

ANNUAL REPORT 18/19



Newcastle Airport



Newcastle
Airport

Message from the Chair



As we finish another year, my last as Chair of Newcastle Airport, I'm pleased to reflect on the progress the business has made, perhaps the most profound in the 20+ years I've been contributing to our Airport. The Newcastle Region is Australia's largest regional economy, with ambitions to become a future global city and realise our full potential. As New South Wales' second international airport, we see our role as critical in helping deliver great outcomes for our community.

It was a year where we set the business up for future success, as well as delivering several key initiatives. The most significant of the future-focused activities was the purchase of a 76ha parcel of land adjacent to our leased site. This milestone is an important part of our journey to be the airport the region deserves. It brings us closer to realising Newcastle Airport as a regional hub for aviation activities, including new defence and aerospace-related manufacturing, maintenance and research, while connecting the region globally for trade, tourism and jobs. This vision to secure long-term prosperity for the region is only possible because of the resounding support we have from our shareholders – the City of Newcastle and Port Stephens Council.

During the year we also undertook a significant review of our Board practices to ensure alignment with industry best practice and readiness for future growth. A notable change was the implementation of a director rotation policy, to ensure both continuity of skills and diversity of experience across our Board. Agile and future-focused, our Board will lead Newcastle Airport to continue evolving and driving results.

We welcome new Directors Nuatali Nelmes, Ryan Palmer, Morgan Parker and Samantha Martin-Williams, whilst we will also see incoming Chair, Kirby Clark transition into his new role. These changes mean farewelling long-standing Director Ted Campbell and myself as outgoing Chair. I'm very confident the new Board will provide the strategic vision and strength of purpose that our region has come to expect.

Building on the success of last year, we were also pleased to partner with Virgin Australia to again offer direct flights from Newcastle to Auckland, cementing our position as New South Wales' second international airport and offering even greater connectivity to the world.

In addition to growing passenger support, we were also thrilled to be awarded the 2018 Major Airport of the Year by the Australian Airports Association – recognition that we are doing exceptional work in a very competitive industry.

Our impact on the region beyond the aviation and travel sector was demonstrated in August this year when we were awarded the President's Award at the 2019 Hunter Business Chamber awards for the unique value we bring to the Hunter Region. We were also proud to see our CEO, Dr Peter Cock recognised as joint winner of the 2019 Business Leader of the Year award for his significant influence in the Hunter and his role in enhancing the reputation, leadership credentials and culture of the Airport.

There is much to be proud of this year, and I feel a unique and very deep sense of accomplishment looking back at how Newcastle Airport has grown over the years and the outstanding accomplishments we have enjoyed. Without the strength of the Board and support of both management and staff, our Airport would not be the resounding success it is today. Thank you for the opportunity to lead, it has truly been a privilege.

A handwritten signature in black ink, appearing to read 'Peter Gesling'.

Peter Gesling
Chair



Message from the Chief Executive Officer



After another year of outstanding results and several 'firsts' for our region and airport, it's important to reflect on the foundations that set us up for success.

One key focus is our unwavering dedication to the safety and wellbeing of all those who visit our airport. I'm proud to announce that we've lost zero staff time due to injuries this year and introduced a new electronic data management system to better record safety-related information. We also led a health and safety stakeholder forum for businesses across the Airport precinct.

Our commitment to providing the best possible experience for passengers through Newcastle Airport is another focus area for our business. With the support of the people of our region, we recorded 1.28 million passengers travelling through the terminal in the 2018/19 financial year. This is a significant achievement in a softening economy and confirmed the ongoing support from our catchment and visitors to the region.

The year once again saw the Airport produce a strong profit, returning \$4 million in dividends to our two shareholders – City of Newcastle and Port Stephens Council.

We've invested heavily this year to meet community expectations of the Airport, commencing a brand positioning project in June and implementing programs to enhance our internal culture, including targeted leadership training.

We also became an official ambassador for SafeWork NSW's Mentally Healthy Workplaces. We believe that by investing in our people we will continue to achieve outstanding results for both the organisation and the region as a whole.

With solid support and investment from the NSW State Government, we also commenced stage one of the Astra Aerolab development. With BAE Systems publicly stating their interest in land at Astra, we're paving the way for the Williamstown precinct to establish itself as a world-leading space for the innovative Defence and aerospace industry.

