



Qantas Investor Day

Alan Joyce
CEO Qantas



Investor Day Overview

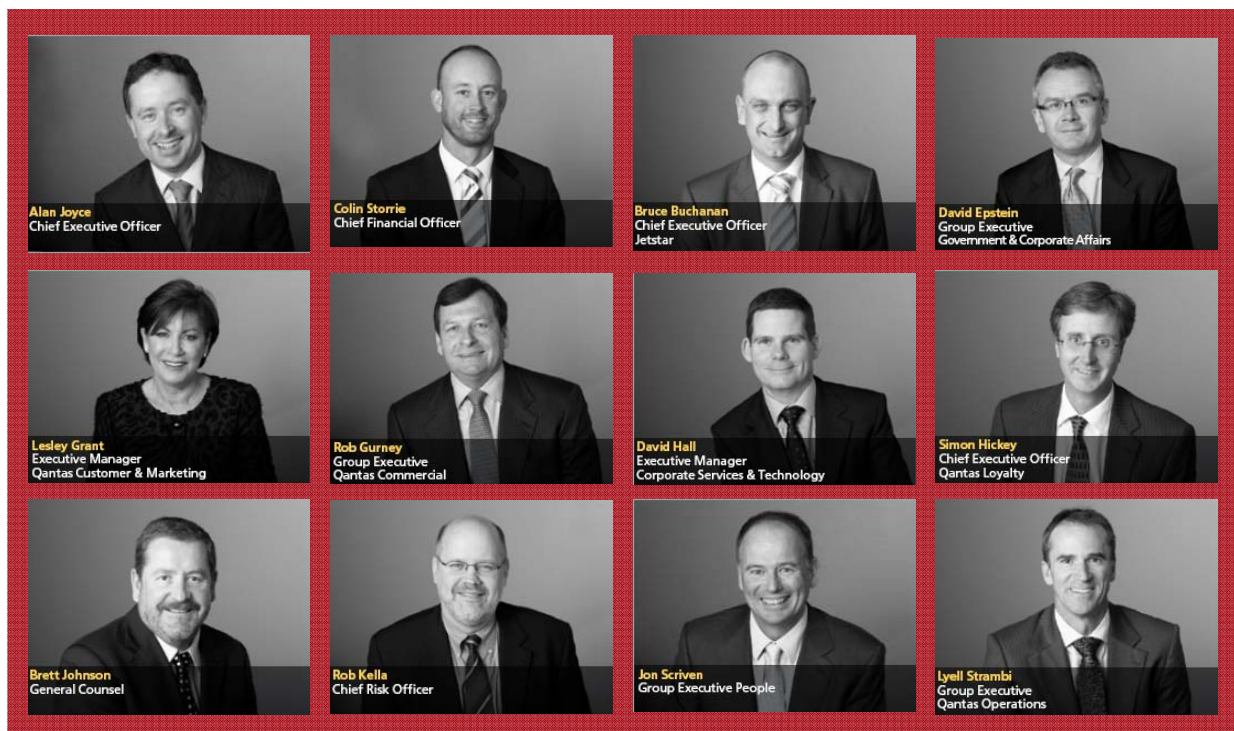
- ▶ Strategy review
- ▶ Meet the Executive Team
- ▶ Business updates

The GFC - Decisive Action

- ▶ Flying operations
- ▶ Capital expenditure
- ▶ Cash flow
- ▶ Cost base
- ▶ Management structure



Executive Team



Our Goals



Key Priorities

- ▶ Maximising power of two brand strategy
- ▶ Improving the international business
- ▶ Building on a profit maximising 65% domestic market share
- ▶ Optimising portfolio businesses and investments





Qantas Investor Day

Colin Storrie
CFO Qantas



Overview

- ▶ Recap of FY09 financial management
- ▶ Sustainable returns to shareholders
- ▶ Two brand strategy - getting the balance right
- ▶ Capital expenditure
- ▶ Financial risk management
- ▶ Giving investors more

Recap FY09 - Financial

- ▶ Full year profit before tax of \$181 million
- ▶ Operating cash flow \$1.1 billion
- ▶ Increase in net cash of \$1.0 billion to \$3.6 billion
- ▶ Deferral and cancellation of US\$7.9 billion capex¹
- ▶ Aircraft funding in place to October 2010
- ▶ Investment grade credit rating

