



25 March 2020

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February 2020 highlights

Group traffic summary	February			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	1,363	1,413	(3.5%)	11,734	11,614	1.0%
Revenue Passenger Kilometres(m)	3,015	3,098	(2.7%)	26,508	25,587	3.6%
Available Seat Kilometres (m)	3,798	3,708	2.4%	31,631	30,640	3.2%
Passenger Load Factor (%)	79.4%	83.6%	(4.2 pts)	83.8%	83.5%	0.3 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	0.2%	(0.4%)
Short Haul	3.3%	3.4%
Long Haul	(1.5%)	(2.9%)

* % change is based on numbers prior to rounding.

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



Operating statistics table

Group	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	1,363	1,413	(3.5%)	11,734	11,614	1.0%
Revenue Passenger Kilometres(m)	3,015	3,098	(2.7%)	26,508	25,587	3.6%
Available Seat Kilometres (m)	3,798	3,708	2.4%	31,631	30,640	3.2%
Passenger Load Factor (%)	79.4%	83.6%	(4.2 pts)	83.8%	83.5%	0.3 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	1,182	1,233	(4.1%)	10,193	10,177	0.2%
Revenue Passenger Kilometres(m)	1,231	1,313	(6.3%)	11,380	11,468	(0.8%)
Available Seat Kilometres (m)	1,553	1,586	(2.1%)	13,749	13,928	(1.3%)
Passenger Load Factor (%)	79.3%	82.8%	(3.5 pts)	82.8%	82.3%	0.5 pts
Domestic	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	899	928	(3.1%)	7,466	7,458	0.1%
Revenue Passenger Kilometres(m)	470	492	(4.6%)	3,863	3,883	(0.5%)
Available Seat Kilometres (m)	565	580	(2.5%)	4,562	4,682	(2.6%)
Passenger Load Factor (%)	83.1%	84.9%	(1.8 pts)	84.7%	82.9%	1.8 pts
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	283	305	(7.2%)	2,727	2,719	0.3%
Revenue Passenger Kilometres(m)	761	821	(7.3%)	7,517	7,585	(0.9%)
Available Seat Kilometres (m)	987	1,006	(1.9%)	9,188	9,246	(0.6%)
Passenger Load Factor (%)	77.1%	81.6%	(4.5 pts)	81.8%	82.0%	(0.2 pts)
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	181	181	0.4%	1,541	1,437	7.2%
Revenue Passenger Kilometres(m)	1,784	1,785	(0.0%)	15,128	14,119	7.1%
Available Seat Kilometres (m)	2,245	2,121	5.8%	17,881	16,712	7.0%
Passenger Load Factor (%)	79.5%	84.1%	(4.6 pts)	84.6%	84.5%	0.1 pts
Asia / Japan / Singapore +	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	78	77	1.8%	686	590	16.3%
Revenue Passenger Kilometres(m)	693	686	1.1%	6,099	5,262	15.9%
Available Seat Kilometres (m)	909	793	14.6%	7,302	6,249	16.9%
Passenger Load Factor (%)	76.3%	86.5%	(10.2 pts)	83.5%	84.2%	(0.7 pts)
Americas / UK	FEBRUARY			FINANCIAL YTD		
	2020	2019	% *	2020	2019	% *
Passengers carried (000)	103	104	(0.6%)	855	847	0.9%
Revenue Passenger Kilometres(m)	1,091	1,099	(0.7%)	9,030	8,858	1.9%
Available Seat Kilometres (m)	1,336	1,328	0.6%	10,579	10,463	1.1%
Passenger Load Factor (%)	81.6%	82.7%	(1.1 pts)	85.4%	84.7%	0.7 pts

* % change is based on numbers prior to rounding

+ Includes forty five legs flown between Auckland and Hong Kong replaced by Cathay Pacific charters.

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



Market Announcements

(during the period 27 February to 24 March 2020)

[Air New Zealand enters loan facility and cancels 2020 interim dividend](#)

20 March 2020

Air New Zealand has entered into a debt funding agreement with the New Zealand Government. Under the terms of the agreement the Government will provide a standby loan facility (“the facility”) of up to \$900 million to support the airline as it manages the unprecedented impact of the Covid-19 outbreak on its business.

