Qantas Airways Limited
1H18 Results

Supplementary Presentation

22 February 2018

ASX:QAN
US OTC:QABSY

Group Performance

1H18 Key Group Financial Metrics

	1H18	1H17	VLY %[10]	Comments
Underlying PBT[1] ($M)	976	852	15	Record result
Underlying Earnings per Share[2] (c)	38.7	32.5	19	
Statutory Profit Before Tax ($M)	857	715	20	
Statutory Earnings per Share (c)	34.0	27.3	25	Record EPS supported by on-market share buy-back
Rolling 12 month ROIC[3] (%)	20.9	21.7	(0.8)pts	All operating segments delivering ROIC > WACC[11]
Revenue ($M)	8,660	8,184	6	
Operating cash flow ($M)	1,734	1,173	48	Record Operating cash flow generating strong net free cash flow
Net debt[4] ($B)	5.1	6.0	15	Lower end of target range of 5.0 to 6.2b
Unit Revenue[5] (RASK)	8.37	8.09	3	
Total unit cost[6] (c/ASK)	7.11	6.97	(2)	Targeted investment to grow margin
Ex-fuel unit cost[7] (c/ASK)	5.12	5.01	(2)	Targeted investment to grow margin
Available Seat Kilometres[8] (ASK) (M)	77,240	75,732	2	Increase largely in Asian growth markets, offset by reduction in the domestic market
Revenue Seat Kilometres[9] (RPK) (M)	64,512	61,348	5	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 1H18 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 29.2% (1H17: 27.9%)) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share 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 14. 5. Ticketed passenger revenue divided ASKs. The comparative period has been restated to conform with current year presentation. 6. Underlying PBT less ticketed passenger revenue per ASK. The comparative period has been restated to conform with current year presentation. 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. The comparative period has been restated to conform with current year presentation. 8. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Total number of passengers carried multiplied by the number of kilometres flown. 10. Variance to 1H17. Unfavourable variance shown as negative amount. 11. Weighted Average Cost of Capital calculated on a pre-tax basis.

Underlying Income Statement Summary

$M	1H18	1H17	VLY %	Comments
Net passenger revenue	7,493	7,064	6	Improved Unit Revenue of 3.5% driven by Group Domestic and transformation benefits. Group capacity increased 2% largely driven by increased flying into Asian growth markets
Net freight revenue	440	416	6	Increases in global demand
Other revenue	727	704	3	
Total Revenue	**8,660**	**8,184**	**6**	
Operating expenses (excluding fuel)	(5,183)	(4,885)	(6)	Transformation initiatives partially offset increases in activity and CPI
Fuel	(1,547)	(1,489)	(4)	Increased fuel price and consumption partially offset by favourable hedging strategies and fuel transformation initiatives
Depreciation and amortisation	(747)	(677)	(10)	Aircraft operating lease refinancing and A330 and 737-800 reconfigurations
Non-cancellable aircraft operating lease rentals	(141)	(192)	27	Aircraft operating lease refinancing
Share of net profit/(loss) of investments accounted for under the equity method	21	8	>100	Stronger performances in Jetstar Japan and Jetstar Pacific
Total Expenditure	**(7,597)**	**(7,235)**	**(5)**	
Underlying EBIT[1]	**1,063**	**949**	**12**	
Net finance costs	(87)	(97)	10	Liquidity optimisation, lower net debt
Underlying PBT	**976**	**852**	**15**	

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

Items Not Included in Underlying PBT

$M	1H18	1H17	Comments
Ineffectiveness and non-designated derivatives relating to other reporting periods	-	(1)	
Transformation costs	74	73	Redundancies, restructuring and other costs part of the Qantas Transformation Program and 787-9 Introduction
Net reversal of impairment	-	(20)	Includes the reversal of impairment on Helloworld investment
Net gain on disposal of a controlled entity	(6)	-	
Turnaround, Wage Freeze and Record Results employee bonuses[1]	53	80	Turnaround Bonus announced in August 2017
Other	(2)	5	
Total items not included in Underlying PBT[2]	**119**	**137**	

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	1H18				1H17			
	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	7,493	-	-	7,493	7,064	-	-	7,064
Net freight revenue	440	-	-	440	416	-	-	416
Other revenue	727	-	-	727	704	-	-	704
Total Revenue	**8,660**	**-**	**-**	**8,660**	**8,184**	**-**	**-**	**8,184**
Operating expenses (excl fuel)	(5,302)	-	119	(5,183)	(5,023)	-	138	(4,885)
Fuel	(1,547)	-	-	(1,547)	(1,488)	(1)	-	(1,489)
Depreciation and amortisation	(747)	-	-	(747)	(677)	-	-	(677)
Non-cancellable aircraft operating lease rentals	(141)	-	-	(141)	(192)	-	-	(192)
Share of net profit/(loss) of investments accounted for under the equity method	21	-	-	21	8	-	-	8
Total Expenditure	**(7,716)**	**-**	**119**	**(7,597)**	**(7,372)**	**(1)**	**138**	**(7,235)**
EBIT	**944**	**-**	**119**	**1,063**	**812**	**(1)**	**138**	**949**
Net finance costs	(87)	-	-	(87)	(97)	-	-	(97)
PBT	**857**	**-**	**119**	**976**	**715**	**(1)**	**138**	**852**

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 1H18 Results Presentation are reported on an Underlying basis. This slide provides a reconciliation of Underlying to Statutory PBT.

Revenue Detail

Net passenger revenue up 6%

- Group Unit Revenue increased 3%
  - Group Domestic Unit Revenue up 8%
  - Group International Unit Revenue up 1%
- Group capacity up 2%, increased International capacity achieved through cross fleet utilisation offset by reduced domestic capacity
- Transformation benefits of $71m

