



## **Contents**

- Trading update
- May market conditions
- Company news
- Operating statistics table

## **Trading update**

The strong earnings momentum has continued in the second half of the year, and the Company expects to report normalised earnings before taxation for the current year of between \$520 million and \$530 million.

The Board has reviewed the FY16 financial plan and, given current known circumstances, the Company continues to target earnings growth for the coming year.

This guidance excludes equity earnings from the Virgin Australia shareholding.

## **May market conditions**

Air New Zealand carried 1,030,000 passengers during the month of May, 4.0% more than the same period last year. Revenue passenger kilometres (RPKs) were 8.9% higher on a capacity (ASKs) increase of 11.6%. Group load factor was down 2.0 percentage points to 80.2%.

Short Haul passenger numbers were up 2.6%, while in the Domestic market demand (RPKs) and capacity (ASKs) increased by 3.9% and 0.8% respectively. Domestic load factor was 82.4%, up 2.6 percentage points.

Tasman/Pacific demand (RPKs) increased 1.5% while capacity (ASKs) increased by 1.3%. Load factor on Tasman/Pacific increased 0.2 of a percentage point to 83.1%.

Long Haul passenger numbers increased 15.8% when compared to May last year, with demand (RPKs) up 14.4% and capacity (ASKs) up 20.7%. Load factor on Long Haul routes was 78.3%, down 4.3 percentage points.



On North American/UK routes, demand (RPKs) increased 4.1% with capacity (ASKs) increasing 8.4%. Load factor was down 3.4 percentage points to 80.9%.

Demand (RPKs) increased 36.8% on Asia/Japan/Singapore routes, with capacity (ASKs) increasing by 45.8% due to the new Auckland-Singapore route and larger B787-9 aircraft operating on the Auckland-Shanghai route. Load factor decreased 4.9 percentage points to 74.2%.

Group-wide yields for the financial year to date were up 0.2% on the same period last year. Short Haul yields were up 2.2% while Long Haul yields were down 1.4%, both negatively impacted by foreign exchange movements. Removing the impact of foreign exchange, Group-wide yields were up 1.0%.

## ***Company news***

### [Air New Zealand reveals new lounge design in Sydney](#)

On 22 May Air New Zealand revealed its new international network lounge design with the opening of its ground breaking lounge at Sydney Airport.

The Sydney lounge is the first to carry the ultra-modern design that was formulated in conjunction with award-winning global architectural firm Gensler based on insights gleaned from the airline's high value customers across multiple international markets.

The lounge measures more than 1,500sqm and features a mix of spaces to meet the differing needs of around 300 guests, whether they're looking to relax and refresh or plug in and get some work done before their flight.

Air New Zealand Chief Sales and Commercial Officer Cam Wallace was in Sydney for the opening and said the launch was an important milestone in a wider programme that will see the airline open a number of new and refurbished lounges over the next two years.

"We have been investing heavily in enhancing our customer experience. Airports are a key part of the customer journey and 18 months ago we embarked on a \$40 million programme to redevelop several of our lounges at some of the busiest ports we fly to," said Mr Wallace.



The airline expects to open its flagship international lounge at Auckland International Airport in August this year with similar new spaces planned in Brisbane, Queenstown and a number of regional New Zealand ports over the next two years.

## [Air New Zealand and Air India announce codeshare agreement](#)

On 9 June Air New Zealand and Air India signed a codeshare agreement on services between New Zealand and India providing greater access and choice to travellers in both directions.

The deal will see Air New Zealand codeshare into several Indian cities over multiple gateways.

Fellow Star Alliance carrier Air India will also be able to access the New Zealand market on Air New Zealand services, including over the Tasman, connecting its current Sydney and Melbourne services.

## [Air New Zealand's triple win at Skytrax World Airline Awards](#)

Air New Zealand has been awarded 'World's Best Premium Economy Class', 'Best Premium Economy Class airline seat' and 'Best Premium Economy onboard catering' in this year's World Airline Awards.

The airline swept the board, taking home all three 'Premium Economy' awards, reaffirming Air New Zealand's superior Premium Economy experience.

Air New Zealand's Chief Marketing and Customer Officer, Mike Tod, said the awards are a true reflection of the world class inflight product the airline offers customers.

"These accolades are something that all Air New Zealander's can be very proud of as we continue to innovate and find new ways to enhance the customer journey," said Mr Tod.

In addition to scooping all three Premium Economy awards the Air New Zealand managed Star Alliance Los Angeles Lounge won 'Best Airline Alliance Lounge'.

# Monthly investor update



Group	MAY			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	1,030	990	4.0%	12,956	12,476	4.2%
Revenue Passenger Kilometres(m)	2,105	1,933	8.9%	27,015	25,508	6.2%
Available Seat Kilometres (m)	2,625	2,352	11.6%	32,028	30,282	6.1%
Passenger Load Factor (%)	80.2%	82.2%	(2.0 pts)	84.3%	84.2%	0.1 pts
<b>Short Haul Total</b>						
<b>Domestic</b>						
<b>Tasman / Pacific</b>						
<b>Long Haul Total</b>						
<b>Asia / Japan / Singapore</b>						
<b>North America / UK</b>						

\* % 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 2014 (27 days) compared with July 2013 (28 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.