Qantas Airways Limited
1H16 Results

Supplementary Presentation

23 February 2016

ASX: QAN

US OTC: QABSY

Group Performance

Key Metrics

KEY GROUP FINANCIAL METRICS	1H16	1H15	VLY%[5]
Underlying PBT[1] ($M)	921	367	>100
Statutory profit before tax ($M)	983	289	>100
Statutory earnings per share (c)	31.9	9.2	>100
12 Month ROIC (%)	22.8	4.1	18.7pts
6 Month Year to Date ROIC (%)	13.1	6.6	6.5pts
Revenue ($M)	8,463	8,058	5.0
Transformation benefits realised to date ($M)	1,359	578	>100
Operating cash flow ($M)	1,373	703	95.3
Net free cash flow ($M)[2]	770	194	>100
Unit Revenue (RASK)[3]	8.46	8.30	2.0
Ex-fuel unit cost[4] (c/ASK)	(4.93)	(4.95)	0.4
Available Seat Kilometres (ASK) (M)	74,650	71,936	3.8
Revenue Seat Kilometres (RPK) (M)	60,652	57,575	5.3

1. Underlying Profit Before Tax (PBT) is a non-statutory measure and is the primary reporting measure used by the Qantas Group's 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 Group. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each operating segment and Qantas Group. All line items in the 1H16 Results Presentation are reported on an Underlying basis. Refer to Supplementary Slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Net free cash flow is operating cash flows less investing cash flows (excl aircraft operating leases refinancing). Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or distributions to shareholders. 3. Unit revenue is calculated as ticketed passenger revenue per ASK. 4. Comparable ex-fuel unit cost is calculated as Underlying PBT less ticketed passenger revenue and fuel, adjusted for the impact of changes in discount rates, changes in foreign exchange rates, changes in block codeshare flying arrangements and share of net proft/loss of investments accounted for under the equity method per ASK. Refer to Supplementary Slide 11 for further detail. 5. Variance to last year. Favourable variances are reported in green.

Underlying Income Statement Summary

$M	1H16	1H15	VLY[2] %	
Net passenger revenue	7,307	6,947	5.2	Unit revenue improvement of 2% driven by network optimisation across the domestic and international markets and capacity growth from increased aircraft utilisation
Net freight revenue	458	485	(5.6)	Freight fuel surcharge reductions and decline in international air freight demand.
Other revenue	698	626	12	Qantas Loyalty revenue growth including strong contribution from adjacent businesses and Qantas Frequent Flyer store
Revenue	**8,463**	**8,058**	**5.0**	
Operating expenses (excluding fuel)	4,877	4,615	5.7	Increased flying activity, unfavourable FX impact and CPI, partially offset by Qantas Transformation benefits
Fuel	1,716	2,164	(21)	Reduction in AUD fuel price[2] of 22%; increased activity largely offset by fuel efficiency gains
Depreciation and amortisation	585	538	8.7	Delivery of 3 x 787-8 aircraft in 1H16, investment in A330 and B738 reconfigurations
Non-cancellable aircraft operating lease rentals	254	241	5.4	Negative impact of lower AUD on USD-denominated lease payments
Underlying EBIT	**1,031**	**500**	**>100**	
Net finance costs	(110)	(133)	(17)	Lower interest rates, reduction in net debt and lower cash holdings
Underlying PBT[1]	**921**	**367**	**>100**	

1. Underlying Profit Before Tax (PBT) is a non-statutory measure and is the primary reporting measure used by the Qantas Group's 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 Group. All line items in the 1H16 Results Supplementary Presentation are reported on an Underlying basis. Refer to Supplementary Slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Net price movements after hedging.

Other Items Not Included in Underlying PBT[1]

$M	1H16	1H15	
Total ineffectiveness of and non-designated derivatives relating to other reporting periods	14	31	
Transformation costs	48	42	Redundancy, restructuring and other costs as part of the $2b Qantas Transformation program
Net gain on disposal of property, plant and equipment	(201)	-	Gain on sale of Sydney Airport Terminal Three, announced in August 2015
One-off employee bonus	67	-	Progress to date of one-off five percent bonus to employees who have agreed to 18-month pay freeze
Net gain on sale of investments in controlled entities	-	(12)	
Other	10	17	
Total other items not included in Underlying PBT	**(62)**	**78**	

