

# Media Release

Media release  
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## Araraurangi Air New Zealand's result sets the airline up for a strong future, special dividend for shareholders announced

### 2023 Summary

- Earnings before other significant items and taxation<sup>1</sup> of \$585 million
- Statutory earnings before taxation of \$574 million
- Operating revenue of \$6.3 billion
- Domestic capacity at 94% of pre-Covid levels and International capacity at 71%
- Fully imputed special dividend of 6.0 cents per share declared for the 2023 financial year<sup>2</sup>
- 2023 Sustainability Report released

Demand for air travel that exceeded expectations has led to a rapid recovery for Air New Zealand, which today announced a profit that will help fund aircraft, digital investments and facilities, building a stronger airline for New Zealand.

The financial year began as borders were still reopening and aircraft were stored in the desert, and ended with the airline at 94 percent of pre-Covid domestic capacity. Having restored its international network, the airline carried out the biggest recruitment drive in its history and returned all aircraft to the skies.

In line with market guidance provided in June 2023, Air New Zealand's earnings before other significant items and taxation were \$585 million for the 2023 financial year. Statutory earnings before taxation were \$574 million, compared with a previous year loss of \$810 million.

In addition to introducing new aircraft, making digital enhancements for customers and staff, increasing wages for front line staff and starting work on a new engineering hangar, the airline will provide shareholders with a one-off, fully imputed special dividend of 6.0 cents per share<sup>2</sup>. The special nature of this dividend reflects the extraordinary 2023 operating environment, with strong pent-up levels of demand combined with industry-wide capacity constraints.

The Board has also reviewed the airline's capital management settings and has today announced a revised capital management framework, effective from the 2024 financial year.

Air New Zealand Chair Dame Therese Walsh says the result is an important one given the critical role the airline plays in New Zealand both socially and economically.

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<sup>1</sup> Earnings before other significant items and taxation represents earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of the Group. Other significant items is reported within Note 3 of the 2023 Group financial statements.

<sup>2</sup> The airline does not expect to have imputation credits to attach to any future dividends declared until such time as the Group absorbs cumulative tax losses and begins paying cash tax.

“We are proud of the result Air New Zealand has delivered this financial year, and of the value we have created for our shareholders.

“This result would not have been possible without our remarkable team of Air New Zealanders. Their grit, determination and commitment to deliver exceptional service for our customers is second to none.”

Chief Executive Officer Greg Foran said the result follows a year in which the airline balanced customer, staff, community, and shareholder needs, while making investments for the years ahead.

“A strong Air New Zealand is good for New Zealand. We have rehired and trained in a tight labour market, lifted the starting wage for the airport teams to \$30 an hour and improved the way we work with digital systems on the ground and in the air.

“Restoring services to 500 flights a day is not only good for Kiwis who’ve been able to take that long planned holiday, but it has also brought tourist dollars back to the regions and supports exporters who rely on regular air freight.

“We know increased costs and high demand have made flying more expensive. In the past year we put more aircraft and seats in the air, so there are more choices for customers which helps alleviate the cost of flying. At the same time, our own costs continue to rise and the reality is that airfares are unlikely to return to pre-pandemic levels.

“After several volatile years it’s great to be back in the black and standing on our own two feet especially given we have more than \$3.5 billion in aircraft investment coming over the next five years.

“Today we also announced an order for two new ATR turboprop aircraft for regional routes, as well as two new Airbus A321neos for our international short-haul network. That’s in addition to the existing domestic Airbus A321neo orders, and the eight new Boeing 787 Dreamliners we have coming into the fleet as we retire our Boeing 777-300s over time. And we’re retrofitting our 14 787’s with the new Business Premier Luxe™ and refreshed cabin product.

“We’re making progress on the things that matter to customers. Contact centre wait times have, on average, reduced by 75 percent since December, we’ve introduced an enhanced app, and we’ve had a step change in on time performance and more importantly, a reduction in cancellations. This June we were one of the best airlines in the Asia Pacific region at arriving on time, so we have momentum.

“We want all our customers to have a great experience and we know that over the past year we haven’t got that right every time. We were tested during the Auckland floods and Cyclone Gabrielle, but pleased to be able to help the Napier and Gisborne communities with direct flights when roads linking the cities were washed away.

“Air New Zealand has also released its annual [Sustainability Report](#) today, which highlights how important and challenging the work we’re doing in this area is. This is a key focus for the business, with work underway to select a flight route for the airline’s first next generation aircraft and the announcement of a sustainable aviation fuel feasibility study alongside the New Zealand Government.

“Our entire whānau would like to thank our customers who have been patient and loyal while we emerged from the global pandemic. We’ve made significant progress in the past year, emerging as a strong Air New Zealand, which is good for the country.”

## Revised capital management framework

The Board has also reviewed the airline's capital management settings, with a particular focus on the appropriate liquidity and leverage targets that would enable the airline to maintain investment grade credit rating metrics, as well as consideration of future shareholder distribution parameters. The revised capital management framework is effective from the 2024 financial year and further information can be found [here](#).

## Outlook

The airline notes that the 2023 financial year was particularly unique with significant customer demand, constrained market capacity and lower fuel prices in the second half, and as such, we believe the 2024 financial year will be more reflective of future financial performance.

Looking ahead to the first half of the 2024 financial year, customer demand remains strong across our markets. We are mindful of the uncertain economic environment however and acknowledge a number of factors that may impact future customer demand and profitability. These factors include increased international competition, volatile fuel prices, a weaker New Zealand dollar, ongoing wage inflation and increased airport charges.

Given the uncertainty and volatility of some of these macroeconomic factors, the airline will not be providing guidance at this time.

## Supplementary table – Summary data from the 2023 audited financial statements

	2023 \$M	2022 \$M	% Movement
Operating revenue	6,330	2,734	132%
Earnings/(loss) before other significant items and taxation	585	(725)	181%
Statutory earnings/(loss) before taxation	574	(810)	171%
Net profit/(loss) after taxation	412	(591)	170%

## Ends

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