

Qantas Airways Limited

Nomura Conference

30 November 2011



Qantas Group

Gareth Evans
Chief Financial Officer



The Qantas Group - Our Operations

- ▶ Qantas Group is the eleventh largest airline in the world based on passenger numbers and distance flown
- ▶ The Group's network comprises 208 destinations in 46 countries
- ▶ The Group operates a passenger fleet of 278 aircraft¹
- ▶ Qantas Frequent Flyer is one of the world's leading coalition loyalty program with over 8 million members
- ▶ The Group employs almost 36,000 people

1. As at 30 June 2011



Qantas Group Strategy



1. FFP = Qantas Frequent Flyer Program



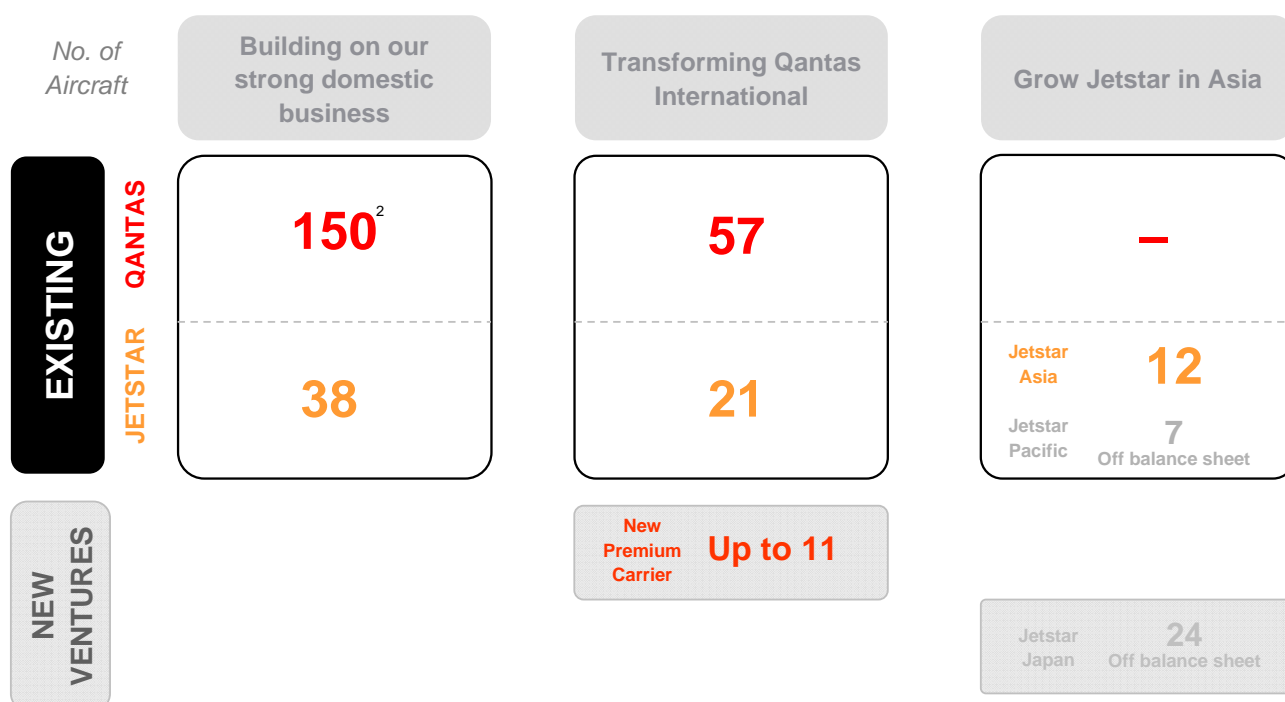
Delivering Robust Results in a Challenging Environment

