Overview

- Resilient 1H12 result in challenging conditions
  - Yield and unit cost improvements
  - Offset by industrial dispute and record high fuel costs
- Robust underlying performance across the Group
- Certainty achieved for customers post industrial dispute
- Major reduction in capital expenditure
Challenging Global Conditions

- Operating environment
  - Record high fuel costs and AUD
  - Softer UK and Europe inbound demand
  - Strong outbound travel, inbound flat
  - Strong LCC growth in Asia
  - Robust domestic demand
- EU debt crisis weighing on global growth
  - Superior growth rates in Asia Pacific

Decisive Action in Response to Economic Conditions & Structural Challenges

CAPITAL ALLOCATION
- Further capex reductions of $700m
  - $200m in 2H12
  - $500m in FY13
- Pursuing further capex reductions in FY13
- Retained fleet flexibility
- Stringent capital allocation framework focused on shareholder value

CHANGE AGENDA
- Modernising engineering practices
- Review of heavy maintenance footprint
- Exiting major loss-making routes:
  - HKG/BKK-LHR (Mar 12)
  - SIN-BOM, AKL-LAX (May 12)
- Modernising catering practices

1. Miguair Index includes Qantas Airways, Singapore Airlines, Lufthansa, ANA, IAG, Cathay Pacific, Delta, United Continental, Southwest and Ryanair
2. 60 day consultative review has commenced.
3. As previously announced, reduction in daily flights to Europe from 5 to 3.
1H12 Result

1H12 Financial Highlights

- 1H12 Underlying PBT\(^1\) $202m, Statutory PBT $58m
  - Higher fuel costs ($444m)
  - Industrial dispute ($194m)
- Record results for Jetstar and Qantas Frequent Flyer (QFF)\(^2\)

<table>
<thead>
<tr>
<th>KEY GROUP FINANCIAL HIGHLIGHTS</th>
<th>1H12</th>
<th>1H11</th>
<th>VLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($M)</td>
<td>8,048</td>
<td>7,591</td>
<td>+6%</td>
</tr>
<tr>
<td>Yield(^3) excluding FX (c/RPK)</td>
<td>11.2</td>
<td>10.8</td>
<td>+4%</td>
</tr>
<tr>
<td>Net Underlying Unit Cost(^3,4) (c/ASK)</td>
<td>5.58</td>
<td>5.76</td>
<td>-3%</td>
</tr>
<tr>
<td>Operating Cash Flow ($M)</td>
<td>823</td>
<td>786</td>
<td>+5%</td>
</tr>
</tbody>
</table>

- Cash balance $3.3b
- QFuture benefits $180m, up 4%
- No interim dividend declared

1. Underlying Profit Before Tax (PBT) is a non-statutory measure used by Management and the Group’s chief operating decision making bodies as the primary measure to assess financial performance of the Group and Individual Segments. All line items in the 1H12 Results Presentation are reported on an Underlying basis. Refer to slide 10 for reconciliation of Statutory and Underlying PBT.
2. Normalised for prior period changes in accounting estimates. Refer to Supplementary Slide 38 for further detail.
3. Jetstar product unbundling – yield and unit cost calculation adjusted to treat fee revenue from Jetstar product bundles (launched May 2011) as passenger revenue to ensure comparability between periods.
4. Net Underlying Unit Cost – Underlying PBT less Passenger Revenue, fuel and Frequent Flyer change in accounting estimate per ASK. Refer to Supplementary Slide 11 for further detail.
Underlying Financial Performance

- 1H12 Underlying PBT (excluding impact of significant items\(^1\)) in line with 1H11
  - Up 2% despite $444m increase in fuel costs

### UNDERLYING PBT 1H12 vs 1H11
(Excluding impact of significant items\(^1\))

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12</th>
<th>1H11</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying PBT</td>
<td>202</td>
<td>417</td>
<td>-52%</td>
</tr>
<tr>
<td>Significant items(^1):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Dispute</td>
<td>194</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QFF Accounting Change(^2)</td>
<td>(5)</td>
<td>(89)</td>
<td></td>
</tr>
<tr>
<td>Grounding of A380 Fleet</td>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>391</td>
<td>383</td>
<td>+2%</td>
</tr>
</tbody>
</table>

---

1. Items management consider significant in the context of comparing current period performance to prior comparable period.
2. Refer to Supplementary Slide 38 for further detail.

