AIR NEW ZEALAND

Interim

Financial Results / 2025

Investor presentation

20 February 2025

NZX: **AIR** | ASX:**AIZ** | US OTC: **ANZLY**

A STAR ALLIANCE MEMBER

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Refer to slide 33 for a glossary of the key terms used in this presentation.

BUSINESS UPDATE

GREG FORAN
CHIEF EXECUTIVE OFFICER

1H 2025 – delivering a solid result

$155m
earnings before taxation
Includes $10m of unused credit breakage

ASK's down 4%
With up to 8 jet fleet grounded due to additional engine maintenance requirements globally on Pratt & Whitney and Rolls-Royce engines

8.1m
Passengers flown
Down 3% on 1H 2024

~$40m adverse impact to 1H 2025 earnings
From aircraft availability challenges, net of compensation

$257m
Cargo revenue
Up 6% on 1H 2024 and above pre-Covid levels

Best Airline in the world
Awarded by Condé Nast, Readers Choice UK

4.8m
Loyalty members
Up 10% on 1H 2024

Up to $100m
Share buy-back announced

1.25 cps
unimputed ordinary dividend
Declared for 1H 2025

Proactively managing elevated levels of grounded aircraft from global engine maintenance delays

Up to 11 aircraft expected to be grounded at times in 2H 2025

Actions we have taken to date:

- Swiftly negotiated leased aircraft and engines. Expect two additional leased engines in 2H 2025
- Two previously disclosed leased Airbus A321 aircraft arriving in 2025
- Increased inventory of parts and spares
- Network and schedule adjustments, including pausing of Chicago and Seoul
- Leveraging our longstanding OEM relationships

[1] Number of aircraft grounded at times due to global additional engine maintenance requirements on the PW1100 engines on our neo fleet and Rolls-Royce engines on our Boeing 787 Dreamliner fleet.

Stable performance across most markets

ASIA

- Market capacity normalising after significant growth in the past 1-2 years
- Singapore, Japan and Bali continue to perform well
- Cargo performance a highlight, with greater volumes of trans-shipments

NORTH AMERICA

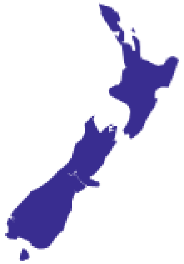
- Market capacity stabilising following significant growth of around 50% in the prior year
- Premium cabins continue to perform well
- US point of origin sales remain strong

PACIFIC ISLANDS

- Passenger volumes up on prior year, strong demand outlook into 2H 2025
- Stable market capacity and strong passenger share ahead of capacity

TASMAN

- Strong performance 1H 2025, with solid bookings into early 2H 2025
- Market capacity up 2-3% overall with Air New Zealand flat
- Strong passenger share ahead of capacity

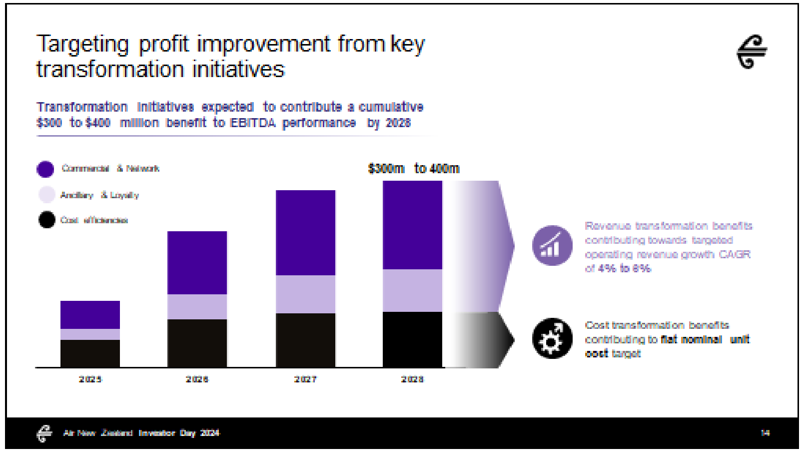


NEW ZEALAND

- Government and corporate demand has remained soft, SME resilient
- Domestic leisure demand continues to hold up
- Looking to grow jet route capacity on select routes

Transformation initiatives on track to deliver ~$100 million in EBITDA benefits in 2025

What we said at 2024 Investor Day:



1H 2025 progress:

~$40m

1H 2025

Initiatives implemented this half include:

- Next gen revenue management tool now rolled out to all route groups
- Ancillary initiatives such as Seats to Suit product
- Digital enhancements driving cost efficiencies, such as Live Chat
- Increased payment options driving higher Airpoints™ store sales

