2008/09 Half Year Results Investor Briefing

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Brands with Spirit

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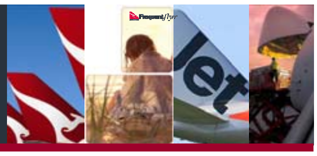

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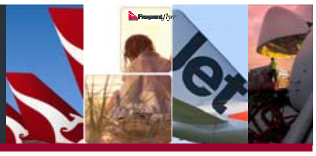
Overview



- Market leading position
  - 65% domestic market share
- Profitable
- Investing for the future
  - Committed fleet renewal program
- Prudent capital management
  - Maintain investment grade credit rating
- FY09 outlook affirmed

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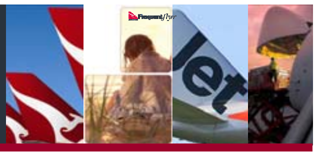
First Half 2009 (1H09) Result



- Profit before tax down 68% to A$288 million
- Earnings per share 10.9 cents
- Cash of A$2.8 billion
- Dividend per share of 6 cents
  - 54% dividend interim payout ratio

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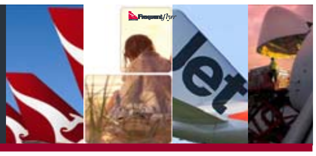
Key Drivers of 1H09 Result



- Revenue up 1.7%
  - Passenger revenue flat
  - Growth in Jetstar and Frequent Flyer
- Operating expenditure up 13.4%
  - Fuel costs (average WTI cost per barrel increased from US$71 to US$102 after hedging)
  - Capacity costs
  - Industrial disruption
  - Investment in Qantas brand

Half-Year Ended 31 December	2008 $m	2007 $m	Increase/ (Decrease) %
Total revenue	7,919	7,785	1.7
Operating expenditure	6,771	5,969	13.4
EBITDAR	1,148	1,816	-36.8
Profit Before Tax	288	905	-68.2
ASKs (m)	63,853	63,627	0.4

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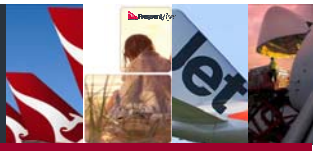
Strategic Priorities



- Two brand strategy
- Product enhancement
- Operational improvement
- Sustainable Future Program
- Segmentation strategy
- Capital management and fleet

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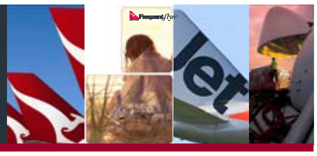
Two Brand Strategy – Overview

- Domestic group market share at the profit maximising level of 65%
- Provides flexibility in varying market conditions
- Transition of international leisure routes to Jetstar

Two Brand Strategy - Qantas

- PBT of A$199 million, down 76%
  - Underpinned by domestic business
- Operational improvement
  - Domestic punctuality back to above 85%
- Successful introduction of A380
- Premium traffic most impacted by economic conditions
- Economy traffic less impacted

Two Brand Strategy - Jetstar



- PBT of A$72 million, down 48%
- Cost leadership
- Low fares leadership
- International leisure market growth
- Pan Asian brand

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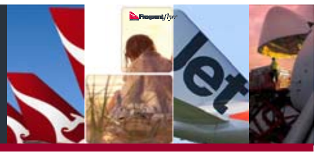
Loyalty



- EBIT of A$73 million, up 18%
- Successful launch
  - Any Seat and Frequent Flyers Store
  - Direct earn strategy
  - 23% increase in redemptions
- Credit card billings up 19%
- Woolworths launch in mid 2009

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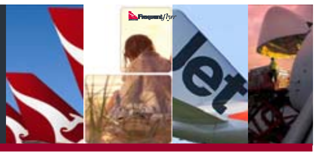
Qantas Freight Enterprises



- PBT of A$41 million, marginally down
- Positively affected by exchange rates
- Tough operating environment
- Yield initiatives

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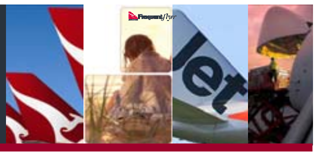
Operational Improvement



- Enhanced fleet efficiency
- Improved on-time performance
- Product enhancements
  - Premium economy
  - Customer service centre
  - Lounges
- Focus on safety and the environment

