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27 March 2018

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February 2018 highlights

Group traffic summary	FEBRUARY			FINANCIAL YTD		
	2018	2017	%*	2018	2017	%*
Passengers carried (000)	1,335	1,268	5.3%	11,118	10,536	5.5%
Revenue Passenger Kilometres(m)	2,923	2,749	6.3%	24,220	23,494	3.1%
Available Seat Kilometres (m)	3,516	3,369	4.4%	29,315	28,353	3.4%
Passenger Load Factor (%)	83.1%	81.6%	1.5 pts	82.6%	82.9%	(0.3 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	2.0%	2.0%
Short Haul	4.9%	4.6%
Long Haul	(2.6%)	(2.1%)

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

* % change is based on numbers prior to rounding.



Operating statistics table

Group	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	1,335	1,268	5.3%	11,118	10,536	5.5%
Revenue Passenger Kilometres(m)	2,923	2,749	6.3%	24,220	23,494	3.1%
Available Seat Kilometres (m)	3,516	3,369	4.4%	29,315	28,353	3.4%
Passenger Load Factor (%)	83.1%	81.6%	1.5 pts	82.6%	82.9%	(0.3 pts)
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	1,161	1,103	5.3%	9,738	9,166	6.2%
Revenue Passenger Kilometres(m)	1,219	1,131	7.8%	10,729	10,070	6.5%
Available Seat Kilometres (m)	1,477	1,414	4.5%	13,103	12,501	4.8%
Passenger Load Factor (%)	82.5%	80.0%	2.5 pts	81.9%	80.6%	1.3 pts
Domestic	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	886	849	4.4%	7,213	6,764	6.6%
Revenue Passenger Kilometres(m)	470	442	6.5%	3,733	3,470	7.6%
Available Seat Kilometres (m)	548	531	3.4%	4,537	4,328	4.8%
Passenger Load Factor (%)	85.8%	83.2%	2.6 pts	82.3%	80.2%	2.1 pts
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	275	254	8.3%	2,525	2,402	5.1%
Revenue Passenger Kilometres(m)	749	689	8.6%	6,996	6,600	6.0%
Available Seat Kilometres (m)	929	883	5.2%	8,566	8,173	4.8%
Passenger Load Factor (%)	80.6%	78.1%	2.5 pts	81.7%	80.8%	0.9 pts
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	174	165	5.4%	1,380	1,370	0.7%
Revenue Passenger Kilometres(m)	1,704	1,618	5.3%	13,491	13,424	0.5%
Available Seat Kilometres (m)	2,039	1,955	4.3%	16,212	15,852	2.3%
Passenger Load Factor (%)	83.6%	82.8%	0.8 pts	83.2%	84.7%	(1.5 pts)
Asia / Japan / Singapore	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	74	72	2.1%	567	564	0.5%
Revenue Passenger Kilometres(m)	661	648	2.0%	5,053	5,035	0.4%
Available Seat Kilometres (m)	808	790	2.3%	6,244	6,071	2.8%
Passenger Load Factor (%)	81.8%	82.0%	(0.2 pts)	80.9%	82.9%	(2.0 pts)
Americas / UK	FEBRUARY			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	100	93	8.0%	813	806	0.9%
Revenue Passenger Kilometres(m)	1,043	970	7.5%	8,438	8,389	0.6%
Available Seat Kilometres (m)	1,231	1,165	5.6%	9,968	9,781	1.9%
Passenger Load Factor (%)	84.8%	83.3%	1.5 pts	84.6%	85.8%	(1.2 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 17 February 2018 to 26 March 2018)

[Air New Zealand Participates in Deutsche Bank Virtual ADR Conference](#)

21 March 2018

Air New Zealand participated in Deutsche Bank's American Depositary Receipt (ADR) Virtual Investor Conference on 21 March. A link to the investor presentation can be accessed [here](#).

[Air New Zealand Announces 2018 Interim Result](#)

22 February 2018

Air New Zealand reports \$323m interim result, on track for second highest profit in company history

Interim highlights

- Earnings before taxation of \$323 million
- Net profit after taxation of \$232 million
- Operating revenue of \$2.7 billion
- Record passenger revenue of \$2.3 billion
- 8.5 million passengers carried during the period
- Capacity increased 3.4%
- Operating cash flow of \$479 million
- Board approves fully imputed interim dividend of 11.0 cents per share, a 10% increase on the prior period and the highest ordinary interim dividend in the airline's history
- Announces new direct international service to Taipei
- Reaffirms full year guidance based upon current market conditions and despite the increased price of jet fuel, with the Company still expecting 2018 earnings before taxation to exceed the prior year

Air New Zealand today announced earnings before taxation for the first six months of the 2018 financial year of \$323 million, compared to \$349 million in the prior period. Net profit after taxation was \$232 million.

The result was driven by operating revenue growth of 5.6 percent, with robust demand across all markets and particularly strong growth in the short-haul network. Passenger revenue reached an all-time record for an interim result, at \$2.3 billion. The airline's continued focus on sustainable cost initiatives also contributed to the interim performance, as efficiencies offset the impact of inflation on unit costs, excluding fuel. Cash flow from operations grew \$103 million or 27 percent to \$479 million, driven by growth in cash operating earnings and a strong working capital cash flow as the business grows.

Chairman Tony Carter says shareholders can be very pleased with the high quality financial performance demonstrating the airline's resilience despite an 18 percent increase in fuel price.

"This high quality interim performance was driven by robust passenger demand and revenue growth, reflecting the airline's strong position in New Zealand and throughout our Pacific Rim network."

