

2020
ANNUAL
SHAREHOLDERS'
MEETING

29 SEPTEMBER 2020







CHAIRMAN

—

Dame Therese Walsh

Online assistance







Virtual Meeting
POWERED BY LINK MARKET SERVICES

HELP NUMBER
0800 200 220

Ask a Question

Get a Voting Card

Exit Meeting 




Air New Zealand 2020 Annual Meeting


November 29, 2020, 1:00pm NZT


Voting Card




Question box

Downloads


Get a Voting Card


Ask a Question

 Downloads

-  [Notice of meeting](#)
-  [Annual report](#)
-  [Previous questions](#)

Board of Directors



Dame Therese Walsh
Chairman



Jan (Janice) Dawson
Deputy Chairman



Dean Bracewell



Laurissa Cooney



Larry De Shon



Rob (Robert) Jager



Linda Jenkinson



Jonathan Mason

Agenda



Chairman's address

CEO's address

Questions on 2020 performance and 2021 outlook

Resolutions

General discussion and questions



2020 Financial Summary

(as at 30 June 2020)

\$4.8b

Operating revenues

\$(87)m

Loss before other
significant items and
taxation

\$(541)m

Other significant items

\$(628)m

Loss before taxation

\$438m

Short-term cash*

**No
dividend**

For 2020

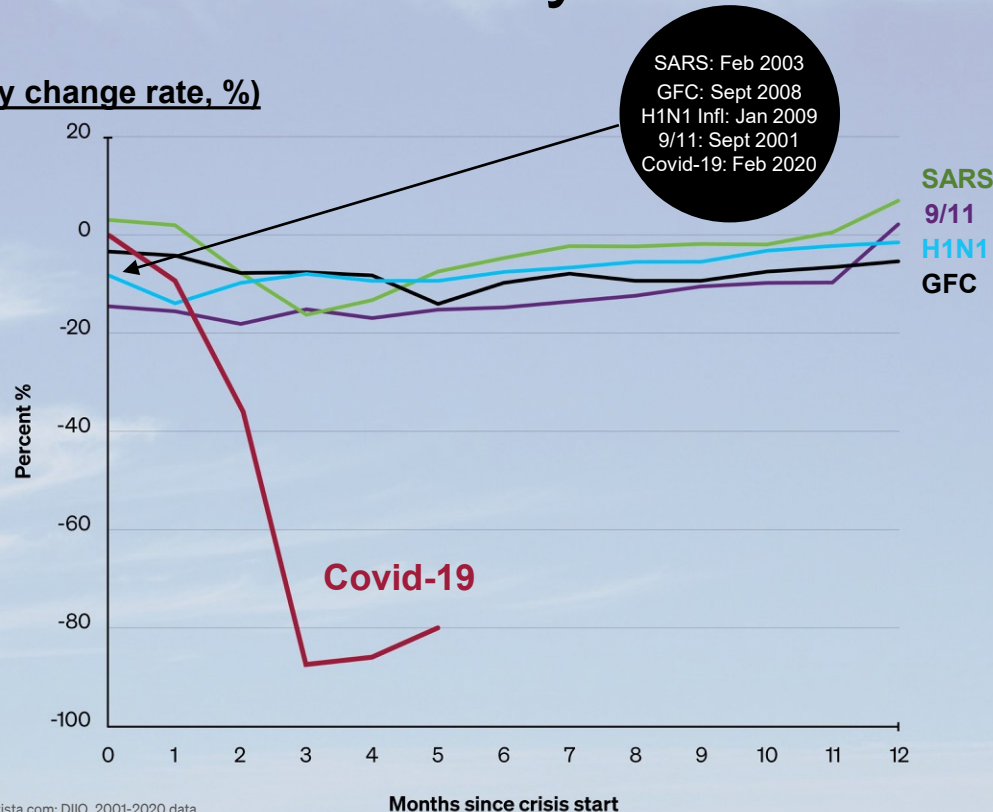
* Does not include funds from the \$900 million Government standby loan facility. Please refer to slide 12 for details on liquidity as at 25 September 2020.