Net freight revenue up 6%

- Driven by increase in global demand

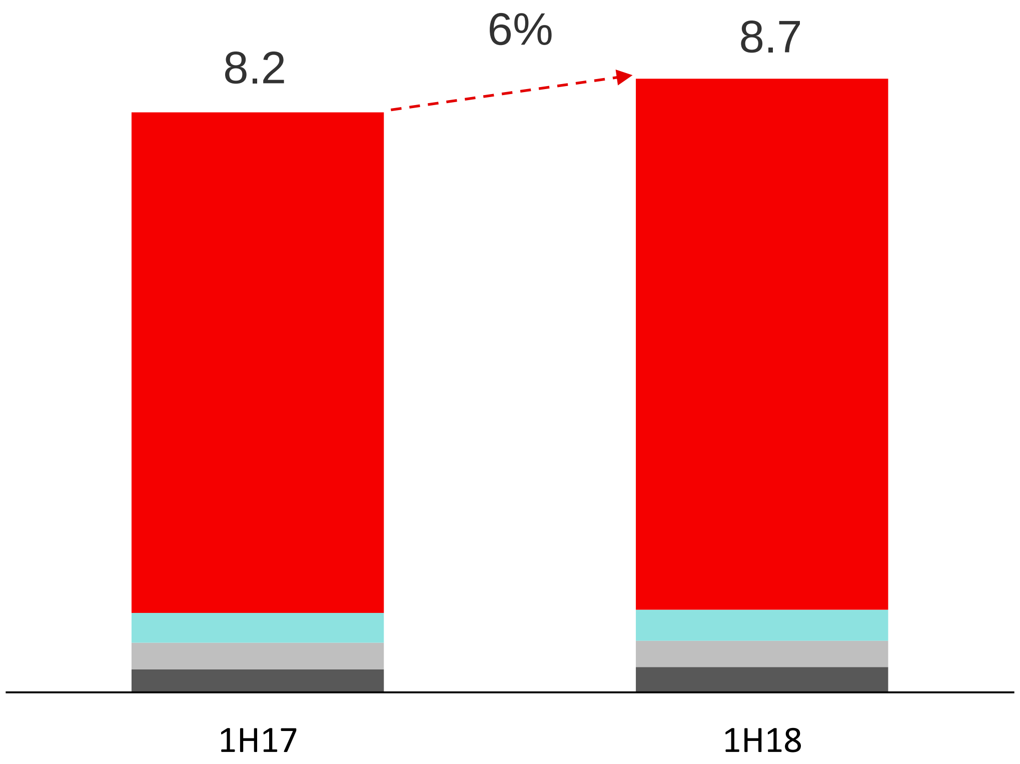
Frequent flyer redemption, marketing, store and other revenue down 2%

- Increase in redemption in the core loyalty business
- Increased points issuances driven by increased Woolworths 'opt ins' and new partners
- Offset by the sale of a controlled entity in October 2017

Revenue from other sources up 9%

- Increase in Qantas Club and Club Jetstar revenue
- Increase in codeshare commissions
- Increase in contract work activity

Revenue ($B)



	1H17		1H18
RPKs (m)	61,348	5%	64,512
ASKs (m)	75,732	2%	77,240

Expenditure[1] Detail

Fuel costs up 4%

- Effective hedging reduced impact of higher jet fuel prices
- Improvement in fuel efficiency from Qantas Transformation fuel initiatives
- Offset by higher consumption from increased flying

Manpower and staff-related up 5%

- Increased operating crew manpower driven by increase in flying activity
- Growth of Qantas Loyalty business headcount
- Wage increases following the completion of the 18-month wage freeze

Aircraft operating variable costs up 3%

- Increase in flying activity and network changes
- CPI partially offset by Transformation

Depreciation and amortisation costs up 10%

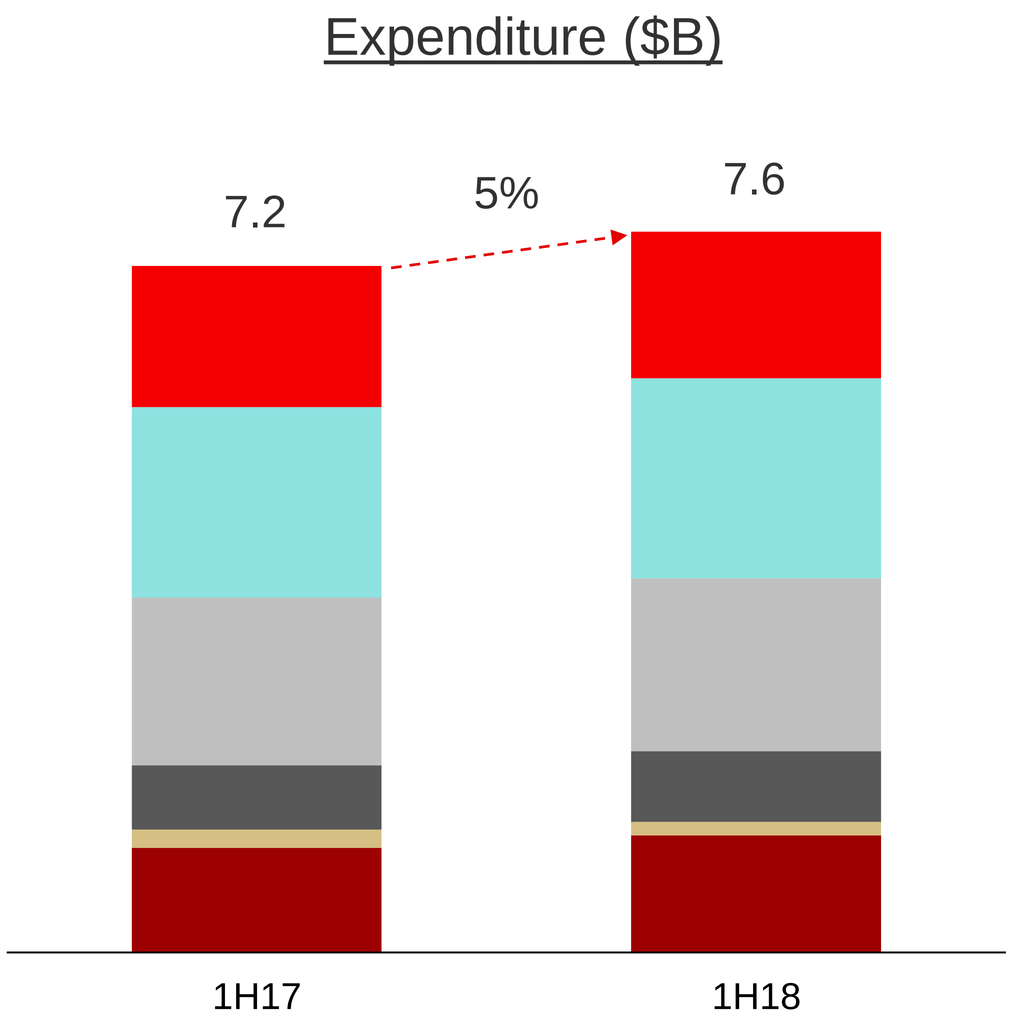
- Refinancing of aircraft out of operating leases to unencumbered/owned aircraft
- Reconfiguration of A330 and 737-8 aircraft
- Investment in Lounges and technology

Lease rental expense down 27%

- Reduction in aircraft operating leases through refinancing of leased aircraft

Other expenditure up 12%

- Non-cash impact of changes in discount rates and actuarial assumptions
- Increase in commissions from increased sales



