Qantas Investor Day

12 May 2015

QANTAS
Spirit of Australia

Morning Session

A Strong Platform for Sustainable Growth
Alan Joyce - Group Chief Executive Officer

The Financial Framework for a Stronger Qantas Group
Tino La Spina - Group Chief Financial Officer

Brand as a Competitive Advantage
Olivia Wirth - Group Executive Brand, Marketing & Corporate Affairs

Q&A Session 1

Morning Tea

QANTAS Spirit of Australia

Session 2

Leveraging Customer Insights, the Next Wave of Transformation
Rob Marcolina - Group Executive Strategy, Transformation & IT

Continuing to Win in a Shifting Domestic Market
Andrew David - Chief Executive Officer Qantas Domestic
John Gissing - Group Executive Associated Airlines & Services

Maximising Jetstar's Position in Australia & New Zealand, the Roadmap to Success in Asia
Jayne Hrdlicka - Chief Executive Officer Jetstar Group

Q&A Session 2

Lunch with Neil Perry

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Afternoon Session

NPS in Action - Live Panel
Olivia Wirth - Group Executive Brand, Marketing & Corporate Affairs

A Platform for Innovation-Led Growth
Lesley Grant - Chief Executive Officer Qantas Loyalty

Transforming Freight to Optimise Group Outcomes
Alison Webster - Executive Manager Freight

Building a Resilient and Sustainable Qantas International
Gareth Evans - Chief Executive Officer Qantas International & Freight

Q&A Session 3

CEO Summary
Alan Joyce - Group Chief Executive Officer

QANTAS
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A Strong Platform for Sustainable Growth

Alan Joyce

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Spirit of Australia

The Qantas Group in global context

Global industrial output, trade & business confidence improving

- Regional divergence persists
- 2015 forecast for strongest global passenger growth since 2010[1]
- Highest passenger growth remains on routes to or within Asia[1]

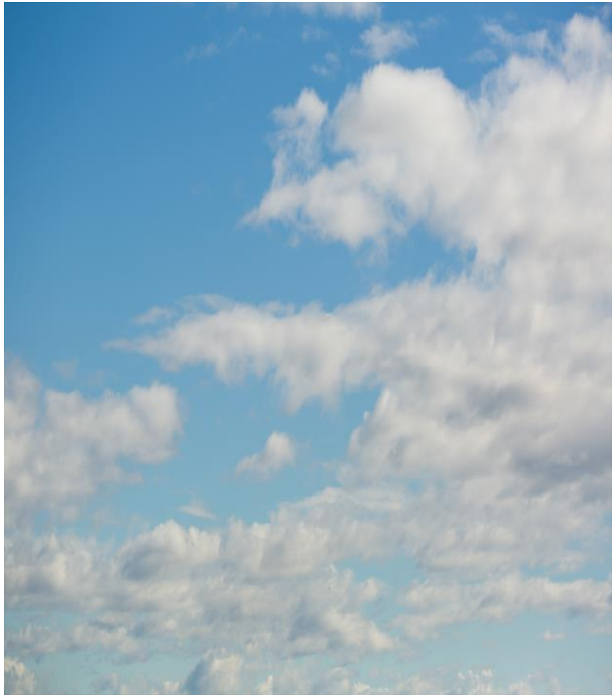
Australia domestic demand growth flat as economy rebalances

- Resources sector cooling, positive growth in other sectors

AUD trading in long-term historical range

Fuel prices at five-year lows

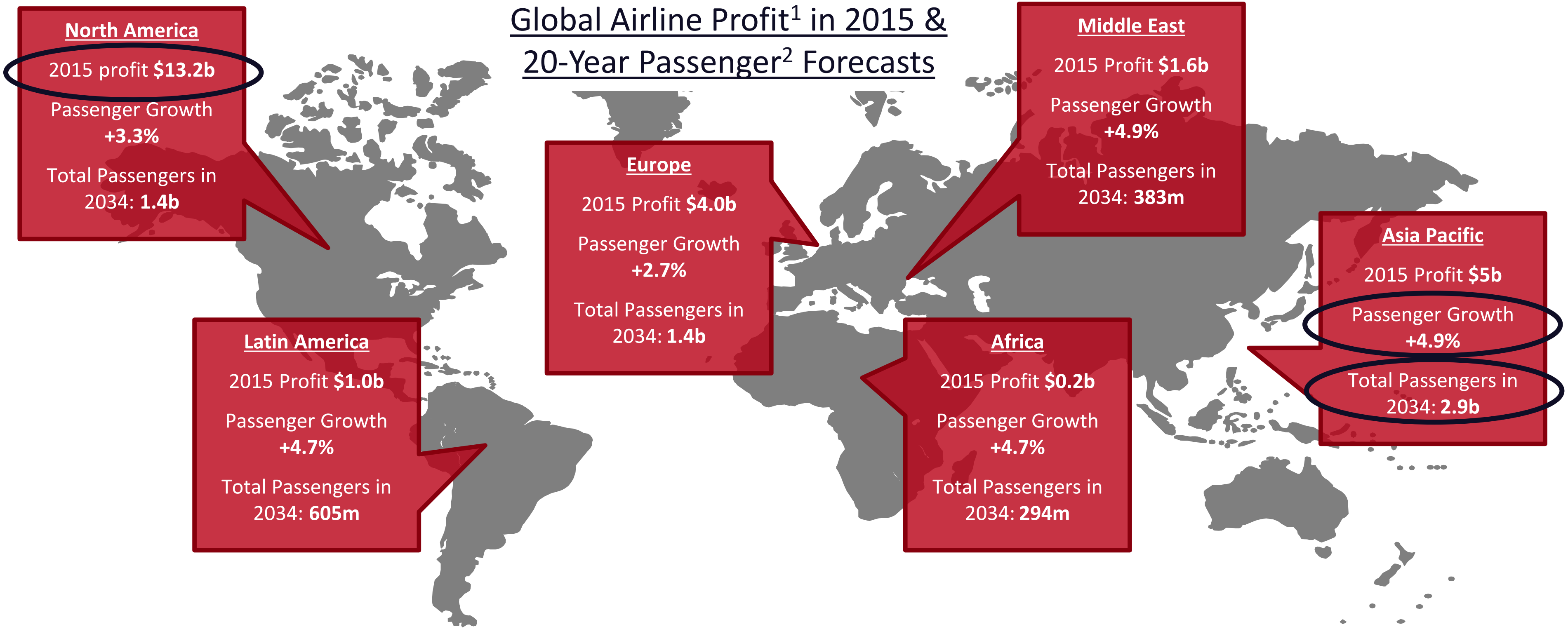
Airline consolidation continuing through equity and joint ventures



1. Source: International Air Transport Association (IATA) global economic outlook December 2014

The Qantas Group in global context

Global Airline Profit[1] in 2015 & 20-Year Passenger[2] Forecasts



1. Source IATA, ‘Airline Profitability Improves with Falling Oil Prices’, 10 December 2014. Net post tax profits in USD. 2. Source IATA ‘New IATA Passenger Forecast Reveals Fast-Growing Markets of the Future’, 16 October 2014. Annual forecast growth refers to average annual growth.

The Qantas Group in global context

Qantas Group positioned to outperform in international market

- Adding dual brand services between Australia and Asia
- Increasing intra-Asia presence with Jetstar Group airlines
- More Qantas International capacity deployed to strong North America routes
- Premier alliance partners in each region
- Favourable competitive environment with lower AUD

Long-term advantages in stable domestic Australia market

- Leading full-service, loyalty and LCC[1] brands
- Loyalty business with unparalleled reach driving customer insights
- Dual brand strategy delivering profit share above capacity share

1. Low-cost carrier

Qantas Group strategy

Integrated portfolio enables Group resilience through external volatility

SAFETY IS ALWAYS OUR FIRST PRIORITY

Deliver sustainable returns to shareholders

Always First Choice For Customers

Build on leading domestic position through dual brands		Establish strong international dual brand position		Strengthen and grow loyalty business		
Secure QAD[1]'s position as best for customers who value the full service experience	Reinforce JQD[1]'s low price and scale advantage position	Strengthen QAI[1] to provide best network with partners	Leverage low cost base for JQI[1] to defend and grow P2P[2] international leisure markets	Maintain QFF[1] as a driver of loyalty across group and as a leading loyalty program	Innovate and diversify leveraging advantaged assets and capabilities	Deliver on existing Jetstar opportunities and partnerships in Asia

Build customer loyalty by delivering a great experience in every interaction

Transform all businesses to continually drive operational efficiencies

Inspire, empower and motivate our people, teaming effectively across the Group

1. QAD refers to Qantas Domestic, QAI refers to Qantas International, JQD refers to Jetstar Domestic, JQI refers to Jetstar International and QFF refers to Qantas Frequent Flyer. 2. Point to point.

Creating long-term shareholder value

Delivering ROIC > WACC[1] through the cycle

Target: Deliver Return on Invested Capital (ROIC) > 10%[2] by:

Building on the Group's long-term competitive advantages

- Integrated portfolio with leading market positions
- Dual brand strategy
- Customer focus driving brand strength

Continued delivery of business transformation

- $2b in gross benefits by FY17, $1b debt reduction by FY15[3]

Disciplined approach to capital and growth

- Maintaining an optimal capital structure

Engaging our people

- Driving workplace change and improved culture

1. Return on invested capital > Weighted average cost of capital (pre tax). References to Group and segment ROIC > WACC targets are through the cycle averages. 2. ROIC above 10% ensures Group objective of delivering ROIC>WACC through the cycle. 3.Net debt including operating lease liabilities measured on a constant currency basis

Building on the Group's long-term competitive advantages

An integrated portfolio with leading market positions

ROIC > WACC IN FY15[1]

Qantas Domestic

- Leading position, highest margin carrier in attractive domestic market ✓

Qantas International

- Reshaped cost base and network, sustainably profitable business ✓

Freight

- Leveraging domestic market share and unique traffic rights ✓

Jetstar Group

- Leading LCC position in domestic and outbound Australia ✓
- Minimal level of capital invested in high-potential Asian ventures WIP

Qantas Loyalty

- Steady earnings growth from non-cyclical, highly cash generative business providing growing diversification in Group earnings profile ✓

GROUP ROIC > 10% IN FY15[1] ✓

1. Based on FY15 forecast performance

Building on the Group's long-term competitive advantages

Dual brand strategy at the core of Group success

Dual Brand Guiding Principles (Domestic)

- Hold a superior competitive position
- Maximise Group profitability
- Leverage distinct role of brands to target customer segments

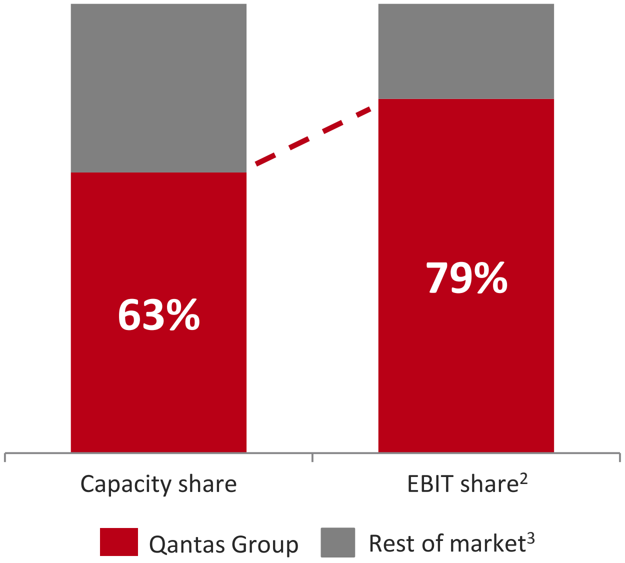
QANTAS

- Targeting customer segments who value the full service experience
- Frequency advantage, especially during peak periods
- Product service differentiation to maintain yield premium

Jetstar

- Owning price-sensitive segment, targeting point-to-point leisure
- Scale and network advantage
- Product service differentiation in the LCC segment

1H15 Domestic Results[1]



Consistent with last 5 years, Qantas Group has ~80% or more of domestic profit pool[4]

1. 1H15 figures from published company reports, BITRE. 2. Virgin Australia EBIT (Earnings before interest and tax), includes Velocity; Qantas Group Domestic EBIT excludes Loyalty EBIT. 3.Rest of market capacity calculated using BITRE ; Rest of market EBIT includes Virgin Australia, Tigerair Australia. 4. Historical data based on Qantas analysis and assumptions.

Building on the Group's long-term competitive advantages

'Customer First' commitment drives brand strength & yield premiums

- Investment in growth, product & innovation
- Strong and reinforcing portfolio of brands
- Spans breadth of customer needs in core markets
- Cross-brand loyalty
- Deep customer insights drive continual improvement

70% of Australians prefer to fly with Qantas Group brands for domestic travel[1]

46% of Australians prefer to fly with Qantas Group brands for international travel[1]

1. House of Brands Brand Tracker: Domestic Business and Leisure Average, International Business and Leisure Average

Continued delivery of business transformation

Rapid progress towards our targets

$2B BENEFITS REALISED BY FY17[1]

- All targets to date met or exceeded
  - >$875m realised by FY15
- Most challenging initiatives front-loaded
  - 4,000 of 5,000 FTE[2] reduction by FY15
- High visibility of remaining >$1.1b benefits from FY16
  - ~$600m already in implementation phase

>$1B DEBT REDUCTION BY FY15[3]

- $1b debt reduction on track
- Credit profile to reach target two years ahead of initial timeframe
  - E.g. Debt/EBITDA[4] <4.0 by FY15
- Preserved investment grade terms & conditions

ALL FINANCIAL TARGETS MET OR EXCEEDED WHILE DELIVERING RECORD CUSTOMER ADVOCACY[5]

1.Gross benefits. 2.Full- time equivalent employees. 3. Net debt including operating lease liabilities measured on a constant currency basis. 4. Metric calculated based on Moody's methodology including cash greater than $2b. 5. Based on quarterly average net promotor score (NPS) at Qantas Domestic and Qantas International, from March 2012 quarter. Record occurred in 3Q15.

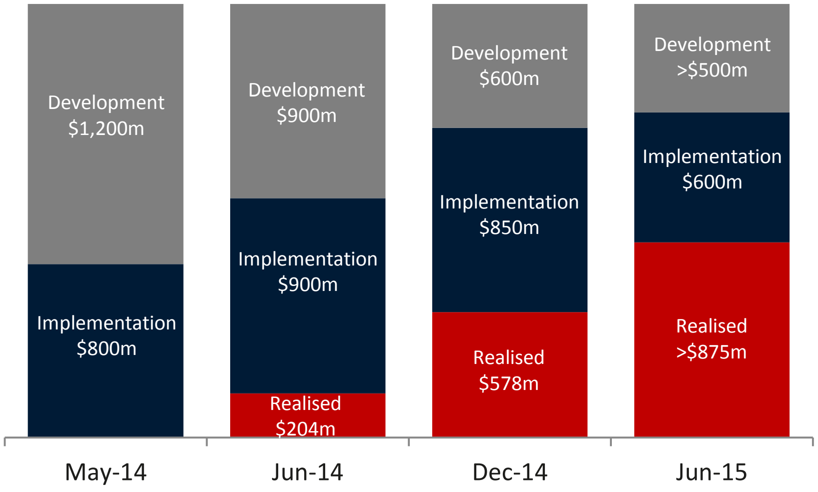
Continued delivery of business transformation

Rapid progress towards our targets

Strategic outcomes by FY17:

- Qantas Domestic[1] cost gap to close to <5%, revenue premium held >15%
- Qantas International positioned for sustainable growth
- Jetstar cost and yield advantage maintained
- Consistent product and service offering
- A more agile business that can quickly adapt
- Embedded culture of transformation for ongoing benefits

Transformation Progress in 18 Months



1. Mainline and Regional operations. Based on company estimates.

Disciplined approach to capital and growth

Shareholder returns, investing in the future

- The Group will remain disciplined with capital allocation, delivering sustainable returns to shareholders alongside investment in growth, by maintaining its optimal capital structure
- Investment in growth will maximise long-term shareholder value by:
  - Leveraging the Group's competitive advantages
  - Positioning the Group to succeed in future growth markets
  - Improving Group ROIC position
  - Aligning with our brand values and vision

Engaging our people

A leadership team with diverse backgrounds and industry expertise

Alan Joyce
Group Chief Executive Officer

Andrew David
Chief Executive Officer Qantas Domestic

Gareth Evans
Chief Executive Officer Qantas International & Freight

Andrew Finch
General Counsel & Company Secretary

John Gissing
Group Executive Associated Airlines & Services

Lesley Grant
Chief Executive Officer Qantas Loyalty

Jayne Hrdlicka
Group Chief Executive Officer Jetstar

Tino La Spina
Chief Financial Officer

Rob Marcolina
Group Executive Strategy, Transformation & IT

Andrew Parker
Group Executive Government & International Affairs

Jon Scriven
Group Executive Human Resources & Office of the CEO

Olivia Wirth
Group Executive Brand, Marketing & Corporate Affairs

Engaging our people

Collaborative approach to business transformation

Working collaboratively between businesses

Front-line leadership, open communication

Investing in training, empowering our people

Fostering a diverse and inclusive workplace

- Employee engagement maintained at **75%**[1]
- Strong outcome amid accelerated business transformation of past two years
- Positive indicators from across Group:
  - 'Proud to associated with Qantas/Jetstar'
  - 'Believe in goals and objectives of Qantas/Jetstar'
- Continual emphasis on training, employee communication and shared goals for future improvement

1. 2015 Towers Watson employee engagement survey.

Engaging our people

Supporting sustainable business transformation

Stable industrial relations climate

- 36 enterprise agreements negotiated since November 2011
- Ensuring workplace agreements do not constrain business or productivity

Building a more competitive wages position

- 13 agreements closed with 18-month wages freeze
  - Half of the Group's employees including managers
- Narrowing wages gap to key competitors
  - 4.5% p.a reduction in Group wage costs when fully implemented
  - Targeting ongoing benefit ~**$125m p.a.** (not included in $2b Qantas Transformation program)
- All major unions have agreed to policy in at least one collective agreement

Delivering on all strategic priorities for ROIC > WACC through the cycle

Financial Performance

Sustainable growth in earnings driven by Transformation

People

Engaged people

Deep management talent

Customer

Record advocacy

Leveraging insights

The Financial Framework for a Stronger Qantas Group

Tino La Spina

QANTAS
Spirit of Australia

Financial Framework

Spirit of Australia

Qantas' targets aligned with shareholder objectives

Maintain total shareholder returns in top quartile of ASX100 & global airlines

1. Maintaining an Optimal Capital Structure

Mix of debt and equity that minimises the WACC

Target: continually minimise WACC[1]

2. ROIC > WACC Through the Cycle

ROIC EBIT[2] divided by Invested Capital

Target: ROIC > 10%[3]

3. Disciplined Allocation of Capital

Focus on ROIC accretive opportunities and delivering returns to shareholders

Target: Growing invested capital with disciplined investment

Maintainable EPS[4] growth over the cycle

TSR[5] in the top quartile

1. Pre tax.2.Refer to appendix. 3. ROIC above 10% ensures Group objective of delivering ROIC > WACC through the cycle. 4. Earnings per share . 5. Total shareholder return.

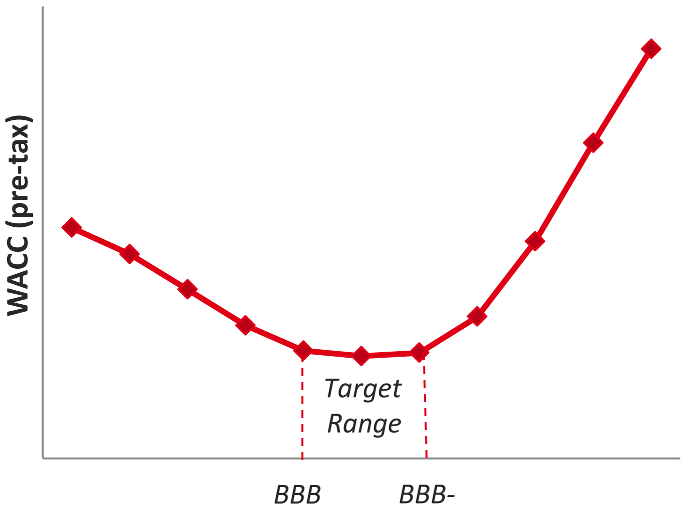
Maintaining an optimal capital structure

Maximising shareholder value by minimising cost of capital

Optimal Capital Structure

- Mix of debt and equity that minimises WACC
- Consistent with credit metrics between BBB- and BBB
- With $1b debt reduction[1], and improvement in maintainable earnings, **Group expects to be within target range by end FY15**
- Focus on reducing Group earnings volatility to reduce WACC

Financial Leverage and WACC



1. Net debt including operating lease liabilities measured on a constant currency basis.

Return on invested capital

Targeting returns above cost of capital through the cycle

MOVING TO ROIC AS THE GROUP'S PRIMARY FINANCIAL RETURN MEASURE FROM FY15

ROIC is the primary financial return measure, used in conjunction with strategic measures as part of a balanced Group scorecard

- Uniform performance measure across reporting segments
- Holistic measure treats owned and leased assets equally
- Targeted returns are through-cycle averages, allowing for cyclical industry

Statutory Measure → **ROIC Measure**

Statutory EBIT

+ Rentals
- Notional depreciation
+ Items outside of underlying

= **ROIC EBIT**

$$\frac{\textbf{ROIC EBIT}}{\textbf{Invested Capital}^{1}} = \textbf{Group ROIC}$$

ROIC ABOVE 10% ENSURES GROUP OBJECTIVE OF DELIVERING ROIC > WACC THROUGH THE CYCLE

1. Refer to appendix for definition.

Disciplined allocation of capital

Capital allocation framework maximises shareholder value

Maintaining optimal capital structure determines:

- Capital allocation
  - Strengthen balance sheet
  - Returns to shareholders
  - Reinvestment
- Liquidity settings
- Credit rating over time

Capital Allocation Priorities

BB Metrics	*BBB- Metrics*	*BBB Metrics*	*BBB+ Metrics*
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

Capital Allocation Framework in Practice

MAINTAINING OPTIMAL CAPITAL STRUCTURE PROVIDES FOR SHAREHOLDER RETURNS & REINVESTMENT

Strengthen Balance Sheet

- Required if capital structure too leveraged
- Demonstrated discipline in constraining capex where necessary for debt reduction
- Funding plan premised on achieving optimal capital structure

