



# Qantas Airways Limited

## 1H13 Results

Supplementary Slides  
21 February 2013

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## Group Performance



## Group Highlights: Underlying Income Statement

\$M	1H13	1H12	VLY	VLY %
Net passenger revenue	6,949	6,946	3	0
Net freight revenue	475	467	8	2
Other revenue	818	635	183	29
<b>Revenue</b>	<b>8,242</b>	<b>8,048</b>	<b>194</b>	<b>2</b>
Operating expenses (excluding fuel)	4,767	4,634	133	(3)
Fuel	2,181	2,181	0	0
Depreciation and amortisation	719	679	40	(6)
Non-cancellable aircraft operating lease rentals	265	277	(12)	4
<b>Expenses</b>	<b>7,932</b>	<b>7,771</b>	<b>161</b>	<b>(2)</b>
<b>Underlying EBIT</b>	<b>310</b>	<b>277</b>	<b>33</b>	<b>12</b>
Net finance costs	(87)	(75)	(12)	(16)
<b>Underlying PBT<sup>1</sup></b>	<b>223</b>	<b>202</b>	<b>21</b>	<b>10</b>
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
<b>Statutory PBT</b>	<b>151</b>	<b>58</b>	<b>93</b>	<b>&gt;100</b>

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. All line items in the 1H13 Results Presentation and Supplementary Slides are reported on an Underlying basis. Refer to Supplementary slide 4 for reconciliation of Statutory and Underlying PBT. 3

## Reconciliation to Statutory PBT

\$M	1H13				1H12			
	Underlying <sup>1</sup>	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory	Underlying <sup>1</sup>	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory
Net passenger revenue	6,949			6,949	6,946			6,946
Net freight revenue	475			475	467			467
Other revenue	818			818	635			635
<b>Revenue</b>	<b>8,242</b>			<b>8,242</b>	<b>8,048</b>			<b>8,048</b>
Operating expenses (excl fuel)	4,767	5	106	4,878	4,634	67	137	4,838
Fuel	2,181	(46)		2,135	2,181	(64)		2,117
Depreciation and amortisation	719			719	679			679
Non-cancellable aircraft operating lease rentals	265			265	277			277
<b>Expenses</b>	<b>7,932</b>	<b>(41)</b>	<b>106</b>	<b>7,997</b>	<b>7,771</b>	<b>3</b>	<b>137</b>	<b>7,911</b>
<b>EBIT</b>	<b>310</b>	<b>41</b>	<b>(106)</b>	<b>245</b>	<b>277</b>	<b>(3)</b>	<b>(137)</b>	<b>137</b>
Net finance costs	(87)	(7)		(94)	(75)	(4)		(79)
<b>PBT</b>	<b>223</b>	<b>34</b>	<b>(106)</b>	<b>151</b>	<b>202</b>	<b>(7)</b>	<b>(137)</b>	<b>58</b>

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) which relate to other reporting periods and identifying certain other items which are not included in Underlying PBT (Refer to Supplementary slide 5). 4

