

ANNUAL SHAREHOLDERS' MEETING THURSDAY 22 SEPTEMBER 2022

CHAIRMAN'S ADDRESS

Kia ora koutou

2022 has been another year of significant highs and lows for Air New Zealand. Restarting the airline at scale has been no easy feat but it is clear that 2022 marks the true start of our recovery. With a \$2.2 billion dollar recapitalisation complete, and New Zealand's borders open to the world, we are now firmly in the revive phase.

And it's an exciting place to be. We're back flying to most of our international ports and have welcomed thousands of visitors to Aotearoa. We're currently completing the biggest recruitment drive in the airline's history to respond to what can only be described as a very strong demand environment. We have reanimated four of our seven Boeing 777-300 aircraft which were stored in the desert over the course of the pandemic and have reopened international lounges and reinstated offshore sales offices. Late last week we launched our flagship service to New York, and it was a real privilege to join Greg and the team along with key tourism and travel partners on that first flight out on the 17th of September. North America plays a key role in optimising our international network and it was fantastic to see this much anticipated route get up and running.

So, while there is no denying that there is still uncertainty ahead, and some challenging macro-economic conditions, we are thrilled to see that the desire for travel and connection remains strong.

But what has become increasingly clear to us as we move into the recovery period, is that in a post-Covid era of flying we cannot simply return to doing things the way we have always done them. The world has changed so much since the pandemic begun and we are making sure that Air New Zealand changes with it. Our Kia Mau strategy keeps us focussed on what we need to do – Grow

Domestic, Optimise International and Lift Loyalty – and Greg will provide further insights on this during his address later today.

Moving now to the 2022 financial results. We are delighted that demand has returned strongly and, as you will see on the chart in my next slide, we are not currently seeing signs of that demand waning.

However, the reality is that a number of our key financial and operational metrics were significantly impacted by Covid-19 restrictions throughout the majority of the 2022 financial year. For FY22 we reported operating revenue of \$2.7 billion dollars, and our overall result was a loss before other significant items and taxation of \$725 million dollars. We reported a statutory loss before taxation of \$810 million dollars.

The emergence of the Delta variant in New Zealand and the resulting 100-day-plus lockdown meant that between August and November 2021 our operations were severely restricted. We then had to contend with Omicron impacting the domestic network in the second half of the financial year, all whilst international borders remained largely closed. This, combined with record high fuel prices, inflationary pressures on the cost base, and costs associated with building back our operations contributed to the financial loss for the year.

Cargo was a major contributor to revenues, delivering \$1.0 billion dollars. This was due to flying under the New Zealand and Australian Government airfreight schemes which contributed \$403 million dollars, as well as heightened seasonal demand and widebody flying. We expect this level of cargo revenue to moderate from here-on-in as the recovery continues, with the Australian scheme now finished and the New Zealand support scheme tapering off. However, cargo continues to be important to our strategy of optimising international profitability.

From a liquidity perspective, as at 20 September 2022 the airline has available liquidity of \$2.4 billion, consisting of approximately \$2.0 billion in cash and \$400 million of available funds on the unsecured standby loan facility with the Crown. It's worth noting that the cash balance includes

\$200 million of redeemable shares on issue to the Crown, which is treated as debt on our balance sheet.

Cash is currently at elevated levels, substantially above our minimum liquidity target of \$700 million as a direct result of the timing of cash receipts from the recent capital raise, as well as strong revenue in advance from the high levels of demand we are currently observing. We expect this level of cash will reduce in the coming months as those sales are availed and as we make payments for planned aircraft and non-aircraft expenditure. We will also look to repay the \$200 million of redeemable shares on issue to the Crown as our recovery progresses. All in all, we believe it is prudent at this time to maintain elevated levels of liquidity as we navigate through the recovery period.

Following the phased reopening of New Zealand's borders, bookings have been very strong. The charts on the slide give you a sense of the momentum we have experienced both for Domestic and International bookings since travel restrictions started to lift from March 2022 and as you can see, this trend continues with high booking levels through August and into September.

