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August 2017 highlights

Group traffic summary	AUGUST			FINANCIAL YTD		
	2017	2016	%*	2018	2017	%*+
Passengers carried (000)	1,228	1,175	4.5%	2,631	2,532	5.7%
Revenue Passenger Kilometres(m)	2,660	2,589	2.7%	5,731	5,653	3.1%
Available Seat Kilometres (m)	3,317	3,162	5.0%	7,029	6,867	4.1%
Passenger Load Factor (%)	80.2%	81.9%	(1.7 pts)	81.5%	82.3%	(0.8 pts)

Year-to-date RASK ¹	% change in reported RA SK (incl. FX)	% change in underlying RA SK (excl. FX)
Group	0.9%	2.5%
Short Haul	4.3%	4.9%
Long Haul	(4.3%)	(1.4%)

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

+ 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 17 (30 days) compared with July 16 (31 days).

* % change is based on numbers prior to rounding.



Operating statistics table

Group	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	1,228	1,175	4.5%	2,631	2,532	5.7%
Revenue Passenger Kilometres(m)	2,660	2,589	2.7%	5,731	5,653	3.1%
Available Seat Kilometres (m)	3,317	3,162	5.0%	7,029	6,867	4.1%
Passenger Load Factor (%)	80.2%	81.9%	(1.7 pts)	81.5%	82.3%	(0.8 pts)
Short Haul Total	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	1,078	1,026	5.0%	2,314	2,209	6.6%
Revenue Passenger Kilometres(m)	1,191	1,134	5.1%	2,620	2,490	7.0%
Available Seat Kilometres (m)	1,484	1,422	4.4%	3,245	3,129	5.5%
Passenger Load Factor (%)	80.3%	79.8%	0.5 pts	80.8%	79.6%	1.2 pts
Domestic	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	796	755	5.4%	1,688	1,608	6.8%
Revenue Passenger Kilometres(m)	405	383	5.9%	864	817	7.6%
Available Seat Kilometres (m)	519	494	5.1%	1,080	1,038	5.8%
Passenger Load Factor (%)	78.1%	77.5%	0.6 pts	80.0%	78.8%	1.2 pts
Tasman / Pacific	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	282	271	4.0%	626	601	6.0%
Revenue Passenger Kilometres(m)	786	751	4.6%	1,756	1,673	6.8%
Available Seat Kilometres (m)	965	928	4.0%	2,165	2,091	5.3%
Passenger Load Factor (%)	81.5%	81.0%	0.5 pts	81.2%	80.0%	1.2 pts
Long Haul Total	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	150	149	1.0%	317	323	(0.2%)
Revenue Passenger Kilometres(m)	1,469	1,455	0.9%	3,111	3,163	0.1%
Available Seat Kilometres (m)	1,833	1,740	5.4%	3,784	3,738	3.0%
Passenger Load Factor (%)	80.1%	83.7%	(3.6 pts)	82.2%	84.6%	(2.4 pts)
Asia / Japan / Singapore	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	61	60	1.1%	127	128	0.9%
Revenue Passenger Kilometres(m)	544	538	1.0%	1,132	1,144	0.7%
Available Seat Kilometres (m)	711	659	8.0%	1,439	1,392	5.2%
Passenger Load Factor (%)	76.4%	81.7%	(5.3 pts)	78.6%	82.2%	(3.6 pts)
Americas / UK	AUGUST			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% **
Passengers carried (000)	89	89	0.9%	190	195	(0.9%)
Revenue Passenger Kilometres(m)	925	917	0.9%	1,979	2,019	(0.3%)
Available Seat Kilometres (m)	1,122	1,081	3.8%	2,345	2,346	1.7%
Passenger Load Factor (%)	82.5%	84.9%	(2.4 pts)	84.4%	86.1%	(1.7 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 2017 (30 days) compared with July 2016 (31 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 18 August to 20 September 2017)

Chief Strategy, Networks and Alliances Officer appointment

20 September 2017

Air New Zealand announces that Nick Judd will join the Executive as Chief Strategy, Networks and Alliances Officer on 2 October 2017.

