

ASX/Media Release

QANTAS FREQUENT FLYER ADDS 20 MILLION MORE REWARD SEATS IN ONE OF THE BIGGEST EVER PROGRAM EXPANSIONS

8 April 2024: Qantas Frequent Flyers will have access to over 20 million more reward seats with the launch of Classic Plus Flight Rewards, a new way for members to use their Qantas Points to book flights.

This change is one of the biggest ever expansions of the Qantas Frequent Flyer program in its 35-year history and will make it easier to travel to places like London, Tokyo, New York and Singapore with Qantas Points, even during peak times.

While usually requiring more points than the existing Classic reward seats, Classic Plus will represent some of the best value across the frequent flyer program with much wider availability. Classic Plus reward seats are also eligible for upgrades.

The points required to book Classic Plus reward seats will vary like normal airfares, which means they'll be lower during off-peak periods or when booking early, and higher during peak periods. During sales and promotions, Classic Plus reward seats may drop below a Classic reward seat on the same route (see tables below).

Classic Plus reward seats can be booked from today on Qantas international flights departing Australia for travel from 1 July 2024 exclusively via qantas.com and will be rolled out across the rest of the airline's international and domestic network on Qantas-operated flights by the end of the year.

By the end of calendar year 2024, when Classic Plus has fully launched across the international and domestic network, members will have had access to 20 million new reward seats for travel across the rolling 12-month booking window. There will be a similar level of availability on an ongoing basis.

Qantas Group CEO Vanessa Hudson said frequent flyers have more ways than ever to earn points and a new flight reward option would open up more value for frequent flyers wanting to use their growing points balances on travel.

"The Qantas Frequent Flyer program is an integral part of Qantas and has always been about recognising our customers for their loyalty. We've spent a lot of time listening to members about how we can better reward them," Ms Hudson said.

"We're adding over 20 million new flight rewards with the launch of a new type of reward seat called Classic Plus. It's one of the biggest expansions we've made to the Frequent Flyer program in its 35-year history.

"The growth and success of Qantas Loyalty is driven by engaged members who earn and redeem points across the frequent flyer program, including with our partners, and that's why we're investing in making more seats available to book with points."

Qantas Loyalty CEO Andrew Glance said: "The widespread availability of Classic Plus means that frequent flyers have more options to fly where they want, when they want and more often, using their points.

"The new type of reward seat will usually require more points than the highly sought after existing Classic seats, and will be available to all destinations on the Qantas international and domestic network, across First, Business, Premium Economy and Economy cabins.



“We know how much our members love the existing reward seats and have been booking them in record numbers, so the new Classic Plus product we’re announcing today is over and above our commitment to 5 million Classic reward seats.”

Qantas will continue to offer more than 5 million existing Classic rewards seats across Qantas, Jetstar and 45 partner airlines, with no change to the points required to book these seats since 2019.

This financial year, Qantas will invest \$60 million in more flight rewards for frequent flyers, which included adding 6,000 new premium Classic reward seats to Europe during peak travel times last October.

Financial update

The program changes are expected to deliver a substantial improvement in member engagement and will help drive the long-term growth of Qantas Loyalty as it continues to target \$800 million - \$1 billion Underlying EBIT by FY30.

The Classic Plus product represents approximately \$120 million investment in FY25, excluding benefits from the program. This investment includes the value of displaced seat revenue in the airlines as well as the non-cash impact to fair value assumptions applied to future sale of points in the Loyalty Segment. The combined financial investment will be managed within the existing planned customer investment of \$230 million for FY25. Further detail on financial impacts is available in the attached investor slides.

Following the launch of the new product, Qantas Loyalty is now expected to deliver between \$500 - \$525 million Underlying EBIT in FY24 before returning to growth of ~10 per cent in Underlying EBIT in FY25.

Buy-back

As announced in February, the Group’s on-market share buy-back would commence once details of the Frequent Flyer program changes were finalised. Following today’s announcement the Group confirms the buy-back of up to \$448 million will commence and subject to market volumes is expected to be completed by 30 June 2024.

Qantas Points required to book Classic Plus reward seats (and taxes, fees and carrier charges)

Example Economy fares

Route	Classic		Classic Plus (new)			
			Off-peak period		Peak period	
	One-way	Return	Outbound*	Return	Outbound*	Return
Sydney-Tokyo	31,500 + \$156	63,000 + \$291	47,600 + \$156	109,100 + \$291	83,300 + \$156	147,100 + \$291
Brisbane-Singapore	25,200 + \$138	50,400 + \$291	31,600 + \$138	63,200 + \$291	31,600 + \$138	68,200 + \$291
Sydney-London	55,200 + \$251	110,400 + \$714	65,800 + \$251	130,600 + \$714	65,900 + \$251	191,800 + \$714
Sydney – Nadi (Fiji)	18,000 + \$115	36,000 + \$279	17,500 + \$115	34,800 + \$279	60,700 + \$115	117,100 + \$279

Off peak period: Example fares available for booking as at 5 April 2024 for travel between 10 – 28 February 2025.

