

## ASX Release

# HY23 RESULTS SPEECH – QANTAS GROUP CEO ALAN JOYCE

Sydney, 23 February 2023

Good morning.

I'm pleased to announce that – after \$7 billion in statutory losses across three years of the pandemic – the Qantas Group is back in profit.

For the first half of the financial year 2023, we delivered a record underlying profit before tax of just over \$1.4 billion.

That compares to a \$1.3 billion loss for the same time last year.

This is the recovery our people, our shareholders – and in many respects, our customers – have been waiting for. Because this result isn't just about a single number. Ultimately, it's about getting back to our best by reinvesting in the national carrier, which I'll come back to in a moment.

### DRIVERS OF FINANCIAL PERFORMANCE

All of our segments performed well and the detail is in the documents we've released today. But there are some broad drivers of our financial performance that are worth singling out.

The first is travel demand, which remains very robust, particularly for leisure. While interest rates and inflation are expected to hit discretionary spending at some point, we're yet to see any signs of that in our bookings. In fact, the research shows travel is one area that people want to prioritise over the next 12 months.

That flows into the second factor, which is higher yields – particularly given most international airlines are still working to restore capacity back to pre-COVID levels.

The last driver is the \$1 billion in restructuring benefits that are flowing through. That restructuring – which we announced almost three years ago – was about making sure we survived the pandemic and bounced back quickly, which is exactly what's happening.

That said, some costs are up. We're keeping more spare aircraft in reserve and rostering more crew to give our operations extra buffer. The estimated disruption cost is \$200 million this financial year and it will steadily unwind as things continue to stabilise.

### OPERATIONAL PERFORMANCE AND OUR PEOPLE

As I think our customers would agree, that investment has been well worth it.

Our reliability has improved right across the Group. Qantas has now been the most on-time of the major domestic airlines for five months in a row – and we're working hard to keep it that way.

Our people have been absolutely key to all of this. They've shown incredible grit and dedication, especially when our operational challenges were at their peak.



That's why we're so pleased to share the benefits of the turnaround with them.

Around 20,000 non-executive staff across the Group are eligible for shares and cash bonuses of up to \$11,500.

Today, we've added another \$500 in staff travel credit, as an extra way to say thank you.

In total, we've set aside over \$400 million for reward payments for our people, on top of significant EBA-related pay increases.

And in the coming weeks, we'll be announcing a major investment in training, which will benefit the broader aviation industry as well as the Qantas Group.

## **SHAREHOLDER RETURNS**

Our shareholders have stood by us, as well – and gave us well over \$1 billion at the start of the pandemic, when we needed it most.

Today, the Board has announced a return to shareholders of up to \$500 million, through an on-market buy back.

## **INVESTING IN OUR CUSTOMERS**

Our customers are another group that have stuck with us – even when we were a long way from delivering the service they normally expect.

Thankfully, those issues have largely been fixed, but the return to profit also means we can make some big investments in customer experience.

There's a steady stream of short and long-term projects happening across the Group, all with the simple aim of making people's journey better.

We're opening three new and upgraded lounges this calendar year, and just this week we announced \$100 million for several more. So, whether you're visiting Rockhampton or London, there are improvements happening across our network.

We're also starting new routes, like Auckland-New York this June.

We took delivery of four new aircraft last year and have 12 more arriving by December.

Overall, we're expecting a new arrival every three weeks on average for the next several years as we draw down on our Airbus order.

That order includes the A350 – the ultra-long range aircraft that we'll use for Project Sunrise flights, flying direct from Australia's east coast to New York and London.

Today, we're unveiling prototypes of the First and Business Class suites on those aircraft from late 2025 – which are the most luxurious seats we've ever had on a Qantas aircraft. They really will be a new era of travel.

## **INVESTING IN SUSTAINABILITY**

All our Project Sunrise flights will have their emissions offset from day one.

And every new aircraft that we bring in helps towards our emission reduction target, because they burn up to 25 per cent less fuel.



Electric and hydrogen are a long way off – especially for the distances we fly. That's why we're investing in Sustainable Aviation Fuel, which cuts lifecycle emissions by up to 80 per cent compared with fossil fuels.

When you consider the importance of air travel in this country, Australia is a prime candidate to develop its own sustainable fuel industry. That's the conversation we're having with governments around the country with some urgency, and we welcome the Federal Government's commitment to a SAF industry council that meets next week.

## **AFFORDABLE AIR TRAVEL**

Cost of living is an issue across the economy at the moment, and we know air fares are part of that discussion.

Fares are up by about 20 per cent in Australia compared to 2021, and by similar amounts in key markets like the US.

The main drivers are:

- The price of fuel, which is up 65 per cent.
- And the imbalance between supply and demand. Airlines are struggling to keep up with a tremendous level of passenger demand as we get back up to speed – and that has pushed prices up, especially in the peaks and for last minute travel.

Fares will keep trending down as more airlines can unlock capacity – which relies on things like supply chain for aircraft, labour availability and training pipelines. For Qantas, we started adding more flying back in January and have another step up in March.

There are also still a lot of cheap fares in the market, especially when you book well in advance. Qantas Domestic currently has more than 2 million fares under \$200 in market. And this year, the Jetstar Group will offer more than 10 million fares across its network for under \$100.

## **CONCLUSION**

It has been a long – and frankly, difficult – journey to get to today.

But thanks to our people, our customers and our shareholders, we're here.

Our high service standards are back.

Capacity is recovering.

We're hiring again.

And, because we've returned to profit, we're able to reinvest in this great business for the long term.

Thank you.

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

