



**MONTHLY INVESTOR UPDATE: 21 April 2011**

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## **MARCH MARKET CONDITIONS**

Air New Zealand carried 1,295,000 passengers during the month of March, 4.3% greater than last year. Revenue passenger kilometres (RPKs) were down 0.5% and capacity (ASKs) increased by 3.1%. The Group load factor decreased by 2.9 percentage points.

Short Haul passenger numbers were up 6.1% on March last year. Demand (RPKs) increased in the Domestic market by 7.2% on last year and the load factor increased by 1.6 percentage points to 83.4% on a capacity increase of 5.1%. Tasman / Pacific demand was 7.7% higher after capacity was increased by 10.1%. The Tasman / Pacific load factor decreased by 1.8 percentage points on March 2010 to 78.9%.

Long Haul passenger numbers were 8.0% lower than March last year. On North America / UK routes demand increased by 0.6% on last March and capacity was increased by 4.4%. Load factor decreased by 3.0 percentage points on last year to 80.1%. Demand decreased by 15.2% on Asia / Japan / UK routes, capacity decreased by 7.5% and load factor decreased by 7.0 percentage points to 77.6%. The Christchurch earthquake in late February, combined with the Japan earthquake in March significantly affected passenger numbers on the Japan route. Excluding Japan, capacity (ASKs) remained the same on Asia/UK routes, demand (RPKs) declined by 2.9% and load factor decreased by 2.4 percentage points compared to March last year.

Group-wide yields for the financial year to date were up 1.1% on the same period last year. Compared to last March, year to date Short Haul yields were down 3.2% partly due to the new seats to suit product. Long Haul yields were up by 4.6%. Removing the impact of foreign exchange, Group-wide yields were up 3.7%.

In March, 79.4% of Air New Zealand's Domestic flights departed within 10 minutes of scheduled departure time, due to disruptions and additional services following the Christchurch earthquake.

## COMPANY NEWS

### **Air New Zealand Appoints new International Airline Head**

Air New Zealand has appointed Christopher Luxon to the role of Group General Manager International Airline effective May 30 this year.

Christopher joins Air New Zealand from Unilever where he has been President and CEO of Unilever Canada since December 2008. In this role he was responsible for leading Unilever's \$USD 1.4 billion business & 1,500 employees in Canada. Christopher led Unilever Canada on a major change programme that has resulted in record growth, increased value for shareholders and enhanced customer service.

Christopher is a 40-year-old New Zealander who joined Unilever in 1993 after completing an M.Comm at the University of Canterbury. He has vast international experience having worked in New Zealand, Australia, Asia, United Kingdom, United States, and Canada in a range of local, regional and global assignments dealing with both developing and developed markets.

### **Air New Zealand and Eithad Airways code share gets green light**

Air New Zealand, has received government approval for its code share agreement with Etihad Airways, the national airline of the United Arab Emirates. The new code share services will be available for sale from April 14 2011, for travel from April 18.

Under the agreement, Etihad Airways will code share on Air New Zealand trans-Tasman and domestic services. Air New Zealand will code share on Etihad's services between Sydney, Brisbane, Melbourne and Abu Dhabi and between Abu Dhabi and London Heathrow.

The code share will also integrate the airlines' loyalty programmes Air New Zealand's Airpoints™ and Etihad Guest, enabling customers to earn and spend on each other's flights.

## MARCH OPERATING STATISTICS TABLE

Group	MARCH			FINANCIAL YTD		
	2011	2010	% *	2011	2010	% *
Passengers carried (000)	1,295	1,242	4.3%	10,150	9,483	7.0%
Revenue Passenger Kilometres(m)	2,519	2,532	(0.5%)	21,263	20,159	5.5%
Available Seat Kilometres (m)	3,158	3,063	3.1%	25,346	24,489	3.5%
Passenger Load Factor (%)	79.8%	82.7%	(2.9 pts)	83.9%	82.3%	1.6 pts
<b>Short Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	1,145	1,079	6.1%	8,825	8,181	7.9%
Revenue Passenger Kilometres(m)	1,108	1,031	7.5%	8,895	8,123	9.5%
Available Seat Kilometres (m)	1,376	1,271	8.2%	10,689	10,174	5.1%
Passenger Load Factor (%)	80.6%	81.1%	(0.5 pts)	83.2%	79.8%	3.4 pts
<b>Domestic</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	877	828	6.0%	6,552	6,112	7.2%
Revenue Passenger Kilometres(m)	418	390	7.2%	3,092	2,855	8.3%
Available Seat Kilometres (m)	501	477	5.1%	3,752	3,630	3.4%
Passenger Load Factor (%)	83.4%	81.8%	1.6 pts	82.4%	78.6%	3.8 pts
<b>Tasman / Pacific</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	268	251	6.6%	2,273	2,069	9.9%
Revenue Passenger Kilometres(m)	690	641	7.7%	5,803	5,269	10.1%
Available Seat Kilometres (m)	875	794	10.1%	6,937	6,544	6.0%
Passenger Load Factor (%)	78.9%	80.7%	(1.8 pts)	83.6%	80.5%	3.1 pts
<b>Long Haul Total</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	150	163	(8.0%)	1,325	1,302	1.8%
Revenue Passenger Kilometres(m)	1,411	1,501	(6.0%)	12,368	12,036	2.8%
Available Seat Kilometres (m)	1,782	1,792	(0.6%)	14,657	14,315	2.4%
Passenger Load Factor (%)	79.1%	83.8%	(4.7 pts)	84.4%	84.1%	0.3 pts
<b>Asia / Japan / UK</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	58	69	(16.6%)	536	531	1.0%
Revenue Passenger Kilometres(m)	535	630	(15.2%)	4,928	4,822	2.2%
Available Seat Kilometres (m)	689	745	(7.5%)	5,942	5,884	1.0%
Passenger Load Factor (%)	77.6%	84.6%	(7.0 pts)	82.9%	82.0%	0.9 pts
<b>North America / UK</b>	<b>MARCH</b>			<b>FINANCIAL YTD</b>		
	<b>2011</b>	<b>2010</b>	<b>% *</b>	<b>2011</b>	<b>2010</b>	<b>% *</b>
Passengers carried (000)	93	94	(1.7%)	789	771	2.4%
Revenue Passenger Kilometres(m)	876	871	0.6%	7,440	7,214	3.1%
Available Seat Kilometres (m)	1,093	1,048	4.4%	8,715	8,431	3.4%
Passenger Load Factor (%)	80.1%	83.1%	(3.0 pts)	85.4%	85.6%	(0.2 pts)

\* % change is based on numbers prior rounding

Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. The following operational data and statistics is additional supplementary information only.