

Monthly investor update



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8 September 2022

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July 2022 highlights

Group traffic summary	JULY					FINANCIAL YTD				
	2022	2021	% **	2018 ***	% ***	2023	2022	% **	2019 ***	% ***
Passengers carried (000)	1,267	1,075	21.6%	1,420	(16.5%)	1,267	1,075	21.6%	1,420	(16.5%)
Revenue Passenger Kilometres(m)	1,908	848	132.1%	3,183	(43.9%)	1,908	848	132.1%	3,183	(43.9%)
Available Seat Kilometres (m)	2,169	1,196	87.2%	3,811	(46.7%)	2,169	1,196	87.2%	3,811	(46.7%)
Passenger Load Factor (%)	87.9%	70.9%	17.0 pts	83.5%	4.4 pts	87.9%	70.9%	17.0 pts	83.5%	4.4 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)		% change in reported RASK (excl. FX)	
	vs 2022	vs 2019	vs 2022	vs 2019
Group	6.9%	51.2%	6.5%	52.2%
Short Haul	17.1%	34.6%	16.9%	35.0%
Long Haul	84.1%	39.4%	82.1%	41.8%

Please note that the available seat kilometre (capacity) numbers included in the tables within this disclosure do not include any cargo-only flights. This is because these capacity numbers are used to calculate passenger load factors and passenger RASK

* % change is based on numbers prior to rounding

+ The month's percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2021 (32 days) compared with July 2022 (31 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

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+++ From 1 July 2022, Honolulu flights are categorised as Americas (was Pacific) and Denpasar flights are categorised as Asia (was Pacific). All historic data has been adjusted to reflect this change.

¹ Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.

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Operating statistics table

Group	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	1,267	1,075	21.6%	1,420	(16.5%)	1,267	1,075	21.6%	1,420	(16.5%)
Revenue Passenger Kilometres(m)	1,908	848	132.1%	3,183	(43.9%)	1,908	848	132.1%	3,183	(43.9%)
Available Seat Kilometres (m)	2,169	1,196	87.2%	3,811	(46.7%)	2,169	1,196	87.2%	3,811	(46.7%)
Passenger Load Factor (%)	87.9%	70.9%	17.0 pts	83.5%	4.4 pts	87.9%	70.9%	17.0 pts	83.5%	4.4 pts

Short Haul Total	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	1,193	1,071	15.0%	1,222	(8.7%)	1,193	1,071	15.0%	1,222	(8.7%)
Revenue Passenger Kilometres(m)	1,182	800	52.6%	1,309	(15.5%)	1,182	800	52.6%	1,309	(15.5%)
Available Seat Kilometres (m)	1,360	1,061	32.3%	1,623	(21.6%)	1,360	1,061	32.3%	1,623	(21.6%)
Passenger Load Factor (%)	86.9%	75.3%	11.6 pts	80.7%	6.2 pts	86.9%	75.3%	11.6 pts	80.7%	6.2 pts

Domestic	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	927	978	(2.2%)	892	(2.8%)	927	978	(2.2%)	892	(2.8%)
Revenue Passenger Kilometres(m)	487	527	(4.6%)	461	(1.0%)	487	527	(4.6%)	461	(1.0%)
Available Seat Kilometres (m)	550	644	(11.9%)	569	(9.6%)	550	644	(11.9%)	569	(9.6%)
Passenger Load Factor (%)	88.7%	81.8%	6.9 pts	81.0%	7.7 pts	88.7%	81.8%	6.9 pts	81.0%	7.7 pts

Tasman / Pacific	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	266	93	196.1%	330	(24.7%)	266	93	196.1%	330	(24.7%)
Revenue Passenger Kilometres(m)	695	272	163.3%	848	(23.4%)	695	272	163.3%	848	(23.4%)
Available Seat Kilometres (m)	811	417	100.6%	1,054	(28.0%)	811	417	100.6%	1,054	(28.0%)
Passenger Load Factor (%)	85.7%	65.3%	20.4 pts	80.5%	5.2 pts	85.7%	65.3%	20.4 pts	80.5%	5.2 pts

Long Haul Total	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	74	5	1491.5%	198	(64.8%)	74	5	1491.5%	198	(64.8%)
Revenue Passenger Kilometres(m)	725	49	1435.2%	1,874	(63.8%)	725	49	1435.2%	1,874	(63.8%)
Available Seat Kilometres (m)	809	135	519.5%	2,188	(65.4%)	809	135	519.5%	2,188	(65.4%)
Passenger Load Factor (%)	89.6%	36.2%	53.4 pts	85.6%	4.0 pts	89.6%	36.2%	53.4 pts	85.6%	4.0 pts

