

Qantas Airways Limited

1H15 Results

Supplementary Slides
26 February 2015



Group Performance



Group Highlights – Underlying Income Statement¹

\$M	1H15	1H14	VLY	VLY %
Net passenger revenue	6,960	6,786	174	2.6
Net freight revenue	485	500	(15)	(3.0)
Other revenue	626	617	9	1.5
Revenue	8,071	7,903	168	2.1
Operating expenses (excluding fuel)	4,628	4,797	(169)	3.5
Fuel	2,164	2,255	(91)	4.0
Depreciation and amortisation	538	746	(208)	27.9
Non-cancellable aircraft operating lease rentals	241	261	(20)	7.7
Expenses	7,571	8,059	(488)	6.1
Underlying EBIT	500	(156)	656	>100
Net finance costs	(133)	(96)	(37)	(38.5)
Underlying PBT¹	367	(252)	619	>100
AASB 9 mark-to-market movements relating to other reporting periods ¹	(31)	54	(85)	>(100)
Other items not included in Underlying PBT ¹	(47)	(107)	60	56.1
Statutory PBT	289	(305)	594	>100

1. Underlying 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. Underlying PBT is derived by adjusting Statutory PBT for the impact of ineffectiveness and non-designated derivatives relating to other reporting periods and certain other items which are not included in Underlying PBT. Refer to Supplementary Slide 4.

Reconciliation to Statutory PBT

\$M	1H15				1H14			
	Underlying ¹	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory	Underlying ¹	Ineffectiveness relating to other reporting periods	Other items not included in Underlying PBT	Statutory
Net passenger revenue	6,960	-	-	6,960	6,786	-	-	6,786
Net freight revenue	485	-	-	485	500	-	-	500
Other revenue	626	-	-	626	617	-	-	617
Revenue	8,071	-	-	8,071	7,903	-	-	7,903
Operating expenses (excl fuel)	4,628	5	47	4,680	4,797	(38)	107	4,866
Fuel	2,164	26	-	2,190	2,255	(14)	-	2,241
Depreciation and amortisation	538	-	-	538	746	-	-	746
Non-cancellable aircraft operating lease rentals	241	-	-	241	261	-	-	261
Expenses	7,571	31	47	7,649	8,059	(52)	107	8,114
EBIT	500	(31)	(47)	422	(156)	52	(107)	(211)
Net finance costs	(133)	-	-	(133)	(96)	2	-	(94)
PBT	367	(31)	(47)	289	(252)	54	(107)	(305)

1. Underlying 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. Underlying PBT is derived by adjusting Statutory PBT for the impact of ineffectiveness and non-designated derivatives relating to other reporting periods and certain other items which are not included in Underlying PBT.

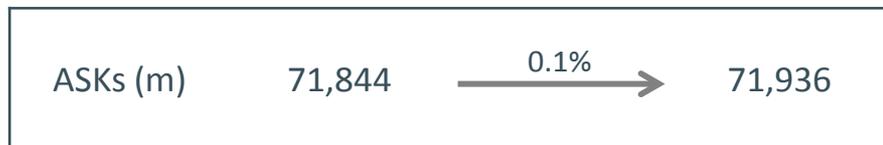
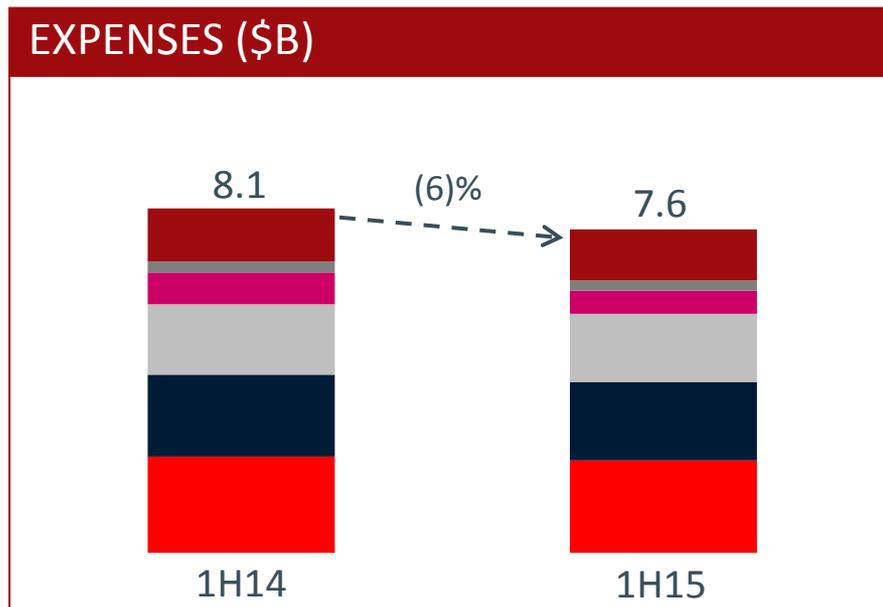
Revenue



RPKs (m)	56,393	2.1%	57,575
ASKs (m)	71,844	0.1%	71,936

- NET PASSENGER REVENUE UP 3%**
 - Group yield (excluding FX) up 1.2% and load improvement of 1.5 pts driven by network optimisation and moderation in market capacity
- NET FREIGHT REVENUE DOWN 3%**
 - Reduction in freighter aircraft
- FREQUENT FLYER REDEMPTION, MARKETING, STORE AND OTHER REVENUE UP 7%**
 - Introduction of Qantas Cash in August 2013
 - 6% growth in billings and 3% increase in awards redeemed
 - 8% membership growth
- REVENUE FROM OTHER SOURCES DOWN 4%**
 - Sale of Qantas Defence Services (QDS) in February 2014
 - Reduced third party catering and ground handling

Expenditure



FUEL COSTS DOWN 4%

- Reduction in net AUD fuel price
- Improvement in fuel efficiency¹ from fleet modernisation and Qantas Transformation fuel initiatives

