

Monthly **investor update**



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25 March 2022

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February 2022 highlights

Group traffic summary	February			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	481	624	(23.0%)	4,302	5,211	(17.5%)
Revenue Passenger Kilometres(m)	358	379	(5.7%)	2,939	3,435	(14.4%)
Available Seat Kilometres (m)	801	674	18.8%	5,320	6,309	(15.7%)
Passenger Load Factor (%)	44.7%	56.3%	(11.6 pts)	55.2%	54.4%	0.8 pts

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	(9.5%)	(9.3%)
Short Haul	(13.5%)	(13.5%)
Long Haul	(17.4%)	(15.7%)

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.

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Operating statistics table

Group	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	481	624	(23.0%)	4,302	5,211	(17.5%)
Revenue Passenger Kilometres(m)	358	379	(5.7%)	2,939	3,435	(14.4%)
Available Seat Kilometres (m)	801	674	18.8%	5,320	6,309	(15.7%)
Passenger Load Factor (%)	44.7%	56.3%	(11.6 pts)	55.2%	54.4%	0.8 pts
Short Haul Total	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	474	620	(23.5%)	4,263	5,156	(17.3%)
Revenue Passenger Kilometres(m)	292	338	(13.4%)	2,551	2,899	(12.0%)
Available Seat Kilometres (m)	574	512	12.2%	4,000	4,377	(8.6%)
Passenger Load Factor (%)	50.9%	66.0%	(15.1 pts)	63.8%	66.2%	(2.4 pts)
Domestic	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	453	608	(25.4%)	4,083	5,042	(19.0%)
Revenue Passenger Kilometres(m)	236	310	(24.0%)	2,040	2,644	(22.8%)
Available Seat Kilometres (m)	405	436	(7.1%)	2,940	3,481	(15.5%)
Passenger Load Factor (%)	58.3%	71.2%	(12.9 pts)	69.4%	75.9%	(6.5 pts)
Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	21	12	72.0%	180	114	57.9%
Revenue Passenger Kilometres(m)	57	28	104.3%	511	256	99.6%
Available Seat Kilometres (m)	170	76	122.0%	1,060	896	18.3%
Passenger Load Factor (%)	33.4%	36.3%	(2.9 pts)	48.2%	28.6%	19.6 pts
Long Haul Total	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	6	4	55.9%	38	54	(29.2%)
Revenue Passenger Kilometres(m)	65	41	57.6%	388	535	(27.6%)
Available Seat Kilometres (m)	227	162	39.7%	1,320	1,932	(31.7%)
Passenger Load Factor (%)	28.8%	25.6%	3.2 pts	29.4%	27.7%	1.7 pts
Asia	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	2	1	50.3%	11	26	(56.3%)
Revenue Passenger Kilometres(m)	21	14	51.4%	105	242	(56.6%)
Available Seat Kilometres (m)	96	116	(17.4%)	678	1,095	(38.1%)
Passenger Load Factor (%)	21.5%	11.7%	9.8 pts	15.5%	22.1%	(6.6 pts)
Americas	FEBRUARY			FINANCIAL YTD		
	2022	2021	% *	2022	2021	% *
Passengers carried (000)	4	3	59.0%	27	28	(3.7%)
Revenue Passenger Kilometres(m)	45	28	60.6%	283	293	(3.6%)
Available Seat Kilometres (m)	131	46	182.6%	642	837	(23.4%)
Passenger Load Factor (%)	34.2%	60.1%	(25.9 pts)	44.1%	35.0%	9.1 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 24 February 2022 to 24 March 2022)

Air New Zealand 2022 Interim Results

24 February 2022

Air New Zealand announces interim loss and updates outlook for the full year as preparations continue for 'revive'

