

Qantas Data Book 2012



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All dollar amounts are in Australian dollars unless otherwise specified. Where figures have been rounded, discrepancies may occur between the sum of the component items and the total, which are derived from figures prior to rounding.

## ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards.

In line with previous years and in accordance with the Corporations Act 2001, the Qantas Data Book 2012 is unaudited. Notwithstanding the Qantas Data Book 2012 contains disclosures which are extracted or derived from the Financial Report for the year ended 30 June 2012, which has been audited by the Group's Independent Auditor.

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## QANTAS GROUP SUMMARY

The Qantas Group's main business is the transportation of passengers using two complementary airlines, Qantas and Jetstar, operating international, domestic and regional services.

The Group's broader portfolio of businesses and investments, including Qantas Frequent Flyer and Qantas Freight, generates diverse revenue streams and adds value for customers and investors.

### THE WORLD'S MOST EXPERIENCED AIRLINE

Qantas is the world's second oldest airline. It was founded in the Queensland outback in 1920 and has been in continuous operation since that date, longer than any other airline. The name comes from the initial letters of the words in the original registered title – Queensland and Northern Territory Aerial Services Limited. The Company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days with an overnight stop at Longreach. Passenger ticket No. 1 was issued to 84 year old Alexander Kennedy, a pioneer of western Queensland. The first Qantas overseas passenger left Brisbane for Singapore in April 1935.

### QANTAS GROUP STRATEGY

While safety remains our first operational priority, we are committed to maintaining our position as the leading Australian domestic carrier and one of the world's premier sustainable long-haul airlines through our dual airline brands, Qantas and Jetstar. We aim to maintain customer loyalty by delivering exceptional experiences through these dual brands, in conjunction with Qantas Frequent Flyer. Our operating strategy is complemented with a prudent approach to capital management as we seek to deliver sustainable, long term returns to our shareholders.

The Qantas Group strategic priorities are illustrated below.



1. Qantas Frequent Flyer Program.

Trading codes	ISIN code: AU000000QAN2	Reuters: QAN.AX	Bloomberg: QAN AU
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# QANTAS GROUP IN 5 MINUTES

## Qantas

for the year ended 30 June

Key figures	Unit	2012	2011
Revenue	\$M	11,833	11,315
Underlying EBIT <sup>1</sup>	\$M	(21)	228
Passengers	M	28.0	27.9
Load Factor	%	80	81
Employees <sup>2</sup>	#	26,936	27,322

1. Excludes non recurring items.

2. Number of full-time equivalent (FTE) employees as at 30 June. 2011 has been restated to align with current year presentation.

## Jetstar

for the year ended 30 June

Key figures	Unit	2012	2011
Revenue	\$M	3,076	2,613
Underlying EBIT <sup>1</sup>	\$M	203	169
Passengers	M	18.7	16.6
Load Factor	%	79	78
Employees <sup>2,3</sup>	#	4,813	4,188

1. Excludes non recurring items.

2. Number of full-time equivalent (FTE) employees as at 30 June. 2011 has been restated to align with current year presentation.

3. 2011 restated to include Jetstar Asia employees.

Qantas is Australia's largest full service airline carrying 28 million passengers in 2011/12 on 5,050 flights per week in Australia, New Zealand, Asia, North and South America, Africa and Europe. It is a founding member of the **oneworld** alliance. Qantas is a single integrated airline providing airline transportation through its two Qantas brands, Qantas and QantasLink.

### Main Markets

Qantas' main markets are domestic and international traffic to and from Australia. The Qantas Regional Airlines Group, a wholly-owned group of subsidiaries including QantasLink and Network Aviation, services 57 metropolitan and regional regular passenger transport destinations across Australia and Port Moresby in Papua New Guinea, as well as 19 dedicated fly-in-fly-out charter destinations.

2011/12	Passenger Distribution	Passenger Revenue
Australia domestic	78%	51%
International	22%	49%

### Customers

Qantas carries business and leisure passengers.

### Product

Qantas offers passengers a premium network product on its extensive domestic and international network and through its **oneworld** membership, accessing 24 bilateral codeshare agreements (excluding Jetstar and Jetstar Asia with whom Qantas also has codeshare agreements), over 870 destinations and 550 lounges. Passengers also have the opportunity to earn and redeem frequent flyer points across its global network. Qantas is focused on both business and leisure travellers by offering a one or two class product on domestic routes and a two, three or four class product for international services.

Jetstar commenced operations in May 2004. It is the Qantas Group's low fares airline and the largest low cost carrier in the Asia Pacific region (based on gross revenue). Jetstar comprises of Jetstar Domestic, Jetstar International (including New Zealand based operations) and holdings in Singapore-based Jetstar Asia, Vietnam-based Jetstar Pacific and Jetstar Japan. In 2011/12, its operations carried 18.7 million passengers to over 50 destinations in Australia, New Zealand, Asia and the Asia Pacific. Jetstar also recently announced its intention to invest in a new airline, Jetstar Hong Kong, with China Eastern Airlines in 2013, subject to regulatory approval.

### Main Markets

Jetstar's main markets are domestic and international traffic to and from Australia. Pan-Asian expansion has strengthened through Jetstar Asia, Jetstar Pacific and Jetstar Japan. New Zealand operations encompass both trans-Tasman and domestic New Zealand markets.

2011/12	Passenger Distribution <sup>1</sup>	Passenger Revenue
Australia domestic	57%	51%
International	43%	49%

1. Consolidated businesses.

### Customers

Jetstar is focused on providing consistently low fares to predominantly leisure travellers.

### Product

Jetstar offers domestic and international passengers a value based product with the flexibility to select additional options in relation to seating, entertainment, catering, baggage and premium seating on long haul. Jetstar's continual focus on leading online technology has enabled more innovative ways to book, check-in and board.

## Qantas Frequent Flyer

for the year ended 30 June

Key figures	Unit	2012	2011
Revenue	\$M	1,157	1,148
Underlying EBIT <sup>1</sup>	\$M	231	342
Normalised EBIT <sup>2</sup>	\$M	231	202
Members	M	8.6	7.9
Employees <sup>3</sup>	#	194	92

1. Excludes non recurring items (nil for Qantas Frequent Flyer).

2. Normalised EBIT is a non-statutory measure which creates a comparable basis for the preparation of results. It adjusts Qantas Frequent Flyer Underlying EBIT for the effect of change in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009.

3. 2012 includes Wishlist employees.

Qantas Frequent Flyer (QFF) was founded in 1987 and was established as a separate segment in 2007. It is Australia's premier coalition loyalty business with 8.6 million members and more than 500 earn partners. In 2011/12, over 4 million award seats were redeemed on flights, over 470,000 products and vouchers redeemed through the Qantas Frequent Flyer Store and over 600,000 Auto-Rewards redeemed through Woolworths Everyday Rewards.

### Main Markets

QFF operates in the international loyalty market with a focus on Australia and New Zealand.

### Customers

QFF customers include program partners and members. Partners pay QFF to issue points to members when members purchase partner products or services. The partner benefits by attracting and retaining member spend on their products, as well as improving its understanding of member behaviour. Members earn points so that they can redeem them for awards. Qantas recognises the loyalty of airline customers through awarding points, tiering and lounge access.

### Product

QFF enables its members to earn points from more than 500 partners including Qantas and 24 partner airlines and their affiliates, credit cards, Woolworths Group companies, Optus, hotels, restaurants, car rental companies, entertainment providers and other retailers.

QFF members can redeem points for Classic Awards (including flights with Qantas, Jetstar, oneworld partners and other airline partners), Qantas and Jetstar Any Seat Awards, or a range of over 3,300 products and vouchers through the Qantas Frequent Flyer Store.

QFF is also expanding and diversifying by developing new revenue streams in online retail, data analytics and the operation of third party loyalty programs, including employee recognition and reward schemes.

## Qantas Freight

for the year ended 30 June

Key figures	Unit	2012	2011
Revenue	\$M	1,013	1,054
Underlying EBIT <sup>1</sup>	\$M	45	62
Terminal Tonnes <sup>2</sup>	'000	538	548
Employees <sup>3</sup>	#	927	880

1. Excludes non recurring items.

2. 2011 restated to align with the current year presentation.

3. Number of full-time equivalent (FTE) employees as at 30 June. 2011 has been restated to align with current year presentation. Includes Qantas Couriers and JETS Transport (Qantas Road Express).

The Qantas Group's freight assets are held by its wholly owned subsidiary Qantas Freight Enterprises Limited (QFE). QFE markets the freight capacity of all Qantas, Jetstar Asia and most Jetstar international aircraft and operates a fleet of three wet-leased B747-400F freighters and one dry-leased B767-300F freighter. This network is complemented by commercial agreements with oneworld and other carriers.

Currently, domestic air and road freight is handled by two jointly controlled entities, Australian air Express and StarTrack, which QFE operates in partnership with Australia Post. In October 2012, Qantas announced it had reached an agreement to sell its 50 per cent stake in StarTrack to Australia Post and acquire 100 per cent of the air freight business Australian air Express. Subject to regulatory approvals, the transaction is expected to be completed in the fourth quarter of calendar year 2012.

### Main Markets

QFE is present in all international markets where the Qantas Group flies and has dedicated freighter aircraft operating between Australia and Asia, New Zealand and the Americas, and Asia and the Americas.

### 2011/12 Main International Markets

#### Revenue Freight Tonnage Kilometres (RFTK)

America	30%
North East Asia	31%
United Kingdom/Europe	15%
South East Asia	24%

### Customers

QFE's main customers are businesses seeking efficient and reliable domestic and international air transport and ground handling services.

### Product

QFE offers a full range of freight services from general cargo, airmail, courier, and door to door express deliveries to customs clearance and ground handling services.

## ACQUISITIONS AND MILESTONES

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<b>June 1992</b>	Qantas purchased Australian Airlines (domestic carrier)
<b>March 1993</b>	British Airways purchased 25 per cent of Qantas
<b>June 1995</b>	Public Share Offer launched
<b>July 1995</b>	Privatisation of Qantas complete and shares listed on the Australian Securities Exchange (ASX)
<b>1998</b>	Qantas increased its equity in Air Pacific to 46 per cent
<b>October 2001</b>	\$450 million share placement
<b>November 2001</b>	Qantas acquired Impulse Airlines (domestic carrier)
<b>February 2002</b>	Launch of Snap Fresh (catering facility)
<b>September 2002</b>	\$720 million Jumbo rights issue and share purchase plan
<b>October 2002</b>	Launch of Australian Airlines (international carrier)
<b>December 2003</b>	Star Track Express was acquired by a joint venture between Qantas and Australia Post
<b>May 2004</b>	Jetstar commenced operations in Australia
<b>September 2004</b>	British Airways sold its stake (18.25 per cent at the time) in Qantas
<b>December 2004</b>	Jetstar Asia, based in Singapore, commenced services
<b>July 2006</b>	Australian Airlines ceased operations (international carrier)
<b>November 2006</b>	Jetstar International began operations
<b>September 2007</b>	Qantas Frequent Flyer business segmented from Qantas Group
<b>May 2008</b>	Completed on market buy-back of 91 million shares for \$506 million
<b>July 2008</b>	Qantas Holidays and Jetset Travelworld merged and formed the Jetset Travelworld Group with Qantas Group as a 58 per cent shareholder. The Jetset Travelworld Group is listed on the ASX
<b>February 2009</b>	\$525 million capital raising and share purchase plan
<b>April 2009</b>	New ownership structure for Jetstar Asia and Valuair announced. 49 per cent holding for Qantas Group (Newstar Investment Holdings Pte. Ltd.)
<b>June 2009</b>	Jetstar replaces Qantas Jetconnect services in the New Zealand Domestic market
<b>September 2010</b>	Jetset Travelworld Group merger with Stella Travel Services. Qantas Group has a 29 per cent shareholding of Jetset Travelworld Limited
<b>October 2010</b>	Qantas Group investments in Australian air Express Pty Ltd and Star Track Express Holdings Pty Ltd transferred to AUX Investment Pty Ltd in exchange for a 50 per cent shareholding in the entity
<b>February 2011</b>	Qantas Group acquired 100 per cent of the Network Aviation Group
<b>August 2011</b>	Qantas Group acquired 100 per cent of Wishlist Holdings Limited
<b>April 2012</b>	Qantas operates Australia's first commercial flights powered by sustainable aviation fuel
<b>July 2012</b>	Jetstar Japan commenced services
<b>July 2012</b>	Hooroo travel website launched

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# QANTAS MANAGEMENT AND DIRECTORS

## THE QANTAS EXECUTIVE COMMITTEE



**Alan Joyce**

### **Chief Executive Officer**

Alan Joyce has been Chief Executive Officer and Managing Director of Qantas since November 2008. This period has seen the rapid development of Jetstar's pan-Asian strategy, the sustained growth of the Qantas Frequent Flyer program, the continuing success of Qantas Domestic (including through supporting the resources sector) and a major transformation program for Qantas International. A key feature of this period has been the utilisation of new technologies to lower costs and improve service – from the renewal of the Qantas fleet, to smarter, faster check-in, and innovative use of iPads. Mr Joyce served as founding Chief Executive Officer of Jetstar for five years from October 2003, a period that included the commencement of the airline's domestic and international operations. Prior to his appointment at Jetstar, Mr Joyce spent over 15 years in key positions at Qantas, Ansett and Aer Lingus. Mr Joyce is Chairman of the International Air Transport Association to June 2013. Mr Joyce holds a Bachelor of Science in Applied Science (Physics and Mathematics) (Honours) and a Master of Science in Management Science. He is also a Fellow of the Royal Aeronautical Society.



**Gareth Evans**

### **Chief Financial Officer**

Gareth Evans is Chief Financial Officer of the Qantas Group. He has held this position since March 2010. Mr Evans' portfolio includes Finance, Strategy, Treasury, IT, Procurement (including Fleet), Investor Relations, Mergers & Acquisitions and the Group's Business Transformation Program. His previous roles with Qantas covered a number of operational areas including the responsibility for the financial operations of the airline, commercial and business analytics and the implementation of major business change initiatives, scheduling of the international and domestic network, ticket pricing, revenue management and airline operations on the day as well as readiness activities for the arrival of the A380. Prior to joining Qantas Airways in 1999, he held a number of corporate finance roles with Caltex Australia and KPMG in Australia and the UK. Mr Evans is a member of the Institute of Chartered Accountants in England and Wales.



**Jayne Hrdlicka**

### **Group Chief Executive Officer Jetstar**

Jayne Hrdlicka was appointed Jetstar Group Chief Executive Officer in July 2012 and has been with the Qantas Group since August 2010, previously holding the position of Qantas Group Executive Strategy and Technology. In addition to her role at Jetstar, Ms Hrdlicka is also a Non-Executive Director of Woolworths, a member of the Sydney Medical School's Advisory Board and a member of Chief Executive Women. Ms Hrdlicka is a seasoned executive with a mix of executive and advisory experience. Prior to joining Qantas, Ms Hrdlicka worked for Bain and Company, a global strategy consulting firm, where she was a global and regional leader in the Customer Strategy Practice. She advised several airline clients around the world in her 15 years at Bain including both Ansett and Qantas in Australia. In addition to her client duties, Ms Hrdlicka also played an active internal role in the development of talented women around the world. Earlier in her career, Ms Hrdlicka left consulting to spend six years running businesses in industry. She ran two significant transformations as an operations executive and ultimately as a CEO.



**Lyell Strambi**

### **Chief Executive Officer Qantas Domestic**

Lyell Strambi is the newly appointed Chief Executive Officer of Qantas Domestic. Mr Strambi joined Qantas in December 2008 as the Group Executive Qantas Airlines Operations. He was responsible for the management and continued transformation of Qantas' Operational divisions including Australian onshore Airports, Catering, Engineering and Flight Operations, a portfolio that includes approximately 17,000 staff. Prior to joining Qantas, Mr Strambi was Chief Operating Officer for Virgin Atlantic Airways. Based in the UK Mr Strambi had more than 8,500 staff in both the UK and overseas in the areas of Commercial, Product, Global Sales and Marketing, Engineering, Cargo, Flight and Ground Operations and In-flight Services. Mr Strambi began his career in aviation joining Ansett Australia Limited in 1976. Over a 24 year period with the company he rose to the position of Executive General Manager, Ground Services, responsible for approximately 3,000 staff and a budget of \$300 million. Mr Strambi received a Bachelor of Business in Accounting and Finance from Royal Melbourne Institute of Technology. Mr Strambi is on the board of the Royal Flying Doctor Service (South East Section). He is also a fellow of the Australian Institute of Company Directors, a Fellow of the Royal Aeronautical Society and a member of the Australian Institute of Management.



**Simon Hickey**

### **Chief Executive Officer Qantas International & Freight**

Simon Hickey joined Qantas in September 2004 as Head of Group Strategy. Mr Hickey began his career in Arthur Andersen's Business Consulting Group. Between 2001 and 2004, he was Chief Financial Officer for Bovis Lend Lease Americas. Prior to this, he held various roles with Lend Lease including Bovis Lend Lease Chief Financial Officer Asia Pacific. In May 2007, Mr Hickey was appointed Chief Executive Officer, Qantas Frequent Flyer, responsible for establishing the Loyalty business, and in June 2012 he was appointed Chief Executive Officer Qantas International & Freight. Mr Hickey has a Bachelor of Commerce from UNSW, is a Chartered Accountant and has an Executive MBA from the AGSM. Mr Hickey is a Director of AUX Investments Ltd, Australian air Express, Star Track Express and The Sydney Children's Hospital Foundation.



**Lesley Grant**

**Chief Executive Officer Qantas Loyalty**

Lesley Grant has been with Qantas Airways Limited since May 2002 and was appointed to the position of CEO Qantas Loyalty in July 2012. Ms Grant was previously responsible for the review of the International airline business primarily focused on new growth opportunities in Asia, prior to this role she was Group Executive Customer & Marketing. Ms Grant has extensive experience in the airline industry, leading customer, marketing and operations functions. Ms Grant has held senior airline roles in both Ansett Australia and Air New Zealand. Ms Grant has been an independent non-executive director of UNICEF Australia since May 2006, a director of the Qantas Foundation since March 2009 and was a director of the Jetset Travelworld Group.



**Brett Johnson**

**General Counsel**

Brett Johnson joined Qantas in July 1995 as Qantas' General Counsel. Admitted as a Solicitor of the Supreme Court of New South Wales in 1982, Mr Johnson has more than 30 years legal experience in Australia and overseas. As General Counsel, Mr Johnson is responsible for legal risk management, in addition to managing the Qantas Legal Department which has more than 30 lawyers and provides a full-service legal support to the Qantas Group. Mr Johnson is an Independent Non-Executive Director and Chairman of the Audit Committee of Scott Corporation and Non-Executive Director of the Jetset Travelworld Group. He is also a member of the ASX Appeals Tribunal. Mr Johnson will retire from Qantas, effective 31 October 2012.



**Jon Scriven**

**Group Executive People and Office of the CEO**

Jon Scriven joined Qantas in April 2009 as Group Executive People. Prior to joining Qantas, Mr Scriven was the Group HR Director for Coca-Cola Amatil taking on that role in 2002. Between 1999-2002, Mr Scriven was a Human Capital Services Partner at Andersen. From 1991, Mr Scriven held various roles within Coca-Cola Amatil including Group Remuneration & Benefits Manager and Group Learning & Development Manager. Earlier in his career Mr Scriven held Learning & Development roles at both Westpac and PriceWaterhouse. In April 2011, Mr Scriven's responsibilities at Qantas were extended to include oversight of the Office of the CEO comprising Safety, Security, Environment, Risk, Internal Audit and the Company Secretariat while continuing his responsibility for all aspects of Human Resources across the Group. Mr Scriven studied at Cambridge University and holds a Masters in Mathematics. He is a Fellow of the Institute of Chartered Accountants of Australia and a Fellow of the Australian Human Resources Institute. Mr Scriven is also a Director of Qantas Superannuation Limited, the Qantas Foundation and Special Olympics Australia.



