

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

MARKET ANNOUNCEMENT

25 November 2024

Air New Zealand 2024 Investor Day

Air New Zealand is hosting an investor day today, 25 November 2024, in Auckland beginning at 1:00pm NZST. The presentation for the event is attached.

Earlier today, the airline provided a market update including earnings guidance for the first half of the 2025 financial year. The link to that announcement can be found [here](#). Slide 10 of the investor presentation provides a summary of the earnings guidance and should be read in conjunction with the full statement.

The investor day will be accessible live via webcast. For a link to the webcast, please click [here](#). There will not be a conference call line available for this event.

A replay of the webcast will be made accessible through the Investor Centre section of Air New Zealand's website approximately 24 hours after the event, under the "Latest events" section. A link to the Air New Zealand Investor Centre can be found [here](#).

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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AIR NEW ZEALAND 

Investor Day 2024

— 25 November 2024

ZK-DKP



A STAR ALLIANCE MEMBER 

Important notice and disclaimer



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- should be read in conjunction with, and is subject to, Air New Zealand's consolidated financial statements for the year ended 30 June 2024, prior annual and interim reports and Air New Zealand's market releases on the NZX and ASX
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Non-GAAP financial information

The following non-GAAP measures are not audited: Net Debt and EBITDA. Amounts used within the calculations are derived from the audited Group annual financial statements and Five-Year Statistical Review contained in the 2024 Annual Report. 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.

Refer to slide 84 for a glossary of the key terms used in this presentation.

Unless otherwise stated, all time periods referred to in this presentation are for the financial year, being 1 July to 30 June. For example, '2024' refers to the 2024 financial year.



Agenda



1:00 – 1:20	Strategic priorities	Greg Foran
1:20 – 1:50	Network strategy	Mike Williams
1:50 – 2:20	Commercial growth	Jeremy O'Brien
2:20 – 2:40	Our loyalty opportunity	Kate O'Brien
2:40 – 3:00	Break	
3:00 – 3:25	Digitalisation of our airline	Nikhil Ravishankar
3:25 – 3:45	People and culture	Nikki Dines
3:45 – 4:15	Fleet and financial priorities	Richard Thomson
4:15 – 5:00	Q&A	

Strategic priorities

— Greg Foran
Chief Executive Officer



Air New Zealand –
voted 2024's best airline in the world

Condé Nast
Traveler



Key messages you should take away from today



We have a high-performing, engaged team with a customer-centric focus



We will sustain our leading position in New Zealand by leveraging deep competitive strengths



Premiumisation, ancillary and loyalty expansion, alongside disciplined cost control will power future earnings growth



We are unlocking value through digital transformation and our people



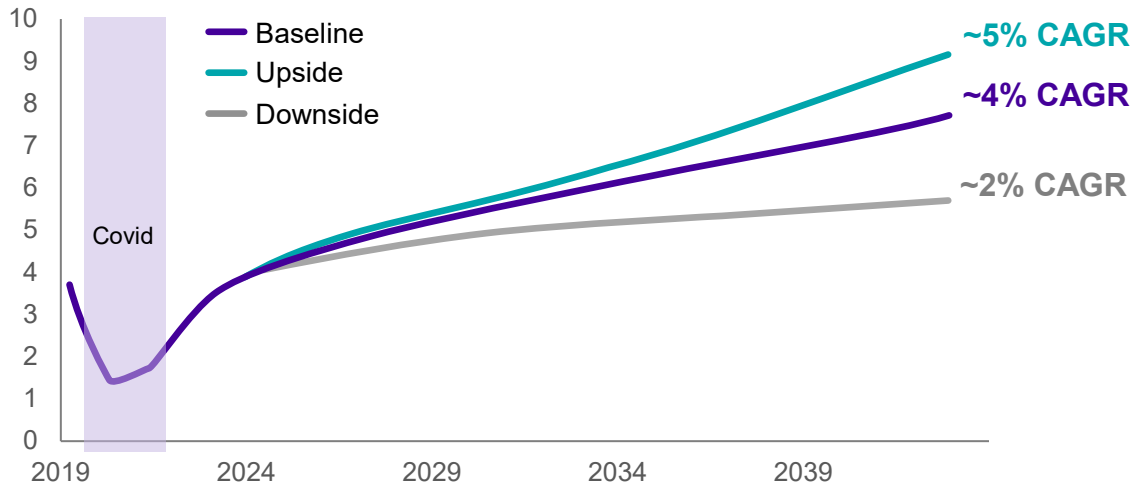
Our strong balance sheet provides us with ability to grow and maximise shareholder returns



Enduring global demand supports continued growth in air travel

Covid experience proved yet again that people value connections...

Global outlook - air passenger journeys (billions)



Source: IATA Global Outlook for Air Transport 2024

...which is core to our purpose as a business

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

Air New Zealand is a leading player in an attractive premium leisure market



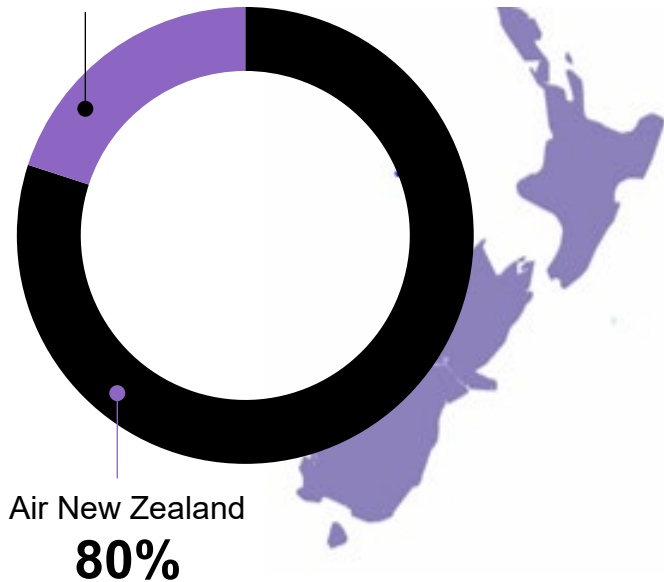
Air travel provides critical infrastructure support to the New Zealand economy



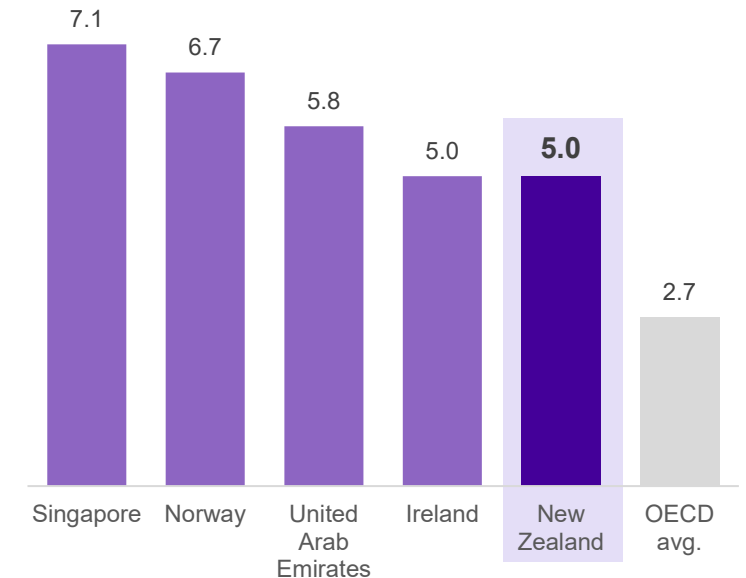
Strong Kiwi propensity for outbound international travel is expected to continue

Competitors

20%



Top 5 countries globally by 2033 forecast trips per capita¹



¹ Airbus Global Markets Forecast for countries with populations of more than 4 million.

We are navigating ongoing global industry constraints with strategic solutions



Industry constraints



Engine issues and shop capacity



OEM delivery delays



Supply chain constraints



Workforce shortages

Mitigations we have implemented



Swiftly negotiated leased aircraft and engines



Increased inventory of parts and spares



Network and schedule adjustments, including temporary suspension of Chicago



Leveraging our longstanding OEM relationships



Simplifying hiring processes for offshore aircraft engineers

Near-term outlook shaped by aircraft availability and other economic conditions



Observing a continuation of external conditions previously highlighted at 2024 Annual Results



Planning for up to 6 Airbus neo aircraft and up to 4 Boeing 787 aircraft out of service for the majority of the 2025 financial year due to global engine maintenance delays



New Zealand domestic demand remains soft, particularly government-purpose travel; early signs of improvement in corporate bookings



Targeted reductions in US competitive capacity over the peak Northern Winter season

First half guidance for the 2025 financial year announced on 25 November 2024

In the context of these conditions, 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 several one-off items in the first half:

- **~\$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)
- **~\$20 million** gain on the sale and leaseback of 4 A320 aircraft

This guidance range also assumes an average jet fuel price of US\$91/barrel for the first half.

For the full disclosure, please refer to the NZX announcement made on 25 November 2024.



We are building from a foundation of unique competitive advantages...



Iconic brand and service culture



Unmatched domestic network



Investment grade credit rating



Largest loyalty programme in New Zealand



Simplified fleet configured for the New Zealand market



Diversified international network and deep joint venture partnerships

...strengthened further by significant progress we have made for our people, customers and operation



People

- ✓ Circle of Safety
- ✓ Sustainable jobs programme
- ✓ Engineers on the green list
- ✓ Mangopare pilot cadetship
- ✓ 13 collective agreements ratified¹
- ✓ Cross functional operating model
- ✓ Hired **>3,000** people as borders reopened
- ✓ **>200,000 hours** of training for new people in operational areas

¹ For the 2024 financial year, unless otherwise noted

Customer

- ✓ Improved digital app
- ✓ Improved IFE
- ✓ Auckland check-in experience
- ✓ Baggage tracking within our app
- ✓ Rolled out iFly platform for loyalty programme
- ✓ New food & beverage onboard
- ✓ **10** new ground partners added to Airpoints ecosystem in the last two years
- ✓ Reinvigorated Seats-to-Suit offering
- ✓ Free Wifi on international aircraft
- ✓ Rolled out Live Chat for Contact Centre

Operation

- ✓ Paperless flight deck
- ✓ Ops Collab tool
- ✓ New flight planning software
- ✓ Modernised ground service equipment
- ✓ Mobile devices across operational workforces
- ✓ Migration of data centres to the cloud
- ✓ Biometric boarding in select ports
- ✓ Introduced mobile bag-scanning app for staff
- ✓ Bag-drop improvements increasing throughput



Our Kia Mau strategy is focused on maximising shareholder value



Increased profitability driven by three pillars:



Grow Domestic

Be the best-connected country in the world, getting customers to any of 20+ destinations within two hours



Elevate International

An international network focused on premium leisure customers and cargo



Lift Loyalty

A supercharged loyalty programme, loved by members and used for everything from free flights to buying everyday items

Supported through investment across four key enablers:



Brilliant Basics

Do it right, first time every time



People and Safety

Putting health, people and safety first



Sustainability

Committed to meaningful action to reduce our environmental impact



Digital Dexterity

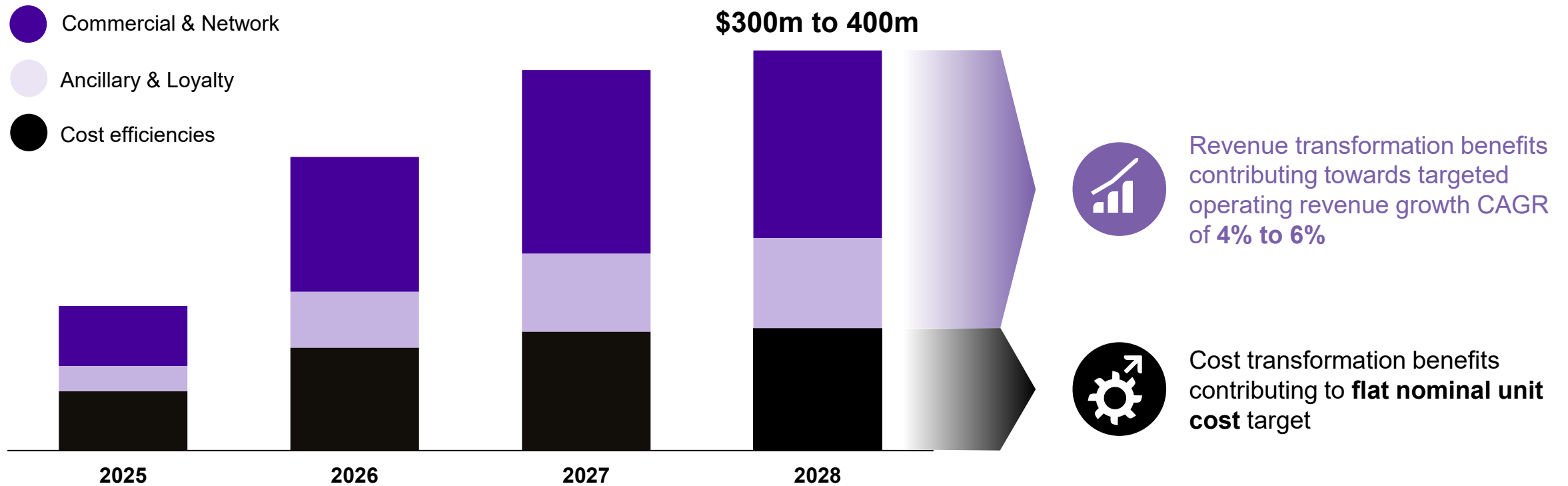
Super charge customer experiences and advance operational efficiency





Targeting profit improvement from key transformation initiatives

Transformation initiatives expected to contribute a cumulative \$300 to \$400 million benefit to EBITDA performance by 2028



We are positioned for stronger profitability as headwinds ease



Strong foundations that we continue to nurture for success



Focus to structurally improve our business and profit through the cycle

- ✓ Safety first, always
- ✓ Engaged and empowered culture
- ✓ Strong brand and customer loyalty
- ✓ Enviable network positions
- ✓ Operational focus, every day
- ✓ Robust balance sheet

- Capital-efficient network growth
- Increased premium mix
- High growth ancillary products
- Supercharged loyalty programme
- Digitally-led
- Stronger shareholder returns

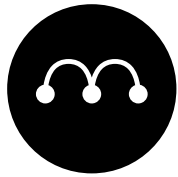
Our network strategy

— Mike Williams

Chief Transformation and Alliances Officer



We operate in a market with a need for strong air connectivity



Critical infrastructure

Domestic geography relies on air travel to connect regions



Isolated

Closest neighbour 2,000 kilometres away



Trade dependent

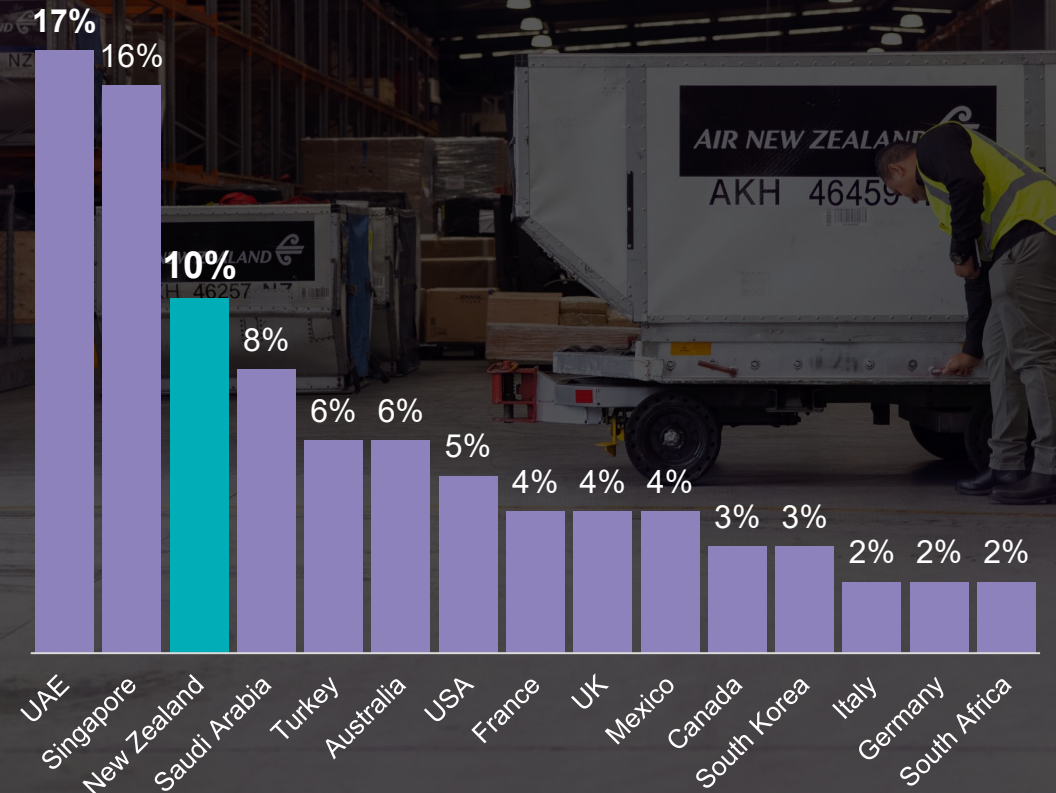
10% of New Zealand's GDP reliant on air connectivity



Regional growth

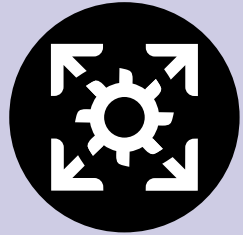
Asia Pacific has highest growth forecast for air travel

Percentage of GDP facilitated by air travel



Source: Aviation: Benefits Beyond Borders utilising Oxford Economics analysis and data from 2019.

Five key features drive our network strength



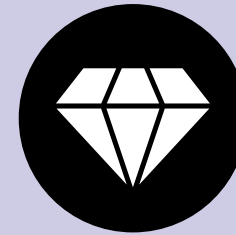
**Diversified
network**



**Geographically
advantaged**



Cost position



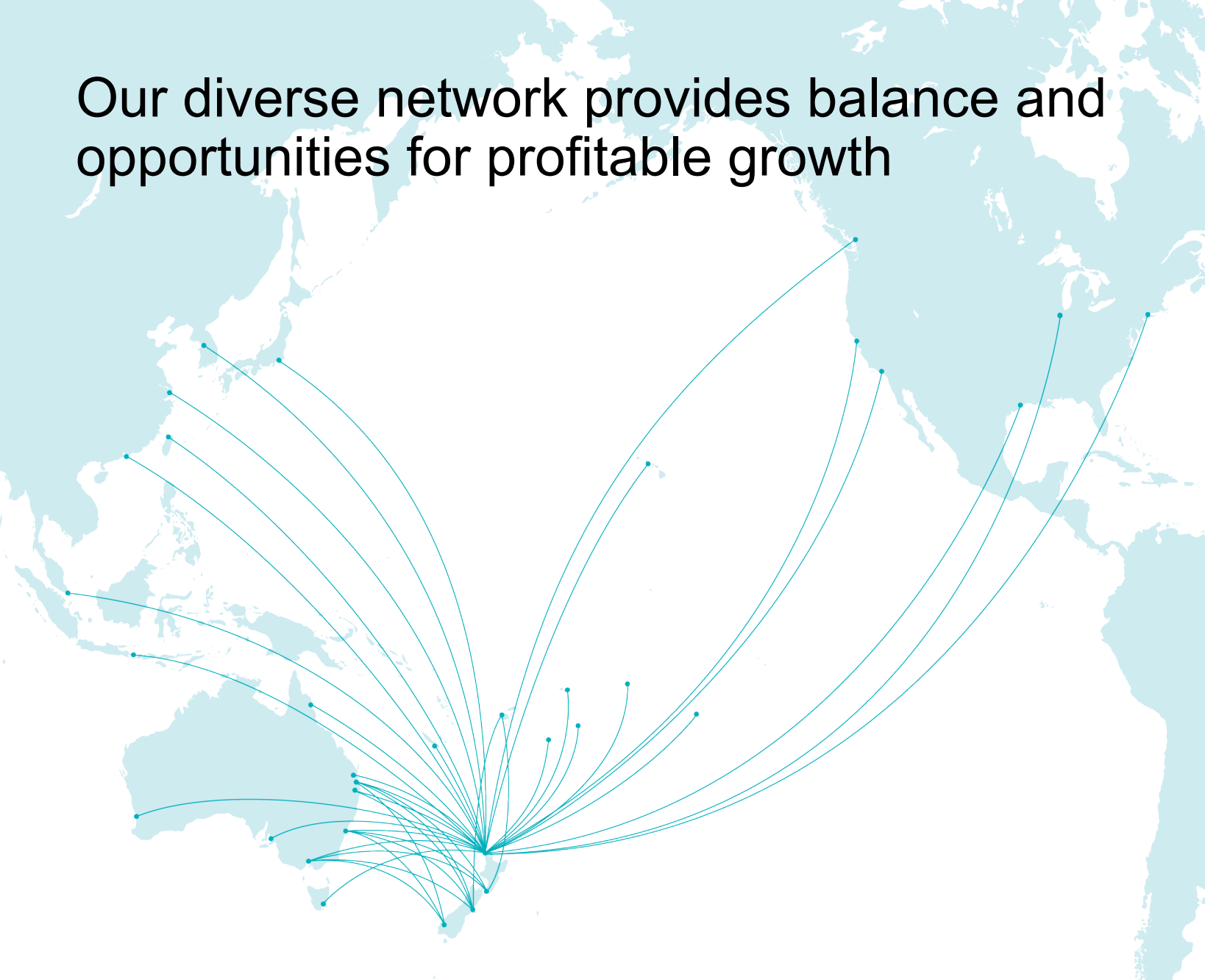
**Premium-
leisure**



Alliance-driven

We operate where we have a strong right to win

Our diverse network provides balance and opportunities for profitable growth



Geographic diversity across domestic, short-haul and long-haul markets



Customer mix comprised of premium leisure, business, visiting friends and relatives (VFR) as well as cargo



Varied market maturity as we build into new destinations

Each route group has distinct dynamics and opportunities



Domestic

-  ~**20** destinations
-  ~**400** flights daily
-  **11 million** passengers annually



Tasman & Pacific Islands

-  ~**16** destinations
-  ~**55** flights daily
-  **4 million** passengers annually



Long-haul

-  ~**14** destinations
-  ~**21** flights daily
-  **2 million** passengers annually

Note: passenger numbers reflect the 2024 financial year.