This performance and a review of the latest forward bookings profile led us to update the market yesterday, which I will touch on shortly.

On our domestic network, bookings are currently at around 105% of pre-Covid levels and importantly corporate bookings continue to trend towards pre-Covid levels. On the international network, we now have almost all of our offshore routes operational, and capacity has recovered to around three quarters of 2019 levels. We currently expect FY23 capacity at around 75 to 80 percent of pre-Covid capacity which is a bit more growth than we had anticipated back in March when we launched our recapitalisation and reflects the stronger demand environment. It also reflects our expectation that we will have the remaining 777-300 widebody aircraft flying by the end of FY23.

From a forward sales perspective, the trend is much the same. Our weekly revenues have been above pre-Covid levels due to limited capacity. Average fares are also higher, reflecting the elevated cost environment. If we take fuel alone, which is our second largest expense item in the P&L, we have seen huge volatility across the past six months with fuel prices up almost 60 percent on FY19.

Like all businesses that rely to a degree on discretionary spend, we are closely monitoring consumer behaviour given cost of living and inflationary pressures and the risk of a global recession, all of which have the potential to slow our recovery.

While we have not yet seen an impact on demand, we are sensitive to these factors and remain committed to ensuring our pricing is affordable and competitive, across our entire network, but particularly for domestic travel here in New Zealand. That is why you will continue to see us offer 100,000 tickets under \$100 across the domestic network at any one time – this gives customers the opportunity to book further in advance to secure cheaper fares.

As the world reopens again, our team has been excited to get back to doing what we love - reconnecting families, friends and colleagues both within New Zealand and around the globe and bringing tourists back to our beautiful country.

However, rebuilding the airline after more than two years of subdued operations and in the face of an unprecedented surge in demand, has provided its own set of challenges. Challenges that other businesses here in New Zealand are facing and challenges that the broader aviation industry globally is also experiencing. Many of these are outside our immediate control but we are doing everything we can to mitigate their impact.

We are currently operating in a very tight labour market and until recently, have had the highest levels of employee sickness we have seen in more than a decade. In response to this, you will have seen us proactively reduce our schedule over the coming spring and summer months to provide customers with increased surety over their travel plans and to avoid a repeat of the level of

cancellations we saw through July and early August. We have also undertaken a significant recruitment drive, employing more than 1,000 additional staff in the last three months alone and training them at pace to provide further buffer to the schedule and support to our operations.

Adding more capacity will also help and we have had an additional two of our Boeing 777-300 fleet, re-join the fleet in the last two months. Next month we will welcome our first domestic A321neo aircraft, which will provide an extra 46 seats per flight on domestic jet routes.

I want to say a huge thank you to our customers for their patience as we rebuild our network. We are working hard to restore reliability and resilience into our flying schedule, to give customers the Air New Zealand experience they know and love.

I also want to acknowledge the unwavering dedication of our incredible team. Restarting the airline at pace has tested us and has involved a huge amount of mahi. Our people have remained firmly focused on delivering for our customers despite the challenges and for that I am immensely grateful. I know this sentiment is shared by the entire Board and Executive Team.

I also don't want to shy away from some of the big wins we have had as a company in the past year. When times are tough, I know we tend to focus on the things we need to do better, but the reality is our people have worked exceptionally hard and achieved some huge successes.

I won't go into each and every one of these, but we've been named the world's safest airline by AirlineRatings.com and have achieved the number 1 Corporate Reputation in the Kantar Corporate Reputation Index for the eighth consecutive year. We've settled 14 collective agreements with our unions and won health and safety awards for our leadership and response to the Covid-19 pandemic. More recently we were awarded the Best Air Cargo Carrier – Oceania for the second year running at the Asian Freight, Logistics and Supply Chain Awards last week, where we were up against the likes of Qantas Freight and Virgin Australia Cargo in these industry nominated awards.

