

# ASX Release

## FY23 RESULTS SPEECH – QANTAS GROUP CEO ALAN JOYCE

Sydney, 24 August 2023

Good morning.

I'm very pleased to be joined by our current CFO and incoming CEO in November, Vanessa Hudson.

I'd like to start by recognising the traditional owners of the land we're meeting on and acknowledge their elders past and present.

### TOPLINE RESULT AND RECOVERY

I'm pleased to say that the Qantas Group is back in profit on a full year statutory basis for the first time since 2019.

Combined across Qantas, Jetstar and Qantas Loyalty, we delivered an Underlying Profit Before Tax of just under \$2.5 billion and a Statutory Profit After Tax of over \$1.7 billion.

It's a world away from the \$7 billion in statutory losses we racked up during COVID.

And a key difference between this result and our last profit is the \$1 billion in restructuring that is formally 'complete' today.

This is a remarkable turnaround, three years in the making. And it's been hard.

From being 11 weeks shy of insolvency, to a challenging return to flying across the industry, to finally getting back to leading domestic operational performance.

It's an absolute credit to the resilience and hard work of our people, the patience and understanding of our customers, and the support of our shareholders.

All the detail behind the results is in the documents we've released today. So, I'd like to take you through what we're seeing in the market and how we're reinvesting our profits.

### DEMAND, CAPACITY AND FARES

Fundamentally, travel demand is extremely robust.

Our monthly survey of Frequent Flyers' intent to travel shows it's still running at twice the level it was before COVID for domestic and 80 per cent higher for international.

Despite cost of living pressures, survey data shows people are planning to spend more on travel over the next six months and less on homewares, renovations and even alcohol.

To help meet demand, our flying increased by almost 70 billion seat kilometres and we more than doubled the number of people we carried to 46 million<sup>1</sup>. We're already building on that baseline for this year.

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<sup>1</sup> FY23 compared to FY22.



That's brought our domestic capacity back above pre-COVID levels and international to around 80 per cent. We expect international will be back at 100 per cent by the middle of next year, which is the fastest we can get widebody aircraft back in the air.

Extra flying by Qantas, and a strong return by more than 50 other airlines serving this market, is already lowering the price of travel.

The data shows that Economy fares peaked last December. They've fallen about 12 per cent since then and should keep dropping as more international capacity comes online.

No business is immune to high inflation at the moment, but we understand the need for affordable travel.

Jetstar sold nine million fares for under \$100 in FY23. Qantas increased the availability of reward seats – those bought with frequent flyer points – by 50 per cent. Today, we've launched a 1 million seat sale across Qantas and Jetstar, which is our seventeenth major sale in the past 12 months.

Domestically, Jetstar is offering one-way fares like:

- Sydney to Launceston for \$29; and
- Perth to Brisbane for \$99.

Internationally, Qantas is offering fares like:

- Melbourne to LA for \$1,200 return; and
- Sydney to London for \$1,800 return.

So, there is some great value out there.

## **INVESTING IN NEW AIRCRAFT**

Importantly for our customers and people, returning to profit means we can reinvest.

Last May, we announced plans to renew our narrowbody jet fleet over the next decade, as well as giving the green light to 12 aircraft for Project Sunrise – our non-stop flights from the East Coast to London and New York. We gave a lot of detail on the strategic importance of this at our investor day, a few months ago.

Today, we're announcing the final piece of our long-term fleet plan – replacement of our A330s and, ultimately, A380s.

The Board has approved firm orders for 24 new widebody aircraft for Qantas – a mix of Airbus A350s and Boeing 787s. This is another multi-billion investment in the national carrier.

The first of these new aircraft arrive in FY27 to replace our A330s over several years.

Our A380s still have a lot of life left in them, especially given their recent cabin updates.

But as part of the pipeline we're building, I can announce they will be replaced by the Airbus A350 from about FY32 onwards.

We have negotiated options and purchase rights with both Airbus and Boeing for more 787s and A350s, which we can draw down on as needed for replacement and growth over the next decade and beyond.

## **FOCUS ON SUSTAINABILITY**

New aircraft are also a key part of cutting our emissions and reaching our sustainability targets. They burn significantly less fuel, especially when moving from a four engine A380 to a twin engine A350.



As part of this latest deal with Airbus and Boeing, we've also negotiated access to Sustainable Aviation Fuel supplies.

These agreements are expected to give us access to up to 500 million litres a year including out of the US, from 2028 onwards.

SAF cuts lifecycle emissions by up to 80 per cent and is a drop-in fuel – meaning we can use it in existing aircraft.

We think it's crucial that Australia has its own Sustainable Aviation Fuel industry for the longer term. That's why we already have a \$400 million Climate Fund to invest in kick-starter projects.

The Federal and State governments are looking at ways to create a local industry – but we'll admit to being impatient for progress. The reason we're able to access supplies in the US is because of their governments' settings and support for this critical industry of the future. Australia needs the same.

## **REWARDING OUR PEOPLE**

Our people have been absolutely critical to our recovery – and it hasn't been an easy road for them.

Mid-crisis, we mapped out two bonuses to say 'thank you' and to help retain the talent we needed when times were tough.

With the recovery now formally complete, more than 21,000 of our people will share in around \$340 million.

For most individuals that equals \$11,000 – including 1,000 Qantas shares, meaning they benefit from the company's success, ongoing.

Plus another \$500 staff travel credit that we have awarded today, on top of the \$500 we gave earlier in the year – which is valued at \$20 million in total.

That's in addition to pay rises, increases in superannuation, staff travel discounts and career opportunities as we expand.

## **THANKING OUR CUSTOMERS**

Our customers have also been critical to our recovery – for sticking with us, and for their patience and understanding when not everything went to plan across the aviation industry.

The best way we can thank them is to deliver the standards they rightly expect, and reinvesting our profits to keep improving their experience. And we're doing that.

Today, we're also announcing a 'thank you' to our Frequent Flyers of up to 5,000 Qantas Points– which adds up to more than 1 billion points in total.

## **REWARDING SHAREHOLDERS**

Our strong balance sheet means we can also reward our shareholders, and we've announced an on-market share buy-back of up to \$500 million today.

## **CONCLUSION**

This is my last full year results as Qantas Group CEO.

It's been extremely challenging – but I'm pleased to say that the future of the national carrier is on very solid ground.

Safety and reliability remain core.



Qantas has been the most on-time major domestic airline for 11 out of 12 months. That's the biggest lead we've ever had over our main competitor, whom Jetstar has also overtaken.

This is driving a big improvement in customer satisfaction – but, of course, there's still more for us to do.

The Group's financial stability is clear.

Our financial position is the strongest it's ever been. We've taken \$1 billion in costs out and there's been a structural change to our earnings to deliver a new level of profitability.

Our balance sheet is the strongest it's been in decades.

Put simply, we can afford to invest and grow – especially in new aircraft – while still delivering returns to shareholders. And I know that from November, Vanessa will be a very safe pair of hands to lead all of this forward. To provide the leadership, drive and foresight to make the most of the opportunities ahead for the Qantas Group.

Thank you.

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

