Driving Sustainable Growth

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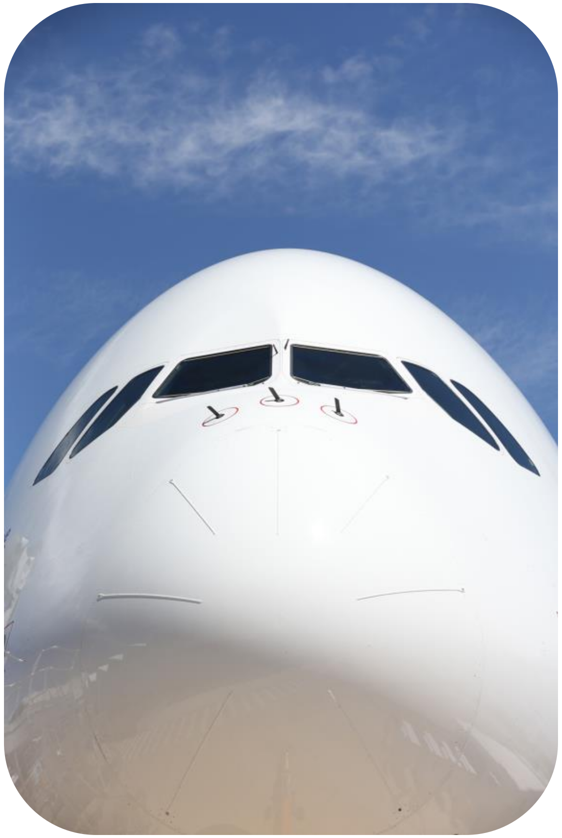
QANTAS

Driving Sustainable Growth

- An integrated Group portfolio for competitive advantage
- Optimal capital structure for growth & shareholder returns
- Embedding a culture of transformation beyond FY17
- Building on leading domestic position through dual brands
- A flexible, cost-efficient approach to growth
- Aligning Qantas and Jetstar with demand growth from Asia
- Strengthening partnerships in key international markets
- Rising inbound tourism with lower AUD
- Leveraging digital & data opportunities for break-out growth



An integrated Group portfolio for competitive advantage

Qantas Domestic

- Leading market position, highest margin carrier in stable domestic market

Qantas International

- Reshaped network & cost base, leveraging utilisation and partnerships for growth

Jetstar Group

- Leading LCC[1] position in domestic and international Australia
- Low level of capital invested in high-potential Asian ventures

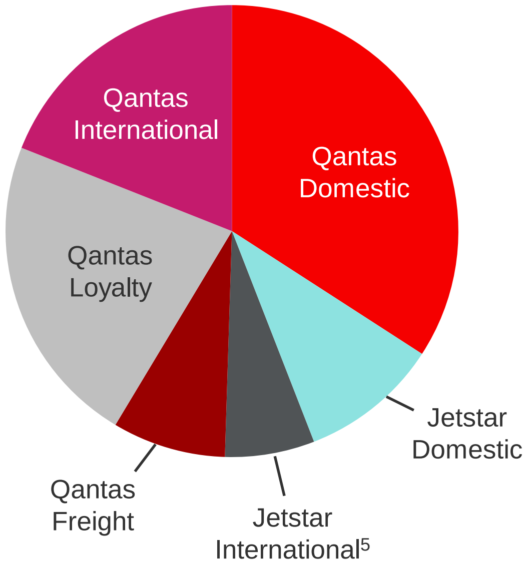
Qantas Loyalty

- Consistent double-digit growth[2] from non-cyclical, highly cash generative business

Qantas Freight

- Domestic capacity share ~85%[3] with unique international traffic rights

FY15 Operating Segment EBIT[4]



PORTFOLIO STRATEGY MAXIMISES GROUP OUTCOMES, GROWTH OF NON-CYCLICAL EARNINGS

1. Low cost carrier. 2. Underlying EBIT (earnings before interest and tax) results compared to prior periods from FY10 to FY15, normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. 3. In FY15, based on available freight tonne kilometres. 4. Underlying EBIT in FY15. 5. Jetstar International includes Domestic New Zealand Operations and Jetstar Asia.

