QANTAS | INVESTOR DAY 2017

5 MAY 2017

ASX: QAN
US OTC: QABSY

Positioning the Qantas Group for Growth and Sustainable Returns

Alan Joyce, CEO Qantas Group

The Long-term Outlook for Global Passenger Growth Remains Robust

Global airline profit[1] in 2017 and 20-year passenger[2] forecasts

1. IATA, 'Another Strong Year for Airline Profits in 2017', 8 December 2016. Net post tax profits in USD. 2. IATA, 'IATA Forecasts Passenger Demand to Double Over 20 Years', 18 October 2016. Annual forecast growth refers to average annual growth.

The Qantas Group has Unique Competitive Advantages that Set Us Apart

Dual Brand Strategy to Segment and Grow Markets

Structurally Advantaged Domestic Position

Innovative Loyalty Business with Valuable Data Insights

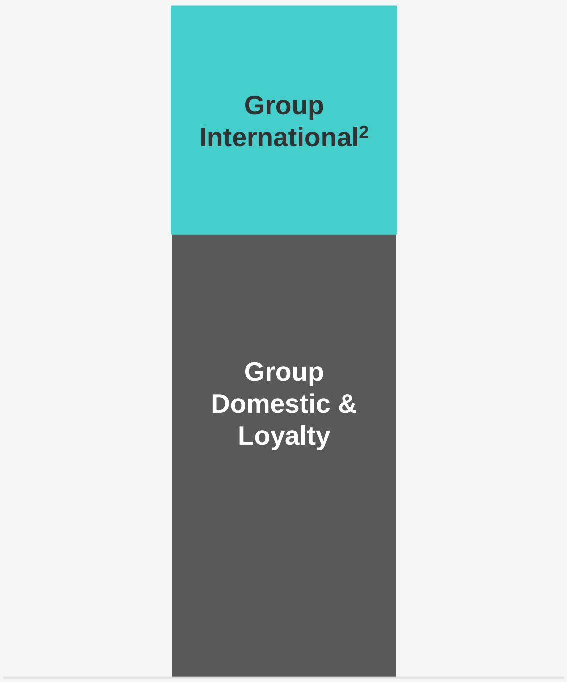
Positioned in Asia with Premier Airline Partnerships

Reputation for Operational and Safety Excellence, Iconic Australian Brand

Providing a More Stable Earnings Base and Supporting Growth

- **Two highest-margin carriers operating in Australia**
- **Generating >80% of domestic profit pool from <2/3 capacity share**
- **Continued Loyalty earnings growth**
- **Restructured Group International network with >50% capacity to Asia**
- **Strong licence to operate, highly trusted brand that supports diversification**

Group Earnings Profile[1]

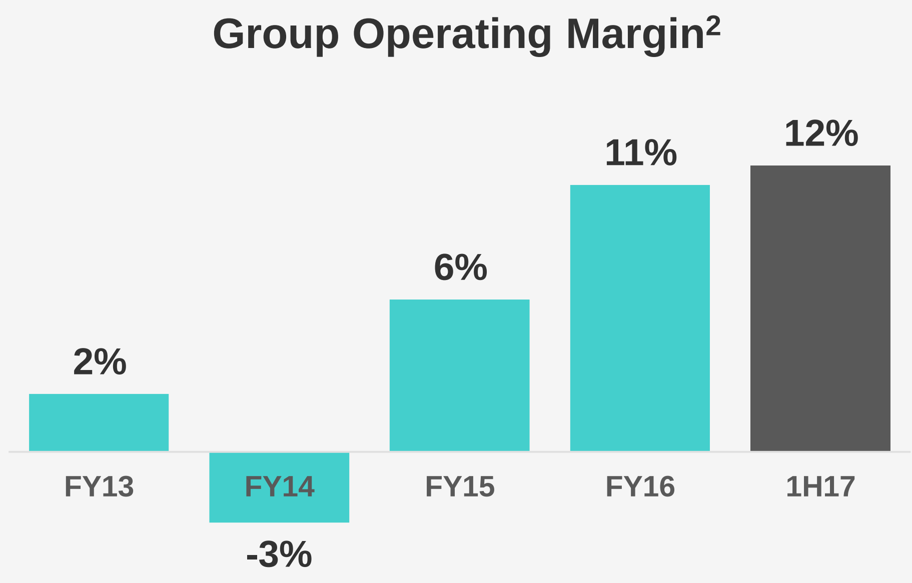


Integrated Group portfolio delivers majority of earnings from stable, advantaged Domestic Airlines and Loyalty

1. Calculated using 1H17 Underlying EBIT of operating segments. 2. Group International includes Qantas International, Freight, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific.

Having Come Through Qantas Transformation, the Group is in a Position of Strength

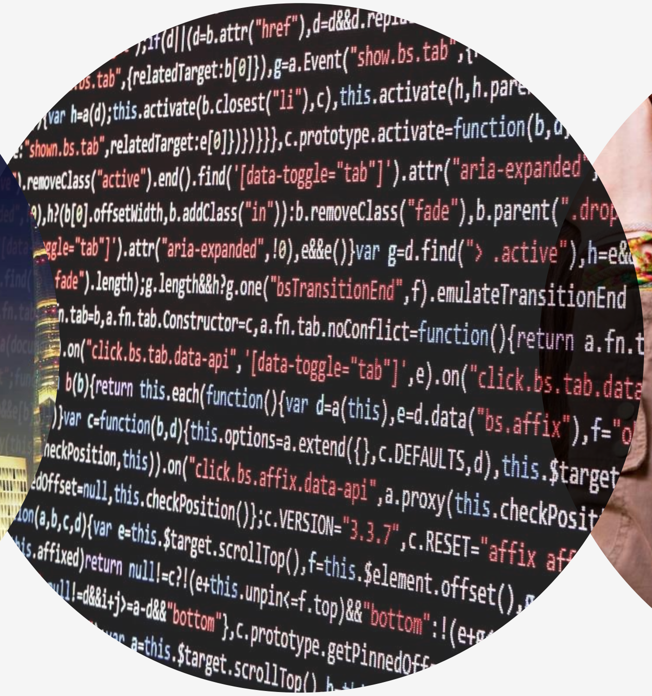
- **Return on Invested Capital of >20% (12 months to 31 Dec 2016)**
  All segments delivering ROIC >10%
- **On track to deliver $2.1b Transformation Program**
  Ex-fuel expenditure reduced by 10%[1]
- **Strong balance sheet with net debt in target range**
  Investment grade credit rating lowering cost of capital
- **Reinvestment in growth alongside shareholder returns**
  17.7% reduction in issued capital since October 2015
- **Record customer advocacy and employee engagement**



1. 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, adjusted for movements in FX rates and capacity compared to annualised 1H14. 2. Underlying EBIT divided by total revenue.

Recognising and Responding to Emerging Global Forces will Ensure Qantas Continues to Maximise Opportunity and Mitigate Risk

New Centres of Customer Demand and Geopolitical Influence



Rapid Digitisation and Disruption from Big Data

Shifting Customer and Workforce Preferences

Resource Constraints and Climate Change

Recognising and Responding to Emerging Global Forces Will Ensure Qantas Continues to Maximise Opportunity and Mitigate Risk

Understanding the Long-term Context

- **New Centres of Customer Demand and Geopolitical Influence**
- **Rapid Digitisation and the Rise of Big Data**
- **Shifting Customer and Workforce Preferences**
- **Resource Constraints and Climate Change**

Clear Strategic Priorities to FY20

Maximising Leading Domestic Position through Dual Brand Strategy

Building a Resilient and Sustainable Qantas International, Growing Efficiently with Partnerships

Aligning Qantas and Jetstar with Asia's Growth

Investing in Customer, Brand, Data and Digital

QANTAS LOYALTY

Diversification and Growth at Qantas Loyalty

Focus on People, Culture and Leadership

Safety is Always Our First Priority

Committed to the ongoing safety and security of our operations

- 'World's Safest Airline' 4 years running[1]
- Encouraging our people to report risk through 'Just Culture'

Continued focus on improving the safety and wellbeing of our people

- Positive year-to-date trends in LWCFR, TRIFR[2]

Strong relationships with safety/security regulators, key industry bodies

- **one**world and IATA[3] Safety and Security Groups
- ICAO[4] Normal Aircraft Tracking Implementation

Industry-leading business resilience and crisis management frameworks

Significant investment in cyber security systems and capability

1. Airlineratings.com 'World's safest airlines' rankings 2. Lost work case frequency rate, Total Recordable Injury Frequency Rate. 3. International Air Transport Association. 4. International Civil Aviation Organization.

Trust in the Qantas Brand is a Key Differentiator

Qantas has the highest level of trust compared to other major sectors in Australia[1]

Leads on almost all drivers of trust including:

- Having a brand that is ‘**well known and respected**’
- For being ‘**transparent and honest**’
- For ‘**putting customers before profits**’
- Delivering ‘**quality service**’

20% of Australians trust Qantas more than 4-5 years ago[1]

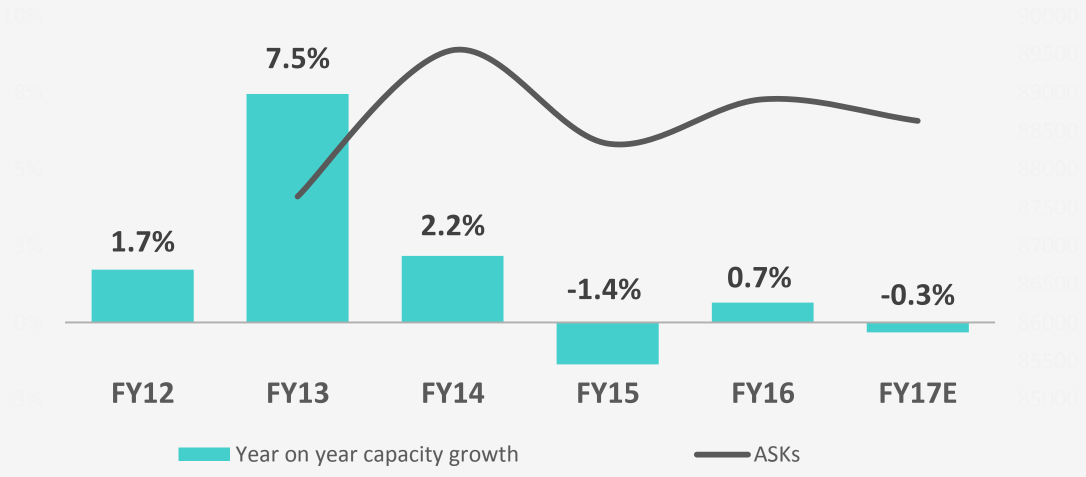
1. Acuity, March 2017 Corporate Trust Survey.

Maximising our Leading Domestic Position FY18-FY20

Group Domestic Airlines targeting ROIC >10% through FY20

- Maintaining margin advantage to competitors
- Holding corporate market share, growing SME and leisure
- Extending network and product leadership
- Investing in Wi-Fi, digital customer experience and ancillary product
- Holding stable Group market share with limited fleet growth

Domestic Market Capacity Peaked in FY14[1]



Targeting >80% EBIT[2] share in growing domestic Australia profit pool

1. Historical information source: BITRE. Forecast information is a Qantas estimate using published schedules. 2. Underlying EBIT.

Building a Resilient and Sustainable Qantas International FY18-FY20

Qantas International targeting ROIC >10% through FY20

- Realising cost and revenue benefit from 787-9 entry
- Retiring older 747 fleet as 787-9s arrive
- Growing capacity to Asia
- Increasing revenue from airline partnerships
- Continuing cost base transformation
- Investing in cabin, lounge, and digital customer experience

Aligning Jetstar with Asia's Growth FY18-FY20

Jetstar International (AU-based) targeting ROIC >10% through FY20

- Leveraging 787-8 to grow point-to-point leisure markets in Asia
- Feeding traffic between Jetstar Group airlines across Asia Pacific

Jetstar airlines in Asia reinvesting profits for self-funded growth

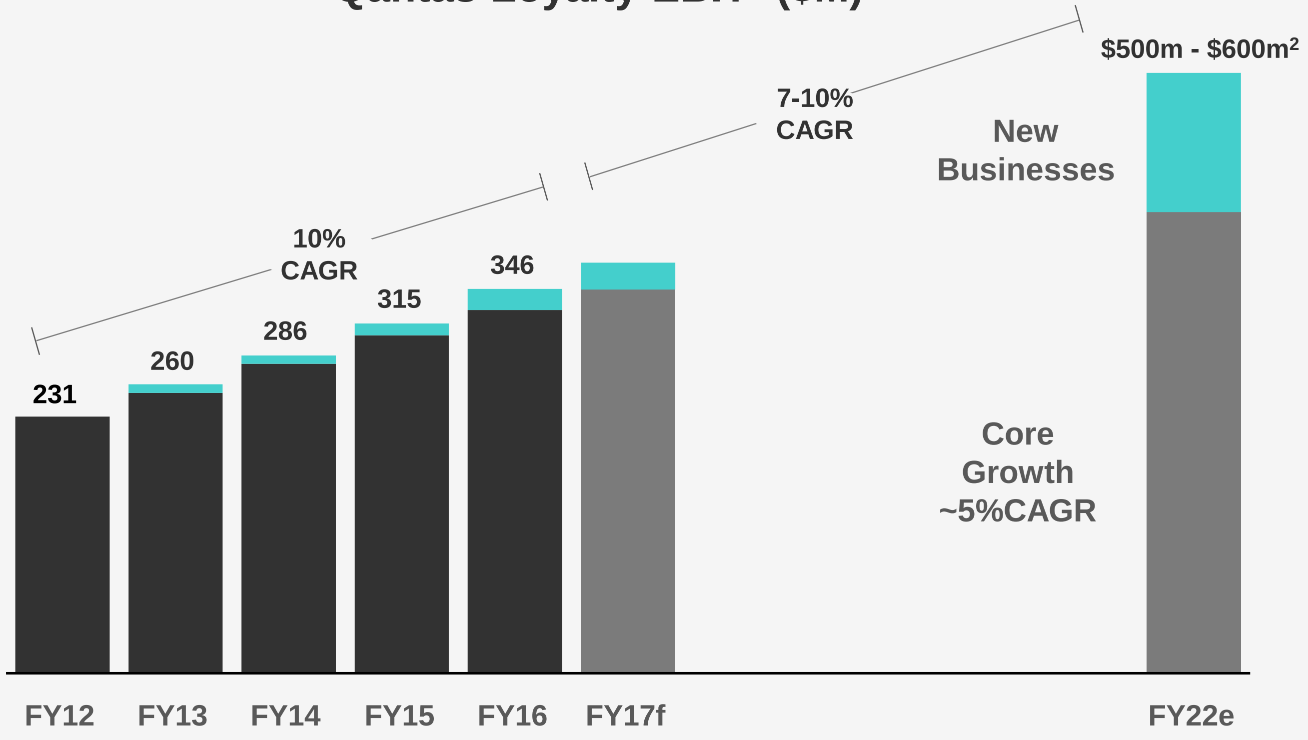
- Increasing interconnectivity between affiliate airlines in Japan, Singapore and Vietnam
- Maintaining Jetstar Japan leadership in highly attractive market
- Adding new airline partnerships for increased feed
- Focusing on China opportunity with all Jetstar Group airlines

Diversification and Growth at Qantas Loyalty FY18-FY22

Qantas Loyalty targeting 7-10% CAGR[1] in earnings[2] through FY22:

- Growing core Qantas Frequent Flyer and Business Rewards with member and partner expansion
- Increasing earnings mix from new businesses following investment in expansion from FY15-FY17
- Diversifying into new customer products across financial services, health and wellness
- Leveraging data and marketing capabilities to develop new external revenue opportunities

Qantas Loyalty EBIT[2] ($M)



Strategic investment provides Qantas Loyalty with a path to delivering $500-600m EBIT[2] by 2022

1. Compound average growth rate. 2. Underlying EBIT.

We Will Continue to Embed a Culture of Transformation for Ongoing Benefits Through FY20

- Technology
- Supplier
- Utilisation
- Continuous Improvement
- Indirect Costs

\+

Group Initiatives

Targeting $400m gross annual benefits to more than offset expected annual cost inflation of ~$250m

(FY18-FY20)

We Will Continue to Invest in Our People, Our Greatest Strength

Engagement

- Top 10 companies to work for in Australia[1]
- Ongoing investment in customer service training across Group
- Highest ever employee engagement (79% in 2016)

Diversity

- 35% of senior roles held by women
- Enhanced parental leave, mental health and domestic violence policies
- 2018 Reconciliation Action Plan
- Employee network groups

Leadership and Talent

- Investment in development and training, across-Group careers
- Group-wide succession planning
- Attracting and developing talent for focus on digital economy and Asia

1. Source: LinkedIn 2016.

Balanced Scorecard to Measure Success to FY20

Qantas **Domestic**	Jetstar **Domestic**	Qantas **International**	Jetstar **International**	Qantas Loyalty
Relative margin advantage	Relative margin advantage	Relative competitive advantage	Lowest cost position	Stable earnings growth
Targeting ROIC >10%				Targeting EBIT CAGR[1] 7-10%

Transformation: $400m in gross annual benefits

People: Continued improvement in employee engagement

Customer: Continued improvement in Net Promoter Score

Innovation: 3-4% of Group capital expenditure on new ventures

Group Return on Invested Capital to exceed 10%, sustainable returns to shareholders

1. Compound average growth rate in Underlying EBIT

Disciplined Application of Financial Framework

Tino La Spina, Qantas Group CFO

Financial Framework Aligned with Shareholder Objectives

1. Maintaining an Optimal Capital Structure

✓

Lowest cost of capital

2. ROIC > WACC[1] Through the Cycle

✓

Deliver ROIC > 10%[2]

3. Disciplined Allocation of Capital

✓

Grow invested capital with disciplined investment, return surplus capital

MAINTAINABLE EPS[3] GROWTH OVER THE CYCLE

TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE[4]

1. Weighted Average Cost of Capital, calculated on a pre-tax basis. 2. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC. 3. Earnings Per Share. 4. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2016 Annual Report, with reference to the 2016-2018 LTIP.

Maintaining an Optimal Capital Structure

Lowest cost of capital

1. Maintaining an Optimal Capital Structure
2. ROIC > WACC
3. Disciplined Allocation of Capital
4. Total Shareholder Return Performance

Leverage and Liquidity

Funding Strategy

Maintaining an Optimal Capital Structure

- Net Debt Target Range = 2.0x – 2.5x ROIC EBITDAR where EBITDAR achieves a fixed 10% ROIC
- At current Invested Capital of ~$9b, optimal net debt range is **$4.8b to $6.0b**
- Targeting net debt to be within the range on a **forward looking** basis

CALCULATION AS AT 30 JUNE 2016	$b	
Invested Capital	8.9	Average FY16 Invested Capital
10% ROIC EBIT	0.9	Invested Capital x 10%
plus Average ROIC Depreciation	1.5	Includes notional depreciation on aircraft operating leases
EBITDAR where ROIC = 10%	2.4	
Net Debt at 2.5x EBITDAR where ROIC = 10%	6.0	**Net Debt Target Range**
Net Debt at 2.0x EBITDAR where ROIC = 10%	4.8	

Group leverage target consistent with investment grade credit metrics. Qantas is rated investment grade by S&P and Moody's

Maintaining an Optimal Capital Structure

Leverage and liquidity

Optimal capital structure (net debt $4.8b - $6.0b)

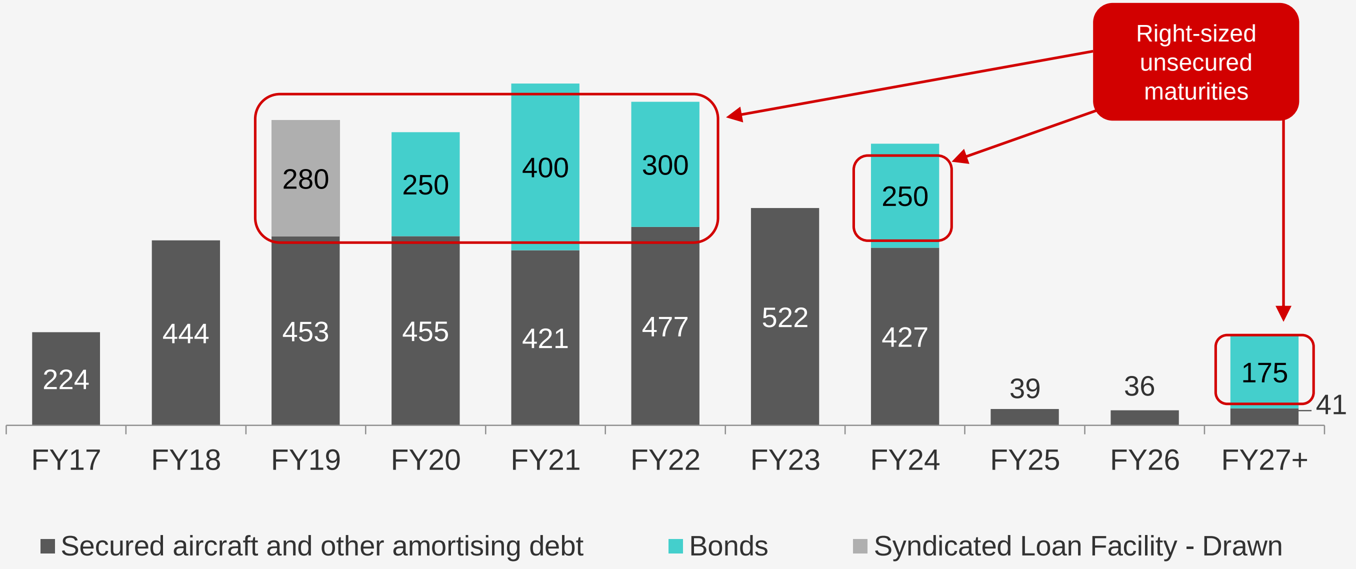
- Ensures access to diverse funding sources
- Maintain no financial covenants
- Extend and smooth tenor
- Lowers refinancing risk
- > US$3.8b[1] of unencumbered aircraft

