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9 March 2021

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January 2021 highlights

Group traffic summary	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% **
Passengers carried (000)	583	1,330	(56.2%)	4,587	10,370	(55.8%)
Revenue Passenger Kilometres(m)	378	3,472	(89.1%)	3,056	23,493	(87.0%)
Available Seat Kilometres (m)	644	4,092	(84.3%)	5,635	27,833	(79.8%)
Passenger Load Factor (%)	58.6%	84.9%	(26.3 pts)	54.2%	84.4%	(30.2 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	30.2%	30.1%
Short Haul	25.0%	24.9%
Long Haul	(29.6%)	(29.9%)

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.



Operating statistics table

Group	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	583	1,330	(56.2%)	4,587	10,370	(55.8%)
Revenue Passenger Kilometres(m)	378	3,472	(89.1%)	3,056	23,493	(87.0%)
Available Seat Kilometres (m)	644	4,092	(84.3%)	5,635	27,833	(79.8%)
Passenger Load Factor (%)	58.6%	84.9%	(26.3 pts)	54.2%	84.4%	(30.2 pts)
Short Haul Total	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	579	1,113	(48.0%)	4,536	9,011	(49.7%)
Revenue Passenger Kilometres(m)	331	1,324	(75.0%)	2,562	10,149	(74.8%)
Available Seat Kilometres (m)	482	1,597	(69.8%)	3,865	12,197	(68.3%)
Passenger Load Factor (%)	68.8%	82.9%	(14.1 pts)	66.3%	83.2%	(16.9 pts)
Domestic	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	565	780	(27.5%)	4,434	6,567	(32.5%)
Revenue Passenger Kilometres(m)	302	420	(28.2%)	2,333	3,393	(31.2%)
Available Seat Kilometres (m)	387	490	(21.0%)	3,045	3,996	(23.8%)
Passenger Load Factor (%)	77.9%	85.7%	(7.8 pts)	76.6%	84.9%	(8.3 pts)
Tasman / Pacific	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	14	333	(95.9%)	102	2,444	(95.8%)
Revenue Passenger Kilometres(m)	30	904	(96.7%)	228	6,756	(96.6%)
Available Seat Kilometres (m)	94	1,107	(91.5%)	819	8,200	(90.0%)
Passenger Load Factor (%)	31.4%	81.7%	(50.3 pts)	27.8%	82.4%	(54.6 pts)
Long Haul Total	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	5	218	(97.9%)	50	1,359	(96.3%)
Revenue Passenger Kilometres(m)	46	2,148	(97.8%)	494	13,344	(96.3%)
Available Seat Kilometres (m)	162	2,494	(93.5%)	1,770	15,636	(88.7%)
Passenger Load Factor (%)	28.5%	86.1%	(57.6 pts)	27.9%	85.3%	(57.4 pts)
Asia / Japan / Singapore	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	2	100	(98.2%)	25	608	(95.9%)
Revenue Passenger Kilometres(m)	16	897	(98.2%)	229	5,405	(95.8%)
Available Seat Kilometres (m)	116	1,049	(88.9%)	979	6,394	(84.7%)
Passenger Load Factor (%)	14.2%	85.5%	(71.3 pts)	23.4%	84.5%	(61.1 pts)
Americas / UK	JANUARY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	3	117	(97.6%)	25	751	(96.6%)
Revenue Passenger Kilometres(m)	30	1,251	(97.6%)	265	7,939	(96.7%)
Available Seat Kilometres (m)	46	1,445	(96.8%)	791	9,243	(91.4%)
Passenger Load Factor (%)	64.6%	86.5%	(21.9 pts)	33.5%	85.9%	(52.4 pts)

* % change is based on numbers prior to rounding

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 29 January 2021 to 8 March 2021)

[Air New Zealand 2021 Interim Results](#)

25 February 2021

Interim highlights

- Domestic capacity 76 percent of pre-Covid levels, led by robust domestic tourism and the return of business demand during the first half of the 2021 financial year
- Cargo revenue up 91 percent on the same period last year, supported by the Government's International Airfreight Capacity scheme (IAFC)
- Short-term liquidity of just over \$700 million as at 23 February 2021, made up of approximately \$170 million cash and \$550 million undrawn funds on the Government standby loan facility (the Crown facility)
- Continued cost discipline has resulted in a significant decline in cash burn to an average of \$79 million per month from September 2020 through January 2021. For the remaining five months of the financial year, average monthly cash burn is expected to be in the range of \$45 million to \$55 million
- Steps to recapitalise the balance sheet are underway and are intended to be completed by 30 June 2021
- Providing customers with even greater flexibility by extending credit redemption deadline to 30 June 2022 and continuing to waive change fees for customers with international flights commencing before 30 June 2021
- Focus for the second half of the financial year is on maintaining strong performance in our Domestic and cargo businesses, cost discipline and operational readiness ahead of border reopenings

