



**THE MARKET**

The Australian carrier, Qantas, is the world's tenth largest airline in terms of 'revenue passenger kilometres' or RPKs.

The Qantas Group carried more than 17.4 million passengers in 1995/96, which represented 53% of the Australian domestic market, and also carried 38.5% of passengers travelling into and out of Australia. Qantas aircraft fly to 104 destinations, 52 of them in Australia and the rest split between 29 other countries.

Qantas is one of the key airlines serving the Asia Pacific rim, the world's fastest growing economic region. The Australian airline began flying to Singapore more than 60 years ago and expanded rapidly to other parts of Asia after 1945. Currently the Qantas network links Australia with 18 cities in 11 countries across North Asia and Southeast Asia. Importantly, the airline is developing an extensive intra-Asian network which includes cities such as Hong Kong, Singapore, Kuala Lumpur, Jakarta and Mumbai.

**ACHIEVEMENTS**

Qantas can claim an impressive history of innovation. As early as 1958, it pioneered a round-the-world service, with two Super Constellations circumnavigating the globe in opposite directions. In 1979, it was the first airline to introduce Business Class and in 1989, the airline set a world distance record for a commercial jet when it flew the first Qantas Longreach series Boeing 747-400 non-stop from London to Sydney. It is also the only airline ever to win twice the prestigious Cumberbatch trophy - awarded by the British Guild of Air Pilots and Air Navigators for safety and reliability.

These two Qantas imperatives - innovation and reliability - have helped make the airline one of Australia's most successful and profitable companies. In 1996/97, Qantas posted an operating profit before tax and abnormal items of \$420.9 million, an



increase of 49% over the previous year, and a profit after tax and before abnormals of \$260.5 million - 5.6% above the previous year.

In February 1996, Qantas was named 'Airline of the Year' by the prestigious US-based aviation management publication, Air Transport World. Qantas received the award for providing outstanding service to the public, developing innovative new markets and services, introducing new technology to the industry and performing in a consistently profitable way. In the Australian market, Qantas has been named as the Australian company with the best corporate image by Australia's National Business Bulletin for eight consecutive years.

**HISTORY**

Qantas is the world's second oldest airline, and the oldest in the English-speaking world. It was founded in the Queensland outback in 1920 as the Queensland and Northern Territory Aerial Services (Q.A.N.T.A.S.) Limited by pioneer aviators Hudson Fysh, Paul McGinness and Fergus

McMaster.

The company began its operations with one aircraft providing joyrides and air taxi work. Regular scheduled mail and passenger services commenced in November 1922. In 1931, after expanding its reach in Queensland and the Northern Territory, Q.A.N.T.A.S. made its first link with Britain's Imperial Airways and three years later the two companies formed Qantas Empire Airways to provide a scheduled air service between Australia and the United Kingdom.

The route saw the introduction of the revered Flying Boats in 1938, bringing unprecedented luxury and comfort to the Australia-UK service.

During World War 2, Qantas maintained vital air links between Australia and New Guinea, South East Asia, Africa and the Indian subcontinent. Following the war, Qantas expanded rapidly and in 1947 the Australian Government purchased the shares held by Imperial Airways. After taking delivery of long range pressurised Constellations, Qantas made the first Sydney-to-London flight in its own right on 1 December 1947.



In 1956 Qantas carried the Olympic flame from Athens to Darwin as part of its journey to the Melbourne Olympic Games. Three years later Qantas entered the jet age when it became the first airline outside the United States to operate the Boeing 707.

With a name change to Qantas Airways Limited in 1967, and a vastly expanded network thanks to its new jet aircraft, the airline placed an order for a new generation aircraft - the Boeing 747. In the years following, Qantas continued its strong association





with the Boeing company, and for a period became the world's only all-B747 operator. This continued until 1985 when the airline's first Boeing 767s were delivered. In 1989, Qantas set a world distance record for a commercial jet when the airline flew a Boeing 747-400 nonstop from London to Sydney.

Up to this point, Government regulation had ensured that Qantas had been an exclusively international airline and was state owned. Following deregulation of the domestic airline industry in October 1990, however, the Australian Government announced both the sale of 49% of Qantas - and 100% of the domestic carrier, Australian Airlines.

In June 1992, the Government accepted a bid from Qantas for the purchase of Australian Airlines, and also decided to fully privatise the Qantas Group itself.

The \$400 million purchase of Australian Airlines was completed in September 1992 and operations of the two airlines were merged into a single brand, Qantas - The Australian Airline, in October 1993.

Full privatisation of Qantas began in December 1992 with a trade sale launched by the Australian Government. In March 1993, British Airways paid \$665 million for a 25% interest in the Australian carrier. A public share offer for the remaining Qantas shares was finalised on 31 July 1995 when Qantas shares were listed on the Australian Stock Exchange.

