



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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# INVESTOR DAY 2023



 **QANTAS** GROUP

Qantas Airways Limited  
30 May 2023

ASX: QAN  
US OTC: QABSY

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# DRIVING SUSTAINABLE GROWTH





## What you'll hear today

Customer



Qantas Group investing in improving our Customers' experience

Domestic



Qantas and Jetstar positioned to deliver growth at industry-leading margins

International



Qantas and Jetstar positioned to leverage unique competitive positions to deliver margin and earnings growth

Loyalty



Qantas Loyalty deepening member engagement to unlock further growth and earnings diversification

Sustainability



Qantas Group enabled to achieve sustainability targets with a path to mitigate decarbonisation costs

People & Culture



Qantas Group committed to ensuring a safe and inclusive culture to enable our People to be their best

Finance & Fleet



Qantas Group disciplined application of the financial framework enables flexible strategic investments and shareholder distributions

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# Qantas Group has a history of strong performance

Championing the Spirit of Australia

Always safety first

Employer of choice

Strong & diverse portfolio of businesses

Most trusted brand and record Customer NPS

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

Leading commitment to net zero by 2050

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# 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

### Qantas Group COVID-19 response

- \$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



### Enabled the Group to emerge stronger

- Enhanced ways of working
- New Domestic and International routes
- Captured Freight market growth
- Stronger financial position
- Timely securing of Project Sunrise and long-term fleet renewal orders

# Travel remains a top priority

## 1 Intent to travel remains significantly above pre-COVID levels<sup>1</sup>

 **2x more** plan to fly domestically in the next 12 months

 **+80%** plan to fly internationally in the next 12 months

## 2 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

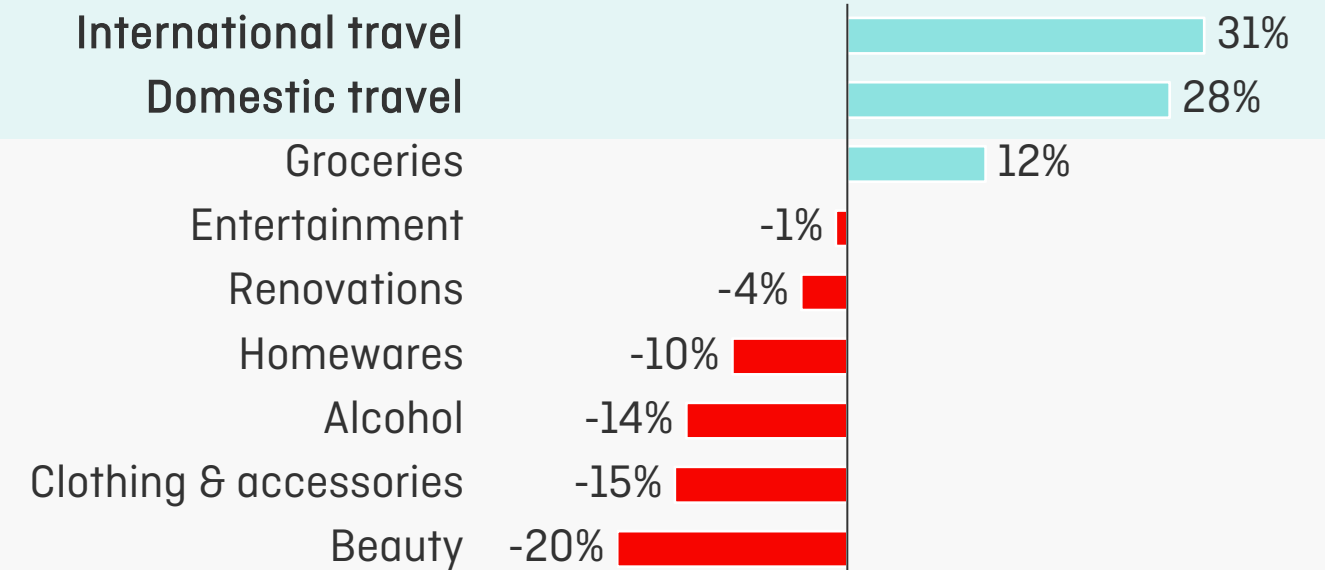
## 3 QFF<sup>3</sup> members intending to expand spend on travel as other categories contract<sup>4</sup>

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

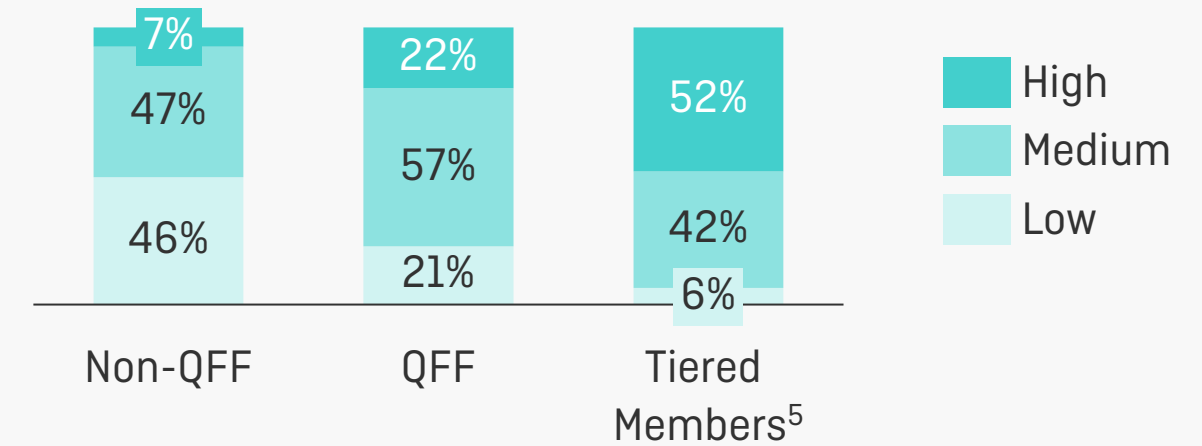
## 4 A high proportion of QFF are medium and high affluence, particularly tiered members<sup>5,6</sup>

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

### QFF net spend intentions in the next 6 months<sup>4</sup>



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



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.



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# 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



*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



*All day, every day low fares*

- Democratising air travel for 19 years
- 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



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

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#1<sup>1</sup>

## Most reliable major domestic airline

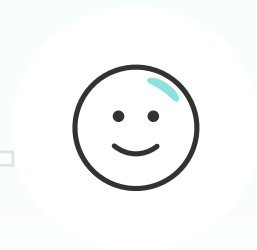
- 10 out of last 11 months with the best OTP<sup>2</sup>
- Lowest average cancellation rate for last 11 months

18%<sup>3</sup>

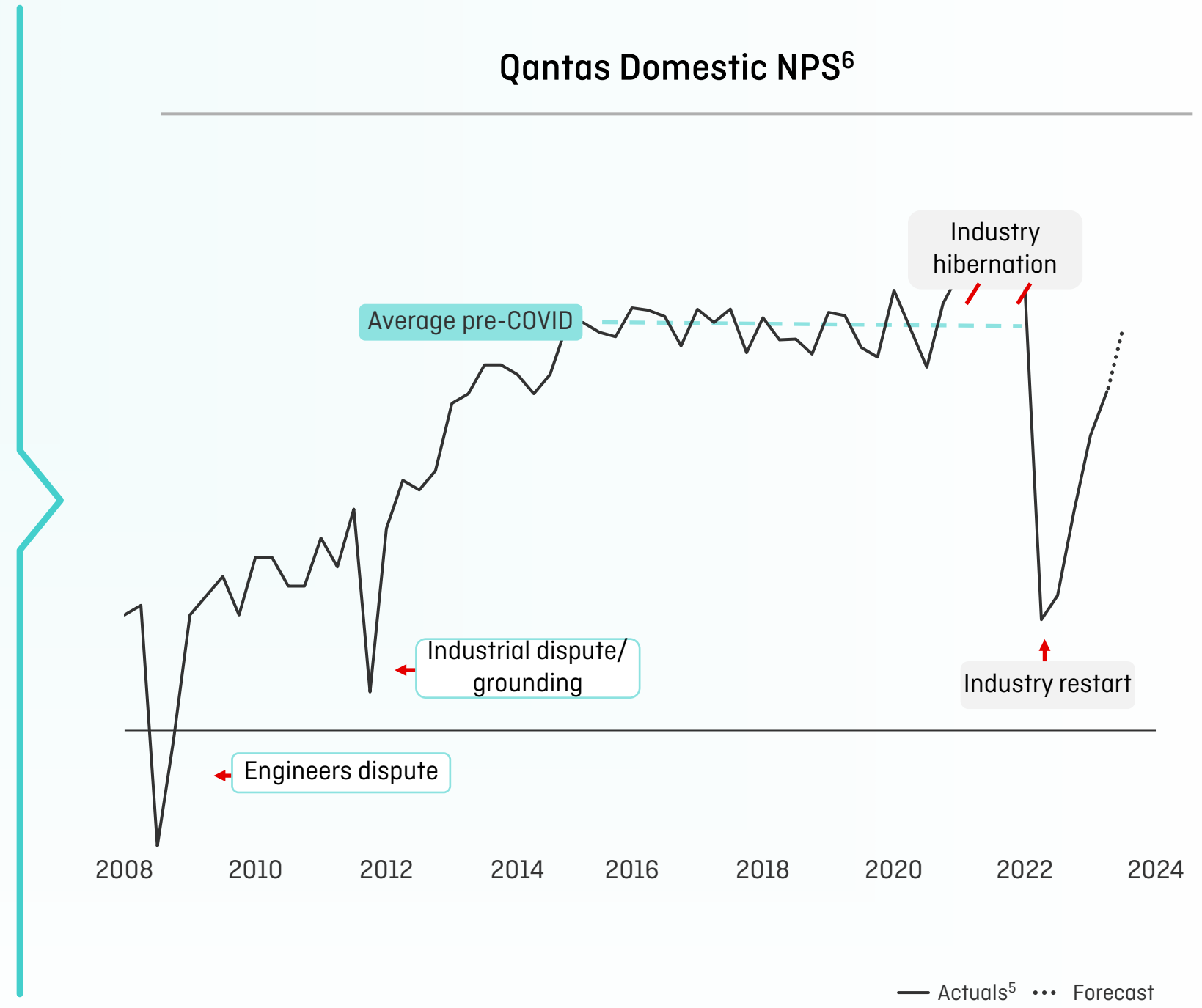
## Reduction in mishandled baggage rate vs. pre-COVID

5 min<sup>4</sup>

## Average call centre wait time to answer (75% reduction vs pre-COVID)

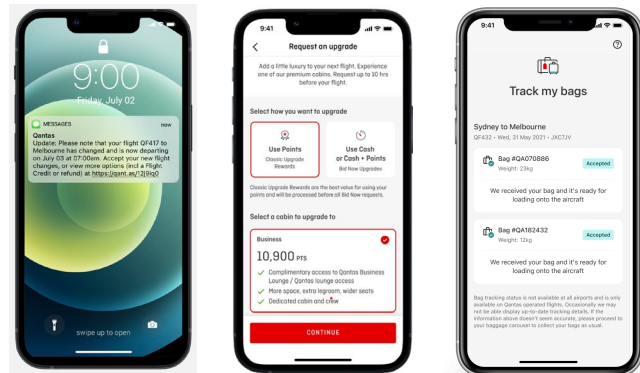


## Customer satisfaction with Cabin Crew back to pre-COVID highs<sup>5</sup>



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

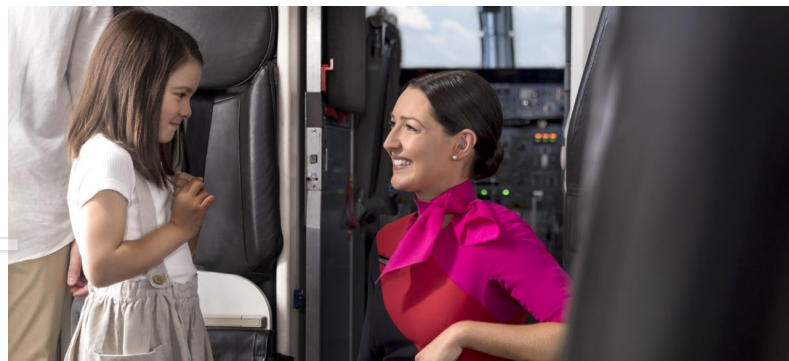
## DIGITAL INCLUDING BAGGAGE UPDATES



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



Refreshed airport experience (including smarter and better boarding)

## IN THE AIR



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



Qantas A350 Sunrise First market leading product across all cabins



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



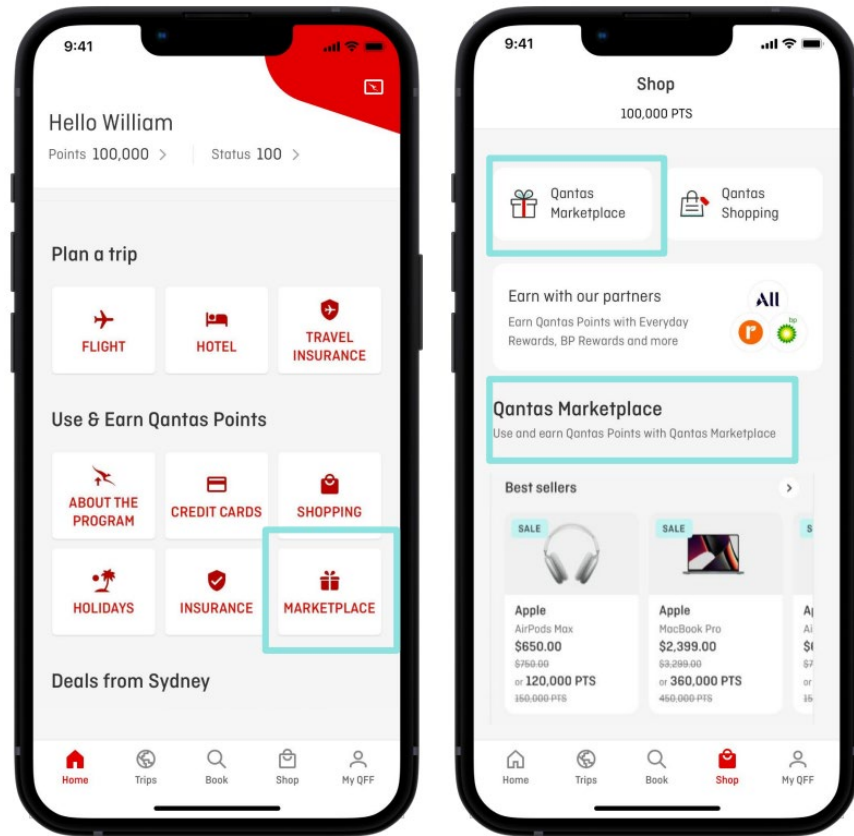
Reduction of 146 million<sup>1</sup> single-use plastic items, targeting zero single-use plastics by 2027

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# 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

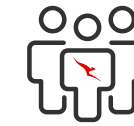
## QANTAS BUSINESS REWARDS



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

BUSINESS REWARDS 

## REDEMPTIONS



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

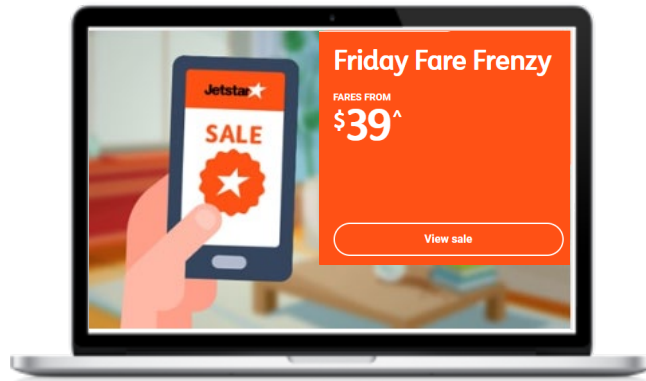
## DATA



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

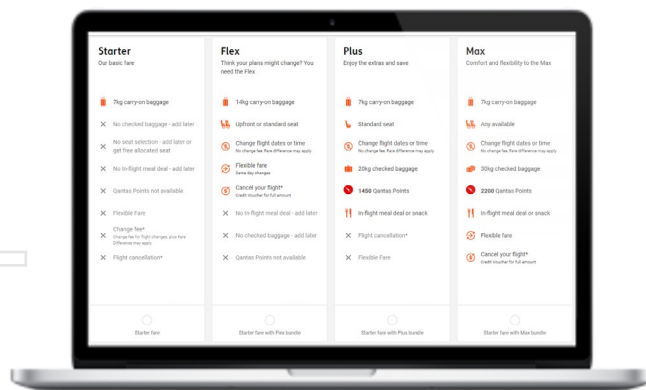
# Jetstar investment for price leadership and smoother travel

## LOW FARE LEADERSHIP



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

## MORE CHOICE



Enhanced bundle merchandising

## IMPROVED CUSTOMER EXPERIENCES

### Operational reliability



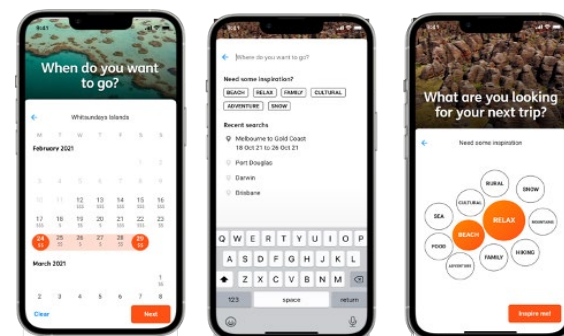
Investing in systems and processes to leverage Group strength to reaccommodate customers in a disruption

### New aircraft



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

### 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

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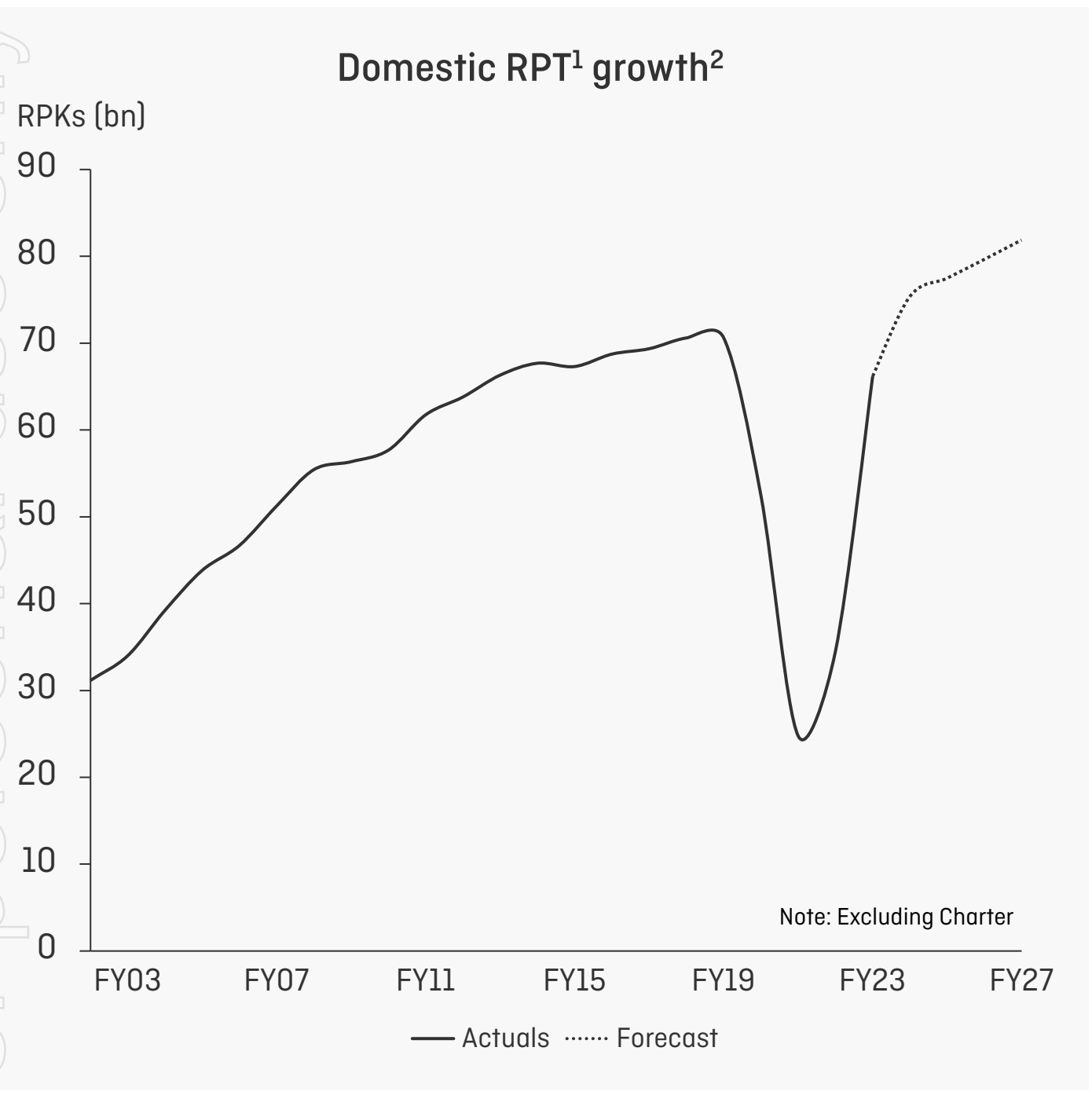
# DELIVERING MARGIN ADVANTAGE IN A STABLE AND GROWING DOMESTIC MARKET





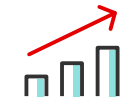
# Australian domestic market has seen stable growth

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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

