

Stock exchange listings: New Zealand (NZX: AIR) / Australia (ASX: AIZ) / ADR (OTC: ANZLY)

## MARKET ANNOUNCEMENT

17 October 2022

### Air New Zealand Limited Retail Bond Offer

Air New Zealand Limited (**Air New Zealand**) is pleased to announce that it is making an offer of up to NZ\$75 million (with the ability to accept oversubscriptions of up to an additional NZ\$25 million at Air New Zealand's discretion) of 5.5 year, unsecured, unsubordinated, fixed rate bonds maturing on 27 April 2028 (**Bonds**) to institutional investors and New Zealand retail investors (the **Offer**). The Bonds are expected to be quoted on the NZX Debt Market under ticker code AIR030.

The Offer opens today and will close on Thursday, 20 October 2022. The Offer is made pursuant to clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as Air New Zealand's NZ\$50,000,000 unsecured, unsubordinated, fixed rate bonds maturing on 28 October 2022 (with a fixed rate of 4.25% per annum), which are currently quoted on the NZX Debt Market under ticker code AIR020 (**AIR020 Bonds**). The last day of trading in the AIR020 Bonds was 14 October 2022 due to the upcoming maturity date for those bonds.

The notice required by the Financial Markets Conduct Regulations 2014 has been provided to NZX with this announcement.

The interest rate for the Bonds will be a fixed interest rate, being the sum of the margin (which may be above or below the indicative margin range set out below) and the base rate, subject to a minimum interest rate of 6.00% per annum. The current indicative margin range is 1.50% to 1.65% per annum.

The margin and interest rate for the Bonds will be set following a bookbuild process, which is expected to be completed on Thursday, 20 October 2022 (**Rate Set Date**), and the interest rate and margin will be announced by Air New Zealand via the NZX shortly thereafter.

There is no public pool for the Offer (whether via an online website, platform or otherwise), with all of the Bonds (including oversubscriptions) reserved for subscription

Air New Zealand postal address: Private Bag 92007, Auckland, 1142, New Zealand  
Investor Relations email: [investor@airnz.co.nz](mailto:investor@airnz.co.nz)  
Investor website: [www.airnewzealand.co.nz/investor](http://www.airnewzealand.co.nz/investor)

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by clients of the joint lead managers (**JLMs**), institutional investors and other primary market participants invited to participate in the bookbuild.

Full details of the Offer are contained in the indicative terms sheet which has been prepared for the Offer, along with the investor roadshow presentation, which have been lodged with NZX with this announcement. These documents are also available through <https://www.airnewzealand.co.nz/bond>.

Interested investors should contact a JLM as listed below or their usual financial adviser for more details.

### Joint Lead Managers



0800 269 476



FORSYTH BARR

0800 367 227



JARDEN

0800 005 678



0800 772 142

Ends.

Authorised for release to NZX and ASX by:

Jennifer Page

General Counsel & Company Secretary

[jennifer.page@airnz.co.nz](mailto:jennifer.page@airnz.co.nz)

+64 27 909 0691

For investor relations questions, please contact:

Leila Peters

General Manager, Corporate Finance

[leila.peters@airnz.co.nz](mailto:leila.peters@airnz.co.nz)

+64 21 743 057

Air New Zealand postal address: Private Bag 92007, Auckland, 1142, New Zealand

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

Investor website: [www.airnewzealand.co.nz/investor](http://www.airnewzealand.co.nz/investor)



# Indicative Terms Sheet

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17 October 2022



17 October 2022

This indicative terms sheet (**Terms Sheet**) sets out the key terms of the offer (**Offer**) by Air New Zealand Limited (**Air New Zealand**) of up to NZ\$75,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Air New Zealand's discretion) of 5.5 year unsecured, unsubordinated, fixed rate bonds maturing on 27 April 2028 (**Bonds**).

The Bonds will be issued under a master trust deed dated 12 October 2016 as amended and restated on 8 July 2022 (**Trust Deed**), as modified and supplemented by a supplemental trust deed dated 17 October 2022 (**Series Supplement**, and, together with the Trust Deed, **the Bond Trust Documents**) entered into between Air New Zealand as issuer and The New Zealand Guardian Trust Company Limited as supervisor (**Supervisor**).

Unless defined in this Terms Sheet or the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Bond Trust Documents.

## Important notice

The Offer of Bonds by Air New Zealand is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The Offer contained in this Terms Sheet is an offer of Bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Air New Zealand's NZ\$50,000,000 unsecured, unsubordinated, fixed rate bonds maturing on 28 October 2022 (with a fixed interest rate of 4.25% per annum), which are currently quoted on the NZX Debt Market under the ticker code AIRO20 (**AIRO20 Bonds**).

Accordingly, the Bonds are of the same class as the AIRO20 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Air New Zealand is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/air/announcements](http://www.nzx.com/companies/air/announcements).

The AIRO20 Bonds are the only debt securities of Air New Zealand that are in the same class as the Bonds and are currently quoted on the NZX Debt Market.

Investors should look to the market price of the AIRO20 Bonds to find out how the market assesses the returns and risk premium for those bonds. The last day of trading in the AIRO20 Bonds was 14 October 2022 due to the upcoming maturity date for those bonds. As such, there is no market pricing available for the period after 14 October 2022.

## Other information

The dates set out in this Terms Sheet are indicative only and are subject to change. Air New Zealand has the right in its absolute discretion and without notice to close the Offer early, to extend the Closing Date (subject to the NZX Listing Rules), to accept late applications or to choose not to proceed with the Offer. If the Closing Date is changed, other dates (such as the Issue Date, the Maturity Date and the Interest Payment Dates) may be changed accordingly. If Air New Zealand chooses to cancel the Offer and the issue of the Bonds, all application monies received will be refunded (without interest) as soon as possible.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Copies of the Bond Trust Documents are available via the Air New Zealand investor centre on Air New Zealand's website at [www.airnewzealand.co.nz/bond](http://www.airnewzealand.co.nz/bond).

Investors should seek qualified, independent financial and taxation advice before deciding to invest. In particular, investors should consult their tax adviser in relation to their specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations or tax filing obligations).

For further information regarding Air New Zealand, visit [www.nzx.com/companies/AIR](http://www.nzx.com/companies/AIR).



<b>Issuer</b>	Air New Zealand Limited.
<b>Description</b>	The Bonds are unsecured, unsubordinated, fixed rate bonds of Air New Zealand.
<b>Offer amount</b>	Up to NZ\$75,000,000 of Bonds (with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 of Bonds at Air New Zealand's discretion). The Offer is not underwritten. See "Who may apply for Bonds" below.
<b>Purpose of the Offer</b>	The proceeds of the Offer will be used for general business purposes, including to fund repayment of the AIR020 Bonds on maturity.
<b>Term</b>	5.5 years, maturing Thursday, 27 April 2028.
<b>Opening Date</b>	Monday, 17 October 2022.
<b>Closing Date</b>	12:00pm on Thursday, 20 October 2022.
<b>Rate Set Date</b>	Thursday, 20 October 2022.
<b>Issue Date</b>	Thursday, 27 October 2022.
<b>Maturity Date</b>	Thursday, 27 April 2028.
<b>Issue Price</b>	NZ\$1.00 per Bond.
<b>Credit ratings</b>	Issuer credit rating: Baa2 (Stable) by Moody's Expected issue credit rating for the Bonds: Baa2 by Moody's A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision. A credit rating is not a recommendation by any rating organisation to buy, sell or hold Bonds. The credit rating for Air New Zealand set out above is current as at the date of this Terms Sheet and it, as well as the issue credit rating for the Bonds, may be subject to suspension, revision or withdrawal at any time by Moody's.
<b>Interest Rate</b>	The Interest Rate will be set on the Rate Set Date and will be a fixed interest rate, being the Base Rate plus the Margin (which may be above or below the Indicative Margin set out below), subject to a minimum Interest Rate of 6.00% per annum. The Interest Rate will be announced by Air New Zealand via NZX on the Rate Set Date.
<b>Indicative Margin</b>	The indicative range of the Margin is 1.50 to 1.65% per annum.
<b>Margin</b>	The Margin (which may be above or below the Indicative Margin range) will be determined by Air New Zealand in consultation with the Joint Lead Managers following completion of the bookbuild process and announced by Air New Zealand via NZX on the Rate Set Date.
<b>Base Rate</b>	The semi-annual mid-market swap rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Air New Zealand, according to market convention with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a semi-annual basis (rounded to 2 decimal places if necessary with 0.005 being rounded up).
<b>Interest payments</b>	Interest will be payable semi-annually in arrear in equal amounts on each Interest Payment Date.
<b>Interest Payment Dates</b>	27 April and 27 October of each year up to and including the Maturity Date or, if such date is not a Business Day, the immediately following Business Day with no adjustment to be made to the amount payable as a result of the delay in payment. The first Interest Payment Date will be Thursday, 27 April 2023.
<b>Payment of interest</b>	Interest will be payable on an Interest Payment Date to the bank account nominated in writing (prior to the relevant Record Date) by the Bondholder as at the Record Date immediately preceding the relevant Interest Payment Date.