1. Based on list prices



Sustainable Returns to Shareholders



- ▶ Stronger links between capital allocation and value creation
- ▶ Integrated decision making framework
 - ▶ Financial planning and strategic planning
 - ▶ Investment evaluation and capital allocation
 - ▶ Reporting and performance measurement
 - ▶ Shareholder communications



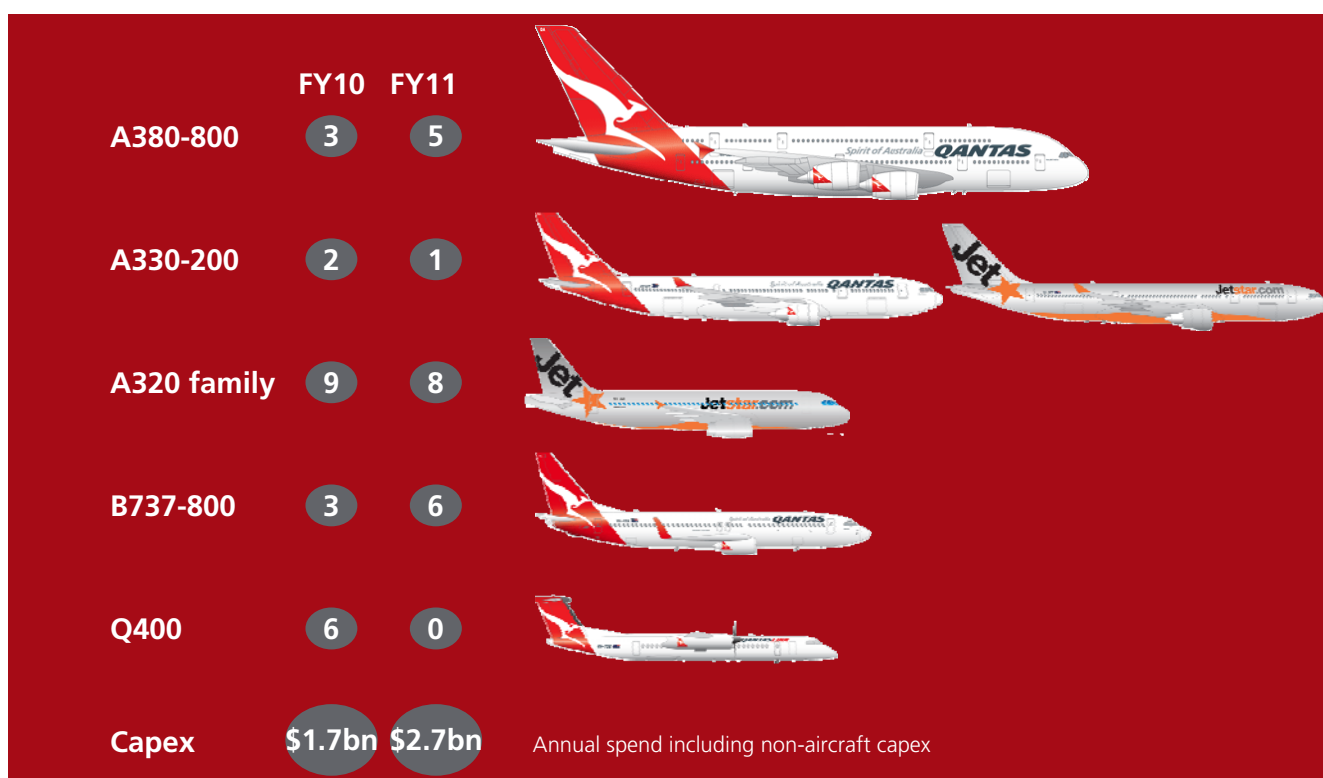
Getting the Balance Right



- ▶ Capacity allocation decisions made at Group level
- ▶ Network requirements assessed at flying segment level
- ▶ Executive short term incentive plans linked to Group performance, not just flying segment
- ▶ Capital allocation based on expected returns

