Qantas Airways Limited
FY15 Results

20 August 2015

QANTAS
Spirit of Australia

ASX: QAN
US OTC: QABSY

A Strong Platform For Sustainable Growth

- Delivering on our commitments for $1.6b earnings[1] turnaround in FY15
  - Qantas Transformation driving permanent shift in cost base and competitive position
  - Optimal capital structure restored, >$1b debt reduction completed
  - Strengthened superior dual brand position in domestic market
  - Record results for Qantas Loyalty, Jetstar Group and Qantas Freight[2]
  - Successful turnaround of Qantas International
  - All segments delivering ROIC > WACC[3]
- Proposal to distribute $505 million surplus capital to shareholders[4]
- Disciplined investment to enhance long-term shareholder value
  - Investing in fuel-efficient B787-9 aircraft for Qantas International after strict reinvestment hurdles met
- Managing external volatility with robust hedging program, capacity and capex flexibility

DELIVERING GROUP RETURN ON INVESTED CAPITAL > WACC THROUGH THE CYCLE

1. Based on Underlying PBT. 2. Based on Underlying EBIT. Loyalty result compared to prior periods, normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. Record Freight result since separate segmentation of Freight in FY08. 3. Return on Invested Capital > Weighted average cost of capital (calculated on a pre-tax basis). 4. Subject to shareholder approval.

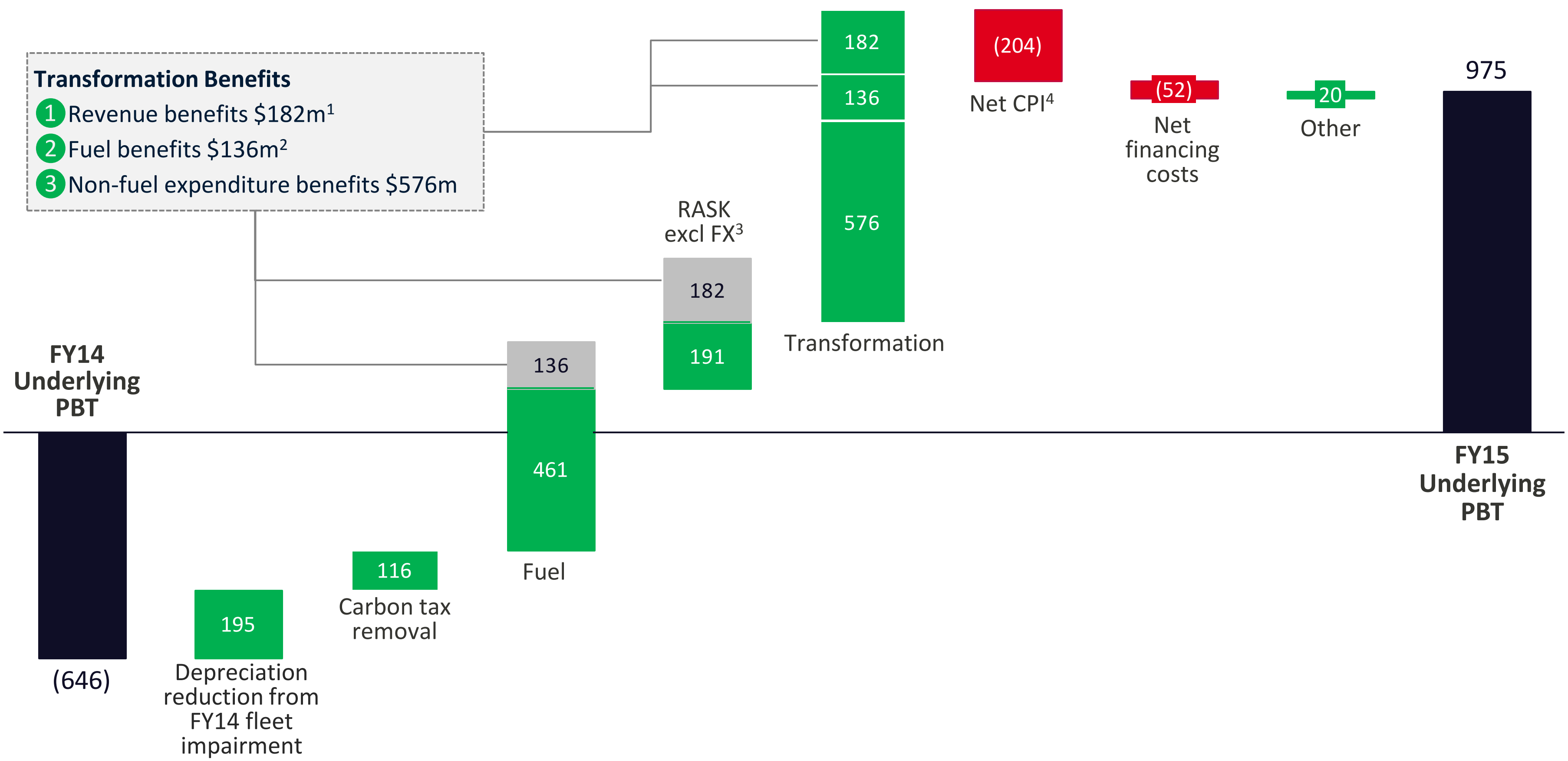
Robust Financial Results Driven by Transformation

KEY GROUP FINANCIAL METRICS	FY15	FY14	VLY%[5]
Underlying PBT[1] ($M)	975	(646)	↑ >100
Statutory profit after tax ($M)	560	(2,843)	↑ >100
Statutory earnings per share (c)	25.4	(128.5)	↑ >100
ROIC (%)	16	(1.5)	↑ >100
Revenue ($M)	15,816	15,352	↑ 3.0
Transformation benefits realised ($M)	894	204	↑ >100
Operating cash flow ($M)	2,048	1,069	↑ 92
Net free cash flow[2] ($M)	1,104	-	↑ >100
Yield[3] (c/RPK)	10.40	10.29	↑ 1.1
Comparable unit cost[4] (c/ASK)	4.79	5.05	↓ 5.1
Available Seat Kilometres (ASK) (M)	142,287	141,715	↑ 0.4
Revenue Seat Kilometres (RPK) (M)	112,543	109,659	↑ 2.6

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 Presentation are reported on an Underlying basis. Refer to Supplementary Slide 5 for a reconciliation of Underlying to Statutory PBT. 2. Net free cash flow is operating cash flows less investing cash flows. 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 payments to shareholders. 3. Yield is calculated as passenger revenue per RPK. Both current and prior year is calculated using current year exchange rates. 4. 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. Refer to Supplementary Slide 12 for further detail. 5. Variance to last year. Favourable variances are reported in green.

FY15 Result Key Drivers

Underlying Profit Before Tax ($M)



1. Any incremental costs associated with revenue benefits are netted in the overall cost benefits attributed to the Qantas Transformation program. 2. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following transformation initiatives. 3. Revenue per ASK. Calculated as ticketed passenger revenue per ASK excluding FX. FX on revenue is netted with FX on expenditure which is represented in other. 4. Company estimate including wage and other cost inflation, less CPI offset measures.

Returning Surplus Capital To Shareholders

- Having returned to optimal capital structure, surplus capital is proposed to be returned to shareholders
- $505m capital return proposed
  - 23c per share capital return combined with share consolidation[1]
  - Equitable method to return cash to all shareholders
  - No tax payable should arise to most shareholders on cash receipt[2], subject to final ATO Class Ruling to be published after payment of the return of capital
  - Pending shareholder approval[1], 23c per share cash payment to be made in November 2015
  - Combined with a capital return share consolidation provides similar earnings per share outcomes as on market buy-back[3]
  - Shareholder approval for return of capital and share consolidation to be sought at Annual General Meeting in October 2015

