

Investor Presentation

Deutsche Bank
Depositary Receipts
Virtual Investor Conference

AIR NEW ZEALAND 

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21 March, 2018

A STAR ALLIANCE MEMBER 



Forward looking statements

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

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

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Nothing in this presentation constitutes financial, legal, tax or other advice.

Air New Zealand at a glance

77

Years in operation

16m

Passengers carried annually

30

International destinations

#1

Corporate reputation in New Zealand

13

Years of consecutive dividend distributions

Pacific Rim

Focused network driven by alliance relationships

11,800

Air New Zealand employees

21

Domestic destinations

#1

Corporate reputation in Australia

Baa2

Investment grade credit rating from Moody's



Trading and ownership facts

AIR

NZX stock ticker

AIZ

ASX stock ticker*

ANZLY

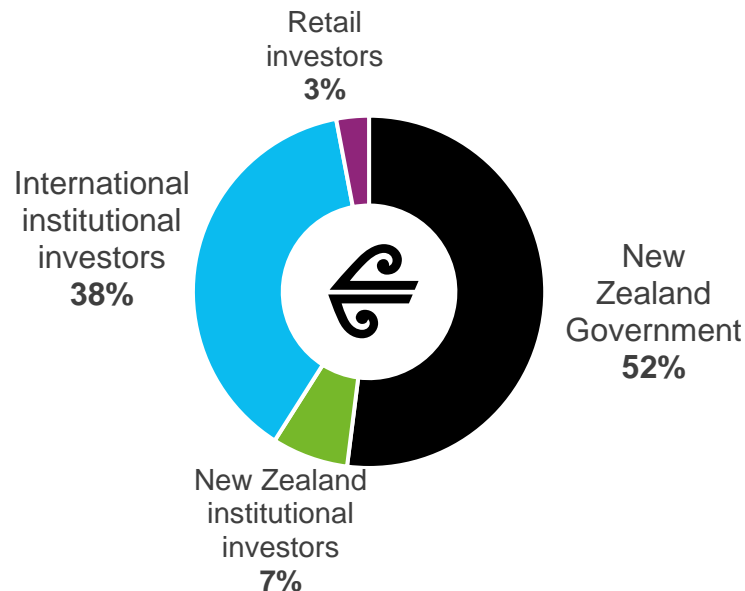
ADR ticker on OTC

- Dual-listed on the NZX and ASX stock exchanges
 - 1.4 million average daily trading volume
 - Member of the NZX20 index – includes the 20 largest and most liquid companies of the NZX
 - Level 1 Sponsored ADR programme available since July 2017
 - Financial year end of 30 June
-
- New Zealand Government holds 52%
 - No direct Board representation
 - Seven independent non-executive Directors

