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

For personal use only

MARKET ANNOUNCEMENT

17 September 2021

Air New Zealand updates on impact of Domestic lockdown and trans-Tasman suspension

Air New Zealand is providing an update on the impact of the New Zealand national lockdown and of the ongoing suspension of trans-Tasman Quarantine Free Travel (QFT) on the Company's short term financial performance, as well as an update on liquidity.

As previously advised, earnings guidance was suspended on 26 August 2021 due to the uncertainty associated with the introduction of a nationwide Alert Level 4 in New Zealand and the duration of the suspension of trans-Tasman QFT. Following a month of constrained trading it remains unclear how long these Alert Levels, the suspension of trans-Tasman QFT and associated travel restrictions will continue, as well as how demand will recover when the restrictions are lifted. However, for so long as these travel restrictions remain in place, the estimated impact on the company's financial performance is as follows:

- Monthly impact of nationwide New Zealand Level 3 or 4 travel restrictions is approximately $45 million to $55 million, including the benefit of any wage subsidies received;
- Monthly impact of an Auckland-only Level 3 or 4 travel restriction, with the rest of New Zealand operating at Level 1 or 2 is approximately $25 million to $35 million, including the benefit of any wage subsidy; and
- Monthly impact of suspension of New Zealand to Australia travel is approximately $20 to $25 million.

Operation of cargo flights is continuing with approximately 50 flights per week and the Company is observing strong demand for air travel across regions in New Zealand that are currently under Level 2 restrictions.

As advised at the Company's Annual Results on 26 August, the reduction in operating cash flow, together with planned cash payments relating to aircraft in coming months, means the Company has begun to draw down further on the Crown standby loan facility ("the Facility"). The Company has recently requested additional drawdowns on the Facility which, including those drawings, will total $435 million. Remaining available funds under the Facility are $1.065 billion.

Earnings and cash flow guidance remain suspended.

Ends.

Investor Relations enquiries:

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