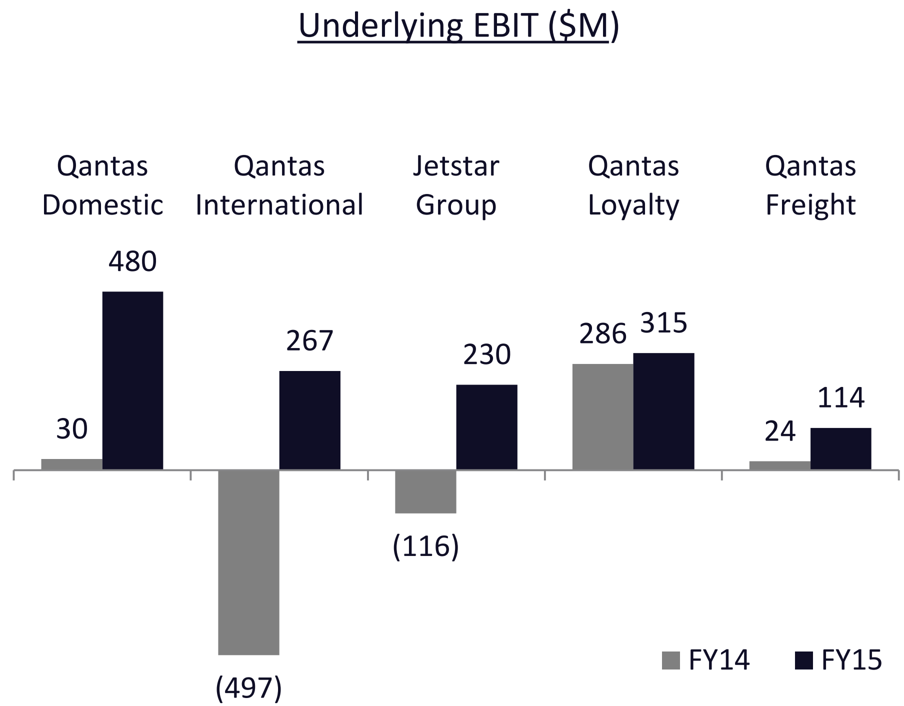
1. Both capital return and share consolidation are subject to shareholder approval. 2. Capital return adjusts cost base of shares and defers tax payable to shareholder until they dispose their shares (unless no cost base exists, in which case the cash receipt will be assessable). 3. Assumes equivalent sized buy-back at same fixed price.

FY15 Segment Results

QANTAS
Spirit of Australia

All Business Units Performing Strongly

- All operating segments achieved ROIC>WACC
- Qantas International Underlying EBIT[1] improved $764m vs FY14
- Qantas Domestic Underlying EBIT improved $450m vs FY14
- Qantas Freight, Qantas Loyalty and Jetstar Group achieved record Underlying EBIT results[2]
- Best combined Qantas Domestic and Qantas International result since FY08
- Group Domestic Underlying EBIT >$600m
  - Enhanced dual brand coordination, customer segmentation driving Group strength



1. The primary reporting measure of the Qantas International, Qantas Domestic, Jetstar Group, Qantas Loyalty and Qantas Freight operating segments is Underlying Earnings Before Net Finance Costs and Tax (Underlying EBIT) as net finance costs are managed centrally. 2. Qantas Loyalty result compared to prior periods, normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. Record Freight result since separate segmentation of Freight in FY08.

Robust Qantas Domestic Result

- Underlying EBIT of $480m
  - Transformation benefits of $302m
  - RASK[1] improvement of 4.5% with yield and load recovery
  - Total revenue impacted by sale of QDS[2]
  - Maintained strong corporate position with 80% of large corporate accounts[3]
- Network changes and dynamic capacity management
  - Ongoing right-sizing of intra-WA, QLD[4] resources footprint in line with weaker demand
- Comparable unit cost improvement of 4%[5]
  - Mainline fleet simplification completed (B737 narrowbody, A330 widebody)
  - Utilisation[6] improved with reduced B737 turn times, turboprop base consolidation
- Record Net Promoter Score (NPS)[7] reflecting ongoing investment in customer experience and our people
- Premium on-time performance (OTP) with increase to 88.3%; best OTP in over 10 years[8]

		FY15	FY14	VLY %
Revenue	$M	5,828	5,848	(0.3)
Underlying EBIT	$M	480	30	>100
ASKs	M	36,638	37,824	(3.1)
Seat factor	%	74.2	73.3	0.9pts

1. Calculated as passenger revenue per ASK. 2. Qantas Defence Services sale completed in February 2014. 3. Based on revenue of large corporate accounts greater than $0.5m. 4. Intra- Western Australia, Queensland. 5. The 4% improvement in comparable unit cost is calculated as Underlying EBIT less passenger revenue and fuel adjusted for changes in discount rates, foreign exchange rates and movements in average sector length per ASK. If adjusted for the impact of the carbon tax repeal, comparable unit cost improved 1%. 6. Aircraft utilisation calculated as average block hours per aircraft. 7. Net promoter score. Based on internal reporting. Record achieved in June 2015. 8. On-time departures for Qantas Mainline. Source: BITRE.

Qantas Domestic Areas of Focus for FY16

Delivering Customer Experiences that Earn a Revenue Premium

- Maintain RASK advantage to competitor above 15%[1]
- Continue network enhancements, e.g. SYD– MCY and MEL– OOL[2]
- New PER[3] lounge opening August 2015, BNE[4] lounge construction starts 1H16
- Investment in online and mobile technology across customer touchpoints

Recognised for our Operational Excellence

- Continue to deliver premium OTP alongside utilisation[5] gains
- New disrupt management system implemented by end 2H16
- Further leverage dual brand with Jetstar

Delivering at the Right Cost Through Transformation

- Reducing unit cost gap[6] to competitor from 11% in FY15 to <5% by FY17
- B737 reconfiguration adding six seats, introduction of 35 minute turns
- Contact centre consolidation from three to one

Our People and Culture Make the Difference

- Focus on people safety across all business units
- New leadership and service training
- Maintain engagement whilst completing major business transformation

1 Passenger revenue per ASK. Source: BITRE, published company accounts and Qantas' internal estimates. 2. Sydney-Maroochydore and Melbourne-Coolangatta. 3. Perth. 4. Brisbane. 5. Aircraft utilisation calculated as block hours per aircraft. 6. Unit cost calculated as Underlying EBIT less passenger revenue per ASK. Qantas Domestic unit cost includes QantasLink. Competitor refers to Virgin Australia including mainline domestic and regional operations. Virgin Australia's assumed domestic unit cost based on company estimates and published competitor data.

Successful Turnaround of Qantas International

- Turnaround of $764m for Underlying EBIT of $267m
  - Transformation benefits of $408m
  - 6% RASK[1] growth on load and yield strength
  - $195m reduction in depreciation from FY14 non-cash fleet impairment
- Comparable unit cost improvement of 4%[2]
- Aircraft utilisation[3] increased by 15% since FY12, delivering new revenue opportunities
  - MEL-LHR[4] retime released 1 x A380 for redeployment to DFW-SYD[5]
  - Additional LAX[6] and SCL[7] flying; seasonal flying to Vancouver; re-introduction of PER-SIN[8] services
- Benefit from lower market capacity growth with AUD near long-term average
- Enhanced partnership with American Airlines[9], expanding international network
- Record customer advocacy (NPS)[10] from ongoing investment in customer experience and our people
  - LAX First and Business lounge, A330 reconfiguration, ‘New Economy’ meal service

		FY15	FY14	VLY %
Revenue	$M	5,467	5,297	3.2 [11]
Underlying EBIT	$M	267	(497)	>100
ASKs	M	59,263	59,173	0.2
Seat factor	%	81.5	79.6	1.9pts

1. Calculated as passenger revenue per ASK inclusive of transformation benefits and foreign exchange movements. 2. Comparable unit cost is calculated as Underlying EBIT 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, changes in block codeshare agreements and movements in average sector length per ASK. 3. Aircraft utilisation calculated as average block hours per aircraft compared to FY12. 4. Melbourne-London. 5. Dallas Fort Worth-Sydney. 6. Los Angeles 7. Santiago 8. Perth-Singapore. 9. Subject to regulatory approval. 10. Net Promoter Score, based on internal Qantas reporting (record achieved in June 2015). 11. Includes RASK growth on passenger revenue and movements in other revenue including the impact of changes in block codeshare agreements.

Qantas International Areas of Focus for FY16

Owning the High Yield Customer

- Improve on average NPS[1] achieved in FY15
- International A330 cabin reconfigurations (10) completed
- Ongoing investment in service and leadership training for our people
- Leveraging technology with new PROS revenue management system

Reshaping our Cost Base Through Qantas Transformation

- Continued focus on network optimisation
- LAX maintenance hangar operational late FY16
- Further increase aircraft utilisation by >3%
- Maximise workforce productivity

Providing Connections to the World and Overcoming Network gaps

- Expanded AA partnership[2] including new SFO[3] service from December 2015
- Continue to evolve market leading customer proposition with Emirates
- Launch new routes including BNE-NRT[4], SYD-HND[5] and SYD-SFO[6]
- Expand seasonal operations including BNE-WLG and BNE-CHC[7]

1. Net Promoter Score, based on internal Qantas reporting. 2. American Airlines partnership, subject to final regulatory approval. 3. San Francisco (subject to regulatory approval). 4. Brisbane-Narita. 5. Sydney-Haneda. 6. Sydney- San Francisco (subject to regulatory approval). 7. Brisbane-Wellington, Brisbane-Christchurch.

