Jetstar Group Model
‘Virtuous circle’ drives growth and innovation for strong, independent airlines

OPPORTUNITIES FOR GROWTH

Maximised profitability

INVESTMENT IN INNOVATION

Low Fares Segment Leader

Strong, engaged team

Cost discipline plus scale

Market-leading ancillary revenue

Customer advocacy

Maximised profitability drives growth and innovation for strong, independent airlines.
What is good for the customer is good for Jetstar Group airlines
“Low fares are just part of the story”

CUSTOMER PROMISE

- Low fares
- Best products and services
- Consistent experience
- More places to fly, more often

CUSTOMER ADVOCACY

JETSTAR ECONOMICS

- Price leadership
- Increased revenue and margin
- Standardised, replicable model
- Scale across attractive markets

INCREASED PROFITABILITY
Growth
The Asian Century
Jetstar Group Airlines\(^1\) positioned for success across the region

More people live inside the orange region than outside\(^2\)

2008-2012 ASK\(^3\) Growth:
- 7% in Asia vs 3% in Rest of World
- 28% for Asia low-cost carriers vs 9% for Rest of World LCCs\(^4\)


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1. Jetstar Group Airlines are Jetstar (Australia & New Zealand), Jetstar International (Australia), Jetstar Asia (Singapore), Jetstar Japan, Jetstar Pacific (Vietnam), and Jetstar Hong Kong. Jetstar Hong Kong operations subject to regulatory approval. 2. Source: World Population Prospects, the 2012 Revision, United Nations Department of Economic and Social Affairs, Population Division, Population Estimates and Projections Section. 3. Available Seat Kilometres. 4. Low Cost Carriers. Source: Centre for Aviation (CAPA) data. Asia includes seat capacity to/from and within Central Asia, North East Asia, South East Asia and South Asia.
Jetstar Group in Asia

Stimulating underlying market growth to achieve 32% passenger growth

Jetstar Group Airlines have ‘grown the pie’ by stimulating local demand for LCC travel

- Japanese LCCs added 2.6 million domestic passengers to the market (>50% of market growth for 12 months to March 13)\(^1\)

Jetstar Group Airlines’ 32% passenger\(^2\), 19%\(^3\) revenue growth in Asia

- Since FY09, 10 million customers have flown Jetstar from Australia to Asia
- Since FY09, 23 million customers have flown Jetstar Group Airlines within Asia
- More than 90% of Jetstar Group Airlines’ customers within Asia are point-to-point

### JETSTAR GROUP AIRLINES – PAX GROWTH IN ASIA\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>PAX Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td></td>
</tr>
<tr>
<td>FY10</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td></td>
</tr>
<tr>
<td>FY14F</td>
<td>+32%</td>
</tr>
</tbody>
</table>

### BUSINESS

<table>
<thead>
<tr>
<th>Business</th>
<th>Ownership</th>
<th>Launch Year</th>
<th>Based Aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jetstar Australia</td>
<td>100%</td>
<td>2004</td>
<td>50xA320s/A321s</td>
</tr>
<tr>
<td>Jetstar International</td>
<td>100%</td>
<td>2006</td>
<td>10xA330s</td>
</tr>
<tr>
<td>Jetstar NZ(^5)</td>
<td>100%</td>
<td>2009</td>
<td>9xA320s</td>
</tr>
<tr>
<td>Jetstar Asia (Singapore)</td>
<td>49%</td>
<td>2004</td>
<td>17xA320s</td>
</tr>
<tr>
<td>Jetstar Japan</td>
<td>33%</td>
<td>2012</td>
<td>13xA320s</td>
</tr>
<tr>
<td>Jetstar Hong Kong(^6)</td>
<td>33%</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Jetstar Pacific (Vietnam)(^7)</td>
<td>30%</td>
<td>2008</td>
<td>5xA320s</td>
</tr>
</tbody>
</table>

\(^1\) Source: CAPA analysis dated 8 August 2013. \(^2\) Includes Jetstar International services into Asia, Jetstar Asia, Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong (subject to regulatory approval. \(^3\) Jetstar Group Asian revenue CAGR FY09-FY13 includes Jetstar International services into Asia, Jetstar Asia, Jetstar Pacific and Jetstar Japan. \(^4\) As at 30 June 2013. \(^5\) Jetstar Trans Tasman services commenced in 2005, Jetstar NZ (Domestic) services commenced in 2009. \(^6\) Subject to regulatory approval. Previously 50% ownership. \(^7\) Jetstar Pacific rebranded in 2008.
Jetstar Group’s Asian Footprint: 125 aircraft¹
Established and start-up airlines in key growth markets

