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July 2020 highlights

Group traffic summary	July			FINANCIAL YTD		
	2020	2019	%*+	2021	2020	%*
Passengers carried (000)	714	1,403	(56.9%)	714	1,403	(56.9%)
Revenue Passenger Kilometres(m)	499	3,215	(86.8%)	499	3,215	(86.8%)
Available Seat Kilometres (m)	873	3,833	(80.7%)	873	3,833	(80.7%)
Passenger Load Factor (%)	57.2%	83.9%	(26.7 pts)	57.2%	83.9%	(26.7 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	36.4%	35.8%
Short Haul	46.7%	46.5%
Long Haul	(38.4%)	(40.0%)

Please note that the available seat kilometre (capacity) numbers included in the tables within this disclosure do not include any cargo-only flights. This is because these capacity numbers are used to calculate passenger load factors and passenger RASK

* % 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.

+ The month's percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2019 (28 days) compared with July 2020 (33 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.



Operating statistics table

Group	JULY			FINANCIAL YTD		
	2020	2019	% *+	2021	2020	% *
Passengers carried (000)	714	1,403	(56.9%)	714	1,403	(56.9%)
Revenue Passenger Kilometres(m)	499	3,215	(86.8%)	499	3,215	(86.8%)
Available Seat Kilometres (m)	873	3,833	(80.7%)	873	3,833	(80.7%)
Passenger Load Factor (%)	57.2%	83.9%	(26.7 pts)	57.2%	83.9%	(26.7 pts)
Short Haul Total						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	704	1,225	(51.2%)	704	1,225	(51.2%)
Revenue Passenger Kilometres(m)	406	1,453	(76.3%)	406	1,453	(76.3%)
Available Seat Kilometres (m)	563	1,805	(73.5%)	563	1,805	(73.5%)
Passenger Load Factor (%)	72.2%	80.5%	(8.3 pts)	72.2%	80.5%	(8.3 pts)
Domestic						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	689	875	(33.2%)	689	875	(33.2%)
Revenue Passenger Kilometres(m)	372	453	(30.2%)	372	453	(30.2%)
Available Seat Kilometres (m)	450	552	(30.9%)	450	552	(30.9%)
Passenger Load Factor (%)	82.8%	81.9%	0.9 pts	82.8%	81.9%	0.9 pts
Tasman / Pacific						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	15	350	(96.4%)	15	350	(96.4%)
Revenue Passenger Kilometres(m)	34	1,000	(97.1%)	34	1,000	(97.1%)
Available Seat Kilometres (m)	113	1,252	(92.3%)	113	1,252	(92.3%)
Passenger Load Factor (%)	30.1%	79.9%	(49.8 pts)	30.1%	79.9%	(49.8 pts)
Long Haul Total						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	9	178	(95.5%)	9	178	(95.5%)
Revenue Passenger Kilometres(m)	93	1,762	(95.5%)	93	1,762	(95.5%)
Available Seat Kilometres (m)	310	2,028	(87.0%)	310	2,028	(87.0%)
Passenger Load Factor (%)	30.0%	86.9%	(56.9 pts)	30.0%	86.9%	(56.9 pts)
Asia / Japan / Singapore						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	5	74	(94.8%)	5	74	(94.8%)
Revenue Passenger Kilometres(m)	42	652	(94.6%)	42	652	(94.6%)
Available Seat Kilometres (m)	149	774	(83.7%)	149	774	(83.7%)
Passenger Load Factor (%)	28.1%	84.2%	(56.1 pts)	28.1%	84.2%	(56.1 pts)
Americas / UK						
	2020	JULY 2019	% *+	2021	2020	% *
Passengers carried (000)	5	105	(96.0%)	5	105	(96.0%)
Revenue Passenger Kilometres(m)	51	1,110	(96.1%)	51	1,110	(96.1%)
Available Seat Kilometres (m)	161	1,254	(89.1%)	161	1,254	(89.1%)
Passenger Load Factor (%)	31.7%	88.5%	(56.8 pts)	31.7%	88.5%	(56.8 pts)

Please note that the available seat kilometre (capacity) numbers included in the tables within this disclosure do not include any cargo-only flights. This is because these capacity numbers are used to calculate passenger load factors and passenger RASK

* % change is based on numbers prior to rounding

+ The month's percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2019 (28 days) compared with July 2020 (33 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

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 28 July to 7 September)

Air NZ 2020 Notice of Annual Meeting and Voting Form

31 August 2020

Air New Zealand has provided a copy of its Notice of Annual Shareholders' Meeting 2020 which will be held at the Auditorium, ASB Waterfront Theatre, 138 Halsey Street, Auckland, New Zealand on Tuesday 29 September 2020 commencing at 1.00pm (NZST).

