

A STAR ALLIANCE MEMBER 

AIR NEW ZEALAND 

Macquarie Australia Conference 2017

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Chief Financial Officer

4 May 2017



Forward looking statements



This presentation contains forward-looking statements. Forward-looking statements often include words such as “anticipate”, “expect”, “intend”, “plan”, “believe”, “continue” or similar words in connection with discussions of future operating or financial performance.

The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Air New Zealand's businesses and performance, the economy and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Air New Zealand's actual results may vary materially from those expressed or implied in its forward-looking statements.

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Air New Zealand at a glance



77

Years in operation

30

International destinations

15 million

Passengers carried annually

#1

Corporate reputation in New Zealand

11

Consecutive years of dividend payments

Pacific Rim

Focused network driven by alliance partnerships

21

Domestic destinations

11,700

Air New Zealand employees based globally

#1

Corporate reputation in Australia

Baa2

Investment grade credit rating from Moody's

Trading and ownership structure

AIR

NXZ stock ticker

AIZ

ASX stock ticker*

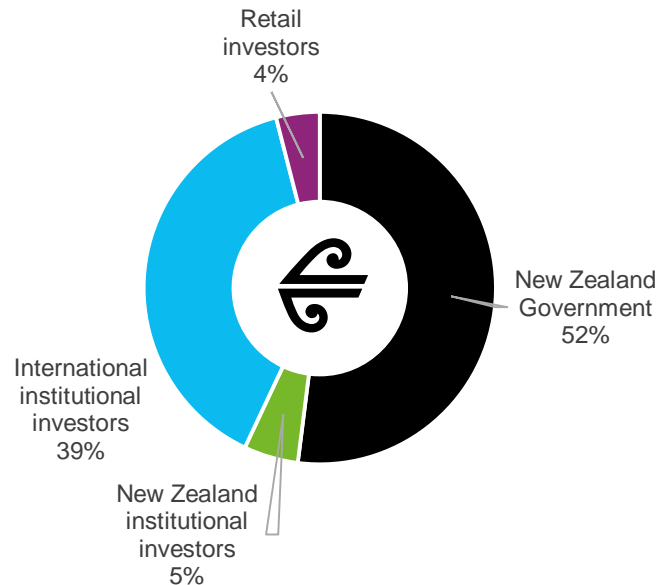
- Average daily trading volume of 1.5 million shares
 - Member of the NZX20 index – includes the 20 largest and most liquid companies of the NZX
-
- New Zealand Government holds 52%
 - No direct Board representation
 - Seven independent Directors

* As at 17 March 2017, Air New Zealand is an ASX Foreign Exempt Listing.



Share register

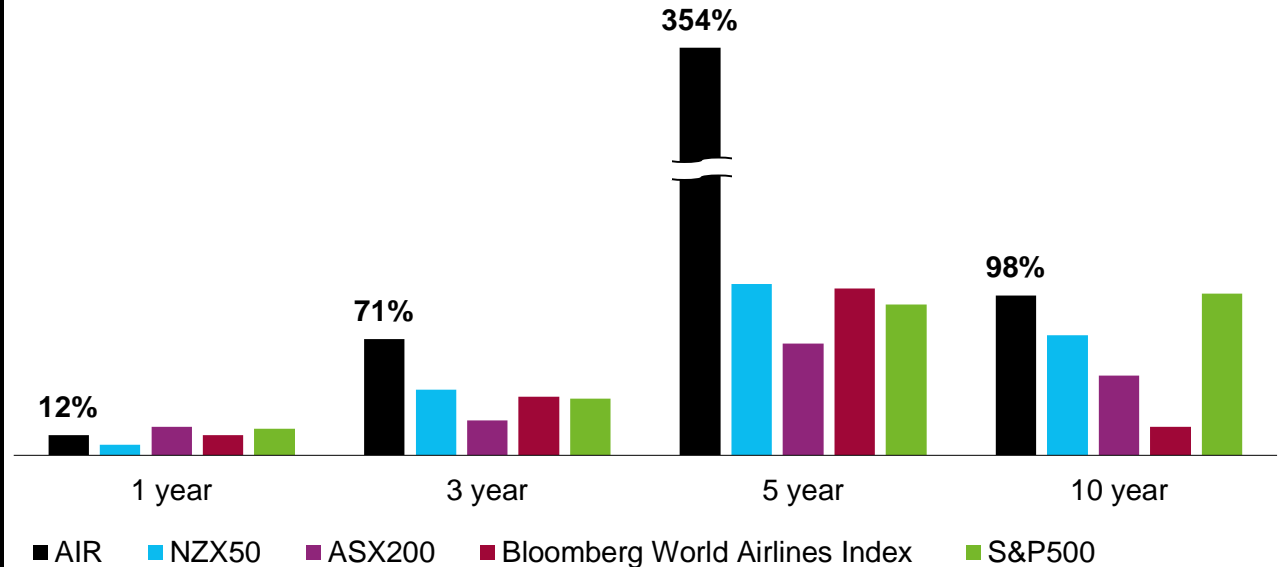
(as at 31 March 2017)





We have demonstrated our ability to generate strong returns over the long-term...