Complementing our plans for Astra is our continued advocacy for an upgraded runway and terminal. We feel that access to more international destinations is something the people of the Hunter and Northern NSW regions deserve. To achieve this, we require an Airport that enables long range aircraft to use the RAAF Base Williamstown runway we access. We also need an enhanced international terminal that can cater for the significantly larger aircraft and the passenger growth that it will bring. This will provide our region with the catalyst for sustained growth, improve connectivity, turbo-charge the visitor economy and provide a myriad of new freight opportunities for Northern NSW.

Our ongoing success is only possible because of the commitment of our people. I thank all who work at Newcastle Airport, our Board, shareholders, strategic and operational partners for enabling us to succeed this past year. I also pay a special acknowledgment to outgoing Chair Peter Gesling, who has driven the long-term vision for our business. In doing so, I also welcome incoming Chair Kirby Clark who I know will continue the Board's agile approach to the Airport's future growth.

I look forward to a bright future as we continue to strive towards being the Airport the region deserves.

Peter Cock
Chief Executive officer



Highlights

JULY 2018



DIRECT FLIGHTS ANNOUNCED TO AUCKLAND, NZ

Operated by Virgin Australia, the 13-week NTL – AKL seasonal service initially operated from 22 Nov 2018 – 17 Feb 2019.

NOV 2018



NAMED Major Airport of the Year 2018

by Australia's peak airport body, the Australian Airports Association (AAA).

23 NOV 2018



A RECORD-BREAKING
5,272
PASSENGERS travelled through the Airport on the first day of Newcastle 500, breaking the daily passenger record for the 2nd consecutive year.

JUN 2019



\$50 million debt facility agreement signed with ANZ Bank to fund major infrastructure projects and provide an enduring long term economic boost.



18 millionth passenger welcomed through the terminal since 1995.

RANKED

#1

IN 10 CATEGORIES

and in the top 3 Airports across 22 categories surveyed in the industry benchmark Australia and New Zealand Airport Service Quality Survey.

AVERAGE SCORE OF 4.3/5



in the annual Airport Service Quality Survey for **passenger satisfaction**

SEP 2018



\$11.7 million announced in funding to kick start **ASTRA AEROLAB**
A world-leading aerospace commercial precinct adjacent to Newcastle Airport.

22 NOV 2018



OFFICIALLY BECAME NSW's second international airport

welcoming the first Trans-Tasman flight from Auckland in 16 years into new international processing facilities.

MAR 2019



First major works contract awarded for **ASTRA AEROLAB**

FY2019



YEARLY PASSENGER RECORD BROKEN AS CLOSE TO
1.28 million travellers passed through the airport

Activities



Partnered with Asia Pacific's largest ground transport comparison site, to deliver a new online car rental booking engine.



Unveiled a new dining outlet, Valley & Vine in the departures terminal – offering more choice for passengers.



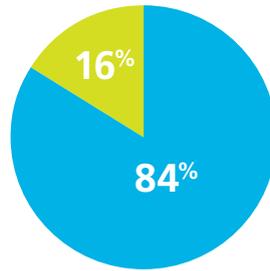
Led a trade delegation to Auckland, New Zealand to connect with key tourism industry partners and encourage Aucklanders to travel to the Hunter.



Confirmed as one of the first Airports in Australia to install and be fully compliant with new mandatory aviation security screening requirement in late 2019.

Financial performance

\$34,000,000
Total revenue



■ Property and commercial activities

■ Passenger facilitation

\$9.4 M

total profit in FY2019

\$4 M

in dividends provided to shareholders from FY2019 profit

\$19.7 M

in dividends provided to shareholders since ownership of the Councils

\$35 M

invested in capital expenditure in the last 5 years FY2014 – FY2019

\$1.16 BN

contributed by Newcastle Airport in economic activity to the NSW economy each year

5,600

number of FTE's currently employed across the tourism and airport cluster

Aviation

Passenger movements

1,277,473

travellers passing through the terminal (breaking the previous year's record)

