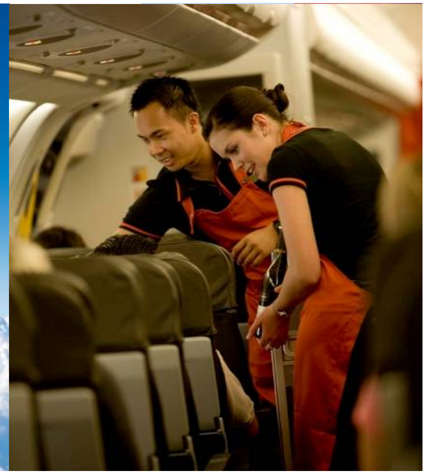
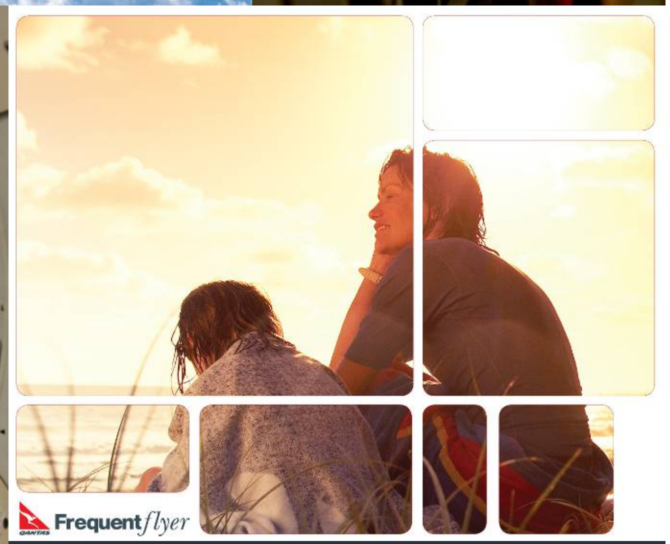


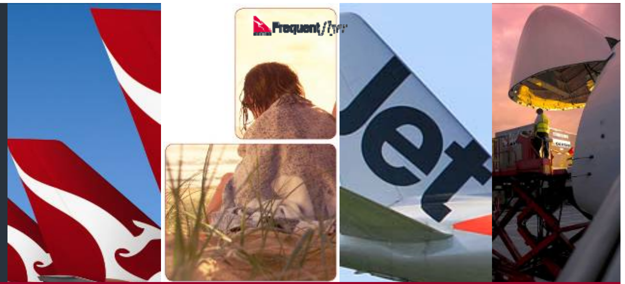



2007/08 Full Year Results
Supplementary Information

QantasGroup
Brands with Spirit

Group Highlights



		Year Ended 30 June 08 $m	Year Ended 30 June 07 $m	Variance Fav/(Unfav) $m	Variance Fav/(Unfav) %
Revenue	$m	16,192	15,060	1,132	7.5
Operating Expenditure	$m	12,948	12,252	696	5.7
EBIT	$m	1,362	976	385	39.6
Profit before tax	$m	1,407	965	443	45.9
Profit before tax (pre IFRIC 13 reported)	$m	1,407	1,032	375	36.4
NPAT	$m	970	673	297	44.1
PBT Margin	%	8.7	6.4	2.3	35.8
Earnings Per Share	(¢)	50.2	34.0	16.2	47.6
Dividend per Share	(¢)	35.0	30.0	5.0	16.7
Return on Equity	%	16.9	11.9	5.0	41.8

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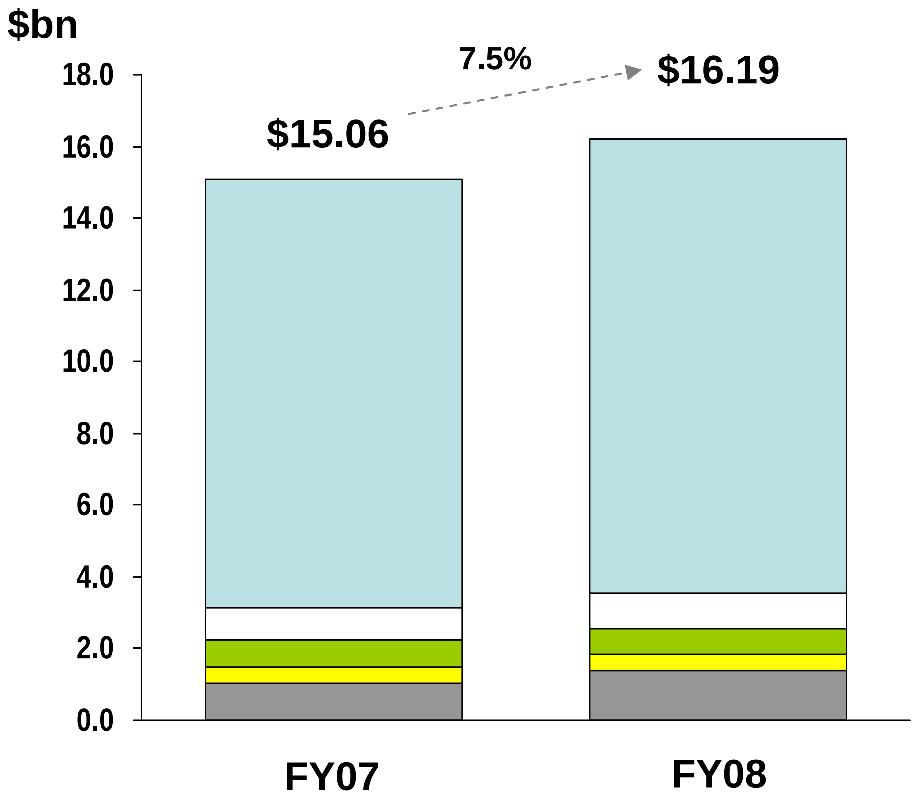
Revenue



RPKs (m) 97,622 → 5.0% → 102,466

- Net passenger revenue up 6.2%
- Net freight revenue up 5.0%
- Tours and travel revenue down 3.8%
- Contract work revenue up 4.4%
- Revenue from other sources up 34.3%

Note: All revenue movements include exchange

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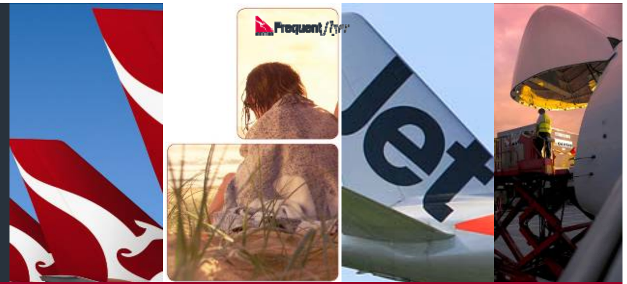
Revenue



- **Sales and operating revenue up 7.5%**

- **Net passenger revenue up 6.2%**
  - Group RPKs up 5.0%
  - Group yield per RPK up 1.1% including exchange