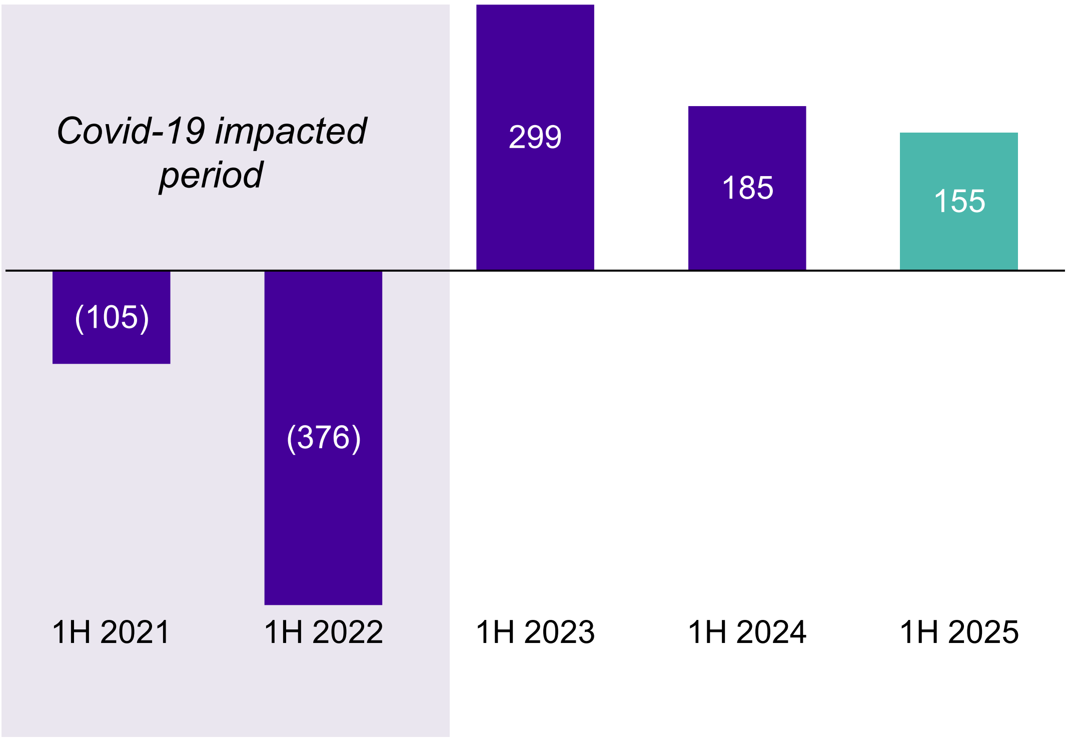
FINANCIAL UPDATE

RICHARD THOMSON
CHIEF FINANCIAL OFFICER

1H 2025 financial summary

- Operating revenue of **$3.4 billion, down 2%**
- Passenger revenue of **$2.9 billion, down 5%**
- Cargo revenue of **$257 million, up 6%**
- Earnings before taxation of **$155 million, down 16%**
- Net profit after tax of **$106 million, down 18%**
- Liquidity of **$1.8 billion**[1]
- Net debt to EBITDA of **0.9x**
- Unimputed ordinary interim dividend of **1.25 cents per share** equating to a **69% payout ratio**[2]

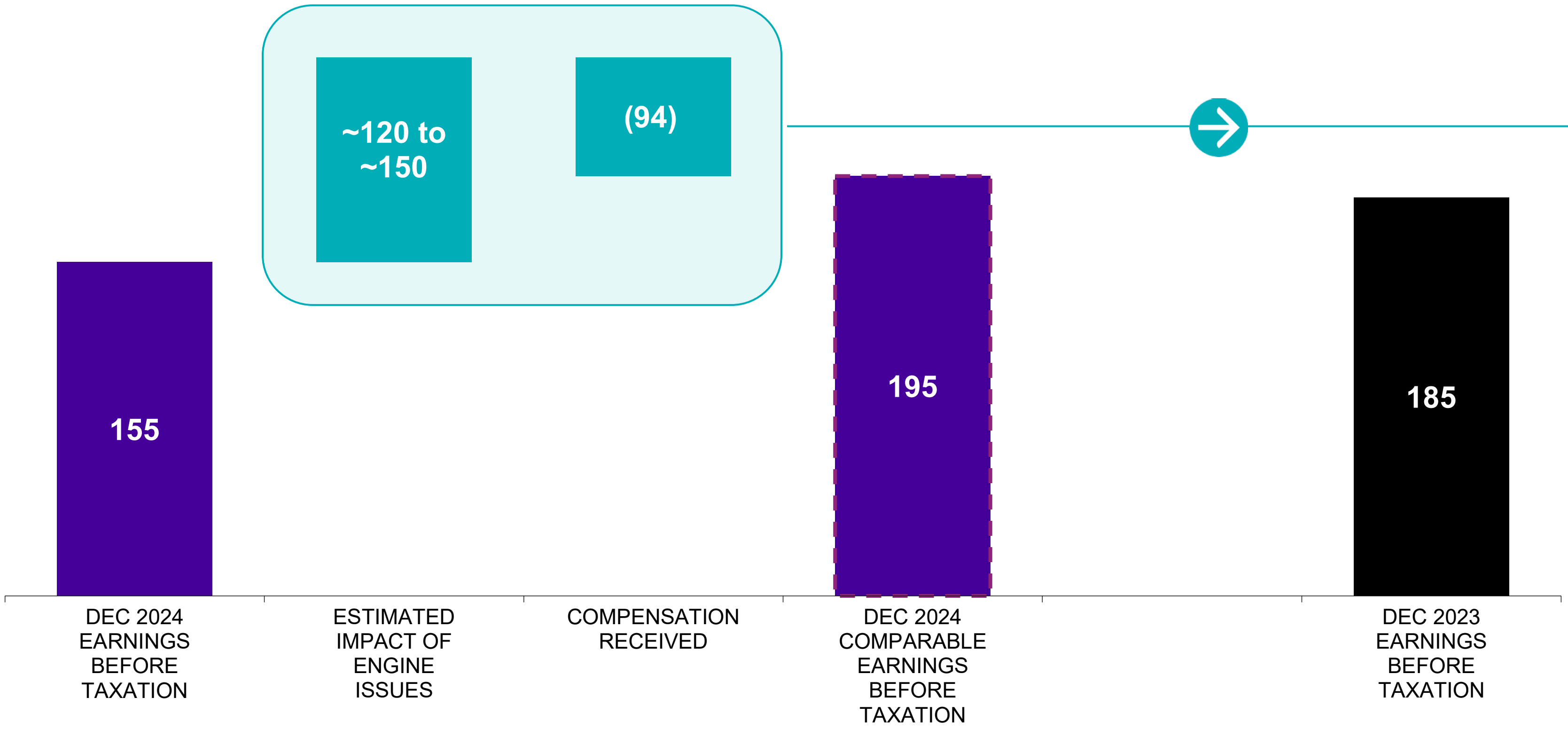
Earnings/(Loss) before taxation
($ millions)



[1] As at 31 December 2024, includes $1.5 billion cash and $250 million in undrawn funds under the revolving credit facility.
[2] The airline's policy is to pay ordinary dividends equal to between 40% to 70% of underlying net profit after tax (underlying NPAT), subject to the Board's discretion. The payout ratio for each of the interim and final dividends is calculated based on the rolling 12-month NPAT, which is divided by two, to reflect the six-monthly period.