Optimal capital structure for growth and shareholder returns

Maintaining an Optimal Capital Structure

- Minimal refinancing risk
- Diverse funding profile
- No financial covenants
- Short term liquidity >$2b[1]
- Unencumbered asset base valued at >US$3b[2]
- Targeting investment grade credit metrics through the cycle including:
  - FFO / Net Debt[3] > 45%
  - Gross Debt / EBITDA[4] < 4x

Disciplined Capital Allocation

- Reinvestment
  - High hurdles applied to growth
  - Maintain competitive advantages
  - Grow invested capital over time
  - Portfolio approach to reinvestment
- Shareholder returns
  - 23c per share capital return paid Nov-15
  - Well placed to consider returning surplus capital

ALL CAPITAL EXPENDITURE PLANS PREMISED ON MAINTAINING OPTIMAL CAPITAL STRUCTURE

1. Includes cash and revolving credit facilities. 2. Based on AVITAS market values. 3. Calculated using S&P's methodology. 4. Calculated using Moody's methodology.

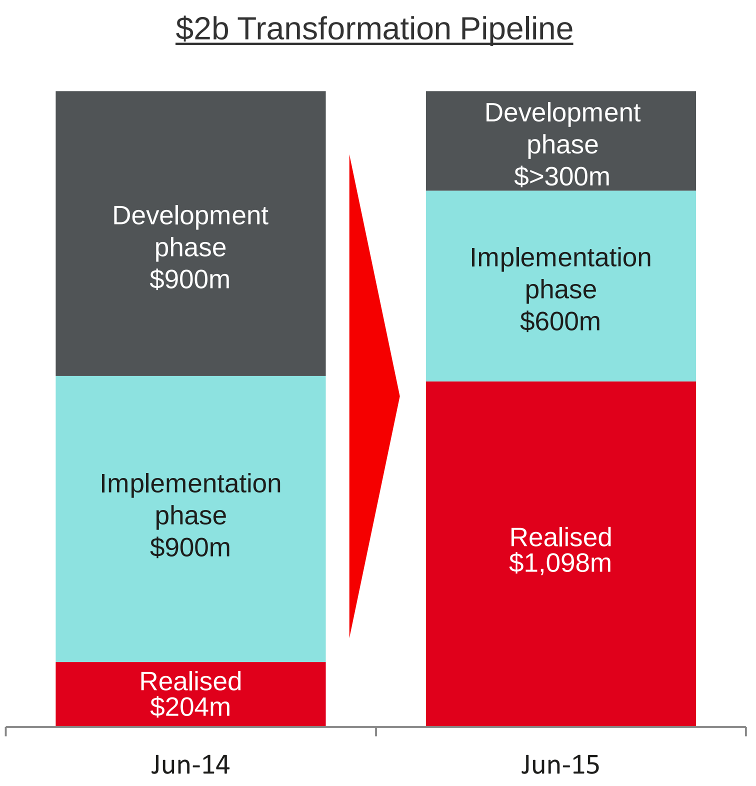
Embedding a culture of transformation beyond FY17

Qantas Transformation outcomes by FY17:

- Group ex-fuel expenditure reduced by 10%[1]
- Qantas Domestic cost gap[2] to competitor closed to within 5%
- Qantas International unit cost comparable to key competitors
- Jetstar lowest seat cost and yield advantage maintained
- Consistent and improved customer experience

Continual transformation agenda beyond FY17:

- Ongoing operational efficiencies through technology and continuous improvement
- Fleet enabled transformation e.g. A320neo (new engine option) and B787-9 replacing older B747s
- Embed transformation culture, capabilities, and processes (e.g. fuel conservation, supplier management)