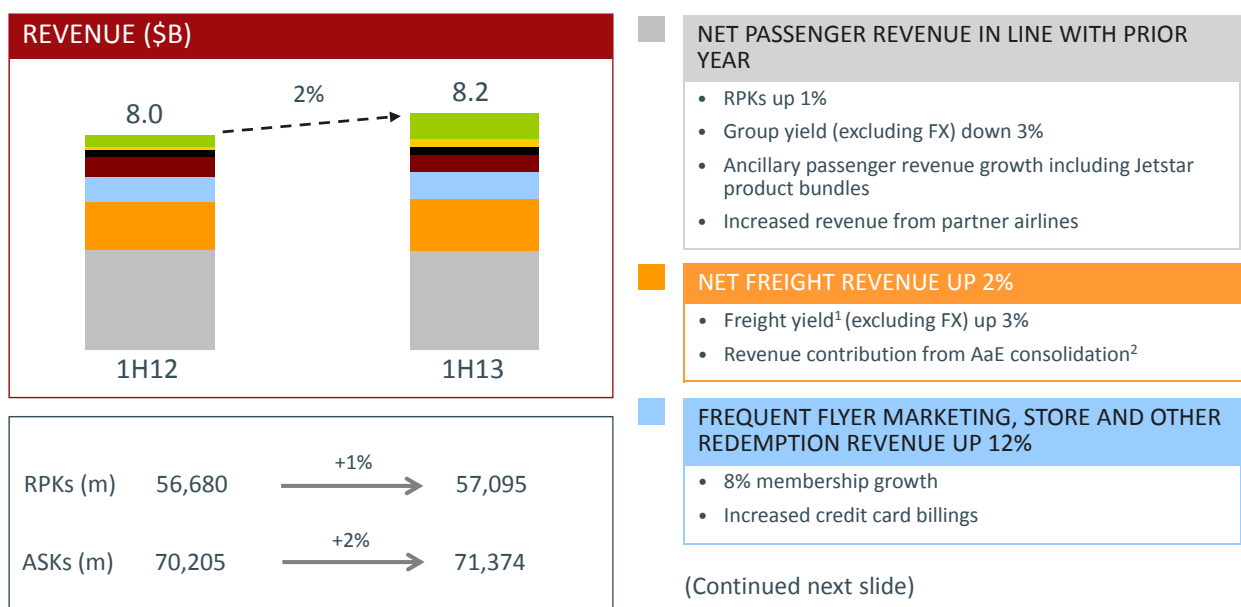
## Other Items Not Included in Underlying PBT

\$M	1H13	1H12	
Other items not included in Underlying PBT <sup>1</sup> :			
• Net impairment of property, plant and equipment	(62)	(72)	Early retirement of B744s and B763s following strategic network changes and exit of loss making routes
• Redundancies and restructuring	(68)	(46)	Transformation initiatives including consolidation of engineering and catering facilities
• Gain on disposal of jointly controlled entity	30	-	Gain on sale of StarTrack
• Impairment of Investment	-	(19)	Impairment of investment in jointly controlled entity
• Other	(6)	-	
<b>Total Items not included in Underlying PBT</b>	<b>(106)</b>	<b>(137)</b>	

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.

5

## Revenue

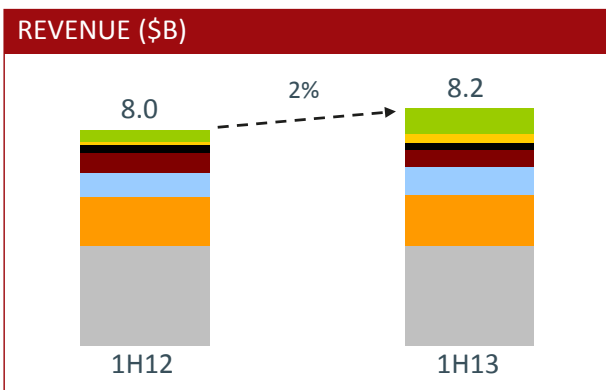


Note: All revenue movements include foreign exchange (FX) unless otherwise indicated.

1. Freight yield (excluding FX) excludes Australian air Express (consolidated from 13 November 2012). 2. Australian air Express consolidated from 13 November 2012.

6

# Revenue

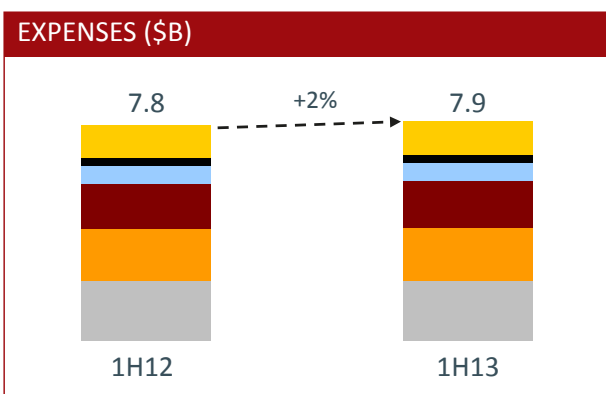


RPKs (m)	56,680	+1%	→	57,095
ASKs (m)	70,205	+2%	→	71,374

- CONTRACT WORK REVENUE DOWN 18%**
  - Sale of Riverside and Cairns catering facilities
  - Completion of Multi Roll Tanker Transport conversion
- RETAIL, ADVERTISING AND OTHER PROPERTY REVENUE UP 6%**
  - Increased advertising revenue
- CHARTER REVENUE UP >100%**
  - Growth of Network Aviation charter business
- REVENUE FROM OTHER SOURCES UP >100%**
  - Boeing settlement

