ANNUAL SHAREHOLDERS' MEETING
TUESDAY 26 SEPTEMBER 2024

CHAIRMAN'S ADDRESS

Across the 2024 financial year, our amazing team of Air New Zealanders continued to demonstrate their ability to adapt and innovate, delivering new tools and digital enhancements, greater self-service capability and refreshed onboard offerings for our customers. All against the backdrop of what could only be described as an incredibly dynamic and challenging operating environment.

The Board and I are proud of all that has been achieved, and of the agility, resilience and ongoing commitment to safety and excellence that the entire Air New Zealand whānau has shown over this time. We know this will hold us in good stead as the short-term headwinds we are facing start to abate.

The financial result we announced a little under a month ago, with earnings before tax of $222 million and net profit after tax of $146 million. It was, as expected, considerably lower than the 2023 result, when pent up demand and constrained capacity led to one of the strongest financial results in our history.

But there is so much more to the 2024 financial year than just the financial result, and reflecting on the year, there is much to be proud of. We carried 16.5 million passengers on our network, and rolled out a series of customer innovations, new products and digital solutions, all with a view to improving our customer proposition and the way our people deliver it. Greg will touch on this in more detail shortly.

We were again awarded New Zealand's most attractive employer, highlighting our ongoing commitment to creating a diverse and inclusive workplace for our people.

We also delivered improved on-time performance, up almost 3 percentage points even though we operated 17 percent more capacity this year, and we reinstated ordinary dividend payments to shareholders.

These are all impressive achievements when you consider the raft of obstacles the airline has faced over the course of the year.

Greg will speak to these a little later, but I wanted to highlight perhaps the most impactful of those obstacles here, as it has had a significant impact on the airline's financial performance.

Additional maintenance requirements globally for the engines that power our A321neo and Dreamliner fleets have resulted in up to six of our A321neo aircraft and up to three of our Dreamliner aircraft out of service at any one time. That's close to a billion dollars' worth of our most efficient aircraft, sitting on the ground, unable to be flown. We estimate earnings for the year would have been around $100 million higher, net of compensation, had we been able to operate our aircraft and schedule as intended.

Despite this, we remain focused on the big picture. In times like this, it would be easy to pull back, to stop investing, and focus purely on short-term profitability. But we know this approach will not set the airline up for success in the mid to long term.

Our balance sheet is robust and has the capacity to weather this storm without compromising on our core strategy. We remain committed to investing sensibly in the areas that matter to our customers and our people and focusing on opportunities to improve returns for our shareholders.

One important thing I did want to mention before we go any further. As many of you will be aware, in July this year Air New Zealand removed its 2030 Science Based carbon reduction target and withdrew from the Science Based Targets Initiative.

This was a very difficult decision, and one we did not make lightly. It does however reflect the reality that many of the levers needed to meet this target are not progressing at the pace required and are outside our control. We are currently developing a potential replacement that more appropriately reflects the challenges we face and will provide an update in due course. I want to assure you that our decarbonisation work remains a critical priority.

Turning to our capital management framework, we have taken a number of steps this year to align our current metrics with the targets set out in our revised capital management framework.

In addition to reinstating an ordinary dividend in line with our target payout ratio range, we have purchased aircraft with cash, helping to grow our unencumbered fleet to approximately $1.6 billion. We also chose to make early repayments of about $70 million in secured aircraft debt. We remain committed to maintaining an investment grade credit rating as it provides financial resilience and flexibility in terms of access to various funding markets and attractive pricing.

I will close this section out by briefly discussing the outlook statement.

Along with some of the operational issues I've just outlined, there were also a number of trading conditions that significantly impacted our result for the second half of the 2024 financial year. In particular the tougher economic backdrop in New Zealand driving softness in demand, the cumulative impact of inflationary cost pressures, the impacts of aircraft availability issues and significant competition on our US network.

We expect these trading conditions to remain similar through the first half of the 2025 financial year. Given the ongoing uncertainty, the airline is not providing guidance at this time.

What I do want to reiterate though, is that these challenges will pass. Our strong leadership, innovative mindset and customer first mentality will see us come through the current environment stronger than ever.

I am enormously proud of how Air New Zealand has navigated the past year. On behalf of the Board, I would like to thank the entire Air New Zealand whānau. I also thank my fellow directors, and you, our shareholders for your ongoing support.

I would now like to invite Greg to address the meeting.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Kia ora and good afternoon everyone.

2024 was a year that was as satisfying and rewarding as it was challenging and frustrating. Often all in the same week.

What makes me most proud, is how our team's energy and drive to deliver for our customers shone through.

We rolled out new features on our digital app, including baggage tracking capability, and multiple other booking management enhancements which place more self-service capability in our customers hands and help us manage disrupts more effectively.

