

## CEO's Report

"This company was founded 100 years ago in the wake of a world war and a devastating pandemic. We know that things will improve, and that the Qantas Group will thrive when it does."

This year was one of sharp contrasts.

For most of FY20, the Qantas Group was focused on growth. We opened our pilot academy in Queensland, announced new routes and were actively hiring new people. We had completed historic non-stop research flights from New York and London direct to Sydney, and we were preparing to order the aircraft required to fly them commercially for Project Sunrise.

Then came the worst trading conditions in a century.

It was a sudden reversal of fortune that has been very hard for our people, customers and shareholders.

But the depth of the contrast points to the fact we entered the COVID-19 crisis in a very strong position. Perhaps the strongest of any airline in the world.

After years of record profits, our balance sheet is strong. That enabled us to raise over \$2 billion in debt in addition to a \$1.4 billion equity raising, giving us the extra liquidity to make it through to the other side of the crisis.

The Group's strengths are also clear in its FY20 performance.

Despite a 21 per cent drop in revenue, the Group still posted a \$124 million Underlying Profit Before Tax. That was largely due to our first half result — which mostly unwound in the second half — and the rapid action to control costs as travel demand collapsed.

There were some bright spots in our portfolio. Qantas Loyalty achieved 91 per cent of its profit from last year and set a record level of member satisfaction in the last, and most challenging, quarter. Qantas Freight has benefited from the increasing shift to e-commerce. And our charter flying for resources companies performed strongly.



Support from the Australian Government — for the aviation industry and for the broader economy — was a key feature of FY20. In particular, JobKeeper provided a crucial safety net for the thousands of our people on stand down, and continues to do so.

The impact of this crisis means the Qantas Group will be smaller for some time to come. The markets we operate in will be different. And we'll need to rebuild our balance sheet. For not the first time in our history, we need to reinvent how we do things — which will result in more difficult decisions to ultimately protect the company's future.

Seeing so many people leave this organisation, and many more stood down from the jobs they love, has been the hardest part of this crisis. We continue to offer them as much support as we can. One positive is the feedback from other companies that have offered secondary employment, who describe the incredible professionalism and resilience of Qantas and Jetstar people. That spirit runs throughout the Group and it's what will help us recover.

We have received incredible support from our partners, suppliers and customers. And also from the communities we look forward to getting back to serving in the future. We thank them sincerely.

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**Alan Joyce AC**