Informs liquidity settings

- Reduces cash requirements

Lowers cost of debt

Debt Maturity Profile[2] $M as at 31 December 2016

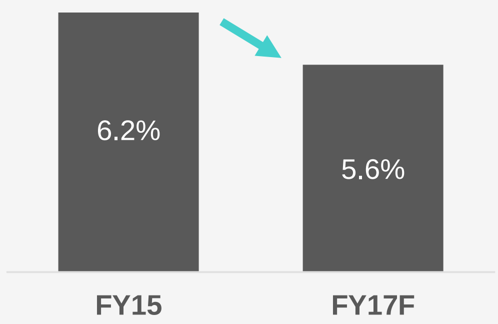


1. Based on AVAC market values as at 31 December 2016. 2. Cash debt maturity profile excluding operating leases.

Maintaining an Optimal Capital Structure

Cost of capital

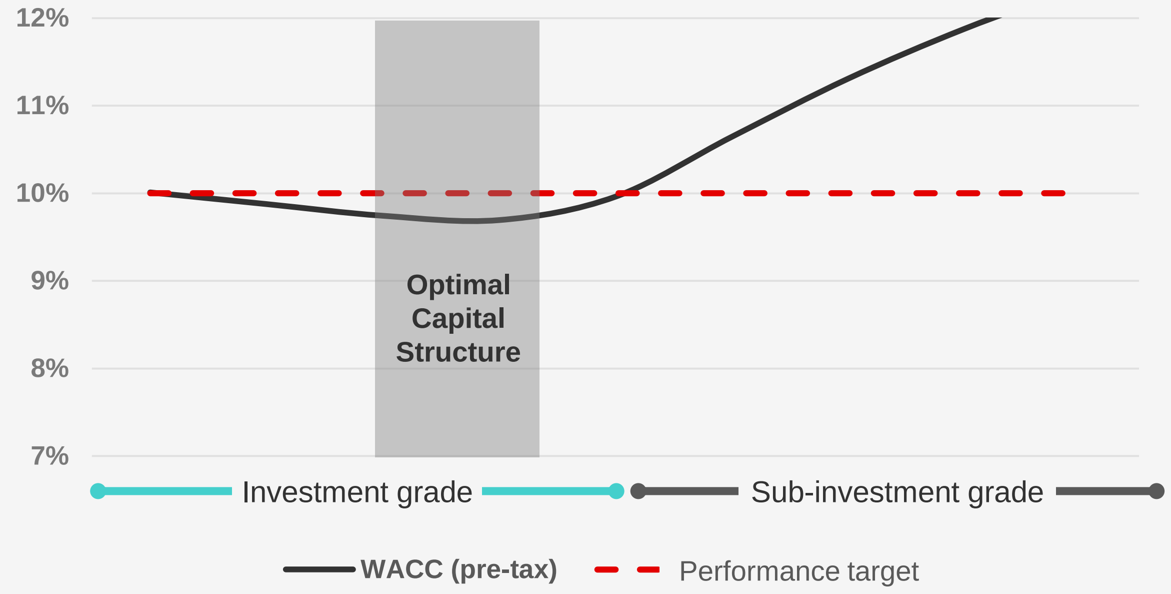
Cost of **net** debt[1] is reducing:



Further opportunities:

- Continue to optimise liquidity to minimise cost of carry, including operating lease buy-outs
- Refinance debt raised whilst sub-investment grade

Cost of Capital Curve



Optimal capital structure delivers lowest WACC

1. Net debt includes on-balance sheet net debt and capitalised aircraft operating lease liabilities.

Maintaining an Optimal Capital Structure

FY18 funding strategy

	Reduce surplus cash	Reduce refinancing risk	Optimise unencumbered aircraft pool	Lowers cost of capital
Buy-out maturing operating leases where appropriate	✓		✓	✓
Extend operating leases where appropriate		✓		✓
Refinance drawn A$280m Syndicated Loan Facility		✓		✓
A$200-$300m secured debt refinancing (~8-10yr tenor)		✓	✓	✓
Pay cash for minimum 2 of the 4 787-9 aircraft delivered	✓		✓	✓
Returning surplus capital to shareholders				✓

Efficiently lower cost of capital and maintain strong liquidity via increasing unencumbered aircraft

Delivering ROIC > WACC

1 Maintaining an Optimal Capital Structure

2 ROIC > WACC

3 Disciplined Allocation of Capital

4 Total Shareholder Return Performance

Return on Invested Capital

Risk Management

Delivering ROIC > WACC

Resilient portfolio of businesses all returning ROIC > WACC

Dual Brand Strategy		Dual Brand Strategy		
Qantas **Domestic** Relative margin advantage	Jetstar **Domestic** Relative margin advantage	Qantas **International** Relative competitive advantage	Jetstar **International** Lowest cost position	Qantas Loyalty Stable earnings growth
Targeting ROIC >10%				**Targeting EBIT CAGR[1] 7-10%**

Transformation

Continued investment in our people

Continued investment in our customers

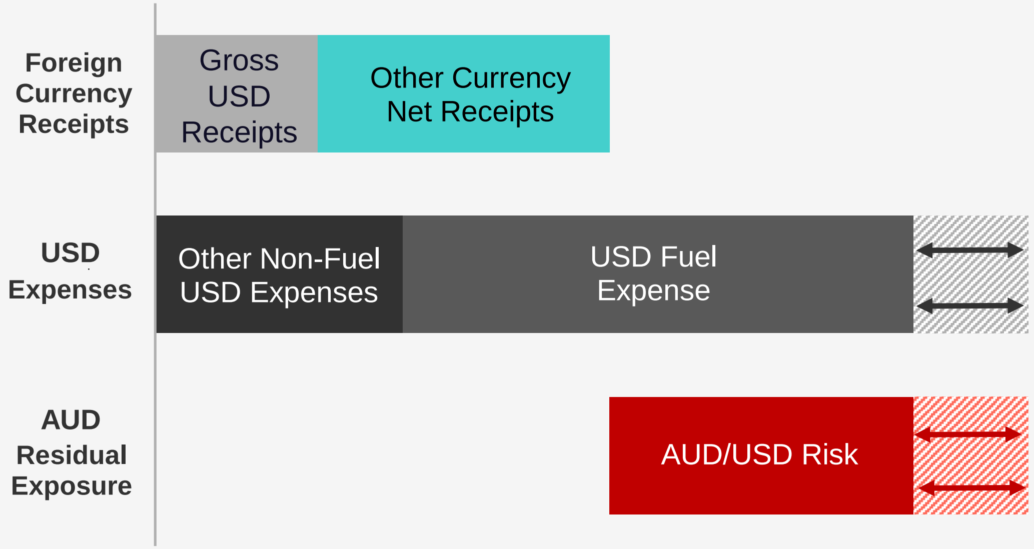
1. Compound average growth rate in Underlying EBIT.

FINANCE

Delivering ROIC > WACC Through the Cycle

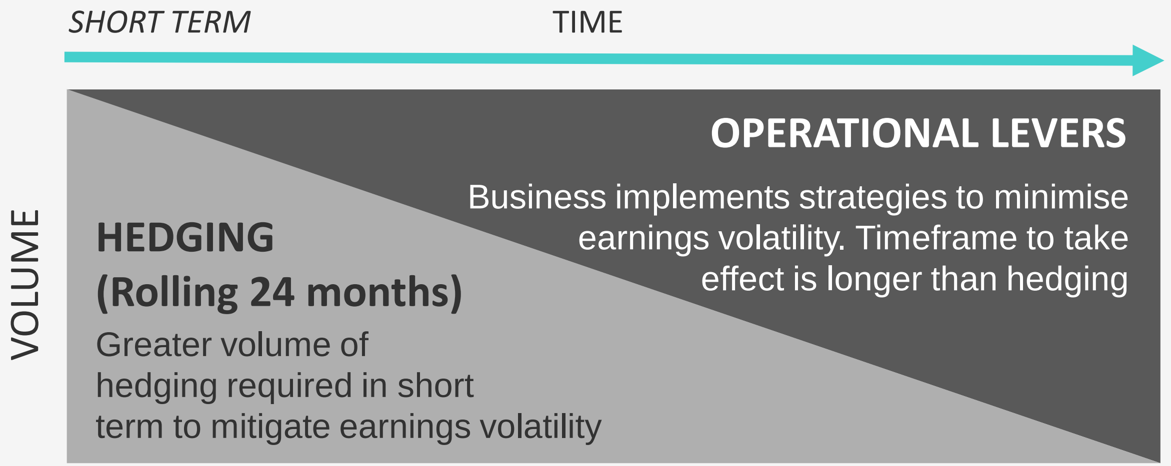
Reducing ROIC volatility through disciplined hedging program

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

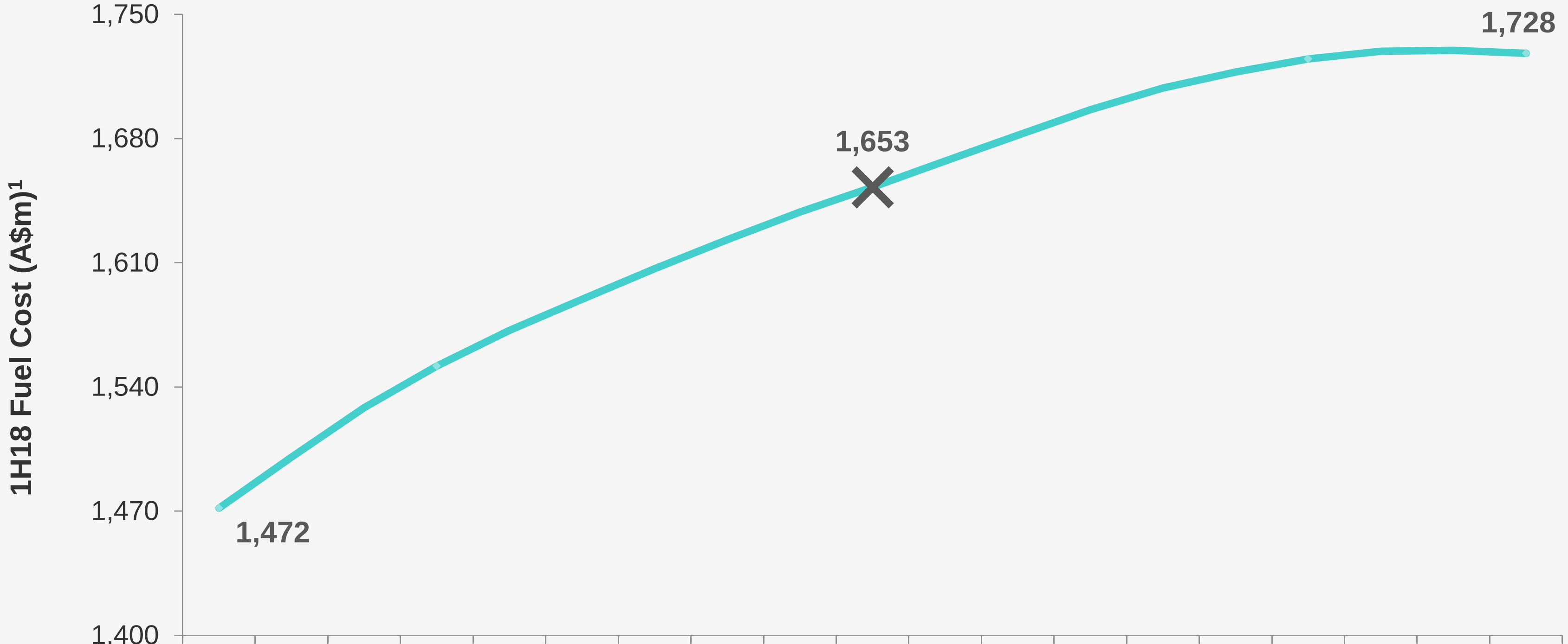


Examples of Operational Levers

Capacity reductions and network optimisation → Fuel efficiency programs → Invest in fuel efficient fleet

Delivering ROIC > WACC Through the Cycle

1H18 fuel cost - Price sensitivity (fuel and FX correlated)



Brent U$/bbl	39	41	43	45	46	47	48	50	51	51.5	52	53	54	56	57	58	60	62	64
AUD FX	0.69	0.70	0.71	0.72	0.72	0.73	0.73	0.74	0.74	0.74	0.75	0.75	0.75	0.76	0.76	0.76	0.77	0.77	0.78
Brent A$/bbl	57	59	61	62	64	65	66	67	68	69	70	71	72	74	75	76	78	80	82

Hedging strategy designed to:

- Cap worst case
- Allow participation to falling prices

1H18 worst case total fuel cost A$1.7b

- Fuel risk 89% hedged
- 94% participation to favourable price movements

1. AUD Fuel cost as at 4 May 2017, assumes constant consumption, and constant refiner's margin.

Disciplined Allocation of Capital

1. Maintaining an Optimal Capital Structure
2. ROIC > WACC
3. Disciplined Allocation of Capital
4. Total Shareholder Return Performance

Disciplined Allocation of Capital

Capital allocation framework maximises shareholder value

Capital allocation prioritised to:

- Debt reduction (where required) to achieve optimal capital structure
- Base dividend
- Reinvestment (FY18 capex $1.5b)
- Remaining surpluses presumed to be distributed to shareholders
- Additional capex only where clear shareholder value accretion

Capital Allocation Priorities

>$6.0B	$6.0B	$4.8B	<$4.8B
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

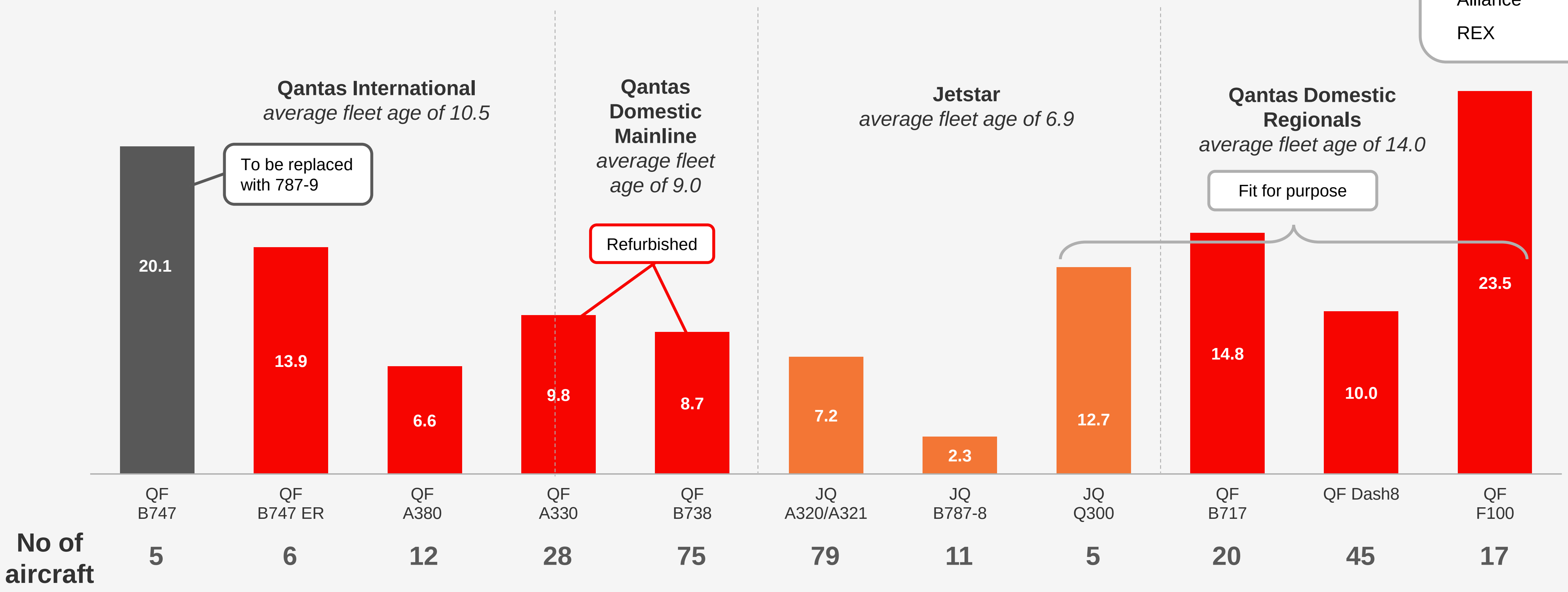
Disciplined Allocation of Capital

Fleet – Flexibility maintained

Fleet Age[1] as at December 2016

Regional Competitor Fleet Ages[2]

VARA[3]	~15 years
Alliance	~24 years
REX	~23 years



Optimal fleet age and replacement decisions informed by competitive landscape

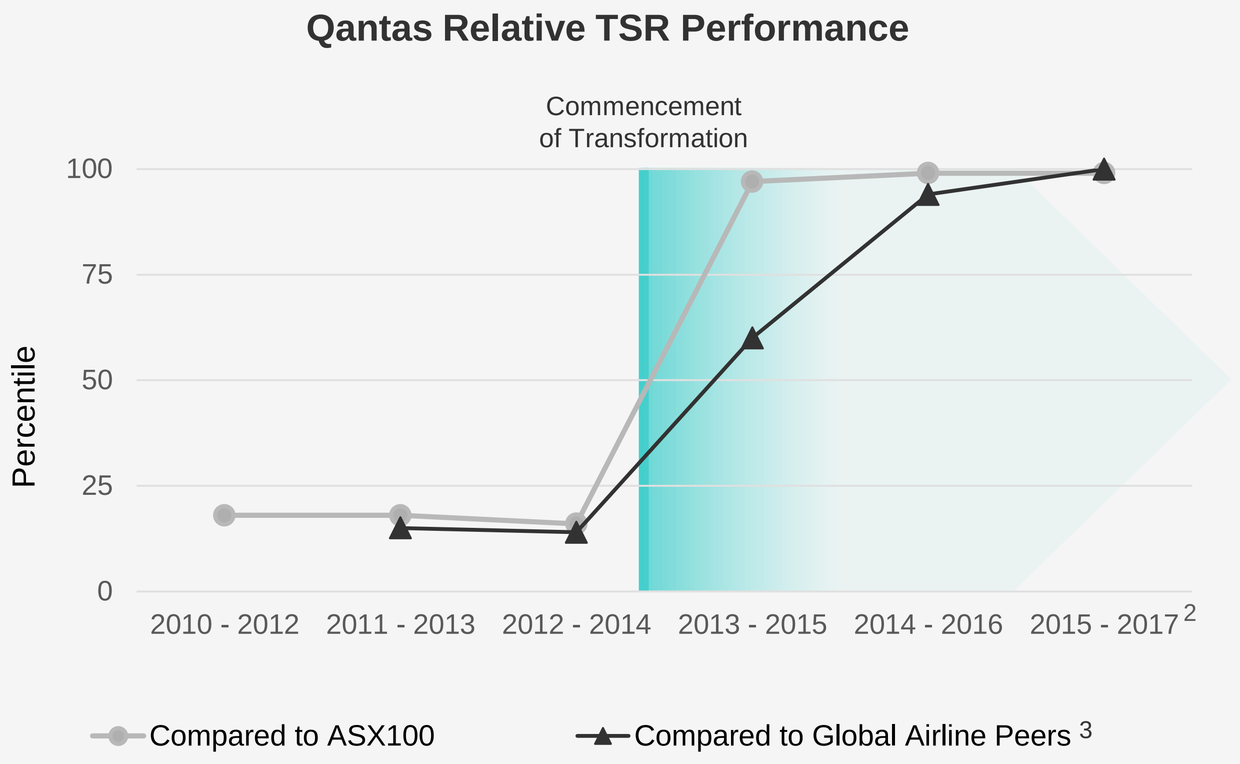
1. Average fleet age of the Group's passenger fleet based on manufacturing date at December 2016. 2.Source: Airfleet. 3. Virgin Australia Regional Airlines.

Total Shareholder Return Performance

1. Maintaining an Optimal Capital Structure
2. ROIC > WACC
3. Disciplined Allocation of Capital
4. Total Shareholder Return Performance

Total Shareholder Return Performance

- $1.63b in capital management since October 2015
  - Returned > $250m in dividends to shareholders
  - Issued capital decreased by 17.7% since October 2015 at an average cost of $3.41 per share[1] (total cost of ~$1.4b)
  - EPS accretion through cancellation of shares bought back
- Moved to top quartile relative TSR performance post commencement of Transformation



Financial discipline to drive ongoing shareholder value creation

1. Average price paid for on market buy-backs announced in February 2016 and August 2016. 2. Year to date performance as at 31 March 2017. 3. Airline peers as stated in the relative Annual Report in reference to the related LTIP.

Externally Recognised Financial Framework

S&P Global Ratings – 24 August 2016

"Underpinning the credit rating is the airline's prudent financial policy framework that we view favorably against Australian corporate and global industry peers. In our opinion, this framework appropriately balances the interests of shareholders and creditors in a manner that is consistent with an investment-grade rating."

Moody's Investors Service – 24 August 2016

"A key support factor for Qantas' Baa3 credit profile is its financial framework which is publicly articulated and stands out among corporate peers."

Transformation and Innovation

Rob Marcolina, Group Executive Strategy, Transformation and IT

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Transformation and Innovation

Sustainable Transformation

Current Program

FY18 - FY20

Driving Innovation

Demonstrated History

Path Forward

Transformation Program Principles

- Set the bar high (targets and timeline)
- Focus on the ‘how’ versus the ‘what’
- Link to the bottom line
- Centralise program management
- Embed a cost-conscious culture
- Bring our people along the journey
- Improve customer proposition

Transformation Program Scorecard

ACHIEVING OUR TARGETS

	TARGET: METRICS	TARGET: TIMEFRAME	PROGRESS TO DATE	
Accelerated Transformation Benefits	$2b Benefits, extended to $2.1b	FY17	**$2.0b benefits realised**	✓
	>10% Cost Group Ex-fuel expenditure reduction[1]	FY17	**Ex-fuel expenditure down by 10%[2]**	✓
	5,000 FTE reduction	FY17	**5,067 fewer FTE at year end[4]**	✓
	5% CASK gap to domestic competitor[3]	FY17	**3% gap**	✓
Deleverage Balance Sheet	>$1b debt reduction[5]	FY15	**Delivered on schedule**	✓
	Debt / EBITDA <3.5x[6] FFO / Net debt >45%[7]	FY17	**Delivered ahead of schedule**	✓
Cash Flow	Sustainable positive free cash flow[8]	FY15 onwards	**Delivered on schedule**	✓
Fleet Simplification	11 fleet types to 7	FY16	**8 fleet types Retained 2 x non-reconfigured 747 (to be retired)**	✓
Customer and Brand	Customer Advocacy (NPS)	Ongoing	**Strong NPS results across the Group[9]**	✓
	Maintain premium on-time performance at Qantas Domestic	Ongoing	**Premium on-time performance at 86% with shorter turn times[10]**	✓
Engagement	Maintain employee engagement	Ongoing	**Up from 75% (2013) to 79% 2016**	✓

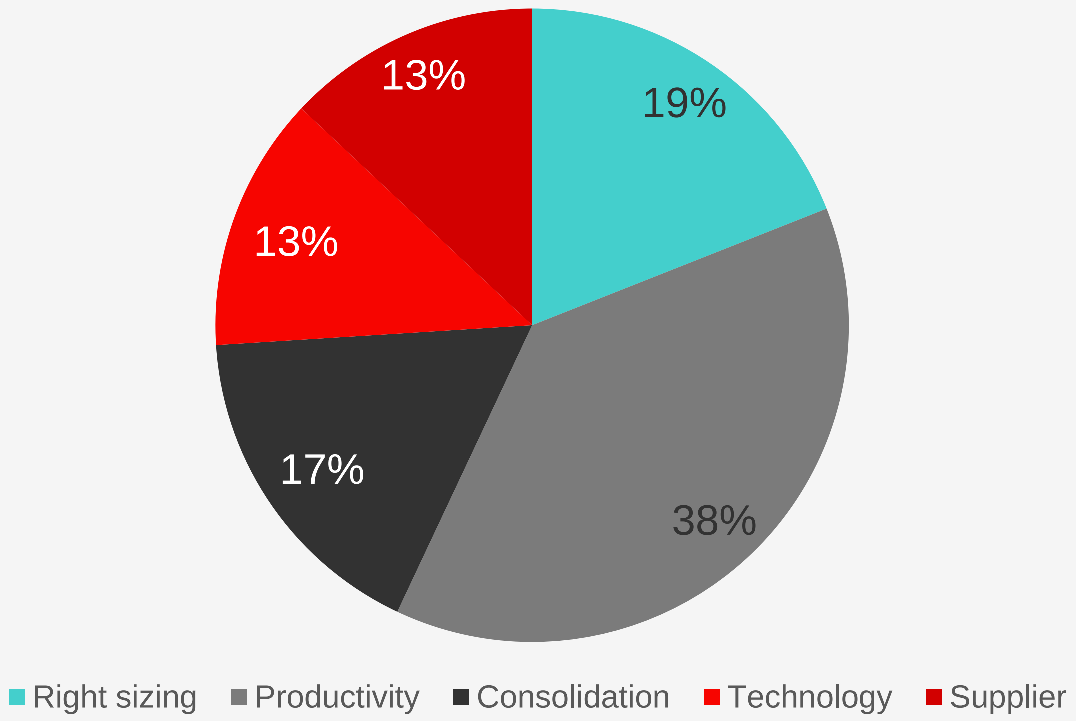
1. Includes Underlying operating expenses (excluding fuel), depreciation and amortisation (excluding depreciation reduction from Qantas International non-cash fleet impairment) and non-cancellable aircraft operating lease rentals, adjusted for movements in FX rates and capacity. Compared to annualised 1H14. 2. Compared to annualised 1H14. 3. Qantas Domestic compared to Virgin Australia Domestic. 4. Net FTE reduction after adjusting for activity and new businesses as at 31 Dec 2016. 5. Reduction in net debt including capitalised operating lease liabilities. 6. Metric calculated based on Moody's methodology. 7. Metric based on Standard and Poor's methodology. 8. Net free cash flow is operating cash flows less investing cash flows (excluding aircraft operating lease refinancing). 9. Measured as Net Promoter Score. 10. Qantas mainline operations (excluding QantasLink) for the period of 1H17 compared to 2H14. Source: BITRE.

