



QANTAS AIRWAYS LIMITED 2011 STRATEGY DAY

12 December 2011

Agenda

TIME	PRESENTATION	SPEAKER
8.30am	CEO Address	Alan Joyce
8:45am	Integrated Group Strategy	Jayne Hrdlicka
8:55am	Leading Domestic Business	Jayne Hrdlicka
9:05am	Qantas Domestic	Rob Gurney
9:20am	Qantas Frequent Flyer	Simon Hickey
9:35am	Jetstar Domestic	Bruce Buchanan
9:50am	Freight	Rob Gurney
10:00am	Domestic Q&A	Alan Joyce and Management Team
10:30am	BREAK: MORNING TEA	
10:50am	CEO Welcome Back	Alan Joyce
10:55am	Transforming Qantas International	Lyell Strambi
11:25am	Jetstar: Growing in Asia	Bruce Buchanan
11:45am	International Q&A	Alan Joyce and Management Team
12:15pm	Group Fleet and Funding Strategy	Gareth Evans
12:35pm	Summary and Group Q&A	Alan Joyce and Management Team
1:00pm	SESSION ENDS: LUNCH	

CEO Address

Alan Joyce

Chief Executive Officer



To be one of **Australia's great businesses** and
among the **world's great Airline Groups**

Deliver sustainable returns to shareholders

This will be made possible by the combination of:

- Safety, always our first priority
- Loyal customers passionate about our brands
- Passionate people delivering exceptional experiences to our customers
- Multiple brands delivering the right experiences to the right mix of customers, cost competitively
- The best loyalty program in the world, driving even deeper levels of customer engagement across all brands
- Unrivalled strength in corporate sales and distribution
- Innovative leverage of partners
- Disciplined approach to capital management

Depth of experience to lead change

Alan Joyce

Chief Executive Officer

Qantas, Jetstar,
Ansett, Aer Lingus



Gareth Evans

Chief Financial Officer

Qantas, Caltex,
KPMG



Bruce Buchanan

*Group Chief Executive
Officer, Jetstar*

Jetstar,
Boston Consulting Group



Lesley Grant

Group Executive

Qantas, Ansett,
Air New Zealand



Rob Gurney

*Group Executive Qantas
Airlines Commercial*

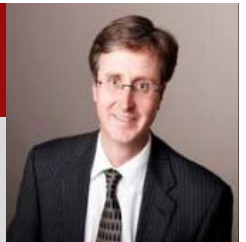
Qantas, British Airways



Simon Hickey

*Chief Executive Officer
Qantas Frequent Flyer*

Qantas Frequent Flyer,
Qantas, Bovis Lend
Lease, Arthur Andersen



Jayne Hrdlicka

*Group Executive Strategy
and Technology*

Qantas, Bain and
Company, GM roles
in consumer products



Brett Johnson

General Counsel

Qantas, Memtec



Jon Scriven

*Group Executive People and
Corporate Services*

Qantas, Coca-Cola
Amatil, Andersen
Consulting, Westpac



Lyell Strambi

*Group Executive Qantas
Airline Operations*

Qantas, Virgin Atlantic,
Ansett



Olivia Wirth

*Group Executive Government
and Corporate Affairs*

Qantas, Transport and
Tourism Forum, Tourism
Australia



Focusing on our key stakeholders has never been more important

SHAREHOLDERS

- Sustainable and attractive returns
- Profitable growth
- Prudent capital allocation
- Sustainability and risk management

CUSTOMERS

- World leading product offering
- Optimal networks
- Customer service excellence
- Innovation

EMPLOYEES

- Superior engagement
- “Leading leaders”
- Culture of recognition
- Diversity

Qantas Group at a glance

QantasGroup



- Premium full-service airline targeting business and premium leisure travellers
- Unrivalled domestic network
- Service key international markets UK, US and Asia



- Low cost carrier focused on price sensitive leisure travellers
- Extensive domestic leisure network
- Focused on international traffic to/from Australia with Pan-Asian expansion



- Australia's leading coalition loyalty program, with more than 8 million members and more than 500 partners
- Innovating and expanding along the loyalty value chain



- Markets freight capacity across the Group's passenger fleet and dedicated freighter operations
- Manages strategic logistics assets

Integrated Group Strategy

Jayne Hrdlicka

Group Executive Strategy and Technology



A number of underlying themes will influence performance and outlook and will shape our future

MACRO-ECONOMIC

- Different regions growing at different rates
- Sustained high oil prices
- Economic uncertainty
- Strong Australian dollar

COMPETITION

INTERNATIONAL

- Government-backed competitors
- Battle of the hubs – Middle East, China & SEA
- Rise of LCCs

DOMESTIC

- Maturing market, competitive rivalry, rational capacity deployment
- Regional growth – resource sector

INDUSTRY CONSOLIDATION

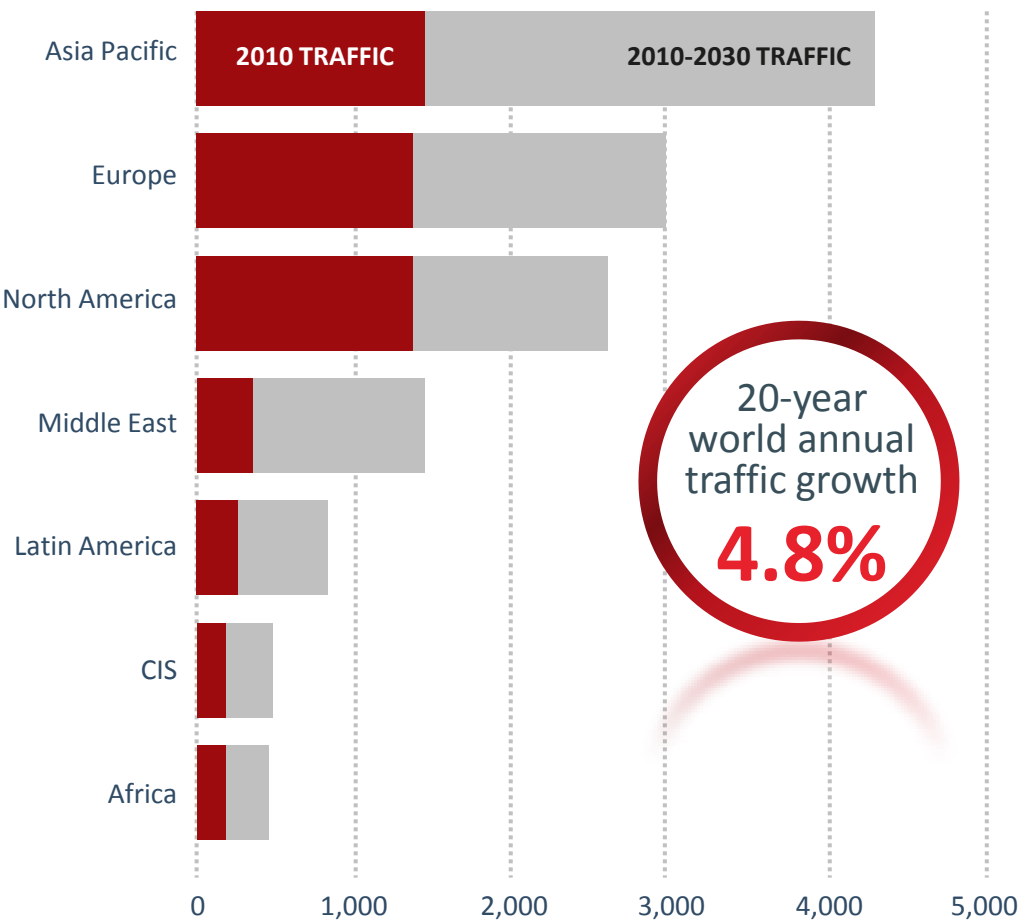
- Cross border and inter-regional

REGULATORY

- ASEAN open skies on the horizon
- Increasingly liberal bilateral agreements

Asia Pacific to lead in world traffic by 2030

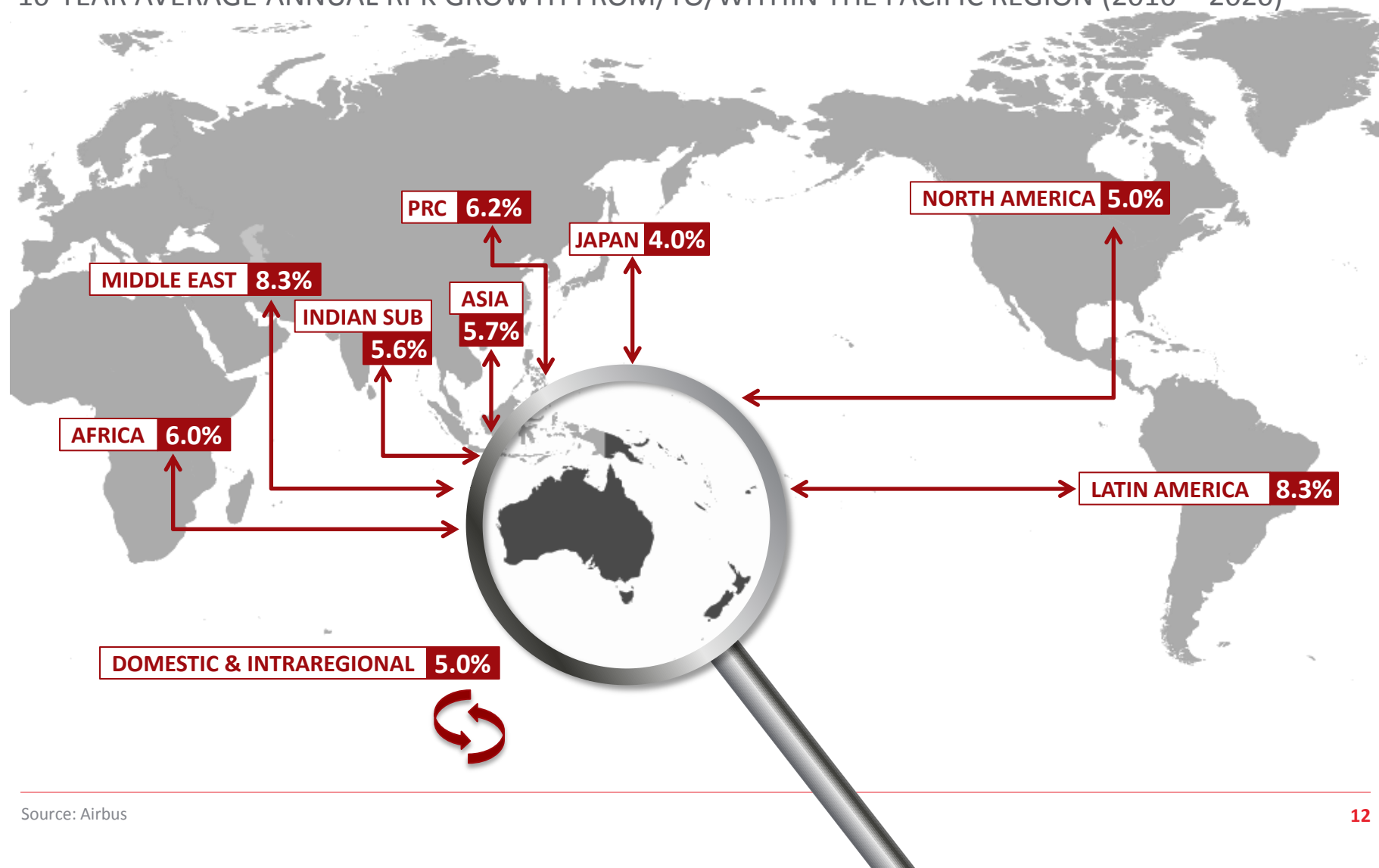
WORLD TRAFFIC BY AIRLINE DOMICILE (RPK BILLIONS)



% of 2010 world RPK	20-year growth	% of 2030 world RPK
28%	5.7%	33%
27%	4.0%	23%
27%	3.3%	20%
7%	7.4%	11%
5%	6.1%	6%
3%	4.9%	4%
3%	5.6%	3%

Positioned within the high growth region, focused on reshaping our portfolio to capture the growth

10-YEAR AVERAGE ANNUAL RPK GROWTH FROM/TO/WITHIN THE PACIFIC REGION (2010 – 2020)



DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Safety is always our first priority

Building on our strong domestic business:

Profitably building on 65% market share through dual brands

Deepening FFP¹ member and partner engagement

Growing our portfolio of related businesses

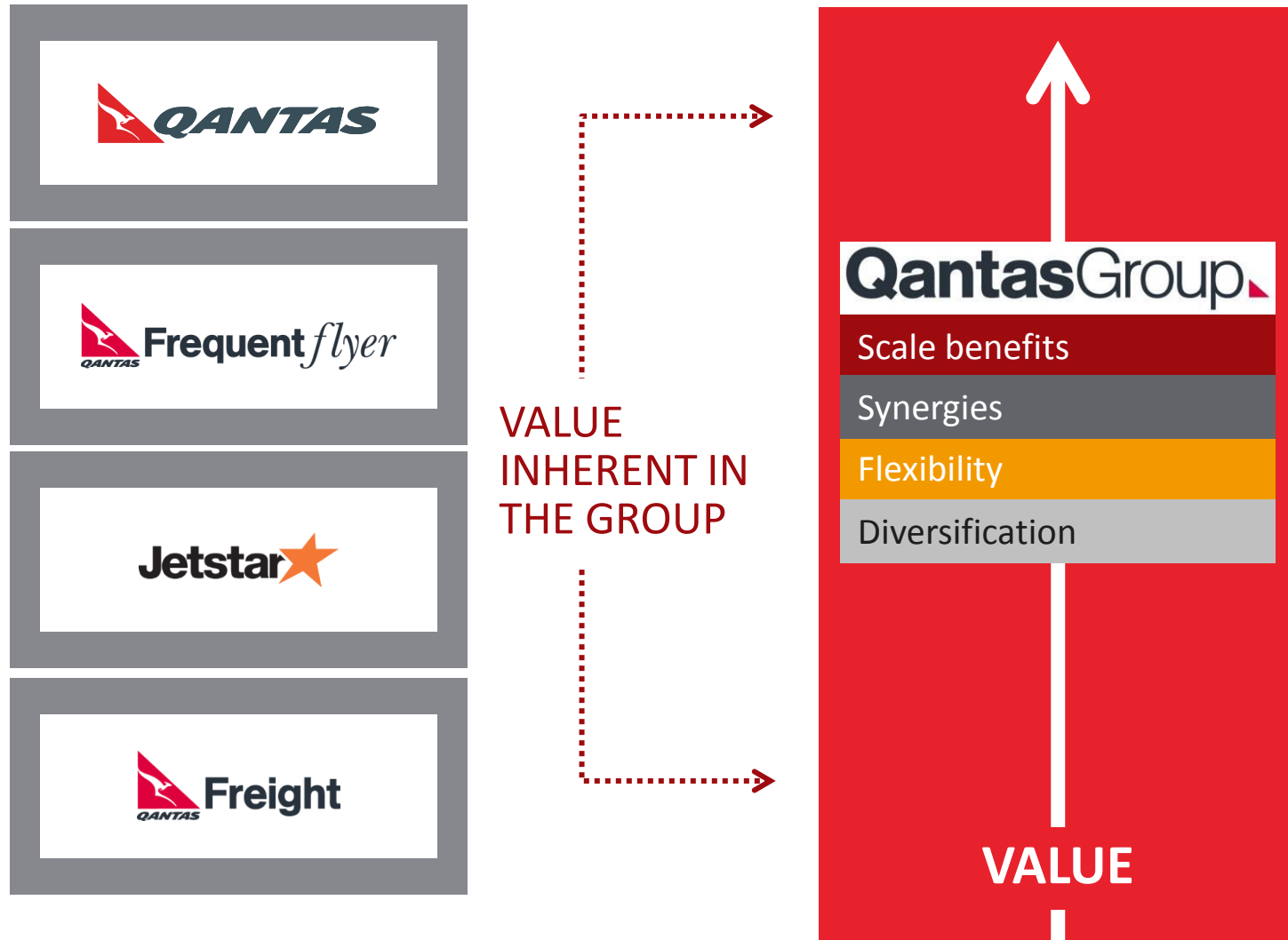
Transforming Qantas International

Growing Jetstar in Asia

Building customer loyalty through great experiences and multiple brands

Engaging and developing our people

Valuable group of integrated businesses



Safety is always our first priority and is at the heart of everything we do



World leading integrated management system

Proactive engagement with regulatory and industry bodies

Group-wide Business Resilience framework and culture

Safety priority and capability proven





Qantas Group strategy rests on the **strength of our brands,**



the loyalty of our customers and the passion of our people...

to deliver sustainable returns to shareholders

The evolution of our great brands



The commitment to our customers



Stabilised industrial relations environment



QANTAS CUSTOMERS CAN BOOK WITH ABSOLUTE CONFIDENCE AND CERTAINTY

- Recent industrial dispute to be settled by industrial umpire (Fair Work Australia)
 - Three unions involved – ALAEA¹, AIPA² and TWU³
 - Represents 18% of workforce
- Qantas has a total of 48 collective agreements with employees which involves 14 unions
- We have successfully negotiated 5 Enterprise Agreements with more than 10,000 employees (more than 33% of workforce) represented by 4 unions in the past 15 months, including:
 - ASU⁴
 - NUW⁵
 - Short Haul FAAA⁶
- EBA's covering less than 6% of the workforce are due for negotiation over the next 12 months

1. Australia Licenced Engineers Union; 2. Australian and International Pilots Union; 3. Transport Workers Union 4. Australian Services Union ; 5. National Union of Workers; 6. Flight Attendants Association of Australia

Staff engagement: Where we stand today



Qantas Group
engagement¹ score
2011

Average score for
Australian
organisations

70%

82%

Lower scores in some areas
e.g. pilots & engineers

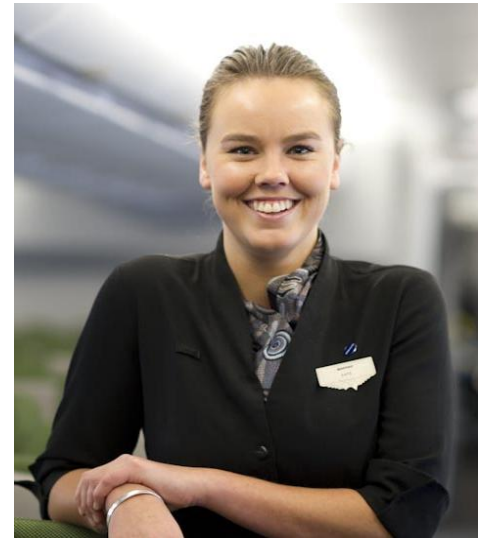
Improving engagement is a key focus at all levels of management

Build on the inherent passion
our people have for our brand



We are engaging our people...

