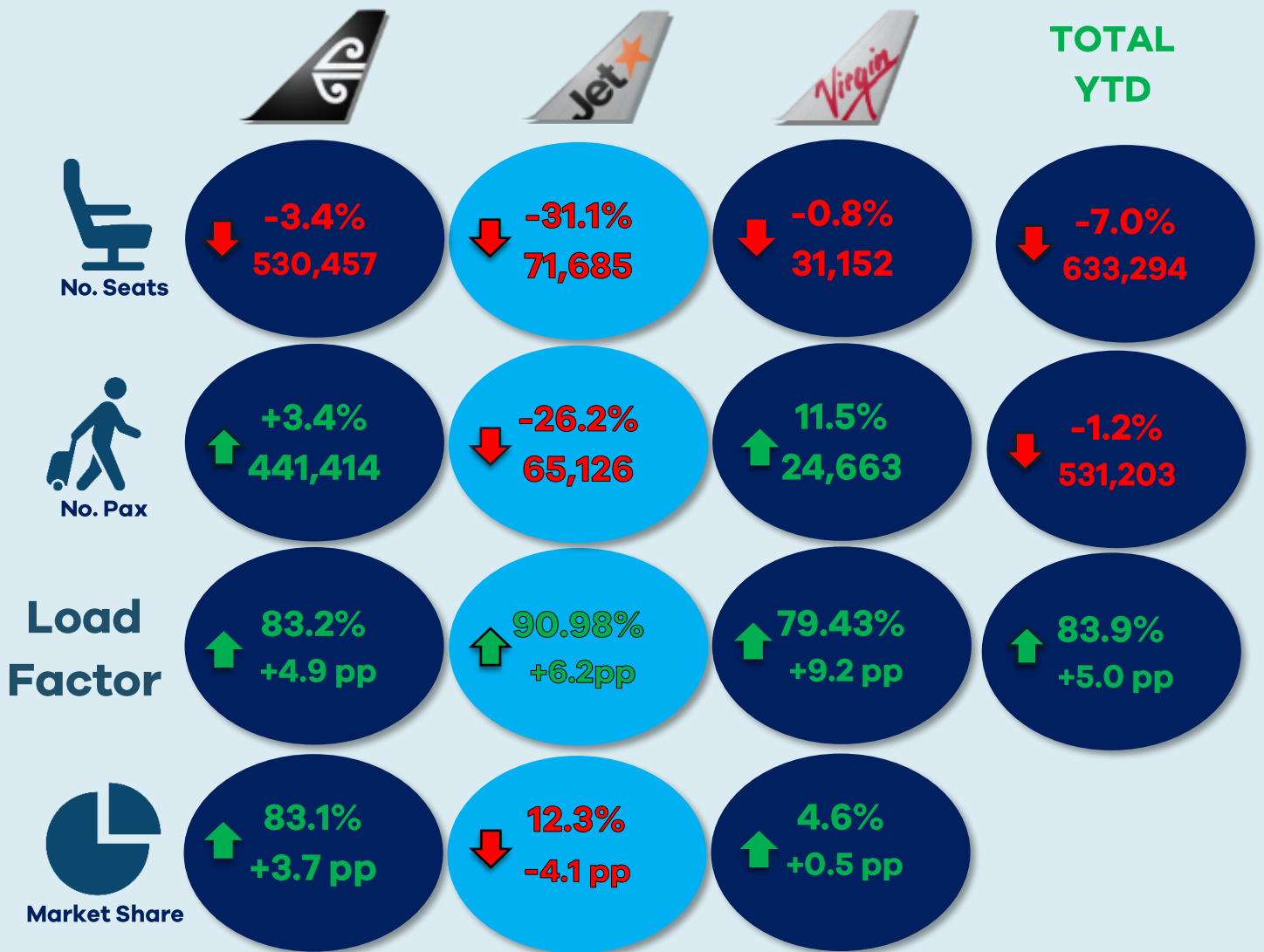
All other expenditure variances against budget are immaterial in nature and represent timing slides between actual spend and budget.