- 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



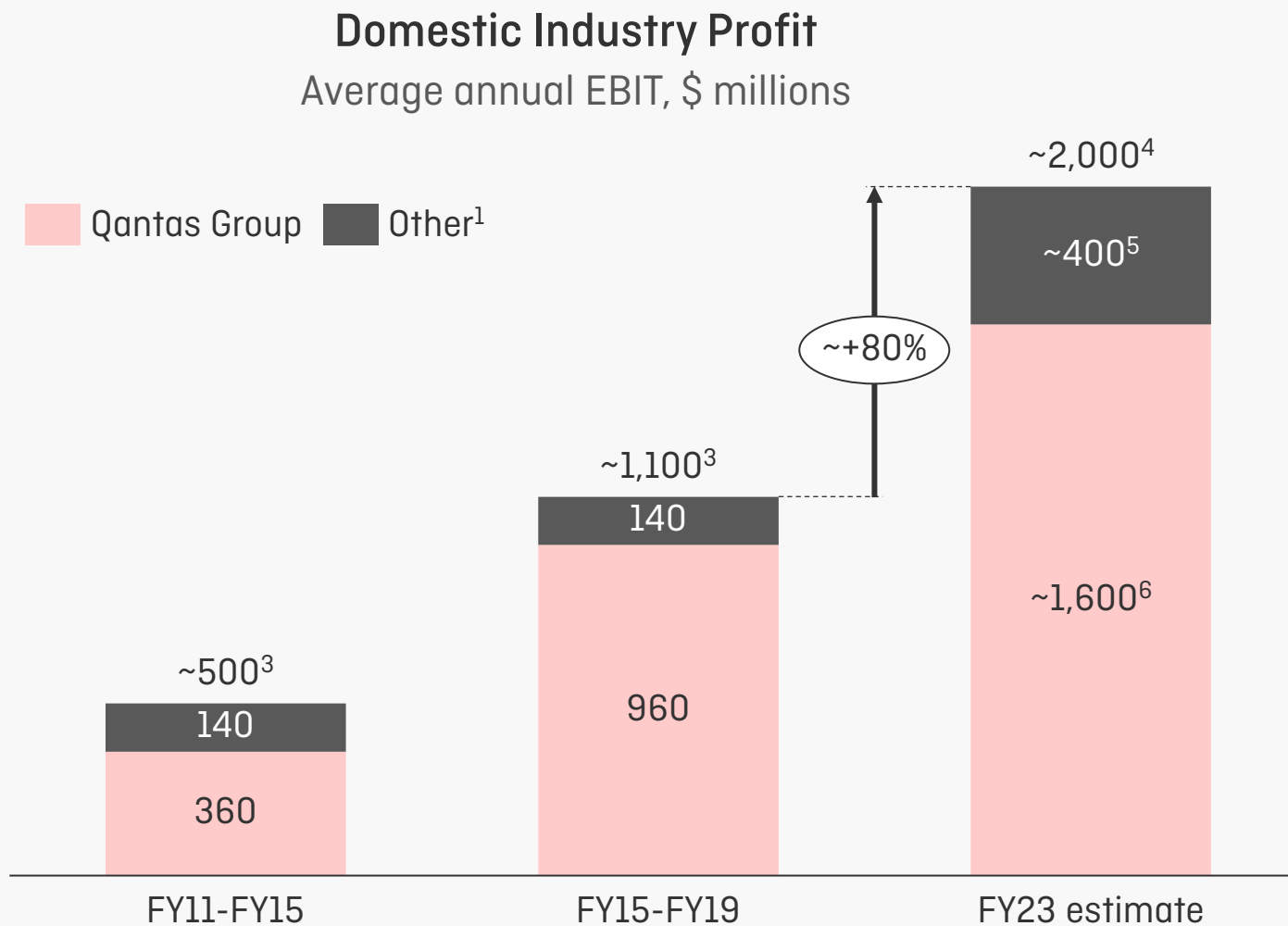
In addition, Charter segment saw strong growth over past decade and has pipeline of new resource projects across diverse portfolio of commodities



Post-COVID demand rebounding strongly

- Leisure, Resource & Charter demand exceeding pre-pandemic with elevated RASK<sup>4</sup>
- 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



Group capacity share <sup>2</sup>	64%	61%	66%
Share of industry profit	~70%	~90%	~80%

- 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 network restructure
- 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

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AIRLINES

SEGMENTS



Premium (highest yielding) Price conscious (lowest yielding)

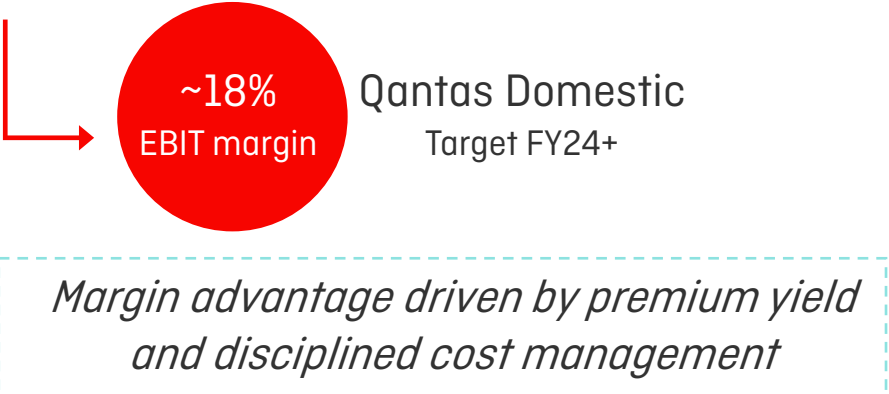
Corporate	SME	Premium leisure	Price sensitive business	Price sensitive leisure
80%+ market revenue share ~30% of Qantas Domestic revenue	50%+ market revenue share ~30% of Qantas Domestic revenue	~40% of Qantas Domestic revenue	~15% of Jetstar Domestic revenue	~85% of Jetstar Domestic revenue

## 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)
- Loyalty value proposition including International and Partners

## Jetstar Segments Share Drivers

- Capacity share on Leisure routes
- Lowest fares, supported by Price Beat Guarantee
- Ancillary options providing customer choice
- Club Jetstar for added value





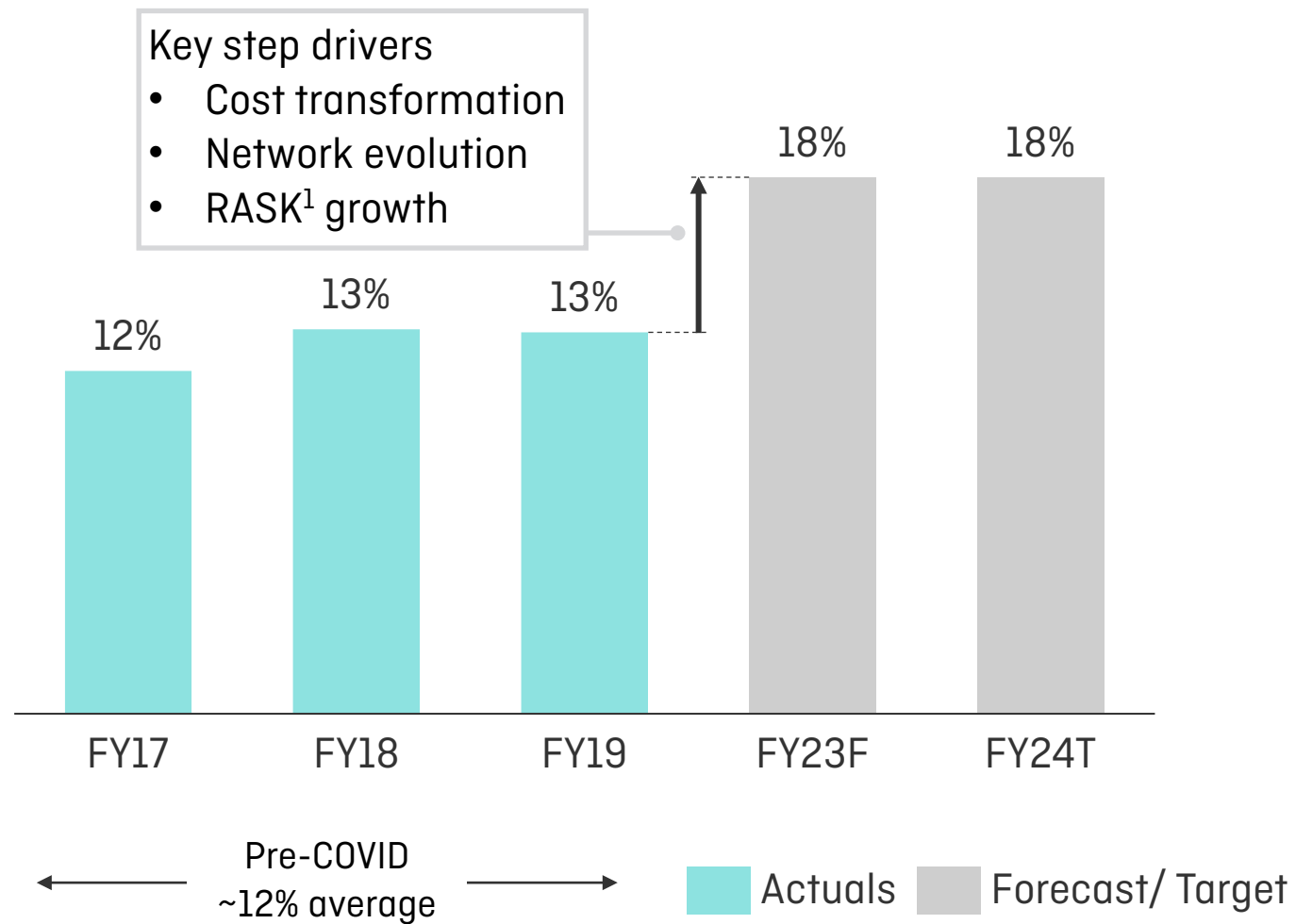
# Sustaining Qantas Domestic industry-leading margins for FY24 and beyond



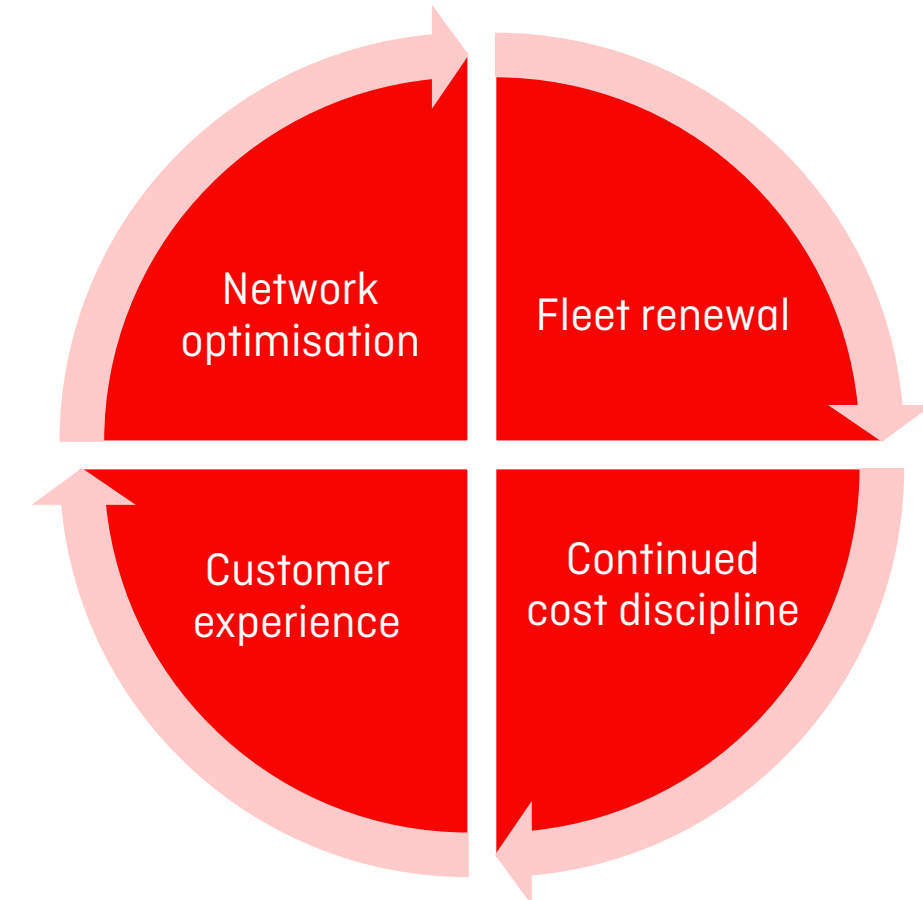
Transformation and network have delivered a step change in earnings...

...that will be sustained into the future

## Qantas Domestic EBIT margin evolution



## Qantas Domestic Value Drivers



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



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**HIGH VOLUME TRUNK**  
e.g. MEL-SYD

- Links largest populations together (e.g. SYD, MEL, BNE, PER)
- High corporate and SME<sup>1</sup> traffic
- Premium customer offering focus

**TRUNK**  
e.g. ADL-PER

- Linking major cities together (e.g. CBR, ADL, OOL)
- Even mix of business and premium leisure traffic
- Connectivity for both regional and international traffic

**SUB TRUNK**  
e.g. ADL-DRW

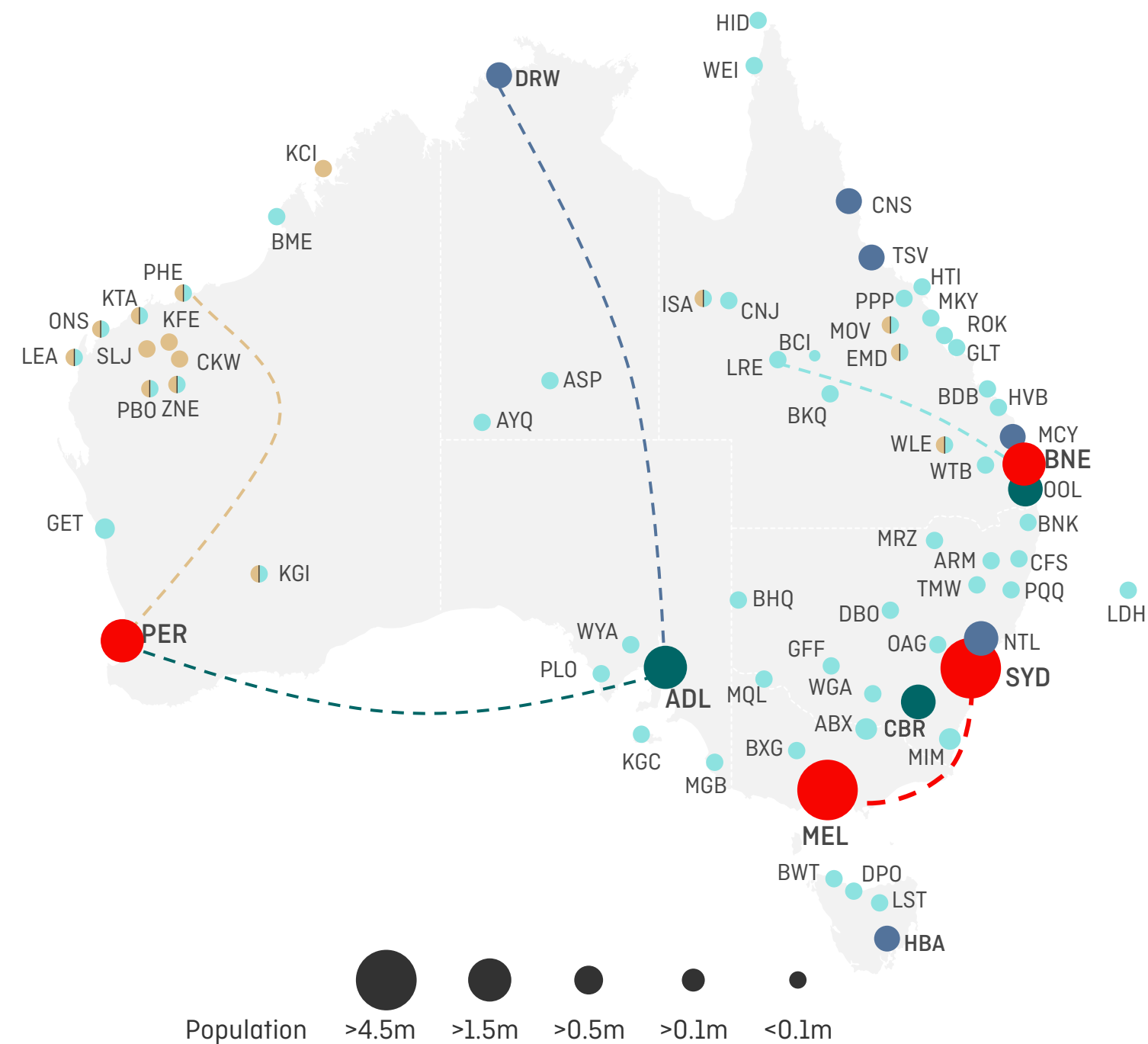
- Connecting smaller cities to major hubs (e.g. CNS, TSV, HBA)
- High premium leisure traffic with supporting business
- Funnels traffic onto international and domestic network

**REGIONAL**  
e.g. BNE-LRE

- Serving the large, dispersed regional segment
- Aggregating business and leisure traffic into hubs
- Lower utilisation, focused on demand led flying

**RESOURCE**  
e.g. PER-PHE

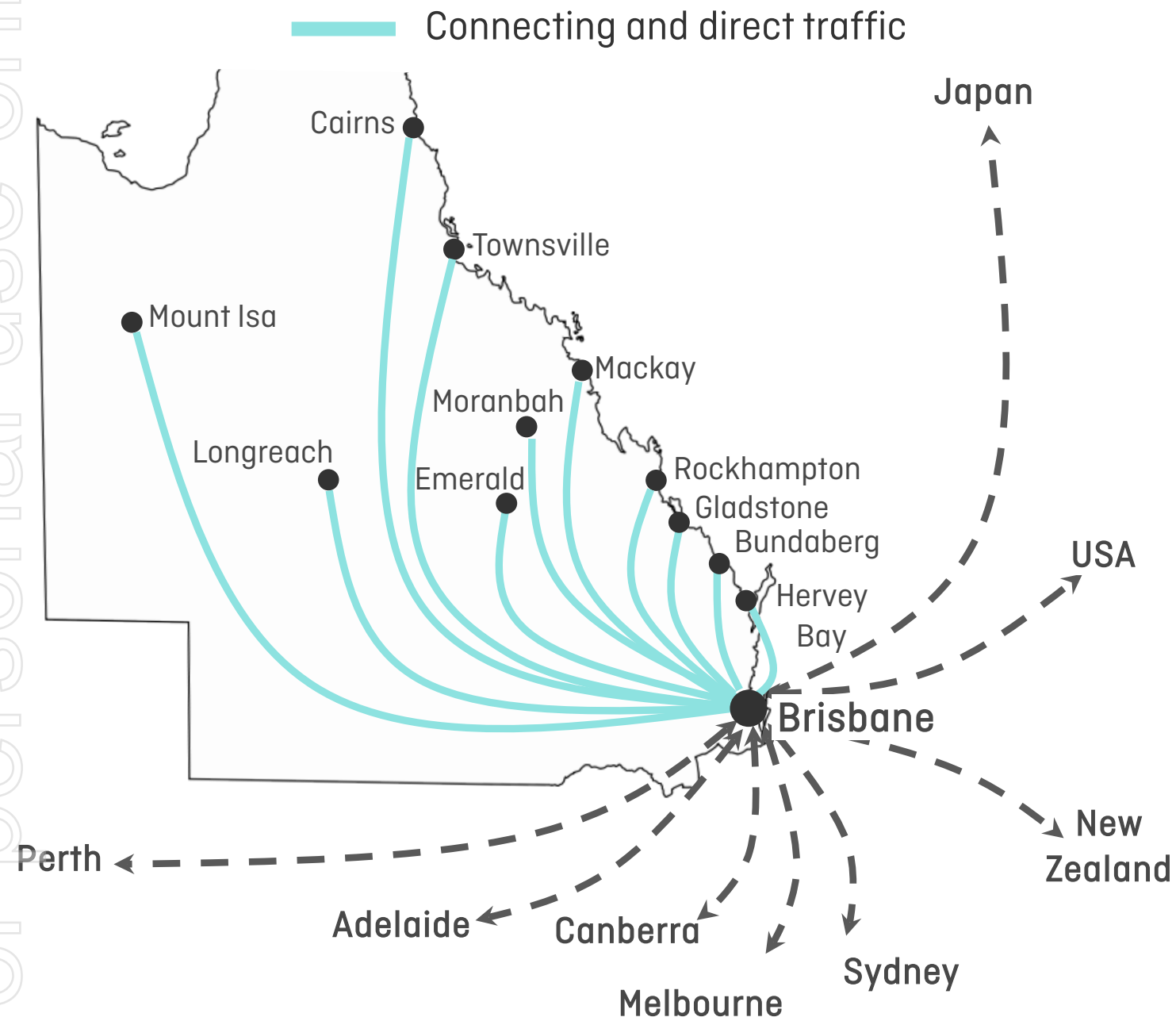
- Demand driven by mining industry, stable and growing
- High operations focus and departure time focused
- Low utilisation, older fleet meets customer demand



● High Volume Trunk Port ● Trunk Port ● Sub-Trunk ● Regional ● Resource

*Non-exhaustive, dotted lines represent example routes*

# Network strategy underpins unrivalled connectivity proposition for customers



- 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 regional routes to domestic and international
- Qantas and its partners' combined network covers 93%<sup>1</sup> of passenger demand domestically and internationally out of Australia
- Reinforced by Loyalty program, allowing customers to earn and redeem across network