- ▶ Underlying PBT¹ in FY11 of \$552m, up 46%
 - ▶ Included \$224m impact of significant weather events and natural disasters
 - ▶ Qantas and Jetstar - two most profitable domestic airlines
 - ▶ Record result for Jetstar and Qantas Frequent Flyer
 - ▶ Qantas profit² up 240%, despite significant losses in Qantas International
- ▶ QFuture transformation program delivered benefits of \$470m in FY11, \$1bn over last 2 years
- ▶ Operating cash flow of \$1.8bn in FY11, up 32%
- ▶ Investment grade credit rating
- ▶ Significant cash reserves (\$3.5bn at 30 June 2011)

1. Underlying PBT is the primary reporting measure used by Management and the Board to assess the financial performance of the Group.
 2. Qantas result includes the financial impact of the grounding of the A380 fleet and the settlement agreed with Rolls-Royce which offsets the direct financial losses incurred.

Disciplined Investment in Growth Markets

Fleet Profile - Existing¹ & Growth



¹ Existing Passenger Fleet as at 30 June 2011 (excludes 5 x Freighter aircraft)

² Includes 9 x Network Aviation aircraft

Flexible Investment Profile

- ▶ Planned net capital expenditure of \$2.5bn in FY12 and \$2.8bn in FY13
- ▶ Fleet flexibility demonstrated to date
 - ▶ Deferred delivery of 6 x A380 aircraft
 - ▶ Early retirement of B744, B767 and B734 aircraft
 - ▶ Deferred delivery of B738 aircraft
 - ▶ Non renewal of B738 and A320 leases
- ▶ Future fleet plan includes flexibility to scale up or down to meet market demand
 - ▶ Contractual cancellation rights
 - ▶ Up to 95 narrow-body aircraft and 25 wide-body aircraft lease renewals over next 10 years with 43 over the next 3 years
 - ▶ Aircraft delivery reschedule rights
 - ▶ Up to 50 aircraft retirements over the next 5 years
 - ▶ Purchase options and purchase rights

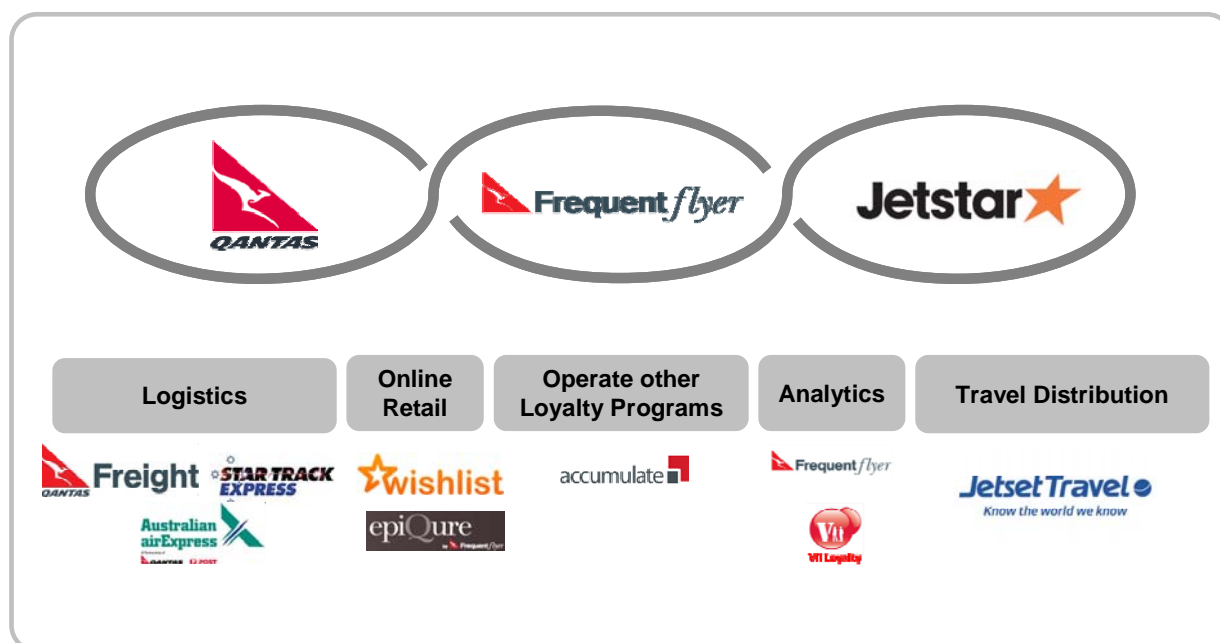
Aircraft deliveries (indicative timing)

