



25 March 2019

Contents

- February 2019 traffic highlights
- Operating statistics table
- Recent market announcements and media releases

February 2019 highlights

Group traffic summary	February			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	1,413	1,335	5.8%	11,614	11,118	4.5%
Revenue Passenger Kilometres(m)	3,098	2,923	6.0%	25,587	24,220	5.6%
Available Seat Kilometres (m)	3,708	3,516	5.5%	30,640	29,315	4.5%
Passenger Load Factor (%)	83.6%	83.1%	0.5 pts	83.5%	82.6%	0.9 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	2.0%	0.9%
Short Haul	0.1%	(0.2%)
Long Haul	3.7%	1.4%

* % 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.

Monthly *investor update*



Operating statistics table

Group	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	1,413	1,335	5.8%	11,614	11,118	4.5%
Revenue Passenger Kilometres(m)	3,098	2,923	6.0%	25,587	24,220	5.6%
Available Seat Kilometres (m)	3,708	3,516	5.5%	30,640	29,315	4.5%
Passenger Load Factor (%)	83.6%	83.1%	0.5 pts	83.5%	82.6%	0.9 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	1,233	1,161	6.1%	10,177	9,738	4.5%
Revenue Passenger Kilometres(m)	1,313	1,219	7.7%	11,468	10,729	6.9%
Available Seat Kilometres (m)	1,586	1,477	7.4%	13,928	13,103	6.3%
Passenger Load Factor (%)	82.8%	82.5%	0.3 pts	82.3%	81.9%	0.4 pts
Domestic	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	928	886	4.7%	7,458	7,213	3.4%
Revenue Passenger Kilometres(m)	492	470	4.7%	3,883	3,733	4.0%
Available Seat Kilometres (m)	580	548	5.8%	4,682	4,537	3.2%
Passenger Load Factor (%)	84.9%	85.8%	(0.9 pts)	82.9%	82.3%	0.6 pts
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	305	275	10.7%	2,719	2,525	7.7%
Revenue Passenger Kilometres(m)	821	749	9.7%	7,585	6,996	8.4%
Available Seat Kilometres (m)	1,006	929	8.3%	9,246	8,566	7.9%
Passenger Load Factor (%)	81.6%	80.6%	1.0 pts	82.0%	81.7%	0.3 pts
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	181	174	3.8%	1,437	1,380	4.1%
Revenue Passenger Kilometres(m)	1,785	1,704	4.8%	14,119	13,491	4.7%
Available Seat Kilometres (m)	2,121	2,039	4.1%	16,712	16,212	3.1%
Passenger Load Factor (%)	84.1%	83.6%	0.5 pts	84.5%	83.2%	1.3 pts
Asia / Japan / Singapore	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	77	74	4.0%	590	567	4.1%
Revenue Passenger Kilometres(m)	686	661	3.8%	5,262	5,053	4.1%
Available Seat Kilometres (m)	793	808	(1.8%)	6,249	6,245	0.1%
Passenger Load Factor (%)	86.5%	81.8%	4.7 pts	84.2%	80.9%	3.3 pts
Americas / UK	FEBRUARY			FINANCIAL YTD		
	2019	2018	% *	2019	2018	% *
Passengers carried (000)	104	100	3.7%	847	813	4.1%
Revenue Passenger Kilometres(m)	1,099	1,043	5.3%	8,858	8,438	5.0%
Available Seat Kilometres (m)	1,328	1,231	7.9%	10,463	9,968	5.0%
Passenger Load Factor (%)	82.7%	84.8%	(2.1 pts)	84.7%	84.6%	0.1 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 27 February 2019 to 24 March 2019)

[Air New Zealand announces 2019 Interim Result](#)

28 February 2019

Air New Zealand announced earnings before taxation of \$211 million for the six-month period ended 31 December 2018, compared to \$323 million in the prior period. Net profit after taxation was \$152 million.

Shareholders of Air New Zealand will receive a fully imputed interim dividend of 11.0 cents per share, in-line with the prior period. The dividend will be paid on 27 March, to shareholders on record as at 15 March.