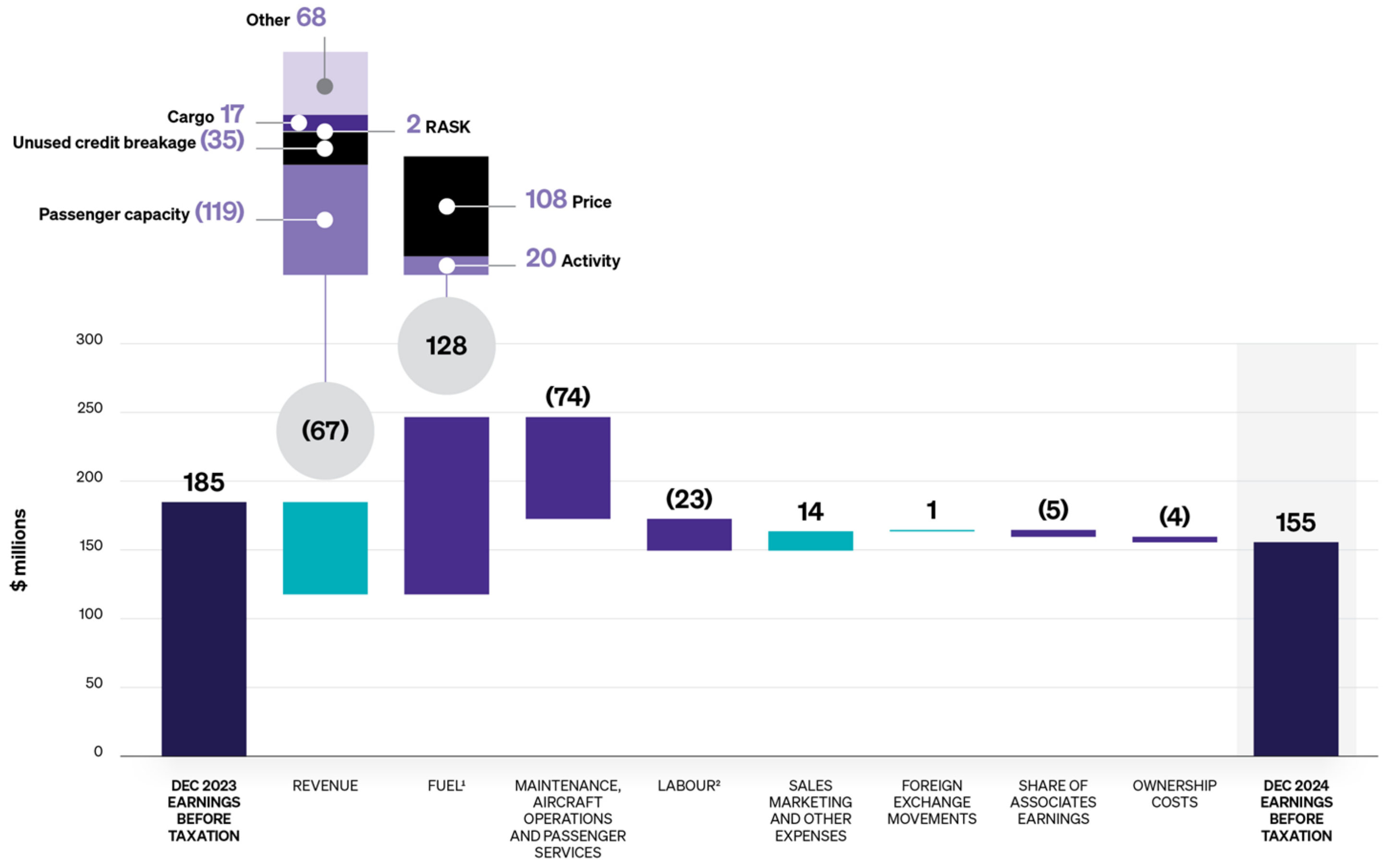
A solid result after adjusting for the impact of engine delays, net of compensation

Earnings before taxation adjusted for impact of engine issues
($ millions)



~$40 million
residual adverse impact to earnings, despite compensation of $94 million in 1H 2025

Profitability waterfall



1 For further details on fuel cost movement, refer to slide 22.
2 Full-time equivalent staff levels decreased 0.5% to ~11,600.

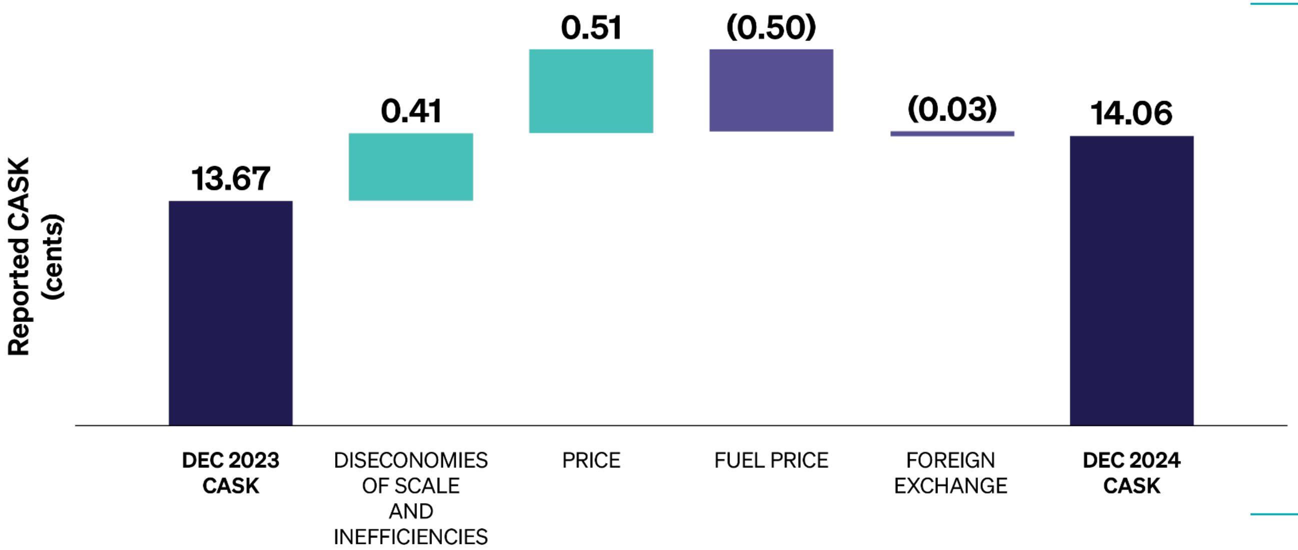
Additional commentary

- The waterfall chart includes:
  - Compensation of $94 million within other revenue, of which ~$30 million relates to other periods
  - Gain on sale and leaseback of $3 million within other expenses, less than guided to in November due to timing, per the final contract terms
  - Transformation initiatives for 1H 2025 (as discussed on slide 7)
- Landing charges, labour and engineering materials driving inflationary uplift of 5% for 1H 2025. Rate only impact on key P&L lines as follows:

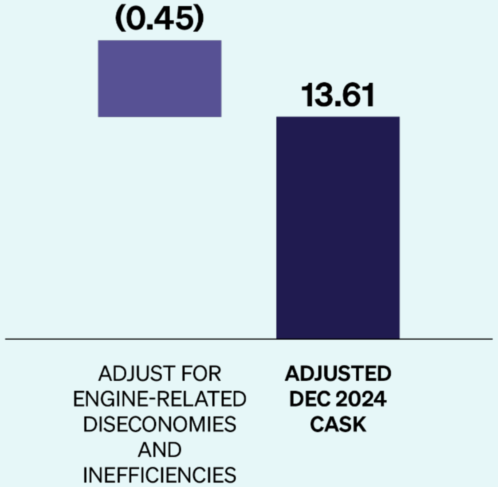
	1H 2025 price change
Maintenance, aircraft operations & passenger services	7%
Labour	5%
Sales, marketing and other expenses	2%

Fleet constraints have led to a temporary deterioration in CASK

- **Reported** CASK **increased 2.9%**, largely due to reduced capacity, ongoing inflationary pressures and inefficiencies associated with fleet constraints
- Excluding the impact of fuel price movement, foreign exchange, and third-party maintenance in the prior period, **underlying CASK increased 6.7%** due to:
  - Non-fuel operating cost inflation of ~5% across the cost base
  - Diseconomies of scale and inefficiencies resulting from significant levels of grounded aircraft



1H 2025 CASK adjusted for impact of engine maintenance delays



Fuel hedging and FX update

Fuel hedging

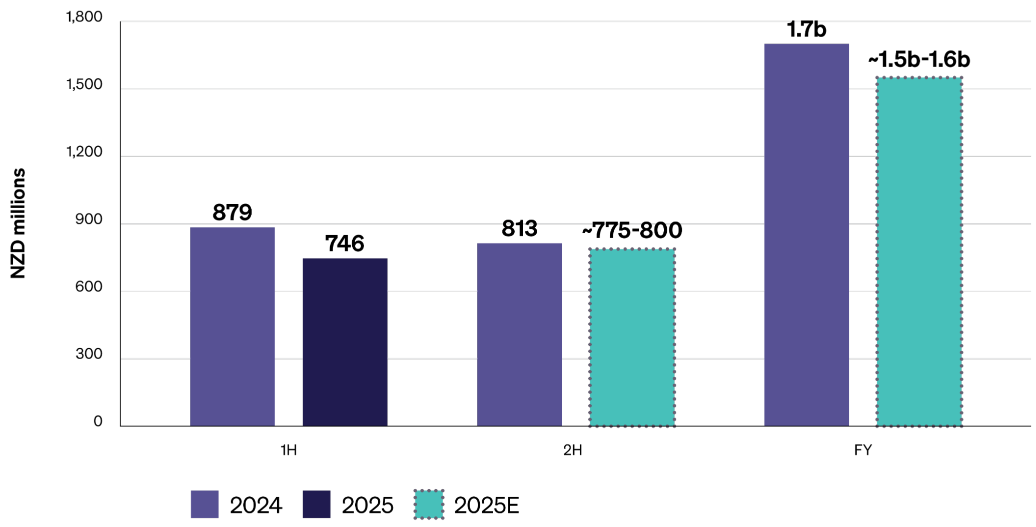
- Hedge portfolio structured to protect against upside movements and allow participation to downward price movements through collars
- Currently hedging Brent Crude only; exposed to pricing movements in the crack spread

Fuel hedge position (as at 6 Feb 2025)		
Period	**Hedged volume (in barrels)**	**% hedged**
2H 2025	3,680,000	89%
1H 2026	2,430,000	60%

