Qantas Airways Limited
1H19 Results
Supplementary Presentation

21 February 2019

ASX:QAN
US OTC:QABSY

QANTAS GROUP

Group Performance

1H19 Key Group Financial Metrics

	1H19	1H18[10]	VLY %[11]	Comments
Underlying PBT[1] ($M)	780	959	(19)	Revenue growth substantially recovered increased fuel costs
Underlying Earnings per Share[2] (c)	31.8	38.0	(16)	Lower earnings offset by reduction of shares on issue through on-market share buy-back
Statutory Profit Before Tax ($M)	735	840	(13)	Includes gains on sale of assets
Statutory Earnings per Share (c)	30.0	33.3	(9.9)	Lower earnings offset by reduction of shares on issue through on-market share buy-back
Rolling 12 month ROIC[3] (%)	19.3	20.7	(1.4)pts	All operating segments delivering ROIC > WACC[12]
Revenue ($M)	9,206	8,699	5.8	Increases in unit revenue and ancillary revenue
Operating cash flow ($M)	1,254	1,734	(28)	Timing differences related to temporary working capital movements and hedge premium cash spend
Net Debt[4] ($B)	5.2	4.9	(6.1)	At the bottom of the target range of $5.2b to $6.5b
Unit Revenue[5] (RASK)	8.94	8.45	5.7	Capacity discipline and Transformation
Total unit cost[6] (c/ASK)	7.92	7.21	(9.8)	Higher fuel and selling costs. Adverse FX movements
Ex-fuel unit cost[7] (c/ASK)	5.37	5.30	(1.3)	Includes impact of lower ASKs
Available Seat Kilometres[8] (ASK) (M)	76,854	77,240	(0.5)	Disciplined capacity management in high fuel environment
Revenue Passenger Kilometres[9] (RPK) (M)	64,958	64,512	0.7	Improved revenue seat factor on lower ASKs

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the 1H19 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Underlying Earnings per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 32.2% (1H18: 29.2%)) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share calculation). 3. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 11. 4. Net Debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. For a detailed calculation of Net Debt, please see slide 14. 5. Ticketed passenger revenue divided by ASKs. 6. Underlying PBT less ticketed passenger revenue per ASK. 7. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. 8. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Total number of passengers carried multiplied by the number of kilometres flown. 10. 1H18 restated for changes associated with the first time adoption of AASB 15 where applicable. 11. Variance to 1H18. Unfavourable variance shown as negative amount. 12. Weighted Average Cost of Capital calculated on a pre-tax basis.

Underlying Income Statement Summary

$M	1H19	1H18[2]	VLY %	Comments
Net passenger revenue	8,027	7,607	5.5	Group Unit Revenue increase of 5.7% and higher ancillary revenue. Group capacity decreased 0.5% as disciplined capacity adjustments were made to address higher fuel costs
Net freight revenue	525	455	15	Increases in global demand for freight forwarding
Other revenue	654	637	2.7	Growing Qantas Loyalty revenue streams
Total Revenue	**9,206**	**8,699**	**5.8**	
Operating expenses (excluding fuel)	(5,436)	(5,239)	(3.8)	FX impact on non-fuel costs and higher commissions and selling costs
Fuel	(1,963)	(1,547)	(27)	Increased fuel price partially offset by favourable hedging strategies and fuel transformation initiatives
Depreciation and amortisation	(814)	(747)	(9.0)	3 Additional 787-9 Dreamliners, aircraft operating lease buyouts
Non-cancellable aircraft operating lease rentals	(135)	(141)	4.3	2 x Aircraft operating lease buyouts in 1H19
Share of net profit/(loss) of investments accounted for under the equity method	13	21	(38)	Jetstar's Asian associates earnings impacted by higher fuel costs
Total Expenditure	**(8,335)**	**(7,653)**	**(8.9)**	
Underlying EBIT[1]	**871**	**1,046**	**(17)**	
Net finance costs	(91)	(87)	(4.6)	Higher Net Debt and lower capitalised interest due to aircraft deliveries
Underlying PBT	**780**	**959**	**(19)**	

1. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT). 2. 1H18 restated for changes associated with the first time adoption of AASB 15.

Items Not Included in Underlying PBT

$M	1H19	1H18	Comments
Transformation costs	98	74	Redundancies, restructuring, 787-9 introduction, accelerated depreciation on 747s and A320s, and other costs which form part of the transformation program
Net gain on sale/reversal of impairment of associate	(43)	-	Includes the reversal of impairment, consistent with the treatment of the original impairment and gain on sale of Helloworld investment
Net gain on sale of a controlled entity	(37)	(6)	Gain on sale of Catering business in November 2018, less transaction costs
Discretionary bonuses to non-executive employees	19	53	
Other	8	(2)	
Total items not included in Underlying PBT[1]	**45**	**119**	

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 revenues and expenses relating to business activities in other reporting periods, major transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business.

Reconciliation to Underlying PBT

$M	1H19				1H18[2]			
	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]	Statutory	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Underlying[1]
Net passenger revenue	8,027	-	-	8,027	7,607	-	-	7,607
Net freight revenue	525	-	-	525	455	-	-	455
Other revenue	654	-	-	654	637	-	-	637
Total Revenue	**9,206**	**-**	**-**	**9,206**	**8,699**	**-**	**-**	**8,699**
Operating expenses (excl fuel)	(5,439)	-	3	(5,436)	(5,358)	-	119	(5,239)
Fuel	(1,963)	-	-	(1,963)	(1,547)	-	-	(1,547)
Depreciation and amortisation	(856)	-	42	(814)	(747)	-	-	(747)
Non-cancellable aircraft operating lease rentals	(135)	-	-	(135)	(141)	-	-	(141)
Share of net profit/(loss) of investments accounted for under the equity method	13	-	-	13	21	-	-	21
Total Expenditure	**(8,380)**	**-**	**45**	**(8,335)**	**(7,772)**	**-**	**119**	**(7,653)**
EBIT	**826**	**-**	**45**	**871**	**927**	**-**	**119**	**1,046**
Net finance costs	(91)	-	-	(91)	(87)	-	-	(87)
PBT	**735**	**-**	**45**	**780**	**840**	**-**	**119**	**959**

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Revenue Detail

Net passenger revenue up 6%

- Group Unit Revenue increased 5.7%
  - Group Domestic Unit Revenue up 6.1%
  - Group International Unit Revenue up 5.4%
- Group capacity down 0.5%, disciplined capacity management in high fuel environment
- Transformation benefits