And perhaps most importantly, we launched Flight NZ0, an evolving body of work that will allow our customers, investors and other interested stakeholders to access transparent and digestible information about our progress as we focus on decarbonising the airline to reach our goal of net zero carbon emissions by 2050. We also became the second airline in the world to announce an ambitious interim science-based target, which was validated by the Science Based Targets Initiative, an independent body responsible for endorsing emissions targets. This 2030 target will act as a key milestone, guiding us on our journey to 2050 and will hold us accountable to take action today.

Earlier this year we completed a \$2.2 billion dollar recapitalisation to refuel the airline for our recovery. This was a hugely significant milestone for Air New Zealand after two years of turbulence and has set us up to continue to invest, innovate and deliver on our strategy, Kia Mau.

We were pleased with the success of the rights offer. Thousands of shareholders participated, exceeding our expectations and market benchmarks for this type of offer. The achievement of a \$0.28 per share premium in the bookbuild process meant shareholders who did not participate still derived value from the offer. I want to reiterate my earlier comments and thank our shareholders for their continued support.

As you can see on slide 11, following the completion of the recapitalisation, our balance sheet and liquidity position has been restored, with liquidity well above our minimum requirement of \$700 million and gearing back within our target range of 45 to 55 percent.

You can also see the various cash inflows and outflows quite well on the chart here, including repayment of the \$850 million we had drawn down on the initial Crown Loan in the lead up to our recapitalisation, as well as the replacement and refinancing of \$400 million of the \$600 million in redeemable shares on issue to the Crown.

As noted earlier \$200 million of redeemable shares remain on issue to the Crown and serve as an additional source of liquidity, however we do anticipate repaying this as our recovery progresses. Likewise, the new \$400 million Crown loan facility announced as part of the recapitalisation is not intended to be drawn upon and is there to provide additional liquidity only if necessary.

We are pleased that our key balance sheet and liquidity metrics have been restored following the recapitalisation and are encouraged by the continued strength in demand since New Zealand's borders reopened.

However, we are also cognisant that the borders have only been fully open for less than eight weeks and there is still a large degree of macroeconomic uncertainty and inflationary pressures ahead. We are also closely watching the competitive landscape.

We appreciate the support our shareholders have shown us throughout the pandemic and know that after more than two years of no dividends, you expect a return on your investment. As you can see on this slide, returning the airline to profitability is a key milestone that needs to be achieved before consideration of distributions to shareholders and is something both the Board and the Executive are keenly focussed on.

The Board will review the airlines performance against the key metrics outlined on this slide on an ongoing basis. However, the Board does not expect to consider payment of distributions before there is a sustained recovery in earnings, and in the context of a supportive broader economic environment and recovery.

Now, moving on to the outlook for the first half of FY23. As disclosed to the market yesterday, our forward sales continue to be strong particularly for travel through to January 2023. On the basis this strength continues, and assuming a fuel price of US \$130 per barrel, we currently expect earnings before other significant items and taxation in the range of \$200 to \$275 million dollars.

We would caveat this by noting that there are many factors that have the potential to slow our recovery and significantly impact earnings - fuel and demand for the second half of the year being two key examples.

On this basis and taking into account global recessionary risks and other macroeconomic factors including inflationary pressures on costs, the airline is not providing full year guidance at this time. The airline strongly cautions against extrapolating first half FY23 earnings guidance to the full year given the many uncertainties that exist.

With that, I would like to thank you, our shareholders, for your loyalty to Air New Zealand and for your time here today.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you Dame Therese.

Tena koutou oku rangatira.

Ngā mana whenua.

Koutou katoa. Ngā mihi.

Kia ora and good afternoon everyone.

As Therese has mentioned, it has been another big year for our airline and for Air New Zealanders.

From completing a recapitalisation and getting ready to launch our first new route since 2018, to just keeping the airline humming, aircraft crewed and getting customers where they need to be. We could not have achieved so much without the incredible team of Air New Zealanders who make this airline what it is. I am continually impressed by our team and what they can achieve.

