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### March 2024 Commentary

- The overall increase in Group capacity was largely driven by resumption of the international network following the full re-opening of New Zealand's borders post-Covid. Long-haul international ASKs increased 12.6%, short-haul international ASKs increased 7.6%, while domestic ASKs were down slightly 2.5% compared to last year.
- The decline in Group YTD RASK compared to the prior year was driven by the significant mix change for the 2024 financial year to date, whereby long-haul capacity growth and load factors were substantially higher relative to short-haul.
- Short-haul YTD RASK, which includes the Domestic, Tasman and Pacific islands networks declined 6.9% compared to last year. This was driven by a Tasman and Pacific islands YTD RASK decline, offset by a small increase in Domestic YTD RASK.
- Long-haul YTD RASK declined 16.0% driven by both North American and to a lesser extent, Asian routes. Intense international competition features heavily in the current trading environment, particularly for North America. US competitors have not yet returned to China at scale, and for now have directed some of that additional capacity to the New Zealand market, putting pressure on yields.
- As previously disclosed at the 2024 interim results announcement, \$45 million in Covid-related credits were applied to passenger revenue for the period to 31 December 2024. These credits are not allocated to a particular route group in this document.



## March 2024 highlights

Group traffic summary	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,674	1,625	3.0%	12,586	11,975	5.1%
Revenue Passenger Kilometres(m)	3,269	3,068	6.6%	26,114	21,164	23.4%
Available Seat Kilometres (m)	3,956	3,584	10.4%	31,948	24,289	31.5%
Passenger Load Factor (%)	82.7%	85.6%	(2.9 pts)	81.7%	87.1%	(5.4 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	(14.5%)		(14.8%)	
Short Haul	(6.9%)		(6.9%)	
Long Haul	(15.3%)		(16.0%)	

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

\* % change is based on numbers prior to rounding

+ 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	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	1,674	1,625	3.0%	12,586	11,975	5.1%
Revenue Passenger Kilometres(m)	3,269	3,068	6.6%	26,114	21,164	23.4%
Available Seat Kilometres (m)	3,956	3,584	10.4%	31,948	24,289	31.5%
Passenger Load Factor (%)	82.7%	85.6%	(2.9 pts)	81.7%	87.1%	(5.4 pts)

Short Haul Total	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	1,502	1,460	2.9%	11,134	10,954	1.6%
Revenue Passenger Kilometres(m)	1,556	1,414	10.0%	11,780	10,984	7.2%
Available Seat Kilometres (m)	1,756	1,632	7.6%	13,896	12,620	10.1%
Passenger Load Factor (%)	88.6%	86.6%	2.0 pts	84.8%	87.0%	(2.2 pts)

Domestic	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	1,124	1,143	(1.6%)	8,223	8,415	(2.3%)
Revenue Passenger Kilometres(m)	588	590	(0.3%)	4,288	4,385	(2.2%)
Available Seat Kilometres (m)	668	685	(2.5%)	5,025	5,084	(1.2%)
Passenger Load Factor (%)	88.0%	86.1%	1.9 pts	85.3%	86.3%	(1.0 pts)

Tasman / Pacific	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	377	317	19.0%	2,911	2,539	14.7%
Revenue Passenger Kilometres(m)	968	824	17.5%	7,491	6,599	13.5%
Available Seat Kilometres (m)	1,088	947	14.9%	8,872	7,536	17.7%
Passenger Load Factor (%)	88.9%	87.0%	1.9 pts	84.4%	87.6%	(3.2 pts)

Long Haul Total	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	172	165	4.1%	1,452	1,021	42.2%
Revenue Passenger Kilometres(m)	1,714	1,655	3.6%	14,335	10,180	40.8%
Available Seat Kilometres (m)	2,200	1,953	12.6%	18,052	11,669	54.7%
Passenger Load Factor (%)	77.9%	84.7%	(6.8 pts)	79.4%	87.2%	(7.8 pts)

Asia	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	87	81	7.1%	758	447	69.6%
Revenue Passenger Kilometres(m)	779	721	8.1%	6,691	3,963	68.9%
Available Seat Kilometres (m)	937	837	12.0%	8,002	4,591	74.3%
Passenger Load Factor (%)	83.2%	86.2%	(3.0 pts)	83.6%	86.3%	(2.7 pts)

Americas / UK	MARCH			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *
Passengers carried (000)	85	84	1.3%	694	574	20.9%
Revenue Passenger Kilometres(m)	935	933	0.1%	7,644	6,218	22.9%
Available Seat Kilometres (m)	1,263	1,116	13.1%	10,050	7,078	42.0%
Passenger Load Factor (%)	74.0%	83.6%	(9.6 pts)	76.1%	87.8%	(11.7 pts)

\* % change is based on numbers prior to rounding

+ The year 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.

