



AIR NZ REPORTS \$NZ338 MILLION FIRST HALF NET PROFIT

News / Finance



Air New Zealand has reported a more than doubling of first half net profit amid strong growth in passenger numbers and as the airline benefits from lower fuel prices and a booming New Zealand tourism market.

The company said net profit for the six months to December 31 2015 came in at \$NZ338 million, up 154 per cent from \$NZ133 in the prior corresponding period.

Air NZ grew capacity, measured by available seat kilometres (ASK) 16 per cent across its domestic and international network in the first half, including two long haul routes to Houston and Buenos Aires respectively.

That additional capacity had been well digested by the market, with demand, measured by revenue passenger kilometres (RPK) up 17 per cent and passenger revenue rising 16 per cent. New Zealand overseas arrivals were up 10 per cent in the 12 months to December.

Air NZ chairman Tony Carter said it was a “stellar performance” in the half.

“Air New Zealand’s profitability, healthy free cash flow and solid balance sheet reflect the successful execution of the strategic plan by CEO Christopher Luxon and the Executive team, which is focused on sustainable and profitable growth,” Carter said in a statement on Thursday.

Air NZ said earnings before taxation, which the airline regarded as the best indication of financial performance, rose 132 per cent to \$NZ457 million.

Fuel costs were \$NZ184 million lower in the first half, Air NZ said, as global fuel prices fell 44 per cent in that period.

In terms of the outlook, Air NZ said 2015/16 full year earnings before taxation was forecast to exceed \$NZ800 million. If the full year result is in line with guidance, it would represent a big increase from the 2014/15 normalised earnings before taxation of NZ\$216 million.

The earnings guidance excluded any earnings from its 25.9 per cent shareholding in Virgin Australia, which on February 11 reported a return to profitability in the 2015/16 first half, and contributed \$NZ10 million to the Air NZ result.

“Looking forward, Air New Zealand’s growth strategy will continue to benefit customers, employees and shareholders,” chief executive Christopher Luxon said in a statement.

“Our network will provide more frequency, more routes and competitive prices throughout New Zealand and the Pacific Rim, combined with modern aircraft offering better operating economics.”

The airline expected to increase capacity seven per cent across its network in the second half of 2015/16, with short-haul services to expand by five per cent, while long-haul services were tipped to grow nine per cent.

And looking further ahead, Air NZ expected to grow capacity between eight and 10 per cent in 2017.

The company declared a fully imputed interim dividend of 10 NZ cents per share, up from 6.5 NZ cents per share in the prior corresponding half.

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