



27 April 2018

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## March 2018 highlights

Group traffic summary	MARCH			FINANCIAL YTD		
	2018	2017	%*	2018	2017	%*
Passengers carried (000)	1,753	1,613	8.6%	12,872	12,149	6.0%
Revenue Passenger Kilometres(m)	3,682	3,321	10.9%	27,904	26,816	4.1%
Available Seat Kilometres (m)	4,311	4,057	6.2%	33,626	32,408	3.8%
Passenger Load Factor (%)	85.4%	81.9%	3.5 pts	83.0%	82.7%	0.3 pts

Year-to-date RASK <sup>1</sup>	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	2.4%	2.3%
Short Haul	5.0%	4.6%
Long Haul	(1.7%)	(1.5%)

<sup>1</sup> 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	MARCH			FINANCIAL YTD		
	2018	2017	% *	2018	2017	% *
Passengers carried (000)	1,753	1,613	8.6%	12,872	12,149	6.0%
Revenue Passenger Kilometres(m)	3,682	3,321	10.9%	27,904	26,816	4.1%
Available Seat Kilometres (m)	4,311	4,057	6.2%	33,626	32,408	3.8%
Passenger Load Factor (%)	85.4%	81.9%	3.5 pts	83.0%	82.7%	0.3 pts
<b>Short Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	1,541	1,423	8.3%	11,281	10,589	6.5%
Revenue Passenger Kilometres(m)	1,615	1,466	10.2%	12,346	11,536	7.0%
Available Seat Kilometres (m)	1,913	1,782	7.3%	15,015	14,282	5.1%
Passenger Load Factor (%)	84.5%	82.3%	2.2 pts	82.2%	80.8%	1.4 pts
<b>Domestic</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	1,178	1,091	7.9%	8,392	7,855	6.8%
Revenue Passenger Kilometres(m)	612	564	8.7%	4,346	4,033	7.8%
Available Seat Kilometres (m)	710	672	5.6%	5,246	4,999	4.9%
Passenger Load Factor (%)	86.3%	83.9%	2.4 pts	82.8%	80.7%	2.1 pts
<b>Tasman / Pacific</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	363	332	9.6%	2,889	2,734	5.7%
Revenue Passenger Kilometres(m)	1,003	902	11.2%	8,000	7,503	6.6%
Available Seat Kilometres (m)	1,203	1,110	8.3%	9,769	9,283	5.2%
Passenger Load Factor (%)	83.4%	81.3%	2.1 pts	81.9%	80.8%	1.1 pts
<b>Long Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	212	190	11.0%	1,591	1,560	2.0%
Revenue Passenger Kilometres(m)	2,067	1,855	11.4%	15,558	15,280	1.8%
Available Seat Kilometres (m)	2,398	2,275	5.4%	18,611	18,126	2.7%
Passenger Load Factor (%)	86.2%	81.5%	4.7 pts	83.6%	84.3%	(0.7 pts)
<b>Asia / Japan / Singapore</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	88	78	12.3%	654	642	1.9%
Revenue Passenger Kilometres(m)	785	699	12.2%	5,838	5,734	1.8%
Available Seat Kilometres (m)	920	899	2.4%	7,164	6,969	2.8%
Passenger Load Factor (%)	85.3%	77.8%	7.5 pts	81.5%	82.3%	(0.8 pts)
<b>Americas / UK</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2018</b>	<b>2017</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *</b>
Passengers carried (000)	124	112	10.2%	937	918	2.1%
Revenue Passenger Kilometres(m)	1,282	1,156	10.9%	9,720	9,546	1.8%
Available Seat Kilometres (m)	1,478	1,376	7.4%	11,447	11,157	2.6%
Passenger Load Factor (%)	86.7%	84.0%	2.7 pts	84.9%	85.6%	(0.7 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 March 2018 to 26 April 2018)

### Air New Zealand statement on global Rolls-Royce engine issue

16 April 2018

Air New Zealand is working closely with engine manufacturer Rolls-Royce on a global issue involving some of the Trent 1000 engines that power its Boeing 787-9 Dreamliner fleet.

Last month Rolls-Royce, in conjunction with European regulator EASA, issued a directive requiring operators of a type of Trent 1000 engine known as 'Package C' to carry out earlier than usual maintenance checks on a specific part of the engine compressor.