MANPOWER AND STAFF-RELATED DOWN 4%

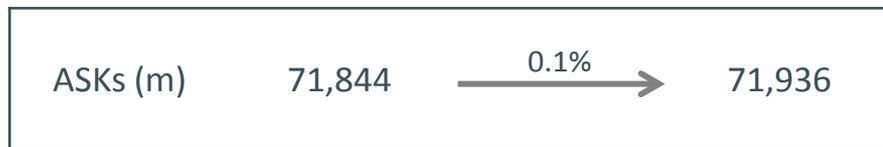
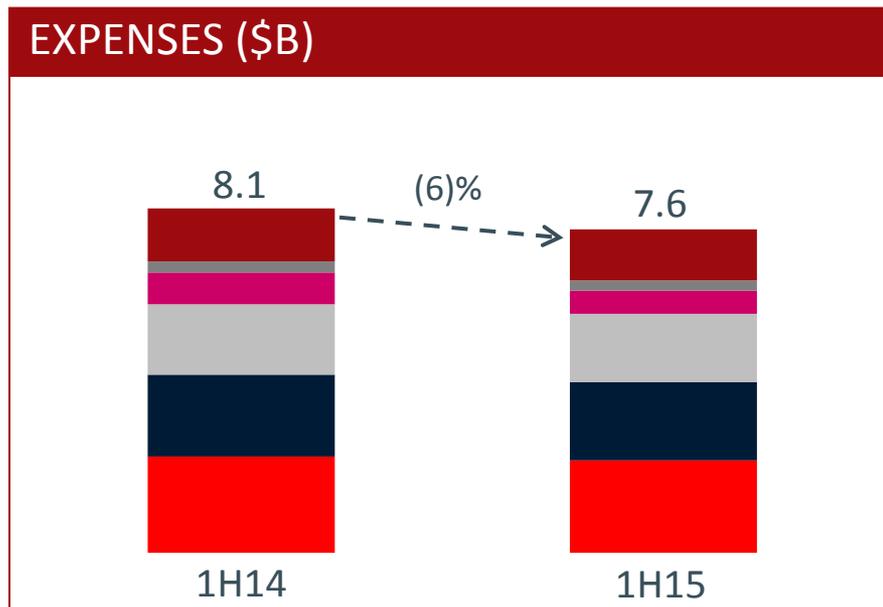
- Workforce changes as part of the accelerated Qantas Transformation program
- Sale of QDS, closure of Adelaide and Brisbane catering
- Mitigation of CPI increases through wages freeze

AIRCRAFT OPERATING VARIABLE COSTS DOWN 3%

- Qantas Transformation initiatives
- Carbon tax repeal \$59m
- Partially offset by CPI increases and unfavourable FX impact

(Continued next slide)

Expenditure



DEPRECIATION AND AMORTISATION COSTS DOWN 28%

- FY14 Qantas International non-cash fleet impairment
- February 2014 fleet restructure and other fleet retirements
- Partially offset by the acquisition of B787, B738 aircraft

LEASE RENTAL EXPENSE DOWN 8%

- Reduction in leased aircraft
- Favourable lease extensions offset by unfavourable FX

OTHER EXPENDITURE DOWN 3%

- Reduced expenditure following the sale of Qantas Defence Services
- Improvement in Jetstar branded airline performance
- Partially offset by impact of bond rate changes on employee benefit provisions

Continuing Unit Cost Improvement

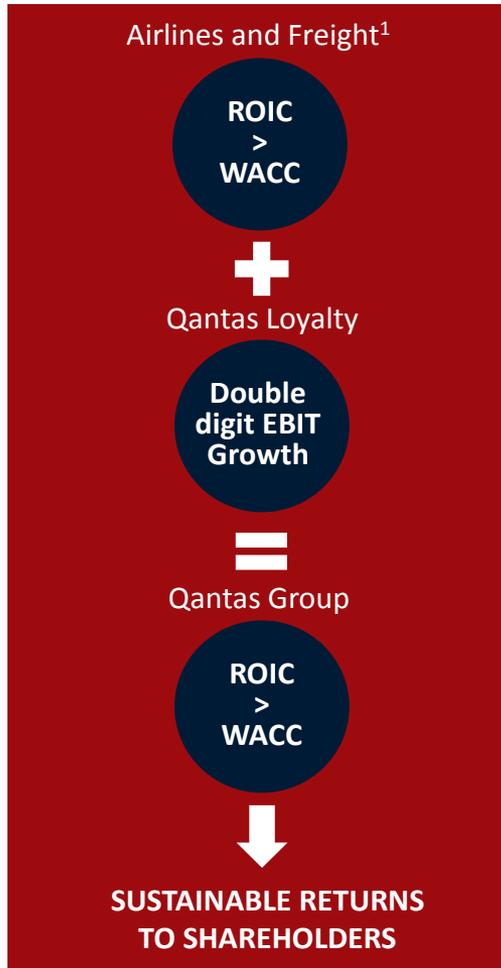
- Comparable unit cost³ improvement of 4.8%

C/ASK	1H15	1H14	VLY %
Unit Cost ¹	7.80	8.37	↓ 6.8
Excluding:			
• Fuel	(3.00)	(3.14)	
Net Underlying Unit Cost ²	4.80	5.23	↓ 8.2
• Qantas International fleet write-down		(0.14)	
• February 2014 fleet restructure	0.06	(0.07)	
• Impact of changes in the bond rate	(0.06)	0.03	
• Change in FX rates	(0.04)		
• Share of net loss of investments accounted for under the equity method	(0.03)	(0.04)	
• Sector length adjustment	0.04		
Comparable Unit Cost ³	4.77	5.01	↓ 4.8

1. Based on Underlying PBT less ticketed passenger revenue per ASK. 2. Net Underlying unit cost is calculated as underlying PBT less ticketed passenger revenue and fuel per ASK. 3. 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, the 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.

Sustainable Returns Through the Cycle

LONG-TERM TARGETS



Target performance:

- Exceed cost of capital through the cycle

Lowest cost of capital:

- Optimal capital structure and credit metrics

Optimal allocation of capital:

- Shareholder distributions
- Deploy capital to maximise portfolio performance

1. Qantas Domestic, Qantas International, Qantas Freight and Jetstar.

Group Operational Information



Fleet at 31 December 2014

Aircraft Type	1H15	FY14	Change
A380-800	12	12	-
B747-400	6	7	(1)
B747-400ER	6	6	-
A330-200	16	13	3
A330-300	10	10	-
B767-300ER	-	13	(13)
B737-800NG	75	70	5
Total Qantas	125	131	(6)
A320-200	71	73	(2) ⁴
A321-200	6	6	-
A330-200	4	7	(3)
B787-8	7	4	3
Total Jetstar²	88	90	(2)
B717-200	18	18	-
Q200/Q300	18	19	(1)
Q400	31	30	1
Total QantasLink	67	67	-
EMB120	-	3	(3)
F100	12	12	-
Total Network Aviation	12	15	(3)
B737-300SF	4	4	-
B767-300SF	1	1	-
Total Freight³	5	5	-
Total Group	297	308	(11)

