The Qantas Group - A Strong, Sustainable Future

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Macquarie Australia Conference

4 May 2012

Overview

- Fleet renewal now substantially complete
- FY13 capital expenditure reduced by a further A$400m to A$1.9b
- Profitably building on our 65% domestic market share
- Realising benefits of Qantas International transformation - over $300m identified
- Delivering targeted, value-driven investments for Jetstar in Asia
- Reinforcing customer loyalty

EXECUTING STRATEGY TO DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Qantas Group Strategy

DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Safety is always our first priority

Building on our strong domestic business:

- Profitably building on 65% market share through dual brands
- Deepening FFP[1] member and partner engagement
- Growing our portfolio of related businesses

Transforming Qantas International

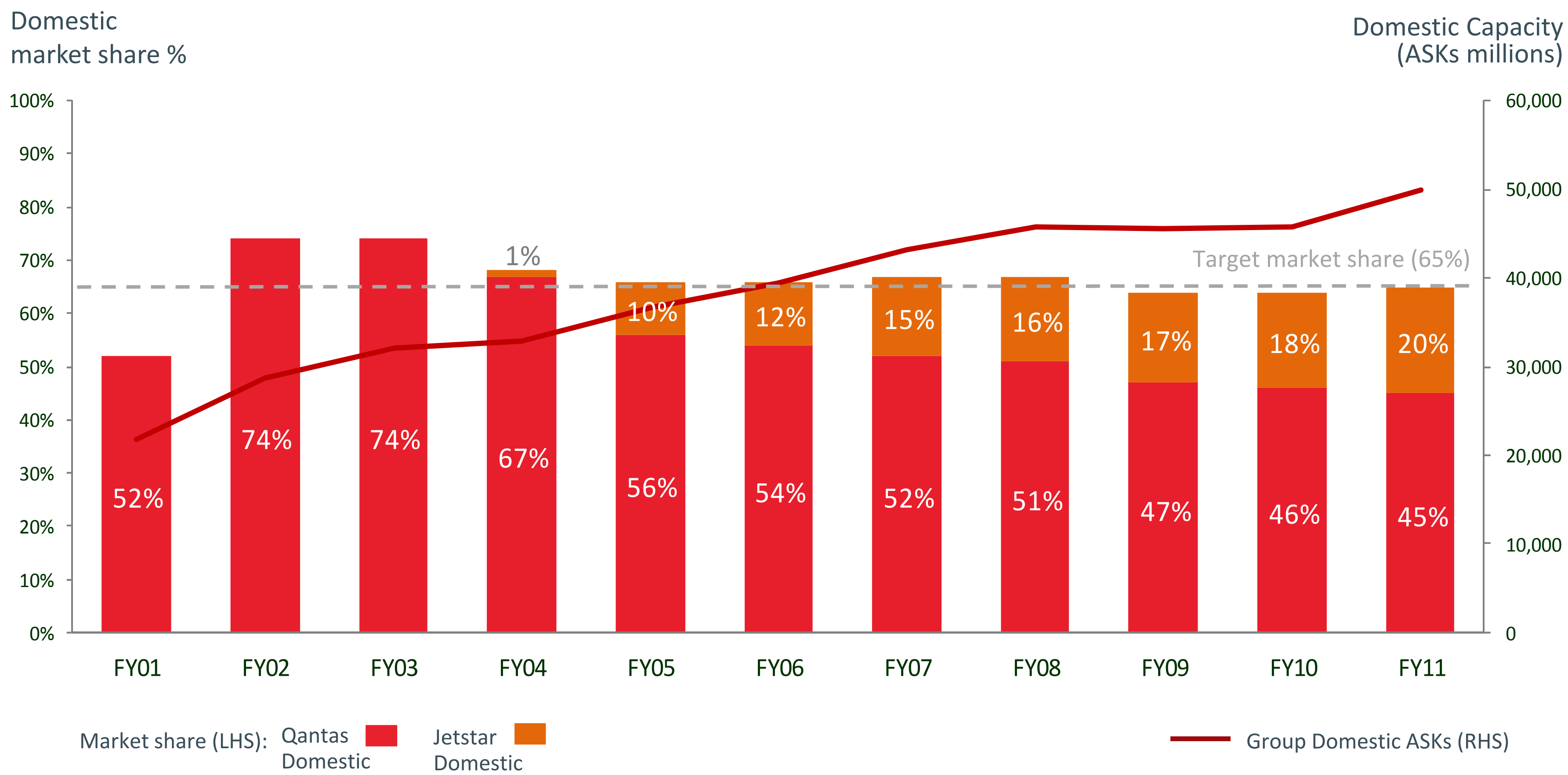
Growing Jetstar in Asia

Building customer loyalty through great experiences and multiple brands

Engaging and developing our people

1. Qantas Frequent Flyer Program.

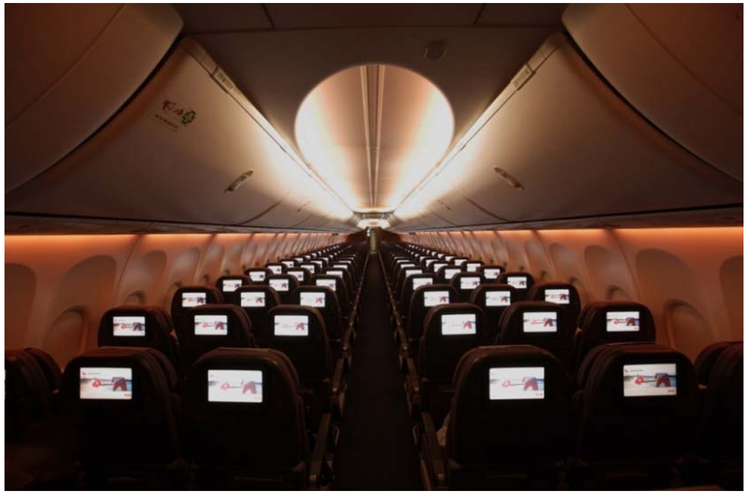
Building on our Strong Domestic Business

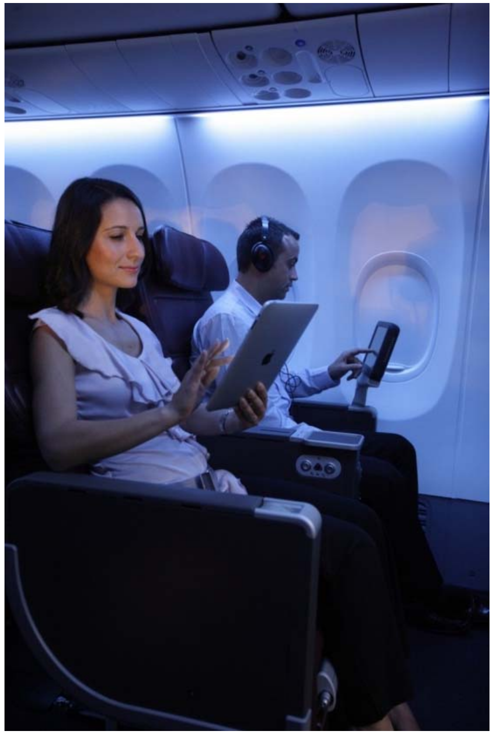


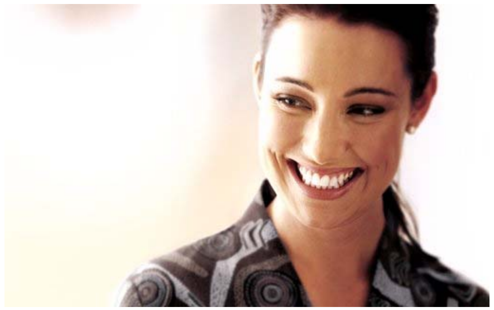
Source: Bureau of Infrastructure, Transport and Regional Economics (BITRE), Qantas

