Qantas Airways Limited
FY18 Results
Supplementary Presentation

23 August 2018

ASX:QAN
US OTC:QABSY

Group Performance

QANTAS GROUP

FY18 Key Group Financial Metrics

	FY18	FY17	VLY %[10]	Comments
Underlying PBT[1] ($M)	1,604	1,401	14	Record result achieved in rising fuel price environment
Underlying Earnings per Share[2] (c)	64	55	18	Record Underlying EPS
Statutory Profit Before Tax ($M)	1,391	1,181	18	Strong demand and revenue environment offset fuel increases
Statutory Earnings per Share (c)	56	46	21	Record EPS supported by on-market share buy back
Rolling 12 month ROIC[3] (%)	22.0	20.1	1.9pts	All operating segments delivering ROIC > WACC[11]
Revenue ($M)	17,060	16,057	6	
Operating cash flow ($M)	3,413	2,704	26	Record operating cash flow generating stronger net free cash flow
Net debt[4] ($B)	4.9	5.2	6	Low net debt provides financial flexibility
Unit Revenue[5] (RASK)	8.31	8.00	4	
Total unit cost[6] (c/ASK)	7.26	7.07	(3)	Total unit cost impacted by higher fuel prices and targeted investment to grow margin
Ex-fuel unit cost[7] (c/ASK)	5.15	5.03	(2)	Targeted investment to grow margin
Available Seat Kilometres[8] (ASK) (M)	152,428	150,323	1	Increase largely in Asian growth markets offset by reduction in the domestic market
Revenue Passenger Kilometres[9] (RPK) (M)	126,814	121,178	5	Improved demand across all customer segments

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. Refer to slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Underlying Earnings per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 29.5% (2017: 27.8%)) divided by the weighted average number of shares during the year, rounded to the nearest cent. 3. Return on invested capital (ROIC). For a detailed calculation of ROIC please see slide 11. 4. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. For a detailed calculation of net debt, please see slide 12. 5. Ticketed passenger revenue divided by ASKs. The comparative period has been restated to conform with current year presentation. 6. Underlying PBT less ticketed passenger revenue per ASK. The comparative period has been restated to conform with current year presentation. 7. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. The comparative period has been restated to conform with current year presentation. 8. Available seat kilometres. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Revenue seat kilometres. Total number of passengers carried multiplied by the number of kilometres flown. 10. Variance to FY17. Unfavourable variance shown as negative amount. 11. Weighted Average Cost of Capital calculated on a pre-tax basis.

Underlying Income Statement Summary

$M	FY18	FY17	VLY %	Comments
Net passenger revenue	14,715	13,857	6	Improved Group Unit Revenue of 4% and increased capacity of 1%
Net freight revenue	862	808	7	Recovery in global freight markets
Other revenue	1,483	1,392	7	
Total Revenue	**17,060**	**16,057**	**6**	
Operating expenses (excluding fuel)	(10,268)	(9,683)	(6)	Transformation initiatives partially offset increases in activity and CPI
Fuel	(3,232)	(3,039)	(6)	Increased fuel price and consumption partially offset by favourable hedging strategies and transformation initiatives
Depreciation and amortisation	(1,517)	(1,382)	(10)	Aircraft lease buyouts and increased capex spend
Non-cancellable aircraft operating lease rentals	(272)	(356)	24	Aircraft lease buyouts and the impact of FX on non-AUD denominated leases
Share of net profit/(loss) of investments accounted for under the equity method	15	(7)	>100	Stronger performance in Jetstar Japan and Jetstar Pacific turned profitable
Total Expenditure	**(15,274)**	**(14,467)**	**(6)**	
Underlying EBIT[1]	**1,786**	**1,590**	**12**	
Net finance costs	(182)	(189)	4	Liquidity optimisation, lower net debt
Underlying PBT	**1,604**	**1,401**	**14**	

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

Items Not Included in Underlying PBT

$M	FY18	FY17	Comments
Transformation costs	162	142	Redundancies, restructuring, 787-9 Introduction, 747 retirement and other costs associated with ongoing transformation
Turnaround, Wage Freeze bonus and Record Results employee bonus[1]	53	85	Turnaround Bonus announced in August 2017 paid to non-executive employees
Net gains/losses on investments	(12)	(20)	Gain on sale of a Loyalty business and the recycling of foreign exchange transaction reserve on disposal of an investment
Other	10	13	
Total items not included in Underlying PBT[2]	**213**	**220**	

1. Payable to non-executive employees. 2. Items which are identified by Management and reported to the chief operating decision-making bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying PBT primarily result from revenues and expenses relating to business activities in other reporting periods, major transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business.

Reconciliation to Underlying PBT

$M	FY18				FY17			
	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]
Net passenger revenue	14,715	-	-	14,715	13,857	-	-	13,857
Net freight revenue	862	-	-	862	808	-	-	808
Other revenue	1,483	-	-	1,483	1,392	-	-	1,392
Total Revenue	**17,060**	**-**	**-**	**17,060**	**16,057**	**-**	**-**	**16,057**
Operating expenses (excl fuel)	(10,470)	-	202	(10,268)	(9,903)	-	220	(9,683)
Fuel	(3,232)			(3,232)	(3,039)	-	-	(3,039)
Depreciation and amortisation	(1,528)	-	11	(1,517)	(1,382)	-	-	(1,382)
Non-cancellable aircraft operating lease rentals	(272)	-	-	(272)	(356)	-	-	(356)
Share of net profit/(loss) of investments accounted for under the equity method	15	-	-	15	(7)	-	-	(7)
Total Expenditure	**(15,487)**	**-**	**213**	**(15,274)**	**(14,687)**	**-**	**220**	**(14,467)**
EBIT	**1,573**	**-**	**213**	**1,786**	**1,370**	**-**	**220**	**1,590**
Net finance costs	(182)	-	-	(182)	(189)	-	-	(189)
PBT	**1,391**	**-**	**213**	**1,604**	**1,181**	**-**	**220**	**1,401**

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. This slide provides a reconciliation of Underlying to Statutory PBT.

