Qantas Airways Limited
1H13 Results
Supplementary Slides
21 February 2013

Group Performance
## Group Highlights: Underlying Income Statement

<table>
<thead>
<tr>
<th>$M</th>
<th>1H13</th>
<th>1H12</th>
<th>VLY</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net passenger revenue</td>
<td>6,949</td>
<td>6,946</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Net freight revenue</td>
<td>475</td>
<td>467</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Other revenue</td>
<td>818</td>
<td>635</td>
<td>183</td>
<td>29</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>8,242</strong></td>
<td><strong>8,048</strong></td>
<td><strong>194</strong></td>
<td><strong>2</strong></td>
</tr>
<tr>
<td>Operating expenses (excluding fuel)</td>
<td>4,767</td>
<td>4,634</td>
<td>133</td>
<td>(3)</td>
</tr>
<tr>
<td>Fuel</td>
<td>2,181</td>
<td>2,181</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>719</td>
<td>679</td>
<td>40</td>
<td>(6)</td>
</tr>
<tr>
<td>Non-cancellable aircraft operating lease rentals</td>
<td>265</td>
<td>277</td>
<td>(12)</td>
<td>4</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>7,932</strong></td>
<td><strong>7,771</strong></td>
<td><strong>161</strong></td>
<td><strong>(2)</strong></td>
</tr>
<tr>
<td><strong>Underlying EBIT</strong></td>
<td>310</td>
<td>277</td>
<td>33</td>
<td>12</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(87)</td>
<td>(75)</td>
<td>(12)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Underlying PBT</strong></td>
<td><strong>223</strong></td>
<td><strong>202</strong></td>
<td><strong>21</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

**AASB 139 mark-to-market movements relating to other reporting periods**  
34 (7) 41 >100

**Other items not included in Underlying PBT**  
(106) (137) 31 23

**Statutory PBT**  
151 58 93 >100

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### Reconciliation to Statutory PBT

<table>
<thead>
<tr>
<th>$M</th>
<th>1H13</th>
<th>1H12</th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Underlying</td>
<td>Statutory</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ineffectiveness relating to other reporting periods</td>
<td>Other items not included in Underlying PBT</td>
<td></td>
<td></td>
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<tr>
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<td>(87)</td>
<td>(75)</td>
<td>(4)</td>
<td>(79)</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>223</td>
<td>202</td>
<td>(7)</td>
<td>(137)</td>
</tr>
</tbody>
</table>

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1. Underlying Profit Before Tax (PBT) is a non-statutory measure and is the primary reporting measure used by the Qantas Group's chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Group. Underlying PBT is derived by adjusting Statutory PBT for the impact of AASB 139: Financial Instruments: Recognition and Measurement (AASB 139) (AASB 139) which relate to other reporting periods and identifying certain other items which are not included in Underlying PBT (Refer to Supplementary slide 5).
Other Items Not Included in Underlying PBT

<table>
<thead>
<tr>
<th>$M</th>
<th>1H13</th>
<th>1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other items not included in Underlying PBT¹:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Net impairment of property, plant and equipment</td>
<td>(62)</td>
<td>(72)</td>
</tr>
<tr>
<td>• Redundancies and restructuring</td>
<td>(68)</td>
<td>(46)</td>
</tr>
<tr>
<td>• Gain on disposal of jointly controlled entity</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>• Impairment of Investment</td>
<td>-</td>
<td>(19)</td>
</tr>
<tr>
<td>• Other</td>
<td>(6)</td>
<td>-</td>
</tr>
<tr>
<td>Total Items not included in Underlying PBT</td>
<td>(106)</td>
<td>(137)</td>
</tr>
</tbody>
</table>

Early retirement of B747s and B763s following strategic network changes and exit of loss making routes

Transformation initiatives including consolidation of engineering and catering facilities

Gain on sale of StarTrack

Impairment of investment in jointly controlled entity

1. Items which are identified by Management and reported to the Qantas Group’s 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 major transformational/restructuring initiatives, transactions involving investments and impairments of assets outside the ordinary course of business.

Revenue

**REVENUE ($B)**

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>1H12</th>
<th>1H13</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.0</td>
<td>2%</td>
<td>8.2</td>
</tr>
</tbody>
</table>

**NET PASSENGER REVENUE IN LINE WITH PRIOR YEAR**

- RPKs up 1%
- Group yield (excluding FX) down 3%
- Ancillary passenger revenue growth including Jetstar product bundles
- Increased revenue from partner airlines

**NET FREIGHT REVENUE UP 2%**

- Freight yield¹ (excluding FX) up 3%
- Revenue contribution from AaE consolidation²

**FREQUENT FLYER MARKETING, STORE AND OTHER REDEMPTION REVENUE UP 12%**

- 8% membership growth
- Increased credit card billings

(Continued next slide)

Note: All revenue movements include foreign exchange (FX) unless otherwise indicated.

1. Freight yield (excluding FX) excludes Australian air Express (consolidated from 13 November 2012).
Revenue

**REVENUE ($B)**

- **CHARTER REVENUE UP >100%**
  - Growth of Network Aviation charter business

- **REVENUE FROM OTHER SOURCES UP >100%**
  - Boeing settlement

- **RETAIL, ADVERTISING AND OTHER PROPERTY REVENUE UP 6%**
  - Increased advertising revenue

- **CONTRACT WORK REVENUE DOWN 18%**
  - Sale of Riverside and Cairns catering facilities
  - Completion of Multi Roll Tanker Transport conversion

**RPKs (m)**

- 1H12: 56,680
- 1H13: 57,095
  - +1%

**ASKs (m)**

- 1H12: 70,205
- 1H13: 71,374
  - +2%

*Note: All revenue movements include foreign exchange (FX) unless otherwise indicated.*

---

Expenditure

**EXPENSES ($B)**

- **FUEL COSTS IN LINE WITH PRIOR YEAR**
  - 2% capacity growth offset by fuel efficiency improvements

- **MANPOWER AND STAFF RELATED UP 3%**
  - 2% capacity growth
  - CPI and Enterprise Bargaining Agreement (EBA) increases

- **AIRCRAFT OPERATING VARIABLE COSTS UP 3%**
  - Introduction of carbon tax $55m
  - 2% capacity growth offset by cost savings initiatives

