Qantas Airways Limited FY15 Results

Supplementary Slides

20 August 2015

QANTAS
Spirit of Australia

ASX: QAN
US OTC: QABSY

Group Performance

Underlying Income Statement Summary

$M	FY15	FY14	VLY[2] %	
Net passenger revenue	13,667	13,242	3.2	Improved yields and loads driven by network optimisation and capacity moderation in domestic and international markets
Net freight revenue	936	955	(2.0)	Reduced freighter capacity following the removal of one B747 freighter aircraft in January 2014
Other revenue	1,213	1,155	5.0	Increased code share commissions and Frequent Flyer billings
Revenue	**15,816**	**15,352**	**3.0**	
Operating expenses (excluding fuel)	9,093	9,354	2.8	Cost base inflation more than offset by benefits delivered through Qantas Transformation
Fuel	3,899	4,496	13	Effective AUD fuel price drop[3] of 12% and $136m benefit from fuel Qantas Transformation initiatives[4]
Depreciation and amortisation	1,096	1,422	23	Accelerated retirement of aircraft including B767 and B734 and benefit from Qantas International Fleet write-down ($195m)
Non-cancellable aircraft operating lease rentals	495	520	4.8	Reduction in leased aircraft offset by impact of weakening AUD on USD lease expense
Underlying EBIT	**1,233**	**(440)**	**>100**	
Net finance costs	(258)	(206)	(25)	Extension of debt maturity profile , downgrade to Ba2/BB+ and less capitalised interest
Underlying PBT[1]	**975**	**(646)**	**>100**	
Return on Invested Capital (%)	**16**	**(1.5)**	**>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 FY15 Results Supplementary Presentation are reported on an Underlying basis. Refer to Supplementary Slide 5 for a reconciliation of Underlying to Statutory PBT. 2. Variance to last year. 3. Net price movements after hedging. 4. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following transformation initiatives.

Other Items Not Included in Underlying PBT[1]

$M	FY15	FY14	
AASB 9 mark-to-market movements relating to other reporting periods	39	(72)	
Redundancies, restructuring and other transformation costs	80	428	Reduction in redundancy and restructuring costs relating to workforce changes as part of the Qantas Transformation program
Impairment of Qantas International CGU[2]	-	2,560	
Fleet restructuring costs	4	394	
Net gain on sale of investments	(11)	(62)	Gain on sale of Tour East in December 2014
Net impairment of investments	19	50	Impairment of investment in Helloworld Limited
Write-off of Jetstar Hong Kong Business	21	-	
B787-8 introduction costs	-	14	
Other	34	18	
Total items not included in Underlying PBT	**186**	**3,330**	

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 major transformational/restructuring initiatives, transactions involving investments and impairments of assets outside the ordinary course of business. 2. Cash Generating Unit.

Reconciliation to Statutory PBT

$M	FY15				FY14			
	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	13,667	-	-	13,667	13,242	-	-	13,242
Net freight revenue	936	-	-	936	955	-	-	955
Other revenue	1,213	-	-	1,213	1,155	-	-	1,155
Revenue	**15,816**	**-**	**-**	**15,816**	**15,352**	**-**	**-**	**15,352**
Operating expenses (excl fuel)	9,093	-	147	9,240	9,354	(35)	842	10,161
Fuel	3,899	38	-	3,937	4,496	(35)	-	4,461
Depreciation and amortisation	1,096	-	-	1,096	1,422	-	-	1,422
Non–cancellable aircraft operating lease rentals	495	-	-	495	520	-	-	520
Impairment of Qantas International CGU	-	-	-	-	-	-	2,560	2,560
Expenses	**14,583**	**38**	**147**	**14,768**	**15,792**	**(70)**	**3,402**	**19,124**
EBIT	**1,233**	**(38)**	**(147)**	**1,048**	**(440)**	**70**	**(3,402)**	**(3,772)**
Net finance costs	(258)	(1)	-	(259)	(206)	2	-	(204)
PBT	**975**	**(39)**	**(147)**	**789**	**(646)**	**72**	**(3,402)**	**(3,976)**

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 3%

- Group yield (excluding FX) up 1% and load improvement of 1.7 pts driven by network optimisation and moderation in market capacity

Net freight revenue down 2%

- Reduction in freighter aircraft

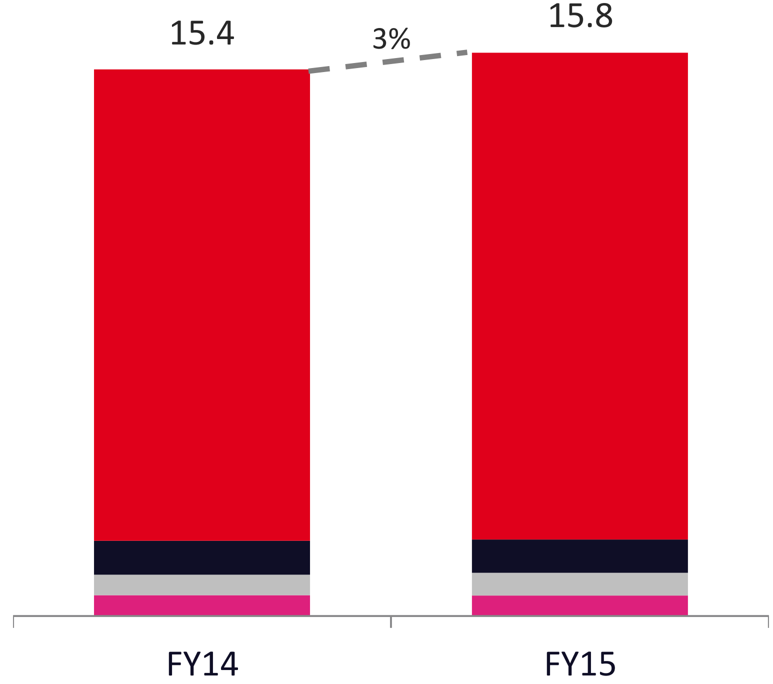
Frequent flyer redemption, marketing, store and other revenue up 10%

- Increased revenue from Qantas Cash
- 5% growth in billings and 2% increase in awards redeemed
- 7% membership growth

