



3 May 2021

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March 2021 highlights

Group traffic summary	MARCH			FINANCIAL YTD		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	828	1,360	(39.2%)	6,038	13,094	(53.9%)
Revenue Passenger Kilometres(m)	488	2,674	(81.7%)	3,923	29,182	(86.6%)
Available Seat Kilometres (m)	834	3,685	(77.4%)	7,143	35,316	(79.8%)
Passenger Load Factor (%)	58.6%	72.6%	(14.0 pts)	54.9%	82.6%	(27.7 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX)	% change in underlying RASK (excl. FX)
Group	34.4%	34.4%
Short Haul	28.2%	28.1%
Long Haul	(31.7%)	(31.6%)

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 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		
	2021	2020	% *	2021	2020	% *
Passengers carried (000)	828	1,360	(39.2%)	6,038	13,094	(53.9%)
Revenue Passenger Kilometres(m)	488	2,674	(81.7%)	3,923	29,182	(86.6%)
Available Seat Kilometres (m)	834	3,685	(77.4%)	7,143	35,316	(79.8%)
Passenger Load Factor (%)	58.6%	72.6%	(14.0 pts)	54.9%	82.6%	(27.7 pts)
Short Haul Total						
Passengers carried (000)	822	1,217	(32.4%)	5,979	11,410	(47.6%)
Revenue Passenger Kilometres(m)	437	1,231	(64.5%)	3,336	12,611	(73.5%)
Available Seat Kilometres (m)	637	1,667	(61.8%)	5,014	15,416	(67.5%)
Passenger Load Factor (%)	68.6%	73.8%	(5.2 pts)	66.5%	81.8%	(15.3 pts)
Domestic						
Passengers carried (000)	811	946	(14.3%)	5,853	8,413	(30.4%)
Revenue Passenger Kilometres(m)	410	489	(16.1%)	3,054	4,352	(29.8%)
Available Seat Kilometres (m)	539	668	(19.3%)	4,020	5,230	(23.1%)
Passenger Load Factor (%)	76.1%	73.2%	2.9 pts	76.0%	83.2%	(7.2 pts)
Tasman / Pacific						
Passengers carried (000)	11	270	(95.9%)	125	2,997	(95.8%)
Revenue Passenger Kilometres(m)	27	742	(96.4%)	283	8,259	(96.6%)
Available Seat Kilometres (m)	98	999	(90.2%)	993	10,186	(90.2%)
Passenger Load Factor (%)	27.4%	74.3%	(46.9 pts)	28.4%	81.1%	(52.7 pts)
Long Haul Total						
Passengers carried (000)	5	144	(96.5%)	59	1,684	(96.5%)
Revenue Passenger Kilometres(m)	51	1,443	(96.5%)	587	16,571	(96.5%)
Available Seat Kilometres (m)	197	2,018	(90.3%)	2,129	19,900	(89.3%)
Passenger Load Factor (%)	26.0%	71.5%	(45.5 pts)	27.6%	83.3%	(55.7 pts)
Asia / Japan / Singapore						
Passengers carried (000)	2	45	(96.4%)	28	731	(96.2%)
Revenue Passenger Kilometres(m)	15	397	(96.3%)	257	6,496	(96.0%)
Available Seat Kilometres (m)	138	662	(79.1%)	1,233	7,964	(84.5%)
Passenger Load Factor (%)	10.7%	60.1%	(49.4 pts)	20.8%	81.6%	(60.8 pts)
Americas / UK						
Passengers carried (000)	3	99	(96.5%)	32	953	(96.7%)
Revenue Passenger Kilometres(m)	36	1,045	(96.5%)	330	10,075	(96.7%)
Available Seat Kilometres (m)	58	1,356	(95.7%)	896	11,935	(92.5%)
Passenger Load Factor (%)	62.5%	77.1%	(14.6 pts)	36.8%	84.4%	(47.6 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 30 March 2021 to 2 May 2021)

Air NZ receives letter from Minister of Finance

9 April 2021

Air New Zealand has received a [letter](#) from the Minister of Finance outlining the Crown's expectations as the airline's majority shareholder. This sits alongside the letters of expectation previously received by the airline.

