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May 2021 highlights

Group traffic summary	MAY			FINANCIAL YTD		
	2021	2020 ¹	% *	2021	2020	% *
Passengers carried (000)	844	67	1157.5%	7,748	13,094	(40.8%)
Revenue Passenger Kilometres(m)	668	79	749.4%	5,175	29,239	(82.3%)
Available Seat Kilometres (m)	1,095	230	376.7%	9,180	35,777	(74.3%)
Passenger Load Factor (%)	61.0%	34.2%	26.8 pts	56.4%	81.7%	(25.3 pts)

Year-to-date RASK ²	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	33.1%	33.2%
Short Haul	23.6%	23.5%
Long Haul	(34.5%)	(33.6%)

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 Note: For most of May 2020, New Zealand was at Covid Alert Levels 3 and 2, which involved continued restrictions on both Domestic and International travel. As such, May 2020 represents a significantly reduced level of capacity and demand for air travel for Air New Zealand compared to pre-Covid times.

² 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	MAY			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	844	67	1157.5%	7,748	13,094	(40.8%)
Revenue Passenger Kilometres(m)	668	79	749.4%	5,175	29,239	(82.3%)
Available Seat Kilometres (m)	1,095	230	376.7%	9,180	35,777	(74.3%)
Passenger Load Factor (%)	61.0%	34.2%	26.8 pts	56.4%	81.7%	(25.3 pts)
Short Haul Total						
Passengers carried (000)	840	63	1227.5%	7,681	11,401	(32.6%)
Revenue Passenger Kilometres(m)	633	40	1489.6%	4,517	12,577	(64.1%)
Available Seat Kilometres (m)	933	111	742.4%	6,725	15,609	(56.9%)
Passenger Load Factor (%)	67.9%	36.0%	31.9 pts	67.2%	80.6%	(13.4 pts)
Domestic						
Passengers carried (000)	739	59	1162.5%	7,404	8,416	(12.0%)
Revenue Passenger Kilometres(m)	370	29	1155.3%	3,845	4,353	(11.7%)
Available Seat Kilometres (m)	452	60	652.8%	4,971	5,326	(6.7%)
Passenger Load Factor (%)	81.7%	49.0%	32.7 pts	77.4%	81.7%	(4.3 pts)
Tasman / Pacific						
Passengers carried (000)	101	5	2027.2%	277	2,985	(90.7%)
Revenue Passenger Kilometres(m)	263	10	2440.1%	672	8,223	(91.8%)
Available Seat Kilometres (m)	480	51	848.9%	1,755	10,283	(82.9%)
Passenger Load Factor (%)	54.8%	20.5%	34.3 pts	38.3%	80.0%	(41.7 pts)
Long Haul Total						
Passengers carried (000)	4	4	(7.9%)	67	1,693	(96.1%)
Revenue Passenger Kilometres(m)	35	39	(9.3%)	658	16,662	(96.1%)
Available Seat Kilometres (m)	162	119	36.5%	2,454	20,169	(87.8%)
Passenger Load Factor (%)	21.7%	32.6%	(10.9 pts)	26.8%	82.6%	(55.8 pts)
Asia / Japan / Singapore						
Passengers carried (000)	1	1	46.3%	30	733	(95.9%)
Revenue Passenger Kilometres(m)	11	7	46.3%	279	6,509	(95.7%)
Available Seat Kilometres (m)	116	40	186.9%	1,466	8,050	(81.8%)
Passenger Load Factor (%)	9.1%	17.9%	(8.8 pts)	19.1%	80.9%	(61.8 pts)
Americas / UK						
Passengers carried (000)	2	3	(22.0%)	36	961	(96.2%)
Revenue Passenger Kilometres(m)	25	32	(22.0%)	379	10,153	(96.3%)
Available Seat Kilometres (m)	47	79	(40.7%)	989	12,119	(91.8%)
Passenger Load Factor (%)	52.8%	40.2%	12.6 pts	38.3%	83.8%	(45.5 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 May 2021 to 30 June 2021)

[Air New Zealand provides update on current trading position](#)

18 June 2021

Air New Zealand is providing a trading update as well as indicative earnings commentary for the 2022 financial year.

Trading update

The strong and sustained recovery in demand for domestic travel, alongside the contribution of the airline's cargo business has been a significant factor in mitigating the negative impacts of Covid-19 on the airline.

Domestic capacity is now at approximately 90% of pre-Covid levels, and corporate demand continues to show strong signs of recovery, averaging around 80% of historical levels for the past three months. Importantly, our Domestic load factors are also tracking in a similar range.

The Tasman market is building following the opening of the Trans-Tasman bubble in late April 2021, with capacity currently at around 70% of pre-Covid levels. Load factors on the Tasman are expected to recover gradually, with the airline focussing on offering customers a reliable and stable schedule of flying.