Revenue from other sources flat

- Sale of Qantas Defence Services (QDS) in February 2014
- Reduced third party catering and ground handling
- Offset by increased code share commissions revenue

Revenue ($B)



RPKs (m)	109,659	2.6% →	112,543
ASKs (m)	141,715	0.4% →	142,287

Expenditure Detail

Fuel costs down 13%

- 12% reduction in effective AUD fuel price[1]
- Improvement in fuel efficiency from Qantas Transformation fuel initiatives

Manpower and staff-related down 4%

- 4,000 FTE reduction (since January 2014) as part of the accelerated Qantas Transformation program
- Early benefits from workplace agreements with 18-month wages freeze in place

Aircraft operating variable costs down 3%

- Qantas Transformation initiatives
- Carbon tax repeal $116m
- Increase in activity

Depreciation and amortisation costs down 23%

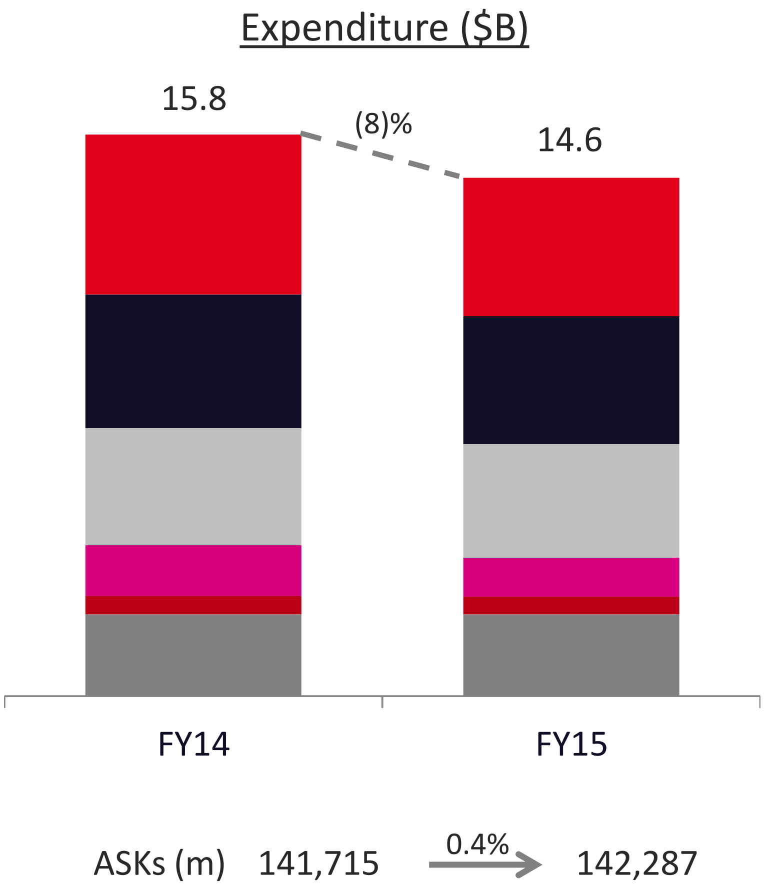
- FY14 Qantas International non-cash fleet impairment
- February 2014 fleet restructure and other fleet retirements

Lease rental expense down 5%

- Reduction in leased aircraft
- Favourable lease extensions offset by unfavourable FX impact

Other expenditure flat

- Qantas Transformation initiatives
- Improvement in Jetstar branded airline performance



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 and Debt Position

$M	FY15	FY14	VLY %
Underlying EBITDA[1]	2,329	982	>100
Non-cash items and working capital movements	163	450	(64)
Cash generated from operations	**2,492**	**1,432**	**74**
Other operating cash flows[2]	(444)	(363)	(22)
Investing cash flows	(944)	(1,069)	12
Net free cash flow (Net operating and investing)	**1,104**	**-**	**>100**
Financing cash flows	(1,218)	173	>(100)
Net change in cash held	(114)	173	>(100)
Effects of FX on cash	21	(1)	>100
Cash at end of period	**2,908**	**3,001**	**(3.1)**

- $1,060m increase in cash generated from operations
- Net cash capital expenditure $944m vs $0.9b guidance
- $1,104m net free cash flow
- $1b net debt[3] reduction in FY15, $1.1b cumulative reduction since FY13
- Achieved target >$1b debt reduction by FY15

1. Earnings before interest, tax, depreciation and amortisation. 2. Includes total of cash payments to employees for redundancies, interest received, interest paid, dividends received from investments in entitles accounted for using the equity method, and income taxes paid. 3. Net debt including operating leases.

Performance Against Financial Framework

$M	FY15	FY14	
1. Optimal Capital Structure			
FFO[1]/net debt (S&P)[2]	46%	17%	Profit turnaround; EBITDA up $1.3b FFO[1] up $1.4b $1b debt reduction completed in FY15
Debt/Adjusted EBITDA (Moody's)[3]	2.9	5.1	
2. ROIC performance			
ROIC EBIT	$1,476m	$(193)m	Transformation benefits of $894m Improved yields and loads Benefit from lower AUD fuel prices
ROIC	16%	(1.5)%	
3. Disciplined capital investment			
Invested Capital	$8.7b	$9.4b	FY14 Qantas International fleet impairment and disciplined capital expenditure to achieve optimal capital structure

	FY15	FY14	
Total shareholder returns[4]	151%	(6.7)%	Best performing stock in ASX100 and best performing global airline[5] in FY15
Earnings per share	25.4c	(128.5)c	

1. Funds From Operations. 2. Calculated using the Standard & Poor's methodology. 3. Calculated on the Moody's methodology. 4. Calculated using closing prices on 30 June from the previous financial year as the base. 5. Compared to global listed airline peer group as stated in the Notice of Meeting for the 2014 Annual General Meeting, with reference to the 2015-2017 LTIP.