1. 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 Statutory PBT

$M	1H16				1H15			
	Underlying[1]	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory	Underlying[1]	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory
Net passenger revenue	7,307	-	-	7,307	6,947	-	-	6,947
Net freight revenue	458	-	-	458	485	-	-	485
Other revenue	698	-	-	698	626	-	-	626
Revenue	**8,463**	**-**	**-**	**8,463**	**8,058**	**-**	**-**	**8,058**
Operating expenses (excl fuel)	4,877	-	(76)	4,801	4,615	5	47	4,667
Fuel	1,716	13	-	1,729	2,164	26	-	2,190
Depreciation and amortisation	585	-	-	585	538	-	-	538
Non–cancellable aircraft operating lease rentals	254	-	-	254	241	-	-	241
Expenses	**7,432**	**13**	**(76)**	**7,369**	**7,558**	**31**	**47**	**7,636**
EBIT	**1,031**	**(13)**	**76**	**1,094**	**500**	**(31)**	**(47)**	**422**
Net finance costs	(110)	(1)	-	(111)	(133)	-	-	(133)
PBT	**921**	**(14)**	**76**	**983**	**367**	**(31)**	**(47)**	**289**

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the Qantas Group's 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 Group. Underlying PBT is derived by adjusting Statutory PBT for the impact of ineffectiveness and non-designated derivatives relating to other reporting periods and certain other items which are not included in Underlying PBT.

Revenue Detail

Net passenger revenue up 5%

- Group unit revenue improved 2%
- Network optimisation across domestic and international, additional flying activity with the introduction of new routes and seasonal flying
- Favourable impact of FX

Net freight revenue down 6%

- Conclusion of favourable Australian air Express legacy agreements
- Fuel surcharge reductions
- Decline in international air freight demand

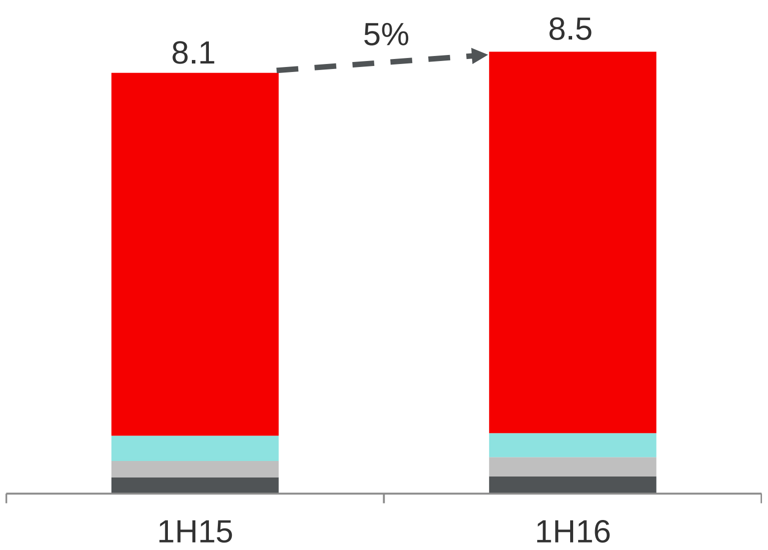
Frequent flyer redemption, marketing, store and other revenue up 18%

- Growth of Loyalty adjacent businesses, including Red Planet
- Acquisition of Taylor Fry in February 2015
- 6% growth in Qantas Frequent Flyer membership
- Growth in redemption revenue

Revenue from other sources up 5%

- Increased Qantas Club revenue
- Reduced third party catering revenue

Revenue ($B)



	1H15	Change	1H16
RPKs (m)	57,575	5.3%	60,652
ASKs (m)	71,936	3.8%	74,650

Expenditure Detail

Fuel costs down 21%

- 22% reduction in effective AUD fuel price[1]
- Improvement in fuel efficiency from Qantas Transformation fuel initiatives

Manpower and staff-related up 5%

- 3.8% increase in flying activity; cabin crew recruitment
- Growth of Qantas Loyalty business headcount
- Growth of Jetstar Group
- Benefits from workplace agreements with 18-month wages freeze in place

Aircraft operating variable costs up 5%

- 3.8% increase in flying activity
- Impact of lower AUD on ex-fuel foreign-denominated expenses
- Offset by Qantas Transformation initiatives

