

# Monthly **investor update**



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22 December 2021

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## November 2021 highlights

Group traffic summary	NOVEMBER			FINANCIAL YTD		
	2021	2020	% *	2022	2021	% *+
Passengers carried (000)	345	690	(50.0%)	2,530	3,122	(18.4%)
Revenue Passenger Kilometres(m)	198	425	(53.4%)	1,735	2,105	(17.0%)
Available Seat Kilometres (m)	408	725	(43.7%)	2,880	4,078	(28.9%)
Passenger Load Factor (%)	48.6%	58.7%	(10.1 pts)	60.3%	51.6%	8.7 pts

Year-to-date RASK <sup>1</sup>	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	4.3%	4.6%
Short Haul	(4.3%)	(4.2%)
Long Haul	(12.2%)	(9.1%)

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 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 2020 (33 days) compared with July 2021 (32 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.

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## Operating statistics table

Group	NOVEMBER			FINANCIAL YTD		
	2021	2020	% *	2022	2021	% **
Passengers carried (000)	345	690	(50.0%)	2,530	3,122	(18.4%)
Revenue Passenger Kilometres(m)	198	425	(53.4%)	1,735	2,105	(17.0%)
Available Seat Kilometres (m)	408	725	(43.7%)	2,880	4,078	(28.9%)
Passenger Load Factor (%)	48.6%	58.7%	(10.1 pts)	60.3%	51.6%	8.7 pts
<b>Short Haul Total</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	341	684	(50.1%)	2,511	3,083	(18.0%)
Revenue Passenger Kilometres(m)	158	368	(57.1%)	1,536	1,720	(10.1%)
Available Seat Kilometres (m)	262	544	(51.8%)	2,201	2,677	(17.2%)
Passenger Load Factor (%)	60.3%	67.7%	(7.4 pts)	69.8%	64.3%	5.5 pts
<b>Domestic</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	334	671	(50.3%)	2,384	3,022	(20.6%)
Revenue Passenger Kilometres(m)	140	342	(58.9%)	1,167	1,585	(25.9%)
Available Seat Kilometres (m)	212	422	(49.9%)	1,550	2,111	(26.1%)
Passenger Load Factor (%)	66.3%	81.0%	(14.7 pts)	75.3%	75.1%	0.2 pts
<b>Tasman / Pacific</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	7	13	(42.6%)	126	60	110.7%
Revenue Passenger Kilometres(m)	18	27	(32.9%)	369	135	175.6%
Available Seat Kilometres (m)	51	122	(58.3%)	651	566	15.7%
Passenger Load Factor (%)	35.1%	21.8%	13.3 pts	56.6%	23.8%	32.8 pts
<b>Long Haul Total</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	4	6	(31.4%)	20	39	(49.2%)
Revenue Passenger Kilometres(m)	40	57	(29.6%)	199	385	(47.9%)
Available Seat Kilometres (m)	146	181	(19.3%)	679	1,401	(51.2%)
Passenger Load Factor (%)	27.5%	31.6%	(4.1 pts)	29.4%	27.5%	1.9 pts
<b>Asia</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	1	3	(59.3%)	6	20	(71.2%)
Revenue Passenger Kilometres(m)	11	27	(59.4%)	53	186	(71.5%)
Available Seat Kilometres (m)	76	132	(42.2%)	403	714	(43.2%)
Passenger Load Factor (%)	14.1%	20.1%	(6.0 pts)	13.1%	26.1%	(13.0 pts)
<b>Americas</b>	<b>NOVEMBER</b>			<b>FINANCIAL YTD</b>		
	<b>2021</b>	<b>2020</b>	<b>% *</b>	<b>2022</b>	<b>2021</b>	<b>% **</b>
Passengers carried (000)	3	3	(3.9%)	14	19	(25.7%)
Revenue Passenger Kilometres(m)	29	31	(3.9%)	147	199	(25.8%)
Available Seat Kilometres (m)	70	49	42.3%	276	687	(59.6%)
Passenger Load Factor (%)	42.2%	62.5%	(20.3 pts)	53.2%	28.9%	24.3 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 2020 (33 days) compared with July 2021 (32 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 December 2021 to 21 December 2021)

