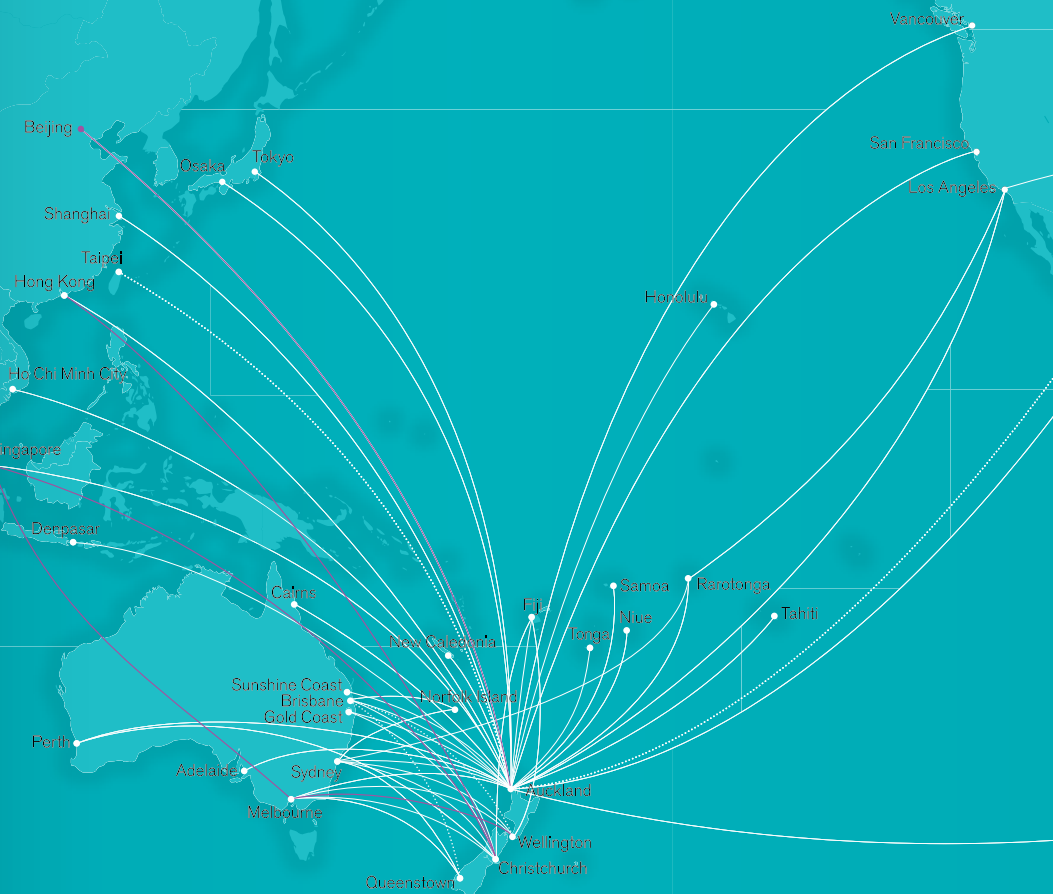




ANNUAL  
DATA BOOK  
2018

# Kia ora



## Key

- Routes operated by Air New Zealand
- ..... New routes commencing in the 2019 financial year
- Routes operated solely by alliance partners

A map of the Pacific Ocean serves as the background for the right half of the page. It shows the outlines of North and South America on the left and Australia and parts of Asia on the right. Four cities are marked with dots: Chicago in the upper left, Houston below it, London in the upper right, and Buenos Aires in the lower right. A solid white line represents a flight route from Chicago, passing through Houston, across the Pacific, and ending in London. Another solid white line represents a flight route from Buenos Aires, crossing the Pacific and ending in London. A dotted white line connects Chicago and Houston.

## Contents

1. Introduction to Air New Zealand	4
2. Competitive advantages	5
3. 2018 highlights	6
4. Sustainability	8
5. Shareholding structure and performance	12
6. Financial framework and our 2018 performance	13
7. Network	14
8. Operating fleet	18
9. Balance sheet structure and funding	20
10. Risk management	22
11. Earnings and dividend performance	23
12. Five year statistical review	24
13. Other information	28
14. Executive management team	30
15. Board of Directors	32
16. Investor resources	35

# 1. Introduction to Air New Zealand

## Company description

The Air New Zealand Group ('Air New Zealand') operates a global network that provides air passenger services and cargo transport services to, from and within New Zealand to approximately 17 million passengers a year. Air New Zealand's strategic focus and competitive advantage lies within the Pacific Rim where the airline's network reach extends from New Zealand into Australia, Asia, and the Americas. Air New Zealand operates its own connection to London and through global alliance partners connects New Zealand to Europe and beyond, with over 3,400 flights, on average, each week to domestic and international destinations. Air New Zealand's consolidated operating revenue was \$5.5 billion in the 2018 financial year, generated by a fleet of over 100 aircraft and over 11,900 employees based globally.

## A key contributor to and beneficiary of New Zealand tourism

As the first New Zealand experience for many overseas travellers, Air New Zealand is an integral part of the New Zealand tourism industry. Similarly, tourism is an important driver of Air New Zealand's performance as the airline generates a significant portion of its revenue from overseas travellers. Air New Zealand plays an active role in increasing the demand for travel into and around New Zealand through our comprehensive domestic and regional network, through our partnerships with tourism organisations and promoting our national and regional sponsorships both off-shore and within New Zealand. Tourism continues to be New Zealand's top export earner. Tourism contributes 20.7 percent of New Zealand's total exports of goods and services, employs 8.4 percent of New Zealand's workforce and makes a total contribution to New Zealand GDP of \$26.0 billion (\$14.7 billion direct contribution and \$11.3 billion indirect value-add of industries supporting tourism).<sup>1</sup>

1. Tourism Satellite Account, March 2017.

## An award-winning airline

Air New Zealand is proud of our fleet, our brand and our Kiwi customer service culture. These all contribute to Air New Zealand being an award-winning airline, with the following select accolades received as recent examples.

### 2018 Colmar Brunton Corporate Reputation Index

- Most reputable company in New Zealand

### 2018 Reputation Institute's Australia Corporate Reputation Index

- Most reputable company in Australia

### 2018 Condé Nast Reader's Choice awards:

- World's Top Airline

### 2018 World Travel Awards:

- Australasia's Leading Airline for the tenth consecutive year
- Australasia's Leading Airline Brand for the second consecutive year

### 2018 www.airlinerratings.com airline awards:

- Airline of the Year Award for the fifth year in a row
- Best Premium Economy

### 2018 Skytrax World Airline Awards:

- World's Best Premium Economy Class
- World's Best Premium Economy Class Seat

### TripAdvisor's Travellers' Choice Awards for 2018:

- Best Airline in the South Pacific
- Best Business Class in the South Pacific
- Best Premium Economy Class in the South Pacific and the world
- Best Economy Class in the South Pacific

## Trading information

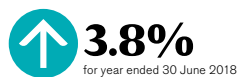
Air New Zealand is publicly traded on the NZX and ASX. Additionally, American Depository Shares are traded over-the-counter (OTC) in the United States under Air New Zealand's sponsored Level 1 American Depository Receipt programme.

NZX Ticker code: **AIR**

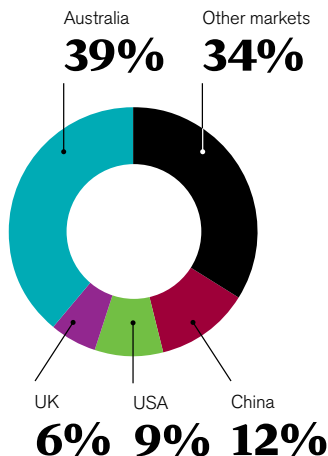
ASX Ticker code: **AIZ**

ADR OTC Ticker code: **ANZLY**

## International visitor arrivals



## Top markets for international visitors to New Zealand for year ended 30 June 2018



## 2. Competitive advantages

Our competitive advantages provide us with a simple and proven strategy for success.



### Resilient core domestic business

Our domestic network is unmatched, offering services to 20 main centres and regions across New Zealand. Our strong corporate brand and renowned Kiwi service culture continue to drive increased loyalty from our customers, record customer satisfaction levels, strong brand health and record employee engagement. Investments in larger and modern aircraft and lounges are further stimulating travel within New Zealand from both international and domestic tourism.



### Pacific Rim focused international network

Our alliance-driven international network underpins our Pacific Rim strategy. With our revenue-share alliance partnerships, Air New Zealand benefits from strong relationships with market leaders in some of our key international markets, including the United States, Singapore, Hong Kong and China.



### Airpoints™ loyalty programme

Our Airpoints™ programme is viewed as the most valuable loyalty programme in New Zealand. Providing our members with the world's easiest and most transparent loyalty currency, Airpoints Dollars™ has driven strong membership growth. With over 2.8 million members, Airpoints also provides Air New Zealand with valuable data that allows us to better understand our customers and their travel experiences.



### Focused on sustainable cost improvements

Our simplified and modern fleet has an average seat weighted age of 7.5 years and is contributing significant operational efficiencies to the airline. Air New Zealand is nearing the completion of a fleet programme which will deliver best-in-class aircraft, and is configured for the New Zealand market. Our fleet now consists of more fuel-efficient aircraft, across fewer aircraft types – both providing the airline with an extremely competitive cost structure.



### Investment-grade financial strength

We have a proven history of achieving profitability through the cycle as Air New Zealand has delivered positive earnings every year since 2003 and paid dividends to our shareholders every year since 2005. Underpinning our ability to generate strong returns is a focus on capital allocation discipline. Air New Zealand has a credit rating of Baa2 from Moody's with stable outlook, placing us amongst the top echelon of airlines in the world.

