

30 May 2023

ASX Market Announcements Office Australian Securities Exchange Limited

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#### **Qantas Group Investor Day Presentation**

Qantas Airways Limited attaches the Presentation to be given at the Qantas Group Investor Day today.

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Authorised for release by the Qantas Group General Counsel and Company Secretary.



# INVESTOR DAY 2023

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NAME OF STREET





**Qantas Airways Limited** 30 May 2023

ASX: QAN US OTC: QABSY

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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 related bodies corporate (Qantas Group) and their activities current as at 30 May 2023, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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This Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Interim Report for the half year ended 31 December 2022 which has been reviewed by the Group's independent Auditor.

This Presentation also makes reference to certain non-International Financial Reporting Standards (non-IFRS) financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Qantas Group's Independent Auditor. For definitions of non-IFRS financial information refer to the Consolidated Interim Report for the half year ended 31 December 2022.

#### Future performance and forward looking statements

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**QANTAS** GROUP

# use only DRIVING SUSTAINABLE GROWTH Jetstan. Spirit of Australia UH-DAN MA DREAM LINER



# What you'll hear today

	Customer	$\bigcirc$	Qantas Group investing in improving our Customers' experience
	Domestic		Qantas and Jetstar positioned to deliver growth at industry- leading margins
	International	e porto	Qantas and Jetstar positioned to leverage unique competitive positions to deliver margin and earnings growth
	Loyalty	<u>ک</u>	Qantas Loyalty deepening member engagement to unlock furth growth and earnings diversification
S	Sustainability	Ø	Qantas Group enabled to achieve sustainability targets with a path to mitigate decarbonisation costs
	People & Culture	$(\cdot \cdot)$	Qantas Group committed to ensuring a safe and inclusive cultu enable our People to be their best
	Finance & Fleet	\$	Qantas Group disciplined application of the financial framewor enables flexible strategic investments and shareholder distribu
	ANTAS GROUP		



Qantas Group has a history of strong performance

Championing the Spirit of Australia

Always safety first

Strong & diverse portfolio of businesses

QANTAS GROUP

Most trusted brand and record Customer NPS

Top quartile TSR<sup>1</sup> vs peers

# Employer of choice

#### Leading commitment to net zero by 2050

Qantas Investor Day 2023 | 5

# COVID-19 had an unprecedented impact... and we are stronger from it



#### **COVID-19 GLOBAL INDUSTRY DISRUPTION**

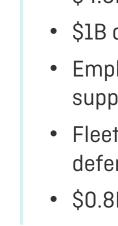
The magnitude of COVID-19, coupled with the speed of onset and recovery, caused unprecedented disruption to the aviation industry

- Deeply complex operational challenges
- Financial impact totalling US\$870B in loss of gross passenger operating revenue across global airlines<sup>1</sup>
- Widespread employee layoffs and stand-downs
- Customer and employee behaviour changes with elevated health and safety concerns

#### LASTING INDUSTRY-WIDE IMPACT

COVID-19 accelerated a step-change in wider behaviours that continue to have a lasting impact industry-wide

- Continued flexible ways of working
- Increased eCommerce penetration and consumer expectations
- Prolonged supply chain delays
- Ongoing demand for labour



**Oantas Group** 

COVID-19

response

Enabled the

Group to emerge

stronger



- Timely securing of Project Sunrise and longterm fleet renewal orders

- \$4.8B raised in debt and equity • \$1B delivered through restructuring benefits • Employee stand-downs and exits with support locating secondary employment • Fleet early retirement, hibernation and deferral of aircraft deliveries
- \$0.8B land sale in Mascot

- Enhanced ways of working
- New Domestic and International routes
- Captured Freight market growth
- Stronger financial position

#### Travel remains a top priority

- Intent to travel remains significantly above pre-COVID levels<sup>1</sup>
- 2x more plan to fly domestically in the next 12 months
- (5) +80% plan to fly internationally in the next 12 months

#### This is demonstrated in the Group's intakes<sup>2</sup> strength

- Group Domestic at 118% of pre-COVID levels
- Group International 123% of pre-COVID levels

#### QFF<sup>3</sup> members intending to expand spend on travel as other categories contract<sup>4</sup>

 Travel still expected to outperform other categories in the next 6 months

#### A high proportion of QFF are medium and high affluence, particularly tiered members<sup>5,6</sup>

• Higher affluence consumers continue to spend proportionally more on travel than the remaining consumer base

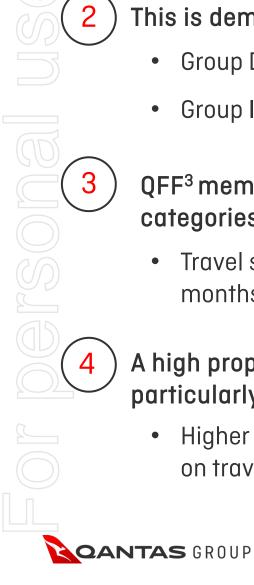
#### 1. Travel intentions based on Qantas monthly internal research in April 2023 of travel intentions for next 12 months and Dynata pre-COVID, n=~650. 2. Compared to FY19 as a proxy for pre-COVID. Revenue intakes calculated on rolling 4-week average for the week ending 13 May 2023. 3. Qantas Frequent Flyer (QFF). 4. QFF sentiment tracker, n=2017. Data collected last four weeks ending 28 April 2023. Sample of QFF members from Red Planet panel. Survey question: "How do you intend to change your spending in each of the following areas in the next 6 months". Chart shows net difference of survey results in "% Spend more" vs "% Spend less" for each category. 5. Tiered members defined as Silver and above. 6. Data from CommBank iQ March 2023. Consumer spend is based on banking transaction data (debit/credit cards, BPAY, direct debit). Affluence is a measure of wealth developed by CommBank iQ based on purchasing preferences.

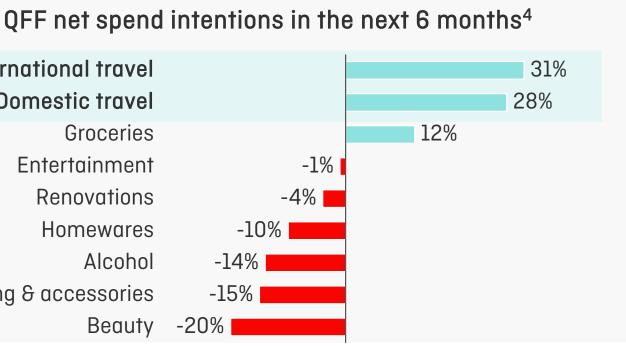
International travel Domestic travel Groceries Entertainment Renovations Homewares Alcohol Clothing & accessories

Beauty

#### Affluence distribution for QFF vs Non-QFF members<sup>6</sup>







# INVESTING FOR CUSTOMERS





# Strong, distinctive brands and unique interconnected customer value propositions underpin the Group's success





#### Spirit of Australia

- Best network and schedule
- Superior product experiences (lounges, all-inclusive)
- Unique Australian service (including food & beverage)
- The airline customers trust the most (on-time, consistent)
- A brand customers love to fly
- Unrivalled reward and recognition

**QANTAS** LOYALTY

Leading Australian airline loyalty program

- Valued and trusted loyalty ecosystem
- Everyday relevance through easy, extensive and accessible program earn
- Redemptions with great value
- Extensive Qantas and partner portfolio facilitating all points-based travel needs

- Clear price leadership
- Leading network meeting leisure & price sensitive business needs
- Providing choice through ancillary options and curated bundles

Unique value propositions inform investment in customer priorities



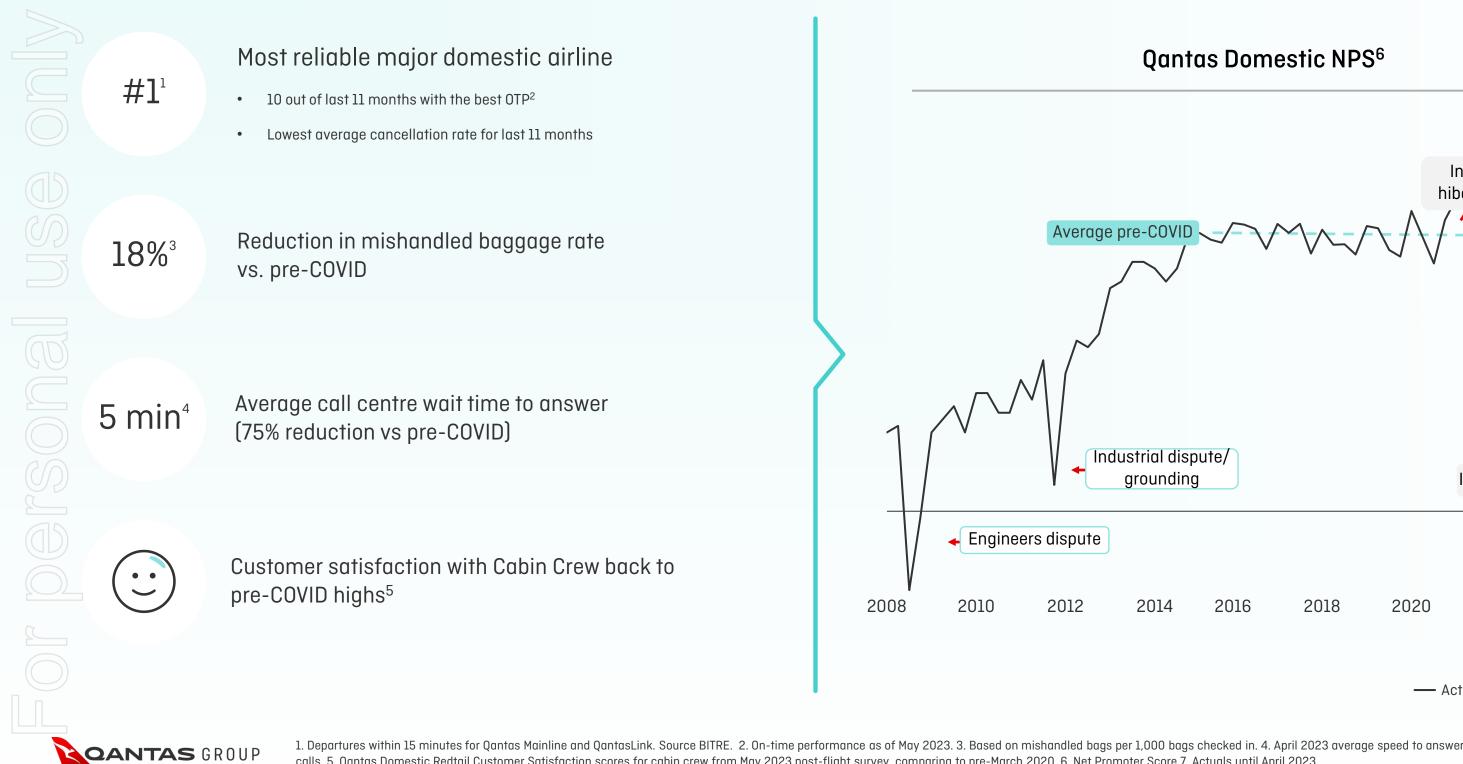


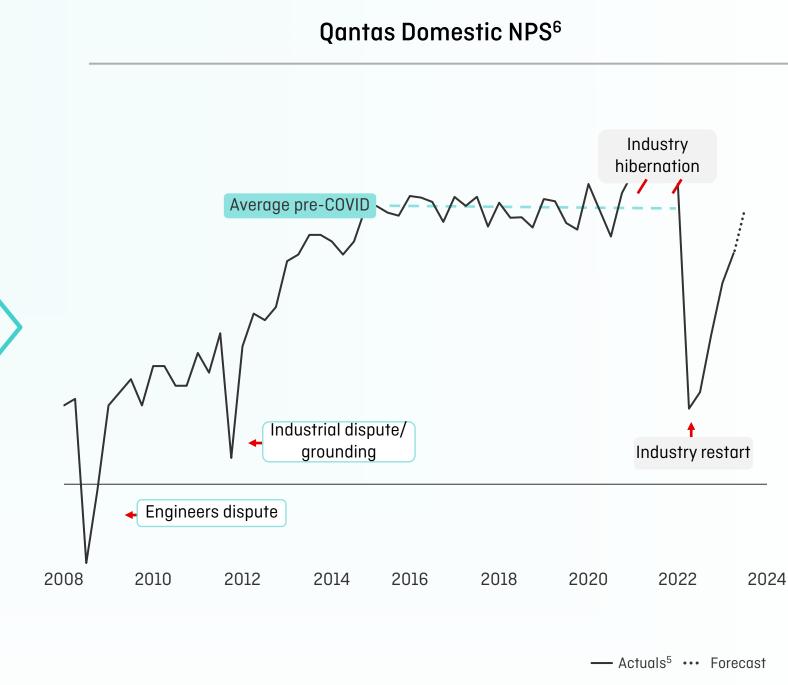


All day, every day low fares

• Democratising air travel for 19 years

#### CASE STUDY Relentless focus on on-time, reliable operations has seen Qantas NPS recover





calls. 5. Qantas Domestic Redtail Customer Satisfaction scores for cabin crew from May 2023 post-flight survey, comparing to pre-March 2020. 6. Net Promoter Score 7. Actuals until April 2023.

Qantas Investor Day 2023 10

#### Qantas Airline significant investment in customer experience on the ground and in the air

#### DIGITAL INCLUDING BAGGAGE UPDATES

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Please note that your flight QF417 to		(S)	Sydney to Melbourne QF432 - Wed, 31 May 2021 - J007	uv
e has changed and is now departing 3 at 07:00em. Accept your new flight or view more options (incl a Flight refund) at https://igant.as/12/9/40	Use Points Classic Upgrade Rewards	Use Cash or Cash + Points Bid Now Upgrades	Bag #QA070886 Weight: 23kg	Accepted
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Better customer experiences:

- Improve self-service
- More choice / information during disruption
- Integrated, one-stop airline / loyalty app
- Drive Qantas.com and app bookings
- Baggage notifications during journey

#### SERVICE



Investing in recruitment and ongoing service training

#### ON THE GROUND



\$100M investment in global lounge network over three years



Uplift in Food & Beverage across Domestic & International network as well as lounges



Refreshed airport experience (including smarter and better boarding)



Wi-Fi on selected international 737-800 and A330-200 flights over Australia from today

#### IN THE AIR

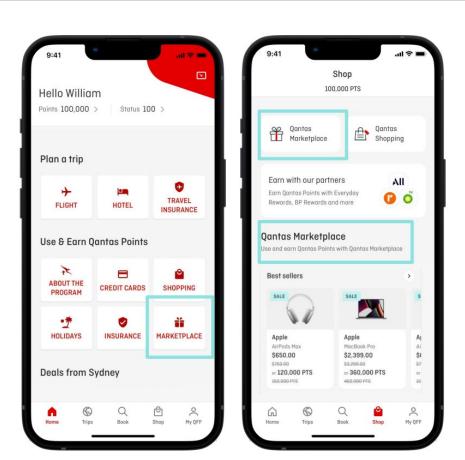


Qantas A350 Sunrise First market leading product across all cabins



Reduction of 146 million<sup>1</sup> single-use plastic items, targeting zero single-use plastics by 2027

# Qantas Loyalty investing for enhanced member engagement



**EXPERIENCES AND DIGITAL** 

Ongoing investment in Membership experiences within the Qantas app and digital channels

- Seamless handover between products and services
- Superior customer experience
- Agile delivery for speed to market and value

#### PARTNERSHIPS



- Continued innovation and deeper partnerships across verticals and shared value models
- Expanding range of partners across different industries

#### QANTAS BUSINESS REWARDS



- Investing to deliver seamless endto-end business travel and travel management capabilities
- Growing partner ecosystem specifically for Australian SMEs<sup>1</sup>



#### REDEMPTIONS



- Expanding flight reward product suite and improved hotel and holidays proposition
- Growing strongest air partner reward network in Australia
- Improved retail redemption opportunities

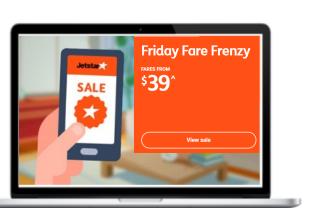
#### DATA



- Data strategy to enable datadriven insights across the portfolio to drive members engagement and business value
- Continued prioritised investment in data privacy, consent and governance

#### Jetstar investment for price leadership and smoother travel

#### LOW FARE LEADERSHIP



~10m fares <\$100<sup>1,2</sup> expected in CY2023

#### **Operational reliability**



Investing in systems and processes to leverage Group strength to reaccommodate customers in a disruption

#### IMPROVED CUSTOMER EXPERIENCES

#### New aircraft



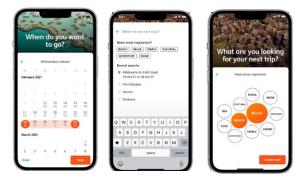
Investment in A321LR/XLR In-seat power, larger overhead bins, a local wireless entertainment solution and quieter engines

#### MORE CHOICE

tarter ir basic fare	Flex Think your plans might change? You need the Flex	Plus Enjoy the extras and save	Max Comfort and flexibility to the Max
7kg cany-on beggege	14kg carry-on baggage	7kg cany-on baggage	📋 7kg carry on baggage
No checked baggage - add later	Upfront or standard seat	6 Standard seat	🔛 Any svallable
No seat selection - add later or get free allocated seat	Change flight dates or time     No change has have difference may apply	Change flight dates or time No sharpe fee. Pare difference may apply	Change flight dates or time     No change fair fare difference may apply
No in-flight meal deal - add later	Flexible fare tame day sharpes	20kg checked baggage	💼 30kg checked baggage
Qantas Points not available	Cancel your flight* ovdr router for ful amount	5 1450 Qantas Points	S 2200 Qantas Points
Flexible Fare	× No In-flight meal deal - add later	11 flight meal deal or snack	to-flight meal deal or snack
Chartige fee* Charge fee for fight charges, plue Here Difference may apply	X No checked baggage - add later	× Flight cancellation*	3 Plexible fare
Flight cancellation*	X Qantas Points not available	X Flexible Fare	Cancel your flight* Creat isouther for full amount
Barter fare	Starter face with First burdle	Starter fare with First bundle	

#### Enhanced bundle merchandising

#### Enhanced digital experiences



Digital enhancements across customer touchpoints:

- Personalised and contextualised content and offers across the customer journey
- Tailored experiences for key segments e.g. quick select family seating options
- App enhancements including Fast check-in
- Better communications in disruptions

#### PEOPLE



Roll-out of new inclusivity training to frontline staff in 2023

**SUSTAINABILITY** 



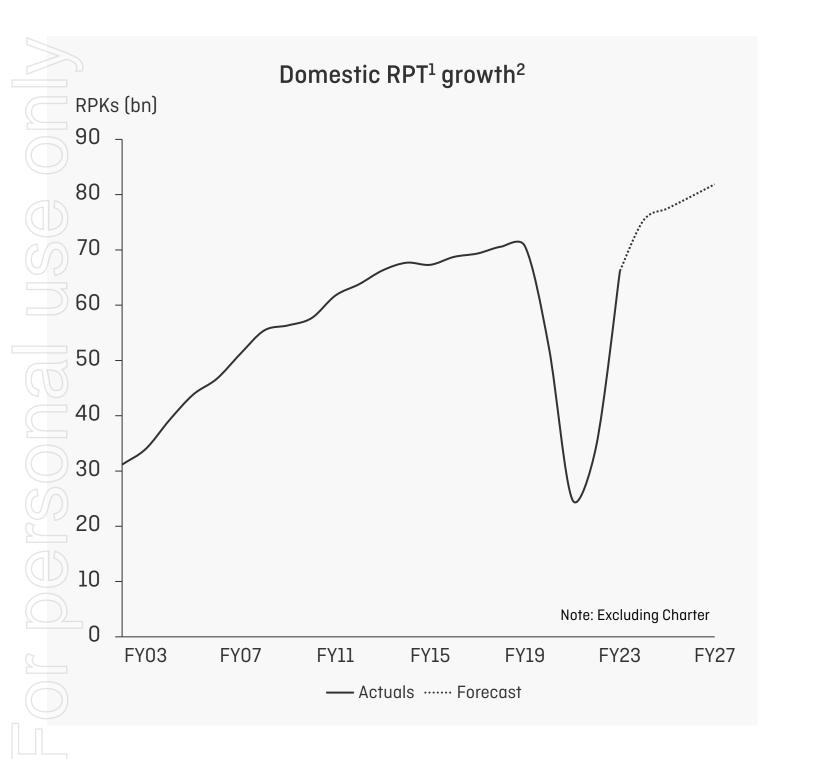
Launching in-flight recycling in June 2023 as part of Zero Waste to landfill by 2030

# DELIVERING MARGIN ADVANTAGE IN A STABLE AND GROWING DOMESTIC MARKET





#### Australian domestic market has seen stable growth





Aviation is critical to Australia Population centres are large distances apart • No viable alternative for most travel purposes

Pre-COVID, domestic RPT has grown every year for the past 20 years



In addition, Charter segment saw strong growth over past decade and has pipeline of new resource projects across diverse portfolio of commodities



Post-COVID demand rebounding strongly Leisure, Resource & Charter demand exceeding pre-pandemic

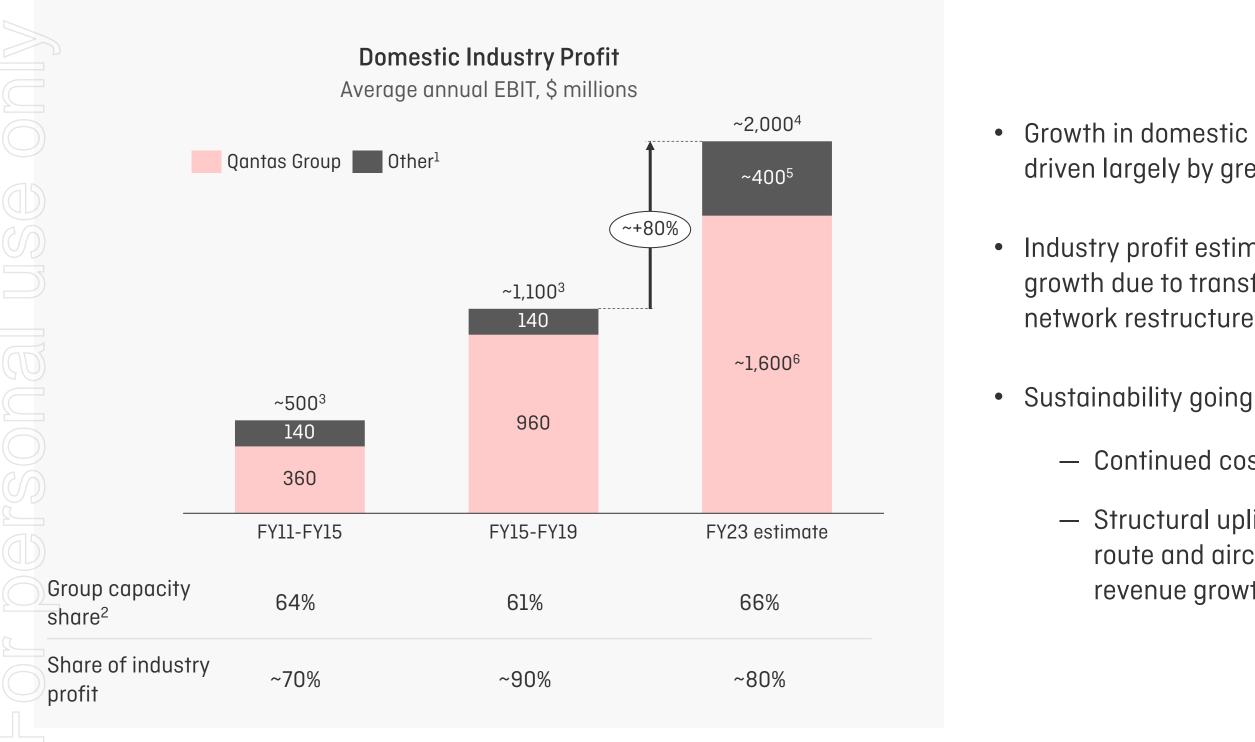
- with elevated RASK<sup>4</sup>



High LCC<sup>3</sup> penetration driving rapid growth from 2000 to 2010 Strong GDP growth from 2010 to 2020 underpinned by trade growth Ongoing population growth with high immigration levels

Government and Construction sectors returned to FY19 levels SME<sup>5</sup> at pre-COVID levels; Corporate continuing to recover

# Qantas Group has established a structurally advantaged share of a growing domestic profit pool





1. Other RPT jet operations. 2. Capacity share vs major competitor on a two-carrier basis. 3. Average over indicated period. 4. Estimated industry profit pool. 5. Based on internal management estimates 6. Forecast. 7.Ticketed passenger revenue divided by available seat kilometres.