OPERATING CASHFLOW

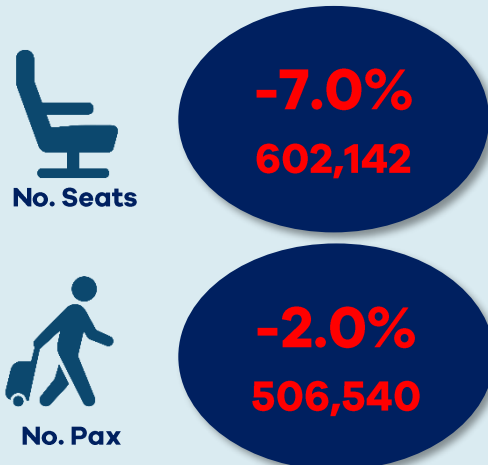


The decrease is caused by the increase in net profit as outlined above, offset an increase in the year to date provisional tax payments compared to the prior year following the strong 2019 financial year performance.

WHERE WE'VE BEEN



DOMESTIC

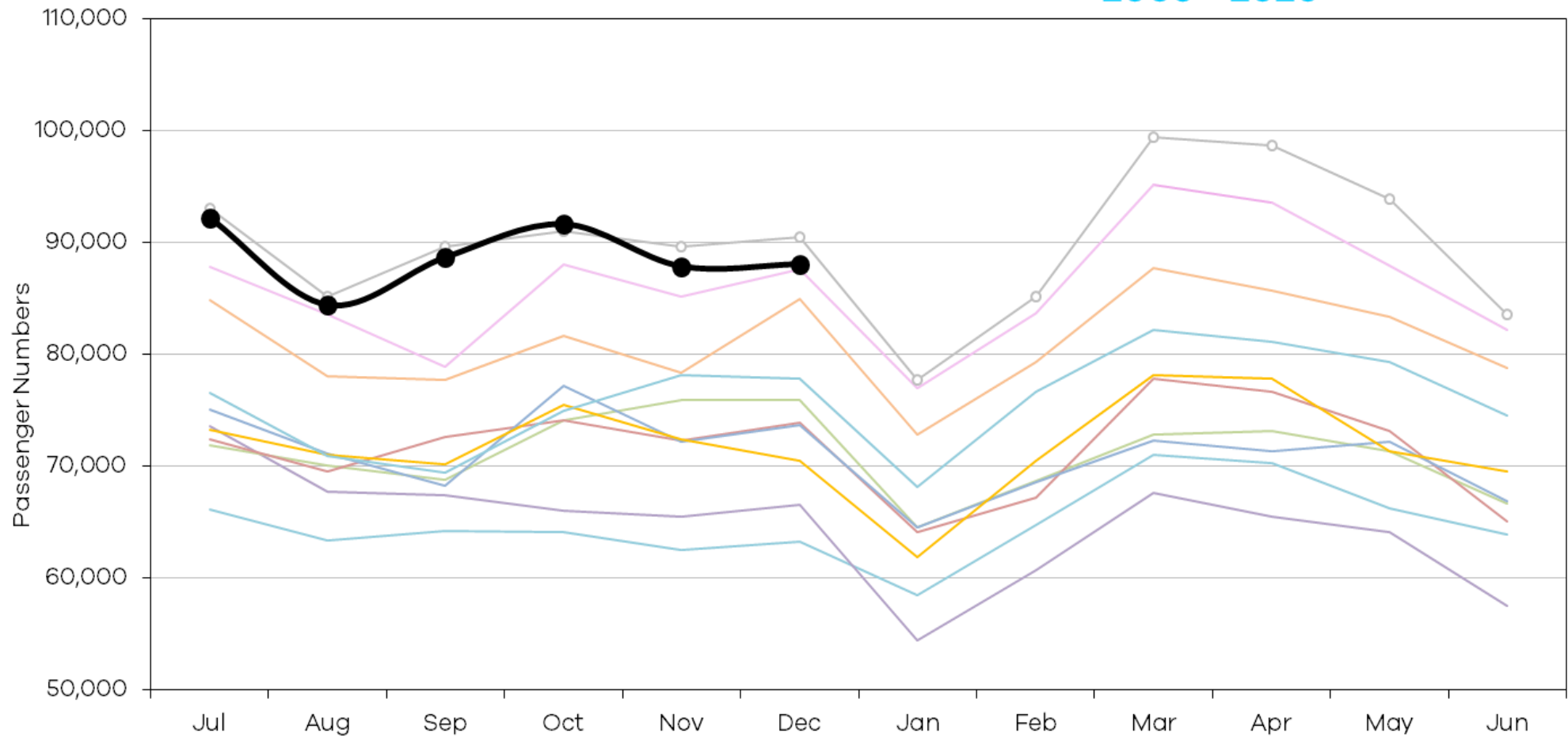


INTERNATIONAL





TOTAL PASSENGERS 2009 - 2020



SAFETY & COMPLIANCE



New “Airlock” valve for passengers exiting the secure area implemented, improving the overall security.

Complete Business Risk Review initiated and a full review of Health, Safety and Wellbeing Critical Hazards across the business was completed.

Numerous Safety Audits were completed, the most comprehensive being the Terminal Expansion Project (TXP). Safety activities were deemed compliant.

CIVIL AVIATION AMENDMENT BILL



The Ministry of Transport is progressing work on a Civil Aviation Bill. The Bill will replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single new statute that includes a number of proposals to improve the safety, security and efficiency of New Zealand’s civil aviation system.

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2019	Budget 6 months to 31 December 2019	Unaudited 6 months to 31 December 2018	Audited 12 months to 30 June 2019	Budget 12 months to 30 June 2020
Operating Revenue	9,054,367	8,717,489	8,746,612	18,115,000	17,774,971
Interest Received	3,915	3,000	6,235	13,000	6,000
Bad Debts Recovered	19	840	-	-	1,680
Gain/(Loss) On Investment	37,950	-	(178,901)	(366,000)	-
Depreciation Recovered	290	-	-	-	-
