



ASX and Media Release

QANTAS INVESTS IN JETSTAR JAPAN GROWTH AHEAD OF INTERNATIONAL LAUNCH

SYDNEY, 28 November 2014: Qantas Airways and Japan Airlines have today provided an equity injection to Jetstar Japan to support the airline's growth as it continues to expand its Japanese domestic operations and prepares for the start of international flying early next year.

Jetstar Japan, the largest low cost carrier operating in Japan with almost 60 per cent of the market, is a joint venture between the Qantas Group, Japan Airlines, Mitsubishi Corporation and Century Tokyo Leasing Corporation.

A combined equity injection of ¥11 billion (approximately A\$114 million), in the form of non-voting shares, will be equally shared by the two major shareholders, Qantas and Japan Airlines over two investment tranches. There is no change to the total voting interest of each shareholder.

This investment will support Jetstar Japan's growth including the launch of international operations in early calendar 2015, enabling the airline to capitalise on the significant potential of the low cost carrier market in the world's third largest economy. International ticket sales are expected to start before the end of December 2014.

Jetstar Japan commenced operations in July 2012 and is now operating a fleet of 19 A320 aircraft on 18 routes to 11 domestic destinations. An additional A320 will join the fleet before the end of 2014. To date, the airline has carried more than 6 million passengers.

Jetstar Japan's financial performance has been assisted by the opening of its second operational base, at Osaka's Kansai Airport, in July 2014 and the operational and utilisation benefits that the curfew-free airport brings – including an increase of flying by 20 per cent.

A number of key fundamentals for the airline are tracking at or ahead of expectations. Year-to-date yields are up 9 per cent compared to the previous year and year-on-year revenue growth per passenger remains strong after increasing 15 per cent in FY14.

The first investment tranche of ¥3.5 billion (A\$37 million) each by Qantas and Japan Airlines will be made today, which will increase each airline's economic interest from 45.7 per cent to 46.7 per cent.

At the completion of the recapitalisation, Qantas and Japan Airlines' economic interest will increase to 47.1 per cent each. The economic interest of Mitsubishi Corporation and Century Tokyo Leasing will decrease from 4.35 per cent to 2.94 per cent each.

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