ASKs (m) 75,732 → 2% → 77,240

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	1H18	1H17	VLY %
Operating cash flows	1,734	1,173	48
Investing cash flows (excluding aircraft operating lease refinancing)	(962)	(885)	(9)
Net free cash flow[1]	**772**	**288**	**>100**
Aircraft operating lease refinancing	(153)	(327)	53
Financing cash flows	(606)	(271)	(>100)
Cash at beginning of period	1,775	1,980	(10)
Effects of FX on cash	(1)	(2)	50
Cash at end of period	**1,787**	**1,668**	**7**

- Positive net free cash flow[1] of $772m
  - Record operating cash flows of $1.7b
  - Investing cash flows of $962m excluding aircraft operating lease refinancing
- $153m related to the refinancing of 3 aircraft out of operating leases
- Borrowings of $346m from A$ Corporate Debt Program and repayment of $306m short term amortising debt
- 63.1m shares bought back during 1H18 for $373m
- Dividend payment of $127m

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

Invested Capital Calculation

$M	12 mths to Dec 17	12 mths to Dec 16
Receivables (current and non-current)	1,008	971
Inventories	364	352
Other assets (current and non-current)	568	590
Investments accounted for using the equity method	232	238
Property, plant and equipment	12,562	12,168
Intangible assets	1,060	956
Assets classified as held for sale	20	14
Payables	(2,297)	(2,161)
Provisions (current and non-current)	(1,162)	(1,143)
Revenue received in advance (current and non-current)	(5,108)	(4,787)
Capitalised operating leased assets[1]	1,625	2,112
Invested Capital	**8,872**	**9,310**
Average Invested Capital[2]	**8,938**	**8,708**

- Increased Property, Plant and Equipment associated with 787-9 deliveries and impact of refinancing operating leases
- Refinanced operating leased aircraft to unencumbered owned aircraft; 3 in 1H18, 10 refinanced in 2H17
- Increase in revenue received in advance associated with new international routes

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 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 aircraft assets. 2. Equal to the 12 months average of monthly Invested Capital.

ROIC Calculation

$M	12 mths to Dec 17	12 mths to Dec 16
Underlying EBIT	1,704	1,669
Add back: Non-cancellable aircraft operating lease rentals	305	399
Less: Notional depreciation[1]	(138)	(177)
ROIC EBIT	**1,871**	**1,891**

$M	12 mths to Dec 17	12 mths to Dec 16
Net working capital[2]	(6,627)	(6,178)
Fixed assets[3]	13,874	13,376
Capitalised operating leased assets[1]	1,625	2,112
Invested Capital	**8,872**	**9,310**
Average Invested Capital[4]	**8,938**	**8,708**
Return on Invested Capital (%)	**20.9**	**21.7**

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 Target Range

- Net Debt Target Range = 2.0x – 2.5x ROIC EBITDAR where EBITDAR achieves a fixed 10% ROIC
- At current Invested Capital of $8.9b, optimal net debt range is **$5.0b to $6.2b**
- Targeting net debt to be within the range on a **forward looking** basis

	$b	
Invested Capital	8.9	Average Invested Capital for the 12 months to December 2017
10% ROIC EBIT	0.9	Invested Capital x 10%
plus rolling 12 month ROIC depreciation[1]	1.6	Includes notional depreciation on aircraft operating leases
EBITDAR where ROIC = 10%	2.5	
Net Debt at 2.0x EBITDAR where ROIC = 10%	5.0	**Net Debt Target Range**[2]
Net Debt at 2.5x EBITDAR where ROIC = 10%	6.2	

GROUP LEVERAGE TARGET CONSISTENT WITH INVESTMENT GRADE CREDIT METRICS

1. Equal to the ROIC depreciation for the 12 months to 31 December 2017 and includes Group depreciation and amortisation, and notional depreciation on operating leased aircraft. 2. The appropriate level of net debt reflects the Qantas Group's size, measured by Invested Capital and is premised on maintaining ROIC above 10%.

Disciplined Allocation of Capital

Capital allocation prioritised to:

- Debt reduction (where required) to achieve optimal capital structure
- Base dividend
- Reinvestment (FY18 and FY19 combined capex $3.0b)
- Remaining surpluses presumed to be distributed to shareholders
- Additional capex only where there is clear shareholder value accretion

Capital Allocation Priorities

>$6.2B	$6.2B	$5.0B	<$5.0B
Debt reduction	← **Capital Management** →		Greater returns to shareholders
Constrain capex	← **Reinvestment** →		Consider growth investment
Higher	← **Liquidity** →		Lower
	Disciplined focus on operating costs at all times		

DISCIPLINED ALLOCATION OF CAPITAL TO INCREASE SHAREHOLDER VALUE

Net Debt

$M	1H18	FY17	VLY
Current interest bearing liabilities on balance sheet	420	433	13
Non-current interest bearing liabilities on balance sheet	4,462	4,405	(57)
Fair value of hedges related to debt	(1)	(1)	-
Cash at end of period	(1,787)	(1,775)	12
Net on Balance Sheet Debt[1]	**3,094**	**3,062**	**(32)**
Capitalised aircraft operating lease liabilities[2]	1,970	2,150	180
Net Debt[3]	**5,064**	**5,212**	**148**

- Borrowings of $346m from A$ Corporate Debt Program
- Repayment of $306m in short term amortising debt, largely secured debt
- Reduction in aircraft operating lease liabilities with the refinancing of an additional 3 aircraft out of operating leases

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 includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework.

Net Debt Movement

$M	1H18	1H17
Opening Net Debt (30 June)	**(5,212)**	**(5,646)**
Net cash from operating activities	1,734	1,173
Principal portion of aircraft operating lease rentals	86	119
Payment for treasury shares	(146)	(65)
Funds From Operations	1,674	1,227
Net cash from investing activities	(1,115)	(1,212)
Aircraft operating lease refinancing	153	327
Return of operating leases/(New operating leases)	-	(138)
Net Capex	(962)	(1,023)
Dividend paid to shareholders	(127)	(134)
Payments for share buy-back	(373)	(275)
Shareholder Distributions	(500)	(409)
FX revaluations and other fair value movements	(64)	(116)
Closing Net Debt (31 December)	**(5,064)**	**(5,967)**