### Air NZ announces revised Crown support package

14 December 2021

Air New Zealand announces the entry into a revised Crown support package comprising a further \$500 million of additional liquidity to better position the airline during the period up to its recapitalisation, including an ordinary equity raising. The revised package, with overall liquidity support available increased to \$2 billion, comprises:

- a new agreement, which gives Air New Zealand the ability to issue up to \$1 billion of non-voting redeemable shares to the Crown; and
- a reduction in the existing secured facility from \$1.5 billion to \$1 billion, with an extended term to January 2026.

#### Ongoing uncertainty

On 13 August 2021, Air New Zealand, following consultation with the Crown, announced a further deferral of its planned equity raise until the first quarter of 2022. Since that announcement, the airline has been impacted by the recent domestic lockdowns and the ongoing Covid-related travel restrictions across its international network.

The Government has recently outlined a plan of phased reopening of borders from early 2022, which, in the airline's view, provides an indicative pathway to reopening New Zealand for international travel. However, the future impacts of Covid remain uncertain and circumstances continue to change all over the world.

In that context, the airline has been considering its financial support requirements during the period up to a planned equity raising – which the airline is still targeting for the first quarter of 2022 – together with what further support and flexibility may be needed if material and unexpected events were to occur in 2022 such that it becomes prudent to consider a further delay to the planned capital raise.

#### Revised support package

While the airline, with the support of the Crown, remains focused on an ordinary equity raise, it is important that the airline has sufficient flexibility to withstand presently unforeseen delays without relying entirely on increasing debt levels. In that context, the airline and the Crown have agreed to modify the Crown financial support for Air New Zealand and the overall liquidity support for Air New Zealand has increased to \$2 billion, as follows:

- (a) Air New Zealand is able to issue up to \$1 billion of redeemable shares to the Crown (Redeemable Shares); and
- (b) the existing facility limit under the secured Crown loan facility has been reduced from \$1.5 billion to \$1 billion and the maturity has been extended from September 2023 to January 2026 (Amended Crown Loan).

The terms of the Amended Crown Loan and of the Redeemable Shares have been negotiated between Air New Zealand and the Crown on an arm's length basis with each party having been independently advised.

It is Air New Zealand's intention that all amounts outstanding under the Amended Crown Loan and any issued Redeemable Shares will be repaid from the proceeds of the company's proposed equity raise, together with an aligned debt capital markets transaction. The Crown has confirmed to the airline that it shares this expectation.

#### NZX Waivers from NZX Listing Rules

NZ RegCo has granted Air New Zealand waivers from the relevant requirements under the NZX Listing Rules to obtain shareholder approval for entry into and performance of the Amended Crown Loan and the Redeemable Shares with the Crown, subject to the conditions specified in those waivers which are available at <https://www.nzx.com/companies/AIR/announcements>.

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One of those NZX conditions requires Air New Zealand to convene a shareholders' meeting for shareholders to consider and vote on an ordinary resolution to ratify the entry into the Amended Crown Loan by 31 December 2022 (unless the Redeemable Shares and Amended Crown Loan no longer remain in place at that time). If that occurs, the relevant notice of meeting convening that shareholders' meeting would provide further information to shareholders about both the Redeemable Shares and Amended Crown Loan. As part of the restructure of its liquidity support for the airline, the Crown (acting by and through the Minister of Finance) has committed to Air New Zealand that it would, in its capacity as the holder of its ordinary shares in Air New Zealand, vote in favour of such a ratification resolution. The airline's current intention remains that such a meeting will be unnecessary given Air New Zealand's plans to raise equity in early 2022.

