



ANNUAL GENERAL MEETING – 27 OCTOBER 2017

CHAIRMAN'S ADDRESS

It is my pleasure to welcome you all to the Qantas Annual General Meeting for 2017. On behalf of the Board, I'd like to acknowledge the traditional owners of the land, their elders, past and present.

We make a point of holding our AGMs in a different city each year and we're very pleased to be holding it this year in Melbourne. Thank you for joining us – in person or via our webcast.

I will briefly outline today's proceedings for you.

I'll start by making some short remarks, and then hand over to Qantas Group CEO, Alan Joyce. After Alan speaks we'll move on to the formal business of the meeting.

You are all invited to join us after the meeting for light refreshments in the foyer.

Before we get started, let me introduce your Directors:

From my far left:

- Todd Sampson;
- Maxine Brenner;
- Richard Goodmanson, Chairman of the Safety, Health, Environment and Security Committee;
- Richard Goyder, whose nomination to the Board you will be voting on later in the meeting;
- Jacqueline Hey;
- Chief Executive Officer, Alan Joyce;
- General Counsel and Company Secretary, Andrew Finch;
- Barbara Ward, Chairman of the Audit Committee;
- Paul Rayner, Chairman of the Remuneration Committee;
- Michael L'Estrange; and
- Bill Meaney.



Group performance

It is always pleasing to report back to our shareholders with good news and Financial Year 17 was another good year for the Qantas Group.

Our balanced portfolio of businesses and brands showed its value in a complex market.

Global conditions reflect the rapid change in technology, geopolitics and demography – but Australia's economic fundamentals remain strong.

We had record Group Domestic earnings, with the dual-brand strategy proving resilient. Internationally, Qantas and Jetstar have responded to meet rising demand in our biggest growth region, the Asia-Pacific. And we've done this in a capital efficient way, through better utilisation of our existing aircraft.

Better utilisation of the A380 on these popular routes was a major consideration in re-routing through Singapore.

Group International now has more than 50 per cent of its capacity directed towards Asia. Our Loyalty program is an increasing source of new and diversified revenue streams. Qantas Frequent Flyer Points remain a valued commodity that help to drive customer behaviour – both for Qantas and for our partners in the program.

Our strong earnings and returns to you, our shareholders, was in large measure made possible by our transformation program. Over the past three years, the program has delivered \$2.1 billion in benefits, and put the Group in a strong financial position to deliver profitability through the economic cycle.

Our resilience despite challenging global markets underlined the importance of our focus on cost control and diversification of revenue.

In FY17 the Group further strengthened its balance sheet through sustained positive free cash flow:

- our return on invested capital was 20 per cent;
- operating cash flows were strong at \$2.7 billion;
- net debt fell by \$434 million to \$5.2 billion; and
- short-term liquidity remains strong at \$2.8 billion - made up of cash and undrawn facilities.

Our financial framework, competitive position and the work we have done to continue to strengthen the balance sheet was recognised by Moody's in May, when we were upgraded from Baa3 to Baa2.

Disciplined investment in products and services has helped secure record customer satisfaction levels and allowed us to return \$627 million in capital to shareholders in the last 12 months.

The Financial Year 2017 saw us ranked number one in the ASX100 for total shareholder returns. And over the past three financial years our total shareholder returns saw us ranked number one against global airline peers and the ASX100.

Our aim is to keep delivering total shareholder returns in the top quartile of the ASX100.

Moving forward

The Board believes Qantas' financial strength and ability to deliver sustainable growth over the long term will depend on a number of things:

- responding to global challenges as part of our strategic planning;
- remaining at the forefront of technology; and
- measuring progress against a broader set of value drivers, such as maintaining our social licence to operate by acting responsibly and through high operational standards, safety and transparency.

We will continue to invest in our customers and brands, maximise our leading domestic position, continue to build resilient Domestic and International businesses, and grow with our partnerships.

And, in our role as Australia's national carrier, we will play our part in expanding trade and tourism.

Conclusion

I want to thank you, our shareholders, for your loyalty to Qantas and for your attendance here today. A little later, Alan Joyce and I will answer some of the questions you sent in to us.

Before I hand over to Alan, I also want to thank all Qantas employees, the management team under Alan and my colleagues on the board.

And now I am pleased to introduce Qantas Group CEO, Alan Joyce.
