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## **March market conditions**

Air New Zealand carried 1,534,000 passengers during the month of March, 1.8% more than the same period last year. Revenue passenger kilometres (RPKs) were 7.8% higher on a capacity (ASKs) increase of 10.8%. Group load factors were down 2.4 percentage points to 84.5%.

Short Haul passenger numbers were up 0.7%, reflecting the comparison with elevated passenger numbers in the prior period, attributable to the 2015 Cricket World Cup. In the Domestic market demand (RPKs) and capacity (ASKs) increased by 2.8% and 5.2%, respectively. Domestic load factor was 82.1%, down 1.9 percentage points.

Tasman/Pacific demand (RPKs) increased 2.9% while capacity (ASKs) increased by 6.5%. Load factor on Tasman/Pacific decreased 2.9 percentage points to 85.3%.

Long Haul passenger numbers increased 10.3% when compared to March last year, with demand (RPKs) up 11.9% and capacity (ASKs) up 14.9%. Load factor on Long Haul routes was 84.8%, down 2.3 percentage points.

On Americas/UK routes, demand (RPKs) increased 19.5% with capacity (ASKs) increasing 22.8% due to the new Auckland-Houston and Auckland-Buenos Aires routes. Load factor was down 2.4 percentage points to 85.4%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 1.2%, with capacity (ASKs) increasing by 4.0%. Load factor decreased 2.2 percentage points to 83.9%.

Group-wide yields for the financial year to date were down 1.2% on the same period last year. Short Haul yields were down 1.2% while Long Haul yields were up 2.0%. Removing the impact of foreign exchange, Group-wide yields were down 5.3%.



## **Company news**

### [Air New Zealand reviews its financial investment in Virgin Australia](#)

Air New Zealand advised on 30 March that it was exploring options with respect to its shareholding in Virgin Australia Holdings Limited, including a possible sale of all, or part of its shareholding.

Air New Zealand has retained First NZ Capital and Credit Suisse to advise it on options with respect to its shareholding in Virgin Australia.

Virgin Australia has undertaken a successful transformation programme over the past five years that has seen it evolve from a low cost carrier to a diversified airline group. As Virgin Australia now embarks on the next phase of its programme of optimising its balance sheet and capital structure, Air New Zealand's Chairman, Tony Carter, has advised Elizabeth Bryan, the Chairman of Virgin Australia, that Air New Zealand will undertake a review of its financial investment in the Company, including possible alternate uses of capital currently deployed in Virgin Australia.

Air New Zealand intends to coordinate its review of its investment in Virgin Australia with that airline's broader capital structure review, and looks forward to continuing its strong relationship with Virgin Australia and working constructively together.

As a result of this announcement, Christopher Luxon resigned from the board of Virgin Australia on 30 March 2016.

Further details on the outcomes of the review will be provided in due course.

# Monthly **investor update**



## [Air New Zealand to fly to Manila](#)

Air New Zealand will further expand its Pacific Rim network with the launch of direct flights to Manila in the Philippines from December 2016.

The new year round service will operate three times a week using Boeing 767-300 aircraft with a flight time of around 10 and a half hours in each direction.

Air New Zealand Chief Executive Officer Christopher Luxon says the airline expects the service to be popular at both ends of the route.

“As the only non-stop service between New Zealand and the Philippines, our flight will be quicker and more convenient for travellers than the fastest current option which flies indirect, potentially saving up to two and a half hours each way,” says Mr Luxon.

The addition of Manila brings the total number of Air New Zealand’s international destinations to 32.

Tickets will go on sale mid-year, subject to government and regulatory approvals.

## [Air New Zealand goes daily on Houston service](#)

Air New Zealand is moving to daily services on its new Auckland-Houston route for the peak season from December to February.

The airline launched the route in December 2015 and has been operating five weekly return services using Boeing 777-200 aircraft.

Air New Zealand Chief Sales and Commercial Officer Cam Wallace says the Houston service is already proving so popular the airline is stepping up frequency to daily services from December through February and then five times per week for the rest of the year.

“Sales are strong with Kiwi and Australian customers loving the fact they can now access the US Midwest and South as well as key destinations such as Chicago and New York via Houston. We’re also seeing good growth in the number of American travellers using this service to visit New Zealand and Australia.”

# Monthly investor update



Group	MARCH			FINANCIAL YTD		
	2016	2015	% *	2016	2015	% *
Passengers carried (000)	1,534	1,507	1.8%	11,669	10,760	8.4%
Revenue Passenger Kilometres(m)	3,294	3,055	7.8%	25,711	22,501	14.3%
Available Seat Kilometres (m)	3,898	3,517	10.8%	30,439	26,583	14.5%
Passenger Load Factor (%)	84.5%	86.9%	(2.4 pts)	84.5%	84.6%	(0.1 pts)
<b>Short Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	1,343	1,333	0.7%	10,177	9,527	6.8%
Revenue Passenger Kilometres(m)	1,420	1,381	2.9%	11,199	10,474	6.9%
Available Seat Kilometres (m)	1,689	1,594	6.0%	13,546	12,552	7.9%
Passenger Load Factor (%)	84.1%	86.6%	(2.5 pts)	82.7%	83.5%	(0.8 pts)
<b>Domestic</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	1,008	1,004	0.3%	7,426	6,924	7.2%
Revenue Passenger Kilometres(m)	511	497	2.8%	3,745	3,428	9.2%
Available Seat Kilometres (m)	623	592	5.2%	4,648	4,218	10.2%
Passenger Load Factor (%)	82.1%	84.0%	(1.9 pts)	80.6%	81.3%	(0.7 pts)
<b>Tasman / Pacific</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	335	329	1.8%	2,751	2,603	5.7%
Revenue Passenger Kilometres(m)	909	884	2.9%	7,455	7,046	5.8%
Available Seat Kilometres (m)	1,066	1,002	6.5%	8,898	8,335	6.8%
Passenger Load Factor (%)	85.3%	88.2%	(2.9 pts)	83.8%	84.5%	(0.7 pts)
<b>Long Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	191	174	10.3%	1,492	1,233	21.0%
Revenue Passenger Kilometres(m)	1,874	1,674	11.9%	14,512	12,026	20.7%
Available Seat Kilometres (m)	2,209	1,923	14.9%	16,893	14,031	20.4%
Passenger Load Factor (%)	84.8%	87.1%	(2.3 pts)	85.9%	85.7%	0.2 pts
<b>Asia / Japan / Singapore</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	79	78	1.5%	617	465	32.7%
Revenue Passenger Kilometres(m)	707	698	1.2%	5,509	4,200	31.2%
Available Seat Kilometres (m)	843	810	4.0%	6,334	5,011	26.4%
Passenger Load Factor (%)	83.9%	86.1%	(2.2 pts)	87.0%	83.8%	3.2 pts
<b>Americas / UK</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2016</b>	<b>2015</b>	<b>% *</b>	<b>2016</b>	<b>2015</b>	<b>% *</b>
Passengers carried (000)	112	96	17.4%	875	768	13.9%
Revenue Passenger Kilometres(m)	1,167	976	19.5%	9,003	7,826	15.0%
Available Seat Kilometres (m)	1,366	1,112	22.8%	10,559	9,020	17.1%
Passenger Load Factor (%)	85.4%	87.8%	(2.4 pts)	85.3%	86.8%	(1.5 pts)

\* % 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.