Qantas Airways Limited
FY17 Results

Supplementary Presentation

25 August 2017

ASX:QAN
US OTC:QABSY

Group Performance

FY17 Key Group Financial Metrics

	FY17	FY16	VLY %[10]	Comments
Underlying PBT[1] ($M)	1,401	1,532	(8.6)	
Underlying Earnings per Share[2] (c)	54.6	53.1	2.8	Reflecting value of share buy-back
Statutory Profit Before Tax ($M)	1,181	1,424	(17)	FY16 includes $201m gain on sale of Sydney Airport Terminal 3
Statutory Earnings per Share (c)	46.0	49.4	(6.9)	
ROIC[3] (%)	20.1	22.7	(2.6)pts	All operating segments delivering ROIC > WACC[11]
Revenue ($M)	16,057	16,200	(0.9)	
Transformation benefits realised to date ($M)	2,125	1,655	$470m	$470m delivered in FY17
Operating cash flow ($M)	2,704	2,819	(4.1)	
Net debt[4] ($B)	5.2	5.6	$0.4b	Lower end of target range
Unit Revenue[5] (RASK)	7.93	8.08	(1.8)	
Total unit cost[6] (c/ASK)	(7.00)	(7.05)	0.7	Total unit cost improvements held operating margin at 10%
Ex-fuel unit cost[7] (c/ASK)	(4.99)	(4.79)	(4.2)	Impacted by aircraft right-sizing and other network changes to protect margins
Available Seat Kilometres[8] (ASK) (M)	150,323	148,691	1.1	Increase largely in Asian growth markets
Revenue Seat Kilometres[9] (RPK) (M)	121,178	119,054	1.8	Improved revenue seat factor

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY17 Results Presentation are reported on an Underlying basis. Refer to slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Underlying Earnings per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 27.8% (2016: 27.7%)) divided by the weighted average number of shares during the year consistent with the Statutory Earnings per Share (EPS) calculation. 3. Return on invested capital (ROIC). For a detailed calculation of ROIC please see slide 11. 4. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. For a detailed calculation of net debt, please see slide 12. 5. Ticketed passenger revenue divided ASKs. 6. Underlying PBT less ticketed passenger revenue per ASK. 7. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. 8. Available seat kilometres. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Revenue seat kilometres. Total number of passengers carried multiplied by the number of kilometres flown. 10. Variance to FY16. 11. Weighted Average Cost of Capital calculated on a pre-tax basis.

Underlying Income Statement Summary

$M	FY17	FY16	VLY %	Comments
Net passenger revenue	13,857	13,961	(0.7)	Unit Revenue decline of 2% as competitive pressures in international markets and the ramp up of new routes offset the improved Unit Revenue in domestic and Transformation benefits
Net freight revenue	808	850	(4.9)	Excess international market freight capacity and reduction in fuel surcharges due to lower fuel price
Other revenue	1,392	1,389	0.2	Growth in Loyalty's New Businesses
Total Revenue	**16,057**	**16,200**	**(0.9)**	
Operating expenses (excluding fuel)	(9,683)	(9,529)	(1.6)	Transformation initiatives partially offset increases in activity and CPI
Fuel	(3,039)	(3,235)	6.1	Favourable hedging strategies and fuel transformation initiatives
Depreciation and amortisation	(1,382)	(1,224)	(13)	Aircraft operating lease refinancing and A330 and 737-800 reconfigurations
Non-cancellable aircraft operating lease rentals	(356)	(461)	23	Aircraft operating lease refinancing and the impact of FX on non-AUD denominated leases
Share of net profit/(loss) of investments accounted for under the equity method	(7)	-	-	
Total Expenditure	**(14,467)**	**(14,449)**	**(0.1)**	
Underlying EBIT[1]	**1,590**	**1,751**	**(9.2)**	
Net finance costs	(189)	(219)	14	Liquidity optimisation, lower net debt
Underlying PBT	**1,401**	**1,532**	**(8.6)**	

1. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT).

Items Not Included in Underlying PBT

$M	FY17	FY16	Comments
Ineffectiveness and non-designated derivatives relating to other reporting periods	-	15	
Net gain on disposal of Sydney Airport Terminal Three	-	(201)	
Transformation costs	142	183	Redundancies, restructuring and other costs as part of the Qantas Transformation Program
Wage Freeze bonus and Record Results employee bonus[1]	85	91	Wage Freeze and Record Results bonuses announced in July 2015 and August 2016 respectively
Other	(7)	20	Includes the reversal of impairment on Helloworld investment
Total items not included in Underlying PBT[2]	**220**	**108**	

1. Payable to non-executive employees. 2. 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 revenues and expenses relating to business activities in other reporting periods, major transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business.

Reconciliation to Underlying PBT

$M	FY17				FY16			
	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]
Net passenger revenue	13,857	-	-	13,857	13,961	-	-	13,961
Net freight revenue	808	-	-	808	850	-	-	850
Other revenue	1,392	-	-	1,392	1,389	-	-	1,389
Total Revenue	**16,057**	**-**	**-**	**16,057**	**16,200**			**16,200**
Operating expenses (excl fuel)	9,903	-	(220)	9,683	9,622	-	(93)	9,529
Fuel	3,039	-	-	3,039	3,250	(15)	-	3,235
Depreciation and amortisation	1,382	-	-	1,382	1,224	-	-	1,224
Non-cancellable aircraft operating lease rentals	356	-	-	356	461	-	-	461
Share of net profit/(loss) of investments accounted for under the equity method	7	-	-	7	-	-	-	-
Total Expenditure	**14,687**	**-**	**(220)**	**14,467**	**14,557**	**(15)**	**(93)**	**14,449**
EBIT	**1,370**	**-**	**220**	**1,590**	**1,643**	**15**	**93**	**1,751**
Net finance costs	(189)	-	-	(189)	(219)	-	-	(219)
PBT	**1,181**	**-**	**220**	**1,401**	**1,424**	**15**	**93**	**1,532**

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY17 Results Presentation are reported on an Underlying basis. This slide provides a reconciliation of Underlying to Statutory PBT.