Nick is currently Group General Manager Commercial and replaces Stephen Jones who had announced in August that he will join Wizz Air in Geneva.

Chief Executive Officer Christopher Luxon says “once again the Board and I are thrilled we have been able to promote a world-class internal candidate into this key Executive role after conducting an international search.

Nick is an outstanding leader who is well respected across our airline and by key aviation, travel, tourism and trade partners around the world. He brings to his Executive role a unique international perspective having worked for Air New Zealand in senior finance, loyalty and commercial positions at head office and in Australia before running Greater China and then the Americas regions.”

During his tenure in China Nick worked with stakeholders across the airline to guide the route to profitability and in North America led the development and implementation of our sales and market development strategies which underpin recent growth in the United States with United Airlines and additional capacity into Canada. His leadership has also been instrumental in contributing to the success of the two most recent additions to the international network - Buenos Aires and Houston.

Prior to his 14-year career with Air New Zealand, Nick spent three years working in the United Kingdom and Canada for Chase Manhattan Bank and News Limited in finance roles.

Air New Zealand announces CFO transition

18 September 2017

Air New Zealand Chief Financial Officer Rob McDonald will be leaving the company at the end of the year.

Jeff McDowall, who is currently Group General Manager Corporate Finance, will succeed Mr McDonald as at 1 January 2018.

Chief Executive Officer Christopher Luxon says Mr McDonald signalled his intention to take up non-Executive appointments from 2018 almost two years ago which allowed the airline to put in place a robust succession planning process.

“The Board and I are thrilled that we have been able to promote a world class internal candidate into the key Executive position of Chief Financial Officer after a process, which included a global search. Jeff has held a variety of senior finance and commercial roles with global exposure since joining Air New Zealand in 2000. Prior to his 17-year career with the airline he spent six years as a management consultant with PricewaterhouseCoopers in New Zealand, Singapore and the United States as well as three years with Mobil Oil in New Zealand and the United Kingdom,” Mr Luxon says.

“Jeff is incredibly well placed to build on the outstanding legacy that Rob, who is the longest serving member of my Executive team, will leave.”

Chairman Tony Carter paid tribute to Mr McDonald’s contribution to the airline’s success.



“Rob has been instrumental in helping shape Air New Zealand into the airline it is today. He is rightly regarded as one of the most astute Chief Financial Officers in aviation and our shareholders, customers and staff have benefited immensely from his experience and leadership skills,” Mr Carter says.

Mr Luxon noted that Mr McDonald has played an integral role in helping to expand Air New Zealand’s network and was one of the architects behind its successful fleet simplification strategy that has delivered an enhanced on-board experience, lower operating costs and a reduction in carbon emissions per passenger.

Mr McDonald says he is proud of Air New Zealand’s ability to nurture world class talent to lead the company into the future.

“Jeff is an outstanding and highly commercial leader who is well respected within the airline and by our partners and the investment community.”

Auckland fuel supply issue

18 September 2017

Air New Zealand is continuing to experience disruption to its operations following a temporary shut-down of Refining New Zealand’s pipeline into Auckland.

The shut-down is currently impacting all airlines operating into and out of Auckland Airport and limiting the volume of jet fuel able to be uplifted to 30% of normal usage. It’s estimated around 2,000 Air New Zealand customers will be affected by flight cancellations today as the airline works to consolidate passenger loads and minimise fuel usage.

In addition to the cancellations, some long-haul services to and from Asia and North America will undertake refueling stops at selected Pacific or Australian airports. To date, three North America services have refueled in Nadi, Fiji. Today flight NZ99 from Auckland to Narita, Tokyo will make a refueling stop in Brisbane, Australia.

The airline is also ensuring domestic jet services uplift maximum fuel limits when operating out of Wellington or Christchurch to limit refueling in Auckland.

Air New Zealand Chief Operations Integrity & Standards Officer Captain David Morgan says the refueling stops completed overnight went well and the practice will continue to alleviate pressure on fuel supplies in Auckland.