Total shareholder return



Total shareholder return includes the change in share price and dividends received (assuming dividends are reinvested in shares on payment date) over the relevant period.

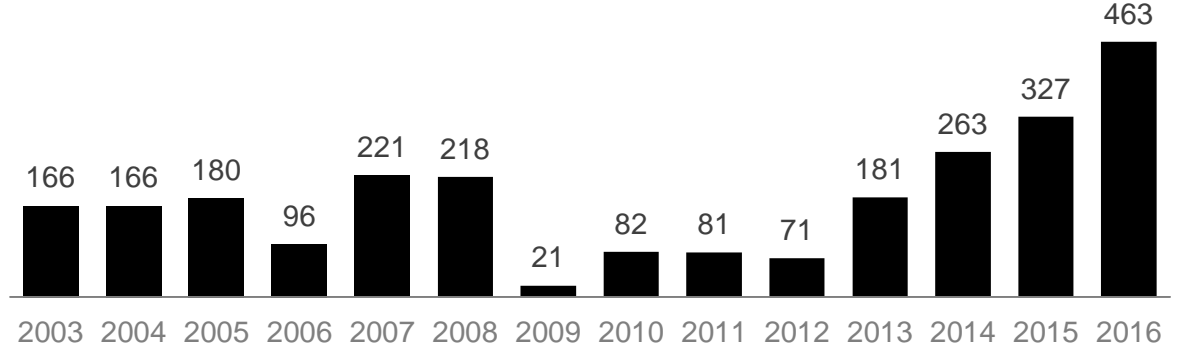
Source: Bloomberg, period ending as at 24 April 2017.

...with profitability
and dividends
achieved through the
cycle

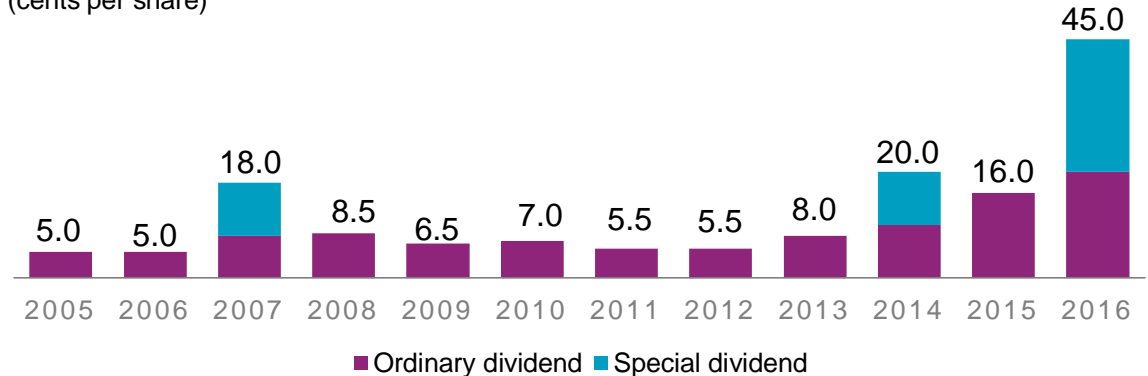
13 years
of consecutive profitability

11 years
of consecutive dividends

Net profit after tax
(\$ millions)



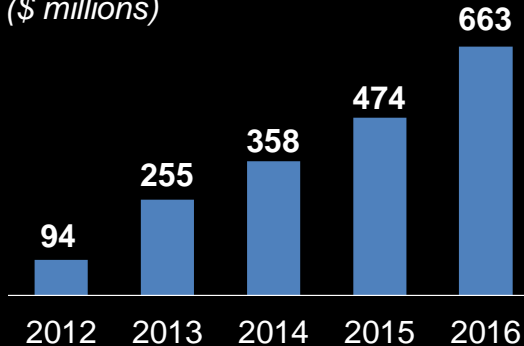
Dividends declared
(cents per share)





In a year that saw more competition than ever before, we have demonstrated the agility and resilience of our business

*Earnings before taxation
(\$ millions)*



2017 outlook*

Based on the current market environment and expectations for the average jet fuel price in the second half of the year of US\$ 65/bbl¹, we are targeting 2017 earnings before taxation **to be in the range of \$475 to \$525 million²**

* Outlook as communicated during 2017 Interim Results on 23 February 2017.