The facility will provide Air New Zealand with the ability to draw down on funds should its cash reserves drop below a minimum threshold, providing additional funds if cash reserves are not at a satisfactory level. The facility was negotiated on an arms’ length basis, with each party having been independently advised. The facility will be provided in two tranches – a tranche of \$600,000,000 with an effective interest rate initially expected to be between 7% and 8% per annum and a second tranche of \$300,000,000 with an effective interest rate initially expected to be in the order of 9% per annum. The facility will be available for a period of 24 months. The effective interest rates on both tranches will step-up by 1% if the facility remains after 12 months. This debt funding will be used to support the airline’s business operations as it manages the implications of various government border restrictions and substantial reductions in travel demand.

The availability of each tranche of the facility is subject to certain conditions precedent, including agreeing an operating finance plan with the Government and other documentary conditions precedent. Another condition precedent which Air New Zealand must satisfy in order to have the facility available is the cancellation of the 2020 interim dividend of 11 cents per share (which equates to a total of \$123 million) that was announced to the market on 27 February 2020 and was due to be paid to all shareholders, including the Government, on 25 March 2020. Air New Zealand’s Board of Directors believes that, given the highly uncertain environment that exists, the cancellation of this dividend is in the best interests of the airline, including because that action is a pre-requisite to the availability of the facility. Accordingly, the Air New Zealand Board has cancelled this interim dividend effective 20 March 2020.

Other terms of the agreement (which is in the form of a binding terms sheet to be converted into long form agreements), include: a prohibition on payment by Air New Zealand of any dividends or other distributions to shareholders (including the Government) while any amount is available to be drawn under the facility, the giving of security for the loan by Air New Zealand and certain of its subsidiaries over their assets (subject to certain exceptions), the Government having the ability to seek repayment through a capital raise by the airline after six months, or converting the loan to equity (subject to compliance with laws and any necessary regulatory and/or shareholder approvals), Air New Zealand giving various undertakings, representations and operational and informational and other undertakings, and typical events of default. NZX Regulation has granted Air New Zealand waivers from the requirements under the NZX Listing Rules to obtain shareholder approval for entry into and performance of the facility with the Government (as a related party of Air New Zealand). Those waivers were granted because of the recent, extraordinary decline in Air New Zealand’s market capitalisation, and on the grounds that Air New Zealand’s Board of Directors have confirmed that: entry into the facility is in the best interests of all Air New Zealand shareholders (other than the Government); there has been an arms’ length negotiation in relation to the facility, and that the Government has not influenced Air New Zealand’s decision to enter into the facility.

Both Air New Zealand and the Government acknowledge that the terms of the facility do not alter the fundamental principles of their relationship, with the airlines Board of Directors, Greg Foran as CEO and the Executive Team maintaining responsibility for all commercial and operational decisions of the airline.

Separately, and distinct from this agreement, the Government is working with Air New Zealand to ensure other key services can be provided, including repatriation flights, maintaining critical cargo transport lines and having Air New Zealand staff assist the health response. Those services will be provided for under separate commercial arrangements to be negotiated in the future on an arms’ length basis between the airline and the Government.



Air New Zealand – Interim dividend cancellation

20 March 2020

To: Market Participants
From: NZX Product Operations
Date: Friday, 20 March 2020
Subject: Air New Zealand Limited (“AIR”) – Interim Dividend Cancellation

Message:

Following the announcement released by Air New Zealand Limited (“AIR”) on 20 March 2020, NZX Operations (“NZXO”) advises that AIR’s interim dividend has been cancelled.

The dividend cancellation has been reflected across NZX’s systems.
Please contact NZX Product Operations on +64 4 496 2853 or productoperations@nzx.com with any queries.

Waiver from Listing Rules 5.1.1 and 5.2.1

20 March 2020

Please see [attached](#) waiver for Air New Zealand Limited (“AIR”) from NZX Listing Rules 5.1.1 and 5.2.1.

Air New Zealand suspends 2020 earnings guidance

9 March 2020

Due to increased uncertainty surrounding the duration and scale of the Covid-19 outbreak, Air New Zealand has announced that it will be withdrawing the full year 2020 earnings guidance it issued to the market on 24 February 2020 and reconfirmed at its interim results announcement on 27 February 2020.

Air New Zealand has taken numerous steps to mitigate the impact of reduced demand resulting from Covid-19, including reducing capacity on its Asia, Tasman and Domestic networks, redeploying its fuel efficient 787 Dreamliner fleet to drive operational efficiencies and using tactical pricing to stimulate demand on the impacted sectors. However, the airline now believes that the financial impact is likely to be more significant than previously estimated and with the situation evolving at such a rapid pace, the airline is not in a position to provide an earnings outlook to the market at this time. An update on earnings expectations will be provided when appropriate.

