

Chairman's Report

“Aviation is all about connecting people and places, which is exactly what the public health response to COVID-19 is designed to avoid.”

The Qantas Group has seen many challenges in its 100 years, but none with the huge impact of the COVID-19 crisis.

Aviation is all about connecting people and places, which is exactly what the public health response to COVID-19 is designed to avoid. The impact this is having on the global travel industry — and on the Qantas Group — is clear.

Our revenue was \$4 billion lower in FY20 compared with the prior year, with most of that fall happening within three months. Passenger numbers in that last quarter were down 98 per cent.

With such a precipitous drop, it was critical that we moved quickly to protect our balance sheet. And, by extension, to protect the future of the company.

In a matter of weeks from March 2020, we cancelled dividends, grounded most of our aircraft and stood down the majority of our people.

Annual executive bonuses were cancelled, and the Board and Group Management Committee showed important leadership by taking no salary for several months, then a reduced salary for months after that.

Sadly, at least 6,000 Qantas Group employees will lose their jobs as a result of this crisis. Thousands more will be stood down for an extended period, due to what IATA expects could be several years of reduced travel demand.

A large number of our people have spent their whole careers at Qantas and Jetstar. Generations of families work here — sometimes, side-by-side. Many describe the airline as an extended family. So, while we know job cuts and stand downs are absolutely necessary, we also know there is a significant human impact that is deeply regrettable.



In managing this crisis, we're focused on preserving as many jobs as possible in the long term. That means surviving through a period of far less revenue and setting up the Group for recovery in what we know will be a different market post-COVID.

In June, we announced a three-year recovery plan — the Next 100 — to achieve that. It will carve out \$15 billion in costs, mostly through reduced activity, and deliver \$1 billion a year in annual savings from FY23. To enable the plan, we raised \$1.4 billion in an equity raising that was strongly supported by major shareholders in particular.

This support has two major foundations. The first is the fundamental importance of air transport in a country as big as Australia, and the established position Qantas and Jetstar have in that market. And the second is a track record for delivering

large transformation programs in trying times. Alan Joyce and his management team led one of the most successful corporate turnarounds in 2014 and he has committed to stay on as Group CEO to guide the post-COVID recovery.

People at Qantas often say the national carrier shines brightest when faced with a crisis. This year, amidst all the challenges, we operated over 100 overseas flights on behalf of the Federal Government to help bring Australians home — including from several COVID hotspots in the early stages of the pandemic. Domestically, Qantas, QantasLink and Jetstar helped run a network that kept critical transport links across Australia open.

On behalf of the Board, I'd like to extend our sincere thanks to Alan and the whole team who have worked incredibly hard under extraordinary circumstances to guide this great company.

The challenges we face in FY21 are substantial but we have plenty of reasons to be optimistic. We know we have the strength and the strategy to get through this crisis, and to deliver for our customers, people and shareholders for many years to come.

Richard Goyder AO