Peak period: Example fares available for booking as at 5 April 2024 for travel between 27 September – 13 October 2024 (school holidays).

**Outbound leg of a return fare*



Example Business fares

Route	Classic		Classic Plus (new)			
	One-way	Return	Off-peak period		Peak period	
			Outbound*	Return	Outbound*	Return
Sydney-Tokyo	82,000 + \$206	164,000 + \$391	172,900 + \$311	334,200 + \$601	172,900 + \$311	334,200 + \$601
Brisbane-Singapore	68,400 + \$233	136,800 + \$481	117,800 + \$303	235,400 + \$621	117,800 + \$303	264,900 + \$621
Sydney-London	144,600 + \$461	289,200 + \$1346	276,900 + \$636	553,800 + \$1696	276,900 + \$636	638,900 + \$1696

Off peak period: Example fares available for booking as at 5 April 2024 for travel between 10 – 28 February 2025.

Peak period: Example fares available for booking as at 5 April 2024 for travel between 27 September – 13 October 2024 (school holidays).

**Outbound leg of a return fare*

Example Sale fares

Route		Classic		Classic Plus (new)	
		One-way	Return	Outbound*	Return
Sydney – Nadi (Fiji)	Economy	18,000 + \$115	36,000 + \$279	17,500 + \$115	34,800 + \$279
Melbourne – Auckland	Economy	18,000 + \$169	36,000 + \$254	15,100 + \$169	30,200 + \$254
Melbourne – Auckland	Business	41,500 + \$169	83,000 + \$254	31,800 + \$169	63,400 + \$254
Sydney – Los Angeles	Economy	41,900 + \$222	83,800 + \$372	45,800 + \$222	91,600 + \$372
Sydney – Los Angeles	Premium Economy	81,300 + \$302	162,600 + \$539	110,300 + \$302	225,800 + \$539

Sale fares available for booking as at 5 April 2024 for travel dates between 1 July 2024 – 6 December 2024 (Economy and Business fares between Melbourne – Auckland), 17 July 2024 – 6 December 2024 (Economy fares between Sydney – Nadi), 1 July 2024 – 30 September 2024 (Economy fares between Sydney – Los Angeles) and 8 January 2025 – 26 March 2025 (Premium Economy fares between Sydney – Los Angeles).

**Outbound leg of a return fare*

Frequently Asked Questions

When will Classic Plus reward seats be available to be booked?

From today, Classic Plus reward seats can be booked across one-way or return international Qantas-operated flights departing from Australia for travel from 1 July 2024.

By the end of the calendar year, they'll be available to book and travel on across the full Qantas international and domestic network.

How many Classic Plus reward seats will be available across each flight?

The number of Classic Plus reward seats available on each flight are linked to specific commercial fare classes, which cover the majority of seats on the Qantas domestic and international network.

Once fully rolled out, Classic Plus reward seats will be able to be booked on any flight that has these fare classes available, although they can sell out.



Will Classic Plus reward seats be available on Jetstar or partner airlines?

Classic Plus will only be available across Qantas-operated flights, but frequent flyers can continue to access Classic reward seats across Jetstar and our network of 45 partner airlines.

Are the taxes, fees and carrier charges (TFCCs) the same as Classic reward seats?

For Economy and Premium Economy seats, the TFCCs for Classic Plus reward seats will be the same as Classic reward seats.

For Business and First seats, the TFCCs for Classic Plus reward seats will be higher than Classic reward seats. (See tables above for examples).

Are Classic Plus reward seats upgradable?

Yes – Classic Plus reward seats can be upgraded and, from May 2024, frequent flyers will be able to apply to upgrade their booked Classic Plus Business seats to First, which isn't possible on the existing Classic reward seats.

What's the value per point for a Classic Plus Flight Reward?

It varies between economy and premium cabins with more value on Business and First seats. Following the existing Classic reward seats, Classic Plus reward seats will be one of the best value ways to use points across the program.

Can Classic Plus rewards seats be booked via the contact centres?

No – Classic Plus reward seats can only be booked online via qantas.com.

Will Points Plus Pay still be available to book flights?

Yes – Frequent flyers will continue to be able to use the Points Plus Pay option for flights by selecting a cash airfare and then using the Points Plus Pay slider at the payment screen to choose the mix of points and cash they prefer.

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Authorised for release by the Qantas Group General Counsel and Company Secretary.



Qantas Loyalty

Classic Plus Flight Rewards overview

Qantas Airways Limited
8 April 2024

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US OTC: QABSY



Disclaimer

This Presentation has been prepared for the purpose of providing investors in Qantas Airways Limited (Qantas) with information regarding our Classic Plus Flight Rewards Loyalty product. It contains forward-looking statements and statements of opinion. Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice. Forward looking statements including projections are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

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Classic Plus Flight Rewards overview

~\$120m

Group investment in FY25 excluding benefits from Classic Plus

\$500m – \$525m

Expected Loyalty Underlying EBIT for FY24

~10% growth

Expected growth in Underlying Loyalty EBIT in FY25

\$800m – \$1b

Target Loyalty Underlying EBIT by FY30

Classic Plus is a significant and strategic customer investment that is expected to deliver substantial improvement in member engagement, underpinning confidence in the Loyalty Underlying EBIT Target of \$800m – \$1b by FY30.