Building on our Strong Domestic Business

The world's best domestic travel experience





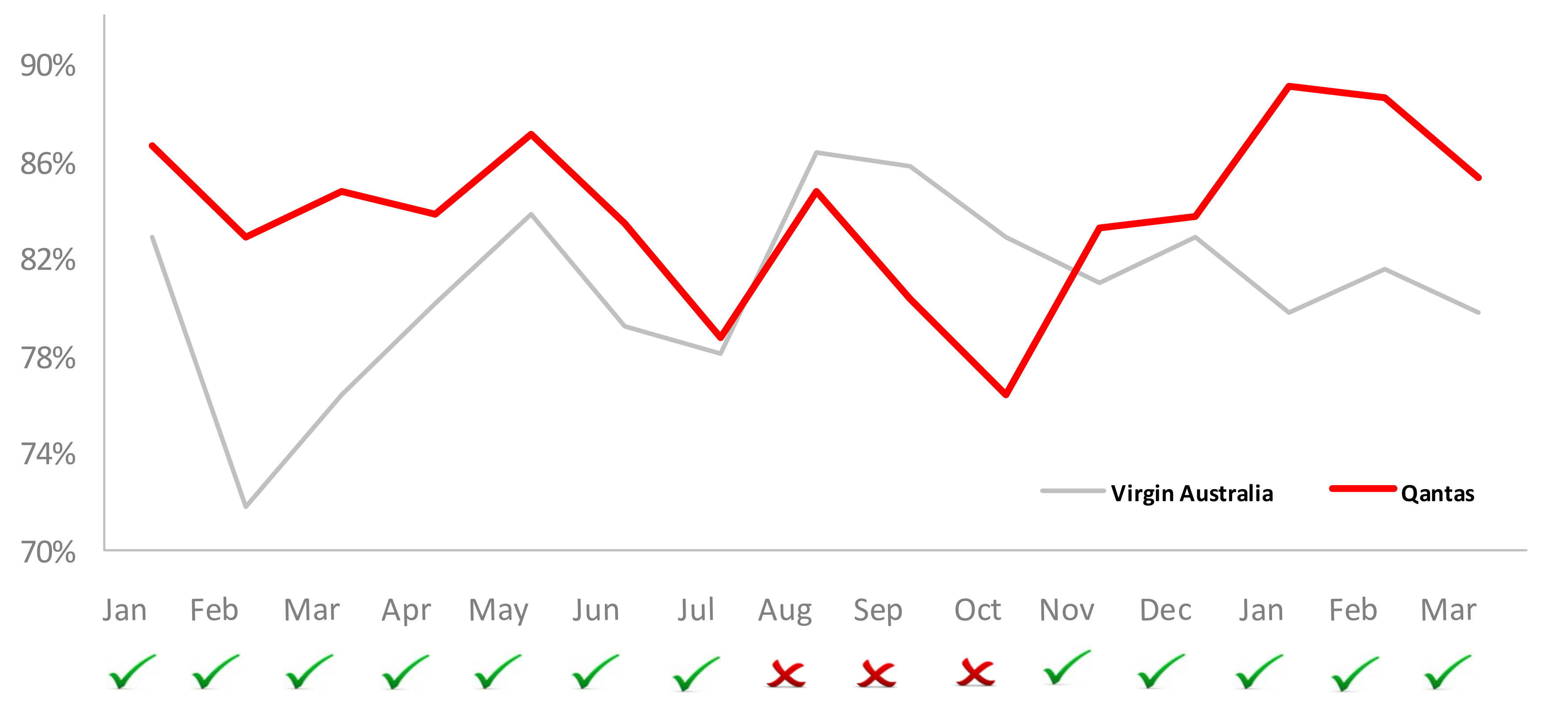


Building on our Strong Domestic Business

On Time Performance – Key driver of customer choice

- Outperforming major competitor in all months not impacted by industrial dispute

2011 and 2012 ON TIME PERFORMANCE (OTP)[1]