Revenue Detail

Net passenger revenue down 1%

- Group Unit Revenue decreased 2%
  - Group Domestic[1] Unit Revenue increased 2%
  - Group International[2] Unit Revenue declined 5%
- Significant international competitor capacity
- Moderating decline in resources sector demand
- Reduced domestic capacity offset by growth in international capacity through redeployment of existing Group fleet

Net freight revenue down 5%

- Impact of FX reducing inbound air freight demand
- International markets impacted by significant wide body capacity
- Reduction in fuel surcharges due to lower fuel prices

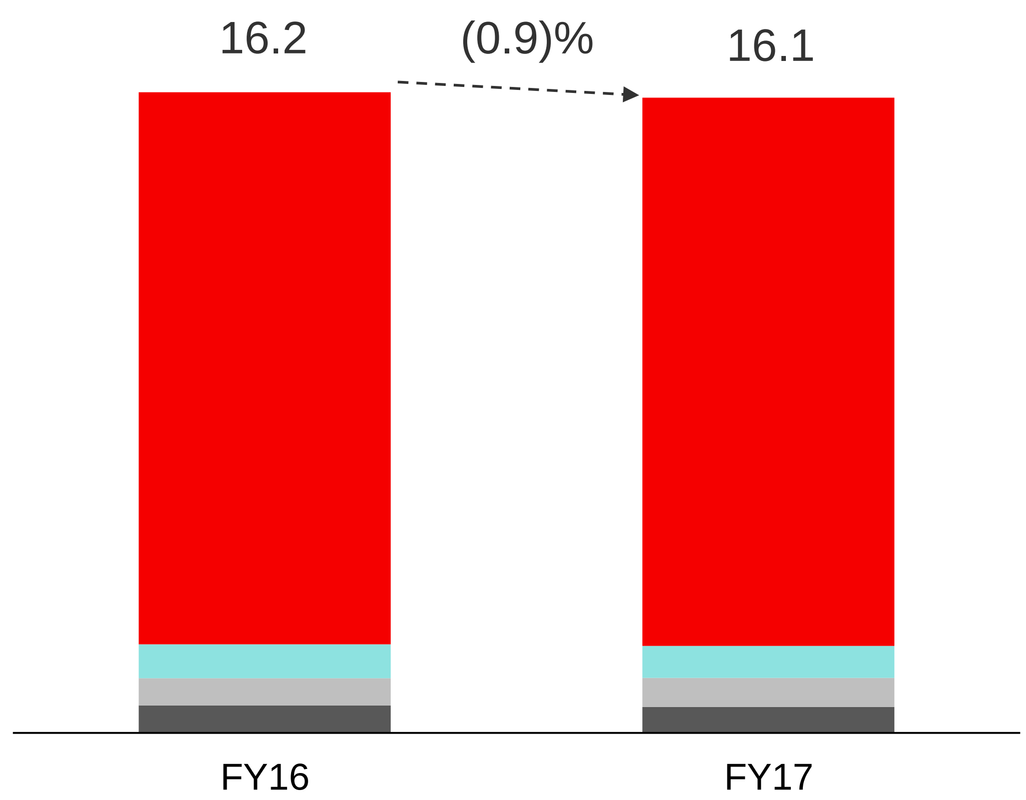
Frequent flyer redemption, marketing, store and other revenue up 5%

- Growth in New Businesses including Red Planet and launch of Assure Health in March 2016
- Impact of changes to Woolworths program

Revenue from other sources down 5%

- Reduction in retail advertising revenue following sale of Sydney Airport Terminal 3 in September 2015

Revenue ($B)



	FY16		FY17
RPKs (m)	119,054	2% →	121,178
ASKs (m)	148,691	1% →	150,323

1. Includes Qantas Domestic and Jetstar Domestic. 2. Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals) and Jetstar Asia (Singapore).

Expenditure[1] Detail

Fuel down 6%

- Benefit from lower jet fuel prices compared to FY16
- Improvement in fuel efficiency from Qantas Transformation
- Partially offset by higher consumption from increased flying

Manpower and staff-related up 4%

- Operational head count increase with increase in flying activity
- Growth in Qantas Loyalty
- Benefits from workplace agreements with 18-month wage freeze, offset by increases for employee groups who have completed wage freeze

Aircraft operating variable up 3%

- One percent increase in ASKs
- CPI partially offset by transformation

Depreciation and amortisation up 13%

- Refinancing of aircraft out of operating leases to unencumbered/owned aircraft
- Reconfiguration of A330 and 737-800 aircraft

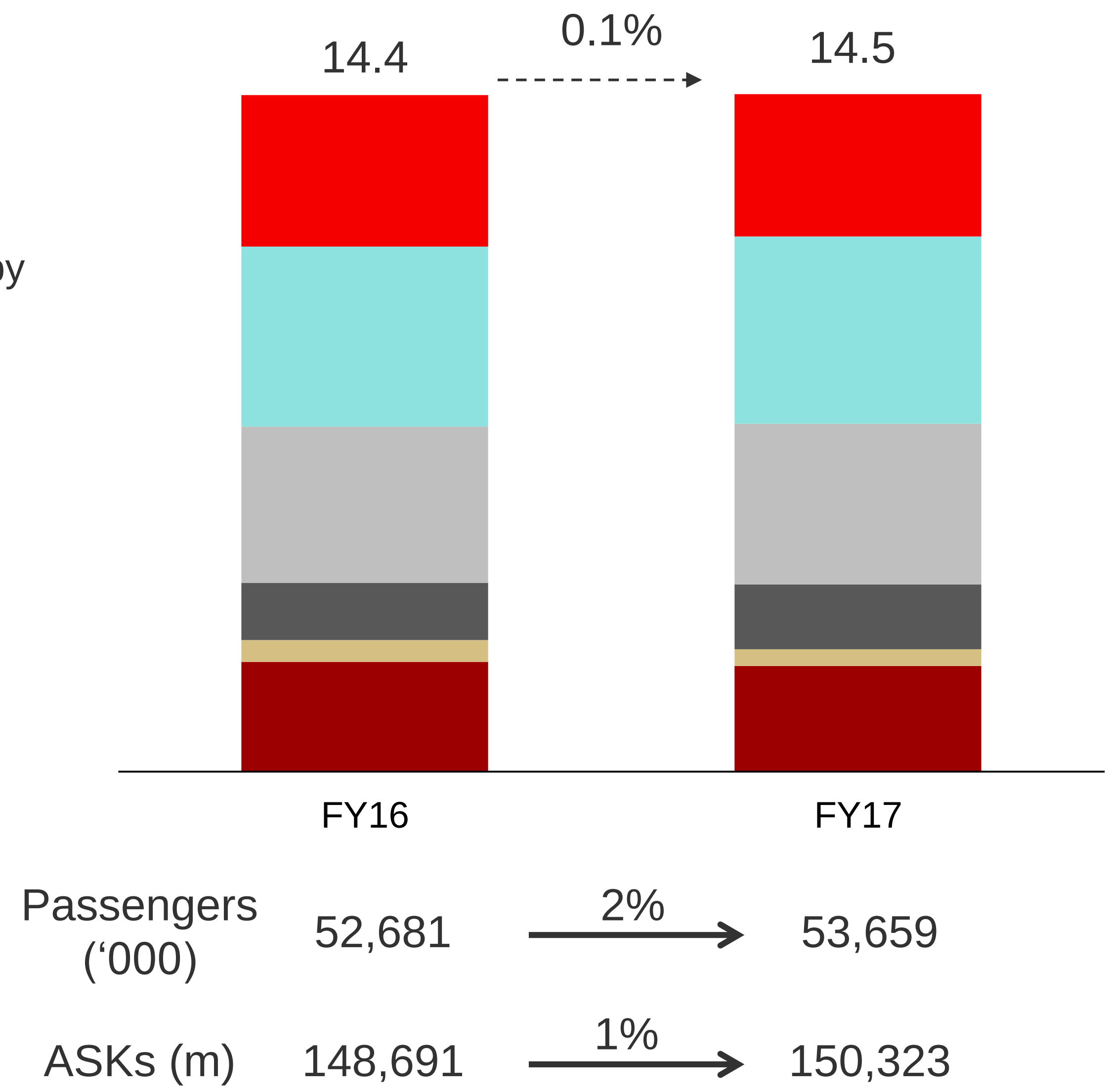
Lease rental expense down 23%

- Reduction in aircraft operating leases through refinancing of leased aircraft to unencumbered owned aircraft
- FX impact on USD denominated leases
- Partially offset by commencement of 2 x A321 leases

Other expenditure down 4%

- Non-cash impact of changes in discount rates and actuarial assumptions
- Reduction in commissions in line with revenue decline

Expenditure[1] ($B)



1. All expenditure is presented on an Underlying basis which excludes hedge effectiveness relative to other reporting periods and other items not included in Underlying PBT.