Record Result for Jetstar Group

- Record Underlying EBIT of $230m
- Significant improvement across Jetstar Group with continued cost transformation and revenue recovery
  - Group controllable unit cost improvement of 2%[1]
  - Strong domestic Australia yield growth and cost discipline
  - Record Jetstar International (long-haul Australia) performance[2] with introduction of B787-8
  - Domestic New Zealand profitable for first time
  - $45m turnaround[2] in Jetstar Asia (Singapore) to profit in FY15

Jetstar Group		FY15	FY14	VLY %
Revenue	$M	3,464	3,222	7.5
Underlying EBIT	$M	230	(116)	>100
ASKs	M	46,385	44,718	3.7
Seat factor	%	79.9	77.9	2.0pts

- All Jetstar branded airlines in Asia improved performance, with overall losses halved vs FY14
  - Jetstar Asia (Singapore) return to profit[2], Jetstar Pacific (Vietnam) profitable 2H15[2], Jetstar Japan significantly improved RASK and CASK performance
  - Disappointing outcome from Hong Kong ATLA[3] process
- Setting the standard in low fares travel with enhancements from innovation, technology and B787-8 rollout
  - Jetstar Airways awarded best LCC[4] in Australia/Pacific, top 5 LCC worldwide[5]

1. The 2% improvement in controllable unit cost is calculated as Underlying expenses less fuel adjusted for the impact of Jetstar branded associates, changes in foreign exchange rates, changes in discount rates and movements in average sector length per ASK. If adjusted for the impact of the carbon tax repeal, comparable controllable unit cost is 1%. 2. Based on Underlying EBIT. 3. Air Transport Licencing Authority. 4. Low Cost Carrier. 5. Skytrax World Airline Awards 2015.

Jetstar Group Areas of Focus for FY16

Safety & compliance — **Cost discipline** — **Customer advocacy** — **People engagement**

Jetstar Australia	• Leverage dual brand with Qantas Domestic • Continued focus on customer innovation • Grow through increased utilisation
Jetstar International	• Maintain network advantage on core routes • Strengthen brand in key markets • Grow through increased utilisation, completion of B787-8 transition
Jetstar in New Zealand	• Continue to build strong challenger brand • New routes for Trans-Tasman • Launch of New Zealand regionals in December 2015[1]
Jetstar Asia (Singapore)	• Leveraging interline and codeshare partners • Continued focus on brand and customer experience innovation
Jetstar Japan	• Drive utilisation through international expansion • Up to JPY 5b (AUD $55m[2]) equity injection each by Qantas Group and JAL[3] to support expanded international operations and maintain market-leading domestic position • Execute on dual brand with JAL
Jetstar Pacific (Vietnam)	• Launch additional international routes • Execute on dual brand with VNA[4]

1. Subject to regulatory approval. 2. As at 19 August 2015. 3. Japan Airlines. 4. Vietnam Airlines.

Record Result for Qantas Loyalty

- Record Underlying EBIT[1] of $315m
- Billings[2] up 5%, external billings up 7%
  - 33 new Coalition Loyalty partners[3]
  - 5% growth in QFF direct earn consumer credit card accounts (outperforming industry average)[4]
  - Campaigns with all major credit card issuers
- 10.8 million members - 7% growth

		FY15	FY14	VLY %
Underlying EBIT	$M	315	286	10
Billings	$M	1,369	1,306	4.8
Deferred Revenue Growth[9]	$M	108	68	59
Members	M	10.8	10.1	6.9

- Continue to diversify earnings profile with strong growth from new and adjacent businesses[5]
  - Contributing 30% of overall Loyalty EBIT growth
  - AUD$1.1b currency loaded on Qantas Cash cards; 410k cards activated
  - Red Planet profitable within first year of operation
- Aquire SME[6] program engaging members and improving 'share of wallet' for Qantas Airlines
- QFF members earning Qantas Points on all Jetstar domestic New Zealand services[7]
- Maintained record annual NPS and premium over competitors[8]

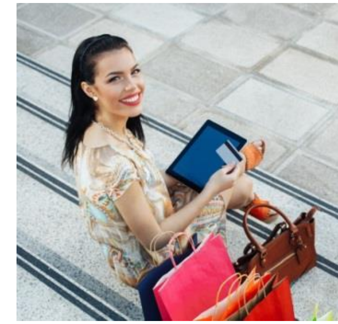
1. Record Underlying EBIT result compared to prior periods, normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. 2. Billings represent point sales to partners. 3. Qantas Frequent Flyer and Aquire, including Qantas Online Mall, as at 30 July 2015.4. Qantas Frequent Flyer, based on number of personal credit card accounts with interest free periods. 5% growth for the 12 months to May 2015 compared to the 12 months to May 2014. FY15 Industry growth rate 3.7% Source: RBA credit and card charges statistics. 5. Include Qantas Cash, Qantas Golf, Qantas epiQure, Red Planet, Accumulate and Taylor Fry. 6. Small and medium enterprises. 7. From 25 June 2015. 8. Average NPS 12 months to July 2014 vs Average NPS 12 months to July 2015. Premium over Virgin Australia. Source: Qantas Loyalty survey of Qantas Frequent Flyers. 9. Annual deferred revenue growth from 1 July 2014 and 30 June 2015 respectively .

Qantas Loyalty Areas of Focus for FY16

Goals

Consistent and Diversified Earnings Growth

- Sustainable billings growth across all partner segments (including airlines, financial services and retail)
- Earnings diversification with growth of ‘Core Innovations’[1] and break-out initiatives; leverage Taylor Fry investment
- Delivering value to Group airlines; share of wallet, yield premium, data analytics supporting customer strategies and marketing efficiency



Strategies to Deliver

Innovate to Grow and Reinforce Core

- Strengthen member opportunities to earn and redeem Qantas Points; airline redemptions, hotels and cars, Online Mall, credit card rewards
- Enhancement to Qantas Cash; invest in member experience across all platforms; develop digital loyalty solutions
- Rewarding Aquire members with discounts on Qantas flights

Disruption Led Break-out Growth

- Red Planet earnings growth – external and internal clients; leverage research panel to drive new product offering on consumer attitudes, opinions and interests
- Invest in new ventures – innovative, digitally led, customer centric solutions that will reinforce the core Loyalty Coalition

1. Include Qantas Cash, Qantas Golf, Qantas epiQure, Red Planet , Accumulate and Taylor Fry

Record Result for Qantas Freight

- Record Underlying EBIT of $114m[1]
  - Transformation benefits of $38m achieved across fleet and ground operations
  - Improved customer experience
  - Yield[2] reductions offset by higher loads
- Renegotiated major contracts in competitive domestic market
  - Australia Post contract renewed for further 5 years
  - New 5-year contract with Toll Group, using Qantas and Jetstar aircraft belly space
- Investment in our people - ~350 people through “Point of Difference” training in FY15
- FY16 EBIT not expected to match FY15
  - Conclusion of Australian air Express legacy agreements in June 2015

		FY15	FY14	VLY %
Revenue	$M	1,067	1,084	(1.6)
Underlying EBIT	$M	114	24	>100
Capacity (International AFTKs)[3]	B	3.2	3.4	(5.9)
Load (International)	%	57.0	55.1	1.9 pts

1. Since separate segmentation of Freight result in FY08. 2. Yield calculated as freight revenue (excluding FX) per AFTK. 3. Based on Available Freight Tonne Kilometres.