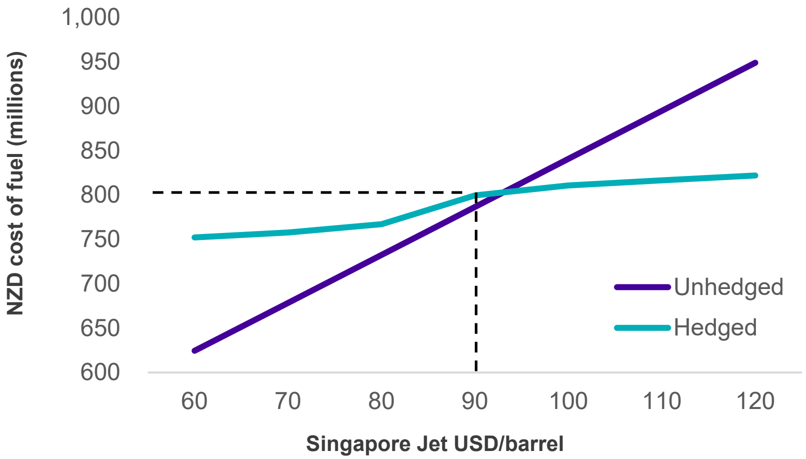
Foreign exchange hedging

- US dollar is ~67% hedged for 2H 2025 at NZD/USD ~0.6000

2025 Fuel cost outlook



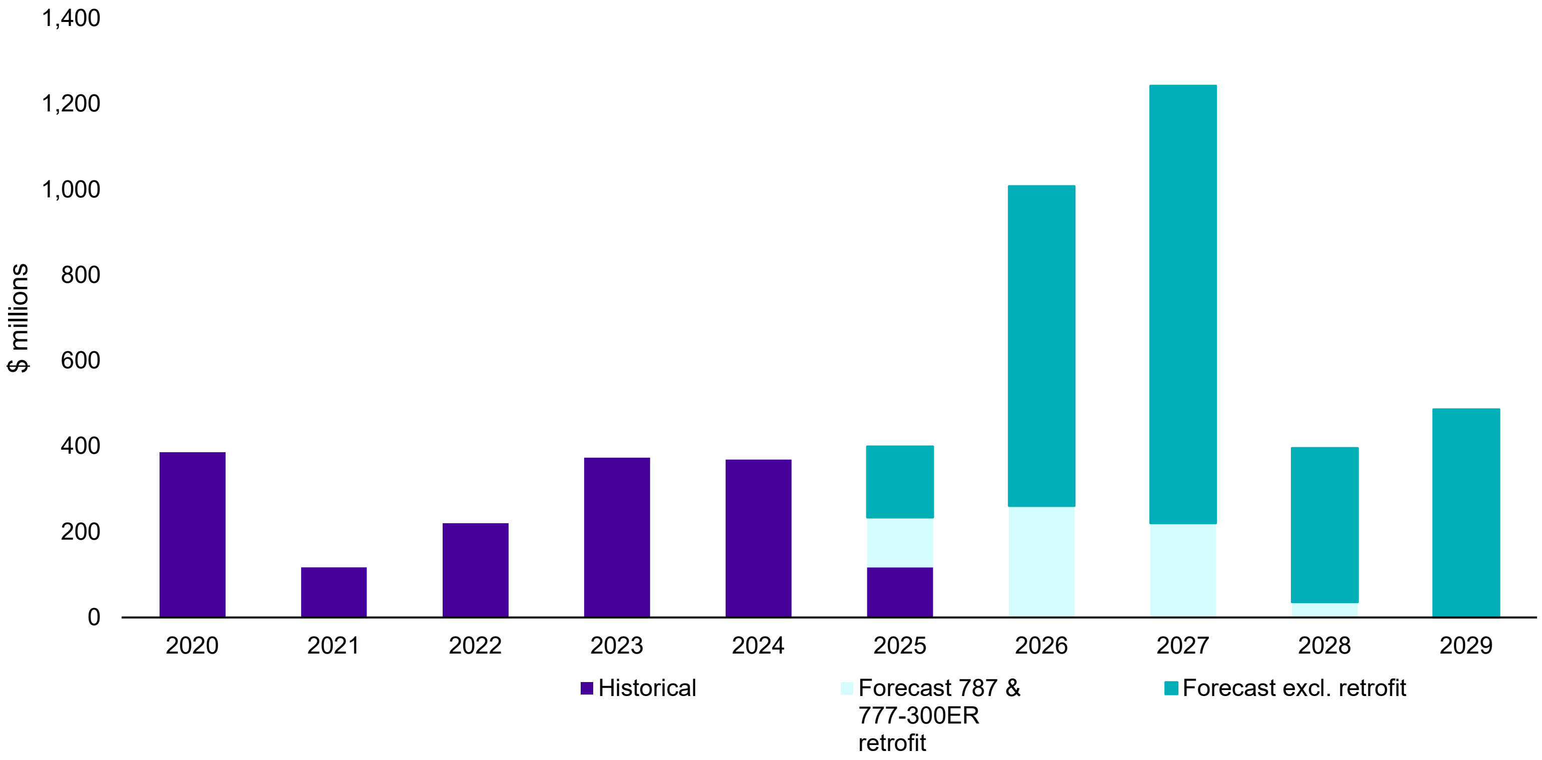
2H 2025 Fuel cost[1] sensitivity (inclusive of hedging)



[1] Assumes an average jet fuel price of USD90 per barrel for 2H 2025 and a NZD/USD rate of 0.5670. Forecast date of 6 February 2025. Further information on fuel movements can be found in the fuel waterfall on slide 22.

Fleet investment update

Actual and forecast aircraft capital expenditure[1]



- Forecast investment of **$3.5 billion** in aircraft and associated assets through to FY2029[2]
  - Timing of new 787 deliveries remains subject to Boeing production rates
  - Approximately $180 million relates to weaker New Zealand Dollar compared to FY2024
- Chart includes the forecast cost of interior retrofit of 14 existing 787 aircraft and 6 777-300ER aircraft
  - **Estimated aggregate cost of ~$515 million** for both programmes, phased over the next ~3 years
  - First 787 retrofit currently expected to be **in-service first half calendar year 2025**
  - First 777-300ER retrofit expected to retrofitted by **late calendar year 2026**

[1] Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes engine maintenance. Please refer to slide 31 for fleet delivery table.
[2] Based on expected delivery dates, not contractual delivery dates.

Further progressing towards our capital management framework targets

Maintain financial resilience and flexibility

- Target liquidity range of $1.2 billion to $1.5 billion
- Net Debt to EBITDA ratio of 1.5x to 2.5x

Underpinned by our commitment to maintain investment grade credit rating metrics

Invest in core operations

- Fleet and infrastructure investments above WACC through the cycle
- Investment to support the airline's decarbonisation ambitions

Distributions

- Ordinary dividend pay-out ratio of 40% to 70% of underlying net profit after tax (NPAT)[1]
- Return excess capital via special dividends or share buybacks

Growth capex

- Disciplined investment in value accretive capex
- Target ROIC above pre-tax WACC

PROGRESS MADE IN 1H 2025

- ~$285m debt and leases paid down
- ~$290m of cash collateral released from restricted cash, with further working capital optimisation planned for FY2026
- ~$190 million from sale and leaseback of four A320s

- Delivery of 30th ATR72-600 for the regional domestic network
- Largest SAF purchase to date completed (represents ~1.6% of total estimated fuel consumption for FY2025)

- ~$40 million unimputed ordinary interim dividend declared
- Announced share buy-back of up to $100 million
- Commenced Christchurch Engine Centre JV expansion

[1] The payout ratio for each of the interim and final dividends is calculated based on the rolling 12-month NPAT, which is divided by two, to reflect the six-monthly period.