Aircraft Type	FY12	FY13 – FY18	FY19 – FY24
A380-800	2	2	6
A330-200	2	1	-
B787-8	-	15	-
B787-9	-	35	-
A320 Family ¹	9	80	42
B737-800	12	11	-
B717	2	-	-
Q400	3	3	-
F100	5	5	-
Total Deliveries	35	152	48

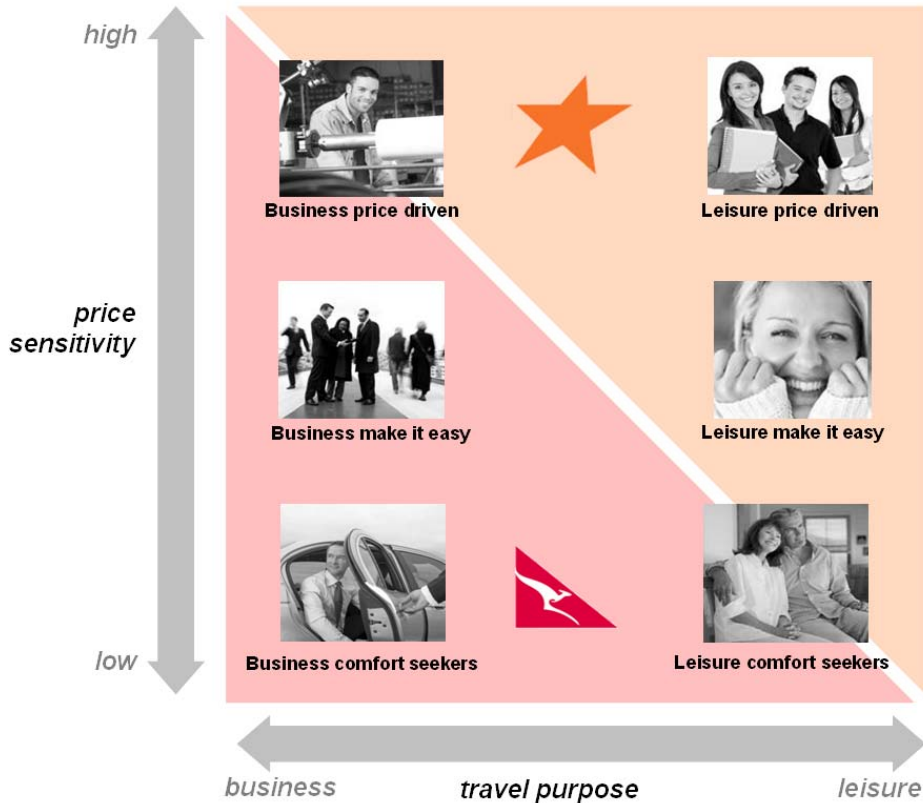
1. Includes recently announced A320 aircraft order, does not include 24 aircraft for Jetstar Japan and 10 aircraft for Jetstar Pacific

The Qantas Group

Qantas Group's strength comes from its multi-brand businesses



Multi-Brand Model is Designed to Give Customers the Experience they Desire...