¹ Refers to Singapore jet fuel.

² Outlook for earnings before taxation includes the \$22 million gain related to the divestment of the remaining interest in Virgin Australia and Air New Zealand's share of earnings in associates.

Looking ahead, strong demand drivers support the New Zealand story



- ✓ Double-digit inbound tourism growth
- ✓ High domestic tourism
- ✓ Robust economic growth





Our unique characteristics position us for continued success



- 1 Resilient core domestic business
- 2 Pacific Rim focused international network
- 3 Focused on sustainable cost improvements
- 4 Investment-grade financial strength



1 Resilient core domestic business

Strong market share to leverage growth from inbound and domestic tourism

- Most iconic brand in New Zealand
- Unmatched network breadth and depth
- Differentiated in-flight and ground product that is valued by customers
- Strong loyalty base and still growing at 2.4 million members*
- Investing in the sustainable development of New Zealand tourism



* Airpoints™ membership as at 31 December 2016.

2 Pacific Rim-focused international network

Supported by strong revenue share alliance partnerships



Why revenue share alliances?

- ✓ Partners have “skin in the game” to sell the route
- ✓ Strength of sales & distribution in local markets
- ✓ Access to frequent flyer databases





3 Focused on sustainable cost improvements

A simplified fleet driving improved efficiencies

2012	Today
Wide-body	
B747	B747
B767	B767
B777 family	B777 family B787
Narrow-body	
B737	B737
A320	A320
Turbo-prop	
ATR72s	ATR72s
Q300	Q300
Beech 1900D	Beech 1900D

Benefits from fleet programme:

- ✓ Competitive customer proposition
- ✓ Improving operating economics
- ✓ Efficient growth from fewer aircraft types



4 Investment grade financial strength

Providing stability and financial flexibility over the long-term

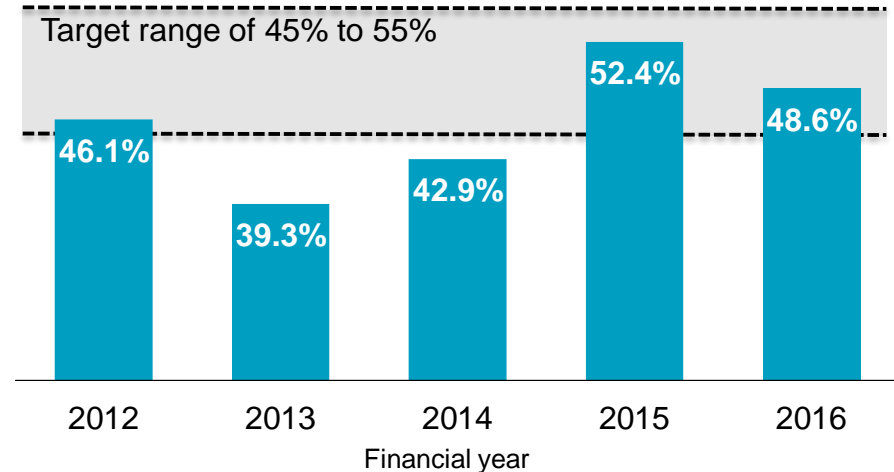
Investment grade credit rating of
Baa2 with a stable outlook

Moody's credit rating

Investment grade	Moody's credit rating	Airline logos
Baa1		Southwest, easyJet
Baa2		AIR NEW ZEALAND
Baa3		DELTA, QANTAS
Ba1		Lufthansa
Ba2		UNITED
Ba3		jetBlue, AA

Source: Bloomberg as at 13 April 2017.

