

# ANNUAL DATA BOOK

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2022





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# Where we fly



\* Air New Zealand operated its first flight to New York in September 2022. The airline operates its flagship Auckland-New York route three times a week, year-round on our Boeing 787-9 Dreamliner aircraft.



# 1. About Air New Zealand

## Company description

The Air New Zealand Group ('Air New Zealand') is a world class airline, with a strong customer proposition and a modern fleet. The airline operates a global network that provides air passenger and cargo transport services to, from and within New Zealand.

Following the outbreak of Covid-19 and the resulting border closures, Air New Zealand operated largely as a domestic business with some international repatriation and cargo flights for the 2020 to 2022 financial years.

With the phased reopening of New Zealand's borders from March 2022, the airline has been rebuilding its international network and as of the date of publication of this databook, is now flying back to all of its 29 international destinations.

## Trading information

Air New Zealand is listed on the New Zealand Stock Exchange (NZX), the Australian Securities Exchange (ASX) and also has a sponsored Level 1 American Depositary Receipt (ADR) programme. The American Depositary Shares, each representing five Ordinary Air New Zealand shares are traded over-the-counter in the United States.

**NZX Ticker code:** AIR  
**ASX Ticker code:** AIZ  
**ADR OTC Ticker code:** ANZLY

## Shareholding and structure

In May 2022 Air New Zealand completed a \$1.2 billion pro-rata renounceable Rights Offer as part of a \$2.2 billion recapitalisation package to help position the airline for recovery from the Covid-19 pandemic. The Rights Offer allowed eligible shareholders to buy additional shares at a discount relative to the prevailing market share price. The Rights Offer commenced on 6 April 2022 and the shares were allotted on 9 May 2022.

As at 30 June 2022 there are 3,368,430,132 Ordinary Shares on issue (excluding Treasury Stock). The New Zealand Government is the majority shareholder with 1,717,916,801 shares, or 51 percent of total issued capital. The remaining shares are held by retail investors in New Zealand and Australia and institutional shareholders primarily in the United States, Australia, New Zealand, United Kingdom and Asia. For the year to 30 June 2022, Air New Zealand had average daily trading volume of approximately 2.1 million shares.





## 2. Our strategy

Air New Zealand's **Kia Mau strategy** drives a relentless focus on three clear drivers of value creation, executed through excellence and innovation across four key business enablers.

It all starts with our **purpose** to enrich our country through connecting New Zealanders to each other and New Zealand to the world. This is an idea that's been at the heart of our airline from the very beginning.

Embedded in Kia Mau is a **promise** to our people, our customers and our community. Our promise is **Manaaki** – taking care further than any other airline. This idea of care is encapsulated in our values and surrounds everything we do – from taking care of each other, our customers, our country and our communities.

We have a vision to deliver the greatest flying experience on Earth, which will be enabled by embedding world class digital technology in everything we do.

# Kia Mau

### Our Purpose

Enrich our country by connecting New Zealanders to each other and New Zealanders to the world.

### Our Promise

**Manaaki** – taking care further than any other airline.

### 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

### Our Values

Welcome as a friend

BeYourself

CANDo.

Share your AOTEAROA



## 3. Leadership and governance

### Executive team



#### **Greg Foran** — Chief Executive Officer

Greg joined Air New Zealand in early February 2020. Prior to this he was Chief Executive Officer of Walmart U.S from 2014 to 2019 after joining Walmart International in 2011 and serving in several capacities, including President and Chief Executive Officer of Walmart China. He previously held several senior positions with Woolworths Group. Greg is also a member of the China Business Council.

Greg has attended Advanced Management Programs at Harvard University and the University of Virginia. He also holds a Diploma in Management from the New Zealand Institute of Management.



#### **Richard Thomson** — Chief Financial Officer

Richard rejoined the airline in March 2021 and has a strong background in aviation, having previously been with Air New Zealand for 13 years in several senior positions including General Manager Networks, Manager Group Financial Planning and General Manager Corporate Finance. Richard left the airline in 2017 to join publicly listed company Metlifecare as Chief Financial Officer.

Earlier in his earlier career Richard gained experience in the financial services industry advising companies on mergers and acquisitions, debt and equity capital raisings, corporate taxation and company valuations.

Richard holds Bachelor of Commerce and Bachelor of Law (Hons) from the University of Canterbury and a Post Graduate Diploma in Applied Finance. He also maintains a license as a private pilot.



#### **Mat Bolland** — Chief Corporate Affairs Officer

Mat oversees the airline's government relations, regional, cultural and regulatory affairs, and communications functions. Joining the airline in May 2021, Mat's corporate affairs career has spanned over 20 years across the energy, water, and telecommunications industries within New Zealand.

Prior to joining Air New Zealand, Mat held the position of General Manager Corporate & Regulatory Affairs at 2degrees, where he led the company's advocacy programme for 11 years.

Mat has led organisations through periods of crisis and significant change, where he has developed and strengthened the reputation of some of New Zealand's best-known organisations. With a background in journalism, Mat has been a Fellow of the Public Relations Institute of New Zealand since 2005.

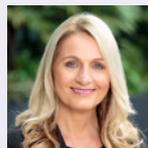


#### **Nikki Dines** — Chief People Officer

Nikki has been with Air New Zealand for more than 7 years working across a range of leadership and legal counsel roles. Nikki has been involved in supporting or leading many of Air New Zealand's large-scale change projects affecting employees. In her current role as Chief People Officer, Nikki is responsible for developing and executing the airline's people and culture strategy.

Prior to joining Air New Zealand, Nikki worked as an employment lawyer in the United Kingdom and New Zealand for more than 15 years, becoming a Partner at boutique labor law firm, LangtonHudsonButcher.

Nikki has a Bachelor of Arts/Bachelor of Laws (Honours) degree from the University of Auckland.

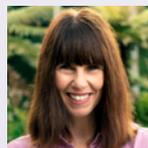


#### **Leanne Geraghty** — Chief Customer & Sales Officer

Leanne joined the airline in 2004 and was appointed Chief Customer and Sales Officer in 2020. In this role she oversees the sales, brand, marketing, customer and cargo functions.

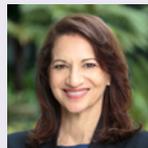
During her time with Air New Zealand, Leanne has held a number of senior commercial and sales positions in both Australia and New Zealand, most recently as Group General Manager Airports.

Leanne holds a Bachelor of Economics and Finance from the University of New South Wales and has studied International Business management at IMD in Switzerland and Marketing at the Australian Institute of Marketing.



#### **Kiri Hannifin** — Chief Sustainability Officer

In November 2022 we welcomed Kiri Hannifin to the Executive as our Chief Sustainability Officer. This newly created executive position recognises the importance of sustainability across all aspects of Air New Zealand's operations and the increased focus the airline is placing on addressing its environmental impact. Before joining the airline, Kiri was on the leadership team of Countdown/Woolworths New Zealand where she was responsible for Sustainability, Corporate Affairs, Health and Safety, Quality and Food Safety. Within this role she spearheaded the company's programme to reduce emissions, managed the health, safety and wellbeing of the company's 21,000 staff and led its internal and external stakeholder management activity. Kiri has a LLB and BA (Political Science) from the University of Canterbury.



#### **Alex Marren** — Chief Operating Officer

Alex joined Air New Zealand as Chief Operating Officer in April 2022, following a 36-year career in senior operations, customer, cabin crew and airport leadership roles at United Airlines, Hertz Corporation, and ABM Aviation.

Most recently, Alex was president of ABM Aviation where she led over 20,000 team members serving over 75 airlines and airports across the United States, United Kingdom, Ireland and the Middle East.

Alex holds a Bachelor of Arts from Harvard College and has completed the Advanced Education Programme at The Northwestern University Kellogg School of Management. She is currently an Advisor for Advancing Women's Excellence in Supply Chain, Operations and Management, and has served on the boards of the American Red Cross in Chicago and the Alliant Credit Union.



#### **David Morgan** — Chief Operational Integrity & Safety Officer

David joined Air New Zealand in 1985 after a career in general aviation and subsequently joined the Flight Operations management team in 1996. David has held various senior operational management positions and was appointed to the Executive in 2008. In his current role David is responsible for the essential core airline activity of operational integrity and safety, regulatory accountability, flight operations policy, security and emergency management.



#### **Nikhil Ravishankar** — Chief Digital Officer

Nikhil has been Air New Zealand's Chief Digital Officer since September 2021. Prior to this, he was Chief Digital Officer at Vector New Zealand, leading the company's digital and information technology function and its transformation programme since 2017. Before this, Nikhil was a Managing Director at Accenture in Hong Kong, Australia and New Zealand and held technology strategy and transformation leadership roles at Telecom New Zealand (Spark).

Nikhil holds a Bachelor of Science, Computer Science and a Bachelor of Commerce (Honours) from the University of Auckland and is an advisor and mentor for the university's Strategic CIO programme. He is also a member of the Auckland University of Technology (AUT) AUTEUR Influencer Network, on the board of New Zealand Asian Leaders and an advisory committee member of The Auckland Blues Foundation.



#### **Mike Williams** — Chief Transformation & Alliances Officer

Mike 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. Mike now 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.

