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March market conditions

Air New Zealand carried 1,389,000 passengers during the month of March, 2.0% more than the same period last year. Revenue passenger kilometres (RPKs) increased 1.8% on a capacity (ASKs) increase of 4.2%. Group load factor was 83.8%, down 2.0 percentage points.

Short Haul passenger numbers were up 2.0% on the same period last year with the timing of Easter impacting year-on-year comparisons, primarily on Tasman/Pacific where demand (RPKs) decreased 0.6%. Capacity (ASKs) increased by 1.7% on Tasman/Pacific while load factor was down 1.9 percentage points to 82.4%.

Demand (RPKs) increased in the Domestic market by 2.8%, while capacity increased 5.5%. Domestic load factor was down 2.2 percentage points to 83.0%.

Long Haul passenger numbers increased 2.0% compared to March last year, with demand (RPKs) and capacity (ASKs) up 2.8% and 5.2% respectively. Load factor decreased by 1.9 percentage points to 84.9%.

On North America/UK routes, demand (RPKs) increased 9.0% with capacity (ASKs) increasing by 14.8%. Load factor decreased 4.5 percentage points to 85.4%.

Demand (RPKs) was down 7.9% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 10.1% due to the withdrawal from the Auckland-Osaka and Hong Kong-London routes. Load factor increased 2.0 percentage points to 84.1%.

Group-wide yields for the financial year to date were up 0.8% on the same period last year. Short Haul yields were down 0.1%, while Long Haul yields were up 0.6%. Removing the impact of foreign exchange, Group-wide yields were up 3.2%.

In March, 84.4% of Air New Zealand's Domestic Jet flights departed within 10 minutes of scheduled departure time.



Company news

[Air New Zealand and Virgin Australia to add 40,000 Queenstown seats](#)

Alliance partners Air New Zealand and Virgin Australia will operate an additional 40,000 seats to and from Queenstown over the peak winter period of July to September this year. Trans-Tasman seat capacity to Queenstown will increase by more than 12% for the period as a result of up to five additional alliance services per week between Queenstown and Brisbane, Sydney and Melbourne.

Domestically, Air New Zealand will increase capacity to the region by 11% from Auckland, Wellington and Christchurch by up-gauging a number of existing services to larger A320 aircraft.

Cam Wallace, Air New Zealand's Chief Sales and Commercial Officer, says the alliance partners now operate almost three times the number of trans-Tasman seats to Queenstown per year that they did five years ago. "Queenstown has experienced exponential growth in recent years and we're pleased that through our alliance with Virgin Australia we are able to offer further capacity into this popular tourism destination."

Virgin Australia's Chief Commercial Officer Judith Crompton said, "We are delighted to work with our alliance partner Air New Zealand to offer these direct services to Queenstown as it continues to grow as a popular destination for Australian travellers."

[Air New Zealand supports Tourism 2025](#)

Air New Zealand welcomes the launch of the tourism industry's new framework to significantly grow the contribution of tourism to New Zealand's economy. Tourism 2025 aims to align the New Zealand tourism industry and see industry stakeholders work together to capitalise on growth opportunities and increase tourism revenues to \$41 billion by 2025.

Air New Zealand Chief Executive Officer Christopher Luxon says Tourism 2025 goes hand in hand with Air New Zealand's Go Beyond strategy which is also focussed on growth and supercharging New Zealand's success.

"Under our Go Beyond strategy, we are working hard to achieve sustainable growth in the Pacific Rim. We recognise Air New Zealand's success, that of the tourism industry and ultimately New Zealand's success are inextricably linked," says Mr Luxon.

Monthly **investor update**



First black Air New Zealand Boeing 787-9 revealed in Seattle

Air New Zealand's first Boeing 787-9 aircraft bearing the airline's distinctive new all black livery has been revealed at Boeing's Everett factory near Seattle.

The aircraft, which will soon become the first 787-9 in commercial operation, rolled out of Boeing's paint hangar on 5 April and will join the Air New Zealand fleet mid this year.

The 787-9 is the first Air New Zealand aircraft to feature the distinctive black version of the airline's new-look livery. The white version of the livery has been gradually rolled out across the airline's A320 domestic fleet in recent months.

Air New Zealand's new livery features the New Zealand Fern Mark, the use of which is authorised by Tourism New Zealand and New Zealand Trade and Enterprise. While the majority of the airline's fleet will eventually feature the white version of the design a limited number will feature this signature black version.

This aircraft is the first of ten 787-9 Dreamliners to join Air New Zealand's fleet. Air New Zealand is the global launch customer for the 787-9 which is 20 percent more fuel efficient than the aircraft it's replacing. The 787-9 will operate the Auckland – Perth route from 15 October 2014 and to both Tokyo and Shanghai from November.



Monthly *investor update*



Group	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	1,389	1,362	2.0%	10,438	10,227	2.4%
Revenue Passenger Kilometres(m)	2,678	2,631	1.8%	21,498	21,469	0.5%
Available Seat Kilometres (m)	3,195	3,067	4.2%	25,429	25,567	(0.2%)
Passenger Load Factor (%)	83.8%	85.8%	(2.0 pts)	84.5%	84.0%	0.5 pts
Short Haul Total	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	1,243	1,218	2.0%	9,272	9,028	3.1%
Revenue Passenger Kilometres(m)	1,261	1,253	0.7%	10,138	9,830	3.5%
Available Seat Kilometres (m)	1,526	1,481	3.1%	12,218	11,820	3.7%
Passenger Load Factor (%)	82.6%	84.6%	(2.0 pts)	83.0%	83.2%	(0.2 pts)
Domestic	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	945	918	2.9%	6,745	6,564	3.1%
Revenue Passenger Kilometres(m)	463	450	2.8%	3,315	3,188	4.4%
Available Seat Kilometres (m)	557	528	5.5%	4,055	3,883	4.8%
Passenger Load Factor (%)	83.0%	85.2%	(2.2 pts)	81.8%	82.1%	(0.3 pts)
Tasman / Pacific	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	298	301	(0.8%)	2,527	2,464	2.9%
Revenue Passenger Kilometres(m)	799	803	(0.6%)	6,823	6,643	3.1%
Available Seat Kilometres (m)	969	952	1.7%	8,163	7,937	3.2%
Passenger Load Factor (%)	82.4%	84.3%	(1.9 pts)	83.6%	83.7%	(0.1 pts)
Long Haul Total	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	146	143	2.0%	1,165	1,199	(2.4%)
Revenue Passenger Kilometres(m)	1,417	1,378	2.8%	11,359	11,638	(2.0%)
Available Seat Kilometres (m)	1,669	1,587	5.2%	13,211	13,747	(3.5%)
Passenger Load Factor (%)	84.9%	86.8%	(1.9 pts)	86.0%	84.7%	1.3 pts
Asia / Japan / UK	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	53	57	(7.6%)	397	489	(18.6%)
Revenue Passenger Kilometres(m)	464	504	(7.9%)	3,536	4,445	(20.2%)
Available Seat Kilometres (m)	552	614	(10.1%)	4,273	5,486	(21.8%)
Passenger Load Factor (%)	84.1%	82.1%	2.0 pts	82.8%	81.0%	1.8 pts
North America / UK	MARCH			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	93	86	8.4%	769	710	8.6%
Revenue Passenger Kilometres(m)	953	874	9.0%	7,824	7,193	9.2%
Available Seat Kilometres (m)	1,116	973	14.8%	8,938	8,261	8.6%
Passenger Load Factor (%)	85.4%	89.9%	(4.5 pts)	87.5%	87.1%	0.4 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.