Cash Flow

$M	FY17	FY16	VLY %
Operating cash flows	2,704	2,819	(4.1)
Investing cash flows (excluding aircraft operating lease refinancing)	(1,395)	(1,145)	(22)
Net free cash flow[1]	**1,309**	1,674	**(22)**
Aircraft operating lease refinancing	(651)	(778)	16
Financing cash flows	(854)	(1,825)	53
Cash at beginning of period	1,980	2,908	(32)
Effects of FX on cash	(9)	1	>(100)
Cash at end of period	**1,775**	**1,980**	**(10)**

- Positive net free cash flow[1] of $1.3b
  - Strong operating cash flows of $2.7b
  - Investing cash flows of $1.4b excluding aircraft operating lease refinancing
- $651m related to the refinancing of 19 aircraft out of operating leases using excess cash
- Net borrowings included $425m in bond issuance and repayment of $453m short term amortising debt
- 110.6m shares bought back during FY17 for $366m at a average price of $3.31
- Dividend payment of $261m to shareholders
  - 7c per share ordinary dividend announced August 2016 (franked)
  - 7c per share ordinary dividend announced February 2017 (partially franked)

1. Cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing).

Invested Capital Calculation

$M	FY17	FY16
Receivables (current and non-current)	907	929
Inventories	351	336
Other assets (current and non-current)	541	353
Investments accounted for under the equity method	214	197
Property, plant and equipment	12,253	11,670
Intangible assets	1,025	909
Assets classified as held for sale	12	17
Payables	(2,067)	(1,986)
Provisions (current and non-current)	(1,189)	(1,287)
Revenue received in advance (current and non-current)	(5,109)	(5,046)
Capitalised operating leased assets[1]	1,794	2,288
Invested Capital	**8,732**	**8,380**
Average Invested Capital[2]	**8,891**	**8,857**

- Refinanced 19 operating leased aircraft to unencumbered owned aircraft with minimal impact to invested capital
  - Decrease in capitalised operating leased aircraft
  - Increase in property, plant and equipment

1. For calculating ROIC, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised operating leased assets. 2. Equal to the 12 months average of monthly Invested Capital.

ROIC Calculation

$M	FY17	FY16
Underlying PBT	1,401	1,532
Add back: Underlying net finance costs	189	219
Add back: Non-cancellable aircraft operating lease rentals	356	461
Less: Notional depreciation[1]	(158)	(203)
ROIC EBIT	**1,788**	**2,009**

$M	FY17	FY16
Net working capital[2]	(6,566)	(6,701)
Fixed assets[3]	13,504	12,793
Capitalised operating leased assets[1]	1,794	2,288
Invested Capital	**8,732**	**8,380**
Average Invested Capital[4]	**8,891**	**8,857**
Return on Invested Capital (%)	**20.1%**	**22.7**

1. For calculating ROIC, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised operating leased assets. 2. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions and revenue received in advance. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and asset classified as held for sale. 4. Equal to the 12 months average of monthly Invested Capital.

Net Debt

$M	FY17	FY16	VLY
Current interest bearing liabilities on balance sheet	433	441	(8)
Non-current interest bearing liabilities on balance sheet	4,405	4,421	(16)
Fair value of hedges related to debt	(1)	(2)	1
Cash at end of period	(1,775)	(1,980)	205
Net on Balance Sheet Debt[1]	**3,062**	**2,880**	**182**
Capitalised operating lease liabilities[2]	2,150	2,766	(616)
Net Debt[3]	**5,212**	**5,646**	**(434)**

- Issued two Australian dollar unsecured bonds of $425m at favourable rates and long tenor of 7 and 10 years[4]
- Repayment of $453m short term amortising debt, largely secured debt
- Reduction in capitalised operating lease liabilities with the refinancing of an additional 19 aircraft out of operating leases using excess cash

1. Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents. 2. Capitalised aircraft operating lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. 4. A$250m with a semi-annual coupon of 4.40% per annum, maturing in October 2023, and A$175m with a semi-annual coupon of 4.75% per annum, maturing in October 2026.

Net Debt Movement

$M	FY17	FY16
Opening Net Debt	**(5,646)**	**(6,400)**
Net cash from operating activities	2,704	2,819
Principal portion of aircraft operating lease rentals	218	273
Funds From Operations	2,922	3,092
Net cash from investing activities	(2,046)	(1,923)
Aircraft operating lease refinancing	651	778
Return of operating leases / (new operating leases)	(139)	113
Net Capex	(1,534)	(1,032)
Dividend paid to shareholders	(261)	-
Capital return	-	(505)
Payments for share buy-back	(366)	(500)
Shareholder Distributions	(627)	(1,005)
Payment for treasury shares	(198)	(75)
FX revaluations and other fair value movements	(129)	(226)
Closing Net Debt	**(5,212)**	**(5,646)**

- Our Financial framework considers aircraft operating leases as part of net debt
  - Principal portions of rentals are treated as debt reduction
  - Purchase of aircraft operating leases are treated as refinancing
  - Commencing (or returning) aircraft operating leases are treated as capital acquisitions / borrowings (or capital disposals / repayments)
- In FY17:
  - Non-cancellable aircraft operating lease rentals of $356m included $218m of principal repayments under the financial framework
  - $651m of maturing operating lease aircraft were refinanced
  - 2 x A321-200 operating lease aircraft were added, the capitalised value of these aircraft under the financial framework was $139m

Unit Cost

- Ex-fuel unit cost[1] increased by 4.2% largely due to the impacts of aircraft right-sizing and other network changes to protect margins
  - Total unit cost[2] benefited from a reduction in fuel expense

Group Unit Cost	FY17	FY16	VLY %
Total Unit Cost[2]	**7.00**	**7.05**	**(0.7)**
Excluding:			
Fuel	(2.02)	(2.18)	
Change in FX rates		(0.02)	
Impact of changes in the discount rate and other actuarial assumptions	0.01	(0.06)	
Share of net profit/(loss) of investments accounted for under the equity method	(0.00)	0.00	
Ex-fuel Unit Cost[1]	**4.99**	**4.79**	**4.2**

1. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. 2. Underlying PBT less ticketed passenger revenue per ASK.