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 2 April 2024 to 1 May 2024)

### Air New Zealand reduces 2024 full year guidance

22 April 2024

In February 2024, Air New Zealand issued guidance for the 2024 financial year, announcing expected earnings before taxation in the range of \$200 million to \$240 million. This range included the benefit of \$65 million in Covid-related credit breakage for the year, with \$45 million recognised in the first half, and \$20 million of assumed credit breakage in the second half.

At that time, the airline reiterated a number of deteriorating economic and operational conditions which informed this earnings guidance (see summary provided below).

Since providing that guidance, Air New Zealand has continued to see softening in revenue conditions over the fourth quarter both domestically and on the North American market.

Domestic performance has seen ongoing softening, with challenging economic conditions and ongoing cost-of-living pressures. Government and corporate demand remains subdued.

North American performance continues to be impacted by very competitive pricing pressures, as the market adjusts to the significant capacity added into the New Zealand market by US carriers.

These softer revenue conditions are expected to result in lower underlying profitability for the 2024 financial year of approximately \$40 million to \$50 million.

Separately, following a significant decline in the rate of redemption of Covid-related credits in recent months, the airline has increased the assumed level of additional Covid-related credit breakage for the second half from \$20 million to \$50 million. Customers who have a Covid-related credit have until 31 January 2026 to book travel for completion by 31 December 2026.

### 2024 Outlook guidance

In light of the above and assuming an average jet fuel price of USD\$105/bbl for the second half, the airline expects earnings before taxation for the 2024 financial year to be in the range of \$190 million to \$230 million. This range includes the \$40 million to \$50 million impact of deteriorating market conditions noted earlier, as well as a total of \$95 million in Covid-related credit breakage for the 2024 financial year. Future redemptions of Covid-related credits remain uncertain.

The airline will continue to monitor the impact of market conditions as they evolve in the coming months.

### Summary of conditions noted in February 2024 market releases:

- Increased capacity and pricing pressure from US carriers driving a weaker revenue performance on North American routes.
- The cumulative impact of significant inflation on the cost base.
- Ongoing weakness in domestic corporate and government demand.



- Temporary cost headwinds to alleviate impacts from the Pratt & Whitney global engine maintenance requirements totalling approximately \$35 million for the second half of the financial year.

## Media Releases

(during the period 2 April 2024 to 1 May 2024)

[More choice and greater flexibility: Air New Zealand unveils new short haul booking options](#)

22 April 2024

- Inflight entertainment and a snack or meal for all bookings
- Fully flexible fares available across all cabins
- New changes in place from June

Travel across the ditch and to the Pacific is about to get a refresh, with Air New Zealand unveiling updates to its booking options on short haul flights.

The airline has announced changes to its Seats to Suit offering from June, including a new suite of booking options for travelling between New Zealand and the Tasman or Pacific Islands.

Air New Zealand General Manager Short Haul Jeremy O'Brien says the airline knows customers value the Air New Zealand experience and want choice and flexibility when they fly, so the improved and simplified fare options are designed to give customers just that.

"We want every customer to have an exceptional experience onboard. Part of our promise is to provide manaaki to all who fly with us so we're excited that everyone onboard will now be treated to full in-flight entertainment. Seat-only customers will now also be offered one of our incredible new snack options too.

"Works customers will continue to receive the same great inclusions currently on offer including one checked bag, a full meal and drinks, entertainment and free standard seat selection.

"Our customers have told us affordable flexibility is important, especially for many of our frequent fliers, so we're introducing a new fully flexible and refundable fare option in each cabin.

"The new Seats to Suit updates are based on customer feedback and changes our passengers were looking for. We're excited to make these a reality for those jumping onboard for short haul international travel and can't wait to see them introduced in June."

