

## **QANTAS GROUP 2018 AGM**

### **CHAIRMAN'S REMARKS – LEIGH CLIFFORD AO**

Brisbane, 26 October 2018

- Good morning and welcome to the 2018 Qantas annual general meeting.
- On behalf of the Board I'd like to acknowledge the Turrbal and Jaggera people, who are the Traditional Owners of this area. I pay my respect to their elders, past, present and emerging.
- We're pleased to be holding this year's AGM in Queensland – which is, after all, the birthplace of Qantas. It's also one of our two Dreamliner bases at Brisbane Airport and soon-to-be the home of the Qantas Group Pilot Academy, based at Toowoomba.
- I'll start with a summary of the Group's performance and then hand over to Alan for some brief comments.
- After Alan has spoken, we will move to the formal business of the meeting, including your questions. Once the formalities are over, I'd invite you to join the board and me for some light refreshments.

#### **RECORD PERFORMANCE**

- As we were pleased to tell the market in August, the Qantas Group delivered a record result for the Financial Year 2018.
  - Underlying profit before tax was \$1.6 billion, up 14 per cent;
  - Earnings per share were up 21 per cent; and
  - Our return on invested capital was strong, at 22 per cent.
- All parts of the Group are contributing to this ongoing success – and Alan will outline the segment performance shortly.
- But in summary, the fundamentals of our business are strong. We're seeing healthy levels of demand in key markets. Customer satisfaction and employee engagement are high. Operational safety performance is strong and people safety is improving – although one workplace injury is always one too many. And we are seeing the benefits of ongoing transformation, which is now embedded in our business-as-usual approach.
- There are, of course, challenges. Competition is intense. Fuel costs are rising. And there is some global uncertainty around trade flows.
- But a lot of the restructuring we have done in recent years has been to make sure we can keep delivering for customers, employees and shareholders in spite of headwinds.

## **REWARDING SHAREHOLDERS**

- In particular, our financial framework is focused on making sure we continue to deliver for you, the owners of Qantas.
- We returned \$1 billion to shareholders during FY18. And in August we announced another \$500 million. This included an increase to our base dividend, from 7 cents to 10 cents. Now that we've worked through our tax losses and are paying company tax again, these dividends are now fully franked.
- The \$500 million also included an on-market share buyback. We're now more than halfway through the buyback – and once it's completed, we'll have bought back some 26 per cent of issued capital since 2015. That has a concentrating effect on our earnings per share and therefore on future dividends you receive.

## **FUTURE FOCUSED**

- As important as the annual results cycle is, we are ultimately focused on the long-term future of this company.
- Our strategy is shaped by four megatrends that will influence how successful Qantas is in five, 10 and 20 years' time.
- How will global shifts change where people want to fly? How do we use big data to improve our business and deal with cyber threats? As a big user of fossil fuels, how do we manage the challenges of climate change? And how do we evolve to meet the changing expectations of our customers and employees?
- Our new Qantas Group Pilot Academy is a good example of looking ahead. We know the global demand for aviation is growing, particularly with a rising middle class in Asia. As a result, the industry is likely to need almost 800,000 more pilots over the next 20 years.
- Our decision to invest in a pilot academy is about positioning Qantas to take part in this growth. It will help us maintain a talent pipeline, so we have the people we need to fly our aircraft into the future.

## **CONCLUSION**

- I'll now ask Alan to give you an update on the Group's performance, before we then move to the business of the meeting.