

Capital Cities:

1 Great Airline



Four Asian Capitals



= \$27,000,000+

Discussion today



- Wellington: Fast Facts
- Traffic overview
- WLG – SIN Market assessment
- Route Support update
- Strategic outcomes

Wellington Fast Facts - Overview



Population
Catchment
1.14M
City & surrounds
500,000



Highest Incomes,
economic growth and
GDP/capita in NZ,
14% of NZ's GDP
within 1 hour of airport



36,000 & 84,000
Residents
originally from
Asia & Europe



Embassies
42
embassies/missions



58,000 University
Students
(10,000+
Intl Students)



Cruise Ship
Arrivals
190,000
Passenger & crew
growing by 20% pa



Te Papa
1.4M visits annually
(45% from overseas)
Most visited
Museum in
Australia/New Zealand



New Zealand
Government
Home to all government
departments including
Foreign Affairs and Trade,
Culture and Heritage,
Economic Development,
Immigration, Trade and
Enterprise, Transport



Commercial – in confidence

Wellington Fast Facts - Attractions



Te Papa – Museum of NZ



- Most visited in Australasia, 1.3M visitors, 40% international

Nature



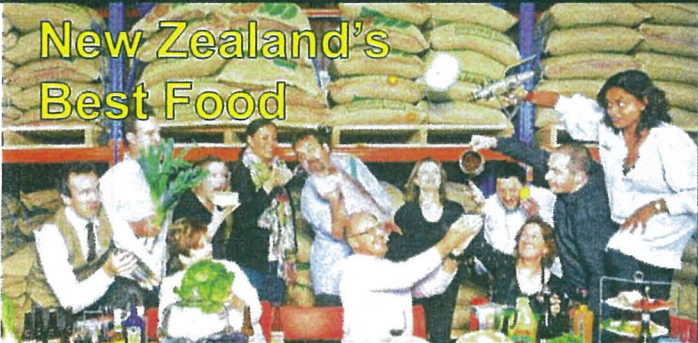
- Zealandia, world first urban wildlife refuge, fur seals, Zoo

The Southern Hemisphere's Film Capital



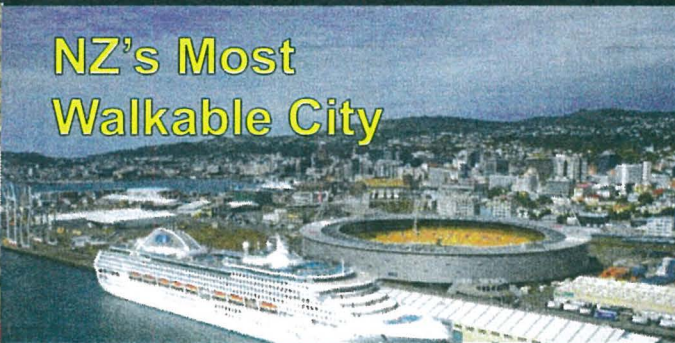
- Home to Peter Jackson, James Cameron, Weta Digital

New Zealand's Best Food



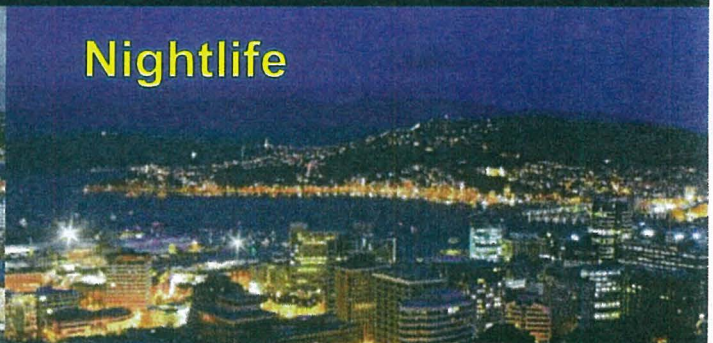
- Best restaurant in NZ 4 out of last 5 years, dynamic cuisine

NZ's Most Walkable City



- Museums, Art Galleries, Hotels, Stadiums – all 10 min walk

Nightlife



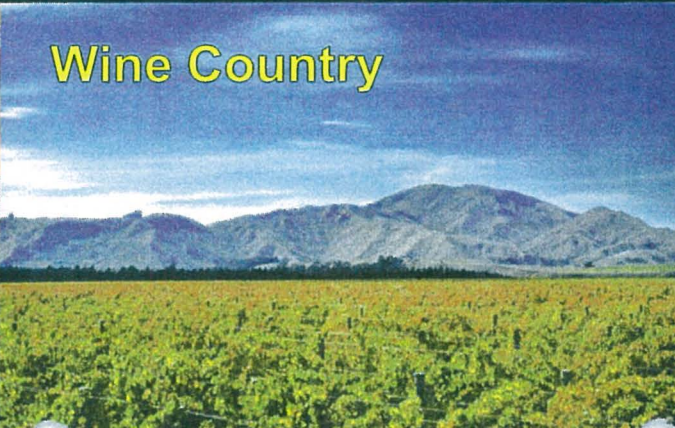
- More bars and cafes per person than New York

Adventure Tourism



- Diving, Kayaking, 1,400kms of Mountain Bike tracks

Wine Country



- The International Airport serving NZ's wine regions

Culture



- NZ Arts Festival, World of Wearable Arts, Orchestra, Ballet

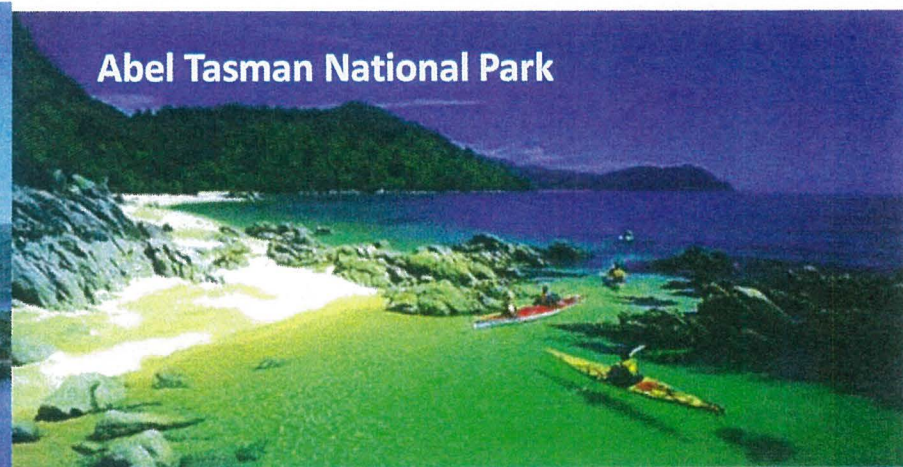
Wellington Fast Facts - Attractions



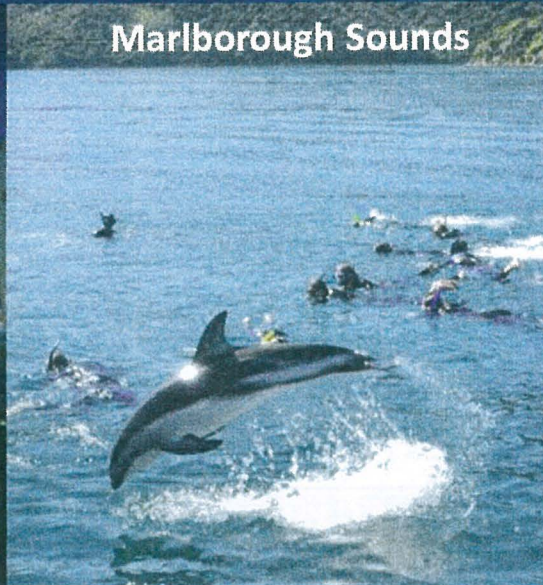
Cook Strait Ferry/ Tranz
Coastal Pacific Train



