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November 2023 Commentary

- 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 43.5%, short-haul international ASKs increased 13.4%, while domestic ASKs were down slightly, by 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 5.6% 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 11.2% driven primarily by some North American routes with a small decrease on Asian routes.

Monthly **investor update**



November 2023 highlights

Group traffic summary	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,298	1,248	4.0%	6,711	6,345	6.5%
Revenue Passenger Kilometres(m)	2,465	2,075	18.8%	14,115	10,106	40.6%
Available Seat Kilometres (m)	3,002	2,421	24.0%	17,281	11,573	50.3%
Passenger Load Factor (%)	82.1%	85.7%	(3.6 pts)	81.7%	87.3%	(5.6 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX)		% change in reported RASK (excl. FX)	
	vs 2023		vs 2023	
Group	(15.2%)		(15.4%)	
Short Haul	(5.6%)		(5.6%)	
Long Haul	(10.6%)		(11.2%)	

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.

¹ Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.

Monthly *investor update*



Operating statistics table

Group	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,298	1,248	4.0%	6,711	6,345	6.5%
Revenue Passenger Kilometres(m)	2,465	2,075	18.8%	14,115	10,106	40.6%
Available Seat Kilometres (m)	3,002	2,421	24.0%	17,281	11,573	50.3%
Passenger Load Factor (%)	82.1%	85.7%	(3.6 pts)	81.7%	87.3%	(5.6 pts)

Short Haul Total	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,172	1,153	1.6%	5,900	5,914	0.4%
Revenue Passenger Kilometres(m)	1,208	1,122	7.6%	6,177	5,838	6.5%
Available Seat Kilometres (m)	1,379	1,291	6.9%	7,421	6,647	12.4%
Passenger Load Factor (%)	87.6%	86.9%	0.7 pts	83.2%	87.8%	(4.6 pts)

Domestic	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	882	902	(2.2%)	4,378	4,588	(3.9%)
Revenue Passenger Kilometres(m)	456	464	(1.9%)	2,253	2,374	(4.5%)
Available Seat Kilometres (m)	515	528	(2.5%)	2,702	2,703	0.6%
Passenger Load Factor (%)	88.5%	87.9%	0.6 pts	83.4%	87.8%	(4.4 pts)

Tasman / Pacific	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	290	252	15.4%	1,522	1,325	15.6%
Revenue Passenger Kilometres(m)	752	658	14.4%	3,924	3,464	14.1%
Available Seat Kilometres (m)	864	762	13.4%	4,719	3,944	20.5%
Passenger Load Factor (%)	87.0%	86.3%	0.7 pts	83.2%	87.8%	(4.6 pts)

Long Haul Total	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	126	95	33.6%	811	432	89.2%
Revenue Passenger Kilometres(m)	1,257	953	31.9%	7,938	4,268	87.2%
Available Seat Kilometres (m)	1,623	1,130	43.5%	9,860	4,927	101.5%
Passenger Load Factor (%)	77.5%	84.3%	(6.8 pts)	80.5%	86.6%	(6.1 pts)

Asia	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	67	42	61.1%	434	176	148.7%
Revenue Passenger Kilometres(m)	603	370	63.2%	3,782	1,546	146.2%
Available Seat Kilometres (m)	704	430	63.5%	4,537	1,859	145.8%
Passenger Load Factor (%)	85.7%	85.9%	(0.2 pts)	83.3%	83.2%	0.1 pts

Americas / UK	NOVEMBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	59	53	12.1%	377	256	48.4%
Revenue Passenger Kilometres(m)	654	584	12.0%	4,156	2,722	53.7%
Available Seat Kilometres (m)	919	700	31.3%	5,323	3,068	74.7%
Passenger Load Factor (%)	71.1%	83.4%	(12.3 pts)	78.1%	88.7%	(10.6 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 20 November 2023 to 21 December 2023)

[Air New Zealand updates progress on 1H FY24 earnings guidance](#)

13 December 2023

Following a further two months of operating performance since guidance was given, Air New Zealand now expects first half earnings for FY24 to be around the bottom end of its \$180 million to \$230 million range initially provided on 12 October.

Early signs of softness in domestic travel, particularly corporate and government travel, which were noted in the 12 October update have continued, with late booking activity remaining weaker compared to the prior year. More recently, the airline has noted softer leisure demand in both the Domestic and Trans-Tasman markets.

Demand for travel to North America continues to be solid, albeit the airline is observing additional pricing pressure due to increased competition from US carriers. Asia and Pacific Islands demand remains unchanged. Air New Zealand will continue to monitor booking patterns closely.

As previously announced, \$45 million of Covid related credits that are highly unlikely to be redeemed by the extended expiry date are included within the above guidance range.

The airline continues to address the ongoing impacts of the global Pratt & Whitney engine issues on the business. In addition, economic and inflation risks remain and as a result, Air New Zealand is not providing full year guidance at this time. The airline cautions against extrapolating first half guidance and currently expects the second half of the financial year to be increasingly challenging.

[Moody's upgrades Air NZ to Baa1 rating](#)

22 November 2023

Moody's Investors Service has upgraded the issuer rating and senior unsecured debt rating for Air New Zealand to Baa1 from Baa2. This is a one notch upgrade, and the rating outlook remains stable.