He holds a Bachelor of Aerospace Engineering with first-class honours and a Bachelor of Business Management in finance from RMIT University in Melbourne, Australia.



#### **Dame Therese Walsh** DNZM, BCA, FCA

##### Chair

Independent Non-Executive Director – Appointed 1 May 2016

Dame Therese is an Independent director and Chair of Air New Zealand Limited. She is also the Chair of ASB Bank Limited, Chair of the Chapter Zero NZ steering group and a Director of Antarctica New Zealand. Previously she was the Head of New Zealand for the ICC Cricket World Cup 2015, and the Chief Operating Officer for Rugby New Zealand 2011 Limited.

She has also been Chairman of TVNZ Limited, Pro Chancellor of Victoria University Wellington, a director of NZX Limited, Contact Energy Limited, NZ Cricket and Save the Children NZ, Trustee of Wellington Regional Stadium and CFO at the New Zealand Rugby Union. Prior to this she was an auditor at KPMG.

Dame Therese is a Fellow of Chartered Accountants Australia and New Zealand and a commerce graduate from Victoria University. In 2013, she was named the inaugural supreme winner of the Women of Influence Awards and was awarded a Sir Peter Blake Trust Leadership Award in 2014. She became a Dame Companion of the New Zealand Order of Merit in June 2015.



#### **Claudia Batten** LLB(Hons), BCA

Independent Non-Executive Director – Appointed 28 October 2021

Claudia is currently the Chair of listed digital travel company Serko, a director at Vista Group New Zealand and the digital advisor to the Westpac New Zealand Board. She graduated Victoria University of Wellington with degrees in Law (Hons) and Commerce, starting her career at Russell McVeagh Wellington.

Having recently returned to New Zealand after living in the United States, Claudia brings her global experience, customer focus and skills in technology and innovation to the Board. She has had success as a digital entrepreneur in the United States as a co-founder of two technology ventures.

Claudia participates regularly across the international entrepreneurial space as an advisor and a very active mentor. She has been awarded multiple awards for her work supporting the New Zealand technology sector including the prestigious KEA World Class New Zealander Supreme Award; a distinguished Alumni Award from Victoria University; Next's Woman of the Year in 2015; a Sir Peter Blake Leadership award in 2016; the Outstanding Contribution award to Technology & Business at the 2017 CIO Awards; and was named 2018's Flying Kiwi at the New Zealand Hi-Tech Award.



#### **Dean Bracewell**

Independent Non-Executive Director – Appointed 20 April 2020

Dean has significant experience in the freight and logistics industry, with the majority of his career spent at Freightways Limited where he held a number of senior leadership and Executive roles, including as Managing Director from 1999 to 2017.

Dean is a Director of Tainui Group Holdings Limited, Property for Industry Limited and the Hallberg Foundation. He was a director of the public policy think tank 'The New Zealand Initiative' and its predecessor the 'New Zealand Business Roundtable' from 2011 to 2015.

Dean is of Ngāti Maniapoto and Ngāi Te Rangī descent.





**Laurissa Cooney** BMS (Hons), FCA, CMInstD

Independent Non-Executive Director – Appointed 1 October 2019

Laurissa is a Fellow of Chartered Accountants Australia and New Zealand, and a Chartered Member of the Institute of Directors in New Zealand. She has previously held senior roles with Deloitte in New Zealand and Deloitte Touche in London and was the Chief Financial Officer for Te Whare Wānanga o Awanuiārangi.

Laurissa currently serves as the Chair of Tourism Bay of Plenty, and is an Independent Non-Executive Director for Goodman Property Limited, Accordant Group Limited and Aotearoa Circle, and a Trustee on the Charitable Investment Trust for Ngāi Tai ki Tāmaki.

She also holds a role as co-chair for the Tourism Industry Transformation Plan for the environment with MBIE. Laurissa is also a Committee Member of the Chapter Zero NZ Steering Group and was a 2017 recipient of the Institute of Directors Emerging Director Award.

Laurissa is of Te Āti Hau Nui a Pāpā Rangī (Whanganui) descent.



**Larry De Shon** BA Communications, BA Sociology

Independent Non-Executive Director – Appointed 20 April 2020

Larry has more than 40 years' experience in the Aviation and transportation industries. Prior to joining Air New Zealand's Board, he was Chief Executive Officer of Avis Budget Group, Inc, where he was responsible for more than 30,000 employees globally.

He also spent 28 years with United Airlines where he held a number of Executive roles across key business areas such as Airport Operations, Marketing and On-Board Service.

Larry is a non-executive director for The Hartford Financial Services Group Inc, a US-based Fortune 500 investment and insurance company. Larry is also a non-executive director for United Rentals Inc, the largest rental company in the world.

Larry has bachelor's degrees in both communications and sociology from the University of Missouri.



**Alison Gerry** BMS (Hons), MAppFin

Independent Non-Executive Director – Appointed 28 October 2021

Alison is an independent director with deep experience in the financial services and infrastructure sectors. Alison is Chair of Sharesies and Infratil, and a director of ANZ Bank New Zealand and Suncorp New Zealand subsidiaries. She is also former Deputy Chair of Kiwibank and a former director of Spark, TVNZ, NZX, Queenstown Airport and Wellington Airport.

Alison has more than 20 years' executive experience working for both corporates and for financial institutions in Australasia, Asia and London in trading, finance and risk roles. Her last executive role was at Lion in Sydney as Group Treasurer. Alison was also a Visiting Fellow at Macquarie University for 12 years teaching on the Masters of Applied Finance programme.

Alison has a Masters of Applied Finance from Macquarie University and a Bachelor of Management Studies from Waikato University. She is a Fellow of INFINZ and Fellow of the Institute of Directors.



**Paul Goulter** LLB, MA (Hons), BA

Independent Non-Executive Director – Appointed 28 October 2021

Paul has an extensive career in the union trade movement. He is currently the CEO of the New Zealand Nurses Organisation Tōpūtanga Tapuhi Kaitiaki o Aotearoa, New Zealand's largest health union. Prior to this, Paul was the National Secretary of NZEI Te Riu Roa, the principal, teacher and school support staff union.

Paul spent 20 years in the finance sector union, Finsec (now First Union), including nine years as General Secretary, followed by three years as Secretary of the New Zealand Council of Trade Unions (CTU). He has also worked in Australia as the Director of the Australian Council of Trade Unions' Education and Campaign Centre.

Paul served on the Board of the Cooperative Bank for 12 years. During his time on the Board he held a variety of roles, including Deputy Chair for six years and Chair of the Board's People and Culture Board for eight years.



**Jonathan Mason** MBA, MA, BA

Independent Non-Executive Director – Appointed 1 March 2014

Jonathan Mason has more than 30 years' experience in the financial sector, with an emphasis on emerging markets. Prior to joining Air New Zealand's Board, Jonathan was Chief Financial Officer at Fonterra. Previous to that he was Chief Financial Officer at forest products company Carter Holt Harvey Limited and has also served in senior financial management positions at US-based International Paper.

Jonathan has had governance experience for organisations in both New Zealand and the United States. His current directorships include Vector Limited, Westpac NZ and Zespri Group Limited. Jonathan also serves as an Adjunct Professor of Management at the University of Auckland, specialising in international finance.



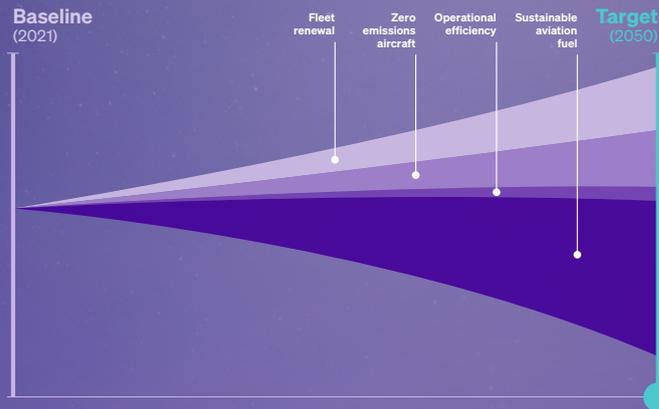


## 4. Sustainability

As New Zealand reopens its borders to the world, it is clear the climate crisis has continued to accelerate rapidly. We are acutely aware that to deliver on our purpose to connect New Zealanders to each other and New Zealand to the world, Air New Zealand must take genuine action on climate change.

### Our decarbonisation roadmap

To meet our goal of net zero carbon emissions by 2050, we have developed a decarbonisation roadmap that identifies the technologies and actions we must adopt to reduce our emissions. These include the use of SAF, the operation of zero emissions aircraft, continued investment in our fleet replacement programme, improved operational efficiencies, and carbon removal solutions.



Description	 <b>Sustainable aviation fuel (SAF)</b>	 <b>Zero emissions aircraft technology</b>	 <b>Continued fleet renewal</b>	 <b>Operational efficiency</b>	 <b>Carbon removal solutions</b>
<b>2050 Decarbonisation Potential</b>	Non-fossil derived jet fuel, lifecycle carbon reduction potential of at least 80%, compatible with existing aircraft without modification   <b>50%</b>	Future hydrogen or battery or hybrid aircraft technologies   <b>20%</b>	Rollover current fleet to new jets that achieve greater fuel efficiency   <b>20%</b>	Optimising carbon efficiency from flight and ground operations   <b>&lt;2%</b>	Credible carbon removal solutions aligned to international best practice  <b>Residual</b>

## FlightNZO™

### Sustainable aviation fuel (SAF)

SAF is the most significant decarbonisation technology the airline can use to reduce carbon emissions across its network.