 Growth in domestic profit from FY11-15 to FY15-19 driven largely by greater capacity in market

Industry profit estimated to be ~\$2B in FY23, with growth due to transformation across industry and

• Sustainability going forward underpinned by:

Continued cost transformation

— Structural uplift of RASK<sup>7</sup> through improved route and aircraft alignment, and ancillary revenue growth

# Coordinated Dual Brand strategy drives segment success and sustainable industry leading margins

#### **QANTAS** VIRGIN Premium (highest yielding) Corporate SME **Premium** leisure Price sensitive business 50%+ market revenue share 80%+ market revenue share ~40% of Qantas Domestic ~15% of Jetstar Domestic revenue ~30% of Qantas Domestic revenue revenue ~30% of Qantas Domestic revenue **Jetstar Segments Share Drivers Qantas Segments Share Drivers** Network frequency and footprint including International connections Operational Performance – On-time Performance and completion rate Premium product & service (incl. lounges, food & beverage, WiFi) Club Jetstar for added value Loyalty value proposition including International and Partners ~18% Oantas Domestic ~15% Target FY24+ EBIT margin EBIT margin ~8-10% Margin advantage driven by premium yield Qantas Group margin and disciplined cost management advantage against peers

**JETSTAR** 

Price conscious (lowest yielding)

Price sensitive leisure

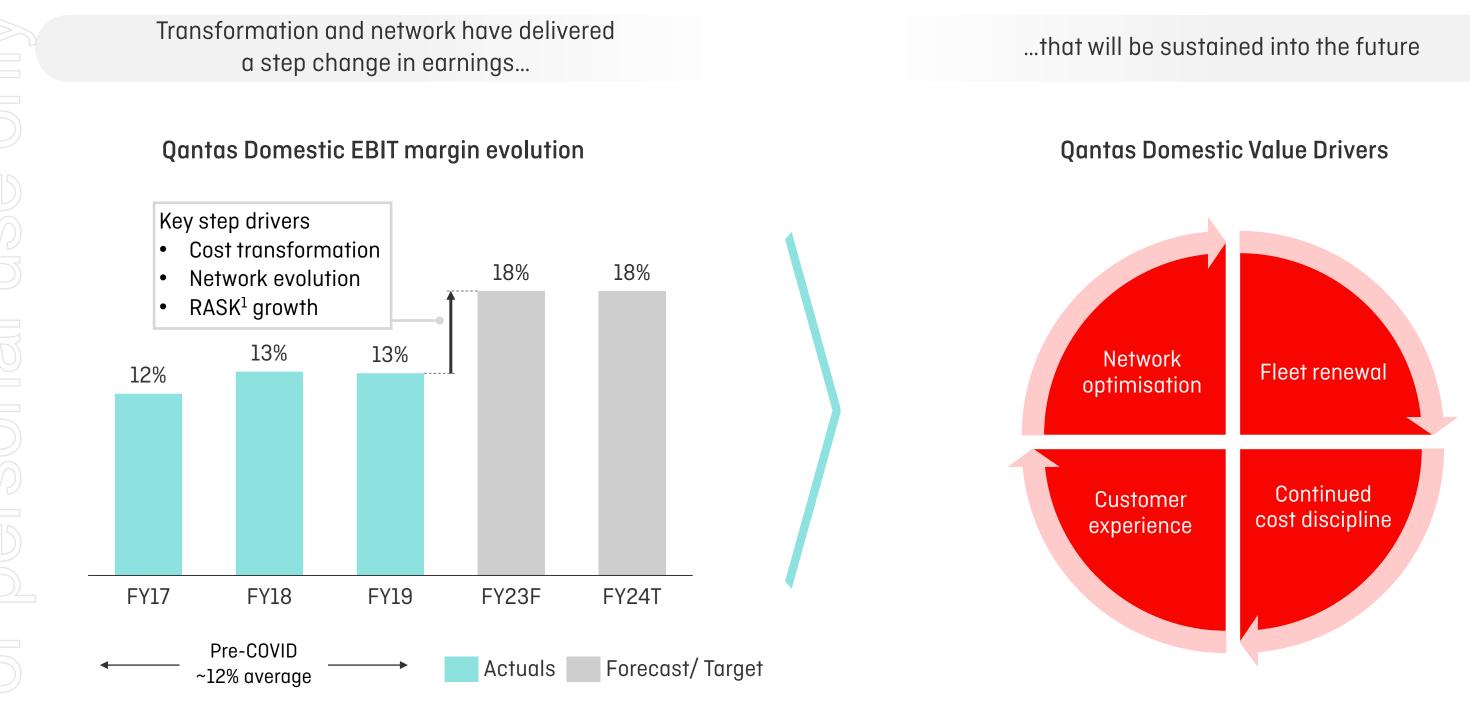
~85% of Jetstar Domestic revenue

• Capacity share on Leisure routes • Lowest fares, supported by Price Beat Guarantee Ancillary options providing customer choice

> Jetstar Domestic Target FY24+

Margin advantage driven by lowest cost base and strength of ancillary revenue

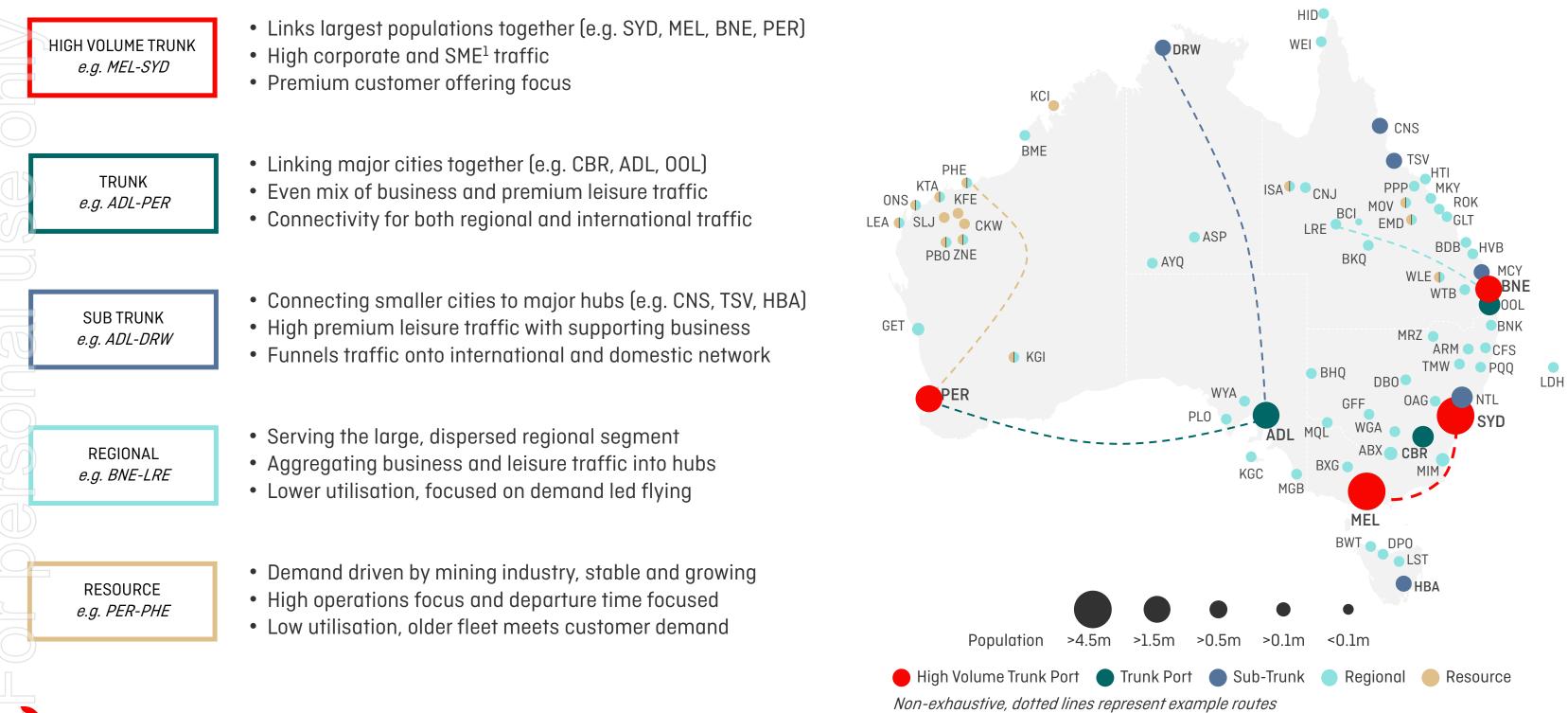
Sustaining Qantas Domestic industry-leading margins for FY24 and beyond



**QANTAS** GROUP 1. Ticketed passenger revenue divided by available seat kilometres.

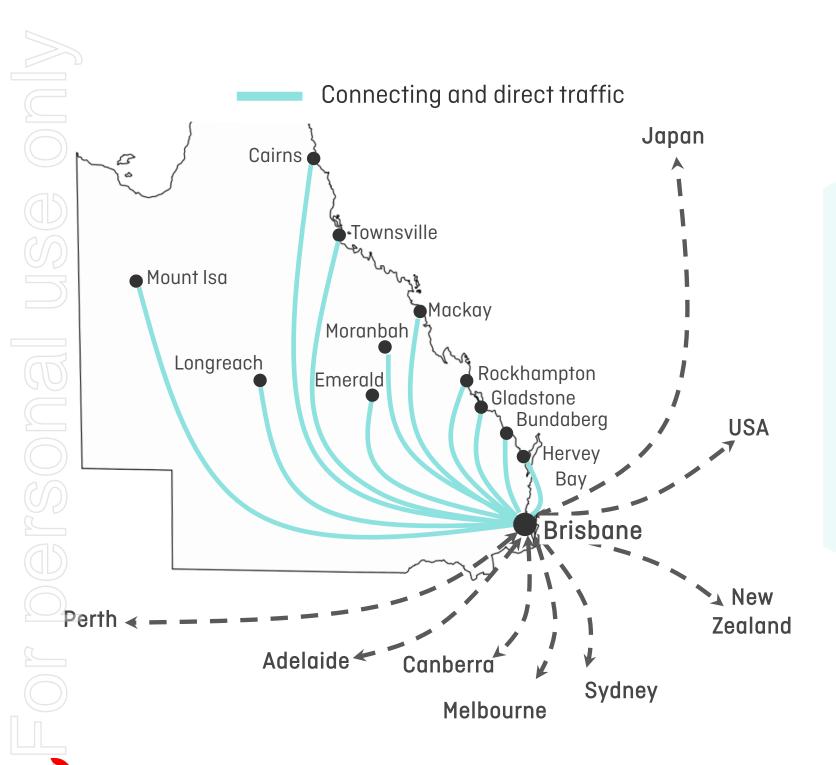


#### Fit-for-purpose network profitably serves a widely dispersed domestic population





#### Network strategy underpins unrivalled connectivity proposition for customers



- regional routes to domestic and international
- of Australia
- and redeem across network



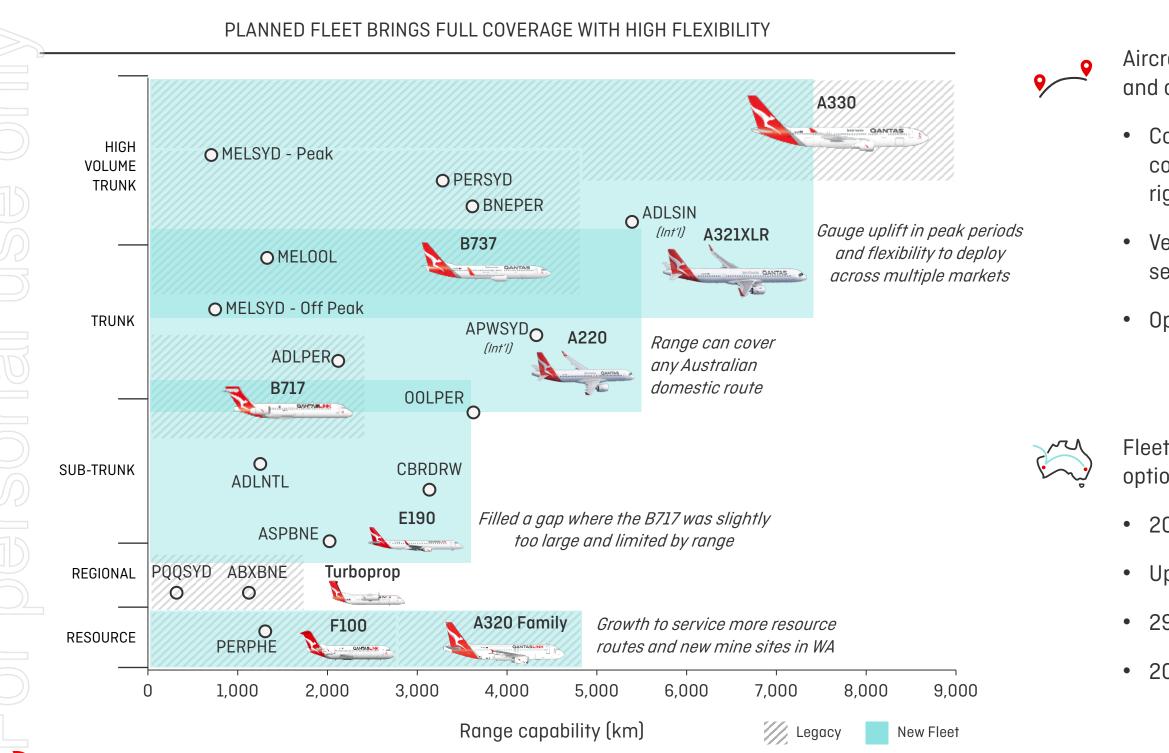
Breadth and depth of network and connection proposition enable travellers to fly to where they want, when they want

Expansive network stimulates pull-through demand from

Qantas and its partners' combined network covers 93%<sup>1</sup> of passenger demand domestically and internationally out

Reinforced by Loyalty program, allowing customers to earn

#### Current and future fleet provide flexibility to optimise route economics and drive revenue premium



QANTAS GROUP



Aircraft gauge and range provides valued flexibility and competitive advantage

Comprehensive coverage to maintain and grow competitive advantage through right-aircraft, right-route and right-time of day

• Versatility to unlock profitable point-to-point services on lower volume routes

Options to flex up or down for shifting demand

Fleet expansion and new fleet provides further optionality to best address domestic demand

- 20 x A320 family aircraft by FY24
- Up to 30 x E190s by FY25
- 29 x A220s by FY27
- 20 x A321XLRs by FY27

#### Next generation fleet technology drives substantial transformation benefit

		FLEET EFFICIENCIES			DOME	ST
		A220 vs B717	A321XLR vs B737	Pe	ercentage o	f d
	Gauge	+18% seats <sup>1</sup> 137 vs 110/125	+15% seats 200 vs 174		0%	
	Premium mix	7% premium mix (+1ppt <sup>1</sup> ) (10J seats)	10% premium mix (+3ppt) (20J vs 12J)			
<b>°</b>	Range	+100% range	+70% range	100%	100%	
₹£	Utilisation	+3.6 hours/day (+48%)	+1.8 hours/day (+17%)			
	Fuel Burn	28% lower burn / seat (11% lower trip cost)	17% lower burn / seat (4% lower trip cost)	FY19	FY23F	
	Engineering	33% lower cost per seat	2% lower cost per seat			
		. 010/	. 00/			
		+21% Unit cost	+9% Unit cost			
		improvement <sup>2</sup>	improvement <sup>2</sup>		Enablin	g :

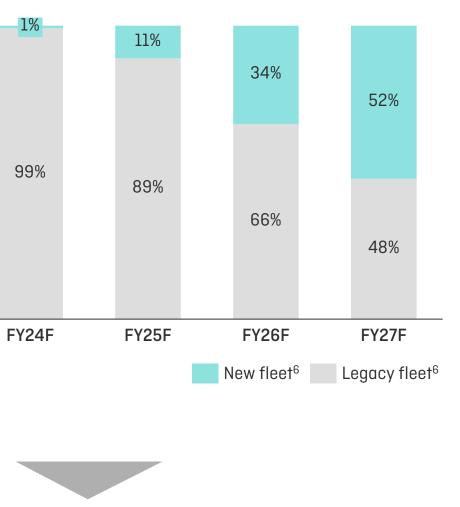


1. Based on comparison to 20 B717 aircraft fleet. 2. Cents per ASK (direct cash operating costs including fuel and average engineering lifecycle costs). 3. Based on current investments out until FY27. 4. Regular Public Transport. 5. Available Seat Kilometres. 6. New fleet includes A321XLR and A220, legacy fleet includes B717 and B737.



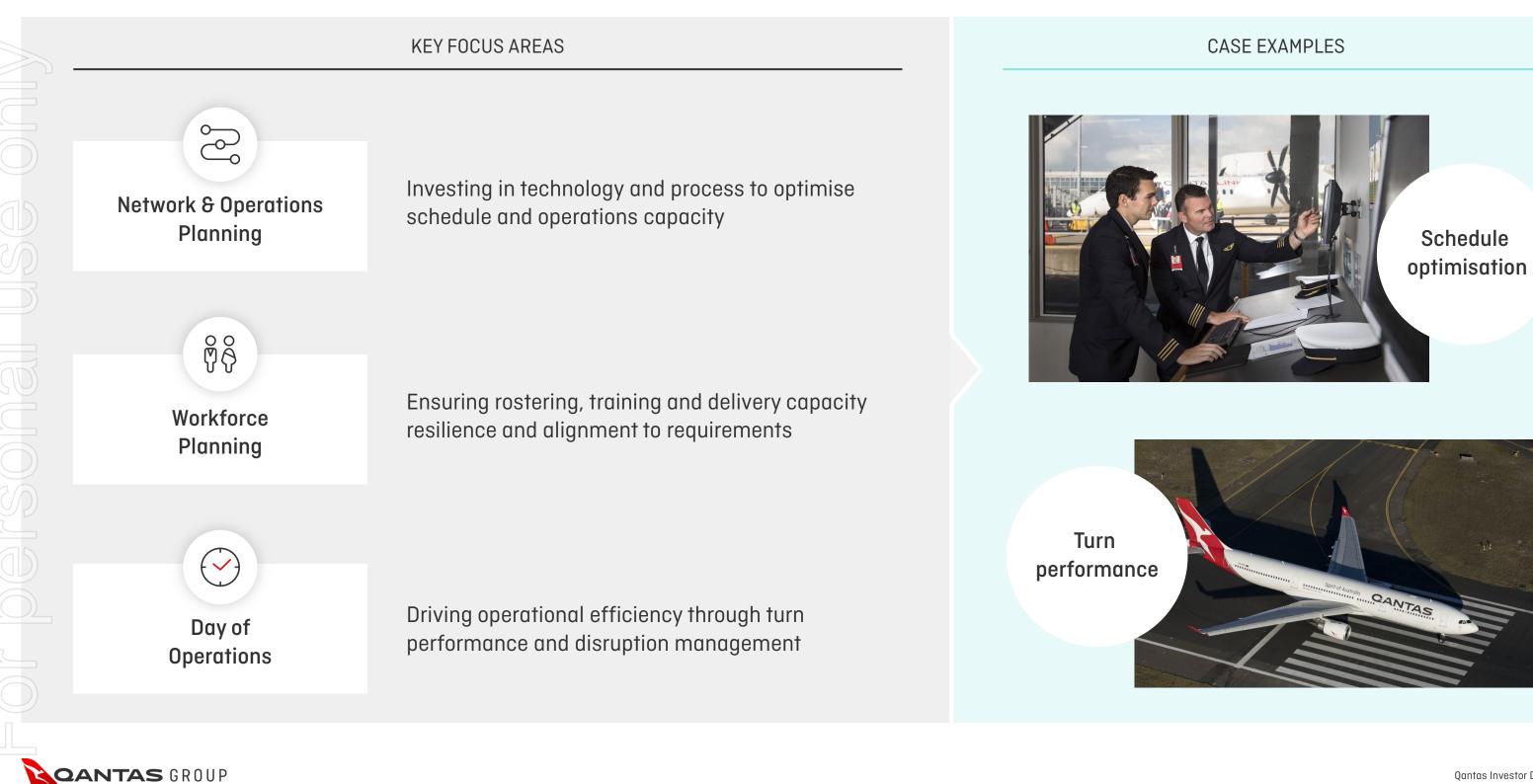
#### STIC PORTFOLIO REBALANCING<sup>3</sup>

#### domestic narrowbody RPT<sup>4</sup> ASKs<sup>5</sup>



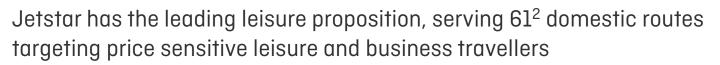
#### sustained transformation

#### Further transformation underway, including pursuit of best practice operational efficiency





# Jetstar sustaining the leading Australian LCC<sup>1</sup> position



Stable earnings base and strong domestic operating margins underpinned by competitive advantages

With low cost, scale and ancillary revenues, Jetstar continues to drive low fares for consumers

Jetstar competitive advantage



Scale and lowest cost base

Ancillary revenue

Introducing new fuel efficient A321LRs



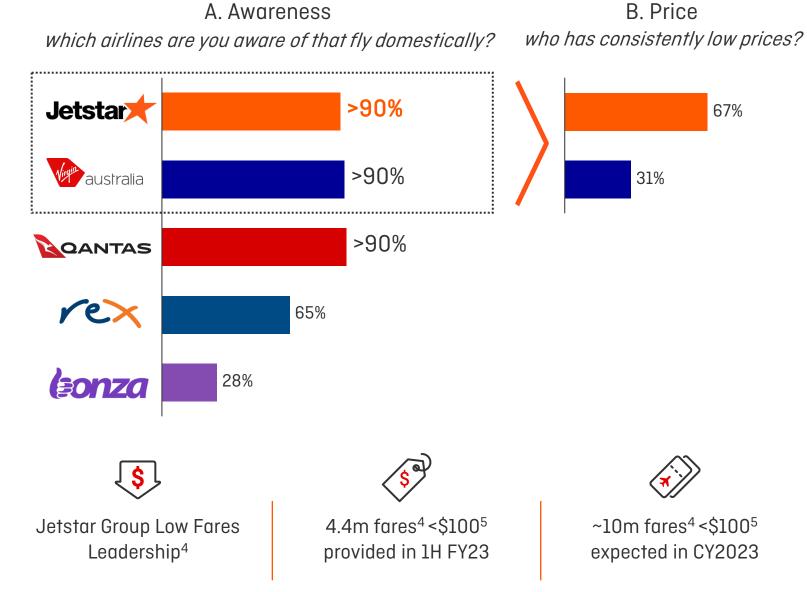
Brand and direct distribution strength

Successful dual brand

strategy



**Club Jetstar subscription** program

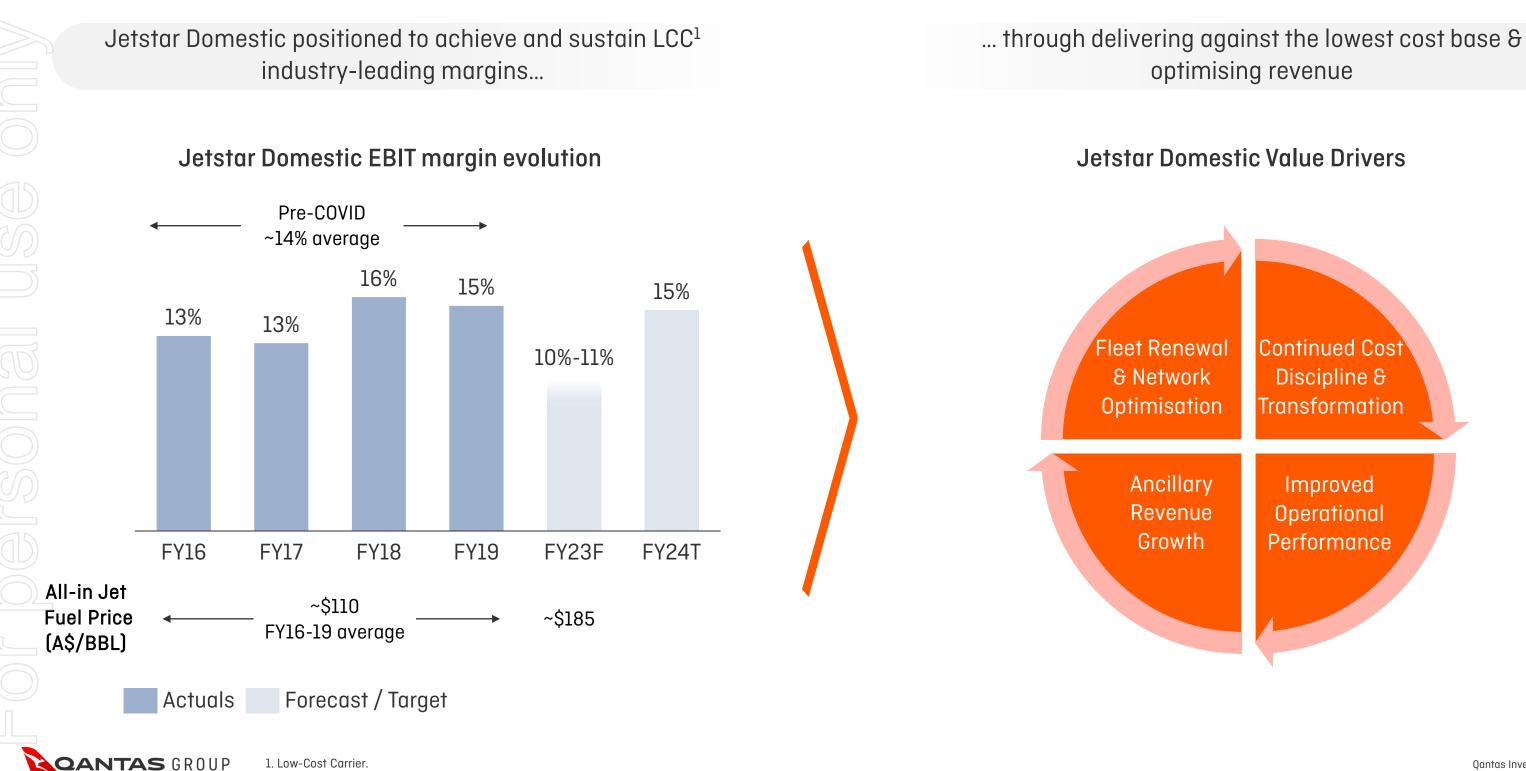






#### BRAND PERCEPTION<sup>3</sup> (Q3 FY23)

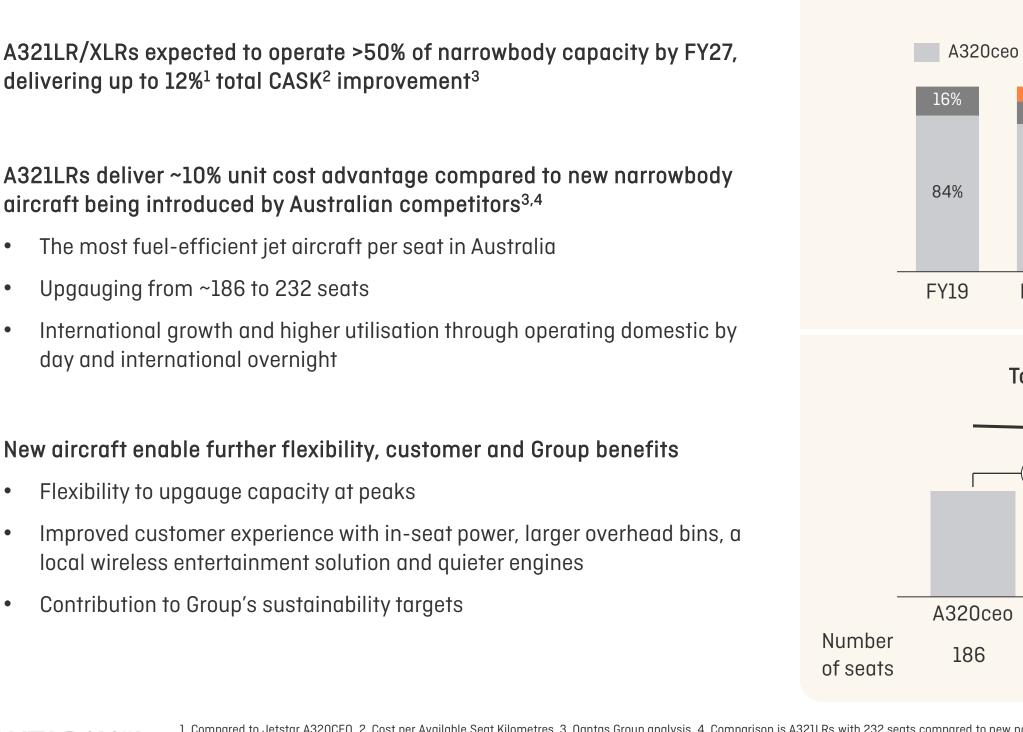
#### Jetstar Domestic targeting industry-leading LCC 15% EBIT margin for FY24 and beyond