**ASKs (m)**

- 1H12: 70,205
- 1H13: 71,374
  - +2%

*Note: All expenditure excludes hedge ineffectiveness relative to other reporting periods and other items not included in Underlying PBT. All expenditure movements include FX.*
Expenditure

EXPENSES ($B)

<table>
<thead>
<tr>
<th></th>
<th>1H12</th>
<th>1H13</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs (m)</td>
<td>70,205</td>
<td>71,374</td>
</tr>
</tbody>
</table>

+2%

DEPRECIATION AND AMORTISATION COSTS UP 6%
- Fleet movements between 1H13 vs 1H12 including purchase of 25 aircraft (including 5 previously leased)
- A380 and B744 reconfiguration programs

LEASE RENTALS DOWN 4%
- Wide-body lease returns and 5 lease buyouts
- Favourable interest rates and FX

OTHER EXPENDITURE UP 3%
- CPI increases
- Consolidation of AaE expenses

Note:
All expenditure excludes hedge ineffectiveness relative to other reporting periods and other items not included in Underlying PBT. All expenditure movements include FX.

1. Australian air Express consolidated from 13 November 2012.

Unit Cost

- 3% improvement in comparable unit cost

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Cost1,2</td>
<td>8.09</td>
<td>8.48</td>
<td>5</td>
</tr>
</tbody>
</table>

Excluding:

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>(3.05)</td>
<td>(3.11)</td>
</tr>
<tr>
<td>Impact of Frequent Flyer change in accounting estimate</td>
<td>-</td>
<td>0.01</td>
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</table>

Net Underlying Unit Cost3

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of industrial action</td>
<td>-</td>
<td>(0.14)</td>
<td></td>
</tr>
<tr>
<td>Boeing settlement</td>
<td>0.18</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Carbon tax impact</td>
<td>(0.08)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Sector length adjustment</td>
<td>(0.08)</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Comparable Unit Cost4

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.06</td>
<td>5.24</td>
<td>3</td>
</tr>
</tbody>
</table>

Note:
1. Based on Underlying PBT less Passenger Revenue per ASK.
2. Unit cost calculations in 1H13 treat Jetstar fee revenue received from product bundles as ancillary revenue.
3. Net Underlying Unit Cost is defined as Underlying PBT less Passenger Revenue, fuel and Frequent Flyer change in accounting estimate per ASK.
4. Comparable Unit Cost is defined as Net Underlying Unit Cost adjusted for the impact of industrial action (1H12), Boeing settlement and carbon tax (1H13) and movements in average sector length.
Debt Position and Gearing Summary

- 5% decrease in 1H13 Net Debt¹ (including operating lease liabilities)²
  - Driven by positive net free cash flow
- Gearing³ decreased 2 percentage points
- Continued focus on debt reduction

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>2H12</th>
<th>VLY ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt¹</td>
<td>3,363</td>
<td>3,558</td>
<td>195</td>
</tr>
<tr>
<td>Net Debt¹ including operating lease liabilities²</td>
<td>5,006</td>
<td>5,418</td>
<td>412</td>
</tr>
<tr>
<td>Adjusted Equity⁴</td>
<td>5,702</td>
<td>5,559</td>
<td>143</td>
</tr>
<tr>
<td>Gearing ratio³</td>
<td>47:53</td>
<td>49:51</td>
<td>2pts</td>
</tr>
</tbody>
</table>

¹ Net Debt includes interest bearing liabilities and the fair value of hedges related to debt less cash and aircraft security deposits.
² Net Debt including operating lease liabilities includes Net Debt and off balance sheet aircraft operating lease liabilities. Operating lease liabilities are measured as the present value of minimum lease payments for aircraft operating leases which, in accordance with AASB 117: Leases, is not recognised on balance sheet. This operating lease liability has been calculated in accordance with Standard & Poor’s methodology using an assumed interest rate of 9 per cent.
³ Gearing ratio is Net Debt including operating lease liability to net debt including operating lease liability and Adjusted Equity. The gearing ratio is used by Management to represent the Qantas Group’s debt obligation including obligations under operating leases.
⁴ Adjusted Equity includes equity adjusted to exclude hedge reserves, defined benefit prepayments (net of deferred tax) and to include any vested benefits deficit of defined benefit superannuation (net of deferred tax).

Cash Flow Summary

- 1H13 positive net free cash flow¹ $205 million
- Operating cash flows decreased 5%
  - Reduction in international capacity and domestic yield
- Investing cash flows decreased 62%
  - Fleet renewal substantially complete
  - 11 aircraft purchased (including 3 lease buyouts) in 1H13
  - Investment in Jetstar Japan

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at beginning of period</td>
<td>3,398</td>
<td>3,496</td>
<td>(3)</td>
</tr>
<tr>
<td>Operating</td>
<td>780</td>
<td>823</td>
<td>(5)</td>
</tr>
<tr>
<td>Investing</td>
<td>(575)</td>
<td>(1,501)</td>
<td>62</td>
</tr>
<tr>
<td>Free cash flow (Net Operating &amp; Investing)</td>
<td>205</td>
<td>(678)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Financing</td>
<td>(547)</td>
<td>525</td>
<td>&lt;100</td>
</tr>
<tr>
<td>Net change in cash held</td>
<td>(342)</td>
<td>(153)</td>
<td>&lt;100</td>
</tr>
<tr>
<td>Effects of FX on cash</td>
<td>2</td>
<td>(1)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Cash at end of period</td>
<td>3,058</td>
<td>3,342</td>
<td>(8)</td>
</tr>
</tbody>
</table>

¹ Net free cash flow is operating cash flows less investing cash flows. Free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or payments to shareholders.
Group Operational Information

Fleet at 31 December 2012

- 5 net additional aircraft during 1H13
  - 13 new aircraft deliveries\(^1\): 1xA330-200, 3xB737-800, 7xA320-200, 2xQ400
  - 5 aircraft retired: 1xB747-400, 1xB767-300, 3xB737-400
  - 3 aircraft lease returns: 2xB747-400, 1xA320-200 (JQ)\(^2\)