Made from waste materials such as used cooking oils, forestry waste and landfill waste, SAF is an existing and proven means by which Air New Zealand can decarbonise its flights.

However, SAF supply is extremely limited globally, and the cost is high - around two to five times that of traditional jet fuel.

To expedite the rollout of SAF in New Zealand, Air New Zealand has been collaborating with the private sector and with the New Zealand Government to explore the policies, investments and infrastructure required to make local production in New Zealand a reality.

The airline's SAF strategy also includes working to import this fuel to New Zealand, sourcing SAF at the international ports that

we fly to and collaborating across the aviation sector worldwide to address the issues of cost and supply. Air New Zealand is working towards a goal of 1 percent SAF uplift across its network in the 2023 financial year and a goal of 10 percent uplift by 2030.

Over the past 12 months, Air New Zealand has been working to establish a SAF import supply chain and in September 2022, we received our first shipment into New Zealand for commercial use. The 1,000-tonne shipment was delivered to Auckland from the world's largest SAF producer, Neste, in Finland, in partnership with Z Energy. Designed to test the supply chain and trial the use of SAF in domestic fuel infrastructure, this import also provided a real example of the true cost of importing SAF into New Zealand. This will be crucial for future business planning and in informing our advocacy for enabling appropriate policy settings.



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*More recently in November 2022, the airline announced Mission Next Gen Aircraft – an accelerator programme to progress two ambitious goals:*

- 1 Fly our first commercial demonstrator flight from 2026**
- 2 Begin replacing the Q300 domestic fleet with a more sustainable aircraft – likely green hydrogen or battery hybrid systems – from 2030**

*Furthermore, in December 2022 we announced we would be working with Eviation, Beta, VoltAero and Cranfield Aerospace, four world-leading innovators, on our mission to have our first zero emissions demonstrator flight – either cargo or passenger – take to the skies from 2026.*

### Zero emissions aircraft technology (ZEAT) – the future of our domestic fleet

Unlike SAF, zero emissions aircraft are still under development. However, we are actively seeking to accelerate the development and deployment of these technologies.

New Zealand's unique environment, with its large percentage of renewable electricity and diverse terrain that requires a highly connected aviation network, make it a prime location to operate zero emissions aircraft.

Air New Zealand is pursuing opportunities for electric, hydrogen or hybrid aircraft, with an ambition to have these aircraft in our fleet from 2030 for our regional and shorter domestic flights. To hasten the delivery of zero emissions aircraft, we established strategic partnerships with several manufacturers to explore the possibility of operating novel propulsion aircraft on our domestic network, and released the product

requirements document (PRD) in December 2021, which saw more than 30 aircraft developers respond with ideas and insights to guide the technology development. See call out box above for more details.



## Flight NZO™

### Continued fleet investment

We continue to roll out our fleet renewal strategy, including phasing out our Boeing 777-300ER fleet by calendar year 2027, introducing Airbus A321neos to our domestic network and preparing for the future delivery of the more efficient Boeing 787 Dreamliners.

### Operational efficiency

Although the continued impacts of Covid-19 have limited our ability to implement new initiatives, our Carbon Reduction Programme remains a priority. We continue to enhance current initiatives such as onboard weight reduction and non-essential fuel burn during layovers. We are also increasing our focus on the potential fuel reduction benefits of our new flight planning system launched on our jet fleet this year and rolling out on our turboprop fleet in calendar year 2023. These flight planning systems enable smarter flight planning leading to further emissions reductions.

### Our progress in 2022

To help Air New Zealand deliver on its promise of Manaaki – taking care further than any other airline on earth, we have driven forward a number of key initiatives on our sustainability agenda throughout 2022.

*In particular, we have made meaningful progress on a range of opportunities to reach our net zero carbon emissions by 2050 target. This includes the setting and accreditation of a 2030 interim science-based carbon reduction target to reduce carbon intensity by 28.9 percent from a 2019 baseline, the launch of Flight NZO™, our public commitment to find a more sustainable way to fly, as well as the release of our industry leading ZEAT PRD as noted above, and our continuing advocacy around creating a local supply of SAF in New Zealand.*





# FlightNZO<sup>™</sup>

## 2022 Emissions snapshot

Air New Zealand uses a range of emissions metrics in its internal reporting, strategy formation and decision making.

This includes metrics related to assessing the impact of gross greenhouse gas emissions, emissions intensity values and the value of New Zealand's carbon compliance obligations. Key metrics are reported in the next two sections.

Covid-19 has had a significant impact on the airline's operations and network as well as the key metrics that the airline reports on. As a consequence, it is difficult to meaningfully compare the key metrics with prior years. We have, however, included a summary of key metrics in the tables on pages 21 – 22, including 2019 which gives a view of emissions data in a pre-Covid environment.



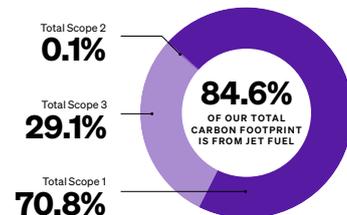
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CARBON EMISSIONS DATA (TONNES CO <sub>2</sub> -e) <sup>1</sup>	2019	Covid-19 Impacted		
		2020 <sup>2</sup>	2021	2022
Scope 1 – International network emissions (Jet Fuel)	3,286,502	2,649,922	817,078	1,040,786
Scope 1 – Domestic network emissions (Jet Fuel)	629,876	518,607	508,737	465,303
Scope 1 – Other emissions <sup>3</sup>	9,272	8,106	7,376	6,796
Total Scope 1 emissions	3,925,650	3,176,635	1,333,191	1,512,885
Scope 2 – Emissions (Electricity)	3,098	2,832	2,720	2,736
Scope 3 – Emissions <sup>4</sup>	-	-	-	623,411
Total Scope 1, Scope 2 and Scope 3 emissions	-	-	-	2,139,032

### COMMENTARY ON CARBON EMISSIONS DATA

Total Scope 1 and 2 emissions increased by 13 percent in 2022 due to greater network capacity as New Zealand's Covid-19 restrictions eased. These emission levels remain significantly lower than pre-Covid levels.

This is the first year we have publicly reported our scope 3 emissions, which are emissions that result from activities within the airline's value chain. In 2022, scope 3 emissions represented close to 30 percent of the airline's total emissions. Around half of our scope 3 emissions relate to the extraction, production, and transport of fuels (referred to as category 3). The second largest category, representing around a quarter of scope 3 emissions, relates to purchased goods and services, including catering, inflight products and landing fees.



1. The airline discloses its emissions within its Greenhouse Gas (GHG) Inventory Report. <sup>2</sup> Full definitions of emission scopes can be found within that Report; extracts from that Report are duplicated here within. Deloitte Limited was engaged to provide reasonable assurance over the scope 1 and scope 2 components over the GHG Inventory Report, and limited assurance over the scope 3, category 3 components. The remaining categories of scope 3 emissions were not subject to consideration by Deloitte Limited. Refer to the reporting and communications page on Air New Zealand's website for the full GHG Inventory and Assurance Report. Gases included in the carbon dioxide equivalents (CO<sub>2</sub>-e) factor are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). <sup>3</sup> 2020 relates to the financial year end 30 June 2020. It should be noted that for much of the 2020 financial year, the airline's operations were not subject to Covid-19 related border restrictions. <sup>4</sup> Scope 1 other emissions include the combustion of jet fuel from ground operations, LPG, natural gas, diesel, petrol, and wood pellets. <sup>5</sup> Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.



# FlightNZO<sup>SM</sup>

Carbon intensity data provides a measure of emissions generated for each kilogram of payload flown and each available seat. Payload carriage is expressed as Revenue Tonne Kilometre (RTK)<sup>5</sup> and seat availability is measured in Available Seat Kilometre

(ASK)<sup>6</sup>. These are both prominent metrics for benchmarking airline carbon intensity. The airline aims to improve carbon intensity by reducing emissions from flight operations and maximising total payload carriage.

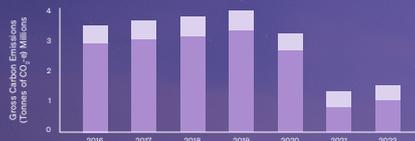
## Commentary on carbon intensity data

The airline's carbon intensity (measured in gCO<sub>2</sub>-e/RTK) decreased 7 percent compared to 2021. This improvement was largely due to easing New Zealand border restrictions leading to higher load factors on the network. However, this metric still remains elevated when compared to pre-Covid levels due to the national lockdowns and border restrictions in place at various times throughout 2022.

While the airline's carbon intensity (measured in gCO<sub>2</sub>-e/RTK) has been elevated through the Covid-19 impacted period, carbon intensity (measured in gCO<sub>2</sub>-e/ASK) has continued a downward trend, decreasing 12 percent between 2019 to 2022. This reduction has been a result of the improved efficiency achieved through the retirement of the Boeing 777-200ER fleet and continued efforts to improve operational efficiency.