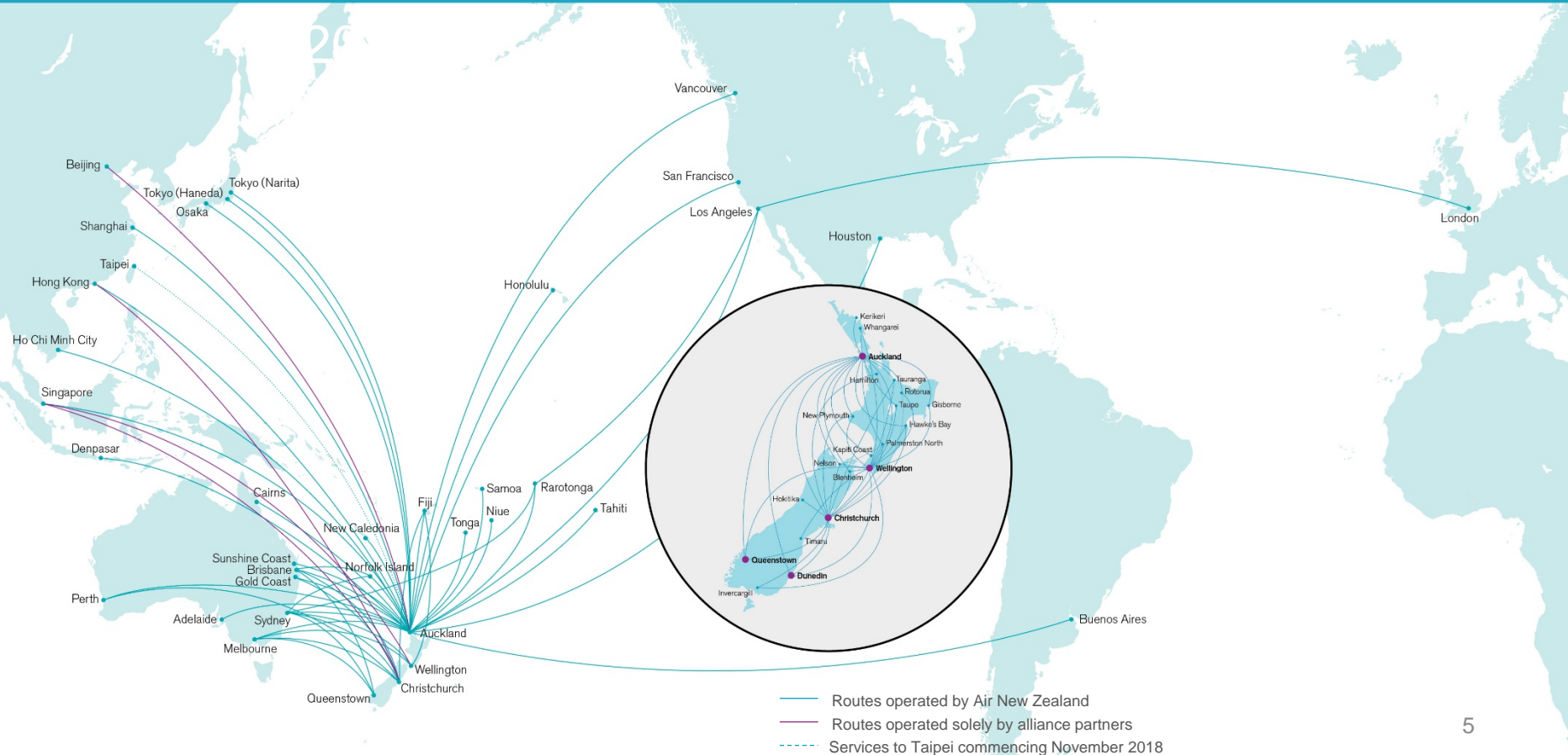
* Air New Zealand is an ASX Foreign Exempt Listing.

Share register

(as at 31 December 2017)



Our strategic focus and competitive advantage is the New Zealand market, and connecting New Zealand with the Pacific Rim



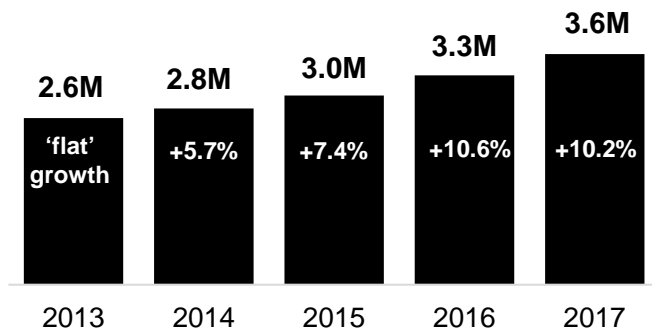
Air New Zealand's markets are experiencing robust demand drivers that are expected to remain strong for the foreseeable future

- ✓ Inbound New Zealand tourism continues to grow strongly
- ✓ Growing domestic tourism
- ✓ Double-digit growth in New Zealanders traveling abroad
- ✓ Robust New Zealand economy

