

4D FOCUS

AUSTRALIA

AVIATION & AIRFARES

JUNE 2018

4TH DIMENSION
BUSINESS TRAVEL CONSULTING

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TRAVEL SERVICES

4D FOCUS AUSTRALIA

AVIATION & AIRFARES

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**ABOUT THE
REPORT**

ABOUT THE REPORT

The 4D FOCUS report on *Australian Aviation and Airfares* is critical reading for the travel procurement sector. Developed to support the work of Australia's corporate travel industry, this report is an essential tool for those involved in procuring air travel. The report includes data from the Flight Centre Travel Group (FCTG) and analysis from the global team at 4th Dimension Business Travel Consulting (4D).

The 4D research compares airfare purchasing trends from 2015 to 2017. The report identifies airfare purchasing trends based on the tickets bought through FCTG's retail-leisure and corporate travel businesses. The tracking of ticket price data provides a snapshot of average airfares across the corporate and leisure travel markets. In addition 4D has monitored 'published' fares from airlines and reported on any price changes during the analysis period. The information collated across the top city pair fares purchased are limited to Qantas Airways and Virgin Australia airfares only and are noted accordingly.

All data provided by FCTG has been collated during the 12 month period from January to December and is reported for 2017, 2016 and 2015. FCTG's current market share represents 35% of Australia's retail travel sector and approximately 25% of the corporate travel sector, which provides a solid snapshot into fare trending.

The combination of airfare benchmarking and spread of average ticket prices contained in the report provides procurement managers and business leaders greater insight into the airline market. 4D's benchmarking analysis in this report provides data that procurement managers can use to formulate action plans and drive change. The data also highlights new variables that need to be considered in airline contract negotiations and traveller buying behaviour.

Corporate Airline or Commercial Agreements Organisations with major commercial airline contracts have been removed from this research.

Regional Travel This is travel to and from, or outside of a capital city in Australia

Currency All expenditure is in AUD unless otherwise stated.

Published Fare Airfare offered for sale by an airline.

Purchased Fare Airfare reported as an average of travellers paid fare.

Ticket Is defined as a one-way adult fare unless otherwise stated.

Disclaimer Individual and independent fare comparisons may reveal discrepancies in fare differences. It should be noted that fares used in this analysis have been averaged across all categories and time periods.



02

PERSPECTIVES

PERSPECTIVES

GRAHAM TURNER

FLIGHT CENTRE TRAVEL GROUP - Managing Director

The golden era of travel continues to shine brightly. Competitive international airfares, new direct flights such as the Perth to London, more frequent services, continually improved in-flight amenities plus unprecedented discounting on some routes are but a few of the positive takeaways from 2017. Added to this is the fact that travellers now have more choice, value and channels to do business in, is also helping to increase sales in recent times.

Flight Centre Travel Group's (FCTG) digital transformation is delivering significant benefits for our business and our customers. The group's move to invest in the blended "technology plus humans" service model – means customers have the choice of booking their travel how they want and when they want. I really do believe this golden age of travel will stick around for a few more years with ticket prices staying low and the work life balance putting holidays and 'time-out' at the forefront of family budgets. Evidence of this is the +6.5% increase in international inbound tourism last year, and some of the highest levels of domestic leisure travel the industry has seen for some time. Overall domestic travel growth across both the leisure and corporate sectors was 1.7% for the year. However the increases recorded in the leisure sector were levelled by the downtrend in corporate.

Despite conflicting economic forecasts, the global economy performed stronger than expected in 2017, which has given businesses confidence into 2018-19. This spike in confidence is most notable in the small to medium enterprise market. The large market is expected to follow, but at a considerably slower pace.

For the remainder of 2018 I think we'll see airlines looking to make changes in their pricing structures, which will be driven by fuel surcharges and demand. If the price of oil continues to rise, so too will ticket prices. Additionally there will be further shifts in airline partnerships, and airlines deploying more aggressive but customer-centric tactics to manage marketshare in order to maximise load factors. 2018-19 shows all the signs of positive growth for airlines and with economic conditions remaining in a healthy state for both the leisure and business sectors, passenger volume will only continue to grow.



FELICITY BURKE

4th DIMENSION BUSINESS TRAVEL CONSULTING - General Manager

Reviewing 2017 and looking ahead into 2018-19 the only certainty is more change. Financially both domestic airlines have achieved improved results in the past year and are forecast to continue this for another year. Both Virgin Australia and Qantas Airways have reaped business transformation benefits and are now focused on expanding market share.

4D research shows that on average across the 10 city pairs monitored in 2017 travellers paid +3.5% and +8.9% for domestic economy corporate and leisure fares respectively.

Both Qantas Airways and Virgin Australia increased their published airfares during the year, with the largest percentage increases on the economy class restricted airfares. The carrier-driven increases have pushed the cheaper “leisure traveller” airfares upwards to the range of +2.5-8.0%. Also noted are business class fare increases +2-8% and economy class flexible fares +2-7% during 2017.

Collectively the domestic airlines have maximised their load factors – ending 2017 at 79.4%. For travellers on popular routes this meant fewer vacant seats which is set to continue into 2018-19.

In 2017 Sydney-Melbourne became the 2nd busiest city pair in the world with 54,519 flights, up from 4th busiest city pair in 2016. The growth in passengers has created significant peak periods in Sydney resulting in hotels achieving +90% occupancy and selling their standard rooms three times their standard rate. This trend will continue into 2018-19 where peak travel spikes will see demand surge for airfares and hotels rooms.

2018-19 is showing positive economic signs, 4D forecasts a 3-5% increase in domestic airfares, stagnant international fares on certain low volume routes and an increase on the high volume long-haul routes.

With increases on the horizon, procurement managers for medium and large enterprise are moving into a new cycle for airline contracting. New drivers for cost savings and cost containment will see corporates advance supplier strategies, change policies and simplify the booking process further. We expect this report to be a useful tool for procurement leaders looking to manage air travel budgets and get more ROI from their airline contracts.

Purchased Fare - Airfare reported as an average of travellers paid fare

Published Fare - Airfare offered for sale by an airline

2017 vs 2016 DOMESTIC BENCHMARKING ALL CLASSES

PURCHASED	CORPORATE	▲ 3.5%
FARES	LEISURE	▲ 8.9%
PUBLISHED	QANTAS AIRWAYS	▲ 7.9%
FARES	VIRGIN AUSTRALIA	▲ 2.5%



JOHN SIMEONE

QANTAS AIRWAYS - Head of Business & Government Sales

The world has never been more connected. IATA estimates the number of unique city pairs grew to more than 20,000 in 2017 – double that served by airlines 20 years ago.

And this year, we added another to this list with the start of non-stop services between Perth and London. Our Perth hub brings together all Qantas services under one roof and features the new International Transit Lounge. Customers are voting with their feet with 40 per cent of passengers on the direct flight connecting through Perth to the rest of the Qantas network.

The increasing demand for international travel comes as Qantas continues to add to its new fleet of Boeing 787 Dreamliners. By 2020, we'll have 14 in the fleet featuring the new Business Suite and new Premium Economy seat. These products will also be introduced on our A380 fleet, providing a consistent customer experience across our long-haul network.

On the domestic front, we're rolling out fast and free Wi-Fi across our domestic fleet and works are underway to refurbish the Melbourne Qantas Club and Business Lounge. Our commitment to regional Australia has never been stronger with new figures released showing we contributed more than \$5 billion to the economy in regional Australia in FY17 and supported more than 40,000 jobs. According to a Deloitte Access Economics study, the Qantas Group's contribution

to regional Australia last financial year included:

- More than \$800 million in direct contributions through value added from the regional operations of the Qantas Group and more than \$700 million in indirect contributions to suppliers in regional Australia, including industries such as transport support services, professional services and retail.
- More than 1,000 direct jobs including pilots and cabin crew, and almost 5,000 jobs supported indirectly through the supply chain, such as travel agents and airport support staff.
- Facilitated almost \$4 billion in tourism spending in regional Australia, supporting an additional 36,000 jobs.
- \$450 million spent with more than 1,200 suppliers based in regional Australia.

QantasLink's fleet of turboprop aircraft are also getting a refresh and we're progressing with plans to open the new Qantas Group Pilot Academy in regional Australia. The Academy is expected to welcome its first students next year and is part of the Group's plans to build a long-term talent pipeline of pilots for its group of airlines in one of the fastest growing global industries.

We're seeing growth across all markets including the resources sector and the arrival of new aircraft allows us the chance to open new routes, just like Perth-London. And we're working on the next great

leap. We've challenged Airbus and Boeing to produce an aircraft capable of flying non-stop from the east coast of Australia to London and New York by 2022. We hope to be able to add more city pairs to IATA's list.

I hope you find this year's 4D FOCUS report a valuable and informative resource on Australian aviation in 2018.



ANN ELLIOTT**VIRGIN AUSTRALIA - General Manager Corporate & Industry Sales**

At Virgin Australia, we believe that taking off is where the excitement lives, and we're focused on delivering this enjoyment through every part of our guests' travel experience. We know that all travellers expect an enjoyable and seamless experience from booking through to destination arrival, and we have been working hard on enhancing this customer experience through our product offering and award-winning service.

In the last few months, we've made a number of significant improvements to our customer experience at Virgin Australia, starting with the rapid rollout of our enhanced food and beverage offer. We are thrilled to be expanding the new food and beverage range across the entire network, upgrading our retail cart offering and rolling out new amenity kits and sleep suits for our business class guests. In exciting news, we're also rolling out wi-fi across the majority of our fleet, so that our guests can remain connected even when they're in the sky. We're proud to be the only Australian airline to offer international wi-fi, and look forward to guests using this new service.

At the start of the 2017/18 financial year, we launched our Melbourne to Hong Kong flights and we've since announced the introduction of daily Sydney to Hong Kong flights from July 2018. During the year, we also announced a new alliance with Hong Kong

Airlines and a codeshare agreement with Virgin Atlantic, and we continued to strengthen our Delta Air Lines partnership. Through each of these offerings, we are thrilled to provide our guests with greater opportunities to travel between Australia, Hong Kong, London and Los Angeles.

We continue to invest in the airport experience too, with major developments being made at airports right across our network. We recently announced a major redevelopment of our Melbourne Domestic Airport terminal, which will include automated bag drop facilities, enhanced self-service kiosks, and a dedicated Premium Entry. We've also installed 15 new self-service kiosks at our Adelaide Airport domestic terminal, with Automated Self Bag Drop facilities to be installed in the coming months. To make it easier for travellers to check in to their flights, we are also launching a pop-up check-in and baggage drop service at locations away from the airport, including at Sydney's Overseas Passenger Terminal.

We are also passionate about constantly improving our technology so that we can continue to provide our customers with the most accessible and seamless experience possible. We've launched voice-controlled services with Amazon's Alexa-enabled devices and we continue to review other opportunities in this space. Our new Virgin Australia Airlines app has also just launched Phase 1 of its

new development, with more exciting changes expected in the coming months.

Virgin Australia looks forward to continuing to enhance our guests' travel experience in 2018 with the excitement and innovation that we bring to each part of our service.



The Sabre logo is displayed in white, italicized, sans-serif font on a red rectangular background. The background of the entire advertisement is a photograph of a man and a woman in an airport terminal. The woman is sitting on a luggage cart, waving her hand, and the man is pushing the cart. They are both smiling and appear to be in a hurry. The terminal has large windows and other people in the background.

Sabre®

“

“Yes! Great price for the flights and it only cost a little more for extra legroom and bag check!”

Your customers want more than low cost. Help them find their **YES fare** with Sabre's wide range of ancillaries

www.sabre.com/sayyes



03

**STATE OF THE
MARKET**

3

STATE OF THE MARKET

DOMESTIC

DOMESTIC TRAVEL UPWARD TICK

The total domestic passengers on commercial airlines in Australia reached 62.4M in 2017, an increase of +1.7% on 2016. Domestic flights for the year totalled 685,000, decreasing -0.5% on 2016, as reported by the BITRE. This resulted in average airline load factors rising to nearly 80%.

Tourism Research Australia, reported that the total visitor spend in Australia was \$126.3B with 51% or \$64.5B of this spend attributed to domestic overnight travel, which is up +8% on 2016. Also reported was a +14% increase in the number of interstate overnight business trips reaching 9.5M trips in 2017. It should be noted that these business trips were of shorter duration, with more overnight trips taken per annum.

OVERNIGHT INTERSTATE TRAVEL

	2016	2017	% Vaiance
HOLIDAY	11.02M	11.42M	▲ 4%
*VFR	9.63M	10.25M	▲ 6%
BUSINESS	8.33M	9.49M	▲ 14%
OTHER	1.93M	2.13M	▲ 10%
TOTAL	29.59M	31.87M	▲ 8%

* VFR = Visiting Friends & Relatives

Source: Tourism Research Australia

STATE OF THE MARKET

DOMESTIC

2017

PUBLISHED FARE INCREASES
IN 2017 WERE SIGNIFICANT IN
DOMESTIC ECONOMY CLASS –
SAVER FARES

QANTAS AIRWAYS
AVG +\$19 ▲ 7.9%
VIRGIN AUSTRALIA
AVG +\$6 ▲ 2.7%

PUBLISHED FARES

On the rise

Trending throughout the year was the increase in price for domestic published fares offered by both Qantas Airways and Virgin Australia. Variable published fare price increases occurred on different routes across different fare classes.

DURING 2017 PUBLISHED
FARE INCREASES OCCURRED



Qantas Airways : Jan, Feb, Jul, Oct
Virgin Australia : Jan, May, Sep, Dec

	2016		2017
ECONOMY	▲ 2.6%	QANTAS AIRWAYS	▲ 7.6%
	▲ 1.0%	VIRGIN AUSTRALIA	▲ 2.5%
BUSINESS	▲ 2.4%	QANTAS AIRWAYS	▲ 8.8%
	▲ 2.9%	VIRGIN AUSTRALIA	▲ 2.8%

The nett result of these airline increases saw an upward tick in the average purchase price by both corporate and leisure travellers.

2016 vs 2017 published airfare growth on the top 10 routes as monitored by 4d

STATE OF THE MARKET

DOMESTIC

AIRLINE

The Australian domestic airline market continued to be tight during 2017 in terms of seat growth. Airlines have held any capacity increases, in an effort to better match demand with the number of seats in the market. Local carriers experienced a +0.3% improvement in Revenue Passenger Kilometres (RPK) in 1H-2017, while Available Seat Kilometres (ASK) fell -2.3% and load factors rose +3.2 points to 79.4%.

One of the biggest changes over the past year is the reduced investment in mining, oil and gas resulting in lower travel demand into Western Australia. As a result of the softening, Qantas Airways and Virgin Australia shifted capacity from the west to the east coast of Australia, in both their full service and low-cost carrier divisions, with no additional fleet deployed.

MEL
SYD

BUSIEST Route

MEL-SYD is the busiest domestic route and globally it moved up to 2nd busiest route in 2017 (ranked 4th in 2016)

Brisbane – Sydney is the next busiest domestic route with 4.7M seats flown during 2017



FASTEST % Growth

Routes with the largest percentage growth in passenger numbers in 2017

MELBOURNE – SYDNEY

10.8M SEATS ▲ **1.2%** on 2016

54,500 FLIGHTS

83.9% AVG LOAD ▲ **1.3%** on 2016

BRISBANE-PROSERPINE ▲ **14%**

CANBERRA-MELBOURNE ▲ **10%**

MELBOURNE-SUNSHINE COAST ▲ **10%**

STATE OF THE MARKET

DOMESTIC

DOMESTIC CAPACITY SEAT INCREASES

The overall domestic market share of seats for the past three years has seen nominal change. Tigerair Australia was the only carrier to add +12.2% or 580K additional seats in 2017.

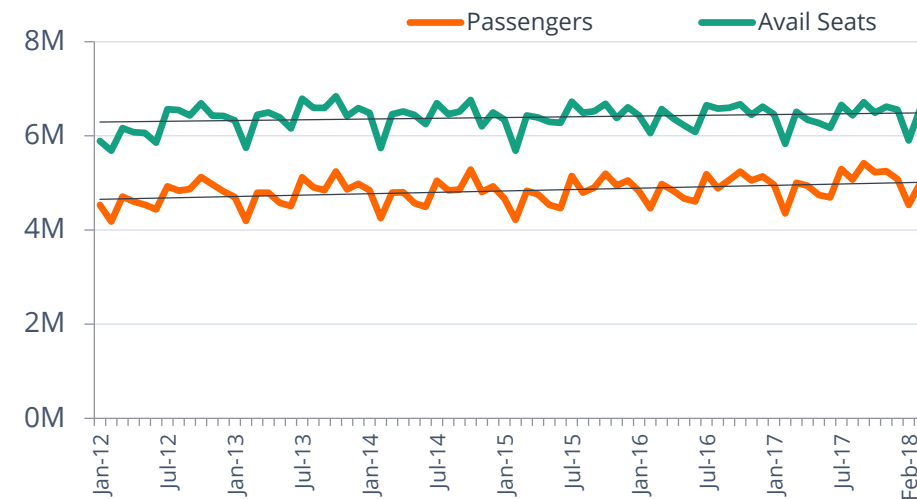
TIGERAIR AUSTRALIA	▲ 12.2%
JETSTAR AIRWAYS	▲ 0.2%
VIRGIN AUSTRALIA	0.0%
QANTAS AIRWAYS	▼ 3.1%



SEATS Flown vs Available

The gap between passengers flown vs available seats continued to close in 2017 to only 20.6% (23.8% in 2016)

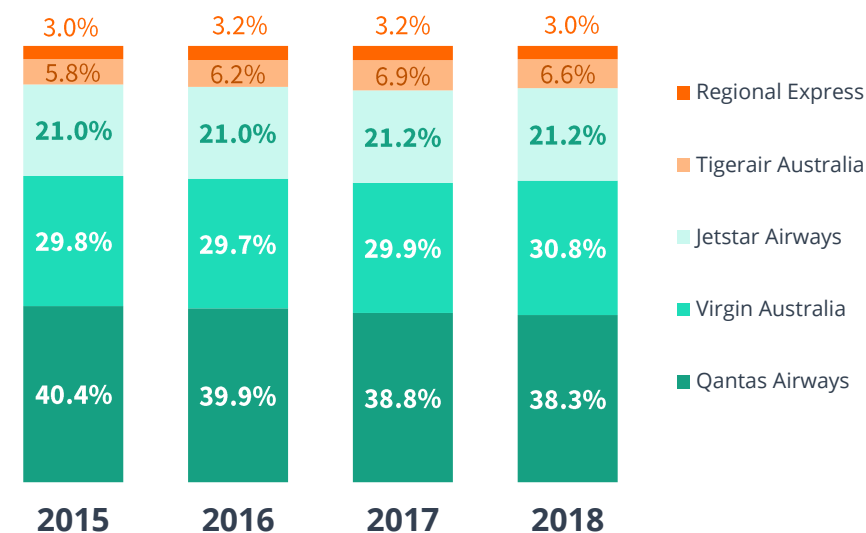
Source : BITRE



SEATS Market share

Seat market share in the past three years has seen little change. The forecast for 2018/19 is uncertain due to changes in the international landscape for both Virgin Australia and Qantas Airways

Source : FlightGlobal





QUEST APARTMENT HOTELS

AUSTRALASIA'S EXTENDED STAY

ACCOMMODATION LEADER

Quest Apartment Hotels has a long and proud history of looking after business travellers seeking a home away from home.