Transformation Program Major Outcomes

Example structural changes made during Transformation Program

- Heavy base **maintenance** consolidation (3 into 1)
- **Contact centres** consolidation (4 contact centres into 2)
- **717** Operating Model Implementation (10 year contract)
- Qantas Domestic **Target Zero** (35 minute turn times)
- Aircraft accelerated **retirement**
  (retirement 767/737 and Jetstar A330 replaced by 787)
- **Contract** renegotiations
  (e.g., Distribution 10 years, Campus facilities 5 years)
- Non-operational **staff reduction** (1,500+)
- **Off-airport check-in** (Jetstar and Qantas)

Transformation Benefits Categories[1]



Benefits can be sustained over time as a result of structural outcomes

1. Mix of benefits achieved between Jan 2014 to March 2017.

Transformation Going Forward

FY18-FY20 targeting average annual gross benefit of $400m, offset by ~$250M in cost base inflation, to ensure Qantas remains competitive

Owned	Business Unit ownership, centrally supported
Shared	Working together towards a common goal
Linked	Direct line of sight to the bottom line
Engaged	Institutionalised cadence of coordination meetings
Embedded	Cost conscious and continuous improvement culture
Customer Focused	Bias towards win/win outcomes

Ongoing Transformation Themes

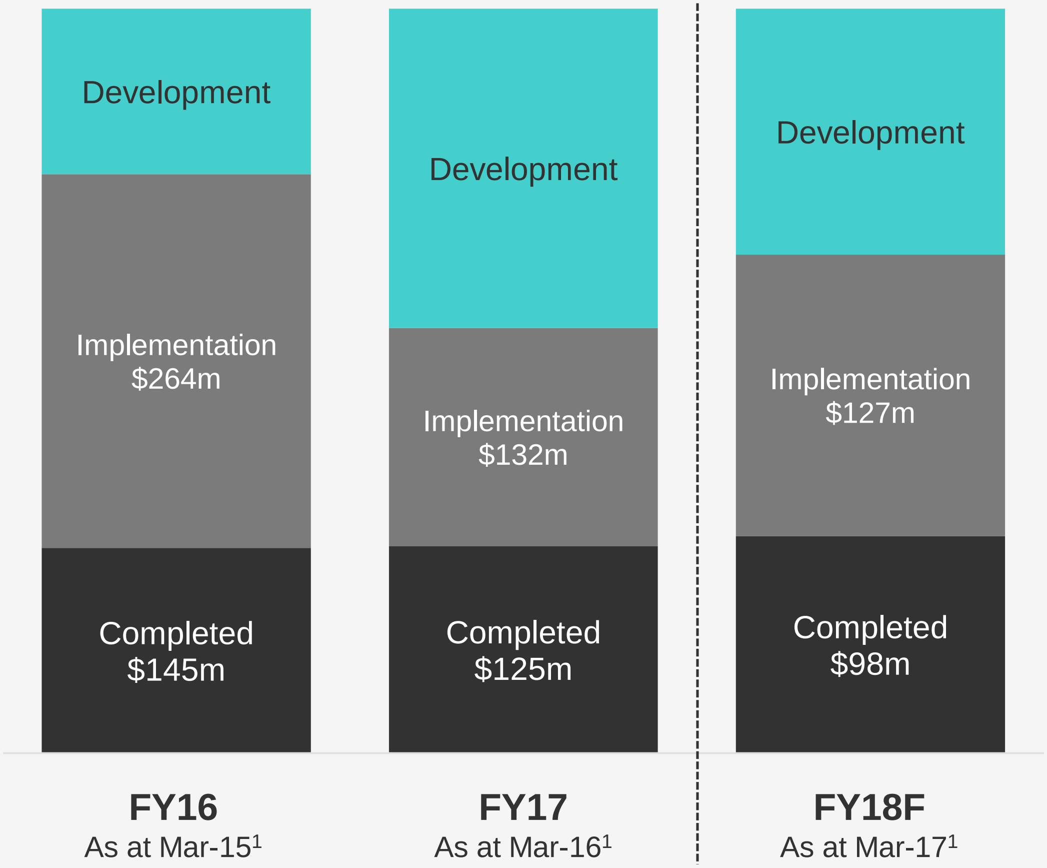
	Technology	Supplier	Utilisation	Continuous Improvement	Indirect Costs		Group Initiatives
	~$100m	~$75m	~$75m	~$75m	~$25m		~$50m
CONTINUE	• Simplify, standardise and rationalise • Digital Strategy • 787-9 roll-out, 747 retirement	• Renegotiate terms • Spend monitoring and compliance • Group buying	• Network efficiency • Dual brand optimisation	• Fuel Burn reduction program • Jetstar ‘Lowest Seat Cost’ Program	• Overhead effectiveness	+	• Consolidate duplicate activities • White space capacity
INCREASED FOCUS	• Wi-Fi • Automation • Insights and intelligence • Enterprise data • Big data • New Flight Planning system • Self services • Workplace flexibility	• Category Strategy • Service level optimisation • Industry collaboration (A4ANZ)	• Roster flexibility • Disruption management • Precision Turn-around schedule • Flexible asset allocation	• Fuel compliance • Workforce mix • Process simplification/ removal • Wastage reduction • Engineering maintenance optimisation	• New ways to deliver business needs • Create flexibility/ variabilisation		• Align to common specifications for consolidation • Joint customer decision making

Innovation – new ways of working (design thinking, lean and agile)

Note – Figures represent estimated average contribution over next several years.

FY18 Transformation Status

Well Positioned to Achieve FY18 Target



FY18 Key Initiatives

- 787-9 fleet introduction
- Fuel Burn Program
- Operations centre optimisation
- Flight planning system
- Group travel website for Asian markets
- Freight Air Lease and Contracts
- Groundstar rostering

- SME program (~$20-30m)
- Channel re-platform (~$10-15m)
- Sourcing (~$10-15m)
- Ground services equipment consolidation (~$5-7m)
- Digital strategy (~$4-6m)
- Schedule recovery (~$3-4m)
- Engineering base maintenance turn around time and cost improvement (~$3-4m)

- Revenue mgmt. system (~$35m)
- Commercial sourcing (~$26m)
- Intra WA Fleet/Network (~$6m)
- Engineering optimisation (~$3m)

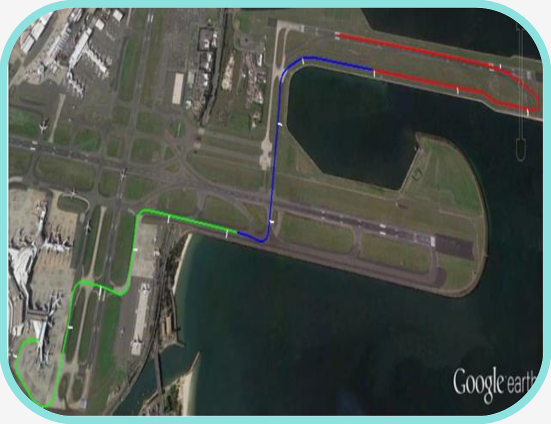
1. Against FY target.

Transformation Summary

Continue to drive competitive **margin**

Strong **pipeline** of initiatives and **funnel** of ideas

Embedded **process** and **culture**



Transformation and Innovation

Sustainable Transformation

Current Program

FY18 - FY20

Driving Innovation

Demonstrated History

Path Forward

Innovation - it all began with AVRO

Qantas has a Long History of Innovation

Successfully executing across multiple horizons

Core Innovation

Inflatable life rafts

Business class

Adjacent Innovation

FREQUENT FLYER

QANTAS EPIQURE

QANTAS CASH

Disruptive Innovation

Jetstar

RED PLANET.

QANTAS ASSURE

Innovation will Continue to be Important to Drive Long-term Competitive Advantage

Core

Adjacent and Disruptive

Next-gen aircraft and product

- A320neo, 787-9, Ultra long haul
- Expand network e.g. PER-LHR
- In-flight connectivity
- Virtual Reality

Personalised service and experience

- Invisible check-in
- Disruption resolution
- Future fit baggage
- Customer self service

“Smart” operations

- Flight planning futures
- Predictive maintenance
- Automated customer servicing
- Back office automation

Market and business model extensions

- Travel adjacencies
- Financial Services and Insurance
- Retail and offers
- Data and Marketing

Both Internal and External Sources of Innovation will be Leveraged, while Making Investments in Key Enablers

Internal Innovation → **External Innovation**

APPROACH

Build	Partner	Co-Develop	Invest	Buy
Leverage internal capability to ideate, develop and commercialise	Accelerate growth efforts with appropriate partners	Leverage external ecosystem to create new value	Minority stakes to deliver strategic and financial value	Acquire strategically aligned businesses

ENABLERS

- People and Processes
- Capability and Support
- Technology
- Ecosystem

A Key Pillar of the External Innovation Strategy is the AVRO Accelerator[1]

Objectives

- Access early **insights** into key **trends** and emerging technologies
- Extension of **R&D** efforts
- Identify **new** ideas, products and services
- Identify and access scarce **talent**
- Support future **growth** plays
- Promote local **ecosystem**

Themes

- Creating seamless journeys
- Care beyond the air
- Building connected platforms
- Transforming for tomorrow
- Innovating without limits

Potential Outcomes

- **Platform** to attract promising early-stage technology businesses
- Employees take **learnings** and inspiration back into core business
- Create a desired **destination** for the best technology start-ups and talent
- Revenue growth and **diversification**
- Financial **returns** over longer term

1. An Accelerator is a structured program that offers early stage companies access to funding, mentorship, coaching and education to fast track their businesses, leading to a Demo Day to pitch to Qantas.

Transformation and Innovation

Sustainable Transformation

Current Program

FY18 - FY20

Driving Innovation

Demonstrated History

Path Forward

Brand and Marketing as a Competitive Advantage

Olivia Wirth, Group Executive Brand, Marketing and Corporate Affairs

Group Multi-brand Structure

Targeted to diverse customer segments and marketplace

QANTAS

QANTAS LINK

QANTAS FREIGHT

Premium business and leisure travel segment

QANTAS LOYALTY

FREQUENT FLYER

BUSINESS REWARDS

QANTAS ASSURE

11.7 million members

Jetstar

Australia
New Zealand
Singapore
Vietnam
Japan

Price sensitive segment

Placing the Customer at the Centre of our Thinking

Breadth and depth of data and insights are a key competitive advantage

Customer flying behaviour

Frequent Flyer Profiles

Customer NPS and Feedback

Web, mobile and social media interactions

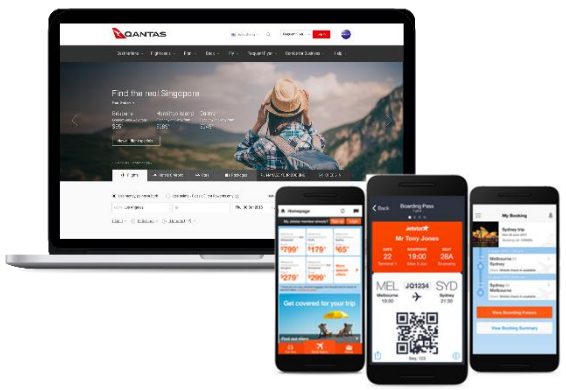
30 years of data history

8m visits per week to qantas.com and jetstar.com

50m+ passengers annually across the Group

Panel **31k** Frequent Flyers for Closed Loop feedback

11.7m Frequent Flyer Members

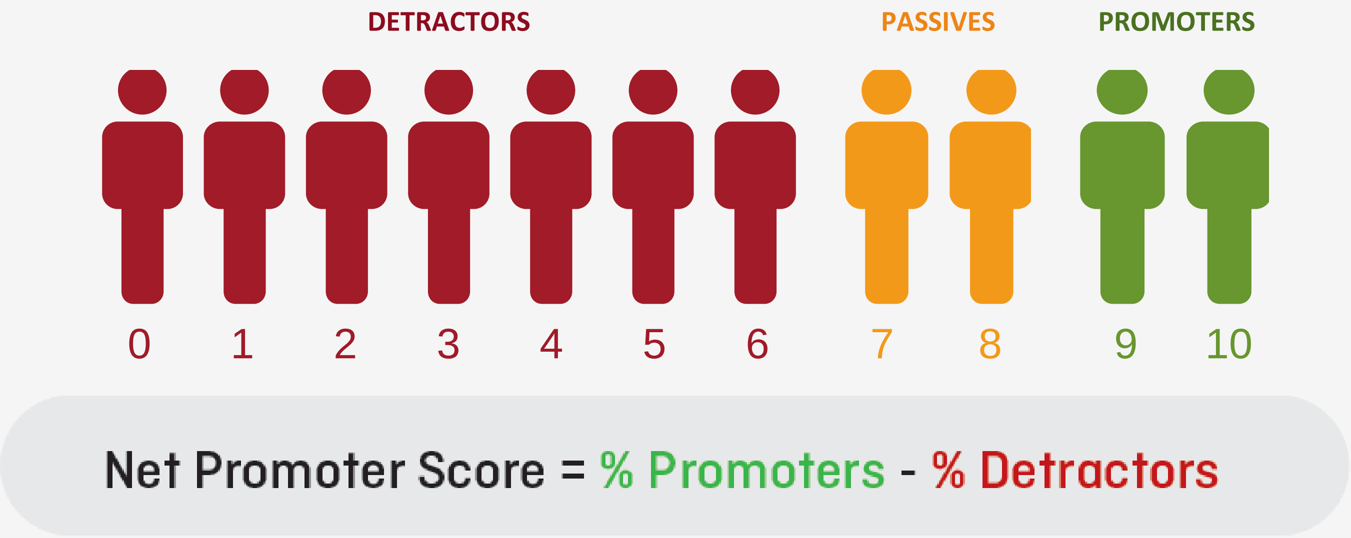


Net Promoter Score Global Benchmarking

Methodology

What is NPS?

- NPS or *Net Promoter Score* is a global brand benchmarking model of customer advocacy
- It is embedded into operations of Qantas and Jetstar
- Enables continuous feedback from customers to improve our service strategy and delivery
- Used to measure our progress



A New Look for The Spirit of Australia

A new era for Qantas

1944 - 1947	1947 - 1968	1968 - 1984	1984 - 2007	2007	Today

Evolving and Cohesive Brand Campaign

Reconnecting with Australians

- 'Feels like Home' brand campaign launched in November 2014, with follow up campaigns in 2015 and 2017
- Customer insights led proposition to re-connect emotionally with Australians
- Campaign films have had **over 20m views[1]** to date
- Campaign features **real Qantas customers and employees**
- **75% of Australians who have seen the television commercial** feel more positive about Qantas[2]
- 59% of Australians who have seen the television commercial **felt it made them want to fly with Qantas[2]**

1. Views on Youtube and Facebook. 2. Source: House of Brand, January - March 2017 Brand Tracking Research.

BRAND AND MARKETING

Consistency in Qantas Brand Message Maintained

Successful ‘Home’ and ’Belonging’ emotional connection continues

But Brand is What You Do, Not Just What You Say

‘Qantas did, not just said’

Customers

- Launched fast, free inflight Wi-Fi, including new partnerships with Foxtel, Stan, Netflix and Spotify
- Evolved iconic logo and livery design to symbolise new era
- Next generation cabins for 787 Dreamliner, including new Premium Economy seat launched
- New Lounges opened in Perth and Brisbane
- Ongoing investment in changes to Qantas Frequent Flyer programs

People

- Top 10 companies to work for in Australia[1]
- Highest ever employee engagement ratings
- 87% of our people believe their work contributes to the success of the Qantas Group
- Growth in employees recommending the Qantas Group as a good place to work
- Ongoing investment in Customer Service Training across Group
- Continued focus on mental health and work-life balance

Community and Partnerships

- Continued extensive support across key partnership categories:
  - Sport
  - Arts
  - Community and Charity
  - Diversity and Equality
- Qantas ranked as No.1 corporate supporter of Australian sport, culture and charities[2]

1. LinkedIn 2016. 2. Qantas Acuity brand trust and quantitative research 2017.

Digital and Data Marketing Capabilities are Transformed

Enabling personalised communications and customer experiences

Integrated data and digital offering

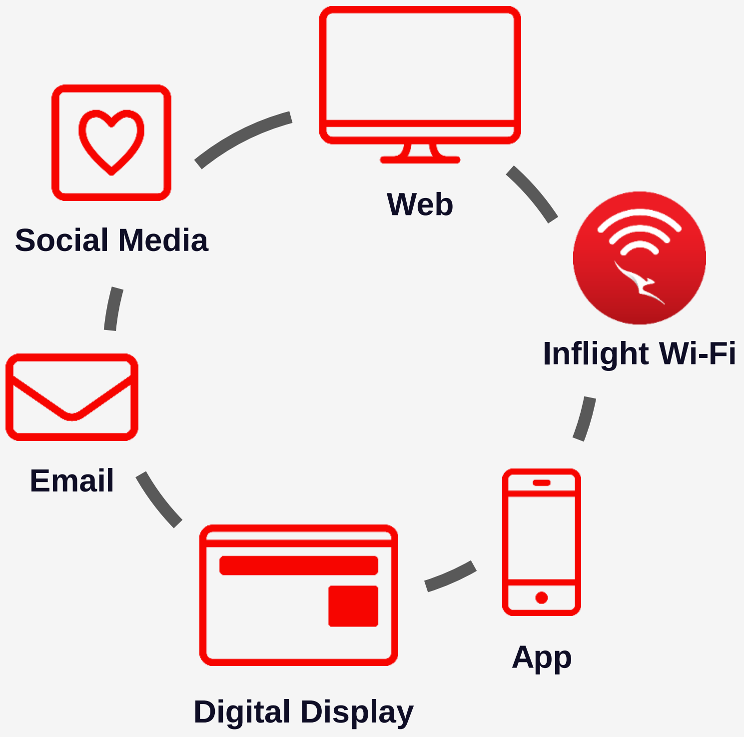
- Cross channel co-ordination and personalisation across digital ecosystem
- More than 70% of Qantas' marketing media spend in digital channels

Re-platforming Qantas.com and Jetstar.com

- Increased capability to personalise website
- Improved booking flows to assist customer ease of use, drive uptake and revenue growth

Enhanced mobile app and social media channels

- Providing improved customer service and reducing cost to serve
- 50% increase in Qantas app flight bookings versus year prior
- First to domestic market with an automated Facebook Messenger bot
- Queries through social media have grown close to 20% compared to last year



Depth of customer data is a key competitive advantage putting the group at the forefront to embrace the digital economy

Jetstar Brand Leadership, Clarity and Consistency

Maintaining our leadership low cost carrier position

Over 200 million passengers since launch[1]

- An Australian brand leading the way across Asia-Pacific
- The market leader on price perception
- Brand strength across all markets served in Asia Pacific – flies to 82 destinations across 16 countries and over 170 routes[2]
- Communications nuances specific to each region but the underpinning brand link is the “low cost likeability” – wherever you are, Jetstar allows you to fly to more places more often for less

1. Relates to the combination of Jetstar Airways, Jetstar Asia, Jetstar Pacific and Jetstar Japan, From FY04 to 1H17. 2. Relates to the combination of Jetstar Airways, Jetstar Asia, Jetstar Pacific and Jetstar Japan, as at 31 December 2016.

One Brand, Local Market

Jetstar Brand Preference and Positive Perceptions

Jetstar maintaining strong position in low-cost market

Flyer attitudes and perceptions

YTD 2017[2]
#1

Australia

Most preferred LCC[1] in Australia for domestic and international travel

April 2017[2]
79%

Australia

Leading domestic carrier on perceptions of low priced fares

YTD 2017[2]
79%

Singapore

Highest LCC awareness in Singapore

April 2017[2]
78%

Japan

Highest LCC awareness in Japan

2017[3]
Top 10

Safety

Top 10 in world's safest LCCs

2016
22m

Value

Passengers flew for under $100 in 2016

1. Low Cost Carrier. 2. Source: House of Brand, January - March 2017 Brand Tracking Research. 3. Source: AirlineRatings 'Top Ten Safest Low-Cost Airlines' January 2017.

