

Australia's Qantas posts US\$1.9 bn loss, confirms job cuts

August 20 2020



The global aviation industry is facing perhaps its biggest crisis to date

Australian flag carrier Qantas on Thursday posted an almost US\$2-billion annual loss after a "near-total collapse" in demand due to the coronavirus pandemic.

Strict restrictions on travel to Australia and a near-blanket ban on citizens leaving spelled a statutory pre-tax loss of Aus\$2.7 billion (US\$1.9 billion), including the cost of mothballing its Airbus A380s and huge redundancy payouts.

Revenues collapsed 82 percent between April and June.

Facing "the most challenging period" in its 99-year history, Qantas said it would move ahead with retrenching 6,000 staff and has grounded 100 planes for up to a year in a US\$10-billion cost-cutting blitz.

The airline reported a "strong first half of the year" followed by "a near-total collapse in travel demand" as virus restrictions were introduced.

"We were on track for another profit above Aus\$1 billion (US\$718 million) when this crisis struck," CEO Alan Joyce said.

The global aviation industry is facing perhaps its biggest crisis to date, with numerous big-name carriers seeking billions of dollars to stop them from going under, while others have gone out of business.

In Australia, the sector has received hundreds of millions of dollars in taxpayer funds as the government scrambled to save it from collapse.

Joyce said the industry's recovery will "take time and it will be choppy".

"COVID is reshaping the competitive landscape and that presents a mix of challenges and opportunities for us," he said.

Qantas said "fast action to radically cut costs and place much of the flying business into a form of hibernation" helped minimise the [financial impact](#) from the pandemic shutdown.

Despite the ongoing uncertainty, the carrier believes it remains "well positioned" to take advantage of the eventual return to air travel.

Its main competitor, Virgin Australia, went into voluntary administration in April shortly after Australia closed its international borders and domestic travel plunged.

Virgin announced earlier this month it would close budget subsidiary Tigerair Australia and lay off 3,000 staff as it prepares to relaunch under the new ownership of US [private equity](#) giant Bain Capital.

Joyce said the pandemic would continue to have a "huge impact" on Qantas, with expectations of a "significant loss" in the coming financial year.

Several domestic state borders remain closed while Qantas has said it does not expect to return to international flights approaching pre-pandemic levels until mid-2021.

Australia, which has recorded just over 24,000 cases of coronavirus and 463 deaths to date, has limited the number of its own citizens who can return home from overseas in a bid to stem the spread of the virus.

Government officials have said the island nation will not reopen to overseas travellers until a vaccine for COVID-19 is found.

© 2020 AFP

Citation: Australia's Qantas posts US\$1.9 bn loss, confirms job cuts (2020, August 20) retrieved 26 April 2024 from <https://techxplore.com/news/2020-08-australia-qantas-us19-bn-loss.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.