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>1H13</th>
<th>FY12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>A380-800</td>
<td>12</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>B747-400</td>
<td>12</td>
<td>15</td>
<td>(3)</td>
</tr>
<tr>
<td>B747-400ER</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>A330-200</td>
<td>9</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>A330-300</td>
<td>10</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>B767-300ER</td>
<td>22</td>
<td>23</td>
<td>(1)</td>
</tr>
<tr>
<td>B737-400</td>
<td>9</td>
<td>12</td>
<td>(3)</td>
</tr>
<tr>
<td>B737-800NG</td>
<td>62</td>
<td>59</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Qantas</strong></td>
<td><strong>142</strong></td>
<td><strong>145</strong></td>
<td><strong>(3)</strong></td>
</tr>
<tr>
<td>A320-200</td>
<td>69</td>
<td>63</td>
<td>6</td>
</tr>
<tr>
<td>A321-200</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>A330-200</td>
<td>11</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Jetstar</strong></td>
<td><strong>86</strong></td>
<td><strong>80</strong></td>
<td><strong>6</strong></td>
</tr>
<tr>
<td>B717-200</td>
<td>13</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Q200/Q300</td>
<td>21</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Q400</td>
<td>27</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total QantasLink</strong></td>
<td><strong>61</strong></td>
<td><strong>59</strong></td>
<td><strong>2</strong></td>
</tr>
<tr>
<td>EMB120</td>
<td>6</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>F100</td>
<td>12</td>
<td>12</td>
<td>-</td>
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<tr>
<td><strong>Total Network Aviation</strong></td>
<td><strong>19</strong></td>
<td><strong>19</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>B737-300SF</td>
<td>4</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>B767-300SF</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Freight</strong></td>
<td><strong>5</strong></td>
<td><strong>5</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td><strong>113</strong></td>
<td><strong>308</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

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1. New aircraft includes purchased and leased aircraft. 2. Replaced by new A320 as part of A320 fleet renewal program. 3. Includes Jetstar Asia fleet (18xA320-200), excludes Jetstar Pacific and Jetstar Japan. 4. Excludes two aircraft used for spares. 5. Qantas Group wet-leases 3x B747-400 freighter aircraft (not included in the table).
Fleet Deliveries

<table>
<thead>
<tr>
<th>AIRCRAFT DELIVERIES (INDICATIVE TIMING)¹</th>
<th>REDUCTION IN FUEL CONSUMPTION³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft Type</td>
<td>2H13</td>
</tr>
<tr>
<td>A380-800</td>
<td>-</td>
</tr>
<tr>
<td>B787-8</td>
<td>-</td>
</tr>
<tr>
<td>A320 Family²</td>
<td>6</td>
</tr>
<tr>
<td>B737-800</td>
<td>4</td>
</tr>
<tr>
<td>B717</td>
<td>-</td>
</tr>
<tr>
<td>Q400</td>
<td>1</td>
</tr>
<tr>
<td>Total Deliveries</td>
<td>11</td>
</tr>
</tbody>
</table>

- 6 aircraft for retirement in 2H13
  - 1xB747-400, 3xB737-400, 2xB767-300
- 6 lease returns in 2H13
  - 1xB747-400, 5xA320⁴

1. Includes 5 x B738 announced 21 February 2013. 2. Includes Jetstar Asia, but does not include Jetstar Japan, Jetstar Hong Kong and Jetstar Pacific. 3. A380 compared with B744, A320neo compared to A320 (no sharklets) and B787 family compared to B763 on a per seat basis. 4. Jetstar Asia (4xA320) and Jetstar Australia (1xA320) lease returns replaced with new A320 purchased and leased aircraft.

On Time Performance

- Domestic¹
  - Best on time arrivals 2012 – Qantas
  - Best on time departures 2012 – Qantas
  - Lowest number of cancellations 2012 – Qantas and Jetstar

- International
  - Qantas and Jetstar International both achieved superior on time performance in 2012 compared to 2011

<table>
<thead>
<tr>
<th>ON TIME DEPARTURES² (%)</th>
<th>2012</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qantas</td>
<td>85.9</td>
<td>1</td>
</tr>
<tr>
<td>Virgin</td>
<td>83.3</td>
<td>2</td>
</tr>
<tr>
<td>Jetstar</td>
<td>76.1</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ON TIME ARRIVALS² (%)</th>
<th>2012</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qantas</td>
<td>84.0</td>
<td>1</td>
</tr>
<tr>
<td>Virgin</td>
<td>80.5</td>
<td>2</td>
</tr>
<tr>
<td>Jetstar</td>
<td>76.6</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CANCELLATIONS² (%)</th>
<th>2012</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qantas</td>
<td>1.3</td>
<td>1</td>
</tr>
<tr>
<td>Jetstar</td>
<td>1.3</td>
<td>1</td>
</tr>
<tr>
<td>Virgin</td>
<td>1.5</td>
<td>3</td>
</tr>
</tbody>
</table>

Segment: Qantas Domestic

Qantas Domestic

- Underlying EBIT $218m
  - Yield pressure due to 10% market growth\(^1\)
  - Introduction of carbon tax $40m
- Comparable unit cost\(^2\) improvement 1%
- Record levels of customer satisfaction
- QantasLink and Network Aviation supporting regional growth
- Continuing to set the standard for premium travel

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue $M</td>
<td>3,220</td>
<td>3,147</td>
<td>2</td>
</tr>
<tr>
<td>Underlying EBIT $M</td>
<td>218</td>
<td>328</td>
<td>(34)</td>
</tr>
<tr>
<td>ASKs M</td>
<td>19,187</td>
<td>18,353</td>
<td>5</td>
</tr>
<tr>
<td>RPKs M</td>
<td>14,749</td>
<td>14,616</td>
<td>1</td>
</tr>
</tbody>
</table>

\(^1\) Source: BITRE July – December 2012
\(^2\) Comparable Unit Cost is defined as Net Underlying Unit Cost ([Underlying EBIT less Passenger Revenue and fuel per ASK] adjusted for the impact of industrial action [1H12], Boeing settlement and carbon tax [1H13]) and movements in average sector length.
Qantas Domestic Network
(Excluding QantasLink)