This check was already required prior to the engine reaching a flying threshold of 2,000 cycles (one-way journeys). The directive reduces that timeframe to 300 cycles. Rolls-Royce advises 380 engines globally are impacted by the directive, including nine in the Air New Zealand 787 fleet.

Trent 1000 Package C engines that have operated fewer than 300 cycles are unaffected by this directive. Air New Zealand also has Trent 1000 TEN model engines in its 787 fleet and these are unaffected.

Air New Zealand expects there will be some customer and operational impact to its international schedule as a result of the checks. However, the airline does not expect this global issue involving some of the Trent 1000 engines that power its Boeing 787-9 Dreamliner fleet to materially impact FY18 earnings and previous guidance remains unchanged.

### Air New Zealand and Virgin Australia to end trans-Tasman alliance

4 April 2018

Air New Zealand and Virgin Australia will end their trans-Tasman alliance in October this year following seven years of partnership.

The airlines commenced the strategic alliance at the end of 2010 to cooperate on services between New Zealand and Australia. Current regulatory approval for the alliance expires at the end of October this year and the parties will not apply for renewal.

Air New Zealand Chief Revenue Officer Cam Wallace says market dynamics on the Tasman have changed and the time is now right for each airline to focus on its own objectives.

"Australia is the largest source of inbound visitors to New Zealand and Air New Zealand has built up a significant presence in this market. This move will enable us to deliver a more consistent customer experience by using our own fleet and delivering an improved schedule, which we'll provide more details about shortly.

"We remain fully committed to our other alliance relationships and our overall global airline alliance strategy as a critical success factor in other markets."

Current trans-Tasman alliance arrangements will remain in place until 27 October and customers travelling before this date will be unaffected. Customers booked with Air New Zealand to travel on a Virgin Australia service (or vice versa) after 28 October will be contacted by their booking airline.



## Media releases

(during the period 27 March 2018 to 26 April 2018)

### Ngāti Porou and Air New Zealand sign Partnership Agreement

24 April 2018

Ngāti Porou and Air New Zealand have signed a Partnership Agreement aimed at generating further economic and social growth in Tairāwhiti Gisborne.

Te Runanganui o Ngāti Porou Chief Executive Officer Herewini Te Koha says the iwi and the airline have worked closely together for several years and are now formalising their partnership with a joint aspiration to see Tairāwhiti Gisborne and its people meet their potential.

"The agreement is significant from a commercial partnership perspective for Ngāti Porou. We see a real alignment of values between Ngāti Porou, Air New Zealand and its leadership," says Mr Te Koha.

Some of the key elements of the partnership that will be managed by Ngāti Porou Holding Company are:

- Ngāti Porou will develop a Mount Hikurangi tourism experience that Air New Zealand will market internationally.
- Ngāti Porou will sell carbon credits to Air New Zealand from its forest estates on the East Coast, increasing the domestic forestry options available for Air New Zealand to meet its ETS obligations.
- Air New Zealand will support Ngāti Porou as it seeks to expand its commercial partnerships domestically and offshore, including providing business leads into supplier networks. And where commercially practicable the airline will include the iwi's primary products in its own supply chain.
- Air New Zealand will supply resources to support Ngāti Porou environmental and conservation efforts.
- Ngāti Porou and Air New Zealand will create a talent sharing programme where individuals from each other's organisation can either gain new skills or share those they have to help the professional development of others.

Air New Zealand Chief Executive Officer Christopher Luxon says the agreement signing with Ngāti Porou opens a new chapter in the role that the airline can play in supporting the aspirations of iwi around the country.

### Air New Zealand continues reign as Australia's #1 company

19 April 2018

For the second consecutive year, proudly Kiwi airline Air New Zealand has been recognised as Australia's most reputable company in the Reputation Institute's annual Australia Corporate Reputation Index.

In ranking first, Air New Zealand has trumped homegrown carriers Qantas and Virgin Australia which indexed third and fourth respectively, as well as other major corporates such as Toyota, Apple and Nestle.

Air New Zealand General Manager Australia Kathryn Robertson says the Kiwi carrier is determined to be Australia's airline of choice and this honour reflects the hard work of the 12,000 Air New Zealanders around the world dedicated to enhancing all aspects of its customers' experience.