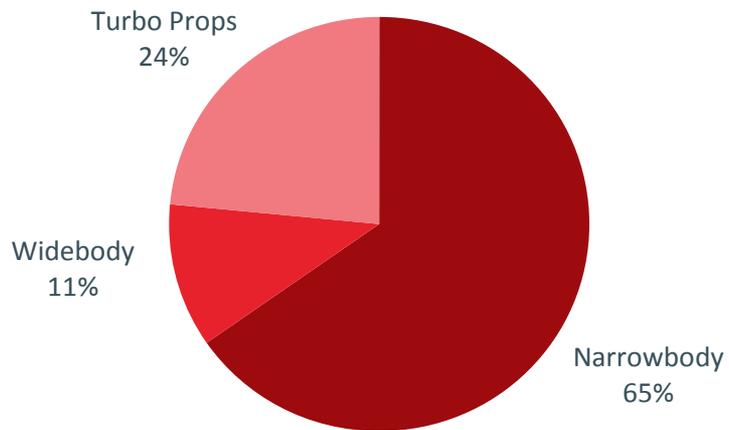
- Net reduction of 11 aircraft during 1H15
 - 10 aircraft deliveries¹:
5xB737-800, 3xB787-8, 1xQ400, 1xA320-200⁴
 - 18 aircraft retired:
13xB767-300, 3xEMB120, 1xB747-400, 1xQ300
 - 3 aircraft lease returns:
3xA320-200 (Jetstar)
- Net reduction of up to 7 aircraft during 2H15
 - 1 aircraft delivery:
1xB787-8
 - Reduction of up to 8 aircraft:
1xB747-400, 1xQ300, up to 6xB737-800

1. Aircraft deliveries includes purchased and leased aircraft. 2. Includes Jetstar Asia fleet (18xA320), excludes Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong. 3. Qantas Group wet leases 2xB747-400 freighter aircraft and 3xBAe146 freighter aircraft (not included in the table). 4. 1xA320 was sublease from Jetstar Japan to Jetstar.

Unencumbered Fleet

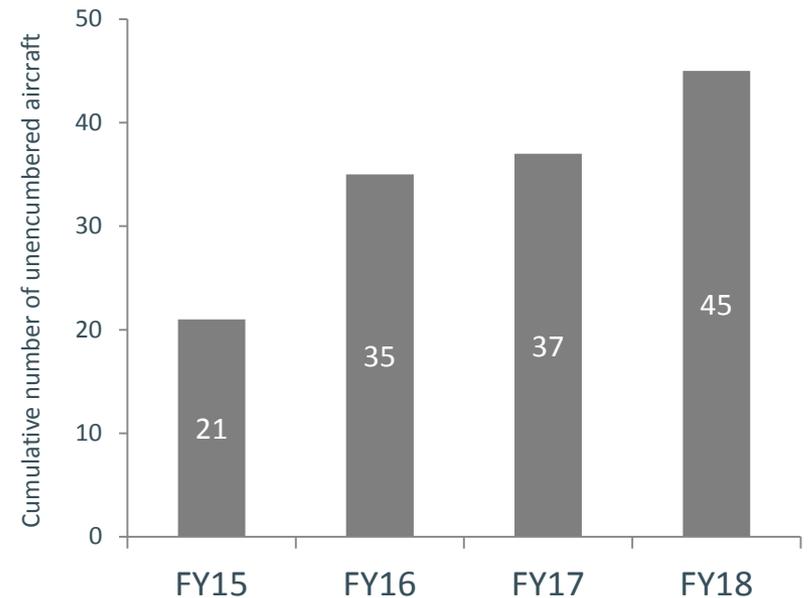
- Approximately ⅓ of total Group fleet debt free¹
- Significant pool of young, unencumbered narrowbody aircraft
- Maximum flexibility retained for future financing and fleet planning

COMPOSITION OF UNENCUMBERED FLEET AS AT 31 DEC 2014¹



Average age of narrowbody unencumbered fleet is <7 years²

CUMULATIVE MID-LIFE AIRCRAFT TO BECOME DEBT FREE FY15-FY18³



1. Based on number of aircraft. 2. Based on Group's scheduled passenger fleet, excluding Freighter aircraft and Network Aviation. 3. Excludes any early prepayments of debt expected to occur in 2H15 as part of the Qantas Transformation Debt Reduction target.

On-Time Performance Leadership

- Qantas¹ remains the most reliable domestic carrier²
 - In 1H15, Qantas led Virgin Australia for on-time departures and arrivals for the 6th consecutive year
 - Best on-time departures in 1H15
 - Best on-time arrivals in 1H15
 - Lower cancellation rate than Virgin in 1H15

ON-TIME DEPARTURES ³ (%)	1H15	RANK
Qantas ¹	86.8	1
Virgin ¹	85.6	2
Jetstar	81.7	3

ON-TIME ARRIVALS ³ (%)	1H15	RANK
Qantas ¹	85.9	1
Virgin ¹	84.3	2
Jetstar	82.5	3

CANCELLATIONS ³ (%)	1H15	RANK
Qantas ¹	1.2	1
Jetstar	1.3	2
Virgin ¹	2.0	3

Segment: Qantas Domestic



Qantas Domestic – Mainline & Regional Network

- Continued strength in customer advocacy
 - Refurbishment of A330 fleet, improved economy meal offering, new Darwin lounge
 - Ongoing investment in service training programs
 - 'Best Domestic Service'¹, 'Best Lounges'¹, 'Best Catering'¹ and 'World's Safest Airline'²
- Improvement in OTP³ – long-term market leader
- Ongoing network and schedule optimisation for margin benefits
 - Network expansion for revenue opportunities
 - Right-size where suited (B717s on CBR, HBA⁴)
- Held strong corporate position; >80% of corporate account revenue⁵
 - Renewed 113⁶ corporate accounts, 42⁶ new accounts, lost 4⁶ accounts, won back 16⁶ accounts

Mainline Network		1H15	1H14	VLY %
ASKs	M	15,659	16,431	(4.7)
RPKs	M	12,232	12,621	(3.1)
Passengers	'000	8,046	8,532	(5.7)
Seat factor	%	78.1	76.8	1.3pts
OTP ³	%	86.8	86.0	0.8pts