- Strong network growth
  - East-West, intra-WA, TAS, CBR growth
  - Launch of Sydney-Gold Coast services
- Superior on time performance (OTP)¹
- Enhancing product and service offering
  - New B738s replacing B734s
  - B767 refresh fast-tracked
  - QStreaming iPads introduced
  - iPads and enhanced training for Customer Service Managers
  - High speed WiFi available across Qantas clubs
- The clear choice for business
  - Superior end-to-end customer experience
  - Maintained network and frequency advantage
  - Renewed 40 accounts², lost four
  - 39 new accounts², including four won back as preferred airline

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs M</td>
<td>16,586</td>
<td>15,838</td>
<td>5</td>
</tr>
<tr>
<td>RPKs M</td>
<td>12,995</td>
<td>12,861</td>
<td>1</td>
</tr>
<tr>
<td>Passengers '000</td>
<td>8,698</td>
<td>8,728</td>
<td>(0)</td>
</tr>
<tr>
<td>Seat factor %</td>
<td>78.3</td>
<td>81.2</td>
<td>(2.9)pts</td>
</tr>
<tr>
<td>OTP¹ %</td>
<td>84.4</td>
<td>81.3</td>
<td>3.1pts</td>
</tr>
</tbody>
</table>

¹. Compared to main competitor, source: BITRE July - December 2012. ². Represents large market accounts only. Total large market and SME accounts: renewed 73 accounts and signed 69 new accounts.

Qantas Regional Airline Group

- ‘Regional Airline of the Year’¹ and ‘Best Regional Airline’² 2012
- Largest regional fleet and network
  - Capacity growing at 6% CAGR³
  - Delivery of 2xQ400 in 1H13
  - Q400 & B717 fleet expansion announced
  - Continued Network Aviation growth
- Network growth during 1H13
  - Increased Queensland capacity
  - New Hobart service; additional Launceston and Devonport services
- B717 refresh program including cabin optimisation
- New Brisbane hangar facility

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs M</td>
<td>2,601</td>
<td>2,515</td>
<td>3%</td>
</tr>
<tr>
<td>RPKs M</td>
<td>1,754</td>
<td>1,755</td>
<td>0%</td>
</tr>
<tr>
<td>Passengers '000</td>
<td>2,711</td>
<td>2,624</td>
<td>3%</td>
</tr>
<tr>
<td>Seat factor %</td>
<td>67.4</td>
<td>69.8</td>
<td>(2.4)pts</td>
</tr>
<tr>
<td>Aircraft⁴</td>
<td>80</td>
<td>67</td>
<td>13</td>
</tr>
</tbody>
</table>

¹. 2012 Air Transport World awards. ². 2012 Australian Traveller Awards. ³. Five-year ASK growth from FY08 to FY13 excluding charters. ⁴. Includes Network Aviation.
Qantas Direct

- Qantas’ largest single customer touch point
  - Combines qantas.com with contact centres
  - Over 5m bookings per year on qantas.com
  - Over 4m calls to contact centres and 0.8m outbound calls per year
  - 3m customer database (Australian Red email subscriptions)
- Qantas’ largest sales channel generating:
  - ~$2.5b in revenue annually
  - ~$130m in ancillary revenue
- Global reach
  - qantas.com accessed in over 240 countries and 7 languages
  - Inbound calls from 6 countries via our Australian & New Zealand contact centres
- No.1 travel website in Australia1
- Online account access for 9m Qantas Frequent Flyer members

1. Source: Hitwise.

Segment: Qantas International
Qantas International

- Transformation agenda progressing
- Improved economics from fleet reconfigurations
  - 9xB747 and 7xA380 completed
- Enhancing customer experience
  - A330 refresh including lie-flat beds in Business
  - LAX, SIN, HKG lounge refurbishments underway
  - Business Sleep Service; Select on Q-Eat
- Qantas-Emirates Partnership announced
  - Positive ACCC draft determination issued
  - Joint selling and marketing commenced
- New Asia schedule facilitated by Qantas-Emirates Partnership
- Exit of major loss making route – Frankfurt from April 2013

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue $M</td>
<td>2,818</td>
<td>2,919</td>
<td>(3)</td>
</tr>
<tr>
<td>Underlying EBIT $M</td>
<td>(91)</td>
<td>(262)</td>
<td>65</td>
</tr>
<tr>
<td>ASKs M</td>
<td>29,625</td>
<td>31,714</td>
<td>(7)</td>
</tr>
<tr>
<td>RPKs M</td>
<td>24,513</td>
<td>25,971</td>
<td>(6)</td>
</tr>
<tr>
<td>Passengers '000</td>
<td>2,917</td>
<td>3,060</td>
<td>(5)</td>
</tr>
<tr>
<td>Seat factor %</td>
<td>82.7</td>
<td>81.9</td>
<td>0.8pts</td>
</tr>
<tr>
<td>Market share %</td>
<td>17.8</td>
<td>18.3</td>
<td>(0.5)pts</td>
</tr>
<tr>
<td>OTP %</td>
<td>79.4</td>
<td>76.4</td>
<td>3.0pts</td>
</tr>
</tbody>
</table>


Qantas International

Qantas-Emirates Partnership – outstanding customer offering

1. Subject to regulatory approval.
Ongoing Transformation Program FY13 – FY15
Qantas Domestic and International

- $172m benefit achieved 1H13
- Major achievements across key programs:
  - International network, alliances and aircraft reconfiguration program
  - Engineering transformation: Heavy maintenance consolidation; Sydney Line maintenance transformation; Consolidation of supply chain, component maintenance and engineering operation control functions
  - Rationalisation of catering facilities
  - Ground Operations workforce efficiencies
  - IT transformation
  - Corporate cost reduction and procurement savings

Note: Transformation benefits will be partially offset by the natural inflationary cost increases relating to some non-fuel expenses.