#1 positioned network across the key regions we serve



Australia #1

- ~40% passenger share
- Broadest network of any airline serving New Zealand
- The right product with both Seats-to-Suit and wide-body offering on major markets



Pacific Islands #1

- ~60% passenger share
- Broadest network of any airline
- Opportunistically maximise revenue with both Seats-to-Suit and wide-body optionality



North America #1

- ~70% passenger share
- Natural hub connecting New Zealand, Australia, Canada and the US
- We fly non-stop to more destinations in the US than any competitor



Asia #1

- ~35% passenger share
- Network breadth and strong alliance partners
- Shifting to increasing premium demand in select markets
- Distance provides insulation

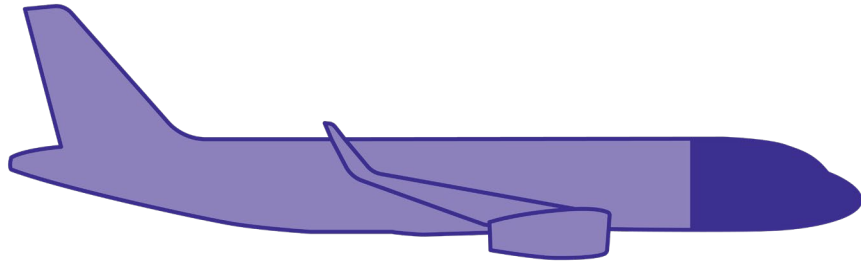
Our network captures ~45% of total demand to/from New Zealand

Note: Market positions represent Air New Zealand's passenger share to and from New Zealand compared with competing airlines.

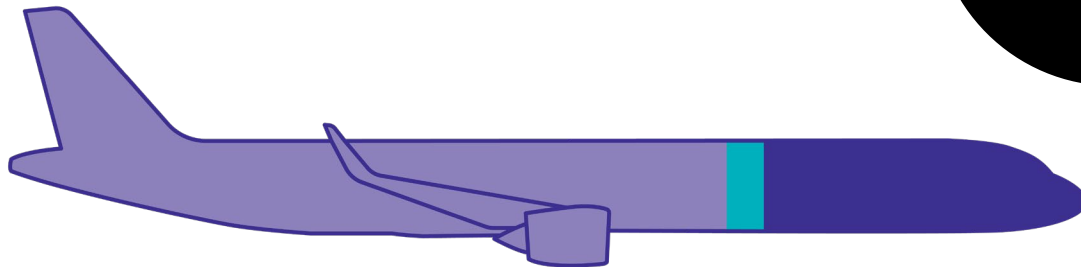
Short-haul focus on competitive unit costs and providing quality customer experiences

Prior fleet investment means our domestic network can deliver the most competitive unit costs

A320ceo
171 seats



A321neo
217 seats



● Operating costs ● Gross margin ● Incremental operating costs

1.5 - 2x
Contribution margin



Short-haul network principles



Focus on the **best cost structure** for the mission



Short sector lengths justify **single class cabin** economics



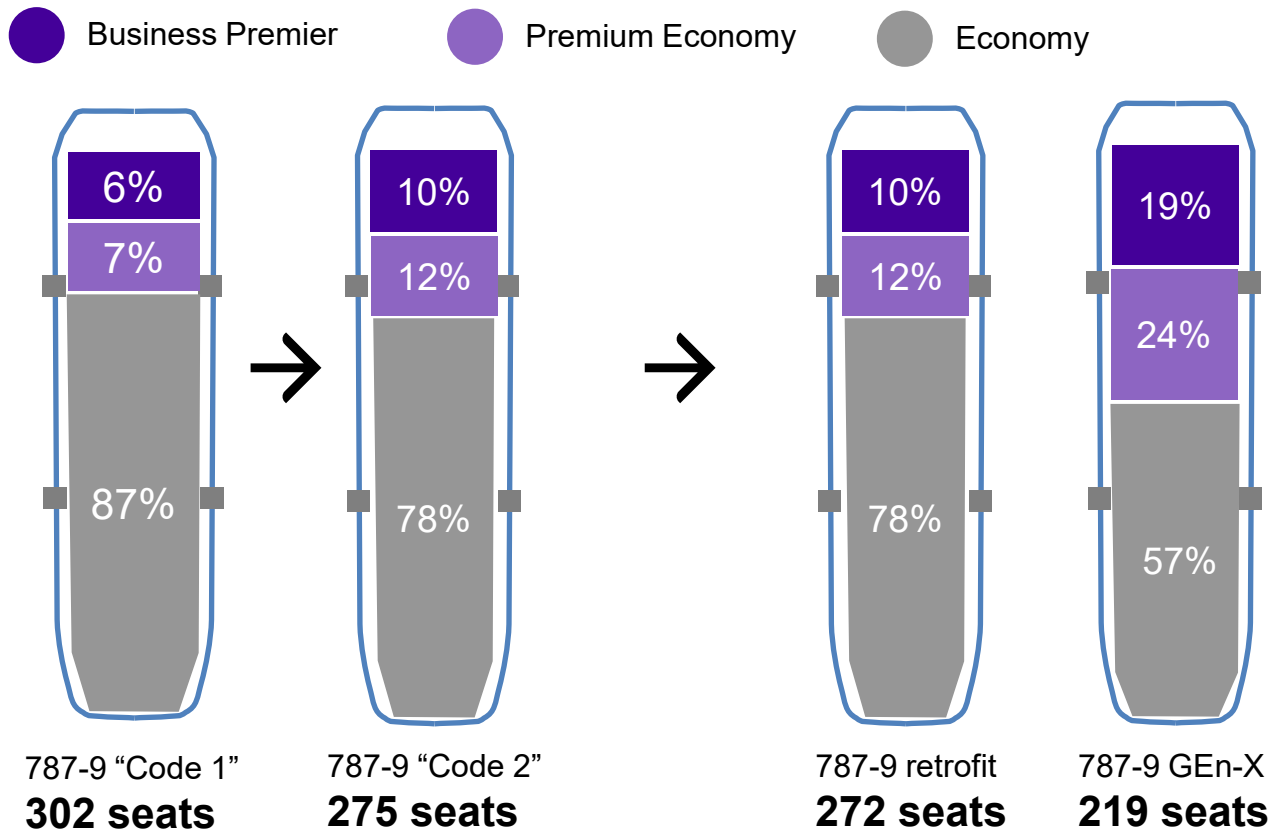
Provide high service quality and a premium ground experience

Long-haul proposition centered on premium leisure, with further premiumisation to come

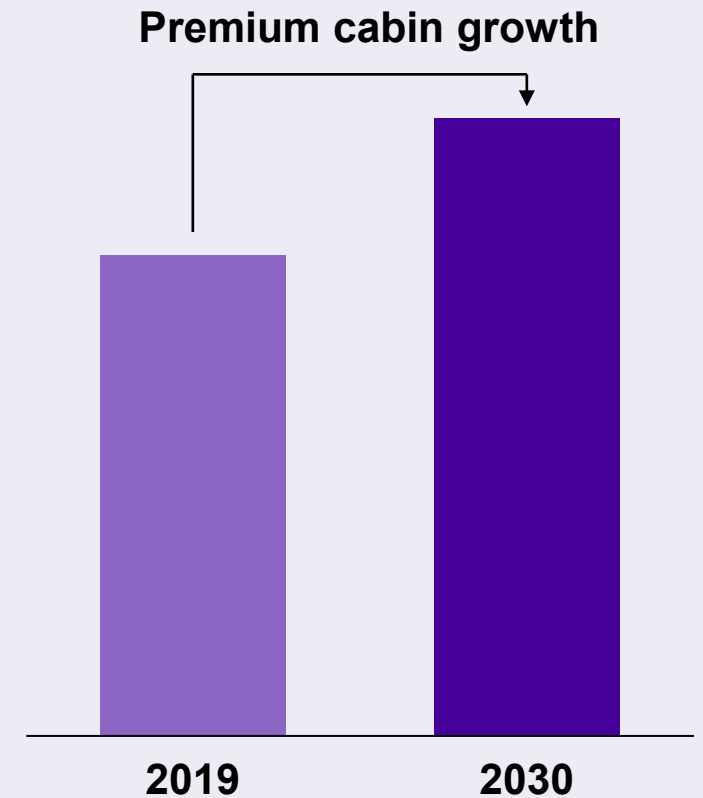


We started focusing on cabin premiumisation before Covid

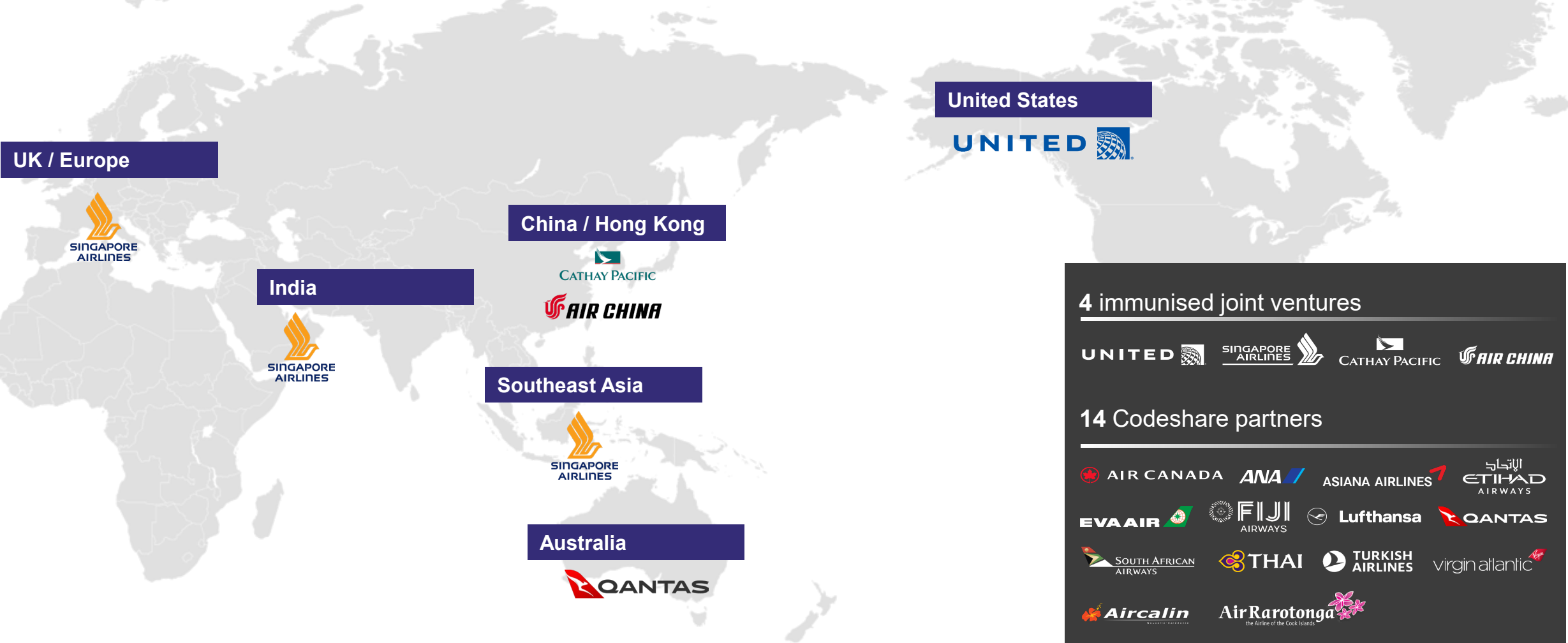
Our retrofit programme and new deliveries will take this further



~30% increase in premium cabin mix by 2030 (available seats)



Our global network is enhanced by strong alliance partnerships with leading peer airlines



4 immunised joint ventures

UNITED SINGAPORE AIRLINES CATHAY PACIFIC AIR CHINA

14 Codeshare partners

AIR CANADA ANA ASIANA AIRLINES ETIHAD AIRWAYS
 EVA AIR FIJI AIRWAYS Lufthansa QANTAS
 SOUTH AFRICAN AIRWAYS THAI TURKISH AIRLINES virgin atlantic
 Aircalin Air Rarotonga

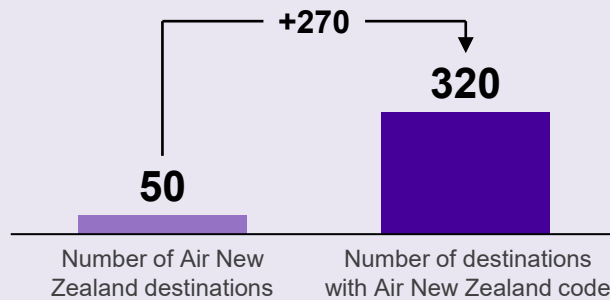
Partnerships driving customer and financial value



Broader customer network



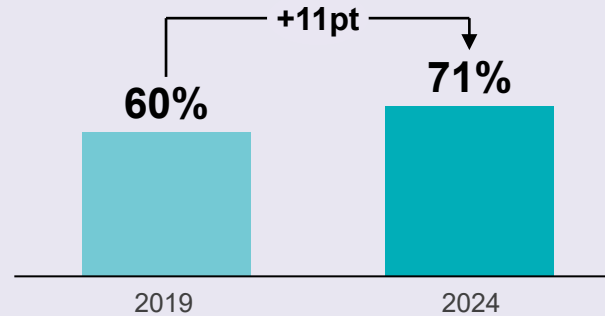
Number of destinations using Air New Zealand code:



Efficient use of capital



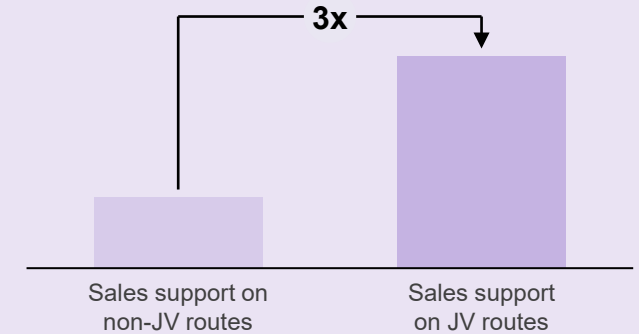
Share of Long-haul capacity deployed to JV hubs:



Increased sales and distribution



Connecting partner revenue as a percentage of total passenger revenue:



Growth will contemplate new market opportunities

There are several international markets visited by New Zealanders where we don't currently fly

- | | |
|-------------------|-----------------|
| 1. Australia | 11. Indonesia |
| 2. United States | 12. Philippines |
| 3. China | 13. Canada |
| 4. United Kingdom | 14. Germany |
| 5. Fiji | 15. Singapore |
| 6. India | 16. Thailand |
| 7. Japan | 17. Taiwan |
| 8. Cook Islands | 18. Malaysia |
| 9. Korea | 19. France |
| 10. Samoa | 20. Hong Kong |

● Market not serviced by an Air New Zealand-operated flight

Source: Stats NZ top 20 international destinations travelled to by New Zealanders in calendar year 2023.

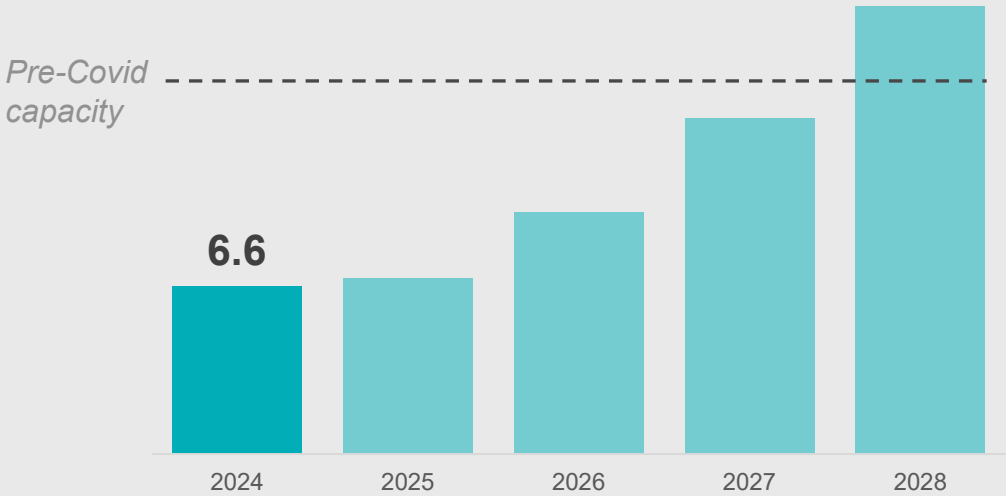


Looking ahead, expecting average network growth of 3% to 4% as aircraft availability issues alleviate



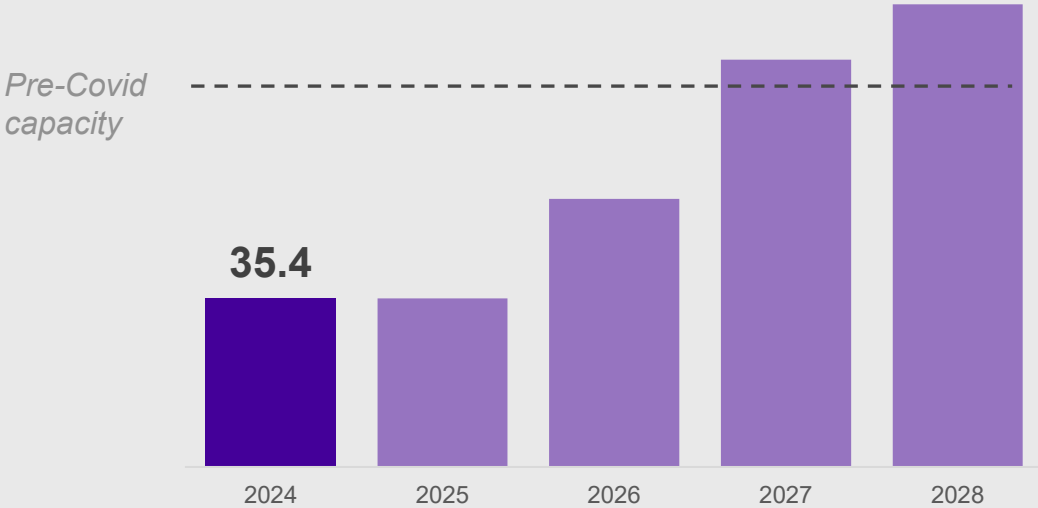
Domestic expected to grow at a CAGR of ~2% to 3%

Domestic capacity growth (Billion ASKs)



International expected to grow at a CAGR of ~3% to 5%

International capacity growth (Billions ASKs)



Source: Stats NZ top 20 international destinations travelled to by New Zealanders in calendar year 2023.