Qantas Transformation Scorecard

ACHIEVING OUR TARGETS

	TARGET		
	METRICS	**TIMEFRAME**	**END OF $2b PROGRAM OUTCOMES**
Accelerated Transformation Benefits	$2b Benefits, extended to $2.1b	FY17	**$2.13b benefits realised** ✓
	>10% Group ex-fuel expenditure reduction[1] 5,000 FTE reduction 5% unit cost gap to domestic competitor[2]	FY17	**Ex-fuel expenditure down by 10%[1]** ✓ **5,000+ fewer FTE at year end[3]** ✓ **3% gap[2]** ✓
Deleverage Balance Sheet	>$1b debt reduction[4]	FY15	**Delivered on schedule** ✓
	Debt / EBITDA <3.5x[5] FFO / Net debt >45%[6]	FY17	**Delivered ahead of schedule** ✓
Cash Flow	Sustainable positive free cash flow[7]	FY15	**Delivered on schedule** ✓
Fleet Simplification	11 fleet types to 7	FY16	**8 fleet types** **Retained 2 x non-reconfigured 747 (to be retired – first retired in July 2017)** ✓
Customer and Brand	Customer Advocacy (NPS[8])	FY17	**Record NPS[8] achieved at Qantas Domestic, Qantas International and Qantas Loyalty** ✓
	Maintain premium on-time performance at Qantas Domestic	FY17	**Premium on-time performance at 88%[9]** ✓
Engagement	Maintain employee engagement	FY17	**Up from 75% (2013) to 80% (2017)** ✓

1. Includes Underlying operating expenses (excluding fuel), depreciation and amortisation (excluding depreciation reduction from Qantas International non-cash fleet impairment) and non-cancellable aircraft operating lease rentals, adjusted for movements in FX rates and capacity. Compared to annualised 1H14. 2. Qantas Domestic compared to Virgin Australia Domestic. Source: Published data and Qantas internal estimates. 3. Net FTE reduction after adjusting for activity and new businesses as at 30 June 2017. 4. Reduction in net debt including capitalised operating lease liabilities. 5. Management's estimate based on Moody's methodology. 6. Management's estimate based on Standard and Poor's methodology. 7. Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 8. Net Promoter Score. Based on Qantas internal reporting. 9. Qantas mainline operations (excluding QantasLink) for the period of FY17. Source: BITRE.

Group Operational Information

QANTAS GROUP

Fleet at 30 June 2017

Aircraft Type	FY17	FY16	Change
A380-800	12	12	-
747-400	5	5	-
747-400ER	6	6	-
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
Total Qantas	**126**	**126**	**-**
717-200	20	20	-
Q200/Q300	14	14	-
Q400	31	31	-
Total QantasLink	**65**	**65**	**-**
F100	17	14	3
Total Network Aviation	**17**	**14**	**3**
Q300	5	5	-
A320-200[1]	71	71	-
A321-200	8	6	2
787-8	11	11	-
Total Jetstar	**95**	**93**	**2**
737-300SF	4	4	-
737-400SF	1	-	1
767-300SF	1	1	-
Total Freight[2]	**6**	**5**	**1**
Total Group	**309**	**303**	**6**

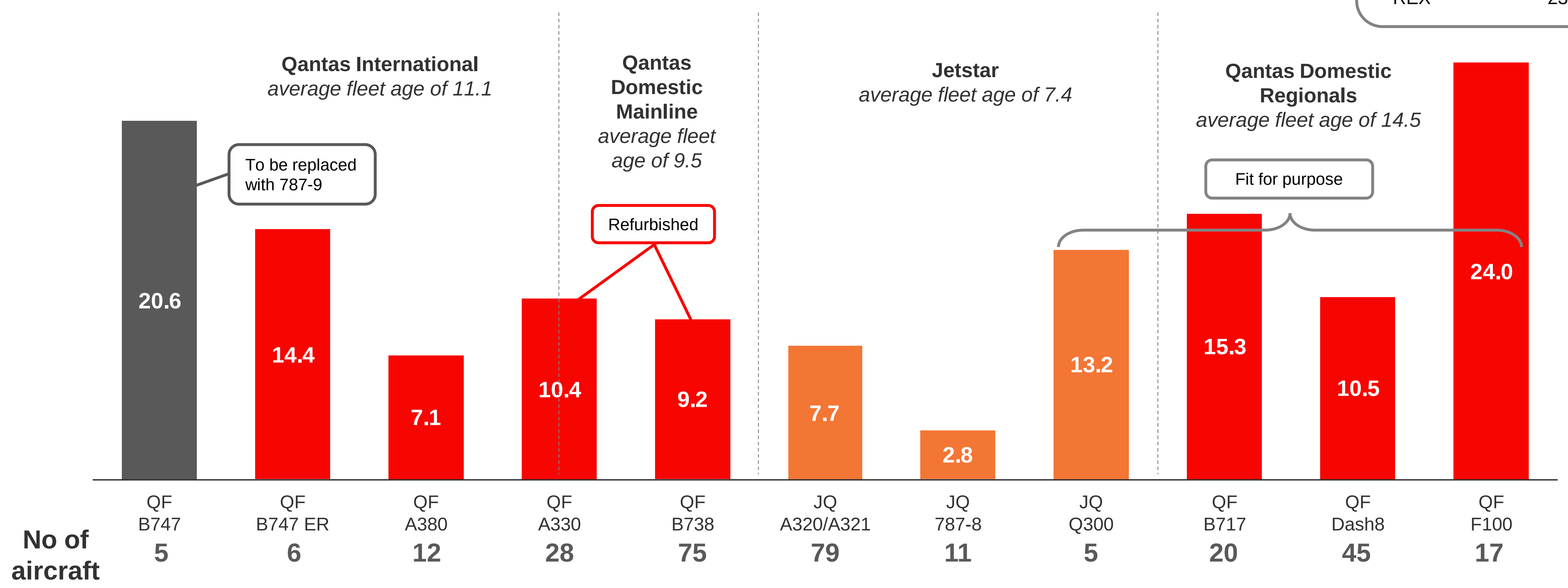
- Net addition[3] of 6 aircraft in FY17
  - 2 x A321-200
  - 3 x F100
  - 1 x 737-400SF
- Domestic capacity reductions achieved by right-sizing aircraft, optimising capacity to match demand
  - Down-gauge of A330 services to 737-800 services
  - Down-gauge of 737-800 services to 717 services
- International capacity growth enabled through domestic right-sizing and increased cross-utilisation of A330-200 and 737-800 between Qantas International and Qantas Domestic; targeted at growing Asian markets
- 1 x 747-400 retired as of July 2017

1. Includes Jetstar Asia fleet (18 x A320), excludes Jetstar Pacific and Jetstar Japan. 2. Qantas Group wet leases 2 x B747-400 freighter aircraft and 4 x BAe146 freighter aircraft (not included in the table).
3. Includes purchased and operating leased aircraft.

