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October market conditions

Air New Zealand carried 1,144,000 passengers during the month of October, 4.7% more than the same period last year. Revenue passenger kilometres (RPKs) were 12.1% higher on a capacity (ASKs) increase of 11.2%. Group load factors were up 0.8 percentage points to 83.7%.

Short Haul passenger numbers were up 2.5%. In the Domestic market demand (RPKs) and capacity (ASKs) increased by 3.8% and 8.8%, respectively. Domestic load factor was 77.7%, down 3.7 percentage points.

Tasman/Pacific demand (RPKs) increased 1.0% while capacity (ASKs) decreased by 1.6%. Load factor on Tasman/Pacific increased 2.3 percentage points to 87.3%.

Long Haul passenger numbers increased 24.4% when compared to October last year, with demand (RPKs) up 22.7% and capacity (ASKs) up 20.5%. Load factor on Long Haul routes was 83.5%, up 1.4 percentage points.

On North American/UK routes, demand (RPKs) increased 9.6% with capacity (ASKs) increasing 9.8%. Load factor was down 0.1 percentage points to 82.1%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 48.4%, with capacity (ASKs) increasing by 41.7% due to the new Auckland-Singapore route and larger B787-9 aircraft operating on the Auckland-Shanghai route. Load factor increased 3.9 percentage points to 85.7%.

Group-wide yields for the financial year to date were down 1.5% on the same period last year. Short Haul yields were down 0.4% while Long Haul yields were up 0.8%. Removing the impact of foreign exchange, Group-wide yields were down 4.5%.



Company news

[Air New Zealand to fly 787-9 Dreamliner to Honolulu](#)

Air New Zealand will begin flying the Boeing 787-9 Dreamliner to Honolulu from 10 May 2016, introducing its popular Economy Skycouch and Premium Economy product and increasing capacity on the route by almost 20% in the process.

The airline's Boeing 787-9 Dreamliner aircraft will replace Boeing 767-300s currently operating the route.

Air New Zealand is also retiming its four weekly Auckland - Honolulu return services from 29 March, moving from a current morning departure out of Auckland to an evening departure, allowing for better connections in both directions.

[Two million members for Air New Zealand's Airpoints™ Programme](#)

New Zealand's most rewarding loyalty programme – Air New Zealand's Airpoints™, has celebrated a major milestone of welcoming its two millionth member. The Airpoints programme has been popular with New Zealanders since it was first introduced in 1989 and now has members in more than 160 countries across the globe.

The Airpoints programme has grown significantly over the past three years as the airline has focused on rewarding travellers based on their spend with the airline and also significantly increasing ways members can earn and spend their Airpoints Dollars.

[Air New Zealand further invests in regional growth with ATR purchase](#)

In early November, Air New Zealand announced the purchase of 15 new ATR72-600 aircraft to operate its regional services.

Four of the new aircraft will allow for further growth on regional Air New Zealand routes while 11 will replace the airline's ATR72-500 fleet. The new aircraft will begin arriving from late 2016.

The addition of four new ATR72-600 aircraft will bring an additional 600,000 seats into the New Zealand regional market annually.

Monthly **investor update**



[Air New Zealand to fly direct to Vietnam starting June 2016](#)

In mid-November, Air New Zealand announced the expansion of its Pacific Rim presence with the introduction of New Zealand's first direct service to Ho Chi Minh City in Vietnam.

Subject to government and regulatory approvals, Air New Zealand will fly three times a week between Auckland and Ho Chi Minh City's Tan Son Nhat International Airport on a seasonal basis, operating from June to October in 2016 with the potential to expand the season in subsequent years. The direct service will be operated by the airline's Boeing 767-300 aircraft, with a flight time of around 11 hours.

With the addition of services to Ho Chi Minh City, Air New Zealand will fly to 30 international destinations.

[Air New Zealand is Australasia's top airline for seventh consecutive year](#)

Air New Zealand has been named Australasia's Leading Airline for the seventh consecutive year at the 2015 World Travel Awards.

The airline also took out the award for Australasia's Leading Airport Lounge for the Air New Zealand Lounge at Christchurch International Airport for the third year running. The awards, now in their 22nd year, recognise travel organisations that are pushing the boundaries of industry excellence and are voted for annually by travel and tourism professionals around the world.

Monthly *investor update*



Group	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	1,144	1,093	4.7%	5,058	4,523	7.4%
Revenue Passenger Kilometres(m)	2,401	2,141	12.1%	10,986	9,322	13.2%
Available Seat Kilometres (m)	2,869	2,581	11.2%	13,071	11,125	12.9%
Passenger Load Factor (%)	83.7%	82.9%	0.8 pts	84.0%	83.8%	0.2 pts
Short Haul Total	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	1,009	984	2.5%	4,437	4,036	5.6%
Revenue Passenger Kilometres(m)	1,105	1,084	1.9%	4,981	4,547	5.2%
Available Seat Kilometres (m)	1,317	1,293	1.8%	6,077	5,572	4.8%
Passenger Load Factor (%)	83.9%	83.8%	0.1 pts	82.0%	81.6%	0.4 pts
Domestic	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	734	714	2.8%	3,193	2,898	5.8%
Revenue Passenger Kilometres(m)	360	347	3.8%	1,583	1,418	7.2%
Available Seat Kilometres (m)	464	427	8.8%	2,026	1,782	9.2%
Passenger Load Factor (%)	77.7%	81.4%	(3.7 pts)	78.1%	79.5%	(1.4 pts)
Tasman / Pacific	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	276	271	1.9%	1,244	1,138	5.0%
Revenue Passenger Kilometres(m)	744	737	1.0%	3,399	3,129	4.3%
Available Seat Kilometres (m)	853	867	(1.6%)	4,051	3,790	2.7%
Passenger Load Factor (%)	87.3%	85.0%	2.3 pts	83.9%	82.6%	1.3 pts
Long Haul Total	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	135	108	24.4%	621	487	22.6%
Revenue Passenger Kilometres(m)	1,296	1,056	22.7%	6,005	4,774	20.8%
Available Seat Kilometres (m)	1,552	1,287	20.5%	6,994	5,553	21.0%
Passenger Load Factor (%)	83.5%	82.1%	1.4 pts	85.8%	86.0%	(0.2 pts)
Asia / Japan / Singapore	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	59	39	51.4%	257	164	50.4%
Revenue Passenger Kilometres(m)	527	355	48.4%	2,300	1,498	47.4%
Available Seat Kilometres (m)	615	434	41.7%	2,693	1,830	41.3%
Passenger Load Factor (%)	85.7%	81.8%	3.9 pts	85.4%	81.9%	3.5 pts
North America / UK	OCTOBER			FINANCIAL YTD		
	2015	2014	% *	2016	2015	% * +
Passengers carried (000)	76	69	9.4%	364	323	8.4%
Revenue Passenger Kilometres(m)	769	701	9.6%	3,705	3,276	8.6%
Available Seat Kilometres (m)	937	853	9.8%	4,302	3,722	11.0%
Passenger Load Factor (%)	82.1%	82.2%	(0.1 pts)	86.1%	88.0%	(1.9 pts)

* % change is based on numbers prior to rounding.

+ The month on month 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.