

Qantas Airways Limited

FY16 Results

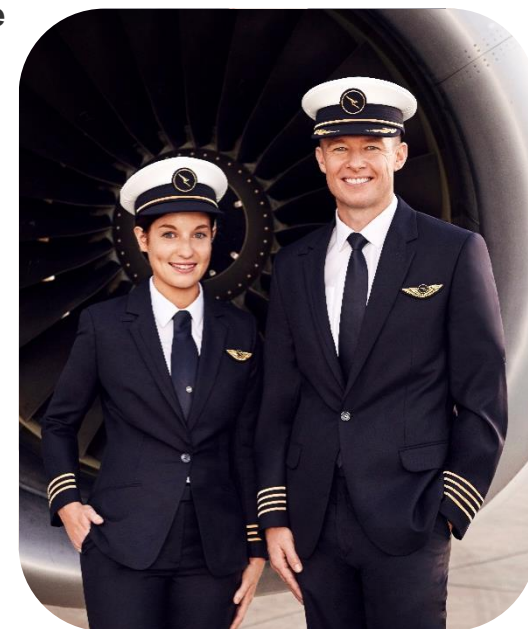
24 August 2016



ASX: QAN
US OTC: QABSY

A Transformed Qantas Group, Sustainable Performance

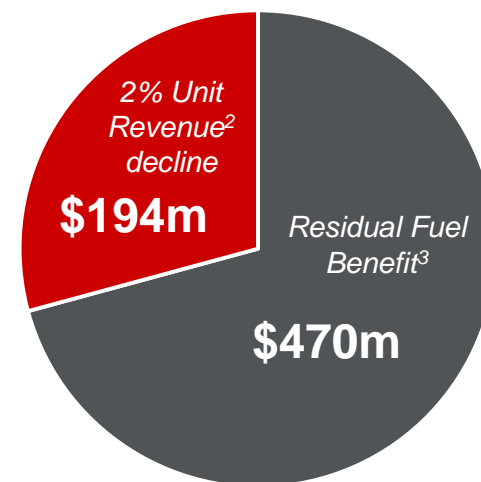
- **Delivering against our strategy in FY16 to maximise long-term shareholder value**
 - Group Domestic EBIT¹ up 30% with enhanced dual brand coordination
 - Building a resilient Qantas International; 4% ex-fuel unit cost reduction²
 - Diversification of earnings with 8 years of double-digit growth at Qantas Loyalty³
 - Developing a pan-Asia brand at Jetstar; \$85m improvement in Asia profitability⁴
 - Record levels of customer advocacy⁵ and people engagement
- **Qantas Transformation underpinning maintainable earnings uplift**
 - FY16 milestones exceeded, total program benefits raised to \$2.1b from \$2b
 - Revenue growth of 2% driven by increased aircraft utilisation
- **Financial framework providing balance sheet strength and shareholder returns**
 - Optimal capital structure; debt position within target range
 - \$500m capital management announced including resumption of dividends



Record Result Achieved in Mixed Global Trading Conditions

- **FY16 Domestic environment stable in non-resources sectors**
 - Lower AUD, inbound tourism supporting domestic traffic growth
 - Resources-related traffic and revenue down compared to FY15
 - General demand weakness seen in 4Q16
- **FY16 International environment competitive with capacity & pricing**
 - Increased industry capacity growth with higher operating margins
 - Industry-wide pricing activity passing on a portion of fuel benefit
 - Geopolitical uncertainty impacting northern hemisphere travel
 - Qantas and Jetstar capacity growth focused on higher demand markets in Asia

