Qantas Airways Limited

1H15 Results

26 February 2015

Overview

A Strong Foundation for Sustainable Growth

- Delivering against strategy to drive earnings recovery, build long-term shareholder value
- All operating segments profitable[1] with Qantas Transformation well advanced
  - Turnaround of Qantas International
  - Strong momentum into 2H15
- Qantas Transformation delivering ahead of targets
  - $374m benefits realised in 1H15
  - FY15 forecast benefits raised to $675m
- Stabilised operating environment supporting revenue recovery
- Strong cash generated from operations of $1b
- Increasing Return On Invested Capital
- Deleveraging balance sheet with continued focus on improving credit metrics

1. Operating segments are measured on Underlying EBIT.

1H15 Financial Results

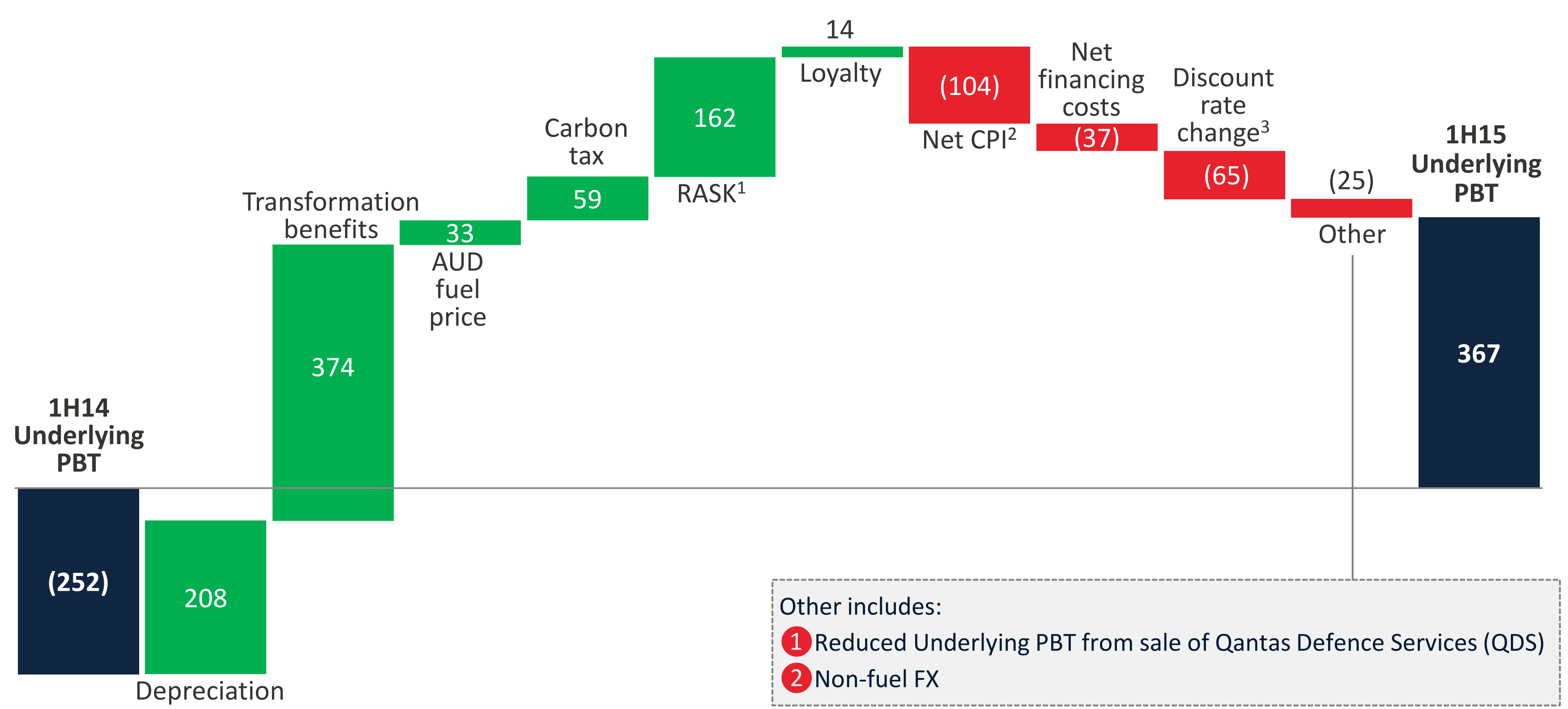
- 1H15 Underlying PBT[1] of $367m; Statutory Profit After Tax $206m
  - Revenue up 2.1% on yield and load improvement across the Group
  - Comparable unit cost[2] improvement 4.8% on flat capacity
- Total liquidity $3.6b[3] including $2.9b cash
- Net free cash flow[4] of $194m
- No interim dividend declared

KEY GROUP FINANCIAL METRICS	1H15	1H14	VLY[5]
Revenue ($M)	8,071	7,903	↑ 2.1%
Yield[6] excluding FX (c/RPK)	10.33	10.21	↑ 1.2%
Comparable Unit Cost[2] (c/ASK)	4.77	5.01	↓ 4.8%
Net free cash flow[4] ($M)	194	(358)	↑ >100%
Earnings per share[7] (c)	9.2	(10.6)	↑ >100%