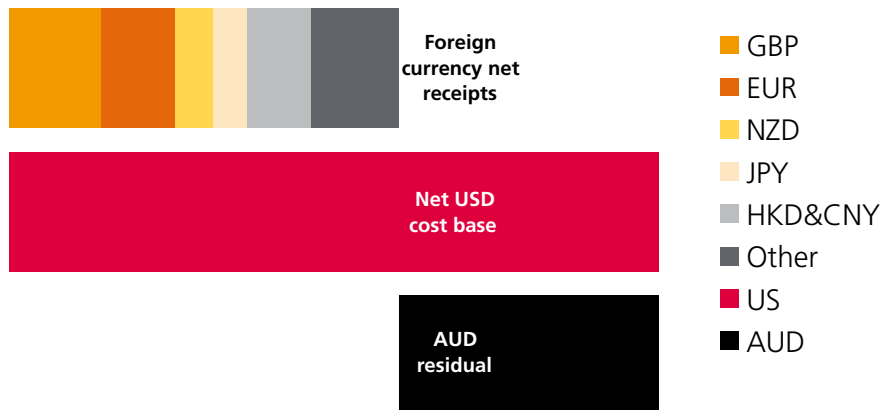


Capital Expenditure



Financial Risk Management - FX

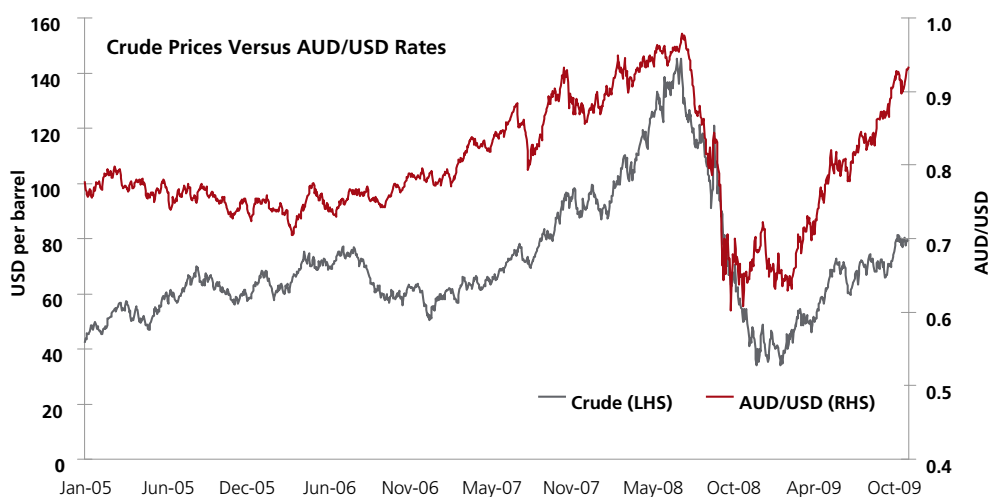
FOREIGN CURRENCY EXPOSURE



- ▶ Remainder of FY10 operational FX is 70% hedged at a worst case rate of around AUD0.7200
 - ▶ Half of this hedging is in outright options



Financial Risk Management - Fuel & FX



- ▶ Disciplined and consistent approach to hedging
- ▶ Utilise correlations between fuel and FX markets
- ▶ Relationship is statistically significant but has risks



Giving Investors More

- ▶ More comprehensive information
- ▶ Qantas Data Book
- ▶ QFF information sessions
- ▶ Qantas Investor Day



Qantas Operations

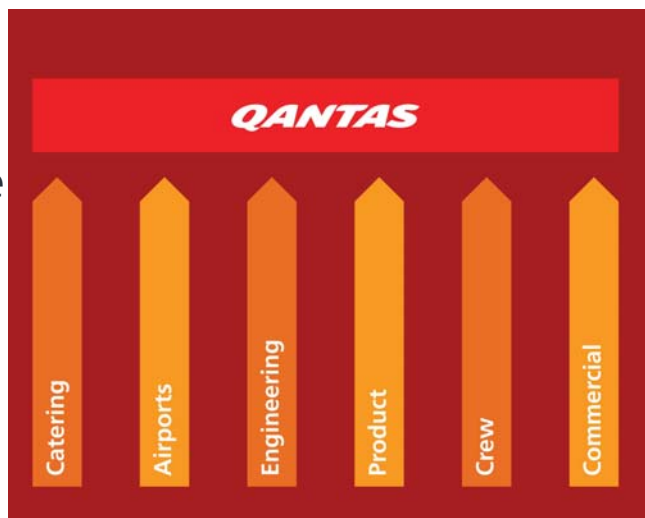
Lyell Strambi
Group Executive
Qantas Operations



Integrated Airline



- ▶ Simplified structure
- ▶ Faster decision making
- ▶ Remove duplicate corporate functions
- ▶ Focus on costs
- ▶ Integrated management