Invested Capital Calculation

Invested Capital ($M)	FY15	FY14
Receivables (current and non-current)	1,093	1,354
Inventories	322	317
Other assets (current and non-current)	424	374
Investments accounted for using the equity method	134	143
Property, plant and equipment	10,715	10,500
Intangible assets	803	741
Assets classified as held for sale	136	134
Payables	(1,881)	(1,851)
Provisions (current and non-current)	(1,213)	(1,281)
Revenue received in advance (current and non-current)	(4,943)	(4,589)
Capitalised operating leased assets[1]	3,100	3,553
Invested Capital as at 30 June	**8,690**	**9,395**
Average Invested Capital for the year ended 30 June[2]	**9,091**	**13,004**

Capitalised leased assets measured at the fair value at lease commencement (translated into AUD) with residual value and useful economic lives equivalent to owned aircraft

1. Capitalised operating lease aircraft are initially recognised at fair value. Subsequently remeasured as per a finance lease. 2. Equal to the 12 month average of monthly Invested Capital.

Net Debt Reconciliation

Net Debt Calculation- Previous Methodology ($M)	FY15	FY14	FY13[1]
Interest bearing liabilities	5,562	6,483	6,080
Cash and cash equivalents	(2,908)	(3,001)	(2,829)
Aircraft security deposits	(36)	(34)	(21)
Fair value of hedges relating to debt	(60)	7	(4)
Net on balance sheet debt	**2,558**	**3,455**	**3,226**
Present value of operating lease obligations	1,184	1,296	1,621
Total net debt	**3,742**	**4,751**	**4,847**

Net Debt Calculation- New Methodology ($M)	FY15	FY14	FY13[1]
Interest bearing liabilities	5,562	6,483	6,080
Cash and cash equivalents	(2,908)	(3,001)	(2,829)
Aircraft security deposits	(36)	(34)	(21)
Fair value of hedges relating to debt	(60)	7	(4)
Net on balance sheet debt	**2,558**	**3,455**	**3,226**
Capitalised operating lease liability	3,748	3,888	4,058
Total net debt	**6,306**	**7,343**	**7,284**

Lease debt for purpose of calculating optimal capital structure. Capitalised operating lease liability is measured akin to a finance lease.

1. Restatement for the impact of revised AASB 119 relating to defined benefit superannuation plans.

Continuing Unit Cost Improvement

- Comparable unit cost[1] improvement of 5.1%

C/ASK	FY15	FY14	VLY %
Unit Cost[2]	**7.54**	**8.35**	**↓ 9.7**
Excluding:			
• Fuel	(2.74)	(3.17)	
Net Underlying Unit Cost[3]	**4.80**	**5.18**	**↓ 7.3**
• Qantas International fleet write-down		(0.14)	
• Impact of changes in the discount rate	0.01	(0.02)	
• Change in FX rates		0.08	
• Share of net loss of investments accounted for under the equity method	(0.02)	(0.05)	
Comparable Unit Cost[1]	**4.79**	**5.05**	**↓ 5.1**

1. If adjusted for the impact of movements in average sector length, comparable unit cost improvement is 4.2%. If further adjusted for the impact of the carbon tax repeal, comparable unit cost improvement is 2.6%. The 5.1% improvement in comparable unit cost is calculated as Underlying PBT less passenger revenue and fuel, adjusted for the impact of the Qantas International fleet write-down, changes in discount rates, changes in foreign exchange rates and share of net loss of investments accounted for under the equity method per ASK. 2. Based on Underlying PBT less ticketed passenger revenue per ASK. 3. Net Underlying unit cost is calculated as underlying PBT less ticketed passenger revenue and fuel per ASK.

Continued Delivery of Business Transformation

Target by FY17	$2 billion gross benefits	5,000 FTEs *$500-600 million of $2 billion*
Result over 18 months to end FY15	$1.098b benefits realised by FY15	

FY14 Exited	FY15 Exited	FY15 FTE reduction	FY16-FY17 reduction	FY17 FTE reduction target
2,200	1,800	4,000[1] *($380m)*[1]	1,000	5,000 *($500m+)*

1. Achieved by June 2015 (further benefits from the 4,000 will track into FY16).

Group Operational Information

Fleet at 30 June 2015

Aircraft Type	FY15	FY14	Change
A380-800	12	12	-
B747-400	6	7	(1)
B747-400ER	6	6	-
A330-200	17[1]	13	4
A330-300	10	10	-
B767-300ER	-	13	(13)
B737-800NG	75	70	5
Total Qantas	**126**	**131**	**(5)**
A320-200	71	73	(2)[2]
A321-200	6	6	-
A330-200	3	7	(4)
B787-8	8	4	4
Total Jetstar[3]	**88**	**90**	**(2)**
B717-200	18	18	-
Q200/Q300	18	19	(1)
Q400	31	30	1
Total QantasLink	**67**	**67**	**-**
EMB120	-	3	(3)
F100	13	12	1
Total Network Aviation	**13**	**15**	**(2)**
B737-300SF	4	4	-
B767-300SF	1	1	-
Total Freight[4]	**5**	**5**	**-**
Total Group	**299**	**308**	**(9)**

- Net reduction of 9 aircraft during FY15
  - 12 aircraft deliveries[5]: 5 x B737-800, 4 x B787-8, 1 x Q400, 1 x A320-200[2], 1 x F100
  - 18 aircraft retired: 13 x B767-300, 3 x EMB120, 1 x B747-400, 1 x Q300[6]
  - 3 lease returns: 3 x A320-200 (Jetstar)
  - 4 x A332s transferred from Jetstar to Qantas Domestic
- Net addition of at least 3 aircraft during FY16
  - 6 aircraft deliveries: 2 x B717-200, 3 x B787-8, 1 x F100
  - Reduction of up to 3 aircraft: 1 x B747-400, 2 x A330-200[1]
  - Last 3 x A332s transfer from Jetstar to Qantas Domestic

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

Segments

QANTAS
Spirit of Australia

Qantas Domestic

- Qantas Domestic has the flexibility to adapt to changing market conditions, resources slow down
- Spread of gauges to increase and decrease capacity across routes as demand changes
  - 3 x turboprops (Q200/Q300/Q400)
  - 2 x regional Jets (B717/F100)
  - 1 x narrowbody (B737), 1 x widebody (A330)
- Operational excellence gives flexibility to operate in RPT[1] or charter environment
- Flexibility allowed capacity to match demand in FY15
  - Down-gauge from B737 to B717 on HBA and CBR[2]
  - Down-gauge from B717 to F100 on Intra-WA[3]
  - Up-gauge from Q300 to Q400 on Intra-QLD[4]
  - 5 new routes introduced in FY15 (SYD-HTI, MEL-HTI, BNE-HTI, ADL-WYA, SYD-WTB[5])

