

Qantas Group - Positioned for Growth and Sustainable Returns

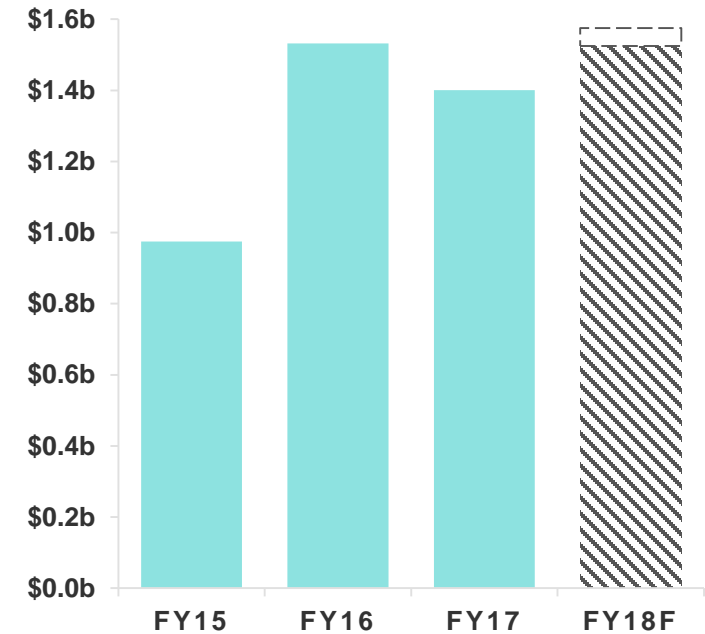
Tino La Spina, Qantas Group Chief Financial Officer
Macquarie Australia Conference 3 May 2018



Third Quarter¹ FY18 Trading Update

- Q3 trading update released 2 May 2018
- Q3 total revenue up 7.5%² to \$4.25b
- Strong Unit Revenue³ performance in both the domestic and international markets
- On track for a record result despite increased fuel costs⁴
- Full Year Underlying Profit Before Tax⁵ guidance range of \$1.55b to 1.60b
- Current on market share buy-back is ~ 50% complete⁶
- Ordered 6 additional 787-9 Dreamliners for delivery by the end of 2020

Underlying Profit Before Tax

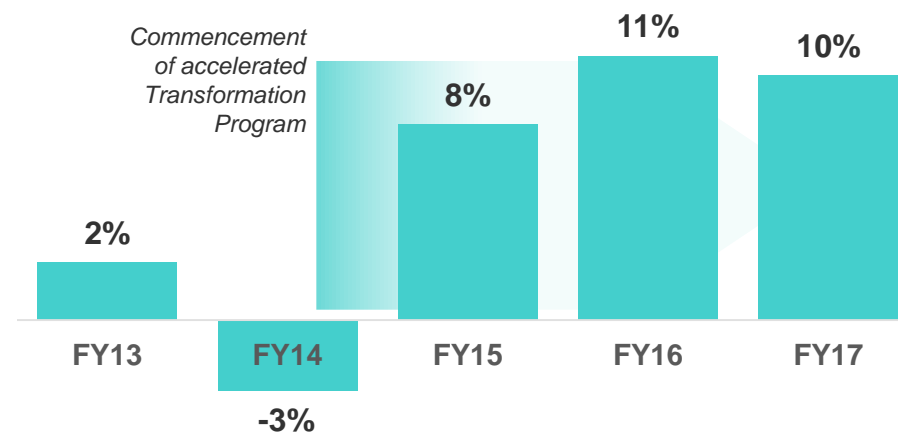


1. Third quarter represents the 3 months ending March 2018. 2. Compared to 3Q17. 3. Unit Revenue (RASK) is calculated as ticketed passenger revenue per ASK. 4. Compared to prior year. 5. Underlying Profit Before Tax is a non-statutory measure and is the primary reporting measure used by the chief operating 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. 6. The on market share buy-back of up to \$378 million announced on 22 February 2018, as at 30 April 2018.