Group Financial Framework and FY15 Result

Spirit of Australia

Financial Framework Aligned with Shareholder Objectives

Enhancing long-term shareholder value

1. Maintaining an Optimal Capital Structure	2. ROIC > WACC Through the Cycle	3. Disciplined Allocation of Capital
Target: minimise WACC	**Target: ROIC > 10%[1]**	**Target: grow Invested Capital with disciplined investment, return surplus capital**
FY15: >$1b debt reduction, return to optimal capital structure	**FY15: ROIC of 16%**	**FY15: Proposed $505m capital return**

MAINTAINABLE EPS[2] GROWTH OVER THE CYCLE

TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE[3]

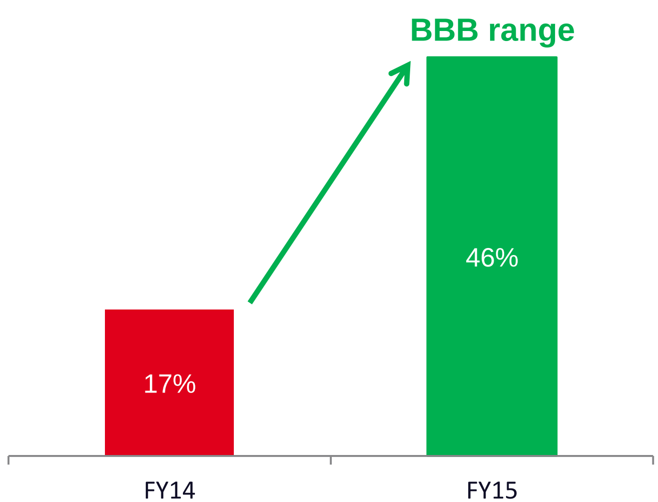
1. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC through the cycle. 2. Earnings Per Share. 3. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the Notice of Meeting for the 2014 Annual General Meeting, with reference to the 2015-2017 LTIP.

Maintaining an Optimal Capital Structure

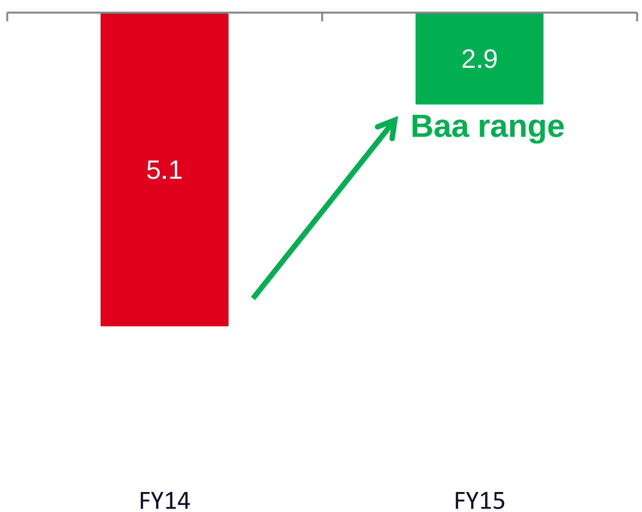
Achieved >$1b debt reduction target

- Net debt reduced by $1.1b[1] since FY13
  - Return to optimal capital structure – leverage metrics above target range (BBB-/Baa3 to BBB/Baa2) resulting in surplus capital
  - Debt levels to be aligned with respect to optimal capital structure
- Positive ratings momentum (Moody's upgrade to Ba1, positive outlook)

FFO/net debt (S&P)[2]



Debt/adjusted EBITDA (Moody's)[3]



STRONGEST CREDIT METRICS SINCE THE GLOBAL FINANCIAL CRISIS

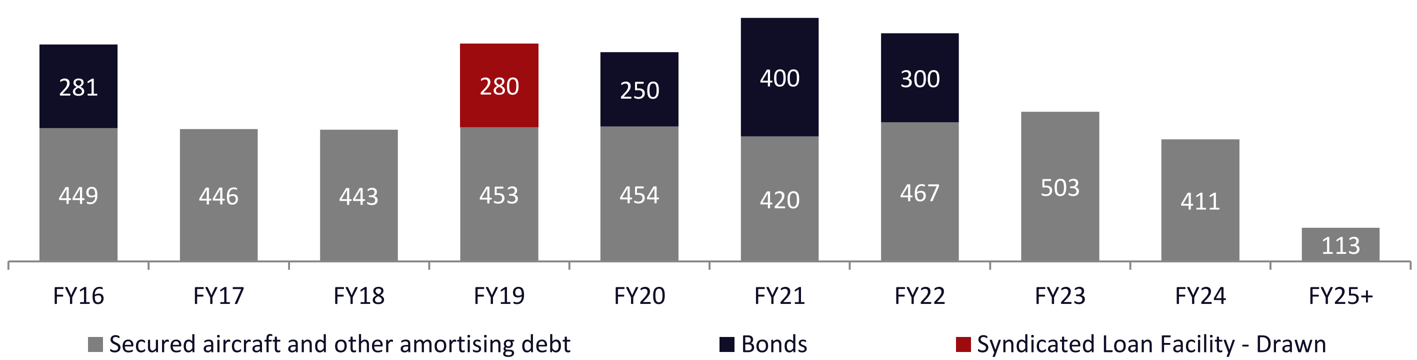
1. Net debt including present value of operating lease obligations. 2. Funds From Operations/net debt. Metric based on Standard and Poor's methodology. 3. Debt/ adjusted Earning Before Interest, Tax, Depreciation and Amortisation. Metric based on Moody's methodology.

Maintaining an Optimal Capital Structure

Extended debt maturity profile

- Minimised refinancing risk
  - Extended tenor
  - Weighted average debt maturity ~5 years
- Retained access to diverse funding sources
  - Increased certainty over funding availability
  - Flexibility for future funding requirements
  - Preserved investment grade terms and conditions including no financial covenants

Debt Maturity Profile as at 30 June 2015 ($M)[1]



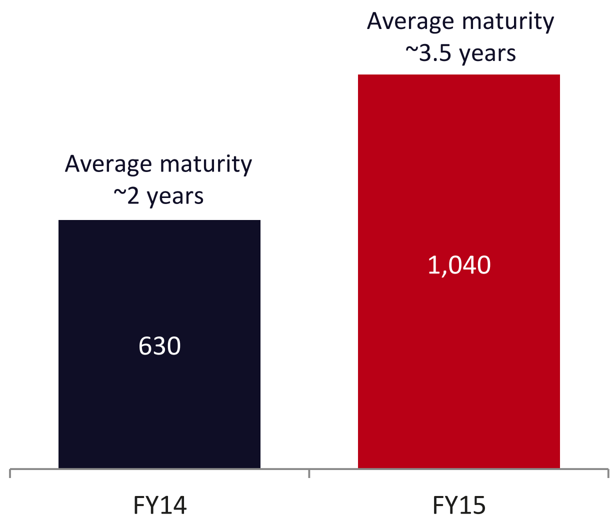
1. Cash debt maturity profile excluding operating leases.

Maintaining an Optimal Capital Structure

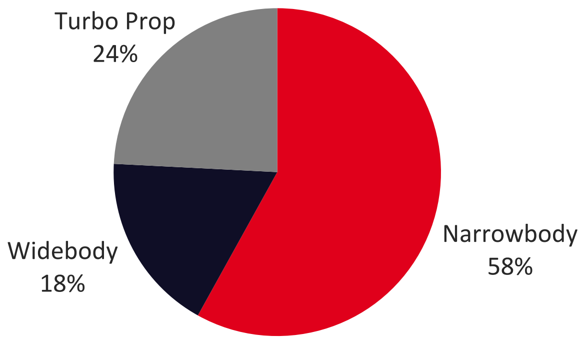
Robust liquidity

- Liquidity pool enhanced
  - Cash $2.9b[1]
  - >$1b undrawn facilities, increased by $410m[2]
  - ~40% of Group fleet now unencumbered[3]
    - Increased by net 20 aircraft over FY15
    - Value has doubled since FY12 to >US$3b[4]
    - Average age of unencumbered, narrowbody aircraft <7 years[5]
- Flexibility to manage liquidity mix whilst maintaining optimal capital structure
  - Lower levels of cash required with access to other liquidity sources
  - Opportunity to buy-out operating leases from FY16 utilising existing cash reserves
    - Resulting in lower cost of capital

Undrawn Facilities[2] ($M)



Composition of Unencumbered Fleet[6]



1. Includes cash and cash equivalents as at 30 June 2015. 2. From 30 June 2014 to 7 July 2015. 3. Based on total Group fleet. 4. Based on AVITAS market values. 5. Based on Group's unencumbered scheduled passenger fleet, excluding Freighter aircraft and Network Aviation. 6. Based on number of unencumbered aircraft as at 30 June 2015.