Now in over 160 locations across Australia, New Zealand and Fiji, Quest Apartment Hotels is Australasia's leading apartment hotel provider, and we continue to specialise in accommodating the needs of business travellers. Whether travelling solo, in a project team or relocating with family for a new job, Quest is the ideal choice.



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or call +61 3 9645 8357


QUEST
APARTMENT HOTELS

3

STATE OF THE MARKET

INTERNATIONAL

PASSENGER GROWTH & NEW CARRIERS

International passenger movements through Australia during 2017 was 39.6M, +5.3% on 2016. This is a combination of inbound visitors, returning residents from short or long term stay and transiting passengers.

During the year the international airline landscape continued to change, with a number of new airlines coming into the market, including China Eastern Airlines, Beijing Capital Airlines, Hainan Airlines and Tianjin Airlines; introducing new services from Wuhan, Qingdao, Shenzhen and Chongqing, respectively.

AIRLINES

62

International airlines
operated to/from
Australia during
2017

LEISURE

+5%

Leisure arrivals growth
(holiday + visiting family
& friends) during
2017

ARRIVALS

8.8m

Inbound visitors into
Australia during
2017 +6.5% on
2016

3 STATE OF THE MARKET

INTERNATIONAL



2017

PURCHASED FARES

International fares remained low in 2017, which was a continued trend from 2016. As monitored by 4D, the top 10 routes average purchase price across corporate travellers remained flat and leisure travellers saw a reduction in economy class and a small reduction in business class.

	CORPORATE		LEISURE	
ECONOMY	▲	0.3%	▼	5.4%
BUSINESS	▼	0.7%	▼	0.1%

STATE OF THE MARKET

INTERNATIONAL

INBOUND VISITORS

New Zealand, Singapore and United Arab Emirates were the top three countries in terms of inbound passenger traffic for 2017. During the year, 75% of visitors came to Australia for holidays and visiting friends & relatives, 11% were visiting for business and conferences, 7% education and the remaining 7% visiting for other reasons.

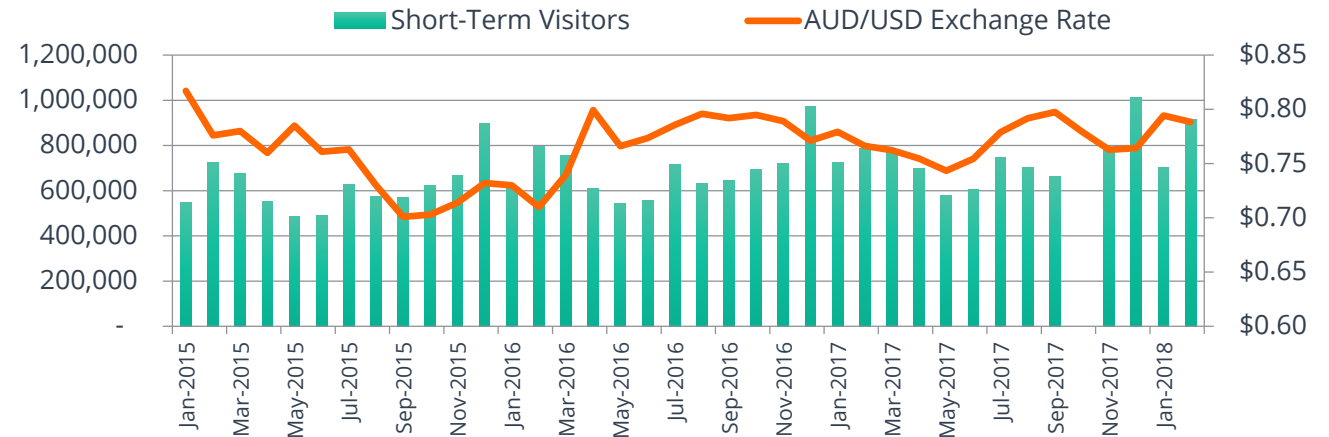
According to Tourism Research Australia, by 2025 there will be 15M inbound visitors and Chinese travellers are expected to make up 43% of visitors.



ARRIVALS

Visitors + FOREX

Short-term visitor arrivals vs AUD/USD exchange rate
(Jan-15 to Feb-18)



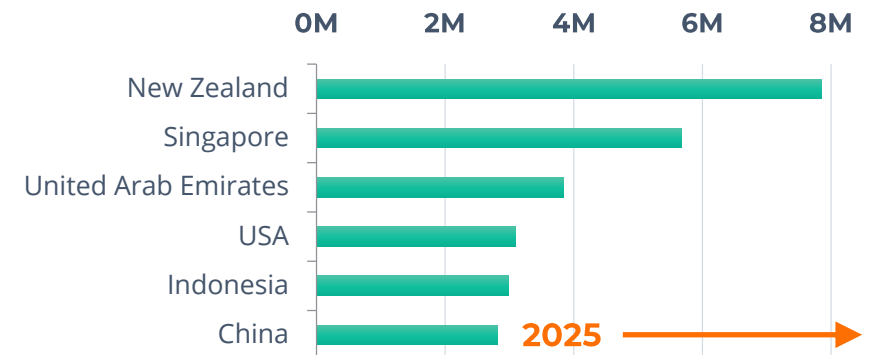
Source: International Airline Activity 2017 - BITRE



ARRIVALS

Inbound visitors

2017 top six inbound passenger countries to Australia by country point of origin



STATE OF THE MARKET

INTERNATIONAL

OUTBOUND TRAVEL

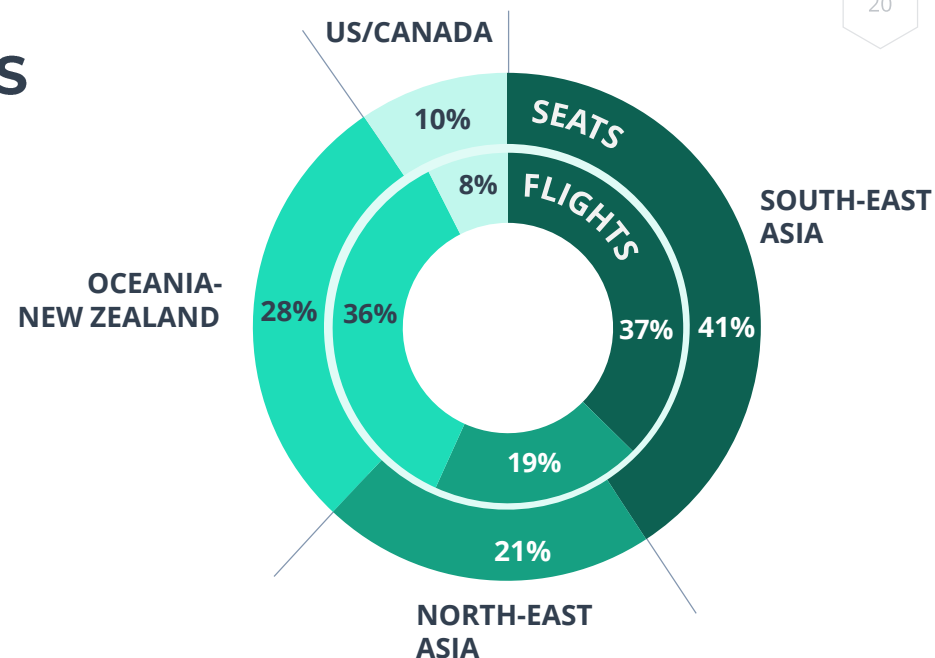
For the year ending June-2017 the total number of Australian residents travelling overseas was 9.1M which was a rise of +6.3% (538K) on the previous year. Of recorded travel, 56% of residents were travelling for holidays. The most frequent markets visited were New Zealand with 1.3M trips, 13.9% of total annual trips and Indonesia with 1M trips, 11.6% of outbound market share.

By 2025, Tourism Research Australia estimate that the total number of outbound trips per annum will increase to 14.8M.



DESTINATIONS Outbound

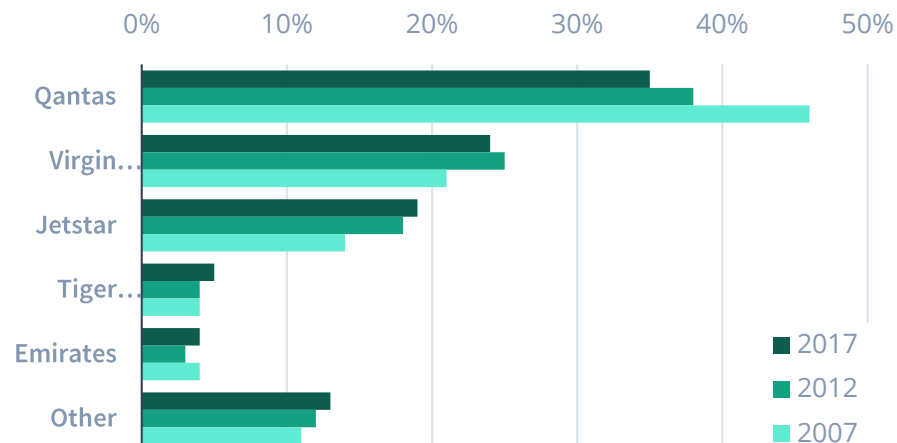
International outbound reach - Year ending December 2017



MARKETSHARE Top 5 Airlines

International market share by top 5 airlines year ending December 2017

Source: BITRE



04

AIRLINE
PERFORMANCE

TOP TRENDS

TOP FIVE TRENDS WE ARE SEEING FOR DOMESTIC CARRIERS

SEASON SHIFTS

Creating challenges & opportunities for corporate travel both airfares and hotels

VIRGIN AUSTRALIA TRANSFORMATION

VA Transformation program is in its 2nd year with positive results emerging

FLIGHT NETWORKS

The airlines are focusing on network expansion and development

QANTAS TRANSFORMATION

Transformation program resulting in out performing targets

TOURISM

Steady growth set to keep pace into 2018-19



**QF**

QANTAS GROUP

The Qantas Group has had another strong financial year, reporting an underlying profit before tax EBIT of \$1.4B for the 12 months ending 30-June-2017. This result represents the second highest performance in Qantas' history. All parts of the Qantas Group delivered strong returns during the financial year, including Qantas International, which has faced high levels of capacity growth in the broader market. It posted an underlying EBIT of \$327M for the 12 months ending 30-June-2017.

The Group reported another \$470M in transformation benefits, completing the three year Qantas Transformation program and outperforming the \$2B target by \$125M.

2017 was not only a game changer for the carrier financially, but also operationally, most notably by the delivery of two Boeing 787-900 aircraft, out of a total of eight, all of which are expected to join the fleet by 1H-2019. The new aircraft will be utilised to operate Los Angeles-Melbourne-Perth-London services. In Q3-2018, the Qantas Group recorded total revenue up +7.5% to \$4.25B. The transformation program remains on track and is set to deliver >\$400M in gross benefits in FY18. This current financial year is likely to produce record results despite fuel increases.

**JQ**

JETSTAR AIRWAYS

The Jetstar Group reported underlying EBIT of \$417M for the 12 months ending 30-June-2017. Although this represents a fall of \$35M, the result remains the second highest in the carrier's

history. Jetstar's domestic Australian operations posted another strong profit and its international routes to-and-from Australia also performed well.



VIRGIN AUSTRALIA GROUP

The Virgin Australia Group concluded the first of its three year 'Better Business' restructuring program, which targets savings of \$350M per annum by the end of FY2019. The program is now yielding positive results, with a reported statutory loss after tax of \$185.8M for the year ending 30-June-2017, representing an improvement of \$38.9M over the prior corresponding period. All four of the group's business units - Virgin Australia Domestic, Virgin Australia International, Tigerair Australia and Velocity Frequent Flyer – reported improved performance during the period. However, the carrier noted subdued domestic trading conditions and fleet simplification measures have affected the

financial results for FY2016/17. Virgin Australia Group CEO John Borghetti said the improvement represented four consecutive quarters of underlying performance improvement for the group, and noted the figures represented the first positive free cash flow result since 2012. For 1H-2018 financial year, the Virgin Australia Group reported an underlying profit before tax of \$102.5M, representing an increase of 142.3% over the previous corresponding period. This is the highest first half underlying profit before tax result in 10 years. The group's underlying performance is expected to further improve in 2H-2018.



TIGERAIR AUSTRALIA

Tigerair Australia reported an operating loss of \$24.3M in the 12 month period ending 30-June-2017, compared to a profit of \$2.2M over the prior corresponding period. The loss is attributed to the costs associated with the launch and withdrawal of

Denpasar operations. Despite the hurdles, the low cost carrier continued to expand its domestic network with the launch of Hobart-Coolangatta, Brisbane-Perth, Melbourne-Townsville and Brisbane-Canberra services.

ZL

REGIONAL EXPRESS GROUP

The Regional Express Group, which is comprised of Regional Express Airlines, Air Link, Pel-Air Aviation and the Australian Airline Pilot Academy, saw a recovery in the Australian regional economy, which translated to a recovery in regional travel and aviation demand. This modest recovery, which is partly fuelled by a slight improvement in select mining locations, saw the group achieve an underlying profit before tax of \$17.8M for the financial year ending 30-June-2017. This represents a quadrupling of operational profit over the \$4.3M recorded for the previous financial year. Regional Express Airlines chairman Lim Kim Hai said, "I see a bottoming out of the declines we experienced in the prior six years with a modest but clear recovery of passenger numbers in FY17, which no doubt mirrors what is happening in the Australian economy".

During the year, the carrier continued to operate using its fleet of 52 SAAB340 turboprop aircraft, which currently stand at an average age of 24 years old. Despite the fleet age, the aircraft remain well suited for outback regional operations, especially for small airports with short and unpaved runways, and continue to be an efficient operating strategy for the carrier. For 1H-FY18, Regional Express Holdings reported an after tax statutory profit of \$9.1M, representing an operating profit after tax improvement of 47% over the prior period. Group revenue increased by 4.6% to \$15M, and passengers carried increased by 3.6% to 634,103. This was attributed to improvements in load factors and yield in the traditional network. Looking ahead for the next 12 months, operating conditions appear promising, as regional travel will likely continue to recover.



05

INDUSTRY
FORECAST

5

INDUSTRY FORECAST

FOUR KEY THEMES FOR THE YEAR AHEAD

Domestic airfares are set to increase over the coming 18 months providing the carrier mix remains the same. Economic conditions will stimulate expenditure and encourage discretionary spending and that will mean more travel. Observed in H1-2018 domestic published fares have increased 1-2%. And also noted is the gradual rise in oil prices.

2018 FORECAST INCREASE ON PURCHASE FARES

CORPORATE	LEISURE
▲ 2.5%	▲ 4.6%

SHIFTING AIRFARES



INTERNATIONAL AIRLINES



PASSENGER TECHNOLOGY



TRANS-TASMAN ROUTE





SHIFTING AIRFARES

Four fundamentals to trigger airfare changes in the year ahead

1 TRANSFORMATION

Well managed yield by the Qantas and Virgin groups has resulted in successful load factors in the past year. Solid load factors combined with targeted increases for some published fares has meant both carriers have achieved bottom line improvements. For 2018/19 increasing market share on domestic and trans-tasman routes will be a core focus.

2 TOURISM

Set to continue well into 2020, growing tourism puts pressure on the supply of airline seats, hotel beds, dining and entertainment, ground transport and so forth. Growing demand at times outstrips supply and causes – rightly or wrongly – prices to spike. These leisure travel commodities have a direct impact on corporate travellers.

3 THE BARREL

The rise of oil prices will require airlines to rethink fare levels and it is likely that surcharges will return in the coming six months on the back of oil price increases.

4 ECONOMIC CONDITION

The positive outlook will continue domestically, reinforcing the growing number of Australian travellers taking short breaks domestically and international holidays where they see value in the exchange rates. More positive results and sentiment across the mining sector in the future, albeit not to the extent of the 2012/13 boom, could see the regional travel rebound continue, impacting seat availability and prices.



PASSENGER TECHNOLOGY

Connected technology such as biometric systems designed for a frictionless passenger experience at the airport are a reality. They speed up processing times, help reduce airport congestion and also improve the passenger experience, resulting in minimal human interaction and reduced need for physical staff at the airport.

SITA, who provide IT and telecommunication services to the air transport industry commenced a trial in March 2018 at Brisbane Airport for passengers flying Air New Zealand heading across the trans-tasman. The trial using SITA Smart Path technology has shown a 70% reduction in processing time for boarding and check-in.

