



Contents

18 September 2018

- August 2018 traffic highlights
- Operating statistics table
- Recent market announcements and media releases

August 2018 highlights

Group traffic summary	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *+
Passengers carried (000)	1,293	1,228	5.3%	2,712	2,631	4.9%
Revenue Passenger Kilometres(m)	2,829	2,660	6.4%	6,012	5,731	6.8%
Available Seat Kilometres (m)	3,414	3,317	2.9%	7,224	7,029	4.6%
Passenger Load Factor (%)	82.9%	80.2%	2.7 pts	83.2%	81.5%	1.7 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	2.3%	1.1%
Short Haul	0.2%	(0.3%)
Long Haul	3.5%	1.5%

* % 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 2018 (29 days) compared with July 2017 (30 days).

¹ Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.

Monthly *investor update*



Operating statistics table

Group	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	1,293	1,228	5.3%	2,712	2,631	4.9%
Revenue Passenger Kilometres(m)	2,829	2,660	6.4%	6,012	5,731	6.8%
Available Seat Kilometres (m)	3,414	3,317	2.9%	7,224	7,029	4.6%
Passenger Load Factor (%)	82.9%	80.2%	2.7 pts	83.2%	81.5%	1.7 pts
Short Haul Total	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	1,136	1,078	5.4%	2,384	2,314	4.8%
Revenue Passenger Kilometres(m)	1,300	1,191	9.1%	2,787	2,620	8.3%
Available Seat Kilometres (m)	1,594	1,484	7.5%	3,434	3,245	7.7%
Passenger Load Factor (%)	81.5%	80.3%	1.2 pts	81.2%	80.8%	0.4 pts
Domestic	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	830	796	4.3%	1,722	1,688	3.8%
Revenue Passenger Kilometres(m)	426	405	5.2%	887	864	4.5%
Available Seat Kilometres (m)	530	519	2.2%	1,099	1,080	3.6%
Passenger Load Factor (%)	80.4%	78.1%	2.3 pts	80.7%	80.0%	0.7 pts
Tasman / Pacific	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	306	282	8.5%	661	626	7.6%
Revenue Passenger Kilometres(m)	873	786	11.1%	1,900	1,756	10.1%
Available Seat Kilometres (m)	1,064	965	10.3%	2,335	2,165	9.8%
Passenger Load Factor (%)	82.1%	81.5%	0.6 pts	81.4%	81.2%	0.2 pts
Long Haul Total	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	157	150	4.3%	329	317	5.4%
Revenue Passenger Kilometres(m)	1,529	1,469	4.1%	3,225	3,111	5.5%
Available Seat Kilometres (m)	1,819	1,833	(0.8%)	3,790	3,784	1.9%
Passenger Load Factor (%)	84.1%	80.1%	4.0 pts	85.1%	82.2%	2.9 pts
Asia / Japan / Singapore	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	65	61	6.1%	130	127	4.4%
Revenue Passenger Kilometres(m)	576	544	6.0%	1,160	1,132	4.3%
Available Seat Kilometres (m)	710	711	(0.2%)	1,414	1,439	(0.0%)
Passenger Load Factor (%)	81.1%	76.4%	4.7 pts	82.0%	78.6%	3.4 pts
Americas / UK	AUGUST			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *+
Passengers carried (000)	92	89	3.0%	199	190	6.1%
Revenue Passenger Kilometres(m)	953	925	3.1%	2,065	1,979	6.2%
Available Seat Kilometres (m)	1,109	1,122	(1.1%)	2,376	2,345	3.1%
Passenger Load Factor (%)	86.0%	82.5%	3.5 pts	86.9%	84.4%	2.5 pts

+ 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 2018 (29 days) compared with July 2017 (30 days).

* % 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.



Market announcements

(during the period 21 August to 17 September 2018)

Chief Digital Officer Avi Golan to Return to the United States

17 September 2018

Air New Zealand's Chief Digital Officer Avi Golan is leaving the airline and will return to the United States at the end of October to be closer to family.

Chief Executive Officer Christopher Luxon, in commenting on Mr Golan's three years at the airline said "Avi will leave a significant legacy when he heads back to the United States. He has implemented a Digital strategy that is the envy of many airlines globally and most New Zealand companies. Avi has been a fierce advocate for the role Digital can play in ensuring that Air New Zealand can compete and innovate within the broader travel sector. His team has delivered numerous wins that have enhanced the customer experience, delivered incremental revenue, strengthened operational performance and made our systems more secure from cyber threats."

Air New Zealand is conducting a global search to identify a new Chief Digital Officer.

Air New Zealand advises AUD FX rate for 2018 Final Dividend

13 September 2018

Air New Zealand advised that the foreign exchange rate used for the payment of the final ordinary dividend on 19 September 2018 to Australian investors in AUD has been set at 0.9172 (1 NZD is equivalent to 0.9172 AUD).