Improving Return on Invested Capital

Delivering ROIC>WACC through the cycle

- Group ROIC of 16%
  - Meeting Group target of ROIC > 10%
- All operating segments delivered ROIC > WACC
- Invested Capital contracted in FY15
  - Constrained investment to prioritise debt reduction
  - FY14 Qantas International fleet impairment[1]
- See supplementary slide 10 for calculation of Invested Capital

$M	FY15	FY14
Underlying PBT	975	(646)
Add back: Underlying net finance costs	258	206
Add back: Non-cancellable aircraft operating lease rentals	495	520
Less: Notional depreciation[2]	(252)	(273)
ROIC EBIT	**1,476**	**(193)**

$M	FY15	FY14
Net working capital[3]	(6,198)	(5,676)
Fixed assets[4]	11,788	11,518
Capitalised operating leased aircraft[5]	3,100	3,553
Year end Invested Capital	**8,690**	**9,395**
Average Invested Capital[6]	**9,091**	**13,004**

Return on Invested Capital (%)	**16**	**(1.5)**

1. Qantas International cash generating unit impairment occurred on 30 June 2014 therefore average Invested Capital was not impacted. 2. For calculating ROIC outcomes, operating leased aircraft are included in the Group's Invested Capital as the AUD market value (referencing AVITAS) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is known as capitalised operating leased aircraft. 3. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet; receivables, inventories and other assets reduced by payables, revenue received in advance and provisions. 4. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet; asset classified as held for sale, investments accounted for under the equity method, property, plant and equipment and intangible assets. 5. Capitalised operating lease aircraft are initially recognised at fair value. Subsequently remeasured as per a finance lease. 6. Equal to the 12 month average of monthly Invested Capital.

Disciplined Allocation of Capital

Growing invested capital for sustainable earnings growth

FY15 net capital expenditure[1] $944m in line with guidance

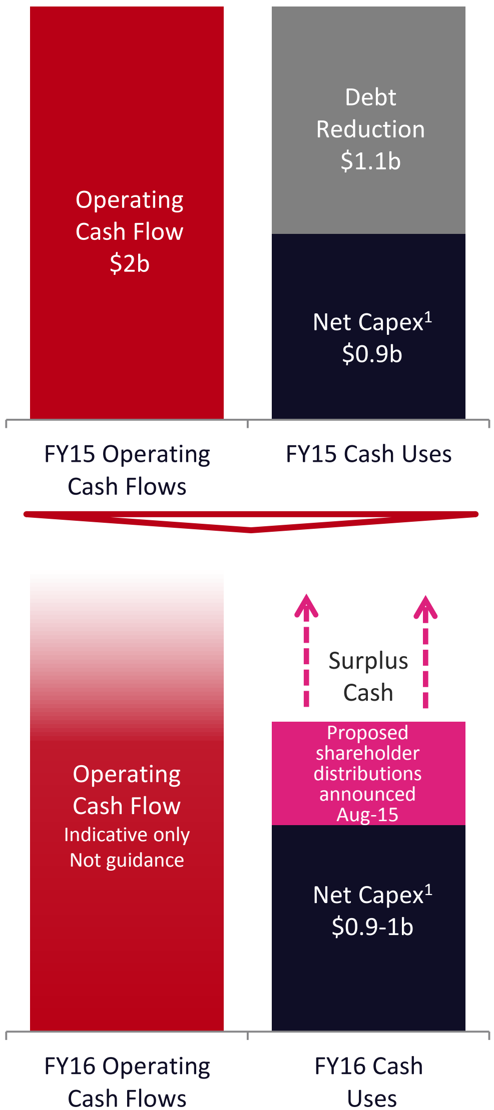
- Net capex and lease investment in line with $0.7b guidance[2]
- Group average fleet age maintained at young 7.7 years[3]

Consistent with financial framework, FY16 net capex expected to be $0.9 - $1b

- Replenishment investment
- Retaining 6 x narrowbody aircraft previously planned for sale
- Accelerated Transformation capex
- Includes B787-9 pre-delivery payments
- Includes $350m investing cash inflow from Sydney T3 lease reversion[4]

Net capex[1] for 3 years FY17 – FY19 to total between $3.6b - $4.5b

- Includes B787-9 order
- Ability to flex investment levels if required
  - Current average fleet age below 8-10 year target range



1. Equal to investing cash flows. 2. On a constant currency basis. Unadjusted FY15 net capex and lease investment $862m due to impact of weaker AUD on treatment of off balance sheet USD-denominated leases. 3. Based on Group's scheduled passenger fleet, excluding Freighter aircraft and Network Aviation. 4. $535m proceeds from Sydney Terminal Three lease reversion, of which $350m will be recognised as an investing cash inflow and $185m as an operating cash inflow. The deferred $185m will be released in Qantas' consolidated income statement over the period to 30 June 2019.

Disciplined Allocation of Capital

Returning surplus capital to shareholders

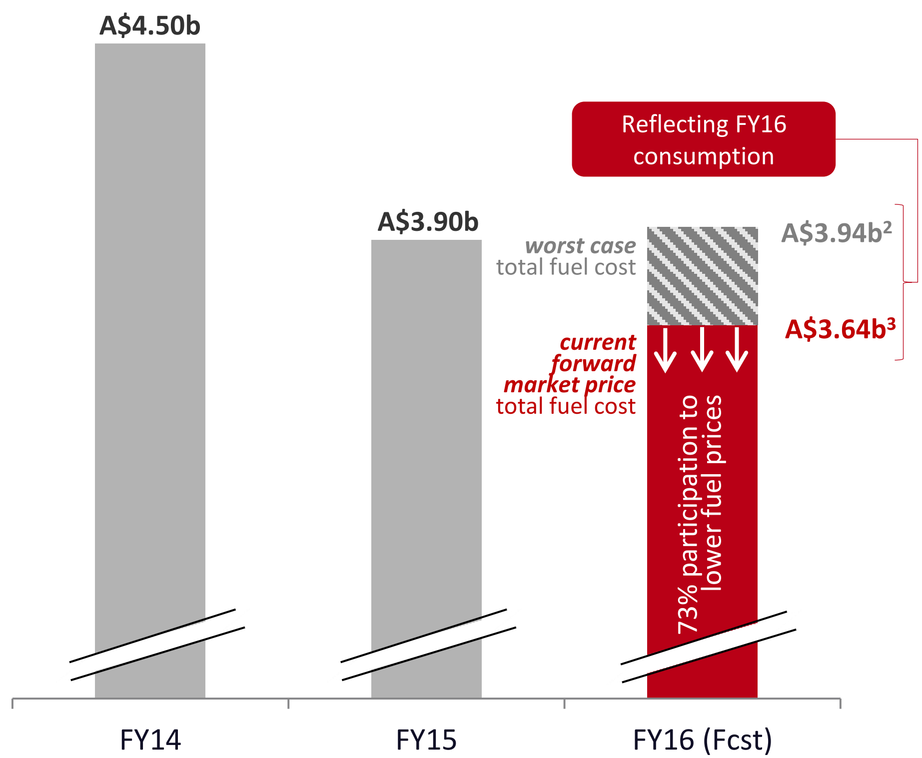
- Qantas will continue to review its optimal capital structure and, where there is surplus capital, assess how to enhance shareholder value with the appropriate mix of growth and shareholder distributions
  - Base plans incorporate shareholder distributions when in optimal capital structure
  - Future capital management initiatives will have regard to the Group's Balance Sheet, business performance, growth opportunities and outlook
  - Where surplus capital enables returns to be made to shareholders, the form of any distribution will have regard to a range of factors including the level of franking credits available in order to determine the most equitable and tax efficient method for all shareholders

Hedging Update

Benefit of lower fuel prices protected

- Hedging approach protects against unfavourable movements in Fuel and FX, while allowing for participation to favourable price movements
- Benefit of fuel price fall over FY15 has been protected for FY16, with 73% participation to lower prices
- FY16 total fuel cost forecasts include increased consumption relative to FY15 reflecting international capacity increase
- The Group has limited exposure to net non-fuel FX movements (non-fuel expenditure netted against offshore revenue)

Hedging & Fuel Cost Outlook[1] (A$b)
Inclusive of Option Premium



1. As at 18 August 2015. 2. Worst case total fuel cost based on a 2-standard deviation move in Brent forward market prices to A$100/bbl, for the remainder of FY16. 3. Current forward market price total fuel cost based on a Brent forward market price of A$71/bbl for remainder of FY16.

