



2 April 2024

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February 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 26.0%, short-haul international ASKs increased 15.5%, while domestic ASKs were up slightly 1.4% 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 6.8% 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. It should be noted that the prior comparative period for domestic included some revenue impact from the Auckland flood event.
- Long-haul YTD RASK declined 16.7% driven by both North American and Asian routes. Intense international competition features heavily in the current trading environment, particular 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.

Monthly *investor update*



February 2024 highlights

Group traffic summary	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,305	1,201	8.7%	10,913	10,350	5.9%
Revenue Passenger Kilometres(m)	2,607	2,334	11.7%	22,846	18,097	26.8%
Available Seat Kilometres (m)	3,287	2,710	21.2%	27,994	20,705	35.8%
Passenger Load Factor (%)	79.3%	86.1%	(6.8 pts)	81.6%	87.4%	(5.8 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX) vs 2023	% change in reported RASK (excl. FX) vs 2023
Group	(15.2%)	(15.5%)
Short Haul	(6.9%)	(6.8%)
Long Haul	(16.0%)	(16.7%)

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	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	1,305	1,201	8.7%	10,913	10,350	5.9%
Revenue Passenger Kilometres(m)	2,607	2,334	11.7%	22,846	18,097	26.8%
Available Seat Kilometres (m)	3,287	2,710	21.2%	27,994	20,705	35.8%
Passenger Load Factor (%)	79.3%	86.1%	(6.8 pts)	81.6%	87.4%	(5.8 pts)

Short Haul Total	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	1,165	1,076	8.4%	9,633	9,494	1.9%
Revenue Passenger Kilometres(m)	1,221	1,080	13.1%	10,225	9,571	7.3%
Available Seat Kilometres (m)	1,427	1,235	15.5%	12,141	10,988	10.9%
Passenger Load Factor (%)	85.6%	87.4%	(1.8 pts)	84.2%	87.1%	(2.9 pts)

Domestic	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	868	823	5.6%	7,099	7,272	(2.0%)
Revenue Passenger Kilometres(m)	459	428	7.3%	3,701	3,795	(2.1%)
Available Seat Kilometres (m)	519	511	1.4%	4,357	4,399	(0.5%)
Passenger Load Factor (%)	88.5%	83.6%	4.9 pts	84.9%	86.3%	(1.4 pts)

Tasman / Pacific	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	297	253	17.4%	2,534	2,222	14.5%
Revenue Passenger Kilometres(m)	762	652	16.8%	6,524	5,776	13.4%
Available Seat Kilometres (m)	908	724	25.4%	7,784	6,589	18.6%
Passenger Load Factor (%)	83.9%	90.1%	(6.2 pts)	83.8%	87.7%	(3.9 pts)

Long Haul Total	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	140	125	11.8%	1,280	856	50.2%
Revenue Passenger Kilometres(m)	1,386	1,254	10.5%	12,621	8,526	48.7%
Available Seat Kilometres (m)	1,860	1,475	26.0%	15,853	9,717	63.8%
Passenger Load Factor (%)	74.5%	85.0%	(10.5 pts)	79.6%	87.7%	(8.1 pts)

Asia	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	74	59	26.2%	671	366	84.3%
Revenue Passenger Kilometres(m)	663	524	26.6%	5,912	3,242	83.1%
Available Seat Kilometres (m)	781	609	28.1%	7,065	3,755	89.0%
Passenger Load Factor (%)	84.9%	85.9%	(1.0 pts)	83.7%	86.3%	(2.6 pts)

Americas / UK	FEBRUARY			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	66	66	(0.8%)	609	490	24.8%
Revenue Passenger Kilometres(m)	723	730	(1.0%)	6,709	5,284	27.5%
Available Seat Kilometres (m)	1,079	866	24.6%	8,788	5,962	48.0%
Passenger Load Factor (%)	67.0%	84.3%	(17.3 pts)	76.3%	88.6%	(12.3 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 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 February 2024 to 1 April 2024)

Air New Zealand cancels \$400 million Crown Standby Facility

25 March 2024

Air New Zealand announces today it has cancelled the \$400 million unsecured committed Crown Standby Facility (“the Facility”) which was entered into on 30 March 2022 as part of the airline’s recapitalisation package following the Covid pandemic.

The Facility was established to protect against uncertainty relating to the pandemic and New Zealand’s border re-opening but was never drawn on by Air New Zealand. The cancellation of the Facility now concludes the period of pandemic-related financial support provided by the Crown to Air New Zealand. The Crown remains a majority shareholder in the airline with a 51% holding.