### 3. 2018 highlights

**No.1 employer**  
top rated in New Zealand  
2018 Randstad Employer Brand research

---

**39%**  
of women in  
senior leadership positions;  
up from 16% in 2012

---

**FTSE4Good  
constituent<sup>1</sup>**  
for the second year in a row

---

**No.1 corporate  
reputation**  
in New Zealand and Australia  
Colmar Brunton Corporate Reputation Index 2018

---

**Over 2.8m**  
Airpoints™ members;  
up 13% from 2017

---

**934,000**  
flights paid for by  
Airpoints™ Dollars during the year

**Awarded Best  
Loyalty Programme**  
in New Zealand  
NZ Marketing Association

---

**Top Airline  
in the World**  
awarded by US luxury  
and lifestyle travel magazine  
Condé Nast Traveler

---

**26% improvement**  
in 2018 total recordable  
injuries compared to 2017

---

**5.0% growth**  
in network capacity (ASKs)

---

**6 new aircraft**  
added to fleet during the year;  
consisting of 2 B787-9s  
and 4 ATR72-600s

<sup>1</sup>Created by the global index provider FTSE Russell, the **FTSE4Good** Index Series is designed to measure performance of companies demonstrating strong environmental, social and governance (ESG) practices.



FTSE4Good





A woman with blonde hair tied back, wearing a purple and black patterned top, is smiling and looking to the right. Overlaid on the right side of the image are four purple circles of varying sizes, each containing financial data. The circles are arranged in a descending staircase pattern from top right to bottom left.

**\$5.5b**

Operating revenue

**\$540m**

Earnings  
before taxation

**\$1b**

Operating cash flow

**22 cents**

Full year  
declared dividend  
per share

## 4. Sustainability



Air New Zealand has an important part to play in our country's long-term success. We are committed to sustainably growing our business and supercharging New Zealand's success – socially, environmentally and economically.

On an annual basis, Air New Zealand discloses a Sustainability Report which discusses our performance and our longer-term aspirations. For more information, our Sustainability Report can be accessed online at [airnewzealand.co.nz/sustainability](https://airnewzealand.co.nz/sustainability)



## Manaakitanga Our People



Our People



Our Communities

## Kaitiakitanga Our Place



Carbon



Nature and Science

## Ōhanga Ora Our Economy



Tourism



Trade and Enterprise

## Our 2030 Sustainability Goals



### Air New Zealanders:

Air New Zealand is a global benchmark organisation for its employee engagement, grounded in its distinct employee experience that ensures safety and fosters high performance, innovation, community involvement, diversity and inclusion.



### Carbon:

Air New Zealand has stabilised emissions through carbon neutral growth post 2020, in a way that simultaneously drives significant environmental, social and economic benefits.



### Nature and Science:

Air New Zealand has enabled world-leading conservation and climate science, engaging in long-term strategic partnerships to help protect New Zealand's precious natural capital.



### Tourism:

Air New Zealand has played a pivotal role in the New Zealand tourism sector delivering economic prosperity while enhancing natural and cultural resources and providing outstanding experiences for visitors and New Zealanders alike.



### Trade and Enterprise:

Air New Zealand has enabled the distribution and promotion of sustainable products and services around the globe, and has developed a world-class supply chain to support sustainable New Zealand businesses of all sizes.



### Our Communities:

Air New Zealand is recognised as the most influential exponent of strategic community investment in New Zealand, helping build cohesive, resilient and sustainable communities across the country.

# Our carbon strategy

Air New Zealand continues to support the aviation industry target of 1.5 percent annual average fuel efficiency improvement (2009-2020); carbon neutral growth from 2020; and halving 2005 emissions by 2050.

At Air New Zealand we believe that aviation fuel efficiency is the most significant way that we can reduce our carbon footprint. This year we achieved a 1.1 percent improvement in aviation fuel efficiency compared to last year, which represents a 21.4 percent improvement since our baseline year in 2009.

One of the ways in which Air New Zealand can reduce carbon emissions is by operating a modern, fuel efficient fleet. In the 2018 financial year, we welcomed two Boeing 787-9 Dreamliner aircraft into our fleet and in August 2018 announced a further commitment to purchase seven additional Airbus A321 NEO aircraft for our domestic network. Equipped with new generation engines and approximately 25 percent more seats, the A321 NEOs are expected to deliver fuel savings and efficiencies of up to 15 percent compared to the airline's existing A320 domestic aircraft, helping to reduce carbon emissions. This is separate from the existing order of 13 Airbus A320XLR NEO aircraft, which will be deployed on the Trans-Tasman and Pacific Islands networks. Two Boeing 787-9 aircraft with increased premium cabin space and next generation Rolls-Royce TEN engines will also join the fleet. Our investment in this area continues to improve fuel efficiency with fuel consumption up 3.6 percent compared to a 5.0 percent increase in capacity.

In addition to our investment in fleet, this year we have also implemented other fuel efficiency initiatives such as adjusting the departure climb profiles on our Boeing 777 and 787-9 aircraft and trialling more accurate and efficient navigation procedures to reduce the distance flown and allow for continuous low powered descents. These initiatives all work towards the goal of decreasing the amount of fuel required by our planes.

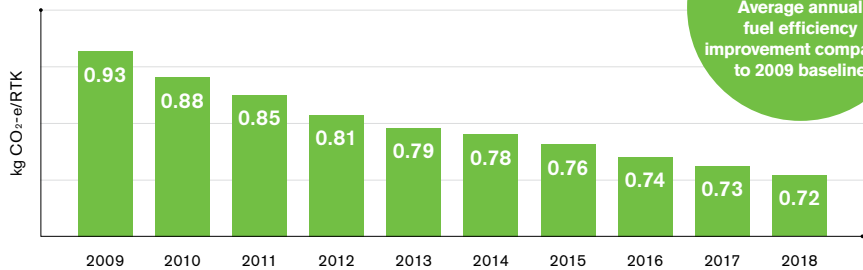
Air New Zealand is a participant in the New Zealand Emissions Trading Scheme for domestic emissions. In calendar year 2018, emissions units will be surrendered for 87 percent of domestic emissions, and this will rise to 100 percent of domestic emissions from 1 January 2019. For emissions in international airspace, Air New Zealand supports the industry's targets of 1.5 percent annual average fuel efficiency improvement (2009-2020); carbon neutral growth from 2020; and halving 2005 emissions by 2050. New Zealand will participate in the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) which requires Air New Zealand to report emissions from international aviation and to offset growth post-2020.

This year we have continued to encourage and enable our customers to voluntarily offset the carbon emissions from their air travel, via

a function in our online booking system which was introduced in late 2016. In the past year, customers have offset over 130,000 journeys (up from 40,000 last year)\*. As of July 2018, our larger business and government customers can also request a report on the carbon emissions from their Air New Zealand travel and elect to offset these. In New Zealand, we source native forest restoration projects that comply with the Government's Permanent Forest Sink Initiative, which enables carbon credits to be issued. These projects fit our commitment to the co-benefits of permanent native forestry investment, such as improving biodiversity, supporting ecosystems, and growing regional economies. We have also expanded our project portfolio to include international projects in destinations we fly to. Initial projects include sustainable energy initiatives in rural New Caledonia, Vietnam and China.

For more information on this and our other sustainability initiatives, please refer to Air New Zealand's Sustainability Report 2018 at [airnewzealand.co.nz/sustainability-reporting-and-communication](http://airnewzealand.co.nz/sustainability-reporting-and-communication)

## Fuel efficiency: CO<sub>2</sub>-e per Revenue Tonne Kilometre (RTK)\*



\*Revenue Tonne Kilometre (RTK) is a measure of the weight that has been paid for on the aircraft (freight and passengers) multiplied by the number of kilometres transported. Freight values are from Air New Zealand records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel efficient target. CO<sub>2</sub>-e emissions are from Air New Zealand's use of aviation fuel over the same time periods.

1. This voluntary carbon offsetting programme is separate from Air New Zealand's compliance with the New Zealand Emissions Trading Scheme, which covers Air New Zealand's domestic operations and which Air New Zealand separately meets. Voluntary carbon offsetting is relevant and important, even in the context of a regulatory emissions trading scheme.

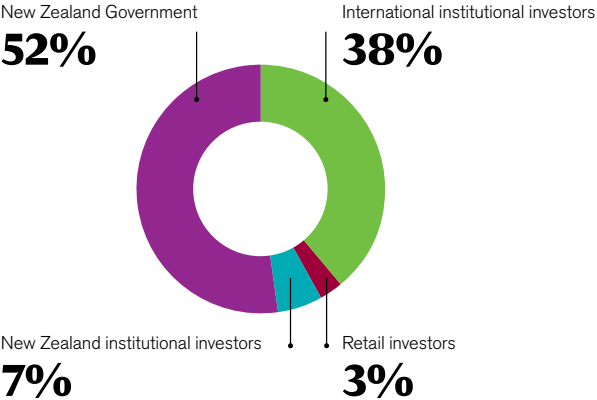


# 5. Shareholding structure and performance

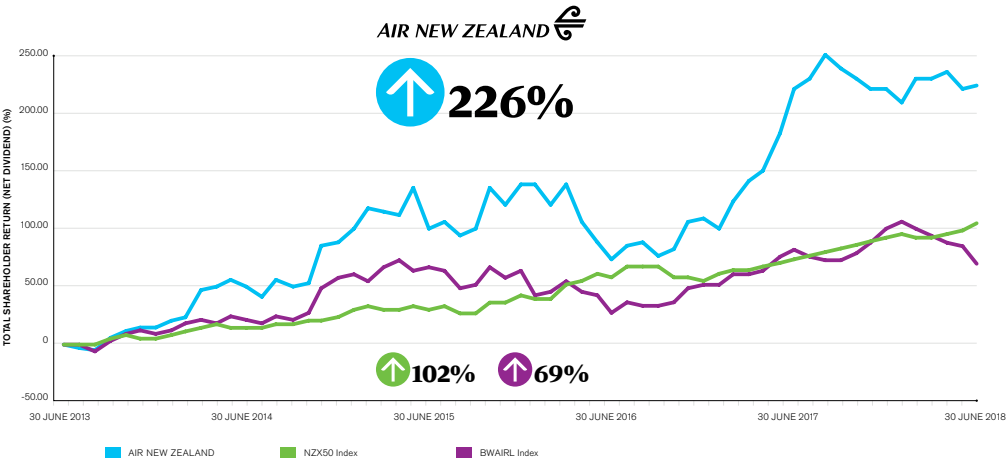
Air New Zealand is listed on the New Zealand Stock Exchange (NZX) with the ticker symbol AIR.NZ and on the Australian Securities Exchange (ASX) with the ticker symbol AIZ.AX. Effective as at 20 July 2017, Air New Zealand launched a sponsored Level 1 American Depositary Receipt (ADR) programme. Air New Zealand's American Depositary Shares, each representing five Ordinary Air New Zealand shares and evidenced by ADRs, are traded over-the-counter in the United States (ticker code ANZLY).

