AIR NEW ZEALAND

2023 Interim Financial Results

Investor presentation

23 February 2023

A STAR ALLIANCE MEMBER

Forward-looking statements and disclaimer

This presentation is given on behalf of Air New Zealand Limited (NZX: AIR and AIR020; ASX: AIZ). The information in this presentation:

- Is provided for general purposes only and is not an offer or invitation for subscription, purchase, or a recommendation of securities in Air New Zealand
- Should be read in conjunction with, and is subject to, Air New Zealand's condensed interim financial statements for the half year ended 31 December 2022, prior annual and interim reports and Air New Zealand's market releases on the NZX and ASX
- Is current at the date of this presentation, unless otherwise stated. Air New Zealand is not under any obligation to update this presentation after its release, whether as a result of new information, future events or otherwise
- May contain information from third-parties. No representations or warranties are made as to the accuracy or completeness of such information
- Refers to the half year ended 31 December unless otherwise stated
- Contains forward-looking statements of future operating or financial performance. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Air New Zealand's businesses and performance, the economy and other future conditions, circumstances and results. These statements are susceptible to uncertainty and changes in circumstances. Air New Zealand's actual future results may vary materially from those expressed or implied in its forward-looking statements and undue reliance should not be placed on any forward-looking statements
- Contains statements relating to past performance which are provided for illustrative purposes only and should not be relied upon as a reliable indicator of future performance
- Is expressed in New Zealand dollars unless otherwise stated and figures, including percentage movements, are subject to rounding

The Company, its directors, employees and/or shareholders shall have no liability whatsoever to any person for any loss arising from this presentation or any information supplied in connection with it. Nothing in this presentation constitutes financial, legal, regulatory, tax or other advice.

Non-GAAP financial information
The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, Gross Debt, EBITDASA and RASK. Amounts used within the calculations are derived from the condensed Group interim financial statements where possible. The interim financial statements are subject to review by the Group's external auditors. 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.

Refer to slide 31 for a glossary of the key terms used in this presentation.

Business update

Greg Foran

Chief Executive Officer

Sustained demand has driven a strong recovery in 1H 2023

With Air New Zealand delivering its first profit since the Covid-19 pandemic began

$299M profit[1]
for 1H 2023
Driven by strong demand and capacity constraints

$378M cargo revenue
Continues to be elevated above pre-Covid levels

8M passengers
Flown across our network
Compared to 3M passengers in the first half last year

$213M NPAT
for 1H 2023

Over 10k seats a day
Added to the coming Northern Summer schedule due to fleet management actions taken in 1H 2023 to alleviate supply constraints

~3K new recruits
2K of which in 1H 2023
This represents the biggest recruitment drive in our history

1.4 million
active users
of the new generation two Air New Zealand app

At 94% & 60%
of pre-Covid capacity[2]
For Domestic and International networks respectively in 1H 2023

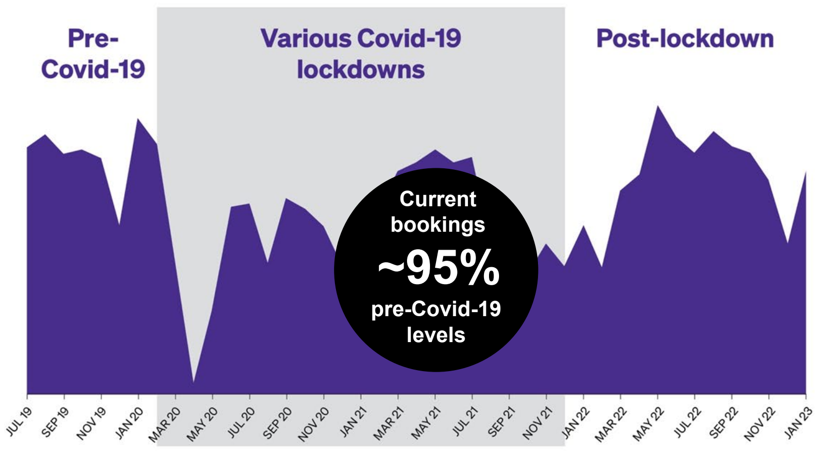
Mission Next Gen Aircraft partners announced
Helping advance our mission to have a zero-emissions demonstrator aircraft in the skies from 2026

1 Refers to both earnings before taxation and earnings before other significant items and taxation. Refer to slide 22 for further details.
2 This represents total 1H 2023 capacity including cargo-only flying as a percentage of pre-Covid capacity (1H 2019). FY2019 excludes the now suspended Auckland-London service.

Near term demand remains robust, offsetting macro headwinds

However, the global aviation eco-system remains under significant pressure

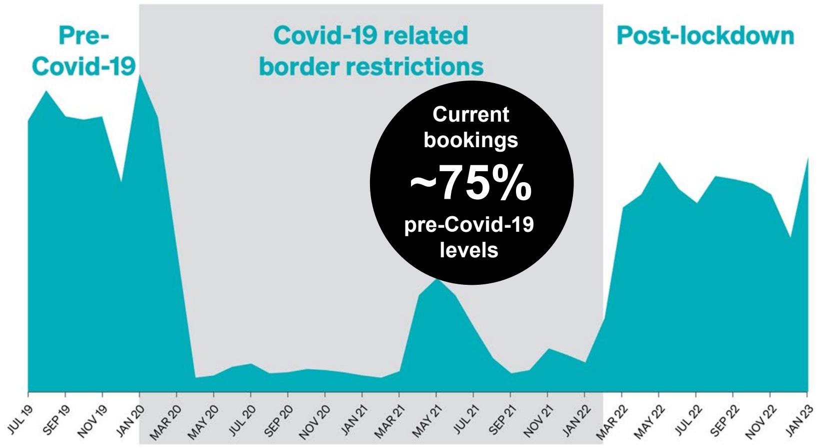
Domestic average weekly passenger bookings



Domestic bookings at ~95% of pre-Covid levels

- Overall market capacity at -90% of pre-Covid despite Air New Zealand being back at ~95%
- Strong leisure and visiting friends & relatives demand
- Corporate revenue above pre-Covid levels, with strong demand in particular from our SME customers.