Chairman Tony Carter thanked the team of over 12,000 Air New Zealanders for their hard work and customer focus during a very challenging operational period for the airline.

Key drivers of the interim result included operating revenue growth of 7.1 percent, which was more than offset by a 28 percent increase in fuel price and increased operational costs. Operating cash flow of \$475 million remained strong despite the headwinds faced over the period.

At a time when the New Zealand market has seen foreign competitors reduce capacity or exit services completely, Air New Zealand continues to support strong market development activities to stimulate inbound visitors to the country. Recent route launches to Chicago and Taipei have performed ahead of expectations, and the airline recently launched a third daily service from Auckland to Singapore, in conjunction with its alliance partner Singapore Airlines.

Looking ahead to the remainder of the year, Chief Executive Officer Christopher Luxon acknowledged the rate of growth in the New Zealand market is slowing from previous years to be more in line with other developed markets. Accordingly, the airline will be reviewing its network, fleet and cost base to reflect the new environment.

“While we continue to expect solid growth across our key markets including domestic New Zealand, we cannot ignore signals that the rate of growth has slowed somewhat from prior years. We pride ourselves at Air New Zealand on being nimble and able to quickly adjust our business to reflect the changing macro environment and this time is no different.”

The airline’s comprehensive review of its network, fleet and cost base is progressing well and an update is expected by the end of next month.

Air New Zealand remains committed to its Pacific Rim strategy and connecting New Zealanders to each other and the world. To support that commitment, earlier this week the airline announced it has reduced its lowest fares across the domestic network.

Mr Luxon said “we are committed to ensuring that air travel is more affordable than ever for Kiwis, whether they are flying from the main centres or from regional airports. With prices as low as \$39, and with our unmatched network of over 400 flights a day to 20 different destinations in New Zealand, there has never been a better time to get out and explore this amazing country.”



Outlook

Air New Zealand issued a revised outlook for the 2019 financial year on 30 January, prompted by slower revenue growth expectations in the second half of the year. The airline reaffirms that outlook statement for the financial year ending 30 June 2019.

Based upon current market conditions and assuming an average jet fuel price of US\$75 per barrel for the second half of the financial year, 2019 earnings before taxation is expected to be in the range of \$340 million to \$400 million.

Interim Financial Highlights

- Operating revenue of **\$2.9 billion**, up 7.1%
- Earnings before taxation of **\$211 million**, down 35%
- Net profit after taxation of **\$152 million**, down 34%
- Operating cash flow of **\$475 million**, down 0.8%
- Fully imputed interim dividend of **11.0 cents per share**, consistent with prior period

Media Releases

(during the period 27 February 2019 to 24 March 2019)

[Air New Zealand update on Christchurch services](#)

21 March 2019

The airline has seen a huge increase in demand for travel to and from Christchurch and flights have been generally operating at or near capacity.

Compassionate fares

The airline has had compassionate fare assistance in place since the day of the tragedy which has seen it offer free travel to immediate family of deceased as well as discounted compassionate fares to other affected friends and family with close to 500 bookings made so far, including a number of group bookings. The airline's contact centre teams have been asking callers since Friday (15 March) about their reason for travelling to Christchurch to ensure they proactively identify customers travelling to support the families of the victims.

Ticket flexibility

Air New Zealand introduced travel flexibility on the day of the tragedy allowing any customer booked to travel on services to or from Christchurch over the weekend to automatically have the option to change or rebook any tickets without incurring any change fees or difference in fare. Customers are advised to consult the airline's Travel Alerts page for more details.

All destination Christchurch domestic bookings made with Air New Zealand after 3.00pm on Friday, March 15, will be refunded back to the level of the reduced fares.



Other support

Beyond the measures Air New Zealand has introduced for customers affected by the shooting tragedy in Christchurch, it has also been working closely with the Prime Minister's office to support the transport of key people to Christchurch including emergency services personnel.