Our guiding principle during the pandemic has been to do the right thing: by our customers, our people, our shareholders and the communities we fly to.

For customers, we've been focused on restoring services, maintaining a choice of fares and continually innovating to improve their journey with us. We froze the status for Airpoints members, kept pricing fair, and provided compassionate refunds for those facing hardship. Just last week, we extended the expiry date on all credits so that any customer with a credit at the end of September this year will have until the end of January 2024 to book a new flight, and December 2024 to fly.

We know customers value our transparency. Which is why, as sickness levels caused disruption, we took action to protect the travel plans of our customers by reducing our schedule by 1.5 percent over the coming summer months.

When demand returned more quickly than expected, we did the right thing by hiring additional support at the Contact Centre, training and retraining crew, and reinstating our Covid flexibility policy.

For our amazing staff we provided one-off awards to acknowledge their extra mahi. Across FY22 we lifted our lowest wages, created opportunities to cross-skill, settled 14 collective agreements, and reinstated many employee benefits. We also welcomed more than 1,500 people to the Air New Zealand whānau in the biggest recruitment drive in our 82-year history.

For you, our shareholders, whose support has refuelled the business for recovery and future growth, we've completed a recapitalisation including an equity raise that was structured to be fair to all shareholders, including those that didn't take up the rights offer.

For the regions we fly to, we've been with you during some tough times. We launched a temporary service from Northland during Auckland's lockdown. When flooding devastated Timaru, we added daily flights to keep much-needed personnel and supplies flowing. And we added travel flexibility and credits for those affected by the recent Nelson flooding emergency.

We have also focused on getting the balance right in terms of the costs we bring back into the business, especially in this environment of higher inflation. A key priority in the short-term continues

to be hiring and training people to support the rebuild of our network. That is the right thing to do to ensure resiliency of our schedule for our customers as we head into the busy holiday season. However, the pandemic has given us the opportunity to reset our business, not only with where we fly, but how we operate the airline smarter, and more efficiently. To that end, we are investing in new infrastructure and digital tools, improving our processes and changing how we work – all of these things are important to driving a sustainably improved cost base.

Our airline plays an important role in keeping New Zealand connected, and we take that responsibility seriously. While I acknowledge we've been far from perfect, we've never strayed from the simple principle to "do the right thing". Time and again, this has guided our decision making.

We have worked hard during the pandemic to create new products and services to differentiate us and delight our customers. It was exciting to unveil the future cabins that will be on our new Dreamliners arriving in 2024, including the world-first lie flat Skynest – a game changer for our economy customers and Business Premier Luxe for those wanting more space and privacy.

We revealed our new Business Premier menu, which showcases the best of Aotearoa on a plate with fresh local produce and more choice for our customers. This menu was launched on our New York service, which took its inaugural flight last Saturday. Seeing New Yorkers taking photos of the mangōpare on the tail of our aircraft as we arrived at JFK Airport was an iconic moment. We've put New Zealand on the map in a truly world-class city and I'm hugely excited about the potential this route creates, and by the demand we have seen to date. For now, we will be flying three times a week but will look to add further flights as this route develops.

While New York is our flagship route, we've been busy getting most of our international network back up and running throughout July. We're looking forward to returning to our final US port, Chicago, on 30 October.

Closer to home, more than 160,000 new members joined our Airpoints loyalty programme. We also added over 2,000 products to our Airpoints store and introduced Flexipay. I'm especially excited

about our next generation Air New Zealand mobile app, which will give customers a more seamless travel experience when it rolls out soon. We've invested heavily in additional resourcing for our contact centre and continue to work on reducing wait times and improving self service capability.

We also know that we must find a more sustainable way to fly and have taken some important steps in our journey, which I will cover on the next slide.

Guiding every decision we make is our Kia Mau strategy. It's the flight plan that helped us navigate through Covid-19 and into Revive – and that will eventually guide us to Thrive.