Fleet Age at 30 June 2017
Flexibility maintained

Regional Competitor Fleet Ages[2]	
VARA[3]	~15 years
Alliance	~25 years
REX	~23 years

Fleet Age[1] as at June 2017



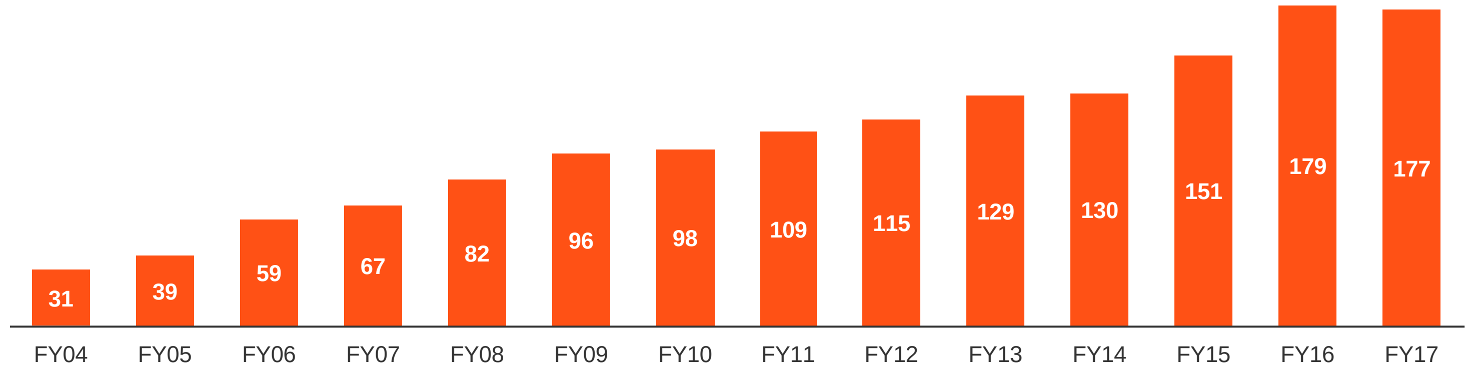
OPTIMAL FLEET AGE AND REPLACEMENT DECISIONS INFORMED BY COMPETITIVE LANDSCAPE

1. Average fleet age of the Group's passenger fleet based on manufacturing date at 30 June 2017. 2. Source: Airfleet. 3. Virgin Australia Regional Airlines.

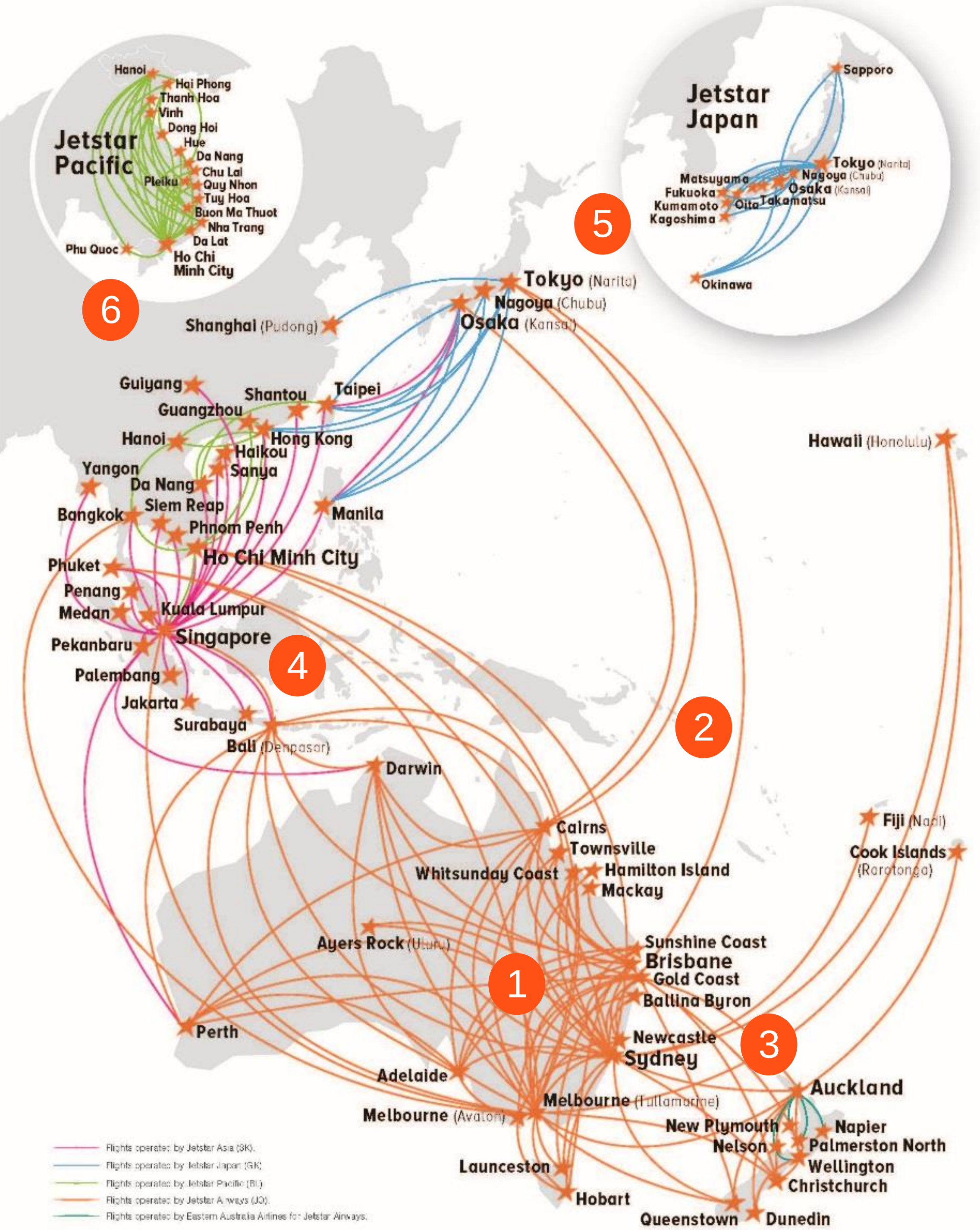
Supplementary Segment Information

Jetstar Group

Jetstar Group – Network of Routes[1]



BUSINESS	OWNERSHIP[2]	LAUNCH	AIRCRAFT[3]
1 Jetstar Australia	100%	2004	53 x A320s/A321s
2 Jetstar International	100%	2006	11 x B787s
3 Jetstar New Zealand[4]	100%	2009	8 x A320s 5 x Q300s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	21 x A320s
6 Jetstar Pacific (Vietnam)[5]	30%	2008	15 x A320s

