Monthly investor update



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June market conditions

Air New Zealand carried 1,357,000 passengers during the month of June, an increase of 8.3% compared to the same period last year. Revenue passenger kilometres (RPKs) were 5.4% higher on a capacity (ASKs) increase of 5.5%. Group load factors were down 0.1 percentage point overall to 80.7%.

Short Haul passenger numbers increased 9.3%. In the Domestic market demand (RPKs) increased by 11.0%, with capacity (ASKs) increasing by 12.8%, 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 1.2 percentage points to 76.5%.

Tasman/Pacific demand (RPKs) increased 9.5% while capacity (ASKs) increased by 8.7% due to upgauging to larger aircraft on several Australian and Pacific Island routes. Load factor on Tasman/Pacific increased 0.6 percentage points to 83.2%.

Long Haul passenger numbers increased 1.5% when compared to June last year, with both demand (RPKs) and capacity (ASKs) increasing 2.0%. Load factor on Long Haul routes of 80.7% was flat compared to the prior period.

On Americas/UK routes, demand (RPKs) increased by 6.0%, with capacity (ASKs) increasing 6.7%, due to increased frequency on the Auckland-Los Angeles and Auckland-San Francisco routes. Load factor decreased 0.6 percentage points to 85.3%.

On Asia/Japan/Singapore routes, demand (RPKs) declined 5.4% and capacity (ASKs) declined by 5.4%, reflecting reduced frequency on the Auckland-Ho Chi Minh City route. Load factor of 72.5% was flat compared to the prior period.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)* decreased 4.2% and Long Haul RASK* decreased 12.9%. Removing the impact of foreign exchange, Group-wide RASK* decreased 6.3%, and Group-wide yields for the financial year to date decreased 5.0% 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.

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Company news

Air New Zealand establishes sponsored level 1 ADR programme

Air New Zealand announced that it has established a sponsored level 1 American Depositary Receipt (ADR) programme, with Deutsche Bank Trust Company Americas ("Deutsche Bank") as the nominated Depositary Bank.

Effective 21 July 2017, Air New Zealand ADRs traded in the United States over-the-counter market under the ticker symbol ANZLY. Each ADR will initially represent twenty ordinary shares of Air New Zealand. As at 14 August 2017, the ratio will change and each ADR will then represent five ordinary shares of Air New Zealand.

An ADR is a negotiable U.S. security that represents an equity holding in a non-U.S. entity. ADRs can be traded in the United States through over-the-counter (OTC) market and are denominated in U.S. dollars.

The ADR programme does not involve the issuance of new shares or the raising of capital by Air New Zealand. An ADR may be preferable for certain U.S. investors to invest in a foreign company as the ADR can trade, clear and settle in U.S. dollars and according to U.S. market conventions.

For more information on ADRs, please refer to Air New Zealand's investor centre website at www.airnewzealand.co.nz/adr-information.

Air New Zealand annual results notification

Air New Zealand will release its financial results for the 2017 financial year on Wednesday, 23 August 2017.

Additional details regarding the webcast of the analyst presentation will be provided in August.

Air New Zealand annual meeting and nomination of Directors

On 14 July, Air New Zealand Limited advised that its Annual Shareholders' Meeting will be held at the ASB Waterfront Theatre, 138 Halsey Street, Auckland, on Thursday 28 September 2017 at 2.00pm.

Air New Zealand will be offering, in addition to the standard meeting, an online attendance option this year, giving shareholders the choice to attend and participate in the Annual Meeting via an online platform. Details of registration for those who wish to participate online will be included in the Notice of Meeting sent after the 2017 Annual Results on 23 August 2017.

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Nominations for the position of director may be made on or before 5pm Friday 28 August 2017. Nominations must be made in writing by a security holder entitled to attend and vote at the Meeting, and should be directed to the Company Secretary at Air New Zealand, Private Bag 92007, Auckland 1142.

Air New Zealand introduces smart passport service

The airline's mobile app is now able to scan and save passport information and send a timely reminder when it's time to renew.

Every month around 550 customers turn up to the airport with an expired passport, triggering a stressful situation for would be travellers.

Air New Zealand customers can now save themselves the stress and embarrassment by using their smartphone camera to capture and save their passport details. Not only will this streamline their check-in experience, it also triggers expiry reminders including providing handy click through links to renew New Zealand, Australian, British and American passports.

Air New Zealand's Chief Digital Officer Avi Golan says customer feedback is driving the rollout of timesaving tools such as this and customers can look forward to an increasingly smarter digital travel experience - not just on the day of travel but in the dreaming and planning phase.

"Customers consistently tell us time is the biggest stress factor when travelling, so prioritising features that offer genuine benefits and convenience on the go is key.

"Integrating smartphone camera technology to our app paves the way for adding secure credit card scanning to our booking system, as well as longer term developments such as selfie-boarding - using biometrics and facial recognition to verify customers at the gate."