International average weekly passenger bookings



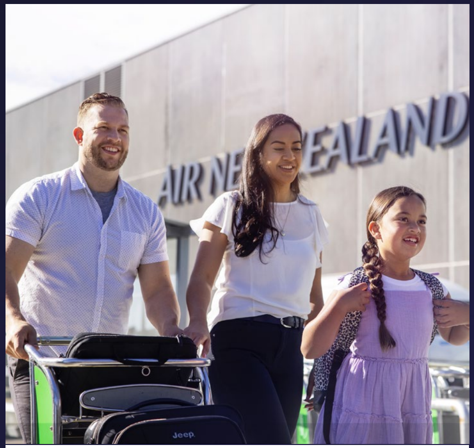
International bookings at ~75% of pre-Covid levels

- Reactivated 14 international routes in 16 days in July, now flying to all 29 offshore ports
- Tasman demand remains elevated for inbound and outbound travel
- Significant demand for travel to Singapore and Japan, and more recently China as well
- Strong inbound demand from North America

Industry pressures

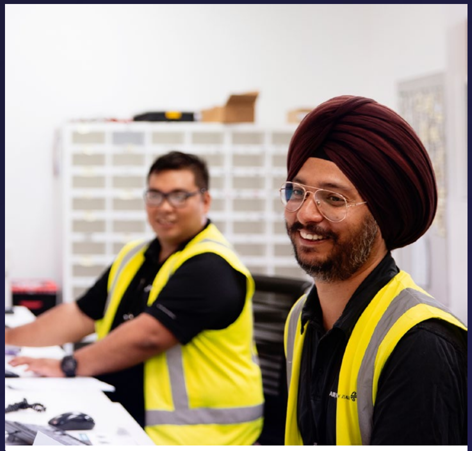
- Staff shortages and sickness
- Manufacturing and supply chain delays
- Industry-wide capacity constraints
- High inflation and cost environment

Our key priority is reinforcing our operational resilience and delivering for our stakeholders



Our customers

- Ramping up capacity as resource allows
- Investing in contact centre resource and technology
- Continued review and refresh of flexibility settings
- New seat and product offering on incoming Boeing 787 aircraft



Our people

- Rehiring >3,000 people, 2,000 of which in 1H 2023
- Good jobs strategy rollout
- Parental leave enhancements
- New agile ways of working
- Ratified 14 collective union agreements

Our shareholders

- Fortifying balance sheet strength and financial resilience
- Securing competitive sources of funding
- Investing in our strategy

Our suppliers

- Announcement and engagement with Mission Next Gen Aircraft partners
- Development of supplier diversity programme
- Tūhono supplier recognition awards

Our communities

- Special low fares offered to Cyclone impacted regions
- Updated sponsorship deal with New Zealand Rugby
- Extension of DOC partnership

Financial update

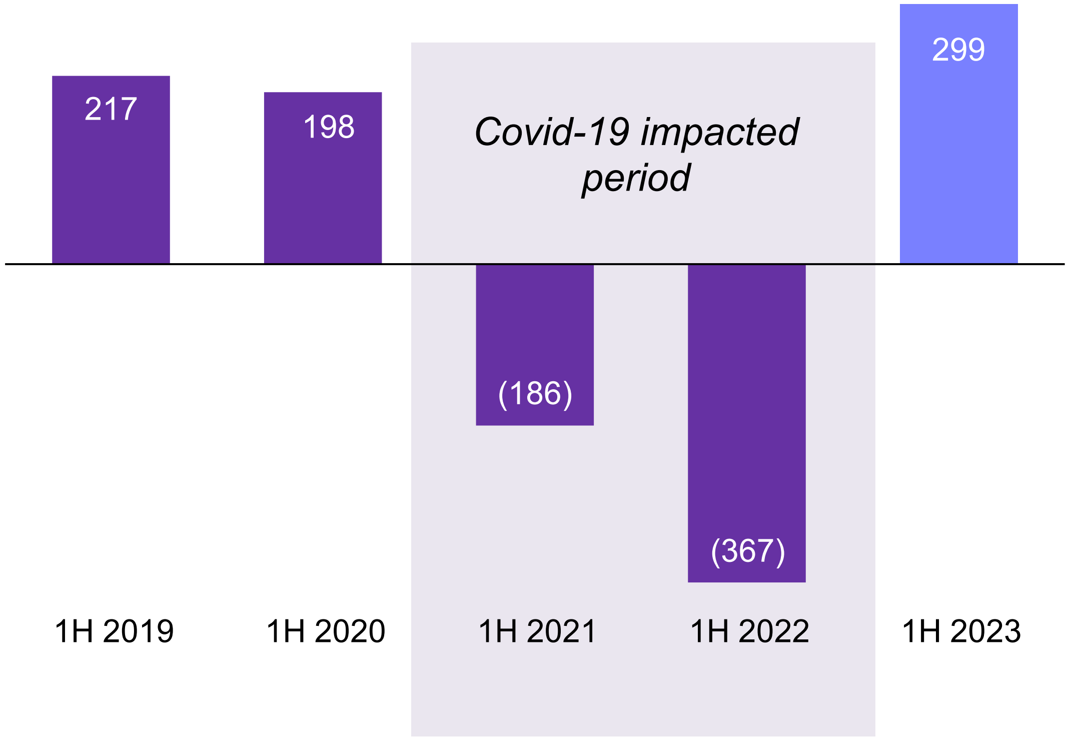
Richard Thomson

Chief Financial Officer

1H 2023 financial summary

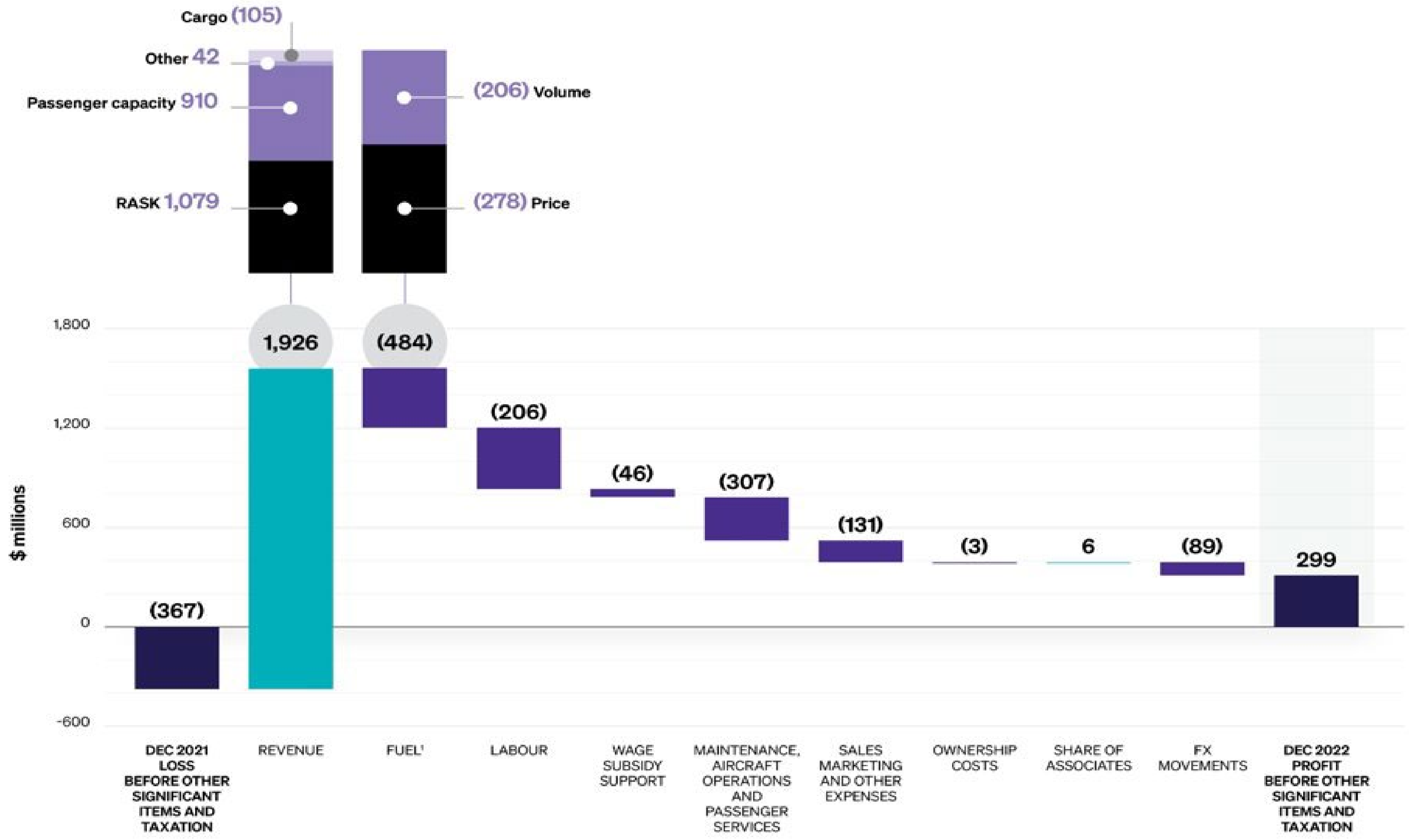
- Operating revenue of **$3.1 billion**
- Earnings before taxation[1] of **$299 million**
- Net profit after taxation of **$213 million**
- Liquidity of **$2.6 billion**[2]
- Gearing at **32.7%**
- Net debt of **$903 million**
- Free cash flow of **$655 million**