The airline has appointed ANZ Bank New Zealand Limited and MUFG Bank, Ltd. as Mandated Lead Arrangers and Bookrunners in connection with the arrangement and syndication of a new unsecured revolving standby facility, expected to close before 30 June 2024.

Air New Zealand pauses Chicago service from late March

18 March 2024

Air New Zealand will pause its Auckland – Chicago non-stop service from 31 March to November 2024.

The route is being putting on hold due to ongoing challenges with the availability of serviceable Rolls-Royce Trent 1000 engines which is impacting airlines around the world. These are the engines used on Air New Zealand’s Boeing 787 aircraft.

Chicago is a popular route for customers and one the airline plans to resume flying to later this year. The decision to pause this service was made because there are five other options – including Houston and New York – which can help customers access North America.

Most of the impacted customers are expected to be re-accommodated on alternative services, noting that the Auckland – Chicago non-stop service operates approximately two to three services per week over the April to June months. As such, the pausing of the Chicago service is not expected to impact the airline’s full year guidance for the 2024 financial year, which was provided on 22 February 2024.

Air New Zealand announces 2024 Interim Results

22 February 2024

Key points

- Earnings before taxation of \$185 million
- Passenger revenue of \$3.1 billion driven by a significant ramp-up in capacity across the international network
- Airline is currently reviewing pricing and capacity to reflect ongoing inflation pressures
- Unimputed ordinary interim dividend of 2.0 cents per share declared
- Significant improvement in onboard experience, reliability and customer response times

Monthly **investor update**



- Tougher forward trading environment. Earnings before taxation for the 2024 financial year now expected to be in the range of \$200 million to \$240 million, including \$20 million of currently assumed additional Covid-related credit breakage

Air New Zealand has announced earnings before taxation of \$185 million for the first half of the 2024 financial year. Net profit after taxation was \$129 million. This is an expected reduction on the comparable period last year when the airline recorded one of its highest-ever results following the rapid return of air travel as New Zealand's borders reopened.

Based on the airline's balance sheet strength and the interim result, Air New Zealand shareholders will receive an unimputed interim dividend of 2.0 cents per share. The dividend will be paid on 21 March, to shareholders on record as at 8 March. This equates to a payout ratio of 41 percent.

Passenger revenue of \$3.1 billion was up 21 percent, driven by a significant ramp-up in capacity across the international network. Demand was stable in most markets, but signs of softness in domestic corporate and Government demand was experienced from September. Overall capacity was up 29 percent on the comparative six-month period. Operating costs, including fuel, increased 21 percent due to a substantial increase in long-haul flying this year.

Inflationary pressures also continue to be felt. Non-fuel operating costs have increased around 5 percent or \$100 million due to price inflation, which is on top of an increase totalling 15 to 20 percent across the last four years. The cumulative effect of these increases is having a significant impact on the cost of providing air services, including on the domestic network, and the airline is currently reviewing fares and capacity to better reflect ongoing cost pressure.

Chair Dame Therese Walsh says the half year result represents the hard mahi of the Air New Zealand whānau, who rallied together in the face of unavoidable challenges.

"We knew this year would be tougher than the last, when pent up levels of demand and industry-wide capacity constraints drove one of the strongest financial results in our history.

"And while we have reported a solid first half result, it is against the backdrop of significant ongoing supply chain issues, particularly the additional Pratt & Whitney engine maintenance requirements on our A321neo fleet, which will see up to five of our newest and most efficient aircraft out of service at any one time across the next 18 months at least.

"On top of these operational challenges, we are now leaning into the reality of a worsening revenue and cost environment, which is expected to have a significant adverse impact on performance in the second half.

"Earlier this week the airline provided a full year profit outlook, noting among other things, a deterioration in the forward bookings profile. Intense international competition features heavily in the current environment, particularly for North America where our 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.

"The business is pulling multiple levers to mitigate the impact of these headwinds, and this is a key focus for the team.

"Despite these short-term challenges, the airline is in a fundamentally strong position. Our balance sheet is robust, and the Board is committed to the airline's Capital Management Framework as announced last August, including its ordinary dividend policy. Accordingly, the Board was pleased to announce a dividend of 2.0 cents per share for the first half."

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Chief Executive Officer Greg Foran says doing the basics brilliantly without ever compromising on safety has positioned the airline well to compete.

“Our on-time performance and contact centre wait times have improved. Food and beverage offerings have been enhanced. Inflight entertainment options and Wi-Fi have also been improved.

An additional 400,000 people have joined our loyalty programme over the past year, lifting membership to 4.4 million. All these things, along with the manaaki shown by staff – taking care further than any other airline – have seen our customer satisfaction score return to pre-pandemic levels.