Q Future








- ▶ Program to position Qantas for profitable growth
- ▶ Transformational change
- ▶ \$1.5bn margin improvement targeted
- ▶ 33 initiatives
- ▶ Initiatives span across the business



Right Aircraft



	Orders	Rights to Purchase	Delivered	
A380-800	20	12	4	
B787	25	25	0	
A330-200	7	0	6	
B737-800	69	30	41	
Q400	21	24	16	

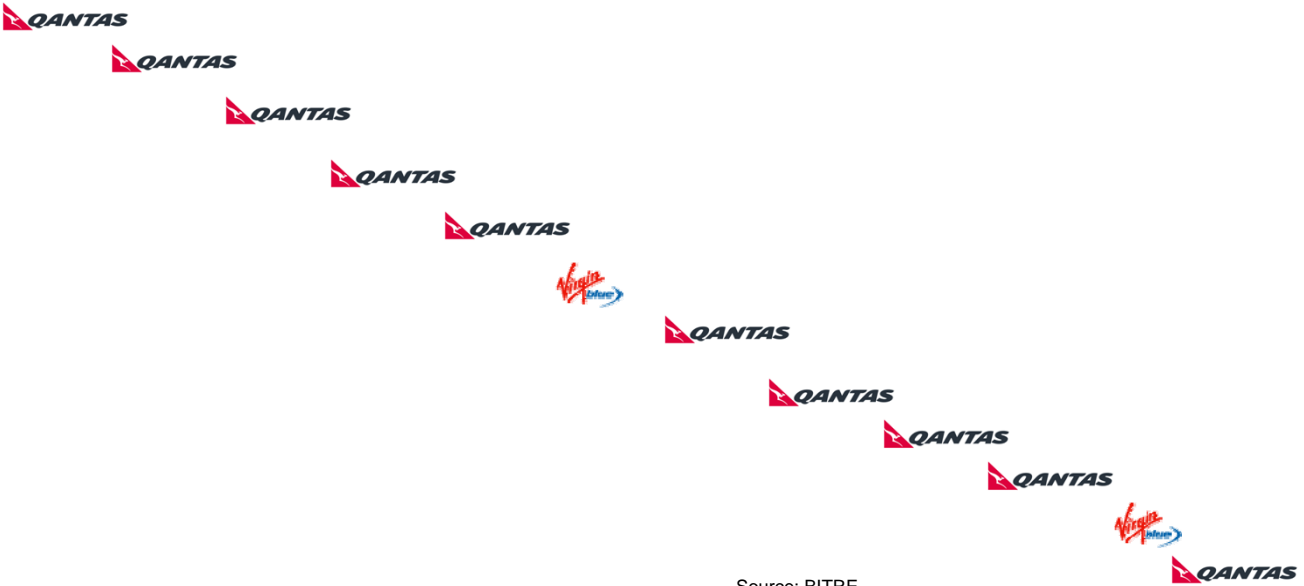


Customer Service – On Time



Domestic on time departures – Qantas leads 10 of last 12 Months

Nov 08 Dec 08 Jan 09 Feb 09 Mar 09 Apr 09 May 09 Jun 09 July 09 Aug 09 Sep 09 Oct 09



Source: BITRE



Operational Efficiency

- ▶ Aircraft utilisation
- ▶ Fleet configuration
- ▶ Labour supply and productivity
- ▶ Facility optimisation
- ▶ Right skill, right place
- ▶ Automation
- ▶ Strategic sourcing
- ▶ Equipment optimisation



