



Contents

- February market conditions
- Company news
- Operating statistics table

February market conditions

Air New Zealand carried 1,240,000 passengers during the month of February, 9.0% more than the same period last year. Revenue passenger kilometres (RPKs) were 10.3% higher on a capacity (ASKs) increase of 9.9%. Group load factors were up 0.3 percentage points to 84.2%.

Short Haul passenger numbers were up 8.4%. In the Domestic market demand (RPKs) and capacity (ASKs) increased by 13.6% and 11.3%, respectively. Domestic load factor was 83.7%, up 1.7 percentage points.

Tasman/Pacific demand (RPKs) increased 1.4% while capacity (ASKs) increased by 5.4%. Load factor on Tasman/Pacific decreased 3.3 percentage points to 83.0%.

Long Haul passenger numbers increased 12.8% when compared to February last year, with demand (RPKs) up 14.0% and capacity (ASKs) up 11.7%. Load factor on Long Haul routes was 84.9%, up 1.7 percentage points.

On Americas/UK routes, demand (RPKs) increased 17.7% with capacity (ASKs) increasing 16.4% due to the new Auckland-Houston and Auckland-Buenos Aires routes. Load factor was up 0.9 percentage points to 83.0%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 8.3%, with capacity (ASKs) increasing by 4.5%. Load factor increased 3.1 percentage points to 88.1%.

Group-wide yields for the financial year to date were down 0.7% on the same period last year. Short Haul yields were down 0.2% while Long Haul yields were up 2.1%. Removing the impact of foreign exchange, Group-wide yields were down 4.7%.



Company news

[Air New Zealand and United Airlines to revenue share on New Zealand-USA routes](#)

Air New Zealand and United Airlines have entered into a revenue sharing agreement, further deepening the longstanding alliance between the two airlines.

Under the revenue sharing alliance the carriers will work together to promote and sell both airlines' services between New Zealand and mainland USA, including domestic feeder services in both New Zealand and the United States, increasing the flight options available to customers.

The revenue share agreement will come into effect when United launches its new San Francisco – Auckland service on 1 July this year. The alliance further strengthens Air New Zealand's network of strong Pacific Rim revenue share partners which includes Virgin Australia, Cathay Pacific, Singapore Airlines and Air China.

Subject to United Airlines obtaining government approval, it will begin operating a three-times-weekly 787-8 Dreamliner service between San Francisco and Auckland in July, moving to daily services operated by a larger 787-9 aircraft in November 2016.

Once United begins operating its Auckland-San Francisco flights the airlines will operate complementary services on the route, with United's flights arriving into San Francisco in the early morning and Air New Zealand's flights arriving around midday.

[Air NZ and Virgin Australia launch search for aviation biofuel opportunities](#)

The trans-Tasman alliance partners are issuing a Request for Information (RFI) to the market to explore the opportunity to procure locally-produced aviation biofuel.

Air New Zealand Chief Flight Operations and Safety Officer Captain David Morgan says the airline recognises the impact aviation has on the environment and this RFI is a key initiative under its carbon management programme.

"By working in partnership with our alliance partner Virgin Australia we hope we can stimulate the local market, drive innovation and investment and potentially uncover a sustainable biofuel supply suitable for our respective operations," says Captain Morgan.

Monthly **investor update**



Both airlines are committed to ensuring that aviation biofuel delivers environmental, social and economic benefits, and respondents to the RFI are encouraged to address these principles.

Interested parties have until 30 May 2016 to express their interest.

[Air New Zealand to resume Osaka flights](#)

Air New Zealand will resume a nonstop seasonal service between Auckland and Osaka, Japan from November.

Using Boeing 767-300 aircraft, the airline will operate three return services per week on Wednesdays, Fridays and Sundays between November 2016 and March 2017, subject to government and regulatory approvals.

In 2013 Air New Zealand consolidated its services to Japan, suspending the Osaka route and refocusing on growing its Tokyo Narita services. Since that time, Air New Zealand has significantly grown traffic between New Zealand and Japan, creating new demand for a seasonal Osaka service.

Air New Zealand Chief Strategy, Networks and Alliances Officer Stephen Jones says the new seasonal service is a great proposition for Kiwis looking to head north over the summer months and for Japanese travellers looking to head south for Southern summer.

"For Kiwis looking to explore the historical and cultural areas of Western Japan, and nearby Kyoto, this service to Osaka will be very appealing. Osaka will also increase the options for travellers connecting to other destinations within Japan and exploring more of the country.

"With this new seasonal offering, paired with our ten times weekly service between Auckland and Tokyo on the 787-9 Dreamliner, we're confident that we can meet the growing demand for travel to and from Japan."

The number of New Zealanders travelling to Japan grew 17 percent to 29,400 for the year ending December 2015.

Monthly investor update



Group	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	1,240	1,138	9.0%	10,137	9,253	9.6%
Revenue Passenger Kilometres(m)	2,694	2,442	10.3%	22,419	19,445	15.3%
Available Seat Kilometres (m)	3,199	2,911	9.9%	26,541	23,067	15.1%
Passenger Load Factor (%)	84.2%	83.9%	0.3 pts	84.5%	84.3%	0.2 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	1,079	995	8.4%	8,836	8,194	7.8%
Revenue Passenger Kilometres(m)	1,121	1,062	5.6%	9,780	9,094	7.5%
Available Seat Kilometres (m)	1,346	1,253	7.5%	11,857	10,959	8.2%
Passenger Load Factor (%)	83.3%	84.8%	(1.5 pts)	82.5%	83.0%	(0.5 pts)
Domestic	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	816	734	11.2%	6,420	5,920	8.4%
Revenue Passenger Kilometres(m)	417	367	13.6%	3,235	2,931	10.4%
Available Seat Kilometres (m)	498	448	11.3%	4,025	3,626	11.0%
Passenger Load Factor (%)	83.7%	82.0%	1.7 pts	80.4%	80.8%	(0.4 pts)
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	263	262	0.7%	2,416	2,274	6.2%
Revenue Passenger Kilometres(m)	704	695	1.4%	6,545	6,163	6.2%
Available Seat Kilometres (m)	848	805	5.4%	7,832	7,333	6.8%
Passenger Load Factor (%)	83.0%	86.3%	(3.3 pts)	83.6%	84.0%	(0.4 pts)
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	161	142	12.8%	1,301	1,059	22.9%
Revenue Passenger Kilometres(m)	1,573	1,380	14.0%	12,639	10,352	22.1%
Available Seat Kilometres (m)	1,853	1,658	11.7%	14,684	12,108	21.3%
Passenger Load Factor (%)	84.9%	83.2%	1.7 pts	86.1%	85.5%	0.6 pts
Asia / Japan / Singapore	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	67	61	8.7%	538	387	39.0%
Revenue Passenger Kilometres(m)	594	548	8.3%	4,803	3,502	37.2%
Available Seat Kilometres (m)	674	645	4.5%	5,491	4,201	30.7%
Passenger Load Factor (%)	88.1%	85.0%	3.1 pts	87.5%	83.4%	4.1 pts
Americas / UK	FEBRUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	94	81	15.9%	763	672	13.5%
Revenue Passenger Kilometres(m)	979	831	17.7%	7,836	6,850	14.4%
Available Seat Kilometres (m)	1,179	1,013	16.4%	9,193	7,907	16.3%
Passenger Load Factor (%)	83.0%	82.1%	0.9 pts	85.2%	86.6%	(1.4 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.