The Notice of Meeting and Voting Form are being mailed to shareholders. An electronic copy of these documents is available on the company's website at <https://www.airnewzealand.co.nz/annual-meeting>

A copy of these documents can be found [here](#).

Air New Zealand 2020 Annual Results

27 August 2020

Air New Zealand adjusted its business quickly to manage the impact of Covid-19

Air New Zealand has announced its 2020 result, affirming the unprecedented effect of the Covid-19 pandemic on its business and the global aviation industry following extensive travel and border restrictions which commenced from March.

Air New Zealand is reporting a loss before other significant items and taxation of \$87 million¹ for the 2020 financial year, compared to earnings of \$387 million in the prior year.

Despite reporting a strong interim profit of \$198 million² for the first six months of the financial year, and seeing positive demand on North American and regional routes early in the second half, Covid-related travel restrictions resulted in a 74 percent drop in passenger revenue from April to the end of June compared to the prior year, which drove the airline's operating losses.

Statutory losses before taxation, which include \$541 million of other significant items, were \$628 million, compared to earnings of \$382 million last year. Non-cash items of \$453 million reflected most of the other significant items, including the \$338 million aircraft impairment charge related to grounding of the Boeing 777-200ER fleet for the foreseeable future.

The airline has responded to this crisis with urgency, including securing additional liquidity, structurally reducing its cost base and deferring significant capex spend, whilst ensuring that the business remains well positioned to grow profitably when travel restrictions are eventually removed and customer demand returns.

Quick and decisive action in response to Covid-19

Air New Zealand's Chairman Dame Therese Walsh says she is proud of the way the business has responded to this crisis, acting with speed and agility to lower the cost base, and pivoting quickly to ramp up domestic and cargo services to help keep the New Zealand economy moving. These actions, along with the strategic

¹ Earnings before other significant items and taxation represent Earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of the Group. Earnings before other significant items and taxation is reported within the Group's audited annual financial statements.

² Represents Earnings before other significant items and taxation.



review the airline has undertaken in parallel to managing this crisis, ensure that Air New Zealand remains in a strong and competitive position when travel restrictions lift.

“The 2020 financial year has been a year of stark contrast. Air New Zealand had a solid start to the year and was focused on driving profitable growth into the second half. We were also preparing to launch the first ever non-stop link between New Zealand and New York and had announced several exciting innovations in the customer experience space.

“Now, nearly 6 months following the declaration of a global pandemic, the \$87 million loss we are reporting, our first loss in 18 years, reflects the quick and severe impact Covid-19 has had on our business” says Dame Therese.

“Faced with such a swift decline in revenue as lockdown restrictions were implemented and borders were closed, we took immediate steps to secure \$900 million in additional funding, and drastically reduced our cash burn in the knowledge that, for a time, we would be a much smaller business than we had been pre-Covid” Dame Therese says.

In preparation for the eventual recovery of demand, the Board has recently endorsed a refresh of the airline’s strategy which is focused on sustaining competitive strengths and ensuring long-term positive outcomes for customers, staff, the broader community and shareholders.

“The Board and I are fully supportive of the new strategy that Greg and his Executive team have been working on in parallel to dealing with this crisis. We have a clear focus on where our business is heading, and I am confident Air New Zealand will be ready when the recovery occurs” Dame Therese says.

Chief Executive Officer Greg Foran will provide more context at the airline’s Annual Shareholders’ Meeting on 29 September, which will include a discussion of the airline’s network focus, enhancements to its Airpoints™ loyalty programme, sustainability focus and digital priorities.