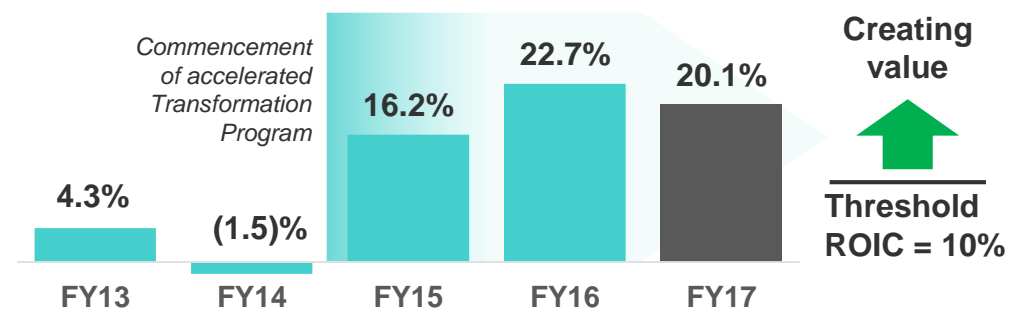
Having Come Through Qantas Transformation, the Group is in a Position of Strength

- ✓ **Return on Invested Capital of >20% (12 months to 31 Dec 2017)**
All segments delivering ROIC >10%
- ✓ **Targeting ongoing transformation gross benefits of \$400m pa**
- ✓ **Strong balance sheet with net debt in target range**
Investment grade credit rating lowering cost of capital
- ✓ **Reinvestment in growth alongside shareholder returns**
On track to return > \$2.6b to shareholders since October 2015
- ✓ **Improved customer advocacy and employee engagement**

Group Operating Margin¹



Return on Invested Capital



1. Group Underlying EBIT divided by Group Total Revenue.

Financial Framework Aligned with Shareholder Objectives

1. Maintaining an Optimal Capital Structure



Minimise cost of capital by targeting a net debt range of \$5.0b to \$6.2b¹

2. ROIC > WACC² Through the Cycle



Deliver ROIC > 10%³ through the cycle

3. Disciplined Allocation of Capital



Grow invested capital with disciplined investment, return surplus capital



MAINTAINABLE EPS⁴ GROWTH OVER THE CYCLE



TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE⁵

Delivering on Our Strategy to Respond to Emerging Global Forces

Understanding the Long-term Context



New Centres of Customer Demand and Geopolitical Influence

Rapid Digitisation and the Rise of Big Data

Shifting Customer and Workforce Preferences

Resource Constraints and Climate Change

Clear Strategic Priorities to FY20



Maximising Leading Domestic Position through Dual Brand Strategy



Building a Resilient and Sustainable Qantas International, Growing Efficiently with Partnerships