---

Underlying Income Statement Summary

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12(^1)</th>
<th>1H11(^1)</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net passenger revenue</td>
<td>6,452</td>
<td>6,188</td>
<td>4% yield(^2) improvement (excluding FX), 5% increase in capacity</td>
</tr>
<tr>
<td>Net freight revenue</td>
<td>407</td>
<td>447</td>
<td>-4%</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,189</td>
<td>956</td>
<td>24%</td>
</tr>
<tr>
<td>Revenue</td>
<td>8,048</td>
<td>7,591</td>
<td>6%</td>
</tr>
<tr>
<td>Operating expenses (excluding fuel)</td>
<td>4,634</td>
<td>4,513</td>
<td>-5% increase in capacity partially offset by QFuture benefits</td>
</tr>
<tr>
<td>Fuel</td>
<td>2,181</td>
<td>1,737</td>
<td>-26%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>679</td>
<td>606</td>
<td>-12%</td>
</tr>
<tr>
<td>Non-cancellable operating lease rentals</td>
<td>277</td>
<td>283</td>
<td>-2%</td>
</tr>
<tr>
<td>Underlying EBIT</td>
<td>277</td>
<td>452</td>
<td>-39%</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(75)</td>
<td>(35)</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Underlying PBT(^1)</td>
<td>202</td>
<td>417</td>
<td>-52%</td>
</tr>
</tbody>
</table>

---

1. All line items adjusted to reflect Underlying result. Refer to slide 10 for a reconciliation of Underlying PBT to Statutory PBT.
2. Jetstar product unbundling – yield and unit cost calculation adjusted to treat fee revenue from Jetstar product bundles (launched May 2011) as passenger revenue to ensure comparability between periods.
### Segment EBIT Contribution

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12</th>
<th>1H11</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qantas</td>
<td>66</td>
<td>165</td>
<td>(60)</td>
</tr>
<tr>
<td>Jetstar</td>
<td>147</td>
<td>143</td>
<td>3</td>
</tr>
<tr>
<td>Qantas Frequent Flyer1</td>
<td>119</td>
<td>189</td>
<td>(37)</td>
</tr>
<tr>
<td>Qantas Freight Enterprises</td>
<td>38</td>
<td>41</td>
<td>(7)</td>
</tr>
<tr>
<td>Corporate/Other Businesses2/Eliminations1</td>
<td>(93)</td>
<td>(86)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Underlying EBIT1</strong></td>
<td><strong>277</strong></td>
<td><strong>452</strong></td>
<td><strong>(39)</strong></td>
</tr>
</tbody>
</table>

- **Qantas**
  - Impacted by higher fuel costs, industrial dispute & grounding
- **Jetstar**
  - 16% revenue growth offset by higher fuel costs
- **Qantas Frequent Flyer1**
  - Normalised EBIT1 (adjusted for impact of changes in accounting estimate) up 11%
- **Qantas Freight Enterprises**
  - Softness in some freight markets offset by JV performance
- **Corporate/Other Businesses2/Eliminations1**
  - 1H11 3 months JTG contribution prior to deconsolidation

---

### Reconciliation to Statutory PBT

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net passenger revenue</td>
<td>6,452</td>
<td>6,188</td>
</tr>
<tr>
<td>Net freight revenue</td>
<td>407</td>
<td>447</td>
</tr>
<tr>
<td>Other</td>
<td>1,189</td>
<td>956</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>8,048</strong></td>
<td><strong>7,591</strong></td>
</tr>
<tr>
<td>Operating expenses (excl fuel)</td>
<td>4,634</td>
<td>6,624</td>
</tr>
<tr>
<td>Fuel</td>
<td>2,181</td>
<td>1,714</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>679</td>
<td>606</td>
</tr>
<tr>
<td>Non-cancellable operating lease rentals</td>
<td>277</td>
<td>283</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>7,771</strong></td>
<td><strong>7,227</strong></td>
</tr>
<tr>
<td>EBIT</td>
<td>277</td>
<td>364</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(75)</td>
<td>(42)</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td><strong>202</strong></td>
<td><strong>322</strong></td>
</tr>
</tbody>
</table>