The changes will see the following fare types available:

- seat
- theworks
- worksflexi
- premiereconomy
- premiumflexi
- businesspremier
- businessflexi



## Key changes to the Seats to Suit include:

- All customers will now have access to the full inflight entertainment offering, snack or a meal, tea, coffee, water and juice
- New flexibility fares include worksflexi, premiumflexi or businessflexi allowing customers to have peace of mind while traveling with a fully flexible\* and refundable fare option
- The seat+bag product will be discontinued, however going forward customers who purchase a seat fare will be able to add one bag for \$30
- Now that everyone receives a snack or a meal, the purchasing of inflight bites on board will be discontinued. Customers will still be able to purchase a range of beverages
- Customers will no longer be able to purchase vouchers at the airport to buy items onboard. All transactions will take place inflight and customers will need a Visa, Mastercard, or Amex card or they can use Airpoints

The refreshed Seats to Suit offering will be live from 11 June 2024 for new bookings on flights between New Zealand, Australia and the Pacific Islands.

*\*Change fee is waived, fare difference will apply.*

## [Air New Zealand shares summer schedule updates](#)

19 April 2024

Air New Zealand has revealed updates to its capacity and network this summer, with the confirmed return of two routes, an extended pause on another, and additional capacity into key markets.

The airline will return to Hobart and Seoul in October 2024 after both were paused over the New Zealand winter period.

Both the Auckland to Hobart and Auckland to Seoul routes will be seasonal services, with Air New Zealand operating three direct flights a week to each destination over the summer months from October – March.

The airline will also be expanding its capacity on key Asian routes, with Singapore, Tokyo, and Taipei all seeing increases in seat numbers on offer between November 2024 and March 2025 as a result of the introduction of Air New Zealand's larger 777-300 aircraft on these routes. The increase includes a higher proportion of premium seats, giving customers more opportunities to travel with extra space and comfort.

The 777-300 aircraft also has a 30 percent higher cargo capability than the 787 aircraft they replace, which will provide a welcome boost for exporters to these markets and beyond.

While Air New Zealand is returning to routes and increasing some capacity, aircraft availability limitations due to ongoing engine challenges mean it has had to extend the pause to its Chicago service which was due to resume from October 2024.

Air New Zealand General Manager Long Haul Scott Carr says it was a tough decision, but one that meant the airline could return to key destinations on its network and assure customers' travel plans on other routes.

"Unfortunately, ongoing challenges with the availability of Rolls Royce Trent 1000 engines on our 787-9 aircraft means we haven't been able to return to our Chicago route in October as expected. We anticipate



returning to Chicago when we receive our new 787 aircraft from Boeing, currently expected in the second half of 2025.

“Over the next few days, our teams will be in touch directly with customers who have bookings on our Chicago route from October to share their options, so they do not need to contact us proactively. Those who booked via a travel agent should contact their agent to confirm changes to their itinerary.

“While we know this news of a further pause will be disappointing for customers with travel plans to Chicago, there are still plenty of options to travel to the city with a stopover in another US port.

“Our premium cabins are incredibly popular with customers travelling to and from destinations like Singapore, Tokyo, and Taipei, so we’re excited to introduce increased capacity from November to give those customers more seats to book travel.

“We’re committed to connecting New Zealand with the world and these schedule changes mean we can continue to do that.”

#### **Asia capacity increases for November 2024 – March 2025 include\*:**

- **Tokyo:** 30,000 additional seats, the majority of which are in Business Premier and Premium Economy
- **Singapore:** 20,000 additional seats, 11,000 of which are in Business Premier and Premium Economy
- **Taipei:** 5,000 additional Business Premier and Premium Economy seats

*\* Capacity increases are compared with the same period the previous year (November 2023 – March 2024)*

#### **Mission Next Gen Aircraft: Air New Zealand announces airport selection**

**17 April 2024**

- Air New Zealand selects Wellington-Marlborough as the route for commercial demonstrator flights with the Beta ALIA
- Cargo-only flights with NZ Post to begin in 2026
- Wellington and Marlborough airports to play pivotal role in introducing lower-emissions aircraft to Aotearoa

Air New Zealand has announced that it has selected Wellington and Marlborough Airports as the ports for its first all-electric aircraft.

