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### July 2023 Commentary

- Air New Zealand carried 7.4% more passengers than the same period last year. Revenue passenger kilometres (RPKs) increased 63.9% on a capacity (ASK) increase of 78.6%. Group load factor was 80.7%, down 7.2 percentage points.
- The overall increase in Group capacity was largely driven by the resumption of the international network following the full re-opening of New Zealand's borders post-Covid. Long-haul international ASK's increased 181.1%, short-haul international ASKs increased 26.5%, and domestic ASKs were up 4.6% compared to the same period last year.
- The significant mix change in the month of July, whereby long-haul capacity growth and load factors were substantially higher relative to short-haul, drove the Group RASK decline compared to the prior year.



## July 2023 highlights

Group traffic summary	JULY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	1,317	1,267	7.4%	1,317	1,267	7.4%
Revenue Passenger Kilometres(m)	3,027	1,908	63.9%	3,027	1,908	63.9%
Available Seat Kilometres (m)	3,749	2,169	78.6%	3,749	2,169	78.6%
Passenger Load Factor (%)	80.7%	87.9%	(7.2 pts)	80.7%	87.9%	(7.2 pts)

Year-to-date RASK <sup>1</sup>	% change in reported RASK (incl. FX)		% change in reported RASK (excl. FX)	
	vs 2023		vs 2023	
Group	(12.3%)		(12.7%)	
Short Haul	1.6%		1.5%	
Long Haul	(7.0%)		(7.9%)	

\* % change is based on numbers prior to rounding

+ The month to date 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 2022 (31 days) compared with July 2023 (30 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

<sup>1</sup> 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	JULY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	1,317	1,267	7.4%	1,317	1,267	7.4%
Revenue Passenger Kilometres(m)	3,027	1,908	63.9%	3,027	1,908	63.9%
Available Seat Kilometres (m)	3,749	2,169	78.6%	3,749	2,169	78.6%
Passenger Load Factor (%)	80.7%	87.9%	(7.2 pts)	80.7%	87.9%	(7.2 pts)

Short Haul Total	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	1,131	1,193	(2.0%)	1,131	1,193	(2.0%)
Revenue Passenger Kilometres(m)	1,219	1,182	6.5%	1,219	1,182	6.5%
Available Seat Kilometres (m)	1,548	1,360	17.6%	1,548	1,360	17.6%
Passenger Load Factor (%)	78.7%	86.9%	(8.2 pts)	78.7%	86.9%	(8.2 pts)

Domestic	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	825	927	(8.0%)	825	927	(8.0%)
Revenue Passenger Kilometres(m)	430	487	(8.8%)	430	487	(8.8%)
Available Seat Kilometres (m)	556	550	4.6%	556	550	4.6%
Passenger Load Factor (%)	77.3%	88.7%	(11.4 pts)	77.3%	88.7%	(11.4 pts)

Tasman / Pacific	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	306	266	19.1%	306	266	19.1%
Revenue Passenger Kilometres(m)	789	695	17.3%	789	695	17.3%
Available Seat Kilometres (m)	992	811	26.5%	992	811	26.5%
Passenger Load Factor (%)	79.5%	85.7%	(6.2 pts)	79.5%	85.7%	(6.2 pts)

Long Haul Total	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	186	74	157.7%	186	74	157.7%
Revenue Passenger Kilometres(m)	1,808	725	157.5%	1,808	725	157.5%
Available Seat Kilometres (m)	2,201	809	181.1%	2,201	809	181.1%
Passenger Load Factor (%)	82.1%	89.6%	(7.5 pts)	82.1%	89.6%	(7.5 pts)

Asia	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	96	30	226.8%	96	30	226.8%
Revenue Passenger Kilometres(m)	828	266	221.6%	828	266	221.6%
Available Seat Kilometres (m)	1,017	326	222.4%	1,017	326	222.4%
Passenger Load Factor (%)	81.4%	81.6%	(0.2 pts)	81.4%	81.6%	(0.2 pts)