Air NZ 2018 Notice of Annual Meeting and Voting Form

31 August 2018

Air New Zealand has provided a copy of its Notice of Annual Shareholders' Meeting 2018 which will be held at The Piano, 156 Armagh Street, Christchurch, New Zealand on Wednesday 26 September 2018 commencing at 2.00pm (NZST).

The attached Notice of Meeting and Voting Form have been mailed to shareholders. An electronic copy of these documents has also been made available on the company's website at:

<https://www.airnewzealand.co.nz/annual-meeting>

Access [Air New Zealand 2018 Notice of Meeting](#)

Access [Air New Zealand 2018 Voting Form](#)

Air New Zealand Announces 2018 Annual Results

23 August 2018

Second highest profit in Air New Zealand's history enables reinvestment in customer experience and staff bonuses

Air New Zealand announced earnings before taxation for the 2018 financial year of \$540 million, an increase from the prior year result of \$527 million, representing the second highest profit in the airline's history. Net profit after taxation grew 2.1 percent to \$390 million.

Monthly *investor update*



Shareholders of Air New Zealand will receive a final dividend of 11.0 cents per share, taking the total ordinary declared dividend for the year to 22.0 cents per share, an increase of 4.8 percent from the prior year. The dividend will be paid on 19 September, to shareholders on record as at 7 September.

Chairman Tony Carter praised the strength of the result, which demonstrates the airline's resiliency.

In recognition of the robustness of the 2018 result, the Board has awarded staff bonuses of up to \$1,800 to be paid next week to approximately 8,500 Air New Zealanders who do not have other incentive programmes as part of their employment agreement.

Mr Luxon acknowledged the impact of external disruptions on the airline's operational performance and thanked both customers and staff for their loyalty and support.

To deliver greater schedule reliability for customers going forward, Air New Zealand will be leasing three widebody aircraft, two Boeing 777-200s and one Boeing 777-300, as well as making adjustments to its schedule as the airline continues to work through the maintenance requirements associated with the global Rolls-Royce Trent 1000 engine issues.

2019 promises to be an exciting year for the airline and its customers, as Air New Zealand will offer more cheap fares than ever over the next year as domestic jet capacity grows by three to five percent and regional turboprop capacity grows by five to seven percent.

This year will also see the launch of new direct services to Chicago and Taipei commencing in November, new services to Brisbane from both Wellington and Queenstown beginning in December, as well as a new third daily service added to the Auckland-Singapore route in partnership with Singapore Airlines.

The airline is expecting to receive delivery of 10 Airbus A320/321 NEO aircraft, which will provide continued growth and cost benefits to the Tasman and Pacific Islands network. Air New Zealand will be the first airline to fly the Airbus NEO in Australasia. Two Boeing 787-9 aircraft with increased premium cabin space and next generation Rolls-Royce TEN engines will also join the fleet.

Anticipating continued future domestic network growth, Air New Zealand has announced capital expenditure for seven Airbus A321 NEO aircraft, with phased delivery expected from 2020 to 2024. The additional aircraft will be deployed on high demand routes to support further domestic growth. Equipped with new generation engines and approximately 25 percent more seats, the A321 NEOs are expected to deliver fuel savings and efficiencies of up to 15 percent compared to the airline's existing A320 domestic aircraft, helping to reduce carbon emissions.

Air New Zealand's Pacific Rim growth strategy has allowed for consistently profitable network expansion over the past five years, with 17 million passengers a year travelling on the airline compared with 13 million back in 2013. The airline is focusing on continued investment in regional lounges, customer contact centres and inflight products and services to enhance the customer experience.

Outlook

Based upon current market conditions and assuming an average jet fuel price of US\$85 per barrel, 2019 underlying earnings before taxation is expected to be in the range of \$425 million to \$525 million.

This excludes an estimated \$30 million to \$40 million impact from schedule changes prompted by the global Rolls-Royce engine issues.

Financial Highlights

- Record operating revenue of \$5.5 billion, up 7.4%
- Earnings before taxation of \$540 million, up 2.5%
- Net profit after taxation of \$390 million, up 2.1%
- Operating cash flow of \$1 billion, up 14%



- Fully imputed final dividend of 11.0 cents per share, bringing the 2018 full year fully imputed ordinary dividends to 22.0 cents per share, an increase of 4.8% from the prior year

Media releases

(during the period 21 August to 17 September 2018)

Air New Zealand Auckland Regional Lounge to triple in capacity

13 September 2018

Air New Zealand will begin construction in October on a new, much larger regional lounge at Auckland Airport, as part of a \$60 million investment in lounges throughout New Zealand over the next two years.