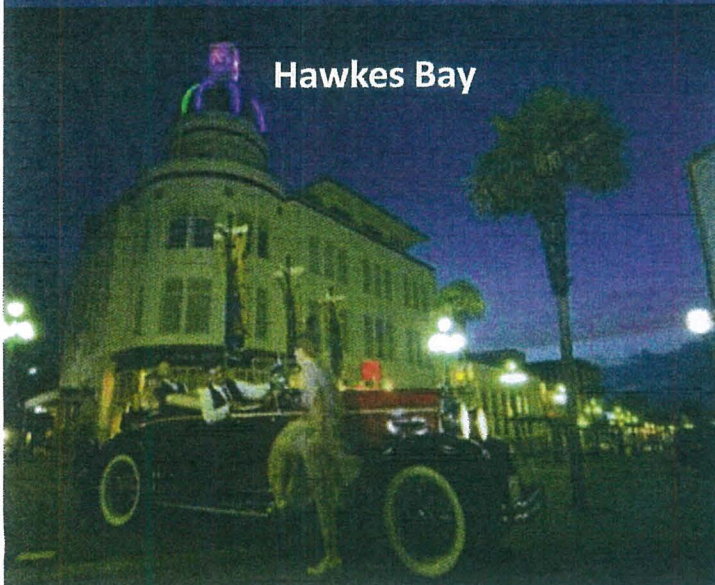
Abel Tasman National Park



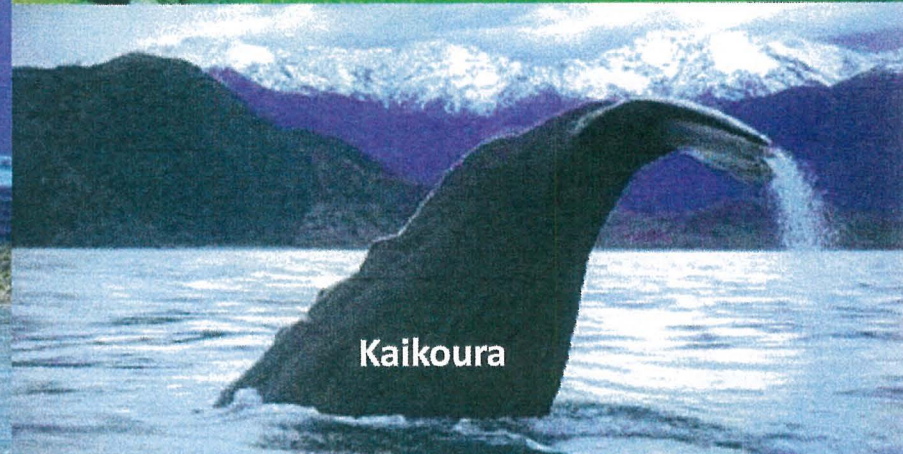
Marlborough Sounds



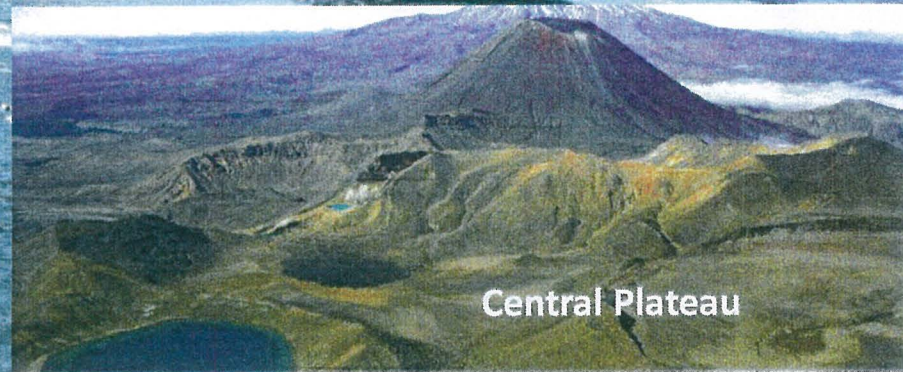
Hawkes Bay



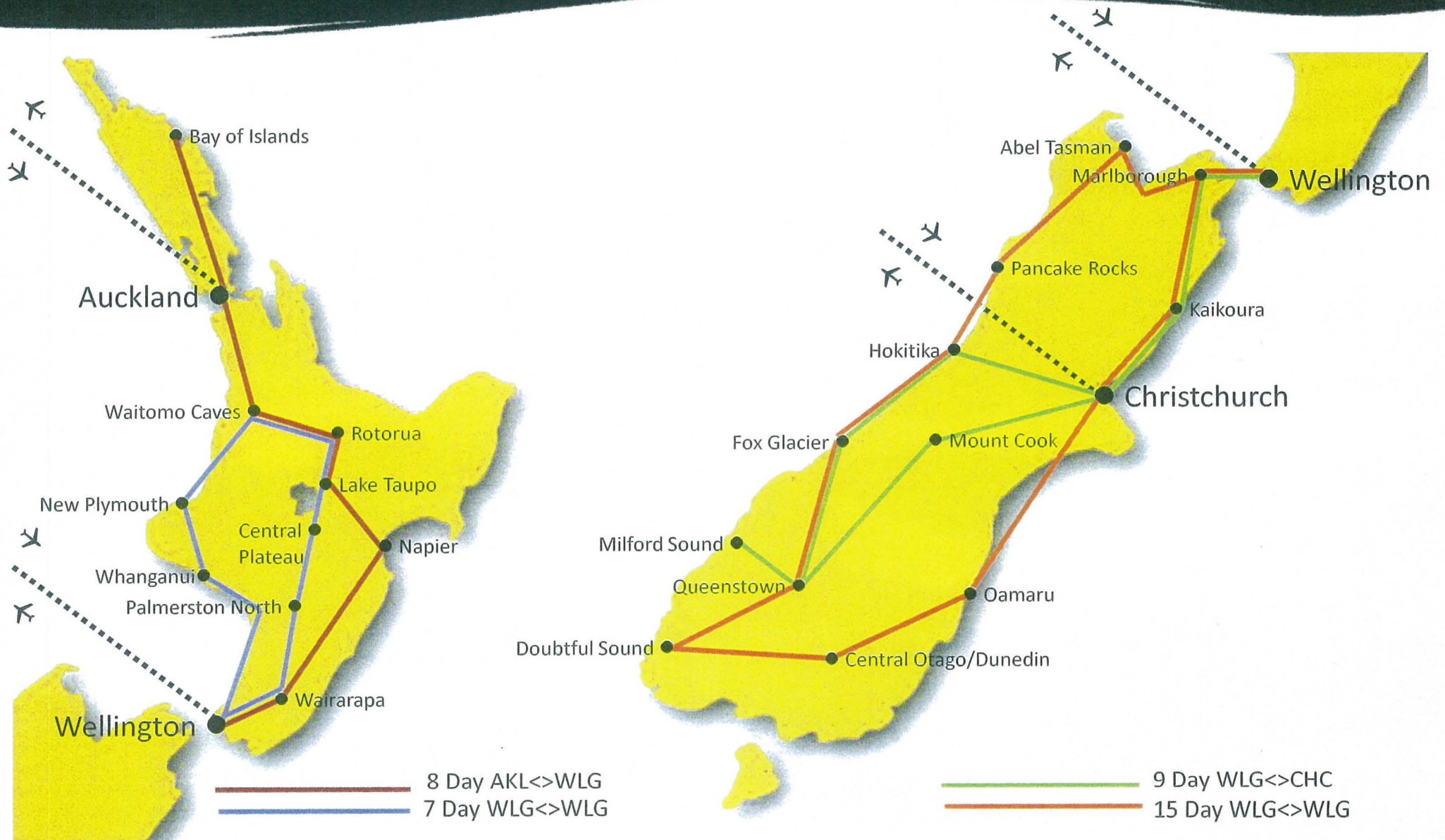
Kaikoura



Central Plateau



Perfectly situated for mono-Island itineraries

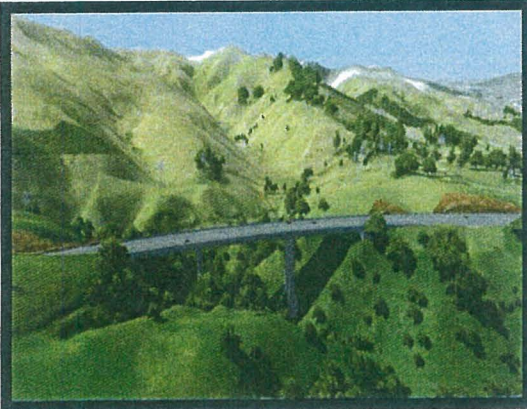


A WLG entry/exit supports a range of new itineraries

New Infrastructure Investments



Transmission Gully



- \$1b new road to improve access to and from Wellington
- Construction has started
- Part of 4 lane 100km expressway being built to Wellington Airport from the North

Bus Rapid Transit



- \$200+m for bus rapid transit in the city
- Will improve speed and convenience of people moving around the city and to the airport

Petone to Grenada Link Road



- \$250m for a new link road between Lower Hutt and North Wellington
- Additional \$800m to improve roading network in the city to the airport (Ngauranga to Airport)

New town for North Wellington



- Petone to Grenada link road provides development opportunity
- Exploring a new Eco Town with 30k new houses + businesses

