



## **Contents**

- October market conditions
- Company news
- Operating statistics table

## **October market conditions**

Air New Zealand carried 1,226,000 passengers during the month of October, an increase of 7.1% compared to the same period last year. Revenue passenger kilometres (RPKs) were 8.9% higher on a capacity (ASKs) increase of 10.4%. Group load factors were down 1.2 percentage points overall to 82.5%.

Short Haul passenger numbers increased 6.9%. In the Domestic market demand (RPKs) increased by 10.8%, with capacity (ASKs) increasing by 7.4%, due to increased services on Auckland – Queenstown and the main trunk routes, as well as growth on the regional routes resulting from up-gauging to larger aircraft. Domestic load factor increased 2.4 percentage points to 80.1%.

Tasman/Pacific demand (RPKs) increased 4.4% while capacity (ASKs) increased by 7.7%, due to up-gauging to larger aircraft. Load factor on Tasman/Pacific decreased 2.7 percentage points to 84.6%.

Long Haul passenger numbers increased 9.2% when compared to October last year, with demand (RPKs) up 11.0% and capacity (ASKs) up 12.8%. Load factor on Long Haul routes was 82.2%, down 1.3 percentage points.

On Americas/UK routes, demand (RPKs) increased 16.9% with capacity (ASKs) increasing 15.6% due to the Auckland-Houston and Auckland-Buenos Aires routes, as well as increased frequency on the Auckland-Vancouver route which was partially offset by reduced frequency on the Auckland-Los Angeles route. Load factor increased 0.9 percentage points to 83.0%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 2.4%, with capacity (ASKs) increasing by 8.5%, reflecting the seasonal Auckland-Ho Chi Minh City route. Load factor decreased 4.8 percentage points to 80.9%.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)\* decreased 5.9% while Long Haul RASK\* decreased 13.2%. Removing the impact of foreign exchange, Group-wide RASK\* decreased 9.5%, and Group-wide yields for the financial year to date decreased 8.3% on the same period last year.

\* Air New Zealand's operating statistics will provide Passenger revenue per ASK, or RASK, going forward as a key metric of revenue performance. RASK is defined as passenger revenue for the period divided by the total ASKs for the period; compared to yield which represents the passenger revenue per passenger kilometre flown.



## **Company news**

### [Air New Zealand honoured as Airline of the Year](#)

Air New Zealand has been honoured by AirlineRatings.com as Airline of the Year for 2017, making this the fourth consecutive year of winning the award. Air New Zealand was noted for its record-breaking financial performance, award-winning in-flight innovations, operational safety, environmental leadership and motivation of its staff.

### [Osaka – Auckland seasonal service commencement](#)

On 4 November 2016, Air New Zealand welcomed the return of the Osaka to Auckland direct service. The direct service will operate three times a week until 26 March 2017.

With the addition of Osaka flights, Air New Zealand now flies from both Tokyo and Osaka with 10 services a week to Auckland, increasing to 13 from 1 December with three additional services from Narita.

### [Air New Zealand issues new unsecured bond](#)

On 20 October 2016, Air New Zealand announced the completion of a successful book build process for its offer of six year, unsecured, unsubordinated fixed rate bonds. NZ\$50 million of bonds were issued on 28 October 2016 and can be quoted on the NZX Debt Market under the ticker code AIR 020. The interest rate was set at 4.25% per annum and the bonds will mature 28 October 2022.

### [Air New Zealand Australasia's Leading Airline](#)

Travel and tourism professionals around the world have voted Air New Zealand as Australasia's Leading Airline for the eighth year in a row as part of the prestigious World Travel Awards.

### [Dreamliner service begins on Cook Islands and Tahiti service](#)

At the end of October, Air New Zealand began deploying its Boeing 787-9 Dreamliner aircraft for direct services from Auckland to both Rarotonga and Papeete.

The airline will also continue to operate its Boeing 777-200, 767-300 and Airbus A320 aircraft on the routes.

# Monthly **investor update**



## [Air New Zealand recognised as the nation's greatest contributor to sustainability](#)

Air New Zealand has been named the overall Supreme winner of the 2016 NZI Sustainable Business Network Awards.