There are 1,122,810,044 Ordinary Shares on issue (excluding Treasury Stock), as at 30 June 2018. The New Zealand Government is the majority shareholder with 582,854,593 shares, or 52% of total issued capital. The remaining shares are held by New Zealand institutional and retail investors and institutional shareholders primarily in the United States, Australia, Asia and the United Kingdom. Air New Zealand has a robust average daily trading volume of approximately 1.3 million shares.

Share register (as at 30 June 2018)



## 5 year total shareholder return (net dividend) Air New Zealand vs NZX50 vs Bloomberg World Airline Index



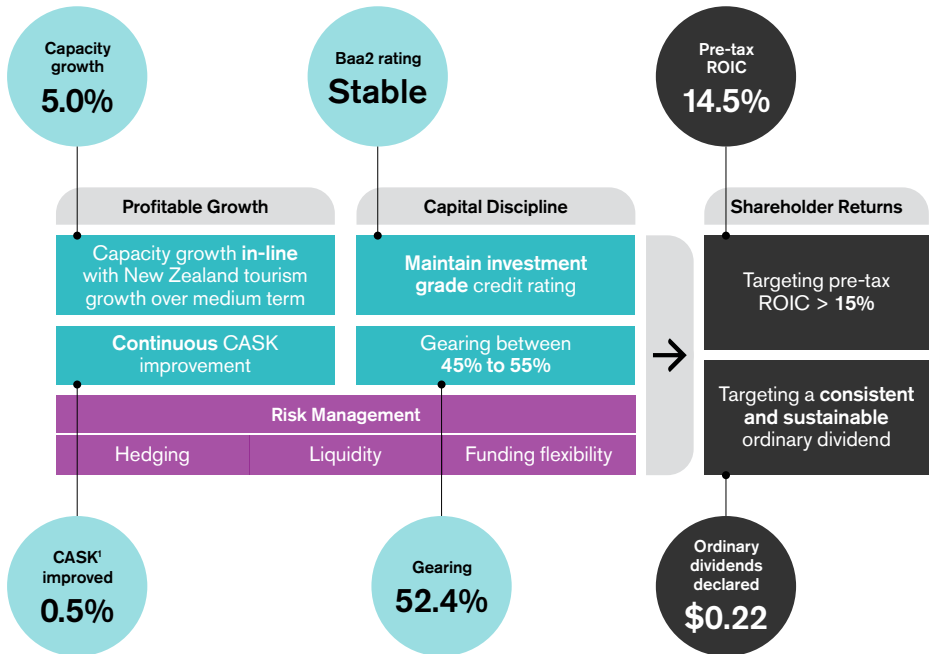
As part of our financial framework, we target a consistent and sustainable ordinary dividend as well as growth in share price to provide a combined Total Shareholder Return. Due to market fluctuations, we monitor Total

Shareholder Returns over a five-year period including the change in share price and dividends received (assuming dividends are reinvested in shares on the ex-dividend date).



## 6. Financial framework and our 2018 performance

Air New Zealand utilises a financial framework that is focused on profitable growth while maintaining capital discipline. The ultimate target is to provide sustainable and strong shareholder returns over the long-term.



1. Excluding fuel price movement, FX, third party maintenance and other significant items in the comparative year, as disclosed in the 2017 Financial Results.



## 7. Network

Air New Zealand provides air passenger and cargo transport services within New Zealand, as well as to and from Australia, the Pacific Islands, Asia, the Americas and the United Kingdom.

### Five year key operating statistics

GROUP	JUNE 2018		JUNE 2017		JUNE 2016		JUNE 2015		JUNE 2014	
Passengers carried ('000s)	16,966	6.4%	15,952	5.2%	15,161	6.0%	14,297	4.2%	13,719	2.3%
Available Seat Kilometres (ASKs, millions)	44,274	5.0%	42,169	6.3%	39,684	11.5%	35,601	6.6%	33,396	0.7%
Revenue Passenger Kilometres (RPKs, millions)	36,662	5.3%	34,814	4.8%	33,223	11.0%	29,934	6.6%	28,078	1.2%
Load Factor	82.8%	0.2 pts	82.6%	(1.1 pts)	83.7%	(0.4 pts)	84.1%	-	84.1%	0.5 pts
Revenue per Available Seat Kilometres (RASK, cents)	10.6	1.8%	10.4	(8.1%)	11.3	(2.3%)	11.6	0.2%	11.5	1.6%

### New Zealand domestic and regional

Air New Zealand operates one of the most comprehensive domestic and regional networks in the world with over 400 flights every day to 20 New Zealand destinations. Our domestic jet network across the main centres in New Zealand (Auckland, Wellington, Christchurch, Dunedin and Queenstown) is operated by a fleet of 17 Airbus A320s (as at 30 June 2018). Our turboprop network across the regional centres of New Zealand is operated by a fleet of 50 turboprops (as at 30 June 2018) including ATRs and Q300.



DOMESTIC AND REGIONAL	JUNE 2018		JUNE 2017		JUNE 2016		JUNE 2015		JUNE 2014	
Passengers carried ('000s)	11,089	6.8%	10,379	6.7%	9,725	5.2%	9,246	3.7%	8,920	2.6%
Available Seat Kilometres (ASKs, millions)	6,905	4.7%	6,597	8.8%	6,065	8.5%	5,592	3.8%	5,385	5.4%
Revenue Passenger Kilometres (RPKs, millions)	5,719	7.7%	5,311	8.7%	4,887	7.2%	4,561	4.4%	4,370	3.6%
Load Factor	82.8%	2.3 pts	80.5%	(0.1 pt)	80.6%	(1.0 pt)	81.6%	0.5 pts	81.1%	(1.5 pts)
Revenue per Available Seat Kilometres (RASK, cents)	22.0	3.6%	21.2	(2.9%)	21.8	(6.5%)	23.4	3.1%	22.7	1.0%



## Tasman and Pacific Islands

Air New Zealand operates an expansive network to Australia and the Pacific Islands, with over 40 flights every day to/from eight destinations in Australia and 15 flights every day to/from 10 destinations throughout the Pacific Islands. Our international short-haul network is operated by a fleet of Airbus A320s and Boeing wide-body aircraft.

TASMAN AND PACIFIC ISLANDS	JUNE 2018		JUNE 2017		JUNE 2016		JUNE 2015		JUNE 2014	
Passengers carried ('000s)	3,798	6.7%	3,561	1.6%	3,507	3.5%	3,388	3.4%	3,277	3.0%
Available Seat Kilometres (ASKs, millions)	12,963	7.7%	12,039	5.3%	11,438	5.1%	10,888	2.5%	10,622	3.4%
Revenue Passenger Kilometres (RPKs, millions)	10,584	8.2%	9,784	2.6%	9,532	3.8%	9,184	3.7%	8,858	3.3%
Load Factor	81.6%	0.3 pts	81.3%	(2.0 pts)	83.3%	(1.1 pts)	84.4%	1.0 pt	83.4%	(0.1 pt)
Revenue per Available Seat Kilometres (RASK, cents)	9.6	4.5%	9.2	(7.1%)	9.9	(1.1%)	10.0	2.7%	9.8	(2.7%)



## International long-haul

New Zealand is the centre of the Pacific Rim and accordingly Air New Zealand operates a strong network within this region. The airline's fleet of Boeing 777-200s, Boeing 777-300s and Boeing 787-9s, along with a network of revenue share partnerships with other airlines, provides 32 direct flights every day to 14 international long-haul destinations (outside Australia and the Pacific Islands).

- Operated by Air China
- Operated by Singapore Airlines; Singapore–Wellington operated via Melbourne
- Operated by Cathay Pacific
- ... New routes commencing in the 2019 financial year

Air New Zealand will not operate the Ho Chi Minh City season route in 2019.

INTERNATIONAL LONG-HAUL	JUNE 2018		JUNE 2017		JUNE 2016		JUNE 2015		JUNE 2014	
Passengers carried ('000s)	2,079	3.3%	2,012	4.3%	1,929	16.0%	1,663	9.3%	1,522	(0.9%)
Available Seat Kilometres (ASKs, millions)	24,406	3.7%	23,533	6.1%	22,181	16.0%	19,121	10.0%	17,389	(2.2%)
Revenue Passenger Kilometres (RPKs, millions)	20,359	3.3%	19,719	4.9%	18,804	16.2%	16,189	9.0%	14,850	(0.6%)
Load Factor	83.4%	(0.4 pts)	83.8%	(1.0 pt)	84.8%	0.1 pt	84.7%	(0.7 pts)	85.4%	1.4 pts
Revenue per Available Seat Kilometres (RASK, cents)	7.9	(1.2%)	7.9	(12.9%)	9.1	1.6%	9.0	(2.1%)	9.2	2.6%

## Our network partnerships

Air New Zealand's airline partnerships range from simple interline relationships through to deep revenue share alliances, and from destination-specific arrangements to those covering whole continents. At the global level, Air New Zealand's revenue share alliances, codeshare and Star Alliance partnerships allow us to offer connections across 38 major carriers and, together with our interline partners, to offer access for our customers to nearly 1,700 destinations worldwide. Our revenue share alliances are a key part of our Pacific Rim strategy,

and includes strategic partnerships with United Airlines, Singapore Airlines, Cathay Pacific, and Air China. We maintain a range of other code share and interline relationships with other carriers into specific markets, including Aerolíneas Argentina, Air Canada, ANA, Lufthansa and Qantas (effective from 28 October 2018). In addition, our membership in Star Alliance is critical to our customer proposition, including providing access to global benefits for our Airpoints™ Gold and Elite members.