---

1. Underlying PBT is a non-statutory measure, and is the primary reporting measure used by the Qantas Group’s chief operating decision-making bodies as the primary measure to assess financial performance of the Group and individual Segments. Underlying PBT is derived by adjusting Statutory PBT for the impact of AASB 139: Financial Instruments: Recognition and Measurement (AASB 139) which relate to other reporting periods and identifying certain other items which are not included in Underlying PBT.
Other Items Not Included in Underlying PBT

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other items not included in Underlying PBT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Net impairment of property, plant and equipment</td>
<td>(72)</td>
<td>-</td>
</tr>
<tr>
<td>• Redundancies, restructuring and other provisions</td>
<td>(46)</td>
<td>-</td>
</tr>
<tr>
<td>• Net impairment and net loss on disposal of investments and related transaction costs</td>
<td>(19)</td>
<td>(24)</td>
</tr>
<tr>
<td>• Legal provisions</td>
<td>(137)</td>
<td>(50)</td>
</tr>
</tbody>
</table>

Primarily representing impairment of 4xB744 aircraft due to early retirement as a result of reduced European flying
International transformation initiatives
1H12 impairment of investment in jointly controlled entity
1H11: $29m loss on disposal and other transaction costs relating to Jetset Travelworld Group/Stella merger; $5m profit on sale of DPEX (freight business)
Provisions for freight regulatory fines and third party actions

1H12 Qantas International transformation costs of $118m; remaining transformation costs are in the range of $200m to $300m\(^2\) based on announcements to date\(^3\)

1. Items which are identified by Management and reported to the chief operating decision-making bodies, as not representing the underlying performance of the business are not included in
Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying PBT primarily result from revenues or expenses relating to business activities in other reporting periods, major transformational/restructuring initiatives, transactions involving investments and impairments of assets outside the ordinary course of business. 2. As announced in August 2011, initial estimates for Qantas International transformation costs were in the range of $300m to $450m (more than half being non-cash charges). Does not include any costs associated with the outcome of the consultative review of heavy maintenance, the outcome of the consultative review of the Adelaide catering facility or the potential sales of Cairns and Riverside catering operations.

Cash Flow and Debt Position

**SUMMARISED CASH FLOW**

<table>
<thead>
<tr>
<th>$M</th>
<th>1H12</th>
<th>1H11</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>823</td>
<td>786</td>
<td>5</td>
</tr>
<tr>
<td>Investing</td>
<td>(1,501)</td>
<td>(1,119)</td>
<td>34</td>
</tr>
<tr>
<td>Financing</td>
<td>525</td>
<td>(20)</td>
<td>&lt;100</td>
</tr>
<tr>
<td>Net change in cash held</td>
<td>(153)</td>
<td>(353)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Effects of FX on cash</td>
<td>(1)</td>
<td>(14)</td>
<td>(93)</td>
</tr>
<tr>
<td>Cash at end of period</td>
<td>3,342</td>
<td>3,337</td>
<td>-</td>
</tr>
</tbody>
</table>

Strong growth in passenger revenue, improvement in unit cost and favourable working capital outcomes
Purchase of 24 aircraft including 2xA380s and pre-delivery payments on future aircraft
Secured debt financing of new aircraft

**DEBT POSITION AND GEARING**

<table>
<thead>
<tr>
<th></th>
<th>1H12</th>
<th>2H11</th>
<th>VLY $M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt(^1) ($M)</td>
<td>3,753</td>
<td>2,971</td>
<td>782</td>
</tr>
<tr>
<td>Equity excluding hedge reserve ($M)</td>
<td>6,111</td>
<td>6,071</td>
<td>40</td>
</tr>
<tr>
<td>Gearing ratio(^2)</td>
<td>56:44</td>
<td>53:47</td>
<td></td>
</tr>
</tbody>
</table>