<b>Record Date</b>	The Record Date for Interest Payment Dates is 5:00pm on the tenth calendar day before the relevant Interest Payment Date (whether or not such date is a Business Day).
<b>Ranking</b>	<p>The Bonds are unsecured and unsubordinated debt obligations of Air New Zealand. This means that in a liquidation of Air New Zealand the rights and claims of a Bondholder:</p> <ul style="list-style-type: none"><li>(a) will rank <b>after</b> the claims of:<ul style="list-style-type: none"><li>(i) secured creditors of Air New Zealand (if any); and</li><li>(ii) creditors of Air New Zealand who are preferred by law (e.g. the Inland Revenue Department in respect of unpaid tax);</li></ul></li><li>(b) will rank <b>equally</b> with the claims of all other unsecured, unsubordinated creditors of Air New Zealand; and</li><li>(c) will rank in <b>priority</b> to the claims of:<ul style="list-style-type: none"><li>(i) subordinated creditors of Air New Zealand (if any) (being creditors who have agreed to accept a lower priority in respect of their claims in a liquidation of Air New Zealand); and</li><li>(ii) shareholders.</li></ul></li></ul>
<b>Security over aircraft and Air New Zealand guarantees</b>	<p>Air New Zealand Aircraft Holdings Limited, a subsidiary of Air New Zealand, is the registered owner or lessee of the majority of the aircraft operated by Air New Zealand. Air New Zealand guarantees the obligations of Air New Zealand Aircraft Holdings Limited in relation to loans and finance and operating lease arrangements relating to such aircraft. Any claims against Air New Zealand under these guarantees will rank equally with the Bonds in the event of a liquidation of Air New Zealand.</p> <p>As at 30 June 2022, aircraft and aircraft related assets of Air New Zealand and its subsidiaries having a book value of NZ\$2,655 million were pledged as security for aircraft-related borrowing and aircraft finance lease obligations having a value of NZ\$2,054 million as at 30 June 2022.</p>
<b>Early repayment</b>	<p>Bondholders have no rights to require Air New Zealand to redeem the Bonds prior to the Maturity Date except through the Supervisor in the case of an Event of Default (as set out in the Trust Deed). Air New Zealand does not have the right to redeem the Bonds early.</p> <p>In the case of an Event of Default which is continuing unremedied, the Supervisor may in its discretion, and shall if directed to do so by an Extraordinary Resolution of Bondholders, declare by notice in writing to Air New Zealand that all or part of the Outstanding Money is immediately due and payable, in which case interest will be payable at the Interest Rate from (and including) the most recent Interest Payment Date up to (but excluding) the date of repayment.</p>
<b>Financial and other covenants</b>	<p>Air New Zealand has not provided financial covenants to any bank or financial institution or under the Trust Deed.</p> <p>There are no restrictions under the Trust Deed on Air New Zealand disposing of its assets (whether to its subsidiaries or affiliates or any third party).</p>
<b>No security</b>	The Trust Deed does not create any security over the assets of Air New Zealand or any of its subsidiaries. In addition, the Trust Deed does not restrict Air New Zealand or any of its subsidiaries from granting any security over its assets.
<b>Further indebtedness</b>	Air New Zealand may, from time to time, and without the consent of Bondholders, create and issue further bonds or other securities. Air New Zealand also has the right to continue to incur any further indebtedness, without the consent of Bondholders. Any further debt or other securities may rank equally with, behind, or in priority to, the Bonds and may otherwise be issued on such terms as Air New Zealand may determine.
<b>Minimum application amount and denominations</b>	Minimum application of NZ\$5,000 with multiples of NZ\$1,000 thereafter.
<b>Transfer restrictions</b>	Bondholders may only transfer Bonds in minimum Principal Amounts of NZ\$1,000 or such lesser amount as Air New Zealand may from time to time permit and otherwise in accordance with the Bond Trust Documents and applicable securities laws and regulations. Following a transfer, a transferor who continues to hold Bonds, and the transferee, must hold Bonds with an aggregate Principal Amount of at least NZ\$5,000 (or NZ\$1,000 in the case of amounts held by NZX registered brokers and registered banks).
<b>Quotation</b>	Air New Zealand will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.



<b>NZX Debt Market ticker code</b>	NZX ticker code AIR030 has been reserved for the Bonds.
<b>Expected date of initial quotation on NZX Debt Market</b>	Friday, 28 October 2022.
<b>ISIN</b>	NZAIRD0030L8.
<b>Repo-eligibility</b>	Air New Zealand intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
<b>Who may apply for Bonds</b>	<p>All of the Bonds (including oversubscriptions) are reserved for subscription by clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Bonds. You can find a primary market participant by visiting <a href="http://www.nzx.com/services/market-participants/find-a-participant">www.nzx.com/services/market-participants/find-a-participant</a>.</p> <p>Each investor's broker or financial adviser will be able to advise them as to what arrangements will need to be put in place for the investor to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.</p>
<b>Governing law</b>	New Zealand.
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) ( <b>Westpac</b> ).
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac.
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited.
<b>Registrar and paying agent</b>	Link Market Services Limited.
<b>Brokerage</b>	Air New Zealand will pay brokerage of 0.50% plus 0.25% on firm allocations. Such amounts will be paid by Air New Zealand to the Arranger, who will then pay the relevant funds to the other Joint Lead Managers, NZX firms, other financial intermediaries and institutional investors.
<b>Selling restrictions</b>	<p>The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. Specific selling restrictions for certain countries as at the date of this Terms Sheet are set out in the schedule and those restrictions will apply to the Offer of Bonds.</p> <p>Air New Zealand has not taken and will not take any action which would permit an Offer of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>By purchasing any Bonds, each Bondholder agrees to indemnify Air New Zealand, the Arranger, the Joint Lead Managers, the Supervisor and each of their respective directors, officers and employees (as applicable) for any loss, cost, liability or expense sustained or incurred by Air New Zealand, the Arranger, the Joint Lead Managers and/or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above or in the schedule.</p>
<b>No guarantee</b>	Air New Zealand is the issuer and sole obligor in respect of the Bonds. None of Air New Zealand's subsidiaries, shareholders (including the Crown) or any directors of Air New Zealand or its subsidiaries, the Supervisor or any other person guarantees Air New Zealand's obligations under the Trust Deed, the Series Supplement or in respect of the Bonds in any way.