Liquidity and cash burn update

Short-term liquidity as at 25 August 2020 was approximately \$1.1 billion, made up of cash and the \$900 million standby loan facility from the New Zealand Government. Due to the strong cash position pre-Covid-19, swift action taken by management to reduce cash burn and a better than expected return of domestic demand after the initial lockdown was lifted in New Zealand, the airline has not yet utilised the standby loan facility. However, it expects to start drawing on these funds in the coming days.

Cash burn averaged approximately \$175 million per month from April to June, including higher than average refunds, redundancy payments and fuel hedge close out costs, but this reduced to \$85 million for July.

The airline is estimating the go forward average monthly cash burn to be in the range of \$65 million to \$85 million while international travel restrictions remain and assuming resumption of domestic travel with no social distancing requirements, as well as a continuation of government-supported cargo flights.

Dividend and capital structure update

The Board is focused on preserving Air New Zealand’s liquidity across a range of potential demand recovery scenarios. Given current financial pressures as the airline manages the impact of Covid-19, the Board has determined that it will not declare a final dividend for the 2020 financial year.

The Government has recently reaffirmed the Crown’s long-standing commitment to maintaining its majority shareholding in Air New Zealand, having regard to the unique and critical role the company has in New Zealand’s economy and society. This is reflected in the Crown loan facility that provides Air New Zealand with liquidity support whilst the airline works through to a permanent solution. Air New Zealand is engaging constructively with the Crown as it continues to assess its capital structure and funding needs.



Focused on operational resilience

Chief Executive Officer Greg Foran says Covid-19 has highlighted once again that the core strength of the airline is its people and their ability to respond to change quickly.

“I am in awe of the dedication, perseverance, and professionalism of Air New Zealanders across the business and never cease to be amazed at the resilience and strength of our people as we work our way through this crisis.

“Whether it be volunteering to crew repatriation flights to unfamiliar ports, dealing with substantial increases in volume at the call centre, or our cargo team’s efforts to keep New Zealand exporters connected to global markets, the response of our people has been nothing short of remarkable” he says.

“**I also recognise** this has been a particularly trying time for our customers with the mass cancellation of flights and continuing uncertainty regarding international travel. I would like to apologise sincerely for the fact that we didn’t live up to customers’ expectations in the way we handled the processing of customer credits. I would also like to thank our customers for their ongoing support and patience” says Mr Foran.

Last month, the airline was pleased to roll out the initial stages of a digital tool for customers to view and redeem their credits online. To date, more than 70,000 customers have utilised the tool to redeem existing credits into new bookings.

In June and July, the airline experienced heavy demand for domestic travel, particularly into leisure destinations such as Queenstown and was operating around 70 percent of its pre-Covid Domestic network.

Mr Foran says “It has been great to see our domestic business perform well ahead of our expectations in June and July as the New Zealand public once again shows us that they have an innate love of travel. We are also pleased to have ramped up our cargo offering in recent months, flying more than 50 flights per week under the International Airfreight agreement we signed with the Ministry of Transport in late April. These cargo services ensure key goods such as medical supplies and food continue to flow in and out of New Zealand. However, we have to bear in mind that with almost 70 percent of our revenue derived from international flying, while border restrictions remain in place our business will continue to be significantly impacted. The recent resurgence of community transmission in New Zealand in August, has also reminded us that we cannot afford to be complacent.”

“In the airline’s 80-year history we have faced many challenges and emerged from each one stronger than before. We entered this crisis in an enviable position, and with our core Domestic network, I believe we are better positioned for recovery than many of our airline peers.

“But given the restructuring and consolidation we had started to see within the global aviation industry, we need to be hyper vigilant and protect our core competitive advantages. It is clear that Covid-19 is unlike any other crisis the aviation industry has experienced and we will need to be more nimble than ever as borders reopen” Mr Foran says.

Outlook for 2021

Given the uncertainty surrounding travel restrictions and the level of demand as these restrictions lift, Air New Zealand is currently not able to provide specific 2021 earnings guidance. However, each of the scenarios we are currently modelling suggest we will make a loss in 2021.