Net freight revenue up 15%

- Driven by increase in global demand

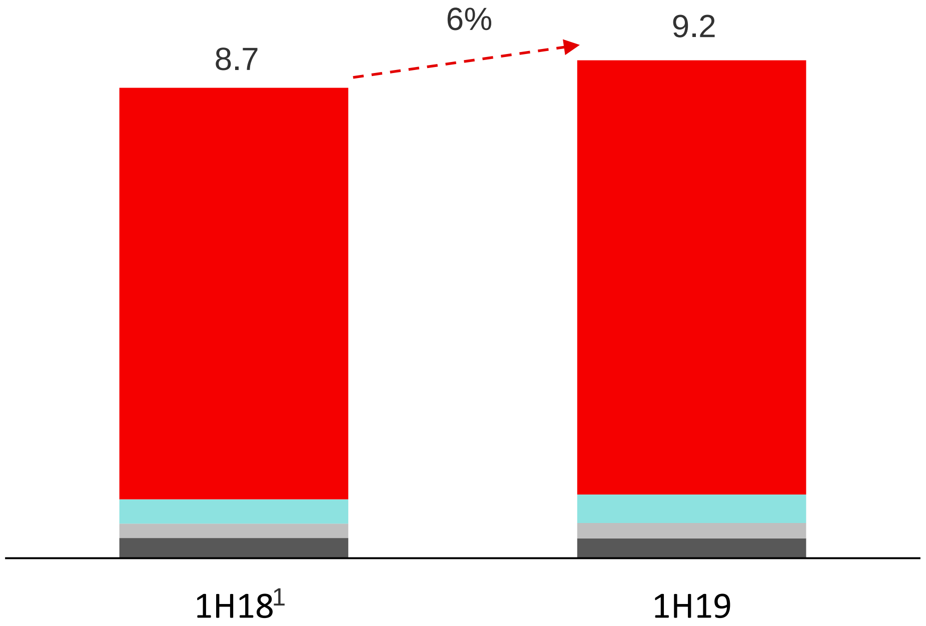
Frequent flyer redemption, marketing, store and other Loyalty businesses revenue up 9%

- Increase in redemption in the core loyalty business
- Increased points issuances from partners
- Growth in new businesses

Revenue from other sources down 2%

- Decrease in third party service revenue
- Offset by increase in other revenue sources

Revenue ($B)



	1H18	Change	1H19
RPKs (m)	64,512	0.7%	64,958
ASKs (m)	77,240	(0.5)%	76,854

1. 1H18 restated for changes associated with the first time adoption of AASB 15.

Expenditure[1] Detail

Fuel costs up 27%

- Higher jet fuel prices
- Offset by effective hedging and fuel efficiency initiatives

Manpower and staff-related up 3%

- Increased operating crew manpower driven by network mix changes
- Wage increases following the completion of the 18-month wage freeze

Aircraft operating variable costs up 7%

- Impact of network changes, fleet transition and increased passengers
- CPI partially offset by Transformation
- Increase in airport charges and taxes

Depreciation and amortisation costs up 9%

- New 787-9 aircraft and investment in Wi-Fi and aircraft reconfigurations
- Refinancing of aircraft out of operating leases to unencumbered/owned aircraft
- Investment in Lounges and technology

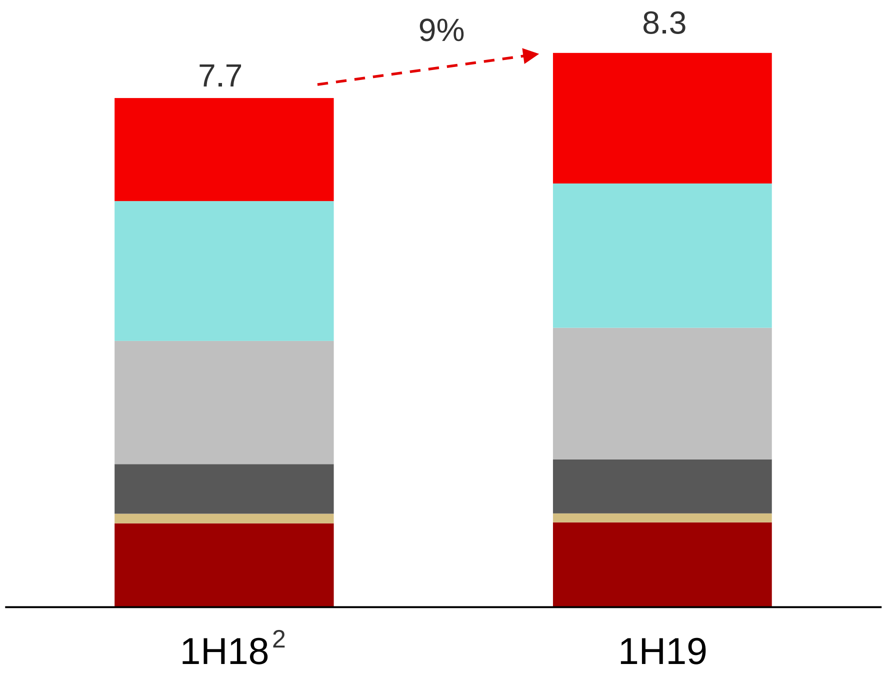
Non-cancellable aircraft operating lease rental expense down 4%

- Reduction in aircraft operating leases through refinancing of 2 x leased aircraft

Other expenditure up 1%

- Higher fuel costs at Jetstar's Asian associates

Underlying Expenditure ($B)

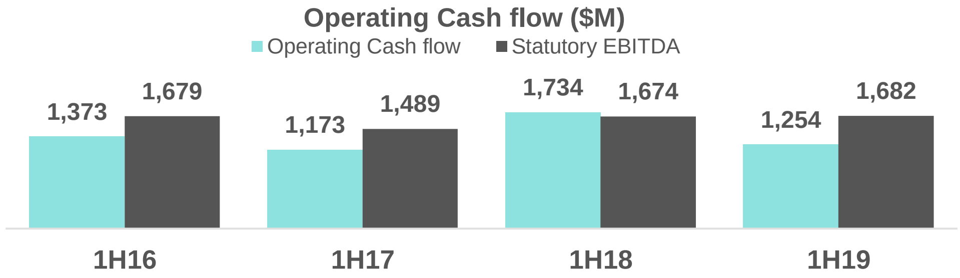


	1H18[2]		1H19
Passengers ('000)	28,138	1.3%	28,500
ASKs (m)	77,240	(0.5)%	76,854

1. 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. 2. 1H18 restated for changes associated with the first time adoption of AASB 15.