- **Contract work revenue up 4.4%**
  - Favourable activity in Qantas Defence Services (QDS)
  - Increased third party catering volumes

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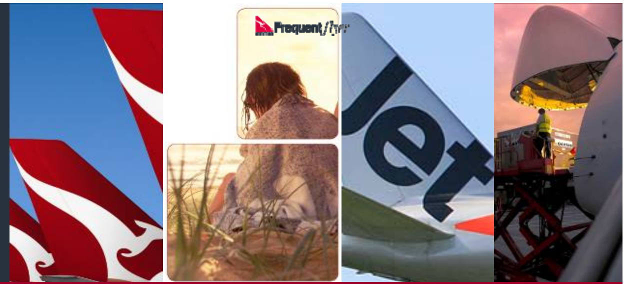
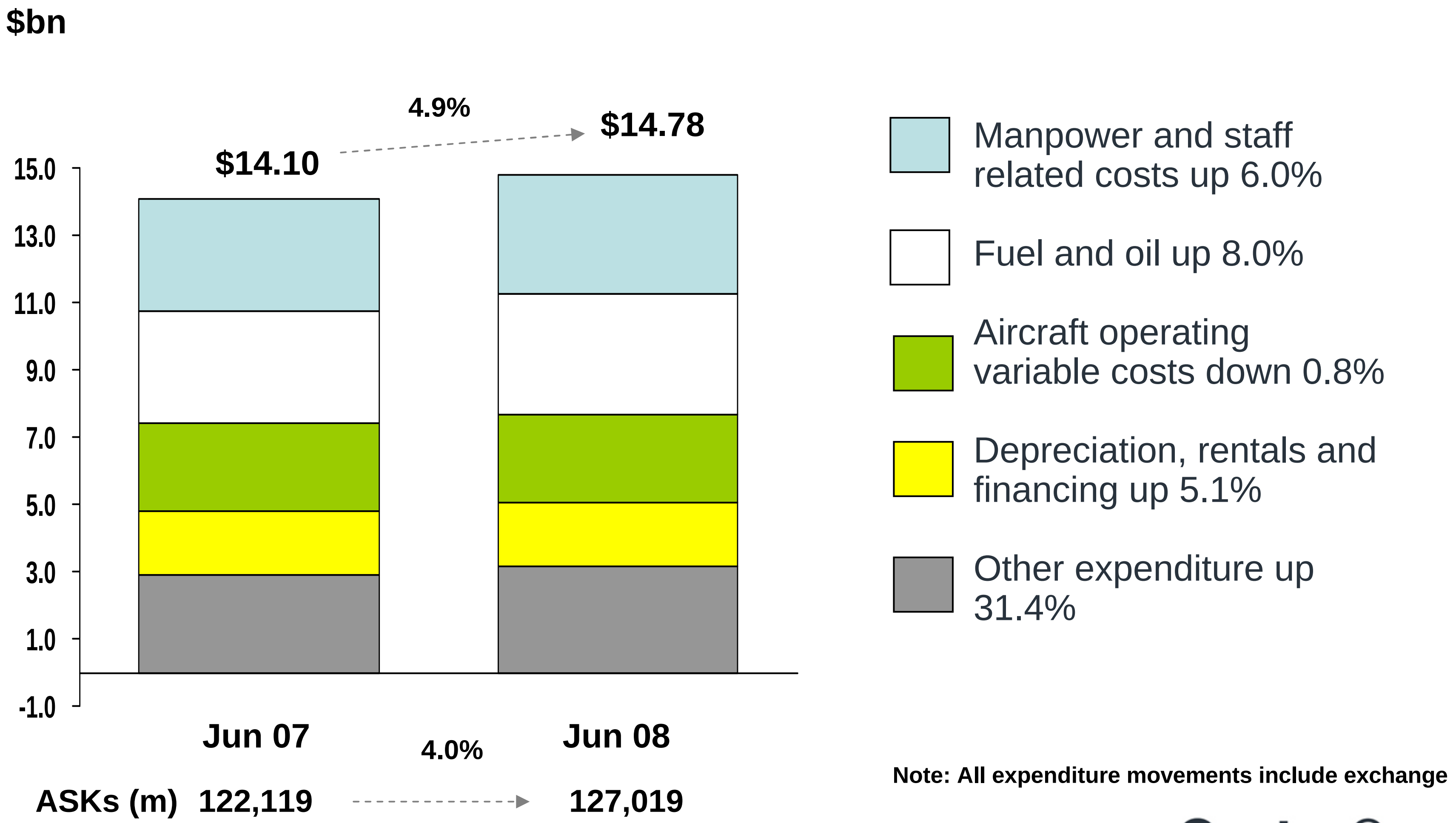
Revenue



- **Net freight revenue up 5.0%**
  - Recognition of full year DPEX revenue and favourable movement in air cargo revenue from higher yields
- **Tours and travel revenue down 3.8% versus prior year**
  - Passenger numbers down 3.1%
  - FX unfavourable $21 million
- **Other income up 34.3%**
  - Increase of $196 million in liquidated damages received compared to prior year
  - Other Frequent Flyer revenue increased by $39 million together with Sustainable Future benefits of $35 million

Expenditure



Note: All expenditure movements include exchange

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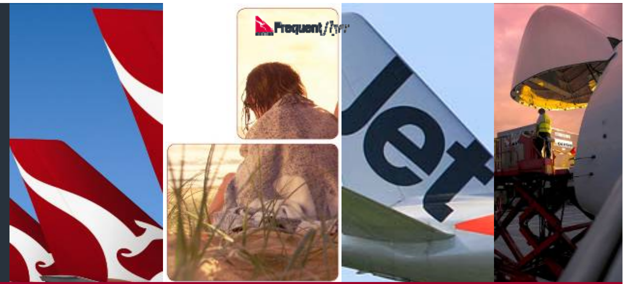
Expenditure



- **Operating expenditure up 5.7%**
- **Manpower and staff related costs up 6.0%**
  - Increase in wages under EBAs
  - Capacity growth up 4.0% driving increased activity costs
  - Restructuring costs captured as part of the Sustainable Future Program (SFP) offset by SFP Benefits
- **Aircraft Operating Variable costs down 0.8%**
  - Reflects price related increases particularly airport charges. Activity related increases due to additional international departures and activity requirements in the maintenance plan.
  - Price and activity related increases offset by SFP Benefits along with favourable Foreign Exchange movements.