Commercial growth

— Jeremy O'Brien
General Manager, International Airline



We are well set up to accelerate our commercial success

Strong foundational building blocks



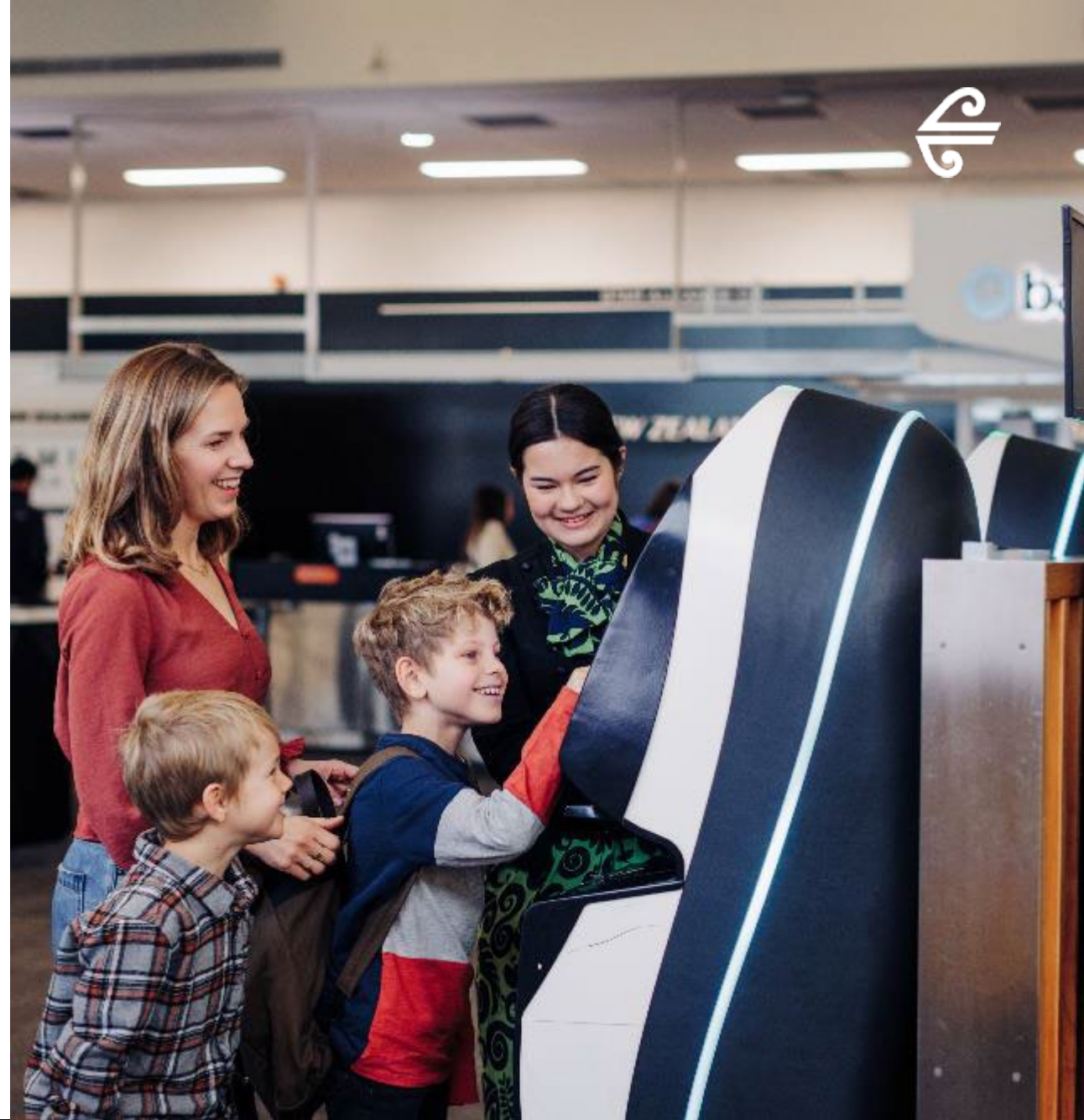
Largest home market carrier



Internationally the airline of choice for New Zealand



Appeal across a diverse customer mix



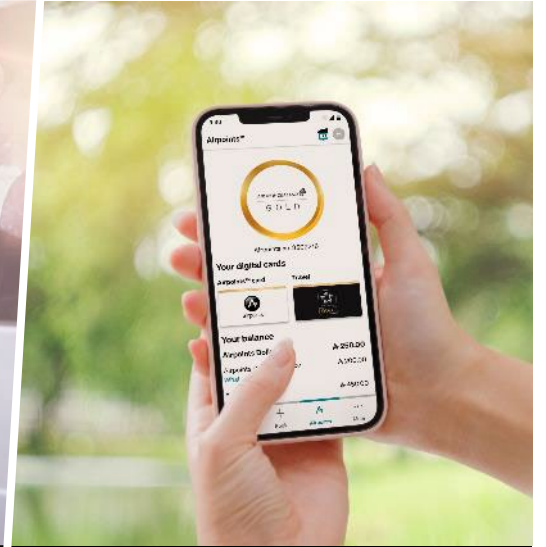
Our home market advantage is unmatched, and we plan to keep it that way



Iconic brand



**Unrivalled
distribution
footprint**



**Leading loyalty
programme**

Internationally we carry 3 million more passengers than our next largest competitor



Outbound passengers - 55%



- Home market advantage
- Powerhouse brand strengthened by loyalty programme
- Connectivity through strong joint venture partners
- Unrivalled distribution footprint

Inbound passengers - 35%



- Long-term approach taken to market investment
- Offshore sales offices promoting New Zealand as a destination
- Strong marketing partnerships with key local partners
- Joint venture distribution channels act as a marketing multiplier

We have a balanced customer mix which supports our diversified network



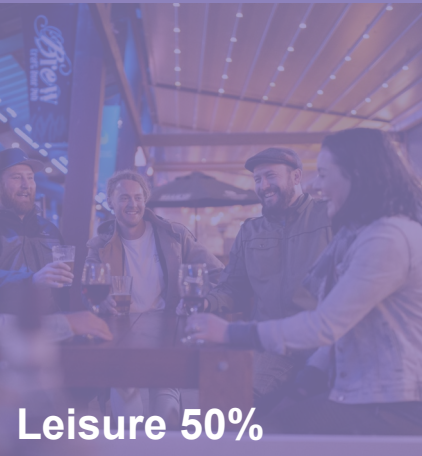
DOMESTIC

65% of passengers
~\$2B of passenger revenue



INTERNATIONAL

35% of passengers
~\$4B of passenger revenue



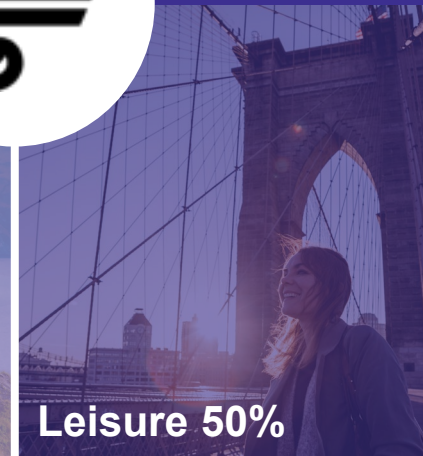
Leisure 50%



Business 30%
Corporate, SME, Govt



International tourists 20%



Leisure 50%



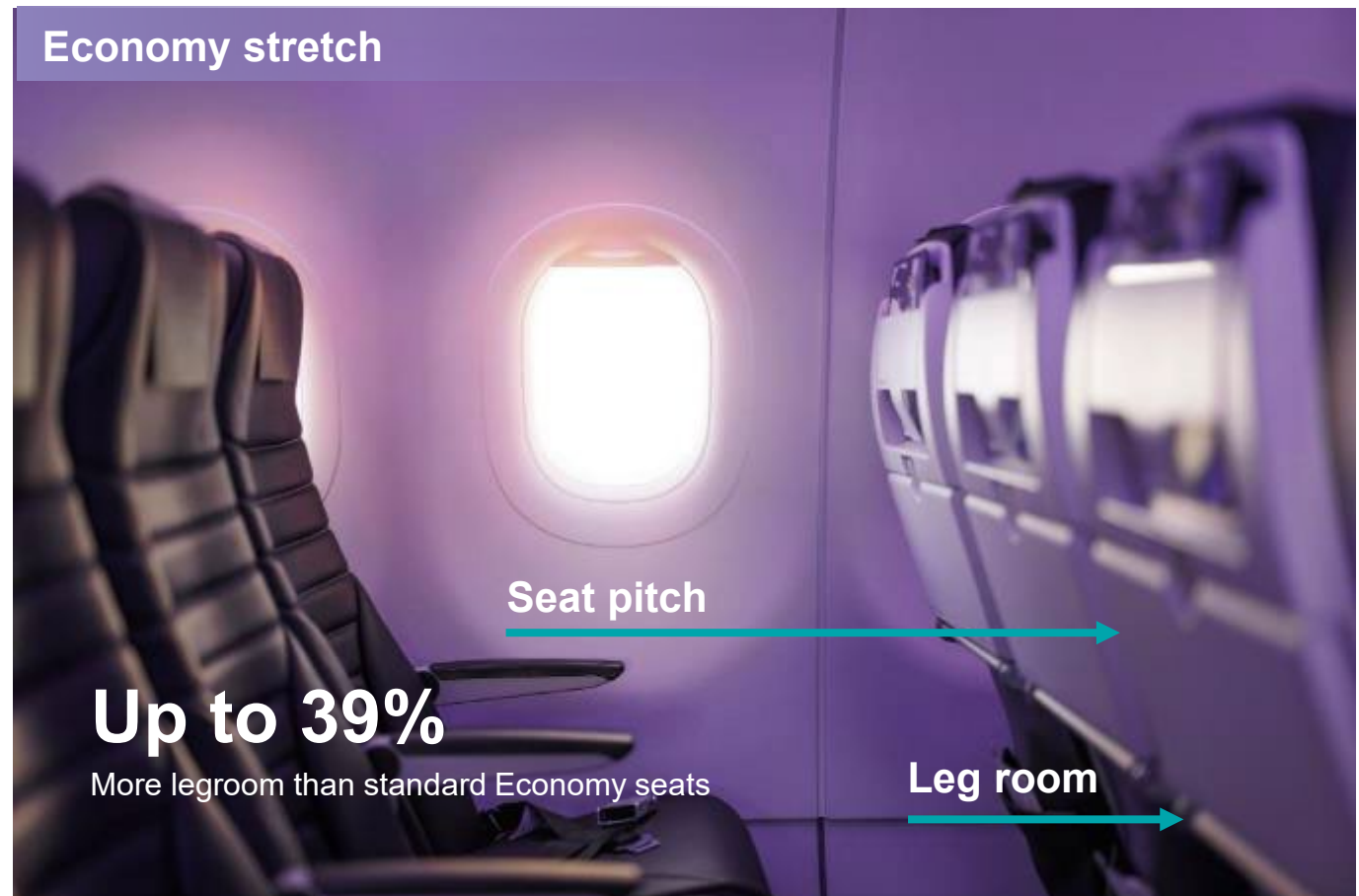
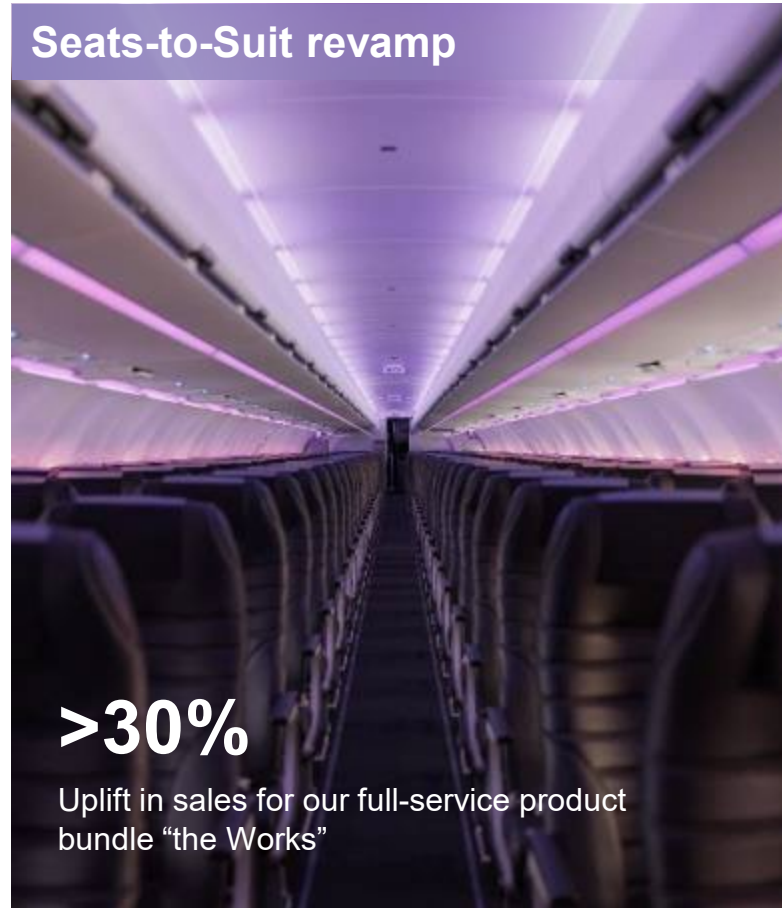
Visiting friends and relatives 38%



Business 12%

Percentages refer to proportion of passengers by customer segment.

Customer investments are driving improved satisfaction scores and commercial outcomes



Five key growth opportunities accelerate our foundational building blocks



Strong foundational building blocks



Largest home market carrier



Appeal across a diverse customer mix



Internationally the airline of choice for New Zealand

Accelerated by five key growth opportunities

1

Increased premiumisation in long-haul

2

NextGen revenue management

3

Growing ancillary revenue conversion and customer offerings

4

Enhancing Airpoints™ redemption opportunities and member benefits

5

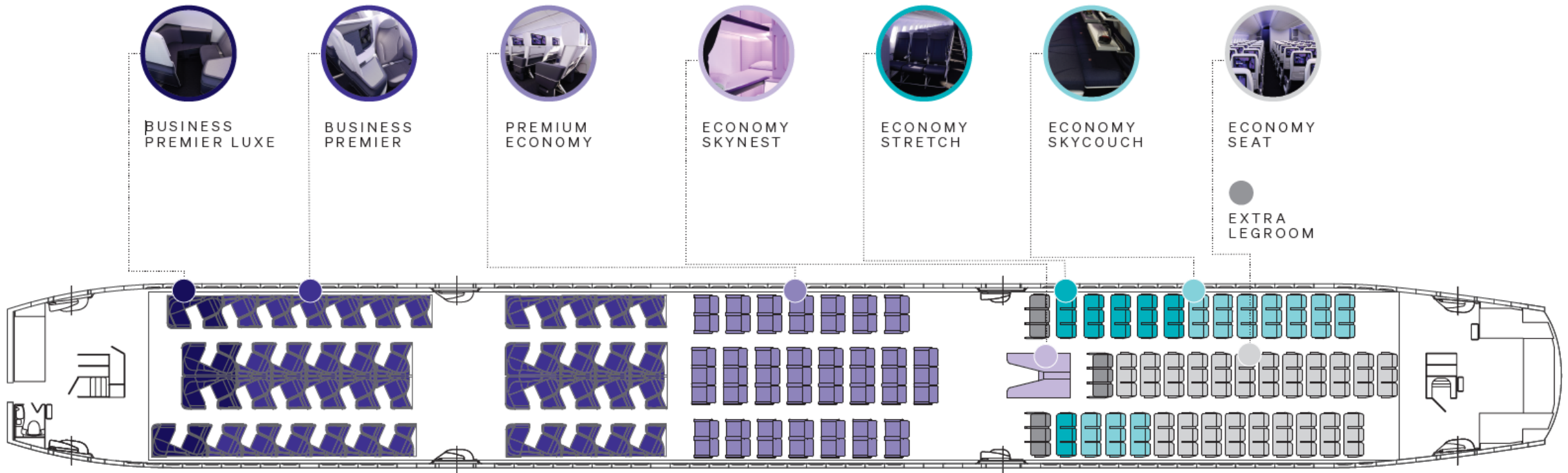
Maximising the value of cargo



We are further enhancing our premium cabin mix, while also creating opportunities to upsell across the entire aircraft

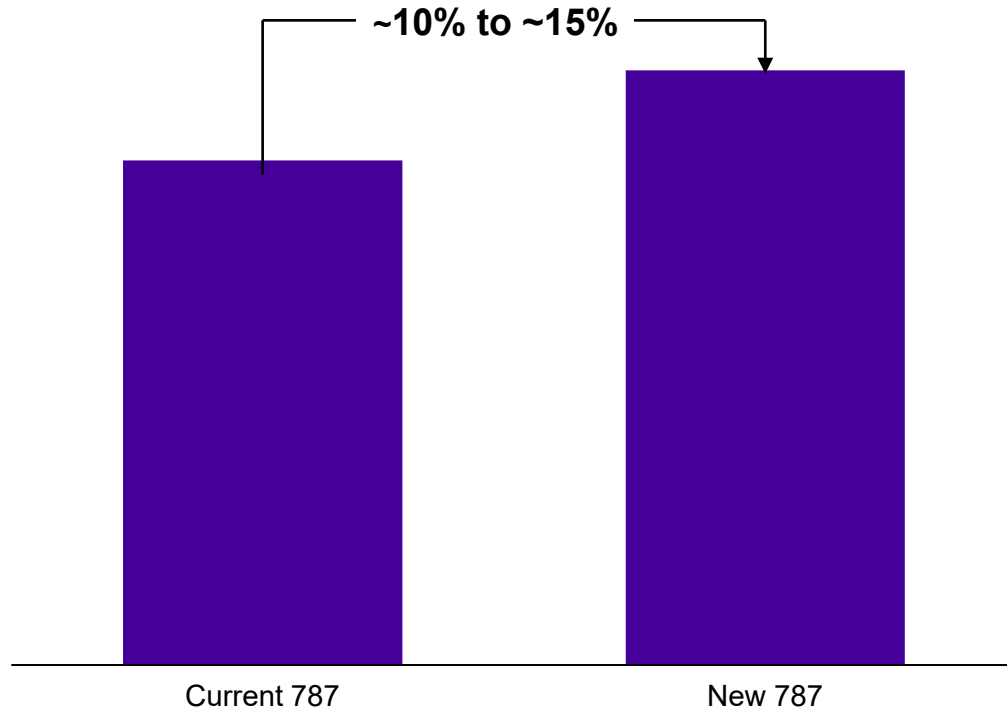


Will be available for existing 787 retrofit as well as new 787 aircraft



Our premium network and fleet position us strongly to win premium leisure travellers

RASK improvement from increased mix of premium cabins



Illustrative RASK increase on North America routes, driven by higher premium seat mix



Further rollout of NextGen revenue management will drive improved RASK



Adoption of a NextGen revenue management system

Constraints ?

Select Market Types

Non-stop Connecting Offline

Non-stop ODs

Please select at least one volume constraint

+ Min % of Flights

Min % of Seats

6

+ Min Number of Seats

+ Optional constraints

Promotion Details

General

Name

DOM October Sale - Period 2 - Mon-Thu no time exclusions

Description

October sale promo, Mon-Thu, no time exclusions

Apply Promotion ?