QFuture



Safety and Environment

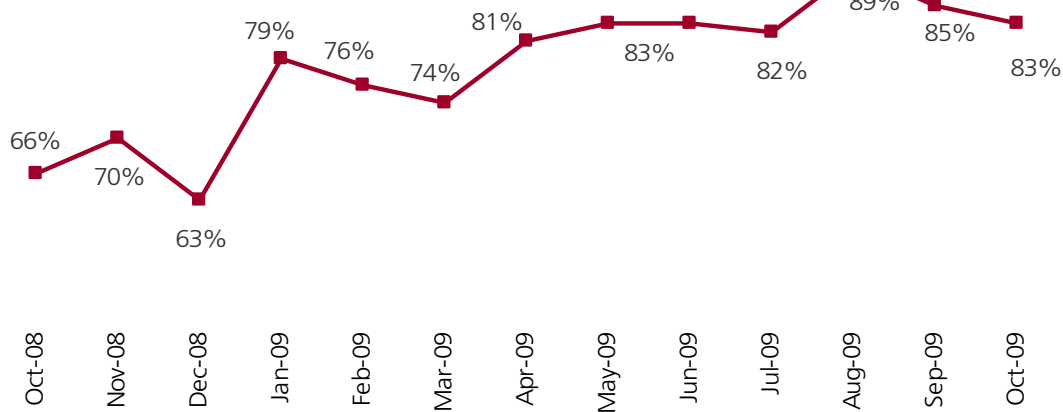
Rob Kella
Chief Risk Officer



Safety Perceptions



Domestic Market - Perception as a Safe Airline



Our First Priority



- ▶ Safety policies, systems and procedures reflect this commitment
- ▶ CASA approval of safety management system
 - ▶ World class aviation safety practices
- ▶ Reduced workplace injury frequency rates
 - ▶ Focus on injury prevention



Environment

- ▶ Strong focus on fuel conservation
- ▶ Investing in fuel efficient aircraft
- ▶ Working with AsA to improve air traffic management
- ▶ Involvement in efforts to develop sustainable aviation fuel
- ▶ Preparing for carbon trading readiness
 - ▶ Australian FY09 CO₂-e emissions of 4.2 million tonnes
- ▶ Inclusion in sustainability indices



Customer Service Excellence

Lesley Grant
Executive Manager
Customer and Marketing



Next Generation Premium Airline



- ▶ An exceptional baseline experience for all customers
- ▶ Extraordinary experience for high value flyers
- ▶ Recognised advocacy leader
- ▶ Excellence in product and service design
- ▶ Lower cost to serve
- ▶ A strong, profitable growth story



Key Strategic Priorities

- ▶ Establish a deep understanding of customers, their needs and choice drivers
- ▶ Deliver consistently across the customer experience
- ▶ Evolve the brand position to reconnect and establish relevance
- ▶ Improve marketing effectiveness across existing and emerging channels
- ▶ Better leverage the Qantas Frequent Flyer program



Product and Service Innovation

- ▶ A380, B738
- ▶ First Lounges
- ▶ Premium Economy
- ▶ Airport of the Future
- ▶ Connectivity
- ▶ Centre of Service Excellence
- ▶ eXceptional - customer service training



Reconfigurations

- ▶ Retention of First cabins on key markets
- ▶ Right sizing First and Business cabins to demand
- ▶ Upgrade of product on B744¹



1. Where B744 is part of long-term fleet plan





Qantas Commercial and Freight

Rob Gurney
Group Executive
Qantas Commercial



Best for Business

- ▶ Network, product, service and brand assets
- ▶ Value enhancing partnerships with corporate clients
- ▶ Proactive SME acquisition program
- ▶ Leading loyalty program
- ▶ Premium business facilities
- ▶ Utilising alliance partner networks
- ▶ Consistent leadership in on time performance

Small to Medium Sized Businesses (SME)

- ▶ Strong base with opportunity to grow
- ▶ Strong suite of products
- ▶ Customer segmentation insights
- ▶ Enhanced customer offering



Corporate and Government

- ▶ Aggressively competing for share of Corporate & Government Business
- ▶ Whole Of Australian Government
 - ▶ Separate domestic and international tenders
 - ▶ Panel approach to appointing airlines
 - ▶ Government evaluation underway
 - ▶ Announcement scheduled late Dec 2009



Drive Improvement in Contribution Margin

- ▶ Leverage strong channel management
- ▶ Transition of direct channels into profit centres
- ▶ Maximise ancillary revenue and cost recovery opportunities
- ▶ Strategic alignment with distribution partners