"From our artificial intelligence powered chat bot Oscar, who helps thousands of Australian customers get answers to their questions, through to our \$100 million lounge investment programme which has transformed customer spaces in Melbourne, Sydney, Brisbane and Perth, Air New Zealand is focused on offering Australians a better way to fly across the Tasman and beyond.

"Clearly, Australians have embraced our warm service, innovative products and our distinctive brand, as brought to life here in Australia through our award-winning Bryan Brown voiced Dave the Goose marketing campaign. We're thrilled to continue to be held in such high regard."





## Air New Zealand TripAdvisor's Second Ranked Airline in the World

9 April 2018

Air New Zealand has once again been recognised for its outstanding product and service in the second annual 2018 TripAdvisor Travellers' Choice™ Awards, with significant wins across multiple categories.

The airline has been ranked second of all airlines globally as well as taking out Best Airline in the South Pacific. The airline has been ranked second of all airlines globally as well as taking out Best Airline in the South Pacific.

Its Premium Economy Class product won Best Premium Economy Class in the World for the second consecutive year.

Air New Zealand was also awarded top honours in the following categories:

- a) Best Business Class in the South Pacific
- b) Best Premium Economy Class in the South Pacific
- c) Best Economy Class in the South Pacific

Air New Zealand's Chief Marketing & Customer Officer Mike Tod says the accolades reflect the airline's commitment to delivering an outstanding experience on the more than 16 million customer journeys it facilitates every year.

"Listening to customer feedback is an important part of our strategy, and has helped us to deliver high quality products and a more seamless customer experience.

"It's incredibly meaningful to receive these awards as a result of direct feedback from our customers globally. Our people work hard each day to deliver a unique customer experience, so to have this acknowledged directly by customers is extremely satisfying," says Mr Tod.

## Air New Zealand announces new trans-Tasman routes

9 April 2018

Air New Zealand will launch two new routes across the Tasman from December this year and add an extra 15 percent seat capacity across all its Tasman services year on year.

The airline has announced the schedule it will operate across the Tasman after electing to end its alliance with Virgin Australia in October 2018.

From 18 December 2018, Air New Zealand will operate up to four times a week between Queenstown and Brisbane, increasing the airline's total international capacity out of the resort town by 20 percent. It will also operate up to five times a week between Wellington and Brisbane, a 15 percent increase or 20,000 seats.

In addition to the new routes, Air New Zealand is adding significant extra trans-Tasman capacity into and out of Christchurch from 28 October 2018. This includes moving to double daily on peak days of the week to both Melbourne and Brisbane, and double daily Monday to Friday for Sydney. This represents a 15 percent increase in capacity or about 35,000 extra seats on Christchurch trans-Tasman routes alone.

Air New Zealand will also offer 125,000 additional trans-Tasman seats ex Auckland, including a new business timed morning flight to Melbourne, more evening flights to Brisbane and a new middle of the day flight to Sydney.

Meanwhile all customers booked on an Air New Zealand ticket to travel on a Virgin Australia aircraft after 27 October 2018 will be moved across to Air New Zealand operated services in the next few weeks. There is no need for customers to do anything; they will be contacted by either the airline or their booking agent regarding any changes.

# Monthly **investor update**



## First ever air service to take off between New Zealand and Chicago

28 March 2018

Air New Zealand will launch a new non-stop service between Auckland and Chicago's O'Hare International Airport from November this year.

The new service deepens the alliance between Air New Zealand and United Airlines. In addition to the new route announcement, United has announced it will extend its seasonal service between Auckland and San Francisco to year-round from April 2019.

From November 30, 2018, Air New Zealand will operate the new route three times weekly, year-round with its new configuration Boeing 787-9 Dreamliner aircraft. Flight time will be approximately 15 hours northbound and just over 16 hours southbound.

With United operating more flights out of its hub of O'Hare International Airport than any other airline, the new service to Chicago will provide customers with convenient one-stop code share connections to around 100 destinations across the US.

Since Air New Zealand and United commenced their alliance in 2016, the joint venture has opened up more travel options for New Zealand and US travellers than ever before. Overall passenger volumes have grown and more than 30 percent of customers travelling to the US connect to United's broad domestic network from its hubs in Houston, Los Angeles and San Francisco.