

Air New Zealand Limited
Fuel Hedge Position as at 18 May 2018

		Units	FY18 Q4 Apr-Jun	FY19 Q1 Jul-Sep	FY19 Q2 Oct-Dec	FY19 Q3 Jan-Mar	FY18H2 Jan - Jun 2018	FY19H1 Jul - Dec 2018	FY19H2 Jan - Jun 2019
Brent Collars	Volume	Barrels	1,157,500	1,797,500	1,707,500	572,500	2,517,500	3,505,000	585,000
	Ceiling Price	USD	54.09	66.10	70.25	72.50	53.61	68.12	72.56
	Floor Price	USD	44.59	51.34	54.82	57.06	44.62	53.03	57.08
Brent Call Spreads*	Volume	Barrels					75,000		
	Bought Call	USD					53.13		
	Sold Call	USD					58.00		
Brent Swaps	Volume	Barrels	375,000				637,500		
	Price	USD	49.48				49.34		
Bought Brent Puts**	Volume	Barrels					125,000		
	Strike Price	USD					40.00		
Total hedged volume		Barrels	1,532,500	1,797,500	1,707,500	572,500	3,155,000	3,505,000	585,000
Estimated fuel consumption		Barrels	2,145,321	2,366,411	2,341,221	2,465,787	4,460,051	4,707,632	4,731,735
Hedged volume as proportion of total			71%	76%	73%	23%	71%	74%	12%
Compensation from fuel hedges (1)		USD	31,821,716	22,785,797	15,661,372	4,221,206	54,922,345	38,447,169	4,287,210
Purchase cost of options		USD	(2,610,925)	(4,514,325)	(4,349,800)	(1,484,575)	(6,185,325)	(8,864,125)	(1,518,450)
Net compensation from hedges (2)		USD	29,210,791	18,271,472	11,311,572	2,736,631	48,737,020	29,583,044	2,768,760

Notes:

Brent spot was US\$79 and 12 month Brent was US\$74. As at 18 May 2018, Air New Zealand had no WTI or Singapore jet hedges.

Periods relate to the month of consumption. Air New Zealand does not use three way call structures or leveraged collar structures.

* Brent Call Spreads lower the ceiling price of existing collar structures.

** Bought Brent Puts allow Air New Zealand to benefit if oil prices fall under the strike price.

(1) Compensation from fuel hedges is the sum of the mark-to-market value of all fuel options and swaps as at 18 May 2018.

(2) Net compensation from fuel hedges represents the unrealised gains and losses on fuel hedges. These gains and losses will be accounted for in line with Air New Zealand Limited's fuel instrument accounting policy:

- The effective portion of changes in the intrinsic value and time value of fuel derivatives is recognised through Other Comprehensive Income; and
- Any accounting ineffectiveness is recognised through earnings.

Volume: Fuel volume is reported in barrels for passenger aircraft (42 US gallons in a barrel).

Price: Price is quoted in USD cost per barrel of Brent.

Fuel hedge position

(as at 18 May 2018)