4,839

additional passengers were welcomed, reflecting 0.4% year on year growth

46%

of total passengers flew to Brisbane, our busiest route

30%

of total passengers flew to Melbourne, our second busiest route

252

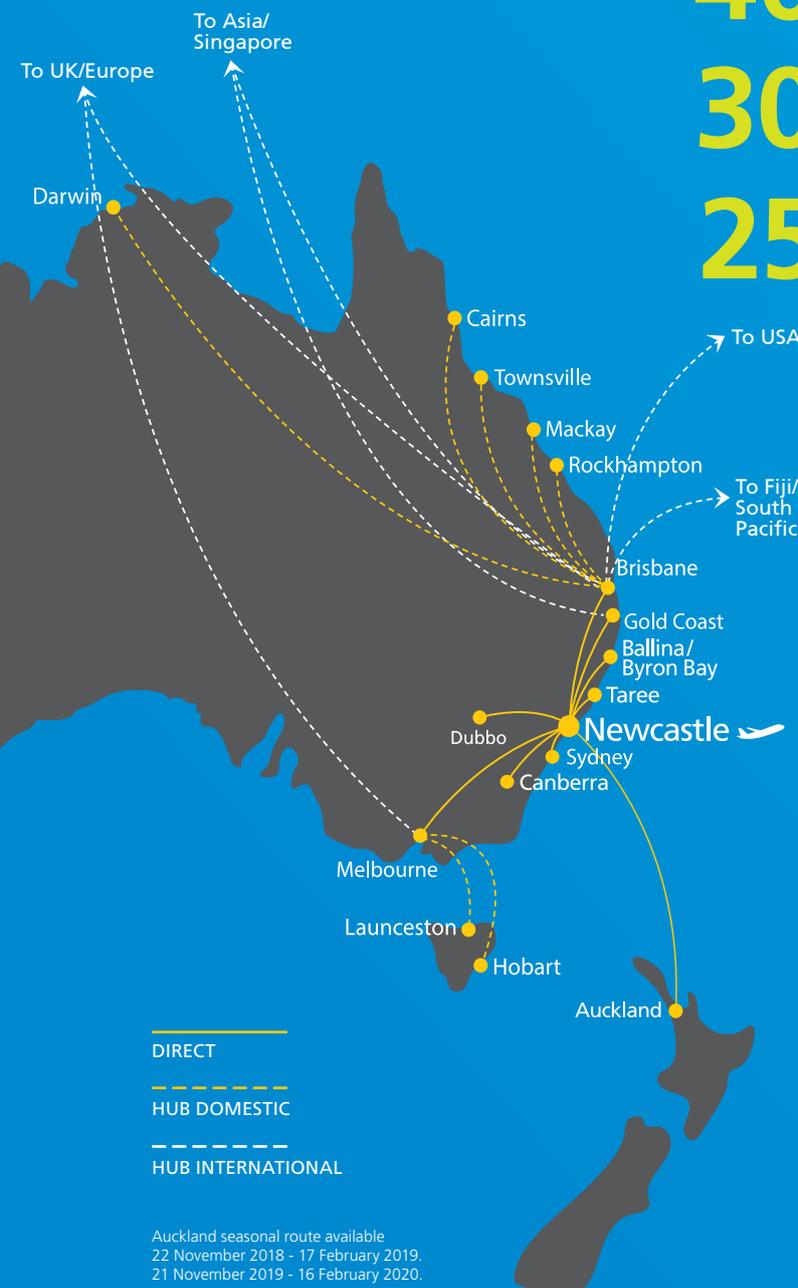
flights per week

5

airlines

8

Direct destinations



Annual load factors

↑ **73%** Brisbane

↑ **82%** Melbourne

↑ **81%** Gold Coast

DIRECT

HUB DOMESTIC

HUB INTERNATIONAL

Auckland seasonal route available
22 November 2018 - 17 February 2019.
21 November 2019 - 16 February 2020.

Additional dates to be confirmed for
2021 and 2022 seasons.

Aviation (cont'd)



Growing our destination network

Fly Pelican showed its ongoing commitment to growing its network via Newcastle Airport, with a load factor increase of 6% year-on-year for the Newcastle to Canberra route, and a 2% passenger increase.



New routes commenced

On 22 November 2018 – we officially became NSW's second international airport, welcoming the first flight from Auckland in 16 years into our new international processing facilities. Operated by Virgin Australia, the seasonal service initially operated from November 2018 to February 2019, and has since been extended for an additional three years.

Key projects



Launch of Commonwealth Border Services

Commencing in July 2018, we established border services at Newcastle Airport, in readiness for the commencement of our new international route to Auckland in November 2018.



New administration offices

Following more than 10 years in our existing administration offices, in May 2019 work began to redevelop the office space – providing enhanced and more efficient uses of space for staff.



