



## **Annual General Meeting – 29 October 2010 CEO's Address**

### **Introduction**

As Leigh outlined, the Group performed well during the past year.

During the GFC, Jetstar and our Qantas Frequent Flyer businesses provided a solid foundation for us. As the recovery took hold, the fundamental strengths of the Australian economy became apparent; the competitive advantage of our strong QantasLink business and domestic Qantas operations came into play.

We are now making real progress towards our ambition of having the world's best premium airline in Qantas, and the world's best low fares airline in Jetstar: two strong and complementary brands.

### **Jetstar**

Jetstar continues to grow, capitalise on organic growth opportunities, and expand its footprint.

From a start-up in 2004, Jetstar has now carried more than 50 million passengers, more than half of them travelling for under \$100.

With a young fleet of 70 aircraft, a dynamic culture and permanent low fares, Jetstar has proven to be a very successful model.

It is already one of the fastest growing airlines in the Asia Pacific region, with destinations in 17 countries including Australia. We now have Jetstar domestic and international; Jetstar Asia, based in Singapore; Jetstar Pacific in Vietnam; and Jetstar in New Zealand.

We have demonstrated that we can combine the power of the Jetstar brand with the naming and ownership requirements of different jurisdictions and do good business. This is an important platform for future organic growth in the region.

### **Qantas**

Now let me turn to Qantas.

At Qantas we are working hard to redefine the premium experience for our customers. That means delivering the best of Qantas across all of Qantas, from kerb to kerb.

We are now in the process of rolling out our domestic Next Generation Check-in, upgrading our lounges, and aligning our domestic and international business product, so that our business customers enjoy a consistent offering at home and abroad.

Our network continues to grow, giving our customers better connections and more destinations on their regional, domestic and international travel.

A key task is to ensure that our Qantas international business is equipped for long-term success.

That's why we are investing in new aircraft and upgrading our existing fleet, with our B747s to be transformed with A380 seats and interiors.

Our QFuture program is all about finding new ways of doing business to drive efficiency, improve customer satisfaction and deliver a sustainable future.

## **Asia**

Looking ahead, there are many challenges, but also one unmistakeable opportunity.

In 2009, according to the International Air Transport Association (IATA) the Asia Pacific became the world's biggest aviation market, five years earlier than predicted. By 2013, IATA predicts that Asia-Pacific's market share will grow to almost one-third of total global passenger traffic.

Significant opportunities will be unleashed, and the Qantas Group will be there to participate.

Take China, recently rated the world's second largest economy by GDP. China has between 160 and 170 cities consisting of more than a million people. Australia has five.

Qantas has had a relationship with China Eastern Airways since 2000 but we recently expanded the relationship. Today we have codeshare connections with China Eastern between Shanghai, Beijing and nine further destinations in China.

Through Jetstar Asia, you can connect from the growing Singapore hub to 22 destinations in Asia, including many across China.

Or Vietnam, which is a high growth economy of 87 million people, which is providing Jetstar Pacific with a major opportunity.

Capitalising on Asian economic growth is clearly a long-term project, but the Qantas Group is exceptionally well-placed to do so.

## **The Portfolio**

With our two flying brands we have a rare flexibility in aviation. We can adjust capacity, pricing and market segmentation, putting the right airline and the right aircraft on the right routes. We can better manage economic cycles, respond to market opportunities, and maintain a strong operating cash flow.

With Qantas, Jetstar, and Qantas Frequent Flyer, as well as our other interests such as Freight, we now have businesses that complement each other, and provide the

Group with more stability through changing economic times. We are making the transition to a sustainable and successful portfolio enterprise.

### **People Investment**

Finally, in our 90th year, let me finish by saying that investment in our 35,000 plus people is a major priority. We continue to develop our internal communications, training and support programs. And every day I see the pride and passion of our people and the incredible skills and effort they bring to their roles.

With the help of all our Qantas people we will continue to succeed. We will, offer great jobs and secure economic futures. And together, we can look forward to our centenary with a strong, resilient and successful Qantas Group.