



AIRWAYS CORPORATION OF NEW ZEALAND

Interim results announcement: 28 February 2020

<i>All amounts are in NZ\$ millions</i>	6 months ended 31 December 2019	6 months ended 31 December 2018	% change
Revenue from operating activities	128.4	114.4	12%
Profit from operating activities after tax	16.2	13.5	20%
Net Profit	16.2	13.5	20%
Service improvement (Capital) projects	22.8	20.8	10%
Interim dividend (Oct)	4.0	4.0	-
Forecast interim dividend (Feb)	4.0	4.0	-
Forecast final dividend (June)	5.0	4.0	25%
Total forecast dividend	13.0	12.0	8%
Final dividend payment date	30 June 2020		

COMMENTS

Airways' core purpose is to facilitate safe and efficient air transport through New Zealand's flight information region (FIR) – some 30 million km² of airspace. In the six months to 31 December 2019, there were no near collision events recorded, and loss of separation occurrences between aircraft remained stable. Importantly, there were no serious harm injuries involving our people.

We are pleased to have delivered 99.98% critical technology and service availability to our airline customers during the period. In September, a fault with an uninterrupted power supply system at our Christchurch Radar Centre resulted in a 48-minute reduction of service for aircraft travelling within New Zealand. We apologise to our customers and to travelers for the disruption they experienced on the day.

Airways' commercial business had a strong start to the year. Our air traffic control training campuses in Christchurch and Palmerston North are at capacity with record numbers of domestic and international students, including cohorts from Saudi Arabia, Hong Kong, and Vietnam. Two new agreements were confirmed that will see Airways International provide simulation technology to air traffic control training providers in Malaysia and the United Kingdom in 2020.

Development of our drone management capabilities gained momentum in the first half of the year. Work to prepare AirShare for launch as New Zealand's leading drone management system was completed, a key milestone in achieving our strategy for integrating drones into our airspace.

The Airways Group achieved a Net Operating Profit after Tax (NOPAT) of \$16.2 million for the half year, well ahead of the budgeted \$13.6 million and 20% ahead of the same period last year. Pleasingly, the commercial business recorded a 70% improvement in NOPAT compared to the same period for the prior year. However, the full year profit forecast is below budget due to lower statutory revenues as a result of airlines pairing back scheduled flights and expected cancellations due to the Coronavirus.