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## **July market conditions**

Air New Zealand carried 1,356,000 passengers during the month of July, an increase of 6.5% compared to the same period last year. Revenue passenger kilometres (RPKs) were 8.5% higher on a capacity (ASKs) increase of 9.8%. Group load factors were down 1.0 percentage point overall to 82.5%.

Short Haul passenger numbers increased 6.0%. In the Domestic market demand (RPKs) increased by 9.5%, with capacity (ASKs) increasing by 7.7%, due to increased services on Auckland-Queenstown. Domestic load factor was 79.9%, up 1.3 percentage points.

Tasman/Pacific demand (RPKs) increased 3.4% while capacity (ASKs) increased by 4.8%. Load factor on Tasman/Pacific decreased 1.1 percentage points to 79.2%.

Long Haul passenger numbers increased 9.8% when compared to July last year, with demand (RPKs) up 11.1% and capacity (ASKs) up 13.5%. Load factor on Long Haul routes was 85.2%, down 1.8 percentage points.

On Americas/UK routes, demand (RPKs) increased 12.1% with capacity (ASKs) increasing 14.8% due to the Auckland-Houston and Auckland-Buenos Aires routes, which was partially offset by reduced frequency on the Auckland-Los Angeles route. Load factor decreased 2.2 percentage points to 86.6%.

On Asia/Japan/Singapore routes, demand (RPKs) increased 9.5%, with capacity (ASKs) increasing by 11.2%, due to the commencement of the seasonal Auckland-Ho Chi Minh City route. Load factor decreased 1.2 percentage points to 82.7%.

Short Haul passenger revenue per ASK (RASK)\* decreased 6.0% while Long Haul RASK\* decreased 11.9%. Removing the impact of foreign exchange, Group-wide RASK\* decreased 10.3%, and group-wide yields for the month decreased 9.2% on the same period last year.

\* Air New Zealand's operating statistics will provide Passenger revenue per ASK, or RASK, going forward as a key metric of revenue performance. RASK is defined as passenger revenue for the period divided by the total ASKs for the period; compared to yield which represents the passenger revenue per passenger kilometre flown.



## **Company news**

### [Air New Zealand confirms 767 exit timeframe](#)

Air New Zealand has confirmed the last of its Boeing 767-300 aircraft will leave its fleet in early 2017 as it accelerates its fleet simplification programme.

Air New Zealand currently has an operating fleet of three, and will retire another before the end of 2016. The final two will exit together by the end of March 2017.

Air New Zealand Chief Flight Operations and Safety Officer Captain David Morgan says moving to operate a narrow-body fleet of Airbus A320 and a wide-body fleet of Boeing 777 and 787-9 aircraft will bring benefits to the business and to customers.

“The retirement of this fleet will allow us to streamline crewing and training plans across the jet fleet, simplify maintenance, offer a consistent wide-body product to our customers and maintain our overall cost competitiveness.

“We have been planning the exit of the 767 for a number of years. This long lead timeframe has enabled us to actively plan how we manage international capacity with our fleet of Boeing 777 and 787-9 aircraft.”

### [2016 Annual Shareholder Meeting](#)

Air New Zealand Limited advises that its Annual Shareholders' Meeting will be held at the Air Force Museum of New Zealand, 45 Harvard Avenue, Christchurch, on Friday 30 September 2016 at 2.00pm.

Air New Zealand will be offering in addition to the usual meeting, an online attendance option this year, giving shareholders the choice to attend and participate in the Annual Meeting via an online platform. Details of registration for those who wish to participate online will be included in the Notice of Meeting sent after the 2016 Annual Results on 26 August 2016.

### **Nomination of Directors**

Nominations for the position of director may be made on or before 5pm Friday 12 August 2016.

Nominations must be made in writing by a security holder entitled to attend and vote at the Meeting, and should be directed to the Company Secretary at Air New Zealand, Private Bag 92007, Auckland 1142. (This announcement is made pursuant to NZX Listing Rule 3.3.5 and ASX Listing Rule 14.3).

# Monthly **investor update**



## 2016 Annual Results

Air New Zealand's 2016 annual results will be announced before NZX trading begins on Friday, 26 August 2016.

An investor analyst call and webcast will be held with Christopher Luxon (CEO) and Rob McDonald (CFO) at 11:00am NZDT and can be accessed in the following ways.