**Olivia Wirth**

**Group Executive Government and Corporate Affairs**

Olivia Wirth is the Qantas Group Executive Government and Corporate Affairs responsible for the company's external and internal communication and stakeholder relationships and is the company spokesperson. Ms Wirth was previously the Head of Corporate Communication for the Qantas Group, appointed in 2009. Ms Wirth has over 15 years experience in public affairs, government relations and media relations most recently as the Executive Director of industry association and lobby group, the Transport and Tourism Forum (TTF). She has worked in a range of public and corporate affairs roles including the London-based Business in the Community (part of the Prince's Trust) and the Australian Tourist Commission (now Tourism Australia). Ms Wirth is a Board member of the European Australian Business Council, the Qantas Foundation and the Tourism and Transport Forum Advisory Board.

## THE QANTAS BOARD OF DIRECTORS



**Leigh Clifford, AO**  
BEng, MEngSci  
Chairman, Independent Non-Executive Director

Leigh Clifford was appointed to the Qantas Board in August 2007 and as Chairman in November 2007. He is Chairman of the Qantas Nominations Committee. Mr Clifford is a Director of Bechtel Group Inc. He is Chairman of Bechtel Australia Pty Ltd and the Murdoch Childrens Research Institute, a Senior Advisor to Kohlberg Kravis Roberts & Co and a Board Member of the National Gallery of Victoria Foundation. Mr Clifford was previously a Director of Barclays Bank plc. Mr Clifford was Chief Executive of Rio Tinto from 2000 to 2007. He retired from the Board of Rio Tinto in 2007 after serving as a Director of Rio Tinto plc and Rio Tinto Limited for 13 and 12 years respectively. His executive and board career with Rio Tinto spanned some 37 years, in Australia and overseas. Age: 65



**Alan Joyce**  
BAppSc(Phy)(Math)(Hons)  
Msc(MgtSc), FRAeS  
Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas in November 2008. He is a Member of the Safety, Health, Environment and Security Committee. Mr Joyce is the current Chairman of the International Air Transport Association. He is also a Director of a number of controlled entities of the Qantas Group. Mr Joyce was the CEO of Jetstar from 2003 to 2008. Before that, Mr Joyce spent over 15 years in leadership positions for Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the network planning, schedules planning and network strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus, where he held roles in sales, marketing, IT, network planning, operations research, revenue management and fleet planning. Age: 46



**General Peter Cosgrove, AC, MC**  
FAICD  
Independent Non-Executive Director

Peter Cosgrove was appointed to the Qantas Board in July 2005. He is a Member of the Safety, Health, Environment and Security Committee and a Director of Qantas Superannuation Limited. General Cosgrove is a Director of Cardno Limited and the Australian Rugby Union. He is Chairman of the South Australian Defence Industry Advisory Board and Leading Age Services Australia and Chancellor of the Australian Catholic University. General Cosgrove served in the Australian Army from 1965 including command of the International Forces in East Timor from 1999 until the International Forces were withdrawn in February 2000. He was the Chief of the Australian Defence Force from July 2002 until his retirement in July 2005. General Cosgrove was Australian of the Year in 2001. Age: 65



**William Meaney**  
BScMEng, MSIA  
Independent Non-Executive Director

William Meaney was appointed to the Qantas Board in February 2012. Mr Meaney has extensive international experience in advisory and executive roles. He is a Director of moksha8 Pharmaceuticals, Inc and until recently he served as Chief Executive Officer of The Zuellig Group. Mr Meaney is a Member of the Asia Business Council and also serves as Trustee of Carnegie Mellon University and Rensselaer Polytechnic Institute. Mr Meaney has had broad airline experience, having been the Managing Director and Chief Commercial Officer of Swiss International Airlines and Executive Vice President of South African Airways responsible for sales, alliances and network management. Prior to these roles, Mr Meaney spent 11 years providing strategic advisory services at Genhro Management Consultancy, as the Founder and Managing Director, and as a Principal with Strategic Planning Associates. Mr Meaney holds United States, Swiss and Irish citizenships. Age: 52



**Corinne Namblard**  
MPolSc  
Independent Non-Executive Director

Corinne Namblard was appointed to the Qantas Board in June 2011. Ms Namblard is a Director of Codan Limited. Ms Namblard has more than 30 years' international experience in finance, infrastructure and related industries. Most recently, Ms Namblard spent 10 years as CEO of Luxembourg-based Galaxy Fund, a transport equity fund. Prior to that, she held an executive committee level business development role with French engineering firm, Egis Group. Earlier, Ms Namblard spent 19 years with Banque Nationale de Paris, holding roles in foreign exchange, debt and equity capital markets, mergers and acquisitions, and project finance. Ms Namblard has held numerous board positions in investee companies including South Australian-based Flinders Ports. Ms Namblard was also Chair of the Geneva-based United Nations PPP Alliance and a Transport Expert for the European Commission. Ms Namblard holds French and Canadian citizenships. Age: 56



**Paul Rayner**  
BEc, MAdmin, FAICD  
Independent Non-Executive Director

Paul Rayner was appointed to the Qantas Board in July 2008. He is a Member of the Audit Committee and the Safety, Health, Environment and Security Committee. Mr Rayner is Chairman of Treasury Wine Estates Limited. He is also a Director of Boral Limited and Centrica plc and Chairman of each of their Audit Committees. From 2002 to 2008, Mr Rayner was Finance Director of British American Tobacco plc based in London. Mr Rayner joined Rothmans Holdings Limited in 1991 as its Chief Financial Officer and held other senior executive positions within the Group, including Chief Operating Officer of British American Tobacco Australasia Limited from 1999 to 2001. Previously Mr Rayner worked for 17 years in various finance and project roles with General Electric, Rank Industries and the Elders IXL Group. Age: 58



**Patricia Cross**  
BSc(Hons), FAICD  
Independent Non-Executive Director

Patricia Cross was appointed to the Qantas Board in January 2004. She is a Member of the Audit Committee and the Remuneration Committee. Mrs Cross is a Director of National Australia Bank Limited, JBWere Pty Limited, the Grattan Institute and Methodist Ladies College. She is also a Member of Melbourne University's Advisory Board to the Faculty of Business and Economics. Mrs Cross is a former Director of Wesfarmers Limited, Suncorp-Metway Limited and AMP Limited, Chairman of Qantas Superannuation Limited and Deputy Chairman of Victoria's Transport Accident Commission. She has served in honorary Government roles including the Australian Financial Centre Forum and the Financial Sector Advisory Council, as well as numerous charities. Prior to becoming a professional company director in 1996, Mrs Cross held senior executive positions over 15 years with Chase Manhattan Bank, Banque Nationale de Paris and National Australia Bank. Age: 53



**Richard Goodmanson**  
BEng(Civil), BCom, BEc, MBA  
Independent Non-Executive Director

Richard Goodmanson was appointed to the Qantas Board in June 2008. He is a Member of the Remuneration Committee and the Safety, Health, Environment and Security Committee. Mr Goodmanson is a Director of Rio Tinto plc and Rio Tinto Limited. From 1999 to 2009 he was Executive Vice President and Chief Operating Officer of E.I. du Pont de Nemours and Company. Previous to this role, he was President and Chief Executive Officer of America West Airlines. Mr Goodmanson was also previously Senior Vice President of Operations for Frito-Lay Inc. and was a Principal at McKinsey & Company Inc. He spent 10 years in heavy civil engineering project management, principally in South East Asia. Mr Goodmanson was born in Australia and is a citizen of both Australia and the United States. Age: 65



**Garry Hounsell**  
BBus(Acc), FCA, CPA, FAICD  
Independent Non-Executive Director

Garry Hounsell was appointed to the Qantas Board in January 2005. He is Chairman of the Audit Committee and a Member of the Nominations Committee. Mr Hounsell is Chairman of PanAust Limited and a Director of Orica Limited, DuluxGroup Limited and Treasury Wine Estates Limited. He is also Chairman of Investec Global Aircraft Fund, a Director of Ingeus Limited and a Board Member of law firm Herbert Smith Freehills. Mr Hounsell was formerly a Director of Nufarm Limited and the Deputy Chairman of Mitchell Communication Group Limited. He was also a former Senior Partner of Ernst & Young and Chief Executive Officer and Country Managing Partner of Arthur Andersen. Age: 57



**Dr John Schubert, AO**  
BE, PhD, FIEAust, CPEng, FTS, FIChemE  
Independent Non-Executive Director

John Schubert was appointed to the Qantas Board in October 2000. In November 2012, Dr Schubert will retire from the Board after more than 12 years of service. He is Chairman of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee. Dr Schubert is a Director of BHP Billiton Limited and BHP Billiton plc. He is also Chairman of G2 Therapies Limited and the Great Barrier Reef Foundation. He was previously Chairman of the Commonwealth Bank of Australia and WorleyParsons Limited and President of the Business Council of Australia. Dr Schubert was also Managing Director and Chief Executive Officer of Pioneer International Limited from 1993 until 2000. Dr Schubert held various positions with Esso in Australia and overseas. In 1983, he was appointed to the Board of Esso Australia. In 1985, Dr Schubert became Esso's Deputy Managing Director and in 1988 he became Esso's Chairman and Managing Director. Age: 69



**James Strong, AO**  
Independent Non-Executive Director

James Strong was appointed to the Qantas Board in July 2006. He is Chairman of the Remuneration Committee and a Member of the Nominations Committee. Mr Strong was the Chief Executive Officer and Managing Director of Qantas between 1993 and 2001, following his appointment to the Board in 1991. He is Chairman of Woolworths Limited, Kathmandu Holdings Limited and the Organising Committee for the ICC Cricket World Cup 2015. He is also a member of the Nomura Australia Advisory Board and a Director of the Australian Grand Prix Corporation and the Sydney Writers' Festival. Mr Strong was formerly the Chairman of Insurance Australia Group Limited, a Director of IAG Finance (New Zealand) Limited, the Group Chief Executive of the DB Group in New Zealand and National Chairman of Partners of Corrs Chambers Westgarth. He was also Chief Executive Officer of Australian Airlines from 1985 until 1989. He has been admitted as a barrister and/or solicitor in various state jurisdictions in Australia. Age: 68



**Barbara Ward, AM**  
BEc, MPoIEc  
Independent Non-Executive Director

Barbara Ward was appointed to the Qantas Board in June 2008. She is a Member of the Safety, Health, Environment and Security Committee and the Audit Committee. Ms Ward is a Director of a number of Brookfield Multiplex Group companies and O'Connell Street Associates Pty Ltd and is on the Advisory Board of LEK Consulting. She is also a Director of Ausgrid, Endeavour Energy and Essential Energy. She was formerly a Director of the Commonwealth Bank of Australia, Lion Nathan Limited, Brookfield Multiplex Limited, Alcco Finance Group Limited, Rail Infrastructure Corporation and Delta Electricity. She was Chairman of Country Energy and NorthPower and a Board Member of Allens Arthur Robinson. Ms Ward was Chief Executive Officer of Ansett Worldwide Aviation Services from 1993 to 1998. Before that, Ms Ward held various positions at TNT Limited, including General Manager Finance, and also served as a Senior Ministerial Adviser to The Hon PJ Keating. Age: 58

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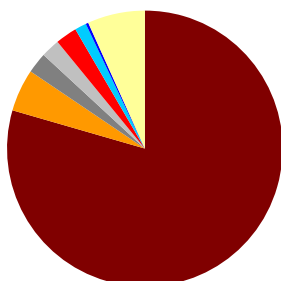
# FINANCIAL DATA



# INCOME STATEMENT

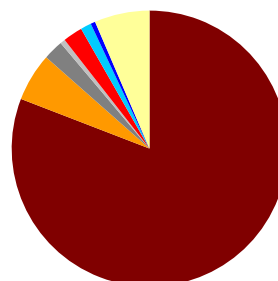
## REVENUE AND OTHER INCOME

### Revenue Sources



FY12

Net Passenger Revenue	79%
Net Freight Revenue	5%
Contract Work Revenue	2%
Ancillary Passenger Revenue	2%
Passenger Service Fees	3%
Lease Revenue	1%
Tours and Travel Revenue	0%
Other	7%



FY11

Net Passenger Revenue	81%
Net Freight Revenue	6%
Contract Work Revenue	2%
Ancillary Passenger Revenue	1%
Passenger Service Fees	2%
Lease Revenue	1%
Tours and Travel Revenue	1%
Other	6%

The Qantas Group's main business is the transportation of passengers. In 2011/12 passenger revenue contributed \$12.5 billion equating to 79 per cent of the Group's total revenue. The Qantas Group's other key revenue streams are freight, contract work, ancillary passenger and product sales, passenger service fees, charter and Qantas Frequent Flyer. The Qantas Group also earns revenue through tours and travel, the leasing of aircraft and Qantas Club membership.

### NET PASSENGER REVENUE

The Qantas Group's net passenger revenue comes from its two major brands, Qantas and Jetstar. The Qantas Group carried 47 million passengers in 2011/12. Net passenger revenue includes passenger revenue, fuel surcharge, frequent flyer revenue relating to redemptions on Qantas Group's flights and passenger recoveries.

Yield is calculated as net passenger revenue excluding foreign exchange, un-flown passenger revenue and passenger recoveries divided by revenue passenger kilometres. A five year history of Group yield and other passenger related statistics are on page 30. A ten year history of traffic statistics split by airline can be found on pages 46 and 47.

### OTHER KEY REVENUE STREAMS

The Qantas Group's other revenue was \$3.2 billion in 2011/12.

### Net freight revenue

Net freight revenue is derived from the carriage of freight in Qantas and Jetstar aircraft belly space, as well as on a fleet of three wet-leased B747-400 freighters, four 737-300 freighters and one dry-leased B767-300 freighter.

### Contract work revenue

Contract work revenue is largely earned by Qantas Engineering, Qantas Defence Services, Qantas Catering and Airport businesses. In addition to work performed for Qantas, the Qantas Engineering business provides engineering and maintenance services to other international airlines. Services include aircraft heavy and line maintenance, engines and component maintenance, aircraft interior upgrades, inventory management and training.

Qantas Defence Services provides aviation maintenance services and support to the Australian Defence Force (ADF) including the Australian Government's Special Purpose Aircraft fleet, the RAAF's Hercules and tanker fleet and the ADF's fighter and helicopter fleets.

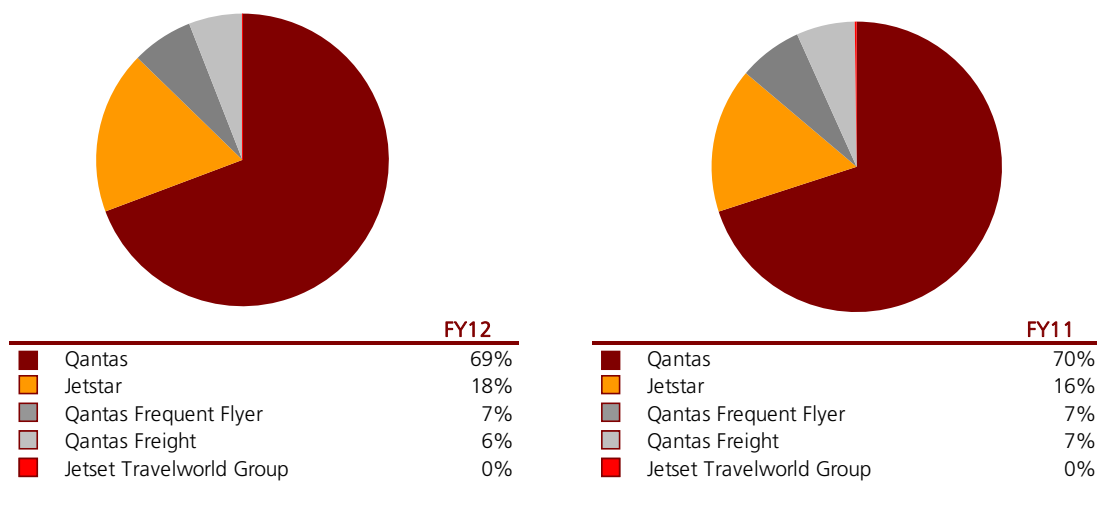
While most catering work is performed for Qantas, Q Catering and Snap Fresh also cater for airlines outside the Group as well as providing catering services for rail clients, retail markets, quick service restaurants, defence and healthcare. Airport services earn contract work revenue by offering airport related services to airlines outside the Qantas Group.



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## Segment Revenue (excluding corporate and eliminations)

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### Ancillary passenger revenue

Ancillary revenue is revenue from in-flight catering and bar sales, baggage charges, in-flight duty free sales as well as Jetstar product bundles since May 2011.

### Passenger service fees

Passenger service fees are derived through booking related fees including change and cancellation fees as well as additional leg room.

### Lease revenue

Lease revenue is primarily derived from codeshare and joint venture partners. Qantas receives revenue for seats sold to codeshare passengers travelling on Qantas flights. Offsetting this revenue is a fee charged by codeshare partners when Qantas passengers travel on codeshare flights. This offset is accounted for under capacity hire expenses.

Revenue is also received from its jointly controlled entity, Australian air Express, for the lease of Qantas and Jetstar bellyspace.

### Other revenue

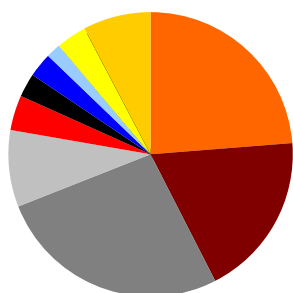
Other revenue is any other revenue not falling into the abovementioned categories including Frequent Flyer revenue, charter revenue, expired passenger tickets, Qantas Club membership, international freight terminal handling fees and Tours and Travel revenue.

Frequent Flyer revenue includes total redemption revenue (including redemptions from the Qantas Frequent Flyer Store) less redemptions on Qantas Group flights which are reported as net passenger revenue. Frequent Flyer revenue also includes marketing revenue (of which the Qantas related portion is eliminated on consolidation), membership fees and other revenue from related activities including Wishlist and other third party loyalty programs.

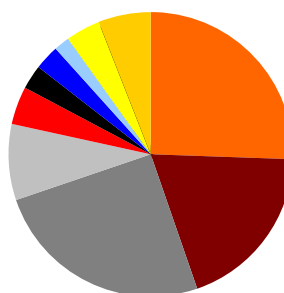
Charter revenue represents unscheduled passenger services and includes Network Aviation acquired in February 2011.

## EXPENDITURE

### Expenditure Sources



	FY12 \$M	%
Manpower and staff related	3,774	24%
Aircraft operating variable	2,980	19%
Fuel	4,220	27%
Depreciation and amortisation	1,384	9%
Selling and marketing	635	4%
Property	429	3%
Computer and communication	437	3%
Capacity hire	266	2%
Non-cancellable aircraft operating lease rentals	549	3%
Other	1,223	8%



	FY11 \$M	%
Manpower and staff related	3,695	26%
Aircraft operating variable	2,768	19%
Fuel	3,627	25%
Depreciation and amortisation	1,249	9%
Selling and marketing	626	4%
Property	398	3%
Computer and communication	409	3%
Capacity hire	258	2%
Non-cancellable aircraft operating lease rentals	566	4%
Other	862	6%

## MANPOWER

The Qantas Group had 33,584 full-time equivalents (FTEs) as at 30 June 2012. Approximately 81 per cent of the Qantas Group employees are full-time employees and 93 per cent are based in Australia.