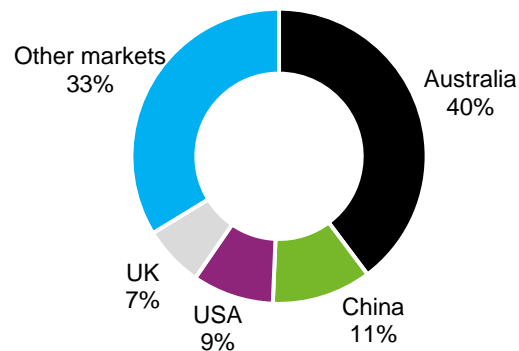


Inbound and outbound tourism demand remains robust

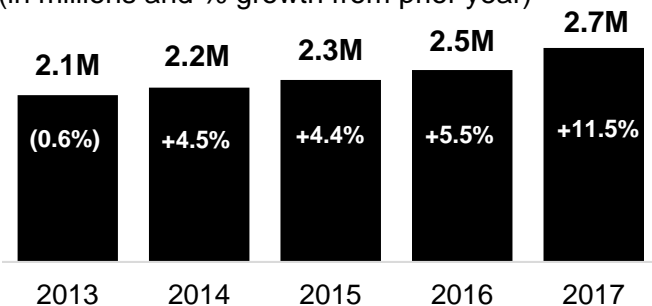
Inbound visitors to New Zealand*
(in millions and % growth from prior year)



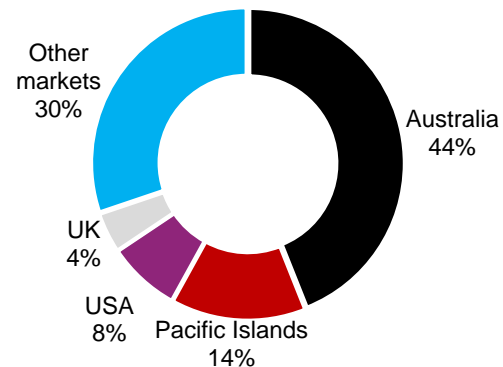
Inbound visitor arrivals by country*



Outbound tourism*
(in millions and % growth from prior year)



Outbound departures by destination*



* Statistics New Zealand, year ending 30 June.

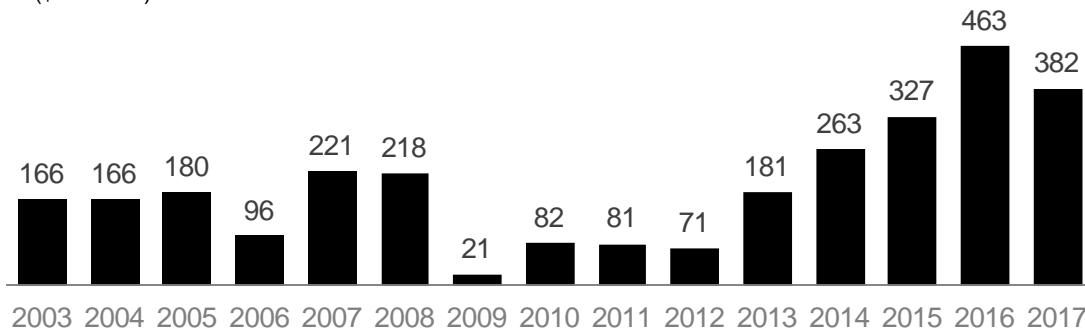
Air New Zealand has
achieved profitability
and dividends
through the cycle...

15 years
of consecutive profitability*

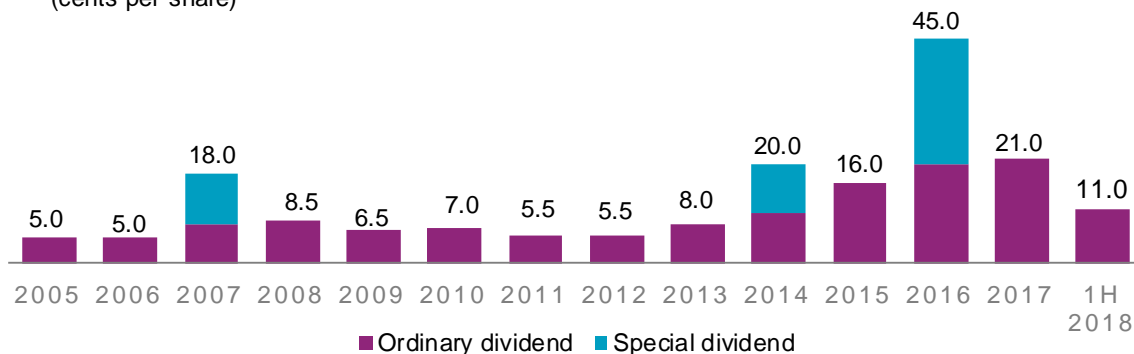
13 years
of consecutive dividends

* 2018 full year outlook as disclosed in 2018 Interim
Financial Results on 22 February 2018.