## Revenue share alliance partners



## Code share partners



1. Effective 28 October 2018.

# 8. Operating fleet

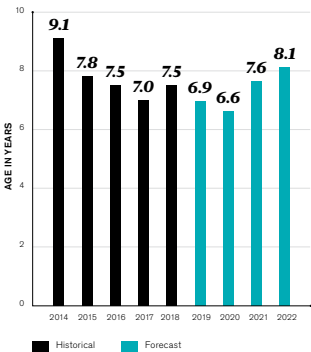
Air New Zealand has a modern and highly efficient fleet configured for its network and customers. The airline continues to simplify the fleet for greater operational efficiency and operate aircraft which are highly fuel efficient, with increased capacity and the best configuration for customers and cargo.

In June 2014, Air New Zealand announced the purchase of 13 new Airbus A320XLR A321XLR aircraft to refresh its international narrow body fleet. Air New Zealand will be the first airline to operate the NEO in Australasia and the first six owned A320XLR/A321XLR aircraft are expected in the 2019 financial year, commencing flights on our Tasman and Pacific Islands networks. Air New Zealand has also recently announced capital expenditure for seven additional Airbus A321 NEO aircraft, with phased delivery expected from 2020 to 2024. The additional aircraft will be deployed on high demand routes to support further domestic growth. Equipped with new generation engines and approximately

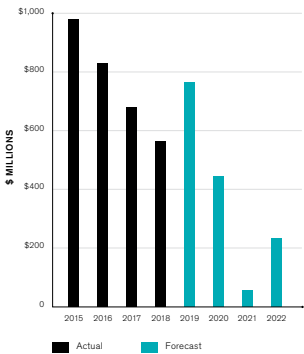
25 percent more seats, the A321 NEOs are expected to deliver fuel savings and efficiencies of up to 15 percent compared to our existing A320 domestic aircraft, helping to reduce carbon emissions. Two Boeing 787-9 aircraft with increased premium cabin space and next generation Rolls-Royce TEN engines will also join the fleet.

In the 2019 financial year, Air New Zealand is assessing options to replace the Boeing 777-200 fleet. Given the long lead times to receive aircraft, we recently issued a request for proposal to the airline manufacturers and expect to announce a decision on the replacement aircraft in the first half of calendar 2019. Those aircraft will then come into service from 2023.

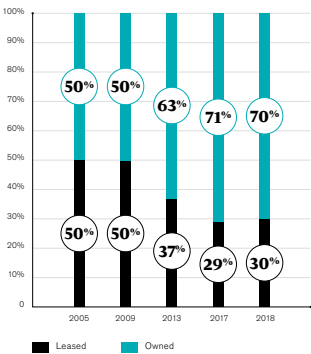
Aircraft fleet age<sup>1</sup> in years  
– seat weighted



Actual and forecast aircraft capital expenditure\*  
– \$ millions



Historic trend of fleet ownership<sup>1</sup>  
– seat weighted



**~\$1.5b**  
2019 – 2022  
PROJECTED  
AIRCRAFT CAPITAL  
EXPENDITURE

AIRCRAFT DELIVERY SCHEDULE (AS AT 30 JUNE 2018)	NUMBER IN EXISTING FLEET	NUMBER ON ORDER	DELIVERY DATES (FINANCIAL YEAR)			
			2019	2020	2021	2022
Owned fleet on order						
Boeing 787-9	11	1	1	-	-	-
Airbus A320/A321 NEOs	-	13**	6	4	-	3
ATR72-600	19	10	4	6	-	-
Operating leased aircraft						
Boeing 787-9	-	2	1	1	-	-
Airbus A320/A321 NEOs	-	5	4	1	-	-

\*Includes progress payments on aircraft and a US Dollar exchange rate of 0.6600.  
\*\*Does not reflect two additional A321 NEO aircraft on order for expected delivery in 2024.  
<sup>1</sup>Excludes short-term leased capacity to cover Boeing 787-9 engine issues.



## Operating fleet as at 30 June 2018\*

### Boeing 777-300ER

Number: 7  
Average Age: 6.2 years  
Maximum Passengers: 342  
Cruising Speed: 910 km/hr  
Average Daily Utilisation: 14:52hrs



### Boeing 777-200ER

Number: 8  
Average Age: 12.2 years  
Maximum Passengers: 312  
Cruising Speed: 910 km/hr  
Average Daily Utilisation: 13:11hrs



### Boeing 787-9 Dreamliner

Number: 11  
Average Age: 2.4 years  
Maximum Passengers: 302 or 275  
Cruising Speed: 910 km/hr  
Average Daily Utilisation: 13:30hrs



### Airbus A320-200

Number: 30  
Average Age: 13.9 years short-haul, or  
4.4 years domestic  
Maximum Passengers: 168 short-haul, or  
171 domestic  
Cruising Speed: 850 km/hr  
Average Daily Utilisation: 9:28hrs short-haul, or  
8:12hrs domestic



### ATR 72-500 / ATR 72-600

Number: 27  
Average Age: 17.2 years ATR 72-500, or  
2.7 years ATR 72-600  
Maximum Passengers: 68  
Cruising Speed: 518 km/hr  
Average Daily Utilisation: 5:49hrs ATR 72-500, or  
6:52hrs ATR 72-600



### Bombardier Q300

Number: 23  
Average Age: 11.4 years  
Maximum Passengers: 50  
Cruising Speed: 520 km/hr  
Average Daily Utilisation: 6:26hrs



\*The fleet statistics do not include short-term leased capacity to cover Boeing 787-9 engine issues.

## 9. Balance sheet structure and funding

### Credit rating

On 3 July 2015 Moody's upgraded Air New Zealand Limited's (AIR NZ) senior unsecured issuer rating to Baa2 from Baa3. The outlook on the rating is stable as at 30 June 2018. This puts Air New Zealand as one of the top investment grade rated airlines in the world.

### Funding

Air New Zealand aircraft and associated aircraft assets are acquired via a mixture of ownership and lease structures. As at 30 June 2018, 86 of Air New Zealand's 106 aircraft fleet were effectively owned.

### Secured borrowings

Air New Zealand funds the purchase of some of its aircraft and other aircraft related assets through secured bank borrowings from major international banks which specialise in airline and aircraft funding. As at 30 June 2018, Air New Zealand had total secured bank borrowings of \$1,563 million.

### Finance leases

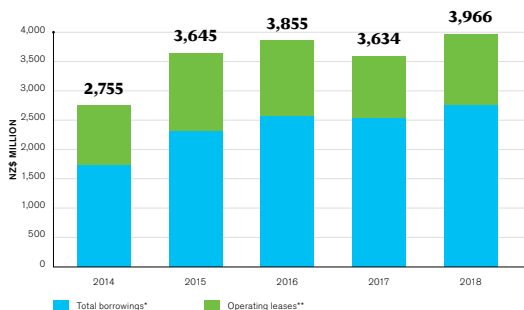
As at 30 June 2018, Air New Zealand had total finance leases of \$1,121 million. Finance lease liabilities are secured over aircraft and aircraft related assets and are subject to both fixed and floating interest rates. Fixed interest rates as at 30 June 2018 ranged from 0.7% to 3.4%. Purchase options are available on expiry or, if applicable under the lease agreement, on early termination of the finance leases. Finance leases are treated as owned aircraft.

### Unsecured borrowings

As at 30 June 2018, Air New Zealand had NZX listed bonds of \$50 million. The unsecured, unsubordinated fixed rate bonds have a maturity date of 28 October 2022 and an interest rate of 4.25% payable semi-annually. The bonds are quoted on the NZX Debt Market under the ticker code AIR020.

### Gross debt (\$m)

as at 30 June



### Operating leases

As at 30 June 2018, 20 of Air New Zealand's 106 aircraft fleet were under operating lease contracts. Payments made under operating leases (net of any incentives received) are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the term of the lease. For the year ended 30 June 2018, Air New Zealand recognised \$170 million of operating lease expenses in relation to aircraft, and as at 30 June 2018, had \$907 million future operating lease commitments in relation to aircraft. For the purposes of Net Debt and gearing calculations, operating leases are capitalised as net aircraft operating lease commitments for the next 12 months multiplied by a factor of seven (excluding short-term leases in 2018, which provide cover for Boeing 787-9 engine issues). As at 30 June 2018, Air New Zealand included \$1,232 million of net aircraft operating lease commitments as part of Net Debt.

\*Total borrowings comprise secured borrowings, bonds and finance lease liabilities.

\*\*Operating leases comprise aircraft operating lease commitments for the next twelve months, multiplied by a factor of seven.

## Gearing<sup>1</sup>

When calculating the level of gearing, Net Debt includes secured and unsecured borrowings, finance leases, capitalised aircraft operating leases less interest-bearing assets and unrealised gains/losses on open debt derivatives. As at 30 June 2018, Net Debt (including capitalised aircraft operating leases) was \$2,399 million and gearing (including capitalised aircraft operating leases) was 52.4%. Air New Zealand targets a capital structure within the range of 45% to 55%.

## Distribution policy

The Air New Zealand Board of Directors (the Board) is committed to a Distribution Policy geared towards providing a consistent and sustainable ordinary dividend stream to shareholders in the medium-term while maintaining financial flexibility through the business cycle.