Regional Network		1H15	1H14	VLY %
ASKs	M	3,106	2,796	11.1
RPKs	M	2,037	1,773	14.9
Passengers	'000	3,171	2,730	16.2
Seat factor	%	65.6	63.4	2.2pts
OTP ³	%	86.1	80.1	6.0pts

Mainline capacity reductions and Regional growth reflect introduction of QantasLink operated B717 services on routes including Canberra and Hobart (and the retirement of B734 and B767 fleets)

Qantas Domestic

Best for business and premium leisure customers

SUPERIOR CUSTOMER PROPOSITION

- Customer advocacy (NPS¹) at record level in December quarter
- Ongoing investment in service training programs
- Long-term OTP leadership²
- Continued lounge investment in Darwin, Perth
- Launch of A330 lie-flat business suites
- Enhanced economy meal offering
- Continued innovation with rollout of Auto Check-in



LEADING NETWORK AND FREQUENCY

- Network and frequency advantage maintained
- Right aircraft right route – B717 on Canberra, Hobart
- Continued network expansion:
 - Brisbane - Hamilton Island
 - Sydney - Brisbane West Wellcamp
 - Adelaide - Whyalla



MAINTAIN MARGIN ADVANTAGE

- RASK³ premium supported by superior network, frequency and customer offering
- Transformation continuing to close cost gap to competitor
 - Reduced fleet age driving efficiency gains
 - Optimised schedule improving narrowbody utilisation
 - Transformation initiatives delivering benefits ahead of target



Segment: Qantas International

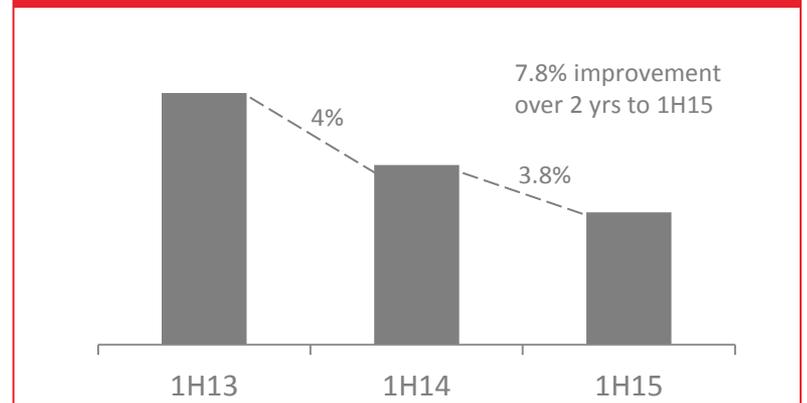


Qantas International

- RASK¹ recovery as market absorbs five years of aggressive market capacity growth:
 - Assisted by dynamic scheduling initiatives to actively match capacity with demand and fare family revisions
 - Nine consecutive months of yield improvement vs pcp²
- Transformation benefits from implemented initiatives:
 - Right sizing of Singapore flying (A330s in lieu of B747)
 - Retime of London A380 improving European connectivity and relinquishing aircraft for Dallas upgrade
 - 7% improvement in fleet utilisation for A380 and A330³
- Further extensions to partnership network – total codeshare destinations increasing to 204
 - Expanded partnerships with American Airlines, WestJet, Bangkok Airways, China Eastern and China Airlines
- Continued investment in service and product enhancements have delivered a 30% improvement in NPS⁴ since FY12
 - Award winning new lounges (SIN and HKG)⁵

		1H15	1H14	VLY %
ASKs	M	29,580	29,863	(0.9)
RPKs	M	24,368	24,138	1.0
Passengers	'000	2,944	3,007	(2.1)
Seat factor	%	82.4	80.8	1.6pts
Market share ⁶	%	15.6	16.8	(1.2pts)
OTP ⁷	%	72.9	76.9	(4.0pts)

COMPARABLE UNIT COSTS⁸



1. RASK is calculated as Passenger Revenue per ASK (adjusted for change in FX rates). 2. Versus prior comparative period (excluding FX impact). 3. Aircraft utilisation calculated as block hours per average aircraft per day vs 1H14. 4. Net Promoter Score. Based on Qantas Internal Reporting. 5. Singapore; International Design Awards, Hong Kong, The Design Air Award. 6. Based on number of seats into and out of Australia. Source: BITRE November 2014. 7. Source: BITRE July 2014 to December 2014. 8. Comparable Unit Cost is calculated as Underlying EBIT less passenger revenue and fuel per ASK, adjusted for the impact of the Boeing settlement (1H14), the impact of the Qantas International fleet write-down, impact of fleet restructuring announced February 2014, changes in bond rates, change in foreign exchange rates and movements in average sector length.