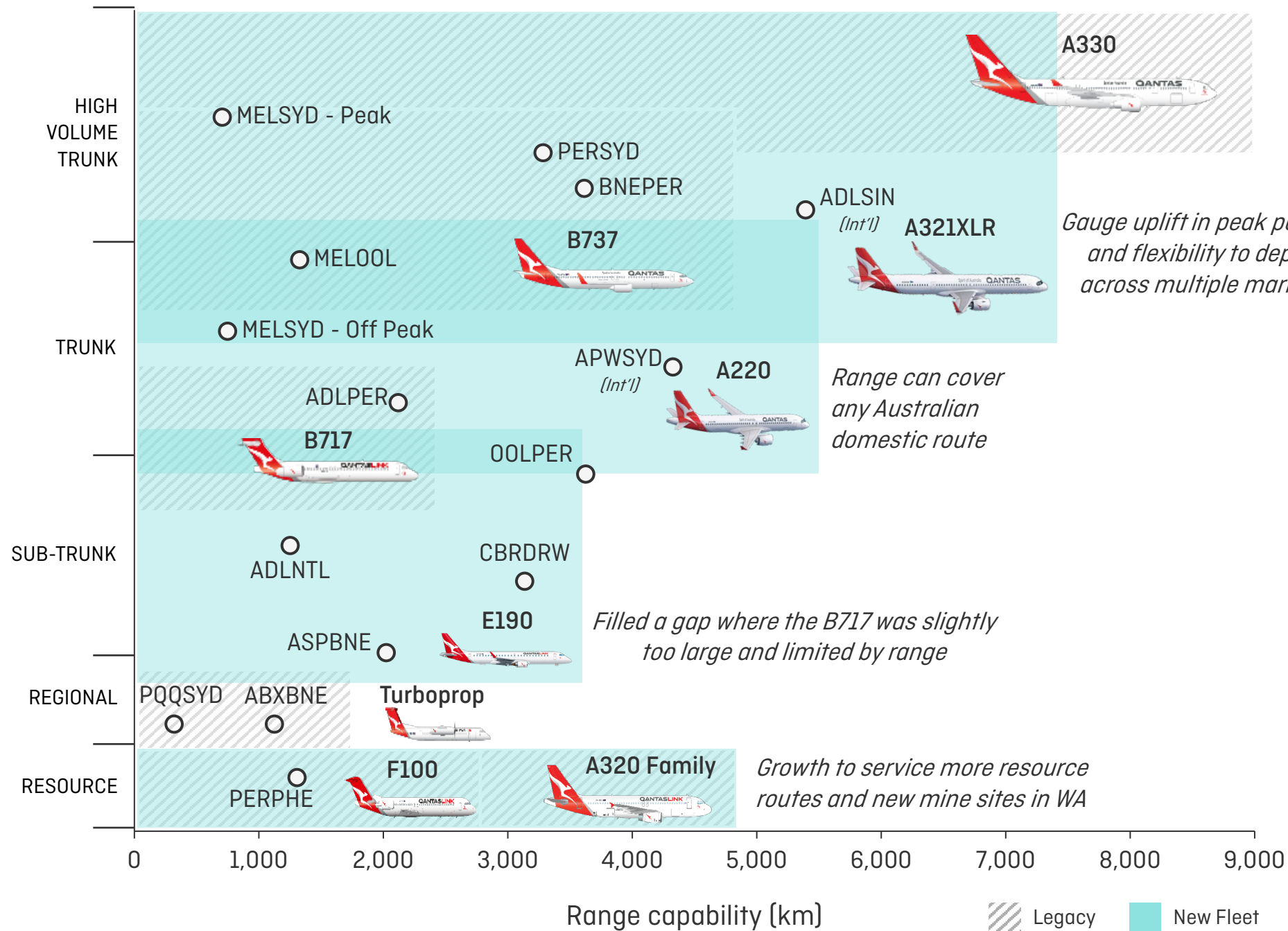
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# Current and future fleet provide flexibility to optimise route economics and drive revenue premium



## PLANNED FLEET BRINGS FULL COVERAGE WITH HIGH FLEXIBILITY



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

	A220 vs B717	A321XLR vs B737
Gauge	+18% seats <sup>1</sup> 137 vs 110/125	+15% seats 200 vs 174
Premium mix	7% premium mix (+1ppt <sup>1</sup> ) (10J seats)	10% premium mix (+3ppt) (20J vs 12J)
Range	+100% range	+70% range
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)
Engineering	33% lower cost per seat	2% lower cost per seat

**+21%**

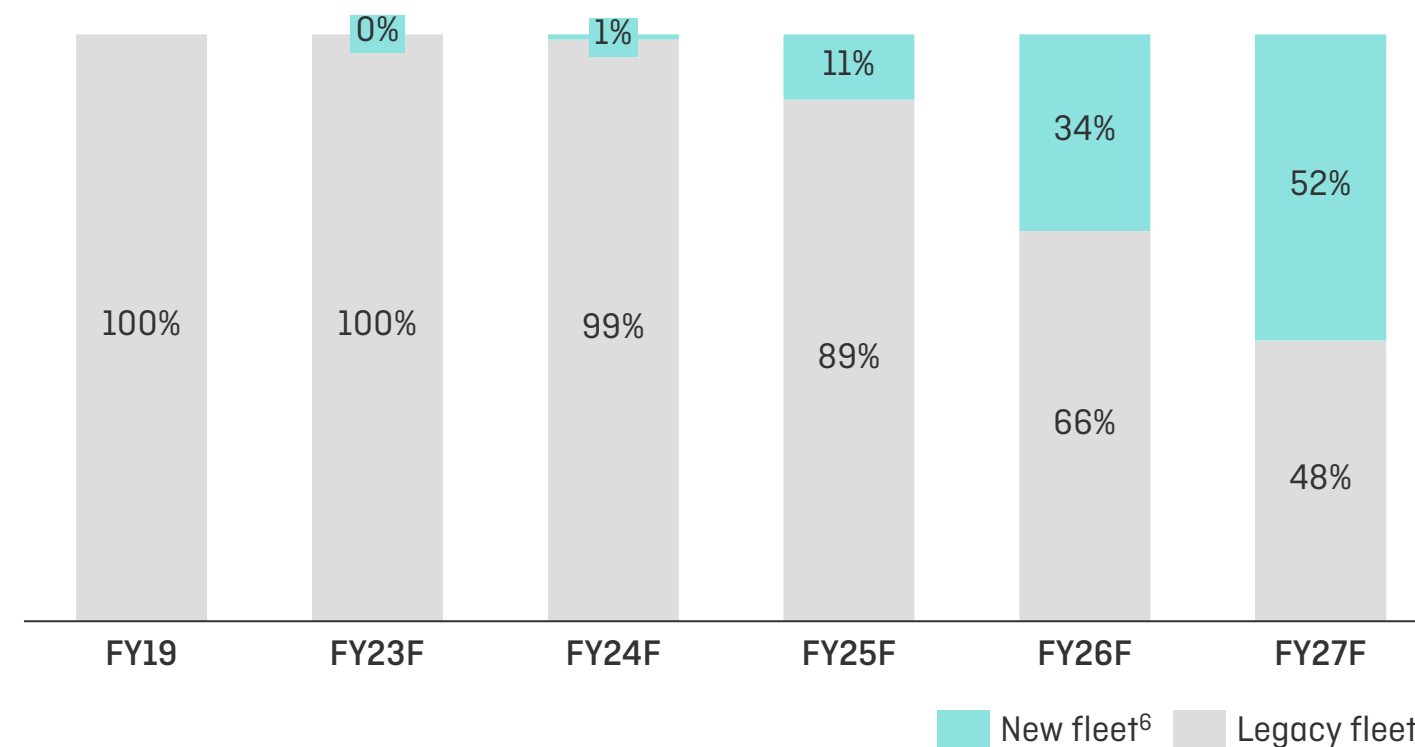
Unit cost improvement<sup>2</sup>

**+9%**

Unit cost improvement<sup>2</sup>

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

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



**Enabling sustained transformation**

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



## KEY FOCUS AREAS



### Network & Operations Planning

Investing in technology and process to optimise schedule and operations capacity



### Workforce Planning

Ensuring rostering, training and delivery capacity resilience and alignment to requirements



### Day of Operations

Driving operational efficiency through turn performance and disruption management

## CASE EXAMPLES



Schedule optimisation



Turn performance

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

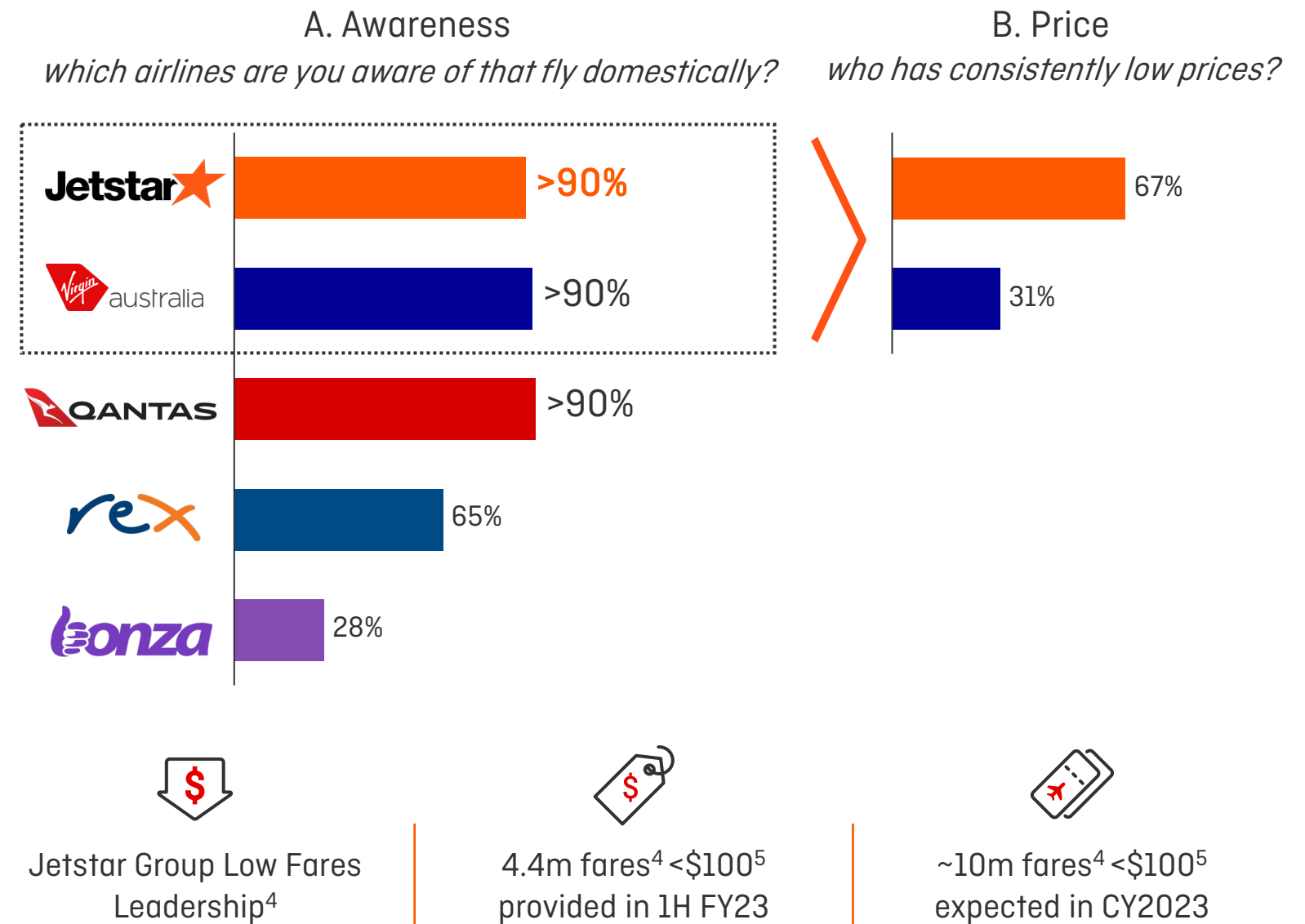


- Jetstar has the leading leisure proposition, serving 61<sup>2</sup> domestic routes targeting price sensitive leisure and business travellers
- Stable earnings base and strong domestic operating margins underpinned by competitive advantages
- With low cost, scale and ancillary revenues, Jetstar continues to drive low fares for consumers

## Jetstar competitive advantage

 Scale and lowest cost base	 Successful dual brand strategy
 Ancillary revenue	 Brand and direct distribution strength
 Introducing new fuel efficient A321LRs	 Club Jetstar subscription program

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



1. Low-Cost Carrier. 2. In FY23, Source: Diio Mi. 3. AU Brand Health Tracker monthly survey based on Australian representative sample. 4. Across Jetstar Group which includes Jetstar Australia Domestic, International and New Zealand, Jetstar Asia and Jetstar Japan. 5. All fares mentioned are base fare.

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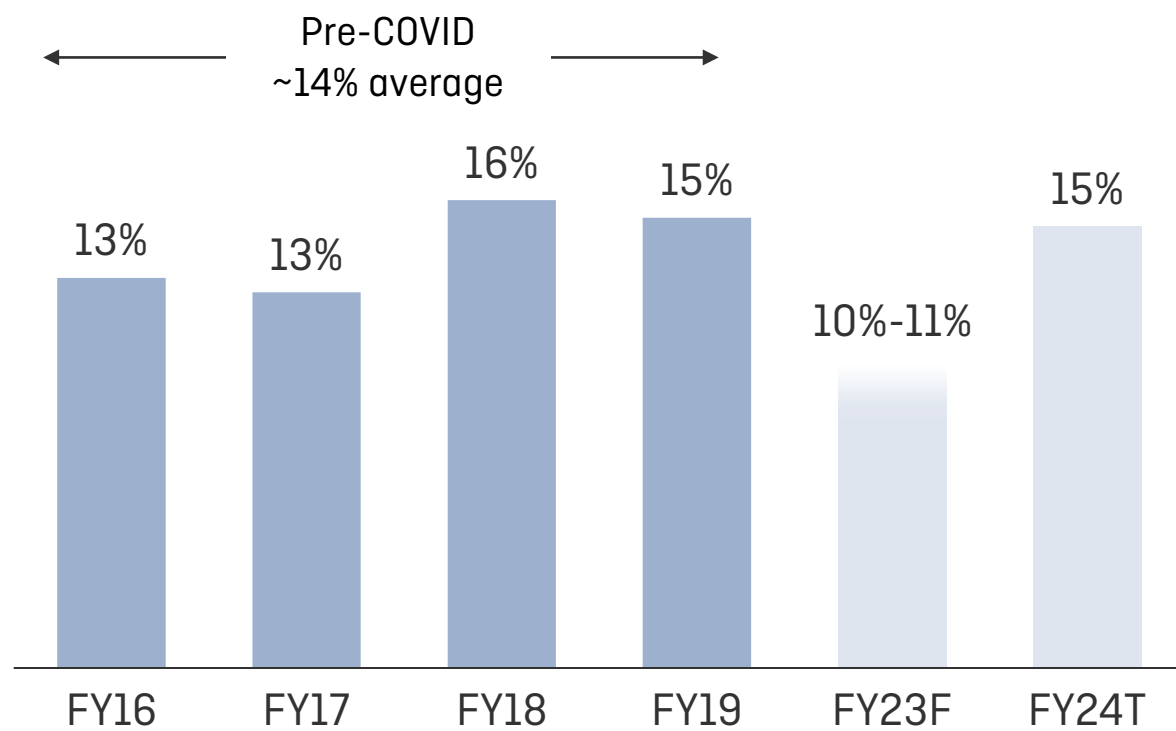
# Jetstar Domestic targeting industry-leading LCC 15% EBIT margin for FY24 and beyond



Jetstar Domestic positioned to achieve and sustain LCC<sup>1</sup> industry-leading margins...

... through delivering against the lowest cost base & optimising revenue

### Jetstar Domestic EBIT margin evolution

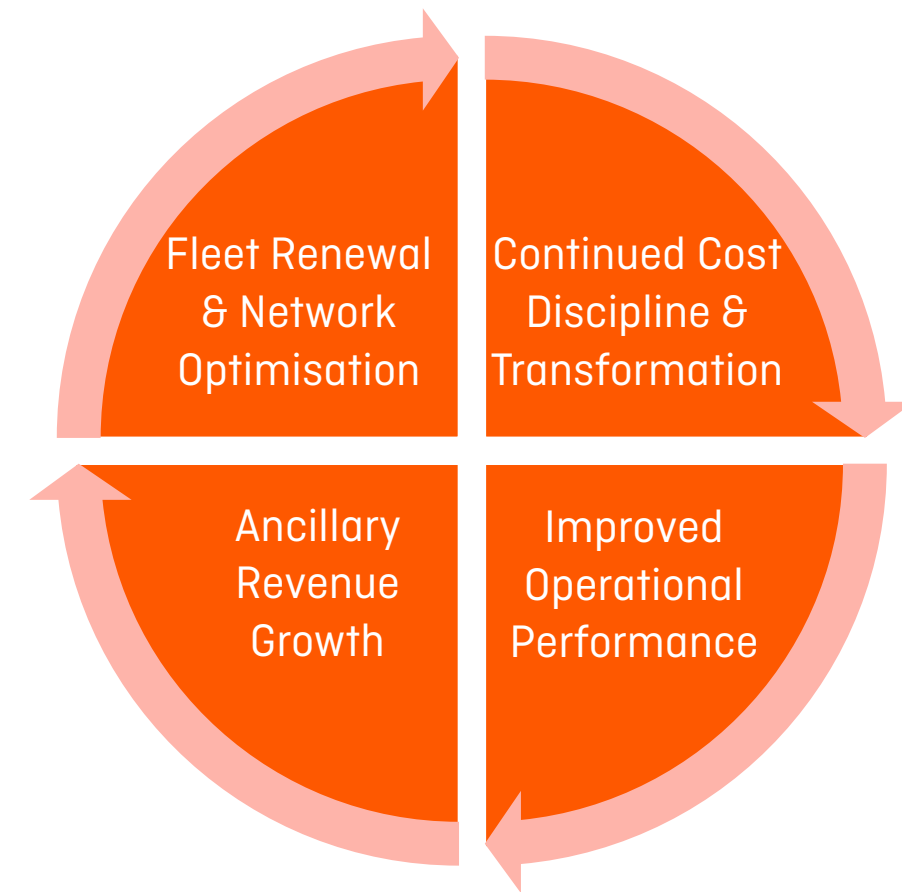


All-in Jet Fuel Price (A\$/BBL)



Actuals Forecast / Target

### Jetstar Domestic Value Drivers



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# Jetstar fleet renewal drives margin and sustains cost leadership



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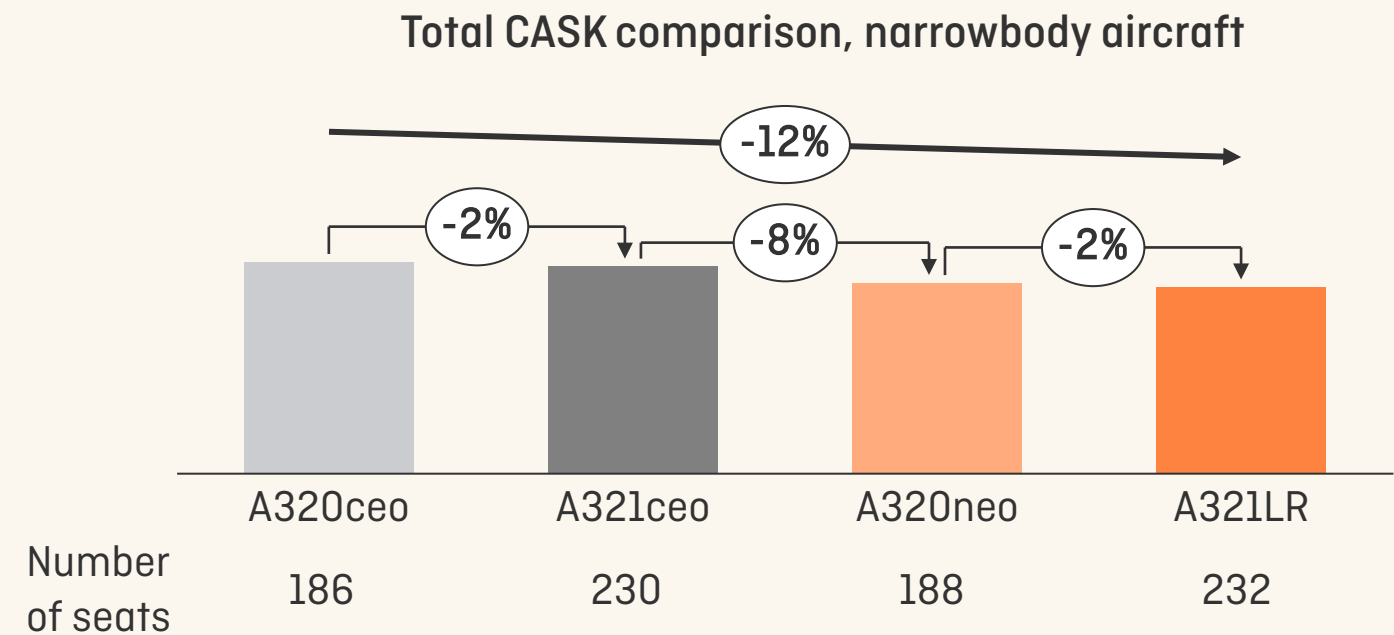
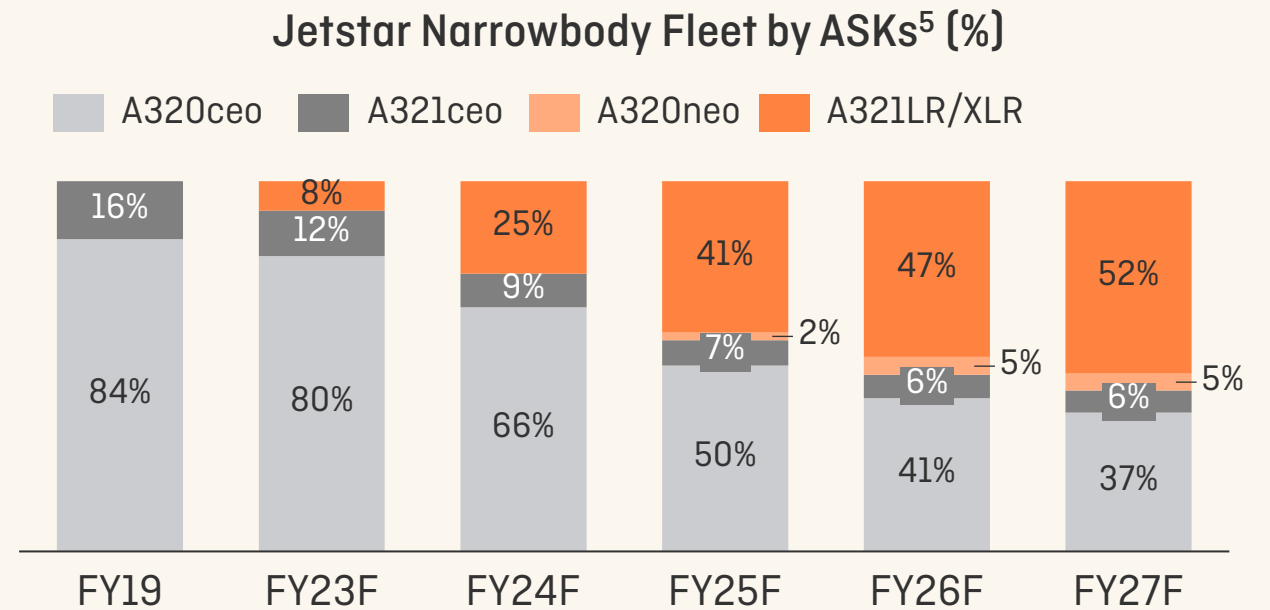
**A321LR/XLRs expected to operate >50% of narrowbody capacity by FY27, delivering up to 12%<sup>1</sup> total CASK<sup>2</sup> improvement<sup>3</sup>**