Air NZ update on capital raise timing and Crown loan

9 April 2021

On 12 February 2021 Air New Zealand re-confirmed to the market its intention to complete an equity capital raise by 30 June 2021. In that context, the Company referred to a letter received from the Minister of Finance confirming the Crown would participate in that equity capital raise to maintain a majority shareholding, subject to Cabinet being satisfied with the terms of the proposed equity capital raise.

Since then, the Company has continued to work with the Crown and its advisers on the airline's capital structure and funding needs, with a view to completing an equity capital raise by 30 June 2021. This work continues to be informed by the evolving circumstances related to the global impact of the Covid-19 pandemic, including the Government's announcement of the Maintaining International Air Connectivity scheme¹, the March 2021 public announcements on vaccination programme timing, and the potential implications for broader border reopenings, and the announcement of the Trans-Tasman quarantine free travel bubble to commence on 19 April, which are all fundamental to Air New Zealand's financial performance.

In light of these evolving circumstances, the Crown and the Company have agreed it would be appropriate to defer the equity capital raise to allow time to assess these evolving circumstances further. Consequently, the Company and the Crown have signed a binding term sheet to amend the existing Crown standby loan facility ("the facility") which, together with the deferral, the Company considers to be in its best interests in order to ensure sufficient liquidity through to completion of that capital raise.

Timing for the capital raise

Air New Zealand's Board continues to assess the airline's capital structure and longer-term funding needs and expects the structure, once finalised, will have components of both debt and equity ("the proposed capital raise").

The proposed capital raise is now targeted to be undertaken before 30 September 2021.

With this revised timing in mind and given the critical role the Company has in New Zealand's economy and society, the Crown has reconfirmed its longstanding commitment to maintaining a majority shareholding in the airline, and subject to Cabinet being satisfied with the terms of the proposed capital raise, the Crown would participate in the equity capital raise in order to maintain a majority shareholding. The Crown intends to participate by purchasing the number of new shares necessary to maintain a majority shareholding. Those confirmations are set out in a letter from the Minister of Finance to the airline dated 8 April 2021.

Air New Zealand's intention is that all amounts outstanding under the facility (including as amended as described below) will be repaid from the proceeds of the proposed capital raise.

Amended terms of the facility

To ensure the Company has sufficient liquidity through the period until completion of the proposed capital raise, the existing facility with the Government has been renegotiated and Air New Zealand has entered into a binding terms sheet with the Crown to effect agreed amendments summarised below.

¹ Previously known as the International Airfreight Capacity Scheme.

Monthly **investor update**



The terms sheet is conditional on Air New Zealand and the Crown entering into an amending deed reflecting the terms sheet and NZX Regulation Limited issuing waivers in relation to NZX Listing Rules 5.1.1 and 5.2.1 (as it did when the original facility was put in place in March 2020), as well as other conditions precedent which are generally within Air New Zealand's control or which are usual for these types of transactions.

The facility is to be amended to provide an increase of up to \$600 million in additional liquidity, bringing the size of the total facility to \$1.5 billion. The facility will continue to be provided in two tranches, a first tranche of \$1.0 billion with a reduced margin of 2.5-5.0% per annum and a second tranche of \$500 million with a reduced margin of 4.0-5.0% per annum, plus a base rate calculated by reference to the Bank Bill Benchmark Rate ("BKBM"). In addition, a reduced commitment fee of 1.0% per annum will be payable calculated on the limit of each of tranche one and tranche two. See the table below for a summary of the pricing changes and how the margin steps up in certain circumstances.

The change in pricing will take effect in two steps, with the reduction in commitment fee taking effect from the effective date of the amendment to the facility, which is anticipated to be in the second half of April 2021, and the reduction in margin applying from 27 May 2021.

The facility will now be available through to September 2023 which is an extension of 16 months. Other commercial terms of the facility remain as outlined in the Company's announcement from 20 March 2020.

The facility amendments have been negotiated on an arm's length basis with each party having been independently advised.

Summary of changes to Crown facility terms

	Tranche	Existing facility	Amended facility
Tranche Size	First Tranche	NZ\$600 million	NZ\$1,000 million
	Second Tranche	NZ\$300 million	NZ\$500 million
Pricing ²	First Tranche	~7.0 - 8.0% per annum	3.5% per annum ³
	Second Tranche	~9.0% per annum	5.0% per annum ⁴

Cash burn and liquidity update

The Company continues to focus on managing its level of cash burn and confirms that there have been no further drawdowns on the Crown facility since the interim results were announced on 25 February 2021, therefore drawdown on the facility remains at \$350 million.