Total Unit Cost

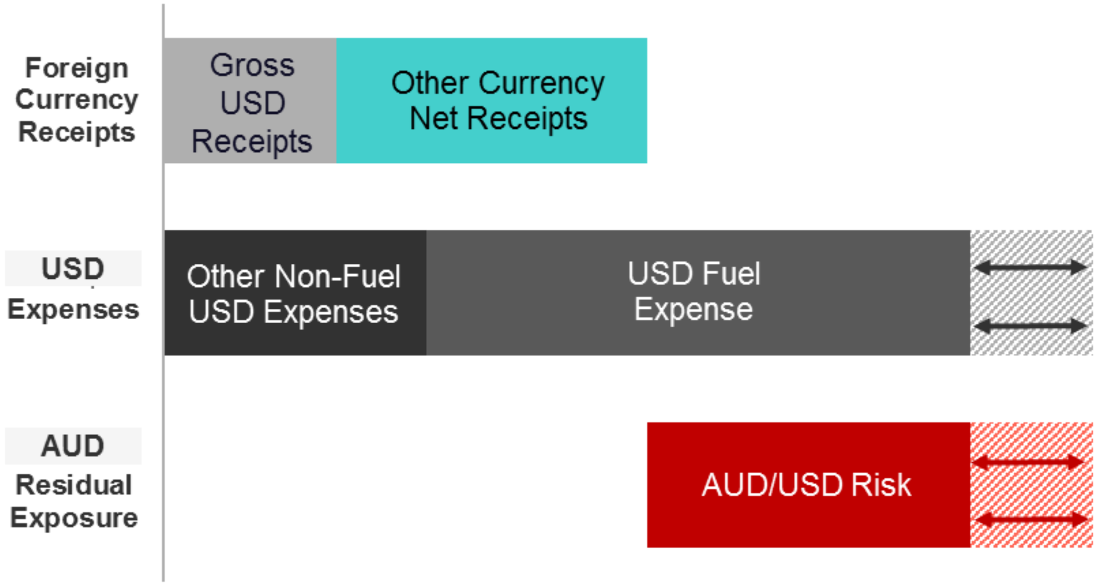
C/ASK	1H18	1H17	VLY %
Total Unit Cost[1]	**7.11**	**6.97**	**(2)**
Excluding:			
Fuel	(2.00)	(1.97)	
Change in FX rates	-	(0.06)	
Impact of changes in the discount rate and other actuarial assumptions	(0.02)	0.06	
Share of net profit/(loss) of investments accounted for under the equity method	0.03	0.01	
Ex-Fuel Unit Cost[2]	**5.12**	**5.01**	**(2)**

1. Underlying PBT less ticketed passenger revenue per ASK. The comparative period has been restated to conform with current year presentation. 2. 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. The comparative period has been restated to conform with current year presentation.

Group Operational Information

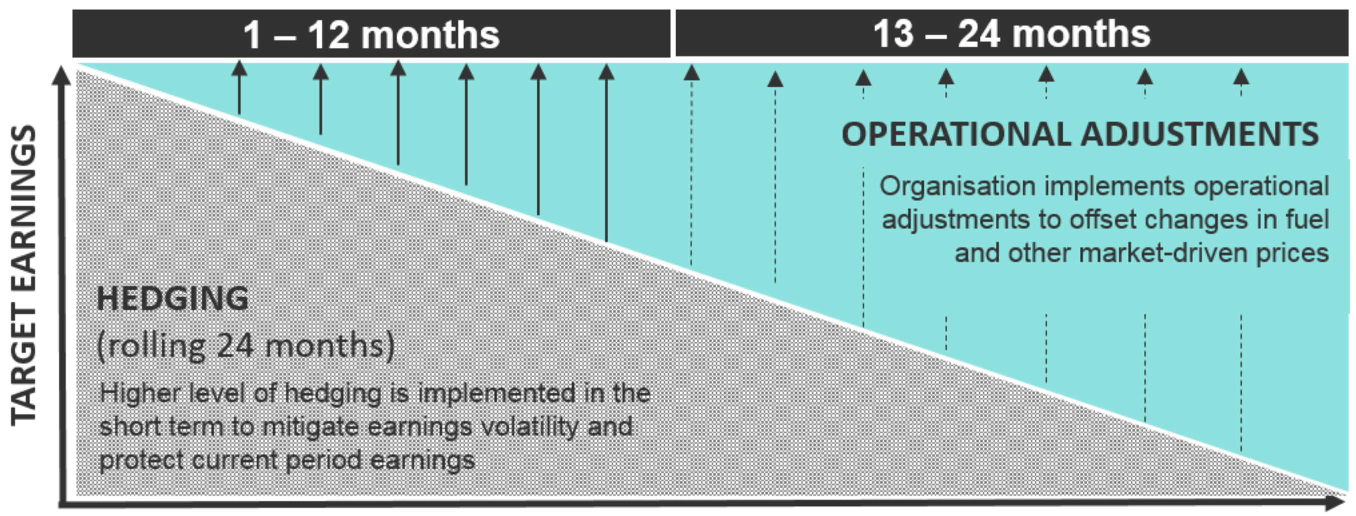
Disciplined Hedging Program

Indicative Fuel and Foreign Currency Exposure



- Net foreign currency revenues are offset against USD expenses
- Remaining USD exposure is funded by net AUD revenue
- The size of the exposure is variable and subject to movements in jet fuel prices and revenue outlook

Reducing Volatility of Earnings / Cash Flow



Examples of Operational Adjustments

Capacity adjustments and network optimisation	Fuel efficiency programs	Invest in fuel efficient fleet

Qantas Group Sustainability Framework

New Centres of Customer Demand and Geopolitical Influence

Rapid Digitisation and Disruption from Big Data

Shifting Customer and Workforce Preferences

Resource Constraints and Climate Change

LOOKING AHEAD

Through the lens of our 4 Global Forces

Strategic scenario planning

Targeted & Transparent communication

Building long-term value

DELIVERING TODAY

Through our 6 strategic pillars

Living by our Group Beliefs

ACTING RESPONSIBLY

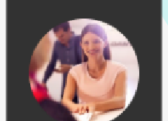
Through our governance framework, including our 8 Non-negotiable Business Principles

1. We are committed to safety as our frist priority;
2. We comply with laws and regulations
3. We treat people with respect;
4. We act with honesty and integrity, upholding ethical standards;
5. We are committed to true and fair financial reporting;
6. We are committed to environmental sustainability
7. We have responsibility to safeguard Qantas Group reputation, brands, property, assests and information; and
8. We proactively manage risk.