**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





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



## KEY FOCUS AREAS



### Ongoing Cost Reduction

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



### Fuel Efficiency Program

- Aircraft weight reduction
- Flight planning & air traffic management
- APU Management
- Technical performance



### Group Services Opportunities

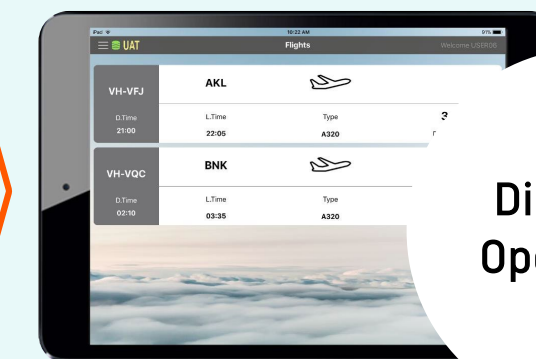
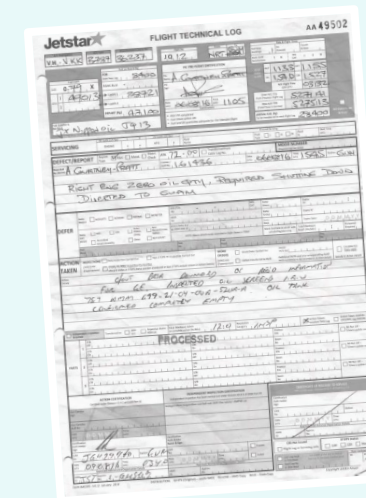
- Engineering opportunities for A320 fleet group family
- Flight/Ground Training synergies
- Ground Service Provider management



### Aviation Charges

- Largest controllable cost
- Partner with airports, tourism bodies and other stakeholders

## CASE EXAMPLES



**Digitising Operations**

**Group Services Synergies**



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



- **Jetstar focused on improving operational reliability to pre-COVID levels and beyond through:**

- End to end planning & delivery
- Precision Timing Scheduled (PTS) digitization & optimising turn performance
- Bringing forward customer check-in, bag drop and gate closure times
- Optimising resourcing coverage, standby crew & aircraft
- OTP culture & systems
- GSE<sup>1</sup> & stairs strategy to maximise dual door use
- Ongoing recruitment & training, including with key suppliers
- Fleet health & reliability

- **Aiming to achieve target OTP<sup>2</sup> range and cancellation rates by early FY24**

- **Delivering improved operational performance will:**



Reduce disruption recovery costs

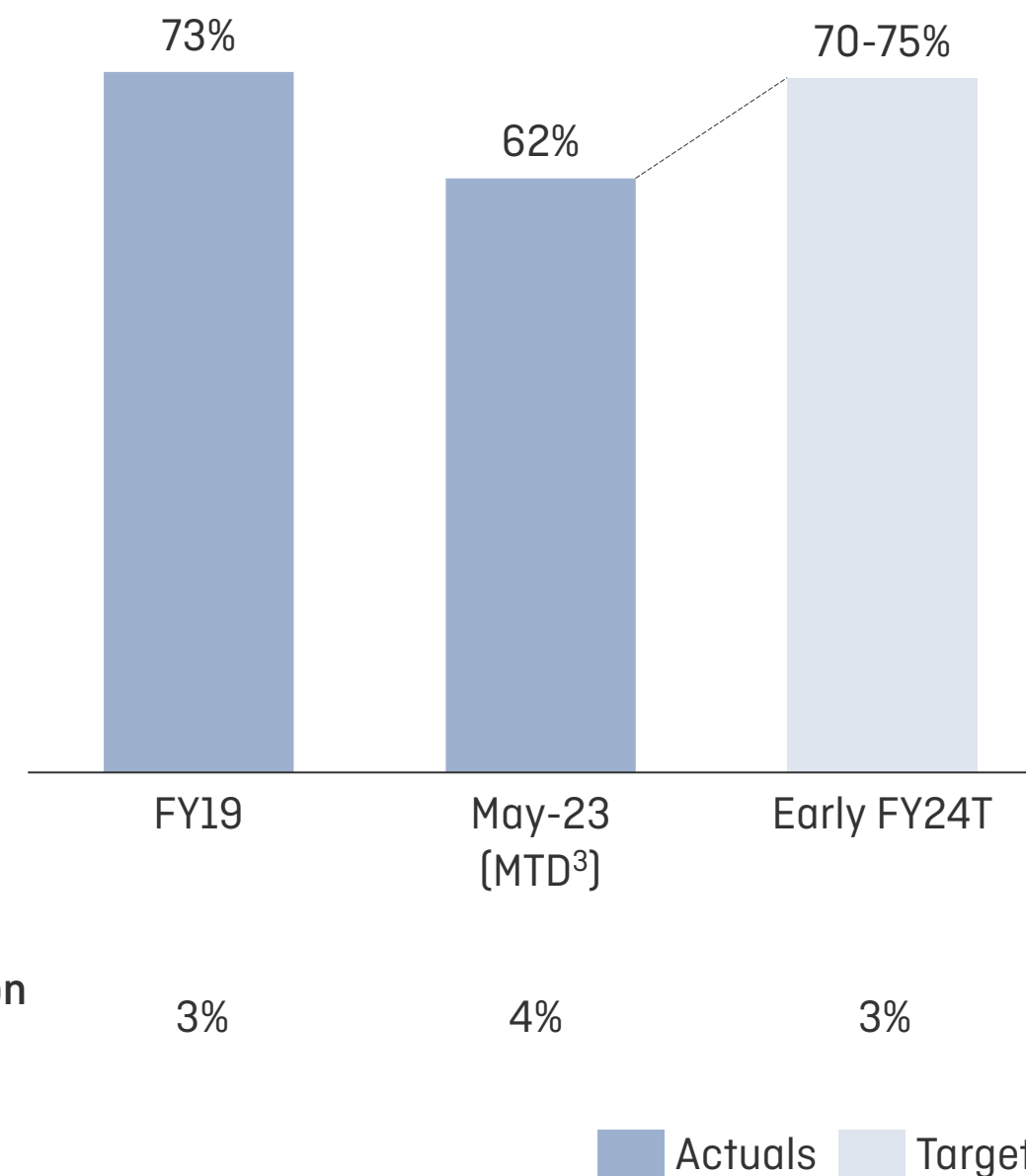


Improve customer experience through more seamless travel experiences



Enable increased aircraft utilisation delivering additional earnings

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



Cancellation Rates

3%

4%

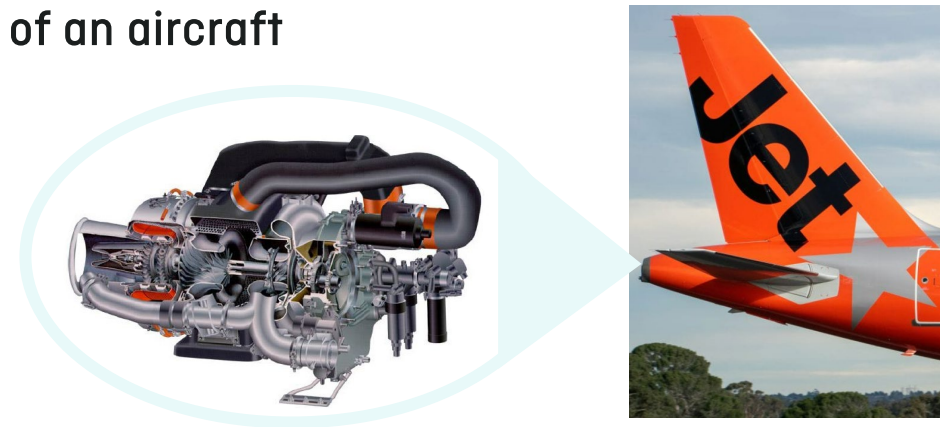
3%

Actuals Target

# Supply Chain – Jetstar Auxiliary Power Units (APUs)

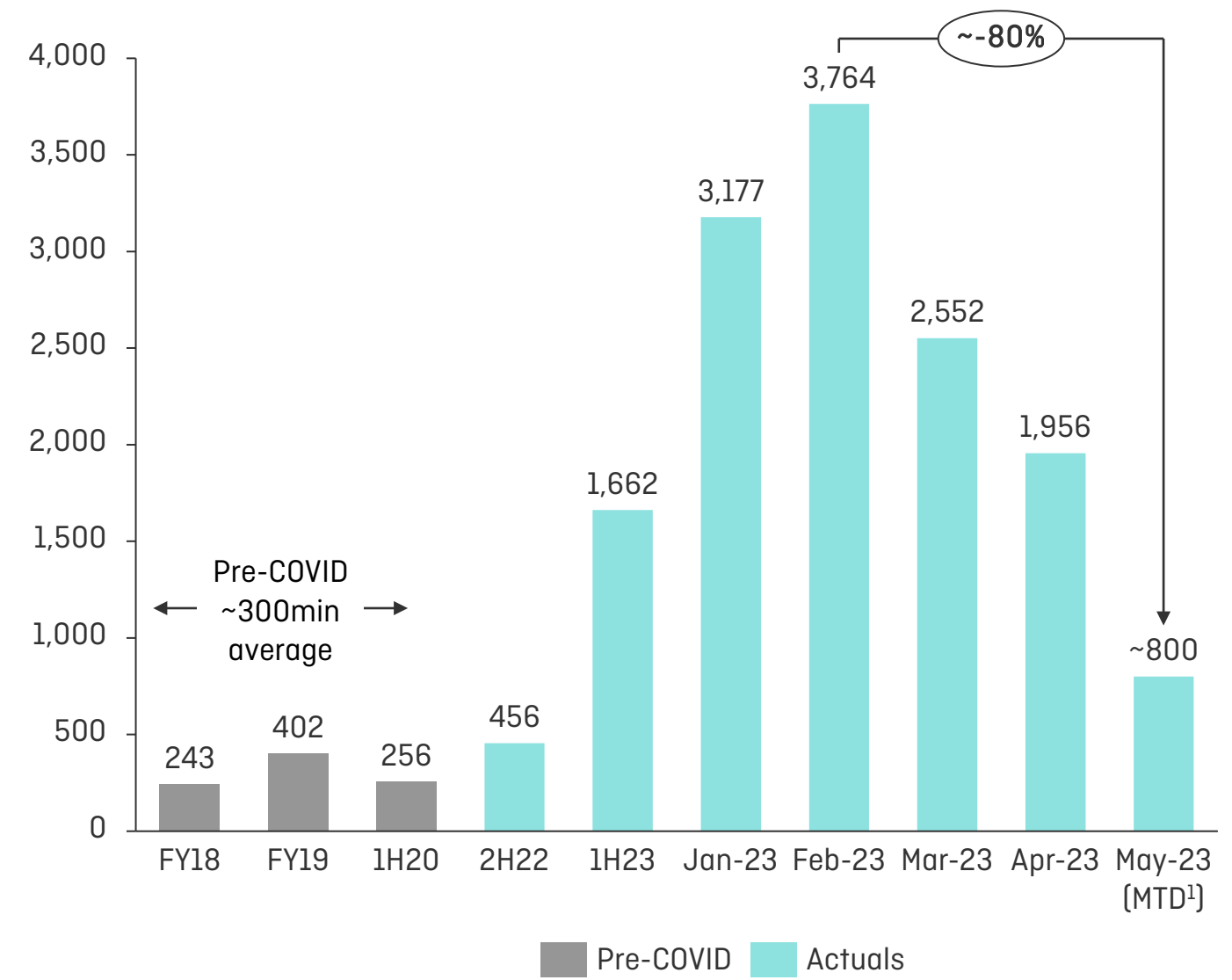
- An APU is a small engine on the tail of an aircraft that provides electricity and air to:

- start up the main engines
- operate air conditioning
- power the cockpit and cabin



- Aircraft with unserviceable APUs require an alternative approach to start engines (e.g. Air Start), delaying departures
- Supply chain issues resulted in up to 12 aircraft operating with unserviceable APUs, creating significant delays
- We have taken significant actions to improve this situation, including:
  - Sourcing additional units
  - Supplier commitment to additional deliveries and additional repair facilities
  - Enhanced maintenance, reliability modifications and cleaning
- Resulting in an ~80% reduction in delay minutes from Feb to May (MTD<sup>1</sup>)

APU driven delay minutes per month<sup>2</sup>



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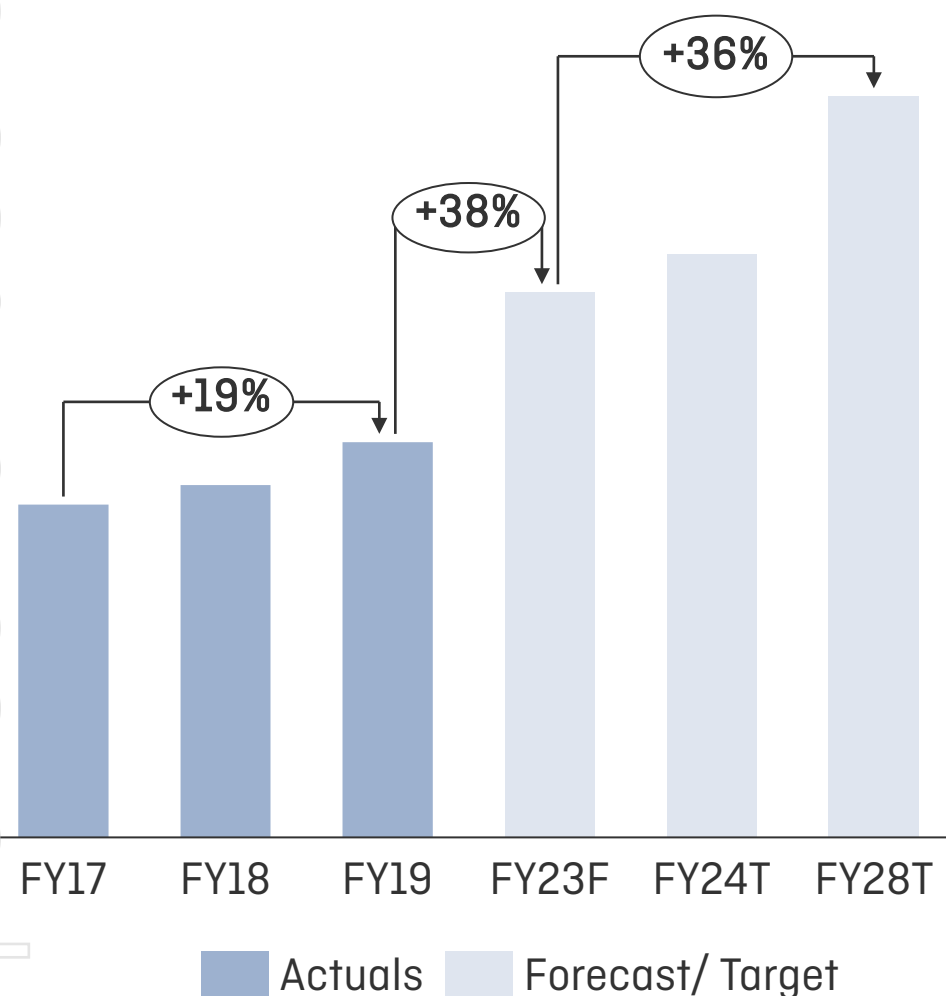


# Ancillary growth providing more choice with new offerings and services



## Ancillary Growth

Domestic Ancillary Revenue<sup>1</sup> Per Passenger Evolution



~38% growth achieved with focus on choice and driving valuable add-ons e.g.

- New products providing customers greater flexibility
- Enhanced user experience for bundle selection
- Dynamic seat map with zoned pricing

Planning further growth through:

- Investment in app and digital ecosystem improvements
- Expanding range of flight value-add products
- Improving inflight experience with new digital platform
- Enhancing Club Jetstar
- Growing Jetstar Holidays

Ancillary improvements delivering incremental revenue and improved choice for customers

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

Jetstar only offering

- Club Jetstar (subscription program)
- Freight
- FareCredit

Jetstar and Leading LCC offering

- Bundles
- Paid checked luggage
- Paid seat selection / extra legroom
- Paid food & beverage (pre-order and onboard)
- Flight/Name change fee
- Hotels and holiday packages
- Travel insurance / car hire
- Media sales
- Paid oversize/valuable luggage
- Travelling with children under 2

Jetstar part offering

- Paid carry-on baggage / paid upgrade

Leading LCC- only offering

- Destination attractions
- Paid security fast-track
- Paid priority boarding

Previously offered by Jetstar

- Hold fare offering
- Paid airport transfers & parking

# Driving Ancillary Revenue

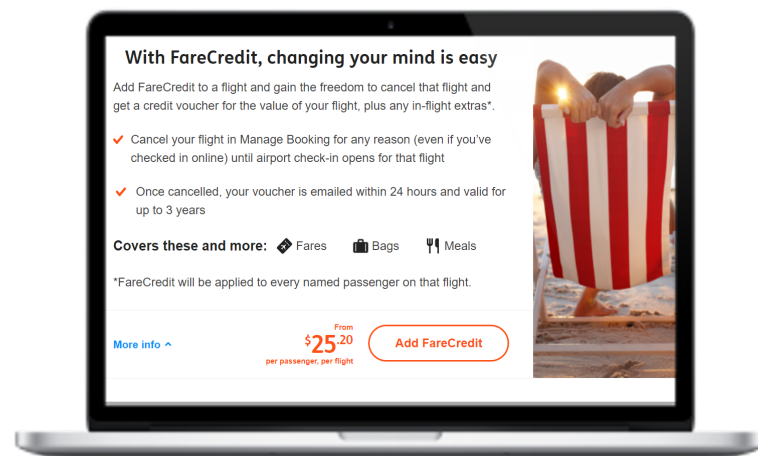
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## FareCredit

Released FY22

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



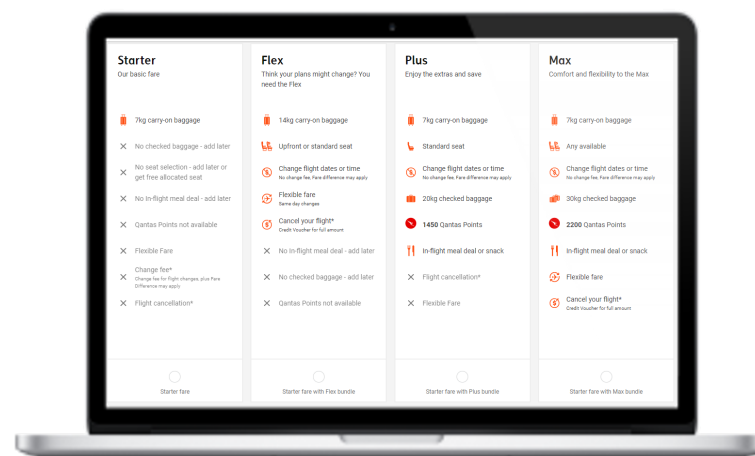
- World-first product featured in 2023 CarTrawler report as one of 'eight new ideas by airlines all over the globe'
- Applies to non-refundable fares increasing choice for customers
- Delivering incremental revenue benefit and enhanced customer choice



## Bundle Selection

Early FY23

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



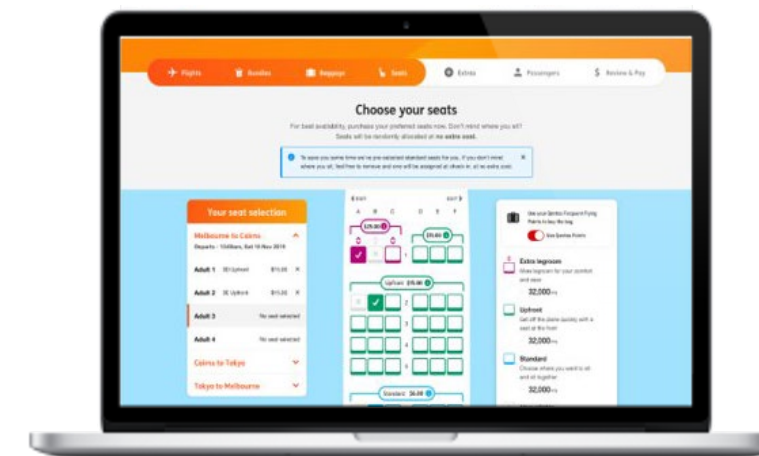
- Bundles moved to flight selection page
- Resulting increase in bundle conversion rates, and ~3 minute time saving per booking



## Dynamic Seat Map

New - March 2023

A more efficient way for customers to view and select the seat they want

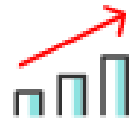


- Customers can quickly and easily select their desired seat on the new interactive map
- Allows differential pricing across cabin
- Resulting in customer time savings (~1 minute per booking) and increases in seat selection rates

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

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

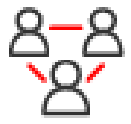
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Strong demand outlook in a stable market