Cash and debt employed in funding new aircraft acquisitions
Significant investment in fleet renewal and business growth

1. Includes interest bearing liabilities and the fair value of hedges related to debt less cash and aircraft security deposits.
2. Gearing ratio is net debt including off balance sheet debt to net debt including off balance sheet debt and equity (excluding hedge reserves). The gearing ratio is used by Management to represent the Qantas Group’s entire capital position by measuring the proportion of the Group’s total net funding provided using debt, both on and off balance sheet. Net debt including off balance sheet debt includes net debt and non-cancellable operating leases. This measure reflects the total debt funding used by the Group to support its operations. Non-cancellable operating leases are a representation assuming assets are owned and debt funded and are not consistent with the disclosure requirements of AASA117 Leases.
Capital Management and Treasury

- Significant cash reserves $3.3b and $300m undrawn standby debt facility
- Investment grade credit rating maintained
- Continued access to a broad geographic spread of funding sources in 1H12
  - 2xA380 (ECA loan), 2xB738 (JOL), 5xB738 (commercial debt), 6xA320 & 2xB738 (cash)
- 16 new unencumbered aircraft (A320, B738) in past 2 years
- Majority 2012 Group funding in place, 4xB738 remaining
- Funding future deliveries with cash, structured leases, bank and ECA loans
- Hedging approach mitigates risk whilst maintaining upside potential

<table>
<thead>
<tr>
<th>REMAINING FY12 EXPOSURE</th>
<th>% HEDGED</th>
<th>EFFECTIVE HEDGE PRICE/RATE¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel costs²</td>
<td>86</td>
<td>116.05 USD/barrel</td>
</tr>
<tr>
<td>Operating foreign exchange²</td>
<td>67</td>
<td>1.05 AUD/USD</td>
</tr>
<tr>
<td>Aircraft capital expenditure³−FX</td>
<td>79</td>
<td>1.00 AUD/USD</td>
</tr>
</tbody>
</table>

¹. Effective rate/price refers to the rate/price that would be achieved based on current market prices as at 10 February 2012 (Spot Brent Crude oil price: USD118.60/barrel, AUD/USD spot exchange rate: 1.0790).
². Including option premium.
³. Excluding option premium.

Demonstrating Fleet Flexibility

- $700m capital expenditure reduction
- FY13 capex now $2.3b with further reductions being pursued
- Additional optionality retained
  - Contractual cancellation rights
  - Reschedule rights
  - Purchase options and rights
  - Up to 50 aircraft retirements in next 5 yrs
  - Flexible lease expiry schedule
- Up to 98 narrow-body and 17 wide-body aircraft lease renewals over next 10 years
  - 42 over the next 3 years

POTENTIAL FOR POSITIVE FREE CASH FLOW GOING FORWARD
HOWEVER, LONG TERM SHAREHOLDER VALUE REMAINS PARAMOUNT
Stringent Capital Allocation Framework

GROWTH CAPITAL
- No growth capital to underperforming areas (currently Qantas International)
  - 6xA380 deferred
  - Network restructure – 6xB744 retired
- Domestic growth limited to ensure profit maximising 65% capacity share

REPLACEMENT CAPITAL
- Replacement capital will also be restricted if not incremental to shareholder value
  - 35xB789 still to be allocated
  - Will only be delivered if rigorous return metrics met
- Performing businesses will continue to get access to capital
  - Qantas Domestic B734s to be replaced with B738s
  - Jetstar B788s will release A330s to Qantas Domestic and retire B767s

‘CAPITAL LIGHT’
- Jetstar Pan Asia growth via ‘capital light’ franchise model
  - Measured risk with strong local partners

Qantas

- Underlying EBIT $66m
  - 6% revenue growth
  - 1.7% capacity growth
  - Impacted by fuel and industrial dispute
- 2% unit cost improvement4
  - $180m QFuture benefit
  - Fleet renewal
- Strong domestic and regional performance
- International – improved passenger revenue did not offset impact of fuel, industrial dispute and EU slowdown
- Operational certainty achieved for customers from November 2011