Net profit after tax
(\$ millions)

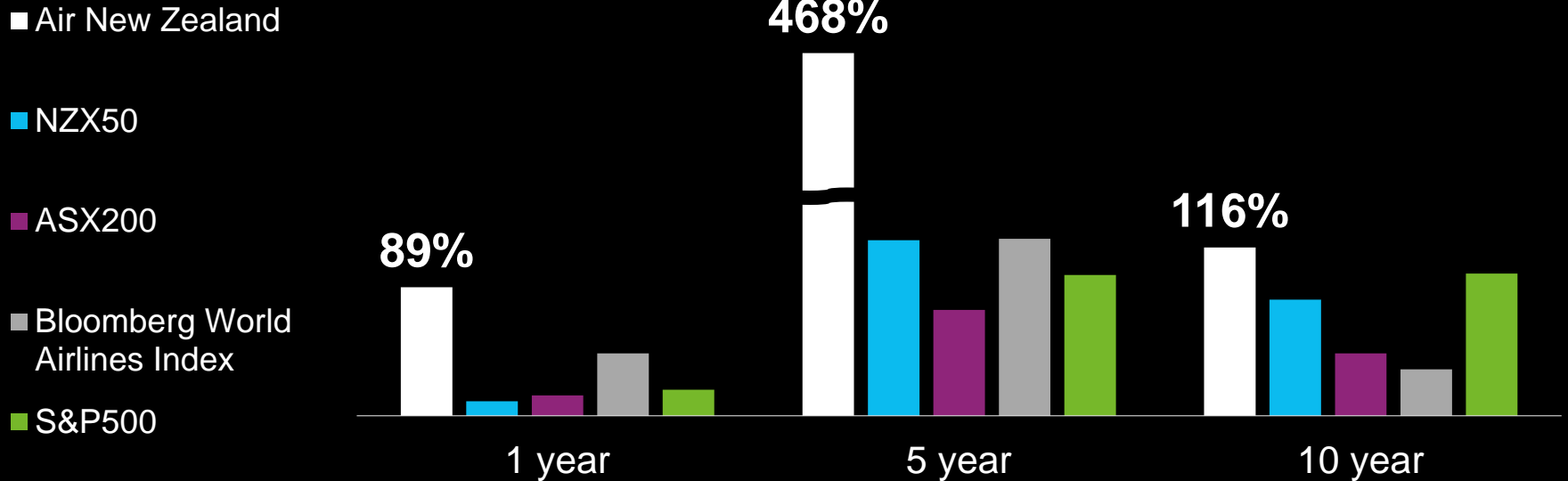


Dividends declared
(cents per share)



...and have demonstrated our ability to generate strong shareholder returns that exceed the major indices

Total shareholder return*



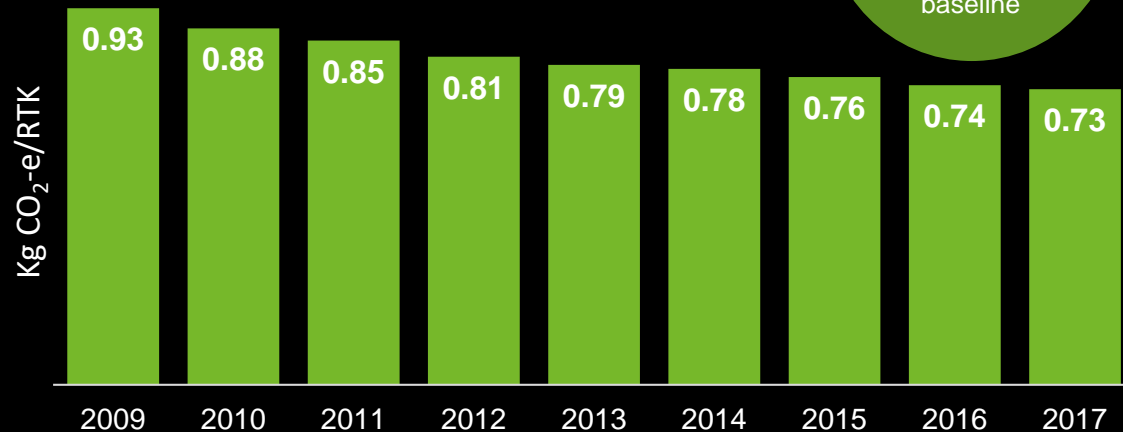
* Total shareholder return includes share price changes and dividends received over the period (assuming dividends are reinvested in shares on ex dividend date).