Protecting and extending dual brand network and margin advantage



Maintaining customer focus and expanding segment leadership



Fleet transformation delivering step-change in unit cost reduction



Disciplined cost focus and ongoing transformation protecting margin performance



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



Qantas Domestic  
EBIT margin target FY24+



Jetstar Domestic  
EBIT margin target FY24+



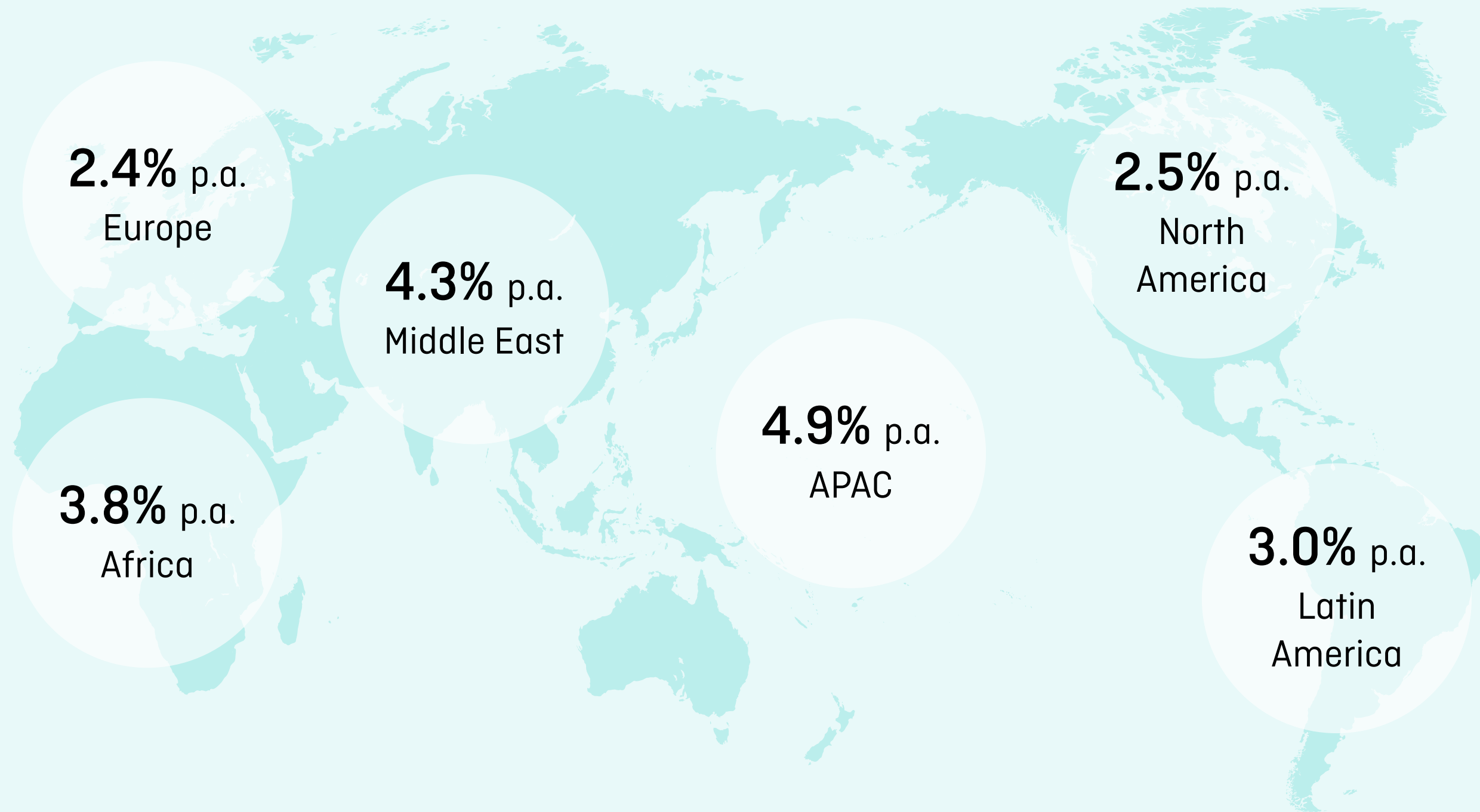
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# SECURING INTERNATIONAL GROWTH AND EARNINGS



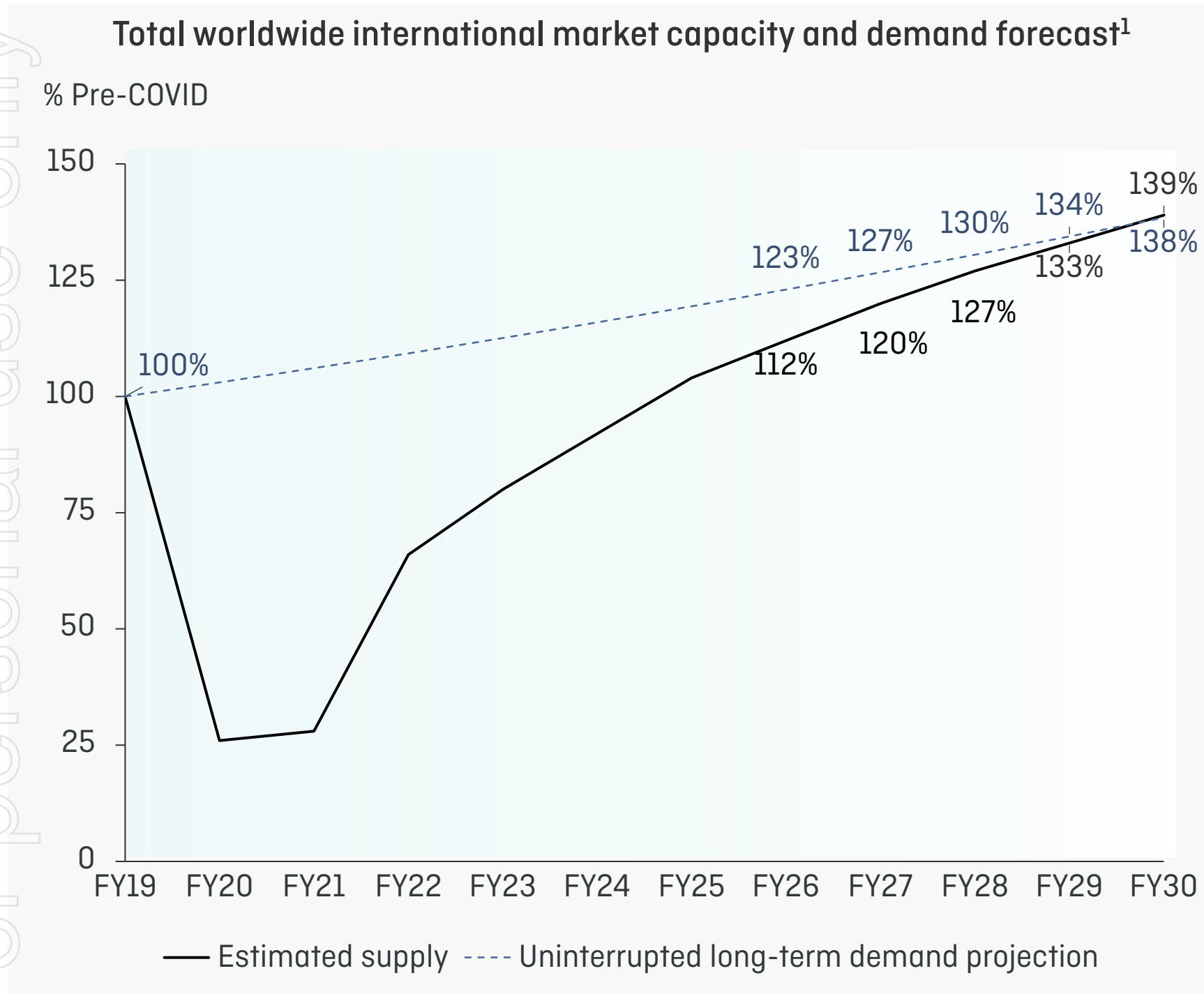
# Global passenger growth reinforces the opportunity of unique direct routes from Australia

20-year passenger growth outlook<sup>1</sup> provides confidence in long-term global market demand



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# Market supply constraints expected to persist for several years



## Drivers of supply constraints

- 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 until 2026+
- Labour availability and training have affected industry ramp-up plans
  - Labour market constrained
  - Training resources limited



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# QANTAS INTERNATIONAL



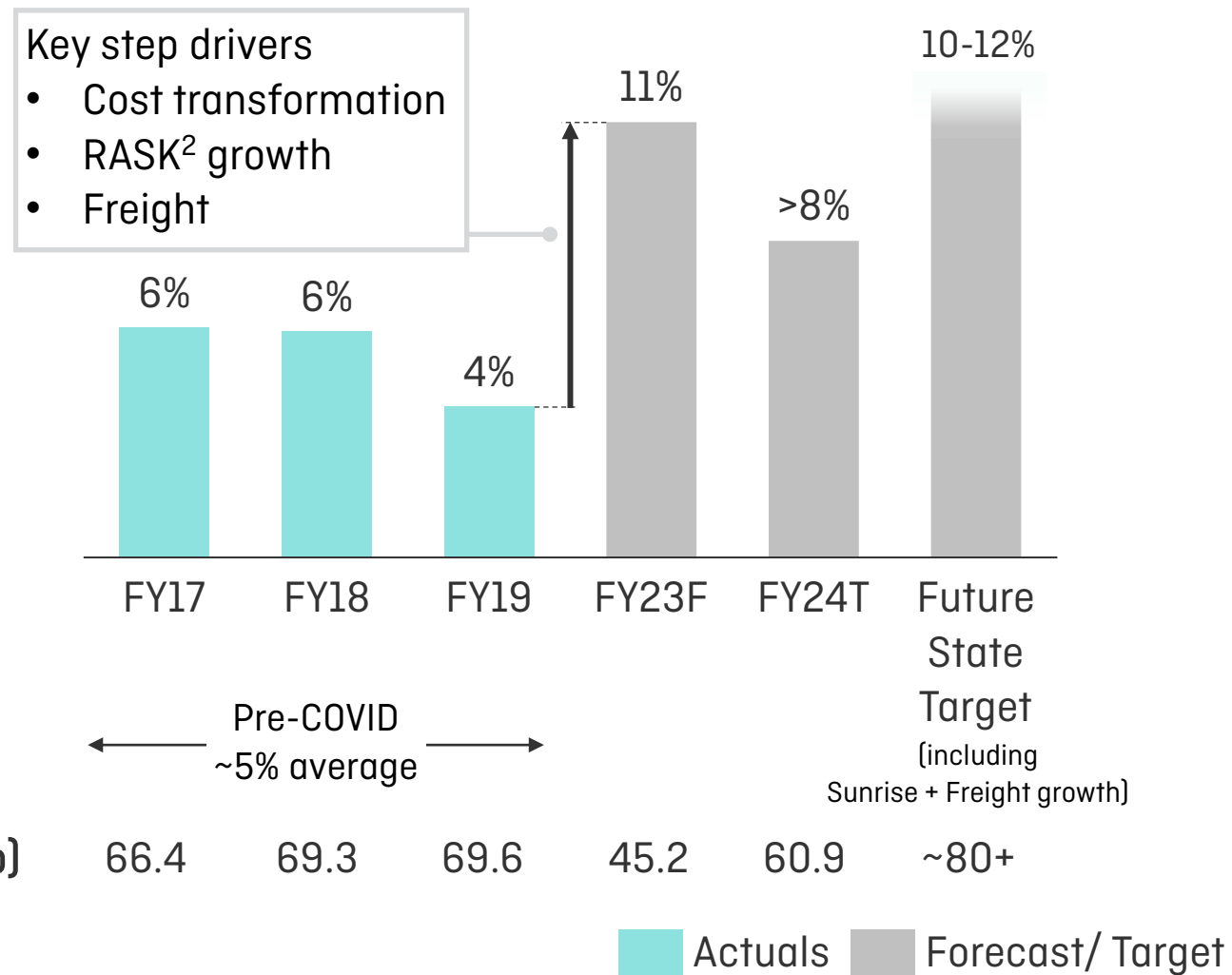
# Delivering greater than 8% EBIT margin for Qantas International for FY24 and beyond



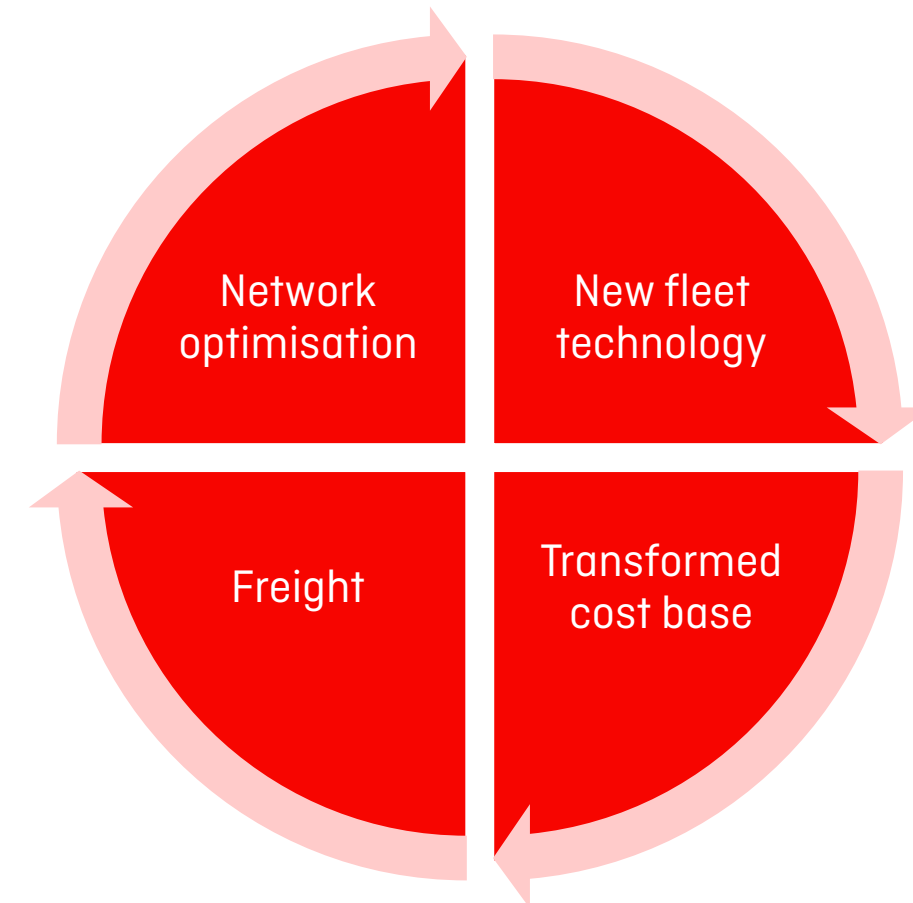
Transformed business well positioned to deliver further earnings growth...

... through fleet renewal and capture of revenue premium

## Qantas International EBIT margin evolution<sup>1</sup>



## Qantas International Value Drivers



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# 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 Africa

Operating direct in structurally advantaged market

Key fleet: 787-9

## South America

Operating direct service 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 long-haul 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
- Access to >600 lounges



### Emirates

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



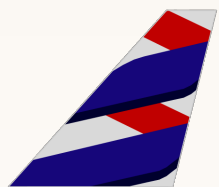
### American Airlines

Largest domestic US carrier



### China Eastern

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



### LATAM Group

Largest carrier within South America



### IndiGo

Largest domestic India carrier

**+24**  
Other  
Codeshare  
Partners

## Network reach & distribution

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

## Expansive customer offering

- Extending Qantas offering with consistency

## Loyalty reward & recognition

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

## Capital efficiency

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

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

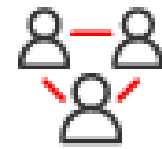


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- 1 787-9
- 2 A350 (Project Sunrise)
- 3 A321XLR & A220



Open new market opportunities with differentiated technology



Diversify network with more direct routes



Increase fleet resilience and flexibility



Deliver sustainability targets

# 787-9 has proven ability to drive margin through unique point-to-point offerings



## 787-9 has structurally changed London route profitability

- Previous London route was loss-making, flown 2x/day by A380s
- Replaced by a split operation with 787-9s via Perth and A380s via Singapore
- Pre-COVID, delivered ~20% revenue premium over one-stop alternative
- PER-LHR is the number one route for NPS<sup>4</sup> in Economy<sup>1</sup>
- Success underpinned by 787-9, a transformative aircraft for long-haul operations:
  - ✈️ Smaller gauge – lower risk, enables smaller markets, improved revenue management
  - 🌐 Long haul capability – without historic requirement for large gauge
  - 🛋️ Premium cabin mix – higher quality revenue
  - 👤 State-of-the-art product – driving high NPS across all cabins

## 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)



Premium, medium gauge enabling sustainable margins

## Project Sunrise and A350 establishing unprecedented structural advantage



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

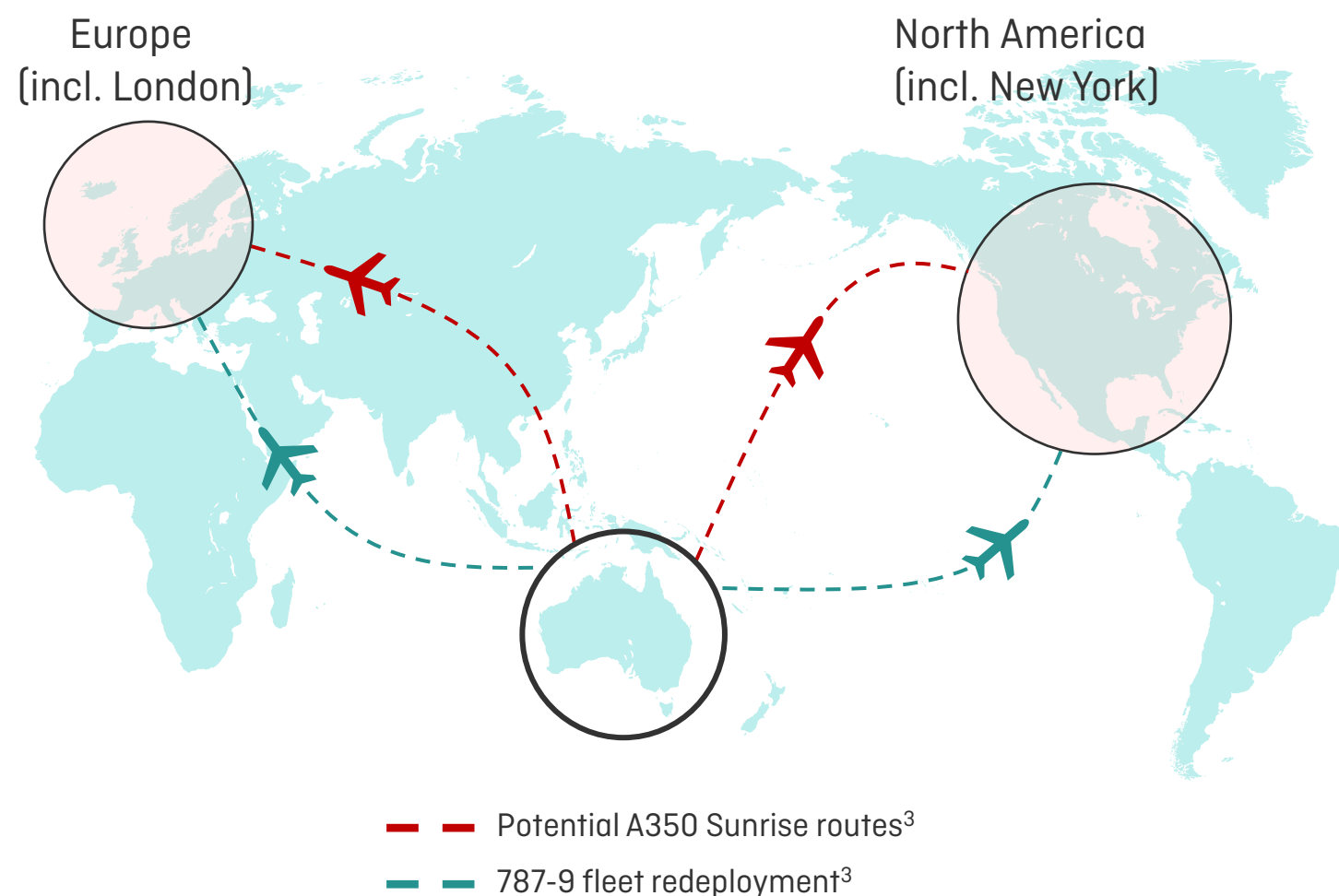
Customer experience in all cabins optimised for long-haul travel

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**

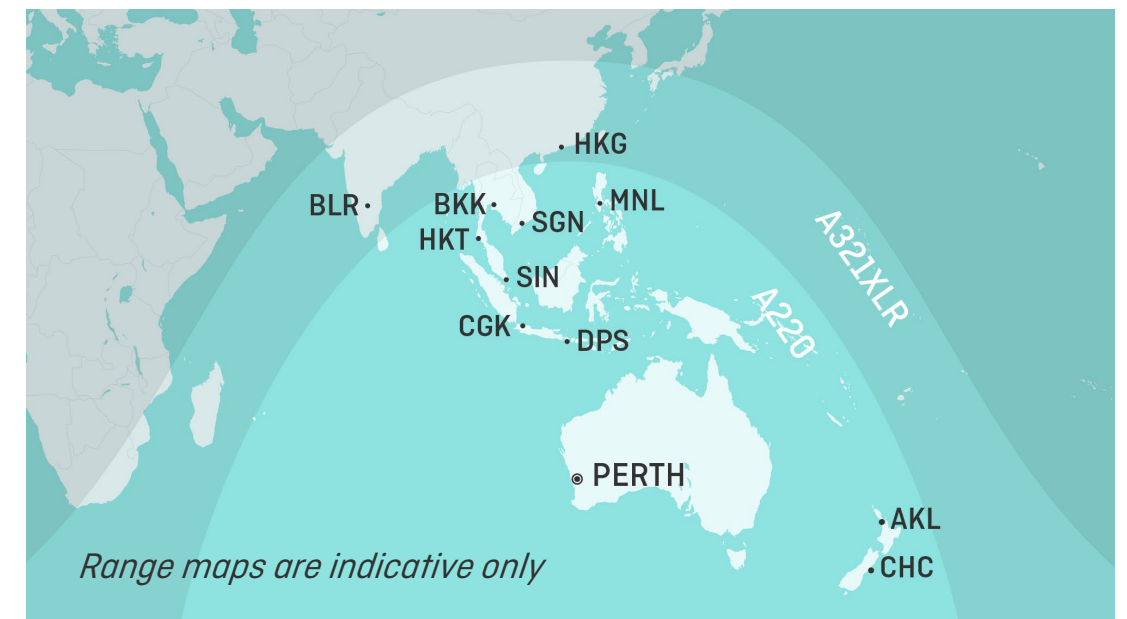


## The A321XLR and A220 will transform short-haul international flying



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**

# Future state proposition sustains competitive advantage and margin performance



## Key enabling fleet



A330



A380



787-9



A350 family



787-9

## Key regions

Europe, North America West Coast, South America, South Africa, Asia

Non-stop Europe, North America East Coast

Leveraging sustainable fleet advantage and premium offering, complemented by partnerships

**Long haul**

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

**Ultra long haul**

Southeast Asia, New Zealand, Pacific Islands

Opening new, profitable and direct routes with domestic fleet

**Short-to-mid haul**



B737



A321XLR



A220



A330



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



Dedicated freighters

18 aircraft operating in domestic and international markets

Freight uplift

Use of passenger aircraft belly space across the Qantas Group

Terminals

Freight ground handling terminals in Australia and Los Angeles

**~\$1.4B**

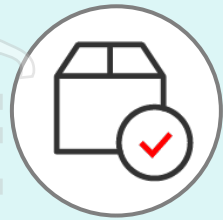
*FY23F revenue*

	DOMESTIC	INTERNATIONAL
<b>Competitive position</b>	<ul style="list-style-type: none"> <li>Leading Domestic air freight market position with ~80% market share</li> <li>Long-term customer contracts: 100-year relationship with Australia Post, FedEx</li> <li>Integrated end-to-end air freight solution, in the air and on the ground</li> </ul>	<ul style="list-style-type: none"> <li>Strong brand with premium service offering and long term customer relationships</li> <li>Traffic rights in lucrative AU-CN-US market enabled by global sales function</li> <li>Leading market position as freight ground handler for global importers</li> </ul>
<b>Revenue share</b>	1/3	2/3