### Gross Carbon Emissions (CO<sub>2</sub>-e)

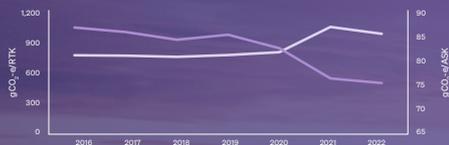
■ International  
■ Domestic



CARBON INTENSITY METRICS	2019	Covid-19 impacted		
		2020 <sup>7</sup>	2021	2022
Grams of CO <sub>2</sub> -e per Available Seat Kilometre (ASK)	85	82	76	75
Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK)	762	789	1,039	971
Well-to-wake grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK) <sup>8</sup>	916	-	-	1,165

### Carbon Intensity Analysis

■ gCO<sub>2</sub>-e/ASK  
■ gCO<sub>2</sub>-e/RTK



## Compliance framework

The airline remains a participant in the New Zealand Emissions Trading Scheme (ETS) and has an obligation to report greenhouse gas emissions generated from fuel use from all domestic flights, and purchase and surrender to the Government an equal number of New Zealand Units to match those emissions. In the 2021 calendar year, the Emissions Trading Scheme obligation was 435,578 tonnes CO<sub>2</sub>-e resulting in a compliance cost of \$14.4 million.

For emissions in international airspace, New Zealand (and thus Air New Zealand) participates in the Carbon Offset and Reduction Scheme for International Aviation (CORSIA), requiring carbon growth above a 2019 baseline to be offset with eligible offset units, alongside annual measurement and reporting<sup>9</sup>.

Further detail on our climate-related governance, strategy, risk management, metrics and targets can be found in our 2022 Taskforce for Climate-related Financial Disclosures (TCFD) contained in the airline's [2022 Annual Financial Results](#) (pages 71-80).

## FlyNeutral

FlyNeutral, our customer offsetting programme, continues to enable passengers to offset their share of a flight's carbon emissions with carbon credits from international projects, while accelerating positive biodiversity outcomes in New Zealand. This year, customers elected to offset almost 60,000 tonnes of CO<sub>2</sub>-e and provided more than \$1 million to accelerate the restoration, regeneration, and protection of permanent native forests. Customer donations to current FlyNeutral partner 'Trees That Count', funded the planting of 89,000 native trees across New Zealand.

5. Revenue Tonne Kilometre (RTK) is a measure of the weight that has been paid for on the aircraft (freight and passengers) multiplied by the number of kilometres transported. Freight values are from the airline's records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel-efficiency target. CO<sub>2</sub>-e emissions are from the airline's use of aviation fuel over the same time period. 6. Available Seat Kilometre (ASK) is measured by the available seats for sale multiplied by the number of kilometres transported. The airline has participated in the Maintaining International Air Connectivity scheme using passenger aircraft to fly cargo-only flights. The equivalent ASKs from these flights has been included in the total ASK number. 7. 2020 relates to the financial year end 30 June 2020. It should be noted that for much of the 2020 financial year, the airline's operations were subject to Covid-19 related border restrictions. 8. Well-to-wake (WTW) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTW emissions can be split into two components: well-to-tank (WTT) which encompasses emissions from feedstock sourcing, processing and transportation to fuel production and distribution (measured as scope 3 emissions); and tank-to-wake (TTW) includes emissions from the combustion of fuel (measured as scope 1 emissions). 9. In October 2022 at the International Civil Aviation Organization's 41st Assembly, states agreed a climate package including a long-term goal of net-zero carbon from international aviation and agreed to change the CORSIA baseline from 2024 to 85 percent of 2019 traffic. States also agreed to almost eliminate the use of individual airline growth factors in the CORSIA scheme.



## 5. Networks

Air New Zealand provides air passenger and cargo transport services within New Zealand, as well as to and from Australia, the Pacific Islands, Asia and the Americas.

### Five-year operating statistics

GROUP	Covid-19 impacted			JUNE 2019	JUNE 2018
	JUNE 2022	JUNE 2021	JUNE 2020		
Passengers carried ('000s)	7,745 (10.5%)	8,649 (36.1%)	13,525 (23.8%)	17,738 4.5%	16,966 6.4%
Available Seat Kilometres – passenger flights (ASKs, millions)	10,651 3.4%	10,304 (71.6%)	36,335 (21.1%)	46,029 4.0%	44,274 5.0%
Available Seat Kilometres – passenger and cargo-only flights (ASKs, millions)	20,019 15.0%	17,410 (54.8%)	38,486 (16.4%)	46,029 4.0%	44,274 5.0%
Revenue Passenger Kilometres (RPKs, millions)	7,146 21.0%	5,908 (80.0%)	29,568 (23.3%)	38,573 5.2%	36,662 5.3%
Load Factor	67.1% 9.8 pts	57.3% (24.1 pts)	81.4% (2.4 pts)	83.8% 1.0 pt	82.8% 0.2 pts
Revenue per Available Seat Kilometres (RASK, cents)	13.9 (2.9%)	14.3 31.5%	10.8 0.7%	10.8 1.6%	10.6 1.8%

### New Zealand domestic and regional

Air New Zealand operates one of the most comprehensive domestic and regional networks in the world, with more than 400 flights every day to 20 New Zealand destinations. The domestic jet network across the main centres in New Zealand (Auckland, Wellington, Christchurch, Dunedin and Queenstown) is operated by a fleet of 18 Airbus A320s.

DOMESTIC AND REGIONAL	Covid-19 impacted			JUNE 2019	JUNE 2018
	JUNE 2022	JUNE 2021	JUNE 2020		
Passengers carried ('000s)	6,836 (16.5%)	8,191 (7.1%)	8,821 (23.4%)	11,513 3.8%	11,089 6.8%
Available Seat Kilometres – passenger flights (ASKs, millions)	4,929 (10.1%)	5,480 (2.5%)	5,619 (20.9%)	7,104 2.9%	6,905 4.7%
Revenue Passenger Kilometres (RPKs, millions)	3,452 (18.6%)	4,244 (6.8%)	4,552 (23.6%)	5,957 4.1%	5,719 7.7%
Load Factor	70.1% (7.3 pts)	77.4% (3.6 pts)	81.0% (2.9 pts)	83.9% 1.1 pts	82.8% 2.3 pts
Revenue per Available Seat Kilometres (RASK, cents)	19.5 (10.2%)	21.7 (7.8%)	23.6 5.1%	22.5 2.1%	22.0 3.6%

### Tasman and Pacific Islands

Air New Zealand operates an expansive network to Australia and the Pacific Islands. Prior to Covid-19 the airline operated more than 40 flights every day to/from eight destinations in Australia and around 14 flights every day to/from eight destinations throughout the Pacific Islands<sup>1</sup>. Our international short-haul network is operated by a fleet of Airbus A320/A321s and Boeing widebody aircraft. Following the phased reopening of New Zealand's borders from March 2022, the airline has rebuilt its short-haul network and as at the date of publication of this databook is flying 39 daily flights to/from nine destinations in Australia and 10 daily flights to/from seven Pacific Islands destinations<sup>2</sup>.

TASMAN AND PACIFIC ISLANDS	Covid-19 impacted			JUNE 2019	JUNE 2018
	JUNE 2022	JUNE 2021	JUNE 2020		
Passengers carried ('000s)	734 90.3%	386 (87.1%)	3,002 (25.8%)	4,044 6.5%	3,798 6.7%
Available Seat Kilometres – passenger flights (ASKs, millions)	2,665 20.4%	2,214 (78.6%)	10,367 (24.0%)	13,640 5.2%	12,963 7.7%
Revenue Passenger Kilometres (RPKs, millions)	1,937 101.0%	964 (88.3%)	8,265 (26.2%)	11,195 5.8%	10,584 8.2%
Load Factor	72.7% 29.2 pts	43.5% (36.2 pts)	79.7% (2.4 pts)	82.1% 0.5 pts	81.6% 0.3 pts
Revenue per Available Seat Kilometres (RASK, cents)	11.1 72.5%	6.4 (32.0%)	9.4 (2.2%)	9.6 (0.1%)	9.6 4.5%

### International long-haul

New Zealand is the centre of the Pacific Rim and accordingly Air New Zealand operates a strong network within this region. Prior to Covid-19 the airline's widebody fleet of Boeing 777-200ERs, Boeing 777-300ERs and Boeing 787-9 Dreamliners, along with a network of revenue share partnerships with other airlines, provided 38 direct flights every day to 17 international long-haul destinations<sup>1</sup> (outside Australia and the Pacific Islands). Since the outbreak of Covid-19, the resulting border closures and reduced demand, Air New Zealand has operated a significantly reduced schedule, focused primarily on cargo flights. Following the phased reopening of New Zealand's borders from March 2022, the airline rebuilt its network and as at the date of publication of this databook is flying to 13 destinations 26 times daily<sup>2</sup>.