OUTLOOK

GREG FORAN
CHIEF EXECUTIVE OFFICER

FY2025 capacity outlook, 2H 2025 uncertain due to engine constraints

Sector	2024 ASKs (millions)	1H 2025 Actuals (on 1H 2024)	2H 2025 Estimate (on 2H 2024)	FY2025 Estimated Capacity[1]
Domestic	6,620	(3%)	1% to (1%)	(1%) to (2%)
Tasman and Pacific Islands	11,655	(1%)	0% to 2% up	0% to 1%
International long-haul	23,792	(7%)	(1%) to (3%)	(4%) to (5%)
Group	**42,067**	**(4%)**	**0% to (2%)**	**(2%) to (3%)**

[1] Compared to FY2024 levels.

2025 Outlook

- The airline notes that the 2025 financial year will be the first full 12-month period impacted by global additional engine maintenance requirements on the Pratt & Whitney and Rolls-Royce engines that power its Airbus neo and Boeing 787 Dreamliner fleet.

- For the second half of the financial year, Air New Zealand's best estimate currently is that it will have up to 11 jet aircraft grounded at times as a result of these requirements, however the airline notes a large degree of uncertainty exists regarding engine maintenance timeframes.

- In light of these aircraft groundings, the associated diseconomies of scale and inefficiencies, and potential compensation, the airline currently expects performance for the second half of the 2025 financial year to be significantly lower than the first half.

- Given the degree of uncertainty surrounding the number of grounded aircraft across the second half and any associated compensation, the airline is not in a position to provide guidance at this time.

AIR NEW ZEALAND

Thank you

A STAR ALLIANCE MEMBER

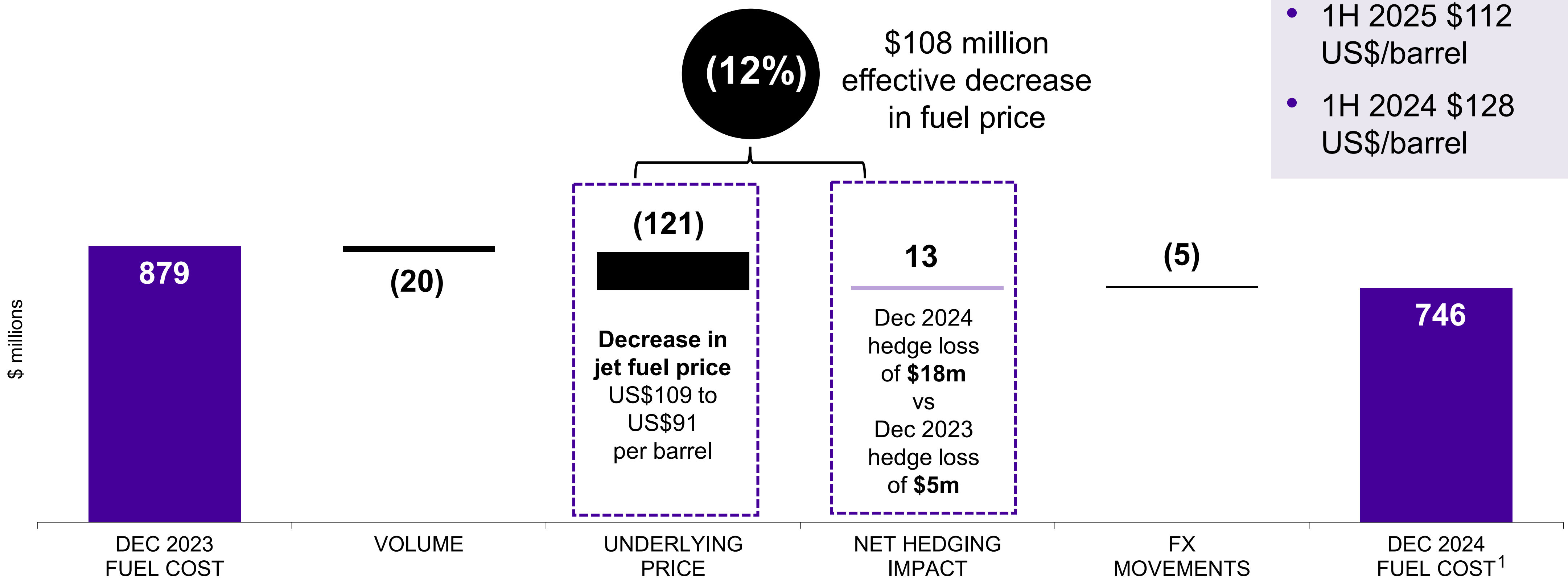
SUPPLEMENTARY INFORMATION

Cargo performance

- Cargo revenue of **$257 million**, **up 6%** on prior comparative period. Key drivers include:
  - Volumes up driven by increased load factors and a higher proportion of trans-shipments, particularly out of Asia
  - Partly offset by capacity and yield declines, reflecting competitive market conditions

Cargo revenue up 6% driven by:	
Volumes	12%
Yields	(6%)

Fuel cost movement



Into plane costs

- 1H 2025 $112 US$/barrel
- 1H 2024 $128 US$/barrel

[1] Sustainable aviation fuel (SAF) costs of $9 million and New Zealand Emissions Trading Scheme (NZETS) expenses of $19 million are included within fuel costs for the period.