The Pacific Islands network is yet to reopen, with the exception of the Cook Islands which is seeing demand levels exceed those of pre-Covid levels, albeit this route represents less than 2% of the airline's total pre-Covid capacity. Loads for the Cook Islands are also building well, particularly into the school holiday season.

Long-haul international passenger travel remains highly restricted, with passenger volumes currently less than 5% of pre-Covid levels while international borders remain effectively closed.

The cargo business continues to contribute strongly to Air New Zealand's revenue base, with the recent extension of the Government's Maintaining International Air Connectivity (MIAC) scheme providing the airline with the support needed to operate an average of 30 international flights per week until the end of October 2021. For the 2021 financial year, Government financial support under the air cargo support schemes is expected to contribute between \$320 million and \$340 million in total cargo revenue.

The airlines' operating environment remains challenging and uncertain with the potential for adverse developments regarding timeframes of international border reopenings, progress of global vaccination programmes, and recovery levels for customer demand. While demand on the airline's Domestic and short-haul networks is currently showing positive momentum, if there are further border restrictions or lockdowns, there is no certainty that this momentum will continue.

The airline has had positive EBITDA since September 2020 and has been operating cash flow positive since the second quarter of the 2021 financial year, albeit that performance has benefitted from the Government's air cargo support schemes, wage subsidies and other aviation relief packages. As discussed at the 2021 interim results, operating cash flow has also benefitted from the one-off deferral of around \$310 million in PAYE payments this year, which will start to be repaid in the 2022 financial year.

Chief Executive Officer Greg Foran says that despite the challenges of the last 12 months, the airline continues to have a strong core in its Domestic and short-haul businesses. After making structural changes to lower the cost base, while at the same time investing in key customer programmes, the airline is well positioned to capitalise when long-haul international travel demand returns.

"There has been much to celebrate in recent months, with the opening of travel bubbles on the Trans-Tasman and to the Cook Islands, and the continued strong demand across our Domestic network. Our cargo business, which continues to be supported by the Government's MIAC scheme, has also provided the Company with a crucial earnings stream while international borders remain closed.



“The airline has its eyes firmly set on the future as we move out of the survive phase and into revival mode. For us this means further strengthening our core Domestic business and putting even greater focus on our customer obsession, making sure we understand what our customers truly want from their end-to-end travel journey. It means maintaining the hard-won structural cost reductions made across our business from the outset of this pandemic and ensuring continued cost vigilance” Mr Foran says.

With this in mind, the airline has recently renegotiated the delivery date of the first of eight new Boeing 787 Dreamliners, which were ordered in 2019 prior to the outbreak of Covid-19. The first aircraft was due to enter the fleet in the 2023 financial year but as a result of the airline’s strong, longstanding relationship with the manufacturer, an agreement has been reached to move the delivery of this aircraft out to the 2024 financial year. The airline also retains the ability to utilise a number of further contractual delivery deferral rights on other aircraft due to be delivered from 2024 onward.

The airline recognises this has been an extraordinarily difficult time for its people, who have worked tirelessly for the past 15 months to keep customers moving and connected to each other. Many of those people have taken significant pay cuts, leave without pay and participated in other voluntary initiatives to help the airline through the survive phase. In recognition of this exceptional effort, the airline will provide all eligible permanent staff employed by the company as at December 2020 with an award of \$1,000 worth of Air New Zealand shares. These shares will be allocated to all eligible permanent employees in the fourth quarter of this calendar year. Acknowledging that the airline must retain talented people to help the business progress to the thrive phase, the company will also end staff salary reductions from the start of the 2022 financial year.

Liquidity update

With continued focus on cost management, and the revenue inflows from our Domestic, cargo and short-haul networks, the airline confirms there have been no further drawdowns on the Crown standby loan facility (‘the Facility’) since the interim results were announced on 25 February 2021. As such, the total amount drawn down remains at \$350 million. As disclosed in April 2021, the total available amount under the Facility is \$1.5 billion, therefore the Company has remaining available funds of \$1.15 billion under the Facility.

As previously announced to the market, the airline is targeting to undertake a capital raise before 30 September 2021, a portion of the proceeds from which will be used to repay any amounts drawn under the Facility.

FY21 earnings guidance update

Air New Zealand expects losses before other significant items and taxation will not exceed \$450 million for the 2021 financial year.

FY22 indicative earnings commentary

Despite the Domestic market continuing to perform strongly and the fact that bookings on the Tasman and Cook Islands continue to build, a large degree of uncertainty remains. The airline is not expecting any meaningful recovery in long-haul demand in the 2022 financial year, notwithstanding the roll out of global vaccination programmes and the potential for long-haul borders to begin reopening progressively in the second half of the financial year.

Underlying operating performance is expected to gradually improve over the coming financial year but international border reopenings, fuel and currency fluctuations, and the recovery of long-haul travel demand continues to remain highly uncertain. All of these factors are important to the airline’s financial performance.