Additional Tourist Attractions



Museum of Middle Earth



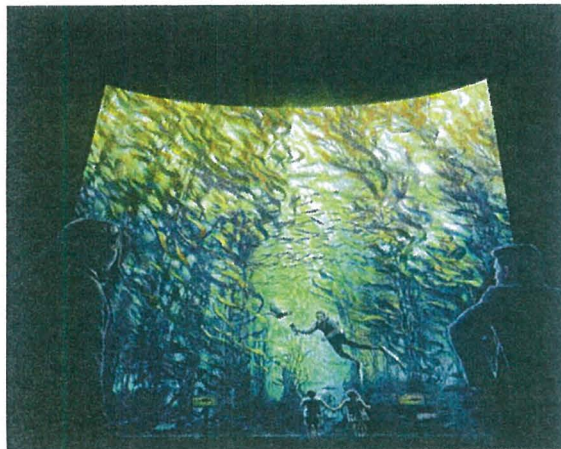
- Museum of Middle Earth
- A partnership with the Film Industry
- \$30m contribution from Council
- Central city location
- Will result in increase domestic and international visitor numbers

New Memorial Park + War and Peace Museum



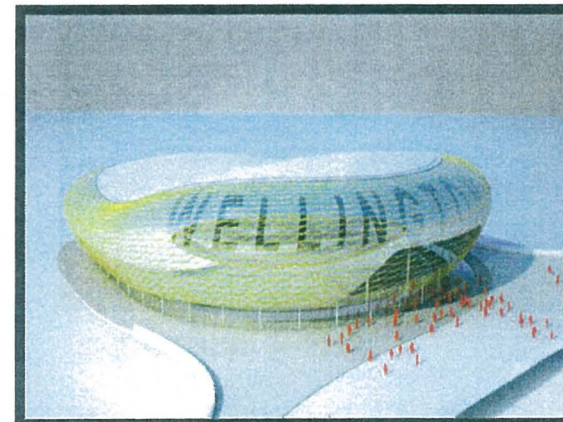
- New memorial park to Commemorate WW1
- Temporary Great War Exhibition (until 2019)
- Exploring permanent War and Peace Museum in central city location after that

Ocean Exploration Centre



- New Indoor Ocean Exploration Centre
- Focused on the unique marine life found in Cook Strait
- \$16m+ construction cost
- Will result in increased domestic and international visitors

New Indoor Arena



- A 10,000+ seat indoor arena for concerts and events
- In partnership with Iwi
- \$60m in construction costs
- Central city location
- Will bring major acts and events to the city

Tourism Investment



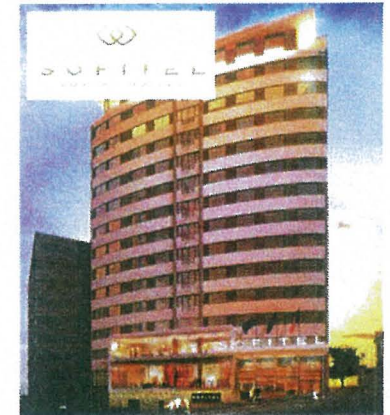
Wellington Convention Centre and Hilton Hotel

- 4,400m2 conference facility for up to 2000 delegates
- 5-star 165 room Hilton Hotel



