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## **AUGUST MARKET CONDITIONS**

Air New Zealand carried 1,037,000 passengers during the month of August, 6.3% more than the same period last year. Revenue passenger kilometres (RPKs) increased 4.2% on a capacity (ASKs) increase of 2.1%. Group load factor was 83.3%, up 1.7 percentage points.

Short Haul passenger numbers were up 6.8% on the same period last year. Demand (RPKs) increased in the Domestic market by 9.1%, while capacity increased 7.9%. Domestic load factor was up 0.9 of a percentage point to 79.7%.

Tasman/Pacific demand (RPKs) increased 3.6%, with capacity (ASKs) increasing 1.8%, reflecting the up-gauge to a B777 aircraft on Auckland-Perth. Load factor for Tasman/Pacific was up 1.3 percentage points to 82.5%.

Long Haul passenger numbers increased 2.8% compared to August last year, with demand (RPKs) up 3.3% while capacity increased 0.6%. Load factor increased by 2.3 percentage points to 84.9%.

On North America/UK routes, demand (RPKs) increased 20.1% with capacity (ASKs) increasing by 13.8%. Load factor increased 4.7 percentage points to 89.4%.

Demand (RPKs) was down 20.5% on Asia/Japan/UK routes, with capacity (ASKs) decreasing by 17.0% due to the withdrawal of Hong Kong-London flights. Load factor decreased 3.3 percentage points to 76.6%.

Group-wide yields for the financial year to date were flat on the same period last year. Short Haul yields were down 1.0%, while Long Haul yields were up 0.3%. Removing the impact of foreign exchange, Group-wide yields were up 2.0%.

In August, 84.6% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time.



## **COMPANY NEWS**

### **Virgin Australia alliance reauthorised**

Air New Zealand welcomes the determinations of both the Australian Competition and Consumer Commission (ACCC) and New Zealand Minister of Transport, reauthorising the trans-Tasman alliance with Virgin Australia through until 31 October 2018.

Air New Zealand Chief Strategy, Networks and Alliances Officer Stephen Jones says, "Authorisation of the alliance for a further four years and 10 months will enable the airlines to continue to improve the customer journey across the Tasman. It will also enable the airlines to continue to leverage efficiencies, opportunities and cost savings on Tasman operations."

### **Adjustment to regional New Zealand services**

Air New Zealand has announced adjustments to some regional services to better reflect passenger demand. From February 2014 the airline will boost capacity between Auckland and Rotorua by introducing a larger Bombardier Q300 aircraft onto the route.

The recent introduction of new ATR72-600 aircraft into the domestic fleet has enabled the airline to free up Q300 capacity to apply to the Auckland-Rotorua route. The cost advantage of operating larger Q300 aircraft over the smaller Beech 1900Ds increases the economic viability of the route and means customers will benefit from significantly more seats being available at the lead in fare level of \$79 one-way.

In a further adjustment, Air New Zealand has announced the suspension of two loss making regional services. From February 2014 the airline will no longer operate to or from Masterton airport. The airline has operated a Beech 1900D service between Masterton and Auckland since 2009, however, lack of demand combined with increased operating costs mean the route is no longer economically viable.

In addition to this, the airline will withdraw its five times per week service between Wanganui and Wellington from December 2013. This service operates as a Taupo-Wanganui-Wellington service on three of the five days. Increased costs including airport landing charges have also contributed to this route's lack of viability.

### **Extension of 'Night Rider' promotion**

Air New Zealand's popular Night Rider™ service which offers every seat on the last flight of the day between Auckland and Wellington at a ludicrously low price is extending to include Christchurch.

From 7 November 2013 every seat on the 9.30pm flights between Auckland and Christchurch in both directions (Thursday - Monday) will be just \$39 (or \$49 for a 'Seat + Bag'). The service will be operated by a combination of A320 and B737 aircraft.



## **Air New Zealand and Kiwibank launch groundbreaking Airpoints credit cards**

Air New Zealand and Kiwibank are shaking up the credit card market with the launch of three new Airpoints earning credit cards designed to get every Kiwi flying faster.

The Air New Zealand Airpoints Low Fee MasterCard is the first in New Zealand to offer a low annual fee of just \$25 and the ability to earn 1 Airpoints dollar for every \$160 spent. The earning rate increases to 1 Airpoints dollar for every \$120 spent on the Air New Zealand Airpoints Standard MasterCard and an outstanding 1 Airpoints dollar for every \$75 spent with the Air New Zealand Airpoints Platinum MasterCard.