Cash Flow

$M	1H19	1H18	VLY %
Operating cash flows	1,254	1,734	(28)
Investing cash flows (excluding aircraft operating lease refinancing)	(1,036)	(962)	(7.7)
Net free cash flow[1]	**218**	**772**	**(72)**
Aircraft operating lease refinancing	(88)	(153)	42
Financing cash flows	(332)	(606)	45
Cash at beginning of period	1,694	1,775	(4.6)
Effects of FX on cash	2	(1)	>100
Cash at end of period	**1,494**	**1,787**	**(16)**



- Stable Statutory EBITDA[2] trend; Quality of earnings remains strong
- Operating Cash Flow variance to 1H18 related to timing differences:
  - Reversal of temporary working capital movements
  - Benefit of option premium relating to 1H18 paid in FY17
  - Higher option premium relating to FY20 paid in 1H19
- Borrowings of $445m from A$ Corporate Debt Program and repayment of $221m short term amortising debt
- 57.9m shares bought back during 1H19 for $332m
- Dividend payment of $168m

1. Cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 2. Earnings before income tax expense, net finance costs, depreciation and amortisation.

Invested Capital Calculation

$M	12 mths to Dec 18	12 mths to Dec 17[3]
Receivables (current and non-current)	1,063	973
Inventories	367	364
Other assets (current and non-current)	653	618
Investments accounted for using the equity method	250	228
Property, plant and equipment	13,263	12,562
Intangible assets	1,161	1,060
Assets classified as held for sale	1	20
Payables	(2,373)	(2,251)
Provisions (current and non-current)	(1,201)	(1,162)
Revenue received in advance (current and non-current)	(5,403)	(5,108)
Capitalised operating leased assets[1]	1,395	1,625
Invested Capital	**9,176**	**8,929**
Average Invested Capital[2]	**8,928**	**8,967**

- Increased Property, Plant and Equipment:
  - 787-9 deliveries
  - Aircraft lease buyouts to unencumbered owned aircraft; 2 in 1H19, 3 refinanced in 2H18, with corresponding decrease in capitalised operating leases

1. For calculating ROIC, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) 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 reported within Invested Capital as capitalised operating leased aircraft assets. 2. Equal to the 12 months average of monthly Invested Capital. 3. Restated for changes associated with the first time adoption of AASB 15 from 1 July 2018.

ROIC Calculation

$M	12 mths to Dec 18	12 mths to Dec 17[5]
Underlying EBIT	1,572	1,687
Add back: Non-cancellable aircraft operating lease rentals	266	305
Less: Notional depreciation[1]	(113)	(138)
ROIC EBIT	**1,725**	**1,854**

$M	12 mths to Dec 18	12 mths to Dec 17[5]
Net working capital[2]	(6,894)	(6,566)
Fixed assets[3]	14,675	13,870
Capitalised operating leased assets[1]	1,395	1,625
Invested Capital	**9,176**	**8,929**
Average Invested Capital[4]	**8,928**	**8,967**

Return on Invested Capital (%)	**19.3**	**20.7**

1. For calculating ROIC, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally 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 reported within Invested Capital as capitalised operating leased assets. 2. 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, provisions and revenue received in advance. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and asset classified as held for sale. 4. Equal to the 12 months average of monthly Invested Capital. 5. 1H18 restated for changes associated with the first time adoption of AASB 15 from 1 July 2018.

Net Debt Target Range

- Net Debt Target Range = 2.0x – 2.5x ROIC EBITDAR where EBITDAR achieves a fixed 10% ROIC
- At current Average Invested Capital of $8.9b, optimal Net Debt range is **$5.2b to $6.5b**
- Targeting Net Debt to be within the range on a **forward looking** basis

	$b	
Average Invested Capital	8.93	Average Invested Capital for the 12 months to December 2018
10% ROIC EBIT	0.89	Average Invested Capital x 10%
plus rolling 12 month ROIC depreciation[1]	1.70	Includes notional depreciation on aircraft operating leases
EBITDAR where ROIC = 10%	2.59	
Net Debt at 2.0x EBITDAR where ROIC = 10%	5.18	**Net Debt Target Range**[2]
Net Debt at 2.5x EBITDAR where ROIC = 10%	6.48	

GROUP LEVERAGE TARGET CONSISTENT WITH INVESTMENT GRADE CREDIT METRICS

1. Equal to the ROIC depreciation for the 12 months to 31 December 2018 and includes Group depreciation and amortisation, and notional depreciation on operating leased aircraft. 2. The appropriate level of Net Debt reflects the Qantas Group's size, measured by Average Invested Capital and is premised on maintaining ROIC above 10%.

Disciplined Allocation of Capital

Capital allocation prioritised to:

- Debt reduction (where required) to achieve optimal capital structure
- Base dividend
- Reinvestment
- Remaining surpluses presumed to be distributed to shareholders
- Additional capex only where there is clear shareholder value accretion

Capital Allocation Priorities

>$6.5B | $6.5B | $5.2B | <$5.2B

Debt reduction ←	**Capital Management**	→ Greater returns to shareholders
Constrain capex ←	**Reinvestment**	→ Consider growth investment
Higher ←	**Liquidity**	→ Lower
	Disciplined focus on operating costs at all times	

DISCIPLINED ALLOCATION OF CAPITAL TO INCREASE SHAREHOLDER VALUE

Net Debt

$M	1H19	FY18	VLY
Current interest bearing liabilities on balance sheet	373	404	31
Non-current interest bearing liabilities on balance sheet	4,637	4,344	(293)
Cash at end of period	(1,494)	(1,694)	(200)
Net on Balance Sheet Debt[1]	**3,516**	**3,054**	**(462)**
Capitalised aircraft operating lease liabilities[2]	1,671	1,849	178
Net Debt[3]	**5,187**	**4,903**	**(284)**

- Borrowings of $445m from A$ Corporate Debt Program
- Repayment of $221m in short term amortising debt, largely secured debt
- Reduction in capitalised aircraft operating lease liabilities with the refinancing of an additional 2 aircraft out of operating leases

1. Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents. 2. Capitalised aircraft operating lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Net Debt includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework.