Interim results summary

- A statutory loss before taxation of \$376 million for the six-month period ending 31 December 2021
- Operating revenue 9 percent lower than the prior period, driven by a 26 percent decline in passenger revenue due to the national alert level restrictions and 107-day Auckland lockdown
- Cargo revenue increased 29 percent on the same period last year to \$482 million, supported by Government freight support schemes
- Fuel costs increased 14% to \$174 million for the half year, with the increasing cost of fuel expected to impact the second half
- Drawings under Crown Standby Loan Facility (the Crown Facility) are \$760 million as at 23 February 2022
- Liquidity of \$1.4 billion as at 23 February 2022, made up of approximately \$170 million of cash and \$1.24 billion of available funds under the remaining Crown Facility and Redeemable Shares
- Steps to recapitalise the balance sheet are underway including an equity capital raise that is intended to be launched by the end of March 2022 or shortly thereafter, subject to market conditions
- Dividends remain suspended
- Current expectation for the full 2022 financial year is a loss before taxation and other significant items that will exceed \$800 million

Air New Zealand reported a statutory loss before taxation of \$376 million which includes a \$9 million loss from other significant items (aircraft impairment and foreign exchange losses on uncovered debt) for the six-month period ended 31 December 2021. The result reflects the substantial impact the Covid-19 pandemic continues to have on the airline. This compares to a statutory loss before taxation of \$105 million for the same period last year.

Continued restrictions on international travel, the national lockdown which commenced in August 2021 and the extended period of travel restrictions for the Auckland region saw the airline's operating revenue decline 9 percent to \$1.1 billion in the period. Passenger flying was down 26 percent from the corresponding period in financial year 2021 and was down 84 percent compared to pre-Covid levels.

Chief Executive Officer Greg Foran says limited international travel on top of local lockdowns in the first half of the financial year had a huge impact on this interim result.

"The airline has typically derived two-thirds of its revenue from its international passenger network and much of that was effectively grounded for the majority of the first half."

Compared to 2020 and 2021 which saw shorter, sporadic lockdowns, the longer lockdown and Auckland border restrictions contributed to the loss in the first half and an extremely challenging time for the airline's 8,400 employees.

"I couldn't be prouder of our Air New Zealand whānau for what they've achieved this year so far. Everything from adding flights so Northland could remain connected to the rest of the country while the Auckland border was in place, to the digital solution for our customers to seamlessly upload their vaccine pass to their Air New Zealand app. The restart of the domestic network in December in time for the holidays went like clockwork, as did the reopening of the Cook Islands bubble in January."

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Despite the remaining uncertainty around future travel demand and ongoing impacts on financial performance, Mr Foran can see light ahead for the airline.

“Looking at what is happening around the world and at home, we can see the path back to the Revive phase of our Survive, Revive, Thrive plan. We have the right strategy, the right people and we are ready to fly. We’re excited about welcoming Kiwis home in the coming days and months and international travellers back to Aotearoa later in the year.”

“We’re bringing back approximately 250 cabin crew and pilots and have reanimated one of our Boeing 777-300s to do some of the cargo heavy lifting. Looking further out to the end of this calendar year, we will be ramping up more passenger flights to North America and looking forward to starting up our direct service to New York City.”

“As we continue operating through Covid, we know safety and wellbeing is even more important to our customers. There are a number of actions we have taken in this area, including vaccine requirements for international and domestic travel, and continuously updating our procedures to keep people safe onboard,” says Mr Foran.

Air New Zealand was recently named the world's safest airline by the Australian rating service [AirlineRatings.com](https://www.airlineratings.com/), highlighting the airline’s laser-focus on safety and Mr Foran says there’s more work going on in the airline to make sure we continue to take care further than any other airline.

“When we get back to international passenger flying we’ll be making sure our customers get the very best of our uniquely Kiwi hospitality.”

“Looking to a sustainable future, we’ve made progress towards our aim of being carbon neutral by 2050. We signed an agreement with the Ministry of Business, Innovation & Employment to conduct a feasibility study into a local supply of sustainable aviation fuel and have a Memorandum of Understanding in place with Airbus to explore the use of hydrogen aircraft in New Zealand.”

