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March market conditions

Air New Zealand carried 1,507,000 passengers during the month of March, 8.5% more than the same period last year. Revenue passenger kilometres (RPKs) were 14.1% higher on a capacity (ASKs) increase of 10.1%. Group load factor was up 3.1 percentage points.

Short Haul passenger numbers were up 7.2%, while in the Domestic market demand (RPKs) and capacity (ASKs) increased by 7.5% and 6.2% respectively. Domestic load factor was 84.0%, up 1.0 percentage point.

Tasman/Pacific demand (RPKs) increased 10.6% while capacity (ASKs) increased by 3.4%. Load factor on Tasman/Pacific increased 5.8 percentage points to 88.2%.

Long Haul passenger numbers increased 18.9% when compared to March last year, with demand (RPKs) up 18.2% and capacity (ASKs) up 15.2%. Load factor on Long Haul routes was 87.1%, up 2.2 percentage points.

On North American/UK routes, demand (RPKs) increased 2.5% with capacity (ASKs) decreasing 0.3%. Load factor was up 2.4 percentage point to 87.8%.

Demand (RPKs) increased 50.3% on Asia/Japan routes, with capacity (ASKs) increasing by 46.7% due to the commencement of flying on the new Auckland-Singapore route and increased frequencies on the Auckland-Tokyo route. Load factor increased 2.0 percentage points to 86.1%.

Group-wide yields for the financial year to date were up 0.7% on the same period last year. Short Haul yields were up 2.1%, while Long Haul yields were down 0.6%. Removing the impact of foreign exchange, Group-wide yields were up 1.9%.



Company news

[Air New Zealand to launch direct Auckland-Houston route](#)

Air New Zealand announced last week that it will start flying to Houston, Texas from December this year, opening up a direct connection between New Zealand and America's South for the first time.

The airline will fly its completely refitted Boeing 777-200 aircraft between Auckland and Houston up to five times a week opening up the state of Texas as well as popular nearby tourist states such as Louisiana and Florida.

The announcement means Air New Zealand will soon be offering direct services to five popular North American destinations - Los Angeles, San Francisco, Vancouver, Hawaii and Houston.

Air New Zealand Chief Executive Officer Christopher Luxon says the airline is hugely excited to be adding Houston to its list of international destinations, particularly as the move comes hard on the heels of the airline's recent announcement that it will also begin flying to Buenos Aires, Argentina, in December.

[Air New Zealand acquires analytics business in joint venture](#)

Air New Zealand and Aimia, a Canada based data-driven marketing and loyalty analytics company recently announced the joint purchase of the 11Ants Analytics business.

11Ants Analytics was born out of Waikato University research and was founded and developed by WaikatoLink, the University's commercial arm.

11Ants has developed an innovative cloud-based retail analytics platform. The solution allows retailers such as supermarkets, fuel retailers, home improvement, fashion, pharmacies and department stores to obtain actionable insights from their raw transactional and customer data in order to understand their customers better and create deeper customer relationships.

The joint venture will see 11Ants Analytics' business expand into the 20 countries Aimia operates in, across several industries including the retail and travel sectors.



[Air New Zealand to fly over 650,000 more domestic seats in FY16](#)

Air New Zealand will increase its total domestic capacity by more than 650,000 seats in the coming financial year.

Increased flight frequencies and the airline's fleet modernisation programme, which will see the domestic jet fleet continue to transition from Boeing 737s to more modern larger A320 aircraft, are behind this substantial growth.

Most of the additional seats will be deployed on three key domestic routes:

- Around 180,000 more seats will be offered between Christchurch and Auckland through a combination of extra frequency and moving to the larger A320s
- 110,000 more seats will be offered between Queenstown and Auckland as a result of increased flight frequency
- 135,000 more seats will be offered between Auckland – Wellington as a result of upgauging to A320s

Capacity will also increase between Christchurch and Queenstown, with more than 20,000 new seats added to the route.

[Air New Zealand completes sale of subsidiary TAE](#)

Air New Zealand has completed the divestment of subsidiary TAE, an Australian based aerospace engineering and maintenance specialist, to the company's Australian management team.

Monthly investor update



Group	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	1,507	1,389	8.5%	10,760	10,438	3.5%
Revenue Passenger Kilometres(m)	3,055	2,678	14.1%	22,501	21,498	5.0%
Available Seat Kilometres (m)	3,517	3,195	10.1%	26,583	25,429	4.9%
Passenger Load Factor (%)	86.9%	83.8%	3.1 pts	84.6%	84.5%	0.1 pts
Short Haul Total	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	1,333	1,243	7.2%	9,527	9,272	3.1%
Revenue Passenger Kilometres(m)	1,381	1,261	9.5%	10,474	10,138	3.7%
Available Seat Kilometres (m)	1,594	1,526	4.4%	12,552	12,218	3.1%
Passenger Load Factor (%)	86.6%	82.6%	4.0 pts	83.4%	83.0%	0.4 pts
Domestic	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	1,004	945	6.3%	6,924	6,745	3.0%
Revenue Passenger Kilometres(m)	497	463	7.5%	3,428	3,315	3.8%
Available Seat Kilometres (m)	592	557	6.2%	4,218	4,055	4.4%
Passenger Load Factor (%)	84.0%	83.0%	1.0 pts	81.3%	81.8%	(0.5 pts)
Tasman / Pacific	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	329	298	10.2%	2,603	2,527	3.4%
Revenue Passenger Kilometres(m)	884	799	10.6%	7,046	6,823	3.7%
Available Seat Kilometres (m)	1,002	969	3.4%	8,335	8,163	2.5%
Passenger Load Factor (%)	88.2%	82.4%	5.8 pts	84.5%	83.6%	0.9 pts
Long Haul Total	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	174	146	18.9%	1,233	1,165	6.2%
Revenue Passenger Kilometres(m)	1,674	1,417	18.2%	12,026	11,359	6.3%
Available Seat Kilometres (m)	1,923	1,669	15.2%	14,031	13,211	6.6%
Passenger Load Factor (%)	87.1%	84.9%	2.2 pts	85.7%	86.0%	(0.3 pts)
Asia / Japan	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	78	53	48.1%	465	397	17.7%
Revenue Passenger Kilometres(m)	698	464	50.3%	4,200	3,536	19.2%
Available Seat Kilometres (m)	810	552	46.7%	5,011	4,273	17.7%
Passenger Load Factor (%)	86.1%	84.1%	2.0 pts	83.8%	82.8%	1.0 pts
North America / UK	MARCH			FINANCIAL YTD		
	2015	2014	% *	2015	2014	% * +
Passengers carried (000)	96	93	2.4%	768	769	0.2%
Revenue Passenger Kilometres(m)	976	953	2.5%	7,826	7,824	0.4%
Available Seat Kilometres (m)	1,112	1,116	(0.3%)	9,020	8,938	1.3%
Passenger Load Factor (%)	87.8%	85.4%	2.4 pts	86.8%	87.5%	(0.7 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 2014 (27 days) compared with July 2013 (28 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.