Americas / UK	JULY			FINANCIAL YTD		
	FY24	FY23	% **	2024	2023	% **
Passengers carried (000)	90	44	110.1%	90	44	110.1%
Revenue Passenger Kilometres(m)	980	459	120.5%	980	459	120.5%
Available Seat Kilometres (m)	1,184	483	153.2%	1,184	483	153.2%
Passenger Load Factor (%)	82.8%	95.1%	(12.3 pts)	82.8%	95.1%	(12.3 pts)



## Market Announcements

(during the period 28 July 2023 to 12 September 2023)

### 2023 Notice of Annual Shareholders' Meeting

25 August 2023

Air New Zealand shareholders are invited to join the Annual Shareholders' Meeting 2023 which will be held the Members Lounge, Sky Stadium 105 Waterloo Quay, Pipitea, Wellington on Tuesday, 26 September 2023 at 2:00pm.

Shareholders can also join the meeting via an online platform. The Notice of Meeting and Voting Form are attached. An electronic copy of these documents is available on the company's website: <https://www.airnewzealand.co.nz/annual-meeting>.

The Notice of Meeting and Voting Form are being emailed to shareholders who have provided the company's share registrar with an email address and will be mailed in hard copy where the share registrar does not hold a shareholder's email address.

Guidance on meeting participation is included in the Notice of Meeting. Shareholders attending online will be able to access the meeting link and Portal Guide from the Company's website, <https://www.airnewzealand.co.nz/annual-meeting>.

Shareholders joining via the online platform will be able to vote and ask questions during the meeting. You will require your shareholder number (found on your proxy form) for verification purposes. Questions can be submitted in advance of the meeting using the proxy form, or during the meeting by asking questions via the online platform. The Chairman will answer as many of the most frequently asked questions as possible during the meeting. Shareholders can also appoint a proxy and direct their votes in advance of the meeting. Please see the Notice of Meeting for instructions.

### Air NZ 2023 Annual Result and Sustainability Report

24 August 2023

#### 2023 Summary

- Earnings before other significant items and taxation of \$585 million
- Statutory earnings before taxation of \$574 million
- Operating revenue of \$6.3 billion
- Domestic capacity at 94% of pre-Covid levels and International capacity at 71%
- Fully imputed special dividend of 6.0 cents per share declared for the 2023 financial year
- 2023 Sustainability Report released

Demand for air travel that exceeded expectations has led to a rapid recovery for Air New Zealand, which today announced a profit that will help fund aircraft, digital investments and facilities, building a stronger airline for New Zealand.

The financial year began as borders were still reopening and aircraft were stored in the desert, and ended with the airline at 94 percent of pre-Covid domestic capacity. Having restored its international network, the airline carried out the biggest recruitment drive in its history and returned all aircraft to the skies.

In line with market guidance provided in June 2023, Air New Zealand's earnings before other significant items and taxation were \$585 million for the 2023 financial year. Statutory earnings before taxation were \$574 million, compared with a previous year loss of \$810 million.



In addition to introducing new aircraft, making digital enhancements for customers and staff, increasing wages for front line staff and starting work on a new engineering hangar, the airline will provide shareholders with a one-off, fully imputed special dividend of 6.0 cents per share<sup>2</sup>. The special nature of this dividend reflects the extraordinary 2023 operating environment, with strong pent-up levels of demand combined with industry-wide capacity constraints.

The Board has also reviewed the airline's capital management settings and has today announced a revised capital management framework, effective from the 2024 financial year.

Air New Zealand Chair Dame Therese Walsh says the result is an important one given the critical role the airline plays in New Zealand both socially and economically.

"We are proud of the result Air New Zealand has delivered this financial year, and of the value we have created for our shareholders.

"This result would not have been possible without our remarkable team of Air New Zealanders. Their grit, determination and commitment to deliver exceptional service for our customers is second to none."

Chief Executive Officer Greg Foran said the result follows a year in which the airline balanced customer, staff, community, and shareholder needs, while making investments for the years ahead.

"A strong Air New Zealand is good for New Zealand. We have rehired and trained in a tight labour market, lifted the starting wage for the airport teams to \$30 an hour and improved the way we work with digital systems on the ground and in the air.

