



Refuelling for our recovery: Market update and recapitalisation

Investor presentation

30 March 2022



Disclaimer and important notice (1 / 2)

This presentation has been prepared by Air New Zealand Limited (the **Company** or **Air New Zealand**) in relation to the 2-for-1 pro rata renounceable rights offer of new shares in the Company (**New Shares**), followed by a shortfall bookbuild process (the **Rights Offer**).

The Rights Offer is made to eligible shareholders in New Zealand pursuant to the exclusion in clause 19 of schedule 1 of the New Zealand Financial Markets Conduct Act 2013 (the **FMCA**) and in reliance on waivers issued by NZX Regulation in favour of the Company dated 30 March 2022.

The Rights Offer is made to eligible shareholders in Australia pursuant to the provisions of the Australian Corporations Act 2001 (Cth) (the **Corporations Act**) (as modified by Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (ASIC Instrument 2016/84) and ASIC Instrument 22-0225).

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The Company has been designated as a "Non-Standard" (NS) issuer by NZX and as a New Zealand exempt foreign listing by ASX. The New Shares will be quoted on the NZX Main Board and ASX following completion of the Rights Offer. Application has been made for permission to quote the renounceable rights to subscribe for New Shares (**Rights**) on the NZX Main Board and all NZX requirements have been duly complied with. The NZX and ASX accept no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Main Board is a licensed market under the FMCA.

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This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Forward-looking statements can generally be identified by use of words such as 'approximate', 'project', 'foresee', 'plan', 'target', 'seek', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will', 'objective', 'assume', 'guidance', 'outlook' or similar expressions.



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Forward-looking statements (continued)

This also includes statements regarding the timetable, conduct and outcome of the Rights Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Company, statements about the industry and the markets in which the Company operates, statements about the future performance of, and outlook for, the Company's business (including its demand recovery), statements about the Company's fleet plans and passenger numbers, and statements in respect of Covid-19 and of other significant events and conflicts around the world and their impact on the Company. Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of the Company, are difficult to predict, and which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements.

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In particular, investors should be aware that the statements in slide 8 "Air New Zealand is targeting the following post-pandemic recovery financial objectives" and other statements and information regarding post-recovery financial objectives for the financial years to FY25 (collectively, the "outlook information") are forward-looking statements. The outlook information has been prepared by the Company based on an assessment of current economic and operating conditions, including in relation to the impact of the Covid-19 pandemic on the Company's business, the current conflict in Ukraine and its impact on global fuel prices and potential to cause broader macro-economic impacts, and various assumptions regarding future factors, events and actions, including in relation to travel restrictions, the demand environment, fuel and foreign exchange pricing, the competitive environment and general macro-economic drivers. Investors should note that given the significant uncertainties that exist in the current operating conditions, the outlook information may not be achieved. The outlook information assumes the success of the Company's business strategies, the success of which may not be realised within the period for which the outlook information has been prepared, or at all. The outlook

information is subject to a number of risks, including the risks set out in this presentation. Investors should be aware that the timing of actual events, including capacity and demand recovery, the level of costs associated with that recovery, ASK trajectory and fleet outlook, and the magnitude of their impact might differ from that assumed in preparing the outlook information, which may have a material negative effect on the Company's actual financial performance, financial position and cash flows. In addition, the assumptions upon which the outlook information is based are subject to significant uncertainties and contingencies, many of which are outside the Company's control, are not reliably predictable, and it is not reasonably possible to itemise each item. Accordingly, neither the Company nor any other person can give investors assurance that the outcomes discussed in the outlook information will be achieved.

Covid-19, its effect on the global economy and actions taken in response by the New Zealand Government and other governments around the world, have had, and may continue to have, a material adverse effect on the Company, its financial performance and position, liquidity, financial condition and operations. It is likely that there will be further unforeseen negative impacts as Covid-19 continues to spread and further variants emerge. In addition, the Covid-19 pandemic may have also changed behaviours, attitudes and patterns of travel permanently as a result of the technological developments that have occurred and restrictions that have been imposed. It is likely that there will be further unforeseen negative impacts of Covid-19. In addition, the current conflict in Ukraine is creating significant uncertainty and volatility in global fuel prices, and has recently driven significant increases in prices. Increased fuel prices are likely to flow through global supply chains and increase costs, particularly in respect of air travel and airfares, which could further impact Air New Zealand's costs and demand for air travel. Investors should not place undue reliance on assumptions that may change or prove to be inaccurate due to a range of factors outside Air New Zealand's control.

Investors are strongly cautioned not to place undue reliance on any forward-looking statements, particularly in light of the rapidly changing Covid-19 situation, current economic climate and the significant volatility, uncertainty and disruption caused by the Covid-19 pandemic, as well as the current conflict in Ukraine and its impact on global fuel prices and potential to cause broader macro-economic impacts.

General

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The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. The Company reserves the right to withdraw, or vary the timetable for the Rights Offer, without notice.

Financial information

All dollar values are in New Zealand dollars (\$) or NZD) unless otherwise stated.

The Company's financial information has been prepared in accordance with Generally Accepted Accounting Practice (**GAAP**). It complies with the New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The Company's financial statements also comply with International Financial Reporting Standards (**IFRS**).

Non-GAAP financial information

This presentation includes certain financial measures that are "non-GAAP (generally accepted accounting practice) financial information" under Guidance Note 2017: 'Disclosing non-GAAP financial information' published by the New Zealand Financial Markets Authority, "non-IFRS financial information" under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' and "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Exchange Act of 1934. Disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the U.S. Securities Exchange Act of 1934. Such financial information and financial measures (including EBITDA, Gearing, Gross Debt, Net Debt, liquidity, RASK, and ROIC) do not have standardised meanings prescribed under NZ IFRS, Australian Accounting Standards ("AAS") or IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with NZ IFRS, AAS or IFRS.

Pro forma Financial Information

This presentation includes a pro forma balance sheet and Air New Zealand's pro forma liquidity position, which have been adjusted to reflect the impact of the Rights Offer and recapitalisation. The pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of the Company's future financial position and/or performance. The pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not disclosure requirements, prescribed by NZ IFRS. In addition, the pro forma financial information in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

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Air New Zealand is launching a comprehensive recapitalisation package to position it for recovery



Recapitalisation overview

- \$2.2 billion recapitalisation to repay the Existing Crown Loan and support the execution of Air New Zealand's strategic priorities
- Recapitalisation sized with a view to maintaining Air New Zealand's investment grade credit rating (currently Moody's Baa2 – stable outlook)¹
- Liquidity,² including the New Crown Loan, expected to remain above target minimum liquidity of \$700 million
- Air New Zealand is not subject to any financial covenants on its debt

\$2.2 billion recapitalisation:



Proceeds will be used to:

\$850 million
repay Existing Crown Loan²

~\$950 million⁴
strengthen balance sheet, improve liquidity and help position Air New Zealand for recovery

With further liquidity available:

\$400 million
(undrawn)

See slide 32 for more details on current and post-recapitalisation liquidity

¹ A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant credit rating agency

² See Glossary starting on slide 36 for definition

³ Approximately \$400 million of the redeemable shares are intended to be redeemed upon successful completion of the proposed debt capital markets issuance, with approximately \$200 million of redeemable shares currently intended to remain on issue after that proposed debt issuance. See slide 32 for the impact of these transactions

⁴ Before transaction costs of approximately \$30 million



Pro rata renounceable Rights Offer to raise \$1.2 billion

Summary terms – Rights Offer¹

- \$1.2 billion Rights Offer
- Ratio of 2-for-1
- Rights Offer price of \$0.53 per New Share
- All eligible shareholders² as at 7.00pm NZ time on the Record Date of 5 April 2022 are able to participate
- Eligible shareholders who take up their rights in full may apply for oversubscriptions in the shortfall bookbuild³
- Eligible shareholders may sell some or all of their rights on the NZX
- Shareholders who do not participate in the Rights Offer may receive some value for their rights through the shortfall bookbuild
- The Crown has committed to participate for ~\$602 million of New Shares (“Crown Participation”), ensuring it will hold a 51% shareholding in the airline on completion of the Rights Offer
- The Rights Offer is underwritten (other than the Crown Participation)

Key dates – Rights Offer



Rights trading commences	4 April 2022
Record Date for the Rights Offer	5 April 2022
Rights Offer opens	6 April 2022
Rights trading ceases	26 April 2022
Rights Offer closes	2 May 2022
Commencement of trading of New Shares	9 May 2022

¹ See further details on slide 26 and in the Offer Document

² Eligibility criteria are set out in the Offer Document

³ Participation in the shortfall bookbuild may also be available through a broker or other platform



Recovery is guided by our strategy

Air New Zealand's *Kia Mau* strategy is focused on three clear drivers of value creation, executed through excellence and innovation across four key business enablers

Profit drivers



Grow domestic

Profitably grow and enhance our domestic offering, providing New Zealanders with even more choice



Optimise international

Connecting New Zealanders and our exports to the world through a smaller, more targeted international network and premium leisure product



Lift loyalty

Increase products and benefits members value from our Airpoints™ programme, supercharging the loyalty ecosystem for the airline

Enabled by strong culture and focused investment

Operational Excellence

Operational excellence that aims to provide a seamless travel experience for our customers – do it right, first time, every time

Serious about Sustainability

Committed to meaningful action to reduce our carbon impact

Digital Dexterity

Technology focused on delivering a world-class experience for our people and customers while driving efficiencies

Prioritising People and Safety

Putting people, health and safety first

Air New Zealand is targeting the following post-pandemic financial objectives

Targeted financial objectives to be read in conjunction with the Key Assumptions and summary of Key Risks set out on slides 10 and 11

Capacity	Targeting ASKs ¹ for FY25 that are ~90% of FY19 levels (but with a re-orientated international capacity and a greater proportion of domestic flying) <i>See slide 9 for more details</i>
EBITDA¹	Targeting to approximate FY19 levels for FY25 <i>FY19 EBITDA was \$1.18 billion²</i>
Pre-tax Return on Invested Capital (ROIC)¹	Targeting to exceed 10% for FY25 <i>FY19 ROIC was 10.6%²</i>
Net Profit After Tax (NPAT)¹	Targeting to approximate FY19 levels for FY25 ³ <i>FY19 NPAT was \$276 million²</i>

Gearing¹	Targeting gearing within Air New Zealand's target range of 45% to 55% in the second half of FY25 <i>While gearing is improved following the recapitalisation, it is expected to remain above the target range of 45% - 55%, before gradually improving as Air New Zealand rebuilds its network as passenger demand returns</i>
Credit rating	Air New Zealand's board will seek to maintain an investment grade credit rating <i>See slide 24 for more details</i>
Dividends	Subject to performance, dividends expected to be considered from FY26 <i>See slide 24 for more details</i>

- 1 See Glossary starting on slide 36 for definitions
- 2 Retrospective restatements have been made to the FY19 financial information following IFRIC agenda decisions being published. See slide 15, footnote 2 for further details
- 3 As a result of increased depreciation charges due to Air New Zealand's aircraft-related capital expenditure program, NPAT may reduce below FY25 levels in FY26

Investors are strongly cautioned to not place undue reliance on these targeted financial objectives, particularly in light of the ever-changing Covid-19 situation, the current economic climate and the significant volatility, uncertainty and disruption caused by the pandemic, as well as the current conflict in Ukraine and its impact on global fuel prices. Due to the uncertainties going forward created by these factors, these targeted financial objectives should only be regarded as indicative of one possible outcome.