The Board has declared a fully imputed interim dividend of 11.0 cents per share, an increase of 10 percent from the prior period and the highest ordinary interim dividend in the airline's history.

"Based on the strength of the result, and the airline's financial position, future capital commitments and positive trading environment, the Board felt it appropriate to raise the level of the interim dividend," says Mr Carter. The interim dividend will be paid on 16 March 2018 to investors on record as of the close of business on 9 March 2018.

Chief Executive Officer Christopher Luxon says 2018 is shaping up to be another exciting year of growth for Air New Zealand.



“We are thrilled with the performance of our network in the period. The domestic market continues to show strength driven by the New Zealand economy as well as inbound tourism, and we will be increasing capacity approximately six percent across our regional and jet services to support that demand over the second half of the financial year. The Trans-Tasman and Pacific Island routes have also responded strongly to additional wide-body services and targeted capacity increases. Finally, our alliance partnerships continue to drive value across our international long-haul network, and have been a key factor in our ability to effectively compete against much larger airlines.”

The airline also announced today the launch of a new direct service to Taipei, beginning in November 2018. Taipei will become the airline’s seventh destination in Asia, and is another strong addition to Air New Zealand’s focused strategy of connecting the Pacific Rim to New Zealand. Taipei is an economic centre with renowned attractions, cuisine and shopping, and the airline is excited to offer New Zealanders the opportunity to explore this new destination.

Mr Luxon also acknowledges and thanks the airline’s staff for their dedication and professionalism while dealing with recent operational disruptions.

“We have had some unprecedented weather events, along with the fuel pipeline disruption and the unscheduled engine maintenance on some of the Boeing 787-9 aircraft. All of these disruptions are outside of our control, but our people have been remarkable, with a clear focus on doing the best for our customers, and that is what really sets us apart and drives such strong loyalty for our airline.”

Outlook

Commenting on the outlook Chairman Tony Carter says, “Looking to the remainder of the year, we are optimistic about the overall market dynamics. Based upon the current market conditions and despite the increased price of jet fuel, the Company is still expecting 2018 earnings before taxation to exceed the prior year.”

Media releases

(during the period 17 February 2018 to 26 March 2018)

[More Kiwi kids to experience the magic of flight](#)

16 March 2018

Airpoints™ members are showing their generosity towards this year’s Air New Zealand Airpoints for Schools programme, with four schools already meeting their donation targets to take off on some unforgettable journeys.

The programme has doubled in size this year, with 20 schools from across the country seeking funding support of up to 20,000 Airpoints Dollars™ each to support flights for chosen environmental, educational or cultural projects, resulting in almost 400,000 Airpoints Dollars in available funds.

This year the airline received entries from more than 100 schools across New Zealand for travel in support of projects taking place from May 2018 onwards.

Air New Zealand Airpoints members are able to donate Airpoints Dollars to the school of their choice through the Airpoints Store.

[Air New Zealand launches World’s Coolest Safety Video](#)

1 March 2018

Air New Zealand shines a global spotlight on Antarctica with the launch of its latest safety video, which showcases the frozen continent and the important climate and environmental science underway there.

Monthly **investor update**



Featuring Hollywood actor, filmmaker and environmentalist Adrian Grenier, the World's Coolest Safety Video takes viewers on a breath-taking journey to Antarctica, where Kiwi scientists are tackling the most pressing questions on global climate change.

Building on Air New Zealand's long-standing partnership with Antarctica New Zealand and the New Zealand Antarctic Research Institute, the video sees Grenier team up with Scott Base scientists to track penguin populations, study ice core samples and visit early explorer Ernest Shackleton's hut and the vast Dry Valleys.

To minimise the environmental impact of filming, a total crew of just six travelled to Antarctica, with Scott Base scientists and staff doubling as supporting talent in the safety video. The airline has also released television and online content, providing a more in-depth look at Antarctica and the work being done there.

One of Antarctica New Zealand's key mandates is to raise awareness of Antarctica and the research taking place there. Chief Executive Officer Peter Beggs says the safety video project is an incredible opportunity to profile Kiwi Antarctic science around the world.

"Air New Zealand's safety videos have collectively attracted more than 130 million online views. Our teams are thrilled to have such a significant global platform to amplify their work and we're confident it will take our outreach efforts to the next level."

The safety video is available to view online [here](#).

Air New Zealand takes off to Taipei

22 February 2018

Air New Zealand has announced it will start operating non-stop flights between Auckland and Taipei from November 2018.

The airline will fly up to five times a week between Auckland and Taipei's Taoyuan International Airport from November.

With a flight time of just over 11 hours, the service from Auckland to the central Asian destination will be operated by Air New Zealand's Boeing 787-9 Dreamliner aircraft.

Air New Zealand Chief Executive Officer Christopher Luxon says New Zealand is already a popular destination for visitors from this region and the new direct route will encourage even more tourist activity.

"Air New Zealand's new service is significantly quicker and more convenient than current indirect options. New Zealand already welcomes around 36,000 visitors a year from the Taiwan market and we're confident a direct link will grow numbers further.

"Providing a non-stop service to Taipei will also enable more Kiwis to explore this destination. Taipei is a culturally diverse city renowned for its food scene, lively night markets, traditional temples and busy shopping streets - all crowned by the Taipei 101 skyscraper that dominates the city's skyline. Beyond Taipei there are nine national parks offering nature experiences and activities such as hiking and biking as well as beautiful beaches."

The service is subject to government and regulatory approvals.