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

# Expenditure



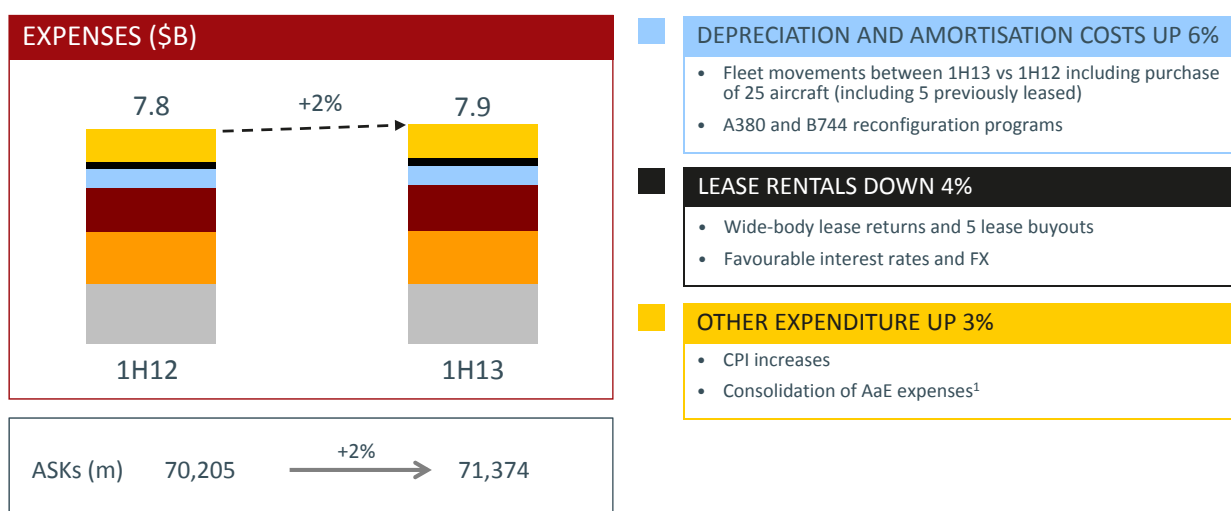
ASKs (m)	70,205	+2%	→	71,374
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- FUEL COSTS IN LINE WITH PRIOR YEAR**
  - 2% capacity growth offset by fuel efficiency improvements
- MANPOWER AND STAFF RELATED UP 3%**
  - 2% capacity growth
  - CPI and Enterprise Bargaining Agreement (EBA) increases
- AIRCRAFT OPERATING VARIABLE COSTS UP 3%**
  - Introduction of carbon tax \$55m
  - 2% capacity growth offset by cost savings initiatives

(Continued next slide)

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



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.

9

## Unit Cost

- 3% improvement in comparable unit cost

C/ASK	1H13	1H12	VLY %
<b>Unit Cost<sup>1,2</sup></b>	<b>8.09</b>	<b>8.48</b>	<b>5</b>
Excluding:			
• Fuel	(3.05)	(3.11)	
• Impact of Frequent Flyer change in accounting estimate	-	0.01	
<b>Net Underlying Unit Cost<sup>3</sup></b>	<b>5.04</b>	<b>5.38</b>	<b>↓ 6</b>
• Impact of industrial action	-	(0.14)	
• Boeing settlement	0.18	-	
• Carbon tax impact	(0.08)	-	
• Sector length adjustment	(0.08)	-	
<b>Comparable Unit Cost<sup>4</sup></b>	<b>5.06</b>	<b>5.24</b>	<b>↓ 3</b>

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. 1H12 unit cost calculations have been restated accordingly. 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.