Source: Bloomberg, period ended as at 30 June 2017.

Beyond commercial metrics, we are committed to a sustainability agenda that includes robust targets to reduce our carbon footprint

Investment in modern fleet have helped improve our fuel efficiency while we have grown our business

Fuel efficiency:
CO₂-e per Revenue Tonne Kilometre (RTK)



Key carbon targets*

Carbon neutral growth

Stabilised emissions post 2020

1.5%

average annual fuel efficiency improvement going forward

* As disclosed in Air New Zealand's 2017 Sustainability Report, which can be accessed at www.airnewzealand.co.nz/sustainability



Positioned to leverage our unique competitive advantages to **drive future returns for our shareholders**



Resilient core domestic business



Pacific Rim focused international network



Focused on sustainable cost improvements



Investment grade financial strength

1 Resilient core domestic business

Strong market share to leverage growth from inbound and domestic tourism

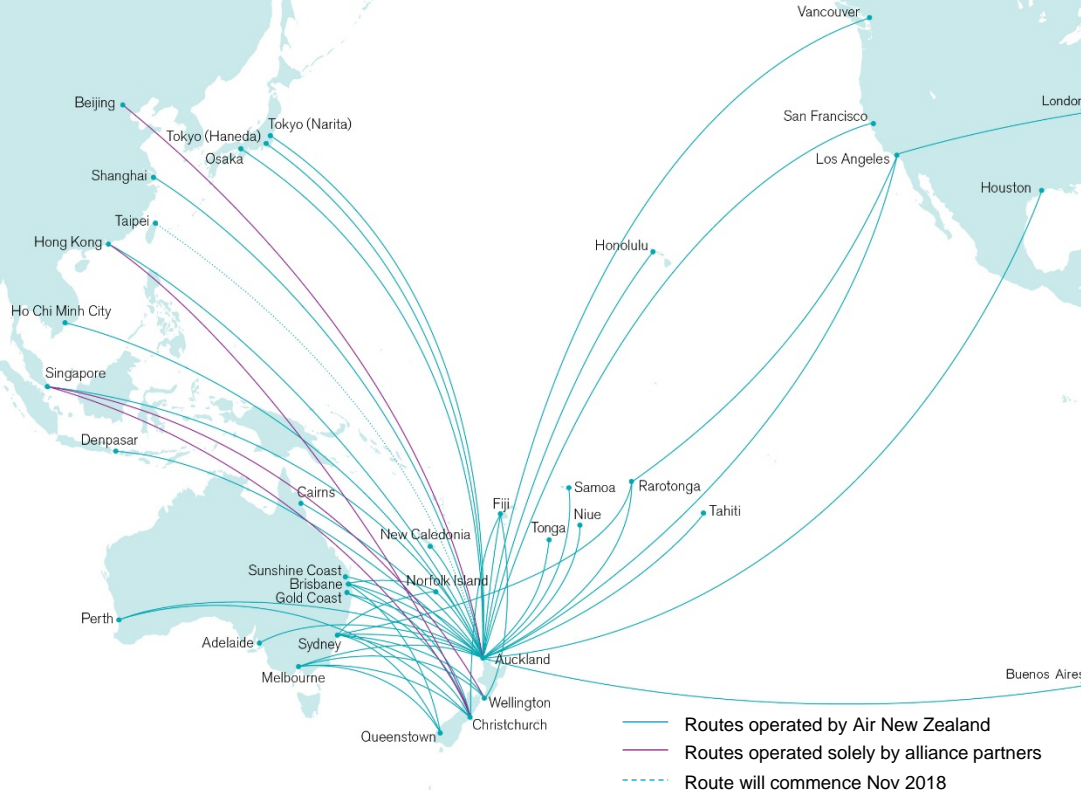
- Most iconic brand in New Zealand
- Unmatched network breadth and depth
 - Over 400 flights daily to 21 domestic destinations
- Differentiated in-flight and ground product that is valued by customers
- Strong loyalty base and still growing at over 2.7 million members*
- Investing in the sustainable development of New Zealand tourism
 - Regional dispersal of tourists throughout the country
 - Extending the shoulder season
 - Targeting value over volume



* Airpoints™ membership as at 31 December 2017.

