

Airways Corporation of New Zealand Limited

Interim results announcement – 28 February 2017

| <i>All amounts are in NZ\$ millions</i> | 6 months ended 31 December 2016 | 6 months ended 31 December 2015 | % change |
|---|------------------------------------|------------------------------------|----------|
| Revenue from operating activities | 102.1 | 99.6 | 3% |
| Profit from operating activities after tax | 13.8 | 11.5 | 20% |
| Net Profit | 13.8 | 11.5 | 20% |
| Service improvement (Capital) projects | 15.7 | 14.6 | 8% |
| Interim dividend (Oct) | 2.0 | 1.0 | 100% |
| Forecast interim dividend (Feb) | 2.0 | 2.0 | - |
| Forecast final dividend (June) | 3.0 | 2.0 | 50% |
| Forecast Special dividend (June) | - | 4.0 | - |
| Total forecast dividend | 7.0 | 9.0 | (22%) |
| Final dividend payment date | 30 June 2017 | | |

Comments:

Safety, operational and financial measurements form the backbone of Airways New Zealand's business and shareholder reporting. The company has performed at, or ahead of target, for all three measures in the July to December 2016 reporting period.

Airways has continued its strong safety record, with no near collisions recorded during the period, a positive trend in loss of separation events, and an improving culture of self-reporting of health and safety matters by our staff. Service availability has remained at world leading levels of 99.98%.

Airways has also achieved a strong financial result for the period, with a NOPAT of \$13.8m ahead of both budget (\$10.2m) and the prior year. While the result includes \$1m of insurance proceeds income that will be spent in the second half of the year, the result is primarily underpinned by permanent and temporary savings on initiatives in the statutory business. This strong start, supported by further cost savings resulting from a restructure of the commercial business completed during the period, are expected to support a full year result ahead of the budget of \$18.1m.

Airways' investment in New Zealand's infrastructure during the first half of the year has been in line with commitments made to customers through the 2017 – 19 pricing consultation. As well as investment into two new control towers in Wellington and Nelson, the current capital programme also includes a new surveillance network and Air Traffic Management system.