

# Media Release

Media release  
22 February 2018

## **Air New Zealand reports \$323m interim result, on track for second highest profit in company history**

Air New Zealand today announced earnings before taxation for the first six months of the 2018 financial year of \$323 million, compared to \$349 million in the prior period. Net profit after taxation was \$232 million.

The result was driven by operating revenue growth of 5.6 percent, with robust demand across all markets and particularly strong growth in the short-haul network. Passenger revenue reached an all-time record for an interim result, at \$2.3 billion. The airline's continued focus on sustainable cost initiatives also contributed to the interim performance, as efficiencies offset the impact of inflation on unit costs, excluding fuel. Cash flow from operations grew \$103 million or 27 percent to \$479 million, driven by growth in cash operating earnings and a strong working capital cash flow as the business grows.

Chairman Tony Carter says shareholders can be very pleased with the high quality financial performance demonstrating the airline's resilience despite an 18 percent increase in fuel price.

"This high quality interim performance was driven by robust passenger demand and revenue growth, reflecting the airline's strong position in New Zealand and throughout our Pacific Rim network."

The Board has declared a fully imputed interim dividend of 11.0 cents per share, an increase of 10 percent from the prior period and the highest ordinary interim dividend in the airline's history.

"Based on the strength of the result, and the airline's financial position, future capital commitments and positive trading environment, the Board felt it appropriate to raise the level of the interim dividend," says Mr Carter. The interim dividend will be paid on 16 March 2018 to investors on record as of the close of business on 9 March 2018.

Chief Executive Officer Christopher Luxon says 2018 is shaping up to be another exciting year of growth for Air New Zealand.

"We are thrilled with the performance of our network in the period. The domestic market continues to show strength driven by the New Zealand economy as well as inbound tourism, and we will be increasing capacity approximately six percent across our regional and jet services to support that demand over the second half of the financial year. The Trans-Tasman and Pacific Island routes have also responded strongly to additional wide-body services and targeted capacity increases. Finally, our alliance partnerships continue to drive value across our international long-haul network, and have been a key factor in our ability to effectively compete against much larger airlines."

The airline also announced today the launch of a new direct service to Taipei, beginning in November 2018. Taipei will become the airline's seventh destination in Asia, and is another strong addition to Air New Zealand's focused strategy of connecting the Pacific Rim to New

Zealand. Taipei is an economic centre with renowned attractions, cuisine and shopping, and the airline is excited to offer New Zealanders the opportunity to explore this new destination. Mr Luxon also acknowledges and thanks the airline's staff for their dedication and professionalism while dealing with recent operational disruptions.

"We have had some unprecedented weather events, along with the fuel pipeline disruption and the unscheduled engine maintenance on some of the Boeing 787-9 aircraft. All of these disruptions are outside of our control, but our people have been remarkable, with a clear focus on doing the best for our customers, and that is what really sets us apart and drives such strong loyalty for our airline."

## **Outlook**

Commenting on the outlook Chairman Tony Carter says, "Looking to the remainder of the year, we are optimistic about the overall market dynamics. Based upon the current market conditions and despite the increased price of jet fuel, the Company is still expecting 2018 earnings before taxation to exceed the prior year."

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## Interim highlights

- Earnings before taxation of **\$323 million**
- Net profit after taxation of **\$232 million**
- Operating revenue of **\$2.7 billion**
- Record passenger revenue of **\$2.3 billion**
- **8.5 million passengers** carried during the period
- Capacity increased **3.4%**
- Operating cash flow of **\$479 million**
- Board approves fully imputed interim dividend of **11.0 cents per share**, a 10% increase on the prior period and the highest ordinary interim dividend in the airline's history
- Announces new direct international service to Taipei
- Reaffirms full year guidance based upon current market conditions and despite the increased price of jet fuel, with the Company still expecting 2018 earnings before taxation to exceed the prior year

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**Ends**

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