- Building strong leaders
- Delegating engagement initiatives
- Involving our people in problem solving
- Setting clear targets and metrics for line managers to **implement engagement plans**



Qantas Group: Progress against strategic objectives to date

	PILLARS	OBJECTIVES	PROGRESS	ACHIEVEMENTS
Building on our strong domestic business	Profitably building on 65% market share through dual brands	Maintain profit-maximising 65% position		<ul style="list-style-type: none"> Retained 65% market share No.1 and 2 most profitable domestic airlines in FY11 Increased number of Corporate accounts Regional growth and acquisition of Network Aviation Market leading OTP¹ and NPS²
	Deepening FFP ³ member and partner engagement	Grow and enhance Qantas Frequent Flyer		<ul style="list-style-type: none"> Reached 8m member target⁴ Partner base extended to 500+ partners Significantly enhanced loyalty program benefits
	Growing our portfolio of related businesses	Grow “asset-light” businesses which deliver attractive returns		<ul style="list-style-type: none"> Progressed Freight JV restructure Launched “Epicure by Qantas Frequent Flyer” Acquired Wishlist Merged Jetset Travelworld/Stella
	Transforming Qantas International	Return business to profitability		<ul style="list-style-type: none"> Industrial relations environment stabilised Reduced capex - deferred 6 x A380s to FY19 and beyond Granted full ATI⁵ clearance for JBA⁶ with AA Restructured and strengthened JSA⁷ with BA Sponsorship of Malaysia Airlines into oneworld
	Growing Jetstar in Asia	Capitalise on attractive growth opportunities		<ul style="list-style-type: none"> Jetstar largest LCC in Asia Pacific⁸ Jetstar Japan to launch in 2012 Jetstar Asia established A330 base in Singapore

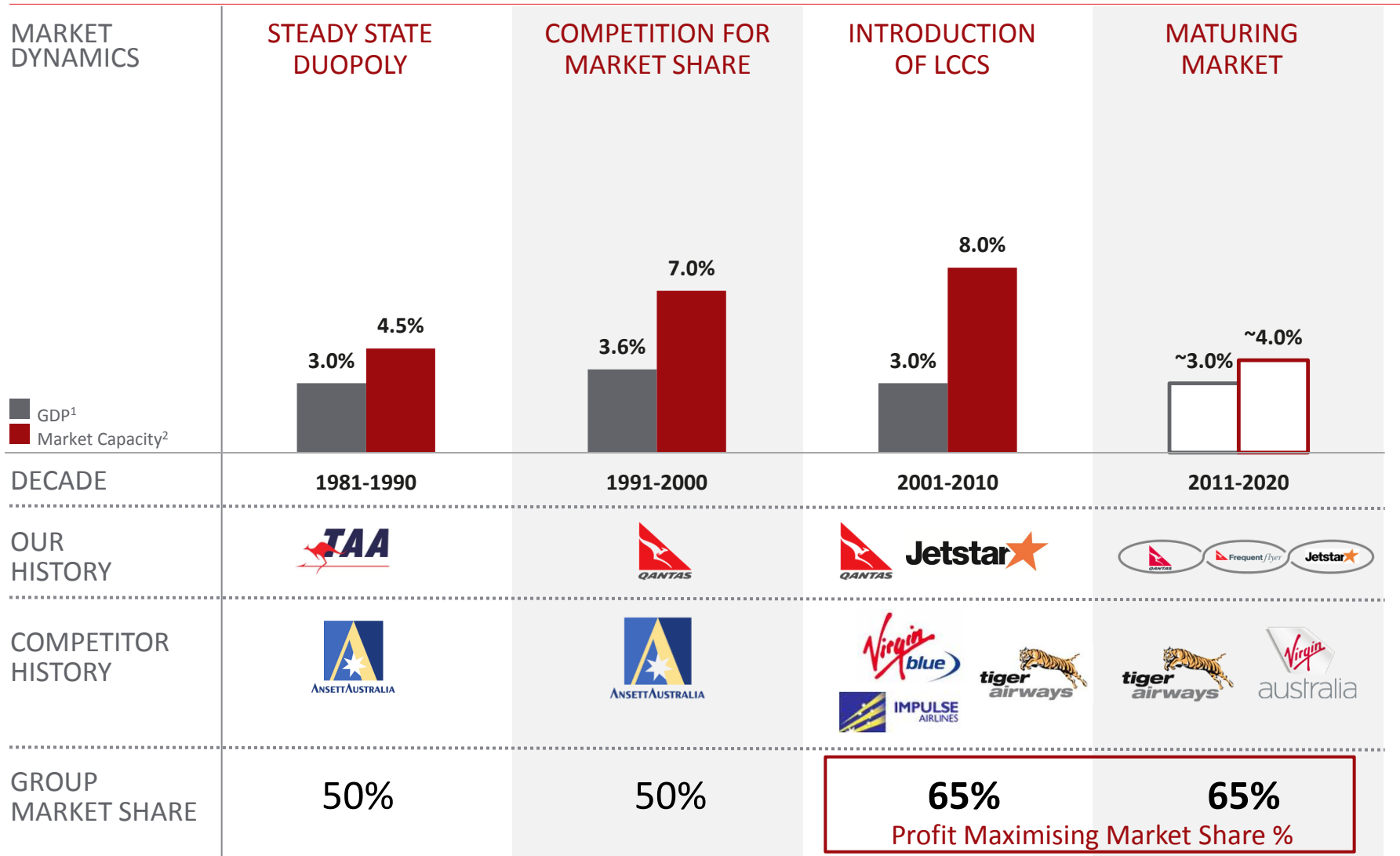
Qantas Group: 5 Year Measures of Success

PILLARS		METRICS	CURRENT RETURNS	TARGET RETURNS	Deliver sustainable and attractive returns to shareholders
Building on our strong domestic business	Profitably building on 65% market share through dual brands	<ul style="list-style-type: none">• Maintain profit-maximising 65% market share• NPS: QA - relative NPS differential > 10%; JQ leading LCC NPS• QA: 90% OTP²• Improvement in unit cost	ROIC > WACC	Continue to strongly exceed cost of capital ¹ ROIC > WACC	
	Deepening FFP member and partner engagement	<ul style="list-style-type: none">• 10 million QFF members• Partners in all areas of major consumer spend• 5-10% EBIT CAGR FY12-FY17• Maintain breakage below 10%	ROIC > WACC	Continue to exceed cost of capital and grow returns ROIC > WACC	
	Growing our portfolio of related businesses	<ul style="list-style-type: none">• Add incremental value to the Group• Individual businesses achieve ROIC > WACC• Minimal capital requirements	ROIC > WACC	Continue to exceed cost of capital ROIC > WACC	
	Transforming Qantas International	<ul style="list-style-type: none">• Short term: return business to profit• Relative NPS differential > 10%• 85% OTP• Improvement in unit cost	ROIC < WACC	Improve return on capital ¹ ROIC ~ WACC	
	Growing Jetstar in Asia	<ul style="list-style-type: none">• Top 2 LCC in Asia Pacific Region (by revenue)• Lowest CASK for each Jetstar branded airline• All new ventures profitable within 3 years	ROIC ~ WACC	Improve return on capital ROIC > WACC	
		<ul style="list-style-type: none">• World leading safety culture• 80+% of total workforce “engaged”	1. Long term financial objective for Qantas Airlines segment is to sustainably exceed the cost of capital on a combined basis		



Leading Domestic Business

Qantas Group holds a strong position in the maturing domestic market



Group Domestic: 5 Year Vision and Strategy

THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES

Safety is always our first priority

Strong
multi-brand
model

Customer
experience and
engagement
leadership

Operational
excellence
and innovation

Profit
maximising
65% market
share

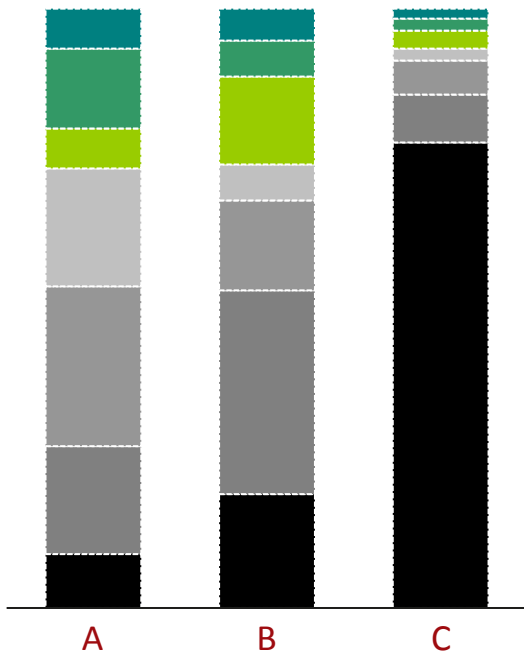
Passionate teams, highly engaged

Attractive related businesses, leveraging market strength

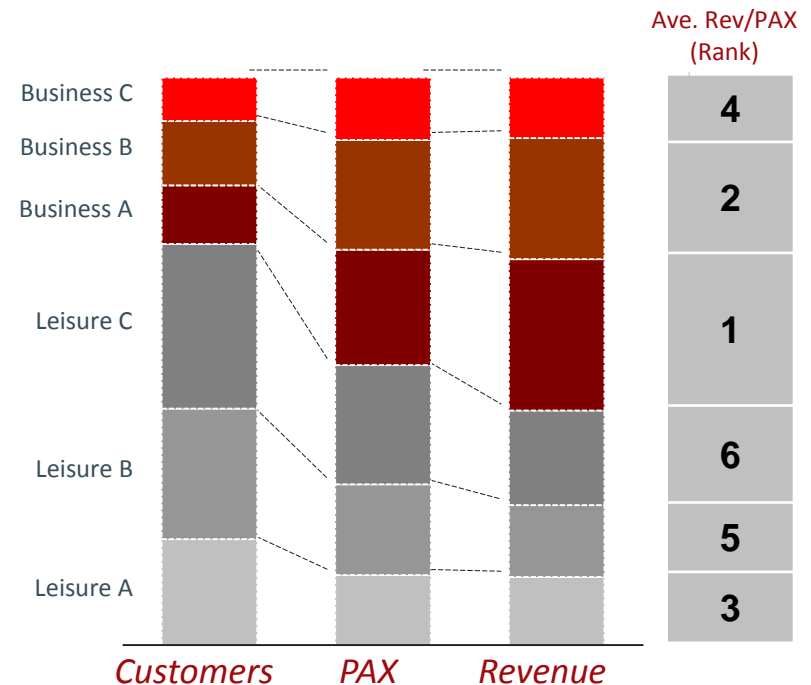
Domestic travellers have very different needs and values; understanding this market is more important than ever

THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES			
Safety is always our first priority			
Strong multi-brand model	Customer experience and engagement leadership	Operational excellence and innovation	Profit maximising 65% market share
Passionate teams, highly engaged			
Attractive related businesses, leveraging market strength			

There are three distinct behavioural segments...



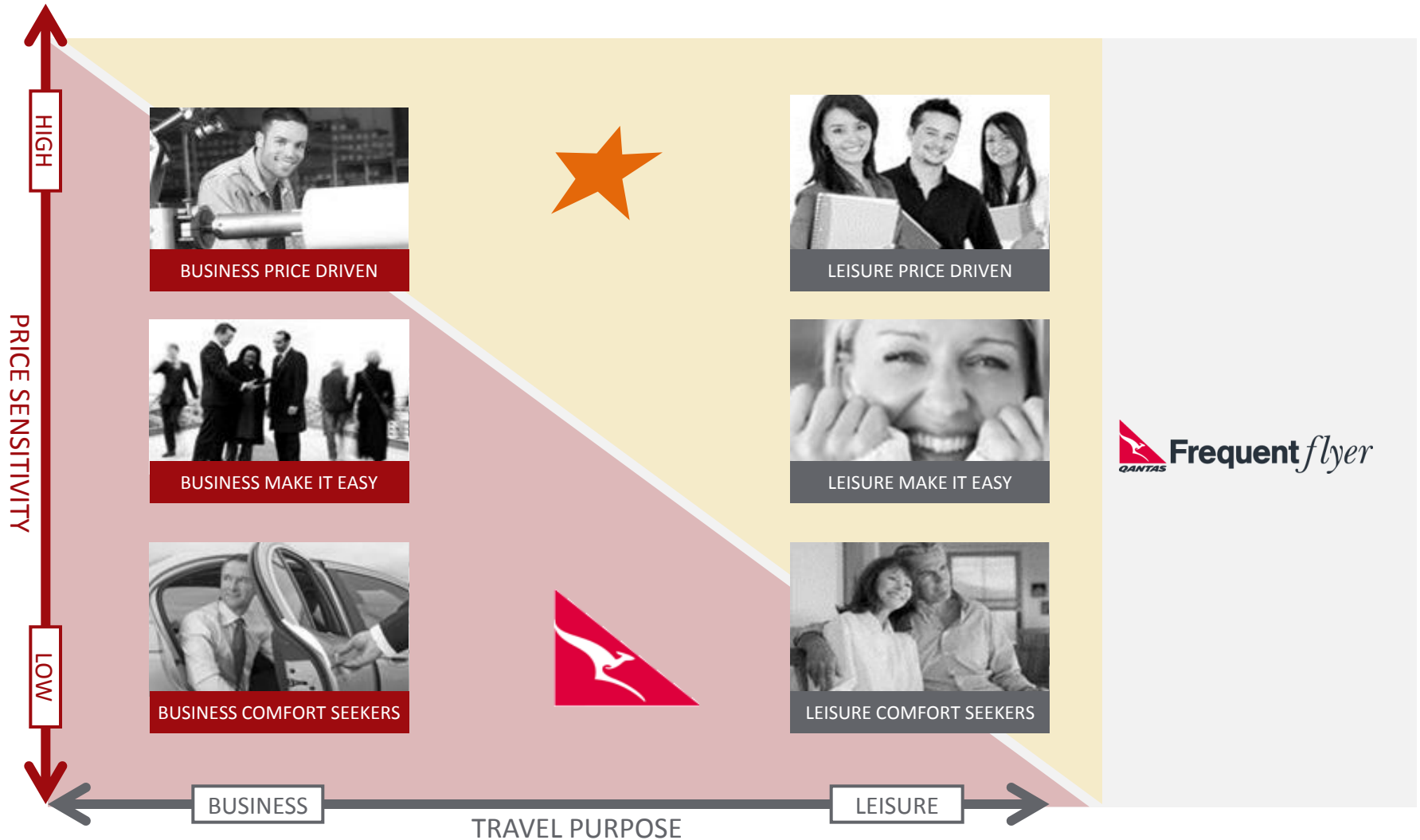
...with each segment's contribution varying across market dimensions...



...which drives the foundation of our Multi-brand strategy

Our multi-brand model is designed to give customers the experience they desire...

THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES			
Safety is always our first priority			
Strong multi-brand model	Customer experience and engagement leadership	Operational excellence and innovation	Profit maximising 65% market share
Passionate teams, highly engaged			
Attractive related businesses, leveraging market strength			



...With each brand playing a very specific role

THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES			
Safety is always our first priority			
Strong multi-brand model	Customer experience and engagement leadership	Operational excellence and innovation	Profit maximising 65% market share
Passionate teams, highly engaged			
Attractive related businesses, leveraging market strength			

Powerful domestic brand franchise underpins Group's success



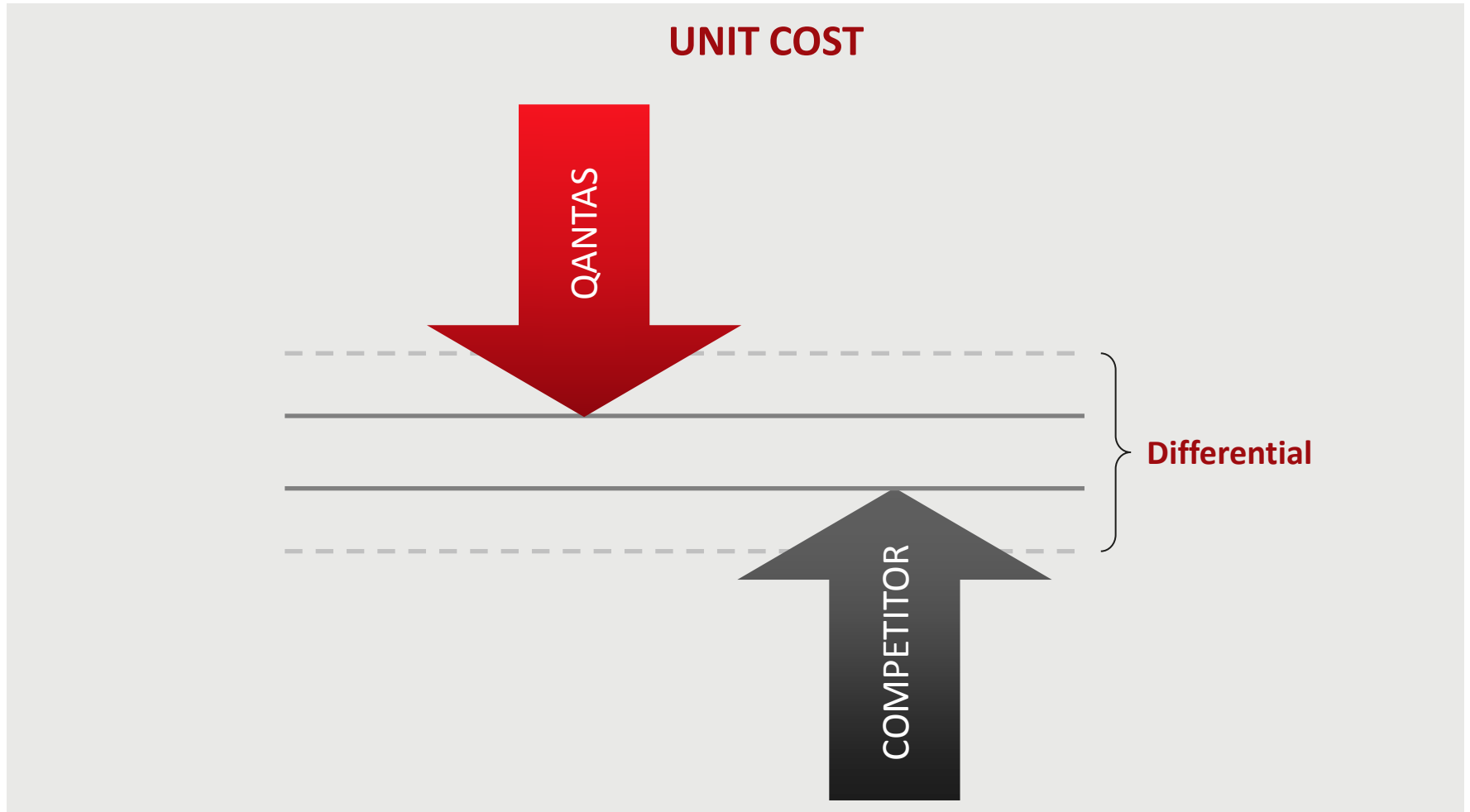
The clear choice
for business and
premium leisure
travellers

Building
the world's
**best loyalty
business**

The clear choice
for **price sensitive
travellers**

Operational excellence and innovation while reducing the cost differential

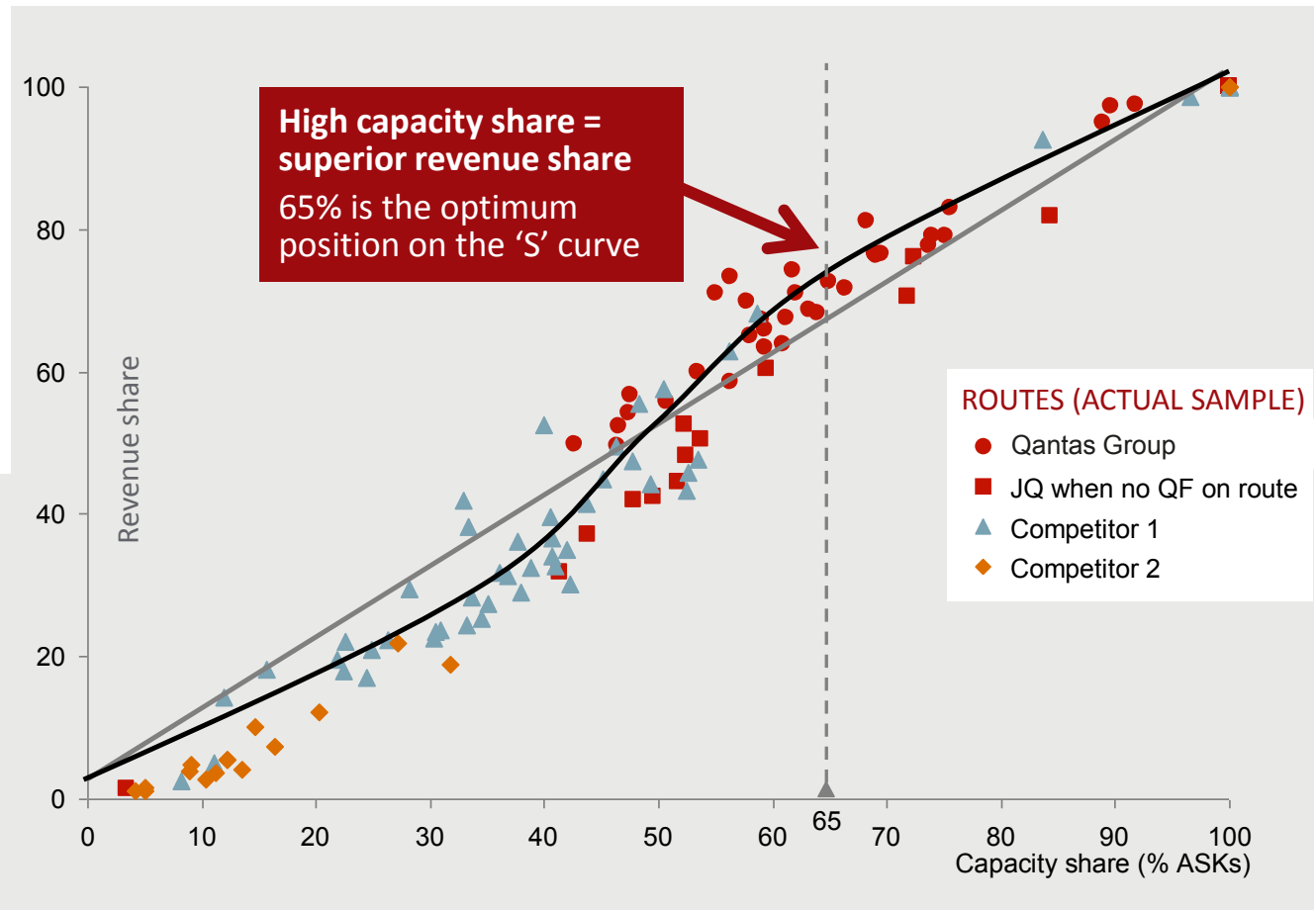
THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES			
Safety is always our first priority			
Strong multi-brand model	Customer experience and engagement leadership	Operational excellence and innovation	Profit maximising 65% market share
Passionate teams, highly engaged			
Attractive related businesses, leveraging market strength			



Why 65% for our flying market share? It drives maximum value for shareholders...