Earnings/(Loss) before other significant items and taxation
($ millions)



[1] Earnings before other significant Items and taxation is also $299 million. Refer to slide 22 for further details of other significant Items, which net to zero for 1H 2023.
[2] As at 31 December 2022, includes $2.2 billion cash and remaining $400 million undrawn funds from the Crown Facility.

Profitability waterfall



1 For further details on fuel cost movement, refer to slide 28.
2 Full-time equivalent staff levels increased 31% to ~ 10,450, which represents approximately 94% of FTE labour compared to pre-Covid levels.

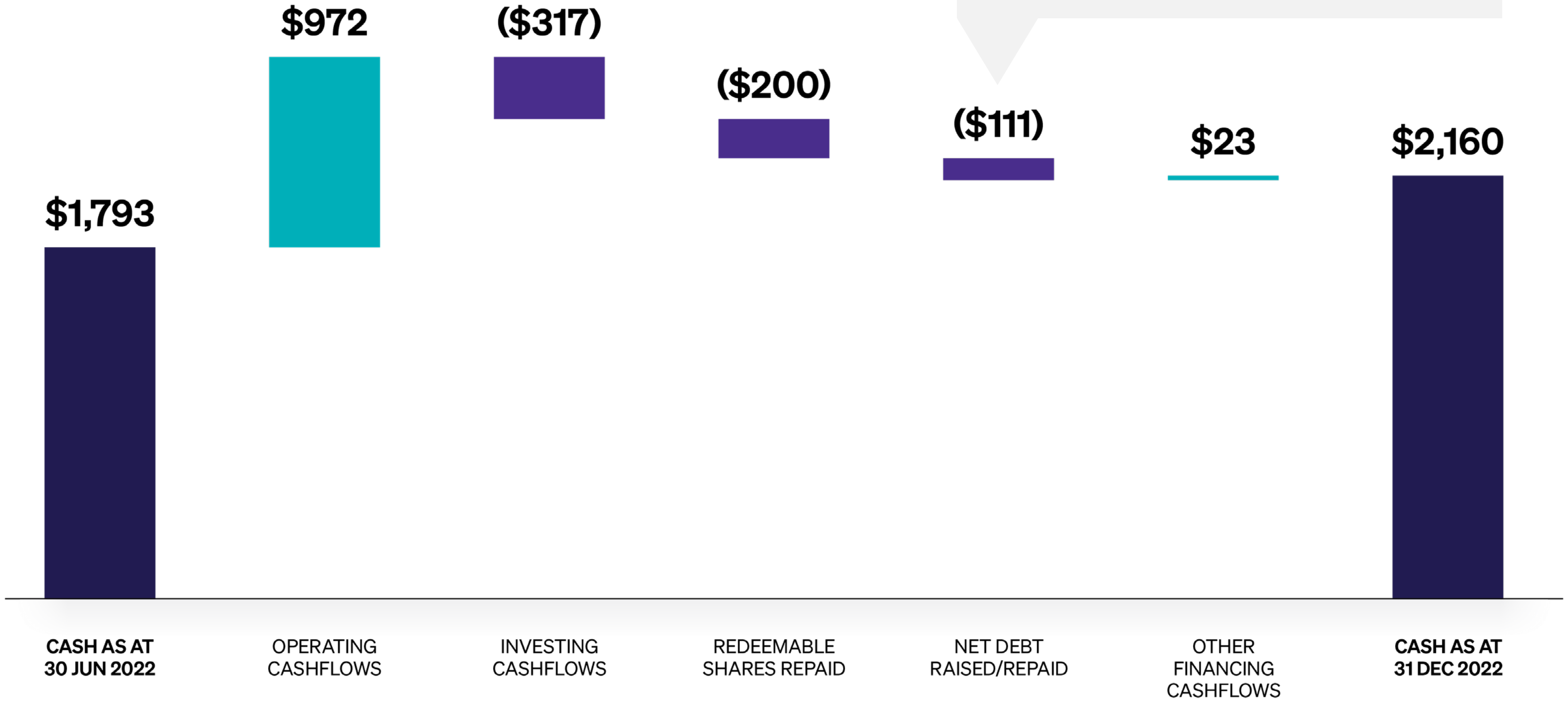
- Labour costs up $206 million or 48% as the airline undertook the largest recruitment drive in its history, scaling up to meet demand and employing 2,000 people across 1H 2023[2]
- Maintenance, aircraft operations and passenger services costs excluding FX increased 88%, reflecting increased flying and recommencement of remaining international routes.
- Sales, marketing and other expenses grew 78% due to increased brand activity, sales commissions and digital costs which includes Contact Centre costs related to disrupt support.
- Ownership costs remained stable due to recommencement of depreciation on a grounded widebody aircraft fully impaired in the prior year and new aircraft deliveries, offset by increased interest income on higher cash balances

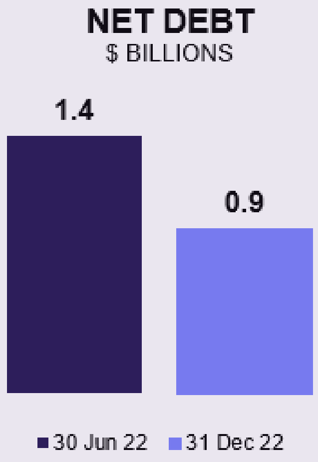
Strong liquidity and balance sheet

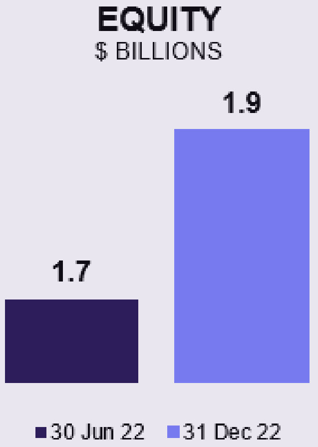
Driving significant improvements in net debt and financial resilience metrics