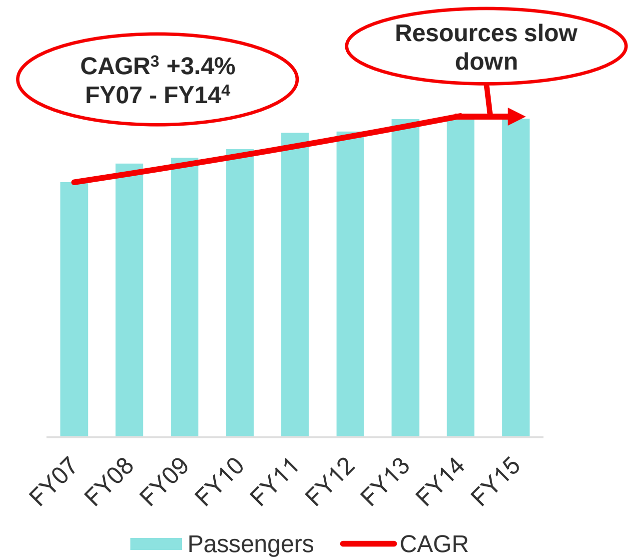
ALL TRANSFORMATION MILESTONES TO DATE MET, HIGH DEGREE OF VISIBILITY FOR REMAINING PIPELINE

1. Target assumes steady FX rates, capacity and sector length. Compared to annualised 1H14 underlying result. 2. Unit cost calculated as Underlying EBIT less passenger revenue per ASK. Qantas Domestic unit cost includes QantasLink. Comparison to competitor refers to Virgin Australia including mainline domestic and regional operations. Virgin Australia's assumed domestic unit cost based on Qantas' internal estimates and published competitor data.

Building on leading domestic position through dual brands

- Qantas Group generating >80% domestic market EBIT from ~63% capacity share[1] (6 consecutive years through FY15)[2]
- Positive long-term outlook in domestic market
  - Improving business and consumer confidence
  - Domestic tourism uplift from lower AUD
- Qantas Group shifting assets to higher-growth areas
  - Resources weakness expected to continue in FY16
  - Growing Qantas & Jetstar on stronger East Coast
- Customer insights informing enhanced matching of brands
  - Dual brand changes to 25 routes since May 2015, similar number of changes to be made by mid-2016

Domestic Market Passenger Growth



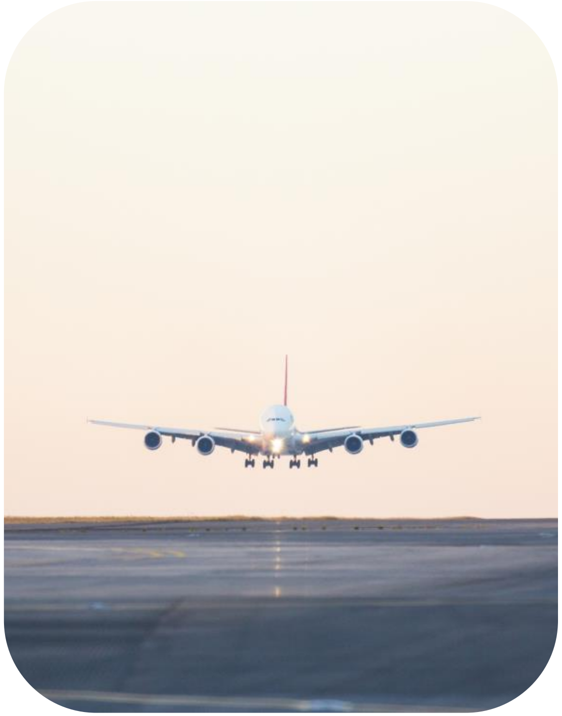
Domestic market passenger growth expected to return to >3% CAGR FY16-FY20[5]

RASK[6] HIGHER AT BOTH QANTAS DOMESTIC AND JETSTAR DOMESTIC FY16 YTD[7] THROUGH OCTOBER

1. FY15 figures from published company reports, BITRE and Qantas assumptions. Capacity data source: BITRE. Rest of market EBIT includes Virgin Domestic Underlying EBIT as reported for FY15 and Tigerair Australia 2H15 Underlying EBIT as reported (breakeven assumed in 1H15). 2. Historical data based on Qantas analysis and assumptions. 3. Compound Average Growth Rate. 4. Source: BITRE. 5. Based on internal analysis. 6. Revenue per available seat kilometre. 7. Year to date.