INTERNATIONAL LONG-HAUL	Covid-19 impacted			JUNE 2019	JUNE 2018
	JUNE 2022	JUNE 2021	JUNE 2020		
Passengers carried ('000s)	175 145.2%	72 (95.8%)	1,702 (22.0%)	2,181 4.9%	2,079 3.3%
Available Seat Kilometres – passenger flights (ASKs, millions)	3,057 17.1%	2,610 (87.2%)	20,349 (19.5%)	25,285 3.6%	24,406 3.7%
Revenue Passenger Kilometres (RPKs, millions)	1,757 150.8%	700 (95.8%)	16,751 (21.8%)	21,421 5.2%	20,359 3.3%
Load Factor	57.5% 30.7 pts	26.8% (55.5pts)	82.3% (2.4 pts)	84.7% 1.3 pts	83.4% (0.4 pts)
Revenue per Available Seat Kilometres (RASK, cents)	7.2 37.0%	5.3 (34.8%)	8.1 (0.7%)	8.1 2.7%	7.9 (1.2%)

1. From the 2023 financial year Hawaii and Bali have been reclassified from the Tasman and Pacific Islands, or short-haul international route group, to the international long-haul route group. This has been reflected in the operating data in the tables above, and in the commentary regarding daily flight numbers and destinations including the pre-Covid 19 comparatives. 2. As at date of publication of this databook.



## Our network partnerships

Air New Zealand's airline partnerships range from simple interline relationships through to deep revenue share alliances, and from destination-specific arrangements to those covering whole continents.

At the global level, Air New Zealand's revenue share alliances, codeshare arrangements, Star Alliance partnerships and interline relationships, allow us to offer our customers connections across over 75 carriers<sup>1</sup> to nearly 1,800 destinations worldwide. Our revenue share alliances are a key part of our competitive advantage on the Pacific Rim and include strategic partnerships with United Airlines, Singapore Airlines, Cathay Pacific and Air China. We maintain a range of other codeshare and interline relationships with other carriers into specific markets,

including Air Canada, ANA, and Lufthansa. In addition, our membership in Star Alliance is critical to our customer proposition, including providing access to global benefits for our Airpoints™ Gold and Elite members.

Like Air New Zealand, our airline partners have been significantly impacted by the reduction in demand for air travel across the past three years due to Covid-19. While the breadth and depth of the airline's partnership agreements have remained largely unchanged, the extent of partner operations across the period to 30 June 2022 has been limited. However, with the phased reopening of New Zealand's borders from March 2022, the airline is building back its activity with these partners and Air New Zealand remains committed to providing connectivity through its alliance partners.

### REVENUE SHARE ALLIANCE PARTNERS:



### CODESHARE PARTNERS INCLUDE:



<sup>1</sup> This includes 33 major carriers, as well as other interline partners. <sup>2</sup> Air New Zealand has a codeshare relationship with Qantas on selected flights within each other's domestic networks when passengers are connecting from a Tasman journey.





## 6. Operating fleet

Air New Zealand operates a modern and highly fuel-efficient fleet that has been ideally configured for the network and customers it serves.

### Our fleet simplification journey

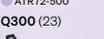
The airline has been on a decade long journey to simplify its fleet, with efficient aircraft across fewer aircraft types driving greater operational efficiency and cost outcomes. As at 30 June 2022 the fleet comprises a total of 104 aircraft across five fleet types, with 14 Boeing 787-9 Dreamliners, 7 Boeing 777-300ER's, 31 Airbus A320/A321 aircraft, 29 ATR turbo-props and 23 Q300 turbo-props.

From November 22 the airline welcomed the first of seven domestically configured Airbus A321neo aircraft. These aircraft have an additional 46 seats compared to the current A320 fleet and will provide greater capacity on our domestic trunk routes. Two further aircraft will arrive in the 2023 financial year, a further two in the 2024 financial year and the final two aircraft are scheduled for delivery in the 2027 financial year. Work is also underway to prepare for delivery of the first of eight new Boeing 787 Dreamliner aircraft powered by GE Aviation's GEnx-1B engines in 2024. These aircraft will feature the recently announced revolutionary cabin products, Business Premier Luxe and Skynest, the world's first sleep pods in the sky for Economy travellers. These aircraft will replace our Boeing 777-300ER fleet, which we will look to phase out by the 2028 financial year.

As we look to the future, we recognise the challenge the aviation sector faces to decarbonise. We are leaning into this challenge, joining forces with some of the world's most innovative aircraft developers to make zero emissions aircraft technology a reality in Aotearoa New Zealand. We recently announced 'Mission Next Gen Aircraft', an accelerator programme to progress two key goals:

- 1 to fly our first commercial demonstrator flight from 2026 and
- 2 to begin replacing our Q300 domestic fleet with a more sustainable aircraft – likely green hydrogen or battery hybrid systems – from 2030

We recognise these goals are ambitious but know this a significant step towards our net zero emissions by 2050 goal. More information on our emissions reduction targets can be found [here](#). We look forward to providing an update on our journey as it progresses.

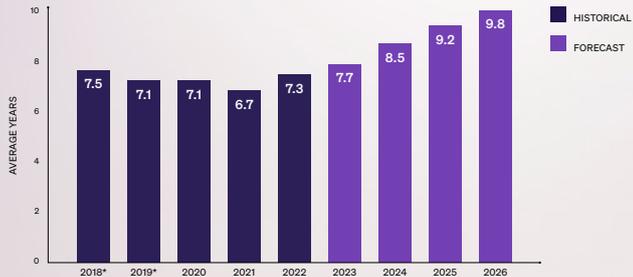
	FY11 (8 TYPES) TOTAL 102	FY22 (5 TYPES) TOTAL 104	FY28 (4 TYPES) TOTAL 107
<b>WIDEBODY</b>	<b>B747 (5)</b>  <b>B767 (5)</b>  <b>B777 (11)</b>  ● B777-300ER ● B777-200ER	<b>B787 (14)</b>  ● B787-9 <b>B777 (7)<sup>2</sup></b>  ● B777-300ER	<b>B787 (22)</b>  ● B787-9/10
<b>NARROWBODY</b>	<b>A320 (14)</b>  <b>B737 (15)</b> 	<b>A320 (31)</b>  ● A320 ● A321	<b>A320 (33)</b>  ● A320 ● A321
<b>TURBO-PROP</b>	<b>ATR72 (11)</b>  ● ATR72-500 <b>Q300 (23)</b>  <b>1900D (18)</b> 	<b>ATR72 (29)</b>  ● ATR72-600 <b>Q300 (23)</b> 	<b>ATR72 (29)</b>  ● ATR72-600 <b>Q300 (23)</b> 
<b>AGE<sup>1</sup></b>	~9 YEARS	7.3 YEARS	~10 YEARS

1. This represents the aircraft fleet age in years on a seat weighted basis. 2. Air New Zealand also previously operated Boeing 777-200ER aircraft, of which four were owned. These owned aircraft were permanently exited from service in 2021, and were sold in November and December 2022.





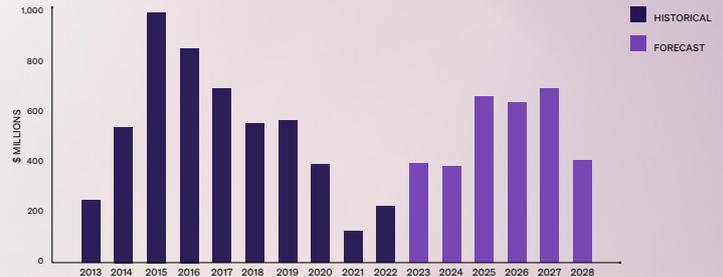
**AIRCRAFT FLEET AGE IN YEARS - SEAT WEIGHTED<sup>1</sup>**



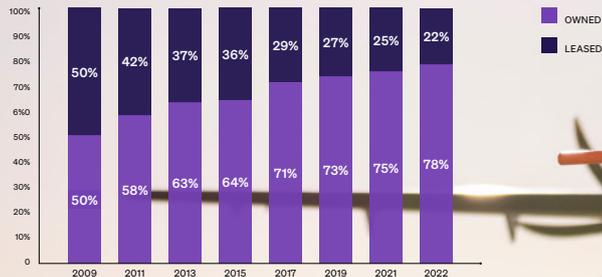
<sup>1</sup> From 2021 onwards, excludes the Boeing 777-200ER fleet.

\* Excludes short-term leases which provide cover for the global Rolls-Royce engine issues.

**AIRCRAFT CAPEX (\$ MILLIONS)**



**HISTORIC TREND OF FLEET OWNERSHIP - SEAT WEIGHTED**





## 7. Balance sheet structure, funding and liquidity

### Credit rating

Throughout the Covid-19 pandemic, Air New Zealand maintained its Baa2 rating and stable outlook from Moody's, making Air New Zealand one of the top investment-grade rated airlines in the world. This was most recently reaffirmed as at 24 March 2022. As at 30 June 2022, there had been no further rating action.

### Funding

Air New Zealand aircraft and associated aircraft assets are acquired via a mixture of ownership and lease structures. As at 30 June 2022, 89 of Air New Zealand's 104 aircraft fleet<sup>1</sup> were effectively owned.

### Secured borrowings

Air New Zealand funds the purchase of some of its aircraft and other aircraft related assets through secured bank borrowings from major international banks who specialise in airline and aircraft funding. As at 30 June 2022, Air New Zealand had total secured bank borrowings of \$1,185 million. Secured borrowings are subject to both fixed and floating interest rates. Fixed interest rates as at 30 June 2022 were 1 percent.