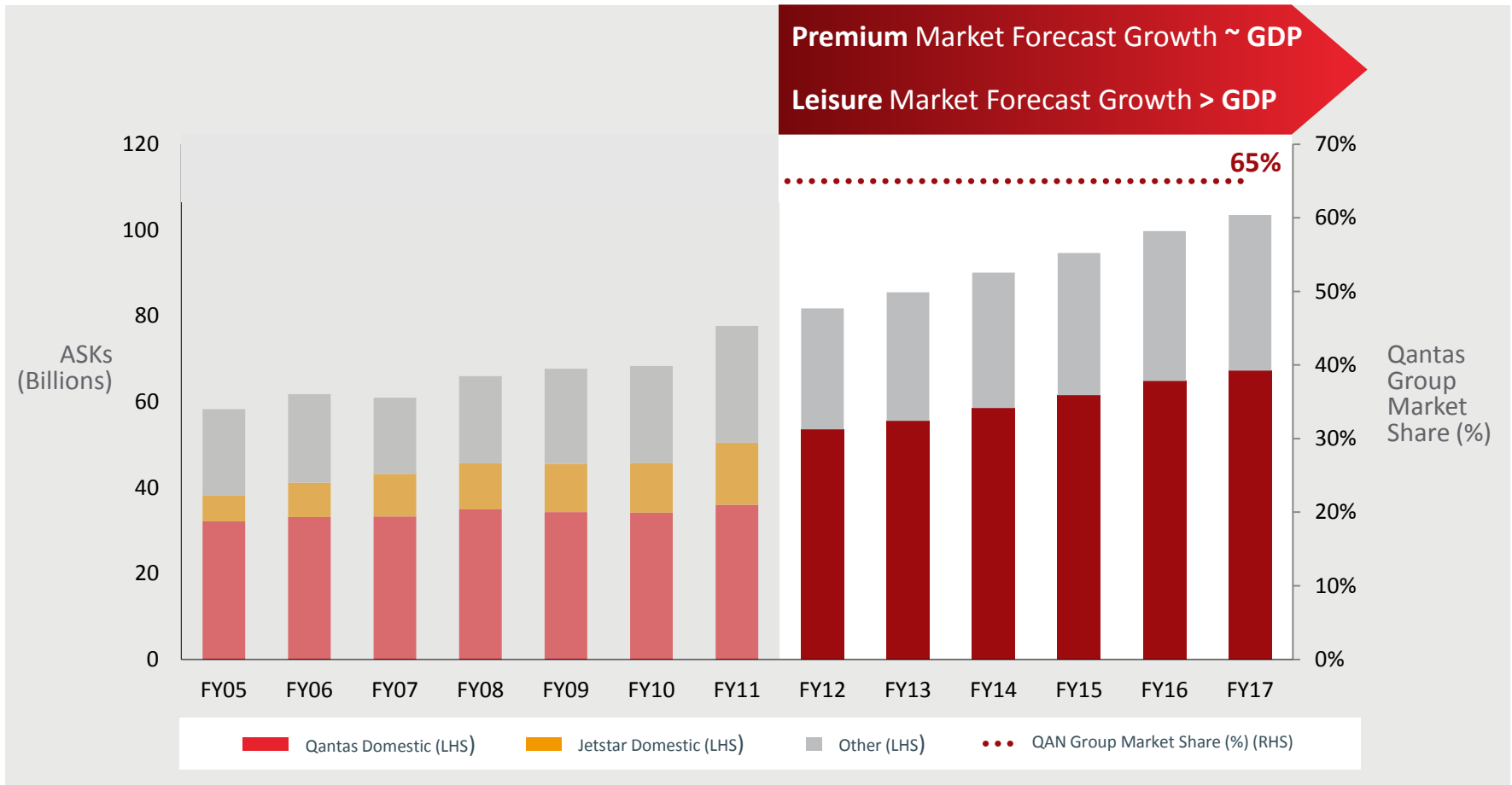


Benefits are driven by distribution, scale, network and relative frequency leading to maximum profitability for the Group



...and we are committed to maintaining 65% market share in the future

THE CLEAR CHOICE FOR TRAVEL, LOYALTY AND RELATED SERVICES			
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Passionate teams, highly engaged			
Attractive related businesses, leveraging market strength			





Qantas Domestic

Rob Gurney

Group Executive Qantas Airlines Commercial

Qantas Domestic: Where are we today?

QANTAS MAINLINE

- Largest domestic airline
 - Operating ~2,450 flights/week
 - 17m passengers annually¹
 - Fleet of 81 aircraft

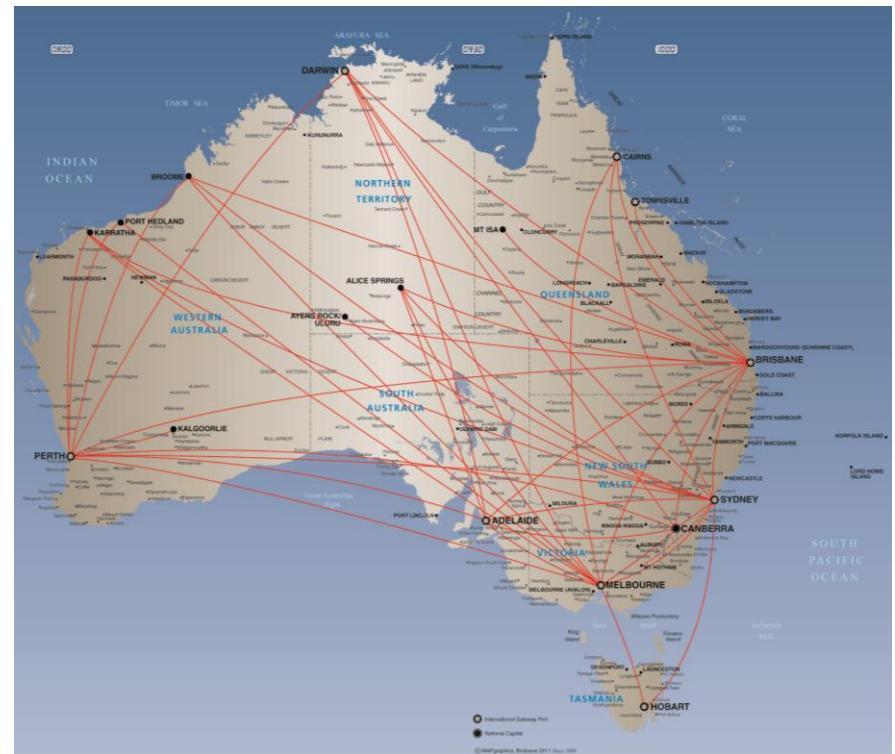
QANTASLINK

- Largest regional airline
 - Operating ~2,000 flights/week
 - 5m passengers annually¹
 - Fleet of 57 aircraft servicing 55 destinations

NETWORK AVIATION

- Operates FIFO charter services in WA for the mining & resources industries
 - Operates 6 Embraer Brasilia & 7 Fokker 100 aircraft

LARGEST DOMESTIC NETWORK



Qantas Domestic: 5 Year Vision and Strategy

THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS

Safety is always our first priority

Superior customer experience and engagement

Iconic and contemporary brand

Corporate and SME relationship strength

Infrastructure strength to grow with our customers

Operational excellence and efficiency

Passionate teams, highly engaged

KPIs: What does success look like?



PILLARS	KEY MEASURES
Superior customer experience and engagement	<ul style="list-style-type: none"> • Leading NPS • Superior employee engagement
Leverage iconic and contemporary brand	<ul style="list-style-type: none"> • Leading Domestic brand equity score
Leverage Corporate and SME relationship strength	<ul style="list-style-type: none"> • Maintain and build Corporate and SME accounts
Infrastructure strength to grow with our customers	<ul style="list-style-type: none"> • Leading network frequency on key business routes • Growth in regional markets
Operational excellence and efficiency	<ul style="list-style-type: none"> • Leading Domestic aircraft availability and OTP¹ • Benchmark TRIFR² and LWCFR³ • Lower unit cost

**CONTINUE TO STRONGLY EXCEED COST OF CAPITAL
(QANTAS AIRLINES⁴ SEGMENT TO SUSTAINABLY EXCEED COST OF CAPITAL IN LONG TERM)**

1. On Time Performance 2. Total Recordable Injury Frequency Rate 3. Lost Work Case Frequency Rate

4. As defined in the 2011 Annual Report Note 2 (page 62), this segment represents Qantas passenger flying businesses and related businesses and excludes Jetstar, Qantas Freight and QFF.

We start with the world's best domestic travel experience today...



- Unsurpassed domestic experience for business and premium leisure travellers
- Most advanced check-in technology
- Superior lounges
 - Exclusive Chairman's Lounge
- Premium dining and beverage offering
- Recognition and rewards for our most frequent flyers

... and we aspire to deliver an excellent experience to all of our customers, all of the time

THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS				
Safety is always our first priority				
Superior customer experience and engagement	Iconic and contemporary Brand	Corporate and SME relationship strength	Infrastructure strength to grow with our customers	Operational excellence and efficiency
Passionate teams, highly engaged				



Consistent end to end look and feel

Empowering our people to do a great job

Pioneering technology innovation

Engagement through multi-channels

Consistently exceptional experience for high value customers

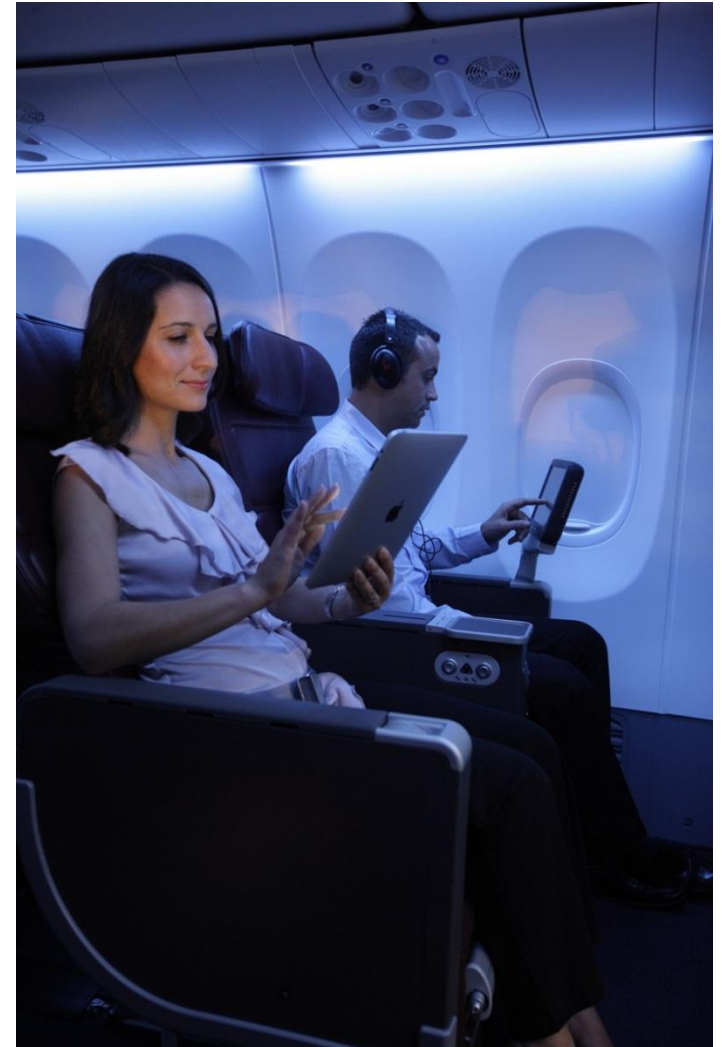
WE WILL CONTINUE TO LIFT THE BAR ACROSS THE BOARD ...ON THE GROUND

...and in the air

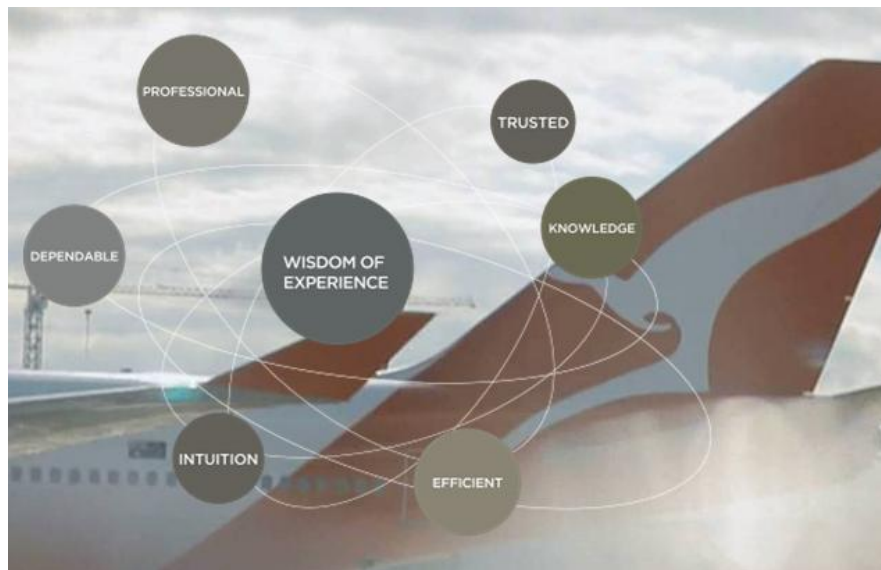
Our vision for the domestic in-flight experience

THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS				
Safety is always our first priority				
Superior customer experience and engagement	Iconic and contemporary Brand	Corporate and SME relationship strength	Infrastructure strength to grow with our customers	Operational excellence and efficiency
Passionate teams, highly engaged				

- Continue to set the standard for premium cabin experience
 - Award winning service
 - Best dining experience in the air
 - Leadership in In Flight Entertainment



Our brand vision: “To be the world’s leading premium airline brand”



Significant underlying emotional support of our brand

Customers want to see us succeed on the world stage

We will continue to evolve our brand throughout 2012 and beyond

Our Corporate Dealing Model will continue to be a key competitive advantage



BENEFITS FOR THE CUSTOMER

- Optimised savings and flexibility
- Broad ranging benefits across domestic & international networks
- Maximum gateway and carrier options through key alliance partnerships
- Enhanced traveller recognition

BENEFITS FOR THE AIRLINE

- Expenditure and share commitments
- Greater certainty and stability in commercial performance
- Qantas Frequent Flyer synergies

The leading airline for regional Australia

THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS				
Safety is always our first priority				
Superior customer experience and engagement	Iconic and contemporary Brand	Corporate and SME relationship strength	Infrastructure strength to grow with our customers	Operational excellence and efficiency
Passionate teams, highly engaged				

- Largest regional fleet and network with capacity growing at 9.1% CAGR¹
- Profitable operations underpinned by Q400 expansion
- Regional Qantas Club Lounge network
- Faster, Smarter Check-in rolled out to 16 regional destinations



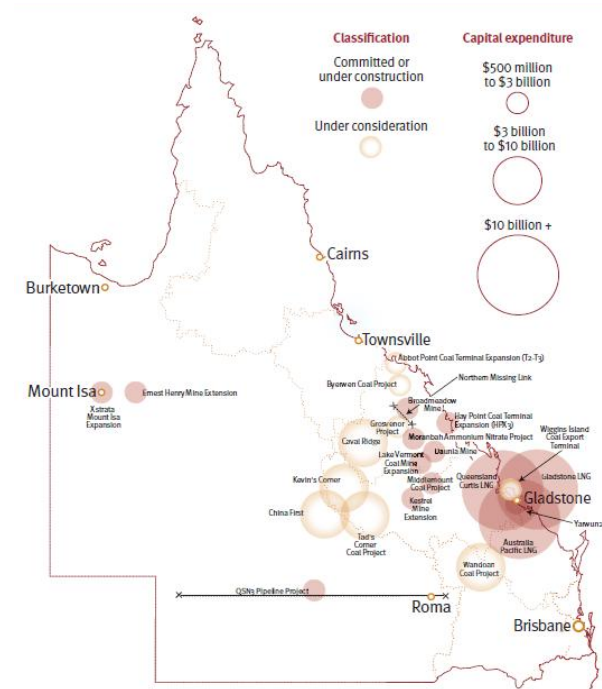
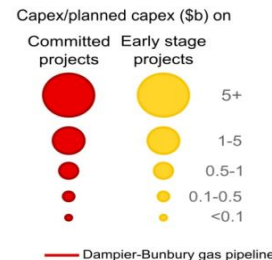
THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS

Safety is always our first priority

Superior customer experience and engagement	Iconic and contemporary Brand	Corporate and SME relationship strength	Infrastructure strength to grow with our customers	Operational excellence and efficiency
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Passionate teams, highly engaged

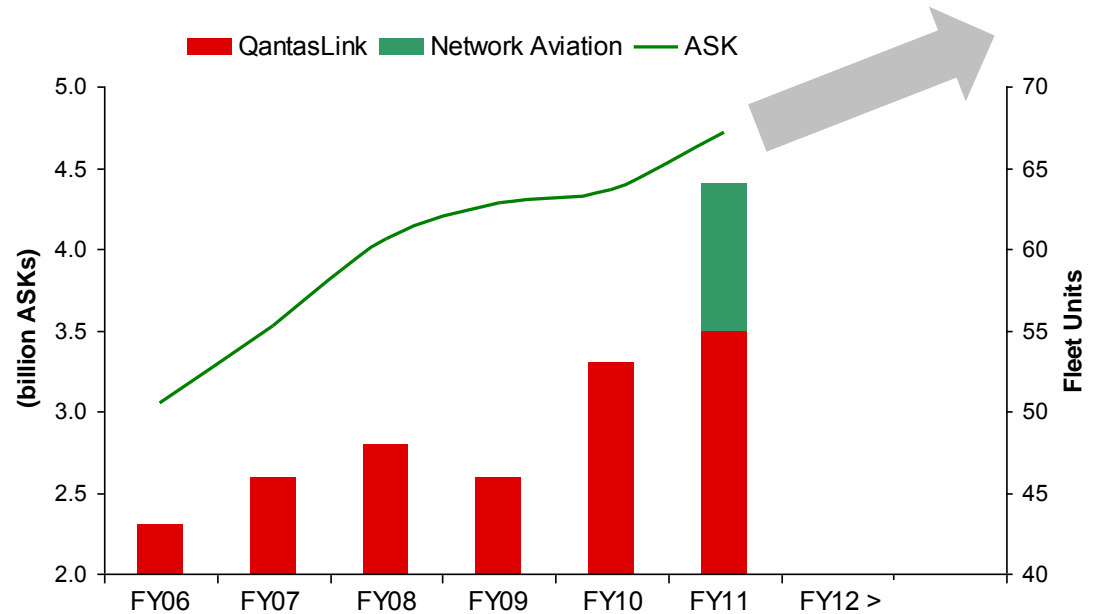
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Committed projects have received either a final investment decision or have significant binding customer contracts. Projects under consideration are undergoing feasibility studies or in planning stages.
Sources: ABARES, Deloitte Access Economics and Queensland Treasury.