As stated in the Company's announcement on 6 April 2021, the commencement of quarantine-free trans-Tasman travel is expected to improve cash burn going forward. However as noted in that announcement, the Company is not in a position to provide updated cash burn information. As such, the Company's cash burn guidance has been suspended at this time.

² Pricing includes aggregate of the commitment fee and margin. The interest rate applicable to drawings is equal to BKBM plus the margin.

³ The margin will step up by 1.00% for drawings after 29 October 2021 and by a further 1.50% from the first date of drawing the Second Tranche.

⁴ The margin will step up by 1.00% for drawings after 29 October 2021.



[Air NZ welcomes announcement of Tasman bubble](#)

6 April 2021

Air New Zealand welcomes the announcement from the New Zealand Government regarding the commencement of quarantine-free travel from Australia into New Zealand from 19 April.

Air New Zealand Chief Executive Officer Greg Foran says the airline is incredibly excited to have the border reopen to our Aussie neighbours.

“This is terrific news. I know Kiwis and Australians have been wanting to reconnect with family and friends for a year now and we’re incredibly excited to be playing a part in those reunions.”

The airline has been preparing for a trans-Tasman bubble for a few months now, bringing approximately 330 recalled crew back onboard and ensuring they are up to speed with training, along with making sure its international airports and lounges are ready for the influx of customers.

Pre-Covid, Australia has historically been New Zealand’s largest tourism market, and demand for travel between the two countries represented approximately 20% of the airline’s passenger revenue. Air New Zealand has been operating a skeleton schedule of services to Australia since May 2020. The airline will be re-commencing travel to 9 ports in Australia, with initial capacity at approximately 70% of pre-Covid levels.

Air New Zealand trans-Tasman flights are on sale now.

The airline has previously provided guidance regarding expected cash burn of \$45 million to \$55 million average for the period through 30 June 2021. The commencement of quarantine-free trans-Tasman travel is expected to improve cash burn, however at this time the airline is not in a position to provide updated cash burn information. As such, the airline’s cash burn guidance has been suspended at this time.

Media Releases

(during the period 30 March 2021 to 2 May 2021)

[Air New Zealand celebrates busiest day since COVID-19](#)

23 April 2021

Today is shaping up to be the biggest flying day for the airline since New Zealand closed its borders due to COVID-19.

Air New Zealand General Manager Customer Leeanne Langridge says around 42,000 customers will be travelling on nearly 520 Air New Zealand flights.

“With the trans-Tasman bubble now open, a long weekend, and school holidays all coinciding, Air New Zealand is looking forward to a bumper day.

“It’s amazing to see so many customers getting out across Aotearoa and Australia to enjoy Air New Zealand’s world-class customer experience. We’re looking forward to welcoming even more of our Aussie neighbours to our beautiful shores and showing Kiwis all that Australia has to offer.”

Auckland-Wellington is gearing up to be the busiest route for the airline with around 5,500 customers travelling between the City of Sails and the Capital. Auckland-Sydney will take the cake for busiest trans-Tasman route.

For those customers who are travelling, make sure you’ve filled in all the relevant travel declarations for international travel and allow plenty of time to get to the airport.

Monthly **investor update**



Airline fizzing for full throttle Monday

16 April 2021

Air New Zealand is revving up for a mammoth day on Monday (19 April) with more than 5,000 passengers expected to travel on the day to reunite with whānau and friends.

Air New Zealand Chief Executive Greg Foran says the airline's trans-Tasman routes are firing on all cylinders.

"The accumulation of the opening of the trans-Tasman bubble and the start of the Kiwi school holidays has created a real sense of momentum and energy about the whole airline.

"Monday will go down in history as one of the most monumental days for Air New Zealand and a real turning point for the airline. It's Day 1 of our revival.

"We estimate that three-quarters of our passengers crossing the Ditch will be family and friends reuniting with loved ones. We're humbled to be part of these reunions and reconnecting people who have missed out on so much over the last year."