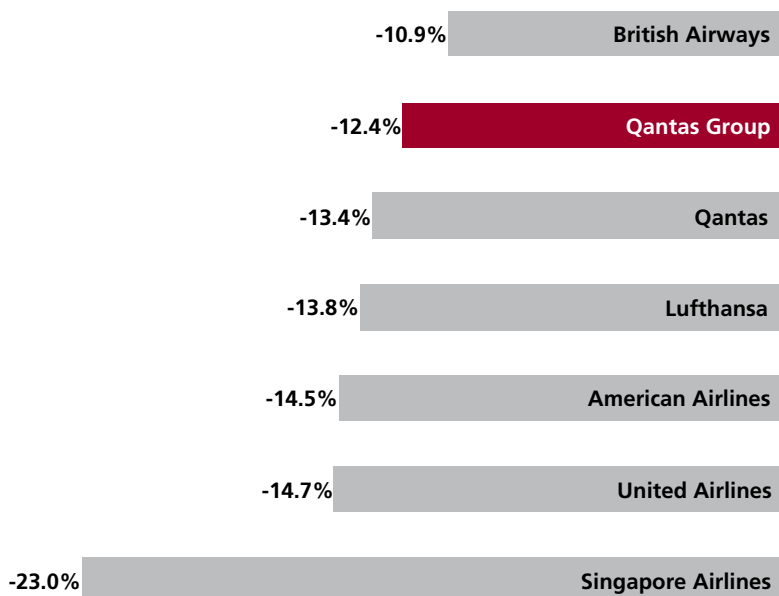
qantas.com

- ▶ Developing an integrated premium travel site with appeal to a global audience
 - ▶ qantas.com available in over 30 countries and 7 languages
 - ▶ Proven market reach with 8 million visits per month
 - ▶ Integrated sale of ancillary products
 - ▶ Growth of servicing and customer communications
 - ▶ Active in social media
- ▶ Frequent Flyer business supported through full account management and ability to redeem flights and other product



Qantas Yield per ASK Performance

Qantas September Quarter yield performance



Period = Jul-Sep09, except for BA (Apr-Sep09)
Based on publicly available information

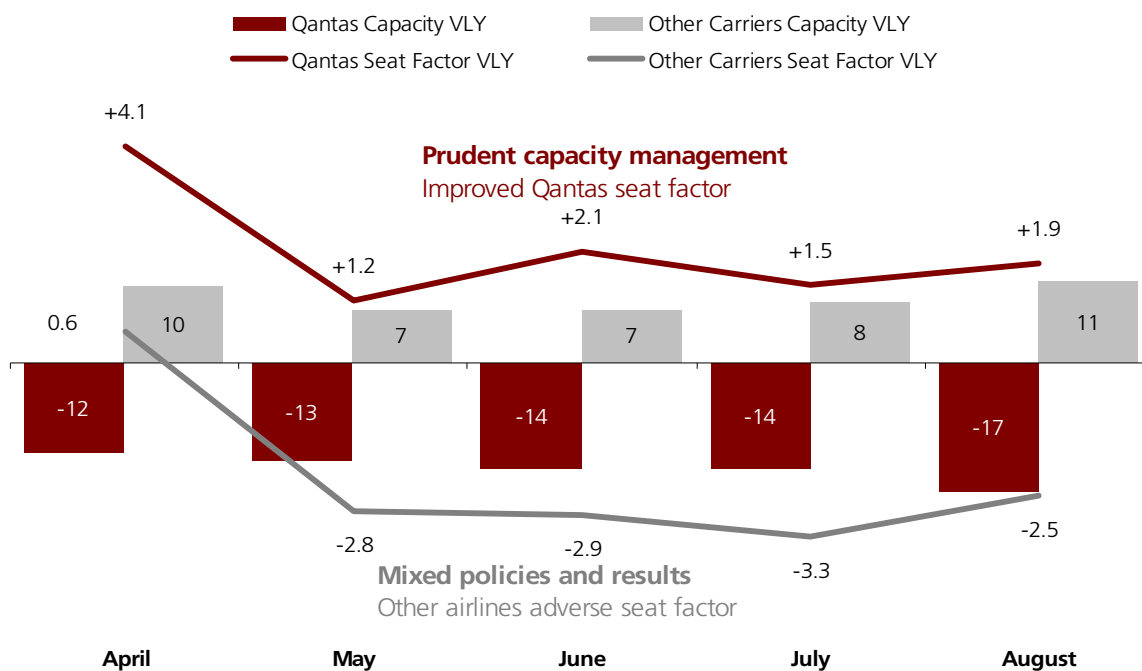


Yield Recovery

- Rebuild yield as demand recovers
- Recalibration of pricing structures
- Effective capacity management
- Key account retention