...and well placed to capitalise on the resource boom

THE CLEAR CHOICE FOR BUSINESS AND PREMIUM LEISURE TRAVELLERS				
Safety is always our first priority				
Superior customer experience and engagement	Iconic and contemporary Brand	Corporate and SME relationship strength	Infrastructure strength to grow with our customers	Operational excellence and efficiency
Passionate teams, highly engaged				

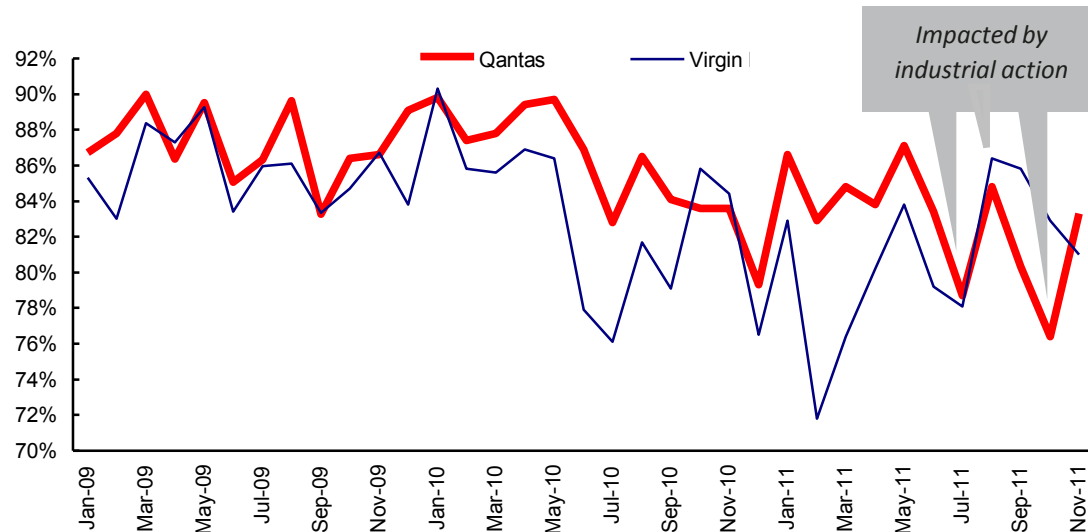


Operational excellence is critical to delivering our customer promise and a competitive cost position



- Setting the benchmark for On-Time Performance and operational reliability
- Market leading technology to deliver efficient rostering
- Motivate and enable our people to deliver operational excellence
- Drive our costs down to better align with the competition

ON TIME PERFORMANCE QANTAS VS. VIRGIN AUSTRALIA JANUARY 2009 – NOVEMBER 2011



Finalising B738 fleet renewal, focus turning to wide body fleet roll-over



NARROW-BODY AIRCRAFT

- B738 fleet renewal is almost complete



	2005	2011 ¹	2016	2021
B737-800	27	55	c70	c100
B737-400	21	14	-	-
B737-300	11	-	-	-
B737 Total	59	69	c70	c100

BENEFITS OF FLEET RENEWAL

- Yield improvement
- Cost reduction
- Operational efficiency
- Environmental credentials

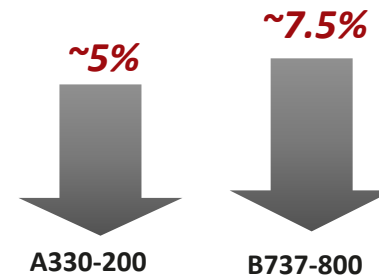
WIDE-BODY AIRCRAFT

- Existing Jetstar A330 aircraft to replace B767

	2005	2011	2016 ²	2021
B767	24	23	-	-
A330	4	4	c28	c28



REDUCTION IN UNIT COST³



1. Forecast total B738 fleet units as at 31 December 2011

2. Includes transfers from Jetstar and Qantas International

3. A330-200 compared with B767-300, B737-800 compared to B737-400. Unit cost improvement and fuel savings are approximate.



Qantas Frequent Flyer

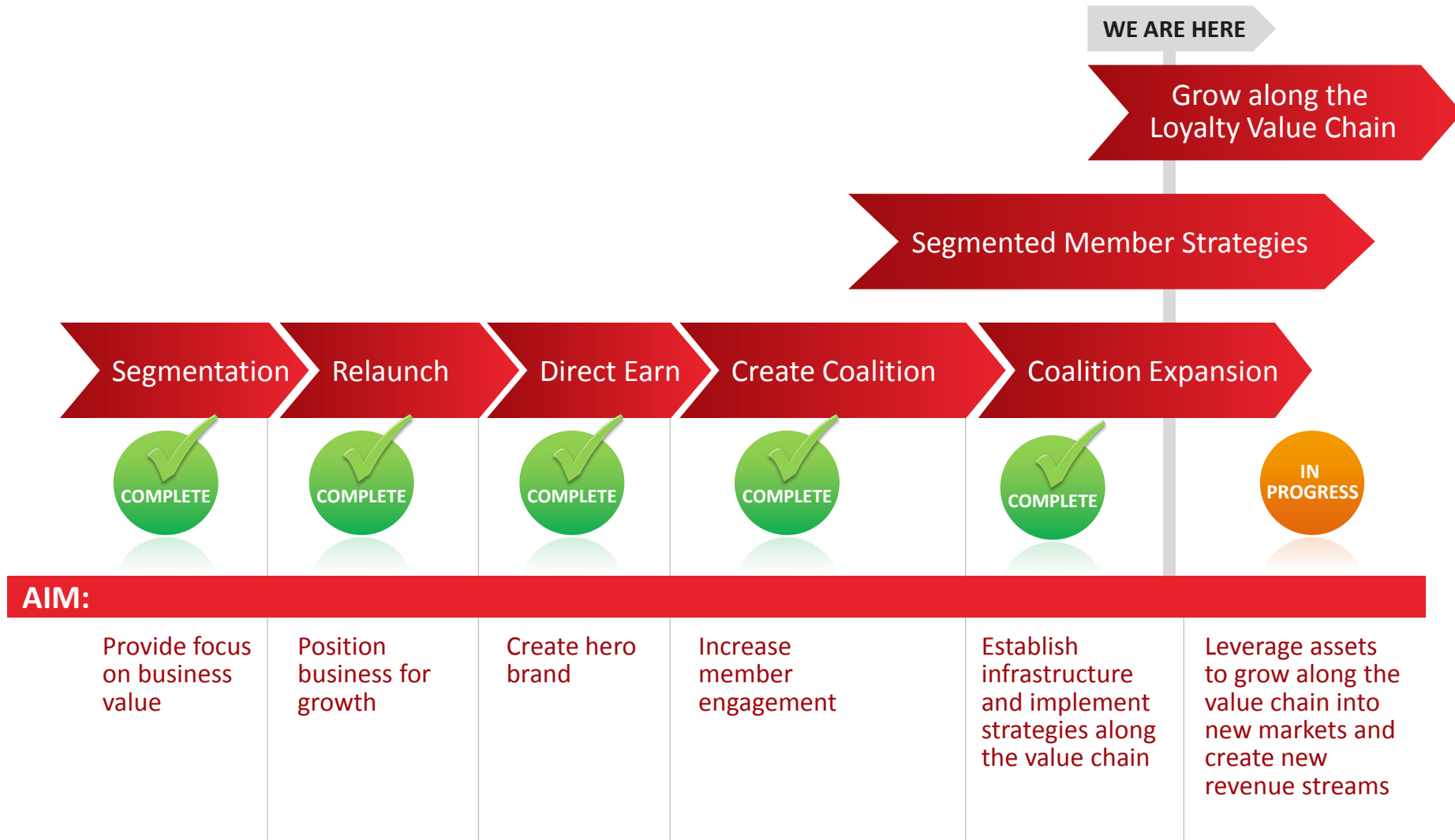
Simon Hickey

Chief Executive Officer Qantas Frequent Flyer



Why are we in the Loyalty business?

To enhance member engagement and shareholder value



Qantas Frequent Flyer: Where are we today?



COALITION LOYALTY PROGRAM

- Australia's largest and most engaging loyalty program
- 8 million+ members – more than 50% household penetration
- Broadest selection of earn partners
- Unrivalled partner network, redemption options and Qantas assets
- Program design creates considerable strategic advantages for Qantas



Driving Growth in the Core

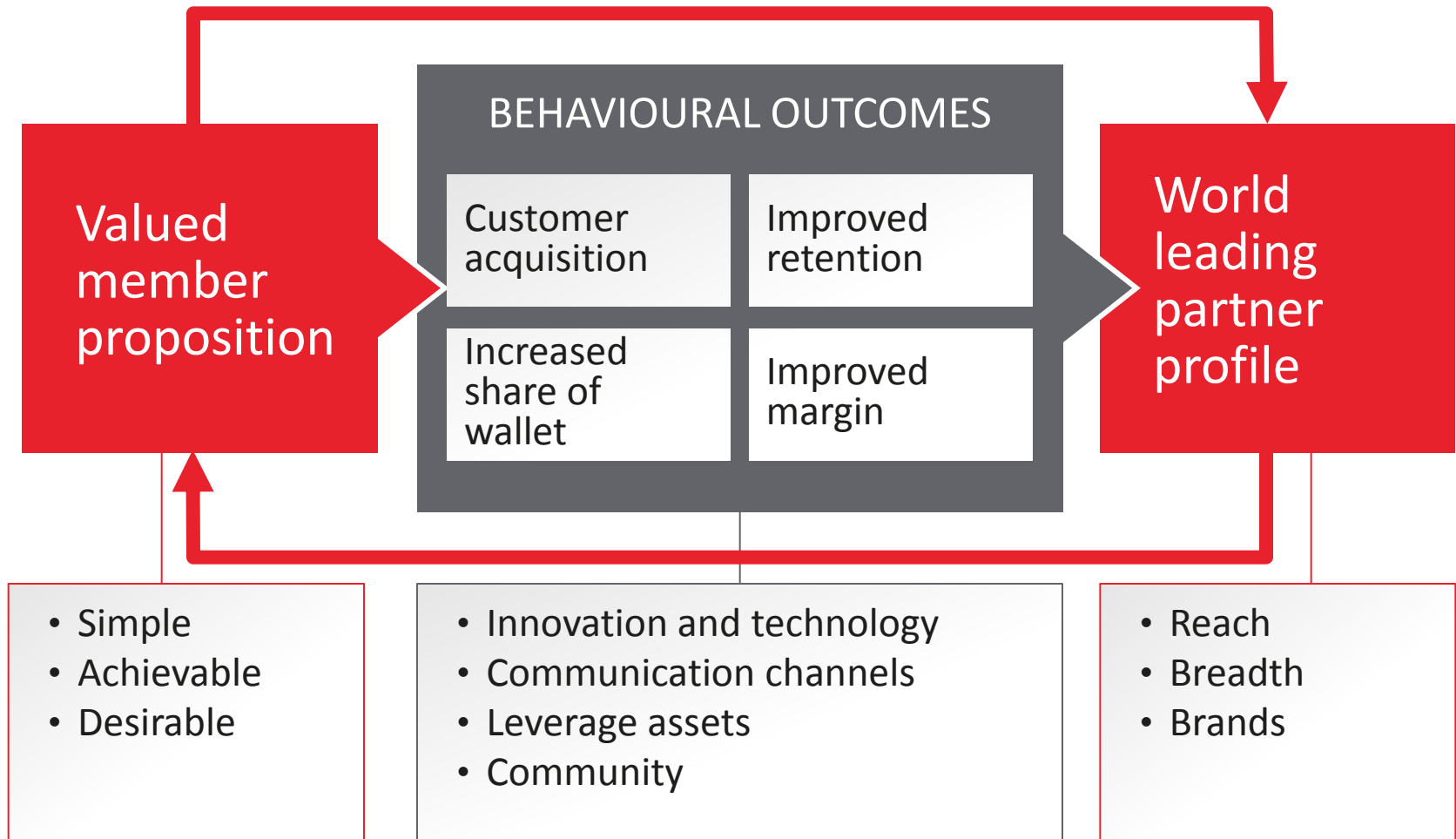
RELATED BUSINESSES

- Largest loyalty operator in Australia – operates over 100 loyalty programs
- Scalable marketing and analytics platform
- Significant opportunity exists to leverage IP in adjacent industries and new geographies
 - Online Retail (epiQure by Qantas Frequent Flyer, Wishlist)
 - Data Analytics & Marketing
 - Operate third party loyalty programs



Innovate and Expand along the Loyalty Value Chain

The coalition engagement model



Qantas Frequent Flyer: 5 Year Vision and Strategy

BUILDING THE WORLD'S BEST LOYALTY BUSINESS

Safety is always our first priority

Superior member
experience and
engagement

Market leading
insights and
communication
channels

World leading
partner network

Operational
excellence

Passionate teams, highly engaged

Innovate and expand along the loyalty value chain

KPIs: What does success look like?



PILLARS	KEY MEASURES
Maintain superior member experience and engagement	<ul style="list-style-type: none"> 10 million QFF members Industry leading NPS¹
Leverage market leading insights and communication channels	<ul style="list-style-type: none"> Multiple segmentation and engagement initiatives in place Market leading multi-channel communications optimisation
Maintain and extend the world leading partner network	<ul style="list-style-type: none"> Partners in all areas of major consumer spend
Set the benchmark for operational excellence	<ul style="list-style-type: none"> End-to-end loyalty infrastructure in place EBIT 5-10% CAGR over 5 years Maintain breakage below 10%
Innovate and expand along the loyalty value chain	<ul style="list-style-type: none"> Operate 3+ other Loyalty programs in new geographic markets
Continue to exceed cost of capital and grow returns	

We continue to drive deeper engagement with Frequent Flyers



- Deepest consumer knowledge in the market
- Significant Qantas program enhancements launched based on behavioural insights
 - Improved tier and cabin benefits to encourage and reward positive airline behaviour
 - New level of recognition for our most frequent flyers – “Platinum One”
 - Improved upgrade experience
 - Improved access to classic award seats and upgrades
- Jetstar earn options expanded leveraging customer insights
- Extend the superior in-flight experience and leverage Qantas Group assets e.g. “epiQure by Qantas Frequent Flyer”
- Engagement tools via social media and device apps



We maintain superior member experience and engagement...



COMPETITIVE ADVANTAGES

More ways to earn and redeem points

- Over 500 partners to earn points
- 1,000+ destinations to fly to using points
- 2,500 products to redeem in the QFF store

More rewarding

- Over 4m awards were redeemed last year
- Members use their points for 3.8m flight seats and 0.5m store products in FY11
- More Classic inventory
- QFF spent \$660m in rewards last year

More destinations/better network

- Qantas and over 30 partner airlines and their affiliates
- 1,000 destinations
- 500+ lounges with award winning Melbourne & Sydney Marc Newson First lounges being extended offshore to LAX, SIN, HKG

Better customer experience, with enhanced levels of recognition the more you fly

- Australia's best recognition program
- Continual innovation to lift the bar (eg. Platinum One, upgrade overhaul)
- Intent: delivery of consistently extraordinary experience

A better program, experience and business

... by leveraging market leading insights and communication channels



Deepest consumer knowledge in the market

Segmented strategies driving personalised engagement

- PlatinumOne
- Auto rewards
- epiQure by Qantas Frequent Flyer

Innovation around earning and redeeming options online

Multi channel strategy for engagement

- Mobility
- Apps designed to drive deeper engagement
- Social media



epiQure
by Frequentflyer



We continue to extend our world leading partner network...

BUILDING THE WORLD'S BEST LOYALTY BUSINESS

Safety is always our first priority

Superior member
experience and
engagement

Market leading
insights and
communication
channels

**World leading
partner network**

Operational
excellence

Passionate teams, highly engaged

Innovate and expand along the loyalty value chain



Earn on Qantas
and 28 partner
airlines



NEW/EXCLUSIVE PARTNERS



Due in 2012:
Malaysia Airlines
Kingfisher
Air Berlin



Earn products at
all major banks



Earn points at
Australia's largest
retailer



Earn points on
telecommunications



Earn points on
petrol



Earn points on
insurance



Wide cross section
of retail, travel
and restaurants



...and work to complete our end-to-end loyalty infrastructure to drive operational excellence

BUILDING THE WORLD'S BEST LOYALTY BUSINESS			
Safety is always our first priority			
Superior member experience and engagement	Market leading insights and communication channels	World leading partner network	Operational excellence
Passionate teams, highly engaged			
Innovate and expand along the loyalty value chain			

The combination of QFF and Wishlist extends our capabilities

Operational expertise across end-to-end loyalty business

- Program design
- Execution of direct marketing
- Customer insights
- Member management

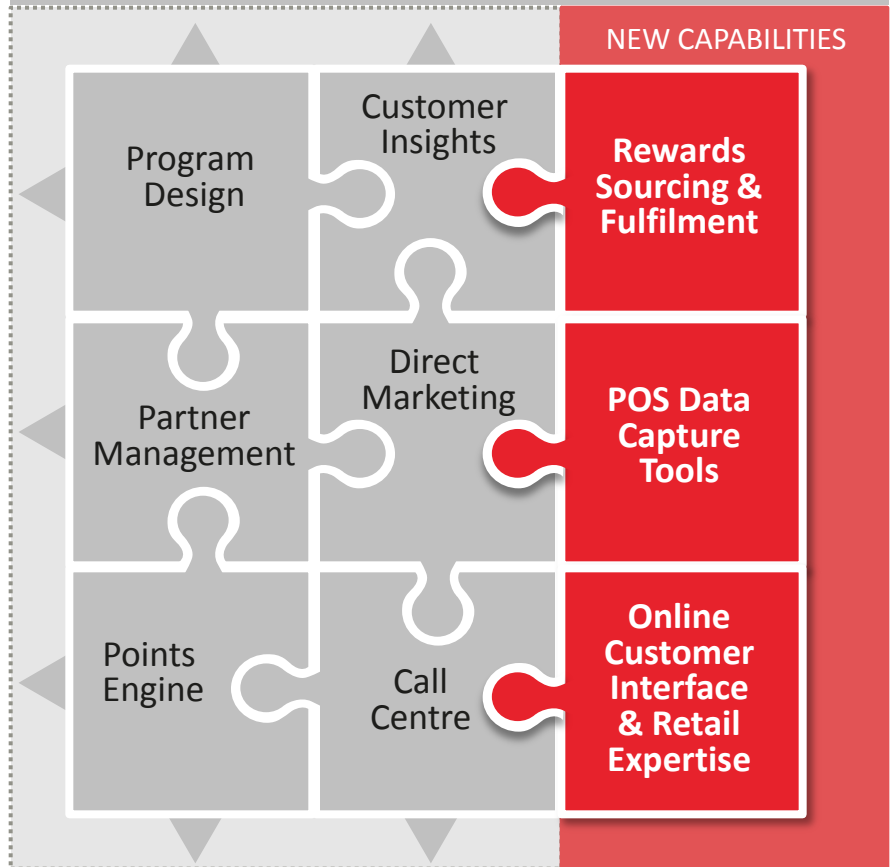
Continue to invest in improving our loyalty infrastructure to drive operational excellence

- Investing in Oracle operating platform
- New scalable and flexible platforms acquired through Wishlist
- Investing in a new ERP system

COMPONENTS OF QUALITY CONSUMER LOYALTY SOLUTIONS

STRATEGY AND PROGRAMME MANAGEMENT

NEW CAPABILITIES



We are now structured for growth in new markets

BUILDING THE WORLD'S BEST LOYALTY BUSINESS			
Safety is always our first priority			
Superior member experience and engagement	Market leading insights and communication channels	World leading partner network	Operational excellence
Passionate teams, highly engaged			
Innovate and expand along the loyalty value chain			

Wishlist acquisition: a strategic enabler broadening our loyalty service offerings

CAPABILITY: Proven capability in multiple loyalty program solutions and in online

Coalition Programs



Airline Loyalty



Closed Loop Retail Solutions



Employee Recognition & Sales Incentives



Online Retail



Gift & Stored Value Card Solutions



EXPERIENCE: Operating over 100 loyalty programs













































































































OPPORTUNITIES

- Online retail
- Analytics and marketing services
- Retail & Coalition loyalty business process outsourcing
- Award Store provision

Both Domestic and International opportunities exist



Jetstar Domestic

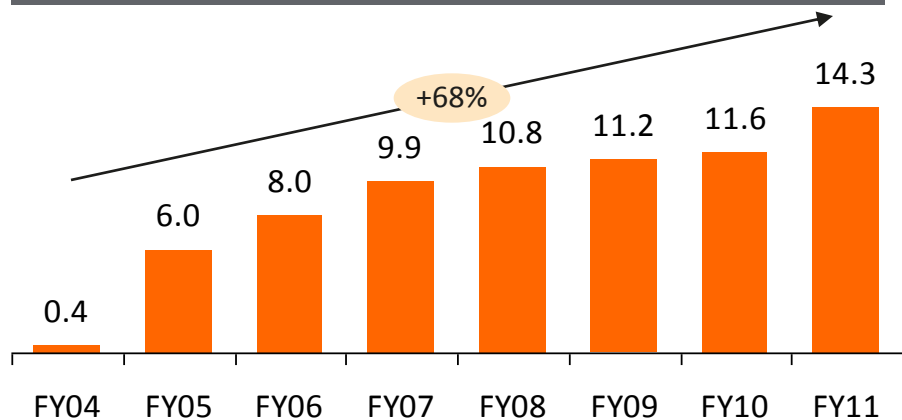
Bruce Buchanan

Group Chief Executive Officer Jetstar

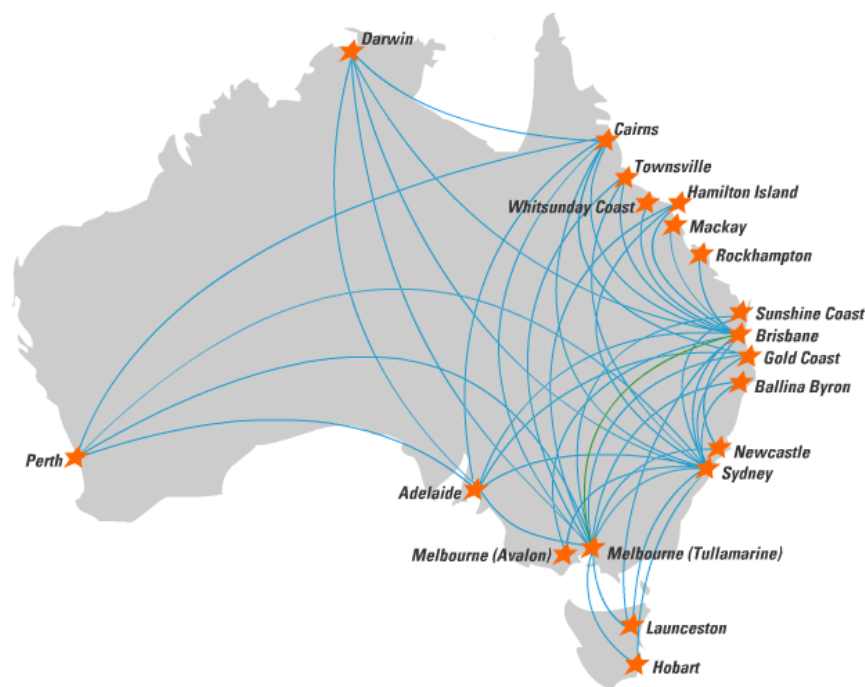
Jetstar Domestic: Where are we today?

