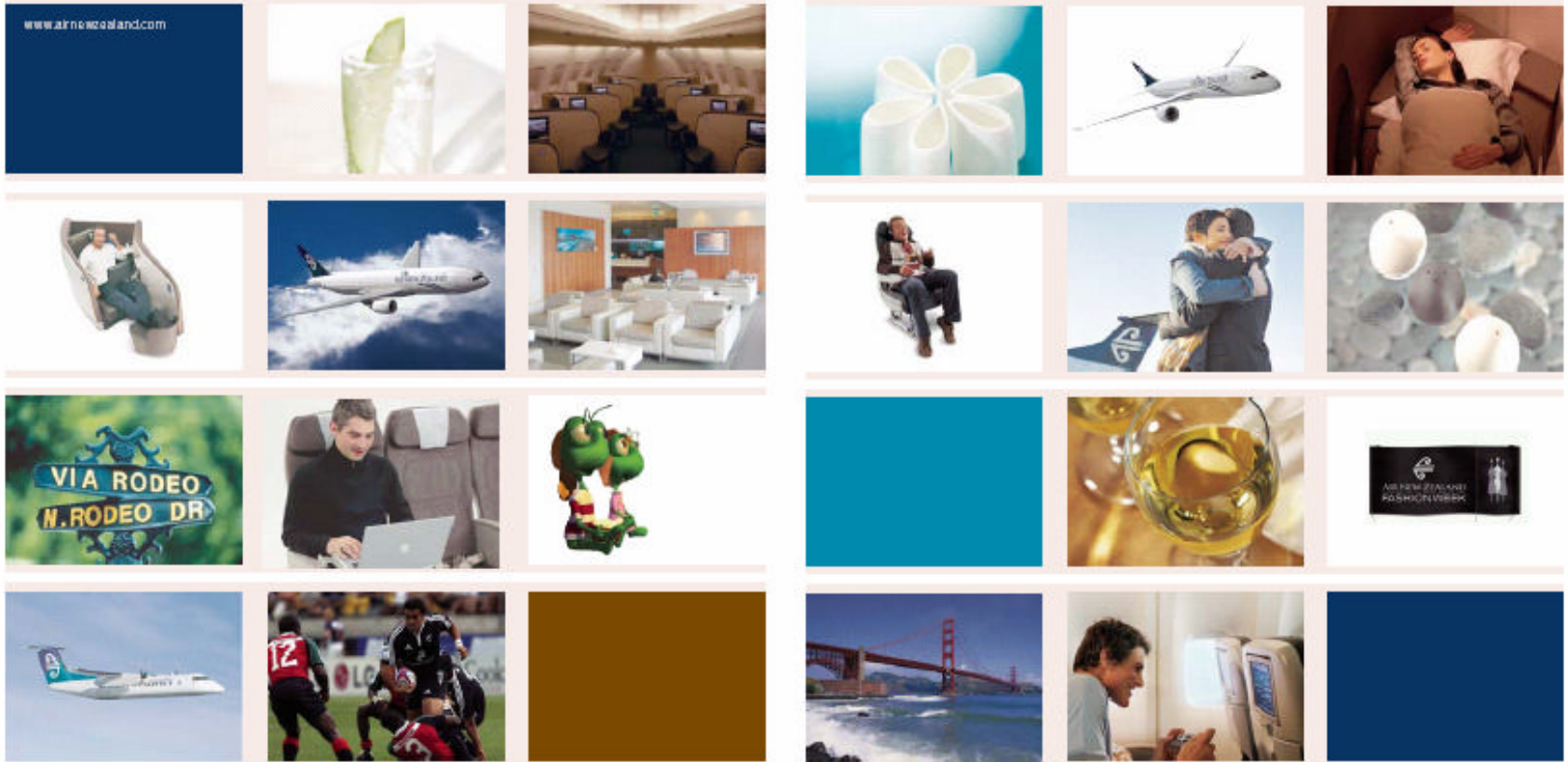


We're Ready





AIR NEW ZEALAND

John Palmer

Chairman

Agenda



AIR NEW ZEALAND

- Introduction – John Palmer
- Full Year Results – Rob McDonald
- Outlook – John Palmer
- Questions