Aligning Qantas and Jetstar with Asia's Growth



Investing in Customer, Brand, Data and Digital



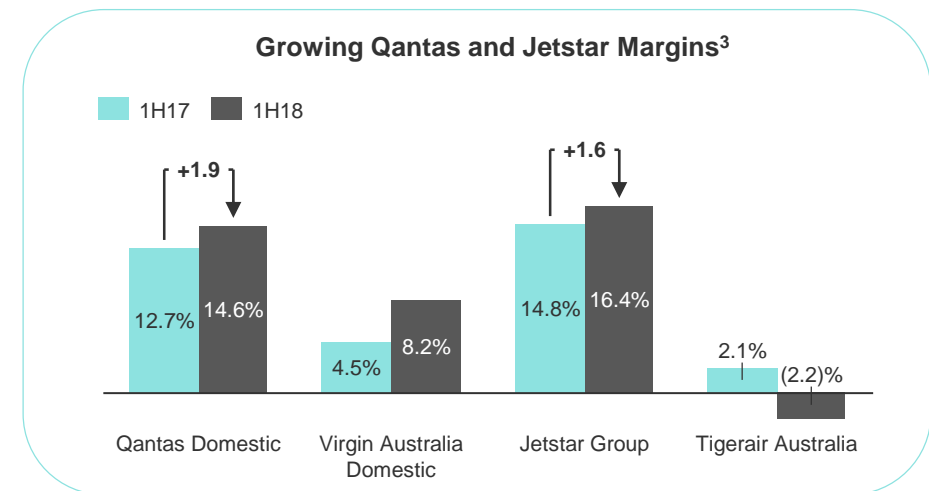
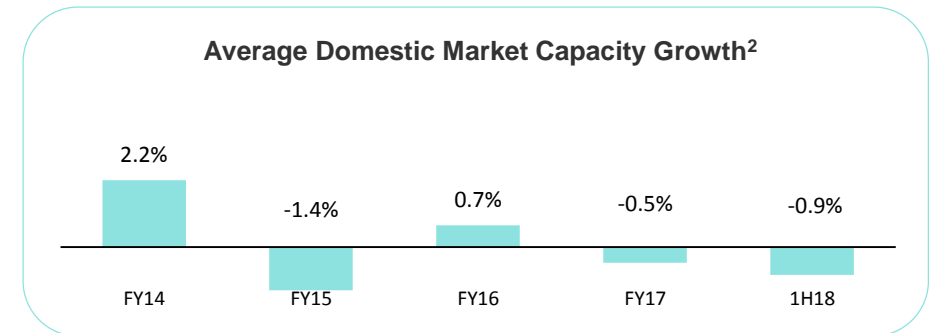
Diversification and Growth at Qantas Loyalty



Focus on People, Culture and Leadership

Maximising our Leading Domestic Position Through Dual Brand Strategy

- Disciplined approach to capacity growth
- Growing margins and maintaining advantage to competitors
- Holding corporate market share, growing SME and leisure
- Extending network and product leadership
- Investing in Wi-Fi, digital customer experience and ancillary product
- Holding stable Group market share with limited fleet growth



TARGETING >80% EBIT⁴ SHARE IN GROWING DOMESTIC AUSTRALIA PROFIT POOL

1. Includes Qantas Domestic and Jetstar Domestic. 2. Compared to prior corresponding year or half year. Source: BITRE capacity data and published schedules. 3. Calculated as Underlying segment EBIT divided by total segment revenue. Competitor operating margins calculated using published data. 4. Underlying EBIT.