Key capital management metrics

	Dec 2024	Jun 2024	Capital management targets (effective from FY2024)
Gross debt[1]	(2,964)	(2,816)	
Cash, restricted deposits and net open derivatives[1]	2,083	2,044	
Net debt[1]	(881)	(772)	
Gross debt/EBITDA	3.1x	2.9x	
Net debt/EBITDA	0.9x	0.8x	Net Debt to EBITDA ratio of 1.5x to 2.5x
Gearing	30.1%	27.7%	
Return on invested capital (ROIC)[2]	NC	9.7%	Target ROIC above pre-tax WACC
Total liquidity[1]	1,792	1,529	Target liquidity range of $1.2 billion to $1.5 billion
Moody's rating	Baa1 (investment grade)	Baa1 (investment grade)	Investment grade
Shareholder distributions declared	1.25 cps interim unimputed ordinary dividend	2.0 cps interim and 1.5 cps final unimputed ordinary dividends	Ordinary dividend payout ratio of 40% to 70% of underlying net profit after taxation (NPAT)[3]

1 In $ millions.
2 Return on invested capital not calculated (NC) at the interim results.
3 NPAT is calculated on a rolling twelve-month basis as further explained on slides 9 and 15.

Debt structure and maturity profile

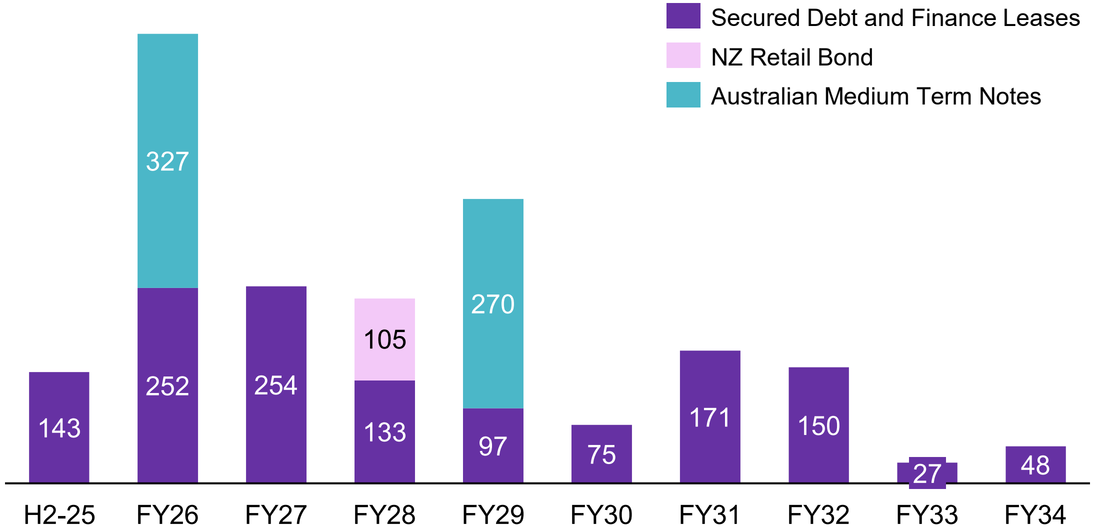
Capital structure as at 31 Dec 2024

- Gross Debt of $3.0 billion comprising:
  - ~$1.4 billion secured aircraft debt and finance leases[1]
  - ~$0.9 billion operating leases[1]
  - ~$0.7 billion unsecured bonds and notes
- Cash of ~$1.5 billion, restricted deposits of $0.5 billion and net open derivatives of $42 million
- Net Debt of ~$0.9 billion
- Undrawn $250 million Revolving Credit Facility, expiring May 2027
- Weighted average debt and finance lease maturity of ~3.5 years[2]

Unencumbered aircraft portfolio

- 50 unencumbered aircraft as at Dec 2024 including 7 A320/A321neos
- Market value as at Jun 2024 of ~$2.0 billion[3]
- In addition, equity of ~$1.9 billion[3] in existing aircraft within debt facilities

Debt maturity profile as at 31 Dec 2024
($ 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.
[3] Aircraft and spare engines. Aircraft valuations based on Aircraft Value Analysis Company Limited (AVAC) as at 30 June 2024. Spare engines are included at book value as at 30 June 2024. USD values are converted to NZD at 31 December 2024 balance sheet rate of 0.5630. Foreign currency denominated debt outstanding as at 31 December 2024 also converted to NZD at balance sheet rates (JPY: 88.90, EUR: 0.5400). Aircraft valuations are subject to market conditions, aircraft condition, FX rates, technology advancement and other factors.

$94 million in compensation and $3 million gain on sale recognised in the 1H 2025 result

Compensation recognised in Statement of Financial Performance

	Dec 2024 $M	Dec 2023 $M
Other revenue	83	-
Fuel	2	-
Maintenance	1	-
Depreciation and amortisation	8	-
Total compensation received from manufacturers	**94**	

~$30 million
of which pertains to other periods

Gain on sale and leaseback of four Airbus A320 aircraft recognised in Statement of Financial Performance

	Dec 2024 $M	Dec 2023 $M
Other expenses	3	-

Financial overview

	Dec 2024 $M	Dec 2023 $M	Movement %
Operating revenue	3,403	3,474	(2%)
Earnings before taxation	155	185	(16%)
Net profit after taxation	106	129	(18%)
Operating cash flow	424	411	3%
Cash position[1]	1,542	1,279	21%
Ordinary dividends declared	1.25 cps	2.0 cps	(37%)

[1] Comparatives at 30 June rather than 31 December.

Group performance metrics

	Dec 2024	Dec 2023	Movement[1] %
Passengers carried (‘000s)	8,086	8,352	(3%)
Available seat kilometres (ASKs, millions)	20,453	21,405	(4%)
Revenue passenger kilometres (RPKs, millions)	17,032	17,467	(2%)
Load factor	83.3%	81.6%	1.7 pts
Passenger revenue per ASKs as reported (RASK, cents)	14.2	14.3	(1%)
Passenger revenue per ASKs, excluding FX (RASK, cents)	14.2	14.3	(1%)
Passenger revenue per ASKs, excluding FX and unused credit breakage (RASK, cents)[2]	14.2	14.1	1%

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding $10 million in unused customer credit breakage which has been recognised within passenger revenue in 1H 2025 and $45 million in 1H 2024.