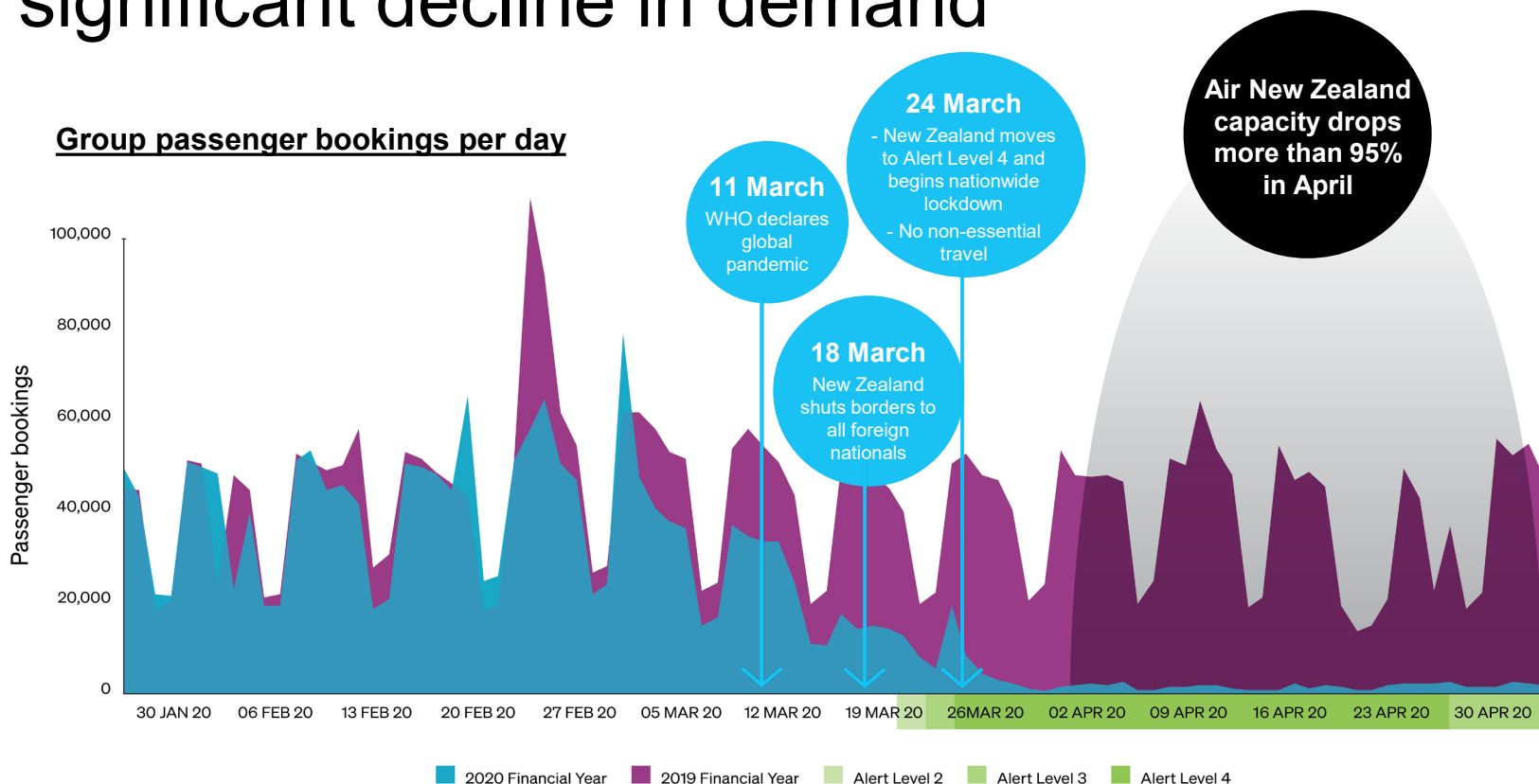
Covid-19 has had an unparalleled impact on the global aviation industry...