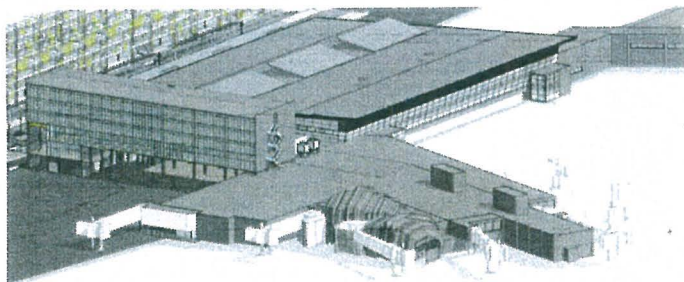
Wellington Airport Terminal Extension

- Completion early 2016
- Cost \$60M



Wellington Sofitel Hotel

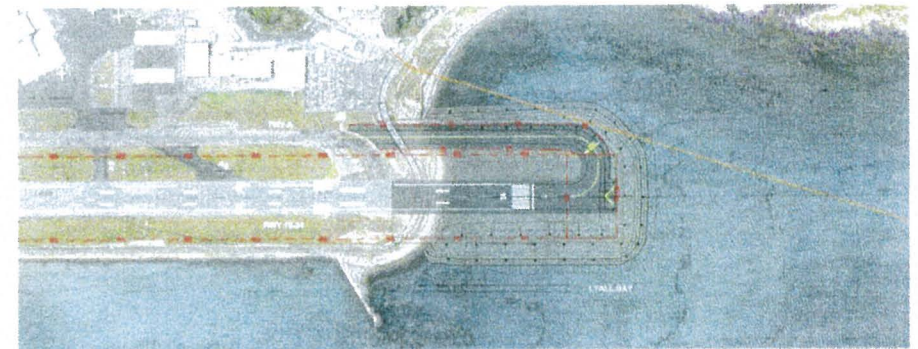
- Opening 2015
- 5-star 130 room



RYDGES
HOTELS • RESORTS

Wellington Airport Hotel

- Construction to commence in 2016
- 4-star 120 room Rydges Hotel
- New Zealand's first fully integrated airport hotel



Wellington Runway Extension

- Economic Impact and engineering feasibility completed
- Final technical/environment assessments underway
- Lodging consent applications 2015

Significant investment in tourism

Traffic Overview



Auckland Catchment

Population (2014)	2,453,000 (54% of NZ)
GDP (2013)	\$111 Billion (52% of NZ)
GDP/Capita (2013)	\$45,895 (NZ Ave \$47,532)
Domestic Pax (2014)	7,019,000
International Pax (2014)	8,330,000

Wellington Catchment

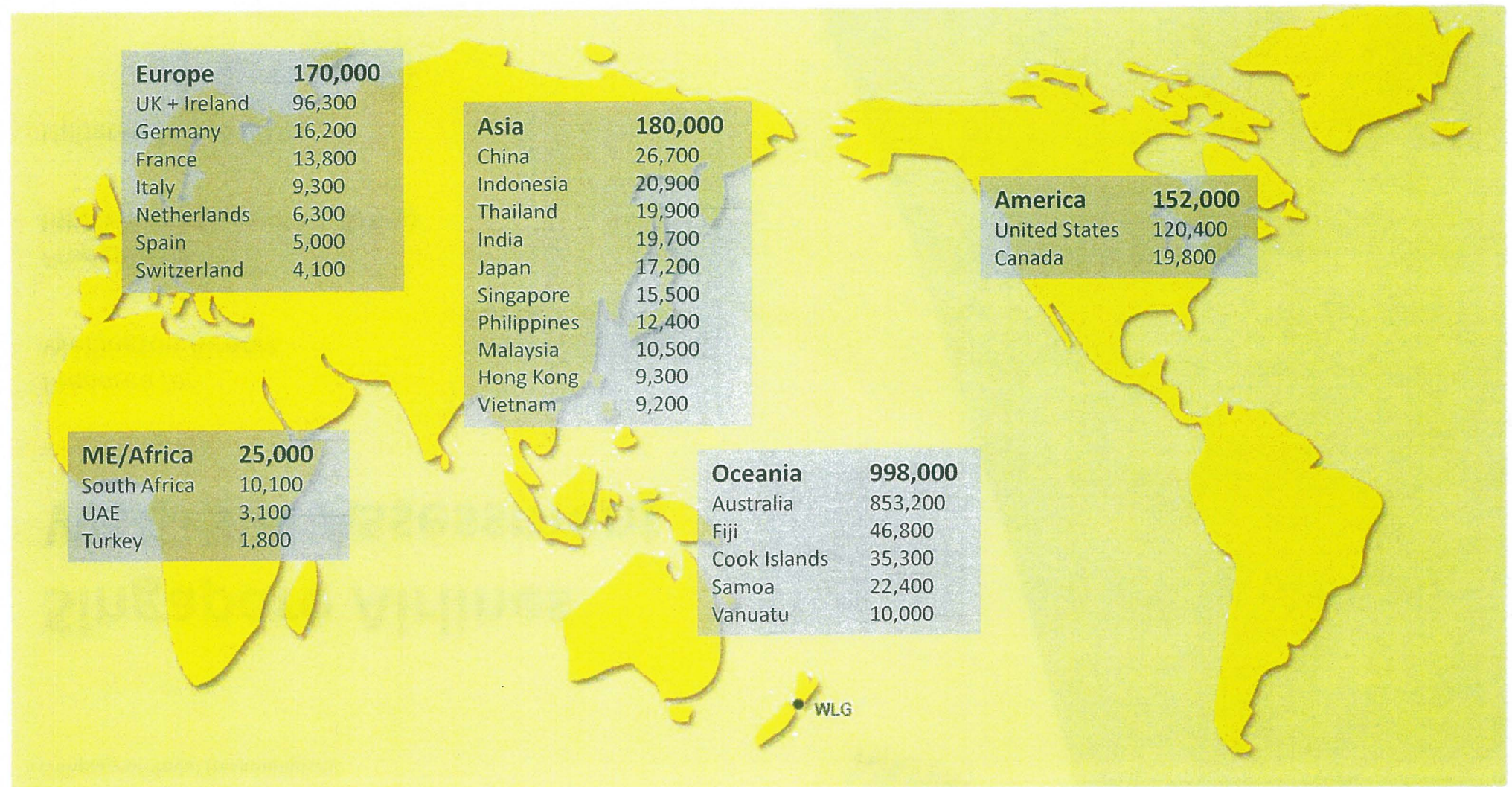
Population (2014)	1,141,000 (25% of NZ)
GDP (2013)	\$57 Billion (27% of NZ)
GDP/Capita (2013)	\$50,503 (NZ Ave \$47,532)
Domestic Pax (2014)	4,654,000
International Pax (2014)	766,000

Christchurch Catchment

Population (2014)	915,000 (20% of NZ)
GDP (2013)	\$44 Billion (21% of NZ)
GDP/Capita (2013)	\$48,196 (NZ Ave \$47,532)
Domestic Pax (2014)	4,388,000
International Pax (2014)	1,391,000