Net Debt Movement

$M	1H19	1H18
Opening Net Debt (30 June)	**(4,903)**	**(5,212)**
Net cash from operating activities	1,254	1,734
Principal portion of aircraft operating lease rentals	84	86
Funds From Operations	1,338	1,820
Net cash from investing activities	(1,124)	(1,115)
Aircraft operating lease refinancing	88	153
Net Capex	(1,036)	(962)
Dividend paid to shareholders	(168)	(127)
Payments for share buy-back	(332)	(373)
Shareholder Distributions	(500)	(500)
Payment for treasury shares	(56)	(146)
FX revaluations and other fair value movements	(30)	(64)
Closing Net Debt (31 December)	**(5,187)**	**(5,064)**

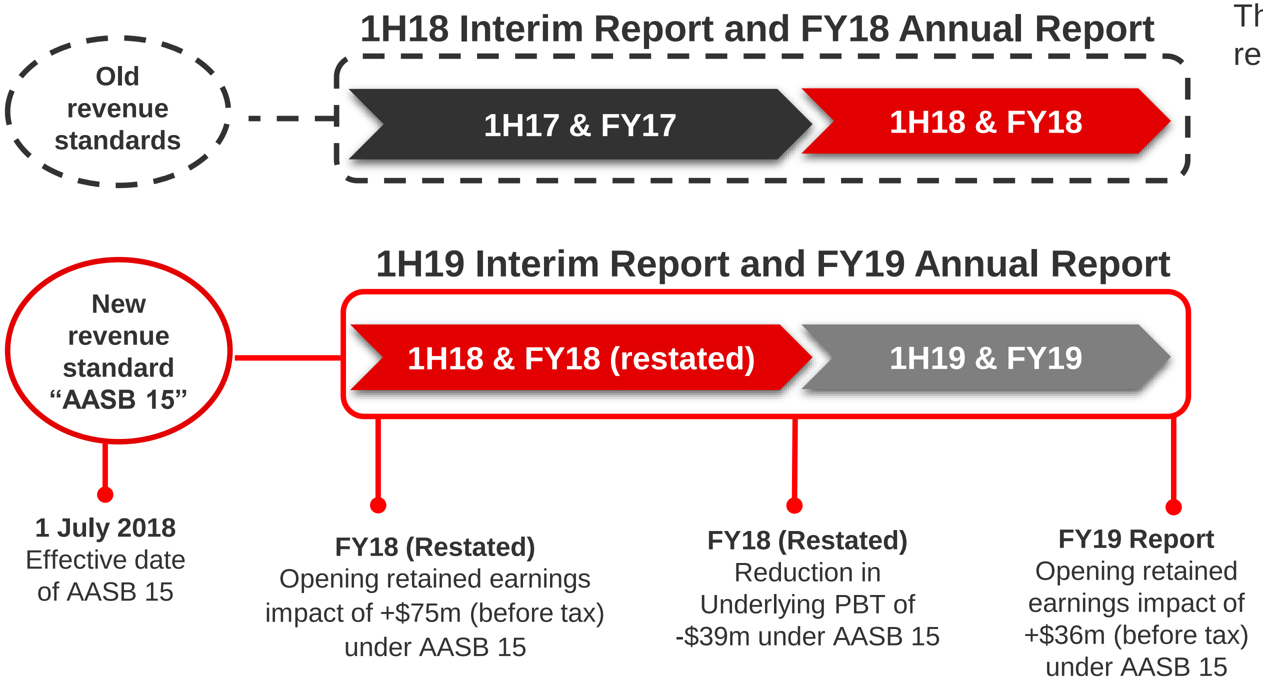
Total Unit Cost

C/ASK	1H19	1H18	VLY %[3]
Total Unit Cost[1]	**7.92**	**7.21**	**(9.8)**
Excluding:			
Fuel	(2.55)	(2.00)	
Change in FX rates	-	0.08	
Impact of changes in the discount rate and other actuarial assumptions	(0.02)	(0.02)	
Share of net profit/(loss) of investments accounted for under the equity method	0.02	0.03	
Ex-Fuel Unit Cost[2]	**5.37**	**5.30**	**(1.3)**

1. Underlying PBT less ticketed passenger revenue per ASK. 1H18 restated for changes associated with the first time adoption of AASB 15. 2. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK. 1H18 restated for changes associated with the first time adoption of AASB 15. 3. Unfavourable variance shown as negative amount.

Impact of AASB 15 Adoption from 1 July 2018

The adoption of AASB 15 in FY19 requires restatement of the FY18 result for comparative purposes. There is a net increase in opening retained earnings and net reduction in FY18 Underlying PBT as a result of retrospectively applying AASB 15 to prior periods.



The main changes from previous accounting standards to the new requirements under AASB 15 are:

- **Ancillary passenger services –** Delay in timing of recognition of ancillary services (such as booking and change fees) from transaction date to the date of passenger travel
- **Qantas Points expiring unredeemed –** Earlier recognition under AASB 15 of the impact of Qantas Points issued but expected to expire. Under the old standards, the Group took a more conservative approach than required by AASB 15
- **Timing of revenue recognised as an agent –** Timing of recognition of fees where the Group is acting as an agent changed to align with the service being provided to the principal. This may result in revenue recognised earlier/later than previously recognised
- **Allocation of revenue to Qantas Points and passenger travel –** Change in allocation of revenue between passenger travel and Qantas Points to a relative basis
- **Classification –** Changes in classification of revenue and expenses being recognised gross/net, with no net Underlying PBT impact