Cash movements
($ millions)

- $100m NZ bond issuance offset by $50m bond repayment
- $95m aircraft financing raised
- $256m interest-bearing and lease liability repayments

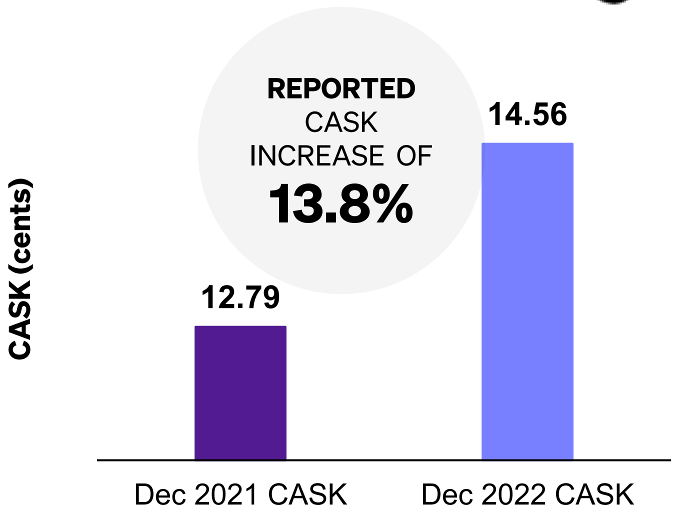


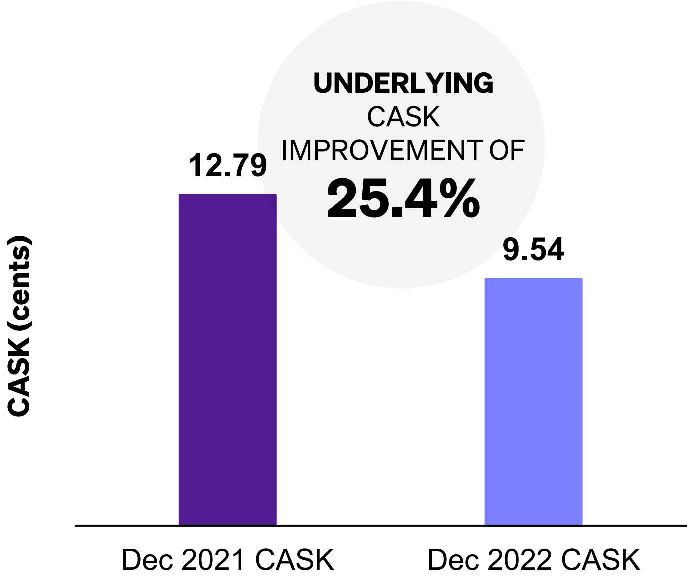




CASK movement

- **Reported** CASK **increased 13.8%**, largely due to fuel
- Excluding the impact of fuel price movement, foreign exchange, third-party maintenance and reduction in wage support subsidies, **underlying** CASK **decreased 25.4%**
- Underlying CASK has decreased compared to 1H 2022 due to:
  - Improved economies of scale, with capacity growing at a greater rate than underlying costs[1]
  - Partially offset by
    - non-fuel price inflation of ~7%
    - Unfavourable mix of flying due to a significant reduction in the proportion of lower unit cost cargo-only flying, as passenger services increased in response to border reopenings

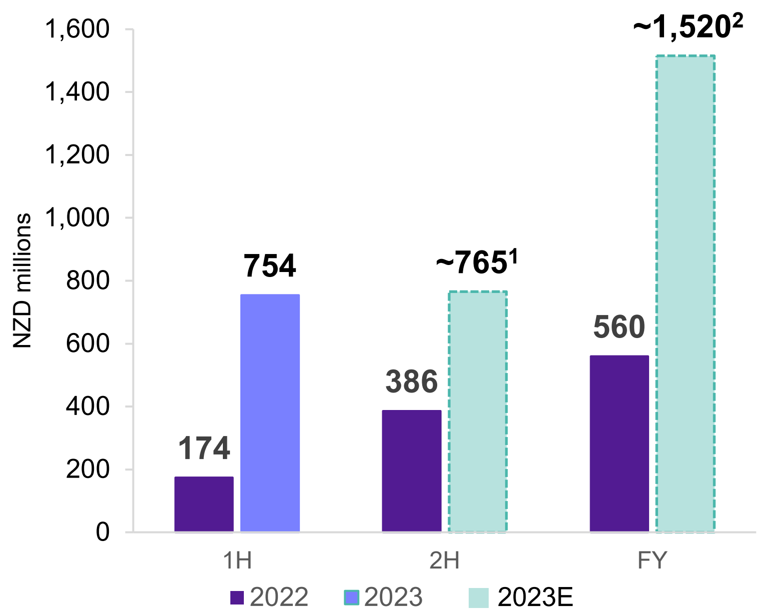




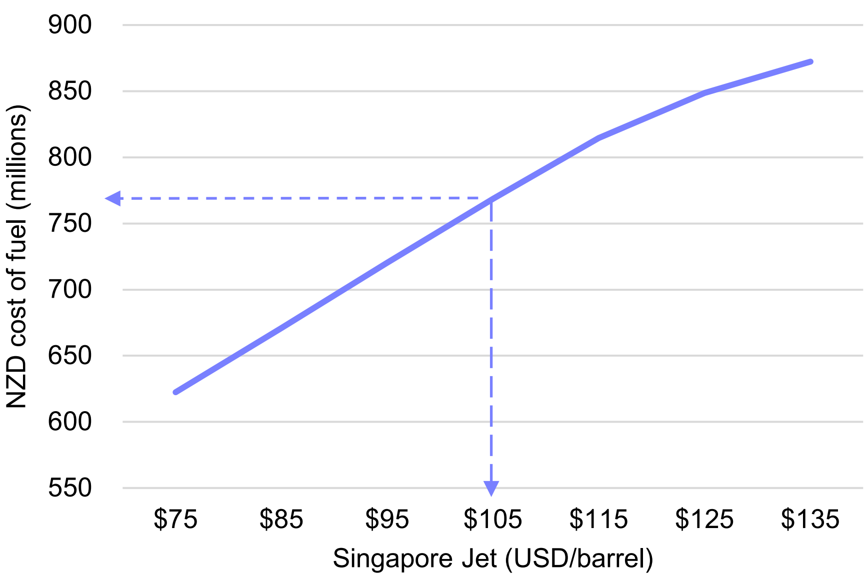
[1] Excluding fuel price movement, foreign exchange, third-party maintenance and reduction in wage support subsidies.

