

**Qantas Airways Limited**  
**Alan Joyce, CEO Qantas Airways**

Macquarie Australia Conference  
3 May 2013



# Qantas Group: April 2013



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## Delivering on the Group's Strategic Priorities

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- Turning around Qantas International
- Building on our strong Domestic business
- Growing in Asia
- Unlocking the value of Qantas Loyalty
- Engaging our people and enhancing the customer experience

**EXECUTING THE STRATEGY TO DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS**

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## Qantas-Emirates Partnership

### *Successful launch*

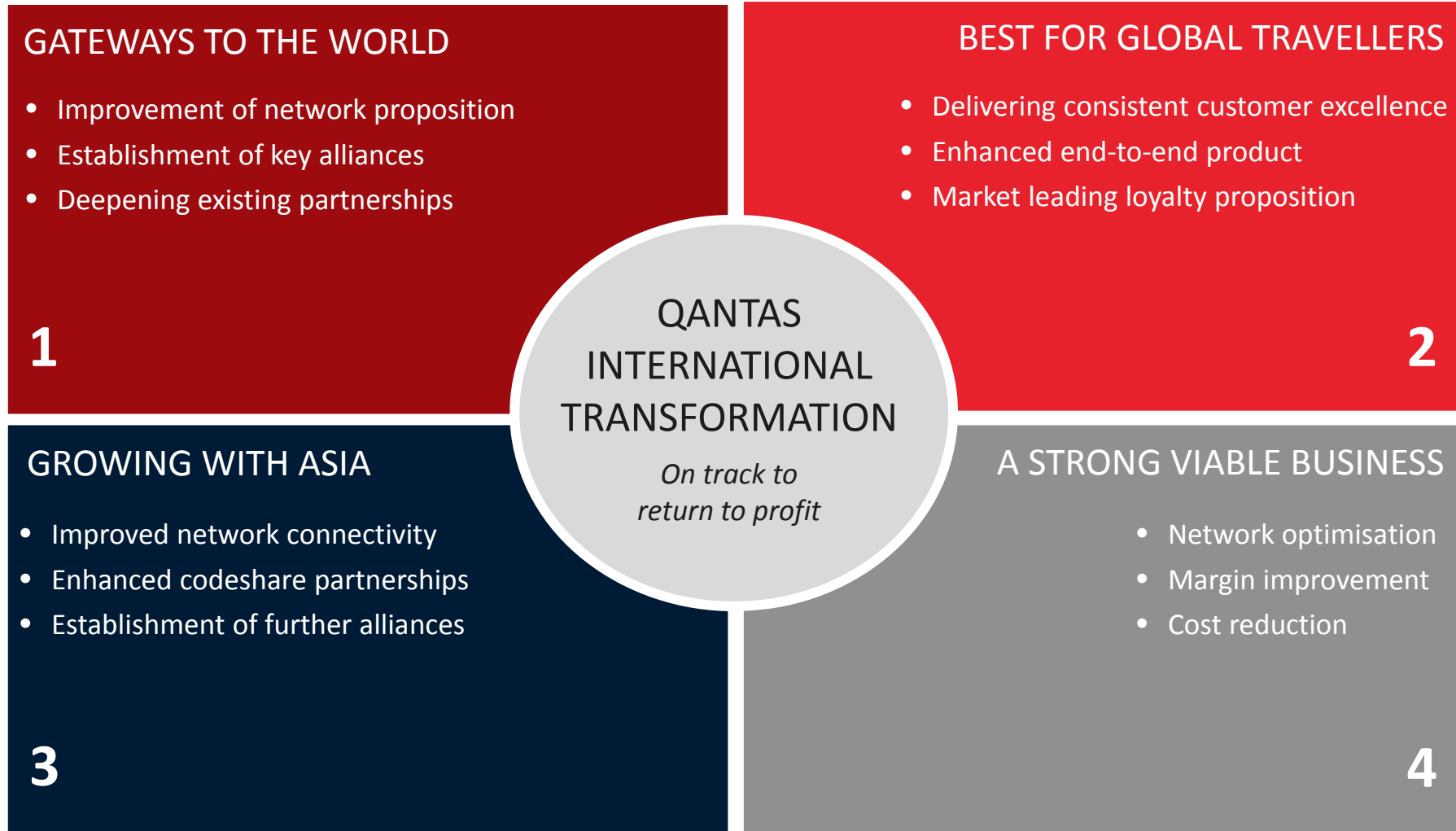
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- International network of 65 destinations Europe, North Africa and the Middle East
- Domestic network to benefit from 32 codeshares
- Most comprehensive and seamless premium airline experience
- Reciprocal recognition and priority benefits to frequent flyers
- Benefits to be realised across the Group from FY14



