ASX Release

QANTAS GROUP 2021 ANNUAL GENERAL MEETING

REMARKS FROM CHAIRMAN RICHARD GOYDER

5 November 2021: Good morning and welcome to the 2021 Qantas Group Annual General Meeting.

On behalf of the Board, can I start by acknowledging 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.

As you all know, the Group has faced another very difficult year due to COVID.

International borders were closed for all of FY21 and there were only about 30 days where we didn't face some kind of domestic travel restriction.

That meant total passenger numbers were down by over 70 per cent compared with pre-COVID.

The financial impact of this has been clear. In August, we posted a statutory loss before tax of $2.35 billion for the 2021 financial year – which follows a loss of $2.7 billion the year before.

The news has been much better in the past few weeks, as lockdowns end, borders start opening and our people prepare to come back to work.

But it's fair to say the trading conditions for the first half of this financial year have been terrible. The exceptions, which have performed well throughout the crisis, have been Freight, Loyalty and our flying for the resources sector in WA and Queensland.

In total, it's likely COVID will have cost us more than $20 billion in revenue by the end of this calendar year. It's a staggering number – and it's remarkable that the business has managed to deal with this as well as it has.

We still have significant state border and quarantine impediments to navigate through so that Australians can travel, be reunited with family and friends, and rebuild many of the business opportunities which have been lost through the pandemic.

But, today it feels like we are coming to the end of a long and difficult road, thanks to the success of the vaccine rollout.

Alan will talk more about this, and the restart of flying, in a moment.

What's key for shareholders to know is that Qantas is a structurally different company coming out of the pandemic than we were going in. And that's important because it means we're well-placed to recover faster.

We are on track to deliver $1 billion of transformation by FY23, with $850 million realised by the end of this financial year.

These are annual savings that flow straight to our bottom line, and are a foundation for our recovery as well as building long-term shareholder value.

We will provide a more detailed market update in December, when we have the benefit of a few more weeks of trading at higher levels of activity. Broadly, though, I can say:

- We're confident in our levels of liquidity, even more so with forward bookings flowing through.
- We're confident that we'll reach our net debt target before the end of this financial year.
- And we're confident in our hedging position as flying ramps up in the second half.

Importantly for shareholders, that confidence is reflected by the market and the fact we've been trading at a 10-year high market capitalisation, even before most of our planes were back in the sky.

FUTURE FOCUS – SUSTAINABILITY

As we move out of crisis mode, we can spend more time looking further ahead.

A key priority is sustainability and accelerating our emissions reduction.

In 2019, the Qantas Group was only the second airline in the world to commit to a net zero emissions target by 2050.

The pandemic slowed the whole industry's progress, in the same way it artificially lowered our emissions.

There are four pillars that support our net zero target:

- Working at pace with governments and other businesses to create a sustainable aviation fuel industry in this country, knowing we'd be its biggest single customer. This relies on creating biofuels from crops or waste materials that can power our existing fleet and emit 80 per cent less emissions.
- Offsetting emissions by investing in high quality projects that range from solar farms to revegetation projects led by traditional owners.
- Ongoing work to reduce fuel burn, including through smarter flight planning, and reducing waste to landfill.
- Embracing new, low emission technology as it becomes available.

PROJECT WINTON

On this last point, electric or hydrogen powered aircraft are decades away from being a practical alternative – especially given the distances we face in Australia. That's a key reason why sustainable aviation fuels will be so important. So are more efficient aircraft that offer a step change in emissions.

With our long haul fleet, we've already made big strides in the past year by retiring our 747s and introducing more fuel efficient 787s.

We're now looking at renewal of our domestic fleet and have launched Project Winton. It's named after our birthplace – the town in outback Queensland – because this is a foundational decision for Qantas domestic.

We're looking at an order of over 100 aircraft, delivered over 10 years from the end of 2023 onwards.

Discussions with Airbus, Boeing and Embraer are well advanced, and we expect to decide on preferred aircraft by the end of this calendar year.

These next generation aircraft will cut emissions by up to 15 per cent. Their range and economics mean we can reshape our network to offer more direct routes between cities and towns – which is at the absolute core of what the national carrier does.

OUR PEOPLE

Projects like Winton – and its long-haul equivalent, Project Sunrise – are important for our customers and they are important for shareholders, because they are vehicles for earnings growth. They are also very important for our people, because they bring opportunity.

That is something we are focused on getting back to.

The Board and Senior Management are acutely aware of how difficult the past 18 months have been on thousands of employees across Qantas, QantasLink and Jetstar.

Fortunately, we see no need for further large-scale job cuts.

In fact, we expect to be recruiting again in operational areas as we scale up for a return to flying.

Those who have been working throughout the pandemic have done so under extremely challenging conditions. Whether it has been crew on repatriation missions or corporate employees working on ever-changing schedules or recovery programs. Indeed, some of our long-haul pilots have spent more than 200 days in quarantine since international borders closed.

We know there are still hard yards ahead.

That is why – as flagged in our annual report – the Board is looking at a reward and retention bonus for all employees across the Group. This is important not just because of the efforts they have put in but because of the sacrifices they continue to make, through a two-year wage freeze and cancellation of annual bonuses for what is likely to be three years in a row.

We'll have more to say about this at our half year results in February.

I would like to specifically acknowledge the senior management team, led by Alan Joyce.

It was not a forgone conclusion that Qantas would survive this pandemic. Had action not been taken very quickly, and had the recovery program not been put in place, the conversation here today could have been very different.

The fact the Group has come through as well as it has is a huge credit to them. When we announced our recovery program, Alan confirmed he would stay on as CEO for at least another three years – so, through to late 2023 and possibly beyond.

The Board is comfortable that we are well placed for renewal, when that time comes, particularly with the talent and experience we have on our Group Management Committee.

THE BOARD

Can I acknowledge my board colleagues.

All companies experience periods of crisis, but the pandemic has meant Qantas – and aviation – has been in one for almost two years.

The dedication and commitment of your board throughout all of this has been superb – and I thank them sincerely.

Two of our longest serving directors will retire at the end of this meeting.

Barbara Ward and Paul Rayner both joined the Board in 2008 – and probably thought they'd already seen Qantas through its biggest challenges since privatisation. Their guidance through this latest crisis has been invaluable, as has their service for the past 13 years. They leave with our deep gratitude.

Just as we have made reductions across our workforce, these retirements take the number of directors from 10 to eight.

CONCLUSION

This AGM marks an important turning point for our company.

Our international flying is back. Our domestic flying is ramping up. More Australians can come home, or go on a long-awaited trip overseas. Families and friends can reunite. And we are able to invite our people back to work by early December.

The fact we're able to scale back up is in no small part thanks to the Federal Government's support of the sector as a whole – through programs that made sure thousands of people were able to stay connected to an industry that relies so heavily on skills built up over many years.

As shareholders, your support on the journey to get to this point has also been tremendous, and greatly appreciated. We know you join us in celebrating the national carrier – and the only major airline that is truly Australian – getting back in the sky.

I'd now like to invite Alan to give an update on this recovery.

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Authorised for release by the Group General Counsel and Company Secretary