

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

MARKET ANNOUNCEMENT

25 November 2024

Air New Zealand provides half year earnings guidance

At its annual results announcement in August 2024, Air New Zealand outlined several factors that had influenced its financial performance. As expected, many of these factors have impacted performance for the 2025 financial year to date, albeit the airline has taken proactive steps to mitigate these. In parallel, the airline continues to drive innovations and customer initiatives including updating its Seats-to-Suit offering and deploying live chat capability to reduce customer wait times and cost to serve. The airline also continues to make investments across the business which are contributing toward operational efficiencies, customer satisfaction and profitability.

Aircraft availability issues resulting from global engine maintenance delays have seen up to six Airbus neo aircraft and up to four Boeing 787 aircraft out of service across the first half of this financial year. This represents over 16 percent of Air New Zealand's entire jet fleet. Based on current assumptions and recent discussions with engine manufacturers, the airline does not expect these availability issues to ease until early 2026. However, the airline continues to explore all options to improve capacity including further aircraft leases.

Early signs of recovery in corporate travel have recently been observed. Government travel demand remains subdued. Targeted reductions in competitive capacity on the North American market over the peak Northern Winter season have also been noted.

In the context of the above factors, and noting several one-off items in the first half, the airline currently expects earnings before taxation for the first half of the 2025 financial year to be in the range of \$120 million to \$160 million. This includes approximately \$10 million of unused travel credit breakage, \$30 million of compensation from engine manufacturers relating to prior periods (as part of a broader compensation package) and a gain of approximately \$20 million on the sale and leaseback of four A320 aircraft. This guidance range also assumes an average jet fuel price of US\$91 per barrel for the first half.

Given the ongoing uncertainties in both the trading and operating environment, the airline cautions against extrapolating first half guidance for the 2025 financial year to the full year. Full year guidance will be provided when the airline has sufficient certainty to do so, currently expected to be on or around interim results.

Ends

This announcement has been authorised for release to NZX and ASX by Jennifer Page, General Counsel & Company Secretary (jennifer.page@airnz.co.nz).

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