"Restoring services to 500 flights a day is not only good for Kiwis who've been able to take that long planned holiday, but it has also brought tourist dollars back to the regions and supports exporters who rely on regular air freight.

"We know increased costs and high demand have made flying more expensive. In the past year we put more aircraft and seats in the air, so there are more choices for customers which helps alleviate the cost of flying. At the same time, our own costs continue to rise and the reality is that airfares are unlikely to return to pre-pandemic levels.

"After several volatile years it's great to be back in the black and standing on our own two feet especially given we have more than \$3.5 billion in aircraft investment coming over the next five years.

"Today we also announced an order for two new ATR turboprop aircraft for regional routes, as well as two new Airbus A321neos for our international short-haul network. That's in addition to the existing domestic Airbus A321neo orders, and the eight new Boeing 787 Dreamliners we have coming into the fleet as we retire our Boeing 777-300s over time. And we're retrofitting our 14 787's with the new Business Premier Luxe™ and refreshed cabin product.

"We're making progress on the things that matter to customers. Contact centre wait times have, on average, reduced by 75 percent since December, we've introduced an enhanced app, and we've had a step change in on time performance and more importantly, a reduction in cancellations. This June we were one of the best airlines in the Asia Pacific region at arriving on time, so we have momentum.



“We want all our customers to have a great experience and we know that over the past year we haven’t got that right every time. We were tested during the Auckland floods and Cyclone Gabrielle, but pleased to be able to help the Napier and Gisborne communities with direct flights when roads linking the cities were washed away.

“Air New Zealand has also released its annual Sustainability Report today, which highlights how important and challenging the work we’re doing in this area is. This is a key focus for the business, with work underway to select a flight route for the airline’s first next generation aircraft and the announcement of a sustainable aviation fuel feasibility study alongside the New Zealand Government.

“Our entire whānau would like to thank our customers who have been patient and loyal while we emerged from the global pandemic. We’ve made significant progress in the past year, emerging as a strong Air New Zealand, which is good for the country.”

## **Revised capital management framework**

The Board has also reviewed the airline’s capital management settings, with a particular focus on the appropriate liquidity and leverage targets that would enable the airline to maintain investment grade credit rating metrics, as well as consideration of future shareholder distribution parameters. The revised capital management framework is effective from the 2024 financial year and further information can be found [here](#).

## **Outlook**

The airline notes that the 2023 financial year was particularly unique with significant customer demand, constrained market capacity and lower fuel prices in the second half, and as such, we believe the 2024 financial year will be more reflective of future financial performance.

Looking ahead to the first half of the 2024 financial year, customer demand remains strong across our markets. We are mindful of the uncertain economic environment however and acknowledge a number of factors that may impact future customer demand and profitability. These factors include increased international competition, volatile fuel prices, a weaker New Zealand dollar, ongoing wage inflation and increased airport charges.

Given the uncertainty and volatility of some of these macroeconomic factors, the airline will not be providing guidance at this time.

## **Media Releases**

(during the period 28 July 2023 to 12 September 2023)

### [Air New Zealand kicks off onboard live sport](#)

30 August 2023

- Live sport set to feature on widebody fleet
- Roll out commencing from today
- Sport 24 channel features content including the Rugby World Cup, NRL, Premier League and more

Sports fans flying with Air New Zealand will soon be able to cheer on their favourite team from 33,000 feet as the airline introduces live TV across its widebody fleet.

# Monthly **investor update**



Available on the airline's 787 and 777 aircraft, the live TV entertainment trial will be rolled out progressively, giving Air New Zealand passengers a front row seat to the action, with content including upcoming All Blacks matches<sup>1</sup>

With live sport onboard, Air New Zealand customers will be able to keep up to date with every minute of the match – they will just have to keep the guidelines from the airline's 'Onboard Officials' in mind.

The airline has established some rules of fair play in the skies, bringing fairness to flight and ensuring customers can enjoy the action and celebrate (or commiserate) without becoming their neighbour's worst nightmare.