Air New Zealand has announced a loss before other significant items and taxation of \$185 million for the six-month period ended 31 December 2020, reflecting the considerable impact of the Covid-19 pandemic on the airline and global aviation industry. This compares to earnings before other significant items and taxation of \$198 million for the same period last year.

Statutory losses before taxation of \$104 million include an \$81 million gain from other significant items, compared to a \$139 million profit before taxation for the first half of the previous financial year.

The continuation of significant restrictions on international travel to and from New Zealand saw the airline's operating revenue decline 59 percent to \$1.2 billion in the first six months of the financial year, as network flying was substantially reduced by 65 percent. This was despite strong Domestic operations and additional cargo flying supported by the IAFC.

Chief Executive Officer Greg Foran says that the interim results are something the Air New Zealand whānau should be very proud of given the context of a global pandemic that has virtually suspended international air travel.

"I could not be more proud of the way our team have gone about operating our airline in the midst of this crisis. They have dealt with each and every obstacle thrown their way with a huge degree of professionalism and frankly, we wouldn't be operating the level of domestic and cargo capacity we are without their extraordinary efforts.

"While we made significant changes to our business and cost base, and did this more quickly than most airlines, since the outbreak of the pandemic we have still burnt through over \$1 billion in our own cash reserves – that's just huge. We have been fortunate to receive significant financial assistance from wage subsidies and the Government's aviation relief package throughout the first half of the financial year, as well as benefiting from lower fuel prices, however these benefits are not expected to extend into the second half of the financial year.

Monthly *investor update*



“From the start of this crisis we have had to make a lot of incredibly tough calls, especially where our people are concerned, and that is never something we would do lightly – but it has all been with the sole purpose of ensuring Air New Zealand’s survival. The fact is, we must remain vigilant and disciplined in our approach to cost management and cash burn while borders remain closed” notes Mr Foran.

Mr Foran went on to comment that the airline remains optimistic about the future, and, after making both short and long-term changes to the business to lower the cost base, is well positioned for recovery when demand returns.

“Although it is clear that Covid-19 will continue to impact the aviation industry for some time to come, we are thrilled to see such strong results from our domestic and cargo businesses. We are one of the few airlines globally that has seen this level of passenger recovery and we know that is driven by our core strength on the domestic market. We know this recovery would not be possible without the continued support of our customers and I want to thank each and every one of you for your support of our airline.

“For the six months to 31 December 2020, we operated 1,800 flights, moving four million passengers around the country and saw strong signs of corporate demand recovery as the economy started to ramp up following the second lockdown in August 2020.

“Air New Zealand is a critical part of the country’s infrastructure, connecting Kiwis within and around New Zealand and transporting crucial imports and exports.

“The airline’s cargo operations, supported by the IAFC scheme, have also played a vital role in driving New Zealand’s economic recovery, delivering vital medical supplies and PPE and transporting our precious export products around New Zealand and the world. As a result of these operations, cargo revenue has increased 91 percent to \$373 million for the six-month period.

“Following the most challenging year in the airline’s 80-year history, it has been incredibly satisfying for the team to see both the domestic and cargo businesses perform so well. In particular, the strong recovery in domestic travel has been really exciting because it shows that when people have confidence to travel, they will. With the roll out of the vaccines underway around the world and here in New Zealand, this has positive implications for our recovery when borders open” Mr Foran says.

Chairman Dame Therese Walsh noted that while the results from the first half of the 2021 financial year are still significantly subdued, she is optimistic that the changes made to the business over the last year or so have set the airline up well for when borders reopen and the capital raise is complete.

“Since the initial travel restrictions were introduced in early 2020, Air New Zealand has taken significant actions to reduce its cost base. While some of these actions have taken time to implement, we are now seeing the benefits of these efforts flow through into our results. Compared to pre-Covid times, operating costs excluding fuel in the first half of this financial year declined more than 50 percent, and some of these are expected to be sustainable cost reductions moving forward.