Monumental Monday by the numbers:

- 5,200 passengers booked, of which 3,100 are travelling to New Zealand
- 30 flights operating across the Tasman (Brisbane, Melbourne, Gold Coast, Perth, Sydney, flying into Auckland, Wellington and Christchurch)

"This will build to more than 300 flights a week as we reach the peak New Zealand and Australia school holidays in July.

"For the first time in a year, we're rolling out the red carpet for our Aussie cousins. Every Air New Zealander is focused on making the post-COVID flying safe for customers, while still showing them the unique Kiwi experience we're known for."

Air New Zealand is advising passengers to prepare for the new normal of flying – extra time for check-in, mandatory masks, and completing health paperwork.

Customers should plan to check-in at least 3 hours prior to departure on trans-Tasman flights. Masks are required on board and in the airports too. The Australian Travel Declaration must be completed at least 72 hours before departure, along with any state declarations.

Air New Zealand has prepared the following important information to ensure passengers are eligible to travel: <http://airnz.click/QFT2AU>

Air New Zealand has the Midas touch

16 April 2021

Air New Zealand is putting the call out to Qantas and Virgin Australia Gold or higher status members in Australia and New Zealand to come and try its fantastic Airpoints™ Gold status - just in time for trans-Tasman travel.

Qualifying customers will get to try Air New Zealand's Airpoints Gold tier– and will get the benefits of lounge access, complimentary frequent flyer seating, priority check-in and boarding, priority baggage, additional carry on and checked baggage allowance and much more.

Air New Zealand General Manager Loyalty Kate O'Brien says it's been a hard year of being disconnected from Australians and now it's time to roll out the gold carpet to welcome our Aussie neighbours with an offer that's hard to refuse.

"We can't wait to fly customers across the Tasman, so we're encouraging Gold status or higher customers of qualifying airlines to try Air New Zealand with our Touch of Gold offer – from lounge access to priority check-



in, boarding and additional checked-in luggage, we're sure they will be keen to try the best that Air New Zealand has to offer.

"We know there is pent up demand for trans-Tasman travel and it's the perfect time for customers to get a taste of our world-class customer experience and reap the benefits of our Airpoints programme – we have lounges across Aotearoa and Australia that our Gold Airpoints members can relax in before a flight."

Customers who hold Gold status or higher at Qantas, Virgin Australia and other eligible airlines, and who are based in Australia or New Zealand, can apply now for the Touch of Gold offer. T&Cs apply – [click here](#) to find out about eligibility and more information.

Hop to Hobart with Air New Zealand direct flights on sale now

10 April 2021

Ever wanted to get up close to the iconic Tasmanian Devil? Now's your chance – Air New Zealand flights to Hobart are on sale, with the first flight set to take off at 9:00am NZT on 22 April.

Services will operate using the airline's A320 fleet on Thursdays and Sundays to make the most of domestic connectivity and provide the best long weekend options for travellers.

Air New Zealand Chief Executive Officer Greg Foran says it's terrific to be heading back to Hobart, adding a tenth Australian destination to the airline's network.

"It's really exciting to be launching a new route alongside reopening our other Australian ports after a year of being predominantly a domestic airline.

"Hobart offers a range of experiences that differ from the rest of Australia and there is much more to see beyond the city. It has a dynamic art and culture scene, and its stunning walks and landscapes are world-renowned."

This non-stop service opens a direct link between 540,000 potential Tasmanian tourists and our biggest city, with regional Kiwi hot spots a short flight away, giving our Tasmanian friends the chance to hit the slopes in Queenstown or check out the natural hot springs in Taupō."

Outcome of PwC review into Air New Zealand Gas Turbines business

9 April 2021

Air New Zealand has received the report into its Gas Turbines business from independent external advisers PwC.

Air New Zealand Chairman Dame Therese Walsh says the report identified a range of effective controls in the Gas Turbines revenue contracting business, as well as key areas where processes could be improved.

"Recommendations include more focus on upfront risk assessment, which has already been put in place, and subsequent monitoring controls.

"The report also confirmed that when entering into the third-party contract for the work for the Royal Saudi Navy, Gas Turbines employees adhered to all revenue contracting management oversight processes and controls and obtained the necessary approvals.

"We thank PwC for the information and insights it has provided."

The PwC report follows earlier confirmation from the Ministry of Foreign Affairs and Trade that permits were not required for exporting the specific type of engines (GE LM2500) the business was repairing for the Saudi Navy.