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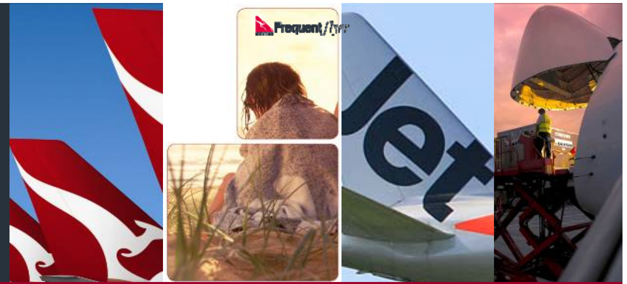
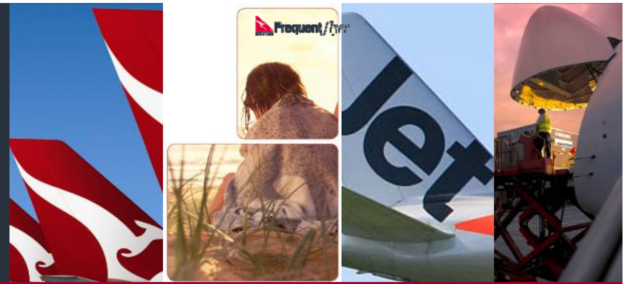
Expenditure



- **Fuel costs up 8.0%**
  - The underlying into-plane fuel price increased by 34.0 per cent
  - Hedging benefits up $554 million
  - Favourable FX reduced fuel costs by $431 million
  - Consumption increased by $142 million due to activity
  - AASB 139 (Financial Instruments) adverse impact of $39 million due to timing associated with ineffectiveness testing

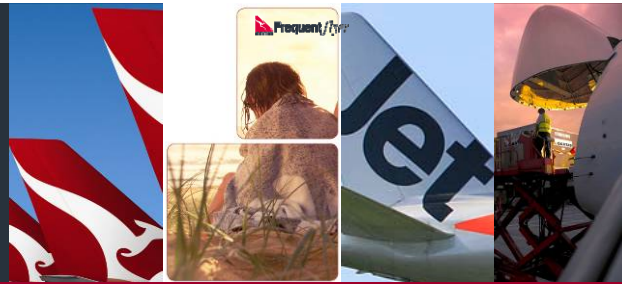
- **Selling and marketing costs up 9.2%**
  - Qantas and Jetstar brand advertising
  - Commissions and Marketing Support spend up due to activity

Expenditure



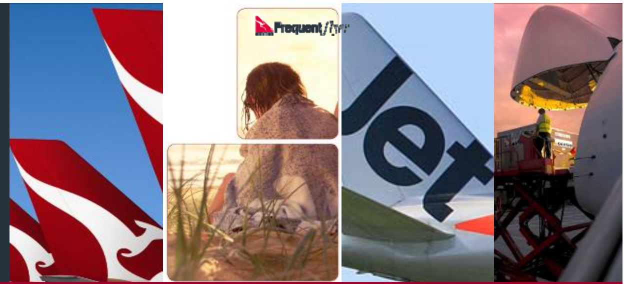
- **Property costs down 1.2%**
  - Price increases and additional charges attributable to Hanger 96 in Sydney (due to A380 modifications)
  - Favourable variance for accounting for lease provisions in the prior year.
- **Computer and communications up 19.7% (25.5% net of capitalisation)**
  - Project costs increase including new projects for Application Support Transformation and Catering
  - Application support costs reflecting the outsourcing of internal IT systems support function were partially offset by manpower savings

Expenditure



- **Tours and travel cost of sales down 5.2%**
  - Due to lower T&T revenue
  - Favourable FX movements together with reduced passenger numbers
- **Capacity hire costs down by 11.0%**
  - Favourable FX movements
  - Withdrawal of Japan Airlines from Sydney to Osaka route reduced code-share costs $10 million
  - Offset by price increases of $6 million
- **Other costs up 31.4%**
  - Additional Freight Cartel Provisions of $64 million
  - Partially offset by capitalisation on IT projects
  - FX hedging losses (offset by benefits in other P&L categories) and AASB139 adjustments

Expenditure

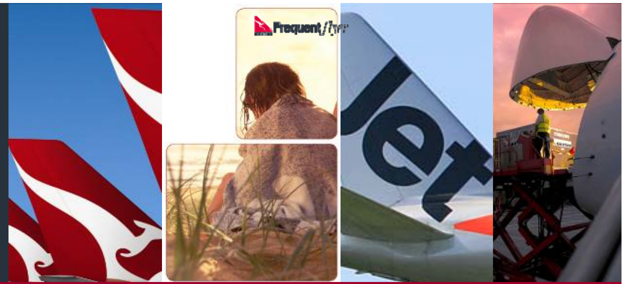


– **Depreciation and amortisation costs up 7.8%**
  – Accelerated depreciation and asset write-downs of $165 million

– **Net finance income improved $56m**
  – Higher interest received and additional capitalised interest on aircraft progress payments

– **Net FX movements of $239 million had a positive impact on the PBT result**

Group Unit Cost and SFP Performance



- SFP benefits of $747 million – labour savings $186 million, fuel savings $60 million, distribution savings $194 million and fleet, product and overhead savings of $307 million.
- Contributed to a normalised unit cost reduction of 2.3%
- Cumulative SFP benefits of $3 billion delivered since the program was introduced

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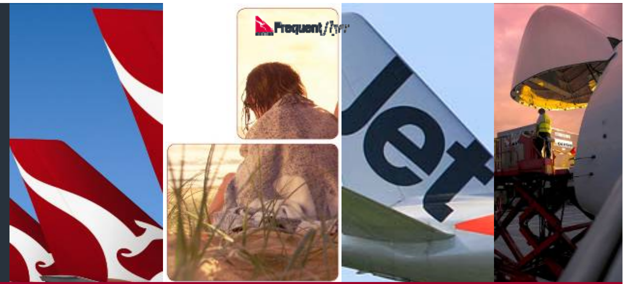
Yield



- Total yield (Qantas, QantasLink and Jetstar) excluding exchange for the current period increased by 3.3% when compared with the same period last year
- Total domestic yield (Qantas, QantasLink and Jetstar) excluding exchange for the current period decreased by 1.0% when compared with the same period last year
- Total international yield (Qantas and Jetstar) excluding exchange for the current period increased by 6.3% when compared with the same period last year

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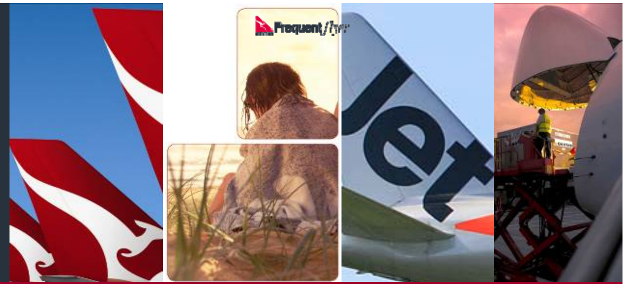
Segment Profit Before Tax