“This will be pivotal as we enter recovery mode as it means we will not only be highly cost effective, but with the changes we have made to our fleet, we will also have one of the most modern, efficient fleets in the world.

“The Board and I know that the rapid implementation of these changes would not have been possible if it were not for the skill and determination of our people. I want to thank our team, who in the face of much adversity, change and uncertainty has been resolute in their focus on delivering for our customers” Dame Therese says.

Liquidity and cash burn update

As at 23 February 2021, the airline has short-term available liquidity of just over \$700 million, consisting of cash of approximately \$170 million and \$550 million of undrawn funds on the Crown facility. The total amount drawn on the Crown facility is \$350 million.



Having now taken numerous actions to reduce the airlines cost base, cash burn averaged approximately \$79 million per month from September 2020 through January 2021. This compares to an average cash burn of \$175 million per month in the fourth quarter of the 2020 financial year.

The airline is estimating average monthly cash burn for the remaining five months of the financial year to be in the range of \$45 million to \$55 million while international travel restrictions remain and assuming continued operation of the domestic network with no further lockdowns or social distancing requirements, as well as a continuation of government-supported cargo flights. This reflects lower expected refunds and redundancies compared to the first half of the financial year. However, the airline does not expect cash burn to remain at such reduced levels beyond the end of the 2021 financial year, as deferrals in operating and investing cash flows roll off.

Capital structure update and dividend

Air New Zealand has actively engaged with the Crown as the company has continued to assess its longer-term capital structure and funding needs. Air New Zealand has recently reconfirmed to the market and the Crown its intention to complete an equity capital raise before 30 June 2021. Given the critical role the company has in New Zealand's economy and society, the Crown has, in that context, confirmed in a letter to the Air New Zealand Chairman its longstanding commitment to maintaining a majority shareholding in Air New Zealand and that, subject to Cabinet being satisfied with the terms of Air New Zealand's proposed equity capital raise, it would participate in that equity capital raise in order to maintain a majority shareholding in Air New Zealand.

Due to the ongoing financial pressures from Covid-19, and the restrictions of the Crown facility, there will be no interim dividend for the 2021 financial year.

Outlook for 2021

As there is still a large degree of uncertainty surrounding the lifting of travel restrictions and the subsequent level of demand, Air New Zealand is not providing 2021 earnings guidance at this time. Despite strong domestic and cargo performance, the scenarios we are currently modelling suggest we will make a significant loss in 2021.

Other Significant Items

	<i>Interim impact (as reported in the Interim Financial Results)</i>
Foreign exchange gains on uncovered debt	\$146 million
Gain on sale from landing slots	\$21 million
Foreign exchange amounts transferred from the cash flow hedge reserve where forecast transaction is no longer expected	(\$6 million)
Aircraft impairment and lease modifications	(\$39 million)
Reorganisation costs	(\$41 million)
Total Other Significant Items	\$81 million



[Air NZ reconfirms NZ Government air travel contract](#)

24 February 2021

Air New Zealand is pleased to have reached an agreement to continue supplying air travel services to New Zealand government agencies for a further two years as part of a panel of airline carriers.

The renewal will see Air New Zealand continue to partner with government agencies to match their specific needs for both domestic and international travel from 1 March 2021.

Air New Zealand's Chief Customer and Sales Officer Leanne Geraghty says the airline is proud to continue working with MBIE to provide air travel solutions that cater to all government agencies.

"We have worked closely with MBIE and multiple government agencies to offer a revised agreement that best serves all agencies' air travel needs. We are delighted to continue evolving this long-standing relationship and we're really pleased to provide air travel to the Government to support the work they do for Kiwis around Aotearoa."

MBIE Acting General Manager New Zealand Government Procurement and Property Angela Xygalas says the new commercial model caters to the wide range of travel needs of government agencies.

"We are pleased the collaboration with Air New Zealand has resulted in the development of a new commercial model that reflects our shared objectives. We value our long-standing relationship with Air New Zealand and look forward to continuing our work together".

The first All-of-Government Air Travel Agreement was signed in 2011 with an updated contract agreed in 2017.

The existing waiver granted by NZX Market Supervision from Listing Rule 5.2.1 continues to apply to this renewal.

[Letter from Crown on Air NZ capital raise](#)

12 February 2021

Air New Zealand has actively engaged with the Crown as the Company has continued to assess its longer-term capital structure and funding needs. Air New Zealand has recently reconfirmed to the Crown its intention to complete an equity capital raise before 30 June 2021.