Monthly **investor update**



Air New Zealand Chief Executive Officer Greg Foran says the airline will use the observations provided in the report to complete further updates of contracting principles and processes and improve training for employees.

“It is clear from the findings that no fault sits with Gas Turbines employees. We simply did not have robust enough processes in place to support our staff with ethical considerations.

“In February we took immediate steps to change our processes to increase executive visibility and assessment of relevant new or revised contracts, which have already been proving effective.

“Thank you to PwC and those at Air New Zealand who have supported both the internal and external reviews.”

[Dig out your passports – Air New Zealand reuniting Kiwis and kangaroos](#)

6 April 2021

From 19 April 2021, Air New Zealand will be ramping up flights between Auckland, Wellington, Christchurch and Queenstown and eight of its Australian ports.

Air New Zealand Chief Executive Officer Greg Foran says the airline is incredibly excited to have the border reopen to our Aussie neighbours.

“This is terrific news. I know Kiwis and Australians have been wanting to reconnect with whānau and friends for a year now and we’re incredibly excited to be playing a part in those reunions.

“I’ll certainly be digging out my passport for the first time since I joined the airline to head across the ditch to see my family and I’m especially looking forward to meeting some of my grandchildren for the first time.”

The airline has been preparing for a trans-Tasman bubble for a few months now, bringing furloughed crew back onboard and ensuring they are up to speed with training, along with making sure its international airports and lounges are ready for the influx of customers.

“Our people have shown incredible agility of the past 12 months as things have changed at an unbelievable pace. I’ve spoken to several of our front-line staff who are thrilled to show our customers the world-class Air New Zealand customer service once again.

“We’d like to say a huge thanks to New Zealanders for standing by us while we’ve mainly been a domestic business for the past year. I’m extremely proud to say that we’ve got one of the most robust domestic businesses of any airline around the world. We look forward to being able to extend that across the Tasman.

“Pre-COVID-19, Australia was the largest tourism market for both our airline and New Zealand. We know a lot of tourism operators have been feeling the lack of international visitors so we’re looking forward to playing a role in New Zealand’s recovery.

“Using the strength of our domestic network we’ll be able to connect Australians with more destinations around the country. With the rest of the world still out of reach, New Zealand offers landscapes and experiences that are up there with the world’s best attractions.”

Customers will be required to wear masks during travel to and from Australia and screening questions will be asked at check-in.

Air New Zealand’s international flexibility policy was recently extended so customers with flights scheduled to depart before 11:59pm on 31 December 2021 have the ability to opt into credit or make a change to the date or time of the flight with change fees waived (fare difference may still apply).

[It's business time – business travellers return to the skies in record numbers](#)

30 March 2021

After a year of talking to a computer, Kiwis are leaving the office to re-connect with their clients, suppliers, and staff.

Monthly **investor update**



New figures released by Air New Zealand show domestic business and corporate travel has defied global trends by returning to 90% of pre-COVID levels.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says the airline has been blown away by the swift recovery, particularly since the last alert level change.

"Our initial hopes were a return to 70% next year, so to recover to near normal levels this quickly really reinforces the strength of our domestic network and the desire of Kiwis to reconnect in person."

In many places around the world, such as the United States, business travel is only sitting at around 15% of domestic travel.

Ms Geraghty says in response to increased demand, Air New Zealand has added more seats, more business-timed flights and bringing on more crew.

"We've planned a schedule that enables business travel through increased frequency and connectivity, and are also regularly reviewing opportunities to add capacity, such as deploying our larger A321 aircraft on strongly booked flights.

"We've also reduced our top-class fares, meaning customers booking at short notice will pay up to \$100 less per seat.

"New Zealand has the strongest domestic travel market in the world at the moment, and this is just another way Air New Zealand is doing everything we can to keep Kiwis connected."

Group Managing Director of Mainfreight, Don Braid says "Although online meetings offered a practical solution, there's no getting away from how good face-to-face meetings are. Our team works closely with our customers to manage their supply chains, and the personal connection is an important part of maintaining strong working relationships.

"It has also been a delight to have our people together for our annual sales and branch manager meetings here in New Zealand; something our business has been unable to achieve in our offshore locations."