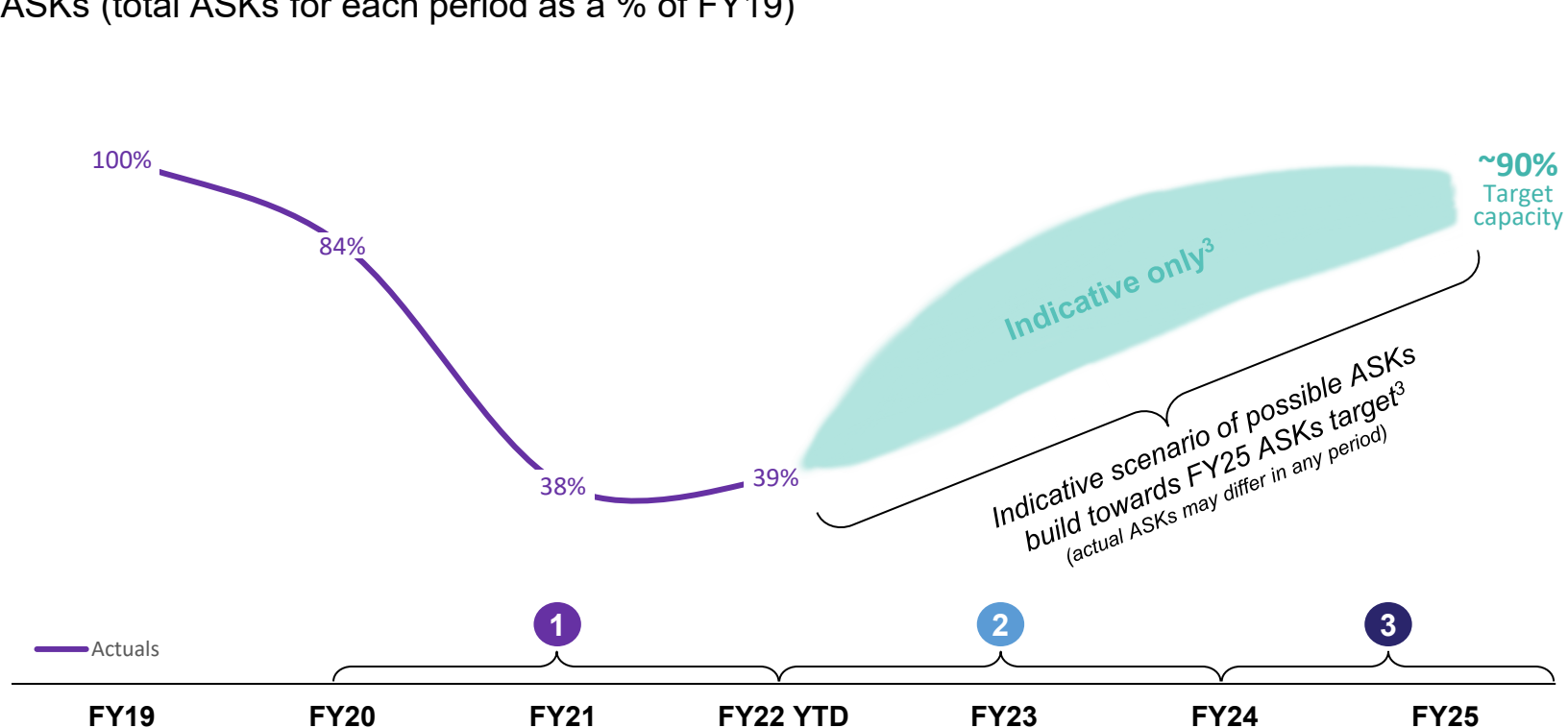


Planning for network recovery when demand returns

While the operating environment will remain uncertain, by controlling what it can, Air New Zealand is planning its capacity based on available seat kilometres (ASKs)¹ reaching ~90% of pre-Covid levels for FY25

Target capacity based on current assumptions²

ASKs (total ASKs for each period as a % of FY19)



- 1 FY20 – FY22 network impacted by Covid-related travel restrictions
- 2 Increases in ASKs in late FY22 and FY23 are expected to be driven by domestic and short-haul international with a gradual increase in long-haul international flying supported by cargo flights, including under the MIAC scheme⁴, which is expected to phase out by March 2023. Network is expected to remain impacted by Covid-related travel restrictions
- 3 Long-haul international capacity expected to increase over FY24 – FY25 in-line with the anticipated return of passenger demand. Relative to pre-Covid, a smaller, more efficient widebody fleet will focus on North America and key Asian routes

1 See Glossary starting on slide 36 for further details
 2 YTD as at 27 February 2022 relative to the equivalent period of FY19. Please refer to the Key Assumptions and Key Risks on slides 10 and 11
 3 Customer demand and therefore ASKs actually flown in future periods are subject to factors outside Air New Zealand's control and, accordingly, this segment of the chart is intended to be indicative of various capacity scenarios that could apply through to the targeted ASKs objective for FY25. The actual capacity scenario could be more variable than indicated, and the target for FY25 may not be reached. Investors should not infer from this segment of the chart that there will be a constant trend of ASKs growth over this period
 4 See slide 10, footnote 2



Key Assumptions underpinning Air New Zealand's FY25 post-pandemic financial objectives

If actual events differ from any of the following Key Assumptions¹, Air New Zealand's post-pandemic recovery could be impacted, including the airline's ability to achieve its targeted FY25 post-pandemic financial objectives as set out on slide 8



Travel restrictions assumptions

- Domestic flying continues uninterrupted and without restriction
- From the middle of calendar year 2022, international travel (excluding China and Hong Kong where international borders are expected to remain closed) is uninterrupted, with no self-isolation restrictions and testing requirements easing for inbound and outbound customers on Air New Zealand's key routes



Demand environment assumptions

- By FY25:
 - aggregate passenger demand for domestic, Tasman and Pacific Islands travel will marginally exceed FY19 levels, supported by network growth into those markets; and
 - aggregate passenger demand for long-haul will be slightly lower than FY19 levels (due to fewer ASKs flown overall), and have a more gradual pace of recovery relative to short-haul markets
- No long-term structural changes in travel behaviour or trends post-pandemic, including resulting from environmental sustainability concerns, health concerns related to Covid-19, technological changes, or changes in customer preference
- Until March 2023, the MIAC scheme² will support cargo flight revenue to assist targeted revenue recovery (noting the level of support will reduce as passenger demand returns)



Fuel and FX³ assumptions

- Jet fuel prices are currently elevated due to the conflict in Ukraine.
 - Jet fuel price assumptions for FY22 take into account the elevated prices observed in the current calendar year, partially offset by the benefit of the hedging Air New Zealand has in place. Fuel prices are assumed to progressively reduce to ~US\$75 per barrel for FY24⁴
 - NZD / USD exchange rate of ~70 cents from FY23 onwards



Competitive environment assumptions

- The competitors that were present in FY19 will progressively re-enter the market through to FY25, with capacity at levels broadly similar to FY19 at that point
- Otherwise, no major changes in the competitive environment or airfare pricing on Air New Zealand's key domestic and international routes compared to FY19



Macro-economic drivers assumptions

- The Covid-19 pandemic and conflict in the Ukraine have caused volatility in financial markets and added uncertainty to the outlook for the New Zealand and global economies.
 - Economic conditions improve progressively to be generally consistent with the FY19 environment through to FY25
 - Inflation in FY23 is 3.5%, progressively reducing to 2.0% by FY25 (which is within the RBNZ's target inflation range of 1% and 3%)
 - RBNZ's target inflation range is a standard market benchmark and will not always align with Air New Zealand's cost base increases

¹ As well as certain other factors outside of Air New Zealand's control, including those identified on slide 11

² The New Zealand Government's Maintaining International Air Connectivity (MIAC) scheme provides financial support to selected carriers, including Air New Zealand, when providing air services on key travel routes which have been agreed with the New Zealand Government. See Glossary starting on slide 36 for further details

³ See Glossary starting on slide 36 for definition

⁴ Air New Zealand's fuel hedging policy is centred on a maximum tenor of 12 months, linked to customer booking curves



Key Risks to post-pandemic financial objectives

Air New Zealand's financial outlook is subject to risks. Key Risks are set out in Appendix D, and certain of these are summarised at a high-level below. Please read the full description in Appendix D. These Key Risks and other risks could materially adversely affect Air New Zealand



Covid-19 impact significant, ongoing and uncertain

- Unprecedented impact on Air New Zealand, resulting in significant losses to date
- Future losses expected, with gearing increases and equity reductions through until demand returns
- The risks related to Covid-19 are varied and their impact may again be significant as experienced by Air New Zealand over the last 24-months. These risks may include:
 - further New Zealand or overseas travel restrictions beyond those outlined in slide 10
 - new Covid-19 variants / waves affecting Air New Zealand's workforce, customers and suppliers



Level and pace of return of passenger demand uncertain

- Return of overall passenger demand to pre-COVID levels on Air New Zealand's network is not expected until FY25
- Demand could remain lower than expected and for longer than expected for numerous reasons. These could include the potentially wide ranging impacts of the current conflict in Ukraine or other geopolitical developments, customer concerns related to environmental sustainability or health risks of flying related to Covid-19, changes in customer preference (including a reduced need for business travel) or an economic downturn



General macro-economic conditions / cost increases / inflation

- Generally, higher inflation increases Air New Zealand's cost base, including the costs of labour, airport services, and other inputs
- Inflation may continue to rise and remain higher than expected for a sustained period. Interest rates may also rise
- Air New Zealand's revenue and profitability will be impacted if it is unable to pass on cost increases to customers or operate more efficiently
- Higher inflation may also impact potential customers' disposable income, impacting demand



Fuel prices uncertain

- Historically, jet fuel costs represent Air New Zealand's second-largest operating expense (approximately 28% of FY19 total operating expenses)
- Future fuel prices are uncertain, especially given the current conflict in Ukraine and risk of increased hostilities involving Russia
- Air New Zealand may be unable to offset fuel price increases through hedging, fare increases or adjustments to its network or cost structure, potentially impacting future profitability



Increased competition

- Air New Zealand's profitability could be negatively impacted by increased competition in its key markets
- Competitors may re-enter the New Zealand domestic market, change strategies, or enter new markets where Air New Zealand operates
- If fare prices are constrained by competition, it would make it harder to pass on increased input costs to passengers



Further Key Risks – see Appendix D

- Cyber security and IT systems
- Foreign exchange volatility
- Capital sufficiency and debt levels
- Ramp up of capacity
- Supply chain issues
- Employee relations
- Environmental sustainability
- Investment in equity capital
- Reliance on Government support for international cargo services
- Ability to pay dividends
- Major shareholder risk



Positive early signs on international bookings after recent New Zealand Government announcements relaxing travel restrictions

Phased lifting of travel restrictions throughout 2022¹

From
12 April

Fully vaccinated Australian citizens / permanent residents, temporary work / student visa holders and up to 5,000 students can enter New Zealand and do not need to self-isolate or enter MIQ

From
1 May

Fully vaccinated travellers from countries who do not need a visa or hold a valid visa can enter New Zealand and do not need to self-isolate or enter MIQ

From
July

New Zealand's borders will open to accredited employer work visa (AEWV) holders

From
October

All other visitors who normally require a visa will be able to enter New Zealand

Air New Zealand has seen encouraging early signs in recent booking activity² since the Government's 28 February 2022 and 16 March 2022 announcements



International

- International booking activity increased following the Government announcements regarding the removal of self-isolation restrictions and the proposed phased lifting of travel restrictions as set out above
 - International booking activity was predominantly trans-Tasman (where fewer airlines are currently flying compared to FY19) and North American flights, with Asia and Pacific Islands flight booking activity subdued
 - Air New Zealand believes this increased activity reflects an element of pent-up demand and an increase in booking activity following those announcements
 - Bookings related to the New York City service, announced on 23 March 2022, have been encouraging
 - Booking activity included bookings made with Airpoints™ Dollars and credit redemptions
- Air New Zealand's assumption of a gradual rebuild of its international network through to FY25 is not changed by the bookings during this short booking period



Domestic

- Domestic bookings remain impacted by Omicron, with booking activity predominantly related to leisure travel
- Air New Zealand is expecting a strong improvement on the level of domestic bookings as concerns around Omicron abate

The recent booking activity is not necessarily an indication of a consistent trend or trajectory, and medium and longer term trends in bookings are subject to the rapidly changing Covid-19 travel restrictions, the recovery of demand, competition and other factors outside Air New Zealand's control

¹ Per the New Zealand Government's Covid-19 [website](#) as at 30 March 2022

² Booking activity refers to passenger booking travel, which is expected to result in customer revenue up to 12 months from the date of booking (and includes bookings made with cash, Airpoints™ Dollars and credit redemption)



Air New Zealand updated FY22 loss guidance

- There is a large degree of uncertainty on demand for domestic travel for the remainder of FY22, including in particular, as a result of the economic climate and the significant volatility and potential for disruption caused by the impact of Omicron or other variants, and the current conflict in Ukraine
- Recent clarity on timing for unrestricted travel into New Zealand is helpful, however it is unclear how demand for international air travel will recover. Air New Zealand is planning for international air travel to return gradually through to FY25
- While the recently announced removal of self-isolation restrictions is expected to drive an increase in international passenger demand over time, it is not currently expected to have a material impact on Air New Zealand's FY22 full year result
- On 24 February 2022, Air New Zealand announced with its FY2022 interim results that its current expectation was that the 2022 financial year will incur a loss before taxation and other significant items that exceeds \$800 million
- Air New Zealand has seen some benefits from the limited period of sales after the Government's recent announcement accelerating the plan to open New Zealand's borders (see slide 12), but a large degree of uncertainty remains
- **Air New Zealand now expects its FY22 full year result to be a loss before other significant items and taxation of less than \$800 million**
- **Beyond FY22, further losses are expected to be incurred in the near-term with the amount of the losses subject to the level and pace of the return of demand**
- Air New Zealand currently expects (based on its assumptions, including the Key Assumptions summarised on slide 10 and the Government's proposed phased lifting of travel restrictions as described on slide 12) to have positive cash flows from operating activities¹ from approximately Q1 FY23, subject to demand and booking behaviour