Business progress



AIR NEW ZEALAND

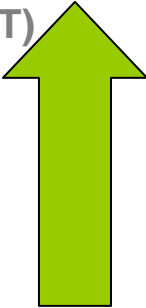
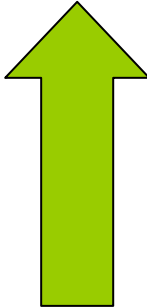
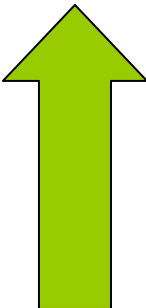
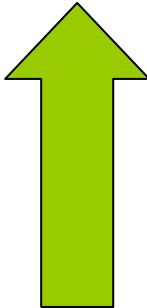
A photograph of passengers in an airplane cabin, with a woman in the foreground looking at a document.	A photograph of an Air New Zealand aircraft in flight against a blue sky.	<p>SAVINGS >></p> <p>\$245m</p> <p>TIME >></p>
A photograph of two Air New Zealand aircraft flying through a cloudy sky.	A photograph of the Golden Gate Bridge in San Francisco, viewed from the water.	A large white stylized 'A' logo with a trademark symbol (TM) on a dark green background.
A photograph of passengers in an airplane cabin, with a man in the foreground looking at a laptop screen.	A photograph of an Air New Zealand aircraft in flight against a blue sky.	<p>NPAT</p> <p>\$180m</p>

Building a better business future



AIR NEW ZEALAND

Progress since 2002

<p>Profitability (PBUT)</p> <p>> \$200m improvement</p> 	<p>Gearing</p> <p>23 point improvement</p> 
<p>Dividend</p> <p>5 cents fully imputed</p> 	<p>Cash</p> <p>> \$470m improvement</p> 

Highlights



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- Underlying profit up 8% from June 04
- PBUT 3% lower from June 04
- Cash up \$50m to \$1.1 billion
- Gearing improved 5 pts to 51% from June 04

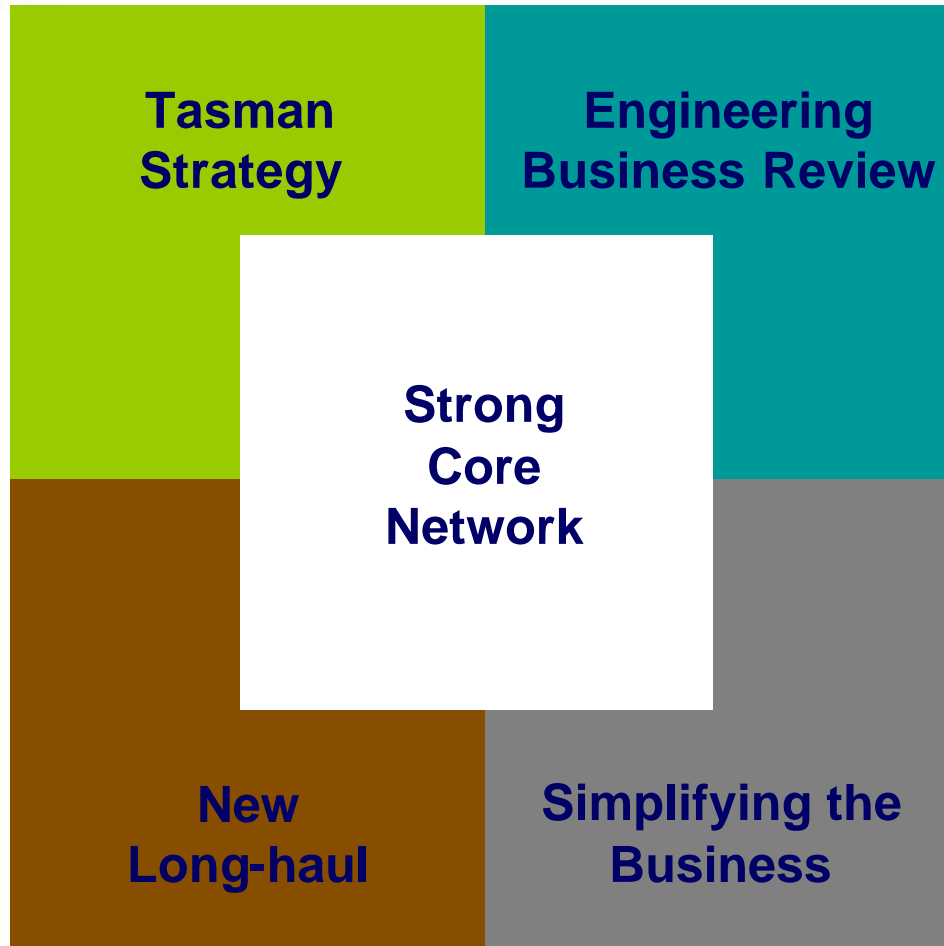
Dividends



AIR NEW ZEALAND

- Final dividend of 2.5 cents per share, fully imputed
- Full year dividend of 5 cents per share, fully imputed
- Record date 16th of September
- Payment date 29th of September

