

ASX/Media Release

QANTAS GROUP 2022 ANNUAL GENERAL MEETING

REMARKS FROM CEO ALAN JOYCE

4 November 2022

Thank you, Richard.

As Richard did, I'd like to acknowledge the traditional owners of the land on which we meet here in Sydney, the Gadigal people of the Eora Nation, and pay my respects to their elders past, present and emerging.

This AGM is happening at an important time in the Qantas Group's 102-year history.

After the biggest crisis we've ever faced, we're finally returning to profit.

Our operations have reached – or are quickly approaching – pre-COVID levels of service.

And we're starting to grow again – with new routes, new aircraft and new opportunities.

DRIVERS OF RECOVERY

As you know, getting here hasn't been easy.

Surviving COVID meant we had to sell land, mortgage aircraft and raise equity.

It also meant restructuring our business so that we could recover quickly.

That restructuring is a key driver of the turnaround we're now seeing. And, in the longer term, it will be crucial in a domestic market that has become more competitive.

Another key factor in the recovery is the rebound in travel demand – both domestically and internationally.

Revenue from leisure bookings is more than 130 per cent of pre-COVID. For business travel, it's over 100 per cent.

The third factor in our accelerated recovery has been an increase in market share, domestically and particularly in corporate, SME and international.

OPERATIONAL PERFORMANCE

We want to make sure that when people do travel, they have lots of reasons to choose Qantas and Jetstar.

Reliable service is one of the biggest factors.

For several months this year, we weren't living up to the service standard people rightly expect. There were too many flight delays, long call centre waits and mishandled bags.

As I said in my message to millions of our Frequent Flyers in August, there were good reasons why this happened, but they weren't good enough.

Qantas' performance improved hugely in August and kept improving in September. Today, we've released figures that show we were firmly back to pre-COVID levels of service in October – and in some cases, better.

Maintaining this level of service requires more resources than it did pre-COVID.

That's because the industry as a whole is far from 'post-COVID'. There are side effects that still impact us daily.

One element is the supply chain.

A spare part that would usually take 12 hours to arrive can now take a week.



We recently had a major delay in sourcing an avionics part because one of the suppliers had, during the pandemic, switched from aviation to automotive, because it was booming.

The industry is still discovering broken links in the supply chain that are now three or four levels deep, and will take time to fix.

We're also prepared for a potential spike in sick leave if there is another wave of COVID, as we saw last summer.

That's why we're investing more than \$200 million this financial year on operational resilience.

We're rostering more crew so we can cope better with sick leave.

And we'll have up to 20 aircraft on the ground over the summer peak to help minimise delays that we're seeing through supply chain issues.

We see this as a temporary – but critical – investment until things normalise.

When it does, we'll look to put that capacity back in, and that will take us back to our natural domestic market share position of around 70 per cent, up from the high 60s currently.

SAFETY FOCUS

One constant in our operations is that safety remains number one – and always comes before schedule.

Our safety performance in FY22 – which includes a complicated restart – showed significant improvement.

Compared to FY19, reportable incidents per 1000 flights dropped by 4 per cent.

And workplace injuries dropped by around a third.

Our challenge is how we can push these numbers even lower.

REINVESTING

Richard mentioned our investment in new aircraft, in our people and our network.

It's worth briefly explaining our approach to fleet renewal, and how we phase capital expenditure to stay competitive in this space.

For decades, our strategy has been to buy new aircraft, look after them well, and retire them at the 20-year mark. That is still our strategy.

When you average out the older aircraft with the steady stream of new ones joining the Group fleet, the overall average lands in the low-to-middle teens – and that compares well with the majority of our peers.

But the age of the airframe is only half the story. Part of looking after our fleet means regular renewal.

Cabin interiors are typically refreshed around the seven-year mark, as we did with the 747s and we've done with the A330s and A380s. All of our 737s have been updated with Wi-Fi.

And our aircraft have complete engine overhauls on average every six years.

In summary, our approach is about making sure our fleet is fit for purpose. We think that's true now, and with the order pipeline we have, it will be true in the years to come.

Turning to some of our other areas of investment.

We've switched our lounge investment program back on, starting with Auckland, Adelaide, Rockhampton and Port Hedland.

We know how important the lounge experience is to our premium customers and we're working on several more projects that we'll be announcing in the coming months.

We're investing heavily in IT.

That includes new kiosks across our network, new scanners and terminals for our airport staff. We've also made big improvements to the Qantas app, which puts more power in the hands of our customers to manage their travel.

We're investing in Qantas Freight, with newer aircraft to help meet the demand stemming from a permanent increase in online shopping.



And we're investing heavily in the number of seats available for Frequent Flyers – with more than 5 million still available over the next year – so they can more easily use their points.

Qantas Loyalty has been a top performer throughout the past few years, and it will keep growing through:

- its continued expansion into financial services
- hotel bookings; and
- successful integration of the TripADeal online holiday package business.

CONCLUSION

One thing that's been clear recently is the passion people have for Qantas.

Few brands in Australia, and few airlines anywhere, can generate that kind of energy.

That's a huge asset as well as a huge responsibility.

What's equally clear about our strategy over the past few years is that it's put the Group in a position to keep delivering well into the future.

Delivering for the communities we serve.

For the more than 20,000 people who make up the Qantas Group family, and who continue to do an outstanding job.

For our shareholders, who have given us tremendous support.

For the tourism industry we're a key part of.

And for the causes we champion.

Thank you.

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Authorised for release by the Qantas Board of Directors.