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

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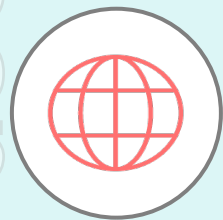
# \$150m in structural earnings growth versus FY19



## eCommerce growth

### Demand growth from structural change in eCommerce

- Driven by purchasing habits formed during the pandemic with +1 million more Australian households shopping online versus 2019 (11% penetration increased to 20%<sup>1</sup>)



## International yields

### Traffic rights in CN-US market and strong US-AU market position

- Captured the yield opportunity during COVID; yields moderating but are expected to stabilise at ~150% of FY19



## Customer proposition

### Transformed the customer offer through digitisation and automation

- Via investments in revenue management optimisation, API integration, iCargo core platform upgrade, terminal automation and digitisation of sales and service functions



## Fleet renewal

### Commenced aircraft renewal of older technology with A321s

- Transition from six types to three types, enabling growth through ~55% greater payload with ~30% lower emissions, ~40% greater range and ~20% lower unit costs<sup>2</sup>

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



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



## Fleet renewal

**Transformed freighter fleet with all A321/A330 aircraft servicing domestic and Asia Pacific region**

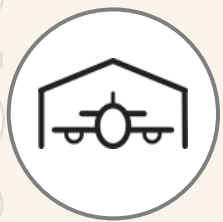
- Fully containerised freighters driving greater uplift capability, unit cost improvement, and lower carbon emissions with scale benefits in crew, engineering and handling



## Continued eCommerce

**Continued demand growth from higher online retail penetration in Australia**

- eCommerce penetration forecast to grow from 20% to over 24%<sup>1</sup> in the next few years; potential to track closer to global peers (e.g. UK from 29% to 33% and USA from 21% to 26% by 2026<sup>2</sup>)



## Terminals of the future

**World class automated terminals enabling safer, faster, more efficient and sustainable operation**

- A new freight terminal at Western Sydney Airport with curfew-free operation, enabling network optimisation and greater capacity on back-of-clock flying

Targeting an additional  
~\$100m earnings  
by FY30

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# JETSTAR INTERNATIONAL



# Jetstar is well positioned to serve international price sensitive demand



## JETSTAR INTERNATIONAL PORTFOLIO



### Jetstar Japan

- Serves domestic Japan, with some utilisation flying to North Asia
- Well positioned for recovery as market rebounds post-COVID



### Jetstar Asia

- Serves South East Asia and China from Singapore
- Provides connectivity to QF/JQ and partners
- Rebuilding fleet following strong performance



### Jetstar Australia International

- Serves destinations in Asia Pacific, Japan/North Asia and Trans Tasman
- Growing capacity following strong demand



### Jetstar New Zealand

- Serves domestic destinations in NZ and provides Trans Tasman connectivity

## 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

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Jetstar Australia International targeting 10%-12% EBIT Margin in FY24 and beyond

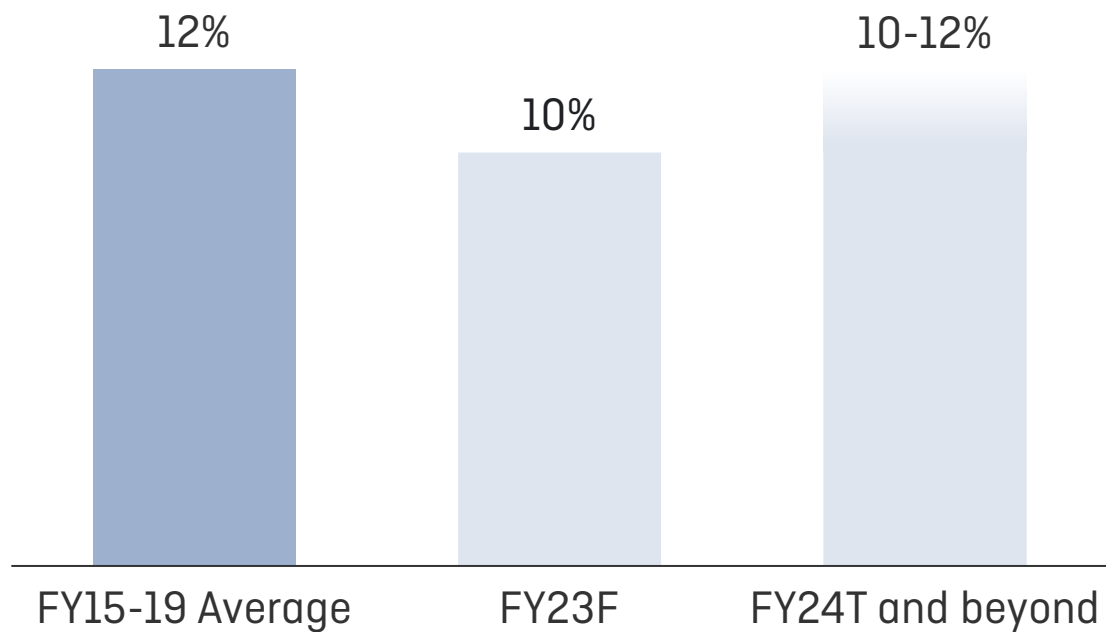


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Targeting improved financial and strategic outcomes in FY24

...delivered through...

Jetstar Australia International<sup>1</sup> EBIT margin evolution



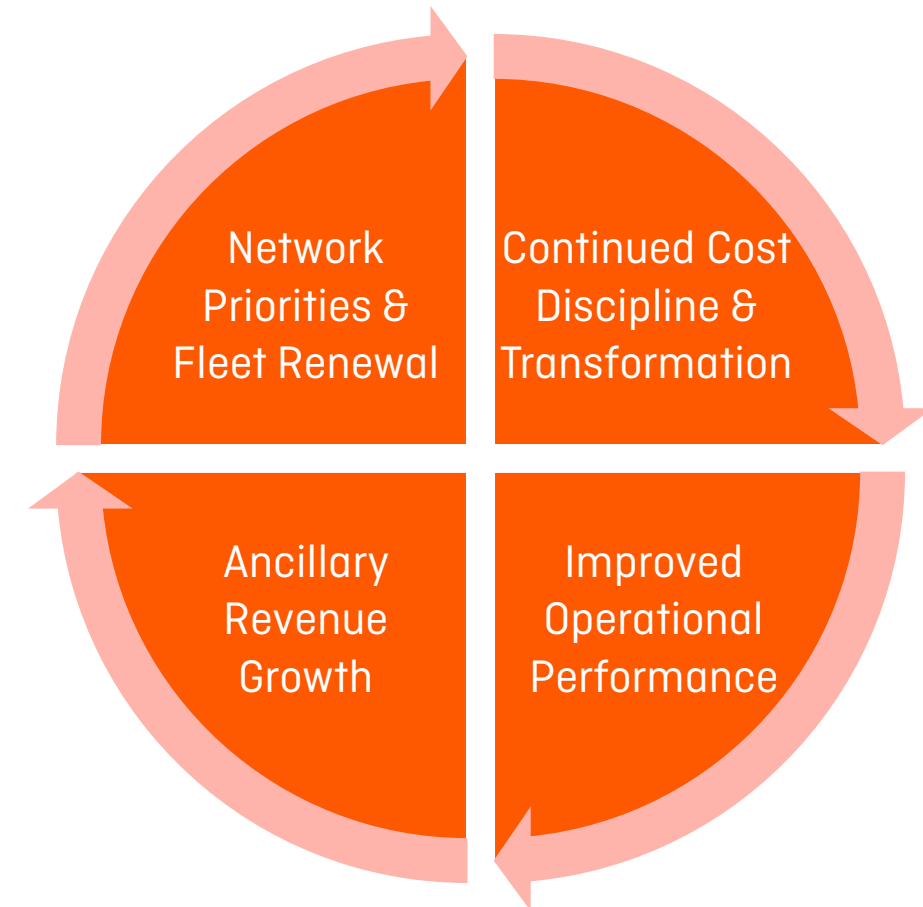
All-in Jet Fuel Price (A\$/BBL)

~\$110

~\$185

Actuals Forecast / Target

Jetstar International Value Drivers







**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

Jetstar International capitalising on opportunities in Asia Pacific, leveraging 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

**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


**Launch new North Asia inbound markets**

Launched Korea in November 2022

**Grow new partnerships to increase reach**

Currently Jetstar Group has 49 interline and 14 codeshare partners

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 Jetstar Australia in Bali

#1

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

#2

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



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

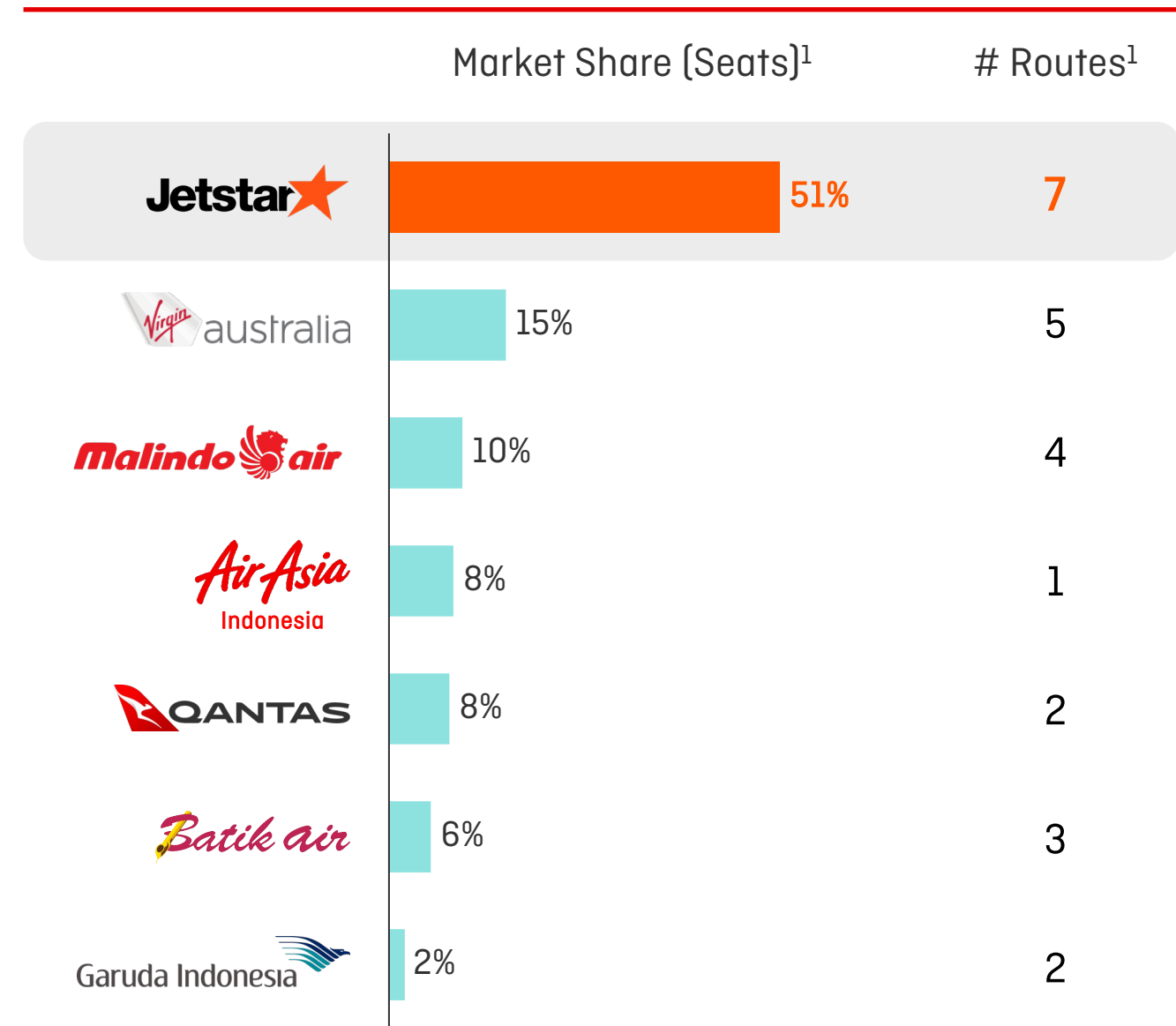


Further profitability and growth expected with additional A321LRs

- 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



AUSTRALIA TO BALI (FY23)



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# 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:

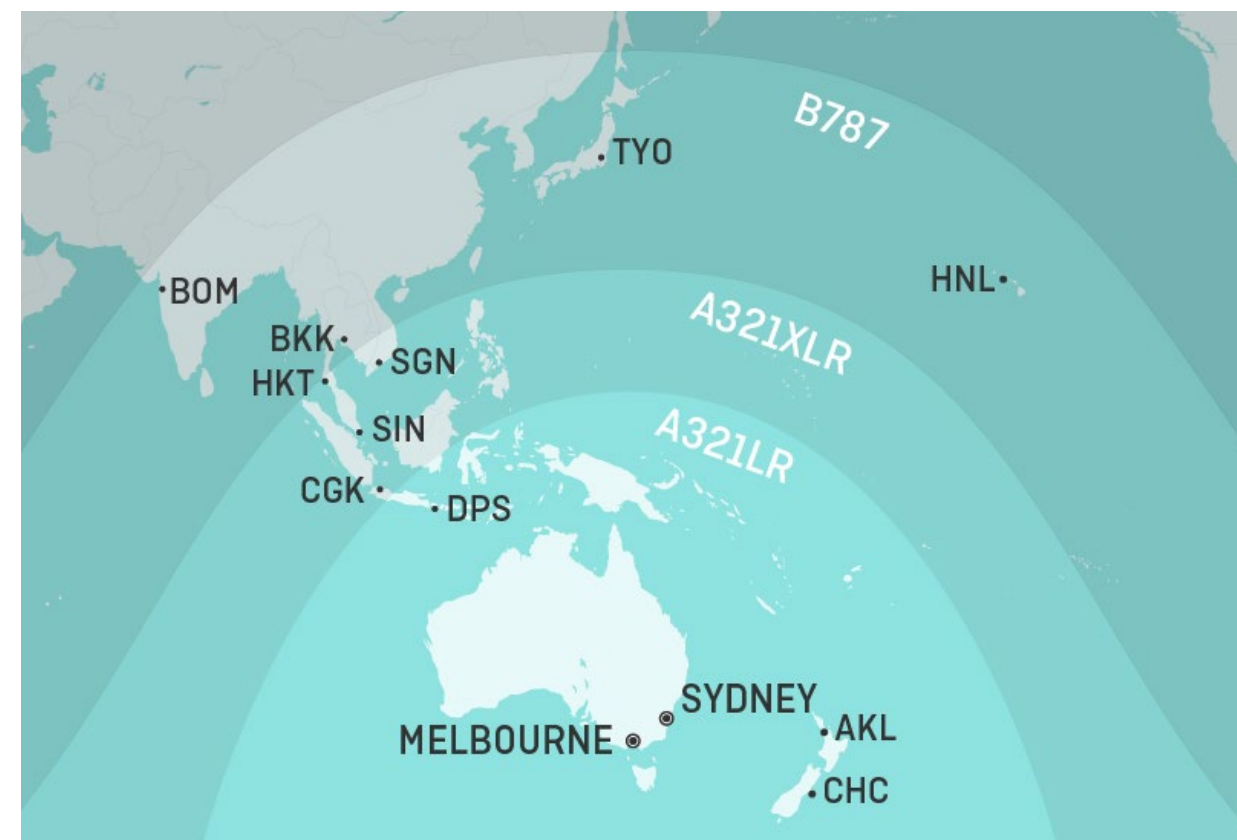
- Redeployment of B787s to new or existing markets beyond the range of A321XLRs
- Augmentation of capacity on existing routes e.g., seasonally



## 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**



Range maps are indicative only





# 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 oneworld 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

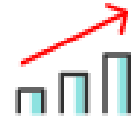


— Qantas connectivity — Jetstar and JSA connectivity

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# New technology unlocks International margins and earnings growth

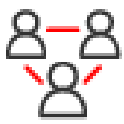
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New fleet capability unlocks new markets including expanded point-to-point routes



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



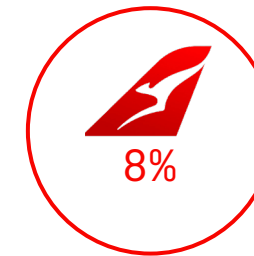
Freight uniquely positioned to capture \$150m in structural earnings growth since FY19<sup>1</sup>, targeting \$100m in incremental earnings by FY30



Disciplined cost focus and ongoing transformation protecting margin performance



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



Qantas International EBIT margin target in FY24



Qantas International EBIT margin future state target



Jetstar International EBIT margin target in FY24+

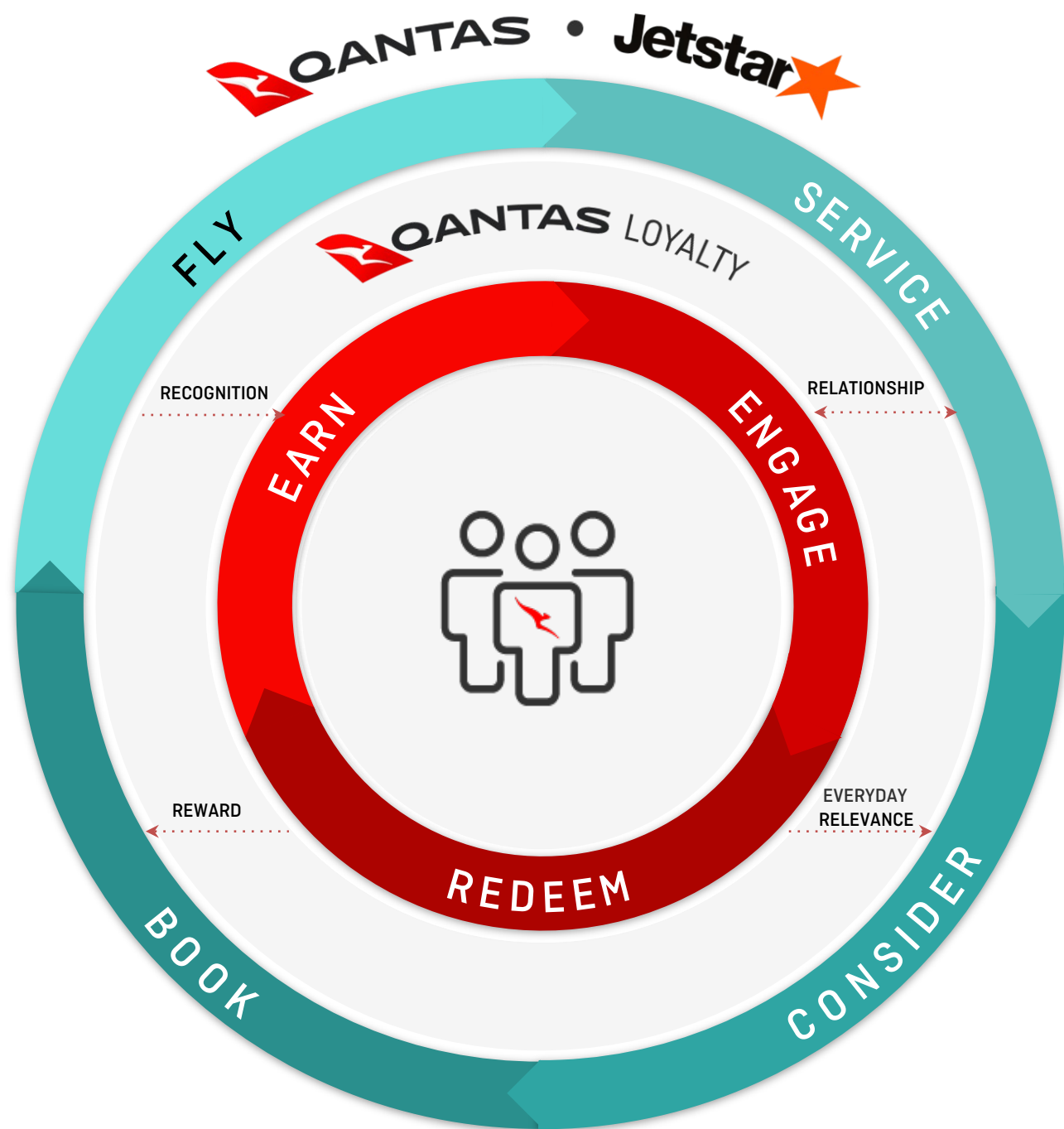
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# DELIVERING GROWTH AND REWARDING MEMBERS





# Qantas Loyalty is an integral part of the Qantas Group



## Extending customer loyalty beyond flying

- ✓ Airline delivers member **value in the air**, Loyalty manages member **value between flights** (~15m member base)
- ✓ Airline LTV >2x higher for engaged Qantas Loyalty members<sup>1</sup>
- ✓ **Core distribution channel** for the airline facilitating points based travel (~5m seats per annum)
- ✓ Large ecosystem for members to **engage everyday on-the-ground** across **financial services, travel and retail** and other categories

## 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
- ✓ **Record earnings forecast in FY23<sup>3</sup>** with strong momentum to deliver \$500-600m target in FY24<sup>4</sup>

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# Qantas Loyalty sets the benchmark for loyalty programs



