



QANTAS GROUP 2020 ANNUAL GENERAL MEETING

REMARKS FROM CHAIRMAN RICHARD GOYDER

Good morning and welcome to the Qantas Group AGM for 2020.

On behalf of the Board, I wish to acknowledge the Whadjuk Noongar people, the traditional owners of the land I stand on here in Perth, and pay my respects to their elders past, present and emerging.

A lot of effort has gone in to making this virtual AGM format work. But, needless to say, it's not as good as all being in the same room.

It's also a symptom of the travel restrictions and border closures that continue to have a huge impact on the Qantas Group.

Aviation is about bringing people together, and that's the one thing that the health response to COVID aims to avoid. As shareholders, you'll be well aware that our industry is among the hardest hit by what's happening.

Australia has done a tremendous job at managing this virus – especially when you look at other parts of the world. And, in most states, we're evolving how we re-open our economy and communities in a COVID safe way.

That is one of several sources of optimism we have about the Qantas Group's future – which I'll expand on shortly.

But it's important to briefly reflect on recent events.

Broadly speaking, the sudden impact of the COVID crisis saw our strong profit from the first half of the year unwind very quickly, as travel demand evaporated. By late March, cascading domestic and international border closures made clear that most flying would have to cease. Revenue in the fourth quarter fell by \$4 billion.

We were, quite frankly, in survival mode.

STRENGTHENING LIQUIDITY

Alan and the management team took immediate action to safeguard the future of the company. That meant putting most of our operations into hibernation to avoid burning through our available cash. And it meant developing a plan to recover from a crisis of unknown duration.

When you are managing a lot of unknowns like this, the key is liquidity and the ability to fund your operations.

Since March, we have raised over \$2 billion in secured and unsecured debt.

As shareholders, it's important for you to know that few airlines have the access to the debt markets that Qantas has – let alone at the interest rates we can achieve. That's a result of the strong shape this company was in when the crisis started and the market's view on our future.



In addition to debt, we secured \$1.4 billion through our first equity raising in a decade. I'd like to thank shareholders for their support of this raising, which will power our recovery.

ACKNOWLEDGING THE IMPACT OF DIFFICULT DECISIONS

Guaranteeing our survival has meant some very hard decisions. As already announced, more than 6,000 people will leave the business, with a review of another 2,000-plus roles in ground handling underway.

Around 18,000 of our people remain stood down.

The human impact of these actions deserves to be acknowledged. Many regard Qantas or QantasLink or Jetstar as not just their employer, but a second family. I want to pay particular tribute to those who have left after many years – sometimes decades – of loyal service to the national carrier.

Can I also say, these decisions are about putting the Qantas Group in a position where we can survive, recover and ultimately grow again. They are about preserving as many jobs as possible in the long term.

PATH TO RECOVERY

Key to the recovery from this crisis – for Qantas and for much of the economy – is our borders.

In July, we had a significant setback when other states closed their borders in response to Victoria's second wave. Alan will talk about the impact of that in more detail.

In the past month, we've seen some positive signs of a fresh recovery. South Australia, Northern Territory and Tasmania have opened their borders to most other states.

But even as numbers in Victoria come under control and New South Wales shows how small clusters can be managed, there is some frustrating inertia around the Queensland and Western Australian borders.

This inertia that doesn't seem to be based on the actual health risk. And that seems to ignore the broader economic and social risk involved with staying shut – especially as Federal income support winds down.

By contrast, the lifting of some restrictions with New Zealand is very encouraging. So, too, is the potential for travel bubbles with parts of Asia.

Both Qantas and Jetstar are keeping a close eye on new markets that might open up as a result of these bubbles – including places that weren't part of our pre-COVID network. By early next year, we may find that Korea, Taiwan and various islands in the Pacific are top Qantas destinations while we wait for our core international markets like the US and UK to re-open.

We're already doing this domestically – adding new destinations that suddenly make sense – and it's the kind of flexibility we need to make the most of any cash positive opportunities in the year ahead.

Of course, opening up our borders has to be done with care. That is certainly a focus for the Qantas Group as we return to the skies.

Safety is always our number one priority, and this now includes our Fly Well program, introduced back in May. It involves masks, increased sanitising and reduced contact points throughout the journey so that we protect our customers and our crew.



BOARD CHANGES

Turning to your Board.

Shortly, we will be asking you to vote on the re-election of three directors.

I want to acknowledge two long-serving directors who will retire before the next AGM.

Barbara Ward and Paul Rayner have been on the Qantas Board since 2008. They have helped guide a huge amount of transformation over that time, which is a key reason why the Group can weather this current storm. We will have an opportunity to thank them properly down the track, but on behalf of the entire Group, I want to recognise Barbara and Paul for their tremendous contribution.

We have no plans to appoint new directors in their place, meaning the Board will reduce by 20 per cent next year – from 10 members, to eight. We consider this appropriate under the circumstances when the company is scaling back at all levels.

CONCLUSION AND RECOGNISING THE ROLE OF THE NATIONAL CARRIER

One phrase I've heard a lot since joining the Board is that Qantas always shines in a crisis.

At an operational level, we've seen over 100 repatriation missions to bring Australians home from COVID hotspots around the world. The latest one, from London, is due to land shortly. All flown by crew who volunteer. All handled extremely safely. The national carrier at its absolute best.

At a management level, we've seen decisive action to handle a crisis that unfolded with incredible speed.

That has combined with years of careful management of the balance sheet and put your company in probably the best position of any major carrier in the world to recover.

Ultimately, the pace of that recovery is uncertain.

But we have a plan to guide us – guide us back to profit, back to growth and back to sharing the benefits of all that with our customers, shareholders and people. All the things we were doing before the pandemic struck. And we have a track record for delivering.

As your Chairman, I thank you for your ongoing support of the Qantas Group during this most difficult time.

I know that the Board joins me in thanking Alan and the Group Management Committee for their effort, passion and diligence this year.

I'll now invite Alan to say a few words.

This announcement has been authorised for release by the Qantas Board of Directors

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