- Australia's **3rd largest airline**
- Low cost carrier focused on price sensitive leisure travellers
- **52 million passengers** carried domestically since 2004 launch
- **Operates ~1,600 flights/week** carrying 10m passengers annually
- 36 A320/A321s service **19 destinations**
- Industry **leading ancillary revenue**
- Based in **Melbourne**

ASK GROWTH (bn)



Note: Aircraft as of Q4 2011



Jetstar Domestic: Business Model and Strategy

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

Lowest cost
through
operational
excellence and
innovation

Commitment to
low fares
leadership

World-leading
ancillary revenue

Strong brand with
high customer
engagement

Passionate teams, highly engaged

KPIs: What does success look like?

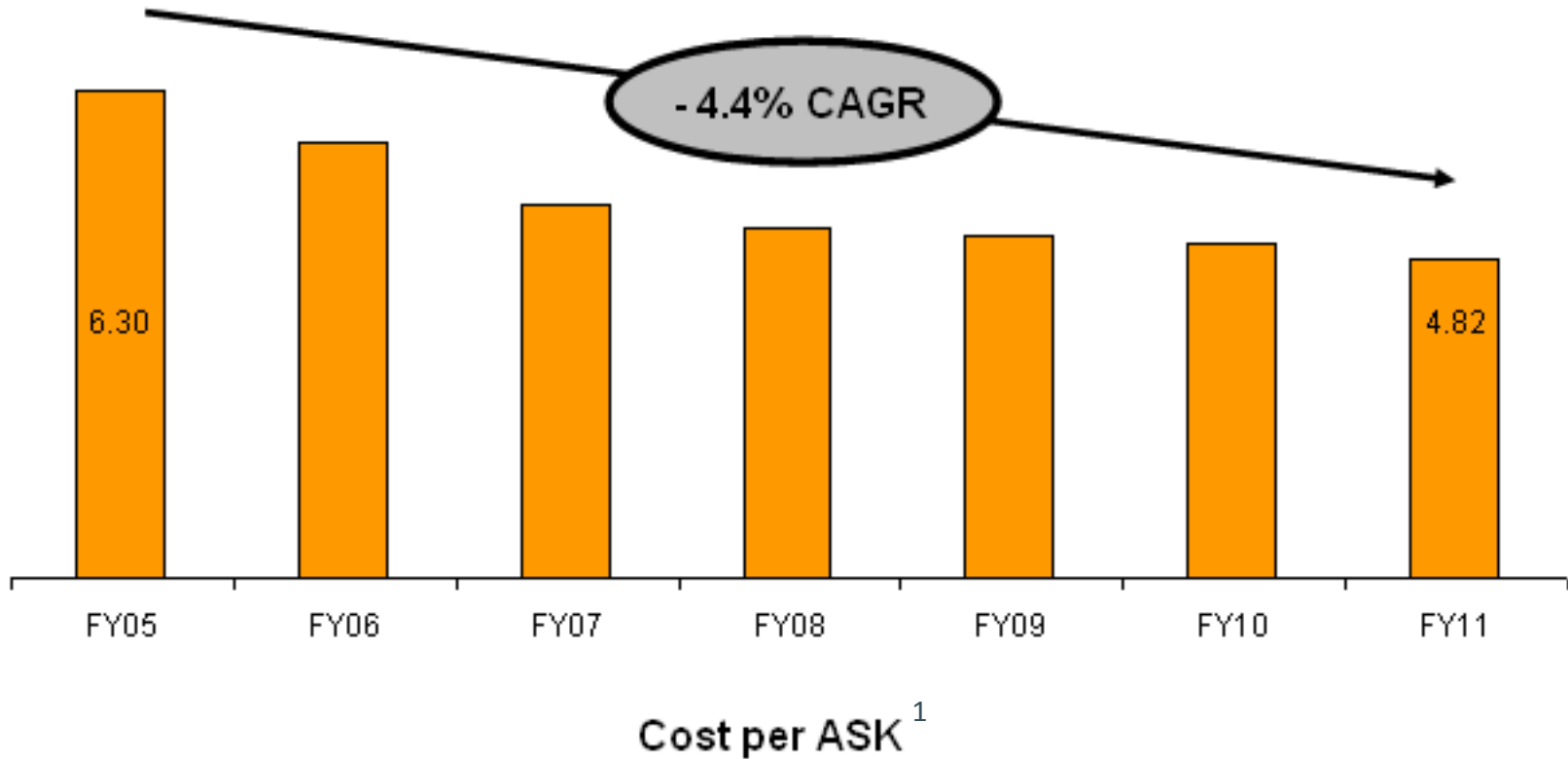


PILLARS	KEY MEASURES
Lowest cost through operational excellence and innovation	<ul style="list-style-type: none">• Lowest Domestic CASK¹• Leading aircraft utilisation• Benchmark TRIFR² and LWCFR³
Commitment to low fares leadership	<ul style="list-style-type: none">• Leadership in 'Price Competitiveness Index'
World-leading ancillary revenue	<ul style="list-style-type: none">• Industry leading ancillary revenue per passenger
Strong brand with high customer engagement	<ul style="list-style-type: none">• Leading NPS⁴ for LCC• Superior employee engagement• Continued innovation and brand extensions

Continue to exceed cost of capital

We will continue to be the lowest cost airline in the domestic market...

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS			
Safety is always our first priority			
Lowest cost through operational excellence and innovation	Commitment to low fares leadership	World-leading ancillary revenue	Strong brand with high customer engagement
Passionate teams, highly engaged			



1. Gross unit cost excluding fuel

... and will break new ground through our innovative culture and cutting edge technology

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

Lowest cost through operational excellence and innovation

Commitment to low fares leadership

World-leading ancillary revenue

Strong brand with high customer engagement

Passionate teams, highly engaged



SMS BOARDING PASSES



CALL CENTRE CHAT, SKYPE INTEGRATION



NEW PAYMENT METHODS



JETSTAR MASTERCARD



IMPROVED QFF PROPOSITION



NEW PRODUCTS E.G. IPAD



Unwavering commitment to being the low fares leader for price-sensitive travellers...

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

Lowest cost
through
operational
excellence and
innovation

Commitment to
low fares
leadership

World-leading
ancillary revenue

Strong brand with
high customer
engagement

Passionate teams, highly engaged



THE JETSTAR PRICE BEAT GUARANTEE

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

The other airline's lower fare needs to be on the same route at a comparable time and fare to ours (within 1 hour for domestic/trans-Tasman or same day for other international. Fares that include less than 20kg checked baggage allowance are comparable to our JetSaver Light fare and fares with at least 20kg are comparable to our JetSaver fares). We will verify both the other airline's fare and our comparable fare are available when you call. Conditions apply. To find out more visit jetstar.com

jetstar.com AUSTRALIA'S LOW FARES AIRLINE



...and ongoing market leadership in ancillary revenues

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

Lowest cost through operational excellence and innovation

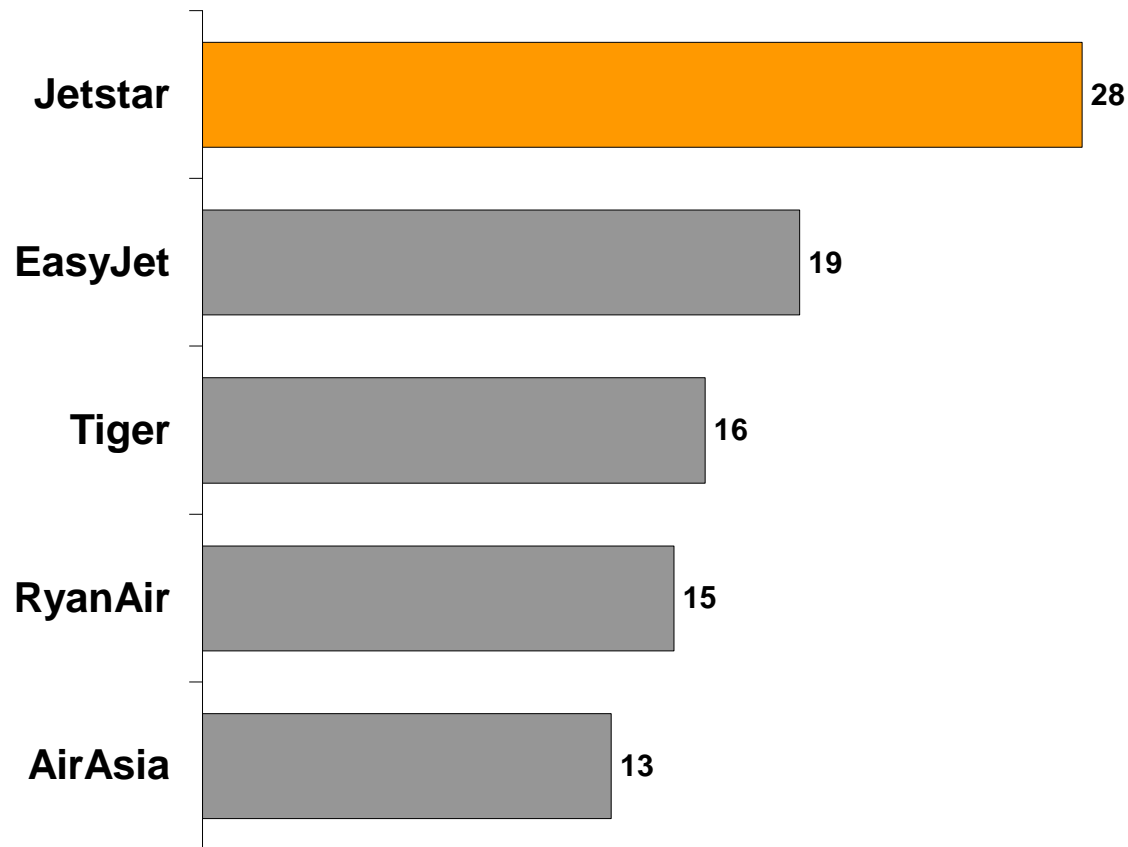
Commitment to low fares leadership

World-leading ancillary revenue

Strong brand with high customer engagement

Passionate teams, highly engaged

AVERAGE ANCILLARY REVENUE/PAX (AUD)



Further leverage Jetstar's brand strength through new and traditional mediums

THE CLEAR CHOICE FOR PRICE SENSITIVE TRAVELLERS

Safety is always our first priority

Lowest cost
through
operational
excellence and
innovation

Commitment to
low fares
leadership

World-leading
ancillary revenue

Strong brand with
high customer
engagement

Passionate teams, highly engaged

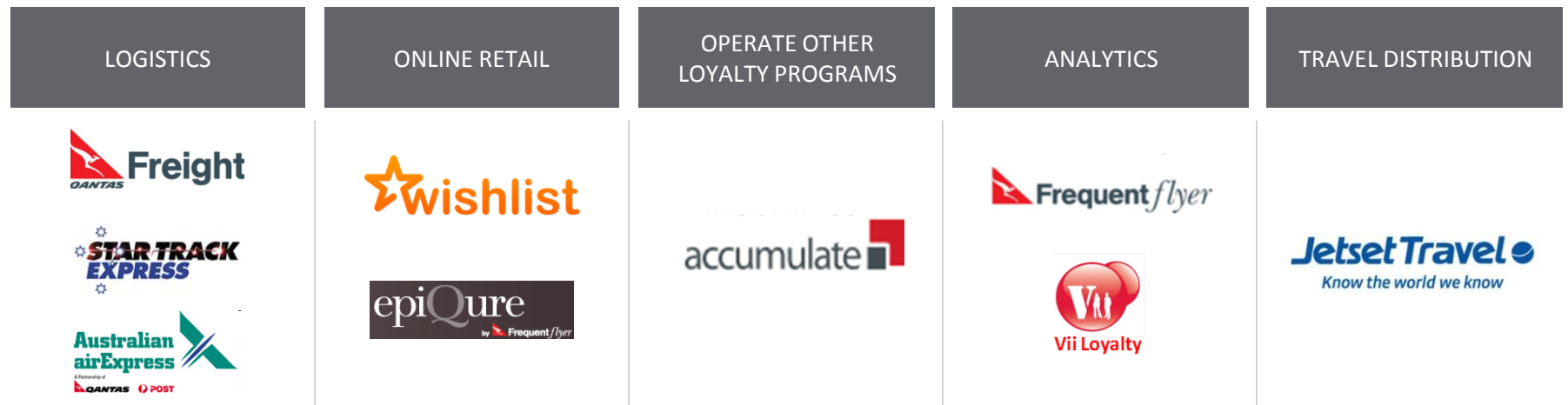


- Website
- Social Media
- Press
- Outdoor ads
- TV
- JetMail
- Credit Cards



Growing our Portfolio of Related Business

Leveraging core assets to drive growth of portfolio businesses



Growing our Portfolio of Related Businesses

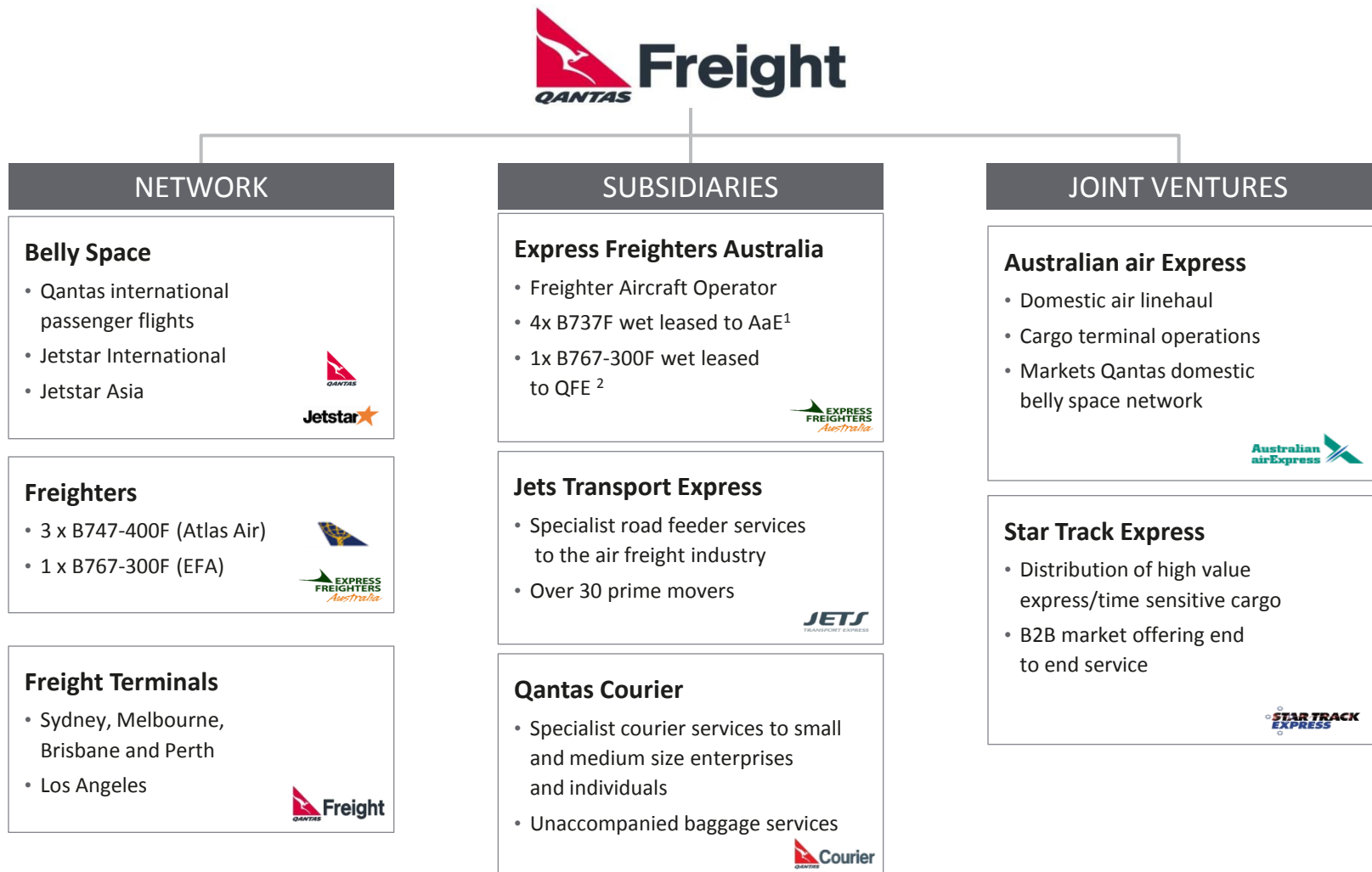
Freight

Rob Gurney

Group Executive Qantas Airlines Commercial



Qantas Freight: Where are we today?



Qantas Freight: 5 Year Vision and Strategy

EXCELLENCE IN FREIGHT SERVICES

Safety is always our first priority

Leverage
integrated freight
network
& relationships

Market leading
customer offering

Capitalise
on growth
opportunities
in Asia Pacific

Lowest cost
and best service
through
operational
excellence

Passionate teams, highly engaged

KPIs: What does success look like?