### Policy guidelines

The following policy guidelines form Air New Zealand's Distribution Policy:

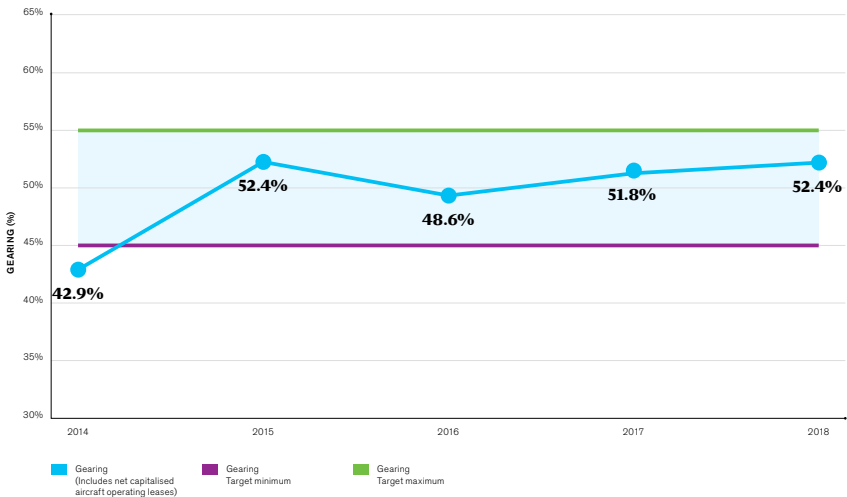
- Dividend declarations will take into account current earnings, the medium-term trading outlook, long-term capital structure and future capital expenditure requirements.

- Target capital structure (including capitalised aircraft operating leases recognised as debt) is within the range of 45% to 55%.
- Given the cyclical nature of the airline industry and the requirement to undertake significant fleet reinvestment programmes, Air New Zealand may, for periods, operate outside the target net gearing range.
- Other relevant economic factors impacting on the Air New Zealand Group.

The Board recognises that distributions to shareholders by way of fully imputed dividends represent the optimal way in which to return funds to shareholders. This is dependent on the level of imputation credits available to be attached to dividends.

### Gearing%

as at 30 June  
(including capitalised aircraft operating leases)



<sup>1</sup>Gearing defined as Net Debt/(Net Debt plus Equity).

## 10. Risk management

### Risk management

Air New Zealand is subject to foreign currency, fuel price, interest rate and credit risks. These risks are managed with various financial instruments, applying a set of policies approved by the Board of Directors. Compliance with these policies is reviewed and reported monthly to the Board and is included as part of the internal audit programme. The Group policy is not to enter, issue or hold financial instruments for speculative purposes. The latest Air New Zealand Annual Financial Results provides a full description of financial risk management and discusses the specific risks and risk management applicable to Air New Zealand, including fuel price risk and foreign exchange risk.

In the 2018 financial year, the Board, led by the Audit Committee, has worked with management to develop and implement a comprehensive Enterprise Risk Management Framework (ERMF) designed to provide a consistent approach to risk identification, management and reporting. This new framework has enabled Air New Zealand to capture individual risks into Risk Themes, which recognise common or systemic threads to drive more collaborative analysis and action by business areas that are most impacted. For more information on key risk themes please refer to the Risk Management section of the Corporate Governance statement in our 2018 Financial Statements or the Corporate Governance section of the investor centre website which can be accessed online at [airnewzealand.co.nz/corporate-governance](http://airnewzealand.co.nz/corporate-governance)

#### Fuel price risk

Fuel price risk is the risk of loss to Air New Zealand arising from adverse fluctuations in fuel prices. The objective of Air New Zealand's commodity risk management activities is to provide time to adjust to changing fuel prices while protecting the operating margin in the short-term.

Air New Zealand primarily manages jet fuel price risk by using crude oil hedges consisting of Brent Crude hedges.

Fuel price hedging generally does not exceed 12 months. Typically, the next four months of future fuel purchases are hedged to a minimum of 50% and that minimum then progressively reduces to zero by the eighth month. The maximum amount of hedges can be 80% for the next six months and then progressively falling to 20% in the twelfth month.

On a quarterly basis, Air New Zealand discloses its fuel hedging position for the next 12 months, which can be accessed online at [airnewzealand.co.nz/fuel-hedging-announcements](http://airnewzealand.co.nz/fuel-hedging-announcements)

#### Foreign currency risk

The Group's currency exposure primarily arises from operating activities, receiving ticket sales in foreign currencies and paying for fuel, aircraft leases and aircraft maintenance largely in USD. From capital activities, the company purchases fixed assets denominated in foreign currency on a regular basis and also has borrowings in foreign currency.

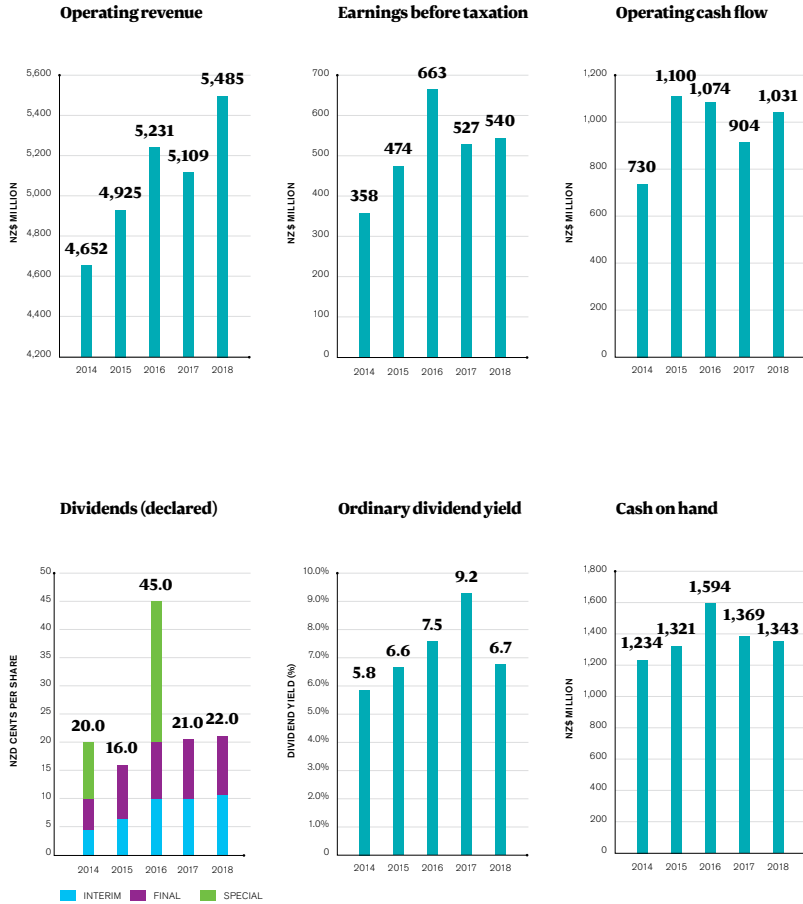
Currency risk management has the objective to give the company time to adjust to changes in market circumstances.

Air New Zealand manages currency risk through two methodologies:

- Placement of hedging cover on identified operating foreign currency exposures.
- Management of foreign currency balance sheet items, mainly debt, by way of actual hedges, use of future foreign currency revenues, and aircraft values which are largely determined in USD.

The above policies are adhered to and monitored on a day to day operational basis. The Executive Management Team and the Board of Directors reserve the right to operate outside of these policy parameters from time to time and as required for the financial and operational benefit of Air New Zealand.

## 11. Earnings and dividend performance





## 12. Five year statistical review

### Key Financial Metrics

For the year ended 30 June

		2018	2017	2016	2015	2014
<b>Profitability and Capital Management</b>						
EBIT <sup>1</sup> /Operating Revenue	%	9.8	10.6	15.9	11.1	8.4
EBITDRA <sup>2</sup> /Operating Revenue	%	23.6	24.8	29.5	23.6	21.6
Passenger Revenue per Revenue Passenger Kilometre (Yield)	cents	12.8	12.6	13.5	13.7	13.7
Passenger Revenue per Available Seat Kilometre (RASK)	cents	10.6	10.4	11.3	11.6	11.5
Cost per Available Seat Kilometre (CASK) <sup>3</sup>	cents	9.5	9.1	9.3	10.6	10.9
Return on Invested Capital Pre-tax (ROIC) <sup>4</sup>	%	14.5	15.3	18.8	15.6	14.3
Liquidity ratio <sup>5</sup>	%	24.5	26.8	33.1	26.8	26.5
Gearing (incl. net capitalised aircraft operating leases) <sup>6</sup>	%	52.4	51.8	48.6	52.4	42.9
<b>Shareholder Value</b>						
Basic Earnings per Share <sup>7</sup>	cps	34.7	34.0	41.3	29.2	23.9
Operating Cash Flow per Share <sup>7</sup>	cps	91.8	80.5	95.6	98.1	65.5
Ordinary Dividends Declared per Share <sup>7</sup>	cps	22.0	21.0	20.0	16.0	10.0
Special Dividends Declared per Share <sup>7</sup>	cps	-	-	25.0	-	10.0
Net Tangible Assets per Share <sup>7</sup>	\$	1.79	1.64	1.76	1.66	1.60
Closing Share Price 30 June	\$	3.18	3.26	2.10	2.55	2.08
Weighted Average Number of Ordinary Shares	m	1,123	1,123	1,122	1,118	1,101
Total Number of Ordinary Shares	m	1,123	1,123	1,123	1,122	1,114
Total Market Capitalisation	\$m	3,565	3,660	2,352	2,861	2,318
Total Shareholder Returns <sup>8</sup>	%	26.7	41.5	20.0	25.6	24.0

1. Earnings before interest and taxation (EBIT) excluding share of earnings of associates (net of taxation) and other significant items (refer footnote under Summary of Financial Performance).

2. EBITDRA excludes share of earnings of associates (net of taxation) and other significant items (refer footnote under Summary of Financial Performance).

3. Operating expenditure (excluding other significant items) per ASK. Refer footnote under Summary of Financial Performance on page 26.

4. (EBIT plus interest component of aircraft operating leases)/average capital employed (Net Debt plus Equity) over the period.

5. (Bank and short-term deposits and interest-bearing assets (excluding restricted cash))/Operating Revenue.

6. Net Debt (including capitalised aircraft operating leases)/(Net Debt plus Equity).

7. Per-share measures based upon Ordinary Shares.

8. Return over five years including the change in share price and dividends received (assuming dividends are reinvested in shares on ex dividend date).