Qantas Experience and Perceptions Continue to be Strong

Investing and focusing on our customers and brand

Flyer attitudes and perceptions

Mar 2017[1]
96%

Iconic Brand

Perceive Qantas as an iconic Australian company

YTD 2017
+13%
Since 2014[1]

Best Service and Product Delivery

Quality of domestic experience increased and remains at record levels

Mar 2017[1]
97%

Safety Reputation

Australians consider Qantas a really safe airline

YTD 2017
+64%
over VA[2]

Domestic

Perceived best **Business** airline over VA

Dec 2016
+19%
Since 2015[3]

International

Strategic NPS at record levels, indicating strong customer advocacy

Mar 2017[4]
#1

Trusted

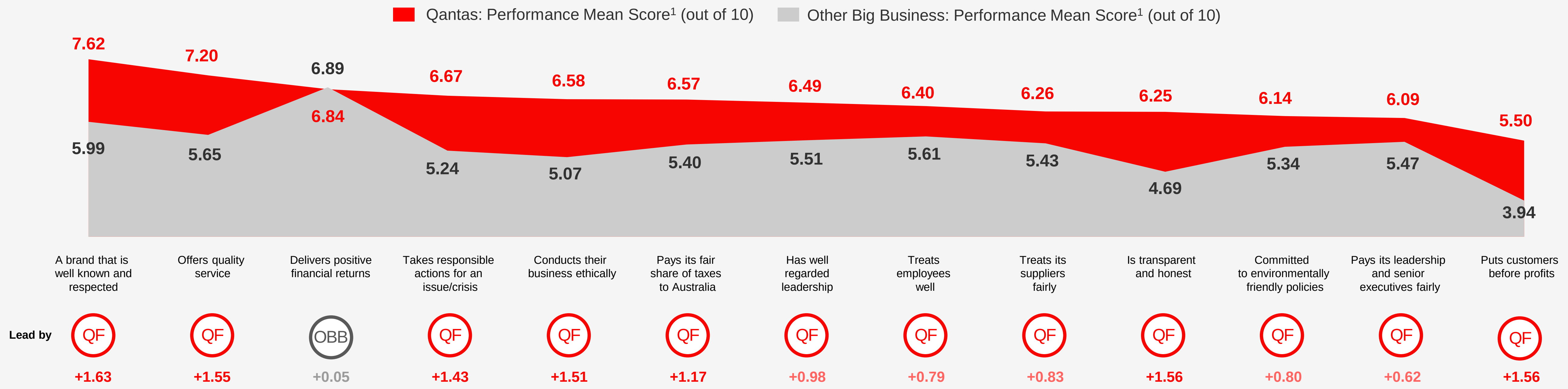
Qantas **most trusted** Australian Big Business in 2017 Corporate Trust Survey

1. Source: Acuity March 2017 Key Indicators 2. Source: Acuity, average calendar year 2014 versus average YTD March 2017 Key Indicators. 3. Source: Ergo, Feb 2015 score versus December 2016. 4 Acuity, March 2017 Corporate Trust survey.

Qantas is in a Unique Position as a 'Big Business' in Australia

Trust in Brand is a key competitive advantage

Q. Thinking about: **Qantas Airways**. How do you feel they perform on each of the following attributes?
Please give a rating where '1' means you think they do this very poorly, and '10' means you think they do this very well.



1. Acuity, March 2017, Corporate Trust Survey.

Summary

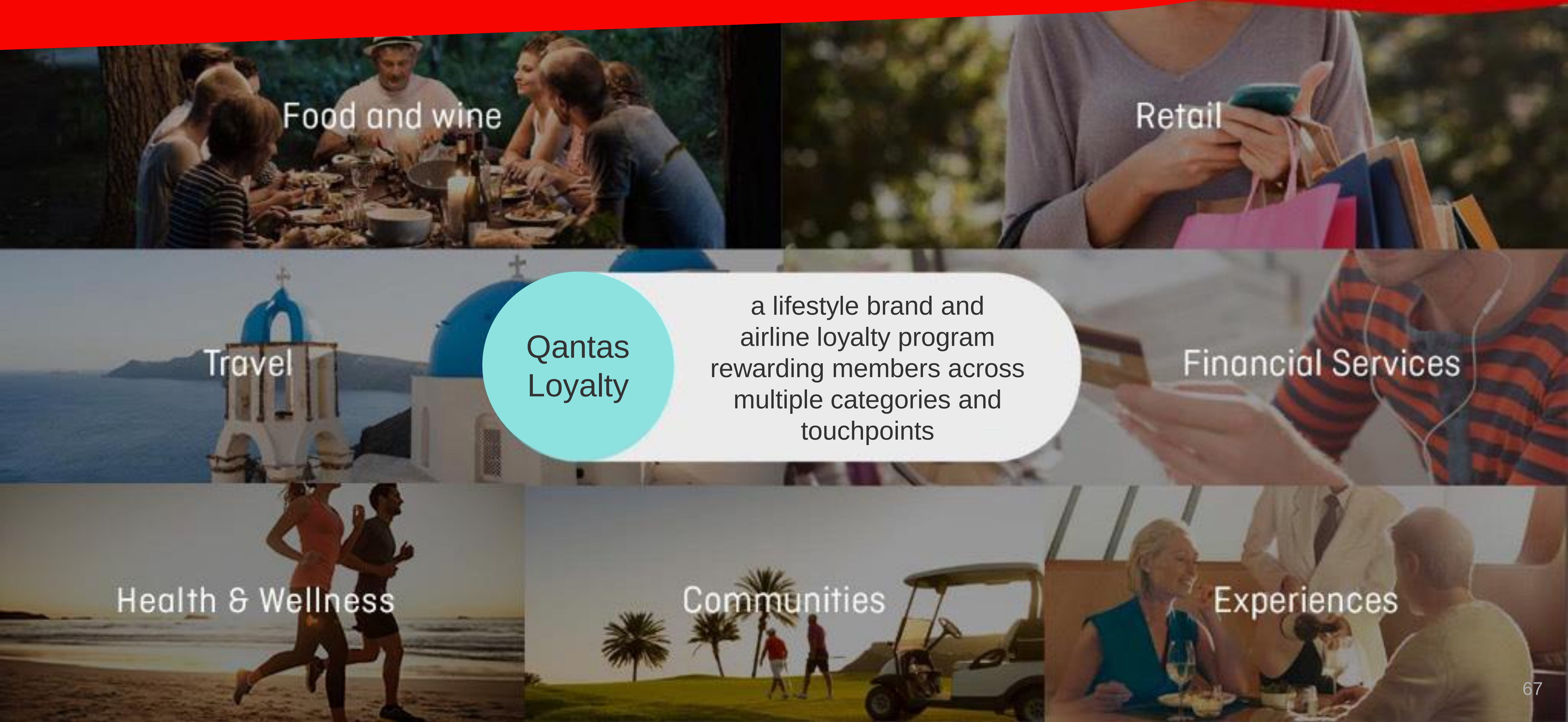
- Number one preferred premium airline brand and low fare brand in Australia[1]
- Data and Digital transformation to drive engagement and revenue uplift
- Customer insights driving strategy across product and marketing
- Ongoing investment in customer, people and community partnerships to ensure ongoing strength in brand
- Trust in brand is a key competitive advantage
- Investment in brand delivers a yield premium

1. Source: House of Brand, January - March 2017 Brand Tracking Research.

Qantas Loyalty
Innovation Led Growth

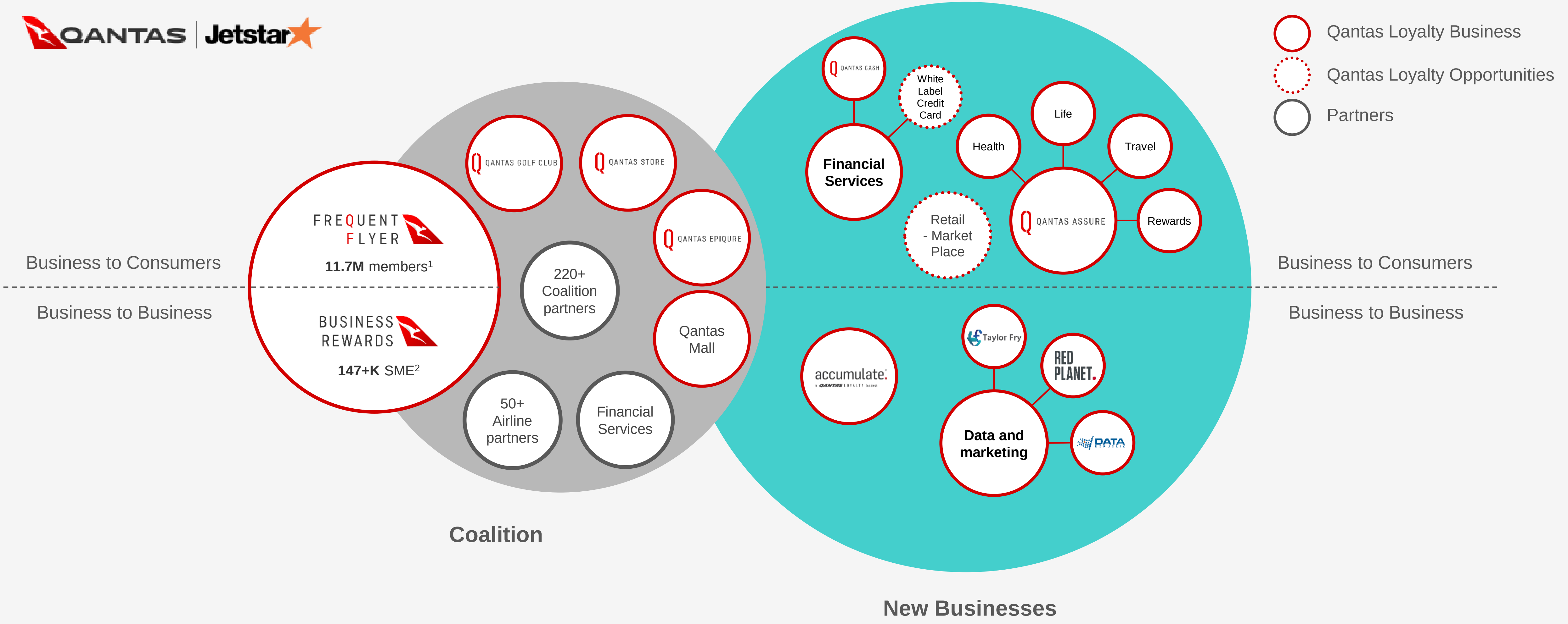
Lesley Grant, Qantas Loyalty CEO

The Evolution of Our Airline Loyalty Program



Qantas Loyalty is More than just Qantas Frequent Flyer

It is one of the world's most diverse airline loyalty businesses



1. As at March 2017. 2 As at May 2017.

Qantas Loyalty has Advantaged Assets and Capabilities that are Unique Amongst Australian Companies

Members

- **11.7M** members **50%** of Australian households[1]
- **147K**+ SMEs
- Highly engaged, affluent skew

Partnerships

- **270**+ partners of which **40**+ are B2B[2]
- Long term partner engagement

Points

- Unique value of Qantas Points and status tiers
- Driving **market share shift** and proven ability to retain customer for key partners

Rewards

- **4.9M** seats purchased with points in 2016
- Leading online loyalty redemption store in Australia[3] with ~**$100M** in value redeemed each year[4]

Brand

- Trusted brand
- **Advocacy 30pts premium** over competitors[5]
- Proven ability to stretch across various products and services

Data insights

- **30 years of data** and expertise
- Rich data sources (stated, behaved, observed and attitudinal)
- Strong capability to activate insights for airline and partners via multiple channels

Channels to market

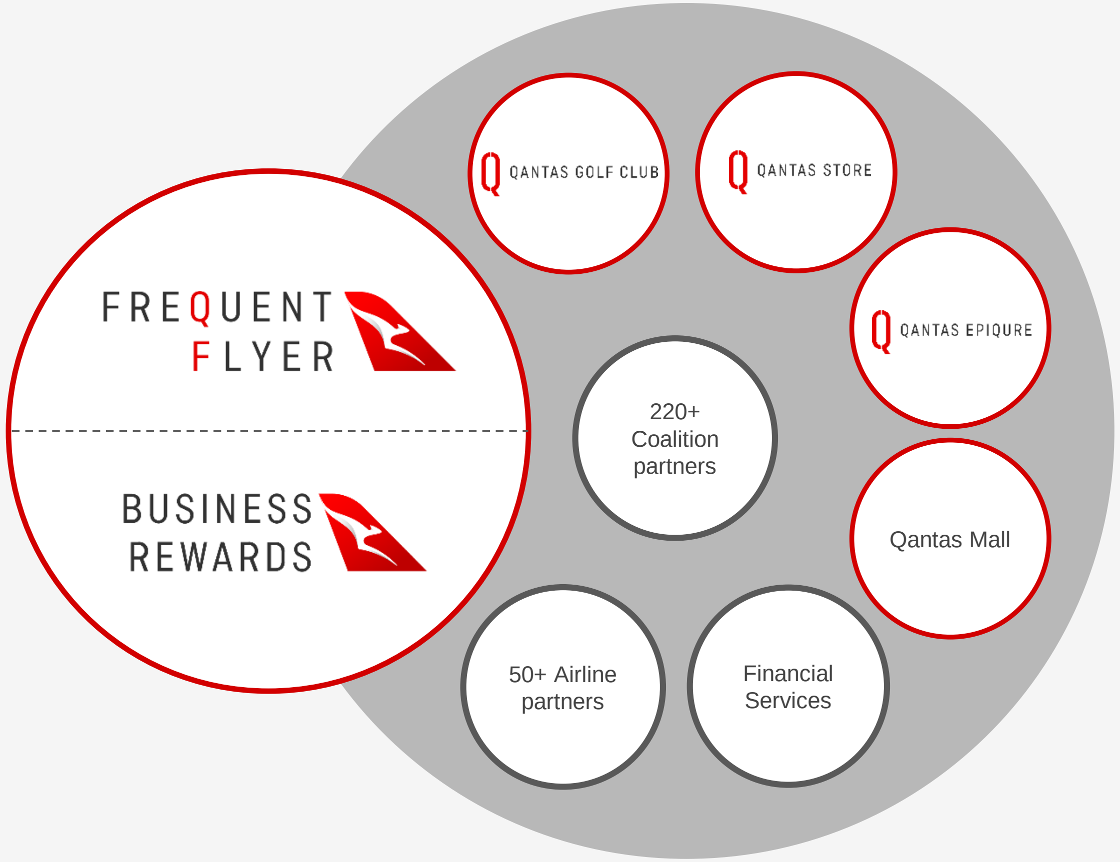
- Growing footprint and presence in **new digital channels** – Internet advertising, SEM/ SEO[6], Social media and influencers, partners

People

- **Innovation culture**: ways of working (agile, lean, etc.)
- Talent pipeline
- New skill sets

1. Based on Qantas internal analysis. 2. Business-to-Business. 3. Measured on number of products available for redemption. 4. Average 2013-2016. 5. Advocacy measured on Net Promoter Scored (NPS). Based on Qantas internal reporting. 6. Search Engine Marketing, Search Engine Optimisation.

Qantas Loyalty's Coalition Program



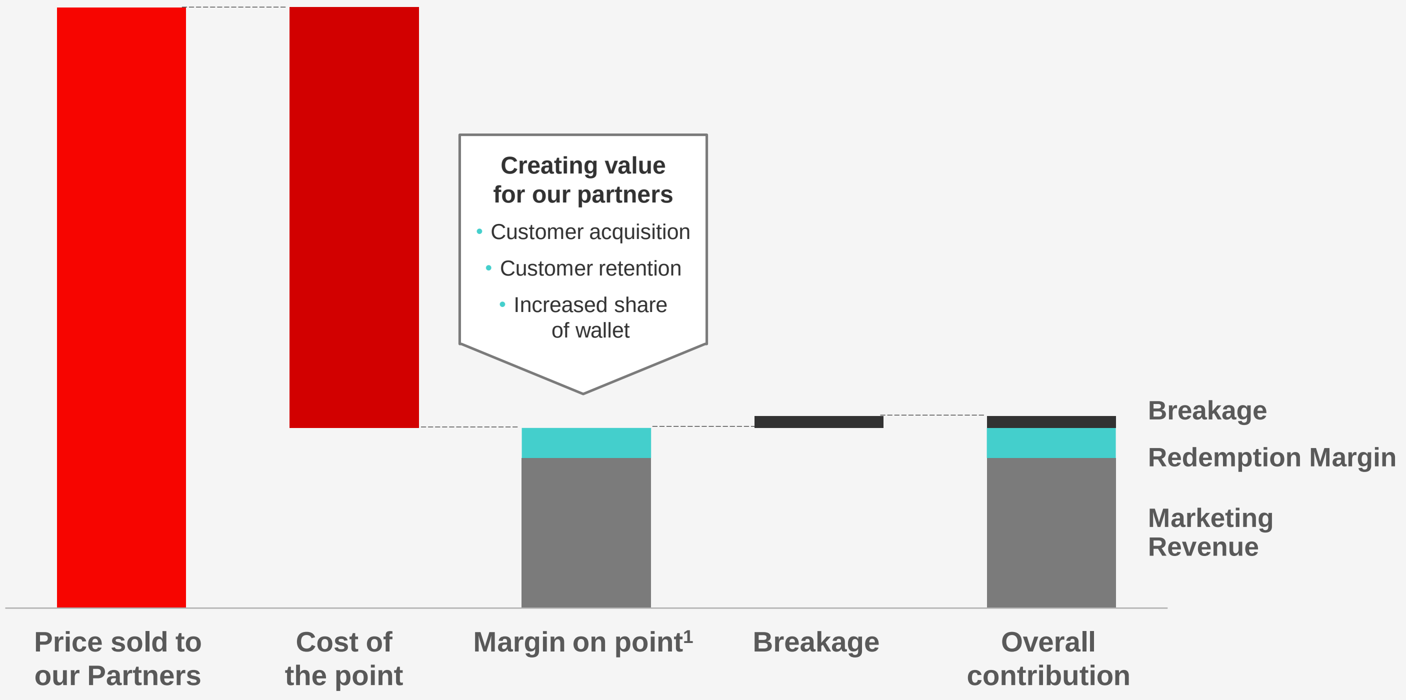
- >120 billion points earned by members last year
- ~8,000 products on the Qantas Store
- Partnerships with all 4 major banks
- 35% of credit card spend in Australia is on Qantas co-branded credit cards[1]
- 4.9M seats purchased with points in 2016

1. Based on Qantas internal analysis.

External Points Sales

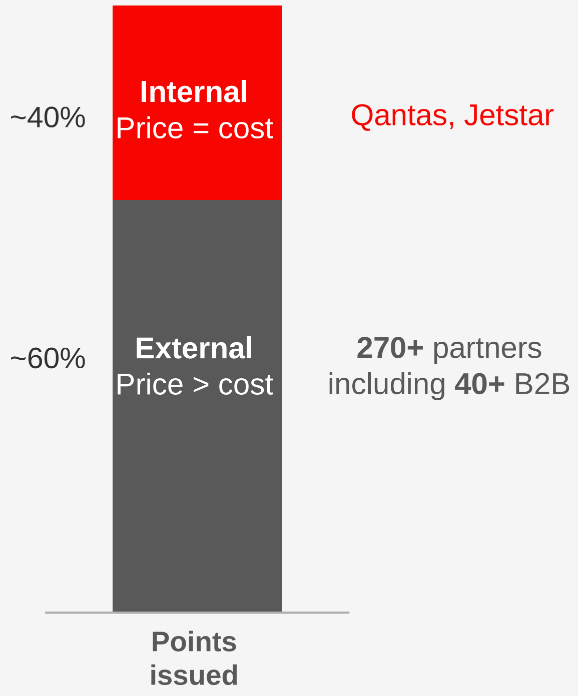
Influencing customer behaviour, driving commercial outcomes for partners

Core Points Sales – Generates Points Margin



Margin is Only Generated on 'External Points'

(Unique to other airline loyalty programs)

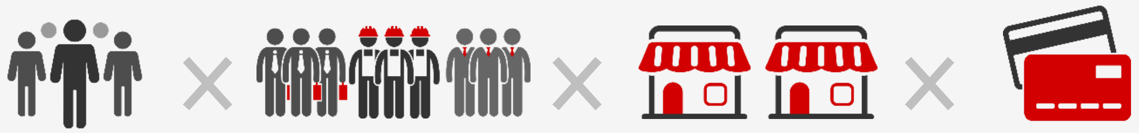


1. Recognition is split across time of issuance and time of redemption.

‘Coalition Effect’ is a Key Growth Driver – Providing a Multiplier Benefit

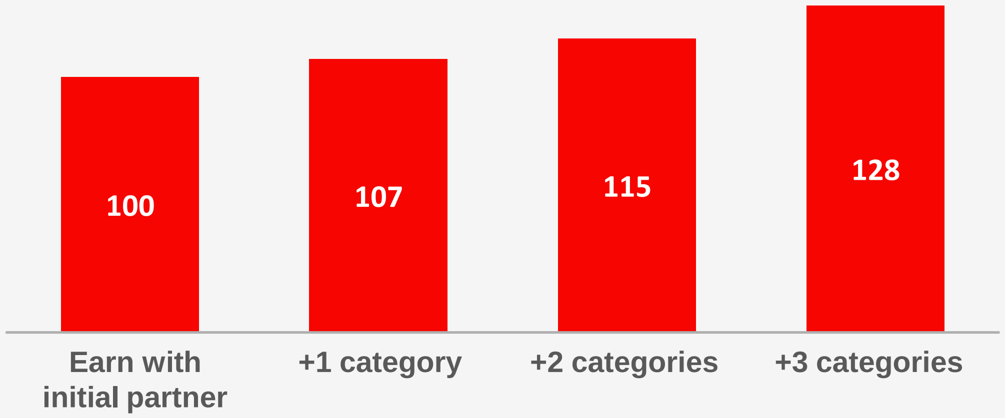
Breadth of program engagement multiplies points on offer

Number of members	Level of members’ expenditure	Number of loyalty participants (e.g. Earn partners)	Use of loyalty affiliated payment methods



More people participating	... and spending more	... and engaging with loyalty programs in more ways	... and with more payment methods to earn points

Generating an uplift in partner earn



The initial partner earns more as the member engages across multiple categories, resulting in a benefit for the initial partner and a benefit for Qantas Loyalty

Growing the Coalition through Personalisation and Active Member Engagement

Member growth

- **Qantas Frequent Flyer:** Australian population growth + evolve offer for underpenetrated segments
- **Qantas Business Rewards:** SME penetration including partner focus

Member engagement increase

- **Simplified and personalised member experiences integrated in Qantas App**
- **Leverage multi-channel targeting** to increase conversion
- **Expanding our reward offerings to maintain value/strength of points:** Point of Sale, redemption, hotels

Partner growth

- **Expand coalition** partners in categories relevant to members
- **Deepen our partnership with** Woolworths through increased share spend and members

Continued innovation

- **New technologies** to improve customer value proposition and value delivered to partners (incl. Artificial intelligence and machine learning, payments innovation, etc.)

New Businesses to Grow and Strengthen Qantas Loyalty – Core Criteria

- Market attractiveness
- Latent disruption potential
- Relative applicability of Qantas Loyalty's assets and capabilities

Financial Services is Adapting to Market Changes

With growth beyond regulatory impact

Qantas co-branded credit cards

- Partnerships with all four major Australian banks
- ~35% of all credit card spend in Australia is on a Qantas Co-branded credit card[1]

Qantas Cash – Pre-paid travel money card, that is also the membership card

- Holds 17% market share[2] – targeting 20%+ by 2020, ~670k cards activated to date[3]

Interchange reset impacting short term growth, but new offers to maintain growth beyond regulatory impact

- New propositions secured and launched with AMEX and ANZ
- Attractive Visa and MasterCard earn rates and the removal of caps mitigating Global Network Services[4] removal

New opportunities supporting the diversification of the earnings base

- Building broader banking relationships (both consumer and SME) across new products to diversify financial services earnings
- Launch of White Label Qantas Platinum Card

1. Based on Qantas internal analysis. 2. Based on Qantas internal reporting. Share of the Australian prepaid travel card market (based on spend) for 1H17. 3. As at March 2017. 4. An American Express card issued in combination with a Visa or a MasterCard to a customer.