### Key employee facts as at 30 June

for the year ended 30 June	Unit	2012	2011
Full-time equivalent (FTE) employees <sup>1</sup>	#	33,584	33,169
Total headcount	#	36,815	36,300
Attrition rate	%	5.4	5.0
Average age	Years	43.3	43.2
% Part time employees	%	14.1	13.4
Union membership	%	60-70	60-70

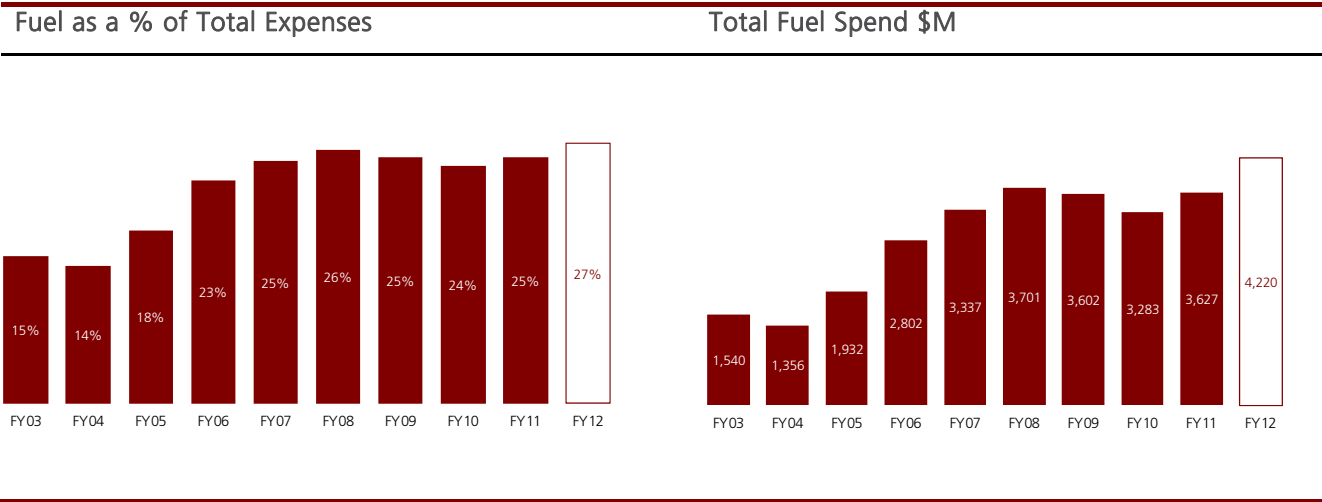
1. Number of full-time equivalent (FTE) employees as at 30 June. 2011 has been restated to align with current year presentation.

## DEPRECIATION

The Qantas Group uses straight-line depreciation rates for all of its property, plant and equipment (excluding freehold land, which is not depreciated) using rates ranging from 2.5 years to 40 years. The asset depreciation periods are:

	Years	Residual Value %
Buildings and leasehold improvements	10 – 40	0
Plant and equipment	3 – 20	0
Passenger aircraft and engines	2.5 – 20	0 – 10
Freighter aircraft and engines	2.5 – 20	0 – 20
Aircraft spare parts	15 – 20	0 – 20

# FUEL



The Qantas Group has jet fuel supply arrangements with various fuel suppliers in the ports to which the aircraft operate. The price the Qantas Group pays for fuel uplifted in each port is determined by reference to a regional fuel benchmark such as Singapore Jet. Jet fuel costs represented 27 per cent of the Qantas Group's total expenditure in 2011/12.

### Into-plane margin

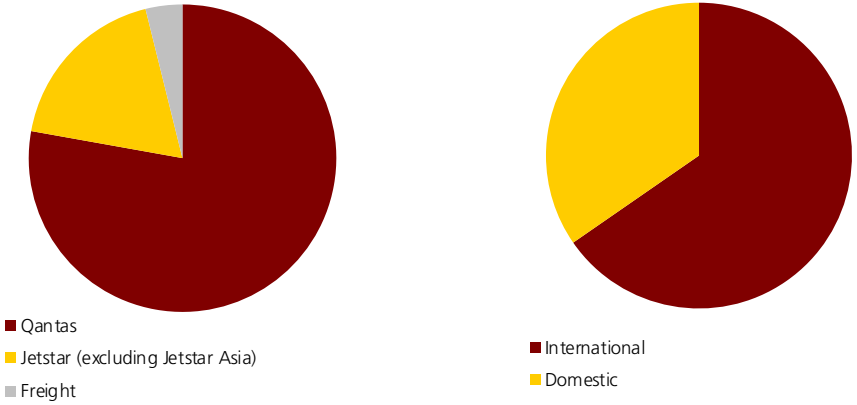
In addition to the regional jet fuel benchmark referenced in supplier arrangements in the relevant port, airlines typically pay an additional into-plane margin. This covers transport, insurance and manpower typically associated with the physical delivery of fuel into the aircraft. The margin varies by location and supplier. The price is negotiated by Qantas and its suppliers periodically.

### Strategies to offset jet fuel prices

The Qantas Group uses the following strategies to reduce the negative impact from rising jet fuel prices:

- hedging to give the organisation time to adapt to new price levels
- yield and price management including charging fuel surcharges on tickets
- shortening the jet fuel supply chain
- fuel conservation
- investment in new aircraft
- improvement in air traffic management
- enhanced technology around flying techniques and navigation approach

### FY12 Indicative Fuel Consumption Split



## AIRCRAFT OPERATING VARIABLE

The Qantas Group spent \$3 billion on aircraft operating variable (AOV) costs in 2011/12.

**Route navigation** charges are incurred by accessing Australian and international airspace.

**Landing fees** are charged for every landing by the relevant airport company or authority. Each location incurs different fees.

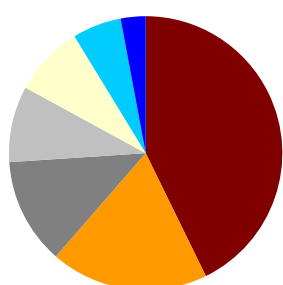
**Maintenance** consists of aircraft maintenance costs including subcontractor fees and materials. The timing of

aircraft maintenance checks depends on flying hours and cycles (number of departures) and can also be based on calendar days.

**Passenger expenses** include in-flight consumables and amenities, inflight entertainment (IFE), lost baggage, delay, Qantas Club and laundry costs.

**Crew expenses** include accommodation, vehicle hire and allowances.

### Aircraft Operating Variable – Indicative Split



	FY12
Route Navigation and Landing fees	43%
Maintenance (including materials and labour)	19%
Passenger Expenses	13%
Airmeals	9%
Ground Handling	8%
Crew Expenses	6%
Other sundry AOV related expenses	3%

## OTHER KEY EXPENSES

### Non-cancellable operating leases

The Qantas Group has a mixture of leased aircraft and owned aircraft across its fleet in order to achieve an optimal funding mix. Leased aircraft currently make up approximately 34 per cent of the fleet.

### Selling and marketing

Incentive commissions are paid to travel agents for ticket sales. IT system fees are charged to Qantas for the use of global distribution booking systems. Card charges from major credit card suppliers are expensed under Selling and Marketing. Marketing support consists mainly of advertising and sponsorship.

### Property

Building rentals are charged to the Qantas Group for leased properties including office buildings, terminals, catering centres, ground space and car parks. Property outgoings include maintenance and cleaning of facilities, waste removal, utilities (energy and water) and statutory charges.

### Computer and communications

Managed service costs are costs for outsourced services including desktop, mainframes, network, communications and application support. Project costs include external vendor costs associated with IT project development.

### Capacity hire

Wet-lease is a leasing arrangement where the aircraft, operational crew and maintenance are provided by a third party (lessor). Qantas currently has wet-lease arrangements in its Airlink, Jetconnect, Jetstar Asia and freighter operations.

Qantas also incurs capacity hire costs when it purchases seats from codeshare partners.

### Other

Other expenses include costs that cannot be allocated to other Income Statement categories such as airport security charges, contract work material, printing, stationery, vehicle costs, exchange rate adjustments and consulting costs. Other also includes International transformation costs including redundancies and impairment.

## UNDERLYING PBT METHODOLOGY

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 Executive Committee and the Board of Directors. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each operating segment and the Group.

Underlying PBT is derived by adjusting Statutory PBT for the impacts 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. For a reconciliation of Underlying PBT to Statutory PBT refer to page 83 of the Qantas Annual Report 2012.

### (i) Adjusting for impacts of AASB 139 which relate to other reporting periods

All derivative transactions undertaken by the Qantas Group represent economic hedges of underlying risk and exposures. The Qantas Group does not enter into speculative derivative transactions. Notwithstanding this, AASB 139 requires certain mark-to-market movements in derivatives which are classified as "ineffective" to be recognised immediately in the Consolidated Income Statement. The recognition of derivative valuation movements in reporting periods which differ from the designated transaction causes volatility in statutory profit that does not reflect the hedging nature of these derivatives.

Underlying PBT reports all hedge derivative gains and losses in the same reporting period as the underlying transaction by adjusting the reporting period's statutory profit for derivative mark-to-market movements that relate to underlying exposures in other reporting periods.

This adjustment is calculated as follows:

- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with current year exposures remain included in Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with underlying exposures which will occur in future reporting periods are excluded from Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with capital expenditure are excluded from Underlying PBT and subsequently included in Underlying PBT as an implied adjustment to depreciation expense for the related assets commencing when the assets are available for use
- Derivative mark-to-market movements recognised in previous reporting periods' statutory profit that are associated with underlying exposures which occurred in the current year are included in Underlying PBT
- Ineffectiveness and non-designated derivatives relating to other reporting periods affecting net finance costs are excluded from Underlying PBT

All derivative mark-to-market movements which have been excluded from Underlying PBT will be recognised through Underlying PBT in future periods when the underlying transaction occurs.

### (ii) Other items not included in Underlying PBT

Items which are identified by Management and reported to the chief operating decision-making bodies, as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period.

Items not included in Underlying PBT primarily result from major transformational/restructuring initiatives, transactions involving investments and impairments of assets outside the ordinary course of business.

### (iii) Underlying EBIT

Underlying EBIT is calculated using a consistent methodology as outlined above but excluding the impact of statutory net finance costs and ineffective and non-designated derivatives relating to other reporting periods affecting net finance costs.

# TRANSFORMATION



Launched in 2009/10, QFuture has been the key business change program within Qantas, designed to position the airline for profitable growth. It focussed on transformational change across the business – over 30 major initiatives were identified and are either underway or completed, together with a range of small projects. Total benefits of \$1.5 billion were targeted over the three years from 2009/10 to 2011/12 to underpin unit cost reduction and margin improvement. QFuture benefits are measured by reference to prior year actual performance.

Objectives of the program:

- Creating value for our customers
- Optimising revenue and margins
- Driving operational efficiency
- Engaging our workforce

In 2011/12, Qantas achieved benefits of \$404 million and incurred implementation costs of \$103 million.

QFuture Benefits \$M	1H12	2H12	FY12
Commercial	83	102	185
Engineering	21	49	70
Airports, Catering	15	16	31
Customer	15	14	29
Fuel	12	7	19
Other (IT, Regional, Procurement, Shared Services, Flight Operations)	34	36	70
<b>Total</b>	<b>180</b>	<b>224</b>	<b>404</b>

Total benefits of \$1.4 billion have been achieved over the three years from 2009/10 to 2011/12.

QFuture Program \$M	FY10	FY11	FY12	Total
Benefits	533	470	404	1,407
Costs	50	66	103	219

## TRANSFORMATION FY13 – FY15

With the completion of QFuture, Qantas announced in August 2012 an ongoing transformation program over the next three years with the following target outcomes:

### Transformation ongoing in Qantas Domestic and Qantas International

Target Outcomes Next 3 Years	Transformation agenda
1. Competitive relative cost position for Qantas Domestic & International businesses	<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 our 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>

## FUNDING

The Qantas Group's funding decisions are made with the aim of maximising strategic and operating flexibility for the fleet renewal cycle. The debt portfolio aims to be competitive in cost, offer repayment flexibility, minimise credit and residual value risks and comprise a balanced maturity profile.

### CASH

The Qantas Group maintains a cash balance to cover forecast short-term liquidity requirements and other potential cash requirements that may arise in the course of operating an international airline. Cash is invested in highly rated short-term money market securities and term deposits.

As at 30 June 2012, the Qantas Group had a cash balance of \$3.4 billion. In addition to this are \$0.4 billion of undrawn credit facilities (refinanced and increased from \$0.3 billion in September 2012) and \$0.1 billion of committed secured debt funding which will be drawn down in line with aircraft deliveries over the next year.

### DEBT

The Qantas Group targets an investment grade credit rating. This optimises funding costs and provides investment and funding flexibility.

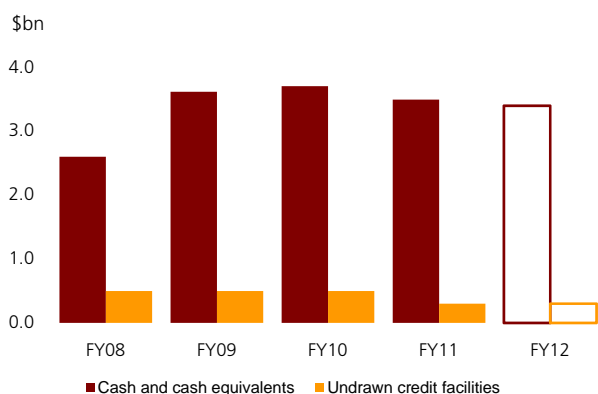
As at 30 June 2012, the Qantas Group debt portfolio totalled \$6.5 billion. It comprised an unsecured bank loan which matures in two tranches between April 2014 and April 2015, two unsecured 144A bonds that mature in 2012/13 and 2015/16 and a series of longer term debt and lease facilities secured by aircraft which generally amortise over 10 to 20 years.

The Qantas Group has a range of off balance sheet operating leases with a debt-equivalent value estimated to be \$4 billion as at 30 June 2012. These operating leases expire progressively over the next 10 years. The Qantas Group anticipates being able to fund future capital expenditure from cash reserves, cash flow from operations and debt and operating lease facilities.

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#### Cash and Cash Equivalents

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# FINANCIAL RISK MANAGEMENT

The Qantas Group is subject to interest rate, credit, liquidity, foreign exchange and fuel price risks. These risks are an inherent part of operating an international airline. The Qantas Group has a centralised Treasury function that manages the financial risks in line with Board approved policies. The policies include information such as approved financial instruments, hedging delegation levels, reporting requirements and hedge tenors.

## INTEREST RATE MANAGEMENT

The Qantas Group has a portfolio of interest rate sensitive assets and liabilities and is exposed to movements in interest rates. In addition to AUD borrowings, the Qantas Group has borrowings denominated in USD and also in currencies where there are surplus revenue streams such as JPY, GBP and EUR. At 30 June 2012, Net Debt, which takes into account off-balance sheet debt and short term cash holdings, was \$7,544 million (2011: \$6,970 million).

The Qantas Group manages interest rate risk by reference to re-pricing intervals spread across different time periods. The proportion of Net Debt to be rate-set in each time period is maintained within minimum and maximum levels defined in the Board approved Qantas Treasury Risk Management Policy. Interest rate swaps, forward rate agreements and options are used to uphold these proportions.

## CREDIT RISK MANAGEMENT

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. The Qantas Group minimises the concentration of credit risk by undertaking transactions with a range of customers and counterparties in various countries in accordance with Board approved policy. The Qantas Group applies stringent credit policies and accreditation of travel agents through

industry programs. Excluding associates and jointly controlled entities, the Qantas Group's credit exposure for its cash and equivalents is with counterparties which have a minimum credit rating of A-/A3. Cash is invested in money market instruments of a short-term nature typically maturing in less than one year. The investments may be deposits, discount securities or interest bearing securities.

## INSURANCE COVER

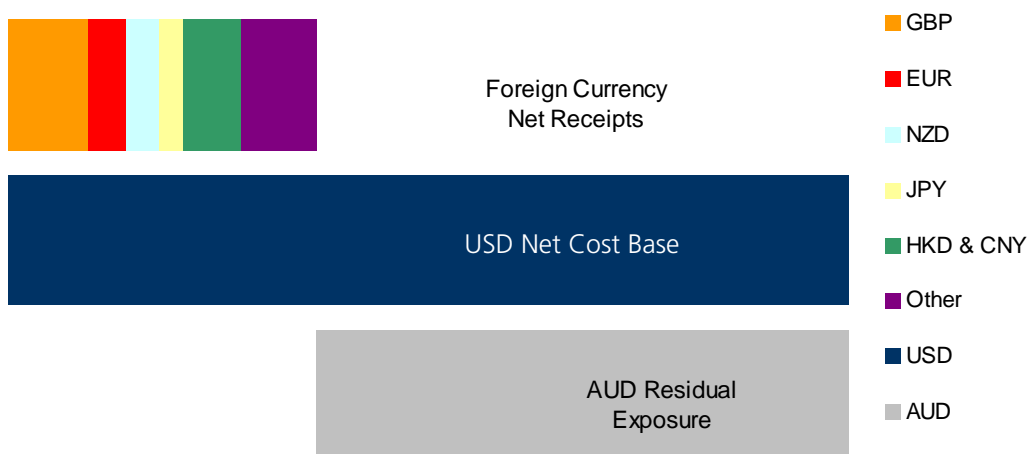
The Qantas aviation insurance program covers all aircraft owned, leased or operated by a Qantas Group company including all aircraft spare parts and other technical equipment. The program also covers liabilities arising out of the Group's aviation operations. Under the Qantas Constitution, Qantas indemnifies, to the extent permitted by law, each Director and Secretary of Qantas against any liability incurred by that person as an officer of Qantas.

## FOREIGN CURRENCY HEDGING

The Qantas Group earns revenue in many currencies and incurs USD costs mainly arising from fuel, maintenance and aircraft leasing. The Qantas Group also has expenditure in many other foreign currencies, however revenues earned in those currencies generally offset these expenditures resulting in a net foreign currency receipt. Qantas also has foreign currency capital expenditure commitments for aircraft and related parts. The Qantas Group foreign exchange risk is managed in three ways:

- foreign currency costs are netted against revenues in the same currency
- Qantas may denominate borrowings in net surplus currencies to provide a natural hedge
- Qantas may hedge portions of the remaining exposure using derivatives

### Indicative Foreign Currency Exposure





## FOREIGN EXCHANGE HEDGING ON FUTURE CAPITAL EXPENDITURE

The Qantas Group hedges foreign exchange exposure for its capital expenditure costs in accordance with a Board approved set of policy parameters. The capital expenditure sensitivity will rise or fall depending on the level of capital expenditure commitments Qantas has outstanding at any given time, the level of those commitments that are hedged and the hedging instruments used.

## FUEL HEDGING

The Qantas Group uses derivatives such as options and swaps on aviation fuel, gas oil and crude oil to hedge the exposure to movements in the price of aviation fuel. Hedging is conducted in accordance with the Board approved Qantas Treasury Risk Management Policy which does not allow speculative trading. Up to 80 per cent of estimated fuel consumption out to 12 months and up to 40 per cent in the subsequent 12 months may be hedged, with any hedging outside these parameters requiring approval by the Board.