In addition, the airline has previously noted that the 2021 financial result benefitted from a number of tailwinds received through various Government support and other mechanisms totalling approximately \$300 million, which will not continue at the same level in the 2022 financial year. The airline currently anticipates a loss before other significant items and taxation in the 2022 financial year comparable with that expected for the



2021 financial year. However, given the current environment, the outlook for the 2022 financial year remains uncertain.

Air New Zealand appoints Chief Digital Officer

3 June 2021

After an extensive global search, Air New Zealand has appointed Nikhil Ravishankar as its Chief Digital Officer.

Mr Ravishankar is currently Chief Digital Officer at Vector New Zealand, having led the company's digital and information technology function and its transformation programme since 2017. Prior to this he was Managing Director at Accenture New Zealand and Head of Technology Strategy at Telecom New Zealand (now Spark).

Air New Zealand Chief Executive Officer Greg Foran says Mr Ravishankar will bring a wealth of knowledge and will be an excellent addition to the Air New Zealand executive team.

"Digital will play an important role in our recovery from Covid-19, and as a key pillar in our strategy, we've got big plans for what we want to achieve in the digital space. Nikhil's industry expertise will ensure we deliver on what we set out to do.

"We look forward to welcoming Nikhil to the Air New Zealand team in September."

Mr Ravishankar is a member of the AUT Auteur Influencer Network, on the board of New Zealand Asian Leaders and an advisory committee member of The Blues Foundation. He holds a Bachelor of Science and a Bachelor of Commerce (Honours) from the University of Auckland.

This announcement is made pursuant to Listing Rule 3.20.1.

Media Releases

(during the period 29 May 2021 to 30 June 2021)

Air New Zealand to fly year-round to popular Queensland destinations

25 June 2021

Air New Zealand is moving to year-round direct flights on its Auckland-Cairns, Auckland-Sunshine Coast and Christchurch-Gold Coast routes under an agreement with the Queensland Government.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says the new flights will see an additional 26,000 seats available across the three Queensland destinations and marks the first time Kiwi holidaymakers will be able to travel with the airline to the Sunshine Coast year-round.

"Queensland has long been a popular destination for Kiwis looking for a little winter sunshine, and Air New Zealand flew around half of the 500,000 trips taken from New Zealand to Queensland in 2019. Extending to year-round operations means all the experiences Queensland has to offer, be it theme parks, shopping, white sand beaches or the Great Barrier Reef, are now viable options for New Zealanders no matter the month.

"We know Queenslanders also love to visit New Zealand, with nearly 400,000 crossing the Tasman in 2019 to take advantage of the winter ski season or visit friends and relatives. The additional services and good connections onto our domestic network mean Queenslanders will be able to explore more of New Zealand during the shoulder season."

Queensland Tourism Minister Stirling Hinchliffe said Queensland was Good to Go for an unforgettable holiday experience.

Monthly **investor update**



“Whether it’s catching up with family and friends or visiting the iconic Queensland destinations you’ve seen on TV, now is time to start planning your trip across the ditch,” Mr Hinchliffe said.

“We’ve been able to move to year-round direct flights across the Tasman because we’ve followed the expert medical advice to make Queensland a safe destination.

“To make it even easier for Kiwis to enjoy a world-class Queensland holiday experience, Air New Zealand’s extended season flights will be landing on the Sunshine and Gold Coasts, and the Tropical North to get your holiday started sooner.

“Year-round flights mean Queensland is always Good to Go.”

Air New Zealand enters new cargo route

24 June 2021

Air New Zealand cargo flights between Melbourne and Los Angeles will soon be taking off after the airline was awarded the route as part of the Australian Government’s International Freight Assistance Mechanism (IFAM) programme.

The airline will operate one flight per week until 31 October 2021, with the first flight bound for Melbourne on 3 July. This will be in addition to the Brisbane – Los Angeles flying the airline has been doing since August 2020 under the same scheme.

Air New Zealand General Manager Cargo Anna Palairret says this will be the first time the airline has flown the route, and with the limited international flying currently happening, adding a new route to the mix is positive.

“This service will help Australian exporters get high-value, time-sensitive perishable exports to global markets and assist with importing nationally important goods to Australia. Over the next four months, the route will open the potential for nearly 1000 tonnes to be moved between Melbourne and Los Angeles.

“We know there is some big cargo demand on this route as it gives Australian exporters and importers another option to move products to and from the US. In fact, the first flight is already pre-sold.

In May, the airline was also awarded more flying under the New Zealand Government’s Maintaining International Air Connectivity (MIAC) scheme.

“This scheme has been extended through to October, and we will operate around 30 flights per week to 13 destinations including Los Angeles, Hong Kong, Taipei, and Shanghai, as well as maintaining air connectivity with key ports within the Pacific Islands.

