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October 2023 Commentary

- The overall increase in Group capacity was largely driven by the resumption of the international network following the full re-opening of New Zealand's borders post-Covid. Long-haul international ASK's increased 79.6%, short-haul international ASKs increased 16.8%, while domestic experienced a slight decrease of 5.1% ASKs compared to the previous year, due to flight cancellations related to adverse weather and operational requirements.
- The decline in Group YTD RASK compared to the prior year was driven by the significant mix change for the 2024 financial year to date, whereby long-haul capacity growth and load factors were substantially higher relative to short-haul.
- Short-haul YTD RASK, which includes the Domestic, Tasman and Pacific islands networks declined 5.1% compared to last year. This was driven by a Tasman and Pacific islands YTD RASK decline, offset by a small increase in Domestic YTD RASK.
- Long-haul YTD RASK declined 11.0% driven primarily by some North American routes with a small decrease on Asian routes.



October 2023 highlights

Group traffic summary	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% **
Passengers carried (000)	1,276	1,250	2.1%	5,413	5,097	7.1%
Revenue Passenger Kilometres(m)	2,654	2,002	32.6%	11,650	8,031	46.3%
Available Seat Kilometres (m)	3,157	2,255	40.0%	14,279	9,152	57.3%
Passenger Load Factor (%)	84.1%	88.8%	(4.7 pts)	81.6%	87.7%	(6.1 pts)

Year-to-date RASK ¹	% change in reported RASK (incl. FX) vs 2023		% change in reported RASK (excl. FX) vs 2023	
	Group	(15.7%)		(16.0%)
Short Haul	(5.1%)		(5.1%)	
Long Haul	(11.0%)		(11.6%)	

Please note that the available seat kilometre (capacity) numbers included in the tables within this disclosure do not include any cargo-only flights. This is because these capacity numbers are used to calculate passenger load factors and passenger RASK

* % change is based on numbers prior to rounding

+ The month to date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2022 (31 days) compared with July 2023 (30 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

¹ Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.



Operating statistics table

Group	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	1,276	1,250	2.1%	5,413	5,097	7.1%
Revenue Passenger Kilometres(m)	2,654	2,002	32.6%	11,650	8,031	46.3%
Available Seat Kilometres (m)	3,157	2,255	40.0%	14,279	9,152	57.3%
Passenger Load Factor (%)	84.1%	88.8%	(4.7 pts)	81.6%	87.7%	(6.1 pts)

Short Haul Total	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	1,123	1,164	(3.5%)	4,728	4,760	0.1%
Revenue Passenger Kilometres(m)	1,165	1,144	1.9%	4,970	4,716	6.3%
Available Seat Kilometres (m)	1,338	1,242	7.7%	6,041	5,356	13.7%
Passenger Load Factor (%)	87.1%	92.1%	(5.0 pts)	82.3%	88.1%	(5.8 pts)

Domestic	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	835	905	(7.8%)	3,496	3,686	(4.4%)
Revenue Passenger Kilometres(m)	423	463	(8.6%)	1,798	1,910	(5.1%)
Available Seat Kilometres (m)	488	514	(5.1%)	2,187	2,175	1.4%
Passenger Load Factor (%)	86.7%	90.1%	(3.4 pts)	82.2%	87.8%	(5.6 pts)

Tasman / Pacific	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	288	259	11.3%	1,232	1,074	15.7%
Revenue Passenger Kilometres(m)	742	681	9.0%	3,172	2,806	14.0%
Available Seat Kilometres (m)	850	728	16.8%	3,854	3,181	22.2%
Passenger Load Factor (%)	87.3%	93.5%	(6.2 pts)	82.3%	88.2%	(5.9 pts)

Long Haul Total	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	153	86	77.3%	685	337	104.9%
Revenue Passenger Kilometres(m)	1,489	858	73.5%	6,680	3,315	103.2%
Available Seat Kilometres (m)	1,819	1,013	79.6%	8,238	3,796	118.8%
Passenger Load Factor (%)	81.9%	84.7%	(2.8 pts)	81.1%	87.3%	(6.2 pts)

Asia	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	88	36	147.8%	367	134	176.0%
Revenue Passenger Kilometres(m)	770	314	145.4%	3,178	1,176	172.4%
Available Seat Kilometres (m)	879	376	133.4%	3,834	1,428	170.6%
Passenger Load Factor (%)	87.7%	83.4%	4.3 pts	82.9%	82.4%	0.5 pts