Architecture for success





AIR NEW ZEALAND

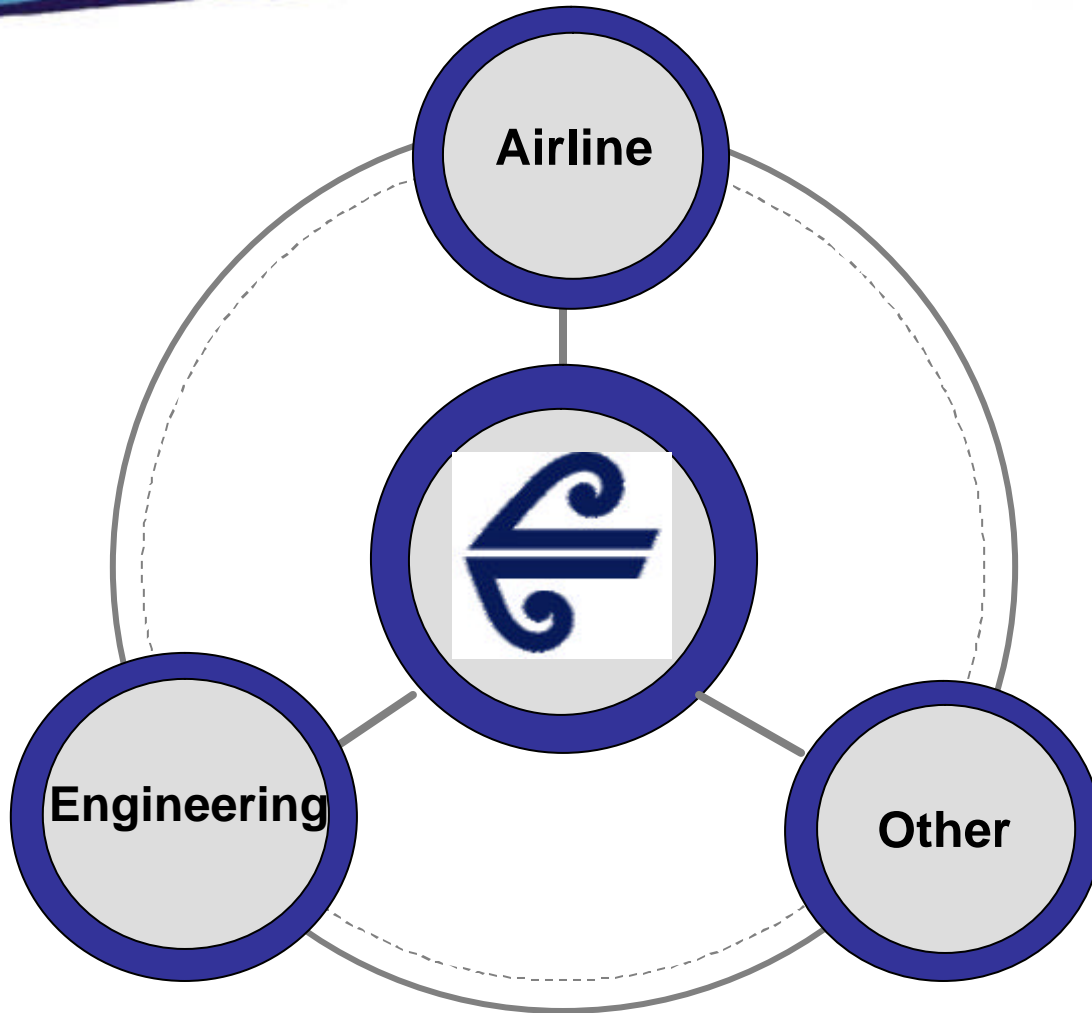
Rob McDonald

Chief Financial Officer

Interdependent operations



AIR NEW ZEALAND



Overview

	Jun 05	Jun 04	Variance
	\$m	\$m	Fav / (Unfav)
Total revenue	3,616	3,498	3%
EBITDRA	697	699	-
EBIT	212	235	(10%)
PBUT	235	243	(3%)
NPAT	180	166	8%
Operating cash flow	437	467	(6%)