Revenue Detail

Net passenger revenue up 6%

- Group Unit Revenue increased 4%
  - Group Domestic[1] Unit Revenue increased 7%
  - Group International[2] Unit Revenue increased 3%
- Group capacity up 1%, increased international capacity achieved through cross fleet utilisation offset by reduced domestic capacity
- Net Revenue transformation benefits of $176m

Net freight revenue up 7%

- Driven by increase in global demand

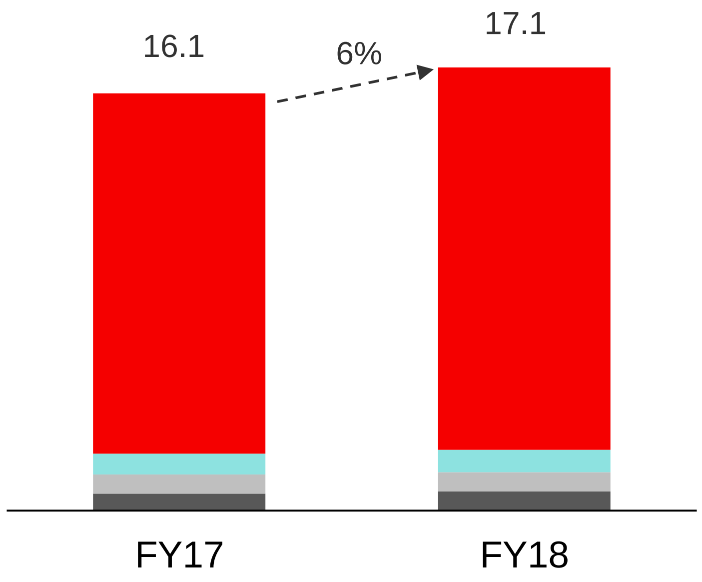
Frequent flyer redemption, marketing, store and other revenue up 5%

- Increase in redemptions in core Loyalty business
- Increased points issuances from Woolworths, Qantas Money and new partners
- Offset by sale of a controlled entity in October 2017

Revenue from other sources up 8%

- Increase in Qantas Club revenue
- Increase in contract work activity

Revenue ($B)



	FY17		FY18
RPKs (m)	121,178	5%	126,814
ASKs (m)	150,323	1%	152,428

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

Expenditure[1] Detail

Fuel up 6%

- Effective hedging reduced impact of higher jet fuel prices
- Higher consumption from increased flying
- Offset by favourable FX and fuel efficiency initiatives

Manpower and staff-related up 6%

- Increase in operating crew manpower driven by increase in flying activity
- Growth of Qantas Loyalty headcount
- Benefits of transformation

Aircraft operating variable up 4%

- Increase in flying activity
- Benefits of transformation

Depreciation and amortisation up 10%

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

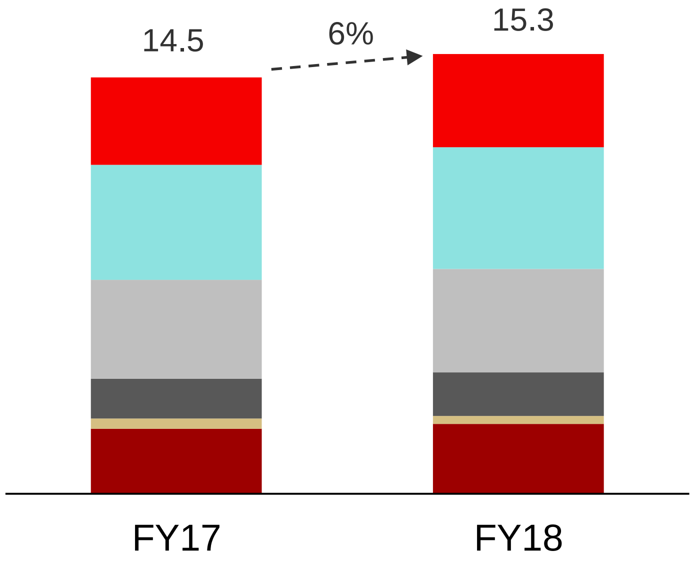
Lease rental expense down 24%

- Reduction in aircraft operating leases through refinancing of leased aircraft

Other expenditure up 8%

- Increase in commissions due to higher revenue
- Non-cash impact of changes in discount rates and other actuarial assumptions

Expenditure[1] ($B)



	FY17		FY18
Passengers (‘000)	53,659	3%	55,273
ASKs (m)	150,323	1%	152,428

1. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying PBT.

Cash Flow

$M	FY18	FY17	VLY %
Operating cash flows	3,413	2,704	26
Investing cash flows (excluding aircraft operating lease refinancing)	(1,971)	(1,395)	(41)
Net free cash flow[1]	**1,442**	**1,309**	**10**
Aircraft operating lease refinancing	(230)	(651)	65
Financing cash flows	(1,296)	(854)	(52)
Cash at beginning of period	1,775	1,980	(10)
Effects of FX on cash	3	(9)	>100
Cash at end of period	**1,694**	**1,775**	**(5)**

- Positive net free cash flow[1] of $1.4b
  - Record operating cash flows of $3.4b
  - Investing cash flows of $1.97b excluding aircraft operating lease refinancing
- $230m related to the refinancing of 6 aircraft out of operating leases using surplus cash
- Borrowings of $350m A$ Corporate Secured Debt Program, $325m refinancing of syndicated loan facility
- Repayment of $802m of debt including
  - $280m from Syndicated Loan Facility
  - $522m short term amortising debt, largely secured
- 125m shares bought back during FY18 for $751m
- Dividend payment of $249m to shareholders