Every selling day Once

Selling Dates

2024-10-20 2024-10-23

Cabin Class

Y

Booking Class (optional)

P

Delivering

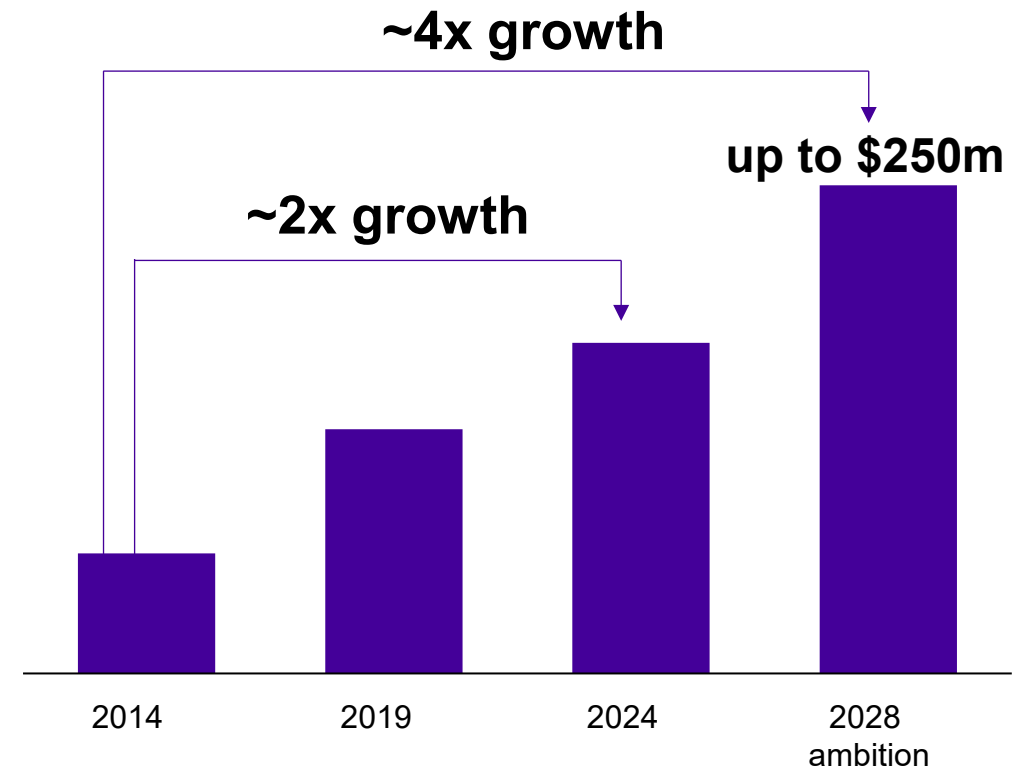
+1% to 2% RASK uplift
in activated markets via:

- ✓ Machine learning
- ✓ More adaptive
- ✓ More data to drive decision making
- ✓ Leading to more accurate predictions
- ✓ World-class user interface

We are focused on driving increased ancillary revenue conversion rates and customer offerings



Targeting ancillary revenue growth CAGR of ~10%

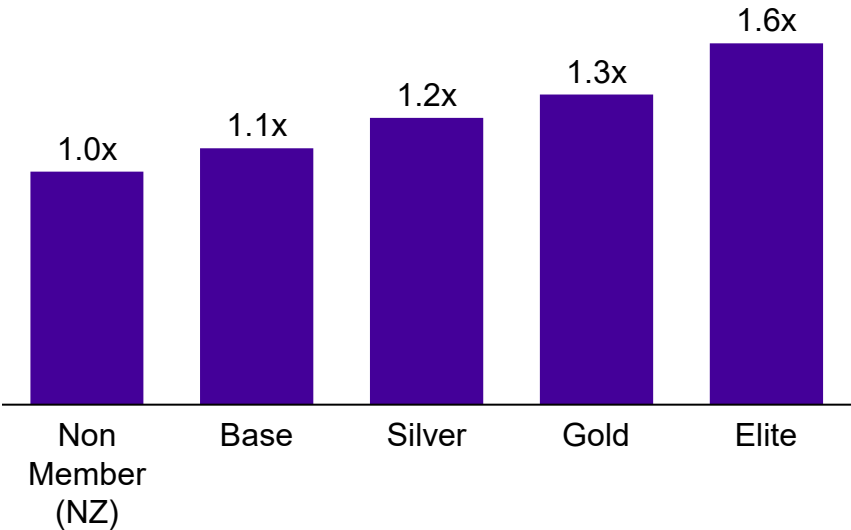


Note: Ancillary revenue availed is reflected in either Passenger Revenue or Other Revenue within the Company's Statement of Financial Performance depending on the product purchased.

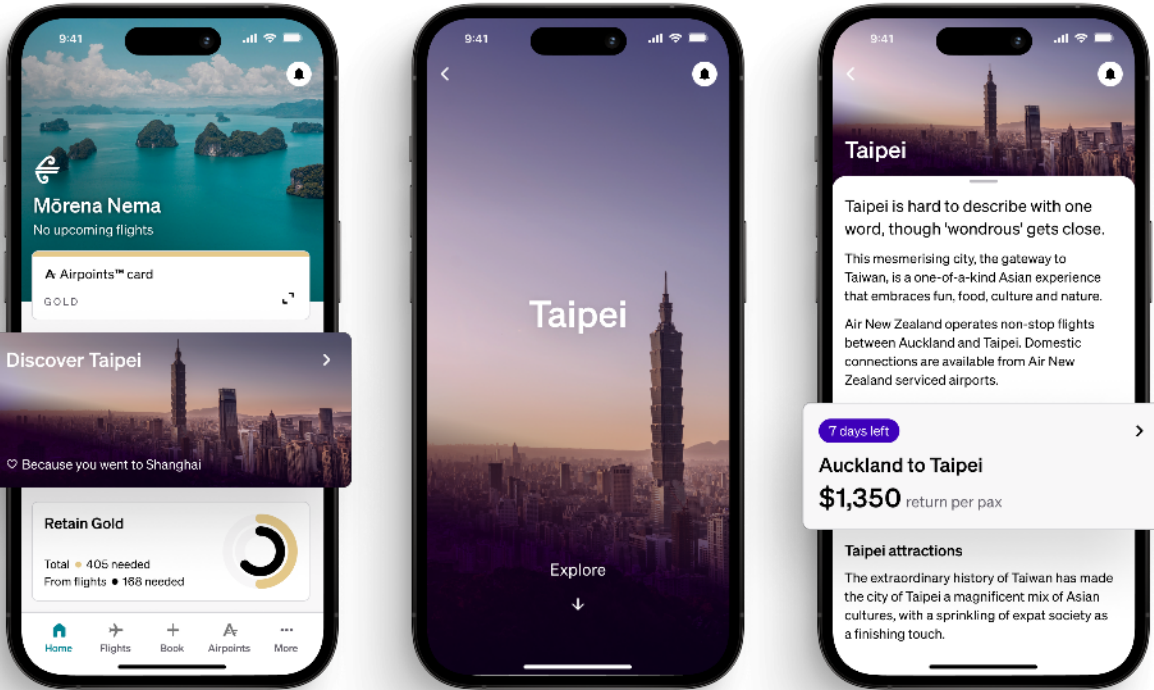
Further opportunity to grow revenue premium through enhanced personalisation



Average fare premium from Airpoints™ members (indexed)



Future opportunity to personalise



Cargo growth underpinned by focused investment



We are modernising our cargo operations



Digital transformation

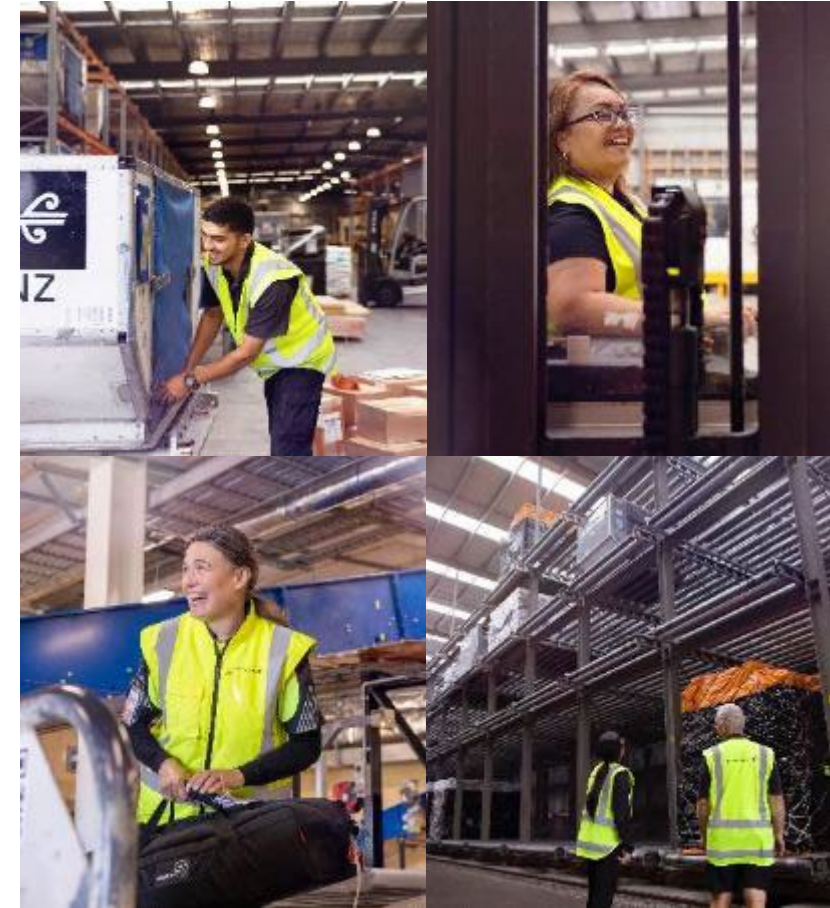
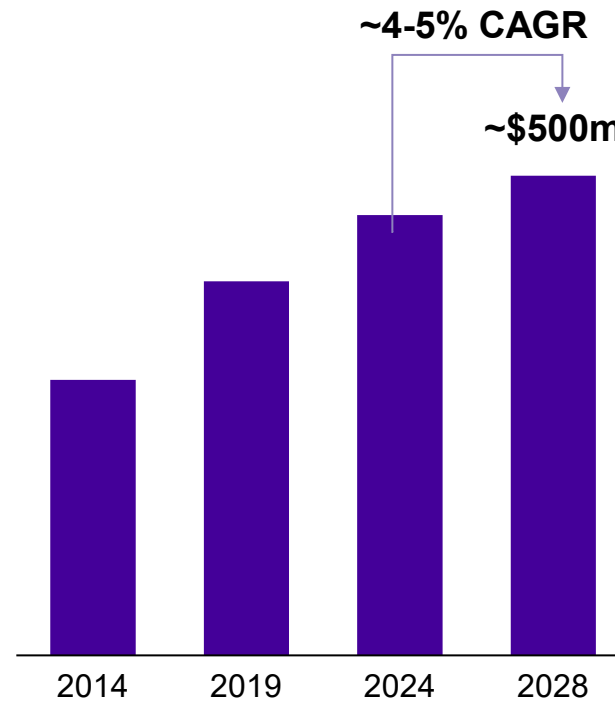


Commercial optimisation



New cargo terminal

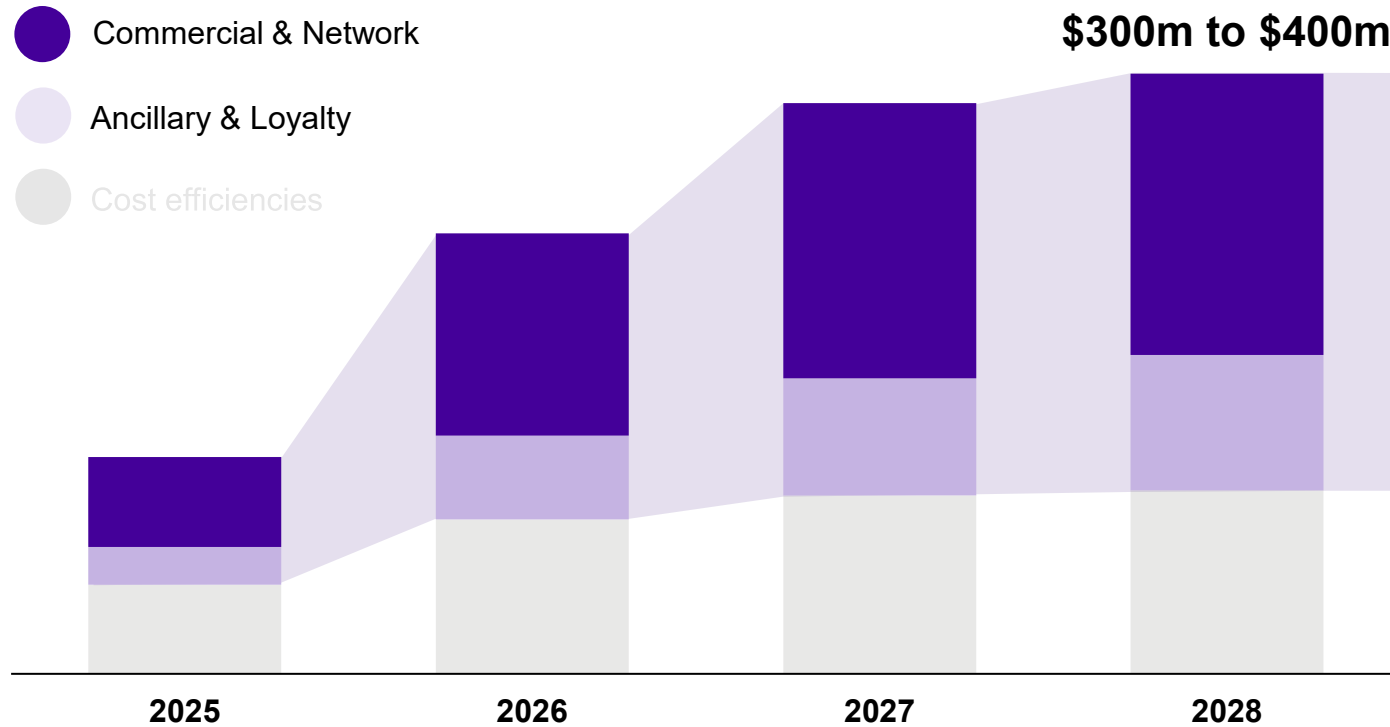
Revenue growth from efficiencies, optimisation and network growth



Targeting total revenue growth of 4% to 6% driven by network growth and transformation benefits



Transformation initiatives expected to contribute a cumulative \$300 to \$400 million benefit to EBITDA performance by 2028



Revenue transformation benefits contributing towards targeted **operating revenue growth CAGR of 4% to 6%**

Targeting total capacity growth of 3% to 4% CAGR from 2024 to 2028

Operating revenue expected to grow ~1% to 2% above capacity



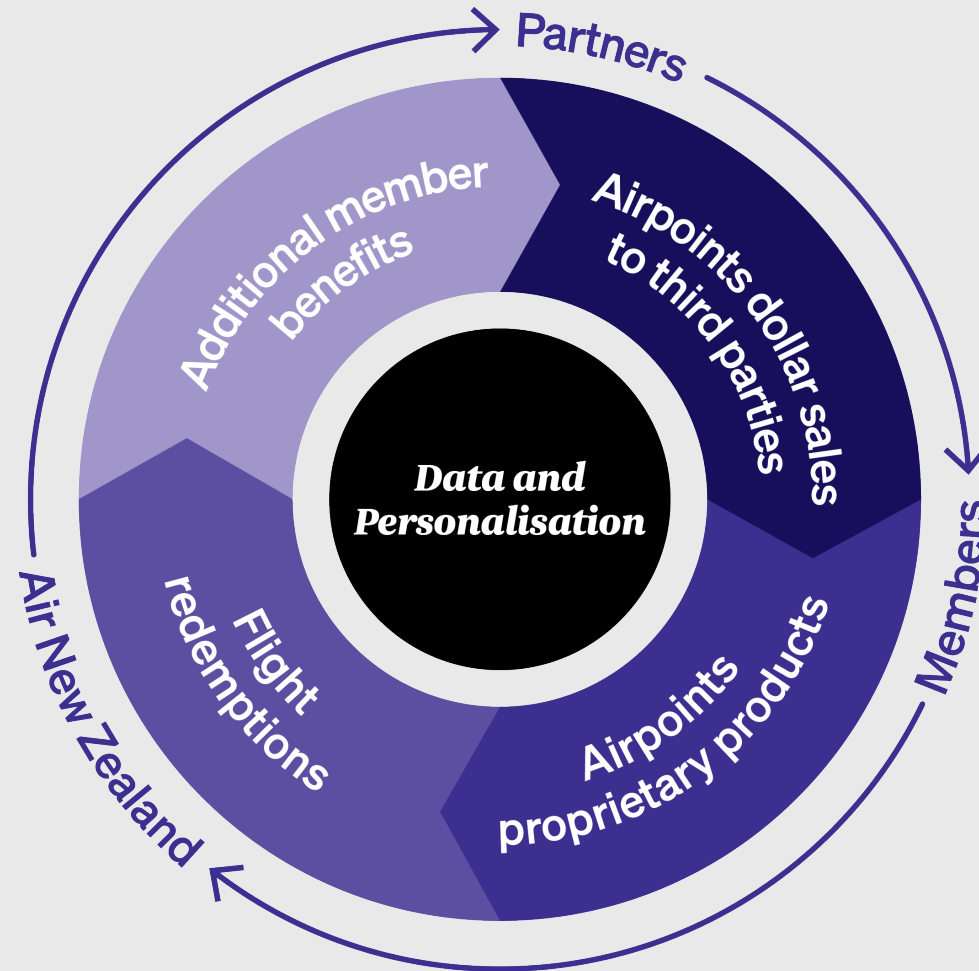
Our loyalty opportunity

— Kate O'Brien

General Manager, Loyalty



We expect Loyalty to generate \$40 to \$60 million in incremental EBITDA by 2028

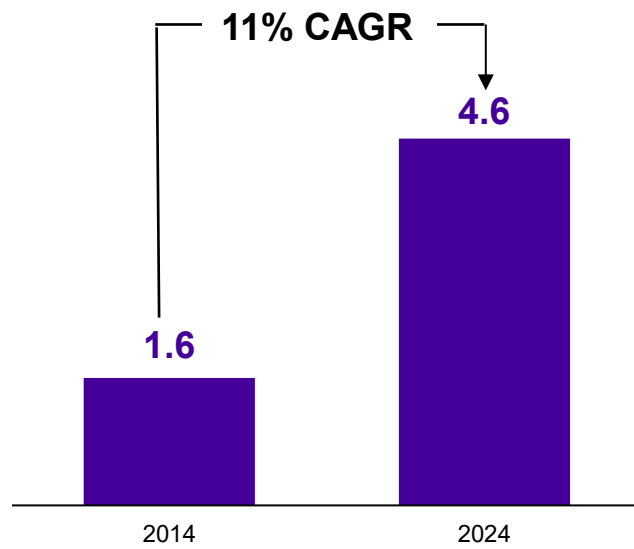


Built on strong foundations, our Airpoints programme is a core pillar of our strategy



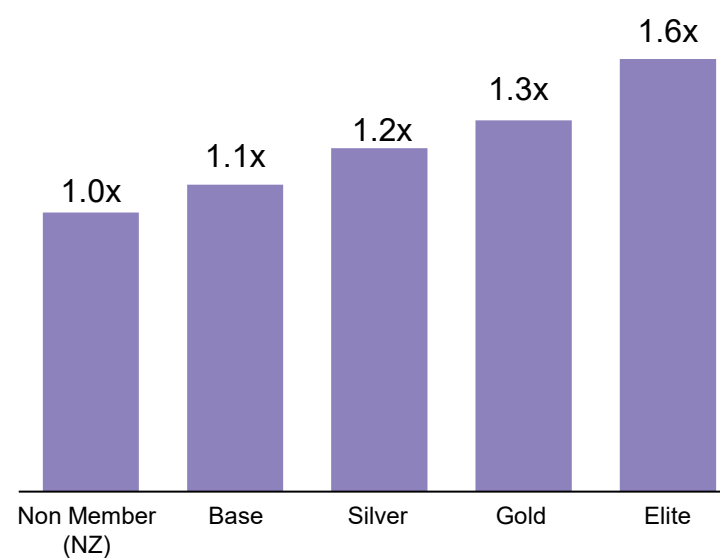
Strong member growth

Number of members (millions)