### Leases with purchase options

Air New Zealand adopted NZ IFRS 16 - Leases on 1 July 2019. As such, leases which contain a purchase option that are expected to be exercised (previously called finance leases) were reclassified from interest-bearing liabilities to lease liabilities on the airline's balance sheet. As at 30 June 2022, lease liabilities of \$869 million were recognised in relation to these leases.

<sup>1</sup> Excludes Boeing 777-200ERs and ATR72-500s which are held for sale.

### Leases without purchase options

As at 30 June 2022, 15 of Air New Zealand's 104 aircraft fleet were under lease contracts where a purchase option was not expected to be exercised (previously called operating leases). Upon adoption of NZ IFRS 16 in 2020, a right of use asset and a corresponding lease liability was recognised on the balance sheet, and depreciation, interest expense and other expenses were recorded in the Statement of Financial Performance. Aircraft lease liabilities related to these contracts were \$399 million and property lease liabilities were \$257 million as at 30 June 2022. For the year ended 30 June 2022, amounts recognised in the Statement of Financial Performance for aircraft were \$115 million and property of \$65 million.

Prior to the adoption of NZ IFRS 16, payments made under such leases (net of any incentives received) were recognised as rental expense on a straight-line basis over the term of the lease and the amount of future payments recorded off-balance sheet as an operating lease commitment.

### Crown Standby Loan Facility and Redeemable Shares

On 20 March 2020, Air New Zealand entered into a debt funding agreement with the New Zealand Government. Under the terms of the agreement, the Government provided a Standby Loan Facility (the CSF1) of up to \$900 million to support the airline as it managed the unprecedented impact of Covid-19. CSF1 was increased to \$1.5 billion as part of amendments negotiated in May 2021.

On 14 December 2021, the airline announced a revised Crown support package, which provided the ability to issue up to \$1 billion of non-voting redeemable shares to the Crown, and reduced the CSF1 from \$1.5 billion to \$1 billion. The Group was able to call for the Crown to subscribe for redeemable shares once at least \$850 million was drawn under the CSF1.

On 30 March 2022, the airline announced a \$2.2 billion recapitalisation package to position the airline for recovery. The package included a \$1.2 billion pro rata renounceable rights offer, \$600 million of redeemable shares on issue to the Crown, as well as a new unsecured committed revolving standby facility (the CSF2) with the Crown. Under the CSF2, the Group has the ability to draw down up to \$400 million for a period through to 30 January 2026.

In May 2022 upon completion of the rights offer, the CSF1 was repaid in full and cancelled. As at 30 June 2022, the CSF2 remains undrawn.

On 2 June 2022, following receipt of the Australian medium-term note (AMTN) proceeds (see further detail in the Unsecured borrowings section below), Air New Zealand redeemed \$400 million of redeemable shares issued to the Crown. As at 30 June 2022, \$200 million of redeemable shares remain on issue to the Crown<sup>1</sup>.

### Unsecured borrowings

On 25 May 2022, the Group issued AUD\$550 million of unsecured, unsubordinated Australian medium-term notes (AMTN) in two tranches. The first tranche of AUD\$300 million, is a 4-year fixed rate note maturing on 25 May 2026 with a fixed coupon of 5.7 percent per annum payable semi-annually. The second tranche of AUD\$250 million, is a 7-year fixed rate bonds maturing on 25 May 2029 with a fixed coupon of 6.5 percent per annum payable semi-annually.

As at 30 June 2022, Air New Zealand also had NZX listed bonds of \$50 million, quoted on the debt market under the ticker code AIRO20. The unsecured, unsubordinated, fixed rate bonds had an interest rate of 4.25 percent payable semi-annually and matured on 28 October 2022<sup>2</sup>.



<sup>1</sup> Air New Zealand redeemed the remaining \$200 million of redeemable shares on 28 November 2022. This was the final redemption, and the facility has now been cancelled. <sup>2</sup> On 27 October 2022, the airline issued new NZX listed bonds of \$100 million (AIRO30). The unsecured, unsubordinated fixed rate bonds have a maturity date of 27 April 2028 and an interest rate of 6.61 percent payable semi-annually. The AIRO30 bonds are quoted on the NZX Debt Market under the ticker code AIRO30. On 28 October 2022 the AIRO20 bonds matured and were redeemed.



## Gearing

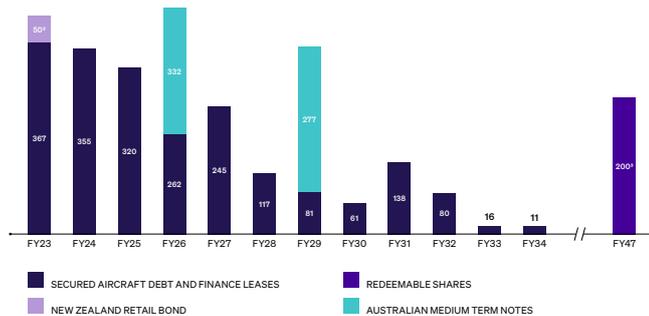
As at 30 June 2022, Net Debt was \$1,392 million and gearing was 45.4 percent. Air New Zealand targets a gearing range of 45 percent to 55 percent within its capital structure – however, acknowledges in its capital management policy that it has the ability to go outside this range from time to time.

When calculating the level of gearing, Net Debt includes interest-bearing liabilities, lease liabilities less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and lease liabilities, and interest-bearing assets.

## Liquidity

As at 30 June 2022, the airline had total available liquidity of \$2.2b. This comprised cash of \$1.8b (including \$200 million of redeemable shares) and \$400 million of undrawn funds under CSF2.

DEBT MATURITY PROFILE AS AT 30 JUNE 2022<sup>1</sup> - (\$ MILLIONS)



1. 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. 2. This represents AIR020, a \$50 million NZX listed retail bond that matured on 28 October 2022. 3. Air New Zealand retained flexibility over redemption and cancellation of remaining \$200m of Redeemable Shares on issue to the Crown as at 30 June 2022, subject to final redemption date in December 2046. On 28 November 2022, the remaining \$200 million of Redeemable Shares were redeemed and the facility was cancelled.





## 8. Risk management

Air New Zealand is subject to foreign currency, fuel price, interest rate and credit risks. These risks are managed with various financial instruments, applying a set of policies approved by the Board of Directors. Compliance with these policies is reviewed and reported monthly to the Board and is included as part of the internal audit programme.

Across the 2020 to 2022 financial years, New Zealand's borders were effectively closed due to the Covid-19 pandemic. Over this time, uncertainty regarding the resumption of international flying affected our ability to accurately forecast transactions subject to foreign exchange and fuel price risk in the short to medium-term. Consequently, the Board of Directors granted an interim exemption to certain risk management policies which are set out in more detail in the 2022 audited financial statements.

Since the phased reopening of New Zealand's borders from March 2022, we have returned to compliance with the majority of our risk management policy settings, with the remaining exemptions reported monthly to the Board of Directors. The Group policy is not to enter, issue or hold financial instruments for speculative purposes. The latest [Air New Zealand Annual Financial Results](#) provides a full description of financial risk management and discusses the specific risks and risk management applicable to Air New Zealand.

The airline has a comprehensive Enterprise Risk Management (ERM) Framework designed to provide a consistent approach to risk identification, management and reporting. The Board and management have identified and assessed a number of strategic risks facing the business. These have been prioritised based on their relative strategic importance and criticality. For more information on strategic risks please refer to the Risk Management/ Strategic Risks section of the Corporate Governance Statement in our [2022 Annual Financial Results](#) or the Corporate Governance section of the investor centre website, which can be accessed online at [airnewzealand.co.nz/corporate-governance](https://airnewzealand.co.nz/corporate-governance)

### Fuel price risk

Fuel price risk is the risk of economic loss to Air New Zealand arising from adverse fluctuations in fuel prices. The objective of Air New Zealand's commodity risk management activities is to provide time to adjust to changing fuel prices while reducing volatility to the operating margins in the short-term.

Air New Zealand primarily manages jet fuel price risk by using crude oil hedges consisting of Brent Crude hedges. Fuel price hedging generally does not exceed 12 months. Typically, the next four months of future fuel purchases are hedged to a minimum of 50 percent and that minimum then progressively reduces to zero by the eighth month. The maximum amount of hedges can be 90 percent for the next six months and then progressively falling to 20 percent in the twelfth month.

### Foreign currency risk

The Group's currency exposure primarily arises from operating activities, receiving ticket sales in foreign currencies and paying for fuel, aircraft leases and aircraft maintenance largely in USD. For capital activities, the company purchases fixed assets denominated in foreign currency on a regular basis and also has borrowings in foreign currency.

The objective of currency risk management is to provide the airline with time to adjust to changes in market conditions.

Air New Zealand manages currency risk through two methodologies:

- Placement of hedging cover on identified operating foreign currency exposures
- Management of foreign currency balance sheet items, mainly debt, by way of actual hedges

The above policies are adhered to and monitored on a day to day operational basis. The Executive team and the Board of Directors reserve the right to operate outside of these policy parameters from time to time and as required for the financial and operational benefit of Air New Zealand.