Americas / UK	OCTOBER			FINANCIAL YTD		
	FY24	FY23	% *	2024	2023	% *+
Passengers carried (000)	65	51	28.0%	318	203	57.9%
Revenue Passenger Kilometres(m)	719	544	32.0%	3,502	2,139	65.1%
Available Seat Kilometres (m)	940	636	47.7%	4,404	2,368	87.5%
Passenger Load Factor (%)	76.4%	85.5%	(9.1 pts)	79.5%	90.3%	(10.8 pts)

* % change is based on numbers prior to rounding

+ The year to date percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2022 (31 days) compared with July 2023 (30 days). This is because Air New Zealand operates on a 4, 4, 5 accounting calendar but closes the annual accounts on 30 June.

Air New Zealand operates primarily in one segment, its primary business being the transportation of passengers and cargo on an integrated network of scheduled airline services to, from and within New Zealand. The following operational data and statistics is additional supplementary information only.



Market Announcements

(during the period 30 October 2023 to 19 November 2023)

Air New Zealand schedule update – Pratt & Whitney engine impacts

7 November 2023

- Consolidated flying schedule
- Paused schedule for Hobart and Seoul from April 2024
- External contact centre support to almost double workforce

Air New Zealand now has a clearer understanding of the Pratt & Whitney (P&W) engine maintenance schedule changes and the impact it will have on our customers.

In July 2023, Pratt & Whitney disclosed a condition affecting the maintenance plan for the Geared Turbofan (GTF) jet engine fleet. Up to 700 engines globally will be impacted over the next three years, with the effect on global aviation felt most keenly in the coming year.

“Air New Zealand has 17 A320/321NEO aircraft in its fleet of 108 aircraft, serving Australia, the Pacific Islands and domestic New Zealand. While this maintenance issue does not present a safety issue, it has caused Air New Zealand to revise its flight schedule as a result of adjustments made to the engine maintenance plan,” says Air New Zealand Chief Executive Officer Greg Foran.

“We’ve been able to reorganise most of our schedule by consolidating some flying and moving aircraft to different routes. Most customers whose flights have been changed will still fly on the same day, some on international flights will be reaccommodated to services a day either side of their original booking and some may have a cabin change due to a different aircraft being used.

“We have also taken the difficult decision to pause two of our international routes. Flights connecting Auckland and Hobart will pause from 5 April 2024, with our Auckland to Seoul service paused from 1 April 2024. The pause on flying to Seoul is to allow more resiliency when the Trent1000 engines that power our 787 fleet go for regular maintenance due to potential issues with the availability of spare engines from Rolls Royce to cover the maintenance period.

“While both routes have performed well, we need to ensure we can deliver a reliable service across the rest of our network and get customers on our most in-demand routes to where they need to be. Customers will still be able to book to Hobart and Seoul with Air New Zealand, but these flights won’t be direct and will be partly operated by our partner airlines.

Impacted customers do not need to contact Air New Zealand, they will be contacted in the coming weeks.

Mr Foran says the impacts of the Pratt & Whitney servicing schedule change are significant and could impact services for up to two years. Due to engine availability as a result of the P&W maintenance issues, the airline will have up to four aircraft grounded at any one time. The company is also managing other supply chain issues which airlines globally are facing as it looks to put additional fleet cover in place.



“Leasing additional aircraft is an option we are looking at closely. Our latest leased Boeing 777-367ER aircraft is about to enter service and we are considering other lease options.

“Whenever we make changes to our schedule, it results in additional demand on our contact centre. Given call volumes continue to rise, we have taken the decision to increase the support we receive from external companies, increasing the number of consultants who respond to customer queries significantly. We will continue to recruit locally for the contact centre.

“The aviation industry is complex and it’s a difficult time in the aviation eco-system. We appreciate these changes will disappoint some of our customers, for which we apologise. It’s not the news we hoped for given our announcement earlier this year that we had purchased new aircraft to add capacity and assist in meeting ongoing strong demand. Although those new aircraft are still due to arrive – two new ATRs in late 2024/early 2025, two new A321NEOs in early 2025 together with two domestic A321s and eight B787s being delivered between 2024 and 2027 – these network and schedule changes have been required to manage an issue that no one expected just a few months ago.

“We would like to thank our loyal customers for their ongoing support. We will continue to do everything we can to ensure stability across our network.”