During check-in a single secure token is created which in this trial is the passengers face. When boarding the flight passengers' walk through an automated boarding gate using facial recognition technology to verify the correct passenger is boarding the correct aircraft – no need for a final check of passport, travel documents or boarding pass at the gate.

By the end of the year Qantas Airways aim to be using biometrics.



TRANS-TASMAN ROUTE

In April-2018 Air New Zealand and Virgin Australia announced the end of their trans-tasman alliance on 27-Oct-2018, following a seven year partnership. During March 2018 Emirates withdrew two A380's on Tasman services from Auckland to Brisbane & Melbourne and from June 2018 the airline will remove their Auckland-Sydney. With these alliance changes and fleet withdrawals there is a likely 4% decrease in seats which are now up for grabs. In the coming months Air New Zealand, Qantas Airways and Virgin Australia will make tactical moves to envelope more market share.

AIR NEW ZEALAND

The airline plans to increase seats significantly during the late half of 2018.

- Launching two new routes across the Tasman including four times weekly Queenstown-Brisbane services from 18-Dec-2018 and five times weekly Wellington-Brisbane.
- Additional flights will commence from 28-Oct-2018 on Sydney-Auckland, Melbourne-Auckland and Brisbane-Auckland.
- Increased services on both Melbourne-Christchurch and Brisbane-Christchurch routes will also occur with twice daily on peak days of the week (est. Monday Wednesday, Saturday, Sunday) and Sydney-Christchurch with a twice daily Monday to Friday.

QANTAS

Now flying bigger aircraft across the Tasman, using A330s on some routes to supplement Boeing 737s. Qantas will also be adding two additional services on the Melbourne-Auckland route.

It should be noted that extra capacity from Qantas is required by regulators as part of the Emirates-Qantas commercial partnership. We therefore expect the airline will make further changes in the months ahead.

VIRGIN AUSTRALIA

Effective from 28-Oct-2018 the airline will have capacity increases and the offering of business class on Melbourne-Queenstown. This is setting the airline up for a much needed network expansion across the Tasman supporting both leisure and corporate travellers. All routes will operate with Boeing 737-800 aircraft in two class configuration.

- New routes to be launched include Sydney-Wellington, five times weekly, and Melbourne-Queenstown, four times weekly.
- Capacity increases are scheduled for Auckland-Sydney, three times daily weekdays and twice daily weekends. Auckland-Melbourne will be increased to twice daily, and Auckland-Brisbane increased to twice daily and up to three times daily on peak days.
- To cater for increases on other routes the airline will reduce schedules on Christchurch-Melbourne from nine to seven flights weekly, and Brisbane-Wellington from fourteen to nine flights weekly.



INTERNATIONAL AIRLINES

JETSTAR

Jetstar will operate the A321LRs on Melbourne and Sydney to Bali, currently operated by the Boeing 787-8. All 18 A321LR are expected to be delivered by the end of 2022 to replace Jetstar's oldest A320s for use on domestic and international routes

QANTAS

Qantas made history by launching their Perth-London super long-haul service. Pushing back at 7pm on Saturday 24 March 2018, QF9 carried 200 passengers on a Boeing 787-9 total journey time was 17 hours, arriving into London at 5am on Sunday. Qantas offer three routes between Australia and London: direct Perth-London; a reinstated Sydney-Singapore-London service; and Brisbane, Sydney, Melbourne, Adelaide and Perth to London via Dubai with partner Emirates.

With growing demand for Premium Economy, Qantas will use the new A380 Cabin-Flex configuration to add 25 premium economy seats on the aircraft's upper deck, replacing 30 economy class seats. According to Airbus, the new A380 Cabin-Flex configuration will enter service in mid-2019.

Qantas plans to increase Perth-Singapore capacity to operate twice daily from 08-Apr-2018. This route will be operated by a Boeing 737-800 aircraft.

EMIRATES

Continues daily nonstop Dubai-Auckland services and commences Dubai-Denpasar-Auckland service with Boeing 777-300ER equipment on 14-June-2018. Emirates increased Dubai-Sydney frequency to four times daily and deployed A380 equipment on a third daily Dubai-Melbourne frequency in March 2018, making both services all A380 operations.

SINGAPORE AIRLINES

The airline plans to deploy Boeing 787-10 aircraft on the Singapore-Perth service from 7 May 2018, offering 36 business class and 301 economy class seats. Singapore Airlines CEO Goh Choon Phong said there will probably be more routes in Australia they will consider deploying the 787-10 to. The airline commenced daily Singapore-Sydney-Canberra services on 1-May-2018 offering a four-class cabin and four times weekly. And on 3-May-2018 the airline commenced a two-class cabin on the Singapore-Melbourne-Wellington service. The airline suspended four times weekly Singapore-Canberra-Wellington service, from 1 May 2018.

VIRGIN AUSTRALIA

From July-2018 the airline will be launching a daily Sydney-Hong Kong services on A330-200 aircraft. Virgin Australia Airlines Group Executive Rob Sharp said fares between Australia and Hong Kong had dropped 40% since the airline launched Melbourne-Hong Kong route in July-2017; signalling strong competition on the route.

Because travelling for work shouldn't be hard work

Take the stress out of flying. With Qantas Points and Status Credits for Qantas Frequent Flyers, premium service, over 35 lounges across Australia, complimentary inflight Wi-Fi on selected flights and a network second to none, we'll get you there with comfort and ease.

The Spirit of Australian Business

A photograph of an airplane cabin interior, showing rows of seats and passengers. The image is heavily overlaid with a teal/cyan color filter. A dark grey hexagonal shape is centered on the image, containing the text.

06

DOMESTIC
BENCHMARKING

6

DOMESTIC AIRFARE TRENDS

PUBLISHED FARES

This analysis includes the comparison of average fares published for sale during 2017 by both Qantas Airways and Virgin Australia compared to 2016.

Published fares were monitored by 4D on the 10 key routes during 2017

2017 AVERAGE INCREASE

COMBINED BUSINESS & ECONOMY CLASS

QANTAS AIRWAYS	VIRGIN AUSTRALIA
▲ 7.9%	▲ 2.5%

AVERAGE ECONOMY FARE

On the 10 key routes, average price variance between carriers in 2017 **\$9**

AVERAGE INCREASE FARE CLASS

On the 10 key routes

TOP ROUTE COST IMPACT

Most affected by published fare increases. (Jan'17-Jan'18)

ECONOMY

QANTAS
AIRWAYS**\$452**VIRGIN
AUSTRALIA**\$443**

BUSINESS

+8.8%**+2.8%**

ECONOMY-FLEX

+7.3%**+2.2%**

ECONOMY-SAVER

+7.9%**+2.7%****ADL-MEL**

BUSINESS

+\$63 **+8.2%**+\$3 **+0.4%**

ECONOMY FLEX

+\$33 **+8.0%**+\$10 **+2.6%**

ECONOMY SAVER

+\$15 **+10.1%**+\$6 **+4.0%**



DOMESTIC BENCHMARKING

PURCHASED ECONOMY FARES

34

	CORPORATE FARES				LEISURE FARES			
	2015	2016	2017	% Var.	2015	2016	2017	% Var.
ADL-MEL	\$136	\$133	\$136	+2%	\$111	\$107	\$119	+11%
ADL-SYD	\$172	\$175	\$185	+6%	\$135	\$131	\$149	+14%
BNE-MEL	\$189	\$177	\$182	+3%	\$158	\$144	\$158	+10%
BNE-PER	\$316	\$295	\$301	+2%	\$279	\$255	\$265	+4%
BNE-SYD	\$156	\$148	\$152	+3%	\$127	\$115	\$127	+10%
CBR-SYD	\$156	\$163	\$164	+1%	\$95	\$93	\$103	+11%
HBA-MEL	\$143	\$136	\$148	+9%	\$105	\$95	\$106	+12%
MEL-PER	\$280	\$277	\$286	+3%	\$240	\$239	\$256	+7%
MEL-SYD	\$179	\$186	\$193	+4%	\$141	\$143	\$163	+14%
PER-SYD	\$300	\$291	\$303	+4%	\$263	\$244	\$260	+7%
ALL	\$203	\$198	\$205	+3%	\$165	\$157	\$171	+9%

Data collected by 4D Business Intelligence team shows increases across all **purchased fares** across all the key city pairs analysed. This demonstrates that while seat capacity has remained relatively flat, with only a small adjustment of fleet across the network - airlines have been able to yield improved returns from corporate and leisure travellers.

The city-pair summary displayed includes average airfares for all leisure sectors and corporate segments including large enterprise and medium to small business.

CORPORATE vs LEISURE

The average purchased fare for leisure travellers is now 16.5% lower than the average corporate fare, which is a 7.7% shift on 2016 where the average gap between leisure and corporate fares was 24.2%.

Analysis of these airfares indicates that all travellers saw airline increases in the low base fare classes, which are traditionally booked by leisure travellers and some corporate travellers who book 14-21+ days in advance.

ADL MEL



2018/19 FARE OUTLOOK

CORPORATE	-2.0%
LEISURE	+2.5%



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017	58,700
VS	
2016	+1%
FORECAST	
2018	+2%

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL

37.7%	36.2%	15.3%	10.8%	2017
QF	VA	JQ	TT	
38.2%	35.3%	15.6%	10.9%	2016

ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

35

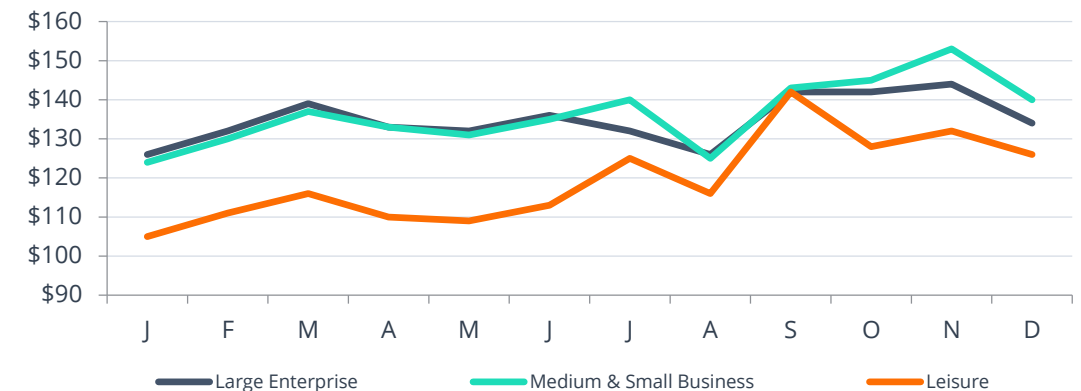
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$815	\$452	\$168
Var	\$63 8.2%	\$33 8.0%	\$15 10%
VIRGIN AUSTRALIA	\$739	\$418	\$151
Var	\$3 0.4%	\$33 2.6%	\$6 4.0%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$136	\$134	\$135	+0.4%
MEDIUM & SMALL BUSINESS	\$136	\$132	\$136	+3.0%
LEISURE	\$111	\$107	\$119	+12.0%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



ADL SYD



2018/19 FARE OUTLOOK

CORPORATE **+0.5%**
LEISURE **+3.0%**

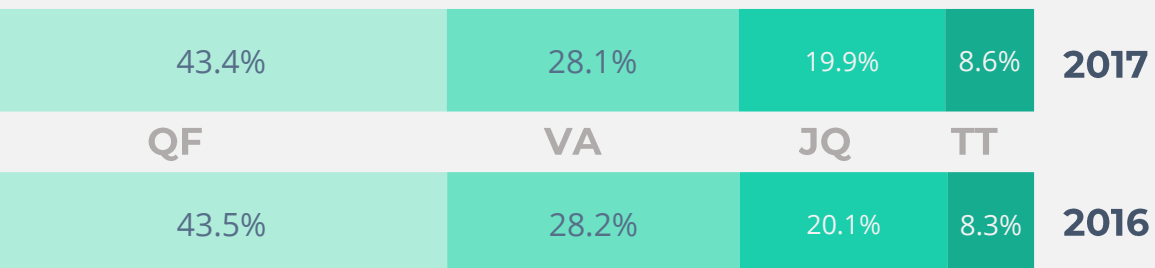


WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017
VS
2016
FORECAST
2018

45,300
+0%
+0%

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

36

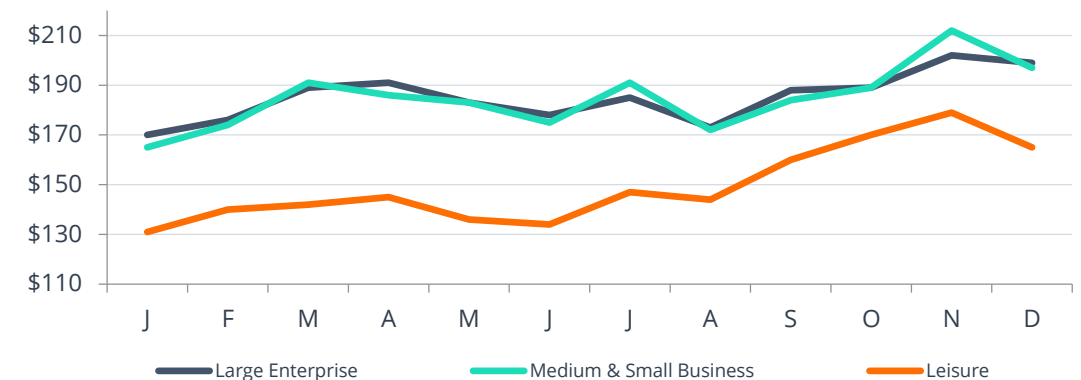
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$1,008	\$564	\$210
Var	\$84 8.5%	\$38 7.4%	\$18 10%
VIRGIN AUSTRALIA	\$928	\$528	\$193
Var	\$6 0.7%	\$9 1.9%	\$10 5.6%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$174	\$177	\$185	+4.5%
MEDIUM & SMALL BUSINESS	\$171	\$172	\$185	+7.5%
LEISURE	\$135	\$131	\$149	+14.5%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



BNE MEL



2018/19 FARE OUTLOOK

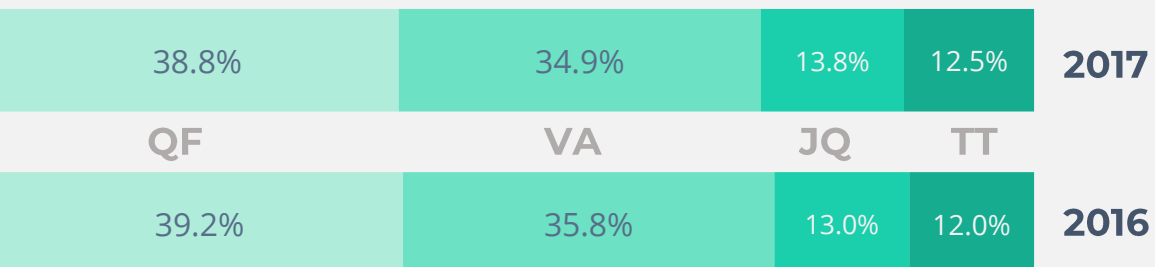
CORPORATE **+0.0%**
LEISURE **+0.0%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **86,500**
VS
2016 **+1%**
FORECAST
2018 **+0%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

37

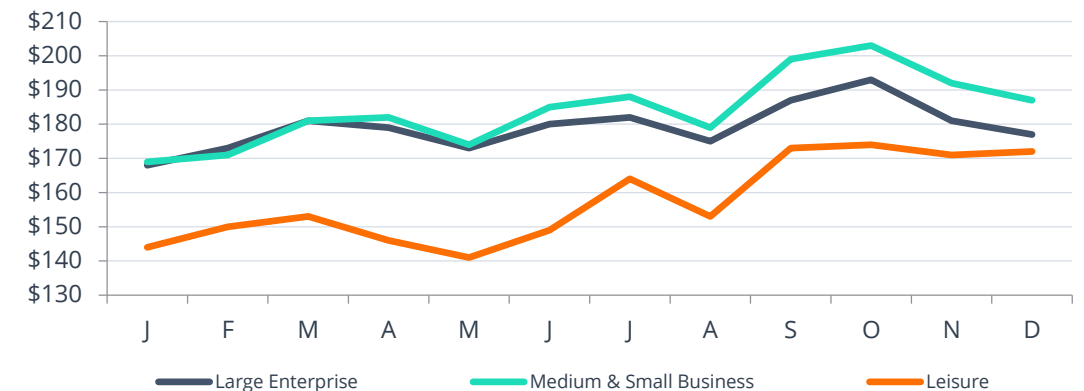
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$1,225	\$648	\$263
Var	\$89 7.6%	\$41 6.9%	\$11 4%
VIRGIN AUSTRALIA	\$1,079	\$609	\$270
Var	-\$2 -0.1%	\$9 1.9%	-\$1 -0.8%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$187	\$176	\$179	+1.7%
MEDIUM & SMALL BUSINESS	\$191	\$177	\$184	+3.9%
LEISURE	\$158	\$144	\$158	+9.5%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



BNE PER



2018/19 FARE OUTLOOK

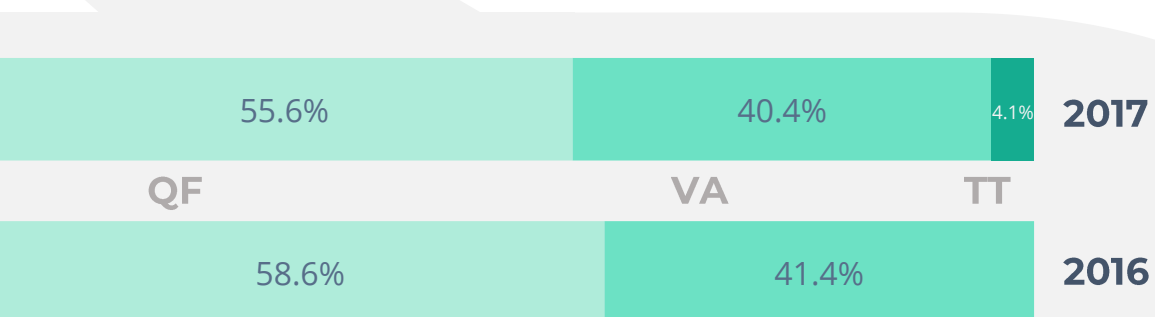
CORPORATE **+1.0%**
LEISURE **+1.5%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **23,100**
VS
2016 **-4%**
FORECAST
2018 **+0%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