		FY15	FY14	VLY %
ASKs	M	36,638	37,824	(3.1)
RPKs	M	27,180	27,715	(1.9)
Passengers	‘000	21,493	21,818	(1.5)
Seat factor	%	74.2	73.3	0.9pts
OTP[6]	%	88.3	87.6	0.7pts

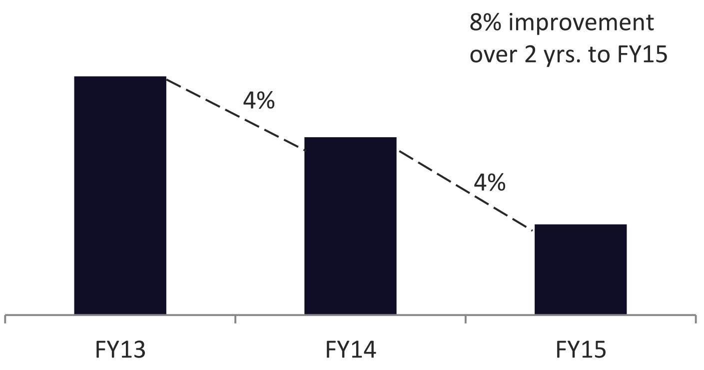
1. Regular Public Transport. 2. Hobart & Canberra. 3. Western Australia. 4. Queensland. 5. Sydney-Hamilton Island, Melbourne-Hamilton Island, Brisbane-Hamilton Island, Adelaide-Whyalla, Sydney-Brisbane West Wellcamp. 6. On-time departures for Qantas Mainline. Source: BITRE.

Qantas International

- RASK[1] recovery as market adjusts after five years of above-trend market capacity growth
  - Dynamic scheduling initiatives to actively match capacity with demand, more seasonal flying
  - Fare family revisions to increase yield
- Transformation benefits from implemented initiatives
  - Re-time of London A380, improving European connectivity and releasing aircraft for SYD-DFW[2] up-gauge
  - 4% overall improvement in fleet utilisation[3]
- Further extensions to partnership network – total QF code destinations increasing to 214[4] from 204 at 1H15
  - Expanded partnerships with American Airlines[5], WestJet, Bangkok Airways and China Airlines
- Continued investment in service and product delivered 39% improvement in NPS[6] since FY12

		FY15	FY14	VLY %
ASKs	M	59,263	59,173	0.2
RPKs	M	48,299	47,112	2.5
Passengers	'000	5,843	5,837	0.1
Seat factor	%	81.5	79.6	1.9pts

Comparable Unit Costs[7]



1. Calculated as passenger revenue per ASK inclusive of transformation benefits and foreign exchange movements. 2. Sydney-Dallas Fort Worth. 3. Aircraft utilisation calculated as average block hours per aircraft compared to FY14. 4. Based on destinations available as at 30 June 2015. 5. Subject to regulatory approval. 6. Net Promoter Score, based on Qantas Internal Reporting. 7. Comparable unit cost is calculated as Underlying EBIT less passenger revenue and fuel, adjusted for the impact of the Qantas International fleet write-down (FY15), changes in discount rates (FY15), changes in foreign exchange rates, changes in block codeshare agreements (FY15), Boeing settlement (FY14), the change in accounting estimate for passenger revenue received in advance (FY14) and movements in average sector length per ASK.

Qantas International
Enhanced connectivity with partners

AMERICAN AIRLINES

- Significant expansion of alliance with American Airlines (AA) announced on 10 June 2015[1]
- Revenue sharing agreement
- Reintroduction of Qantas services to SFO[2] from December 2015, the top onward destination for corporate customers flying to the US[3]
- AA to commence LAX-SYD[4] services with three-class B777-300ER
- Deeper alliance provides platform for further growth, closer commercial ties, more seamless customer experience on routes between North America and Australia/New Zealand

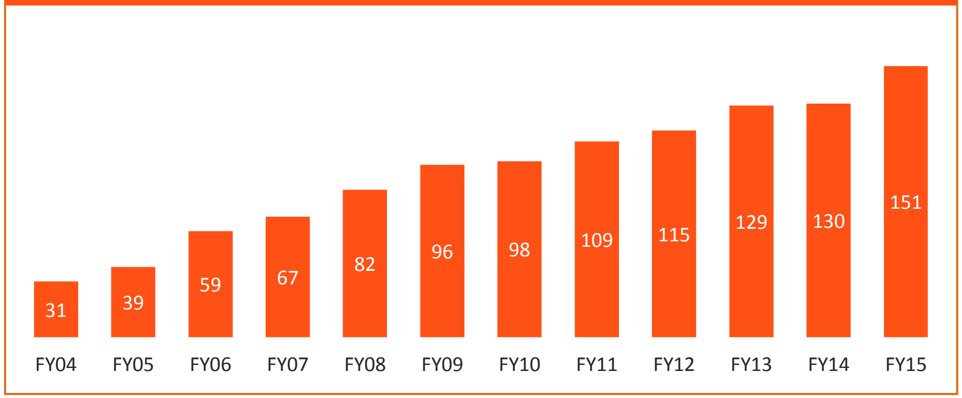
EMIRATES

- Premier one-stop customer proposition to Europe, Middle East and Northern Africa:
  - 91 weekly Qantas and Emirates flights from Australia
  - Offering more than 70 Qantas codeshare destinations
- Delivering Group-wide financial benefits:
  - RASK improvement as partnership matures[5]
  - Redeployment of capital from continental Europe to stronger markets
  - Qantas Frequent Flyer's benefit from joint network
  - Code share with Jetstar airlines in Asia