Passing on portion of fuel price benefit in pricing



GROUP FY16 MARGIN EXPANSION WITH UNIT COST¹ IMPROVEMENT GREATER THAN UNIT REVENUE² DECLINE

FY16 Key Group Financial Metrics

Underlying PBT¹

\$1,532m
Up \$557m on FY15

ROIC²

22.7%
Up 6.5pts on FY15

EPS³

49.4c
Up 24c on FY15

Cash Flow

\$2.8b
Operating cash flow

\$1.7b
Net free cash flow⁴

Unit Revenue⁵

-2%

Total Unit Cost⁶

-6%

Ex-fuel Unit Cost⁷

-3%

Traffic/Capacity Growth

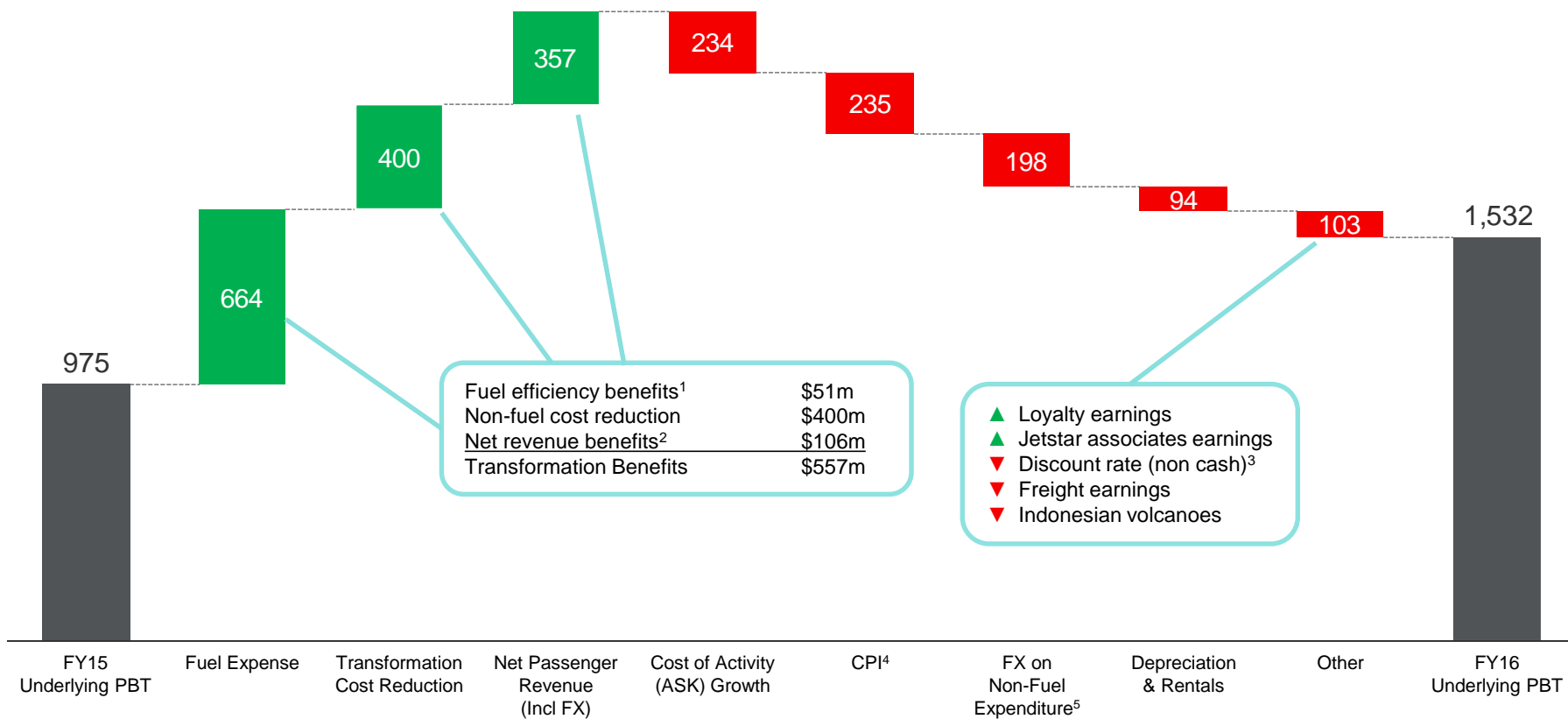
ASKs⁸ +5%

RPKs⁹ +6%

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 FY16 Results Presentation are reported on an Underlying basis. Refer to Supplementary slide 6 for a reconciliation of Underlying to Statutory PBT. 2. Return on invested capital. Calculated as ROIC EBIT for the 12 months ended 30 June 2016 divided by the average Invested Capital for the period 1 July 2015 to 30 June 2016. For a detailed calculation please see slide 17. 3. Earnings per share. 4. Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 5. Ticketed passenger revenue per available seat kilometre (ASK). 6. Underlying PBT less ticketed passenger revenue per available seat kilometre (ASK). 7. Ex-fuel unit cost is calculated as Underlying PBT less ticketed passenger revenue and fuel, adjusted for changes in: employee provision discount rate and other assumptions, foreign exchange rates, share of net profit/(loss) of investments accounted for under the equity method and block codeshare flying agreements per ASK. The adjustment for foreign exchange rates is made to the comparative year to enable comparability. 8. Available seat kilometres. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Revenue seat kilometres. Total number of passengers carried multiplied by the number of kilometres flown.

FY16 Profit Bridge

Underlying Profit Before Tax (\$M)



1. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives. 2. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative. 3. Relates to the decrease in Underlying PBT as a result of employee provision discount rate and other assumption changes. 4. Company estimate including wage and other inflation less CPI offset measures. 5. Excluding FX on passenger revenue and fuel.



Segment Results



Integrated Group Portfolio Weighted to Domestic Australia

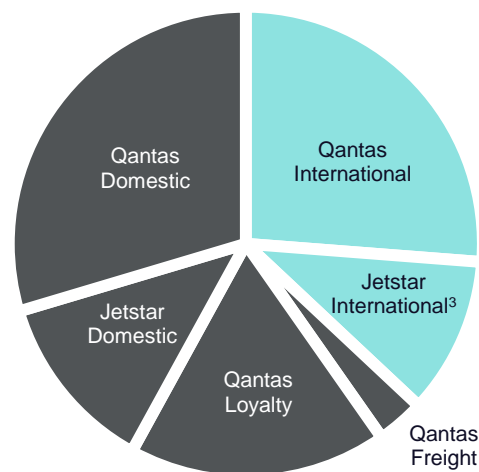
Domestic Australia Airlines

- Leading network, product and brand position in concentrated market
- Dual brand coordination for EBIT share in excess of capacity share
- Strong margin advantage at Qantas and Jetstar vs competitors¹

Qantas Loyalty

- Leading Loyalty business with 11.4m members
- Highly cash generative, non-cyclical earnings profile
- Growth strategy providing diversification of earnings

FY16 Operating Segment EBIT²



International Airlines

- Diversified revenue mix through full service and low fares brands
- Network focused on advantaged markets; >70% capacity to Asia & US⁴
- Focus on minimising volatility in more cyclical part of portfolio
 - Restructured cost base at Qantas International
 - B787 Dreamliner providing step-change in efficiency at Jetstar, at Qantas International from FY18
 - Shifting network & schedule in line with demand
 - Airline partnerships extending network, growing revenue without increase in invested capital

~2/3 OF GROUP EARNINGS COMING FROM DOMESTIC AIRLINES & LOYALTY SEGMENTS⁵

1. Operating Margin is defined as Underlying EBIT divided by total revenue. Competitor refers to Virgin Australia and Tigerair. 2. Underlying EBIT in FY16. 3. Jetstar International includes international Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific. 4. >70% of the total ASKs for Qantas International, Jetstar International and Jetstar Asia in FY16. 5. Qantas Domestic, Jetstar Domestic, Qantas Loyalty and Freight Underlying EBIT as a percentage of the Qantas Group's Total Underlying EBIT of operating segments.

Qantas Domestic

- Record EBIT¹ of \$578m
 - Strong cost control with ex-fuel unit cost² improvement of 1%
 - Revenue decreased 2% with capacity reduction of 1%, tougher 2H16 trading environment and resources downturn
 - FY16 unit revenue flat³, ex-resources sector unit revenue +1%
- Qantas Transformation delivering utilisation increase of 2%⁴
- Shifting aircraft, lowering gauge in response to two-speed Australian economy
 - Resource-related passenger revenue down \$121m⁵, reduction in charter activity
- Record on-time performance with increase to 89.7% from 88.3% in FY15⁶
- Record customer advocacy (NPS) result⁷ with investment in B737 and A330 cabin upgrades
 - 15 x A330-200 and 54 x B737 reconfigurations completed⁸

		FY16	FY15	VLV % ¹¹
Revenue	\$M	5,710	5,828	(2.0)
Underlying EBIT	\$M	578	480	20
Operating Margin ⁹	%	10.1	8.2	1.9pts
ASKs	M	36,260	36,638	(1.0)
Seat factor ¹⁰	%	75.2	74.2	1.0pts

STRONG IMPROVEMENT IN KEY OPERATIONAL METRICS OF OTP⁶, UTILISATION⁴, SEAT FACTOR¹⁰ AND NPS⁷

1. Underlying EBIT. 2. Ex-fuel unit cost is calculated as Underlying PBT less ticketed passenger revenue and fuel, adjusted for changes in: employee provision discount rate and other assumptions, foreign exchange rates per ASK. 3. Ticketed passenger revenue per ASK compared to FY15. 4. Average block hours per aircraft per day compared to FY15. 5. RPT (regular public transport) resources routes revenue compared to FY15. 6. On time performance (OTP) of Qantas Mainline (excluding QantasLink) operations. Measured as departures within 15 minutes of scheduled departure time. Source: BITRE. 7. Average FY16 Net Promoter Score, based on internal Qantas reporting. 8. As at 24 August 2016. 9. Operating margin calculated as Underlying EBIT divided by total segment revenue. 10. RPKs divided by ASKs. 11. Variance to last year.

