

QANTAS GROUP 2019 AGM

CEO'S REMARKS – ALAN JOYCE

Thank you, Richard – and congratulations on this, your first Annual General Meeting as our Chairman.

I would also like to acknowledge the Kurna people, the traditional owners of this land, and pay my respects to their elders past, present and emerging.

It's good to be here in South Australia. Earlier this year, we chose Adelaide as the destination of the world's first 'zero waste flight', operated by Qantas.

We chose it because of the strides that this state has made towards better environmental management.

STRENGTH ACROSS THE GROUP

Richard spoke about our resilience in a difficult operating environment.

That resilience comes from the collective strength of our portfolio of businesses.

In the domestic market, our dual brand strategy continued to deliver in FY19.

Qantas leads among corporate and premium leisure travellers, and Jetstar leads in the price-sensitive market. Both brands deliver excellent value.

The Jetstar Group continues to deliver on its core promise of low, everyday fares, with almost two thirds sold for under \$100.

After facing a steep increase in fuel prices at the start of FY19, Qantas International rebounded strongly.

The changes we have made to our international network and fleet – especially the Dreamliner and expansion of the Singapore hub – are showing results.

So is our record-breaking Perth to London flight.

After 18 months, it continues to operate at a 90 per cent full on average – compared to an industry average of around 80 per cent. It's the longest route on our network but it also has our highest level of customer satisfaction – which shows what a unique advantage we have as an absolute leader in long haul travel.

Qantas Loyalty continues to grow its membership, product suite and revenue.

We've completed one of the biggest overhauls in the program's history, adding 1 million more reward seats for Frequent Flyers. Carrier charges have been cut by up to 50 per cent. The response has been very positive, with a 30 per cent increase in the number of people booking reward seats.

QUARTER ONE TRADING UPDATE

Our Quarter One trading update showed that we continue to face a mixed market.

General business and consumer confidence are softer now than in the past few years. The dollar has weakened. There was a temporary spike in fuel prices. Trade wars are impacting freight demand.

We are feeling the effects of all of that – as you'd expect.

But our fundamentals are sound. We have been able to grow share in the corporate and small business segments because our strategy is right. The resources market is rebounding and we're well placed to benefit. International and Loyalty are both growing strongly. Our total revenue grew in the quarter to a new record.

At the same time, we're strengthening our focus on cost, as part of ongoing transformation.

INVESTING IN OUR FUTURE

As Richard mentioned, we're focused on the future. And that's why we keep investing to drive long term shareholder value.

Earlier this month, our first upgraded A380 entered service. We're improving the economics of these aircraft – which are extremely popular with customers – by increasing the proportion of higher-yielding premium seats by 27 per cent.

We've retired another of our long-serving 747s – with the remaining six leaving by the end of 2020. And we welcomed the ninth Dreamliner into Qantas International. Another five will be delivered over the next year as they replace the 74s – providing a material change in running costs, fuel efficiency and customer satisfaction.

This newest Dreamliner also operated our first Project Sunrise test flight, from New York to Sydney. It was the first time a commercial airline has ever flown between those two world cities non-stop, and it generated a huge amount of brand awareness for Qantas in key markets. But more importantly, it provided us with important data on crew and passenger wellbeing – something that will be useful for all our long-haul flights.

Flying non-stop from the East Coast of Australia to New York and London is a final frontier of aviation. Our Perth-London experience shows we do these kinds of flights well.

Our focus now is making sure we have the business case that supports the sizeable investment that Project Sunrise represents. We won't proceed unless we know we can generate a good return from investing shareholder capital this way.

We continue to invest in Jetstar. The first of 18 new A321 NEOs start arriving in mid next year. These are more efficient, longer-range aircraft that will help Jetstar deliver more low fares to more destinations.

And we continue to expand Qantas Loyalty, with new partners and new products set to launch in the coming months.

Investing in people is also key. We spend millions of dollars each year on training. And we recently welcomed our first group of students into our Qantas Group Pilot Academy in Toowoomba - a facility that will help meet the huge demand for pilots across the region.

Most of all, we continue to invest in safety – which remains our number one priority right across the Group.

INVESTING IN OUR COMMUNITY

Like any company, our success stems from maintaining a social licence to operate.

And as the national carrier, we feel a particular responsibility to give back to the community.

Earlier this year, we launched a \$5 million regional grants program to support groups that give much needed assistance to people outside the capital cities.

Separately, we raised \$3 million with our customers towards drought relief.

And we have invested \$10 million to expand our discount regional fares scheme – which is bringing the price of travel down for residents in remote areas.

CONCLUSION

As we enter our 100th year, we do so with the same sense of optimism that our founders had when they started this great company in 1920. And with good reason.

Qantas has become one of the best performing airline groups in the world.

And our performance shows we're well placed to manage the inevitable headwinds that come our way.

Can I echo Richard's thanks to our people, our customers and our shareholders – and can I confirm our commitment to working to deliver for each of them.

Thank you.