



Contents

- October market conditions
- Company news
- Operating statistics table

October market conditions

Air New Zealand carried 1,062,000 passengers during the month of October, 0.7% more than the same period last year. Revenue passenger kilometres (RPKs) decreased 0.5% on a capacity (ASKs) decrease of 1.7%. Group load factor was 82.7%, up 1.0 percentage points.

Short Haul passenger numbers were up 1.3% on the same period last year. Demand (RPKs) increased in the Domestic market by 1.6%, while capacity increased 0.8%. Domestic load factor was up 0.6 of a percentage point to 81.8%.

Tasman/Pacific demand (RPKs) increased 3.9%, with capacity (ASKs) increasing 4.0%. Load factor for Tasman/Pacific was unchanged at 83.7%.

Long Haul passenger numbers decreased 3.8% compared to October last year, with demand (RPKs) and capacity (ASKs) down 3.8% and 5.7% respectively. Load factor increased by 1.7 percentage points to 82.4%.

On North America/UK routes, demand (RPKs) increased 3.4% with capacity (ASKs) increasing by 3.7%. Load factor decreased 0.2 of a percentage point to 82.7%.

Demand (RPKs) was down 16.5% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 21.3% due to the withdrawal of Hong Kong-London flights. Load factor increased 4.7 percentage points to 81.7%.

Group-wide yields for the financial year to date were flat on the same period last year. Short Haul yields were down 1.6%, while Long Haul yields were up 1.1%. Removing the impact of foreign exchange, Group-wide yields were up 1.9%.

In October, 77.8% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



Company news

Government sell down completed

Air New Zealand notes the Crown has announced that it has completed the sell down of part of its shareholding in Air New Zealand. The Crown sold just over 221 million ordinary shares, which represent approximately 20% of the issued ordinary shares in the Company, at a price of \$1.65 per share.

The Crown's holding of ordinary shares in Air New Zealand will now represent approximately 53% of the Company's ordinary shares.

"We have been very pleased to see this positive reaction to the increased availability of Air New Zealand shares. It clearly recognises the value that has been created in recent years with the right strategies and a great team operating in one of the most challenging industries", said Air New Zealand's Chairman, Tony Carter.

Moody's reaffirms Air New Zealand's Baa3 rating and stable outlook

Moody's Investors Service has affirmed Air New Zealand's Baa3 Senior Unsecured Issuer rating and stable outlook. This follows the Government of New Zealand's announcement that it would be selling up to 20% of its existing 73% shareholding in the company.

Air New Zealand supports Virgin Australia rights issue

The A\$350 million capital raising will further strengthen Virgin Australia as it consolidates and builds its position in the Australian domestic and international airline markets.

Air New Zealand currently holds 22.9% of Virgin Australia shares and has regulatory approval in Australia to increase that to 25.99%. The Company will take up its full pro rata entitlement under the rights issue and sub-underwrite the issue together with the other major shareholders, Singapore Airlines and Etihad Airways. In the event that additional shares are available from the underwriting, Air New Zealand's shareholding could increase to as much as 25.5%.

The additional investment by Air New Zealand of between A\$81 million and A\$116 million will strengthen the Virgin Australia balance sheet and enable the continuation of its strategy as it enhances its market position and improves business performance following a period of substantial change and growth. The completion of the rights issue will result in the termination of the undrawn shareholder term loan facility of A\$38 million from Air New Zealand.



[Auckland-Perth to be the world's first scheduled Boeing 787-9 route](#)

Air New Zealand has announced Auckland-Perth will be the first scheduled route ever operated by the revolutionary new Boeing 787-9 when the airline takes delivery of the launch aircraft next year.

The airline has confirmed an 18 seat lie-flat Business Premier zone in a herringbone layout and a separate 21 seat Premium Economy cabin in a 2-3-2 configuration, each with its own dedicated bathroom facilities. The two Economy cabins will accommodate 263 passengers, including 14 Skycouch rows. All customers will benefit from the Boeing 787-9s larger windows, cleaner cabin air, higher humidity and lower relative cabin pressure.