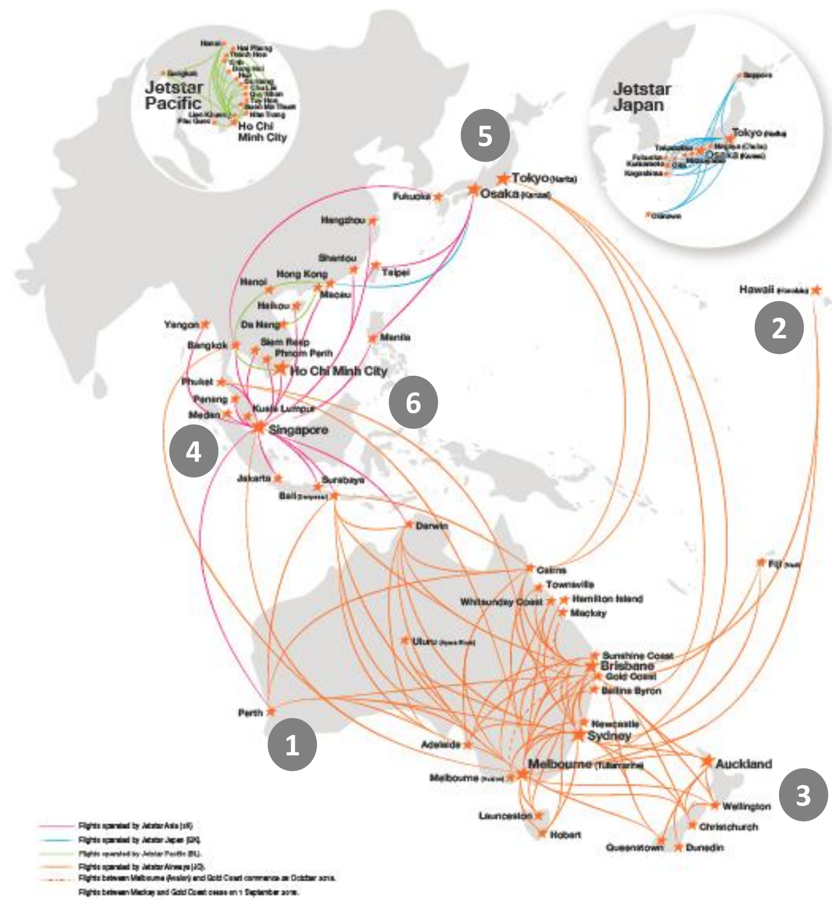
1. Subject to regulatory approval. 2. San Francisco. 3. Internal Qantas reporting. 4. Los Angeles-Sydney. 5. Qantas International RASK improvement in FY15 versus FY14.

Growing Jetstar Footprint

JETSTAR GROUP – GROWING NETWORK OF ROUTES[1]



BUSINESS	OWNERSHIP[2]	LAUNCH	AIRCRAFT
1 Jetstar Australia	100%	2004	50 x A320s/A321s
2 Jetstar International	100%	2006	11 x B787s[3]
3 Jetstar New Zealand[4]	100%	2009	9 x A320s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	20 x A320s
6 Jetstar Pacific (Vietnam)[5]	30%	2008	11 x A320s/A321s



Route Map as at 30 June 2015

1. Including Jetstar Asia, Jetstar Pacific and Jetstar Japan. 2. As at 30 June 2015, based on voting rights. 3. 11 x B787-8s by end of September 2015. 4. Jetstar Trans Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009. 5. Jetstar Pacific rebranded in 2008.

Jetstar Domestic

- Continued cost transformation and yield recovery
  - 6% RASK[1] increase, maintained premium to Tigerair
  - Unit cost advantage maintained
  - Asset utilisation increased 3%[2]
- Leveraging network and frequency advantage
  - 4 x larger fleet than LCC competitor[3]
  - Frequency advantage in every domestic port

Jetstar Domestic		FY15	FY14	VLY %
ASKs	M	18,215	17,885	1.8
RPKs	M	15,042	14,584	3.1
Passengers	‘000	12,859	12,296	4.6
Seat factor	%	82.6	81.5	1.1pts
OTP[5]	%	82.0	78.8	3.2pts

- Enhanced dual brand co-ordination unlocking significant value for Qantas Group
- Continued innovation to enhance customer experience and lower operating costs
  - Automated bag drop
  - Move to new Melbourne Terminal 4 from November 2015
  - Next-gen online retailing and boarding technology to be completed 2H16
  - Next-gen mobile platform launched, further enhancements in FY16
- Awarded best LCC in Australia/Pacific, top 5 LCC worldwide[4]

1. RASK calculated as passenger revenue excluding aviation charges per ASK. 2. Aircraft utilisation calculated as average block hours per aircraft. Based on Jetstar Australia and New Zealand narrowbody aircraft. 3. Tigerair. 4. Skytrax World Airline Awards 2014. 5. On-time departures. Source: BITRE.

Jetstar International

- Record earnings performance in FY15[1]
  - Transition from A330 to B787-8 driving cost reduction and enhanced customer experience, complete September 2015
  - Network restructure has built scale around major leisure destinations in Asia-Pacific (Bali, Japan and Hawaii)
  - Continued focus on aligning network to customer demand
- Domestic New Zealand profitable[1], positive results across key metrics
  - Continued RASK[2] improvement
  - Record New Zealand NPS result[3]
  - Strong brand recognition following multi-year campaign
- Announced New Zealand regional operations, launch 1H16[4]

Jetstar International (excl. Jetstar Asia & New Zealand Domestic)		FY15	FY14	VLY %
ASKs	M	18,317	17,514	4.6
RPKs	M	14,322	12,930	11
Passengers	‘000	3,274	3,126	4.7
Seat factor	%	78.2	73.8	4.4pts

New Zealand Domestic		FY15	FY14	VLY %
ASKs	M	1,423	1,424	(0.1)
RPKs	M	1,139	1,130	0.8
Passengers	‘000	1,746	1,724	1.3
Seat factor	%	80.0	79.3	0.7pts

1. Based on Underlying EBIT. 2. RASK calculated as passenger revenue excluding International aviation charges per available seat kilometre. 3. Net promotor score. Forethought Customer Advocacy Research. Record occurred in June 2015. 4. Subject to regulatory approval.