¹ See Glossary starting on slide 36 for definition



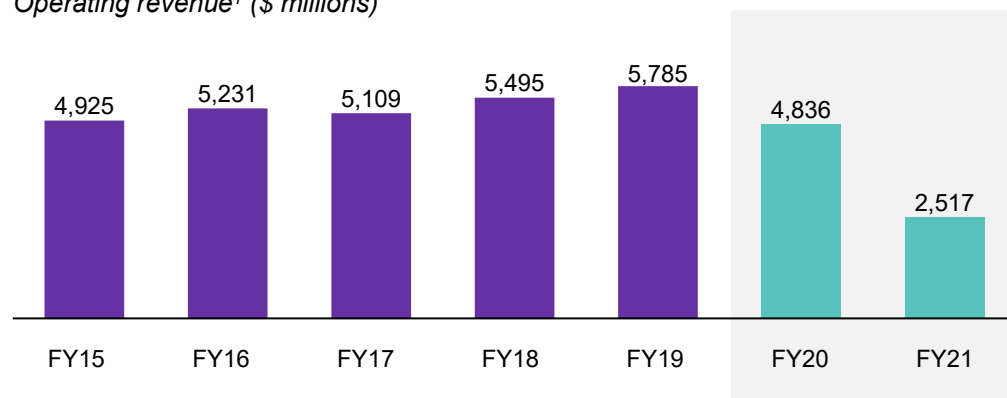


Response to impact of Covid-19

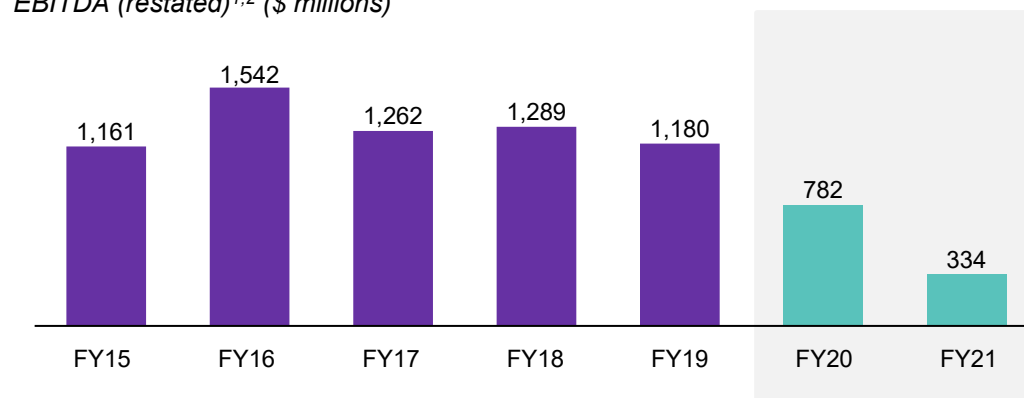
Air New Zealand's prior financial performance

Air New Zealand believes that its competitive advantages drove strong financial results before the pandemic, but Covid-19 has had a significant adverse impact on the airline

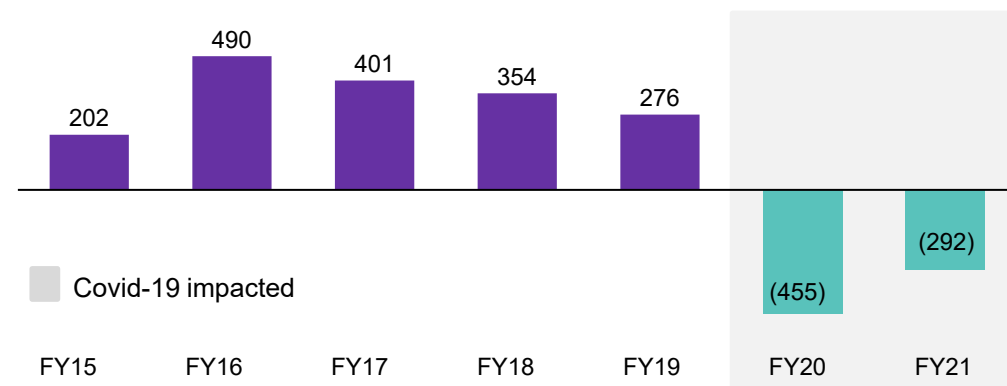
Operating revenue¹ (\$ millions)



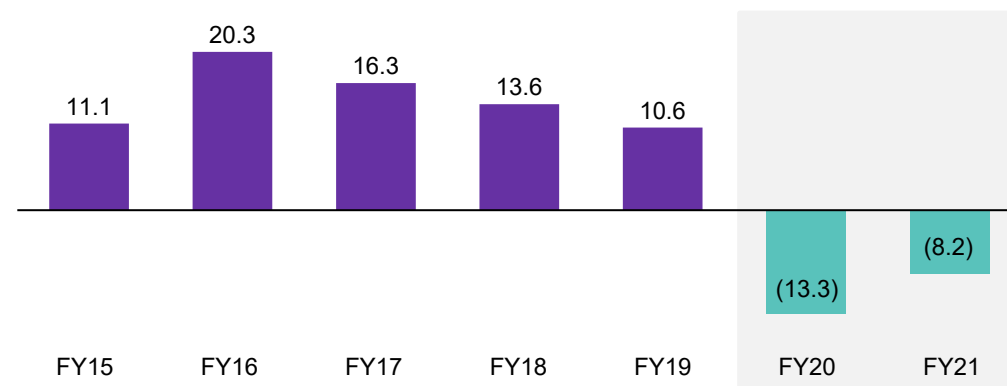
EBITDA (restated)^{1,2} (\$ millions)



NPAT (restated)^{1,2} (\$ millions)



ROIC (restated)^{1,2} (%)



¹ See Glossary starting on slide 36 for definitions

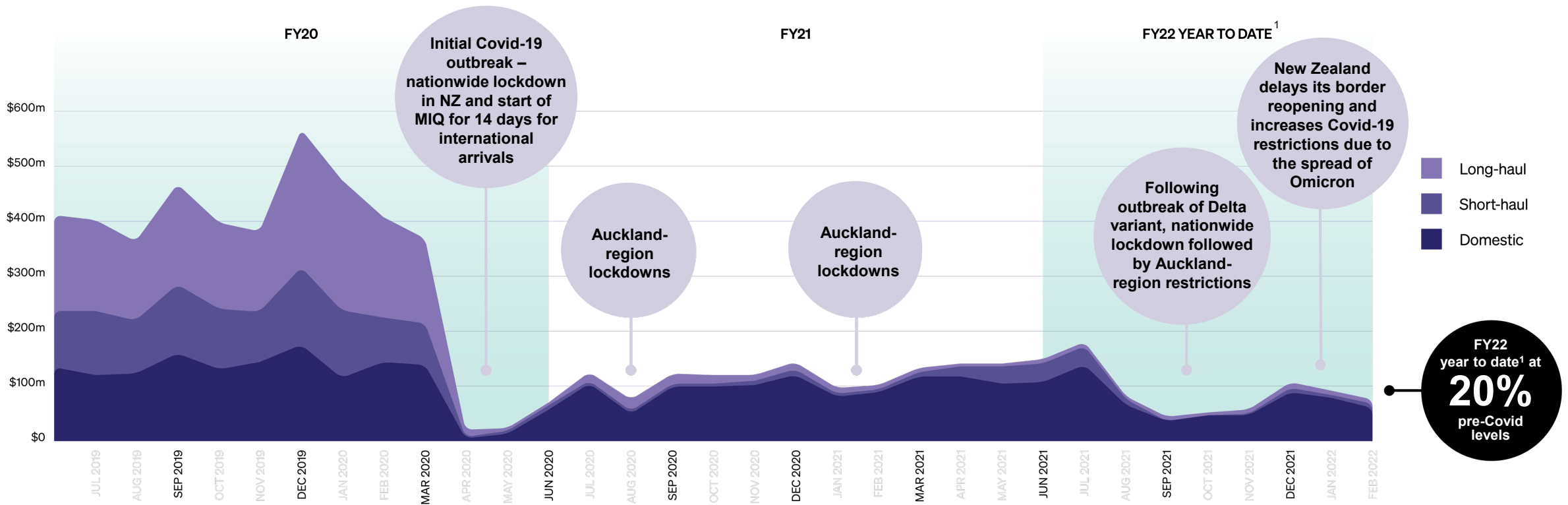
² Historical financial line items have been restated following the International Financial Reporting Interpretations Committee (IFRIC) issuing agenda decisions on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) and also on Fair Value Hedge of Foreign Currency Risk on Non-Financial Assets (IFRS 9). Such restatements are explained in Air New Zealand's results (see the FY20 Annual Report, note 27 for disclosure on the Fair Value Hedge agenda decision and the FY22 Interim Report, note 7 for disclosure on the Cloud Computing Arrangement agenda decision)



New Zealand air travel significantly impacted since onset of pandemic

Passenger revenue

for the period 1-Jul-19 to 27-Feb-22

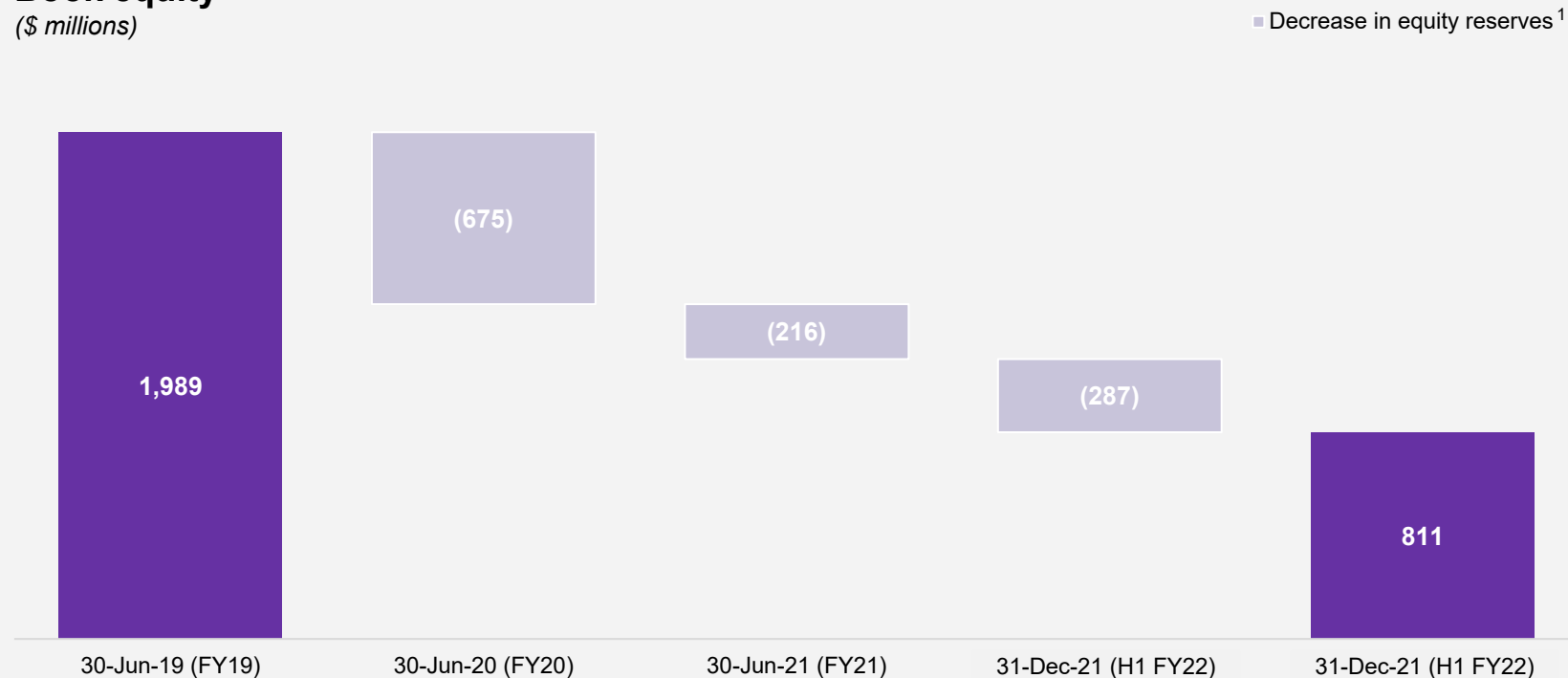


1 Year to date to 27 February 2022



Air New Zealand's equity position has been, and will continue to be, negatively impacted by Covid-19 related losses

Book equity (\$ millions)



Supporting commentary




- Air New Zealand's book equity has decreased by \$1,178 million over the FY19 to H1 FY22 period primarily due to Covid-19 related losses
- Book equity has declined since H1 FY22, in respect of which a \$367 million loss before other significant items and taxation was reported
- Air New Zealand expects a loss before other significant items and taxation less than \$800 million for the full year FY22, which would imply a similar level of loss in H2 FY22²
- Book equity will continue to be negatively impacted until Air New Zealand returns to profitability

¹ Decrease in equity reserves includes a net loss after taxation and other reserve movements (such as cash flow hedge reserves)

² See slide 13 for additional details

Air New Zealand acted quickly to minimise cash burn and preserve liquidity

In response to the impact of Covid-19 on passenger demand, Air New Zealand took action across its business to reduce operating costs, defer capital outlays and secure liquidity