Year Ended 30 June	PBT			
	2008 **$m**	**2007** **$m**	**Increase/ (Decrease) $m**	**Increase/ (Decrease) %**
Qantas Flying Brands	**935.3**	**769.1**	166.2	21.6
Qantas Freight Enterprises	**63.7**	**64.9**	(1.2)	(1.8)
Qantas Frequent Flyer	**233.9**	**210.6**	23.3	11.1
Jetstar Flying Brands **	**115.7**	**81.9**	33.8	41.3
Qantas Holidays	**42.4**	**46.0**	(3.6)	(7.8)
Q Catering *	**13.0**	**19.1**	(6.1)	(31.7)
Corporate Overheads	**(205.0)**	**(203.0)**	(2.0)	1.0
Corporate one-offs/Unallocated	**205.0**	**(27.1)**	232.1	(856.5)
Eliminations	**3.6**	**3.6**		
Group	**1,407.6**	**965.1**	**442.5**	**45.9**

* Q Catering includes a $15m market rebate to Qantas. Adjusted result would be 47% favourable

** Includes Jetstar Pacific equity accounted loss of $2.8m

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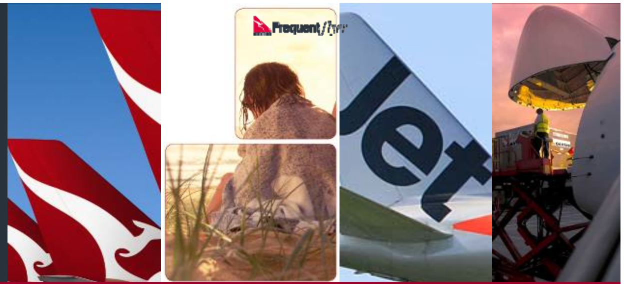
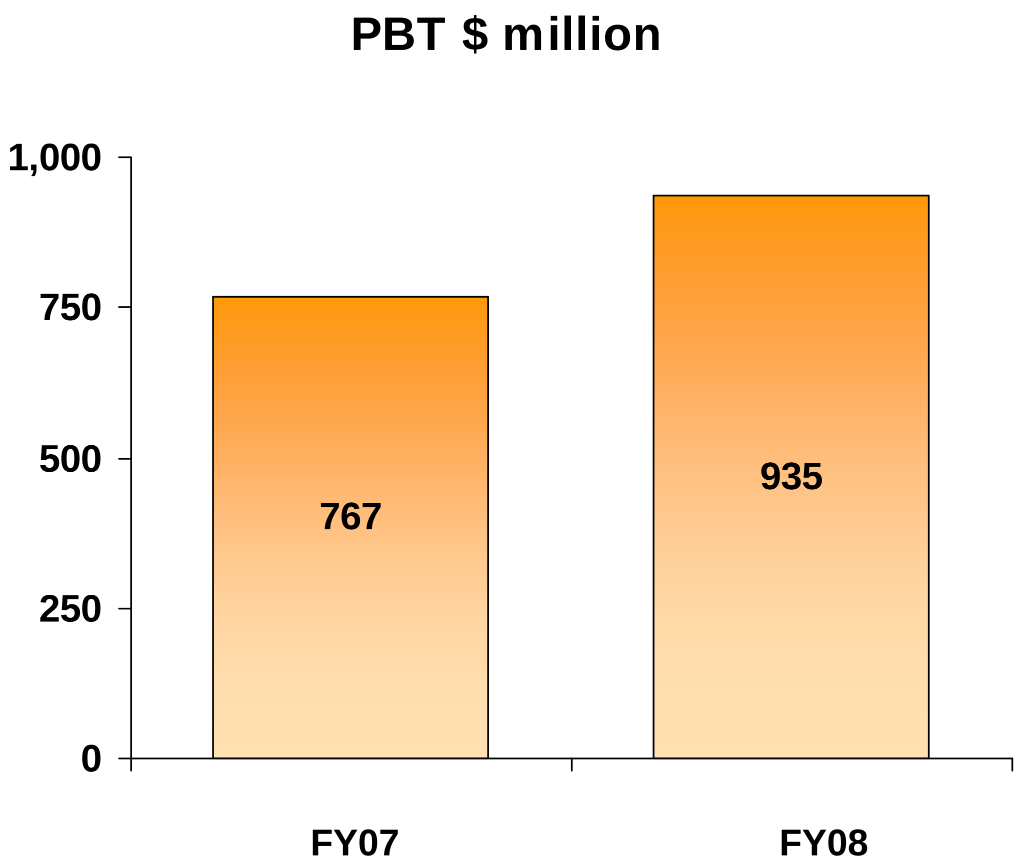
Qantas Flying Operations





- Includes Qantas Mainline and QantasLink and other subsidaries
- PBT up $166m or 21.6% to $935m
- Passenger Revenue up $305m or 2.9%
- RPKs down 0.2%
- ASKs down 1.3%
- Seat factor up 0.9% points to 81.4%
- Yield increased by 5.9%
- Unit cost (excluding fuel) increased by 5.3%

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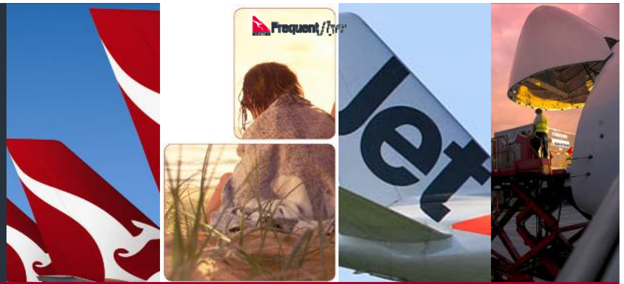
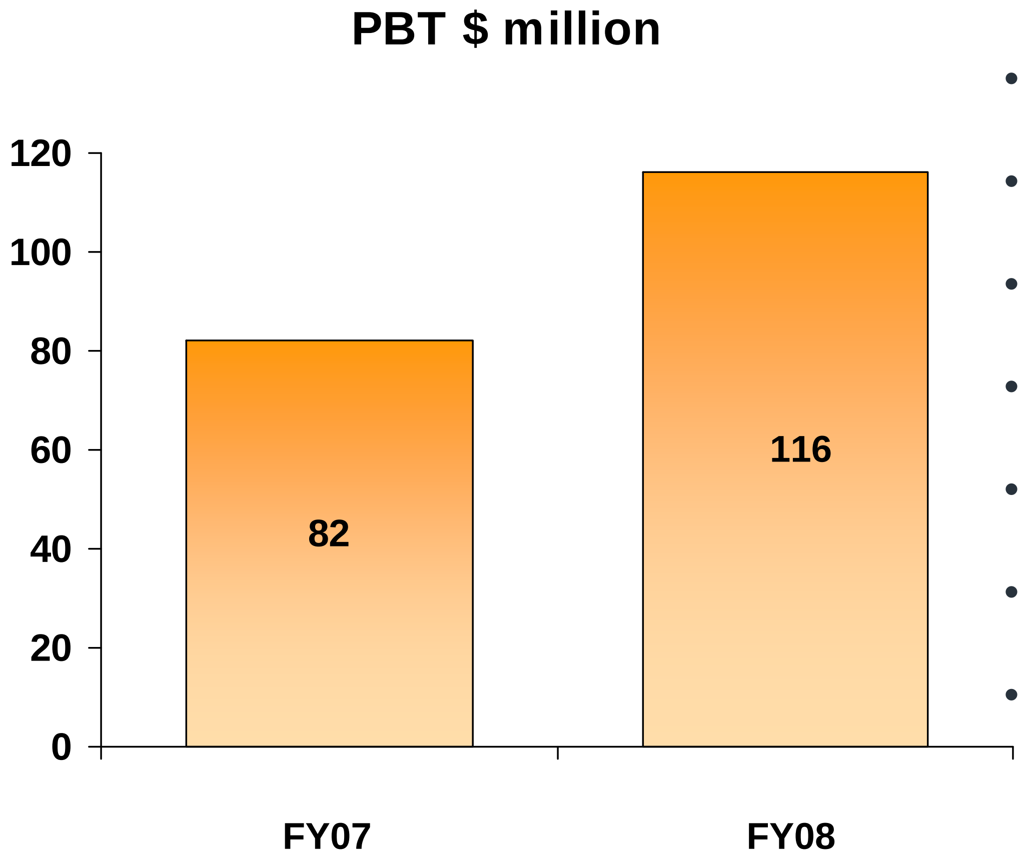
Jetstar Brands