NZ's 2nd highest domestic pax – no SQ or EK

Wellington Catchment Market Sizes (YEJan15)



527,000 long haul OD pax (722 PDEW) - no direct services to Asia or 1-stop to Europe (350,000 OD Pax)

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Singapore Airlines WLG-SIN Assessment

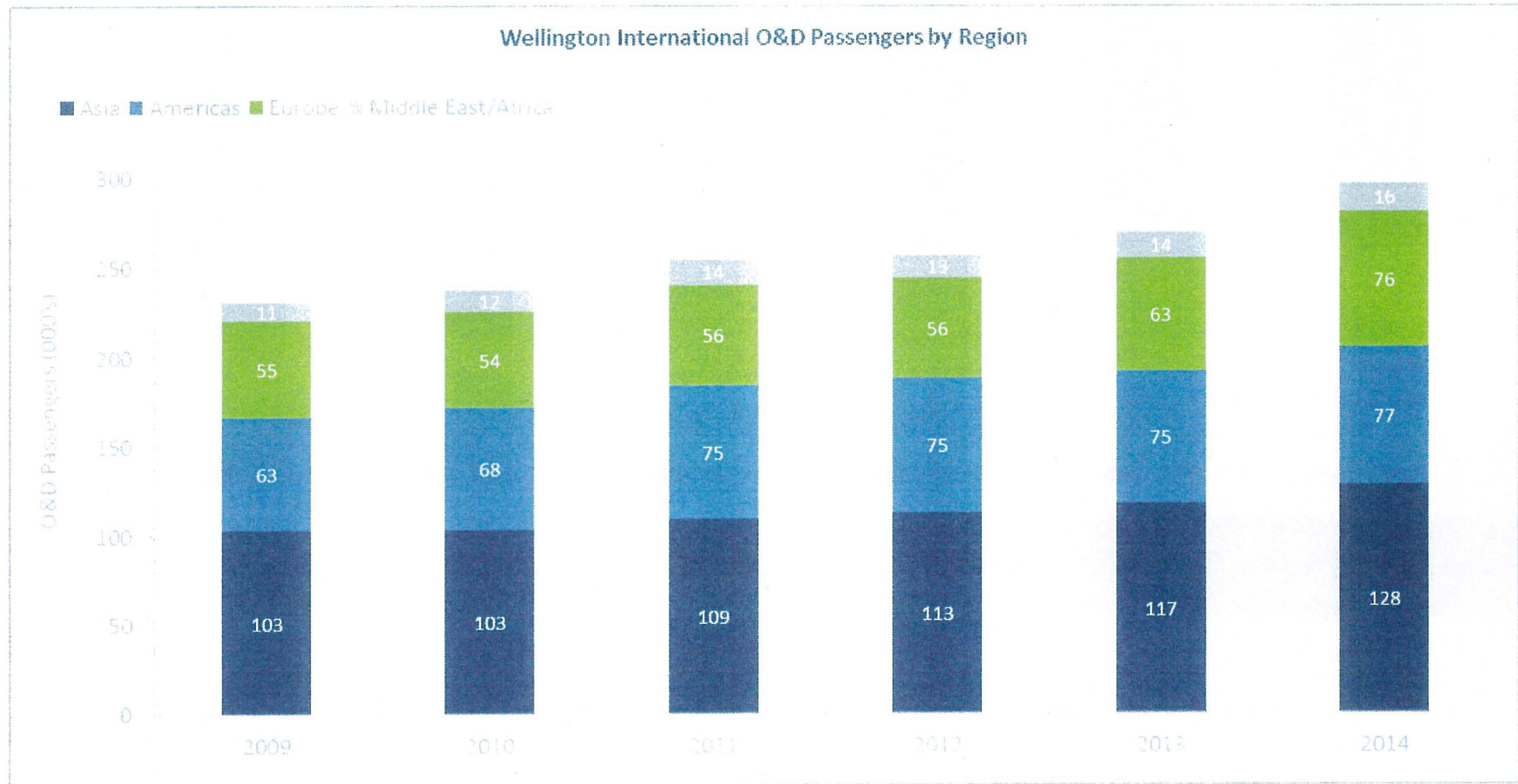
Prepared for
Wellington Airport

Prepared by
InterVISTAS Consulting Group

Updated March 2015



Wellington is a growing market – international traffic has increased by approximately 30% over 5 years.



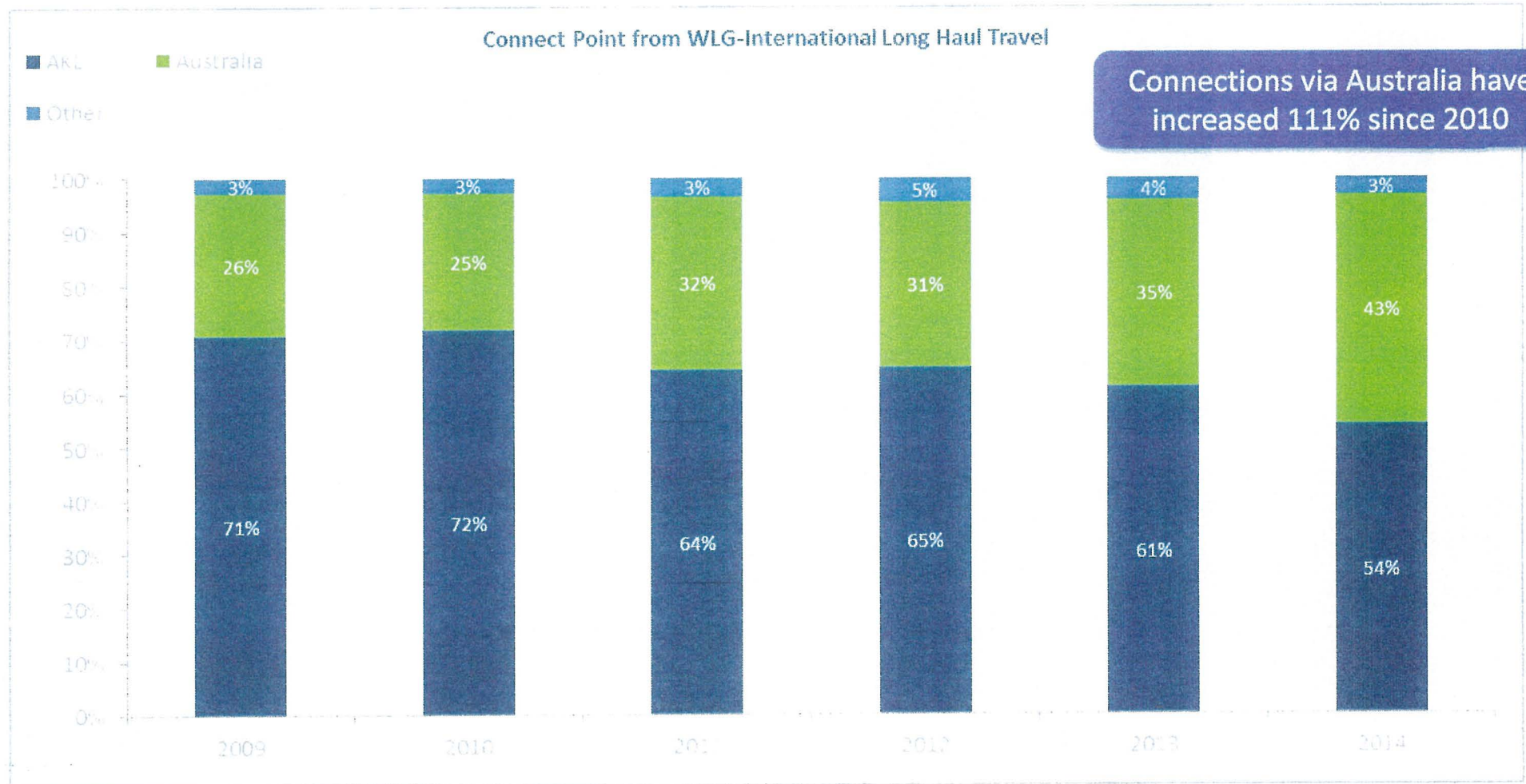
Note: Does not include traffic to/from Australasia.