Maximising leading domestic position through dual brand strategy

Building a resilient and sustainable Qantas International, growing efficiently with partnerships

Aligning Qantas and Jetstar with Asia's growth



Investing in customer, brand, data and digital

Diversification and growth at Qantas Loyalty

Focus on people, culture and leadership

Fleet at 31 December 2017

Aircraft Type	1H18	FY17	Change
A380-800	12	12	-
747-400	4	5	(1)
747-400ER	6	6	-
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9	2	-	2
Total Qantas	**127**	**126**	**1**
717-200	20	20	-
Q200/Q300	14	14	-
Q400	31	31	-
F100	17	17	-
Total QantasLink	**82**	**82**	**-**
Q300	5	5	-
A320-200[1]	71	71	-
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	**95**	**95**	**-**
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight[2]	**6**	**6**	**-**
Total Group	**310**	**309**	**1**

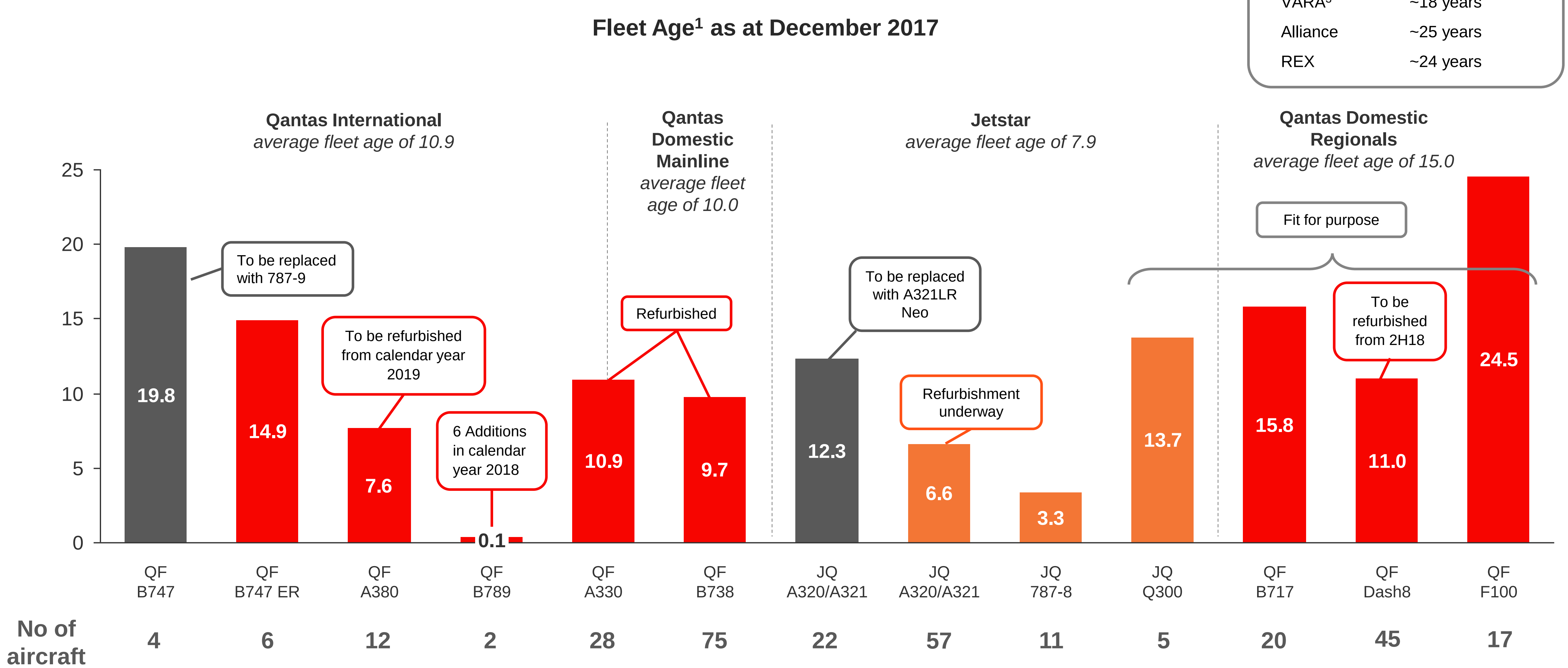
- Net addition of 1 aircraft in 1H18
  - 2 x 787-9 additions
  - 1 x 747-400 retired in July 2017
- Domestic capacity reductions achieved by right-sizing aircraft, optimising capacity to match demand
  - Down-gauge of A330 services to 737-800 services
  - Down-gauge of 737-800 services to 717 and F100 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
- Further 2 x 787-9 aircraft deliveries in January and February 2018, resulting in 312 fleet count as at the end of February 2018

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

Fleet Age at 31 December 2017

Flexibility maintained

Regional Competitor Fleet Ages[2]	
VARA[3]	~18 years
Alliance	~25 years
REX	~24 years



OPTIMAL FLEET AGE AND REPLACEMENT DECISIONS INFORMED BY COMPETITIVE LANDSCAPE

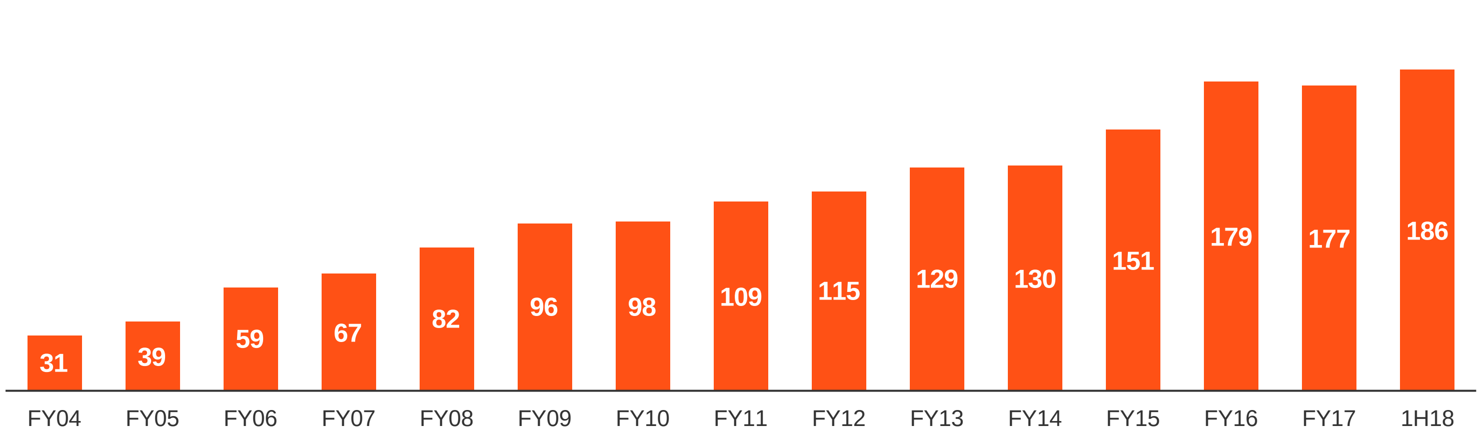
1. Average fleet age of the Group’s passenger fleet based on manufacturing date at 31 December 2017. 2. Source: Airfleet. 3. Virgin Australia Regional Airlines.