- PBT up $34m to $116m
- Passenger Revenue up $367m or 35.8%
- ASKs up 44.1% (Int 127.7%, Dom 8.1%)
- RPKs up 46.8%
- Seat factor up 1.4 points to 76.7%
- Yield decreased by 5.1%
- Pax volumes up by 20.1% to 9.2m
- Net unit cost (excl fuel) per ASK down 10.4%

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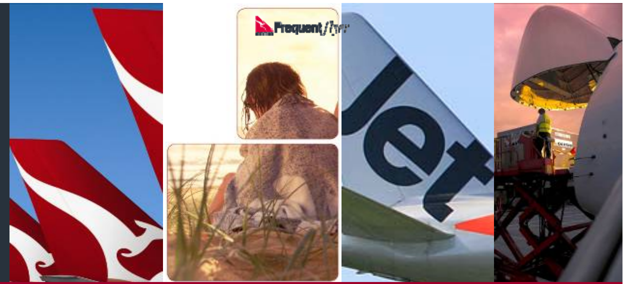
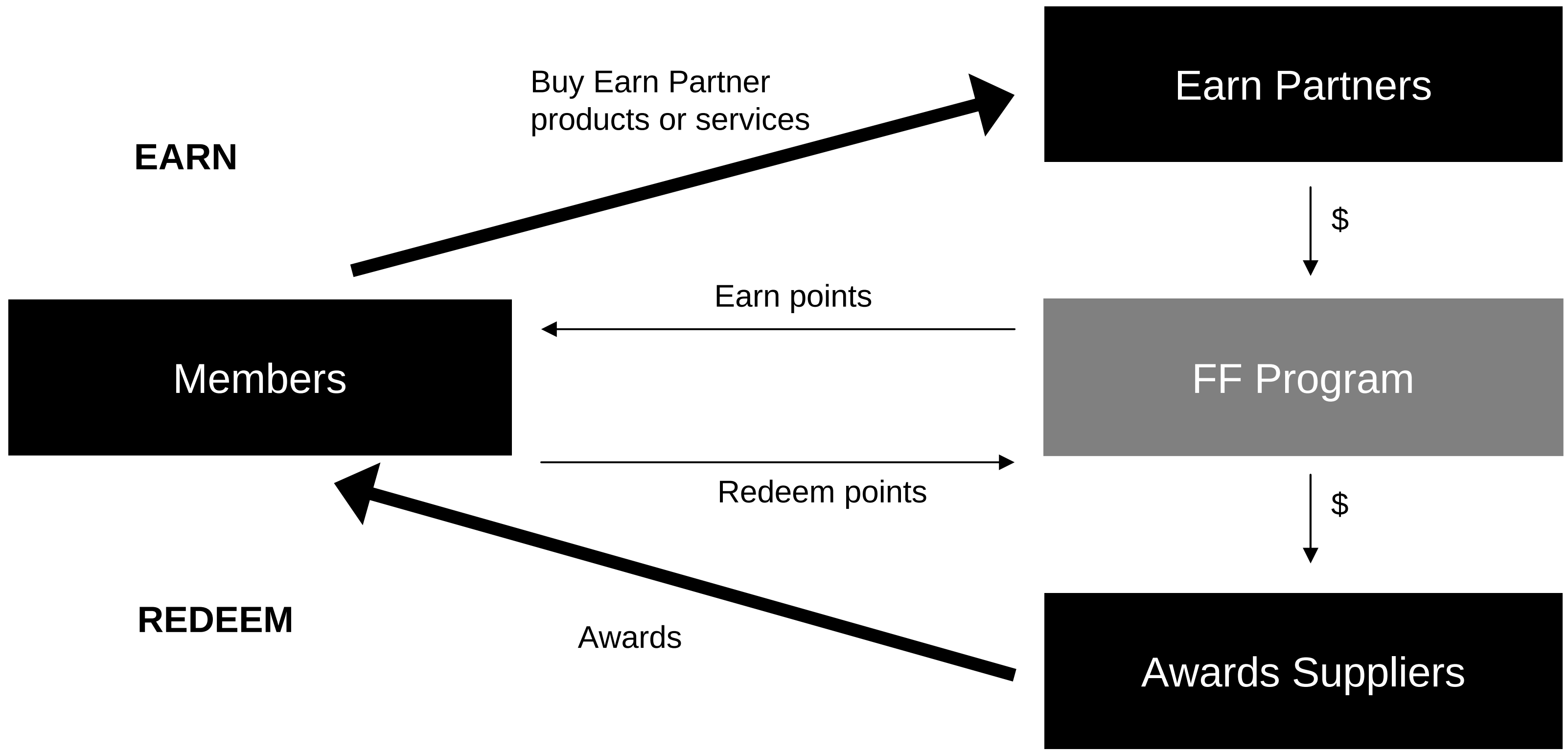
Qantas Frequent Flyer*