PILLARS	KEY MEASURES
Leverage integrated freight network and relationships	<ul style="list-style-type: none">• Qantas Freight to market all Qantas Group freight capacity• Maintain and build key corporate accounts
Market leading customer offering	<ul style="list-style-type: none">• Leading Customer Satisfaction Survey result
Capitalise on growth opportunities in Asia Pacific	<ul style="list-style-type: none">• Increased market share of air freight services in region
Lowest cost and best service through operational excellence	<ul style="list-style-type: none">• Leading Cost per RFTK¹• Leading freighter availability and utilisation• Leading TRIFR² and LWCFR³• Superior employee engagement

Continue to exceed cost of capital

Market leading domestic joint ventures

EXCELLENCE IN FREIGHT SERVICES			
Safety is always our first priority			
Leverage integrated freight network & relationships	Market leading customer offering	Capitalise on growth opportunities in Asia Pacific	Lowest cost and best service through operational excellence
Passionate teams, highly engaged			

Reconfigure Joint Ventures to leverage strengths of two leading express freight brands

Star Track Express - retail focused air and road express

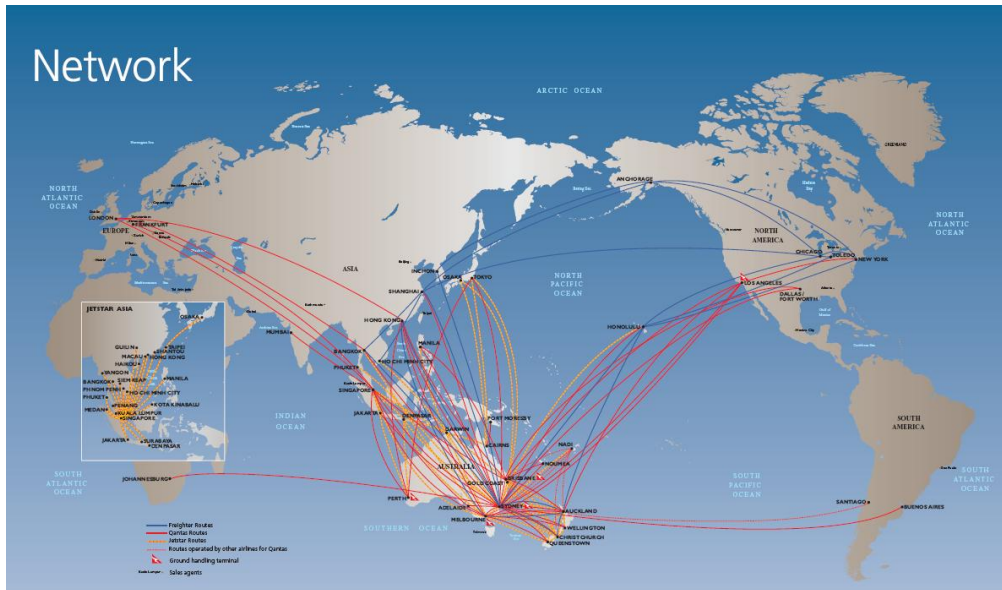
Australian air Express - wholesale domestic line haul and cargo terminal operations



Leverage regional growth opportunities via the Group's network expansion in Asia

EXCELLENCE IN FREIGHT SERVICES			
Safety is always our first priority			
Leverage integrated freight network & relationships	Market leading customer offering	Capitalise on growth opportunities in Asia Pacific	Lowest cost and best service through operational excellence
Passionate teams, highly engaged			

Network



GROWTH IN ASIA

- Leverage established position in China
- Utilise attractive freight traffic rights
- Continue to respond to evolving market dynamics e.g. shifting manufacturing trends to western China

COMPETITIVELY POSITIONED WITH ACCESS TO GROUP ASSETS

- Qantas belly space
- Jetstar belly space
- Jetstar Asia belly space
- Atlas Freighters
- Express Freighters Australia

Session 1: Q&A

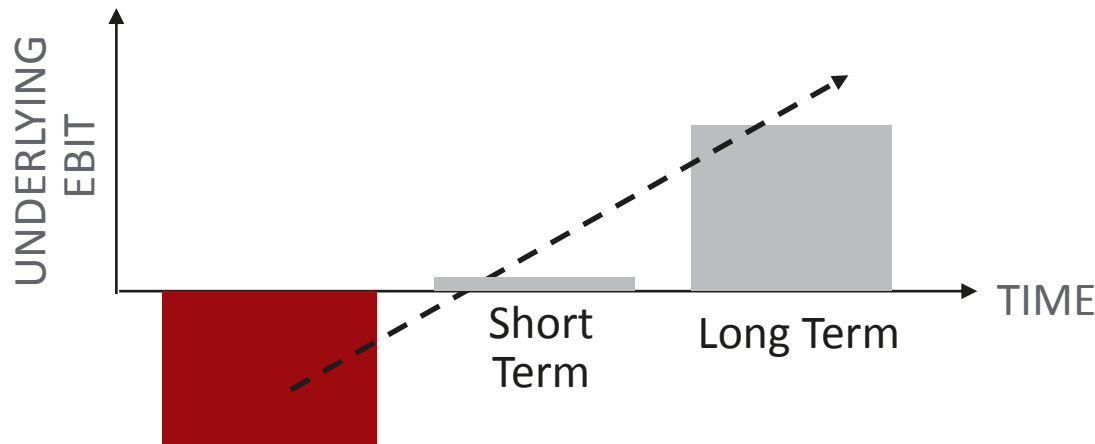
Transforming Qantas International

Lyell Strambi
Group Executive Qantas Airlines Operations

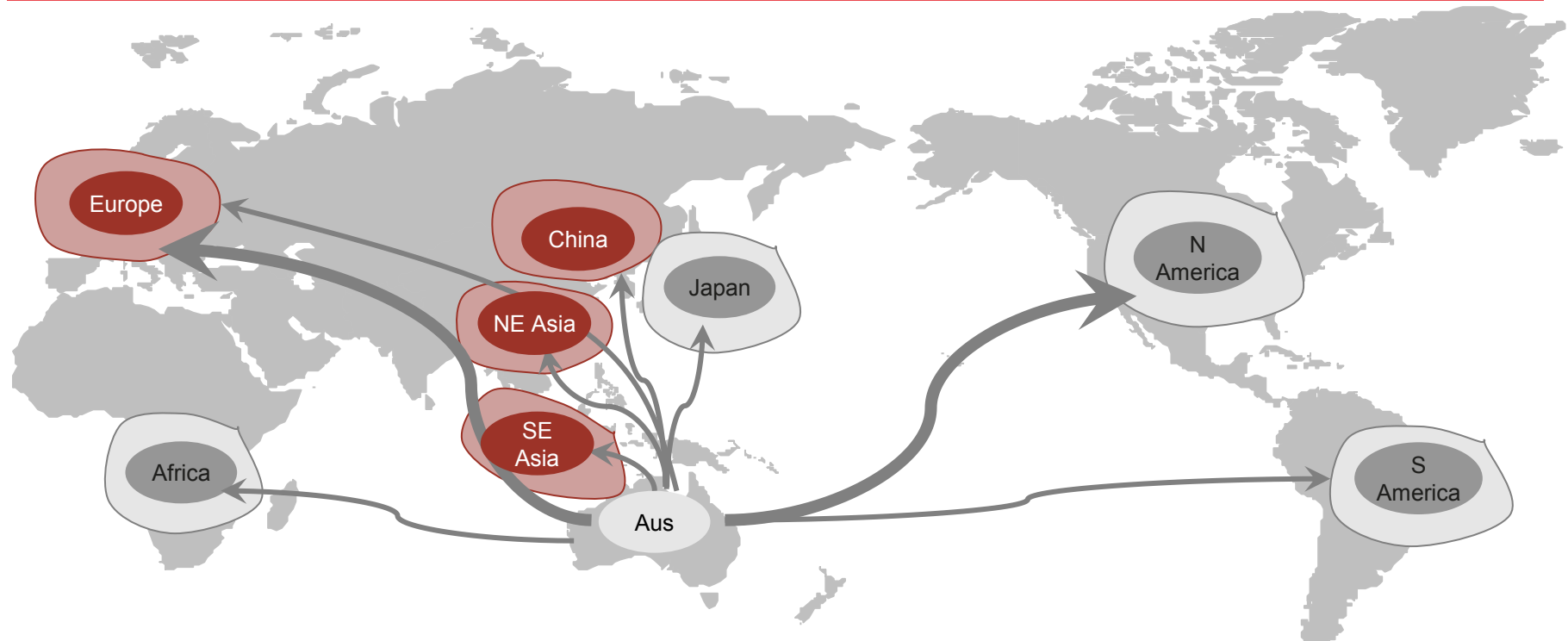


Qantas International: Where are we today?

- Qantas International business is important to the Qantas Group
 - Enhances Group's strong domestic business
 - Provides important business network solution for corporate customers
 - Supports margin premium
 - Integral to loyalty offering
- However given the significant capital employed, current operational and financial performance is unsustainable



The business needs transformation



STRUCTURALLY CHALLENGED

- Extremely high levels of competition
 - Rise of Middle Eastern carriers
 - Government sponsored competitors
- QAI - Asian network and schedule disadvantage
- QAI - Cost disadvantage
- Inconsistent product offering

STRUCTURALLY SOUND

- Comparable cost base to competitors
- Competitive product offering
- No network or schedule disadvantage
- Strong partnership and alliance network

Qantas International: 5 Year Vision and Strategy

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL

Safety is always our first priority

Superior customer
experience

Underlying
business
transformation

Strengthen
Network

Strengthen
Asia

Strong multi-brand model

Passionate teams, highly engaged

KPIs: What does success look like?



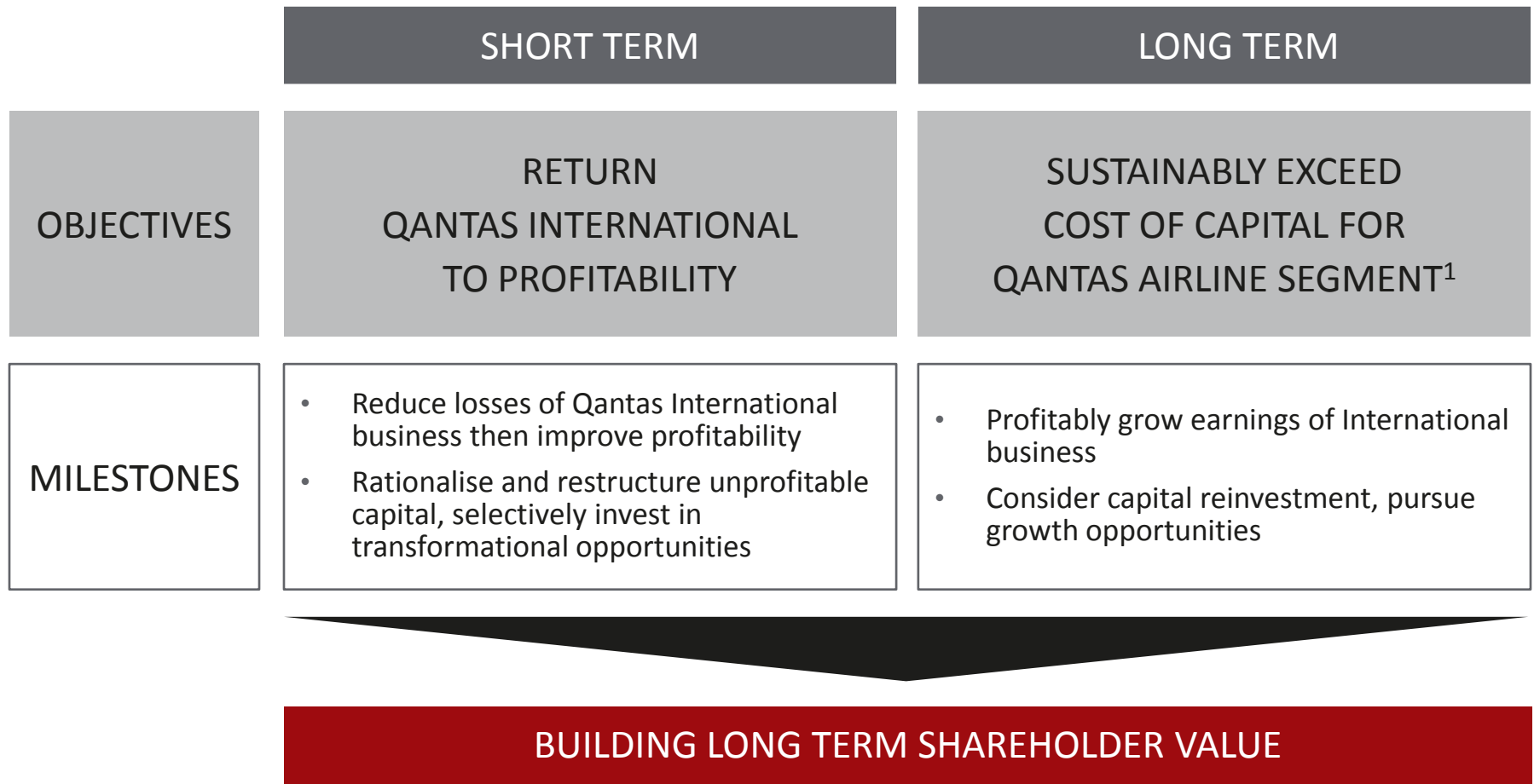
PILLARS	KEY MEASURES
Superior customer experience	<ul style="list-style-type: none">• Leading International NPS• Superior employee engagement
Underlying business transformation	<ul style="list-style-type: none">• Improvement in unit cost• Leading International aircraft availability and OTP¹• Industry leading TRIFR² and LWCFR³
Strengthen network	<ul style="list-style-type: none">• Greater network frequency on key business and premium leisure routes• Greater number of ATI⁴ partnerships
Strengthen Asia	<ul style="list-style-type: none">• Greater share of Australia – Asia Corporate market

IMPROVE RETURNS ON CAPITAL
(QANTAS AIRLINES⁵ SEGMENT TO SUSTAINABLY EXCEED COST OF CAPITAL IN LONG TERM)

1. On Time Performance 2. Total Recordable Injury Frequency Rate 3. Lost Work Case Frequency Rate 4. Anti-Trust Immunity

5. As defined in the 2011 Annual Report Note 2 (page 62). Qantas represents the Qantas passenger flying businesses and related businesses, and excludes Jetstar, Qantas Freight and Qantas Frequent Flyer.

Clear financial objectives have been defined



1. As defined in the 2011 Annual Report Note 2 (page 62). Qantas represents the Qantas passenger flying businesses and related businesses, and excludes Jetstar, Qantas Freight and Qantas Frequent Flyer.

Delivering consistently exceptional customer experiences is critical to our success

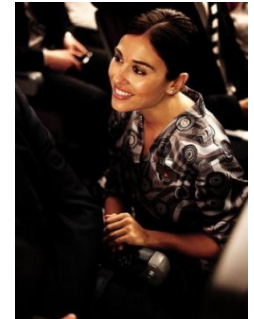
THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			



FLEET
MODERNISATION



GROUND
PRODUCT
MODERNISATION

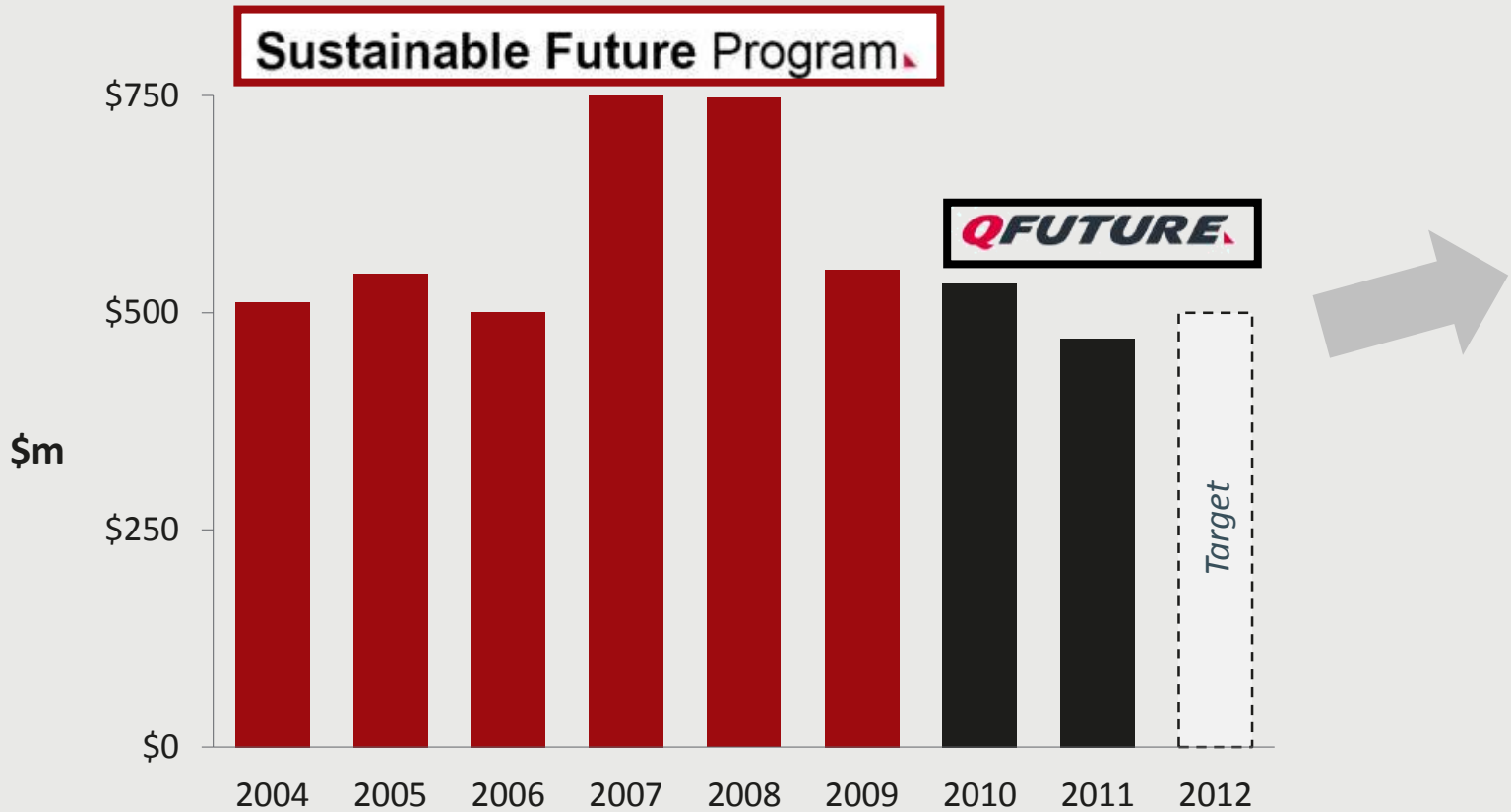


SERVICE CULTURE
PROGRAM



Dedicated efficiency and cost transformation programs will accelerate, closing the cost base gap

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			



NEXT PHASE OF TRANSFORMATION INITIATIVES WILL BE MORE COMPLEX,
BUT WILL DELIVER GREATER BENEFITS


Fleet transformation: Efficiency, superior margin premium, enhanced customer experience



~80% OF QUAD ENGINE AIRCRAFT - AWARD WINNING A380 PRODUCT BY MID 2013

- Unit cost advantage:
 - A380 v B747 ~8%
 - B787-9 v B763 ~15%
- Reconfiguration of A380s & 9 x B747s has commenced, increasing revenue production
- Prudent capital allocation – deferred 6 x A380s, B787-9s allocated based on return measures

QUAD ENGINE AIRCRAFT				
	2005	2011 ¹	2013	2016
B747	30	26	15	9
A380	-	12	14	14
Quad Engine Aircraft with A380 Product	0%	40%	80%	100%




Hub transformation: Airport terminal consolidation project

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			



BENEFITS

CUSTOMER

Increased product differentiation and seamless end-to-end customer experience

OPERATIONAL EFFICIENCIES

REVENUE

Reduction in Minimum Connection Times (MCT) and new revenue opportunities

OTHER BENEFITS

Underpins Sydney as Qantas' main hub, supports the international network alliance strategy, long term price and infrastructure surety

