

Stock exchange listings: New Zealand (NZX: AIR) / Australia (ASX: AIZ) / ADR (OTC: ANZLY)

## MARKET ANNOUNCEMENT

12 October 2023

### **Air New Zealand provides half year earnings guidance for FY24**

Air New Zealand is today providing initial earnings guidance for the first half of FY24 following the first three months of operating performance.

As noted at the airline's Annual Shareholders' Meeting on 26 September, customer demand remains solid across most markets, but recent softness in domestic travel, particularly corporate and government travel, has continued. Jet fuel prices and the weaker New Zealand dollar have also had an adverse impact on costs for much of the first financial quarter. Having increased by 35% from July to September, over the past week the jet fuel price has come down almost 10%, highlighting the on-going volatility of this critical input cost. Lastly, while the previously disclosed Pratt & Whitney engine issues are expected to have a noticeable impact on parts of Air New Zealand's flying schedule in the second half of FY24, the financial impact on the first half of FY24 is expected to remain nominal.

The economic environment continues to be uncertain and future performance may be impacted by a number of factors. These factors include increased international competition, volatile fuel prices, currency fluctuations and ongoing inflationary pressures.

In the context of the above factors, and assuming an average jet fuel price of US\$110/bbl for the remainder of the first half, the airline currently expects earnings before taxation for the first half of the 2024 financial year to be in the range of \$180 million to \$230 million.

The airline still holds approximately \$200 million in Covid related credits and continues to increase efforts to contact customers to raise awareness and increase redemption. The expiry date for those credits has recently been extended by two years until 31 January 2026 for booking travel through to 31 December 2026. Included within the above guidance range is approximately \$45 million of Covid related credits that are highly unlikely to be redeemed by the extended expiry date.

The airline cautions against extrapolating first half FY24 earnings guidance to the full year given the many and ongoing uncertainties in the trading environment.

#### *Ends.*

This announcement is authorised for release on the NZX and ASX by Jennifer Page, General Counsel & Company Secretary.

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