

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

MARKET ANNOUNCEMENT

4 August 2021

Air New Zealand provides update on Tasman impact to earnings and liquidity

Given the current suspension of trans-Tasman quarantine free travel, Air New Zealand is providing an update on the 2022 financial year earnings guidance previously provided to the market on 18 June 2021, as well as an update on liquidity.

Earnings guidance

On 23 July 2021, the New Zealand Government announced the suspension of trans-Tasman quarantine-free travel for a period of eight weeks. The airline continues to assess the impact of this temporary suspension on passenger demand, in conjunction with an expectation that demand on the Tasman may be slower to recover following the re-opening of a travel bubble and that there remains a risk of future suspensions. This has resulted in Air New Zealand reassessing its 2022 financial year earnings expectations.

The airline currently expects losses before other significant items and taxation will not exceed \$530 million for the 2022 financial year, assuming a fuel price of USD78 per barrel and an NZD/USD foreign exchange rate of 0.70. The Company previously stated on 18 June 2021 that it expected losses before other significant items and taxation to be comparable to the 2021 financial year, being a loss not exceeding \$450 million.

Liquidity

Operating cashflow has reduced as a consequence of the temporary suspension of trans-Tasman travel. This reduction in cashflow, in addition to planned cash payments relating to aircraft in the coming months, means the Company expects to draw down further on the Crown standby loan facility ("the Facility") before the end of August 2021.

The Company's operating cashflow remains positive due to continued domestic performance and the revenue contribution from the Government's Maintaining International Air Connectivity scheme which is currently in place until October 2021. As discussed at the 2021 interim results, operating cashflow has also benefitted from the one-off deferral of around \$310 million in PAYE payments in the 2021 and early 2022 financial years, which will start to be repaid in the 2022 financial year.

Air New Zealand has not drawn on the Facility since February 2021, therefore current drawings remain at \$350 million. As disclosed previously, the total available amount under the Facility is \$1.5 billion, and therefore the Company currently has remaining available funds of \$1.15 billion under the Facility.

Ends.

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

MARKET ANNOUNCEMENT

Investor Relations enquiries:

Kim Cootes
Senior Manager Investor Relations
kim.cootes@airnz.co.nz
+64 27 297 0244

Leila Peters
General Manager, Corporate Finance
leila.peters@airnz.co.nz
+64 21 743 057