

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

MARKET ANNOUNCEMENT

10 March 2026

Air New Zealand suspends FY2026 guidance due to jet fuel market volatility

Due to unprecedented volatility in global jet fuel markets following the recent escalation of conflict in the Middle East, Air New Zealand is suspending its earnings guidance.

At its interim results on 26 February 2026, Air New Zealand provided qualitative guidance that based on current trading conditions and assuming an average jet fuel price of US\$85 per barrel for the second half, the airline expected second-half earnings to be broadly in line with, or modestly below the first half, which was a loss of \$59 million. The airline noted the outlook remained subject to material uncertainty including engine return schedules, the timing and quantum of compensation, and volatility across key input costs and demand conditions.

Since that time, conflict in the Middle East has led to extreme volatility in jet fuel markets. Jet fuel prices, which were around US\$85 to \$90 per barrel prior to the conflict, have increased sharply to between US\$150 to US\$200 per barrel in recent days.

Jet fuel pricing is made up of two elements, Brent Crude (the underlying crude oil price) and the crack spread, which is the refinery margin (the difference between crude oil and the price of refined jet fuel). Since the conflict began, the crack spread has also been particularly volatile, widening from approximately US\$22 per barrel before the conflict to as high as US\$115 per barrel.

Air New Zealand is 83% hedged against Brent crude for the second half of the 2026 financial year. However, like most global airline peers, it remains exposed to movements in the crack spread. For context, the airline's estimated fuel consumption for the remainder of the financial year (from March to June) is approximately 2.9 million barrels.

Due to this unprecedented volatility, the jet fuel price assumption underlying Air New Zealand's 26 February 2026 guidance is no longer appropriate. The crisis is expected to meaningfully affect second-half earnings and accordingly, the airline has suspended FY2026 guidance until fuel markets and operating conditions stabilise.

In response, the airline has implemented initial fare adjustments. If the conflict leads to continued elevated jet fuel costs, the airline may need to take further pricing action and adjust its network and schedule as required. In parallel, the airline is progressing ongoing cost reduction initiatives which are expected to partially offset these pressures.

Ends.

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

MARKET ANNOUNCEMENT

This announcement is authorised for release on the NZX and ASX by Jennifer Page, General Counsel & Company Secretary, jennifer.page@airnz.co.nz

For investor relations queries, contact:
Kim Cootes, Head of Investor Relations
kim.cootes@airnz.co.nz
+64 27 297 0244

For media enquiries, contact:
Air New Zealand Communications
media@airnz.co.nz
+64 21 747 320

For personal use only