2 Pacific Rim focused international network

Supported by strong revenue share alliance partnerships



Why revenue share alliances?

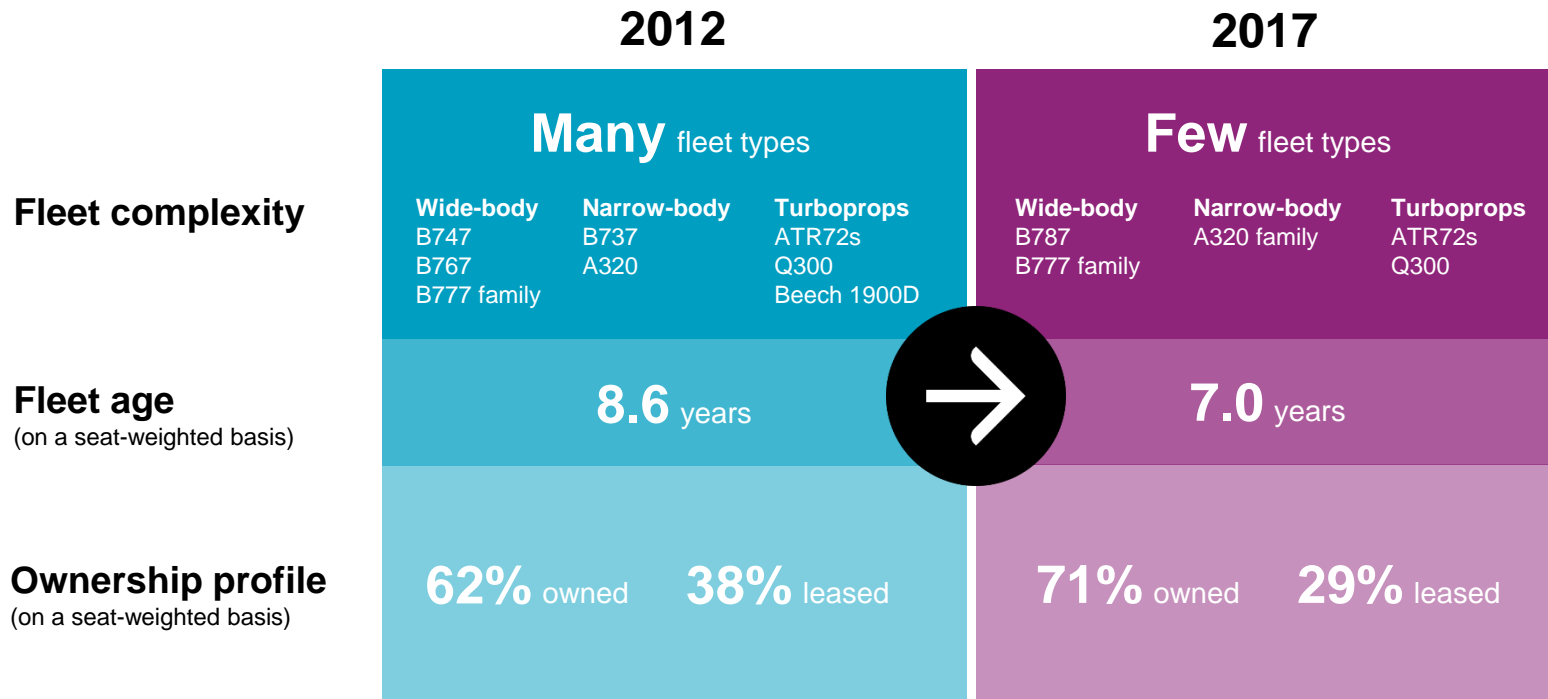
- ✓ Partners have “skin in the game” to sell the route
- ✓ Strength of sales & distribution in local markets
- ✓ Access to frequent flyer databases