# Jetstar fleet renewal drives margin and sustains cost leadership



#### A321LRs deliver ~10% unit cost advantage compared to new narrowbody aircraft being introduced by Australian competitors<sup>3,4</sup>

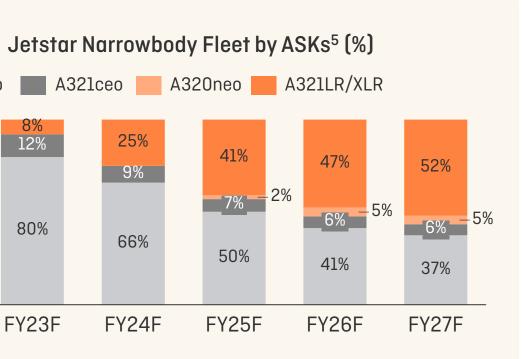
- The most fuel-efficient jet aircraft per seat in Australia
- Upgauging from ~186 to 232 seats
- International growth and higher utilisation through operating domestic by day and international overnight

#### New aircraft enable further flexibility, customer and Group benefits

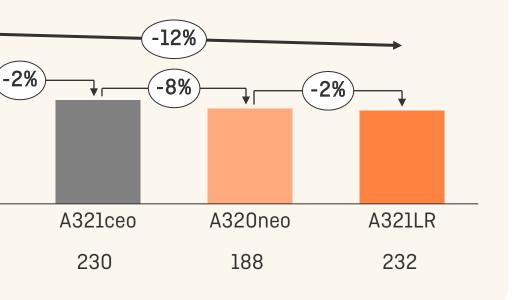
- Flexibility to upgauge capacity at peaks
- Improved customer experience with in-seat power, larger overhead bins, a local wireless entertainment solution and quieter engines
- Contribution to Group's sustainability targets



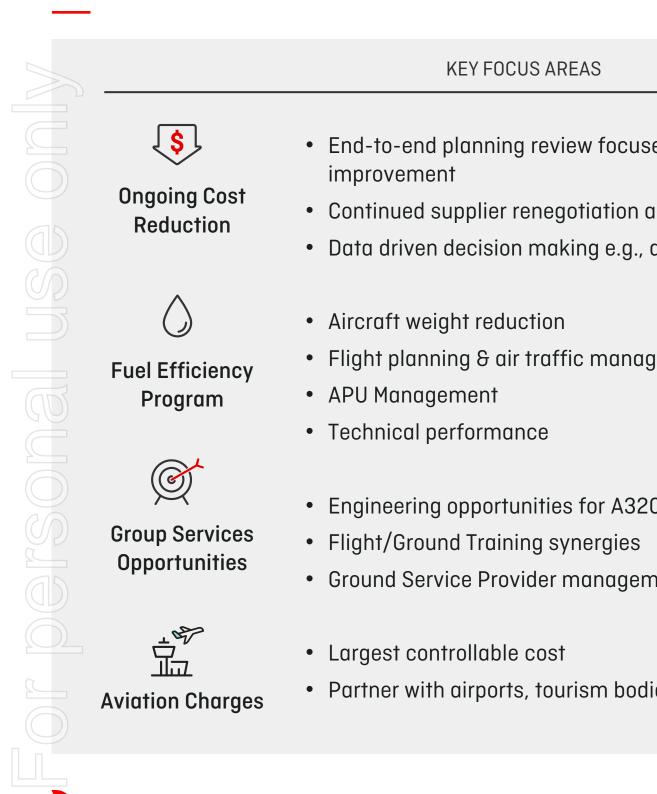




Total CASK comparison, narrowbody aircraft



#### Continued focus on cost discipline & transformation is part of Jetstar's DNA



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- End-to-end planning review focused on cost & revenue
- Continued supplier renegotiation and contract management
- Data driven decision making e.g., aircraft maintenance
- Flight planning & air traffic management

- Engineering opportunities for A320 fleet group family
- Ground Service Provider management
- Partner with airports, tourism bodies and other stakeholders





#### CASE EXAMPLES

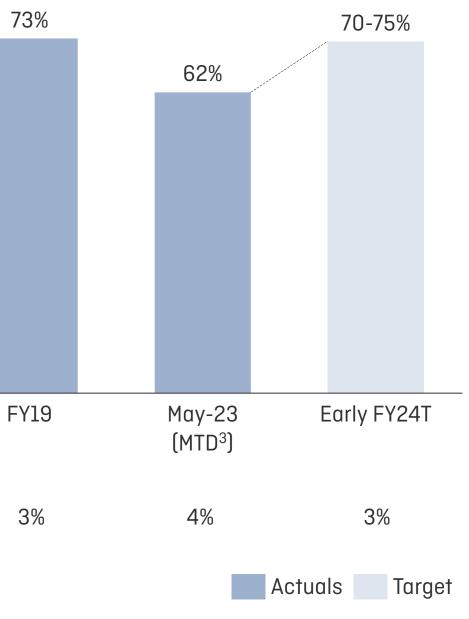
### Incremental uplift in operational performance further reduces costs and improves customer experience

<ul> <li>Aiming to achieve target OTP<sup>2</sup> range and cancellation rates by early FY24</li> <li>Delivering improved operational performance will:</li> </ul>	<ul> <li>End to end planning &amp;</li> <li>Precision Timing Sche</li> <li>Bringing forward cust</li> <li>Optimising resourcing</li> <li>OTP culture &amp; system</li> <li>GSE<sup>1</sup> &amp; stairs strategy</li> <li>Ongoing recruitment &amp;</li> <li>Fleet health &amp; reliabilitien</li> <li>Aiming to achieve target</li> </ul>	eduled (PTS) digitization & optimising t omer check-in, bag drop and gate clos coverage, standby crew & aircraft s to maximise dual door use training, including with key suppliers ty <b>get OTP<sup>2</sup> range and cancellation rat</b>	urn performance sure times	1:
Reduce disruption recovery costs Improve customer experience through more seamless travel experiences additional earnings	•	through more seamless	utilisation delivering	

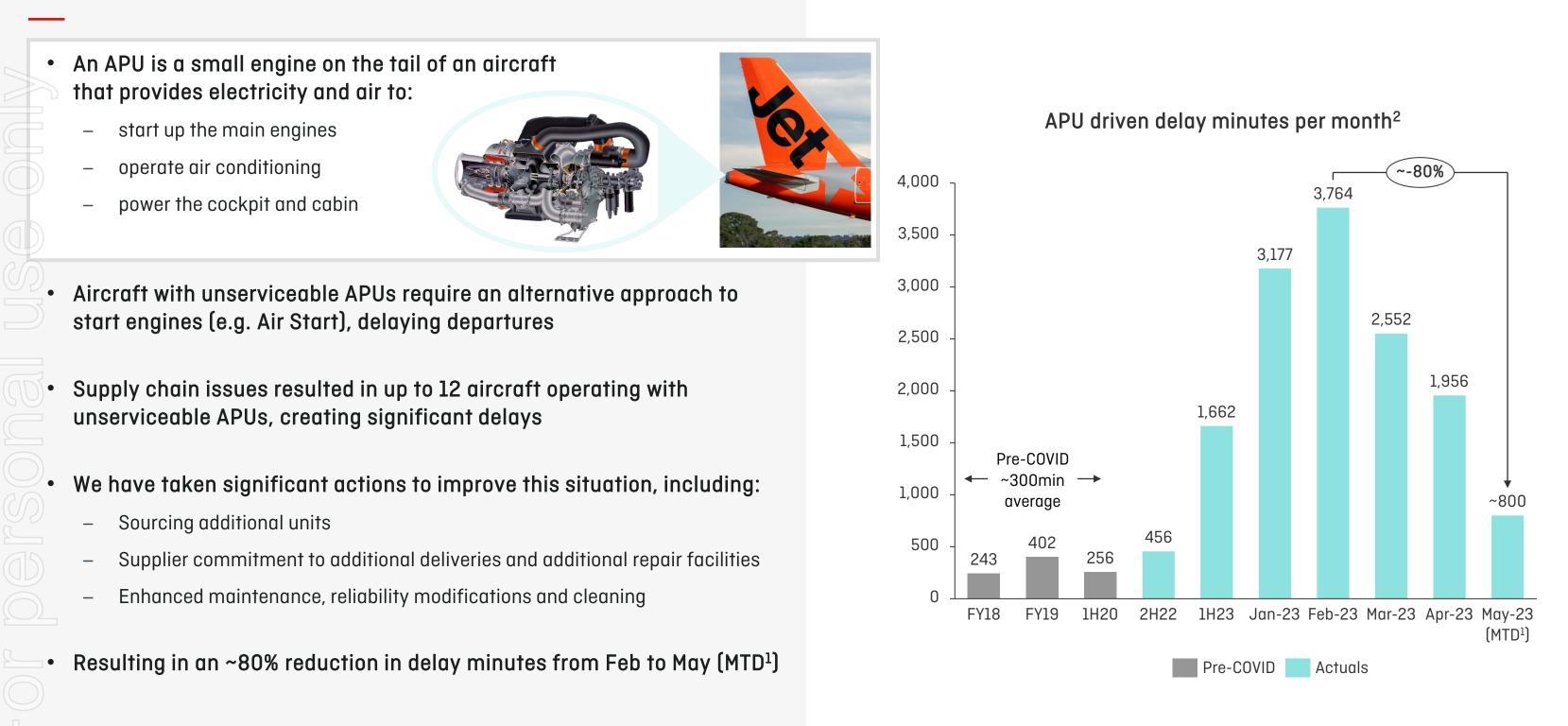
Cancellation Rates



#### Jetstar Domestic On-Time Performance<sup>2</sup>

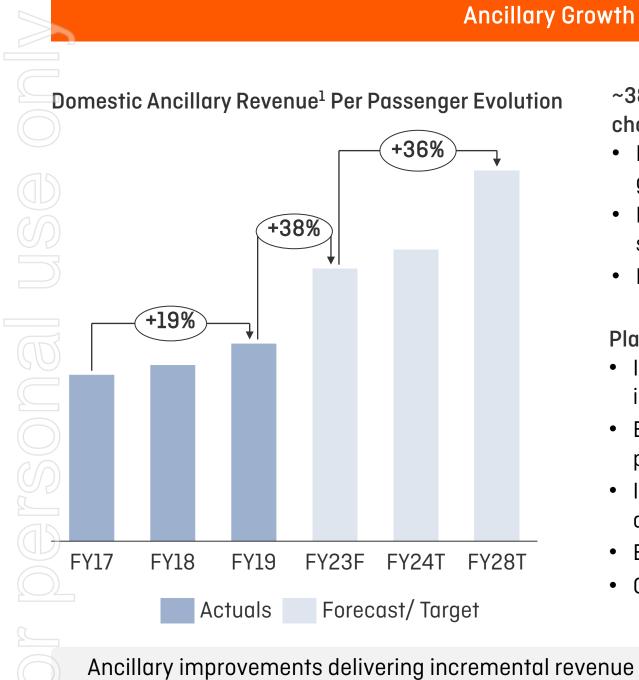


#### CASE STUDY Supply Chain – Jetstar Auxiliary Power Units (APUs)



CANTAS GROUP

#### Ancillary growth providing more choice with new offerings and services



<ul> <li>~38% growth achieved with focus on choice and driving valuable add-ons e</li> <li>New products providing customers greater flexibility</li> </ul>	Jetstar only offering	<ul> <li>Club Jetstar (subscription program)</li> <li>Freight</li> <li>FareCredit</li> </ul>
<ul> <li>Enhanced user experience for bundle selection</li> <li>Dynamic seat map with zoned pricit</li> <li>Planning further growth through: <ul> <li>Investment in app and digital ecosyst improvements</li> <li>Expanding range of flight value-added products</li> <li>Improving inflight experience with net proving inflight experience with net proving inflight experience with net products</li> </ul> </li> </ul>	ng stem	<ul> <li>Bundles</li> <li>Paid checked luggage</li> <li>Paid seat selection / extra legroom</li> <li>Paid food &amp; beverage (pre-order and onboard)</li> <li>Flight/Name change fee</li> <li>Hotels and holiday packages</li> <li>Travel insurance / car hire</li> <li>Media sales</li> <li>Paid oversize/valuable luggage</li> <li>Travelling with children under 2</li> </ul>
<ul><li>digital platform</li><li>Enhancing Club Jetstar</li></ul>	Jetstar part offering	<ul> <li>Paid carry-on baggage / paid upgrade</li> </ul>
<ul> <li>Growing Jetstar Holidays</li> </ul>	Leading LCC- only offering	<ul> <li>Destination attractions</li> <li>Paid security fast-track</li> <li>Paid priority boarding</li> </ul>
evenue and improved choice for custome	r <b>s</b> Previously offered by Jetstar	<ul><li>Hold fare offering</li><li>Paid airport transfers &amp; parking</li></ul>

**CANTAS** G R O U P 1. Excludes Freight revenue and brand extensions revenue. 2. Low-Cost Carrier.



#### Ancillary Product Offering vs Leading LCC<sup>2</sup>

#### **CASE STUDIES Driving Ancillary Revenue**



Released RV22

-

Customers can cancel their booking and receive a voucher for the value of their flight

	nd gain the freedom to cancel that flight and value of your flight, plus any in-flight extras*.	
	nage Booking for any reason (even if you've airport check-in opens for that flight	
<ul> <li>Once cancelled, your v up to 3 years</li> </ul>	oucher is emailed within 24 hours and valid for	
Covers these and more	e: 🛷 Fares 💼 Bags 🛛 🏴 Meals	
*FareCredit will be applied	to every named passenger on that flight.	
More info A	\$25 <sup>From</sup> Add FareCredit	

- World-first product featured in 2023 • CarTrawler report as one of 'eight new ideas by airlines all over the globe'
- Applies to non-refundable fares increasing choice for customers
- Delivering incremental revenue benefit and enhanced customer choice

#### **Bundle Selection**

FORTH FY23

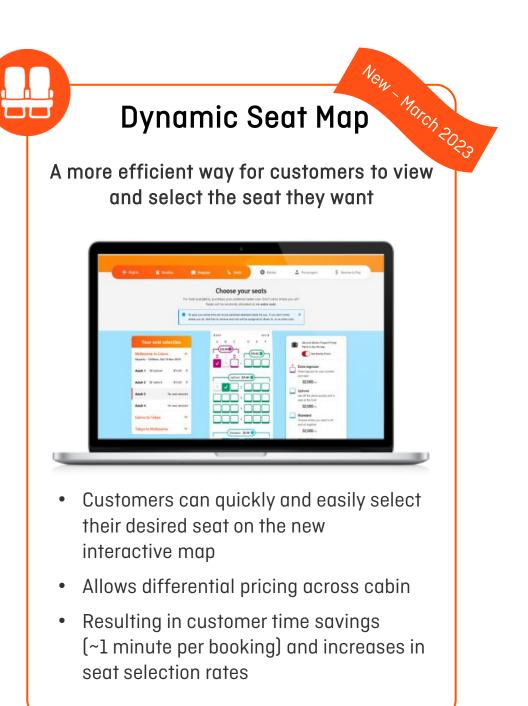
Making it easier for customers to view and select the bundle that's right for them

Starter Our basic fare	Flex Think your plans might change? You need the Flex	Plus Enjoy the extras and save	Max Comfort and flexibility to the Max
7kg carry-on baggage	14kg carry-on baggage	7kg carry-on baggage	7kg carry-on baggage
X No checked baggage - add later	Upfront or standard seat	5 Standard seat	Any available
× No seat selection - add later or get free allocated seat	(S) Change flight dates or time No change fee, Fare difference may apply	Change flight dates or time No change fee, Fare difference may apply	Change flight dates or time     No sharpe fee, Fare difference may apply
× No In-flight meal deal - add later	Flexible fare Tarre day changes	20kg checked baggage	30kg checked baggage
× Qantas Points not available	Cancel your flight* Credt Voucher for full errount	S 1450 Qantas Points	2200 Qantas Points
× Flexible Fare	× No In-flight meal deal - add later	11-flight meal deal or snack	In-flight meal deal or snack
Change fee* Change fee for Fight changes, plue Fere Difference may apply	× No checked baggage - add later	× Flight cancellation*	🛞 Flexible fare
× Flight cancellation*	× Qantas Points not available	× Flexible Fare	Cancel your flight* Credit Vousher for full amount
Starter fare	Starter fare with Flex bundle	Starter fare with Plus bundle	Starter fare with Max bundle

- Bundles moved to flight selection page
- Resulting increase in bundle conversion rates, and ~3 minute time saving per booking

Track record of delivering innovative products, more choice and greater benefits to our customers

**QANTAS** GROUP



Proven coordinated dual brand strategy and performance enable Group to deliver and sustain leading margins



Strong demand outlook in a stable market



Protecting and extending dual brand network and margin advantage



Maintaining customer focus and expanding segment leadership

S

Fleet transformation delivering step-change in unit cost reduction

~18%

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Qantas Domestic Jetstar Domestic EBIT margin target FY24+ EBIT margin target FY24+



Disciplined cost focus and ongoing transformation protecting margin performance

**QANTAS** GROUP

Delivering sustainable margin advantage for Qantas and Jetstar while growing top-line revenue and increasing invested capital

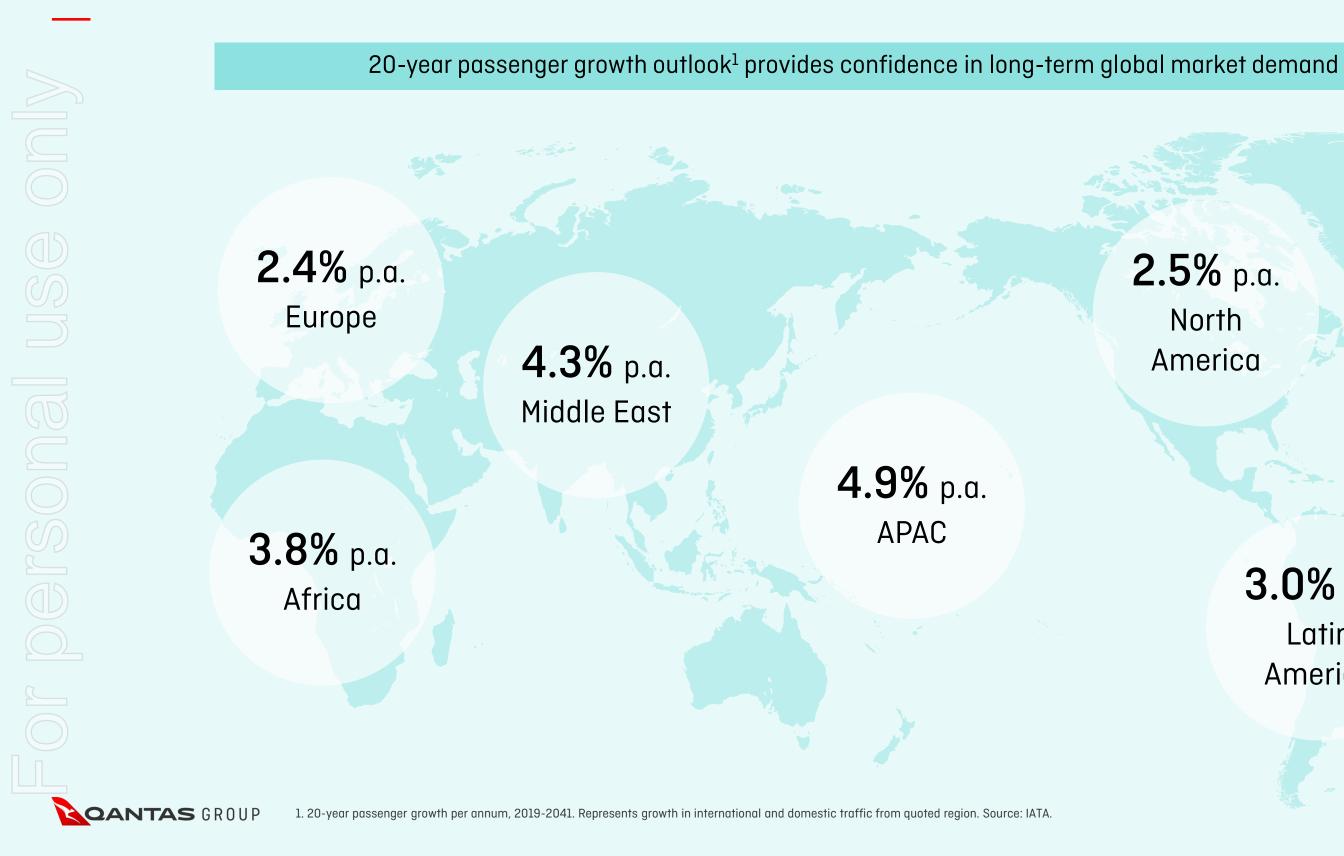


# SECURING INTERNATIONAL GROWTH AND EARNINGS





# Global passenger growth reinforces the opportunity of unique direct routes from Australia



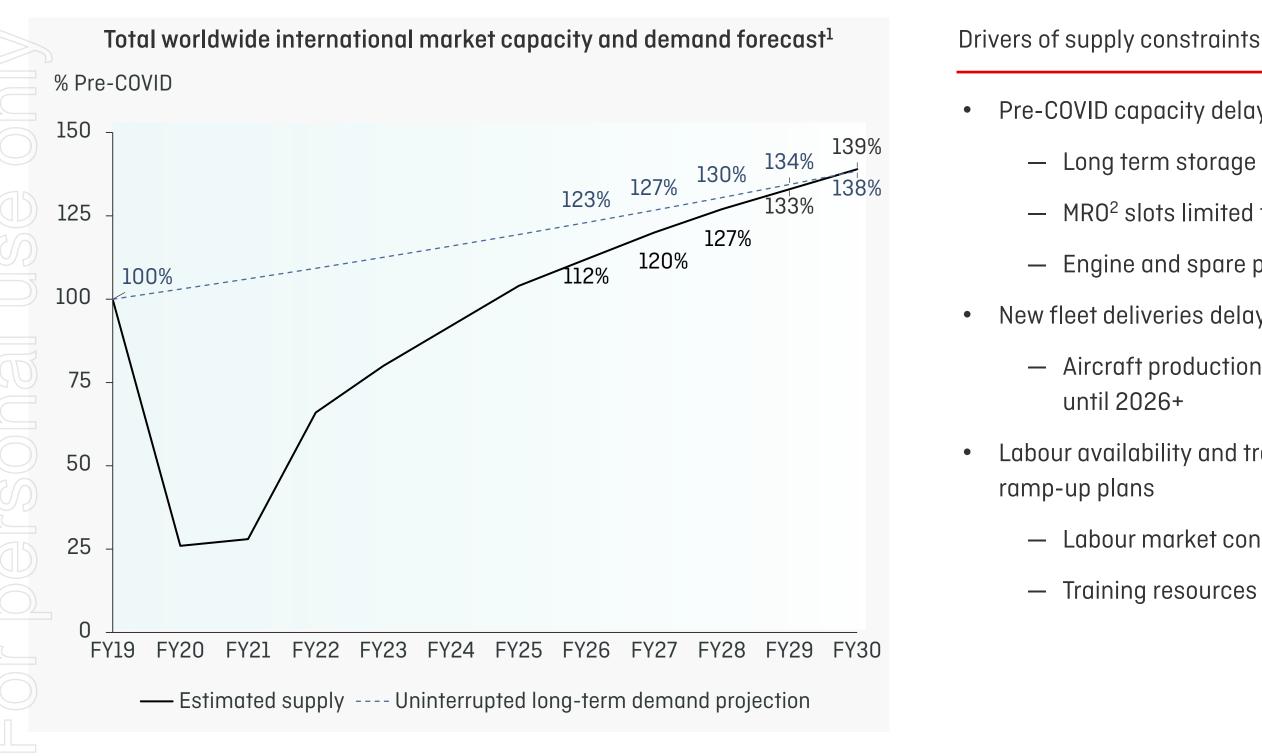
2.5% p.a. North America

> 3.0% p.a. Latin America

> > Qantas Investor Day 2023 | 34

#### Market supply constraints expected to persist for several years

**QANTAS** GROUP



1. Demand projection forecasted using CAGR of 3%. Estimated supply sourced from IATA (IATA Tourism Economics Air Passenger Forecasts), which represents forecasted total passengers constrained by available supply 2. Maintenance, Repair & Overhaul

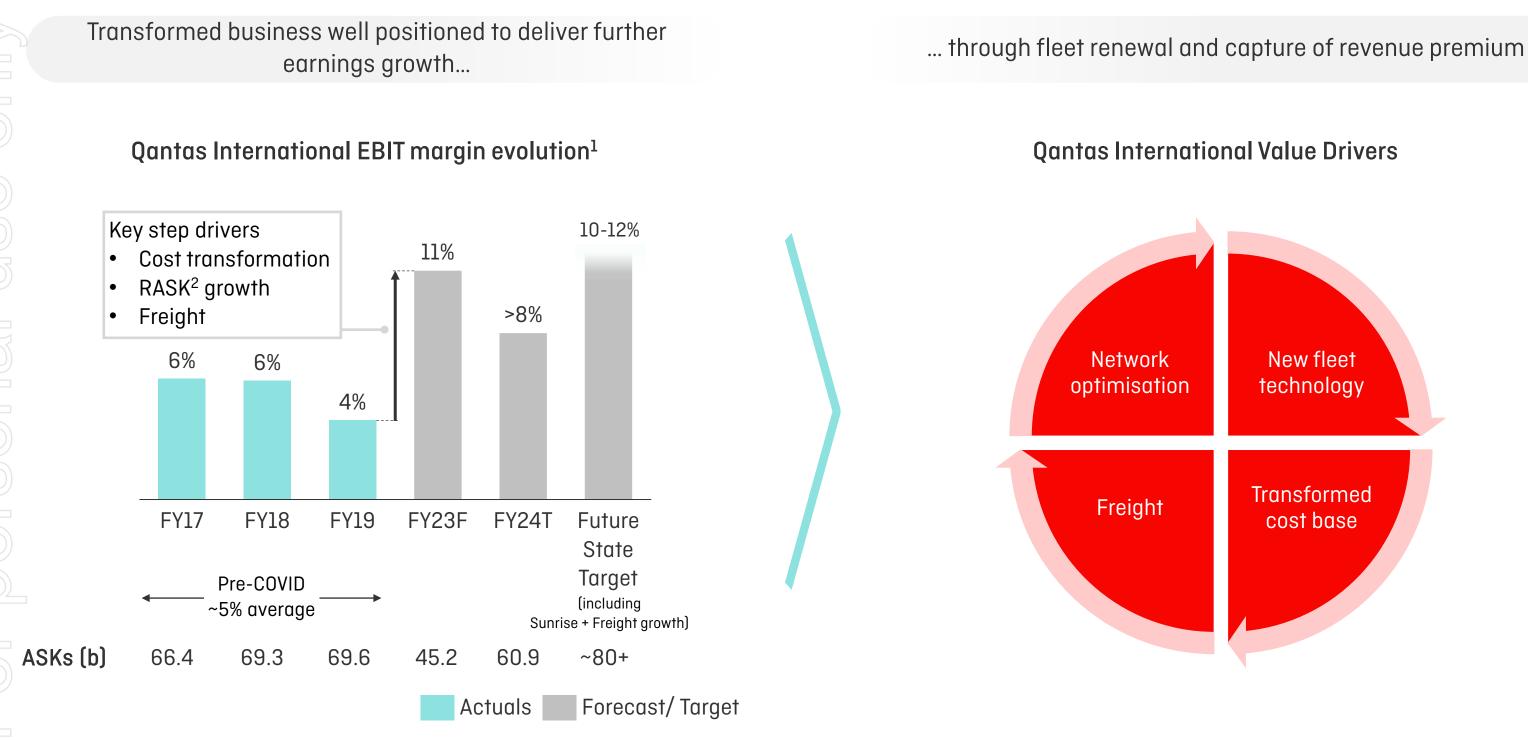
- Pre-COVID capacity delayed return to market
  - Long term storage causing maintenance delays
  - MRO<sup>2</sup> slots limited for return to service
  - Engine and spare part shortages
- New fleet deliveries delayed by manufacturers
  - Aircraft production lines not returning to FY19 levels
- Labour availability and training have affected industry
  - Labour market constrained
  - Training resources limited