Media Releases

(during the period 30 October 2023 to 19 November 2023)

[Fashion meets flight: Design powerhouse Emilia Wickstead onboard to create next Air New Zealand uniform](#)

6 November 2023

Air New Zealand has officially revealed globally renowned Kiwi fashion designer Emilia Wickstead as the partner selected to create its new uniform.

The New Zealand designer has made a name for herself on the world stage, designing clothing for influential global figures and A-listers. Now, she will be creating New Zealand’s most iconic and recognisable uniform.

Air New Zealand Chief Customer and Sales Officer Leanne Geraghty says Emilia stood out after the selection panel were blown away by her concepts.

“We received expressions of interest from more than 40 New Zealand designers and heard pitches from the country’s leading design talent, showcasing the depth and breadth of New Zealand fashion, making it an incredibly tough decision. Ultimately, Emilia stood out as the perfect partner.

“Emilia presented outstanding initial designs that were creative, unique, and will set Air New Zealand apart on the global stage. She also demonstrated her understanding of the importance in creating a uniform that is both functional and comfortable for our people.

“Her ability to create modern yet timeless pieces perfectly fits with what we were looking for in a design partner – someone who could create a uniform that our people can wear with pride now and into the future.

Monthly **investor update**



“Emilia has built an incredibly successful brand, designing for some of the most high profile customers in the world and we think our people deserve to be dressed by the very best too. We’re thrilled to have Emilia onboard and couldn’t be prouder to welcome her to the Air New Zealand whānau.”

Emilia Wickstead says it’s a privilege to be selected as the next Air New Zealand uniform designer.

“I could not be prouder, or more excited, to have been selected as Air New Zealand’s next uniform designer. This is a true passion project for me; one that further connects me with my homeland Aotearoa, and the community and places that I love.

“My approach to the uniform centres around a deep respect for New Zealand’s cultural heritage. First and foremost, it is inspired by people. I’m a big believer that clothing can be transformative, uplifting and empowering, and my hope is that the new uniforms will instil a sense of pride and purpose in Air New Zealand’s incredible, world-class team.

“Emilia Wickstead designs have a timeless quality, with simple yet effective details that lend fresh modernity and ease. It’s important to me that these uniforms are an extension of this, tempered with creative twists and innovation to create a distinctive uniform that will stand out for years to come.”

The designer selection was made following a competitive pitch process involving a number of leading New Zealand designers who were asked to consider key selection criteria including sustainability, functionality, safety, and te ao Māori.

The next phase of the project will see Air New Zealand collaborate closely with Emilia Wickstead for design refinements, onboard trials, and uniform wearer consultation before the final designs are revealed in late 2024.

The Emilia Wickstead Air New Zealand uniforms will be rolled out progressively to more than 5,000 Air New Zealand cabin crew, front of house ground staff, and pilots over the next few years.

[Air New Zealand lounges say haere ra to single-use cups](#)

1 November 2023

Air New Zealand has begun the process of removing single-use cups from its lounges. The move is part of the airline’s commitment to sustainability, including supporting a more circular approach to waste by creating less of it in the first place.

Air New Zealand’s Chief Sustainability Officer, Kiri Hannifin says the airline is very aware that it has a greater problem to solve in moving away from fossil fuel.

“This remains our greatest challenge and priority, and we have a significant programme of work underway. But as the airline navigates the multiple challenges to find a more sustainable fuel replacement or a lower emissions aircraft, we must double down on the sustainability initiatives we can action now”, says Hannifin.

“Nearly one million single-use cups are used for hot drinks across lounges each year and another nine million in our aircraft. These cups are commercially compostable, but there is limited composting infrastructure in New Zealand that can take them, so most are ending up in landfill.

“At Air New Zealand we have set some very ambitious sustainability goals, including net zero carbon emissions by 2050. These will require significant changes to our fleet and operations to transition away from fossil fuel as much as we can.”

Monthly **investor update**



“But we can’t just wait for these big initiatives. Waste to landfill also contributes to our carbon footprint. Managing waste better is within our control and removing single-use cups in our lounges is a step in the right direction. Every step we take, including the small ones, will reduce the airline’s environmental impact.

“We know that having a hot drink from our lounges, especially before an early flight, is something many of our customers enjoy. Rest assured our customers will still be able to get their coffee fix with us using one of our ceramic cups or their own reusable cup.”

The process will start in Invercargill at the beginning of November with the roll out to New Zealand lounges* expected to be completed by the end of January.

Air New Zealand appreciates the support of our customers to remove nearly one million single-use cups from our waste stream.

More information for customers can be found [here](#).

*Excludes Christchurch Regional Express