Fuel cost outlook and sensitivities for the remainder of FY2023

2023 Fuel cost outlook



2H 2023 Fuel cost[1] sensitivity (inclusive of hedging)



- Proportion of forecast fuel volumes hedged

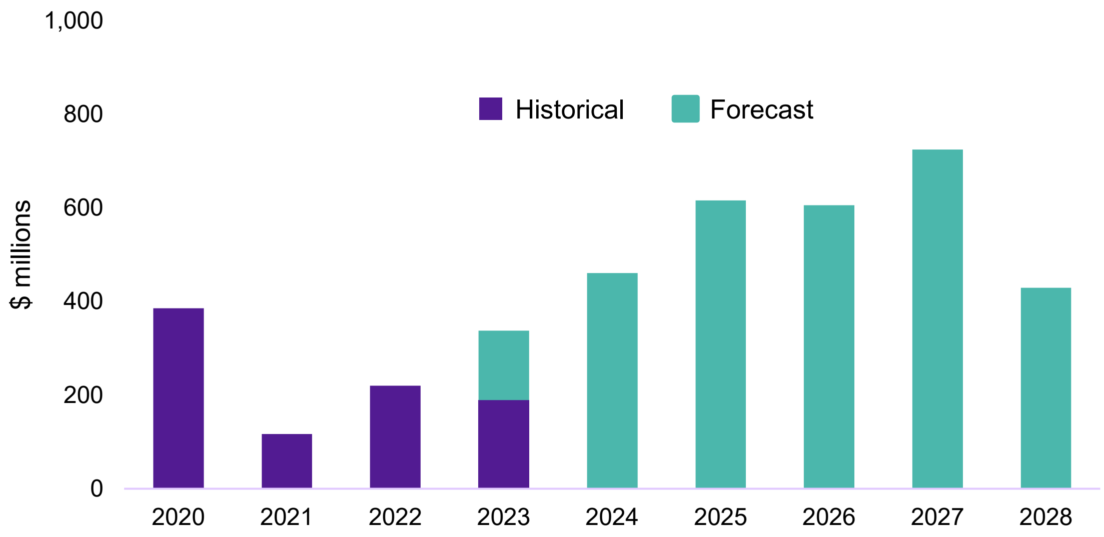
2H 2023	~70%
Q4 2023	~65%
1H 2024	~30%

- Hedge portfolio structured to allow participation to downward price movements, primarily through use of call options

[1] Assumes an average jet fuel price of US$105 per barrel for the second half of the 2023 financial year and a NZD/USD rate of 0.6350. Valuation date of 15 February 2023.
[2] Assumes an average jet fuel price of US$115 per barrel for the full 2023 financial year.

Fleet investment update

Actual and forecast aircraft capital expenditure[1]



- Forecast investment of $3.0 billion in aircraft and associated assets through to 2028, including 8 new Boeing 787 aircraft
  - Reflects expected deferral of one A321 neo from FY2023 to FY2024
  - Delivery flexibility remains in place for a substantial portion of the Boeing 787 delivery stream
- No committed aircraft capital expenditure currently beyond 2028

Aircraft delivery schedule (as at 31 December 2022)

		Number in existing fleet	Number on order	Delivery Dates (financial year)					
				2H 2023	2024	2025	2026	2027	2028
Owned fleet on order	Boeing 787	14	8	-	-	2	2	2	2
	Airbus A320neo / A321neos	15	5	1	2	-	-	2	-

[1] Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes assumed interiors retrofit capital expenditure for the existing 14 Boeing 787 fleet and engine maintenance.

Other investments are a critical component of our strategy and operational resiliency

Other capital expenditure is generally contractually uncommitted and subject to changes in phasing and spend

Boeing 787 retrofit

- Interior retrofit of 14 existing Boeing 787 aircraft
- Anticipated to commence no earlier than mid-calendar 2024
- Estimated cost of ~ $450 million, staggered over several years

Engine maintenance

- Spend relates to overhaul of owned engines across all fleet types
- Has an enduring benefit of 5+ years
- Annual expenditure varies based on utilisation of aircraft

Digital transformation

- Investments in digital assets linked to Kia Mau strategy, focused on ensuring resiliency and optimising customer and employee experiences
- Annual expenditure in the range of ~$50 million to $75 million

Property and infrastructure

- Investments in buildings and operational facilities
- Includes expenditure on the new Auckland engineering hangar, cargo facilities and head office relocation
- Elevated annual expenditure of ~$75 million over the next 4 years

Our return to profitability and ongoing financial resilience are important milestones

Financial resilience	Investments in strategy	Financial Performance
• Maintain investment grade credit rating • Gearing target range of 45% to 55% • Minimum liquidity of $700 million • Debt to earnings metric[1] of 2.0x to 3.3x	• Disciplined capital investments to support our strategy – Aircraft ownership decisions – Non-aircraft investment • Targeting a sustainable pre-tax ROIC of >10%	• Substantial and sustained recovery in earnings • Consideration of broader macroeconomic environment

Distributions[2]

Air New Zealand has experienced a stronger and faster recovery than initially expected, with borders reopening early and strong and sustained levels of demand. On this basis, the Board will consider distributions to shareholders in August when the airline announces its 2023 annual financial results

[1] Refers to Debt to EBITDASA metric.
[2] See Air New Zealand's distribution policy for further details. Dividends are currently suspended.

Outlook

Greg Foran

Chief Executive Officer

Network and schedule focused on reliability and resilience

Expect passenger capacity at 80% to 85% of pre-Covid levels for 2H 2023

- Overall mix of capacity is skewed to domestic and short-haul
- Domestic
  - Ongoing strong domestic and regional demand
  - Return of international tourists
  - Third domestic A321 coming into service 2H 2023
- Tasman and Pacific Islands
  - Building capacity up near to pre-Covid levels by end of FY2023 across the Tasman
  - VFR[4] and leisure demand for Pacific Islands remains high
- International long-haul
  - All international markets open for 2H 2023
  - Remaining 777-300 aircraft returning to service in May
  - Solid demand from Asia and North America

Passenger capacity[1]			
Sector	**1H 2023[2]** Actual	**2H 2023[2]** Estimate	**FY2023** Estimate
Domestic	**94%**	**95% to 100%**	**95% to 100%**
Tasman and Pacific Islands	**82%**	**85% to 90%**	**80% to 85%**
International long-haul[3]	**50%**	**75% to 80%**	**65% to 70%**
Group	**64%**	**~80% to 85%**	**~75% to 80%**

[1] Does not include cargo-only flying. For 1H 2023, Group capacity including cargo- only flying was ~70%.
[2] Compared to pre-Covid levels in 1H 2019.
[3] International long-haul for FY2023 includes Bali and Honolulu, which was reported under Tasman and Pacific Islands for FY2019.
[4] Visiting friends and relatives.