# QANTAS INTERNATIONAL





## Delivering greater than 8% EBIT margin for Qantas International for FY24 and beyond



**QANTAS** GROUP 1. Qantas International segment, inclusive of Qantas Freight. 2. Ticketed passenger revenue divided by available seat kilometres





## Qantas is strategically positioned to profitably serve the most important outbound markets

Qantas leverages brand and distribution strength to serve outbound business and premium leisure customers Tails show key partnerships in market

#### UK/Europe

Servicing key destinations including London (via Singapore & Perth) and Rome (seasonally) Key fleet: A380 and 787-9

#### Asia

Flying **direct** from Australia to key markets in Asia, leveraging home market strength

Key fleet: A330

#### North America

Connecting Australia to key destinations & partner hubs including Los Angeles, Honolulu, New York and Dallas

Key fleet: A380 and 787-9

#### South America

advantaged market

Key fleet: 787-9

#### South Africa

Operating direct in structurally advantaged market

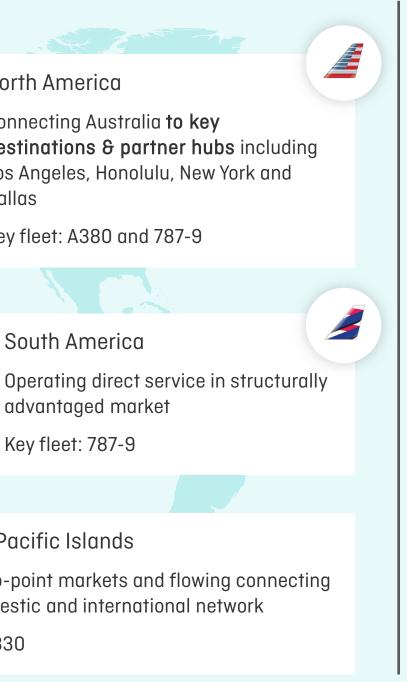
Key fleet: 787-9

#### New Zealand and Pacific Islands

Serving core point-to-point markets and flowing connecting traffic to rest of domestic and international network

Key fleet: 737 and A330





- Flying direct to where outbound travellers want to go – network covers 100% of top ten outbound destinations<sup>1</sup>
- Partnerships providing unparalleled access from Australia to the world
- Delivering differentiated longhaul customer service offering
- Fleet capability and capacity effectively serving target markets
- Premium aircraft configurations delivering yield premiums
- Customers benefiting from Frequent Flyer Program and alliance partnerships

#### Largest network access from Australian market with over 1,300 destinations<sup>1</sup>

oneworld

Global Alliance "glue" that provides:

Access to over 800 destinations

Enhanced customer experience

oneworld



Emirates Largest one-stop carrier between Australia and Europe, the Middle East and Africa



LATAM Group Largest carrier within South America

**QANTAS** GROUP



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Access to >600 lounges

**American Airlines** Largest domestic US carrier



IndiGo Largest domestic India carrier



China Eastern Supports access within largest inbound market<sup>2</sup> to Australia

# +24

Other Codeshare **Partners** 

#### **Network reach &** distribution

#### **Expansive customer** offering

Loyalty reward & recognition

#### **Capital efficiency**



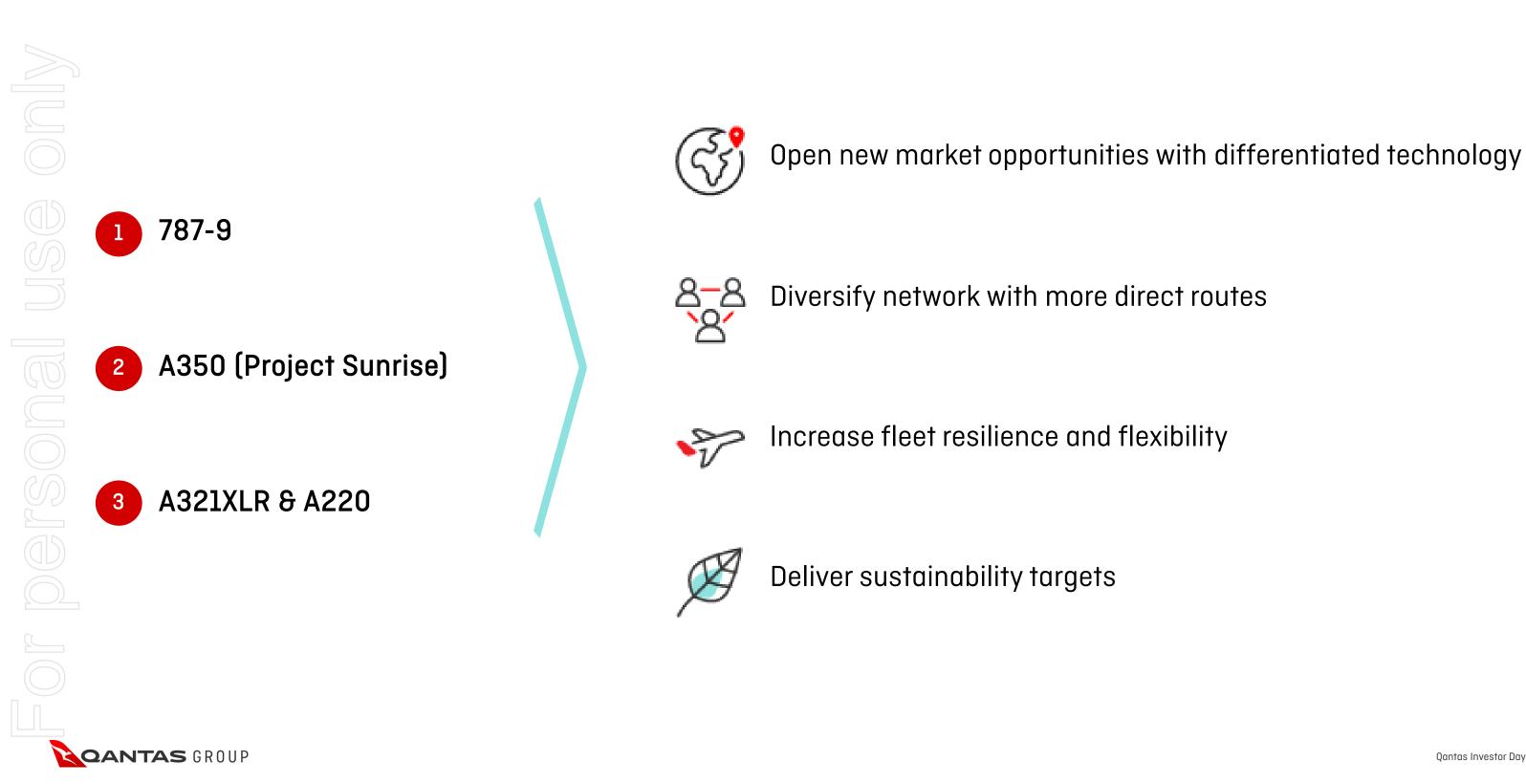
- Providing unparalleled connectivity between Australia and the rest of the world
- Maximising bilateral distribution strength •

Extending Qantas offering with consistency

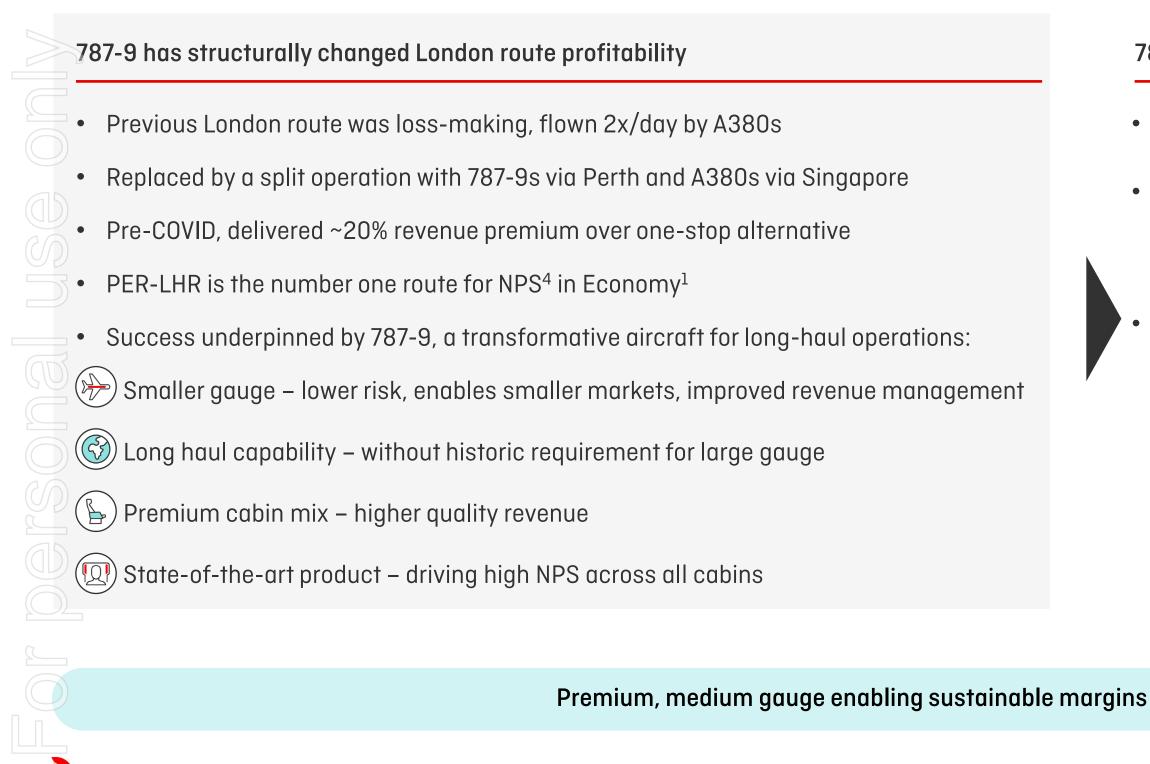
- Reciprocal status benefits ۲
- Full Frequent Flyer earn on Qantas codeshares (points / status)
- Extensive Redemption offering

Prioritising deployment of Qantas capital on routes that deliver against financial objectives; leveraging partners for others

New fleet technology driving long-term structural advantage and future earnings









#### 787-9 enables point-to-point routes

Additional three aircraft delivering in Q4 FY23

Providing improved earnings on long-haul routes – Perth-Rome<sup>2</sup>, Melbourne-Dallas<sup>2</sup>, Sydney-Johannesburg<sup>2</sup>, Auckland-New York<sup>3</sup>

Repeatable strategy can be used to open potential new opportunities (e.g. Paris, Chicago, Seattle)



## Project Sunrise and A350 establishing unprecedented structural advantage

2

Willingness to pay more for non-stop service, supported by premium cabin mix

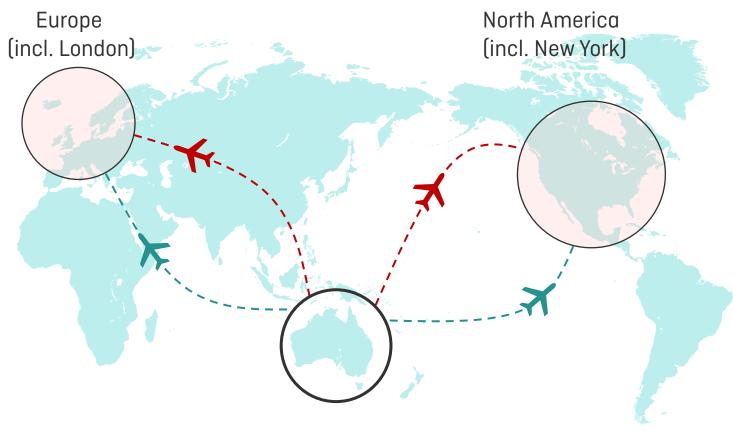
Customer experience in all cabins optimised for long-haul travel

Point-to-point connections between large markets, core to the Qantas customer base (building on 787-9 London example)

Enables redeployment of 787-9 fleet and further optimisation of international freight proposition

Wider Group benefit for Qantas Domestic and Qantas Loyalty given unique and aspirational nature of Project Sunrise

#### Incremental earnings in excess of ~\$400m p.a. by FY30<sup>1</sup> ~\$400m of incremental working capital benefit<sup>2</sup>



#### Sustainable competitive advantage created by leveraging fleet technology for international growth and wider group benefit



Potential A350 Sunrise routes<sup>3</sup>

787-9 fleet redeployment<sup>3</sup>

## The A321XLR and A220 will transform short-haul international flying

A321XLRs and A220s deliver improved mix of range and gauge for markets

Efficient, versatile aircraft capable of domestic and short/medium-haul international operation

A321XLR enables lower unit cost vs 737 given larger capacity

- A220 enables increased network frequency at competitive unit cost vs 737
- Range capability in smaller gauge enables profitable entry onto routes unable to be served previously

Targeted fleet configurations to meet specific customer and route requirements



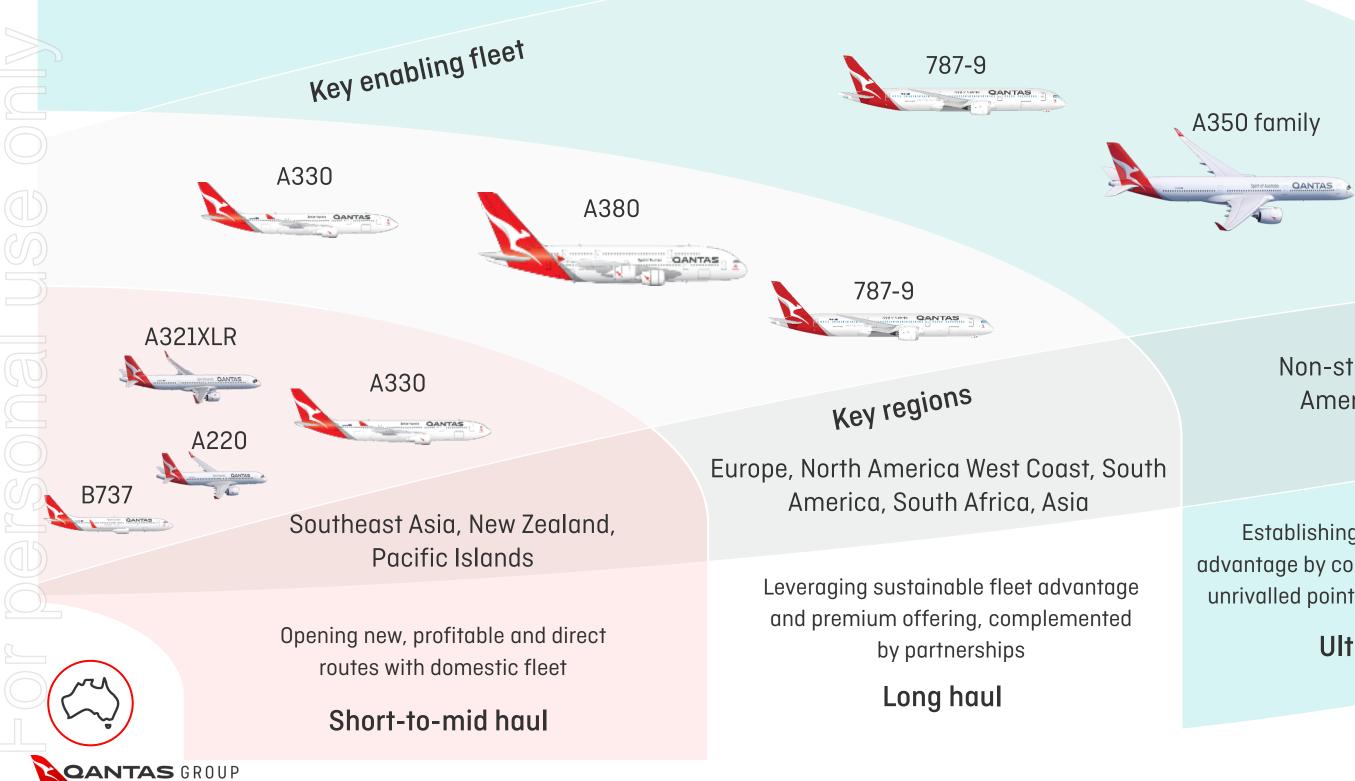


Enables ability to profitably participate on routes that were previously unfeasible

3



Future state proposition sustains competitive advantage and margin performance





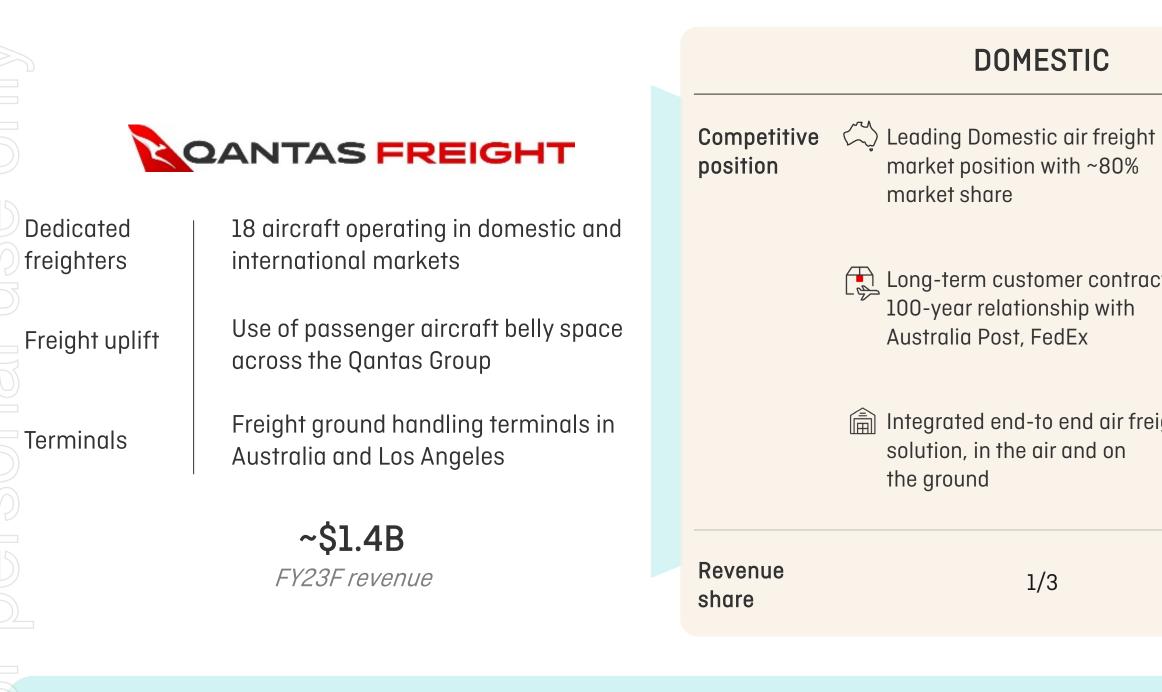


#### Non-stop Europe, North America East Coast

#### Establishing structural competitive advantage by connecting large markets with unrivalled point-to-point premium offering

#### Ultra long haul

Qantas Freight plays a key role in the Group portfolio through its Domestic and International operations



Supports the Group by driving revenue uplift and yield, and providing diversified, incremental earnings streams





	INTERNATIONAL
	Strong brand with premium service offering and long term customer relationships
its:	Traffic rights in lucrative AU-CN- US market enabled by global sales function
ght	Leading market position as freight ground handler for global importers
	- /-

2/3

## \$150m in structural earnings growth versus FY19

eCommerce growth	<ul> <li>Demand growth from structural change in eCommerce</li> <li>Driven by purchasing habits formed during the pandemic with +1 million mo households shopping online versus 2019 (11% penetration increased to 20%<sup>1</sup></li> </ul>
International yields	<ul> <li>Traffic rights in CN-US market and strong US-AU market position</li> <li>Captured the yield opportunity during COVID; yields moderating but are expension stabilise at ~150% of FY19</li> </ul>
Customer proposition	<ul> <li>Transformed the customer offer through digitisation and automation</li> <li>Via investments in revenue management optimisation, API integration, iCarge platform upgrade, terminal automation and digitisation of sales and service</li> </ul>
Fleet renewal	<ul> <li>Commenced aircraft renewal of older technology with A321s</li> <li>Transition from six types to three types, enabling growth through ~55% grea with ~30% lower emissions, ~40% greater range and ~20% lower unit costs<sup>2</sup></li> </ul>



ore Australian %1)

pected to

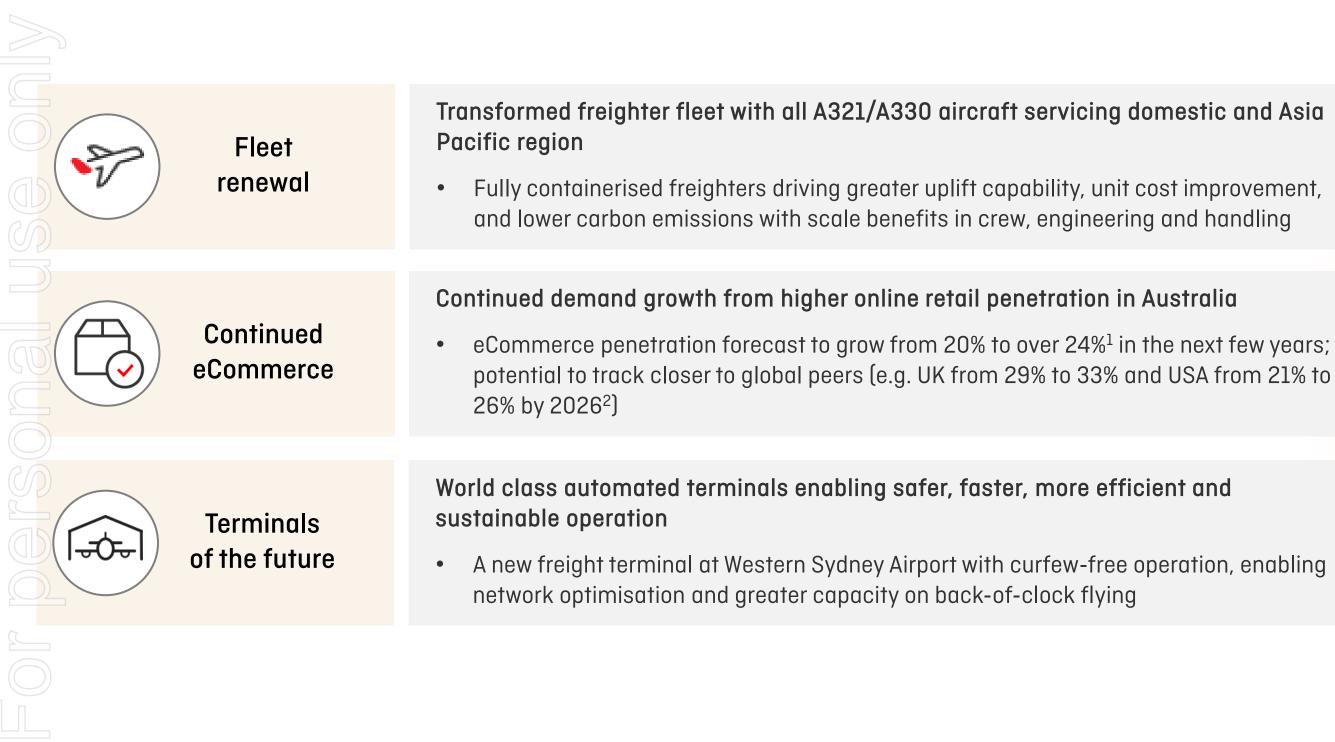
## \$150m structural earnings growth<sup>3</sup> vs. FY19

irgo core ce functions

ater payload

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## Targeting a further \$100m in earnings growth by FY30