“The engine maintenance requirements for both Pratt & Whitney and Rolls Royce have seen our aircraft spend more time on the ground. While this is beyond our control, we are managing these issues with changes to our schedule and additional leased aircraft.

“Boeing has now confirmed that the first of the new 787 Dreamliners is unlikely to arrive until at least mid-2025, which will delay delivery of our innovative new Skynest. The interior retrofit of our current 787 fleet remains on track.

“To mitigate these challenges, we introduced a dry lease 777-300ER in November. A second dry lease 777-300ER will enter the fleet mid-year and we are well advanced on negotiations for a third.

“While the global aviation ecosystem remains under immense pressure, Air New Zealand is committed to providing the best experience possible to our loyal customers while we navigate these issues.”

2H 2024 Trading update

As noted in the airline’s market update on 19 February 2024, a number of continuing economic and operational conditions have deteriorated and are now expected to have a significant adverse impact on performance in the second half. These include the impact of additional competition on forward revenue performance, ongoing weakness in domestic corporate and government demand, temporary cost headwinds of \$35 million in the second half to alleviate customer impacts and operational pressures, as well as ongoing cost inflation.

Outlook

In light of these conditions, the airline considers that performance for the second half of the 2024 financial year will be markedly lower than the first half.

In this context, and assuming an average jet fuel price of USD\$105/bbl for the second half, the airline currently expects earnings before taxation for the 2024 financial year to be in the range of \$200 million to \$240 million. This range includes \$20 million of currently assumed additional Covid-related credit breakage over the second half. Future redemptions of Covid-related credits remain uncertain and subject to further actions.

Supplementary table – Interim 2024 financial highlights

	1H 2024 \$M	1H 2023 \$M	% Movement
Operating revenue	3,474	3,078	13%

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Earnings before taxation	185	299	(38%)
Net profit after taxation	129	213	(39%)

Media Releases

(during the period 20 February 2024 to 1 April 2024)

[Air New Zealand seeks innovators in global search for sustainable aviation fuel](#)

20 March 2024

Air New Zealand has launched a global open invitation to innovators and start-ups in the sustainable aviation fuel (SAF) sector to become a supply partner to the airline.

It is the first time an airline has made a global call to potential suppliers in the burgeoning SAF industry to work together on supply opportunities.

The airline's Opportunity Statement (see link below) provides an overview of Air New Zealand's SAF requirements based on its network, fleet, sustainability targets and criteria. It is intended to kickstart discussion for ongoing collaboration as well as identify new opportunities.

Air New Zealand Chief Sustainability Officer, Kiri Hannifin, says SAF is integral to the aviation industry's future, which faces a very steep challenge to decarbonise.

"Air New Zealand plays an essential role in connecting New Zealand's people, tourism, and trade to the world, but we must find a way to do this more sustainably and as quickly as we can. A stable supply of SAF is critical to our ability to reduce carbon emissions and continue to play this role for the long term.

"That's why we've taken this novel approach, asking emerging SAF producers from around the world to connect with us and respond to the Opportunity Statement," says Ms Hannifin.

"Air New Zealand is an ideal airline partner for SAF innovators and producers. We have a mature understanding of SAF, a clear roadmap to meet our targets, and the volumes of SAF we need to align with current production capabilities.

"Our airline is known for pushing boundaries and challenging ourselves to think differently, and we're also deeply committed to meeting our decarbonisation goals. This Opportunity Statement shares our vision and allows current and future SAF producers to recognise both the opportunity and Air New Zealand's ambition to become a customer as soon as possible."

Air New Zealand was just the second airline globally to announce an interim science-based target. The interim target, validated by the [Science Based Targets initiative](#) (SBTi), requires a 28.9% reduction in carbon intensity by 2030, from a 2019 baseline.

Air New Zealand anticipates it will need SAF to make up around 20% of its total fuel uptake by 2030, alongside a long term and strategic regulatory package, which it is actively advocating for.

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This is the latest step in Air New Zealand's journey to achieve net zero carbon emissions by 2050, after partnering with pioneers of next-generation aircraft technology through its [Mission Next Gen Aircraft Programme](#), co-funding the [research and development of a domestic SAF industry](#), and investing in the United Airlines Ventures Sustainable Flight Fund.

Air New Zealand is looking to enter short, medium, and long-term SAF offtake agreements, recognising these are often critical to the business case for a plant, mitigating risk through providing demand certainty for the SAF producer, its investors, and financiers.

To find out more and to read the Opportunity Statement please visit [here](#).