Investment

- Represents approximately \$120m of Group investment in FY25, excluding benefits from the program.
- Comprises seat revenue displacement and non-cash impact to fair value assumptions applied to future sale of points (refer to the next slide for further details).

Benefits

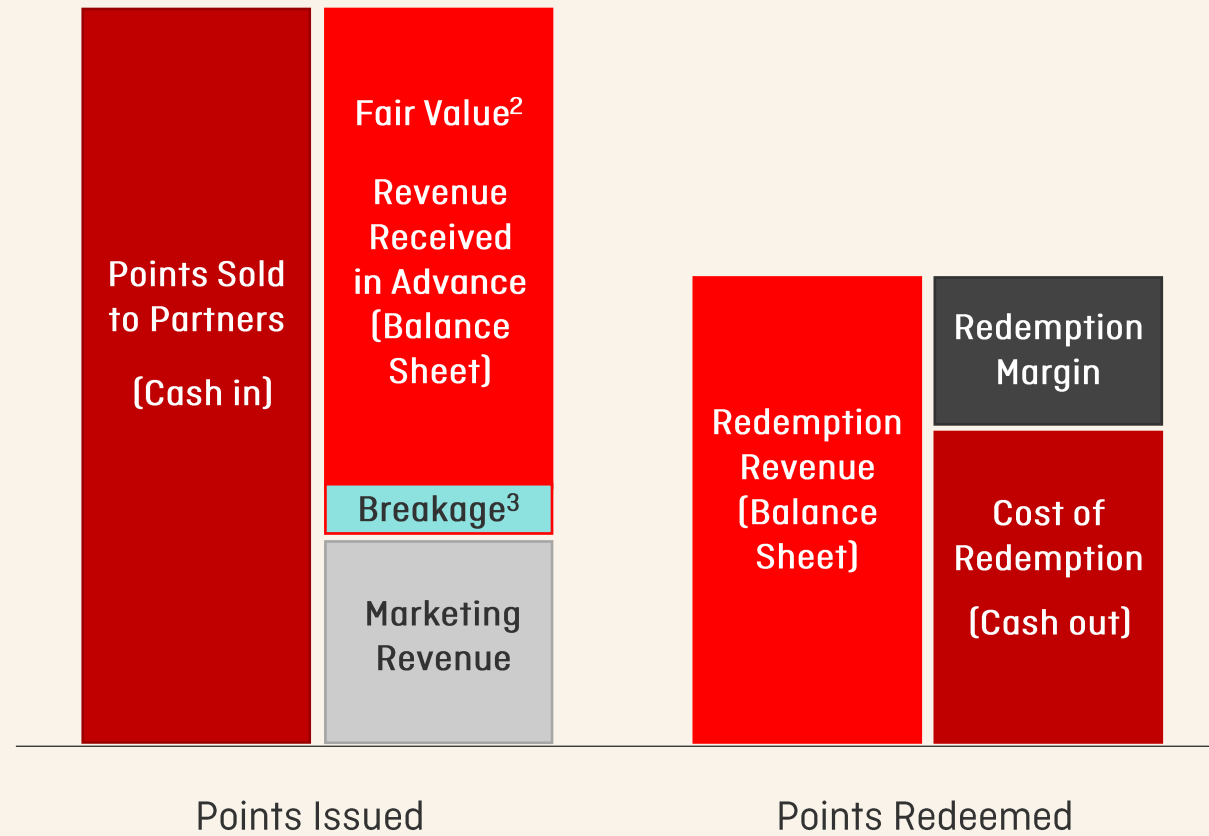
- New product anticipated to improve member engagement and increase member growth with enhanced customer proposition, driving acceleration of the flywheel and strengthening program value to our partners.
- Significant upturn in benefits are expected during FY25 and outweigh cost of investments in 1H26.

Financial impacts

- FY25 \$120m Group investment will be absorbed in the \$230m customer envelope, as other investment categories reduce with improved operational performance.
- Minimal year on year cash impact in FY25 given existing FY24 investment in Classic Reward redemptions (approx. \$60m). Classic Plus expected to drive an increase in Group RRIA¹ as benefits realised during FY25.
- FY24 Loyalty Underlying EBIT expected \$500m – \$525m; expected Underlying EBIT growth of ~10% in FY25.
- Loyalty earnings remain externally generated – the inter-segment arrangements with Qantas Loyalty are not designed to derive a net profit from inter-segment Qantas Point issuances and redemptions.

Loyalty revenue recognition – accounting lifecycle of points businesses

Qantas Loyalty generates a gross margin on both issuance and redemption activity. Gross margin is only generated on 'external points'.¹



Note: For external points only, not to scale and for illustrative purposes only

Classic Plus Flight Rewards is anticipated to increase the fair value of a Qantas Point