Given the critical role the Company has in New Zealand's economy and society, the Crown has, in that context, confirmed in a letter to the Air New Zealand Chairman its longstanding commitment to maintaining a majority shareholding in Air New Zealand. This letter also confirmed that, subject to Cabinet being satisfied with the terms of Air New Zealand's proposed equity capital raise, it would participate in that equity capital raise in order to maintain a majority shareholding in Air New Zealand.

Media Releases

(during the period 29 January 2021 to 8 March 2021)

[First group of Air New Zealand employees to receive vaccine](#)

24 February 2021

Among the Kiwis prioritised to receive the first batches of COVID-19 vaccines are 3,800 Air New Zealand front-line workers, some of whom will receive their first vaccination tomorrow.

Monthly **investor update**



They are part of the group which has played an important role in protecting New Zealand's borders and community.

Throughout the pandemic, Air New Zealand has continued to operate international flights to bring home thousands of New Zealanders from around the globe, including 29 special charter flights. On top of this, the airline has helped move nearly 53,000 tonnes of cargo to market through the International Air Freight Capacity Scheme.

Air New Zealand Chief Medical Officer Dr Ben Johnston says the airline welcomes the arrival of the vaccine and is pleased its employees have been prioritised to receive it.

“Our employees have been among the most impacted by COVID-19 safety requirements including following isolation protocols offshore, undergoing regular testing, wearing PPE at work, or isolating on return from duties, all the while keeping New Zealanders connected to each other and New Zealand connected to the world.

“We welcome the Government's decision to prioritise border workers for vaccines as a means of protecting the people who are most at risk of contracting COVID-19 in New Zealand. A safe and effective vaccine is a vital step towards the long-term control of COVID-19, and eventually allowing our borders to open to international travel.”

All of the airline's cabin crew and pilots, plus airport, cargo and line maintenance employees in Auckland and Christchurch will be first in line for the vaccination which is happening in a staged approach over the next few weeks.

“While it's not mandatory, we are strongly encouraging our people to take the opportunity to be vaccinated as part of the prioritised roll-out. We are working hard with our people to ensure everyone understands how the vaccine works, the benefits of receiving it and key safety information so they can make an informed decision.”

Air New Zealand Inflight Service Manager 787 Audrey Poskitt is among the first to be vaccinated and says she hopes getting this vaccine will help change the perception of aircrew who do offshore duties.

“Receiving the vaccine for me is about providing an extra layer of protection for my community, on top of the measures in place already.

“My husband is immune compromised, and when I come home from offshore duties, we often spend time in different parts of the house. By getting vaccinated, I'm helping to keep him and the rest of my whānau and friends safe.”

[Air New Zealand update on Gas Turbines review](#)

12 February 2021

Air New Zealand's review around historic work undertaken by its Gas Turbines business is moving forward at pace.

Air New Zealand Chairman Dame Therese Walsh says as well as commissioning a review by independent external advisers PwC, the airline has appointed a QC to the review team.

“Both our internal review and the external independent review being undertaken by PwC to determine what happened and what needs to be changed are underway. We have now appointed QC Mike Heron to review the licensing requirements for exporting these specific types of engines with the Ministry of Foreign Affairs and Trade. We expect to hear the outcome of that review in the next week.

“The full audit will likely take at least two weeks because we will be going over all the files – in some cases manually kept or paper records – even more deeply to ensure we haven't missed anything. This timeframe will also ensure our external advisors PwC have time to review the findings before the final report is reviewed by the Board at the end of February. Our Board will then provide an update on the findings after it has met.”

Monthly **investor update**



Air New Zealand Chief Executive Officer Greg Foran says further progress has been made on identifying which country or territory militaries the Gas Turbines business has previously carried out engine repair work for, and that ensuring this is accurate has been critical.

“Over the past decade, engine repair work has been completed for navies in Australia, Canada, New Zealand, Norway, Taiwan, Turkey, the United States and the recent one-off piece of work for the Royal Saudi Navy. The type of work undertaken for these customers includes the overhaul and repair of gas turbines, the major components of these being gas generators or power turbines for navy ships.

“At this time Gas Turbines has engine repair work underway in its Auckland workshop for the Australian, Canadian, Taiwanese, Turkish and United States navies and this work is under review.

