

Monthly *investor update*



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30 January 2019

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December 2018 highlights

Group traffic summary	December			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	1,768	1,691	4.5%	8,895	8,530	4.3%
Revenue Passenger Kilometres(m)	3,928	3,678	6.8%	19,244	18,274	5.3%
Available Seat Kilometres (m)	4,693	4,399	6.7%	23,084	22,138	4.3%
Passenger Load Factor (%)	83.7%	83.6%	0.1 pts	83.4%	82.5%	0.9 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)		% change in underlying RASK (excl. FX)	
	Group		2.1%	
Short Haul		0.6%		0.1%
Long Haul		3.1%		0.6%

* % change is based on numbers prior to rounding

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

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Operating statistics table

Group	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	1,768	1,691	4.5%	8,895	8,530	4.3%
Revenue Passenger Kilometres(m)	3,928	3,678	6.8%	19,244	18,274	5.3%
Available Seat Kilometres (m)	4,693	4,399	6.7%	23,084	22,138	4.3%
Passenger Load Factor (%)	83.7%	83.6%	0.1 pts	83.4%	82.5%	0.9 pts
Short Haul Total	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	1,542	1,480	4.1%	7,829	7,502	4.4%
Revenue Passenger Kilometres(m)	1,698	1,613	5.3%	8,802	8,236	6.9%
Available Seat Kilometres (m)	2,086	1,975	5.6%	10,663	10,044	6.2%
Passenger Load Factor (%)	81.4%	81.6%	(0.2 pts)	82.5%	82.0%	0.5 pts
Domestic	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	1,137	1,102	3.2%	5,755	5,564	3.4%
Revenue Passenger Kilometres(m)	602	579	4.1%	2,970	2,851	4.2%
Available Seat Kilometres (m)	727	692	5.0%	3,591	3,491	2.9%
Passenger Load Factor (%)	82.9%	83.6%	(0.7 pts)	82.7%	81.7%	1.0 pts
Tasman / Pacific	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	405	378	6.9%	2,074	1,938	7.0%
Revenue Passenger Kilometres(m)	1,095	1,034	5.9%	5,832	5,385	8.3%
Available Seat Kilometres (m)	1,359	1,283	5.9%	7,072	6,553	7.9%
Passenger Load Factor (%)	80.6%	80.6%	-	82.5%	82.2%	0.3 pts
Long Haul Total	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	226	211	7.0%	1,066	1,028	3.7%
Revenue Passenger Kilometres(m)	2,230	2,065	8.0%	10,442	10,038	4.0%
Available Seat Kilometres (m)	2,607	2,424	7.6%	12,421	12,094	2.7%
Passenger Load Factor (%)	85.5%	85.2%	0.3 pts	84.1%	83.0%	1.1 pts
Asia / Japan / Singapore	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	95	88	8.3%	436	421	3.5%
Revenue Passenger Kilometres(m)	851	784	8.5%	3,887	3,754	3.6%
Available Seat Kilometres (m)	953	911	4.6%	4,684	4,661	0.5%
Passenger Load Factor (%)	89.3%	86.0%	3.3 pts	83.0%	80.5%	2.5 pts
Americas / UK	DECEMBER			FINANCIAL YTD		
	2018	2017	% *	2019	2018	% *
Passengers carried (000)	130	123	6.1%	630	607	3.7%
Revenue Passenger Kilometres(m)	1,379	1,281	7.7%	6,555	6,284	4.3%
Available Seat Kilometres (m)	1,655	1,513	9.4%	7,737	7,433	4.1%
Passenger Load Factor (%)	83.3%	84.7%	(1.4 pts)	84.7%	84.5%	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.



Market announcements

(during the period 18 December 2018 to 30 January 2019)

Air New Zealand updates forward trading outlook

30 January 2019

Air New Zealand is today providing revised guidance to its earnings before taxation for the 2019 financial year.

The company now expects earnings before taxation of \$340 million to \$400 million for the year ended 30 June 2019. This includes the impact of the global Rolls-Royce engine issues.

The previously announced guidance was for underlying earnings before taxation of \$425 million to \$525 million, which excluded an estimated \$30 million to \$40 million impact of schedule changes prompted by the global Rolls-Royce engine issues.

The Rolls-Royce engine issues continue to be challenging for the business, both commercially and operationally, but are expected to improve as the year progresses.

The revised guidance reflects updated revenue forecasts based on recent forward booking trends. Revenue growth is forecast to remain positive, albeit at a slower rate than previously anticipated. Markets showing signs of slower growth include leisure travel within domestic New Zealand and softening inbound tourism traffic.

The company has made adjustments to its schedule which will reduce the rate of capacity growth to approximately 4% for the full year, at the low end of its original capacity guidance of 4% to 6%.