*None of the Arranger, Joint Lead Managers nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this Terms Sheet or its contents or otherwise arising in connection with the Offer of Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this Terms Sheet; and (c) make any representation, recommendation or warranty, express or implied, regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Terms Sheet, and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).*



## Address details

### Issuer

**Air New Zealand Limited**  
185 Fanshawe Street  
Auckland 1010  
New Zealand

### Supervisor

**The New Zealand Guardian Trust Company Limited**  
Level 6  
191 Queen Street  
Auckland 1010

### Registrar and paying agent

**Link Market Services Limited**  
Level 30, PwC Tower  
15 Customs Street West  
PO Box 91976  
Auckland 1142

### Legal Adviser to the Issuer

**Bell Gully**  
Level 21, Vero Centre  
48 Shortland Street  
Auckland 1010

### Arranger

**Westpac Banking Corporation**  
**(ABN 33 007 457 141)**  
**(acting through its New Zealand branch)**  
Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010  
0800 772 142

### Joint Lead Managers

**ANZ Bank New Zealand Limited**  
Level 26, ANZ Centre  
23-29 Albert Street  
Auckland 1010  
0800 269 476

**Forsyth Barr Limited**  
Level 23, Shortland & Fort  
88 Shortland Street  
Auckland 1010  
0800 367 227

**Jarden Securities Limited**  
Level 32, PwC Tower  
15 Customs Street West  
Auckland 1010  
0800 005 678

**Westpac Banking Corporation**  
**(ABN 33 007 457 141)**  
**(acting through its New Zealand branch)**  
Westpac on Takutai Square  
Level 8, 16 Takutai Square  
Auckland 1010  
0800 772 142

## Schedule – Selling restrictions

Set out below are specific selling restrictions that apply to the offer of the Bonds in Australia, the European Union, Hong Kong, Japan, Singapore, United Kingdom and the United States of America. This Terms Sheet does not constitute an offer of Bonds in any jurisdiction in which it would be unlawful. In particular, this Terms Sheet may not be distributed to any person, and the Bonds may not be offered or sold, in any country outside New Zealand except to the extent permitted below.

### Australia

This Terms Sheet and the Offer of Bonds are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (Cth) (**Corporations Act**). This Terms Sheet is not a prospectus, product disclosure statement or any other formal “disclosure document” for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a “disclosure document” under Australian law. This Terms Sheet has not been and will not be lodged or registered with the Australian Securities & Investments Commission.

Prospective investors should not construe anything in this Terms Sheet as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of Bonds for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the resale.

### European Union

This Terms Sheet has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Terms Sheet may not be made available, nor may the Bonds be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (**Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Bonds in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

### Hong Kong

**WARNING:** This Terms Sheet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Terms Sheet or to permit the distribution of this Terms Sheet or any documents issued in connection with it. Accordingly, the Bonds have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Bonds has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Bonds may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Terms Sheet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any of the contents of this Terms Sheet, you should obtain independent professional advice.



## Japan

The Bonds have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (**FIEA**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEA and the regulations promulgated thereunder). Accordingly, the Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Bonds may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Bonds is conditional upon the execution of an agreement to that effect.

## Singapore

This Terms Sheet and any other materials relating to the Bonds have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Terms Sheet and any other document or materials in connection with the Offer or sale, or invitation for subscription or purchase, of Bonds, may not be issued, circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Terms Sheet has been given to you on the basis that you are (i) an “institutional investor” (as defined in the SFA) or (ii) an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Terms Sheet immediately. You may not forward or circulate this Terms Sheet to any other person in Singapore.

Any offer is not made to you with a view to the Bonds being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Bonds. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither the information in this Terms Sheet nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Bonds.

This Terms Sheet is issued on a confidential basis to “qualified investors” (within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129) in the United Kingdom, and the Bonds may not be offered or sold in the United Kingdom by means of this Terms Sheet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Terms Sheet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Bonds has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Air New Zealand.

In the United Kingdom, this Terms Sheet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this Terms Sheet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Terms Sheet or any of its contents.

## United States of America

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of Air New Zealand, the Joint Lead Managers nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) in relation to the Bonds, and each of Air New Zealand and the Joint Lead Managers has complied and will comply with the offering restrictions in Regulation S.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all of the Bonds, as determined and certified by the Joint Lead Managers, except in accordance with Rule 903 of Regulation S. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

*“The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, any U.S. person (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”*

Until 40 days after the completion of the distribution of all of the Bonds, an offer or sale of the Bonds within the United States by the Joint Lead Managers or any dealer or other distributor (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

AIR NEW ZEALAND 

# Retail Bond Offer

17 October 2022

# Disclaimer and important notice

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# Agenda

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# Offer highlights

<b>Issuer</b>	Air New Zealand Limited
<b>Description</b>	Unsecured, unsubordinated, fixed rate bonds of Air New Zealand
<b>Air New Zealand's Credit Rating</b>	Baa2 (Stable) by Moody's Investors Service <sup>1</sup>
<b>Expected Issue Credit Rating of the Bonds</b>	Baa2 by Moody's Investors Service
<b>Term</b>	5.5 year, maturing on 27 April 2028
<b>Offer amount</b>	Up to \$75,000,000 of Bonds (with the ability to accept oversubscriptions of up to an additional \$25,000,000 at Air New Zealand's discretion)
<b>Interest Rate</b>	<p>The Interest Rate will be set on the Rate Set Date (Thursday, 20 October 2022) and will be a fixed interest rate, being the Base Rate plus the Margin (which may be above or below the Indicative Margin), subject to a minimum Interest Rate of 6.00% per annum</p> <p>The Interest Rate will be announced by Air New Zealand via NZX on the Rate Set Date</p>
<b>Purpose of the Offer</b>	The proceeds of the Offer will be used for general business purposes including to fund repayment of the AIR020 Bonds on maturity
<b>Quotation</b>	<p>Air New Zealand will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market</p> <p>NZX ticker code AIR030 has been reserved for the Bonds</p>
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) (Westpac)
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac

<sup>1</sup> As at 17 October 2022. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant credit rating agency

# Presenters



**Mike Williams**

Chief Transformation & Alliances Officer

Mike Williams joined Air New Zealand in 2016 and has since held several senior commercial and strategy roles including Group General Manager Commercial, Alliances & Strategy. Mike has a deep understanding of the business and the aviation sector, and a sharp strategic ability that has served Air New Zealand well as we have established key alliance partnerships over the years. In his current role, he leads the delivery of the Kia Mau business strategy and continues to strengthen the airline's alliance partner relationships.

Prior to Air New Zealand, Mike worked with the Boston Consulting Group in Australia, Finland and the US working with clients in the aviation, technology and retail sectors.

Mike holds a Bachelor of Aerospace Engineering with first-class honours and a bachelor of business management in finance from RMIT University in Melbourne, Australia.



**Leila Peters**

General Manager  
Corporate Finance

Leila Peters is responsible for the Corporate Finance function which includes Treasury, Funding, Financial Planning and Capital Management, Investor Relations and Enterprise Portfolio Management. In 2022, this team led the airline's \$2.2 billion recapitalisation following the Covid-19 pandemic.

Leila joined Air New Zealand in 2015 when she moved to New Zealand. Prior to her time at the airline, Leila was Director of Investor Relations for Tyco International. Leila also held leadership roles in Tyco's Treasury function, where she led the FX trading and global liquidity management for the firm. Prior to that, Leila worked in investment banking at Jefferies & Company where she focused on capital markets solutions for alternative energy companies in the United States.

Leila holds a B.A. in economics and government, cum laude, from Georgetown University in Washington D.C. and an M.B.A. in finance and accounting from New York University's Stern School of Business in New York City.