Financial Services – Introducing Qantas Loyalty’s Next Venture: White Label Credit Card

Rewarding for our members

- Uncapped earning potential
- Special Qantas travel benefits
- Innovative app to track your money

Qantas white label Platinum credit card

- **Customers have broad points earning** options on credit cards
- **Share in card economics** as well as points
- **Partner** with Citi and Mastercard to deliver
- Qantas owns **customer value proposition**

Health and Wellness – Qantas Assure

Innovation in the insurance market

Strategy

Brand
Insights
Digital
Members

More effective acquisition of customer

Rewards

Retain customers with Loyalty program

Wellness Program

Incentivise behaviour with Wellness program

QBE nib TAL

Partners for scale, expertise and underwriting of risk

Target equal share of value with partner

Business Model

Share of Insurance Premiums − Points costs / Marketing and Sales Costs / Operating costs = **Contribution**

(Breakeven in June 2017)

Track Record

- Top quartile for share growth in Health[1]
- Launch to April 2017: Annualised Health premium sold over $50m[2]
- Wellness program: ~200K downloads
- February 2017: Life launched

FY22 Aspiration

- 2-3% Health Market[3] – currently a $23b market[4]
- 1-2% Direct Life Market[3] – currently a $1.3b market and expected to increase in coming years[5]

1. Represents six months to December 2016 based on APRA Data (Quarterly Stats Dec 16 and Operations of Private Health - Insurers Annual Report June 16). 2. Based on Qantas internal reports. 3.Target based on revenue within 5 years of operations. 4. Source; APRA. 5. NMG Consulting Risk Distribution Monitor reports.

Data and Marketing – One of the Most Valuable Data Sets in Australia, with Advanced Analytics Capability

Holistic Data Sets and Unique Abilities

LEAD INDICATOR OF PURCHASE INTENT
Web, content, social, bookings

DEMOGRAPHICS

POST-PURCHASE TRANSACTION
customer data, payments

NEED, ATTITUDES AND DRIVERS OF CHOICE
100k survey panel

Capabilities	Channels to market	Enablers	Scalable products
Taylor Fry RED PLANET.	RED PLANET.	DATA REPUBLIC	MillwardBrown APEX ADVERTISING

Business Model

Services + Media and Research + Partnerships = **Revenue**

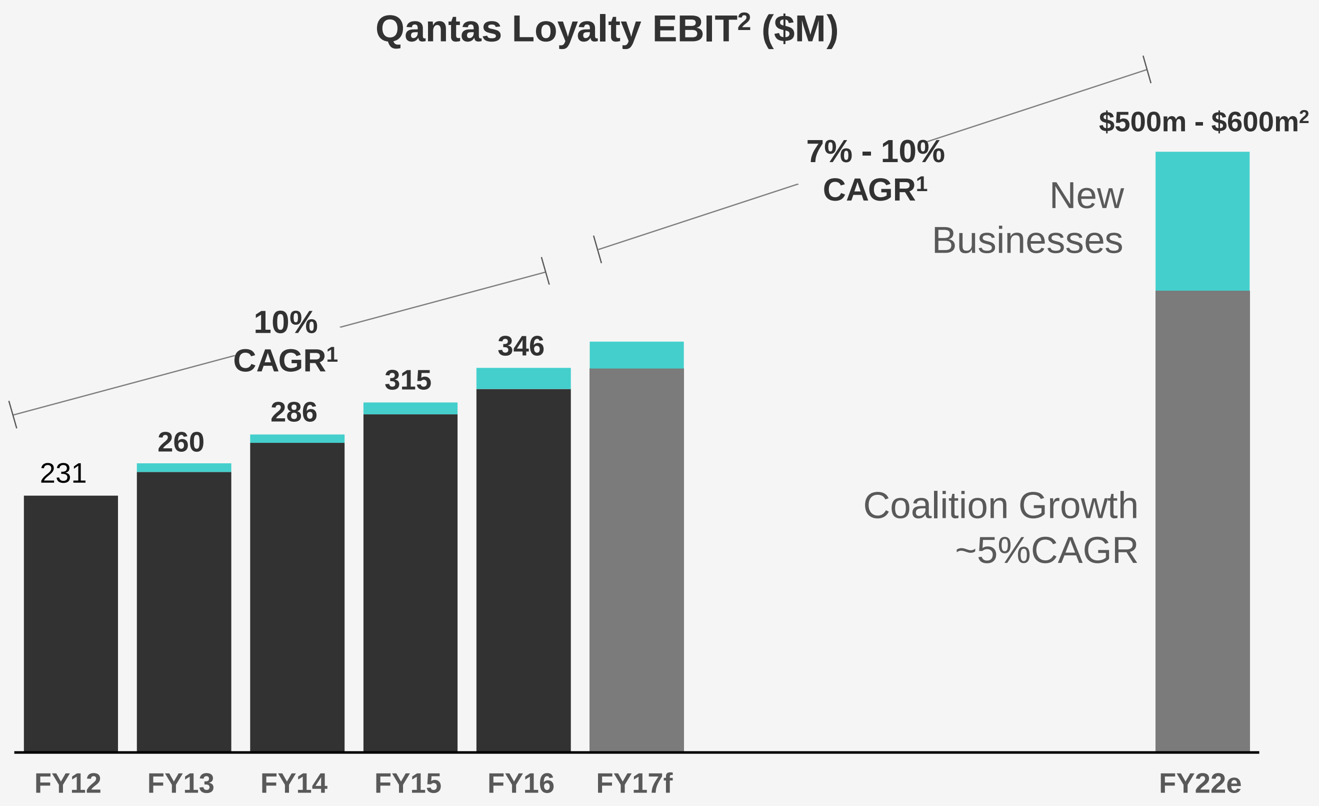
Value Creation

- **Group** – 5x incremental uplift on marketing spend
- **Loyalty** – increasing sales rate of products
- **External clients** – revenue share and clip of ticket

Qantas Loyalty – Strategically Positioned for Growth

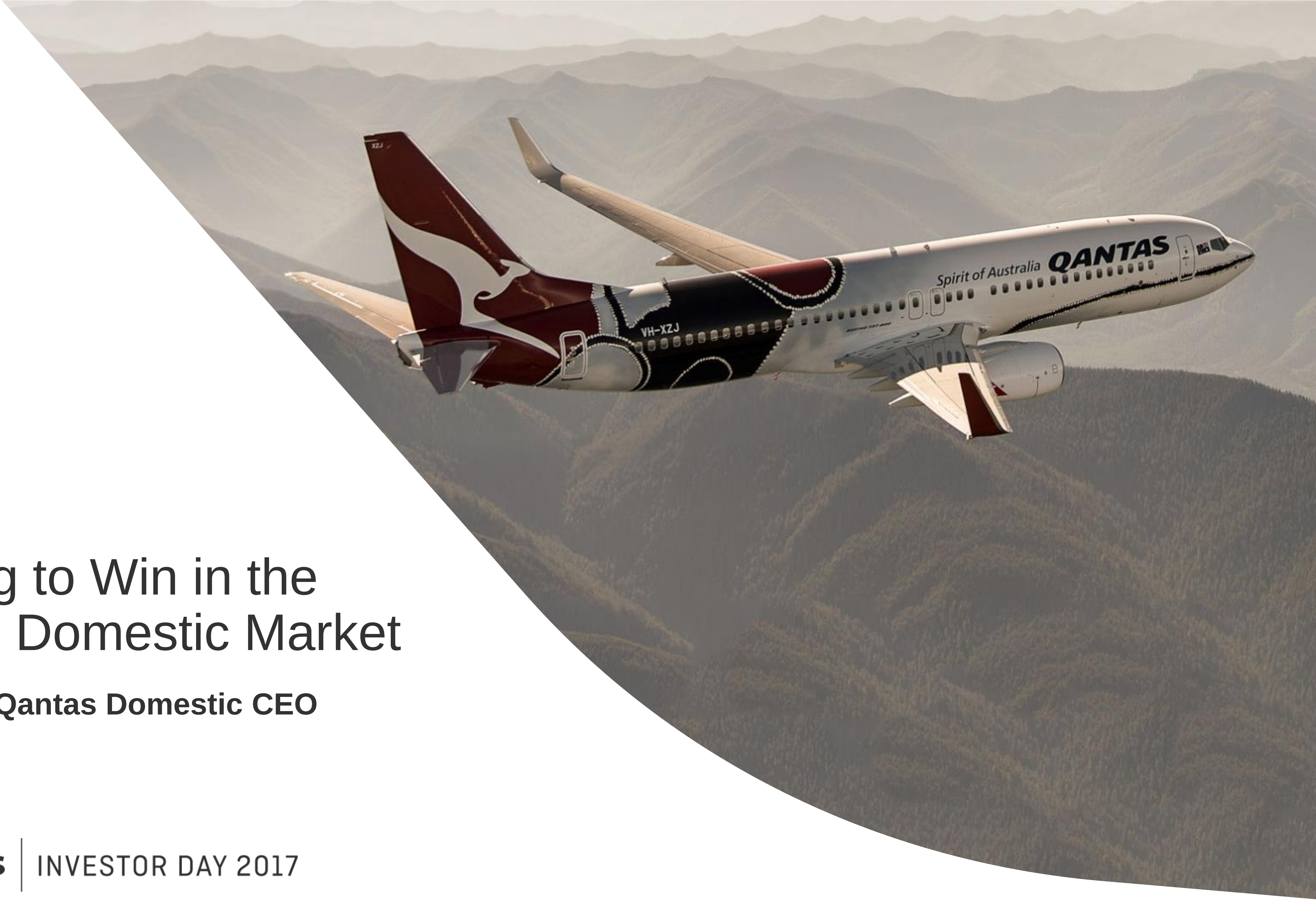
Qantas Loyalty will continue to innovate and diversify for stable, non-cyclical earnings growth through the cycle

Integral to achieving this goal is disruption led new business growth underpinned by further enhancement and innovation of the coalition business



Qantas Loyalty has a path to delivering $500-600M EBIT[2] by 2022

1. Compound average growth rate. Future growth profiles for New Businesses not expected to be linear. 2. Underlying EBIT.



Continuing to Win in the Australian Domestic Market

Andrew David, Qantas Domestic CEO

Delivering a Sustainable Competitive Advantage in the Domestic Market

- Flexibility to **move capacity** and **adjust gauge** across domestic and international networks
- Established **corporate customer** relationships
- Improved proposition to **SME customers**
- Record and improving **customer advocacy**
- **Network, frequency and schedule advantage** at key ports[1]
- Premium **on-time performance**
- Advanced **disruption management**
- Continuously **improving cost position**

Qantas Domestic has the resilience and flexibility to respond to changes in the domestic market

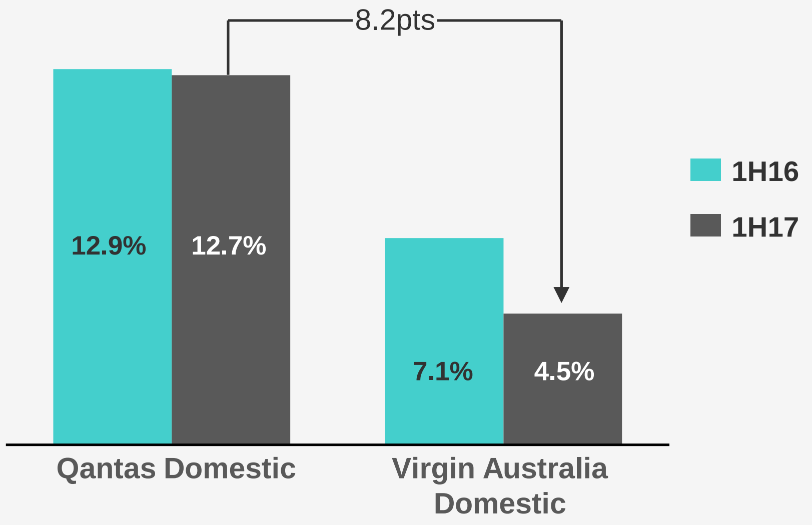
1. Compared to Virgin Australia Domestic.

Strategy Focused on Margin Advantage

Five strategic pillars

- Rigorous and proactive capacity management
- Leadership in corporate, SME and premium leisure markets
- Relentless drive for cost efficiency
- Continued investment in customer experience
- Engaging our people for continuous improvement

Qantas Domestic Margin[1] Advantage



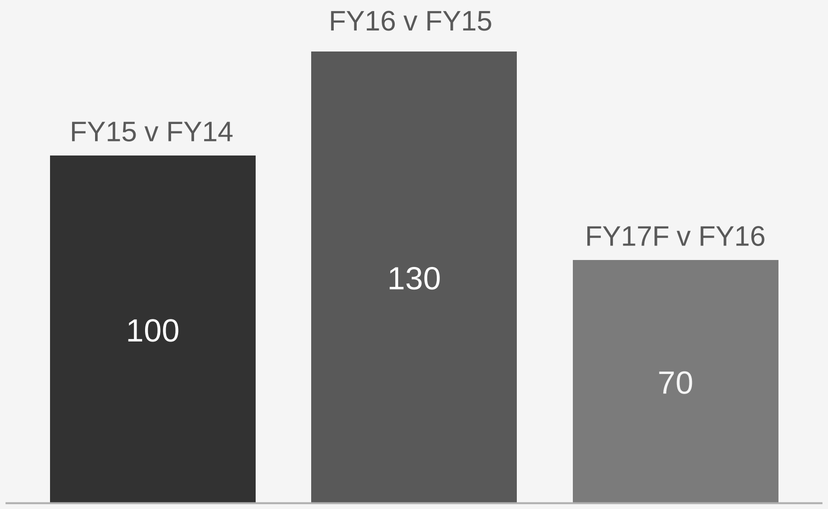
1. Underlying EBIT divided by total revenue.

Rigorous and Proactive Capacity Management

Mitigating resource exposure and pursuing opportunity

Mitigating Resource Market Exposure
Passenger Revenue Decline ($M)

Maximising East Coast[1] Opportunity
Passenger Revenue Improvement ($M)

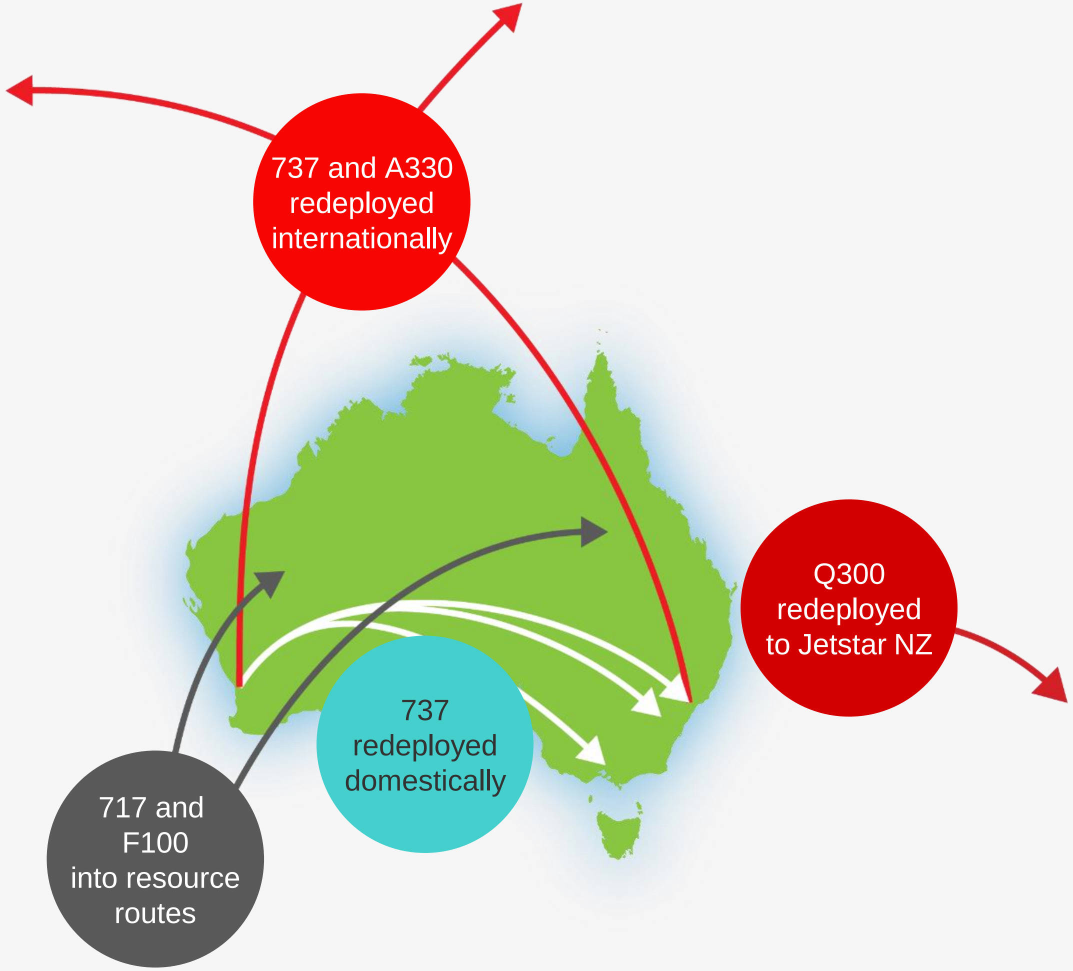


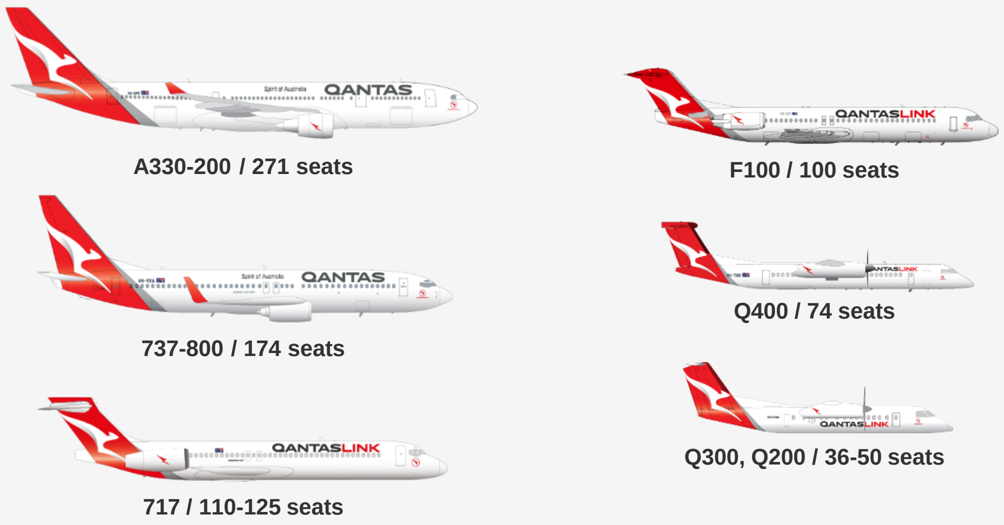
Capturing the East Coast opportunity has offset resource market exposure, ensuring continued earnings growth

1. East Coast market revenue includes flights to and from Sydney, Brisbane, Melbourne, Adelaide, Canberra, Tasmania, Cairns, Hamilton Island, Gold Coast and Sunshine Coast.

Rigorous and Proactive Capacity Management

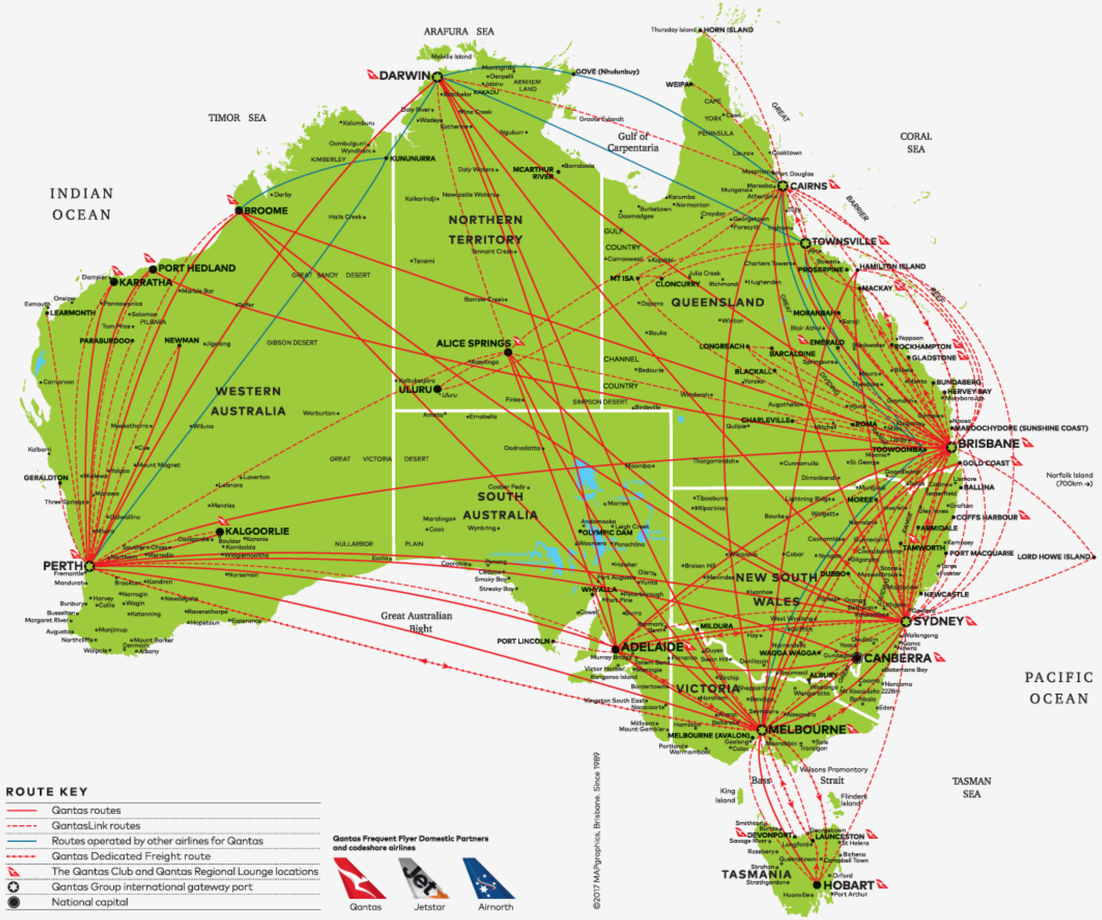
Using fleet flexibility to optimise utilisation





Dynamic approach to capacity management to right-size supply to demand

Rigorous and Proactive Capacity Management



42% more peak hour capacity[1]

47% more capacity on Melbourne – Sydney[2]

34% more frequencies[1]

43% more departures from capital city ports[2]

Maintaining network and schedule advantage supports revenue premium

1. Qantas Domestic compared to Virgin Australia Domestic for 4Q17 on Top 15 business routes by internally estimated revenue: ADL-MEL, ADL-PER, ADL-SYD, BNE-CBR, BNE-DRW, BNE-MEL, BNE-PER, BNE-SYD, BNE-TSV, CBR-MEL, CBR-SYD, DRW-PER, MEL-PER, MEL-SYD, PER-SYD. Source Diio Mii. 2. Qantas Domestic compared to Virgin Australia Domestic for 4Q17. Source Diio Mii and internal estimates.