# Turning around Qantas International

## *Four Pillar Strategy*



# Turning around Qantas International

## Four Pillar Strategy

TRANSFORMATION INITIATIVE	INDICATIVE TIMING		
	FY13	FY14	FY15
Gateways to the World	Launch of Qantas-Emirates partnership		
	North America-daily flights to AA hub (DFW) <sup>1</sup>		
	South America flights to LATAM Airlines hub (SCL) <sup>2</sup>		
	Further enhancements to alliance and network offering		
Best for Global Travellers	Superior opportunities for frequent flyers		
	SIN, LAX, HKG <sup>3</sup> lounge refurbishments		
	Aircraft interior reconfigurations – A380, B747, A330		
	Enhanced training for Customer Service Managers		

1. American Airlines; Dallas – Fort Worth 2. Santiago, Chile 3. Singapore; Los Angeles; Hong Kong



# Turning around Qantas International

## Four Pillar Strategy

TRANSFORMATION INITIATIVE		INDICATIVE TIMING		
		FY13	FY14	FY15
Growing with Asia	Stronger links to key Asian hubs of SIN <sup>1</sup> and HKG <sup>1</sup>		█	█
	New Asia Schedule for greater connectivity		█	█
	Greater access to China with China Eastern		█	█
	Further growth opportunities		█	█
A Strong Viable Business	Exit of major loss making routes – including SIN-FRA <sup>2</sup>		█	█
	Consolidation of engineering and catering facilities		█	█
	Improving fleet economics and simplification		█	█
	Ongoing cost out programs		█	█

1. Singapore; Hong Kong 2. Bangkok, Hong Kong-London Heathrow exited March 2012, Auckland-Los Angeles exited May 2012, Singapore-Mumbai exited May 2012, Singapore-Frankfurt exited 15 April 2013.

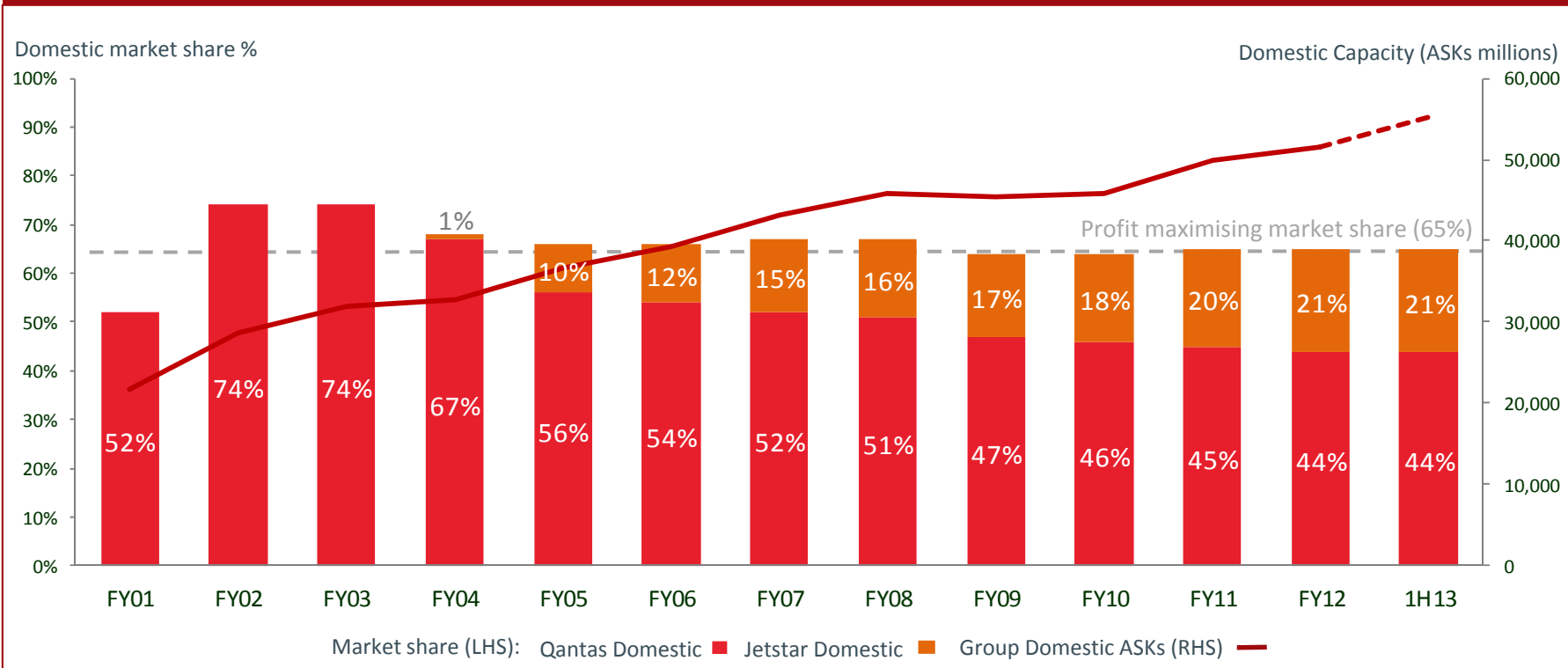
# Building on our Strong Domestic Business