# 2022 overview



2022 marked the start of our recovery, with the airline now firmly in the “Revive” phase



1

## Survive

### Safeguarding our balance sheet

- Structural reductions to cost base and deferral of capital spend
- Early retirement of 777-200 fleet and temporary grounding of 777-300ER fleet
- Utilisation of Government support mechanisms
- Cargo diversification
- Kia Mau strategy refinement

2

## Revive

### Restarting our network

- Reopening of our international borders
- Strongest demand and revenue environment in two years
- \$2.2 billion recapitalisation complete
- Hiring and rehiring staff, reinstating benefits
- Launching a stream of customer innovations
- Reanimating 777-300ER fleet, international lounges and offshore teams
- Launch of our decarbonisation roadmap
- Movement to agile ways of working

3

## Thrive

### Delivering our full potential

- Enhanced domestic offering
- Optimised international network
- Supercharged loyalty programme
- Continued customer obsession
- Industry leading staff engagement
- Digital investments driving efficiencies and seamless customer experience
- Continued progress on our decarbonisation ambitions
- Return to profitability

# Key financial and operational metrics for FY22 continued to be impacted by Covid-19



**(\$725) million**  
loss<sup>1</sup>



**(\$810) million**  
loss before taxation



**(\$591) million**  
net loss after taxation



**\$2.7 billion**  
operating revenue



**8 million passengers flying**  
on our network compared to 18 million pre-Covid



**\$1.0 billion**  
cargo revenue<sup>2</sup>



**56%**  
of pre-Covid capacity<sup>3</sup>  
by Q4 FY22



**\$2.4 billion**  
available liquidity  
as at 20 Sep 2022

<sup>1</sup> Refers to loss before other significant items and taxation. For further information, please refer to the 2022 Annual Financial Results

<sup>2</sup> Government supported cargo flying contributed \$403 million to cargo revenue in FY22

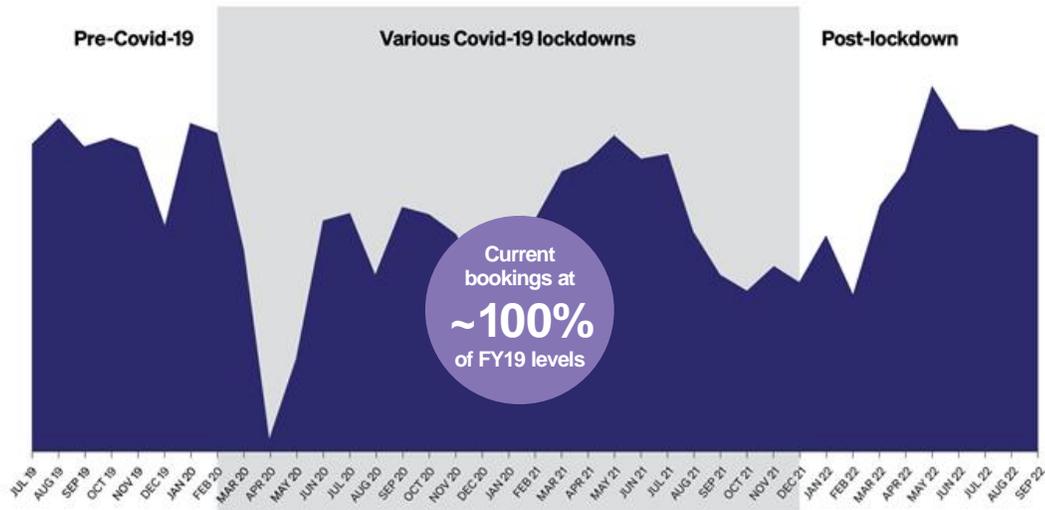
<sup>3</sup> This represents total FY22 capacity including cargo-only flying as a percentage of FY19 capacity. FY19 excludes the now suspended Auckland-London service

# Passenger bookings currently stronger than expected

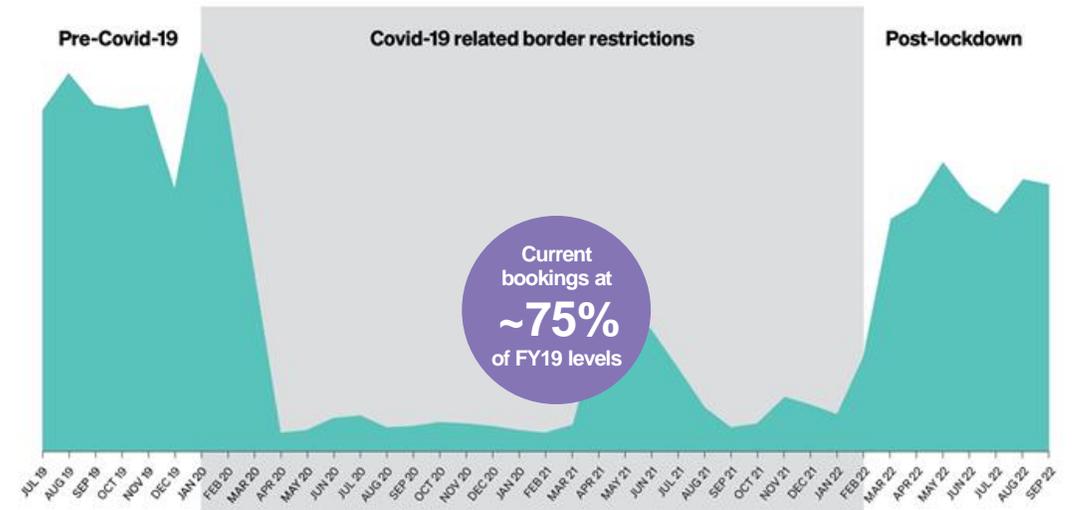
Following the phased relaxation of New Zealand's travel restrictions from March 2022, the airline has seen strong passenger bookings



## Domestic average weekly passenger bookings



## International average weekly passenger bookings



# Facing uncertainty on a number of fronts



The airline is facing increased costs in the current environment and has taken actions to mitigate

<b>Headwinds and uncertainty*</b>	<b>Current headwinds</b>  Inflationary pressure <ul style="list-style-type: none"><li>• Tight labour market</li><li>• Volatile fuel prices</li><li>• Global supply chain</li></ul>	<b>Current uncertainty</b>  Geopolitical and macroeconomic environment and its influence on future demand  Supply and competition  Climate related weather events
<b>Actions taken</b>	 Executing on Kia Mau strategy  Capacity adjustments  Recruitment and training  Lifted fares	 Lifted lowest wages and negotiated collective agreements  Digital self-service improvements  Fuel hedging

\* Potential investors should read and consider slide 11 (“Key risks”) and Appendix D of the investor presentation published by Air New Zealand on 30 March 2022 (“Refuelling for our recovery”), available at [www.nzx.com/companies/AIR](http://www.nzx.com/companies/AIR)



# Air New Zealand has provided 1H FY23 outlook

Air New Zealand has continued to see strong forward sales over the first three months of the financial year, particularly for travel through to January 2023 and continues to operate approximately 70 percent of FY19 capacity.

On the basis that this forward sales strength continues over the coming quarter, with similar capacity and assuming an average jet fuel price of approximately US\$130/bbl, the airline currently expects earnings before other significant items and taxation for the first half of the 2023 financial year to be in the range of \$200 million to \$275 million.

The airline notes that fuel prices remain highly volatile and that this is one of many factors that have the potential to slow our recovery and significantly impact earnings. Additionally, demand in the second half of the financial year remains highly uncertain.

On this basis and taking into account global recessionary risks and other macroeconomic factors including inflationary pressures on costs, the airline is not providing full year guidance at this time. The airline strongly cautions against extrapolating first half FY23 earnings guidance to the full year given the many uncertainties in the trading environment.

