

New Zealand airline plans to raise \$1.5 billion to rebuild

March 30 2022, by Nick Perry



Air New Zealand passenger planes parked on the tarmac at Auckland International Airport in Auckland, New Zealand, Wednesday, March 23, 2022. New Zealand's flagship airline on Wednesday, March 30, 2022, announced a plan to raise \$1.5 billion to hire more staff, buy new planes and expand its routes as it seeks to rebuild from deep losses caused by the coronavirus pandemic. Credit: AP Photo/Mark Baker, File

New Zealand's flagship airline on Wednesday announced a plan to raise \$1.5 billion to hire more staff, buy new planes and expand its routes as it seeks to rebuild from deep losses caused by the coronavirus pandemic.

Air New Zealand's shares were put in a temporary trading halt ahead of the announcement. As well as being used to invest in the business, some of the new money would be used to pay back government loans.

Under the plan, the airline would raise 2.2 billion New Zealand dollars (\$1.5 billion). About 55% of the new money would come from an offer to existing shareholders, under which they can buy new shares at a steep discount to the last trading price.

The rest of the money would come from the government through redeemable shares and new loan financing. The New Zealand government currently owns 51% of the airline, a ratio that won't change under the plan.

When the [pandemic](#) hit, Air New Zealand responded by cutting back its [flights](#) by 95% and slashing thousands of jobs, reducing its workforce by nearly one-third.

For two years, New Zealand imposed some of the world's toughest border restrictions, extinguishing a once-thriving international tourism industry.

Domestic flights have recovered somewhat but the airline still expects to lose about NZ\$800 million this year.

The [government](#) announced earlier this month it will reopen to tourists from the U.S. and many other countries by May 1 as the pandemic threat recedes.

Airline Chief Executive Greg Foran said its top priorities were to grow its domestic business, optimize its international routes and grow its loyalty program.

Chairperson Therese Walsh said that despite the cutbacks, the airline had been able to keep the nation connected throughout the pandemic, allowing New Zealanders to return home, bringing in vital supplies and keeping its export markets running.

"While we know there are still bumpy skies ahead, the timing is right for us to position the airline for recovery," Walsh said.

Last week the airline announced it had started selling tickets for direct flights to and from New York, a new [route](#) that will take more than 17 hours southbound and be among the longest nonstop flights in the world.

Air New Zealand had intended to start the route from Auckland to John F. Kennedy International Airport in 2020, but then the pandemic hit. The first flights will now begin in September.

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