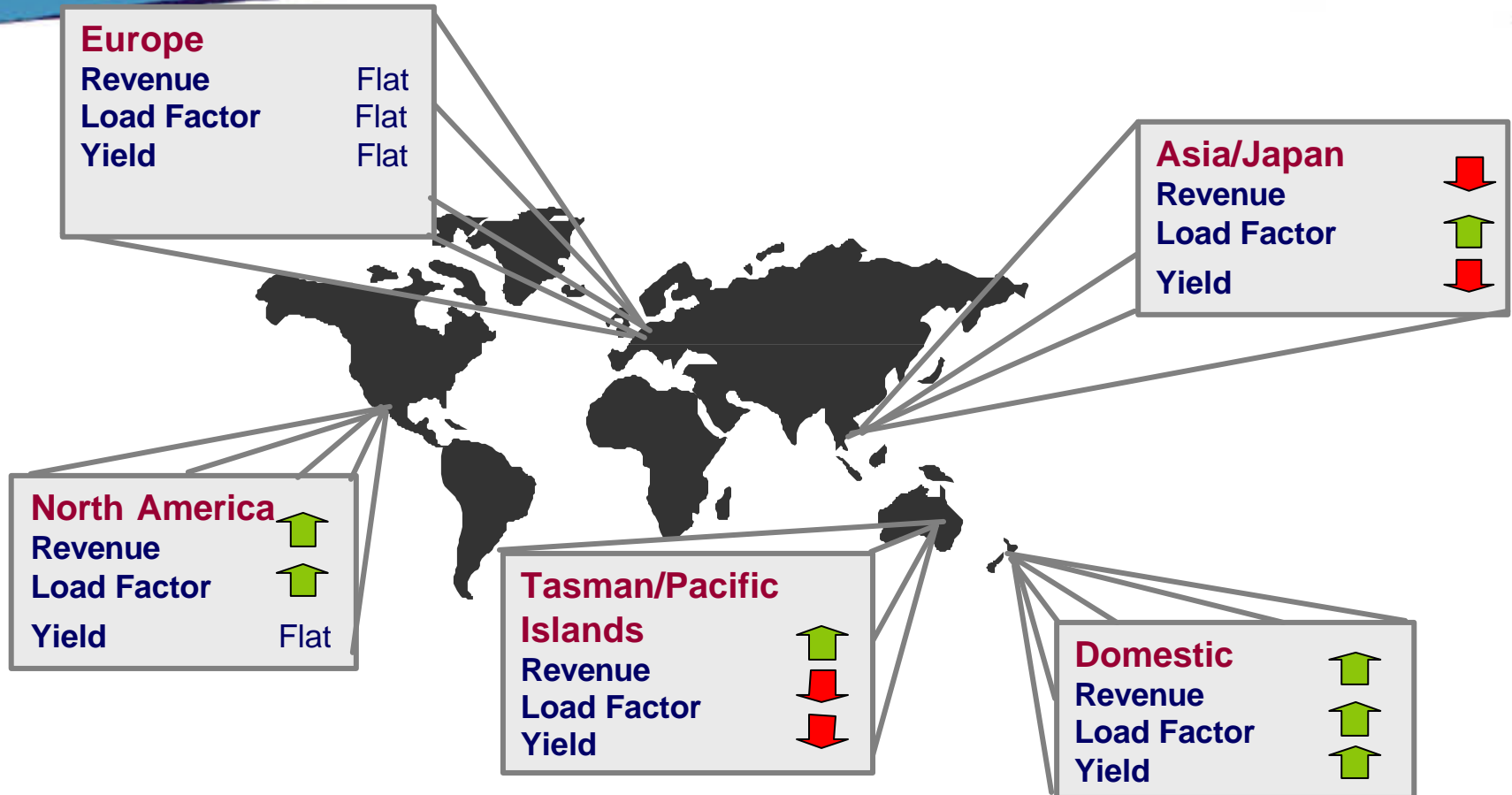
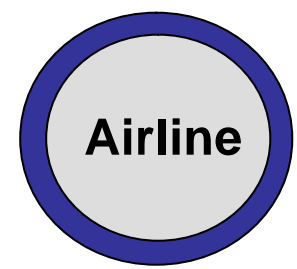
EBITDAR segmental split



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	June 05	June 04	Variance
	\$m	\$m	Fav / (Unfav)
			\$m
Airline	638	610	28
Engineering	52	68	(16)
Other (Airport Services)	7	21	(14)
Total	697	699	(2)

