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January market conditions

Air New Zealand carried 1,139,000 passengers during the month of January, 6.3% more than the same period last year. Revenue passenger kilometres (RPKs) were 9.8% higher on a capacity (ASKs) increase of 12.0%. Group load factors were down 1.8 percentage points to 85.2%.

Short Haul passenger numbers were up 5.1%. In the Domestic market demand (RPKs) and capacity (ASKs) increased by 9.3% and 8.5%, respectively. Domestic load factor was 81.3%, up 0.6 percentage points.

Tasman/Pacific demand (RPKs) increased 0.9% while capacity (ASKs) increased by 6.0%. Load factor on Tasman/Pacific decreased 4.2 percentage points to 82.8%.

Long Haul passenger numbers increased 13.5% when compared to January last year, with demand (RPKs) up 14.5% and capacity (ASKs) up 16.0%. Load factor on Long Haul routes was 87.3%, down 1.1 percentage points.

On Americas/UK routes, demand (RPKs) increased 15.5% with capacity (ASKs) increasing 18.9% due to the new Auckland-Houston and Auckland-Buenos Aires routes. Load factor was down 2.5 percentage points to 86.5%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 12.8%, with capacity (ASKs) increasing by 10.9% due to the remaining annualisation on the Auckland-Singapore route. Load factor increased 1.5 percentage points to 88.8%.

Group-wide yields for the financial year to date were down 1.1% on the same period last year. Short Haul yields were down 0.5% while Long Haul yields were up 1.8%. Removing the impact of foreign exchange, Group-wide yields were down 4.9%.



Company news

Air New Zealand will commence night flying into and out of Queenstown from July 2016, offering more options and greater flexibility for travellers

Subject to regulatory approval, the airline will operate services between Queenstown and Auckland between 7am to 9.30pm daily using A320 aircraft.

Air New Zealand Chief Flight Operations and Safety Officer Captain David Morgan said the airline has been working closely with industry stakeholders on a plan to implement night operations for some time.

"We have been working collaboratively with the regulator, Queenstown Airport, our pilots and safety teams and unions to finalise a thorough operator safety case which will be submitted to the New Zealand Civil Aviation Authority in the near future," says Captain Morgan.

The airline's night schedule will provide greater choice and flexibility for travellers with improved connectivity through the airline's Auckland international hub.

The schedule changes will also mean the airline will grow capacity between Auckland and Queenstown by 15 percent in FY17 with an additional 100,000 seats.

Air New Zealand has entered into a partnership with aircraft manufacturer ATR to equip its 68-seat turboprop fleet with advanced Required Navigation Performance (RNP AR) technology

RNP AR enables specially trained pilots to fly to lower altitudes with a more precise and efficient route into the airport, saving fuel and emissions and helping reduce the impact of bad weather on services.

The airline announced late last year it would purchase 15 new ATR72-600 aircraft to operate its regional services, four to allow for further growth on regional routes and 11 to replace its ATR72-500 fleet, bringing its ATR fleet to 29 aircraft. The February announcement was a commitment by Air New Zealand to invest more than \$25m in RNP capability for the fleet.

Monthly **investor update**



Air New Zealand Chief Flight Operations and Safety Officer Captain David Morgan said the advanced RNP AR capability will greatly benefit the airline's customers.

"This technology will enable us to provide a more consistent service for customers who travel on our ATR aircraft where weather conditions can at times prove challenging for our turboprop operations, particularly over the winter months," said Captain Morgan.

Pending certification and regulatory approval the first advanced RNP enabled ATR aircraft is expected to enter the fleet in 2018.

[Air New Zealand has appointed Jodie King to the Executive position of Chief People Officer effective 29 February](#)

Jodie takes over the role from Lorraine Murphy, who is moving to Australia to become Group Executive - People at National Australia Bank.

Jodie had a significant international career before joining Air New Zealand in 2013 to drive key initiatives including the airline's Talent and Leadership frameworks. More recently she led the People streams for Airports and Global Sales.

Prior to joining Air New Zealand Jodie spent 15 years in the United Kingdom with KPMG where she worked in leadership and consultancy roles across a range of industries, including infrastructure, oil and gas, banking and retail with companies like London Underground, BP, easyJet, Royal Bank of Scotland and Diageo. This has seen her support businesses in countries as diverse as Russia, North America and Switzerland.

Monthly *investor update*



Group	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	1,139	1,071	6.3%	8,895	8,116	9.6%
Revenue Passenger Kilometres(m)	2,858	2,604	9.8%	19,722	17,004	16.0%
Available Seat Kilometres (m)	3,354	2,995	12.0%	23,339	20,155	15.8%
Passenger Load Factor (%)	85.2%	87.0%	(1.8 pts)	84.5%	84.4%	0.1 pts
Short Haul Total	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	965	918	5.1%	7,756	7,199	7.7%
Revenue Passenger Kilometres(m)	1,146	1,109	3.3%	8,657	8,032	7.8%
Available Seat Kilometres (m)	1,392	1,304	6.8%	10,509	9,706	8.3%
Passenger Load Factor (%)	82.4%	85.1%	(2.7 pts)	82.4%	82.8%	(0.4 pts)
Domestic	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	671	624	7.5%	5,603	5,186	8.0%
Revenue Passenger Kilometres(m)	352	322	9.3%	2,817	2,563	9.9%
Available Seat Kilometres (m)	433	399	8.5%	3,526	3,178	11.0%
Passenger Load Factor (%)	81.3%	80.7%	0.6 pts	79.9%	80.7%	(0.8 pts)
Tasman / Pacific	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	294	294	(0.2%)	2,153	2,012	7.0%
Revenue Passenger Kilometres(m)	794	787	0.9%	5,840	5,468	6.8%
Available Seat Kilometres (m)	959	904	6.0%	6,983	6,528	7.0%
Passenger Load Factor (%)	82.8%	87.0%	(4.2 pts)	83.6%	83.8%	(0.2 pts)
Long Haul Total	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	174	153	13.5%	1,139	917	24.2%
Revenue Passenger Kilometres(m)	1,712	1,495	14.5%	11,065	8,972	23.3%
Available Seat Kilometres (m)	1,962	1,691	16.0%	12,830	10,450	22.8%
Passenger Load Factor (%)	87.3%	88.4%	(1.1 pts)	86.2%	85.9%	0.3 pts
Asia / Japan / Singapore	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	67	59	13.7%	471	326	44.5%
Revenue Passenger Kilometres(m)	599	531	12.8%	4,208	2,954	42.5%
Available Seat Kilometres (m)	674	608	10.9%	4,816	3,555	35.5%
Passenger Load Factor (%)	88.8%	87.3%	1.5 pts	87.4%	83.1%	4.3 pts
Americas / UK	JANUARY			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	107	94	13.4%	668	591	13.0%
Revenue Passenger Kilometres(m)	1,113	964	15.5%	6,857	6,018	13.9%
Available Seat Kilometres (m)	1,288	1,083	18.9%	8,014	6,895	16.2%
Passenger Load Factor (%)	86.5%	89.0%	(2.5 pts)	85.6%	87.3%	(1.7 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.