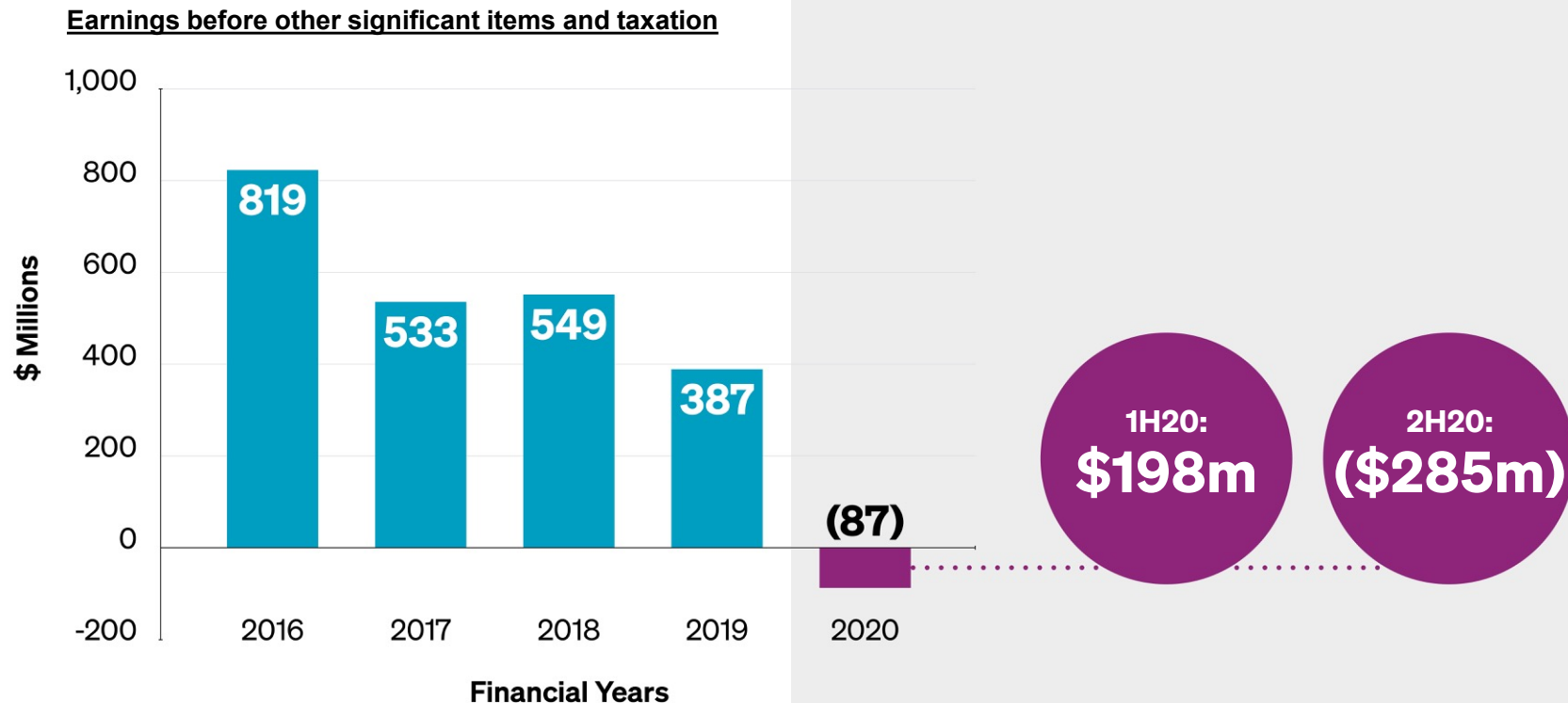
Global ASK (YoY monthly change rate, %)



...and the resulting travel restrictions led to a significant decline in demand



Despite a solid 1H20, Covid-19 had a swift and significant impact on FY20 earnings



Management responded decisively, adjusting the business to address these challenges...



