

# Monthly *investor update*



## Contents

16 October 2017

- September 2017 traffic highlights
- Operating statistics table
- Recent market announcements and media releases

## September 2017 highlights

Group traffic summary	SEPTEMBER			FINANCIAL YTD		
	2017	2016	%*	2018	2017	%*+
Passengers carried (000)	1,567	1,500	4.4%	4,197	4,031	5.2%
Revenue Passenger Kilometres(m)	3,408	3,371	1.1%	9,138	9,024	2.4%
Available Seat Kilometres (m)	4,131	4,001	3.3%	11,160	10,865	3.8%
Passenger Load Factor (%)	82.5%	84.3%	(1.8 pts)	81.9%	83.1%	(1.2 pts)

Year-to-date RASK <sup>1</sup>	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	0.8%	2.1%
Short Haul	4.6%	5.1%
Long Haul	(5.0%)	(2.5%)

<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.

+ The year to date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 17 (30 days) compared with July 16 (31 days).

\* % change is based on numbers prior to rounding.



## Operating statistics table

Group	SEPTEMBER			FINANCIAL YTD		
	2017	2016	% *	2018	2017	% *+
Passengers carried (000)	1,567	1,500	4.4%	4,197	4,031	5.2%
Revenue Passenger Kilometres(m)	3,408	3,371	1.1%	9,138	9,024	2.4%
Available Seat Kilometres (m)	4,131	4,001	3.3%	11,160	10,865	3.8%
Passenger Load Factor (%)	82.5%	84.3%	(1.8 pts)	81.9%	83.1%	(1.2 pts)
<b>Short Haul Total</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	1,373	1,305	5.2%	3,686	3,512	6.1%
Revenue Passenger Kilometres(m)	1,515	1,455	4.1%	4,135	3,944	6.0%
Available Seat Kilometres (m)	1,856	1,785	4.0%	5,101	4,913	4.9%
Passenger Load Factor (%)	81.6%	81.5%	0.1 pts	81.1%	80.3%	0.8 pts
<b>Domestic</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	1,017	956	6.4%	2,705	2,562	6.7%
Revenue Passenger Kilometres(m)	513	480	7.0%	1,377	1,296	7.4%
Available Seat Kilometres (m)	643	616	4.3%	1,723	1,653	5.4%
Passenger Load Factor (%)	79.9%	77.9%	2.0 pts	79.9%	78.4%	1.5 pts
<b>Tasman / Pacific</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	356	349	1.9%	981	950	4.4%
Revenue Passenger Kilometres(m)	1,002	975	2.7%	2,758	2,648	5.3%
Available Seat Kilometres (m)	1,213	1,169	3.8%	3,378	3,260	4.7%
Passenger Load Factor (%)	82.6%	83.5%	(0.9 pts)	81.7%	81.2%	0.5 pts
<b>Long Haul Total</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	194	195	(1.0%)	511	519	(0.5%)
Revenue Passenger Kilometres(m)	1,893	1,916	(1.2%)	5,003	5,080	(0.5%)
Available Seat Kilometres (m)	2,275	2,216	2.7%	6,059	5,952	2.9%
Passenger Load Factor (%)	83.2%	86.5%	(3.3 pts)	82.6%	85.3%	(2.7 pts)
<b>Asia / Japan / Singapore</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	76	77	(1.4%)	203	206	(0.4%)
Revenue Passenger Kilometres(m)	681	691	(1.4%)	1,812	1,835	(0.2%)
Available Seat Kilometres (m)	877	821	6.8%	2,316	2,212	5.8%
Passenger Load Factor (%)	77.7%	84.2%	(6.5 pts)	78.2%	83.0%	(4.8 pts)
<b>Americas / UK</b>	<b>SEPTEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2017</b>	<b>2016</b>	<b>% *</b>	<b>2018</b>	<b>2017</b>	<b>% *+</b>
Passengers carried (000)	118	118	(0.8%)	308	313	(0.5%)
Revenue Passenger Kilometres(m)	1,212	1,225	(1.1%)	3,191	3,245	(0.6%)
Available Seat Kilometres (m)	1,398	1,395	0.2%	3,743	3,740	1.2%
Passenger Load Factor (%)	86.7%	87.9%	(1.2 pts)	85.2%	86.7%	(1.5 pts)

+ The year to date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2017 (30 days) compared with July 2016 (31 days).

\* % 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 21 September to 16 October 2017)

### Air New Zealand 2017 Annual Shareholders' Meeting Materials and Results 28 September 2017

At Air New Zealand's shareholder meeting, held in Auckland on Thursday, 28 September 2017, shareholders were asked to vote on two resolutions, which were supported by the Board of Directors.

Voting on both resolutions was by way of poll.

The resolutions passed by shareholders were

- To re-elect Linda Jenkinson
- To elect Sir John Key

Detail of the total number of votes cast in person or by a proxy holder are:

Resolution	For	Against	Abstain
1. To re-elect Linda Jenkinson	936,275,750 99.94%	577,357 0.06%	1,666,276
2. To elect Sir John Key	936,401,524 99.95%	515,010 0.05%	1,602,095

To access a replay of the event, or download materials, please refer to the Air New Zealand investor website at: [www.airnewzealand.co.nz/annual-meeting](http://www.airnewzealand.co.nz/annual-meeting).

## Media releases

### Air New Zealand new-look Dreamliner touches down

9 October 2017

The first of Air New Zealand's new-look Boeing 787-9 Dreamliners touched down in Auckland on 9 October, with a freshly configured interior offering more premium seating options for customers.

The airline has refreshed the cabin configuration for its next four Dreamliner deliveries in response to growing demand for premium travel, increasing the number of Business Premier seats from 18 to 27 and Premium Economy seats from 21 to 33.