Outlook

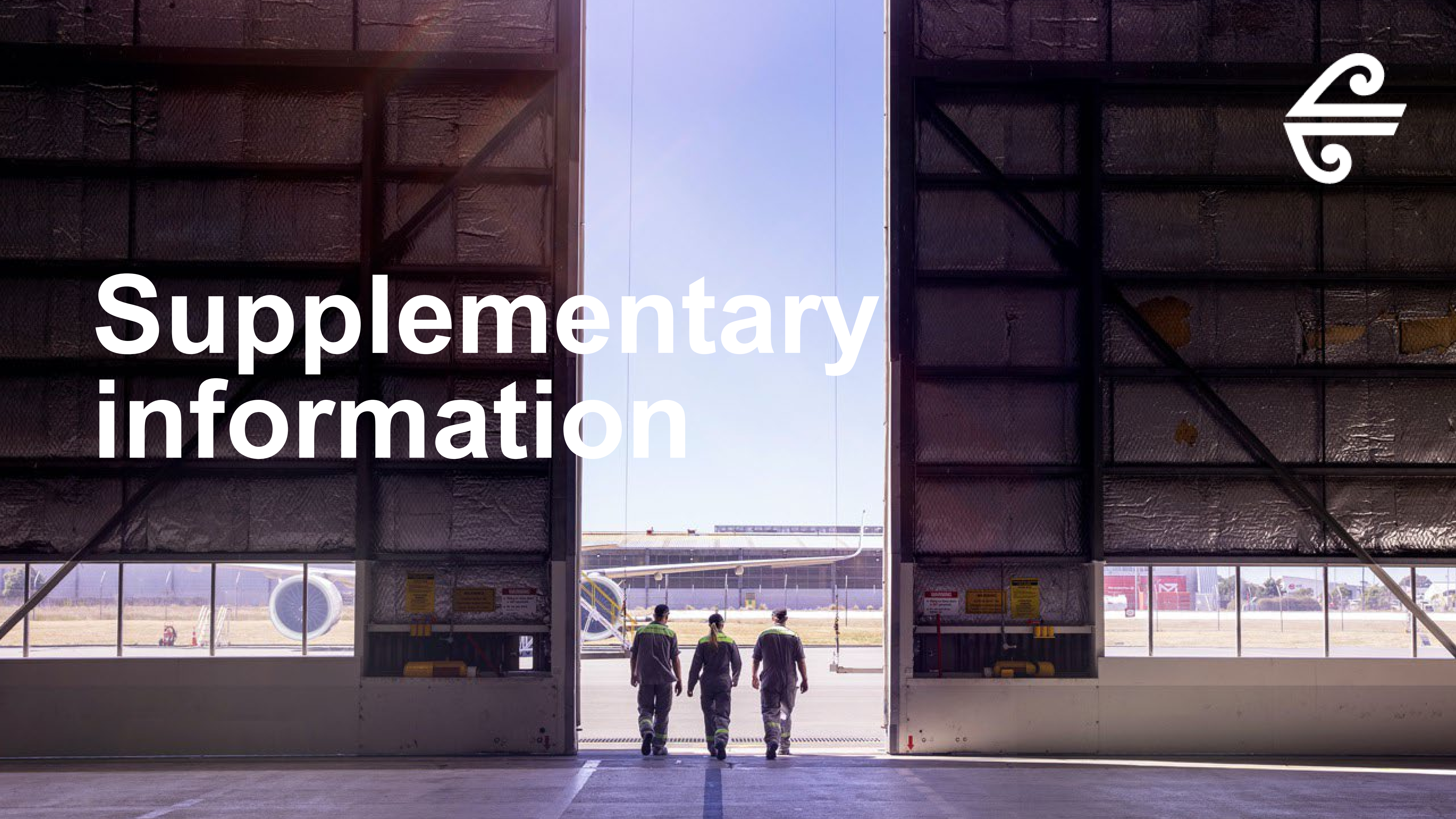
- Looking to the remainder of the financial year, we remain optimistic about demand
- We acknowledge significant uncertainty regarding the overall economic outlook
- We also note that the second half of the financial year is typically weaker than the first half
- Against this backdrop and based on the assumption of an average jet fuel price of US$105 per barrel for the second half of the financial year, 2023 earnings before other significant items and taxation are expected to be in the range of $450 million to $530 million
- This guidance includes a preliminary estimate of the impact of the Auckland floods and Cyclone Gabrielle.

AIR NEW ZEALAND

Thank you

A STAR ALLIANCE MEMBER

Supplementary information



Liquidity and gearing position

$ millions	31 Dec 2022	30 Jun 2022
Gross debt	(3,412)	(3,568)
Cash, restricted deposits and net open derivatives	2,509	2,176
Net debt	(903)	(1,392)
Gross debt/EBITDA	4.8	N/A
Net debt/EBITDA	1.3	N/A
Gearing	32.7%	45.4%
Total liquidity	2,560	2,193
Liquidity (% of 2019 revenue)	44.3%	37.9%
Moody's rating	Baa2 (investment grade)	Baa2 (investment grade)

Earnings before other significant items and taxation[1]

	Dec 2022 $M	Dec 2021 $M
Earnings/(Loss) before taxation (per NZ IFRS)	**299**	**(376)**
Add back other significant items:		
FX losses on uncovered foreign currency debt	12	6
Aircraft impairment (reversal)/expense	(12)	3
Earnings/(Loss) before other significant items and taxation	**299**	**(367)**

[1] Earnings/(Loss) before other significant items and taxation represents Earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of the Group. Other significant items and taxation is reported within the unaudited condensed Group interim financial statements. Further details are contained within Note 4 of the 2023 condensed Group interim financial statements.

Financial overview

	Dec 2022	Dec 2021	Movement	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Operating revenue	3,078	1,125	174%	2,927	5.2%
Earnings/(Loss) before other significant items and taxation	299	(367)	181%	217	37.8%
Earnings/(Loss) before taxation	299	(376)	180%	211	41.7%
Net profit/(loss) after taxation	213	(272)	178%	150	42.0%
Operating cash flow	972	62[2]	1468%	482[2]	101.7%
Cash position*	2,160	1,793	20%	1,217	77.5%
Gearing*	32.7%	45.4%	(12.7)	56.4%	(23.7)

[1] Calculation based on numbers before rounding.
[2] Restated due to reclassification of carbon credit purchases from operating cashflows to investing cashflows
* Comparatives at 30 June rather than 31 December

Group performance metrics

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	7,952	3,203	148.3%	8,895	(10.6%)
Available seat kilometres (ASKs, millions) – passenger flights	15,126	3,704	308.4%	23,084	(34.5%)
Available seat kilometres (ASKs, millions) – passenger and cargo-only flights	16,576	8,772	89.0%	23,084	(28.2%)
Revenue passenger kilometres (RPKs, millions)	13,241	2,166	511.2%	19,244	(31.2%)
Load factor	87.5%	58.5%	29.0 pts	83.4%	4.1 pts
Passenger revenue per ASKs as reported (RASK, cents)	16.8	14.1	18.8%	10.8	54.9%
Passenger revenue per ASKs, excluding FX (RASK, cents)	16.6	14.1	17.7%	10.8	53.5%

[1] Calculation based on numbers before rounding.

