Qantas Airways Limited
FY18 Results

23 August 2018

ASX:QAN
US OTC:QABSY

QANTAS GROUP

FY18 Highlights

Record Group financial performance in rising fuel environment

- Record[1] Underlying Profit Before Tax[2] (PBT) $1,604m, Statutory PBT $1,391m
- Record Statutory EPS 56 cps, Underlying EPS[3] 64 cps
- Strong Return on Invested Capital (ROIC) of 22.0%[4]
- Delivered $463m in transformation benefits, >$400m target
- Bonus for 27,000 non-executive employees totalling $67m

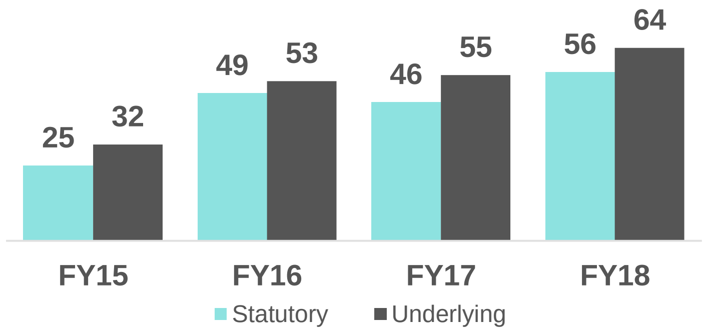
All operating segments delivering ROIC > WACC[5]

- Record Qantas Domestic, Jetstar Domestic and Group Domestic[6] earnings[7]
- Record earnings[7] for Jetstar Group
- Unit Revenue improvement drives earnings[7] growth at Qantas International[8]
- Record Qantas Loyalty earnings[7] provides growing diversified earnings stream

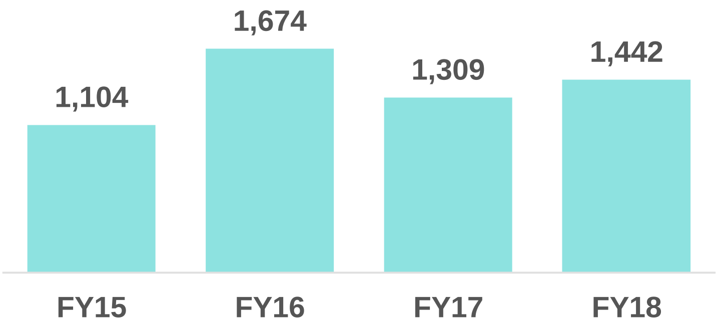
Record operating cash flow continues to generate strong net free cash flow[9]

- Net debt[10] of $4.9b offers significant financial flexibility, FY18 capital expenditure of $1.97m
- 10 cents per share dividend, fully franked, on-market share buy-back of up to $332m

Earnings Per Share (Cents)



Net Free Cash Flow[9] ($M)



STRUCTURALLY TRANSFORMED BUSINESS DELIVERING TOP QUARTILE SHAREHOLDER RETURNS OVER THE CYCLE

1. Record Underlying PBT since FY09. 2. Underlying PBT has been the Group's primary performance reporting measure since FY09. For prior periods, comparison is to Statutory PBT adjusted for disclosed extraordinary items. Refer to Supplementary slide 6 for a reconciliation of Underlying to Statutory PBT. 3. Underlying Earnings Per Share calculated as Underlying PBT less tax expense (Group effective tax rate of 29.5%) divided by weighted average number of shares during the year, rounded to the nearest cent. 4. Calculated as ROIC EBIT for 12 months to 30 June 2018, divided by 12-months average Invested Capital. 5. Weighted Average Cost of Capital calculated on a pre-tax basis. 6. Includes Qantas Domestic and Jetstar Domestic. 7. Underlying EBIT. 8. Qantas International includes Qantas International and Freight business. 9. Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 10. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities.

Integrated Group Portfolio Weighted to Domestic Australia

Maximising leading Dual Brand Domestic position through network leadership and customer focused investments

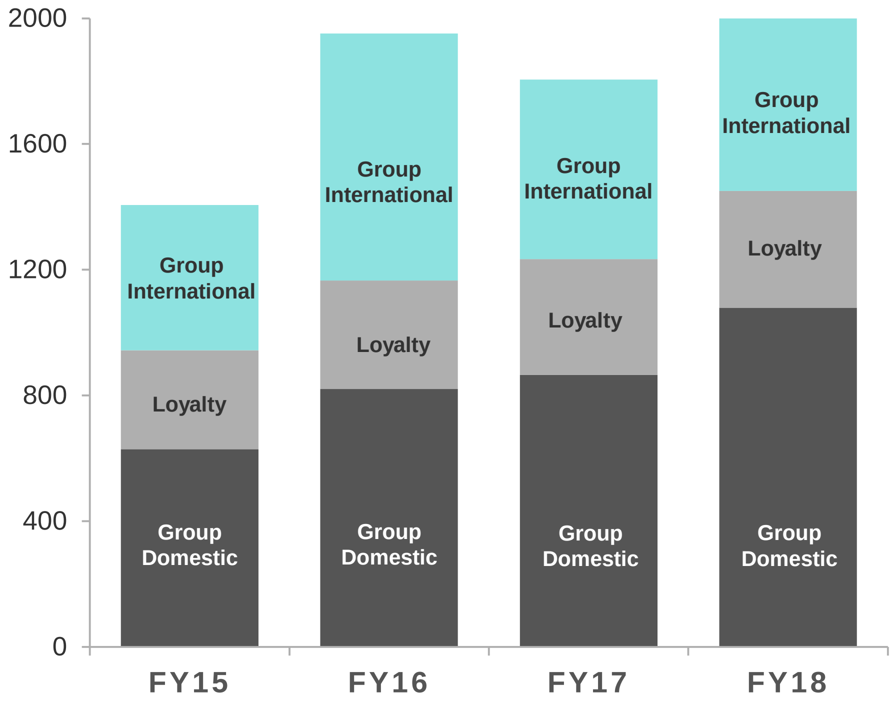
Group Domestic[1] Underlying EBIT of $1,079m supported by proactive capacity management

Continued Loyalty earnings growth[2] and diversification

Strengthened core airline partnerships and continued structural transformation reduces earnings cyclicality of Group International[3]

Highly trusted brand that supports diversification into new businesses

Operating Segment EBIT[4] ($M)



DOMESTIC AIRLINES & LOYALTY UNDERPIN GROUP EARNINGS

1. Group Domestic includes Qantas Domestic and Jetstar Domestic. 2. Measured on Underlying EBIT compared to FY17. 3. Group International includes Qantas International, Freight, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar. Pacific (Vietnam). 4. Measured on Underlying EBIT.

