

Monthly *investor update*



21 June 2018

Contents

- May 2018 traffic highlights
- Operating statistics table
- Recent market announcements and media releases

May 2018 highlights

Group traffic summary	MAY			FINANCIAL YTD		
	2018	2017	%*	2018	2017	%*
Passengers carried (000)	1,239	1,165	6.3%	15,495	14,594	6.2%
Revenue Passenger Kilometres(m)	2,608	2,401	8.6%	33,443	31,893	4.9%
Available Seat Kilometres (m)	3,203	2,959	8.3%	40,307	38,549	4.6%
Passenger Load Factor (%)	81.4%	81.1%	0.3 pts	83.0%	82.7%	0.3 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	1.8%	1.6%
Short Haul	3.9%	3.5%
Long Haul	(1.8%)	(1.8%)

¹ Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.

* % change is based on numbers prior to rounding.



Market announcements

(during the period 29 May 2018 to 21 June 2018)

Air New Zealand 2018 Investor Day presentation

14 June 2018

Air New Zealand held an investor day in Auckland on 14 June 2018 for institutional investors. As part of the presentation Chief Executive Officer Christopher Luxon reaffirmed the outlook for the 2018 financial year, stating "Based upon the current market conditions and despite the increased price of jet fuel, the Company continues to expect 2018 earnings before taxation to exceed the prior year".

A replay of the webcast and transcript are available through the Investor Centre section of Air New Zealand's website under the "Latest events" section. Air New Zealand's Investor Centre can be accessed by clicking [this link](#) or by www.airnewzealand.co.nz/investor-centre.

Air New Zealand announces executive appointment of Chief Ground Operations officer

13 June 2018

Air New Zealand announced the appointment of Carrie Hurihanganui to the new Executive position of Chief Ground Operations Officer effective from the end of July, reporting to Chief Executive Officer Christopher Luxon.

Carrie spent 18 years at Air New Zealand, building deep experience through numerous senior operational and corporate roles, including International Cabin Crew Manager, Auckland Domestic Airport Manager, General Manager Eagle Air, General Manager Offshore Airports, General Manager Customer Experience, and Group General Manager Regional Airlines and Airline Operations. She left the airline in 2017 to join National Australia Bank (NAB) based in Melbourne, as Executive General Manager Customer Experience in an enterprise transformation role.

Chief Executive Officer Christopher Luxon said "I am thrilled to welcome Carrie back to Air New Zealand and wish her well in the Chief Ground Operations Officer role and as a key member of the Executive team. She will balance well what needs to be preserved and enhanced in Ground Operations, yet also has the courage to drive change so that we stay relevant and competitive in the future."

Carrie's appointment will allow for a smooth transition as Chief Operations Officer Bruce Parton prepares to leave the airline in September. Bruce's departure provides an opportunity to structure the airline's operations capabilities going forward. In the future, the organisational structure of the operations function will be split into two pillars – one focused on Ground Operations led by Carrie Hurihanganui, and another focused on Air Operations led by Chief Air Operations & People Safety Officer John Whittaker.

Chief Operations Officer Bruce Parton To Leave Air NZ

28 May 2018

Air New Zealand announced the resignation of Chief Operations Officer Bruce Parton effective 28 September 2018.

Bruce joined Air New Zealand in 1996 and has held various senior leadership roles across the company. Bruce was appointed Chief Operations Officer in January 2013, and has been accountable for the major operational areas of the company with responsibility for leading more than 7,000 employees.



Bruce has decided to take a break from corporate life after a long and hugely successful leadership career at Air New Zealand.

Chief Executive Officer Christopher Luxon said "Bruce is a highly respected member of the Executive and always brings positive energy to the team. I personally value his tremendous commercial acumen, results orientation and entrepreneurial spirit".

Mr Luxon thanked Bruce on behalf of the Executive and the Board for his immense contribution to Air New Zealand, and said the company has benefited greatly from his experience, leadership and relentless optimism for the potential of our airline and its people.

Media releases

(during the period 29 May 2018 to 21 June 2018)

[Air New Zealand named New Zealand's Most Attractive Employer](#)

19 June 2018

Air New Zealand has been named New Zealand's Most Attractive Employer in the annual Randstad Employer Brand Awards for a record fifth time.

The awards reveal public perception of the country's 150 largest employers. Air New Zealand was recognised by nearly 4,000 Kiwis for its financial stability, focus on technology and strong reputation.

The airline has claimed the top prize every year it has been eligible since the awards began in New Zealand in 2011. Air New Zealand was one of the first organisations anywhere in the world to take out the top honour for three consecutive years and became an inaugural member of the prestigious Randstad Awards Global Hall of Fame in 2014, making it ineligible to win for the next three years (2014, 2015 and 2016).

Air New Zealand's Chief Executive Officer Christopher Luxon says the accolade belongs to the airline's nearly 12,000 employees.

"Our people are truly what set us apart – they are the owners of our strong internal culture and responsible for upholding our reputation."

"Recognition for our focus on technology is particularly meaningful given Air New Zealand's history as an innovator. In recent years we've been working to embed a digital culture and way of thinking within the organisation that ensures we continue to lead the way in this space," says Mr Luxon.

Randstad New Zealand Country Director Katherine Swan says, "Air New Zealand is an iconic brand and continues to set the standard for what a great airline should be. It's no surprise that New Zealanders have reacted so positively for the second year in a row."

[Click here](#) to see a video featuring Air New Zealand's Chief People Officer Jodie King sharing 6 tips for landing your dream job.

[Air New Zealand announces Strategic Development Partnership with Magic Leap](#)

14 June 2018

Air New Zealand has announced a strategic development partnership with Magic Leap, which is building the next spatial computing platform, powering experiences that seamlessly blend the digital and physical world.