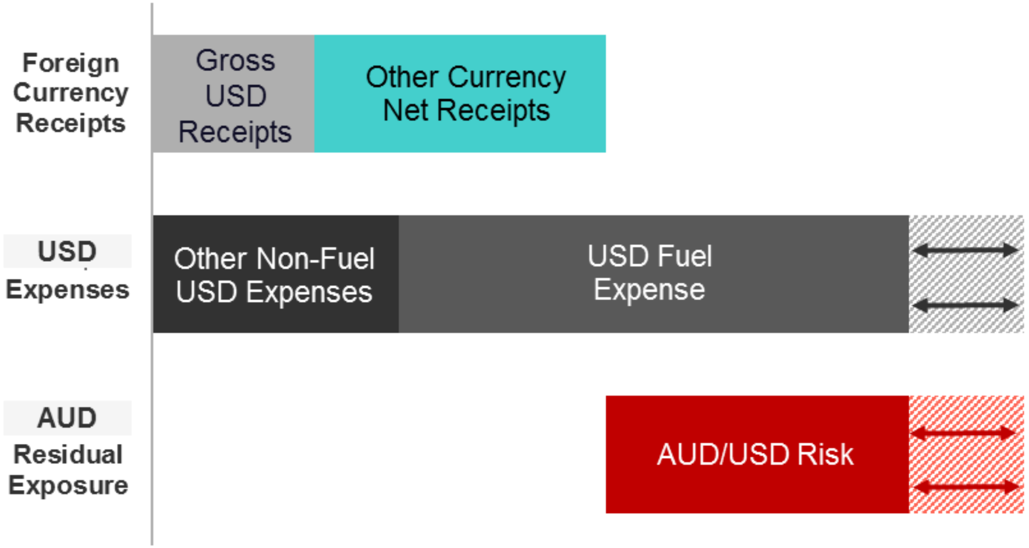
AASB 15 Impacts – Income Statement

$M	1H18				FY18			
	6 months ended 31 Dec 2017 (Reported)	Reclassifications	Remeasurements	6 months ended 31 Dec 2017 (Restated)	12 months ended 30 Jun 2018 (Reported)	Reclassifications	Remeasurements	12 months ended 30 Jun 2018 (Restated)
Net passenger revenue	7,493	115	(1)	7,607	14,715	238	(9)	14,944
Net freight revenue	440	15	-	455	862	33	-	895
Other revenue	727	(74)	(16)	637	1,483	(164)	(30)	1,289
Total Revenue	**8,660**	**56**	**(17)**	**8,699**	**17,060**	**107**	**(39)**	**17,128**
Operating expenses (excl fuel)	(5,183)	(56)	-	(5,239)	(10,268)	(107)	-	(10,375)
Fuel	(1,547)	-	-	(1,547)	(3,232)	-	-	(3,232)
Depreciation and amortisation	(747)	-	-	(747)	(1,517)	-	-	(1,517)
Non-cancellable aircraft operating lease rentals	(141)	-	-	(141)	(272)	-	-	(272)
Share of net profit/(loss) of investments accounted for under the equity method	21	-	-	21	15	-	-	15
Underlying Total Expenditure	**(7,597)**	**(56)**	**-**	**(7,653)**	**(15,274)**	**(107)**	**-**	**(15,381)**
Underlying EBIT	**1,063**	**-**	**(17)**	**1,046**	**1,786**	**-**	**(39)**	**1,747**
Net finance costs	(87)	-	-	(87)	(182)	-	-	(182)
Underlying PBT	**976**	**-**	**(17)**	**959**	**1,604**	**-**	**(39)**	**1,565**
Items outside underlying	(119)	-	-	**(119)**	(213)	-	-	**(213)**
Statutory PBT	**857**	**-**	**(17)**	**840**	**1,391**	**-**	**(39)**	**1,352**

Group Operational Information

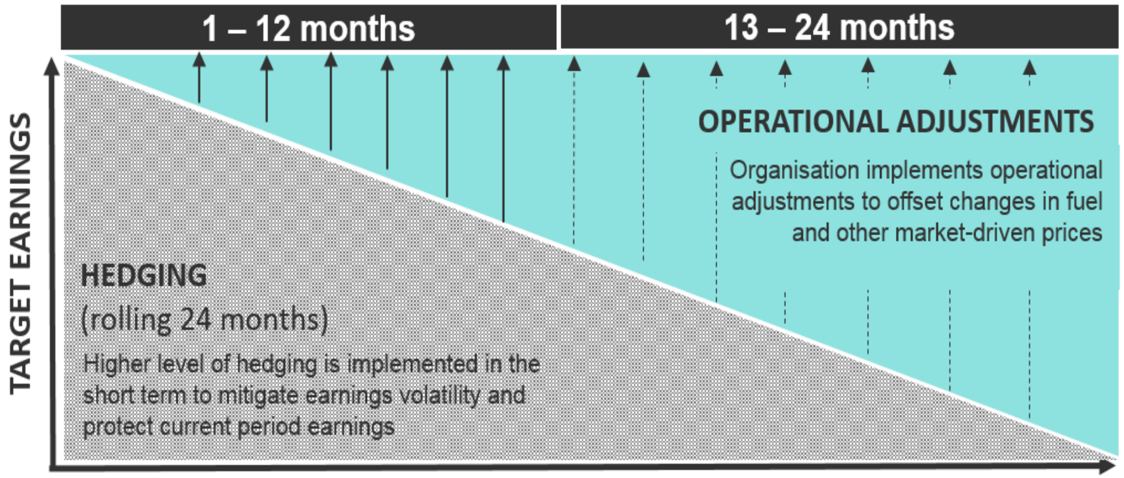
Disciplined Hedging Program

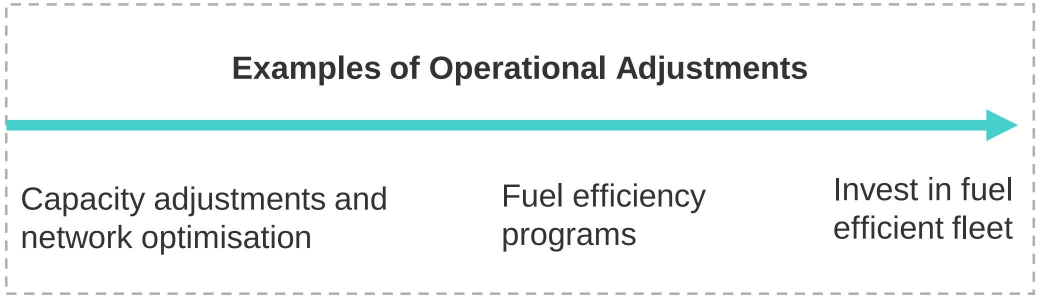
Indicative Fuel and Foreign Currency Exposure