Ongoing Transformation Program FY13 – FY15
Qantas Domestic and International

<table>
<thead>
<tr>
<th>TARGET OUTCOMES OVER 3 YEARS</th>
<th>TRANSFORMATION AGENDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Competitive relative cost position for Qantas Domestic &amp; Qantas International</td>
<td>- Operational efficiencies in Engineering, Catering, Ground Operations, cost of sales improvements, savings in IT, Procurement &amp; corporate functions</td>
</tr>
<tr>
<td>2. Market-leading customer advocacy</td>
<td>- Transformation of Service offering, ongoing enhancements in Alliances &amp; Network, aircraft reconfiguration, and other customer initiatives</td>
</tr>
<tr>
<td>3. Workforce engagement comparable with peer organisations</td>
<td>- Investment in management training, leadership and change capability, communication effectiveness, and workplace transformation</td>
</tr>
</tbody>
</table>
Segment: Jetstar

Jetstar

- Underlying EBIT $128m
  - 12% capacity growth, 12% passenger growth
  - Industry leading ancillary revenue\(^1\) up 7%
  - Controllable unit cost\(^2\) improvement 2%
  - Largest LCC in Asia Pacific\(^3\)
  - Jetstar Japan off to strong start in competitive market
  - Jetstar Hong Kong operational launch planned for 2013\(^4\)
  - Restructure of Jetstar Pacific
- Continued innovation
  - SMS check-in and dual-scanning boarding technology
  - First sharklet A320 aircraft delivered February 2013
  - B787-8 Dreamliner preparations for delivery 1H14

---

<table>
<thead>
<tr>
<th>Jetstar Group</th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>SM</td>
<td>1,757</td>
<td>1,565</td>
</tr>
<tr>
<td>Underlying EBIT</td>
<td>SM</td>
<td>128</td>
<td>147</td>
</tr>
<tr>
<td>ASKs(^5)</td>
<td>M</td>
<td>22,562</td>
<td>20,138</td>
</tr>
<tr>
<td>RPKs(^5)</td>
<td>M</td>
<td>17,833</td>
<td>16,093</td>
</tr>
<tr>
<td>Passengers(^6)</td>
<td>’000</td>
<td>10,375</td>
<td>9,280</td>
</tr>
</tbody>
</table>

---

1. Includes bag fees sold as bundle in JetSaver and JetFlex fares and excludes management and branding fee revenue. 2. Controllable unit cost excludes Jetstar’s Asian businesses and is calculated as total expenses excluding fuel and carbon tax per ASK. 3. Based on gross revenues as at 30 September 2012. 4. Subject to regulatory approval. 5. Includes Jetstar Australia Domestic and International, Jetstar New Zealand and Jetstar Asia, excludes Jetstar Japan and Jetstar Pacific. 6. Includes Jetstar Australia Domestic and International, Jetstar New Zealand and Jetstar Asia, excludes Jetstar Japan and Jetstar Pacific.
Growing Jetstar Footprint

Jetstar Domestic Network

- Profitable every year since 2004 launch
  - 16% capacity growth
  - 10% passenger growth
- Leveraging strong brand and market position
  - New aircraft investment to underpin growth
  - Ongoing improvement in customer experience (channels, airport, in-flight)
- Strategic alliances to strengthen Australian tourism
  - Multi-million dollar tourism partnerships focusing on key Asian inbound markets

Jetstar International Network

- Jetstar International
  - 5th largest carrier, 8.2% market share\(^1\)
  - 16% capacity growth
  - 1st B787-8 due 1H14
  - Outbound leisure performing strongly
  - Optimised Singapore hub – valuable feeder
- New Zealand Domestic
  - 16% capacity growth
  - 18% passenger growth
  - Strong load factor 81% (up 4.4pts)

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs M</td>
<td>9,164</td>
<td>7,903</td>
<td>16</td>
</tr>
<tr>
<td>RPKs M</td>
<td>7,022</td>
<td>5,997</td>
<td>17</td>
</tr>
<tr>
<td>Passengers ’000</td>
<td>1,710</td>
<td>1,531</td>
<td>12</td>
</tr>
<tr>
<td>Load %</td>
<td>76.6</td>
<td>75.9</td>
<td>0.7pts</td>
</tr>
<tr>
<td>Market share(^1) %</td>
<td>8.2</td>
<td>7.9</td>
<td>0.3pts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs M</td>
<td>742</td>
<td>639</td>
<td>16</td>
</tr>
<tr>
<td>RPKs M</td>
<td>599</td>
<td>488</td>
<td>23</td>
</tr>
<tr>
<td>Passengers ’000</td>
<td>918</td>
<td>777</td>
<td>18</td>
</tr>
<tr>
<td>Load %</td>
<td>80.8</td>
<td>76.4</td>
<td>4.4pt</td>
</tr>
<tr>
<td>Market share(^2) %</td>
<td>22.0</td>
<td>19.9</td>
<td>2.1pts</td>
</tr>
</tbody>
</table>

\(^1\) Source: BITRE - Australian based International operations only (excluding Jetstar Asia and NZ Domestic operations) for year ended November 2012. \(^2\) Source: Diio LLC - New Zealand domestic market share for the 6 months to December 2012.

Jetstar Asia (Singapore)

- Increasingly competitive market
  - 18% narrow body capacity growth\(^1\)
- Servicing 12 countries, 24 destinations
  - ~490 flights per week and growing
- Fleet renewal program underway
  - 18th A320 added November 2012
  - Average fleet age of ~4 years
- Strong brand reputation in Asia Pacific region\(^2\)
  - Outranking full service carriers
- IOSA certified\(^3\)

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASKs M</td>
<td>3,789</td>
<td>3,933</td>
<td>(4)</td>
</tr>
<tr>
<td>RPKs M</td>
<td>2,959</td>
<td>3,065</td>
<td>(3)</td>
</tr>
<tr>
<td>Passengers ’000</td>
<td>1,772</td>
<td>1,556</td>
<td>14</td>
</tr>
<tr>
<td>Load %</td>
<td>78.1</td>
<td>77.9</td>
<td>0.2pts</td>
</tr>
</tbody>
</table>

\(^1\) Excludes impact of SIN-AKL service (wide body aircraft); Note: Transferred from Jetstar Asia to Jetstar International from 1 July, 2012. \(^2\) Nielsen brand reputation survey conducted July 2012. \(^3\) IATA Operational Safety Audit certification.
Jetstar Japan