Airline performance



Adjusted for currency impact

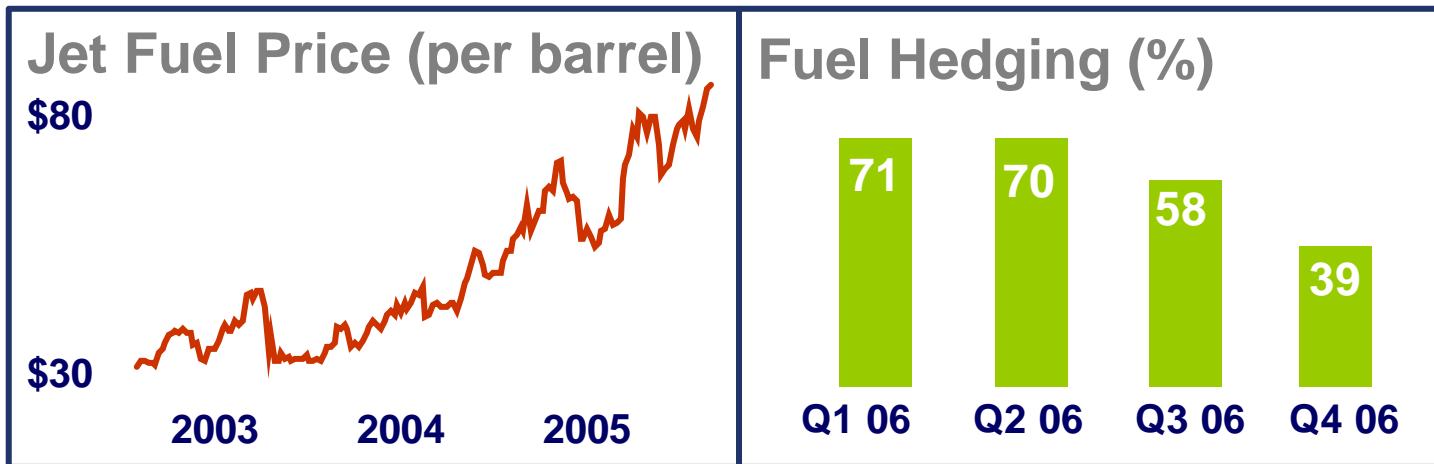
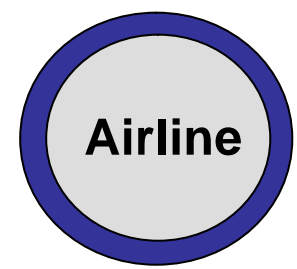
Airline operating costs



Airline

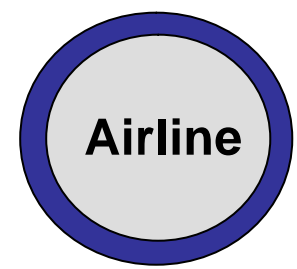
% of Flight Revenue	June 05	June 04	Variance Fav / (Unfav)
Labour	16%	16%	-
Fuel	20%	16%	(4 pts)
Maintenance	10%	12%	2pts
Operations & Pax Svcs	21%	22%	1 pt
Sales & Marketing	11%	12%	1 pt
Other	7%	8%	1 pt