Air New Zealand's tips for staying onside when enjoying live sport:

- Cheering is encouraged, but please remain seated, this isn't a line out
- Respect your neighbours, they might be enjoying something different
- Stay onside when battling for armrest space, offsides could result in a yellow card
- Sit back, relax, and enjoy the game!

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says launching live TV onboard gives Air New Zealand customers more entertainment options than ever before.

"We've been on a mission to give customers the best entertainment options in the skies and with WiFi enabled across our widebody fleet, adding live sport is a fantastic way to give customers access to even more content so they never have to miss a minute of the game.

"Just like most Kiwis, we're crazy about rugby, so kicking off the roll out of live sport today means they will be able to enjoy live rugby onboard and will be able to support their team even while in the air.

"We know many of our customers are passionate sports supporters, but there are a few guidelines we recommend keeping in mind, like staying onside in your seat and keeping neighbours in mind when celebrating."

Air New Zealand's live TV offering features Sport 24, available from Panasonic Avionics, a channel that connects travellers to unmissable sporting moments. The channel offers customers the ability to tune into the Rugby World Cup, Premier League, US Open, NRL, AFL, NFL, and much more.

[Air New Zealand adds four new aircraft to Regional and Short Haul fleet](#)

24 August 2023

Air New Zealand has announced as part of the airline's 2023 annual results earlier today that it will be welcoming two new ATR72-600 turboprop aircraft and two new Airbus A321\* aircraft into its fleet from late 2024 adding 768,000 seats per year.

In response to high demand across the airline's regional network, these two additional 68-seat ATR aircraft will boost capacity by more than 5,700 seats per week and fly customers to regional destinations like Tauranga, Nelson and Gisborne.

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<sup>1</sup> Eleven aircraft are forecast to feature live sport ahead of the RWC, with the remaining seven aircraft to have it enabled before the finals kick off on 14 October.



The two new 214-seat Airbus A321neo aircraft will be configured for international flying and will serve Tasman and Pacific Island routes. They'll add more than 9,000 seats per week to the network, ensuring the airline has more capacity across the Tasman than any other airline, giving customers great choice at competitive prices.

Air New Zealand Chief Executive Officer Greg Foran says the additional aircraft are another step to meet demand for travel, growing the airline's domestic and short haul networks by adding capacity where it's needed most.

"Flying continues to be in high demand, both here and around the world and it means prices have been higher than usual. The most effective thing we can do to help customers is to welcome more aircraft into our fleet and put more seats in the sky.

"While adding more seats is an important part of working to reduce prices, like all New Zealand businesses our costs continue to rise significantly in many areas, and the reality is that airfares are unlikely to return to pre-pandemic levels.

"Our customers have supported us as we've rebuilt Air New Zealand and we know it's important to offer a range of fares that are accessible to all New Zealanders. Investing in new aircraft means more seats available at more times and at reasonable prices.

"Domestically we're almost back to pre-Covid capacity, flying an average of 425 flights per day to 20 destinations across Aotearoa. These new aircraft mean that our domestic airline will be the larger than it's ever been.

"We also have two previously announced domestic A321neo aircraft due for delivery in the next 12 months. We're pulling every lever we have to get more seats in the sky, as quickly and as safely possible."

The A321neo aircraft are the most fuel efficient narrowbody aircraft available today while the ATR72-600 will be delivered with the most recent variant of the engine which has the potential to provide a 3% fuel burn improvement compared with the previous generation.

Air New Zealand aircraft and crew will be returning to its Auckland-Perth route on 29 October after a period of operation in partnership with Spanish airline, Wamos Air. The airline will continue operating daily services to Perth, with more than 2,000 seats a week available.

These additional four aircraft mean the airline has a total of 16 aircraft joining the fleet including eight Boeing 787 Dreamliners, six Airbus A321 and two ATR72-600, all scheduled for delivery between 2024 - 2028.

The airline will be soon announcing further details on a leased Boeing 777-300ER, which will add 3,000 more seats per week to its international network. This would bring the total 777-300 fleet to eight.