

CEO's Message

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Many times over the past year, when asked how the Qantas Group was coping with COVID, I've explained that airlines normally have a new flight schedule every six months — a summer schedule and a winter schedule. But with sudden border changes and restrictions, we've had a new schedule almost every week.

In many ways, that example sums up our response to this crisis. We've had to meet it with a level of flexibility that was unthinkable beforehand. We did that when we had to move quickly to take costs out of the business given the sudden drop in revenue. And we've done it by making the most of the windows of opportunity when we could fly, such as by introducing 46 new domestic routes to tap into changing demand patterns.

This more agile way of working is also how we managed to pull together complex repatriation and freight missions, often at short notice, including to 19 overseas cities that weren't normally part of our network.

While the circumstances have been terrible, they led us to build new capabilities. That's something we'll carry out of the pandemic and will help us recover faster.

Even under the diabolical trading conditions we faced in FY21, there were some standout performances from different segments.

Domestically, 95 per cent of the flying by Qantas and Jetstar was cash positive. Rather than keep aircraft on the ground, we wanted to get our people back to work and encourage our customers to fly again — and the fact we managed to generate positive cash flow virtually every time we did this was remarkable when you consider the uncertainty we faced.

Qantas Loyalty grew its member base, satisfaction levels and its second half profit, despite the limited opportunities for people to use their points for flights during lockdowns. Frequent Flyers were kept engaged through new retail partners, offers to retain their status and a 50 per cent increase in redemption seats when we could fly.



The huge growth in online shopping domestically, plus the loss of cargo space on cancelled international passenger flights, created an opportunity for Qantas Freight. Yields and volumes grew, which drove a record performance and helped to significantly offset the costs of carrying our own grounded international passenger operations.

Qantas has always shown leadership on issues important to Australia. The public health issues around the pandemic have been no different. In 2021, we were the first major company to announce a reward scheme to customers who were fully vaccinated. And we were the first ASX-listed company to make the vaccine a requirement for all employees. Both initiatives are based on our absolute commitment to safety.

Sustainability is another key issue. In response to climate change we've set some tough goals, including capping our emissions at 2019 levels, helping to create a local industry for sustainable aviation fuel and reaching net zero emissions by 2050. The pandemic has slowed our progress but to help accelerate it we've created the position of Chief Sustainability Officer, reporting to me, to give this fundamental challenge the focus it needs.

Throughout the pandemic the support of customers, industry partners, shareholders and a wide range of stakeholders — both in Australia and overseas — has been remarkable. It reflects the important place this company has, and the critical services it delivers.

Delivering those services relies on our 22,000 people. They are critical to our success and have been through so much in the past 18 months. We look forward to welcoming them back to work as Australia, and the world, reopen.

A handwritten signature in black ink, appearing to read 'Alan Joyce'.

Alan Joyce AC