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

Invested Capital Calculation

$M	FY18	FY17
Receivables (current and non-current)	1,008	907
Inventories	351	351
Other assets (current and non-current)	700	541
Investments accounted for under the equity method	226	214
Property, plant and equipment	12,851	12,253
Intangible assets	1,113	1,025
Assets classified as held for sale	118	12
Payables	(2,295)	(2,008)
Provisions (current and non-current)	(1,227)	(1,189)
Revenue received in advance (current and non-current)	(5,385)	(5,168)
Liabilities classified as held for sale	(64)	-
Capitalised operating leased assets[1]	1,510	1,794
Invested Capital	**8,906**	**8,732**

Average Invested Capital[2]	**8,810**	**8,891**

- Increased property, plant and equipment:
  - 787-9 deliveries and impact of refinancing operating leases
  - Aircraft lease buyouts to unencumbered owned aircraft; 6 in FY18, 19 in FY17, with corresponding decrease in capitalised operating leases
- Increase in revenue received in advance due to increases the value of forward bookings and unredeemed frequent flyer revenue
- Assets classified as held for sale include the catering business, one 747 and engines
- Liabilities classified as held for sale include provisions and payables associated with the catering business

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

ROIC Calculation

$M	FY18	FY17
Underlying PBT	1,604	1,401
Add back: Underlying net finance costs	182	189
Add back: Non-cancellable aircraft operating lease rentals	272	356
Less: Notional depreciation[1]	(124)	(158)
ROIC EBIT	**1,934**	**1,788**

$M	FY18	FY17
Net working capital[2]	(6,912)	(6,566)
Fixed assets[3]	14,308	13,504
Capitalised operating leased assets[1]	1,510	1,794
Invested Capital	**8,906**	**8,732**
Average Invested Capital[4]	**8,810**	**8,891**

Return on Invested Capital (%)	**22.0%**	**20.1%**

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

Net Debt Target Range

- Net Debt Target Range = 2.0x – 2.5x ROIC EBITDAR where EBITDAR achieves a fixed 10% ROIC
- At current Invested Capital of $8.8b, optimal net debt range is **$5.1b to $6.3b**
- Targeting net debt to be within the range on a **forward looking** basis

	$b	
Invested Capital	8.81	Average Invested Capital for the 12 months to June 2018
10% ROIC EBIT	0.88	Invested Capital x 10%
plus rolling 12 month ROIC depreciation[1]	1.65	Includes notional depreciation on aircraft operating leases
EBITDAR where ROIC = 10%	2.53	
Net Debt at 2.0x EBITDAR where ROIC = 10%	5.06	**Net Debt Target Range**[2]
Net Debt at 2.5x EBITDAR where ROIC = 10%	6.33	

GROUP LEVERAGE TARGET CONSISTENT WITH INVESTMENT GRADE CREDIT METRICS

1. Equal to the ROIC depreciation for the 12 months to 30 June 2018 and includes Group depreciation and amortisation, and notional depreciation on operating leased aircraft. 2. The appropriate level of net debt reflects the Qantas Group's size, measured by Invested Capital and is premised on maintaining ROIC above 10%.

Disciplined Allocation of Capital

Capital allocation prioritised to:

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

Capital Allocation Priorities

>$6.3B	$6.3B		$5.1B	<$5.1B
Debt reduction	⬅	**Capital Management**	➡	Greater returns to shareholders
Constrain capex	⬅	**Reinvestment**	➡	Consider growth investment
Higher	⬅	**Liquidity**	➡	Lower
		Disciplined focus on operating costs at all times		

DISCIPLINED ALLOCATION OF CAPITAL TO INCREASE SHAREHOLDER VALUE

Net Debt

$M	FY18	FY17	VLY[4]
Current interest bearing liabilities on balance sheet	404	433	29
Non-current interest bearing liabilities on balance sheet	4,344	4,405	61
Fair value of hedges related to debt	-	(1)	(1)
Cash at end of period	(1,694)	(1,775)	(81)
Net on Balance Sheet Debt[1]	**3,054**	**3,062**	**8**
Capitalised operating lease liabilities[2]	1,849	2,150	301
Net Debt[3]	**4,903**	**5,212**	**309**

- Borrowings of $350m from $A Corporate Secured Debt Program and A$325m from Syndicated Loan Facility
- Repayment of $802m of debt including
  - $280m from Syndicated Loan Facility
  - $522m short term amortising debt, largely secured
- Reduction in capitalised operating lease liabilities with the refinancing of an additional 6 aircraft out of operating leases using surplus cash

1. Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents. 2. Capitalised aircraft operating lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. 4. Unfavourable variance shown as negative amounts.