Domestic

	Dec 2024	Dec 2023	Movement[1] %
Passengers carried ('000s)	5,174	5,460	(5%)
Available seat kilometres (ASKs, millions)	3,235	3,353	(3%)
Revenue passenger kilometres (RPKs, millions)	2,695	2,826	(5%)
Load factor	83.3%	84.3%	(1.0) pts
Passenger revenue per ASKs as reported (RASK, cents)	29.9	30.1	(1%)
Passenger revenue per ASKs, excluding FX (RASK, cents)	29.9	30.1	(1%)
Passenger revenue per ASKs, excluding FX and unused credit breakage (RASK, cents)[2]	29.8	29.8	-

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding ~$3 million in unused customer credit breakage which has been recognised within passenger revenue in 1H 2025 and $9 million in 1H 2024.

Tasman and Pacific Islands

	Dec 2024	Dec 2023	Movement[1] %
Passengers carried ('000s)	1,941	1,902	2%
Available seat kilometres (ASKs, millions)	5,864	5,898	(1%)
Revenue passenger kilometres (RPKs, millions)	5,070	4,904	3%
Load factor	86.5%	83.2%	3.3 pts
Passenger revenue per ASKs as reported (RASK, cents)	13.2	13.6	(2%)
Passenger revenue per ASKs, excluding FX (RASK, cents)	13.2	13.6	(3%)
Passenger revenue per ASKs, excluding FX and unused credit breakage (RASK, cents)[2]	13.2	13.4	(2%)

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding ~$3 million in unused customer credit breakage which has been recognised within passenger revenue in 1H 2025 and $10 million in 1H 2024.

International long-haul

	Dec 2024	Dec 2023	Movement[1] %
Passengers carried (‘000s)	971	990	(2%)
Available seat kilometres (ASKs, millions)	11,354	12,154	(7%)
Revenue passenger kilometres (RPKs, millions)	9,267	9,737	(5%)
Load factor	81.6%	80.1%	1.5 pts
Passenger revenue per ASKs as reported (RASK, cents)	10.2	10.3	-
Passenger revenue per ASKs, excluding FX (RASK, cents)	10.3	10.3	-
Passenger revenue per ASKs, excluding FX and unused credit breakage (RASK, cents)[2]	10.2	10.1	1%

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding ~$3 million in unused customer credit breakage which has been recognised within passenger revenue in 1H 2025 and $26 million in 1H 2024.

Aircraft delivery schedule

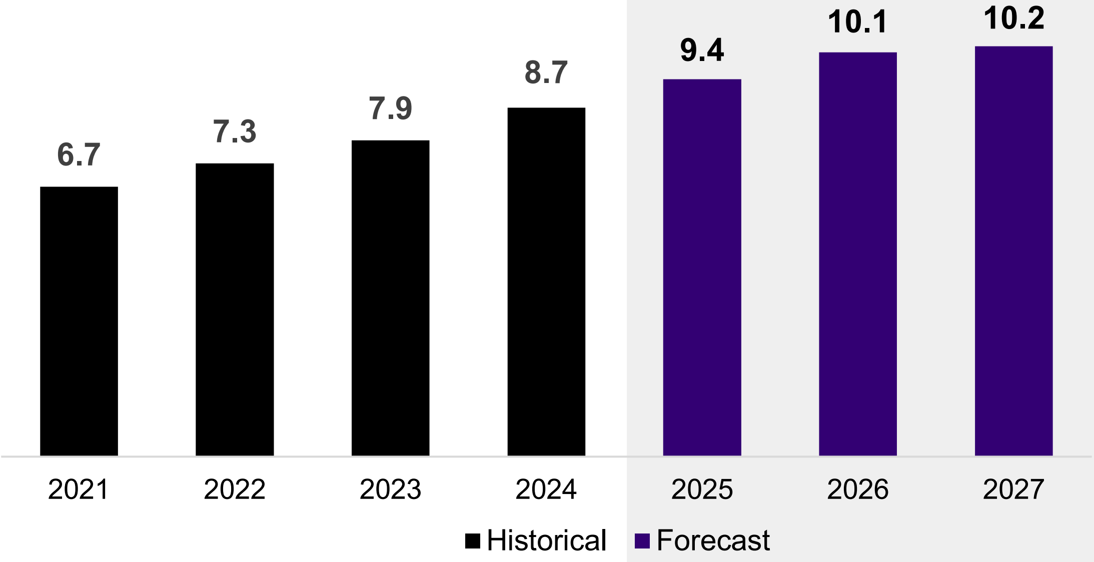
Aircraft delivery schedule (as at 31 December 2024)[1]

		Number in existing fleet	Number on order	Expected delivery dates (financial year)				
				2025	2026	2027	2028	2029
Owned Fleet on Order	Boeing 787	12	8	-	2	3	1	2
	Airbus A320neo / A321neo	13	2	-	-	2	-	-
	ATR 72-600	30	1	1	-	-	-	-
Operating Leased Aircraft	Airbus A320neo / A321neo	5	2	2	-	-	-	-

[1] Delivery table excludes the BETA ALIA CTOL, our first electric aircraft which will enter the fleet as a cargo-only commercial demonstrator from FY2026. It should be noted that the table above is based on our assumed delivery schedule. This differs to the contractual delivery dates.

Fleet age update

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



Fleet type	2025	2026	2027
Boeing 777-300ER[2]	10	10	9
Boeing 787	14	16	19
Airbus A320	17	17	13
Airbus A320/A321neo	20	20	22
ATR72-600	31	31	31
Bombardier Q300	23	23	23
Total Fleet	**115**	**117**	**117**

[1] For 2021 and 2022, the chart excludes the Boeing 777-200ER fleet. It does not include the BETA ALIA CTOL, our first electric aircraft which will enter the fleet as a cargo-only commercial demonstrator from FY2026. It also does not include three short-term leased 777-300ER aircraft.
[2] Includes the three short-term leased 777-300ER aircraft.

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
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Operating earnings before depreciation and amortisation, finance costs and taxation
Gross Debt	Interest-bearing liabilities and lease liabilities
Net Debt	Interest-bearing liabilities and lease liabilities 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 revolving credit 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 ASKs on passenger flights for the period
Revenue Passenger Kilometres (RPKs)	Number of revenue passengers carried multiplied by the distance flown (demand)

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Resources

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

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

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