Qantas International

- Record EBIT¹ of \$512m
 - Revenue rose 5% with improved seat factor on higher capacity
 - 2H16 unit revenue² decreased 5% amid competitive market pricing resulting in full year unit revenue decrease of 1%
 - Ex-fuel unit cost improvement of 4%³
- Transformation delivering efficient growth; utilisation increase of 5%⁴
- Flexible allocation of Group fleet in response to shifting demand
 - Additional services to high growth markets in Asia
 - Increased seasonal services and dynamic scheduling to optimise revenue
- Broadening network, strengthening offshore distribution with American Airlines⁵ & China Eastern partnerships
- Record customer advocacy result⁶ with continued investment in product & service
 - All 10 International A330-300 cabin reconfigurations completed

		FY16	FY15	VLV %
Revenue	\$M	5,750	5,467	5.2
Underlying EBIT	\$M	512	267	92
Operating Margin ⁷	%	8.9	4.9	4.0pts
ASKs	M	63,599	59,263	7.3
Seat factor	%	81.7	81.5	0.2pts

LEVERAGING EXISTING ASSETS AND CORNERSTONE AIRLINE PARTNERSHIPS FOR EFFICIENT GROWTH

Jetstar Group

- Record EBIT¹ of \$452 million
 - Jetstar Domestic EBIT¹ up 62% to \$242m, leveraging brand & network advantage
 - Strong Jetstar International profit¹ with B787-8 efficiencies and growth in core Asia-Pacific markets
 - Ex-fuel unit cost² reduction of 3%
 - Operating margin³ up 5.8pts to 12.4%
- Jetstar Airlines in Asia⁴ delivering \$85m improvement in profitability¹
 - Jetstar Japan maiden full year profit¹
 - Jetstar Asia profit¹ increased in highly competitive LCC⁵ market
- Innovative service and sales investment to drive customer advocacy and ancillary revenue growth
 - Customer service training; re-design of jetstar.com; data-driven ancillary product offering
- Successful launch of New Zealand regional operations

		FY16	FY15	VLV %
Revenue ⁶	\$M	3,636	3,464	5.0
Underlying EBIT	\$M	452	230	97
Operating Margin ³	%	12.4	6.6	5.8pts
ASKs	M	48,832	46,386	5.3
Seat factor	%	81.5	79.9	1.6pts

STRENGTHENING LEADING LOW FARES POSITION IN AUSTRALIA, STRATEGIC GROWTH ACROSS ASIA-PACIFIC

Qantas Loyalty

- Record EBIT¹ of \$346m
 - Revenue up 7%; strong margins² maintained
 - 3.8% growth in QFF³ co-branded credit cards, outpacing industry⁴
 - Continued growth of core QFF coalition
 - 44% of revenue growth from businesses other than QFF
- Member growth, high levels of engagement
 - Record customer advocacy⁵ after program enhancements
- New Woolworths proposition announced
 - Better member earn than previous program; expanded category reach
- New ventures announced, scaling existing adjacent businesses
 - Qantas Assure on target to deliver 2-3% market share⁶ with a differentiated offering
 - Investment in Data Republic – Australia’s first secure public data exchange platform

		FY16	FY15	VLV %
Revenue	\$M	1,454	1,362	6.7
Underlying EBIT	\$M	346	315	9.8
Operating Margin ²	%	23.8	23.1	0.7pts
Deferred Revenue Growth ⁷	\$M	56	108	(48)
QFF Members	M	11.4	10.8	5.4

STRENGTHENING CORE QFF PROGRAM, CONTINUED DIVERSIFICATION AND GROWTH OF EARNINGS

1. Underlying EBIT. 2. Operating margin calculated as Underlying EBIT divided by total segment revenue. 3. Qantas Frequent Flyer. 4. Based on number of personal credit card accounts with interest free periods; growth comparison for 12 months to June 2016; RBA credit and card charges statistics. 5. Average FY16 Net Promoter Score, based on internal Qantas reporting. 6. Target based on revenue within its first five years of operation. 7. Deferred revenue growth from 1 July 2015 to 30 June 2016 and 1 July 2014 to 30 June 2015 respectively.

Qantas Freight

- EBIT¹ of \$64m
 - Earnings decline in line with guidance at FY15
 - Revenue performance reflecting flat cargo demand against a 6% global freight capacity increase²
 - Conclusion of Australian air Express legacy agreements in FY15
- Australia's largest air freight customers; Australia Post & Toll Group
- Delivering on strategic objectives as yields remain under pressure
 - Integrated ground to air operations
 - Continued cost reduction through Transformation
 - Developing growth opportunities into China through tactical freight deployments to Zhengzhou and Chongqing
 - Agile scheduling to adapt to changing markets – e.g. new freighter stop-off into Dallas

		FY16	FY15	VLY %
Revenue	\$M	982	1,067	(8.0)
Underlying EBIT	\$M	64	114	(44)
Operating Margin ³	%	6.5	10.7	(4.2)pts
International Capacity ⁴	B	3.3	3.2	4.7
International Load ⁵	%	53.4	57.0	(3.6)pts