Jetstar Group – Growing Network of Routes

1. Fleet based on FY14 forecast. 2. Subject to network optimisation and route planning changes. Jetstar Hong Kong subject to regulatory approval.
Successful model in Asia
*The best of strong, independent, local airlines plus Jetstar Group scale & experience*

<table>
<thead>
<tr>
<th>Local, independent airlines</th>
<th>Group scale</th>
<th>Wisdom of experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Control by local management team, flying majority local passengers (2,000+ local employees serving 9.5 million passengers)</td>
<td>• Robust, replicable model to deliver both customer service and low cost</td>
<td>• Nearly ten years of experience delivering safe operations - built on 90+ years of Qantas safety practices</td>
</tr>
<tr>
<td>• The right strategic, local shareholders for each market</td>
<td>• Combination of Jetstar model and local partners'/shareholders’ scale</td>
<td>• Dual-brand ‘know-how’ embedded in the Jetstar LCC model</td>
</tr>
<tr>
<td>• Commercial and operational decisions driven by local CEO and board</td>
<td>• Multi-lingual, multi-airline sales and distribution platforms</td>
<td>• Regular experience sharing between Group airlines</td>
</tr>
<tr>
<td>• Model geared to local culture norms, consumer needs, and regulators</td>
<td>• Pan-Asia Pacific network connectivity across &gt;130 routes</td>
<td>• Award-winning customer experience</td>
</tr>
</tbody>
</table>

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1. Jetstar Group FY13 passengers carried in Asia includes Jetstar International services into Asia, Jetstar Asia, Jetstar Pacific and Jetstar Japan.
Innovation
Jetstar Group innovation in the LCC market
First profitable LCC to come from a full service carrier

**UNIQUE** marketing assets, including 5 million MyJetstar subscribers, Friday Fare Frenzy and a pan-Asia-Pacific brand

**PIONEERING** booking interface with ‘low-fare finder’/Price-Beat Guarantee

**PIONEERING** LCC-Airport models (e.g. Gold Coast)

**FIRST** airline to put iPads with the latest content on-board

**LEADING** social media presence (over 700,000 Facebook likes)

**INSPRIATION**
- **FIRST** LCC to open-up new markets on more than 80 routes
  - Opened new markets as the **FIRST** LCC to fly long-haul in 2006

**BOOKING**
- **INNOVATIVE** pay options (bank direct, ATMs, 7-11s)
  - **FIRST** LCC to offer interline and codeshare flights

**DEPARTURE**
- **FIRST** LCC in Asia-Pacific to introduce customer self-service for changes/disruptions
  - **FIRST** LCC in Asia Pacific to fly B787 (Nov-13)

**IN-FLIGHT**
- **FIRST** LCC group to have a Pan-Asia catering product
  - **FIRST** LCC to win wine awards for business-class cabin

**POST-TRIP**
- **FIRST** LCC in Asia-Pac to launch targeted, pro-active webchat
  - **FIRST** LCC to launch avatar chat, ‘Ask Jess’ (Nov-13)
Unlocking potential through innovation

INNOVATION DELIVERS . . .

CUSTOMER ADVOCACY
- more flexibility,
- more choice,
- more responsive

REVENUE
- Over 9% year-on-year ancillary revenue growth\(^1\)

COST
- B787 cost efficiencies

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1. FY05-FY13 ancillary revenue growth.
Product innovation delivering higher customer advocacy
Finding better ways to provide a seamless customer experience

More flexibility
Web check-in

Why queue if you don’t have to?

Fast track your check-in
Next time you fly Jetstar, you can fast-track your check-in by using our web check-in, or our self-service kiosks. You can even fast-track your check-in by using your boarding pass. We tested this. It’s just another way you can save time with Jetstar.
For more details or to book, visit jetstar.com

More choice
Bundles

More responsive
Customer Help Avatar

Higher customer advocacy... with more ancillary revenue and lower costs

1. To be launched November 2013.
Product Innovation delivering higher revenues

Market-tailored product innovation drives ancillary revenue growth

JETSTAR GROUP – ANCILLARY REVENUE (AUD/PAX)

FY05: $15.5
FY06: $15.8
FY07: $17.8
FY08: $19.0
FY09: $20.8
FY10: $22.3
FY11: $24.1
FY12: $30.6
FY13: $31.6

+9.4%

YEAR-ON-YEAR INNOVATION ACROSS ALL MARKETS

Baggage
Prepaid extra baggage
Insurance & car rentals
Hotels
Upgrades
Jetstar MasterCard® (Australia)
Bundles
Travel SIM card
Lawson partnership (Japan)

Domestic freight
Short-haul freight
Long-haul freight
Comfort packs
Upfront seats
Hotels and car rentals (Singapore)
iPads
Jetstar travel card