Reversion of Sydney Terminal 3 Lease

Long-term certainty , positive strategic and financial outcome

- Commercial agreement reached with Sydney Airport delivers long-term certainty over future operations in Sydney domestic Terminal 3
- Reversion of T3 lease to Sydney Airport from 1 September 2015
  - 30-year lease due to expire June 2019
  - Introduction of per passenger charge, agreed rate to 2025
- Qantas exclusive usage of Terminal 3 to continue until June 2019
- Retaining priority usage including majority of gates, check-in and baggage from 2019 to mid-2025
- Qantas to receive total cash proceeds of $535m
  - $210m gain on sale, recognised outside of FY16 Underlying PBT
  - $350m to be recognised as investing cash inflow in FY16
  - Deferred $185m to be released over the period to 30 June 2019
  - EBIT neutral outcome through to FY19

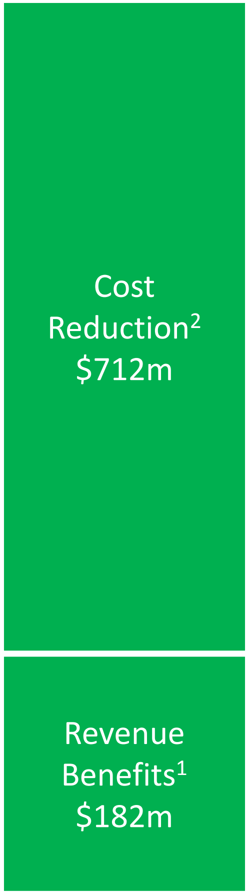
Strategy Update and Outlook

QANTAS
Spirit of Australia

Continued Delivery of Business Transformation

Realising benefits ahead of targets

$894M TRANSFORMATION BENEFITS REALISED IN FY15



Cost Reduction[2] $712m

- Non-operational staff reduction
- Fuel burn efficiency program
- B747 base closure
- New line maintenance model
- Jetstar lowest seat cost
- B767/B747 retirements
- Facilities consolidation
- Freight technology upgrade
- IT vendor consolidation
- Catering productivity

Revenue benefits[1] $182m

- International utilisation and network optimisation
- Domestic utilisation and schedule changes
- Direct distribution enhancements
- 'Bid Now' upgrades

Maintaining Cost Commitment:

- Ex-fuel expenditure reduced by 6 per cent in first 18 months
- Strong progress towards FY17 target of >10% reduction[3]

Continuing to Offset Inflation:

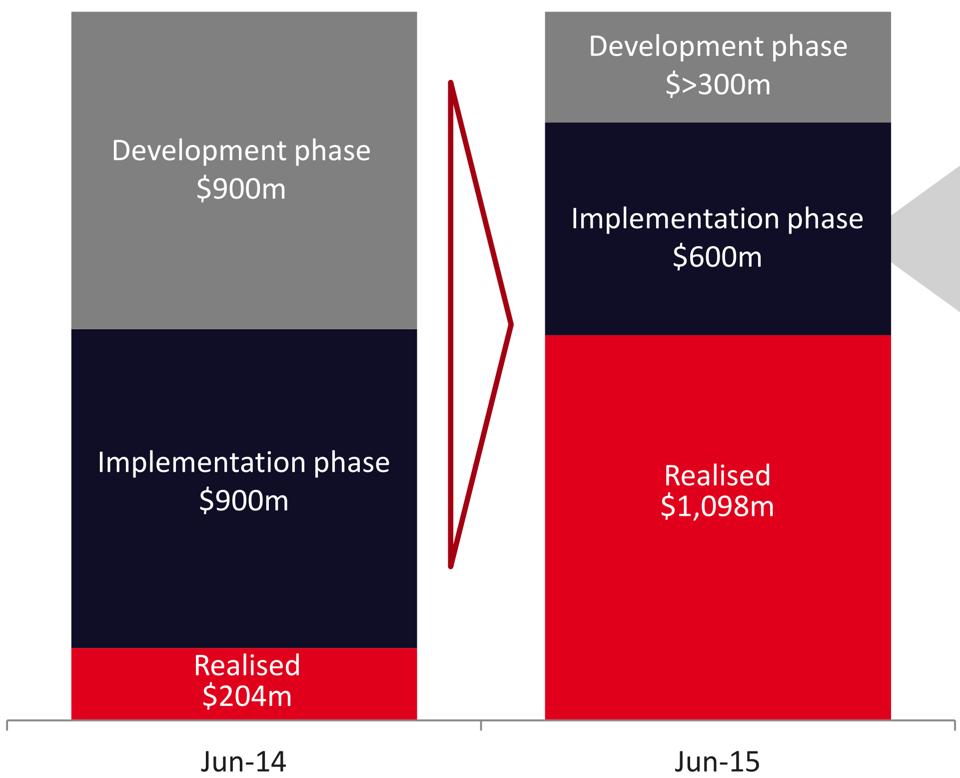
- Separate program to mitigate inflation to below $250m p.a.
- Includes 18-month wages freeze
- FY15 CPI $204m[4]

1. Any incremental costs associated with revenue benefits are netted in the overall cost benefits attributed to the Qantas Transformation program. 2. Includes fuel benefits of $136m. 3. Target assumes steady FX rates, capacity and sector length. No adjustment to FY15 made. If made, reduction achieved would be greater than 6%. 4. Company estimate including wage and other cost inflation, less CPI offset measures.

Continued Delivery of Business Transformation

TARGET: $450M BENEFITS TO BE REALISED IN FY16

$2b Qantas Transformation Pipeline



Consolidation
- Contact centres

Productivity
- Catering centres
- Jetstar's Lowest Seat Cost program
- Fuel optimisation

Right Sizing (cost and revenue)
- Qantas International and Domestic aircraft utilisation (phase 2)
- Dual brand network optimisation

Technology / Supplier (cost and revenue)
- ‘Spend Aware’ procurement program
- PROS revenue management
- Disrupt management
- IT application simplification

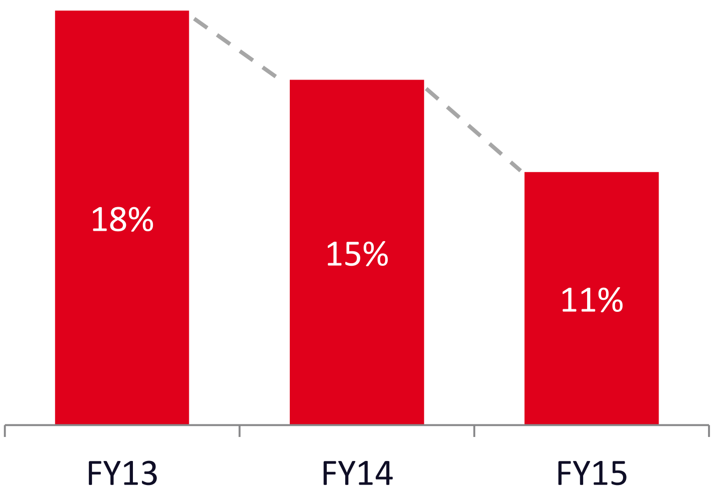
Continued Delivery of Business Transformation

Improving long-term competitive position

Strategic outcomes by FY17:

- Group ex-fuel expenditure reduced by >10%[1]
- Qantas Domestic unit cost gap[2] to close to <5%
- Qantas International unit cost comparable to competitors
- Jetstar lowest seat cost and yield advantage maintained
- Consistent and improved customer experience
- Embedded culture of transformation for ongoing benefits beyond FY17

Unit Cost Gap to Domestic Competitor[2]



AT LEAST $2B TRANSFORMATION BENEFITS REQUIRED TO ACHIEVE ALL STRATEGIC OUTCOMES

1. Target assumes steady FX rates , capacity and sector length. 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.

Continued Delivery of Business Transformation

Delivering against a balanced scorecard

		Target		Progress to Date
		Metric	Timeframe	
ACHIEVING OUR TARGETS	Accelerated Transformation Benefits	$2b gross benefits >10% ex-fuel expenditure reduction[1]	FY17	$1,098m benefits realised Ex-fuel expenditure reduced by 6%[2]
		5,000 FTE reduction	FY17	4,000 FTE reduction[3]
	Deleverage Balance Sheet	>$1b debt reduction	FY15	$1.1b net debt reduction[4] since FY13
		Debt / EBITDA[5] <4.0x	FY17	Target reached in FY15: Debt/adjusted EBITDA[5] 2.9x
	Cash Flow	Sustainable positive free cash flow[6]	FY15 onwards	$1.1b net free cash flow[6] in FY15
	Fleet Simplification	11 fleet types to 7	FY16	9 fleet types 4 out of 6 x non-reconfigured B747 retired[7]
	Customer And Brand	Customer satisfaction (6 month rolling average): Improving / Stable / Declining	Ongoing	'Improving' at record levels
		Most on-time domestic carrier: Qantas Domestic	Ongoing	Most on-time domestic departures and arrivals in FY15[8]