Asia	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	30	1	2241.2%	75	(62.2%)	30	1	2241.2%	75	(62.2%)
Revenue Passenger Kilometres(m)	266	12	2151.0%	649	(61.7%)	266	12	2151.0%	649	(61.7%)
Available Seat Kilometres (m)	326	80	321.6%	777	(60.8%)	326	80	321.6%	777	(60.8%)
Passenger Load Factor (%)	81.6%	15.3%	66.3 pts	83.5%	(1.9 pts)	81.6%	15.3%	66.3 pts	83.5%	(1.9 pts)

Americas / UK	JULY					FINANCIAL YTD				
	2022	2021	% **	2018	% ***	2023	2022	% **	2019	% ***
Passengers carried (000)	44	3	1203.9%	123	(66.5%)	44	3	1203.9%	123	(66.5%)
Revenue Passenger Kilometres(m)	459	37	1196.5%	1,225	(64.9%)	459	37	1196.5%	1,225	(64.9%)
Available Seat Kilometres (m)	483	55	806.3%	1,411	(68.0%)	483	55	806.3%	1,411	(68.0%)
Passenger Load Factor (%)	95.1%	66.5%	28.6 pts	86.8%	8.3 pts	95.1%	66.5%	28.6 pts	86.8%	8.3 pts

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



Market Announcements

(during the period 8 August 2022 to 7 September 2022)

[Refuelled for recovery, Air NZ announces 2022 annual result](#)

25 August 2022

2022 Financial summary

- Loss before other significant items and taxation of \$725 million, compared to \$444 million in the prior year
- Statutory loss before taxation of \$810 million
- Operating revenue lifts 9 percent to \$2.7 billion, driven by Cargo performance
- Recapitalisation completed in May, raising \$2.2 billion
- Liquidity of \$2.3 billion as at 23 August

In a year of ongoing twists and turns, Air New Zealand has recapitalised its business and, in the last quarter, experienced greater than expected demand for travel, while managing rising costs and an ongoing pandemic.

The airline has announced a loss before other significant items and taxation of \$725 million for the 2022 financial year, consistent with guidance provided to the market in June. The statutory loss before taxation was \$810 million.

Although the financial year ended strongly following the phased reopening of New Zealand's borders from March, the airline's operating revenue of \$2.7 billion was significantly impacted by pandemic related travel restrictions.

Cargo and domestic revenues helped lift overall revenue by 9 percent, however high fuel prices and reduced flying over much of the year resulted in a loss for the period.

Air New Zealand Chief Executive Officer Greg Foran said the airline continued to be guided by a clear strategy, moving deftly to address continued change by focusing on doing the right thing for its stakeholders.

"For customers, we've been focused on restoring services, maintaining a choice of fares and launching innovations to improve their journey with us. For our amazing staff we have provided one-off awards to acknowledge their continued extra mahi, and for our communities we've been obsessed with operational performance, which drives the reliable services they depend on," says Mr Foran.

"For our shareholders, whose support has refuelled the business for future growth, we've completed a successful recapitalisation that was structured to be fair to our shareholders, including those that didn't take up the rights offer."

Mr Foran said cargo revenue continued to be a major contributor to the company's performance, up 32 percent to \$1.0 billion. Additional flying under the New Zealand and Australian government airfreight schemes contributed \$403 million of that revenue. With borders now largely reopened, the Australian scheme has ended, and the New Zealand scheme is tapering off and will cease by the end of March 2023.

Firmly in the 'revive' phase of the 'survive, revive, thrive' journey, Mr Foran says the current environment is one of strong bookings despite ongoing challenges.

When travel restrictions began to lift in March the company recorded a very strong recovery in bookings and revenues. This trend continues, with high booking levels through July and August. Corporate bookings are also encouraging and are trending closely towards pre-Covid levels.

Mr Foran referred to the airline's mid-August schedule changes, which reduced seats by 1.5 percent through to the end of March 2023, as another example of doing the right thing for stakeholders.

Monthly *investor update*



“As we’ve been seeing overseas, travel demand is much stronger than anyone anticipated. But we’re operating in a very tight labour market with high fuel prices, tough economic conditions and the highest levels of employee sickness in more than a decade.