Building a More Resilient Qantas International

Fleet Renewal



Network and Hub¹ Evolution



Grow with Asia



Strategic Airline Partnerships



Attracting the High-Yield Customer

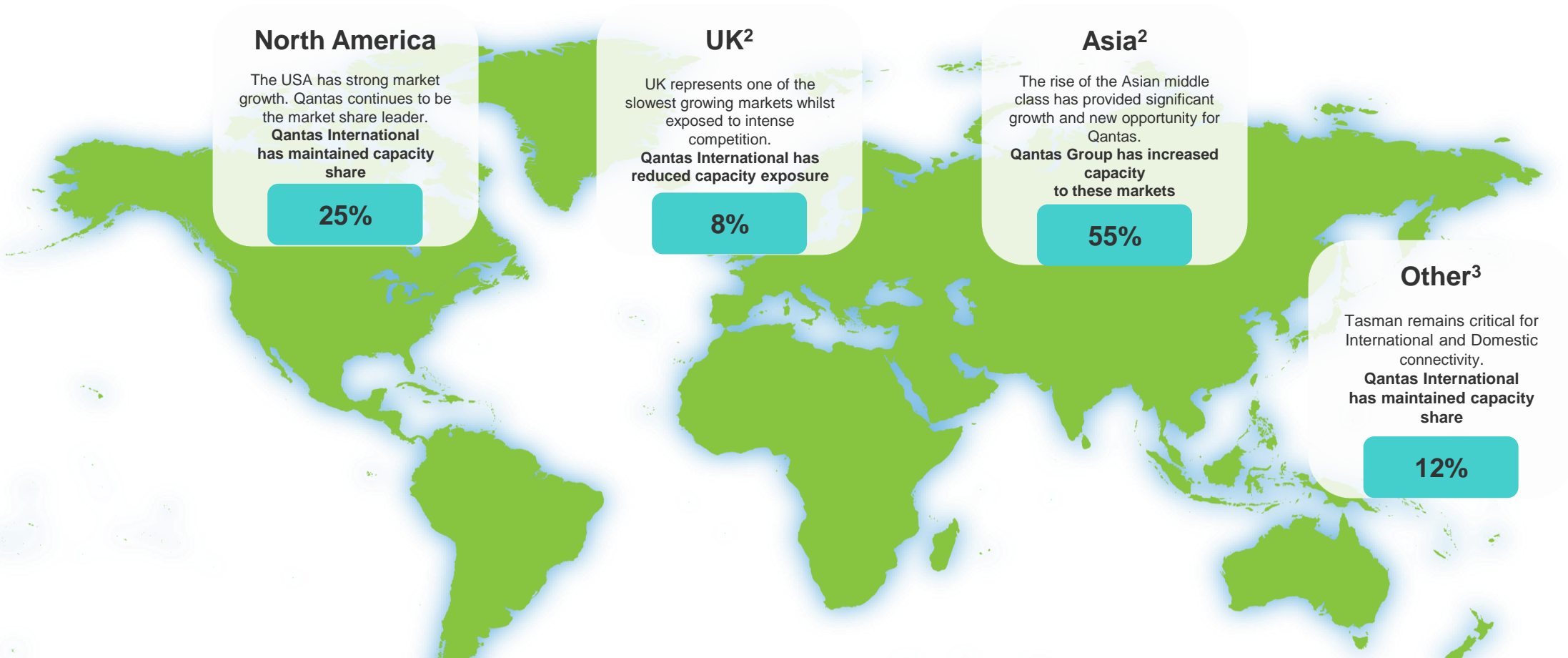


A MORE SUSTAINABLE BUSINESS DELIVERING ROIC > 10%

1. Perth hub and return to Singapore hub commenced in March 2018.

Aligning Qantas and Jetstar with Asia's Growth

FY18 Group International Capacity¹



POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD

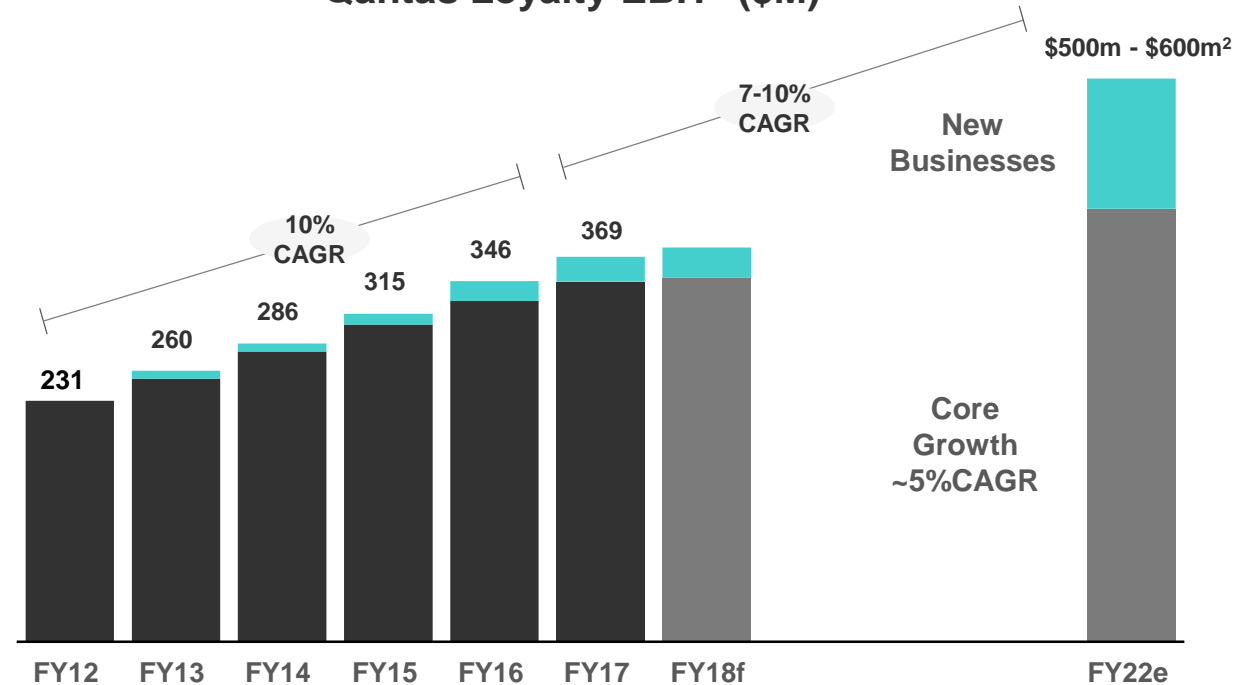
1. Includes Qantas International, Jetstar International, Jetstar New Zealand, Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). Based on Available Seat Kilometres estimated using published schedules. 2. UK ASKs assumes that 50% of ASKs to the mid-point is Asia (i.e. AU-SIN). 3. Includes Tasman, South America, South Africa and Pacific Islands.

