



**MONTHLY INVESTOR UPDATE: 21 June 2010**

## **CONTENTS**

- *May market conditions*
- *Company news*
- *Operating statistics table*

## **MAY MARKET CONDITIONS**

In May Air New Zealand carried 883,000 passengers, 3.9% more than the same month last year. Revenue passenger kilometres (RPKs) were up 1.8% and capacity (ASKs) was reduced by 0.7%. The Group load factor increased by 1.9 percentage points.

Short Haul passenger numbers were up 4.2% on May last year. Demand (RPKs) increased in the Domestic market by 5.8% on last year and the load factor rose by 4 percentage points to 80.1% as capacity was increased by 0.6%. Tasman / Pacific capacity was reduced by 3.0% in response to a 1.1% decrease in demand. Trans-Tasman load factor was up 1.5 percentage points on May 2009 at 78.3%.

Long Haul passenger numbers were 1.9% higher than May last year. Demand reduced by 1.0% on Asia / Japan / UK routes and capacity was increased by 2.0% with the load factor decreasing by 2.1 percentage points to 71.9%. On North America / UK routes demand increased by 4.1% and capacity was reduced by 1.3%, the load factor increased by 4.2 percentage points to 79.9%.

Group-wide yields for the financial year to date were down 7.9% on the same period last year. Year to date Short Haul yields were down 6.0% and the respective Long Haul yields were down by 12.0%. Removing the impact of foreign exchange, Group-wide yields were down 5.9%.

Poor weather caused a number of operational challenges during May resulting in 85.5% of Air New Zealand's Domestic flights departing within 10 minutes of schedule departure time.

## **COMPANY NEWS**

### **Introduction of new trans-Tasman check-in kiosks**

Air New Zealand has unveiled a new kiosk check-in experience for passengers flying to Australia, aimed to halve the time it takes to check-in.

In a first for passengers departing from New Zealand, people travelling to Australia from Auckland International Airport are now able to check themselves using new technology. Passengers simply scan their machine readable passports at a kiosk to be issued with a boarding pass, and bag tags if they are checking in bags. Customers then take their bags to the 'bag drop' area, where Air New Zealand staff will scan the bag and check the passenger's ID.

There are 18 new self-service kiosks in the economy check-in area, and six new kiosks in the premium check-in area. The new check-in process is similar to that introduced at Air New Zealand's main domestic terminals from 2008. The airline will be progressively introducing new kiosks at its Wellington, Queenstown and Christchurch International check-in areas over the next nine months.

## **Air New Zealand adds more seats to domestic jet route capacity**

Air New Zealand intends to increase domestic jet capacity by a further 4.2% from September, taking the total number of services on its main trunk routes to more than 750 per week.

This third capacity increase comes in addition to recent announcements of a 3.8% capacity increase across Air New Zealand's entire domestic network from November and a 10.5% increase in domestic jet capacity from January next year.

## **Air New Zealand wins another Top Airline Award**

Air New Zealand has been named Best Airline at this year's 2010 Which? Awards - the UK's top consumer magazine with awards independently voted by readers.

The judges said Air New Zealand performed exceptionally well in the latest Which? Airline satisfactions survey, scoring a maximum five-star rating out of five in almost every category including the quality of its online check-in, seat allocation, boarding arrangements, cleanliness, inflight entertainment and cabin staff.

Air New Zealand received a value-for-money rating of 89% versus the industry average of 66%, with 98% of passengers said they would recommend the airline to a friend.

Air New Zealand has also picked up the Skytrax Awards for the Best Airline Australia/Pacific and the Staff Service Excellence Award for the Australia/Pacific region.

## MAY OPERATING STATISTICS TABLE

| Group                           | MAY   |       |         | FINANCIAL YTD |        |         |
|---------------------------------|-------|-------|---------|---------------|--------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009   | %*      |
| Passengers carried (000)        | 883   | 850   | 3.9%    | 11,323        | 11,260 | 0.6%    |
| Revenue Passenger Kilometres(m) | 1,755 | 1,724 | 1.8%    | 23,770        | 24,789 | (4.1%)  |
| Available Seat Kilometres (m)   | 2,263 | 2,278 | (0.7%)  | 29,088        | 31,393 | (7.3%)  |
| Passenger Load Factor (%)       | 77.6% | 75.7% | 1.9 pts | 81.7%         | 79.0%  | 2.7 pts |

| Short Haul Total                | MAY   |       |         | FINANCIAL YTD |        |         |
|---------------------------------|-------|-------|---------|---------------|--------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009   | %*      |
| Passengers carried (000)        | 774   | 743   | 4.2%    | 9,802         | 9,637  | 1.7%    |
| Revenue Passenger Kilometres(m) | 731   | 721   | 1.4%    | 9,678         | 9,736  | (0.6%)  |
| Available Seat Kilometres (m)   | 926   | 942   | (1.7%)  | 12,123        | 12,926 | (6.2%)  |
| Passenger Load Factor (%)       | 78.9% | 76.5% | 2.4 pts | 79.8%         | 75.3%  | 4.5 pts |