“Our Cargo team has worked hard to keep products moving for the past 15 months which has also allowed us to bring Kiwis home while international travel is constrained by border closures.”

Air New Zealand’s got a need for speed: Fast Bag is back

21 June 2021

Today Air New Zealand’s customer favourite Fast Bag returns to the airline’s regional network, with some updates to the in-demand service that helps eligible customers make a speedy exit.

The Fast Bag service was paused in mid-2020 due to changes in COVID-19 alert levels. More recently the airline undertook a series of customer trials to improve the flow of the service and lighten the load for customers going through the airport.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says the airline is excited to bring the popular service back after listening to customer and staff feedback.

Monthly *investor update*



"Through our trials we learned the most important aspect of the service to our customers was being able to pick up their bag while disembarking – they want to be able to grab and go once their flight has landed.

"We also found having customers check in their fast bags prior to departure, rather than carrying them to the aircraft door, made for a smoother journey through the airport without having to lug baggage around.

"Our teams are also working hard to deliver some digital enhancements to the Fast Bag service over the coming months, making it even more seamless for our customers."

Fast Bag is available exclusively to Airpoints™ Elite, Gold, Elite Partner and Koru members travelling on an Air New Zealand regional flight with a Seat+Bag, FlexiTime or FlexiDate ticket.

Learn more about the updated Fast Bag service here: <https://www.airnewzealand.co.nz/fast-bag>

Air New Zealand employees recognised with \$1,000 share award

18 June 2021

The efforts Air New Zealand employees made during one of the airline's toughest years will be recognised via an award of \$1,000 worth of company shares to all permanent employees.

This morning, the airline provided indicative earnings commentary on the next financial year, anticipating another significant loss and continued challenges given uncertainty about the reopening of long-haul borders.

Air New Zealand Chief Executive Greg Foran says this means it is more important than ever to ensure Air New Zealand staff are recognised for the work they've done - and will continue to do - as the airline recovers.

"This is the right thing to do given the mahi and sacrifices Air New Zealanders have made to get the airline through Survive and into its Revive phase," says Mr Foran.

"And by awarding shares to our employees, we want them to have the chance to benefit from the future success we will really need their help to deliver.

"I'm immensely proud of the way our people have responded to the COVID-19 crisis. They have risen to the occasion, working hard to keep New Zealand connected and Kiwis safe.

"Some pilots and crew spent more than 100 days in isolation to help reunite thousands of overseas Kiwis with their loved ones. Our cargo team has helped take 100,000 tonnes of New Zealand product to the world. Day in-and-out our people have done, and continue to do, everything they can in challenging and changing conditions to keep our customers safe."

Around 8,000 employees will be eligible for the share award, which will be made in the last quarter of this calendar year. This will be available to New Zealand and Australian employees, and as a cash equivalent for those in other global locations.

In addition, after 15 months of reduced salaries, the airline will end employee salary reductions from 1 July.

"These steps are possible because we're on a more stable financial footing given our strong domestic business and growing Tasman and Cook Islands revenues.

"While a full recovery is still some time away, the changes announced today recognise that we cannot get there without an exceptional and ongoing contribution by our dedicated Air New Zealand team.

"We thank our people for the sacrifices made over the past 15 months and for their ongoing commitment to our customers in the coming year."

Monthly **investor update**



Trading update

This morning, Air New Zealand provided a trading update to shareholders.

Chief Executive Officer Greg Foran says that despite the challenges of the last 12 months, the airline continues to have a strong core in its Domestic and short-haul businesses.

Domestic capacity is now at approximately 90% of pre-COVID levels. The Tasman market is building following the opening of the Trans-Tasman bubble in late April 2021, with capacity currently at around 70% of pre-COVID levels.

Long-haul international passenger travel remains highly restricted, with passenger volumes currently less than 5% of pre-COVID levels while international borders remain effectively closed.

“The airline has its eyes firmly set on the future as we move out of the survive phase and into revival mode. For us this means further strengthening our core domestic business and putting even greater focus on our customer obsession, making sure we understand what our customers truly want from their end-to-end travel journey. It means maintaining the hard-won structural cost reductions made across our business from the outset of this pandemic and ensuring continued cost vigilance,” Mr Foran says.

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Air New Zealand expects losses before other significant items and taxation will not exceed \$450 million for the 2021 financial year.

In addition, the airline has previously noted that the 2021 financial result benefitted from a number of tailwinds received through various Government support and other mechanisms totalling approximately \$300 million, which will not continue at the same level in the 2022 financial year. The airline currently anticipates a loss before other significant items and taxation in the 2022 financial year comparable with that expected for the 2021 financial year. However, given the current environment, the outlook for the 2022 financial year remains uncertain.

Full NZX statement is here <https://www.nzx.com/announcements/374146>