38

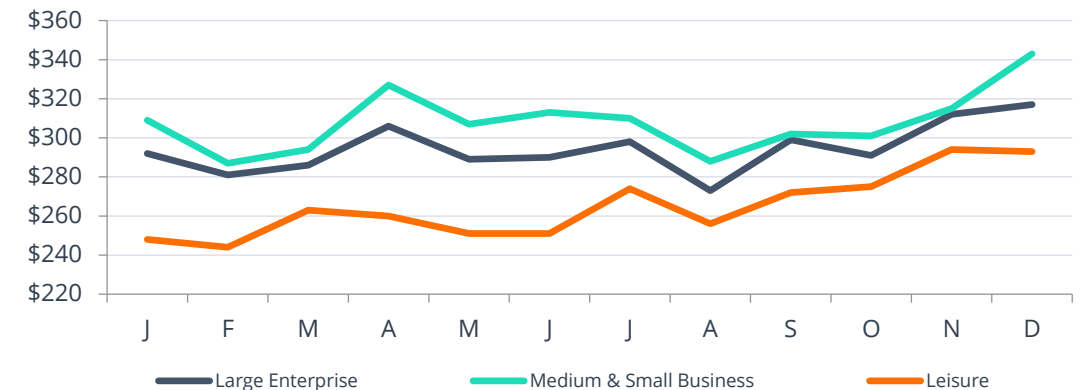
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$2,424	\$1,058	\$395
Var	\$230 10.2%	\$63 6.2%	\$29 7%
VIRGIN AUSTRALIA	\$2,370	\$992	\$368
Var	\$177 7.9%	\$4 0.5%	\$5 1.2%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$304	\$288	\$295	+2.3%
MEDIUM & SMALL BUSINESS	\$327	\$301	\$308	+2.2%
LEISURE	\$279	\$255	\$265	+4.2%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



BNE SYD



2018/19 FARE OUTLOOK

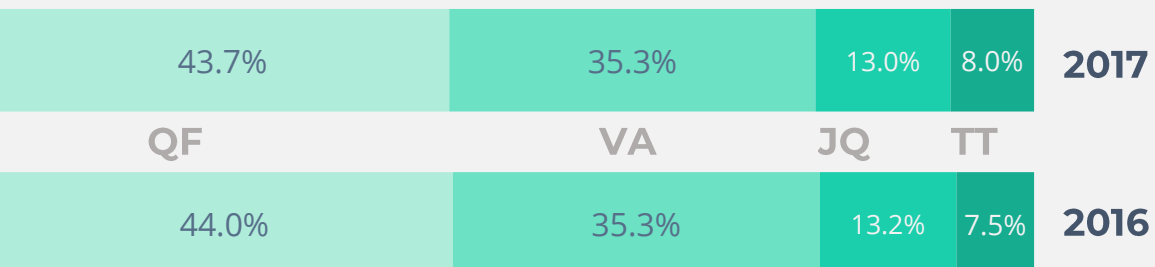
CORPORATE	-3.0%
LEISURE	-2.5%



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017	113,900
VS 2016	+1%
FORECAST 2018	+2%

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

39

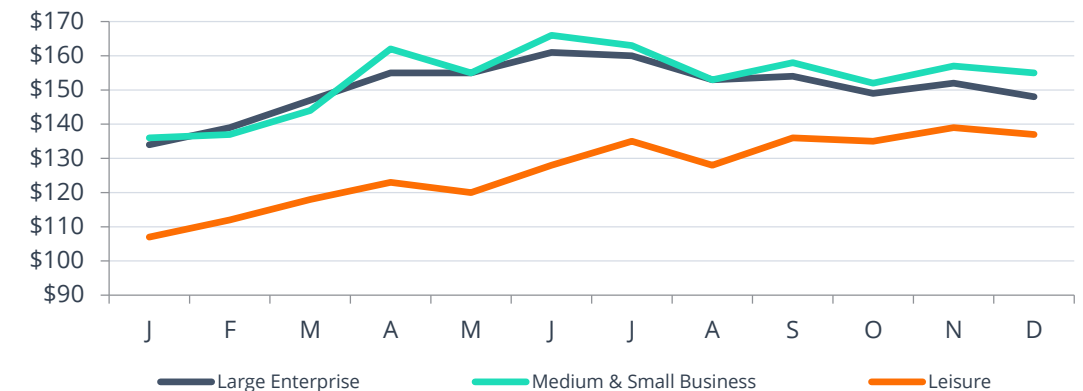
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$909	\$517	\$212
Var	\$55 5.4%	\$38 7.9%	\$21 10%
VIRGIN AUSTRALIA	\$837	\$476	\$194
Var	\$4 0.4%	\$6 1.5%	\$2 1.2%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$155	\$149	\$151	+0.9%
MEDIUM & SMALL BUSINESS	\$158	\$147	\$153	+4.1%
LEISURE	\$127	\$115	\$127	+10.5%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



CBR SYD



2018/19 FARE OUTLOOK

CORPORATE **+2.8%**
LEISURE **+6.9%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **26,000**
VS
2016 **-5%**
FORECAST
2018 **-2%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

40

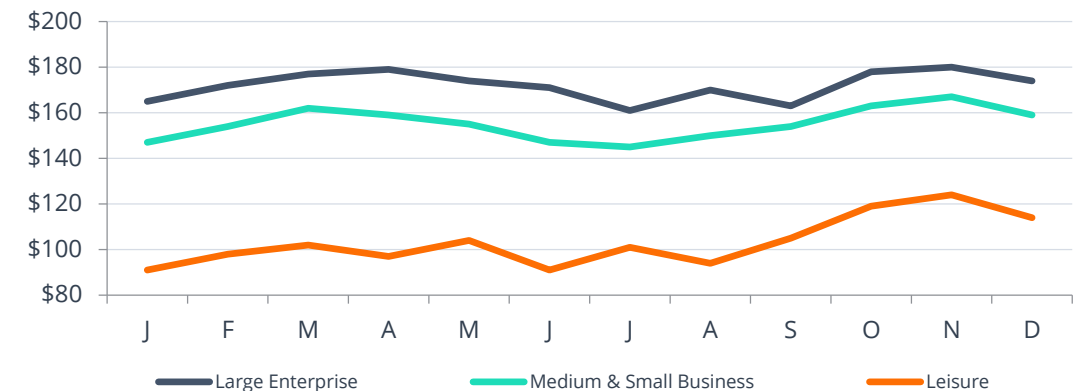
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$680	\$379	\$187
Var	\$69 10.5%	\$28 7.7%	\$13 8%
VIRGIN AUSTRALIA	\$628	\$357	\$178
Var	\$0 0.6%	\$5 1.4%	\$4 2.6%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$160	\$171	\$172	+0.8%
MEDIUM & SMALL BUSINESS	\$153	\$155	\$155	+0.4%
LEISURE	\$95	\$93	\$103	+11.7%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



HBA MEL



2018/19 FARE OUTLOOK

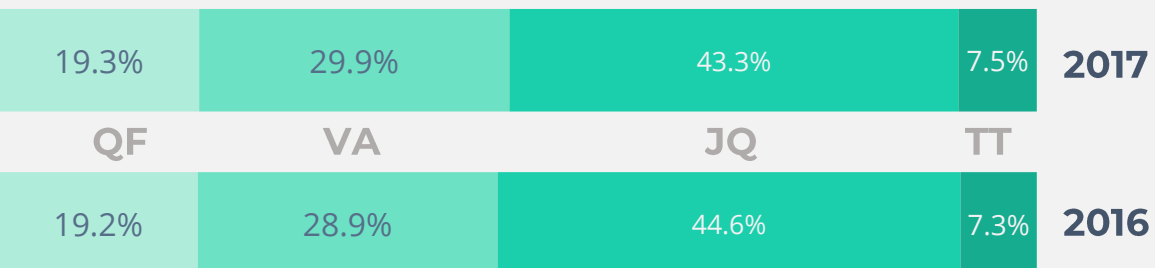
CORPORATE **+1.5%**
LEISURE **+3.5%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **37,200**
VS
2016 **+0%**
FORECAST
2018 **+6%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

41

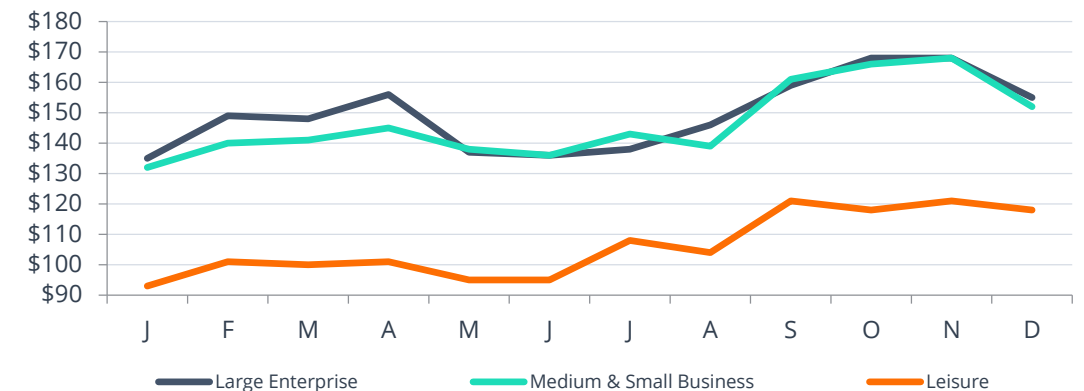
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$816	\$431	\$181
Var	\$48 6.1%	\$35 8.6%	\$14 8%
VIRGIN AUSTRALIA	\$755	\$404	\$166
Var	\$2 0.3%	\$19 5.0%	\$9 5.3%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$141	\$139	\$150	+7.8%
MEDIUM & SMALL BUSINESS	\$145	\$134	\$147	+9.5%
LEISURE	\$105	\$95	\$106	+11.7%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



MEL PER



2018/19 FARE OUTLOOK

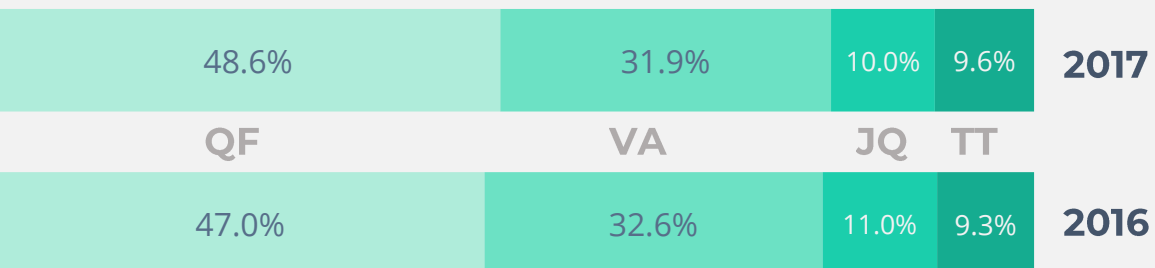
CORPORATE **+2.0%**
LEISURE **+2.5%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **47,800**
VS
2016 **-5%**
FORECAST
2018 **-2%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

42

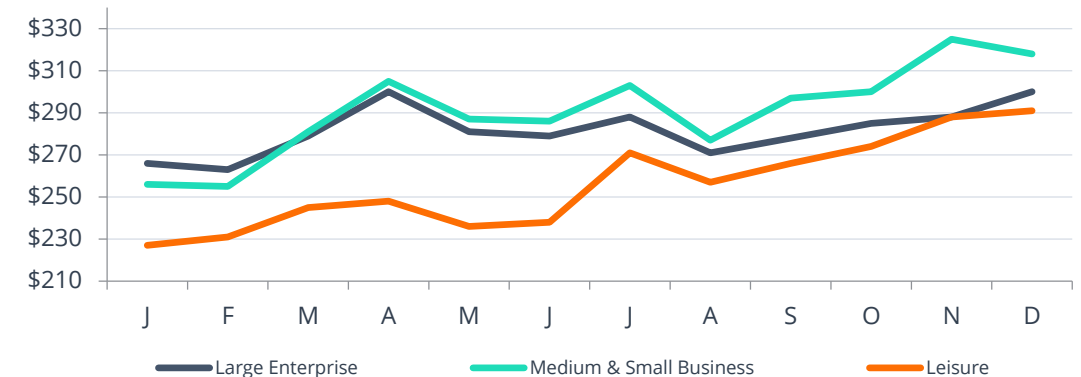
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$2,293	\$902	\$363
Var	\$219 10.4%	\$51 6.1%	\$22 6%
VIRGIN AUSTRALIA	\$2,243	\$1,100	\$521
Var	\$178 8.4%	\$2 0.2%	\$2 0.5%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$278	\$274	\$282	+2.7%
MEDIUM & SMALL BUSINESS	\$282	\$280	\$291	+3.8%
LEISURE	\$240	\$239	\$256	+7.2%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



MEL SYD



2018/19 FARE OUTLOOK

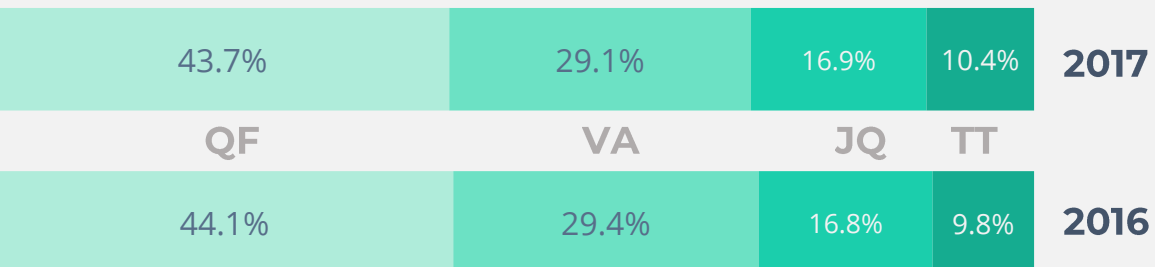
CORPORATE **+6.5%**
LEISURE **+8.2%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **202,100**
VS
2016 **+1%**
FORECAST
2018 **+2%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

43

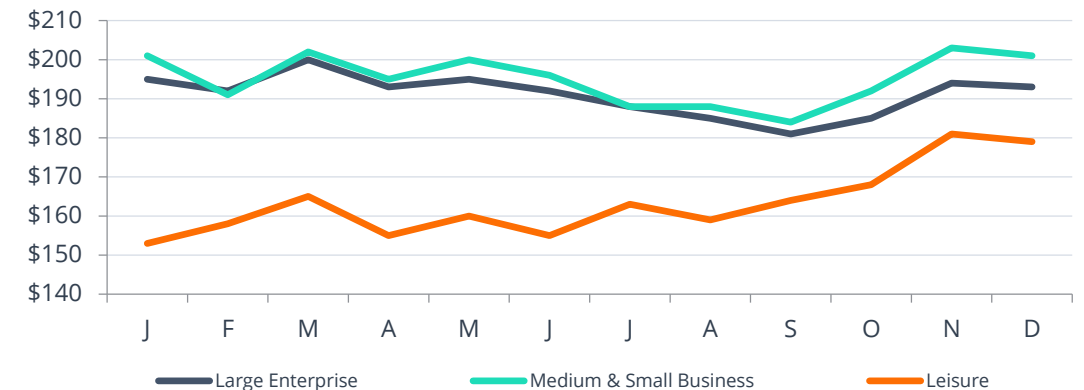
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$922	\$525	\$232
Var	\$79 8.9%	\$37 7.6%	\$17 8%
VIRGIN AUSTRALIA	\$845	\$491	\$216
Var	\$9 0.9%	\$24 5.2%	\$11 4.7%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$177	\$185	\$191	+3.3%
MEDIUM & SMALL BUSINESS	\$182	\$186	\$195	+4.8%
LEISURE	\$141	\$143	\$163	+13.9%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



PER SYD



2018/19 FARE OUTLOOK

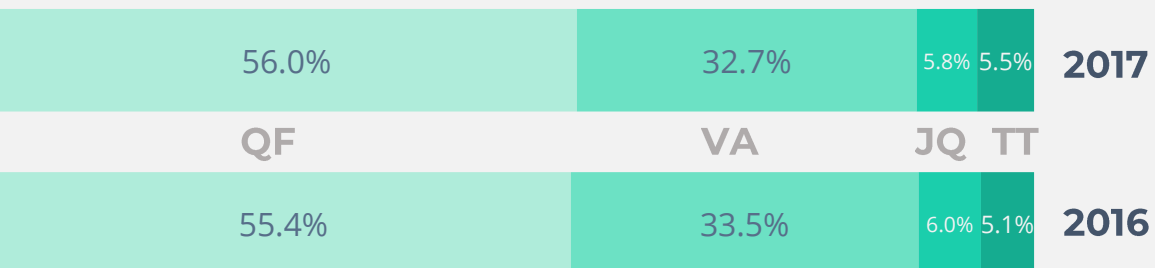
CORPORATE **+3.2%**
LEISURE **+5.3%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **41,000**
VS
2016 **-3%**
FORECAST
2018 **-3%**

AIRLINE SEAT MARKETSHARE SUPPLIED BY FLIGHTGLOBAL



ANNUAL INDEX PUBLISHED PRICE

AS AT JAN 2017 VS JAN 2018. AVERAGE ACROSS ALL FARE CLASSES IN THE GROUP

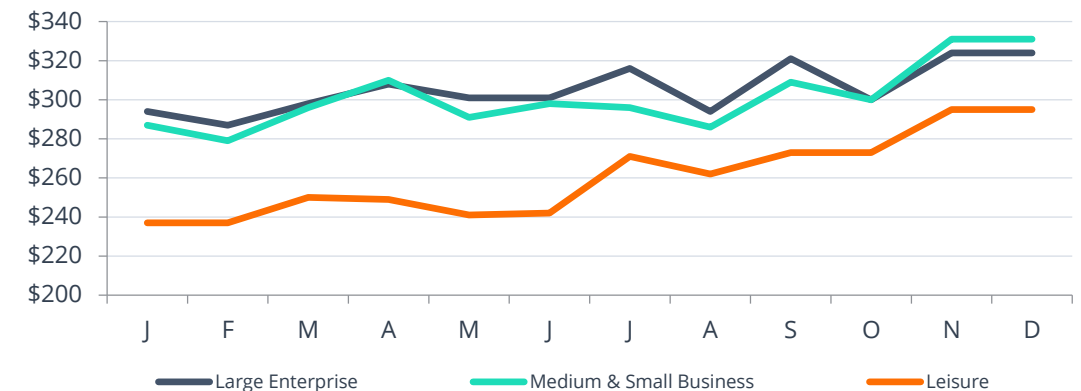
	BUSINESS	ECONOMY FLEX	ECONOMY SAVER
QANTAS AIRWAYS	\$2,491	\$961	\$386
Var	\$277 12.2%	\$63 7.0%	\$28 8%
VIRGIN AUSTRALIA	\$2,417	\$897	\$362
Var	\$186 8.2%	\$15 1.9%	\$11 3.1%

ANNUAL SUMMARY PURCHASED PRICE

ECONOMY FARES ONLY ONE-WAY EXCLUDING TAX

	2015	2016	2017	% Growth
LARGE ENTERPRISE	\$300	\$294	\$306	+4.0%
MEDIUM & SMALL BUSINESS	\$301	\$288	\$301	+4.5%
LEISURE	\$263	\$244	\$260	+6.7%

2017 - MONTHLY AVERAGE TICKET PURCHASE PRICE



SYDNEY HONG KONG

WITH THE WORLD'S BEST BUSINESS CLASS

Best Business Class 'The Business' 2017 and 2018, airlineratings.com

Fly Sydney to Hong Kong like never before in 'The Business' – the world's best, two years running. Dine à la carte from our exclusive menu designed by Chef Luke Mangan, as you relax in your very own private suite. Switch on your 16-inch screen and settle in with a movie. And when you're ready to turn in, our award-winning cabin crew will turn your suite into a luxurious queen-length bed.