Cash flow management

- **Permanent reduction** in staffing of ~30%, or more than **4,000 employees**
- **Cancellation of 2020 interim dividend**
- **Reduction in CEO, Executive and Board remuneration**
- **Suspension of all short-term incentives**
- **~50% reduction** in operating costs¹
- **Lease reductions** across fleet, property and other areas for 2021 financial year
- **Extension of terms** with major suppliers

Capital management

- **Deferral/cancellation of ~\$700 million in capex²**, including reduced hangar, digital and infrastructure
- **Suspension of dividends**
- **Grounding of the 777 widebody fleet** until at least Sep 2021, saving significant maintenance and operational costs
- **Deferral of delivery** of 5 A321 NEOs into later financial periods, and 1 ATR72-600 into 2021

Other initiatives

- **Increased cargo flying**, won competitive tender to restart the NZ export market
- **Government wage subsidy** of ~\$125 million³
- Made use of temporary **tax relief** and other legislative changes to increase short-term liquidity by \$80 million

¹ This excludes redundancy costs.

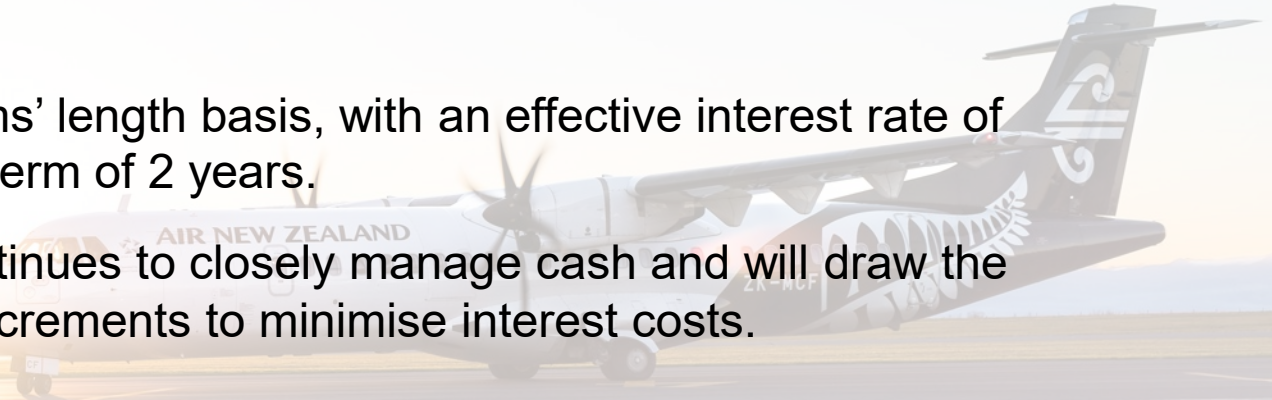
² These deferrals/savings are through to Dec 2022.

³ Approximately \$75 million relates to the period ended 30 June 2020. A further ~\$40 million was received under Tranche 2 of the subsidy scheme in July 2020 and \$10 million under Tranche 3 in August 2020.

...and arranged a \$900 million short-term standby facility from the NZ Government



- Enabled the airline to continue to operate while managing the implications of border and travel restrictions and the resulting reduction in demand.
- Negotiated on an arms' length basis, with an effective interest rate of ~7% - 9% p.a and a term of 2 years.
- Air New Zealand continues to closely manage cash and will draw the loan down in small increments to minimise interest costs.