Chair Dame Therese Walsh noted that while optimism for the future is well-founded, the 2022 financial year is the most difficult one yet for the airline.

“It would be easy to think the first year of the pandemic had the biggest impact on Air New Zealand’s finances. However, only the final quarter of the 2020 financial year was impacted, and in the 2021 financial year the airline was able to access relief support from the Government through various subsidies, PAYE deferrals and cargo support schemes. The domestic network largely kept flying across the 2021 financial year and the trans-Tasman and Cook Islands bubbles gave a real boost to the second half of 2021. The 2022 financial year has and will continue to be much more heavily impacted, both by continued suppressed demand and rising costs,” says Dame Therese.

“As we’ve all seen at the petrol pumps, the cost of fuel has been significantly increasing – and although we have hedging strategies in place, we expect to see these rising costs start to come through in the second half and beyond.”

A bright spot was the cargo business, which continued to perform strongly, with the extension of the Government’s Maintaining International Air Connectivity (MIAC) scheme and the Australian Government’s International Freight Assistance Mechanism (IFAM) scheme.

“Our cargo operation has been outstanding throughout the pandemic and continues to play an essential role in connecting New Zealand to the world. Cargo revenue increased by 29 percent to \$482 million for this first half compared to the same period in 2021,” notes Dame Therese.

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“Despite the financial result, we remain encouraged about the future of air travel. Kiwis love to travel, and as seeing their own country is the only option for the moment, they have been making the most of it over this summer, supporting the local economy and our tourism industry. We had more than 24,000 flights moving 1.3 million customers around New Zealand in December and January.”

“I’m confident in the continued resilience and agility of the business to respond to the challenges ahead. We have an exceptional executive team led by Greg Foran, a focused strategy to keep the airline heading in the right direction, and we are making sound investments in our people, customer experience and infrastructure for the future.”

“I want to thank our customers for their continued support and patience as we’ve had to swiftly adapt our schedules and services in response to the constantly changing environment. We’re looking forward to playing our part in those long-awaited reunions as more Kiwis head back home on our international services”.

Financial information:

Outlook for 2022

There remains a large degree of uncertainty on the impact of the Omicron variant on demand for domestic travel for the remainder of the financial year.

Additionally, while recent clarity on the phasing of border openings for New Zealand is helpful, the timing of reduced or removed self-isolation restrictions remains unclear, driving continued uncertainty in the level of demand for international air travel. Self-isolation restrictions are expected to continue to have a substantial adverse impact on international demand in the second half of 2022 financial year, and for as long as those restrictions exist.

Air New Zealand’s current expectations are that the 2022 financial year will incur a loss before taxation and other significant items that exceeds \$800 million.

Liquidity and cash burn update – Dividend remains suspended

In mid-December we announced a revised Crown support package, comprising of a further \$500 million of additional liquidity. Total support from the Crown is now \$2 billion, consisting of \$1 billion of the Crown Facility and \$1 billion of non-voting redeemable shares.

As at 23 February 2022, the airline has available liquidity of \$1.4 billion, consisting of cash of approximately \$170 million, \$240 million of available funds on the Crown Facility and \$1.0 billion of redeemable shares. The total amount drawn on the Crown Facility as at 31 December 2021 was \$545 million and as at 23 February was \$760 million.

Based on the current demand profile and noting the last of three PAYE repayments to the Crown of approximately \$100 million due in March, the airline expects it will begin issuing redeemable shares in March 2022. The redeemable shares become available, and will be accessed incrementally, once \$850 million has been drawn under the Crown Facility.

Due to the ongoing financial impact from Covid-19, and the restrictions of the Crown Facility, dividends remain suspended. Accordingly, there will be no interim dividend for the 2022 financial year.

Capital structure update

Air New Zealand continues to actively engage with the Crown as it assesses its longer-term capital structure and funding needs. This includes the revised Crown support package comprising a further \$500 million of additional liquidity that was announced in December. This better positions the airline during the period up to its recapitalisation including an ordinary equity raising. The revised package has increased the overall liquidity support to \$2 billion.