\* Announcement made by Air New Zealand on 21 September 2022, available at [www.nzx.com/companies/AIR](http://www.nzx.com/companies/AIR)



# Strategy



# Air New Zealand at a glance<sup>1</sup>

**82**

Years in operation

**#1**

World's Safest Airline<sup>2</sup>

**18 million**

Passengers carried in FY19

**20**

Domestic destinations

**#1**

Corporate reputation in New Zealand for eight consecutive years<sup>3</sup>

**3.8 million**

Airpoints™ loyalty programme members

**Pacific Rim**

Focused international network supported with alliance partnerships

**44,000**

Tonnes of New Zealand exports flown to international markets

**7.3 years**

Average fleet age on a seat weighted basis

**FTSE4Good**

Constituent of the FTSE4Good Index Series<sup>4</sup>

**Baa2 (stable)**

Investment grade credit rating from Moody's since 2016<sup>5</sup>

<sup>1</sup> Information as at 30 June 2022 unless otherwise stated

<sup>2</sup> Awarded in 2022 by AirlineRatings.com

<sup>3</sup> Kantar Corporate Reputation Index 2022

<sup>4</sup> The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices

<sup>5</sup> Air New Zealand's Board will seek to maintain an investment grade credit rating, per Air New Zealand's treasury policy



# Strategic roadmap for the medium-term is critical to success

Air New Zealand's *Kia Mau* strategy is focused on 3 clear drivers of value creation, executed through excellence and innovation across 4 key business enablers



## Profit drivers



### Grow domestic

Profitably grow and enhance our iconic domestic offering, providing New Zealanders with even more choice as the best-connected country in the world



### Optimise international

Connecting New Zealanders and our exports to the world through an optimal international network and premium leisure product



### Lift loyalty

Increase products and benefits members value from our Airpoints™ programme, supercharging the loyalty ecosystem for the airline

## Enabled by strong culture and focused investment

### Brilliant Basics

Operational excellence that provides a seamless travel experience for our customers – do it right, first time, every time

### Serious about Sustainability

Committed to meaningful action to reduce our carbon impact

### Digital Dexterity

Technology focused on delivering a world-class experience for our people and customers while driving efficiencies

### Prioritising People & Safety

Putting people, health and safety first

# Air New Zealand has driven forward a number of key initiatives on our sustainability agenda throughout 2022



Set a 2030 science-aligned carbon reduction target, endorsed by the Science-Based Targets initiative (SBTi)



In partnership with the Government, formally invited global Sustainable Aviation Fuel (SAF) producers to scope local production opportunities in New Zealand



Started the journey to our goal of 1% SAF in FY23, by funding New Zealand's first SAF import, delivered in September 2022



Issued a Zero Emissions Aircraft Technology (ZEAT) Product Requirements Document inviting aircraft developers to engage with the airline in their alternative propulsion aircraft projects



Commenced a joint initiative with Airbus to research how green hydrogen-powered aircraft could operate in New Zealand



Launched Flight NZ0 to provide accessible, informative and transparent information about our journey to net zero emissions by 2050

# Fleet simplification strategy on track



Air New Zealand is simplifying its fleet to drive improved operating cost and capital expenditure outcomes

	FY11 (8 types) Total – 102	FY22 (5 types) Total – 104	FY28 (4 types) <sup>1</sup> Total – 107	
Widebody	<p><b>747</b> (5)</p>  <p><b>767</b> (5)</p>  <p><b>777</b> (11)</p> <ul style="list-style-type: none"> <li>● 777-300ER</li> <li>● 777-200ER</li> </ul>	<p><b>787</b> (14)</p>  ● 787-9	<p><b>777</b> (7)</p>  ● 777-300ER	<p><b>787</b> (22)</p>  ● 787-9/10
Narrowbody	<p><b>A320</b> (14)</p>  <p><b>737</b> (15)</p> 	<p><b>A320</b> (31)</p>  ● A320 ● A321	<p><b>A320</b> (33)</p>  ● A320 ● A321	
Turboprop	<p><b>ATR72</b> (11)</p>  ● ATR72-500	<p><b>ATR72</b> (29)</p>  ● ATR72-600	<p><b>ATR72</b> (29)</p>  ● ATR72-600	
Age <sup>2</sup>	~9 years	7.3 years	~10 years	

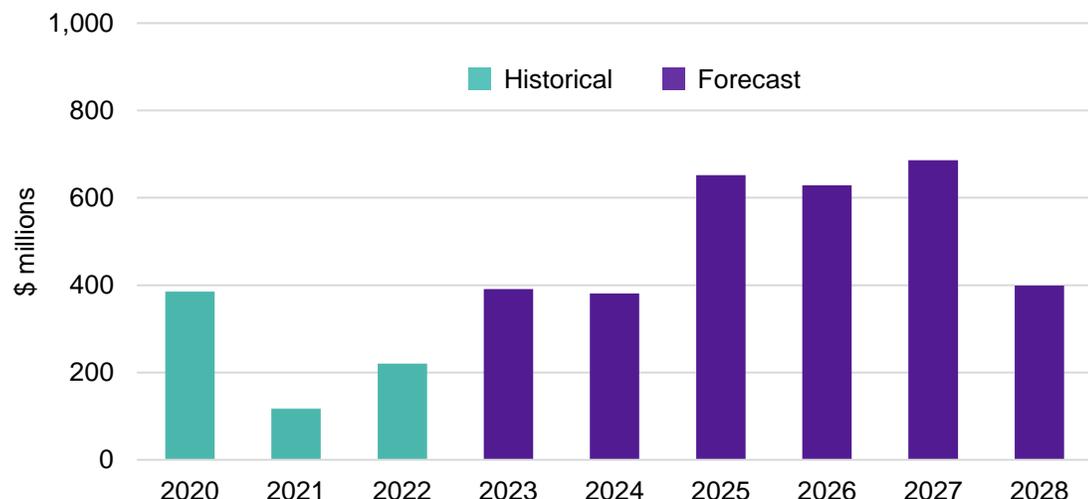
<sup>1</sup> This represents the expected fleet at the end of the FY28

<sup>2</sup> Average seat-weighted fleet age

# Fleet investment update



## Actual and forecast aircraft capital expenditure<sup>1</sup>



- Forecast aircraft capital expenditure profile reflects:
  - Expected deferral of first two Boeing 787 aircraft from FY24 to FY25
  - Delivery flexibility remains in place for a substantial portion of the Boeing 787 delivery stream
  - NZDUSD exchange rate assumed of 0.6230
- No committed aircraft capital expenditure currently beyond 2028

## Aircraft delivery schedule (as at 30 June 2022)

		Number in existing fleet	Number on order	Delivery Dates (financial year)			
				2023	2024	2025	2026
<b>Owned fleet on order</b>	Boeing 787	14	4*	-	-	2	2
	Airbus A320neo / A321neo	13	5**	4	1	-	-

<sup>1</sup> Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes assumed interiors retrofit capital expenditure for the existing 14 Boeing 787 fleet and engine maintenance. \* Does not reflect four Boeing 787s planned for delivery from FY27

\*\* Does not reflect two A321neos planned for delivery in FY27

# Other investments progress strategic objectives and improve operational resiliency



Other capital expenditure is generally contractually uncommitted and subject to changes in phasing and spend



## Boeing 787 retrofit

- Interior retrofit of 14 existing Boeing 787 aircraft
- Anticipated to commence no earlier than mid-2024
- Estimated cost of \$450-500<sup>1</sup> million, staggered over several years

<sup>1</sup> Assumes NZDUSD exchange rate of 0.6230 but remains subject to fluctuations in foreign currencies rates over time



## Engine maintenance

- Spend relates to overhaul of owned engines across all fleet types
- Has an enduring benefit of 5+ years
- Annual expenditure varies based on utilisation of aircraft



## Digital transformation

- Investments in digital assets linked to *Kia Mau* strategy, focused on ensuring resiliency and optimising customer and employee experiences
- Annual expenditure in the range of ~\$50 million to \$75 million



## Property and infrastructure

- Investments in buildings and operational facilities
- Includes expenditure on the new Auckland engineering hangar, cargo facilities and head office relocation
- Elevated annual expenditure of ~\$75 million over the next 4 years



