

# ASX/Media Release

## QANTAS GROUP 2022 ANNUAL GENERAL MEETING

### REMARKS FROM CHAIRMAN RICHARD GOYDER

**4 November 2022**

Good morning and welcome to the 2022 Qantas Annual General Meeting, which is being held both in-person and online.

On behalf of the Board and in the spirit of reconciliation, the Qantas Group acknowledges the Traditional Custodians of country throughout Australia and we pay our respect to their elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples joining the meeting today. I wish to acknowledge the Gadigal people of the Eora Nation, the traditional owners of the land on which we meet today.

This is our first in-person AGM since the pandemic.

The last one was in 2019, in Adelaide, and it was my first AGM as Qantas Chairman.

The Group had posted another strong profit that year and we were looking forward to celebrating our 100th anniversary in 2020.

Of course, none of us knew the huge challenge around the corner, in the form of a pandemic that shut down our industry.

In human terms, it resulted in a lot of tough decisions so we could make it through to the other side. We recognise the impact that had on the thousands of people who left the business.

In dollar terms, the pandemic cost us \$7 billion in losses and more than \$25 billion in revenue over two-and-a-half years.

But not only have we made it through, we're recovering much faster than anyone expected.

#### **FINANCIAL RECOVERY**

As we announced in October, the Qantas Group expects to post a profit of between \$1.2 and \$1.3 billion for the first half of financial year 2023.

When you consider the first half of last year was a similarly sized *loss*, it's a turnaround of almost \$3 billion.

Alan will talk about the factors driving that remarkable recovery, so let me briefly explain what it means.

#### **SHARING THE BENEFITS – FLEET INVESTMENT**

Firstly, it reinforces the Board's decision to order new aircraft in mid-2022, when aviation was still dealing with the crisis.

It meant we secured much better terms and better delivery slots than if we had waited. To quickly summarise:

- The Airbus A220 start arriving from late 2023 as our 717s retire.
- The Airbus A321XLRs are due to arrive from early 2025 as our 737s are retired.
- And the Airbus A350 – which will enable Project Sunrise – arrives in 2025.

This is a huge investment in next-generation technology, made possible by higher revenues through transformation, market share shift and yield growth.

These orders are great news for our people, our customers and for Australia more broadly, because of the opportunities they'll unlock over a decade and beyond.



## SHARING THE BENEFITS – INVESTING IN OUR PEOPLE

Our people have done a fantastic job getting us back in the skies safely.

The difficulty of switching an industry back on after it has been frozen for over two years is still clear to see at airports and airlines around the world.

But the fact that Qantas is already largely back to pre-COVID levels of service is a testament to our people.

We're pleased to be sharing the benefits of the recovery with them, with around 20,000 non-executive staff eligible for:

- A \$5,000 cash recovery boost;
- Up to 1,000 Qantas share rights, due to vest in August next year; and
- A major upgrade to our staff travel program, which has seen 10,000 more family and friends of Qantas Group employees able to access these benefits.

We've also returned to 3 per cent annual wage increase – at a total cost of around \$120 million a year – after a two-year wage freeze that reflects the period of time we were on the ground.

## SHARING THE BENEFITS – INVESTING IN OUR CUSTOMERS

A stronger balance sheet also means we can get back to investing for customers.

Alan will mention the huge commitment we're making in operational performance, which we know is so important.

In addition to the fleet decisions I mentioned earlier, we also have:

- Three more Boeing 787s arriving for Qantas International by mid next year, and
- 18 Airbus A321s arriving for Jetstar, with one already flying and two more due by Christmas.

These are helping us open up new routes like Seoul, Bengaluru, and Auckland-to-New York. This is on top of 20 new domestic routes announced since 2021, most of which are to regional destinations.

## SHARING THE BENEFITS – REWARDING SHAREHOLDERS

Our shareholders gave us tremendous support through the pandemic.

That included a \$1.4 billion equity raise in mid-2020 – a time when airlines weren't exactly a safe haven for investors.

In our prospectus, we said those funds would let us restructure and recover quickly, which is exactly what's happening now.

That helped us retain our investment grade credit rating throughout the pandemic. And it's now helping us outperform almost all our global peers and remain one of the best performing airlines on a total shareholder return basis.

We were pleased to announce a \$400 million buyback in August, which is now 59 per cent complete.

With net debt expected to be well below our target range at the end of the half, the board expects to consider opportunities to make further distributions according to our financial framework.

## FOCUS ON SUSTAINABILITY

Bringing our operations back to their best has been our priority, but we've also devoted a lot of focus this year to sustainability.

In March this year, we outlined our plan to reach zero net emissions by 2050. We set this target back in 2019 and while a lot of airlines have since set a similar goal, only a few have set interim targets to keep them on track. Qantas is proud to be one of them.

Our path to net zero will see 10 per cent use of Sustainable Aviation Fuel by 2030 and approximately 60 per cent by 2050.

That will cut our emissions by more than one third. The rest will come from technology that lowers fuel burn and improves the efficiency of our flying, and from high quality carbon offsets.

2050, and even 2030, can seem a long time away given we're already living with the impacts of climate change. Let me share two quick examples of what we're doing right now:



- In August, Jetstar introduced the Airbus A321LR NEO – which stands for new engine option. On its first commercial flight – from Melbourne to Cairns – it used two tonnes less fuel (or 25 per cent) than the older aircraft it replaces. That’s a massive and instant step change.
- Around 15 per cent of our fuel from London is now Sustainable Aviation Fuel. Our flights from LA and San Francisco will follow from 2025 and we have more supply agreements in the pipeline.

Many airlines are working to secure SAF supplies. To put it simply, the industry needs a lot more of it. Australia's supplies are particularly limited and most of our feedstocks are sent offshore to be processed elsewhere.

We’ve announced a US\$200 million joint investment with Airbus to invest in helping get a local SAF industry off the ground. We’re also talking to all tiers of government, given its importance to the future of aviation in a country that relies on it so heavily.

## **INDUSTRIAL RELATIONS REFORM**

As a major employer, we’re closely following the changes proposed for Australia’s industrial relations system.

We understand the importance of wages growth to maintain and improve standards of living – particularly in low paid industries.

Qantas is not one of those. Our average non-executive salary is more than \$100,000 a year. Around 85 per cent of our workforce is covered by agreements that are negotiated with unions and voted on by our people.

We’re concerned that the proposed changes effectively dismantle the enterprise bargaining system that has served Australia well for decades.

We’re concerned that lowering the bar for compulsory arbitration and enforcing multi-employer bargaining would effectively lead to centralised wage setting. This kind of system will have little regard for the fact different companies have different needs. And that will have a massive impact on productivity, growth and (in the longer term) the ability to pay more.

We welcome the Minister’s willingness to make amendments to the Bill. And we join with the key employer groups and other companies – big and small – in asking the government to take more time for this legislation and its consequences to be genuinely debated before any changes are made.

## **CONCLUSION**

Before I pass to Alan, can I finish on a note of gratitude.

Firstly to our people. On the frontline and behind the scenes, they have done an amazing job in this past year especially. We know it’s been hard and that’s why it’s so important that they share in the benefits of recovery.

To our customers, who have been understanding and patient as we’ve worked to get back to our best.

And to our shareholders, who have supported us right through this crisis.

On behalf of the board, we say thank you.

The Qantas Group is in a far better position than just 12 months ago.

And in a better position to keep serving Australia well into the future.

I’d now like to invite Alan to make a few remarks.

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**Authorised for release by the Qantas Board of Directors.**