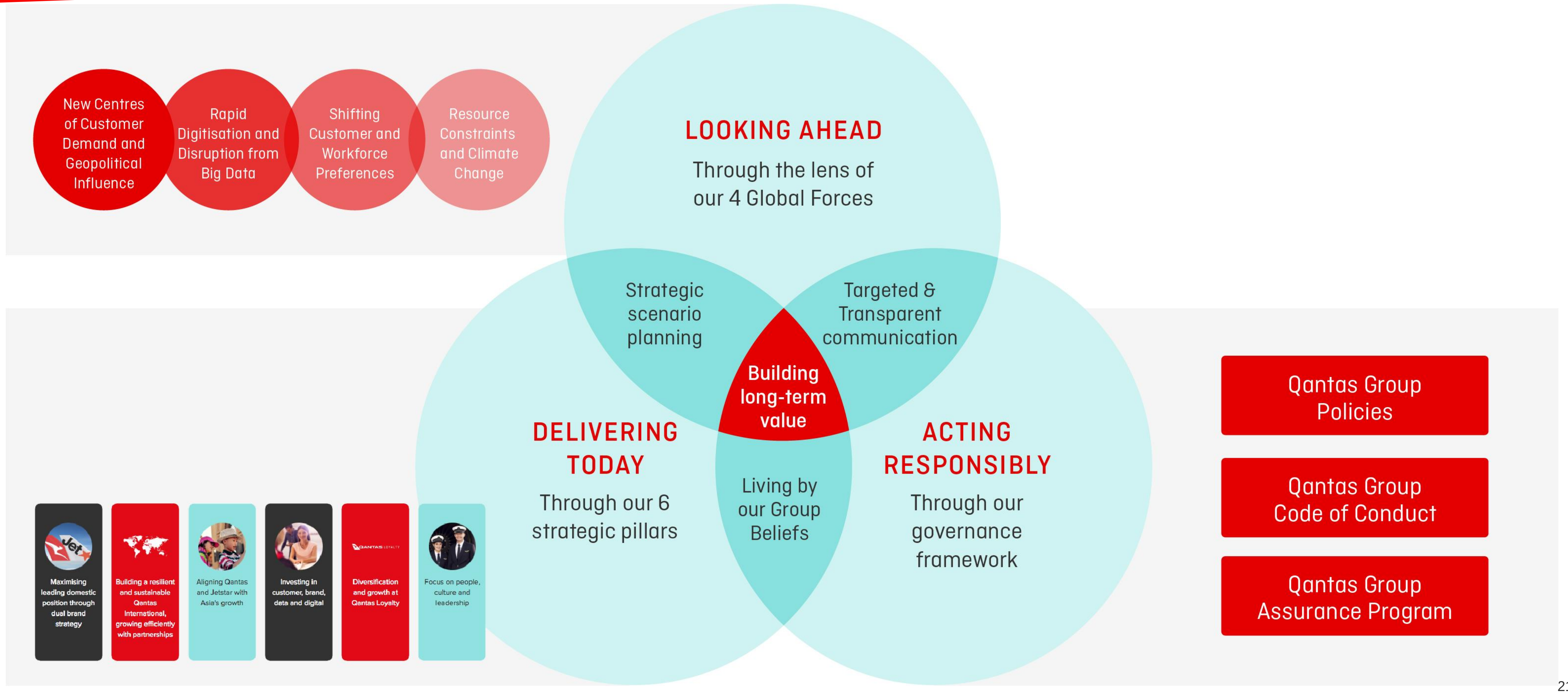
- Net foreign currency revenues are offset against USD expenses
- Remaining USD exposure is funded by net AUD revenue
- The size of the exposure is variable and subject to movements in jet fuel prices and revenue outlook

Reducing Volatility of Earnings / Cash Flow





Qantas Group Long-term Value Framework



Fleet at 31 December 2018

Aircraft Type	1H19	FY18	Change
A380-800	12	12	-
747-400	3	4	(1)
747-400ER	6	6	-
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9	8	5	3
Total Qantas	**132**	**130**	**2**
717-200	20	20	-
Q200/Q300	14	14	-
Q400	31	31	-
F100	17	17	-
A320-200	2	2	-
Total QantasLink	**84**	**84**	**-**
Q300	5	5	-
A320-200[1]	69	69	-
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	**93**	**93**	**-**
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight[2]	**6**	**6**	**-**
Total Group	**315**	**313**	**2**

- Net addition[3] of 2 aircraft in 1H19
  - 3 x 787-9 additions
  - 1 x 747-400 retired October 2018

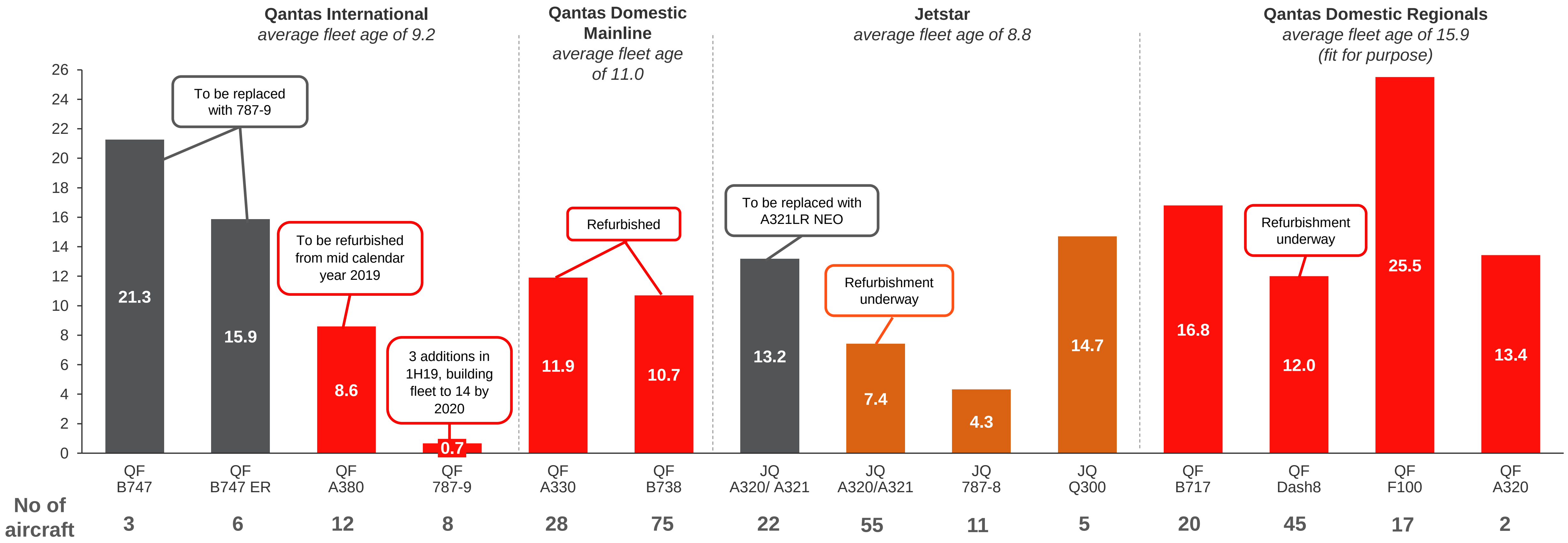
1. Includes Jetstar Asia (Singapore) owned fleet (18 x A320), excludes Jetstar Pacific (Vietnam), Jetstar Japan and short-term leases of 1 x A320-200 aircraft at Jetstar Asia (Singapore). 2. Qantas Group wet leases the capacity of 2 x 747-400 freighter aircraft and 4 x BAe146 freighter aircraft (not included in the table). 3. Includes purchased and operating leased aircraft.