- Live via webcast ([Click here for a link to the analyst webcast](#))
- Live via telephone (for "listen-only" participants and those who would like to ask a question):

<b>Conference ID:</b>	<b>409605</b>
New Zealand Toll Free:	0800 453 055
NZ Local (Auckland):	09 929 1687
NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632
Australia Toll Free:	1 800 558 698
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	+61 2 9007 3187
United States:	(855) 881 1339
United Kingdom:	0800 051 8245
China Wide:	4001 200 659
Hong Kong:	800 966 806
Japan:	0053 116 1281
Singapore:	800 101 2785
South Korea:	00 798 142 063 275

- Replay via webcast – can be accessed through the "Latest Annual & Interim Reports" link on the Investor Centre section of Air New Zealand's website:  
<http://www.airnewzealand.co.nz/investor-centre>



## Air New Zealand to increase its premium seating offering

Air New Zealand is to spend more than \$100 million increasing the number of premium seats on its Boeing 787-9 Dreamliners and refurbishing its Boeing 777-300 fleet in response to customer trends.

Increasing demand for premium travel means the three Dreamliners scheduled to be delivered from October 2017 will arrive with a fresh new cabin configuration that will increase the number of Business Premier seats from 18 to 27 and Premium Economy seats from 21 to 33.

From February 2017, all seven of the airline's Boeing 777-300s will also progressively complete a refurbishment programme, including the installation of the Panasonic eX3 in-flight entertainment system customers already enjoy on the Dreamliner fleet, and refreshed seating options.

Each of the 777-300s' interiors will be completely refurbished as part of the project. The refurbished aircraft will feature refreshed Business Premier and Economy seats as well as Air New Zealand's luxury leather Premium Economy seat which debuted on the 787-9 Dreamliner in July 2014. These will replace the Spaceseat and take the number of Premium Economy seats on this aircraft from 44 to 54.

The Boeing 777-300 refurbishment programme is expected to be completed by late November 2017.

Air New Zealand's General Manager Customer Experience Carrie Hurihanganui says since its introduction on the Dreamliner, the new ink coloured luxury leather Premium Economy seat has become extremely popular with customers.

"When we unveiled the Spaceseat in 2010, it was revolutionary and clearly the best option in the market at the time, as a string of international awards has proven. However, seating technology and materials have come a long way since then and our customer research now shows consistently higher satisfaction scores for our newest Premium Economy offering so it's time to continue Air New Zealand's evolution in this space," Ms Hurihanganui says.

"With these changes, we look forward to being able to offer our customers a consistent Premium Economy product across our long haul fleet and being able to welcome even more customers into our premium cabins with the expanded premium footprint on our Dreamliners."

"The reconfiguration of our Dreamliners and refurbishment of our 777-300s signal a clear commitment by the airline to continue to deliver the best on board customer experience into the future."

# Monthly *investor update*



+ To reflect underlying operating performance, the year on year percentage movements shown in the table below have been adjusted for the 6.1% difference in days for the month of July 16 (31 days) compared with July 2015 (33 days).

Group	JULY		
	2016	2015	% * +
Passengers carried (000)	1,356	1,355	6.5%
Revenue Passenger Kilometres(m)	3,058	3,001	8.5%
Available Seat Kilometres (m)	3,705	3,592	9.8%
Passenger Load Factor (%)	82.5%	83.5%	(1.0 pts)
<b>Short Haul Total</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	1,183	1,187	6.0%
Revenue Passenger Kilometres(m)	1,356	1,370	5.3%
Available Seat Kilometres (m)	1,706	1,718	5.7%
Passenger Load Factor (%)	79.4%	79.8%	(0.4 pts)
<b>Domestic</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	852	842	7.7%
Revenue Passenger Kilometres(m)	434	422	9.5%
Available Seat Kilometres (m)	543	536	7.7%
Passenger Load Factor (%)	79.9%	78.6%	1.3 pts
<b>Tasman / Pacific</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	331	345	2.0%
Revenue Passenger Kilometres(m)	922	949	3.4%
Available Seat Kilometres (m)	1,163	1,181	4.8%
Passenger Load Factor (%)	79.2%	80.3%	(1.1 pts)
<b>Long Haul Total</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	173	168	9.8%
Revenue Passenger Kilometres(m)	1,702	1,630	11.1%
Available Seat Kilometres (m)	1,999	1,875	13.5%
Passenger Load Factor (%)	85.2%	87.0%	(1.8 pts)
<b>Asia / Japan / Singapore</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	68	66	9.5%
Revenue Passenger Kilometres(m)	606	589	9.5%
Available Seat Kilometres (m)	733	702	11.2%
Passenger Load Factor (%)	82.7%	83.9%	(1.2 pts)
<b>Americas / UK</b>	<b>JULY</b>		
	<b>2016</b>	<b>2015</b>	<b>% * +</b>
Passengers carried (000)	105	102	10.0%
Revenue Passenger Kilometres(m)	1,096	1,042	12.1%
Available Seat Kilometres (m)	1,266	1,173	14.8%
Passenger Load Factor (%)	86.6%	88.8%	(2.2 pts)

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

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.