Depreciation and amortisation costs up 9%

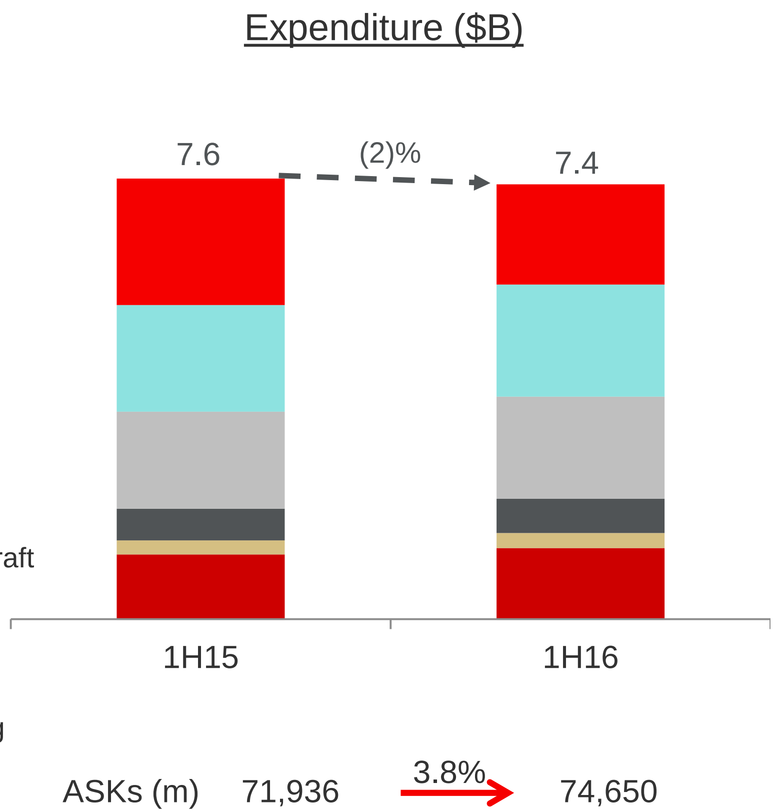
- Delivery of B787-8 aircraft
- Refinancing of aircraft out of operating leases to unencumbered owned aircraft
- Reconfiguration of A330 and B738 aircraft

Lease rental expense up 5%

- Impact of lower AUD on USD-denominated leases
- Partially offset by a reduction in aircraft operating leases through refinancing

Other expenditure up 7%

- Commission and selling costs, marketing and advertising activity
- Growth in Loyalty with increased redemption costs and growth of adjacent businesses



Note: All expenditure is presented on an Underlying basis which excludes hedge effectiveness relative to other reporting periods and other items not included in Underlying PBT. 1. Net price movements after hedging.

Cash Flow

$M	1H16	1H15	VLY %
Operating cash flows	1,373	703	95
Investing cash flows (excluding aircraft operating lease refinancing)	(603)	(509)	(18)
Net free cash flow[1]	**770**	**194**	**>100**
Aircraft operating lease refinancing	(587)	-	>(100)
Financing cash flows	(807)	(320)	>(100)
Cash at beginning of period	**2,908**	**3,001**	**(3)**
Effects of FX on cash	7	17	(59)
Cash at end of period	**2,291**	**2,892**	**(21)**

- Strong operating cash flows of $1.4 billion
  - Includes $185m future income deferred on balance sheet from the sale of Sydney Airport Terminal Three
- Net cash capital expenditure (excluding refinancing of aircraft operating leases) of $603m[2]
  - Includes $350m proceeds from the sale of Sydney Airport Terminal Three
- $587m related to refinancing of 24 aircraft out of operating leases
- $770m net free cash flow[1]
- $505m return of capital to shareholders and $227m repayment of borrowings

1. Net free cash flow – operating cash flows less investing cash flows (excl aircraft operating lease refinancing). Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or distributions to shareholders. 2. When adjusted for the notional value of operating lease aircraft disposals/acquisitions ($113m), net capital expenditure is $490m.

Invested Capital Calculation

Invested Capital ($M)	1H16	FY15	1H15
Receivables (current and non-current)	967	1,093	1,199
Inventories	337	322	306
Other assets (current and non-current)	459	424	185
Investments accounted for using the equity method	193	134	157
Property, plant and equipment	11,578	10,715	10,787
Intangible assets	837	803	740
Assets classified as held for sale	88	136	171
Payables	(1,944)	(1,881)	(1,995)
Provisions (current and non-current)	(1,134)	(1,213)	(1,245)
Revenue received in advance (current and non-current)	(4,910)	(4,943)	(4,589)
Capitalised operating leased assets[1]	2,537	3,100	3,284
Invested Capital	**9,008**	**8,690**	**9,000**

Average Invested Capital[2]	**8,986**	**8,886**	**9,296**

- Refinanced 24 operating leased aircraft to unencumbered owned aircraft[3]
  - Decrease in capitalised operating leased assets
  - Increase in property, plant and equipment
- Immaterial impact on total Invested Capital

1. Capitalised operating leased assets are initially measured at fair value at lease commencement date (translated to Australian dollars) and subsequently depreciated in accordance with the Group's accounting policies for owned aircraft. The calculated depreciation is reported as 'Notional Depreciation' in the determination of ROIC EBIT. 2. Equal to the six month average of monthly Invested Capital. 3. Transfer of title for 5 out of 24 aircraft to be completed in 2016.

