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May market conditions

Air New Zealand carried 990,000 passengers during the month of May, 3.1% more than the same period last year. Revenue passenger kilometres (RPKs) increased 4.3% on a capacity (ASKs) increase of 3.7%. Group load factor was 82.2%, up 0.5 of a percentage point.

The Short Haul passenger numbers were up 2.9%, with demand (RPKs) increasing in the Domestic market by 2.7%, while capacity increased 7.9%. Domestic load factor was down 4.1 percentage points to 79.8%.

Tasman/Pacific demand (RPKs) increased 5.1% while capacity (ASKs) increased by 4.7%. Load factor on Tasman/Pacific was up 0.3 of a percentage point to 82.9%.

Long Haul passenger numbers increased 4.4% compared to May last year, with demand (RPKs) and capacity (ASKs) up 4.4% and 1.9% respectively. Load factor increased by 2.1 percentage points to 82.6%.

On North America/UK routes, demand (RPKs) increased 2.8% with capacity (ASKs) increasing by 0.7%. Load factor increased 1.7 percentage points to 84.3%.

Demand (RPKs) was up 8.1% on Asia/Japan/UK routes, with capacity (ASKs) increasing by 4.2%. Load factor increased 2.9 percentage points to 79.1%.

Group-wide yields for the financial year to date were up 1.0% on the same period last year. Short Haul yields were up 0.3%, while Long Haul yields were up 0.7%. Removing the impact of foreign exchange, Group-wide yields were up 3.3%.

In May, 83.6% of Air New Zealand's Domestic Jet flights departed within 10 minutes of scheduled departure time.



Company news

Further fleet upgrades

Air New Zealand recently announced further fleet investment with the purchase of 13 new Airbus A320neo (new engine option) aircraft to refresh its international narrow body fleet and an additional A320 to join its domestic operation.

Air New Zealand Chief Executive Officer, Christopher Luxon, signed the purchase agreement with Airbus Chief Operating Officer, Customers, John Leahy at the International Air Transport Association's Annual General Meeting in Doha, Qatar.

The A320neo aircraft will replace Air New Zealand's current fleet of 13 A320s which operate the majority of the airline's Tasman and Pacific Island services. Equipped with new generation engines and fuel efficient Sharklet wing tip devices they're expected to deliver fuel savings of up to 15 percent.

The purchase agreement is for a combination of A321neo and A320neo aircraft. The exact mix will be confirmed over time but will be a minimum of three A321neo aircraft. The A321neo aircraft will have 38 more seats than the A320s the airline currently operates across the Tasman and to the Pacific, allowing for future growth on these routes.

The first A321neo is due in late 2017 with the remainder of the aircraft delivered at intervals through until 2019. The additional A320 for the domestic fleet will be delivered in early 2015.

Shareholding in Virgin Australia now at 25.99%

Air New Zealand recently increased its shareholding in Virgin Australia to 25.99%, the maximum level permitted under the authorisation granted by the Foreign Investment Review Board.

Monthly *investor update*



Group	MAY			FINANCIAL YTD		
	2014	2013	% *	2014	2013	% * +
Passengers carried (000)	990	960	3.1%	12,476	12,233	2.3%
Revenue Passenger Kilometres(m)	1,933	1,853	4.3%	25,508	25,321	1.0%
Available Seat Kilometres (m)	2,352	2,269	3.7%	30,282	30,271	0.3%
Passenger Load Factor (%)	82.2%	81.7%	0.5 pts	84.2%	83.6%	0.6 pts
Short Haul Total						
Passengers carried (000)	884	859	2.9%	11,098	10,830	2.8%
Revenue Passenger Kilometres(m)	893	858	4.2%	12,055	11,687	3.5%
Available Seat Kilometres (m)	1,093	1,033	5.9%	14,549	14,043	3.9%
Passenger Load Factor (%)	81.7%	83.1%	(1.4 pts)	82.9%	83.2%	(0.3 pts)
Domestic						
Passengers carried (000)	672	657	2.3%	8,105	7,920	2.6%
Revenue Passenger Kilometres(m)	324	315	2.7%	3,978	3,847	3.7%
Available Seat Kilometres (m)	405	376	7.9%	4,885	4,662	5.1%
Passenger Load Factor (%)	79.8%	83.9%	(4.1 pts)	81.4%	82.5%	(1.1 pts)
Tasman / Pacific						
Passengers carried (000)	212	202	4.9%	2,993	2,910	3.2%
Revenue Passenger Kilometres(m)	570	542	5.1%	8,077	7,840	3.3%
Available Seat Kilometres (m)	688	657	4.7%	9,664	9,380	3.3%
Passenger Load Factor (%)	82.9%	82.6%	0.3 pts	83.6%	83.6%	-
Long Haul Total						
Passengers carried (000)	106	102	4.4%	1,380	1,403	(1.4%)
Revenue Passenger Kilometres(m)	1,040	996	4.4%	13,454	13,634	(1.0%)
Available Seat Kilometres (m)	1,259	1,236	1.9%	15,733	16,228	(2.8%)
Passenger Load Factor (%)	82.6%	80.5%	2.1 pts	85.5%	84.0%	1.5 pts
Asia / Japan / UK						
Passengers carried (000)	36	33	8.1%	471	557	(15.3%)
Revenue Passenger Kilometres(m)	328	304	8.1%	4,212	5,072	(16.7%)
Available Seat Kilometres (m)	415	398	4.2%	5,105	6,291	(18.6%)
Passenger Load Factor (%)	79.1%	76.2%	2.9 pts	82.5%	80.6%	1.9 pts
North America / UK						
Passengers carried (000)	70	68	2.6%	909	846	7.8%
Revenue Passenger Kilometres(m)	712	692	2.8%	9,241	8,562	8.3%
Available Seat Kilometres (m)	844	838	0.7%	10,628	9,938	7.3%
Passenger Load Factor (%)	84.3%	82.6%	1.7 pts	86.9%	86.2%	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 2013 (28 days) Compared to 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.