1. Underlying Profit Before Tax (PBT) is a non-statutory measure and is the primary reporting measure used by the Qantas Group's chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Group. All line items in the 1H15 Results Presentation are reported on an Underlying basis. Refer to Supplementary Slide 4 for a reconciliation of Underlying to Statutory PBT. 2. If adjusted for the impact of the carbon tax repeal, comparable unit cost improved 3.4%. The 4.8% improvement in comparable unit cost is calculated as Underlying PBT less passenger revenue and fuel, adjusted for the impact of the Qantas International fleet write-down, impact of fleet restructuring announced February 2014, changes in bond rates, changes in foreign exchange rates, share of net loss of investments accounted for under the equity method and movements in average sector length per ASK. 3. Includes cash and cash equivalents and $720m undrawn facilities at 31 December 2014. 4. Net free cash flow is operating cash flows less investing cash flows. Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or payments to shareholders. 5. Variance to last year. Favourable variances are reported in green. 6. Yield (excluding FX) is calculated as passenger revenue excluding FX divided by RPKs. 7. Attributable to the members of Qantas.

1H15 Financial Results

UNDERLYING PROFIT BEFORE TAX ($M)



1. Revenue per available seat kilometres. Calculated as ticketed passenger revenue per available seat kilometre. 2. Company estimate including wage and other cost inflation, less CPI offset measures.
3. Includes the impact of bond rate fluctuations on the valuation of employee benefit provisions

Underlying Income Statement Summary

$M	1H15[1]	1H14[1]	VLY %	
Net passenger revenue	6,960	6,786	2.6	Improved yields and loads driven by network optimisation and capacity moderation in domestic and international markets
Net freight revenue	485	500	(3.0)	Reduced freighter capacity following removal of B747 freighter aircraft in January 2014
Other revenue	626	617	1.5	Increased codeshare revenue from partner airlines and growth in Loyalty billings offset by a reduction in contract work revenue following the sale of Qantas Defence Services
Revenue	**8,071**	**7,903**	**2.1**	
Operating expenses (excluding fuel)	4,628	4,797	3.5	Cost base inflation more than offset by benefits delivered through Qantas Transformation, carbon tax repeal
Fuel	2,164	2,255	4.0	Fuel savings of $91m driven by a reduction in the average AUD fuel price ($33m benefit) and fuel efficiency[2] initiatives in the Qantas Transformation program
Depreciation and amortisation	538	746	27.9	1H15 benefit from FY14 Qantas International fleet impairment $100m, half-year impact of February 2014 fleet restructure and other fleet retirements
Non-cancellable aircraft operating lease rentals	241	261	7.7	Reduction in leased aircraft offset by impact of weakening AUD on USD leases
Underlying EBIT	**500**	**(156)**	**>100**	
Net finance costs	(133)	(96)	(38.5)	Extension to the debt maturity profile and downgrade to Ba2/BB+
Underlying PBT[1]	**367**	**(252)**	**>100**	

1. All line items presented on an Underlying basis. Refer to Supplementary Slide 4 for a reconciliation of Underlying PBT to Statutory PBT. 2. Fuel efficiency measured as litres per Available Seat Kilometre (ASK).

Other Items Not Included in Underlying PBT[1]

$M	1H15	1H14	
AASB 9 mark-to-market movements relating to other reporting periods	31	(54)	
Redundancies, restructuring and other transformation costs	42	59	Redundancy and restructuring costs relating to workforce changes as part of the accelerated Qantas Transformation program
Fleet restructuring costs	-	23	
Net gain on sale of investments	(12)	-	Gain on sale of Tour East
B787-8 introduction costs	-	9	
Other	17	16	
Total items not included in Underlying PBT	**78**	**53**	

1. Items which are identified by Management and reported to the chief operating decision-making bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying PBT primarily result from major transformational/restructuring initiatives, transactions involving investments and impairments of assets outside the ordinary course of business.

Cash Flow

SUMMARISED CASH FLOW				
$M	1H15	1H14	VLY %	
Underlying EBITDA[1]	1,038	590	75.9	Cash earnings improved rapidly with yield and load improvement, benefits delivered through Qantas Transformation
Non-cash items and working capital movements	(36)	102	>(100)	
Cash generated from operations	**1,002**	**692**	**44.8**	
Other operating cash flows[2]	(299)	(111)	>(100)	Cash costs primarily due to redundancy payments associated with the Qantas Transformation program and higher interest repayments on new debt
Investing cash flows	(509)	(939)	45.8	Investment in replacement fleet (B787, B738) and product offset by proceeds from associates for A320 aircraft
Free cash flow (Net Operating & Investing)	**194**	**(358)**	**>100**	
Financing cash flows	(320)	(82)	>(100)	Debt paid down as part of Qantas Transformation debt reduction target
Net change in cash held	(126)	(440)	71.4	
Effects of FX on cash	17	6	>100	Depreciation in the AUD exchange rate
Cash at end of period	**2,892**	**2,395**	**20.8**	