Segment: Jetstar

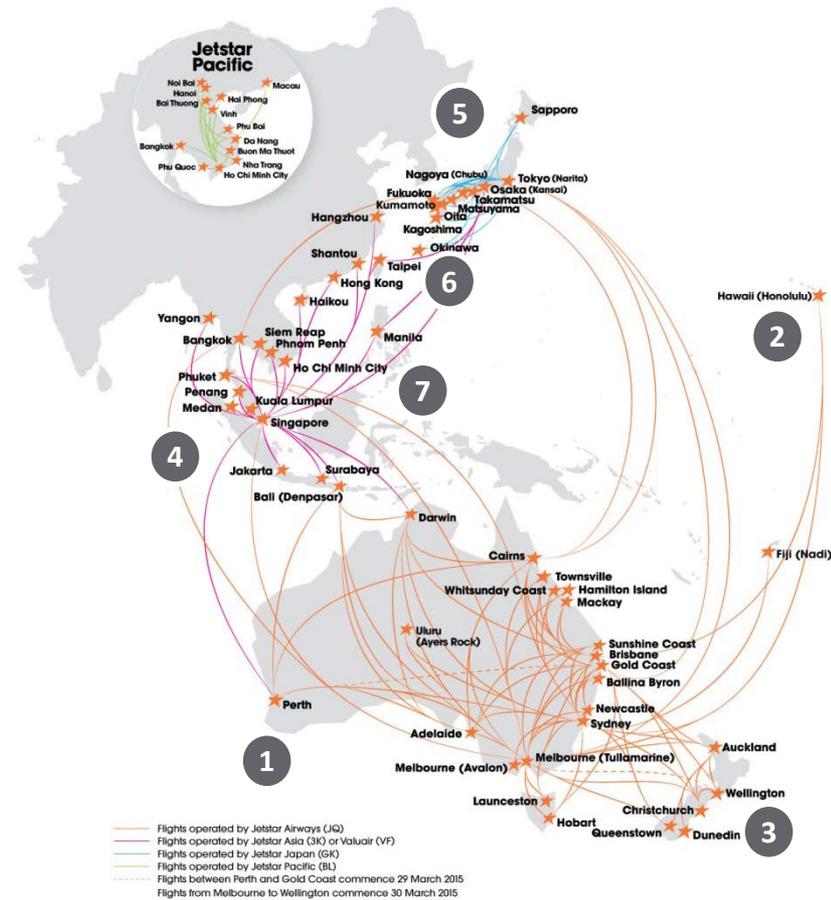


Growing Jetstar Footprint

JETSTAR GROUP – GROWING NETWORK OF ROUTES¹



BUSINESS	OWNERSHIP ²	LAUNCH	BASED AIRCRAFT ²
1 Jetstar Australia	100%	2004	51xA320s/A321s
2 Jetstar International	100%	2006	11xA330s/787s
3 Jetstar NZ ³	100%	2009	9xA320s
4 Jetstar Asia (Singapore)	49%	2004	18xA320s
5 Jetstar Japan	33%	2012	20xA320s
6 Jetstar Hong Kong ⁴	24.5%	–	–
7 Jetstar Pacific (Vietnam) ⁵	30%	2008	8xA320s



Jetstar
Route Map as at 31 December 2014

1. Including Jetstar Asia, Jetstar Pacific and Jetstar Japan. 2. As at 31 December 2014. 3. Jetstar Trans Tasman services commenced in 2005, Jetstar NZ (Domestic) services commenced in 2009. 4. Subject to regulatory approval. 5. Jetstar Pacific rebranded in 2008.

Jetstar Domestic

- Improved performance with cost control and capacity moderation
- 4% RASK¹ increase, 1pt seat factor improvement
- Enhanced customer experience
 - Best LCC² on-time performance³ in market
 - Technology improvements; automated bag drop, ‘manage my booking’ redesign
 - Differentiated product, network and scale advantage vs domestic LCC competitor
- Strong dual brand co-ordination with Qantas Domestic
- Expanded interline partnerships, driving 200% increase in partner bookings on Jetstar
 - Emirates partnership maturing, more domestic sectors added
- Awarded best LCC in Australia/Pacific, fourth best LCC worldwide⁴

Jetstar Domestic		1H15	1H14	VLY %
ASKs	M	9,474	9,207	2.9
RPKs	M	7,889	7,574	4.2
Passengers	‘000	6,708	6,283	6.8
Seat factor	%	83.3	82.3	1.0pts
OTP ³	%	81.7	74.7	7.0pts
Destinations	No.	19	19	-

Jetstar International

- Jetstar International delivered strong earnings performance
 - Leading LCC¹ across increasingly competitive leisure market into Australia
 - All B787 long haul fleet by Sep-15 delivering unit cost reduction (vs A330) and enhanced customer experience
 - Revenue benefits from network restructure
 - Expanded interline agreements
- New Zealand Domestic continues to strengthen across all key metrics
 - Sustained RASK² improvement
 - Significantly improved customer advocacy³
 - Growing share of business market
 - Market leading OTP⁴

Jetstar International (excl. Jetstar Asia & NZ Domestic)		1H15	1H14	VLY %
ASKs	M	9,182	8,830	4.0
RPKs	M	7,174	6,571	9.2
Passengers	'000	1,655	1,612	2.7
Seat factor	%	78.1	74.4	3.7pts
Market share ⁵	%	8.3	7.7	0.6pts
Destinations	No.	20	14	6

New Zealand Domestic		1H15	1H14	VLY %
ASKs	M	732	747	(2.0)
RPKs	M	585	586	(0.2)
Passengers	'000	903	901	0.2
Seat factor	%	79.9	78.4	1.4pts
Market share ⁶	%	20.5	21.2	(0.7)pts
Destinations	No.	5	5	-

1. Leading low cost carrier based on available seat kilometres . Source: Diio. 2. RASK calculated as passenger revenue excluding International Aviation Charges per available seat kilometre. 3. Measured by net promoter scores. 4. Monthly on time performance compared to Air New Zealand's Domestic Jets published data. 5. Based on number of passengers carried. Source: BITRE - Australian based International operations only for 12 months ending November 2014 vs the 12 months ending November 2013. 6. Source: Diio LLC - New Zealand domestic market share for the 6 months to December 2014.

Jetstar Asia (Singapore)

- Profitable at Underlying EBIT level in 2Q15
- Strengthening yield improvement after market capacity moderation
 - 10% RASK¹ improvement in 2Q15 vs 2Q14
- Continues to innovate to enhance customer experience
 - First LCC in Singapore to introduce mobile boarding pass and automated bag-drops
 - “Straight to Gate” now at eight overseas ports
 - Opened four Jetstar Travel Shops in China and Indonesia
- Expanded network and new inter-line partnerships
- Awarded ‘Foreign Airline of the Year’ in South East Asia² and ‘Low Cost Carrier of the Year’³

Jetstar Asia		1H15	1H14	VLY %
ASKs	M	4,203	3,970	5.9
RPKs	M	3,291	3,129	5.2
Passengers	'000	1,995	2,029	(1.7)
Seat factor	%	78.3	78.8	(0.5)pts
Destinations	No.	23	22	1



Jetstar 

Route Map as at 31 December 2014

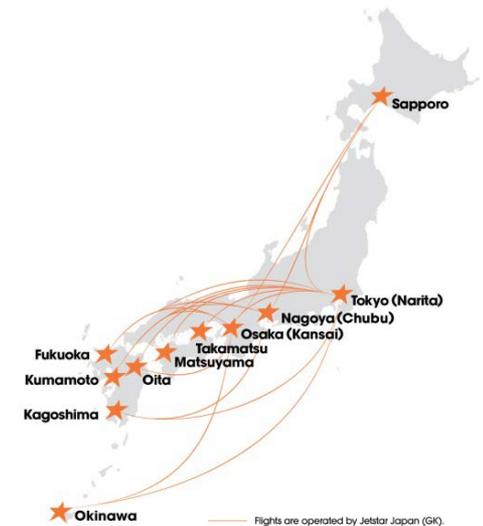
Flights are operated by Jetstar Asia (3K) and Valuair (VF).