Judges said Air New Zealand has demonstrated true corporate leadership in sustainability since launching its Sustainability Framework a year ago, citing the transition of the airline's existing car fleet to electric vehicles (EVs), saving 65,000 litres of fuel each year, as one example of this leadership. The judges were also impressed that Air New Zealand did not wait for a pending announcement on a government subsidy for EVs but instead forged ahead with plans, encouraging other New Zealand corporates to follow suit. Air New Zealand's EV transition programme was also recognised with the Renewables Impact award.

## [Air New Zealand signs significant new components contract](#)

Air New Zealand has signed a licensing agreement to overhaul and repair auxiliary power units (APUs) produced by Honeywell Aerospace at its Christchurch engineering and maintenance base.

The eight year deal will see Air New Zealand as the only certified Honeywell maintenance shop for the APU 131-9A model in Oceania and will see the airline maintain and repair APUs, which power aircraft while on the ground, for Air New Zealand and third party customers based around the Asia Pacific region.

The agreement will also create 45 new jobs in Christchurch, the majority of which are high skilled engineering jobs.

# Monthly investor update



+ To reflect underlying operating performance, the financial year to date percentage movements shown in the table below have been adjusted for the difference in days for the month of July 16 (31 days) compared with July 2015 (33 days).

Group	OCTOBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	1,226	1,144	7.1%	5,259	5,058	5.7%
Revenue Passenger Kilometres(m)	2,614	2,401	8.9%	11,638	10,986	7.6%
Available Seat Kilometres (m)	3,168	2,869	10.4%	14,033	13,071	9.1%
Passenger Load Factor (%)	82.5%	83.7%	(1.2 pts)	82.9%	84.0%	(1.1 pts)
<b>Short Haul Total</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	1,079	1,009	6.9%	4,593	4,437	5.2%
Revenue Passenger Kilometres(m)	1,176	1,105	6.4%	5,121	4,981	4.5%
Available Seat Kilometres (m)	1,418	1,317	7.6%	6,331	6,077	5.9%
Passenger Load Factor (%)	83.0%	83.9%	(0.9 pts)	80.9%	82.0%	(1.1 pts)
<b>Domestic</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	797	734	8.6%	3,361	3,193	7.0%
Revenue Passenger Kilometres(m)	399	360	10.8%	1,696	1,583	8.9%
Available Seat Kilometres (m)	499	464	7.4%	2,152	2,026	7.9%
Passenger Load Factor (%)	80.1%	77.7%	2.4 pts	78.8%	78.1%	0.7 pts
<b>Tasman / Pacific</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	282	276	2.1%	1,232	1,244	0.6%
Revenue Passenger Kilometres(m)	777	744	4.4%	3,425	3,399	2.4%
Available Seat Kilometres (m)	919	853	7.7%	4,179	4,051	4.8%
Passenger Load Factor (%)	84.6%	87.3%	(2.7 pts)	82.0%	83.9%	(1.9 pts)
<b>Long Haul Total</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	147	135	9.2%	666	621	9.0%
Revenue Passenger Kilometres(m)	1,438	1,296	11.0%	6,517	6,005	10.3%
Available Seat Kilometres (m)	1,750	1,552	12.8%	7,702	6,994	11.9%
Passenger Load Factor (%)	82.2%	83.5%	(1.3 pts)	84.6%	85.8%	(1.2 pts)
<b>Asia / Japan / Singapore</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	60	59	2.5%	266	257	5.2%
Revenue Passenger Kilometres(m)	539	527	2.4%	2,374	2,300	4.9%
Available Seat Kilometres (m)	667	615	8.5%	2,879	2,693	8.6%
Passenger Load Factor (%)	80.9%	85.7%	(4.8 pts)	82.5%	85.4%	(2.9 pts)
<b>Americas / UK</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% * +</b>
Passengers carried (000)	87	76	14.3%	400	364	11.7%
Revenue Passenger Kilometres(m)	899	769	16.9%	4,143	3,705	13.6%
Available Seat Kilometres (m)	1,083	937	15.6%	4,823	4,302	13.9%
Passenger Load Factor (%)	83.0%	82.1%	0.9 pts	85.9%	86.1%	(0.2 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.