10

## Debt Position and Gearing Summary

- 5% decrease in 1H13 Net Debt<sup>1</sup> (including operating lease liabilities)<sup>2</sup>
  - Driven by positive net free cash flow
- Gearing<sup>3</sup> decreased 2 percentage points
- Continued focus on debt reduction

\$M	1H13	2H12	VLY (\$M)
Net Debt <sup>1</sup>	3,363	3,558	195
Net Debt <sup>1</sup> including operating lease liabilities <sup>2</sup>	5,006	5,418	412
Adjusted Equity <sup>4</sup>	5,702	5,559	143
Gearing ratio <sup>3</sup>	47:53	49:51	2pts

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). 11

## Cash Flow Summary

- 1H13 positive net free cash flow<sup>1</sup>\$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

\$M	1H13	1H12	VLY %
Cash at beginning of period	3,398	3,496	(3)
Operating	780	823	(5)
Investing	(575)	(1,501)	62
Free cash flow (Net Operating & Investing)	205	(678)	>100
Financing	(547)	525	<(100)
Net change in cash held	(342)	(153)	<(100)
Effects of FX on cash	2	(1)	>100
<b>Cash at end of period</b>	<b>3,058</b>	<b>3,342</b>	<b>(8)</b>

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



13

## Fleet at 31 December 2012

	1H13	FY12	Change
A380-800	12	12	-
B747-400	12	15	(3)
B747-400ER	6	6	-
A330-200	9	8	1
A330-300	10	10	-
B767-300ER	22	23	(1)
B737-400	9	12	(3)
B737-800NG	62	59	3
<b>Total Qantas</b>	<b>142</b>	<b>145</b>	<b>(3)</b>
A320-200	69	63	6
A321-200	6	6	-
A330-200	11	11	-
<b>Total Jetstar<sup>3</sup></b>	<b>86</b>	<b>80</b>	<b>6</b>
B717-200	13	13	-
Q200/Q300	21	21	-
Q400	27	25	2
<b>Total QantasLink</b>	<b>61</b>	<b>59</b>	<b>2</b>
EMB120	7	7	-
F100	12	12	-
<b>Total Network Aviation<sup>4</sup></b>	<b>19</b>	<b>19</b>	<b>-</b>
B737-300SF	4	4	-
B767-300SF	1	1	-
<b>Total Freight<sup>5</sup></b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>Total Group</b>	<b>313</b>	<b>308</b>	<b>5</b>

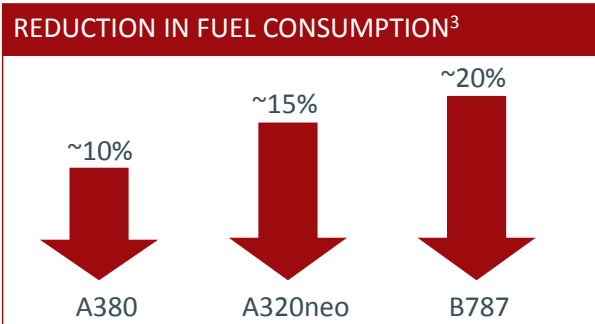
- 5 net additional aircraft during 1H13
  - 13 new aircraft deliveries<sup>1</sup>: 1xA330-200, 3xB737-800, 7xA320-200, 2xQ400
  - 5 aircraft retired: 1xB747-400, 1xB767-300, 3xB737-400
  - 3 aircraft lease returns: 2xB747-400, 1xA320-200 (JQ)<sup>2</sup>

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 3xB747-400 freighter aircraft (not included in the table).

14

## Fleet Deliveries

AIRCRAFT DELIVERIES (INDICATIVE TIMING) <sup>1</sup>			
Aircraft Type	2H13	FY14–FY19	FY20–FY25
A380-800	-	3	5
B787-8	-	14	-
A320 Family <sup>2</sup>	6	79	14
B737-800	4	9	-
B717	-	5	-
Q400	1	3	-
<b>Total Deliveries</b>	<b>11</b>	<b>113</b>	<b>19</b>



- 6 aircraft for retirement in 2H13
  - 1xB747-400, 3xB737-400, 2xB767-300
- 6 lease returns in 2H13
  - 1xB747-400, 5xA320<sup>4</sup>

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. 15

## On Time Performance

- Domestic<sup>1</sup>
  - 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

ON TIME DEPARTURES <sup>2</sup> (%)	2012	RANK
Qantas	85.9	1
Virgin	83.3	2
Jetstar	76.1	3

ON TIME ARRIVALS <sup>2</sup> (%)	2012	RANK
Qantas	84.0	1
Virgin	80.5	2
Jetstar	76.6	3