## Maintaining 65% market share

- Domestic strategy well positioned:

✓ Dual-brand 
 ✓ Distribution 
 ✓ Scale 
 ✓ Network 
 ✓ Frequency 
 ✓ Loyalty program

### DOMESTIC MARKET SHARE



Source: Bureau of Infrastructure, Transport and Regional Economics (BITRE), Qantas. Group Domestic ASKs for FY13 are forecast only, based on 1H13 actuals and 2H13 guidance provided to the market.

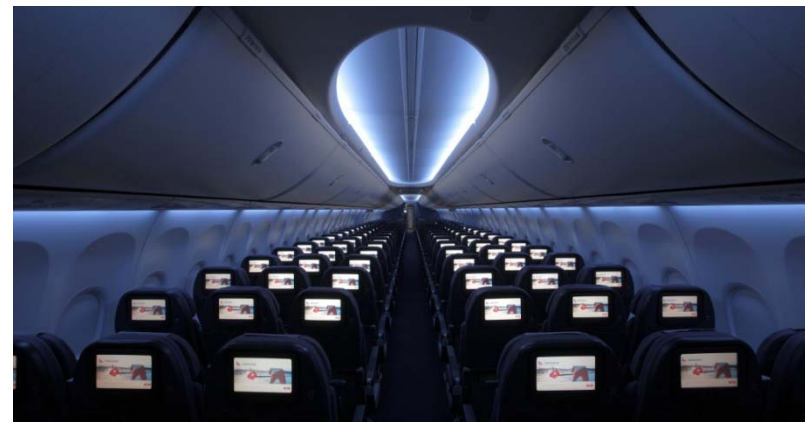
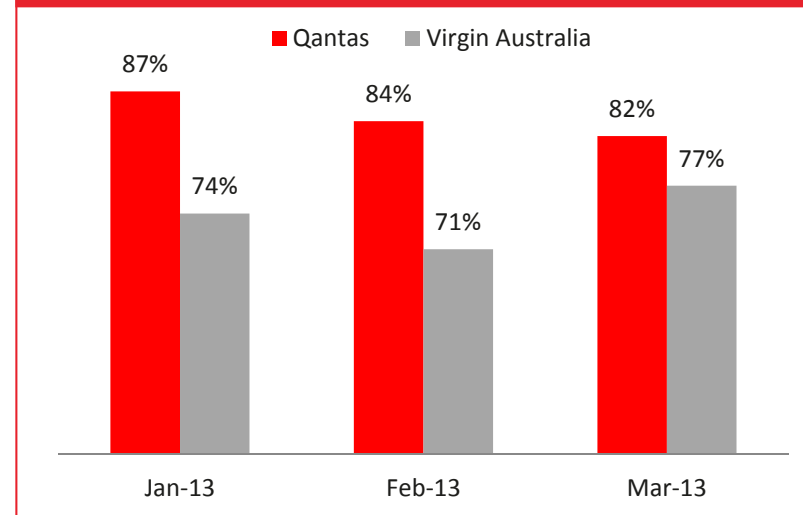