 Operating cost initiatives	 Capital management	 Government support
<ul style="list-style-type: none">• Workforce (as defined by Full Time Equivalents) reduced 33% from ~12,000 in December 2019 to ~8,000 in December 2021• Voluntary furlough scheme offered to select workgroups to reduce labour costs during low demand environment• Pivoted operations to take advantage of domestic and cargo revenue streams¹• Exited non-essential property leases• Modification of vendor and supplier terms• Suspended all short-term incentive schemes in FY20 and FY21• Reduction in Executive and Board remuneration in FY20 and FY21• Consolidation of regional heavy maintenance to Christchurch	<ul style="list-style-type: none">• Cancellation of FY20 interim dividend and suspension of future dividends until further notice• Renegotiated aircraft leases and deferred rent on property leases• Exited eight 777-200ERs, taking total widebody aircraft down from 29 to 21 (28% reduction in widebody fleet)• Deferred A321neo and ATR72-600 deliveries• Deferred first delivery of 787 programme from FY23 to FY24 and negotiated additional slide rights• Expenditure deferrals on non-critical infrastructure	<ul style="list-style-type: none">• Negotiated \$2 billion liquidity comprised of Existing Crown Loan and redeemable shares• Obtained confirmation of Crown's participation in Rights Offer <p>Utilised available Covid-19 support:</p> <ul style="list-style-type: none">• Awarded government-supported cargo contracts¹ (~\$620 million revenue since May 2020 to facilitate movement of imports / exports)• Obtained wage subsidy support (~\$170 million for NZ employees)• Received support under the aviation relief package (~\$85 million)• Obtained Covid-19 tax related relief of ~\$65 million• Utilised IRD-approved PAYE deferrals from July 2020 to September 2021²

¹ Air New Zealand was awarded flights under both the International Air Freight Capacity (IAFC) scheme and the MIAC scheme. Under these schemes the New Zealand Government provides financial assistance to all airlines that are awarded flights, to support the cost of flying. See Glossary starting on slide 36 for further details on both schemes

² See Glossary starting on slide 36 for definition of PAYE and IRD





Positioning for recovery



Getting ready for recovery

We have been taking steps to get ready for customer demand



Health and safety focus

- Proactive stance on international vaccination requirement since 1 February 2022; domestic vaccination or negative test requirement since 14 December 2021
- 100% operating aircrew and customer-facing employees fully vaccinated
- Rapid antigen test kits available for frontline employees
- Continuation of Covid-19 cleaning protocols for aircraft, lounges and workspaces



Operational readiness

- Direct flights from Auckland to New York from 17 September 2022, as announced on 23 March 2022¹
- Recalling appropriate levels of cabin crew and pilots
- Training additional pilots and cabin crew to maintain readiness for expected recovery
- Reactivation of one 777-300ER aircraft initially for cargo flying
- Activation underway for offshore ports across the network



Customer experience

- Seamlessly integrated Covid-19 vaccination passport into domestic travel app
- Trialling new in-flight product and service offerings across the network
- Reintroduction of credit flexibility for domestic customers and continuation for international bookings
- Increased investment in customer-focused digital solutions, such as Contact Centre technology
- Ongoing investment in loyalty membership products and benefits²

¹ See Air New Zealand's [media release](#) for further details

² See slide 7 for further details

Key cost headwinds and tailwinds

Key cost headwinds	Possible mitigants
Elevated fuel price	<ul style="list-style-type: none"> • Young and fuel-efficient fleet • Hedging programme¹ • Price and capacity adjustments
Mix of network reflecting more short-haul flying	<ul style="list-style-type: none"> • Corresponding expected RASK² increase due to passenger network mix
Cost inflation	<ul style="list-style-type: none"> • Labour productivity from mix of flying, in addition to digital and infrastructure investment to assist in mitigating cost increases
Ramp-up costs	<ul style="list-style-type: none"> • Revenue expected to increase due to increasing demand

Key cost tailwinds	Drivers
Fuel efficiency of fleet	<ul style="list-style-type: none"> • Exit of 777-200ER fleet and eventual retirement of 777-300ER aircraft • Larger proportion of more efficient 787s and A320 / 321neos
Ongoing benefit from reshaped labour base	<ul style="list-style-type: none"> • Reduced various workforces following onset of Covid-19
Fleet simplification	<ul style="list-style-type: none"> • Fewer fleet and engine types driving operational benefits, including maintenance, supply chain and rostering

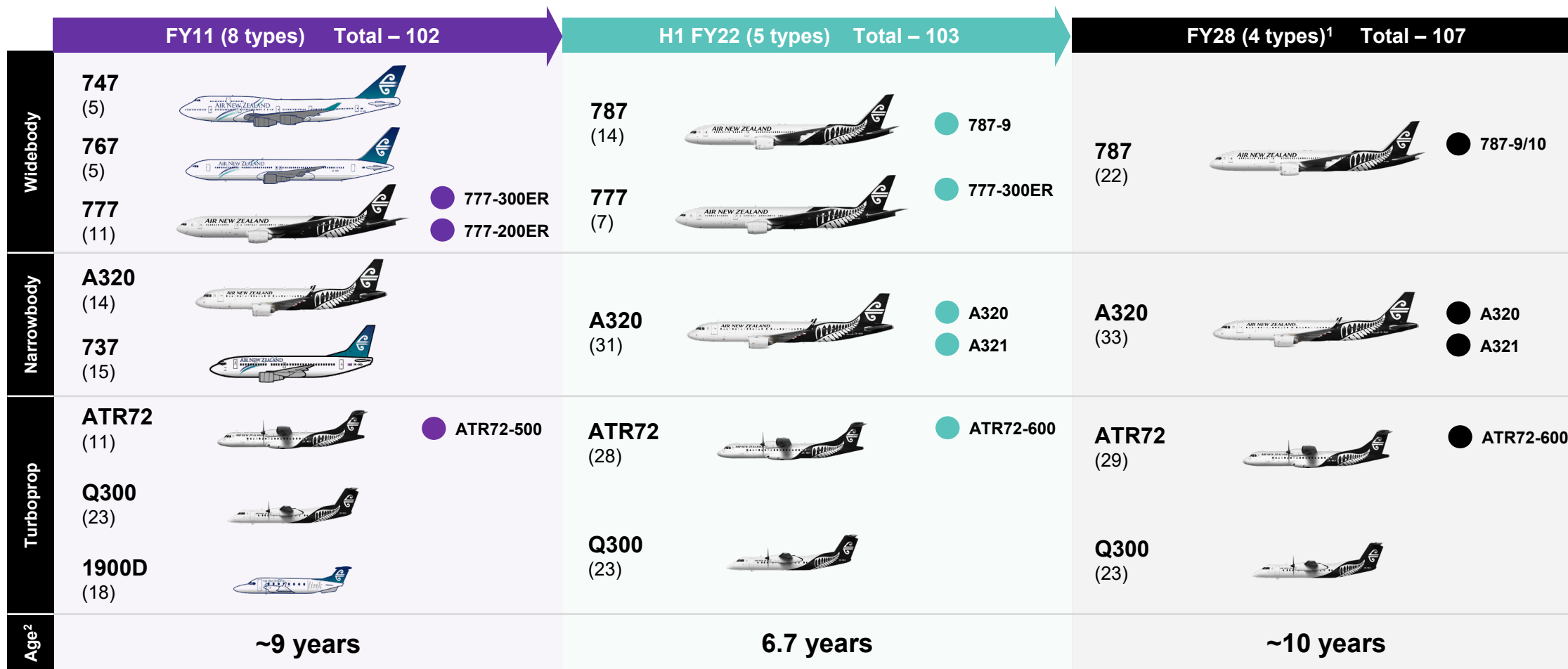
¹ See slide 24 for further details

² See Glossary starting on slide 36 for definition



Fleet simplification strategy on track

Air New Zealand is simplifying its fleet to drive improved operating cost and capital expenditure outcomes



¹ This represents the expected fleet at the end of the FY28 financial period

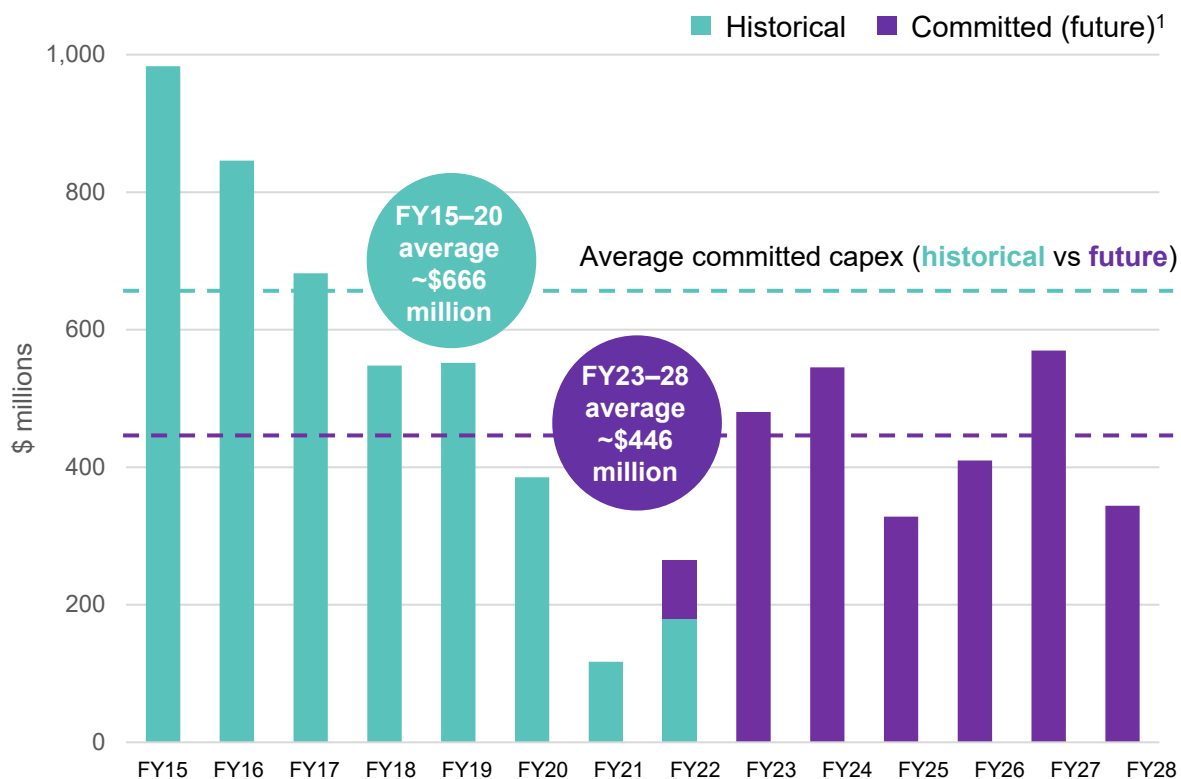
² Average seat-weighted fleet age



Capital expenditure outlook

Optimisation of Air New Zealand's fleet is expected to deliver long-term and sustainable operating cost and capital expenditure advantages

Historical and future committed aircraft capital expenditure¹



Note: All references to 787, 777-200ER and 777-300ER refer to Boeing aircraft
¹ Includes progress payments on aircraft and assumes all but one 787 slide rights are exercised
² Does not include capital expenditure for potential zero emission aircraft
³ Refer to slide 22 for fleet size as at H1 FY22

Aircraft capital expenditure (included in chart to FY28)

- Represents the largest proportion of Air New Zealand's capital expenditure
- Historically, new aircraft deliveries were primarily funded by secured aircraft financing rather than free cash flow
- Aircraft capital expenditure is expected to reduce from FY29 following the replacement of the 777-300ER fleet

Other capital expenditure (not included in the chart)²

- Interior retrofit of 14 existing 787 aircraft³ anticipated to commence no earlier than mid-FY24 and is expected to be staggered over several years with a total cost expected of approximately \$400 to \$450 million
- Given the focus on investing in digitisation and in infrastructure, Air New Zealand's non-aircraft capital expenditure for this category is anticipated to average approximately \$150 to \$200 million annually, although this expenditure is not generally committed
 - Includes one-off expenditure on a new Auckland engineering hangar and the proposed relocation of the airline's Head Office
- An average of approximately \$150 million annual capital expenditure relating to engine maintenance is also expected to be incurred. Annual expenditure will follow increased aircraft utilisation as demand returns, but once committed and spent, has an enduring benefit of 5+ years



A long-term capital management framework focused on financial resilience and risk mitigation



Ensure long-term financial resilience

- Intend to maintain an investment grade rating (currently Baa2 – stable outlook by Moody's)¹ allowing access to diverse and attractive funding sources, supported by the following long-term targets:
 - Gearing range of 45% to 55%
 - Adjusted Gross Debt² to EBITDA² of 2.0x to 3.3x
- Disciplined capital investment delivering a sustainable pre-tax ROIC
- Dividend policy³ dependent on financial performance (including medium-term financial outlook for earnings, gearing targets and capital expenditure levels) and the board of directors considering all relevant factors⁴
 - Subject to performance and restrictions under the New Crown Loan and redeemable shares, dividends are expected to be considered from FY26



Prudent risk management

- Manage to a minimum liquidity target of \$700 million
- Utilise hedging to mitigate short-term earnings volatility associated with changes in fuel price and foreign exchange, while providing Air New Zealand with time to adjust fares, network, capacity and costs
- Fuel hedging policy centred on maximum tenor of 12 months, linked to customer booking curves

1 See slide 5, footnote 1 for additional details
2 See Glossary starting on slide 36 for definitions
3 See Air New Zealand's [distribution policy](#) for further details
4 Dividends are currently suspended



Two Air New Zealand ground crew members are walking through an aircraft cargo hold. They are both wearing orange high-visibility safety vests over dark blue polo shirts, dark blue cargo pants, and black caps with the Air New Zealand logo. They are also wearing large green earplugs and orange and black work gloves. The man on the right is smiling and looking towards the man on the left. The background shows the interior of a cargo hold with white walls and ceiling panels. There are some markings on the wall, including 'P 12' and '14 | 13 L | L'.