Returns To Shareholders

- Base plans when in optimal capital structure incorporate shareholder returns

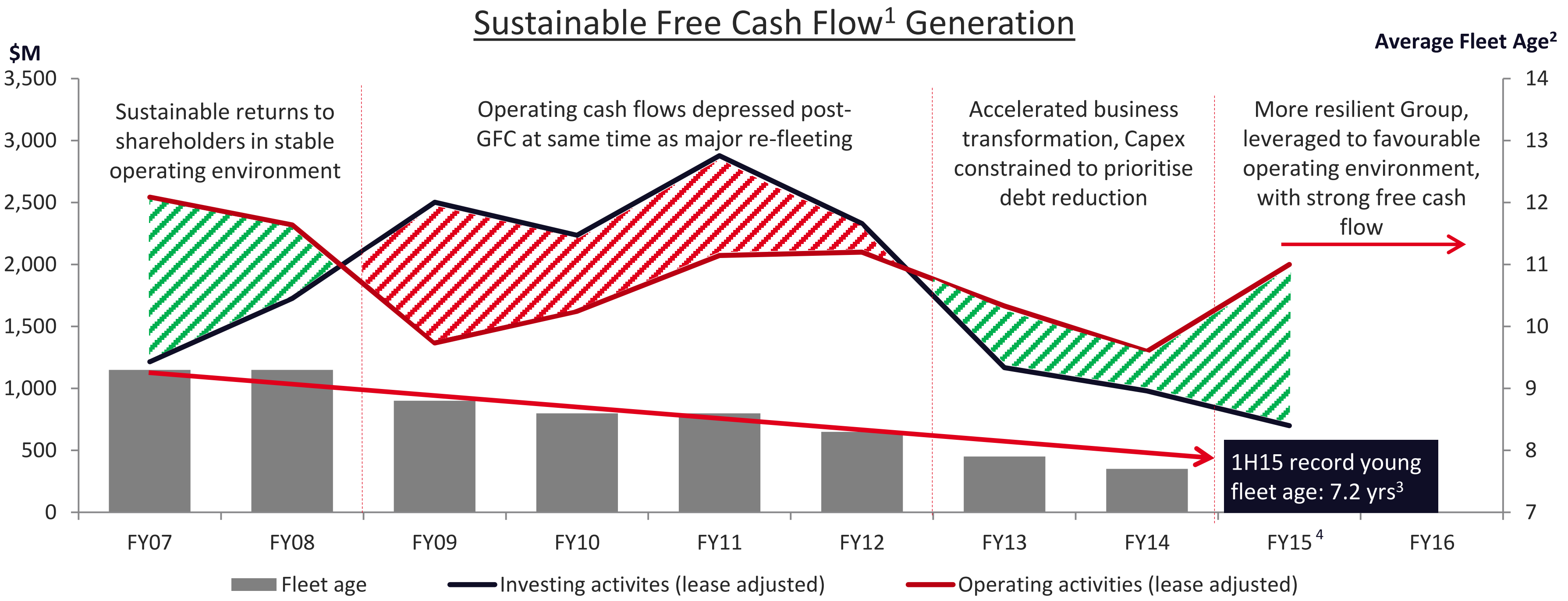
Reinvestment

- High hurdles applied to growth investment
- Maintain competitive advantages, grow invested capital over time
- Investment Committee ranks business cases on financial & strategic metrics:
  - ROIC accretive
  - Group strategic objectives
- Portfolio approach to reinvestment
- Ongoing review of outlook & investment plans

Financial Outlook

Finance outlook

A highly cash generative business



1. Free cash flow equals operating cash flows (lease adjusted) less investing cash flows (lease adjusted). Operating cash flows have been adjusted for off balance sheet capital, similar to rating agency methodologies which replace aircraft rental payments with an interest charge. Investing cash flows have been adjusted to remove differentials between purchased and leased aircraft. New leases are treated as a 'cash outflow' equal to the aircraft market value at lease commencement. Lease returns are treated as a 'cash inflow' equal to the notional written down value of the leased asset at time of disposal. 2. Average fleet age of the Group's scheduled passenger fleet based on manufacturing date at the 30 June of each financial year, as previously reported. 3. Youngest fleet age since privatisation. 4. FY15 net cash from operating activities (lease adjusted) is indicative only.

Finance outlook

Momentum of earnings being driven by controllable levers

- Maintainable earnings growth led by delivery of $2b Qantas Transformation program
- Group well positioned to capitalise on return to more favourable operating environment

CONTROLLABLE LEVERS DRIVING MOMENTUM

- ✓ Delivery of all Transformation targets
- ✓ Long-term advantages of integrated portfolio
- ✓ Focus on customer experience, brand strength
- ✓ Capacity management
- ✓ Optimal capital structure
- ✓ Disciplined investment
- ✓ Hedging program providing protection against spikes & significant participation

EXTERNAL FACTORS FAVOURABLE

- **Fuel**
  - ~$550m fuel cost reduction in FY15[1]
- **$AUD**
  - Lower AUD positive for competitive position of Qantas International
- **Competitor Capacity**
  - Domestic and International market growth moderating after prolonged period of above-average growth

1. Underlying fuel costs compared to FY14, based on current market prices.

Finance outlook

Preserving diverse debt book

Retained access to diverse funding sources while achieving significant debt reduction

Funding sources

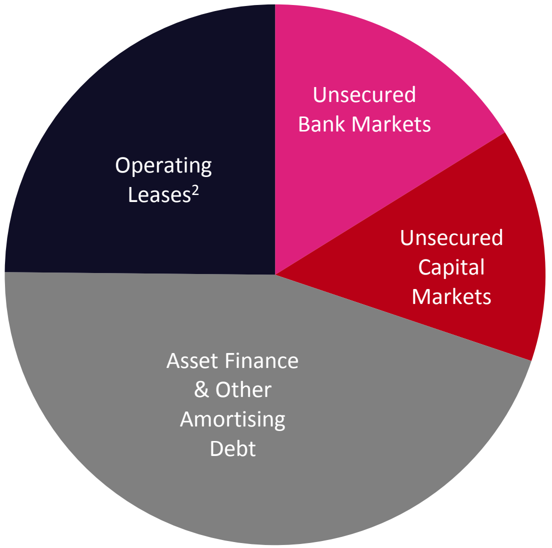
- Capital markets
- Secured & unsecured bank loan market
- Export credit
- Finance leases

✓ Certainty over funding availability

✓ Optimisation of cost and tenor

✓ Flexibility for future funding requirements

Diverse Debt Book Structure at end of FY15[1]



1. FY15 forecast. 2.Based on Standard & Poors (S&P) calculation methodology.

Finance outlook

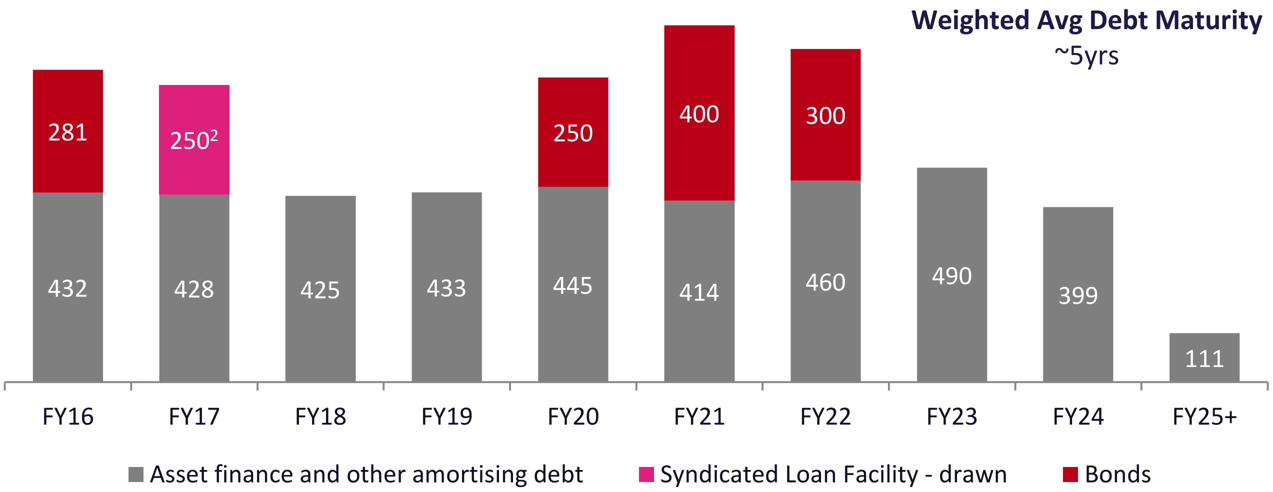
Minimal refinancing risk

Prepayments
- *Across funding markets*

Refinancing
- *Extending tenor*

Scheduled Repayments
- *Debt retirement*

Debt Maturity Profile as at 30 June 2015[1] ($m)



1. Forecast debt maturity profile, excluding operating leases. 2. Up to $300m of $550m syndicated loan facility (drawn) maturing in FY17 expected to be prepaid prior to 30 June 2015, retaining flexibility to refinance remaining maturity to FY19.

Finance outlook

Robust liquidity

Significant pool of unencumbered aircraft

- Additional source of liquidity
- Allows active portfolio optimisation

Managing liquidity more efficiently

- Flexibility to manage mix of cash and undrawn lines
- Opportunity to buy out operating leases with existing cash resources

Case Study: Refinancing Revolving Credit Facilities

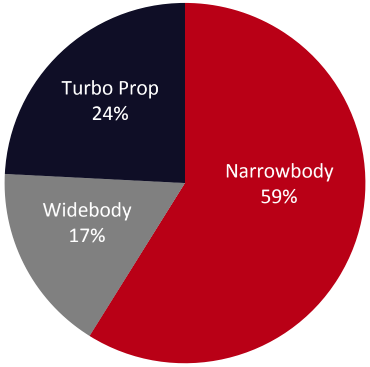
- Increased face value to >$1b
- Increased tenor; Reduced average cost
- Preserved Investment Grade T&Cs platform
  - *No financial covenants*

Composition of Unencumbered Fleet[1]

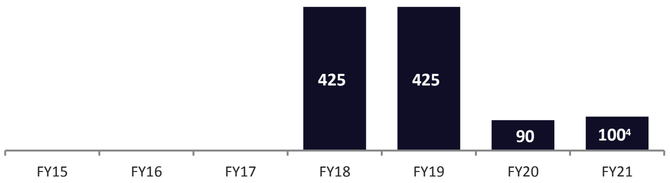
~40% of total group fleet is unencumbered (up from ~30% since FY12)

Market value[2] of unencumbered fleet has doubled since FY12

Average age of narrowbody unencumbered fleet is <7yrs[3] (down from ~8.5yrs since FY12)



>$1b Revolving Credit Facilities ($m)



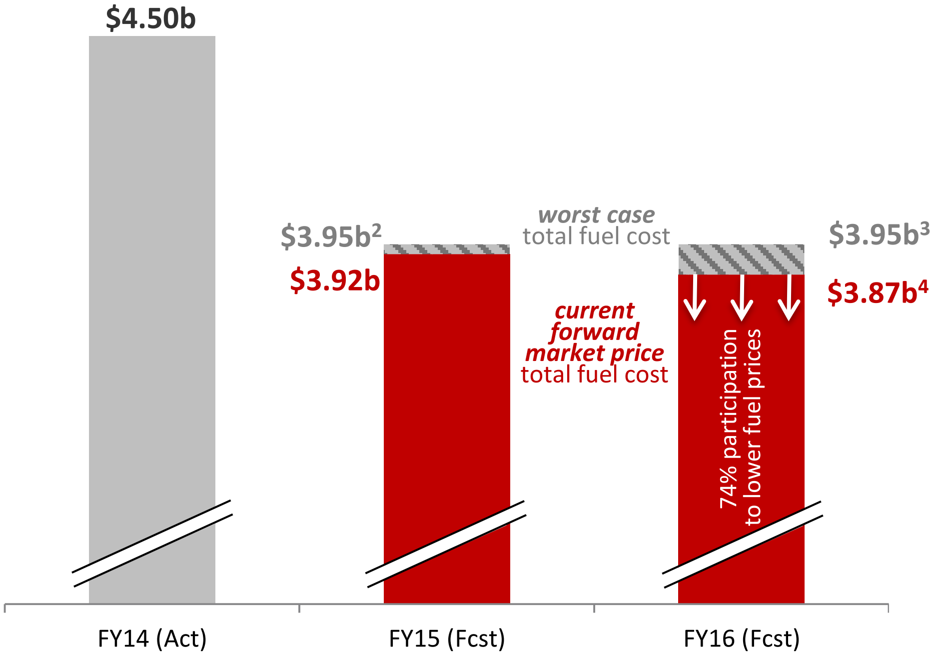
1. Chart is based on the forecast number of aircraft, as at 30 June 2015. 2. Based on Avitas market values. 3. Based on Group's scheduled passenger fleet, excluding Freighter aircraft and Network Aviation. 4. Execution expected prior to 30 June 2015.

Finance outlook

Fuel hedging update

- Protect against unfavourable movements in Fuel and FX, while not locking in a competitive disadvantage
- Rolling two-year horizon considered the optimal term for these financial risk management strategies
- Enable sufficient time for operational adjustments to be made (capacity, pricing, network)
- **FY16 worst case total fuel cost in line with FY15, 74% participation to lower fuel prices[4]**
- **All fuel hedging effective at current market prices[1]**

Hedging & Fuel Cost Outlook[1] ($b)
Inclusive of Option Premium



1. As at 11 May 2015. 2. Worst case total fuel cost based on a 2-standard deviation move in Brent forward market prices to A$95/bbl, for the remainder of FY15. 3. Worst case total fuel cost based on constant FY15 consumption and a 2-standard deviation move in Brent forward market prices to A$122/bbl, for FY16. 4. Using constant FY15 consumption and a Brent forward market price of A$87/bbl for FY16.

Finance outlook

Capital allocation considerations beyond FY15

- Expecting return to optimum capital structure by 30 June 2015
- Sustainably Free Cash Flow positive
- Well placed for Board to consider shareholder returns
- Extent and timing of shareholder returns dependent on prevailing operating conditions and outlook
- In FY16, assessing potential to bring forward modest levels of ROIC accretive investment in Qantas Transformation initiatives. Assessing opportunities to use existing cash resources to buy out operating leases to reduce WACC
- **Update to be provided at FY15 results in August**

Brand as a Competitive Advantage

Olivia Wirth

Spirit of Australia

Group multi-brand structure

Targeted to diverse customer segments and marketplace

Australia & New Zealand

Singapore

Jetstar

Vietnam

Japan

Hong Kong[1]

QANTAS

QANTASLINK

QANTASFREIGHT

QANTAS LOYALTY

FREQUENT FLYER

Price sensitive segment

Premium business and leisure travel segment

10.7 million Members

1. Jetstar Hong Kong operations subject to regulatory approval

Placing the customer at the centre of our thinking

Investing and focusing on our customers

ICONIC BRAND

RETAIL

LOYALTY

DIGITAL CHANNELS

DATA UTILISATION

EXPERIENCE

SPONSORHIP

PRODUCT

Net Promoter Score global benchmarking

Methodology

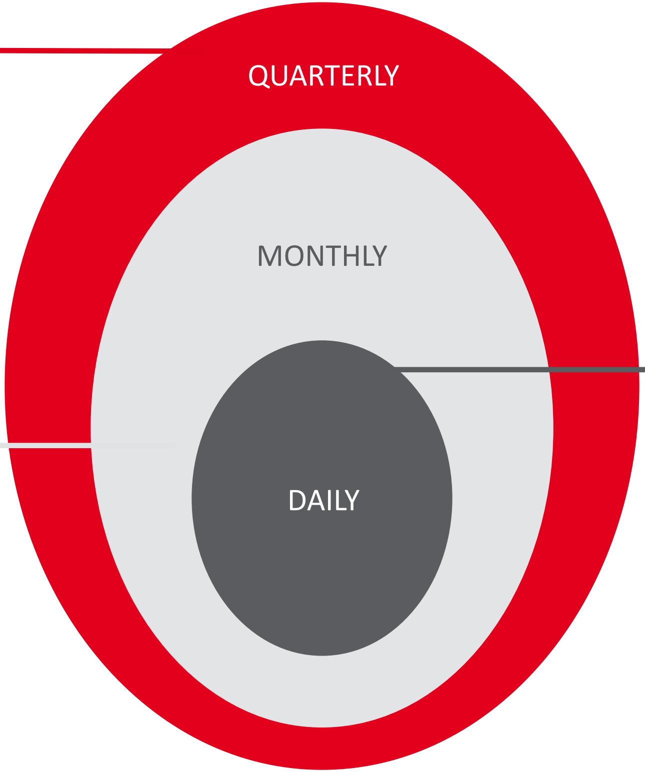
What is NPS?

- NPS or *Net Promoter Score* is a global brand benchmarking model of customer advocacy
- It is embedded into the customer service operations of Qantas and Jetstar
- Enables continuous feedback from customers to improve our service strategy and delivery
- Used to measure our progress

Net Promoter Score = % Promoters - % Detractors

Voice of the customer

Utilisation of NPS benchmarking and methodology



Strategic

- Understand market view and relative market share
- Competitive benchmarking
- Drivers of strategic NPS
- Share of Wallet

PURPOSE: For investment and strategic decision-making

Operational

- Regular surveys of a customer's end-to-end experience per flight
- Measurement of journey advocacy
- Measure total end-to-end customer journey

PURPOSE: Track journey competitiveness and determine focus for customer improvements

Touchpoint **Airport, Lounge & Inflight**

- Panel of ~25k Frequent Flyers
- On the day performance at specific touch points
- Customer feedback enables conversations directly between customers and frontline managers
- Real time results reporting

PURPOSE: Immediate response to customer feedback. Lead indicator for Operational NPS

Investment has led to market recognition and customer advocacy

'Qantas did, not just said'

Investment in product and people

- Extend leadership position with award-winning lounges
- Enhance Qantas on-board product through A330 and B737 refurbishments and improved inflight entertainment
- Jetstar first Asia-Pacific LCC to fly B787 Dreamliner
- Ongoing Customer Service Training programs completed by more than 10,000 frontline and corporate domestic employees[1]
- Focus on superior service and dining experience (in air and on ground)
- Innovation focused on speed and ease of travel

1. As at April 2015 for Qantas Domestic, Qantas International and Corporate segment.

New brand campaign

Reconnecting with Australians

Successfully rebuilding an emotional connection

- New ‘Feels like Home’ brand campaign launched in November 2014
- Customer insights led proposition to re-connect emotionally with Australians
- 2 minute TVC[1] has had **over 1.5m views** on YouTube to date
- Strong performance and outperforming industry benchmarks
- 66% of Australians who saw the TVC felt more positive about Qantas[2]
- 54% of Australians who saw the TVC felt it made them want to fly with Qantas[2]

1. Television Commercial. 2. Source: House of Brand Advertising Tracking. Feels like Home advertisement was recognised by 67% of Australians based on highest net recall score in Jan 2015 which includes 2min TVC and Charlotte TVC. “Felt more positive” and “Felt it made them want to fly” diagnostics based on average of all TVCs included in advertising tracking (2min, Alice, Charlotte and Melinda TVC). Based on recognisers of each TVC (2min, Alice, Charlotte and Melinda).

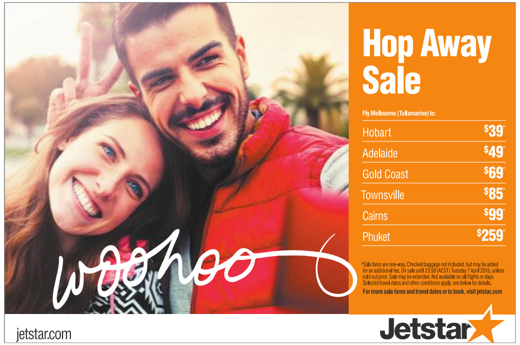
New brand campaign: Welcome home

Jetstar brand consistency

Maintaining our leadership LCC position

140 million passengers in a decade

- An Australian brand leading the way across Asia-Pacific
- The market leader on price competitiveness
- Brand strength across all markets served in Asia Pacific - 70 destinations, 16 countries/territories

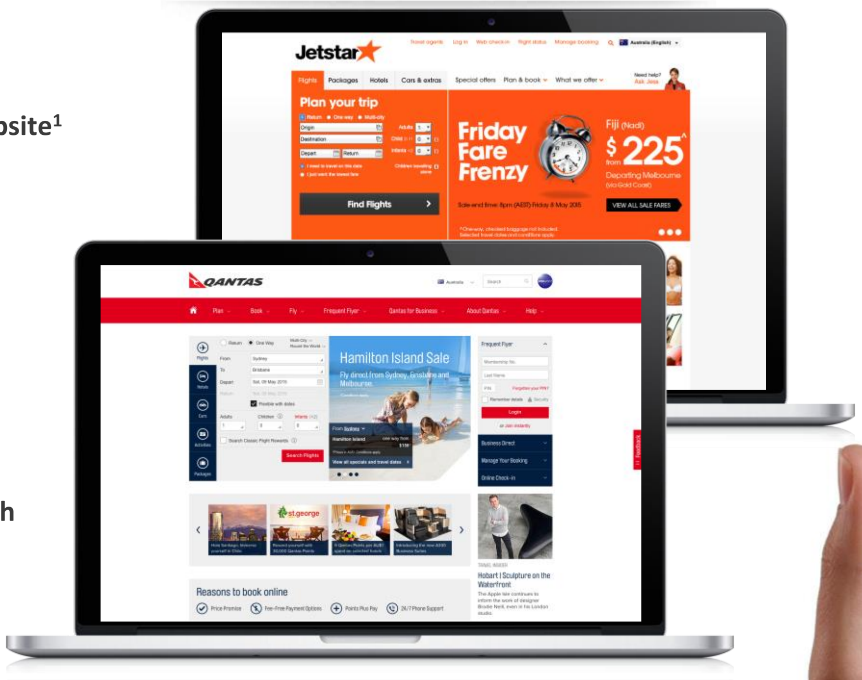


Digital Transformation - over a million fans and followers

New direct channels to market

- **Qantas.com - Australia's No. 1 travel website[1]**
- 630,000 Fans on Facebook
- 270,000 Followers on Twitter
- 80,000 Followers on Instagram
- 20,000 Subscribers on YouTube
- 90,000 Followers on LinkedIn
- 20,000 Followers on Google+
- In 2015 there have been 70,000 queries from passengers online[2]

- **Jetstar.com - 15.5 million visits per month**
- 1,150,000 Fans on Facebook
- 230,000 Followers on Twitter
- 18,000 Followers on Instagram



~45% of Group marketing spend now through digital channels

1. Source: Hitwise Australia. Most Popular Websites in Travel (Airlines and Transport category), April 2015. 2. January 2015 - April 2015.