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Air New Zealand intends to launch an equity capital raise before the end of March 2022 or shortly thereafter, subject to market conditions. Given the critical role the company has in New Zealand's economy and society, the Crown is supportive of this intention and has confirmed its longstanding commitment to maintaining a majority shareholding and, subject to Cabinet being satisfied with the terms of Air New Zealand's proposed equity capital raise, it would participate in the equity capital raise in order to maintain a majority shareholding in Air New Zealand.

The airline would like to thank its shareholders again for their continued support and patience

Media Releases

(during the period 24 February 2022 to 24 March 2022)

[Start spreading the news – Air New Zealand is off to the Big Apple](#)

23 March 2022

Getting to New York just got easier. Air New Zealand has announced its first flight to the Big Apple will be on 17 September this year.

Landing at John F. Kennedy Airport, the airline will operate its flagship Auckland-New York route three times a week, year-round with its Boeing 787-9 Dreamliner aircraft. The new service further deepens the alliance between Air New Zealand and United Airlines.

Air New Zealand Chief Executive Officer Greg Foran says with international flying on hiatus for two years and the New Zealand border reopening on 2 May to visa-waiver countries, this is the moment Kiwis have been waiting for.

“New York is an iconic yet familiar city, a bucket list item. And now for the first time, Kiwis can visit the city of all cities with a non-stop flight. New Zealand lets you slow down – in New York, everything is bigger and faster, it's exciting and awe inspiring – and it's now closer than ever.”

“The US has always been a key market for us, and this new route cements our commitment to developing growing tourism opportunities between the two countries. In the six years leading up to Covid, the US visitor numbers to New Zealand doubled and looking at the average spend in New Zealand by US tourists, we estimate that this new route would contribute an additional \$65M per year into the local economy.

“Traditionally, flight numbers 1 and 2 are used for an airline's flagship route. And that's what New York will be – our flagship route.”

Departing Auckland at 7:40pm, customers will enjoy Air New Zealand's award-winning cabin experience, and literally wake up in the city that never sleeps.

“We've worked incredibly hard over the last few years to make this ultra-long-haul service a reality – it's one of the longest routes in the world, at just over 16 hours northbound and 17 and a half hours southbound. To ensure customers arrive in New York feeling refreshed, we've put a lot of thought into the onboard experience and teams are working around the clock to make sure this a great flying experience.”

After a stopover in New York, for customers wanting to travel further afield, Air New Zealand's strong partnership with United Airlines can connect them on to domestic destinations across the US, Canada and the United Kingdom. For those wanting to explore more of Europe, thanks to Air New Zealand's network of partnerships, customers can also fly direct from New York to Frankfurt, Munich, Zurich, Vienna, Brussels, Helsinki, Copenhagen and Stockholm

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The new service will also provide greater choice for travellers between New Zealand and North America, with Air New Zealand serving seven destinations in North America – Chicago, Honolulu, Houston, Los Angeles, San Francisco, Vancouver - and soon - New York.

Tickets are now on sale at www.airnewzealand.co.nz.

Inaugural outbound flight schedule – 17 September only:

Flight No.	Operated by	Aircraft type	Departs	Arrives	Frequency
NZ2	Air New Zealand	Boeing 787-9 Dreamliner	Auckland 16:00	New York 16:15	Sat

Flight schedule effective 19 September:

Flight No.	Operated by	Aircraft type	Departs	Arrives	Frequency
NZ2	Air New Zealand	Boeing 787-9 Dreamliner	Auckland 19:40	New York 19:55	Mon, Thu, Sat
NZ1	Air New Zealand	Boeing 787-9 Dreamliner	New York 21:55	Auckland 07:30 +2	

Flights will arrive in to and depart from Terminal 1 at John F. Kennedy International Airport. Flights are subject to government and regulatory requirements.

Kia ora world, New Zealand is ready to be explored!