Supplementary Segment Information

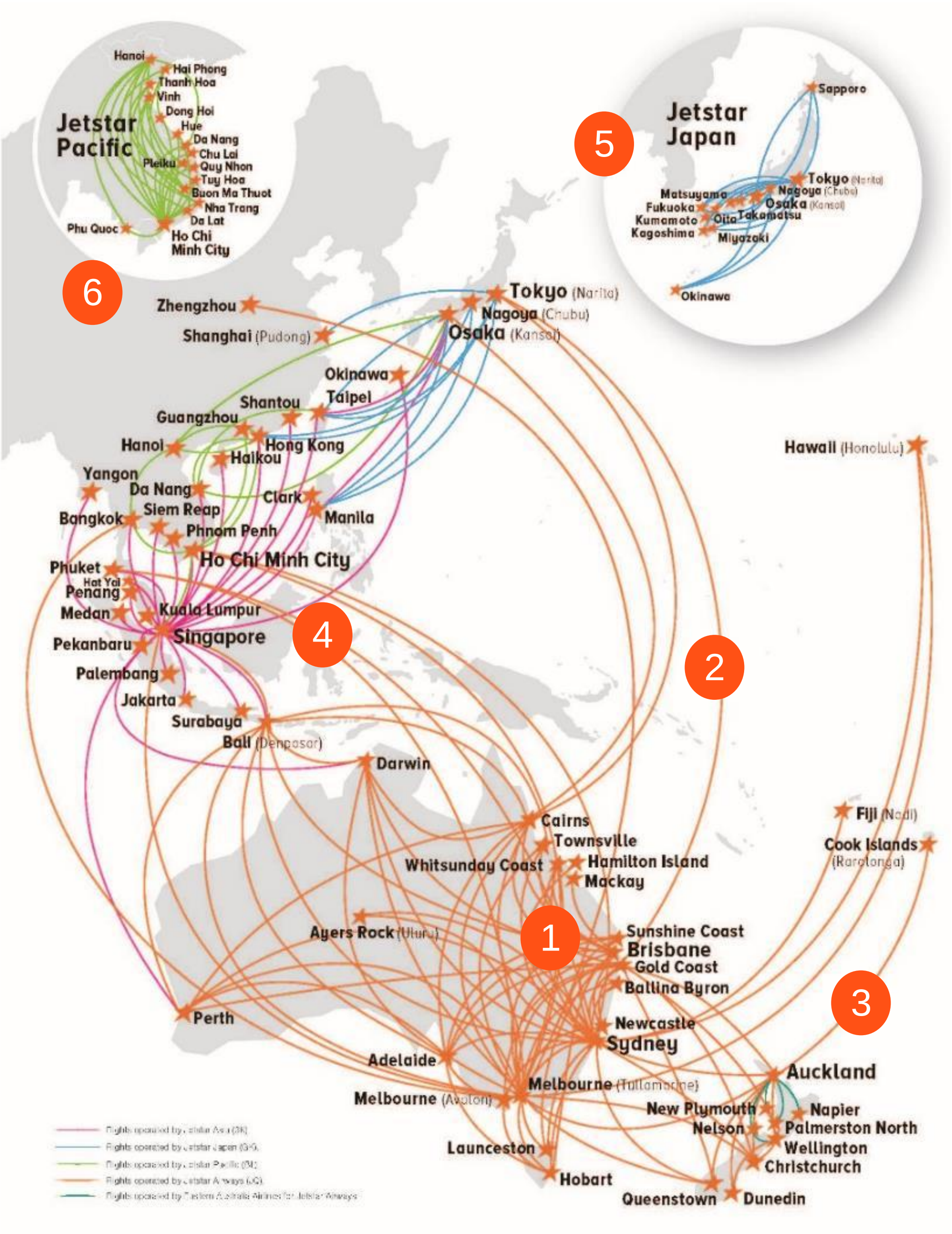
QANTAS GROUP

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 787-8s
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	17 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 (includes aircraft subleased for Jetstar operations, excludes subleased aircraft to external parties). 4. Includes Jetstar Trans-Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009, Jetstar New Zealand (Regional) services commenced in December 2015. 5. Jetstar Pacific rebranded in 2008.

Jetstar Domestic

- Record half year Underlying EBIT of $205m
- Unit revenue up 7% on flat capacity and strong seat factor growth[1]
- Growing earnings[2] with improved operating margins[3]
- Continuing to leverage fleet size, network and frequency advantage over competitors
- Cabin enhancement program for A320/321s and customer service training to deliver better customer experience
- Investment in operational improvements delivering OTP[4] benefits
- Ongoing focus on innovation and driving efficiencies
- Jetstar brand and product meeting low fares demand as part of Qantas Group dual brand coordination

Jetstar Domestic		1H18	1H17	VLY %
ASKs	M	9,536	9,662	(1)
RPKs	M	8,246	8,080	2
Passengers	'000	7,041	6,831	3
Seat factor	%	86.5	83.6	3pts

19 destinations

Focus on driving efficiencies

Dual brand sophistication

MAINTAIN LCC[5] LEADERSHIP BY INVESTING IN NETWORK, CUSTOMER AND INNOVATION

1. Compared to 1H17. 2. Underlying EBIT compared to 1H17. 3. Operating margin calculated as Underlying EBIT divided by total revenue. 4. On time performance. Measured as departures within 15 minutes of scheduled departure time. 5. Low Cost Carrier.

Jetstar International (Australia outbound and New Zealand)

- Strong earnings[1] with optimisation of core markets
- 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 service to China from December 2017[2]
- Compelling brand position, providing choice and accessibility for New Zealand
  - Strong network serving leisure and business customers; successful product offering for small business
  - New Zealand regionals operation brings affordable travel to regional communities

Jetstar International (incl. New Zealand Domestic and Regional, excl. Jetstar Asia)		1H18	1H17	VLY %
ASKs	M	11,358	11,007	3
RPKs	M	9,715	9,188	6
Passengers	'000	3,245	3,135	4
Seat factor	%	85.5	83.5	2pts

20 destinations

Asian market focus

Network agility with optimised fleet

STRONG EARNINGS, GROWING FOCUS ON ASIAN MARKETS

1. Underlying EBIT, Bali volcano disruption impact ~$10m. 2. Service from Melbourne to Zhengzhou launched in December 2017.

