



Contents

- November market conditions
- Company news
- Operating statistics table

November market conditions

Air New Zealand carried 1,232,000 passengers during the month of November, an increase of 4.0% compared to the same period last year. Revenue passenger kilometres (RPKs) were 8.0% higher on a capacity (ASKs) increase of 10.3%. Group load factors were down 1.8 percentage points overall to 83.3%.

Short Haul passenger numbers increased 3.3%. In the Domestic market demand (RPKs) increased by 6.1%, with capacity (ASKs) increasing by 9.1%, 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 2.2 percentage points to 80.6%, as the Kaikoura earthquake negatively impacted some services.

Tasman/Pacific demand (RPKs) increased 3.1% while capacity (ASKs) increased by 7.4%, due to increased frequency on the Auckland-Perth route as well as up-gauging to larger aircraft. Load factor on Tasman/Pacific decreased 3.5 percentage points to 83.6%.

Long Haul passenger numbers increased 9.2% when compared to November last year, with demand (RPKs) up 11.2% and capacity (ASKs) up 12.1%. Load factor on Long Haul routes was 84.0%, down 0.7 percentage points.

On Americas/UK routes, demand (RPKs) increased 18.2% with capacity (ASKs) increasing 13.5% due to the Auckland-Houston and Auckland-Buenos Aires routes, as well as increased frequency on the Auckland-Vancouver route which was partially offset by reduced frequency on the Auckland-Los Angeles route. Load factor increased 3.5 percentage points to 85.8%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 1.3%, with capacity (ASKs) increasing by 10.1%, reflecting the commencement of seasonal services between Auckland and Osaka. Load factor, although still strong at 81.2%, decreased 7.1 percentage points.

For the financial year to date, Short Haul passenger revenue per ASK (RASK)* decreased 6.5% while Long Haul RASK* decreased 14.1%. Removing the impact of foreign exchange, Group-wide RASK* decreased 9.9%, and Group-wide yields for the financial year to date decreased 8.6% 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 Airband™ Innovation of the Year

Air New Zealand's Airband™ has been named Innovation of the Year at the 2016 CAPA Asia Pacific Aviation Awards. Airband, a revolutionary wristband for children travelling unaccompanied, was first introduced in late 2015 and allows parents and guardians to follow the steps in their young one's journey. The product is embedded with a chip which is scanned at key stages of the journey to trigger text notifications to up to five nominated contacts.

Air New Zealand is currently investigating future uses for the Airband product and how it can support other customer journeys.

Air New Zealand's launches new domestic network campaign

Air New Zealand is inspiring travellers to take flight and discover more of the country with the launch of a new campaign showcasing the reach of its extensive domestic network.

The See More of New Zealand campaign, featuring a commercial and a supporting website which launched in late November, seeks to drive awareness of the 21 domestic destinations the airline operates to by celebrating the unique landscapes and must-do experiences on offer.

The new campaign website seemoreofnz.airnewzealand.co.nz features search functionality based on interests such as food & wine, great outdoors or arts & culture, together with insider tips from Air New Zealand Flight Crew on making the most of each destination.

Air New Zealand opens doors to new regional lounge in Wellington

On 30 November, Air New Zealand opened the airline's first lounge dedicated to regional travellers out of Wellington. Located on the first floor of the airport's main terminal building ahead of the new centralised security screening point, the lounge offers seating for more than 100 customers.

The new space is open to all lounge eligible customers but was designed specifically for those travelling to regional ports. The lounge's proximity to regional gates will give customers travelling on regional services more time to relax or get some work done in the lead up to their flight.

Air New Zealand is part way through a four year programme to redevelop lounges at ports right across its network.



Air New Zealand's homegrown safety video a global hit

Northland is in the spotlight with Air New Zealand's new Summer of Safety video, with an all-star line-up of Kiwi personalities on a sun-soaked adventure through the Bay of Islands and Hokianga, showcasing the tourism gems of the region, and attracting more than 2.2 million views online in its first day.

Air New Zealand's General Manager of Global Brand and Content Marketing Jodi Williams says Northland's stunning scenery was the perfect backdrop to bring to life the magic of a New Zealand summer for prospective domestic and international travellers.

"As a tourism business, one of our key roles is to encourage visitors to travel beyond the gateways into our regional destinations, ensuring local communities share the benefits tourism brings. Attracting a global audience of millions, our highly anticipated safety videos not only deliver important in-flight messages, but are an incredibly influential marketing tool. This most recent video will certainly put the Bay of Islands and the wider Northland region on the wish list for many and we expect to see a boost in visitation."

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	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	1,232	1,185	4.0%	6,490	6,243	5.3%
Revenue Passenger Kilometres(m)	2,570	2,381	8.0%	14,210	13,367	7.7%
Available Seat Kilometres (m)	3,086	2,798	10.3%	17,119	15,870	9.3%
Passenger Load Factor (%)	83.3%	85.1%	(1.8 pts)	83.0%	84.2%	(1.2 pts)

Short Haul Total	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	1,085	1,050	3.3%	5,677	5,487	4.8%
Revenue Passenger Kilometres(m)	1,130	1,085	4.2%	6,252	6,067	4.4%
Available Seat Kilometres (m)	1,371	1,269	8.1%	7,701	7,346	6.2%
Passenger Load Factor (%)	82.5%	85.5%	(3.0 pts)	81.2%	82.6%	(1.4 pts)

Domestic	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	822	792	3.7%	4,182	3,985	6.3%
Revenue Passenger Kilometres(m)	419	395	6.1%	2,115	1,978	8.4%
Available Seat Kilometres (m)	520	477	9.1%	2,672	2,503	8.2%
Passenger Load Factor (%)	80.6%	82.8%	(2.2 pts)	79.2%	79.0%	0.2 pts

Tasman / Pacific	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	263	258	2.1%	1,495	1,502	(0.5%)
Revenue Passenger Kilometres(m)	711	690	3.1%	4,137	4,089	2.5%
Available Seat Kilometres (m)	851	792	7.4%	5,029	4,843	5.2%
Passenger Load Factor (%)	83.6%	87.1%	(3.5 pts)	82.3%	84.4%	(2.1 pts)

Long Haul Total	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	147	135	9.2%	813	756	9.0%
Revenue Passenger Kilometres(m)	1,440	1,296	11.2%	7,958	7,300	10.5%
Available Seat Kilometres (m)	1,715	1,529	12.1%	9,418	8,524	12.0%
Passenger Load Factor (%)	84.0%	84.7%	(0.7 pts)	84.5%	85.6%	(1.1 pts)

Asia / Japan / Singapore	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	61	60	1.5%	327	318	4.2%
Revenue Passenger Kilometres(m)	548	541	1.3%	2,922	2,840	4.3%
Available Seat Kilometres (m)	674	612	10.1%	3,554	3,305	9.0%
Passenger Load Factor (%)	81.2%	88.3%	(7.1 pts)	82.2%	85.9%	(3.7 pts)

Americas / UK	NOVEMBER			FINANCIAL YTD		
	2016	2015	% *	2017	2016	% * +
Passengers carried (000)	86	74	15.5%	486	438	12.4%
Revenue Passenger Kilometres(m)	892	755	18.2%	5,036	4,460	14.4%
Available Seat Kilometres (m)	1,041	917	13.5%	5,864	5,219	13.9%
Passenger Load Factor (%)	85.8%	82.3%	3.5 pts	85.9%	85.5%	0.4 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.