CANCELLATIONS <sup>2</sup> (%)	2012	RANK
Qantas	1.3	1
Jetstar	1.3	1
Virgin	1.5	3

1. Best on time performance compared to main competitor. 2. Source: BITRE January – December 2012.



## Segment: Qantas Domestic



17

### Qantas Domestic

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

		1H13	1H12	VLY %
Revenue	\$M	3,220	3,147	2
Underlying EBIT	\$M	218	328	(34)
ASKs	M	19,187	18,353	5
RPKs	M	14,749	14,616	1

18

## 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)<sup>1</sup>
- 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 accounts<sup>2</sup>, lost four
  - 39 new accounts<sup>2</sup>, including four won back as preferred airline

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

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.

19

## Qantas Regional Airline Group

- 'Regional Airline of the Year'<sup>1</sup> and 'Best Regional Airline'<sup>2</sup> 2012
- Largest regional fleet and network
  - Capacity growing at 6% CAGR<sup>3</sup>
  - 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

		1H13	1H12	VLY %
ASKs	M	2,601	2,515	3%
RPKs	M	1,754	1,755	0%
Passengers	'000	2,711	2,624	3%
Seat factor	%	67.4	69.8	(2.4)pts
Aircraft <sup>4</sup>		80	67	13



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.

20

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## Qantas Direct

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- 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 Australia<sup>1</sup>
- Online account access for 9m Qantas Frequent Flyer members

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1. Source: Hitwise.

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## 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<sup>1</sup> lounge refurbishments underway
  - Business Sleep Service; Select on Q-Eat
- Qantas-Emirates Partnership<sup>2</sup> announced
  - Positive ACCC draft determination issued<sup>3</sup>
  - Joint selling and marketing commenced
- New Asia schedule facilitated by Qantas-Emirates Partnership<sup>2</sup>
- Exit of major loss making route – Frankfurt from April 2013

		1H13	1H12	VLY %
Revenue	\$M	2,818	2,919	(3)
Underlying EBIT	\$M	(91)	(262)	65
ASKs	M	29,625	31,714	(7)
RPKs	M	24,513	25,971	(6)
Passengers	'000	2,917	3,060	(5)
Seat factor	%	82.7	81.9	0.8pts
Market share <sup>4</sup>	%	17.8	18.3	(0.5)pts
OTP <sup>5</sup>	%	79.4	76.4	3.0pts

1. Los Angeles, Singapore, Hong Kong. 2. Subject to regulatory approval. 3. Conditional ACCC interim authorisation granted for Qantas-Emirates partnership on 17 January 2013. 4. As at November 2012. 5. On time performance, source: BITRE July - December 2012.

23

## Qantas International

### Qantas-Emirates Partnership<sup>1</sup> – outstanding customer offering



1. Subject to regulatory approval.

24

## 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

**TRANSFORMATION PROGRAM SUPPORTS  
BOTH QANTAS DOMESTIC AND QANTAS INTERNATIONAL**

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*

TARGET OUTCOMES OVER 3 YEARS	TRANSFORMATION AGENDA
1. Competitive relative cost position for Qantas Domestic & Qantas International	<ul style="list-style-type: none"> <li>• Operational efficiencies in Engineering, Catering, Ground Operations, cost of sales improvements, savings in IT, Procurement &amp; corporate functions</li> </ul>
2. Market-leading customer advocacy	<ul style="list-style-type: none"> <li>• Transformation of Service offering, ongoing enhancements in Alliances &amp; Network, aircraft reconfiguration, and other customer initiatives</li> </ul>
3. Workforce engagement comparable with peer organisations	<ul style="list-style-type: none"> <li>• Investment in management training, leadership and change capability, communication effectiveness, and workplace transformation</li> </ul>

## Segment: Jetstar



27

### Jetstar

- Underlying EBIT \$128m
  - 12% capacity growth, 12% passenger growth
  - Industry leading ancillary revenue<sup>1</sup> up 7%
  - Controllable unit cost<sup>2</sup> improvement 2%
  - Largest LCC in Asia Pacific<sup>3</sup>
  - Jetstar Japan off to strong start in competitive market
  - Jetstar Hong Kong operational launch planned for 2013<sup>4</sup>
  - 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

