

CEO's Report

Three years ago we started an ambitious turnaround plan at the Qantas Group. It saw us tackle some difficult structural issues, become a lot more efficient and improve what we offer to our customers.

Those efforts — which are an absolute credit to our people — have certainly paid off.

In 2016/17, Qantas Domestic and Qantas Loyalty recorded their best ever financial results. For Jetstar and Qantas International it was their second highest. Qantas Freight, while posting a lower profit than the year prior, performed well in a challenging market.

The Group's strong financial performance was coupled with record levels of customer satisfaction and employee engagement — two key indicators that are deeply linked.

Investing for future performance

These strong foundations mean we can continue investing in the future. And the pipeline of projects that is improving the experience for our customers as well as the return on investment for our shareholders is very exciting.

Our Airbus A380 fleet will receive a major upgrade, with plans to install next generation

seats from 2019 onwards. This refit will also improve the overall economics of the aircraft through smarter use of space and an overall increase in premium seating.

We are accelerating the rollout of inflight Wi-Fi across our domestic A330 and 737 aircraft. This follows a successful trial that showed very positive customer feedback and potential productivity gains in flight planning and disruption management.

We're welcoming the game-changing Dreamliner into Qantas International — an aircraft that will open up unique routes, such as Perth–London direct, and deliver significantly lower operating costs.

Jetstar is upgrading the cabins of the A320 aircraft that make up the backbone of its fleet, increasing capacity by 3 per cent without compromising interior comfort.

All of these improvements are designed to contribute to the Qantas Group's margin advantage in key markets, which is central to driving our future financial performance.

Leveraging our strengths

With the balance of economic power in our region shifting increasingly to Asia, the Qantas Group is well positioned. In 2016/17 we opened new markets, including Sydney–Beijing and Melbourne–Ho Chi Minh, as well as adding capacity on existing routes. The strength of Jetstar-branded airlines in Japan, Singapore and Vietnam is a platform for further growth as these markets develop.

Accountability and integrity

The Qantas Group is conscious of the social, economic and environmental footprint of our operations. We took several important steps in 2016/17 in this regard, including formalising our support for the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to the ten principles laid out in the Compact and this Annual Review outlines some of the ways these principles are embedded into how we do business.

Towards 100 years of Qantas

Qantas has been serving Australia for almost a century. Innovation has been at the heart of

our success throughout that time — from the invention of business class to creating Jetstar. We have now set our sights on a new horizon. We plan to offer direct services from the east coast of Australia to London and New York by 2022, and we have challenged the aircraft manufacturers to provide an aircraft with the range to do so.

This is the kind of pioneering spirit that the national carrier is built on. And it's the kind of spirit that we want to take us forward.

Alan Joyce AC