Details of the Rights Offer

Details of the Rights Offer

To be read in conjunction with the Offer Document

Rights Offer size and structure	<ul style="list-style-type: none"> • \$1.2 billion pro rata renounceable rights offer to eligible shareholders at a ratio of 2-for-1 (Rights Offer) • Approximately 2,246 million new fully paid ordinary shares in Air New Zealand (New Shares) will be issued under the Rights Offer, representing approximately 200% of Air New Zealand's existing ordinary shares on issue
Rights Offer price	<ul style="list-style-type: none"> • \$0.53 per New Share (Offer Price), representing: <ul style="list-style-type: none"> – 61.5% discount to the last traded price on NZX of \$1.375 on 30 March 2022 – 34.7% discount to Theoretical Ex-Rights Price (TERP)¹ of \$0.81 • The Australian dollar application price for eligible shareholders has been set at A\$0.49, using the prevailing AUD / NZD exchange rate²
Rights trading³	<ul style="list-style-type: none"> • Eligible shareholders who opt not to take up their rights in full may sell some or all of their rights on the NZX between 4 April 2022 and 26 April 2022
Oversubscriptions	<ul style="list-style-type: none"> • Eligible shareholders who take up their rights in full have the opportunity to apply for oversubscriptions at the price determined through the shortfall bookbuild process (Bookbuild Price) as part of the application process. The Bookbuild Price is uncapped and will be at or above the Offer Price
Shortfall bookbuild	<ul style="list-style-type: none"> • Participation in the shortfall bookbuild by eligible shareholders and other eligible investors may be possible via a broker or other platform • See the Offer Document for information about the approach to allocation and scaling • New Shares will be issued at the Bookbuild Price (which is uncapped and will be at or above the Offer Price)
Ranking	<ul style="list-style-type: none"> • New Shares issued under the Rights Offer will rank equally in all respects with Air New Zealand's existing ordinary shares
Crown Participation	<ul style="list-style-type: none"> • The Crown has committed to participate for approximately \$602 million of New Shares (Crown Participation), ensuring the Crown will maintain a majority shareholding of 51% in Air New Zealand post-Rights Offer
Underwriting	<ul style="list-style-type: none"> • The Rights Offer is being underwritten up to an amount equal to the Rights Offer size, less the Crown Participation
Record Date	<ul style="list-style-type: none"> • The Rights Offer is open to eligible shareholders on the register as at 7:00pm NZT on the Record Date of 5 April 2022
Use of proceeds	<ul style="list-style-type: none"> • Proceeds from the Rights Offer will be used to repay the Existing Crown Loan, strengthen the balance sheet, improve liquidity and help position Air New Zealand for recovery

¹ TERP is the theoretical price at which an Air New Zealand share will trade immediately after the Rights Offer. It is a theoretical calculation only and the actual price at which Air New Zealand shares will trade will depend on many factors and may differ from TERP

² RBNZ published exchange rate as at 3pm on 30 March 2022

³ Rights purchased on the NZX may only be exercised by purchasers that meet eligibility requirements. In particular, rights may not be exercised by purchasers that are in the United States or who are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States). Potential purchasers of Rights should familiarise themselves with the requirements for exercise, which are set out in the Offer Document. Eligible shareholders holding their shares on ASX would need to contact their broker to trade their rights on the NZX



Rights Offer timetable

The timetable below is indicative only and may be subject to change

Event	Date
Announcement of Rights Offer	Wednesday, 30 March 2022
Record Date for the Rights Offer	Tuesday, 5 April 2022, 7:00pm NZ time

Rights Offer	Date
Rights trading commences	Monday, 4 April 2022, 10:00am NZ time
Rights Offer opens	Wednesday, 6 April 2022, 9:00am NZ time
Offer Document and Acceptance Form dispatched	Wednesday, 6 April 2022
Rights trading ceases	Tuesday, 26 April 2022, 5:00pm NZ time
Rights Offer closes	Monday, 2 May 2022, 5:00pm NZ time
Shortfall bookbuild opens post-ASX and NZX close	Tuesday, 3 May 2022
Shortfall bookbuild closes	Wednesday, 4 May 2022
Announcement of results of Rights Offer	Thursday, 5 May 2022
ASX settlement	Friday, 6 May 2022
NZX settlement, NZX and ASX allotment and commencement of trading of New Shares	Monday, 9 May 2022



Appendix A – Supplementary company information



Air New Zealand at a glance¹

81

Years in operation

#1

World's Safest Airline²

18 million

Passengers carried in FY19

20

Domestic destinations

#1

Corporate reputation in New Zealand for seven consecutive years³

3.6 million

Airpoints™ loyalty scheme members

Pacific Rim

Focused international network supported with alliance partnerships

37,600

Tonnes of New Zealand exports flown to international markets⁴

6.7 years

Average fleet age on a seat weighted basis⁶

FTSE4Good

Constituent of the FTSE4Good Index Series⁵

Baa2 (stable)

Investment grade credit rating from Moody's since 2016⁷

¹ Information as at 30 June 2021 unless otherwise stated

² Awarded in 2022 by AirlineRatings.com

³ Colmar Brunton Corporate Reputation Index 2021

⁴ In FY19










⁵ The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices

⁶ As at 31 December 2021

⁷ Air New Zealand's Board will seek to maintain an investment grade credit rating, per Air New Zealand's treasury policy. See also slide 5, footnote 1



Air New Zealand's decarbonisation roadmap identifies five levers to reach net zero carbon emissions by 2050

	 Sustainable aviation fuel (SAF)	 Zero emissions aircraft technologies	 Fleet renewal	 Operational efficiency	 Carbon removal solutions
Description	<p>Non-fossil derived jet fuel could provide lifecycle carbon reduction potential of more than 80%, compatible with existing aircraft without modification</p> <p>Air New Zealand's aspiration is for SAF to represent ~10% of fuel consumption by 2030</p>	<p>Future hydrogen or battery or hybrid aircraft technologies</p> <p>Air New Zealand's aspiration is that new, low carbon technologies like electric, hybrid or hydrogen aircraft will reduce emissions of shorter domestic and regional flights from 2030 onwards</p>	<p>Rollover current fleet to new jets that achieve greater fuel efficiency</p>	<p>Optimising carbon efficiency from flight and ground operations</p>	<p>Credible carbon removal solutions aligned to international best practice</p>
2050 decarbonisation potential	 50%¹	 20%¹	 20%¹	 <2%¹	Residual

¹ Represents the estimated extent each lever, such as SAF and Zero emissions aircraft technologies, will contribute to Air New Zealand's goal of net zero carbon emissions by 2050



Appendix B – Supplementary recapitalisation materials

Recapitalisation funding package expected to enhance liquidity

Pro forma liquidity ¹	As at 25 March 2022	Rights Offer, redeemable shares issuance and availability of New Crown Loan	Existing Crown Loan repayment and cancellation, and unavailability of further redeemable shares ⁷	Proposed debt capital markets issuance and partial repayment of redeemable shares	Pro forma liquidity
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Proceeds from Rights Offer	-	1,170 ²	-	-	1,170
Proposed debt capital markets issuance	-	-	-	600 ³	600
Repayment of Existing Crown Loan (drawn)	-	-	(850) ⁴	-	(850)
Redeemable shares (drawn)	-	600 ⁵	-	(400) ⁵	200
Existing cash and cash equivalents	246	-	-	-	246
Cash and cash equivalents	246	1,770	(850)	200	1,366
Existing Crown Loan (undrawn)	150 ⁴	-	(150) ⁴	-	-
Redeemable shares (undrawn)	1,000	(600)	(400)	-	-
New Crown Loan (undrawn)	-	400 ⁶	-	-	400
Total liquidity	1,396	1,570	(1,400)	200	1,766

1 Liquidity position is defined as cash and cash equivalents (which excludes restricted deposits) plus outstanding amount of any Crown facility available to be drawn. Current liquidity includes undrawn redeemable shares

2 Representing approximate Rights Offer size less estimated transaction costs of \$30 million

3 Proposed debt capital markets issuance planned by 30 June 2022 (subject to market conditions)

4 Total size of the Existing Crown Loan is \$1.0 billion, of which \$850 million has been drawn. On completion of the Rights Offer, the \$850 million drawn amount will be repaid and the Existing Crown Loan will be cancelled

5 Initially, \$600 million of redeemable shares will be issued to the Crown during the Rights Offer period. Approximately \$400 million is intended to be repaid upon successful completion of the proposed debt capital markets issuance, with approximately \$200 million of redeemable shares currently intended to remain on issue

6 The \$400 million New Crown Loan, which is not expected to be drawn

7 On completion of the Rights Offer, no further redeemable shares can be issued to the Crown



In addition to the \$1.2 billion Rights Offer, the recapitalisation includes other forms of liquidity

After initially issuing \$600 million of redeemable shares, Air New Zealand is intending to raise \$600 million through a proposed debt capital markets issuance (subject to market conditions) to repay ~\$400 million of the redeemable shares. Additional liquidity will also be available from the New Crown Loan

Redeemable Shares

- Air New Zealand has issued a call notice to draw \$600 million of redeemable shares, with proceeds to be received during the Rights Offer period
- These funds will be used to support liquidity until Air New Zealand completes a proposed debt capital markets issuance
- No further redeemable shares are available to be called following the completion of the Rights Offer
- The applicable interest rate is the aggregate of the specified base rate and a margin of 3.50% per annum. The margin is subject to step-ups from 31 December 2023
- Air New Zealand will be unable to pay dividends on its ordinary shares (including the New Shares) if distributions on the redeemable shares are not paid
- Redeemable shares are classified as debt for accounting purposes

Proposed debt capital markets issuance

- Air New Zealand expects to execute a debt capital markets issuance of approximately \$600 million by 30 June 2022 (subject to market conditions)
- Approximately \$400 million of redeemable shares are currently intended to be redeemed upon successful completion of the proposed debt capital markets issuance, with approximately \$200 million of redeemable shares currently intended to remain on issue. This remaining \$200 million can be redeemed at Air New Zealand's discretion subject to a final redemption date of December 2046

New Crown Loan

- Air New Zealand has entered into a \$400 million committed revolving standby facility with the Crown
- The facility will be available until 30 January 2026 and will be provided on an unsecured basis
- The opening interest rate will be BKBM plus an initial margin of 1.50% per annum, subject to certain performance / compliance-based increases
- A line fee of 1.00% per annum on the facility limit will also be payable for the duration of the facility, subject to certain reporting-based increases
- Air New Zealand will be unable to pay dividends on its ordinary shares (including the New Shares) if it has drawn under the facility
- The facility includes representations, warranties and undertakings typical of such a facility, including regular reporting on operational and financial performance and there are additional reporting and information requirements if a draw is made
- The facility will be available for drawing at the close of the Rights Offer subject to satisfaction of usual conditions, but Air New Zealand does not expect to need to draw the facility
- A shareholder vote is expected to be held later in 2022 to ratify Air New Zealand's entry into the New Crown Loan (and the Existing Crown Loan)



Pro forma balance sheet extract as at 31 December 2021

The below shows the impact of the recapitalisation on Air New Zealand's balance sheet as at 31 December 2021. The airline's equity position has declined and debt has increased since this date

Pro forma balance sheet extract	As at 31 December 2021	Rights Offer and redeemable shares issuance	Existing Crown Loan repayment	Proposed debt capital markets issuance and partial repayment of redeemable shares	Pro forma
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Equity					
Book equity value ¹	811	1,170 ⁵	-	-	1,981
Debt					
Proposed debt capital markets issuance ²	-	-	-	600	600
New Crown Loan (undrawn)	-	-	-	-	-
Existing Crown Loan	545	-	(545)	-	-
Secured aircraft borrowings	1,189	-	-	-	1,189
Unsecured NZD bond	50	-	-	-	50
Lease liabilities	1,582	-	-	-	1,582
Redeemable shares	-	600	-	(400)	200
Gross Debt	3,366	600	(545)	200	3,621
Cash and cash equivalents, restricted deposits and net open derivatives³	485⁴	1,770⁵	(545)	200	1,910
Net Debt / (cash)	2,881	(1,170)	-	-	1,711

1. Redeemable shares treated as debt following completion of Rights Offer
2. Planned to complete by 30 June 2022 (subject to market conditions)
3. See Glossary starting on slide 36 for definition of 'cash and cash equivalents, restricted deposits and net open derivatives'
4. Includes restricted deposits and net open derivatives of \$329 million as at 31 December 2021 and cash and cash equivalents of \$156 million
5. Representing approximate Rights Offer size less estimated transaction costs of \$30 million

^A The drawn amount of the Existing Crown Loan has increased from \$545 million as at 31 December 2021 to \$850 million. The full \$850 million will be repaid using part of the Rights Offer proceeds.