# Building on our Strong Domestic Business

## *Qantas Domestic*

- Superior on time performance
- Record customer satisfaction levels
- Corporate market share maintained
- Improving customer offering
  - A330 lie-flat beds on east-west
  - Expanded Perth lounge
  - QantasLink to benefit from T3 operations
- Supporting regional growth
  - Improved fleet economics – 5 (of 13) B717 reconfigurations complete
  - 8 F100s added in past 12 months

### 2013 ON TIME PERFORMANCE (OTP)<sup>1</sup>



1. Source: BITRE January 2013 – March 2013.

# Growing Jetstar's Footprint

## 100 million passengers, 100 aircraft

- Market leading ancillary revenue model
- Significant growth into key Asian ports
- Structural improvements to customer offering
  - ACCC approved network coordination
  - Enhanced frequent flyer redemptions

BUSINESS	OWNERSHIP	LAUNCH	BASED AIRCRAFT <sup>3</sup>
1 Jetstar Australia	100%	2004	49xA320s/A321s
2 Jetstar Asia (Singapore)	49%	2004	20xA320s
3 Jetstar International	100%	2006	11xA330s
4 Jetstar Pacific (Vietnam) <sup>1</sup>	30%	2008	5xA320s
5 Jetstar NZ	100%	2007	9xA320s
6 Jetstar Japan	33%	2012	10xA320s
7 Jetstar Hong Kong <sup>2</sup>	50%	2013	-



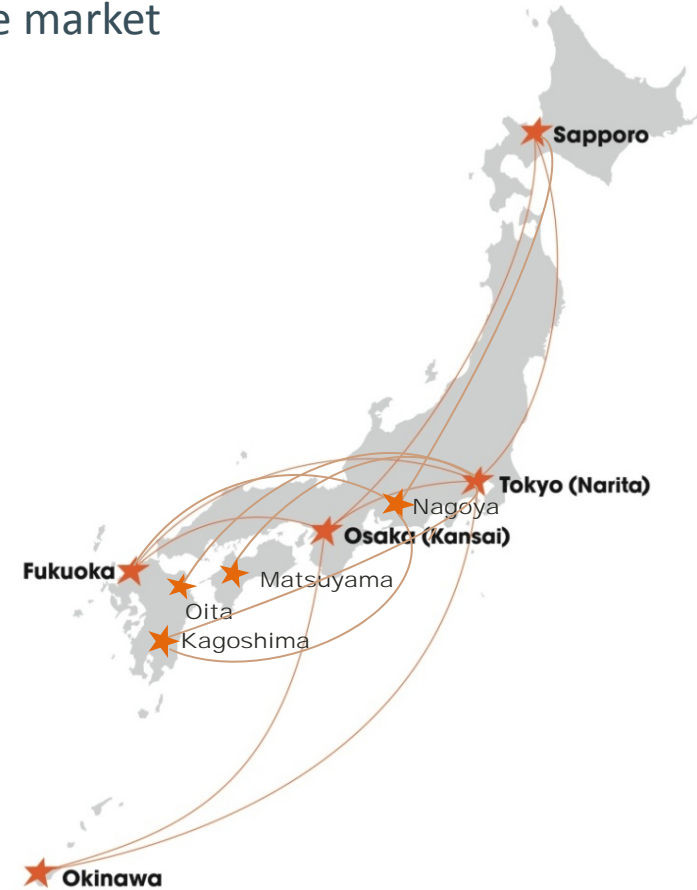
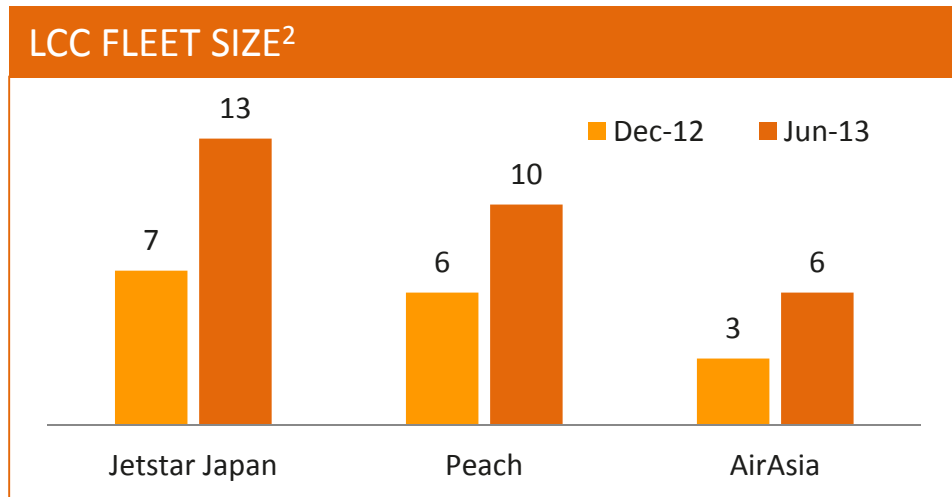
Route Map as at 31 December 2012.