It starts with a robust domestic business that fits perfectly with our purpose and will be crucial for our return to profitability. We want to keep building demand back, adding more flights and offering different time slots, alongside developing innovative products, like subscription services, and improving experiences in the air and on the ground.

We're shifting the focus of our international network, doubling down on the locations we know customers want to fly to and offering better schedules. Our aim is to have a single widebody fleet focused on premium leisure customers and cargo in the Pacific Rim, and the launch of our non-stop service to New York builds on this.

Loyalty is a source of untapped potential for new revenue and a superb channel to deliver on our promise of differentiation. We're making headway on elevating our loyalty business to one that excites customers to use and earn their Airpoints.

We want to become the world's leading digital airline by revamping our app and digital offerings. We're focused on running the airline like a Swiss watch with safe, efficient operational performance and building a rewarding place to work, with an uncompromising focus on keeping staff and our customers safe.

And we are acutely aware that to continue to connect Kiwis to the world and the world to us, we must play our part in addressing the impact of aviation on climate change and focus on reaching net zero carbon emissions by 2050. Despite the upheaval of the pandemic, I believe climate change is the biggest challenge facing the aviation industry. That's why we've committed to our 2050 goal and are making progress on this. Our first delivery of Sustainable Aviation Fuel has arrived, and we are working with the Government to understand how it could be produced here in New Zealand.

I've just recently returned from a trip to the US, where we visited a start-up creating the world's first all-electric aircraft which could transform aviation as we know it. These new aircraft won't just cut our carbon emissions – they could connect regional New Zealand in a different way. This is another example of how we're bringing our Kia Mau strategy to life. While we still have much work to do to achieve our emissions reduction targets, and are reliant on other parties to do their part, we are committed to taking genuine action on to reduce our environmental impact.

While a great plan is one thing, it's how we execute it that really matters. That's why we're also in the middle of an organisational transformation that will see our people empowered to be themselves, do the right thing and deliver exceptional service and products for our customers. It's this transformation that will help us deliver on our strategy and unleash the full potential of our people.

We are rebuilding as a stronger, more nimble airline. And we're confident we have the right strategy and the right team to deliver for all New Zealanders.

As Therese spoke to earlier, we are firmly in the revive phase of our recovery. But we have our eyes fixed on the horizon – and getting Air New Zealand to thrive.

We haven't been sitting around waiting for demand to recover – instead, we have taken the opportunity to redefine what our business could be. In this new world we believe differentiation

will be hugely important, and we have created new ways and offerings to excite our customers and set us apart from our competitors.

If we get this right, our customers will have the greatest flying experience on earth. I have never been more optimistic about the future. We're seeing optimism in travel return – not just in bookings but in the joy of getting out to experience the world. On a personal level, it's been terrific to see customers out on the network, some using their passports for the first time in several years. It's a special role Air New Zealand plays in connecting Kiwis with the world, and the world to them.

We have a fantastic network focused on serving our customers and where they want to fly. Always with an eye to the future, we're engaging with manufacturers and start-ups on future hybrid and electric aircraft, particularly for our domestic network.

Air New Zealand has an ambition to be a truly digital airline, with Aotearoa New Zealand uniquely placed to test ideas, and Air New Zealand the perfect airline to do so. We're teaming up with the world's leading companies and I look forward to sharing more soon as we start to turn our ambition into a reality.

I firmly believe when people look back on this turbulent period in our history and reflect on Air New Zealand, they won't just recall how we survived a pandemic, but how Air New Zealand used this time to build new foundations. I hope they'll recall that we didn't just rebuild – we took this moment to reimagine what our business could be and reinvented ourselves to deliver something truly special.

Finally, I want to thank you for your continued support of Air New Zealand and your patience as we have navigated through this extraordinarily difficult time. Your commitment means a great deal to us.

In return, you have our commitment to do everything we can to contribute to the success of Air New Zealand. The whole Air New Zealand whānau is focused on building back as a smarter, stronger and more sustainable airline.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.