Certain comparatives within the five year statistical review have been reclassified for comparative purposes, to ensure consistency with the current year. The Group adopted NZ IFRS 9 (2010) - Financial Instruments and NZ IFRS 9 (2013) - Hedge Accounting and amendments to NZ IFRS 9, NZ IFRS 7 and NZ IAS 39 on 1 July 2014. Comparatives have been restated for the 2014 financial year in respect of the adopted standards.

## Key operating statistics

For the year to 30 June

	2018	2017	2016	2015	2014
<b>Passengers Carried (000)</b>					
Domestic	11,089	10,379	9,725	9,246	8,920
International					
Australia and Pacific Islands	3,798	3,561	3,507	3,388	3,277
Asia	837	814	791	642	517
America and Europe	1,242	1,198	1,138	1,021	1,005
Total International	5,877	5,573	5,436	5,051	4,799
<b>Total Group</b>	<b>16,966</b>	<b>15,952</b>	<b>15,161</b>	<b>14,297</b>	<b>13,719</b>
<b>Available Seat Kilometres (m)</b>					
Domestic	6,905	6,597	6,065	5,592	5,385
International					
Australia and Pacific Islands	12,963	12,039	11,438	10,888	10,622
Asia	9,169	8,918	8,349	7,022	5,656
America and Europe	15,237	14,615	13,832	12,099	11,733
Total International	37,369	35,572	33,619	30,009	28,011
<b>Total Group</b>	<b>44,274</b>	<b>42,169</b>	<b>39,684</b>	<b>35,601</b>	<b>33,396</b>
<b>Revenue Passenger Kilometres (m)</b>					
Domestic	5,719	5,311	4,887	4,561	4,370
International					
Australia and Pacific Islands	10,584	9,784	9,532	9,184	8,858
Asia	7,467	7,270	7,070	5,784	4,630
America and Europe	12,892	12,449	11,734	10,405	10,220
Total International	30,943	29,503	28,336	25,373	23,708
<b>Total Group</b>	<b>36,662</b>	<b>34,814</b>	<b>33,223</b>	<b>29,934</b>	<b>28,078</b>
<b>Passenger Load Factor (%)</b>					
Domestic	82.8	80.5	80.6	81.6	81.1
International					
Australia and Pacific Islands	81.6	81.3	83.3	84.4	83.4
Asia	81.4	81.5	84.7	82.4	81.9
America and Europe	84.6	85.2	84.8	86.0	87.1
Total International	83.4	83.8	84.3	84.6	84.7
<b>Total Group</b>	<b>82.8</b>	<b>82.6</b>	<b>83.7</b>	<b>84.1</b>	<b>84.1</b>
<b>Group Employee Numbers (Full Time Equivalents)</b>	<b>11,074</b>	<b>10,890</b>	<b>10,527</b>	<b>10,196</b>	<b>10,546</b>

New Zealand, Australia and Pacific Islands represents short-haul operations. Asia, America and Europe represent long-haul operations.

## Summary Financial Performance

For the year to 30 June

	2018 \$M	2017 \$M	2016 \$M	2015 \$M	2014 \$M
<b>Operating Revenue</b>					
Passenger revenue	4,679	4,376	4,481	4,113	3,851
Cargo	370	335	349	317	287
Contract services	193	164	172	258	277
Other revenue	243	234	229	237	237
	<b>5,485</b>	<b>5,109</b>	<b>5,231</b>	<b>4,925</b>	<b>4,652</b>
<b>Operating Expenditure</b>					
Labour	(1,294)	(1,261)	(1,225)	(1,193)	(1,151)
Fuel	(987)	(827)	(846)	(1,089)	(1,120)
Maintenance	(352)	(321)	(350)	(320)	(285)
Aircraft operations	(611)	(556)	(531)	(466)	(424)
Passenger services	(295)	(266)	(246)	(220)	(212)
Sales and marketing	(357)	(352)	(348)	(303)	(280)
Foreign exchange (losses)/gains	(19)	(6)	112	79	45
Other expenses	(278)	(252)	(398)	(252)	(222)
	<b>(4,193)</b>	<b>(3,841)</b>	<b>(3,832)</b>	<b>(3,764)</b>	<b>(3,649)</b>
<b>Operating Earnings (excluding items below)</b>	<b>1,292</b>	<b>1,268</b>	<b>1,399</b>	<b>1,161</b>	<b>1,003</b>
Depreciation and amortisation	(525)	(493)	(465)	(402)	(436)
Rental and lease expenses	(227)	(230)	(244)	(211)	(174)
<b>Earnings Before Finance Costs, Associates and Taxation</b>	<b>540</b>	<b>545</b>	<b>690</b>	<b>548</b>	<b>393</b>
Finance income	40	43	53	56	44
Finance costs	(73)	(87)	(100)	(108)	(90)
Share of earnings of associates (net of taxation)	33	26	20	(22)	11
<b>Earnings Before Taxation</b>	<b>540</b>	<b>527</b>	<b>663</b>	<b>474</b>	<b>358</b>
Taxation expense	(150)	(145)	(200)	(147)	(95)
<b>Net Profit Attributable to Shareholders of Parent Company</b>	<b>390</b>	<b>382</b>	<b>463</b>	<b>327</b>	<b>263</b>

Certain comparatives within the five year statistical review have been reclassified for comparative purposes, to ensure consistency with the current year. Comparatives previously held within 'Other significant items' of \$3 million and \$143 million have been reclassified to 'Other expenses' for the 2017 and 2016 financial years respectively. The Group adopted NZ IFRS 9 (2010) – Financial Instruments and NZ IFRS 9 (2013) – Hedge Accounting and amendments to NZ IFRS 9, NZ IFRS 7 and NZ IAS 39 on 1 July 2014. Comparatives have been restated for the 2014 financial year in respect of the adopted standards.

## Summary of Cash Flows

For the year to 30 June

	2018 \$M	2017 \$M	2016 \$M	2015 \$M	2014 \$M
Cash flow from operating activities	1,031	904	1,074	1,100	730
Cash flow from investing activities	(778)	(616)	(797)	(1,066)	(727)
Cash flow from financing activities	(279)	(513)	(4)	53	81
<b>(Decrease)/increase in cash holding</b>	<b>(26)</b>	<b>(225)</b>	<b>273</b>	<b>87</b>	<b>84</b>
<b>Total Cash and Cash Equivalents</b>	<b>1,343</b>	<b>1,369</b>	<b>1,594</b>	<b>1,321</b>	<b>1,234</b>

## Summary Financial Position

As at 30 June

	2018 \$M	2017 \$M	2016 \$M	2015 \$M	2014 \$M
<b>Current Assets</b>					
Bank and short-term deposits	1,343	1,369	1,594	1,321	1,234
Other current assets	910	518	745	661	593
<b>Total Current Assets</b>	<b>2,253</b>	<b>1,887</b>	<b>2,339</b>	<b>1,982</b>	<b>1,827</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	5,035	4,745	4,485	4,061	3,279
Other non-current assets	558	539	427	732	744
<b>Total Non-Current Assets</b>	<b>5,593</b>	<b>5,284</b>	<b>4,912</b>	<b>4,793</b>	<b>4,023</b>
<b>Total Assets</b>	<b>7,846</b>	<b>7,171</b>	<b>7,251</b>	<b>6,775</b>	<b>5,850</b>
<b>Current Liabilities</b>					
Debt <sup>1</sup>	431	317	464	253	190
Other current liabilities	2,265	2,088	2,007	1,875	1,682
<b>Total Current Liabilities</b>	<b>2,696</b>	<b>2,405</b>	<b>2,471</b>	<b>2,128</b>	<b>1,872</b>
<b>Non-Current Liabilities</b>					
Debt <sup>1</sup>	2,303	2,197	2,103	2,069	1,543
Other non-current liabilities	671	583	569	613	563
<b>Total Non-Current Liabilities</b>	<b>2,974</b>	<b>2,780</b>	<b>2,672</b>	<b>2,682</b>	<b>2,106</b>
<b>Total Liabilities</b>	<b>5,670</b>	<b>5,185</b>	<b>5,143</b>	<b>4,810</b>	<b>3,978</b>
<b>Net Assets</b>	<b>2,176</b>	<b>1,986</b>	<b>2,108</b>	<b>1,965</b>	<b>1,872</b>
<b>Total Equity</b>	<b>2,176</b>	<b>1,986</b>	<b>2,108</b>	<b>1,965</b>	<b>1,872</b>

1. Debt is comprised of secured borrowings, bonds and finance lease liabilities.

## Summary of Debt

As at 30 June

	2018 \$M	2017 \$M	2016 \$M	2015 \$M	2014 \$M
<b>Debt</b>					
Secured borrowings	1,563	1,243	930	512	213
Unsecured bonds	50	50	150	150	150
Finance lease liabilities	1,121	1,221	1,487	1,660	1,370
	2,734	2,514	2,567	2,322	1,733
Bank and short-term deposits	1,343	1,369	1,594	1,321	1,234
Net open derivatives held in relation to interest-bearing liabilities <sup>1</sup>	42	(32)	(17)	24	(10)
Interest-bearing assets (included within Other assets)	182	164	288	141	125
<b>Net Debt</b>	<b>1,167</b>	<b>1,013</b>	<b>702</b>	<b>836</b>	<b>384</b>
Net aircraft operating lease commitments <sup>2</sup>	1,232	1,120	1,288	1,323	1,022
<b>Net Debt (including off Balance Sheet)</b>	<b>2,399</b>	<b>2,133</b>	<b>1,990</b>	<b>2,159</b>	<b>1,406</b>

1. Unrealised gains/losses on open debt derivatives.

2. Net aircraft operating lease commitments for the next twelve months, multiplied by a factor of seven (excluding short-term leases in 2018, which provide cover for Boeing 787-9 engine issues).