1. Jetstar Pacific rebranded in 2008. 2. Subject to regulatory approval. 3. As at 31 March 2013.

# Jetstar Japan

*Strong ramp-up since July 2012 launch*

- Maintaining scale and cost advantages in competitive market
  - 9 destinations announced
  - 1 million passengers carried
- Leading LCC<sup>1</sup> loads, OTP<sup>1</sup> and customer feedback
- Significant growth opportunity
  - Japanese market 6x larger than Australian



Route Map as at 31 March 2013. Kagoshima commencing 31 May 2013, Matsuyama commencing 11 June 2013.

1. Low cost carrier; on time performance. 2. Qantas Group estimates.

# Qantas Loyalty

## *Unlocking the growth in Loyalty*

- 9.1 million members<sup>1</sup> – over 50% of Australian households
- Unparalleled partner reach – all major banks, supermarket, retail, telecommunication
- Superior program enhancements through Qantas-Emirates partnership
  - Reciprocal recognition and priority benefits
- Continued innovation – Qantas Cash, Loyalty Professional Services
- Record positive Net Promoter Score (NPS)

AUSTRALIA'S LEADING LOYALTY PROGRAM – OVER 9 MILLION MEMBERS<sup>1</sup> AND GROWING



1. As at 31 March 2013.

# Qantas Loyalty

*Creating value for Qantas Group and External partners*

## Qantas Group benefits

- ✓ External billings
- ✓ Members fly Qantas/Jetstar
- ✓ Customer retention
- ✓ Customer analytics

## External partners benefits

- ✓ Customer insights
- ✓ Ability to influence behaviour
- ✓ Superior redemption options