1. Underlying EBIT excluding significant items as previously disclosed. 2. Impact of grounding of A380 fleet. 3. Impact of industrial dispute.
4. Comparable Net Underlying Unit Cost adjusted for the impact of industrial dispute (1H12) and grounding of A380 fleet (1H11) and movements in average sector length.
Qantas
Rapid Return to Leading Performance

- Market leading OTP in all months not impacted by industrial dispute
- Brand health indicators recovering strongly
- Prompt rebound in domestic forward bookings

### 2011 ON TIME PERFORMANCE (OTP)¹

<table>
<thead>
<tr>
<th>Month</th>
<th>Virgin Australia</th>
<th>Qantas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>70%</td>
<td>✔️</td>
</tr>
<tr>
<td>Feb</td>
<td>74%</td>
<td>✔️</td>
</tr>
<tr>
<td>Mar</td>
<td>78%</td>
<td>✔️</td>
</tr>
<tr>
<td>Apr</td>
<td>82%</td>
<td>✔️</td>
</tr>
<tr>
<td>May</td>
<td>86%</td>
<td>✔️</td>
</tr>
<tr>
<td>Jun</td>
<td>90%</td>
<td>✔️</td>
</tr>
<tr>
<td>Jul</td>
<td>94%</td>
<td>✔️</td>
</tr>
<tr>
<td>Aug</td>
<td>98%</td>
<td>✔️</td>
</tr>
<tr>
<td>Sep</td>
<td>100%</td>
<td>✔️</td>
</tr>
<tr>
<td>Oct</td>
<td>100%</td>
<td>✔️</td>
</tr>
<tr>
<td>Nov</td>
<td>100%</td>
<td>✔️</td>
</tr>
<tr>
<td>Dec</td>
<td>100%</td>
<td>✔️</td>
</tr>
<tr>
<td>Jan</td>
<td>100%</td>
<td>✔️</td>
</tr>
</tbody>
</table>


Qantas
The Clear Choice For Business

- Successful strategy delivering results
- Unrivalled value proposition
  - Network & frequency advantage
  - Superior end-to-end customer experience
  - Best loyalty program
- QantasLink ‘Regional Airline of the Year’¹ 2012
- Supporting resource sector growth
- Network Aviation expansion in FIFO² market

### DOMESTIC FORWARD BOOKINGS³ (VLY%)

- Pre (Jul-Sep) 0%
- Industrial Dispute (Oct)
- Post (Nov-Dec) 0%

### CORPORATE TRAVEL UPDATE

- Prompt rebound in corporate travel
- Materially maintained domestic revenue share
- 160 accounts renewed
- 45 new accounts signed
- Only 2 accounts lost

1. Air Transport World (ATW).
3. Average over pre, during and post industrial dispute period.
Jetstar

- Record Underlying EBIT $147m, up 3%
- 15% capacity growth, 11% passenger number growth
- Jetstar Japan launch accelerated to 3 July 2012
- Strengthening competitive position with growth and scale
  - Industry leading ancillary revenue up 35%
  - Unit cost down 3%, 1% adjusted for increased sector length
- Continued expansion in key Asian markets, leveraging strong brand
- Continued investment and innovation

Qantas Frequent Flyer

- Record normalised EBIT $119m, up 11%
- Billings of $600m, up 16%
- Strong and stable cashflow
- 8.3m members, up 11%
- 2.4m awards redeemed, up 14.3%
- Wishlist acquisition complete
- Major program enhancements
- Pursuing growth strategies

---

1. Subject to regulatory approval.
2. Includes bag fees sold as bundle in JetSaver & JetFlex fares and excludes management and branding fee revenue.
3. Gross unit cost excluding fuel and passenger service fees/taxes.