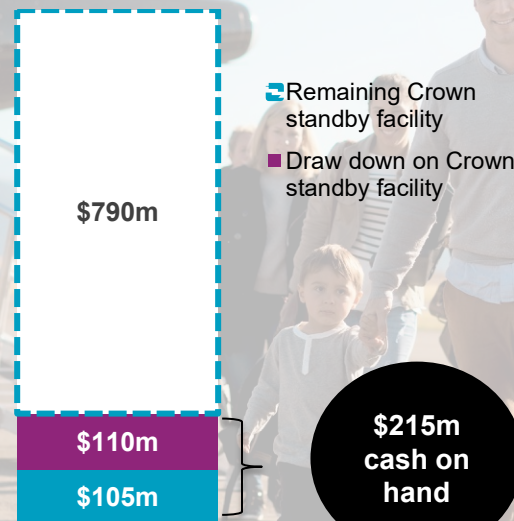


The Board continues to assess the optimal capital structure for the airline



- We have drawn ~\$110 million of the \$900 million Crown Standby Facility and have ~\$1 billion in short-term liquidity as at 25 Sep
- Assuming no further material adverse developments, Board to complete capital structure review by early 2021, with a capital raise expected before Jun 2021.
- The New Zealand Government has recently reaffirmed its commitment to maintaining its majority shareholding and the Board is engaging constructively with the Crown in its capital structure and funding discussions.

~\$1.0 billion in short-term liquidity
(as at 25 Sep 2020)



The outlook for 2021 remains uncertain



Given the uncertainty surrounding travel restrictions and the level of demand as these restrictions lift, Air New Zealand is currently not able to provide specific 2021 earnings guidance. However, each of the scenarios we are currently modelling suggest we will make a loss in 2021.