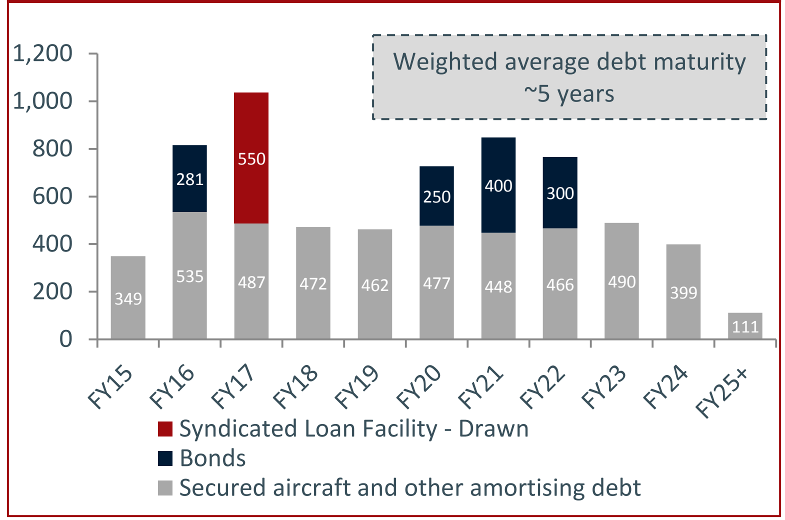
1. Earnings before interest, tax, depreciation and amortisation. 2. Includes total of cash payments to employees for redundancies, interest received, interest paid, dividends received from investments in entitles accounted for using the equity method, and income taxes paid.

Capital Management and Treasury

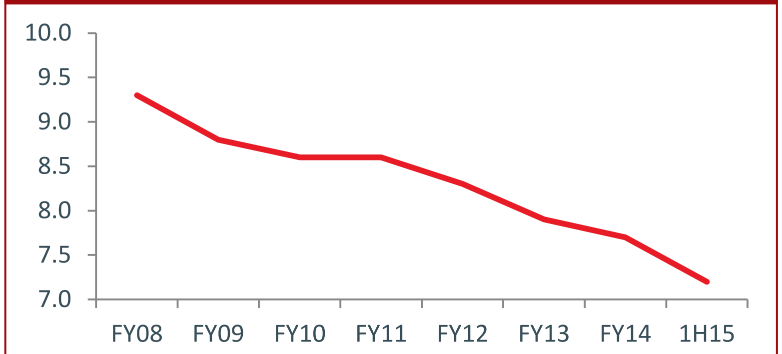
Robust liquidity; significant unencumbered aircraft pool

- Cash $2.9b[1] plus $720m undrawn facilities
  - Including new unsecured 5 year $90m RCF[2]
- Approximately ⅓ of Group fleet debt free[3]
  - Average age of narrowbody unencumbered fleet is <7 years[4]
  - 5 new B737-800 cash funded in 1H15
  - 17 mid-life aircraft became debt free in 1H15 with 4 to become debt free in 2H15[5]
- Record low average fleet age of 7.2 years[6]
- Consistent with Qantas' long-term approach to hedging, FY15 and FY16 fuel hedging profile allows for significant participation to lower fuel prices whilst protecting against adverse spikes

DEBT MATURITY PROFILE AS AT 31 DEC 2014 (A$M)
Excluding Operating Leases



AVERAGE GROUP FLEET AGE[6] (YRS)

