Qantas Full Year 2010 Results Presentation

Overview

- Underlying PBT[1] more than tripled to $377m in line with guidance
- Delivering against strategic priorities
- Recovery on track, continued strengthening in most segments
- Yields improving in Qantas and Jetstar
- Robust cost achievements
- Record Jetstar and Frequent Flyer earnings highlight value of portfolio
- Investment grade credit rating maintained (BBB and Baa2)
- No final dividend declared to preserve financial strength for $2.6bn capital expenditure program in FY11

1. Underlying PBT is the primary reporting measure used by management and the Board to assess the financial performance of the Group. Refer to slide 36 of the supplementary slides for a reconciliation of Underlying PBT to Statutory PBT

Financial Highlights

- All segments profitable
- Improved operating cash flow $1.3bn
- Strong cash balance $3.7bn
- Unit cost (excluding fuel) down 4.3% across Group
- FY10 capital expenditure $1.7bn, investment for Qantas and Jetstar
- Second half Group yield 6.4% higher than first half
- QFuture benefits of $533m achieved, against $500m target

Strong Foundation

- Qantas is Australia's most reliable airline
  - Ranked 1st for on time arrivals, departures and lowest cancellations for FY10
- All key corporate accounts maintained, continued investment in network
- Strong domestic platform for growth, maintained market share of 65%
  - Flexibility to scale domestic capacity up by 15%
- Continued deployment of successful dual brand strategy
- Qantas now growing domestic footprint
- 28% capacity growth in Jetstar, now serving 17 countries
- Strong growth in key Asian markets
- Qantas Frequent Flyer members up 23% to 7.2 million
  - Successful first year of Woolworths loyalty partnership

Operating Environment

- Yields recovering from financial downturn, but still 11% below FY08
- Second half revenue impacted by Icelandic volcano disruptions, BA industrial action and civil unrest in Bangkok
  - European airspace closures impact $46m[1]
- Domestic capacity growth impacting industry earnings 4th quarter but Qantas Group the most profitable
- Business purpose travel rebounding, yield premium restored
- Earnings on key international routes continue to improve
- Fuel and FX rates were less volatile in FY10 than the prior year

1. Included in Underlying PBT

Income Statement Summary

$M	FY10[1]	FY09[1]	VLY	
Net Passenger Revenue	10,938	11,604	(666)	
Other Revenues	2,834	2,778	56	
Revenue	**13,772**	**14,382**	**(610)**	Economic downturn, competitive pressure and reduced capacity
Operating Expenses	11,577	12,545	968	
Depreciation and Amortisation	1,200	1,251	51	
Non-cancellable Operating Lease Rentals	527	450	(77)	
Expenses	**13,304**	**14,246**	**942**	QFuture savings and lower fuel costs
Underlying EBIT	468	136	332	
Net Finance Costs	(91)	(36)	(55)	Less interest capitalised than FY09
Underlying PBT[2]	377	100	277	

1. All line items adjusted to reflect Underlying result. Refer to slide 36 of the supplementary slides or a reconciliation of Underlying PBT to Statutory PBT
2. Underlying PBT is the primary measure used by management and the Board to assess the performance of the Group. Refer to slide 36 of the supplementary slides for a reconciliation of Underlying PBT to Statutory PBT

Cash Flow and Balance Sheet Summary

Summarised Cash Flow

$M	FY10	FY09	VLY %	
Operating	1,307	1,149	13.8	Increased operating margin, improved working capital and reduced tax payments. FY09 includes cash inflow from QFF Direct Earn strategy
Investing	(1,601)	(1,163)	(37.7)	Purchase of 11 aircraft, progress payments and product investment
Financing	381	1,032	(63.1)	FY09 included capital raising
Net Increase/ (Decrease) in Cash Held	87	1,018	(91.5)	
Cash at End of Year	3,704	3,617	2.4	Provides flexibility to manage medium term capital expenditure and funding requirements, whilst preserving investment grade credit rating

	FY10	FY09	VLY
Net debt[1] ($M)	2,209	1,923	286
Equity (excluding hedge reserves)	5,896	5,794	102
Net Debt to Net Debt + Equity ratio[2]	51:49	50:50	

1. Includes fair value of hedges related to debt and aircraft security deposits
2. Includes off balance sheet non-cancellable operating leases excluding hedge reserve

Capital Management and Treasury

- Funding in place for 90% of aircraft deliveries to October 2011
- No unsecured facility maturing before February 2012
- $315m unsecured syndicated loan extended to April 2014 - upsized to $430m
- $300m Standby Facility extended to May 2013
- Remainder of FY11 hedging reduces risk and provides substantial participation