Over the course of the last week the airline has seen additional softness in demand with a decline in bookings across its network. The further spread of Covid-19 to countries outside of China, including New Zealand, has driven a downward shift in demand.

Chief Executive Officer Greg Foran says that it is increasingly clear that Covid-19 has created an unprecedented situation and it is difficult to predict future demand patterns.

“We have been continuously monitoring bookings and in recent days have seen a further decline which coincides with media coverage of the spread of Covid-19 to most countries on our network as well as here in New Zealand,” says Mr Foran.

In response the airline has implemented further capacity reductions to its network, which include extending the suspension of its Shanghai service through to the end of April, and additional consolidation of services across the Tasman, Pacific Islands and Domestic network in March and April.

As a result of these actions, Air New Zealand has reduced total capacity into Asia by 26 percent, and total overall network capacity by approximately 10 percent since the outbreak of Covid-19 started.

Like the vast majority of its industry peers, the airline is also pursuing a range of mitigations in response to the swift decline of demand. These include the deferral of non-urgent capital spend and non-critical business activity across operational and corporate functions.



Chief Executive Officer Greg Foran has voluntarily offered to reduce his base pay of \$1.65 million by approximately 15% (\$250,000) with the support of the Board, and Air New Zealand's Executive team will extend their salary freeze that has been in place since May 2019. On top of this, the airline has implemented a hiring freeze for all roles that are non-critical and will offer operational staff the option to take unpaid leave in addition to managing annual leave balances.

"Air New Zealand is a strong and resilient business operated by a world-class team with deep experience having navigated prior shocks to our business and industry. While we have already made swift adjustments to our operations, we are prepared to take further actions to address the ongoing demand impact of Covid-19," says Mr Foran.

Summary of Air New Zealand's response since the Covid-19 outbreak

- Overall capacity reductions of approximately 10% across the network, including:
 - Asia capacity reduction of 26% through June, including extension of Shanghai route suspension through April
 - Tasman capacity reductions of 7% through June
 - Pacific Islands capacity reductions of 6% through June
 - Reductions across the Domestic network of approximately 4%, with a 10% to 15% reduction in March and April
- Various labour initiatives including a voluntary reduction in CEO pay, a hiring freeze for all non-critical roles and voluntary unpaid leave for operational staff
- Deferral of non-urgent capital spend and any non-critical business activity

Media Releases

(during the period 27 February to 24 March 2020)

[Air New Zealand to add domestic capacity](#)

23 March 2020

Air New Zealand is adding more domestic capacity following the Prime Minister's announcement this afternoon.

This will allow New Zealanders seeking to return home to do so prior to the country moving to Alert Level Four.

The airline will endeavour to operate its current schedule as planned until at least the end of the week.

[Air New Zealand suspends Noumea and Tahiti services](#)

20 March 2020

Following further government restrictions for travel into New Caledonia and French Polynesia, Air New Zealand is suspending its Noumea and Tahiti routes until 30 June.

The final Auckland-Noumea return service will be 21 March, and the final Tahiti service will be 23 March (ex-Auckland) and 22 March (ex-Tahiti).

Air New Zealand Chief Operational Integrity and Standards Officer David Morgan says the new COVID-19 border measures pose significant operational and crewing challenges.

Monthly *investor update*



“We’re working through options for our customers and will contact those affected in the coming days. These are challenging times for travel globally and we thank our customers for their understanding as we respond to new and changing border requirements.”

Air New Zealand’s contact centre is operating at high volume. The latest Covid-19 information is published on the [Travel Alerts](#) section of the Air New Zealand website and customers are encouraged to check this and to get in touch with the airline via its social media channels in the first instance. Customers booked via a travel agent (including online travel agents) should contact their booking agent.

Air New Zealand brings forward suspension of Argentina service

19 March 2020

Following increased government restrictions for travel into Argentina, Air New Zealand is suspending its Buenos Aires route with immediate effect.

NZ31 (Buenos Aires-Auckland) departing Ministro Pistarini Airport at 1145pm 18 March local time will be the airline’s final service until 30 June 2020.

Air New Zealand has upgauged the aircraft operating the service to the larger Boeing 777-300 aircraft which has 30 extra seats than the 777-200 originally scheduled.