RESILIENT FREIGHT PERFORMANCE IN CHALLENGING GLOBAL CARGO MARKETS



Financial Framework



Financial Framework Aligned with Shareholder Objectives

1. Maintaining an Optimal Capital Structure

Minimise cost of capital by targeting a net debt range of \$4.8 to \$6.0b¹

2. ROIC > WACC² Through the Cycle

Deliver ROIC > 10%³ through the cycle

3. Disciplined Allocation of Capital

Grow invested capital with disciplined investment, return surplus capital



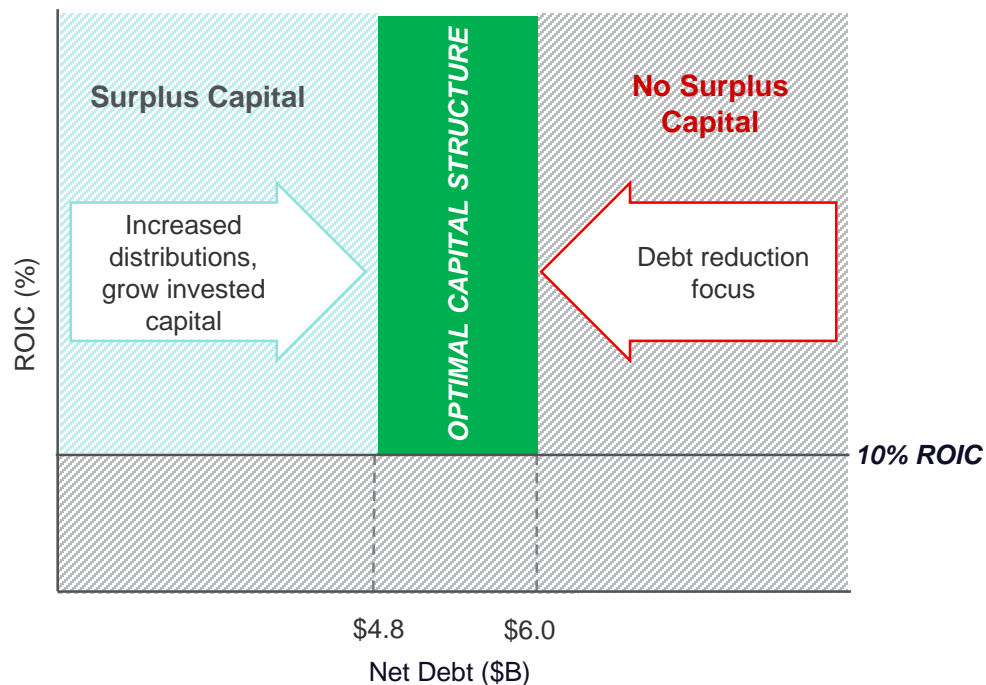
MAINTAINABLE EPS⁴ GROWTH OVER THE CYCLE



TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE⁵

Maintaining an Optimal Capital Structure

- Financial framework targets optimal capital structure
- Target net debt¹ range between \$4.8b and \$6.0b
 - Based on current invested capital of ~\$9b
 - FY16 net debt \$5.6b
- Distributions sized to remain within target debt range on a forward basis
- Consistent with investment grade credit metrics
 - FFO / net debt: 52%²
 - Gross debt / adjusted EBITDA: 2.5x³

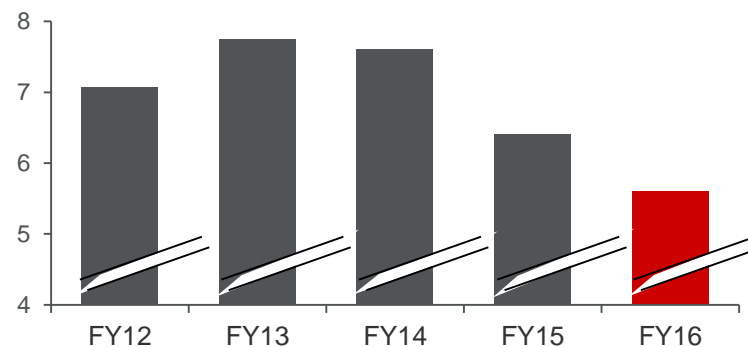


PRESERVES FINANCIAL STRENGTH, LOWERS COST OF CAPITAL AND ENHANCES SHAREHOLDER VALUE

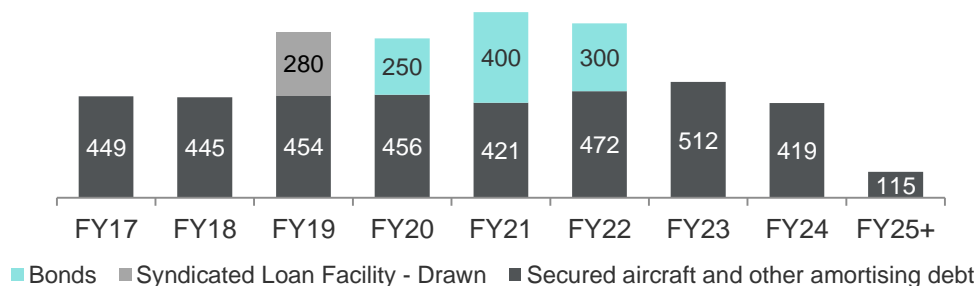
Maintaining an Optimal Capital Structure

- ✓ Strong capital position
 - Minimal refinancing risk
 - Diverse funding sources
 - No financial covenants
- ✓ Investment grade credit rating
- ✓ Short term liquidity in excess of requirements
 - Cash of \$2.0b¹
 - Undrawn facilities of \$1b
- ✓ Significant unencumbered asset base
 - Valued at >US\$3.9b²
 - 54% of Group fleet³

Net Debt Profile FY12 to FY16 (\$B)⁴



Debt Maturity Profile as at 30 June 2016 (\$M)⁵



STRONG FINANCIAL POSITION, CONTINUING TO OPTIMISE LIQUIDITY MIX

1. Includes cash and cash equivalents as at 30 June 2016. 2. Based on AVAC market values. 3. Based on number of aircraft as at FY16. 4. Net debt includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework. Capitalised aircraft operating lease liability is 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. 5. Cash debt maturity profile excluding operating leases.

Delivering ROIC >10% Through the Cycle

- ROIC of 22.7% up from 16.2% in FY15
 - Above threshold of ROIC > 10%
 - Invested capital lower with disciplined capex
- All segments continue to deliver ROIC > WACC
- Achieving greater returns from existing assets
 - Efficient allocation of capital
 - Increased fleet utilisation
 - Revenue and cost benefits through Qantas Transformation program

\$M	FY16	FY15
Underlying PBT	1,532	975
Add back: Underlying net finance costs	219	258
Add back: Non-cancellable aircraft operating lease rentals	461	495
Less: Notional depreciation ¹	(203)	(252)
ROIC EBIT	2,009	1,476

\$M	FY16	FY15
Net working capital ²	(6,701)	(6,198)
Fixed assets ³	12,793	11,788
Capitalised operating leased aircraft ¹	2,288	3,100
Invested Capital	8,380	8,690
Average Invested Capital⁴	8,857	9,091
Return on Invested Capital (%)	22.7	16.2

1. For calculating ROIC outcomes, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is known as capitalised operating leased aircraft. 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, revenue received in advance and provisions. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet, asset classified as held for sale, investments accounted for under the equity method, property, plant and equipment and intangible assets. 4. Equal to the twelve month average of monthly Invested Capital.

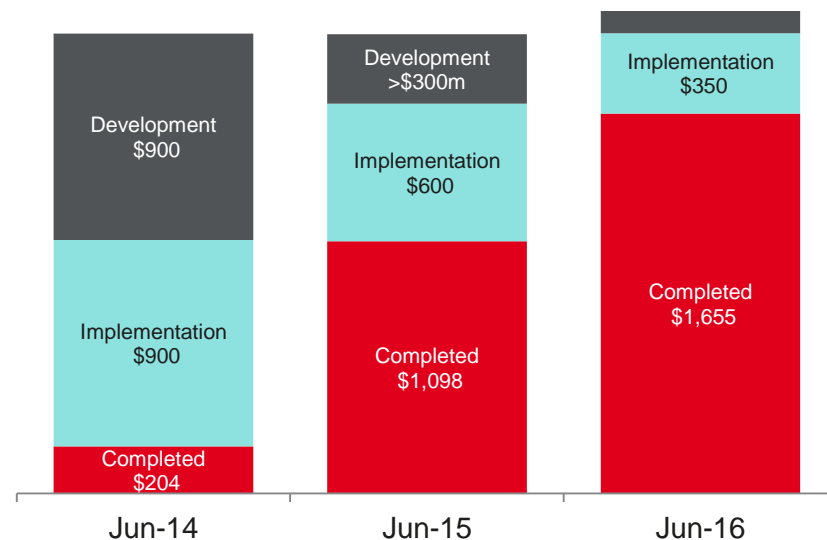
Delivering ROIC >10% Through the Cycle

Continued delivery of business transformation

Qantas Transformation program increased to \$2.1b by FY17

- Remaining benefit of \$450m to be achieved in FY17
- Qantas Transformation has significantly altered the cost base of the Group since implemented in FY14
 - Ex-fuel expenditure reduced by 9%¹
- \$557m of Transformation benefits in FY16
 - Cost reduction² \$451m
 - Net revenue benefits³ \$106m
- Continuous cost improvement and focus on operational efficiency post FY17
 - B787-9 at Qantas International from FY18
 - A320neo at Jetstar Group from FY18