Fuel price rises partially offset by hedging

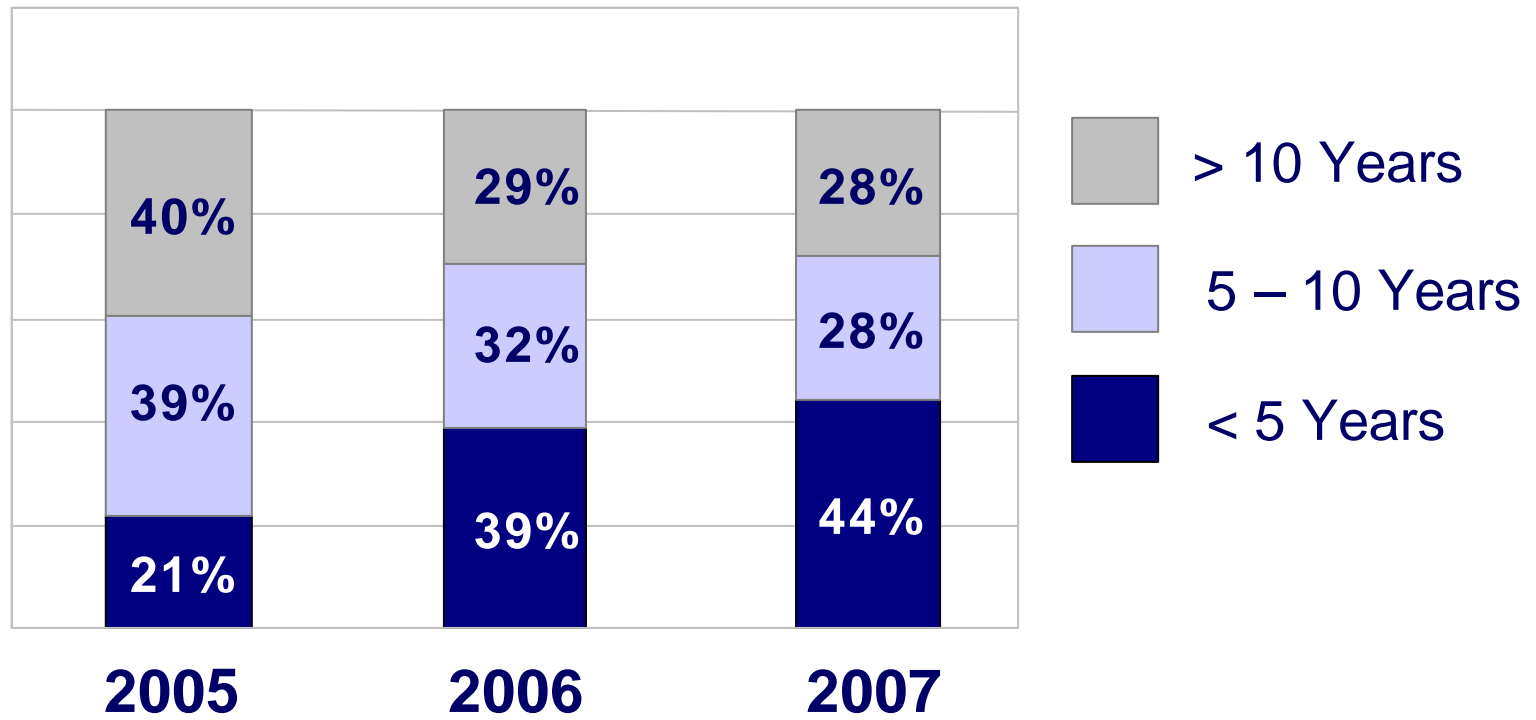


Fuel hedge gains:	2003	2004	2005
	\$18m	\$33m	\$103m

New fleet benefits

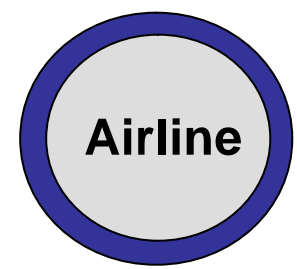


Improving fleet age profile

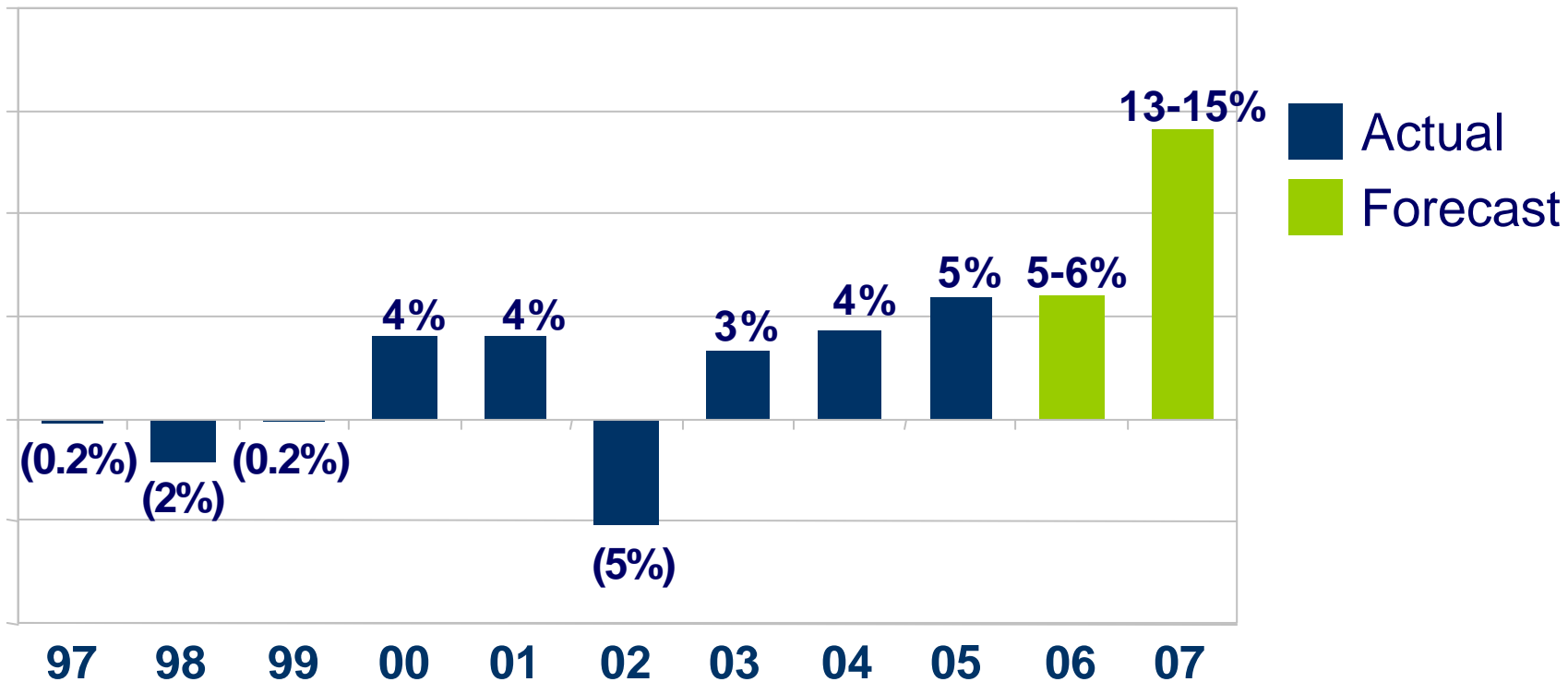


Weighted by aircraft seat numbers

Strong growth potential



Year-on-Year Capacity Growth



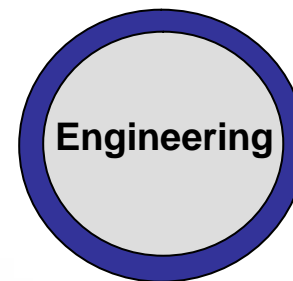
Business Transformation Cost Savings



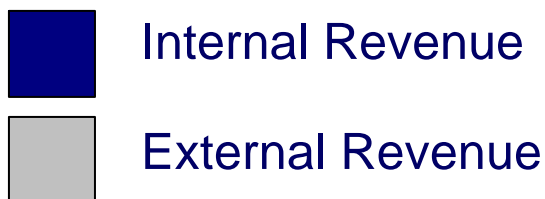
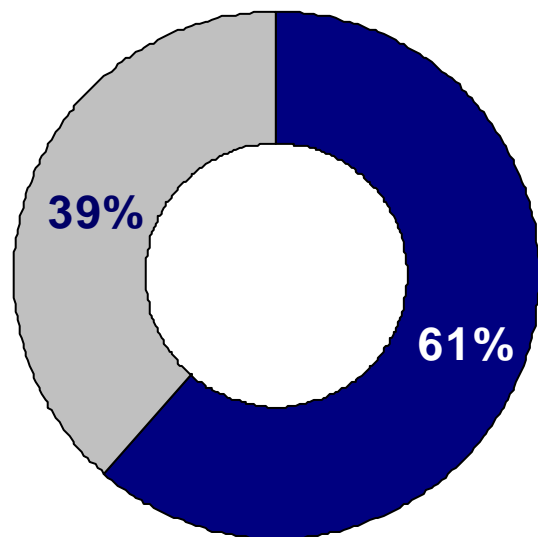
Airline

- \$90m delivered (> \$65 million target)
- Main projects that delivered in 2005