Domestic

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	5,679	3,033	87.2%	5,755	(1.3%)
Available seat kilometres (ASKs, millions) – passenger flights	3,381	2,051	64.8%	3,591	(5.9%)
Revenue passenger kilometres (RPKs, millions)	2,952	1,488	98.3%	2,970	(0.6%)
Load factor	87.3%	72.6%	14.7 pts	82.7%	4.6 pts
Passenger revenue per ASKs as reported (RASK, cents)	28.9	20.6	40.2%	22.5	28.1%
Passenger revenue per ASKs, excluding FX (RASK, cents)	28.7	20.6	39.7%	22.5	27.6%

[1] Calculation based on numbers before rounding.

Tasman & Pacific Islands[1]

	Dec 2022	Dec 2021	Movement[2]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[2]
Passengers carried (‘000s)	1,677	143	1,075%	1,967	(14.7%)
Available seat kilometres (ASKs, millions) – passenger flights	5,018	759	561%	6,133	(18.2%)
Revenue passenger kilometres (RPKs, millions)	4,374	410	967%	5,081	(13.9%)
Load factor	87.2%	54.0%	33.2 pts	82.8%	4.4 pts
Passenger revenue per ASKs as reported (RASK, cents)	15.1	7.4	105.9%	10.3	46.8%
Passenger revenue per ASKs, excluding FX (RASK, cents)	15.0	7.4	104.0%	10.3	45.4%

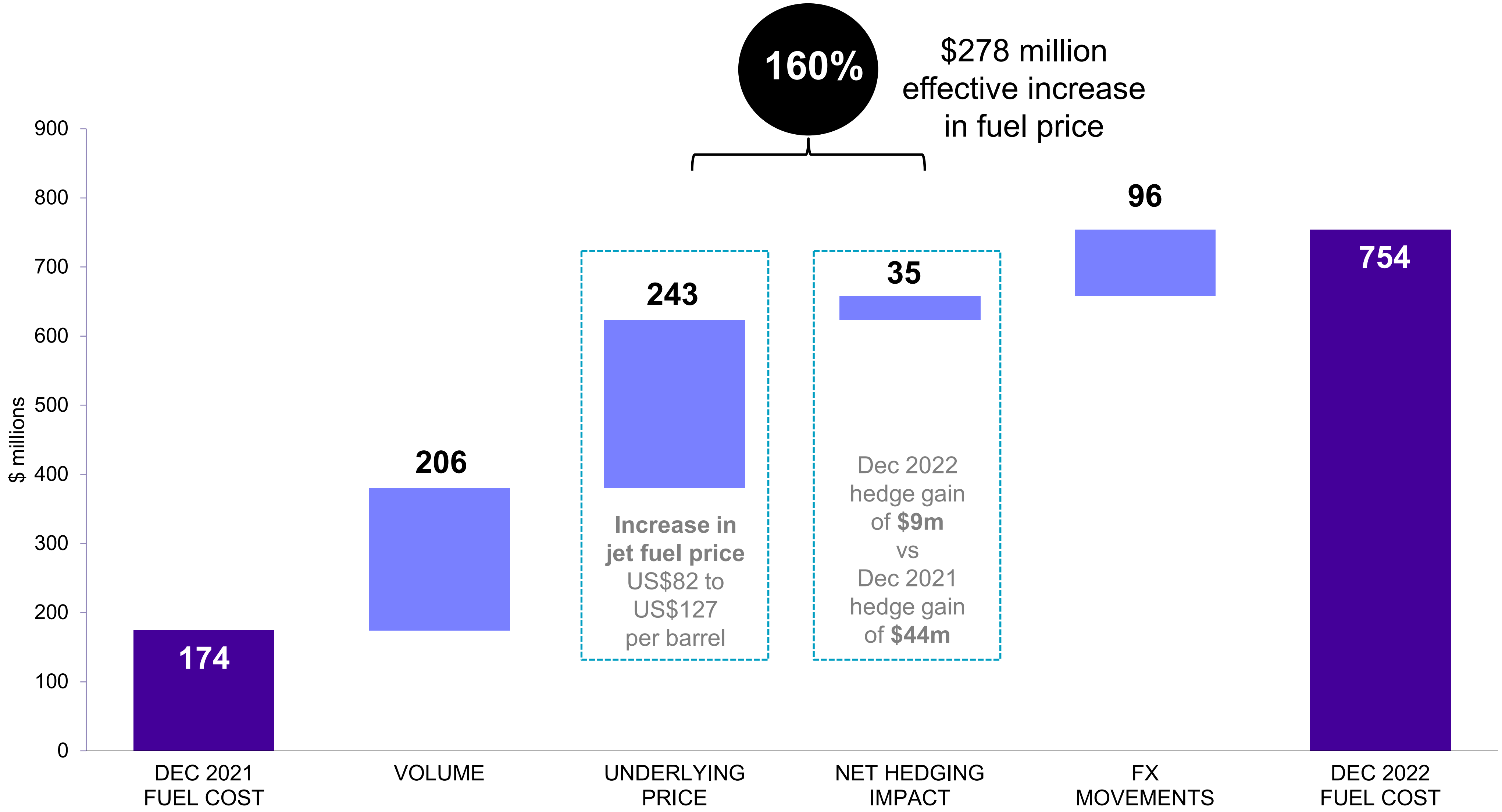
[1] Historically Honolulu and Denpasar were categorised within Pacific Islands. From 1 July 2022, Honolulu has been reclassified to sit within North America and Denpasar has been reclassified to Asia, both of which are reported under international long-haul. All historic data has been adjusted to reflect this change.[2] Calculation based on numbers before rounding.

International long-haul

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	596	27	2,145%	1,173	(49.2%)
Available seat kilometres (ASKs, millions) – passenger flights	6,727	894	653%	13,359	(49.6%)
Revenue passenger kilometres (RPKs, millions)	5,915	268	2,110%	11,193	(47.2%)
Load factor	87.9%	30.0%	57.9 pts	83.8%	4.1 pts
Passenger revenue per ASKs as reported (RASK, cents)	11.9	5.0	137.8%	7.9	50.4%
Passenger revenue per ASKs, excluding FX (RASK, cents)	11.7	5.0	134.3%	7.9	48.1%

