

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

MARKET ANNOUNCEMENT

7 November 2023

Air New Zealand schedule update – Pratt & Whitney engine impacts

- 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

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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.”

Ends.

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