Source: Diio FMg database: Data has not been adjusted based on Statistics NZ resident travel data.



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The WLG international market landscape is changing – significantly more long haul traffic is going via Australia.







The SIN-WLG service would provide Singapore Airlines and Star Alliance with a competitive advantage.

Aircraft A350-900

SIN

WLG-SIN Schedule Has Been Optimized for Connectivity at SIN

- ✓ Only wide-body service in the market
- ✓ Better business class product than all competitors
- ✓ Best elapsed travel time to many key markets

Northern Winter Schedule

Flight	Depart	Arrive
SIN-WLG	19:55	10:55
WLG-SIN	12:15	18:15

Northern Summer Schedule

Flight	Depart	Arrive
SIN-WLG	19:55	09:50
WLG-SIN	11:10	18:15

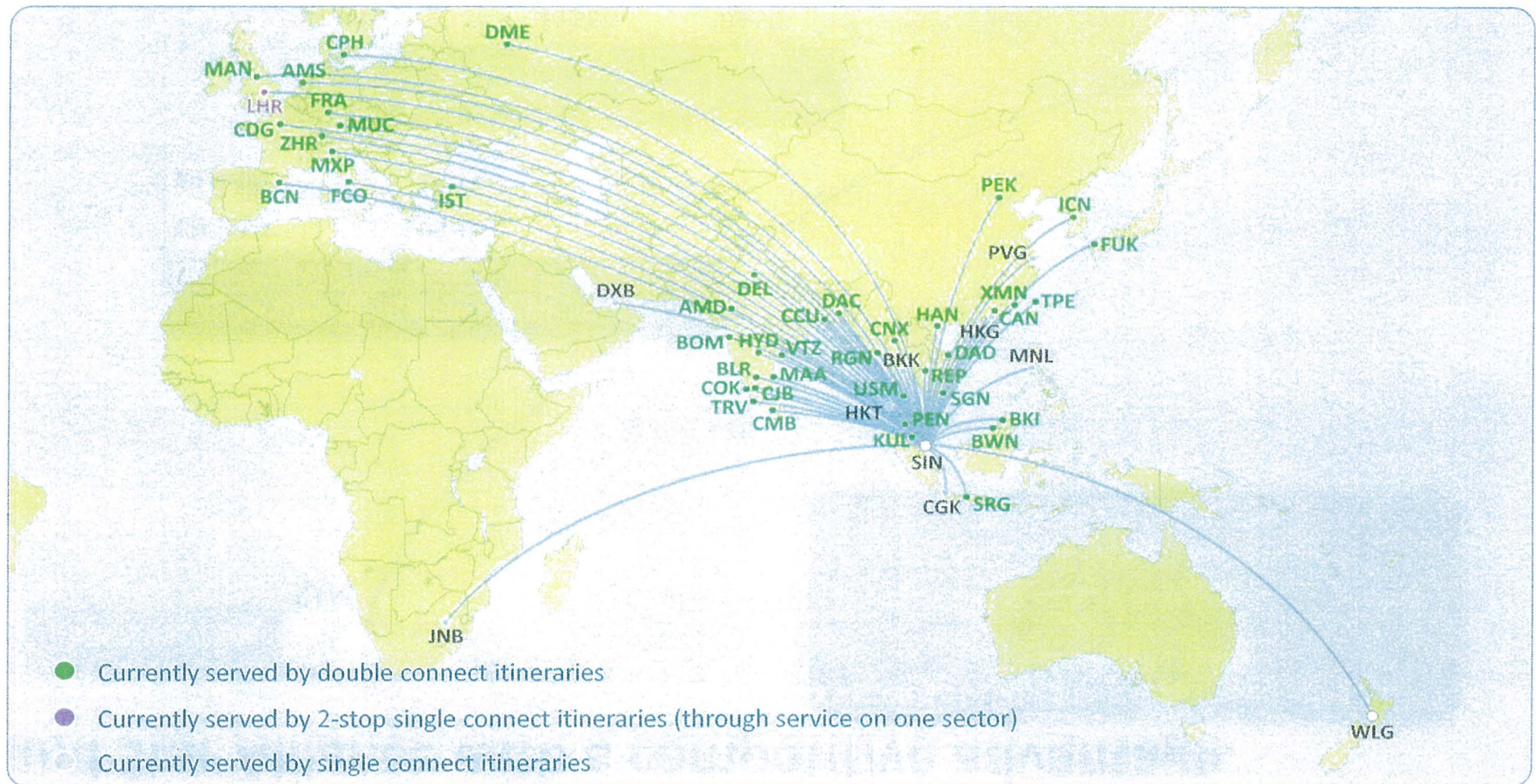
WLG



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Proposed schedule provides single connect online access to 59 markets – 50 of these would be unique to SQ.



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A routing via CBR has also been considered, as this service could be operated using current aircraft.

