

## **QANTAS GROUP 2019 AGM**

### **CHAIRMAN'S REMARKS – RICHARD GOYDER AO**

Good morning and welcome to the 2019 Qantas Annual General Meeting.

On behalf of the Board, I wish to acknowledge the Kaurna people, the traditional owners of this land, and pay my respects to their elders past, present and emerging.

It's a pleasure to be here in Adelaide, and it's a privilege to be able to address you – both in the room and via the webcast – at my first AGM as Qantas Group Chairman.

I'll begin today with a summary of the Group's performance, and progress towards our long-term goals.

Alan will then speak in more detail about our key business units, our recent trading update and future investment plans.

After that, we'll move to voting on the resolutions and answering your questions.

The Board and I hope you can then join us for some refreshments.

### **RESILIENT PERFORMANCE**

Turning first to the Group's performance.

In August, we were pleased to announce an underlying profit before tax of \$1.3 billion for Financial Year 2019.

That figure was lower than the record result we achieved in 2018 – but given the headwinds we faced, it showed how resilient our business has become.

Higher oil prices meant our fuel bill rose by more than \$600 million.

We had a \$154 million hit from a lower Australian dollar on non-fuel expenses.

And we had a \$92 million non-cash expense for provisioning items such as employee leave – a charge that increases when interest rates fall.

In these circumstances, a \$1.3 billion profit is a very strong result.

You only need to look at other airlines in the region to see that.

And it shows that we're achieving our core commitment to you, to remain strongly profitable through the cycle.

## **REWARDING OUR SHAREHOLDERS**

The benefits of this profitability are flowing to shareholders.

In Financial Year 2019 we returned another \$1 billion through dividends and buybacks.

In August, we announced a fully-franked ordinary dividend of 13 cents.

And we announced a \$400 million off-market buyback of up to 80 million shares.

Once that is completed in early November, we will have bought back almost one third of our shares since 2015.

That's the most of any company in the ASX All Ordinaries in the past five years.

And you can see the benefit of that in your dividends, as earnings per share continue to increase in part because there are fewer shares on issue.

## **FOCUSED ON THE FUTURE**

As yesterday's Quarter One update showed, the Group's resilience in the face of mixed markets is key to maintaining shareholder returns.

Alan will explain how our key business units are achieving that in the near term.

But resilience is something that is built over the long term. And that is what the Board is focused on.

We're mindful that having an eye on the future is how Qantas has been able to succeed in such a tough industry for almost 100 years.

Today, we look at the future through four global forces that are shaping our broader operating context over the next five, ten, twenty years and beyond.

I'd like to touch on two of them briefly.

The first is climate change.

The aviation industry is responsible for about 2 per cent of global carbon emissions – and we know we have a collective responsibility to reduce them.

We're also aware of the critical role of air transport to the economy and to society more broadly. That means we need to find smarter, better ways of doing 'what we do' – rather than simply doing less of it.

The reality is that it will take time for new technology to enable quantum shift in aviation emissions.

There is good work being done on electric engines and on biofuel.

But at-scale solutions are not just around the corner.

So, in the meantime, we are reducing emissions through newer aircraft and through better fuel efficiency – which we've been improving by around 1.5 per cent a year since 2009.

We already run the biggest carbon offsetting program of any airline, but we want to do more.

We are also taking important steps to reduce 75 per cent of our waste to landfill by the end of 2021, and removing 100 million single use plastics from our operations by the end of 2020.

A second global force shaping our future is the importance of Asia.

Asia's burgeoning middle class represents a huge opportunity.

In just five years' time, China will likely displace the US as the world's largest travel market.

And over the next twenty years, the aviation industry expects air travel to double in Asia.

Qantas flies to 11 destinations in Asia – more than any other continent, other than this one.

This year, we have increased our presence in Singapore with a significant investment in lounges to cater for greater numbers of premium travellers.

We're working to strengthen our joint venture business with China Eastern Airlines.

We have plans to grow capacity to Japan. And we are benefiting from the continued success of Jetstar Japan, which is the leading low-cost carrier in the world's third largest economy.

## **BOARD RENEWAL**

Turning briefly to the Board and renewal.

This year, we welcomed Antony Tyler, who brings significant aviation management experience as a former Chairman of IATA and Managing Director of Cathay Pacific.

This AGM marks the end of Richard Goodmanson's 11 years as a Qantas Director.

Richard brought a wealth of experience to the Board and to several committees – and we thank him sincerely for his service.

Our process of renewal is focusing on replacing the deep airline expertise that Richard has.

We also farewelled former Chairman Leigh Clifford.

Leigh's strong leadership was key to the turnaround of Qantas.

By staying the course, he helped set Qantas up for future success – and we remain grateful for his massive contribution.

## CONCLUSION

While we're focused on the future, in the next 12 months we'll be spending some time on the past.

On 16 November, Qantas will turn 99 years old, marking the start of our 100th year of operation.

That's something few Australian companies, and even fewer airlines, can claim.

There is a lot to celebrate and recognise.

And the theme will be how Qantas has – and continues to – take the spirit of Australia further.

Before I hand over to Alan, can I thank the 30,000 people who make up the Qantas Group.

As someone who travels a lot, I have the opportunity to see first-hand the incredible commitment to safety and customer service of those on the frontline.

And I know that commitment is the same behind the scenes, as well.

At this year's financial results, we were pleased to reward about 25,000 of our people with a \$1,250 staff travel bonus each, in recognition of their hard work.

It takes the total amount set aside for discretionary, non-executive bonuses to over \$340 million since 2015.

Very few companies have done that.

Can I also thank our customers.

More than 50 million passengers chose to fly with the Qantas Group last year, and this loyalty is a core strength of our business.

And can I thank you, our shareholders, for your continued support.

I'll now pass over to Alan.