...with Each Brand Playing a Very Specific Role



World's best experience for business and premium leisure customers

Best loyalty program in the market driving unrivalled member engagement

Hassle free, low cost travel experience for price-driven and "make it easy" leisure segments

All brands focussed on:

- ▶ Leading the competition in clearly defined market segments
- ▶ Customer advocacy leadership
- ▶ Growing target customer share of wallet

Jetstar Group

Bruce Buchanan
Group Chief Executive Officer Jetstar



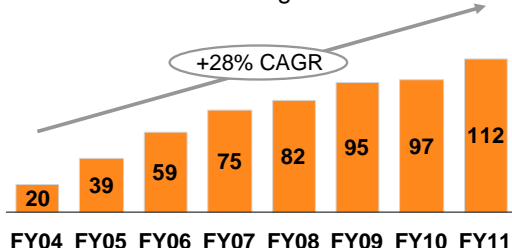
Jetstar Well-Established in Asia



- ▶ **Jetstar is one of the fastest growing airlines in the Asia Pacific region**
 - ▶ Operations based across two continents and four countries
 - ▶ Servicing 17 countries, 57 destinations
 - ▶ Combined operating fleet of 86 aircraft¹
 - ▶ 3,000 flights per week and growing
- ▶ **Jetstar brand embedded in Asia**
 - ▶ Significant growth into China – servicing 10 ports, with further growth opportunities
 - ▶ Launch of long-haul A330 base in Singapore
- ▶ **Jetstar Asia strong profits and growing**
 - ▶ Normalised PBT² of SGD18m with 46% capacity growth

	Business	Launch	Based Aircraft
1	Jetstar Australia	2004	44- A320s
2	Jetstar Asia	2004	16- A320s & 3- A330s
3	Jetstar International	2006	8- A330s
4	Jetstar Pacific	2007	5- B737s & 2- A320s
5	Jetstar NZ	2009	8- A320s
6	Jetstar Japan	2012	3- A320s (at launch)

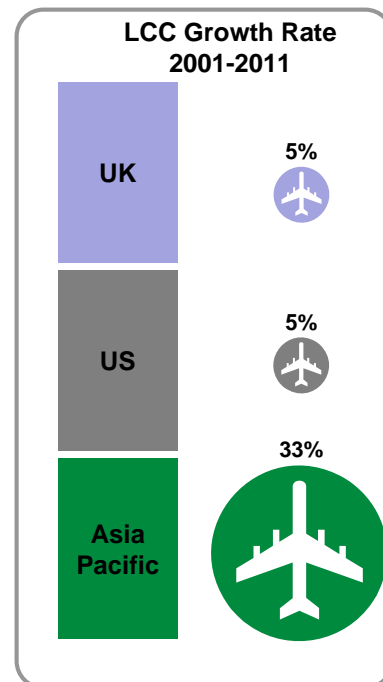
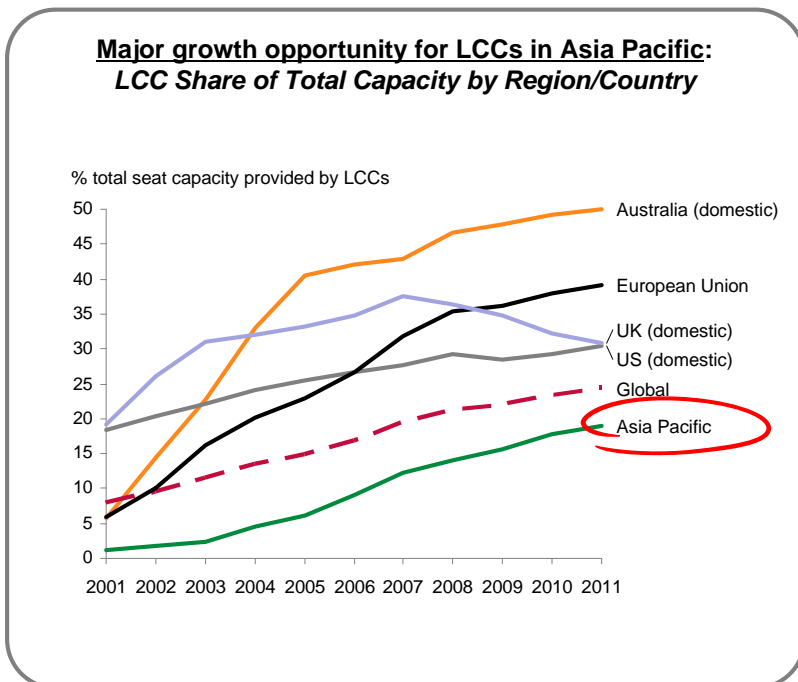
Jetstar – Fast Growing Network of Routes