Net Debt Movement

$M	FY18	FY17
Opening Net Debt	**(5,212)**	**(5,646)**
Net cash from operating activities	3,413	2,704
Principal portion of aircraft operating lease rentals	167	218
Funds From Operations	3,580	2,922
Net cash from investing activities	(2,201)	(2,046)
Aircraft operating lease refinancing	230	651
Return of operating leases / (new operating leases)	-	(139)
Net Capex	(1,971)	(1,534)
Dividend paid to shareholders	(249)	(261)
Payments for share buy-back	(751)	(366)
Shareholder Distributions	(1,000)	(627)
Payment for treasury shares	(162)	(198)
FX revaluations and other fair value movements	(138)	(129)
Closing Net Debt	**(4,903)**	**(5,212)**

- The Financial Framework considers aircraft operating leases as part of net debt
  - Principal portions of rentals are treated as debt reduction
  - Purchase of aircraft operating leases are treated as refinancing
  - Commencing (or returning) aircraft operating leases are treated as capital acquisitions / borrowings (or capital disposals / repayments)
- In FY18:
  - Non-cancellable aircraft operating lease rentals of $272m included $167m of principal repayments under the Financial Framework
  - $230m of maturing operating lease aircraft were refinanced

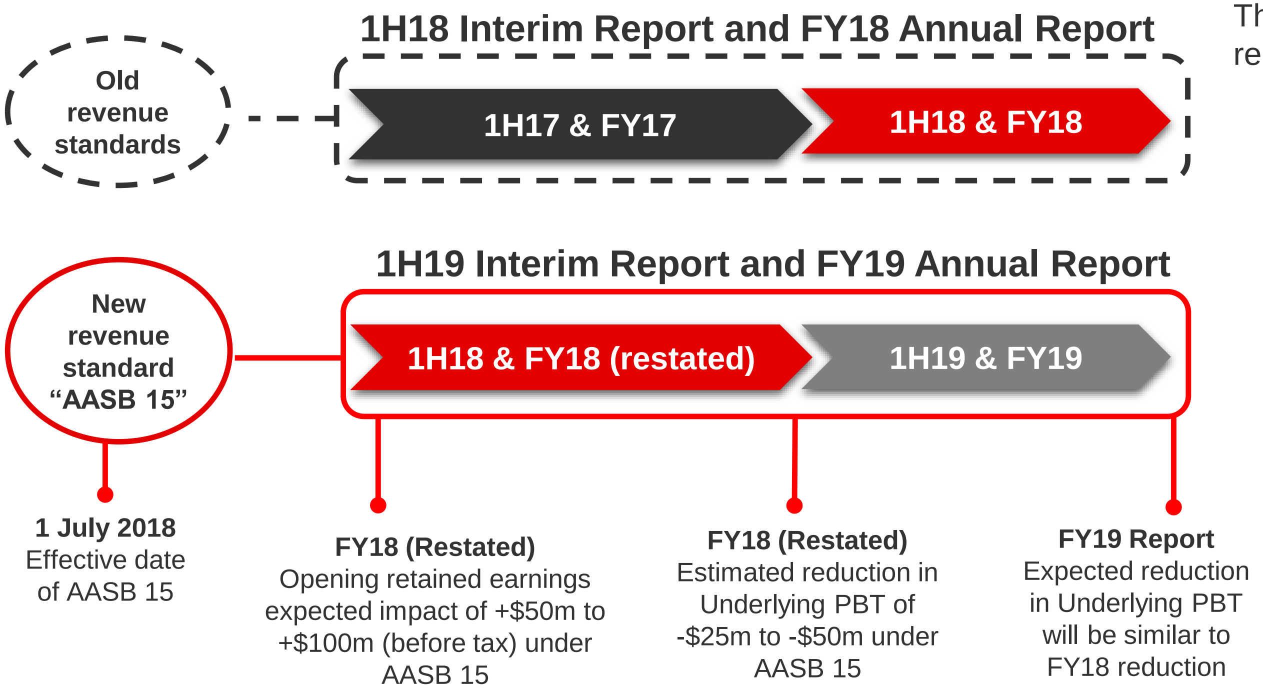
Total Unit Cost

Group Unit Cost	FY18	FY17	VLY %
Total Unit Cost[1]	**7.26**	**7.07**	**3**
Excluding:			
Fuel	(2.12)	(2.02)	
Change in FX rates		(0.03)	
Impact of changes in the discount rate and other actuarial assumptions	(0.00)	0.01	
Share of net profit/(loss) of investments accounted for under the equity method	0.01	(0.00)	
Ex-fuel Unit Cost[2]	**5.15**	**5.03**	**2**

1. Underlying PBT less ticketed passenger revenue per ASK. The comparative period has been restated to conform with current year presentation. 2. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. The comparative period has been restated to conform with current year presentation.

Impact of AASB 15 adoption from 1 July 2018

The adoption of AASB 15 in FY19 will require restatement of the FY18 result for comparative purposes. We expect a net increase in opening retained earnings and net reduction in FY18 Underlying PBT as a result of retrospectively applying AASB 15 to prior periods.



The main changes from existing accounting standards to the new requirements under AASB 15 are:

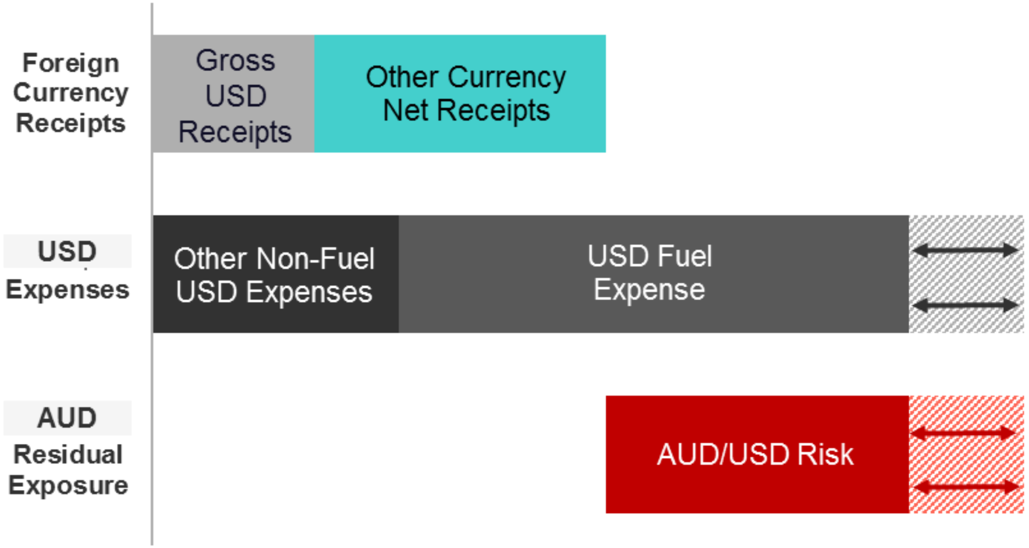
- **Ancillary passenger services –** Delay in timing of recognition of ancillary services (such as booking and change fees) from transaction date to the date of passenger travel
- **Qantas Points expiring unredeemed –** Earlier recognition of the impact of Qantas Points issued, but expected to expire unredeemed than what currently occurs. Under the existing standards, the Group takes a more conservative approach than will be required by AASB 15
- **Timing of revenue recognised as an agent –** Timing of recognition of fees where the Group is acting as an agent will change to align with the service being provided to the principal. This may result in revenue recognised earlier/later than what currently occurs
- **Allocation of revenue to Qantas Points and passenger travel –** Change in allocation of revenue between passenger travel and Qantas Points to a relative basis
- **Classification –** Changes in classification of revenue and expenses being recognised gross/net, with no net Underlying PBT impact