Partially offsetting the impact from slower revenue growth since the previous guidance is an assumed average jet fuel price for the remainder of the financial year of approximately US\$75/bbl. Based on that assumption, the average jet fuel price for the full year would be US\$81/bbl.

Chief Executive Officer Christopher Luxon stated “we are concerned with our latest outlook which reflects the softer revenue growth that we are seeing in the second half of the year. Therefore, we commenced a review of our network, fleet and cost base to ensure the business is on a strong footing going forward.”

The full year guidance will be discussed in more detail at the interim result announcement on 28 February 2019. However, Air New Zealand remains committed to its distribution policy that looks through short-term earnings volatility to provide a consistent and sustainable ordinary dividend. Accordingly, the Board anticipates declaring an interim dividend of 11 cents per share.



Guidance revision summary	
<p>Current guidance for 2019 financial year <i>(as disclosed on 30 January 2019)</i></p>	<p>Targeting earnings before taxation in the range of \$340 million to \$400 million*.</p> <p>* Assumes an average jet fuel price for the year of US\$81 per barrel.</p>
<p>Previous guidance for 2019 financial year <i>(as disclosed on 23 August 2018)</i></p>	<p>Targeting underlying earnings before taxation in the range of \$425 million to \$525 million, excluding the \$30 million to \$40 million adverse impact of schedule changes prompted by the global Rolls-Royce engine issues (equates to \$385 million to \$495 million for reported earnings before taxation) **.</p> <p>** Assumed an average jet fuel price for the year of US\$85 per barrel</p>

Media Releases

(during the period 18 December 2018 to 30 January 2019)

Air New Zealand extends summer of free Wi-Fi

22 January 2019

Air New Zealand's complimentary inflight Wi-Fi summer offer to customers has been such a hit the airline is extending it.

Wi-Fi is now available on 12 international aircraft, including six Boeing 777-200s and four Boeing 777-300s which predominantly fly the airline's trans-Tasman, US and London routes and two A321neo aircraft which operate Tasman and Pacific Island services.

Air New Zealand General Manager Customer Experience Anita Hawthorne says more than 80,000 people have connected to complimentary Wi-Fi on international flights since 1 December, which is the equivalent to the population of Palmerston North.

"We're so pleased with the uptake of our summer Wi-Fi offer and the feedback we've received from customers during this period that we've decided to extend it until the end of March."

Air New Zealand scores an unprecedented double at 'Oscars of the airline industry'

18 January 2019

Air New Zealand is the first airline in the world to scoop two awards at the Air Transport World Airline Industry Awards. The awards, which are considered the 'Oscars of the airline industry', will be presented in New York in March.

Air New Zealand has been crowned ATW Eco Airline of the Year and won the Passenger Experience Achievement award for recent upgrades to its Economy Skycouch seats.

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The Eco-Airline of the Year award recognises Air New Zealand's portfolio of sustainability work. This includes the airline's commitment to reducing waste through its Project Green initiative, engagement with and support for regional New Zealand communities and reducing carbon emissions both within the airline's own operations and encouraging travellers to do the same through its voluntary carbon offsetting programme, FlyNeutral.

The Passenger Experience Achievement award recognised the airline's innovative Economy Skycouch™, a row of Economy seats that can be turned into a couch after takeoff. Skycouch has always been popular with young families and recent enhancements make family travel even easier.

Air New Zealand Chief Executive Officer Christopher Luxon says it's fantastic the airline has been recognised for its sustainability efforts and for making it easier for families to travel with children.

"We're delighted to be recognised as a corporate leader in sustainability; it's great recognition of the efforts of our people at all levels of the organisation. We've made good progress, but we know we need to continue building on this momentum.

"To also be recognised for our innovation and excellence in improving the customer experience is a real honour," says Mr Luxon.

[Air New Zealand announces extra Japan flights for rugby fans](#)

18 December 2018

Air New Zealand is putting on 10 extra return services to Japan to meet demand from rugby fans heading there in 2019. The services will operate between Auckland and Narita International Airport, Tokyo from mid-September through to early November using the airline's Boeing 777 aircraft.

Air New Zealand currently operates a daily return service between Auckland and Narita, increasing to nine services a week from July 2019 and 10 services a week from December next year.

Air New Zealand Chief Revenue Officer Cam Wallace says the airline expects thousands of New Zealanders will be keen to combine some great international rugby action with the opportunity to explore all Japan has to offer as a tourist destination.

"We're already experiencing increased demand from Kiwi rugby fans wanting to get to Japan next year. These extra services represent more than 6,000 additional seats to Japan over a six-week period and are on sale now."