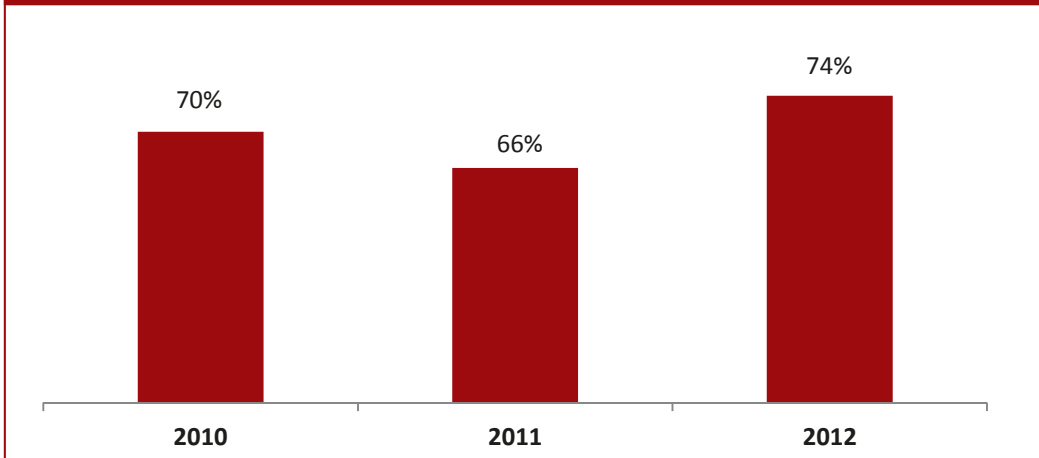


# Engaging our People

*Generating record customer satisfaction*

- Improved employee engagement scores to record levels across Qantas, up 8 points
- Active engagement towards Qantas' future
- Evidenced through sustained record high customer satisfaction and NPS results across Qantas Domestic, International and Loyalty

## QANTAS GROUP EMPLOYEE ENGAGEMENT

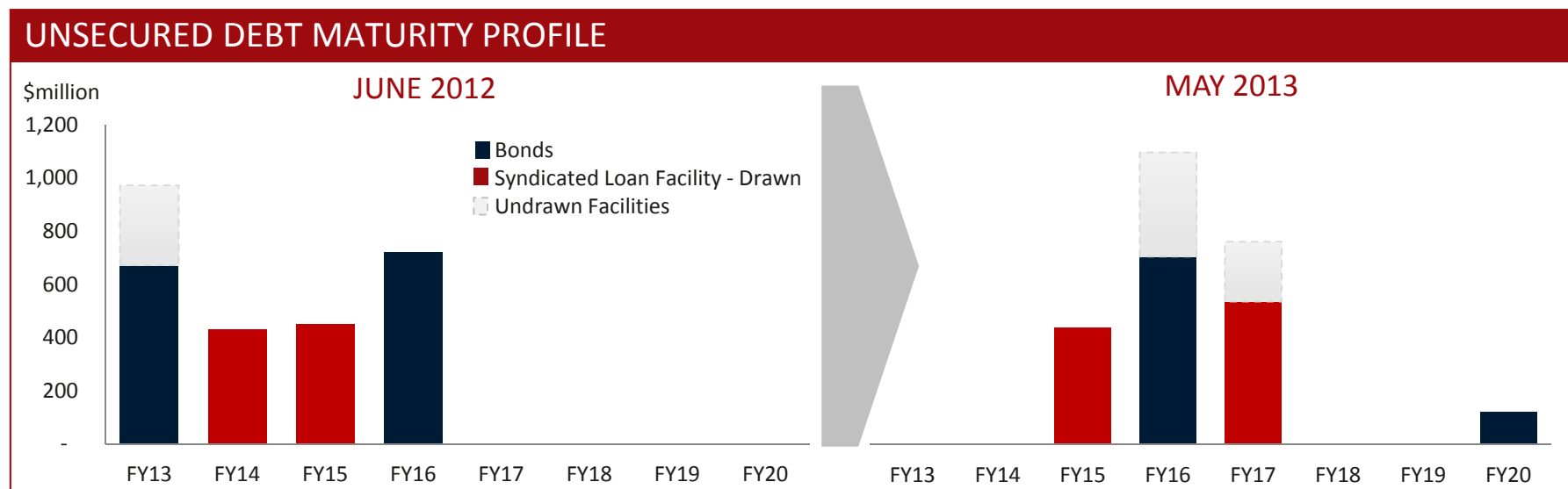




# Debt Profile

## *Extension of unsecured debt maturities*

- Reduced refinance risk through improved debt maturity profile
  - US\$450 million unsecured notes repaid in full 2H13
- Targeting liquidity position of \$2.5-\$3 billion by June 2013<sup>1</sup>
  - Increased committed but undrawn funding lines – improves financial flexibility
- Planned net capital expenditure \$1.6 billion in FY13 and \$1.5 billion in FY14
- Continued focus on debt reduction



1. Includes cash and cash equivalents and undrawn banking facilities.



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## Summary

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- Delivering key transformation milestones
- Executing on strategy to deliver sustainable returns to shareholders
  - Building on our strong domestic business
  - Turning around Qantas International
  - Growing in Asia
  - Unlocking the value of loyalty
  - Engaging our people and enhancing the customer experience

POSITIONING THE GROUP FOR A STRONG, SUSTAINABLE FUTURE

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