Air New Zealand Chief Operational Integrity and Standards Officer Captain David Morgan says the suspension has been brought forward following additional border measures, which pose significant crew logistics and operational challenges.

“This is a rapidly evolving situation and we thank customers for their patience and understanding at this challenging time. Our teams are working through options for customers impacted by the earlier than planned suspension and will be in touch in coming days.”

Air New Zealand’s contact centre is operating at high volume. The latest Covid-19 information is published on the [Travel Alerts](#) section of the Air New Zealand website and customers are encouraged to check this and to get in touch with the airline via its social media channels in the first instance. Customers booked via a travel agent (including online travel agents) should contact their booking agent.

Air New Zealand to close London cabin crew base

19 March 2020

Air New Zealand has made the decision to bring forward the closure of its London cabin crew base of 130 flight attendants due to the impact of COVID-19 and travel restrictions imposed by governments around the world.

London-based cabin crew will operate their final service on the route on 20 March (ex Los Angeles). A New Zealand-based crew will operate the remaining flight on 21 March. The route will then be suspended until 30 June.

Air New Zealand had planned to close the cabin crew base with its withdrawal from the route in October 2020.

Air New Zealand General Manager Cabin Crew Leeanne Langridge says these are unprecedented times for the airline and the past few weeks have presented an unsettling period for many staff.

“The increasing travel restrictions due to COVID-19 are having a significant impact on bookings and flight cancellations. While this is a tough decision, it’s important we take action now to responsibly manage Air New Zealand through this difficult period to maintain a national airline that is fit for the future.”

Monthly **investor update**



“Our London-based cabin crew have always gone above and beyond. They consistently provide exemplary service to our customers and we remain incredibly proud of the base. Our priority now is supporting our people and we’ll be working closely with them and their union.”

Earlier in the week, Air New Zealand announced it is reviewing its cost base in response to COVID-19 and is working with unions on a range of measures to reduce its labour bill by 30 percent.

The airline placed itself into a trading halt on Monday to allow it time to fully assess the operational and financial impacts of global travel restrictions. The trading halt remains in place

Air New Zealand announces significant capacity reductions

16 March 2020

Air New Zealand is further reducing capacity across its network as a result of the impact of Covid-19 on travel demand.

The airline placed itself into a trading halt on 16 March 2020 to allow it time to more fully assess the operational and financial impacts of global travel restrictions.

On its long-haul network Air New Zealand will be reducing its capacity by 85 percent over the coming months and will operate a minimal schedule to allow Kiwis to return home and to keep trade corridors with Asia and North America open. Full details of this schedule will be advised in the coming days.

Among the long-haul network capacity reductions, the airline can advise it is suspending flights between Auckland and Chicago, San Francisco, Houston, Buenos Aires, Vancouver, Tokyo Narita, Honolulu, Denpasar and Taipei from 30 March to 30 June. It is also suspending its London–Los Angeles service from 20 March (ex-LAX) and 21 March (ex LHR) through to 30 June.

The Tasman and Pacific Island network capacity will significantly reduce between April and June. Details of these schedule changes will be announced later this week.

On the Domestic network, capacity will be reduced by around 30 percent in April and May, but no routes will be suspended.

Customers are advised that due to the unprecedented level of schedule changes they should not contact the airline unless they are due to fly within the next 48 hours or need immediate repatriation to New Zealand or their home country.

Chief Executive Officer Greg Foran says that while airlines face an unprecedented challenge, Air New Zealand is better placed than most to navigate its way through it.

“The resilience of our people is exceptional, and I am consistently amazed by their dedication and passion for our customers,” Mr Foran says.

“We are a nimble airline with a lean cost base, strong balance sheet, good cash reserves, an outstanding brand and a team going above and beyond every day. We also have supportive partners. We are also in discussions with the Government at this time.”

As a result of the downturn in travel Air New Zealand continues to review its cost base and will need to start the process of redundancies for permanent positions acknowledging the important role partnering with unions has in this process.

“We are now accepting that for the coming months at least Air New Zealand will be a smaller airline requiring fewer resources, including people. We have deployed a range of measures, such as leave without pay and



asking those with excess leave to take it, but these only go so far. We are working on redeployment opportunities for some of our staff within the airline and also to support other organisations”.

Mr Foran says the airline is working constructively with the heads of the four main unions representing more than 8,000 of its workforce to ensure the right outcome for all staff.