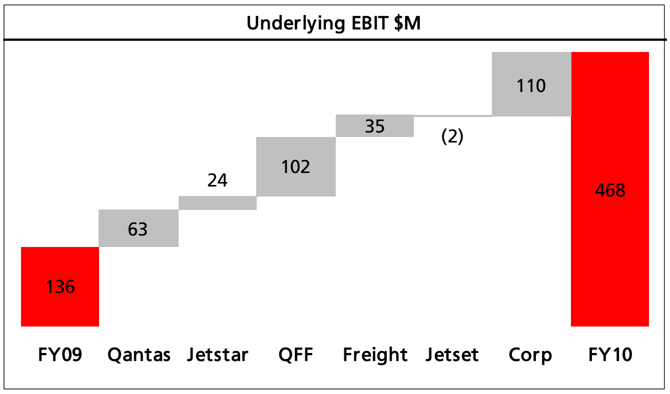
Exposure	% Hedged	Effective price/rate[1]	
Fuel costs[2]	51%	82.15	USD per barrel
Operating foreign exchange[2]	38%	0.8690	AUD/USD
Aircraft capital expenditure[3] - FX	77%	0.8450	Up to June 2012

1. Effective rate / price refers to the rate / price that would be achieved based on current market prices (As at 9 August 2010 - Spot crude oil price: USD80.15 per barrel, AUD/USD spot exchange rate: 0.9180)
2. Including option premium
3. Excluding option premium

Segment Performance

- All segments profitable in both halves
- Record profits from Jetstar and Qantas Frequent Flyer
- Qantas and Freight continuing to gain momentum

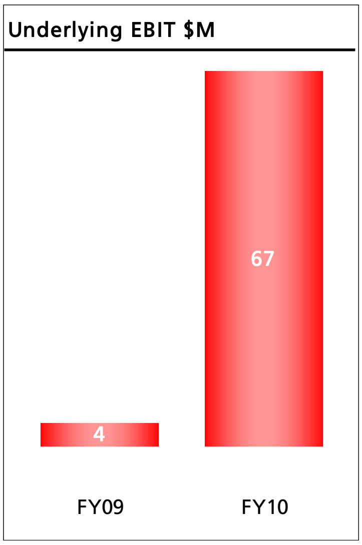
Underlying EBIT $M	FY10	FY09
Qantas	67	4
Jetstar	131	107
Qantas Frequent Flyer[1]	328	226
Qantas Freight	42	7
Jetset Travelword Group	14	16
Corporate / Eliminations	(114)	(224)
Underlying EBIT	468	136



1. The Qantas Frequent Flyer results include the impact of the change in accounting estimate, which has contributed an additional $161 million to the FY10 result and $77 million to the FY09 result. Refer to slide 67 for further detail.

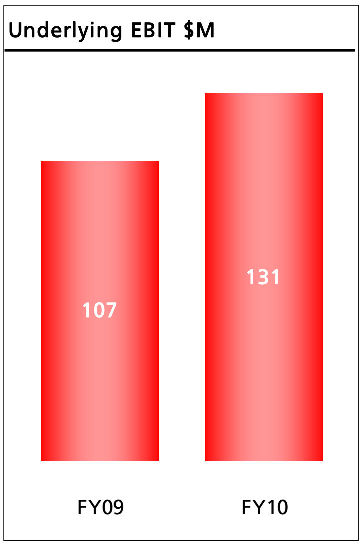
Qantas

- Most profitable carrier in domestic market
- International business earnings improving
- Best for business
  - Maintained all key corporate accounts
  - Growth in SME market share
  - FY10 invested $102m in customer service and product - Next Generation Check-in development, lounge upgrades, Perth terminal development, customer service training
  - Best domestic on time performance in FY10 of 87%
- Overall yield recovery continues, but still below FY08 levels
- Capacity reduced by 6.3%
  - International (9.4)%, Domestic (0.4%)
- $533m QFuture benefits against $500m target
  - Non-fuel expenditure significantly reduced
- Profitable regional operations underpinned by Q400 expansion
- 14 new aircraft in FY10 – 3 x A380, 7 x Q400, 3 x B738, 1 x A330



Jetstar

- Record result
  - Continuously profitable since 2004 startup
- 6th successive year of double digit growth
  - Capacity up 28%[1], passengers up 36%[1]
  - 17 countries, 52 destinations, over 350 flights per day
- Unit cost down 2%[2]
  - Unit costs down 5% (sector length adjusted)
  - $72m of initiatives achieved
- Strong competitive position as low fares leader in Asia
- Continual investment and innovation
  - Brand extensions delivering industry leadership in ancillary revenue
  - iPad and self service airport rollout underway



1. Including Jetstar Asia. Jetstar results for FY10 include 12 months consolidation of Jetstar Asia (3 months in FY09). Capacity and passenger growth excluding Jetstar Asia are 15% and 20% respectively
2. Gross unit cost excluding fuel & non-recurring items