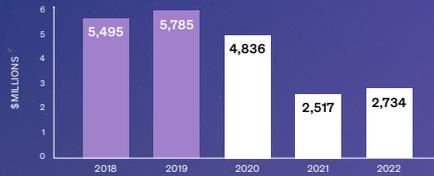
### Interest rate risk

Air New Zealand has exposure to interest rate risk as a result of the long-term borrowing activities which are used to fund ongoing activities. It is the Groups policy to ensure the interest rate exposure is managed to minimise the impact of changes in interest rates on its net floating rate long-term borrowings. Air New Zealand policy is to fix between 70 percent to 90 percent of its exposure to interest rates including fixed interest leases in the next 12 months. Interest rate swaps (including cross currency interest rate swaps) are used to achieve an appropriate mix of fixed and floating rate exposure if the volume of fixed rate loans or fixed rate leases is insufficient.

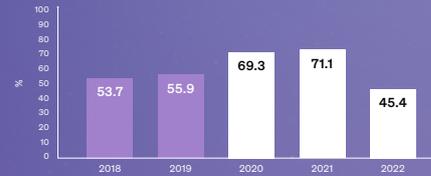


# 9. Earnings and dividend performance

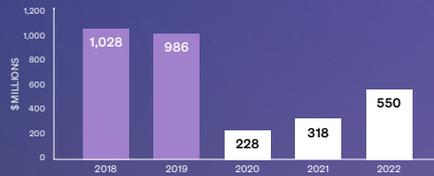
OPERATING REVENUE (\$ MILLIONS)



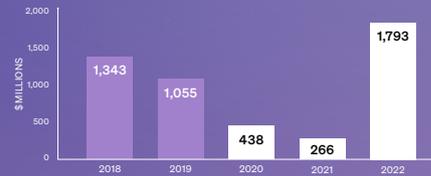
GEARING (%)



OPERATING CASH FLOW (\$ MILLIONS)



CASH ON HAND (\$ MILLIONS)



EARNINGS BEFORE OTHER SIGNIFICANT ITEMS AND TAXATION (\$ MILLIONS)



ORDINARY DIVIDENDS DECLARED (CENTS PER SHARE)





## 10. Financial and operating data

### KEY FINANCIAL METRICS FOR THE YEAR TO 30 JUNE

GROUP		Covid-19 impacted			2019	2018
		2022	2021	2020		
<b>Profitability and Capital Management</b>						
EBITAS <sup>1</sup> /Operating Revenue	%	(24.6)	(15.1)	(1.2)	6.6	10.0
EBITDRASA <sup>2</sup> /Operating Revenue	%	(0.1)	13.3	16.2	20.4	23.5
Passenger Revenue per Revenue Passenger Kilometre (Yield)	cents	20.7	24.9	13.3	12.9	12.8
Passenger Revenue per Available Seat Kilometre (RASK) <sup>3</sup>	cents	13.9	14.3	10.8	10.8	10.6
Cost per Available Seat Kilometre (CASK) <sup>4</sup>	cents	13.7	12.5	10.5	10.0	9.5
Return on Invested Capital Pre-tax (ROIC) <sup>5</sup>	%	(21.2)	(8.2)	(13.3)	10.6	13.6
Liquidity ratio <sup>6</sup>	%	65.6	10.6	9.1	18.2	26.8
Gearing (incl. net capitalised aircraft operating leases) <sup>7</sup>	%	45.4	71.1	69.3	55.9	53.7
<b>Shareholder Value</b>						
Basic Earnings per Share <sup>8</sup>	cps	(40.8)	(26.0)	(40.5)	24.6	31.5
Operating Cash Flow per Share <sup>8</sup>	cps	16.3	28.3	20.3	87.8	91.6
Ordinary Dividends Declared per Share <sup>8</sup>	cps	-	-	-	22.0	22.0
Net Tangible Assets per Share <sup>8</sup>	\$	0.39	0.86	1.10	1.82	1.92
Closing Share Price 30 June	\$	0.57	1.55	1.32	2.65	3.18
Weighted Average Number of Ordinary Shares	m	1,449	1,123	1,123	1,123	1,123
Total Number of Ordinary Shares	m	3,368	1,123	1,123	1,123	1,123
Total Market Capitalisation	\$m	1,920	1,740	1,482	2,976	3,565
Total Shareholder Returns <sup>9</sup>	%	(19.5)	0.7	(5.3)	14.0	26.7

- (Loss)/Earnings before interest and taxation (EBIT) excluding share of earnings of associates (net of taxation) and other significant items
- EBITDRA excluding share of earnings of associates (net of taxation) and other significant items
- Passenger revenue per passenger flights Available Seat Kilometre
- Operating expenditure (excluding other significant items) per ASK
- EBIT plus interest component of aircraft operating leases/average capital employed (Net Debt plus Equity) over the period
- Bank and short-term deposits and interest-bearing assets (excluding restricted cash)/Operating Revenue
- Net Debt (including capitalised aircraft operating leases)/(Net Debt plus Equity)
- Per-share measures based upon Ordinary Shares. Net tangible assets exclude 'Intangible assets' and 'Deferred taxation' reported on the face of the Statement of Financial Position as well as carbon credit assets reported within 'Other assets'
- Return over five years including the change in share price and dividends received (assuming dividends are reinvested in shares on ex dividend date)

Certain comparatives within the five year statistical review have been reclassified for comparative purposes, to ensure consistency with the current year. Following the International Financial Reporting Interpretations Committee ('IFRIC') issuing a new interpretation in April 2021 on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) certain costs in respect of configuring or customising a supplier's application software in a Software as a Service ('SaaS') arrangement were no longer able to be capitalised and were required to be recognised as an operating expense. The interpretation was applied retrospectively and comparatives restated accordingly. The Group adopted NZ IFRS 16 - Leases on 1 July 2019. In accordance with the transitional provisions of NZ IFRS 16, comparatives have not been restated. NZ IFRS 15 - Revenue from Contracts with Customers was adopted on 1 July 2018 with comparatives being restated for the 2018 financial year.

### KEY OPERATING STATISTICS FOR THE YEAR TO 30 JUNE

	Covid-19 impacted			2019	2018
	2022	2021	2020		
<b>Passengers Carried (000)</b>					
Domestic	6,836	8,191	8,821	11,513	11,089
International					
Australia and Pacific Islands	734	386	3,002	4,044	3,798
Asia	51	32	734	914	837
America and Europe	124	40	968	1,267	1,242
Total	909	458	4,704	6,225	5,877
<b>Total Group</b>	<b>7,745</b>	<b>8,649</b>	<b>13,525</b>	<b>17,738</b>	<b>16,966</b>
<b>Available Seat Kilometres (m)</b>					
Domestic	4,929	5,480	5,619	7,104	6,905
International					
Australia and Pacific Islands	2,665	2,214	10,367	13,640	12,963
Asia	1,229	1,572	8,117	9,699	9,169
America and Europe	1,828	1,038	12,232	15,586	15,237
Total	5,722	4,824	30,716	38,925	37,369
Total passenger flights	10,651	10,304	36,335	46,029	44,274
Cargo-only flights	9,368	7,106	2,151	-	-
<b>Total Group</b>	<b>20,019</b>	<b>17,410</b>	<b>38,486</b>	<b>46,029</b>	<b>44,274</b>
<b>Revenue Passenger Kilometres (m)</b>					
Domestic	3,452	4,244	4,552	5,957	5,719
International					
Australia and Pacific Islands	1,937	964	8,265	11,955	10,584
Asia	445	292	6,526	8,140	7,467
America and Europe	1,312	408	10,225	13,281	12,892
Total	3,694	1,664	25,016	32,616	30,943
<b>Total Group</b>	<b>7,146</b>	<b>5,908</b>	<b>29,568</b>	<b>38,573</b>	<b>36,662</b>
<b>Passenger Load Factor (%)</b>					
Domestic	70.1	77.4	81.0	83.9	82.8
International					
Australia and Pacific Islands	72.7	43.5	79.7	82.1	81.6
Asia	36.2	18.6	80.4	83.9	81.4
America and Europe	71.8	39.3	83.6	85.2	84.6
Total	65.5	36.5	81.4	83.8	83.4
<b>Total Group</b>	<b>67.1</b>	<b>57.3</b>	<b>81.4</b>	<b>83.8</b>	<b>82.8</b>
<b>Group Employee Numbers (Full Time Equivalents)</b>	<b>8,863</b>	<b>7,840</b>	<b>9,988</b>	<b>11,793</b>	<b>11,074</b>

New Zealand, Australia and Pacific Islands represents short-haul operations. Asia, America and Europe represent long-haul operations.