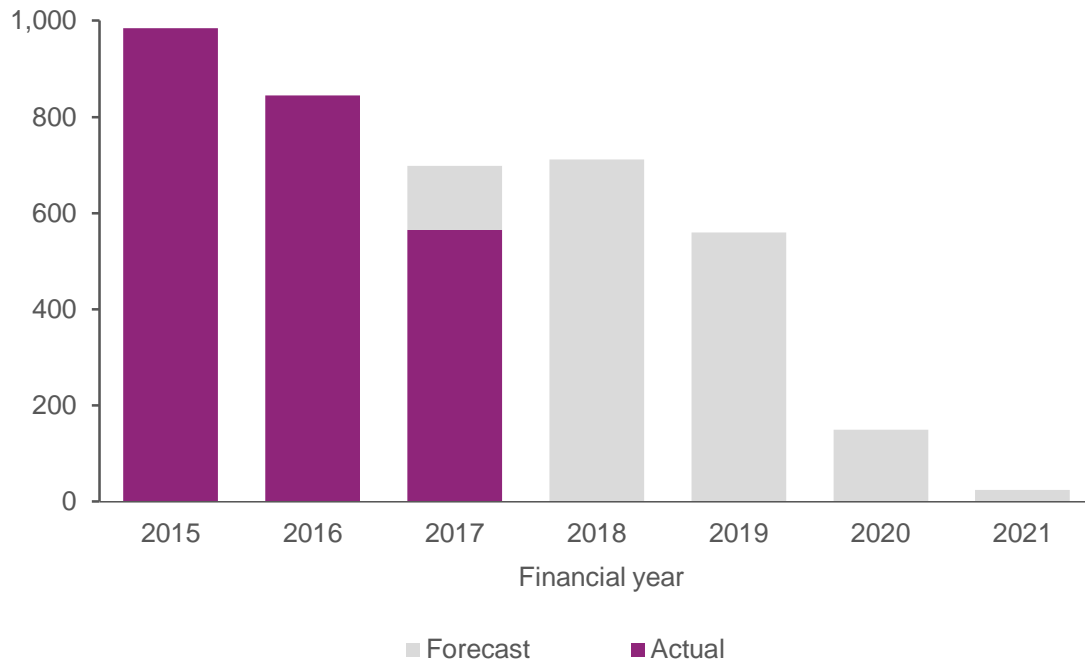
Appropriate level of gearing



Gearing defined as net debt / (net debt plus equity); debt includes net aircraft operating lease commitments for the next twelve months, multiplied by a factor of seven.

Aircraft capex programme nearing completion

Actual and forecast aircraft capital expenditure*
(\$ millions)



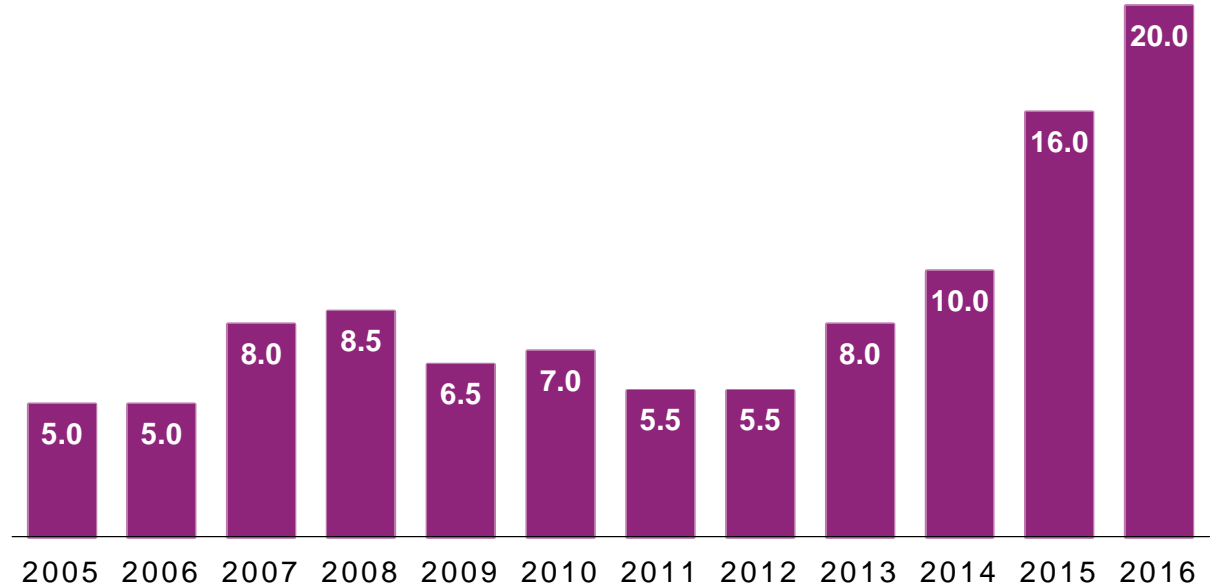
* As disclosed during the company's 2017 Interim Results on 23 February 2017.





A target of
“consistent and
sustainable” dividends

Ordinary dividends
(cents per share)





Why invest in Air New Zealand?



Resilient core domestic business



Pacific Rim focused international network



Focused on sustainable cost improvements



Investment-grade financial strength

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