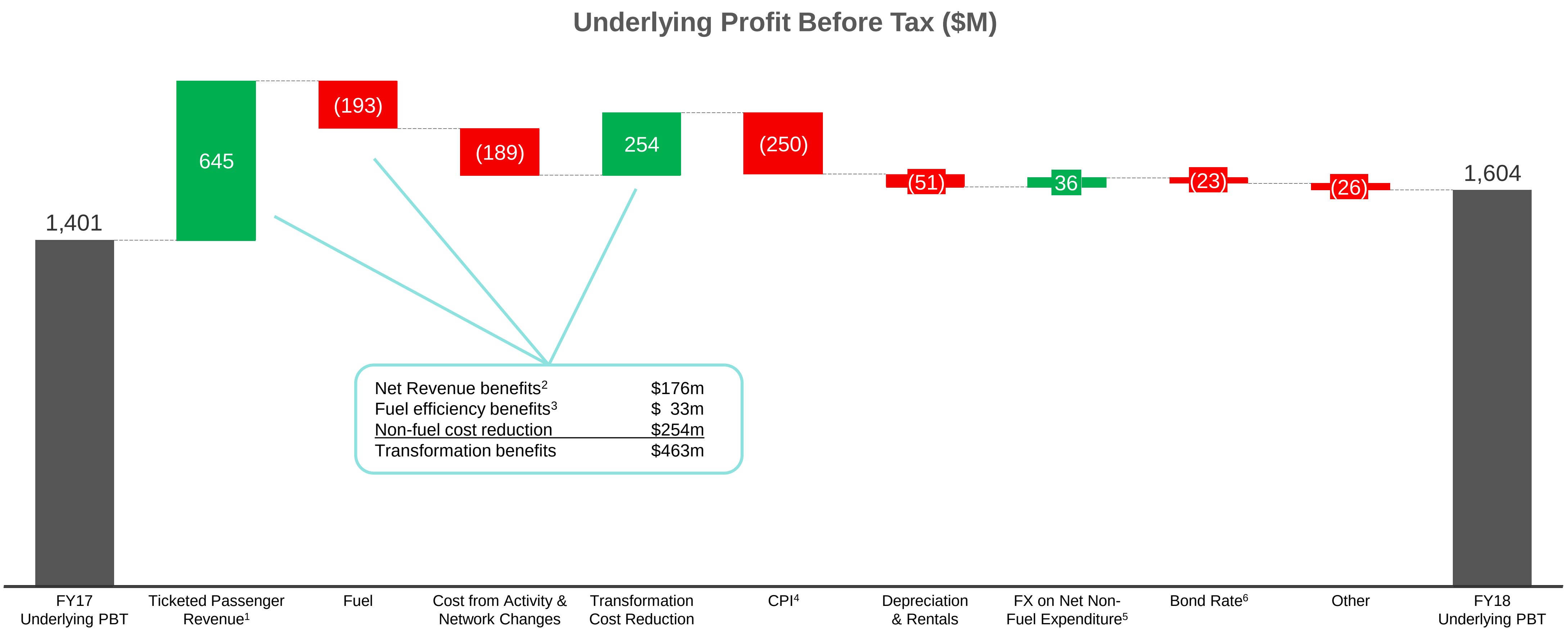
FY18 Key Group Financial Metrics

Underlying PBT[1]	Underlying EPS[3]	12 Month ROIC%[4]	Cash Flow
$1,604m Up $203m[2] Statutory PBT $1,391m Up $210m[2]	64c Up 18%[2] Statutory EPS 56c Up 21%[2]	22.0% > WACC[5]	$3,413m Operating cash flow, Up $709m[2] $1,442m Net free cash flow[6], Up $133m[2]

Unit Revenue[7]	Total Unit Cost[8]	Operating Margin[9]	Traffic/Capacity Growth
+3.9%	+2.7% +2.4% ex fuel	10.5% Up 0.6 pts[2]	ASKs[10] +1.4% RPKs[11] +4.7%

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. Refer to Supplementary slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Compared to FY17. 3. Underlying Earnings Per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 29.5%) divided by the weighted average number of shares during the year, rounded to the nearest cent. 4. Calculated as ROIC EBIT for 12 months to 30 June 2018, divided by 12-months average Invested Capital. 5. Weighted Average Cost of Capital calculated on a pre-tax basis. 6. Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 7. Ticketed passenger revenue per Available Seat Kilometre (ASK). Compared to FY17. 8. Underlying PBT less ticketed passenger revenue per Available Seat Kilometre (ASK). Compared to FY17. Ex Fuel refers to Unit cost excluding Fuel, FX on net non-fuel expenditure, impact of discount rates and actuarial assumptions, and share in investments accounted for under the equity method. 9. Group Underlying EBIT divided by Group Total Revenue. 10. Available Seat Kilometres. Total number of seats available for passengers, multiplied by the number of kilometres flown. Compared to FY17. 11. Revenue passenger kilometres. Total number of passengers carried, multiplied by the number of kilometres flown. Compared to FY17.

FY18 Profit Bridge



1. Represents the change in Unit Revenue and Available Seat Kilometres. 2. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative. 3. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives. 4. Company estimate, including wage and other inflation. 5. FX other than on ticketed passenger revenue, fuel, and depreciation & non-cancellable aircraft operating lease rentals. 6. Revaluation impact of discount rate and other actuarial assumption changes on employee-related provisions.

Maximising Leading Dual Brand Domestic Position

Dual Brand strategy at the core of Group's portfolio strength

$1,079m — **Record Group Domestic[1] Underlying EBIT** in FY18, up 25%[2]

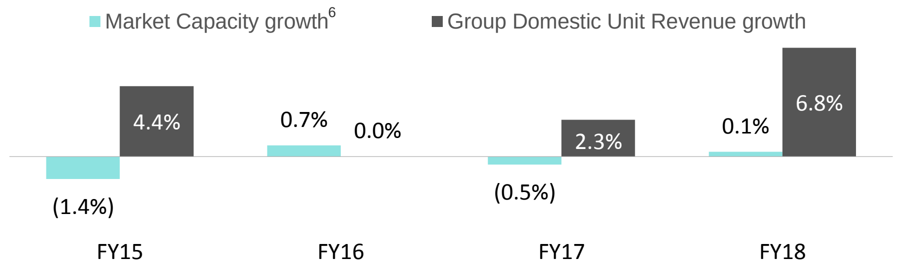
>10% — **>10% ROIC[3]** for Qantas and Jetstar Domestic

6.8% — **Increase in Group Domestic Unit Revenue[2]** in flat market capacity environment as market demand absorbed excess capacity

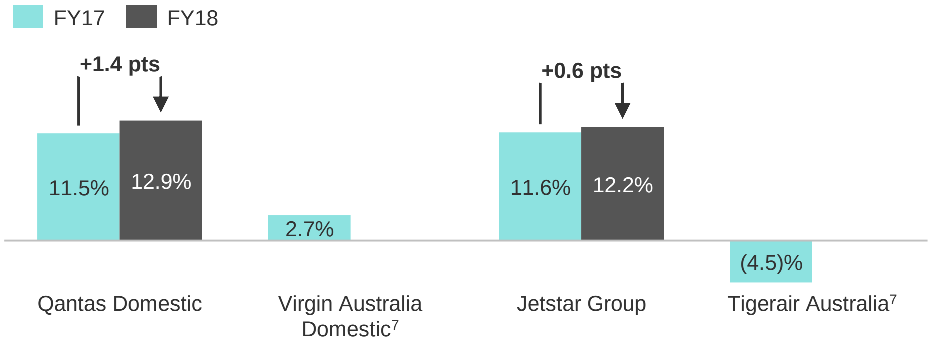
+1.4pts — **Increase in operating margin[4] at Qantas Domestic** compared to FY17

+0.6pts — **Increase in operating margin[4] at Jetstar Group** compared to FY17

Group Domestic Unit Revenue Growth[5]



Domestic Margins



DUAL BRAND STRATEGY SUPPORTS RELATIVE MARGIN ADVANTAGE

1. Includes Qantas Domestic and Jetstar Domestic. 2. Compared to FY17. 3. Calculated as ROIC EBIT for the 12 months ended 30 June 2018, divided by the 12 months average Invested Capital. 4. Calculated as Underlying segment EBIT divided by total segment revenue. 5. Compared to prior year. 6. Compared to prior year. Market capacity growth source: BITRE capacity data and published schedules. 7. Competitor operating margins calculated using published data. Calculated as Underlying segment EBIT divided by total segment revenue.