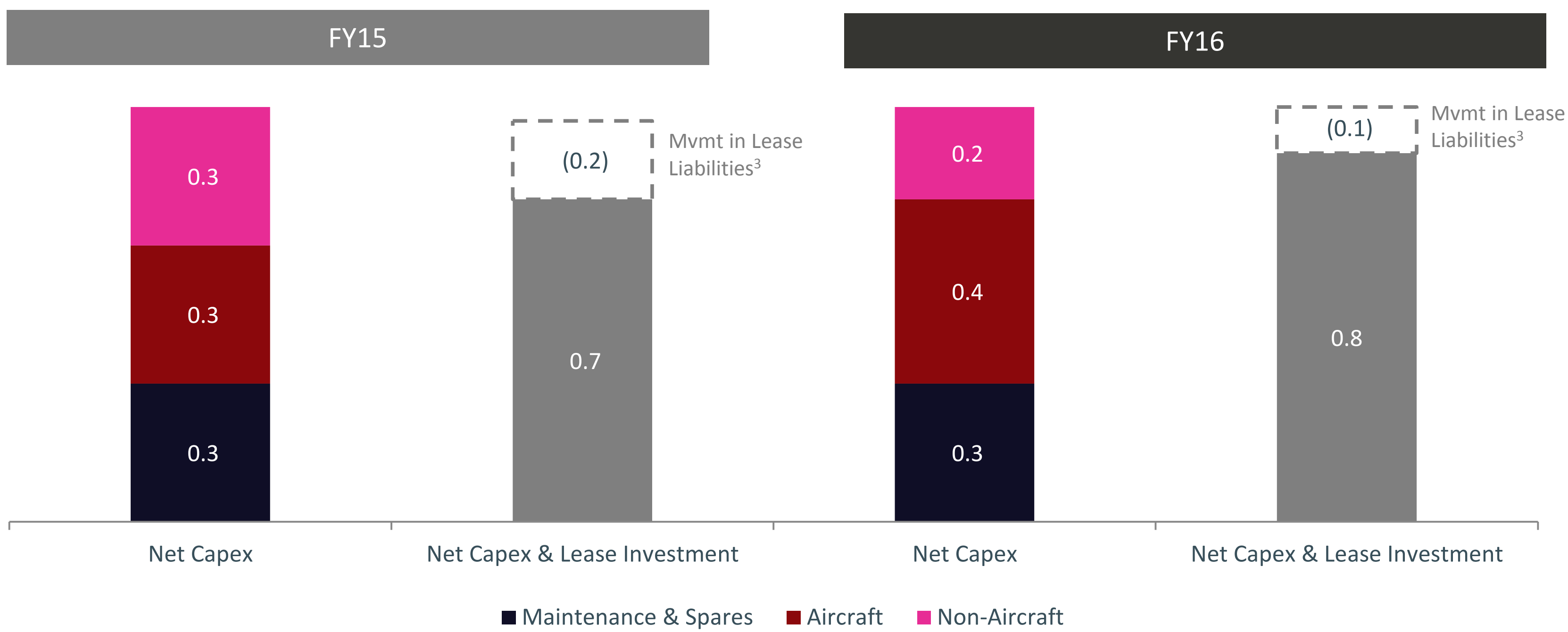


1. Includes cash and cash equivalents as at 31 December 2014. 2. Revolving Credit Facility. 3. Based on number of aircraft as at 31 December 2014. 4. Based on Group's scheduled passenger fleet, excluding Freighter aircraft and Network Aviation. 5. Excludes any early prepayments of debt expected to occur in 2H15 as part of the Qantas Transformation Debt Reduction target. 6. Average fleet age of the Group's scheduled passenger fleet based on manufacturing date, as at 31 December 2014. Youngest average fleet age since privatisation.

Group Capex Outlook
Supporting strong positive free cash flow from 1H15 onward

- Modest FY15, FY16 capex pipeline supporting strong net free cash flow[1] generation

FY15-FY16 NET CAPEX[2] AND LEASE INVESTMENT[3] ($B)



1. Net free cash flow is operating cash flows less investing cash flows. Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or payments to shareholders. 2. Equal to investing cash flows. 3. Movement in on and off balance sheet lease debt including the movement in operating lease liabilities (calculated as the present value of minimum lease payments for aircraft operating leases which, in accordance with AASB 117: Leases, is not recognised on balance sheet) and non-cash investing activities.

1H15 Segment Results

Qantas Domestic

- Improvement of $170m delivering Underlying EBIT of $227m
  - Transformation benefits of $127m
  - Increased passenger revenue on reduced capacity (2.5% RASK[1] improvement)
  - Total revenue impacted by sale of QDS[2]

		1H15	1H14	VLY %
Revenue	$M	3,007	3,086	(2.6)
Underlying EBIT	$M	227	57	>100
ASKs	M	18,765	19,227	(2.4)
Seat factor	%	76.0	74.9	1.1pts

- Stabilised operating environment supporting yield and load recovery
- Comparable unit cost improvement of 4.1%[3]
  - Fleet simplification accelerated
  - Utilisation focus to continue in 2H15
- Strong position in corporate market with superior network, frequency, reliability[4] and product
- Ongoing investment in our customers and people
  - Record December quarter customer advocacy (NPS)[5]

1. Calculated as ticketed passenger revenue per available seat kilometre. 2. Qantas Defence Services. 3. If adjusted for the impact of the carbon tax repeal, comparable unit cost improved 1.6%. The 4.1% improvement in comparable unit cost is calculated as Underlying EBIT less passenger revenue and fuel, adjusted for the fleet restructuring announced February 2014, changes in bond rates, changes in foreign exchange rates and movement in average sector length per ASK. 4. On time performance and cancellations. 5. Net promoter score vs historical Qantas Domestic quarterly records.

Qantas International

		1H15	1H14	VLY %
Revenue	$M	2,748	2,621	4.8
Underlying EBIT	$M	59	(262)	>100
ASKs	M	29,580	29,863	(0.9)
Seat factor	%	82.4	80.8	1.6pts

- Turnaround of $321m delivering Underlying EBIT of $59m
  - Transformation benefits of $159m
  - 4.8% revenue growth on reduced capacity
  - $100m reduction in depreciation from FY14 non-cash fleet impairment
- Comparable unit cost[1] improvement of 3.8%
  - Addressing legacy cost base, continued improvement in asset utilisation[2]
- New revenue opportunities from enhanced operational efficiency
  - Additional services added to LAX, HKG, SCL, YVR, HNL, AKL[3]
- Ongoing investment in customer experience and our people
  - A330 reconfiguration, LA First Lounge, new Economy dining
- Enhanced connectivity with partner airlines benefiting QF-operated services
  - Expanded partnerships in North America, South East Asia and Greater China

1. Comparable unit cost is calculated as Underlying EBIT less passenger revenue and fuel, adjusted for the impact of the Qantas International fleet write-down, impact of fleet restructuring announced February 2014, changes in bond rates, changes in foreign exchange rates, and movements in average sector length per ASK. 2. Based on average block hours per aircraft vs 1H14. 3. Los Angeles, Hong Kong, Santiago, Vancouver, Honolulu, Auckland.