Qantas Airways: brand & image

Flyer attitudes and perceptions in 2015 YTD[1]

Premium Domestic Airline

SERVICE IMAGE 2015

+8% since 2008[2]

Perceptions at the highest level ever seen regarding the quality of the Qantas Domestic experience

Committed to Delivering Best Service & Products

+15% since 2008[2]

Perceptions at the highest level ever seen regarding Qantas' service & product focus

Iconic Australian

CORE BRAND VALUES 2015

+2% since 2008[2]

2015: CONSISTENTLY IN 90th PERCENTILE
Perceptions remain extraordinarily strong of Qantas' iconic Australian status

Safety Reputation

+12% since 2008[2]

2015: CONSISTENTLY IN 90th PERCENTILE
Safety continues as a core attribute. Australian flyers feel even more secure flying with Qantas than ever before

1. Year-to-date. 2. Average of calender year 2008 versus average between January to April 2015. Source: Qantas Domestic Key Indicators Studies.

Strong improvement across domestic and international

DOMESTIC

2015 YTD[1]
60% point LEAD
over VA[4]

Perceived Best Domestic Airline For Business Travel

Qantas Domestic continues to own this domestic market brand position

2015 YTD[1]
51% point LEAD
over VA[4]

First Choice Next Domestic Business Flight

Qantas Domestic continues as the predominant first preference for Australian domestic business travel

INTERNATIONAL

2015 YTD
+14% pts
On 2008[2]

Provides Exceptional Customer Service

Customer perceptions of Qantas International providing exceptional customer service are significantly up and at record levels

2015 YTD
+12%
On 2008[3]

Provides a Competitive Product

Customer perceptions of Qantas International providing a competitive product are significantly up and at record levels

2015 YTD
+6%
On 2010[3]

Is a Premium Full Service Airline

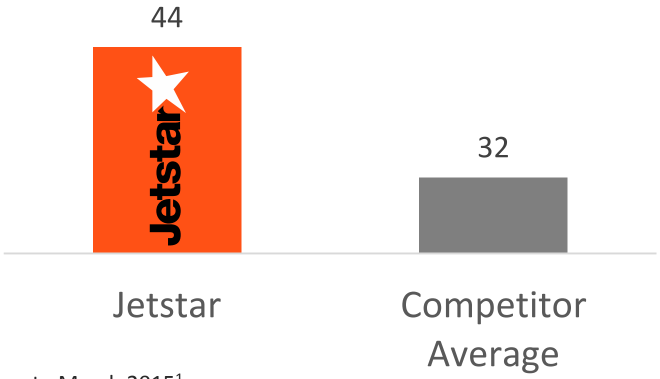
Customer perceptions of Qantas International being a premium full service airline are significantly up and at record levels

1. January 2015- April 2015 versus Virgin Australia. Source: Qantas Domestic Key Indicators Studies. 2. April to June 2008 quarter versus January to March 2015 quarter. Source: Qantas International Customer Satisfaction, Qantas. 3. Average between April to December 2008 versus January to March 2015 quarter. Source: Qantas International Customer Satisfaction, Qantas. 4. Virgin Australia.

Jetstar customer satisfaction and advocacy

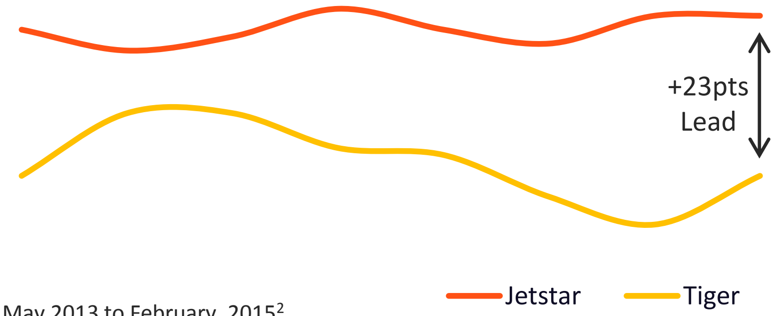
Relevant and measurable for low-cost as well

Jetstar leads on "has low-priced fares" perceptions



January to March 2015[1]

Jetstar the clear leader in Strategic NPS for LCCs



May 2013 to February 2015[2]

1. Source: House of Brands, January to March 2015. 2. Source: Ergo Strategic NPS, May 2013 to February 2015.

Leveraging Customer Insights
The Next Wave of Transformation

Rob Marcolina

QANTAS
Spirit of Australia

The basis of airline competition has expanded over time

Changing Nature of Airline Competition

From physical to virtual assets

Operations
- Aircraft
- Airports
- Safety

Product
- Seats
- Lounges
- Entertainment

Partnerships
- Global alliances
- Joint ventures
- Virtual airlines

Customer
- Insights
- Technology enabled
- Loyalty
- Personalisation

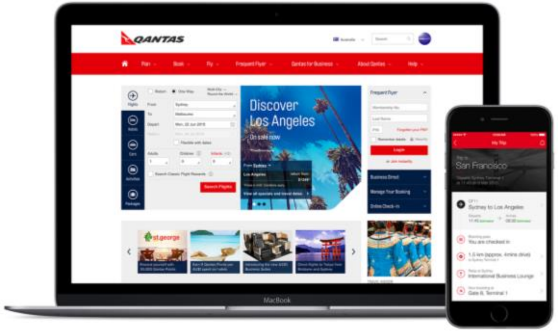
More replicable — *Less replicable*

While originally focused on physical assets, airlines today compete on a **range of dimensions**, including operations, product, partnerships and increasingly **customer capabilities**

We have a rich and deep source of customer insights

OUR CUSTOMER INSIGHTS ARE A KEY COMPETITIVE ADVANTAGE

Flying behaviour of our customers	**50m+** passengers annually across Group
Frequent Flyer profiles and behaviour	**10.7m** members
Customer NPS[1] & feedback	Panel of **~25k** Frequent Flyers can record NPS each time they fly



Customer segmentation	**Market-wide** segmentation insights
Web, mobile & social media interactions	**2.5m+** visits to qantas.com / week **3.7m+** visits to Jetstar websites / week
Rich history of data	**27 years** of historical data

Customer insights are key in making dual brand network decisions

- Optimising our dual brand network requires consideration across multiple dimensions:
  - market demand and capacity
  - financial implications
  - competitive positioning
  - utilisation and network effects
  - ***customer targeting*** *and* ***brand positioning***

- Our market-wide **customer segmentation** provides a detailed understanding of Australian flyer market needs and attitudes, enabling:
  - **strategic positioning** of our **dual brands**
  - **targeting** of strategic **customer segments**

- These insights are critical when making **co-ordinated dual brand network** decisions

Dual Brand: Route Decisions Informed by Customer Insights

Key: Qantas/QantasLink
Jetstar

Customer data facilitates seamless disruption management

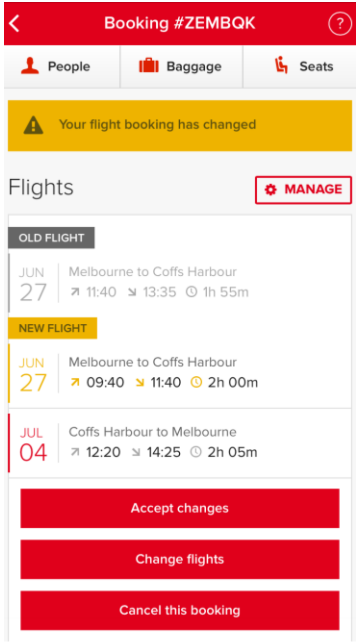
Managing disrupted flights operationally

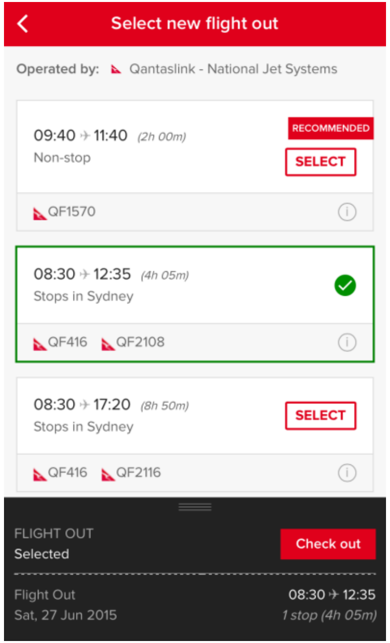
- Minimising disruptions for more **valuable customers** is **key to decision-making** when managing flight disruptions
- Assessing customer value considers:
  - Qantas Frequent Flyer **tier**
  - Whether **managed corporate / SME**[1] flyer
  - Recent **customer revenue** to Group
  - Prior **disruption history**

Managing disrupted customer journey

- Once operational disruption occurs, affected customers are **notified** via **e-mail or SMS**, and directed to **qantas.com** (desktop and mobile)
- Customers have the option to: accept a proposed **new flight**, change to an **alternative flight**, or **cancel** and request refund / voucher
- The initial **new flight proposed** depends on **customer value**

Disruption Management: Insights Aid Operations and the Customer Journey

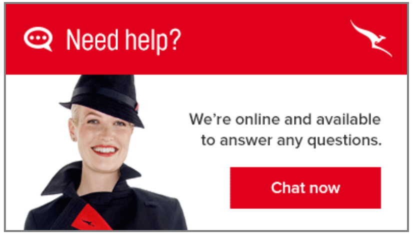


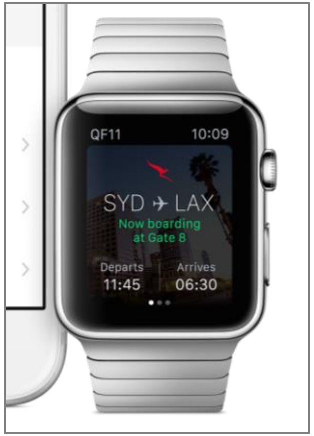


1. SME: Small and medium-sized enterprises.

Customer insights enable Group innovation and service excellence

- **Auto check-in on mobile**: industry-leading; drives customer advocacy; reduces footprint at major airports
- **RedApp**: provides customer history and information directly to cabin crew and ground staff on iPads
- **Webchat**: Australian industry-leading; proactively tracks and assists customers through online booking process
- **Mobile travel companion**: app provides personalised assistance on day of travel
- **Cross sell through digital channels:** utilise customers data for personal offerings
- **New targeted marketing technology**: enabling more tailored, personalised and effective marketing for Jetstar
- **Loyalty-led innovation:** across Qantas Frequent Flyer and adjacent business





Ultimately supporting key strategic objectives for the Group

SAFETY IS ALWAYS OUR FIRST PRIORITY

Deliver sustainable returns to shareholders

Always First Choice For Customers

Build on leading domestic position through dual brands		Establish strong international dual brand position		Strengthen and grow loyalty business		Deliver on existing Jetstar opportunities and partnerships in Asia
Secure QAD[1]'s position as best for customers who value the full service experience	Reinforce JQD[1]'s low price and scale advantage position	Strengthen QAI[1] to provide best network with partners	Leverage low cost base for JQI[1] to defend and grow P2P[2] international leisure markets	Maintain QFF[1] as a driver of loyalty across group and as a leading loyalty program	Innovate and diversify leveraging advantaged assets and capabilities	

Build customer loyalty by delivering a great experience in every interaction

Transform all businesses to continually drive operational efficiencies

Inspire, empower and motivate our people, teaming effectively across the Group

Customer

Transformation

People

1. QAD refers to Qantas Domestic, QAI refers to Qantas International, JQD refers to Jetstar Domestic, JQI refers to Jetstar International and QFF refers to Qantas Frequent Flyer. 2. Point to point.

Transformation

Spirit of Australia

Qantas Group Transformation principles

- Set the bar high (targets and timeline)
- Focus on the ‘how’ versus the ‘what’
- Link to the bottom line
- Centralise program management
- Embed a cost-conscious culture
- Bring our people along the journey
- Improve customer proposition

Transformation targets and results thus far

Target by FY17	$2 billion gross benefits	5,000 FTEs *$500-600 million of $2 billion*
Result over 18 months to end FY15	Will exceed target of $875 million[1] benefits by FY15	

Exited	Actioned[2]	FY15 FTE reduction	FY16-FY17 reduction	FY17 FTE reduction target
2,200	1,800	4,000[3] *(~$350m)*[3]	1,000	5,000 *($500m+)*
FY14	FY15			

TRANSFORMATION EMBEDDED IN BUSINESS, WITH FURTHER BENEFITS POST FY17

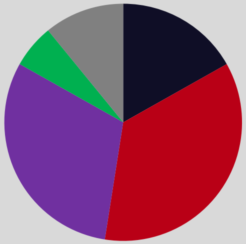
1. Made up of $200m benefits realised in FY14 and target of $675m for FY15. 2. 1,400 FTEs have exited and remaining 400 FTEs have been actioned. 3. By June 2015. Consists of 1,500 Non-operational FTEs and 2,500 Operational FTEs. 4. Achieved by June 2015 (further benefits from the 4,000 will track into FY16).

The Transformation journey

Right sizing | Productivity | Consolidation | Technology | Supplier

First 18 months of transformation

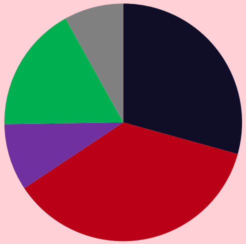
Benefits realised by FY15



- **Consolidation:** non-operational staff reduction; B747 base closure; new line maintenance model; centralised office campus
- **Productivity:** Jetstar's 'Lowest seat cost' program; fuel optimisation
- **Right Sizing:** B767 / B734 accelerated retirement; Qantas International and Domestic utilisation

Next wave of transformation

Benefits realised from FY16 onwards



- **Consolidation:** contact centres
- **Productivity:** catering centres; Jetstar's 'Lowest seat cost' program; fuel optimisation
- **Right Sizing:** Qantas International and Domestic utilisation (Phase II)
- **Technology / Supplier:** 'Spend Aware' supplier spend program; revenue management; application simplification

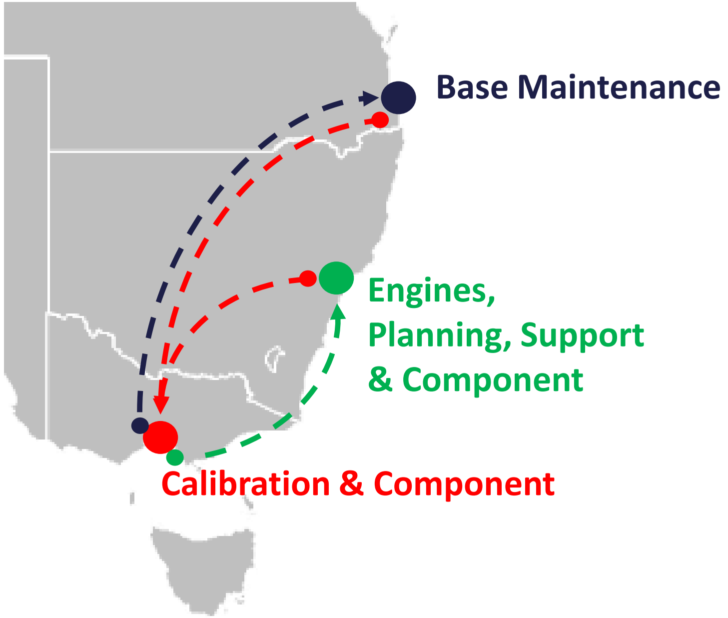
Case example: Transforming Engineering

- **Right-sizing** organisation
  - Executive redundancy program
  - Support services redundancy program
  - Engineering services rationalised
  - B747 base closure
- **Consolidation**
  - Component Maintenance consolidated
  - Integrated Planning/Maintenance Operations Centre
- Key for future cost reductions is **matching supply** and **demand of labour** to increase productivity

~900
FTE reduction by FY15[1]

$120m
Benefits realised by FY15[2]

Engineering: Consolidating Processes



1. As part of the Transformation Program from January 2014 to June 2015. 2. Since January 2014.

Case example: Transforming Q Catering

- Before Transformation, Q Catering had a >**10% unit cost gap** to on-shore competitors

- Significant changes are being made to **close the cost gap**
  - Matching labour supply to demand, **increasing productivity**
  - Focus on improving **process efficiency** (waste reduction)
  - **Redesigned meals**, removing trays and extracting cost

- There has also been a **shift in culture and behaviours**
  - **De-layering** management
  - Increased **collaboration** and **co-ordination**

0%
Unit cost gap
by end FY15[1]

↑2.5%
Customer
satisfaction scores[2]

Q Catering: Increasing Customer Satisfaction While Reducing Cost

Up to 50% **more food** ✓

Improved **customer feedback** ✓

Simplified (production, logistics, delivery) ✓

Net **transformation benefits** ✓

1.To on-shore competitor. 2. Average increase in customer satisfaction with Domestic meals (Food Quality/Taste; Freshness; Presentation/Appearance) between January 2014 and March 2015

Case example: Transforming procurement and spend

- Spend Aware program will drive **sustainable procurement cost reductions** across the Group, with **~$2bn** spend **in-scope**
- Key objective is to transform our **supplier approach**
  - Improve **forecasting** to **control spend**
  - Strengthen **enforcement** of supplier charges
  - Enforce **spend decisions up front**, not after the fact
  - Manage **suppliers across Group**, to leverage scale
- Key enablers
  - Improve **business processes and technology**
  - Implement **behavioural** and **cultural change**

~$30m
Benefits realised by FY17[1]

Reduction of
number of **suppliers**

Spend Aware Program: Sustainable Cost Reductions

1. Since January 2014.

Customer focused approach during Transformation

Unique and market-leading outcome: Improving customer benefits through Transformation

HOW?

Conscious choice	Commitment to customer as a **key principle** of Transformation
Deliberate decision-making	**Decision-making** ensures impacts are weighted to a **net customer benefit**
Product investment	Continued **investment in** customer **products**
Service focus	**Commitment** and training **of our people** to **improve customer service**
Smarter approach	Prioritise **what customers really value**

Transformation summary

1. We’ve been bold in setting targets and we are on track to **achieve**
2. Our initiatives are driving **sustainable** change
3. Our customer experience has **improved** and we expect this to continue going forward

Continuing to Win in a Shifting Domestic Market

Andrew David

QANTAS
Spirit of Australia

Established competitive advantages in highly attractive domestic Australian market

- Largest carrier with 42% market share[1]
  - Full-service, regional, charter
  - Frequency and network advantage
  - Corporate account outperformance
- Iconic brand relevant to premium segment
- Leading customer experience[2]
- Reputation for operational excellence
- Dual brand coordination with Jetstar
- Sales and distribution strength

1. Source BITRE – By ASK February 2014 - February 2015. 2. Measured by NPS.

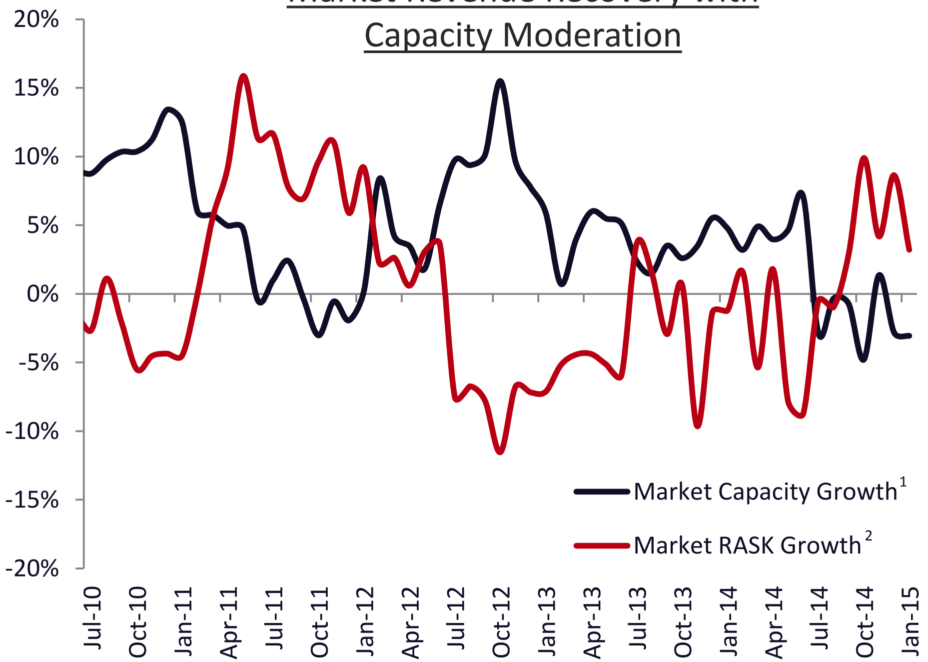
Rapid and strategic response to competitive shifts in market

- **Domestic market pressures: FY12-FY14**
  - Competitor reposition into Qantas core segment
  - Capacity growth ahead of demand
  - Corporate yields under pressure
  - Resources sector cooling

Qantas Domestic Response

RETAIN REVENUE PREMIUM >15%[3]	CLOSE COST DISADVANTAGE TO <5% BY FY17[3]

Market Revenue Recovery with Capacity Moderation



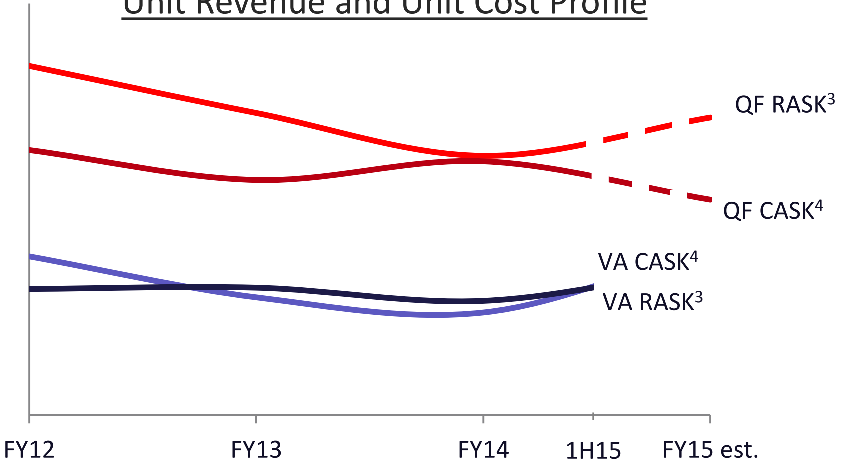
1. Domestic market capacity growth (based on ASKs) compared to prior corresponding period. Source: BITRE. 2. Market RASK (passenger revenue per ASKs) growth compared to the prior corresponding period. Source: BITRE, published company accounts and internal estimates. 3. Qantas mainline and regional operations compared to Virgin Australia mainline and regional operations. Revenue premium based on passenger revenue per ASK. Cost gap based on unit cost and calculated as underlying EBIT less passenger revenue per ASK. Based on published company accounts and internal estimates.