### Differential between crude oil and jet fuel

The Qantas Group hedging is mainly undertaken in crude oil proxies such as West Texas Intermediate (WTI) and Brent as liquidity tends to be better for longer term transactions. Proxy hedging may be converted to a jet fuel basis as the hedge period nears and liquidity improves.

## CARBON PRICE HEDGING

From July 2012, the Group will be liable for its carbon emissions in three jurisdictions – Australia, the European Union (EU) and New Zealand.

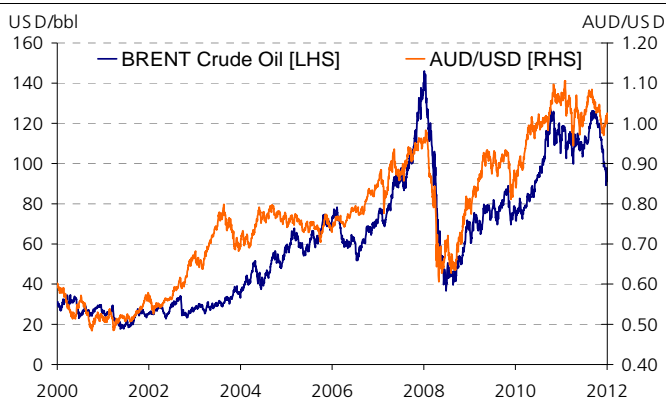
As the price of carbon is fixed in Australia for the first three years and the Group is also to receive a significant proportion of free credits in the EU, the current price risk exposure is comparatively small. Hedging this risk will be managed using derivatives such as options, forwards and swaps in accordance with a Board approved set of policy parameters.

## ACCOUNTING EFFECTS FROM HEDGING

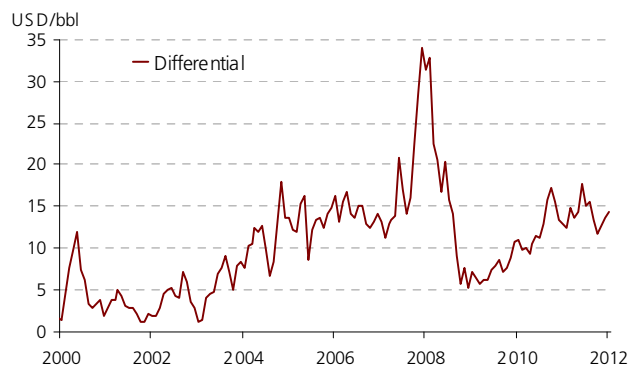
Two hedging strategies in particular drive accounting ineffectiveness in the Qantas Group statutory results. Crude oil prices and jet fuel prices do not always result in the effectiveness of the hedge falling within the 80 per cent to 125 per cent range required by AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) and can result in changes in fair value of the derivative being deemed ineffective for accounting purposes from time to time.

AASB 139 only permits the intrinsic component of an option value to be deemed an effective hedge. As a result all other aspects of the option value must be marked-to-market through the Income Statement as ineffective. Changes in the value of this non-intrinsic component do not necessarily reflect the original premium paid or potential losses until the option reaches maturity.

**Brent Crude Oil v AUD/USD  
FY01 – FY12**



**Differential between Brent Crude Oil and  
Singapore Jet fuel - USD per barrel**



# 10 YEAR FINANCIAL OVERVIEW

for the year ended 30 June

## QANTAS GROUP

### Income Statement \$M

	2012	2011	2010	2009	2008
Net passenger revenue	12,494	12,042	10,938	11,604	12,709
Net freight revenue	784	842	821	764	959
Tours and travel revenue	48	84	172	223	124
Contract work revenue	380	347	402	426	454
Other	2,018	1,579	1,439	1,535	1,381
<b>Total Revenue</b>	<b>15,724</b>	<b>14,894</b>	<b>13,772</b>	<b>14,552</b>	<b>15,627</b>
Manpower and staff related	3,774	3,695	3,405	3,684	3,533
Aircraft operating variable	2,980	2,768	2,675	2,834	2,608
Fuel	4,220	3,627	3,283	3,602	3,701
Selling and marketing	635	626	572	632	755
Property	429	398	396	402	346
Computer and communication	437	409	405	406	382
Capacity hire	266	258	249	274	276
Ineffective and non-designated derivatives	165	120	173	(105)	55
Other	1,061	764	633	765	768
<b>Operating expenditure</b>	<b>13,967</b>	<b>12,665</b>	<b>11,791</b>	<b>12,494</b>	<b>12,424</b>
Non-cancellable aircraft operating lease rentals	549	566	525	450	400
Depreciation and amortisation	1,384	1,249	1,199	1,390	1,469
Share of net profit of associates and jointly controlled entities	(3)	(22)	4	15	(28)
<b>Statutory (loss)/profit before tax and net finance costs</b>	<b>(173)</b>	<b>436</b>	<b>253</b>	<b>203</b>	<b>1,362</b>
Finance income	181	192	181	207	285
Finance costs	(357)	(305)	(256)	(229)	(239)
<b>Net Finance income/(costs)</b>	<b>(176)</b>	<b>(113)</b>	<b>(75)</b>	<b>(22)</b>	<b>46</b>
<b>Statutory (loss)/profit before tax</b>	<b>(349)</b>	<b>323</b>	<b>178</b>	<b>181</b>	<b>1,408</b>
Income tax expense	(105)	74	62	58	438
<b>Statutory (loss)/profit after tax</b>	<b>(244)</b>	<b>249</b>	<b>116</b>	<b>123</b>	<b>970</b>
<b>Underlying profit before tax</b>	<b>95</b>	<b>552</b>	<b>377</b>	<b>100</b>	<b>NA</b>

### Summarised Balance Sheet \$M

Current assets excluding cash and cash equivalents	2,062	2,145	2,128	2,349	3,017
Cash and cash equivalents	3,398	3,496	3,704	3,617	2,599
Non-current assets	15,718	15,217	14,078	14,083	14,084
<b>Total assets</b>	<b>21,178</b>	<b>20,858</b>	<b>19,910</b>	<b>20,049</b>	<b>19,700</b>
Current liabilities	7,118	6,235	6,241	6,714	7,604
Non-current liabilities	8,171	8,472	7,688	7,570	6,361
Total equity	5,889	6,151	5,981	5,765	5,735
<b>Total liabilities and equity</b>	<b>21,178</b>	<b>20,858</b>	<b>19,910</b>	<b>20,049</b>	<b>19,700</b>

### Summarised Cash Flow Statement \$M

Net cash from operating activities	1,810	1,782	1,351	1,149	2,128
Net cash used in investing activities, excluding capital expenditure	(153)	(71)	43	367	102
Capital expenditure	(2,129)	(2,407)	(1,688)	(1,530)	(1,424)
Net cash from/(used in) financing activities	370	508	381	1,032	(1,570)
<b>Net change in cash held (inc FX on cash)</b>	<b>(98)</b>	<b>(208)</b>	<b>87</b>	<b>1,018</b>	<b>(764)</b>

### Key ratios

	Unit	2012	2011	2010	2009	2008
Earnings per share	cents	(10.8)	11.0	4.9	5.6	49.0
Net debt (on balance sheet)	\$M	3,558	2,971	2,236	1,923	1,769
Net debt including off balance sheet commitments	\$M	7,544	6,970	6,197	5,696	4,621
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		56:44	53:47	51:49	50:50	46:54
Return on equity	%	(4.1)	4.0	1.9	2.1	16.9
Full-time equivalent employees, FTE	#	33,584	33,169	32,489	33,966	33,670

Please refer to notes on page 31.

for the year ended 30 June

## QANTAS GROUP

### Income Statement \$M

	2007	2006	2005	2004	2003
Net passenger revenue	11,912	10,504	9,835	8,978	8,993
Net freight revenue	903	888	760	470	511
Tours and travel revenue	126	128	144	140	132
Contract work revenue	434	469	485	503	531
Other	1,150	1,067	861	692	644
<b>Total Revenue</b>	<b>14,525</b>	<b>13,056</b>	<b>12,085</b>	<b>10,783</b>	<b>10,811</b>
Manpower and staff related	3,335	3,322	3,245	2,939	3,018
Aircraft operating variable	2,616	2,525	2,436	2,227	2,405
Fuel	3,337	2,802	1,932	1,356	1,540
Selling and marketing	503	470	444	466	547
Property	351	320	301	310	287
Computer and communication	527	488	492	439	412
Capacity hire	303	370	341	287	382
Ineffective and non-designated derivatives	122	-	-	-	-
Other	652	467	365	412	488
<b>Operating expenditure</b>	<b>11,746</b>	<b>10,764</b>	<b>9,555</b>	<b>8,435</b>	<b>9,078</b>
Non-cancellable aircraft operating lease rentals	415	356	310	264	284
Depreciation and amortisation	1,363	1,250	1,100	1,006	891
Share of net profit of associates and jointly controlled entities	(47)	(39)	(2)	(20)	(10)
<b>Statutory (loss)/profit before tax and net finance costs</b>	<b>1,047</b>	<b>726</b>	<b>1,122</b>	<b>1,098</b>	<b>567</b>
Finance income	244	163	117	126	108
Finance costs	(259)	(218)	(212)	(260)	(172)
<b>Net Finance income/(costs)</b>	<b>(15)</b>	<b>(55)</b>	<b>(95)</b>	<b>(134)</b>	<b>(65)</b>
<b>Statutory (loss)/profit before tax</b>	<b>1,032</b>	<b>671</b>	<b>1,027</b>	<b>965</b>	<b>502</b>
Income tax expense	313	191	263	316	156
<b>Statutory (loss)/profit after tax</b>	<b>720</b>	<b>480</b>	<b>764</b>	<b>649</b>	<b>347</b>
Underlying profit before tax	NA	NA	NA	NA	NA

### Summarised Balance Sheet \$M

Current assets excluding cash and cash equivalents	2,271	2,150	1,806	1,957	1,939
Cash and cash equivalents	3,363	2,902	1,904	1,365	2,016
Non-current assets	13,972	14,131	14,425	14,252	13,019
<b>Total assets</b>	<b>19,606</b>	<b>19,183</b>	<b>18,134</b>	<b>17,574</b>	<b>16,974</b>
Current liabilities	6,504	5,430	4,635	5,190	4,767
Non-current liabilities	6,907	7,672	7,072	6,544	6,945
<b>Total equity</b>	<b>6,195</b>	<b>6,081</b>	<b>6,427</b>	<b>5,840</b>	<b>5,262</b>
<b>Total liabilities and equity</b>	<b>19,606</b>	<b>19,183</b>	<b>18,134</b>	<b>17,574</b>	<b>16,974</b>

### Summarised Cash Flow Statement \$M

Net cash from operating activities	2,353	2,026	1,950	1,999	1,291
Net cash used in investing activities, excluding capital expenditure	16	638	287	(226)	142
Capital expenditure	(1,236)	(1,527)	(1,683)	(1,944)	(3,137)
Net cash from/(used in) financing activities	(672)	(138)	(15)	(481)	2,936
<b>Net change in cash held</b>	<b>461</b>	<b>998</b>	<b>539</b>	<b>(651)</b>	<b>1,231</b>

### Key ratios

	Unit	2007	2006	2005	2004	2003
Earnings per share	cents	36.4	24.9	40.8	35.7	20.0
Net debt (on balance sheet)	\$M	1,392	2,248	2,844	3,506	3,076
Net debt including off balance sheet commitments	\$M	3,976	4,919	5,039	5,574	5,182
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		39:61	46:54	45:55	49:51	51:49
Return on equity	%	11.6	7.9	11.9	11.1	6.5
Full-time equivalent employees, FTE	#	34,267	34,832	35,520	33,862	34,872

Please refer to notes on page 31.

# HALF YEAR FINANCIAL OVERVIEW

for the 6 months ended

## QANTAS GROUP

### Income Statement \$M

	30 Jun 2012	31 Dec 2011	30 Jun 2011	31 Dec 2010	30 Jun 2010
Net passenger revenue	6,042	6,452	5,854	6,188	5,362
Net freight revenue	377	407	395	447	424
Tours and travel revenue	24	24	21	63	84
Contract work revenue	188	192	166	181	214
Other	1,045	973	867	712	779
<b>Total Revenue</b>	<b>7,676</b>	<b>8,048</b>	<b>7,303</b>	<b>7,591</b>	<b>6,863</b>
Manpower and staff related	1,856	1,918	1,815	1,880	1,675
Aircraft operating variable	1,418	1,562	1,302	1,466	1,304
Fuel	2,103	2,117	1,913	1,714	1,719
Selling and marketing	299	336	314	312	295
Property	221	208	199	199	196
Computer and communication	239	198	189	220	193
Capacity hire	137	129	124	134	127
Ineffective and non-designated derivatives	90	75	92	28	78
Other	634	427	362	402	265
<b>Operating expenditure</b>	<b>6,997</b>	<b>6,970</b>	<b>6,310</b>	<b>6,355</b>	<b>5,852</b>
Non-cancellable aircraft operating lease rentals	272	277	283	283	272
Depreciation and amortisation	705	679	643	606	624
Share of net profit of associates and jointly controlled entities	12	(15)	(5)	(17)	5
<b>Statutory (loss)/profit before tax and net finance costs</b>	<b>(310)</b>	<b>137</b>	<b>72</b>	<b>364</b>	<b>110</b>
Finance income	83	98	91	101	107
Finance costs	(180)	(177)	(162)	(143)	(129)
Net Finance income/(costs)	(97)	(79)	(71)	(42)	(22)
<b>Statutory (loss)/profit before tax</b>	<b>(407)</b>	<b>58</b>	<b>1</b>	<b>322</b>	<b>88</b>
Income tax expense	(121)	16	(9)	83	32
<b>Statutory (loss)/profit after tax</b>	<b>(286)</b>	<b>42</b>	<b>10</b>	<b>239</b>	<b>56</b>
<b>Underlying profit before tax</b>	<b>(107)</b>	<b>202</b>	<b>135</b>	<b>417</b>	<b>110</b>

### Summarised Balance Sheet \$M

Current assets excluding cash and cash equivalents	2,062	2,056	2,145	2,285	2,128
Cash and cash equivalents	3,398	3,342	3,496	3,337	3,704
Non-current assets	15,718	15,984	15,217	14,433	14,078
<b>Total assets</b>	<b>21,178</b>	<b>21,382</b>	<b>20,858</b>	<b>20,055</b>	<b>19,910</b>
Current liabilities	7,118	6,135	6,235	6,222	6,241
Non-current liabilities	8,171	9,059	8,472	7,803	7,688
<b>Total equity</b>	<b>5,889</b>	<b>6,188</b>	<b>6,151</b>	<b>6,030</b>	<b>5,981</b>
<b>Total liabilities and equity</b>	<b>21,178</b>	<b>21,382</b>	<b>20,858</b>	<b>20,055</b>	<b>19,910</b>

### Summarised Cash Flow Statement \$M

Net cash from operating activities	987	823	996	786	824
Net cash used in investing activities, excluding capital expenditure	(112)	(41)	16	(87)	86
Capital expenditure	(669)	(1,460)	(1,375)	(1,032)	(678)
Net cash from/(used in) financing activities	(155)	525	528	(20)	(26)
<b>Net change in cash held</b>	<b>51</b>	<b>(153)</b>	<b>165</b>	<b>(353)</b>	<b>206</b>

### Key ratios

	Unit	30 Jun 2012	31 Dec 2011	30 Jun 2011	31 Dec 2010	30 Jun 2010
Earnings per share	cents	(12.6)	1.9	0.4	10.6	2.5
Net debt (on balance sheet)	\$M	3,558	3,753	2,971	2,558	2,236
Net debt including off balance sheet commitments	\$M	7,544	7,787	6,970	6,605	6,197
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		56:44	56:44	53:47	52:48	51:49
Net tangible asset per share	\$	2.33	2.46	2.45	2.42	2.35
Full-time equivalent employees, FTE	#	33,584	33,697	33,169	32,896	32,489

Please refer to notes on page 31.

for the 6 months ended

## QANTAS GROUP

### Income Statement \$M

	31 Dec 2009	30 Jun 2009	31 Dec 2008	30 Jun 2008	31 Dec 2007
Net passenger revenue	5,576	5,196	6,408	6,221	6,488
Net freight revenue	397	271	493	469	490
Tours and travel revenue	88	117	106	52	72
Contract work revenue	188	220	206	228	226
Other	660	680	855	872	509
<b>Total Revenue</b>	<b>6,909</b>	<b>6,484</b>	<b>8,068</b>	<b>7,842</b>	<b>7,785</b>
Manpower and staff related	1,730	1,746	1,938	1,814	1,719
Aircraft operating variable	1,371	1,315	1,519	1,238	1,370
Fuel	1,564	1,552	2,050	1,994	1,707
Selling and marketing	277	252	380	424	331
Property	200	199	203	175	171
Computer and communication	212	191	215	146	236
Capacity hire	122	130	144	142	134
Ineffective and non-designated derivatives	95	(167)	62	73	(18)
Other	368	352	413	465	303
<b>Operating expenditure</b>	<b>5,939</b>	<b>5,570</b>	<b>6,924</b>	<b>6,471</b>	<b>5,953</b>
Non-cancellable aircraft operating lease rentals	253	236	214	200	200
Depreciation and amortisation	575	730	660	703	766
Share of net profit of associates and jointly controlled entities	(1)	20	(5)	(11)	(17)
<b>Statutory (loss)/profit before tax and net finance costs</b>	<b>143</b>	<b>(72)</b>	<b>275</b>	<b>479</b>	<b>883</b>
Finance income	74	92	115	143	142
Finance costs	(127)	(127)	(102)	(119)	(120)
<b>Net Finance income/(costs)</b>	<b>(53)</b>	<b>(35)</b>	<b>13</b>	<b>24</b>	<b>22</b>
<b>Statutory (loss)/profit before tax</b>	<b>90</b>	<b>(107)</b>	<b>288</b>	<b>503</b>	<b>905</b>
Income tax expense	30	(14)	72	151	287
<b>Statutory (loss)/profit after tax</b>	<b>60</b>	<b>(93)</b>	<b>216</b>	<b>352</b>	<b>618</b>
<b>Underlying profit before tax</b>	<b>267</b>	<b>61</b>	<b>39</b>	<b>NA</b>	<b>NA</b>

### Summarised Balance Sheet \$M

Current assets excluding cash and cash equivalents	2,200	2,349	4,079	3,017	2,609
Cash and cash equivalents	3,498	3,617	2,831	2,599	2,910
Non-current assets	14,143	14,083	15,587	14,084	14,121
<b>Total assets</b>	<b>19,841</b>	<b>20,049</b>	<b>22,497</b>	<b>19,700</b>	<b>19,640</b>
Current liabilities	6,396	6,714	8,599	7,604	7,081
Non-current liabilities	7,690	7,570	8,250	6,361	6,921
<b>Total equity</b>	<b>5,755</b>	<b>5,765</b>	<b>5,648</b>	<b>5,735</b>	<b>5,638</b>
<b>Total liabilities and equity</b>	<b>19,841</b>	<b>20,049</b>	<b>22,497</b>	<b>19,700</b>	<b>19,640</b>

### Summarised Cash Flow Statement \$M

Net cash from operating activities	483	771	378	834	1,294
Net cash used in investing activities, excluding capital expenditure	1	(22)	389	31	71
Capital expenditure	(1,010)	(150)	(1,380)	(606)	(818)
Net cash from/(used in) financing activities	407	187	845	(570)	(1,000)
<b>Net change in cash held</b>	<b>(119)</b>	<b>786</b>	<b>232</b>	<b>(311)</b>	<b>(453)</b>

### Key ratios

	Unit	31 Dec 2009	30 Jun 2009	31 Dec 2008	30 Jun 2008	31 Dec 2007
Earnings per share	cents	2.6	(5.2)	10.7	17.4	31.6
Net debt (on balance sheet)	\$M	2,353	1,923	3,214	1,769	1,704
Net debt including off balance sheet commitments	\$M	6,154	5,696	6,473	4,621	4,170
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		51:49	50:50	55:45	46:54	43:57
Net tangible asset per share	\$	2.25	2.25	2.55	2.79	2.73
Full-time equivalent employees, FTE	#	32,386	33,966	34,110	33,670	33,342

Please refer to notes on page 31.