CHIEF EXECUTIVE OFFICER
—

Greg Foran

2020 has dealt us some significant challenges but we have a plan in place



SURVIVE
REVIVE
THRIVE
—

Our key stakeholders



Our
Customers



Our
People



Our
Shareholders

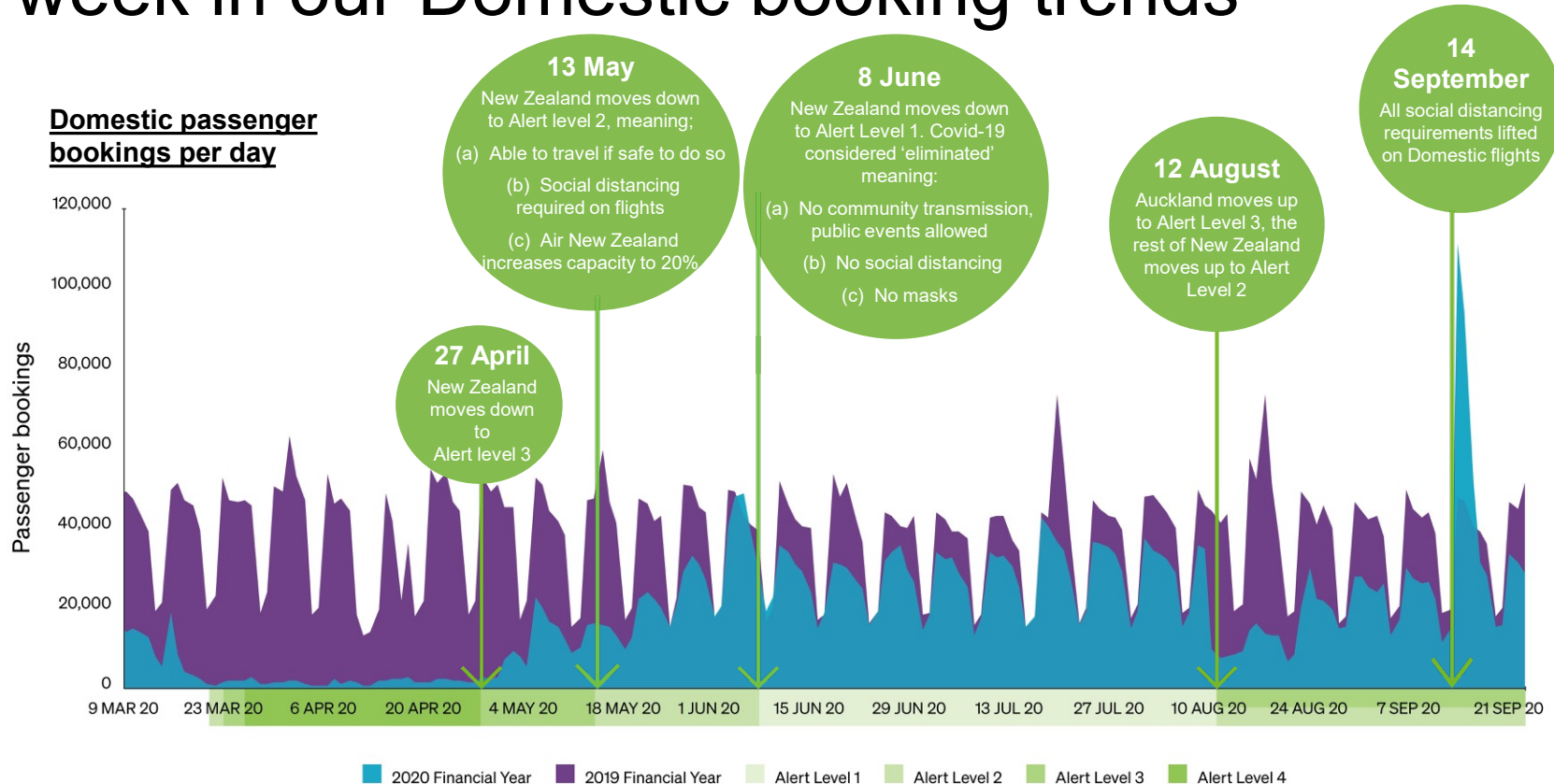


Our
Suppliers



Our
Communities

We are encouraged by what we see each week in our Domestic booking trends



The way forward – Kia Mau, Get Ready



Our Purpose

Enrich our country by connecting New Zealanders to each other and New Zealand to the world



Our Promise

Manaaki – taking care further than any other airline



Our Values

**Share your
AOTEAROA**

CANDO.