“Aviation is a critical transport industry and the lifeblood for tourism and we are naturally extremely disappointed with this infrastructure failure,” Captain Morgan says.

Based on information available at this stage, Air New Zealand believes the fuel supply issue is unlikely to have a material impact on the FY18 annual result.

Any necessary schedule changes are being communicated to affected customers directly. A full list of flight cancellations is available on the Air New Zealand Travel Alerts page and will be updated regularly.

The following flights have been cancelled for today, Monday 18 September:

- NZ722 – Melbourne to Auckland
- NZ543 – Auckland to Christchurch
- NZ550 – Christchurch to Auckland
- NZ413 – Auckland to Wellington
- NZ420 – Wellington to Auckland
- NZ437 – Auckland to Wellington
- NZ444 – Wellington to Auckland

Monthly **investor update**



Customers currently booked to travel into or out of Auckland over the coming week are advised to keep an eye on the Travel Alerts page of the Air New Zealand website for the latest information.

Air New Zealand 2017 Notice of Annual Meeting and Voting Form

30 August 2017

Air New Zealand has provided a copy of its Notice of Annual Shareholders' Meeting 2017 which will be held at the ASB Waterfront Theatre, 138 Halsey Street, Auckland, New Zealand on Thursday 28 September 2017 commencing at 2.00pm (NZST).

The attached Notice of Meeting and Voting Form are being mailed to shareholders today. An electronic copy of these documents will also be made available on the company's website at: <https://www.airnewzealand.co.nz/annual-meeting>

Access [Air New Zealand 2017 Notice of Meeting](#)

Access [Air New Zealand 2017 Voting Form](#)

Air New Zealand announces 2017 annual results

23 August 2017

Air New Zealand announces second highest profit in company history, increases dividend and awards staff bonus

Air New Zealand has today announced earnings before taxation for the 2017 financial year of \$527 million, compared to \$663 million in the prior year - the second highest result in the airline's history. Net profit after taxation was \$382 million.

Chairman Tony Carter praised the strong result, acknowledging the airline's staff for their continued focus on driving profitable network growth during a period of significant new competition.

A 2017 final fully imputed dividend of 11.0 cents per share has been declared, an increase of ten percent on the prior year, bringing the full year declared ordinary dividends to 21.0 cents per share.

"Based on the airline's strong financial position, future capital commitments and improving trading environment, the Board felt it appropriate to increase the dividend," says Mr Carter. The final dividend will be paid on 18 September 2017 to investors on record at the close of business on 8 September 2017.

In recognition of the result, the Board has awarded a Company Performance Bonus of up to \$1,700 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.

Chief Executive Officer Christopher Luxon says 2017 has been an exciting and productive year and credits the airline's staff for their outstanding contribution.

"This year Air New Zealand faced an unprecedented increase in the level of competition from some of the world's largest airlines and effectively rose to the challenge. The impressive way our team responded to the new competition while at the same time achieving commercial, customer and cultural excellence, helped to deliver our second highest profit ever," says Mr Luxon.

The airline's loyalty programme, Airpoints, continues to grow at an impressive rate, with more than 2.5 million members, up 16 percent on the prior year. Australia is the largest offshore market for Airpoints members, and has grown by more than 17 percent in the past 12 months.



In 2018, Air New Zealand will continue growing its comprehensive domestic network. The airline sees opportunity coming from inbound tourism as well as strong domestic tourism. Following the rollout of last year's Northland marketing campaign, A Summer of Safety, a key element of Air New Zealand's growth strategy will involve continued support to regional stakeholders in developing attractive tourism propositions.

Internationally, the airline's strategy to enter key markets with the help of revenue-sharing alliance partners and strong market development plans has helped drive successful expansion. In the coming year, Air New Zealand's offshore growth will focus on the Japan market with the addition of Haneda, as well as increasing services during peak season across routes in the Pacific Islands, North and South America.

Mr Luxon says that recent announcements regarding competitor capacity rationalisation support the airline's view of a stronger revenue environment in the coming year.