1. RASK calculated Underlying passenger revenue excluding International Aviation Charges (in local currency) per available seat kilometre. 2. Source: KLIA Awards 2013, awarded in November 2014. 3. Source: Payload Asia 2014

Jetstar Japan

- Improved performance on 1H14, despite weaker JPY and aggressive competitor pricing
- Strengthening LCC market position
 - 4th largest domestic carrier¹
 - 56% LCC market share²
 - RASK³ up 8% on 1H14
 - Ancillary revenue up 14%⁴
 - Strong customer advocacy⁵
- Launch of second domestic base (Osaka⁶), strengthening LCC business fundamentals
 - Controllable unit costs⁷ continue to improve
 - Sustained improvement in aircraft utilisation⁸
 - Positioned to exploit further growth opportunities
 - International launch to Hong Kong in February 2015

Jetstar Japan		1H15	1H14	VLY %
ASKs	M	2,463	1,843	33.6
RPKs	M	1,843	1,418	30.0
Passengers	'000	2,146	1,598	34.3
Seat factor	%	74.8	76.9	(2.1)pts
Destinations	No.	11	10	1



Jetstar 

Route Map as at 31 December 2014

1. Based on number of passengers carried. Source: MLIT Report March-September 2014 reporting period. 2. Based on available seat kilometres. Source: MLIT Report March-September 2014 reporting period. 3. RASK calculated as Underlying passenger revenue excluding International Aviation Charges and chartered revenue (in local currency) per available seat kilometre. 4. Ancillary revenue per passenger. 5. Based on net promoter scores. 6. Kansai International Airport (Osaka) base launched 12 June 2014. 7. Controllable Unit Cost is calculated as total underlying expenses excluding fuel, adjusted for change in FX rates and movements in average sector length per ASK. 8. Aircraft utilisation calculated as block hours per average aircraft number per day.

Jetstar Pacific (Vietnam)

- Strong business performance in tough market conditions
 - 9% controllable unit cost¹ improvement
 - Load factors remain high
 - International launch to Singapore in October 2014
- Expanded fleet to retain competitive position, capitalise on long-term opportunity
 - Growth to continue in 2015 to strengthen domestic and international operations
- Challenges remain in highly competitive and fast-growing market
 - Domestic yields remain under pressure with market capacity growth up 15%²

Jetstar Pacific		1H15	1H14	VLY %
ASKs	M	1,333	1,051	26.8
RPKs	M	1,177	942	24.9
Passengers	'000	1,413	1,028	37.5
Seat factor	%	88.3	89.6	(1.3)pts
Destinations	No.	13	8	5



Flights are operated by Jetstar Pacific (BL).



Route Map as at 31 December 2014

1. Controllable Unit Cost is calculated as total Underlying expenses excluding fuel, adjusted for changes in foreign exchange rates and movements in average sector length per ASK (measured in USD).
 2. Diio Mi, 5 November 2014.

Segment: Qantas Loyalty



Qantas Loyalty

Financial Results

- Strong Underlying EBIT¹ growth
- Total billings² \$700m, up 6%
- Strategic acquisition of Taylor Fry expands the data and analytics capability and continues earnings diversification
- 10.5 million Qantas Frequent Flyer members³
 - Close to 800,00 new members since December 2013 with record Youth market penetration
- Earn Qantas Points at 29 retailers via the Online Mall and new digital gift cards⁴
- Significant growth from new businesses⁵ contributing 6% of total revenue
- Red Planet, commercialising our expertise and deep understanding of the Australian market
 - Secured 15 Blue Chip clients in initial business development spanning a range of industries

\$M	1H15	1H14	VLY %
Coalition Marketing Revenue	209	197	6.1
Redemption Revenue	415	407	2.0
Redemption Costs	(382)	(372)	(2.7)
Coalition Redemption Margin	33	35	(5.7)
Adjacent Businesses Revenues	42	30	40.0
Adjacent Businesses Costs	(25)	(20)	(25.0)
Adjacent Businesses Gross Profit ⁵	17	10	70.0
Other Revenue	3	6	(50.0)
Total Gross Profit	262	249	5.2
Operating Costs	(102)	(103)	1.0
Underlying EBIT	160	146	9.6

1. Underlying EBIT result compared to prior periods normalised for changes in accounting estimates of the fair value of points and breakage expectations effective 1 January 2009. 2. Billings represent point sales to partners. 3. As at 31 December 2014. 4. As at 13 February 2015. 5. New business includes Qantas Cash, Qantas Golf, Qantas epiQure, Red Planet and Accumulate.