International Competition



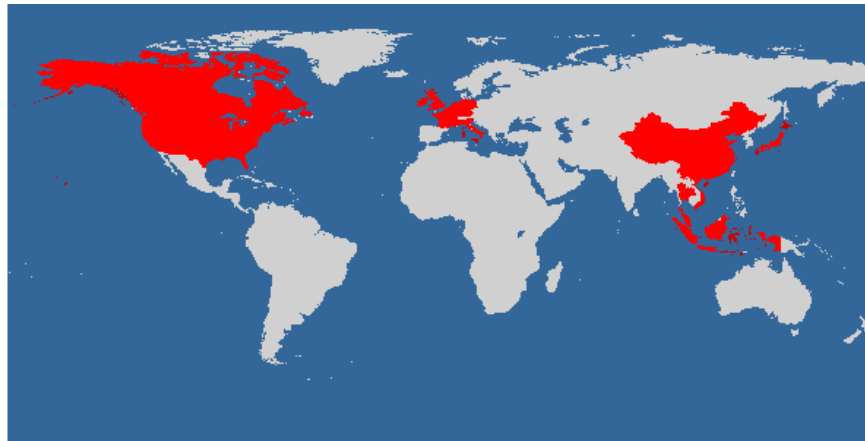
International Network

- ▶ Prudent capacity adjustments to mitigate GFC
- ▶ A380 rollout on key routes
- ▶ Maintained footprint & frequency to meet needs of business customers
- ▶ Building integrated network with Jetstar brands
- ▶ Deepen Alliance partnerships to support network growth



International Network Competitive Environment

- ▶ UK/Europe
- ▶ USA
- ▶ Asia



Domestic

- ▶ Effective deployment of two brand strategy to defend share
- ▶ Virgin Blue reduced capacity SYD/MEL
- ▶ Network growth opportunities as demand returns
- ▶ Well placed for economic recovery

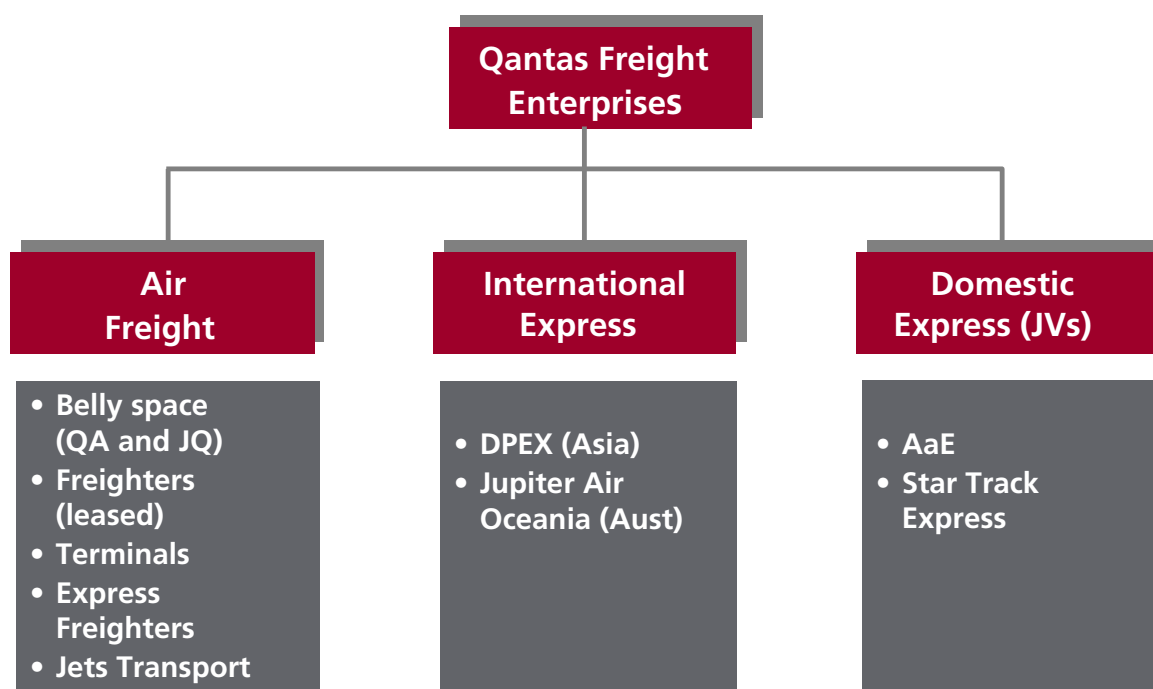


Qantas Freight Enterprises

- ▶ Structure
- ▶ Managing through the downturn
- ▶ Maximising returns from core assets
- ▶ Freight environment



Structure



Managing Through the Downturn

- ▶ Focus on maximising value from existing assets
- ▶ Key management priorities
 - ▶ Growing international bellyspace revenue
 - ▶ Improving B747 freighter margins