Building a Resilient Qantas International

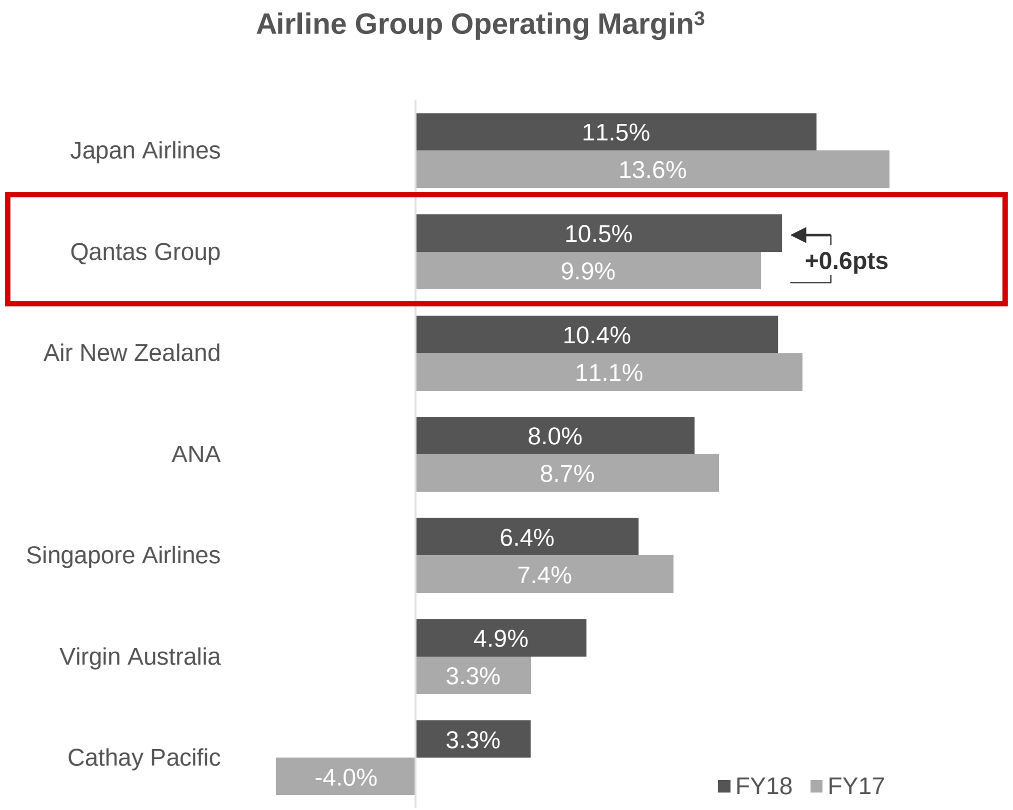
$399m — **Underlying EBIT in FY18** up 6.7% compared to FY17

>10% — **>10% ROIC[1]** since FY15

14 — **Ordered 14 new 787-9 Dreamliners to date,** 5 deliveries as of 30 June 2018

>240 — **Codeshare destinations** across the world further enhancing network reach and Group value through alliance partnerships

18pts — **Reduction in capacity exposure to UK market** since FY12[2], one of the slowest growing and highly competitive markets



STRONG GROUP MARGIN RELATIVE TO REGIONAL PEERS

1. Calculated as rolling 12 month ROIC EBIT, divided by the 12-months average Invested Capital for each financial period. 2. FY18 ASKs compared to FY12. UK market in FY12 includes Frankfurt routes. 3. Regional peer margins calculated using published Group level data. Calculated as EBIT (or equivalent) divided by Total Revenue. For all airlines, FY17 represents the period 1 July 2016 to 30 June 2017 and FY18 represents the period 1 July 2017 to 30 June 2018. FY18 based on Bloomberg estimates for Virgin Australia.

Segment Results

QANTAS GROUP

Qantas Domestic

- Record[1] Underlying EBIT up 19.1% to $768m
- Record Operating Margin
  - Have offset fuel price increases
    - Unit Revenue up 8% in FY18
    - Continued capacity management discipline
  - Maintained leadership in Corporate market share; growing SME[2] share
  - Growth in Resources market revenue; a ~$50m increase in FY18
- Continued investment in customer experience
  - > 15pts customer advocacy[3] premium to competitor[4]
  - 84% on time performance[5]
  - More than half of 737 fleet Wi-Fi equipped, improved NPS for in-flight entertainment on Wi-Fi equipped 737s; A330 Wi-Fi roll-out underway
  - Improved offerings for regional resident travel through expansion of resident fares program; Announced Turboprop refurbishment and regional lounge upgrades
  - Final stages of new Melbourne Qantas Club and Business Lounge scheduled to open mid-November

		FY18	FY17	VLY %[8]
Revenue	$M	5,973	5,632	6.1
Underlying EBIT	$M	768	645	19.1
Operating Margin[6]	%	12.9	11.5	1.4pts
ASKs	M	34,385	35,231	(2.4)
Seat factor[7]	%	77.8	76.4	1.4pts

SUSTAINED LEADERSHIP IN THE PREMIUM DOMESTIC MARKET

1. For Qantas Domestic segment, reported as an operating segment since FY13. 2. Small to Medium Enterprise. 3. Customer advocacy measured as Net Promoter Score (NPS). Based on Qantas internal reporting. 4. Competitor refers to Virgin Australia. Based on Qantas internal reporting. 5. On time performance (OTP) of Qantas Domestic operations. Measured as departures within 15 minutes of scheduled departure time for FY18. Source: BITRE. 6. Operating margin calculated as Underlying EBIT divided by total segment revenue. 7. RPKs divided by ASKs. 8. Variance to FY17.

Qantas International[1]

- Underlying EBIT up 6.7% to $399m
  - Unit Revenue increase of 2.5%[2] in competitive market conditions
  - Maintained strong operating margin in rising fuel price environment
- Structural transformation continues to build earnings resilience
  - Successful launch of direct Perth – London service in March 2018
  - Completed Singapore hub switch, increased network connectivity
  - Ordered 6 additional Dreamliners, accelerating 747 retirements
  - Improved customer proposition through extended partnerships and alliances
- Strengthening international freight markets, domestic freight market stable
- Continuing investment in customer experience
  - Higher customer advocacy[3] on Dreamliner routes, including Perth – London
  - New London and Perth transit hub lounge opened
  - First five 789 Dreamliners delivered at 30 June 2018, enabling new network opportunities, cost efficiencies and yield premium

		FY18	FY17[4]	VLY %
Revenue	$M	6,892	6,413	7.5
Underlying EBIT	$M	399	374	6.7
Operating Margin	%	5.8	5.8	0pts
ASKs	M	69,280	66,389	4.4
Seat factor	%	84.2	81.0	3.2pts

RESILIENT QANTAS INTERNATIONAL CONTINUING TO DELIVER ROIC > WACC

1. The Qantas Freight segment which was previously a separate segment has been consolidated into the Qantas International segment. 2. Calculated as ticketed passenger revenue per ASK including FX (3.3% increase excluding FX). 3. Measured as Net Promoter Score (NPS). Based on Qantas internal reporting. 4. Comparatives restated to reflect the consolidation of Qantas Freight into Qantas International segment.

Jetstar Group

- Record Underlying EBIT up 10.6% to $461m
- Record Domestic result[1], Unit Revenue up 5% driven by a 3 pts seat factor improvement on 1% capacity reduction
- Strong Jetstar International[2] earnings[3]
- All Jetstar-branded airlines in Asia[4] profitable
  - Jetstar Japan maintained domestic LCC[5] leadership position[6]
  - Jetstar Pacific's domestic performance[1] improved
  - Jetstar Asia contributing to benefits from Qantas Singapore hub switch
- 24 million fares sold[7] for under $100
- Continuing investment in digital transformation and customer experience
  - Cabin Enhancement Program for A320/321 retrofit progressed with improved NPS for completed aircraft[8]
  - Club Jetstar continued growth with more than 250,000 members[9]
  - Investing in innovation and digital capability to personalise the customer experience and drive ancillary margin growth

		FY18	FY17	VLY %
Revenue[10]	$M	3,767	3,600	4.6
Underlying EBIT	$M	461	417	10.6
Operating Margin	%	12.2	11.6	0.6pts
ASKs	M	48,763	48,703	0.1
Seat factor	%	85.6	83.1	2.5pts

RECORD PROFIT WHILE MAINTAINING COMMITMENT TO LOW FARES

1. Underlying EBIT. 2. Includes Jetstar International Australian operations and Jetstar New Zealand (including Jetstar Regionals). 3. Underlying EBIT, Bali volcano disruption impact $11m in FY18. 4. Includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). 5. Low Cost Carrier. 6. Measured as percentage of domestic market share for FY18. Source: Diio Mi. 7. Airfares sold within the Jetstar Group including Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). 8. Compared to aircraft with equivalent seat pitch. 9. Members as at June 2018. 10. Revenue consolidated by the Qantas Group, does not include Jetstar Japan and Jetstar Pacific (Vietnam).

