



## ANNUAL GENERAL MEETING – 27 OCTOBER 2017

### CEO'S ADDRESS

Thank you, Leigh, and good morning to you all.

The last time we held our AGM in Melbourne was 2014.

And it is fair to say the Qantas Group was in a very different position back then.

Our turnaround program had only just started and the road ahead seemed long.

Three years later – and standing here today – the turnaround is complete and the national carrier is the strongest it has ever been.

#### **Delivering for shareholders, customers, people**

I know many of you are long-term Qantas shareholders and have been with us right through this journey.

We are very pleased to be able to repay your patience with the returns you are now receiving.

As well as shareholders, the turnaround also delivered for our customers and our people.

We've been able to invest in new lounges, new aircraft, new cabins and in new technology like the latest generation of inflight Wi-Fi.

And that has been a big driver of the record customer satisfaction we've seen right across the Group.

The other driver is our people.

It's their commitment and their passion for our brand that helps set us apart from other airlines.

And it is no coincidence that we have record customer satisfaction at the same time as record employee engagement.

Our people were a driving force behind the success of our transformation – not just in terms of implementation but in terms of helping design new processes that have made us more efficient.

That's why it's particularly pleasing to see them benefit from the turnaround.



Frontline staff have received bonuses for the past three years. We're continuing to invest in training and development.

And we're able to offer career progression, particularly with new aircraft arriving.

### **Ongoing transformation**

Aviation is a competitive business – and we have no intention of becoming complacent.

That's why transformation is now a constant at Qantas.

We've committed to delivering an average of \$400 million a year in cost and revenue improvements, and we have a pipeline of projects to deliver that.

We believe this is key to maintaining the foundations we built through the turnaround, so that we remain sustainable profitable and continue to deliver returns to shareholders.

### **Q1 Trading Update**

There were clear signs of this continued strong performance in the first quarter trading update we released yesterday.

It showed we've made a very positive start to the new financial year.

Total Group revenue was up 5 per cent in the first three months, led by strong performance in the domestic market and improvements in the international market, which has been impacted by capacity growth from our competitors.

We flagged that trading conditions are expected to toughen somewhat in the second half, mainly due to higher fuel costs and more international capacity growth impacting unit revenue.

But our guidance for the first half – where we expect to deliver a higher profit, despite a larger fuel bill – shows we are well placed to navigate these conditions, and are on track for another successful year.

### **Looking ahead**

Without a doubt, one of my highlights to date as CEO of this great company was last week, when we brought the first Qantas Dreamliner home to Australia.

This is a game-changing aircraft, not just because of the technology Boeing has put into it or how we've designed the cabin. But because of what it will enable us to do.

The Dreamliner will finally enable us to directly link Australia with greater Europe with our non-stop Perth to London flight.

In that sense, it's an aircraft we've waited eighty years for.

Melbourne will be home to our first 787-9 Dreamliners. The inaugural commercial flight will be from Melbourne to Los Angeles this December.

And when the Perth to London flights start next March, the aircraft passes through Melbourne on its way to Western Australia.

We're also building two new domestic lounges in Melbourne, with construction starting next month.

And Melbourne is one of the east coast cities that we hope to ultimately fly direct to New York and to London from, by the year 2022.

These are just a few examples of why this is a very exciting time at the Qantas Group, because there is a lot happening.

But as a company that turns 98 years old next month, there is also a lot that won't change.

We'll keep fostering a culture that encourages diversity, inclusion and innovation.

We'll keep encouraging a leadership that recognises a skilled, engaged workforce as key to our success.

We'll keep investing in the training and health and safety of Qantas people.

We'll keep improving the customer experience.

We'll keep optimising our networks by having the right aircraft on the right route. And, as always, we will keep our commitment to safety and operational excellence.

## **Conclusion**

Qantas exists for – and because – of its people, shareholders and customers. I know there are members of all three groups in this room today and watching on the webcast.

So on behalf of the Board and Management of the Qantas Group, I'd like to thank you for your continued support of your national carrier.

I'm very happy to be able to stand here today and say that the Spirit of Australia heads towards its centenary from a position of strength.

Thank you.

---