Jetstar in Asia

- Jetstar's Asian airlines portfolio[1] was profitable
  - Jetstar Asia (Singapore) remains profitable[2] in highly competitive market due to network restructure to focus on key leisure markets, leading OTP and brand strength
  - Jetstar Japan earnings[2] continue to improve with growing international network; largest domestic LCC[3]
  - Jetstar Pacific earnings[2] improved[4] as Vietnam capacity stabilised; operating in one of the fastest growing South East Asia economies[5]
- China tourism growth[6] across all Jetstar markets
  - China brand presence and network strengthening with new direct services from Melbourne to Zhengzhou launched in December 2017
- Interconnectivity across Asia between all Jetstar Group airlines in Australia, New Zealand, Japan, Singapore and Vietnam

54 Asian destinations[7]

10 New routes[7]

~100 Services per Week to China[8]

FOCUS ON MAXIMISING EXISTING OPPORTUNITIES WHILE POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD[8]

1. Jetstar Airlines in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific. 2. Underlying EBIT. 3. Measured as percentage of market share based on ASKs. Source: Diio Mi. Japanese Low Cost Carrier (LCC) includes Jetstar Japan, Vanilla Air, Peach Aviation and Spring Airlines Japan. 4. Compared to 1H17. 5. Based on forecasted real GDP growth 2017-2021. Source: OECD, Economic Outlook for Southeast Asia, China and India 2017. 6. Source: Tourism Australia International Market Update, September 2017. 7. Across Jetstar Group airlines in 1H18. 8. Flights per week to China and its territories including charters. Source: Diio Mi Weekly Report. 8. Source: International Air Transport Association (IATA), IATA Forecasts Passenger Demand, 24 October 2017.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT FLYER / BUSINESS REWARDS

- 5.3% growth in credit card portfolio versus market growth of 0.05%[1]
- 48 new Coalition partners including Hoyts, Rockpool and Uber – many now with POS[2] redemption; growth in Woolworths opt ins[3]
- 11% growth in QBR membership[4] – 180,000 members with 55 partners across all major business spend categories

QANTAS CASH

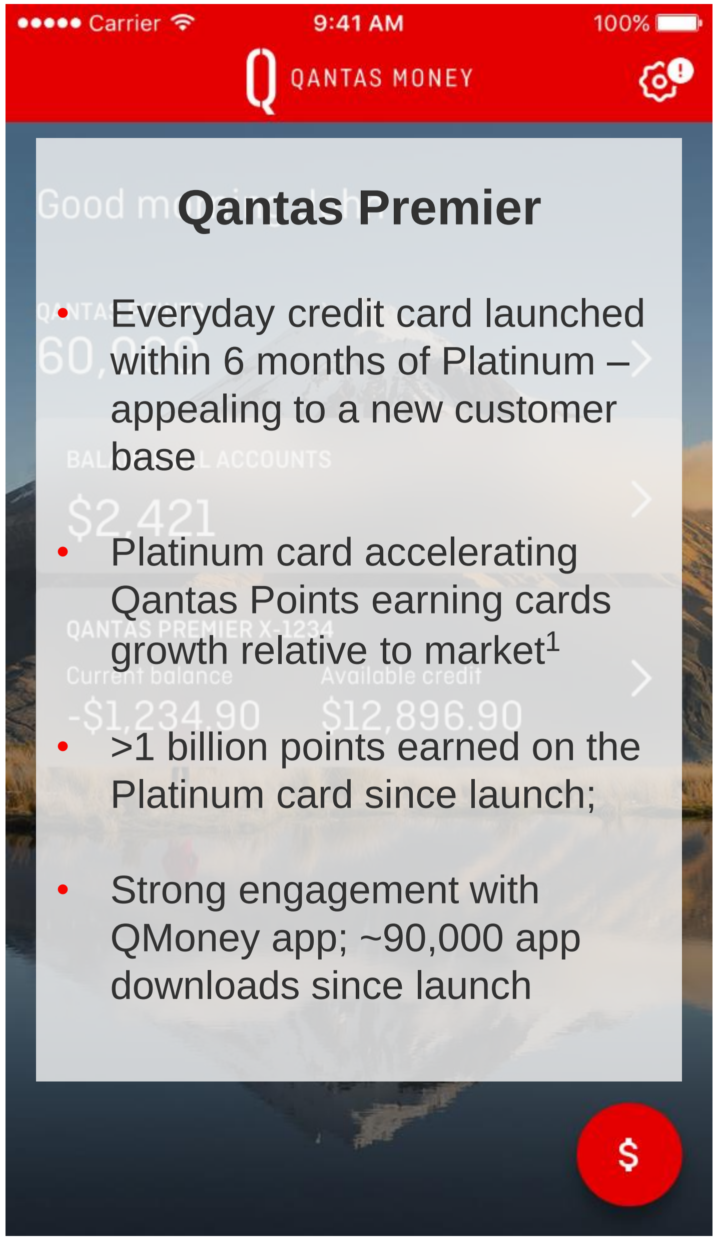
- >720k cards activated to date[5]
- >$3.5b loaded on product[5]; 7.6% growth in spend[6]
- Canstar 5 star – 2014, 2015 and 2017

QANTAS ASSURE

- Assure #1 brand for growth in Health for FY17[7]; 30.8% growth[8] in first half
- Low average Health premium increase – 0.48% vs 3.95% industry[9]
- Winner 2017 Asia Pacific Innovation Award[10] for Assure Life

RED PLANET.

- Investment in Data Assets supporting internal and external growth
- >50% increase in external revenue[11]; revenue per client up 30%[11]
- Increase in revenue generated for the Group[12]; supporting increasing share of wallet



Qantas Premier

- Everyday credit card launched within 6 months of Platinum – appealing to a new customer base
- Platinum card accelerating Qantas Points earning cards growth relative to market[1]
- >1 billion points earned on the Platinum card since launch;
- Strong engagement with QMoney app; ~90,000 app downloads since launch