Air New Zealand announced the [purchase of its first next-generation aircraft](#), the all-electric ALIA CTOL from Beta Technologies, late last year. The airline will initially operate a cargo-only service in partnership with NZ Post.

Wellington Airport will be the home base of Air New Zealand’s first next-generation aircraft, while Marlborough Airport will also establish charging infrastructure to power the aircraft for the return journey.

Air New Zealand’s Chief Sustainability Officer, Kiri Hannifin says the purpose of the commercial demonstrator is to set the New Zealand aviation system up for introducing lower emissions aircraft.



“We are incredibly grateful to both Wellington and Marlborough airports for being so willing to take on a leadership role in supporting Air New Zealand to establish next generation aircraft capability in our business.

“Their involvement is critical in supporting the infrastructure required to fly next-generation aircraft, and they’ll help lead the way in supporting airports across Aotearoa to make the changes needed for us to fly larger lower-emissions aircraft on our domestic network from 2030.”

Wellington Airport Chief Executive Officer Matt Clarke says hosting the commercial demonstrator is a real coup for the airport, which shares Air New Zealand’s ambition to accelerate the pace of change needed to decarbonise aviation.

“Partnering with Air New Zealand to host the commercial demonstrator is a giant leap for sustainable aviation, providing the basis for all airports to prepare for the next generation of aircraft technology. Our team put their heart and soul into the hosting bid and that same energy will now be focussed on getting this service off the ground.”

Marlborough Airport Chief Executive Officer Dean Heiford says they are proud to partner with Wellington Airport and Air New Zealand to trial the next generation of aviation technology.

“Decarbonising aviation is of global importance, and in New Zealand maintaining regional connectivity through this transition is of national importance.

“This is a big step for us on our own sustainability journey that we wouldn’t have been able to achieve without partnership. We’re looking forward to sharing our learnings with other regional airports across New Zealand.

“Hosting the demonstrator with Wellington will further cement Marlborough as an important hub to keep New Zealand connected across the Cook Strait.”

## [Air New Zealand inks its largest deal for sustainable aviation fuel](#)

15 April 2024

Air New Zealand and Neste have signed an agreement for nine million litres of neat [Neste MY Sustainable Aviation Fuel](#)<sup>TM</sup>. The deal represents the largest purchase of sustainable aviation fuel (SAF) from Neste by any airline outside North America and Europe for delivery before the end of 2024.

Produced at Neste’s Singapore refinery, which expanded its SAF production capability last year, the nine million litres of SAF will be blended with conventional jet fuel to meet the required specifications and supplied to Los Angeles International Airport between 1 April and 30 November 2024.

The SAF is expected to deliver a reduction of carbon emissions by up to 80%\* over the life cycle of the fuel compared to using fossil jet fuel, which includes its production as well as transport emissions.

Air New Zealand’s Chair Dame Therese Walsh is in Singapore on a business delegation to South East Asia led by New Zealand Prime Minister Christopher Luxon.

“Decarbonising Air New Zealand’s operations is essential for the airline’s long-term ability to connect New Zealanders to the world, as well as support the country’s trade and tourism sectors, and SAF is a key enabler of this”, says Walsh.

“Sustainable aviation fuel is currently the only solution to significantly reduce emissions from long haul flight, but it currently makes up less than 1% of the global fuel supply. For aviation to reach its net zero carbon emissions goals by 2050, the SAF industry will need to scale significantly.”



# Monthly **investor update**



“While the SAF supply is small compared with the airline’s overall fuel use, it is nine times the size of Air New Zealand’s first shipment of SAF from Neste in 2022 and demonstrates growing cooperation between two like-minded organisations to advance the supply and use of SAF.

Alexander Kueper, Vice President Renewable Aviation at Neste says Neste is fully committed to supporting the decarbonisation of aviation and is working closely together with partners like Air New Zealand to accelerate SAF usage.

“We are proud to support Air New Zealand’s decarbonisation focus and are looking forward to continuing working together with Air New Zealand and the New Zealand Government to reach their climate goals.”

Prime Minister Christopher Luxon says Air New Zealand is continuing to lead the way in sustainable aviation fuel alternatives.

“It is a pleasure to be with the company as they reach another milestone.

“This collaboration is world-leading and I congratulate Dame Therese and Air New Zealand for their commitment to sustainable aviation,” says Mr Luxon.