>1M

**New members joined QFF in the last year**

>15 million members



25%

**Australians identify QFF as main loyalty program<sup>1</sup>**

Significant active member base



700+

**Partners across a broad ecosystem**

Diverse network of partners allowing members to earn and redeem Qantas points



>35%

**Credit card spend in Australia earns Qantas points<sup>2</sup>**

Ubiquity across major card issuers



~30%

**Higher annual spend<sup>3</sup> comparing QFFs to the Australian average**

High proportion of QFF members are medium and high affluence

**Leader in customer advocacy in airline loyalty programs**

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

## The Qantas Loyalty Flywheel

Everyday engagement between our members and the Qantas brand

Consistent, seamless and frequent engagement

AWARENESS ONBOARDING

Valued and aspirational ways to use Qantas Points



## 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



### Points earned

- Increasing opportunities to earn
- Engagement with multiple earn categories

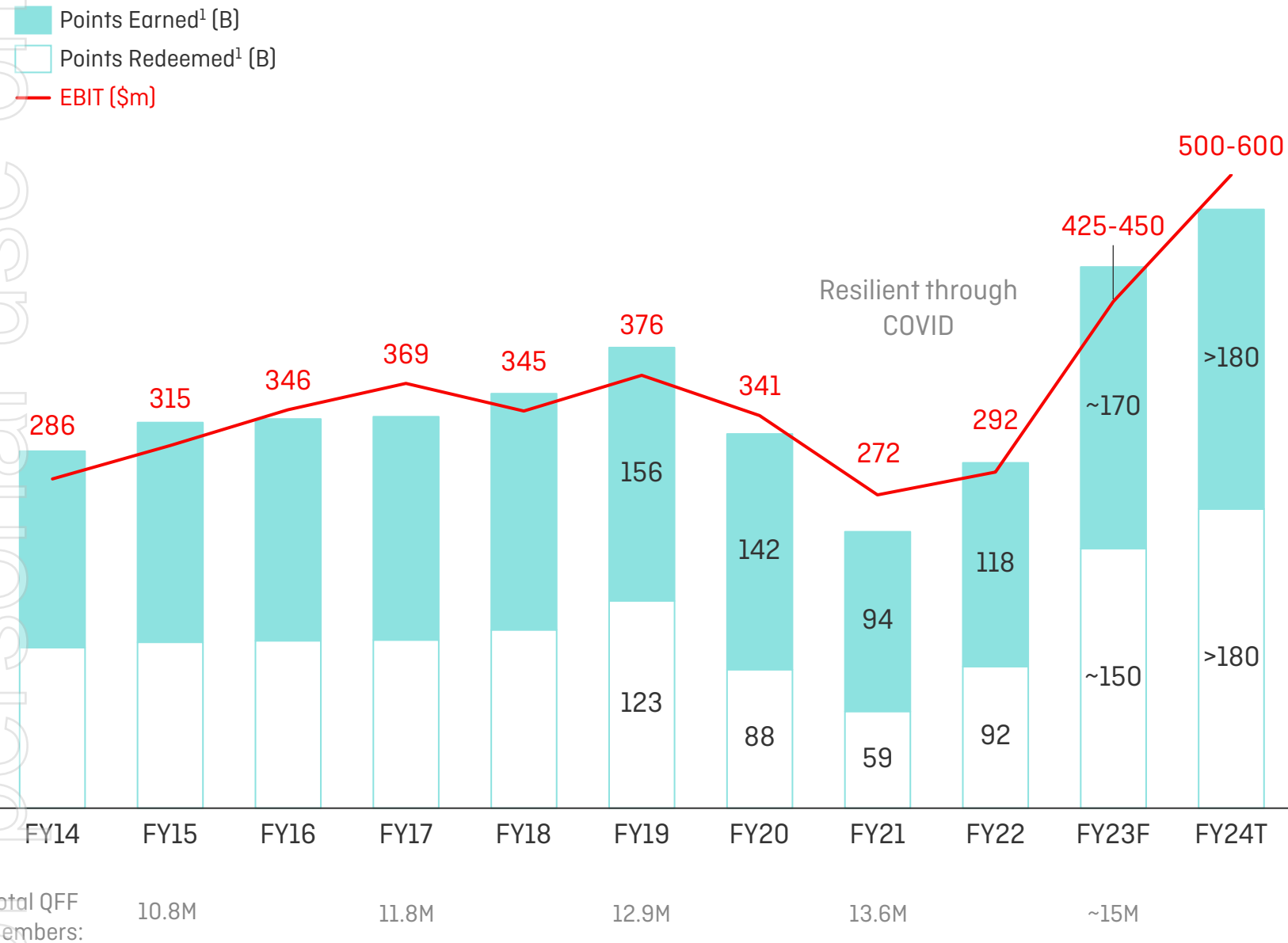


### Points redeemed

- Delivering valuable redemptions
- Providing a diverse portfolio of redemptions

# Current momentum delivers record earnings in FY23 and FY24

FY14-24 QANTAS LOYALTY FINANCIAL RESULTS



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



## 17% more members

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



## 7% more points earned

- 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

*The most trusted and valued loyalty ecosystem*

FREQUENT FLYER 

 **QANTAS** LOYALTY

BUSINESS REWARDS 

>230 billion points earned and redeemed, targeting \$800m - \$1B EBIT by FY30

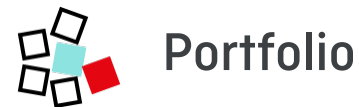


Member

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



Portfolio

Increase Earn and Redemptions per member

**Diversify redemption options** delivering **more choice** for members

- Enhance flight reward proposition
- Expand Hotels & Holidays proposition
- New retail redemption offers

**Targeted expansion** in the Earn portfolio to capture all everyday needs

- Increase engagement for earn in credit cards, FS and Insurance
- More everyday earn opportunities across coalition partnerships
- Scale QBR by rewarding SMEs for their business expenses



Capabilities

Improve our operating efficiency

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>



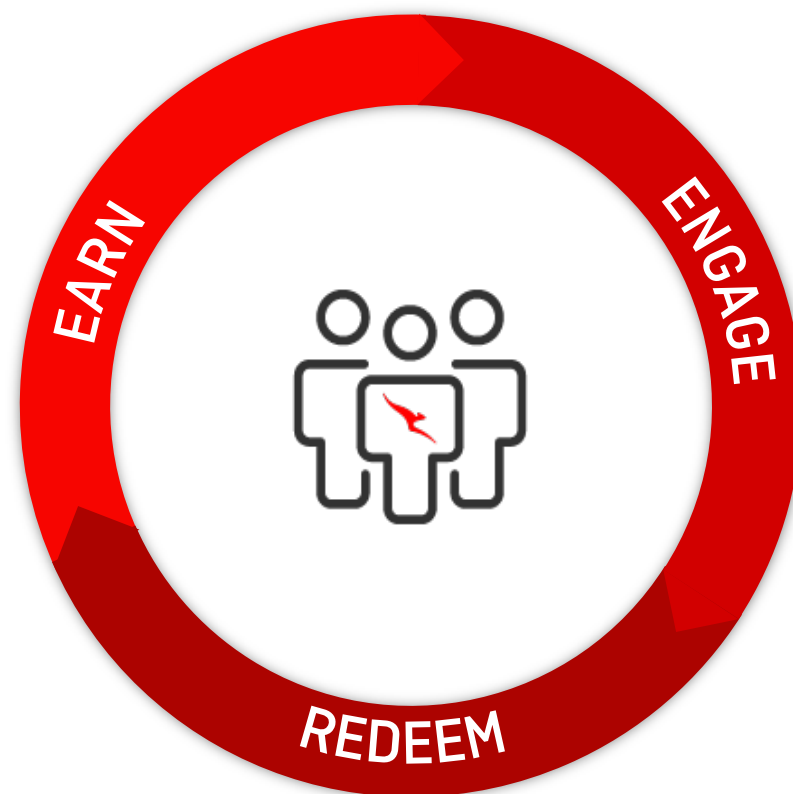
QL leads market NPS<sup>2</sup> in the airline loyalty market<sup>3</sup>



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



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

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

Maintaining strong value airline rewards complemented with more options to use points on flights

## ADDRESSABLE MARKET

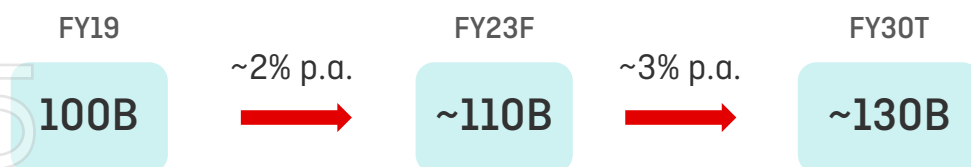
>\$30B

Australian airfare spend HY23<sup>1</sup>

## OUR RIGHT TO GROW

- ✓ Compelling flight rewards strengthen our unique differentiation vs. non-air loyalty programs
- ✓ Strongest air reward partner network
- ✓ Continued innovation in expanding flight reward product suite to meet member demand

## POINTS REDEEMED



Continued growth in travel portfolio to deliver across the breadth and depth of member holiday needs

## ADDRESSABLE MARKET

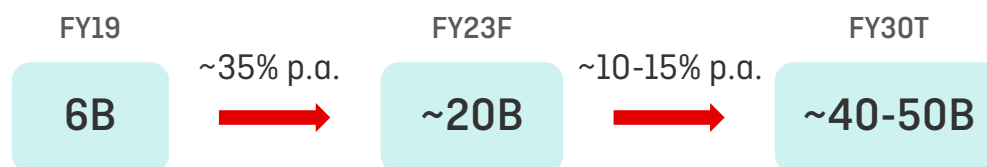
>\$45B

Australian holiday travel spend HY23<sup>2</sup>

## OUR RIGHT TO GROW

- ✓ Increased awareness of Hotels & Holidays brands with points a key differentiator
- ✓ Ability to curate unique products bundling Qantas Group assets delivered 2x growth of Hotels & Holidays portfolio revenue
- ✓ 2nd most popular reward with 3x growth in points redeemed (vs pre-COVID)

## POINTS REDEEMED



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

## ADDRESSABLE MARKET

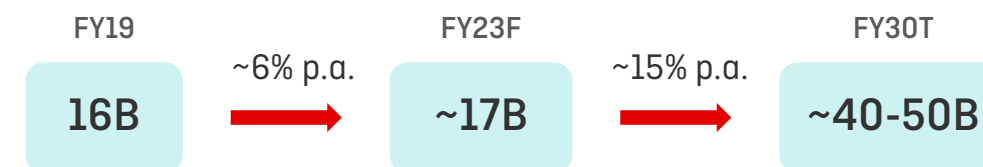
~\$400B

Total retail turnover in CY22<sup>3</sup>

## OUR RIGHT TO GROW

- ✓ New online shopping Marketplace with 900 brands & 20k+ products
- ✓ Expanding categories in discretionary retail to increase transaction frequency
- ✓ Strategic partnerships with leading Australian retailers ongoing

## POINTS REDEEMED<sup>4</sup>



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



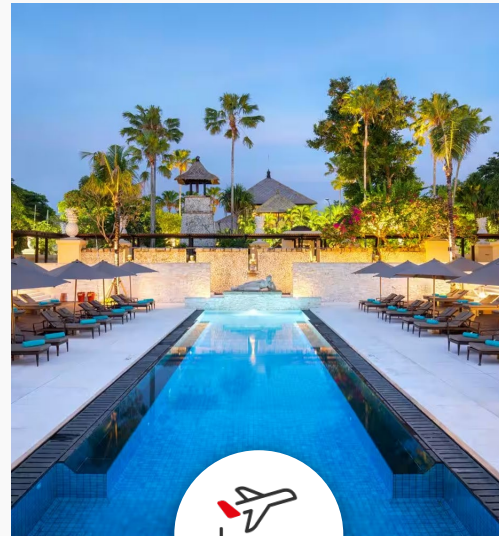
## FLIGHTS

- Unrivalled reach, with 1,200 destinations across Qantas, Jetstar and 45 partners
- 5M flights annually redeemed using points



## HOTELS

- Worldwide hotels range; half a million properties
- Homestay points partnership, with millennials driving 50% of bookings



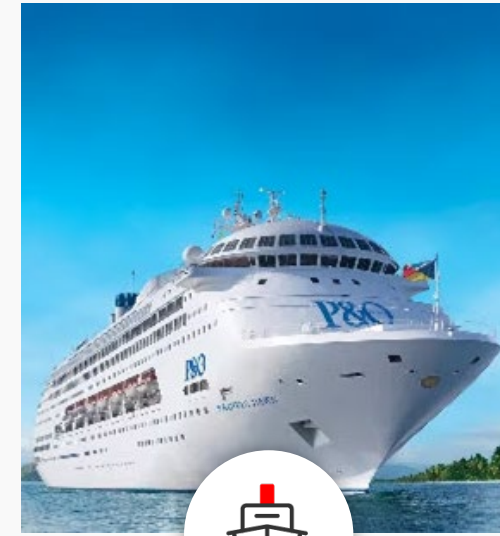
## FLY & STAY HOLIDAYS

- Time-bound and year-round offers at leading global destinations;
- Including Qantas Luxury Holidays



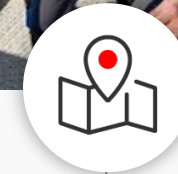
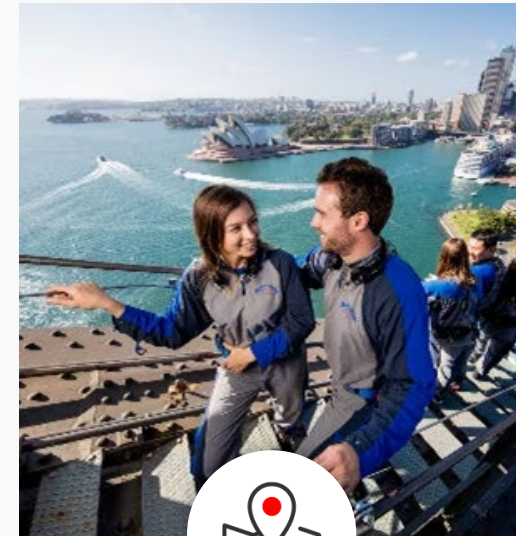
## TOUR PACKAGES

- More than 180 multi-destination tour packages to bucket list holiday spots
- Expansion of new products through Trip-A-Deal



## CRUISES / RAIL

- Deep partnerships, expanding the world of holiday options and inclusions



## EXPERIENCES

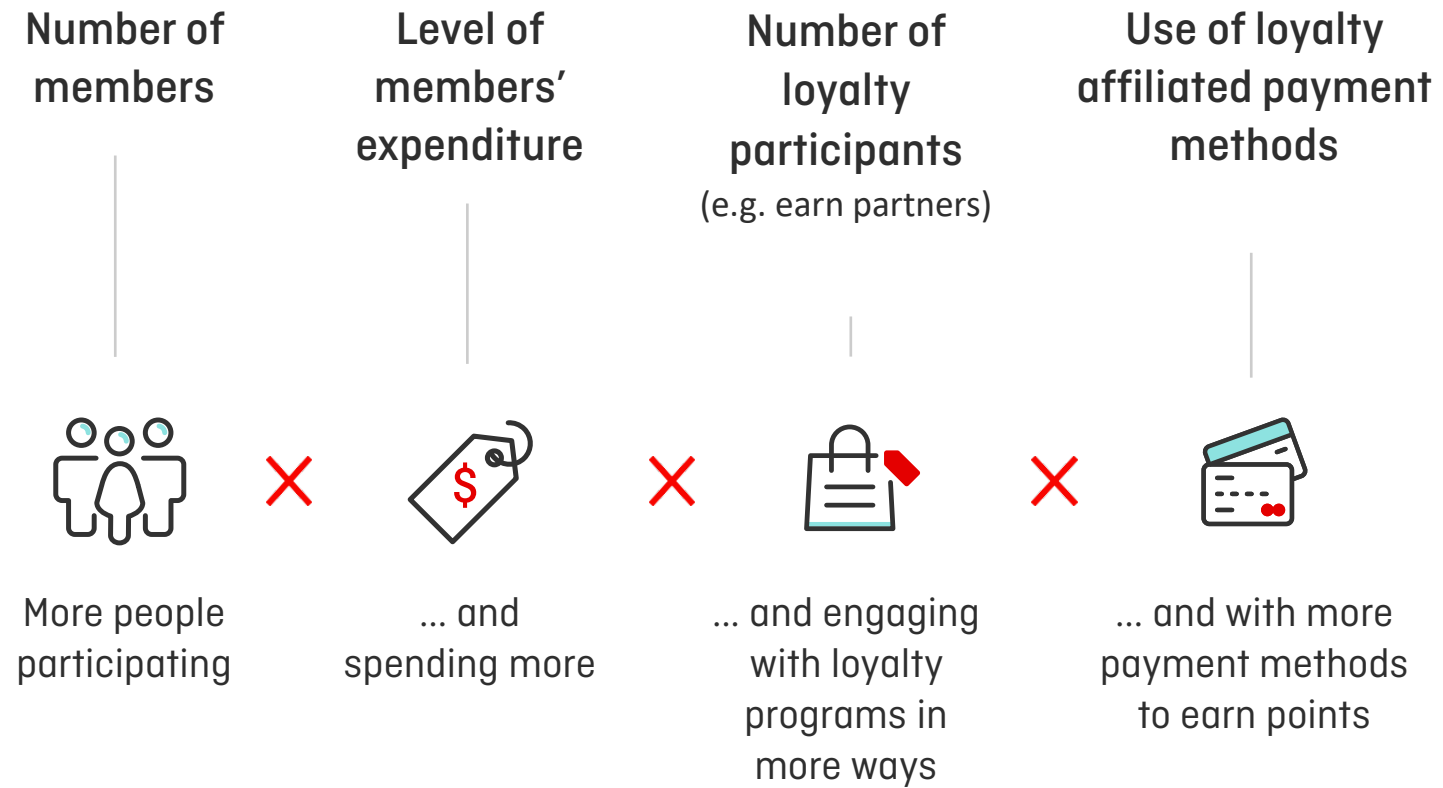
- Over 10,000 hand picked activities and tours in 800 destinations around the world through Qantas Activities





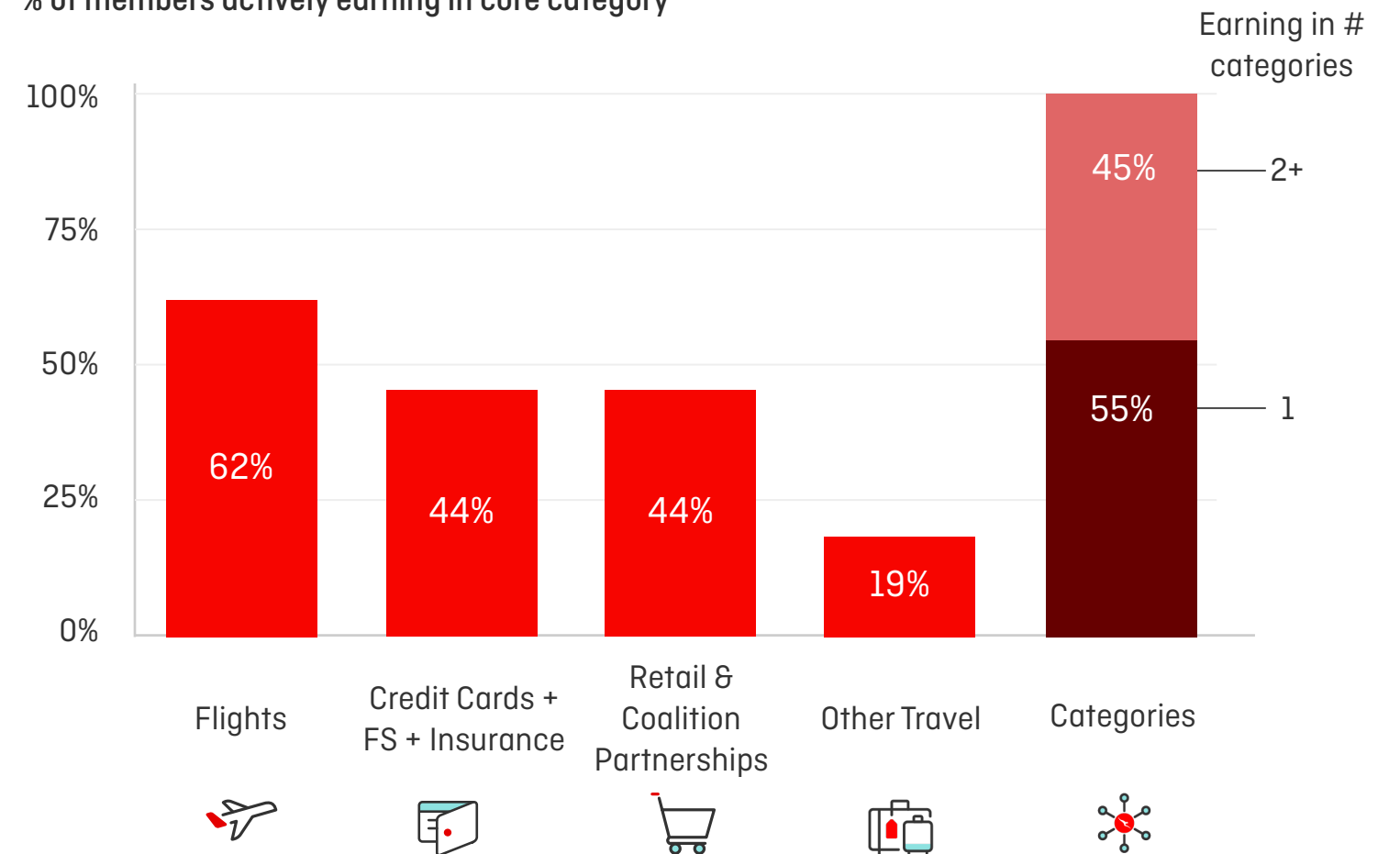
# Loyalty earn growth is driven by a step change in member activity across our portfolio

## Breadth of program engagement multiplies points on offer



## Potential for further penetration across categories

% of members actively earning in core category<sup>1</sup>



Diversifying redemption options will unlock untapped opportunities for new and existing members to earn



# 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

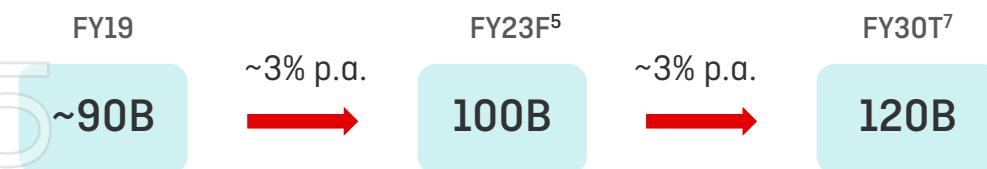
**~\$450B**

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

## POINTS EARNED



**Continued scale of Coalition Partnerships offering more opportunities for everyday earn**

## ADDRESSABLE MARKET

**~\$400B**

Total retail turnover in CY22<sup>3</sup>

## OUR RIGHT TO GROW

- Partner acquisition strength with more than 700 partners to earn points with
- Expanding partner ecosystem across all major retail categories for everyday earn and engagement
- Strong program-to-program partnerships to tap into spending across the ecosystem (e.g. Everyday Rewards, BP)