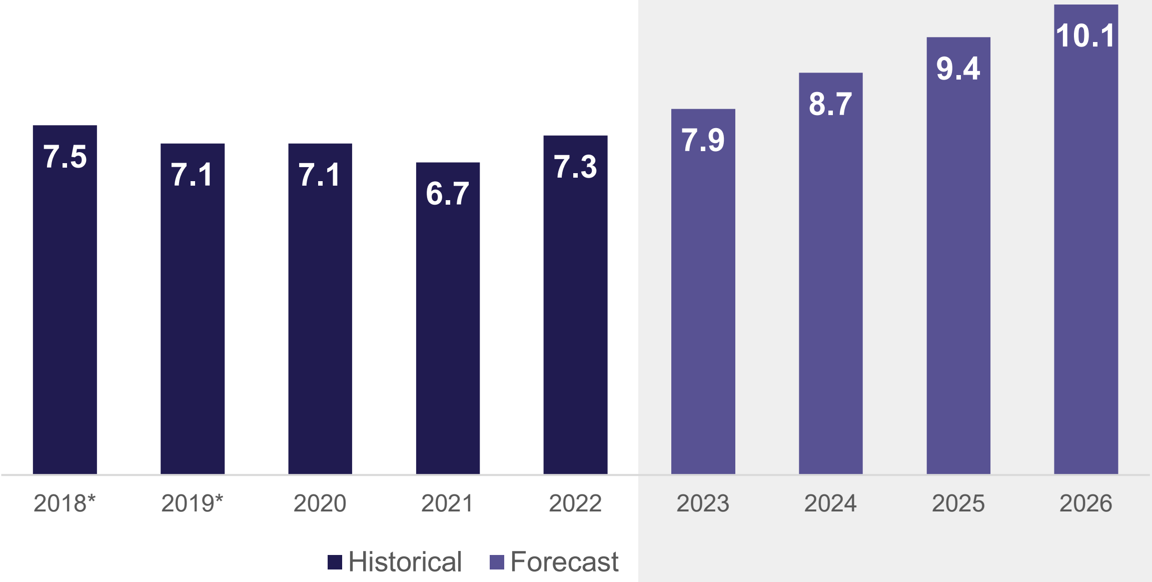
[1] Calculation based on numbers before rounding.

Fuel cost movement



Fleet delivery and age update

Aircraft fleet age in years
(seat weighted)[1]



	2022	2023	2024	2025	2026
Boeing 777-300ER	7	7	7	7	6
Boeing 787	14	14	14	16	18
Airbus A320	18	17	17	17	17
Airbus A320/A321neo	13	16	18	18	18
ATR72-600	29	29	29	29	29
Bombardier Q300	23	23	23	23	23
Total Fleet	**104**	**106**	**108**	**110**	**111**

[1] For 2021 and 2022, excludes the Boeing 777-200ER fleet.
* Excludes short-term leases which provided cover for the global Rolls-Royce engine issues.

Debt structure and maturity profile

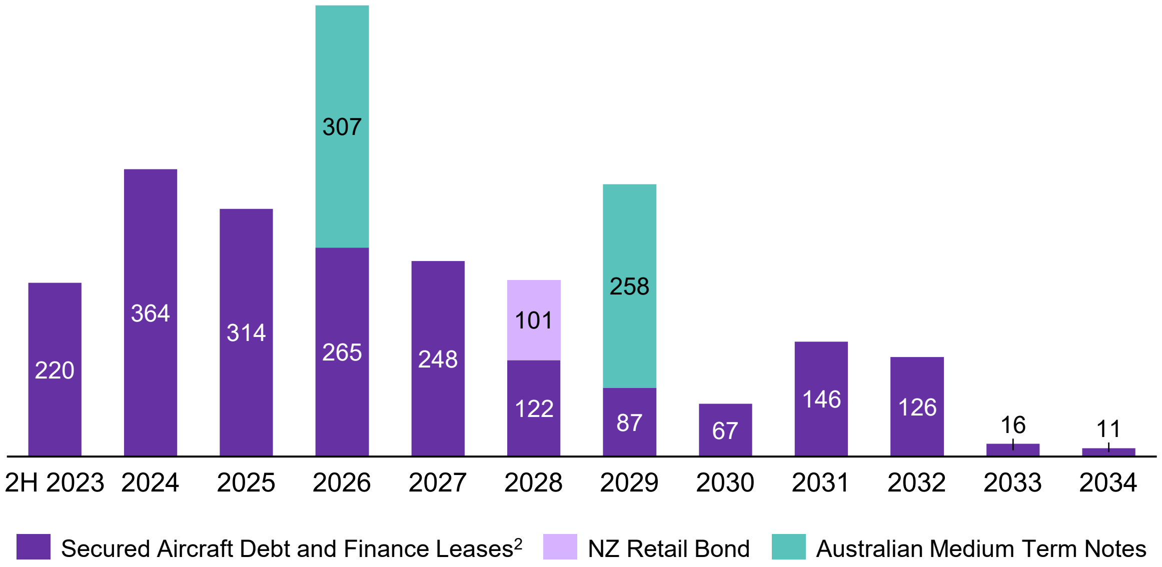
Capital structure as at 31 Dec 2022

- Gross Debt of $3.4 billion
  - comprising: ~$2.0 billion secured aircraft debt and finance leases[1], $760 million operating leases[1], $101 million unsecured NZD bond, $565 million unsecured AUD notes
- Cash of $2.2 billion, restricted deposits of $430 million and net open derivatives of ($81) million
- Net Debt of $0.9 billion
- Undrawn Crown Standby Facility of $400 million expiring 30 January 2026
- Weighted average debt and finance lease maturity of ~4.25 years[2]

Air New Zealand's debt structure provides flexibility

- No financial covenants on debt
- Reduced refinancing risk
- Competitive financing costs
- Prepayment optionality

Debt maturity profile as at 31 Dec 2022
($ millions)



[1] Finance leases are lease liabilities with purchase options. Operating leases are lease liabilities without purchase options
[2] Weighted average life of secured aircraft debt, finance leases and unsecured debt. Excludes operating leases

Glossary of key terms

Available Seat Kilometres (ASKs)	Number of seats operated multiplied by the distance flown (capacity)
Cost/ASK (CASK)	Operating expenses divided by the total ASK for the period
Gearing	Net Debt / (Net Debt + Equity)
Earnings before interest, tax, depreciation, amortisation, significant items and associates (EBITDASA)	Operating earnings (before depreciation and amortisation, net finance costs, associate earnings, other significant items and taxation) plus finance income and cash dividends received from associates less foreign exchange gains/losses
Gross Debt	Interest-bearing liabilities, lease liabilities and redeemable shares
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
Cash, restricted deposits and net open derivatives	Bank and short-term deposits, interest-bearing assets and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
Liquidity	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any Crown standby loan facility available to be drawn
Passenger Load Factor	RPKs as a percentage of ASKs
Passenger Revenue/ASK (RASK)	Passenger revenue for the period divided by the total ASK on passenger flights for the period
Revenue Passenger Kilometres (RPKs)	Number of revenue passengers carried multiplied by the distance flown (demand)

The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, Gross Debt, EBITDASA and RASK. Amounts used within the calculations are derived from the condensed Group interim financial statements where possible. The interim financial statements are subject to review by the Group's external auditors. 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.

Find more information about Air New Zealand

Resources

Investor website: www.airnewzealand.co.nz/investor-centre

Monthly traffic updates: www.airnewzealand.co.nz/monthly-operating-data

Corporate governance: www.airnewzealand.co.nz/corporate-governance

Sustainability: https://www.airnewzealand.co.nz/sustainability

Contact information

Email: investor@airnz.co.nz

Share registrar: enquiries@linkmarketservices.com

AIR NEW ZEALAND

A STAR ALLIANCE MEMBER ™