Note: Fleet numbers as of Q4 2011 1. Including Jetstar Pacific aircraft 2. FY11 figure adjusted for SGD10m of long-haul start-up costs but including other start-up costs from organic growth of narrow body operations

Asia Pacific is the Largest and Fastest Growing Global Aviation Market

- ▲ Asia Pacific LCC sector growing at 33% CAGR, but still under penetrated
- ▲ LCC profit pool to grow to A\$13bn by 2020



Source: CAPA Centre for Aviation

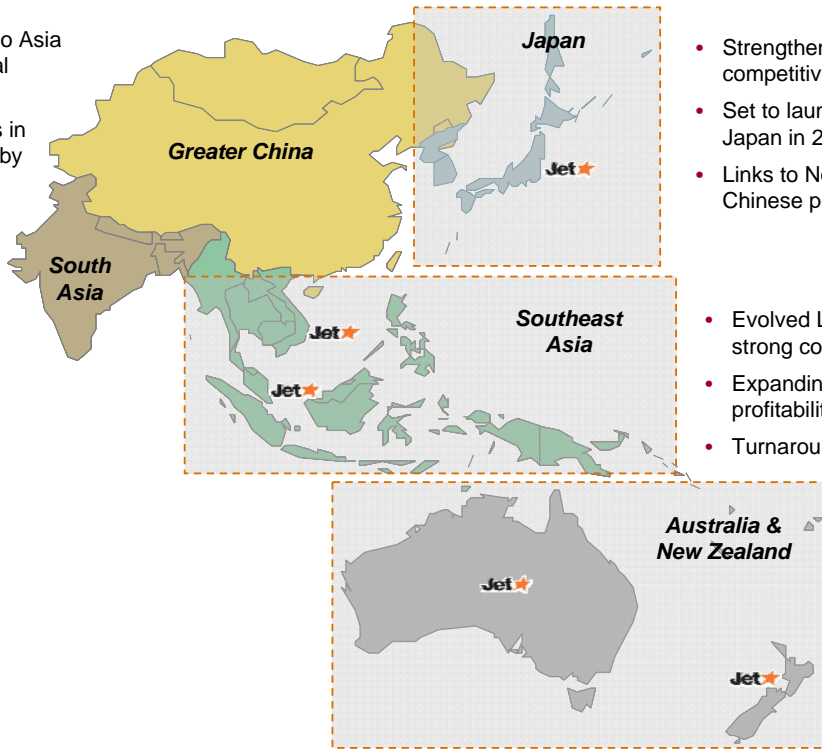
Jetstar's Path to Success



Jetstar is Evolving Quickly

Expanding Jetstar's footprint: Leverage capital-efficient franchise operating model

- Linking China to Asia via international connectivity
- 10 destinations in Greater China by 2011 end
- Monitoring closely as South Asia will become an important market in the future



- Strengthening LCC competitive environment
- Set to launch Jetstar Japan in 2012
- Links to North Eastern Chinese ports