# Capital Management

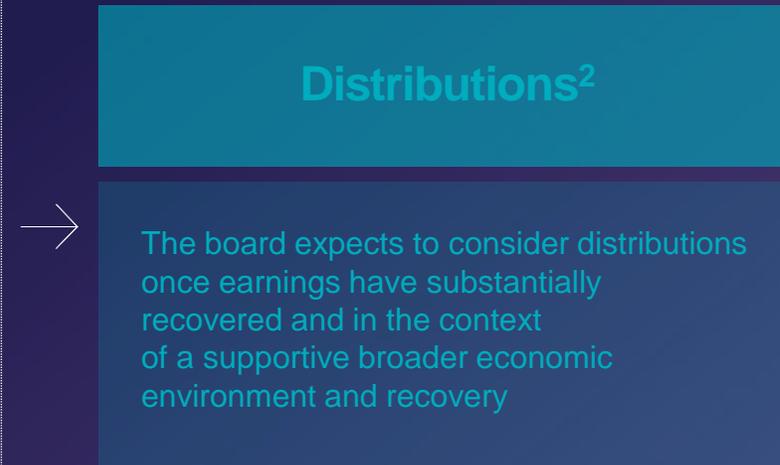




# We remain focused on financial resilience and returning the airline to profitability before consideration of distributions

Financial resilience	Investments in strategy	Financial performance
<ul style="list-style-type: none"><li>✓ Maintain investment grade credit rating</li><li>✓ Gearing target range of 45% to 55%</li><li>✓ Minimum liquidity of \$700 million</li><li>✗ Debt to earnings metric<sup>1</sup> of 2.0x to 3.3x</li></ul>	<ul style="list-style-type: none"><li>✓ Disciplined capital investments to support our strategy<ul style="list-style-type: none"><li>– Aircraft ownership decisions</li><li>– Non-aircraft investment</li></ul></li><li>✗ Delivering a sustainable pre-tax ROIC of &gt;10%</li></ul>	<ul style="list-style-type: none"><li>✗ Substantial and sustained recovery in earnings</li><li>✗ Supportive broader macroeconomic environment and recovery</li></ul>

● Indicates current performance against this metric



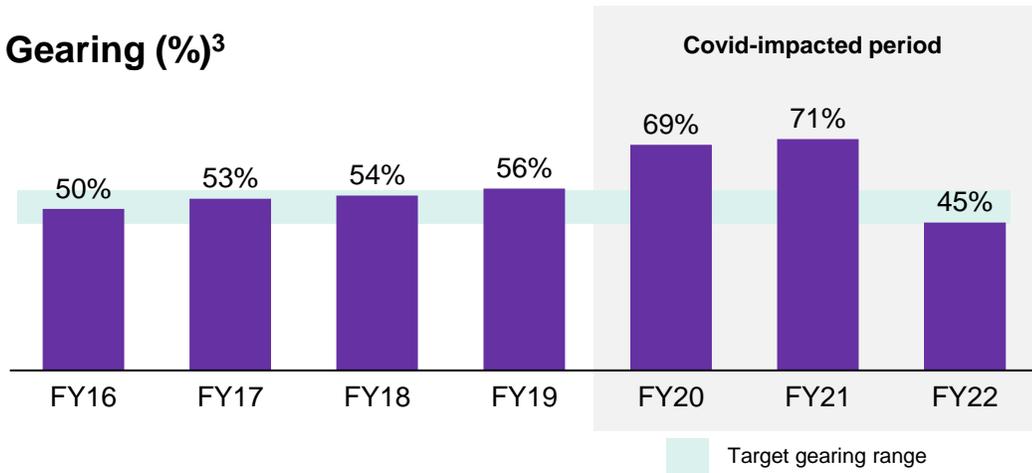
<sup>1</sup> Refers to Gross Debt to EBITDASA metric. See Glossary on slide 28 for definition

<sup>2</sup> See Air New Zealand's [distribution policy](#) for further details. Dividends are currently suspended

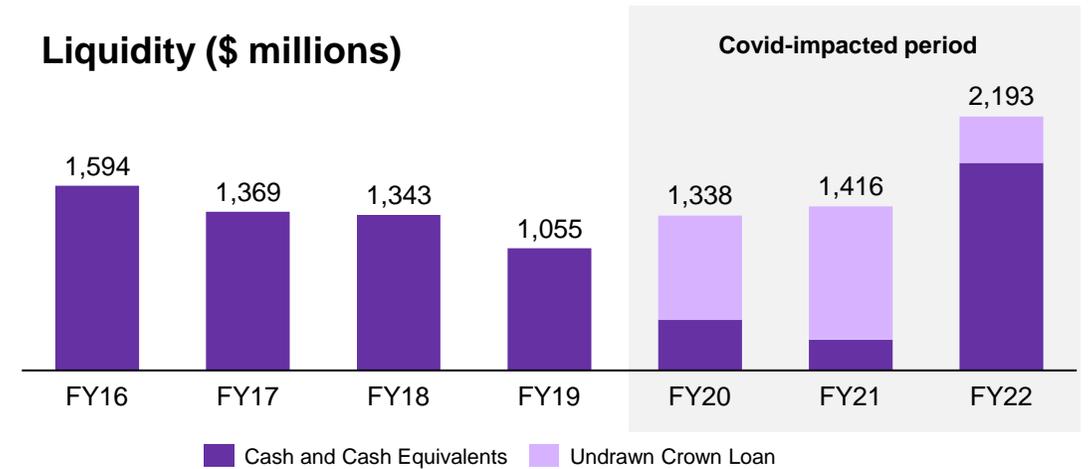
# Recapitalised balance sheet has restored key metrics<sup>1,2</sup>



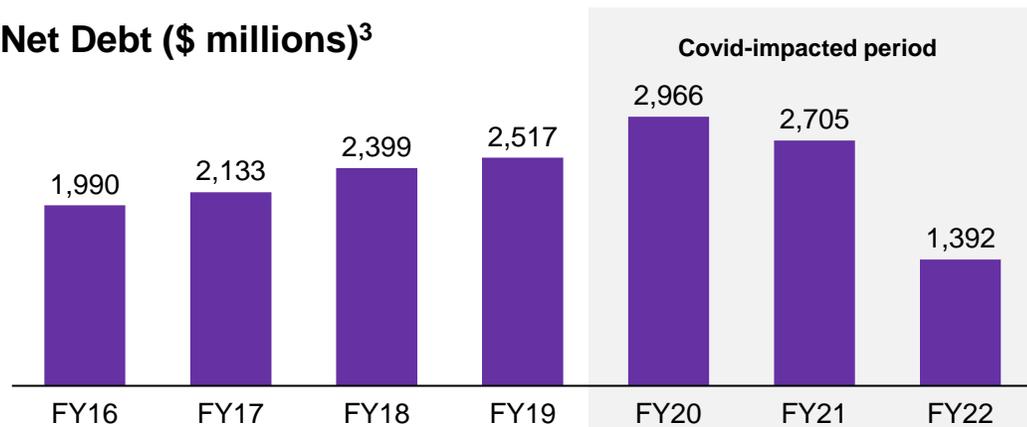
## Gearing (%)<sup>3</sup>



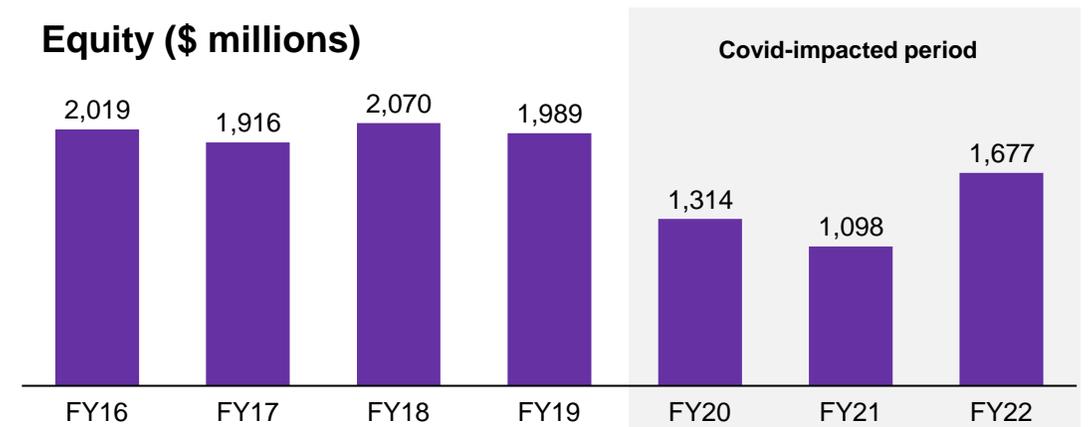
## Liquidity (\$ millions)