## Liquidity update

As at 14 December 2021, the airline has drawn \$505 million of the existing Crown Loan. It is currently estimated that drawings could be approximately \$900 million by late February or March 2022. This reflects the estimated cash flow impact of ongoing travel restrictions including as set out in the airline's announcement on 17 September 2021 and the previously communicated repayment of \$300 million of PAYE which is required in early 2022.

## Air New Zealand releases 2021 Sustainability Report

7 December 2021

Air New Zealand is pleased to release its 2021 Sustainability Report. The report is attached or can be accessed via this [link](#)

For additional information on Air New Zealand's commitment to sustainability, please see [Air New Zealand website](#)

## Media Releases

(during the period 2 December to 21 December 2021)

### International border re-opening delay results in flight cancellations – Air NZ 21 December 2021

Following the New Zealand government's announcement delaying the start of non-MIQ travel, Air New Zealand will cancel around 120 services through to the end of February.

Air New Zealand Chief Executive Officer Greg Foran says this will be incredibly tough news for many.

"Our heart goes out to those who were counting down the days until they could reconnect with their family and friends.

"While this news is disappointing for the airline, we know these changes are put in place to keep Aotearoa safe. We'll now need to navigate our way through what these changes mean for our customers, as we have done over the past 23 months."

The airline estimates around 120 flights will need to be canceled, with around 27,000 customers expected to be impacted. Most of the cancelled services are across the Tasman with only a small reduction in frequency on some long-haul flights.

"We are here for our customers, and as we have throughout the pandemic, we will continue to fly to get them home to Aotearoa as MIQ allocations allow."

"Even though it may not be as soon as we had hoped, when the day comes our team will be standing tall, with a big smile, ready to welcome customers on board once again."



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All existing quarantine-free flights from Australia to New Zealand between 17 January and 28 February 2022 will be cancelled and there will be a limited schedule of quarantine flights will be available to book. Customers are asked to continue to check the airline's Travel Alerts page for further updates.

Customers who still wish to travel to New Zealand will need to secure a MIQ allocation before booking on a quarantine flight.

The airline will continue to operate a reduced schedule from New Zealand to Australia but will be consolidating its schedule and only operating services out of Auckland.

Customers with bookings who no longer wish to travel are asked to use the airline's online self-service tool to hold their fare in credit.

Please check the airline's Travel Alerts page for the quarantine flight schedule.

The airline's international flexibility policy is in place for flights scheduled to depart before 30 June 2022 meaning customers can change their flights with change fees waived.

If customers have booked through a travel agent or third-party online agent, they will need to contact them directly to rebook or place their ticket into credit.

## Air New Zealand seeking innovators for next generation aircraft

21 December 2021

Air New Zealand wants to get a zero emissions aircraft in the air in the next five years and is calling on traditional aviation manufacturers as well as entrepreneurs and innovators from around the world to help achieve its goal of net zero carbon emissions by 2050.

The airline has released a [Product Requirements Document \(PRD\)](#) – a guide for business and innovators to help build, launch, or market the provision of zero emissions/novel propulsion aircraft in New Zealand. It provides an overview of Air New Zealand requirements based on its network and fleet and is intended to kickstart discussion for ongoing collaboration.

Air New Zealand is looking for aircraft technology ideas on how to accelerate and deploy propulsion innovations such as hybrid, hydrogen, or electric technologies for its new aircraft.

Air New Zealand's Head of Fleet Strategy Baden Smith says the airline is taking bold steps to ramp up genuine climate action and is looking for innovative organisations that can help us on our zero emissions aircraft journey.

"As we work towards our net zero 2050 goal, reducing aircraft emissions is critical. While our industry faces a steep challenge to decarbonise, New Zealand is uniquely placed to lead the world in zero emissions aircraft and low carbon alternatives on our domestic air transport network.