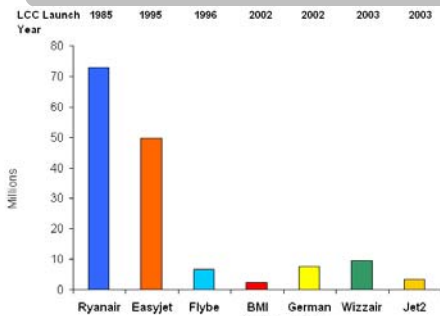
- Evolved LCC market with strong competition
- Expanding presence and profitability
- Turnaround Jetstar Pacific

- Protect and grow core markets
- Developing links to Asian network

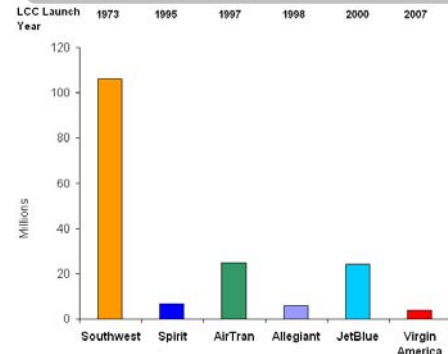
Jetstar Current major Jetstar brand presence

First Mover Advantage Critical for Success

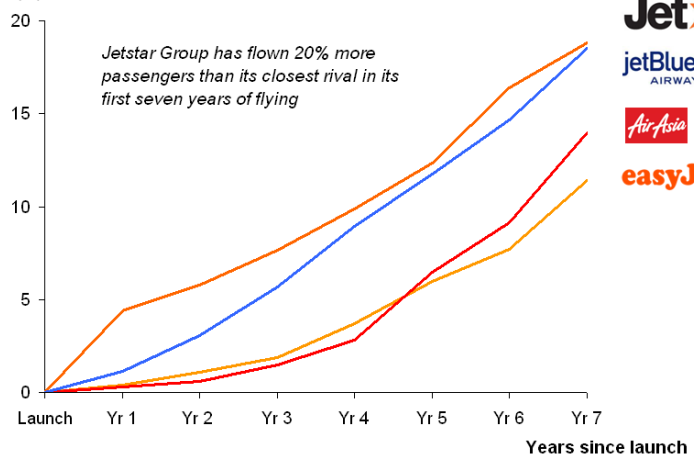
Europe LCC's 2010 Passenger Volumes



USA LCC's 2010 Passenger Volumes



Passengers flown (m)



Source: United States Department of Transport, Annual Reports and UK Civil Aviation Authority

Track Record of Achieving Profitable Growth

- ▶ **Jetstar continuously profitable since 2004 start-up**
- ▶ **Record result in FY11**
 - ▶ Underlying EBIT of \$169m, up 29%
 - ▶ Unit cost¹ down 2%, 3% adjusted for increased sector length and natural disasters
 - ▶ Capacity up 19%
 - ▶ 14% passenger growth
 - ▶ World class ancillary revenue² ~\$28 per PAX
- ▶ **Growing market share in all key markets**
- ▶ **Customer satisfaction and advocacy scores at record levels – SkyTrax award for best LCC Australia/Pacific**

		FY11	FY10	VLV %
Revenue	\$m	2,613	2,197	19
Underlying EBIT	\$m	169	131	29
Unit cost c/ASK ¹	c	4.82	4.94	(2)

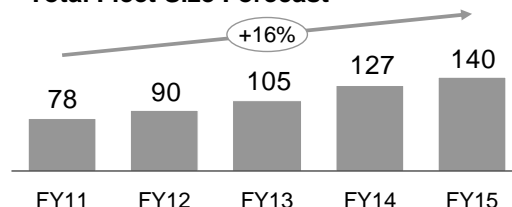
1. Gross unit cost excluding fuel
 2. Oct11 YTD \$/pax includes bag fees sold as bundle in JetSaver and JetFlex fares until May 2011. Bag fees all sold separately after May 2011.