Business Model



*The Loyalty segment has been renamed Qantas Frequent Flyer

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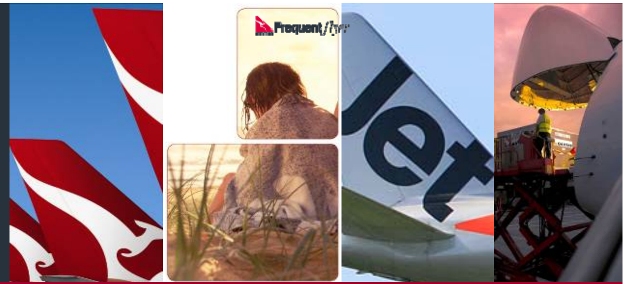
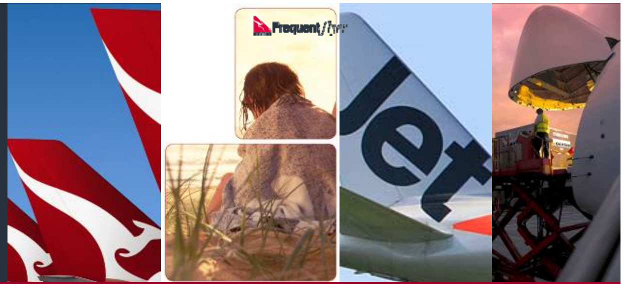
Qantas Frequent Flyer



- Full year segment results disclosed for the first time
- Reported EBIT of $128m in line with prior year
- PBT of $234m up 11.1%
- Points related revenue increased 1.7% to $833m (based on classic award redemptions)
  - Compared to increase in billings of 5.8% to $929m
- Issuance of frequent flyer points increased by 5.4%
- Number of points redeemed increased by 0.7%

Qantas Frequent Flyer



Segment Result A$M Year end 30 June	2007	2008
Income Statement		
Total Segment Revenue	**836**	**849**
EBITDA	**128**	**128**
Depreciation	0	(0)
EBIT	**128**	**128**
Interest Income / (Expense)	83	106
PBT	**211**	**234**
Tax Expense	(63)	(70)
NPAT	**147**	**164**

- Revenue driven by redemption rate

- EBIT up 0.2% (reflects Classic Awards redemptions and relaunch costs)

- Growing interest income reflects the benefits associated with revenue received in advance of redemption activity

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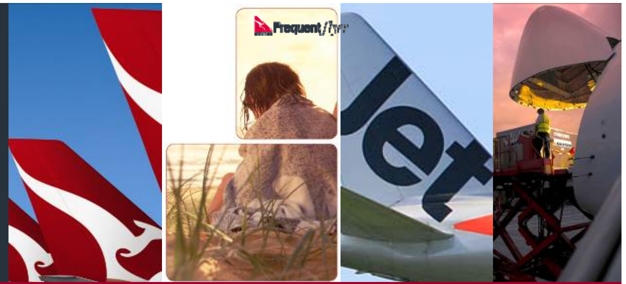
Qantas Frequent Flyer



Adjusted EBITDA Calculation A$M Year end 30 June	2007	2008
Adjusted EBITDA Calculation		
Accounting EBITDA (from previous page)	**128**	**128**
less: Points Related Revenue	(819)	(833)
add: Billings	878	929
add: Change in Future Redemption Costs	(49)	(75)
Adjusted EBITDA	**138**	**150**

- Billings of $929m
  - Billings create cash inflow, not P&L revenue

- This adjustment recognises that an increase in the points balance during the period comes with a predictable increase in future redemption costs

- Adjusted EBITDA is a non GAAP alternative measure of profitability in the period, which removes the impact of the time lag between issuance and redemption of a point

FY 2008 : Excluding relaunch costs, adjusted EBITDA increased by 13.8%to $157m

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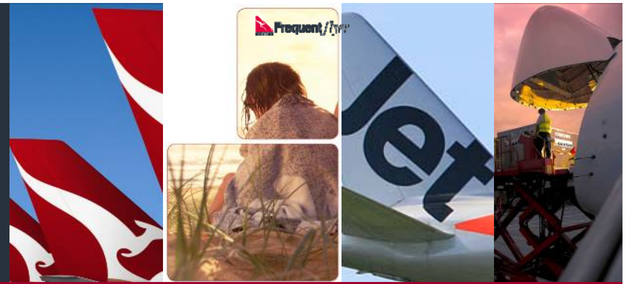
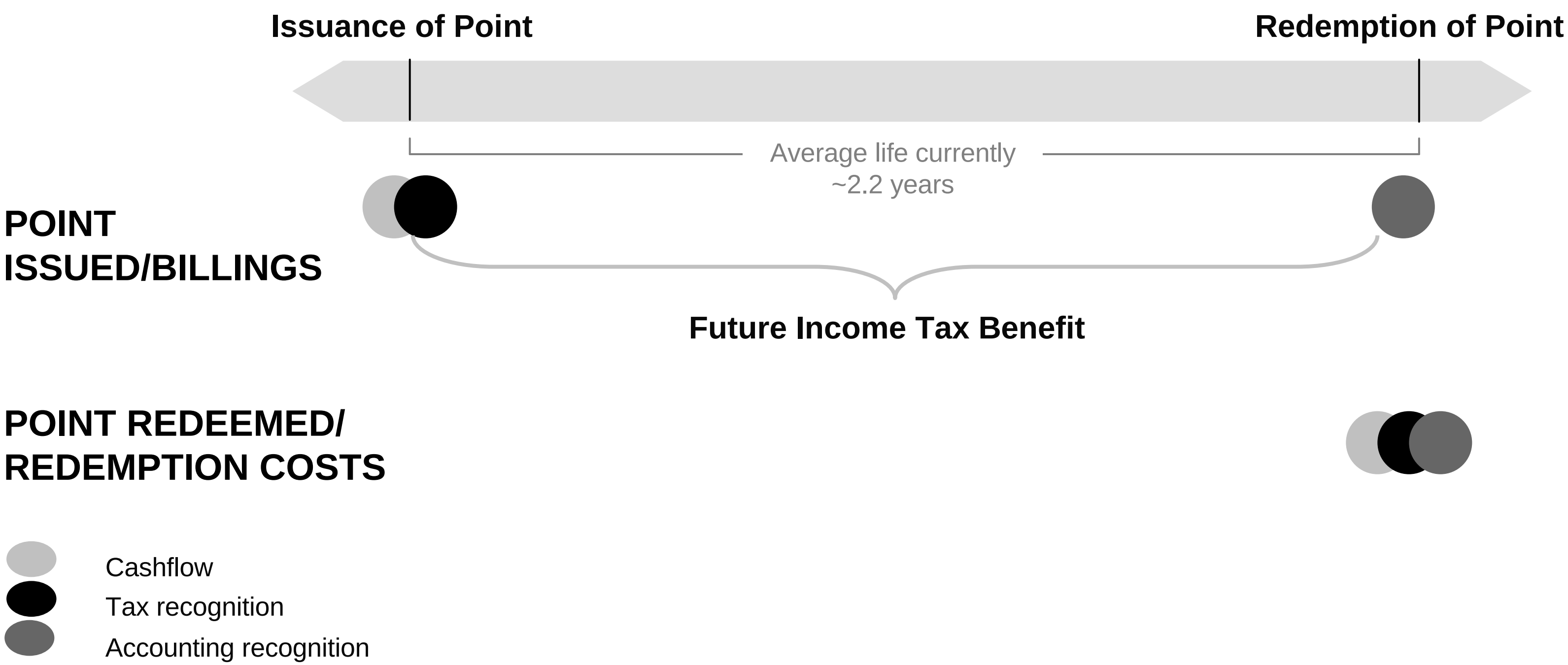
Qantas Frequent Flyer