"We believe New Zealand could be a world leader in zero or low emissions aircraft, whether that's battery electric or green hydrogen powered. We're seeking the best ideas and technology from innovators around the globe who might be prepared to work with us.

"New Zealand is ideally suited to adopt zero emissions aircraft, as we have a number of short-range routes that are perfect candidates for utilizing these new technologies, and our renewable energy sources make it possible to eliminate carbon emissions effectively."

"This Product Requirements Document allows us to share our vision for zero emissions aircraft deployment and allows current and future aircraft developers to recognise both the opportunity here in New Zealand and Air New Zealand's ambition to make this a reality as soon as possible."

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This is the latest step in Air New Zealand's journey to achieve net zero carbon emissions, after signing a Memorandum of Understanding with the New Zealand Government on Sustainable Aviation Fuel and with Airbus and ATR on the development of low emissions aircraft.

## Air New Zealand welcomes new ATR to connect regions this Christmas 16 December 2021

Kiwis travelling to the regions for a well-earned holiday this Christmas will be left feeling pretty fly as they touch down in a brand-new ATR72-600 turboprop plane.

After making the 10-day journey from Toulouse, France, through some of the world's most picturesque destinations - Crete, Bali and the Maldives included – ZK-MZF landed at Auckland Airport on 15 December.

Air New Zealand's Chief Pilot Captain David Morgan says the latest ATR72-600 is exciting news for our customers who want to escape to the regions this summer.

"We're really excited to welcome this latest addition to our domestic fleet."

The aircraft, which can seat 68 passengers, will be used to service regional routes and travel to the likes of New Plymouth, Tauranga and Nelson.

The new aircraft did not stay in Auckland long before it departed for Christchurch, where it's going through the process of getting ready for service.

"It won't be sitting on the tarmac for too long before taking off for its first flight which will likely be on December 23, just in time to help get our customers to where they need to be this Christmas."

December 23 is expected to be one of the busiest days on the airline's domestic network this month, with more than 30,000 passengers booked to fly that day, and about 29,000 booked on Christmas Eve.

The aircraft is the last of the fleet of 29 to arrive, with the first having touched down back in 2012. The aircraft is also the 1600<sup>th</sup> ATR ever produced, and the 29<sup>th</sup> to join the airline's fleet, making Air New Zealand the owner of the third's largest fleet of ATR72-600s.

During that time the fleet of ATRs have boosted the airline's regional network by over 50 per cent.

ATRs are one of the most common types of planes used domestically, having flown an estimated 33.5 million passengers on over 636,000 flights around New Zealand.

The ATR72-600 is also the most fuel-efficient regional aircraft and uses significantly less fuel than other older planes.

The new plane took off from the ATR factory in France on 5 December, travelling more than 22,000km and stopping in seven countries including Greece, Saudi Arabia, Oman, Maldives, Malaysia, Indonesia and Australia.

## Air New Zealand reunites Aucklanders with Aotearoa

14 December 2021

Air New Zealand is ready to welcome Aucklanders back to the skies and reconnect them with the rest of Aotearoa, after more than 120 days of the city's border being in place.

The airline is gearing up for a busy Wednesday, with more than 12,000 customers booked to travel in and out of Auckland across 170 flights.

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Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says Auckland Airport will be a hive of activity after nearly four months of no domestic travel for those in the city.

“Aucklanders have been putting in the mahi to help keep the rest of the country safe, so we’re thrilled to be helping reunite them with friends and whānau from tomorrow onwards.”

The most popular destination from Auckland on 15 December is the capital with 1,800 passengers booked, closely followed by Christchurch with 1,700 customers travelling to the garden city.

Queenstown is also a popular spot as it sets to welcome more than 1,200 travellers from Auckland on 15 December.

“Tomorrow also marks the start of a very busy summer period, with more than 720,000 customers booked to fly around New Zealand between 15 December and 31 January.

“To add to the atmosphere on the day, we’ll have a few surprises at Auckland airport and on some of our flights across the country too.”