- Launched 5 months ahead of schedule\(^1\)
  - ~600,000 passengers flown to date across 7 markets\(^2\)
  - Increased domestic market share to 17\(\%\)^3
  - Expanding into six new markets in 2H13
  - 82\% OTP in the opening 6 months
- Current fleet of 7xA320 growing to 13 by end of FY13
- 270 departures/week, growing to 426 by end of FY13
  - 3 new destinations: Oita, Nagoya, Kagoshima
  - Establish second Japanese base 2H13
  - International services to commence 1H14\(^4\)
- Strong local partners – JAL, Mitsubishi and Century Tokyo Leasing

Jetstar Pacific (Vietnam)

- Fleet renewal to optimise domestic services
  - All A320 fleet\(^1\)
  - 5xA320 aircraft, planned to grow to 15
- Servicing 5 destinations
  - ~900,000 passengers flown 1H13
- International services to commence 2H13\(^2\)
- Strong local partnership with Vietnam Airlines
- Appointed new CEO

---

1. Fleet renewal complete on 18 January 2013. 2. Subject to regulatory approval.
3. Market share based on ASKs (capacity) as at October - December 2012 on operated routes. 4. Subject to regulatory approval.
Jetstar Hong Kong

- Working with government on regulatory approvals for 2013 launch
  - Close coordination with CAD\(^2\) on manual review and proving flights
- Appointed CEO and management team
- Strong response to pilot and cabin crew recruitment – initial crew now in training

Jetstar Fleet

- A320 facilitating short-haul growth (domestic and international)
- 1H13 deliveries
  - ANZ & Singapore: 7xA320, 1 lease return
  - Pacific: 3xA320 replacing 4xB737
  - Japan: 4xA320
- 2H13 deliveries
  - 13xA320\(^1\)
  - 5xA320\(^2\) lease returns
- B787-8 deliveries from 1H14
  - Jetstar International to receive first of 14 B787-8s (replacing A330s) to support growth

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>FY12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jetstar Australia, NZ &amp; Singapore based operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A320-200</td>
<td>69</td>
<td>63</td>
<td>6</td>
</tr>
<tr>
<td>A321-200</td>
<td>6</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>A330-200</td>
<td>11</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>86</td>
<td>80</td>
<td>6</td>
</tr>
<tr>
<td><strong>Jetstar Pacific</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A320-200</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>B737-400</td>
<td>1</td>
<td>5</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>6</td>
<td>7</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Jetstar Japan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A320-200</td>
<td>7</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Jetstar Group</strong></td>
<td>99</td>
<td>90</td>
<td>9</td>
</tr>
</tbody>
</table>

\(^1\) Includes Jetstar Japan and Jetstar Hong Kong and excludes Jetstar Pacific.  \(^2\) Jetstar Asia (4xA320) and Jetstar Australia (1xA320) lease returns replaced with new A320 purchased and leased aircraft.
Qantas Loyalty

Business results

- Robust financial growth
  - EBIT up 15%
  - $607m total billings, external billings up 6%
- Marketing revenue up 11%
  - Record credit card billings driven by increased spend and new card take-up
- Wishlist acquisition has reduced redemption costs
- Qantas epiQure sales tripled
- Continued growth in deferred revenue
- Record positive NPS\(^1\) scores
- No profit is derived from transfer pricing between Qantas Loyalty and Qantas Group airlines

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12(^2)</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Revenue</td>
<td>180</td>
<td>162</td>
<td>11</td>
</tr>
<tr>
<td>Redemption Revenue</td>
<td>404</td>
<td>397</td>
<td>2</td>
</tr>
<tr>
<td>Redemption Costs</td>
<td>359</td>
<td>358</td>
<td>-</td>
</tr>
<tr>
<td>Redemption Margin</td>
<td>45</td>
<td>39</td>
<td>15</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>6</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Other Costs</td>
<td>2</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>229</td>
<td>205</td>
<td>12</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>92</td>
<td>86</td>
<td>7</td>
</tr>
<tr>
<td>EBIT</td>
<td>137</td>
<td>119</td>
<td>15</td>
</tr>
<tr>
<td>Deferred Revenue(^3)</td>
<td>2,006</td>
<td>1,961</td>
<td>2</td>
</tr>
</tbody>
</table>

\(^1\) Qantas Loyalty Net Promoter Score as at January 2013. \(^2\) Prior year comparatives restated for reclassification of Wishlist and Qantas epiQure operating costs. \(^3\) Prior year comparative represents deferred revenue as at 30 June 2012
Qantas Loyalty

A strong, sustainable and growing business

Know the customer

Data and Insights

- Using data to gain member insights for informed business decisions
- Creating competitive advantage for Qantas Group through insights

Rewards and recognition

Engaging our Members

- Recognising and rewarding members with desirable and achievable rewards
- Innovating the way members access and earn rewards

Partners

Grow and innovate with our Partners

- Maintaining a member proposition to drive value back to partners
- Growing and engaging partner network through innovation

New business

Creating new loyalty marketing businesses

- Grow returns through new loyalty marketing businesses
- Leveraging value from our assets

Qantas Loyalty

Deep customer knowledge to influence behaviour

Know the customer

Data and Insights

Unlock the value of loyalty

- Generating relevant customer communications based on specific customer behaviours and profiles
  - Over 145m targeted emails sent to members in 2012
  - Use of targeted customer data in front line environments (in-flight)
  - Woolworths Auto Rewards launched in response to member profiling and behaviour, over 1m vouchers issued since launch
  - Offered over 55 exclusive events for Qantas epiQure members since launch, including with some of the world’s most renowned chefs

Qantas Loyalty

Loyalty

Qantas Loyalty

Loyalty

Qantas Loyalty

Loyalty

Qantas Loyalty

Loyalty

Qantas Loyalty

Loyalty
Qantas Loyalty
New generation of Qantas Frequent Flyer member card

REWARDS AND RECOGNITION
Engaging our Members

- Qantas Cash will provide a new way to earn points
- Preload funds to spend anywhere MasterCard is accepted
- Opportunity to earn twice when used in conjunction with 450+ program partners
- Reload and manage funds online and via Qantas Cash app
- Features MasterCard PayPass technology
- Benefits for travellers:
  - Multi-currency prepaid travel card, holding up to 9 different currencies
  - Lock-in exchange rates before travelling
  - Q chip enabled for faster, smarter check-in plus boarding and lounge access

The offer of Qantas Cash is subject to certain regulatory requirements being satisfied. To be eligible to receive the new Qantas Card with the option of Qantas Cash technology you must be an Australian resident Qantas Frequent Flyer Member. Alternative cards without the payment facility are available to all other members. Other terms and conditions and fees and charges may apply. The proposed issue of the prepaid facility is Heritage Bank Limited, subject to final agreement. A Product Disclosure Statement will be made available when the prepaid facility is available, expected to be later this year, via qantas.com, and will also be given to applicants for the facility. A person should consider the Product Disclosure Statement when making any decisions about the prepaid facility.