Relationship between TERP and Offer Price

To be read in conjunction with the Offer Document

Calculation of TERP

- The Offer Price is calculated by applying a discount to the price Air New Zealand shares should, in theory, trade at after the Rights Offer
- This theoretical price is called the theoretical ex rights price (or TERP) and is calculated as follows:

$$\frac{\text{Market capitalisation pre-Rights Offer} + \text{proceeds from Rights Offer}}{\text{Number of ordinary shares on issue after the Rights Offer}}$$

- TERP is impacted by the number of shares issued in the Rights Offer. As Air New Zealand is issuing a substantial number of New Shares at a discount, TERP is much lower than the current trading price
- The discount applied to TERP to calculate the Offer Price (34.7%) has been determined with the assistance of the airline's advisors and taking into account a number of different factors
- TERP is a theoretical calculation only and the actual price at which Air New Zealand shares will trade after the Rights Offer will depend on many factors and may differ from TERP or the Offer Price**

Dilution

- Shareholders who do not acquire any New Shares in the Rights Offer (or the shortfall bookbuild) will be diluted by 67%

1 As represented by Air New Zealand's market capitalisation on 30 March 2022, calculated by multiplying the last traded price by the number of shares on issue
 2 Excluding shares held as treasury stock
 3 Values in column C may not reflect the sum of columns A and B due to rounding

		A		B		C	
		Current (30 March 2022)		Rights Offer		TERP	
		Value	Explanation	Value	Explanation	Value ³	Explanation
1	Equity value (\$ million)	1,544 ¹	Equity value ¹ as at 30 March 2022	1,190	Amount being raised under Rights Offer	2,734	Column A + B
2	Number of ordinary shares (million)	1,123 ²	Number of ordinary shares on issue pre-Rights Offer	2,246	Number of New Shares being issued in Rights Offer	3,368	Column A + B
3	Share price (\$)	1.375	Last traded price	0.53	Offer Price	0.81	TERP (Row 1 / Row 2)

Offer price = 34.7% discount to TERP





Appendix C – Glossary

Glossary (1 / 2)

ASX	ASX Limited, or the financial market operated by ASX Limited, as the context requires
ASKs	Available Seat Kilometres: number of seats operated multiplied by the distance flown (capacity)
Adjusted Gross Debt to EBITDA	Gross Debt over earnings before interest, taxation, depreciation and amortisation (adjusted for non-cash items)
BKBM	Bank Bill Market Rate (the main interest rate benchmark in New Zealand)
Cash flows from operating activities	Cash flows from receipts from customers, payments to suppliers and employees, income tax (refunded or paid) and interest (paid and received)
Cash and cash equivalents, restricted deposits and net open derivatives	Bank and short-term deposits, interest-bearing assets held for financing or security purposes that are not available for general business use and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
EBITDA	Earnings before interest, taxation, depreciation, amortisation, share of associate earnings and other significant items. Excludes rental expense for the years up to and including FY19, which were prior to the adoption of IFRS-16
EBIT	Earnings before interest, taxation, share of associate earnings and other significant items
Existing Crown Loan	The current \$1.0 billion Crown standby facility to be repaid using proceeds of the Rights Offer and cancelled
FX	Foreign exchange (applied in the context of FX rates)
FY	Financial year, being the period from 1 July to 30 June
Gearing	Net Debt / (Net Debt + Book Value of Equity)
Gross Debt	Interest-bearing liabilities, lease liabilities and redeemable shares issued
IAFC	International Airfreight Capacity scheme: a government support scheme which operated from May 2020 until May 2021. Under the terms of the IAFC, airlines and air cargo carriers were invited to submit proposals to provide air services on key routes according to agreed criteria. For appointed carriers, funding was provided to guarantee air services on key routes. Airlines then offered that capacity directly to freight customers on commercial terms
IFRIC	International Financial Reporting Interpretations Committee
IRD	Inland Revenue Department: New Zealand's public service department charged with advising on tax policy and collecting tax (among other roles)
Liquidity	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any Crown standby loan facility available to be drawn or undrawn redeemable shares
MIAC	Maintaining International Air Connectivity: a Government support scheme which operates from May 2021 until March 2023, on similar terms to the IAFC described above. From 1 April 2022 the MIAC scheme does not provide a guaranteed revenue stream to Air New Zealand and is not provided as a single payment. Rather MIAC support levels are adjusted to reflect passenger demand on those key routes and therefore the financial support provided to Air New Zealand is expected to decrease over time as border openings deliver increased passenger volumes. Accordingly, the MIAC scheme will be scaled back and ultimately end as international flight frequencies and passenger numbers rise such that support is not required, which may occur prior to 31 March 2023



Glossary (2 / 2)

MIQ	Managed isolation and quarantine
Net Debt	Interest-bearing liabilities, lease liabilities and redeemable shares less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and lease liabilities, and interest-bearing assets (which includes restricted deposits)
New Crown Loan	The \$400 million fully committed four year Crown standby facility
NZX	New Zealand's stock exchange
NPAT	Net Profit After Taxation
Operating expenses	Includes labour, fuel, maintenance, aircraft operations, passenger services, sales and marketing, foreign exchange and other expenses
Operating revenue	Includes revenue from passengers, cargo, contract services and other revenue
Other significant items	Items of revenue or expenditure which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of Air New Zealand. Other significant items and taxation is reported within the audited financial statements and Five Year Statistical Review contained within the Annual Financial Results.
PAYE	Pay As You Earn: where an employer will pay their employee's income tax directly to the Government, and then deduct an equal amount from the employee's salary
RASK	Passenger Revenue per ASKs: passenger revenue for the period divided by the total ASKs on passenger flights for the period
Redeemable shares	Non-voting redeemable shares issued under the subscription agreement between Air New Zealand and the Crown dated 13 December 2021. Refer to key terms per Air New Zealand's NZX announcement on 14 December 2021
ROIC	Pre-tax Return on Invested Capital. Meaning EBIT plus interest component of aircraft operating leases / average capital employed (Net Debt plus Equity) over the period
US	United States of America
YTD	Year to date

The following non-GAAP measures are not audited: EBITDA, Gearing, Net Debt, Gross Debt, Liquidity, RASK and ROIC

- The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources
- Amounts used within the calculations are derived from the audited Group financial statements and Five Year Statistical Review contained in the Annual Financial Results
- Earnings included within the calculations were restated following the International Financial Reporting Interpretations Committee ("IFRIC") issuing an agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38) and also on Fair Value Hedge of Foreign Currency Risk on Non-Financial Assets (IFRS 9). The interpretations were required to be retrospectively applied and comparatives restated accordingly





Appendix D — Key risks

Key risks (1 / 7)

Key Risks – Important: Please Read

This section summarises the key risks Air New Zealand has identified in connection with the Rights Offer. It is critical that you read these carefully because these risks may materially adversely affect the future operating and financial performance of Air New Zealand, and its share price. Like any investment, there are risks associated with an investment in Air New Zealand's shares. Those risks are acute in the current global context. This section does not set out all of the risks related to an investment in Air New Zealand shares, the future operating or financial performance of Air New Zealand, the Rights Offer, or general market or industry risks. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

In light of the Covid-19 pandemic and other significant events and conflicts around the world such as the current conflict in Ukraine and the risk of increased hostilities involving Russia, extra caution should be taken when assessing the risks associated with an investment in Air New Zealand. Airlines have been significantly affected by border closures, restrictions on domestic and international movement and travel. The Covid-19 pandemic may result in changes to travel behaviours and patterns permanently, including due to technological developments. Capital markets have seen equity securities suffer from spikes in volatility and significant, sudden price declines.

The summary of key risks set out below represent Air New Zealand's current assessment of these risks, however that may change either during the course of the Rights Offer or following the Rights Offer. There is no certainty as to the severity or likelihood of any such foreseen and unforeseen impacts arising nor whether any mitigating action will be effective or can be taken. Accordingly, the key risks that Air New Zealand face are inherently uncertain and will continue to change.

Given the highly uncertain operating and financial environment, investors should be cautious about placing weight or reliance on forward-looking statements or assumptions made or described in this document, including in relation to the removal of travel restrictions or social distancing rules, the rate and pace of any return of passenger demand for Air New Zealand's services, Air New Zealand's profitability, liquidity and debt levels, jet fuel prices and any macro-economic factors such as currency rates and inflation. Such statements are inherently uncertain and should only be regarded as indicative of possible outcomes. They are based on a series of assumptions which may not be proved correct over time due to a range of factors outside Air New Zealand's control.

You should make your own assessment of the key risks set out in this section before deciding whether to invest (or invest further) in Air New Zealand. You should also consider whether such an investment is suitable in light of your individual risk profile, investment objectives and personal circumstances (including financial and taxation issues) and you are encouraged to consult with a financial or other professional adviser.

Key Risk	Details
Covid-19 impact significant, ongoing and uncertain	<p>Covid-19 resulted in unprecedented restrictions on domestic and international air travel. These restrictions have been imposed by governments around the world and regulatory authorities, and/or implemented as a matter of best practice during a health crisis, and have included lockdowns, border closures, rules preventing domestic travel, mandatory quarantine periods, self-isolation, pre- and post- flight tests and other social distancing rules.</p> <p>These developments resulted in a material decline in demand for international and domestic air travel and have had an unprecedented material adverse effect on Air New Zealand's financial position and performance. In FY20 and FY21, Air New Zealand made statutory losses before taxation of \$629 million and \$415 million, respectively. On 24 February 2022, Air New Zealand announced (with its 1H FY22 results) that it expected losses before other significant items and taxation for FY22 to exceed \$800 million. Air New Zealand now expects its FY22 full year result to be a loss before other significant items and taxation of less than \$800 million. There is a risk that losses continue in future years. See slide 13 for further details.</p> <p>If the restrictive actions taken to combat Covid-19 persist (whether in New Zealand or globally), Air New Zealand's operational and financial performance could deteriorate further. It is inherently difficult to make accurate assumptions about future financial and operating performance in this uncertain environment.</p> <p>Other measures may be introduced or extended by the New Zealand Government or other governments which could reduce demand, including pre- and post- flight testing and self-isolation requirements. Air New Zealand does not have any additional information in relation to border opening or the removal of travel restrictions (and does not receive any specific information in this regard from the New Zealand Government as its majority shareholder).</p>



Key risks (2 / 7)

Key Risk	Details
<p>Level and pace of return of passenger demand uncertain</p>	<p>Air New Zealand's operating and financial performance is dependent on the level of domestic and international travel generally. As at the date of this presentation, levels of passenger demand remain materially below pre-pandemic levels.</p> <p>The unprecedented Covid-related travel restrictions led to an immediate and material decrease in demand for Air New Zealand's services. The duration and degree of that material decline in demand for air travel for Air New Zealand remains uncertain. This uncertainty is exacerbated by a number of significant factors related to Covid-19 that are outside the control of Air New Zealand, including the impact of new or existing variants, the availability, efficacy and deployment of vaccines worldwide, and the restrictions imposed by national and regional governments in respect of the freedom of movement and travel. As such, there is continued uncertainty as to the duration and further impact of Covid-19, including in relation to government-mandated restrictions and health advice, as well as the general economic environment.</p> <p>Recovery in passenger demand is a key assumption in Air New Zealand's financial modelling and strategic planning. In general terms, Air New Zealand has assumed that from the middle of calendar year 2022 New Zealand's borders will be fully open (and not restricted or closed again) to the majority of the markets it flies to and the requirement for vaccinated travellers (regardless of nationality) to self-isolate on arrival is removed (and not reinstated), and has also assumed that demand for long-haul international travel approximates pre-Covid levels by the second half of FY25. Prolonged travel frictions (such as isolation and testing requirements) at the New Zealand border may reduce passenger demand and therefore revenues below current planning assumptions and impose additional costs on Air New Zealand.</p> <p>If those assumptions are incorrect and/or passenger demand does not return at the expected levels and pace, the expected improvement in Air New Zealand's financial performance may not eventuate or may take longer to eventuate. Demand for domestic and international air travel may remain lower than expected for longer than expected, even after the abatement of the pandemic, easing of travel restrictions and removal of self-isolation/quarantine requirements.</p> <p>Air New Zealand has assumed that there will be no long-term structural changes to passenger demand over the longer-term (noting that there is currently limited observable data relating to this). Reduced demand, including through any longer-term structural changes if those eventuate, could be New Zealand-specific, or more general in nature, and could be caused by factors such as:</p> <ul style="list-style-type: none"> • environmental sustainability concerns; • lower customer confidence in the health risks of flying related to Covid-19; • changes in customer preferences or booking behaviour; • concerns in relation to New Zealand as a destination depending on the prevalence of Covid-19; • reduced travel for business, including due to greater familiarity with remote access technology for businesses and associated cost savings; and • reduced travel for business and leisure due to any economic downturn and impacts on customers' disposable income. <p>Prior to the emergence of the Omicron variant in New Zealand, Air New Zealand benefitted from strong levels of domestic travel in New Zealand while international border restrictions have been in place. As restrictions on international travel are reduced, this may result in lower demand for domestic travel as those passengers start flying internationally rather than domestically. That decrease in domestic demand may not be offset by international travel with Air New Zealand (noting that long-haul business (which represented approximately 41% of Air New Zealand's FY19 passenger revenue) has been assumed to build back gradually through to FY25). Lower domestic demand may materially adversely impact on Air New Zealand's financial performance.</p> <p>A material decline in domestic and/or international travel would have a material adverse effect on Air New Zealand's operating and financial performance and could be caused by a number of factors, including as a result of:</p> <ul style="list-style-type: none"> • the reinstatement of regional and national lockdowns, delays to border openings, continuation or reinstatement of self-isolation requirements in New Zealand, pre- and post- flying testing and other requirements imposed on travellers that make air travel to and from or within New Zealand more difficult; or • a particular event (such as a pandemic / epidemic, outbreak of disease, war, terrorist attack, a flying or safety incident, or an extreme weather event or natural disaster, such as earthquakes and volcanic ash clouds), economic conditions (causing a decrease in consumer and business demand), or any other factors. <p>The current conflict in the Ukraine and the risk of increased hostilities involving Russia adds further uncertainty to the outlook for the demand for international air travel. That conflict could reduce demand for international travel for a number of reasons, including increased safety concerns. If that conflict escalates, its potential impacts would be amplified.</p>