A flexible, cost-efficient approach to growth

- Increased Group fleet utilisation funding capacity additions
  - Ongoing unit cost[1] reduction from working existing fleet harder
  - Fixed portion of cost base does not rise with increased utilisation
- Jetstar International growth from transition to all-B787 fleet
  - Wide-body fleet size maintained at 11, 10% higher seat count
  - Unit cost reduction from fuel and maintenance efficiency
- Proactive, ongoing review of network and frequencies to optimise revenue
- Qantas International partnering with the right airlines in key markets



QANTAS INTERNATIONAL RASK GROWTH YTD THROUGH OCTOBER LED BY STRONG ASIA PERFORMANCE

1. Cost per available seat kilometre.

Aligning international network with demand growth: Qantas

Optimising US network in joint venture partnership with American Airlines (AA)

- QF SYD-SFO[1] (6 x per week) commencing December 2015
- QF SYD-DFW[2] increased to daily A380 service from April 2016
- QF SYD-LAX[3] reduced to daily from 10 x per week from April 2016
- AA entering SYD-LAX[3] daily from December 2015, AKL-LAX[4] from June 2016
- Net reduction of one Qantas service to mainland US[5]

Total Australia to US seat capacity growth revised to 6% from 9% from April 2016[12]

Meeting increased demand from Asia with more direct services in FY16

- Japan: 2 x daily services (SYD & BNE[6]) recapturing share, growing market
- China: Second SYD-HKG[7] service performing strongly, up-gauging daily A330 MEL – HKG[8] to B747 up to 3 days per week from April 2016
- Singapore: Increased PER-SIN[9] to daily with right aircraft (B737-800)
- Bali: Introduction of seasonal services from December 2015 to meet premium demand
- Evaluating options for increased deployment of 3 per week A330 service in region

QANTAS INTERNATIONAL ROIC[10] >10% IN FY15, EXPECTED TO INCREASE ROIC AND EBIT[11] IN FY16

1. Sydney – San Francisco. 2. Sydney – Dallas Fort Worth. 3. Sydney – Los Angeles. 4. Auckland – Los Angeles. 5. Compared to November 2015 schedule. 6. Sydney & Brisbane 7. Sydney – Hong Kong. 8. Melbourne – Hong Kong. 9. Perth – Singapore. 10. Return on Invested Capital. 11. Underlying EBIT. 12. When compared to November 2015 schedule.

Aligning international network with demand growth: Jetstar

Building Jetstar Group strength to and within Asia

- LCC leadership between Australia and Japan, Bali, key leisure destinations
  - Growing into capacity increase
  - ~80% long haul capacity out of Australia deployed to Asia
- B787-8 providing improved economics and greater flexibility
  - Charter flights between Gold Coast and China
- Growing intra-Asia network with Jetstar branded airlines
  - Deploying dual brand strategy in Japan and Vietnam with partners
  - Jetstar Asia (Singapore) adding code share and interline partners

IMPROVED PERFORMANCE[1] FROM LONG-HAUL AUSTRALIAN OPERATIONS AND ASIAN VENTURES IN FY16 YTD

1. Underlying EBIT.

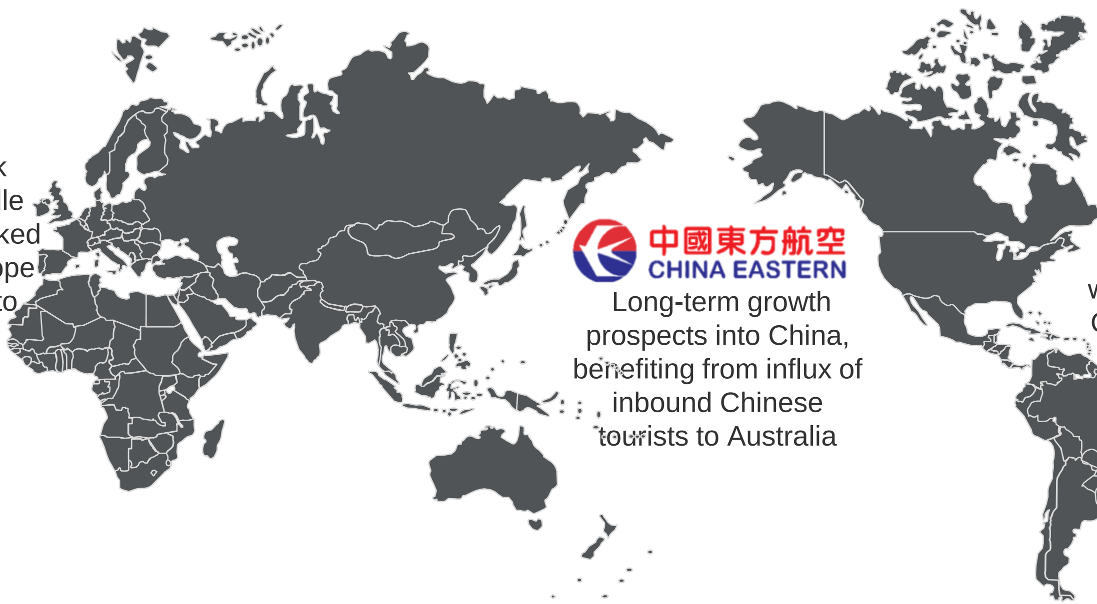
Strengthening partnerships in key international markets

