



25 January 2017

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December market conditions

Air New Zealand carried 1,595,000 passengers during the month of December, an increase of 5.4% compared to the same period last year. Revenue passenger kilometres (RPKs) were 2.4% higher on a capacity (ASKs) increase of 4.2%. Group load factors were down 1.5 percentage points overall to 83.5%.

Short Haul passenger numbers increased 6.1%. In the Domestic market demand (RPKs) increased by 9.9%, with capacity (ASKs) increasing by 9.7%, due to increased services on Auckland – Queenstown and the main trunk routes, as well as growth on the regional routes resulting from up-gauging to larger aircraft. Domestic load factor increased 0.1 percentage point to 82.6%.

Tasman/Pacific demand (RPKs) increased 1.1% while capacity (ASKs) increased by 4.6%, reflecting growth on several Pacific Island routes, Perth and up-gauging to larger aircraft. Load factor on Tasman/Pacific decreased 2.7 percentage points to 78.4%.

Long Haul passenger numbers increased 1.0% when compared to December last year, with demand (RPKs) up 1.3% and capacity (ASKs) up 2.7%. Load factor on Long Haul routes was 86.4%, down 1.2 percentage points.

On Americas/UK routes, demand (RPKs) decreased by 0.4%, with capacity (ASKs) decreasing 1.9% due to reduced frequency on the Auckland-Los Angeles and Auckland-San Francisco routes, partially offset by increased services to Houston and Buenos Aires. Load factor increased 1.2 percentage points to 86.4%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 4.1%, with capacity (ASKs) increasing by 10.8%, reflecting the new seasonal service between Auckland and Osaka. Load factor, although still strong at 86.3%, decreased 5.6 percentage points.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)* decreased 6.3% while Long Haul RASK* decreased 14.3%. Removing the impact of foreign exchange, Group-wide RASK* decreased 9.3%, and Group-wide yields for the financial year to date decreased 7.9% on the same period last year.

* Air New Zealand's operating statistics will provide Passenger revenue per ASK, or RASK, going forward as a key metric of revenue performance. RASK is defined as passenger revenue for the period divided by the total ASKs for the period; compared to yield which represents the passenger revenue per passenger kilometre flown.



Company news

[Air New Zealand to begin operating to Haneda Airport in Tokyo](#)

Air New Zealand will split its Tokyo services between Haneda and Narita Airports from July 2017, offering customers two points of entry into Japan's capital city.

Air New Zealand currently operates daily flights to Narita International Airport increasing to 10 times a week over the peak months. From July 2017 the three additional peak services will operate to Haneda Airport, with daily services continuing to Narita.

Air New Zealand Chief Revenue Officer Cam Wallace says the direct Auckland-Haneda Tokyo route will offer more choice for customers travelling to and from Japan.

"The new service will be convenient for Kiwis wanting to get to downtown Tokyo and for Japanese tourists looking to visit New Zealand. The mid-afternoon departure from Auckland will enable good connections from regional New Zealand and a similar mid-afternoon arrival time for the inbound flight means tourists will be able to make seamless domestic connections to the rest of New Zealand."

[Air New Zealand announces date of 2017 Interim Results](#)

Air New Zealand advises that it will release its 2017 half year financial results for the six months ended 31 December 2016 on Thursday, 23 February 2017.

An analyst call and webcast will be held with management at 11:00am NZDT to discuss the result. Details regarding the webcast and call information will be provided in mid-February.

Monthly *investor update*



+ To reflect underlying operating performance, the financial year to date percentage movements shown in the table below have been adjusted for the difference in days for the month of July 16 (31 days) compared with July 2015 (33 days).

| Group | DECEMBER | | | FINANCIAL YTD | | |
|---------------------------------|-----------------|-------------|------------|----------------------|-------------|--------------|
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 1,595 | 1,514 | 5.4% | 8,086 | 7,757 | 4.2% |
| Revenue Passenger Kilometres(m) | 3,583 | 3,497 | 2.4% | 17,790 | 16,864 | 5.5% |
| Available Seat Kilometres (m) | 4,289 | 4,115 | 4.2% | 21,409 | 19,985 | 7.1% |
| Passenger Load Factor (%) | 83.5% | 85.0% | (1.5 pts) | 83.1% | 84.4% | (1.3 pts) |
| Short Haul Total | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 1,383 | 1,304 | 6.1% | 7,060 | 6,791 | 4.0% |
| Revenue Passenger Kilometres(m) | 1,503 | 1,444 | 4.1% | 7,753 | 7,511 | 3.2% |
| Available Seat Kilometres (m) | 1,883 | 1,771 | 6.3% | 9,584 | 9,117 | 5.1% |
| Passenger Load Factor (%) | 79.8% | 81.5% | (1.7 pts) | 80.9% | 82.4% | (1.5 pts) |
| Domestic | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 1,025 | 947 | 8.3% | 5,207 | 4,931 | 5.6% |
| Revenue Passenger Kilometres(m) | 535 | 487 | 9.9% | 2,649 | 2,464 | 7.5% |
| Available Seat Kilometres (m) | 647 | 590 | 9.7% | 3,319 | 3,093 | 7.3% |
| Passenger Load Factor (%) | 82.6% | 82.5% | 0.1 pts | 79.8% | 79.7% | 0.1 pts |
| Tasman / Pacific | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 358 | 357 | 0.3% | 1,853 | 1,859 | (0.3%) |
| Revenue Passenger Kilometres(m) | 968 | 958 | 1.1% | 5,104 | 5,046 | 1.1% |
| Available Seat Kilometres (m) | 1,236 | 1,181 | 4.6% | 6,265 | 6,025 | 4.0% |
| Passenger Load Factor (%) | 78.4% | 81.1% | (2.7 pts) | 81.5% | 83.8% | (2.3 pts) |
| Long Haul Total | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 212 | 210 | 1.0% | 1,026 | 966 | 6.2% |
| Revenue Passenger Kilometres(m) | 2,080 | 2,053 | 1.3% | 10,037 | 9,353 | 7.3% |
| Available Seat Kilometres (m) | 2,406 | 2,344 | 2.7% | 11,825 | 10,868 | 8.8% |
| Passenger Load Factor (%) | 86.4% | 87.6% | (1.2 pts) | 84.9% | 86.1% | (1.2 pts) |
| Asia / Japan / Singapore | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 90 | 86 | 4.2% | 418 | 404 | 3.5% |
| Revenue Passenger Kilometres(m) | 801 | 769 | 4.1% | 3,723 | 3,609 | 3.2% |
| Available Seat Kilometres (m) | 927 | 837 | 10.8% | 4,482 | 4,142 | 8.2% |
| Passenger Load Factor (%) | 86.3% | 91.9% | (5.6 pts) | 83.1% | 87.1% | (4.0 pts) |
| Americas / UK | DECEMBER | | | FINANCIAL YTD | | |
| | 2016 | 2015 | % * | 2017 | 2016 | % * + |
| Passengers carried (000) | 122 | 124 | (1.2%) | 608 | 562 | 8.2% |
| Revenue Passenger Kilometres(m) | 1,279 | 1,284 | (0.4%) | 6,314 | 5,744 | 9.9% |
| Available Seat Kilometres (m) | 1,479 | 1,507 | (1.9%) | 7,343 | 6,726 | 9.2% |
| Passenger Load Factor (%) | 86.4% | 85.2% | 1.2 pts | 86.0% | 85.4% | 0.6 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.