Jetstar Asia (Singapore)

- Return to profit[1] despite challenging market conditions
  - 2% RASK[2] improvement, maintained premium to Tigerair
  - 6% controllable unit cost improvement[3]
- Increased network connectivity, leveraging scale of brand
  - Growth of interline partnerships from 21 to 25
  - SriLankan added as codeshare partner in FY15; two partners planned FY16
- New destinations announced for FY16: Palembang, Pekanbaru and Da Nang
- Market capacity starting to increase with lower fuel prices, uncertain RASK outlook
- Continue to strengthen brand and customer experience innovation
  - Mobile boarding pass, check-in kiosks, automated bag-drop
  - Straight to Gate now at eight overseas airports
  - Top LCC in 2014 Customer Satisfaction Index of Singapore[4]
  - AsiaOne People's Choice Award for best LCC third year running[5]

Jetstar Asia		FY15	FY14	VLY %
ASKs	M	8,431	7,894	6.8
RPKs	M	6,562	6,188	6.0
Passengers	'000	3,966	3,975	(0.2)
Seat factor	%	77.8	78.4	(0.6)pts

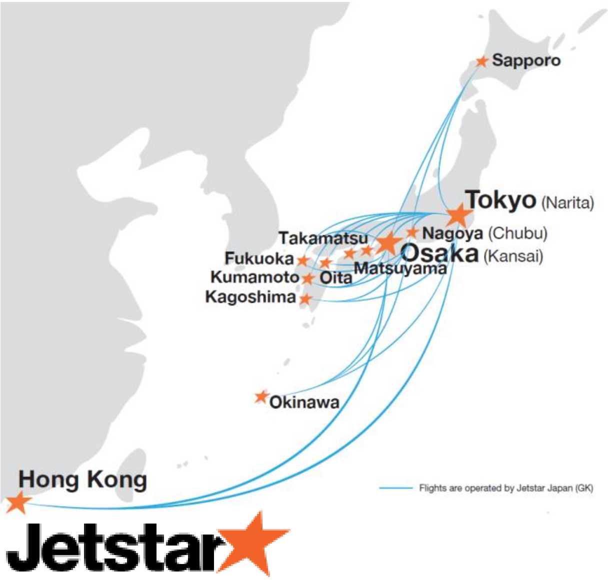
Route Map as at 30 June 2015

1. Based on Underlying EBIT. 2. RASK calculated passenger revenue excluding International aviation charges (in local currency) per ASK. 3. Controllable unit cost is calculated as total Underlying expenses less fuel adjusted for changes in foreign exchange rates and movements in average sector length (in local currency) per ASK. 4. Institute of Service Excellence at Singapore Management University, 16 April 2015. Source: Bernama.com. 5. Announced on 30 April 2015. Source: AsiaOne

Jetstar Japan

- Significantly improved financial performance amid weaker JPY and aggressive competitor activity
  - RASK[1] up 5% on 38% capacity growth
  - Ancillary revenue up 14%[2]
  - Controllable unit cost[3] improvement
- Largest[4] Japanese LCC with 20 aircraft, 60% market share
  - 10 million passengers[5] after three years of operation
  - Further international expansion planned in FY16
  - Innovative brand, distribution and LCC product
  - Strong customer advocacy[6]
- Significant growth potential remains with LCC share of total market 8%[7]
- Up to JPY 5b (AUD $55m[8]) equity injection each by Qantas Group and JAL[9] to support expanded international operations and maintain market-leading domestic position
  - Qantas Group to remain a minority shareholder with 33% voting rights and 47.7% economic share, in line with JAL[10]

Jetstar Japan		FY15	FY14	VLY %
ASKs	M	5,179	3,759	38
RPKs	M	3,932	2,894	36
Passengers	'000	4,517	3,308	37
Seat factor	%	75.9	77.0	(1.1)pts



Route Map as at 30 June 2015

1. RASK calculated as underlying passenger revenue (in local currency) per ASK. 2. Based on ancillary revenue per passenger (in local currency). Calculated as ancillary revenue excluding variable costs, management and branding fee revenue . 3. Controllable unit cost is calculated as total Underlying expenses excluding fuel, adjusted for change in foreign exchange rates movements in average sector length (in local currency) per ASK. 4. Based on ASKs of low cost carriers JJP, APJ, WAJ, SJO. Source: MLIT Report, April 2014-March 2015 period. 5. As at 31 July 2015. 6. Based on NPS. Source: Forethought Customer Advocacy Research to June 2015. 7. Based on passengers carried April 2014-March 2015. Source: Diio Mii. 8. As at 19 August 2015. 9. Japan Airlines. 10. Post equity injection.

Jetstar Pacific (Vietnam)

- Business profitable[1] for 2H15 in tough market conditions
  - Continued cost discipline
  - Benefit of scale, increasing fleet from 7 to 11
  - Domestic yield pressure driven by intense market capacity growth of 20%[2]
- International flying introduced to Singapore, Thailand, Macau[3]
- Continued focus on network connectivity and dual brand coordination with Vietnam Airlines
- Challenges remain in aggressive competitive environment with oversupply of market capacity
  - Domestic yields remain under pressure

Jetstar Pacific		FY15	FY14	VLY %
ASKs	M	2,787	2,152	30
RPKs	M	2,425	1,925	26
Passengers	'000	2,939	2,185	35
Seat factor	%	87.0	89.5	(2.5)pts

Route Map as at 30 June 2015

1. Underlying EBIT. 2. Based on number of sectors including charter services. Source: Civil Aviation Administration of Vietnam 3. Charter flying to Macau.