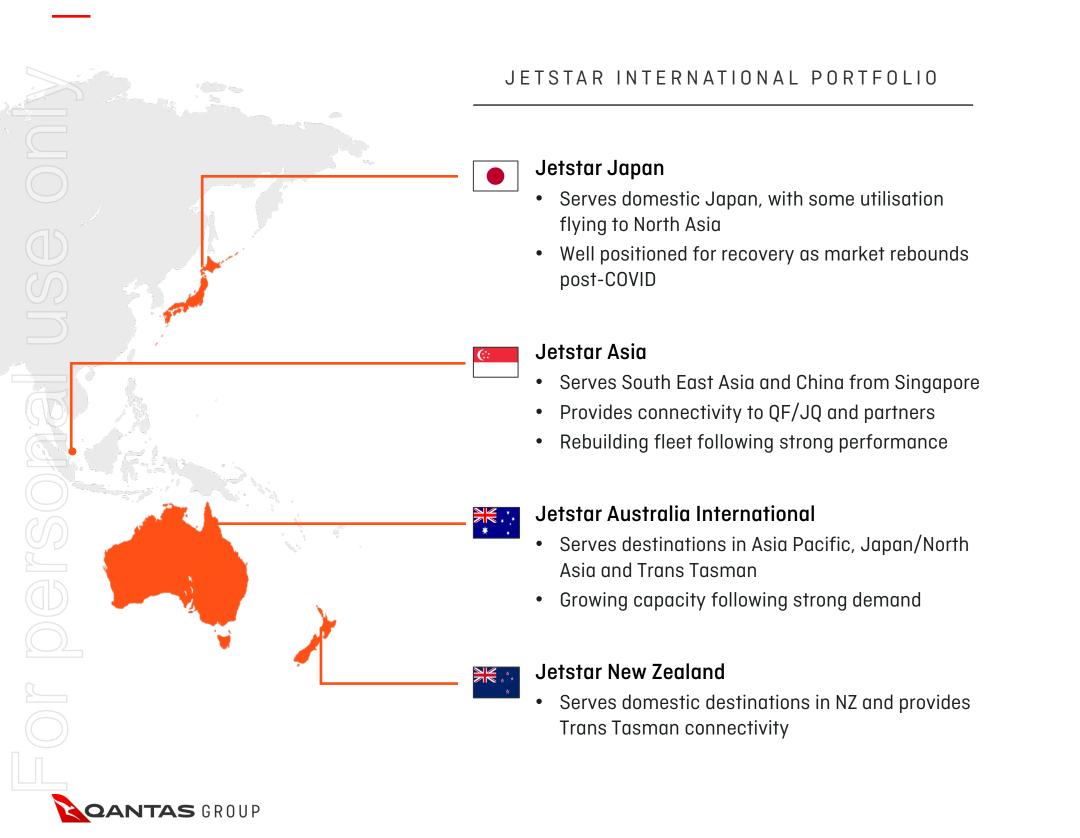
## Targeting an additional ~\$100m earnings by FY30

# JETSTAR INTERNATIONAL





#### Jetstar is well positioned to serve international price sensitive demand



#### ....



#### BENEFITS OF PORTFOLIO

Access to growing Asia market

Multiple profit pools

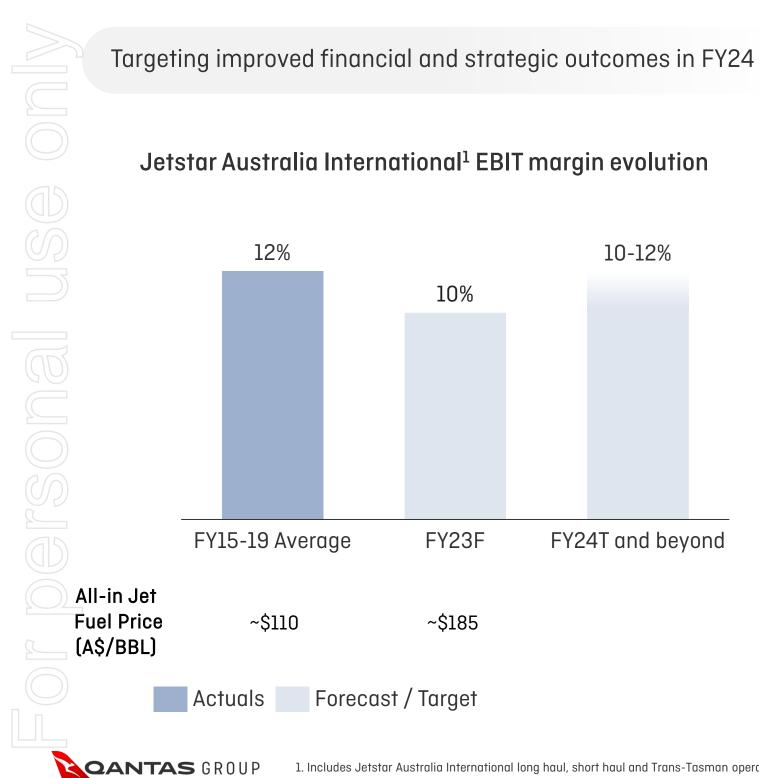
Network extension & connectivity

Scale benefit, reducing cost

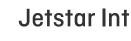
**Brand reach** 

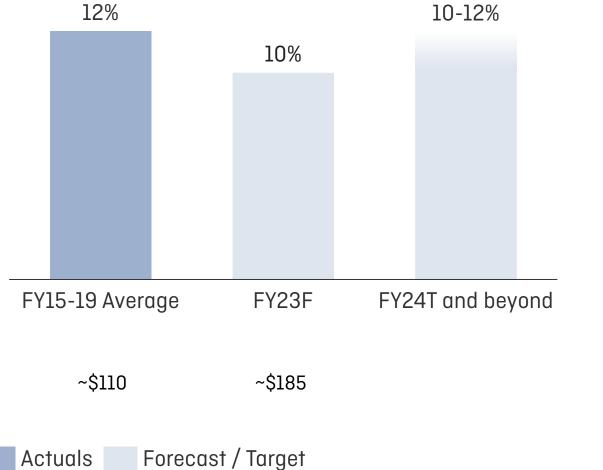
Fleet composition & ability to redeploy aircraft

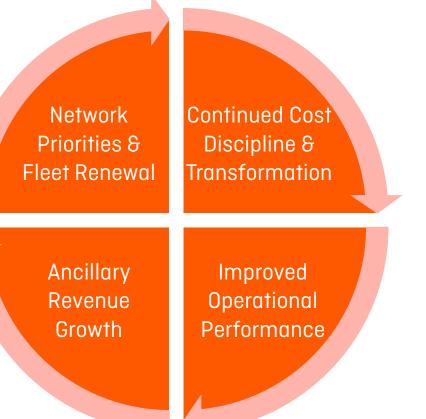
















...delivered through...

#### Jetstar International Value Drivers



## Jetstar Australia International playing where we can win in Asia Pacific

International travel to/from Australia by 2027<sup>1</sup>



**16%** growth in passengers (>24m) vs 2019

80% of inbound traffic to be leisure / VFR

**\$228B** total tourism spend (vs. \$138B in 2019)

**Currently >60%** of total traffic to/from Asia Pacific<sup>2</sup>

- Geographically close to Australia
- Large and growing population
- Rising income per capita

its low cost position, strong ancillary revenue and brand strength to:

#### Strengthen and grow outbound leisure destinations

Jetstar expected to have 51% market share<sup>3</sup> on Australia-Bali in FY23

#### Launch new North Asia inbound markets

Launched Korea in November 2022



1. Source: Tourism Research Australia (Tourism forecasts for Australia 2022-2027) 2. In the 12 months to February 2023 based on short term (less than one year) visitor arrivals and resident returns from Oceania, Antarctica, South-East Asia, North-East Asia, Bangladesh, India, Nepal and Sri Lanka. Source: ABS. 3. Source: Diio Mi, based on total seats



# Jetstar International capitalising on opportunities in Asia Pacific, leveraging

#### Strengthen existing Japan inbound markets

Jetstar expected to have 36%<sup>3</sup> market share on Australia-Japan in FY23, with strong brand presence with Jetstar Japan

#### Grow new partnerships to increase reach

Currently Jetstar Group has 49 interline and 14 codeshare partners

## 👫 🔆 Jetstar Australia in Bali

**Jetstar is the #1 carrier serving Bali** growing share from 31% in FY14 to 51% in FY23<sup>1</sup>

#1

Bali is the 2<sup>nd</sup> largest international destination for Australian tourists<sup>2</sup>

#2

#### Ongoing profitability supported by Jetstar's competitive advantages

- First-mover advantage and brand awareness, reinforced by quickly re-entering after borders re-opened post-COVID, carrying >1.1 million customers in the first 12 months
- Strong Australian market presence
- Dual brand positioning

#### Further profitability and growth expected with additional A321LRs

- New routes and capacity growth enabled with A321s allowing redeployment of 787s (e.g. new Seoul route, Singapore capacity)
- Improved domestic unit cost base delivered through A321LR
   technology improvement









Batik air





#### AUSTRALIA TO BALI (FY23)

Market Share (Seats)	) <sup>1</sup> # F	Routes <sup>1</sup>
	51%	7
15%		5
10%		4
8%		1
8%		2
6%		3
2%		2



## Jetstar Australia fleet strategy driving cost improvement and new route opportunities

#### A321LRs<sup>1</sup> currently delivering:

- CASK<sup>2</sup> improvement through reduced fuel burn and higher utilisation
- Growth opportunities beyond Bali i.e., Sydney-Rarotonga from 29 June 2023

#### Future delivery of 15 A321XLRs further enables:

- Redeployment of B787s to new or existing markets beyond the range of A321XLRs
- Augmentation of capacity on existing routes e.g., seasonally

#### Resulting in optimised international deployment:

- A321LRs on short haul international including Bali
- A321XLRs on medium range international
- B787s on medium to longer range international

New fleet capability enables exciting new route opportunities potentially including destinations in Philippines, Vietnam, Thailand, Korea, India, Sri Lanka and Pacific Islands



● PERTH
 ■



•AKL •CHC

Range maps are indicative only

- AKL

• CHC

CAIRNS

## Competitively advantaged position in large aviation market with low LCC penetration

4<sup>th</sup> largest domestic travel market in the world<sup>2</sup>

Jetstar Japan is the #1 domestic LCC<sup>1</sup> at Tokyo's Narita Airport, serving 20 routes<sup>3</sup>

- First mover advantage, in the market since 2012
- Profitable for 4 consecutive years pre COVID, achieving ~10% ROIC in FY18 & FY19
- Strong brand awareness (77% in Tokyo<sup>4</sup>), OTP<sup>5</sup> and load factors
- First in Group to operate A321LRs, with the 3<sup>rd</sup> aircraft expected in July 2023
- Close collaboration with Japan Airlines

#### Expected to return to profitability in FY24

Currently growing capacity and aircraft utilisation in line with strengthening leisure demand

#### Opportunity for further growth given low LCC penetration and A321LR range

- Domestically, if Japan capacity reached LCC penetration levels of other markets (~3x) and JJP held its market share then this would drive scale to ~60 aircraft
- Internationally, almost 1/3 of world's population within reach from Tokyo with A321LR







## Jetstar Asia growth planned following strong financial performance

#### Uniquely positioned in large Asia market

~1/3 of world's population and 17 countries within reach of JSA from Singapore

#### JSA holds the only non-Singapore Airlines Group AOC in Singapore

- Focused on South East Asia and recently relaunched China
- Provides connectivity and revenue to Qantas Group
- Provides additional connectivity to **one**world and wider partners
- Rebuilding fleet with first 2 deliveries in FY24

Delivering excellent operational performance, customer service and strong profitability with ROIC above WACC<sup>1</sup> in FY23, sustainable with growth

#### Significant growth potential

- Intra-Asia travel demand forecast to rise 60% from 2019 to 2030<sup>2</sup>, the highest of any region globally
- Growing middle class with increasing propensity to travel to Singapore particularly from Indonesia, China, Philippines and India
- Changi airport expanding terminal capacity 65% by mid-2030's<sup>3</sup> to serve increasing demand



## New technology unlocks International margins and earnings growth



New fleet capability unlocks new markets including expanded pointto-point routes



Fleet and partners provide ability to profitably service strong home market demand and capture Asia growth



Sunrise provides unique competitive advantage and structural \$400m increase in earnings at scale, including ~\$400m incremental working capital benefit



Fleet transformation delivering step-change in unit cost reduction

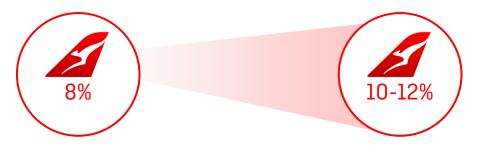
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Freight uniquely positioned to capture \$150m in structural earnings growth since FY19<sup>1</sup>, targeting \$100m in incremental earnings by FY30



Disciplined cost focus and ongoing transformation protecting margin performance





Qantas International EBIT margin target in FY24

Achieving the right and sustainable level of margins for our business while growing top-line revenue and increasing invested capital

> **Qantas International** EBIT margin future state target



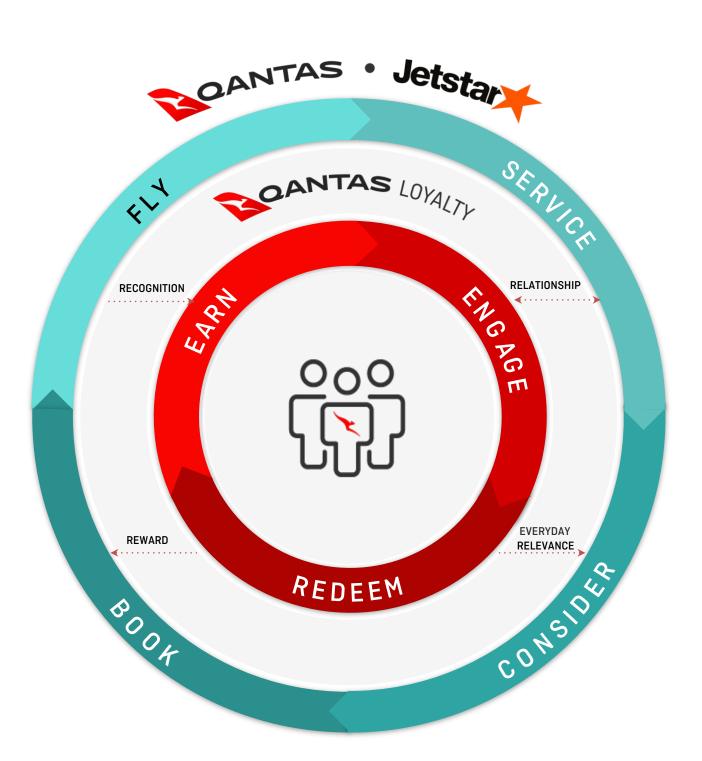
#### Jetstar International EBIT margin target in FY24+

# DELIVERING GROWTH AND REWARDING MEMBERS

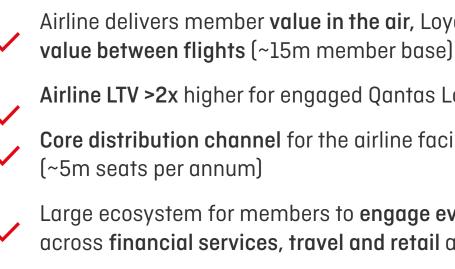




## Qantas Loyalty is an integral part of the Qantas Group



#### Extending customer loyalty beyond flying



#### Key source of Group cash flow and earnings

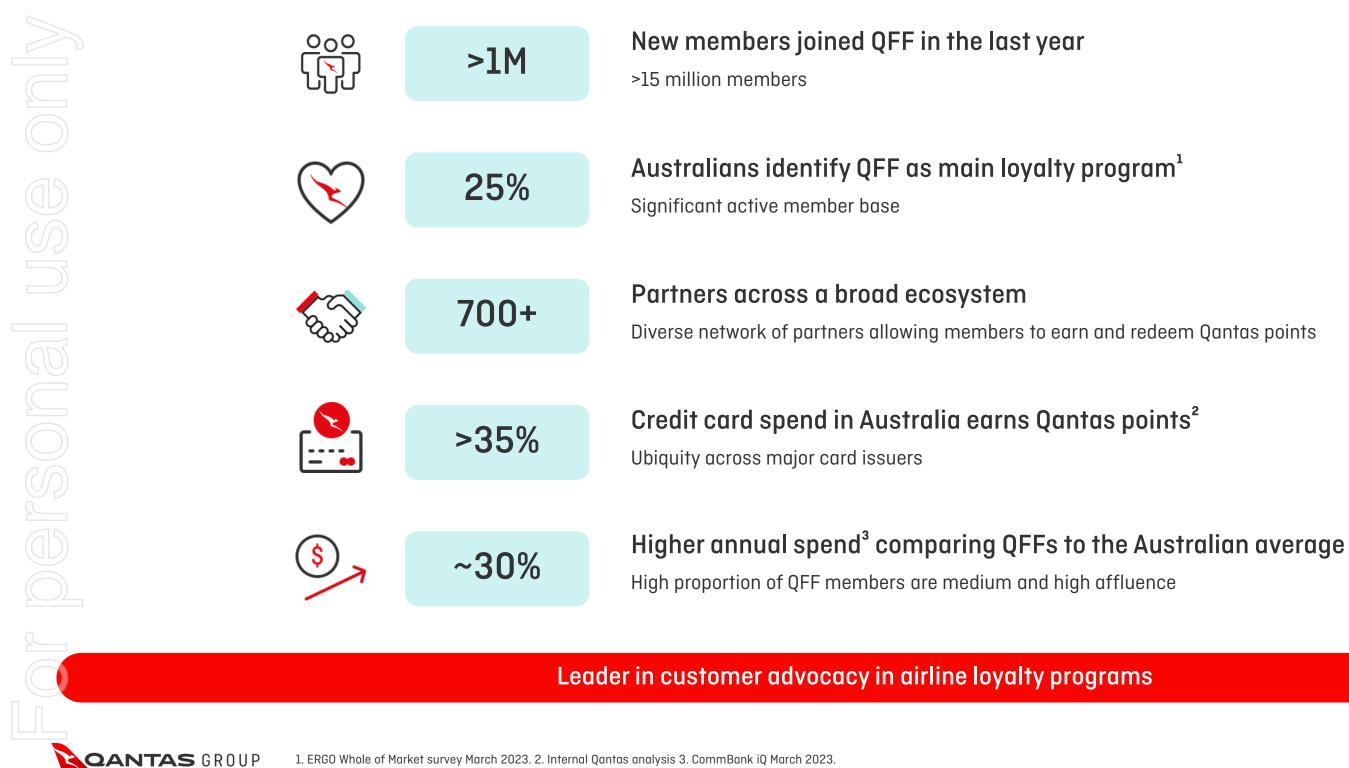
- Track record of earnings growth, less volatile than airline industry
- Low capital intensity with high ROI on investment
- >\$1B<sup>2</sup> external revenue per annum delivered consistently over the past 5 years
- deliver \$500-600m target in FY24<sup>4</sup>

1. Predicted QA Lifetime Value for QFFs who earn with at least one non-airline partner vs QFFs with only flight earn. 2. Includes revenue from points sales to external partners, commissions received, and revenue generated through Qantas Wine, Qantas Marketplace, Qantas Shopping and other external revenue sources. 3. Based on \$425-450m underlying EBIT guidance 4. Underlying EBIT.

- Airline delivers member value in the air, Loyalty manages member
- Airline LTV >2x higher for engaged Qantas Loyalty members<sup>1</sup>
- Core distribution channel for the airline facilitating points based travel
- Large ecosystem for members to engage everyday on-the-ground across financial services, travel and retail and other categories

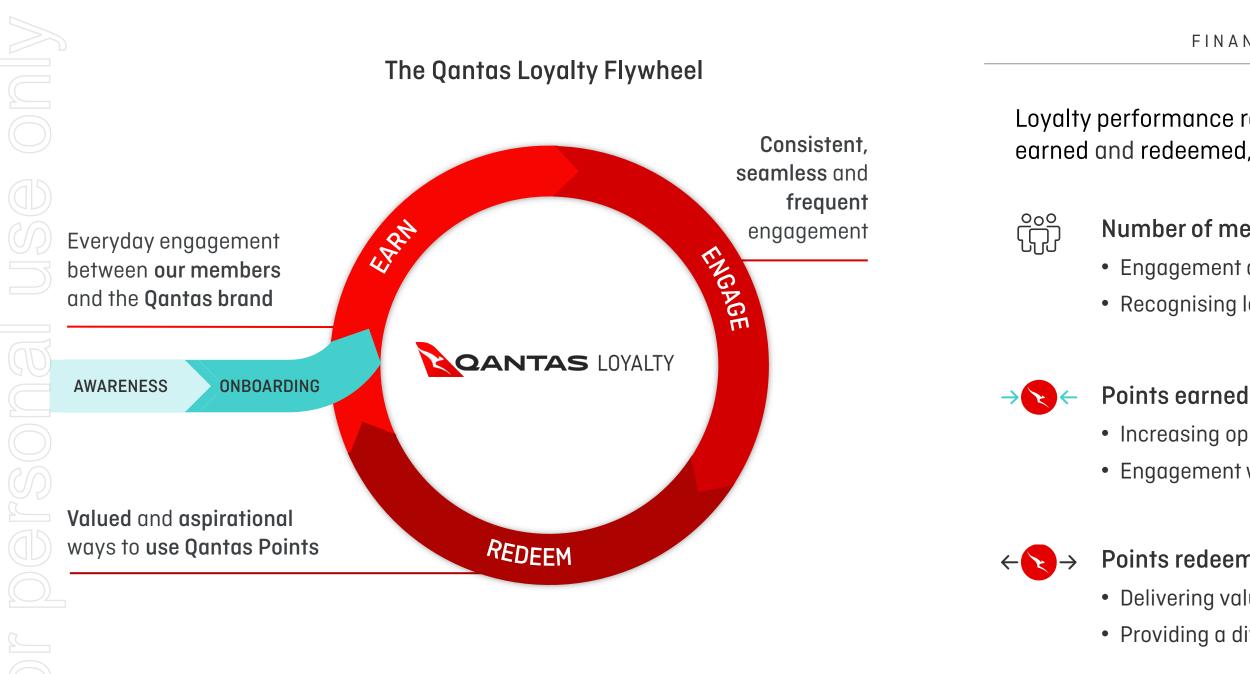
# Record earnings forecast in FY23<sup>3</sup> with strong momentum to

## Qantas Loyalty sets the benchmark for loyalty programs



Qantas Investor Day 2023 59

#### Clear strategy that focuses on member engagement to deliver sustainable financial returns



**QANTAS** GROUP

FINANCIAL DRIVERS

Loyalty performance results a function of points volume earned and redeemed, and member growth

#### Number of members

• Engagement across the member journey Recognising loyalty through status and benefits

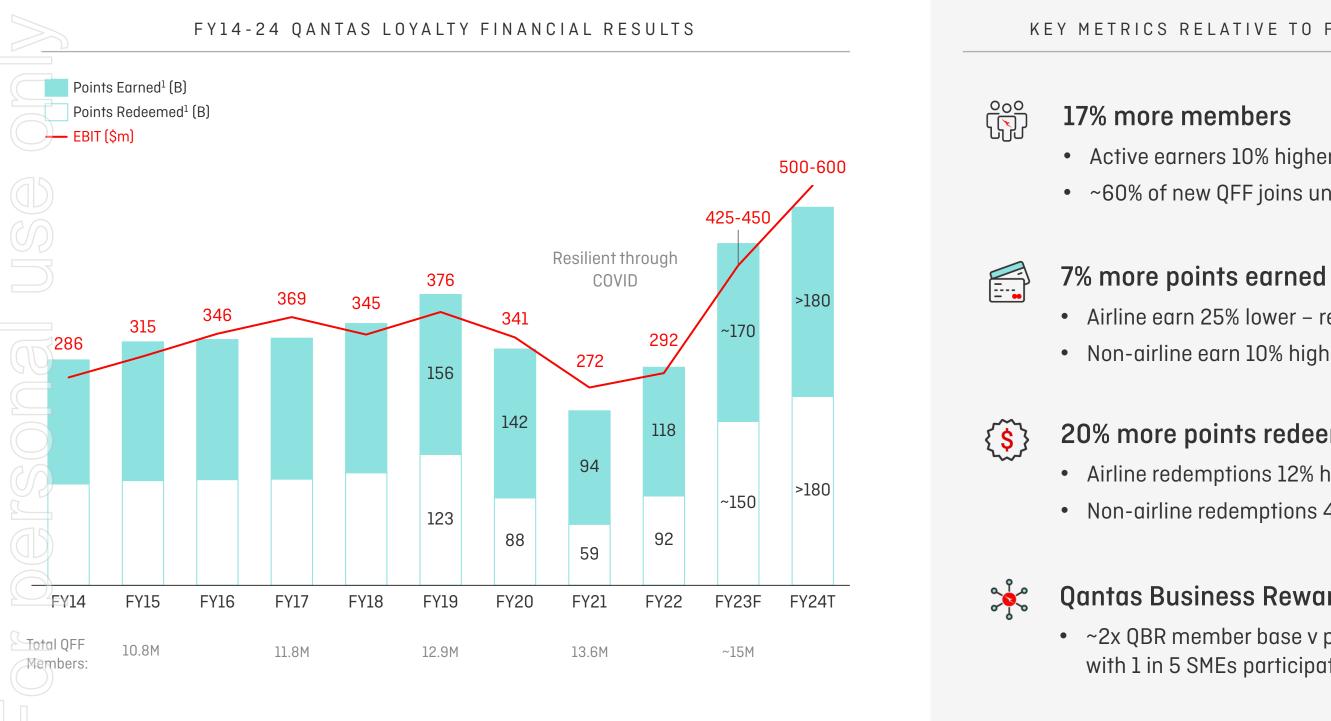
Increasing opportunities to earn

• Engagement with multiple earn categories

#### Points redeemed

- Delivering valuable redemptions
- Providing a diverse portfolio of redemptions

#### Current momentum delivers record earnings in FY23 and FY24



#### KEY METRICS RELATIVE TO FY19<sup>2</sup> (PRE-COVID)

• Active earners 10% higher • ~60% of new QFF joins under 40 years of age

• Airline earn 25% lower – recovery linked to network • Non-airline earn 10% higher

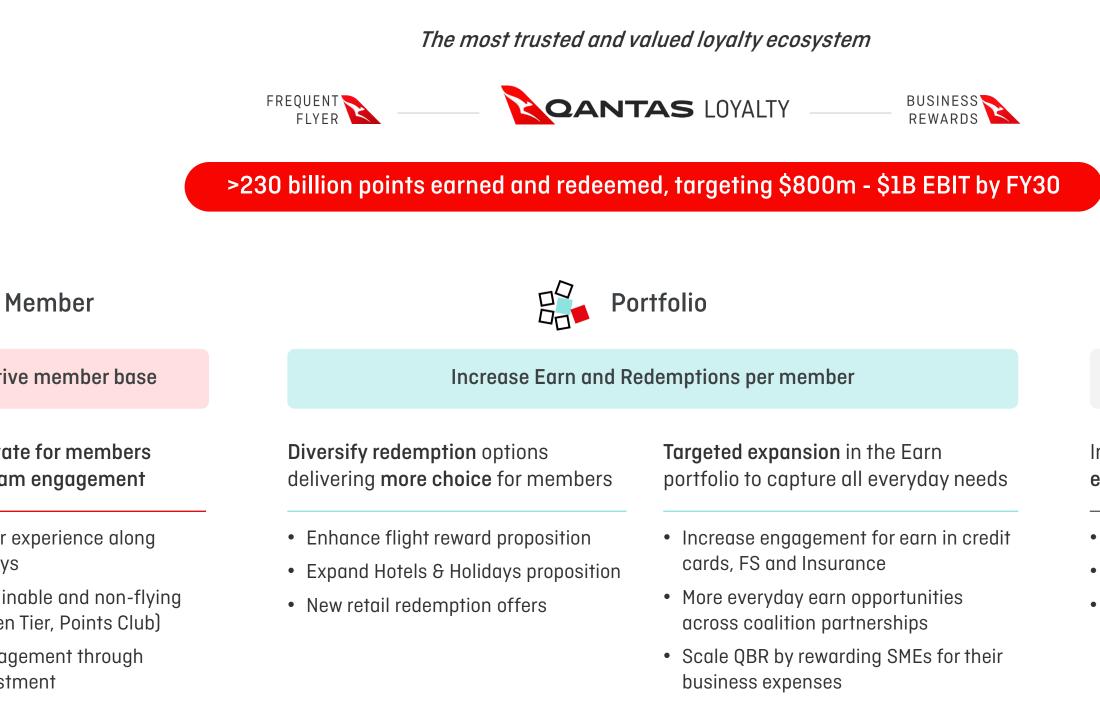
#### 20% more points redeemed

• Airline redemptions 12% higher Non-airline redemptions 48% higher

#### Qantas Business Rewards (QBR) Growth

 ~2x QBR member base v pre-COVID, with 1 in 5 SMEs participating

#### We have a clear pathway to deliver on our FY30 growth ambition



Grow the active member base

Continue to innovate for members to drive the program engagement

- Improve member experience along customer journeys
- Recognise sustainable and non-flying behaviours (Green Tier, Points Club)
- Grow digital engagement through mobile app investment