Return to stable domestic market

Qantas Domestic expanding margin advantage in a stable market

- **Stable market conditions**
  - FY15 market capacity growth down[1]
  - Demand and supply more balanced
  - Improved passenger loads[2]
- **Resources downturn mitigated by Qantas capacity response**
  - Healthier demand from other sectors, East-West, East Coast, leisure

Expanding Margin Advantage:
Unit Revenue and Unit Cost Profile



1. Based on ASKs. Source: BITRE, published schedules and company estimates. 2. Source BITRE. FY14 vs FY15 YTD (year to date). 3. Passenger revenue per ASK. Based on published company accounts and Qantas' estimates of the contribution of Velocity earnings at Virgin Australia. Dotted line indicates forecast. 4. Cost per ASK. Calculated as Underlying EBIT less passenger revenue per ASK. Based on published company accounts and Qantas' estimates. Dotted line indicates forecast.

How Qantas Domestic will continue to win

Clear strategic priorities aligned with dual brand strategy

TARGETING BUSINESS AND PREMIUM LEISURE CUSTOMERS WHO VALUE THE FULL SERVICE EXPERIENCE

STRATEGIC PRIORITIES

Delivering customer experiences that earn a **revenue premium**

Recognised for our **operational excellence**

Delivering at the **right cost** through Qantas Transformation

Our **people and culture** make the difference

Leading dual brand market position

maintaining at least **~80%** of domestic profit pool

Customer experiences that earn a revenue premium

Targeted investment, innovation driving customer advocacy

Service Leadership and Training
- Reach across all frontline people
- Driver of advocacy and airline choice

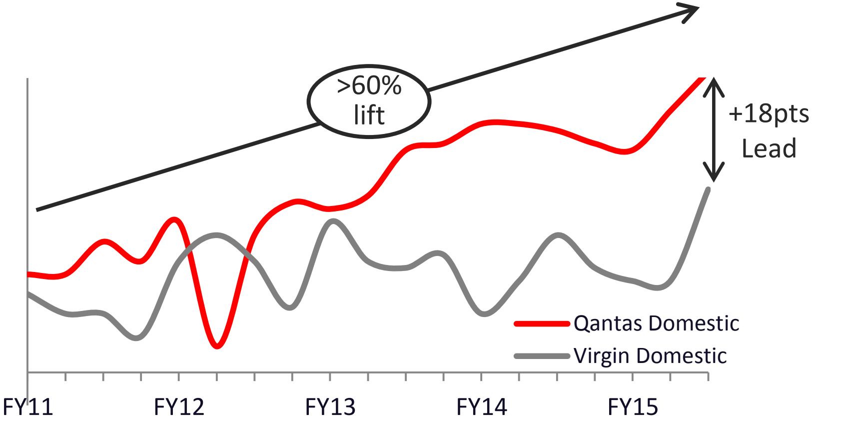
Airport Transformation
- New technology auto check in
- Labour costs reduced by 13%

Airport & Lounge Experience
- New Darwin, Brisbane lounges
- Terminal investments: Perth and regional WA[1]
- Accor lounge service provider

Fleet
- Domestic A330 reconfiguration; 3 complete[2]
- B737 reconfiguration from mid-2015

Food, Beverage and Service
- More lounge and in-flight menu choices
- In-flight meal service window increased

Record Operational NPS Result in FY15[3]



Operational NPS measures end-to-end of a customer's journey and determines areas of focus for service improvements

1. Western Australia. 2. As at 12 May 2015. 3. Record occurred in 3QFY15. Source: Qantas Domestic Operational NPS, Virgin Australia NPS Benchmarking.

Customer experiences that earn a revenue premium

Partnering with the high value corporate segment

Improving management of customer relationships

- Becoming the 'trusted advisor' for our corporates
- Clearly articulating the value we provide beyond price

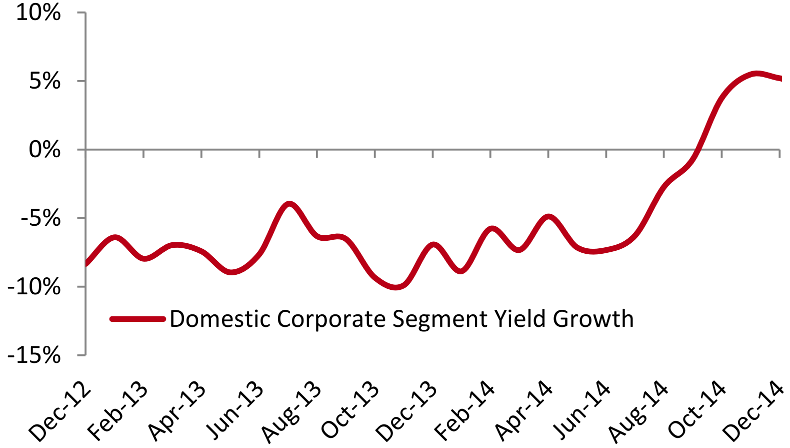
Investment in people and capability

- Consolidated sales support and streamlined deal approval
- Rollout of new customer relationship management tools

Retaining leadership in corporate account segment[1]

- Highest yielding, most valuable market segment
- Corporate yields recovering despite resources weakness

Corporate Segment Recovering with Qantas Domestic Holding Steady Share[2]



FY15 Corporate Accounts[3]

Renewed 148
New 64 (won back 25)
Lost 5

1. Based on revenue. 2. Based on published data and company estimates. Represents year on year percentage change. 3. Accounts over $0.5m only. FY15 YTD (July 2014 – March 2015).

Corporate customer feedback

Value beyond price

"Qantas' pricing was not the cheapest, however, the superior network, strength of Qantas Loyalty proposition (including Chairman's Lounge) and Qantas technology were key."
Australian pharmaceuticals company

"Qantas are able to offer a total solution covering both Charter and RPT services. The strength of the intra-WA schedule, security of supply, on time arrival and reliability were key factors in our decision."
Major Australian mining company

"We chose Qantas due to the strength of the international network and the product to Japan and North America."
Multinational consumer goods company

"Network proposition, with particular focus on the East Coast, the strength of loyalty offering (Platinum and Chairman's Lounge important to Senior Executive team), and frequency premium on Sydney-Melbourne as well as on-time performance critical to our decision."
International financial services firm

"Negotiation focused on Qantas value-adds such as Valet and significant lounge advantage, domestic schedules, strength of the Qantas/ Emirates network proposition and the significant penetration of Qantas Loyalty program within our organisation."
International financial services firm

Structural advantages in customer reach

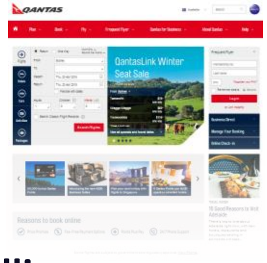
Insights and loyalty offering underpin revenue premium and share of wallet

- Customer insights through advanced segmentation model linked to Frequent Flyer member behaviour
- Unparalleled ability to deliver targeted customer offers
  - Proprietary channels: Frequent Flyer, Aquire & Red Email
  - Digital and social media: leveraging Red Planet
- Aquire SME loyalty program launched March 2014, extending reach in previously under-penetrated market
- Qantas.com re-platform to deliver increased personalisation

Unrivalled Customer Reach in Australian Market

10.7 million
QFF members[1]

qantas.com
Australia's #1 travel website[2]
- >150m visits expected this year
- ~$300m revenue per month[3]



QANTAS RED EMAIL

3.8 million
Red email subscribers[4]

Data-driven personalisation

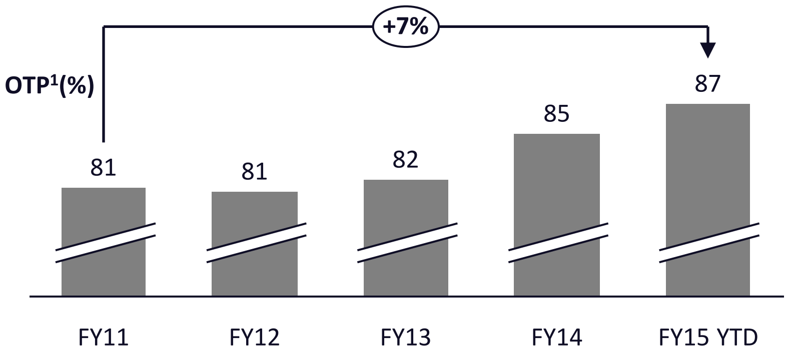
RED PLANET.

1.As at 30 April 2015. 2. Source: Hitwise Australia. Most Popular Websites in Travel (Airlines and Transport category), April 2015. 3. Average revenue April 2014-March 2015. Includes taxes. 4. As at 28 April 2015.

Recognised for operational excellence

Premium on-time performance, reducing customer disruption

Focus on Premium Level Punctuality



Consistent premium level on-time performance

- Balanced approach delivering against customer, operational and efficiency targets
- Increase in OTP[1] alongside utilisation gains

Leading customer recovery capability

- New disrupt management system in FY16
- Shift focus from ‘managing the metal’ to prioritising people to reduce journey disruptions
- Cost reduction in aircraft re-positioning from fewer consequent flight cancellations

1. OTP (On-time performance)Qantas Domestic and QantasLink on-time departures. Source: BITRE July 2010 to March 2015.

Delivering at the right cost through Qantas Transformation

Visible pipeline to continue reducing costs, increasing utilisation

	FY14	FY15	FY16-17
Fleet Renewal & Simplification	• Exit of B737-400 • 5 x additional 2-class B717 • B737-800 deliveries	• Exit of B767 • Induction of A330s • A330 reconfiguration program	• B737-800 reconfigurations • Ongoing fuel efficiencies
Utilisation	• Lean schedule planning	• 40 minute turns	• 35 minute turns
Departmental Transformation	• Corporate restructure • Base maintenance changes	• Line maintenance changes • Ground services efficiency	• Revenue management system • Contact centre consolidation
People Focus	• Headcount reduction	• Wages freeze progress, engagement maintained	• Capability & productivity improvements
Benefits	~$50m	>$200m	>$400m

Delivering at the right cost through Qantas Transformation

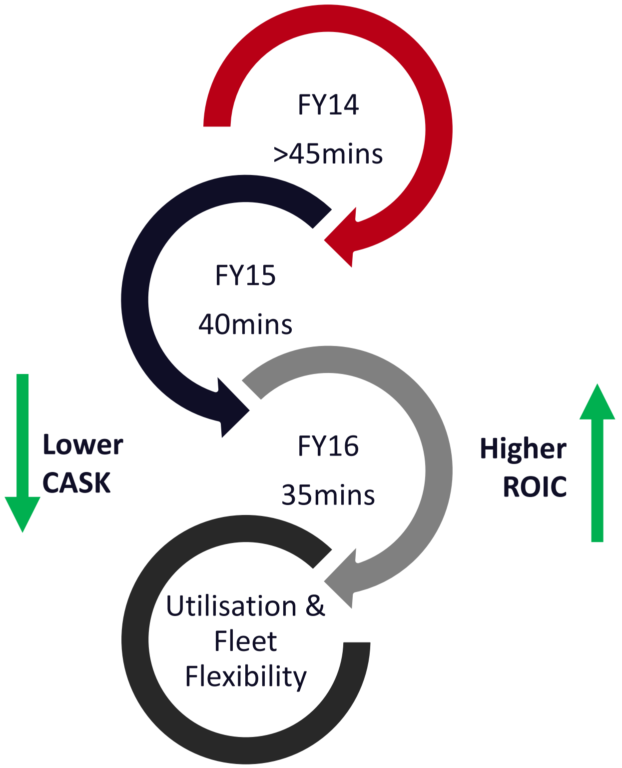
Case study : delivering 35 minute turns

Increased utilisation through reduced turn times

- Dual door boarding
- Improved cabin baggage management
- Operating and capital efficiency benefits

Introduction of 35 minute turns in FY16

- Building on learnings from 40 minute turns
- Drive further operational and schedule efficiencies
- Increased fleet utilisation lowering unit cost further
- Creating increased domestic fleet flexibility

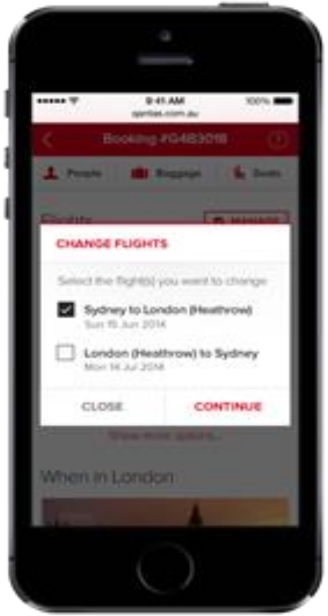


~30% Proportion of 40 minute turns in March 2015	**↑ 5%** B737 utilisation in 2H15[1]	**>$80m** benefits realised by end FY16

1. Forecast 2H15 versus 1H15.

Delivering at the right cost through Qantas Transformation

Case study: direct distribution



↓10%
Contact centre demand[1]

↑5%
Qantas Direct revenue[1]

Sales and customer management is changing

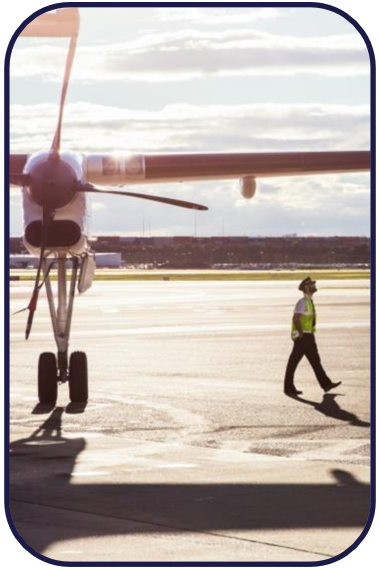
- Customers moving to and preferring online and mobile interactions for bookings
- Contact centres still essential as touchpoint for premium customer service

Qantas Direct is transforming and restructuring

- Investment in online and mobile platforms delivering improved customer experience
- Right-sizing operations, flexible labour structure

1. July 2014-March 2015 versus July 2013-March 2014.

Our people and culture make the difference



Investment in capability to provide **great leadership**

Communicate genuinely and frequently

Commitment to the **development** of our people

Ensure everyone **steps up** and takes responsibility

Focus unwaveringly on the **safety** of our people

Unlock **passion** for the brand

Scorecard

Strategic priorities are being delivered

	PROGRESS TO DATE
DELIVERING CUSTOMER EXPERIENCES THAT EARN A REVENUE PREMIUM	FY15 RASK advantage to competitor maintained above 15%[1] NPS at record levels with > 15 point average margin to competitor[2] Corporate revenue share outperformance maintained[3]
RECOGNISED FOR OUR OPERATIONAL EXCELLENCE	FY15 year to date OTP above 87%[4] Deeply embedded culture of safety
DELIVERING AT THE RIGHT COST THROUGH TRANSFORMATION	Unit cost gap[5] to competitor reduced to below 15% in 1H15 On track to reduce to <5% by FY17 B737 aircraft utilisation[6] increase of 5% in 2H15
OUR PEOPLE AND CULTURE MAKE THE DIFFERENCE	Engagement maintained through major business transformation

1. Passenger revenue per ASK. Source: BITRE, published company accounts and Qantas' internal estimates FY15 forecast. 2. From July 2014 to March 2015 year to date average. Source: Qantas Domestic Operational NPS, Virgin Australia NPS Benchmarking. 3. Based on revenue. 4. OTP based on number of on-time departures for Qantas Mainline and QantasLink. Source: BITRE, July 2014 to March 2015 year to date average. 5. Unit cost calculated as Underlying EBIT less passenger revenue per ASK. Based on published company accounts and Qantas' internal estimates. 6. Aircraft utilisation calculated as block hours per aircraft per day. Compared to 1H15.

Responding to a Shifting Demand Profile

John Gissing

QANTAS
Spirit of Australia

Australia's most extensive regional & charter network

- Largest regional footprint & frequency advantage
- Only regional network in all states and territories
- Increased share of charter market
- Seamless connectivity to Domestic and International network
- Spread of gauges to increase and decrease capacity across markets as demand changes
- Operational excellence gives flexibility to operate any aircraft in RPT[1] or charter environment

QANTASLINK

NETWORK AVIATION
A QantasGroup Airline


Q200 36 seats


Q300 50 seats


Q400 74 seats


F100 100 seats


B717 110/125 seats

1. Regular public transport.

Fleet flexibility enabled rapid response to shifting demand profile

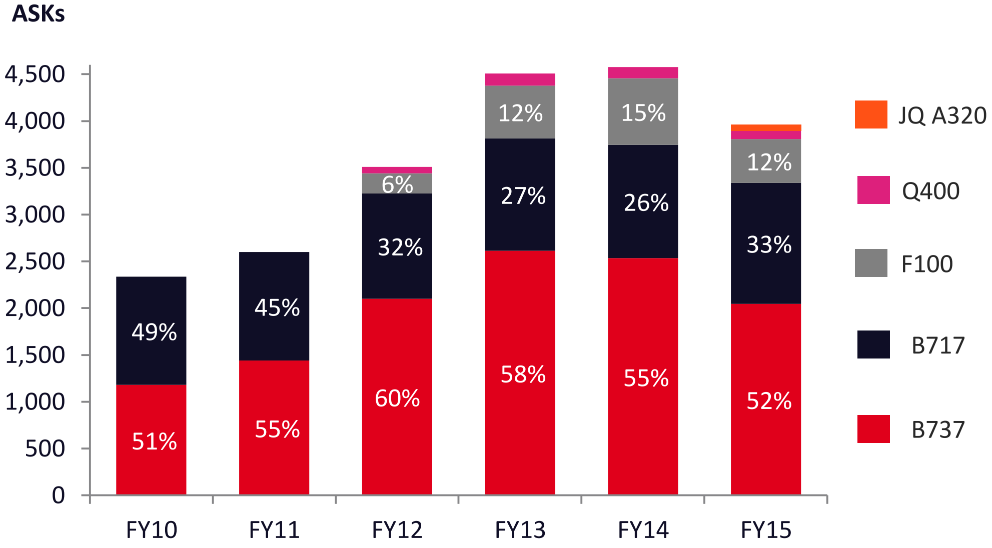
As resources boom took off…

- Up-gauged B717 to B737 on RPT
- Acquired Network Aviation for charter
- Expanded network to Pilbara & WA coast
- Qantas B737 and Jetstar A320 to charter

As resources sector cooled…

- Built RPT capability with F100s
- Down-gauged B737 to B717 and F100 on RPT
- Targeted select charter contract growth
- Maintained WA footprint & frequency with reduced invested capital

Intra WA Flying Mix including Charters[1]



Intra-WA Underlying EBIT [2] ↑

1. FY15 includes actuals and published schedules. 2. Qantas Domestic WA resource operations results FY15 YTD versus prior corresponding period.

Qantas Transformation

Case study: Consolidating turboprop operations

- **Consolidation of bases** - Cairns now all Q400 with greater flexibility; Adelaide all Q300 with increased scale; subscale Perth base closed
- **Increasing utilisation** to free up four Q300 aircraft for sale or alternate deployment, growth from Adelaide
- **Q400 up-gauge to key markets** enabling improved product and increased peak capacity to regional ports
- **Centralisation** of yield management and network functions, deployment of new best-in-class systems
- Maintained **high levels of NPS** for turboprop fleet through change period

↑3%
Utilisation[1]

↓2%
Unit cost[2]

1.Turboprop operations only. Aircraft utilisation calculated as block hours per aircraft per day. Adjusted for Lord Howe Island seasonality 2H15 forecast versus 1H15. 2. Unit cost improvement by end of FY16 calculated as Underlying EBIT less passenger revenue (excluding fuel) by RPT ASKs.

Qantas Transformation

Case study: Transforming profitability of thin domestic routes

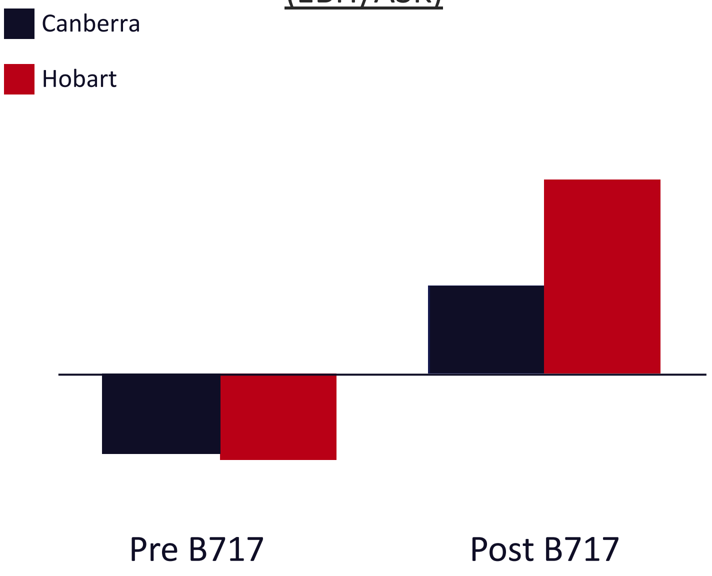
Canberra and Hobart markets loss-making

- Removed B737: 'right aircraft, right route'

Replaced with lower capital value B717 aircraft with lower trip cost

- Maintained frequency and improved RASK through new two class configuration:
  - New business and economy interiors
  - Bring your own device wireless in-flight entertainment (first deployment in Group)

Transform Thin Domestic Route Profitability[1] (EBIT/ASK)



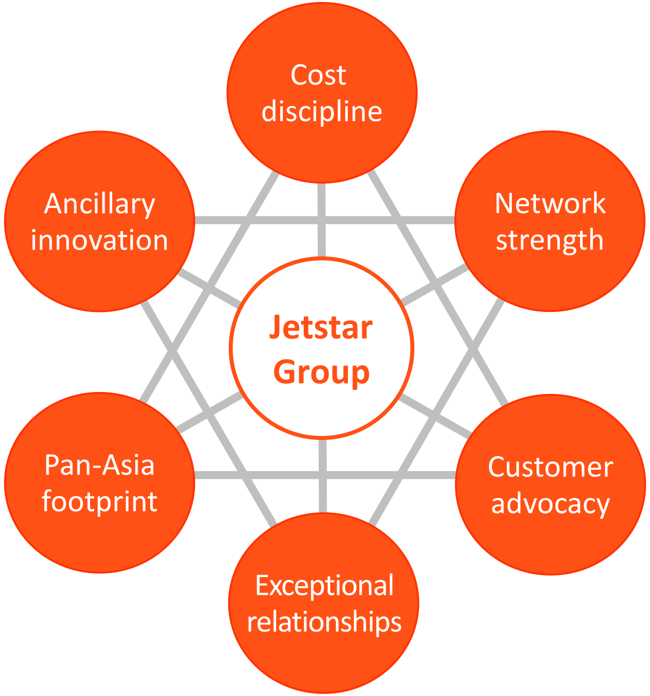
1. Graph shows July 2014- March 2015 versus July 2013-March 2014, EBIT/ASK.