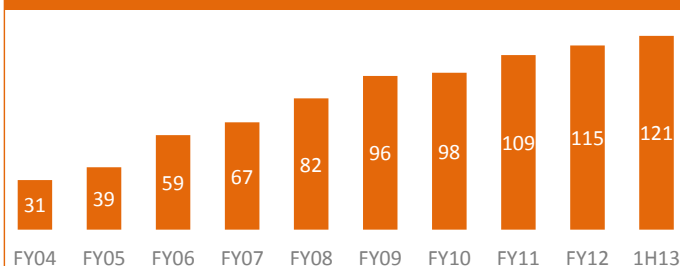
Jetstar Group		1H13	1H12	VLY %
Revenue	\$M	1,757	1,565	12
Underlying EBIT	\$M	128	147	(13)
ASKs <sup>5</sup>	M	22,562	20,138	12
RPKs <sup>5</sup>	M	17,833	16,093	11
Passengers <sup>5</sup>	'000	10,375	9,280	12

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.

28

## Growing Jetstar Footprint

### JETSTAR GROUP – GROWING NETWORK OF ROUTES<sup>1</sup>



BUSINESS	OWNERSHIP	LAUNCH	BASED AIRCRAFT <sup>4</sup>
1 Jetstar Australia	100%	2004	48xA320s/A321s
2 Jetstar Asia (Singapore)	49%	2004	18xA320s
3 Jetstar International	100%	2006	11xA330s
4 Jetstar Pacific (Vietnam) <sup>2</sup>	30%	2008	5xA320s
5 Jetstar NZ (Domestic)	100%	2009	9xA320s
6 Jetstar Japan	33%	2012	7xA320s
7 Jetstar Hong Kong <sup>3</sup>	50%	2013	Up to 2xA320s (at launch)



1. Including Jetstar Pacific and Jetstar Japan. 2. Jetstar Pacific rebranded in 2008. 3. Subject to regulatory approval. 4. As at 21 February 2013.

29

## 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 Domestic		1H13	1H12	VLY %
ASKs	M	8,867	7,663	16
RPKs	M	7,253	6,543	11
Passengers	'000	5,975	5,416	10
Load	%	81.8	85.4	(3.6)pts
OTP <sup>1</sup>	%	75.8	76.7	(0.8)pts

1. On time performance, source: BITRE July - December 2012.

30

## Jetstar International Network

- Jetstar International
  - 5<sup>th</sup> largest carrier, 8.2% market share<sup>1</sup>
  - 16% capacity growth
  - 1<sup>st</sup> 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)

Jetstar International (excl. Jetstar Asia & NZ Domestic)		1H13	1H12	VLY %
ASKs	M	9,164	7,903	16
RPKs	M	7,022	5,997	17
Passengers	'000	1,710	1,531	12
Load	%	76.6	75.9	0.7pts
Market share <sup>1</sup>	%	8.2	7.9	0.3pts

New Zealand Domestic		1H13	1H12	VLY %
ASKs	M	742	639	16
RPKs	M	599	488	23
Passengers	'000	918	777	18
Load	%	80.8	76.4	4.4pt
Market share <sup>2</sup>	%	22.0	19.9	2.1pts

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.

31

## Jetstar Asia (Singapore)

- Increasingly competitive market
  - 18% narrow body capacity growth<sup>1</sup>
- 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<sup>2</sup>
  - Outranking full service carriers
- IOSA certified<sup>3</sup>

Jetstar Asia		1H13	1H12	VLY %
ASKs	M	3,789	3,933	(4)
RPKs	M	2,959	3,065	(3)
Passengers	'000	1,772	1,556	14
Load	%	78.1	77.9	0.2pts



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.

32



## Jetstar Japan

- Launched 5 months ahead of schedule<sup>1</sup>
  - ~600,000 passengers flown to date across 7 markets<sup>2</sup>
  - Increased domestic market share to 17%<sup>3</sup>
  - 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<sup>4</sup>
- Strong local partners – JAL, Mitsubishi and Century Tokyo Leasing



**Jetstar** 

Route Map as at 31 December 2012

1. Launched 3 July 2012. 2. Passengers flown from 3 July 2012 to 31 December 2012. 3. Market share based on ASKs (capacity) as at October - December 2012 on operated routes. 4. Subject to regulatory approval.

