2007/08 Full Year Results Investor Briefing
Highlights of Result

• Profit before tax up 46% to $1,408 million
  – Up 36% on the reported result

• Margin improvement

• $3 billion of Sustainable Future Benefits achieved

• Well advanced on segmentation strategy

• Attractive dividend payout
Key Drivers

- Strong first three quarters for all businesses
- Favourable revenue environment
- Fourth quarter challenges – fuel, capacity, slowing economy
- Proactively addressing those issues
Hedging and FX benefits helped offset sharp rise in fuel prices

![Graph showing fuel prices with a note about hedging and FX benefits.](image-url)
## Segment Profit Before Tax

<table>
<thead>
<tr>
<th>Year Ended 30 June</th>
<th>2008</th>
<th>2007</th>
<th>Increase/ (Decrease)</th>
<th>Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>%</td>
</tr>
<tr>
<td>Qantas Flying Brands</td>
<td>935.3</td>
<td>769.1</td>
<td>166.2</td>
<td>21.6</td>
</tr>
<tr>
<td>Qantas Freight Enterprises</td>
<td>63.7</td>
<td>64.9</td>
<td>(1.2)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Qantas Frequent Flyer</td>
<td>233.9</td>
<td>210.6</td>
<td>23.3</td>
<td>11.1</td>
</tr>
<tr>
<td>Jetstar Flying Brands **</td>
<td>115.7</td>
<td>81.9</td>
<td>33.8</td>
<td>41.3</td>
</tr>
<tr>
<td>Qantas Holidays</td>
<td>42.4</td>
<td>46.0</td>
<td>(3.6)</td>
<td>(7.8)</td>
</tr>
<tr>
<td>Q Catering *</td>
<td>13.0</td>
<td>19.1</td>
<td>(6.1)</td>
<td>(31.7)</td>
</tr>
<tr>
<td>Corporate Overheads</td>
<td>(205.0)</td>
<td>(203.0)</td>
<td>(2.0)</td>
<td>1.0</td>
</tr>
<tr>
<td>Corporate one-offs/Unallocated</td>
<td>205.0</td>
<td>(27.1)</td>
<td>232.1</td>
<td>(856.5)</td>
</tr>
<tr>
<td>Eliminations</td>
<td>3.6</td>
<td>3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>1,407.6</strong></td>
<td><strong>965.1</strong></td>
<td><strong>442.5</strong></td>
<td><strong>45.9</strong></td>
</tr>
</tbody>
</table>

* Q Catering includes a $15m market rebate to Qantas. Adjusted result would be 47% favourable

** Includes Jetstar Pacific equity accounted loss of $2.8m
Strategic Priorities

• Optimising Two Brand Strategy

• Investing in fleet, product and service

• Realising greater efficiencies across all parts of the business
Strategic Priorities

• Progressing business segmentation

• Further leveraging Qantas Frequent Flyer

• Capital management
Qantas

- Strong improvement in international operations
- Growth on key routes – domestic, regional and international
- One of top 3 airlines in the world – 2008 Skytrax
- Continued investment in product and service
Jetstar

- Cost leadership
- Focusing on profitable growth
- One of top 3 low cost airlines in the world – 2008 Skytrax
- Revenue diversification - ancillary streams
Two Brand Strategy – Domestic and Regional

- Domestic Group market share 66.3%
- Adapting brand mix to optimise returns through the cycle
- Group growth plans moderated for 2008/09
- Market growth expected to slow to ~5%
- Stronger first half system growth as capacity plans scale down
Two Brand Strategy - International

• Rationalisation of flying to protect profitability

• Transition of leisure routes to Jetstar

• Growth in select markets

• Market capacity growth in line with long term trend
Two Brand Strategy - Asia

• Jetstar Asia – profitable April 2007 to March 2008

• Jetstar Pacific – 18% interest growing to 30% by 2010

• Good network potential

• Both airlines reviewing initiatives to address fuel challenge

• Continued commitment to Pan-Asian expansion
Product and Service

Over the past five years:

• An average $2 billion a year on new aircraft

• Around $120 million a year on new product

• $275 million a year on average on staff training

• More than $300 million on engineering facilities + $120 million committed
Product and Service

- Premium Economy
- Introduction of A380
- Domestic lounge upgrades and meeting rooms
- Customer Service Centre of Excellence – opening December
$3 billion target achieved

Restructuring Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$512m</td>
<td>$545m</td>
<td>$501m</td>
<td>$753m</td>
<td>$747m</td>
</tr>
<tr>
<td>Values</td>
<td>$1,057m</td>
<td>$1,558m</td>
<td>$2,311m</td>
<td>$3,058m</td>
<td>$3 billion</td>
</tr>
</tbody>
</table>
Sustainable Future Program

- Targeting $1.5 billion of additional benefits over next two years
- New focus on revenue and margin opportunities
- Improved workforce models and management
- Streamlined corporate services
- Focus on efficiency, while enhancing customer experience
Jetset Travelworld

- Qantas Holidays-QBT/Jetset merger completed last month
- Enhanced retail and wholesale network offering
- Three leading brands diversified across leisure/corporate travel
- Strengthening online capability
• EBIT up 0.2% at $128 million (reflects classic award redemptions)

• PBT up 11.1% to $234 million

• Adjusted EBITDA up 8.7% to $150 million (excluding relaunch costs, up 13.8%)

• Billings up 5.8% from $878 million to $929 million
Loyalty

• Successful introduction of Qantas Frequent Flyer program enhancements

• July 2008 redemptions +24.3% over July 2007

• Higher member interest / engagement

• Focus on direct earn opportunities
Qantas Frequent Flyer

- Ongoing consideration of partial Initial Public Offer in Australia
- Able to proceed this calendar year
- Board continuing to assess market conditions
- Focus on maximising value to Qantas shareholders

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Qantas Freight Enterprises

- Air Freight $10 million PBT improvement
- Working to address cost pressures in domestic express JVs
- Tougher operating environment emerging
- Continuing to monitor growth opportunities
People

- EBAs covering 40% of workforce agreed in 2007/08
- Key agreements – LAMEs, Pilots, TWU, Short Haul Cabin Crew
- Outcomes within wages policy framework of 3% + 1%
- Substantial progress on market-based arrangements
- Focus on be safe, be green, customer service
Capital Management

- Net cash held $2.6 billion
- Commitment to maintain investment grade credit rating
- Reinstatement of DRP to optimise flexibility
- While rewarding shareholders
Capital Management

- Reducing non-essential non-aircraft capital expenditure
- Still financing aircraft in secured debt markets
- Few debt maturities in next 12 months
- Potential to access cash proceeds from QFF IPO
Outlook

- Although fuel prices have eased over the past month, they have not declined to levels that will sustain the current level of profitability, and fuel and economic conditions remain uncertain.

- However, assuming no further deterioration in economic conditions, Qantas expects its 2008/09 profit before tax to be broadly in line with analyst consensus forecasts.