# OPERATING KEY FIGURES

for the year ended 30 June

Qantas Group	Unit	2012	2011	2010	2009	2008
<b>Passenger related key figures</b>						
Number of destinations (including codeshare) <sup>1</sup>	#	233	201	184	151	146
Number of destinations (excluding codeshare) <sup>1</sup>	#	106	86	85	80	85
Countries (excluding codeshare) <sup>1</sup>	#	22	19	19	17	16
Number of passengers	'000	46,708	44,456	41,428	38,438	38,621
Revenue passenger kilometre	M	111,692	106,759	100,727	99,176	102,466
Available seat kilometre	M	139,423	133,281	124,717	124,594	127,019
Passenger load factor	%	80.1	80.1	80.8	79.6	80.7
Passenger revenue/RPK	Cents	11.2	11.3	10.9	11.7	12.4
Yield (excluding foreign exchange)	Cents	11.0	10.9	10.6	11.3	12.1
Yield variance to prior year (excluding foreign exchange variances)	%	2.6	5.8	(7.2)	(4.3)	3.3
<b>Weight related cargo key figures<sup>2</sup></b>						
Available Freight tonne kilometre	M	4,137	4,191	3,925	4,046	4,322
Terminal handling tonnes	'000	538	548	584	577	648
<b>Aircraft related</b>						
Number of aircraft (including Network Aviation, Freighters and Jetstar Asia)	#	308	283	254	240	228
Average age of scheduled passenger aircraft <sup>3</sup>	Years	8.3	8.6	8.6	8.8	9.3
<b>Fuel and efficiency key figures</b>						
Average WTI crude oil	USD	95	90	75	70	97
Average Brent crude oil	USD	112	97	75	70	96
Average Singapore jet fuel	USD	126	109	83	85	115
Average AUD/USD	Cents	1.03	0.99	0.88	0.75	0.90
Consumption of jet fuel <sup>4</sup> (in barrels)	'000	32,449	31,430	29,761	29,944	30,681
Qantas on time domestic departures < 15 minutes	%	84.4	83.8	87.7	80.8	79.1
QantasLink on time domestic departures < 15 minutes	%	77.7	78.5	86.8	83.7	82.8
Jetstar on time domestic departures < 15 minutes	%	76.6	77.1	82.1	76.8	78.4
<b>Other key figures</b>						
Number of Frequent Flyer members	M	8.6	7.9	7.2	5.8	5.3
Number of meals prepared	M	37	37	35	36	39
Visits at <a href="http://www.qantas.com">www.qantas.com</a>	M	116	111	97	92	79

1. From 2012 onwards, number of destinations and countries include Jetstar Asia/Valuair.

2. Refers only to international freight. Australian domestic freight is handled through a joint venture with Australia Post. 2011 has been restated.

3. Excludes freighters and Network Aviation aircraft.

4. Jet fuel consumption includes Jetstar Asia from April 2009 onwards.

## Notes to the financial statements

1. 2012 and 2011 financial results reflect the 2012 Annual Report. 2010 and 2009 financial results reflect the restated financial results in the 2011 and 2010 Annual Reports respectively. 2001 to 2008 financial results correspond to numbers reported in the respective period's Annual Report unless noted otherwise below.
2. 2006 to 2009 results were prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The reported results also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).
3. 2001 to 2005 reported results have not been restated for compliance with IFRS and interpretations adopted by the IASB and reflect the AASB in the relevant period.
4. 2001 to 2007 Tours and travel expense has been offset by Tours and travel revenue to provide consistency with accounting changes made in 2009.
5. 2007 Ineffective and non-designated derivatives – open positions and Ineffective and non-designated derivatives – closed positions have been merged with Ineffective and non-designated derivatives to provide consistency with accounting changes made in 2009.
6. 2008 revenue and expenses have been adjusted to include the foreign exchange and fuel hedging allocations as per comparatives in the 2009 Annual Report.
7. Earnings per share has not been restated in 2001 to 2007 for the impact of the 2009 equity raising.
8. Full-time equivalent (FTE) employees from 1 July 2010 onwards are as at 30 June/31 December and include Jetstar Asia employees. Prior to this, FTE employees were stated as an average over the period.

## SHARE DATA, OWNERSHIP AND DIVIDENDS

Qantas Airways Limited listed on the Australian Securities Exchange (ASX) in July 1995 with a float price of \$1.90.

### Key financial equity data

Year ending	Unit	2012	2011	2010	2009	2008
Market capitalisation	\$M	2,435	4,168	4,983	4,553	5,759
Number of shares traded	m	2,952	3,866	4,104	3,036	3,359
Weighted average number of ordinary shares	m	2,265	2,265	2,265	2,051	1,929
Number of shares on issue at year end	m	2,265	2,265	2,265	2,265	1,894
Underlying profit before tax per share	cents	4	24	17	5	NA
Statutory profit before tax per share	cents	(15)	14	8	9	73
Statutory profit after tax per share	cents	(11)	11	5	6	50
Net tangible asset per share	\$	2.33	2.45	2.35	2.25	2.79
Share price at 30 June	\$	1.08	1.84	2.20	2.01	3.04
Highest price during the year	\$	2.02	2.91	3.02	3.71	6.05
Lowest price during the year	\$	0.97	1.80	1.85	1.42	3.01
Average price during the year	\$	1.57	2.42	2.66	2.49	4.85

### Substantial Shareholders

The following shareholders have notified that they are substantial shareholders of Qantas Airways Limited:

Shareholder	Ordinary shares held	% of issued shares	Notification date
National Australia Bank	117,294,105	5.18	12 September 2012
The Capital Group Companies, Inc	259,184,530	11.44	1 August 2012
Commonwealth Bank of Australia	225,886,843	9.97	3 May 2012
Franklin Resources, Inc <sup>1</sup>	248,247,958	10.96	27 October 2011

<sup>1</sup> Former substantial shareholder, Balance Equity Management Pty Limited, commenced reporting under Franklin Resources, Inc from 6 July 2011.

### Historical number of shares

Date	Event	Number of shares	Total number of shares
February 04	Qantas Long-Term Executive Incentive Plan	10,470	1,822,259,643
April 04	Dividend Reinvestment Plan	22,855,397	1,845,115,040
August 04	Qantas Long-Term Executive Incentive Plan	388	1,845,115,428
September 04	Dividend Reinvestment Plan	22,675,271	1,867,790,699
February 05	Qantas Long-Term Executive Incentive Plan	59,177	1,867,849,876
April 05	Dividend Reinvestment Plan	29,798,872	1,897,648,748
September 05	Dividend Reinvestment Plan	31,024,893	1,928,673,641
February 06	Qantas Long-Term Executive Incentive Plan	2,053,015	1,930,726,656
April 06	Dividend Reinvestment Plan	24,308,788	1,955,035,444
October 06	Dividend Reinvestment Plan	28,991,867	1,984,027,311
February 07	Qantas Long-Term Executive Incentive Plan	963,037	1,984,990,348
August 07	Qantas Long-Term Executive Incentive Plan	516,085	1,985,506,433
October 07 – May 08	On-market Share Buyback	(91,062,424 )	1,894,444,009
October 08	Dividend Reinvestment Plan	55,176,946	1,949,620,955
February 09	Institutional Placement	270,270,271	2,219,891,226
March 09	Share Purchase Plan	17,182,087	2,237,073,313
April 09	Dividend Reinvestment Plan	28,050,307	2,265,123,620



## Foreign ownership

Under the Qantas Constitution and the Qantas Sale Act:

- foreign persons are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 49 per cent of the issued share capital of Qantas
- any one foreign person is restricted from holding a relevant interest in shares in Qantas which exceeds 25 per cent of the issued share capital of Qantas
- foreign airlines are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 35 per cent of the issued share capital of Qantas

While only Qantas is subject to the Qantas Sale Act, the 49 per cent foreign ownership limit is also imposed on other Australian-designated international airlines by the Air Navigation Act.

The ASX Listing Rules require Qantas to notify the market when the level of foreign ownership is within 5 percentage points of a foreign ownership limit and then for each percentage point change to the disclosed foreign ownership level.

## Dividend history (cents per share)

Year	Final	Interim	Special
2011/12	–	–	–
2010/11	–	–	–
2009/10	–	–	–
2008/09	–	6.0	–
2007/08	17.0	18.0	–
2006/07	15.0	15.0	–
2005/06	11.0	11.0	–
2004/05	10.0	10.0	–
2003/04	9.0	8.0	–
2002/03	9.0	8.0	–
2001/02	9.0	8.0	–
2000/01	9.0	11.0	–
1999/00	11.0	11.0	37.0
1998/99	11.0	8.0	13.5
1997/98	7.0	6.5	–
1996/97	6.5	6.5	–

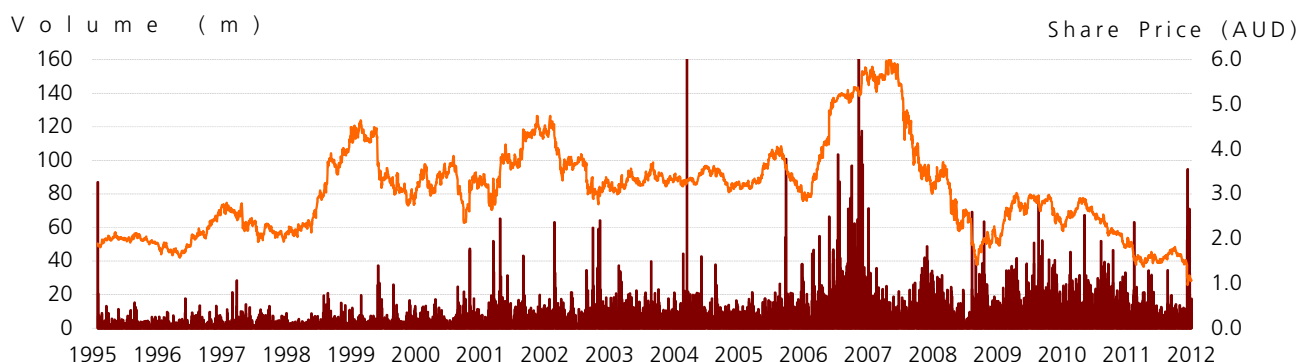
## Analysts covering Qantas\*

Citi	Anthony Moulder <sup>1</sup>
CLSA	Scott Ryall
Commonwealth Bank	Matthew Crowe
Credit Suisse	To be announced
Deutsche Bank	Cameron McDonald
Goldman Sachs JBWere	Andrew Gibson
JP Morgan	Scott J Carroll
Macquarie	Russell Shaw
Merrill Lynch	Matthew Spence
Moelis & Company	Simon Fitzgerald
Morgan Stanley	Scott Kelly
Nomura	David Fraser
RBS	Mark Williams
UBS	Simon Mitchell

1. Effective from 1 November 2012.

\*These analysts follow the Qantas Group and are known to the Company. Please note this list is provided for informational purposes only and any opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements regarding the Qantas Group performance made by these analysts are theirs alone and do not constitute the opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements of the Qantas Group or its management. The Qantas Group does not by its reference above or distribution imply its endorsement of or concurrence with such information. Analyst reports may contain errors or omissions and the Qantas Group does not provide any assurance that facts stated in any analyst report are correct. The Qantas Group undertakes no duty to update or correct information contained in any analyst report.

## Qantas Share Price History

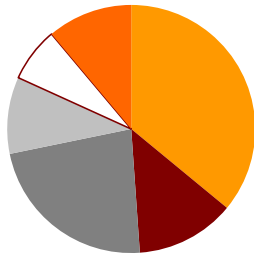


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# OPERATIONAL AND COMMERCIAL DATA

# PASSENGER AND MARKET SHARE DATA

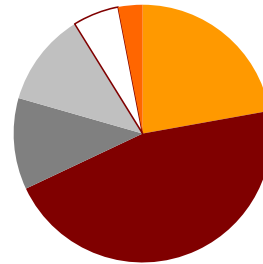
Distribution of Passengers – FY12



Qantas Domestic	36%
Qantas International	13%
Jetstar Domestic	23%
Jetstar International	10%
Jetstar Asia	7%
QantasLink	11%

Source: Qantas

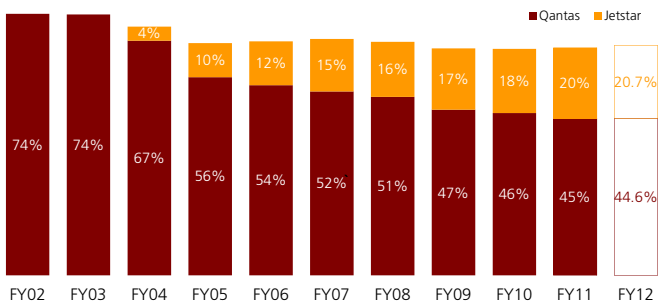
Distribution of Revenue Passenger Kilometres – FY12



Qantas Domestic	22%
Qantas International	46%
Jetstar Domestic	11%
Jetstar International	12%
Jetstar Asia	6%
QantasLink	3%

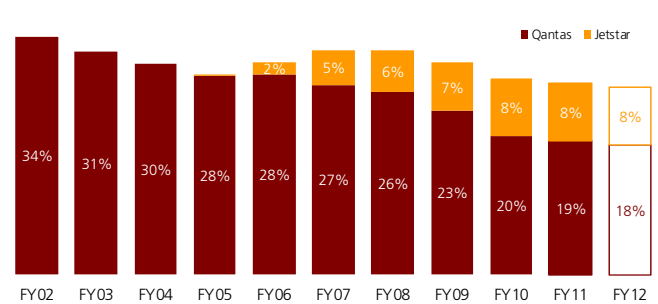
Source: Qantas

Market Share – Domestic



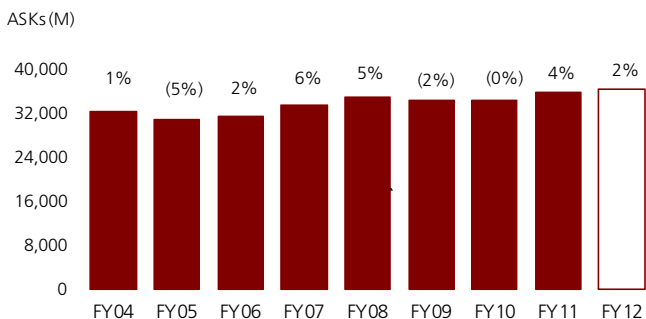
Source: Qantas

Market Share – International



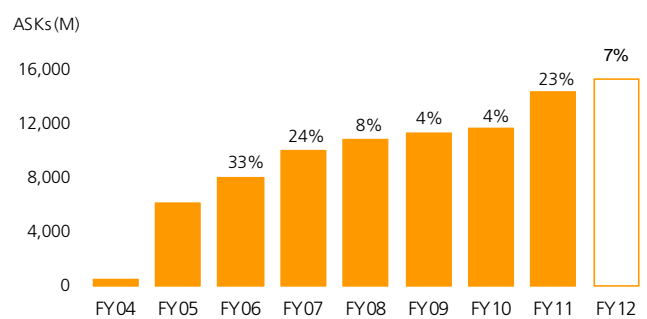
Source: Qantas

Qantas Domestic (including QantasLink) Growth Rates



Source: Qantas traffic statistics

Jetstar Domestic Growth Rates



Source: Qantas traffic statistics

## FLEET

At 30 June 2012, the Qantas Group operated a total passenger fleet of 303 aircraft. The Qantas Group encompasses Qantas Domestic (including QantasLink and Network Aviation), Qantas International and Jetstar (including Jetstar Asia but excluding Jetstar Pacific and Jetstar Japan). In addition, Express Freighters Australia operated four dedicated B737-300 freighter aircraft and dry-leased one dedicated B767-300ER freighter aircraft. The Qantas Group wet-leased three B747-400 freighter aircraft.

### Aircraft Orders

#### FY13 – FY19

#### Firm Order

Airbus A330-200	1
Airbus A320-200/A321-200	92
Airbus A380-800	3
Boeing B787-8/B787-9	15
Boeing B737-800	11
Boeing B717-200	-
Fokker F100	-
Bombardier Q400	3
<b>Total</b>	<b>125</b>

#### Aircraft List Prices

#### USD million (mean)

Airbus A380-800	390
Airbus A330-200	209
Airbus A330-300	231
Boeing B787-8	200
Boeing B787-9	236
Airbus A320-200	88
Airbus A320 Neo	97
Boeing B737-800	87
Boeing B717-200	15
Dash 8-Q200/Q300/Q400	32
Fokker F100	3

Source: January 2012 list prices where available, otherwise July 2011 list prices escalated by 3.5 per cent.  
Qantas negotiates its own price with both Airbus and Boeing. The agreed price is not disclosed due to commercial confidentiality reasons.

### Fleet Retirements for FY12

From July 2011 through to June 2012, two B767-300 aircraft, five B747-400 aircraft and seven B737-400 aircraft were retired from the Qantas Fleet. All B767 aircraft have subsequently been sold, however five B747 aircraft and three B737 aircraft are currently being held for sale.

### Qantas Group Fleet – FY12

Aircraft Type	Owned <sup>1</sup>	Operating Lease	Total
<b>Qantas</b>			
Airbus A380-800	12	-	12
Boeing B747-400ER	6	-	6
Boeing B747-400	12	3	15
Boeing B767-300ER	18	5	23
Boeing B737-800	47	12	59
Boeing B737-400	12	-	12
Airbus A330-200	-	8	8
Airbus A330-300	10	-	10
	<b>117</b>	<b>28</b>	<b>145</b>
<b>QantasLink</b>			
Boeing B717-200	-	13	13
Bombardier Q200	5	-	5
Bombardier Q300	16	-	16
Bombardier Q400	25	-	25
	<b>46</b>	<b>13</b>	<b>59</b>
<b>Jetstar</b>			
Airbus A330-200	6	5	11
Airbus A320-200 <sup>2</sup>	13	50	63
Airbus A321-200	1	5	6
	<b>20</b>	<b>60</b>	<b>80</b>
<b>Network Aviation</b>			
Fokker F100	12	-	12
EMB 120	4	3	7
	<b>16</b>	<b>3</b>	<b>19</b>
<b>Total Passenger Fleet</b>	<b>199</b>	<b>104</b>	<b>303</b>
<b>Express Freighters Australia</b>	<b>4</b>	<b>1</b>	<b>5</b>

1. Includes Hire Purchase and Finance Lease Aircraft.  
2. Includes Jetstar Asia, excludes Jetstar Pacific and Jetstar Japan.