Aircraft A330-300

SIN

Northern Winter Schedule

Flight	Depart	Arrive
SIN-CBR	19:55	06:30
CBR-WLG	07:30	12:50
WLG-CBR	14:10	16:00
CBR-SIN	17:00	22:15

Northern Summer Schedule

Flight	Depart	Arrive
SIN-CBR	19:55	05:30
CBR-WLG	06:30	11:50
WLG-CBR	13:10	15:00
CBR-SIN	16:00	22:15

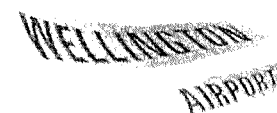
CBR

WLG

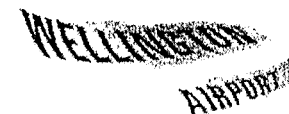


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WELLINGTON
AIRPORT

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Route Support Update



Long term partnership

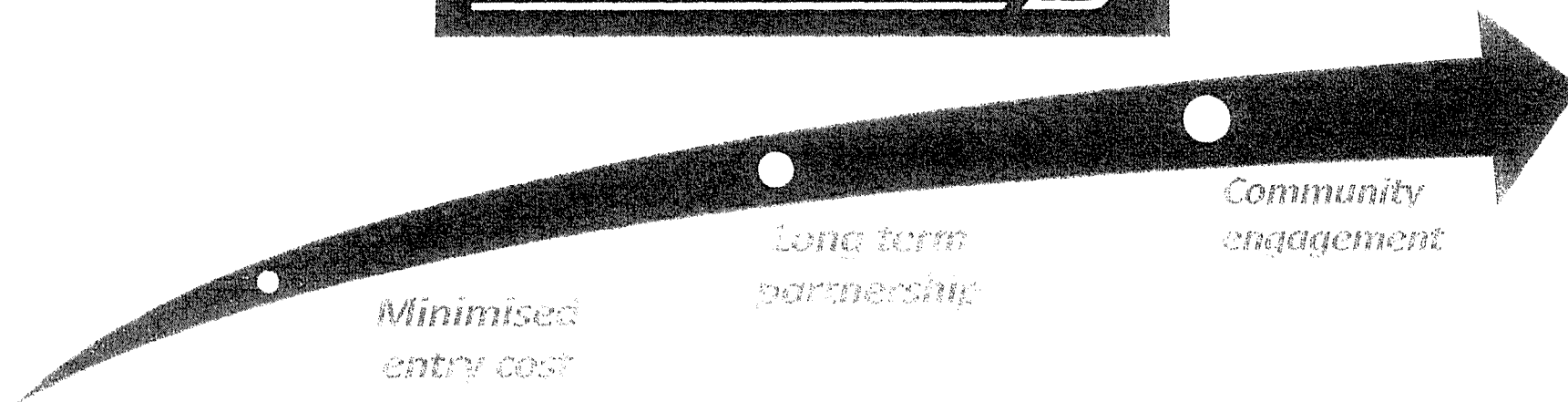


WELLINGTON
AIRPORT

SINGAPORE AIRLINES



WELLINGTON AIRPORT
SINGAPORE AIRLINES
COMMUNITY ENGAGEMENT



Minimised
entry cost

Long term
partnership

Community
engagement

- SQ presence NZ wide

- Establish dominant position in advance of RWY extension

- Win back lost market share

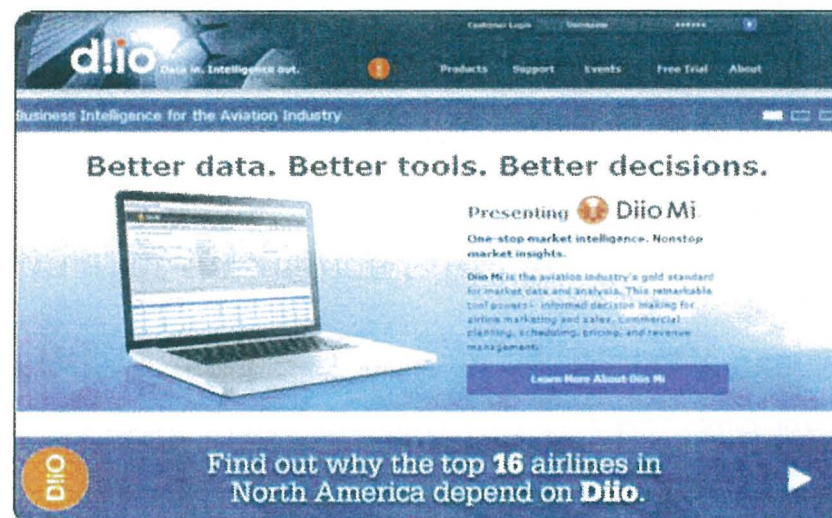
- Provide best Asia/Europe/Africa/CBR option for >400,000 pax



Market Size Methodology

Market Sizes & Average Fares Sourced Externally

- Market sizes are sourced from the Diio FMg (IATA BSP) database.
- This data is based on BSP ticket booking data, scaled by Diio/IATA to account for non-BSP bookings (e.g. carrier-direct sales).
- Market sizes been grown to 2016 based on population and GDP forecasts.
- WLG O&D market sizes have been adjusted at the country level to match the Statistics New Zealand international resident data.



Market Demand

Traffic Stimulation

- For connecting markets, traffic stimulation estimates are based on a defensible methodology, and are considered to be very conservative.
- To estimate connecting market stimulation rates, InterVISTAS employs a method based on the improvement in quality of air service (measured by QSI score).
 - This is intuitive as markets experiencing a greater relative improvement in air service quality would be expected to generate greater stimulation.
 - A formula based on the square root of the ratio of the after QSI score to the before QSI score is utilized to estimate the “Service Improvement Stimulation.”

$$STIM_{Market} = \sqrt{\frac{1}{(1 - MarketShare_{NewService})}} - 1$$

- Individual stimulation rates have been calculated for each city pair.
- Local market stimulation is based on benchmarking analysis at CHC.