Group Operational Information

QANTAS GROUP

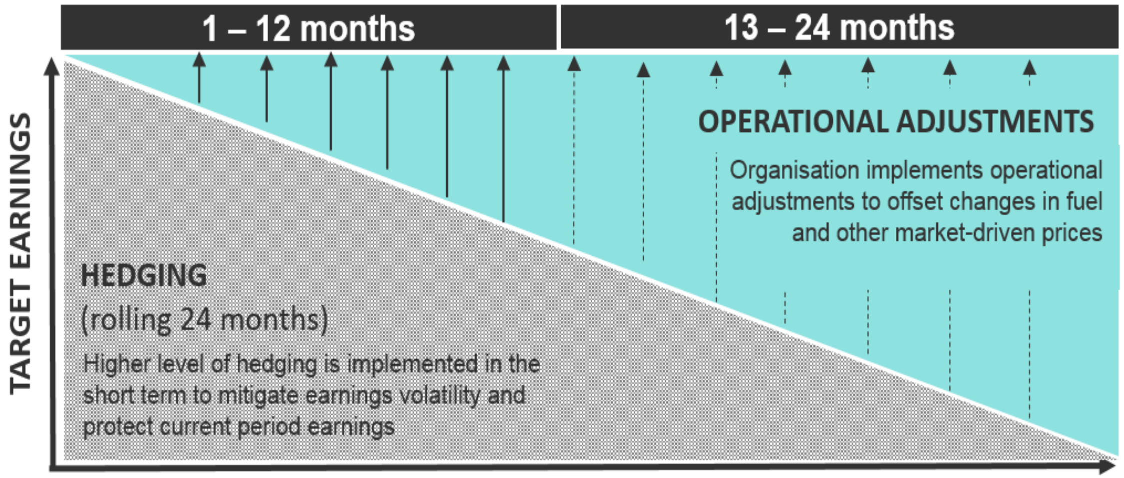
Disciplined Hedging Program

Indicative Fuel and Foreign Currency Exposure



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

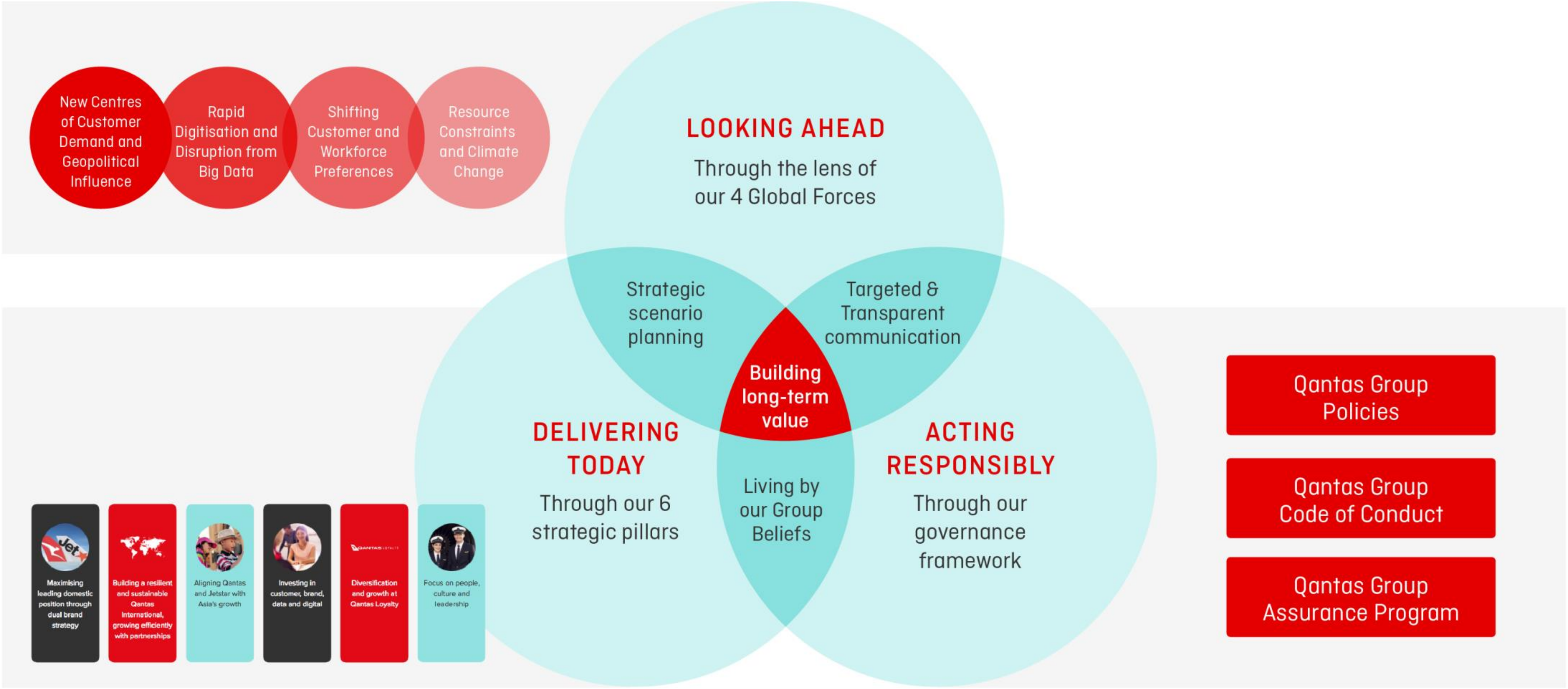
Reducing Volatility of Earnings / Cash Flow