1. Source: BITRE.

Building on our Strong Domestic Business

Growing and enhancing Qantas Frequent Flyer

✓ **More rewarding** and faster ways to earn and redeem points

✓ **A better network** and more destinations

✓ **Superior program enhancements** - eg Platinum One

- Platinum One Special service team – 24/7
- Exclusive access to extra Qantas Classic Award seats
- Extra upgrade seats, highest priority

✓ **Deepest consumer knowledge** in the market

Australia's leading loyalty program - 8.5 million members[1] and growing

accumulate

Vii Loyalty

wishlist.com.au
Great gifts, every time

epiQure by Frequent flyer

1. As at 31 March 2012

Transforming Qantas International

Clear Financial Objectives – Over $300m annual benefits identified

OBJECTIVES	SHORT TERM	LONG TERM
	Return Qantas international to profitability	Sustainably exceed cost of capital for Qantas Airlines[1]

TRANSFORMATION INITIATIVE	ANNUAL BENEFITS	INDICATIVE TIMING		
		FY12	FY13	FY14
Improving fleet economics through reconfiguration	$70-90m			
Deepening and broadening alliances: BA, AA, LAN	$20-30m			
Exiting major loss-making routes	$100-120m			
Streamlining heavy maintenance & engineering[2]	$70-100m[2]			
Modernising catering practices and airport operations	$20-25m			

- Remaining transformation costs are in the range of $200-$300m[3] based on announcements to date[4], with $200-225m estimated to be incurred in 2H12 (over half of which will be non-cash)

1. Long term objective is to sustainably exceed cost of capital for total Qantas Airlines segment (combination of Qantas Domestic and Qantas International) 2. An update is expected to be provided on the outcome of the Heavy Maintenance review in mid-May 2012 3. 1H12 Qantas International transformation costs of $118m. More than half of total transformation costs will be non-cash charges 4. Does not include any costs associated with the outcome of the consultative review of heavy maintenance, the outcome of the consultative review of the Adelaide catering facility or the potential sales of Cairns and Riverside catering operations.

Transforming Qantas International

Delivering exceptional customer experiences

FLEET MODERNISATION PROGRAM

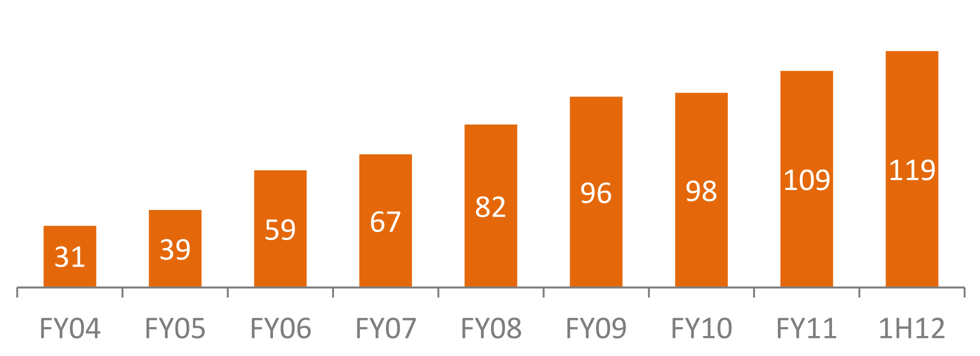
Destination	Origin	Product	Status
UK	SYD/MEL	A380	✓
Europe	SYD	B744	✓
United States[1]	SYD/MEL/BNE	A380/B744[2]	✓
	SYD (DFW)	B744[2]	✓
SE Asia[3]	SYD/MEL/ BNE/PER	A330[4]	✓
NE Asia	SYD	A380	✓
	SYD/MEL/BNE	A330[4]	✓
Japan	SYD	B744/A330[4]	✓
South America	SYD	B744[2]	✓
South Africa	SYD	B744[2]	✓
Trans-Tasman	SYD/MEL/BNE	B738[5]	✓

1. Excludes flights from Australia to Honolulu (operated by B767) 2. 9 x B744 aircraft will be reconfigured with A380 product by October 2012. 3. SE Asia excludes flights that continue onto the UK and Europe 4. A330 aircraft are on average ~6 years old. 5. B738 aircraft are fitted with modern seating and IFE.