Key risks (3 / 7)

Key Risk	Details
General macro-economic conditions / cost increases / inflation	<p>Air New Zealand's operating and financial performance is affected by general economic and business conditions. This risk is heightened in the context of Covid-19, rising levels of inflation, rising interest rates, the current conflict in Ukraine and the risk of increased hostilities involving Russia. A prolonged deterioration in general economic conditions, including a resulting decrease in consumer and business demand, would likely have a material adverse effect on Air New Zealand's business or financial condition (or both). Any impact would be of uncertain severity and duration. Air New Zealand has assumed that the general economic operating environment for air travel will be relatively stable and that there will not be a sudden or prolonged deterioration in general economic conditions. If there were such a downturn, this could materially and adversely affect the markets in which Air New Zealand operates, and consequently its business.</p> <p>Air New Zealand is exposed to the risk of increased costs across its business (including, for example, in respect of labour, fuel and airport services related costs such as take-off and landing fees, air traffic control and general airport charges). There is no assurance that airport operators will not continue to increase their fees or that Air New Zealand will not incur new costs from those airport operators. If Air New Zealand is unable to pass through those increased costs on to passengers, or if a reduction in passenger demand results from Air New Zealand passing those increased costs on to passengers (which, in turn, could influence the airline's network and capacity plans), then those developments could have a material adverse effect on Air New Zealand's financial results.</p> <p>Currently, New Zealand and other countries are experiencing increasing inflation levels. There is no assurance that inflation will not continue to rise and remain high for a sustained period. In terms of its targets, Air New Zealand assumes that inflation rates will revert to long-term historical averages over the period to FY25. However, that is uncertain. Higher inflation increases Air New Zealand's cost base – key inputs such as labour and other operating costs and currency are all impacted. Interest rates may also increase. Where Air New Zealand cannot off-set cost increases through productivity initiatives or pass on costs increases to passengers by way of fare increases without losing those passengers, its flown capacity, revenue and profitability will be reduced. Higher inflation may also impact potential customers' disposal income which could reduce demand.</p>
Fuel prices uncertain	<p>Jet fuel costs constitute a significant proportion of Air New Zealand's total operating expenses (in FY19 it represented approximately 28% of Air New Zealand's total operating expenses). Historically, jet fuel costs have widely fluctuated due to factors such as supply and demand dynamics, geopolitical issues and economic conditions. The future availability and cost of jet fuel cannot be predicted with any degree of certainty. Any material increase in jet fuel prices over a sustained period will materially increase Air New Zealand's operating expenses and may materially reduce profitability. Air New Zealand may not be able to offset increases in the price of jet fuel or sustained high jet fuel prices with fuel surcharges, fare increases or fuel cost hedging strategies. Price increases may also add risk to Air New Zealand's ability to adequately implement its operating strategy, and may negatively impact the pace and level of passenger demand recovery.</p> <p>The current conflict in Ukraine and the risk of increased hostilities involving Russia have caused recent volatility in jet fuel prices. Air New Zealand's targets assume jet fuel reverts to long-term historical averages. If jet fuel prices are elevated for a sustained period, including due to the conflict in Ukraine or hostilities involving Russia, Air New Zealand's financial performance and position will be adversely affected, and potentially materially so. Fare increases needed to recover higher costs may negatively impact the pace and level of passenger demand recovery.</p> <p>Air New Zealand attempts to mitigate the adverse impact of volatility in jet fuel prices by entering into fuel hedge agreements to purchase jet fuel in the future at pre-determined prices. However, Air New Zealand does not hedge all of its fuel supply requirements, and these contracts do not protect Air New Zealand from increases in the price of jet fuel beyond the period of the contract and may (due to the cost of these instruments) limit the benefits Air New Zealand would derive from decreases in the cost of jet fuel during the term of the contracts. There is no guarantee that future hedging contracts which protect Air New Zealand from high jet fuel prices can be entered into, including at reasonable pricing.</p> <p>Other potential actions Air New Zealand can use to attempt to mitigate elevated fuel prices include increasing its fares and/or reducing its capacity. Passenger demand reduces as a result of fare increases. If, however, Air New Zealand is unable to offset fuel price increases with fare increases or make the necessary adjustments to its network or cost structure, its future profitability may be negatively impacted.</p> <p>Jet fuel is paid for in US dollars. Therefore, higher jet fuel prices, coupled with a strengthening US dollar relative to the New Zealand dollar will amplify the adverse effect on Air New Zealand's financial position and performance (particularly where there is limited international flying and Air New Zealand has limited ability to earn foreign currency). In the event of a jet fuel supply shortage, higher jet fuel prices or the curtailment of scheduled services could result.</p>
Increased competition (1 / 2)	<p>Air travel is a highly competitive business. For Air New Zealand, this is particularly true in relation to trans-Tasman and long-haul international routes (which represented approximately 59% of Air New Zealand's FY19 passenger revenue). Air New Zealand's competitors include some operators with greater financial resources. Airlines compete on a range of factors including fare levels, frequency of flights, quality and reliability of service, brand recognition, passenger amenities, frequent flyer programmes and the availability and convenience of other passenger services. Increased competition may reduce demand for Air New Zealand's services thereby reducing revenue or potentially requiring discounted airfares to retain revenue. If so, Air New Zealand's profitability would be negatively impacted and such impact could be significant. Further, a highly competitive market which constrained fare prices could also result in Air New Zealand being unable to pass on increased input costs to passengers (including fuel costs, landing charges and other similar costs which have seen significant recent increases), reducing Air New Zealand's margin and financial performance.</p>



Key risks (4 / 7)

Key Risk	Details
Increased competition (2 / 2)	In particular, Air New Zealand may face increased competition in its key markets, particularly in domestic New Zealand market (including if some of its competitors fully enter the New Zealand domestic market), short-haul international routes and the North American market. This threat may arise at this time as other airlines change strategies and enter new markets post-Covid in order to have greater opportunities to grow back their revenue. Competitive threats may arise from either individual airlines or from alliances between Air New Zealand's competitors. The competitive landscape is highly complex, with many factors (including input costs, passenger demand, supply dynamics and opportunity costs) driving competitor behaviour and strategy. The success of Air New Zealand's competitive strategy is subject to uncertainties beyond its control.
Cyber security and IT systems	<p>Air New Zealand faces both significant external cyber-attack threats and internal cyber risks. Its data, systems and information technology (together "Technology Systems") may be vulnerable to theft, payment fraud, loss, damage and interruption due to unauthorised access, security breaches, computer viruses, power loss or other disruptive events. Like other companies, Air New Zealand faces increasing risks that individuals or groups attempt to disrupt the availability, confidentiality, integrity and resilience of its Technology Systems or Technology Systems Air New Zealand relies on. A security breach could have a negative impact on customer confidence in Air New Zealand's systems and reputation. Cyber-attacks could also force Air New Zealand to temporarily or for a longer period ground aircraft or shut down its operations, in part or entirely. In addition to disruption to its operations, such attacks could make it difficult to recover critical services, could damage assets and compromise the integrity and security of both corporate and customer data. Disruption or loss of access to key systems or facilities as well as the failure of any key suppliers could have a material adverse effect on the Group's business, operations, financial condition, prospects and reputation.</p> <p>Air New Zealand's operations are dependent on the suitability, reliability, resilience and durability of its technology platforms, systems and processes, including third party systems and infrastructure. Air New Zealand and its key suppliers deal with a large volume of personal data about passengers, prospective passengers and employees. Accordingly, Air New Zealand's operations are heavily reliant on its Technology Systems. Air New Zealand outsources the operation of certain Technology Systems to third parties and depends on the performance of those third parties and the cyber resilience of those third parties. The Technology Systems, including Air New Zealand's website, must be able to accommodate a high volume of traffic, maintain secure information, dispatch flights and deliver flight information, issue electronic tickets and process critical financial and non-financial information in a timely manner. Poor performance by a third party will expose Air New Zealand to the risk that it will not be able to operate its Technology Systems effectively, or at all, and could lead to materially adverse outcomes for Air New Zealand.</p>
Foreign exchange volatility	<p>Air New Zealand is exposed to fluctuations in foreign currencies because its revenues and expenditures, borrowings, leases, investments and capital expenditure transactions are denominated in multiple currencies. US dollars is the principal foreign currency in which Air New Zealand payments occur (including jet fuel purchases, aircraft leases, aircraft spare part purchases, engine maintenance, borrowings and aircraft purchases). In FY19, approximately 42% of Air New Zealand's operating expenses were paid for in United States dollars. Any appreciation in the US dollar (or other currencies in which Air New Zealand's expenses are denominated) against the New Zealand dollar would increase Air New Zealand's total operating expenses (when measured in New Zealand dollars) and this would increase its New Zealand dollar assets, liabilities and gearing and could decrease Air New Zealand's profitability (particularly where international flying is limited and Air New Zealand has limited ability to earn foreign currency).</p> <p>Air New Zealand enters into foreign exchange contracts to hedge against near term currency fluctuations occurring. However, Air New Zealand does not hedge all of its foreign currency requirements, and such contracts do not fully protect Air New Zealand from the adverse impact of significant exchange rate fluctuations over the longer term and may prevent Air New Zealand from fully benefitting from favourable movements in exchange rates over the period of the contracts.</p> <p>Air New Zealand's financial modelling includes assumptions in relation to the NZD / USD foreign exchange rate, which are generally set based on historic average exchange rates. To the extent that actual foreign exchange rates deviate from those historic averages in an adverse manner for Air New Zealand, without any natural or contractual hedges in place, this could have a material adverse effect on Air New Zealand's financial performance and achievement of its targets.</p>
Capital sufficiency and debt levels (1 / 2)	<p><i>Capital</i></p> <p>Air New Zealand has undertaken a capital sufficiency assessment exercise to assist in determining the size of the Rights Offer. Air New Zealand believes that a successful equity raise, together with its ongoing cost saving initiatives, and the new debt facilities (including those continued to be provided by the Crown), will provide Air New Zealand with sufficient capital to position itself for recovery of passenger demand.</p> <p>This assessment is based on what Air New Zealand considers to be a reasonable set of assumptions (assessed together with relevant sensitivities for those assumptions). However, there remains a risk that negative impacts from Covid-19 and the resulting adverse global economic conditions, together with the risks associated with the current conflict in Ukraine and the risk of increased hostilities involving Russia, exceed expected levels, and further cost saving measures cannot be achieved, or recovery in revenue and profitability takes longer than expected. In that scenario, Air New Zealand may have insufficient equity and/or liquidity to meet capital and operational requirements and would need to re-assess its balance sheet and operations. It may also need to access additional equity or debt funding which could have an adverse effect on Air New Zealand and/or its earnings.</p>



Key risks (5 / 7)

