



**MONTHLY INVESTOR UPDATE: 1 FEBRUARY 2013**

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## **DECEMBER MARKET CONDITIONS**

Air New Zealand carried 1,357,000 passengers during the month of December, 3.3% more than the same period last year. Revenue passenger kilometres (RPKs) increased 3.5% on a capacity (ASKs) increase of 1.6%. Group load factor was 86.0%, up 1.6 percentage points.

Short Haul passenger numbers were up 3.9% on the same period last year. Demand (RPKs) increased in the Domestic market by 6.1%, while capacity increased 5.4%. Domestic load factor was up 0.6 of a percentage point to 84.8%.

Tasman/Pacific demand (RPKs) increased 4.7%, with capacity (ASKs) increasing 8.1%, driven mostly by the introduction of B777 aircraft on the Auckland-Perth route. Load factor for Tasman/Pacific was down 2.7 percentage points to 84.4%.

Long Haul passenger numbers decreased 0.8% compared to December last year, with a decrease in capacity (ASKs) of 2.6% and increase in demand (RPKs) of 2.2%. Load factor increased by 4.1 percentage points to 87.3%.

On North America/UK routes, demand (RPKs) increased 6.3% with capacity (ASKs) increasing by 2.8% due to increased frequencies on the Auckland-Los Angeles route. Load factor increased 2.9 percentage points on the previous year to 88.2%.

Demand (RPKs) was down 3.5% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 9.7% due to consolidation of China flying onto the Shanghai route, and additional B767 aircraft on the Asia/Japan routes. Load factor increased by 5.5 percentage points to 85.9%.

Group-wide yields for the financial year to date were up 0.3% on the same period last year. Short Haul yields were down 2.2%, while Long Haul yields were up 3.8%. Removing the impact of foreign exchange, Group-wide yields were up 0.7%.

In December, 76.2% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



## **COMPANY NEWS**

### **Daily services now offered on Tokyo and Shanghai routes**

Air New Zealand has commenced daily return services to Shanghai for the first time since launching the route in 2006. The Shanghai region is home to around 23 million people and the city is a gateway for the rapidly growing Chinese market. China is now New Zealand's second largest inbound tourist market, after Australia, having recently overtaken both North America and the UK.

The airline has also resumed daily return services to Tokyo for the first time in three years.

### **Chief People Officer appointed**

Air New Zealand has appointed Lorraine Murphy as Chief People Officer, effective March 4. Ms Murphy is currently based in the United States where she was most recently Vice President Human Resources - International for Campbell Soup Company, which has more than 20,000 employees globally and sales in excess of US\$8 billion annually.

Her role provided leadership across key geographic regions, such as Asia Pacific, Europe and Latin America. Ms Murphy had previously held senior human resource leadership roles with Lion Nathan Australia, the Australian Gas Light Company (AGL) and global chemical company ICI.

### **Air New Zealand / Cathay Pacific strategic agreement goes live**

Code share tickets are now on sale, offering customers twice (and up to three times) daily services for travel between Auckland and Hong Kong. Air New Zealand Airpoints members and Cathay Pacific's Marco Polo Club members will also have increased opportunities to receive frequent flyer programme and lounge access benefits when travelling between Hong Kong and New Zealand.

Air New Zealand's loyalty customers will also get lounge access when travelling on Cathay Pacific's connecting flights to and from Shanghai and Beijing via Hong Kong. The cooperation between Cathay and Air New Zealand opens up better connectivity between New Zealand and points in China, heralding an exciting new opportunity for New Zealand's tourism aspirations as Air New Zealand continues to grow this important market.

Group	DECEMBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	1,357	1,314	3.3%	6,792	6,754	1.7%
Revenue Passenger Kilometres(m)	2,910	2,812	3.5%	14,228	13,785	4.3%
Available Seat Kilometres (m)	3,383	3,330	1.6%	17,092	16,641	3.8%
Passenger Load Factor (%)	86.0%	84.4%	1.6 pts	83.2%	82.8%	0.4 pts
<b>Short Haul Total</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	1,189	1,145	3.9%	6,008	5,976	1.6%
Revenue Passenger Kilometres(m)	1,286	1,224	5.1%	6,593	6,368	4.7%
Available Seat Kilometres (m)	1,522	1,420	7.2%	7,986	7,619	6.0%
Passenger Load Factor (%)	84.5%	86.2%	(1.7 pts)	82.6%	83.6%	(1.0 pts)
<b>Domestic</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	867	833	4.1%	4,350	4,351	1.1%
Revenue Passenger Kilometres(m)	425	401	6.1%	2,097	2,062	2.8%
Available Seat Kilometres (m)	501	476	5.4%	2,586	2,545	2.7%
Passenger Load Factor (%)	84.8%	84.2%	0.6 pts	81.1%	81.0%	0.1 pts
<b>Tasman / Pacific</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	323	312	3.4%	1,658	1,625	3.1%
Revenue Passenger Kilometres(m)	862	823	4.7%	4,496	4,306	5.6%
Available Seat Kilometres (m)	1,021	945	8.1%	5,400	5,074	7.6%
Passenger Load Factor (%)	84.4%	87.1%	(2.7 pts)	83.3%	84.9%	(1.6 pts)
<b>Long Haul Total</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	168	169	(0.8%)	785	779	1.9%
Revenue Passenger Kilometres(m)	1,623	1,589	2.2%	7,635	7,416	4.1%
Available Seat Kilometres (m)	1,860	1,910	(2.6%)	9,106	9,022	2.0%
Passenger Load Factor (%)	87.3%	83.2%	4.1 pts	83.8%	82.2%	1.6 pts
<b>Asia / Japan / UK</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	71	73	(2.5%)	321	324	0.0%
Revenue Passenger Kilometres(m)	644	667	(3.5%)	2,939	2,963	0.3%
Available Seat Kilometres (m)	750	830	(9.7%)	3,660	3,677	0.6%
Passenger Load Factor (%)	85.9%	80.4%	5.5 pts	80.3%	80.6%	(0.3 pts)
<b>North America / UK</b>	<b>DECEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	96	96	0.5%	465	455	3.3%
Revenue Passenger Kilometres(m)	979	921	6.3%	4,696	4,453	6.6%
Available Seat Kilometres (m)	1,111	1,080	2.8%	5,446	5,346	3.0%
Passenger Load Factor (%)	88.2%	85.3%	2.9 pts	86.2%	83.3%	2.9 pts

\* % change is based on numbers prior to rounding

+ The year-to-date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2012 (29 days) compared with July 2011 (31 days).

Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on an integrated network of scheduled airline services to, from and within New Zealand. The following operational data and statistics is additional supplementary information only.