16 March 2022

Air New Zealand is ready and waiting to reconnect friends and whānau from across the ditch from Wednesday 13 April, and visa waiver countries from Monday 2 May.

Air New Zealand Chief Executive Officer Greg Foran says it's the day New Zealand has been waiting for.

"It's no secret the past two years have been extremely turbulent for people. There's a real buzz today. New Zealand holds a special place in many people's hearts, whether they're a Kiwi or visitor, touching down on New Zealand soil will be a moment to remember.

"It's also been incredibly hard for our tourism operators around the country. Today's announcement will help them get back to what they do best – welcoming international visitors to Aotearoa.

"Flights across the Tasman have been particularly popular, especially over the Easter period where we have added over 90 flights to keep up with demand over that period.

"Pre-COVID-19, Australia was the largest tourism market for both our airline and New Zealand. We know a lot of tourism operators have been missing international visitors so we're looking forward to playing our role in New Zealand's recovery.

"On our long-haul network, we're seeing particular interest in journeys from North America around the July holiday period. It's a sign that tourists still have New Zealand at the top of their bucket list."

The airline has more than 50 flights per week on its 15 international routes and will adjust capacity to meet demand in the coming months as New Zealand heads into the winter season.

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With border restrictions starting to ease, the airline is also thrilled to begin to rebuild its aircrew whānau. In the six months since October 2021, Air New Zealand has rehired around 700 flight attendants and pilots with more opportunities on the horizon over the next six months when international passenger flying starts to increase.

International flying checklist for customers **entering** New Zealand:

- 1) Customers will need to show their International Vaccine Certificate to board an Air New Zealand international flight.
- 2) The New Zealand Government requires proof of a negative RAT, LAMP or PCR test before departure. Check the [Covid-19 website](#) for timeframes.
- 3) All passengers will be required to fill out the New Zealand Travel Declaration before departure
- 4) Visitors from visa-waiver countries will need to hold a NZeTA before they travel
- 5) Allow plenty of time (we recommend around three hours) to check in and verify all travel documents.

International flying checklist for customers **departing** New Zealand:

- 1) Customers will need to show their International Vaccine Certificate to board an Air New Zealand international flight.
- 2) Different countries have varying entry requirements (pre-departure testing and travel declarations) so check these before getting to the airport
- 3) Allow plenty of time (we recommend around three hours) to check in and verify all travel documents.

Nau mai, hoki mai Kiwi whānau

28 February 2022

After 246 days since the travel bubble paused, Air New Zealand is thrilled to be bringing New Zealand citizens and permanent residents home from Australia to reconnect with their friends and whānau once again.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says “Emotions will be running high today as New Zealand citizens and permanent residents who have been waiting to come home from Aussie board their flight. Having the certainty they will be touching down on home soil and reuniting with friends and whānau in just a few short hours will come as a relief.

“This day signals the first step in reconnecting New Zealand with the world. We are incredibly humbled to play a small part in such a special day for many Kiwis and look forward to reuniting more families with Aotearoa over the coming months.”

“We expect to have more than 300 flights available between New Zealand and Melbourne, Sydney, Brisbane and the Gold Coast for the month of March alone. Once we have a clearer view as to the level of demand, we will adjust the schedule accordingly, but we're confident there will be seats available.”

The airline's international vaccination policy came into effect on 1 February with all passengers travelling on Air New Zealand's international network now required to show proof of full vaccination.

The easiest way for eligible customers to do this is by securely sharing their vaccination status and test results with Air New Zealand using the [IATA Travel Pass](#) app. The app will also guide travellers through what they need to know and do before departure.

“We've kept our operation ready for this. In the last few months, it's been great to bring back some of our pilots, with some cabin crew returning to training from today, as we anticipate a return to global travel. We're looking forward to welcoming the tens of thousands of Kiwis who will be making plans to board our aircraft soon.”

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Those wanting to book to travel can do so now via the [Air New Zealand website](#) where customers with credits can also use them as a form of payment, or through their preferred travel agent.