Fleet Age at 31 December 2018
Flexibility maintained

Regional Competitor Fleet Ages[2]

VARA[3]	~19 years
Alliance	~26 years
REX	~25 years

Fleet Age[1] as at 31 December 2018



OPTIMAL FLEET AGE AND REPLACEMENT DECISIONS INFORMED BY COMPETITIVE LANDSCAPE AND TECHNOLOGY

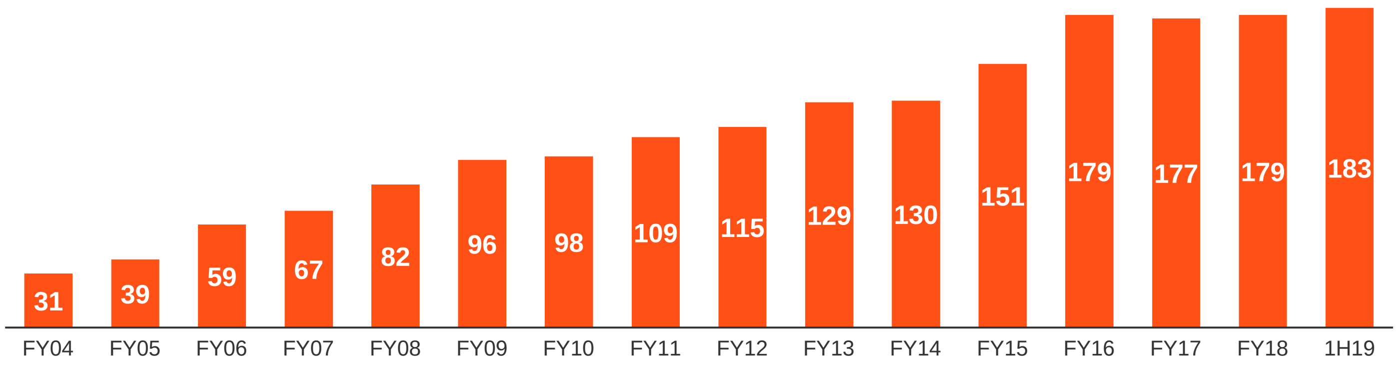
1. Average fleet age of the Group's passenger fleet as at 31 December 2018 based on manufacturing date. 2. Source: Airfleet. 3. Virgin Australia Regional Airlines.

Supplementary Segment Information

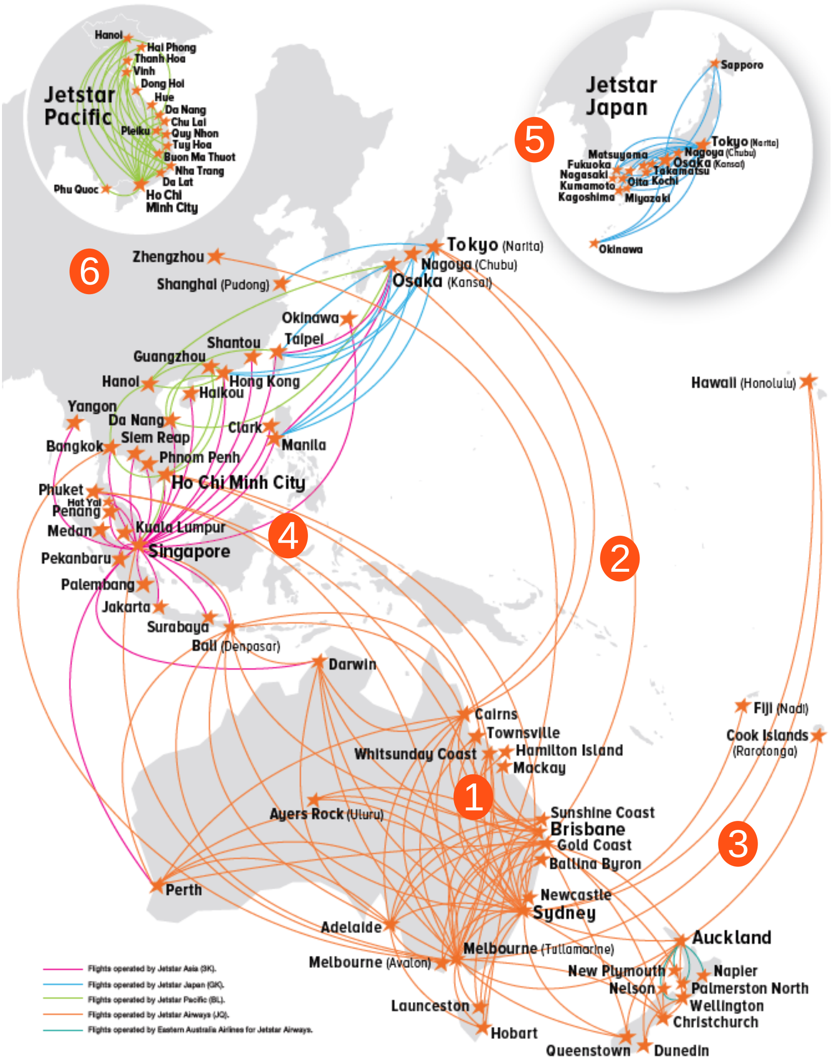
QANTAS GROUP

Jetstar Group

Jetstar Group – Network of Routes[1]



BUSINESS	OWNERSHIP[2]	LAUNCH	AIRCRAFT[3]
1 Jetstar Australia	100%	2004	52 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand[4]	100%	2009	8 x A320s 5 x Q300s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	24 x A320s
6 Jetstar Pacific (Vietnam)[5]	30%	2008	17 x A320s



1. Including Jetstar Australia and New Zealand, Jetstar Asia (Singapore), Jetstar Pacific (Vietnam) and Jetstar Japan. 2. Based on voting rights. 3. Represents operational fleet (includes aircraft subleased for Jetstar operations, excludes subleased aircraft to external parties). 4. Includes Jetstar Trans-Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009, Jetstar New Zealand (Regional) services commenced in December 2015. 5. Jetstar Pacific (Vietnam) rebranded in 2008.