## AIRCRAFT AS AT 30 JUNE 2012

### Airbus A380



	Unit	
Number of aircraft	#	12
Max number of seats	seats	450/484
Configuration	seats	P 14, J 72, W 32, Y 332 (pre reconfig) P 14, J 64, W 35, Y 371 (post reconfig)
Length	m	72.6
Wingspan	m	79.8
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	14,800
Engines	Type	Rolls Royce Trent 900s

### Boeing B747-400/400ER



	Unit	
Number of aircraft	#	15/6
Max number of seats	seats	412/371/364/353/307
Configuration	seats	P 14, J 66, W 40, Y 187 (pre reconfig) J 58, W 36, Y 270 (post reconfig) P 14, J 52, W 32, Y 255 J 56, W 40, Y 275
Length	m	70.7
Wingspan	m	64.4
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	12,700/12,971
Engines	Type	Rolls Royce RB211-524G-T/ General Electric CF6-80C2B5F

### Boeing B767 ER



	Unit	
Number of aircraft	#	23
Max number of seats	seats	229/244/254
Configuration	seats	J 25-30, Y 204-224
Length	m	54.9
Wingspan	m	60.3
Altitude	m	13,100
Cruising speed	km/h	890
Range (full payload)	km	9,085
Engines	Type	Rolls Royce RB211-524H/ General Electric CF6-80C2-B6

### Airbus A320/A321\*



	Unit	
Number of aircraft	#	63/6
Max number of seats	seats	180/220
Configuration	seats	All Economy
Length	m	37.7/44.5
Wingspan	m	34.1/34.1
Altitude	m	12,000
Cruising speed	km/h	850/830
Range (full payload)	km	4,800
Engines	Type	International Aero Engines V2500

\*operated by Jetstar and Jetstar Asia

## Airbus A330-200\*/300



	Unit	
Number of aircraft	#	19/10
Max number of seats	seats	303/297
Configuration	seats	J 30-42, Y 199-268
Length	m	58.4/63.7
Wingspan	m	60.3/60.3
Altitude	m	12,500
Cruising speed	km/h	890
Range (full payload)	km	8,500/7,000
Engines	Type	General Electric CF6-80E1A4

\*11 operated by Jetstar

## Boeing B737-400/800



	Unit	
Number of aircraft	#	12/59
Max number of seats	seats	144/168
Configuration	seats	J 12, Y 132-156
Length	m	33.4/36.4/39.5
Wingspan	m	28.9/28.9/35.8
Altitude	m	11,300/11,300/12,500
Cruising speed	km/h	830/830/850
Range (full payload)	km	4,100/4,400/4,800
Engines	Type	CFM International (CFM56-3B-2 & 3C-1, CFM56-7B24 & 7B26)

## Bombardier Dash 8-Q200/Q300/Q400



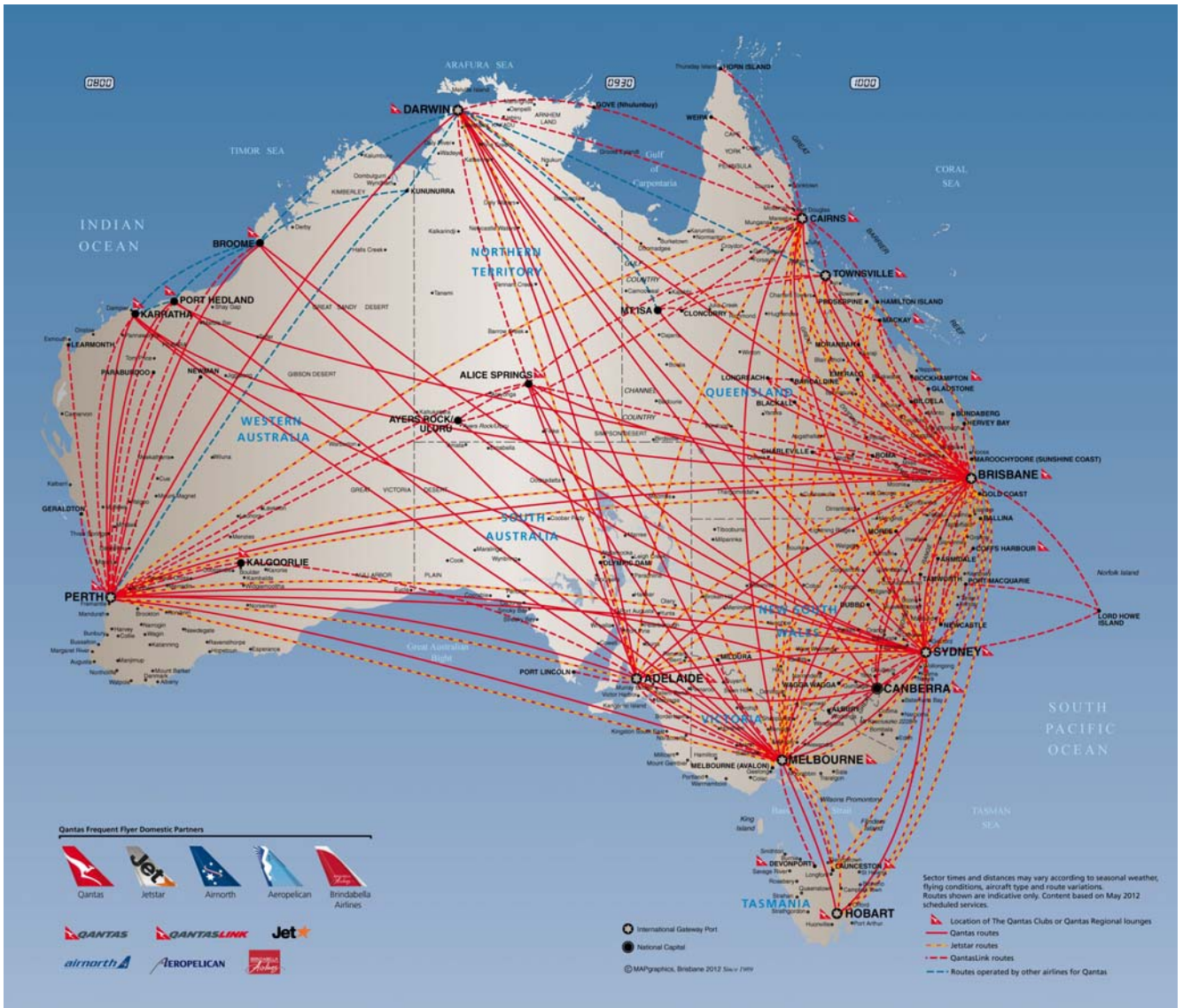
	Unit	
Number of aircraft	#	5/16/25
Max number of seats	seats	36/50/74
Configuration	seats	All Economy
Length	m	25.7/32.8
Wingspan	m	27.4/28.4
Altitude	m	7,600
Cruising speed	km/h	500/670
Range (full payload)	km	1,557/1,668
Engines	Type	Pratt & Whitney PW150A

## Boeing B717

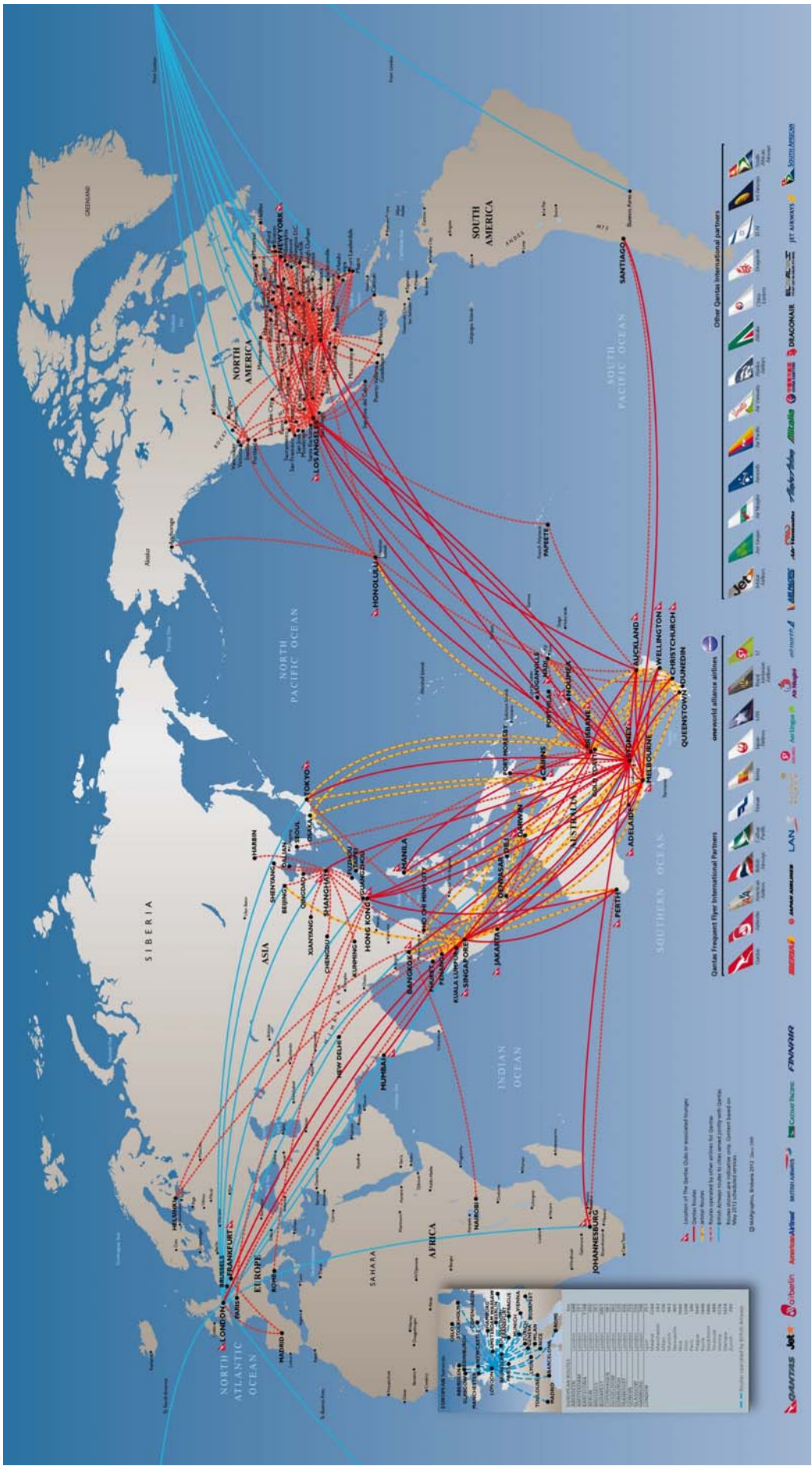


	Unit	
Number of aircraft	#	13
Max number of seats	seats	115
Configuration	seats	All Economy
Length	m	37.8
Wingspan	m	28.4
Altitude	m	10,700
Cruising speed	km/h	850
Range (full payload)	km	2,408
Engines	Type	Rolls Royce Deutschland BR-715

# QANTAS GROUP ROUTE MAPS







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## ALLIANCES AND PARTNERS

Qantas Group is a founding member of **oneworld**. In addition, Qantas has 26 bilateral codeshare partners extending the Qantas network beyond its own destinations offering passengers a global network.

### **oneworld**

The **oneworld** alliance comprises some of the world's leading airlines. Customers can earn and redeem frequent flyer points and earn status credits with all member airlines on eligible fares across the **oneworld** network and, for top tier members, enjoy their privileges across over 550 lounges worldwide. Alliance members also work together to make travel across their combined networks as smooth as possible. **oneworld** was the first airline alliance to offer interline e-ticketing across all member carriers, meaning customers can travel with the convenience of a single electronic ticket across the combined **oneworld** network. **oneworld** also offers an unrivalled choice of tickets, including the popular Explorer round-the-world fare and Visit passes for each continent. QantasLink is a **oneworld** affiliate airline.

### **Qantas and Emirates Partnership**

On 6 September 2012, Qantas announced a ten year commercial agreement with Emirates. Under the agreement, Qantas will move its European flights to Dubai and enter an extensive commercial relationship with Emirates. The ten year agreement will go beyond codesharing and includes integrated network collaboration with coordinated pricing, sales and scheduling as well as a benefit-sharing model. Neither airline will take equity in the other. Subject to regulatory approval, it is anticipated that the agreement will commence in April 2013.

Following the announcement of the commercial agreement with Emirates, Qantas announced that it would be terminating its Joint Services Agreement with British Airways (BA), effective 31 March 2013. Qantas and BA will continue to work together as part of the **oneworld** alliance and through bilateral codeshares.

### **Joint Business Agreements**

In November 2011, Qantas and American Airlines received approval to implement an expanded commercial relationship (Joint Business Agreement) from the Australian Competition and Consumer Commission (ACCC) and other relevant authorities. The Joint Business Agreement involves coordination of operations between Australia/New Zealand and the United States giving Qantas a more balanced network footprint in the United States and providing more choice and convenience for travellers.

Since implementation of the Joint Business Agreement, Qantas has announced significant growth in trans-Pacific capacity, including growing the Sydney to Dallas frequency to a daily proposition.

### **Other codeshare partners**

In addition to its bilateral relationships with BA, American Airlines and Air Pacific, Qantas has codeshare relationships with many other leading airlines, offering customers an extended network that provides seamless access to destinations around the world. As at 30 June 2012, Qantas had codeshare arrangements with 26 partners and continues to explore new opportunities.

## CODESHARE DETAILS

Partner	Explanation of codeshare and co-operations
<b>Aircalin</b>	Qantas and Aircalin codeshare on respective services between Sydney and Noumea and between Brisbane and Noumea.
<b>Air Niugini</b>	Qantas codeshares on all Air Niugini services between Sydney and Port Moresby and between Brisbane and Port Moresby.
<b>Air France</b>	Qantas codeshares on all Air France services between Singapore and Paris and between Hong Kong and Paris. Air France codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Adelaide and Perth and between Hong Kong and Sydney, Melbourne and Brisbane.
<b>Airnorth</b>	Qantas codeshares on Airnorth services between Kununurra and Perth, Darwin and Broome and also between Darwin and Dili, Mount Isa, Townsville, Port Hedland and Karratha (via Broome).
<b>Air Pacific</b>	Qantas codeshares on Air Pacific services between Nadi and Sydney, Melbourne, Brisbane, Honolulu, Los Angeles, Auckland and Christchurch.
<b>Air Tahiti Nui</b>	Qantas codeshares on all Air Tahiti Nui services between Papeete and Auckland and also selected services between Papeete and Los Angeles. Air Tahiti Nui codeshares on selected Qantas services between Auckland and Sydney, Melbourne* and Brisbane* (*from 1 August 2012).
<b>Air Vanuatu</b>	Qantas codeshares on all Air Vanuatu services between Port Vila and Sydney, Melbourne and Brisbane and also between Espiritu Santo and Brisbane.
<b>Alaska Airlines/ Horizon Air</b>	Qantas codeshares on Alaska services from: <ul style="list-style-type: none"> <li>• Los Angeles to Seattle, Vancouver, Portland, Anchorage, Mexico City, San Jose, Cabo San Lucas, Puerto Vallarta;</li> <li>• Honolulu to Seattle, Anchorage and Portland; and</li> <li>• Seattle to Vancouver, Edmonton, Calgary, Victoria and Kelowna and Honolulu.</li> </ul>
<b>Alliance Airlines</b>	Qantas codeshares on Alliance Airlines services between Adelaide and Olympic Dam.
<b>American Airlines</b>	Qantas codeshares on American Airlines services from: <ul style="list-style-type: none"> <li>• Los Angeles to Albuquerque, Austin, Boise, Boston, Chicago, Dallas/Fort Worth, Denver, El Paso, Fresno, Houston, Las Vegas, Miami, Monterey, Nashville, Newark, New York, Oklahoma City, Orlando, Phoenix, Reno, Sacramento, Salt Lake City, Santa Barbara, San Diego, San Francisco, San Jose, St Louis, Washington DC, Toronto and Tucson;</li> <li>• Dallas/Fort Worth to Atlanta, Austin, Hartford, Nashville, Baltimore, Boston, Calgary, Cancun, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Denver, Des Moines, Detroit, Fort Lauderdale, Guadalajara, Grand Rapids, Houston (Bush and Hobby), Indianapolis, Kansas City, Jacksonville, New York (La Guardia and Kennedy), Las Vegas, Lexington, Louisville, Memphis, Mexico City, Madison, Miami, Milwaukee, Minneapolis, Monterrey, Montreal, Newark, New Orleans, Norfolk, Oklahoma City, Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Puerto Vallarta, Raleigh Durham, Reno, Salt Lake City, San Antonio, Saint Louis, Tampa, Toronto, Tulsa, Vancouver, and Washington DC (Dulles and Reagan);</li> <li>• New York (Kennedy) to Baltimore, Boston, Orlando, Pittsburgh, Raleigh Durham, Tampa, Montreal, Halifax, Toronto;</li> <li>• Honolulu to Chicago, Dallas, Los Angeles and San Francisco;</li> <li>• Chicago to Atlanta, Cincinnati, Detroit, Indianapolis, Minneapolis, Montreal, New Orleans, Ottawa, Pittsburgh, Tampa, and Toronto; and</li> <li>• San Francisco to Boston, Chicago, Dallas/Fort Worth, Miami, New York (Kennedy) and St Louis.</li> </ul> <p>American Airlines codeshares on Qantas services from:</p> <ul style="list-style-type: none"> <li>• Dallas to Sydney/Brisbane; Los Angeles to Auckland, Brisbane, Melbourne and Sydney; Sydney to New York; and</li> <li>• Australian selected domestic routes and Tasman routes.</li> </ul>
<b>Asiana Airlines</b>	Qantas codeshares on Asiana services between Seoul and Sydney.

Partner	Explanation of codeshare and co-operations
<b>British Airways</b>	<p>Qantas and British Airways codeshare on each others' services between Australia, Singapore, Bangkok and both London and Frankfurt.</p> <p>Qantas codeshares on British Airways services beyond London Heathrow to:</p> <ul style="list-style-type: none"> <li>• 26 points in Continental Europe; Amsterdam, Barcelona, Basel, Berlin, Brussels, Budapest, Copenhagen, Dusseldorf, Frankfurt, Geneva, Hamburg, Lyon, Madrid, Milan, Munich, Nice, Oslo, Paris (Charles de Gaulles and Orly), Prague, Rome, Stockholm, Toulouse, Vienna, Warsaw and Zurich; and</li> <li>• Five points within the United Kingdom; Aberdeen, Edinburgh, Glasgow, Manchester and Newcastle.</li> </ul> <p>British Airways codeshares on selected Qantas services:</p> <ul style="list-style-type: none"> <li>• 16 Australian domestic routes; and</li> <li>• Seven trans-Tasman routes.</li> </ul>
<b>Cathay Pacific</b>	Qantas codeshares on Cathay Pacific services between Hong Kong and Rome.
<b>China Eastern Airlines</b>	<p>Qantas codeshares on China Eastern services between Shanghai and Beijing, Chengdu, Dalian, Fuzhou, Guangzhou, Harbin, Kunming, Qingdao, Shenyang and Xian and also between Shanghai and Singapore.</p> <p>China Eastern codeshares on selected Qantas services:</p> <ul style="list-style-type: none"> <li>• 11 Australian domestic routes;</li> <li>• Five trans-Tasman routes; and</li> <li>• Between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide.</li> </ul>
<b>Deutsche Bahn</b>	Qantas codeshares on Intercity-Express rail services operated by Deutsche Bahn between Frankfurt and Cologne, Dusseldorf, Hamburg, Hanover, Munich, Nuremberg and Stuttgart.
<b>Eva Air</b>	Qantas codeshares on Eva Air services between Brisbane and Taipei.
<b>Iberia</b>	<p>Qantas codeshares on Iberia services between Madrid and London and between Madrid and Frankfurt.</p> <p>Iberia codeshares on Qantas services between London and Sydney and between Frankfurt and Sydney.</p>
<b>Finnair</b>	<p>Qantas codeshares on all Finnair services between Singapore and Helsinki.</p> <p>Finnair codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Adelaide and Perth and between Bangkok and Sydney.</p>
<b>Japan Airlines</b>	<p>Qantas codeshares on Japan Airlines services between Singapore and Tokyo (Narita and Haneda).</p> <p>Japan Airlines codeshares on selected Qantas services between Singapore and Adelaide, Brisbane, Melbourne and Perth.</p>
<b>Jet Airways</b>	<p>Qantas codeshares on Jet Airways services between Singapore and New Delhi, and Singapore and Mumbai.</p> <p>Jet Airways codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide.</p>
<b>Jetstar</b>	<p>Qantas codeshares on Jetstar services within domestic Australia, New Zealand and internationally.</p> <p>Jetstar codeshares on selected Qantas domestic services connecting to Jetstar International services.</p>
<b>Jetstar Asia (3K)</b>	Qantas codeshares on selected Jetstar Asia services.
<b>Kenya Airways</b>	<p>Qantas codeshares on Kenya Airways services between Bangkok and Nairobi.</p> <p>Kenya Airways codeshares on Qantas services between Bangkok and Sydney.</p>
<b>LAN Airlines</b>	Qantas codeshares on all LAN operated services between Sydney and Santiago via Auckland. LAN codeshares on all Qantas services between Sydney and Santiago.
<b>South African Airways</b>	<p>Qantas codeshares on all South African Airways services between Johannesburg and Perth.</p> <p>South African Airways codeshares on all Qantas services between Sydney and Johannesburg.</p>
<b>Vietnam Airlines</b>	Qantas codeshares on Vietnam Airlines services between Ho Chi Minh City and Sydney, and also between Ho Chi Minh City and Melbourne.