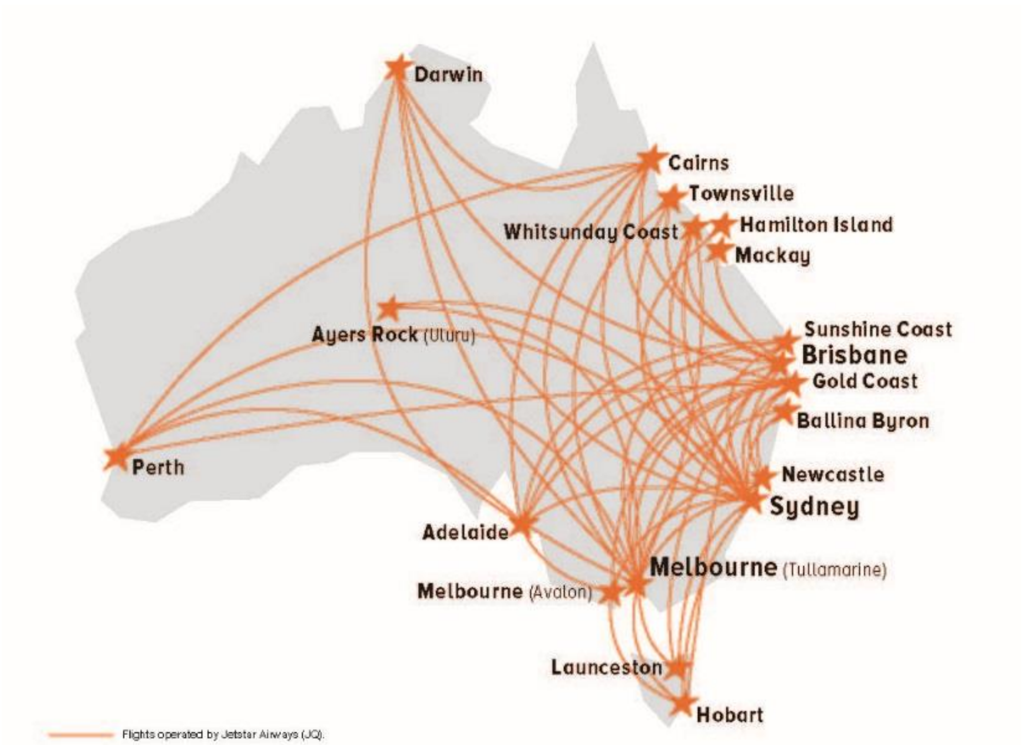


1. Including Jetstar Australia and New Zealand, Jetstar Asia, Jetstar Pacific and Jetstar Japan. 2. Based on voting rights. 3. Represents operational fleet (excludes subleased aircraft). 4. Includes Jetstar Trans-Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009, Jetstar New Zealand (Regional) services commenced in 2015. 5. Jetstar Pacific rebranded in 2008.

Jetstar Domestic

- Underlying EBIT of $220m
- Consistent strong earnings[1] with healthy operating margins[2], ROIC > WACC
- Continuing to leverage fleet size, network and frequency advantage over competitors
- Entry into service of two additional leased A321-200 aircraft in December 2016
- Continued innovation and investment in customer, cost reduction and revenue enhancement
- Dual brand co-ordination with Qantas Domestic matching low fares demand with the Jetstar brand and product

Jetstar Domestic		FY17	FY16	VLY %
ASKs	M	18,694	18,660	0.2
RPKs	M	15,535	15,565	(0.2)
Passengers	'000	13,348	13,267	0.6
Seat factor	%	83.1	83.4	(0.3)pts



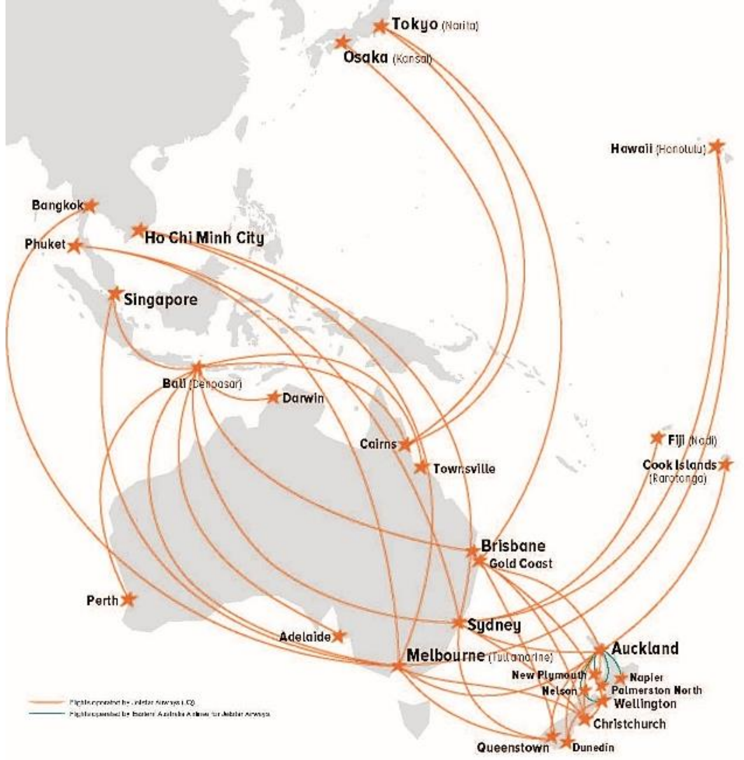
MAINTAIN LCC[3] LEADERSHIP BY INVESTING IN FREQUENCY GROWTH, CUSTOMER AND INNOVATION

1. Underlying EBIT. 2. Operating margin calculated as Underlying EBIT divided by total segment revenue. 3. Low Cost Carrier.

Jetstar International (Australia outbound and New Zealand)

- Strong earnings[1] with strategic optimisation of core markets and 787-8 wide body fleet
- Long-haul business focused on Asian markets where Jetstar is strategically advantaged
  - Linking Australia with all Jetstar airlines in Asia to leverage and further strengthen brand
  - New direct services to Vietnam from May 2017[2]
- Successful dual brand strategy in New Zealand market
  - Strong network serving leisure and business customers; successful launch of product for small businesses
  - Largest direct government contract in Jetstar history
  - New Zealand regionals brings affordable travel to regional communities

Jetstar International (incl. New Zealand Domestic and Regional, excl. Jetstar Asia)		FY17	FY16	VLY %
ASKs	M	21,929	21,710	1.0
RPKs	M	18,320	17,417	5.2
Passengers	‘000	6,241	5,757	8.4
Seat factor	%	83.5	80.2	3.3pts