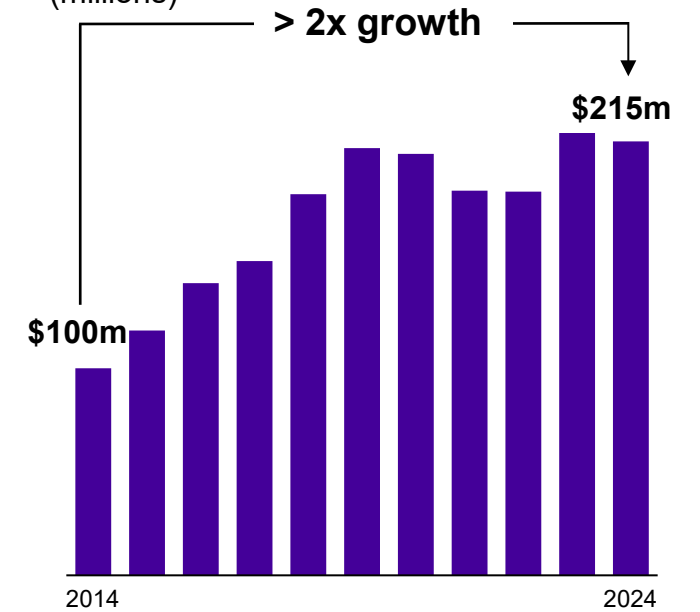
Members drive a revenue premium

Average fare premium (indexed)



Strong and stable cashflows

Loyalty cashflows (millions)



Recent investment is delivering greater value for both members and the airline



1

Sales to third party partners



2

Airpoints proprietary products



3

Flight redemptions



4

Additional member benefits



Underpinned by a new loyalty digital platform that allows enhanced experience, acceleration of partner onboarding and superior data and insights to commercialise

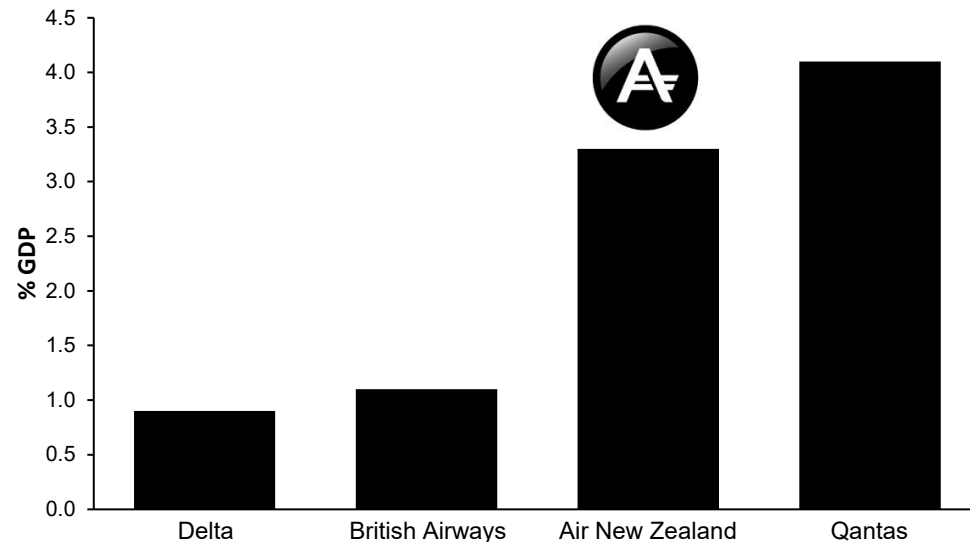
We have a strong portfolio of partners, with opportunities for accelerated growth....



Financial partners drive ~70% of loyalty cashflows

- Largest single channel for APD issuance
- Further interchange regulation may create risk – mitigations in place

Members spend ~3% of NZ GDP on APD eligible cards



> 35 Retail partners driving increasing engagement

- Retail network increases cash flow and engagement
- A diverse range of partners across the grocery, fuel, DIY and home & living sectors, giving the programme depth and breadth
- Strong pipeline of new partnerships in development

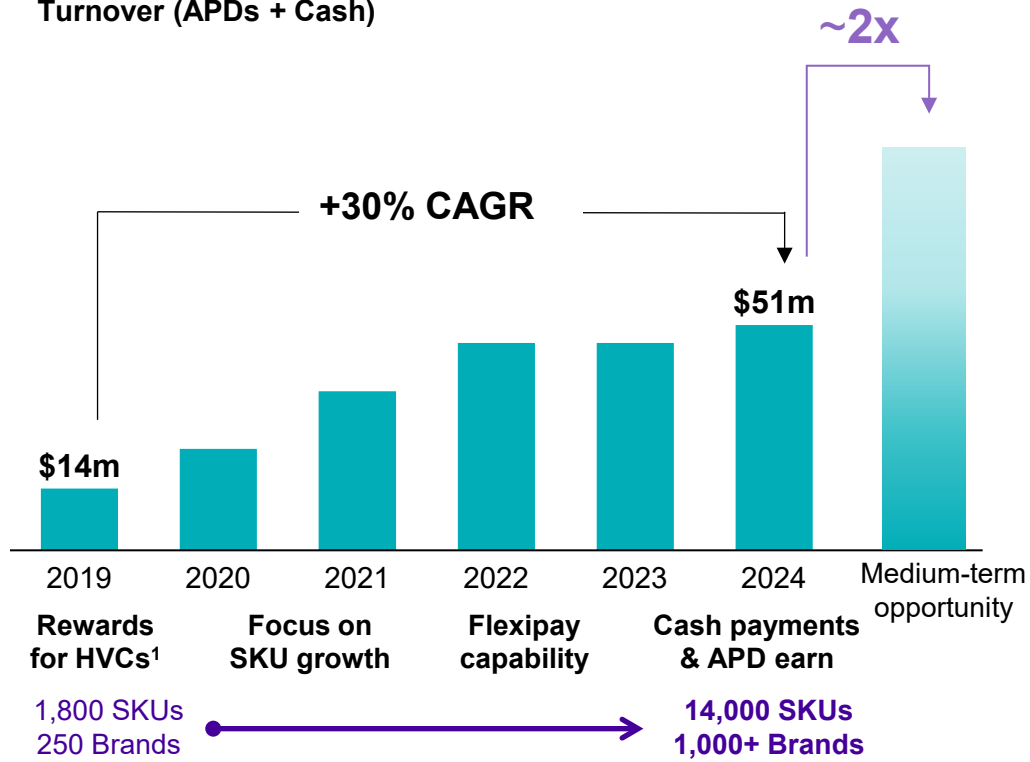




...and the ability to increase contribution by expanding our proprietary products

The Airpoints Store has grown into a \$50m+ eCommerce business

Turnover (APDs + Cash)



¹ Refers to high value customers.

The scale and strength of our membership engagement create a growth platform for a wide range of new business models



Further growth in Airpoints Store, Koru and OneSmart



Airpoints branded / white labelled products



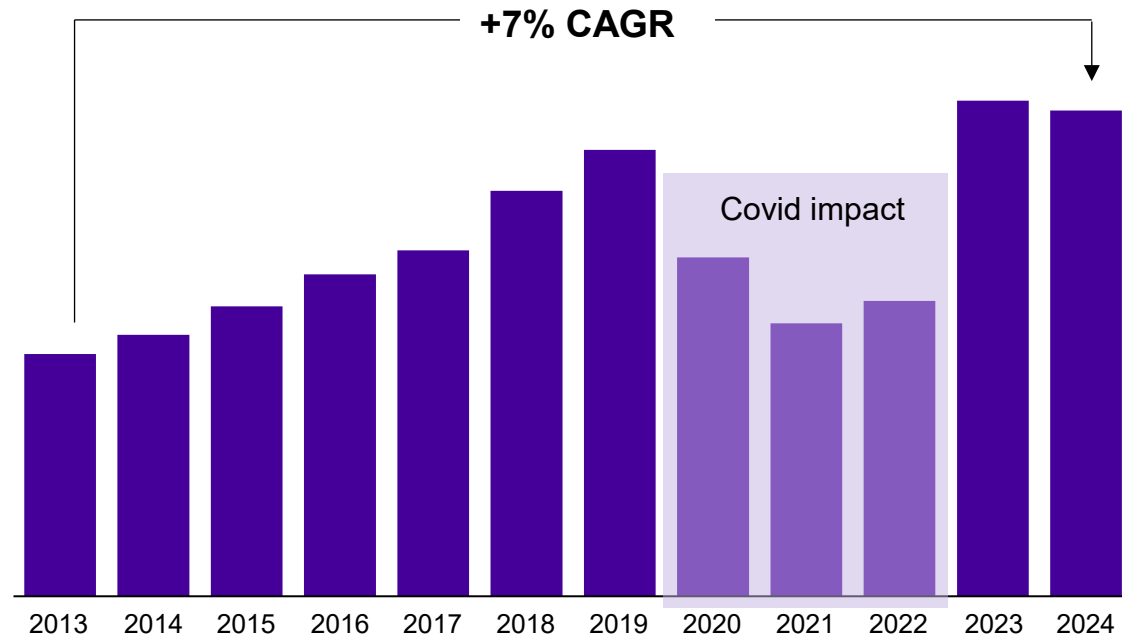
Partner services

We have seen strong growth in redemption of Airpoints Dollars™ on flights



Members continue to receive significant value from our transparent redemption structure

Number of APD redemptions on flights (millions)



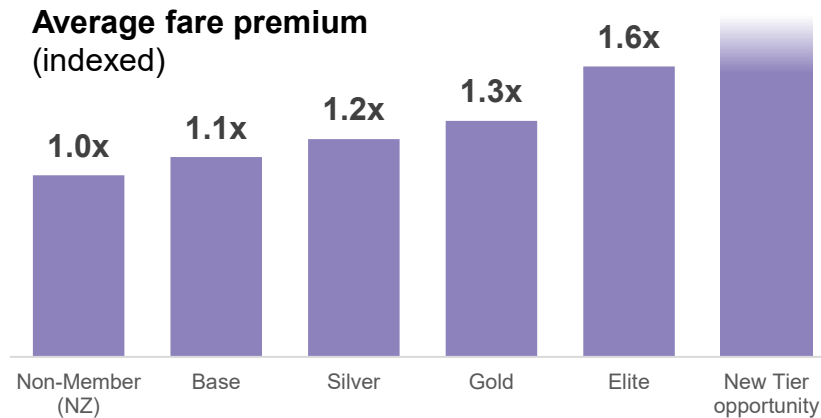
Opportunities to drive further flight redemptions

- 1 >80% of APDs redeemed are on the airline
- 2 Redemptions are as valuable as a cash sale
- 3 Exciting redemption opportunities being developed for future release

We will further strengthen loyalty to the airline through investment in member benefits



New tier above Elite



Digitalisation of our airline

— Nikhil Ravishankar
Chief Digital Officer



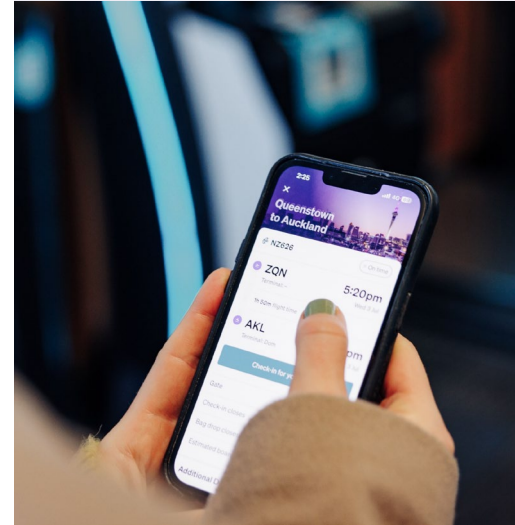
We are accelerating our profit potential through digitalisation



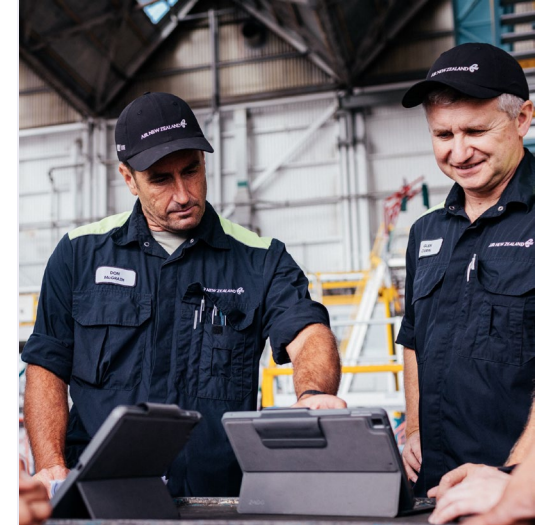
Strengthen our **digital foundations**



Win on **customer experience**



Maximise revenue potential



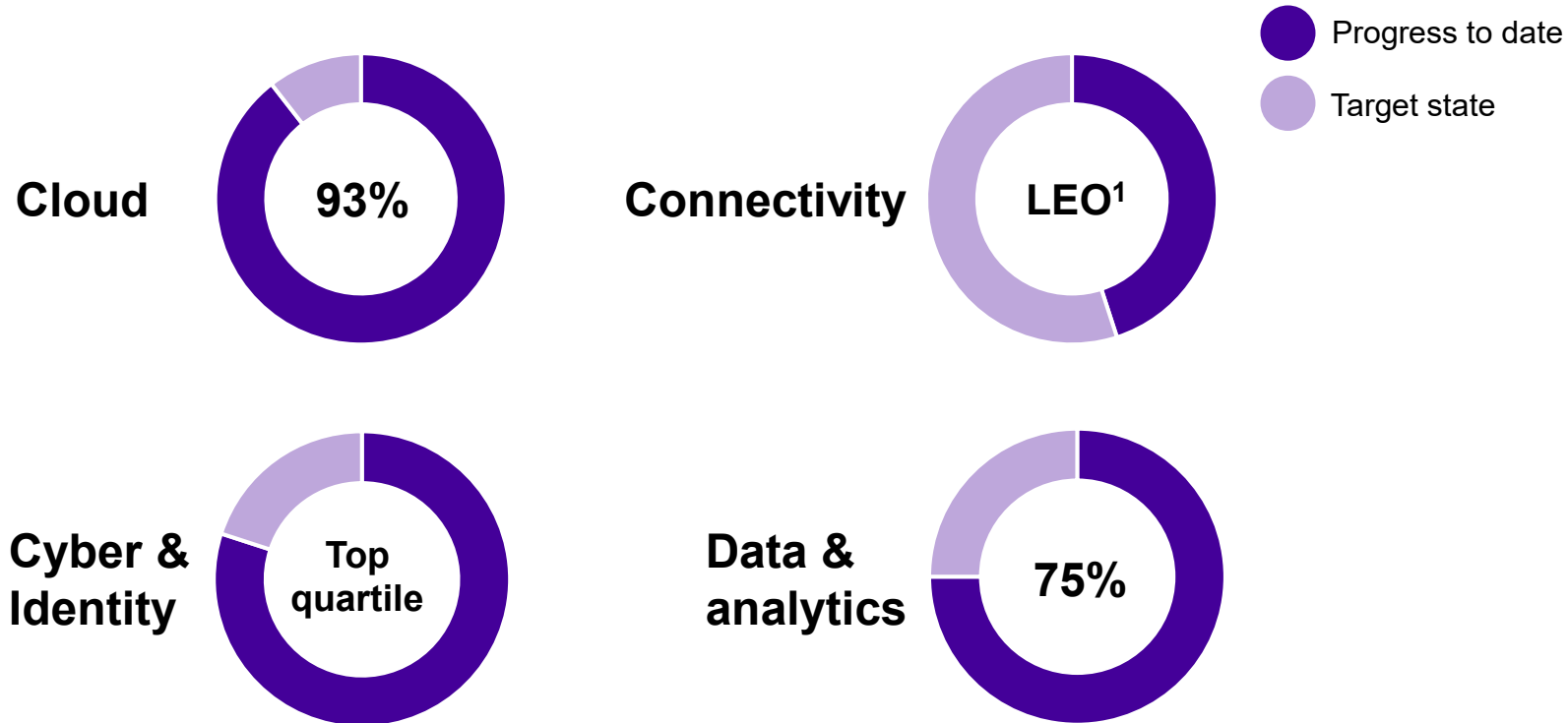
Unlock **operational efficiencies** at pace

Capability and capital-light investment enabling structurally stronger financial returns

Strengthening our digital foundations sets us up for success in future delivery



Significant progress across 4 key technology platforms...



...enabling us to move at pace

- ✓ Agility and speed
- ✓ Trust and safety
- ✓ Resilient and adaptable
- ✓ Digital productivity

¹ Air New Zealand's connectivity strategy is a combination of Low Earth Orbit (LEO) access on the ground and in the air, software defined networks, and mobile first.