 - Loyalty revamp – improved yields from external point sales
 - New Tasman service
 - IT
 - Cargo operations outsourced at LA airport
 - Improved productivity
 - Reduced cost of sales
- \$100m savings target for 2006
 - Benefits from initiatives already implemented account for 60% of 2006 target

Engineering performance

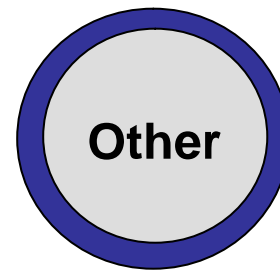


Engineering	June 05 \$m	June 04 \$m	Fav / (Unfav)
Revenue	526*	537	(2%)
Operating Expenses	474	469	(1%)
EBITDAR	52*	68	(24%)
EBIT	30*	45	(33%)

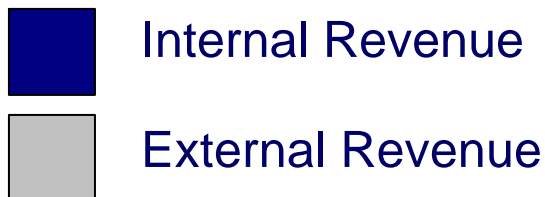
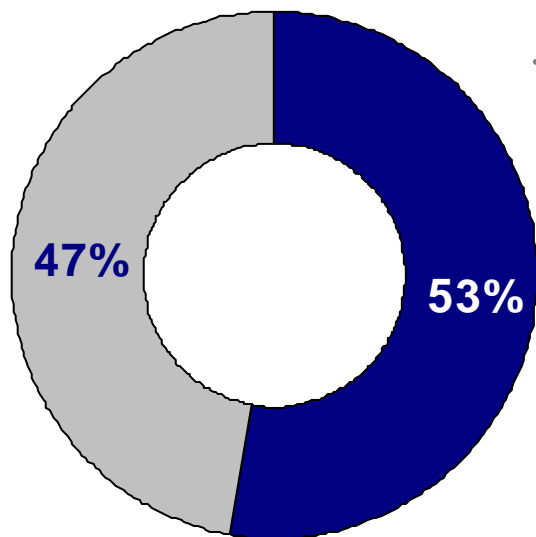


* Includes \$9 million impairment write-back of investment in Christchurch Engine Centre