All Air New Zealand Airpoints credit cardholders get even better earning rates for purchases made direct with the airline.

Air New Zealand's GM Customer Value, Hamish Rumbold, says, "At the moment 20% of all credit card purchases in New Zealand earn Airpoints Dollars. The new Air New Zealand Airpoints cards mean there is now a card to suit every Kiwi. With a low fee option and a sharp interest rate of 15.9% everyone could reap the benefits of earning Airpoints Dollars as they spend."

"These great Airpoints Dollar earning rates make it even easier to get away on your next holiday. Just use the card for everyday purchases and watch your holiday fund grow."

There's even more good news for those Air New Zealand frequent flyers that enjoy earning Status Points as the Air New Zealand Airpoints Platinum MasterCard has the best Status Point earn rate in the market – one for every \$200 spent.

Platinum cardholders will also have their Koru membership joining fee waived and enjoy a discount on the annual membership fee.



Group	AUGUST			FINANCIAL YTD		
	2013	2012	% *	2014	2013	% * +
Passengers carried (000)	1,037	975	6.3%	2,118	2,050	5.1%
Revenue Passenger Kilometres(m)	2,193	2,104	4.2%	4,505	4,448	3.1%
Available Seat Kilometres (m)	2,632	2,579	2.1%	5,337	5,408	0.5%
Passenger Load Factor (%)	83.3%	81.6%	1.7 pts	84.4%	82.2%	2.2 pts
<b>Short Haul Total</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	918	860	6.8%	1,876	1,806	5.7%
Revenue Passenger Kilometres(m)	1,032	981	5.2%	2,143	2,069	5.4%
Available Seat Kilometres (m)	1,264	1,219	3.7%	2,613	2,561	3.8%
Passenger Load Factor (%)	81.6%	80.5%	1.1 pts	82.0%	80.8%	1.2 pts
<b>Domestic</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	656	608	7.8%	1,328	1,271	6.3%
Revenue Passenger Kilometres(m)	320	294	9.1%	652	614	8.2%
Available Seat Kilometres (m)	402	372	7.9%	812	775	6.6%
Passenger Load Factor (%)	79.7%	78.8%	0.9 pts	80.4%	79.2%	1.2 pts
<b>Tasman / Pacific</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	262	251	4.3%	548	535	4.3%
Revenue Passenger Kilometres(m)	712	687	3.6%	1,490	1,455	4.2%
Available Seat Kilometres (m)	862	847	1.8%	1,801	1,786	2.7%
Passenger Load Factor (%)	82.5%	81.2%	1.3 pts	82.7%	81.5%	1.2 pts
<b>Long Haul Total</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	119	116	2.8%	242	244	0.7%
Revenue Passenger Kilometres(m)	1,161	1,124	3.3%	2,362	2,379	1.1%
Available Seat Kilometres (m)	1,369	1,360	0.6%	2,725	2,847	(2.6%)
Passenger Load Factor (%)	84.9%	82.6%	2.3 pts	86.7%	83.5%	3.2 pts
<b>Asia / Japan / UK</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	41	50	(18.4%)	80	102	(20.5%)
Revenue Passenger Kilometres(m)	370	465	(20.5%)	718	946	(22.7%)
Available Seat Kilometres (m)	483	581	(17.0%)	926	1,193	(21.0%)
Passenger Load Factor (%)	76.6%	79.9%	(3.3 pts)	77.5%	79.3%	(1.8 pts)
<b>North America / UK</b>	<b>AUGUST</b>			<b>FINANCIAL YTD</b>		
	<b>2013</b>	<b>2012</b>	<b>% *</b>	<b>2014</b>	<b>2013</b>	<b>% * +</b>
Passengers carried (000)	78	65	19.1%	162	142	16.0%
Revenue Passenger Kilometres(m)	792	659	20.1%	1,643	1,433	16.7%
Available Seat Kilometres (m)	886	779	13.8%	1,798	1,654	10.7%
Passenger Load Factor (%)	89.4%	84.7%	4.7 pts	91.4%	86.6%	4.8 pts

\* % change is based on numbers prior to rounding.

+ The month-on-month percentage movements have been adjusted for the 3% difference in days for the month of July 2013 (28 days) compared with 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.