Improvement in Total and Ex-Fuel Unit Cost

- Total Unit Cost improvement driven by reduction in fuel expense
- Ex-fuel unit cost[1] improvement of 0.4% from Qantas Transformation benefits

C/ASK	1H16	1H15	VLY %
Total Unit Cost[2]	**7.23**	**7.79**	**↓ 7.2**
Excluding:			
• Fuel	(2.30)	(3.01)	
• Change in FX rates		0.23	
• Impact of changes in the discount rate	(0.01)	(0.05)	
• Change in block codeshare flying agreements		0.02	
• Share of net profit/(loss) of investments accounted for under the equity method	0.01	(0.03)	
Ex-Fuel Unit Cost[1]	**4.93**	**4.95**	**↓ 0.4**

1. Comparable ex-fuel unit cost calculated as Underlying PBT less ticketed passenger revenue and fuel, adjusted for the impact of changes in discount rates, changes in foreign exchange rates, changes in block codeshare flying agreements and share of net profit/(loss) of investments accounted for under the equity method per ASK. 2. Based on Underlying PBT less ticketed passenger revenue per ASK.

Group Operational Information

Fleet at 31 December 2015

Aircraft Type	1H16	FY15	Change
A380-800	12	12	-
B747-400	5	6	(1)
B747-400ER	6	6	-
A330-200	18	17	1
A330-300	10	10	-
B737-800NG	75	75	-
Total Qantas	**126**	**126**	**-**
Q300[1]	2	-	2
A320-200[3]	71	71	-
A321-200	6	6	-
A330-200	-	3	(3)
B787-8	11	8	3
Total Jetstar[4]	**90**	**88**	**2**
B717-200	18	18	-
Q200/Q300[5]	16	18	(2)
Q400	31	31	-
Total QantasLink	**65**	**67**	**(2)**
F100	14	13	1
Total Network Aviation	**14**	**13**	**1**
B737-300SF	4	4	-
B767-300SF	1	1	-
Total Freight[6]	**5**	**5**	**-**
Total Group	**300**	**299**	**1**

- Net addition of 1 aircraft in 1H16
  - 4 aircraft deliveries:
    3 x B787-8, 1 x F100
  - 1 aircraft retired:
    1 x B747-400
  - 2 aircraft lease returns:
    2 x A330-200[2]
- 5 aircraft movements:
  - 3 x A330-200 (Jetstar to Qantas Domestic)
  - 2 x Q300 (QantasLink to Jetstar New Zealand)

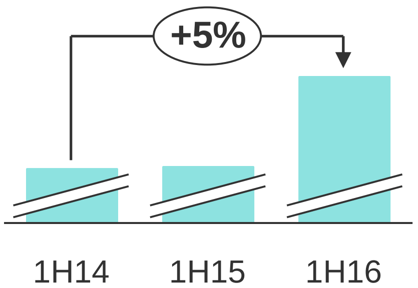
- Net addition of 2 aircraft expected in 2H16
  - Deliveries of 2 x B717-200
- 3 aircraft movements:
  - 3 x Q300 (QantasLink to Jetstar New Zealand)

1. 2 x Q300 wet leased by Jetstar New Zealand from QantasLink. 2. 1 x A330-200 out of service in May 2015, returned to Lessor. 3. 1 x A320 was subleased from Jetstar Japan to Jetstar. 4. Includes Jetstar Asia fleet (18 x A320), excludes Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong. 5. 1 x Q300 was held for sale. 6. Qantas Group wet leases 2 x B747-400 freighter aircraft and 3 x BAe146 freighter aircraft (not included in the table).