Other (Airport Services) performance



Other	June 05 \$m	June 04 \$m	Fav / (Unfav)
Revenue	155	156	(1%)
Operating Expenses	148	135	(10%)
EBITDAR	7	21	(67%)
EBIT	(5)	10	-



EBITDRA TO NPAT

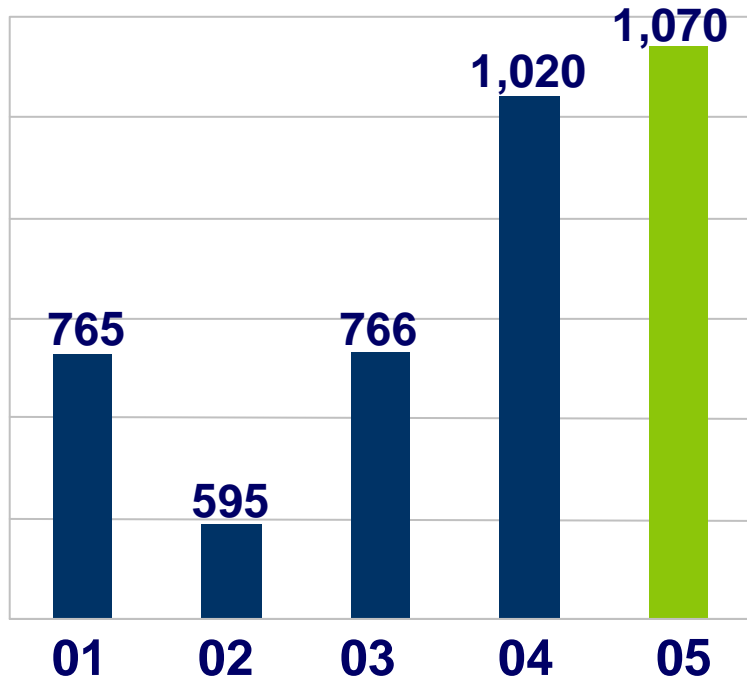
	June 05 \$m	June 04 \$m	Variance Fav / (Unfav)
EBITDRA	697	699	(3%)
Depreciation	(250)	(236)	(6%)
Rental & Lease	(235)	(228)	(3%)
Net Interest Revenue	23	8	n/a
Unusual Items	(3)	(3)	-
Taxation	(52)	(74)	30%
NPAT	180	166	8%

Strong financial position and liquidity

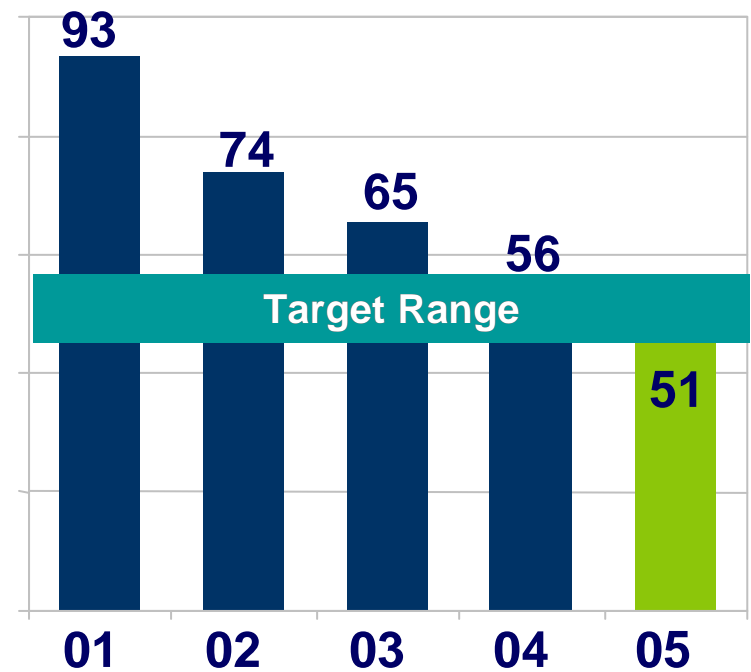


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Total Cash (\$m)



Gearing (%)*



* Includes capitalised operating leases



AIR NEW ZEALAND

John Palmer

Chairman

Outlook



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- 2006 fuel price increase of around \$300m
 - Hope to recover close to \$200m
- If fuel price persists at current levels, then the potential exists for the current year performance to be around 40% below 2005
- Past actions have proven Air NZ has the ability to cope with adversity
- Positioned well to benefit from our strategies in the future

Summary



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- NPAT up 8% to \$180m
- Cash of \$1.1billion
- Gearing improved 5 points to 51%
- Full year dividend of 5 cents per share, fully imputed
- Cost savings on track