3 CORNERSTONE ALLIANCES CEMENTING QANTAS' LONG-TERM POSITION IN US, EUROPE & CHINA

- Qantas International & Qantas Domestic ROIC being strengthened by airline partners
- Code share uplifts on all partners up +68% on FY13[1]
  - Code share uplifts on Emirates to exceed 1.5m in FY16
- Code share uplifts from all partner airlines on Qantas ~800k vs ~325k in FY13[2]

Emirates

Unrivalled EK[3] network offering to Europe, Middle East, North Africa. De-risked Qantas exposure to Europe with 2 x daily Australia to London services



中國東方航空
CHINA EASTERN

Long-term growth prospects into China, benefiting from influx of inbound Chinese tourists to Australia

American Airlines

Growing Trans-Pacific market with world's largest airline; new Qantas San Francisco service, AA to Sydney & Auckland for enhanced network

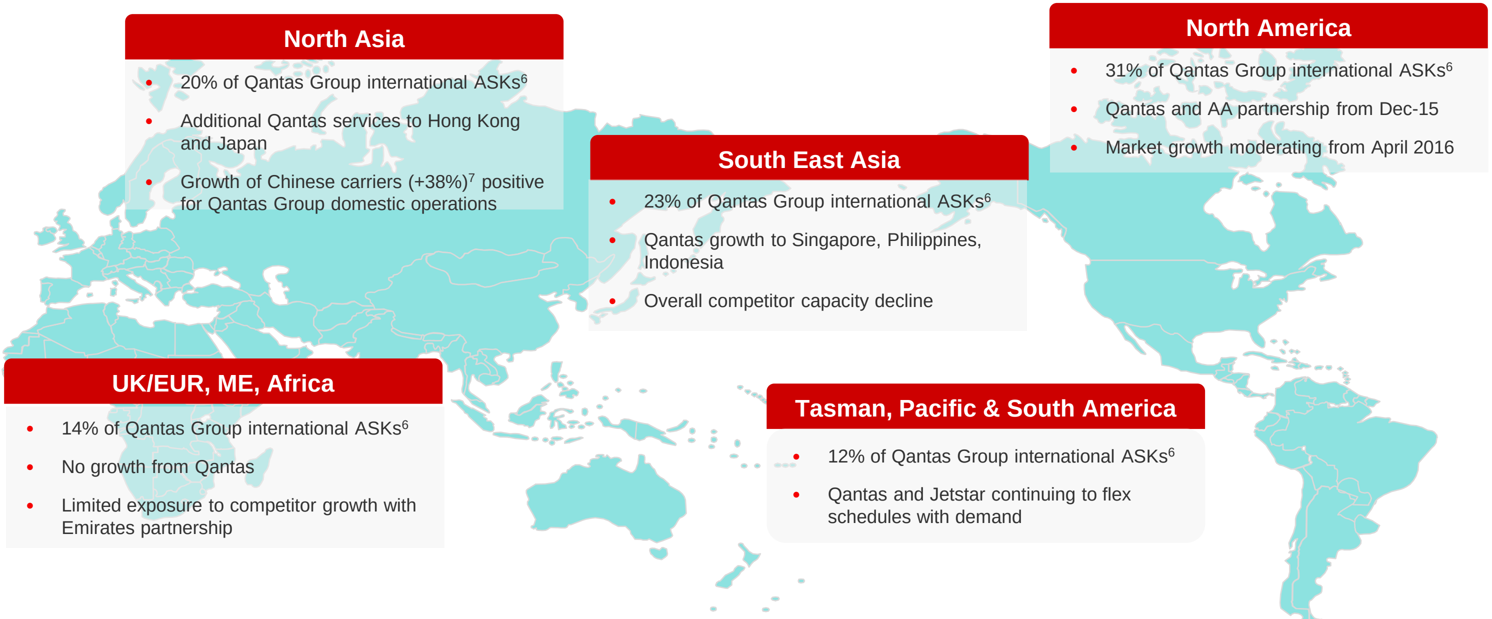
1. FY15 total uplifts on all codeshare partner compared to FY13. 2. Includes Domestic and International Qantas Operations in FY15 compared to FY13. 3. Emirates.