Additional car park spaces

To enhance the passenger experience, in February 2019 we added 120 new car parking spaces in our Long Stay 1 carpark at a cost of \$1 million.



Astra Aerolab stage 1

In February 2019 works commenced on Stage 1 of Astra Aerolab – our pre-eminent space for innovation in aviation, defence and aerospace-related manufacturing, maintenance, research and education.

Passenger experience

We are proud to have been ranked #1 across 10 categories, and in the top 3 Airports across 22 categories surveyed in the industry benchmark Australia and New Zealand Airport Service Quality (ASQ) Survey for the quarter ending June 2019.

Overall satisfaction	4.27/5	★★★★☆
Cleanliness	4.32/5	★★★★☆
Wayfinding	4.51/5	★★★★☆
Ambience	4.11/5	★★★★☆

*Source – Airport Service Quality Survey FY19

2,210 total car parking spaces



New agreements launched with rideshare companies to operate out of Newcastle Airport to improve our passenger experience.

6

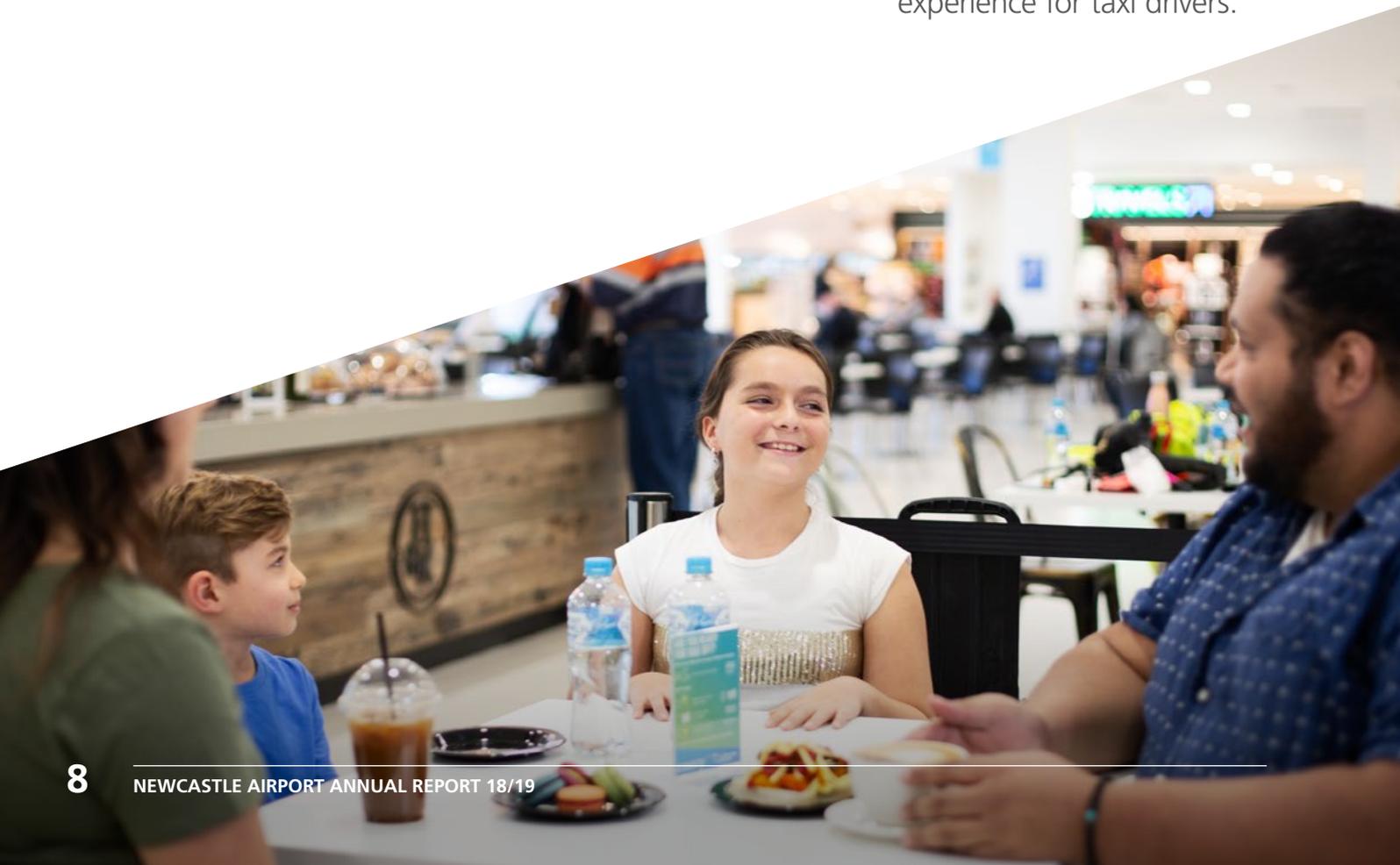
rental car operators – Avis, Budget, Enterprise, Europcar, Hertz and Thrifty

6

retail outlets



Upgrades completed to the taxi holding area to offer better facilities and an improved experience for taxi drivers.



