

Media Release

Media release
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Air New Zealand announces interim profit of \$211 million and maintains interim dividend of 11.0 cents per share

Air New Zealand today announced earnings before taxation of \$211 million for the six month period ended 31 December 2018, compared to \$323 million in the prior period. Net profit after taxation was \$152 million.

Shareholders of Air New Zealand will receive a fully imputed interim dividend of 11.0 cents per share, in-line with the prior period. The dividend will be paid on 27 March, to shareholders on record as at 15 March.

Chairman Tony Carter thanked the team of over 12,000 Air New Zealanders for their hard work and customer focus during a very challenging operational period for the airline.

Key drivers of the interim result included operating revenue growth of 7.1 percent, which was more than offset by a 28 percent increase in fuel price and increased operational costs. Operating cash flow of \$475 million remained strong despite the headwinds faced over the period.

At a time when the New Zealand market has seen foreign competitors reduce capacity or exit services completely, Air New Zealand continues to support strong market development activities to stimulate inbound visitors to the country. Recent route launches to Chicago and Taipei have performed ahead of expectations, and the airline recently launched a third daily service from Auckland to Singapore, in conjunction with its alliance partner Singapore Airlines.

Looking ahead to the remainder of the year, Chief Executive Officer Christopher Luxon acknowledged the rate of growth in the New Zealand market is slowing from previous years to be more in-line with other developed markets. Accordingly, the airline will be reviewing its network, fleet and cost base to reflect the new environment.

“While we continue to expect solid growth across our key markets including domestic New Zealand, we cannot ignore signals that the rate of growth has slowed somewhat from prior years. We pride ourselves at Air New Zealand on being nimble and able to quickly adjust our business to reflect the changing macro environment and this time is no different.”

The airline’s comprehensive review of its network, fleet and cost base is progressing well and an update is expected by the end of next month.

Air New Zealand remains committed to its Pacific Rim strategy and connecting New Zealanders to each other and the world. To support that commitment, earlier this week the airline announced it has reduced its lowest fares across the domestic network.

Mr Luxon said “we are committed to ensuring that air travel is more affordable than ever for Kiwis, whether they are flying from the main centres or from regional airports. With prices as low as \$39, and with our unmatched network of over 400 flights a day to 20 different destinations in New Zealand, there has never been a better time to get out and explore this amazing country.”

Outlook

Air New Zealand issued a revised outlook for the 2019 financial year on 30 January, prompted by slower revenue growth expectations in the second half of the year. The airline today reaffirms that outlook statement for the financial year ending 30 June 2019.

Based upon current market conditions and assuming an average jet fuel price of US\$75 per barrel for the second half of the financial year, 2019 earnings before taxation is expected to be in the range of \$340 million to \$400 million.

Interim Financial Highlights

- Operating revenue of **\$2.9 billion**, up 7.1%
- Earnings before taxation of **\$211 million**, down 35%
- Net profit after taxation of **\$152 million**, down 34%
- Operating cash flow of **\$475 million**, down 0.8%
- Fully imputed interim dividend of **11.0 cents per share**, consistent with prior period

Ends

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