Improve	our	operating	efficiency
---------	-----	-----------	------------

ds	
edit	-

Invest in **capabilities** that deliver efficiency and simplicity

- Invest in CX and digital experience
- Evolve Loyalty's Data Strategy
- Leverage Qantas brand and marketing engine

## Growing the member base through broader and deeper engagement drives the flywheel faster

#### Current member base is diverse and engaged

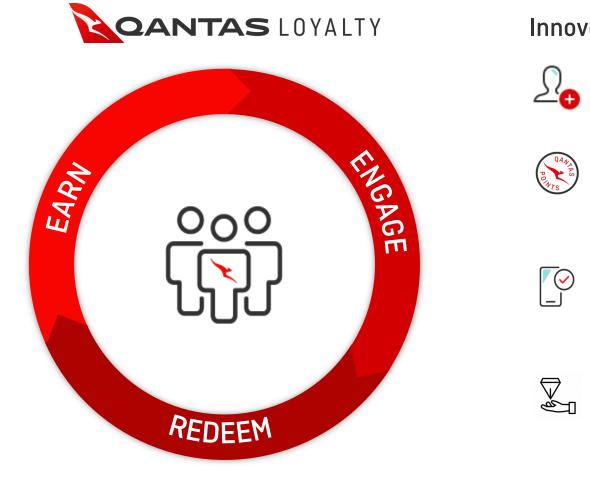
Member base skewed to more affluent members with QFFs having higher annual spend than non-QFFs<sup>1</sup>

QL leads market NPS<sup>2</sup> in the airline loyalty market<sup>3</sup>

Members earn in QFF and partner programs, but consolidate and redeem points in QFF

Best in class system of tiered recognition, covering flying and non-flying activity – Status Tiers, Green Tier, Points Club

Ø

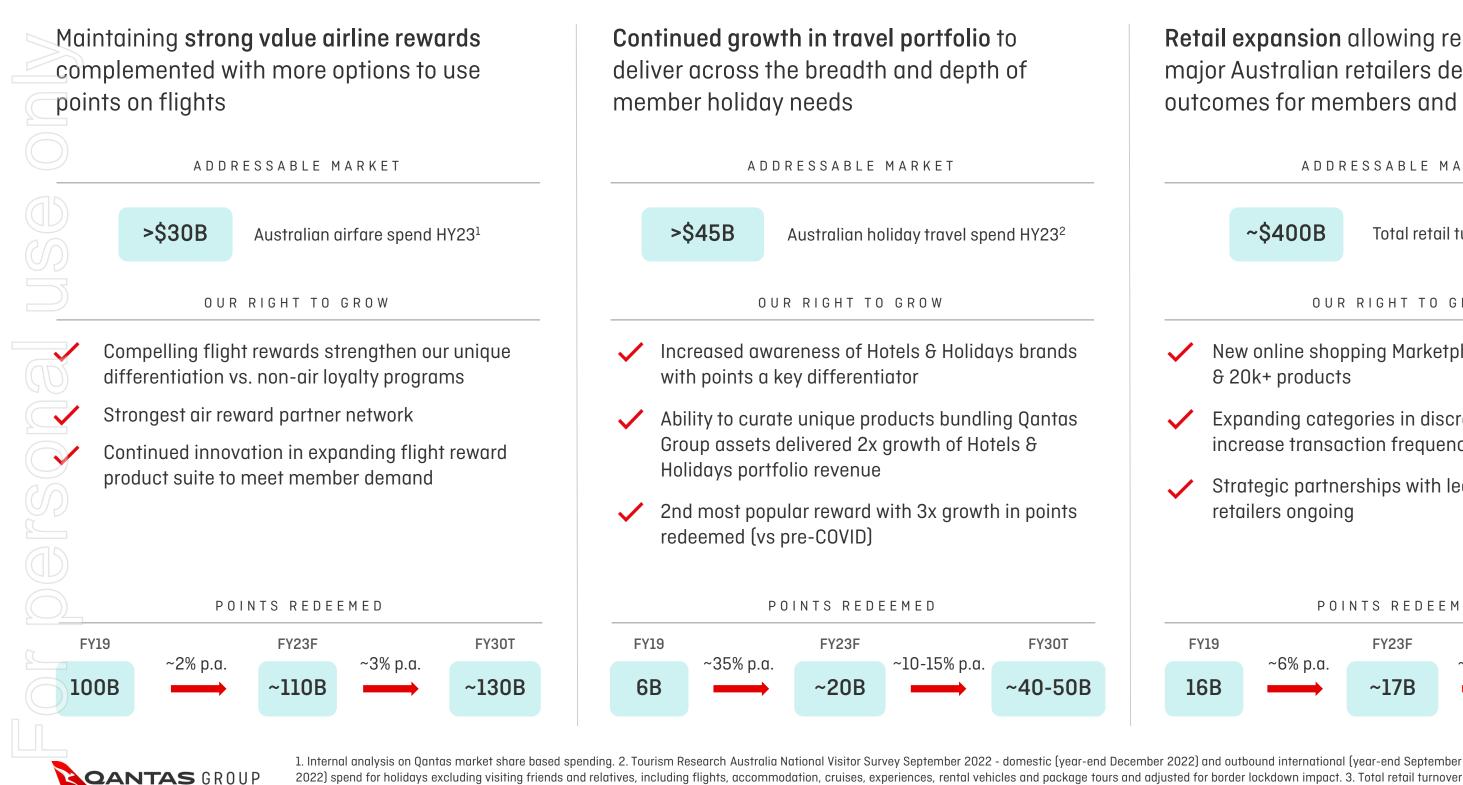


#### Member engagement is at the centre of our strategy

#### Innovating to support further growth

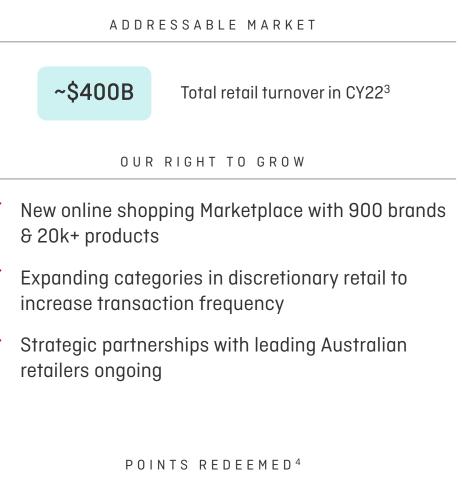
- Growing base at expected ~3% year on year
- Incentivising new member join through Qantas and partner channels - member benefits when booking direct on qantas.com
- Improved on-boarding process via App and account, making it easier to link to everyday earn partners
- Diversifying redemption offering with smaller, more attainable rewards for more frequent engagement
- Providing engaging options for next generation of members across entertainment and experiences, Qantas Marketplace

#### Redemption growth driven by expansion and diversification of Loyalty's proposition



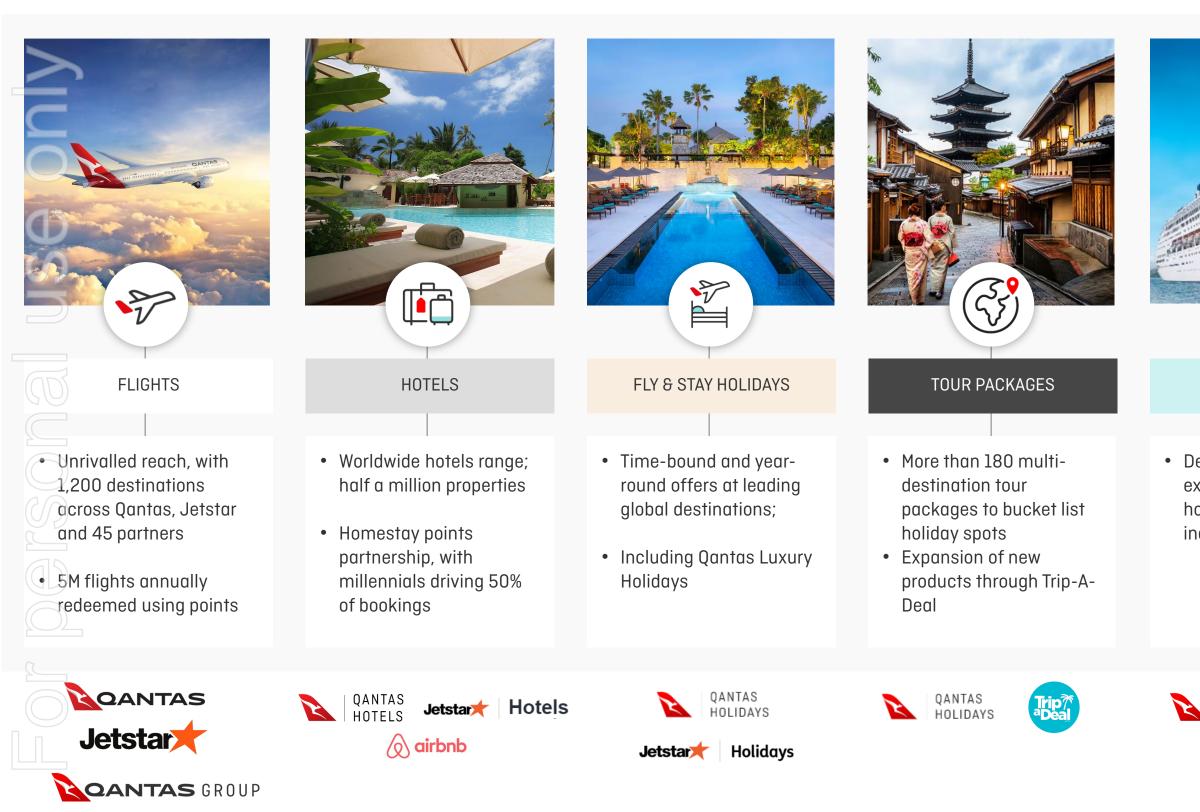
2022) spend for holidays excluding visiting friends and relatives, including flights, accommodation, cruises, experiences, rental vehicles and package tours and adjusted for border lockdown impact. 3. Total retail turnover - ABS data CY2022. 4. Point redemptions for Store, Marketplace, Supermarkets, Fuel, and Wine over 12 months ending 31 March 2023.

**Retail expansion** allowing redemptions with major Australian retailers delivering win/win outcomes for members and partners





#### Expanding the multi-brand and partner portfolio to meet all travel needs







#### CRUISES / RAIL

 Deep partnerships, expanding the world of holiday options and inclusions

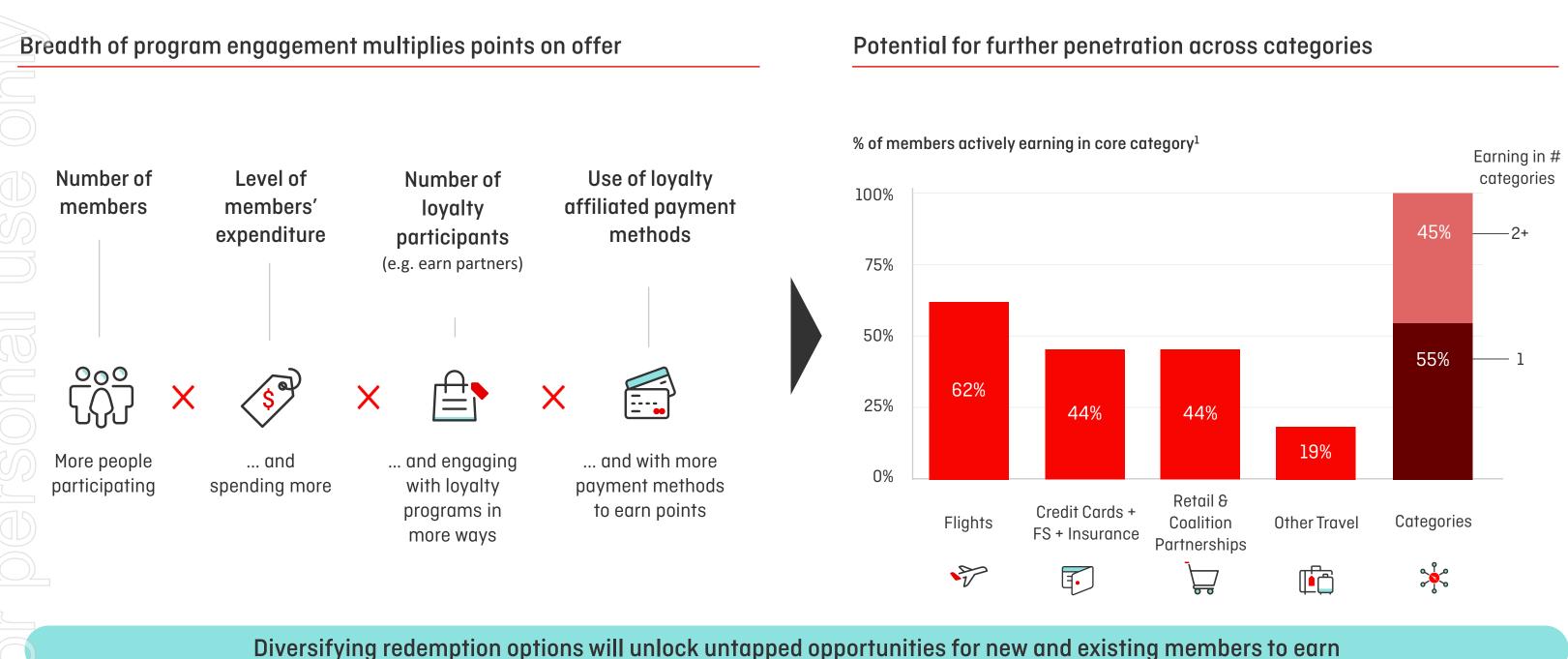
#### **EXPERIENCES**

 Over 10,000 hand picked activities and tours in 800 destinations around the world through Qantas Activities





## Loyalty earn growth is driven by a step change in member activity across our portfolio



**QANTAS** GROUP 1. Qantas internal analysis, last 12 months ending April 2023.

#### Increasing points earn through the flywheel effect from growth in overall redemptions

#### **Targeted expansion in Financial Services** and Insurance portfolio and delivering strong growth in personal credit cards

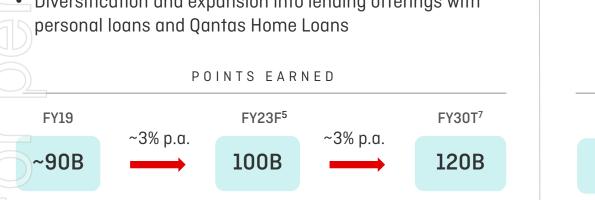
#### ADDRESSABLE MARKET

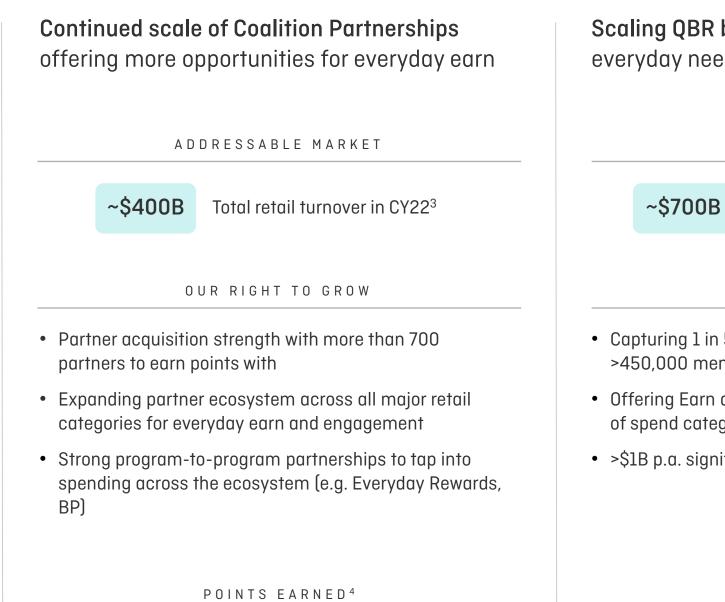
~\$450B

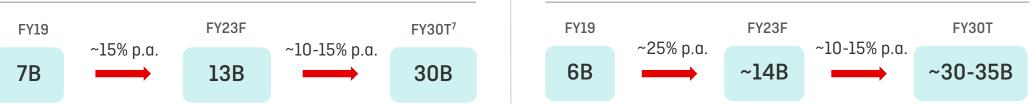
Personal Credit Card spend in Australia<sup>1</sup> Total Australian FS & Insurance revenue 2021<sup>2</sup>

OUR RIGHT TO GROW

- Offering portfolio breadth with >50 offers across a range of banking and insurance products
- Partnerships with all major credit card providers and growing Qantas Money range, capturing >35% of spend
- Expanding white-label insurance proposition with >20% growth in Health, Car and Home over 12 months
- Diversification and expansion into lending offerings with personal loans and Qantas Home Loans









1. Value of personal credit card transactions - RBA data CY2022. 2. Qantas internal analysis which combines data from: RBA, APRA, Adviser Ratings, Plan for Life, Rainmaker, ABS, ANZ, CBA, NAB. 3. Total retail turnover - ABS data CY2022. 4. Point accruals for Marketplace, Supermarkets, Fuel, and Wine over 12 months ending 31 Mar 2023. 5. Small-to-Medium Enterprise. 6. Australian SME Ombudsman, 2022, SME GDP contribution. 7. FY30 cumulative impact with airline earn.

#### Scaling QBR by rewarding SMEs<sup>6</sup> for their everyday needs in a comprehensive ecosystem

ADDRESSABLE MARKET

Total contribution of SME segment to Australian GDP<sup>6</sup>

OUR RIGHT TO GROW

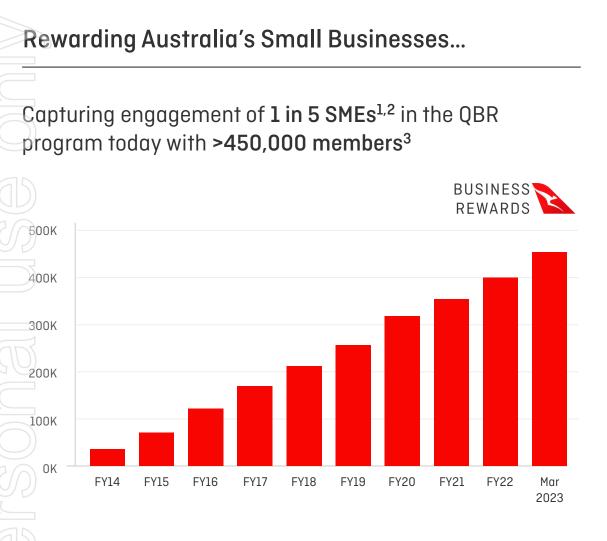
• Capturing 1 in 5 SMEs in the QBR program today with >450.000 members

 Offering Earn across >50 partners across a wide range of spend categories

• >\$1B p.a. significant contribution to airline revenue

POINTS EARNED<sup>7</sup>

## Tailoring our approach to SMEs through Qantas Business Rewards



Investing to deliver seamless, end-to-end business travel and travel management capabilities



Growing a **business relevant ecosystem that helps** Australian SMEs thrive and rewards their ambition

#### ...delivering value to SMEs<sup>2</sup> to earn across the Qantas portfolio



Rewarding SMEs for their travel across both Qantas and Jetstar

• >\$1bn p.a. significant contribution to airline revenue



Targeted diversification with variety of small business finance products 3x growth in revenue from payments partner portfolio since FY19 Qantas Business Money launched in 2022 •



>50 partners with further points earn growth potential in new high-value spend verticals

• 25% growth in non-FS earn since FY19



Broadening member lifecycle engagement through banking, retail and loyalty services

 Creating value adding services to solve for the needs and pain points of small businesses









Evolving redemptions with seamless rewards experience that fuels strive for Earn

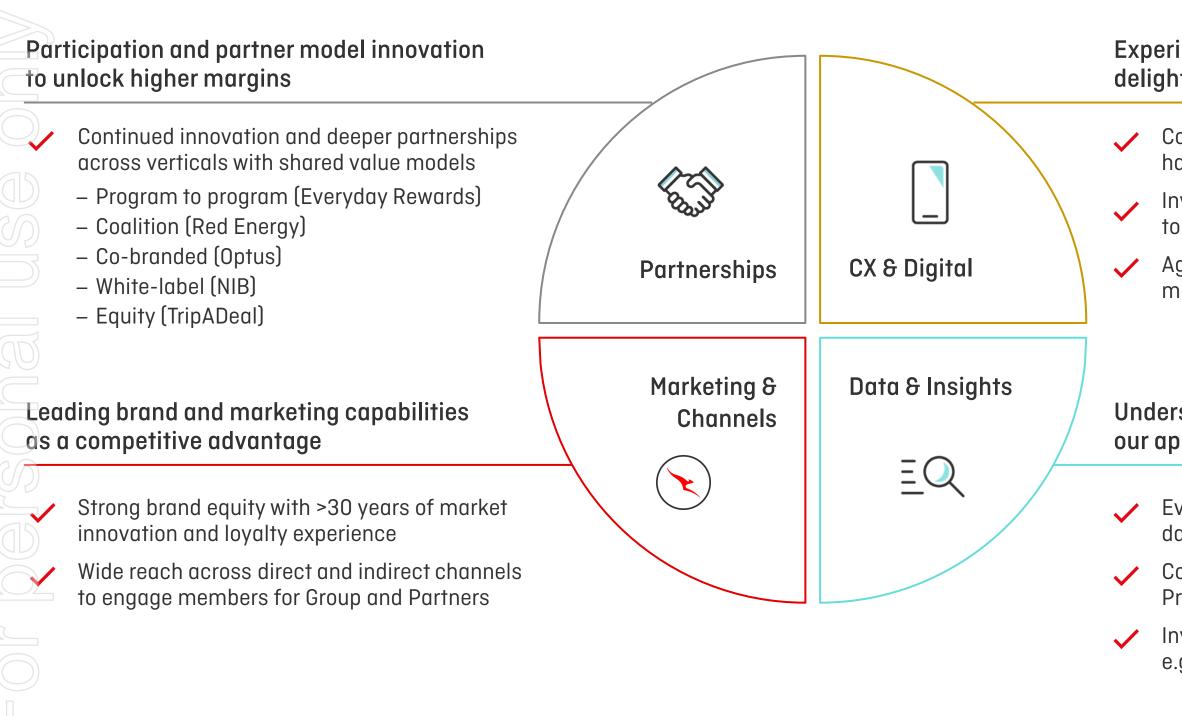
• Record levels of points redeemed by small businesses in FY23







## Investing in core capabilities will enable our growth ambition and improve operating efficiency



**OANTAS** GROUP

# Experiences that enable our people and delight our customers

Compelling customer journeys with seamless handover between products and services

Investing in Qantas app and digital channels to deliver superior customer experience

Agile delivery models to increase speed to market and pivot towards value

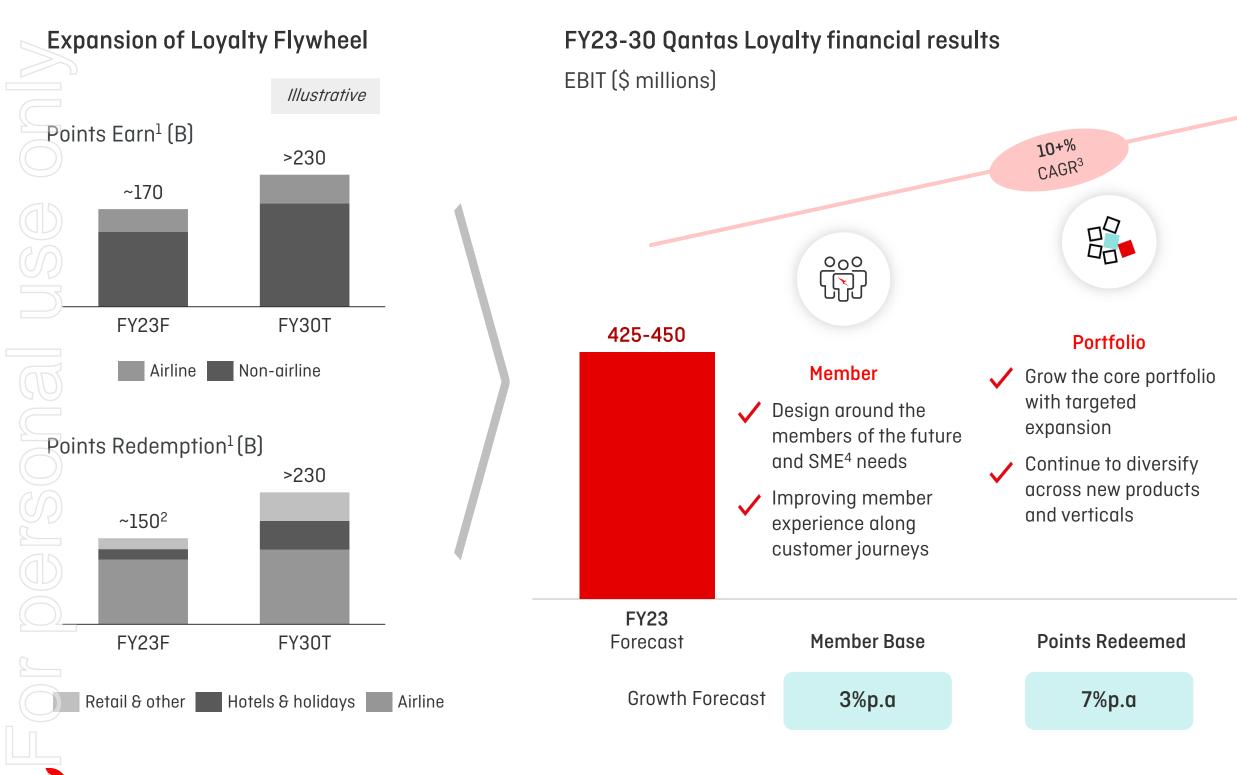
# Understanding our customer to tailor our approach