Qantas Loyalty
Money can’t buy experiences for members

REWARDS AND RECOGNITION
Engaging our Members

- Qantas Frequent Flyer, a brand for Qantas’ status, recognition and reward program
- 2.7m awards redeemed in 1H13
- Increased redemption options
  - Charitable redemptions to UNICEF, over 8m points redeemed in first 3 months
  - David Jones Gift Cards, the leading gift card redeemed over Christmas period
  - Exclusive “money can’t buy” flight simulation, over 75 redemptions in first 3 months
- Improved process for international and domestic upgrade requests
Qantas Loyalty
Qantas-Emirates Partnership

- Redeem points on any part of the Qantas or Emirates network, over 175 destinations worldwide
- Earn points on Emirates and Qantas flights
- Expanded network for members to earn Qantas status credits and status bonus
- Access to both Qantas and Emirates lounges for Gold members (or above) in Australia, Europe, Asia, the Middle East and North Africa
- Tier status recognised with both airlines when flying on the Qantas-Emirates network

1. From 31 March 2013, subject to regulatory approval.

Qantas Loyalty
Building a stronger coalition network

PARTNERS
Grow and Innovate with our Partners

SELECTION OF EXISTING PARTNERS

NEW PARTNERS

Emirates
Launching 31 March 2013

Malaysia Airlines

Macquarie: Visa Platinum

VISA

ANZ

Commonwealth

HSBC

CBA

Macquarie

Westpac

Suncorp

Citi

Macquarie

Visa

Optus

OnePath

QBC

Iframe
Qantas Loyalty
Engaging with external customers

NEW BUSINESS
Creating new loyalty marketing businesses

- Qantas Loyalty is a business-to-business brand managing a portfolio of products, services, capabilities and assets
- Accumulate business continues to grow, operating over 100 loyalty programs for external customers

Qantas Loyalty
Our business Model

BUSINESS MODEL
FINANCIALS

<table>
<thead>
<tr>
<th>Points Flow</th>
<th>Points Earned by Spending</th>
<th>Life of a Point ~2 years</th>
<th>Points Redeemed for Award</th>
<th>Points Expire (Breakage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow 1HFY13</td>
<td>Billings and Other Cash In</td>
<td>Cash Generated</td>
<td>Free Cash Flow</td>
<td>Net Operating Costs</td>
</tr>
<tr>
<td>Cash In</td>
<td>Cash Balance</td>
<td>Cash Out</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue Recognition 1HFY13

$607m Billings
$180m Marketing Revenue
$427m Fair Value Deferred
$2bn Deferred Revenue
$180m Redemption Revenue
$137m EBIT
$88m Net Operating Costs
$359m Award Costs

Growth in Deferred Revenue
Segment: Qantas Freight

Qantas Freight

- Underlying EBIT $22m
- Strong international performance
  - Yield\(^1\) (excluding FX) up 3%
  - Loads\(^1\) improved to 56%
- Weak domestic market with strong competition
- Expanded freight network
  - 50 international; 80 domestic destinations
  - Includes freighter services from Hong Kong, Shanghai & Chongqing
  - Network further strengthened by Qantas-Emirates partnership\(^2\)
- Fundamental domestic JV restructuring
  - Sale of StarTrack November 2012
  - Australian air Express integration underway

### Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>VLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> $M</td>
<td>531</td>
<td>526</td>
<td>1</td>
</tr>
<tr>
<td><strong>Share of Joint Venture Profits</strong> $M</td>
<td>2</td>
<td>15</td>
<td>(87)</td>
</tr>
<tr>
<td><strong>Underlying EBIT</strong> $M</td>
<td>22</td>
<td>38</td>
<td>(42)</td>
</tr>
<tr>
<td><strong>Capacity (International AFTKs)</strong> B</td>
<td>2.0</td>
<td>2.1</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Load (International)</strong> %</td>
<td>55.9</td>
<td>54.6</td>
<td>1.3pts</td>
</tr>
</tbody>
</table>

\(^1\) International yield (excluding FX) / loads excludes Australian air Express (consolidated from 13 November 2012).
\(^2\) Subject to regulatory approval.
\(^3\) Demand measured by Revenue Freight Tonne Kilometres (RFTKs).
Governance, Environment and Social

Sustainability
1H13 Key Highlights

**GOVERNANCE**
**Corporate Governance, Oversight Framework**
- Awarded equal fourth in 2012 Australasian Investor Relations Association for Best ESG Disclosure by an Australasian Company for Qantas Sustainability Review 2012
- New mandatory training courses introduced:
  - Our Values: Standards of Conduct – new mandatory face-to-face workshop
  - How We Work at the Qantas Group – linking Group Policies, principles, training

**ENVIRONMENT**
**Fuel and emissions, Resource Consumption**
- Fuel optimisation and carbon reduction program on target
- Sustainable Aviation Fuel feasibility study phase 1 completed, results due mid-2013
- Working with IATA & ICAO to develop a global aviation market-based carbon measure
- Continued listing on the Carbon Disclosure Project Leadership Index for Australia and New Zealand with equal-highest score

**SOCIAL**
**Safety, Customer, People, Community**
- Safety is our first priority
- Qantas Domestic best on time performance in 2012\(^2\)
- Highest Qantas Domestic Net Promoter Score ever achieved\(^3\) – overall satisfaction over the last 12 months continues to show positive upward trend
- Highest Qantas International customer satisfaction in on record\(^4\)
- Significant fleet refresh programs (B747, B763, B717) reflecting commitment to customer experience
- 12 workplace agreements closed in last twelve months
- Support of Movember, including a B738 aircraft sporting a giant moustache