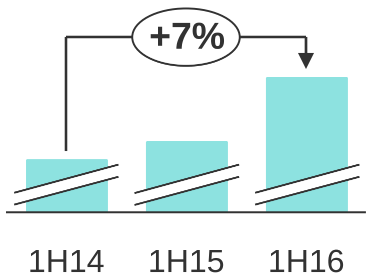
Focus on Utilisation for Cost Efficient Growth

- Qantas Domestic reduced turn times
  - Rollout of dual door boarding
  - Improved cabin baggage management
  - Operating and capital efficiency benefits
- Qantas International retiming of schedules, use of natural ground time for maintenance
  - LAX Hangar operational mid-2016
- Jetstar Domestic and International
  - Increased back-of-clock flying
  - Melbourne Terminal Four efficiency enabling higher frequencies

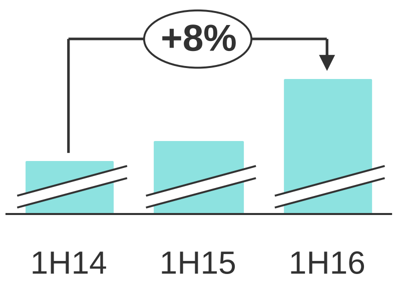
Qantas Domestic Utilisation[1]



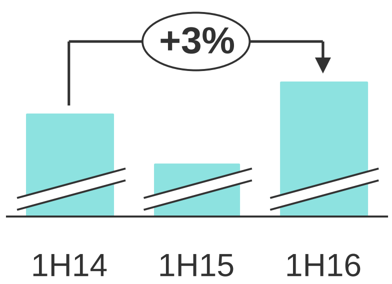
Jetstar Narrowbody Utilisation[1]



Qantas International Utilisation[1]



Jetstar Widebody Utilisation[1]



MAXIMISING RETURN FROM EXISTING GROUP ASSETS

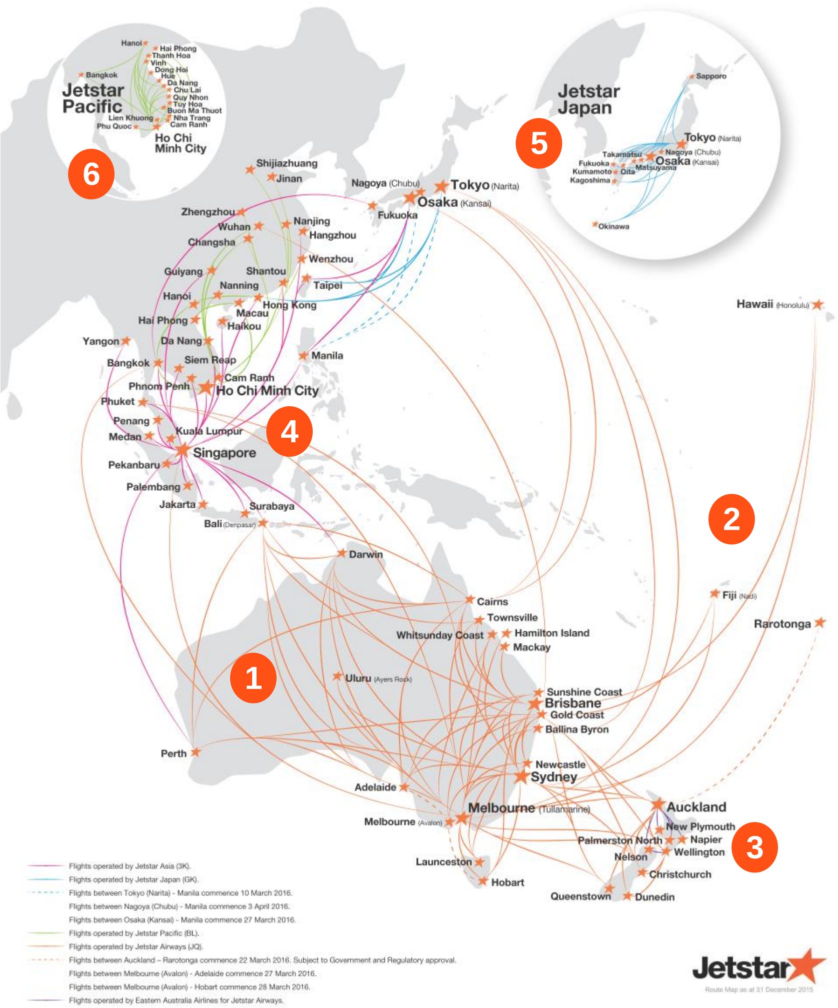
1. Utilisation is calculated as average block hours per aircraft per day.