3 Focused on sustainable cost improvements

A simpler and modern fleet driving improved efficiencies

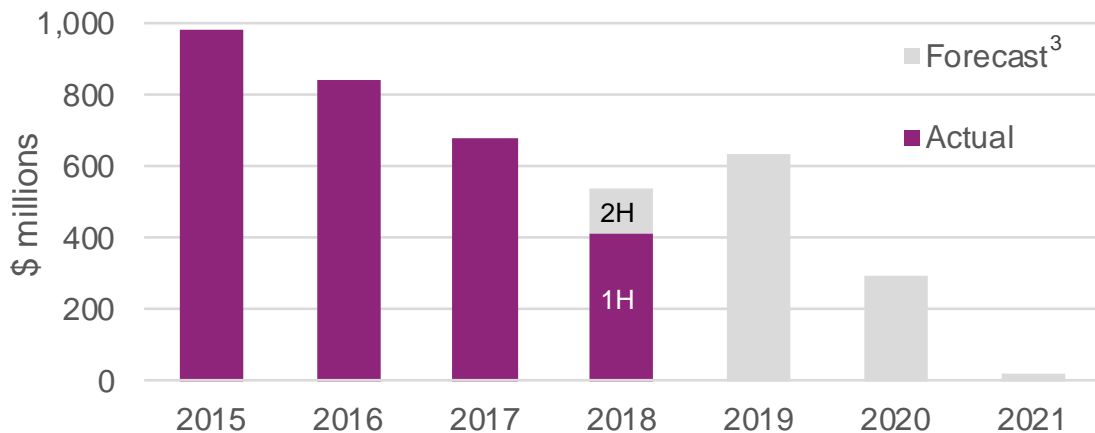
Fleet investment over the past five years has resulted in cost improvements related to fuel efficiency, larger aircraft and simplification of operations



4 Investment grade financial strength

Aircraft capex programme nearing completion

Actual and forecast aircraft capital expenditure²



- Targeting replacement of B777-200 fleet from 2022; aircraft selection is in progress
 - No assumptions on B777-200 replacement capital expenditures are included in forecast

¹ As disclosed during the company's 2018 Interim Results on 22 February 2018

² Includes progress payments on aircraft.

³ Excludes orders of up to five A320/A321 NEOs with purchase substitution rights.

Note: forecasted aircraft capital expenditure assumes NZD/USD rate of 0.72.








~\$1.1b¹

Forecasted
investment in aircraft
and associated
assets from 2H 2018
to 2021



Investment grade financial strength

Providing stability and financial flexibility over the long-term

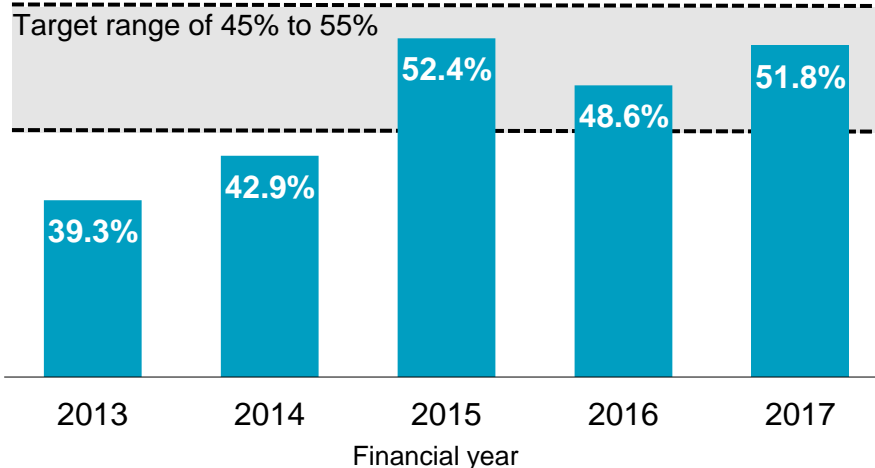
Moody's credit rating		
Investment grade	A3	Southwest
	Baa1	easyJet
	Baa2	AIR NEW ZEALAND  QANTAS 
	Baa3	DELTA  Lufthansa 
	Ba1	jetBlue
	Ba2	UNITED 
	Ba3	AIR CANADA  AA 

Source: Bloomberg as at 6 March 2018.