## 13. Other information

### Company history

<b>April 1940</b>	Tasman Empire Airways Limited (TEAL) incorporated
<b>April 1965</b>	TEAL renamed Air New Zealand Limited
<b>April 1978</b>	Air New Zealand and National Airways Corporation (NAC) merge
<b>April 1989</b>	New Zealand Government privatises Air New Zealand
<b>October 1989</b>	Air New Zealand listed on the New Zealand Stock Exchange (NZX)
<b>October 1996</b>	Air New Zealand acquires 50 percent of Ansett Australia
<b>March 1999</b>	Air New Zealand becomes a member of the Star Alliance group
<b>June 2000</b>	Air New Zealand acquires remaining 50 percent of Ansett Australia
<b>September 2001</b>	Ansett Australia placed into voluntary administration due to downturn
<b>January 2002</b>	Air New Zealand recapitalised by New Zealand Government for \$885m resulting in 82 percent government ownership
<b>March 2011 to May 2014</b>	Air New Zealand purchased shares in Virgin Australia taking ownership to 25.9 percent as at 30 June 2015
<b>July 2011</b>	Revenue share alliance with Virgin Australia commenced
<b>January 2013</b>	Revenue share alliance with Cathay Pacific commenced
<b>November 2013</b>	New Zealand Government sells down its holding to 52 percent
<b>January 2015</b>	Revenue share alliance with Singapore Airlines commenced
<b>December 2015</b>	Revenue share alliance with Air China commenced
<b>June 2016</b>	Air New Zealand sells 19.98 percent of its stake in Virgin Australia, reducing total stake to 2.5 percent
<b>July 2016</b>	Revenue share alliance with United Airlines commenced
<b>October 2016</b>	Air New Zealand sells remaining stake in Virgin Australia
<b>October 2018</b>	Air New Zealand and Virgin Australia end trans-Tasman alliance



## Glossary of key terms

<b>Available Seat Kilometres (ASKs)</b>	Number of seats operated multiplied by the distance flown (capacity)
<b>Cost/ASK (CASK)</b>	Operating expenses divided by the total ASK for the period
<b>EBIT</b>	Earnings before interest and taxation
<b>EBITDRA</b>	Earnings before interest, taxation, depreciation, rentals and amortisation
<b>Gearing</b>	Net debt / (net debt plus equity); Net debt includes capitalised aircraft operating leases
<b>Liquidity</b>	Total cash (comprising bank and short-term deposits and interest-bearing assets as at the end of the financial year divided by total operating revenue for that financial year
<b>Net Debt</b>	Interest-bearing liabilities less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and interest-bearing assets plus net aircraft operating lease commitments for the next twelve months multiplied by a factor of seven
<b>Passenger Load Factor</b>	RPKs as a percentage of ASKs
<b>Passenger Revenue/ASK (RASK)</b>	Passenger revenue for the period divided by the total ASK for the period
<b>Pre-Tax Return on Invested Capital (ROIC)</b>	Earnings before interest and taxation (EBIT), and aircraft lease expense divided by three, all divided by the average capital employed (being net debt plus equity) over the period
<b>Revenue Passenger Kilometres (RPKs)</b>	Number of revenue passengers carried multiplied by the distance flown (demand)

The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, RASK and ROIC. Amounts used within the calculations are derived from the audited Group financial statements and Five Year Statistical Review contained in the 2018 Annual Financial Results. The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources.

## Expenditure classifications

<b>Labour</b>	All salaries, wages and employee benefits
<b>Fuel</b>	Fuel including hedging gains/losses
<b>Maintenance</b>	Materials and services
<b>Aircraft operations</b>	Airport dues, aircraft ground handling, line servicing, loading, air navigation and tech crew trip costs
<b>Passenger services</b>	Passenger ground handling, meals, inflight services, cabin crew trip expenses, lounge expenses and security charges
<b>Sales and marketing</b>	Commissions, advertising, promotions, marketing, FFP costs and distribution costs
<b>Other expenses</b>	Safety, IT costs, legal and accounting, insurance, employee relations and property costs
<b>Rental and lease expenses</b>	Aircraft and property operating lease rentals

## 14. Executive management team



**Christopher Luxon** | CHIEF EXECUTIVE OFFICER

Christopher has been Chief Executive Officer since January 2013 having previously held the role of Group General Manager International Airline for almost two years. Prior to joining Air New Zealand, Christopher was President and Chief Executive Officer at Unilever Canada. This was one of several senior leadership roles he held during an 18-year career at the multinational that saw him work in roles in Europe, North America and Asia/Pacific. Christopher has a Master of Commerce in Business Administration from the University of Canterbury.



**Avi Golan** | CHIEF DIGITAL OFFICER

Avi joined Air New Zealand as Chief Digital Officer in January 2016 and has been leading the Digital Team through a significant transformation to engage digitally with customers across multiple international markets and enhance the new revenue opportunities while driving customer innovation. Previously based in the United States, Avi has held senior leadership positions in some of the most innovative global companies across a range of industries, including Google, Barnes & Noble, Olive Software and Intuit. He also spent the first part of his career as a product leader in Israeli based start-ups and co-founding the Israeli Entrepreneurs and Founders Foundation (IEFF), an organisation that helps technology start-ups be more successful in Silicon Valley.

Avi left the airline to return to the United States at the end of October 2018 to be closer to family. At the date of issuing this databook, Air New Zealand is conducting a global search to identify a new Chief Digital Officer.



**Carrie Hurihanganui** | CHIEF GROUND OPERATIONS OFFICER

Carrie was appointed as Chief Ground Operations Officer in 2018. She is responsible for our Airports, Engineering & Maintenance and Business Performance teams. She has deep strategic and operational experience through her 18 years at Air New Zealand in numerous senior roles, including General Manager Eagle Air, General Manager Offshore Airports, General Manager Customer Experience and Group General Manager Regional Airlines & Airline Operations.

Carrie left the airline in 2017 to join National Australia Bank (NAB) based in Melbourne as Executive General Manager Customer Experience before returning in 2018 to her current role. She has a Bachelor of Business Management from Massey University.



**Nick Judd** | CHIEF STRATEGY, NETWORKS & ALLIANCES OFFICER

Nick was appointed as the Chief Strategy, Networks and Alliances Officer in October 2017 and leads Air New Zealand's Joint Venture Alliance partnerships, the Star Alliance relationship and the Sustainability and Transformation portfolios. He has worked across a number of functions and regions in the business beginning his Air New Zealand career in Finance, before holding senior roles in Loyalty, Sales and Commercial areas across Australia, China, America and New Zealand. Nick joined Air New Zealand in May 2003 after working in the United Kingdom and Canada in finance roles for companies such as Chase Manhattan Bank and News Limited. Nick is a Chartered Accountant and holds a Bachelor of Management Studies (Hons) from the University of Waikato.



**Jodie King** | CHIEF PEOPLE OFFICER

Jodie joined Air New Zealand in 2012 as an HR General Manager and member of the People Leadership Team, before being appointed as Chief People Officer in February 2016. Prior to this she had managed Air New Zealand's Organisational Effectiveness and Talent, HR Corporate and HR Airports and Sales and Commercial teams. Jodie has had a significant international career, living and working in the United Kingdom for 16 years. During her time in London Jodie worked at KPMG in leadership and management consultancy roles across a range of industries. Her last role at KPMG saw her as Director of Talent Management across nine European countries. Prior to KPMG she worked for New Zealand Treasury and NZ Dairy Co-operative after graduating from the University of Otago with an Arts and a Commerce degree. Most recently she studied at INSEAD, France, where she completed the Advanced Management Programme.



**Jeff McDowall** | CHIEF FINANCIAL OFFICER

Jeff joined Air New Zealand in 2000 and was appointed Chief Financial Officer in January 2018. Prior to this position he held a range of senior commercial and finance roles within Air New Zealand including Group General Manager Corporate Finance and Group General Manager Commercial. Jeff has worked in a variety of businesses during his career, including six years as a management consultant with PwC in New Zealand, Singapore and the United States, and three years with Mobil Oil in New Zealand and the United Kingdom. Jeff has a Bachelor of Commerce and Administration from Victoria University, is a member of Chartered Accountants Australia and New Zealand and a certified member of the Institute of Finance Professionals NZ.



**Captain David Morgan** | CHIEF OPERATIONAL INTEGRITY & STANDARDS OFFICER

David joined Air New Zealand in 1985 after a career in general aviation and subsequently joined the Flight Operations management team in 1996. David has held various senior operational management positions and was appointed to the Executive in 2008. In his current role David is responsible for the essential core airline activity of operational integrity and safety, regulatory accountability, flight operations policy, security and emergency management.



**Mike Tod** | CHIEF MARKETING & CUSTOMER OFFICER

Mike has responsibility for Air New Zealand's global marketing and its customer experience related functions together with accountability for Corporate Affairs, Government Affairs and Industry Relations, Sponsorship and Community Partnership programmes. Mike was previously General Manager of Marketing and Communications and prior to that General Manager of Communications. He joined Air New Zealand from Fonterra where he held the roles of Assistant to the Chief Executive Officer and Shareholder Communications Manager. Prior to these roles he held senior positions with Television New Zealand and in the print industry. Mike is a Fellow of the Chartered Institute of Marketing and a graduate of Harvard Business School's Advanced Management Programme.



**Cam Wallace** | CHIEF REVENUE OFFICER

Cam was appointed as Chief Revenue Officer in January 2014 and is responsible for generating Air New Zealand's passenger and cargo revenue, currently a portfolio with a turnover of \$5 billion. His responsibilities include revenue management, global pricing, online sales, Grabaseat™, retail marketing, corporate, distribution, government sales and contact centres. Cam joined Air New Zealand in 2001 and has held a number of senior positions in the airline including Group General Manager New Zealand and Pacific Islands and General Manager Australia. Cam has completed business management programmes at Darden School of Business, Kellogg School of Management – Northwestern University Chicago and the London Business School. Most recently he studied at INSEAD, France where he completed the Advanced Management Programme.