Business model transformation

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			

Industrial Relations environment stabilised with key work groups

Modernising our business practices

Engaging our people in the change agenda



A clearly superior international network

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL

Safety is always our first priority

Superior customer experience

Underlying business transformation

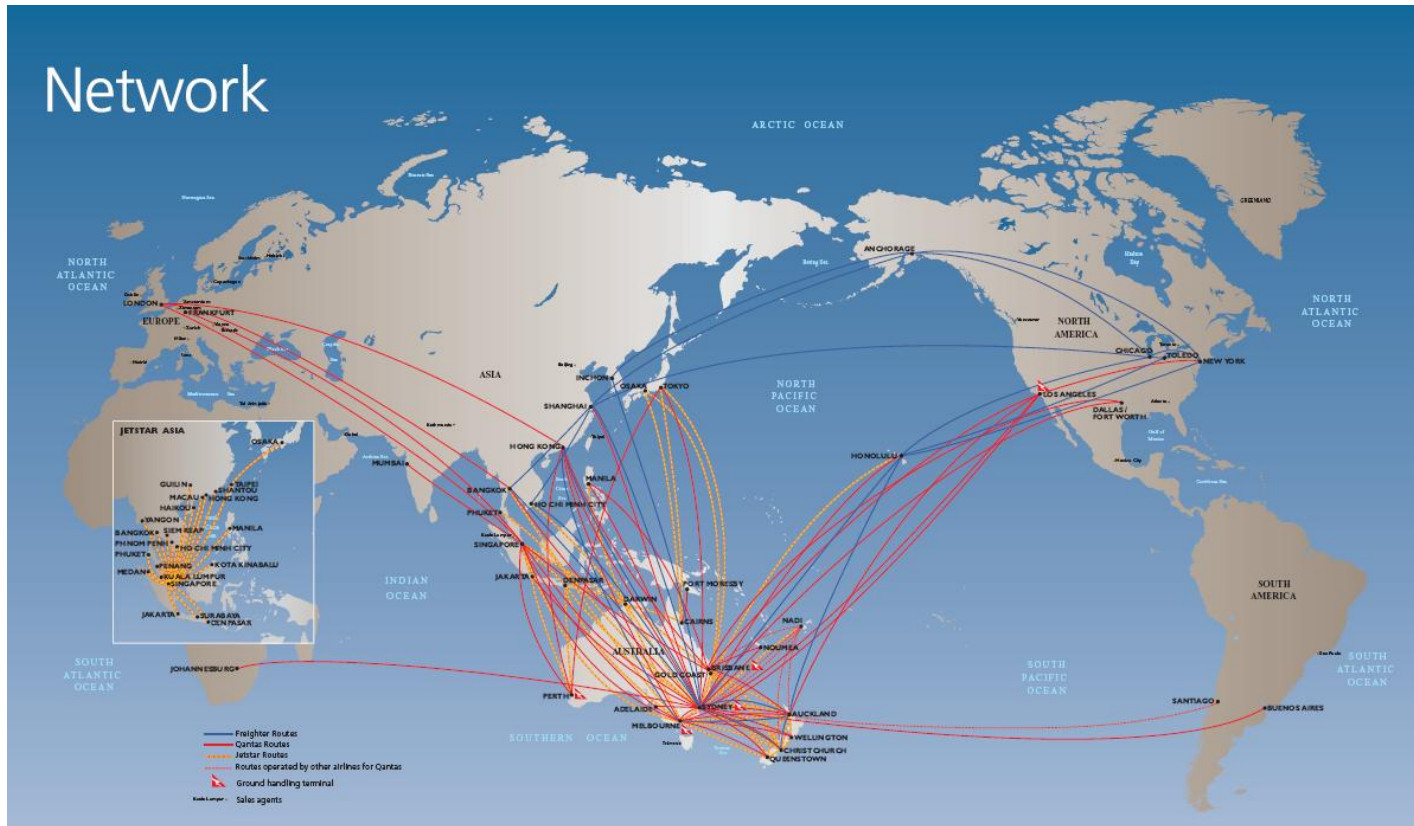
Strengthen Network

Strengthen Asia

Strong multi-brand model

Passionate teams, highly engaged

Network



- Optimising the existing Qantas network
- Using alliances to bolster and expand reach
- Asia - supplementing the network to grow with our customers

We will continue to build on our extensive global network - leveraging key partnerships

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			

STRENGTHENING
EXISTING
PARTNERSHIPS

MAXIMISING
oneworld
BENEFITS

CREATING
NEW
ALLIANCES

BRITISH AIRWAYS

LAN

JAL
JAPAN AIRLINES

Jetstar

AA
American Airlines



malaysia
AIRLINES

JET AIRWAYS

NEW ALLIANCES

Extended network
reach

Improved customer
offering

Greater QFF
earn/burn
opportunities

Lower invested
capital

We are deepening and broadening alliances

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			



- Qantas A380 services from Australia to London, connecting through Singapore as a premium hub to Europe
- Bangkok and Hong Kong to London will leverage partner network adjacency
- Qantas to retain ownership of slots at Heathrow and lease to BA
- Commencing early 2012



- Replace Buenos Aires with three-weekly service to Santiago
 - Larger, more premium market
 - Better and more frequent connections with LAN to other South American destinations
- Commencing early 2012

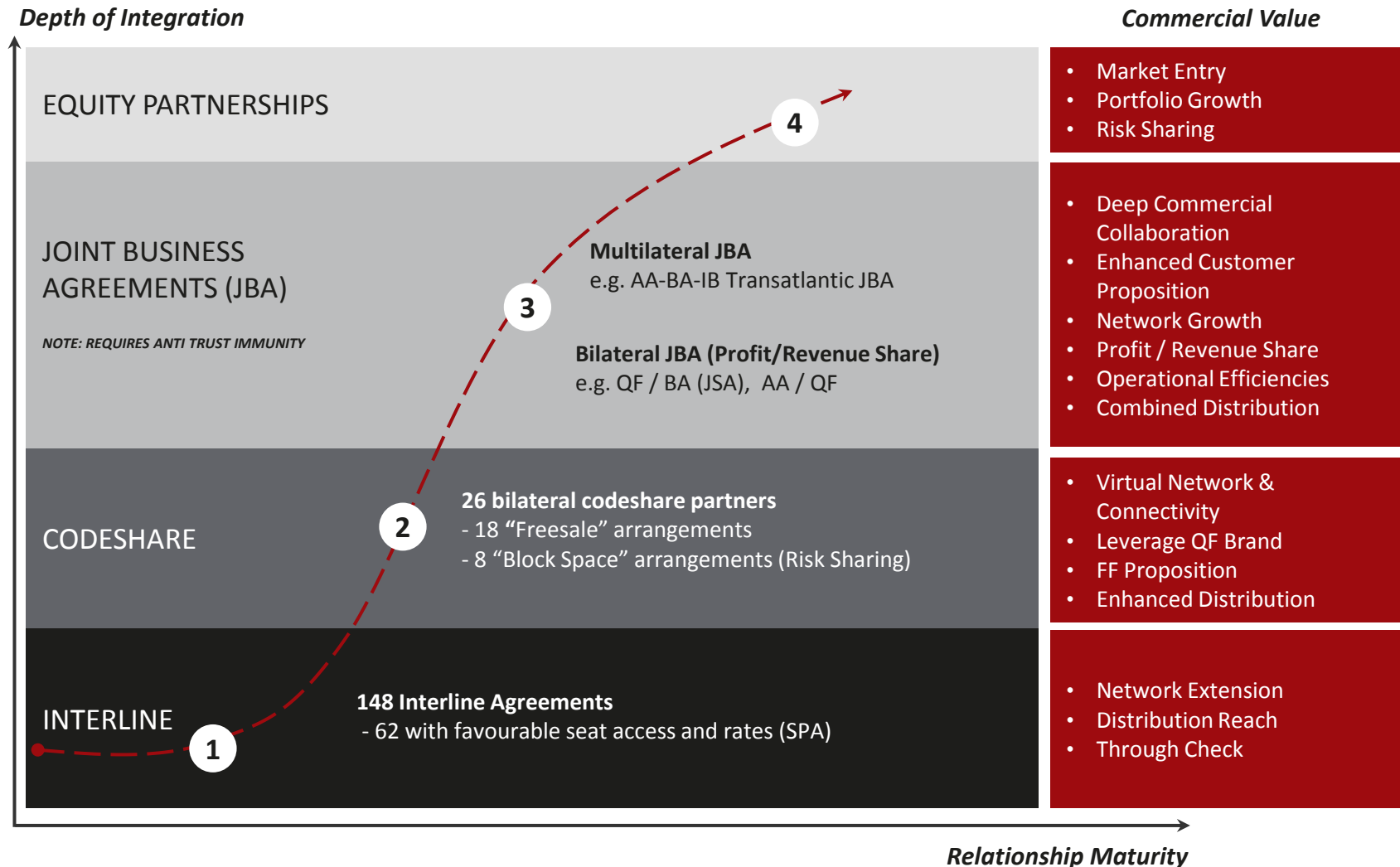


- Granted full anti-trust immunity clearance for Joint Business Agreement
- Active coordination of flight schedules and pricing
- Improved scheduling and connectivity the initial focus, but could open up other possibilities over time
- Commencing early 2012

AND THERE IS MORE TO COME...

Airline partnership evolution curve

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			



Strengthening our position in Asia is critical

THE CLEAR CHOICE FOR PREMIUM LONG HAUL TRAVEL			
Safety is always our first priority			
Superior customer experience	Underlying business transformation	Strengthen Network	Strengthen Asia
Strong multi-brand model			
Passionate teams, highly engaged			

RATIONALE

- Qantas International is an end-of-the-line carrier
 - Destination and frequency disadvantage
 - Market share has declined from 39% to 14% over last decade
- An Asian hub is required to be competitive
 - Fastest growing aviation market in the world
 - Increasingly vital market to our corporate customers

OBJECTIVES





- Service the growing portfolio of customers who are increasingly focused on Asia
 - Includes existing Australian corporate customers and new Asian customers
- Operate a competitive Asian hub
 - Appropriate network, destinations, frequencies and operational infrastructure
- Rebuild market share to / from Asia

OPPORTUNITY ASSESSMENT FRAMEWORK

- Pathway to achieve objectives
- Attractive risk / return profile
- Prudent allocation of capital
- Leverage existing Group assets where appropriate e.g. relationships, infrastructure, presence, experience

Qantas International: Progress against strategic objectives to date

Initial phase of transformation plan announced August 2011

PILLARS	PROGRESS	ACHIEVEMENTS TO DATE
Superior Customer Experience		<ul style="list-style-type: none">• Implemented international Faster, Smarter Check-in at key trans-Tasman ports• Extended A380 network to HKG• Commenced reconfiguration of 9 x B747 aircraft with award winning A380 product• Commenced upgrades to premium lounges in LAX, SIN, HKG
Underlying Business Transformation		<ul style="list-style-type: none">• Industrial Relations environment stabilised• Reduced capital expenditure in business via deferral of 6 x A380 aircraft• Further optimised network - DFW in lieu of SFO; Santiago in lieu of Buenos Aires• Continued transformation of cost base via QFuture
Strengthen Network		<ul style="list-style-type: none">• Granted full ATI clearance for Joint Business Agreement with American Airlines• Restructured and strengthened Joint Service Agreement with British Airways, reduced exposure to Europe• Sponsorship of Malaysia Airlines into oneworld
Strengthen Asia		<ul style="list-style-type: none">• Evaluating various options with key stakeholders relating to new Asian premium airline

Jetstar: Growing in Asia

Bruce Buchanan

Group Chief Executive Officer Jetstar



Asia Pacific – significant growth forecast for target market

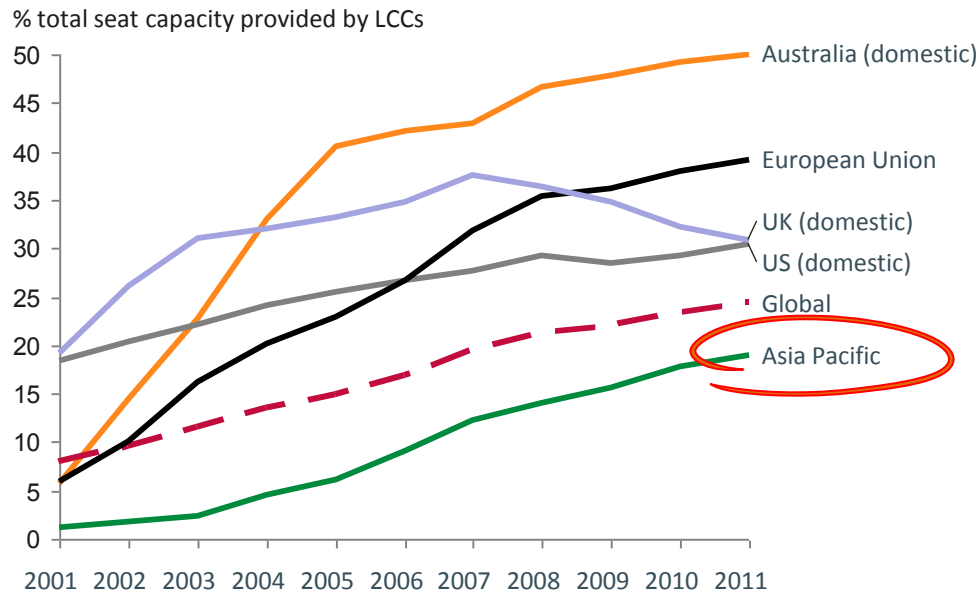
GLOBAL MIDDLE CLASS IN 2009 AND PREDICTION IN 2030



Asia Pacific is the largest and fastest growing region in the world aviation market

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

MAJOR GROWTH OPPORTUNITY FOR LCCS IN ASIA PACIFIC: LCC SHARE OF TOTAL CAPACITY BY REGION/COUNTRY



LCC GROWTH RATE 2001-2011

UK

5%



US

5%



Asia
Pacific

33%



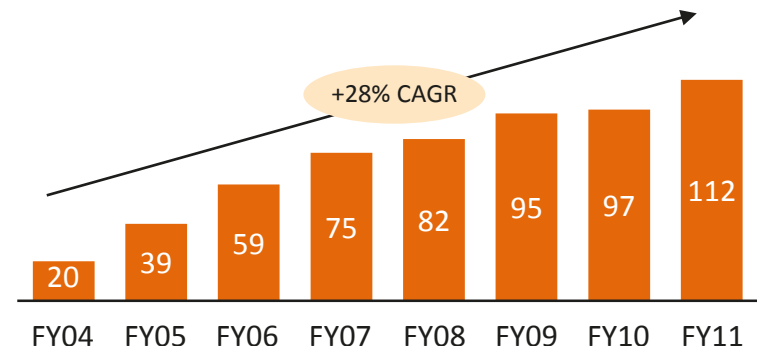
Jetstar in Asia: Where are we today?



- 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 78 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 ³
1	Jetstar Australia	2004	36- 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'S GROWING ROUTE NETWORK



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 3. Fleet numbers as of 30 June 2011

Jetstar in Asia: Business Model and Strategy

THE LEADING LOW COST CARRIER IN ASIA

Safety is always our first priority

Lowest cost in every market we serve

Operational excellence and innovation

World-leading ancillary revenue

Strong brand with high customer engagement

Manage global and local priorities through a franchise operating model

Passionate teams, highly engaged

KPIs: What does success look like?



PILLARS	KEY MEASURES
Lowest cost in every market we serve	<ul style="list-style-type: none">• Lowest CASK in each region
Operational excellence and innovation	<ul style="list-style-type: none">• Leading international aircraft utilisation• Benchmark TRIFR¹ and LWCFR²
World-leading ancillary revenue	<ul style="list-style-type: none">• Industry leading ancillary revenue per passenger
Strong brand with high customer engagement	<ul style="list-style-type: none">• Leading NPS³ for LCC in each region• Superior employee engagement

Improve returns on capital to sustainably exceed cost of capital

Jetstar sources of competitive advantage

THE LEADING LOW COST CARRIER IN ASIA			
Safety is always our first priority			
Lowest cost in every market we serve	Operational excellence and innovation	World-leading ancillary revenue	Strong brand with high customer engagement
Manage global and local priorities through a franchise operating model			
Passionate teams, highly engaged			



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

The leading low cost carrier in Asia			
Safety is always our first priority			
Lowest cost in every market we serve	Operational excellence and innovation	World-leading ancillary revenue	Strong brand with high customer engagement
Manage global and local priorities through a franchise operating model			
Passionate teams, highly engaged			

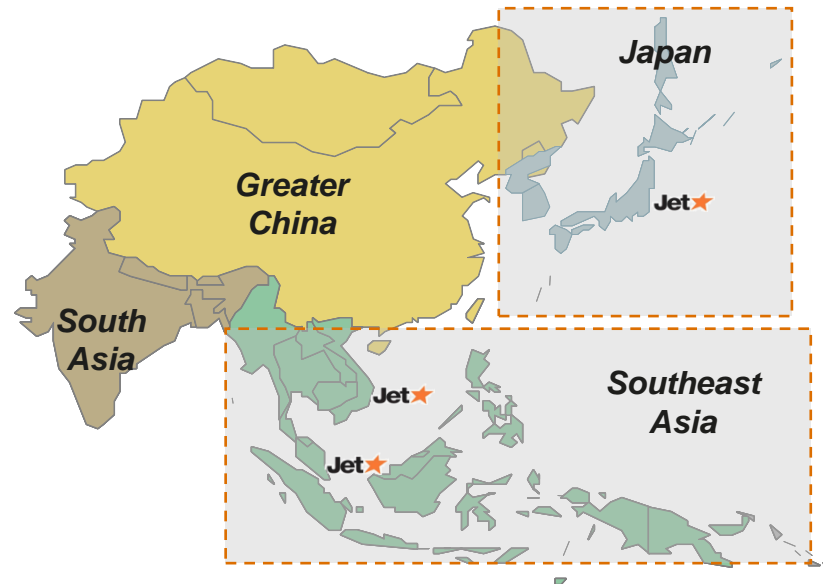
Considered and prudent approach to growth and expansion

China: growing presence in global economy

- Linking China to Asia via international connectivity
- 10 destinations in Greater China

South Asia: likely to become an important market in the future

- Monitoring closely



Japan: strengthening LCC competitive environment

- Set to launch Jetstar Japan in 2012
- Links to North Eastern Chinese ports

Southeast Asia: evolved LCC market with strong competition

- Expanding presence and profitability
- Turnaround Jetstar Pacific

Franchise model underpins scalable growth

The leading low cost carrier in Asia			
Safety is always our first priority			
Lowest cost in every market we serve	Operational excellence and innovation	World-leading ancillary revenue	Strong brand with high customer engagement
Manage global and local priorities through a franchise operating model			
Passionate teams, highly engaged			



Brand, Revenue Generation, Scale

QF joint capacity & network management

AUSTRALIA &
NEW
ZEALAND
(DOMESTIC)

INTERNATIONAL

ASIA
(SINGAPORE)

PACIFIC
(VIETNAM)

JAPAN

NEW
OPPORTUNITIES

Further building on Jetstar's strong brand which already resonates at a local level

The leading low cost carrier in Asia			
Safety is always our first priority			
Lowest cost in every market we serve	Operational excellence and innovation	World-leading ancillary revenue	Strong brand with high customer engagement
Manage global and local priorities through a franchise operating model			
Passionate teams, highly engaged			

The collage features several Jetstar promotional posters and a central map of Asia and Oceania with the Jetstar logo. The posters highlight various flight deals:

- Singapore 3798** (Singapore to Melbourne)
- 548** (Singapore to Melbourne)
- Singapore 2299** and **Melbourne 10743** (Singapore to Melbourne)
- Singapore 70**, **Hong Kong 192**, and **Sydney 389** (Singapore to Hong Kong and Sydney)
- Singapore 69** and **Melbourne 1135** (Singapore to Melbourne)
- Singapore 40**, **Ho Chi Minh City 100**, and **Ningbo 195** (Singapore to Ho Chi Minh City and Ningbo)
- 2299** and **10743** (Singapore to Melbourne)
- Valuair** (Singapore to Melbourne)
- Jetstar's flying direct to Bali daily** (Singapore to Bali)
- Queenstown \$29** (Singapore to Queenstown)

Growing Jetstar in Japan

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- 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

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 interlining and codesharing with Full Service 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

