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December market conditions

Air New Zealand carried 1,394,000 passengers during the month of December, 2.7% more than the same period last year. Revenue passenger kilometres (RPKs) decreased 1.7% on a capacity (ASKs) decrease of 2.0%. Group load factor was 86.3%, up 0.3 of a percentage point.

Short Haul passenger numbers were up 4.1% on the same period last year. Demand (RPKs) increased in the Domestic market by 5.5%, while capacity increased 7.2%. Domestic load factor was down 1.4 percentage point to 83.4%.

Tasman/Pacific demand (RPKs) increased 3.7%, with capacity (ASKs) increasing 4.4%. Load factor for Tasman/Pacific was down 0.6 of a percentage point to 83.8%.

Long Haul passenger numbers decreased 6.9% compared to December last year, with demand (RPKs) and capacity (ASKs) down 6.4% and 8.0% respectively. Load factor increased by 1.5 percentage points to 88.8%.

On North America/UK routes, demand (RPKs) increased 6.1% with capacity (ASKs) increasing by 5.9%. Load factor increased 0.1 of a percentage point to 88.3%.

Demand (RPKs) was down 25.5% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 28.6% due to the withdrawal of Hong Kong-London flights. Load factor increased 3.8 percentage points to 89.7%.

Group-wide yields for the financial year to date were up 0.2% on the same period last year. Short Haul yields were down 1.3%, while Long Haul yields were up 0.8%. Removing the impact of foreign exchange, Group-wide yields were up 2.4%.

In December, 77.7% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



Company news

Air New Zealand and Singapore Airlines form alliance

Air New Zealand and Singapore Airlines have agreed to form an alliance enabling Air New Zealand to fly the Auckland-Singapore route again and Singapore Airlines to operate the Airbus A380 to New Zealand for the first time.

The A380 would be operated daily by Singapore Airlines between Singapore and Auckland, progressively replacing an existing daily service with the smaller Boeing 777-300ER. Air New Zealand would launch daily services between Auckland and Singapore using newly refitted Boeing 777-200ER aircraft, taking over five flights currently operated by Singapore Airlines and adding two more weekly flights, increasing the frequency to daily.

Subject to regulatory approvals, the carriers would aim to boost their existing capacity between New Zealand and Singapore by up to 30% year round over time.

Singapore Airlines' daily Singapore-Christchurch service would continue as part of the alliance.

The proposed alliance would enable Air New Zealand passengers to access codeshare travel on the Singapore Airlines network to South East Asia, the United Kingdom and Europe and Africa as well as on the network of its regional subsidiary airline, SilkAir. Singapore Airlines' customers would be able to access codeshare travel across the Air New Zealand domestic network and to selected international destinations.

The alliance would see Air New Zealand's 'NZ' code return to Singapore Airlines' network for the first time since 2007. Air New Zealand last operated to Singapore in 2006.

The parties are seeking approval for the alliance from the Competition Commission of Singapore and the New Zealand Minister of Transport. Pending approval, flights could commence as early as December 2014.

Monthly investor update



Group	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,394	1,357	2.7%	6,927	6,792	2.5%
Revenue Passenger Kilometres(m)	2,861	2,910	(1.7%)	14,226	14,228	0.5%
Available Seat Kilometres (m)	3,315	3,383	(2.0%)	16,878	17,092	(0.7%)
Passenger Load Factor (%)	86.3%	86.0%	0.3 pts	84.3%	83.2%	1.1 pts
Short Haul Total	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,238	1,189	4.1%	6,163	6,008	3.1%
Revenue Passenger Kilometres(m)	1,342	1,286	4.3%	6,783	6,593	3.5%
Available Seat Kilometres (m)	1,603	1,522	5.3%	8,219	7,986	3.5%
Passenger Load Factor (%)	83.7%	84.5%	(0.8 pts)	82.5%	82.6%	(0.1 pts)
Domestic	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	904	867	4.3%	4,465	4,350	3.2%
Revenue Passenger Kilometres(m)	448	425	5.5%	2,180	2,097	4.5%
Available Seat Kilometres (m)	537	501	7.2%	2,692	2,586	4.7%
Passenger Load Factor (%)	83.4%	84.8%	(1.4 pts)	81.0%	81.1%	(0.1 pts)
Tasman / Pacific	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	334	323	3.4%	1,698	1,658	3.0%
Revenue Passenger Kilometres(m)	894	862	3.7%	4,603	4,496	2.9%
Available Seat Kilometres (m)	1,066	1,021	4.4%	5,527	5,400	2.9%
Passenger Load Factor (%)	83.8%	84.4%	(0.6 pts)	83.3%	83.3%	-
Long Haul Total	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	156	168	(6.9%)	764	785	(2.2%)
Revenue Passenger Kilometres(m)	1,519	1,623	(6.4%)	7,442	7,635	(2.0%)
Available Seat Kilometres (m)	1,712	1,860	(8.0%)	8,659	9,106	(4.4%)
Passenger Load Factor (%)	88.8%	87.3%	1.5 pts	86.0%	83.8%	2.2 pts
Asia / Japan / UK	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	54	71	(24.0%)	258	321	(19.0%)
Revenue Passenger Kilometres(m)	480	644	(25.5%)	2,311	2,939	(20.9%)
Available Seat Kilometres (m)	535	750	(28.6%)	2,844	3,660	(21.9%)
Passenger Load Factor (%)	89.7%	85.9%	3.8 pts	81.3%	80.3%	1.0 pts
North America / UK	DECEMBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	102	96	5.9%	506	465	9.4%
Revenue Passenger Kilometres(m)	1,039	979	6.1%	5,131	4,696	9.9%
Available Seat Kilometres (m)	1,176	1,111	5.9%	5,815	5,446	7.4%
Passenger Load Factor (%)	88.3%	88.2%	0.1 pts	88.2%	86.2%	2.0 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 2013 (28 days) Compared to July 2012 (29 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.