“We are continuing to move forward with the thorough assessment of our past records to ensure we have examined all of the data, but at this stage in the process these are the navies we are aware of having carried out engine overhaul or repair work for.”

Air New Zealand extends international fare flexibility

11 February 2021

Air New Zealand is continuing to adjust its fare flexibility policy due to ongoing uncertainty around international border restrictions. The airline has announced it is extending fare flexibility for customers booked to travel on its international services and for those who currently have fares in credit.

The following changes will come into effect from Wednesday 17 February 2021:

- Customers who hold an existing credit with the airline will now have until 30 June 2022 to make a new booking using their credit, and until 30 June 2023 to take the travel. This applies to both domestic and international credits.
- Customers who book or currently hold tickets for international flights scheduled to depart up until 11.59pm on 30 June 2021 will now be able to:
 - Hold the value of their fare in credit for rebooking until 30 June 2022; or
 - Amend the date of their flight with change fees waived (normal fare difference may still apply)

Air New Zealand’s Chief Customer and Sales Officer Leanne Geraghty says the extension of the policy means customers can rest assured their credit will remain valid for longer as circumstances continue to change.

“We’ve seen many of our customers using their credits already and we’re hopeful Tasman and Pacific travel will be up and running over the coming months. For those wanting to go further afield, we recognise this may take longer, which is why we’ve extended the window for opting into credit as well as the length of time people have to use that credit.

“With our domestic network now back up and running at around 80 percent of pre-COVID-19 capacity, we’re glad to see customers continuing to return to New Zealand’s skies. From 1 April 2021 normal fare rules for domestic travel will resume, and customers can continue to book with confidence using our flexible fare options such as Flexidate or Flexitime which provide greater flexibility should they need or wish to change their travel plans.

“We really appreciate our customers standing by us throughout the difficulties of COVID-19. We look forward to getting Kiwis to more destinations on our international network as soon as we’re able to.”



Air New Zealand opens new cargo route to Guangzhou

4 February 2021

Air New Zealand cargo flight NZ1082 took off from Christchurch bound for Guangzhou yesterday – a first for the airline.

Air New Zealand is operating three return services to Guangzhou this week to support the export and import of premium goods over the Chinese New Year peak.

From next week, the airline will operate two multi-stop services a week using its Boeing 787-9 fleet to pick up goods in Auckland and Christchurch to carry to Guangzhou.

Air New Zealand General Manager Cargo Anna Palairt says the airline continues to offer innovative ways to keep Kiwi businesses connected to the world.

“Our teams in New Zealand have been working tirelessly to get these flights operational and we couldn’t be more pleased to be offering a cargo service to Guangzhou for the first time.

“We’re really excited to be able to connect New Zealand businesses to Guangzhou and vice versa. We know it hasn’t been easy for exporters and importers so it’s great to be able to offer more connectivity.

“By offering a stop in Christchurch this will help more businesses get their cargo to China and ensure our partners in Guangzhou get the freshest, high-quality products New Zealand has to offer.”

Flights to Guangzhou will carry local premium export goods including seafood and milk powder, and flights to New Zealand will carry PPE, electronics and other general cargo.

Air New Zealand Wellington regional lounge re-opens

4 February 2021

Air New Zealand welcomes back customers to its Wellington regional lounge as it re-opens for the first time since COVID-19 lounge closures.

To accommodate strong domestic demand the regional lounge will be open on weekdays, in addition to the Wellington domestic lounge which is open as per usual, and remains open for customers travelling on weekends and public holidays.

Air New Zealand Senior Manager Global Lounges and Valet Alison Swarbrick says the airline is looking forward to welcoming customers back to the popular regional lounge.

“It’s great to see Kiwis travel their own country and we’re pleased to be open again to provide our customers with a comfortable place to enjoy refreshments and relax ahead of their departure.

“Our refreshed summer menu has been very popular in our other ports and now Wellington regional customers will get the chance to try some of our new menu items like house-made immunity boost juices, vegetarian pita pockets and raw cacao and coconut bars.”

Wellington Airport Chief Executive Steve Sanderson says now domestic passenger numbers are picking up again, it’s great to see things getting closer to normal in the terminal.

“Our regular travellers will arrive and depart from the gates they were used to pre-COVID. They will also be able to enjoy more regular terminal entertainment and faster security screening following the roll out of new Smart Lanes by Aviation Security at the end of last year.”