Jetstar Group

- Improvement of $97m delivering Underlying EBIT of $81m
  - Domestic Australia EBIT of $63m driven by cost management and RASK improvement
  - Strong Jetstar International earnings (LHI, SHI, Tasman, Dom NZ[1]) of $51m
  - All Jetstar Group Airlines in Asia[2] improved vs 2H14, $13m reduction in losses
  - Jetstar Asia (Singapore) profitable[3] in 2Q15 following capacity moderation
- Controllable unit cost improvement of 1.1%[4]
- Continuing to set the standard in low fares travel
  - B787 rollout delivering lower operating costs and enhanced customer experience
  - Increasing network connectivity with more international routes from affiliates in Asia[5]
- Best Low Cost Carrier in Australia/Pacific and Singapore[6]

		1H15	1H14	VLY %
Revenue	$M	1,786	1,671	6.9
Underlying EBIT	$M	81	(16)	>100
ASKs	M	23,591	22,754	3.7
Seat factor	%	80.3	78.5	1.8pts

1. Long haul international, short haul international, Tasman, Domestic New Zealand. 2. Includes Jetstar Asia, Jetstar Japan, Jetstar Hong Kong and Jetstar Pacific. 3. Underlying EBIT level. 4. If adjusted for the impact of the carbon tax repeal, comparable controllable unit cost was flat. The 1.1% improvement in controllable unit cost is calculated as Underlying expenses less fuel adjusted for the impact of Jetstar branded associates, changes in foreign exchange rates, and movements in average sector length per ASK. 5. Jetstar Japan, Jetstar Hong Kong and Jetstar Pacific. 6. Jetstar Airways best low cost carrier in Australia/Pacific; World Airline Awards 2014, Jetstar Asia Airways best low cost carrier of the year; Asia Payload awards 2014.

Qantas Loyalty

- Record Underlying EBIT[1] $160m
  - Continued growth of QFF[2] members and partners driving engagement
  - Billings[3] up 6%, external billings up 7%
- Strong first half member acquisition
  - >400,000 new members, 10.5m total

		1H15	1H14	VLY %
Underlying EBIT	$M	160	146	9.6
Billings	$M	700	662	5.7
Deferred Revenue Growth[6]	$M	68	59	15.3
Members	M	10.5	9.7	8.2

- Growth initiatives diversifying customer base and revenue streams
  - Gross Profit from adjacent businesses[4] up 70%
  - Red Planet launched Sep-14, leveraging data expertise into media & marketing services
  - Qantas Golf Club launched Dec-14 with over 30,000 members[5]
  - Qantas Cash card activation up 27% from 2H14, $0.8b loaded[5]
  - Aquire: Over 55,000 SMEs joined, 21 program partners[5]
- 51% controlling stake in Taylor Fry announced – a leading analytics & actuarial consultancy firm[7]

1. Record Underlying EBIT result compared to prior periods normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. 2. Qantas Frequent Flyer. 3. Billings represent point sales to partners. 4. New business includes Qantas Cash, Qantas Golf, Qantas epiQure, Red Planet and Accumulate. 5. As at 26 February 2015. 6. Annual deferred revenue growth from 1 July 2014 and 1 July 2013 respectively. 7. Completion subject to closing conditions in transaction documentation.

Qantas Freight

- Improvement of $43m delivering Underlying EBIT of $54m
  - Best half-year result since FY07
  - Transformation benefits of $16m
  - Improved yield[1] and load following exit of 1 x B747F

		1H15	1H14	VLY %
Revenue	$M	550	568	(3.2)
Underlying EBIT	$M	54	11	>100
Capacity (International AFTKs)[2]	B	1.6	1.8	(11.1)
Load (International)	%	57.7	53.9	3.8pts

- International market driving earnings performance
  - $44m Underlying EBIT contribution from International freight operations
  - Strong loads on China–US and US–Australia
- Soft domestic performance resulting from mixed economic environment
- State of the art technology rolled out in domestic terminals
  - Self-service kiosks, warehouse technology enabling real-time tracking

1. Yield calculated as freight revenue per available freight tonne kilometres. 2. Available freight tonne kilometres.

Group Strategy Update & 2H15 Outlook

A Strong Foundation for Sustainable Growth

Creating long-term shareholder value

- Ingrained safety culture from 94 years of experience
- Investing in our customers and people to remain first choice in every market we serve
- Unrivalled dual-brand strength and market position in domestic Australia
- Innovative Loyalty business with consistent earnings growth
- Reshaped Qantas International leveraging growth opportunities
- Targeted investment in Asia's growth
- Increasing Return On Invested Capital, strengthening balance sheet through Qantas Transformation

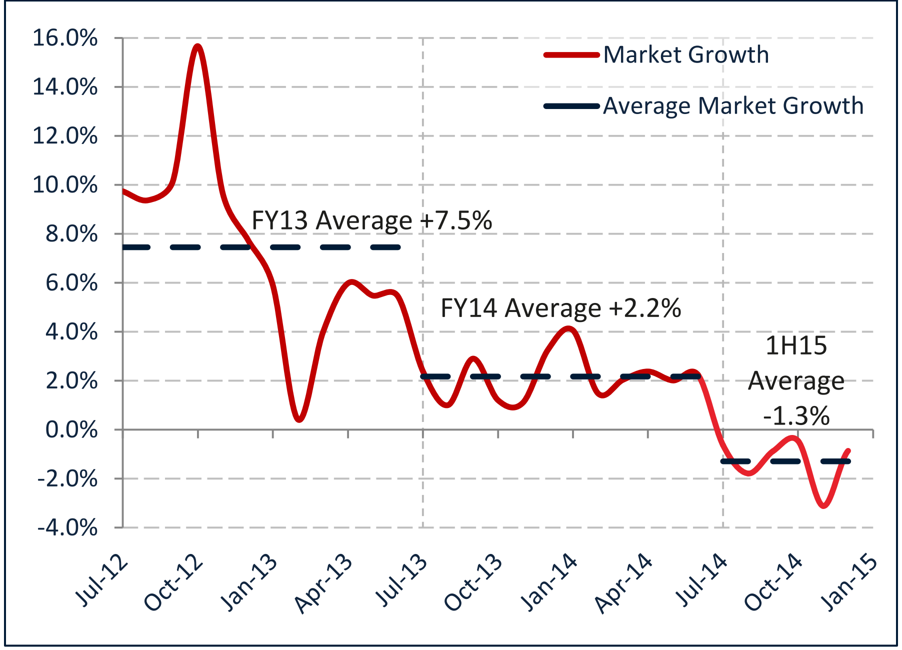
QANTAS
QANTAS LOYALTY
Jetstar

An integrated Group portfolio where each business strengthens the other, generating sustainable returns through the cycle

