



## MONTHLY INVESTOR UPDATE: 23 NOVEMBER 2012

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### OCTOBER MARKET CONDITIONS

October operating results were in line with expectations, and the outlook statement provided at the full year result announcement.

The month saw capacity increases across all parts of the network, along with improved demand. The airline carried 1,054,000 passengers during the month of October, 2.2% more than the same period last year. Revenue passenger kilometres (RPKs) increased 2.2% on a capacity (ASKs) increase of 2.9%. Group load factor was 81.7%, down 0.6 of a percentage point.

Short Haul passenger numbers increased 2.6% on October last year. Demand (RPKs) increased in the Domestic market by 4.5%, stimulated by price reductions, and load factor was up 0.4 of a percentage point on a capacity (ASKs) increase of 4.1%.

Tasman/Pacific demand (RPKs) increased 2.3%, with capacity (ASKs) increasing 4.1%. Load factor was down 1.4 percentage points to 83.7% when compared to October 2011.

Long Haul passenger numbers decreased 1.0% compared to October last year, with growth in capacity (ASKs) of 1.9% and demand (RPKs) of 1.5%. Load factor decreased by 0.3 of a percentage point to 80.7%, reflecting improvements on North America, offset by reductions ex Europe against last year's Rugby World Cup driven demand.

On North America/UK routes, demand (RPKs) increased 3.3% with capacity (ASKs) increasing by 0.9%. Load factor increased 1.9 percentage points on the previous year to 82.9%.

Demand (RPKs) decreased by 1.6% on Asia/Japan/UK routes, with capacity (ASKs) increasing by 3.7%. Load factor decreased by 4.2 percentage points to 77.0%.

Group-wide yields for the financial year to date were down 1.7% on the same period last year. Short Haul yields were down 3.9% reflecting price reductions to stimulate demand, while Long Haul yields were up 1.5%. Removing the impact of foreign exchange, Group-wide yields were down 1.6%.

In October, 82.1% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



## **COMPANY NEWS**

### **Changes to Hong Kong and London services**

Air New Zealand will withdraw services between Hong Kong and London from 4 March 2013 as the airline focuses on returning its international network to profitability. In a separate move which is part of Air New Zealand's strategy to implement an alliance based network with a Pacific Rim focus, the airline has also formed a strategic agreement with Cathay Pacific on the Auckland–Hong Kong route.

Air New Zealand operates daily year round services between Auckland and Hong Kong while Cathay Pacific operates daily year round services and up to double daily in the peak period between 2 December and 1 March.

### **Chief Operations Officer appointed**

Bruce Parton, who currently serves as Group General Manager Australasia, has been appointed to the role of Chief Operations Officer. This role will sit within the new Executive team announced by incoming Chief Executive Officer Christopher Luxon, effective 1 January 2013.

Bruce has held varied and significant positions in Air New Zealand over the past 16 years and has an in depth working knowledge of the airline industry, with experience ranging from procurement and engineering, to airport and aircraft operations, to sales and commercial performance.

### **Hobbit safety video a worldwide hit**

Air New Zealand's latest safety video is a global hit, achieving worldwide media coverage and more than 9 million YouTube views in just two weeks since launching. The safety video is inspired by the upcoming fantasy adventure *The Hobbit: An Unexpected Journey*, a New Line Cinema and Metro-Goldwyn-Mayer Pictures (MGM) production, which is the first in a trilogy of films from Kiwi director Sir Peter Jackson.

The video has been created in conjunction with the Academy Award-winning Weta Workshop (The Lord of the Rings films) and features appearances from Jackson, as well as the unforgettable character Gollum, and descendants of J.R.R Tolkien, author of the timeless masterpiece The Hobbit on which the trilogy is based.

### **New Sydney check-in kiosks will save passengers time**

Air New Zealand is the first airline to offer all international passengers departing Sydney International Airport for trans-Tasman and Pacific Island destinations fast track kiosk check-in facilities.

Passengers can simply scan their machine readable passports at a kiosk, to be issued with a boarding pass and bag tags in a process that takes a matter of seconds. Passengers travelling with check-in luggage then take it to the 'bag drop' area where staff will check their ID and scan their bag tags to accept them for travel.

Group	OCTOBER			FINANCIAL YTD		
	2012	2011	% *	2013	2012	% * +
Passengers carried (000)	1,054	1,032	2.2%	4,390	4,396	1.5%
Revenue Passenger Kilometres(m)	2,134	2,087	2.2%	9,281	9,003	4.8%
Available Seat Kilometres (m)	2,611	2,537	2.9%	11,208	10,894	4.6%
Passenger Load Factor (%)	81.7%	82.3%	(0.6 pts)	82.8%	82.6%	0.2 pts
<b>Short Haul Total</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	939	916	2.6%	3,885	3,895	1.4%
Revenue Passenger Kilometres(m)	1,015	985	3.0%	4,348	4,199	5.3%
Available Seat Kilometres (m)	1,224	1,177	4.1%	5,311	5,100	5.9%
Passenger Load Factor (%)	82.9%	83.7%	(0.8 pts)	81.9%	82.3%	(0.4 pts)
<b>Domestic</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	686	663	3.5%	2,780	2,814	0.4%
Revenue Passenger Kilometres(m)	329	315	4.5%	1,335	1,328	2.2%
Available Seat Kilometres (m)	405	389	4.1%	1,669	1,666	1.8%
Passenger Load Factor (%)	81.2%	80.8%	0.4 pts	80.0%	79.7%	0.3 pts
<b>Tasman / Pacific</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	253	253	0.1%	1,105	1,081	3.9%
Revenue Passenger Kilometres(m)	686	670	2.3%	3,012	2,871	6.7%
Available Seat Kilometres (m)	819	787	4.1%	3,642	3,433	7.9%
Passenger Load Factor (%)	83.7%	85.1%	(1.4 pts)	82.7%	83.6%	(0.9 pts)
<b>Long Haul Total</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	115	116	(1.0%)	506	501	2.7%
Revenue Passenger Kilometres(m)	1,119	1,102	1.5%	4,933	4,803	4.4%
Available Seat Kilometres (m)	1,386	1,360	1.9%	5,896	5,794	3.5%
Passenger Load Factor (%)	80.7%	81.0%	(0.3 pts)	83.7%	82.9%	0.8 pts
<b>Asia / Japan / UK</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	43	44	(1.8%)	202	204	0.8%
Revenue Passenger Kilometres(m)	402	409	(1.6%)	1,866	1,865	1.7%
Available Seat Kilometres (m)	522	503	3.7%	2,372	2,286	5.5%
Passenger Load Factor (%)	77.0%	81.2%	(4.2 pts)	78.7%	81.6%	(2.9 pts)
<b>North America / UK</b>	<b>OCTOBER</b>			<b>FINANCIAL YTD</b>		
	<b>2012</b>	<b>2011</b>	<b>% *</b>	<b>2013</b>	<b>2012</b>	<b>% * +</b>
Passengers carried (000)	71	71	(0.5%)	304	297	3.9%
Revenue Passenger Kilometres(m)	717	694	3.3%	3,067	2,939	6.1%
Available Seat Kilometres (m)	864	857	0.9%	3,524	3,508	2.1%
Passenger Load Factor (%)	82.9%	81.0%	1.9 pts	87.0%	83.8%	3.2 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 2012 (29 days) compared with July 2011 (31 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.