Examples of Operational Adjustments

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

Qantas Group Long-term value Framework



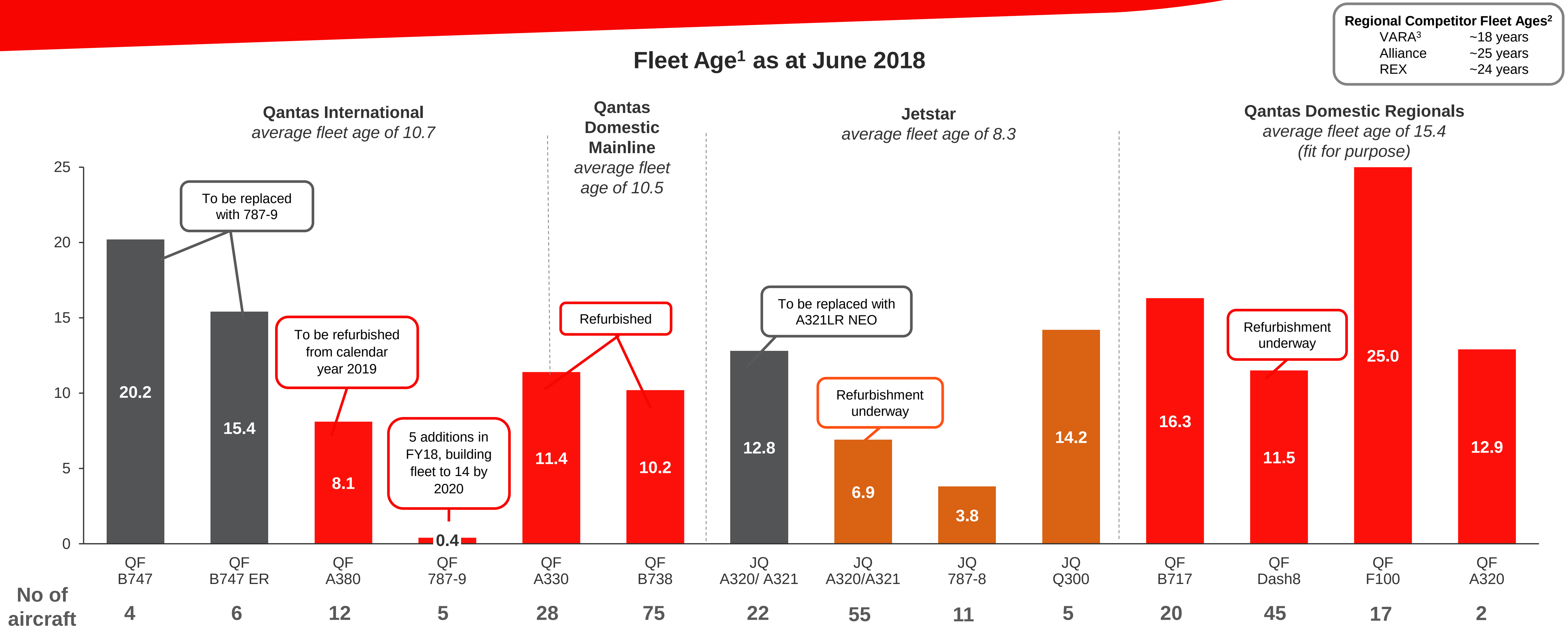
Fleet at 30 June 2018

Aircraft Type	FY18	FY17	Change
A380-800	12	12	-
747-400	4	5	(1)
747-400ER	6	6	-
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
B787-9	5	-	5
Total Qantas	**130**	**126**	**4**
717-200	20	20	-
Q200/Q300	14	14	-
Q400	31	31	-
F100	17	17	-
A320-200	2	-	2
Total QantasLink	**84**	**82**	**2**
Q300	5	5	-
A320-200[1]	69	71	(2)
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	**93**	**95**	**(2)**
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight[2]	**6**	**6**	**-**
Total Group	**313**	**309**	**4**

- Net addition[3] of 4 aircraft in FY18
  - 5 x 787-9 additions
  - 1 x 747-400 retired August 2017
  - 2 x A320-200 transferred to Network Aviation from Jetstar in March 2018
- Domestic capacity reductions achieved by right-sizing aircraft, optimising capacity to match demand
  - Down-gauge of A330 services to 737-800 services
  - Down-gauge of 737-800 services to 717 services
- International capacity growth enabled through domestic right-sizing and increased cross-utilisation of A330-200 and 737-800 between Qantas International and Qantas Domestic; targeted at growing Asian markets
- Further 3 x 787-9 aircraft deliveries, 1 delivery in August and 2 expected in November, with an additional 6 ordered to accelerate retirement of 747-400s by 2020

1. Includes Jetstar Asia (Singapore) fleet (18 X A320), excludes Jetstar Pacific (Vietnam), Jetstar Japan and short-term leases of 1 x A320-200 aircraft at Jetstar Asia (Singapore). 2. Qantas Group wet leases 2 x B747-400 freighter aircraft and 4 x BAe146 freighter aircraft (not included in the table). 3. Includes purchased and operating leased aircraft.