# QANTAS TRAFFIC AND CAPACITY STATISTICS

for the year ended 30 June

	Unit	2012	2011	2010	2009	2008
<b>Qantas Group</b>						
Passengers	'000	46,708	44,456	41,428	38,438	38,621
Traffic (RPK)	M	111,692	106,759	100,727	99,176	102,466
Capacity (ASK)	M	139,423	133,281	124,717	124,594	127,019
Load factor	%	80.1	80.1	80.8	79.6	80.7
<b>Qantas Domestic (excluding QantasLink)</b>						
Passengers	'000	16,796	17,073	16,640	16,379	17,105
Traffic (RPK)	M	24,770	24,719	24,092	23,781	24,831
Capacity (ASK)	M	31,203	30,928	29,795	30,013	30,901
Load factor	%	79.4	79.9	80.9	79.2	80.4
<b>QantasLink</b>						
Passengers	'000	5,187	4,857	4,323	4,120	4,204
Traffic (RPK)	M	3,404	3,224	2,936	2,918	2,904
Capacity (ASK)	M	5,056	4,714	4,369	4,281	4,071
Load factor	%	67.3	68.4	67.2	68.2	71.3
<b>Jetstar Domestic</b>						
Passengers	'000	10,697	9,753	8,367	8,110	7,596
Traffic (RPK)	M	12,798	11,369	9,456	9,060	8,602
Capacity (ASK)	M	15,242	14,256	11,615	11,197	10,753
Load factor	%	84.0	79.8	81.4	80.9	80.0
<b>Qantas International<sup>1</sup></b>						
Passengers	'000	6,034	5,977	5,900	7,243	8,138
Traffic (RPK)	M	51,165	51,004	49,979	54,337	59,030
Capacity (ASK)	M	62,334	61,881	60,608	66,871	71,563
Load factor	%	82.1	82.4	82.5	81.3	82.5
<b>Jetstar International<sup>2</sup></b>						
Passengers	'000	4,677	4,096	3,910	2,123	1,578
Traffic (RPK)	M	13,106	11,935	11,037	8,412	7,099
Capacity (ASK)	M	17,474	15,628	14,316	11,355	9,731
Load factor	%	75.0	76.4	77.1	74.1	73.0
<b>Jetstar Asia<sup>3</sup></b>						
Passengers	'000	3,317	2,700	2,288	463	–
Traffic (RPK)	M	6,449	4,508	3,227	668	–
Capacity (ASK)	M	8,114	5,874	4,014	878	–
Load factor	%	79.5	76.7	80.4	76.0	–

1. Includes Australian Airlines in 2004/05

2. Jetstar International commenced operations in November 2006

3. Jetstar Asia became a Qantas Group subsidiary in April 2009. Jetstar Asia includes Singapore based operations only.

for the year ended 30 June

	Unit	2007	2006	2005	2004	2003
<b>Qantas Group</b>						
Passengers	'000	36,449	34,075	32,658	30,076	28,884
Traffic (RPK)	M	97,622	90,899	86,986	81,276	77,225
Capacity (ASK)	M	122,119	118,070	114,003	104,200	99,509
Load factor	%	79.9	77.0	76.3	78.0	77.6
<b>Qantas Domestic (excluding QantasLink)</b>						
Passengers	'000	16,350	15,772	16,145	17,700	16,789
Traffic (RPK)	M	23,709	22,449	22,472	23,711	22,496
Capacity (ASK)	M	29,783	28,347	28,078	29,713	28,754
Load factor	%	79.6	79.2	80.0	79.8	78.2
<b>QantasLink</b>						
Passengers	'000	3,858	3,316	3,058	2,996	3,527
Traffic (RPK)	M	2,507	2,092	1,879	1,931	2,332
Capacity (ASK)	M	3,523	3,048	2,596	2,687	3,233
Load factor	%	71.2	68.6	72.4	71.9	72.1
<b>Jetstar Domestic</b>						
Passengers	'000	6,882	5,599	4,384	315	–
Traffic (RPK)	M	7,752	5,941	4,346	277	–
Capacity (ASK)	M	9,944	7,990	6,004	383	–
Load factor	%	78.0	74.4	72.4	72.3	–
<b>Qantas International<sup>1</sup></b>						
Passengers	'000	8,600	9,188	9,401	9,111	8,568
Traffic (RPK)	M	60,709	59,948	58,631	55,395	52,397
Capacity (ASK)	M	74,596	78,012	77,834	71,455	67,522
Load factor	%	81.4	76.8	75.3	77.5	77.6
<b>Jetstar International<sup>2</sup></b>						
Passengers	'000	759	200	–	–	–
Traffic (RPK)	M	2,945	469	–	–	–
Capacity (ASK)	M	4,273	673	–	–	–
Load factor	%	68.9	69.7	–	–	–
<b>Jetstar Asia<sup>3</sup></b>						
Passengers	'000	–	–	–	–	–
Traffic (RPK)	M	–	–	–	–	–
Capacity (ASK)	M	–	–	–	–	–
Load factor	%	–	–	–	–	–

1. Includes Australian Airlines in 2004/05.

2. Jetstar International commenced operations in November 2006.

3. Jetstar Asia became a Qantas Group subsidiary in April 2009. Jetstar Asia includes Singapore based operations only.

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# QANTAS GROUP PORTFOLIO OF BUSINESSES

## QANTAS

Qantas is a single integrated airline providing airline transportation through its two Qantas brands - Qantas and QantasLink. Qantas is comprised of Commercial, Operations and support functions.

Qantas is Australia's largest full service airline, operating a fleet of 223 aircraft, carrying 28 million passengers to 72 destinations in Australia, New Zealand, Asia, North and South America, Africa and Europe. Qantas is a premium, full-service airline offering First, Business, Premium Economy and Economy products on certain international services, Business and Economy products on domestic services, a Frequent Flyer program, inflight meals/entertainment and airport lounges. Qantas manages a global sales and distribution network including qantas.com, Australia's leading travel website. Qantas is a founding member of the **oneworld** global airline alliance. QantasLink is a wholly-owned subsidiary of the Qantas Group serving 57 metropolitan and regional destinations across Australia and Port Moresby in Papua New Guinea with 59 aircraft and over 2,000 flights each week.

From 1 July 2012, Qantas will be restructured and Qantas Domestic and Qantas International will be formally managed as separate businesses within the Qantas Group.

### Qantas Commercial

Qantas Commercial focuses on the sales, distribution, network and marketing for the airline. Qantas distributes its products broadly, through travel agents, Qantas Telephone Sales centres, qantas.com and travel wholesalers such as Qantas Holidays. Commercial planning, inventory management and pricing aim to achieve an optimal return from a network offering designed to suit the needs of a wide range of customers. Alliance and Codeshare Development work with 26 codeshare partners, including administering Qantas **oneworld** membership, while looking for further

opportunities with other airlines. Marketing encompasses all aspects of Qantas' advertising and promotional activities, using traditional and emerging digital media channels, as well as leveraging Qantas' sporting, arts and community sponsorships under the "Sharing the Spirit Program".

### Qantas Operations

Qantas Operations comprises Customer Experience, Inflight Services, Cabin Crew and Customer Care, Flight Operations, Engineering, Ground Handling, Catering, and Qantas Aviation Services.

### Customer Operations

Customer Experience is responsible for designing and delivering the end-to-end customer experience on the ground and in the air. This involves incorporating customer feedback, market segmentation, competitive benchmarking and economic analysis to design and develop world-leading products and services which strengthen the Qantas brand and enhance customer satisfaction. Inflight Services is responsible for ensuring every item that is needed on board any flight is sourced, purchased, shipped and loaded on board every aircraft in the correct quantities. Our Cabin Crew team deliver an exceptional service experience for our customers onboard, whilst our dedicated Customer Care unit is responsible for managing post-flight customer service and recovery.

### Flight Operations

Qantas Flight Operations manages around 2,100 pilots and the associated planning, training and scheduling required to execute Qantas' premium domestic and international flying program. Flight Operations' objective is to ensure the safe, effective and efficient flying operations of Qantas' premium airline. As industry leaders in technology development, Flight Operations is helping Qantas harness the full potential of both its technological expertise and industry experience to set the highest operational standards to deliver world's best safety.

for the year ended 30 June

<b>Qantas Financial Statements \$M</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>
External segment revenue		10,682	10,265	9,588
Intersegment revenue		1,151	1,050	1,021
<b>Total Qantas revenues</b>		<b>11,833</b>	<b>11,315</b>	<b>10,609</b>
Share of net (loss)/profit of associates and jointly controlled entities		6	10	(13)
<b>Qantas Underlying EBITDAR</b>		<b>1,503</b>	<b>1,650</b>	<b>1,415</b>
Depreciation and amortisation		(1,262)	(1,124)	(1,069)
Non-cancellable operating lease rentals		(262)	(298)	(279)
<b>Qantas Underlying EBIT</b>		<b>(21)</b>	<b>228</b>	<b>67</b>

<b>Operational Data</b>	<b>Unit</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Destinations	#	72	76	75
Daily departures	#	720	718	709
Number of passengers	'000	28,017	27,907	26,863
RPK	M	79,339	78,947	77,007
ASK	M	98,593	97,523	94,772
Load factor	%	80.5	81.0	81.3
Number of aircraft <sup>1</sup>	#	223	207	191
Qantas domestic on time departures < 15 minutes <sup>2</sup>	%	84.4	83.8	87.7
Number of FTE <sup>3</sup>	#	26,936	27,322	27,149

1. Includes Qantas, QantasLink and Network Aviation.

2. Excludes QantasLink and Network Aviation.

3. Full-time equivalent (FTE) employees from 2011 onwards are as at 30 June. Prior to 2011, FTE employees were stated as an average over the period.

## Engineering

Qantas Engineering operates one of the largest aircraft engineering and maintenance organisations in the Asia-Pacific region. Qantas Engineering operates facilities in Adelaide, Avalon, Brisbane, Los Angeles, Tamworth and Sydney. The Melbourne facility was closed in August 2012.

## Ground Handling

The Qantas Group's domestic and international airport operations provide a range of services to the Qantas Group airlines and other international airlines, including check-in, baggage handling, load control and the operation of lounge facilities.

The Qantas Group currently owns and operates its own domestic terminals in Sydney and Melbourne. Qantas also operates its own leased domestic terminals in Brisbane, Hobart and Perth and shares facilities at common-user terminals at other ports across Australia and overseas.

Qantas operates 33 lounges as part of its domestic terminal operations and 20 international lounges, offering Qantas Club members, First and Business class customers a relaxed and efficient working environment. Qantas Airports handle 27 million passengers yearly and has 26 external airline customers.

## Catering

The Qantas Catering Group is the largest flight caterer in Australia, servicing premium airlines, special needs of VIP aircraft and charter operations. Meals produced are supplied to Qantas, QantasLink and other external customers.

The Qantas Catering Group consists of the premium catering business, Q Catering, and the meal component manufacturer Snap Fresh. They produced 37 million meals across eight facilities Australia-wide for over 25 customers in 2011/12. Q Catering and Snap Fresh are ISO22000 certified, making the Qantas Group the first multi-site flight caterer in the world to achieve this certification at all of its locations.

Q Catering currently services customers through seven centres around Australia in Adelaide, Brisbane, Cairns, Melbourne, Perth, and its two centres in Sydney. Following a review of business operations, ownership of one Sydney centre and the Cairns site will pass to Gate Gourmet as part of a sale agreement. The transition is expected to take place in late 2012 following regulatory approval.

The Snap Fresh business in Queensland provides Qantas state of the art centralised production of meal components for airline and non-airline customers.

## Qantas Aviation Services

Qantas Aviation Services is responsible for Ground Support Equipment, Ground Services and Fleet Presentation.

Qantas Defence Services (QDS) provides expert maintenance support for the Royal Australian Air Force (RAAF) C130 Hercules aircraft, engine overhaul services for the RAAF's Hercules C130H, Orion P3 and Hawk Lead in Fighter, and maintenance and operational support for the Australian Government's VIP aircraft and the RAAF's new Multi Role Tanker Transport (MRTT) fleet. QDS is also providing aircraft conversion services for Airbus Military for the MRTT program.

## Network Aviation

Network Aviation is a Western Australian based airline that has been supplying charter services to organisations in the resource sector since 1998. Network Aviation currently operates a fleet of six Fokker F100s (100 seat jets) and seven Embraer E120s (30 seat turboprops) out of Perth Airport where it has its own terminal, hangar and engineering services. An additional six F100 aircraft have been acquired and are awaiting manufacturer heavy maintenance overhaul to expand its operations. Network Aviation continues to operate under its own brand and livery. It currently employs 207 staff that report through to the Qantas Regional Airlines Group.

## JETSTAR

Jetstar is the Qantas Group's low cost airline brand. Jetstar is a wholly-owned subsidiary of the Qantas Group and operates under separate management to Qantas. Based in Melbourne, Jetstar commenced operations on 25 May 2004 and is now the largest low cost carrier in Asia Pacific (based on gross revenue). Jetstar is comprised of Jetstar Domestic, Jetstar International (including New Zealand based operations), a 49 per cent holding in Singapore based Jetstar Asia/Valuair (consolidated business), an investment in Vietnam based Jetstar Pacific (30 per cent equity holding) and more recently, an investment in Jetstar Japan (41.7 per cent equity holding). All three investments from July 2012 operate under brand and business service agreements with Jetstar.

As at 30 June 2012, Jetstar brands comprised 11 A330-200 aircraft operating long haul international flying from Sydney, Melbourne, Cairns and the Gold Coast to Asia and Honolulu, 69 single-class Airbus A320/A321 aircraft operating domestically and internationally within and from Australia and New Zealand, as well as across Asia. During 2011/12, Jetstar entered seven incremental A320/A321 aircraft and two A330 aircraft into service, growing its Australian, New Zealand and Asian markets.

### New Zealand based operations

Jetstar's New Zealand (NZ) market has grown substantially since it first commenced international flying on the trans-Tasman market from Christchurch in December 2005. In April 2009, Jetstar entered the Auckland market with daily services to Sydney and the Gold Coast, and in June 2009 Jetstar replaced Qantas in the domestic NZ market. Jetstar currently has eight aircraft based in NZ operating 90 services a week between Auckland, Christchurch, Queenstown, Dunedin and Wellington. As of July 2012, Jetstar's domestic NZ market capacity share is 21 per cent (as measured in ASKs). In 2011/12, Jetstar consolidated key markets with the implementation of an additional A320 aircraft to increase frequencies in domestic routes.

### Pan-Asian Strategy

Jetstar continues to strengthen its presence as a pan-Asian carrier. Within Asia, there are now Jetstar branded airlines in Singapore, Vietnam and Japan, with Hong Kong to be added in 2013, subject to regulatory approval.

Jetstar Asia continues to grow with an extra three A320 aircraft added in 2011/12. This new capacity has focussed on increasing Jetstar's competitive relevance on core leisure markets including Bangkok, Ho Chi Minh City, Hong Kong, Jakarta and Kuala Lumpur. As at 30 June 2012, Jetstar Asia was the most profitable low cost carrier (LCC) based in Singapore.

During 2011/12, Jetstar Pacific announced a new partnership structure with Vietnam Airlines replacing the Vietnamese State Capital Investment Corporation as the majority shareholder. Through this new partnership, Jetstar Pacific received an initial capital injection of A\$25 million (A\$7.5 million from the Qantas Group) which will be directed towards fleet renewal, replacing B737 aircraft with new A320 aircraft.

Jetstar Japan, a partnership with Japan Airlines, Mitsubishi Corporation and Century Tokyo Leasing, launched operations in July 2012 with three A320 aircraft to five domestic destinations including Tokyo, Osaka, Sapporo, Fukuoka and Okinawa. The airline is expected to grow to 24 aircraft within the first three years and add short-haul international flights during 2013, subject to regulatory approval.

Jetstar Hong Kong, whose founding shareholders will be Jetstar and China Eastern Airlines, will be the first LCC based in Hong Kong and the first airline LCC joint venture established with one of the big three Chinese carriers. Jetstar Hong Kong is scheduled to launch during 2013, subject to regulatory approval.

Pan-Asia growth is also supported by Jetstar International which provides traffic flow from Australia to Asia.

### Long-haul International

Long haul international flying commenced on 23 November 2006 offering two-class services from Sydney, Melbourne, Cairns and Gold Coast. The fleet has grown to 11 A330 aircraft by June 2012, with the first delivery of the B787-800 Dreamliner due in late 2013. This will cement future long haul growth in Asia and southern Europe.

for the year ended 30 June

Jetstar Financial Statements \$M	2012	2011	2010
External segment revenue	2,915	2,446	2,012
Intersegment revenue	161	167	185
<b>Total Jetstar revenues</b>	<b>3,076</b>	<b>2,613</b>	<b>2,197</b>
Share of net loss of associates and jointly controlled entities	(19)	(6)	(3)
<b>Jetstar Underlying EBITDAR</b>	<b>574</b>	<b>508</b>	<b>463</b>
Depreciation and amortisation	(88)	(71)	(17)
Non-cancellable operating lease rentals	(283)	(268)	(315)
<b>Jetstar Underlying EBIT</b>	<b>203</b>	<b>169</b>	<b>131</b>

Operational Data	Unit	2012	2011	2010
Destinations	#	58	56	55
Daily departures	#	340	352	269
Number of passengers	'000	18,691	16,549	14,565
RPK	M	32,353	27,812	23,720
ASK	M	40,830	35,758	29,945
Load factor	%	79.2	77.8	79.2
Number of aircraft <sup>1</sup>	#	80	71	59
Jetstar domestic arrivals < 15 minutes	%	77.6	77.3	82.9
Number of FTE <sup>2</sup>	#	4,813	4,188	3,098

1. Excludes Jetstar Pacific and Jetstar Japan.

2. Full-time equivalent (FTE) employees from 2011 onwards are as at 30 June. Prior to 2011, FTE employees were stated as an average over the period. 2011 restated to include Jetstar Asia.

