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## **March market conditions**

Air New Zealand carried 1,613,000 passengers during the month of March, an increase of 5.2% compared to the same period last year. Revenue passenger kilometres (RPKs) were 0.8% higher on a capacity (ASKs) increase of 4.1%. Group load factors were down 2.6 percentage points overall to 81.9%.

Short Haul passenger numbers increased 6.0%. In the Domestic market demand (RPKs) increased by 10.3%, with capacity (ASKs) increasing by 7.9%, 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 1.8 percentage points to 83.9%, buoyed by strong demand related to several high profile events during the month.

Tasman/Pacific demand (RPKs) decreased 0.8% while capacity (ASKs) increased by 4.1%, due to the up-gauging to larger aircraft on several Pacific Island routes. Load factor on Tasman/Pacific decreased 4.0 percentage points to 81.3%, as the Tasman routes continue to be impacted by additional market capacity compared to the prior year.

Long Haul passenger numbers decreased 0.7% when compared to March last year, with demand (RPKs) decreasing 1.0% and capacity (ASKs) up 3.0%. Load factor on Long Haul routes was 81.6%, down 3.2 percentage points.

On Americas/UK routes, demand (RPKs) decreased by 0.9%, with capacity (ASKs) increasing 0.8% due to increased services to Houston and Buenos Aires, partially offset by reduced frequency on the Auckland-Los Angeles route. Load factor decreased 1.4 percentage points to 84.0%.

On Asia/Japan/Singapore routes, demand (RPKs) decreased 1.1%, with capacity (ASKs) increasing by 6.6%, reflecting the new seasonal service between Auckland and Osaka. Load factor decreased 6.1 percentage points to 77.8%.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)\* decreased 5.9% and Long Haul RASK\* decreased 14.9%. Removing the impact of foreign exchange, Group-wide RASK\* decreased 8.6%, and Group-wide yields for the financial year to date decreased 6.6% 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 tops corporate reputation rankings on both sides of the ditch](#)

The latest corporate reputation index from market researchers AMR placed Air New Zealand at the top of the NZ list for the second year in a row and the fourth time since 2011. The NZ national carrier also topped the table in Australia.

Air New Zealand chief executive Christopher Luxon said the airline was thrilled to have moved from sixth place in Australia in 2016, to this year moving ahead of carriers Qantas and Virgin Australia, as well as other big corporates such as Toyota, Apple Australia, Myer and Woolworths.

"These results are a testament to all the hard work of Air New Zealand's staff who over the past decade have helped build an enviable reputation for the airline globally by delivering our uniquely Kiwi award-winning experience," Luxon said.

AMR's managing director Oliver Freedman said in regard to the result in Australia, it was highly unusual for a "clearly overseas" company to take a spot on a list of most reputable companies.

"While former winner Toyota is an overseas company it has been based in Australia and had manufacturing here," Mr Freedman said. "But this is a national airline of another country. It's not even a company that is seen as a global company – it's a true Kiwi company."

He put the airline's strong reputation down to an increased marketing presence in Australia and a strong performance on customer service. The carrier's irreverent approach to marketing – perhaps best seen through its clever in-flight safety videos featuring hobbits and All Blacks – has also helped.

"They've created a sense of who they are, they are not just like any other airline," Mr Freedman said. "We know that if companies are able to promote a message – for them it's a bit irreverent and a bit humorous – then it can work."

### [Air New Zealand takes top honours at TripAdvisor's Travellers' Choice Awards for airlines](#)

Air New Zealand's world class customer experience has been recognised with significant wins at TripAdvisor's inaugural Travellers' Choice® Awards for airlines.

The airline has been awarded Best Premium Economy Class in the World, Best Airline in the South Pacific and has also been recognised overall as one of the world's top 10 airlines. The awards are determined by the quantity and quality of TripAdvisor traveller reviews and ratings submitted over a 12-month period.

# Monthly **investor update**



Air New Zealand's General Manager Customer Experience Anita Hawthorne says the accolades reflect the airline's commitment to delivering an outstanding experience on the 15 million customer journeys it facilitates every year.

"Listening to customer feedback has helped us make strides to improving our customer experience - including significant investment in new technologies, innovative inflight products and aircraft interiors, and our new and refreshed lounge spaces.

"It's incredibly satisfying to see customers acknowledge the efforts of our people to deliver a seamless travel experience, right across our network," says Ms Hawthorne.

## [Air New Zealand farewells Boeing 767](#)

The airline operated the final scheduled service of its Boeing 767-300ER aircraft on 31 March 2017.