33

## Jetstar Pacific (Vietnam)

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



**Jetstar** 

Route Map as at 31 December 2012

1. Fleet renewal complete on 18 January 2013. 2. Subject to regulatory approval.

34

## Jetstar Hong Kong<sup>1</sup>

- Working with government on regulatory approvals for 2013 launch
  - Close coordination with CAD<sup>2</sup> 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** 

1. Subject to regulatory approval. 2. Civil Aviation Department.

35

## 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<sup>1</sup>
  - 5xA320<sup>2</sup> lease returns
- B787-8 deliveries from 1H14
  - Jetstar International to receive first of 14 B787-8s (replacing A330s) to support growth

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

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.

36

## Segment: Qantas Loyalty



37

### 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<sup>1</sup> scores
- No profit is derived from transfer pricing between Qantas Loyalty and Qantas Group airlines

\$M	1H13	1H12 <sup>2</sup>	VLY %
Marketing Revenue	180	162	11
• Redemption Revenue	404	397	2
• Redemption Costs	359	358	-
Redemption Margin	45	39	15
Other Revenue	6	5	20
Other Costs	2	1	100
Gross Profit	229	205	12
Operating Costs	92	86	7
EBIT	137	119	15
Deferred Revenue <sup>3</sup>	2,006	1,961	2

**QANTAS** LOYALTY

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

38

## 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

39

## Qantas Loyalty

*Deep customer knowledge to influence behaviour*

### KNOW THE CUSTOMER

*Data and Insights*



- 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

40

## 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 issuer 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.

41

## 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

42

# Qantas Loyalty

## Qantas-Emirates Partnership<sup>1</sup>

### PARTNERS

Grow and Innovate  
with our Partners



- 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
	<b>Emirates</b> launching 31 March 2013 <b>Malaysia Airlines</b>	
	<b>MACQUARIE Visa Platinum</b>	
	<b>SHANGRI-LA CONSTRUCTION</b> <b>QI</b> <b>BLACKMORES</b> <b>valspar</b>	

# Qantas Loyalty

Engaging with external customers

**NEW BUSINESS**  
*Creating new loyalty marketing businesses*

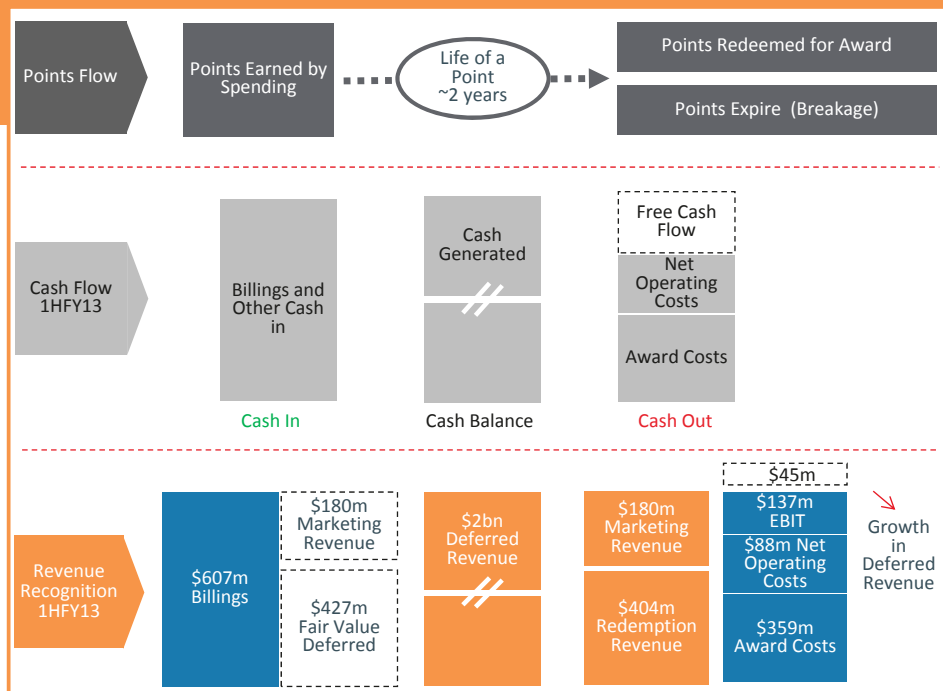


- Qantas Loyalty is a business-to-business brand managing a portfolio of products, services, capabilities and assets
- Accumulate business continues to grow, operating over 100 loyalty programs for external customers