Maximising Jetstar’s Position in Australia & NZ
The Roadmap to Success in Asia

Jayne Hrdlicka

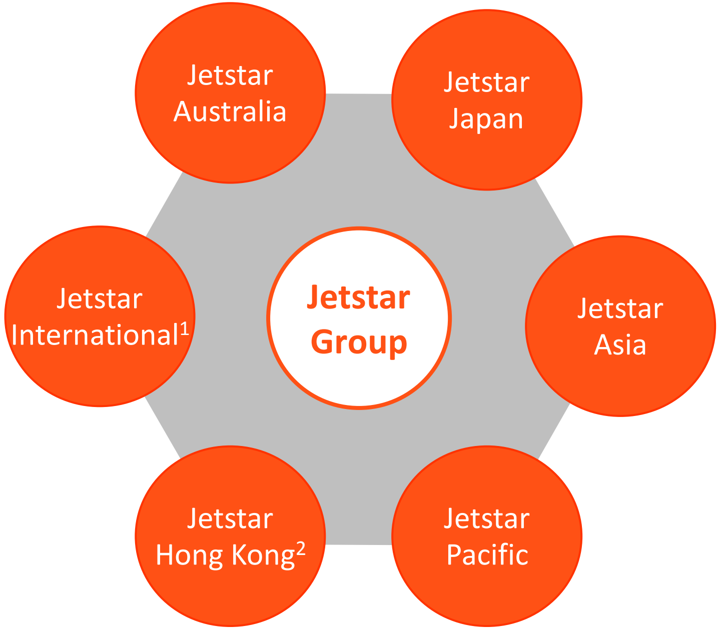
Jetstar

The Jetstar Group model



- Robust, proprietary Jetstar LCC model
- Delivers both customer service *and* low cost
- Over ten years of experience delivering safe operations built on 90+ years of Qantas safety practices
- Dual brand 'know-how' embedded in the Jetstar Group strategy
- Pan-Asia Pacific network supported by market-leading brand and innovation

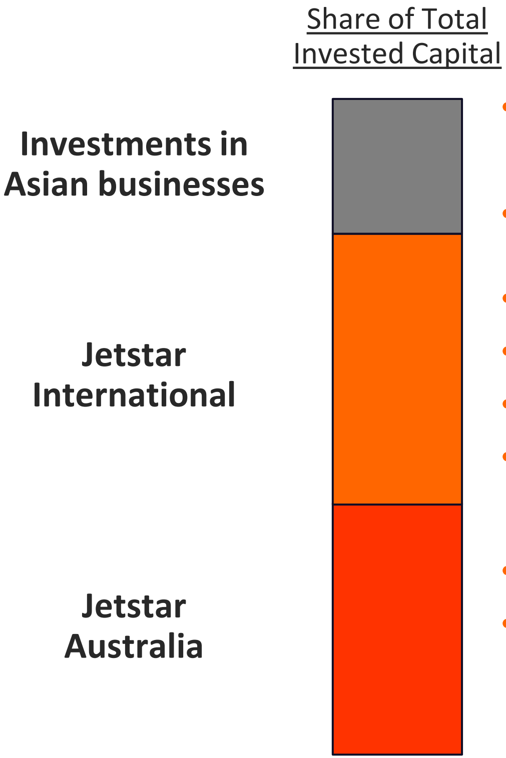
Strong, independent Jetstar-branded airlines



- Commercial and operational decisions driven by local CEO and board
- The right local, strategic shareholders for each market
- Combination of Jetstar and local partners' scale – improving unit cost and revenue[3]
- Regular experience sharing between airlines
- Consistent customer experience in all markets

1. Includes New Zealand and Trans-Tasman. 2. Subject to regulatory approval. 3. Controllable unit cost and RASK.

~80% of invested capital is in Australia and NZ



- Portfolio of growth opportunities with the potential for higher risk adjusted returns over time
- Selective, strategic investments in the right markets with the right partners

- Strong Underlying EBIT performance in FY15[1]
- Leading LCC performance in/out of Australia, serving strong customer franchise
- Profitable operations in New Zealand domestic and Trans-Tasman[1]
- ROIC > WACC and continued focus on aligning network to customer demand

- Excellent returns driven by the lowest cost base in the Australian market
- ROIC > WACC with continued strength anticipated from introduction of A320 NEOs and advantaged domestic network position

1. Based on current FY15 Underlying EBIT forecast

Cost discipline: Jetstar in Australia

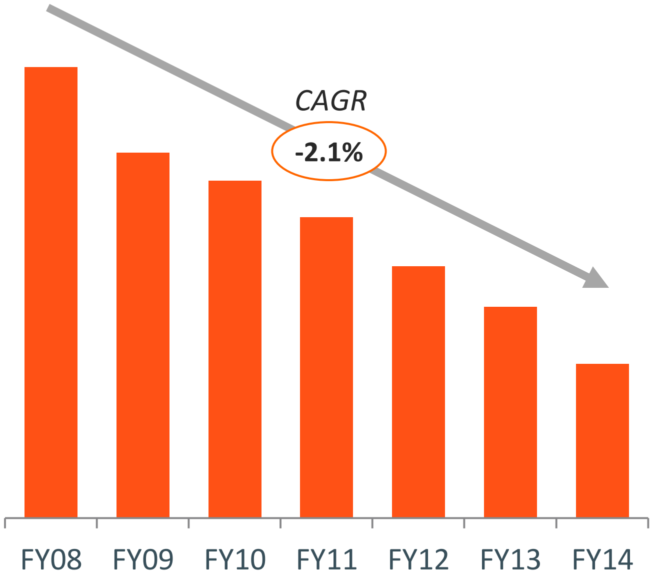
Lowest cost airline in Australia

- 4x larger domestic scale versus competitor LCC[1], driving narrowbody unit cost advantage
- Relentless, multi-year focus on cost leadership
- Lowest Seat Cost program contributes to Qantas Transformation

What is coming up next:

- Introduction of A320 NEOs from FY17 with a 15% reduction in fuel consumption[2]
- Greater self-service and automation to drive efficiencies and customer experience
- Transformation initiatives including airport charges, supplier reviews, fuel efficiencies and back office efficiencies

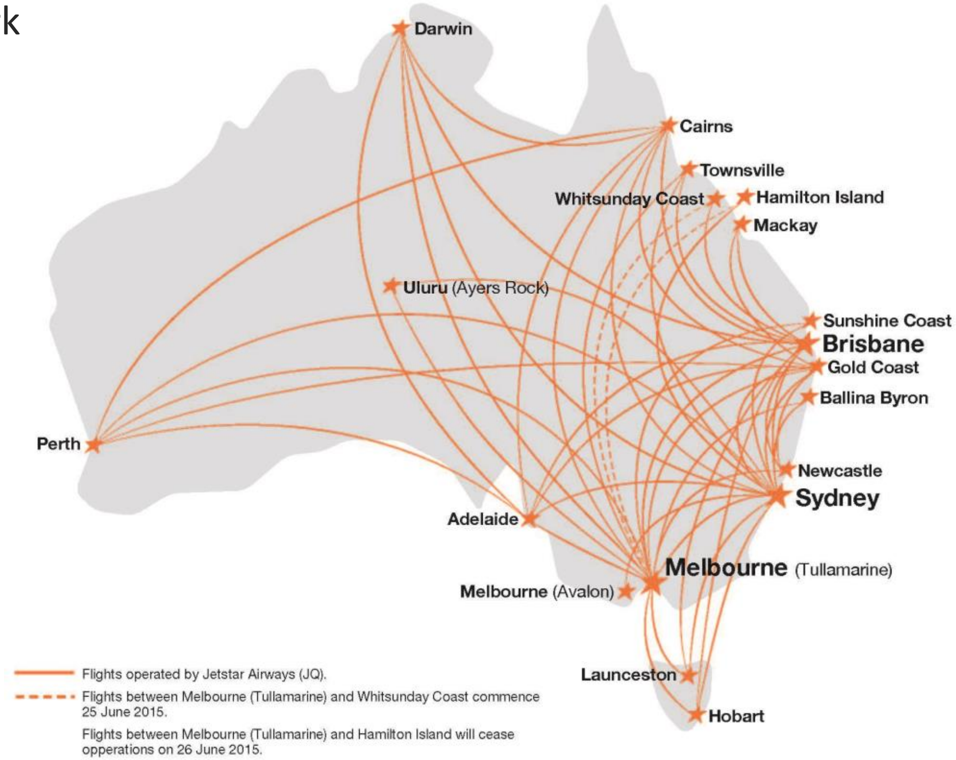
Controllable Unit Cost Reduction[3]



1. Based on domestic fleet size compared to Tigerair Australia. 2. Airbus publication 'A320 Family, the market leader'. 3. Controllable Unit Cost is calculated as total underlying expenses excluding fuel, carbon tax and share of net loss of investment accounted for using the equity method, adjusted for change in FX rates and movements in average sector length per ASK. Reflects previously published company figures.

Network strength: Jetstar in Australia

- Jetstar Australia has built a substantial network advantage over other domestic LCC
  - Frequency advantage in every Australian domestic port we serve[1]
  - Three times more flights from the top five Australian domestic leisure ports[2]
  - Disciplined focus on maintaining network advantage into FY16
- Domestic RASK premium of ~15%[3]
- Enhanced dual brand coordination has unlocked significant value for Qantas Group



1. Jetstar Australia versus Tigerair Australia. 2. Ports include Sydney, Melbourne, Brisbane, Coolangatta, and Cairns. Jetstar Australia versus Tigerair Australia. 3. RASK adjusted for the impact of differences in average sector length. Source: BITRE, published company accounts and Jetstar's internal estimates.

Jetstar in Australia

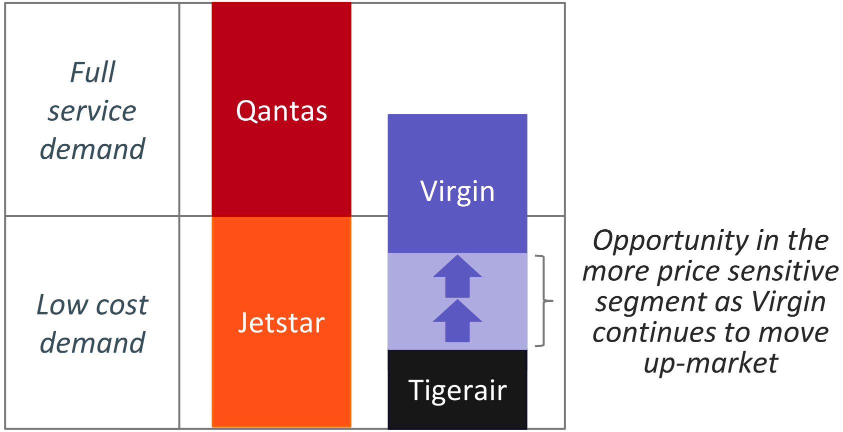
Jetstar benefits from competitor reposition to full service model

- Flexible customer offering with fully unbundled fares
- Strong off-peak RASK growth

Differentiated customer proposition

- Network relevance and frequency in key domestic Australia ports
- Strong operational performance with OTP >80%[1]
- Market-leading LCC customer advocacy scores[2]
- Market-leading LCC brand supported by customer experience and product innovation

Domestic Australia Market
(Illustrative)



1. Source: BITRE, July 2014 to April 2015. 2. Jetstar Australia versus Tigerair Australia, Forethought Customer Advocacy Research for 2014.

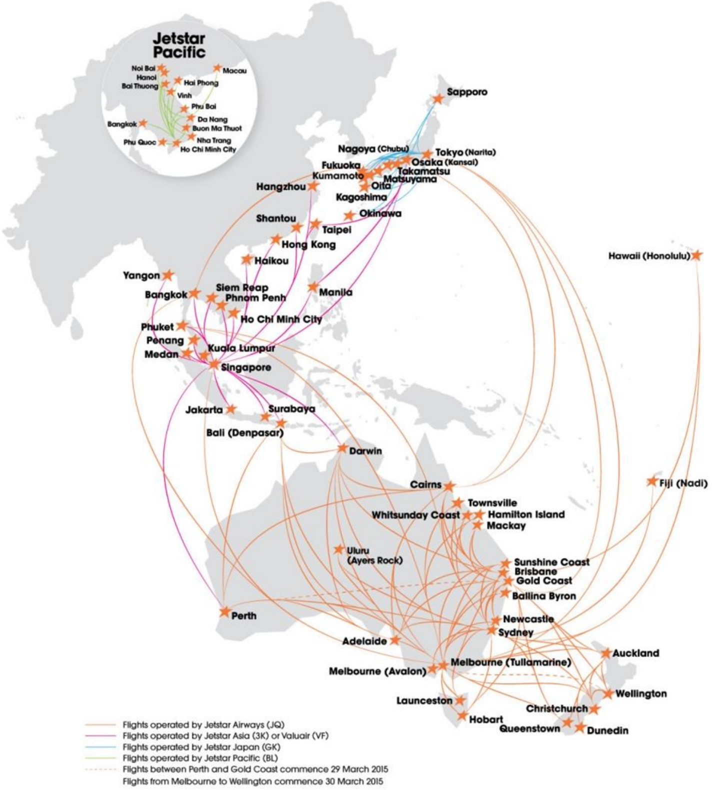
Network strength: Jetstar International

Strong performance of Jetstar International in FY15

- Fleet transition from A330s to B787s
- Strengthening distribution inbound-AU[1] (e.g. Japan)
- New routes launched (e.g. OOL-ZQN/WLG/NAN[2])
- Market has grown into prior year capacity additions

We will continue to build scale around major leisure destinations in Asia-Pacific

- Port-leadership economics (e.g. Bali)
- Leverage brand '*both ways*' (e.g. AU/Japan)



1. Australia. 2. Coolangatta -Queenstown/Wellington (launched on 12 December 2014) and Nadi (launched 31 March 2015).

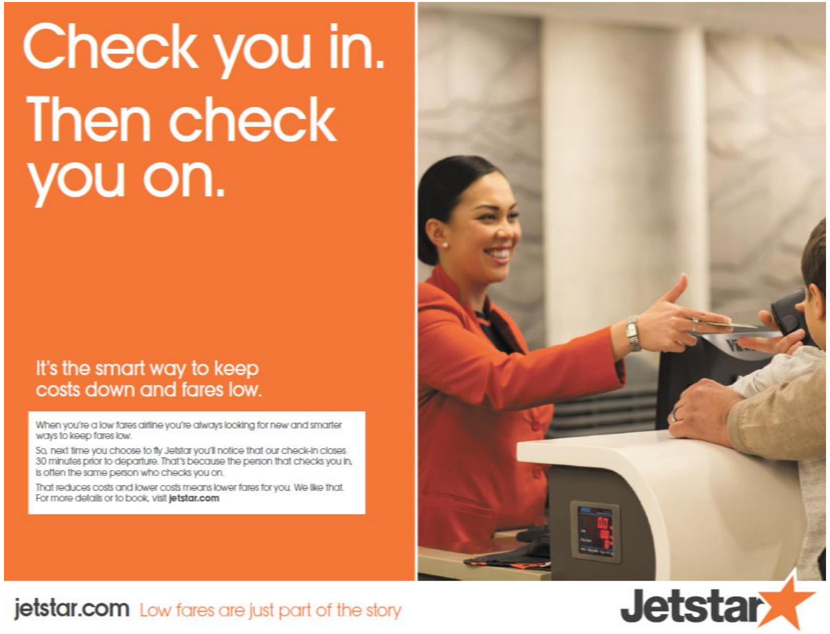
Customer advocacy: Jetstar in New Zealand

Jetstar pioneered low fares and built a strong brand in the New Zealand aviation market

- LCC competition has changed the way New Zealanders travel
- Educating customers on how we keep fares low has built trust and loyalty

Profitable operations in domestic New Zealand[1]

- New Zealand's most punctual domestic airline for 2014[2]
- Record New Zealand NPS results in FY15[3]



1. Underlying FY15 EBIT forecast. 2. Based on on-time departures compared to Air New Zealand's published statistics from January 2014 to December 2014. 3. Forethought Customer Advocacy Research. FY15 YTD (July 2014 – April 2015)

Pan-Asia footprint: Jetstar in Asia

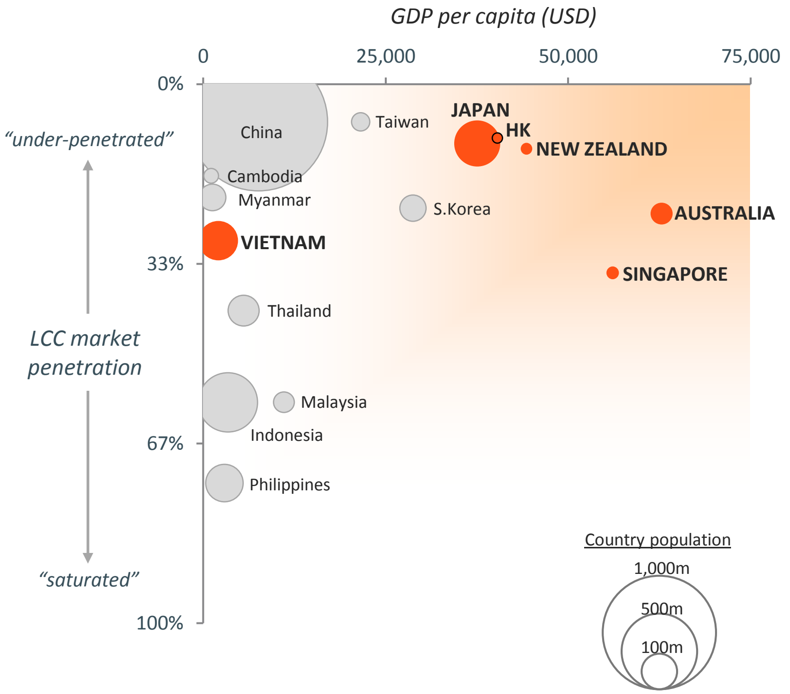
Strong, independent airlines in key Asia Pacific markets

- High GDP[1] per capita and/or GDP per capita growth
- Low to medium LCC penetration
- Collaborative partnerships with local shareholders

Leverages the proven strengths of Jetstar's model

- Ten years experience delivering safe operations
- Jetstar Group scale to drive down cost base
- Dual brand strategy with full service airlines
- Multi-lingual, multi-airline sales and distribution
- Connectivity with >140 routes across network

Asia-Pacific Aviation Market[2]



1. Gross Domestic Product. 2. LCC market share is based on domestic and intra-Asia Pacific ASKs; Source: Diio Mi 2014. GDP per capita. Source: World Economic Outlook, IMF October 2014

Jetstar in Japan

- Jetstar Japan has consolidated its position as the leading Japanese LCC with 20 aircraft[1]
  - ~60% domestic LCC market share[2]
  - Fourth largest Japanese airline by PAX[3]
  - Narita and Osaka to Hong Kong launched with strong revenue performance
- Smooth transition to new Jetstar Japan Chairman, Masaru Kataoka and new CEO, Gerry Turner
- While business metrics have strengthened, intense LCC competition, JPY depreciation and slower than forecast utilisation ramp-up have impacted earnings performance

Strengthening Jetstar Japan performance

- ↑ 34% increase in capacity[4]
- ↑ 8% improvement in RASK[5]
- ↑ 11% improvement in yield[6]
- ↑ 14% improvement in ancillary revenue/passenger
- ↑ 3% improvement in CASK[7]

1. Operating aircraft, as at 31 December 2014. 2. Based on available seat kilometres. Source: MLIT Report, March 2014 to September 2014 reporting period. 3. PAX refers to passengers carried. Source: MLIT Report, March 2014 to September 2014 reporting period. 4. Based on available seat kilometres, 1H15 versus 1H14. 5. RASK calculated as revenue per available seat kilometre, 1H15 vs 1H14. 6. Yield calculated as passenger revenue per revenue seat kilometre, 1H15 vs 1H14. 7. CASK calculated as total underlying expenses per available seat kilometre, 1H15 v 1H14.

Jetstar Group: Ancillary innovation

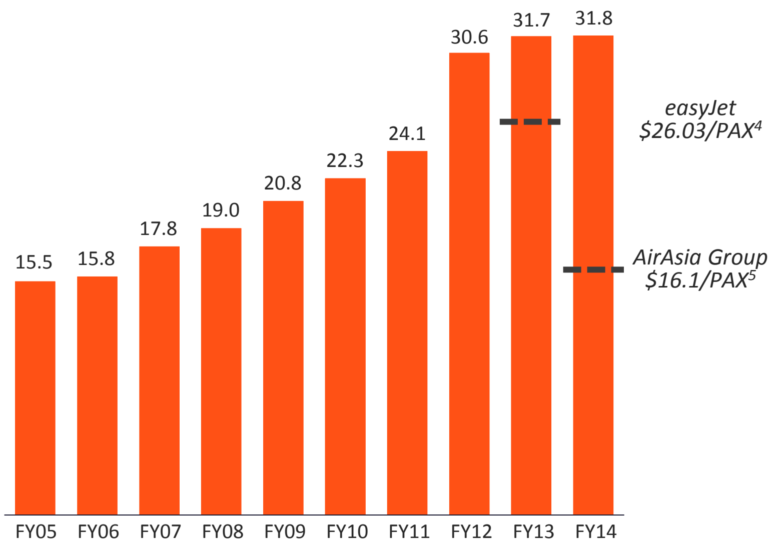
Total ancillary revenue continues to grow

- Ancillary revenue up 6%; ancillary EBIT margin up 5%[1]
- Ancillary revenue/passenger is flat due to changing consumer behaviour

New, advanced retailing capabilities will drive next wave of growth

- Data-led customer targeting through personalised offers and bundles
- Jetstar digital suite[2] redesign to create an improved travel shopping experience
- Next-Gen booking engine to simplify flight purchase
- First phase deployed in market from 2QFY16

Ancillary Revenue Performance[3] Versus Other LCCs



1. 1H15 versus 1H14. 2. Jetstar.com (web and mobile) and Jetstar app suite. 3. Calculation of Ancillary Revenue per Passenger was changed in FY14 to treat catering revenue as a net margin (previously presented as gross revenue). This accounting change resulted in a restatement of FY10-FY13 Ancillary Revenue per PAX. 4. September 2012- September 2013, Ideaworks 2014 Yearbook. converted to AUD using closing 30 September 13 rates. 5. December 2013 to December 2014 based on company announcements, converted to AUD using closing 31 December 14 rates.