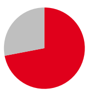
1. Target assumes steady FX rates , capacity and sector length. No adjustment to FY15 made. If made, reduction achieved would be greater than 6%. 2. Includes Underlying operating expenses (excluding fuel), depreciation and amortisation (excluding depreciation reduction from Qantas International non-cash fleet impairment) and non-cancellable aircraft operating lease rentals. FY15 vs 1H14 annualised, not adjusted for movements in FX rates, capacity or sector length. 3. Exited FTEs as at 30 June 2015. 4. Reduction in net debt including present value of operating lease obligations. 5. Metric calculated based on Moody's methodology. 6. Net free cash flow is operating cash flows less investing cash flows. 7. From December 2013 to 20 August 2015. 8. Qantas mainline operations compared to Virgin Australia (excluding regional operations). Source: BITRE.

Customer Focus Driving Brand Strength and Yield Premium

Australia's Preferred Airlines

Domestic

72%



Domestic preference remains strong, with 72% of Australian flyers preferring to fly with Qantas Group brands[1]

Perceived Best Domestic Airline for Business Travel

63%

Point lead in market

Qantas continues to hold this domestic brand position[3]

International

46%

+6% Points

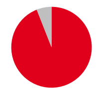
Since September 2014

Up 6 percentage points, 46% of Australian flyers now prefer to fly Qantas and Jetstar for their International travel[1]

With Strong Brand Image

Safety Reputation

94%



An overwhelming 94% of Australian flyers agree Qantas is a really safe airline to fly with[2]

Best Products and Services

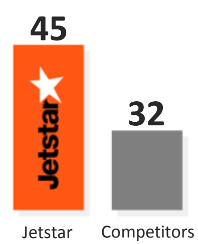
73%

+20% Points

Since July 2014

Up 20 percentage points, 73% of Australian flyers agree that Qantas is focused on providing the best products and services[2]

Jetstar Price Leadership



Jetstar continues to improve its leadership position on lowest-priced fare perceptions[4]

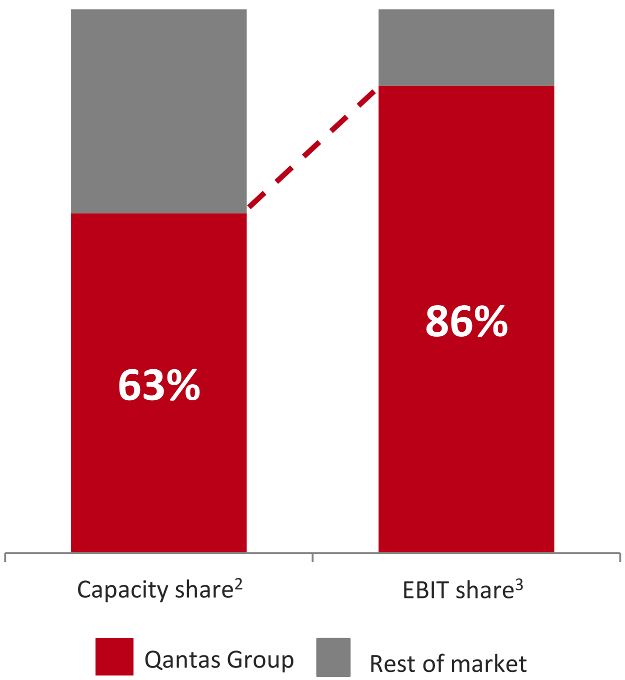
1. Source: Brand Tracking Research (House of Brand Group), as at June 2015. 2. Source: Qantas Key Indicators, as at July 2015. 3. Source: Qantas Key Indicator Study. Lead is over Virgin Australia as at July 2015. 4. Source: Brand Tracking Research (House of Brand), as at June 2015. Competitors refers to the average of other Australian Domestic airlines {excluding Jetstar).

Building on the Group's Long-term Competitive Advantages

Dual brand strategy at core of Group success

- Group-focused decision making embedded
- Customer insights informing ongoing dual brand network refinement
- Completed review of 120+ domestic routes in May 2015, resulting in:
  - Dual brand changes to 25 routes by or within Northern Winter season
  - Enhanced matching of brands to customer segment demand
  - Further improvements to profit contribution and fleet utilisation
  - Release of aircraft for growth opportunities (e.g. Qantas on Gold Coast, Jetstar on Tasman)

FY15 Domestic Results[1]



Consistent with last 5 years, Qantas Group has ~80% or more of domestic profit pool[4]

1.FY15 figures from published company reports, BITRE and Qantas assumptions. 2. Source: BITRE . 3. 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). 4. Historical data based on Qantas analysis and assumptions.

Disciplined Investment To Enhance Long-term Shareholder Value

1. Building on the Group's competitive advantages
   - Integrated portfolio of premier brands
   - Superior domestic market position
   - Global network reach
   - Customer experience and insights
2. Positioning the Group to succeed in growth markets
   - Loyalty growth initiatives
   - Jetstar in Asia
   - Qantas International to unserved city pairs
3. Strengthening long-term Group ROIC
   - Ongoing business transformation
4. Aligning with our brand values and vision

Building a resilient and sustainable Qantas International

Strict parameters for reinvestment met

1. Group financial priorities achieved
   - >$1b debt reduction completed
   - Recommencement of shareholder distributions
2. Resilient and sustainable Qantas International
   - Major restructure since FY12 with 15% unit cost reduction[1], increased unit revenue
   - ROIC > WACC in FY15
   - Ongoing Transformation initiatives for further utilisation improvement and unit cost reduction
3. Competitive business case for B787-9
   - Unit cost position at long ranges directly competitive to peer airlines relying on hubs
   - Delivery from 1H FY18 avoids expensive B747 maintenance events
   - 30% productivity improvement in long-haul pilots EBA agreed in July 2015

1. Non fuel unit cost calculated as Underlying EBIT less total revenue and fuel, adjusted for changes in foreign exchange rates per ASK.

Building a resilient and sustainable Qantas International

Flexibility in Group fleet planning

- Maximum fleet plan flexibility maintained with B787-9 order
  - 8 x B787-9 deliveries from 1H FY18
    - 5 x B787-9 options exercised
    - 3 x remaining B787-8 orders (previously for Jetstar International growth) reallocated to B787-9
  - 15 remaining options, 30 remaining purchase rights
  - Options and purchase rights span B787 family of aircraft
- Strategic and operational benefits of B787-9 vs B747
  - ~20% lower fuel consumption than B747[1]
  - Increased direct range
  - Maintenance cost reduction of 15%, with no heavy maintenance check for 12 years
  - Significant passenger comfort enhancements
  - Greater network flexibility with smaller gauge

B787-9 Order, Option and Purchase Right Timing

Timing	Firm deliveries	Options	Purchase rights
FY17	-		
FY18	4		
FY19	4		
FY20	-		
FY25	-		
Total	**8**	**15**	**30**

1. Fuel consumption per ASK based on modelled B787-9 configuration.

Building a resilient and sustainable Qantas International

B787-9 aircraft overcome the tyranny of distance

More direct flights on ultra-efficient B787-9 deliver superior network and competitive cost base

- 4 x B787-9 to arrive in FY18 and 4 x in FY19
- Base plan for 8 x B787-9 to replace 5 x older B747, maintaining flexibility for growth
- B787-9 provides longer-term flexibility to increase frequencies on existing routes or add new services to longer, thinner routes
- Ultra long range, unit cost reduction presents future opportunity for growth into markets presently unserved directly from Australia
- Smaller aircraft gauge provides greater level of protection against potential market downturns