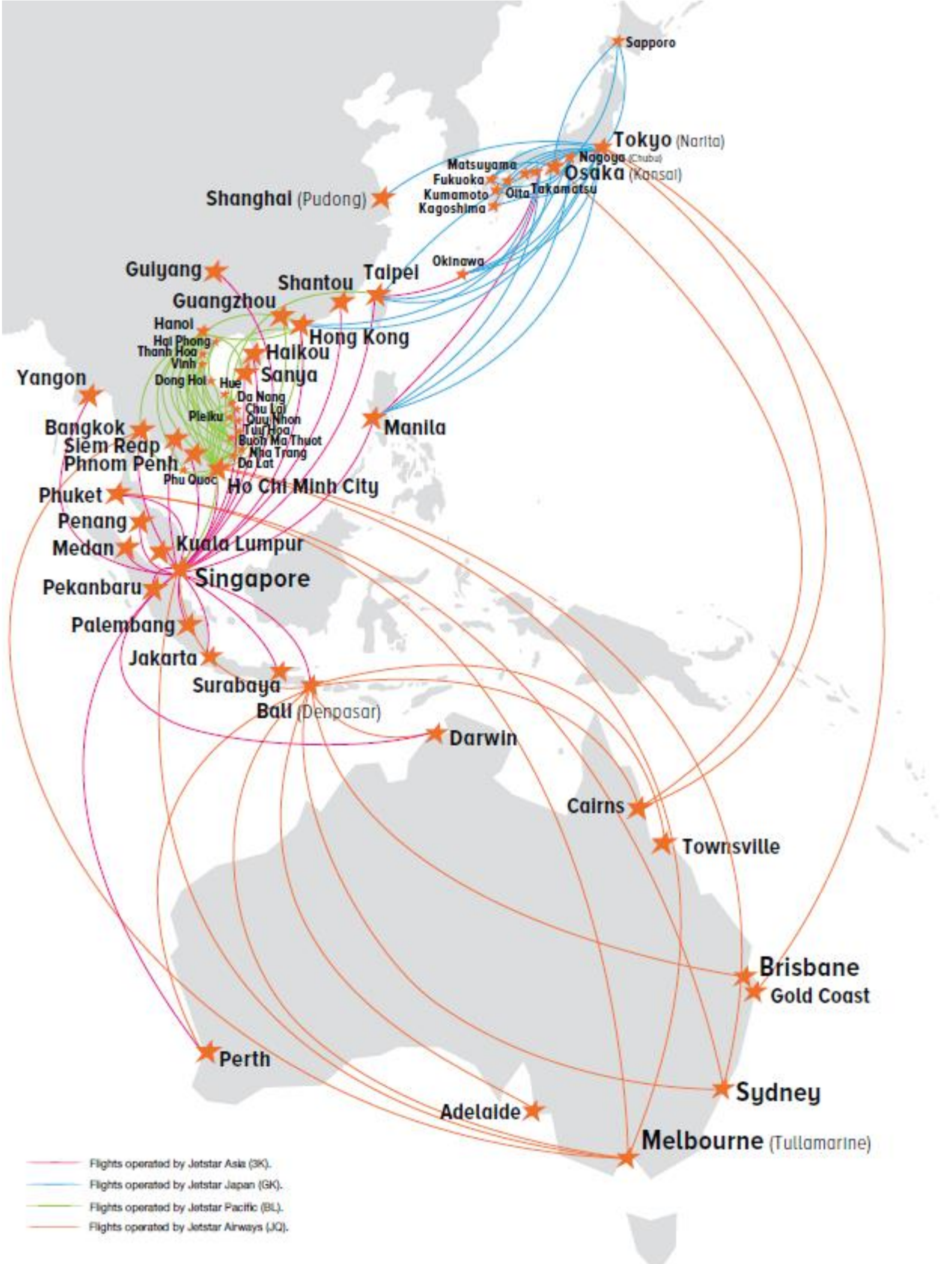


STRONG EARNINGS, IMPROVED NEW ZEALAND PERFORMANCE

1. Underlying EBIT. 2. Departing from Sydney and Melbourne.

Jetstar in Asia

- Jetstar in Asia[1] portfolio delivering both revenue and earnings[2] growth
  - Jetstar Asia (Singapore) remains profitable[2] in highly competitive market
  - Jetstar Japan earnings[2] continue to improve with growing international network; largest[3] domestic LCC
  - Jetstar Pacific incurring losses[2] as Vietnam domestic capacity growth intensifies; well positioned in one of the fastest growing South East Asia economies[4]
- China tourism growth relevant across all Jetstar markets
  - Brand presence and network into China strengthening, with Narita to Shanghai route successfully launched in June 2017 and new direct services from Melbourne to Zhengzhou from December 2017
  - Largest visitor market for Vietnam and Japan, second largest for Singapore, Australia and New Zealand[5]
- Strong customer advocacy[6] across portfolio driven by localised Jetstar market positioning and customer experience



WELL POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD[7]

1. Jetstar in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific. 2. Underlying EBIT. 3. Measured as percentage of market share for FY17. Source: Diio Mi. 4. Based on forecasted real GDP growth 2017-2021. Source: OECD, Economic Outlook for Southeast Asia, China and India 2017. 5. As at 31 December 2016. Source: Vietnam National Administration of Tourism, Japan National Tourist Organisation, Singapore Tourism Board, Australian Bureau of Statistic, and Statistics New Zealand. 6. Measured as Net Promoter Score (NPS). Based on Jetstar internal reporting. 7. Source: International Air Transport Association (IATA), IATA Forecasts Passenger Demand to Double Over 20 Years, 18 October 2016.

787-9 Introduction

Lifecycle of the Qantas 787-9 program

FY 16

Program Launch
Aug 15

787-9 Flight Simulator Committed to Purchase
Mar 16

FY 17

Pilot Training
Jan 17

There will be over 200 Qantas pilots trained to operate the first four 787-9 aircraft

This will be achieved with over 1,000 flight sectors and around 4,000 flight simulator hours

New Premium Economy Seat Announced
Feb 17

Engineer Training
May 17

FY 18

Cabin Crew Training
Aug 17

Over 500 Cabin Crew will be trained for the first four 787-9 aircraft

Cabin Crew will be trained throughout our Melbourne, Sydney and London training facilities

Aircraft 1
Oct 17

Domestic Sectors Commences
Oct 17

Aircraft 2
Dec 17

MEL-LAX[1] Service Commences
Dec 17

Aircraft 3
Jan 18

Aircraft 4
Feb 18

PER-LHR[2] Service Commences
Mar 18

FY 19

Collaboration with Jetstar has been crucial to the success of the 787-9 program, in particular a joint approach to pilot and engineering training

1. Melbourne-Los Angeles. 2. Perth-London.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT FLYER

BUSINESS REWARDS

- Technology led innovation supporting Coalition growth
- Re-platform of Qantas Store and Qantas epiQure
- Integration of QFF[1] into the Qantas companion app
- Simplified SME[2] program (QBR[3]) driving immediate advocacy