Qantas Transformation Pipeline (\$M)



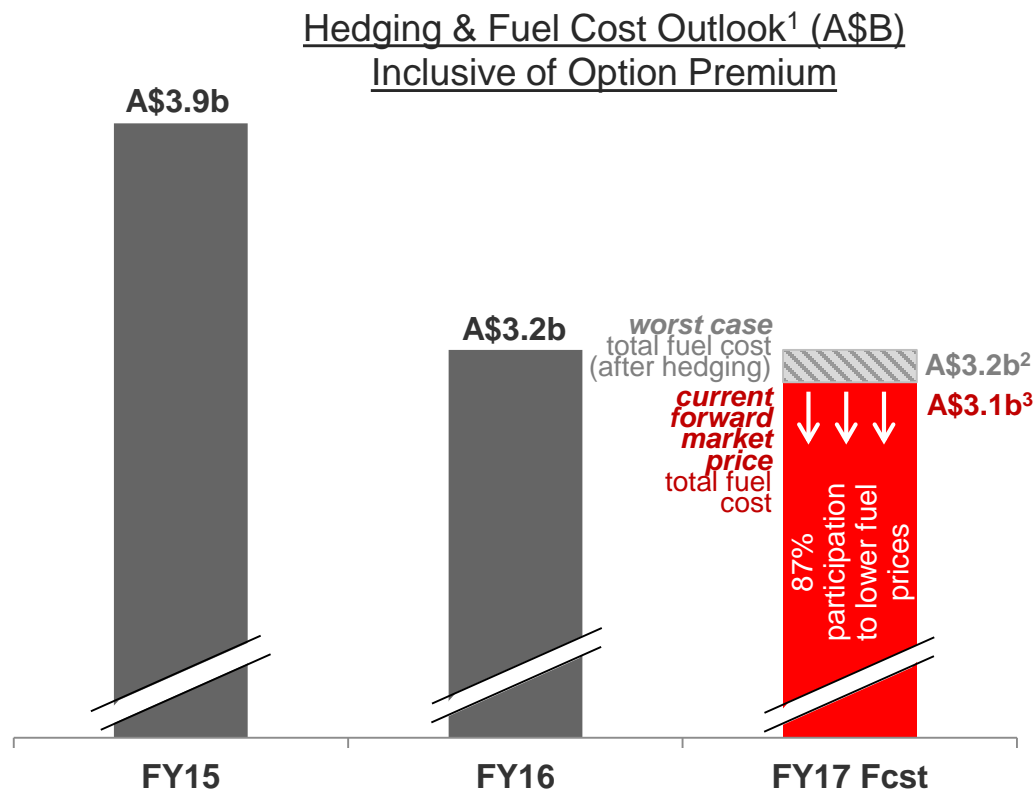
ON TARGET TO ACHIEVE \$2.1B OF TRANSFORMATION BENEFITS BY END FY17

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. FY16 vs annualised 1H14. 2. Includes fuel benefits of \$51m. 3. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative.

Delivering ROIC >10% Through the Cycle

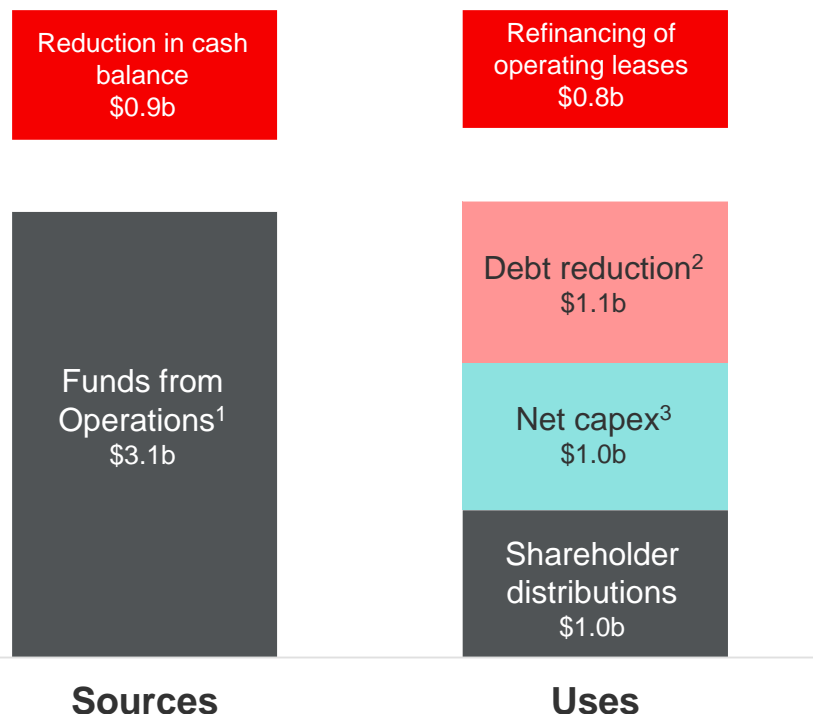
Protecting ROIC through disciplined hedging program

- FY17 fuel cost forecast includes increased consumption relative to FY16
- High level of protection in place for FY17
 - Fuel risk 90% hedged
 - Protection in place against adverse spike in Fuel and FX
 - High proportion of options providing 87% participation to favourable price movements
- Hedging for FY18 underway, consistent with Qantas' long term approach



Disciplined Capital Allocation

FY16 Sources and Uses (including off balance sheet leases)



Cash in excess of liquidity requirements used to refinance 29 maturing operating lease aircraft⁴

- Reduced gross debt and cost of carry, minimal impact to net debt⁵
- Greater fleet and maintenance flexibility
- Reduced exposure to USD lease rentals
- Increased unencumbered assets

Funds from Operations¹ applied to:

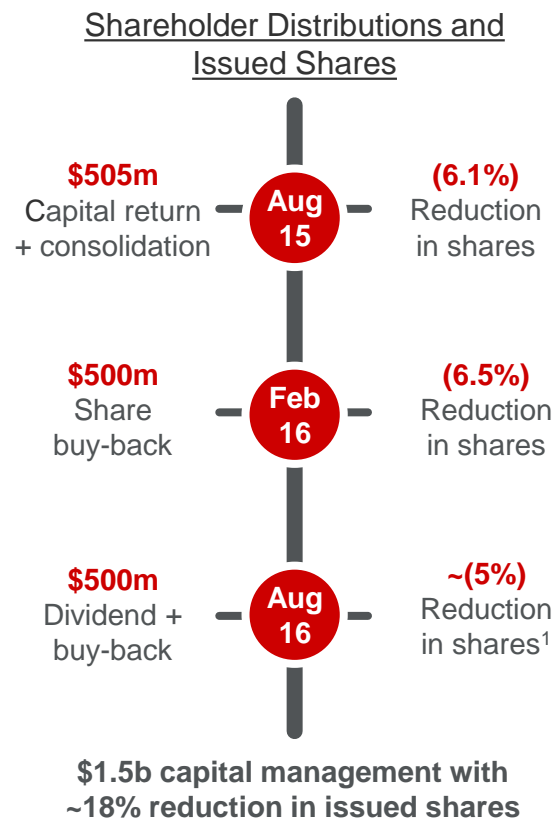
- \$1.1b debt repayments²
- Net capex in line with guidance³
- \$1b distributed to shareholders in FY16
 - \$505m capital return
 - \$500m share buy-back

CAPITAL ALLOCATION TO STRENGTHEN FINANCIAL POSITION AND PROVIDE SHAREHOLDER DISTRIBUTIONS

1. Funds from Operations of \$3.1b is equal to operating cash flows in the statement of cash flows of \$2.8b adjusted for the principal portion of aircraft operating lease rental payments. The principal portion of aircraft operating lease rentals are considered a debt repayment in the Group's financial framework. After this adjustment, the implied interest portion of lease rental payments continues to be recognised as an outflow in Funds from Operations. 2. Debt reduction of \$1.1b refers to repayment of on balance sheet borrowings and capitalised aircraft operating lease liability repayments (excluding cash flow relating to aircraft operating lease refinancing which is disclosed separately). 3. Net capital expenditure of \$1b is equal to net investing cash flows included in the Consolidated Cash Flow Statement of \$1.1b (excluding aircraft operating lease refinancing) less the impact to invested capital of returning operating lease aircraft. 4. Transfer of title for one aircraft to be completed in 1H17. 5. Net debt includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework.

Resumption of Dividends

- Fully franked final dividend of 7 cents per share declared
 - \$134m dividend payment, record date 8 September 2016, payment date 12 October 2016
- Share buy-back of up to \$366 million announced
 - Shareholder approval to be sought at the Annual General Meeting on 21 October 2016 to buy back >10% shares on issue within 12 months
- Future dividends will be partially franked or unfranked until tax payments resumed
 - Franking credit balance of \$26m after payment of 7c dividend
 - Carried forward tax losses of \$1.5 billion as at 30 June 2016
- Where there is surplus capital the Qantas Group will first distribute to shareholders via an ordinary dividend, in conjunction with share buy-backs, special dividends or a capital return should additional surplus exist



1. Indicative reduction in shares calculated using the closing price on 22 August 2016 of \$3.43.



Building Long-Term Shareholder Value



Recognising and Responding to Emerging Global Forces

The long-term context



Clear Strategic Priorities



Maximising Leading Dual Brand Domestic Position

Dual brand strategy at the core of group portfolio strength

\$820 million

Group domestic underlying EBIT¹ in FY16, an increase of 30% compared to FY15

83%

Underlying EBIT share compared to a capacity share of 62%²

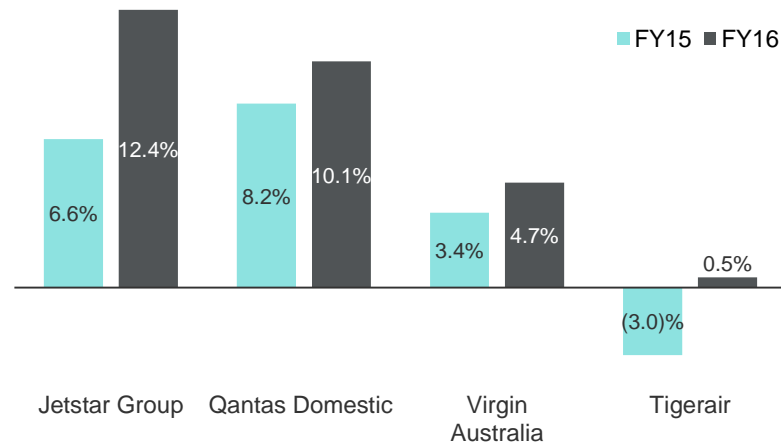
<5%

Qantas Domestic on track to close cost gap to competitor to within 5%

+5.4pts

Margin advantage at Qantas Domestic over Virgin Australia, increasing from FY15³

Both Qantas and Jetstar retain a significant margin advantage over their respective competitors³



**QANTAS TO RETAIN NETWORK, FREQUENCY AND PRODUCT ADVANTAGE FOR REVENUE PREMIUM
JETSTAR TO BUILD ON NETWORK AND SCALE ADVANTAGE, INVESTING IN DIFFERENTIATED LOW FARES OFFERING**

Building a Resilient & Sustainable Qantas International

Restructured cost base, network and customer offering

\$1 billion

turnaround in EBIT¹ in two years, underpinned by 17% ex-fuel unit cost reduction since FY12²

+20%

increase in utilisation³ since FY12 through scheduling and operational efficiencies

+17pts

increase in average NPS from FY12⁴, with FY16 achieving record scores for customer advocacy

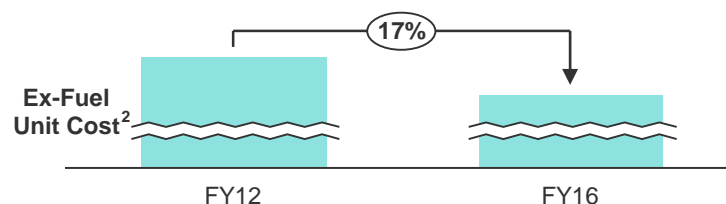
+69%

increase in codeshare partner uplifts (Qantas passengers on partners) since FY13⁵

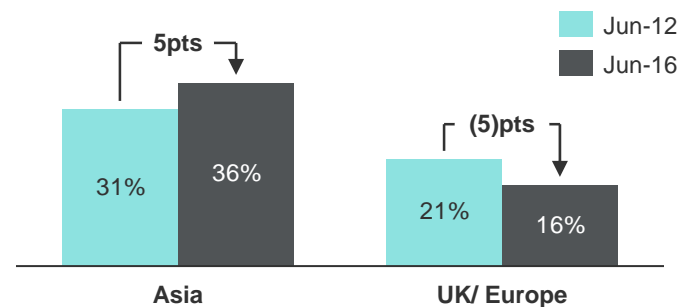
+57

new destinations served together with our partners since FY13⁶

Legacy cost base addressed through Transformation including retirement of 15 x B747-400 since FY12



Leveraging new partnerships has allowed reallocation of assets into high-growth Asia markets



Graph shows % of total Qantas International seats deployed into each region

Growing Qantas International Efficiently with Partnerships

Three cornerstone alliances in place

Qantas International, Qantas Domestic and Loyalty benefiting from airline partnerships

- FY16 codeshare partner uplifts (Qantas passengers on partners) have increased by 69% to >2.3m since FY13¹
- FY16 codeshare uplifts (partner airline passengers on Qantas) have increased by 182% to >900,000 since FY13²
- Revenue as a result of our members earning QFF points by flying on partner airlines has double since FY13
- Revenue as a result of partner's members redeeming loyalty points on Qantas flights has increased by over 50% since FY13



Established partnership with Emirates delivering synergies

2 x daily Australia to London Qantas services supplemented by unrivalled Emirates network offering to Europe, Middle East, North Africa.