Air New Zealand's newest aircraft will be deployed onto the Auckland-Houston route in December 2017, the first time a Dreamliner will regularly service one of the airline's North American routes.



## Air New Zealand begins Inflight Wi-Fi rollout

9 October 2017

Air New Zealand has started trialling its new Inflight Wi-Fi service on one of its long-haul Boeing 777-300 aircraft.

The airline is rolling out Wi-Fi capability across its international jet fleet, beginning with the 777-300 fleet. Further Wi-Fi enabled aircraft will become available progressively over the next couple of months.

Air New Zealand is utilising satellite company Inmarsat's global GX satellite constellation and has partnered with Panasonic Avionics as the in-cabin technology supplier.

Air New Zealand Chief Digital Officer Avi Golan says the airline has been working closely with its partners to prepare for the launch of Inflight Wi-Fi which will enable customers to access email, social media channels, web browsing and go shopping while travelling.

"We're launching Inflight Wi-Fi as a trial initially in order to gather customer feedback and ensure it meets the needs of our customers before we roll it out across our international jet fleet.

"The service will be available progressively with the installation of Inflight Wi-Fi on our Boeing 777-300 fleet expected to be completed by June 2018 and our Boeing 777-200 fleet rolling out from April next year.

"The trial will not only test the technical aspects of the service, it will also gather feedback on pricing options. Going forward, customers will be able to choose to sign up for different timeframes and have the ability to pay in a variety of ways, including with Airpoints Dollars™, as we look to offer a best in class connected inflight experience.

"Looking ahead, we're keen to actively explore new content opportunities and will also make Air New Zealand's friendly chatbot, Oscar, available to help assist passengers to resolve any travel related questions during their journey," says Mr Golan.

## Air New Zealand hosts 2017 Sustainability Breakfast, releases on-line Sustainability Report

4 October 2017

Air New Zealand hosted the third annual Sustainability Breakfast on 4 October in Auckland, bringing together around 380 leaders across New Zealand businesses, NGOs and local and central government to discuss the challenges as well as progress made to achieve the airline's purpose of supercharging New Zealand's success – socially, environmentally and economically.

The airline also released its 2017 Sustainability Report, which can be accessed online at: [www.airnewzealand.co.nz/sustainability](http://www.airnewzealand.co.nz/sustainability).

## Air New Zealand leads the way with inflight waste

4 October 2017

Air New Zealand, its catering partner LSG Sky Chefs and the Ministry for Primary Industries (MPI) have teamed up to tackle inflight waste from Air New Zealand's international services arriving in Auckland.

The world-leading partnership is expected to divert 150 tonnes of waste from landfill annually.

The waste reduction initiative Project Green has enabled 40 Air New Zealand inflight products that were previously sent to landfill due to biosecurity controls, to be reclassified so they can be reused on future flights if removed from aircraft sealed and untouched.

# Monthly **investor update**



Products approved to date include sealed beverages and unopened snacks with further items to be added in coming months. In the first month of running Project Green across its international fleet, the airline diverted 13 tonnes of waste, including 266,000 plastic cups, 480kg of sugar packets and 3.5 tonnes of bottled water.

The programme, which has been developed over 18 months, is also enabling greater recycling of low biosecurity risk packaging, more accurate loading of catering items onto aircraft and reduced waste disposal costs with fewer items sent to landfill.

Project Green is just one of several initiatives Air New Zealand has in place across its business to tackle waste. The airline also has programmes in place to recycle paper coffee cups used on domestic jet services, organic waste from head office, office materials and lounge furniture, staff uniforms and blankets.

## Air New Zealand makes the switch

4 October 2017

To further improve fuel efficiency, Air New Zealand has turned to electricity to power its aircraft while on airport gates.

The move is expected to reduce carbon emissions by more than 4,500 tonnes each year.

Traditionally onboard systems like air conditioning and lighting are powered by an Auxiliary Power Unit (APU), a small jet engine in the tail of an aircraft, when on the ground. This however consumes jet fuel and generates carbon emissions.

Now APUs are increasingly being switched off with aircraft being plugged directly into electrical power at gates at both Auckland and Christchurch International Airports.

In the first month of trialling this new process in Auckland with just its Boeing 777 and 787-9 long-haul fleets, the airline saved 475,000kg of carbon and 188,000 litres of fuel - more than the volume of fuel required to fly a Boeing 777-300 from Auckland to Los Angeles.

The airline has been working closely with both Auckland and Christchurch International Airports to ensure ground infrastructure is compatible with aircraft systems and processes are aligned. All wide-body jet aircraft are now using ground power when on gates in Auckland while domestic jets are currently plugging into electricity in Christchurch. The airline is also currently in talks with Wellington Airport to adopt similar processes.

Better utilising ground power is just one initiative Air New Zealand has in place to reduce carbon emissions and improve fuel efficiency. The airline is also continuing to invest in a modern fleet and reduce weight onboard its aircraft, as well as transitioning its ground service equipment at airports to electric options where operationally feasible. The airline has already completed the transition of more than 75 vehicles in its light vehicle fleet to electric models.

## Kiwis continue to flock to Vietnam

25 September 2017

Air New Zealand has announced it will continue to operate its seasonal non-stop service to Ho Chi Minh City, Vietnam, following strong customer demand.

For its 2018 season, the airline will operate two direct services a week between Auckland and Ho Chi Minh City on Tuesdays and Saturdays, using its Boeing 787-9 Dreamliner. This will be the third consecutive year of Vietnam operations.

Air New Zealand's 2018 Vietnam season will operate between 23 June and 23 October.