As the airline embarks on a journey to revolutionize the air travel experience, Air New Zealand is developing exciting new experiences with Magic Leap that will initially highlight the dramatic, diverse landscapes and activities that make the country a unique tourism destination.

Monthly *investor update*



"Air New Zealand is excited to bring innovative, emerging technology to our customers and create a more enjoyable travel experience. Our goal with this partnership is to continue to encourage new visitors to experience the wonders of New Zealand with us," says Jodi Williams, Air New Zealand General Manager of Global Brand and Content.

Together with London-based creative studio Framestore, Air New Zealand is creating a "Fantastical Journey throughout New Zealand" that allows travellers to experience the country in a completely new way with Magic Leap. This first-time experience will debut later this year and is part of a longer-term programme committed to redefining travel experiences.

"Magic Leap and Air New Zealand have a shared ambition to bring true innovation to everyday experiences, including the air travel experience. As a Magic Leap partner, Air New Zealand is uniquely positioned to bring revolutionary technology to the travel industry," says Rachna Bhasin, Magic Leap Chief Business Officer.

Air New Zealand is regarded as one of the leading and most innovative airlines globally, having been named by Airlineratings.com and Condé Nast Traveler as the best airline in the world in 2017.

Queenstown–Wellington schedule a boost for business

7 June 2018

Air New Zealand will retime its Queenstown-Wellington schedule to better suit the needs of business customers wanting to spend a full day in the capital.

From the end of October, an A320 jet service will depart Queenstown for Wellington daily at 7:10am. A second daily A320 service will depart at 3:55pm with flights returning from the capital at 9:10am and 6:00pm.

The airline will also increase its A320 services between Queenstown and Wellington by one return service per week from the end of October to March, taking the total number of return jet services on the route to two per day, seven days a week. Air New Zealand operates a third Queenstown-Wellington service on a Sunday, flown by an ATR turboprop aircraft.

Air New Zealand General Manager Networks Kate O'Brien says Queenstown business customers will now be able to arrive in Wellington by 8:30am enabling them to carry out a full day of work.

"Queenstown is a hugely popular port on our domestic network and we continue to see growing demand for services between the town and the capital".

"We are continuing to grow our Queenstown-Wellington route, with 28,000 extra seats over November to March now available when compared with the previous year."

Qantas and Air New Zealand announce codeshare deal to make travel easier

1 June 2018

Air New Zealand and Qantas have announced plans for a reciprocal codeshare agreement that leverages the strengths of each carrier's domestic networks, making travel within Australia and New Zealand easier.

- Codeshare agreement on 115 domestic routes in New Zealand and Australia
- Faster connections between flights to reduce total journey time by up to two hours
- Other potential areas of cooperation include ground handling, freight and biofuel

Under the codeshare Qantas intends to add its code on up to 30 routes on Air New Zealand's domestic network and Air New Zealand intends to add its code on up to 85 routes on Qantas' domestic network.

Coordination of check-in and handling at airports will mean shorter connection times, opening up more onward flights for customers on each carrier's domestic networks and faster journey times overall.

Monthly *investor update*



Eligible customers will have access to a combined total of 36 domestic lounges on both sides of the Tasman when flying on routes covered by the codeshare agreement.

Qantas Group CEO Alan Joyce said the two national carriers had a lot of shared history as well as a shared goal of making travel easier.

"Our relationship with Air New Zealand goes back almost 80 years. We've been partners at various stages over that time and we have a lot of respect for them as a competitor.

"A codeshare deal on our domestic networks makes sense for customers because it leverages the strengths we each have in our home markets."

Air New Zealand Chief Executive Officer Christopher Luxon said the codeshare will see two of the world's best airlines offer their customers a full-service experience when they make domestic connections within New Zealand or Australia.

"While the two airlines will continue to compete very strongly across all markets, Air New Zealand and Qantas are known for having a commitment to innovation, customer service excellence, operational performance and safety. We are confident that our respective customers will enjoy the reciprocal benefits on both sides of the Tasman."

The two CEOs noted that over time there was potential for them to explore areas of mutual interest, including research into biofuels, freight and ground-handling opportunities.

The codeshare and customer offering will exclude Trans-Tasman flights. Qantas will continue to codeshare on all connecting Jetstar New Zealand services.

Tickets for the codeshare services will be available by the end of July 2018, for travel from 28 October 2018.

Air New Zealand boosts business flights to and from Palmerston North

29 May 2018

Air New Zealand will operate an additional 12 one-way business timed services per week between Palmerston North and Auckland from mid-August.

The new service will depart Auckland for Palmerston North at 5:50pm Sunday-Friday, with a return service from Palmerston North to Auckland departing at 7:25am Monday-Saturday.

Air New Zealand Regional Affairs Manager Ian Collier says the airline continues to see strong traveller demand between Palmerston North and Auckland.

"It's fantastic to be able to meet this demand, with the additional services now offering travellers from Palmerston North the option of three services to Auckland before 9am, and those returning from Auckland three flight options between 5pm and 7pm."

Palmerston North City Mayor Grant Smith says, "It's great additional business capacity has been added to an already busy Palmerston North-Auckland route. Adding these extra services brings much opportunity and needed capacity for business, educational and leisure visitors' travel."

Palmerston North Airport Limited Chief Executive David Lanham says, "To accommodate unprecedented demand from our regional travellers, the airport company has invested significantly in facility upgrades and so we welcome the news of Air New Zealand's investment in additional capacity on the Palmerston North-Auckland route."

The new schedule will take effect from 13 August 2018.