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September market conditions

Air New Zealand carried 1,433,000 passengers during the month of September, 7.7% more than the same period last year. Revenue passenger kilometres (RPKs) were 15.2% higher on a capacity (ASKs) increase of 13.6%. Group load factors were up 1.1 percentage points to 85.4%.

Short Haul passenger numbers were up 5.6%. In the Domestic market demand (RPKs) and capacity (ASKs) increased by 6.6% and 9.0%, respectively. Domestic load factor was 78.0%, down 1.7 percentage points.

Tasman/Pacific demand (RPKs) increased 6.2% while capacity (ASKs) increased by 2.6%. Load factor on Tasman/Pacific increased 2.9 percentage points to 85.7%.

Long Haul passenger numbers increased 25.1% when compared to September last year, with demand (RPKs) up 23.5% and capacity (ASKs) up 22.6%. Load factor on Long Haul routes was 87.4%, up 0.6 percentage points.

On North American/UK routes, demand (RPKs) increased 11.0% with capacity (ASKs) increasing 13.5%. Load factor was down 2.0 percentage points to 87.4%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 50.8%, with capacity (ASKs) increasing by 40.7% due to the new Auckland-Singapore route and larger B787-9 aircraft operating on the Auckland-Shanghai route. Load factor increased 5.8 percentage points to 87.3%.

Group-wide yields for the financial year to date were down 1.1% on the same period last year. Short Haul yields were flat while Long Haul yields were up 0.9%. Removing the impact of foreign exchange, Group-wide yields were down 3.8%.



Company news

[Air New Zealand Annual Shareholder Meeting and 2016 Outlook](#)

Air New Zealand held their Annual Shareholder Meeting on 7 October 2015. The Board provided shareholders with an update on the outlook for the 2016 financial year, as follows:

At the 2015 annual results we said that given the current known operating environment, along with increased capacity and improved operating efficiencies, we expect to achieve significant earnings growth in the coming year. This view has strengthened.

We are very pleased with the first quarter performance of the 2016 financial year and the business is on target to exceed profit before tax of \$400 million for the first half of this financial year. This outlook excludes equity earnings from our Virgin Australia shareholding.

The company is very well positioned with:

- buoyant tourism to New Zealand;
- a lower current fuel price environment;
- an increasingly efficient fleet; and
- a company with proven agility in responding to changing circumstances

As a consequence, we are confident of our ongoing strong performance in the coming years.

At the Annual Shareholder Meeting, shareholders also passed all resolutions including the re-election of Antony Carter as a director and the re-election of Robert Jager as a director. Additionally, shareholders approved an increase of \$105,000 to the Directors remuneration cap from \$995,000 to \$1,100,000. The Board had not had an increase in directors' remuneration since 2007. This increase therefore represented approximately 1.1% increase per annum since 2007.

[United Airlines enters NZ market in cooperation with Air NZ](#)

In early October, United Airlines announced that it will enter the New Zealand market, launching a San Francisco – Auckland service from July next year and Air New Zealand welcomes this announcement.

Monthly **investor update**



Air New Zealand and United Airlines have a longstanding partnership and in April this year signed a Statement of Intent to deepen and further define this alliance on routes between New Zealand and mainland USA.

United Airlines has supported Air New Zealand in launching its new Auckland – Houston service and today's announcement is another important step in expanding the partnership, with the airlines working together to promote both carriers' services between Auckland and San Francisco.

Subject to United Airlines obtaining the necessary regulatory approvals it will begin operating a three times weekly 787-8 service between San Francisco and Auckland from July, moving to daily services operated by a larger 787-9 aircraft from November 2016.

Air New Zealand currently operates a daily service from Auckland to San Francisco, 18 return services per week from Auckland to Los Angeles, four services per week to Vancouver and four services per week to Honolulu. From December 15 the airline will also commence direct services from Auckland to Houston five times per week.

Monthly investor update



Group	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	1,433	1,330	7.7%	3,914	3,430	7.0%
Revenue Passenger Kilometres(m)	3,157	2,741	15.2%	8,585	7,181	12.1%
Available Seat Kilometres (m)	3,696	3,252	13.6%	10,203	8,544	11.9%
Passenger Load Factor (%)	85.4%	84.3%	1.1 pts	84.1%	84.0%	0.1 pts
Short Haul Total	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	1,252	1,185	5.6%	3,428	3,051	5.3%
Revenue Passenger Kilometres(m)	1,409	1,326	6.3%	3,877	3,463	4.9%
Available Seat Kilometres (m)	1,696	1,621	4.6%	4,760	4,279	4.3%
Passenger Load Factor (%)	83.1%	81.8%	1.3 pts	81.4%	80.9%	0.5 pts
Domestic	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	902	857	5.2%	2,459	2,184	5.5%
Revenue Passenger Kilometres(m)	446	418	6.6%	1,222	1,071	7.0%
Available Seat Kilometres (m)	571	524	9.0%	1,562	1,356	8.0%
Passenger Load Factor (%)	78.0%	79.7%	(1.7 pts)	78.3%	79.0%	(0.7 pts)
Tasman / Pacific	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	350	328	6.7%	969	867	4.7%
Revenue Passenger Kilometres(m)	964	908	6.2%	2,654	2,392	4.0%
Available Seat Kilometres (m)	1,125	1,097	2.6%	3,198	2,923	2.6%
Passenger Load Factor (%)	85.7%	82.8%	2.9 pts	83.0%	81.8%	1.2 pts
Long Haul Total	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	181	144	25.1%	486	379	20.4%
Revenue Passenger Kilometres(m)	1,748	1,415	23.5%	4,709	3,718	18.7%
Available Seat Kilometres (m)	2,000	1,631	22.6%	5,443	4,265	19.6%
Passenger Load Factor (%)	87.4%	86.8%	0.6 pts	86.5%	87.2%	(0.7 pts)
Asia / Japan / Singapore	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	75	49	53.7%	198	126	48.3%
Revenue Passenger Kilometres(m)	668	443	50.8%	1,773	1,144	45.3%
Available Seat Kilometres (m)	765	544	40.7%	2,078	1,397	39.5%
Passenger Load Factor (%)	87.3%	81.5%	5.8 pts	85.3%	81.9%	3.4 pts
North America / UK	SEPTEMBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	106	96	10.5%	288	253	6.6%
Revenue Passenger Kilometres(m)	1,080	972	11.0%	2,936	2,575	6.9%
Available Seat Kilometres (m)	1,235	1,087	13.5%	3,365	2,869	10.0%
Passenger Load Factor (%)	87.4%	89.4%	(2.0 pts)	87.3%	89.8%	(2.5 pts)

* % change is based on numbers prior to rounding.

+ There were equal days (35 days) in September 2015 and September 2014. The YTD percentage movements have been adjusted for the 22% difference in days for the month of July 15 (33 days) compared with July 2014 (27 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 above operational data and statistics is additional supplementary information only.