Market Conditions – Domestic

- Capacity moderation has improved supply-demand imbalance
  - Further market capacity contraction forecast for 2H15[1]
- Demand environment remains mixed
  - Corporate travel impacted by resources slowdown, Government spending and business confidence
  - Strength in some business sectors, market-specific improvements, reflecting multi-speed economy
  - Subdued leisure demand showing early signs of improvement
- Qantas Group domestic capacity forecast to remain moderate in line with market conditions, maintaining flexibility to adjust as conditions require

TOTAL MARKET DOMESTIC CAPACITY GROWTH[2]



1. Based on published schedules and company estimates. 2. Based on BITRE.

Market Conditions – International

- Competitor growth moderated significantly from CAGR[1] of 7% in 5 yrs to FY14
  - Economic factors including lower AUD and excess market capacity have led to a reduction in pace of competitor growth
  - 1H15 competitor growth of 2.0%[2], market contraction forecast for 2H15
- Lower AUD positively impacts revenue from offshore, spurs inbound tourism
- Business and premium leisure demand trending positively
  - Strength in Asia and North America
- LCC market capacity growth continuing with underlying demand improving in some markets

FY14 INTERNATIONAL CAPACITY GROWTH[2]

FY15 INTERNATIONAL CAPACITY GROWTH[3]

1. Compound Average Growth Rate. 2. BITRE (excl. Qantas Group; Qantas modelled for December 2014) vs 1H14. 3. Based on BITRE and IATA Carrier Tracker data for industry ASK growth (excl. Qantas Group).

Qantas Transformation
Immediate Strategic Priorities Being Delivered

Immediate Priorities set in Dec-2013	Milestones achieved by Dec-2014
Accelerated cost reduction	All transformation targets met or exceeded ✓
Right-sizing fleet & network	Network restructure, accelerated fleet retirements ✓
Working existing assets harder	Increased aircraft utilisation, productivity improvements ✓
Deferring growth	Group fleet order restructured ✓
Align capital expenditure to financial performance	Sustainable positive free cash flow generation ✓
Accelerating simplification	Substantial headcount reduction across Group ✓
Maintain focus on Customer throughout Transformation	Consistently high NPS[1] levels maintained ✓
Leverage new revenue opportunities	Enhanced operational efficiency adding new services ✓

1. Net promoter score.

Qantas Transformation Targets

Driving earnings recovery, deleveraging the balance sheet

$2B BENEFITS REALISED BY FY17

- $374m benefits realised in 1H15[1]
- Operating expense, fuel efficiency, and revenue initiatives all delivering benefits
- Progress closing Qantas Domestic unit cost gap to competitor
- On track to achieve >10% reduction in ex-fuel expenditure by end of FY17[2]