Today Qantas is regarded as one of the world's most experienced long distance airlines. Alliances with other major international airlines - including British Airways, American Airlines, Canadian International, Scandinavian and Air Pacific - provide an even greater choice of flights and service for Qantas customers.

#### THE PRODUCT

In May 1997 Qantas unveiled its 'Flying Towards 2000' project with the announcement that it would spend more than \$550 million over the next three years on the most far reaching changes ever to its product and services. That would involve the redesign and refurbishment of the entire fleet of international and domestic jet aircraft.

The planned changes include full-recline sleeper seats in international First Class; electronically

controlled seats in international Business Class; the latest slimline seats with inbuilt lumbar support and adjustable headrests for international Economy Class; new Business and Economy Class seating throughout the domestic fleet; personal interactive seatback videos throughout international Economy Class and personal interactive videos in international First and Business Class.

Changes to the airline's service will include: staffing of the international First Class with 350 flight attendants, selected and trained, to provide more personalised service; and the appointment of one of Australia's most outstanding chefs, Neil Perry, to consult on all inflight cuisine.

International flights are operated by a fleet of Boeing 747 and 767 aircraft, while domestic operations are operated by Boeing 767, 737 and Airbus A300 aircraft. Qantas' subsidiary regional airlines Eastern Australia, Southern Australia, Sunstate and Airlink operate a fleet of BAe146, Boeing, Dash 8 and Shorts aircraft.

All Qantas aircraft are maintained to the highest standards and are flown by some of the world's most experienced pilots. Qantas also undertakes engineering, pilot and cabin crew training for customer airlines.

While Qantas is primarily a passenger airline there are other facets to its business. Air freight is an integral part of the airline's core business, carrying freight since its first scheduled service in November 1922 when it carried Australia's first official airmail between Charleville and Cloncurry. In addition, Qantas Flight Catering Limited is a wholly owned subsidiary with catering centres around Australia. In the year to 30 June 1996, the division produced more than 20 million meals for Qantas and other airlines, as well as for railway and hospital clients. Qantas Holidays is also the largest travel wholesaler in Australia, with more than 21 years of holiday packaging experience.



#### RECENT DEVELOPMENTS

In the first quarter of 1997, Qantas completed what was one of the biggest information technology projects successfully undertaken in Australia - implementation of its new reservations and departure control system - QUBE. While a number of airlines have changed their reservations systems in recent years, Qantas had a unique challenge in bringing together an international and a domestic reservation system into a single, fully integrated system.

#### PROMOTION

While Qantas is an international airline it also retains a distinctive Australian style. To promote this, the airline in 1994 unveiled a Boeing 747-400 painted in an Aboriginal design depicting the story of journeys by spirit ancestors, in the form of kangaroos, across the Australian landscape.



The aircraft, *Wunala Dreaming*, gained worldwide attention on the inaugural Qantas flights to Osaka, Japan in September 1994 and to Beijing, China in March 1995. *Wunala* was joined in November 1995 by *Nalanji Dreaming*, a 747-300 painted in an Aboriginal rainforest theme and used predominantly on services to Japan and New Zealand.

In May 1997, to complement the airline's 'Flying Towards 2000' project, a new domestic image advertising campaign was launched, tagged with the line 'Spirit of Australia'. The campaign features 40 of Australia's high profile sporting champions including golfer Greg Norman, freestyle aerial ski champion Kirstie Marshall and basketballer Luc Longley of the Chicago Bulls.

#### BRAND VALUES

The Qantas brand elicits an immediate emotional response from millions of Australians, even those who don't fly. It is a response of pride and affection. There is nothing sentimental about this. The Qantas brand deserves its prestige, which is founded on a proud history and continues to grow thanks to the Qantas focus on customer service and engineering excellence. Qantas prides itself on providing outstanding service to the public, developing innovative new markets and services, introducing new technology to the industry and performing in a consistently profitable way.

#### Things you didn't know about Qantas

- Qantas introduced the world's first Business Class in 1979.
- Qantas Business Class and Economy Class passengers consume an average of 6.8 million chocolates on international flights each year. About 25,000 chocolates are airborne on Qantas flights at any one time.
- Qantas Flight Catering prepares approximately 19.9 million meals a year in its kitchens in Sydney, Brisbane, Melbourne, Perth and Adelaide.
- Qantas aircraft in the core jet fleet flew around 400,000 hours during 1995/96.
- From its \$790 million spares inventory in 1996/97, Qantas will use approximately 66,500 flight attendant call lamp bulbs valued at US\$0.24 each. It will also use approximately 843 quartz landing lights at US\$19.29 each. At the other end of the scale, Qantas holds on stock seven high pressure modules for its Rolls Royce RB211 engines, each valued at US\$2.17 million. It also holds seven low pressure turbine modules for the RB211, each valued at US\$2.12 million.