Evolving Loyalty's Data Strategy to enable data-driven insights across the portfolio

Continue to prioritise investment in Data Privacy, Consent and Governance

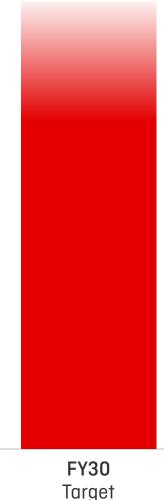
Investing in next-generation data capabilities e.g. Gen-AI to improve products and service

## Loyalty has a clear strategy to continue double digit growth through to FY30



**CANTAS GROUP** 1. Net points. 2. vs. 165B gross points. 3. Compound Annual Growth Rate. 4. Small-to-Medium Enterprise.







#### Capabilities

 Innovate around participation and partner models

> Deepen data and digital expertise to improve CX and operations

> > **Points Earned**

6%p.a

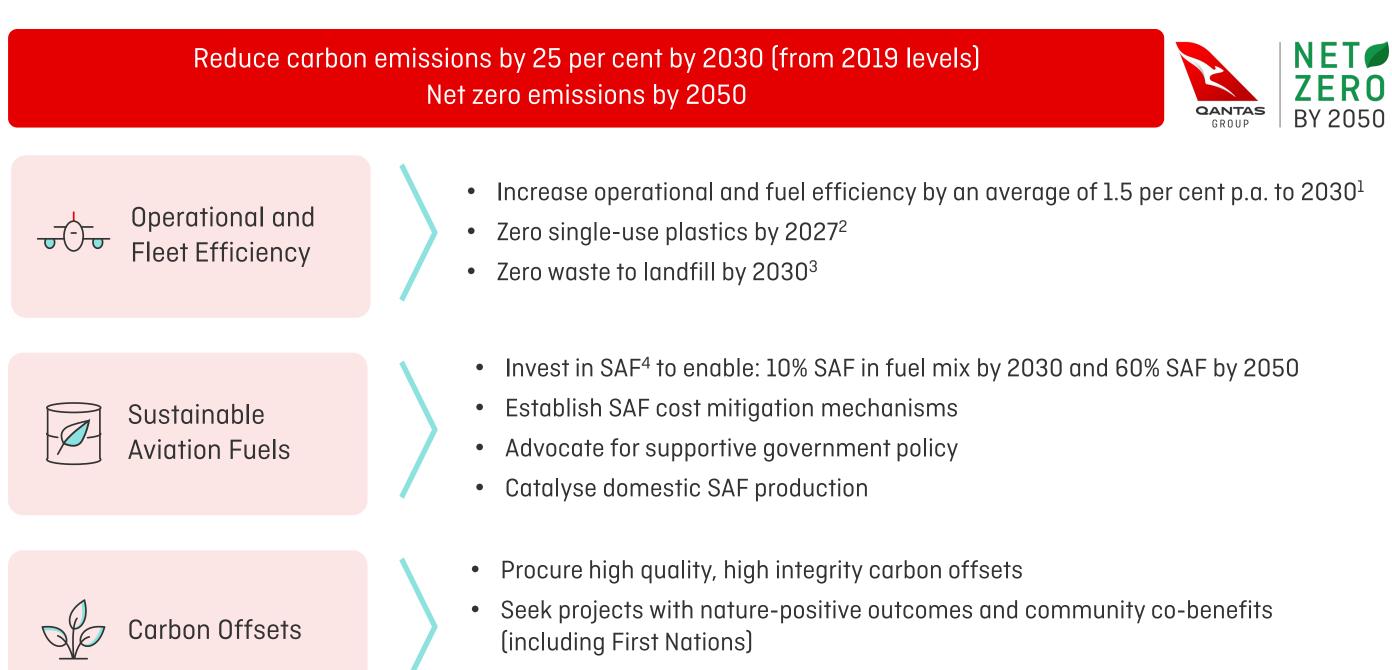
Qantas Investor Day 2023 | 70

# DRIVING SUSTAINABILITY





### Qantas Group is committed to credible, ambitious sustainability targets set in the Climate Action Plan

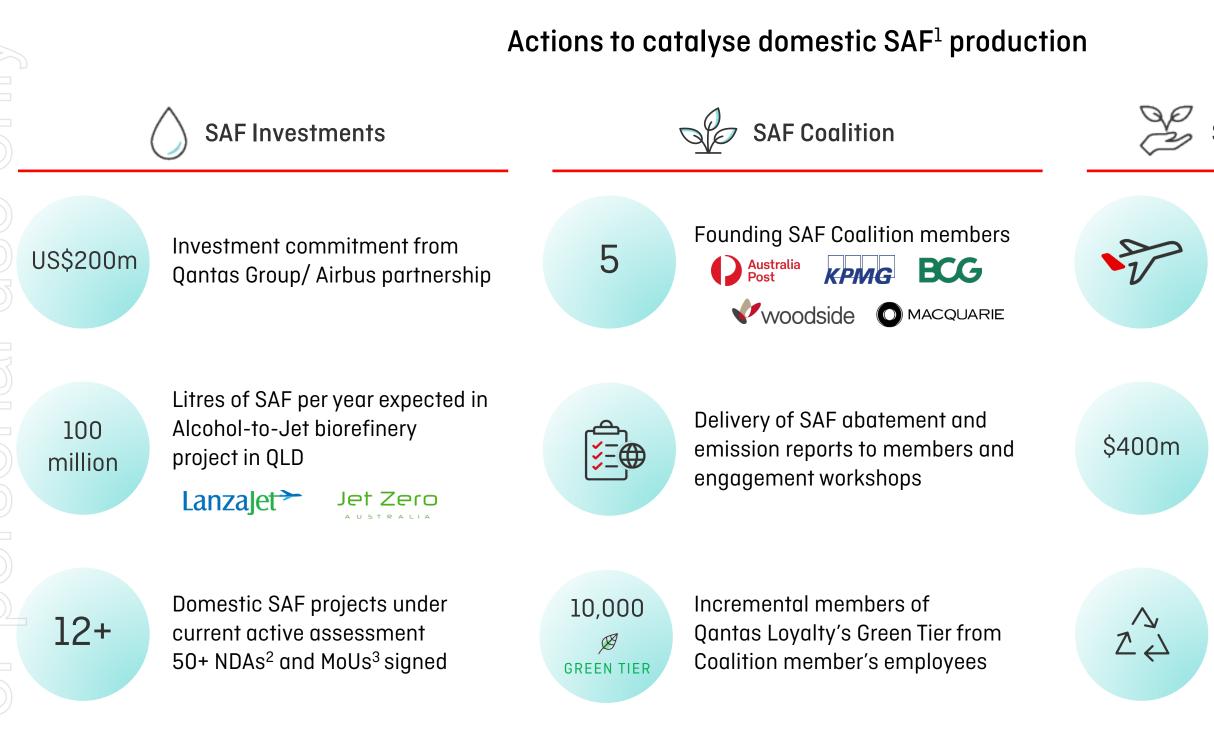


Directly invest in projects to manage supply and price risk •



1. An average 1.5 per cent per annum fuel efficiency improvement starting from 2023, baselined to 2019. 2. Excludes items required for medical or health and safety reasons. 3. Excludes quarantine waste, a highly regulated and specialised waste stream with limited waste diversion pathways. All waste associated with international ports (inbound and outbound) is treated as quarantine waste. 4. Sustainable Aviation Fuel.

Significant progress already delivered to develop a domestic SAF industry



SAF Ecosystem Development

Establishment of a "Jet Zero Council" forum by Federal Government

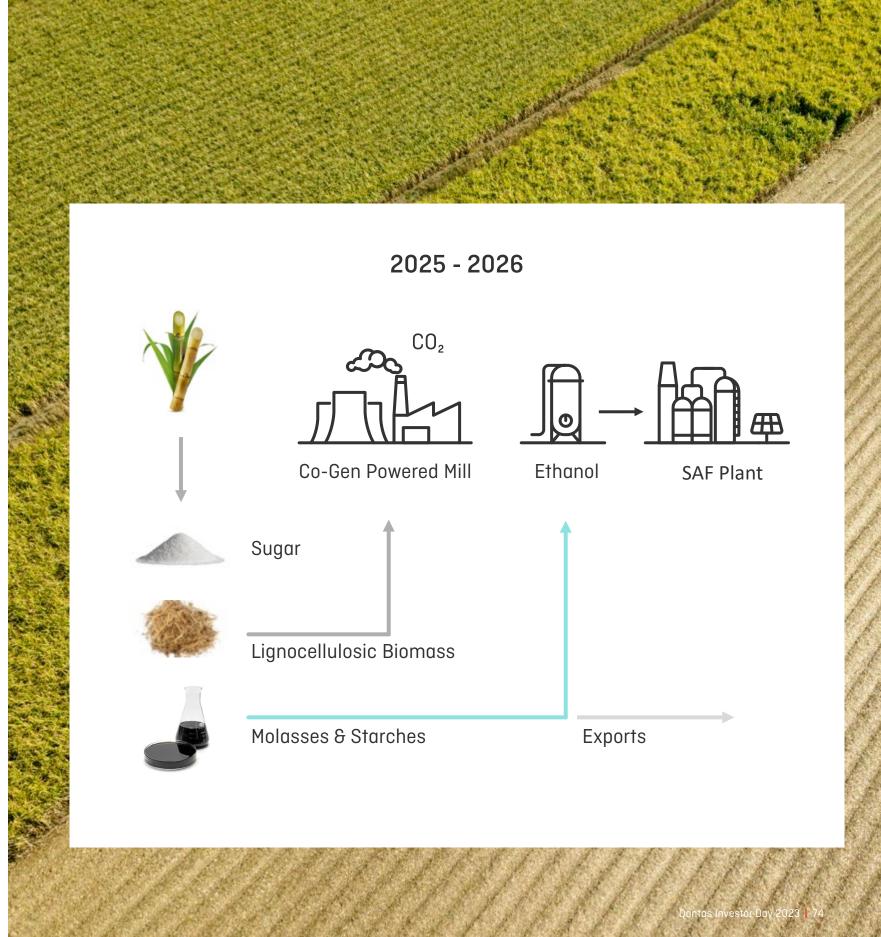
Additional Federal Government regional funding to support existing industry – such as aviation – and new clean energy industries

Collaborating with State Government, refiners, agribusiness, CSIRO<sup>4</sup> to orchestrate efficient supply chain development

#### CASE STUDY 'Alcohol to Jet' biorefinery project in Queensland

Qantas Group actively engaging in the development of an 'Alcohol to Jet' SAF<sup>1</sup> plant expected to initially produce up to 100 million litres SAF per year (~20% of interim 2030 SAF target) supported by a collaboration of credible partners





Cost mitigations are in place to manage the climate transition



Creating customer products that improve sustainability of travel and businesses

✓ Multi-year offsetting between Qantas

✓ Announced a new referral partnership

Over 400,000 members engaged with

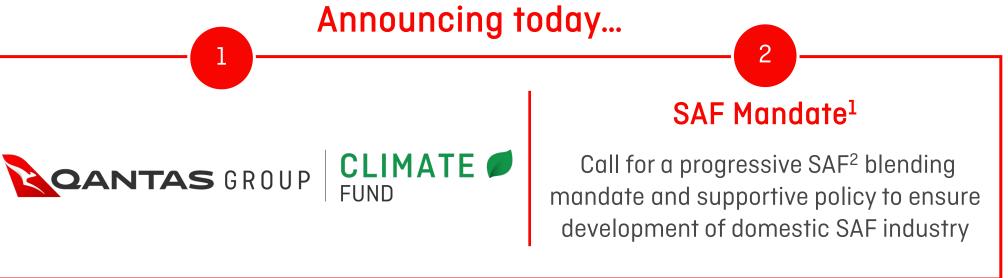
Qantas Loyalty Green Tier program

Freight and Atlas Air

with Australia Post



Strategic investment to scale climate solutions while securing access and price







Advocating for government action to reduce the barriers to decarbonisation

### Qantas Climate Fund will provide direct investments to accelerate progress against sustainability targets



#### CLIMATE 🟉 FUND

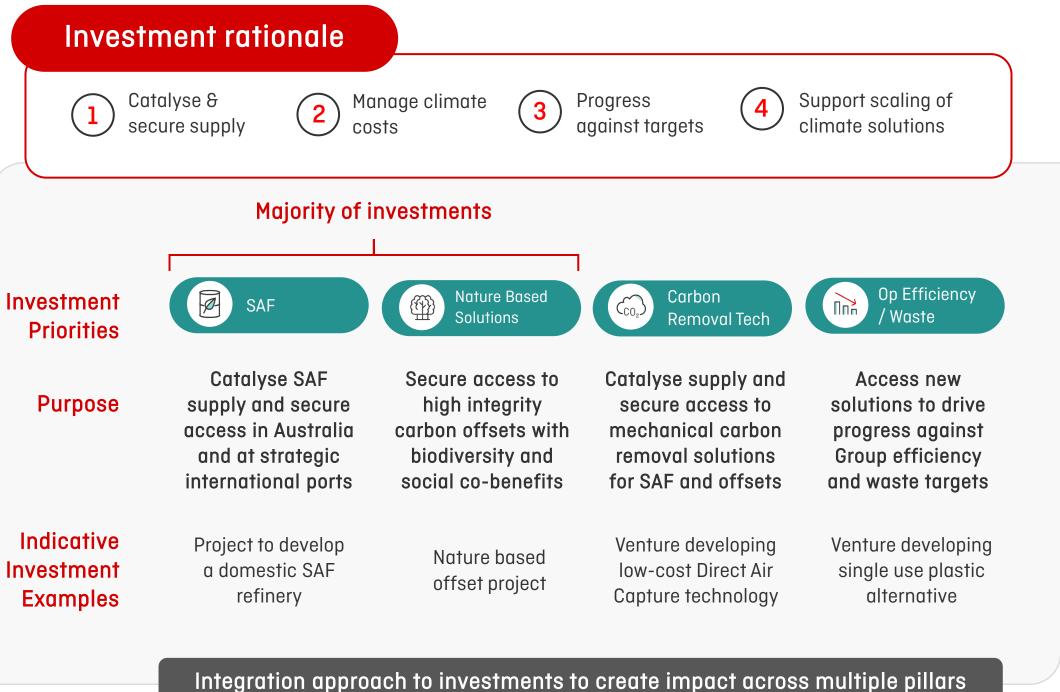
Today Qantas Group launches Qantas Climate Fund to accelerate progress against targets and manage future compliance obligations

The Fund will total A\$400m comprised of:

- Existing A\$290m (US\$200m) contributed equally from Airbus and Qantas as part of the Qantas Airbus SAF<sup>1</sup> partnership
- Additional A\$110m from Qantas Group focused on SAF scaling opportunities, offsets and operational efficiency

The Fund will enable the Group to invest in climate solutions beyond domestic SAF production

The Qantas Climate Fund is in place to help facilitate more sustainable travel and provide the Qantas Group with the competitive advantage to mitigate future costs



#### Wheatbelt Connect project is the first investment of the Qantas Climate Fund



A native reforestation and carbon farming project to generate ACCUs<sup>1</sup>



Includes a study to investigate the conversion of native Mallee biomass into renewable fuels



Project has been subject to extensive technical assessment and due-diligence



Delivering nature co-benefits through environmental restoration and financial benefits for landholders



First step in direct investment strategy, mitigating future supply and price risks of SAF<sup>2</sup> and offsets







## QANTAS





#### **Qantas Climate Fund investment**

~\$5m Initial investment

Qantas Investor Day 2023 77

### All offsets investments will adhere to the Carbon Offsetting Integrity Framework

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With f	
Carbon	
F	

#### We are enhancing offsets integrity by:



Releasing an RFP<sup>1</sup> for science/technology-based carbon ratings agencies





Establishing a Carbon Offsets Governance forum

Integrating carbon offsets into

Group financial and risk

management framework



Integrating a principles-aligned, technical evaluation framework for offsets procurement

٢	

uture investment and procurement guided by a new Carbon Offsetting **Integrity Framework** 

**Offset Strategy** ramework

Carbon Offset Guiding **Investment Principles** 

**Project Evaluation** Framework, decision making and governance process

Case Study: Qantas is also investing in innovative and emerging environmental markets, like Reef Credits, providing water quality benefits to the Great Barrier Reef and helping to protect one of Australia's most iconic natural assets



Updating targets for First Nations procurement



Embedding integrity expectations in carbonspecific supplier contracts

#### Qantas Group is committed to long-term sustainability



Expanding investment through new Qantas Climate Fund to scale solutions and secure supply across SAF, offsets and operational efficiency, building on the Airbus partnership

Rolling out new fleet, lowering fuel burn and emissions

Applying new reporting requirements (ISSB, Taskforce for Nature-related Financial Disclosures) and updating climate scenario analysis

#### **OANTAS** GROUP

NET ZERO BY 2050





Continuing advocacy efforts for a policy environment that will expedite the development of a domestic SAF industry



Monitoring the Group's impact and dependency on nature and biodiversity with the aim to contribute to nature positive outcomes



Expanding customer and employee products e.g. SAF, offsets and Green Tier

Maintaining focus on high integrity offsets, including investing in nature-based solutions

# ENABLING OUR PEOPLE TO BE THEIR BEST



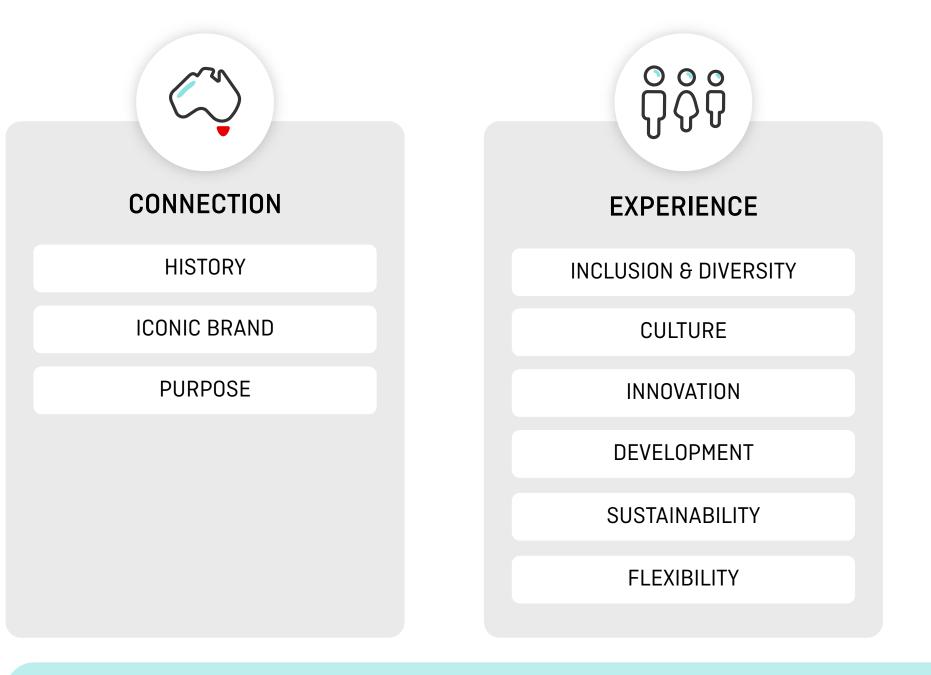


### Voice of our people



CANTAS GROUP

### Unique and differentiated Employee Value Proposition



**EMPLOYER OF CHOICE** 





#### BENEFITS

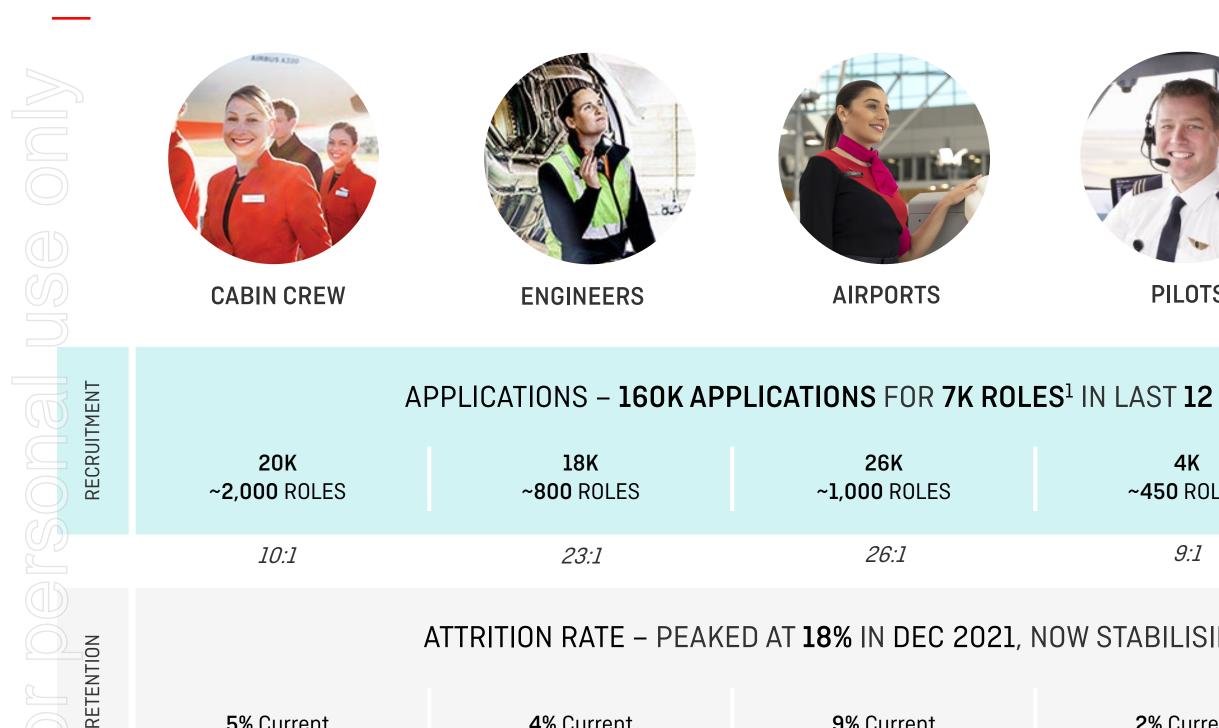
#### **RECOGNITION & REWARD**

#### PROMOTION

STAFF TRAVEL

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#### Strong recruitment and retention



5% Current

4% Current

9% Current

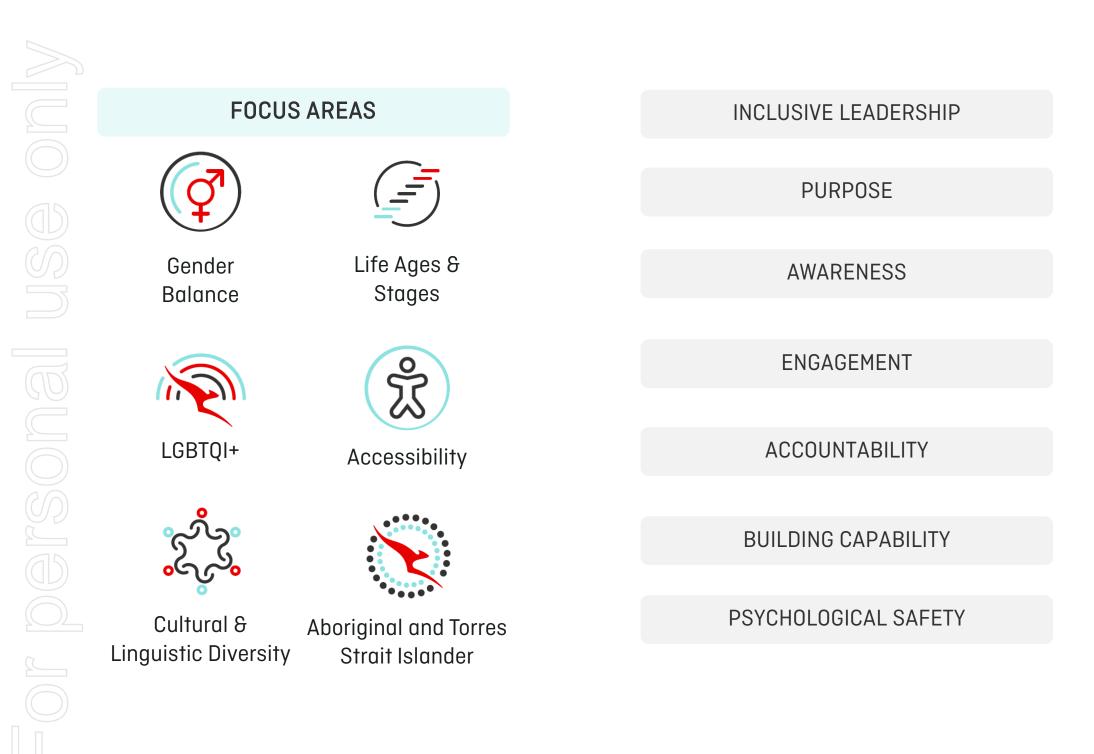
2% Current

**PILOT** 

PILOTS	CORPORATE
LAST 12 MONTHS	
<b>4K</b> ~ <b>450</b> ROLES	<b>64K</b> ~ <b>1,500</b> ROLES
9:1	43:1
TABILISING AT 5% <sup>2</sup>	

#### 5% Current

Creating a safe and inclusive culture for our people to be at their best



QANTAS GROUP

#### **EMPLOYEE NETWORKS**



ILLUMINATE (LGBTQI+)



#### DARAMU (First Nations)



ALTITUDE (Gender)