## Net Debt (\$ millions)<sup>3</sup>



## Equity (\$ millions)



<sup>1</sup> As noted on slide 20, Gross Debt to EBITDASA is the other key capital management metric that has not yet been restored. This will require at least 12 months of normalised EBITDASA to return to its target range

<sup>2</sup> Historical financial line items have been restated following the International Financial Reporting Interpretations Committee (IFRIC) issuing agenda decisions on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) and also on Fair Value Hedge of Foreign Currency Risk on Non-Financial Assets (IFRS 9). Such restatements are explained in Air New Zealand's results (see the FY20 Annual Report, note 27 for disclosure on the Fair Value Hedge agenda decision and the FY22 Interim Report, note 7 for disclosure on the Cloud Computing Arrangement agenda decision)

<sup>3</sup> Refer to Glossary on slide 28 for definitions

# Debt structure and maturity profile



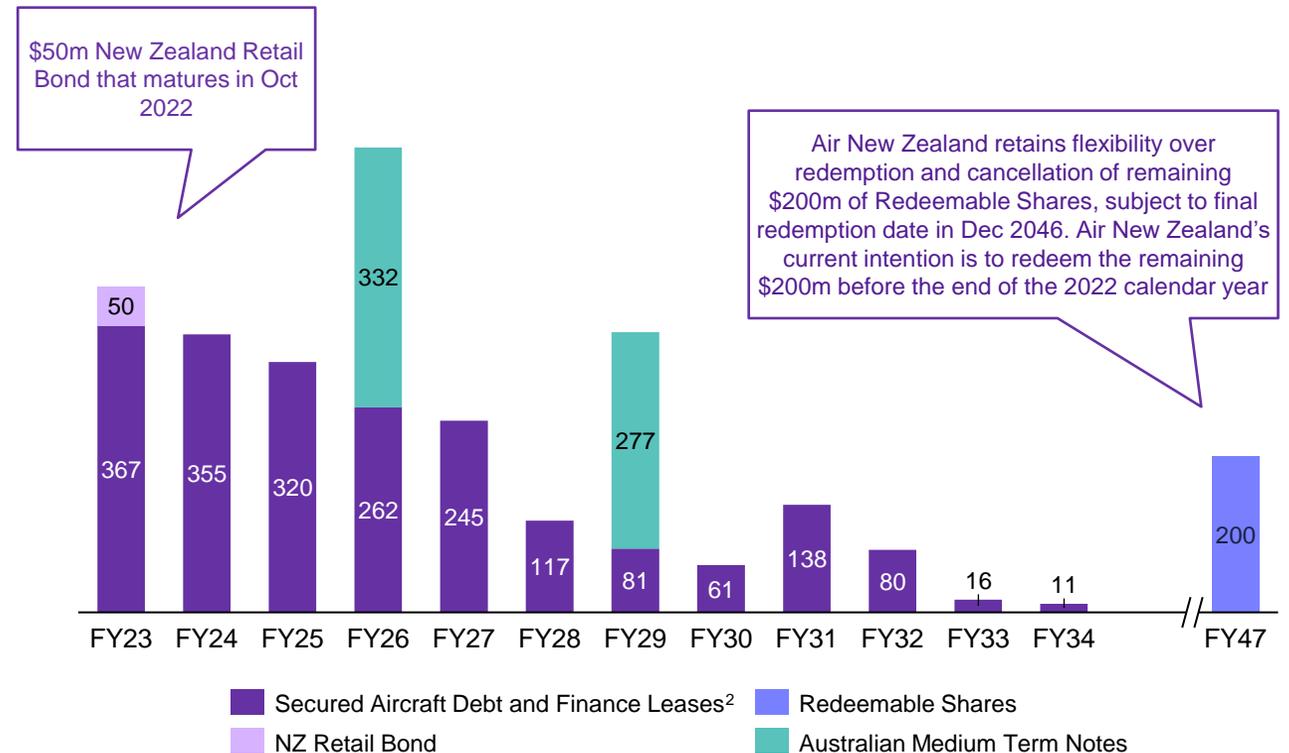
## Capital structure as at 30 June 2022

- Gross Debt of \$3.6 billion
  - comprising: ~\$2.1 billion secured aircraft debt and finance leases<sup>2</sup>, \$656 million operating leases<sup>2</sup>, existing \$50 million unsecured NZD bond, \$608 million unsecured AUD bonds, \$200 million redeemable shares
- Cash<sup>3</sup> of \$2.2 billion
- Net Debt of \$1.4 billion
- Undrawn New Crown Loan of \$400 million expiring 30 January 2026
- Weighted average debt and finance lease<sup>2</sup> maturity of ~4 years<sup>4</sup>
- Air NZ intends to continue to raise secured aircraft debt financing on certain new aircraft deliveries, as is normal practice for the airline

## Air New Zealand's debt structure provides flexibility

- No financial covenants on debt
- Reduced refinancing risk
- Competitive financing costs
- Prepayment optionality

## Debt maturity profile as at 30 June 2022<sup>1</sup> (\$ millions)



<sup>1</sup> Debt maturity profile represented in NZD with foreign currency debt translated into NZD at 30 June 2022 balance sheet foreign exchange rates, as outlined in note 24 of FY22 annual financial statements.

<sup>2</sup> Finance leases are lease liabilities with purchase options. Operating leases are lease liabilities without purchase options

<sup>3</sup> Cash, restricted deposits and net open derivatives

<sup>4</sup> Weighted average life of secured aircraft debt, finance leases and existing unsecured debt. Excludes operating leases, redeemable shares and proposed NZD bond offer

# Summary of key bondholder highlights

<b>Ongoing strong Government support</b>	<b>Leading domestic market share</b>	<b>Critical infrastructure for New Zealand</b>	<b>Limited transport alternatives</b>	<b>Commitment to investment grade rating</b>
<p>Support provided by the New Zealand Government; given its commitment to maintaining a majority shareholding</p>	<p>Strong market share in New Zealand of ~85%, the highest of any airline in the APAC region</p>	<p>National flag carrier with iconic brand reputation, providing a critical service to New Zealand's transport infrastructure</p>	<p>Air travel demand is underpinned by New Zealand's geographic position and road/rail infrastructure</p>	<p>Air New Zealand intends to maintain its Moody's investment grade credit rating</p>



# Bond Issuance

# Summary terms



<b>Issuer</b>	Air New Zealand Limited
<b>Description</b>	Unsecured, unsubordinated, fixed rate bonds of Air New Zealand
<b>Offer amount</b>	Up to \$75,000,000 of Bonds (with the ability to accept oversubscriptions of up to an additional \$25,000,000 of Bonds at Air New Zealand's discretion)
<b>Purpose of the Offer</b>	The proceeds of the Offer will be used for general business purposes including to fund repayment of the AIR020 Bonds on maturity
<b>Term</b>	5.5 year, maturing on 27 April 2028
<b>Closing Date / Rate Set Date</b>	12:00pm, on Thursday, 20 October 2022
<b>Issue Date</b>	Thursday, 27 October 2022
<b>Maturity Date</b>	Thursday, 27 April 2028
<b>Interest Rate</b>	The Interest Rate will be set on the Rate Set Date (Thursday, 20 October 2022) and will be a fixed interest rate, being the Base Rate plus the Margin (which may be above or below the Indicative Margin), subject to a minimum Interest Rate of 6.00% per annum. The Interest Rate will be announced by Air New Zealand via NZX on the Rate Set Date
<b>Interest payments</b>	Interest will be payable semi-annually in arrear in equal amounts on 27 April and 27 October of each year up to and including the Maturity Date <sup>1</sup> . The first Interest Payment Date will be Thursday, 27 April 2023
<b>Minimum application amount</b>	Minimum application of \$5,000 with multiples of \$1,000 thereafter
<b>Joint Lead Managers</b>	ANZ Bank New Zealand Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited
<b>Quotation</b>	Air New Zealand will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market. NZX ticker code AIR030 has been reserved for the Bonds