---

1. Normalised EBIT is an non-statutory measure which creates a comparable basis for the preparation of results. It adjusts Qantas Frequent Flyer Underlying EBIT for the effect of change in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. The effect of this difference was that revenue for the half-year ending 31 December 2010 was $82m higher than it would have been had the deferred value per point been the same as that applied in the current period. Eliminations result also includes the impact of the change in accounting estimate at the Group level, which has contributed $5m to 1H12 and $7m to 1H11.
Qantas Freight Enterprises

- Underlying EBIT $38m impacted by:
  - Industrial dispute
  - Bangkok floods
  - Difficult airfreight market conditions
- JV transformation well progressed
  - Improved profit, realising synergies
  - Leveraging strengths of two leading domestic freight brands
- Asia Pacific opportunities
  - Exploring new Chinese markets for existing B747 freighters
  - Marketing Jetstar Asia’s growing capacity

### UNDERLYING EBIT ($M)

<table>
<thead>
<tr>
<th></th>
<th>1H10</th>
<th>1H11</th>
<th>1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>17</td>
<td>41</td>
<td>38</td>
</tr>
</tbody>
</table>

### AVG INDUSTRY DEMAND GROWTH\(^1\) (% VLY)

<table>
<thead>
<tr>
<th></th>
<th>1H10</th>
<th>1H11</th>
<th>1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.2</td>
<td>13.9</td>
<td>-2.7</td>
</tr>
</tbody>
</table>

---

External Recognition of Sustainability Commitment & Performance

Recognition by the world’s leading sustainability indices demonstrates the Qantas Group is Australia’s leading sustainable airline

<table>
<thead>
<tr>
<th>Index</th>
<th>Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Sustainability Index (World)</td>
<td>1 of only 2 airlines in the World Index&lt;br&gt;While listed in the Asia Pacific Index since 2009, Qantas' demonstrated commitment to sustainability has seen it now listed in the World Index</td>
</tr>
<tr>
<td>Dow Jones Sustainability Index (Asia Pacific)</td>
<td>1 of only 2 airlines in Asia Pacific Index</td>
</tr>
<tr>
<td>FTSE4Good Index</td>
<td>1 of only 7 airlines in the FTSE4Good Global Index</td>
</tr>
<tr>
<td>Carbon Disclosure Project</td>
<td>Listed in 2011 Leadership Index for Australia &amp; New Zealand</td>
</tr>
</tbody>
</table>
Strategy Update

Qantas Group Strategy

DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Safety is always our first priority

Building on our strong domestic business:
- Profitably building on 65% market share through dual brands
- Deepening FFP\(^1\) member and partner engagement
- Growing our portfolio of related businesses
- Transforming Qantas International
- Growing Jetstar in Asia

Building customer loyalty through great experiences and multiple brands

Engaging and developing our people

1. Qantas Frequent Flyer Program.
Qantas Group
Progress against Strategic Objectives to Date

<table>
<thead>
<tr>
<th>PILLARS</th>
<th>OBJECTIVES</th>
<th>ACHIEVEMENTS</th>
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<tbody>
<tr>
<td>Building on our strong domestic business</td>
<td>Profitably building on 65% market share through dual brands</td>
<td>Maintain profit-maximising 65% position</td>
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<tr>
<td>Deepening FFP³ member and partner engagement</td>
<td>Deepening FFP³ member and partner engagement</td>
<td>Grow and enhance Qantas Frequent Flyer</td>
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<tr>
<td>Growing our portfolio of related businesses</td>
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<td>Grow “asset-light” businesses which deliver attractive returns</td>
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<tr>
<td>Transforming Qantas International</td>
<td>Transforming Qantas International</td>
<td>Return business to profitability:</td>
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<tr>
<td>Growing Jetstar in Asia</td>
<td>Growing Jetstar in Asia</td>
<td>Capitalise on attractive growth opportunities</td>
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- Retained 65% market share
- No.1 and 2 most profitable domestic airlines in 2011
- Increased number of corporate accounts
- Regional growth and acquisition of Network Aviation
- Market leading OTP¹ and NPS²
- 8.3 million members⁴
- Partner base extended to 500+ partners
- Significantly enhanced loyalty program benefits
- Launched “Platinum One” for Frequent Flyers
- 8.3 million members⁴
- Partner base extended to 500+ partners
- Significantly enhanced loyalty program benefits
- Launched “Platinum One” for Frequent Flyers
- Progressed Freight JV restructure
- Launched “epiQure by Qantas Frequent Flyer”
- Acquired Wishlist
- Merged Jetset Travelworld/Stella
- Largest LCC in Asia Pacific⁸
- Jetstar Japan launch accelerated to 3 July 2012
- Jetstar Asia established A330 base in Singapore
- Jetstar Asia most profitable and best low cost network in Singapore