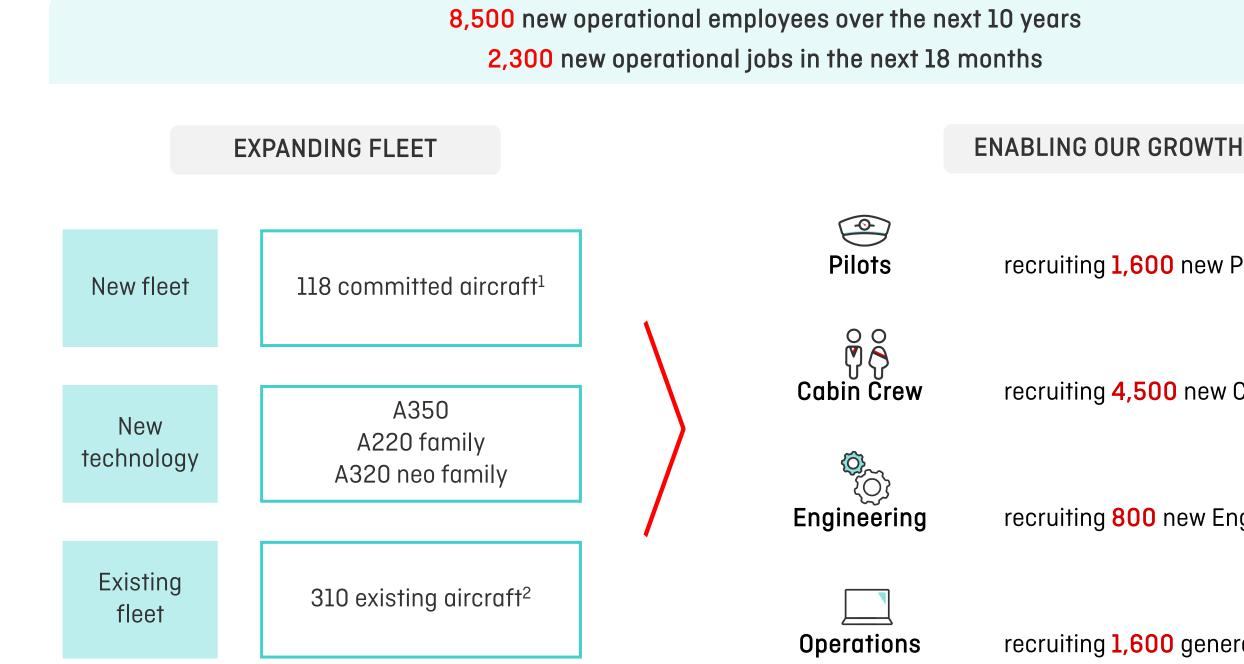


REGENERATE (Sustainability)



ENABLED (Accessibility)

#### Supporting growth over the next decade



1. As of Qantas 1H2023 results, total committed orders for referenced fleet as at 23 February 2023 with estimated delivery by FY29. Does not include Network Aviation aircraft and additional firm orders in neo family beyond FY29; including fleet renewal and growth. 2. Total Group fleet 31DEC2022 (excluding wet-leases).

recruiting 1,600 new Pilots

recruiting 4,500 new Cabin Crew

recruiting 800 new Engineers

#### recruiting 1,600 general Operations roles

### Recruiting the future Spirit of Australia



#### Qantas Group Pilot Academy

Delivering a strong pipeline of highly skilled pilots

160+ students currently training to become commercial pilots

>1000 pilots planned to graduate from the Academy over the next five years into Qantas Group and wider aviation industry

50 scholarships announced over next five years for future female and First Nations Pilots

# Qantas Group Engineering Academy

- Providing aviation engineers for the Qantas Group and broader aviation industry
- Supports ability to meet growth as well as attrition as current engineers retire
- Capacity to train up to 300 engineers/ year
- Expected to open to students in 2025
- ~1,000 expressions of interest received to join the academy since announcement

F F S P F



#### Future Talent Programs

Rapid growth of Graduate and Intern talent pipelines

Focused on future skills including Engineering, DigiTech and Data Science

3,000 applications for 55 Graduate positions<sup>1</sup>

Establishment of intern program to support future talent pipeline across the Group

Partnering with schools to create aviation work experience weeks

#### Connecting and engaging our people

Prioritising leadership connection and communication

Recognising our people through regular forums

Consistent daily and weekly Group and industry updates

#### CONNECTION

#### **ACTION**

Taking action on what our people tell us matters most

**QANTAS** GROUP

Commitment to recognition and reward

Enhanced investment in learning and development opportunities



Understanding our people's experience across the moments that matter



#### UNDERSTANDING

Regular feedback from our people on 5 key areas of engagement, experience, intent to stay, inclusion and wellbeing

# DRIVING PERFORMANCE THROUGH FINANCIAL STRENGTH





#### Sustainable financial strength underpins the Group's long term position



Balance Sheet strength remains a competitive advantage



Step-change in earnings, protected by ongoing transformation



The right investment plan to drive performance, enhance margins and extend advantages

Risk management culture underpins financial flexibility

Financial Framework drives ongoing discipline and governance



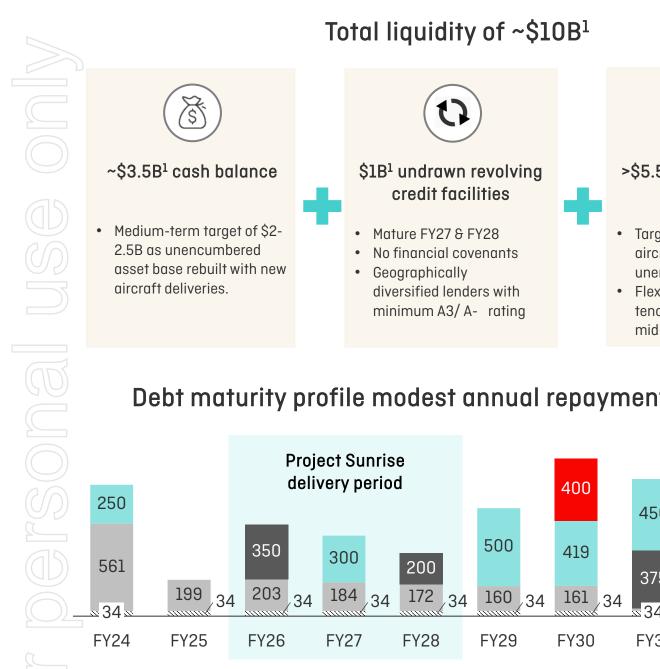
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Capital allocation discipline balances investment and shareholder returns



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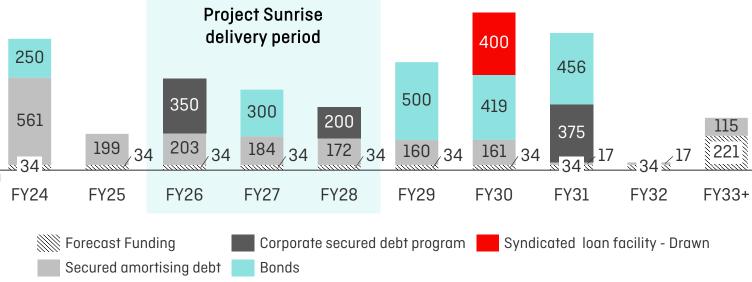
### Advantaged through Balance Sheet strength, significantly stronger than pre-COVID





- Targeting >50% new aircraft deliveries to be unencumbered
- Flexibility to execute long tenor debt via securing mid-life aircraft

#### Debt maturity profile modest annual repayments (\$m)



#### Financial Framework: Optimised Capital Structure

- agility and resilience through the cycle
- and aircraft operational flexibility
- substantial headroom and flexibility
- a wide range of scenarios

**QANTAS** GROUP 1. Projected balance as at 30 June 2023. 2. Including finance leases. 3. Moody's Investor Services.





Balance Sheet strength providing continued access to diverse capital, preferential pricing, terms and conditions

**Strong liquidity settings**, providing the Group business

Majority owned aircraft, >85%<sup>2</sup> providing low cost of debt

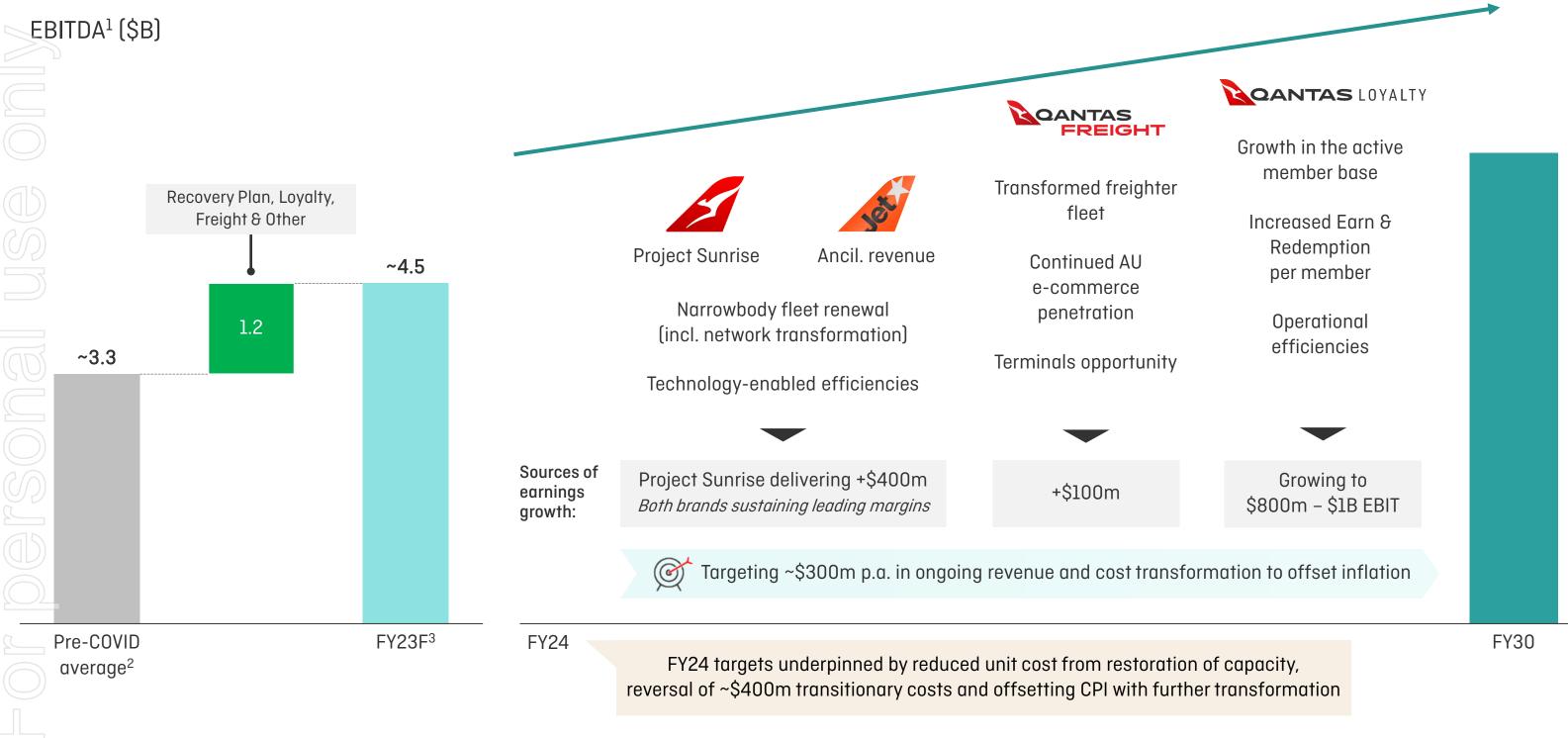
Optimised debt portfolio reducing cost of funding and providing flexibility during Project Sunrise delivery period

Target net debt at bottom of the range providing

Low refinancing risk allows management to focus on operational performance and delivery of fleet strategy under

Baa2 (Stable) Investment Grade Credit Rating<sup>3</sup>

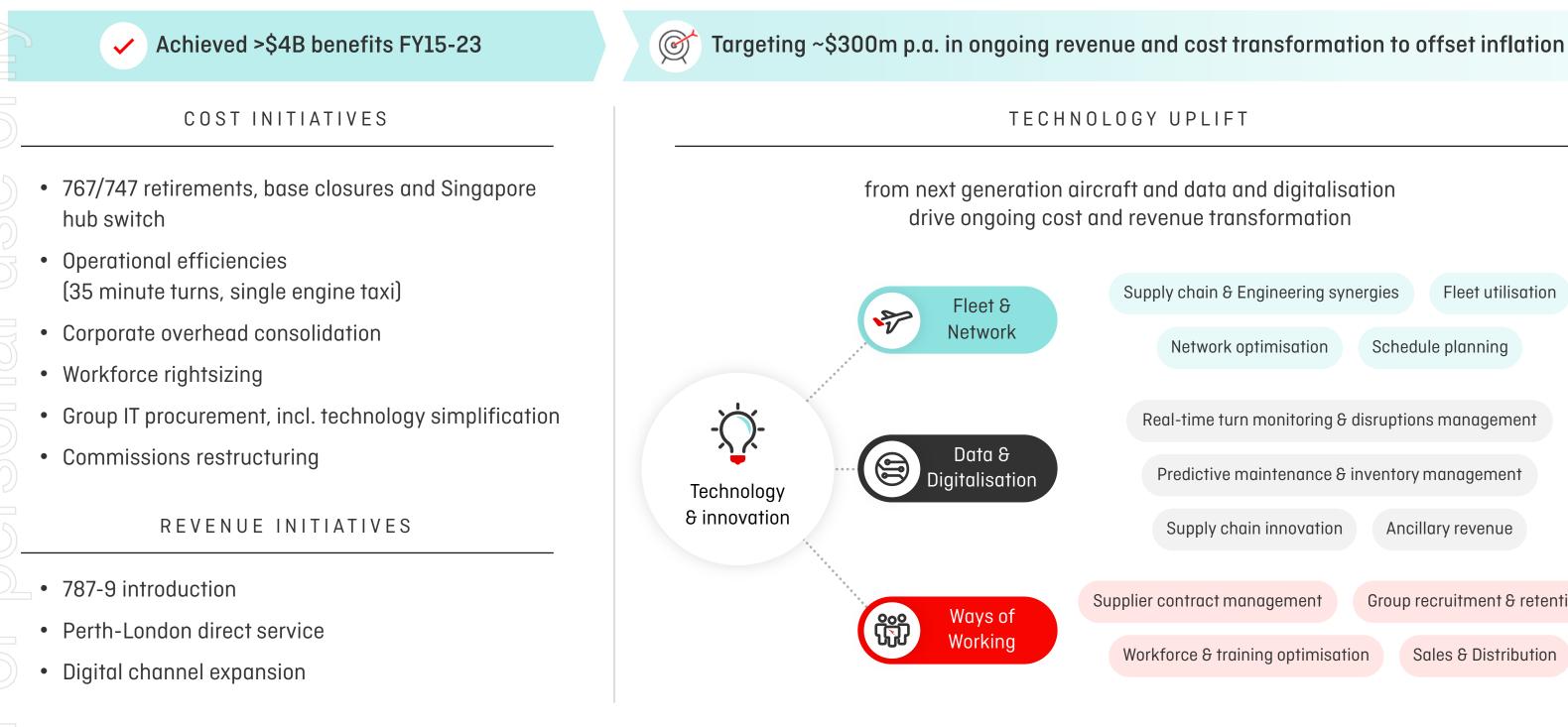
### Multiple drivers of structural earnings growth and protection of leading margins





1. Statutory EBITDA. 2. FY17-19. FY17 and FY18 adjusted to exclude non-cancellable aircraft operating lease rentals. 3. Indicative EBITDA derived using (1) the mid-point of the underlying profit before tax guidance announced on 23 May 2023 and (2) depreciation and amortisation, and net finance costs guidance announced on 23 February 2023 as part of 1H23 results.

### A history of proven transformation, with future value unlocked with technology



**QANTAS** GROUP

Supply chain & Engineering synergies Fleet utilisation

Network optimisation

Schedule planning

Real-time turn monitoring & disruptions management

Predictive maintenance & inventory management

Supply chain innovation Ancillary revenue

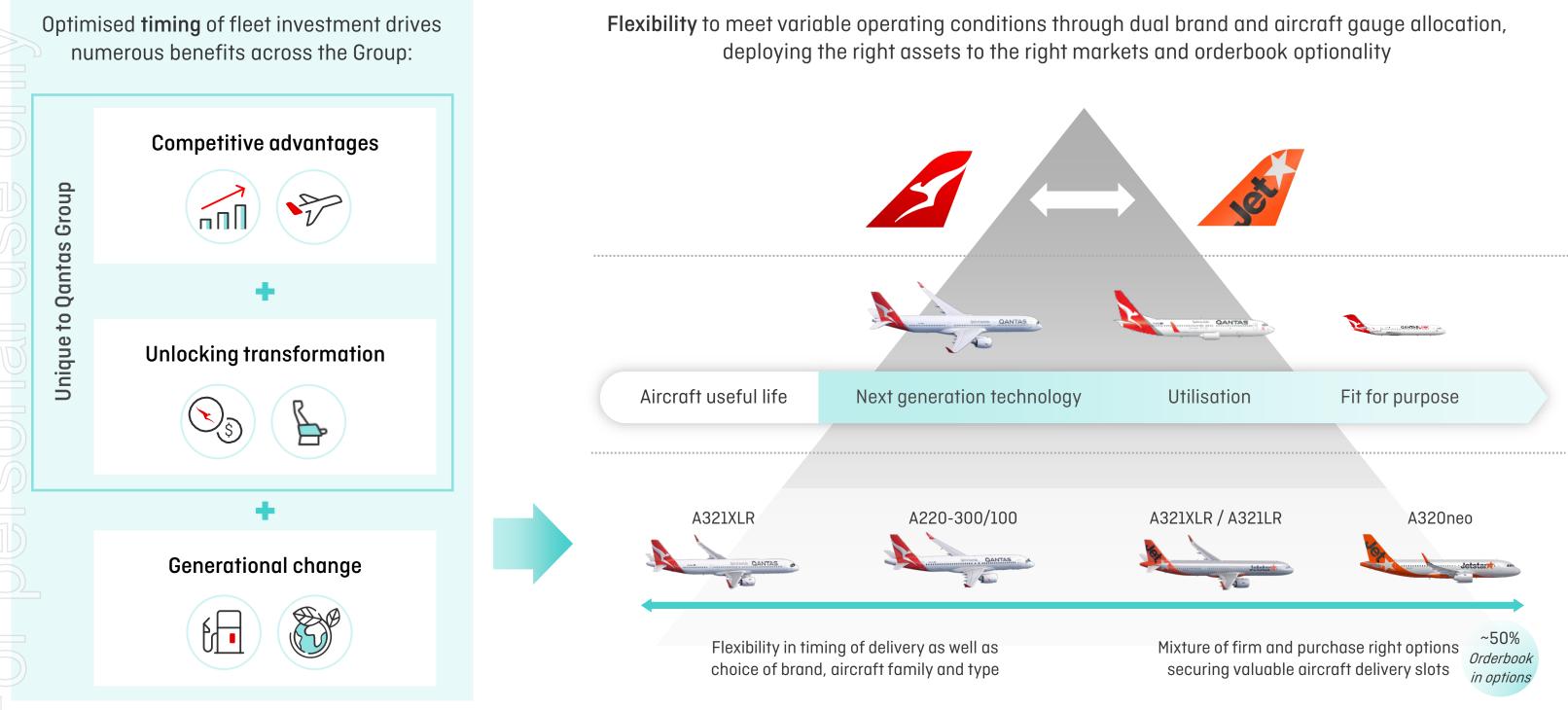
Supplier contract management

Group recruitment & retention

Workforce & training optimisation

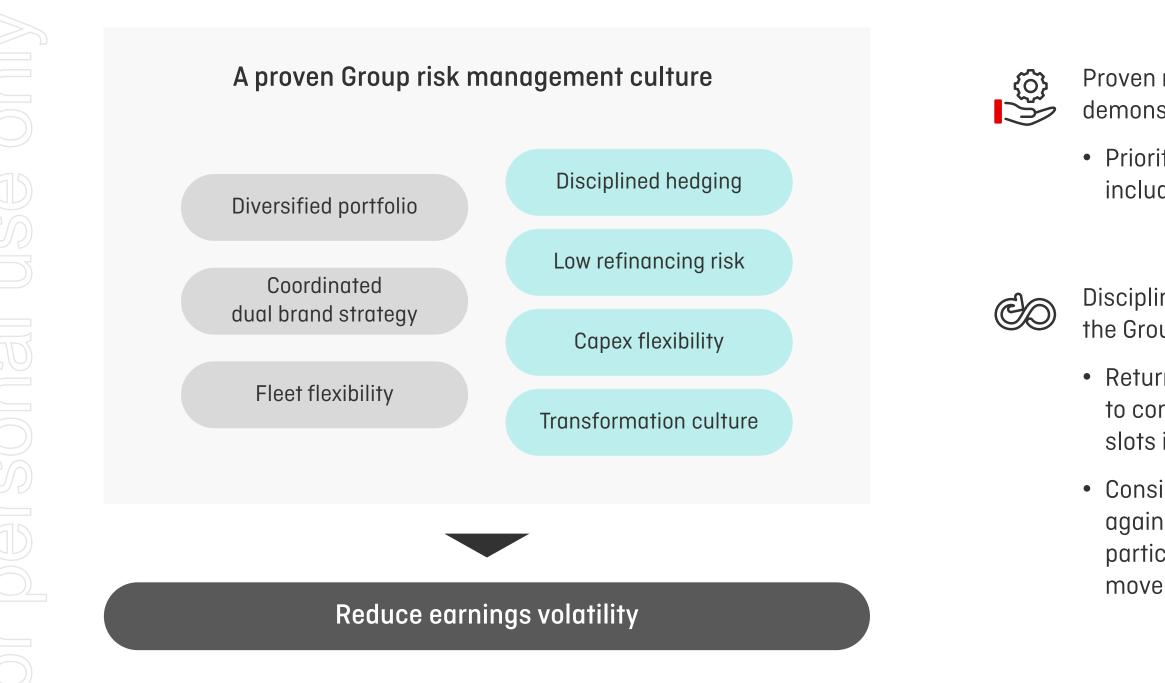
Sales & Distribution

### The right fleet plan that delivers the Group's strategic and financial objectives



**QANTAS** GROUP

### Integrated layers of risk management reduces earnings volatility



**QANTAS** GROUP

Proven risk management culture, as demonstrated through COVID

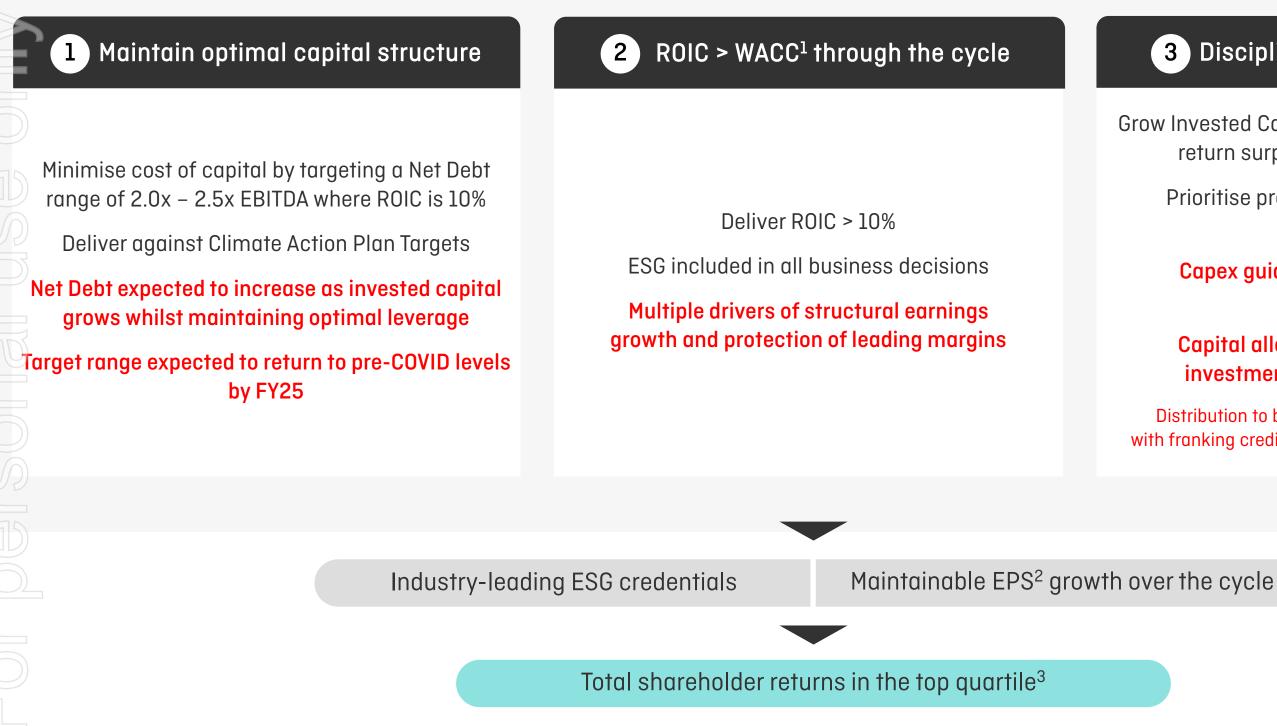
• Prioritised repair of Balance Sheet including sale of non-strategic assets

Disciplined financial management gives the Group financial flexibility and resilience

• Return to strength provides opportunity to competitively secure aircraft delivery slots in next generation technology

• Consistent hedging strategy protects against worst-case outcomes and allows participation in favourable market movements

### Financial Framework drives ongoing discipline and governance





1. Weighted Average Cost of Capital (WACC), calculated on a pre-tax basis. 2. Basic Earnings Per Share. Measured as cents per share. 3. Target Total Shareholder Returns within top quartile of the ASX 100 and global listed airline peer group as stated in 2022 Annual Report, with reference to the 2022-2024 LTIP.

#### **Disciplined allocation of capital** 3

- Grow Invested Capital with disciplined investment, return surplus capital to shareholders
  - Prioritise projects that achieve both ESG and ROIC targets
  - Capex guidance: FY24: \$3.0B \$3.2B

#### Capital allocation discipline balances investment and shareholder returns

Distribution to be delivered via most efficient form. with franking credit rebuild currently expected from FY25

# DELIVERING FOR THE FUTURE





#### Key messages from today



Strong customer value proposition to deliver against target segments



Qantas and Jetstar fleet renewal unlocks new opportunities and extends competitive advantage



Sunrise to deliver sustained earnings increase

Affordability of fleet supported by step change in earnings growth and balance sheet strength

Qantas Freight placed to capture incremental growth in Australian eCommerce



Qantas Loyalty positioned to continue growth in earnings through increased engagement and points earn/redeemed



Climate Action Plan and cost mitigations provide path to reach Sustainability targets while supporting financial outcomes



Commitment to employee culture strengthens talent pipeline and employee retention

and future state

Qantas Loyalty EBIT target FY30

**Sustainability** 

Qantas Group confident in the ability to invest in the business while rewarding shareholders



#### KEY BUSINESS TAKEAWAYS