New alliances with the right long-term partners

Enabling growth for both brands on AU-China market, benefiting from influx of inbound Chinese tourists to Australia



Growing Trans-Pacific with world's largest airline, brand and distribution strength on both sides of AU-US market³

AIRLINE ALLIANCES ENHANCING ROIC AT QANTAS INTERNATIONAL AND QANTAS DOMESTIC

Aligning Qantas & Jetstar with Asia's Growth

Positioning the Group for success in the fastest growing passenger market¹

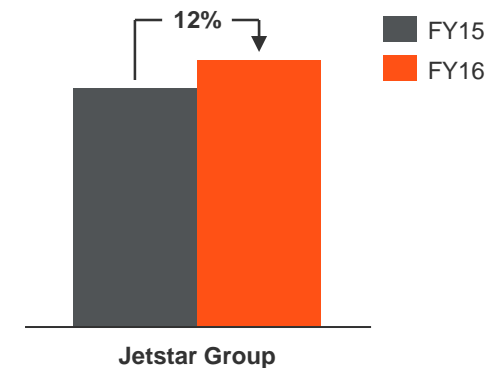
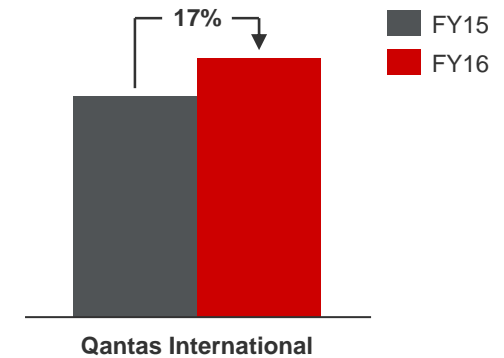
Qantas International meeting rising premium demand to/from Asia

- >75% of total capacity growth in FY16 and FY17 deployed to Asia²
- Japan: Additional Narita service, recapturing share, growing market
- China: Additional Hong Kong services to slot-constrained airport
- Singapore: Increased frequency from Perth and Melbourne
- Bali: Seasonal services in peak leisure months

Jetstar continuing to grow network to and within Asia

- 19 new routes, increasing reach to 51 destinations³
- Jetstar Japan growing fleet from 20 to 28 aircraft by 2019
- Jetstar Pacific (Vietnam) fleet growth to 30 aircraft by 2020
- Jetstar Japan and Jetstar Pacific expanding international flying within Asia
- Jetstar Group airlines developing or expanding routes in China
- Expansion of intra-region connectivity with full service carriers

Increased capacity⁴ into Asia



Investing in Customer and Brand

Targeted investment in customer experience

Refresh of A330 and B737 fleet

- All 10 x international A330-300 reconfigurations completed
- 15 x A330-200 reconfigurations completed¹
- 54 x B737 reconfigurations completed¹

Major lounge upgrade program

- New flagship international lounge coming for London Heathrow in FY17
- New international lounge, domestic business lounge and domestic Qantas Club in Brisbane, opening from October 2016
- Singapore, Hong Kong, Los Angeles and Perth lounges completed

Innovation focused on speed and ease of travel

- In-flight wi-fi rollout on Qantas Domestic from 2017
- Continued roll out of auto check-in for domestic travellers in FY16, delivering the highest satisfaction of all check-in options²
- Qantas B787-9 Dreamliner including luxury business suites, economy seats with more room, better entertainment, and a best in class premium economy



Investing in Customer and Brand

Strong customer and brand metrics

Qantas' Safety Reputation

98%



98% of Australian flyers believe Qantas is a really safe airline to fly with¹

Qantas Domestic Net Promoter Score

+5

Percentage Points
Since FY15



Qantas Domestic's Net Promoter Score has increased 5 percentage points since FY15²

Qantas' Focus On Products And Service

73%



73% of Australian flyers believe Qantas is focused on providing the best products and service¹

Qantas Domestic Net Promoter Score Advantage

+17

Percentage Points
Over Virgin Australia



Qantas Domestic Net Promoter Score has a 17 point lead to Virgin Australia over FY16³

Domestic Brand Preference

70%



70% of Australian flyers prefer to fly with Qantas Group brands¹

Qantas International Net Promoter Score

+6

Percentage Points
Since FY15



Qantas International's Net Promoter Score has increased 6 percentage points since FY15²

Investing in Data and Digital Innovation

Continued investment to enhance customer experience and grow revenue

Qantas.com and Jetstar.com re-platforming

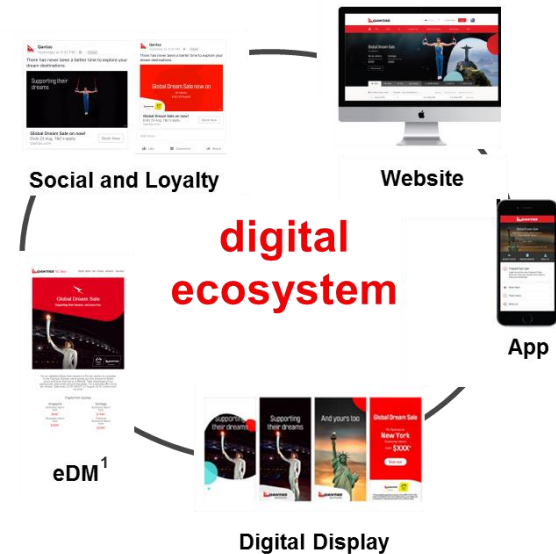
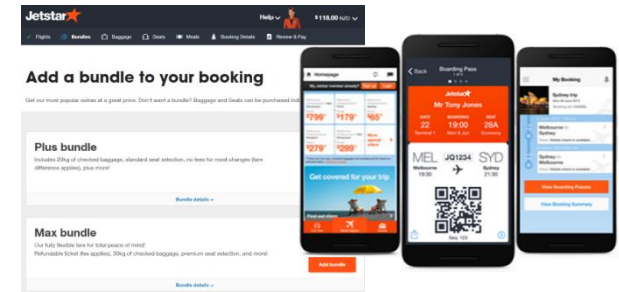
- New capability to personalise website and offers according to customer preferences
- Improved booking flows to assist customer ease of use, drive uptake and revenue growth