Supplementary Segment Information

Jetstar Group

Jetstar Group		1H16	1H15	VLY %
Revenue	$M	1,913	1,773	7.9
Underlying EBIT	$M	262	81	>100
Operating Margin[1]	%	13.7	4.6	9.1pts
ASKs	M	24,622	23,591	4.4
RPKs	M	20,234	18,939	6.8
Passengers	'000	11,791	11,261	4.7
Seat factor	%	82.2	80.3	1.9pts

	OWNERSHIP[2]	LAUNCH	AIRCRAFT[3]
1 Jetstar Australia	100%	2004	50 x A320/A321
2 Jetstar International	100%	2006	11 x B787
3 Jetstar New Zealand[4]	100%	2009	9 x A320, 2 x Q300
4 Jetstar Asia (Singapore)	49%	2004	18 x A320
5 Jetstar Japan	33%	2012	20 x A320
6 Jetstar Pacific (Vietnam)[5]	30%	2008	12 x A320/A321



1. Calculated as Underlying EBIT divided by total revenue. 2. As at 31 December 2015, based on voting rights. 3. Aircraft numbers as at 31 December 2015. 4. Jetstar Trans Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009. Jetstar New Zealand (Regional) services commenced December 2015. 5. Jetstar Pacific rebranded in 2008.

Jetstar Domestic

- Record 1H16 result[1] underpinned by strong yield performance
  - 10% unit revenue[2] improvement with strong low fares demand
  - Ancillary revenue per passenger growth of 6% driven by new product, customer data analytics
  - Asset utilisation increase of 6%[3]
- Continuing to leverage fleet size, network and frequency advantage
- Enhanced dual brand co-ordination with Qantas Domestic
- Innovative technology enhancements to improve customer experience i.e. new website, cabin crew ipads, data analytics
  - Full self-service Melbourne Terminal Four opened in November 2015; automated bag drop; 12 dedicated gates (up from 4)

Jetstar Domestic		1H16	1H15	VLY %
ASKs	M	9,750	9,474	2.9
RPKs	M	8,273	7,889	4.9
Passengers	'000	6,962	6,708	3.8
Seat factor	%	84.8	83.3	1.5pts
Destinations	No.	19	19	-

FOCUS ON CUSTOMER EXPERIENCE WITH NEW MELBOURNE TERMINAL AND ROUTES

1. Based on Underlying EBIT. 2. Unit revenue calculated as total passenger revenue per ASK compared to 1H15. 3. Aircraft utilisation calculated as average block hours per aircraft per day compared to 1H15. Based on Jetstar Australia and New Zealand narrowbody aircraft.

Jetstar International

- Record 1H16[1] result despite negative impact of Indonesian volcanoes:
  - B787-8 widebody fleet in place; increased seats, cost benefits and improved customer experience
  - Outbound market demand to Hawaii impacted by lower AUD
- New Zealand regional operations commenced
  - Launch 2 x 50 seat Q-300 aircraft operating to Nelson and Napier in December 2015
  - New Plymouth and Palmerston North routes from February 2016
  - Growing into new capacity, promising initial performance
- Charter operations to Wuhan (China) in Joint Venture with Wanda Group
  - Increasing exposure to growing Chinese tourism market

Jetstar International (excl. Jetstar Asia & Jetstar New Zealand)		1H16	1H15	VLY %
ASKs	M	9,769	9,182	6.4
RPKs	M	7,872	7,174	9.7
Passengers	‘000	1,775	1,655	7.3
Seat factor	%	80.6	78.1	2.5pts
Destinations[2]	No.	23	20	3

Jetstar New Zealand (incl. Domestic and Regional)		1H16	1H15	VLY %
ASKs	M	766	732	4.6
RPKs	M	609	585	4.1
Passengers	‘000	945	903	4.7
Seat factor	%	79.5	79.9	(0.4pts)
Destinations[3]	No.	7	5	2

IMPROVED EFFICIENCIES FROM SINGLE WIDEBODY FLEET TYPE, SUCCESSFUL LAUNCH OF NZ REGIONALS

1. Based on Underlying EBIT. 2. New destinations include Fukuoka, Wuhan (charter) and Townsville. 3. New destinations include Nelson and Napier (Jetstar New Zealand Regional).

Jetstar Asia (Singapore)

- Profitable[1] in 1H16 despite aggressive competitor activity
  - Unit revenue challenged with significant market capacity growth
- Increased network connectivity, leveraging scale of brand
  - Interline partners increased to 25, 3 more planned for 2H16
  - Finnair added as codeshare partner in 1H16
  - New codeshare partners to be added 2H16
- New destinations successfully launched: Palembang, Pekanbaru, Da Nang in South-East Asia and Guiyang in China
- Innovation continuing to enhance customer experience
  - Majority of customers now using self check-in digital platforms[2]

Jetstar Asia		1H16	1H15	VLY %
ASKs	M	4,337	4,203	3.2
RPKs	M	3,480	3,291	5.7
Passengers	‘000	2,109	1,995	5.7
Seat factor	%	80.2	78.3	1.9pts
Destinations	#	27	23	4

FOCUS ON CUSTOMER EXPERIENCE AND SERVICE INNOVATION TO DIFFERENTIATE FROM COMPETITORS

1. Based on Underlying EBIT. 2. Self check-in percentage determined from Navitaire records - based on December 2015 month.