Maximising Returns from Core Assets

- ▶ Long term freight footprint aimed at ensuring optimal return from core airline assets and positions
 - ▶ Bellyspace and airside property
 - ▶ Freighters to supplement bellyspace
 - ▶ Realising the full value of existing time definite joint ventures



Freight Environment

- ▶ Increasing activity noted since start of financial year
 - ▶ Demand for ad hoc freighter work
 - ▶ RFTKs however remain below last year to date
- ▶ Yield improvement remains challenging however progressing positively
- ▶ Joint Ventures (AaE & STE) performing ahead of expectation



Jetstar

David Koczkar
Executive Manager Commercial

Simon Westaway
Head of Corporate Relations



The Qantas Two Brand Strategy



- ▶ **Qantas** - Best premium airline
- ▶ **Jetstar** - Best low fares airline
 - ▶ Low fares leadership
 - ▶ Continual cost reduction
 - ▶ Building hassle-free product and service offering
 - ▶ Continued innovation through technology
 - ▶ Growth in ancillary revenue streams
 - ▶ Investment in people



Recap FY09 - Financial

(Jetstar, Jetstar Asia, Jetstar Pacific)

- ▶ Record PBT \$137 million – increase of 18%
- ▶ Revenue \$1.85 billion – increase of 18%
- ▶ 13.9 million passengers¹ – increase of 18.8%
- ▶ 14% increase in capacity
- ▶ Largest low cost carrier in Asia in 2009²

1. Excluding Jetstar Pacific

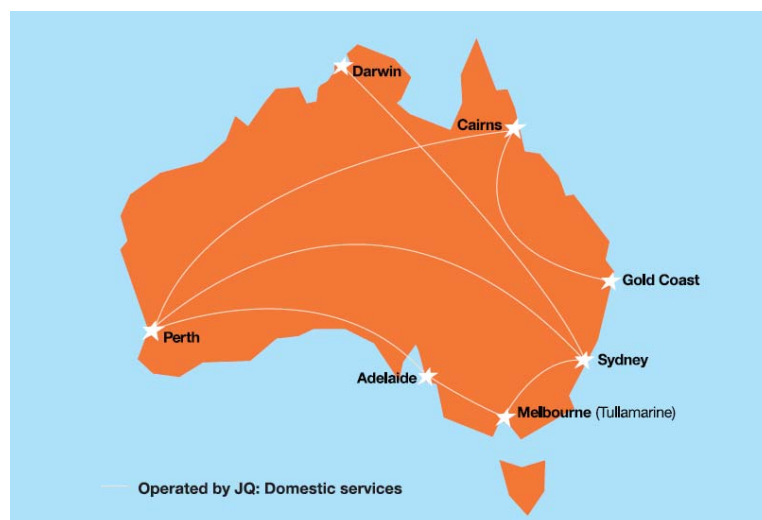
2. Based on revenue



Growth in Australian Domestic Market

- ▶ 8.1 million domestic passengers in FY09
- ▶ 17.4% market share¹ in FY09 up from 15.2% in FY08

8 new Jetstar routes launched in 2009



1. By ASK



Successful Expansion in Japan and NZ

- ▶ Transfer of Japan routes generated significant PBT turnaround
 - ▶ Largest airline between Japan and Australia (21 services pw)
 - ▶ Protecting group slots in Tokyo
 - ▶ Top 100 brand in Japan
- ▶ New Zealand domestic operation launched in June 2009
 - ▶ Positive contribution in first full month
 - ▶ Ongoing sustainable performance and strong seat factors
 - ▶ On time performance improved 79%, 76%, 85% (Jul - Sep)
 - ▶ Actively assessing growth options



Fleet Growth

- ▶ A320 family deliveries advanced to provide FY10 growth
 - ▶ 3 incremental aircraft for Singapore business
 - ▶ 4 incremental aircraft for Australian/New Zealand businesses
 - ▶ 2 new aircraft to replace existing older aircraft
- ▶ 4 to 5 additional A330-200s for Jetstar International growth



Technology and Innovation

- ▶ Streamlining airport experience
 - ▶ Self-check more than 50%
 - ▶ Introduction of SMS boarding passes – trials late 2009
- ▶ Launch of Jetstar MasterCard
- ▶ JetSaver Light
- ▶ Price leadership – Low Fares Finder at Jetstar.com
- ▶ Bookings via mobile phone at Jetstar.com
- ▶ Expansion of distribution channels – interline partners, payment options