Catering
In-flight entertainment (IFE)
Distribution recovery
Extra leg-room
Activities
Seating improvements
Priority boarding
Route pricing

Distribution recovery
Extra leg-room
Activities
Product Innovation driving lower unit cost
*B787 delivering value to customers and airline*

- B787 to widen Jetstar International profit margin vs LCC competitors
  - Lower unit costs for the airline
  - Keep fares low
  - Enhanced product for the customer
  - Seat-back IFE to deliver ancillary revenue from every passenger seat
- Delayed B787 delivery has allowed for
  - Learning through others’ experience
  - Tailored product to our customer base, including Asian IFE content/catering

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1. Source: Internal unit cost estimates.
Success story in Asia
Case Study: Building brand presence in Japan ahead of launch of independent airline

Brand Positioning
- Jetstar International first LCC to fly to Japan in 2007
- By the time of Jetstar Japan launch in July 2012:
  - Jetstar Group flew into Japan from Manila, Taipei, Gold Coast and Cairns
  - >2m passengers already carried to/from Australia
  - Jetstar recognised as a top 100 brand in Japan

Scale Benefits
- Accessing same ports, infrastructure and suppliers

Understanding of Local Market
- Existing knowledge of operating in Japan (local staff, local distribution, Japanese customers)

Feed Traffic
- Connectivity between long-haul and short-haul networks gives customers more destinations to fly

Jetstar Japan

*Growth potential in Japan is significant*

**Significant potential for LCC growth in Japan**

- Domestic LCC penetration only 5% of total market\(^2\) with potential to be >30%
- Japan’s population 6 x size of Australia’s

**Jetstar Japan well placed to lead the market**

- Early mover advantages
  - Existing brand strength
  - First LCC in Narita
  - Largest domestic network
- Growth plan in place to maintain leading LCC position in domestic and international markets into FY16

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Jetstar Japan
Already the largest LCC in Japan

- Jetstar Japan is the largest LCC\(^1\) in Japan with 9 destinations, 13 routes\(^2\)
- Japan is the third largest domestic aviation market in world\(^3\)
- Jetstar Group\(^4\) combined is the 8\(^{th}\) largest carrier in Japan

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1. Based on fleet at 30 June 2013 and Domestic plus International seats compared to Peach Aviation and AirAsia Japan.  
2. As at September 2013.  
4. Source: Based on Jul-Sep 2013 seat capacity per Diio Mi extract at September 2013. Japan market includes domestic and international seats. Jetstar Group in Japan includes Jetstar Japan, Jetstar Asia and Jetstar International.  
5. Source: Jul-Sep 2013 seat capacity per Diio Mi extract at September 2013.  
6. AirAsia Japan market exit by end of October 2013 to be replaced by Vanilla in December 2013.
Jetstar Japan

*Stimulating market demand to unlock and capture value*

- Japan domestic passenger growth 8.7%, first increase in 6 years\(^1\)
- Innovation in LCC distribution channels
  - First airline in Japan to sell fares at multi-media kiosks
  - Lawson partnership (10,000 stores)
  - Multiple travel agency partnerships
- Japan Airways (JAL) codeshare and access to JAL and Qantas Frequent Flyer Programs
- Increased passenger numbers and amenities at ports served by Jetstar Japan
  - Passenger growth – Narita 33\(^2\), Osaka 18\(^3\), Sapporo 24\(^4\)
  - New Narita amenities include low-cost shuttle services, accommodation deals

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1. Based on domestic passenger growth in 12 months to 31 March 2013. Source: CAPA analysis dated 8 August 2013. 2. 12 months to August 2013, Source: Kotsu Mainichi Shimbun, 21 September 2013. 3. 12 months to August 2013, Source: Asahi Shimbun, 21 September 2013. 4. 12 months to August 2013, Source: Hokkaido Shimbun, 21 September 2013. 5. Source: Chin Chitose airport data. 6. Source: Narita international airport data.
Jetstar Japan shows all the hallmarks of a highly successful LCC:

- On-time performance >90%\(^1\), cancellations rates <1%\(^1\), strong customer advocacy and ancillary revenue growth

**Year One performance impacted by:**

- Rapid fleet and network expansion to capture #1 LCC market position
- Significant investment to develop core Japanese market ahead of other LCCs
- Narita-based LCC competition (AirAsia Japan to exit Narita in October 2013)
- Domestic-only operations and Narita curfews impacting aircraft utilisation
- Embedding LCC operating model into local environment

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Jetstar Asia
*Gateway to South East Asia: Core platform to access growing demand*

Singapore core to Jetstar Group’s potential in Asia
- Strategically important ‘gateway’ market
- Forefront of LCC innovation in Asia

Eight years of growth
- Capacity growth of 22% (FY05-FY13) in intensely competitive regional market
- Focus on improving returns from current base, leveraging partnerships, growth opportunities