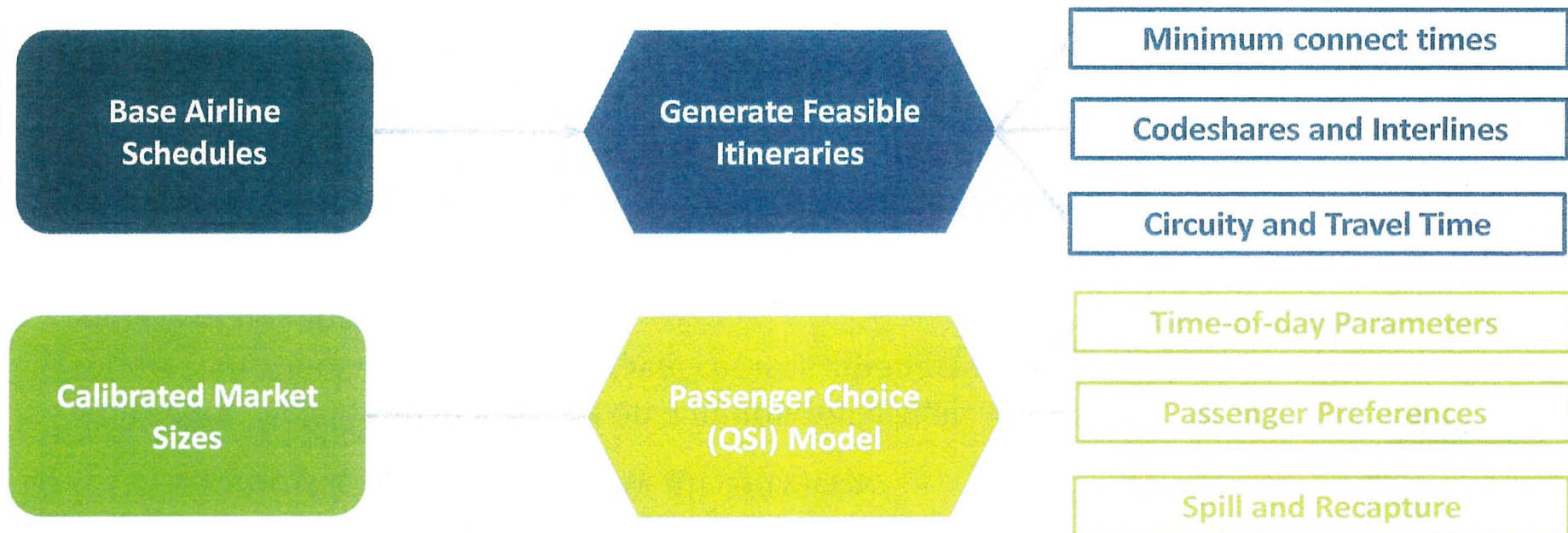


Methodology

Route Analysis Process

- Airline market shares are computed using LIFT NetLine/Plan's passenger choice model, based on Quality of Service Index (QSI) scores.

InterVISTAS Market Share Methodology



Airline Market Shares and Network Performance



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Methodology

Market Share Forecasting

- InterVISTAS uses LIFT NetLine/Plan, a sophisticated network planning tool developed by Lufthansa Systems, to forecast market shares for new air services.
 - At its core, NetLine/Plan is based on a multinomial logit model that simulates passenger travel choices amongst a variety of possible itineraries.
 - Using Innovata schedule data, NetLine/Plan builds possible connecting itineraries and computes utilities for each possible itinerary based on a number of passenger decision factors (frequency, directness of service, airline preference, travel time, aircraft type, etc.).
 - Revenue-based spill and recapture effects are incorporated into the model, such that passengers on capacity-constrained itineraries will spill onto second- and third-choice options.
 - NetLine/Plan outputs onboard passengers, load factors, connecting passenger mix, and airline revenues for each scheduled flight.



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Summary of Assumptions

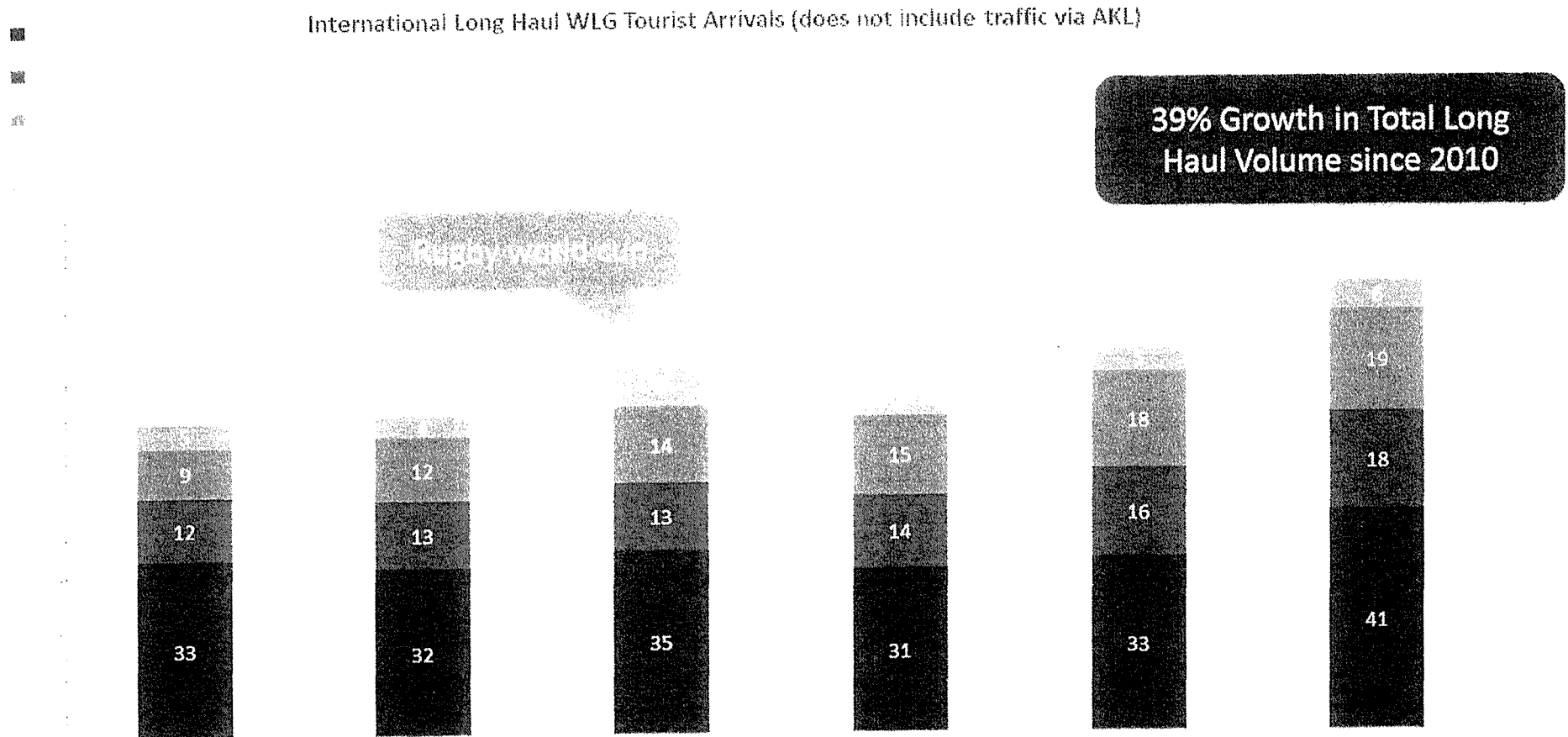
Traffic	Service	Revenue
Market sizes for Wellington O&D – Diio FMg for August 2014 (summer) and February 2014 (winter) adjusted using Statistics New Zealand International Travel and Migration data	Year-round four/week service utilizing Singapore Airlines A350-900 for SIN-WLG nonstop (assumed to be configured with 283 seats) and A330-300 for SIN-CBR-WLG (285 seats)	Fares are based on Diio FMg, IATA PaxIS and ARC booking data
Market sizes for all markets other than Wellington O&D - Diio FMg for August 2014 (summer) and February 2014 (winter)	Baseline schedule includes the SQ/NZ recently announced changes on the AKL-SIN route	
Market sizes grown to 2016 using GDP/population based forecast model	No service reductions from other carriers have been assumed	
Market share based on discrete choice QSI modeling using NetLine/Plan	Maximum circuitry set at 1.4	







Market growth is supported by significant increases in tourist visitor demand.



WLG exhibits a fare premium over AKL and CHC in many of the top long haul markets.

WLG Fare Premium (Top 25 Long Haul Markets)