# Qantas Loyalty

Our business Model

**BUSINESS MODEL FINANCIALS**



# Segment: Qantas Freight



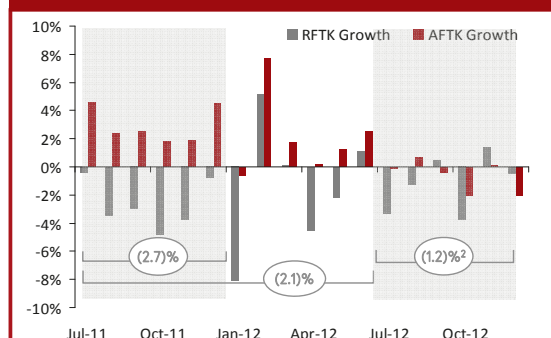
47

## Qantas Freight

- Underlying EBIT \$22m
- Strong international performance
  - Yield<sup>1</sup> (excluding FX) up 3%
  - Loads<sup>1</sup> 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<sup>2</sup>
- Fundamental domestic JV restructure
  - Sale of StarTrack November 2012
  - Australian air Express integration underway

		1H13	1H12	VLY %
Revenue	\$M	531	526	1
Share of Joint Venture Profits	\$M	2	15	(87)
Underlying EBIT	\$M	22	38	(42)
Capacity (International AFTKs)	B	2.0	2.1	(7)
Load (International)	%	55.9	54.6	1.3pts

INDUSTRY AIR FREIGHT RFTK AND AFTK GROWTH<sup>3</sup> (VLY%)



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).

48



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# Governance, Environment and Social



49

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## Sustainability 1H13 Key Highlights

### GOVERNANCE

*Corporate Governance,  
Oversight Framework*

- Awarded equal fourth in 2012 Australasian Investor Relations Association for Best ESG<sup>1</sup> 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<sup>2</sup>
- Highest Qantas Domestic Net Promoter Score ever achieved<sup>3</sup> – overall satisfaction over the last 12 months continues to show positive upward trend
- Highest Qantas International customer satisfaction in on record<sup>4</sup>
- 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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1. Environmental, Social and Governance. 2. Source: BITRE data January - December 2012, Qantas most on time domestic airline compared to main competitor. 3. Highest score since reporting commenced in August 2008. 4. Average customer satisfaction for 2012 at highest level since commenced recording in February 2003.

50

## 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 Polices 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-fourth place for Best ESG<sup>1</sup> 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



*The Qantas Sustainability Review 2012 is available on [Qantas.com](http://Qantas.com)*

1. Environmental, Social and Governance.

## 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<sup>1</sup> 28.8 (1H12: 35.5)
- 1H13 LWCFR<sup>2</sup> 8.2 (1H12: 11.6)
- 1H13 DR<sup>3</sup> 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

1. Total Recordable Injury Frequency Rate. 2. Lost Work Case Frequency Rate. 3. Duration Rate.

53

## 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<sup>1</sup> and refreshed interiors, up to 16 to be completed by March 2013
  - QantasLink B717 refresh
- Recommended 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<sup>2</sup>
- Highest Qantas International customer satisfaction on record<sup>3</sup>
- Qantas Domestic best on time performance in 2012<sup>4</sup>
- 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. Q-Streaming Inflight entertainment. 2. Highest score since reporting commenced in August 2008. 3. Average customer satisfaction for 2012 at highest level since commenced recording in February 2003. 4. Source: BITRE data January - December 2012. Qantas most on time domestic airline compared to main competitor.

54

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## Employees

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- 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<sup>1</sup>, a B738 featuring the Boeing Sky Interior, and one of the latest QantasLink Q400 aircraft

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1. Q-Streaming inflight entertainment.

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## Community

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- 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

CARBON DISCLOSURE PROJECT



### 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

57

## Disclaimer & ASIC Guidance

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

### Summary information

This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 21 February 2013. The information in this Presentation does not purport to be complete. It should be read in conjunction with Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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58