Jetstar in Asia[1]

- Growing the Jetstar leisure brand in Asian markets, taking advantage of strong regional tourism demand[2]
- Improved connectivity across Asia between Jetstar Group and Qantas airlines in Australia, Japan, Singapore and Vietnam
- Jetstar Japan remained profitable[3] whilst impacted by fuel increases and natural disasters; Retains leading domestic LCC position[4] in growing market[5], added 2 x A320 aircraft in 1H19 and ordered three A321LR NEOs for delivery from mid 2020[6]
- Jetstar Asia (Singapore) earnings[3] declined[7] due to higher fuel, FX and airport charges and taxes
- Jetstar Pacific (Vietnam) achieved strong revenue growth[7] with earnings[3] impacted by fuel increases; Significant growth market[5] with highly competitive landscape

56 Asian destinations[8]

6 new routes[8]

~100 services per week to China[9]

MAXIMISING EXISTING OPPORTUNITIES WHILE POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD[2]

1. Jetstar-branded airlines in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). 2. Source IATA 20-Year Passenger Forecast 2018. 3. Underlying EBIT. 4. Measured as percentage of market share based on ASKs. Source: Diio Mi. Japanese Low Cost Carrier (LCC) includes Jetstar Japan, Vanilla Air, Peach Aviation and Spring Airlines Japan. 5. Based on passengers. 6. Jetstar Japan A321LR NEO order in addition to previously announced order for 18 x A321LR NEOs for Jetstar Group. 7. Compared to 1H18 restated for changes associated with the first time adoption of AASB 15. 8. Across Jetstar-branded airlines in Asia in 1H19. 9. Flights per week to China and its territories including charters. Source: Diio Mi Weekly Report.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT FLYER
BUSINESS REWARDS

- 4%[1] growth in Qantas Frequent Flyer membership; 9%[2] growth in Qantas Business Rewards membership (>220,000 SME members[3])
- Record[4] number of Qantas Points earning credit cards acquired; average earn per card increasing
- Expanding member earn options – >500 Coalition earn partners including 59 B2B[5]
- Growth in total points redeemed supported by 8%[1] growth in air redemptions; new POS options launched including Kogan

QANTAS INSURANCE

- ~$150m premiums[6] sold since launch; >20%[1] growth in health customer joins
- >426k app downloads and >453b steps taken since launch, also rewarding customers for healthy sleeping, cycling, swimming and health checks

QANTAS MONEY

- New Premier Titanium[7] – first metal card offering Status Credits and First Class lounge passes
- >4.2b points earned on Premier credit card products since launch; 4 industry awards from Canstar and Mozo
- >$4.5bn loaded on Qantas Travel Money[8]; 5 star Canstar rating for the 4th time since launch[9]

QANTAS SHOPPING

- Relaunch of Qantas Shopping with enhanced website and more than 250 partners[3]
- Qantas Wine[10] revenue growth of 33%[1] in 1H19

QANTAS HOTELS

- Scaling Qantas Hotels with significant investments in product & digital enhancements
- 35%[1] growth in revenue; >271k guest bookings across >300K properties available[3]

Titanium

An Australian first

- ✓ A metal card
- ✓ 20% Bonus Status Credits
- ✓ 10% discount on Qantas flights
- ✓ 150,000 Bonus Qantas Points
- ✓ First Class lounge passes
- ✓ Uncapped earn rate
- ✓ Highest Qantas Points earn rate of any Mastercard or Visa credit card currently in the market.

LEADERSHIP IN CUSTOMER ADVOCACY IN AIRLINE LOYALTY PROGRAMS[11]

1.Compared to 1H18. 2. Compared to June 2018. 3. As at 31 December 2018. 4. For the 1H19 period compared to prior first half periods since 2010. 5. Business to business partners, includes partners in the Qantas Business Rewards Program. 6. Represents annualised premiums for Health joins (full 12 month premiums not factoring in lapses or downgrades) plus net new premium sales for Life Insurance. 7. Qantas Premier Titanium card launched in February 2019. 8. Previously known as Qantas Cash. From launch on 29 August 2013 to 31 December 2018. 9. Five star Canstar rating awarded in 2014, 2015, 2017 and 2018. 10. Previously known as Qantas Epiqure. 11. Qantas internal reporting.

Glossary

Available Seat Kilometres (ASK) – Total number of seats available for passengers, multiplied by the number of kilometres flown

B2B – Business to business Loyalty program partners

Capital expenditure (Capex) – Net investing cash flows included in the Consolidated Cash Flow Statement (excluding aircraft operating lease refinancing) and the impact to Invested Capital from acquiring or returning operating leased aircraft

CPI – Consumer Price Index

EBIT – Earnings before interest and tax

EPS – Earnings per share. Statutory profit after tax divided by the weighted average number of issued shares, rounded to the nearest cent.

Fixed assets - Sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale

FX – Foreign exchange

GDP – Gross domestic product

Invested Capital – Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including capitalised operating lease assets

LCC – Low Cost Carrier

Net Debt – includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities

Net free cash flow – Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing)

Net on balance sheet debt – Interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents

Net Working capital – Net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale

NPS – Net promoter score. Customer advocacy measure

Operating Margin – Underlying EBIT divided by Total Revenue

OTP – On time performance. Measured as departures within 15 minutes of scheduled departure time

PBT – Profit before tax

QBR – Qantas Business Rewards

QFF – Qantas Frequent Flyer

Return on Invested Capital (ROIC) – ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital

Revenue Passenger Kilometre (RPK) – Total number of passengers carried, multiplied by the number of kilometres flown

Seat factor – Revenue passenger kilometres divided by available seat kilometres

SME – Small to medium enterprise

Ticketed passenger revenue – Uplifted passenger revenue included in Net Passenger Revenue

Total Unit Cost – Underlying PBT less ticketed passenger revenue per available seat kilometre (ASK)

Unit Revenue – Ticketed passenger revenue per available seat kilometre (ASK)

Utilisation – Average block hours per aircraft per day

WACC – Weighted average cost of capital calculated on a pre-tax basis

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 21 February 2019, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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