Diversification and Growth at Qantas Loyalty

Qantas Loyalty targeting 7-10% CAGR¹ in earnings² through FY22:

- Growing core Qantas Frequent Flyer and Business Rewards with member and partner expansion
- Increasing earnings mix from new businesses following investment in expansion from FY15-FY17
- Diversifying into new customer products across financial services, health and wellness
- Leveraging data and marketing capabilities to develop new external revenue opportunities

Qantas Loyalty EBIT² (\$M)



STRATEGIC INVESTMENT PROVIDES QANTAS LOYALTY WITH A PATH TO DELIVERING \$500-600M EBIT² BY 2022

1. Compound average growth rate. Future growth profiles for New Businesses not expected to be linear. 2. Underlying EBIT.

Investing in Customer, Brand, Data and Digital

Global Lounge Program



Technology-enabled Journeys



Innovative Onboard Product



Award-winning Service



QANTAS CONTINUES TO BE RECOGNISED IN LEADING GLOBAL AIRLINE AWARDS

Focus on People, Culture and Leadership

Engagement



- Top 10 companies to work for in Australia¹
- Ongoing investment in customer service training across Group
- Highest ever employee engagement (80% in 2017)

Diversity



- 35% of senior roles held by women
- Enhanced parental leave, mental health and domestic violence policies
- 2018 Reconciliation Action Plan
- Employee network groups

Leadership and Talent



- Investment in development and training, across-Group careers
- Group-wide succession planning
- Attracting and developing talent for focus on digital economy and Asia

Investment Proposition

Integrated portfolio, stable earnings, financial strength

Domestic Airlines

- Dual brand strategy delivering sustainable margin advantage to respective competitors
- Operating in structurally advantaged market with network, schedule and frequency advantage
- Generating >80% of the profit pool from <2/3 capacity share

Loyalty Business

- High penetration with half the population as members in the program¹
- Customer data insights collected through 30 years of the program
- >35%² market share of credit card spend on a co-branded card
- >17%² share of travel debit card market
- Strong retail partnerships provide everyday earn and redeem options
- Diversified earnings stream from new ventures e.g. Qantas Premier credit cards, Qantas Assure Health and Life insurance
- Strong growth trajectory; Targeting \$500-600m Underlying EBIT by 2022

International Airlines

- Leading two airlines for outbound Australia
- Structurally transformed Qantas International maintains margin advantage to regional competitors
- Jetstar's international airline portfolio well positioned to leverage Asian demand growth
- Growing efficiently through key airline partnerships and alliances
- Strengthening longer term position through introduction of new capability fleet and network and hub restructure

Strong Financial Position

- Investment grade credit rating
- Generating ROIC returns well in excess of WACC
- Disciplined financial framework provides balance sheet strength and industry leading free cash flow
- Track record of shareholder returns; approximately 25% of issued capital bought back³

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 3 May 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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Financial data

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

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