| Domestic                        | MAY   |       |         | FINANCIAL YTD |       |         |
|---------------------------------|-------|-------|---------|---------------|-------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009  | %*      |
| Passengers carried (000)        | 597   | 563   | 6.0%    | 7,353         | 7,096 | 3.6%    |
| Revenue Passenger Kilometres(m) | 273   | 258   | 5.8%    | 3,429         | 3,258 | 5.3%    |
| Available Seat Kilometres (m)   | 341   | 339   | 0.6%    | 4,348         | 4,346 | 0.0%    |
| Passenger Load Factor (%)       | 80.1% | 76.1% | 4.0 pts | 78.9%         | 75.0% | 3.9 pts |

| Tasman / Pacific                | MAY   |       |         | FINANCIAL YTD |       |         |
|---------------------------------|-------|-------|---------|---------------|-------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009  | %*      |
| Passengers carried (000)        | 178   | 180   | (1.1%)  | 2,449         | 2,541 | (3.6%)  |
| Revenue Passenger Kilometres(m) | 458   | 463   | (1.1%)  | 6,249         | 6,479 | (3.5%)  |
| Available Seat Kilometres (m)   | 585   | 603   | (3.0%)  | 7,775         | 8,580 | (9.4%)  |
| Passenger Load Factor (%)       | 78.3% | 76.8% | 1.5 pts | 80.4%         | 75.5% | 4.9 pts |

| Long Haul Total                 | MAY   |       |         | FINANCIAL YTD |        |         |
|---------------------------------|-------|-------|---------|---------------|--------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009   | %*      |
| Passengers carried (000)        | 109   | 107   | 1.9%    | 1,521         | 1,624  | (6.4%)  |
| Revenue Passenger Kilometres(m) | 1,024 | 1,003 | 2.1%    | 14,092        | 15,052 | (6.4%)  |
| Available Seat Kilometres (m)   | 1,337 | 1,337 | 0.0%    | 16,965        | 18,467 | (8.1%)  |
| Passenger Load Factor (%)       | 76.6% | 75.0% | 1.6 pts | 83.1%         | 81.5%  | 1.6 pts |

| Asia / Japan / UK               | MAY   |       |           | FINANCIAL YTD |       |         |
|---------------------------------|-------|-------|-----------|---------------|-------|---------|
|                                 | 2010  | 2009  | %         | 2010          | 2009  | %*      |
| Passengers carried (000)        | 42    | 44    | (4.5%)    | 618           | 723   | (14.4%) |
| Revenue Passenger Kilometres(m) | 393   | 397   | (1.0%)    | 5,634         | 6,517 | (13.6%) |
| Available Seat Kilometres (m)   | 547   | 536   | 2.0%      | 6,973         | 8,145 | (14.4%) |
| Passenger Load Factor (%)       | 71.9% | 74.0% | (2.1 pts) | 80.8%         | 80.0% | 0.8 pts |

| North America / UK              | MAY   |       |         | FINANCIAL YTD |        |         |
|---------------------------------|-------|-------|---------|---------------|--------|---------|
|                                 | 2010  | 2009  | %       | 2010          | 2009   | %*      |
| Passengers carried (000)        | 66    | 63    | 4.8%    | 902           | 902    | 0.1%    |
| Revenue Passenger Kilometres(m) | 631   | 606   | 4.1%    | 8,458         | 8,535  | (0.9%)  |
| Available Seat Kilometres (m)   | 790   | 801   | (1.3%)  | 9,992         | 10,321 | (3.2%)  |
| Passenger Load Factor (%)       | 79.9% | 75.7% | 4.2 pts | 84.7%         | 82.7%  | 2.0 pts |

\* Year on year percentage movements are impacted by the difference in days for the July 2009 period (33 days) compared with July 2008 (27 days), resulting in a 1.8% increase.

### Notes:

- These statistics are issued on a preliminary basis and any changes made will flow through the year-to-date column.
- Year-on-year percentage movements are calculated on operating statistics prior to rounding adjustments.
  - ASKs: The number of seats made available for sale multiplied by the distance flown
  - RPKs: The number of revenue passengers carried multiplied by the distance flown.
  - Yield: Revenue (adjusted for currency movements) over distance flown on a per passenger basis (Revenue/RPKs)
  - Load Factor: RPKs as a percentage of ASKs.
  - Short Haul: Includes New Zealand, Australia and Pacific Islands.
  - Long Haul: Includes Asia, North America and Europe
- Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. The operational data and statistics is additional supplementary information only.