<sup>1</sup> Or, if such date is not a Business Day, the immediately following Business Day with no adjustment to be made to the amount payable as a result of the delay in payment

The Terms Sheet sets out the key terms of the Offer and the Bonds. You should read the Terms Sheet in its entirety before making any investment decision. The Bonds will constitute unsecured, unsubordinated debt obligations of Air New Zealand and rank equally and without preference among themselves. The Bonds also rank equally with all other unsecured and unsubordinated creditors of Air New Zealand. The Bonds will rank after the claims of secured creditors of Air New Zealand and creditors preferred by law. None of the Subsidiaries or Affiliates of Air New Zealand nor any other person (including any shareholder of Air New Zealand) guarantees the obligations of Air New Zealand in respect of the Bonds.

# Offer process



<b>Who may apply for Bonds</b>	<ul style="list-style-type: none"><li>• All of the Bonds (including oversubscriptions) are reserved for subscription by clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild</li><li>• There will be no public pool for the Bonds</li><li>• Retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting <a href="https://www.nzx.com/services/market-participants/find-a-participant">https://www.nzx.com/services/market-participants/find-a-participant</a></li><li>• Each investor's broker or financial adviser will be able to advise them as to what arrangements will need to be put in place for the investor to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant, as well as the costs and timeframes for putting such arrangements in place</li></ul>
<b>Brokerage</b>	<ul style="list-style-type: none"><li>• Air New Zealand will pay brokerage of 0.50% plus 0.25% on firm allocations</li></ul>

# Key dates



<b>Opening Date</b>	Monday, 17 October 2022
<b>Roadshow</b>	Monday, 17 October and Tuesday, 18 October 2022
<b>Closing Date</b>	12:00pm, on Thursday, 20 October 2022
<b>Rate Set Date</b>	Thursday, 20 October 2022
<b>Issue Date</b>	Thursday, 27 October 2022
<b>Expected date of initial quotation on the NZX Debt Market</b>	Friday, 28 October 2022
<b>First Interest Payment Date</b>	Thursday, 27 April 2023
<b>Maturity Date</b>	Thursday, 27 April 2028

The dates set out in this presentation are indicative only and subject to change. Air New Zealand has the right in its absolute discretion and without notice to close the Offer early, to extend the Closing Date (subject to the NZX Listing Rules), to accept late applications or to choose not to proceed with the Offer. If the Closing Date is changed, other dates (such as the Issue Date, the Maturity Date and the Interest Payment Dates) may be changed accordingly. If Air New Zealand chooses to cancel the Offer and the issue of the Bonds, all application monies received will be refunded (without interest) as soon as possible.

# Glossary of key terms



<b>Gearing</b>	Net Debt / (Net Debt + Equity); Net Debt includes capitalised aircraft operating lease commitments for the years prior to 1 July 2019
<b>Earnings before Interest, Tax, Depreciation, Amortisation, Significant Items and Associates (EBITDASA)</b>	Operating earnings (before depreciation and amortisation, net finance costs, associate earnings, other significant items and taxation) plus finance income and cash dividends received from associates less foreign exchange gains/losses
<b>Gross Debt</b>	Interest-bearing liabilities, lease liabilities and redeemable shares
<b>Net Debt</b>	Interest-bearing liabilities, lease liabilities and redeemable shares less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and lease liabilities, and interest-bearing assets, plus for the years prior to 1 July 2019, net aircraft operating lease commitments for the next twelve months multiplied by a factor of seven (excluding short-term leases, which provided cover for Boeing 787-9 engine issues)
<b>Cash, Restricted Deposits and Net Open Derivatives</b>	Bank and short-term deposits, interest-bearing assets and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
<b>Liquidity</b>	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any Crown standby loan facility available to be drawn or undrawn redeemable shares
<b>Return on Invested Capital (ROIC)</b>	(EBIT plus interest component of operating leases) / average capital employed (Net Debt plus Equity) over the period

All dollar values are in New Zealand dollars (NZ\$ or NZD) unless otherwise stated. This presentation includes certain financial measures that are "non-GAAP" (generally accepted accounting practice) financial information. The following non-GAAP measures are not audited: Gearing, Net Debt, Gross Debt, EBITDASA. Amounts used within the calculations are derived from the audited Group financial statements and Five Year Statistical Review contained in the 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. Such financial information and financial measures do not have standardised meanings prescribed under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) or International Financial Reporting Standards (IFRS) and therefore, may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with NZ IFRS or IFRS.

# Find more information about Air New Zealand



## Resources

**Investor website:** [www.airnewzealand.co.nz/investor-centre](http://www.airnewzealand.co.nz/investor-centre)

**Monthly traffic updates:** [www.airnewzealand.co.nz/monthly-operating-data](http://www.airnewzealand.co.nz/monthly-operating-data)

**Corporate governance:** [www.airnewzealand.co.nz/corporate-governance](http://www.airnewzealand.co.nz/corporate-governance)

**Sustainability:** [www.airnewzealand.co.nz/sustainability](http://www.airnewzealand.co.nz/sustainability)

## Contact information

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

AIR NEW ZEALAND 

*Thank you*

A STAR ALLIANCE MEMBER 

17 October 2022

NZX Limited  
Level 1, NZX Centre  
11 Cable Street  
Wellington

**AIR NEW ZEALAND LIMITED**

**NOTICE PURSUANT TO CLAUSE 20(1)(a) OF SCHEDULE 8 TO THE FINANCIAL MARKETS  
CONDUCT REGULATIONS 2014**

1. Air New Zealand Limited (**Air New Zealand**) gives notice that it intends to undertake an offer (the **Offer**) for the issue of unsecured, unsubordinated, fixed rate, 5.5 year bonds due 27 April 2028 (the **New Bonds**).
2. The Offer is being made to investors in reliance upon the exclusion in clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 (the **Act**).
3. This notice is provided under subclause 20(1)(a) of Schedule 8 to the Financial Markets Conduct Regulations 2014 (the **Regulations**).
4. The New Bonds will have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Air New Zealand's existing bonds which are currently quoted on the NZX Debt Market under the ticker code "AIR020" (the **Existing Bonds**), and therefore are of the same class as the Existing Bonds for the purposes of the Act and the Regulations.
5. The Existing Bonds have been continuously quoted on the NZX Debt Market over the preceding three months. Trading in the Existing Bonds has not been suspended for a total of more than five trading days during that three month period. However, it is noted that the last day of trading in the Existing Bonds was 14 October 2022 due to the upcoming maturity date of the Existing Bonds.
6. As at the date of this notice:
  - (a) Air New Zealand is in compliance with the continuous disclosure obligations that apply to it in relation to the Existing Bonds;
  - (b) Air New Zealand is in compliance with its financial reporting obligations (as defined in clause 20(5) of Schedule 8 to the Regulations);
  - (c) there is no information that is "excluded information" (as defined in clause 20(5) of Schedule 8 to the Regulations) in respect of Air New Zealand; and
  - (d) there is no information that would be required to be disclosed under a continuous disclosure obligation or which would be "excluded information" (and required to be disclosed for the purposes of clause 20(2)(g) of Schedule 8 to the Regulations) if the Existing Bonds had had the same interest rate or maturity date as the New Bonds being offered.

**END**

**For all investor relations and media enquiries, please contact:**

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