Taylor Fry

A leading Australian and New Zealand analytics and actuarial consulting firm

ENHANCING
DATA DRIVEN
CUSTOMER INSIGHTS
CAPABILITY



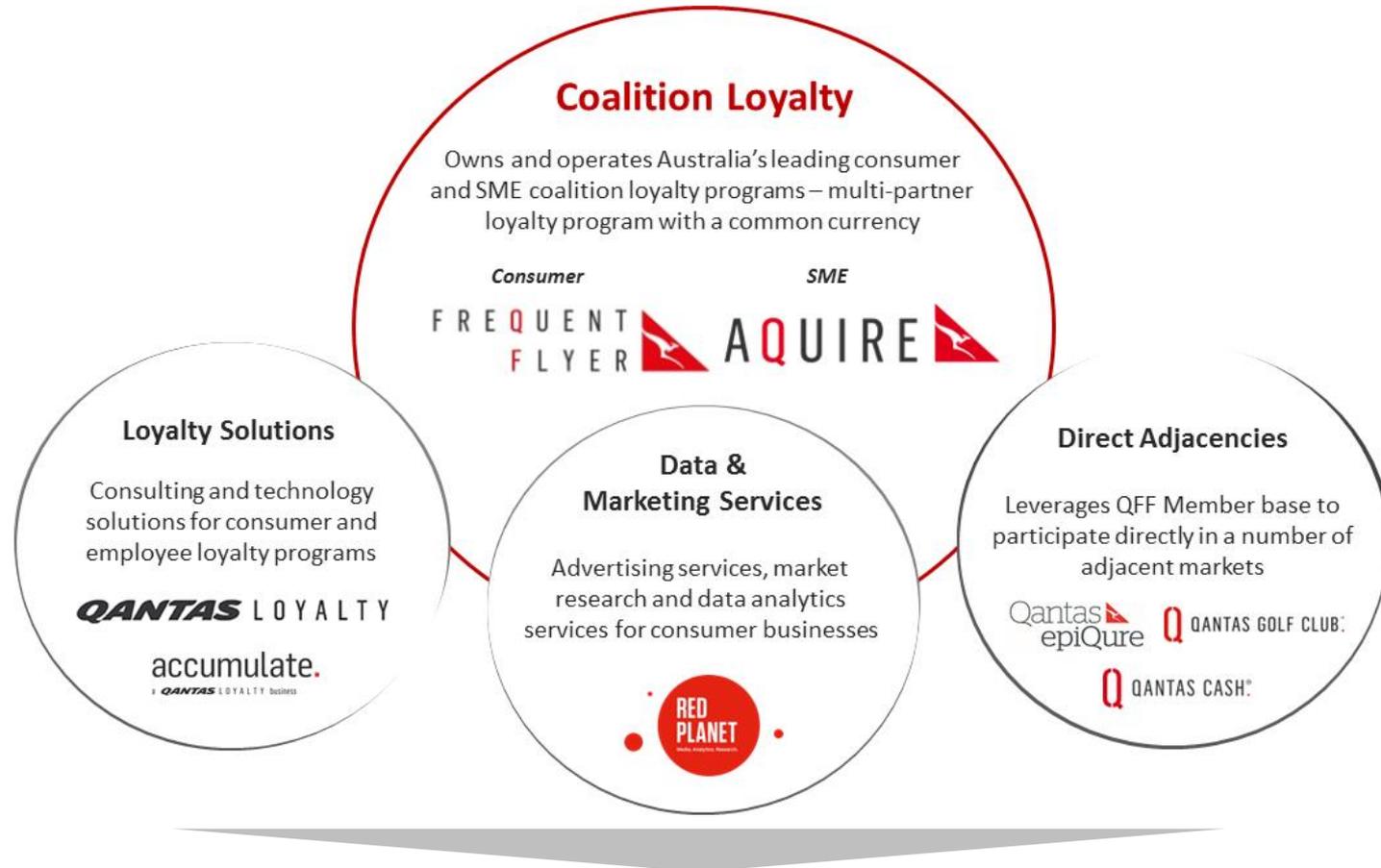
CREATING NEW
GROWTH
OPPORTUNITIES

- A leading consultancy firm providing innovative data analytics, actuarial, statistical and policy advice to businesses and government
- Established in 1999 with the objective of delivering world class, fit-for purpose solutions for corporate and governments' analytical and actuarial needs
- Has grown to over 40 professional staff, each senior consultant has over 20 years' experience in corporate and consulting roles
- Offices in Sydney and Melbourne, with a growing focus and client base in New Zealand. \$12m of revenue in FY14.
- Clients include:
 - businesses in the insurance, banking, telecommunications, retail and energy sectors; and
 - government departments.
- Deep knowledge of the insurance industry – regarded as an actuarial services industry expert
 - Winner 2014 – Service Provider of the Year¹
- Will continue to operate as an independent stand-alone business and retain its existing name, branding and premises

1. Australian Insurance Industry Awards 2014.

Qantas Loyalty

Australia's leading loyalty business



We market the ability to influence and change Australian buying behaviour

Qantas Frequent Flyer

Australia's leading Coalition Loyalty Program

STRONG MEMBER GROWTH AND ENGAGEMENT

- Strong first half member growth, >400,000 added
- Expanding youth market appeal and penetration with 60% of new members aged 36 or younger
- Award winning¹ qantaspoints.com launched as new member engagement channel, including new Online Mall
- Improvements implemented to Platinum One proposition



MORE WAYS TO EARN AND USE POINTS

- Over 3m rewards redeemed
- 6.5m visits to Qantas Points website since August 2014
- Members can now 'earn' while playing golf
- 'Bid Now' upgrades, a new way to upgrade with points plus cash
 - Processed and confirmed after Classic Upgrade Rewards

1. Best Marketing Campaign, Global Flight Loyalty Awards.

New Qantas Loyalty Businesses

Expanding member and partner engagement, diversifying revenue

AQUIRE - AUSTRALIA'S ONLY AIRLINE BASED COALITION BUSINESS LOYALTY PROGRAM

AQUIRE 

- Over 55,000 businesses joined since April 2014 launch
- Significant increase in SME¹s flying Qantas
- Partners seeing uplift in acquisition and retention
- New partners continue to join program including Harvey Norman Commercial and Storage King
- No ongoing annual membership fees

QANTAS GOLF CLUB – EXPANDING MEMBER COMMUNITIES

 QANTAS GOLF CLUB.

- Launched December 2014 with over 30,000 members²
- Tee times, events, holiday packages, earn Qantas Points while you play
- Over 78 golf courses with more to come³



QANTAS CASH, QANTAS EPIQURE AND ACCUMULATE – ALL EXPERIENCING ONGOING GROWTH AND CUSTOMER EXPERIENCE IMPROVEMENTS

 QANTAS CASH®

Qantas 
epiQure

accumulate.
a QANTAS LOYALTY company

Data and Marketing Services

Introduction of Red Planet harnessing 27 years of data expertise

DATA-DRIVEN
TARGETED
MARKETING

ANALYTICS AND
RESEARCH
CAPABILITIES

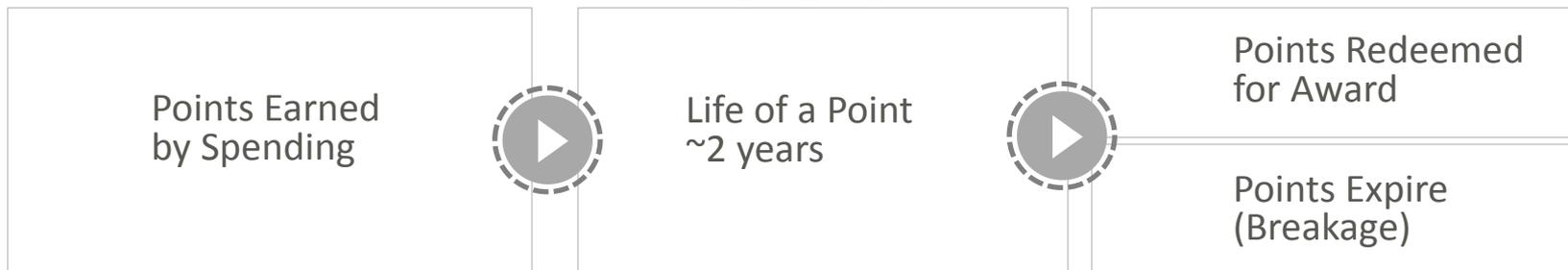
- Leveraging the expertise and knowledge of Qantas Loyalty to deliver effective data and marketing services
 - Access to broad behavioural data on a large population
 - Insights into Australian consumers over the last 27 years
- Red Planet clients achieving a higher yield on marketing spend via improved accuracy and efficiency in consumer targeting
 - Utilising data to overlay sophisticated level of segmentation to online media buying
 - Targeted advertising at scale, across multiple channels
- Analytics and Research
 - Assist clients to interpret data and draw out insights utilising a range of proprietary tools, models and customer panels – informing marketing and overall business strategy