Dividend Received	1,094	25,000	1,897	3,000	50,000
Total Revenue	9,097,634	8,746,329	8,575,842	17,765,000	17,832,651
Audit Fee	28,752	28,500	44,388	56,000	57,000
Directors Fee	49,752	52,236	49,752	100,000	104,472
Interest Paid	257,877	301,818	231,621	475,000	691,968
Ineffective hedges	-	-	(68,070)	(138,000)	-
Wages and Salaries	1,593,561	1,513,464	1,415,319	2,944,000	3,026,928
Depreciation	1,553,457	1,640,364	1,503,459	3,075,000	3,493,007
Operating Exp	2,707,889	3,278,751	2,623,654	6,038,000	6,471,112
Loss On Disposal	(3,854)	-	-	31,000	-
Total Expenses	6,187,432	6,815,133	5,800,122	12,581,000	13,844,487
Operating Surplus /(Deficit)					
Before Income Tax	2,910,202	1,931,196	2,775,720	5,184,000	3,988,164
Income Tax	804,230	579,363	827,294	1,613,000	1,196,456
Tax Prior Year Adjustment	-	-	-	(16,000)	-
Operating Suplus/Deficit	2,105,972	1,351,833	1,948,426	3,587,000	2,791,708
Other Comprehensive Income					
Ineffective Hedges Amortised to Expense	-	-	32,735	-	-
Cash Flow Hedges Gain/(Loss)	57,710	-	70,602	(322,000)	-
Revaluation of Property, Plant & Equipment	-	-	-	-	-
Income Tax on Items of Other Comprehensive Income	(16,159)	-	(19,769)	90,000	-
Total Comprehensive Income/(Deficit)	2,147,523	1,351,833	2,031,994	3,355,000	2,791,708
Statement of Movements in Equity					
Equity at Beginning of Year	63,736,335	63,580,343	46,456,389	61,781,000	63,580,343
Comprehensive Income/(Deficit)	2,147,523	1,351,833	2,031,994	3,355,000	2,791,708
Less Dividends Paid	2,372,000	1,408,000	1,408,000	1,408,000	1,408,000
Closing Equity	63,511,858	63,524,176	47,080,383	63,728,000	64,964,051

STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months to 31 December 2019	Budget 6 months to 31 December 2019	Audited 12 months to 30 June 2019	Budget 12 months to 30 June 2020
Shareholders Equity				
Share Capital	8,800,000	8,800,000	8,800,000	8,800,000
Hedge Reserves	(238,446)	(279,997)	(281,000)	(279,997)
Property Reserves	34,072,794	34,072,794	34,073,000	34,072,794
Reserves	21,143,537	20,987,546	18,957,000	20,987,546
Current Surplus/Profit	2,105,972	1,351,833	3,587,000	2,791,708
Final Dividend	(2,372,000)	(1,408,000)	(1,408,000)	(1,408,000)
	63,511,858	63,524,176	63,728,000	64,964,051
Current Liabilities				
Payables and Accruals	1,720,282	1,706,026	4,751,000	4,662,735
Short Term Advance	5,250,000	-	2,250,000	-
Provision for Taxations	427,125	(36,058)	1,071,000	51,035
	7,397,406	1,669,968	8,072,000	4,713,770
Non Current Liabilities				
Term Loans	13,250,000	18,850,000	8,000,000	20,400,000
Interest rate term derivatives	331,176	273,000	389,000	273,000
Deferred Taxations	14,150,816	14,711,800	14,445,000	14,691,800
	27,731,992	33,834,800	22,834,000	35,364,800
Total Equity & Liabilities	98,641,256	99,028,944	94,634,000	105,042,621
Represented by				
Current Assets				
Cash On Hand	6,400	6,400	6,000	6,400
Cash and Cash Equivalents	1,629,753	438,134	467,000	299,365
Receivables and Prepayments	1,219,835	1,671,404	1,736,000	1,751,127
Stock on Hand Momona	47,481	56,000	48,000	56,000
	2,903,469	2,171,938	2,257,000	2,112,892
Non Current Assets				
Fixed Assets	94,572,238	95,534,009	91,244,000	101,606,730
Investments	978,376	1,130,000	940,000	1,130,000
Deferred Tax Asset	187,173	193,000	193,000	193,000
Interest Rate Hedge Derivative	-	-	-	-
	95,737,787	96,857,009	92,377,000	102,929,730
Total Assets	98,641,256	99,028,948	94,634,000	105,042,621
Equity Ratio (Equity over Total Assets)	64.39%	64.15%	67.34%	61.85%
Debt to Equity Ratio (Liabilities over Equity)	55.31%	55.89%	48.50%	61.69%

STATEMENT OF CASHFLOWS

	Unaudited 6 months to 31 December 2019	Unaudited 6 months to 31 December 2018
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from Customers	(9,576)	(8,717)
Interest Received	(4)	(6)
Dividends Received	(1)	(2)
Cash was applied to:		
Payments to Suppliers	3,477	3,228
Payments to Employees	1,633	1,393
Interest Paid	258	232
Taxation Paid	1,753	1,323
Net Cash Flows from Operating Activities	2,460	2,549
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Assets	(16)	-
Cash was applied to:		
Purchase of Shares	-	-
Purchase of Fixed Assets	7,191	2,505
Net Cash Flows from Investing Activities	(7,175)	(2,505)
Cash Flows from Financing Activities		
Dividend Paid	2,372	1,408
Net Loan Facilities (Drawdown)/Repaid	(8,250)	(1,400)
Net Cash Flows from Financing Activities	5,878	(8)
Net Increase/(Decrease) in Cash Held	1,163	36
Plus Opening Cash Brought Forward	473	699
Closing Cash Held	1,636	735

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASH FLOWS FROM OPERATING REVENUE

	Unaudited 6 months to 31 December 2019	Unaudited 3 months to 31 December 2018
Operating Surplus after Taxation	2,105	1,948
<i>Items not involving Cashflows</i>		
(Increase)/Decrease in value of investments	(38)	179
Depreciation	1,553	1,503
Increase/(Decrease) in Deferred Tax	(305)	(276)
Loss/(Gain) on disposal of fixed asset	(4)	-
Ineffective Hedges	-	(68)
<i>Impact of changes in working capital items</i>		
(Increase)/Decrease in payables and accruals	(3,023)	(664)
Increase/(Decrease) in receivables and prepayments	516	(18)
Increase/(Decrease) in tax payable	(643)	(219)
(Increase)/Decrease in stock	1	(13)
Movements in working capital items classified as investing	2,298	177
Net Cash Flows from Operating Activities	2,460	2,549