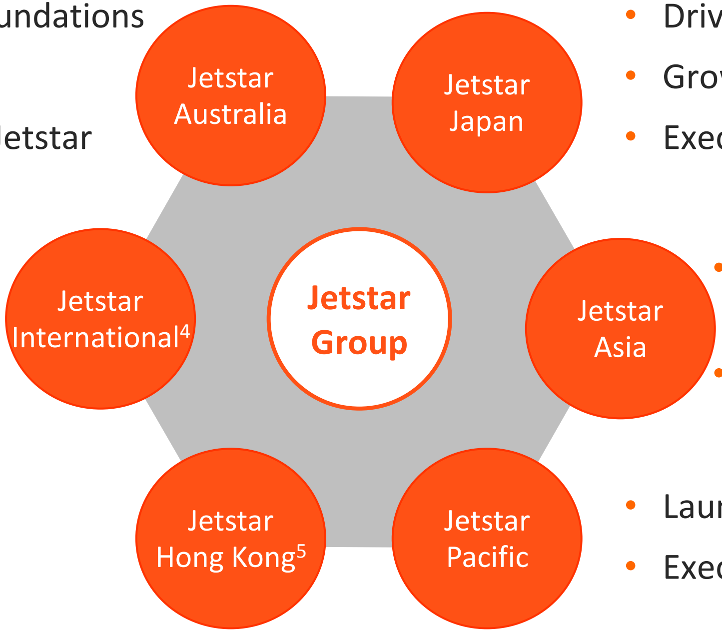
Areas of focus across each business

Safety & compliance — **Cost discipline** — **Customer advocacy** — **People engagement**

- Grow profitability off strong foundations
- Leverage dual brand with QAD
- Share IP[1] and expertise across Jetstar

- Drive utilisation
- Grow revenue as new routes mature
- Execute on dual brand with JAL[2]

- Maintain network advantage on core routes
- Strengthen brand in key markets



- Grow interline and codeshare partners
- Continue to leverage strong brand

- Building partnership strength
- Supporting regulatory process

- Launch additional international routes
- Execute on dual brand with VNA[3]

1. Intellectual Property. 2. Japan Airlines. 3. Vietnam Airlines. 4. Includes New Zealand and Trans-Tasman. 5. Subject to regulatory approval.

QANTAS LOYALTY

A Platform for Innovation-Led Growth

Lesley Grant

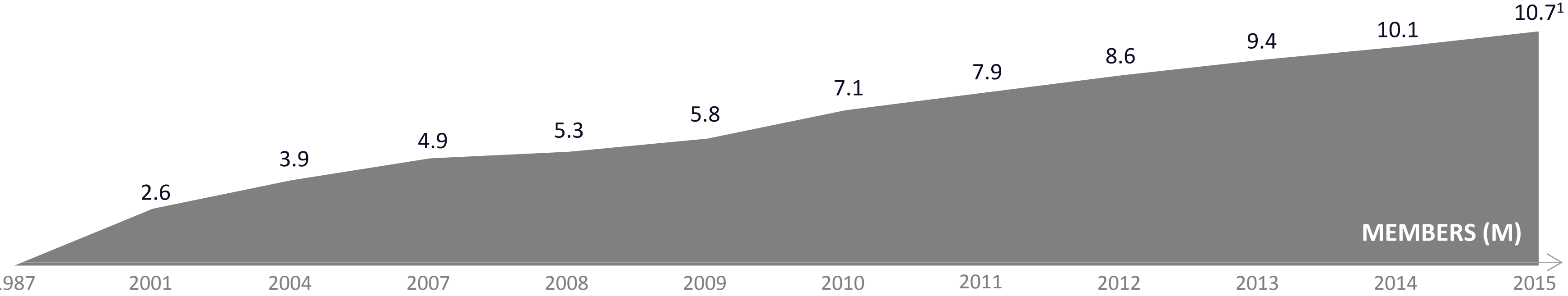
QANTAS
Spirit of Australia

Qantas Loyalty: A platform for innovation led growth

Qantas Loyalty will continue to innovate and diversify for stable, non-cyclical earnings growth

We will leverage our market leading coalition loyalty programs and deep customer insights to achieve this objective

Continuous innovation since launching Qantas Frequent Flyer



Frequent flyer

Revised tiers

Frequent flyer Store

Jetstar

Improved segmentation

IT'S TIME TO CHOOSE

Points Plus Pay

OnePath

epiQure

Platinum One

Wishlist

accumulate.

Q Cash

QANTAS HOTELS

RED PLANET.

AQUIRE

QANTAS STORE

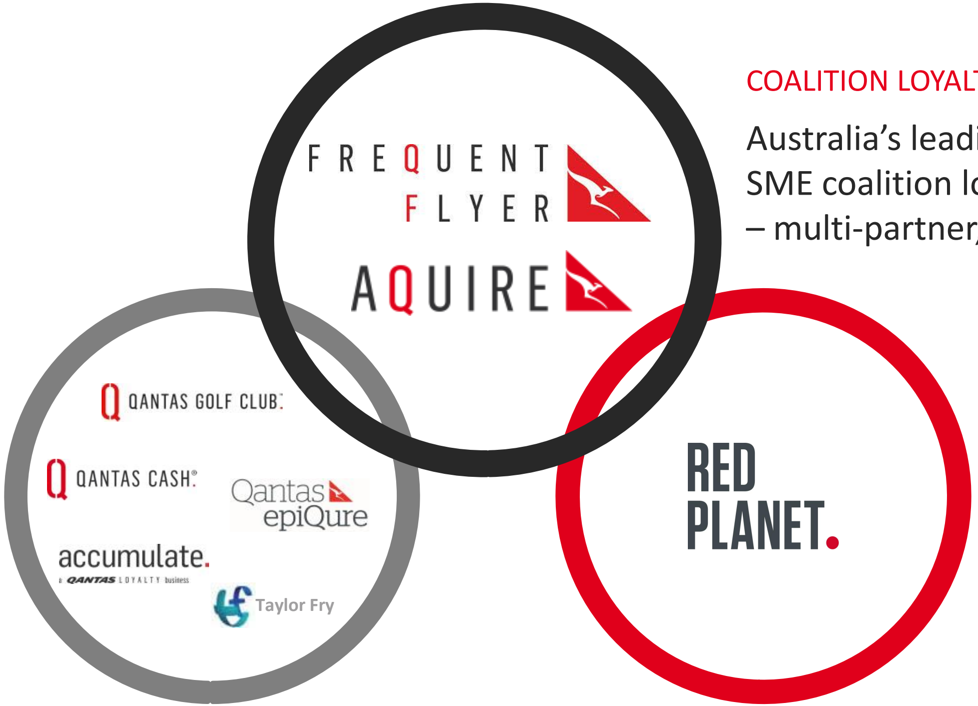
QANTAS GOLF CLUB

ONLINE MALL

Taylor Fry

1. As at April 2015.

Built mutually reinforcing businesses and communities



COALITION LOYALTY

Australia's leading consumer and SME coalition loyalty programs – multi-partner, common currency

CORE INNOVATIONS

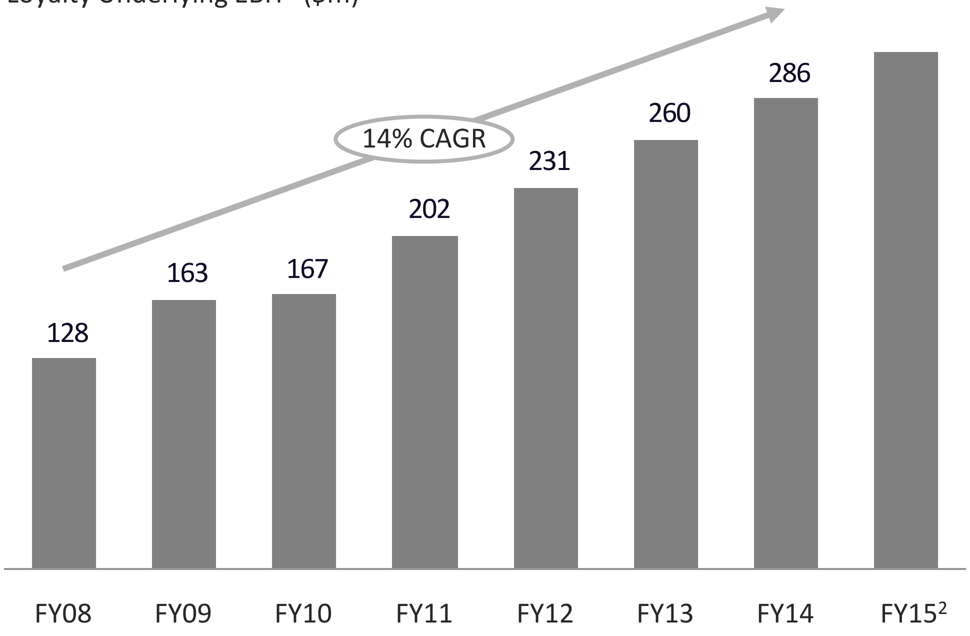
Adjacent businesses and communities to diversify revenue and reinforce member engagement

BREAK-OUT GROWTH

Disruption led innovation to diversify and provide step change growth

Track record of growth and consistent cash flow contribution

Loyalty Underlying EBIT[1] ($m)



- Consistently delivered growth and targeted continued double digit Underlying EBIT growth
- Underpinned by QFF billings, underlying system growth and program enhancements
- No EBIT generated from Qantas airline billings
  - 66% of billings externally generated, contribute 100% of QFF EBIT[3]
- Core innovations delivering important contribution, and growing
- Highly cash generative business

1. Underlying EBIT results compared to prior periods normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. 2. FY15 forecast. 3. FY14, remaining 34% represents airline billings, predominantly to Qantas Group airlines.

Market leading assets and capabilities

QFF PROGRAM

- Award winning
- Product innovation e.g., Qantas Cash
- Reinforcing communities e.g., Qantas epiQure, Qantas Golf

DATA ANALYTICS

- 27 years of demographic and behavioural data
- Analytics capability, strengthened by Taylor Fry

BRAND

- Iconic Australian brand

INNOVATION

Underpinned by an innovation capability and culture

10.7m members
~50% of Australian households[1]

7.8m valid email addresses
with 33% average open rate

1.3b billings
66% external[2]

Only program to include all major credit card issuers & a primary supermarket chain

Exclusive access to Classic Flight Rewards in Australia & New Zealand

1.5b customer transactions
15+ segmentation models

100+ earn partners

52% of members interact with program each month

Source: Qantas Loyalty analysis. Note: All figures are as at April 2015 unless otherwise stated. 1. ~50% as at February 2014. Source: Experian. 2. FY14

Delivers significant value for the airline

AIRLINE REVENUE PREMIUM

- Increased share of wallet and market share
- Yield premium

MARKETING EFFICIENCIES

- Improved targeting, segmentation
- Differentiated incentives
- Insight driven campaigns

OPERATIONAL EFFICIENCIES

- QFF represents largest single buyer for the airline
- Promotes online booking activity

CUSTOMER PROPOSITION

- Data analytics function supports airline decisions (e.g. network, fleet, brand)

Continuous innovation and disruption led growth

DELIVERED

- Core innovations
- Reinforcing communities
- Created unmatched assets and capabilities
  - program, data, brand

NOW

- Continued core innovation, together with innovation led growth
- Red Planet, first disruptive break-out growth play
- Actively developing a pipeline of break-out growth opportunities
- Extending our innovation capability, including new processes

NEXT

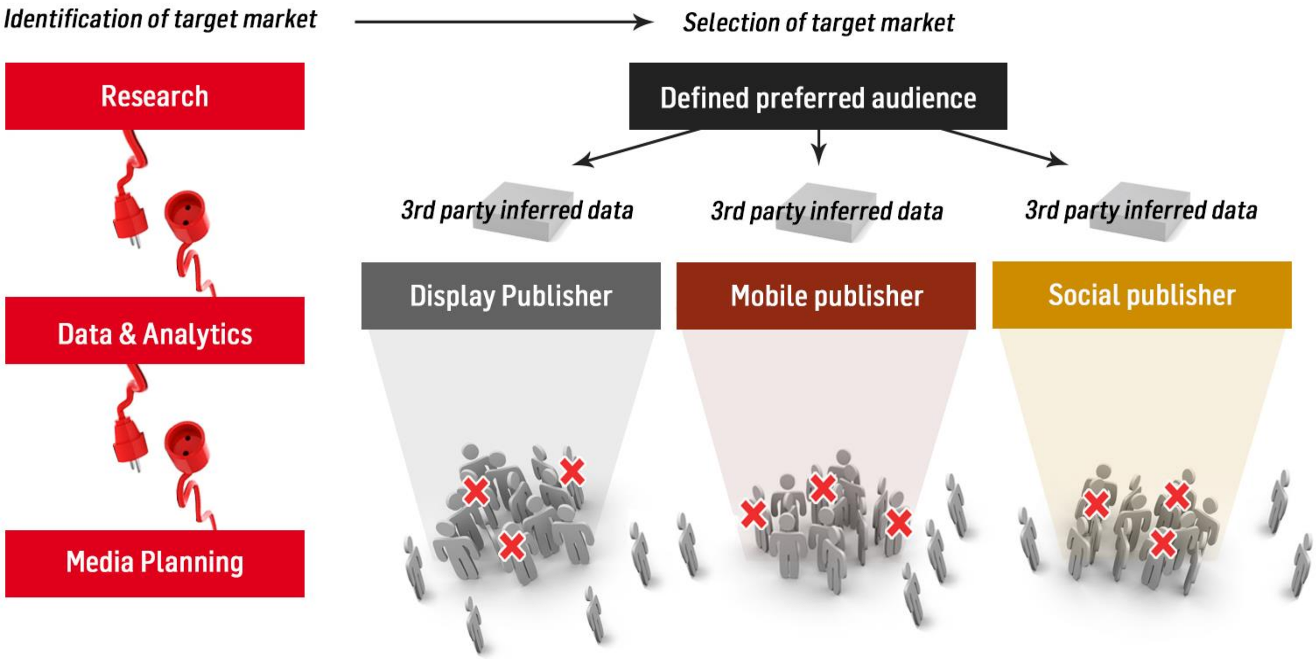
- Disruptive innovation
  - Entering new verticals with innovative, digitally led, customer centric solutions
  - Disrupting existing industry dynamics
  - Tapping global trends, new technology, investments
- Portfolio of growth plays

Red Planet: New digital marketing business

Delivering media, analytics and research services

- Integrated media, analytics and research services
- Directly and individually targets customers leveraging the unique strengths of Qantas Loyalty
  - Unparalleled reach in market
  - Rich proprietary data from 27 years
  - Sophisticated customer-led capability
- Expected to deliver profit in first year

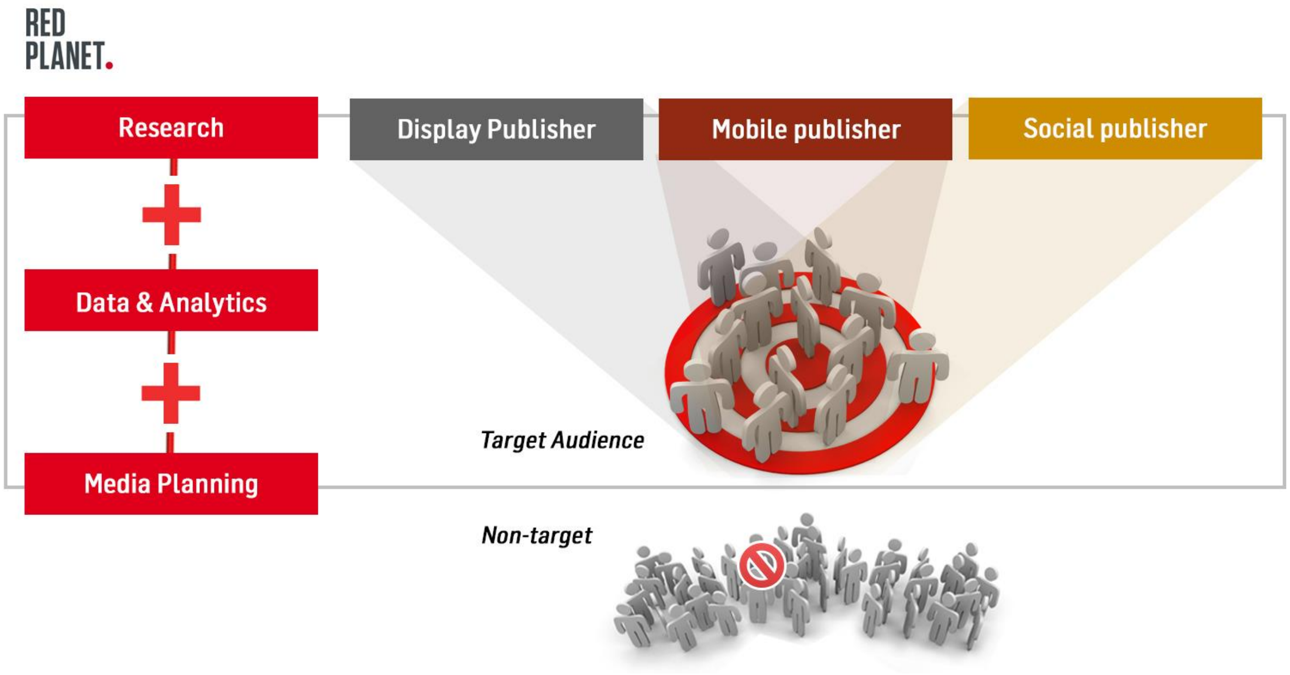
Today's standard practice



Shortcomings

- Significant inaccuracy in reaching target audience
- No ability to run true multi-channel coordinated messaging
- No ability to employ robust measurement techniques to measure campaign effectiveness

Red Planet: a new approach



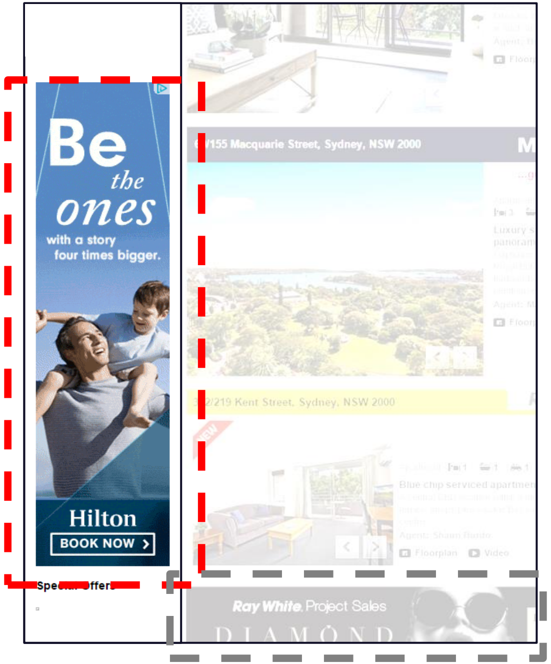
Benefits

- **Efficient:** ability to reach target audience and supress advertising to non-target
- **Effective:** ability to run true multi-channel coordinated messaging
- **Measureable:** ability to employ robust measurement techniques

Red Planet: The consumer difference

Consumer A

- Upcoming travel in Australia



Consumer B

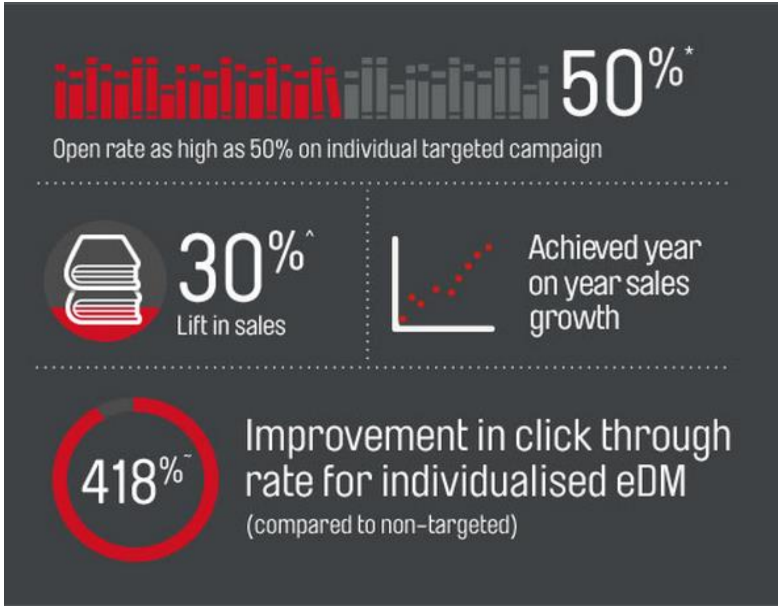
- Searched for flights to WA and are from the East Coast; or
- In the top 3 deciles of our WA travel prediction model and are from the East Coast

Red Planet targeted advertising based on direct knowledge of consumer attributes

Other advertising – identical promotion even though consumer A versus Consumer B had vastly different attributes

Red Planet: Delivering value for both Qantas and external clients

DYMOCKS



Source: Qantas Loyalty analysis

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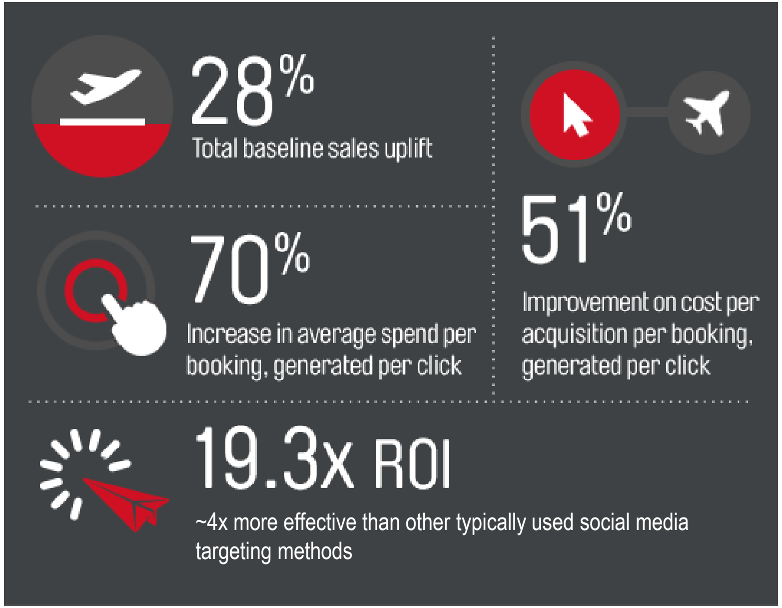


Source: Qantas Loyalty analysis

*Sales life for high value targeted campaign based on individual campaign results. ^Individual campaign results. ~Individual campaign results. eDM (electronic direct marketing). ROI (return on investment).