>$1B DEBT REDUCTION BY FY15

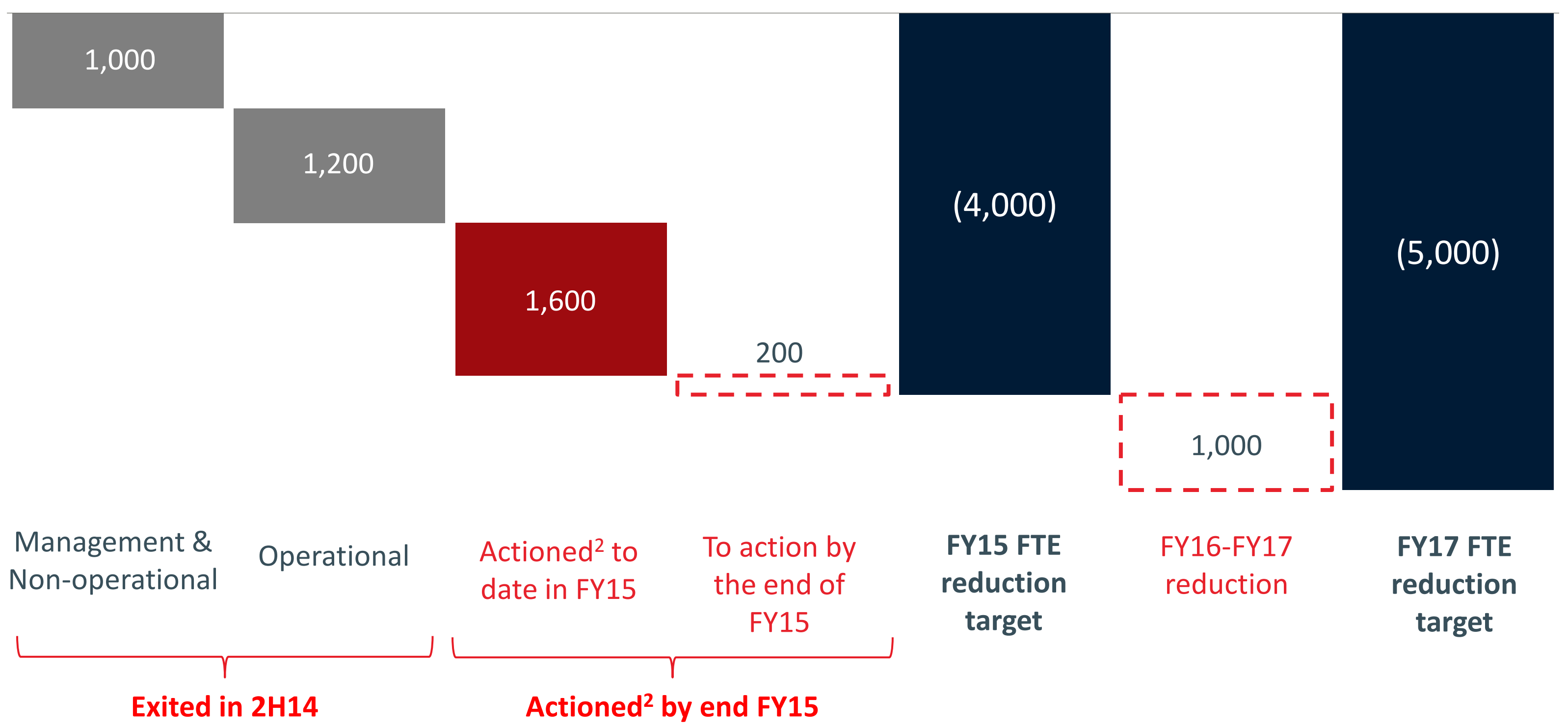
- Net debt reduced by further $306m in 1H15[3]
  - Incremental to $79m reduction[3] in FY14
- 76% improvement in underlying cash generation of the business[4]
- Debt pay down weighted to 2H15

IMPROVING CREDIT PROFILE TOWARDS TARGET OF DEBT/EBITDA[5] <4.0

1. From accelerated Qantas Transformation program which commenced on 1 Jan 2014. 2. Assumes steady FX rates and capacity. 3. Net debt including operating lease liabilities on a constant currency basis. 4. Based on earnings before interest, tax, depreciation and amortisation vs 1H14. 5. Metric calculated based on Moody's methodology including cash greater than $2b.

Qantas Transformation
Rapid progress against FTE reduction target

3,800 OF 5,000 FTE[1] REDUCTION TARGET

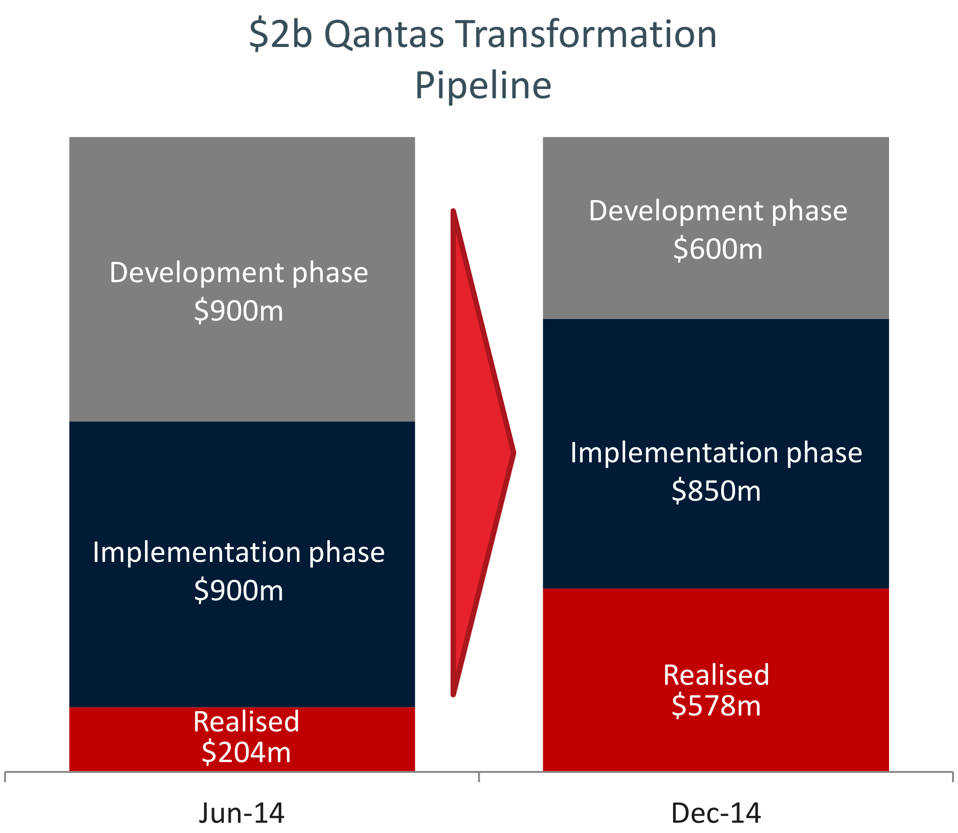


1. Full-time equivalent employee. 2. Includes FTEs that have exited or received notice by 26 February 2015.

Qantas Transformation

Realising benefits ahead of targets

TARGET: >$875M TOTAL BENEFITS TO BE REALISED BY END OF FY15



- FY15 targeted benefits raised to $675m from initial target of >$600m
- Incremental to $204m benefits realised in FY14
- Realised $578m includes benefits from completed initiatives and phased benefits from initiatives in implementation