Accounting and Cashflow Profile

Under accounting standards, revenue from the issue of points cannot be recognised until the points are redeemed – consequently, current year profits are not an accurate measure of underlying cashflows



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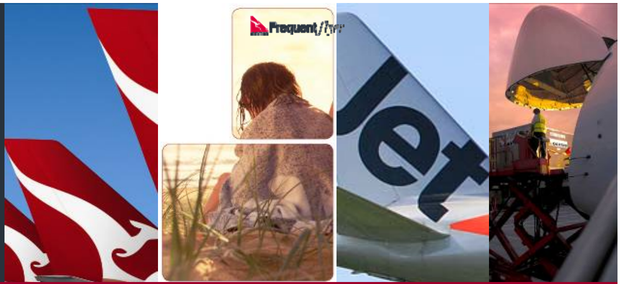
Qantas Frequent Flyer Glossary



Adjusted EBITDA	EBITDA plus Billings (rather than Redemption Revenue), less Redemption Revenue and plus/minus Change in Future Redemption Costs
Billings	Cash proceeds from the issuance of points
Change in Future Redemption Costs	Provision against cashflow to recognise the change in period end points balance. If the points balance increases, then future redemption costs will be higher, so in calculating Adjusted EBITDA, we provide against cash inflows in the period to reflect this
Redemption Costs	The cost of the awards required to be purchased for Members

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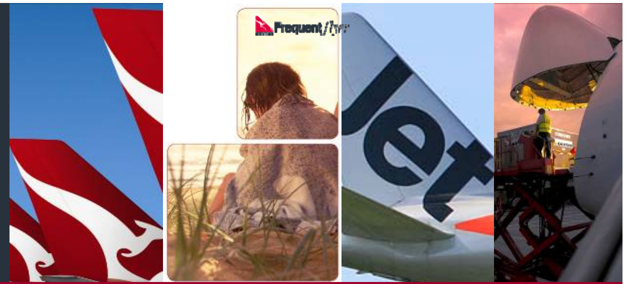
Qantas Freight Enterprises



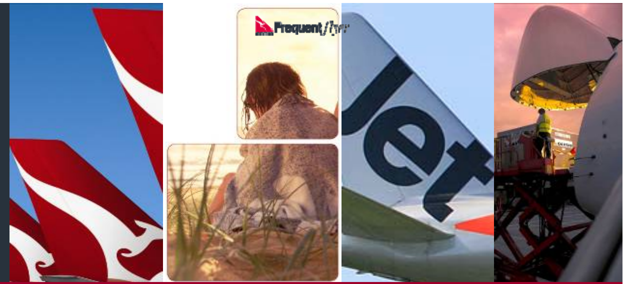
– Qantas Freight Enterprises reported PBT of $64 million, a reduction of $1 million or 1.8% on the prior year result of $65 million.

– Air Freight contributed a $10 million PBT improvement compared to the prior year. This is due to targeted yield initiatives, offset by a capacity shortfall restricting freight uplift.

– Express Freighters (mainly DPEX operations) generated $2 million, reflects first 12 months of earnings since acquisition.

– Domestic Express Operations (Star Track Express and Australian Air Express), contributed a combined revenue growth of 8.9%.

Corporate Cost Centre and One-offs/Unallocated



- Corporate Centre includes the central costs essential for maintaining governance, minimising risk and optimising performance of the Qantas Group portfolio businesses
  - Overhead costs remain in line with prior year
- One-offs/Unallocated
  - Includes Freight Cartel provision of $64 million
  - Liquidated Damages of $291 million included

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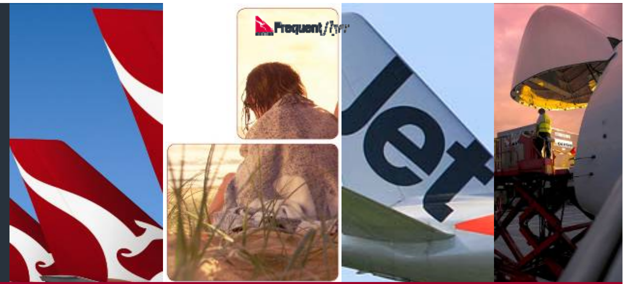
Qantas Holidays

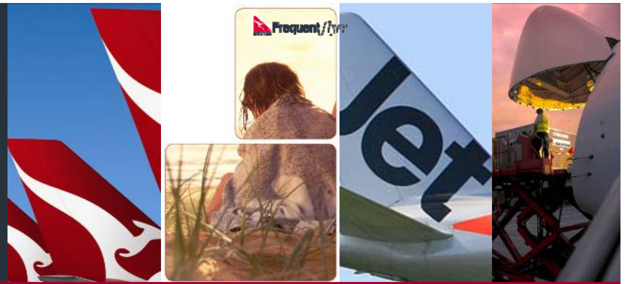


– PBT of $42 million for year, down 7.8% compared to prior year.

– Gross profit increased by 3.0%, largely attributable to favourable margins as a result of the strong Australian dollar.
  – Offsetting stronger gross profit was investment spending developing on-line channels, restructure and recruitment of key management positions and sales and marketing spend.

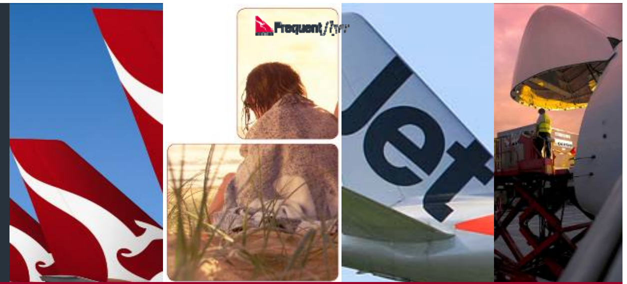
– Market recovery in key outbound destinations and the launch of Qantas Holidays online offering, have aided in mitigating erosion in the domestic business.

Qantas Catering Group



- PBT decreased by $6 million, or 32% to $13 million
- Mainly due to a $15 million rebate provided internally to bring the transfer pricing in line with current market rates.
- Absorbed in this year’s results are the costs of re-branding, implementation of key transactions and reporting system and other change program expenses.

