



MONTHLY INVESTOR UPDATE: 21 MARCH 2012

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FEBRUARY MARKET CONDITIONS

Air New Zealand carried 1,036,000 passengers during the month of February, 2.8% less than last year. Revenue passenger kilometres (RPKs) decreased 4.5% on 2.2% less capacity (ASKs). The Group load factor decreased 2.0 percentage points.

Short Haul passenger numbers were down 2.0% on February last year. Demand (RPKs) decreased in the Domestic market by 2.4% on last year and the load factor decreased 0.3 percentage points to 83.0% on decreased capacity (ASKs) of 2.0%. Tasman / Pacific demand (RPKs) was 0.5% lower after capacity (ASKs) increased by 0.4%. The Tasman / Pacific load factor decreased by 0.7 percentage points compared to February 2011 to 81.3%.

Long Haul passenger numbers were 7.9% lower than February last year on 3.4% less capacity (ASKs). On North America / UK routes demand (RPKs) decreased by 7.6% on last February and capacity (ASKs) was decreased by 5.0%. Load factor decreased by 2.3 percentage points on last year to 81.6%. Demand (RPKs) decreased by 5.7% on Asia / Japan / UK routes, capacity (ASKs) decreased by 1.0% and load factor decreased by 4.0 percentage points to 79.7%. The impact of the Christchurch and Japan earthquakes in 2011 continues to significantly affect passenger numbers on the Japan routes. Excluding Japan, capacity (ASKs) increased 11.7% on Asia/UK routes as a result of additional services to Hong Kong and Shanghai. Demand (RPKs) increased by 6.5% and load factor decreased by 4.1 percentage points to 81.4% compared to February last year.

Group-wide yields for the financial year to date were up 3.8% on the same period last year. Compared to last February year to date Short Haul yields were up 1.6%. Long Haul yields were up by 3.8%. Removing the impact of foreign exchange, Group-wide yields were up 5.4%.

In February, 80.70% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.

COMPANY NEWS

Air New Zealand's alliance with Virgin Australia goes direct to Sunshine Coast

Kiwis will be able to fly to the heart of Queensland's Sunshine Coast this winter with Air New Zealand launching the first international service into Sunshine Coast Airport as part of its trans Tasman alliance with Virgin Australia.

The new direct service between Auckland and the Sunshine Coast will operate twice a week on Tuesdays and Sundays on a seasonal basis between 1 July and 18 September. It will utilise an A320 aircraft offering a 'Seats to Suit' fare structure and seamless connections to the domestic and international networks of Air New Zealand and Virgin Australia.



Air New Zealand increases capacity to North America

Air New Zealand is increasing its capacity into the North American destinations of Los Angeles, San Francisco and Vancouver.

The airline will move to 14 return services per week on the Auckland - Los Angeles route from mid June, including three flights on Saturdays and a double daily service most other days of the week.

The Auckland - San Francisco service will operate five times per week from April and moving to a daily service during peak demand times. The Auckland - Vancouver route will move to five services per week over the peak December - February period.

The additional flights are on sale now and Air New Zealand is able to add further capacity into North America if there is sufficient demand.

Australians prefer Air New Zealand - Roy Morgan Australia Customer Satisfaction Awards

Roy Morgan surveyed nearly 4,000 people who'd used an international airline in the previous 12 months and Air Zealand was rated the Best International Airline for customer satisfaction in 2011, winning more months than any other airline throughout the year. Air New Zealand's average satisfaction rating for the year was 89%.

Mount Cook Airline's ATR fleet inspected

Air New Zealand's regional subsidiary Mount Cook Airline is inspecting its fleet of 11 ATR aircraft after hairline cracks were found in the area near a window of the cockpit in one aircraft during routine maintenance in Christchurch over the weekend.

Four ATR aircraft are now back in service with the remainder to re-enter during the rest of the week. Mount Cook is now operating the equivalent of its normal daily seat capacity with additional flying from jets and Q300 aircraft, resulting in all passengers getting to their destinations.

FEBRUARY STATISTICS TABLE

Group	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	1,036	1,066	(2.8%)	8,770	8,855	(1.0%)
Revenue Passenger Kilometres(m)	2,130	2,231	(4.5%)	18,249	18,746	(2.7%)
Available Seat Kilometres (m)	2,620	2,679	(2.2%)	21,968	22,190	(1.0%)
Passenger Load Factor (%)	81.3%	83.3%	(2.0 pts)	83.1%	84.5%	(1.4 pts)
Short Haul Total						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	904	923	(2.0%)	7,681	7,680	0.0%
Revenue Passenger Kilometres(m)	895	906	(1.2%)	7,977	7,787	2.4%
Available Seat Kilometres (m)	1,092	1,098	(0.5%)	9,549	9,315	2.5%
Passenger Load Factor (%)	81.9%	82.5%	(0.6 pts)	83.5%	83.6%	(0.1 pts)
Domestic						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	686	700	(2.1%)	5,619	5,674	(1.0%)
Revenue Passenger Kilometres(m)	329	337	(2.4%)	2,675	2,674	0.0%
Available Seat Kilometres (m)	397	405	(2.0%)	3,281	3,253	0.9%
Passenger Load Factor (%)	83.0%	83.3%	(0.3 pts)	81.5%	82.2%	(0.7 pts)
Tasman / Pacific						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	219	223	(1.7%)	2,062	2,006	2.8%
Revenue Passenger Kilometres(m)	566	568	(0.5%)	5,302	5,113	3.7%
Available Seat Kilometres (m)	695	693	0.4%	6,268	6,063	3.4%
Passenger Load Factor (%)	81.3%	82.0%	(0.7 pts)	84.6%	84.3%	0.3 pts
Long Haul Total						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	132	143	(7.9%)	1,089	1,175	(7.3%)
Revenue Passenger Kilometres(m)	1,235	1,326	(6.8%)	10,272	10,959	(6.3%)
Available Seat Kilometres (m)	1,528	1,582	(3.4%)	12,419	12,874	(3.5%)
Passenger Load Factor (%)	80.8%	83.8%	(3.0 pts)	82.7%	85.1%	(2.4 pts)
Asia / Japan / UK						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	55	58	(5.5%)	441	479	(7.9%)
Revenue Passenger Kilometres(m)	499	530	(5.7%)	4,026	4,394	(8.4%)
Available Seat Kilometres (m)	626	633	(1.0%)	4,985	5,253	(5.1%)
Passenger Load Factor (%)	79.7%	83.7%	(4.0 pts)	80.8%	83.7%	(2.9 pts)
North America / UK						
	FEBRUARY			FINANCIAL YTD		
	2012	2011	% *	2012	2011	% *
Passengers carried (000)	77	85	(9.5%)	649	697	(6.9%)
Revenue Passenger Kilometres(m)	736	796	(7.6%)	6,246	6,565	(4.9%)
Available Seat Kilometres (m)	902	949	(5.0%)	7,434	7,622	(2.5%)
Passenger Load Factor (%)	81.6%	83.9%	(2.3 pts)	84.0%	86.1%	(2.1 pts)

* % change is based on numbers prior to rounding

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.