First trial using hydrogen to unlock low emissions aviation in
New Zealand gets underway in Wellington

4 March 2024

Four New Zealand businesses have come together to trial using hydrogen in an aviation setting for the first time in Aotearoa.

Air New Zealand, Wellington Airport, Toyota New Zealand, and Hiringa Energy have joined forces to trial using hydrogen to charge Air New Zealand's electric tugs and service vehicles over the next few weeks at Wellington Airport.

Air New Zealand Senior Sustainability Manager, Jacob Snelgrove says the airline wants to pioneer the commercial deployment of green hydrogen-powered aircraft in New Zealand.

"Green hydrogen is starting to be used around the world as a low-emission fuel for buses, trucks, trains, and boats. Aircraft are the logical next step and successful test flights are already underway overseas. The biggest challenge here in New Zealand is setting up the supply, transport, and infrastructure to support fuelling the aircraft. This trial is an important first step to enable the development of that system."

"This is the first time hydrogen has been used at an airport in New Zealand and is an important step on the long-term journey to decarbonise aviation," says Wellington Airport Chief Executive Matt Clarke.

"The trial will help us assess the viability of hydrogen for charging and give us a good insight into the operational challenges and opportunities."

The trial will be conducted using a hydrogen fuel cell provided by Toyota New Zealand. The fuel cell uses hydrogen to generate electricity, with supply coordinated by Hiringa Energy, a New Zealand-based clean energy company.

"It's a privilege to be supporting Air New Zealand and Wellington Airport in demonstrating the safe use of hydrogen for use in aviation, says Hiringa Energy Chief Executive Officer, Andrew Clennett.

"Green hydrogen has a significant role to play in decarbonising Aotearoa, and this programme is helping everyone to better understand the benefits of introducing hydrogen to airport operations as we prepare for hydrogen-powered aircraft in the future."

Toyota New Zealand Chief Executive, Neeraj Lala says the firm's introduction of its hydrogen fuel cell generator at Wellington Airport directly aligns with its strategy.

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"We are passionate about advancing the hydrogen economy in New Zealand by introducing innovative new technology that supports our decarbonisation ambition."

"By showcasing innovative solutions like the fuel cell generator in practical applications such as aviation, we can stimulate demand and demonstrate the viability and benefits of hydrogen technology, ultimately paving the way for broader adoption and investment in hydrogen across various sectors of the New Zealand economy."

"Our Toyota Fuel Cell Generators will now provide companies serious about climate with a genuine clean energy alternative," says Neeraj.

The trial will run until 15 March 2024

Air New Zealand and Singapore Airlines receive regulatory approval to extend joint venture alliance

28 February 2024

Air New Zealand and Singapore Airlines (SIA) welcome the decision by New Zealand's Associate Minister of Transport, Hon Matt Doocey, to reauthorise their joint venture alliance for another five years until March 2029.

This allows Air New Zealand and Singapore Airlines to continue offering their customers more value, greater options, and access to a wide global network in the coming years.

Over the course of the 10-year partnership, Air New Zealand and Singapore Airlines have grown the seat capacity between New Zealand and Singapore by nearly 50%. This includes the addition of up to three daily services between Auckland and Singapore, and a daily service between Christchurch and Singapore.

Air New Zealand Chief Transformation and Alliances Officer, Mike Williams, says the partnership plays a key role in connecting New Zealand to the world.

"Since the alliance was launched at the beginning of 2015, the two flag carriers have together carried over 4.6 million passengers between New Zealand, Singapore and beyond," says Mr Williams.

"The partnership gives New Zealanders access to the world on Singapore Airlines' vast network beyond the Singapore gateway into destinations in Europe, India and Southeast Asia.

"With the partnership extended for a further five years, together with Singapore Airlines, we can continue to stimulate trade and tourism, and provide customers with greater choice and connectivity."

Following this extension, and subject to regulatory approval, the joint venture partners will operate a total of four daily seasonal services between Auckland and Singapore from 27 October 2024 to 29 March 2025. This will give customers even greater connectivity and choice during the peak holiday season.

Mr Dai Haoyu, Acting Senior Vice President Marketing Planning, Singapore Airlines, says Air New Zealand and Singapore Airlines have been strong partners for close to a decade.

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“The extension of our alliance allows us to continue offering our customers even more options between Singapore and New Zealand, as well as to domestic destinations within New Zealand and around the world.

“This is exemplified by the fourth daily seasonal service between Auckland and Singapore, which will support the growing demand for both business and leisure travel.”

With the fourth daily seasonal service between Auckland and Singapore, the carriers will jointly operate 38 return services weekly between New Zealand and Singapore during peak months. This translates to more than 893,000 seats available every year.

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