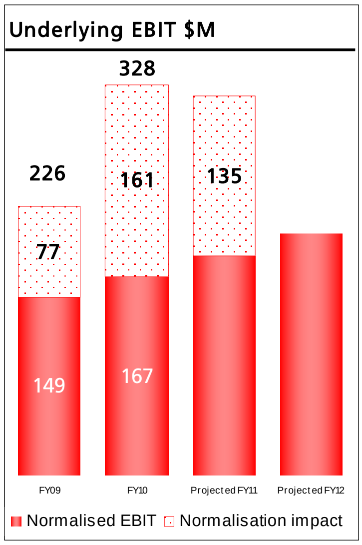
Growing Footprint in Asia

- Jetstar Asia rapidly growing, S$6.9m EBIT[1]
  - 45% growth since FY09[2]
  - Singapore base providing strong capability for future growth in Asia
  - Significant growth in China – now serving Haikou, Shantou, Macau, Hong Kong and Taipei
  - Entry into Japan
- Jetstar Pacific
  - Significant improvement in results – close to break even
  - Fleet transition commencing October 2010 – to common Jetstar A320 fleet
  - Market continues to grow rapidly

1. Unaudited Statutory Singapore result
2. Total passenger growth in Singapore from both Jetstar and Jetstar Asia operations

Qantas Frequent Flyer

- Record Underlying EBIT, normalised[1] earnings up 12%
- Billings up 4%[2] despite GFC impact on credit cards
- Membership at 7.2 million up 1.4 million or 23%
- Woolworths partnership thriving
  - 2.8 million members linked
- 17% of new Woolworths members have already flown on Qantas
- Customer satisfaction at record highs
  - Any Seat redemptions growth 21%
  - One of the largest online retail stores in Australia - redemptions up 8%
- New partners, such as St George and Bank SA

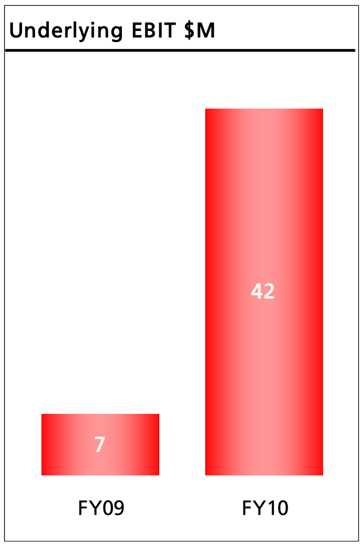


The change in accounting estimate impacts 3 financial years and is included in Underlying EBIT

1.The Qantas Frequent Flyer (QFF) results includes the impact of the change in accounting estimate, which has contributed an additional $161 million to the FY10 result and $77 million to the FY09 result. Refer to slide 67 for further detail.
2. FY09 adjusted for direct earn strategy 'rush in' billings

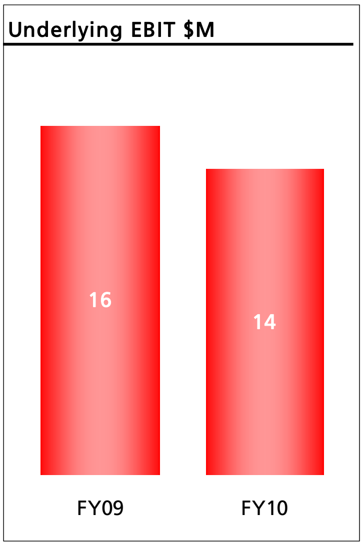
Freight

- $35m improvement in earnings
- Strategic focus now aligned to optimising core Freight assets
- Strong recovery in air freight market from October 2009
- Volumes up 7% over prior year
- Capacity down 3%, predominantly due to reduced passenger network
- Yield (excluding FX) down 2.0% vs prior year
  - Yield recovery in the second half
- China exports boosting freighter returns
- Most profitable year for Qantas freighters



Jetset Travelworld Group

- Underlying EBIT of $14m
- Slower than expected recovery, but improving
- Second half earnings significantly better than first half
- Transformational merger with Stella Travel Services
  - Compelling merger rationale
  - Shareholder vote on 6 September 2010
  - Awaiting ACCC approval



Consistent Strategic Focus

- Safety is our number one priority
- Enhancing the customer experience and maintaining the dual brand strategy
- Transforming the international business
- Profitably building on 65% domestic market share
- Optimising portfolio businesses and investments
- Engaging our people and developing talent

Dual Brand Strategy

- Proven profit optimising model
- Highly differentiated brands - appealing to different customer segments
- Appropriate deployment of brands, improved Group competitive position
- Enhancing the Group's domestic and international footprint
- Unique flexibility