Fleet Age at 30 June 2018
Flexibility maintained



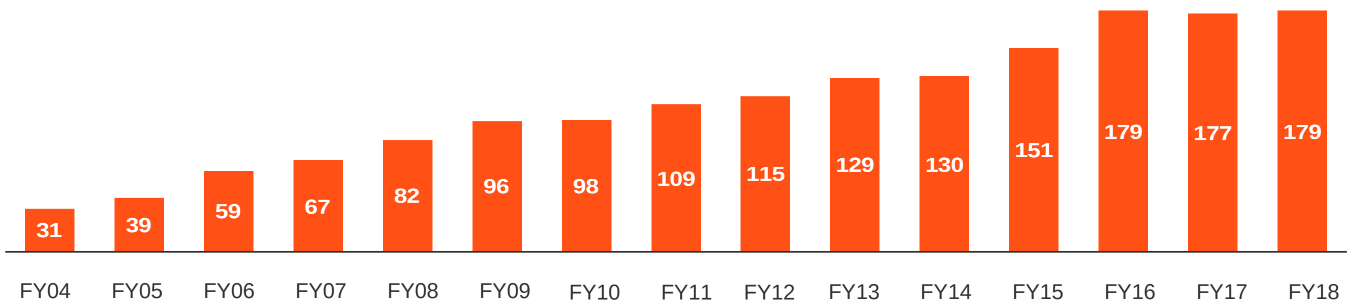
OPTIMAL FLEET AGE AND REPLACEMENT DECISIONS INFORMED BY COMPETITIVE LANDSCAPE AND TECHNOLOGY

1. Average fleet age of the Group's passenger fleet as at 30 June 2018 based on manufacturing date. 2. Source: Airfleet. 3. Virgin Australia Regional Airlines.

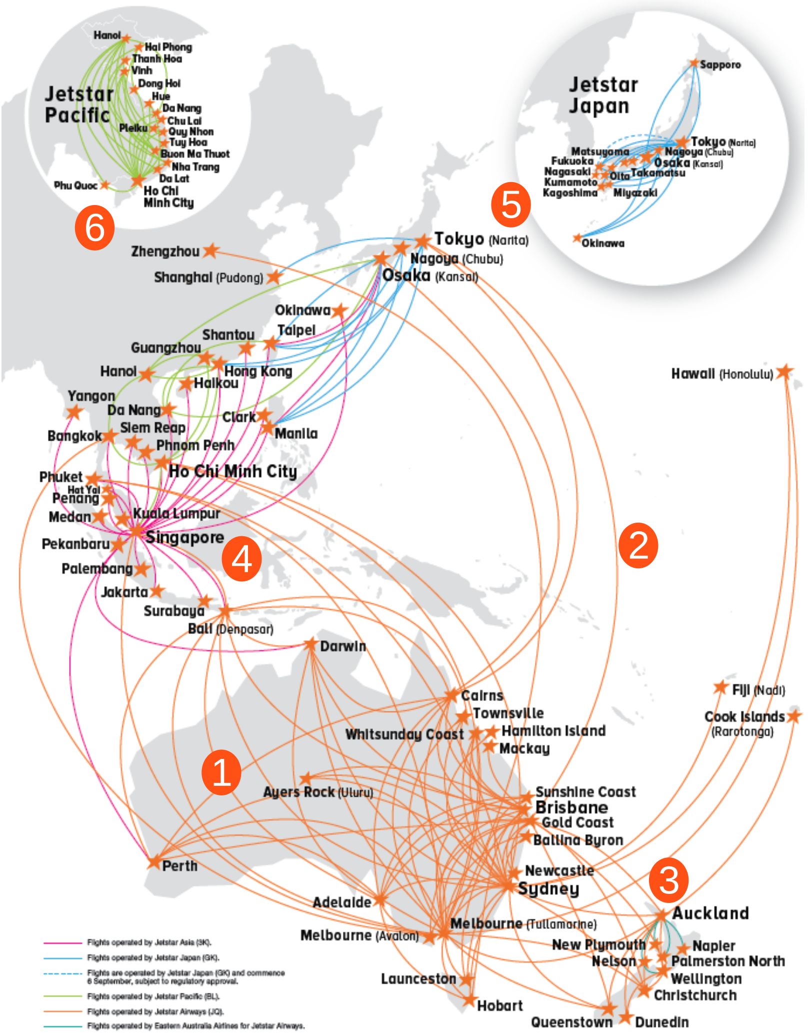
Supplementary Segment Information

Jetstar Group

Jetstar Group – Network of Routes[1]



BUSINESS	OWNERSHIP[2]	LAUNCH	AIRCRAFT[3]
1 Jetstar Australia	100%	2004	52 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand[4]	100%	2009	8 x A320s 5 x Q300s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	22 x A320s
6 Jetstar Pacific (Vietnam)[5]	30%	2008	17 x A320s