Powerful Domestic Franchise Underpins Group’s Success

The clear choice for **business and premium leisure travellers**

Building the world’s **best loyalty business**

The clear choice for **price sensitive travellers**

**NUMBER 1 & 2 MOST PROFITABLE DOMESTIC AIRLINES IN 2011**

**UNRIVALLED DOMESTIC NETWORK**

**AUSTRALIA’S LEADING COALITION LOYALTY PROGRAM WITH 8.3 MILLION MEMBERS**
Transforming Qantas International: Bridging the Earnings Gap

FINANCIAL OBJECTIVES

SHORT TERM: Return Qantas International to profitability
LONG TERM: Sustainably exceed cost of capital

EARNINGS

- Evaluating Asian premium airline options
- Modernising maintenance and catering practices
- Exiting major loss-making routes: BKK/HKG-LHR, AKL-LAX, SIN-BOM
- Deepening and broadening alliances: BA, AA, LAN
- Improving fleet economics through renewal and modernisation
- Dedicated efficiency and cost transformation program

TIME

1. Long term objective is to sustainably exceed cost of capital for total Qantas Airlines segment (combination of Qantas Domestic and Qantas International). Note: Diagram not to scale.

Growing Jetstar in Asia

- Jetstar Group is one of the fastest growing airlines in Asia Pacific
  - Strong brand, network connectivity and significant growth into China (10 ports)
- Sustained low fares stimulating demand
- Jetstar Pacific positioned for growth
- Jetstar Asia most profitable and best low cost network in Singapore
  - Expansion of A330 operations

<table>
<thead>
<tr>
<th>JETSTAR ASIA ASKs (M)</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
<th>2H11</th>
<th>1H12</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1,825</td>
<td>2,189</td>
<td>2,672</td>
<td>3,202</td>
<td>3,933</td>
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NOTE: Diagram not to scale.
Growing Jetstar in Asia – Japan

- Domestic services start 3 July 2012\(^1\)
- Tokyo (Narita) first base
- Qantas Group investment over 3 years ~$64m
  - 42% economic interest
- 24 aircraft committed\(^2\), 3xA320 initial fleet
- Start up ports announced
  - Tokyo (Narita), Osaka, Sapporo, Fukuoka, Okinawa
  - Focus on domestic and international leisure destinations
- JAL and Mitsubishi strong local partners\(^3\)
- Strong LCC brand presence in Japan, leveraging existing Jetstar long-haul business
  - More than 2 million passengers carried since 2007 launch

Reinforcing Jetstar as the largest LCC in Asia Pacific\(^4\)

Summary

- Resilient 1H12 result
- Decisive action in response to economic conditions
- Strategy positioning the Group for success
  - Building on our powerful domestic franchise
  - Clear pathway to return Qantas International to profit
  - Targeted, value-driven investments for Jetstar in Asia
  - Reinforcing customer loyalty and employee engagement
- Disciplined and prudent approach to capital allocation and cost control

EXECUTING STRATEGY TO DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS
Outlook

- 2H12 operating environment and economic outlook remains challenging and volatile

- Group operating expectations for 2H12:
  - Seasonal factors typically drive stronger revenue in 1H compared to 2H of each financial year ending 30 June
  - Following fare increases and fuel surcharges announced in February 2012, forward bookings continue to indicate higher yields in 2H12 compared to 2H11
  - Capacity to increase by 7% in 2H12 compared to 2H11, whilst maintaining flexibility (equivalent to circa 5% after adjusting for the impact of natural disasters and the A380 grounding in 2H11)
  - Underlying fuel costs to increase by circa $250m from $1.95b in 2H11 to circa $2.20b\(^1\) in 2H12, due to higher forward market jet fuel prices and increased flying

- No Group profit guidance provided at this time due to the high degree of volatility and uncertainty in global economic conditions, fuel prices, FX rates, as well as the major transformational change agenda underway

1. As at 10 February 2012.

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