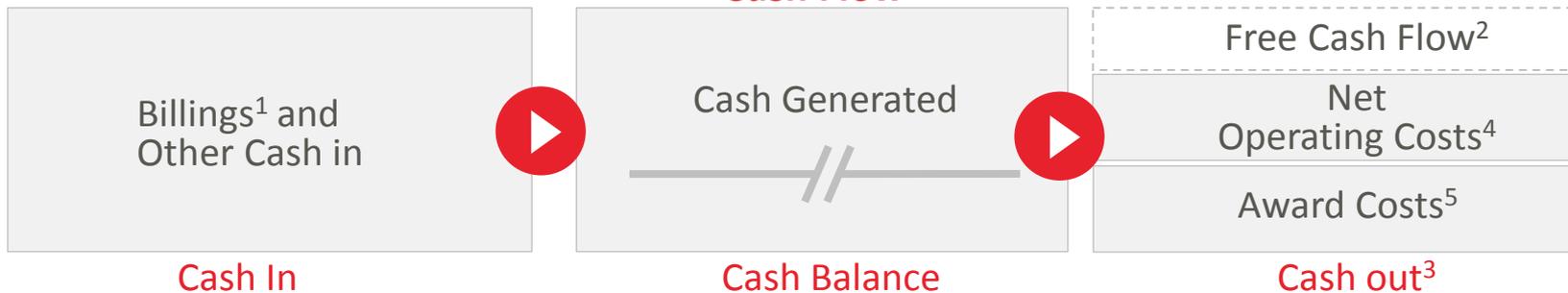
Qantas Loyalty

Business model financials

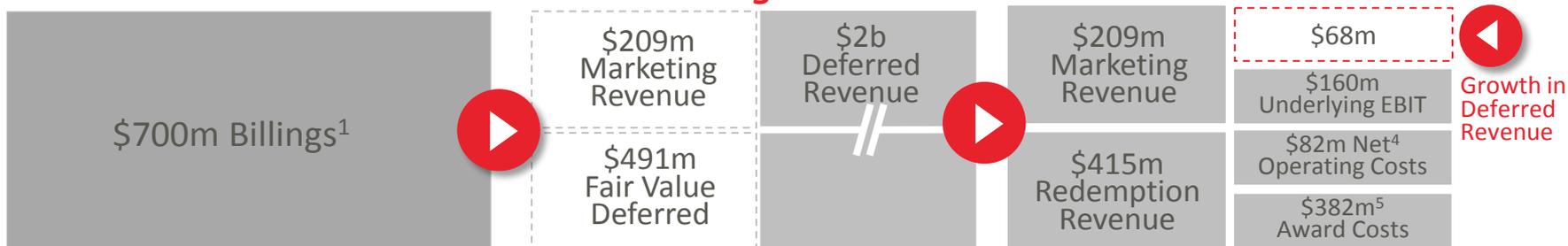
Points Flow



Cash Flow



Revenue Recognition 1H15



1. Billings represent point sales to partners. 2. Free cash flow represents Underlying EBIT plus growth in deferred revenue. 3. Cash out excludes movement in working capital and cash outflow from capital expenditure. 4. Net operating costs include other adjacent business' gross profit, other revenue and other operating costs. 5. Total redemption costs.

Governance, Environment and Social



Sustainability

1H15 highlights

GOVERNANCE

*Corporate Governance,
Oversight Framework*

- Periodic health checks preformed on individual Qantas Transformation initiatives to ensure appropriate risk management and governance controls are in place for success
- Inaugural annual Longreach Review published highlighting key achievements and initiatives in sustainability

ENVIRONMENT

*Fuel and emissions,
Resource Consumption*

- Group wide fuel optimisation program delivering forecasted savings
- National program for high efficiency lighting retrofit commenced – forecast savings of \$2.3m in energy costs
- New sustainable tourism product established – 7 unique ecotourism experiences offered in partnership with Earthwatch Australia
- Launch of carbon offset service – Future Planet – exclusively for Qantas corporate customers

SOCIAL

*Safety, Customer,
People, Community*

- Safety is always our first priority
 - Operational safety tracking ahead of target with sustained focus on reporting culture
 - World's safest airline¹
 - Workplace safety trending to target
 - Additional education programs promoting safe behaviours, investment in equipment
- Customer
 - Record customer advocacy for Qantas Domestic, sustained high levels for Qantas International²
- People
 - Continuing engagement with employees and unions through the Qantas Transformation program
 - Supporting employees leaving business, providing outplacement services
- Community
 - Qantas joined the movement to Recognise Aboriginal and Torres Strait Islander people in the Australian Constitution with a new QantasLink Q400 aircraft showcasing a large "R" logo on its livery
 - Qantas celebrated its third year of partnering with Movember with a moustached B737-800

1. Airlineratings.com, January 2015. 2. Based on net promoter score. Qantas Domestic record achieved in December 2014 quarter.

Sustainability

External recognition

Recognition

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good

CARBON DISCLOSURE PROJECT



Dow Jones Sustainability Asia/Pacific Index

- Member since 2011
- 1 of only 2 airlines listed

Dow Jones Sustainability Australia Index

- Only Australian Airline in the Index

FTSE4Good Index Series

- Member since 2009
- Only Australian airline in the Index

Carbon Disclosure Project (CDP)

- Listed on the CDP ASX 200 Climate Disclosure Leadership Index since 2010

PaxEllevate

- Inclusion on the Pax Ellevate Global Women's Index Fund

Career Trackers

- Corporate Member of the Year (2014)

Maxima Awards

- Indigenous Employer of the Year

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.