For those travelling this summer, the check-in process does look a little different than usual. From 14 December 2021, all customers aged 12 or older will need to show proof of either full vaccination or proof of a negative Covid-19 test result taken within 72 hours of travel.

“Our digital solution for allowing customers to show proof of vaccination went live last Thursday and already we’ve had nearly 130,000 customers upload their My Vaccine Pass to their Airpoints profile. This means their check in process looks the same as it always has because their vaccination status is already verified.

“We’ll have all hands-on deck for the next few days, ensuring customers know exactly what they need to do to make this a seamless journey. My advice now would be to upload your My Vaccine Pass to your Airpoints profile so you’re set to travel.

“We are also encouraging customers to arrive at the airport 60 minutes before their flight takes off to make sure they have plenty of time before boarding.

“I know our crew are really looking forward to having the domestic network back firing on all cylinders, with new snacks back on board too! But don’t panic, the famous Cookie Time cookie remains.”

## Veri-FLY with the Air NZ mobile app this summer

9 December 2021

From 9 December, Air New Zealand customers can upload their domestic My Vaccine Pass to their Airpoints™ profile, verifying their vaccination status so they’re ready for a summer of safe and easy travel.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says from 14 December, the airline will be requiring proof of either full vaccination or a negative Covid-19 test taken within 72 hours of departure to travel domestically.

“Travel will look different this summer but we’re confident the innovative changes we’ve made to the Air NZ mobile app will make the extra travel requirement as seamless as possible. We’re one of the first airlines in the world to develop a digital solution for customers to upload their vaccination status to their loyalty profile which is incredibly exciting.

“There will be opportunities to check in via all of our touchpoints including our app, online or at the kiosk. However, uploading your domestic My Vaccine Pass to your Airpoints profile will be easiest way to travel this summer. And the good thing is, members will only have to do this once.

“We’ve applied a privacy lens across the whole digital solution. The QR code or domestic My Vaccine Pass itself is not retained by Air New Zealand; we’re just verifying the Pass is valid.”

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With more than 300,000 Kiwis travelling between 15-31 December, the airline is gearing up for a busy few weeks.

## Here are Air New Zealand's top travel tips for the summer:

1. Have your My Vaccine Pass, or a negative Covid-19 test result at the ready because from 14 December, everyone aged 12 or over will need to show proof of full vaccination or a negative test taken within 72 hours of departure. We'll be soft launching this new process on 13 December so don't be alarmed if you check in and we ask you to show proof. If you don't have either, you'll still be able to travel on 13 December.
2. Avoid airport queues by downloading the **latest version** of the Air NZ mobile app and uploading your vaccination status to your Airpoints profile. This will be the easiest way to travel and as an Airpoints member, you'll only need to do it once. You can do this from 9 December, just update your app and you're on your way.
3. Make sure you upload your domestic My Vaccine Pass, not the International Travel Vaccination Certificate.
4. If you are showing proof of a negative Covid-19 test result, whether that be a Nasopharyngeal swab, saliva or supervised rapid antigen test, you'll need to check-in at the airport and show one of our airport staff your result confirmation well in advance of your departure time.
5. Airports will be bustling in December, so we strongly recommend you arrive at the airport 60 minutes before your flight to avoid any disruption.
6. No need to BYO because snacks are back! From 14 December, our new food and beverage offering is onboard, and we've heard it's a crunchin' good time.
7. While we'd love to see your smiling faces, face coverings are still required on board. Whether it's a silk, tie-die or Kiwiana mask, please wear it. We'll have some spares if you forget yours.
8. When you're out and about this summer, remember to *Do Something New*, New Zealand. Our experiences website now has more than 465 Qualmark-endorsed sustainable tourism operators listed.
9. Read number one again and complete number two.
10. And finally, leave your passport at home. International borders aren't open just yet.

**Top tip:** This handy video will give you everything you need to know. [Download it here.](#)