**John Whittaker** | CHIEF AIR OPERATIONS & PEOPLE SAFETY OFFICER

John leads the 4,600 people in Air New Zealand's Jet Pilot, Cabin Crew and People Safety teams. He started with broad based tourism Mount Cook Group in 1985 and was General Manager of Mount Cook Airline when this was integrated into Air New Zealand. Since then John has held General Manager roles in Operations, Loyalty, Alliances and Government Relations. Prior to his 2016 appointment to Chief Air Operations & People Safety Officer, he held the role of Group General Manager Airports leading the worldwide Airport and Lounge teams and championed the adoption of High Performance Engagement with unions and Air New Zealanders. He has a Bachelor of Commerce from the University of Canterbury.

## 15. Board of Directors



**Antony (Tony) Carter | CHAIRMAN**

BE (Hons), ME, MPhil

**Independent Non-Executive Director (Appointed 1 December 2010)**

Mr Carter is Chairman of Fisher & Paykel Healthcare Limited, a director of Fletcher Building Limited and ANZ Bank New Zealand Limited and Independent Chairman of Blues LLP.

He attended the University of Canterbury where he studied chemical engineering, graduating with a Bachelor in Engineering with honours and a Masters in Engineering in 1980. He then went on to study at Loughborough University of Technology in the United Kingdom and graduated in 1982 with a Master of Philosophy degree.

Mr Carter worked for his family company, Carter Group Limited, in Christchurch until 1986 when he purchased a Mitre 10 hardware store, also eventually serving as a director of Mitre 10 New Zealand Limited and becoming Chairman of Mitre 10 New Zealand Limited in 1993.

In 1994 Mr Carter was appointed General Manager and Chief Executive designate of Foodstuffs (South Island) Limited. In 1995 he was appointed Chief Executive of Foodstuffs (South Island) Limited and in 2001 was appointed Managing Director of Foodstuffs (Auckland) Limited and Managing Director of Foodstuffs (New Zealand) Limited, until he retired in December 2010. The Foodstuffs Group is New Zealand's largest retail organisation.



**Janice (Jan) Dawson | DEPUTY CHAIRMAN**

CNZM, BCom, FCA

**Independent Non-Executive Director (Appointed 1 April 2011)**

Ms Dawson is Chairman of Westpac New Zealand Limited and a director of AIG Insurance New Zealand Limited, Beca Group Limited, Fulbright New Zealand, Meridian Energy Limited and World Sailing. Ms Dawson is Pro-Chancellor and a member of the University of Auckland Council and the Capital Investment Committee of the National Health Board.

Ms Dawson was a partner of KPMG for 30 years, specialising in audit and risk advisory, and the Chair and Chief Executive of KPMG New Zealand from 2006 until 2011.

Ms Dawson holds a Bachelor of Commerce from the University of Auckland. She is a Fellow of the New Zealand Institute of Chartered Accountants, a Fellow of the Institute of Directors in New Zealand, a Paul Harris Fellow and a North Shore Business Hall of Fame Laureate (2010). Ms Dawson was named Chartered Accountant of the Year in 2011 by the New Zealand Institute of Chartered Accountants.



**Robert (Rob) Jager | DIRECTOR**

ONZM, BE (Hons), MBA

**Independent Non-Executive Director (Appointed 1 April 2013)**

Mr Jager is Chairman of the Shell Companies in New Zealand and VPNZ and General Manager of Shell Taranaki Limited.

Mr Jager's career in Shell spans more than 40 years, both in New Zealand and overseas, and in roles ranging from engineering, governance to project and general management. He joined Shell in New Zealand in 1978 as an engineering cadet, completing his Bachelor of Engineering degree with 1st Class Honours and later gaining an MBA with Distinction. He has held his current roles in New Zealand since October 2005.

Mr Jager is well known for his health and safety leadership in New Zealand and was recognised for his commitment to safety nationally when he chaired an independent Government taskforce on workplace health and safety in 2012.

Mr Jager is a director and past chair of the Petroleum Exploration and Production Association of New Zealand (PEPANZ), and an advisor to a major conservation project working towards the ecological restoration of New Zealand's iconic Mount Taranaki. In addition, he is on the board of Sustainable Seas which is responsible for approving large scale research and business planning as part of the National Science Challenge.

In 2013, Mr Jager received the Energy Executive of the Year Award at the New Zealand Deloitte Energy Excellence Awards for his "standout performance in the New Zealand energy sector". He was elected a fellow of the Institute of Professional Engineers in 2015 for his contribution to the advancement of engineering practice and leadership in the profession, and recognised with a Safeguard Life-time Achievement Award in 2017. Mr Jager was appointed an Officer of New Zealand Order of Merit (ONZM) in 2018 for his services to Business and Health and Safety.



**Linda Jenkinson | DIRECTOR**

MBA, BBS

**Independent Non-Executive Director (Appointed 1 June 2014)**

Ms Jenkinson is a proven global entrepreneur who has started three multi-national companies, one of which listed on the NASDAQ. Most recently she was the co-founder of John Paul, a global concierge services and digital solutions company that services some of the world's leading customer facing businesses.

Ms Jenkinson is currently a director of Guild Group Holdings and the Eclizp Group (ECX) in Australia, a director of Harbour Asset Management and the director and secretary of the Massey Foundation in New Zealand and the United States.

Previously Ms Jenkinson was a partner at A.T. Kearney in their Global Financial Services Practice and was a leader in A.T. Kearney Global Sourcing Practice. Ms Jenkinson holds a Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Business Studies from Massey University.

In 2016, Ms Jenkinson was named a World Class New Zealander by Kea and was named as one of the most influential women in the Bay Area for 2014 by the San Francisco Business Times. In 2014 Ms Jenkinson was a recipient of Massey University's Sir Geoffrey Peren Award, which recognises a graduate who has reached the highest level of achievement or who has been of significant service to the university, community or nation.



**Rt Hon Sir John Key | DIRECTOR**

GNZM, AC

**Independent Non-Executive Director (Appointed 1 September 2017)**

Sir John was Prime Minister of New Zealand from 2008 to 2016. He successfully led the country through the aftermath of the global financial crisis and a series of devastating earthquakes in New Zealand's second-biggest city, Christchurch. Among his portfolios, Sir John was Minister for Tourism. In this role he promoted New Zealand offshore and oversaw substantial growth in New Zealand's tourism industry. He retains a strong interest in the best that our country has to offer both local and international tourists.

Sir John is well respected in international affairs. He chaired the International Democrat Union between November 2014 and February 2018 and chaired the United Nations Security Council in 2016. Sir John, who was knighted in the 2017 Queen's Birthday Honours, has also been appointed an Honorary Companion of the Order of Australia.

Sir John's current business activities include a role advising a \$200 billion United States corporation on its investments in China as well as an advisory role with a New York fund manager.

Sir John worked in investment banking for 20 years primarily for Bankers Trust in New Zealand and Merrill Lynch in Singapore, London and Sydney. His positions included heading Merrill Lynch's global foreign exchange business along with responsibility for European derivative trading and E. Commerce. He was a member of the Foreign Exchange Committee of the Federal Reserve Bank of New York (1999-2001).



**Jonathan Mason | DIRECTOR**

BA, MA, MBA

**Independent Non-Executive Director (Appointed 1 March 2014)**

Mr Mason has more than 30 years' experience in the financial sector, with an emphasis on emerging markets.

Prior to joining Air New Zealand's Board in March 2014, he was Fonterra Co-operative Group's Chief Financial Officer.

He joined Fonterra in 2009 from US-based chemicals company Cabot Corporation where he was Executive Vice-President and Chief Financial Officer. Prior to this he was employed as the Chief Financial Officer at forest products company Carter Holt Harvey Limited and also served in senior financial management positions at US based International Paper Company.

Mr Mason has had governance experience for organisations in both New Zealand and the US. His current directorships include Vector Limited, Westpac New Zealand Limited and Zespri Group Limited. Mr. Mason also serves as an Adjunct Professor of Management at the University of Auckland, specialising in international finance.



**Dame Therese Walsh | DIRECTOR, CHAIRMAN ELECT**

DNZM, BCA, FCA

**Independent Non-Executive Director (Appointed 1 May 2016)**

Dame Therese is currently Chairman of TVNZ Limited, a director of ASB Bank Limited and Contact Energy Limited, a Trustee of Wellington Regional Stadium and Pro Chancellor at Victoria University.

Previously she was the Head of New Zealand for ICC Cricket World Cup 2015 Limited, and the Chief Operating Officer for Rugby New Zealand 2011 Limited. She has also been a director of NZX Limited, NZ Cricket and Save the Children NZ, Chief Financial Officer at the New Zealand Rugby Union and part of the team that worked on the winning bid to host RWC 2011. Prior to this she was an auditor with KPMG.

Dame Therese is a Fellow of the New Zealand Institute of Chartered Accountants and a commerce graduate from Victoria University. In 2013, she was named the inaugural supreme winner of the Women of Influence Awards and was awarded a Sir Peter Blake Trust Leadership Award in 2014. She became a Dame Companion of the New Zealand Order of Merit in June 2015.

Dame Therese will succeed Mr Carter as Chairman of Air New Zealand following the 2019 Annual Shareholder Meeting.



## 16. Investor resources

### Investor Centre

[airnewzealand.co.nz/investor-centre](https://airnewzealand.co.nz/investor-centre)

### Monthly traffic updates

[airnewzealand.co.nz/monthly-operating-data](https://airnewzealand.co.nz/monthly-operating-data)

### Quarterly fuel hedging disclosure

[airnewzealand.co.nz/fuel-hedging-announcements](https://airnewzealand.co.nz/fuel-hedging-announcements)

### Corporate Governance

[airnewzealand.co.nz/corporate-governance](https://airnewzealand.co.nz/corporate-governance)

### Sustainability

[airnewzealand.co.nz/sustainability](https://airnewzealand.co.nz/sustainability)

## Contact information

### Email

[investor@airnz.co.nz](mailto:investor@airnz.co.nz)

### Share register

[enquiries@linkmarketservices.co.nz](https://enquiries@linkmarketservices.co.nz)