The airline has flown the Boeing 767 for more than three decades having first introduced the aircraft in 1985, with both the airline's remaining two 767-300 aircraft being retired this week. During its time in service the 767 aircraft has flown the majority of the airline's long-haul routes.

Air New Zealand Chief Operations Integrity & Standards Officer Captain David Morgan says the retirement of the 767 aircraft completes the airline's long term plan to move to a simplified fleet structure with the airline to operate a narrow-body fleet of Airbus A320s and a wide-body fleet of Boeing 777 and 787-9s.

## [Air New Zealand unveils spacious new seat design](#)

Air New Zealand has today revealed a new Economy seat design at the Aircraft Interiors Expo in Hamburg to be introduced on the airline's Airbus A320/A321neo (new engine option) fleet.

The design of the new seat was customer-led with the airline and partner Acro keen to address key areas of customer feedback and further improve the inflight experience.

"The slightly wider middle seat helps balance out the fact that window and aisle seat customers enjoy a greater sense of space. We currently have many customers who state a preference for window or aisle seats and it's possible the new design may see the middle seat get a boost in popularity," says Air New Zealand General Manager Customer Experience Anita Hawthorne.

Air New Zealand has 13 Airbus A320neo aircraft on order to replace its current A320 fleet. The airline will receive a combination of A320neo and A321neo aircraft.

# Monthly *investor update*



Group	MARCH			FINANCIAL YTD		
	2017	2016	% *	2017	2016	% *
Passengers carried (000)	1,613	1,534	5.2%	12,149	11,669	4.1%
Revenue Passenger Kilometres(m)	3,321	3,294	0.8%	26,816	25,711	4.3%
Available Seat Kilometres (m)	4,057	3,898	4.1%	32,408	30,439	6.5%
Passenger Load Factor (%)	81.9%	84.5%	(2.6 pts)	82.7%	84.5%	(1.8 pts)
<b>Short Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	1,423	1,343	6.0%	10,589	10,177	4.0%
Revenue Passenger Kilometres(m)	1,466	1,420	3.2%	11,536	11,199	3.0%
Available Seat Kilometres (m)	1,782	1,689	5.5%	14,282	13,546	5.4%
Passenger Load Factor (%)	82.3%	84.1%	(1.8 pts)	80.8%	82.7%	(1.9 pts)
<b>Domestic</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	1,091	1,008	8.3%	7,855	7,426	5.8%
Revenue Passenger Kilometres(m)	564	511	10.3%	4,033	3,745	7.7%
Available Seat Kilometres (m)	672	623	7.9%	4,999	4,648	7.6%
Passenger Load Factor (%)	83.9%	82.1%	1.8 pts	80.7%	80.6%	0.1 pts
<b>Tasman / Pacific</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	332	335	(1.0%)	2,734	2,751	(0.6%)
Revenue Passenger Kilometres(m)	902	909	(0.8%)	7,503	7,455	0.6%
Available Seat Kilometres (m)	1,110	1,066	4.1%	9,283	8,898	4.3%
Passenger Load Factor (%)	81.3%	85.3%	(4.0 pts)	80.8%	83.8%	(3.0 pts)
<b>Long Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	190	191	(0.7%)	1,560	1,492	4.6%
Revenue Passenger Kilometres(m)	1,855	1,874	(1.0%)	15,280	14,512	5.3%
Available Seat Kilometres (m)	2,275	2,209	3.0%	18,126	16,893	7.3%
Passenger Load Factor (%)	81.6%	84.8%	(3.2 pts)	84.3%	85.9%	(1.6 pts)
<b>Asia / Japan / Singapore</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	78	79	(0.9%)	642	617	4.1%
Revenue Passenger Kilometres(m)	699	707	(1.1%)	5,734	5,509	4.1%
Available Seat Kilometres (m)	899	843	6.6%	6,969	6,334	10.0%
Passenger Load Factor (%)	77.8%	83.9%	(6.1 pts)	82.3%	87.0%	(4.7 pts)
<b>Americas / UK</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2017</b>	<b>2016</b>	<b>% *</b>
Passengers carried (000)	112	112	(0.7%)	918	875	4.9%
Revenue Passenger Kilometres(m)	1,156	1,167	(0.9%)	9,546	9,003	6.0%
Available Seat Kilometres (m)	1,376	1,366	0.8%	11,157	10,559	5.7%
Passenger Load Factor (%)	84.0%	85.4%	(1.4 pts)	85.6%	85.3%	0.3 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.