Jetstar Japan

- First time profitable[1] with improvement in all key metrics
  - Strong unit revenue[2] up 6% on 22% capacity growth
  - Ancillary revenue up 12%[3]
  - Controllable unit cost[4] improvement
  - 10% improvement in utilisation[5]
- Largest[6] Japanese LCC with 20 aircraft, 54% market share
  - Launched Taipei routes from Tokyo, Osaka and Nagoya
  - Manila to launch in March 2016, first Japanese LCC to operate Manila - Japan

Jetstar Japan		1H16	1H15	VLY %
ASKs	M	3,002	2,463	22
RPKs	M	2,526	1,843	37
Passengers	'000	2,653	2,146	24
Seat factor	%	84.2	74.8	9.4pts
Destinations	#	13	11	2

SIGNIFICANT GROWTH POTENTIAL IN ATTRACTIVE JAPANESE MARKET WITH LOW LCC PENETRATION

1. Based on Underlying EBIT. 2. Unit revenue calculated as underlying passenger revenue (in local currency) per ASK. 3. Based on ancillary revenue per passenger (in local currency). Calculated as ancillary revenue excluding variable costs, management and branding fee revenue. Compared to 1H15. 4. Controllable unit cost is calculated as Underlying expenses excluding fuel adjusted for changes in foreign exchange rates, and movements in average sector length (in local currency) per ASK. Compared to 1H15. 5. Based on average block hours per aircraft per day compared to 1H15. 6. Based on revenue passenger kilometres of low cost carriers Jetstar Japan, Peach, Vanilla and Spring. Source: JCAB Data, April 2015-September 2015 period.

Jetstar Pacific (Vietnam)

- Strong growth in network with fleet increase to 12 aircraft
  - Domestic: 6 new routes plus additional frequencies
  - International: Hong Kong added, expansion of Chinese charter program
- Significant competitor capacity growth expected in short-term
  - High 1H16 market capacity growth of 31%[1]
- Implementing dual brand strategy with Vietnam Airlines
  - Leveraging Qantas Group expertise and intellectual property

Jetstar Pacific		1H16	1H15	VLY %
ASKs	M	1,975	1,333	48
RPKs	M	1,649	1,177	40
Passengers	‘000	2,033	1,413	44
Seat factor	%	83.4	88.3	(4.9)pts
Destinations	#	23	13	10

IMPLEMENTING DUAL BRAND STRATEGY WITH PARTNER VIETNAM AIRLINES FOR LONG-TERM SUCCESS

1. Based on number of sectors including charter services. Source: Civil Aviation Administration of Vietnam.

Qantas Loyalty

- 11.2 million members – 6% growth
- 93,000 Aquire members – 93% growth[1]
- Growth in member redemptions
  - +7% Qantas International Classic redemptions[1]
  - +17% Qantas International Upgrade redemptions[1]
  - +15% points redeemed in the Qantas Store[1]
- Strong value proposition for members and business partners
  - QFF co-branded credit cards generating 35% of total Australian credit card spend[2]
  - Attracting new partners (Vodafone) with differentiated offers
  - Extension of Woolworths earn relationship
- Strong innovation pipeline for future growth, building on success of adjacent businesses delivered to date

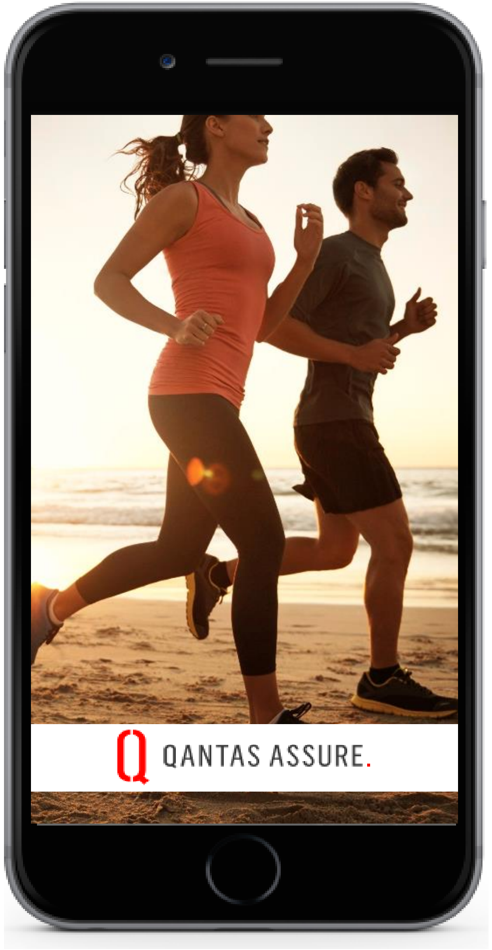
		1H16	1H15	VLY %
Revenue	$M	734	669	9.7
Underlying EBIT	$M	176	160	10
Deferred Revenue Growth[3]	$M	40	68	(41)
Members	M	11.2	10.5	6.3