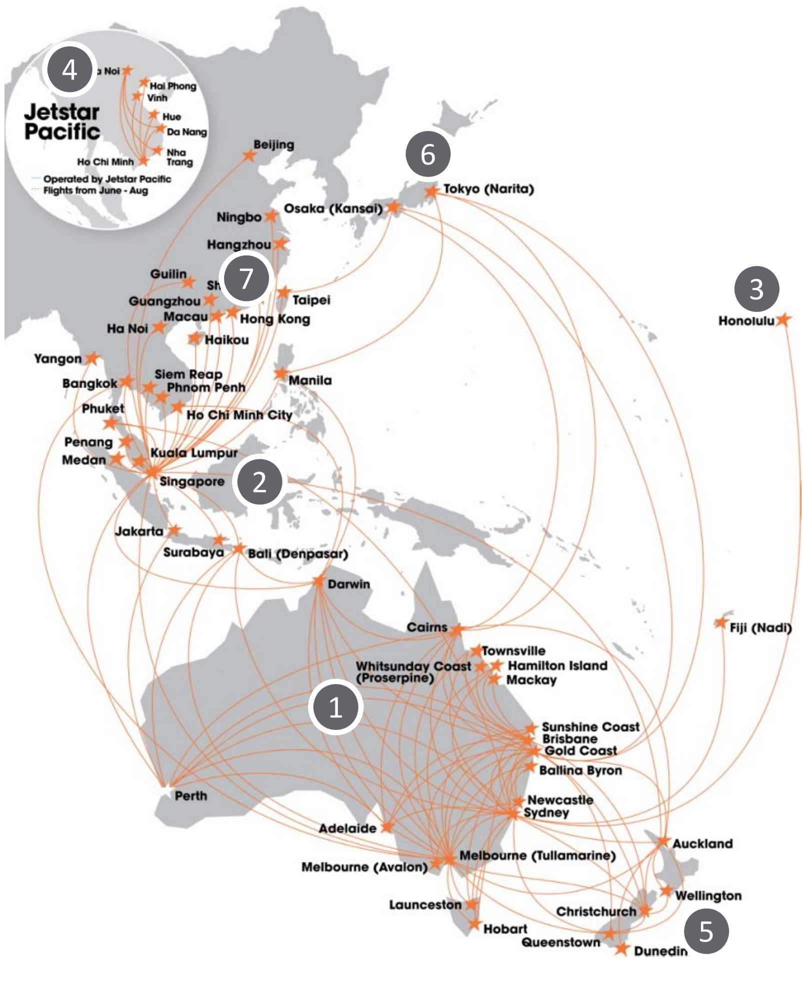
Growing Jetstar in Asia

Jetstar Group: Capitalising on attractive growth opportunities

JETSTAR GROUP – GROWING NETWORK OF ROUTES[1]



BUSINESS	OWNERSHIP	LAUNCH	BASED AIRCRAFT[2]
1 Jetstar Australia	100%	2004	44xA320s/A321s
2 Jetstar Asia (Singapore)	49%	2004	16xA320s
3 Jetstar International	100%	2006	11xA330s
4 Jetstar Pacific (Vietnam)	30%	2007	5xB737s & 2xA320s
5 Jetstar NZ	100%	2009	8xA320s
6 Jetstar Japan[3]	33%	2012	3xA320s *(at launch)*
7 Jetstar Hong Kong[3]	50%	2013	3xA320s *(at launch)*



Growing Jetstar in Asia

Jetstar Japan: On-track

- Services to start ahead of schedule in July 2012[1]
  - AOC awarded
  - First aircraft delivered
- Funding
  - Lessor mandates issued for all 24 aircraft
- Successful commercial launch of initial network
  - Domestic and international leisure focus
- Qantas Group investment over 3 years ~$64m
  - 42% economic interest
- Significant interest in 4th shareholder opportunity
  - Century Tokyo Lease joins JAL and Mitsubishi as another strong local partner