Leadership in Corporate, SME and Premium Leisure

Reinforcing our position in our three target segments

Corporate

~$2 billion market[1]

Improving corporate position

- Maintaining and growing corporate share
- Offering the right product and services at the right times on the right routes
- Strategic management of account categories and relationships

Premium Leisure

~$2.7 billion market[2]

Improving share of premium leisure

- Increased footprint where customer segmentation showed strong demand
- Growth in travel volumes of both domestic leisure and international inbound leisure

SME

~$2 billion market[2]

Building SME volume

- Investment in detailed understanding of who the flyers and buyers are
- Launch of Qantas Business Rewards in February 2017
- Delivering ahead of expectations with 147,000+ company members

Sustaining our revenue advantage by increasing our share of high yielding customers

1. Source: QDM data. 2. Qantas internal estimates.

Leadership in Corporate, SME and Premium Leisure

Launch of Qantas Business Rewards

Qantas Points for Business **from the first flight**

More rewards the more you fly with **three levels** of benefits

Exclusive **savings** on eligible flights

Flyers **continue to earn** their Qantas Points and Status Credits

Qantas Club membership **discounts**

Level 1	Level 2	Level 3
Up to 20,000 Qantas Points earned flying for business	20,000-99,999 Qantas Points earned flying for business	100,000 or more Qantas Points earned flying for business
For your business	**For your business**	**For your business**
20% – 20 Qantas Points for every 100 Qantas Points your flyers earn*	30% – 30 Qantas Points for every 100 Qantas Points your flyers earn*	40% – 40 Qantas Points for every 100 Qantas Points your flyers earn*
5% – off the base fare on selected airfares+	7% – off the base fare on selected airfares+	8% – off the base fare on selected airfares+
		2% – savings off the base fare on a selection of Red e-Deals
For your travellers	**For your travellers**	**For your travellers**
✓ Qantas Points	✓ Qantas Points	✓ Qantas Points
✓ Status Credits	✓ Status Credits	✓ Status Credits
The same great benefits Frequent Flyers earn today~	The same great benefits Frequent Flyers earn today~	The same great benefits Frequent Flyers earn today~

Since launch in February 2017

- 14% increase in businesses using the program
- 20,000+ new members
- 5% increase in bookings from pre-existing members
- NPS up 28 points

Relentless Drive for Cost Efficiency

Evolving the Qantas Domestic transformation levers

	Technology	Supplier	Utilisation	Continuous Improvement	Indirect Costs
Continue	• Simplify, standardise and rationalise • Digital Strategy	• Renegotiate terms • Spend monitoring and compliance • Group buying	• Network efficiency • Dual brand optimisation	• Fuel Burn reduction program	• Overhead effectiveness
Increased Focus	• Wi-Fi • Automation • Insights and intelligence • Enterprise data • Self services • Workplace flexibility	• Category Strategy • Service level optimisation • Industry collaboration (A4ANZ)	• Disruption management • Precision turn-around schedule • Cross utilisation with International aircraft	• Fuel compliance • Engineering maintenance optimisation	• New ways to deliver business needs • Create flexibility/ variabilisation

Focus on protecting our margin advantage

QANTAS DOMESTIC

Continued Investment in Customer Experience

Combining product and service with technology

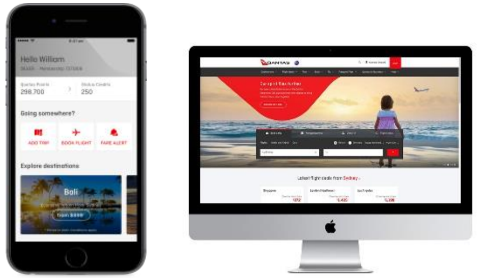
Lounges and Onboard

- Brisbane Business Lounge **upgraded** including Premium Lounge Entry
- **Refurbishment** of domestic 737 and A330 fleets
- Enhanced **in-flight menu**
- **Cabin crew** training and tools

Digital and Personalisation

Making it **easy for customers to choose Qantas**, including:

- A **single app for** planning, booking and travel
- Delivering **personalised and contextual offers**



Disruption Management

- **Industry-first system** design will enable best practice
- **Automated sourcing of slot options**
- **Faster response** and decision times
- Reducing length of delays and improving **communications**

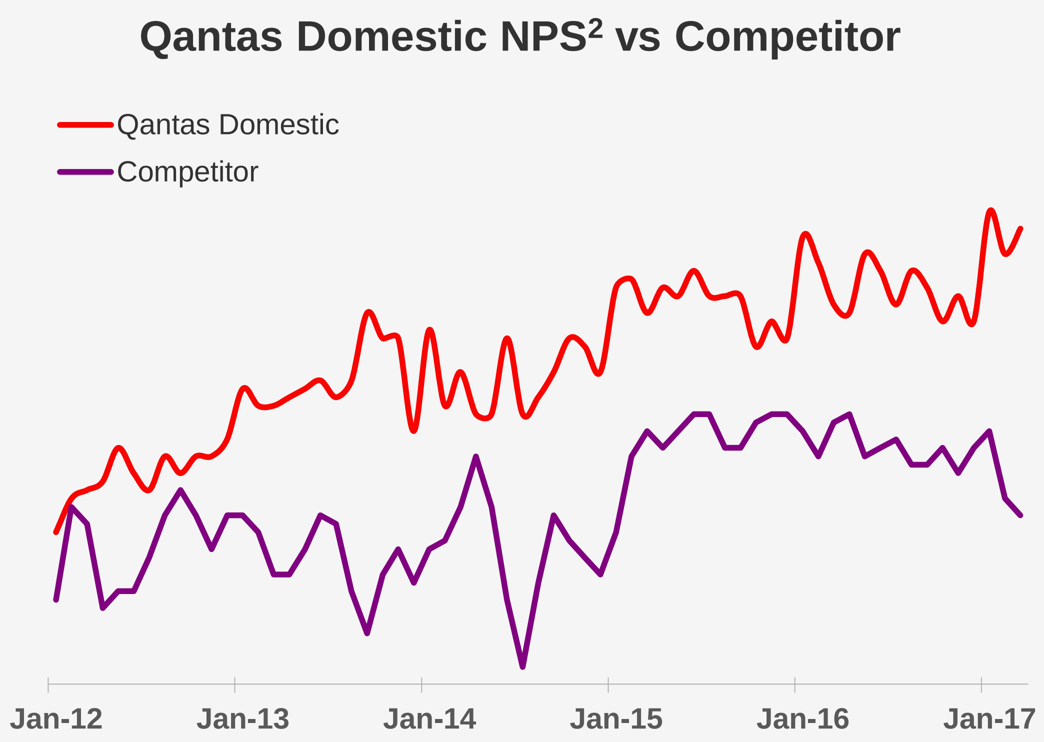
Onboard Wi-Fi

- 737 and A330 enabled aircraft will provide **free, high-speed internet access inflight**
- **Video streaming services** with Netflix, Foxtel, Spotify and Stan available on board
- Customer **trials underway on 737**

Continued Investment in Customer Experience

Achieving record[1] customer advocacy

- Network and Schedule
- Product and Service
- On Time Performance
- Disruption Management
- Frequent Flyer Program



+34pts compared to competitor in March 17

+21pts compared to competitor over the last 12 months

1. Record achieved January 2017. 2. Reflects Qantas Mainline, excluding QantasLink.

Engaging Our People for Continuous Improvement

Case example: Brisbane heavy maintenance

Key Transformation Principles

- **Build Community from Within**
- **Build Leadership Capability**
- **Implement Lean and a Continuous Improvement Mindset**

Touch time increased from 33% to 45%

Heavy maintenance completed in 5.6 weeks (one week early)

25% reduction in hours required

Sustainable change that drives high employee engagement

Sustaining Margin Advantage to Deliver Superior ROIC Performance

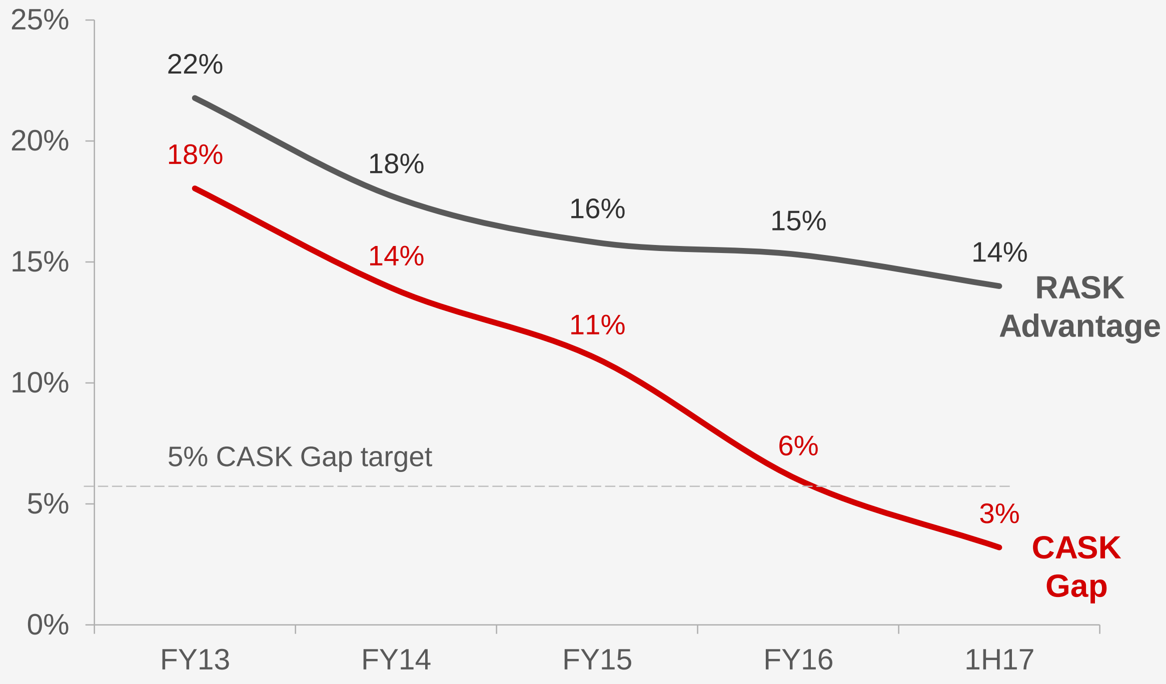
Strong foundation for Qantas Domestic

- 14% Unit Revenue premium to competitor[1]
- Closed the cost gap to competitor to 3%[1]
- Record levels of customer satisfaction and advocacy[2]
- Record employee engagement

Building on our strengths

- Continuous transformation
- Continued focus on core target customer segments

Qantas Increasing Margin Advantage[1]



Qantas Domestic will continue to win in the Australian market

1. Competitor refers to Virgin Australia Domestic. Source: Published data and Qantas internal estimates. 2. Record achieved in January 2017.

Building a Sustainable Competitive Advantage from Our Home Market

Gareth Evans, Qantas International and Freight CEO

QANTAS | INVESTOR DAY 2017

Continued Delivery Against Clearly Defined Strategy

1. **Unwavering commitment to meeting our customers' needs**
2. **A fit and competitive business through Transformation**
3. **Building a sustainable competitive advantage from our home market**
4. **Targeting ROIC > 10%**

Building a More Resilient and Sustainable Qantas International

A business in need of transformation

- High cost base vs peers
- Over-exposed to challenged markets
- Static network
- Low aircraft utilisation
- Two-stop Europe offering
- Asia network structured around Europe
- Inconsistent product offering
- Record high fuel prices and AUD/USD[1]

A business with unacceptable Return on Invested Capital

Prior to 2014

A fit and competitive Qantas International

- >$800m in Transformation benefits
- Capacity redirected to advantaged markets
- Dynamic network planning
- Extended and enhanced airline partnerships
- Improved Asian network
- Targeted investment in aircraft and product
- Lower fuel and AUD/USD near historical average

A more sustainable business delivering ROIC > 10%

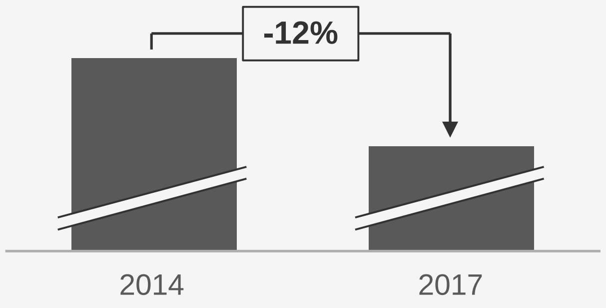
2015 – 2017

1. From FY12 to FY14.

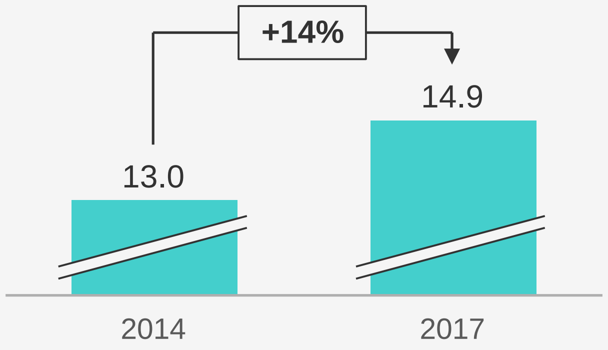
A Fit and Competitive Business with an Unwavering Customer Focus

> $1b EBIT[1]	Forecast to be delivered from FY15 - FY17
36% Capacity focused on Asia[3]	Focused on high growth markets
+23pts Customer advocacy[5]	Sustained improvements in customer advocacy
+30% Revenue from partners[2]	Contribution through strategic partnerships
-12% Unit cost reduction[4]	Compared to FY14
+14% Increase in utilisation[6]	International widebody fleet

Unit Cost (ex Fuel)[4]



Daily Utilisation (hours per day)[6]

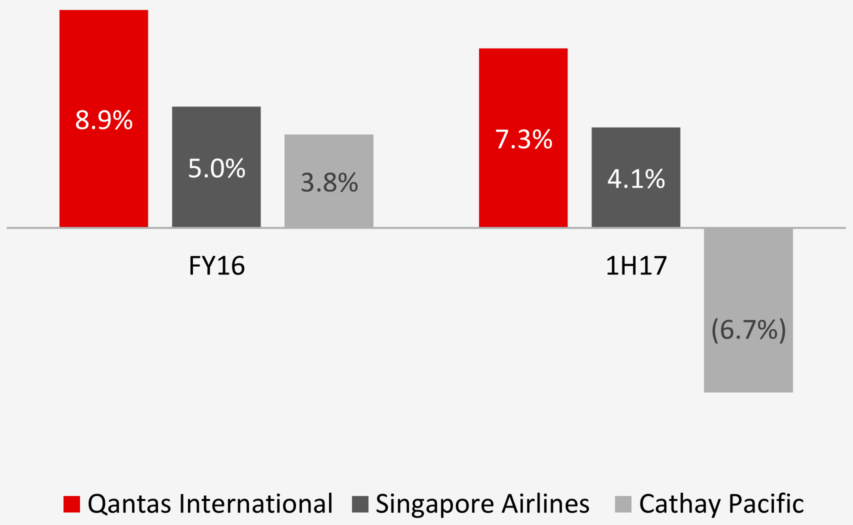


1. Based on FY15 and FY16 Actuals and FY17 forecast. 2. 2016 v 2013. Partner contribution = Qantas (QF) ticketed revenue with partner net of partner segments + Partner sales on QF operated services + codeshare commissions + Contribution on block space. 3. Based on FY17 forecast. 4. Unit cost is calculated excluding fuel and adjusted for FX based on FY17 forecast v FY14. 5. Measured on Net Promoter Score (NPS). Based on Qantas internal reporting. Compared to January 2012. 6. FY17 forecast wide body fleet utilisation compared to FY14.

An Improved Competitive Position

- **Established revenue premium to competitors out of Australia**
  - Strong Loyalty proposition
  - Iconic brand with rejuvenated customer offering
  - Network benefit of Domestic services feeding International
  - Australia corporate share and home market sales strength
- **With cost base transformation, operating margin above or in-line with key competitors in challenging capacity environment**
  - 8-9%[1] competitor capacity growth into Australia in FY17
  - Long-haul Unit Revenue under pressure globally
  - Qantas International generating strong margin vs peers[2]

Qantas International Margin Performance is Strong Against Key Competitors in Asia[3]



Qantas International FY17 ROIC > 10% in tough global conditions

1. Source: BITRE Jul15-Jan17 and Diio Mii published schedule Feb17-Jun17. 2. Margin performance relative to Cathay Pacific and Singapore Airlines. 3. Competitor margin calculated using published data. Calculated as EBIT (or equivalent) divided by Total Revenue. Singapore Airlines represents 'Parent Airline Company' as reported in Singapore Airlines' published reports. Cathay Pacific represents Cathay Pacific and Cathay Dragon as reported in Cathay Pacific's published reports. For all airlines, FY16 represents the period 1 July 2015 to 30 June 2016, and 1H17 represents the period 1 July 2016 to 31 December 2016.

Ongoing Transformation Themes

	Technology	Supplier	Utilisation	Continuous Improvement	Indirect Costs
Continue	• Simplify, standardise and rationalise • Digital Strategy • 787-9 roll-out, 747 retirement	• Renegotiate terms • Spend monitoring and compliance • Group buying	• Network efficiency • Dual brand optimisation	• Fuel Burn reduction program	• Overhead effectiveness
Increased Focus	• Automation • Insights and intelligence • Enterprise data • New Flight Planning system • Self services	• Category Strategy • Service level optimisation	• 787-9 High Utilisation patterns • Cross utilisation of aircraft with Qantas Domestic	• Seasonal adjustments to capacity – A380 – 747 – 787-9	• New ways to deliver business needs • Create flexibility/ variabilisation

Cost and efficiency focus continues in next phase of transformation

Building a Sustainable Competitive Advantage from our Home Market

Fleet Renewal

Network and Hub[1] Evolution

Grow with Asia

Strategic Airline Partnerships

Own the High-Yield Customer

1. Perth hub commences March 2018.

Fleet Renewal: Cost Efficiency, Smaller Gauge and Premium Configuration of 787-9 Drives Margin Improvement

Cost Efficiency[1]

- **~20%** saving in fuel consumption
- Improved pilot and engineering operating models
- **~15%** saving in direct operating cost
- **~5%** overall savings

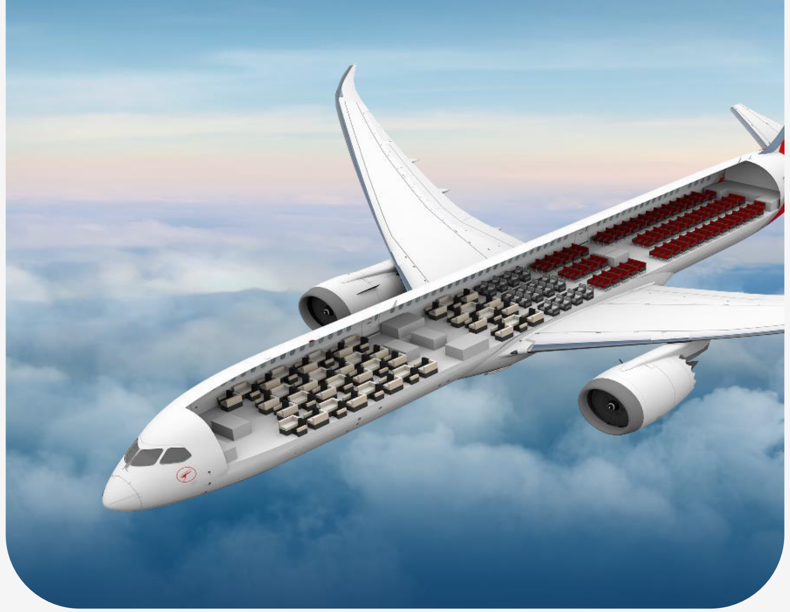
+

Revenue Optimisation

- **Increased mix of premium seats**[2] compliments Qantas high-yield customer
- **Reduction of economy cabin by ~40%**[3] improves RASK stability
- Competitive network advantage with **unique direct services provides a yield premium**

=

787-9 provides significant margin improvement



1. Cost efficiency measured against the 747 on a cost per ASK basis. 2. 787-9 30% v 747 26% includes Business and Premium Economy product. 3. 787-9: 166 Economy seats, 747: 270 Economy seats.