Delivering transformation initiatives, with a clear roadmap to unlock further commercial value



Win on customer experience

- Released new Air New Zealand app
- Self-service disrupt and cancellation management
- Faster kiosk check in
- Baggage tracking within our app
- One-click check-in
- Biometric boarding at US, HKG
- Free Wi-Fi across all international fleet
- Seat select on partner airlines
- NextGen IFE experience, content, live TV
- NextGen contact centre platform
- Live Chat channel for customers
- Automated refunds, compensation processing
- Automated lounge access
- Starlink Wi-Fi on domestic flights

Maximise revenue potential

- Revamped Seats-to-Suit offering
- NextGen passenger revenue management
- Dynamic Pricing Engine
- Availability Cascading
- NextGen cargo revenue management
- New payment channels
- New Products: Neighbour-free, Economy Stretch
- Loyalty Replatform
- Airpoints store expansion
- Refreshed Tiers and Benefits
- Airports member-only redemption
- Enhanced SME loyalty product
- NextGen Booking Engine
- New Distribution Channel (NDC)
- Targeted and dynamic personalisation offers

Unlock operational efficiencies at pace

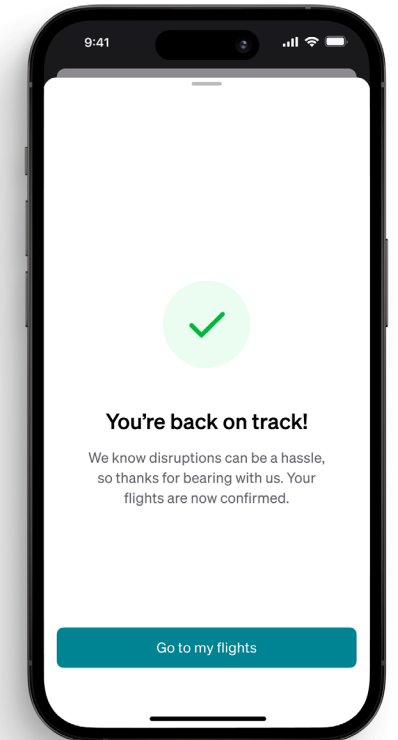
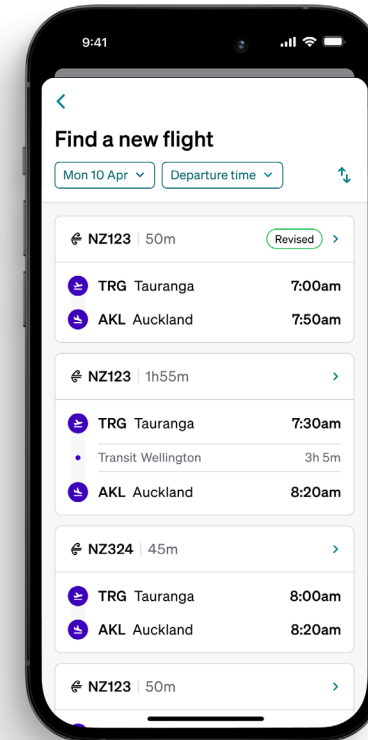
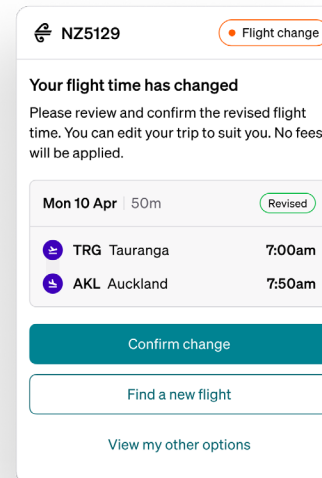
- Paperless flight deck
- Ops Collab tool
- New flight planning software
- Tour of Duty pilot and cabin crew app
- GenAI products
- iPad kiosks at airport check-in
- Aircraft tail allocation tool
- Predictive maintenance
- Biometric boarding
- Mobile bag-scanning app
- Bag-drop improvements increasing throughput
- Catering management platform
- Flight Crew and Airport workforce management
- Cargo management system

Winning on customer experience



Case study: Amplifying customer experience and self-service capability

3 years ago	→	Today
No Self-service in disrupt situations		~65% Ability to self-service in a disrupt
~20% Seamless online check-in		~60% Seamless online check-in
~90k/week Calls to Contact Centre 95% calls answered under 40 minutes		~25k/week Calls to Contact Centre 95% of calls answered under 5 minutes
No live chat All Contact Centre calls handled in person		~40% Of Contact Centre calls handled by LiveChat



Delivering transformation initiatives, with a clear roadmap to unlock further commercial value



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Unlock operational efficiencies at pace

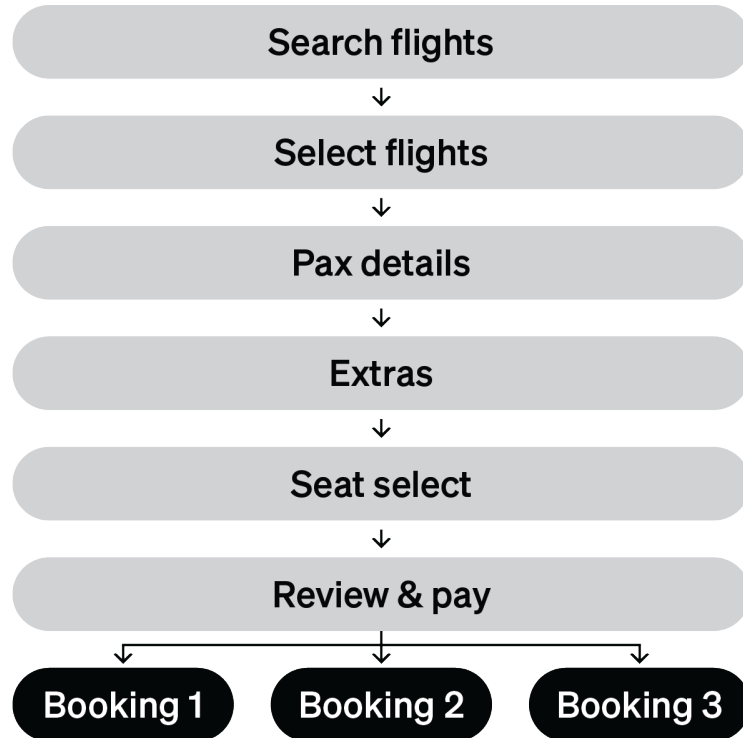
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Maximise revenue potential

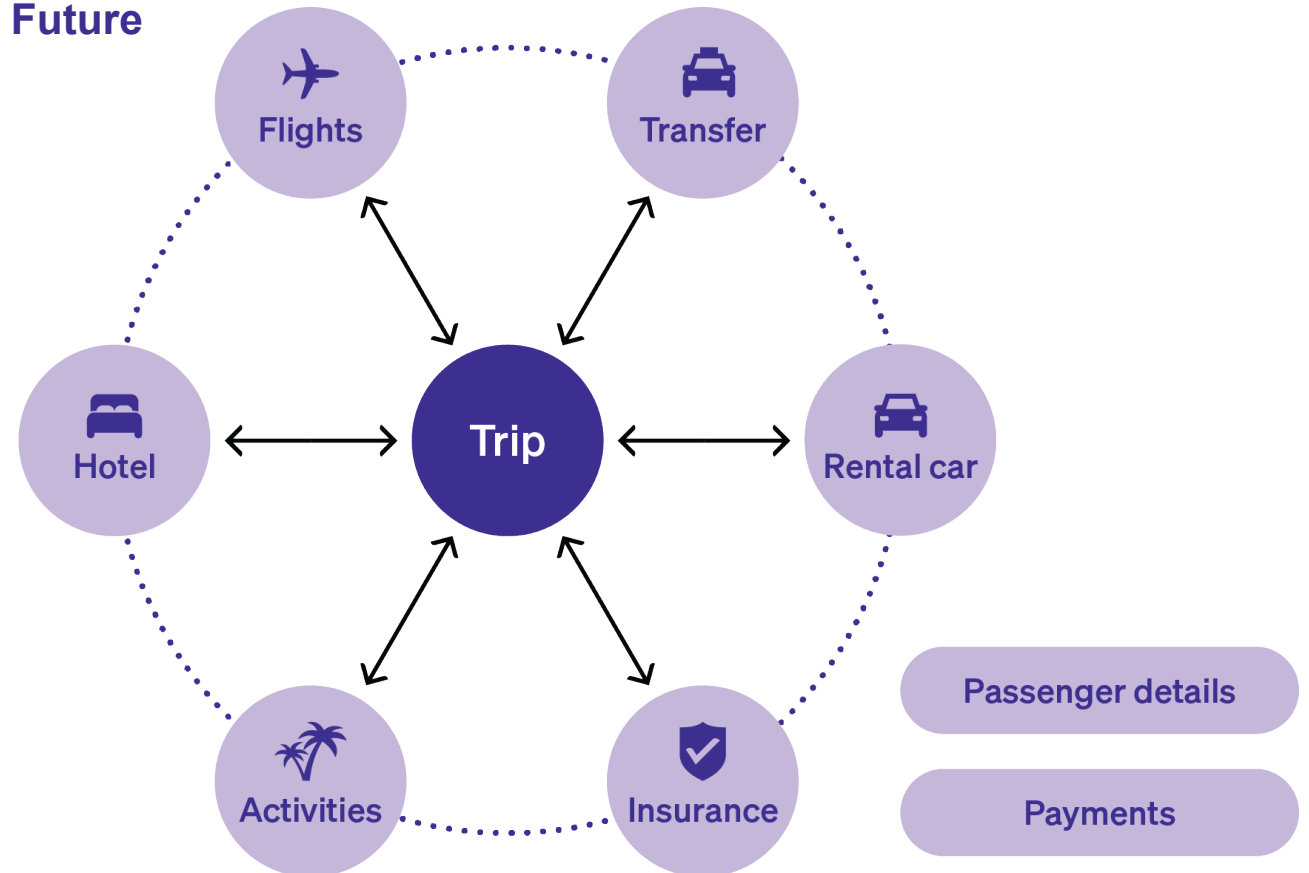


Transforming from seat-based retailing to **customer-driven retailing**

Current



Future



Delivering transformation initiatives, with a clear roadmap to unlock further commercial value



Win on customer experience

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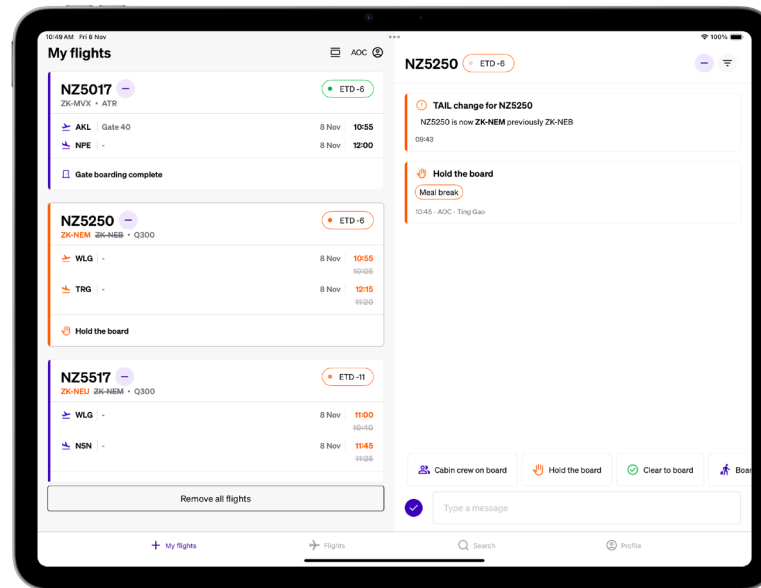
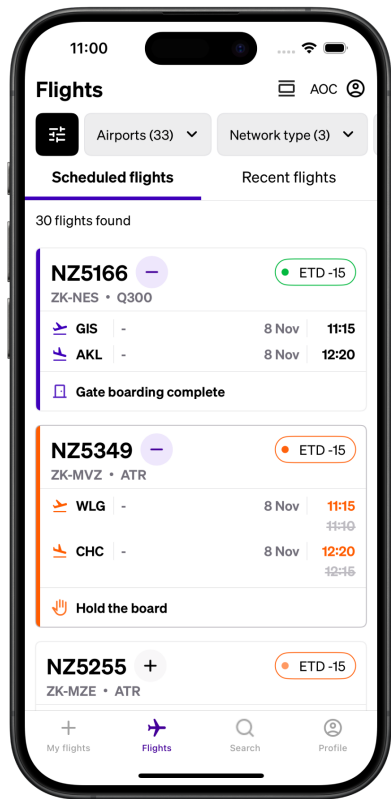
Unlock operational efficiencies at pace

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Unlocking operational efficiencies at pace



Case study: Improving aircraft turn times with our Ops Collab tool



What is Ops Collab?

An internally-built digital app that enables direct and efficient collaboration across various operational teams to facilitate the safe and on-time departure of our aircraft

Targeting:

2% to 4% improvement
in safe on-time performance

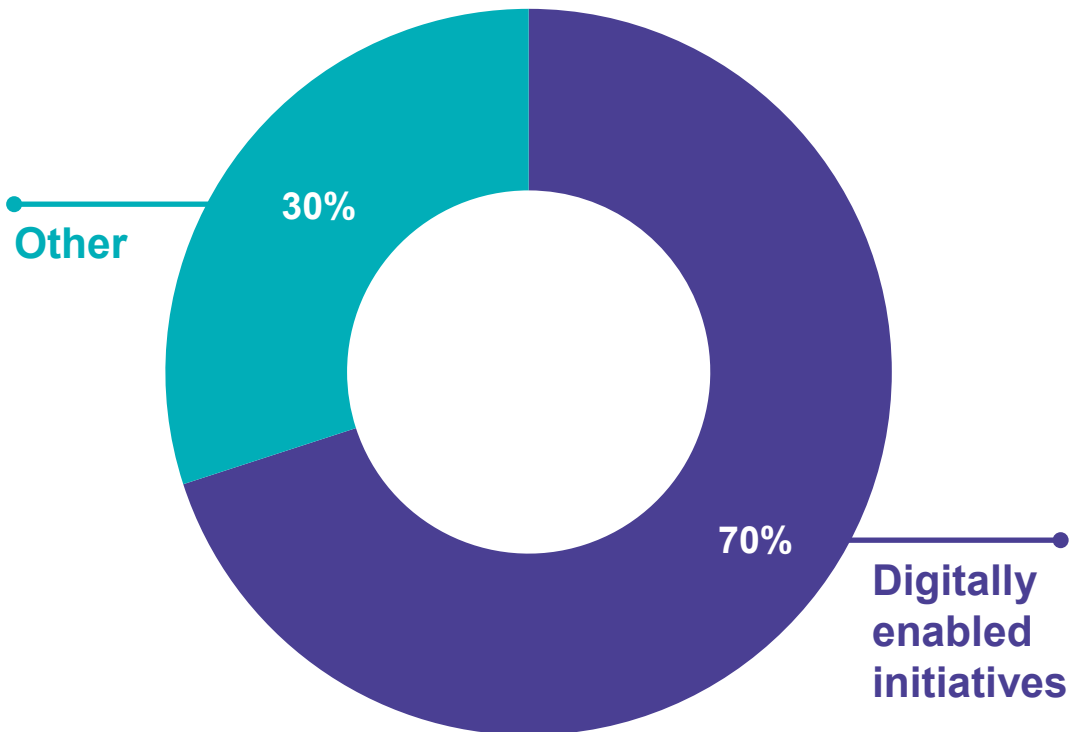
Staff feedback:

“Love how I can use the info in Collab to answer so many customer questions at the gate - which gate is my flight departing from? Has it started boarding yet? Is it delayed? You name it, Collab has it”

- Sally D., Customer Service Agent

Maximising value through capital-light digitalisation

Contribution to our targeted \$300m to \$400m EBITDA benefits



Platform foundations



Iterate and transform



Value focused



Ways of working




Our people and culture


— Nikki Dines Chief People Officer



Our culture is the foundation for innovation and a key competitive advantage



 Our whānau **FTE: 11,511**

 Gender **Female 45%** **Male 55%**


Jobs by labour agreement **Collective: 77%** **Non-collective: 23%**

 **Employee engagement 71%**

 **Ethnicity 49%**
Identify as non-European/partially non-European

New Zealand's most attractive employer 2024 
and Hall of Fame (Randstad)

 **Average annual turnover 6.4%**
Compared to the NZ average of 17.4%

 **Geography**
96% New Zealand **3%** APAC (excl NZ) **1%** North America

Over ~68,000 applications for ~1,700 roles last year





All numbers on this page are as at 30 September 2024

We believe in empowering our people and investing in their future



Strategic workforce planning

-  Robust talent pipeline
-  Highly engaged workforce
-  World class diversity and inclusion
-  Gender balance
-  Health and safety

Building skills and capabilities



Targeting

Engagement	Māori/Pasifika in leadership	Women in senior leadership	Talent Turnover
Target: 79% 2024: 70%	Target: 21% 2024: 17%	Target: 50% 2024: 42%	Target: <5% 2024: 4.2%

We value our union relationships and invest time to align on strategic priorities



Long-term value

Strategic engagement
strategy delivering real value

Transparency

Regular engagement
and honest two-way
conversations

Simplification

Collaborating on cost
improvements and
efficiencies



Implementing a cross-functional operating model is enabling delivery on our transformation ambitions

An operating model focused on delivering more, faster, with confidence



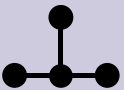
Established hundreds of smaller, empowered, **cross-functional teams**



Using a **quarterly business rhythm** to synchronise the airline at pace



Delivery model emphasises **rapid iteration** and frequent deployment



Broad-based roll out to ~60% of organisation



Investing in our people and their well-being drives clear value for our customers and our airline



Higher engagement

- Discretionary effort
- High customer satisfaction and loyalty
- Continuous improvement feedback loop

Increased wellness and safety

- Improved operational performance
- Increased roster certainty
- Less overtime

Strong retention

- Lower training costs
- Improved productivity
- Consistent customer service quality

Fleet and financial priorities

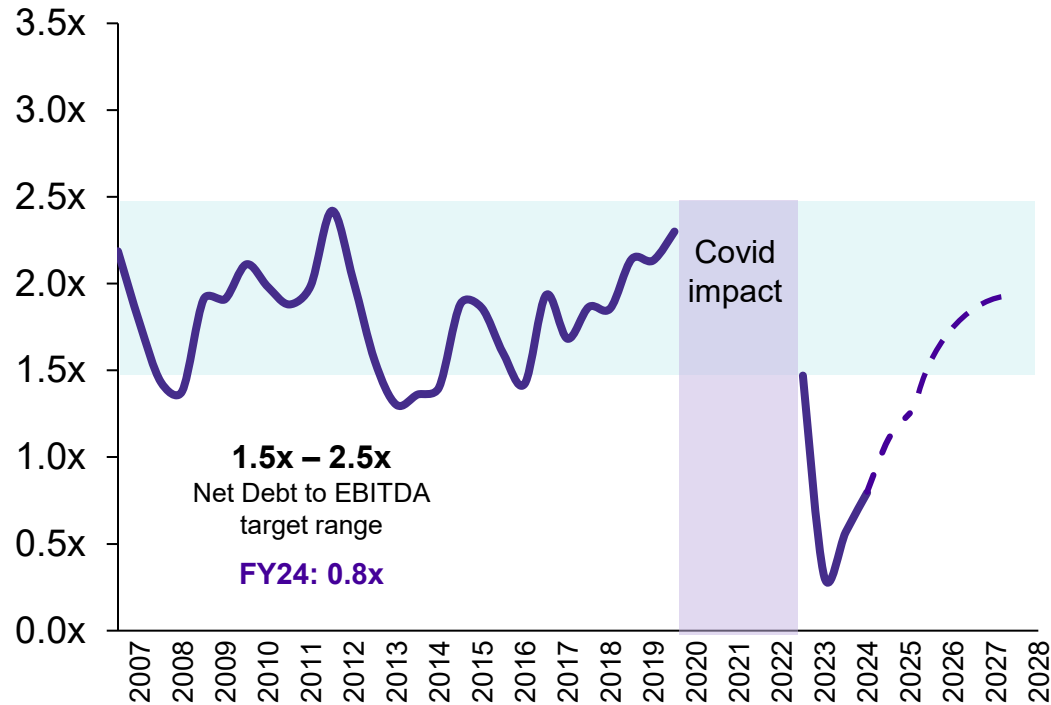
— Richard Thomson
Chief Financial Officer



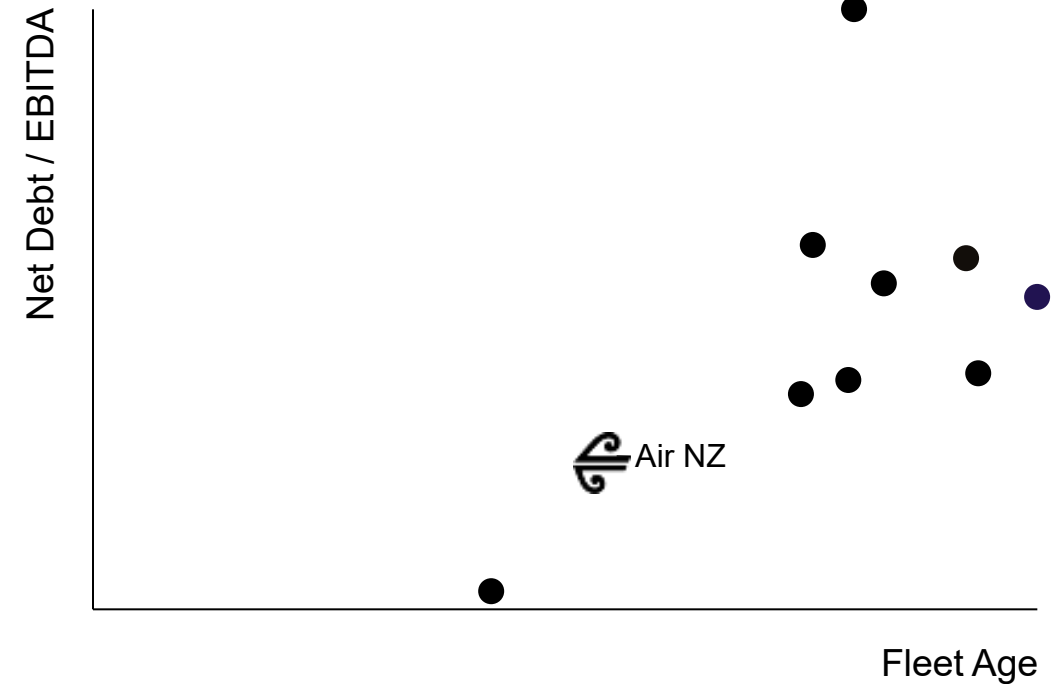
Our strong balance sheet provides flexibility and opportunity for growth and shareholder returns



Net Debt / EBITDA¹ remains below the target range...