LEADERSHIP IN CUSTOMER ADVOCACY IN AIRLINE LOYALTY PROGRAMS

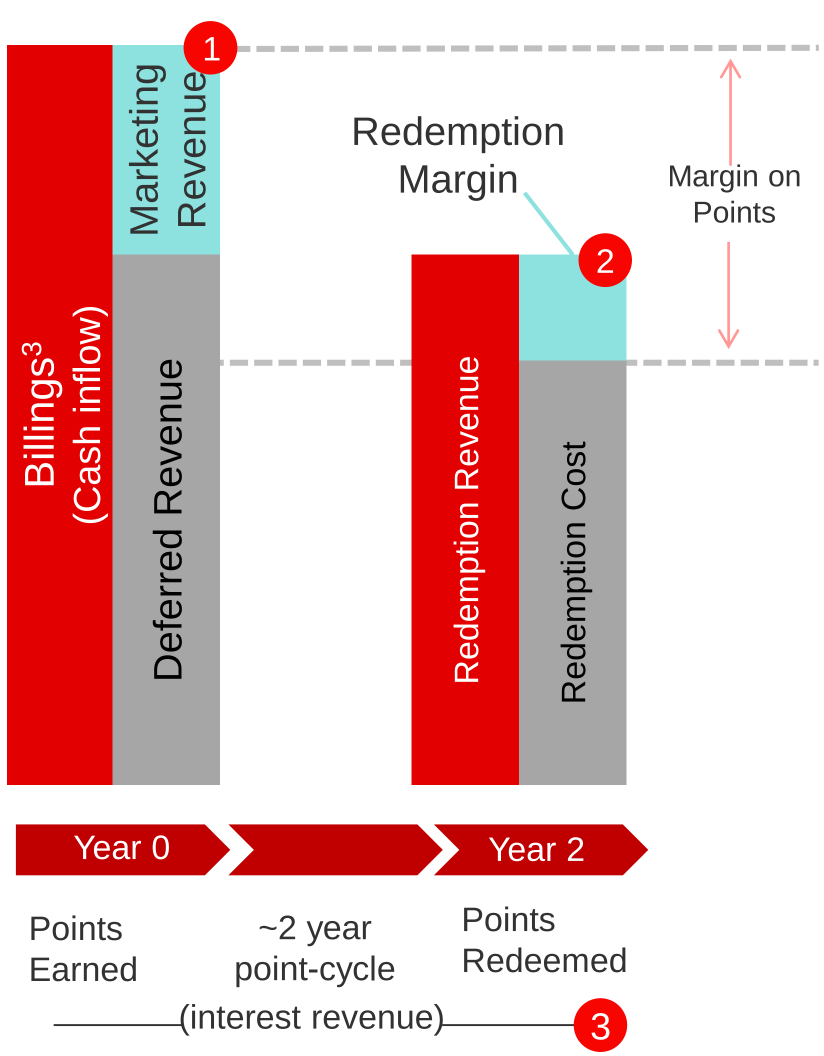
1. Based on number of credit card accounts with interest free periods. December 2017 compared to December 2016. Source: RBA credit and card charges statistics. 2. Point of Sale. 3. Compared to June 2017. 4. Qantas Business Rewards. Compared to June 2017. 5. From launch on 29 August 2013 to 31 December 2017. 6. Total foreign currency spent compared to 1H17. 7. Based on FY17 growth in net persons insured compared to all Australian Private Health insurance funds. Source: APRA Operations of Private Health Insurers Annual Report 2016-17 and nib policyholder data. 8. Growth in Assure total persons insured from 1 July 2017 to 31 December 2017. 9. Increases effective 1 April 2018. Includes all Qantas Assure products as at 8 December 2017. Source: Australian Government Department of Health, excludes the Australian Government Rebate. 10. The Digital Insurer Asia Pacific Innovation Award 2017. 11. External revenue compared to 1H17. 12. 1Q18 compared to 1Q17. Based on Qantas internal reporting.

Overview of Qantas Loyalty Value Chain

Business Model

Coalition Loyalty

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



4 Other Verticals

Part of Coalition

Part of Coalition
- Qantas epiQure
- Qantas Golf
- Qantas Cash

New Businesses

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

Sources of Value

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

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 relevant industry practice

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.

Glossary

- **Available Seat Kilometres (ASK) –** Total number of seats available for passengers, multiplied by the number of kilometres flown
- **Capital expenditure (Capex) –** Net investing cash flows included in the Consolidated Cash Flow Statement (excluding aircraft operating lease refinancing) and the impact to Invested Capital from the disposals/acquisitions of operating leased aircraft
- **CPI –** Consumer Price Index
- **EBIT –** Earnings before interest and tax
- **EPS –** Earnings per share. Statutory profit after tax divided by the weighted average number of issued shares
- **Fixed assets** - 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
- **FX –** Foreign exchange
- **Invested Capital –** Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including capitalised operating lease assets
- **LCC –** Low Cost Carrier
- **Net debt –** includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities
- **Net free cash flow –** Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing)
- **Net on balance sheet debt –** Interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents
- **Net Working capital –** 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
- **NPS –** Net promoter score. Customer advocacy measure
- **Operating Margin –** Underlying EBIT divided by Total Revenue
- **OTP –** On time performance. Measured as departures within 15 minutes of scheduled departure time
- **PBT –** Profit before tax
- **QBR –** Qantas Business Rewards
- **QFF –** Qantas Frequent Flyer
- **Return on Invested Capital (ROIC) –** ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital
- **Revenue Passenger Kilometre (RPK) –** Total number of passengers carried, multiplied by the number of kilometres flown
- **Seat factor –** Revenue passenger kilometres divided by available seat kilometres
- **SME –** Small to medium enterprise
- **Ticketed passenger revenue –** Uplifted passenger revenue included in Net Passenger Revenue
- **Total Unit Cost –** Underlying PBT less ticketed passenger revenue per available seat kilometre (ASK)
- **Unit Revenue –** Ticketed passenger revenue per available seat kilometre (ASK)
- **Utilisation –** Average block hours per aircraft per day
- **WACC –** Weighted average cost of capital calculated on a pre-tax basis

Disclaimer & ASIC Guidance

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

Summary information
This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 22 February 2018, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not financial product advice
This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Qantas shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Qantas is not licensed to provide financial product advice in respect of Qantas shares. Cooling off rights do not apply to the acquisition of Qantas shares.

Not tax advice
Tax implications for individual shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither Qantas nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital and/or share consolidation.

Financial data
All dollar values are in Australian dollars (A$) and financial data is presented within the six months ended 31 December 2017 unless otherwise stated.

Future performance
Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

An investment in Qantas shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Qantas Group, including possible delays in repayment and loss of income and principal invested. Qantas does not guarantee any particular rate of return or the performance of the Qantas Group nor does it guarantee the repayment of capital from Qantas or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, none of Qantas, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this Presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

Past performance
Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Not an offer
This Presentation is not, and should not be considered, an offer or an invitation to acquire Qantas shares or any other financial products.

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, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Interim Financial Report for the half year ended 31 December 2017 which has been reviewed by the Group's Independent Auditor.