It's all waiting for you at virginaustralia.com. Book today.

THIS IS HOW WE FLY

Daily flights from Sydney commence 2 July 2018. Fly direct from Sydney or Melbourne.



The background is an aerial photograph of a coastline, showing a body of water and a landmass with some structures. A large teal-colored circular arc is overlaid on the image, framing the central content. In the center, there is a black hexagonal graphic.

07

**INTERNATIONAL
BENCHMARKING**

7

INTERNATIONAL BENCHMARKING

The international city-pair summary displayed includes average airfares for all corporate segments including large enterprise and medium to small business. Due to the broad range of international travel itineraries we focus on key city-pairs into high frequency destinations for corporate travellers.

The 4D Business Intelligence team has reviewed international airfare purchase trends combined with airline market share shifts – across schedules and seats – and confirm that all travellers remain in a very competitive cycle resulting in both the leisure and corporate buyer accessing some great fare prices throughout 2017.



LEISURE vs CORPORATE

During the past three years the leisure traveller buying behaviour of planning and purchasing six to nine months in advance resulted in securing some fantastic ticket prices.

INTERNATIONAL TRAVELLERS

OUTBOUND



9.1M

+6.3%

Australian Residents

INBOUND

8.8M

+6.5%



Visitors to Australia





INTERNATIONAL BENCHMARKING

PURCHASED FARES

48

	CORPORATE FARES								LEISURE FARES			
	ECONOMY CLASS				BUSINESS CLASS				ECONOMY CLASS		BUSINESS CLASS	
	2015	2016	2017	% Var	2015	2016	2017	% Var	2017	% v CORP	2017	% v CORP
BNE-AKL	\$639	\$631	\$637	+1%	\$1,477	\$1,289	\$1,295	0%	\$490	-23%	\$1,188	-9%
BNE-SIN	\$1,302	\$1,226	\$1,235	+1%	\$3,905	\$4,014	\$4,045	+1%	\$999	-19%	\$3,780	-7%
MEL-AKL	\$708	\$685	\$691	+1%	\$1,521	\$1,445	\$1,432	-1%	\$549	-21%	\$1,452	+1%
MEL-HKG	\$1,483	\$1,427	\$1,318	-8%	\$5,478	\$5,318	\$5,157	-3%	\$1,087	-18%	\$4,975	-4%
MEL-LAX	\$1,859	\$1,755	\$1,610	-8%	\$7,429	\$7,754	\$7,619	-2%	\$1,294	-20%	\$5,982	-27%
MEL-SIN	\$1,330	\$1,231	\$1,255	+2%	\$4,424	\$4,210	\$4,212	0%	\$1,003	-20%	\$3,749	-12%
PER-SIN	\$1,017	\$925	\$1,028	+11%	\$2,601	\$2,337	\$2,509	+7%	\$720	-30%	\$2,596	+3%
SYD-AKL	\$706	\$687	\$712	+4%	\$1,366	\$1,431	\$1,604	+12%	\$557	-22%	\$1,530	-5%
SYD-HKG	\$1,391	\$1,266	\$1,195	-6%	\$5,381	\$5,104	\$5,009	-2%	\$1,002	-16%	\$4,883	-3%
SYD-LAX	\$1,875	\$1,581	\$1,698	+7%	\$7,229	\$6,684	\$6,636	-1%	\$1,336	-21%	\$5,647	-18%
SYD-SHA	\$1,682	\$1,231	\$1,244	+1%	\$5,602	\$5,221	\$4,987	-4%	\$966	-22%	\$4,281	-16%
SYD-WLG	\$711	\$663	\$720	+9%	\$1,289	\$1,247	\$1,209	-3%	\$652	-9%	\$1,635	+26%
ALL	\$1,225	\$1,109	\$1,112	0%	\$3,975	\$3,838	\$3,810	-1%	\$888	-20%	\$3,475	-10%

Average Air Ticket Price Tracking Comparison Year on Year
The average fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

BNE AKL



2018/19 CORPORATE FARE OUTLOOK

ECONOMY	+1.9%
BUSINESS	-5.7%

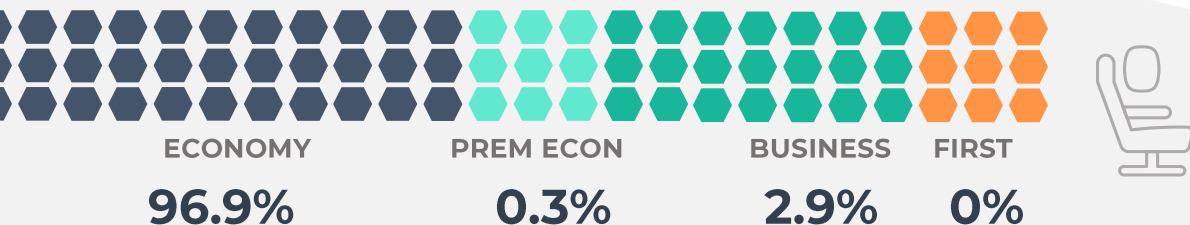


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017	26,102
VS 2016	+1%
FORECAST 2018	+2%
DAILY FLIGHTS	15+

WHERE ARE BUSINESS TRAVELLERS SITTING



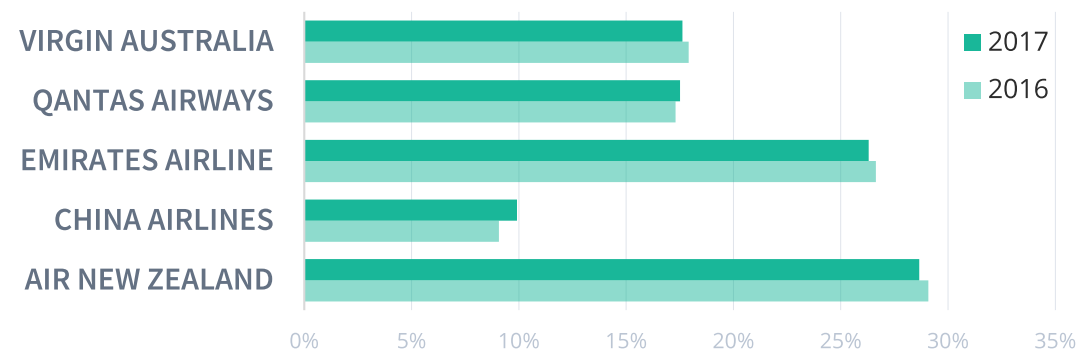
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$639	\$631	\$637	+1%
BUSINESS CLASS	\$1,477	\$1,289	\$1,295	0%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

BNE SIN



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **+2.2%**

BUSINESS **+1.8%**

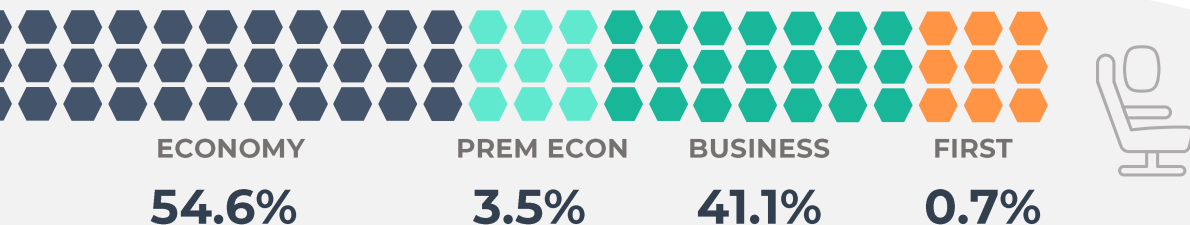


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017 **23,460**
VS
2016 **+13.4%**
FORECAST
2018 **+1%**
DAILY
FLIGHTS **12+**

WHERE ARE BUSINESS TRAVELLERS SITTING



ANNUAL SUMMARY

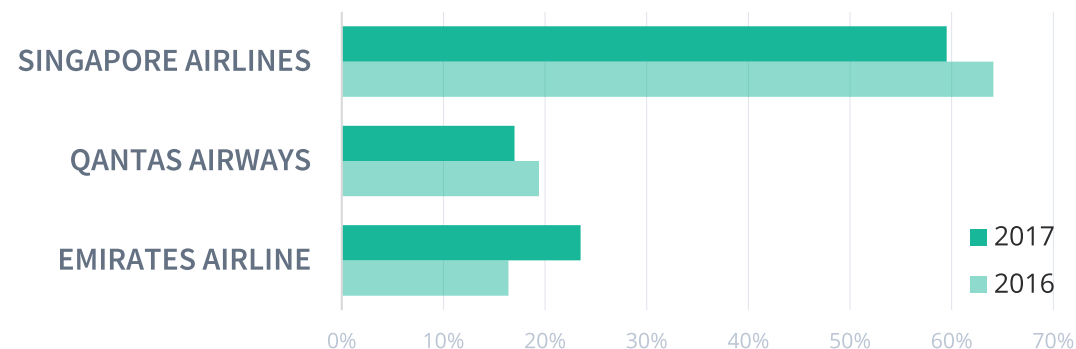
ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

PURCHASED PRICE

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,302	\$1,226	\$1,235	+1%
BUSINESS CLASS	\$3,905	\$4,014	\$4,045	+1%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

MEL AKL



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **+2.2%**

BUSINESS **+2.5%**



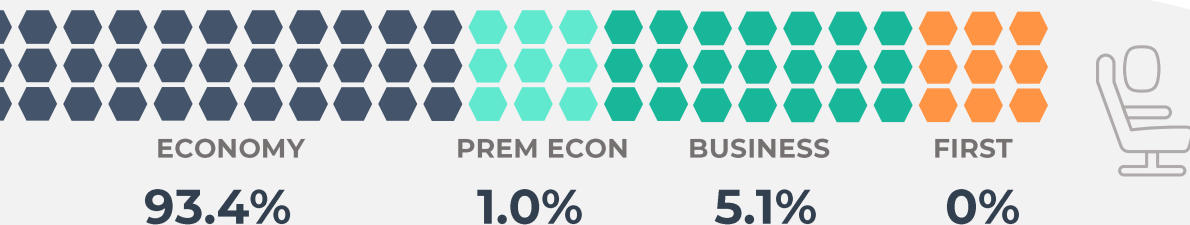
WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017
VS
2016
FORECAST
2018
DAILY
FLIGHTS

29,668
+2.3%
+4.6%
20+

WHERE ARE BUSINESS TRAVELLERS SITTING



ANNUAL SUMMARY

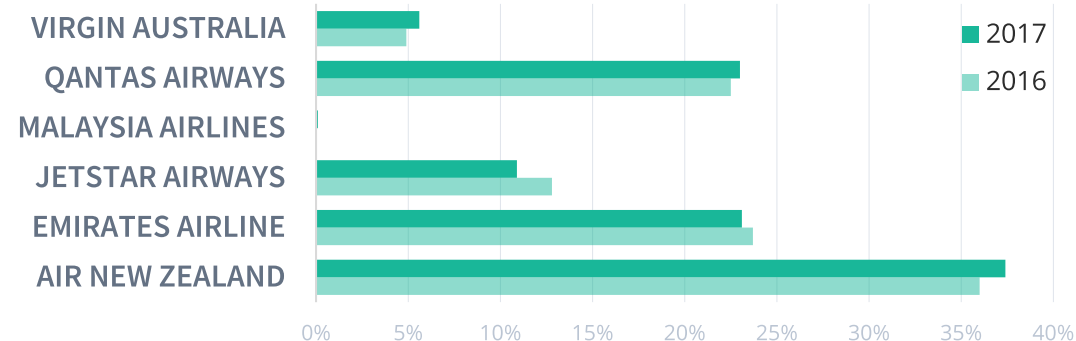
ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

PURCHASED PRICE

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$708	\$685	\$691	+1%
BUSINESS CLASS	\$1,521	\$1,445	\$1,432	-1%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

MEL HKG



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**
BUSINESS **FLAT**

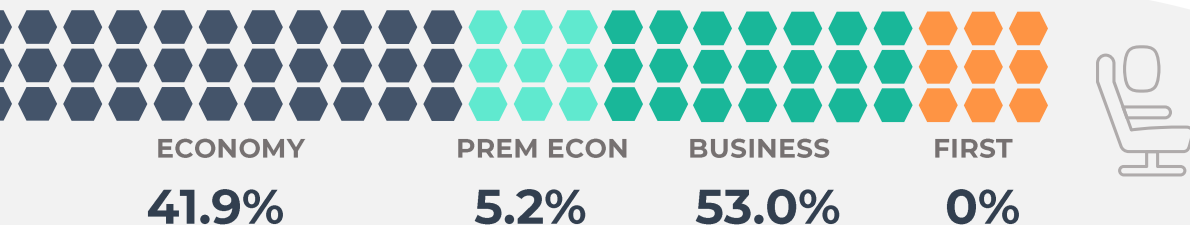


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017 **17,148**
VS
2016 **+13.9%**
FORECAST
2018 **+5.4%**
DAILY
FLIGHTS **10+**

WHERE ARE BUSINESS TRAVELLERS SITTING



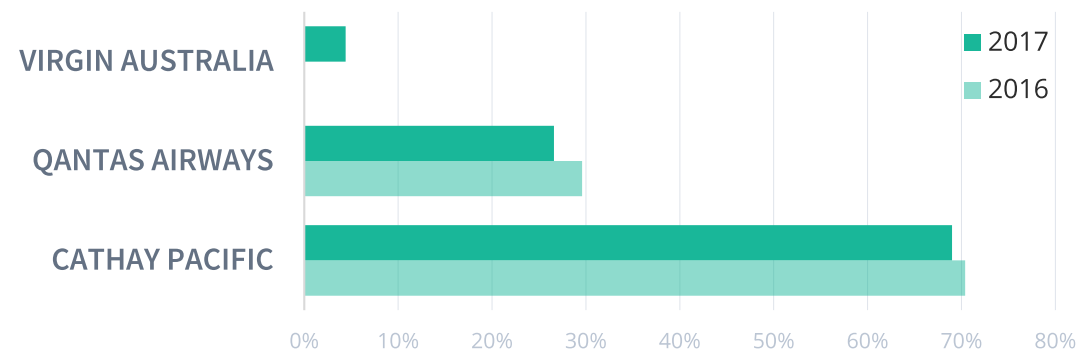
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,483	\$1,427	\$1,318	-8%
BUSINESS CLASS	\$5,478	\$5,318	\$5,157	-3%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

MEL LAX



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**
BUSINESS **FLAT**

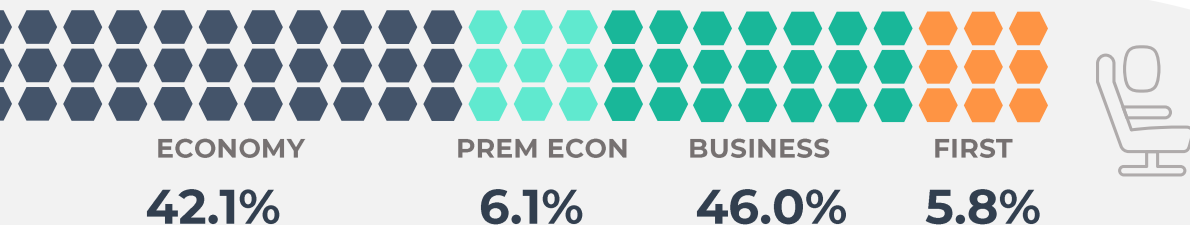


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017 **11,927**
VS
2016 **+2.0%**
FORECAST
2018 **+13.7%**
DAILY
FLIGHTS **6+**