QANTAS CASH

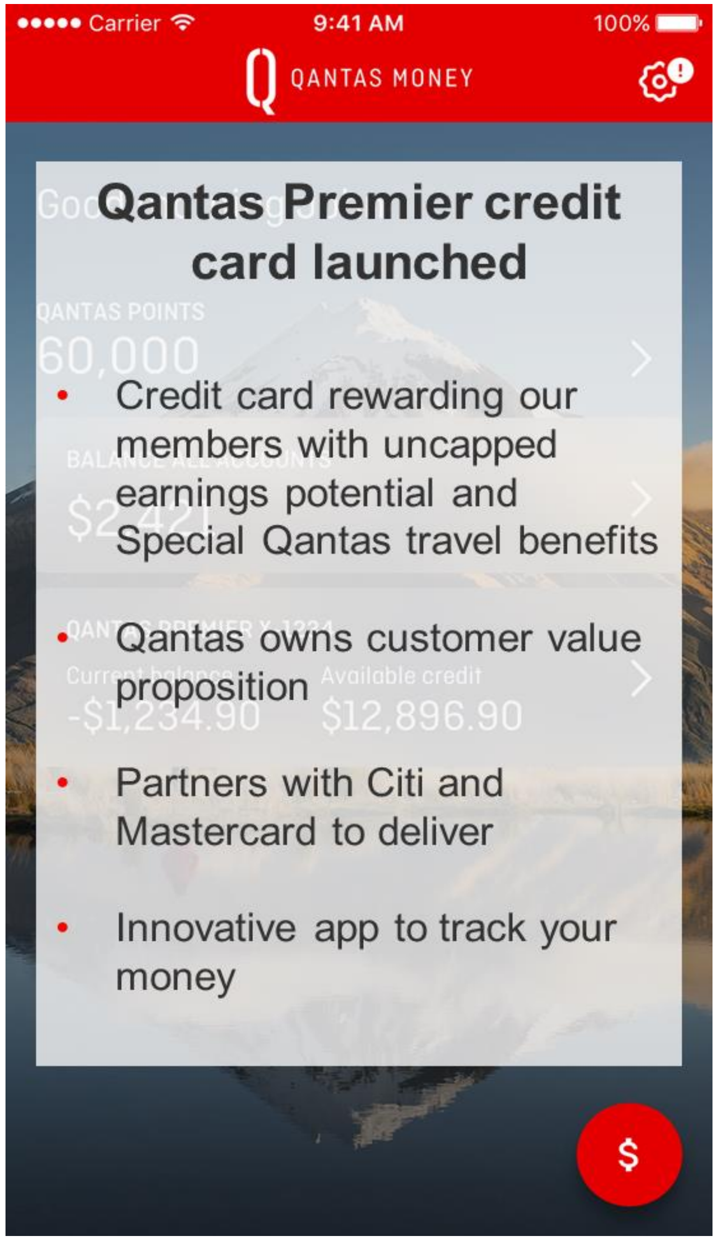
- >680k cards activated to date[4]
- >$3b loaded on product[4]; 13% growth in spend[5]
- Used in 195 countries across 131 currencies[6]

QANTAS ASSURE

- ~$60m of premiums sold[7]; 117b steps taken since launch[8]
- Life launched – Finalist for 'Insurance Innovation' award[9]
- Health remains on track for 2-3% market share[10], Direct to consumer life insurance targeting 1-2% market share[10]

RED PLANET.

- Data assets and capabilities delivering high client value
- 4 times revenue growth[11]; 44% growth in client base[12]
- Accelerating personalisation capabilities for the Qantas Group



Qantas Premier credit card launched

- Credit card rewarding our members with uncapped earnings potential and Special Qantas travel benefits
- Qantas owns customer value proposition
- Partners with Citi and Mastercard to deliver
- Innovative app to track your money

TECHNOLOGY DRIVING NEW OPPORTUNITIES IN THE COALITION AND ACROSS THE PORTFOLIO

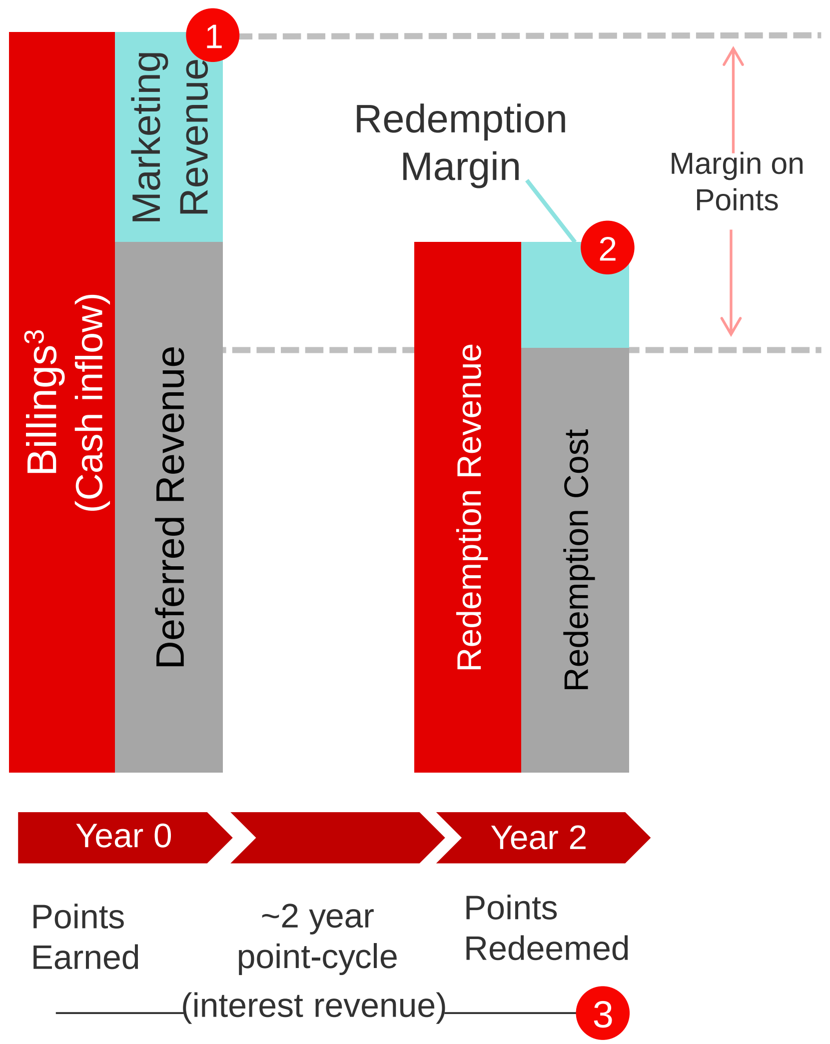
1. Qantas Frequent Flyer. 2. Small to Medium Enterprise. 3. Qantas Business Rewards. 4. From launch on 29 August 2013 to 30 June 2017. 5. Total dollars spent compared to FY16. 6. Based on currencies spent. 7. Represents FY17 Health and Life Insurance annual average premium for total joins. 8. As at 7 August 2017. 9. The Digital Insurer Asian 2017 'Insurance Innovation' award. 10. Target based on revenue within 5 years of operations. 11. Compared to FY16. External revenue only. 12. Compared to FY16.

Overview of Qantas Loyalty Value Chain

Business Model

Coalition Loyalty

Core earnings stream
(QFF[1] + QBR[2])



4 Other Verticals

Part of Coalition

- Qantas epiQure
- Qantas Golf
- Qantas Cash

New Businesses

- Qantas Assure
- Red Planet
  Taylor Fry / Data Republic
- Qantas Premier Credit Card
- Accumulate

Sources of Value

1. Marketing Revenue: percentage of price per point recognised upfront for the service Loyalty provides its Earn Partners. An allowance for breakage[4] is factored into the percentage

2. Redemption Margin: the difference between redemption revenue and redemption cost

   Redemption Revenue: recognises the deferred value of the award (price per point less marketing revenue) at time of redemption

   Redemption Cost: recognises the cost of the award at the time of redemption

3. Working Capital: interest income on the cash held

4. Other Revenue: Income from vertical businesses consistent with the industry that it operates in

1. Qantas Frequent Flyer. 2. Qantas Business Rewards. 3. External plus internal Billings. 4. Breakage is recognised at the time of points earn / issuance based on an estimated breakage rate. There is no further recognition of breakage at the time of points expiry. However, the actual rate of breakage is used to inform the estimated breakage rate for initial recognition.

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

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