Next: Accelerating disruption led innovation

DELIVERED

- Core innovations
- Reinforcing communities
- Unmatched assets and capabilities

NOW

- Innovation led growth: core and break-out
- Red Planet
- Developing break-out growth pipeline
- New innovation processes

NEXT

- Disruptive innovation
  - Entering new verticals with innovative, digitally led, customer centric solutions
  - Disrupting existing industry dynamics
  - Tapping global trends, new technology, investments
- Portfolio of growth plays

Qantas Loyalty Scorecard

	OBJECTIVE	PROGRESS TO DATE	
CONSISTENT AND DIVERSIFIED EARNINGS GROWTH	Achieve double digit Underlying EBIT growth	1H15 EBIT $160m, 10% increase year on year	✓
	Diversify earnings	Aquire, Red Planet, Qantas Golf launched; Taylor Fry acquired	✓
INNOVATE TO GROW AND REINFORCE CORE	Grow QFF member base	6% increase in QFF members FY15 YTD	✓
	Grow external billings	7% partner billings growth in year to 1H15	✓
	Maintain QFF Primary Loyalty program %	QFF primary loyalty program for 61% of members[1]	✓
	Support QFF via Core Innovations	Aquire, Qantas Golf launched; Taylor Fry acquired	✓
DISRUPTION LED BREAK-OUT GROWTH	Launch new break out growth businesses	Red Planet launched Additional break-out plays identified	✓
ATTRACT AND RETAIN PEOPLE	Maintain employee engagement	Top quartile engagement levels	✓

1. Qantas Loyalty March 2015 NPS survey of QFF members.

Transforming Freight to Optimise Group Outcomes

Alison Webster

QANTAS
Spirit of Australia

Qantas Freight

Transforming to optimise profit outcomes for Qantas Group

Unrivalled network and service frequency to, from and around Australia

Directly service **50** international and **80** domestic destinations

Market belly space of the Qantas Group and operate **13** freighter aircraft

Q-GO product range offers **10** time and service assured options

Network of **86** freight terminals, including **21** Qantas operated terminals

JETS TRANSPORT EXPRESS

EXPRESS FREIGHTERS Australia

Wholly-owned trucking and freighter subsidiaries

iCargo

Cargo industry's leading core operating system

1,400 employees across Australia and the world

Providing a convenient and seamless customer experience

Belly	Freighters	Terminals	Trucks
			
Sale of belly capacity on behalf of the Qantas Group	Stand alone Domestic and International freighter operations	On-airport handling facilities at Qantas-operated terminals	Wholly-owned interstate trucking business transhipping inbound international freight
• Network decisions controlled by Group passenger airlines • Generates incremental revenue for Group passenger airlines through payment of belly access fees	• Combination of leased and owned freighter aircraft	• Generates external revenue by servicing 30 customer airlines	• Low cost trucking operation with 25 prime movers • Profitable returns through servicing primarily 3rd party customers

QANTAS FREIGHT CONSISTENTLY DELIVERS RESULTS AHEAD OF GROUP ROIC TARGETS

Strategic priorities

Continuing to transform to optimise EBIT outcomes for Qantas Group

Addressing our competitive challenges

Australia is not an international Freight hub

- Forging strategic partnerships
- Hub-busting AU-China-USA triangle

Competing in a commoditised market

- Unit cost reductions
- Customer-centric product and service offering

Leveraging our competitive advantages

Broadest domestic network reach

- Access to belly across all of Qantas Group
- Largest domestic freighter operation

Seamless customer offering across four businesses

- World leading technology platform
- Integrated ground to air operations

Transformation at Qantas Freight

Case study: supply chain automation

Simplifying the End-to-End Air Linehaul Experience for Customers

$55m[1]
Transformation benefits realised by FY16

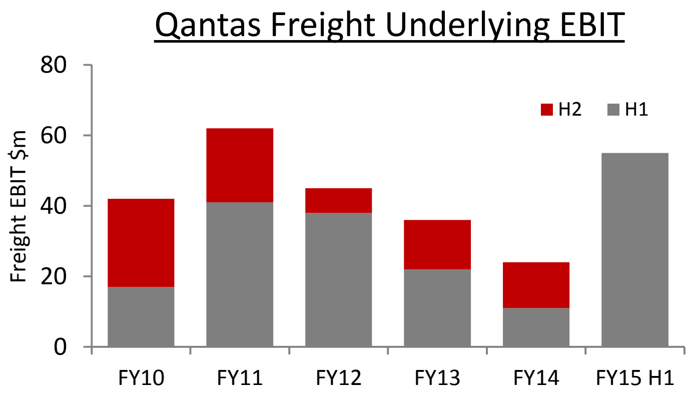
Multi-year supply chain improvement program to improve the customer experience

- Express check self-service kiosks
- Tracking technology rollout, including smart phone applications
- Domestic pricing simplification
- New online booking tool
- Conversion to electronic air waybills
- Technology-driven productivity enhancements
- **Improved customer experience at a lower unit cost**

1. Forecast benefits to be delivered between 1 January 2014 and 30 June 2016.

Sustainable performance in changing landscape

- Outstanding 1H15 financial performance
- Competitive headwinds in FY16
  - Aggressive competitor activity in flat domestic market
- Strategy in place to maintain profit performance
  - Holistic review of domestic business, to ensure best placed to deliver on rapidly changing customer needs
  - Improve resilience of international business through strategic supplier and customer relationships
  - Underpinned by aggressive cost transformation program



Building a Resilient and Sustainable Qantas International

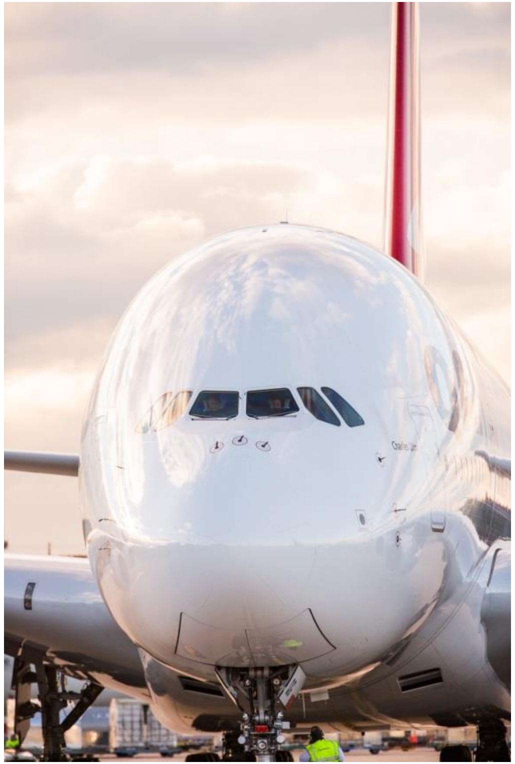
Gareth Evans

QANTAS
Spirit of Australia

Building a resilient and sustainable business

Positioned for future growth

1. Unwavering commitment to meeting our customers' needs
2. A fit and competitive business through Transformation
3. Build a sustainable long-term competitive advantage from our home market
4. Generating ROIC > WACC through the cycle



International operating environment

Impacted by GFC fallout and high AUD, now benefiting from Transformation

2005 – 2008: Strong Australian economic growth and lower AUD

- Strong demand growth
- High yields masking underlying cost problem
- Continued growth of hub carriers in Asia, Middle East
- Delays in A380 constrain capacity growth for Qantas and competitors

2009 – 2014: GFC fallout, rising fuel prices and surging AUD

- GFC triggers negative demand, yield collapse in core international markets
- Strong AUD, Australian economy strength leads to influx of competitor capacity
- Brent oil peaks at US$125/bbl
- Transformation to address cost issues begins

FY15: Transformation-led recovery

- Accelerated Transformation
- Cooling resources sector results in AUD back to long-run average
- Competitor yields, already impacted by over-capacity, decline further with AUD
- Market capacity growth reduces from 9%[2] in FY14 to ~1% in FY15[2]
- AUD Brent oil at 5-year low

Competitor Capacity CAGR: +1%[1]

Competitor Capacity CAGR: +7%[1]

Competitor Capacity: ~+1%[2]

1. Based on number of seats. Source: BITRE January 2005 to December 2014. 2.BITRE(excl Qantas Group) vs FY13. 2. Based on BITRE & OAG published schedules as at April 2015 (excluding Qantas Group).

Building a fit and competitive Qantas International

Significant transformation achieved to date

HISTORIC STRUCTURAL CHALLENGES ADDRESSED FOR LONG TERM SUSTAINABILITY

- Transformation to deliver competitive unit cost position comparable to direct competitors
- Network restructure around global gateways
- Asian operations rebuilt: capacity and timing
- Four-engine aircraft focused on long-haul
- Schedules optimised
- Premium partners providing global coverage

FY11

- Exit loss making routes – BKK[1] and HKG[2] to LHR[3]
- Launch to American Airways Hub – DFW[4]
- Launch to LAN Hub – SCL[5]
- 9 X B747 reconfiguration program
- 'Mary Gober' Phase I service training

FY12

- 12 X A380 reconfiguration program
- Heavy maintenance consolidation (Tullamarine closed)
- Emirates partnership launch/Asian network restructure
- Business Sleeper Service, Select on Q and Chauffeur Drive
- New SIN[6] premium lounge

FY13

- Asian partnerships – China Eastern & China Southern codeshare
- Begin retirement of non-reconfigured B747 fleet
- New HKG[2] and LAX[7] Lounges
- Heavy maintenance consolidation (Avalon closed)
- 'Creating Great' Phase II service training

FY14

- 'Right Sizing' of SIN[6] flying
- 'Fleet and Network' opportunities – significant utilisation uplift
- Dynamic scheduling initiatives
- Partner connectivity (Westjet, Bangkok, China Airlines)
- A330 reconfiguration with Business Suite begins

FY15

1. Bangkok 2. Hong Kong . 3. London Heathrow. 4. Dallas Fort Worth. 5. Santiago. 6. Singapore. 7. Los Angeles.

Strategic priorities

Delivering a fit and competitive business to leverage growth opportunities

Addressing our competitive challenges

Reshaping our cost base through Qantas Transformation	Overcoming network gaps
Unit cost reductions	Optimisation of network
Increasing asset utilisation	Continued focus on partnerships

Leveraging our competitive advantages

Owning the high-yield customer base in Australia	Providing connections to the world
World-renowned customer experience	Most convenient & direct
Building on revenue fundamentals	Premier partners for each region

Reshaping our cost base through Qantas Transformation

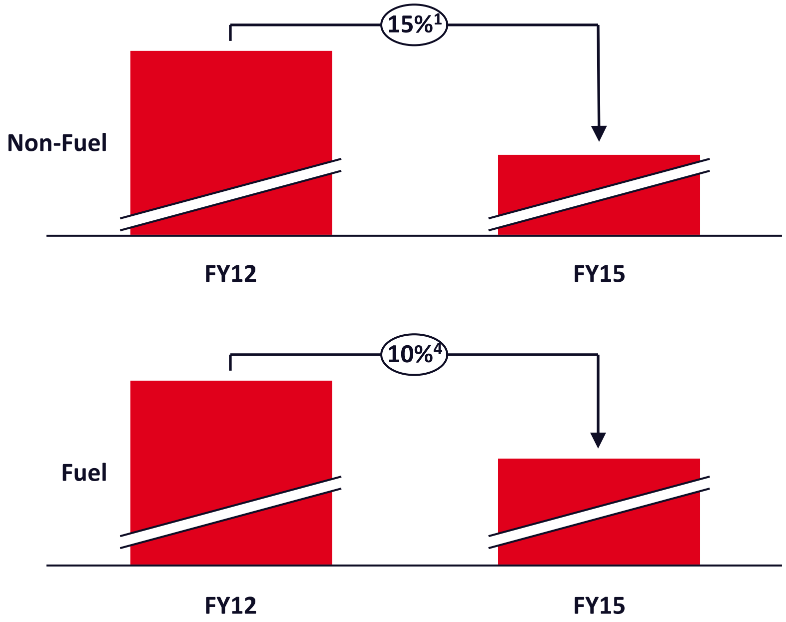
Non-fuel unit cost improved by 15%[1] since FY12

- Legacy cost base issues largely addressed
- Reconfigurations delivering improved economics
- Cost base becoming more competitive versus peers in key Qantas International markets

Aircraft utilisation increased by 16% since FY12[2]

- Four-engine aircraft focused on longer sectors
- 'Natural ground time' used for maintenance
- Engineering and ground handling efficiency gains
- LAX[3] hangar investment, operational late FY16

Unit Cost Improvement



QANTAS INTERNATIONAL TRANSFORMATION ON TRACK TO DELIVER >$800M OF $2B GROUP BENEFITS BY FY17

1. Non fuel unit cost calculated as Underlying EBIT less total revenue and fuel, adjusted for changes in foreign exchange rates per ASK. 2. Based on average block hours per aircraft versus FY15 forecast . 3. Los Angeles. 4.Fuel unit cost is calculated as total fuel per ASK and includes price and efficiencies achieved through fleet mix. FY12 versus FY15 forecast.

Reshaping our cost base through Qantas Transformation

Case study: Utilisation

INCREASED UTILISATION HAS CREATED ADDITIONAL FLYING OPPORTUNITIES – ADDITIONAL REVENUE AT REDUCED UNIT COST

FY15 Utilisation[1]

	Avg. Hours /Day	% Change to FY12[2]
 A380	13.9	14%
 B747-400/400ER	12.7	19%
 A330-3/2	15.0	12%
 B737-800	12.6	7%
Network[3]	**13.6**	**16%**

1. **Improved network efficiency**
   - Retimed MEL-DXB-LHR[4] service - improved Europe connectivity
   - Released one A380 to up-gauge non-stop DFW-SYD[5]
2. **Launch of new services**
   - Additional MEL and BNE[6] to LAX[7], retimed SYD-LAX[7] on B747
   - Additional SCL[8] services on B747
   - Upgrade HNL[9] to A330 and increased to 4 per week
   - Launch SYD-HND and BNE-NRT[10] service in August 2015
3. **Seasonal flying**
   - SYD-YVR[11] to cater for peak winter and summer demand
   - PER-AKL[12] services during peak summer season
   - SYD-HKG[13] and SYD-PVG[14] up-gauge to support Chinese New Year demand

1. Based on FY15 forecast block hours per aircraft per day. 2. FY15 forecast compared to FY12. 3. Includes B767. 4. Melbourne-Dubai-London Heathrow . 5. Dallas Fort Worth-Sydney. 6. Melbourne and Brisbane. 7. Los Angeles - Sydney. 8. Santiago. 9. Honolulu. 10. Sydney-Haneda and Brisbane-Narita. 11. Sydney-Vancouver. 12. Perth-Auckland. 13. Sydney-Hong Kong. 14. Sydney-Shanghai.

Overcoming network gaps

Case study: Emirates partnership

Premier one-stop customer proposition to Europe, Middle East & Africa

- 98 weekly Qantas and Emirates flights from Australia
- More than 70 Qantas codeshare destinations
- Replaced multi-partner, 5 codeshare destination offering

Delivering significant Group-wide financial benefits

- RASK improvement as partnership matures[1]
- Redeployment of capital from continental Europe
- Qantas Frequent Flyer benefit from joint network
- Connecting passengers to Qantas Domestic, Jetstar Group airlines across Asia Pacific

$1.7b Flown on Partnership Code[2]

4 x ↑ in Qantas codeshare bookings[3]

~40% ↑ Loyalty participation on EK flights[4]

8 ppts ↑ Customer advocacy[5]

1. Qantas International RASK improvement in FY15F versus FY14. 2. AUD, since commencement of partnership on both QF and EK code. 3. Qantas customer bookings on partner/codeshare metal in 2014 versus 2012. 4. Percentage increase of QFF and Skywards members on EK(Emirates) metal versus pre launch of partnership. 5. Net promoter score on Australia to UK routes compared to pre -Emirates partnership.

Overcoming network gaps

Case study: rebuilding a profitable Asia network offering

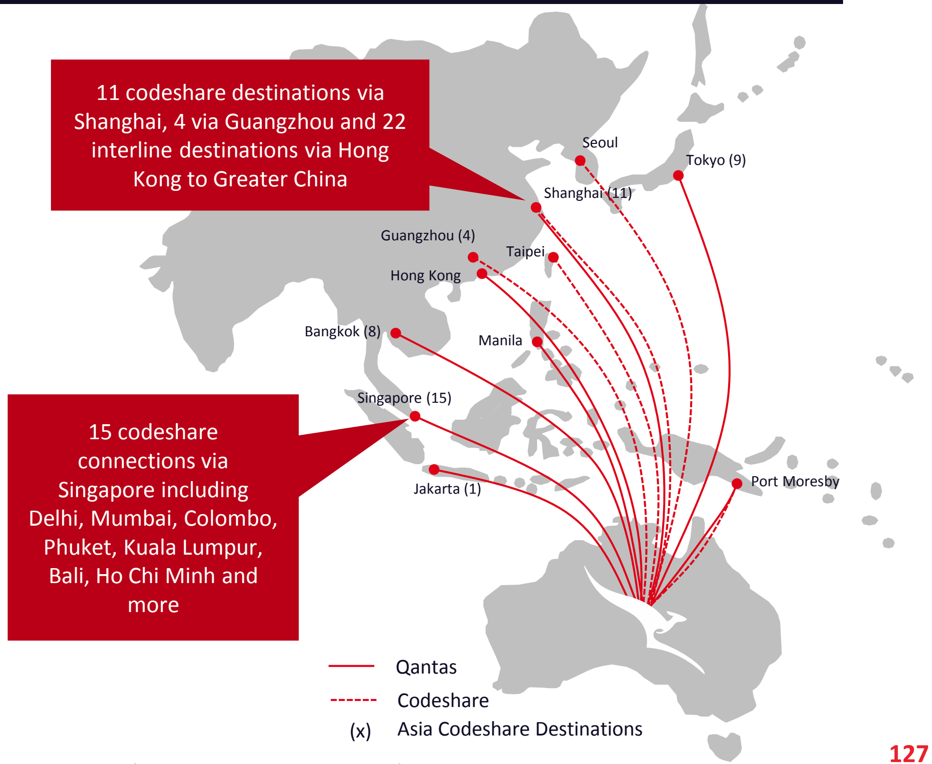
SIGNIFICANT IMPROVEMENT IN ASIA REGION EBIT: $300m TURNAROUND SINCE FY12[1]

Emirates partnership facilitated increased focus on Asia

- Dedicated capacity increase of 45% to SIN[2]
- Flights re-timed to maximise intra-Asia connectivity
- A330s deployed on South East Asia and Shanghai
- B747 limited to routes with highest premium demand

Improved Qantas product offering

- Direct flights to 9 destinations across Asia[3]
- More than 60 codeshare city pairs
- A330 reconfigurations to leapfrog competitor offerings
- Award-winning Singapore and Hong Kong lounges



1. Based on internal management reports on a fully allocated basis. 2. Singapore 3. Includes Haneda from 31 July 2015 (subject to regulatory approval).

Strategic priorities

Delivering a fit and competitive business to leverage growth opportunities

Addressing our competitive challenges

Reshaping our cost base through Qantas Transformation

- Unit cost reductions
- Increasing asset utilisation

Overcoming network gaps

- Optimisation of network
- Continued focus on partnerships

Leveraging our competitive advantages

Owning the high-yield customer base in Australia

- World-renowned customer experience
- Building on revenue fundamentals

Providing connections to the world

- Most convenient & direct
- Premier partners for each region

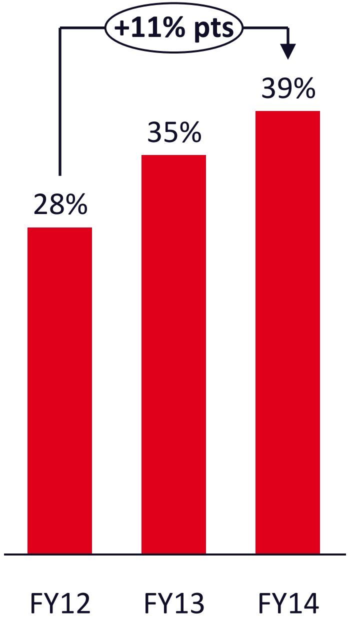
Owning the high-yield customer

A world-renowned customer experience

- **Continual investment in the customer experience alongside business transformation**
  - World's best lounges (Sydney, Singapore, Hong Kong, Los Angeles)
  - A330 Business Class Suite with state of the art IFE[1]
  - 'New Economy' meal service
  - Ongoing investment in our people and a personalised service experience
- **Recognition for our investment[2]**

Airline ***Food*** ***Drinks*** ***Lounge***

Operational NPS Improvement



1. In-flight entertainment. 2. Australia's favourite Domestic and International airline in TripAdvisor's 2015 Travellers' Choice Awards. Awarded best First/Business amenities, Best Economy Dining in Onboard Hospitality Awards 2014. Best First, Business and Overall Cellar, Best Presented First and Business Class Wine List, and the Best First Class White and Sparkling Wines at the 2013 Cellars in the Sky Awards. Sydney International First Lounge, awarded Best Airport Lounge in TheDesignAir Top 10 Airport Lounges 2015.

