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January market conditions

Air New Zealand carried 1,182,000 passengers during the month of January, an increase of 3.9% compared to the same period last year. Revenue passenger kilometres (RPKs) were 3.3% higher on a capacity (ASKs) increase of 6.6%. Group load factors were down 2.6 percentage points overall to 82.6%.

Short Haul passenger numbers increased 3.9%. In the Domestic market demand (RPKs) increased by 7.3%, with capacity (ASKs) increasing by 10.3%, 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 decreased 2.1 percentage points to 79.2%.

Tasman/Pacific demand (RPKs) increased 1.6% while capacity (ASKs) increased by 7.0%, reflecting growth on several Pacific Island routes as well as Australia, and up-gauging to larger aircraft. Load factor on Tasman/Pacific decreased 4.1 percentage points to 78.7%.

Long Haul passenger numbers increased 3.4% when compared to January last year, with demand (RPKs) up 3.3% and capacity (ASKs) up 5.6%. Load factor on Long Haul routes was 85.4%, down 1.9 percentage points.

On Americas/UK routes, demand (RPKs) decreased by 0.7%, with capacity (ASKs) decreasing 1.2% 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 0.4 percentage points to 86.9%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 10.8%, with capacity (ASKs) increasing by 18.6%, reflecting additional frequency to Shanghai over the Chinese New Year holiday and the new seasonal service between Auckland and Osaka. Load factor, although still strong at 83.0%, decreased 5.8 percentage points.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)* decreased 6.4% while Long Haul RASK* decreased 14.1%. Removing the impact of foreign exchange, Group-wide RASK* decreased 8.9%, and Group-wide yields for the financial year to date decreased 7.3% 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

2017 Interim Results

Air New Zealand's 2017 interim results will be announced on Thursday 23 February 2017.

A conference call for investors and analysts will be hosted by Christopher Luxon (Chief Executive Officer) and Rob McDonald (Chief Financial Officer) at 11:00am NZST and can be accessed in the following ways:

- Live via webcast: [Click here](#) for link to the analyst webcast.
- Live via telephone (for "listen-only" participants and those who would like to ask a question):

Conference ID:	356705
New Zealand Toll Free:	0800 453 055
NZ Local (Auckland):	09 929 1687
NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632
Australia Toll Free:	1 800 558 698
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	02 9007 3187
United States:	(855) 881 1339
United Kingdom:	0800 051 8245
China Wide:	4001 200 659
Hong Kong:	800 966 806
Japan:	0053 116 1281
Singapore:	800 101 2785
- Replay via webcast – a replay will be available afterwards and can be accessed through the "Results Centre" link on the Investor Centre section of Air New Zealand's website:
<https://www.airnewzealand.co.nz/investor-centre>

Major milestones for Air New Zealand's mobile app

Air New Zealand's mobile app is proving a hit with customers, clocking up its one millionth user download in January. At the same time, the app's popular coffee ordering function registered its two millionth coffee order.

Monthly **investor update**



Air New Zealand Chief Digital Officer Avi Golan says a million downloads is an important milestone for the airline which is very focused on delivering great mobile experiences for customers.

"We first launched our mobile platform in 2008, then relaunched in 2013 with enhanced functionality, and have continued to add new features as we build up its functionality.

"Customer satisfaction with the app is high. Customers who participated in research groups told us they use it almost every time they fly with us, with many commenting about how it makes travel easier," Mr Golan says.

Air New Zealand's mobile app offers a range of features to enhance the check-in, lounge, and boarding experiences for customers, including the ability to check-in for flights, manage bookings on the go, track Airpoints™ balances and receive real-time flight information.

Mr Golan says customers can look forward to the airline continuing to evolve and develop the apps it offers to further enhance their travel experience - not only to manage their bookings and at the airport on the day of travel, but also earlier in the dreaming and planning phase.

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	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	1,182	1,139	3.9%	9,267	8,895	4.2%
Revenue Passenger Kilometres(m)	2,954	2,858	3.3%	20,744	19,722	5.2%
Available Seat Kilometres (m)	3,575	3,354	6.6%	24,982	23,339	7.0%
Passenger Load Factor (%)	82.6%	85.2%	(2.6 pts)	83.0%	84.5%	(1.5 pts)
Short Haul Total	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	1,003	965	3.9%	8,063	7,756	4.0%
Revenue Passenger Kilometres(m)	1,185	1,146	3.4%	8,939	8,657	3.3%
Available Seat Kilometres (m)	1,503	1,392	8.0%	11,086	10,509	5.5%
Passenger Load Factor (%)	78.8%	82.4%	(3.6 pts)	80.6%	82.4%	(1.8 pts)
Domestic	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	708	671	5.5%	5,915	5,603	5.6%
Revenue Passenger Kilometres(m)	378	352	7.3%	3,028	2,817	7.5%
Available Seat Kilometres (m)	478	433	10.3%	3,796	3,526	7.7%
Passenger Load Factor (%)	79.2%	81.3%	(2.1 pts)	79.7%	79.9%	(0.2 pts)
Tasman / Pacific	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	295	294	0.4%	2,148	2,153	(0.2%)
Revenue Passenger Kilometres(m)	807	794	1.6%	5,911	5,840	1.2%
Available Seat Kilometres (m)	1,025	959	7.0%	7,290	6,983	4.4%
Passenger Load Factor (%)	78.7%	82.8%	(4.1 pts)	81.1%	83.6%	(2.5 pts)
Long Haul Total	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	179	174	3.4%	1,204	1,139	5.7%
Revenue Passenger Kilometres(m)	1,769	1,712	3.3%	11,805	11,065	6.7%
Available Seat Kilometres (m)	2,072	1,962	5.6%	13,896	12,830	8.3%
Passenger Load Factor (%)	85.4%	87.3%	(1.9 pts)	85.0%	86.2%	(1.2 pts)
Asia / Japan / Singapore	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	74	67	10.6%	491	471	4.2%
Revenue Passenger Kilometres(m)	664	599	10.8%	4,386	4,208	4.2%
Available Seat Kilometres (m)	800	674	18.6%	5,281	4,816	9.7%
Passenger Load Factor (%)	83.0%	88.8%	(5.8 pts)	83.1%	87.4%	(4.3 pts)
Americas / UK	JANUARY			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	105	107	(1.1%)	713	668	6.7%
Revenue Passenger Kilometres(m)	1,105	1,113	(0.7%)	7,419	6,857	8.2%
Available Seat Kilometres (m)	1,272	1,288	(1.2%)	8,615	8,014	7.5%
Passenger Load Factor (%)	86.9%	86.5%	0.4 pts	86.1%	85.6%	0.5 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.