REINFORCING JETSTAR AS THE LARGEST LCC IN ASIA PACIFIC[2]

1. Subject to regulatory approvals. 2. Based on gross revenues.

Growing Jetstar in Asia

Establishing Jetstar Hong Kong

- First LCC carrier based in Hong Kong
  - Major transit-hub and gateway to China (53m passengers in 2011)
  - JV partnership with China Eastern Airlines (CEA), first ever with a Chinese airline
- Qantas Group investment over 3 years up to ~US$99m
- Launch planned to capture forecast rapid growth in LCC demand in Greater China
  - Commercial services start mid 2013[1]
  - Initial fleet of 3xA320, growing to 18 in 2015

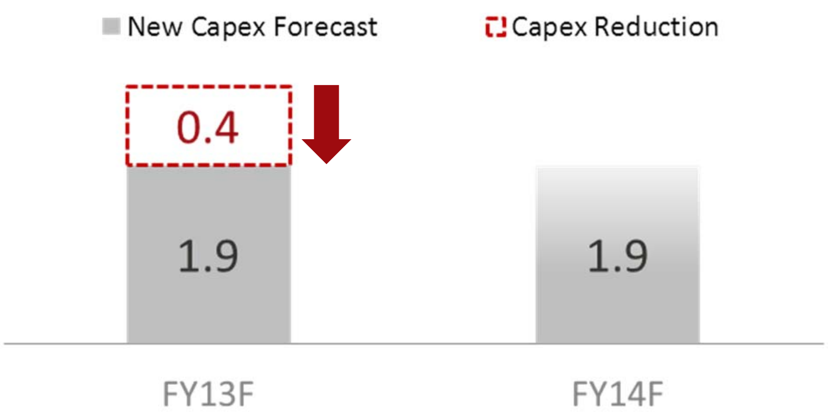
1. Subject to regulatory approval.

Fleet Investment

Demonstrating further fleet flexibility

- Further reduced FY13 planned net capex by $400m to $1.9b
- FY14 planned net capex no more than $1.9b, with substantial flexibility retained

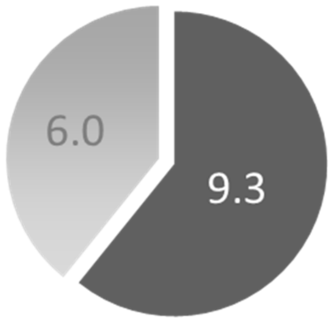
PLANNED NET CAPITAL EXPENDITURE ($B)



BREAKDOWN OF CAPEX COMMITMENTS[1] ($B)

Qantas Group replacement and growth capital over next 10yrs+ (Currently ~$4.0b of capitalised operating leases, which will reduce in future years)

Optional growth capex (due to manufacturer delays) & Jetstar Pan Asian growth (no funding obligation for Qantas Group post delivery of aircraft to the affiliate)[2]