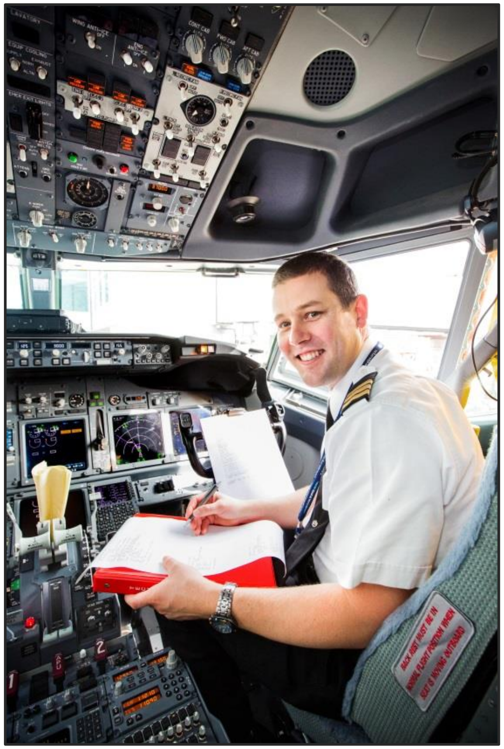
Increased Direct Range of B787-9[1]
(Range shown from East Coast Australia)

1. Based on modelled 787-9 cabin configuration.

Engaging Our People

Driving workplace change and improved culture

- Employee engagement maintained at 75% in 2015[1]
  - Strong outcome amid accelerated business transformation of last two years
- Commitment to driving workplace change and improved culture
  - Three-year program focused on continuous improvement of people safety
  - 24,000 employees to participate in leadership and culture training over next 18 months
  - 8,000 people to complete third series of customer service training over next 18 months
- Building a more competitive and sustainable wages position
  - 18 agreements closed with 18-month wages freeze; Qantas long-haul pilots agreement in July 2015
  - All major unions have agreed to policy in at least one agreement
  - All employees covered by wages freeze policy to receive one-off bonus payment worth five per cent of base annual salary



1. Tower Watson employee engagement survey 2015.

Embedding Sustainability and Resilience Across Qantas Group

Sustainability priorities

1. Formation of Sustainability and Resilience Committee (SRC)
   - Senior representative covering all material issues
2. Creating value by recognising and responding to risks and opportunities arising from macro sustainability trends
   - Group-wide materiality assessment
3. Aligning reporting with Group strategy and material issues
   - Combined financial and sustainability reporting from FY15

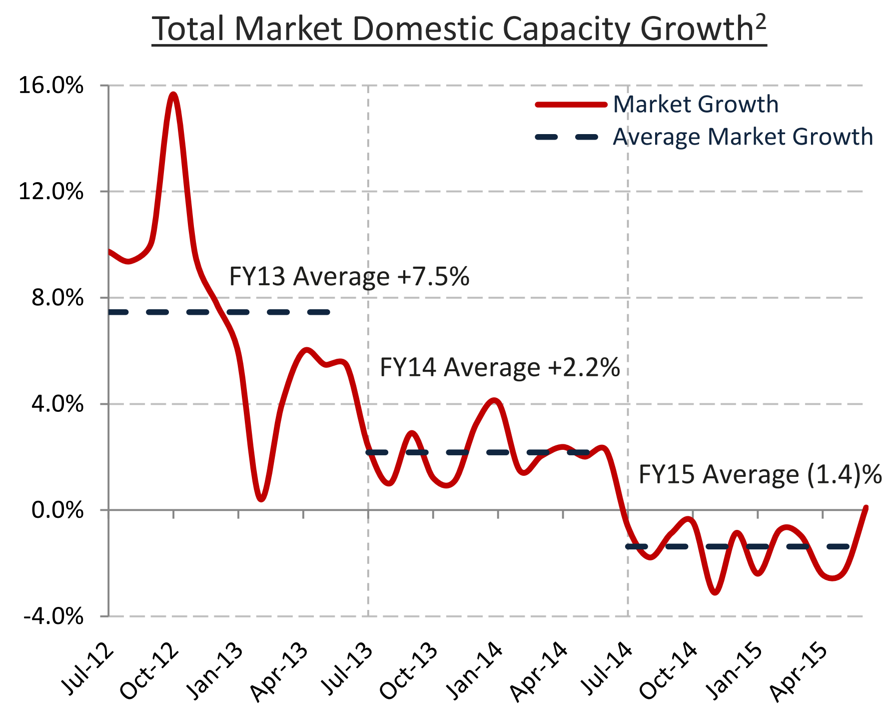
Highlights for FY15

- Reconciliation Action Plan awarded ‘Elevate’ status
- Fuel efficiency initiatives and fleet renewal contributing to a 5% reduction in carbon emissions since FY12[1]
- Qantas Group voluntary carbon offsetting program the largest airline program of its kind[2]
- Anti-corruption strategy and policy developed by cross-functional, executive-led working group
- Qantas chairing IATA[3] Safety Group and **one**world Safety Group for improved global approach

1. Emissions from Aviation fuel. Calculated using Australian Govt. methodology. Source: Qantas Internal Reporting. 2.Based on internal benchmarking of total carbon offset compared to18 other global airlines. 3. International Air Transport Association.

Outlook – Domestic Market Conditions

- FY15 market capacity contraction of 1.4%
- Demand profile remains mixed in 1H16
  - Resources sector continuing to soften in WA, QLD, planning for further demand decline
  - Stable to positive demand growth on East Coast
  - Leisure demand improving across price-sensitive and premium segments
  - Stable demand from non-resources corporate accounts
- Qantas Group domestic 1H16 capacity growth expected to be +0-1%, maintaining flexibility[1]



1. Qantas retains significant flexibility within its fleet and operational envelopes to respond to market conditions and to maximise our customer proposition. 2. Source: BITRE.

Outlook – International Market Conditions

- Economic factors including lower AUD, excess market capacity have led to moderating competitor growth compared to FY14 +9.5%[1]
  - Full service international carriers adopting more seasonal approach to capacity into Australian market
  - Moderate LCC capacity outlook after 18% 5-year CAGR to FY15[1]
- Qantas Group international 1H16 capacity growth
  - Qantas International growth driven by increased utilisation, growth into Japan and US markets with new routes launched 1H16
  - Jetstar[2] growth led by completion of B787-8 transition in September 2015 and impact of new routes introduced from December 2014

FY15 International Capacity Growth[3]

1H16 International Capacity Growth[4]

1. Source: BITRE (excl. Qantas Group). 2. Jetstar includes Jetstar International, Jetstar Asia (Singapore), New Zealand Domestic and New Zealand Trans-Tasman. 3. BITRE (excl. Qantas Group; modelled for June 2015). 4. Based on BITRE and published schedules as at July 2015 (excl. Qantas Group).

Outlook

Momentum of earnings being driven by controllable levers

- Maintainable earnings growth led by delivery of $2b Qantas Transformation program
- Group well positioned to capitalise on return to more favourable operating environment
- Mitigating external risk through robust hedging program, capex and capacity flexibility

CONTROLLABLE LEVERS DRIVING MOMENTUM

- ✓ Delivery of all Transformation targets
- ✓ Disciplined investment to enhance long-term shareholder value
- ✓ Focus on customer experience, brand strength
- ✓ Flexible capacity management
- ✓ Maintaining optimal capital structure
- ✓ Driving workplace change and improved culture
- ✓ Hedging program providing protection against spikes, significant participation to lower prices

EXTERNAL FACTORS FAVOURABLE

- **Fuel**
  - Benefit from lower fuel price protected, 73% participation to lower prices in FY16
- **$AUD**
  - Lower AUD positive for competitive position of Qantas International
- **Market Capacity**
  - 1H16 domestic and international market growth moderate after prolonged period of above-average growth

Outlook

- Current Group operating expectations:
  - Qantas Group capacity expected to increase by 3-4% in 1H16 compared to 1H15
    - Group Domestic capacity expected to increase by 0-1% in 1H16 compared to 1H15
    - International capacity increase driven by utilisation, new route launches, B787-8 transition
  - FY16 Underlying fuel costs expected to be no more than \$3.94b[1], \$3.64[2]b at current forward AUD prices
  - FY16 depreciation and amortisation expense expected to increase by ~\$100m to \$1.2b
  - FY16 Transformation benefits (cost, fuel and revenue) expected to be \$450m
  - FY16 net capital expenditure to be between \$0.9b and \$1b
- No Group profit guidance provided at this time due to the high degree of volatility and uncertainty in global economic conditions, fuel prices and FX rates

1. Worst case total fuel cost based on a 2-standard deviation move in Brent forward market prices to A\$100/bbl, for the remainder of FY16. 2. Current forward market price total fuel cost based on a Brent forward market price of A\$71/bbl for remainder of FY16.

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

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