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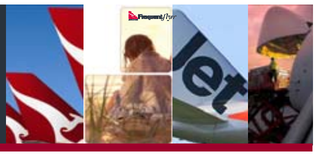
Qantas' Response to Current Environment

- Decisive reductions in capacity to mitigate traffic decline
- Cost reductions
- Flexible hedging allows participation in fuel price reductions and protection from FX movements
- Capital expenditure managed to enhance financial flexibility
- Capital management

Decisive Capacity Response

- Capacity response – 2H09 to be 4% lower than pcp
- Planned FY10 capacity growth will be cut from 10% to 2%
- Improved fleet flexibility
- 4 Boeing 747-300 aircraft retired

Sustainable Future Program



- SFP program reset in FY09 and targets reassessed
- New target of A$1.1 billion to 30 June 2010 reflects
  - Reduced growth-related savings
  - Reduced fuel efficiency savings
  - Other targeted savings maintained
- Target of A$550 million benefits to be realised in FY09
  - 1H09 benefits delivered of A$171 million
  - Expect higher benefits to be realised in 2H09

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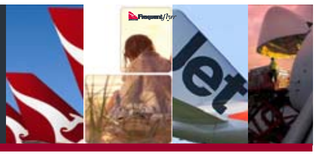
Capex Focus



- Flexible aircraft order book
- FY09 total capital expenditure expected to be A$2.1 billion
- Reducing non-essential non-aircraft capital expenditure
- Access to secured debt markets
  - Supported by investment grade credit rating

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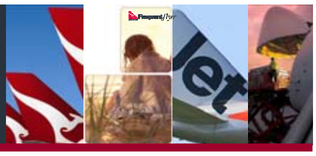
Capital Management



- Strategy of continuing to grow and re-equip fleet
- Maintaining strong capital position critical to fleet renewal program
- Management focus on
  - Improving free cash flow within the business; and
  - Preserving cash and maintaining liquidity
    - Cash balance of A$2.8 billion
    - Standby facility of A$0.5 billion
- Objective to maintain investment grade credit rating
- Gearing increased to 52%

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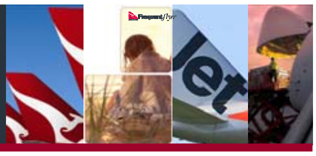
Balance Sheet and Cash Flow



	As at 31 December 2008 $m	As at 30 June 2008 $m	Variance Increase / (Decrease) $m	Variance Increase / (Decrease) %
Total Equity	**5,648**	**5,735**	**(87)**	**(2)**
Net Debt *	**6,475**	**4,679**	**1,796**	**38**
Book Net Debt to Equity ratio **	**52:48**	**47:53**	**5 points**	**N/A**
Net Operating Cashflow	378	1,223	(845)	(69.1)
Capital Expenditure	(1,380)	(818)	(562)	68.7
Net Investing Cashflow	(991)	(747)	(244)	32.7
Net Financing Cashflow	845	(929)	1,774	(191.0)
Net Increase/(Decrease) in cash held	**232**	**(453)**	**685**	**N/A**
Cash at End of the Year	**2,831**	**2,910**	**(79)**	**(22.7)**

*** Includes off Balance Sheet Debt**

**** Includes Off Balance Sheet Debt adjusted for revaluation and excluding hedge reserve**

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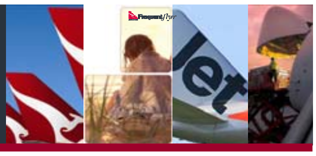
Fuel and Foreign Exchange



- Unprecedented volatility
- High levels of hedging
- 85 percent participation at current prices
- Fuel costs A$486 million higher
  - FX hedging gains of A$180 million partially offset this in the P&L
- At current prices fuel costs will be lower in H209
- Capital expenditure hedged to mid 2011 at .7750

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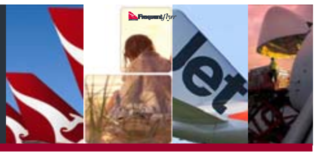
Outlook



- While fuel prices have eased over the past few months, the offset of weaker demand is mitigating these savings.   In the current economic and competitive environment, cost savings have been passed on to passengers where possible, including via reduction of surcharges.
- Qantas reconfirms that it expects 2008/09 PBT to be around $500 million. This remains subject to no further significant change in market conditions and fuel prices.

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