Qantas Loyalty

- Strategy to mitigate interchange fee regulatory change on track
  - Record Underlying EBIT of $372m
- Coalition Business fundamentals continue to strengthen
  - Co-branded credit card growth outpacing market[1], members actively switching through period of regulatory change
  - Growth in everyday earn partners[2]; full year of Woolworths program, successful launch of Red Energy
  - Expanding member redemption options – enhanced access to air, hotel and point of sale
  - Qantas Classic International redemptions up 10%[3]
- Qantas Business Rewards member and partner growth supporting airline SME share growth
- Qantas Travel Money[4]: Top 3 product in Prepaid Travel market[5], Awarded 5 star Canstar rating for the fourth year[6]
- New Businesses delivering positive EBIT contribution
  - Qantas Insurance[7]: #2 position in Health for net growth[8], on track for 2-3% market share in Health[9]
  - Qantas Money: Qantas Premier Everyday and Platinum Cards launched within 6 months

		FY18	FY17	VLY %
Revenue	$M	1,546	1,505	2.7
Underlying EBIT	$M	372	369	0.8
Operating Margin	%	24.1	24.5	(0.4)pts
QFF Members	M	12.3	11.8	4.2

STRENGTHENING THE CORE, CONTINUED DIVERSIFICATION OF THE EARNINGS BASE

1. Based on number of credit card accounts with interest free periods. Market growth calculated including Qantas' contribution to market. Based on June 2018 compared to June 2017. Source: RBA credit and card charges statistics. 2. As at June 2018 compared to June 2017. 3. Compared to FY17. 4. Previously known as Qantas Cash. 5. Australian prepaid travel market spend. Based on Qantas estimates. 6. Canstar rating awarded for Travel Money Card 2015 to 2018. 7. Previously known as Qantas Assure. 8. Based on FY18 growth in net persons insured compared to all Australian Private Health insurance funds. Source: APRA statistics as at 31 March 2018, Qantas and nib estimates. 9. Target based on revenue within 5 years of operation.

Financial Framework

Financial Framework Aligned with Shareholder Objectives

1. Maintaining an Optimal Capital Structure	2. ROIC > WACC[2] Through the Cycle	3. Disciplined Allocation of Capital
Minimise cost of capital by targeting a net debt range of $5.1b to $6.3b[1]	**Deliver ROIC > 10%[3] through the cycle**	**Grow invested capital with disciplined investment, return surplus capital**
(See slide 15)	(See slides 16 to 18)	(See slide 19)

MAINTAINABLE EPS[4] GROWTH OVER THE CYCLE

TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE[5]

1. Based on current invested capital of ~$8.8b. 2. Weighted Average Cost of Capital, calculated on a pre-tax basis. 3. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC through the cycle. 4. Earnings per Share. 5. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2017 Annual Report, with reference to the 2017-2019 LTIP.

Maintaining an Optimal Capital Structure
Leverage and liquidity

Optimal capital structure

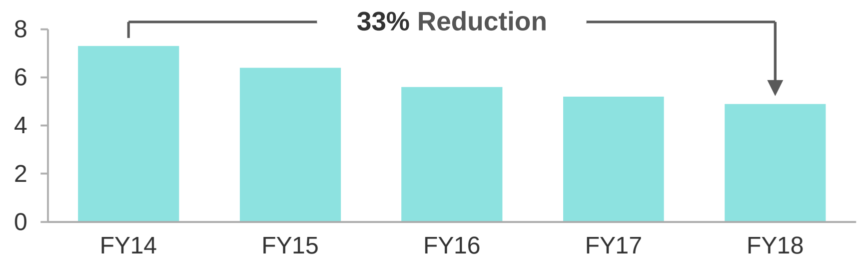
- Net debt[1] at $4.9b, below the bottom of the target range
  - Provides significant financial flexibility
- Extended tenor and diversified funding
  - First issuance of innovative A$ Corporate Secured Debt Program utilising mid-life aircraft as security – A$350m face value, 8 year tenor
  - Syndicated Loan Facility upsized to A$325m and extended for 4 years
- Unencumbered aircraft valued at ~US$4.0b[2]; 61% of the Group fleet[3]
  - Enhanced quality of unencumbered pool; 5 new 787-9s added in FY18
  - Investment Grade credit ratings from Moody's (Baa2) and S&P (BBB-)

Strong short term liquidity

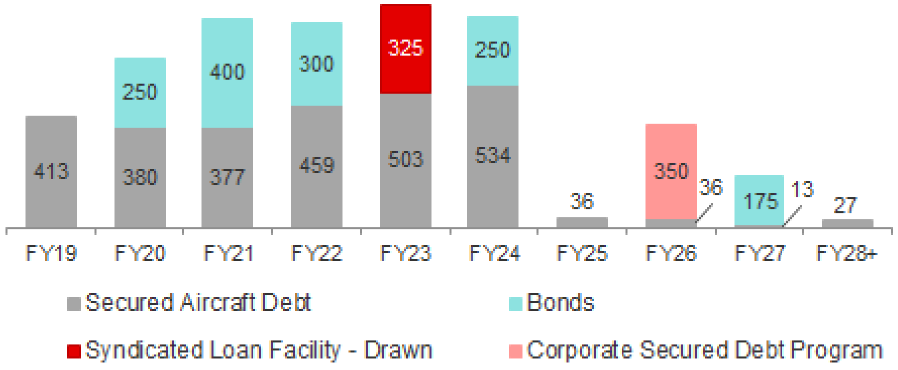
- Cash of $1.7b[4]; Undrawn facilities of $1b

Optimising cost of debt

Net Debt Profile FY14 to FY18 ($B)



Debt Maturity Profile as at 30 June 2018 ($M)[5]



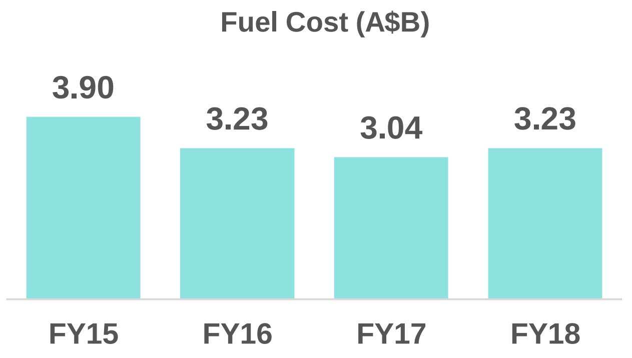
MAINTAINING OPTIMAL CAPITAL STRUCTURE DELIVERS LOWEST WACC

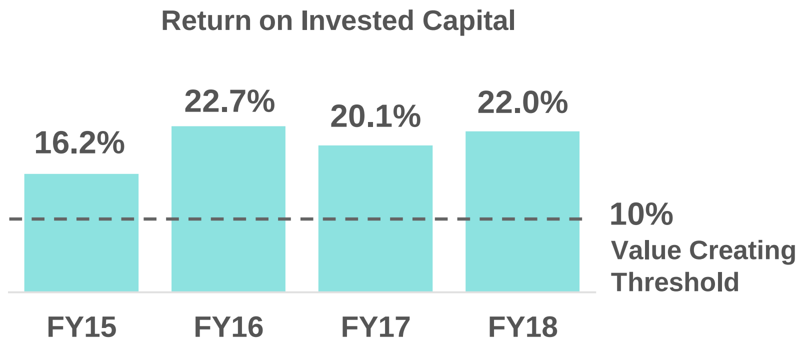
1. Net debt includes on balance sheet debt and aircraft operating lease liabilities under the Group's Financial Framework. Capitalised aircraft operating lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 2. Based on AVAC market values. 3. Based on number of aircraft as at 30 June 2018. The Group fleet totalled 313 aircraft. 17 Aircraft entered the Corporate Debt Program and 6 leased aircraft were refinanced to unencumbered aircraft in FY18. 4. Includes cash and cash equivalents as at 30 June 2018. 5. Cash debt maturity profile excluding operating leases.

