

Airways Corporation of New Zealand Limited

Annual results announcement – 14 August 2014

Reporting Period	12 months ended 30 June 2014
Previous Reporting Period	12 months ended 30 June 2013

<i>Amount (Millions)</i>	12 months ended 30 June 2014	12 months ended 30 June 2013	% change
Revenue from operating activities	\$NZ 181.3	\$NZ 163.6	10.8%
Profit (Loss) from operating activities after tax	\$NZ 11.8	\$NZ 9.0	31.1%
Net Profit (Loss)	\$NZ 11.8	\$NZ 21.8	(45.9%)
Service improvement (Capital) projects	\$NZ 33.8	\$NZ 23.6	43.2%

Interim Dividend (Oct)	\$NZ 1.0	\$NZ -	
Interim Dividend (Feb)	\$NZ 1.0	\$NZ 1.0	
Final Dividend (June)	\$NZ 1.0	\$NZ 1.0	
Total Dividend	\$NZ 3.0	\$NZ 2.0	
Final Dividend Payment Date	27 June 2014		

Comments:	<p>Airways Group Net Operating Profit After Tax (NOPAT) of \$11.8 million exceeded prior year NOPAT of \$9.0 million (before QTE lease*). This result has been driven by higher Group revenue of \$181.3 million compared to the prior year of \$163.6 million (before QTE lease) and a continued tight focus on cost control, offset by a one-off impairment of land of \$1.9 million. Revenue has benefited from the price increase communicated in 2013, necessary to cover the increased level of capital investment. Within Airways' core business the number of passenger flights has increased by 1.9% during the year.</p> <p>Airways continues to deliver safe and reliable operations. During the year, Airways had zero high severity safety incidents involving passenger aircraft. International benchmarking data shows that Airways operational safety is world-class, and New Zealand's skies remain among the safest in the world.</p> <p>Airways continues to improve its optimisation of the NZ aviation network, and May and June 2014 saw the lowest flight delay figures</p>
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ever recorded across New Zealand's four major international aerodromes, down 56% on the 2012-13 monthly average. This has been achieved through the implementation of the Collaborative Arrival Management (CAM) system which is used in all of New Zealand's main control towers, procedural enhancements and the Arrival Management sequencing tool for air traffic bound for Auckland Airport. These initiatives are delivering significant fuel savings to airlines as well as important environmental and community benefits.

During the year, Airways has invested \$33.8 million, 43.2% more than the previous year, in service enhancement and capital expenditure programmes that deliver significant benefits to our customers. The benefits include fuel savings from more efficient flight profiles, capacity enhancements in controlled airspace and improved on-time performance of aircraft.

* A Qualifying Technological Equipment Lease (QTE) was entered into by Airways during 2003 and 2004. The lease was for the Skyline Air Traffic Management System and Surveillance System equipment. Airways successfully terminated this lease in July 2012, resulting in \$19.7m of revenue (\$12.8m NOPAT) being recognised in the 2012-13 financial year.