“Our rehiring efforts and training capability have been excellent, as has work to get our Boeing 777-300ER aircraft back flying again, but the experience for some of our customers and the impact on our front-line staff this winter has been unacceptable, so we’ve adapted yet again.

“Having adjusted our schedule to provide customers with increased surety over their travel plans for the coming spring and summer, I am hugely appreciative of the work the Air New Zealand whānau has done to deliver more than 25,000 flights across June and July alone.”

The airline also made investment decisions in support of its Kia Mau strategy. These include the plan to move the Auckland workforce to its airport campus, investment in a new hangar at Auckland airport and the decision to close its Gas Turbines business unit by the middle of the 2023 calendar year.

Air New Zealand Chair Dame Therese Walsh thanked Greg and the Air New Zealand team for a year in which the airline not only managed significant challenges but also introduced changes that will deliver improved services to customers and made progress on their long-term sustainability goals.

“The airline’s continued ability to step carefully through an ongoing pandemic while looking beyond the horizon is becoming a core capability. While introducing and then removing vaccination requirements for domestic travel, there have been preparations for our New York launch and the completion of designs for our new Boeing 787 Dreamliner cabin experience.

“For our Airpoints™ members there were more than 2,000 new products added to our Airpoints™ store as well as the introduction of Flexipay, so customers can enjoy even more online shopping options. I’m especially excited about our next generation app, which will give customers a more seamless travel experience when it rolls out in the coming months.

“In April we announced ‘Flight NZ0’, a programme to engage customers as we work towards net zero carbon emissions by 2050. We were the second airline globally to announce an interim science-based target to 2030 and continue to make progress on sustainable aviation fuel and zero emissions aircraft technology.

“Throughout the year we have also made improvements to the pay and conditions for our people, settling 12 collective employment agreements, increasing the base pay of our front-line workers and restarting incentive payments to staff on individual employment agreements ensure we retain our dedicated team.”

Dame Therese acknowledged the support the airline has received from its shareholders over the course of a challenging two-year period.

“From the Crown loan provided in the early days of the pandemic, to the airfreight support scheme that helped us keep connected to key export markets, to the \$2.2 billion recapitalisation completed in May which allowed thousands of shareholders to take part in refuelling the airline for success. We have had significant support from all our shareholders and for that we are truly grateful.”

Strong liquidity position with dividend suspended

As at 23 August 2022, the airline has available liquidity of \$2.3 billion, consisting of approximately \$1.9 billion in cash and \$400 million of available funds on the unsecured standby loan facility with the Crown. The cash balance includes \$200 million of issued redeemable shares which the airline intends to redeem once our recovery is further progressed.

The Board does not expect to consider payment of dividends before the airline’s earnings substantially recover, and in the context of a supportive and sustained broader economic environment and recovery.
Outlook for 2023

Monthly **investor update**



With borders now open to the majority of the airline's markets, Air New Zealand expects the 2023 financial year to represent the first full year of uninterrupted passenger flying since the beginning of the pandemic.

Total flying capacity for the 2023 financial year is expected to be in the range of 75 percent to 80 percent of pre-Covid levels. On this basis, the airline anticipates a significant improvement in financial performance relative to financial year 2022.

Given the degree of uncertainty regarding volatility in jet fuel prices, the risk of a global recession, and other macroeconomic factors including inflationary pressures on costs, no earnings guidance will be provided at this time.

Air New Zealand 2022 Notice of Annual Meeting

24 August 2022

Air New Zealand shareholders are invited to join the Annual Shareholders' Meeting 2022 which will be held at the Ellerslie Event Centre – Tote on Ascot, 100 Ascot Avenue, Remuera, Auckland on Thursday 22 September 2022 at 2.00pm. Shareholders can also join the meeting via an online platform.

The Notice of Meeting and Voting Form are attached. An electronic copy of these documents is available on the company's website: <https://www.airnewzealand.co.nz/annual-meeting>.

The Notice of Meeting and Voting Form are being emailed to shareholders who have provided the company's share registrar with an email address and will be mailed in hard copy where the share registrar does not hold a shareholder's email address.

Guidance on meeting participation is included in the Notice of Meeting. Shareholders attending online will be able to access the meeting link and Portal Guide from the Company's website, <https://www.airnewzealand.co.nz/annual-meeting>.