Delivering ROIC >10% Through the Cycle

Protecting ROIC through the disciplined hedging program

- Effective hedging program contained FY18 fuel cost increase to $193m or 6%[1], market USD Jet prices increased on average ~25% over the same period[2]
- Hedging program provided lead time to make operational and commercial setting adjustments focused on maintaining strong ROIC
  - Dual brand decisions for capacity settings in the domestic market
  - Sophisticated approach to revenue management to optimise unit revenue on each flight
  - Introduction of fuel efficient 787-9 Dreamliner at Qantas International
  - Network and schedule changes to optimise revenue





MAINTAINED STRONG ROIC IN RISING FUEL ENVIRONMENT

1. Compared to FY17. 2. Average market spot price increase for FY18.

Delivering ROIC >10% Through the Cycle

Fuel and revenue outlook

Reducing short term earnings volatility

- FY19 fuel cost is expected to be ~A$3.92b[1], FY18 $3.23b
  - Fuel price is 73% hedged for the remainder of FY19; 1H19 87% hedged, 2H19 64% hedged
  - Highly effective hedging in place to protect against adverse movements in fuel and FX
  - The level of options provide an average of ~54% participation[2] to declines in USD Brent prices for the remainder of the financial year

Well positioned to substantially recover higher fuel costs

- Expect to recover fuel price increases in the domestic market through capacity discipline and effective execution of the dual brand strategy
- Our strong Group operating margin relative to regional peers gives us confidence that we will substantially recover the higher fuel costs in the International market
  - Transformation has delivered significantly better earnings resilience at Qantas International
  - Introducing 787-9 Dreamliner fleet; London network and hub restructure; Commencement of Perth – London direct service
  - More to come with the accelerated retirement of 747s and growth of the 787-9 fleet opening up new network opportunities
- Growing Loyalty business diversifies earnings base with no direct exposure to higher fuel costs
- Transformation program to continue to deliver ~$400m gross benefits in FY19
- Group to continue to generate strong cash flows

WELL POSITIONED TO SUBSTANTIALLY RECOVER HIGHER FUEL COSTS

1. As at 20 August 2018. Assumes forward market rates of Jet Fuel USD85.80/b and AUDUSD 0.7317. FY19 fuel costs could be impacted by a breakdown in correlation or by increases in refiner margins. 2. Participation from current market Brent prices down USD10/bbl for remainder of FY19.

Delivering ROIC >10% Through the Cycle
Transformation status

Achieved $463m Transformation benefits in FY18[1]

- **Net revenue benefits[2] of $176m**
  - 787-9 Dreamliner introduction
  - Singapore hub switch
  - Perth – London direct service
  - Revenue management system enhancements
- **Non-fuel cost reduction of $254m**
  - Technology enabled benefits across the Group
  - Commercial sourcing and contract renegotiations
  - Scheduled maintenance optimisation in the A380 fleet
- **Fuel efficiency benefits[3] of $33m**
  - Utilising ground power units
  - Single engine taxi frequency

FY19 pipeline 32% completed[4]

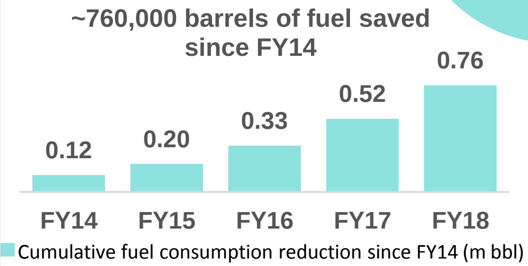
On track to deliver targeted annual gross benefit of $400m in FY19 and FY20

- Additional 787-9 Dreamliners, retirement of 747s, Jetstar A320 cabin enhancement
- Focus across Group operating segments to deliver continuous improvement, e.g. customer disruption management, workforce planning utilisation, IT demand value optimisation

6% fuel/RTK consumption reduction since FY14[6]

Fuel Burn Program

- Forecasting a further 1% reduction in fuel consumption[5] on average per year
- Initiatives to reduce fuel burn include auxiliary power unit usage, single engine taxi frequency, on board weight reductions



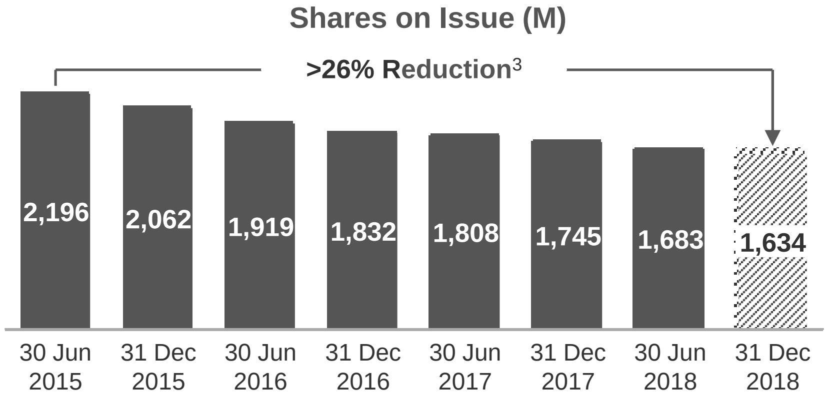
ON TRACK TO DELIVER $400M GROSS BENEFITS IN FY19

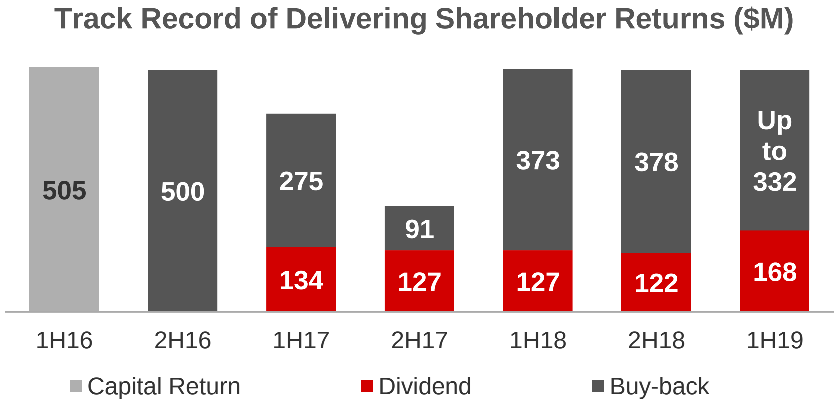
1. See Supplementary slide 5 for details of Transformation costs treated as items not included in Underlying PBT for FY18. 2. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative. 3. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives. 4. Initiative milestones completed to unlock benefits towards the annual target. 5. For operational initiatives included in the Fuel Burn Transformation Program compared to prior year. Consumption measured as Kilograms. 6. For Qantas Group. Consumption measured as Fuel per RTK. RTKs are a standard industry metric used to quantify the amount of revenue generating payload carried, taking into account the distance flown. RTKs comprise the passengers, freight and mail carried multiplied by the Great Circle Distance (GCD), which is a standard published distance between two airports.