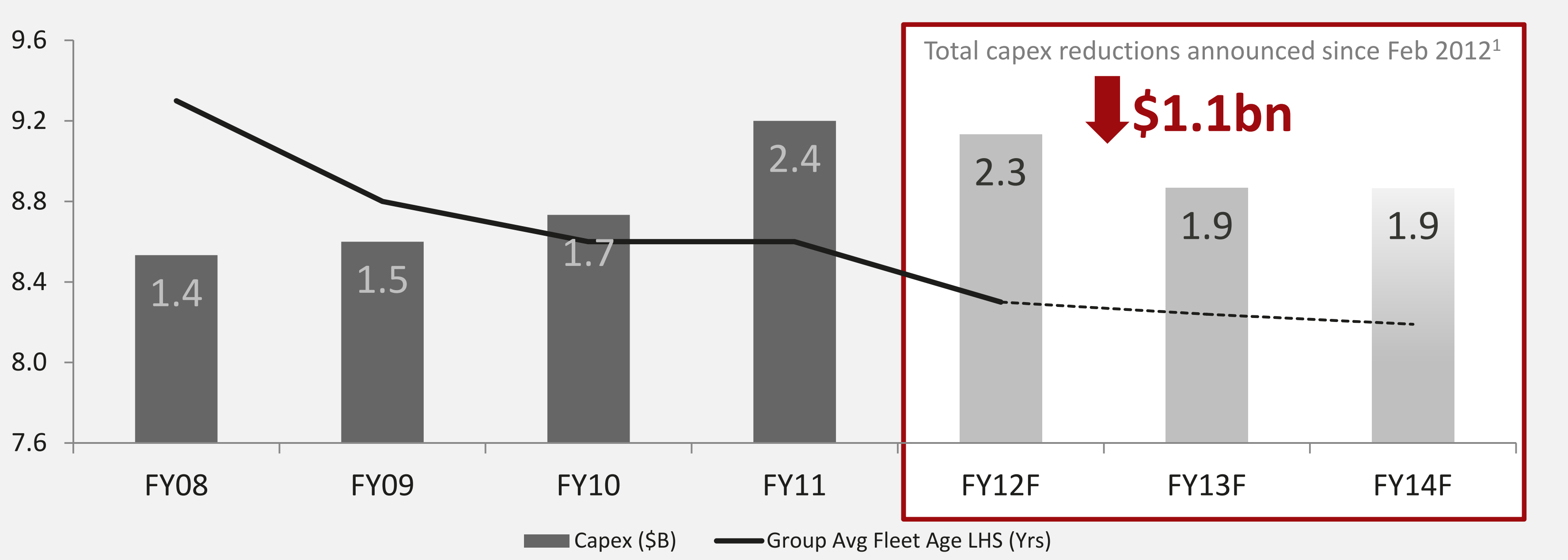
Total = $15.3b[1]

1. As disclosed in Note 10 (a) Capital Expenditure Commitments in the 1H12 Preliminary Financial Report, as at 31 December 2011
2. Jetstar Pan Asian growth capex relates to Jetstar Japan, Jetstar Hong Kong and Jetstar Pacific access to the Qantas Group's aircraft order book, providing the Group with opportunities to reduce overall capital commitments

Fleet Investment

Fleet renewal substantially complete

CAPITAL EXPENDITURE ($B) & FLEET AGE (YRS)



- Underlying net finance costs expected to be between $180-190m in FY12, driven by increased gearing associated with fleet renewal

POTENTIAL FOR POSITIVE FREE CASH FLOW GOING FORWARD
HOWEVER LONG TERM SHAREHOLDER VALUE REMAINS PARAMOUNT

1. Total capex reductions of $1.1b announced to date include $200m in 2H12 (announced 16 February 2012); $500m in FY13 (announced 16 February 2012) and additional $400m in FY13 (announced 4 May 2012)

Summary

- Strategy is positioning the Qantas Group for success
  - Building on our powerful domestic franchise
  - Clear pathway to return Qantas International to profit
  - Targeted, value-driven investments for Jetstar in Asia
  - Reinforcing customer loyalty
- Disciplined and prudent approach to capital allocation and cost control

EXECUTING STRATEGY TO DELIVER SUSTAINABLE RETURNS TO SHAREHOLDERS

Outlook

- 2H12 operating environment and economic outlook remains challenging and volatile
- Group operating expectations for 2H12:
  - Yield (excluding FX) to increase by 1.5-2.5% in 2H12 compared to 2H11, following fare increases and fuel surcharges announced in February and March 2012. The impact of FX on yield is expected to equate to circa -$50m
  - Capacity to increase by 4-5% in 2H12 compared to 2H11, whilst maintaining flexibility
  - Underlying fuel costs of circa $2.25b[1] in 2H12, due to higher fuel prices and increased flying. Total expected FY12 fuel cost of circa $4.45b[1]
- No Group profit guidance provided at this time due to the high degree of volatility and uncertainty in global economic conditions, the competitive environment, fuel prices, FX rates, as well as the major transformational change agenda underway

1. As at 3 May 2012.

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