WHERE ARE BUSINESS TRAVELLERS SITTING



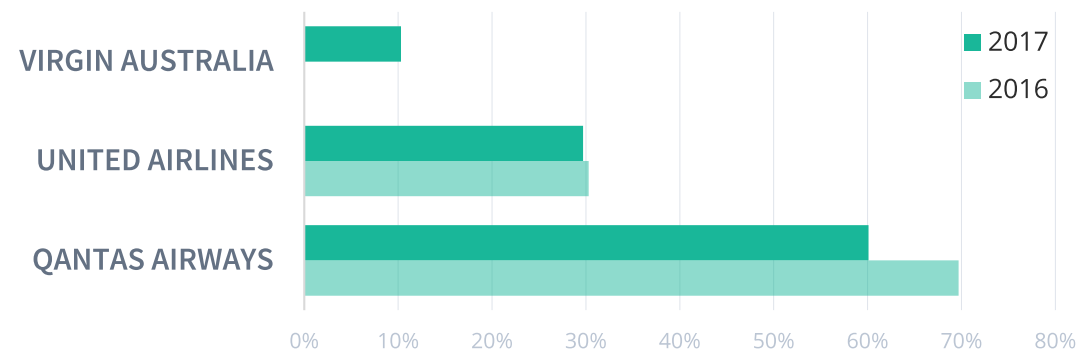
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

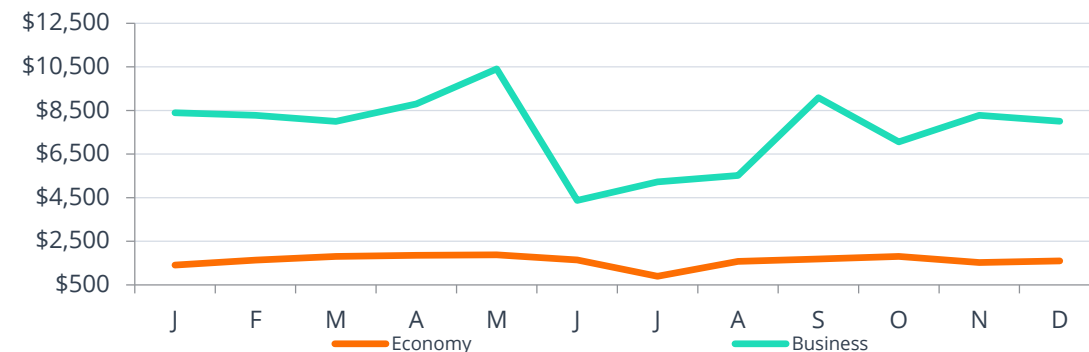
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,859	\$1,755	\$1,610	-8%
BUSINESS CLASS	\$7,429	\$7,754	\$7,619	-2%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

MEL SIN



2018/19 CORPORATE FARE OUTLOOK

ECONOMY	-1.5%
BUSINESS	-1.0%

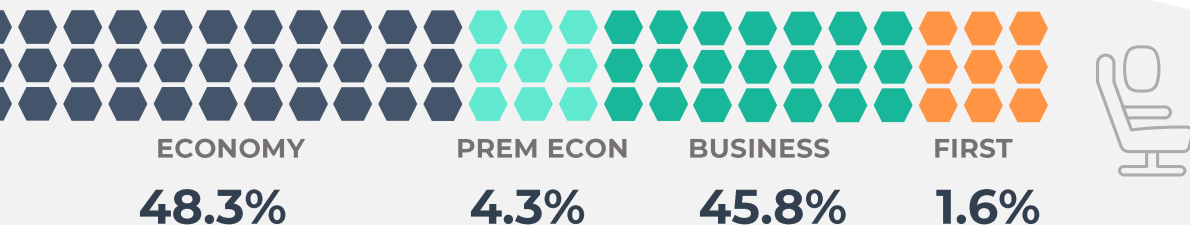


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017	36,804
VS 2016	+3.4%
FORECAST 2018	+2.1%
DAILY FLIGHTS	17+

WHERE ARE BUSINESS TRAVELLERS SITTING



ANNUAL SUMMARY

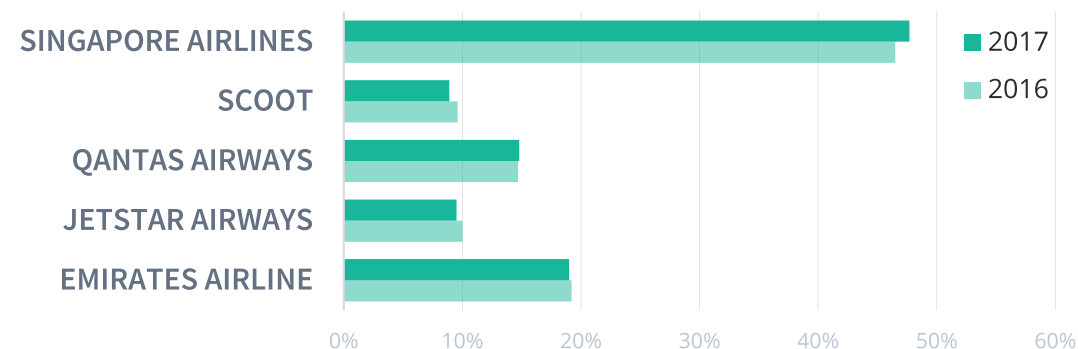
PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

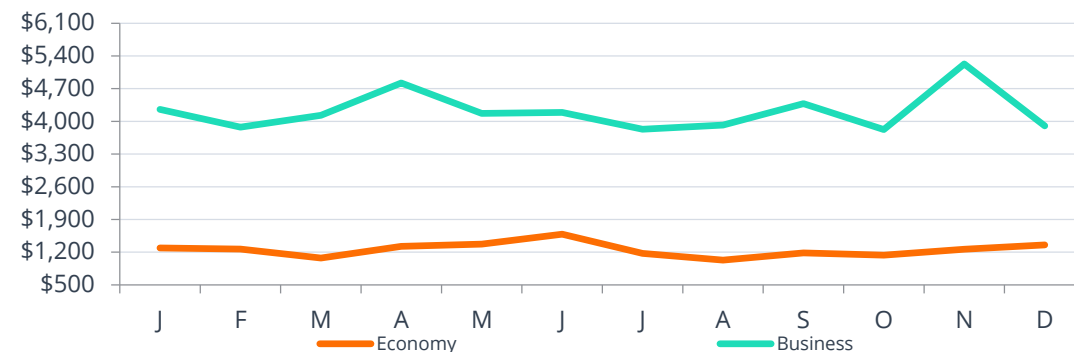
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,330	\$1,231	\$1,255	+2%
BUSINESS CLASS	\$4,424	\$4,210	\$4,212	0%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

PER SIN



2018/19 CORPORATE FARE OUTLOOK

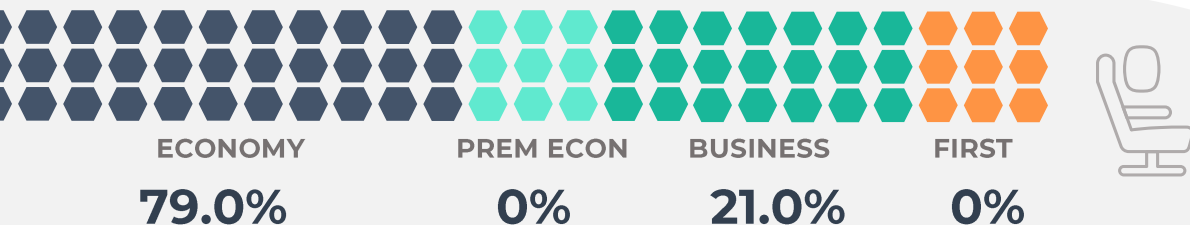
ECONOMY **+1.5%**
BUSINESS **FLAT**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **27,506**
VS
2016 **-0.6%**
FORECAST
2018 **+8.5%**
DAILY
FLIGHTS **14+**

WHERE ARE BUSINESS TRAVELLERS SITTING



ANNUAL SUMMARY

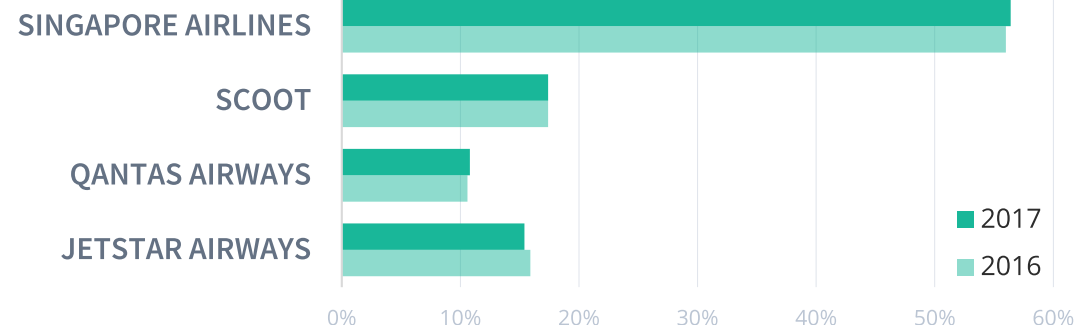
ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

PURCHASED PRICE

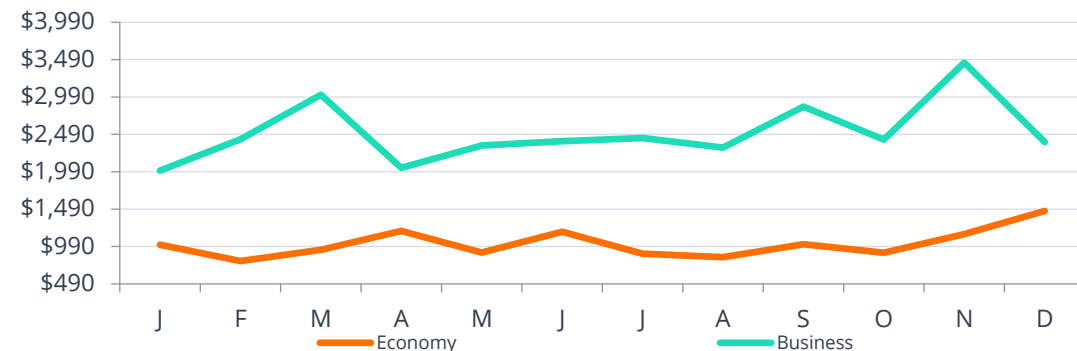
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,017	\$925	\$1,028	+11%
BUSINESS CLASS	\$2,601	\$2,337	\$2,509	+7%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

SYD AKL



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **+4.5%**

BUSINESS **+7.8%**



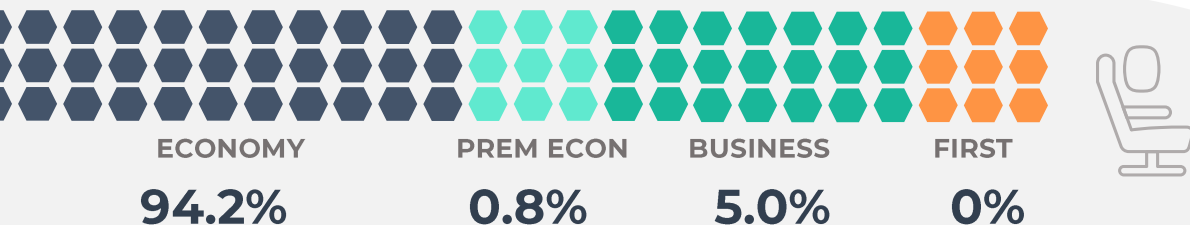
WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017
VS
2016
FORECAST
2018
DAILY
FLIGHTS

42,639
-8.7%
+7.1%
27+

WHERE ARE BUSINESS TRAVELLERS SITTING



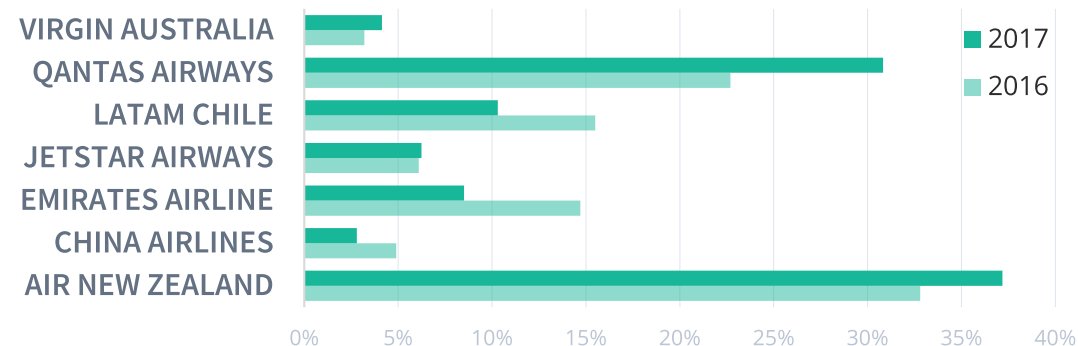
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$706	\$687	\$712	+4%
BUSINESS CLASS	\$1,366	\$1,431	\$1,604	+12%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

SYD HKG



2018/19 CORPORATE FARE OUTLOOK

ECONOMY	+1%
BUSINESS	+0%



WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017	25,731
VS 2016	+1.7%
FORECAST 2018	+2.4%
DAILY FLIGHTS	13+

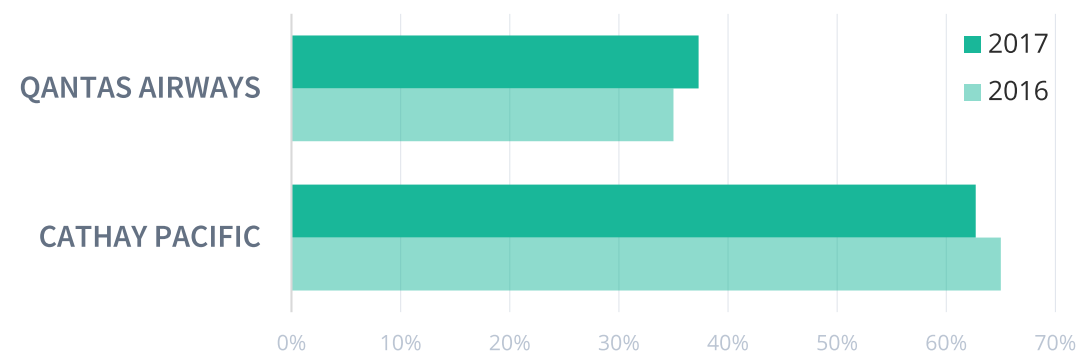
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

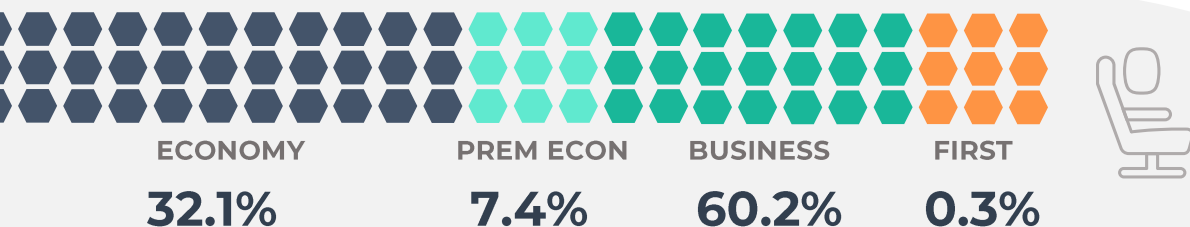
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,391	\$1,266	\$1,195	-6%
BUSINESS CLASS	\$5,381	\$5,104	\$5,009	-2%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



WHERE ARE BUSINESS TRAVELLERS SITTING



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

SYD LAX



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **-3.7%**
BUSINESS **+7.8%**



WEEKLY AVERAGE AVAILABLE SEATS BI-DIRECTIONAL

2017 **22,977**
VS
2016 **-2.6%**
FORECAST
2018 **+1.5%**
DAILY
FLIGHTS **10+**

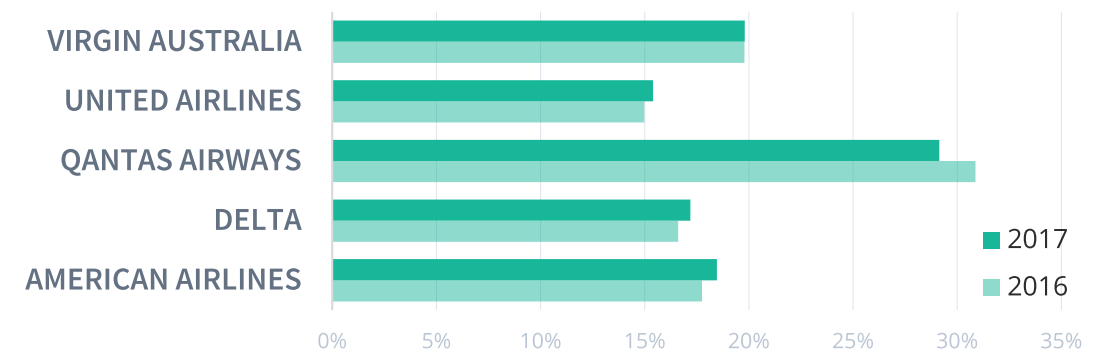
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