Disciplined Capital Allocation

Capital expenditure and shareholder distributions

- FY18 net capital expenditure[1] of $1.97b, $1.0b in 2H18
  - Sustainable operating cash flow has allowed significant deleveraging of the balance sheet, supporting ongoing capital investment and shareholder returns
- Forecast FY19 net capital expenditure of $1.0b
- Completed on-market share buy-back of $378m in 2H18
  - 3.5% of issued capital purchased in 2H18 at an average price of $6.14
  - Reduced issued capital by ~7% in FY18 at an average price of $6.02
  - 23.4%[2] reduction in shares on issue since Oct 2015 at an average price of $4.27
- On-market share buy-back of up to $332m announced
  - ~26%[3] reduction in shares on issue at completion of this buy-back
- Announced increased base dividend from 7 to 10 cents per share, fully franked, totalling $168m
- Resumption of franking of dividends; recommencing payment of company tax





>$3.0B OF CAPITAL RETURNS[5] TO SHAREHOLDERS SINCE OCTOBER 2015

1. Equal to 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. 2. Reduction in shares calculated against balance as at 1 July 2015. 3. Reduction in shares calculated against balance as at 1 July 2015. Represents indicative reduction in shares where announced buy-back is calculated based on closing share price on 20 August of $6.76. 5. Subject to completion of announced on-market share buy-back of up to $332m.

Building Long-Term Shareholder Value

QANTAS GROUP

Recognising and Responding to Emerging Global Forces
The long-term context

Understanding the Long-term Context

New Centres of Customer Demand and Geopolitical Influence

Rapid Digitisation and the Rise of Big Data

Shifting Customer and Workforce Preferences

Resource Constraints and Climate Change

Clear Strategic Priorities to FY20

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

QANTAS LOYALTY

Diversification and Growth at Qantas Loyalty

Focus on People, Culture and Leadership

OUR ONGOING COMMITMENT TO SAFETY, ENVIRONMENT AND COMMUNITY

Balanced Scorecard to Measure Success to FY20
On track to meet near term targets

ACHIEVING OUR TARGETS

	TARGET		
	METRICS	**TIMEFRAME**	**PROGRESS TO DATE**
Segment Performance	ROIC > 10%	FY18 – FY20	**FY18 ROIC > 10% for all operating segments**
	Qantas Loyalty targeting EBIT CAGR[1] 7-10%	FY22	**On track for $500-600m EBIT target by 2022**
Transformation	Annual $400m gross benefits	FY18 – FY20	**$463m in gross annual benefits for FY18**
People	Continued improvement in employee engagement	FY18 – FY20	**80% employee engagement in FY18**
Customer	Continued improvement in Net Promoter Score	FY18 – FY20	**Maintaining NPS premium to competitor[2]**
Innovation	Identify and develop new products, services and processes that drive revenue and efficiency	FY18 – FY20	**Premier Everyday credit card launched, Perth – London service and new Perth Transit lounge, Qantas Distribution Platform developed, continuation of AVRO Program**

GROUP RETURN ON INVESTED CAPITAL EXCEEDS 10%, SUSTAINABLE RETURNS TO SHAREHOLDERS

1. Compound average growth rate in Underlying EBIT. 2. Competitor refers to Virgin Australia.

Maximising Leading Domestic Position through Dual Brand Strategy

- Network and frequency advantage to competitors[1]
- Sophisticated disciplined approach to capacity management to optimise earnings
- Reciprocal codeshare deal with Air New Zealand on domestic network
- Enhancing distribution via the Qantas Distribution Platform
- Leveraging investment in customer experience including Wi-Fi, lounges and Jetstar cabin enhancements
- Qantas Frequent Flyer program supports leadership in the Corporate market
- Qantas Business Rewards supports SME share growth
- Qantas highly leveraged to resources market recovery
- Jetstar maintains a substantial scale and unit cost advantage over its competitor[2]
- Qantas and Jetstar domestic airlines complemented by strong branded international presence
- Generating >80% of the profit pool from <2/3 capacity share

DUAL BRAND STRATEGY SUPPORTS RELATIVE MARGIN ADVANTAGE

1. Competitors refers to Virgin Australia and Tigerair Australia. 2. Competitor refers to Tigerair Australia.

Building a Resilient and Sustainable Qantas International

Fleet Renewal

- Five 789s in service as at 30 June 2018; will increase to eight 789s in service by December 2018
- 789s fleet size increased to 14 by end of 2020
- 747 fleet to be retired by 2020
- Project Sunrise ultra long-range aircraft under evaluation

Network and Hub Evolution

- Launched direct Perth – London flights
- Increased hub and connectivity in Singapore
- Increased wide body services on Tasman
- Launched Sydney – Osaka
- Announced Dreamliner routes Melbourne – San Francisco and Brisbane – Los Angeles – New York

Defend and Grow Priority Markets

- 38% of Qantas International capacity devoted to high-growth Asia markets[1]
- Announced additional services to Asia
- 50% capacity growth in Asia markets since FY15[2]

Partner for Success

- Emirates partnership extended for five years
- American Airlines Joint Business application refiled with US DOT
- Expanded and new Codeshares with Alaska Airlines and Air France
- Continued growth of revenue and operational synergies with China Eastern

Premium Customer Experience

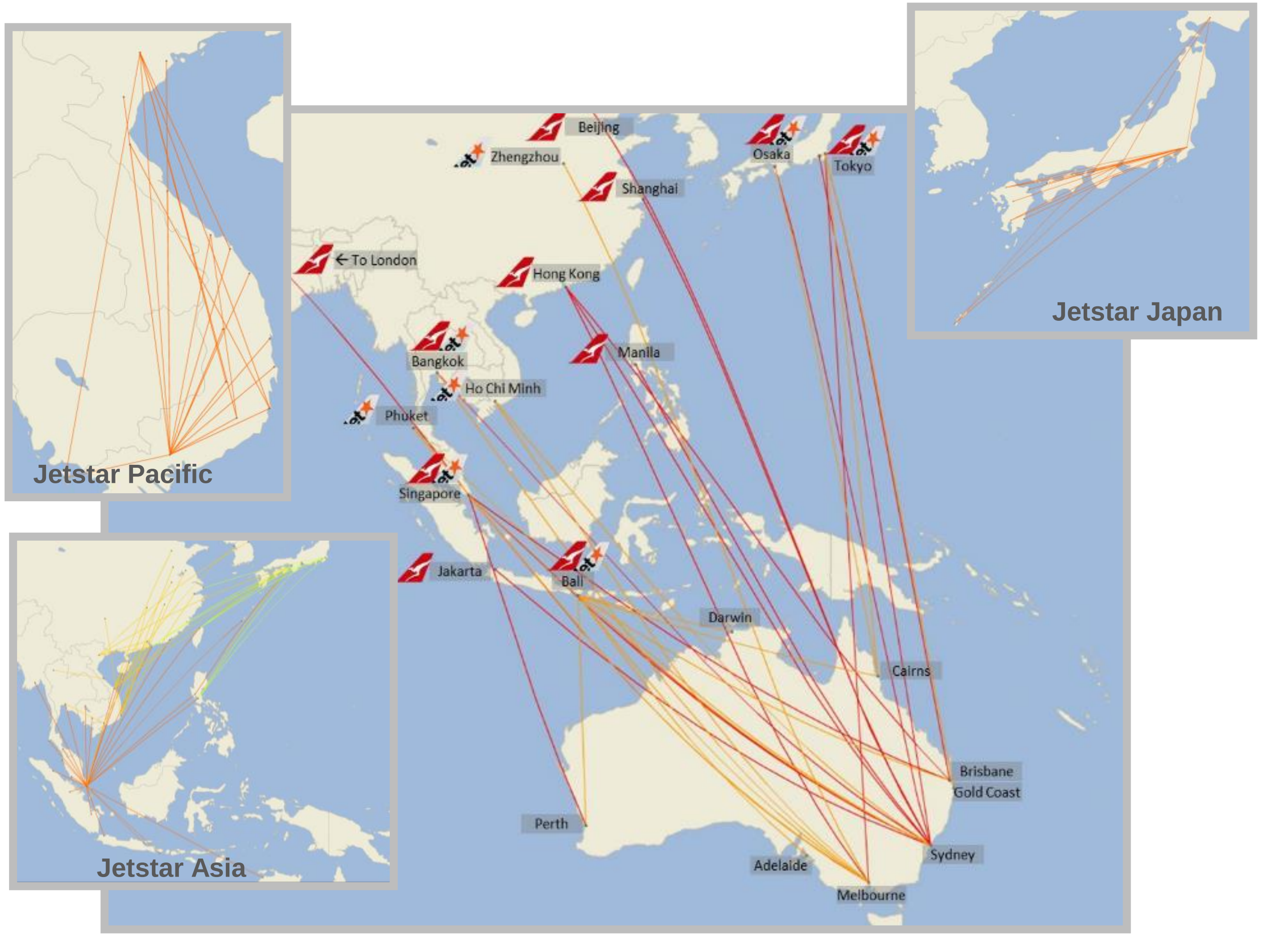
- Cabin upgrade for A380 fleet to be completed by end of 2020
- A330 reconfigurations to be completed by July 2019
- Will deliver consistent product across long haul fleet
- New lounges opened in Perth and London
- Announced refurbishment of Sydney business lounge and Auckland lounge