Appropriate level of gearing

Gearing (%)

(including capitalised aircraft operating leases)

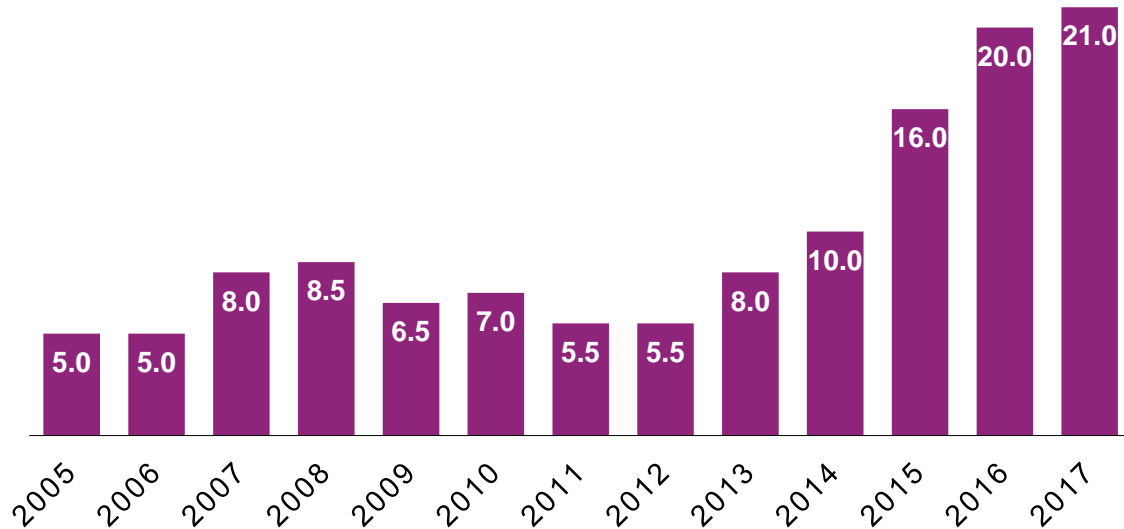


Gearing defined as net debt / (net debt plus equity); net debt includes net aircraft operating lease commitments for the next twelve months, multiplied by a factor of seven.

A sustainable business positioned to deliver strong dividends for our shareholders

- We target consistently distributing dividends to our shareholders each period
- Dividend is not linked to a pay-out ratio
- Looking beyond short-term peaks and troughs in the earnings profile when determining dividend

Ordinary dividends paid
(cents per share)



Our 2018 outlook* has been reaffirmed despite an increase in jet fuel price

Looking to the remainder of the year,
we are optimistic about the overall market dynamics.

Based upon the current market conditions and
despite the increased price of jet fuel, the Company is still
expecting 2018 earnings before taxation to exceed the prior year.



American Depositary Receipts (ADR)

Air New Zealand has a sponsored Level 1 ADR programme (since July 2017)

Ticker: ANZFY

Structure: Level 1 ADR

Exchange traded: Over-the-Counter (OTC)

Ratio 1 ADR: 5 Ordinary shares

DR ISIN: US0091361024

CUSIP: 009136102

Depository bank: Deutsche Bank Trust Company Americas

ADR broker helpline: +1 212 250 9100 (New York)

+44 207 547 6500 (London)

Email for registered ADR holders: db@amstock.com

Investor relations information

Resources

Investor website: www.airnewzealand.co.nz/investor-centre

Monthly traffic updates: www.airnewzealand.co.nz/monthly-operating-data

Quarterly fuel hedging disclosure: www.airnewzealand.co.nz/fuel-hedging-announcements

Corporate governance: www.airnewzealand.co.nz/corporate-governance

Sustainability: <https://www.airnewzealand.co.nz/sustainability>

Contact information

Email: investor@airnz.co.nz

Share registrar: enquiries@linkmarketservices.com



A flight attendant in a black uniform with a purple patterned scarf and skirt is waving from the stairs of an aircraft. Two young girls, one in a green jacket and one in a denim jacket with a purple backpack, are walking away from her on an airport tarmac. The scene is set outdoors with trees in the background.

Thank you

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A STAR ALLIANCE MEMBER 