Fleet Renewal: Next Generation Aircraft Drives Earnings Stability

First 4 787-9

MEL-LAX December 2017
PER-LHR March 2018

-

Retire 747 x 2

+

2 x A380 for growth to Asia and seasonal opportunities

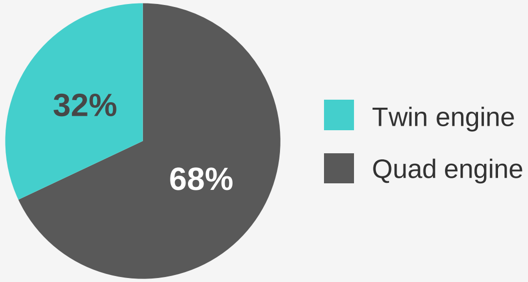
Next 4 787-9

New route opportunities (July 2018 to November 2018)

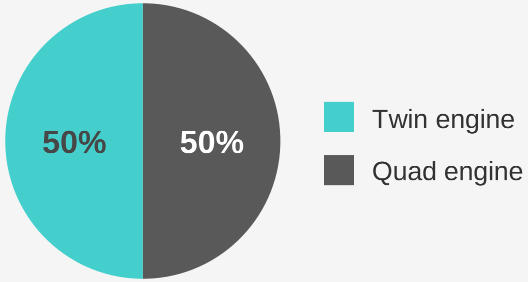
-

Retire 3 x 747

Current Widebody Aircraft ASK[1] Mix



Widebody Aircraft ASK[2] Mix at Dec 2018



Replacement of 747 provides a step-change in cost efficiency and revenue premium

1. Reflects FY17 capacity settings. 2. Steady state at December 2018: Retirement of 5 x 747 and entry of 8 x 787-9.

Network and Hub Evolution: Unique East and West Coast Hubs

Increased capacity to high-growth Asia markets
- Delivers seasonal A380 capacity growth
- Improved product to premium, growing market
- Core Asian gateways with high corporate demand
- Slot constrained airports

Premium product to LAX Gateway
- Same aircraft service from Perth to US
- Lower gauge facilitates increased frequencies and connections

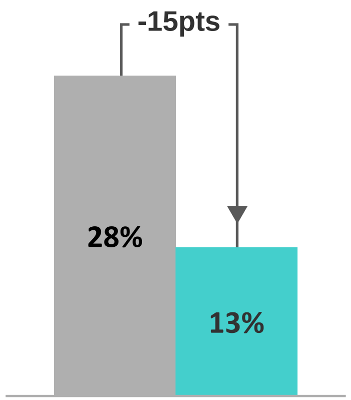
Reduced capacity to London
- MEL–LHR down-gauge improves current performance
- Perth Hub opens up new route options fed from East Coast Australia

Network and Hub Evolution: Qantas International has Repositioned Capacity in Response to Shifting Global Traffic Flows

FY12
FY18 (4 x 787-9)[3]

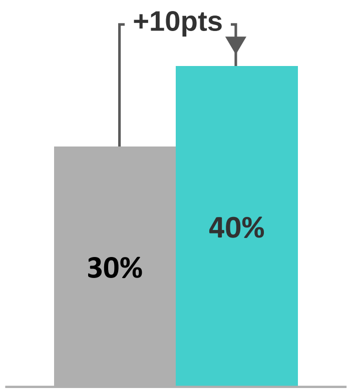
Qantas International Capacity

UK[1]



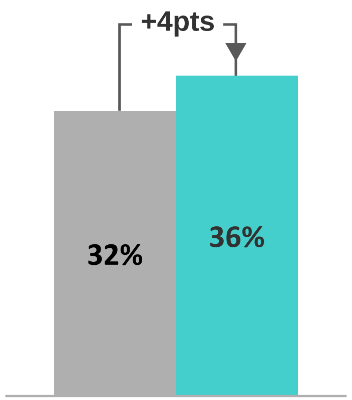
UK represents one of the slowest growing markets whilst exposed to intense competition.
Qantas International has reduced capacity exposure

Asia[1]



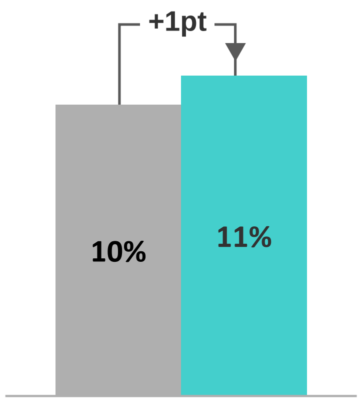
The rise of the Asian middle class has provided significant growth and new opportunity for Qantas.
Qantas International has increased capacity to these markets

N. America



The USA has strong market growth. Qantas continue to be the market share leader.
Qantas International has maintained capacity share

Other[2]



Tasman remains critical for International and Domestic connectivity.
Qantas International has maintained capacity share

FY18 Group International Capacity[4]

UK	Asia	N. America	Other
8%	55%	25%	12%

1. 2012 UK ASK's assumes that 50% of ASK's to the mid-point is Asia (i.e. AU-SIN). 2. Includes Tasman, South America, South Africa and Pacific Islands. 3. First 4 aircraft will be deployed by 24 March 2018. 4. Includes Qantas International, Jetstar International, Jetstar New Zealand, Jetstar Asia (Singapore) Jetstar Japan and Jetstar Pacific (Vietnam). Estimated FY18 capacity calculated using FY17 schedules adjusted for expected changes to Qantas International.

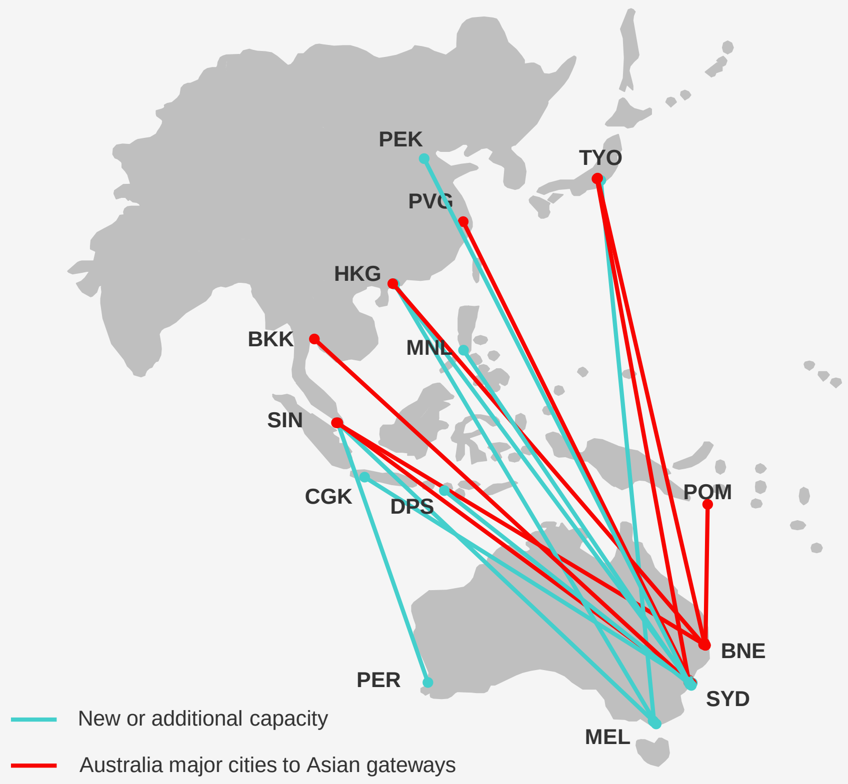
Growing with Asia: Increasing Qantas Direct Services to Major Business Hubs in Asia

Daily services from Sydney, Melbourne and Brisbane into major business hubs of Singapore, Hong Kong and Tokyo

New Beijing service linking Australia to Chinese capital

Increased capacity / seasonal flying to Singapore, Hong Kong, Bali, Jakarta, Manila to meet growing demand

Using existing Group fleet (A380s freed up from London) for increased capacity to key hubs in seasonal peaks (up to 20% increase)



Direct Qantas services to 9 of top 11 corporate destinations in Asia from Australia

Note - Beijing (PEK). Tokyo (TYO), Shanghai (PVG), Hong Kong (HKG), Bangkok (BKK), Singapore (SIN), Jakarta (CGK), Denpasar (DPS), Port Moresby (POM), Brisbane (BNE), Sydney (SYD), Melbourne (MEL), Perth (PER).

Growing with Asia: Three-pronged Strategy to Capitalise on Australia China Growth

3.2m

China inbound visitors to Australia in FY25[1]

26%

of total inbound visitor market in FY25[1]

1 Qantas servicing key business hubs

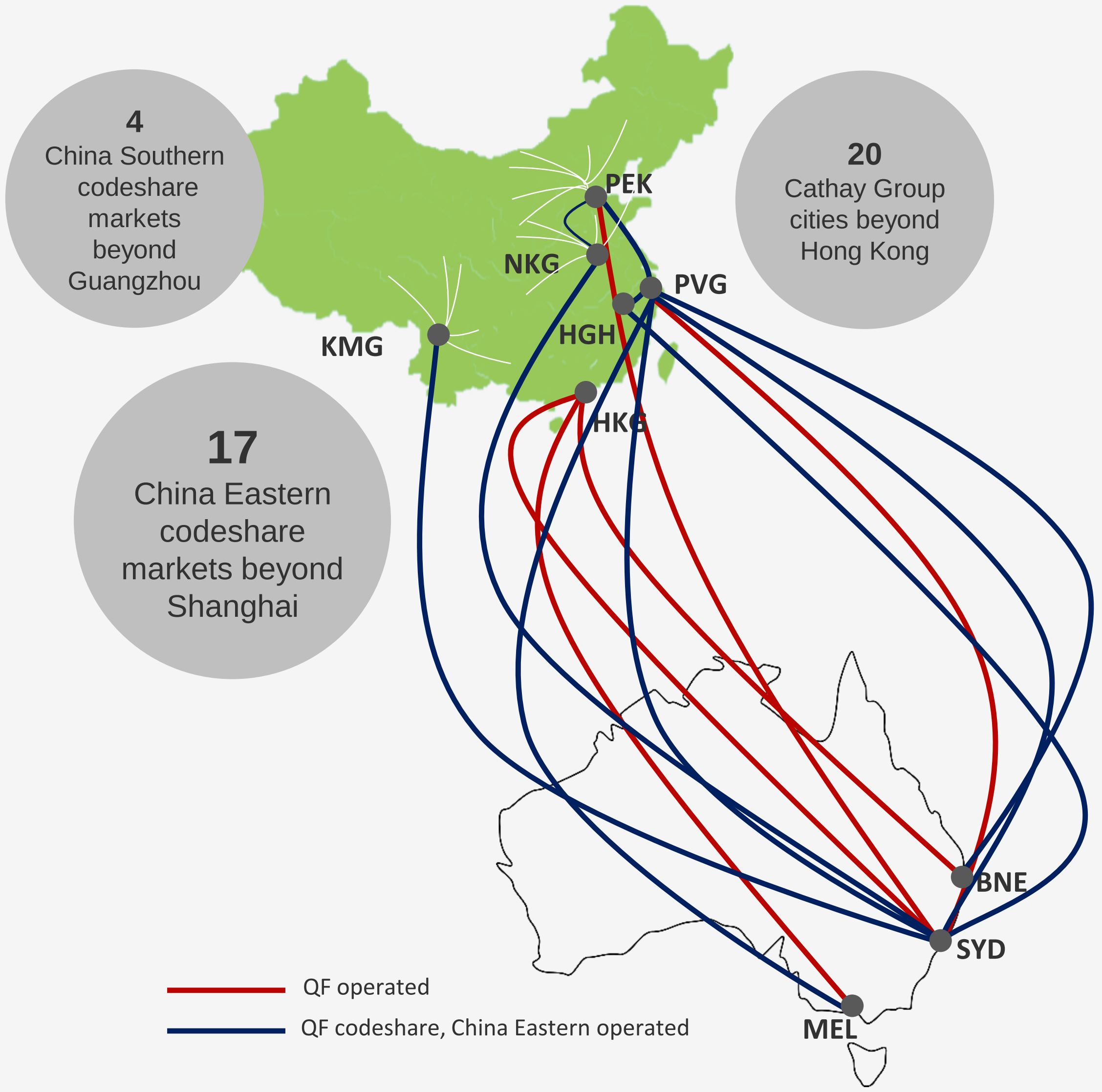
- Hong Kong, Shanghai, Beijing

2 Strengthen airline partnerships for network reach

- Key alliance with China Eastern
- Codeshare with China Southern
- **one**world with Cathay Pacific over HKG

3 Funnel inbound traffic to Group Domestic airlines

- Average Chinese tourist flies 2–3 domestic sectors[2]



1. Australian Government Tourism Forecasts 2016. 2. Internal Qantas analysis. Note - Beijing (PEK), Shanghai (PVG), Nanjing (NKG), Hangzhou (HGH), Kunming Changshui (KMG), Hong Kong (HKG), Brisbane (BNE), Sydney (SYD), Melbourne (MEL).

Strategic Airline Partnerships: Growth of Codeshare Partners for Efficient Expansion and Support of Qantas-operated Services

Two-way Billings Growth[6] 2013-2016

Emirates	+114%
American Airlines	+71%
中國東方航空 CHINA EASTERN	+169%
JAPAN AIRLINES	+41%
WESTJET	+1070%
JET AIRWAYS	+87%

1. As at 1 May 2017. 2. As at 1 May 2017. Europe, the Middle East and Africa. 3. As at 1 May 2017. Asia, South West Pacific and Australia. 4. Includes Jetstar Australia, Jetstar Asia (Singapore), and Jetstar Japan. 5. Codeshare partners to destinations in Asia, South West Pacific and Australia. Includes: Aircalin, Airnorth, Air Niugini, Air Tahiti Nui, Air Vanuatu, Asiana, Bangkok Airways, China Airlines, China Eastern, China Southern, Emirates, Fiji Airways, JAL, Jetstar, Jet Airways, Solomon Airlines, Sri Lankan Airlines, Vietnam Airlines. 6. Billings for QF sales on partner airline operations plus billings for partner airline sales on Qantas operations. 7. Codeshare. commencing 1H18.

Strategic Airline Partnerships: Growth of Cornerstone Emirates Alliance

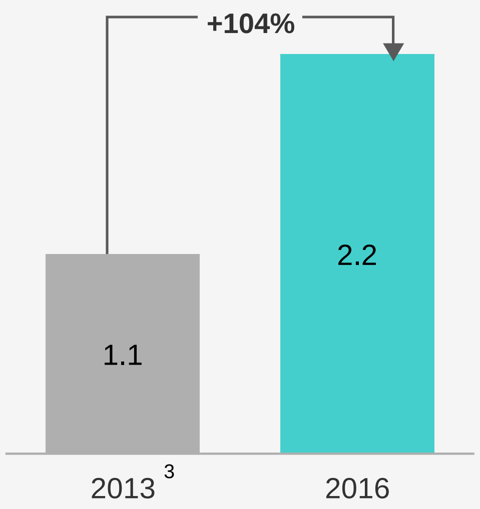
2.2m Partnership passengers, +104%[1]

114% Increase in total partnership billings to >$1b[2]

134% Growth in Frequent Flyer flight redemptions to 110,000

46 Destinations on Qantas and Emirates one-stop via Dubai

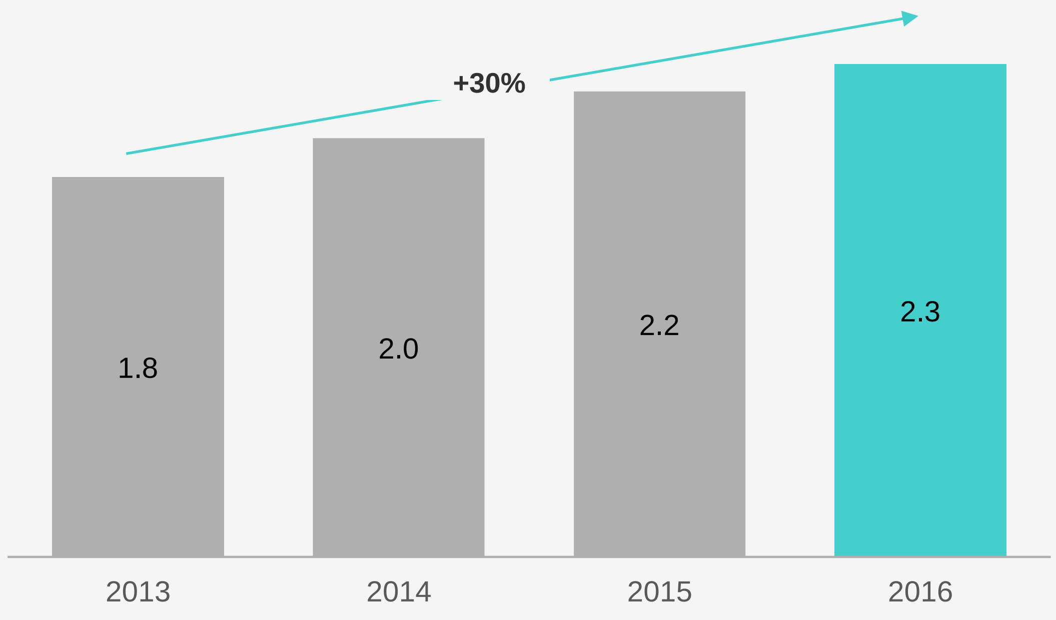
Qantas-Emirates Alliance Passengers (m)



1. 2016 compared to 2013. 2. 2016 compared to 2013. Partnership billings are billings for Qantas sales on Emirates operations and billings for Emirates airline sales on Qantas operations. 3. 2013 year includes 9 months of passenger sales from 1 April 2013.

Strategic Airline Partnerships: Revenue Growth Supported by Increased Partner Contribution

Qantas Revenue Associated with Airline Partners ($B)[1]



Partner Airlines growing as an important distribution channel for Qantas

- **35%**[2] increase in partner sales on Qantas (Domestic and International)

Network extension driving growth in Qantas ticketed revenue with a partner airline segment

- **54%**[2] increase in Qantas sales on partner airline services

Growth led by joint businesses with Emirates and China Eastern, strong partnership with American Airlines

30%[2] increase in revenue associated with airline partners since 2013

1. Qantas revenue (Domestic and International) associated with airline partners: Qantas ticketed revenue with an airline partner segment less cost of partner segments + Partner airline sales on Qantas operated services + codeshare commissions + Contribution from block space operations. 2. 2016 compared to 2013.

Owning the High Yield Customer: Continued Investment to Maintain Record Customer Advocacy

Global Lounge Program

Technology-enabled Journeys

Innovative Onboard Product

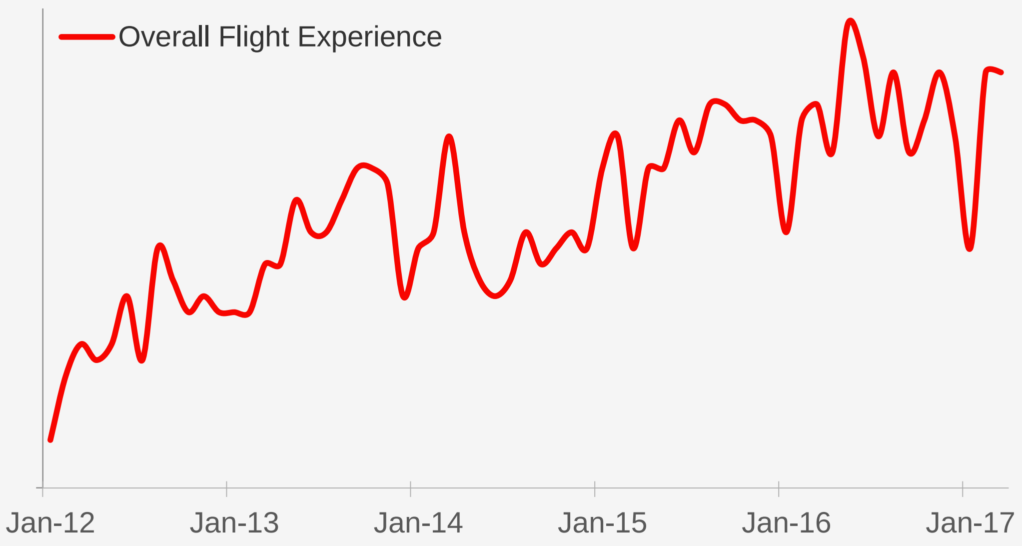
Award-winning Service

Qantas continues to be recognised in leading global airline awards

Owning the High Yield Customer: Record Customer Advocacy

- **Network and Schedule**
- **Product and Service**
- **Frequent Flyer Program**

Qantas International NPS[1]



+23pts compared to January 2012

1. Net Promotor Score, based on Qantas internal reporting.

Summary

Qantas International has addressed its competitive disadvantages

- Transformation of cost base and operating model
- Network redesign to advantaged markets
- Partnerships with leading global airlines
- Consistent customer experience

Building a sustainable competitive advantage from our home market

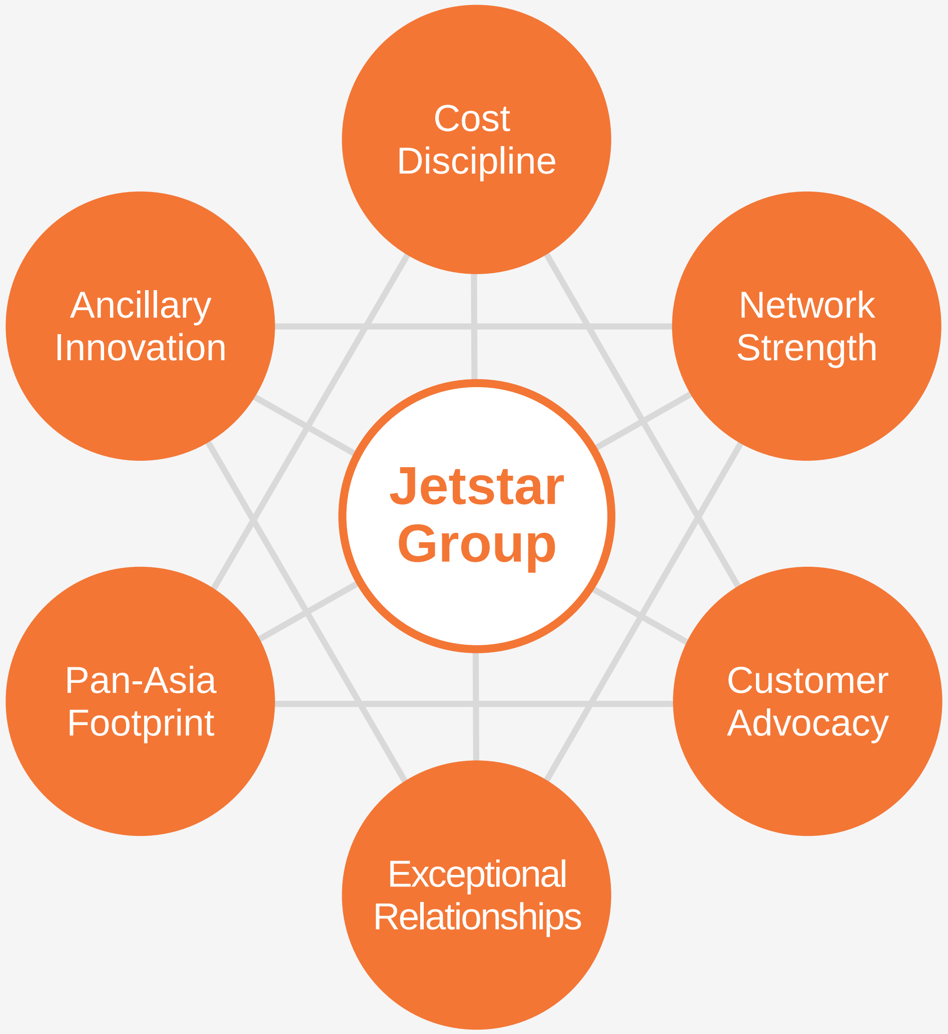
- Ongoing transformation with fleet renewal
- Leveraging 787-9 for network and hub evolution
- Growing with the world's largest aviation market in Asia
- Enhancing airline partnerships
- Unwavering focus on the customer