ONGOING STRUCTURAL TRANSFORMATION REDUCES EARNINGS CYCLICALITY

1. Includes South East Asia, North East Asia and Japan. 2. FY18 ASKs in Asia markets compared to FY15.

Aligning Qantas and Jetstar with Asia's growth

- Qantas routes focused on strong outbound business and premium leisure segment demand
- Qantas Asian network expanded through codeshare and alliances
- Jetstar International routes focused on strong leisure markets of Bali and Phuket and connecting with Jetstar-branded Airlines in Singapore, Vietnam and Japan
- Greater than 20% of Jetstar International 787-8 passengers are Australia inbound[1]
- Continued earnings growth[2] at Jetstar Japan
- Dual brand international strategy to selected destinations, including Bali, Singapore, Tokyo and Osaka
- Dual brand strategy for China with Qantas focused on Shanghai, Beijing and Hong Kong, and Jetstar-branded airlines focused on growing Chinese passenger flows
- Singapore serves as a hub for Qantas London services, connecting Jetstar Asia services and midpoint for connecting partner services, e.g. Jet Airways, Sri Lankan, Air France



1. For the FY18 period. 2. Underlying EBIT compared to prior years.

Investing in Customer, Brand, Data and Digital

- Major lounge investments to support growth in premium international travel
  - Updates to Sydney International First Lounge and Auckland Lounge, refresh of Tokyo Narita Lounge, expanded Brisbane International Lounge
- Two Regional Lounge upgrades; Tamworth and Hobart
- Personalising the customer experience through digital platforms
  - Launched Qantas Distribution Platform as a key part of the digital evolution of Qantas' distribution channels
  - Deployment of Qantas apps to QantasLink Cabin Crew, providing access to real-time operational and customer data
  - Enhanced Jetstar's ancillary offer through new products and payment options, dynamic pricing and growth of Club Jetstar
- A380 Reconfiguration to commence in 2019; Jetstar Cabin enhancement for A321 complete, A320 underway; Turboprop refurbishment underway
- Half the 737 fleet[1] installed with Wi-Fi and launched to passengers; A330 roll-out commencing
- 5 investments through Qantas Ventures' AVRO accelerator program and direct investments in FY18; Second instalment of AVRO launched in July 2018 – a combination of 10 scale-ups and start-ups selected from >350 businesses

1. As at August 2018.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

- **Growing Loyalty business with advantaged assets and capabilities**
  - 12.3 million members, equivalent to ~50% of the Australian population
  - Unique value of Qantas frequent flyer points driving market share shift and partner retention
  - Customer data insights from 30 years of Qantas Loyalty, with advanced analytics capability
  - Working capital benefit to Qantas Group balance sheet
- **Strength of core Qantas frequent flyer program**
  - Greater than 35% share of credit card spend on co-branded credit card[1]
  - >400 partners, >55 of which are B2B[2] partners; partnerships with all major banks
  - Breadth and growth in redemption options – further expanding classic flight redemptions through partners; launch of Classic Hotels and Classic Wines
  - Qantas Business Rewards targeted at SMEs, supporting the SME market share shift to the airline
- **Diversifying earnings streams through broader Coalition and New Businesses**
  - Three-fold increase in revenue from other businesses since FY14[3] including Qantas Insurance, Qantas Money, Qantas Group Accommodation, Qantas Wine and Red Planet
  - Strong growth momentum to support 2022 targets

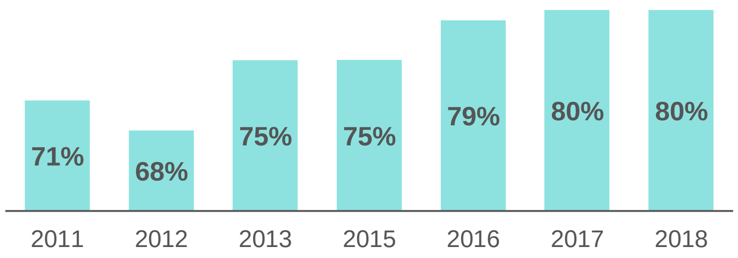
TARGET OF $500-600M EBIT BY 2022 THROUGH COALITION GROWTH AND DEVELOPMENT AND SCALING OF NEW BUSINESSES

1. Based on Qantas Internal analysis, April 2018. 2. Business-to-Business. 3. For the FY18 period compared to FY14.

Focus on People, Culture and Leadership

- **Employee engagement at 80% in 2018**
  - Strong correlation between high engagement and strong financial performance
  - Rewarding non-executive employees with over $300m in bonuses for the past 4 years[1]
  - Ongoing investment in customer service and leadership training across the Group
- **Embracing diversity and inclusion to drive success in the business**
  - Driving better business outcomes through diversity of thought and an inclusive and collaborative culture
  - Commitment to establishing and growing employee network groups
  - Target of 35% of senior roles held by women achieved in FY18
  - Nancy Bird Walton initiative to reach 40% intake of female pilots within 10 years
- **Committed to a second Pilot Academy facility**
  - To ensure a future talent pipeline for Qantas Group airlines
  - Commercial opportunity to train pilots for other parts of the industry

Qantas Group Engagement



CONTINUING TO INVEST IN OUR PEOPLE

1. Cash bonuses and nominal value of staff travel vouchers announced for non-executive employees with respect to the FY15 to FY18 period.

Acting Responsibly

In FY18 the Qantas Group has made significant gains in maintaining high operational standards, acting responsibly and being transparent.

Our No.1 Priority – Safety

Risk management starts with the safety of our customers and employees

- Continued focus on highest level of operational safety standards
- Continuous improvement in Total Recordable Injury Frequency Rate and Lost Work Case Frequency Rate[1]
- Leading the region with the implementation of a "Trusted Trader" program
- Trialling biometric systems

Environment

Targeting 'carbon neutral growth' and reducing our use of resources

- On track to meet the IATA industry target with 1.3% fuel efficiency improvement[2]
- Operated the world's first dedicated biofuel flight between the USA and Australia
- Marked the 10th anniversary of carbon offsetting
  - A customer offsets their flight every 53 seconds
  - More than 25 business partners carbon offsetting through Qantas Future Planet

Community

Supporting communities and engaging our people

- In the 10th year of our Reconciliation Action Plan (RAP)
  - 46% growth[1] in Indigenous supplier spend; On boarding 8 new indigenous suppliers
- Spent over $7 billion with Australia based suppliers
- Launched discounted resident fare schemes in selected regional cities
- Commitment to deliver $3m in drought relief for Regional Australia

ACTING RESPONSIBLY TO MAINTAIN OUR SOCIAL LICENCE TO OPERATE

1. Compared to FY17. 2. Compared to FY17. IATA target of 1.5% fuel efficiency improvement per year from 2009-2020. Measured as Fuel per RTK. RTKs are a standard industry metric used to quantify the amount of revenue generating payload carried, taking into account the distance flown. RTKs comprise the passengers, freight and mail carried multiplied by the Great Circle Distance (GCD), which is a standard published distance between two airports.