Outlook

Looking forward to the year ahead, the airline is optimistic about the overall market dynamics. Based upon current market conditions and assuming an average jet fuel price of US\$60 per barrel (which represents the average over the past two months), the airline is aiming to improve upon 2017 earnings.

Media releases

[Moana Reo Māori takes to the skies with Air New Zealand](#)

11 September 2017

The te reo Māori version of Academy Award® nominated Disney animated film Moana Reo Māori will be featured on Air New Zealand flights from November this year.

Air New Zealand has helped to support the execution of the film by flying Kiwi cast and crew up to Los Angeles to record the te reo Māori audio.

Air New Zealand's Cultural Development Manager Andrew Baker says Air New Zealand is proud to be supporting the project and excited to help bring the film to life and share it through various marketing channels

"We believe this is a great way to help normalise Māori language as we have the potential to reach millions through our various channels with Moana Reo Māori."

Air New Zealand will be exposing Moana Reo Māori through its social media channels, inflight magazine Kia Ora, and inflight entertainment. Air New Zealand will also have te reo speaking cabin crew and ground staff helping to host at the Auckland and Wellington red carpet premieres of Moana Reo Māori.

[Air New Zealand to operate more Dreamliners to Samoa](#)

25 August 2017

Air New Zealand is to further grow its operations to Samoa with a move to fly up to six Dreamliner services a week to Apia during the peak season.

The airline will operate between four and six weekly services using its Boeing 787-9 Dreamliner between April and October 2018. Between November 2017 and March 2018 Dreamliner aircraft will operate three services a week on Tuesday, Thursday and Saturday.

Other services will be operated by the airline's Airbus A320 aircraft.

Monthly **investor update**



Air New Zealand's Senior Manager Pacific Islands Brent Roxburgh says the move to operate more widebody services comes in response to growing customer demand for travel to and from Apia.

The move to more Dreamliner flights between Auckland and Samoa represents around 20 percent more seats into Samoa year-on-year.

LA launch for Air New Zealand's first ever global brand campaign

25 August 2017

Air New Zealand launched its first ever global brand campaign showing international travellers why the airline is A Better Way to Fly to New Zealand.

The campaign kicked off in the US and then will roll out progressively across the UK, Europe, Asia and South America in coming months.

It's set to feature New Zealand's own Sam Neill (Hunt for the Wilderpeople; Jurassic Park) as the voice of CGI character Pete, a kiwi who wants to see the world but is hampered by his inability to fly. Pete takes viewers along on his journey to show travellers the Air New Zealand inflight experience.

The campaign follows the success of a similar marketing approach launched in Australia last year featuring a CGI goose named Dave who has been convincing Australians that Air New Zealand offers a better way to fly long haul to North and South America.

Campaign hashtag: #BetterWayToFly

Air New Zealand scoops Empowerment Award

25 August 2017

Air New Zealand has been recognised for its efforts in empowering women in its workplace by Diversity Works New Zealand.

The airline took out the Empowerment Award at the 20th annual Diversity Awards New Zealand.

Air New Zealand Chief People Officer Jodie King says the airline has invested heavily in fostering a strong internal culture that champions and celebrates diversity and inclusion.

"Having a workplace where all of our employees feel valued and empowered to do their jobs is fundamental to our success and we have a strong diversity and inclusion strategy in place to ensure this.

"One of the employee groups we've focused on in particular is women, introducing a number of initiatives to support and advance our female employees who make up around 40 percent of our population. Importantly, our Chief Executive Officer, Executive and Board have strongly supported and helped to drive these investments," says Ms King.

One area where the airline has seen real change is in its Senior Leadership Team. Four years ago only 16 percent of this group of senior leaders were women. Today this figure has almost tripled with the airline hitting the 40 percent target it set itself to achieve by 2020.

Other initiatives include ongoing coaching, mentoring and leadership programmes to prepare women for senior leadership roles and address barriers that can prevent women attaining senior positions, a Women's Network that develops and inspires women through various events and educational opportunities, and taking on three young female interns through the Global Women TupuToa internship programme for Māori and Pasifika students.