International Business Transformation

- Fleet renewal and simplification
  - A380 replacing B747s, A330 and B787 replacing B767s
  - Reconfiguration of A380 fleet and 9 youngest B747s
  - B787 deliveries brought forward
- Network enhancements - right aircraft, right route
- Continue QFuture transformation agenda
- Deepening alliances and bilateral partnerships
  - Renewal of Joint Service Agreement with British Airways until 2015
  - Actively pursuing deeper bilateral partnerships akin to the Joint Services Agreement
  - Growing the **one**world alliance
- Jetstar International and pan Asian growth

Domestic Market Strength

- 1st and 2nd most profitable airlines in domestic market – Qantas and Jetstar
- Qantas Group market share 65%
- Best placed to leverage all market segments
- Significant flexibility in domestic fleet to adapt to changing market conditions
  - Flexibility to scale domestic capacity up to 15%
  - Extended 5 x A320 leases
  - Increased utilisation of fleet
  - Deferred aircraft retirement
- Expanding regional footprint – 7 new Q400 aircraft, delivery over next 3 years
- A320 and B737 - mixture of growth and replacement
- Growing domestic wide body footprint with A330s

Innovation for the Customer

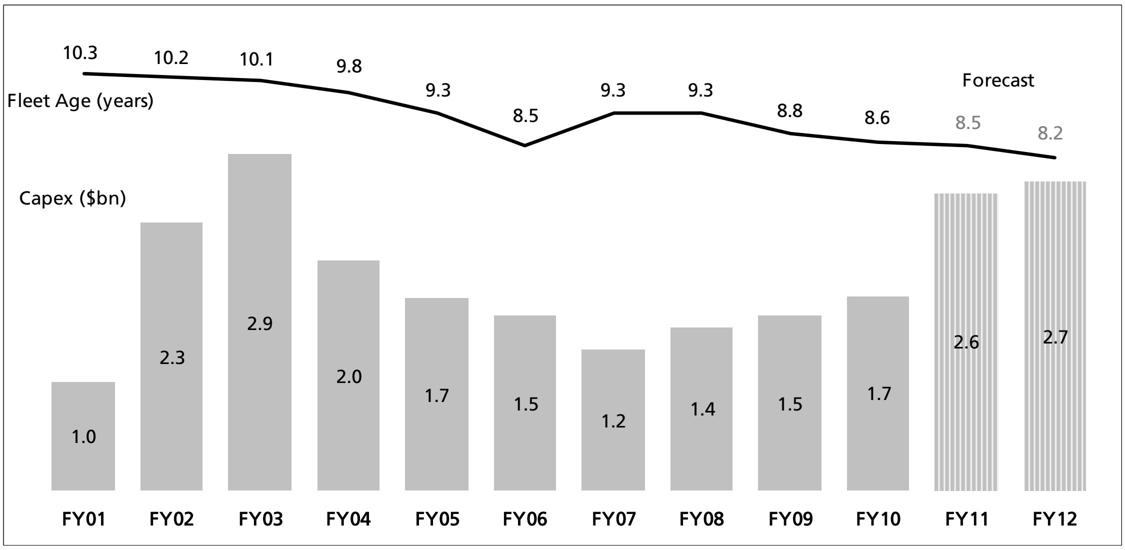
Next Generation check-in enhancing 'Best for Business' value proposition

Optimising Portfolio Businesses & Investments

- Qantas Frequent Flyer
  - Increasing existing members activity with coalition partners
  - Targeting 8 million members by June 2011
  - Growing coalition partners
- Jetset / Stella proposed merger announced
- Qantas Freight Enterprises
  - Sale of DPEX Group
  - Australian air Express and Star Track Express business review complete - renewal of partnership with Australia Post confirmed

Continued Fleet Modernisation

- Improving yields, customer satisfaction, operational efficiency, cost reduction and environmental credentials
- In turn, allows sustainable reinvestment in fleet over the long term



Summary

- All segments profitable
- 1st and 2nd most profitable airlines in domestic market
- Dual brand and portfolio strategy driving shareholder value
- Sound capital management
- Investing for the long term
- QFuture continuing to deliver
- Positioned well for growth
  - Leverage to premium market recovery
  - Expanding Asian footprint

Outlook

- Trading conditions have steadily improved. Forward bookings indicate yields in first half FY11 will be higher than first half FY10
- The Group expects to increase capacity in first half FY11 by 9.6% compared to first half FY10 whilst retaining flexibility to optimise growth
- Domestic business and total international revenue is expected to improve. Domestic leisure continues to be highly competitive.
- As at 9 August 2010 fuel costs for first half FY11 are estimated to increase by 13% compared to first half FY10, due to higher forward market jet fuel prices and increased flying
- If present conditions continue, first half Underlying PBT for FY11 may be materially stronger than first half FY10
- However, changes in fuel prices, FX rates and general trading conditions could rapidly impact earnings. It is therefore not possible to provide a more specific forecast at this time given the volatility and uncertainty of the aviation market.