This follows the decision by Moody's to upgrade the airline's baseline credit assessment to baa3 from ba1 to reflect that Air New Zealand's standalone credit profile has returned to pre-pandemic levels.

At the same time, Moody's has upgraded the senior unsecured medium-term note programme rating to (P)Baa1 from (P)Baa2.

[Attached](#) is the announcement released by Moody's Investors Service.



Media Releases

(during the period 20 November 2023 to 21 December 2023)

[Winging it home for the holidays: Air New Zealand to fly a million customers across the country this Christmas](#)

15 December 2023

Air New Zealand is gearing up for an extraordinary Christmas, with more than a million customers expected to travel on the domestic network alone, and another 700,000 customers to international destinations between 15 December 2023 and 31 January 2024.

Air New Zealand Chief Operating Officer, Alex Marren, says the airline has been working hard to ensure a seamless journey for customers over the busy holiday season.

"Ensuring a smooth travel experience for our customers in the days leading up to Christmas requires a coordinated effort across all our teams, from flight planners to airport staff, pilots, and cabin crew – remarkably this means that nearly 1200 tasks such as loading bags, monitoring weather, and ensuring the weight and balance of the aircraft. Up to 40 people across the airline come together on any given flight to do this and ensure that we deliver our customers to their destinations safely and on-time.

The airline's busiest day of the year will be Friday 22 December with nearly 50,000 people planning to take off to destinations across Aotearoa and overseas. The busiest route domestically is Auckland to Christchurch, with Wellington and Queenstown following close behind.

One million customers will be travelling across Aotearoa this summer, from Invercargill to Kerikeri. Australian cities continue to be the most popular destinations for Kiwi customers visiting friends and family with 350,000 customers booked to travel to Melbourne, Sydney and Brisbane over the holiday period and 330,000 customers are set to take off to destinations around the remainder of the international network.

Ms Marren said Air New Zealand is well equipped to handle the Christmas rush but urges customers to plan ahead to ensure smooth and uneventful travel through the airport.

[Air New Zealand announces BETA's ALIA as launch aircraft for Mission Next Gen Aircraft programme](#)

6 December 2023

- Air New Zealand selects BETA's ALIA CTOL as its first next generation aircraft
- The electric aircraft has been purchased to meet the airline's goal of flying a commercial demonstrator by 2026
- NZ Post announced as cargo partner for commercial demonstrator
- Announcement in early 2024 revealing the two frontrunner airports to be home to next generation aircraft

Air New Zealand has announced the ALIA as the airline's first purchase of a next generation aircraft in its Mission Next Gen Aircraft programme.

Monthly **investor update**



Designed by electric aerospace company BETA Technologies, the battery-powered all-electric aircraft is expected to join Air New Zealand's fleet in 2026. Air New Zealand is purchasing the conventional take-off and landing version of the ALIA.

The announcement follows an 18-month period of evaluation and diligence by Air New Zealand. Through the airline's Mission Next Gen Aircraft programme, it sought and received ideas and insights from 30 organisations, selecting four partners to work closely with on its goal of launching commercial flights using next generation aircraft in 2026. BETA's ALIA is the first commercial order in the programme.

Air New Zealand will initially operate the aircraft as a cargo only service in partnership with New Zealand Post, on a route being selected through an expressions of interest (EOI) process with airports across Aotearoa.

Air New Zealand Chief Executive Officer Greg Foran says the purchase cements Air New Zealand's commitment to flying lower-emissions aircraft in New Zealand.

"This is a small but important step in a much larger journey for Air New Zealand. There is a lot of work ahead of us, but we are incredibly committed, and this purchase marks a new chapter for the airline."

"Decarbonising aviation isn't easy, and we have a lot of work to do. We need to accelerate the pace of change in the technology, infrastructure, operations and regulation."

"While this aircraft will add to, not replace our existing fleet, it is a catalyst for that change. By flying the ALIA, we hope to advance our knowledge and the transformation needed in the aviation system in Aotearoa for us to fly larger, fleet replacing, next generation aircraft from 2030."

BETA Chief Executive Officer Kyle Clark says he applauds Air New Zealand's approach to decarbonising aviation.

"Over the past year plus of partnership, collaboration, and diligence, we've seen Air New Zealand's forward-thinking, yet pragmatic and methodical approach to innovation."

"We are gratified by the airline's confidence in our technology as a solution that will meet their operational needs and look forward to continuing to work hand-in-hand."

Note to editors:

- Air New Zealand will fly the conventional take-off and landing (CTOL) version of the ALIA.
- Air New Zealand has a firm order for one aircraft with options for an additional two aircraft, and rights for a further 20 aircraft.
- The ALIA has flown over 480kms in one flight in testing. For Air New Zealand's initial flights, it is looking at routes of around 150kms in length.
- Given the shorter length of the flights Air New Zealand intends to operate, it will likely fly the ALIA at a lower altitude of between 1500 to 3000 metres.
- The ALIA weighs three tonnes, is just over 12 metres long, and will fly at a speed of up to 270kms an hour.
- A full charge of the battery is anticipated to take between 40-60 minutes.
- Aviation has a rigorous safety and risk management culture. The aircraft will only be brought into service once it has passed testing and is certified as safe to fly by the New Zealand Civil Aviation Authority.