Measuring Progress
Scorecard to FY17

ACHIEVING OUR TARGETS

	Target: Metric	Target: Timeframe	PROGRESS TO DATE
ACCELERATED TRANSFORMATION BENEFITS	$2b gross benefits >10% ex-fuel expenditure reduction[1]	FY17	Realised benefits to date = $578m Ex-fuel expenditure reduced by 5%[2]
	5,000 FTE reduction	FY17	3,800 FTE reduction[3]
DELEVERAGE BALANCE SHEET	>$1b debt reduction	FY15	$306m reduction[4] in 1H15 $79m reduction[4] in FY14
	Debt / EBITDA[5] <4.0x	FY17	Improving credit metrics
CASH FLOW	Positive net free cash flow[6]	FY15 onwards	$194m net free cash flow[6] in 1H15
FLEET SIMPLIFICATION	11 fleet types to 7	FY16	9 fleet types 3 x non-reconfigured B747 retired[7]
CUSTOMER & BRAND	Customer satisfaction (6 month rolling average): Improving / Stable / Declining	Ongoing	'Stable' near record levels
	Most on-time domestic carrier: Qantas Domestic	Ongoing	Long-term OTP[8] leader 21 out of 24 months (Jan-13 to Dec-14)

1. Assumes steady FX rates and capacity. 2. Includes Underlying operating expenses (excluding fuel), depreciation and amortisation (excluding depreciation reduction from Qantas International non-cash fleet impairment), non-cancellable aircraft operating lease rentals, and share of net loss of investments accounted for under the equity method. 1H15 vs 1H14, not adjusted for movements in FX rates, capacity or sector length. 3. Actioned FTEs, which includes FTEs that have exited or received notice, as at 26 February 2015. 4. Reduction in Net debt including operating lease liabilities on a constant currency basis. 5. Metric calculated based on Moody's methodology including cash greater than $2b. 6. Net free cash flow is operating cash flows less investing cash flows. Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or payments to shareholders. 7. From December 2013 to 26 February 2015. 8. On time performance.

Delivering for Customers
The first choice for our customers in every market we serve

- Commitment to our customers through ongoing product enhancements and service innovation
  - Fleet reconfigurations with best-in-class A330 Business Suites
  - LAX Business & First Lounge opening for premium US market
  - Enhanced inflight dining for Domestic and International Economy
  - Continued rollout of front-line training to deliver a high standard of personalised service
- Record high levels of customer satisfaction for Qantas Domestic[1] and sustained high levels for Qantas International
- More destinations with seasonal scheduling (Vancouver) and new airline partners (WestJet, Bangkok Airlines, China Airlines)
- Continued investment in the LCC experience at Jetstar
  - Eight B787 aircraft in operation
  - New leisure routes in Australia, New Zealand and across Asia

1. Record net promoter score in December 2014 quarter vs historical Qantas Domestic quarterly records.

Our People

- Our people were instrumental in Qantas navigating the immediate challenges faced over 2014
  - Strong emphasis on collaboration as we transform our business and the way we work
- Our people continue to deliver excellent service for our customers
  - Investment in training delivering results
- Stable Industrial Relations climate through period of major business transformation
  - No work days lost to industrial action since 2011
  - Positive progress implementing 18-month wages freeze with key employee groups and respective unions

Outlook

- The Group's 2H15 operating environment outlook has improved:
  - Overall demand stable, domestic Australia demand remains mixed
  - Domestic and international market capacity moderating
  - Yield and load factors stabilised and in early stages of recovery
- Current operating expectations:
  - Qantas Group capacity to increase by 1.5-2% in 2H15 compared to 2H14
  - FY15 underlying fuel costs expected to be no more than $4.0b[1] at current prices
  - FY15 depreciation and amortisation expense expected to be $1.1b
  - All operating segments expected to be profitable[2] in FY15
- No Group profit guidance provided at this time due to the high degree of volatility and uncertainty in global economic conditions, fuel prices and FX rates

1. As at 24 February 2015. 2. At Underlying EBIT level. Assumes no worsening in competitive environment, including global economic conditions, market capacity growth, fuel prices and FX rates, or material adverse external events.

Summary

- All Qantas Transformation milestones being met or exceeded
- Strong momentum into 2H15 with cost and revenue initiatives
- Continuing to invest in our customers and engage our people
- Operating environment stable with market capacity moderating
- 2H15 benefit from lower fuel prices
- Strong net free cash flow[1] generation
- Increasing Return On Invested Capital
- Committed to continued strengthening of the balance sheet
- Building a sustainable business that delivers for customers, employees and shareholders

1. Net free cash flow is operating cash flows less investing cash flows. Net free cash flow is a measure of the amount of operating cash flows that are available (i.e. after investing activities) to fund reductions in net debt or payments to shareholders.

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 26 February 2015. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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

Financial data
All dollar values are in Australian dollars (**A$**) and financial data is presented within the six months ended 31 December 2014 unless otherwise stated.

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

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

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

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

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

ASIC GUIDANCE
In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Interim Financial Report for the half year ended 31 December 2014 which is being reviewed by the Group's Independent Auditor.