## HISTORICAL SUMMARY OF FINANCIAL PERFORMANCE FOR THE YEAR TO 30 JUNE

	Covid-19 impacted			2019 \$M	2018 \$M
	2022 \$M	2021 \$M	2020 \$M		
<b>Operating Revenue</b>					
Passenger revenue	1,476	1,470	3,942	4,960	4,696
Cargo	1,016	769	449	390	387
Contract services	117	161	216	197	193
Other revenue	125	117	229	238	219
	<b>2,734</b>	<b>2,517</b>	<b>4,836</b>	<b>5,785</b>	<b>5,495</b>
<b>Operating Expenditure</b>					
Labour	(976)	(830)	(1,197)	(1,351)	(1,294)
Fuel	(560)	(311)	(1,022)	(1,271)	(987)
Maintenance	(259)	(254)	(441)	(399)	(352)
Aircraft operations	(412)	(350)	(575)	(678)	(634)
Passenger services	(116)	(84)	(258)	(319)	(295)
Sales and marketing	(131)	(73)	(253)	(350)	(344)
Foreign exchange (losses)/gains	(3)	(29)	18	53	(19)
Other expenses	(281)	(252)	(326)	(290)	(281)
	<b>(2,738)</b>	<b>(2,183)</b>	<b>(4,054)</b>	<b>(4,605)</b>	<b>(4,206)</b>
<b>Operating Earnings (excluding items below)</b>	(4)	334	782	1,180	1,289
Depreciation and amortisation	(668)	(715)	(840)	(554)	(515)
Rental and lease expenses	-	-	-	(245)	(227)
<b>(Loss)/Earnings Before Finance Costs, Associates, Other Significant Items and Taxation</b>	(672)	(381)	(58)	381	547
Finance income	14	8	34	48	40
Finance costs	(94)	(90)	(103)	(79)	(73)
Share of earnings of associates (net of taxation)	27	19	39	37	33
<b>(Loss)/Earnings Before Other Significant Items and Taxation</b>	(725)	(444)	(88)	387	547
Other significant items (see over page)	(85)	29	(54)	(5)	(57)
<b>(Loss)/Earnings Before Taxation</b>	(810)	(415)	(629)	382	490
Taxation credit/(expense)	219	123	174	(106)	(136)
<b>Net (Loss)/Profit Attributable to Shareholders of Parent Company</b>	<b>(591)</b>	<b>(292)</b>	<b>(455)</b>	<b>276</b>	<b>354</b>

Certain comparatives within the five year statistical review have been reclassified for comparative purposes, to ensure consistency with the current year. Following the International Financial Reporting Interpretations Committee ("IFRIC") issuing a new Interpretation in April 2021 on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) certain costs in respect of configuring or customising a supplier's application software in a Software as a Service ("SaaS") arrangement were no longer able to be capitalised and were required to be recognised as an operating expense. The interpretation was applied retrospectively and comparatives restated accordingly. The Group adopted NZ IFRS 16 - Leases on 1 July 2019. In accordance with the transitional provisions of NZ IFRS 16, comparatives have not been restated. NZ IFRS 15 - Revenue from Contracts with Customers was adopted on 1 July 2018 with comparatives being restated for the 2018 financial year.

## HISTORICAL SUMMARY OF CASH FLOWS FOR THE YEAR TO 30 JUNE

	Covid-19 impacted			2019 \$M	2018 \$M
	2022 \$M	2021 \$M	2020 \$M		
<b>Cash flow from operating activities</b>	550	318	228	986	1,028
Cash flow from investing activities	(331)	(177)	(540)	(863)	(775)
Cash flow from financing activities	1,308	(313)	(305)	(391)	(279)
<b>Increase/(Decrease) in cash holding</b>	<b>1,527</b>	<b>(172)</b>	<b>(617)</b>	<b>(288)</b>	<b>(26)</b>
<b>Total Cash and Cash Equivalents</b>	<b>1,793</b>	<b>266</b>	<b>438</b>	<b>1,055</b>	<b>1,343</b>

Certain comparatives within the five year statistical review have been reclassified for comparative purposes, to ensure consistency with the current year. Following the International Financial Reporting Interpretations Committee ("IFRIC") issuing a new interpretation in April 2021 on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) certain costs in respect of configuring or customising a supplier's application software in a Software as a Service ("SaaS") arrangement were no longer able to be capitalised and were required to be recognised as an operating expense. The interpretation was applied retrospectively and comparatives restated accordingly.

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## HISTORICAL SUMMARY OF FINANCIAL POSITION AS AT 30 JUNE

	Covid-19 impacted			2019 \$M	2018 \$M
	2022 \$M	2021 \$M	2020 \$M		
<b>Current Assets</b>					
Bank and short-term deposits	1,793	266	438	1,055	1,343
Other current assets	704	560	571	749	910
<b>Total Current Assets</b>	<b>2,497</b>	<b>826</b>	<b>1,009</b>	<b>1,804</b>	<b>2,253</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	3,190	3,128	3,336	5,133	4,892
Other non-current assets	2,663	2,730	3,193	680	554
<b>Total Non-Current Assets</b>	<b>5,853</b>	<b>5,858</b>	<b>6,529</b>	<b>5,813</b>	<b>5,446</b>
<b>Total Assets</b>	<b>8,350</b>	<b>6,684</b>	<b>7,538</b>	<b>7,617</b>	<b>7,699</b>
<b>Current Liabilities</b>					
Debt <sup>1</sup>	590	907	513	307	431
Other current liabilities	2,581	1,446	1,589	2,359	2,265
<b>Total Current Liabilities</b>	<b>3,171</b>	<b>2,353</b>	<b>2,102</b>	<b>2,666</b>	<b>2,696</b>
<b>Non-Current Liabilities</b>					
Debt <sup>1</sup>	2,978	2,401	3,188	2,290	2,303
Other non-current liabilities	524	832	934	672	630
<b>Total Non-Current Liabilities</b>	<b>3,502</b>	<b>3,233</b>	<b>4,122</b>	<b>2,962</b>	<b>2,933</b>
<b>Total Liabilities</b>	<b>6,673</b>	<b>5,586</b>	<b>6,224</b>	<b>5,628</b>	<b>5,629</b>
<b>Net Assets</b>	<b>1,677</b>	<b>1,098</b>	<b>1,314</b>	<b>1,989</b>	<b>2,070</b>
<b>Total Equity</b>	<b>1,677</b>	<b>1,098</b>	<b>1,314</b>	<b>1,989</b>	<b>2,070</b>

1. Debt is comprised of secured borrowings, bonds, medium term notes, finance lease liabilities, lease liabilities and Redeemable Shares.

## HISTORICAL SUMMARY OF OTHER SIGNIFICANT ITEMS FOR THE YEAR TO 30 JUNE

	Covid-19 impacted			2019 \$M	2018 \$M
	2022 \$M	2021 \$M	2020 \$M		
Foreign exchange (losses)/gains on debt and leases, offset by foreign exchange gains on the hedged item, following disestablishment of fair value hedges	-	-	(46)	(5)	(57)
Amounts transferred from the cash flow hedge reserve where the forecast transaction is no longer expected to occur	(13)	(18)	(105)	-	-
Foreign exchange (losses)/gains on uncovered interest-bearing liabilities and lease liabilities	(43)	143	67	-	-
Aircraft impairment and lease modifications	(6)	(78)	(338)	-	-
Reorganisation costs	1	(39)	(140)	-	-
Gain on sale of landing slots	-	21	21	-	-
Impairment of intangible asset	(24)	-	-	-	-
	<b>(85)</b>	<b>29</b>	<b>(541)</b>	<b>(5)</b>	<b>(57)</b>

## 11. Other information

### Glossary of key terms

<b>Available Seat Kilometres (ASKs)</b>	Number of seats operated multiplied by the distance flown (capacity)
<b>Cost/ASK (CASK)</b>	Operating expenses divided by the total ASK for the period
<b>Gearing</b>	Net Debt/(Net Debt + Equity); Net Debt includes capitalised aircraft operating lease commitments up to 30 June 2019
<b>Earnings before interest, tax, depreciation, amortisation, other 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>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>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 periods up to 30 June 2019, net aircraft operating lease commitments for the next twelve months multiplied by a factor of seven (excluding short-term leases, which provide 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>Passenger Load Factor</b>	RPKs as a percentage of ASKs
<b>Passenger Revenue/ASK (RASK)</b>	Passenger revenue for the period divided by the total ASK for the period
<b>Revenue Passenger Kilometres (RPKs)</b>	Number of revenue passengers carried multiplied by the distance flown (demand)
<b>Other significant items</b>	Other significant items are items of revenue or expenditure which due to their size and nature warrants separate disclosure to assist with the understanding of the financial performance of the Group. Other significant items is reported within the Group's audited annual financial statements

The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, Gross Debt, EBITDASA and RASK. Amounts used within the calculations are derived from the audited Group financial statements and Five Year Statistical Review contained in the 2022 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.

### Expenditure classifications

<b>Labour</b>	All salaries, wages and employee benefits
<b>Fuel</b>	Fuel including hedging gains/losses
<b>Maintenance</b>	Materials and services
<b>Aircraft operations</b>	Airport dues, aircraft ground handling, line servicing, loading, air navigation and tech crew trip costs
<b>Passenger services</b>	Passenger ground handling, meals, inflight services, cabin crew trip expenses, lounge expenses and security charges
<b>Sales and marketing</b>	Commissions, advertising, promotions, marketing, Airpoints loyalty programme costs and distribution costs
<b>Other expenses</b>	Safety, IT costs, legal and accounting, insurance, employee relations and property costs



## 12. Investor resources

Investor Centre

[airnewzealand.co.nz/investor-centre](https://airnewzealand.co.nz/investor-centre)

Monthly operating data

[airnewzealand.co.nz/monthly-operating-data](https://airnewzealand.co.nz/monthly-operating-data)

Corporate Governance

[airnewzealand.co.nz/corporate-governance](https://airnewzealand.co.nz/corporate-governance)

Sustainability

[airnewzealand.co.nz/sustainability](https://airnewzealand.co.nz/sustainability)

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