The airline has transported more than 125 police officers from around New Zealand to Christchurch and various emergency support personnel, including eight specialist doctors from Auckland, Hamilton, New Plymouth, Wellington and Tauranga.

The airline has also been working with the wider Muslim community to facilitate travel to Christchurch to assist with arrangements.

[Help more Kiwi kids soar with Airpoints™ for School](#)

7 March 2019

Air New Zealand has announced the 10 school groups selected for this year's Airpoints™ for Schools programme which are now eligible to receive donated Airpoints Dollars™ to spend on travel.

The programme, which helps send Kiwi kids on trips around New Zealand and overseas for educational travel experiences, is supported by the Ministry of Education and allows Air New Zealand Airpoints members to donate Airpoints Dollars to participating schools for their chosen travel. Schools can apply for up to 20,000 Airpoints Dollars which is the equivalent of \$20,000 worth of travel. Air New Zealand will donate the cost of the taxes and this year will be matching the donations given by generous Airpoints members dollar for dollar to meet their targets.

Since the programme was established in 2016 it has helped more than 400 students from across the country travel to a wide range of destinations within New Zealand and overseas, enabling aspiring young leaders to gain new experiences, knowledge and inspiration to reach their potential.

Air New Zealand's General Manager Loyalty & Customer Direct Jeremy O'Brien says Airpoints for Schools is a great way for the airline and its customers to give back to local communities.

"Close to 100 applications were received from schools around New Zealand, which shows how valued the programme is in local communities. Many of the students who attend the schools in the programme have never flown before and may come from remote areas where a trip like this can really change their whole outlook and positively impact their aspirations for the future.

Donations are open now through until Tuesday 30 April 2019 on the Air New Zealand Airpoints Store.

[Air New Zealand brings BROODS charity concert to Nelson](#)

6 March 2019

Air New Zealand is partnering with Universal Music to bring award-winning Kiwi duo BROODS to Nelson for a charity concert to give back to those who helped during the recent fires.

L.A. based siblings Georgia and Caleb Nott will return to their hometown to perform *BROODS Homecoming for Nelson* to around 1000 local emergency services staff, volunteers and affected members of the Tasman and Nelson community, as well as locally based Air New Zealand employees on Thursday 21 March.



Air New Zealand Head of Tourism and Regional Affairs Reuben Levermore says the concert will be a special way to say thank you to the staff and volunteers who fought the fires and rallied around the 2,500 affected residents.

“So many local people assisted the cause selflessly, some to the point of exhaustion. The sense of community in the area is immense and this concert is our way of giving back to say thank you”.

Nelson-born duo BROODS is about to tour their recently released album *Don't Feed The Pop Monster* and are honoured to be putting on a show to lift the spirits of the community.

Nelson Mayor Rachel Reese says the concert is a fantastic way to uplift spirits and give thanks to the relief workers.

[Air New Zealand's A321neo arrives in Queenstown](#)

6 March 2019

Air New Zealand has operated the first ever A321neo flight into Queenstown.

The airline operated a proving flight to conduct final operational checks before the new narrow-body jets begin commercial trans-Tasman services to and from Queenstown next month.

Air New Zealand has invested in 13 Airbus neo aircraft (seven A321neos and six A320neos) to replace the A320 fleet that currently operates Tasman and Pacific Island services as well as a further seven Airbus A321neo for anticipated domestic network growth. To date the airline has taken delivery of four A321neos and one A320neo for its short haul international network.

Air New Zealand Chief Operational Integrity & Standards Officer Captain David Morgan says the flight was an exciting step forward for operations in Queenstown.

“The four pilots on board carried out a series of approaches before circling and landing at Queenstown Airport. On the ground the crew then conducted a series of gate checks alongside our airport team to confirm the longer A321neo can be successfully accommodated on both domestic and international gates.

The new A320neos have 165 seats on board while the stretch A321neos offer 214 seats – 46 more than the airline's existing international A320 fleet. Quieter new generation engines and Sharklet wing tip devices mean the A321neos are 15 percent more fuel efficient than the aircraft they're replacing, helping reduce carbon emissions.