...and a relatively young fleet age² means less pressure from aircraft replacement



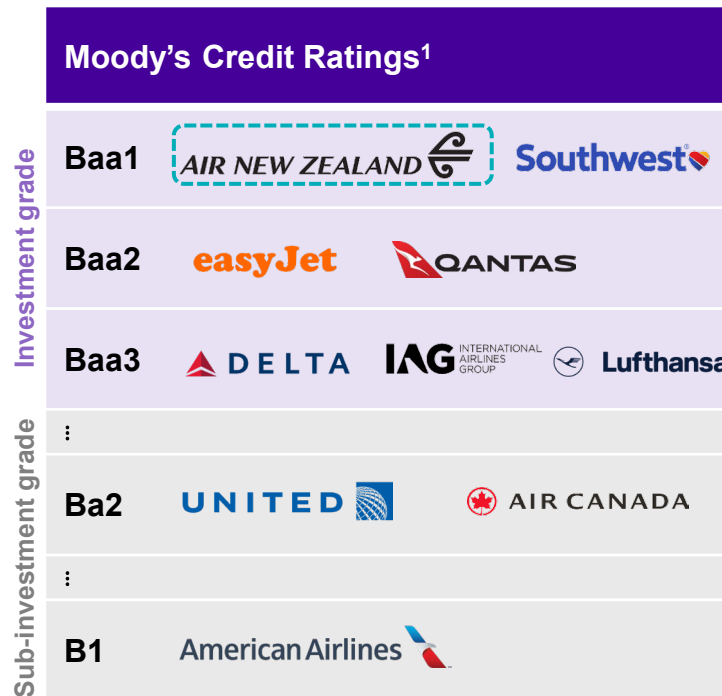
¹ Reflects Air New Zealand's net debt as a multiple of reported last 12 months EBITDA.

² Source: CapIQ. Peer set comprises Qantas, Singapore Airlines, United, Lufthansa, Air France, American Airlines, Delta, Air Canada and IAG.

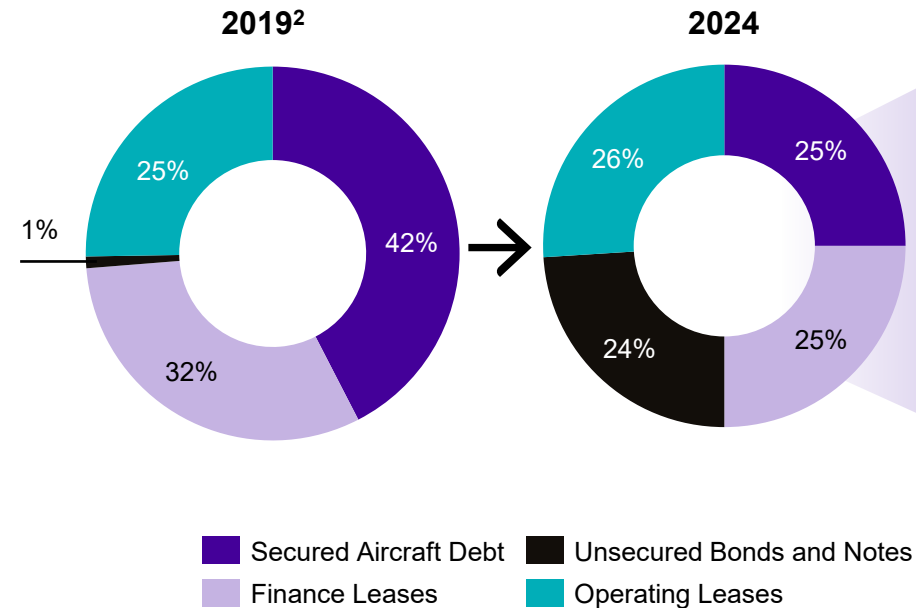
Investment grade credit rating provides funding optionality and low cost of capital



One of the strongest rated airlines



More diversified funding³



At a competitive cost

Weighted Average Margin⁴ as at 30 June 2024

USD	~1.00%
JPY	~0.25%
EUR	~0.55%

¹ Source: Moody's as at 12 November 2024. Shows select peer airlines rated by Moody's.

² 2019 has been adjusted to be as at 1 July to reflect the implementation of IFRS 16 (lease accounting). Refer note 25 of Air New Zealand's 2019 financial statements.

³ Finance leases are lease liabilities with purchase options. Operating leases are lease liabilities without purchase options.

⁴ Margin on floating rate secured debt and finance lease facilities. Interest rates payable equal floating rate benchmarks in each currency plus margin in each facility.

Our capital management framework provides strength and flexibility to make decisions for the long-term



Maintain financial resilience and flexibility

- Target liquidity range of \$1.2 billion to \$1.5 billion
- Net Debt to EBITDA ratio of 1.5x to 2.5x

Underpinned by our commitment to maintain investment grade credit rating metrics

Invest in core operations

- Fleet and infrastructure investments above WACC through the cycle
- Investment to support the airline's decarbonisation ambitions

Distributions

- Ordinary dividend pay-out ratio of 40% to 70% of underlying net profit after tax (NPAT)¹
- Return excess capital via special dividends or share buybacks

Growth capex

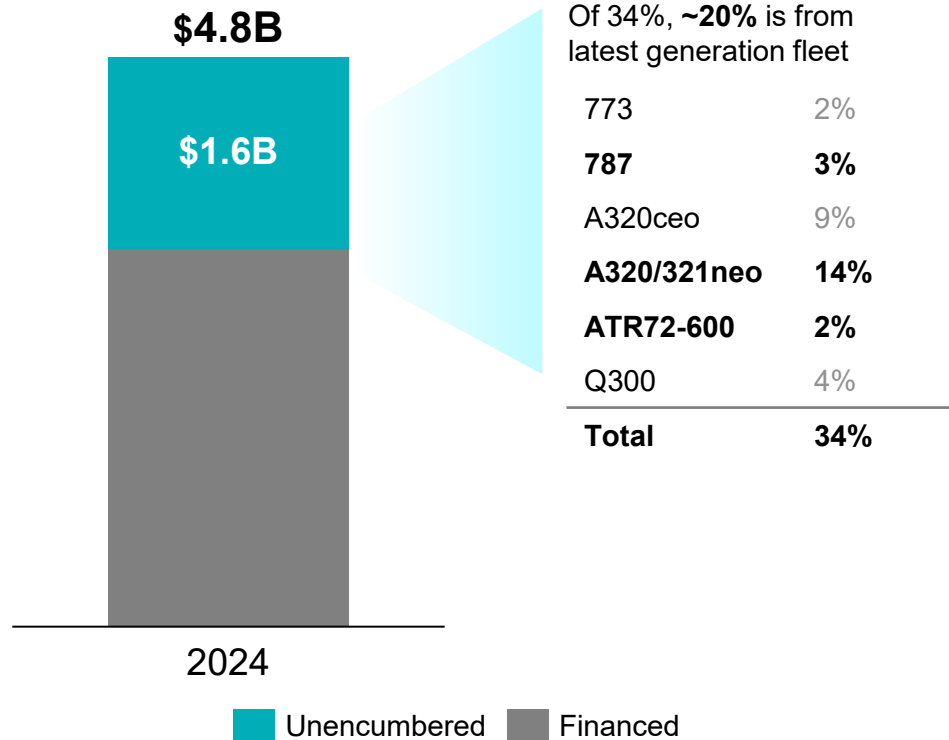
- Disciplined investment in value accretive capex
- Target ROIC above pre-tax WACC

¹ The payout ratio for each of the interim and final dividends is calculated based on the rolling 12-month NPAT, which is divided by two, to reflect the six-monthly period.

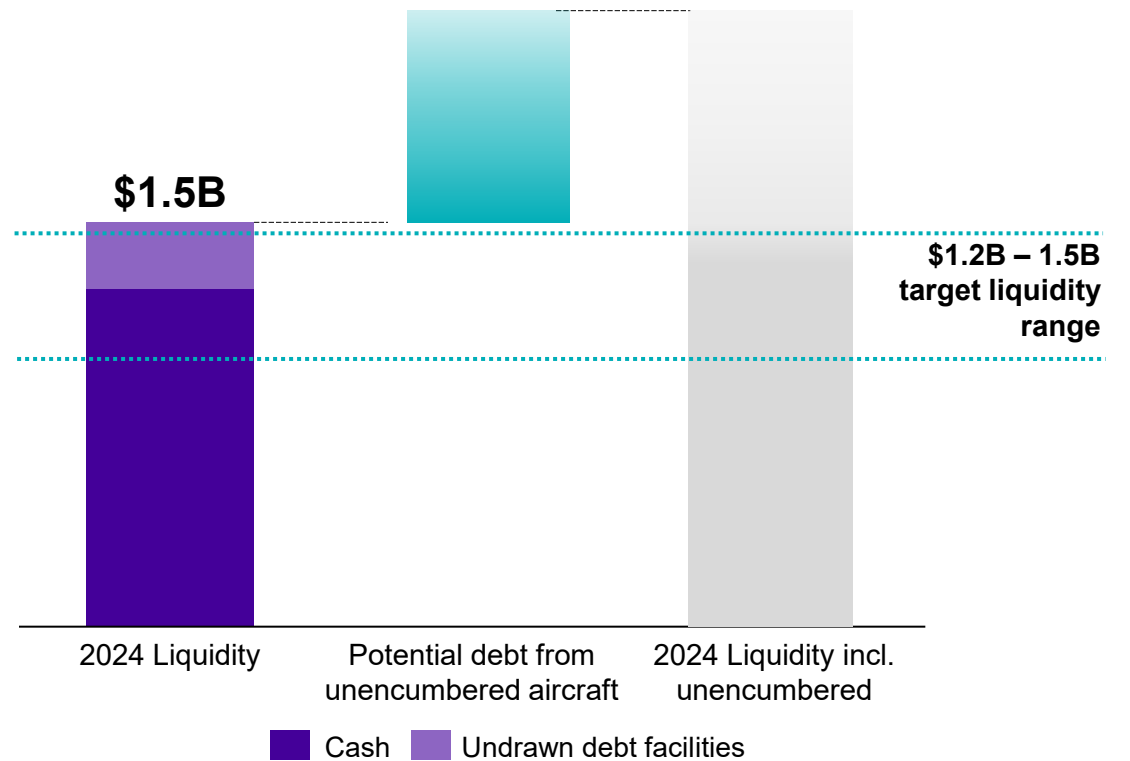
We have built further resilience through a portfolio of high-quality unencumbered fleet



Unencumbered aircraft are now one-third of the owned fleet's market value¹



And can be financed to supplement liquidity as a key risk mitigant



¹ Aircraft values are in USD based on valuations by Aircraft Value Analysis Company Limited ("AVAC") as at 30 June 2024. Converted to NZD at the 2024 balance sheet rate of 0.6080. Excludes spare engine assets.







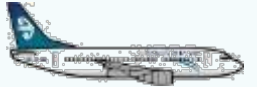










Fleet simplification has delivered cost benefits, and our fleet will remain competitive for the long-term



Fleet has been simplified

Latest-generation technology

Fleet age will float up

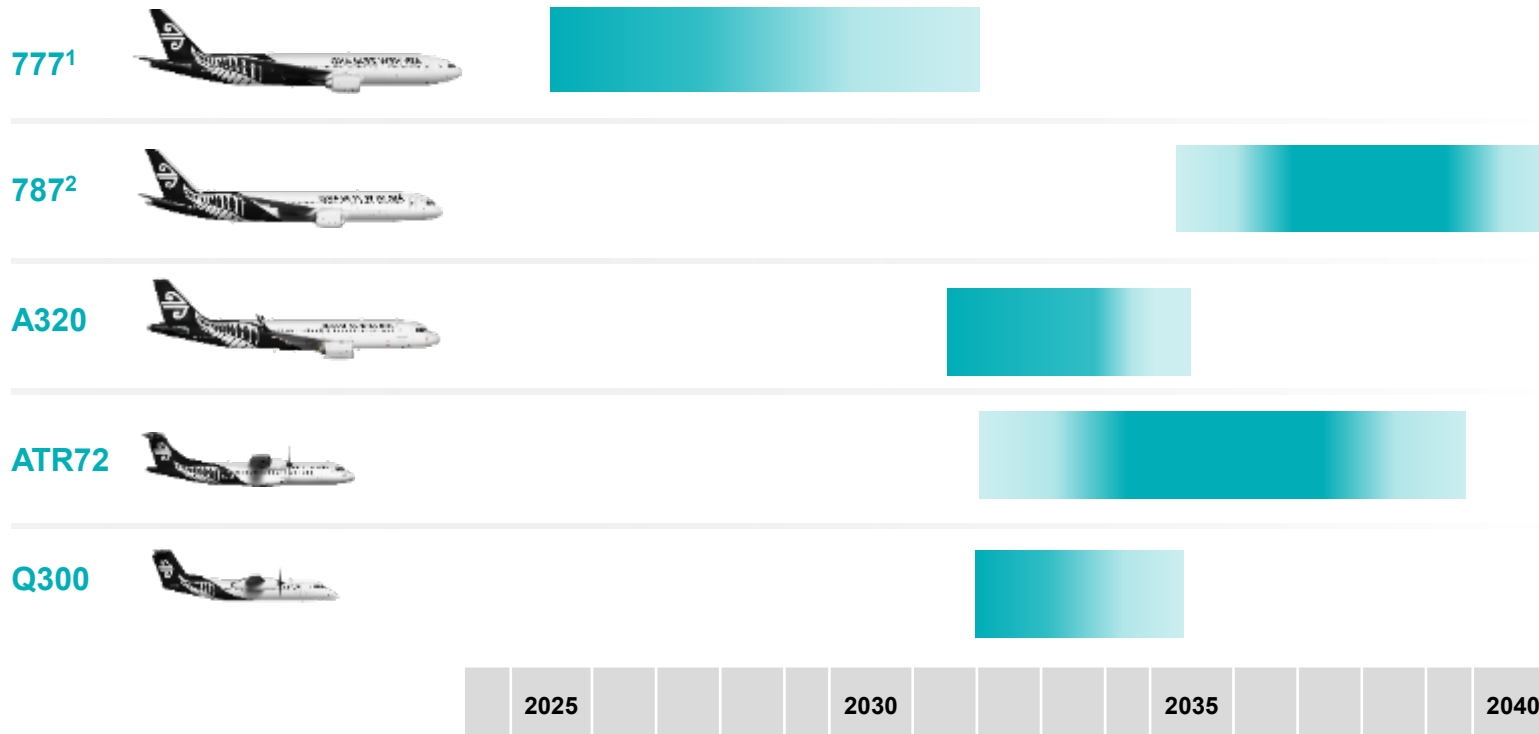
	2011 (8 aircraft types) →	Today	2024 (5 aircraft types) →	Early to mid-2030s (4 aircraft types) →	
Wide-body	747 				
	767 	787 	● 787-9	787 	● 787-9
	777  ● 777-300ER ● 777-200ER	777 	● 777-300ER		● 787-9 (/10)
Narrow-body	737 				
	A320 	A320 	● A320 ● A321	A320 	● A320 ● A321
Turboprop	ATR72  ● ATR72-500	ATR72 	● ATR72-600	ATR72 	● ATR72-600
	Q300 				
	B1900D 	Q300 			Q300 



The delayed 787 order is our only fleet replacement programme through 2030

Without the substantive replacement burden facing many peers, we are well positioned for free cashflow generation

Illustrative fleet replacement profile



¹ Reflects the current firm 787 order of eight aircraft as disclosed at the 2024 Annual Results on 29 August 2024.

² Refers to estimated replacement timeframe of the 14x 787-9 aircraft which were delivered from 2014 to 2019.



Retaining 777-300s for longer



Provides capital efficient seat growth

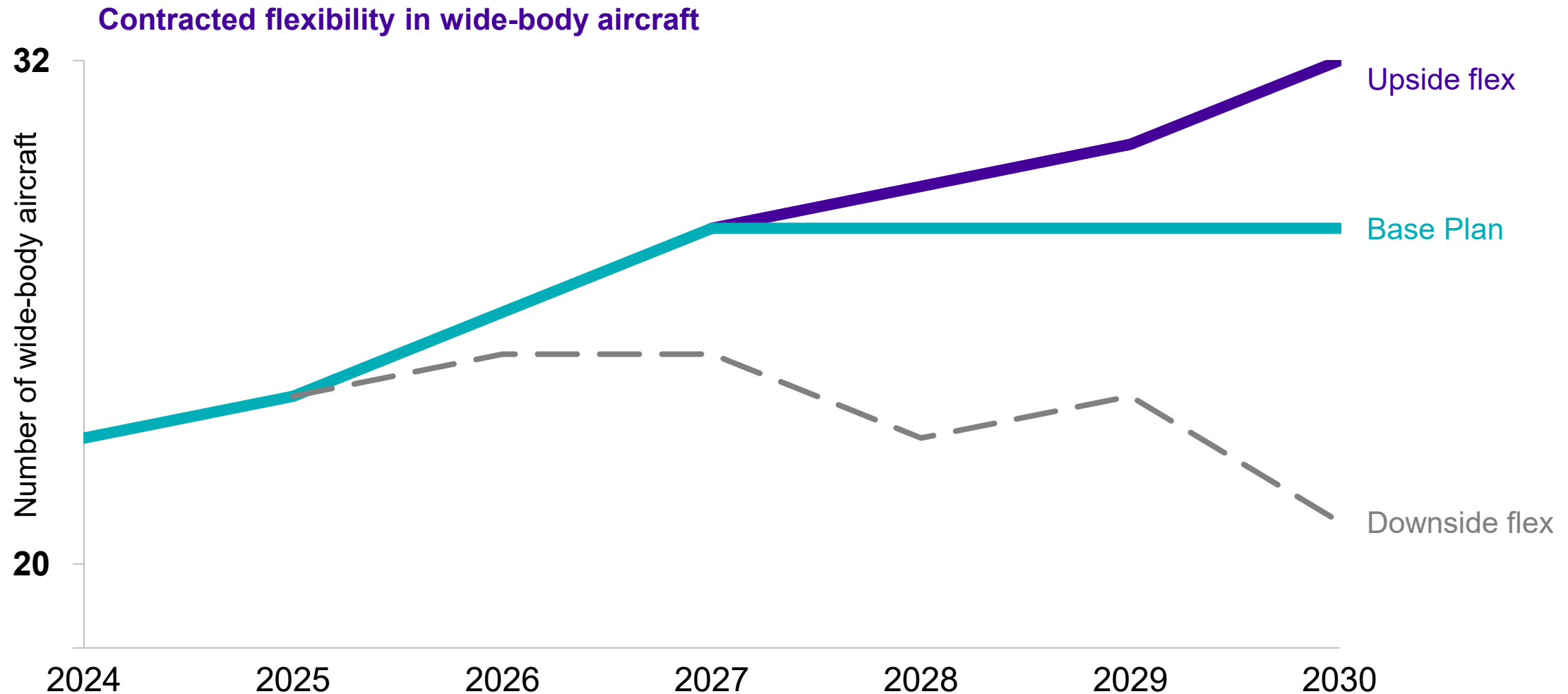


Light interior refresh to ensure longer life



Offers resilience against further OEM delays

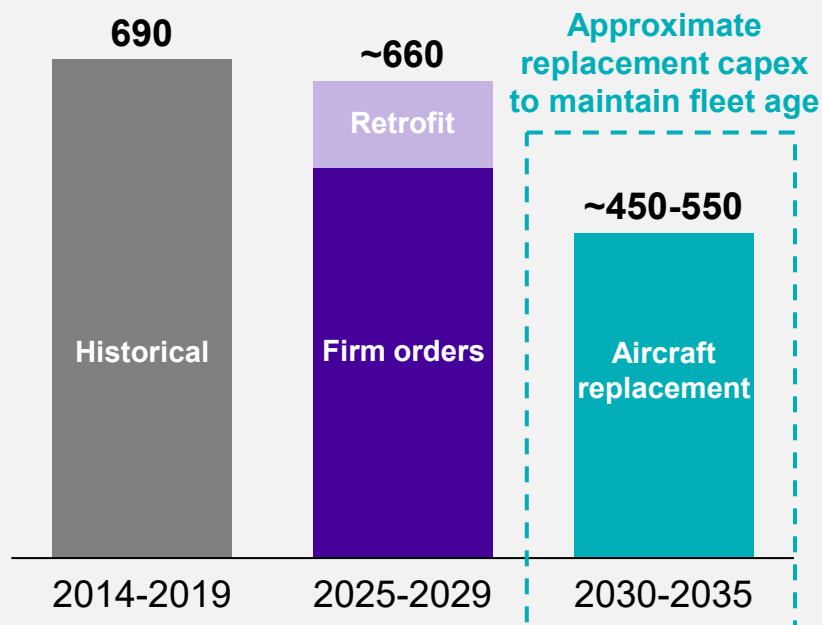
We have flexibility to deliver stronger growth, or adjust to downside risks