Financial Summary

- Operating revenue of **\$4.8 billion**, down 16 percent on the prior year as a result of travel restrictions due to Covid-19
- Total network capacity decline of **21 percent** compared to the prior year

Monthly *investor update*



- Cargo revenue of **\$449 million**, up 15 percent on the prior year
- Loss before other significant items and taxation of **(\$87) million**
- Loss before taxation of **(\$628) million**
- Board has determined not to declare a final dividend for the 2020 financial year, given current financial pressures
- Short-term liquidity of **\$1.1 billion** at close of business 25 August 2020, (including funds available under the Government standby loan facility which has not yet been utilised)

Other Significant Items

	2020 full year impact
De-designation of hedges	(\$105 million) Partial non-cash charge
Aircraft impairment charge	(\$338 million) non-cash charge
Reorganisation costs	(\$140 million) Partial non-cash charge
Gain on sale from landing slots	\$21 million cash
Disestablishment of fair value hedges	(\$46 million) non-cash charge
FX gains on uncovered foreign currency debt	\$67 million non-cash charge
Total	(\$541 million) of which (\$453 million) non-cash items and (\$88 million) cash items

The remaining results documents can be found [here](#).

Annual Meeting and Nomination of Directors

31 July 2020

Annual Shareholders' Meeting

Air New Zealand Limited advises that its Annual Shareholders' Meeting will be held in the Auditorium at the ASB Waterfront Theatre, 138 Halsey Street, Auckland, on Tuesday 29 September 2020 at 1.00pm. In addition to our usual physical meeting, Air New Zealand will also be offering shareholders the choice to attend and participate in the Annual Meeting via an online platform. Details of registration for those who wish to participate online will be included in the Notice of Meeting sent after the 2020 Annual Results on Thursday 27 August 2020.

Nomination of Directors

Nominations for the position of director may be made on or before 5pm Friday 14 August 2020. Nominations must be made in writing by a security holder entitled to attend and vote at the Meeting and should be directed to the Company Secretary at Air New Zealand, Private Bag 92007, Auckland 1142. This announcement is made pursuant to NZX Listing Rule 2.3.



Media Releases

(during the period 28 July to 7 September)

[Air New Zealand update on Alert Level 2 travel](#)

28 August 2020

Air New Zealand will resume flying all of its Auckland domestic routes when the region moves to Alert Level 2 on Monday.

The airline has been operating a reduced domestic schedule in and out of Auckland while it has been at Alert Level 3. The majority of the rest of Air New Zealand's domestic network has remained unchanged but with physical distancing in place.

From Monday it will also be mandatory for customers travelling during Alert Level 2 to wear a face covering while on board. Customers are encouraged to bring their own, or a mask will be provided by the airline prior to boarding.

Air New Zealand Chief Executive Officer Greg Foran says while there will be more flights to and from Auckland, physical distancing will be in place across the airline's domestic network so there will be fewer seats available for customers.

"Physical distancing means we can only sell just under 50 percent of seats on a turboprop aircraft and just 65 percent on an A320 which also means we won't be able to offer our lowest lead in fares until physical distancing measures are removed. This has put huge pressure on our business as it means we need to move some of our customers to other flights. We'd like to thank our customers for their patience and understanding while we work through these changes.

"When it comes to face coverings, this has been a requirement for those flying out of Auckland during Alert Level 3 and our customers have been really cooperative to date. We support the government's move to mandate the wearing of face coverings on public transport at Alert Level 2 from next week.

"All Air New Zealand domestic cabin crew and front of house employees will be wearing masks and gloves, and pilots will wear masks when interacting with customers or moving through airport terminals."

The airline has extended fare flexibility through until 11:59pm Sunday 6 September. Customers who hold a ticket booked directly with Air New Zealand for a domestic flight up until this date may opt to hold their fare in credit and can do this via the airline's online booking tool while customers who have booked via a travel agent should speak with their agent to cancel their booking. Customers who no longer plan to travel are asked to do this as soon as possible to help the airline ensure physical distancing is possible and for other customers who need to travel.