Qantas Loyalty

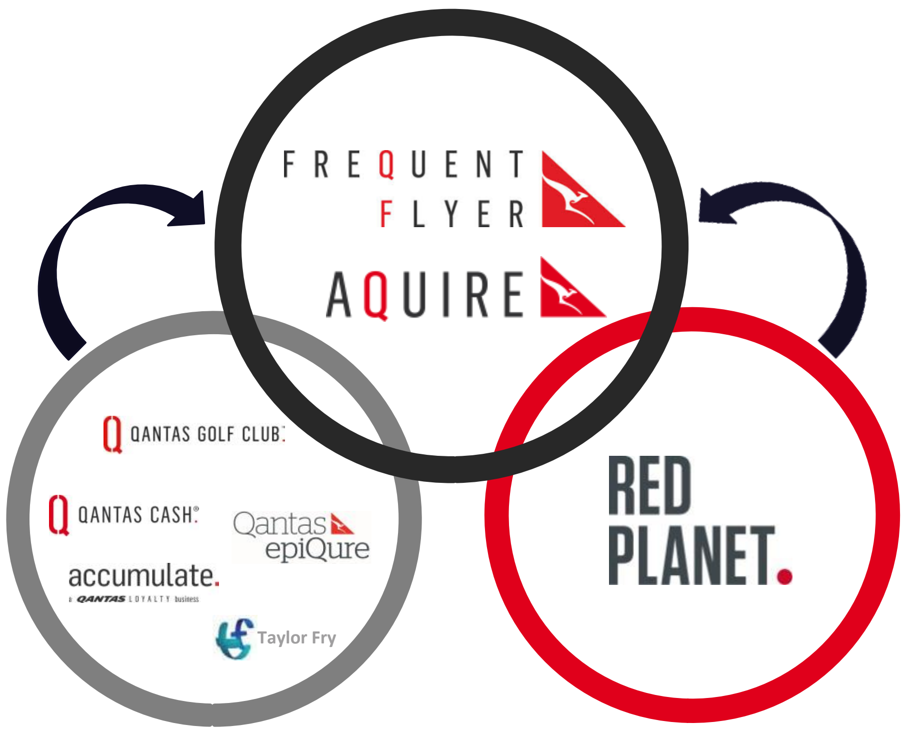
Core Innovations and Breakout Growth Reinforcing Coalition Program

COALITION LOYALTY

- Upgrade redemptions to premium cabins on Qantas services – double digit growth
- Activity with 35+ airline partners, including Emirates and oneworld affiliates – up 6%
- Points redeemed on non-flight rewards, including the Qantas Store – up 12%
- Over 67,000 SME members in Aquire program, with 24 program partners[1]

CORE INNOVATIONS

- Qantas Cash recognised for innovation – wins second Canstar 5 Star rating
- Qantas epiQure member base grew by 57%[2] and wine sales by 43%[2]
- Taylor Fry acquisition adds another pillar to analytics potential and new adjacent revenue stream



BREAK-OUT GROWTH

- Red Planet profitable in first year of operations – external revenue growth; Qantas earnings uplift; innovative research panel established

1. As at 27 July 2015. 2. Compared to FY14.

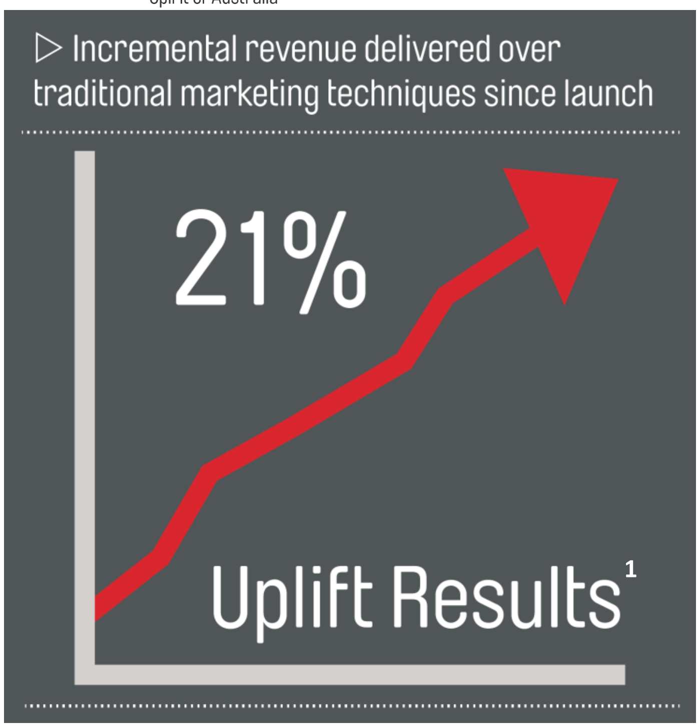
Qantas Loyalty

Red Planet: New digital marketing business

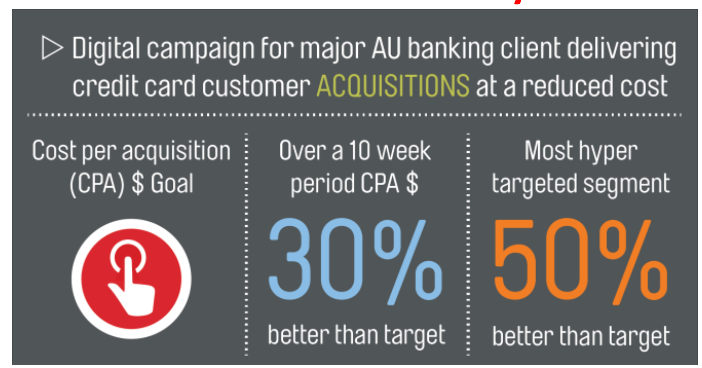
- Integrated media, analytics and research services
- Directly and individually targets customers leveraging the unique strengths of Qantas Loyalty:
  - Unparalleled reach in market
  - Rich proprietary data from 27 years
  - Sophisticated customer-led capability

RED PLANET.

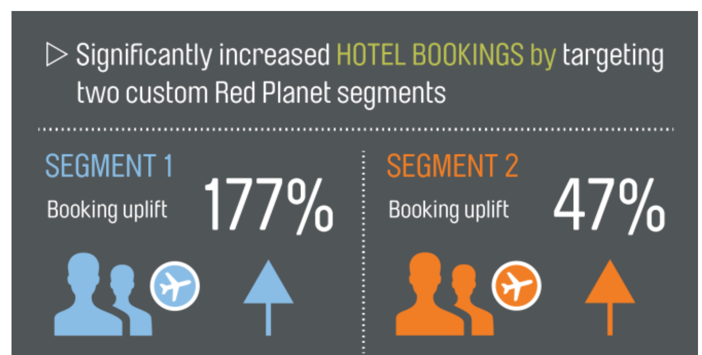
QANTAS Spirit of Australia



Financial Services Case Study



Travel and Leisure Case Study



1. Relative performance of individual target audiences applying Red Planet proprietary data and techniques (knowledge of the customer base, personalised marketing at scale) compared to audiences using only market available information.