Equity Accounted Investments



	Contribution to Net Profit		
	Year Ended 30 June 2008 $m	Year Ended 30 June 2007 $m	Movement Inc/(Dec) $m
Air Pacific Limited	8.7	0.7	8.0
Fiji Resorts	0.9	12.6	(11.7)
Travel Software Solutions	(2.6)	(1.0)	(2.2)
Australian Air Express	8.8	15.5	(6.7)
Hallmark	(0.4)	1.8	(2.2)
Jetstar Pacific	(2.8)	-	(2.8)
Star Track Express	13.1	17.4	(4.3)
Jetstar Asia	-	(0.3)	4.7
Jet Turbine Services	-	(1.9)	1.9
Other	1.9	1.7	0.2
	27.6	46.5	(18.9)

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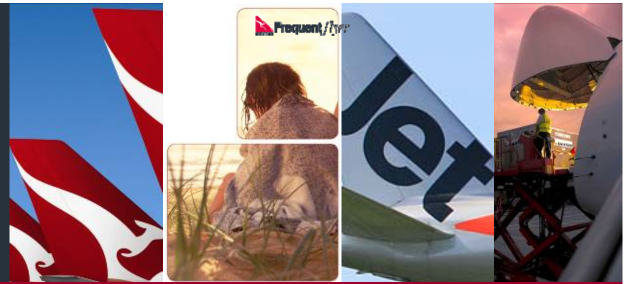
Balance Sheet and Cash Flow



	As at 30 June 2008 $m	As at 30 June 2007 $m	Variance Increase / (Decrease) $m	Variance Increase / (Decrease) %
Total Equity	**5,735**	**5,640**	**95**	**2**
Net Debt *	**4,404**	**3,975**	**429**	**11**
Book Net Debt to Equity ratio **	**43:57**	**41:59**	**2 points**	**N/A**
Net Operating Cashflow	2,128	2,424	(296)	(12.2)
Capital Expenditure	(1,424)	(1,282)	(142)	11.1
Net Investing Cashflow	(1,323)	(1,266)	(57)	4.5
Net Financing Cashflow	(1,570)	(697)	(873)	125.3
Net Increase/(Decrease) in cash held	**(764)**	**461**	**(1,225)**	**N/A**
Cash at End of the Year	**2,599**	**3,363**	**(764)**	**(22.7)**

*** Includes off Balance Sheet Debt**

**** Includes Off Balance Sheet Debt and includes hedge reserve**

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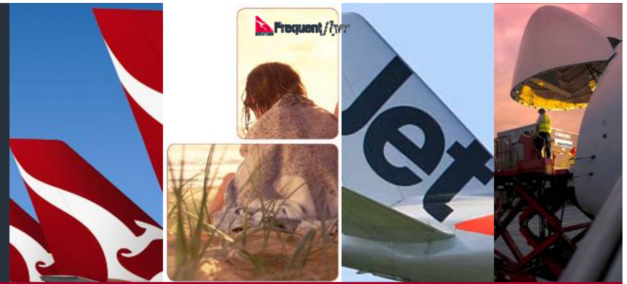
Aircraft In Service



Aircraft Type	As at 30 Jun 2007	In	(Out)	As at 30 Jun 2008
Qantas				
B747-300	4			4
B747-400	24			24
B747-400ER	6			6
B767-300ER	29			29
B737-300	6		(1)	5
B737-400	21			21
B737-800NG	33	2		35
A330-200		4		4
A330-300	10			10
Total Mainline Fleet	**133**	**6**	**(1)**	**138**
Jetstar				
A320-200	24	4		28
A321		2		2
A330-200	4	2		6
QantasLink				
Boeing 717-200	14			14
Turbo Props	38	2	(4)	36
Total Group Fleet*	**213**	**16**	**(5)**	**224**

* Aircraft movements are reflected as and when they enter into service.

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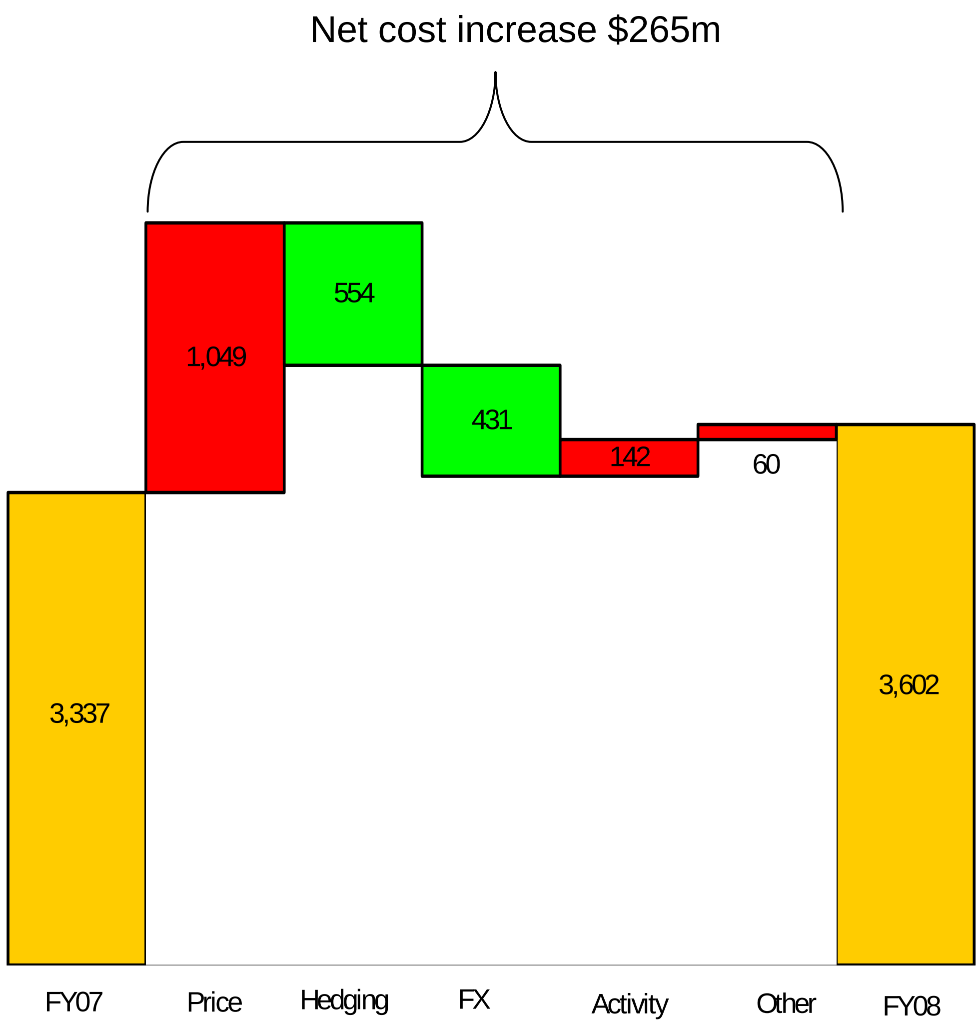
Fuel Expenditure FY07 to FY08



- Fuel costs up $265m or 8.0%
- Into Plane Price up 34%
- Net fuel price increase $495m = Into Plane Price rise of $1,049m less hedging benefits of $544m
- Other fuel cost increase of $60m includes AASB ineffective hedging result
- Fuel spend would have been $60m higher if not for fuel conservation SFP benefits delivered through the year

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