Our recently launched Ops Collab platform, which provides instant multi-way communication between cabin crew and operational ground staff, has been a gamechanger for improving our boarding and aircraft turn times.

We redesigned check-in areas at Auckland Domestic and International airports, minimising queues and providing a better customer experience. We also rolled out a reinvigorated Seats to Suit product on our international short-haul network to give customers greater flexibility and to ensure we continue to provide good value across all ticket price points.

In other words, we haven't been sitting idle, waiting for the current operating and macro environment to improve. We have been focussed and deliberate with our decisions, and our investments, with a view to making sure we are fighting fit once aircraft availability issues subside.

Although there are considerable distractions in the current environment, we are facing our challenges head on.

I won't go into each point in detail but there is a huge amount of work that we have undertaken to mitigate some of the headwinds.

As noted earlier, the additional maintenance requirements for the engines that power our A321neos and Dreamliners has been the single most impactful operational challenge this year. We took immediate action to minimise disruption, leasing three Boeing 777-300s and securing additional engine spares, no easy task in a market where many other airlines globally are also searching.

You also saw us make some really difficult decisions, such as the temporary suspension of our direct route to Chicago, to make sure we could deliver a schedule that was more reliable.

Moving on to the economic slowdown in New Zealand, which has impacted demand on our domestic network, particularly in the corporate and government sectors. We responded quickly, making targeted schedule reductions, reviewing our revenue management settings and focusing on improved ancillary revenue offerings.

Overall market capacity for the North American network is up almost 50 percent on last year, but our strategy for international markets remains clear. Our premium cabins are important to us, and you will see this reflected in our retrofit programme later this year, with the introduction of innovative new products such as Business Premier Luxe. As our new 787's start arriving from Boeing in the 2026 financial year, you will also see our long awaited SkyNest product being released to the market.

We will also continue to build marketing programmes that inspire travel to and from New Zealand on Air New Zealand.

The impact of inflation being felt across the business is significant and has meant that non-fuel operating costs have increased 20 to 25 percent across the past five years, which in a tight revenue environment is very difficult to navigate.

A key priority for us continues to be delivering excellent customer service and a range of competitive fares. This requires ongoing discipline around our cost base, and you have seen us make targeted adjustments, including a two percent reduction in headcount, as well as pursuing improvements in the controllable cost base.

As Therese noted earlier, we remain focussed on the big picture. For me that means controlling what we can, relentlessly focusing on our customers and our people, and investing for the future.

You will see on this slide that there are three key areas where we are directing our investment spend over the coming years. This includes our fleet, key infrastructure such as engineering hangars and hybrid electric ground service equipment, as well as digital initiatives and enhancements. These investments are the right thing to position our airline for success over the medium and long-term.

Despite the external dynamics at play this year, our Kia Mau strategy continues to provide a roadmap for our business. It allows us to look beyond these temporary headwinds and ensure we are continuously improving our customer proposition and delivering sustainably stronger financial performance over the medium to long term. We have made demonstrable progress against this roadmap and are excited about the momentum building in a number of areas – I'll touch on just a few highlights from the past year.

Looking at our three key profit drivers, our efforts to Grow Domestic are currently somewhat challenged with the NEO issues, but we have enhanced and added more self-service offerings via our app, invested in new and efficient hybrid electric ground service equipment to support our operational reliability and we are about to trial a Starlink-powered Wi-Fi solution on domestic aircraft. All of these investments will put us at the top of our game when we see our NEO fleet scale back up and return properly to the domestic network.

Progress against our 'Elevate International' pillar has spanned across all areas of the customer experience, many of which I have already highlighted here today. Responding to significant demand, we now offer Bali services year-round and also had our revenue alliance partnership with Singapore Airlines reauthorised for another five years.

As aircraft availability issues start to resolve, we are turning our minds to the network opportunities and potential new routes we may look to serve in the future.

As we look to lift the value of loyalty to our members and our airline, it has been a big year. After many months of hard work across the business, we successfully launched our Airpoints™ programme in the iFly Loyalty platform a few weeks ago.

iFly lays the foundation for an improved member experience - making it easier to access and view Airpoints™ activity and benefits, as well as streamlining the process to expand and onboard new ground earn partners.

This is a key step on our journey to create a more rewarding experience for our loyal customers today, and in the future. We expect to have more developments to share as the 2025 financial year progresses.

I won't go into details across each of our key enablers, but this year has been significant in terms of the level of new and enhanced data and digital tooling that we have put in the hands of our people.

Better data, at their fingertips, providing real-time information and feedback, help our people get continuously better at delivering a world-class operational service for our customers.

We believe in the strength of our Kia Mau strategy and our fantastic team. I'm excited about the opportunities ahead as we move out of this current cycle.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.