Session 2: Q&A

Group: Fleet Strategy

Gareth Evans

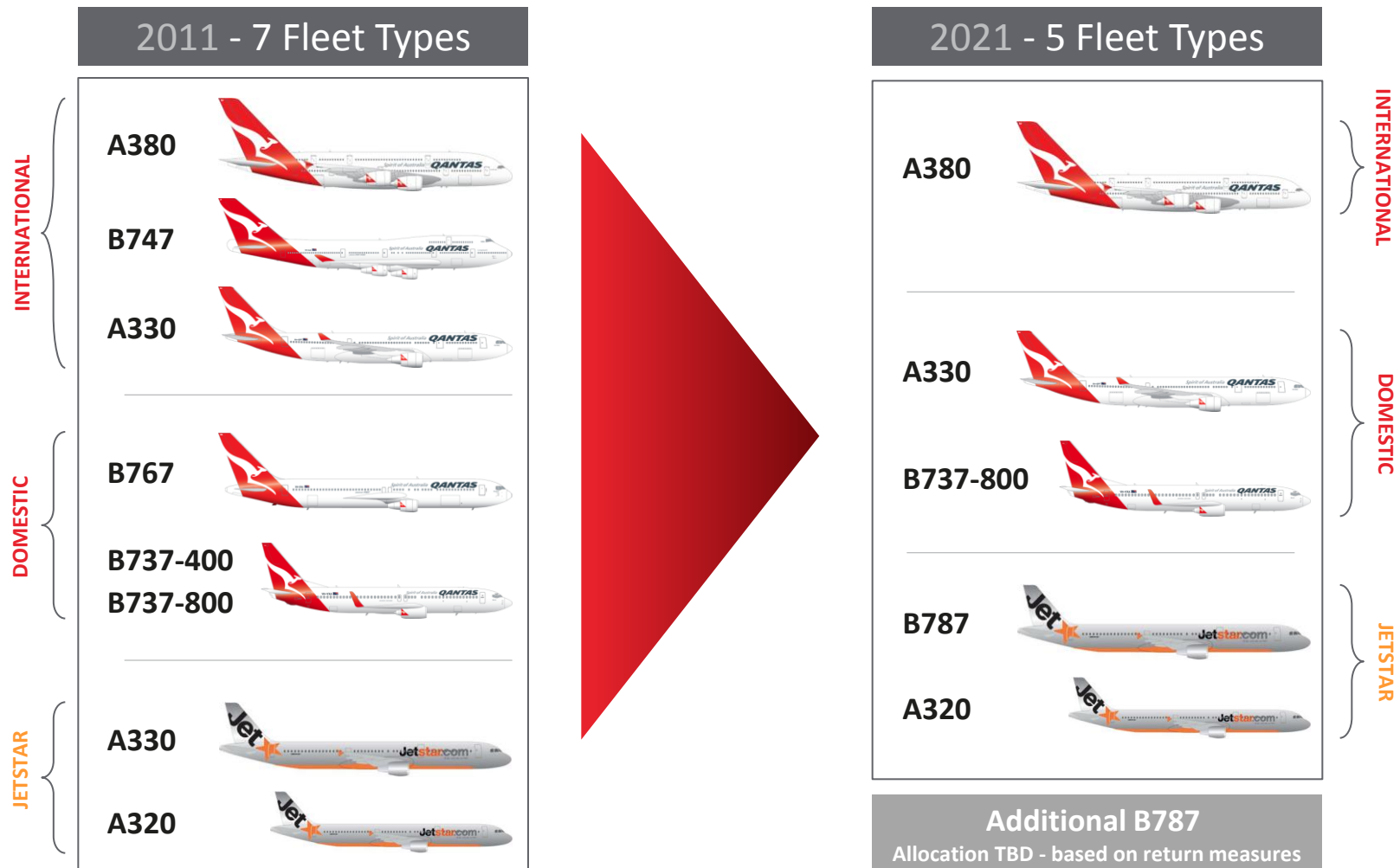
Chief Financial Officer



Virtuous cycle of fleet investment builds long term shareholder value

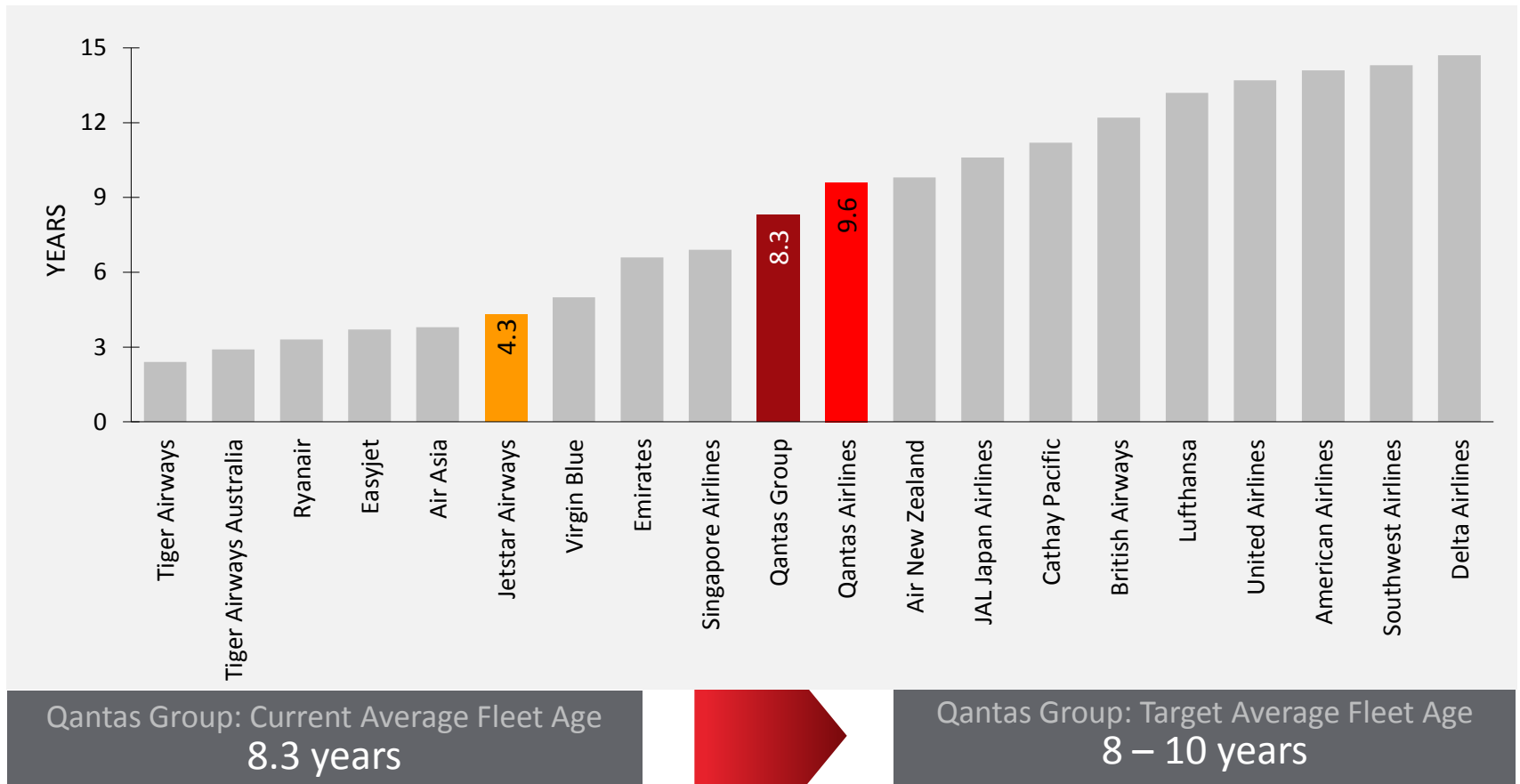


Improved operational efficiency driven by fleet simplification...



... combined with a modern, sustainable fleet

- Jetstar 4.3 years versus average Low Cost Carrier 5.0 years¹
- Qantas Airlines 9.6 years versus average Full Service Carriers 10.5 years¹

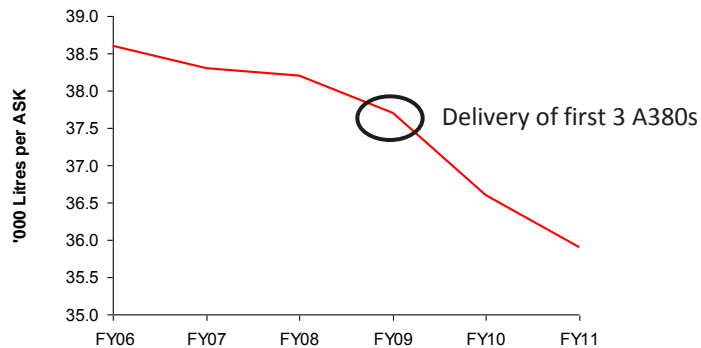


1. Average fleet age based on comparative sample data included in graph

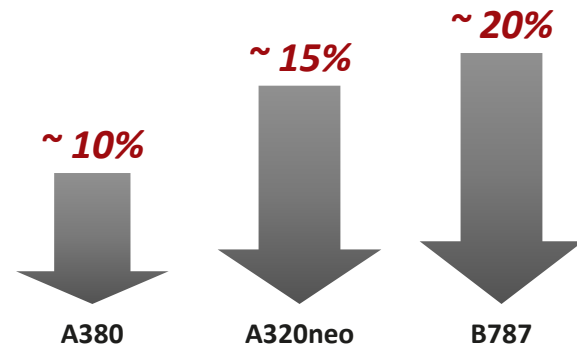
Source: Company reports, data taken from last reported period where available as at May 2011 data. Qantas data as at Q3 2011

Fleet renewal drives superior economics

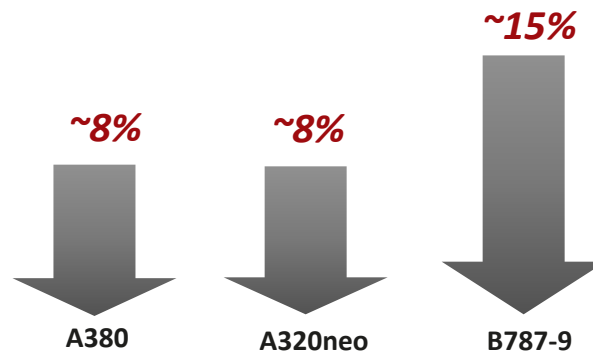
AVIATION FUEL CONSUMPTION



REDUCTION IN FUEL CONSUMPTION ¹

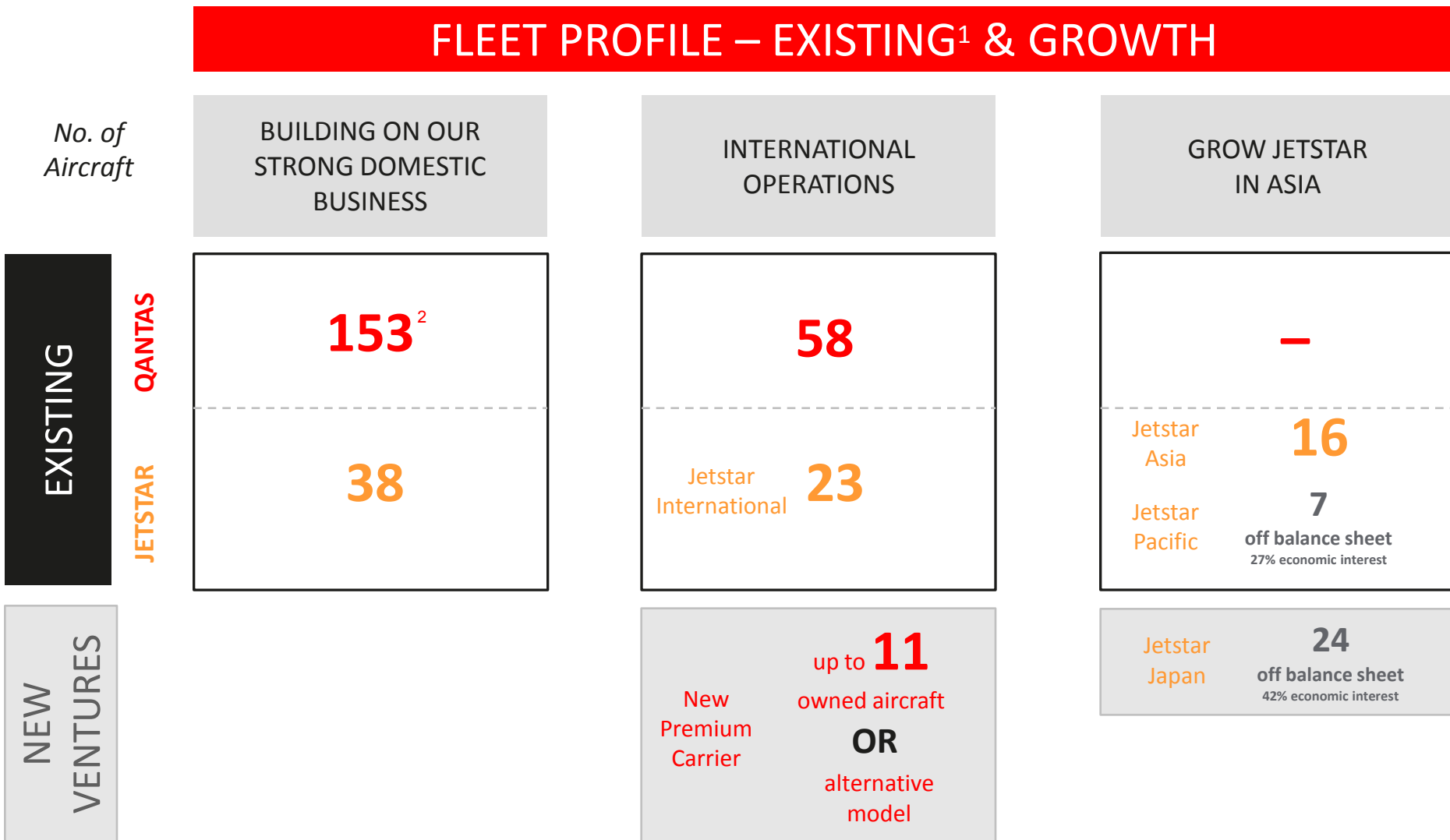


REDUCTION IN UNIT COST ¹



1. A380 compared with B744, A320neo compared to A320 (no sharklets) and B787 compared to B763. Unit cost improvement and fuel savings are approximate.

Disciplined investment in growth markets

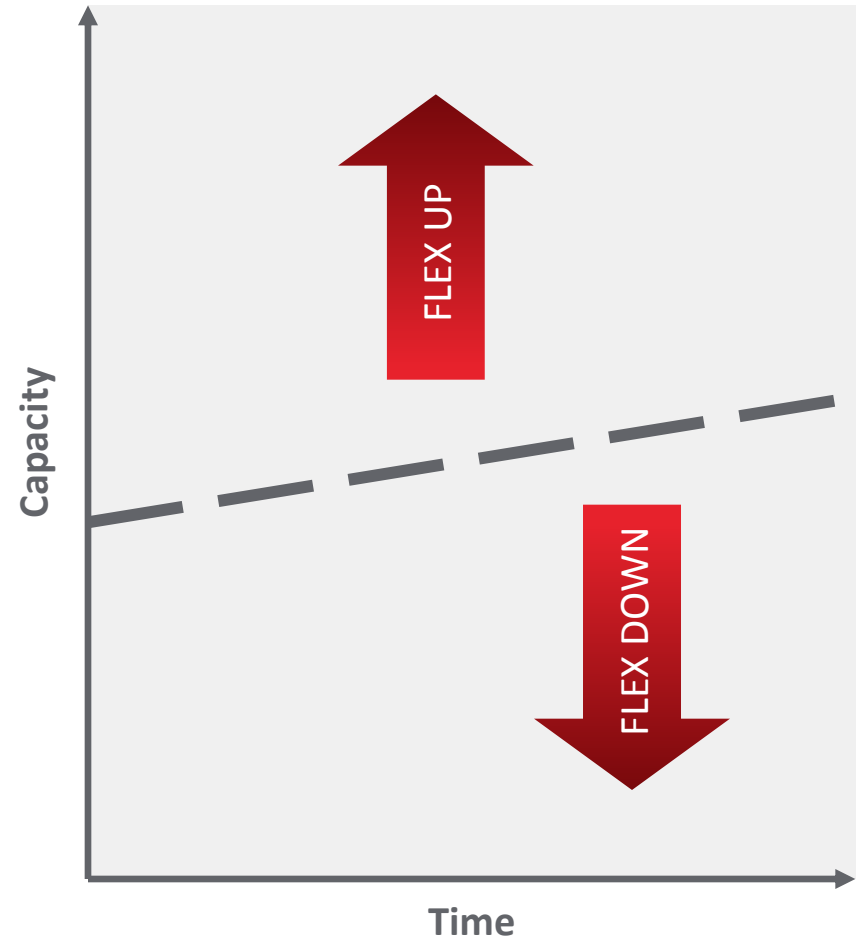


1. Forecast existing passenger Fleet as at 31 December 2011 (excludes 5 x Freighter aircraft) 2. Includes 9 x Network Aviation aircraft

Flexible fleet plan prepared for all market demand scenarios

- Fleet is the major component of asset base and invested capital

- Group's fleet plan includes significant 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



Group: Funding Strategy

Gareth Evans

Chief Financial Officer



Qantas is one of the only airlines with an Investment Grade Credit Rating (IGCR)



- Competitive advantage over peers, particularly in more difficult funding markets
- Enables investment in fleet renewal and new product
- Supports profitable growth

Status of funding markets

- European uncertainty is impacting availability of bank debt
 - Banks focusing on companies with stronger credit profiles
- Qantas bank funding historically sourced from a diverse range of local and offshore institutions
- Qantas retains access to a broad geographic spread of debt funding sources
- ECA¹ rules have recently changed to align pricing and terms to airline credit quality
 - Limited impact on Qantas Group given our strong credit rating and range of alternate funding sources available
- Capital markets products remain open to Qantas
 - e.g public bond markets, EETC-type structures, ECA¹ and ExIm Bonds
- Australia is an attractive jurisdiction for lenders
 - Well developed legal environment
 - Access to assets
 - Upcoming Personal Property Security Act

Strong balance sheet with robust framework for capital management

- Cash reserves exceeding \$3.3bn plus \$300m Standby Debt Facility¹
- \$845m unsecured syndicated loan tranches maturing in April 2014 and April 2015
- Mandated funding in place for FY12 aircraft deliveries including 2 x A380, 10 x B737-800 and 3 x Q400
- Qantas manages its balance sheet to protect its IGCR
 - Increased unencumbered narrow body aircraft by 16 in the past 2 years
 - Retained significant flexibility in the fleet plan
- Continue to leverage balance sheet strength to fund upcoming deliveries with a mix of cash, structured leases, bank and ECA funding
- No financial covenants in any financing facilities
- The Group will continue to actively manage capital to support measured growth, manage the business in uncertain times, maintain an Investment Grade Credit Rating and target appropriate returns for shareholders

Summary

Alan Joyce

Chief Executive Officer



Qantas Group: 5 Year Measures of Success

PILLARS		METRICS	CURRENT RETURNS	TARGET RETURNS	Deliver sustainable and attractive returns to shareholders
Building on our strong domestic business	Profitably building on 65% market share through dual brands	<ul style="list-style-type: none"> Maintain profit-maximising 65% market share NPS: QA - relative NPS differential > 10%; JQ leading LCC NPS QA: 90% OTP² Improvement in unit cost 	ROIC > WACC	Continue to strongly exceed cost of capital ¹	
	Deepening FFP member and partner engagement	<ul style="list-style-type: none"> 10 million QFF members Partners in all areas of major consumer spend 5-10% EBIT CAGR FY12-FY17 Maintain breakage below 10% 	ROIC > WACC	Continue to exceed cost of capital and grow returns	
	Growing our portfolio of related businesses	<ul style="list-style-type: none"> Add incremental value to the Group Individual businesses achieve ROIC > WACC Minimal capital requirements 	ROIC > WACC	Continue to exceed cost of capital	
	Transforming Qantas International	<ul style="list-style-type: none"> Short term: return business to profit Relative NPS differential > 10% 85% OTP Improvement in unit cost 	ROIC < WACC	Improve return on capital ¹	
	Growing Jetstar in Asia	<ul style="list-style-type: none"> Top 2 LCC in Asia Pacific Region (by revenue) Lowest CASK for each Jetstar branded airline All new ventures profitable within 3 years 	ROIC ~ WACC	Improve return on capital	
		<ul style="list-style-type: none"> World leading safety culture 80+% of total workforce "engaged" 	1. Long term financial objective for Qantas Airlines segment is to sustainably exceed the cost of capital on a combined basis		

Summary

- **Group of businesses with significant value**
 - Majority of businesses are strong – evolving, building and growing
 - One underperforming business – transforming Qantas International
 - New opportunities leveraging existing operations – growing Jetstar in Asia
- **Clear vision and strategic objectives with KPIs in place to measure success**
- **Significant change management program underway**
 - Management Team has depth of experience to lead change
- **Resolute on motivating and enabling our people to deliver excellence**
- **Strong balance sheet, prudent approach to capital allocation and a flexible investment profile**

FOCUSED ON EXECUTING STRATEGY TO DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Q&A