## JETSTAR ROUTE MAP

As at 3 July 2012



## QANTAS FREIGHT

Qantas has been carrying freight since the airline's inaugural regular scheduled service in 1922, and uplifting international mail since the airline's first overseas flight to Singapore in 1935. Today, the Qantas Group's freight assets are controlled by the wholly-owned subsidiary Qantas Freight Enterprises Limited (QFE).

Internationally, Qantas Freight markets the freight capacity of all Qantas, Jetstar Asia and most Jetstar International aircraft and operates a fleet of three wet-leased B747-400F freighters and one dry leased B767-300F freighter. Qantas Freight offers services to over 50 destinations in 23 countries. This network is complemented by commercial agreements with oneworld and other carriers and through the use of road feeder services in Australia, Europe and North America.

Qantas Freight operates a further four B737-300SF freighters which are leased through Express Freighters Australia which holds its own Air Operators Certificate (AOC) to its domestic express joint venture vehicle, Australian air Express (AaE).

Qantas Freight is Australia's largest handler of international air cargo, operating its own facilities in Sydney, Melbourne, Brisbane, Perth and Los Angeles, servicing both Qantas and third party clients.

QFE has two wholly owned subsidiaries: Jets Transport Express, a specialist provider of trucking services for air freight movements within Australia, enabling effective management of the airside/trucking interface; and Qantas Courier, which utilises the network of the Qantas Group and third party suppliers (including QFE's joint ventures) to offer a wide range of courier and baggage services.

In the domestic express sector, Qantas currently owns 50 per cent of two joint ventures with Australia Post: AaE and StarTrack. A successful reconfiguration of these businesses was concluded in November 2011 which leveraged the strengths of these leading express freight brands and consolidated common functions. The retail division of AaE was merged with StarTrack, enabling StarTrack to be a door-to-door express, offering a market leading service via road and air. AaE is now solely focussed on domestic air linehaul and cargo terminal operations, leveraging Australia's largest airport to airport air linehaul network.

In October 2012, Qantas announced it had reached agreement to sell its 50 per cent stake in StarTrack to Australia Post and acquire 100 per cent of AaE. Subject to regulatory approvals, the transaction is expected to be completed in the fourth quarter of calendar year 2012.

for the year ended 30 June

<b>Qantas Freight Financial Statements \$M</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>
External segment revenue		1,004	1,048	1,003
Intersegment revenue		9	6	4
<b>Total Qantas Freight revenues</b>		<b>1,013</b>	<b>1,054</b>	<b>1,007</b>
Share of net profit of jointly controlled entities		16	18	12
<b>Qantas Freight Underlying EBITDAR</b>		<b>67</b>	<b>80</b>	<b>61</b>
Depreciation and amortisation		(18)	(16)	(13)
Non-cancellable operating lease rentals		(4)	(2)	(6)
<b>Qantas Freight Underlying EBIT</b>		<b>45</b>	<b>62</b>	<b>42</b>

<b>Operational and Key Data</b>	<b>Unit</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
AFTK, international <sup>1</sup>	M	4,137	4,191	3,925
Terminal tonnes <sup>1</sup>	'000	538	548	584
Freight aircraft, international	#	4	4	4
Freight aircraft, domestic	#	4	4	4
Number of FTE <sup>2</sup>	#	927	880	1,227

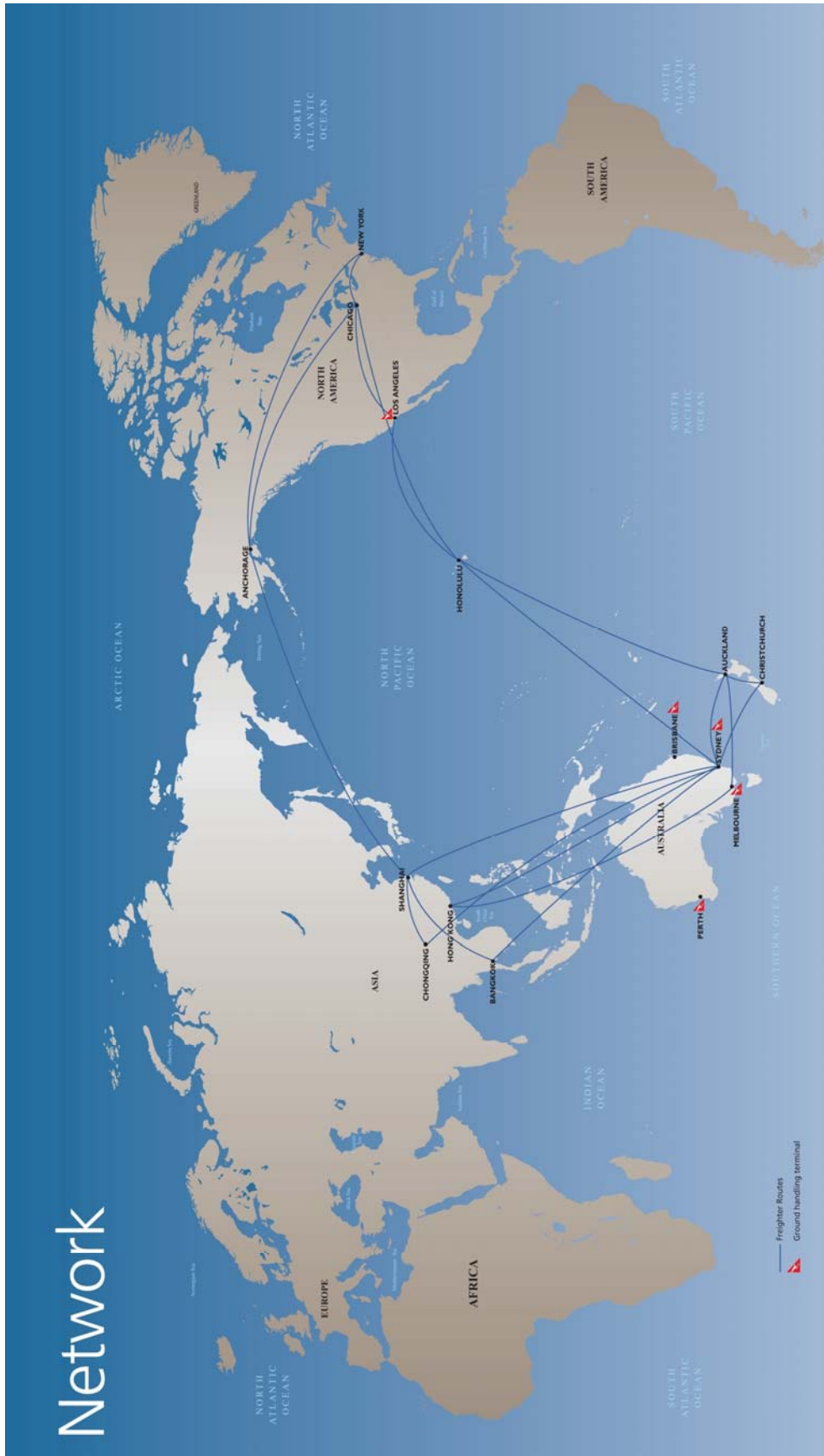
1. 2011 restated.

2. Full-time equivalent (FTE) employees from 2011 onwards are as at 30 June. Prior to 2011, FTE employees were stated as an average over the period. Includes DPEX Worldwide and Jets Transport Express.



# FREIGHTER ROUTE MAP

As at 30 June 2012



## QANTAS FREQUENT FLYER

Qantas Frequent Flyer (QFF) is Australia's premier coalition loyalty program, with over 8.6 million members.

Since establishing QFF as a separate segment in 2007, QFF has built a scalable business with a deep understanding of members and their behaviour. QFF is responsible for administering and growing the QFF program.

In 2011/12, QFF continued to make significant developments in expanding and diversifying its revenue stream. Wishlist, an employee recognition and incentive business was integrated into QFF and Optus became an additional major earn partner. QFF continues to investigate further expansion opportunities through its data analytics capabilities and potential to partner with offshore loyalty programs.

QFF has over 500 earn partners who pay QFF to issue points to members when members purchase partner products or services. The combination of a wide partner network for earning, and a large member base, makes the QFF program more valuable to both partners and members.

QFF members can use their points for a wide range of awards including Classic and Any Seat Award flights on Qantas, Jetstar and 24 partner airlines and their affiliates, upgrades on eligible Qantas flights and over 3,300 products and vouchers in Australia and 1,300 in New Zealand through the Qantas Frequent Flyer Store.

for the year ended 30 June

<b>QFF Segment Financial Statement \$M</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total QFF revenue and other income	1,157	1,148	1,108
Share of net profit of associates and jointly controlled entities	-	-	-
<b>QFF Underlying EBITDAR</b>	<b>234</b>	<b>345</b>	<b>330</b>
Depreciation and amortisation	(3)	(3)	(2)
Non-cancellable operating lease rentals	-	-	-
<b>QFF Underlying EBIT</b>	<b>231</b>	<b>342</b>	<b>328</b>

<b>Normalisation Adjustment \$M</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Normalised EBIT <sup>1</sup>	231	202	167
Normalisation adjustment	-	140	161
Underlying EBIT	231	342	328

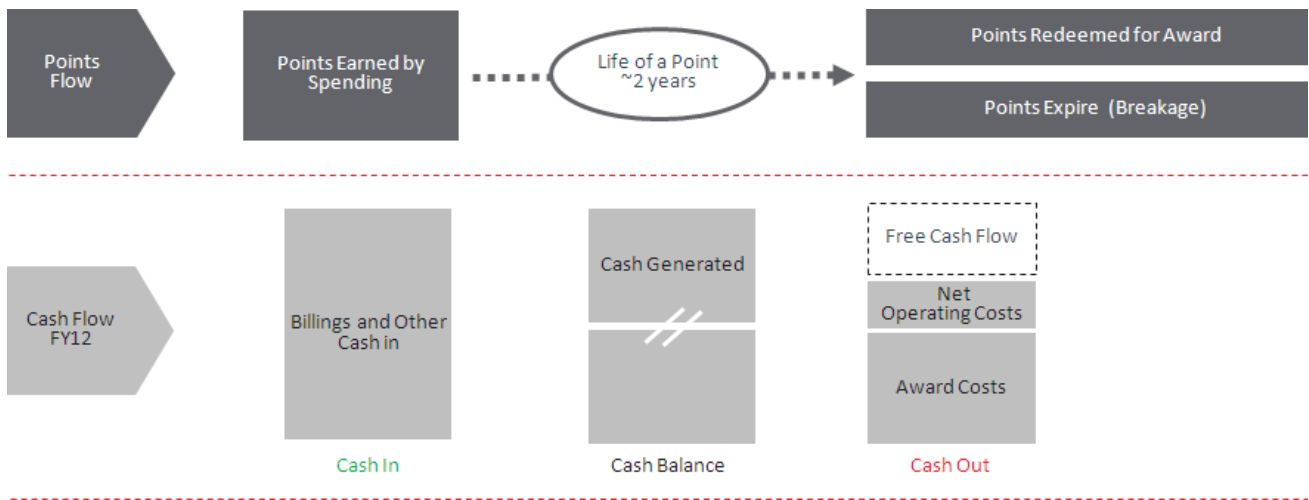
<b>Key Operating Measures</b>	<b>Unit</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Underlying billings	\$M	1,187	1,042	952
Partners	#	>500	>500	490
Employees <sup>2</sup>	#	194	92	82
Members	#M	8.6	7.9	7.2
Awards redeemed	#M	5.1	4.4	4.0
Classic airline partners	#	24	25	27
Products available in store	#	3,300	2,000	1,850

1. Normalised EBIT is a non-statutory measure which creates a comparable basis for the presentation of results. It adjusts Qantas Frequent Flyer Underlying EBIT for the effect of change in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009.

2. Full-time equivalent (FTE) employees from 2011 onwards are as at 30 June. Prior to 2011, FTE employees were stated as an average over the period. 2012 includes Wishlist employees.



## Business Model Financials



### Business Model

A coalition loyalty program enables members to maximise points earned from everyday purchases with program partners across a wide range of consumer spend categories. When QFF members earn points by spending on partner products or services, QFF holds the points and cash until the points are redeemed for an award in the future.

QFF is required to defer the 'fair value' of the future reward until the member redeems an award. The billings amount received in excess of the 'fair value', known as 'marketing revenue', is recognised upfront on points issuance. On redemption, QFF recognises the deferred redemption revenue as well as incurring the associated cost of the award.

### Earn Partners

QFF has over 500 earn partners, who pay QFF to issue points to members when they purchase partner products or services, creating loyalty to the partner and rewarding the member for that loyalty.

Members can earn points with a wide range of coalition partners including Qantas and 24 airline partners and their affiliates, 15 leading credit card issuers, the Woolworths Group, Optus, hotels, car rental companies, restaurants, entertainers and other retailers.

In recent years, several significant new partners have joined the program, including Woolworths Caltex fuel outlets, One Path (life insurance), Woolworths Everyday Rewards Qantas Credit Card and the Qantas American Express Discovery card.

During 2011/12, Optus joined as a new non-card partner in addition to Bankwest, Jetstar Mastercard and Qantas Staff Credit Union. The recent announcement of a partnership with David Jones American Express and store cards introduces Qantas Frequent Flyer points as a new reward option to the program.

The most recent airline partner to join the oneworld alliance during 2011/12 was airberlin with Malaysia Airlines joining the alliance in 2012/2013.

Having a wide range of everyday shopping partners in the coalition allows members to earn enough points for a reward more quickly, especially by 'double dipping', which means earning points from a partner and earning more points by paying with a QFF linked credit card.

QFF's business development efforts are focused on developing partnerships with leading brands in Australia and New Zealand across consumer spend categories not currently represented in the program.

### Marketing

QFF utilises advanced analytics to build a deep understanding of member behaviour. QFF can then target relevant offers from partners utilising a variety of communication channels.

Optimisation of offers and channels provides positive member experiences and successful business outcomes for partners.

### Awards

QFF has a wide range of awards available for redemption. Classic Award flights on Qantas, Jetstar, oneworld and other airline partners are the traditional frequent flyer award seats, offering the best value with limited availability. Classic Awards can be in the form of one-way, return or multi-destination flights as well as flight upgrades.

Any Seat Awards were introduced in July 2008 to offer more choice and flexibility when using points to book an Award Flight. Points can be used for a Qantas and Jetstar Any Seat Award on any available seat on any Qantas or Jetstar flight with a QF or JQ flight number and for combined travel on over 40 selected airlines to over 100

additional destinations. As long as there is a seat available for sale, there is a redemption option under Qantas and Jetstar Any Seat Award. The points needed for flights include surcharges, fees and taxes, and vary depending on the flight chosen. Members can use all points or Points + Pay.

The QFF Store has an extensive range of quality merchandise, vouchers and unforgettable experiences. Members can choose from more than 3,300 products and vouchers, including delivery in Australia and in New Zealand.

### **Enhancements to the Program**

QFF made several enhancements to the program during 2011/12 including:

- improvements to tier retention, upgrade, loyalty bonus and Platinum One;
- the launch of Optus as an earn partner as well as Bankwest, Jetstar Mastercard and Qantas Staff Credit Union card partners; and
- a new look QFF Store with a wider range of products.

# GLOSSARY

## A

**AFTK, Available freight tonne kilometres** – Total freight tonnage capacity available, multiplied by the number of kilometres flown.

**ASK, Available seat kilometre** – A measure of an airlines' capacity. Total number of seats available for passengers, multiplied by the number of kilometres flown.

**Australian domestic on-time arrivals** – The percentage of Australian domestic on-time arrivals from 1 July to 30 June. A flight arrival is counted as on time if it arrives at the gate within 15 minutes of the scheduled arrival time for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the definition by BITRE.

**Australian domestic on-time departures** – The percentage of Australian domestic on-time departures from 1 July to 30 June. A flight departure is counted as on time if it departs from the gate within 15 minutes of the scheduled departure time for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the definition by BITRE.

**Average fleet age – scheduled passenger fleet** – The average age of the Group's scheduled passenger fleet (excluding dedicated freighters and Network Aviation fleet) based on manufacturing dates. Includes Jetstar Asia but excludes Jetstar Pacific.

**Average FTE** – Average full-time equivalent for the 12 months ending 30 June.

**Aviation fuel consumption** – The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July to 30 June. Aviation fuel consumption does not include consumption by codeshare partners. Aviation fuel consumption by Network Aviation is included from 11 February 2011.

## B

**Block hours** – The time between the aircraft leaving the departure gate and arriving at the destination gate.

**BITRE** – Bureau of Infrastructure, Transport and Regional Economics (refer to [www.bitre.gov.au](http://www.bitre.gov.au)).

## C

**CO<sub>2</sub>-e emissions from aviation (Australia)** – The amount of greenhouse gas emissions within Australia measured in carbon dioxide equivalent (CO<sub>2</sub>-e) tonnes generated from aviation fuel consumption (as defined above) from 1 July to 30 June that is reportable under the National Greenhouse and Energy Reporting Act 2007 (NGER Act).

**CO<sub>2</sub>-e emissions from aviation (Group)** – The amount of greenhouse gas emissions measured in carbon dioxide equivalent (CO<sub>2</sub>-e) tonnes generated from aviation fuel (as defined above) from 1 July to 30 June. Under the Australian Government's Department of Climate Change and Energy Efficiency National Greenhouse Accounts (NGA) Factors, emissions incorporated into the calculation include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO<sub>2</sub>-e.

**CO<sub>2</sub>-e emissions from aviation (rest of world)** – The difference between CO<sub>2</sub>-e emissions from aviation (Group) and CO<sub>2</sub>-e emissions from aviation (Australia).

**CAPEX (Capital Expenditure)** – Payments for capital assets.

## E

**Earnings per share (EPS)** – Profit after tax divided by the weighted average number of issued shares.

**EBIT** – Earnings before interest and tax.

**EBITDA** – Earnings before interest, tax, depreciation and amortisation.

**EBITDAR** – Earnings before interest, tax, depreciation and amortisation and rentals (leasing costs for aircraft).

## F

**FTE** – Full-time equivalent.

## M

**Market capitalisation** – Share price at 30 June multiplied by the number of outstanding shares.

## N

**Number of full-time equivalent employees** – The total number of full-time equivalent (FTE) employees as at 30 June, reported in total for each segment of the Qantas Group in Australia and overseas. This is calculated using standard working hours for full-time and part-time employees and actual hours worked by the casual and temporary workforce.

## P

**Passenger load/seat factor** – Revenue passenger kilometres divided by available seat kilometres expressed as a percentage. Percentage of total passenger capacity actually utilised by paying passengers.

**PAT** – Profit after tax.

**PAX** – Passengers.

**PBT** – Profit before tax.

**Percentage of part-time employees** – The percentage of part-time positions in the wholly owned entities of the Qantas Group in Australia and overseas as at 30 June. Part-time positions include permanent and temporary part-time positions. Part-time employees is defined as those whose assigned working hours (as per contract) are lower than the position's standard working hours.

## R

**Return on equity** – Profit after tax divided by average shareholders' equity.

**RPK, Revenue passenger kilometre** – Number of paying passengers carried, multiplied by the number of kilometres flown.

**RFTK, Revenue freight tonne kilometre** – Number of tonnes of paid freight and mail traffic multiplied by the number of kilometres flown.

## Y

**Yield (excluding FX)** – Net passenger revenue, excluding foreign exchange and passenger recoveries, divided by revenue passenger kilometres.