Sustainability and diversity

Our purpose is *being the Airport the region deserves*

Our ultimate aim is to make a difference to our local area each and every day.

Newcastle Airport is committed to safety

- We've had zero lost time due to injuries since February 2018.
- We've also implemented an electronic data management system to better record safety related information.
- In the FY19, we commenced internal auditing of the Health and Safety framework and continued participation in Health and Safety networking groups both nationally and locally.
- We've also led initiation of a Health and Safety stakeholder forum for businesses within the Newcastle Airport precinct.

We believe in our core values to drive success

- Trust
- Engaged
- Committed
- Accountable
- Results driven

We are a diverse, multi-skilled workforce

- We're an official Ambassador for SafeWork NSW's Mentally Healthy Workplaces.
- 28% of our total workforce have more than five years service.
- We've increased the number of permanent positions by 20%.

We're passionate about local communities

- In FY19, we contributed over \$94,000 to support events and activities throughout the community.
- We're committed to supporting local businesses, including in-terminal where we feature a range of local produce.



Partnering for success



Support for Newcastle 500

We were proud supporters of the Newcastle 500, again dedicating marketing resources to help promote the event. This included a live broadcast with a leading regional radio breakfast show, promotional support in the departures and arrivals lounges and an airside media event.

This proved successful as we broke our previous single day passenger record – welcoming 5,272 passengers through the terminal on Friday 23 November 2018, the first day of the Newcastle 500.



ASTRA AEROLAB

Astra Aerolab receives State support

Following a compelling submission to the NSW State Government's Growing Local Economies Grant Program, our Astra Aerolab venture was awarded a \$11.7 million grant to kick-start initial development works. Together with the \$7.86 million in co-funding from joint shareholders Port Stephens Council and the City of Newcastle, the project clearly demonstrates its alignment with State Government policies and our ongoing commitment to delivering maximum economic and social benefit to the community.

BAE SYSTEMS

Prime defence contractor confirmed for Astra Aerolab

In May 2019, we officially signed a heads of agreement with BAE Systems Australia, confirming their commitment to lease land as part of the 76-hectare Astra Aerolab precinct. Announced at the turning of the first sod on the development site, this commitment from BAE plays a key role in developing and maintaining our nation's strategic defence capabilities with 56 of the 72 F-35A Joint Strike Fighter (JSF) fleet co-located at RAAF Base Williamtown.



About Newcastle Airport

- Named 'Major Airport of the Year' at the 2018 Australian Airports Association Industry Awards.
- Recipient of the President's Award at the 2019 Hunter Business Awards.
- CEO Dr Peter Cock awarded 'Business Leader of the Year' at the 2019 Hunter Business Awards.
- Newcastle Airport is the second international gateway into New South Wales and the second busiest airport in the state.
- Serviced by Jetstar, Virgin Australia, QantasLink, Regional Express, and FlyPelican to eight direct domestic destinations and onward to more than 65 worldwide destinations.
- Newcastle Airport contributes more than \$1.16 billion to the state's economy each year, including \$300 million direct to the visitor economy, which supports over 5,600 full-time employees across the tourism and Airport cluster.
- Newcastle Airport Pty Ltd is jointly owned by the City of Newcastle and Port Stephens Council and is governed by an independent, skills-based Board of Directors.
- FY18/19 passenger results saw Newcastle Airport break its all-time FY record with 1,277,473 travellers passing through the terminal.
- In December 2018, Newcastle Airport welcomed its 18 millionth passenger through the terminal since 1995.
- On 22 March 2018, Newcastle Airport released its 60-year Master Plan, which includes a 20-year blueprint for growth, projections and business development of the Airport.





newcastleairport.com.au

Level 1 (east), Terminal Building
Williamtown Drive
Williamtown NSW 2318
02 4928 9800