Air New Zealand Chief Executive Officer Christopher Luxon says the 787-9 dedicated routes to follow Auckland-Perth (which is operated as part of its trans-Tasman alliance with Virgin Australia) will be Auckland-Tokyo and Auckland-Shanghai.

[Airline licensing deal for Kiwi designed Skycouch](#)

Air New Zealand has signed a deal licensing its Skycouch seat product to a large airline based in Asia. This is the first licensing agreement for the Skycouch and follows the expiry of the exclusivity period Air New Zealand adopted at the launch of the revolutionary new product in 2011.

The Skycouch is a row of three economy seats that together adapt to create a flat flexible space to stretch out and relax in. It was developed as part of a three year innovation process to re-invent the long haul flying experience. Under the confidentiality terms of the licensing agreement Air New Zealand is not able to name the Asian-based carrier until next year.

Monthly investor update



Group	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,062	1,054	0.7%	4,476	4,390	2.8%
Revenue Passenger Kilometres(m)	2,124	2,134	(0.5%)	9,336	9,281	1.4%
Available Seat Kilometres (m)	2,567	2,611	(1.7%)	11,124	11,208	0.1%
Passenger Load Factor (%)	82.7%	81.7%	1.0 pts	83.9%	82.8%	1.1 pts
Short Haul Total	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	951	939	1.3%	3,976	3,885	3.2%
Revenue Passenger Kilometres(m)	1,047	1,015	3.2%	4,467	4,348	3.6%
Available Seat Kilometres (m)	1,260	1,224	2.9%	5,446	5,311	3.4%
Passenger Load Factor (%)	83.1%	82.9%	0.2 pts	82.0%	81.9%	0.1 pts
Domestic	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	688	686	0.3%	2,847	2,780	3.3%
Revenue Passenger Kilometres(m)	334	329	1.6%	1,387	1,335	4.7%
Available Seat Kilometres (m)	409	405	0.8%	1,724	1,669	4.2%
Passenger Load Factor (%)	81.8%	81.2%	0.6 pts	80.4%	80.0%	0.4 pts
Tasman / Pacific	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	263	253	4.0%	1,129	1,105	3.0%
Revenue Passenger Kilometres(m)	713	686	3.9%	3,080	3,012	3.1%
Available Seat Kilometres (m)	852	819	4.0%	3,722	3,642	3.0%
Passenger Load Factor (%)	83.7%	83.7%	-	82.8%	82.7%	0.1 pts
Long Haul Total	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	110	115	(3.8%)	499	506	(0.6%)
Revenue Passenger Kilometres(m)	1,077	1,119	(3.8%)	4,869	4,933	(0.5%)
Available Seat Kilometres (m)	1,307	1,386	(5.7%)	5,678	5,896	(2.9%)
Passenger Load Factor (%)	82.4%	80.7%	1.7 pts	85.8%	83.7%	2.1 pts
Asia / Japan / UK	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	37	43	(14.9%)	164	202	(17.8%)
Revenue Passenger Kilometres(m)	336	402	(16.5%)	1,480	1,866	(20.0%)
Available Seat Kilometres (m)	411	522	(21.3%)	1,887	2,372	(19.8%)
Passenger Load Factor (%)	81.7%	77.0%	4.7 pts	78.4%	78.7%	(0.3 pts)
North America / UK	OCTOBER			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	73	71	3.0%	334	304	10.9%
Revenue Passenger Kilometres(m)	741	717	3.4%	3,390	3,067	11.5%
Available Seat Kilometres (m)	896	864	3.7%	3,791	3,524	8.5%
Passenger Load Factor (%)	82.7%	82.9%	(0.2 pts)	89.4%	87.0%	2.4 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.