BeYourself

**Welcome
as a friend**



The way forward – Kia Mau, Get Ready



Our Objectives

Prioritising people

- *Grow a culture of care from the inside out*

Experience excellence

- *Shape our network and experiences around our most loyal customers*

Do it digital

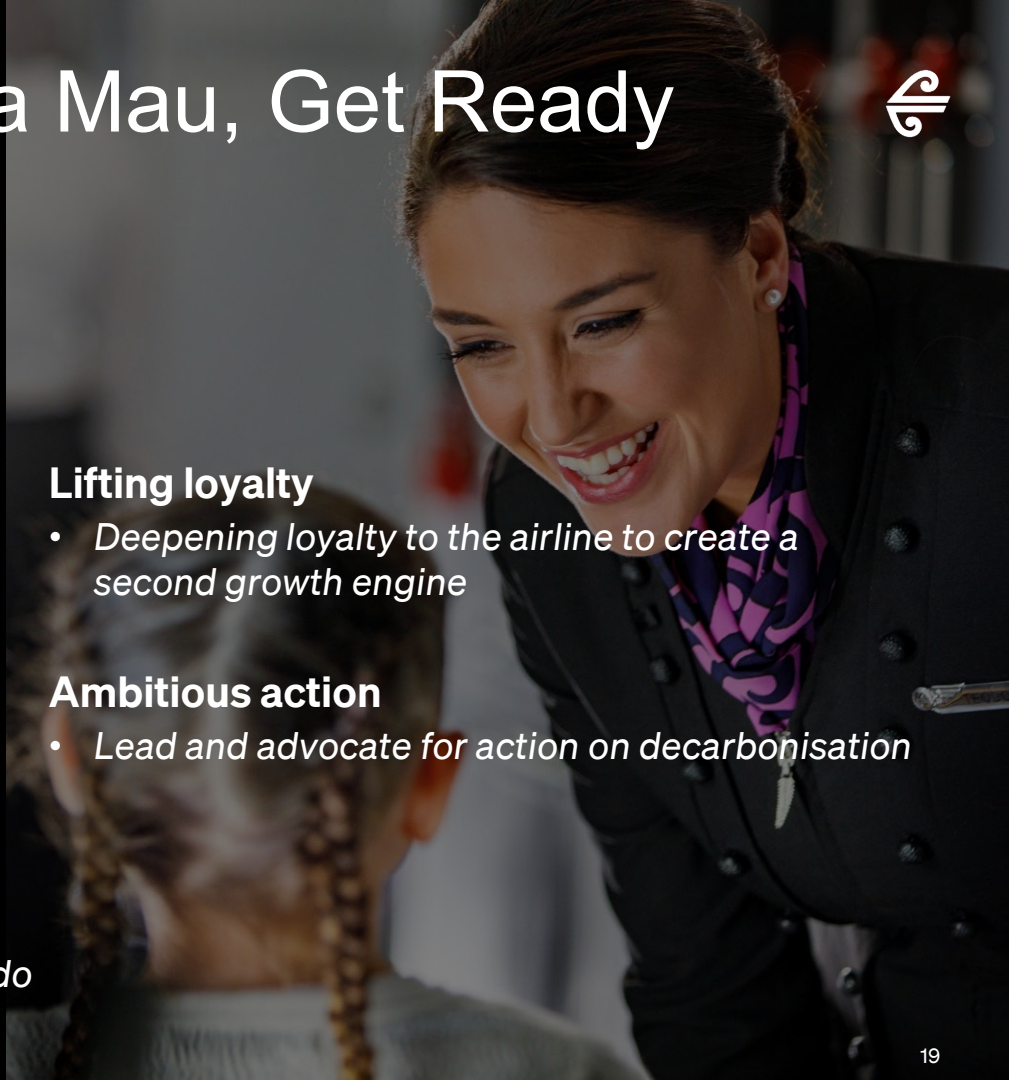
- *Embed digital at the heart of everything we do*

Lifting loyalty

- *Deepening loyalty to the airline to create a second growth engine*

Ambitious action

- *Lead and advocate for action on decarbonisation*



Our vision for the future



**Optimised
network**



**World
leading
customer
experience**



**Fewer
widebody
aircraft**



**Returning to
profitability**



**Industry-
leading staff
engagement**

THANK YOU



QUESTIONS ON 2020 PERFORMANCE AND 2021 OUTLOOK



RESOLUTIONS



Resolutions for voting



1. Re-election of Linda Jenkinson as Director
2. Re-election of Laurissa Cooney as Director
3. Re-election of Dean Bracewell as Director
4. Re-election of Larry De Shon as Director



Proxies and postal votes received

(as at 27 September)



	Proxy votes			
	For	Against	Abstain	Discretion
<u>Resolution 1:</u> <i>Re-election of</i> Linda Jenkinson	102,860,127	17,888	7,825	2,861,458
<u>Resolution 2:</u> <i>Re-election of</i> Laurissa Cooney	102,772,606	106,709	14,618	2,853,365
<u>Resolution 3:</u> <i>Re-election of</i> Dean Bracewell	102,848,156	28,781	15,918	2,854,443
<u>Resolution 4:</u> <i>Re-election of</i> Larry De Shon	102,860,992	21,781	2,525	2,862,000

Postal votes		
For	Against	Abstain
585,067,185	1,208,107	40,145
585,127,723	1,142,756	44,958
585,154,609	1,094,718	66,110
585,150,468	1,101,706	63,263



RESOLUTION 1:

RE-ELECTION OF

—
Linda Jenkinson



RESOLUTION 2:

RE-ELECTION OF

—
Laurissa Cooney



RESOLUTION 3:

RE-ELECTION OF
—

Dean Bracewell



RESOLUTION 4:

RE-ELECTION OF
—

Larry De Shon

GENERAL DISCUSSION AND QUESTIONS



THANK YOU



AIR NEW ZEALAND 

A STAR ALLIANCE MEMBER 