“I would like to thank the leadership teams at E tū, AMEA, NZALPA and Federation of Air New Zealand Pilots for the way in which they are engaging with the airline and positively representing the interests of their members. These are unprecedented times that we are all having to navigate. And it is clear that if we don’t take all the appropriate measures to lower costs and to drive revenue, our airline won’t be in the best position to accelerate forward once we are through the worst of the impact of Covid-19.”

As part of Air New Zealand’s cost savings initiatives, the Board of Directors will take a 15 percent pay cut until the end of this calendar year.

[Air New Zealand increasing Customer Care teams to service surge in customer queries in the wake of the new travel restrictions](#)

14 March 2020

Air New Zealand is boosting the size of its Contact Centre and Social Media Customer Care teams to deal with a surge of customer queries and travel changes.

Air New Zealand Senior Manager Customer Care Doug Grant says this is an unprecedented situation and as a result the airline is dealing with a very high volume of customer enquires through the Contact Centre and social media channels.

“We have brought in additional staff to assist and are actively prioritising customer queries. To ensure urgent cases are dealt with as quickly as possible, we strongly encourage customers to only contact us if their flight is departing within the next 48 hours.”

“All customers should check our Travel Alerts page for information and guidance before getting in touch.”

“We really appreciate the patience and understanding of all our customers at this difficult time. The entire Air New Zealand team is focussed on providing care and support for our customers,” says Doug Grant.

As announced yesterday, Air New Zealand is offering fare flexibility for customers affected by Covid-19 travel restrictions.

Customers with international flights affected by Covid-19 government-imposed restrictions due to depart up until 31 March 2020 will be eligible to:

- Hold the value of their fare in credit for twelve months from the time of ticket purchase;
- Receive a refund;
- Amend the date of their flight without change fees. The normal fare difference will apply.

Customers purchasing domestic tickets should consider purchasing our Flexidate or Flexitime fare products which provide greater flexibility should they need to change their travel plans. Standard fare rules continue to apply on all domestic tickets unless they form part of an international itinerary including a destination impacted by government travel restrictions.

Full details of Air New Zealand’s fare flexibility policy regarding Covid-19 can be found on our Travel Alerts page. Customers booked via a travel agent (including online travel agents) should contact their booking agent.



[Air New Zealand takes native birds under its wing in new safety video](#)

28 February 2020

Air New Zealand has hatched its latest safety video *A Journey to Safety*. The video highlights the impact of New Zealand's biodiversity crisis through the story of a young girl who transports a lost takahē to his new home with help from Air New Zealand and the Department of Conservation (DOC).

The airline's latest offering builds on its eight-year partnership with DOC. The two organisations have been working together since 2012 to help protect and enhance New Zealand's natural environment. Under the partnership the airline has transported more than 3,200 threatened species to safe havens, funded pest traps across 38,000 hectares of the country, and supported marine science and research within New Zealand's marine reserves.

Rising star Lily Roebuck is supported in the role of Janey by DOC Threatened Species Ambassador Nicola Toki, DOC ranger Jerry Henry-Finch, Air New Zealand crew members Danielle Griffioen, Henry McIntyre, Shelly Pretorius and Jordan Young, children of Air New Zealand employees, and a CGI takahē named Mr T.

New Zealand's landscapes are also a feature of the video, with the Murchison Mountains in Fiordland, Tiritiri Matangi in the Hauraki Gulf and Sanctuary Mountain Maungatautari in Waikato all making an appearance.

Air New Zealand's General Manager Global Brand and Content Marketing Jodi Williams says the newest video is a charming story with a serious message behind it.

"While it's lighthearted on the surface, it conveys a really important message – our native birds need our help. Our safety videos have collectively generated more than 180 million views over the past decade, so what better medium to shine a spotlight on New Zealand's biodiversity crisis.

"We're really proud of the work we're doing with DOC, and hope Kiwis and visitors alike will not only delight in our latest video but take on the message behind it."

Department of Conservation Threatened Species Ambassador Nicola Toki says right now is a globally significant time when it comes to New Zealand's biodiversity crisis.

"The reality is, a huge number of our species are on the fast track to extinction. We've already lost 50 species of birds since humans arrived in New Zealand, and each year up to 25 million native birds are killed by introduced predators. Protecting our native taonga is a massive challenge, but one all Kiwis and businesses can be part of, by doing things like purchasing backyard traps and getting behind their local community groups.

"We're thrilled to have been able to work with Air New Zealand on their latest safety video. Our native species are part of our identity as Kiwis, and it's so important to protect that."