Inbound tourism increasing with lower AUD

Inbound tourism increasing, led by Asia, with lower AUD

- Foreign tourist arrivals forecast to increase 5.9% in FY16, 5.6% in FY17[1]
- US visitor arrivals +8.2% average growth rate per annum FY13 to FY15[2]
- China inbound arrivals +19.7% in September 2015[3]
- China arrivals on track to reach 1m in 2015, with average Chinese tourist flying 2-3 domestic sectors[4]

COMPETITOR CAPACITY GROWTH AT LONG TERM AVERAGE ~4-5% IN FY16[5] vs 44% GROWTH FY09 – FY14



North Asia

- 20% of Qantas Group international ASKs[6]
- Additional Qantas services to Hong Kong and Japan
- Growth of Chinese carriers (+38%)[7] positive for Qantas Group domestic operations

South East Asia

- 23% of Qantas Group international ASKs[6]
- Qantas growth to Singapore, Philippines, Indonesia
- Overall competitor capacity decline

North America

- 31% of Qantas Group international ASKs[6]
- Qantas and AA partnership from Dec-15
- Market growth moderating from April 2016

UK/EUR, ME, Africa

- 14% of Qantas Group international ASKs[6]
- No growth from Qantas
- Limited exposure to competitor growth with Emirates partnership

Tasman, Pacific & South America

- 12% of Qantas Group international ASKs[6]
- Qantas and Jetstar continuing to flex schedules with demand

1. Source: Tourism Research Australia. Tourism Forecast 2015. 2. Short term visitor arrivals to Australia. Source: Australian Bureau of Statistics. 3. Short term visitor arrivals to Australia in September 2015 compared to September 2014. Source: Australian Bureau of Statistics. 4. Based on Qantas internal analysis. 5. Diio Mi published schedules as at October 2015 versus BITRE travelled in FY15. Long term average refers to average growth in total seats compared to prior financial year for FY08 to FY14. Source: BITRE. 6. Forecast Qantas International, Jetstar International and Jetstar Asia ASKs to region in FY16 as a percentage of Total ASKs for Qantas International, Jetstar International and Jetstar Asia. 7. Based on number of seats FY16 compared to FY15. includes

Leveraging digital & data opportunities for break-out growth

UNMATCHED ASSETS & CAPABILITIES

- **50m** passengers annually across Group
- **11m** QFF[1] members
- **28 years** of historical data
- **120k** member consumer research panel
- Data analytics capability with **Taylor Fry**
- **2.5m+** visits to qantas.com / week
- **3.7m+** visits to Jetstar websites / week
- QFF-linked credit cards **~35%** of consumer card spend in Australia[2]

AIRLINE & LOYALTY GROWTH OPPORTUNITIES

Increasing airline segment revenue:

- Network enhancement from customer segmentation
- Investment in direct distribution improvements
- Cross-selling through digital channels
- More personalised customer offering

Break-out growth at Qantas Loyalty:

- Portfolio of growth plays in pipeline
- Innovation to further diversify earnings
  - Tapping global trends, new technology
  - Digitally led, consumer-centric, rich analytics

BREAK-OUT GROWTH PLAYS + NEW QFF PARTNERS TO DRIVE LONG-TERM QANTAS LOYALTY EBIT GROWTH

1. Qantas Frequent Flyer. 2. Annual consumer credit card spend for 2014. Source Reserve Bank of Australia. Total spend on Qantas Frequent Flyer linked card in 2014. Source: internal Qantas Loyalty analysis.

Questions?

QANTAS

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