Fleet Investment Supports Growth and Lowest Cost Operation

- ▶ **78 Airbus A320 NEOs to start entering service in 2015 (indicative timing)**
 - ▶ Will reduce operating costs by up approx 8%
- ▶ **Taking A330 fleet to 11 by FY12 to consolidate international growth**
 - ▶ FY11 deliveries
 - ▶ 11 x A320¹
 - ▶ 2 x A330
 - ▶ FY12 deliveries
 - ▶ 10 x A320¹
 - ▶ 2 x A330
- ▶ **B787 deliveries from 2013**
 - ▶ Jetstar receiving the Group's first 15 B787s to support international growth

	FY11	FY10	VLV
<u>Jetstar Australia, NZ & Singapore based Operations</u>			
A320-200	56	46	10
A321	6	6	-
A330-200	9	7	2
Sub Total	71	59	12
<u>Jetstar Pacific</u>			
A320-200	2	1	1
B734	5	5	-
Sub Total	7	6	1
Total Jetstar Group	78	65	13

Total Fleet Size Forecast²

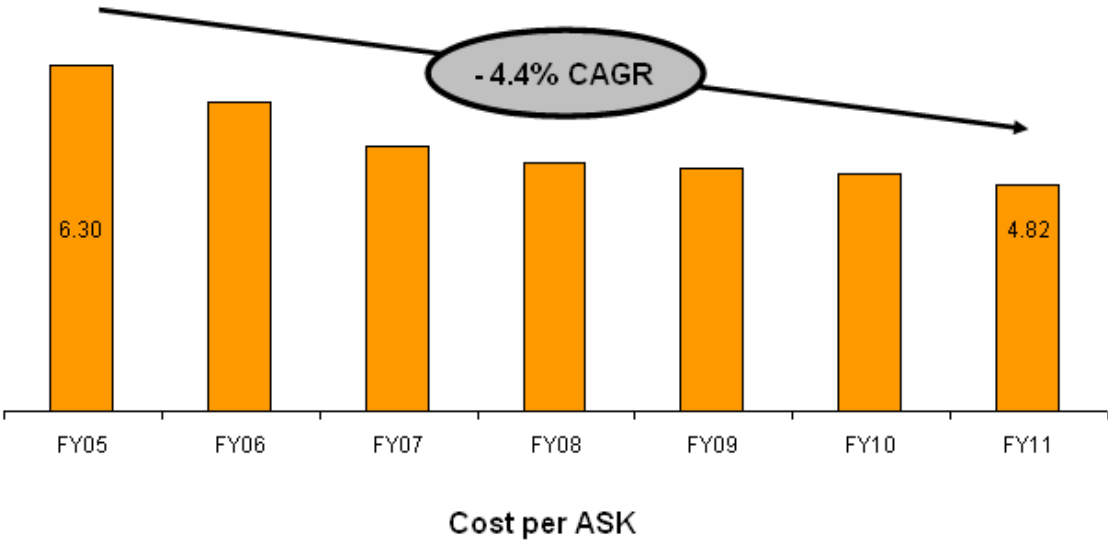


1. Includes Jetstar Pacific 2. Excluding 737s

Franchise Model Underpins Scalable Growth



Relentless Focus on Cost Reduction



Leveraging our Culture of Innovation



SMS Boarding Pass



Call centre chat, Skype integration



New payment methods



Jetstar MasterCard



Improved QFF proposition

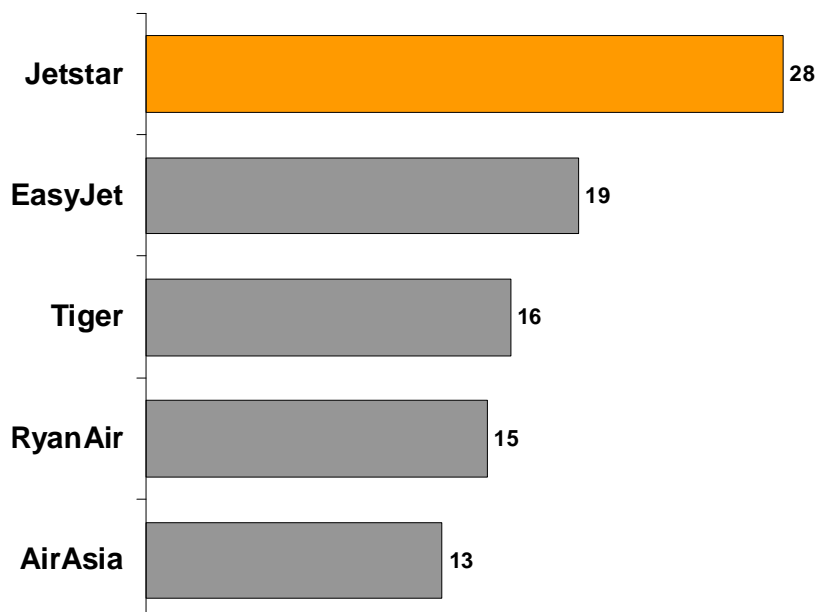


New Products e.g. iPad



Market Leadership in Ancillary Revenues

Average Revenue/pax (AUD)



Source: Jet star: Oct11 YTD \$/pax includes bag fees sold as bundle in JetSaver and JetFlex fares until May 2011. Bag fees all sold separately after May 2011; EasyJet full year results – year ended 30Sep2011; Tiger full year results - year ended 31Mar 2011; AirAsia Malaysia Q3FY11 results; Ryanair half year results – ended 30 Sep 2011

Jetstar's Brand Strength and Customer Perception



JETSTAR PRICE BEAT GUARANTEE

If you find a lower fare online, call us and we'll beat it by 10%.

- ▶ Jetstar brand well positioned in all markets
- ▶ Increasing customer loyalty and advocacy
- ▶ Revenue premium over competitors
- ▶ Leveraging Jetstar brand into new products and markets
- ▶ Jetstar leads on both price and quality