A Profitable and Winning Model for Growth

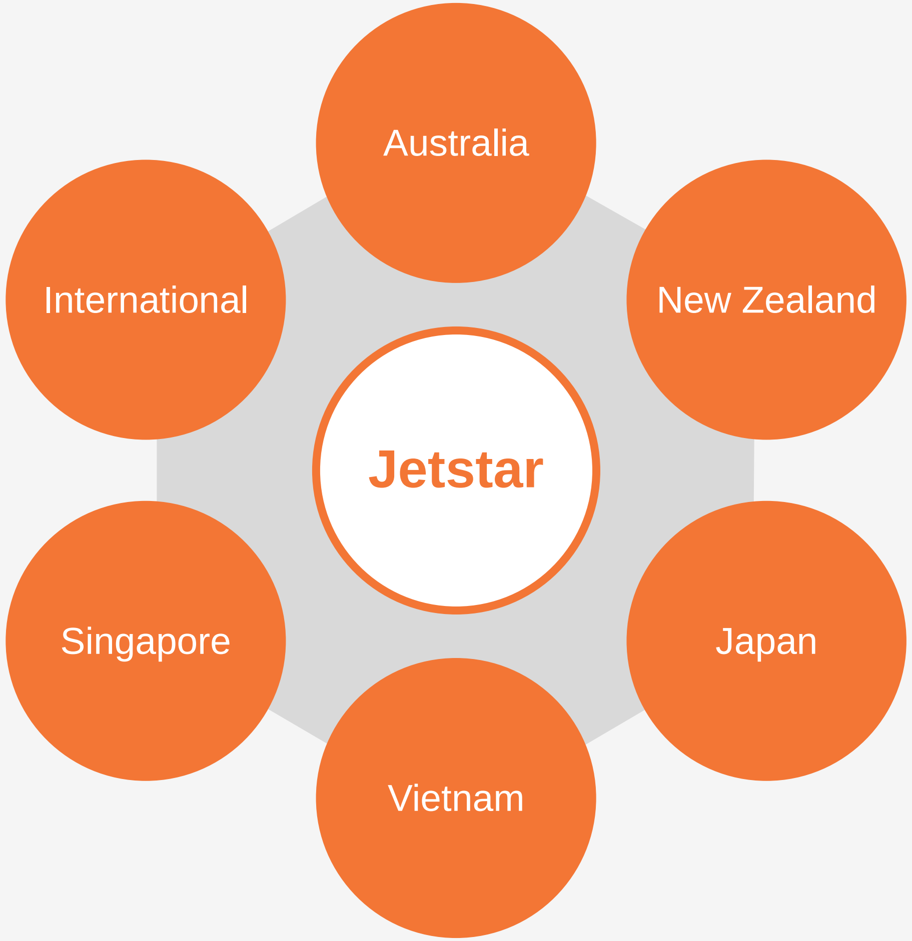
Jayne Hrdlicka, Jetstar Group CEO

The Jetstar Group Model to Drive Sustainable Competitive Advantage

- Robust, proprietary Jetstar LCC model
- Delivers both customer service and low cost
- Over twelve years of experience delivering safe operations built on 90+ years of Qantas safety practices
- Dual brand 'know-how' embedded in the Jetstar Group strategy
- Pan-Asia Pacific network supported by market-leading brand and innovation



Strong, Independent Jetstar-branded Airlines



- Commercial and operational decisions driven by local CEO and Board
- The right local, strategic shareholders for each market
- Combination of Jetstar and local partners' scale – improving unit cost and revenue
- Regular experience sharing between airlines
- Consistent customer experience in all markets

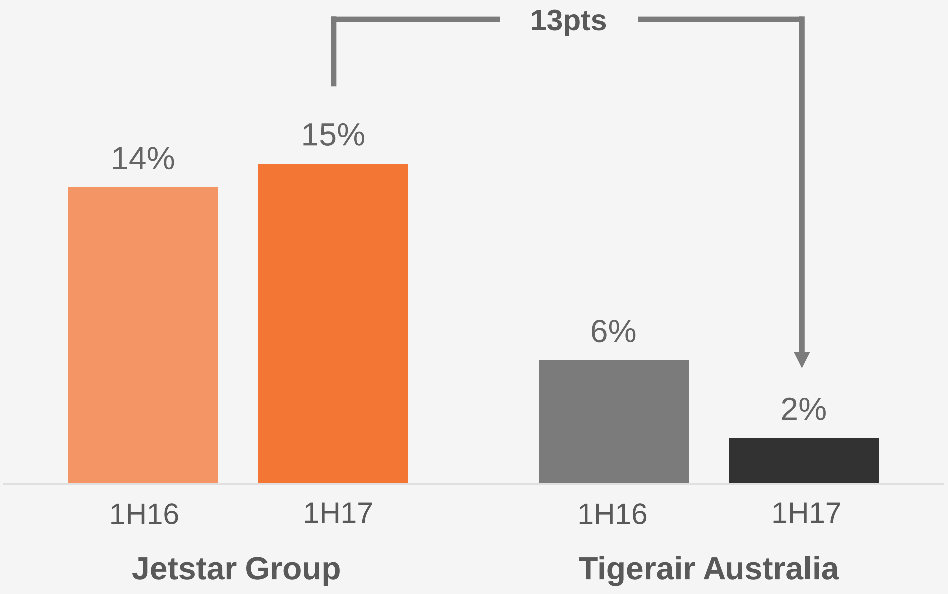
Substantial Jetstar Footprint Throughout Asia Pacific

- 200M+ passengers since inception
- 82 destinations
- 16 countries
- 177 routes
- 129 aircraft
- 51% aircraft in Asia and New Zealand

Note. Relates to the combination of Jetstar Airways, Jetstar Asia, Jetstar Pacific and Jetstar Japan, as at 31 December 2016.

Maximising Jetstar's Leading LCC Position in Australia

Jetstar Holds a Significant Margin Advantage[1]



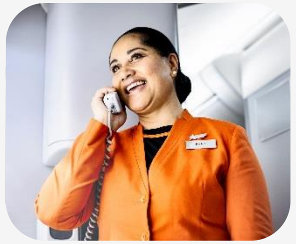
Strong Sustainable Advantages

- Clear brand and customer leadership
- Network depth and breadth
- Dual brand sophistication
- Network agility – making markets and moving with demand
- Culture of continuous improvement

1. Comparison to Tigerair Australia. Competitor operating margins calculated using published data. Operating margin calculated as Underlying earnings before interest and tax (EBIT) divided by total revenue.

Extending Successful Model for Jetstar in New Zealand

- Compelling brand position, providing choice and accessibility
  - Strong network serving leisure and business customers
  - Largest direct Government contract in Jetstar history
  - Successful launch of product for small businesses
- Regional launch brings affordable travel to regional communities, in partnership with QantasLink
- Connecting New Zealanders with far-reaching international network of Qantas Group and partners



Jetstar International Delivering Record Results[1]

Strong Sustainable Advantages

- Brand and point-of-sale strength – outbound leisure
- Brand strength in key inbound markets – China, Japan, Singapore and Vietnam
- Connecting the brand across Jetstar markets (NZ, Singapore, Japan, Vietnam)
- Network agility and flexibility
- Optimal fleet type and structure

Jetstar Group Flies Where Australians Want to Travel

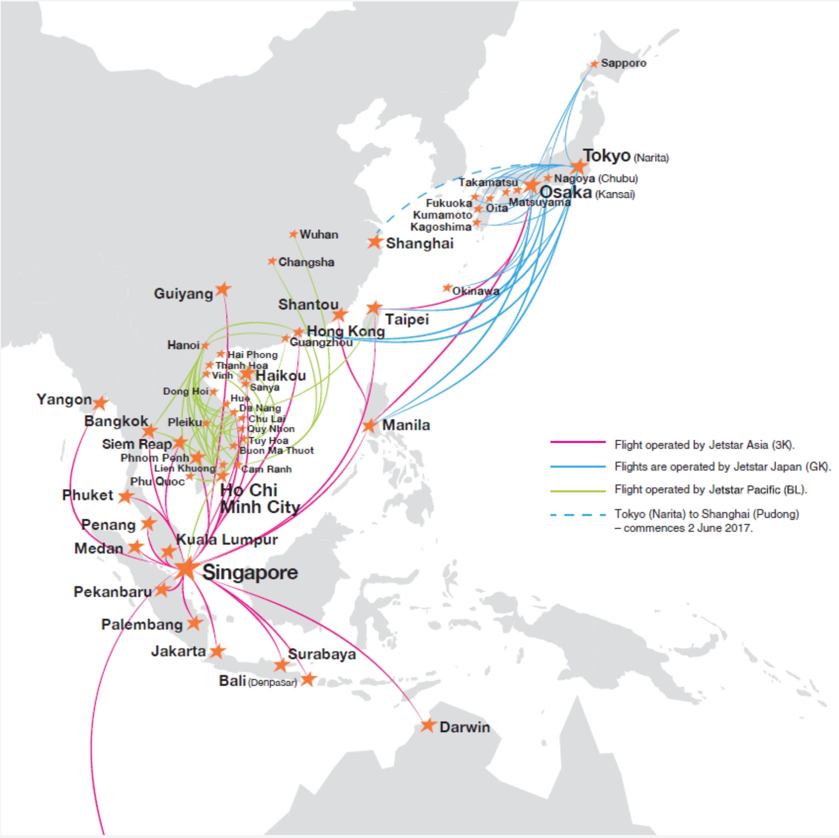
Australia Outbound Top 10 Destinations[2]

1. New Zealand
2. Indonesia
3. United States
4. United Kingdom
5. Thailand
6. China
7. Singapore
8. Japan
9. Fiji
10. India

1. Record Underlying EBIT achieved in 1H17. 2. Australian Bureau of Statistics, Overseas Short Term Arrivals and Departures, Australia, twelve months to December 2016.

Jetstar in Asia: Profitable and Delivering Continued Significant Growth

- Jetstar Singapore supporting over 25 Interline and 5 codeshare partnerships
- Jetstar Japan continuing to grow and develop the “low fares” segment and expanding international network
- Jetstar Vietnam operates in one of the fastest growing South East Asian economies[1], implementing dual brand strategy
- China tourism growth significant and relevant across all Jetstar markets
  - Largest visitor market for Vietnam and Japan[2]
  - Second largest visitor market for Singapore, Australia and New Zealand[2]



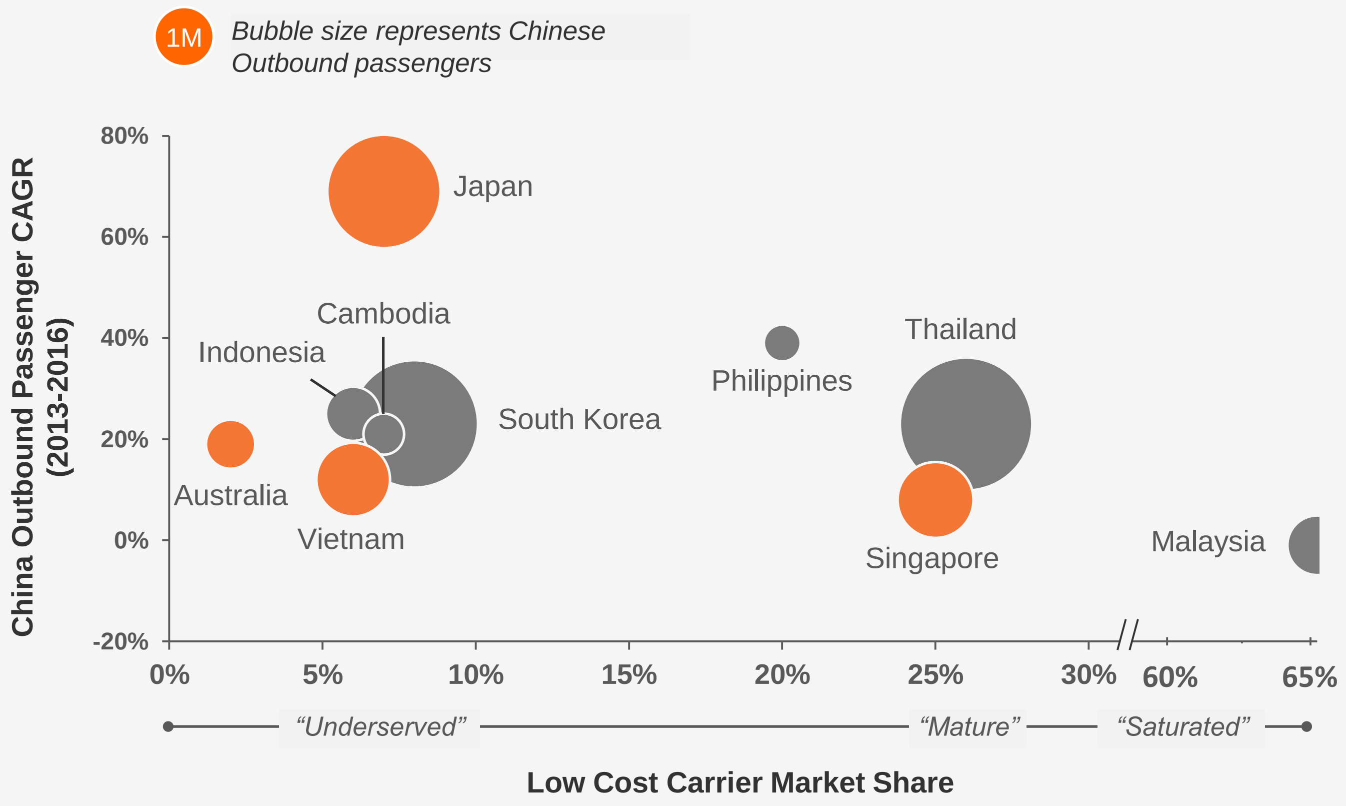
Focus on maximising opportunities in existing business while continuing to assess broader regional opportunities

1. Based on forecasted real GDP growth 2017-2021. Source: OECD (2017), Economic Outlook for Southeast Asia, China and India 2017. 2. Source: Vietnam National Administration of Tourism, Singapore Tourism Board, Statistics New Zealand, Japan National Tourist Organization and Australian Bureau of Statistics.

Jetstar Group Airlines Benefitting from Surging China Tourism

- Jetstar Group airlines strategically well positioned
  - High growth potential in underserved market segments
  - Attractive South East Asia network
- Delivering on the China opportunity
  - 7 years experience operating into China
  - Brand presence and network into China strengthening every year
  - Continuing to develop strategic partnerships
- Benefits flow into broader Jetstar Group network

China Outbound: Top 10 Destinations in Asia Pacific[1]

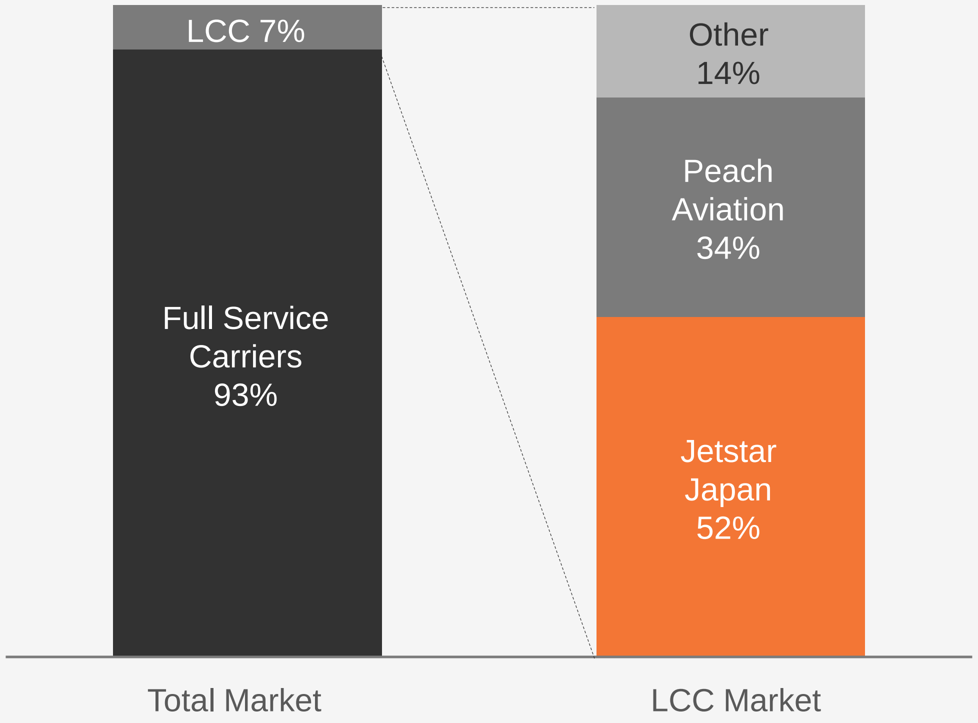


1. Source: China Tourism Academy - China National Tourism Administration (January 2017). Low Cost Carrier market share based on scheduled seats twelve months to December 2016. Source: Diio Mii and Jetstar internal estimates.

As Largest Domestic LCC, Jetstar Japan is Well Placed to Capture Growth and Could Ultimately be Larger than Jetstar Australia

- Japan is the third largest aviation market in the world[1]
  - Stable, profitable domestic market
  - LCC introduction growing total market and expected to reach 30% of total market[2]
- Jetstar Japan leading development of dynamic LCC market
  - Largest domestic LCC with more than 50% share[3]
  - Supported by 10 years of strong brand/point-of-sale presence in Japan[4]
- Reinvest profits to grow Jetstar Japan and maintain market leadership, with 28 aircraft by FY19[5]

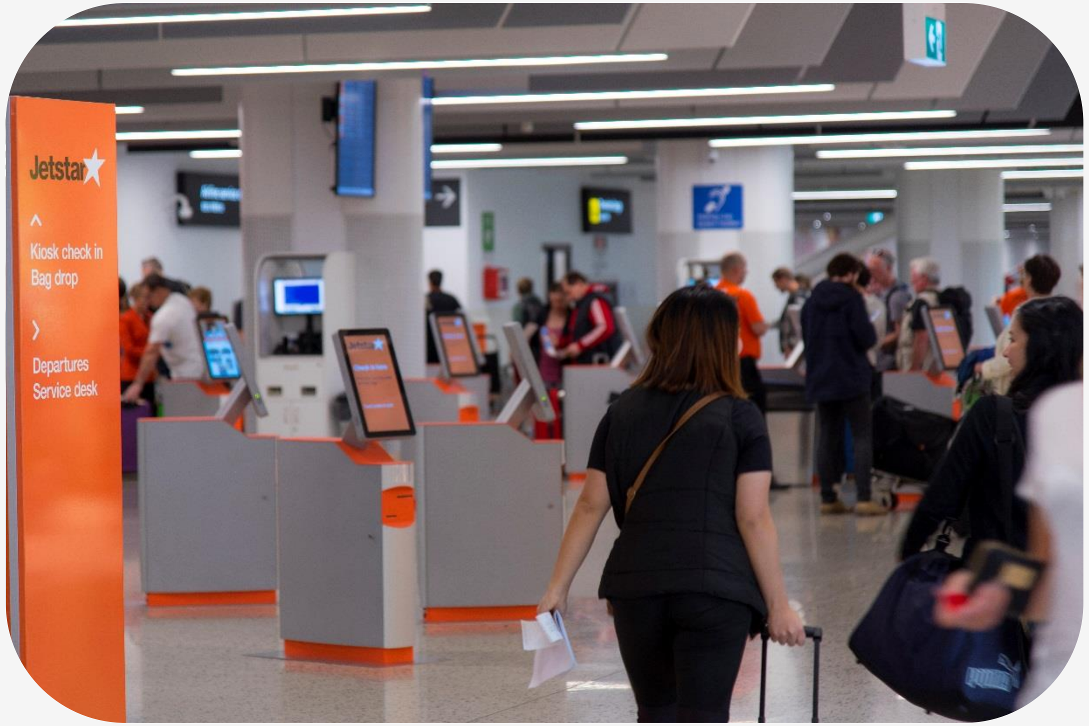
Market share: Japan Domestic



1. Measured as domestic scheduled seats twelve months to December 2016. Source: Diio Mii. 2. Based on Low Cost Carrier market share of Country peers within Asia Pacific. Source: Diio Mii and Jetstar internal estimates. 3. Measured as scheduled seat capacity twelve months to December 2016. Source: Diio Mii. Japanese LCC defined as Jetstar Japan, Vanilla Air, Peach Aviation and Spring Airlines Japan. 4. Jetstar International commenced services to Japan in 2007. 5. Announced at Qantas Group Full Year Financial Results 2016, 24 August 2016.

Relentless Focus on Driving Continuous Cost Reduction

- Continuous cost reduction program has contributed $300M+ over three years
- Focused investment in technology delivering improved customer experience and lower cost
  - Aircraft: 787-8s and A320neos
  - Digital: re-platforming all core employee and customer interactions
  - Automation: moving to self-service wherever possible
  - Big data: dynamic maintenance, operational performance monitoring and re-engineering core commercial functions
- Cabin enhancement program[1] for A320/321s will deliver better customer experience and ~2-3% unit cost benefit



1. Subject to regulatory approval.

Digital Transformation and Innovative Partnerships Enabling Customer Experience and Revenue Growth

Digital transformation upgrading customer experience

- New Jetstar.com is up to 4 x faster than our competitors' sites[1]
- 60% of our customers use digital check-in options[2]

Product innovation continues to enable revenue growth

- Small business product: FlexiBiz bundle
- Holiday packages, Club Jetstar, online hotel business
- Airbnb partnership: their first with a low fares airlines

Digital and data capability enhancing revenue growth

- 3.6m visitors each week to Jetstar.com[3]
- Driving increased conversion after re-platforming to next-gen booking engine
- Driving retention and revenue via Club Jetstar, with members flying twice as often and spending 25% more on ancillary products than non-members[4]

1. Comparison against Australia point-of-sale, for Tigerair, Virgin Australia, Webjet, Skyscanner, and Expedia. 2. Measured as Jetstar Airways flights for check-in via desktop, mobile or airport kiosk from January to April 2017. 3. Measured as all point-of-sale to Jetstar.com for desktop, mobile and app excluding business and trade channels, from January to March 2017. 4. Measured as average ancillary revenue spend per passenger and average number of bookings for 'Jetstar Web Mail and My Account' customers versus 'Club Jetstar' members, Australia point-of-sale, twelve months to June 2016.

Jetstar: a Winning and Profitable Model with Significant Growth Potential

Strong foundation for Jetstar Group

- Highest margins in market[1], driving continuous performance improvement
- Key markets, well placed strategically
- Digital and data innovation enhancing revenue growth

Profitable, resilient long haul network leveraging benefits of the 787-8

- Supporting Australians' passion for exploring the region
- Using innovative business models to open China inbound opportunity

Continued momentum, with clear opportunities

- Low fares segment growing faster than Australian market average[2]
- China inbound leisure growth significant, across all Jetstar markets
- Japan domestic penetration and increasing international
- Southeast Asia flows around network

1. Refers to the Australia Domestic Market which includes Qantas Domestic, Virgin Australia Domestic and Tigerair Australia. Operating margin calculated as Underlying EBIT divided by total segment revenue. Calculated using published data from January to December 2016. 2. Measured as scheduled domestic seat compound annual growth rate (CAGR) from 2012 to 2016. Low fares segment defined as Tigerair Australia and Jetstar Airways. Source: Diio Mii.

CEO Summary

Alan Joyce, CEO Qantas Group

CEO SUMMARY

The Qantas Group is Strongly Positioned for Growth and Sustainable Returns

- Structurally advantaged position in growing Domestic profit pool
- Restructured Qantas International delivering ROIC > 10%
- Continued momentum of Jetstar Group across Asia Pacific
- Qantas Loyalty diversification to reach $500m-$600m target
- Ongoing transformation and investment in innovation
- Record customer advocacy and employee engagement
- Strong balance sheet and disciplined financial framework

A Balanced Scorecard to Measure Success to FY20

Group Return on Invested Capital to **exceed 10%**

Sustainable returns
to shareholders

Disclaimer and ASIC Guidance

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

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