Air New Zealand already has a number of safety measures in place to keep customers and staff safe which will continue in Alert Level 2. These include:

- Customers are encouraged to check in for their flight via the Air New Zealand app, and allow extra time to process through check-in and security
- For those checking in at larger airports, every second self-service kiosk will be operating to support physical distancing. There will also be floor markers for queuing at check-in counters, service desks, bag drops and departure gates, and fewer customers will be boarded and disembarked at a time
- Inflight, seating will be allocated to allow an empty seat between customers travelling alone. The airline will aim to keep families and some travelling companions together, so there may be some people sitting together with no additional space between them

Monthly **investor update**



- Food and beverage services on all domestic flights will not be available to minimise contact between customers and cabin crew. Customers should let cabin crew know if they would like a cup of water
- Jet aircraft cabins have hospital operating theatre-grade HEPA filters installed, which filter out viruses.

Air New Zealand's Auckland lounges and valet parking will reopen from Monday 31 August. Masks will be available for customers at all lounges. Due to capacity restrictions under Alert Level 2 the maximum number of people able to access any of the airline's lounges is capped at 100.

For the latest information, customers can check the Air New Zealand COVID-19 Hub and travel alerts page.

Air New Zealand will continue to review its domestic network going forward based on demand and physical distancing requirements.

Air New Zealand update following Alert Level announcement

24 August 2020

Air New Zealand is supportive of the mandating the wearing of masks or face coverings on public transport, including aircraft, from Monday 31 August.

Air New Zealand Chief Executive Officer Greg Foran says customers flying from Auckland have been required to wear masks while it has been at Alert Level 3 and it has been recommended for customers travelling from other ports.

"We will now start to review our domestic network and will be contacting customers who may be affected by the extension of current Alert Levels.

"We understand the impacts these disruptions cause to our customers and we'll do our best to get our customers to where they need to be."

Fare flexibility is still in place and the airline encourages those who no longer wish to fly to opt to hold their fare in credit through its [online booking tool](#).

The airline has been operating a reduced domestic schedule to and from Auckland while it has been at Alert Level 3. The majority of the rest of Air New Zealand's network has remained unchanged but with physical distancing in place

Air New Zealand update on Australia flights

13 August 2020

Due to Australian Government restrictions Air New Zealand has put a further hold on bookings to Australia.

The Australian Government has extended its cap on international arrivals until 24 October. There is currently a cap of 25 passenger arrivals per flight into Brisbane and around 40 passenger arrivals per flight into Sydney. International passenger arrivals into Melbourne are not currently permitted.

Air New Zealand Chief Commercial and Customer Officer Cam Wallace says the airline is placing a hold on future bookings to Melbourne until late October to prevent further disruption to customer journeys.

"We know this is not an ideal situation for people wanting to return home to Australia and our teams are working to minimise disruption to customers as much as possible. We'd like to thank our customers for their patience at this time as we work to comply with these government restrictions.



“When it comes to flights to Sydney, we do have availability from early September for those who wish to book. With Brisbane, while there is currently a hold on new bookings, we expect flights may become available as customers make changes to their bookings or no longer wish to travel, so customers should keep an eye out on our website.”

[Air New Zealand RNP makes Queenstown ATR flights more reliable](#)

6 August 2020

Air New Zealand’s ATR turboprop flights into and out of Queenstown are set to benefit from Required Navigation Performance (RNP AR) technology.

In 2016, the airline entered into a partnership with aircraft manufacturer ATR to equip its 68-seat turboprop fleet with RNP AR. The technology enables pilots to fly to lower altitudes with a more precise and efficient route into the airport, saving fuel and emissions and helping reduce the impact of bad weather on services.

Air New Zealand Chief Operational Integrity and Safety Officer Captain David Morgan says RNP is now operational on the airline’s ATRs operating to and from Queenstown.

“While all aircraft were upgraded with the necessary equipment last year, we have been working through a programme of training with our pilots, with oversight from the Civil Aviation Authority (CAA). In the past month we have reached a major milestone with this project in receiving approval from the CAA to proceed with full RNP AR operations into and out of Queenstown.”

“This is fantastic news for our customers. The benefits of the technology mean that, even when the weather at Queenstown Airport is poor, disruptions to ATR passenger services are expected to be significantly reduced.”

The airline has 27 ATR 72-600 aircraft in its fleet. The airline’s larger A320 aircraft, which also operate to and from Queenstown, are already RNP AR enabled.