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

Jetstar in Asia

- All Jetstar-branded airlines in Asia[1] profitable
  - Jetstar Japan earnings[2] continue to improve with leading domestic LCC position[3] and maturing international network
  - Jetstar Asia remains profitable[2] in competitive market with leading OTP and strong brand; Network restructure to focus on key leisure markets; Strategically positioned for Qantas hub change to Singapore
  - Jetstar Pacific earnings[2] improved[4] as Vietnam capacity stabilised; operating in one of the fastest growing South East Asia economies[5]
- Maintaining network agility to leverage China tourism growth[6] across all Jetstar markets and refine schedule in rising fuel environment
- Interconnectivity across Asia between all Jetstar Group airlines in Australia, New Zealand, Japan, Singapore and Vietnam

56 Asian destinations[7]

11 new routes[7]

~100 services per week to China[8]

MAXIMISING EXISTING OPPORTUNITIES WHILE POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD[6]

1. Jetstar-branded airlines in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). 2. Underlying EBIT. 3. Measured as percentage of market share based on ASKs. Source: Diio Mi. Japanese Low Cost Carrier (LCC) includes Jetstar Japan, Vanilla Air, Peach Aviation and Spring Airlines Japan. 4. Compared to FY17. 5. Based on actual and forecasted real GDP growth 2016-2019. Source: OECD, Economic Outlook for Southeast Asia, China and India 2018. 6. Source IATA 20-Year Passenger Forecast 2018. 7. Across Jetstar Group airlines in FY18. 8. Flights per week to China and its territories including charters. Source: Diio Mi Weekly Report.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT FLYER
BUSINESS REWARDS

- 7.1% growth in credit card portfolio versus market decline of 3.8%[1]
- >140 new Coalition partners; FY18 joins included Red Energy, Luxury Escapes and True Value Solar
- Continued growth in air redemptions[2] – access to an additional 900,000 scheduled services in the Classic engine through partnerships
- 27% growth in QBR[3] membership with >200,000 SME members who can earn points across all major business spend categories

QANTAS INSURANCE

- >15% growth[2] in customer joins; >$70m in premiums sold in FY18
- 345k app downloads and >300b steps taken since launch

QANTAS MONEY

- >3b points earned on the Premier credit card products since launch; >100k app downloads
- Qantas Premier credit cards contributing to the credit card portfolio growth versus market[1]
- Nearly $4bn loaded on Qantas Travel Money[4]

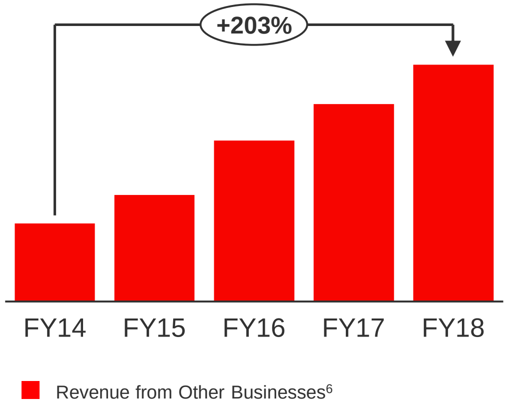
QANTAS SHOPPING

- My Card Offers launched and Online Mall now has more than 120 partners
- Qantas Wine[5] revenue growth of 33% in FY18[2]

RED PLANET.

- Developing external partner base while underpinning growth in internal digital marketing platforms
- Supporting enhanced personalisation capabilities across the Group – current trials in market

Diversifying revenue outside of core frequent flyer program



LEADERSHIP IN CUSTOMER ADVOCACY IN AIRLINE LOYALTY PROGRAMS[7]

1. Based on number of credit card accounts with interest free periods. Market growth calculated including Qantas' contribution to market. Based on June 2018 compared to June 2017. Source: RBA credit and card charges statistics. 2. Compared to FY17. 3. Qantas Business Rewards. Compared to June 2017. 4. Previously known as Qantas Cash. From launch on 29 August 2013 to 30 June 2018. 5. Previously known as Qantas Epiqure. 6. Other Businesses includes Qantas Insurance, Qantas Money, Qantas Group Accommodation, Qantas Wine, Red Planet and Taylor Fry. 7. Qantas Internal reporting.

Glossary

Available Seat Kilometres (ASK) – Total number of seats available for passengers, multiplied by the number of kilometres flown

Capital expenditure (Capex) – Net investing cash flows included in the Consolidated Cash Flow Statement (excluding aircraft operating lease refinancing) and the impact to Invested Capital from acquiring or returning operating leased aircraft

CPI – Consumer Price Index

EBIT – Earnings before interest and tax

EPS – Earnings per share. Statutory profit after tax divided by the weighted average number of issued shares, rounded to the nearest cent.

Fixed assets - Sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale

FX – Foreign exchange

GDP – Gross domestic product

Invested Capital – Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including capitalised operating lease assets

LCC – Low Cost Carrier

Net debt – includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities

Net free cash flow – Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing)

Net on balance sheet debt – Interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents

Net Working capital – Net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale

NPS – Net promoter score. Customer advocacy measure

Operating Margin – Underlying EBIT divided by Total Revenue

OTP – On time performance. Measured as departures within 15 minutes of scheduled departure time

PBT – Profit before tax

QBR – Qantas Business Rewards

QFF – Qantas Frequent Flyer

Return on Invested Capital (ROIC) – ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital

Revenue Passenger Kilometre (RPK) – Total number of passengers carried, multiplied by the number of kilometres flown

Seat factor – Revenue passenger kilometres divided by available seat kilometres

SME – Small to medium enterprise

Ticketed passenger revenue – Uplifted passenger revenue included in Net Passenger Revenue

Total Unit Cost – Underlying PBT less ticketed passenger revenue per available seat kilometre (ASK)

Unit Revenue – Ticketed passenger revenue per available seat kilometre (ASK)

Utilisation – Average block hours per aircraft per day

WACC – Weighted average cost of capital calculated on a pre-tax basis

Disclaimer & ASIC Guidance

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

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This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 23 August 2018, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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