Key Risk	Details
Capital sufficiency and debt levels (2 / 2)	<p><i>Debt</i></p> <p>As Air New Zealand progresses its plans for recovery, it will carry a substantial amount of debt including related to aircraft acquisition and other financing arrangements for the foreseeable future, as well as commitments for maintenance, working capital requirements and other obligations. Its level of debt will increase until passenger demand returns to a level which permits it to repay debt. Although, as demand returns, Air New Zealand will begin to generate additional cash flow from operations to pay debt and other fixed obligations. Air New Zealand expects that its liquidity will continue to decrease until it substantially ramps up its international operations again, which may restrict its ability to repay debt. Accordingly, Air New Zealand currently expects that its gearing will continue to increase the beginning of FY25 before it is able to start reducing its overall levels of debt. Air New Zealand's ability to meet its payment obligations and to fund planned capital expenditures will depend on the success of its business strategy, the level and pace of the return of demand, and Air New Zealand's ability to generate sufficient revenues to satisfy its obligations, which are all subject to many uncertainties and contingencies beyond its control.</p>
Ramp up of capacity	<p>Air New Zealand has significantly reduced its network and operations as a result of the impacts of Covid-19. In order to take advantage of any increases in passenger demand, Air New Zealand may need to increase its capacity at relatively short notice. This may be difficult and costly, particularly where the recovery is inconsistent, causing difficult and expensive "gearing up" and "gearing down" scenarios. This may cause Air New Zealand issues such as having insufficient pilots, cabin crew and other operational staff available in time, or needing to stand-down or re-activate these employees at short notice, with associated increased costs. In addition to its own operational readiness, Air New Zealand relies on the readiness of its global partners, suppliers and customers. There is a risk that sufficient aircraft or labour may not be available to meet demand or there is only a short timeframe to react to the need for greater capacity and labour. These factors may result in inefficiencies, additional costs, lost opportunities, and adverse financial and operating effects.</p>
Supply chain issues	<p>Air New Zealand relies on third party suppliers and service providers for aircraft manufacturers, jet fuel, ground handling, aircraft maintenance, call centres, IT systems, catering, fuel supply and other operations. The efficiency and timeliness of such suppliers and service providers, as well as the quality of their contract performance, is beyond Air New Zealand's direct control. In particular, those third party suppliers are subject to ongoing supply chain disruptions and delays due to the ongoing effects of the Covid-19 pandemic and there is risk that the current conflict in Ukraine or other hostilities involving Russia could have a direct, or indirect, on Air New Zealand's supply chain. Failure to adequately manage the performance of third party suppliers or service providers and any failure by such suppliers or service providers to perform their obligations, including as a result of global supply chain issues, could adversely affect Air New Zealand's reputation and its operational and financial performance. Air New Zealand uses its business continuity plans to cover the risk of supply failures and has contingency plans in place to respond to supply chain interruption. However, there is no guarantee that Air New Zealand will successfully mitigate the risk associated with any such failure or underperformance.</p>
Employee relations	<p>Staff costs are one of Air New Zealand's largest operating expenses. A significant portion of Air New Zealand's employees are represented by unions and are party to collective bargaining arrangements. If Air New Zealand is unable to negotiate collective agreements with unions on commercially reasonable terms, it could have material adverse effects on its cash flows and financial condition. Further, any significant collective bargaining dispute between Air New Zealand and its employees could lead employees to take industrial action, including work stoppages. This could disrupt Air New Zealand's day-to-day operations and adversely affect business performance, potentially leading to reputational damage.</p>
Environmental sustainability	<p>Growing concerns about environmental sustainability may materially adversely impact the global aviation industry. Environmental sustainability concerns may materially adversely affect demand for Air New Zealand's services, may result in adverse regulatory requirements, and Air New Zealand may need to take steps adversely affecting profitability.</p> <p>In time, sustainable aviation fuels may increase the cost of, and therefore reduce demand for, international air travel. The development of new technology may impact the value of Air New Zealand's existing assets (which constitute its largest tangible asset currently) and could materially adversely affect its financial position and performance.</p> <p>In addition, transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Air New Zealand may be materially adversely impacted by increased costs of offsetting carbon-based emissions (including escalating carbon credit pricing).</p> <p>Physical risks resulting from climate change may have financial implications for Air New Zealand, such as indirect impacts from supply chain disruption and travel patterns and habits of customers.</p>
Investment in equity capital (1 / 2)	<p>There are general risks associated with investments in equity capital. The trading price of Air New Zealand's ordinary shares on NZX or ASX may fluctuate with movements in equity capital markets in New Zealand and internationally. This may result in the market price for the new shares being less or more than the Offer Price.</p>



Key risks (6 / 7)

Key Risk	Details
Investment in equity capital (2 / 2)	<p>Air New Zealand's operations are dependent on the suitability, reliability, resilience and durability of its technology platforms, systems and processes, including third party systems and infrastructure. Air New Zealand Generally applicable factors which may affect the market price of Air New Zealand's ordinary shares include:</p> <ul style="list-style-type: none"> • the impact of Covid-19 (or any new variant), including on the business environment, supply chains and travel restrictions (including social distancing and self-isolation rules); • general movements in New Zealand and international stock markets, including market volatility; • investor sentiment; • New Zealand and international economic conditions and outlook, including changes in interest rates, the rate of inflation, exchange rates, commodity prices, employment levels and consumer demand; • changes in New Zealand and foreign government regulation and fiscal, monetary and regulatory policies; • loss of key personnel and delays in replacement; • announcement of new technologies; • geo-political instability, including international hostilities (such as the current conflict in the Ukraine and the risk of increased hostilities involving Russia), acts of terrorism, natural disasters, extreme weather events and catastrophes, whether in global, regional or local scale; • epidemics and pandemics such as Covid-19 or any variant thereof; • operating results of Air New Zealand that may vary from expectations of securities analysts and investors; • changes in market valuations of other airlines; and • future issuances of Air New Zealand equity securities. <p>The share prices for many listed companies have in recent times been subject to wide fluctuations and volatility, which in many cases may reflect a diverse range of non-company specific influences such as those referred to above. In particular, the events relating to Covid-19, the current conflict in the Ukraine and the risk of increased hostilities involving Russia and other significant events around the world have resulted in significant market falls and volatility both in New Zealand and overseas, including in the prices of securities trading on the NZX and the ASX.</p> <p>There is continued uncertainty as to the further impact of Covid-19 on the New Zealand economy and share markets including in relation to governmental action, regulation and advice, and the impact on equity and debt capital markets. These events may materially adversely impact the market price of Air New Zealand's ordinary shares.</p> <p>It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing increased stress, or existing risks may evolve in ways that are not currently foreseeable.</p> <p>No assurances can be given that the New Shares will trade at or above the Offer Price. None of Air New Zealand, its Board, the underwriters, joint lead managers or any other person guarantees the market performance of the New Shares.</p>
Reliance on Government support for international cargo services	<p>On 28 March 2022, Air New Zealand announced that it had renewed its contract with the New Zealand Government until the end of 31 March 2023 in relation to the Maintaining International Air Connectivity ("MIAC") Scheme. While international borders remain closed or restricted, Air New Zealand is reliant on the MIAC scheme to assist it in sustaining long-haul international services and continuing connections to ports around the world (e.g., to maintain landing slots at key offshore ports).</p> <p>Air New Zealand assumes that it will receive the benefit of the MIAC subsidy until March 2023. The MIAC scheme does not provide a guaranteed revenue stream. Rather, MIAC support levels are adjusted to reflect passenger demand on key routes to reflect passenger demand and accordingly is expected to decrease over time as border openings deliver increased passenger volumes. If international travel remains restricted beyond March 2023 (albeit at diminishing levels as international passengers return) and the MIAC scheme is not extended (or Air New Zealand receives a smaller subsidy), this would materially reduce Air New Zealand's financial performance.</p>
Ability to pay dividends	<p>Air New Zealand's dividends are currently suspended. Subject to Air New Zealand's performance, any payment of dividends is unlikely before FY26. Going forward, Air New Zealand may be unable to pay dividends at historic levels or at all. The New Crown Loan prevents payment of dividends if the facility is drawn, and it is a condition of the subscription agreement with the Crown in relation to the redeemable shares that dividends cannot be paid on ordinary shares if Air New Zealand has deferred the payment of interest on the Redeemable Shares on issue.</p>



Key risks (7 / 7)

Key Risk	Details
Major shareholder risk	<p>The Crown is, and will on completion of the Rights Offer be, a holder of 51% of the ordinary shares in Air New Zealand. Consequently, the Crown will generally be able to control the outcome of matters put to shareholders that require majority approval.</p> <p>The Government has a policy of maintaining a 51% shareholding in Air New Zealand. That policy may change under future governments.</p> <p>If Air New Zealand required new equity capital, and the Crown wished to act consistently with its current policy of maintaining a 51% shareholding, the Crown would need to make a further equity capital investment to avoid dilution below its 51% holding. There is no certainty as to any future capital contributions from the Crown.</p> <p>The Crown does not guarantee the Air New Zealand shares or any returns in respect of them, or Air New Zealand or any obligations of Air New Zealand. The Crown currently holds 51.91% of the ordinary shares in Air New Zealand. On completion of the Rights Offer, the Crown will hold 51.00% of the ordinary shares.</p>



A low-angle, close-up photograph of the tail section of an Air New Zealand aircraft. The tail fin is dark blue and features the white kaitiaki logo, a stylized silver fern. The registration number 'ZK-NEM' is visible on the fuselage below the tail. The background is a clear, light blue sky.

Appendix E – Foreign selling restrictions

Foreign selling restrictions (1 / 2)

This presentation does not constitute an offer of rights (**Rights**) or new ordinary shares (**New Shares**) of Air New Zealand in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the Rights and New Shares may not be offered or sold, in any country outside New Zealand or Australia except to the extent permitted below.

Australia

This Offer is being made to Australian resident Shareholders without a prospectus in accordance with section 708AA of the Corporations Act (as modified by ASIC Instrument 2016/84 and ASIC Instrument 22-0225). This presentation is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act and has not been and will not be lodged with ASIC. Accordingly, this presentation may not contain all information which a prospective investor may require to make a decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus. Neither ASIC nor ASX takes any responsibility for the contents of this presentation.

Canada

This presentation constitutes an offering of Rights and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This presentation may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions* or section 73.3, of the Securities Act (Ontario) (collectively "NI 45-106").

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this presentation, the merits of the Rights or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Rights or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Rights or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Air New Zealand as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Air New Zealand or its directors or officers. All or a substantial portion of the assets of Air New Zealand and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Air New Zealand or such persons in Canada or to enforce a judgment obtained in Canadian courts against Air

New Zealand or such persons outside Canada. Unless stated otherwise, all dollar amounts contained in this document are in New Zealand dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Rights or the New Shares purchased pursuant to this presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Air New Zealand if this presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Air New Zealand. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this presentation contains a misrepresentation, a purchaser who purchases the Rights or the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Air New Zealand, provided that:

- Air New Zealand will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation;
- in an action for damages, Air New Zealand is not liable for all or any portion of the damages that Air New Zealand proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and
- in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the

cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Rights and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of such securities as any discussion of taxation related matters in this presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

Air New Zealand is not licensed to conduct investment business in the Cayman Islands by the Cayman Islands Monetary Authority and this document does not constitute an offer to members of the public of the Rights and New Shares, whether by way of sale or subscription, in the Cayman Islands. The Rights and New Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, to members of the public in the Cayman Islands.

European Union

This presentation has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this presentation may not be made available, nor may the Rights or the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Rights and New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).



Foreign selling restrictions (2 / 2)

Hong Kong

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No advertisement, invitation or document relating to the Rights and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Rights and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Rights or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this presentation, you should obtain independent professional advice.

Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Rights and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "qualified investors" (as defined in the Prospectus Regulation 2017/1129 Article 2(e), cf. the Norwegian Securities Trading Act of 29 June 2007 no. 75 Section 7-1 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This presentation and any other materials relating to the Rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Rights and New Shares, may not be issued, circulated or distributed, nor may the Rights and New Shares be offered or sold, or be made the subject of an

invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are (i) an existing holder of Air New Zealand's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the Rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Rights or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The offering of the Rights and the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (**FinSA**) because such offering is made to professional clients within the meaning of the FinSA only and the Rights and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This presentation does not constitute a prospectus or similar communication pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Rights and the New Shares.

United Arab Emirates

Neither this presentation nor the Rights or the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority (**ESCA**) or any other governmental authority in the United Arab Emirates. Air New Zealand has not received authorisation or licensing from the ESCA or any other governmental authority to market or sell the Rights or the New Shares within the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu-Dhabi Global Market). This presentation does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the Rights or the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu-Dhabi Global Market).

United Kingdom

Neither the information in this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be

published in respect of the Rights and the New Shares.

This presentation is issued on a confidential basis to "qualified investors" (within the meaning of Article 2(e) of the UK Prospectus Regulation) in the United Kingdom, and the Rights and New Shares may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

United States

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States, and may not be distributed to any person in the United States.

The Rights and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The Rights may not be acquired or exercised by, and the New Shares may not be offered or sold to, any person in the United States or any person acting for the account or benefit of any person in the United States, other than certain eligible institutional Shareholders and Institutional Investors as part of the U.S. Private Placement. In addition, outside the United States, the rights are only entitled to be acquired or exercised, and the New Shares may only be offered and sold, in "offshore transactions" (as defined by Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.



AIR NEW ZEALAND 

Thank you

A STAR ALLIANCE MEMBER 

AIR NEW ZEALAND 

Questions?

A STAR ALLIANCE MEMBER 

AIR NEW ZEALAND 

A STAR ALLIANCE MEMBER 