Owning the high-yield customer

Our people are core to delivering a memorable and outstanding experience

Our 'One Service Team' Culture

On the Ground

In the Lounge

In the Air

Supported and Recognised by Our Investment in Training

LEARNX IMPACT AWARDS 2015
Platinum Winner

Owning the high-yield customer

Investment in revenue management

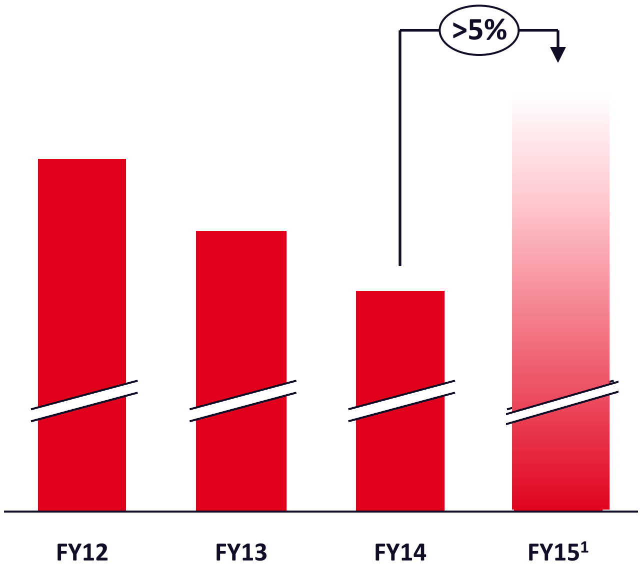
Forecast RASK improvement greater than 5% in FY15[1]

- Fare families incentivise trade-up, align with partners
- Improved pricing to respond to customer demand
- Better capacity management through dynamic scheduling, flexing up in peaks and down in troughs

Implementing PROS Revenue Management System August 2015

- Managing the Qantas network how customers want to book (origin/destination), not how aircraft fly (by leg)
- Investment in people and processes to extract full value
- Anticipated yield uplift once fully implemented

FY15 Unit Revenue Above FY12 Levels[1]



1. FY15 forecast ticketed passenger revenue per ASK inclusive of Transformation benefits and FX movements.

Providing connections to the world

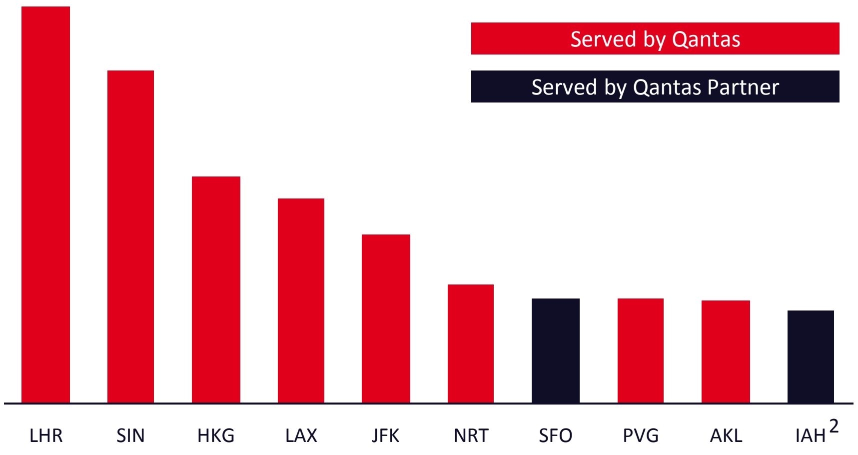
Most convenient and direct

Network and schedule are paramount for premium international flyers

- Particularly important to corporate customers
- Demand for direct services over connections where possible
- Network design centred on key business markets

- **Qantas and partners serve >90% of top 30 Australian corporate destinations[1]**

Qantas and Partners Serve the Top 10 Australian Corporate Destinations[1]



1. Top 30 destinations based on net pax revenue from Qantas corporate accounts. Source: PRISM. 2. London Heathrow, Singapore, Hong Kong, Los Angeles, New York (JFK), Narita, San Francisco, Shanghai, Auckland and Houston.

Continuing partnership strength

A truly global customer proposition

Partnership reach brings participation in large and growing traffic flows

- >1,200 destinations with partner airlines

Partners complement Qantas' network

- ~200 Qantas and codeshare destinations around the globe from key gateways

Synergies from deep commercial partnerships

- Seamless customer experience
- Schedules tailored to maximise connections
- Expanding Frequent Flyer opportunities

Flying Direct to Key Gateways, Providing Global Connectivity With Codeshare Partners

Marco environment enhances competitive position

AUD/USD return to long-run range

AUD CLOSER TO PARITY

- Competitor yield from POS AU[1] enhanced
- Capacity expansion above demand
- Declining air fares in market
- Qantas International cost base disadvantage heightened

Competitor growth into Australia of 44% FY09 – FY14, versus global growth of 29%[2]

AUD IN LONG-RUN HISTORICAL RANGE

- Competitor yield from POS AU contracts
- Capacity growth moderate
- Qantas International yields from outside Australia POS enhanced
- Qantas International cost base more competitive

Competitor revenue in POS AU is ~$1.5b[3] less with AUD/USD move from parity to ~75c

1. Point of Sale – Australia. 2 Based on BITRE and IATA Carrier Tracker data for industry ASK growth (excluding Qantas Group). 3. Internal analysis based on overseas carrier capacity share of 67% (BITRE) and a Qantas yield proxy.

Looking to the Future

Earn the right to grow and invest

STRICT PARAMETERS FOR REINVESTMENT BASED ON SUSTAINABLE RETURNS

Group Financial Priorities

- $1b debt pay down by end FY15
- Capital management objectives

Sustainable and Resilient Business

- All Transformation targets met
- Increasing revenue

Competitive Business Case

- Business case requires a certain cost base to deliver sustainable ROIC > WACC target
- Includes productivity outcomes

Building a resilient and sustainable business

Positioned for future growth

1. **Unwavering commitment to meeting our customers' needs**
2. **A fit and competitive business through Transformation**
3. **Build a sustainable long-term competitive advantage from our home market**
4. **Generating ROIC > WACC through the cycle**

CEO Summary
Alan Joyce

QANTAS
Spirit of Australia

Looking to the Future

A more resilient Qantas Group, positioned to outperform

- Delivering all Qantas Transformation targets
- Building on long-term competitive advantages
- Lessening volatility and cyclicality in portfolio
- Disciplined approach to capital and growth
- ROIC embedded as primary financial return measure

Stable operating environment in core markets

- Domestic market capacity outlook stable
- International market capacity outlook for low growth with AUD in long-term historical range
- Benefit from favourable fuel prices protected in FY16

A strong foundation for sustainable growth

- Ingrained safety culture from 94 years of experience
- Investing in our customers and engaging our people to remain first choice in every market we serve
- Unrivalled dual brand strength and leading market position in domestic Australia
- Innovative Loyalty business continuing to diversify for stable, non-cyclical earnings growth
- Reshaped Qantas International leveraging growth opportunities
- Targeted investment in Asia's growth
- Increasing Return on Invested Capital, strengthening capital structure through delivery of Qantas Transformation

An integrated Group portfolio with long-term competitive advantages, generating sustainable returns through the cycle

Appendix

Spirit of Australia

Group Scorecard

Strategic priorities are being delivered

	OBJECTIVE	PROGRESS TO DATE
LEADING DOMESTIC DUAL BRAND POSITION	Profit share > market share	1H15 Group profitability share ~80% or more versus market share ~63%[1]
	Most profitable full service / LCC airlines	Both airlines more profitable[2] than competitors in 1H15
	Close Qantas unit cost gap to competitor	4.1% unit cost improvement[3]
STRONG INTERNATIONAL DUAL BRAND POSITION	Grow number of partnerships	Expanded partnerships with American Airlines, WestJet, Bangkok Airways, China Eastern and China Airlines
	Largest LCC in AU international market	48% of 1H15 LCC ASKs into AU – largest LCC[4]
STRENGTHEN AND GROW LOYALTY BUSINESS	Grow QFF member base & partner billings	8% member growth, 7% partner billings growth[5]
	Grow and innovate adjacent businesses	Aquire, Red Planet, Qantas Golf launched; Taylor Fry acquired[6]
JETSTAR IN ASIA	Established airlines profitable by FY16	$13m reduction in losses[7] in 1H15; Jetstar Asia profitable 2H15F[8]
	Broadening reach and connections	Introduction of new routes, including Narita-Hong Kong[9]
BUILD CUSTOMER ADVOCACY	Consistently great customer experiences	Customer advocacy at record levels[10]
TRANSFORM ALL BUSINESSES	$2b gross benefits by end FY17	Over $875m benefits realised by end FY15
	5,000 FTE reduction by end FY17	4,000 FTE reduction by end FY15
INSPIRE OUR PEOPLE	>80% of total workforce 'engaged'	Towers Watson 2015 result: 75% 'engaged'

1. Source: 1H15 published company reports, BITRE. 2. Underlying EBIT. 3. Qantas Domestic comparable unit cost calculated as Underlying EBIT less passenger revenue and fuel adjusted for the fleet restructuring announced in February 2014, changes in bond rates, changes in foreign exchange rates and movements in average sector length per Available Seat Kilometre (ASK). 4. Source: Diio 1H15. 5. 1H14 versus 1H15. 6. Taylor Fry acquired in February 2015 (51% controlling interest). 7. Includes Jetstar Asia, Jetstar Japan, Jetstar Hong Kong & Jetstar Pacific 8. Underlying EBIT forecast for 2H15. 9. Launch on 1 June 2015. 10. Based on quarterly average NPS at Qantas Domestic and Qantas International, from March 2012 quarter. Record occurred in 3Q15.

ROIC framework

Invested Capital

Balance sheet:

Reported balances for:

- *Receivables*
- *Payables*
- *Inventories*
- *Other assets*
- *Revenue received in advance*
- *Provisions*
- *Investments*
- *Property, plant & equipment*
- *Intangible assets*

Off balance sheet adjustment:

Operating lease aircraft capitalised at market value at lease commencement (in AUD) and depreciated on same basis as an equivalent owned aircraft

ROIC EBIT

Income Statement:

Underlying EBIT

Off balance sheet adjustments:

Add back: non-cancellable aircraft operating lease rentals

Less: notional depreciation on leased aircraft

Hurdle rate

Weighted Average Cost of Capital (WACC):

Components:

- *Cost of debt (long term view based on projected credit metrics) multiplied by proportion of debt to capital (debt + equity); plus*
- *Cost of equity determined by traditional Capital Asset Pricing Model multiplied by proportion of equity to capital (debt + equity)*

ROIC = ROIC EBIT / Average Invested Capital

WACC pre-tax

Scorecard: Jetstar priorities being delivered

	PROGRESS TO DATE	
SAFETY & COMPLIANCE LEADERSHIP	Developed best practice Safety & Operational standards	✓
	Solid relationship with all national regulators	✓
SUSTAINED PROFITABILITY	Ongoing, year-on-year reduction in controllable unit cost reduction[1]	✓
	Continued growth of ancillary revenue/passenger[2]	✓
LEADING CUSTOMER ADVOCACY & BRAND	#1 LCC NPS scores in each market[3]	✓
	Yield premium in established markets	✓
EXCEPTIONAL RELATIONSHIPS ACROSS OUR BUSINESSES	Jetstar Australian and NZ pilot[4] and ASU[5] EBAs[6] voted up Additional training and development tools being deployed	✓
	Ongoing support and commitment to Jetstar Group model	✓
REALISE ASIA-PACIFIC GROWTH POTENTIAL	$13m reduction in losses for Jetstar Airlines in Asia in 1H15[7] Jetstar Asia profitable in 2H15[8]	✓
	Group scale driving RASK and CASK position in each market	✓
	#2 LCC in the world for interline partnerships and #1 LCC in Asia Pacific (>40 interline partners)[9]	✓

1. Controllable Unit Cost is calculated as total underlying expenses excluding fuel, carbon tax and share of net loss of investment accounted for using the equity method, adjusted for change in FX rates and movements in average sector length per ASK. It reflects previously published company figures. 2. FY05-FY14. 3. Net promotor score. Source: Forethought Research, November 2014 to April 2015. 4. The Australian Federation of Air Pilots. 5. Australian Services Union. 6. Enterprise Bargaining Agreement. 7. Based on Underlying EBIT when compared to 1H14. Includes Jetstar Asia, Jetstar Japan, Jetstar Hong Kong and Jetstar Pacific. 8. Based on current forecast Underlying EBIT. 9. Based on internal company analysis.

Australia's leading loyalty program

- Exclusive access to Classic Flight Rewards and Points Plus Pay – Flights to 1000+ destinations
- Qantas Store with over 3,000 products

Analytics

- 15+ segmentation models
- 34,000 market research online posts
- 1.5 billion customer transactions

Marketing

- 7.8 million valid email addresses
- 7.2 million members receive eDMs
- Over 335 million email communications with 33% open rate

Earn partners may become reward suppliers, increasing range of valuable rewards

Valuable rewards attract members and enhance engagement

- Qantas and Jetstar
- 35+ airline partners including Emirates and oneworld affiliates
- All major credit card issuers
- Primary supermarket
- $1.3B billings > 66% external[4]

- 10.7m members, 50% of Australian households[1], primary program for 61% of members[2]
- Highly affluent skew: We have 79% penetration of Australia's most affluent households[1]
- Ability to reach members (e.g. 7.8m valid email address, 33% open rate)
- Record satisfaction (NPS)[3]
- Breakage at industry lows

Large, quality member base attracts new earn partners

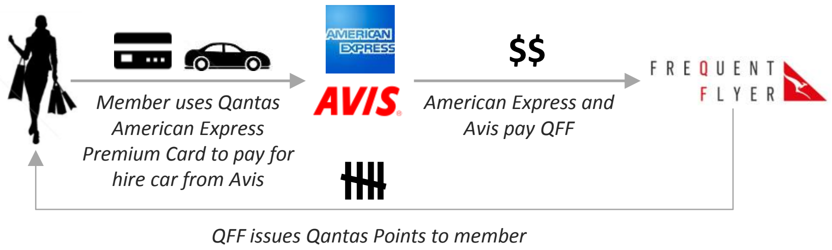
Large, quality earn partner network increases opportunities to earn, increasing engagement

Source: Qantas Loyalty analysis. Note: All figures are as at April 2015 unless otherwise stated. 1. 50% as at February 2014. Source: Experian. 2. As at March 2015. 3. For March 15 quarter. 4. FY14 billings.

Highly attractive business model

Business model is based on two key activities:

1. Issuing Qantas Points (cash in)



2. Providing Awards (cash out)

Attractive financial features of business model

- Highly cash generative
  - Cash received upfront when Qantas Points issued
  - Earn interest on negative working capital position
- Favourable correlation with inflation
  - As prices increase, the number of Qantas Points purchased increases
  - Exposure to input price increases can be mitigated
- Multiplier effect for a single transaction
  - Card Partners create opportunity to earn from multiple earn partners with a single transaction
  - Potential to earn both Qantas Points and Aquire Points on single transaction
- Low capital intensity
- Highly scalable, transaction based model

Multiplier effect and favourable correlation with inflation

Number of members

More people participating

×

Level of members' expenditure

... and spending more

×

Number of loyalty participants (e.g. Earn partners)

... and engaging with loyalty programs in more ways

×

Use of loyalty affiliated payment methods

... and with more payment methods to earn points

...each supported by macroeconomic and industry specific factors

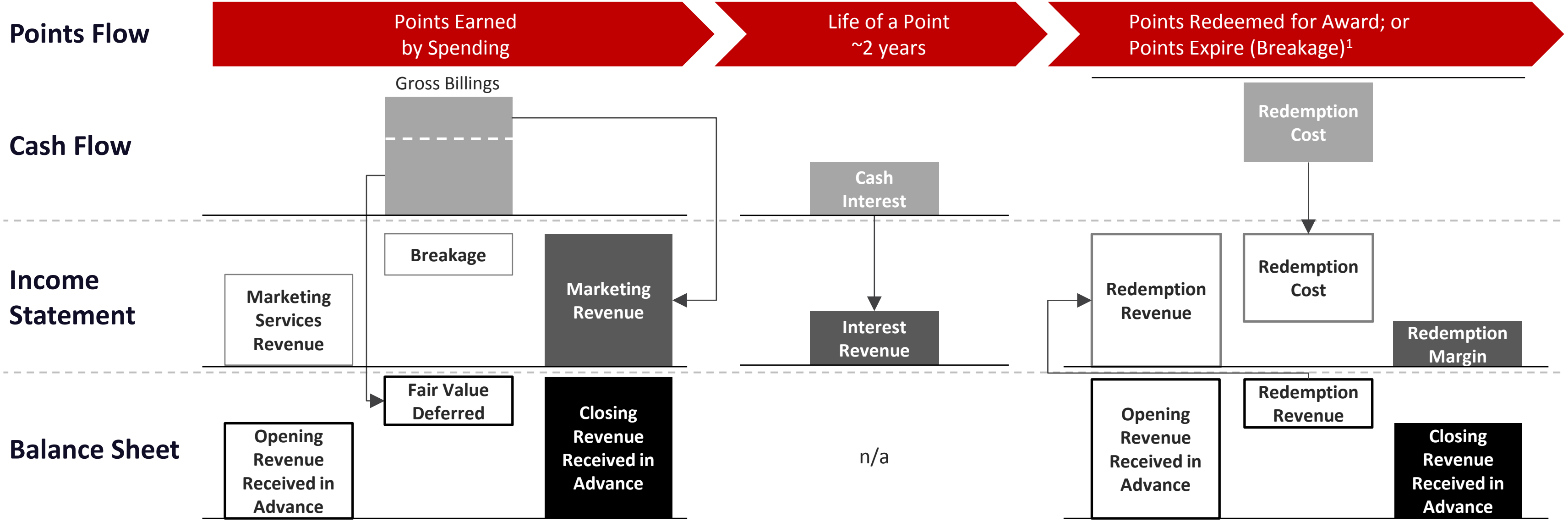
- Population growth
- Loyalty program participation

- Affluence of members
- Level of expenditure
- Discretion about where to spend

- Competition and concentration in industries
- Quality of earn partners (e.g. market share, profit margin)
- Technological development
- Recognition of the value of loyalty marketing

- Availability of credit cards linked to loyalty programs
- Merchant acceptance of different payment methods
- Level of credit card spend

Overview of cash flow and accounting treatment



Sources of Value

1. Marketing Revenue
2. Working Capital benefit (interest income)
3. Redemption Margin

Note: above diagram highlights unique QFF accounting items only. Diagram excludes other revenue (e.g. membership revenue) and operating costs below gross margin. 1. 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.

Description of key accounting items

Marketing Revenue	— Comprised of two components, Marketing Services Revenue and Breakage (see below), and is recognised at the time Qantas Points are issued to Earn Partners — Measured as the difference between Gross Billings received and the Fair Value of Qantas Points deferred (see below)
Marketing Services Revenue	— Marketing Services Revenue is revenue earned for the service Qantas Loyalty provides its Earn Partners, which drives consumer behaviour to purchase products offered by those Earn Partners. It is the premium paid above the Fair Value of Qantas Points for Earn Partners to be part of the Program, and includes payment for use of the Qantas and related brands
Breakage	— Breakage is an estimate of the rate of Point expiry, and refers to the expectation that not all Qantas Points issued will ultimately be redeemed. Point expiry follows a period of inactivity on a member's account for 18 months — Breakage Rate is estimated by the Directors, in conjunction with an independent actuary — Changes in Breakage expectations are accounted for prospectively as a change in accounting estimate
Revenue Received in Advance	— When Gross Billings are received from Earn Partners, an amount equal to the Fair Value of Qantas Points is deferred, creating a liability on the Balance Sheet for Revenue Received in Advance — The Fair Value of Qantas Points deferred is equal to the retail value of Awards associated with Qantas Points expected to be redeemed in the future — Revenue Received in Advance is classified as current or non-current based on the estimated redemption pattern of Qantas Points — Revenue Received in Advance is only recognised as earned revenue for accounting purposes at the time Qantas Points are redeemed for Awards
Redemption Revenue	— Redemption Revenue is recognised in the Income Statement when a member redeems their Qantas Points for Awards — Revenue Received in Advance (Balance Sheet) is simultaneously reduced by the amount of Redemption Revenue recognised. — The amount of Redemption Revenue recognised is equal to the weighted average value of Qantas Points in the Qantas Points Pool multiplied by the number of Qantas Points redeemed

Contributes high value to Qantas Group

	Frequent Flyer	AIMIA aeroplan (Canada segment only)[1]	multiplus	Smiles
Primary airline affiliation	Qantas	Air Canada	TAM Airlines	GOL
Global alliance affiliation	**one**world® Alliance	Star Alliance	**one**world® Alliance	**None**
Current membership base	10.7m[2]	>5m	13.8m	10.3m
Implied population penetration	45.4%	14%	6.8%[3]	5.1%[3]
FY14A Breakage rate	<10%	12%[4]	17.8%	16.5%
FY14A billings (A$m)[5]	1,306	1,357[6]	1,003	543

Source: Company Annual Reports, Bloomberg (share prices). 1. Data relates to Canada Segment only, which derives its revenues primarily from the Aeroplan program. Excludes Europe Middle East and Africa segment (which derives revenue primarily from Nectar and Nectar Italia programs, proprietary loyalty services, analytics and insights services) and US and Asia Pacific segment (which derives revenue primarily from proprietary loyalty services). 2. As at 1H15 3. Calculated based on population of Brazil. 4. Weighted average breakage rate of AIMIA. 5. Using average exchange rate for relevant financial year 6. Billings relating to the sale of Loyalty Units.

Other Information

Qantas Cash	— On track to have $1bn loaded by 30 June 2015
Qantas Online Mall	— 29 partners as at 28 April 2015
Qantas Store	— 3000+ products in the Qantas Store
Qantas epiQure	— 70% year on year order growth in March 2015 — ~40% member growth in the 12 months to March 2015
Qantas Golf	— 33k members signed up to program — 100 courses in program
Red Planet	— On track to be profitable in the first year of operations

Scorecard

Strategic priorities are being delivered

	PROGRESS TO DATE
OPERATIONAL EXCELLENCE	Qantas International Transformation on track to deliver >$800m in benefits by FY17 ✓ Non-fuel unit cost improved by 15%[1] since FY12 ✓ Aircraft utilisation increase of 5% in FY15 [2]– further growth in FY16 ✓ PROS implementation to deliver new 'O&D'[3] opportunities ✓ Deeply embedded culture of safety ✓
WORLD RENOWNED CUSTOMER EXPERIENCE	Year on year improvement in NPS ✓ New economy meal, investment in lounge footprint (SIN, HKG, LAX)[4], new A330 business suite investment on Asian routes ✓ Service and culture training across all customer touchpoints ✓
FLYING DIRECT TO INTERNATIONAL DESTINATIONS	Japan network enhancement, right size PER/SIN[5] operations ✓ Optimise increased flying to North America, seasonal flying during peaks (e.g. ski seasons and Chinese New Year) ✓
OUR PARTNERS PROVIDE CONNECTIONS TO THE WORLD	Expanded partnerships with American Airlines, WestJet, Bangkok Airways, China Eastern and China Airlines ✓
OUR PEOPLE AND CULTURE MAKE THE DIFFERENCE	Effective communication and engagement through major business transformation ✓

1. Non fuel unit cost calculated as Underlying EBIT less total revenue and fuel, adjusted for changes in foreign exchange rates per ASK 2.Based on average block hours per aircraft. FY15 forecast versus FY14. 3. Origin and Destination. 4. Singapore, Hong Kong and Los Angeles. 5. Perth/Singapore.

Disclaimer & ASIC Guidance

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

Summary information
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