



Contents

- February market conditions
- Company news
- Operating statistics table

February market conditions

Air New Zealand carried 1,083,000 passengers during the month of February, 2.0% more than the same period last year. Revenue passenger kilometres (RPKs) decreased 1.1% on a capacity (ASKs) decrease of 1.8%. Group load factor was 83.9%, up 0.6 of a percentage point.

Short Haul passenger numbers were up 3.1% on the same period last year. Demand (RPKs) increased in the Domestic market by 4.5%, while capacity increased 3.2%. Domestic load factor was up 1.1 percentage points to 84.4%.

Tasman/Pacific demand (RPKs) increased 4.0%, with capacity (ASKs) increasing by 3.0%. Load factor for Tasman/Pacific was up 0.8 of a percentage point to 83.7%.

Long Haul passenger numbers decreased 6.0% compared to February last year, with demand (RPKs) and capacity (ASKs) down 5.2% and 5.6% respectively. Load factor increased by 0.3 of a percentage point to 83.8%.

On North America/UK routes, demand (RPKs) increased 5.4% with capacity (ASKs) increasing by 7.6%. Load factor decreased 1.7 percentage points to 82.9%.

Demand (RPKs) was down 22.0% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 25.7% due to the withdrawal from the Hong Kong-London and Auckland-Osaka routes. Load factor increased 4.1 percentage points to 86.0%.

Group-wide yields for the financial year to date were up 0.7% on the same period last year. Short Haul yields were down 0.7%, while Long Haul yields were up 0.9%. Removing the impact of foreign exchange, Group-wide yields were up 3.1%.

In February, 82.3% of Air New Zealand's Domestic Jet flights departed within 10 minutes of scheduled departure time.



Company news

Record interim financial result

Air New Zealand recently announced a record interim result for the first half of the 2014 financial year. Normalised earnings before taxation for the half-year were \$180 million, an increase of 29% on the previous corresponding period. Statutory earnings before taxation were \$197 million, with net profit after taxation of \$140 million, an increase of 40%.

The Board declared a fully imputed interim dividend of 4.5 cents per share, an increase of 50% over the previous corresponding period. Chairman Tony Carter said that with stable fuel prices and a traditional seasonal earnings pattern of a stronger first half, the company expects to deliver a full year result of normalised earnings before taxation in excess of \$300 million.

More peak season flights to San Francisco

Air New Zealand will move to 10 return services per week on the popular Auckland-San Francisco route during the peak Northern winter period between mid-December and March, including double daily flights on Wednesdays, Fridays and Sundays. This will be the first time the airline has operated more than daily return services on the route and represents a 10 percent increase in capacity over the previous Northern winter period.

The Northern winter season is traditionally a busy travel period with strong demand for the airline's North American services. The additional services also mean a more flexible schedule with a new, convenient mid-afternoon flight departing Auckland at 3.30pm and arriving in San Francisco at 6.45am.

Capacity boost on Japan services

Air New Zealand is boosting capacity on its Japan services by 30 percent from November. General Manager Japan Scott Carr says an overwhelming response to the airline's recent campaign with Tourism New Zealand has further strengthened confidence in the Japan market.

"As a result Air New Zealand will add around 30 percent extra capacity to the Japan route between mid November this year and the end of March 2015. This will also see the airline operate a year-round daily direct service between Japan and New Zealand for the first time since 2007."

The new schedule will include a combination of daytime and overnight services, offering customers a greater choice and more convenient connections both in New Zealand and from Tokyo to North Asia and Europe. There will be ten weekly services to Tokyo. Daily direct services will operate between Narita and Auckland, with three services per week operating via Christchurch.

Monthly *investor update*



Group	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	1,083	1,062	2.0%	9,048	8,865	2.5%
Revenue Passenger Kilometres(m)	2,199	2,224	(1.1%)	18,819	18,838	0.3%
Available Seat Kilometres (m)	2,622	2,669	(1.8%)	22,234	22,499	(0.8%)
Passenger Load Factor (%)	83.9%	83.3%	0.6 pts	84.6%	83.7%	0.9 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	962	933	3.1%	8,029	7,810	3.2%
Revenue Passenger Kilometres(m)	1,014	973	4.2%	8,877	8,577	3.9%
Available Seat Kilometres (m)	1,208	1,171	3.1%	10,692	10,339	3.8%
Passenger Load Factor (%)	83.9%	83.0%	0.9 pts	83.0%	83.0%	-
Domestic	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	716	696	3.0%	5,800	5,647	3.2%
Revenue Passenger Kilometres(m)	358	343	4.5%	2,853	2,738	4.6%
Available Seat Kilometres (m)	424	411	3.2%	3,497	3,354	4.7%
Passenger Load Factor (%)	84.4%	83.3%	1.1 pts	81.6%	81.6%	-
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	245	237	3.3%	2,229	2,163	3.5%
Revenue Passenger Kilometres(m)	656	630	4.0%	6,024	5,839	3.6%
Available Seat Kilometres (m)	783	760	3.0%	7,194	6,985	3.4%
Passenger Load Factor (%)	83.7%	82.9%	0.8 pts	83.7%	83.6%	0.1 pts
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	122	129	(6.0%)	1,019	1,056	(3.1%)
Revenue Passenger Kilometres(m)	1,186	1,251	(5.2%)	9,942	10,260	(2.7%)
Available Seat Kilometres (m)	1,414	1,498	(5.6%)	11,542	12,160	(4.7%)
Passenger Load Factor (%)	83.8%	83.5%	0.3 pts	86.1%	84.4%	1.7 pts
Asia / Japan / UK	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	43	54	(21.0%)	344	432	(20.0%)
Revenue Passenger Kilometres(m)	378	485	(22.0%)	3,072	3,942	(21.7%)
Available Seat Kilometres (m)	440	592	(25.7%)	3,720	4,872	(23.3%)
Passenger Load Factor (%)	86.0%	81.9%	4.1 pts	82.6%	80.9%	1.7 pts
North America / UK	FEBRUARY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	79	75	4.8%	675	624	8.7%
Revenue Passenger Kilometres(m)	808	766	5.4%	6,871	6,319	9.2%
Available Seat Kilometres (m)	974	905	7.6%	7,822	7,288	7.8%
Passenger Load Factor (%)	82.9%	84.6%	(1.7 pts)	87.8%	86.7%	1.1 pts

* % change is based on numbers prior to rounding.

+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 2013 (28 days) Compared to July 2012 (29 days).

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.