Enhanced mobile app offering

- Enhancements to mobile apps across Qantas and Jetstar brands providing improved customer service and reducing cost to serve
- Ability to view real time flight information and access mobile boarding pass

Personalised and integrated digital offering

- Improved cross channel co-ordination and personalisation across digital ecosystem
- More than 70% of Qantas' marketing media spend in digital channels including the use of Red Planet insourced digital trading capability



QANTAS DEPTH OF CUSTOMER DATA AND DIGITAL INNOVATION STRENGTH ARE A KEY COMPETITIVE ADVANTAGE PUTTING THE GROUP AT THE FOREFRONT TO EMBRACE THE DIGITAL ECONOMY

1. Electronic Direct Marketing.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

 QANTAS CASH®

- 25% growth in load¹, \$2b loaded since launch²
- ~15% market share³, highest share of a non-banking institution⁴

 Qantas epiQure

- Revenue growth of 50%⁵
- 45% growth in QFF members transacting⁵
- Expanded product offering⁵

 RED PLANET.

- Driving Qantas Group marketing efficiencies
- >100k member research panel
- Data Republic – delivering a competitive advantage

 Taylor Fry

- Strengthening Loyalty's analytical capabilities to drive Group value
- Third party work for diversified revenue

 QANTAS ASSURE.

Health insurance that rewards,
launched March 2016

- Innovative partnership with nib
- Members rewarded with Qantas Points for active lifestyle
- Qantas leads sales, marketing and distribution
- Data-driven customer insights leveraging 11.4m QFF member base
- nib leads product design and pricing
- Model targets equal share of health insurance earnings
- On track for 2-3% market share⁶

PORTFOLIO OF GROWTH PLAYS IN PIPELINE, TECHNOLOGY DRIVING NEW OPPORTUNITIES IN FY17

People, Culture & Leadership

Engaging and developing our people for long-term success

Qantas Group engagement at a record 79%, +4pts since 2015

Engagement up across all areas of the Group

Health & Safety

- Improvement in key workplace health and safety metrics
- Mental health strategy, work-life balance service launched

Leadership & Culture

- Refreshed Qantas Group Beliefs
- Employee peer recognition platform 'ThankQ', using Qantas Points
- Continuing customer service training across Qantas and Jetstar

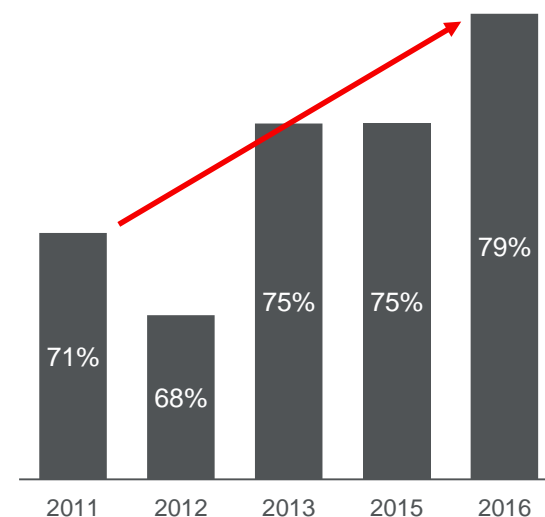
Diversity & Inclusion

- Flexible workplace practices 'Flex@Q' launched
- Breaking unconscious bias program rolled out
- 34% of senior roles held by women, up from 32% at FY15

Transformation & Change

- \$3,000 record result bonus for employees¹
- Promotion opportunities created through introduction of B787-9s
- 30 workplace agreements closed with 18 month wage freeze – 12 closed during FY16

Qantas Group Engagement



1. For non-executive employees who have agreed to the 18 month wages freeze, \$3,000 for full-time employees, \$2,500 for part-time employees. It is anticipated that the non-recurring cost of up to \$75m will be recognised in the Group's FY17 result, outside of underlying earnings.

Energy and Emissions

Making real, measurable change wherever our footprint extends



Fuel Efficiency

- Centralised Group fuel optimisation program
- GE analytics partnership reducing in-flight fuel burn
- Over 120 other initiatives targeting 1.5% average annual efficiency improvement from 2009 to 2020

Future Planet Offset Program

- Innovative offset partnership for customers and business partners
- World's largest airline offset program – 14% growth in FY16
- Supporting economic development of indigenous communities in Australia and Asia-Pacific



Policy and Partnerships

- Adoption of industry commitment to carbon neutral growth from 2020
- Working with ICAO¹, IATA² and Australian Government on global market-based measure for aviation emissions
- Tesla innovation partnership launched in April 2016



Outlook



1H17 Outlook – Domestic & International Operating Environment

- 1H17 planned Group capacity growth of 2-3%, driven by increased aircraft utilisation
 - Group Domestic capacity expected to be flat to a decrease of 1%
 - Group International capacity expected to increase by ~4%
- Planning for mixed domestic and international operating environment to continue
 - Unit revenue to be below 1H16 with competitive industry pricing, resources sector weakness
 - Offset by total unit cost improvement from Qantas Transformation and lower fuel cost
- Short-term outlook remains subject to variable factors including oil price movements, foreign exchange movements and global market conditions

Qantas Group CEO Alan Joyce said:

“The Qantas Group expects to continue its strong financial performance in the first half of financial year 2017 in a more competitive revenue environment. We are focused on preserving high operating margins through the delivery of Qantas Transformation, careful capacity management, and the benefit of low fuel prices locked in through our hedging.”

“The long-term outlook for the Group is positive, with clear strategic priorities and a robust financial framework to deliver for our customers, our people and our shareholders.”

FY17 Group Outlook

- Current Group operating expectations:
 - FY17 underlying fuel cost expected to be no more than \$3.2b¹, \$3.1b² at current forward AUD prices
 - FY17 depreciation and amortisation expense expected to be ~\$150m higher than FY16
 - FY17 lease expense expected to be ~\$100m lower than FY16
 - FY17 Transformation benefits (cost, fuel efficiency and revenue) expected to be \$450m
 - FY17 net capital expenditure³ expected to be \$1.5b³
- Having regard to industry and economic dynamics, no Group profit guidance is provided at this time
- From FY17 the Qantas Group will enhance market disclosure by reporting first quarter and third quarter trading updates, released in October and April. Quarterly trading updates will incorporate traffic statistics and unit revenue (RASK) performance, and introduce actual revenue performance for the quarter at a Group level. Quarterly trading updates will replace monthly traffic statistics.



Questions?



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 24 August 2016, 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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Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2016 unless otherwise stated.

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In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Financial Report for the year ended 30 June 2016 which is being audited by the Group's Independent Auditor and is expected to be made available in September 2016.