New Coalition Partners

QANTAS ONLINE MALL

Kathmandu
peteralexander
KURT GEIGER
lenovo
LORNA JANE
UNIQLO
FOREVER NEW
OROTON
General Pants Co.
smiggle
REBEL SPORT
zanui
L'OCCITANE
wiggle
GLASSHOUSE FRAGRANCES
AUTHENTIC FOSSIL GENUINE

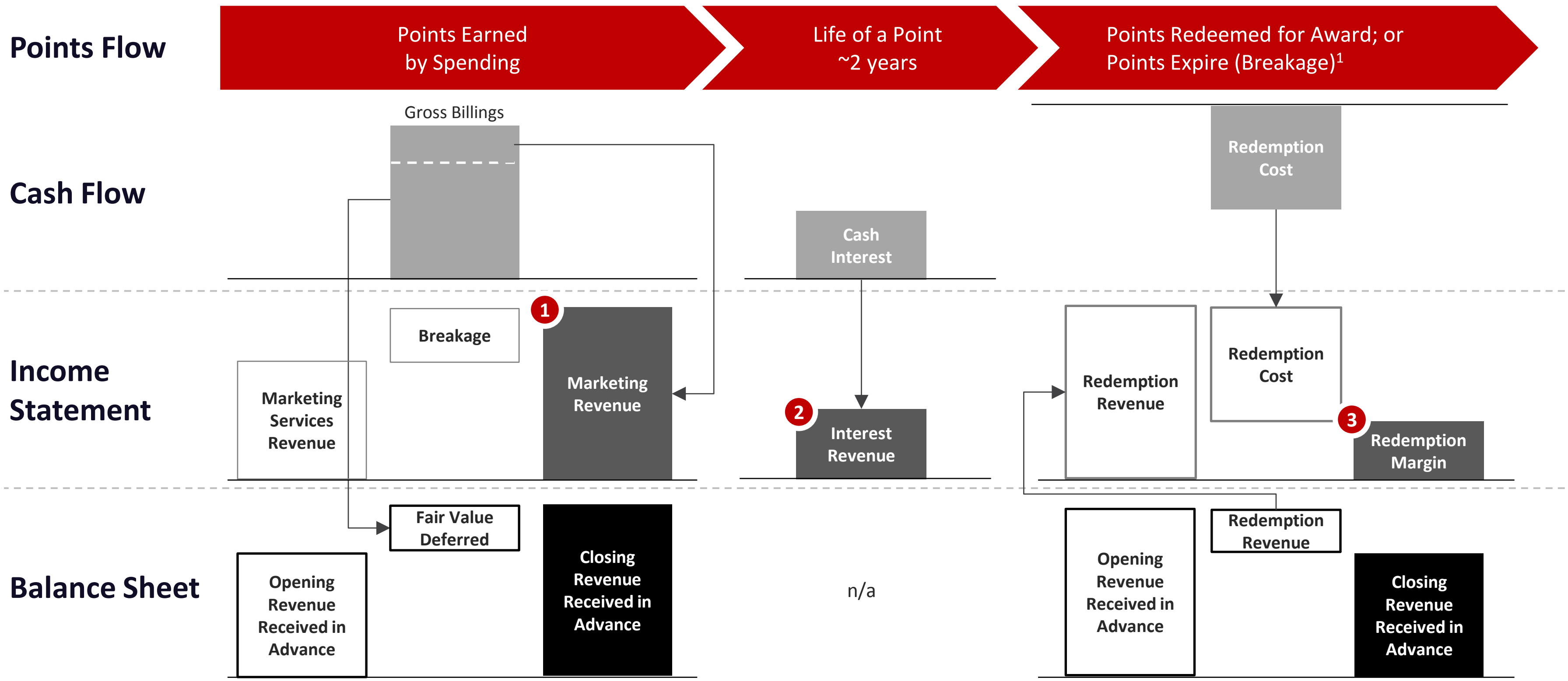
AQUIRE

Harvey Norman COMMERCIAL DIVISION
Octet
7
PRIME7
MADISON AUSTRALIA
STORAGE KING
vero
The West Australian
YAHOO!7
sme association of australia
Digital Pacific
Pacific magazines

QANTAS FREQUENT FLYER

kogan
PACIFIC BRANDS
Bank Australia RESPONSIBLE BANKING
meemeep.com
G&C mutual bank BANKING ON YOUR COMMUNITY

Overview of Qantas Frequent Flyer Cash Flow and Accounting Treatment



Sources of Value

1. Marketing Revenue
2. Working Capital Benefit (interest income)
3. Redemption Margin

Note: above diagram highlights unique Qantas Frequent Flyer accounting items only. Diagram excludes other revenue (e.g. membership revenue) and operating costs below gross margin. 1. 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.

Disclaimer & ASIC Guidance

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

Summary information
This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 20 August 2015. 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.

Not financial product advice
This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Qantas shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Qantas is not licensed to provide financial product advice in respect of Qantas shares. Cooling off rights do not apply to the acquisition of Qantas shares.

Not tax advice
Tax implications for individual shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither Qantas nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital and/or share consolidation

Financial data
All dollar values are in Australian dollars (A$) and financial data is presented within the twelve months ended 30 June 2015 unless otherwise stated.

Future performance
Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

An investment in Qantas shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Qantas Group, including possible delays in repayment and loss of income and principal invested. Qantas does not guarantee any particular rate of return or the performance of the Qantas Group nor does it guarantee the repayment of capital from Qantas or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, none of Qantas, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this Presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

Past performance
Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Not an offer
This Presentation is not, and should not be considered, an offer or an invitation to acquire Qantas shares or any other financial products.

ASIC GUIDANCE
In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Financial Report for the year ended 30 June 2015 which is being audited by the Group's Independent Auditor and is expected to be made available in August 2015.