



19 March 2020

ASX Market Announcements Office  
Australian Securities Exchange Limited

**Lodged electronically via ASX Online**

**Qantas Group Impact of Coronavirus-related Network Cuts**

Qantas Airways Limited attaches the "Qantas Group Impact of Coronavirus-related Network Cuts" ASX and Media Release.

Authorised for release by:

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## ASX and Media Release

# QANTAS GROUP OUTLINES CUSTOMER AND EMPLOYEE IMPACT OF CORONAVIRUS-RELATED NETWORK CUTS

Sydney, 19 March 2020

- **Qantas and Jetstar to suspend scheduled international flights from late March, following latest government travel advice; some ongoing ad hoc services possible.**
- **60 per cent reduction to domestic flights, focused on cutting frequency.**
- **Two-thirds of employees to be temporarily stood down to preserve as many jobs as possible longer term.**
- **Payment of \$201 million shareholder dividend deferred until September 2020.**

The Qantas Group has outlined the customer and employee impact of a huge drop in travel demand triggered by the public health response to the Coronavirus crisis.

Earlier this week, cuts to 90 per cent of international flying and about 60 per cent of domestic flying were [announced by Qantas and Jetstar](#). With the Federal Government now recommending against all overseas travel from Australia, regularly scheduled international flights will continue until late March to assist with repatriation and will then be suspended until at least the end of May 2020. As the national carrier, Qantas is in ongoing discussions with the Federal Government about continuation of some strategic links.

More than 150 aircraft will be temporarily grounded, including all of Qantas' A380s, 747s and B787-9s and Jetstar's B787-8s. Discussions are progressing with airports and government about parking for these aircraft.

Essential domestic, regional and freight connections will be maintained as much as possible.

Qantas' fleet of freighters will continue to be fully utilised. Some domestic passenger aircraft will also be used for freight-only flights to replace lost capacity from regular scheduled services. There is no impact on Qantas Loyalty's operations as a result of today's announcement.

### INTERNATIONAL NETWORK CHANGES

The Qantas Group is making the following changes:

- All regularly scheduled Qantas and Jetstar international flights from Australia will be suspended from end March until at least end May 2020. Some flights may continue in order to maintain key links, based on ongoing discussions with the Federal Government.
- Jetstar Asia (Singapore) will suspend all flights from 23 March to at least 15 April 2020.
- Jetstar Japan has suspended international flights and cut domestic flying.
- Jetstar Pacific (Vietnam) has suspended international flights and will significantly cut domestic flying.





## DOMESTIC NETWORK CHANGES

The Group will maintain connectivity to almost all Australian domestic and regional destinations that Qantas, QantasLink and Jetstar currently operate to. The 60 per cent reduction in capacity will come mostly from a significant reduction in flight frequency, but also route suspensions and postponing a number of new route launches.

*(The route-by-route detail of these changes can be found [here](#).)*

## PEOPLE IMPACT

In order to preserve as many jobs as possible longer term, Qantas and Jetstar will stand down the majority of their 30,000 employees until at least the end of May 2020.

During the stand down, employees will be able to draw down on annual and long service leave and additional support mechanisms will be introduced, including leave at half pay and early access to long service leave. Employees with low leave balances at the start of the stand down will be able to access up to four weeks' leave in advance of earning it. Unfortunately, periods of leave without pay for some employees are inevitable.

Senior Group Management Executives and the Board have increased their salary reductions from 30 per cent to 100 per cent until at least the end of this financial year, joining the Chairman and Group CEO in taking no pay. Annual management bonuses have also been cancelled.

## SHAREHOLDER IMPACT

Given the current extraordinary circumstances, a decision has been made to defer payment of the shareholder dividend announced on 20 February from 9 April until 1 September 2020. This is in addition to the cancellation of the off-market buy back, previously announced.

## CEO COMMENTARY

### Comments from Qantas Group CEO Alan Joyce:

“The efforts to contain the spread of Coronavirus have led to a huge drop in travel demand, the likes of which we have never seen before. This is having a devastating impact on all airlines.

“We’re in a strong financial position right now, but our wages bill is more than \$4 billion a year. With the huge drop in revenue we’re facing, we have to make difficult decisions to guarantee the future of the national carrier.

“The reality is we’ll have 150 aircraft on the ground and sadly there’s no work for most of our people. Rather than lose these highly skilled employees who we’ll need when this crisis passes, we are instead standing down two-thirds of our 30,000 employees until at least the end of May.”

“Most of our people will be using various types of paid leave during this time, and we’ll have a number of support options in place. We’re also talking to our partners like Woolworths about temporary job opportunities for our people.

“This is a very hard set of circumstances for our people, as it is for lots of parts of the community right now.

“No airline in the world is immune to this, with the world’s leading carriers making deep cuts to flying schedules and jobs. Our strong balance sheet means we’ve entered this crisis in better shape than most





and we're taking action to make sure we can ride this out.

"Since this crisis started, there has been overwhelming support from our customers. That gives me even more confidence that we'll get through this," added Mr Joyce.

### **CUSTOMER INFORMATION**

Customer contact centres are currently experiencing long wait times from people seeking to change their travel plans as a result of the Coronavirus. To help manage the demand we ask that customers only call if they have travel within the next 48 hours.

To avoid further inconvenience, we're converting all bookings on cancelled flights to a travel credit, which can be used anywhere on our network. Affected customers will be contacted directly from next Monday. Any customers travelling before the end of May who wish to change their booking are also eligible to receive a travel credit instead.

If flights were booked through a travel agency or third-party website (e.g. Webjet, Booking.com), customers will need to contact them directly to make changes to their booking.

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