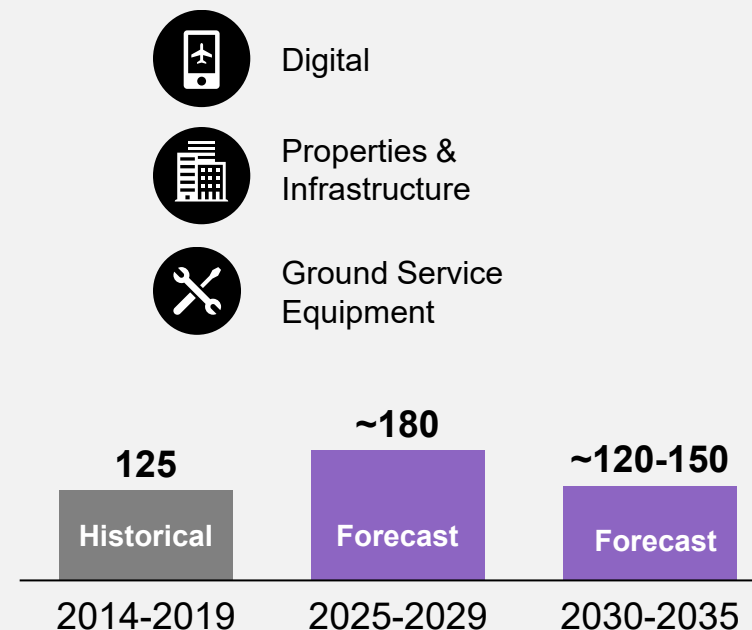
Substantial fleet replacement has already occurred – our focus is investing prudently to support future returns



Average annual aircraft capex
(\$ millions)



Average annual non-aircraft capex
(\$ millions)

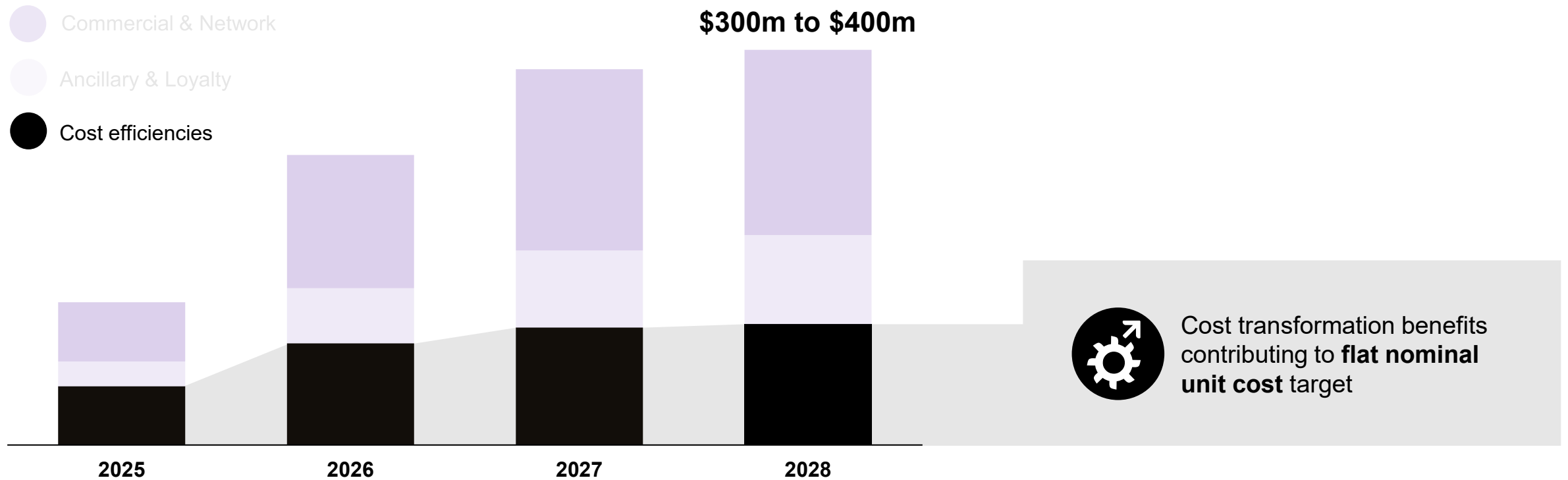


Note: Aircraft capital expenditure includes aircraft purchase, retrofit and programmes. Excludes capitalised engine overhauls. FX USD 0.60 for 2025 to 2029 as reported in the 2024 Annual Results on 29 August 2024.



Benefits from cost transformation initiatives play a key role in our unit cost target...

Transformation initiatives expected to contribute a cumulative \$300 to \$400 million benefit to EBITDA performance by 2028



...together with fleet, continuous improvement and scale efficiencies to maintain flat nominal CASK by 2028



Cost opportunities come from 4 areas



Fleet



Labour

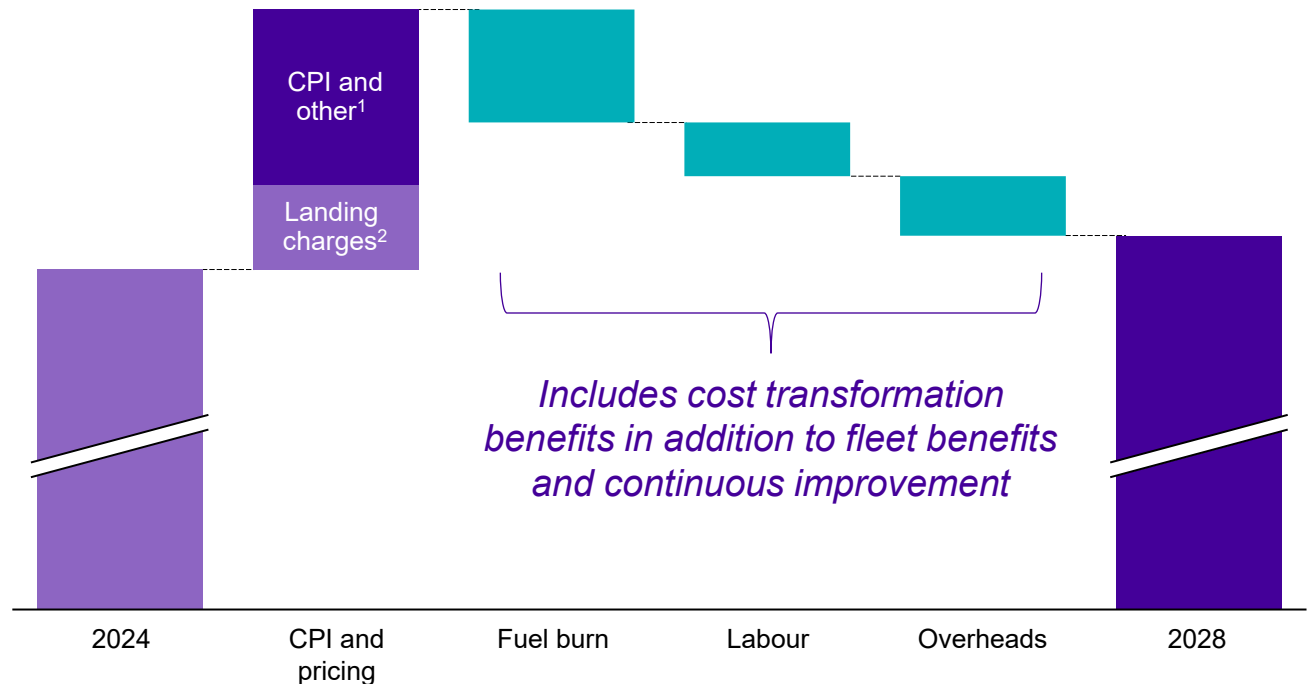


Overheads



Procurement

Targeting flat nominal CASK as our network returns to scale



¹ CPI assumption of 2% to 3% plus other price increases above CPI.

² Represents increase in aeronautical pricing increases from various airports.

We assess the potential opportunities and costs from decarbonising our business in our strategic planning



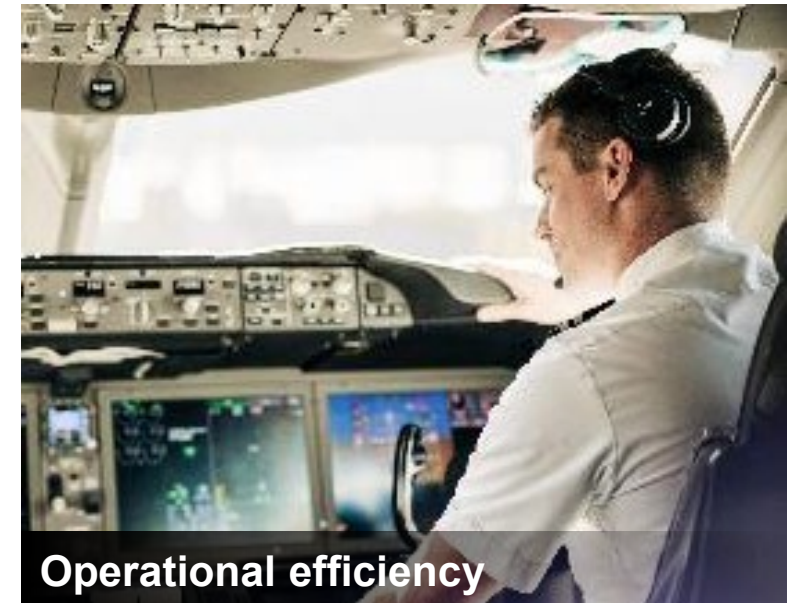
Sustainable aviation fuel (SAF)

Target of 10% SAF by 2030
World Economic Forum's Clean Skies for Tomorrow



Low emissions aircraft technology

First battery-powered all-electric-demonstrator aircraft arriving in calendar 2025



Operational efficiency

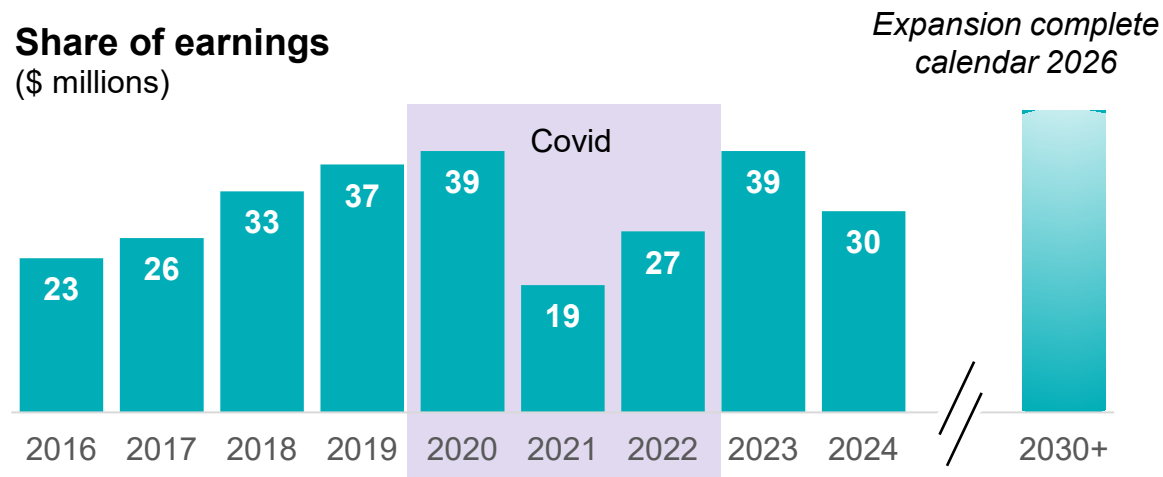
Investing in flight planning tools to reduce fuel burn and modern hybrid-electric ground services equipment

A diversified earnings stream and valuable strategic partnership with Pratt & Whitney

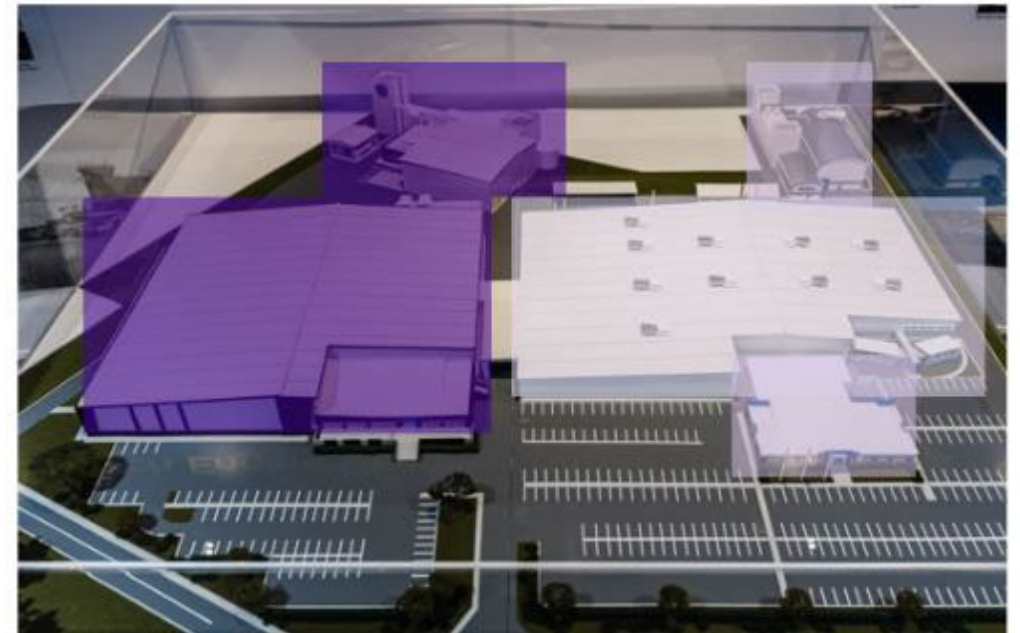


The Christchurch Engine Centre (CEC) will expand into GTF overhauls from 2026

- Full overhaul, test and repair facility
- Expansion enables servicing of PW1100 and PW1500 GTF engines, powering Airbus NEO fleet
- Capital-light growth funded via dividend retention and external financing by the CEC



Expansion will almost double current footprint and enable GTF capabilities



Expanded facility	Existing facility
V2500 plus GTF engines powering Airbus NEO fleet	V2500 engines powering Airbus CEO fleet
> 200 engines annually	~ 100 engines annually

Our medium-term financial ambitions support growth and shareholder returns



Our financial ambitions...

1

\$300 million to \$400 million benefit from transformation contributing to EBITDA by 2028...

2

... targeting operating revenue growth of 4% to 6%, driven by premium mix, ancillary and loyalty...

3

...with cost efficiencies and continuous improvement driving flat nominal unit cost performance as our network scales back

...support strong future shareholder returns

ROIC > pre-tax WACC of ~11%

Ordinary dividend grows with earnings at 40% to 70% payout of NPAT

Buybacks are considered appropriate to return excess capital to shareholders, with consideration of balance sheet strength relative to targets



Key messages you should take away from today



We have a high-performing, engaged team with a customer-centric focus



We will sustain our leading position in New Zealand by leveraging deep competitive strengths



Premiumisation, ancillary and loyalty expansion, alongside disciplined cost control will power future earnings growth



We are unlocking value through digital transformation and our people



Our strong balance sheet provides us with ability to grow and maximise shareholder returns



AIR NEW ZEALAND 

Thank you

A STAR ALLIANCE MEMBER 



Appendix

Speaker bios



Greg Foran Chief Executive Officer

Greg Foran has been Air New Zealand's Chief Executive Officer since February 2020. Greg joined the airline from Walmart U.S where he was Chief Executive Officer from 2014 to 2019, responsible for the strategic direction and performance of 4,600 stores and more than 1 million staff. Prior to this, Greg held several other roles at Walmart, including President and Chief Executive Officer of Walmart China. Prior to joining Walmart International he held several senior positions with Woolworths, the leading retailer in Australia and New Zealand.



Mike Williams Chief Transformation and 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. He became Chief Transformation and Alliances Officer in 2022 and 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 Boston Consulting Group in Australia, Finland and the US working with clients in the aviation, technology and retail sectors.



Jeremy O'Brien General Manager, International Airline

Jeremy O'Brien joined Air New Zealand in 2016 as RGM, Direct and Market Development. Across his tenure Jeremy has led across a diverse range of portfolio's including Contact Centre, Corporate Direct (Tandem Travel) Market Development and Retail Sales, Grabaseat and the Loyalty and Airpoints business. Jeremy is currently General Manager, International Airline at Air New Zealand, where he is responsible for Commercial, Customer and Airport operations delivery across Air New Zealand's International network.



Kate O'Brien General Manager, Loyalty

Kate O'Brien has been with Air New Zealand since 2014 and has worked across a number of areas including strategy, revenue management and networks. Kate is currently the General Manager for Loyalty, where she is responsible for the Airpoints ecosystem and the frequent flyer offering. Prior to joining the airline Kate worked at L.E.K. Consulting, then Qantas Airlines in Sydney.



Nikhil Ravishankar Chief Digital Officer

Nikhil Ravishankar joined the airline in September 2021 as Chief Digital Officer. Prior to Air New Zealand, Nikhil was Chief Digital Officer at Vector New Zealand, leading the company's digital and information technology function and its transformation programme. Before this, he 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).



Nikki Dines Chief People Officer

Nikki Dines has been with Air New Zealand since 2013, working across a range of leadership roles. Nikki now holds the position of Chief People Officer, responsible for developing and executing the airline's people and culture strategy. She is also responsible for our Cargo operations. Prior to joining Air New Zealand, Nikki worked as an employment lawyer in the United Kingdom and New Zealand for more than 15 years.



Richard Thomson Chief Financial Officer

Richard Thomson joined Air New Zealand in March 2021 as Chief Financial Officer, having previously worked at the airline for 13 years in several senior roles including General Manager Networks, Manager Group Financial Planning and General Manger Corporate Finance. Before rejoining Air New Zealand in 2021, Richard was Chief Financial Officer at publicly listed company Metlifecare.

Glossary of key terms



APDs	Airpoints™ dollars
ASKs	Available Seat Kilometres – the number of seats operated multiplied by the distance flown (capacity)
CASK	Operating expenses divided by the total ASK for the period
CAGR	Compound annual growth rate
GDP	Gross Domestic Product
EBITDA	Earnings before interest, tax, depreciation and amortisation - operating earnings before depreciation and amortisation, net finance costs and taxation
IFE	In-flight entertainment on Air New Zealand's aircraft
Net Debt	Interest-bearing liabilities and 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. Prior to 2020 Net debt included net aircraft operating lease commitments for the next 12 months, multiplied by a factor of 7.
Cash, restricted deposits and net open derivatives	Bank and short-term deposits, interest-bearing assets and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
Liquidity	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any revolving facility available to be drawn
RASK	Passenger revenue for the period divided by the total ASKs on passenger flights for the period
ROIC	Return on invested capital calculated as Earnings Before Interest and Taxation (EBIT) divided by average invested capital
WACC	Weighted average cost of capital based on Air New Zealand's internal calculation

Further resources



Resources

Investor website: www.airnewzealand.co.nz/investor-centre

Monthly traffic updates: www.airnewzealand.co.nz/monthly-investor-updates

Corporate governance: www.airnewzealand.co.nz/corporate-governance

Sustainability: <https://www.airnewzealand.co.nz/sustainability>

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