- ▶ Focus on "Low Fares, Good Times"

Jetstar Japan

Growing Jetstar in Japan

- ▶ Japanese domestic market
 - World’s 10th largest population: 127 million people
 - Four of the world’s top ten routes by seats
 - Large market with low LCC penetration
 - Dominated by ANA (54%) & JAL Group (34%)
 - Significant opportunity to stimulate demand with low fares
- ▶ Jetstar Japan
 - Jetstar Japan to launch in 2012
 - JAL & Mitsubishi strong local partners
 - First true LCC covering entire Japanese market
 - Leverages strong Jetstar brand position
 - Grow to 24 aircraft¹ in first few years
 - Focus on domestic and international leisure destinations



Reinforcing Jetstar as the largest LCC in Asia Pacific²

1. Off balance sheet for Qantas Group
2. Based on gross revenues

Critical Success Factors in Place for Japan

True cost leadership

- ▶ Proven experience operating LCCs in high labour cost markets
- ▶ Leveraging Jetstar Group supply and service contracts

Dual-brand strategy with Japan Airlines

- ▶ Anti-trust immunity granted by Japanese Fair Trade Authority
- ▶ Only LCC with experience of partnering with a premium carrier
- ▶ Access to constrained infrastructure and coordination of capacity with JAL

Brand awareness and distribution networks in Japan

- ▶ Well established brand
 - Highest LCC recognition
 - Top 100 brand
- ▶ Value of connectivity and network reach of Jetstar, Jetstar Asia, Qantas and JAL
- ▶ Only LCC with the experience of interlining and codesharing with Full Service Carrier

Summary

Qantas Group Well Positioned to Succeed

- ▶ Strong domestic franchise underpin's Group success
- ▶ Unrivalled loyalty program driving deeper levels of loyalty and engagement
- ▶ Successfully leveraging growth opportunities in Asia
- ▶ Significant transformation agenda underway for Qantas International
- ▶ Robust balance sheet and flexible investment profile to withstand economic volatility