The Air New Zealand mobile app has been downloaded by 1.3 million people.

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2017	2016	% * ₊	2017		
		70 T	2017	2016	% *
1,357	1,215	8.3%	15,952	15,161	5.2%
2,922	2,688	5.4%	34,814	33,223	4.8%
3,619	3,328	5.5%	42,169	39,684	6.3%
80.7%	80.8%	(0.1 pts)	82.6%	83.7%	(1.1 pts)
JUNE			FINANCIAL YTD		
2017	2016	% * +	2017	2016	% *
1,192	1,057	9.3%	13,940	13,232	5.4%
1,290	1,137	10.0%	15,095	14,419	4.7%
1,597	1,406	10.2%	18,636	17,503	6.5%
80.8%	80.9%	(0.1 pts)	81.0%	82.4%	(1.4 pts)
JUNE			FINANCIAL YTD		
2017	2016	% * +	2017	2016	% *
890	789	9.4%	10,379	9,725	6.7%
444	388	11.0%	5,311	4,887	8.7%
581	499	12.8%			8.8%
76.5%	77.7%	(1.2 pts)	80.5%	80.6%	(0.1 pts)
ILINE			EINANCIAL VTD		
2017		% * +			%*
302					1.5%
				,	2.6%
					5.3%
83.2%	82.6%	0.6 pts	81.3%	83.3%	(2.0 pts)
HINE			FINANCIAL VTD		
2017		% *+			ال **
					4.3%
				,	4.9%
					6.1%
80.7%	80.7%	-	83.8%	84.8%	(1.0 pts)
JUNE			FINANCIAL YTD		
2017	2016	% * +	2017	2016	· • *
59	61	(5.3%)	814	791	2.9%
529	542	` '	7,270	7,070	2.8%
729	747	(5.4%)	0.040	8,349	6.8%
72.5%	72.5%	-	81.5%	84.7%	(3.2 pts)
JUNE			FINANCIAL YTD		
2017	2016	% * +	2017	2016	· · · · · · · · · · · · · · · · · · ·
106	97	5.8%	1,198	1,138	5.3%
1,103	1,009	6.0%	12,449	11,734	6.1%
1,293	1,175	6.7%	14,615	13,832	5.7%
•	85.9%		85.2%	84.8%	0.4 pts
	3,619 80.7% 2017 1,192 1,290 1,597 80.8% 2017 890 444 581 76.5% 2017 302 846 1,016 83.2% 2017 165 1,632 2,022 80.7% 2017 59 529 729 72.5% 2017 106 1,103	3,619 3,328 80.7% 80.8% JUNE 2017 2016 1,192 1,057 1,290 1,137 1,597 1,406 80.8% 80.9% JUNE 2017 2016 890 789 444 388 581 499 76.5% 77.7% JUNE 2017 2016 302 268 846 749 1,016 907 83.2% 82.6% JUNE 2017 2016 165 158 1,632 1,551 2,022 1,922 80.7% 80.7% JUNE 2017 2016 59 61 529 542 729 747 72.5% 72.5% JUNE 2017 2016 59 61 529 542 729 747 72.5% 72.5% JUNE 2017 2016 106 97 1,103 1,009	3,619 3,328 5.5% 80.7% 80.8% (0.1 pts) JUNE 2017 2016 %*+ 1,192 1,057 9.3% 1,290 1,137 10.0% 1,597 1,406 10.2% 80.8% 80.9% (0.1 pts) JUNE 2017 2016 %*+ 890 789 9.4% 444 388 11.0% 581 499 12.8% 76.5% 77.7% (1.2 pts) JUNE 2017 2016 %*+ 302 268 9.2% 846 749 9.5% 1,016 907 8.7% 83.2% 82.6% 0.6 pts JUNE 2017 2016 %*+ 165 158 1.5% 1.632 1,551 2.0% 2,022 1,922 2.0% 80.7% 80.7% - JUNE 2017 2016 %*+ 165 158 1.5% 1.632 1,551 2.0% 2,022 1,922 2.0% 80.7% 80.7% - JUNE 2017 2016 %*+ 165 158 1.5% 1.5% 1.632 1,551 2.0% 2,022 1,922 2.0% 80.7% - JUNE 2017 2016 %*+ 59 61 (5.3%) 529 542 (5.4%) 729 747 (5.4%) 729 747 (5.4%) 729 747 (5.4%) 729 747 (5.4%) 729 747 (5.4%) 729 747 (5.4%) 72.5% 72.5% - JUNE 2017 2016 %*+ 106 97 5.8% 1,103 1,009 6.0%	3,619 3,328 5.5% 80.7% 80.8% (0.1 pts) 82.6%	3,619 3,328 5.5% 80.7% 80.8% (0.1 pts)

June 17 (33 days) compared with June 16 (32 days).

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.

^{* %} change is based on numbers prior to rounding