CONTINUAL IMPROVEMENT OF CORE QFF[4] VALUE PROPOSITION, INNOVATION PIPELINE FOR BREAK-OUT GROWTH

1. Compared to 1H15. 2. Management assessment of total spend on QFF linked cards as a percentage of total consumer credit card annual spend, source - RBA. 3. Deferred revenue growth from 1 July 2015 to 31 December 2015 and 1 July 2014 to 31 December 2014 respectively. 4. Qantas Frequent Flyer.

Qantas Assure

- Health insurance joint venture with nib, combining leading insurance products with distribution reach, marketing and loyalty expertise of Qantas
  - Targeting 2-3 per cent share of Australian private health insurance market on a revenue basis
  - Value shared equally between Qantas and nib
- On track to launch Q4 FY16, offering health insurance to more than 11 million QFF members
  - Intimate understanding of consumer views on wellbeing and insurance, developed through detailed market analysis and research
  - Participating in growing $19b Australian private health insurance market which has been growing at a CAGR of ~7%[1]
  - Wearable technology enables members to be rewarded with Qantas Points for living active lifestyles
  - nib provide health insurance, risk assessment and underwriting capabilities
- Building on travel insurance offering which Qantas already offers to more than half-a-million customers a year



LEVERAGING CUSTOMER INSIGHTS AND DIGITAL CAPABILITIES FOR BREAK-OUT GROWTH

1. Compound Average Growth Rate of ~7% from September 2010 to September 2015. Based on premium. Source APRA as at 16 February 2016.

Overview of Qantas Loyalty Value Chain

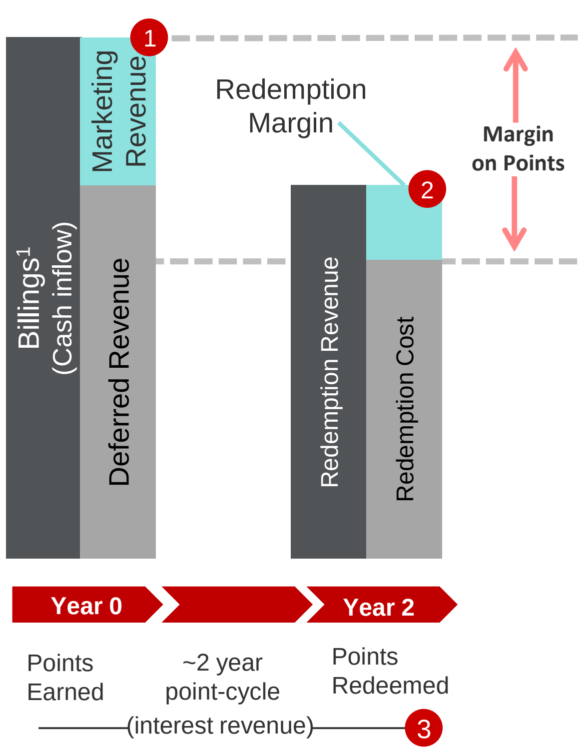
Business Model

Coalition Loyalty

Core earnings stream
(QFF + Aquire)

Adjacent Businesses

Leveraging core to diversify & grow



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Break-out
- Qantas Assure
- Red Planet

Core Innovations
- Taylor Fry
- Qantas Cash
- Qantas Golf
- Qantas epiQure
- Accumulate

Sources of Value

1. **Marketing Revenue:** percentage of price per point recognised upfront for the service Loyalty provides its Earn Partners. An allowance for breakage[2] is factored into the percentage

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

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

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

3. **Working Capital:** interest income on the cash held

4. **Other Revenue:** Income from adjacent businesses, breakout growth and core innovations

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

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

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