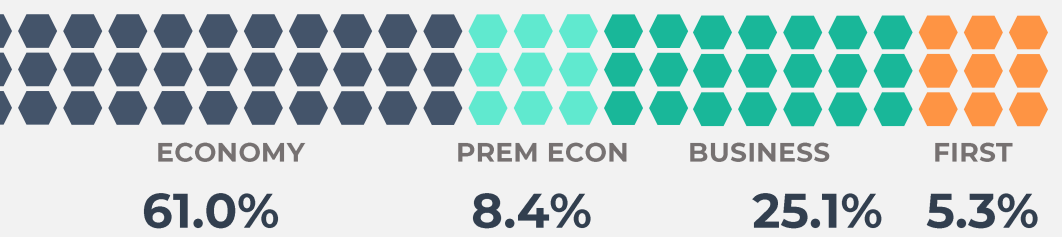
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,875	\$1,581	\$1,698	+7%
BUSINESS CLASS	\$7,229	\$6,684	\$6,636	-1%

SEAT MARKET SHARE

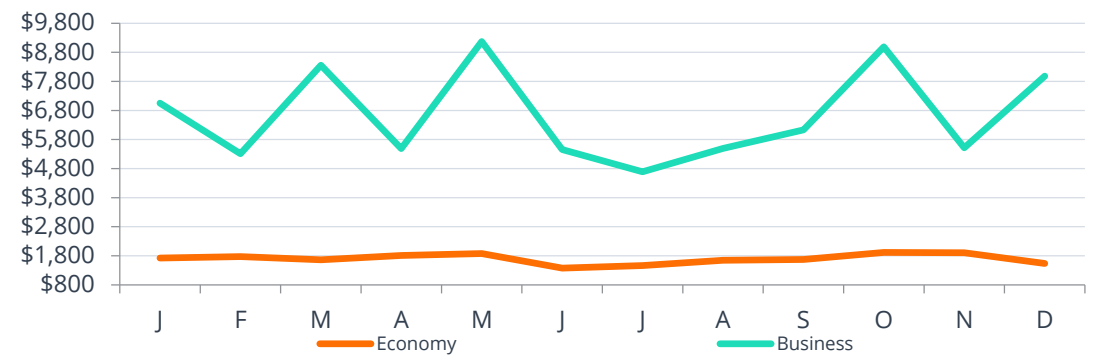
SUPPLIED BY FLIGHTGLOBAL



WHERE ARE BUSINESS TRAVELLERS SITTING



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

SYD SHA



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **FLAT**
BUSINESS **+2.3%**

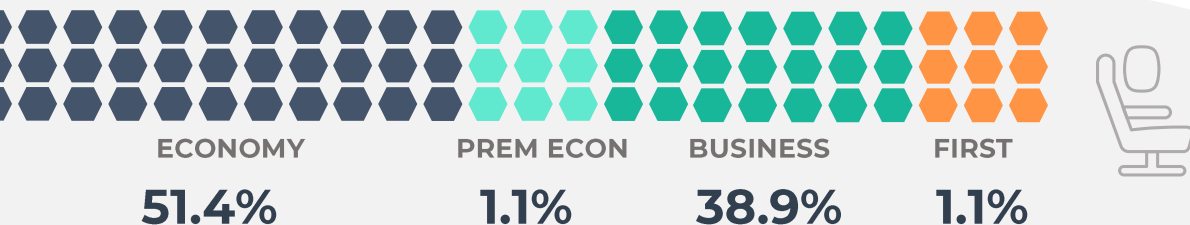


WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017 **10,823**
VS
2016 **+2.1%**
FORECAST
2018 **+5.3%**
DAILY
FLIGHTS **6+**

WHERE ARE BUSINESS TRAVELLERS SITTING



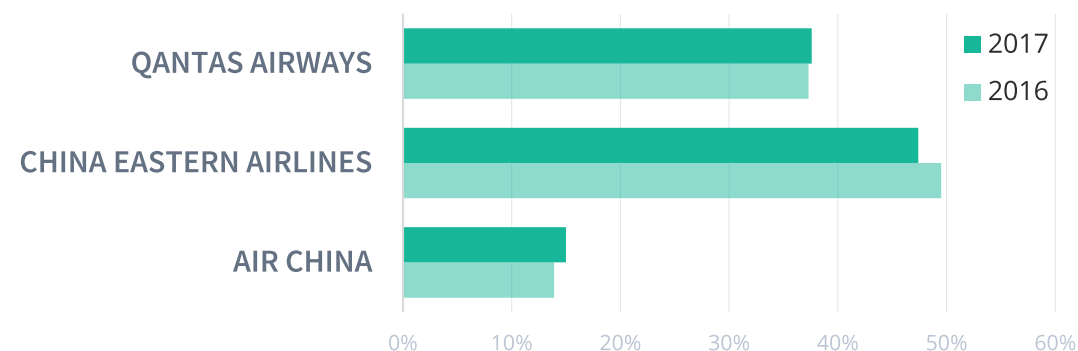
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$1,682	\$1,231	\$1,244	+1%
BUSINESS CLASS	\$5,602	\$5,221	\$4,987	-4%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets

SYD WLG



2018/19 CORPORATE FARE OUTLOOK

ECONOMY **+2.3%**

BUSINESS **+3.6%**



WEEKLY AVERAGE AVAILABLE SEATS

BI-DIRECTIONAL

2017
VS
2016
FORECAST
2018
DAILY
FLIGHTS

8,709
+1.8%
+0.7%
7+

WHERE ARE BUSINESS TRAVELLERS SITTING



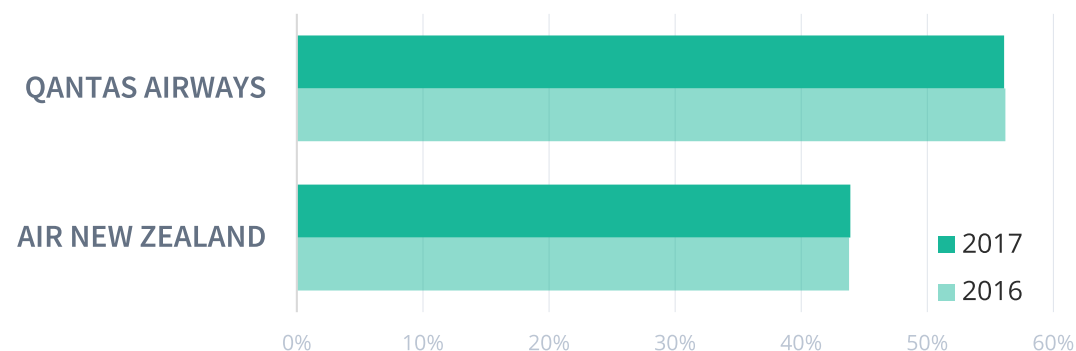
ANNUAL SUMMARY PURCHASED PRICE

ADULT FARES ONLY, RETURN TICKET, INCLUDING TAX

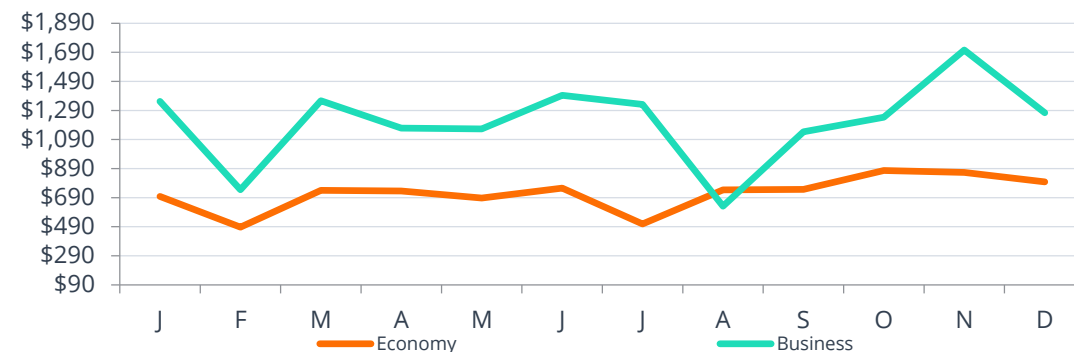
CORPORATE	2015	2016	2017	% GROWTH
ECONOMY CLASS	\$711	\$663	\$720	+9%
BUSINESS CLASS	\$1,289	\$1,247	\$1,209	-3%

SEAT MARKET SHARE

SUPPLIED BY FLIGHTGLOBAL



2017 - CORPORATE AVERAGE PURCHASE PRICE



The average paid fare is return in cabin class for one adult, gross fare plus tax. The average fare is reported as return tickets



08

AUSTRALIAN
REGIONAL
TRAVEL

8

AUSTRALIAN REGIONAL TRAVEL

AUSTRALIA'S MINING SECTOR IS GRADUALLY TAKING OFF AGAIN AND SO WILL REGIONAL TRAVEL

In Australia over the past decade resource companies have made large-scale investments in exploration, construction and production of coal, iron ore and liquefied natural gas (LNG). These large scale investments were driven by global demand for such resources. By 2020 Australia will be one of the largest producers of resources particularly in LNG.

2018-19

+5.5%

PROJECTED GROWTH
IN MINING
INVESTMENT



AUSTRALIAN REGIONAL TRAVEL



The boom in mining investment peaked in 2012/13, prior to this time investment annually averaged of 2% year on year, however in 2012/13 it peaked at 9%. Post the boom of 2012/13 investment dropped to a range of 2.5-4% - higher than the pre-boom period. Looking ahead, the mining sector for 2018-19 is set to grow with investment in the range of 5.5%. With a positive outlook in global and local economic conditions the demand of resources will grow. However, investment growth will not be to the levels of 2012/13 as the industry is focused more on maintenance of production and less on exploration and construction of existing coal, iron ore and LNG sites. The industry now shifts with a new investment wave across a range of commodities including copper, gold, and more coal and iron ore.

What this means for corporate and leisure travellers is the continued fluctuation of fares as airlines shift fleet and maximise load factors across main capital cities in/out of regional networks across Queensland, South Australia and Western Australia.

SA, QLD & WA

COMPARISON OF AIRLINE SEATS OFFERED ON SCHEDULED FLIGHTS | PER WEEK YEAR ON YEAR

(Main carriers, excludes charters)

	2017 v 2016	H1-2018
PERTH – PORT HEDLAND	▼ 13.8%	▲ 0.7%
BRISBANE – MORANBAH	▼ 30.5%	▼ 23.9%
ADELAIDE – COOBER PEDY	▼ 10.0%	▼ 46.0%
PERTH – KALGOORLIE	▼ 7.0%	▲ 4.7%

1

A320 AIRCRAFT

Operating under QantasLink, Network Aviation took delivery of two A320 aircraft in Perth, which the carrier intends to deploy from Apr-2018 to operate fly in, fly out charter services for the mining and resources sector. The 180 seat all economy A320s were previously operated by Jetstar. They replace two Boeing 737-800s, which will be redeployed.

2

BOEING 717

QantasLink also plan to reconfigure two more single class Boeing 717 jets, with a business cabin, upgraded interior and inflight entertainment for all seats. Resulting in a total number of reconfigured aircraft for the carrier of 12 out of a total of 20 in the fleet of 717 aircraft.

3

TURBOPROP

QantasLink plans to overhaul the interiors of its 45 turboprop aircraft fleet with new ergonomic seats and flooring. Work on the Bombardier Q200, Q300 and Q400 aircraft will commence Jun-2018 and is expected to be completed within 18 months.

4

Wi-Fi

Qantas is also in talks with suppliers to extend Wi-Fi services onto its regional fleet, to develop a product that can overcome a number of technical, performance and coverage challenges.

5

FLEET

68

QANTAS

18

Boeing 717-200

3

Bombardier
Dash 8-Q200

16

Dash 8-Q300

31

Bombardier
Dash 8-Q400

30

VIRGIN
AUSTRALIA

14

Fokker 100

2

A320-200

14

ATR 72

52

REGIONAL
EXPRESS

2

SAAB340A

21

SAAB340B

29

SAAB340BPLUS



09

CUSTOMER
EXPERIENCE

SEATS

CARRIER SEATING NEWS AND FUTURE PLANS

QANTAS AIRWAYS

Recently launched new premium economy seats, on the Dreamliner B787 aircraft. The seat pushes the boundaries of comfort and technology, featuring innovative seat designs that cradles passengers.

20.5" seat width provides more room,
38" seat pitch and 9.5" cradle recline.

With 28 seats aboard, each seat features a HD Panasonic integrated 13" high definition seat back inflight entertainment.

Business and premium economy class cabin upgrade for A380 aircraft to meet increased customer demand for premium cabins on flights to the US, Europe and Asia.

JETSTAR AIRWAYS

Commenced the installation of Zodiac Aerospace Space Flex seating on board 43 of its A320 aircraft, increasing capacity from 180 seats to 186 seats.

A320 aircraft galley to be reduced in size and lavatories relocated.



VIRGIN AUSTRALIA

In 2017 the carrier launched the Economy X product on its entire fleet, offering three inches of extra legroom, preferred overhead locker space, priority boarding and priority security screening.

Economy X replaces Economy Space+ on short haul International flights.

Economy X is free of charge for Velocity Frequent Flyer Platinum members, who will be offered the product at the time of booking.

TIGERAIR AUSTRALIA

Refurbishment has been completed on three Boeing 737-800 aircraft with new slimline leather seats, as well as an additional row to increase capacity from the current 180 seats to 186 seats.

ENTERTAINMENT

GLOBAL ENTERTAINMENT NEVER RESTS AND NOR DO AIRLINES

QANTAS AIRWAYS

Via its Wi-Fi technology, Qantas is giving passengers onboard access to Foxtel, Netflix and Spotify.

These are paid subscription services, however subscribed users can access the services in-flight.

The services can be accessed on any portable device using the Qantas In-flight system.

JETSTAR AIRWAYS

No reported updates



VIRGIN AUSTRALIA

Virgin introduced an in-flight entertainment user interface for passengers who are blind or have low vision. The new interface increases accessibility through simplified screen layouts, larger icons and voice prompts.

This interface is available on their Boeing 777-300ER aircraft and will be rolled out on A330's.

The carrier has also rolled out its wireless entertainment system across its charter fleet in Western Australia which includes two A320-200 and 13 Fokker 100s.

TIGERAIR AUSTRALIA

The airline is now offering in-flight entertainment, available to stream via mobile devices, tablets and compatible laptop browsers.

The service is available on the refurbished Boeing 737 fleet, and is available on a pay-per-view basis.



WI-FI

QANTAS AIRWAYS

Commenced installing Wi-Fi technology on its A330 domestic fleet and Boeing 737 aircraft.

Inflight Wi-Fi offers an average download speed of 10-15Mbps

As at 1H-2018, >30% of Boeing 737-800 domestic aircraft are equipped with the technology. 80 aircraft to have Wi-Fi by year-end 2018 .

15 million travellers expected to use Wi-Fi annually.

Wi-Fi offered free of charge on selected domestic services.

VIRGIN AUSTRALIA

Started the roll-out of Wi-Fi technology enabled by Gogo on board its Boeing 737 and Boeing 777 aircraft. Project to be completed by year-end 2018. This equates to a total of 85 aircraft combined, representing 85% of its entire fleet.

Inflight Wi-Fi offers an average download speeds of 15-20Mbps.

Plans to install the technology on A330 aircraft, with an estimated completion 2H-2019.

During Q2-2018 the airline started charging travellers for high-speed inflight Internet on domestic flights, with slower connections remaining free of charge. Travellers will expect to pay \$8.99 per flight on shorter routes such as the Brisbane-Sydney and Sydney-Melbourne.



AIRLINE LOUNGES

QANTAS AIRWAYS

The airline recently opened its Perth International Transit Lounge featuring stretching classes, jetlag-reducing lights and an outdoor terrace.

An extensive redevelopment and multimillion dollar update for Melbourne Domestic Lounges has begun providing more capacity in both the Business and Qantas Club lounges.

A new lounge has opened at Karratha Airport.

In late 2017 the carrier introduced a new Domestic Business Lounge (30% bigger) and Premium Lounge Entry, allowing a new airport experience for Qantas Business class and Platinum members departing from Brisbane Domestic Airport. Premium Lounge entry has dedicated check-in including bag drop and security screening. Immediately after screening travellers arrive directly into the new Qantas Lounge Precinct - Club and Business Lounges. An upgraded Qantas Club lounge is also available.