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Governance

- New mandatory employee training courses
  - Our Values: Standards of Conduct workshop
  - Connects Qantas’ core values with Qantas Behaviours
  - Mandatory face-to-face workshop for all employees
  - How We Work at Qantas Group
  - Provides an understanding of Qantas Group Policies and the recently introduced 8 Non-Negotiable Business Principles
  - Employees can create a customised mandatory training plan

GOVERNANCE AWARDS

- Continued listing on the Dow Jones Sustainability World Index and Asia Pacific Index – currently one of only two airlines listed on the World Index
- 2012 Australasian Investor Relations Association (AIRA) awards – Qantas ranked equal-forth place for Best ESG Disclosure
  - The AIRA awards recognise listed entities who have excelled in each award category and winners are determined based on voting from domestic and international equities analysts and fund managers

Environment

- Fuel optimisation and carbon reduction
  - Program on target
  - Carbon reduction initiatives continue to identify opportunities
- Sustainable Aviation Fuel (SAF) feasibility study
  - Awarded $0.6m in Government assistance; world-first partnership with Shell
  - Results to be released mid-2013
- EU Emissions Trading Scheme (ETS)
  - ‘Stop the clock’ issued on international aviation inclusion in EU ETS
  - Working with IATA & ICAO to develop a global aviation market-based carbon measure

ENVIRONMENTAL AWARDS

- Awarded the Banksia Environmental Award for Leading in Sustainability – Setting the Standard for Large Organisations
  - The Banksia Awards are the premier environmental awards program in Australia
- Continued listing on the Carbon Disclosure Project Leadership Index for Australia and New Zealand and equal-highest score for the region
Safety

- Safety is our first priority
  - Unwavering commitment to world’s best safety practices and reporting
- Focus on being the world’s leading airline group in air, ground and people safety and health
  - Reducing workplace injuries through renewed focus on task-based manual handling training
  - Commitment to return-to-work programs to support employees and reduce lost time
  - Leading Flight Data Monitoring software implemented to improve operational hazard identification
- Qantas Group Safety Conference and National Qantas Group Safety Week
- Ongoing participation in industry safety forums, including IATA and oneworld

SAFETY HIGHLIGHTS

- 1H13 TRIFR\(^1\) 28.8 (1H12: 35.5)
- 1H13 LWCFR\(^2\) 8.2 (1H12: 11.6)
- 1H13 DR\(^3\) 36.7 (1H12: 45.6)

Duration Rate (DR) measures the average number of days per injury where an employee is away from work or on restricted duties.

Customer

- Significant investment in fleet refresh programs, reflecting commitment to customer experience
  - 9xB744 aircraft refurbished with award winning A380-style product
  - 6xB767 aircraft installed with Q-streaming\(^4\) and refreshed interiors, up to 16 to be completed by March 2013
  - QantasLink B717 refresh
- Recommenced Qantas services to Coolangatta with new Gold Coast Qantas Club Lounge
- Perth Qantas Club expansion to meet growing demand
- iPads rollout to International and Domestic Customer Service Managers
  - Providing real-time specific customer information

CUSTOMER HIGHLIGHTS

- Highest Qantas Domestic Net Promoter Score (NPS) ever achieved\(^2\)
- Highest Qantas International customer satisfaction on record\(^3\)
- Qantas Domestic best on time performance in 2012\(^4\)
- 1,500 customer-facing staff have completed phase 2 of intensive customer service training
- Six Domestic Qantas Cabin Crew received awards at the International Customer Service Professionals awards including the International Outstanding Individual Award for Service Excellence – these awards reaffirm the Group’s investment in customer service training

1. Total Recordable Injury Frequency Rate
2. Lost Work Case Frequency Rate
3. Duration Rate
4. Q-streaming inflight entertainment

Employees

• Improved internal communications in response to engagement outcomes
  — Over 100 Qantas Domestic roadshow events in 2012, reaching ~50 locations and 4,000 people
  — Internal strategy and initiative updates
• Ongoing investment in employee development
  — Leadership Fundamental workshops and Manager Connect services
  — Qantas Career Centres and Transition Tools to support transformation
• 12 workplace agreements closed in last twelve months

Employee Highlights

• Domestic Open Day held in November 2012 for Qantas employees and their families and friends
  — Opportunities for employees to experience the Qantas domestic fleet by touring the new A330, a refurbished B767 with Q Streaming, a B738 featuring the Boeing Sky Interior, and one of the latest QantasLink Q400 aircraft

Community

• Qantas continues its iconic program of supporting the Australian community
• Support of ‘Movember’ extending Qantas’ partnership with Prostate Cancer Foundation of Australia
  — B738 aircraft sported giant moustache
  — Employees encouraged to participate
• Qantas ‘Jumbo Joy’ flight with Rotary and Pathfinders
  — Annual B744 flight over Sydney for disabled and disadvantaged children and their carers
• Jawun Program
  — Secondments to work with Indigenous businesses in inner Sydney, East Kimberley and North-East Arnhem Land

COMMUNITY AWARDS

• 2012 Encouragement of Australian Contemporary Art Award winners announced with artists from each state and territory
  — A unique art prize that recognises an artist’s body of work
• Awarded the UNICEF Brass Ring Award for support beyond the call of duty
Sustainability External Recognition

Recognition

- Dow Jones Sustainability Index World
  - Member 2011-2013
  - 1 of only 2 airlines and the only Australian airline in the World Index

- Dow Jones Sustainability Index Asia Pacific
  - Member 2009-2013
  - Only Australian airline in the Index

- SAM Sustainable Asset Management
  - Bronze Class 2013

- Australian SAM Sustainable Asset Management
  - Member 2009-2013
  - Only Australian airline in the Index

- FTSE4Good Index
  - Member 2009-2013
  - Only Australian airline in the Index

- Carbon Disclosure Project
  - Listed on the Carbon Disclosure Leadership Index for Australia/New Zealand 2010-2012
  - Only Australian airline in the Leadership Index

- Banksia Environmental Awards
  - 2012 Award for Setting the Standard for Large Organisations
  - The premier environmental awards program in Australia

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This Presentation has been prepared by Qantas Airways Limited (ABN 16 009 661 901) (Qantas).

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