The lounge will cater for up to 265 customers, offering more than three times the seating of the current regional lounge. It is scheduled to open mid next year, upstairs on Level 1 of the Auckland Airport domestic terminal, where it will offer expansive views of the runway. The current lounge and valet service will continue to be available throughout the development.

There are also plans for the airline's Wellington Airport Domestic Lounge to undergo a refurbishment in the coming months with seating numbers to increase by 10 percent to 374. There will be six different zones in the new lounge to meet the needs of customers - including a café and bar, barista station, business, lounge and quiet areas as well as a self-service food and drinks station.

A new regional lounge is currently under construction at Tauranga Airport and will offer three times more seating than the current lounge. It is expected to open later this year. Plans are also underway for brand new regional lounges in Christchurch and Nelson.

Air New Zealand General Manager Customer Experience Anita Hawthorne says the airline is focused on continued investment in its network of lounges to enhance the customer experience.

"We know there is huge demand for Air New Zealand's network of lounges, so we're delighted to be able to go through the process of redeveloping our regional lounges in Auckland, Christchurch, Nelson and Tauranga along with our domestic lounge in Wellington to enhance the experience our customers have on the ground before they fly."

"Air New Zealand's customers are at the core of our business and we expect to see annual passenger numbers grow from 17 million to 19 million over the next two years, so it's important to invest in our lounges in order to meet this growth."

Kia Ora magazine wins Best Owned Media award

12 September 2018

Air New Zealand's inflight magazine Kia Ora has taken out the trophy for Best Owned Media at the 2018 Webstar Magazine Media Awards, for a second consecutive year.

Kia Ora, which underwent a significant refresh last year continues to grow in popularity, with record monthly readership numbers of 388,000 – up more than eight percent on last year.

Air New Zealand General Manager Global Brand and Content Marketing Jodi Williams says Kia Ora brings together the very best of New Zealand – making it an inspirational and aspirational read for Kiwis and visitors alike.

Monthly **investor update**



“In working with Bauer Media to reshape Kia Ora we wanted to continue to showcase stunning travel destinations while also really highlighting the many great things our country has to offer – people, places, food and drinks, innovation, design and the arts. It’s fantastic to see this is resonating so well with our readers.”

Brendon Hill, Managing Director of Bauer Media, which publishes Kia Ora on behalf of Air New Zealand says the magazine is a fantastic example of effective content marketing that meets both Air New Zealand’s objectives and the reader’s desire for information and inspiration.

“Kia Ora is a premium publication that knows what its audience wants and these latest readership numbers are testament to that and the hard work the team put into crafting a great magazine. Kia Ora is proof that people will always engage with quality content.”

Bauer Media has published Kia Ora for the past 14 years

[Air New Zealand celebrates a decade as Australasia’s #1 airline](#)

4 September 2018

Air New Zealand has been named Australasia’s Leading Airline for the 10th consecutive year at the World Travel Awards.

The airline has also been named Australasia’s Leading Airline Brand for the second year in a row, an award that was first introduced last year. The awards are voted for by travel and tourism professionals, as well as business and leisure travellers worldwide.

Air New Zealand Chief Marketing and Customer Officer Mike Tod says it’s fantastic to have been recognised as Australasia’s top airline by both consumers and the travel industry for the past decade.

“This is a huge achievement and I’d like to thank all of our customers as well as those in the industry who voted for Air New Zealand. This award is a reflection of the commitment our 12,000 staff around the world put into ensuring we deliver products and services that our nation can be proud of,” Mr Tod says.

[Air New Zealand partners with Chinese video platform iQIYI](#)

3 September 2018

Air New Zealand has partnered with one of China’s largest online video platforms iQIYI to provide Chinese language content for its global inflight entertainment system.

From September, the airline will launch iQIYI as a channel on its inflight entertainment system on all flights, providing an enhanced onboard experience for its Chinese-speaking customers.

Beijing-based iQIYI has more than 500 million monthly active users. Renowned for producing original content, the platform has continued to expand, including signing partnerships with Warner Brothers and Netflix. Launch content on Air New Zealand services will include episodes of the popular XFUN Foodie and Travel Club (including episodes shot in New Zealand), i Beauty which covers the latest fashion trends and episodes from this year’s top Chinese reality show Hot Blood Dance Crew.

Air New Zealand’s General Manager Customer Experience Anita Hawthorne says the addition of this new content targeted specifically at Chinese-speaking travellers is another example of the airline’s efforts to continue to enhance the travel experience for its customers.

“We continue to invest considerably in our customer experience programme, so it’s great to be able to offer this content alongside our broad range of movies and TV programmes. iQIYI is one of the big three media companies in China, so we’re thrilled to have them on board as a partner supplying exciting new content that’s sure to delight customers,” says Ms Hawthorne.