VIRGIN AUSTRALIA

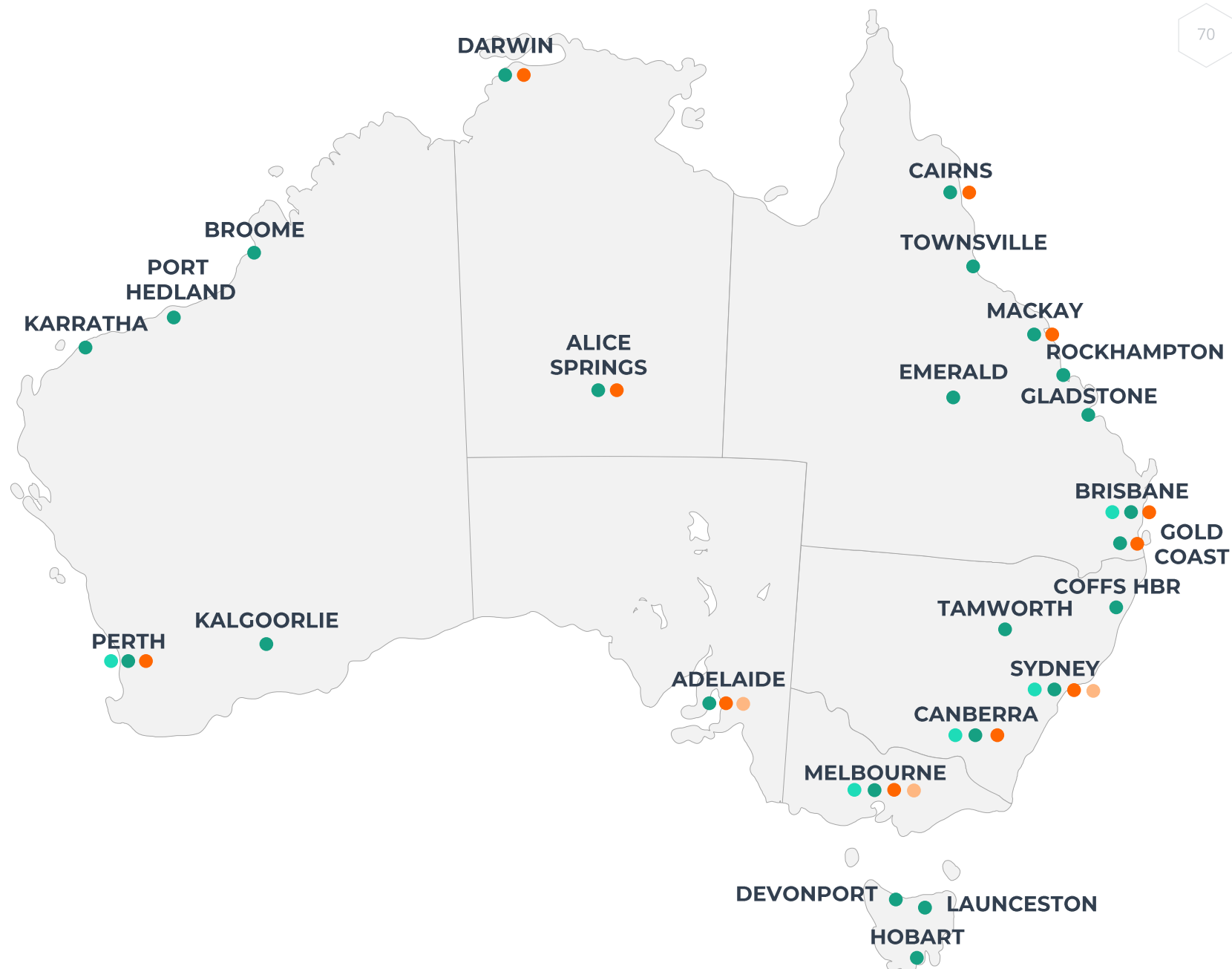
The airline commenced the redevelopment of its domestic terminal at Melbourne Airport.

With an estimated completion date of mid 2019, the terminal will feature a dedicated Premium Entry for business class, platinum and gold Velocity Frequent Flyers.

Upgrades to include the repositioning of security screening facilities to be located before the Lounge entry, for seamless access.

AIRLINE LOUNGES

- 24 QANTAS
- 5 QANTAS - BUSINESS
- 11 VIRGIN AUSTRALIA
- 3 REGIONAL EXPRESS



A teal-tinted close-up of a jet engine fan. The fan blades are arranged in a circular pattern, radiating from the center. A black hexagonal overlay is positioned in the center of the image, containing the text '10 JET FUEL'.

10

JET FUEL

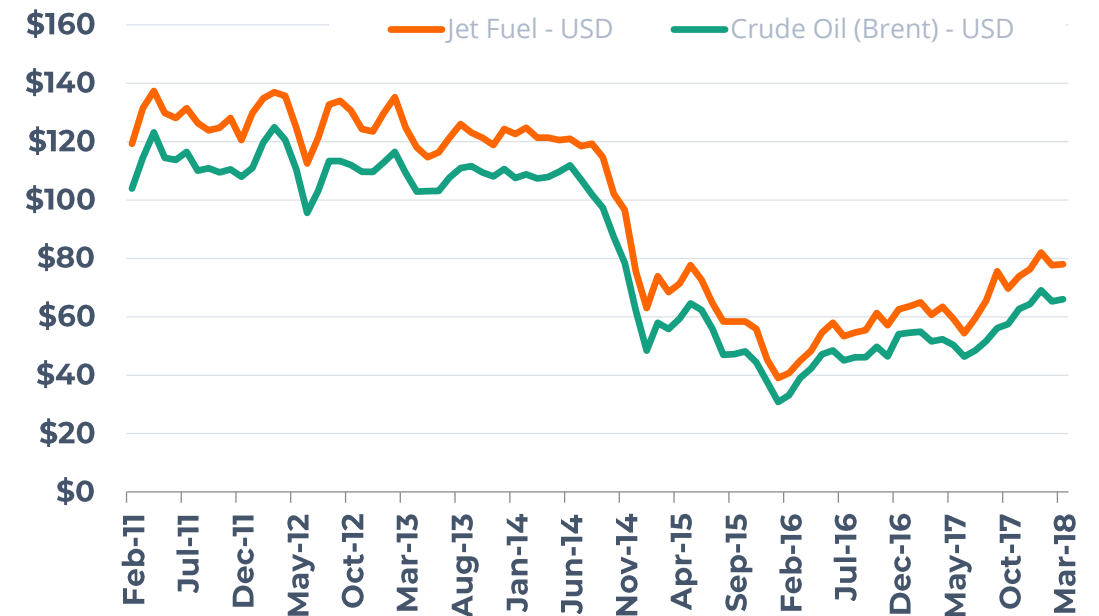
10

JET FUEL

During 2017, fuel prices gradually increased, however not to the same levels experienced between 2010-2014, where prices were >US\$100 a barrel. During Q1-2018 barrel prices increased to an average of US\$66 a barrel and from March to April 2018 the cost rose another US\$4. The forecast for the remainder of the year is continued upward trends.

Oil constitutes anywhere between 20% and 30% of an airline's cost base and fluctuations in price can affect profitability in any given period. In 2018, oil is expected to consume around 30% of airline industry revenue – up from around 25% in 2017; which could translate into higher airfares for the consumer, if airlines choose to pass on the cost.

Passenger growth in air travel is expected to somewhat offset rising jet fuel prices. Airlines are expected to adjust aircraft types to manage fuel cost, as maximising fuel efficiencies continues to be a focus for all airlines.



BIOFUEL

"Biofuel" is a term that describes fuel made from renewable, biologically derived raw materials and, once blended with petroleum jet fuel, is suitable for use in a jet engine aircraft. Airlines worldwide are looking to biofuel to diversify fuel supplies and lower fuel costs in the long-term.

In the Asia pacific, airlines are increasing research efforts into the development and use of biofuel for commercial passenger and freight services. Leading the way is Qantas Airways, who operated its first biofuel service between Los Angeles and Melbourne (QF96) on 28-January-2018. Biofuel replaced 10% of the petroleum jet fuel needed for the flight, and reduced the flight's carbon emissions by an estimated 7-8% compared to 100% petroleum-based fuel. Qantas also announced all its Los Angeles based aircraft will be powered by biofuel from 2020, reducing the airline's carbon emissions on its services operating between the US and Australia. Over the next 10 years, the carrier promised to purchase 30M litres of renewable jet fuel each year from SG Preston.

Virgin Australia has shown its support through the appointment of Gevo to supply renewable alcohol-to-jet fuel (ATJ) which will be blended with traditional jet fuel and supplied into the fuel supply system at Brisbane Airport. The carrier will be responsible for coordinating the purchase, supply and blending of the biofuel, with the first ATJ shipment expected in October 2017. Virgin Australia Group CEO John Borghetti said "This project is critical to testing the fuel supply chain infrastructure in Australia to ensure that Virgin Australia and Brisbane Airport are ready for the commercial supply of these exciting fuels".



The background of the entire image is a photograph of an airport tarmac, tinted with a teal/cyan color. It shows a JetBlue aircraft at a gate with ground support equipment, another JetBlue plane in the distance, and airport buildings under a cloudy sky. A large black hexagon is centered over the image, containing the number '11' and the text 'AIRLINE FLEET'.

11

AIRLINE FLEET

11

AIRLINE FLEET

124

**QANTAS
AIRWAYS**

18

A330-200

10

A330-300

12

A380-800

70

Boeing 737-800

4

Boeing 747-400

6

Boeing 747-400ER

4

Boeing 787-9

110

**VIRGIN
AUSTRALIA**

6

A330-200

14

ATR 72-500/600

2

Boeing 737-700

80

Boeing 737-800

5

Boeing 777-300ER

3

Embraer ERJ190

71

**JETSTAR
AIRWAYS**

52

A320-200

8

A321-200

11

Boeing 787-8

17

**TIGERAIR
AUSTRALIA**

14

A320-200

3

Boeing 737-800

52

**REGIONAL
EXPRESS AIRLINES**

2

SAAB340A

21

SAAB340B

29

SAAB340BPLUS





12

ON TIME
PERFORMANCE

12

ONTIME PERFORMANCE

DOMESTIC 2017

	DEPARTURE	ARRIVAL	CANCELLATIONS
Jetstar	74.1 %	77.2 %	1.2 %
Qantas	85.8 %	84.7 %	1.3 %
QantasLink	84.4 %	84.2 %	2.9 %
Regional Express	84.0 %	81.2 %	1.5%
Tigerair Australia	72.7 %	71.4 %	2.1 %
Virgin Australia	85.3 %	83.4 %	2.0 %
Virgin Australia Regional Airlines	85.0 %	83.0 %	2.1 %
NATIONAL AVG (vs 2016)	82.7% -2.4%	82.0% -2.2%	1.9% +0.2%

ALL QANTAS
NETWORK

85.1%
DEPART
84.4%
ARRIVE

ALL VIRGIN
NETWORK

85.3%
DEPART
83.4%
ARRIVE

Source : BITRE. A flight arrival or departure is counted as 'on time' if it arrives or departs the gate 15 minutes before or after the scheduled arrival or departure time shown in the carriers' schedule

An aerial photograph of an airport terminal and tarmac, overlaid with a semi-transparent teal filter. A large black hexagon is centered on the image, containing the number '13' in white and the text 'AUSTRALIAN AIRPORTS' in orange and white.

13

AUSTRALIAN
AIRPORTS

13

AUSTRALIAN AIRPORTS

470

Australian
Airports
servicing scheduled
passengers

CONTINUED PASSENGER GROWTH

Major Australian airports continue to grow at a comparable rate of tourism growth. Favourable economic conditions are generating changing traffic trends and consumer shifts, particularly with leisure travellers. There is growth through low fare offerings and ease of access to alternative airports, for both leisure and corporate travel. Second Tier airports including Noosa, Gold Coast, Cairns, Canberra, to name but a few are less congested, and attract “new” experiences for business meetings and conferences, allowing attendees to discover something new.

WESTERN SYDNEY AIRPORT

Due to open in 2026, the airport is set to complement operations at the existing Sydney Kingsford Smith Airport. Commencing with one runway capable of handling 10 million passengers per annum. A second runway is expected between 2040 and 2050.

Designed to cater to the low cost carrier leisure market, and also full service domestic and international carriers. Airfreight will also be a key part of the airport's operations.



MAJOR AIRPORTS PASSENGERS

The busiest Australian airports by passengers

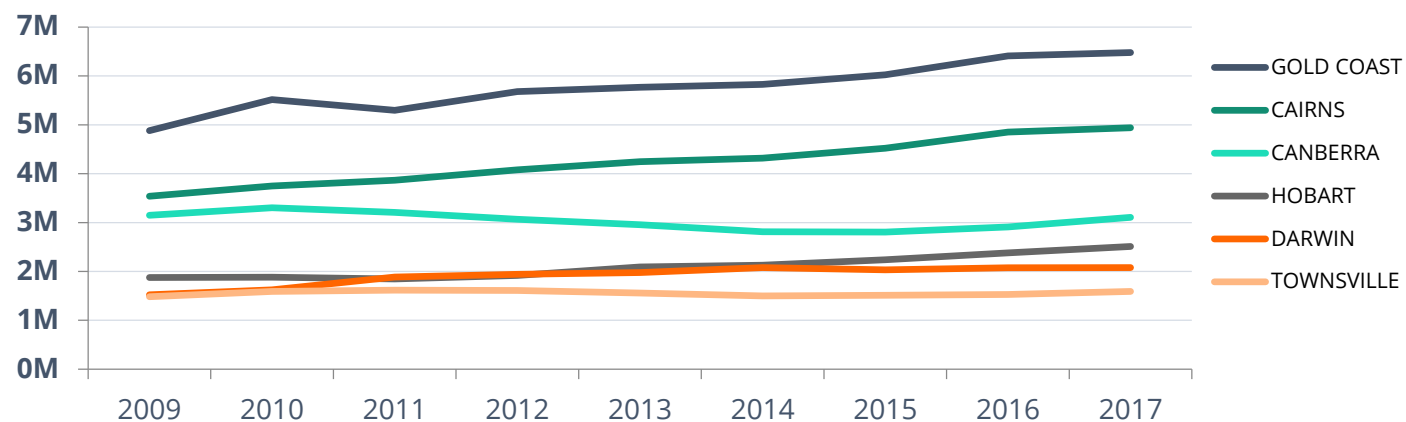
Source: BITRE

	2016	2017	GROWTH
SYDNEY	42.0M	43.3M	+3.1%
MELBOURNE	34.4M	35.6M	+3.3%
BRISBANE	22.5M	22.9M	+1.9%
PERTH	12.5M	12.4M	-0.9%
ADELAIDE	7.9M	8.1M	+2.3%



TIER 2 AIRPORTS

Airport growth for 2nd tier airports 2M-6M annual passengers





14

AIRLINE
ALLIANCES

AIRLINE ALLIANCES

	STAR ALLIANCE	SKY TEAM	ONE WORLD	VALUE ALLIANCE	U-FLY ALLIANCE	VANILLA ALLIANCE
DESTINATIONS	1300	1074	1012	160+	123	89
COUNTRIES	190	177	158	25	15	26
DAILY DEPARTURES	18,450	16,609	13,000+			
ANNUAL PASSENGERS	689m	730m	528m	47m	23.6m	2.3m
MEMBER AIRLINES	28	20	13	8	5	5

**MEMBER
AIRLINES**

28

**STAR
ALLIANCE**

Adria Airways,
Aegean Airlines,
Air Canada,
Air China,
Air India,
Air New Zealand,
All Nippon Airways,
Asiana Airlines,
Australian Airlines,
Avianca,
Avianca Brazil,
Brussels Airlines,
Copa Airlines,
Croatia Airlines,
EgyptAir,
Ethiopian Airlines,
EVA Air,
LOT Polish Airlines,
Lufthansa,
SAS,
Shenzhen Airlines,
Singapore Airlines,
South African Airways,
SWISS,
TAP Portugal,
Thai Airways,
Turkish Airlines,
United Airlines.

20

**SKY
TEAM**

Aeroflot,
Aerolineas
Argentinas,
Air Europa Lineas
Aeres,
Air France,
Alitalia,
China Airlines,
China Eastern
Airlines,
China Southern
Airlines,
CSA Czech Airlines,
Delta Air Lines,
Garuda Indonesia,
Kenya Airways,
KLM Royal Dutch
Airlines,
Korean Air,
Middle East Airlines,
Saudia,
TAROM,
Vietnam Airlines,
Xiamen Airlines.

13

**ONE
WORLD**

American Airlines,
British Airways,
Cathay Pacific
Airways,
Finnair,
Iberia,
Japan Airlines,
LATAM,
Malaysia Airlines,
Qantas Airways,
Qatar Airways,
Royal Jordanian
Airlines,
S7 Airlines,
Sri Lankan Airlines.

8

**VALUE
ALLIANCE**

Cebu Pacific,
JEJU Air,
Nok Air,
NokScoot,
Scoot,
Tigerair Australia,
Vanilla Air,
Cebgo .

5

**U-FLY
ALLIANCE**

Eastar Jet,
HK Express,
Lucky Air,
Urumqi Air,
West Air.

5

**VANILLA
ALLIANCE**

Air Austral,
Air Madagascar,
Air Mauritius,
Air Seychelles ,
Inter Iles Air.





15

ABOUT US

ABOUT US

1

4D

The team at 4D provide data analytics, strategic sourcing, outsourcing, research and travel programme elevation to help companies generate more value with their corporate travel spend. 4D works with clients in large enterprise, medium to small businesses, and industry bodies. Our global team of over 20 consultants and analysts are located in Australia, Asia, Americas and Europe and provide a variety of innovative solutions to clients.

Felicity Burke: felicity.burke@4dconsulting.com.au

Zina Aziz: zina.aziz@4dconsulting.com.au

2

4D AIRLINE SOURCING

Navigating an effective airline program is complicated, which is why 4D drive your airline programme with consistent coordination, analysis and expertise. Throughout our strategic partnership, you will have a single point of contact who will work with our global airline sourcing team and also local airline experts in over 90+ countries to negotiate the best airline solutions to suit your needs. Our extensive product knowledge, global supplier relationships and sophisticated Airline Contract Management technology will lead and manage all elements of the procuring process for you. Whether your airline program is unmanaged or mature, we have a viable solution to maximise your situation for the future.

CONTACT: enquiry@4dconsulting.com.au

3

FLIGHT CENTRE TRAVEL GROUP

After starting with one shop in the early 1980s, Flight Centre Travel Group (FCTG) has enjoyed remarkable growth to become a \$19.6 billion business consisting of more than 40 brands. As one of the world's largest travel agency groups, it has company-owned operations in 23 countries and a corporate travel management network that spans more than 90 countries. It employs more than 19,000 people globally and has a total of 2800 businesses.

In 1995, FCTG was listed on the Australia Securities Exchange (ASX: FLT) and has been nominated for major industry awards in Australia and around the world. In addition to the flagship Flight Centre Brand,

FCTG's corporate travel and specialty brands include:

- FCM Travel Solutions
- 4th Dimension Business Travel Consulting
- Corporate Traveller
- Stage & Screen
- Campus Travel
- cievents

4

PITCHFORK PRESENTATIONS

You have just finished reading our work. We are a small communication and design team based in Sydney, Australia. We believe that communication sits at the intersection of message, medium & visuals - or more plainly, simplicity mixed with storytelling.

We work with some of Australia's leading companies on all types of content; From presentation coaching to document production.

Visit us online [HERE](#) or email info@pitchforkprez.com

4TH DIMENSION

BUSINESS TRAVEL CONSULTING

Contact Us : enquiry@4dconsulting.com.au

Website : www.4dconsulting.com.au

Follow us on LinkedIn : 4th Dimension Consulting Australia