Shareholders joining via the online platform will be able to vote and ask questions during the meeting. You will require your shareholder number (found on your proxy form) for verification purposes. Questions can be submitted in advance of the meeting using the proxy form, or during the meeting by asking questions via the online platform. The Chairman will answer as many of the most frequently asked questions as possible during the meeting.

Shareholders can also appoint a proxy and direct their votes in advance of the meeting. Please see the Notice of Meeting for instructions.

Media Releases

(during the period 8 August 2022 to 7 September 2022)

Air New Zealand's first Mojave Desert-based 777-300 touches down in Auckland

23 August 2022

After almost two years in deep storage in Victorville, California, Air New Zealand has welcomed back its first 777-300 aircraft, registration ZK-OKP, from the desert.

ZK-OKP took off from Los Angeles International Airport just before 9pm local time on Sunday, 21 August, and landed at Auckland International Airport at 4:45am on Tuesday, 23 August.

Due to increased demand for travel, the airline is bringing back its largest widebody jet aircraft, seating up to 342 customers, to provide customers more capacity.

For the next six to eight weeks, ZK-OKP will have scheduled maintenance in Hangar 3 before re-joining the operating fleet in late September.

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ZK-OKP is the first of four Victorville-based 777-300 aircraft to be reanimated and the airline is working through a programme to bring back the three-remaining aircraft over the next year.

The airline also has three 777-300 aircraft that were stored locally here in Auckland for the last two years. Two of these aircraft are back in service, with 777-300 ZK-OKO due to re-enter service in the coming weeks.

Air New Zealand plans ahead for a smoother summer

11 August 2022

Air New Zealand is taking proactive measures to protect the travel plans of its customers as sickness levels continue to cause disruption.

Over the next six months, the airline will operate a slightly reduced schedule of 1.5 percent fewer seats than originally planned, meaning a change to some flights.

Most customers who experience a flight change will be transferred to another flight on the same day for domestic travel, and for international travel, on the same day or a day either side of their original booking. Where customers cannot be accommodated within these timeframes, they may change their booking online, opt into credit or request a refund.

Those customers with changes will be automatically transferred to another flight. Those with further onward connections may also be disrupted and we will work through these directly with impacted customers.

Air New Zealand Chief Executive Officer Greg Foran says making these changes now gives customers advance notice and will help the airline provide a service that's more reliable during its rebuild.

"Like many airlines around the world, we've been ramping up our operation at a time when Covid and the flu continues to impact the aviation industry. Looking at the disruptions our customers and staff have faced over the past five weeks, we've made some adjustments to reduce short-notice cancellations in the months ahead.

"While we did factor sickness into our ramp up plan, we've seen the highest rates of crew sickness in over a decade. We see these challenges continuing not just for crew, but for our whole operation, and so we're making proactive changes to address them."

Mr Foran says reducing the number of flights means the airline will be able to have crew on standby to cover illness, which has not been possible lately.

"We're pulling out all the stops to minimise disruption and provide surety for our customers over the next six months. We have rehired or brought on more than 2,000 pilots, airport staff, cabin crew, contact centre and engineers, and we're going as fast as we can with recruitment and training.

"We're also exploring options to lease a crewed widebody aircraft for the busy summer period. We know customers want the Air New Zealand experience, and that's what we want to deliver too. But at the moment we're stretched to capacity and making sure our customers are able to travel is our top priority. The lease of an additional crewed aircraft may help us achieve that."

Air New Zealand's domestic and international schedule will be operating at 90% of pre-Covid capacity for the next six months.

What should I do if my flight changes because of these schedule changes?

If your domestic flight has changed and you have not been given a flight on the same day, then you will be able to request a change online under *Manage my booking*, opt into credit or request a refund.

If your international flight has changed and you have not been given a flight on the same day or on a day either side of your original booking, then you will be able to request a change online under *Manage my booking*, opt into credit or request a refund.

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If you have booked through a travel agent, you will need to contact them if changes are needed, or to request a refund if eligible.

When can you get a refund?

For other controllable events like staff sickness, engineering or operational requirements, a refund may also be available when Air New Zealand is unable to provide an alternative flight within the timeframes stated above*.

For disruptions outside of the airline's control (e.g. weather), where the alternative flight offered is not suitable, customers can opt into credit or if they purchased a refundable ticket, they will be eligible for a refund or where a refund is required by applicable legislation.

**In some countries, refunds may be required under applicable legislation.*