

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

## MARKET ANNOUNCEMENT

19 February 2024

### **Air New Zealand provides full year guidance on softer forward trading conditions**

On 13 December 2023, Air New Zealand updated its first half guidance and cautioned against extrapolating that guidance to the second half. The airline expected the second half of the financial year to be increasingly challenging given the ongoing impact of engine maintenance requirements, economic and inflation risks, and early signs of softness in domestic demand.

The upcoming Interim financial result for the six months ended 31 December 2023 will be consistent with that 13 December 2023 guidance.

Notwithstanding the January operating statistics which will be released today, Air New Zealand notes that a number of economic and operational conditions have deteriorated further and are increasingly expected to have a significant adverse impact on its performance in the second half of the financial year. These include:

- The airline's forward bookings profile which indicates that the increased capacity and further pricing pressure from US carriers is expected to more adversely impact the forward revenue performance for the remainder of the financial year.
- The cumulative impact of significant inflation on the cost base.
- Ongoing weakness in domestic corporate and government demand.
- Temporary cost headwinds to alleviate operational pressures and customer impacts from the previously disclosed unplanned Pratt & Whitney global engine maintenance requirements. These total approximately \$35 million for the second half of the financial year and include the cost of short-term leased aircraft and significant additional contact centre resources.

Air New Zealand will continue to assess the likely impacts and duration of these conditions and circumstances.

### **Outlook**

In light of these conditions, the airline considers that performance for the second half of the 2024 financial year will be markedly lower than the first half.

In this context, and assuming an average jet fuel price of USD\$105/bbl for the second half, the airline currently expects earnings before taxation for the 2024 financial year to be in the range of \$200 million to \$240 million. This range includes \$20 million of currently assumed additional Covid-related credit breakage over the second half. Future redemptions of Covid-related credits remain uncertain and subject to further actions.

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The Board notes the airline's strong liquidity position and remains committed to its Capital Management Framework announced last August, including its ordinary dividend policy.

The airline will provide further context to the outlook when it releases its Interim results on Thursday, 22 February 2024.

*Ends*

This announcement has been authorised for release to NZX and ASX by Jennifer Page, General Counsel & Company Secretary ([jennifer.page@airnz.co.nz](mailto:jennifer.page@airnz.co.nz)).

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