Regional partnerships key to future success
- 19 intra-South East Asia interline agreements including Qantas, Emirates, Air France, British Airways, China Southern, Lufthansa, Turkish Airlines

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1. Source: DiiO Mi Singapore capacity by seats July 2004 to June 2013. 2. Includes Jetstar Asia and Valuair.
Jetstar Pacific

Significant growth opportunity in Vietnam

- Average GDP growth rate 6% (2008-2012)\(^1\)
- Lowest LCC penetration among major South East Asian countries at only 25% domestic and 14% international\(^2\)

Jetstar Pacific positioned to take advantage

- Local management team with market insights
- Transitioned to all A320 fleet delivering significant unit cost improvements vs older B737 aircraft\(^3\)
  - 5 aircraft with planned growth
- Currently servicing 7 domestic destinations
  - ~2 million passengers flown in FY13
- Strong yield improvement continuing

Challenges remain as local LCC market develops

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1. Source: International Monetary Fund
2. CAPA Report dated 22 February 2013
3. Fleet renewal complete on 18 January 2013
4. Financial years ended 30 June 2012 and 30 June 2013 (excludes freight)
Jetstar Hong Kong

- Untapped potential in Hong Kong market
  - Current LCC penetration is 5% with the potential to triple to 15% in 2015
  - Nearly 70% of Hong Kong people surveyed said they intended to fly LCC in the next 12 months
- Local CEO, Chairman, and management team
- Shun Tak joined China Eastern Airlines and Qantas as equal shareholder in June 2013
- Jetstar Hong Kong management working with Hong Kong government on regulatory approvals
  - Application to Air Transport Licencing Authority gazetted, now in public consultation process
- Jetstar Hong Kong management leveraging Group learnings from Jetstar Japan to ensure early success

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1. Subject to regulatory approval. 2. Penetration rate of available seat capacity, CAPA report dated 23 March 2013. 3. Research by HK People’s Opinion Platform (July 2013) n=1,035.
Valuing the Potential
Valuation of Asia-Pacific and Global LCCs
*Jetstar Group has the right platform to capture growth and deliver value*

**Jetstar Group’s Asia Pacific Growth**

<table>
<thead>
<tr>
<th>JETSTAR GROUP AIRLINES</th>
<th>FLEET</th>
<th>PASSENGER (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>88</td>
<td>21</td>
</tr>
<tr>
<td>FY13</td>
<td>104</td>
<td>24</td>
</tr>
</tbody>
</table>

**JETSTAR: MARKET-LEADING POSTION**

- #1 LCC Australia, New Zealand, Trans-Tasman
- #1 LCC Australia to Asia
- #1 LCC in Japan
- #2 LCC in Singapore
- #2 LCC in Vietnam
- First LCC in Hong Kong (subject to regulatory approval)

**Global LCC Comparison**

<table>
<thead>
<tr>
<th>MARKET CAPITALISATION (AUD M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiger Group</td>
</tr>
<tr>
<td>AirAsia X</td>
</tr>
<tr>
<td>AirAsia bhd</td>
</tr>
<tr>
<td>EasyJet</td>
</tr>
<tr>
<td>Ryanair</td>
</tr>
</tbody>
</table>

**Asia-Pacific LCC peers**

- P/E: 16.0 10.3 8.3 12.6 12.8
- Fleet: 48 13 129 212 303

Jetsar Group growing to 125 aircraft by end of FY14

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Valuation of Asia-Pacific and Global LCCs

It takes time to unlock full potential

- Other Asia-Pacific LCCs have taken 3-4 years to break-even
- Rapid ramp-up is needed to achieve scale in each market
- Jetstar Group has a capital-light model with risk/reward shared between strategic investors
- Local shareholder support is strong and built on a shared ambition for the profitability of each airline

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Jetstar Group Model

Strong, independent airlines provide growth and innovation opportunities

**OPPORTUNITIES FOR GROWTH**

- Jetstar (Australia)
- Jetstar International (Australia)
- Jetstar Asia (Singapore)
- Jetstar (New Zealand)
- Jetstar Pacific (Vietnam)
- Jetstar Japan
- Jetstar Hong Kong¹

  ... potential future growth markets

**LOW FARES SEGMENT LEADER**

- Maximised profitability
- Strong, engaged team
- Market-leading ancillary revenue

**INVESTMENT IN INNOVATION**

- Boeing 787 introduction
- All markets/cultures driving innovation
- iPads and IFE
- A320 Sharklets
- Self-service
- Online and mobile distribution
- Interline/codeshare connectivity
- Distribution partners

  ... ongoing innovation serving growing passenger numbers

¹. Subject to regulatory approval.
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