Fleet Strategic Priorities

Qantas Group fleet strategy

- **Match the right aircraft to the right route**
- **Maintain flexibility**
- **Maintain competitiveness**

Current Priorities

Qantas International

- Grow 787-9 Dreamliner fleet to 14 aircraft
- A380 refurbishment program commences in 2019
- All 747s retired by end of 2020
- Evaluating Ultra Long-range aircraft under Project Sunrise

Qantas Domestic

- Installing Wi-Fi on 737-8 and A330 fleets
- Interior refresh of 45 Turboprop regional aircraft
- Introduction of A320 to QantasLink to service intra WA resources market

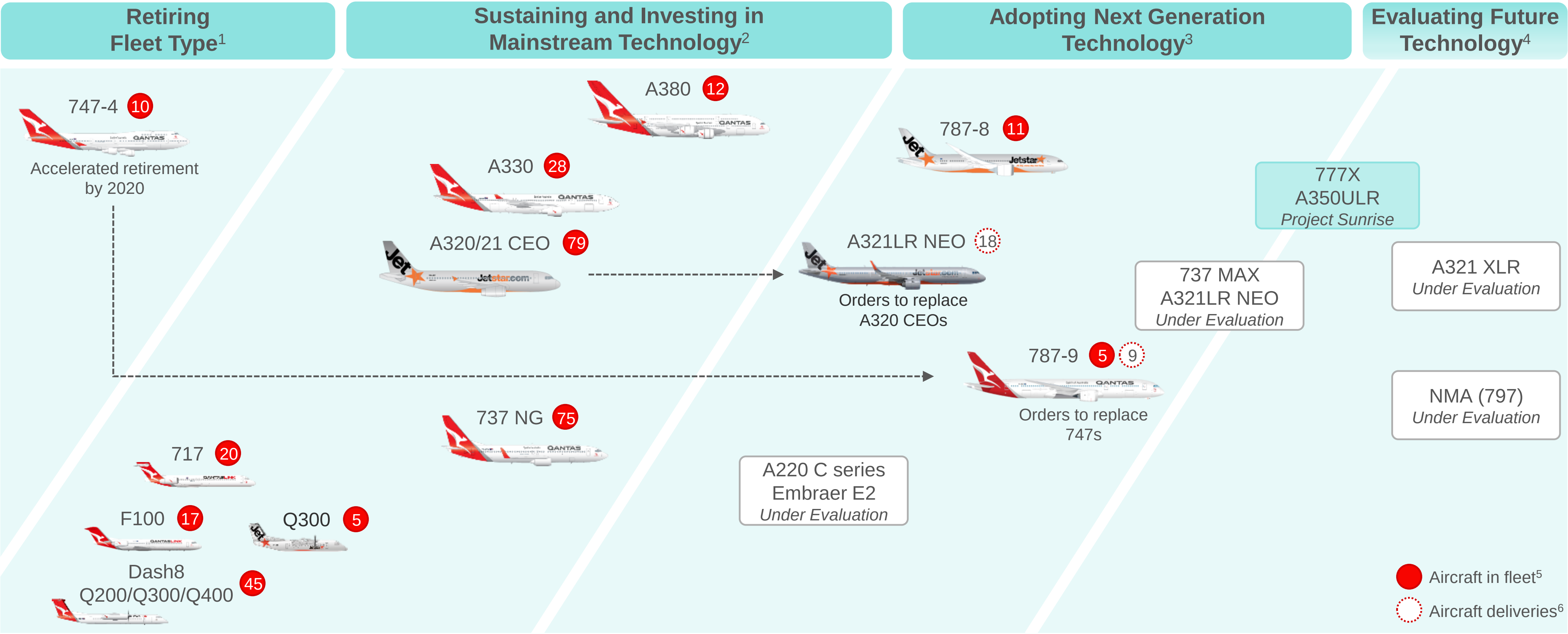
Jetstar Group

- Cabin Enhancement Program for A321 fleet completed, A320 fleet underway
- Ordered 18 x A321LR NEOs to replace A320 aircraft and provide flexibility

Group CEO comment: "The Group can sustain its competitive asset base without exceeding gross capital expenditure of $2b per annum. Growth can be met by deferring aircraft retirements or by increasing capital expenditure if value accretive opportunities exist."

INVESTMENT PLAN MAINTAINS FLEET COMPETITIVENESS IN EVERY MARKET SERVED

Pathway for Fleet Transition to Next Generation Aircraft Technology



FLEET RENEWAL PROGRAM FOCUSED ON MAINTAINING COMPETITIVENESS OF TECHNOLOGY

1. Aircraft planned for retirement from Qantas fleet. 2. Aircraft widely operated by global peers and regional competitors as at August 2018. 3. Aircraft with industry-leading technology, and greater fuel efficiency and range flexibility than mainstream technology. 4. Aircraft under production not yet in commercial operation or aircraft under development as at August 2018. 5. As at 30 June 2018. 6. Represents aircraft orders with confirmed delivery date by 2022 at time of publication. Qantas has 39 purchase options for 787-9 aircraft, and an existing order of 99 A320 aircraft beginning with 18 A321LR NEOs from 2020. Remaining delivery dates yet to be determined.

Outlook

1H19 Outlook – Domestic and International Operating Environment

- Early signs provide confidence that we will substantially recover higher fuel costs
  - Value of forward bookings up 6.2% as of 30 June 2018[1]
- 1H19 planned Group capacity to increase by ~0-1%[2]
- Group Domestic capacity expected to be flat year on year[2]
- Group International capacity expected to increase ~1.0%[2]; international market capacity is expected to increase by ~4%

Qantas retains significant flexibility within its fleet and operational envelopes to respond to market conditions and to maximise our customer proposition

1. Compared to the balance as at 30 June 2017. 2. Compared to 1H18.

FY19 Group Outlook

- Current Group operating expectations:
  - FY19 fuel cost is expected to be ~A$3.92b[1]
  - FY19 net depreciation and non-cancellable aircraft operating lease rentals expected to be ~$155m higher than FY18
    - FY19 depreciation and amortisation expense expected to be ~$175m higher than FY18
    - FY19 non-cancellable aircraft operating lease rentals expected to be ~$20m lower than FY18
  - FY19 transformation benefits (cost, fuel efficiency and net revenue) expected to be ~$400m
    - Fuel efficiency and net revenue benefits from transformation are reflected in guidance for those items
  - FY19 inflation on expenditure forecasted to be ~$250m (including wage growth)
  - Net capital expenditure[2] expected to be $1.0b for FY19
- The Group will adopt AASB 15 from 1 July 2018. Refer to Supplementary Slide number 17 for additional information.

Group CEO Comment:

"Our strong balance sheet, forward bookings and the demand environment give the Group confidence that we will substantially recover higher fuel costs. We expect to invest for the future and still deliver strong net free cash flow."

1. As at 20 August 2018. Assumes forward market rates of Jet Fuel USD85.80/b and AUDUSD 0.7317. FY19 fuel costs could be impacted by a breakdown in correlation or by increases in refiner margins. 2. Equal to 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.

Questions?

QANTAS GROUP

Disclaimer & ASIC Guidance

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

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