## POINTS EARNED<sup>4</sup>



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

## ADDRESSABLE MARKET

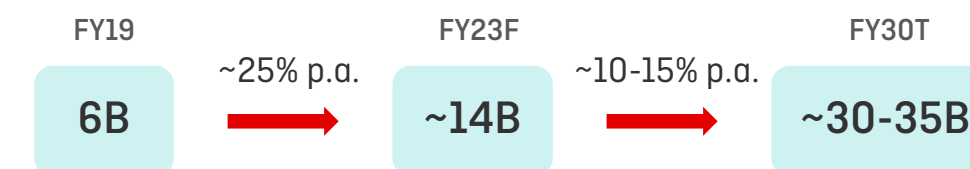
**~\$700B**

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>

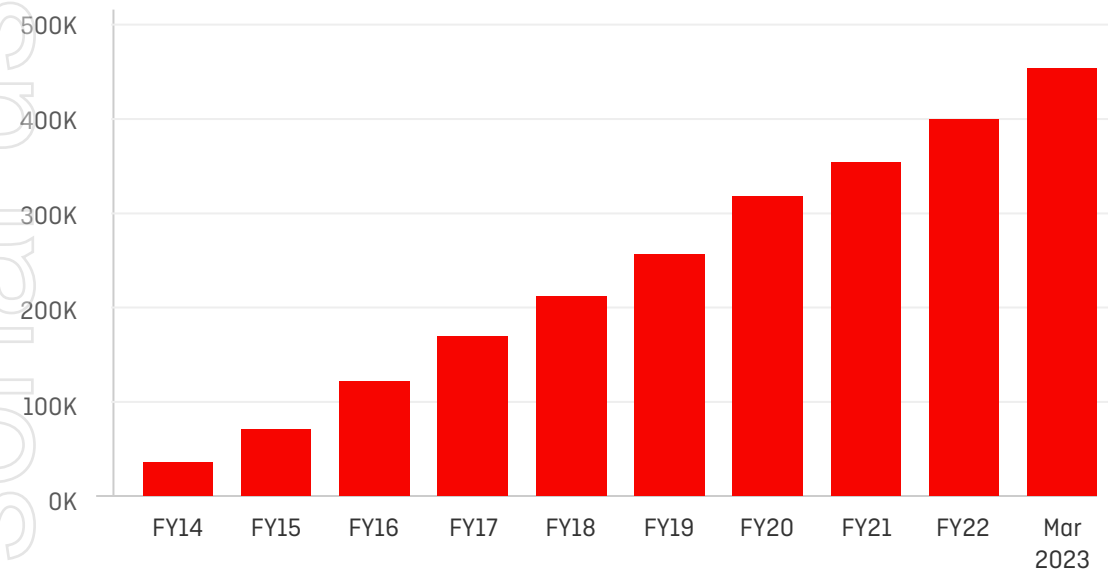


# Tailoring our approach to SMEs through Qantas Business Rewards

## Rewarding Australia's Small Businesses...

Capturing engagement of 1 in 5 SMEs<sup>1,2</sup> in the QBR program today with >450,000 members<sup>3</sup>

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



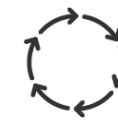
Targeted diversification with variety of small business finance products

- 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

AMERICAN EXPRESS

bp plus

Harvey Norman  
COMMERCIAL DIVISION

live  
PAYMENTS

xero

red energy

Not an exhaustive list of partners

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

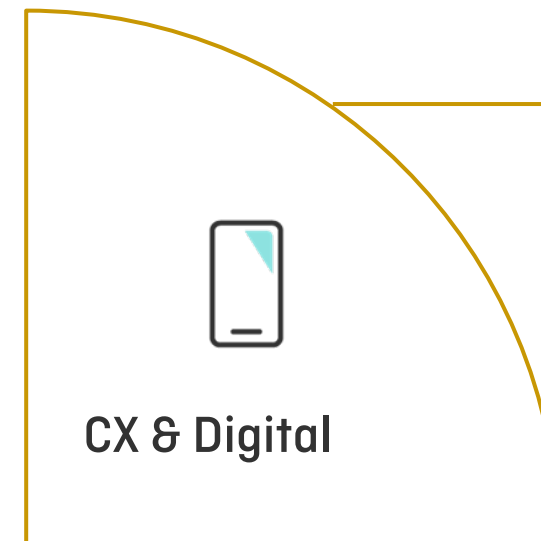
## Participation and partner model innovation to unlock higher margins

- ✓ Continued innovation and deeper partnerships across verticals with shared value models
  - Program to program (Everyday Rewards)
  - Coalition (Red Energy)
  - Co-branded (Optus)
  - White-label (NIB)
  - Equity (TripADeal)



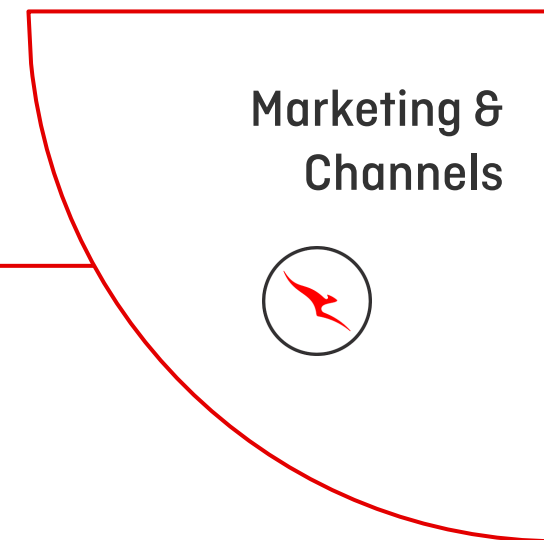
## Experiences that enable our people and delight our customers

- ✓ 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



## Leading brand and marketing capabilities as a competitive advantage

- ✓ Strong brand equity with >30 years of market innovation and loyalty experience
- ✓ Wide reach across direct and indirect channels to engage members for Group and Partners



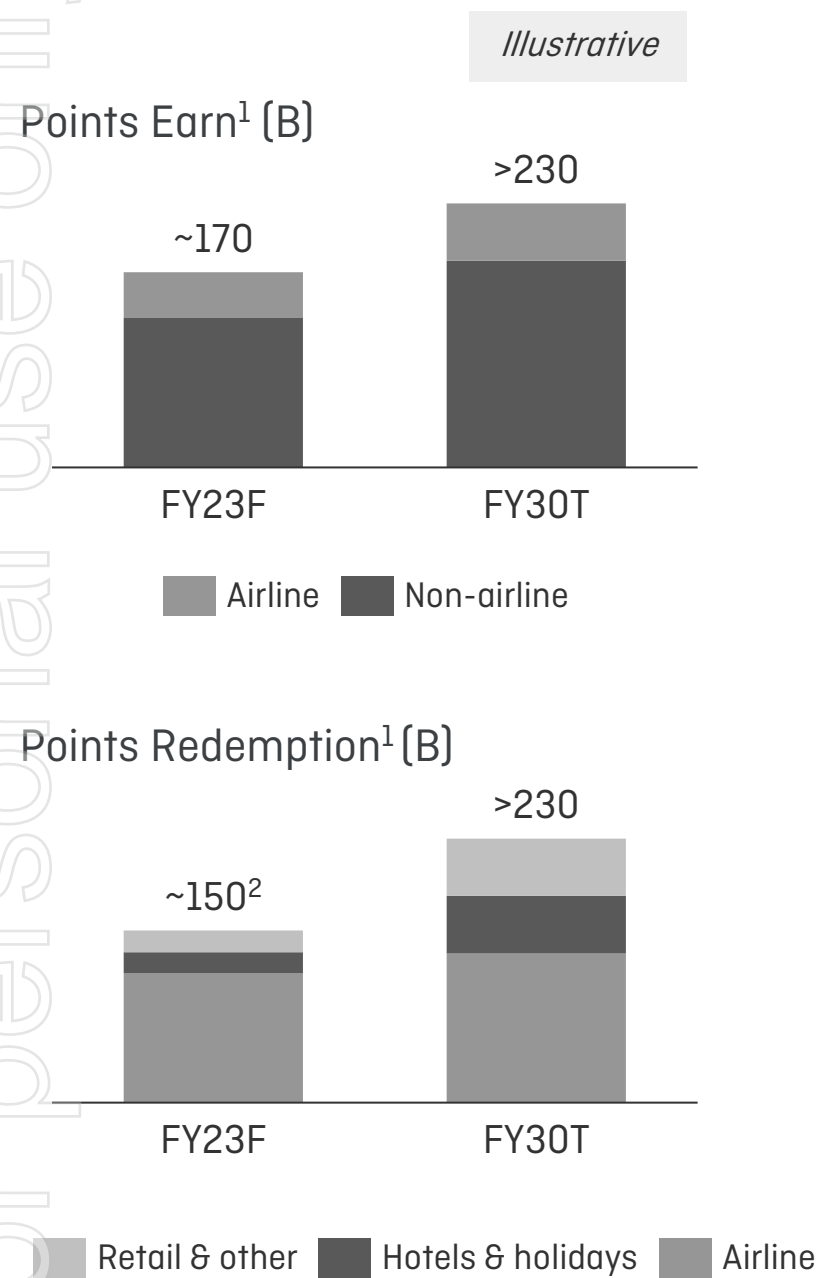
## Understanding our customer to tailor our approach

- ✓ 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



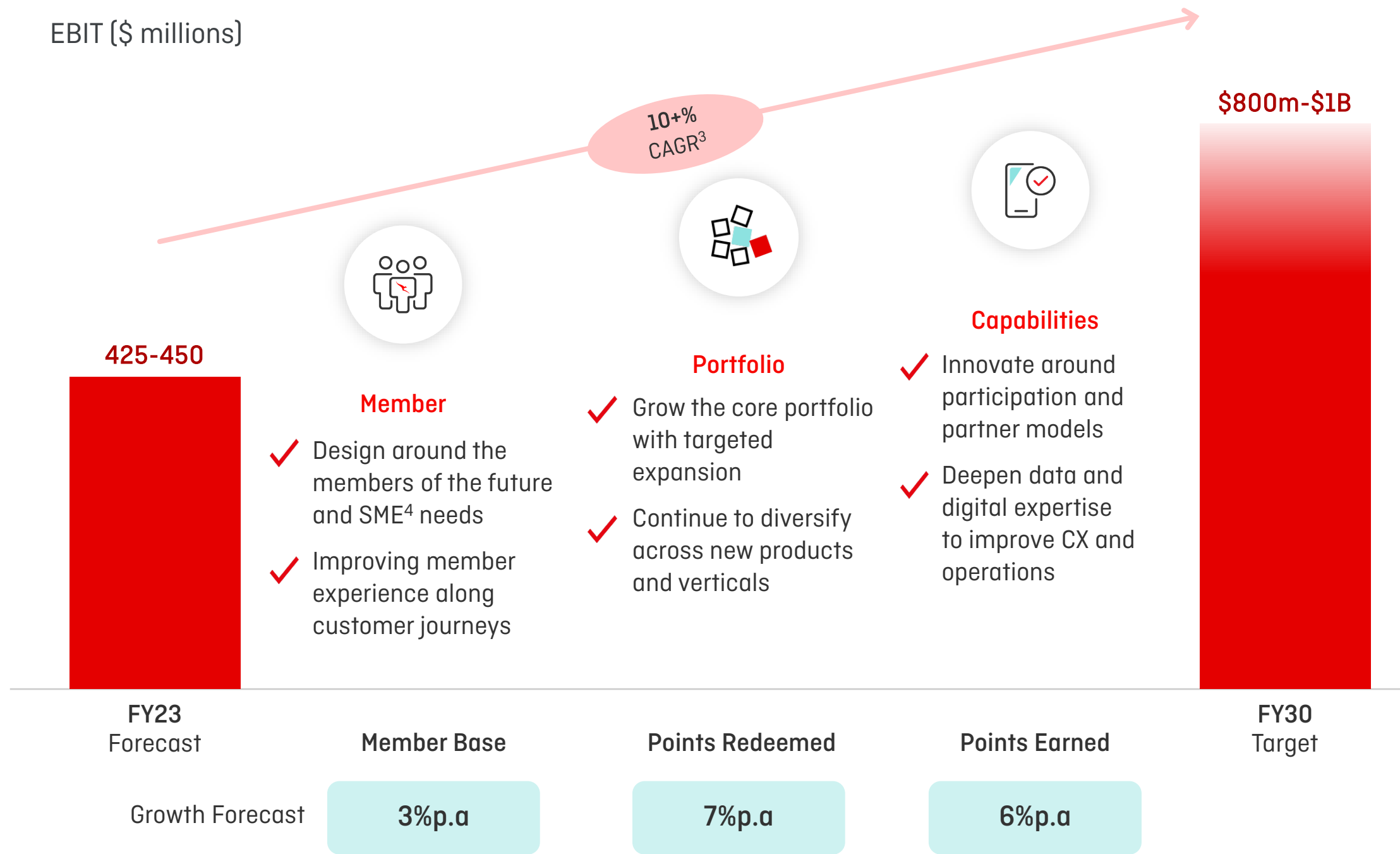
# Loyalty has a clear strategy to continue double digit growth through to FY30

## Expansion of Loyalty Flywheel



## FY23-30 Qantas Loyalty financial results

EBIT (\$ millions)





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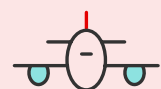
# DRIVING SUSTAINABILITY





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

Reduce carbon emissions by 25 per cent by 2030 (from 2019 levels)  
Net zero emissions by 2050



Operational and Fleet Efficiency

- Increase operational and fuel efficiency by an average of 1.5 per cent p.a. to 2030<sup>1</sup>
- Zero single-use plastics by 2027<sup>2</sup>
- Zero waste to landfill by 2030<sup>3</sup>



Sustainable Aviation Fuels

- Invest in SAF<sup>4</sup> to enable: 10% SAF in fuel mix by 2030 and 60% SAF by 2050
- Establish SAF cost mitigation mechanisms
- Advocate for supportive government policy
- Catalyse domestic SAF production



Carbon Offsets

- Procure high quality, high integrity carbon offsets
- Seek projects with nature-positive outcomes and community co-benefits (including First Nations)
- Directly invest in projects to manage supply and price risk

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# Significant progress already delivered to develop a domestic SAF industry

## Actions to catalyse domestic SAF<sup>1</sup> production



### SAF Investments



### SAF Coalition



### SAF Ecosystem Development

US\$200m

Investment commitment from Qantas Group/ Airbus partnership

5

Founding SAF Coalition members



Establishment of a “Jet Zero Council” forum by Federal Government

100 million

Litres of SAF per year expected in Alcohol-to-Jet biorefinery project in QLD



Delivery of SAF abatement and emission reports to members and engagement workshops

\$400m

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

12+

Domestic SAF projects under current active assessment  
50+ NDAs<sup>2</sup> and MoUs<sup>3</sup> signed

10,000



Incremental members of Qantas Loyalty’s Green Tier from Coalition member’s employees



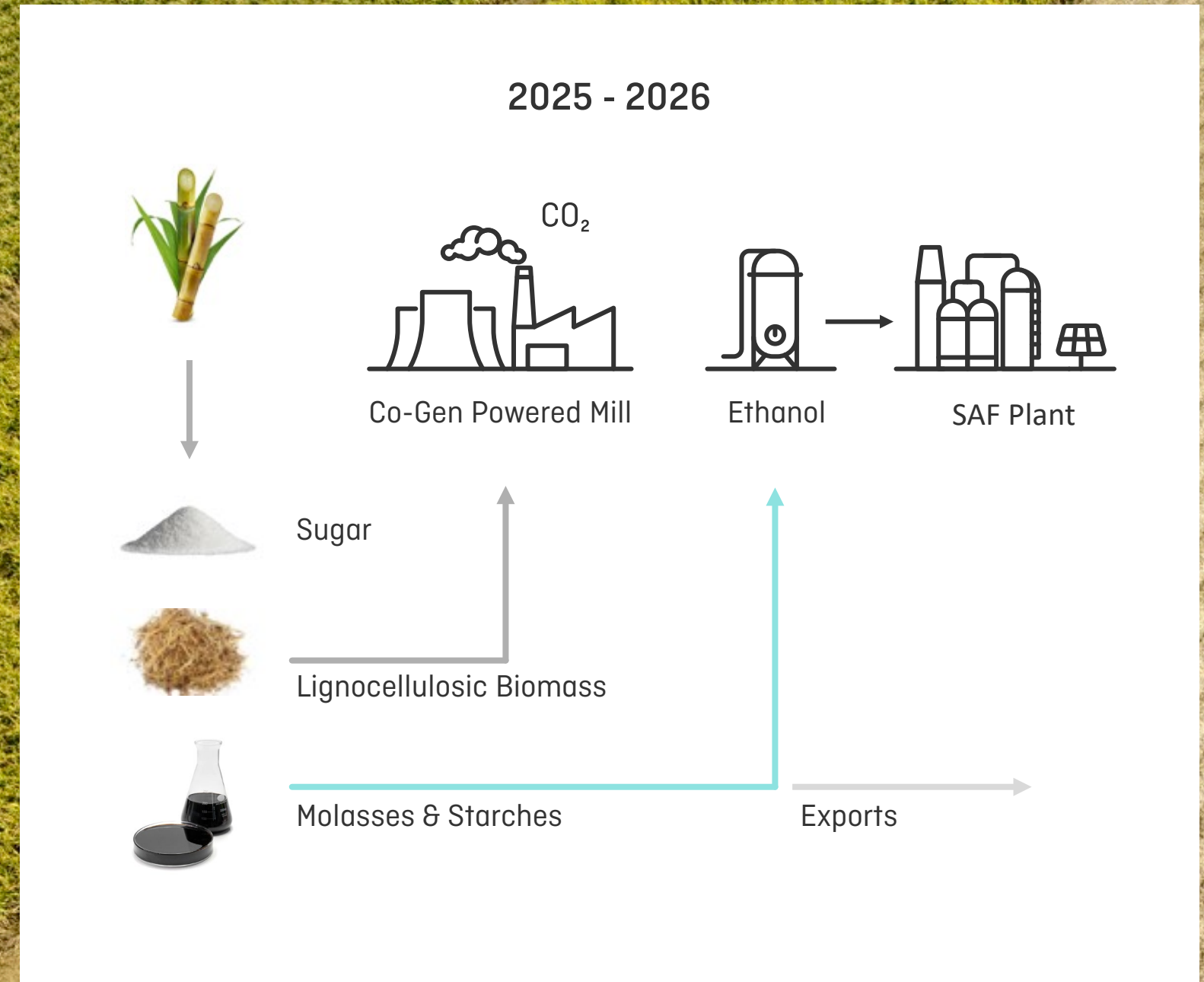
Collaborating with State Government, refiners, agribusiness, CSIRO<sup>4</sup> to orchestrate efficient supply chain development



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





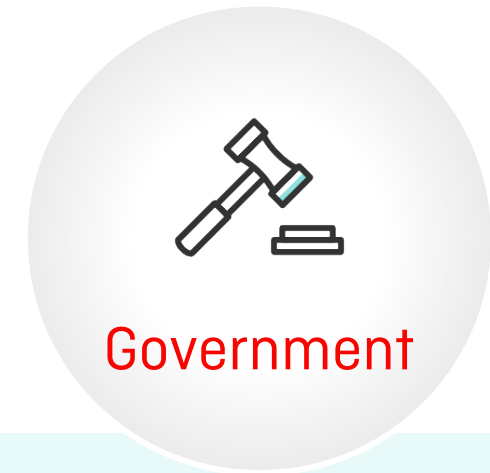
# Cost mitigations are in place to manage the climate transition



Creating customer products that improve sustainability of travel and businesses



Strategic investment to scale climate solutions while securing access and price



Advocating for government action to reduce the barriers to decarbonisation

- ✓ Multi-year offsetting between Qantas Freight and Atlas Air
- ✓ Announced a new referral partnership with Australia Post
- ✓ Over 400,000 members engaged with Qantas Loyalty Green Tier program

## Announcing today...

1



2

### SAF Mandate<sup>1</sup>

Call for a progressive SAF<sup>2</sup> blending mandate and supportive policy to ensure development of domestic SAF industry

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



- 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

## Investment rationale

- 1 Catalyse & secure supply
- 2 Manage climate costs
- 3 Progress against targets
- 4 Support scaling of climate solutions

### Majority of investments

#### Investment Priorities



#### Purpose

Catalyse SAF supply and secure access in Australia and at strategic international ports	Secure access to high integrity carbon offsets with biodiversity and social co-benefits	Catalyse supply and secure access to mechanical carbon removal solutions for SAF and offsets	Access new solutions to drive progress against Group efficiency and waste targets
-----------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------

#### Indicative Investment Examples

Project to develop a domestic SAF refinery	Nature based offset project	Venture developing low-cost Direct Air Capture technology	Venture developing single use plastic alternative
--------------------------------------------	-----------------------------	-----------------------------------------------------------	---------------------------------------------------

Integration approach to investments to create impact across multiple pillars

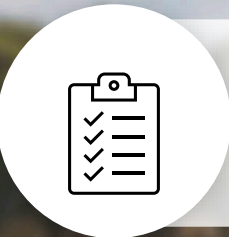
# Wheatbelt Connect project is the first investment of the Qantas Climate Fund



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



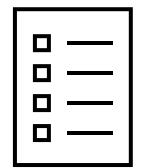
Qantas Climate Fund investment

~\$5m  
Initial  
investment

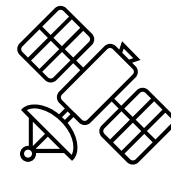


# All offsets investments will adhere to the Carbon Offsetting Integrity Framework

## We are enhancing offsets integrity by:



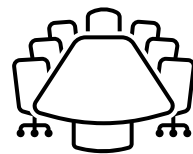
Integrating carbon offsets into Group financial and risk management framework



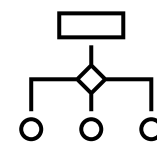
Releasing an RFP<sup>1</sup> for science/technology-based carbon ratings agencies



Updating targets for First Nations procurement



Establishing a Carbon Offsets Governance forum



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



Embedding integrity expectations in carbon-specific supplier contracts

## With future investment and procurement guided by a new Carbon Offsetting Integrity Framework

Carbon Offset Strategy Framework

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





# Qantas Group is committed to long-term sustainability

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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



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



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



**NET  
ZERO  
BY 2050**



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



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



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# ENABLING OUR PEOPLE TO BE THEIR BEST



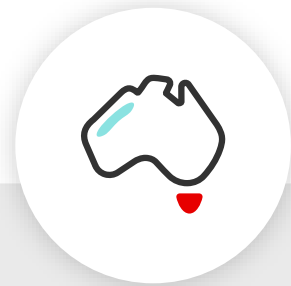


# Voice of our people





# Unique and differentiated Employee Value Proposition



## CONNECTION

HISTORY

ICONIC BRAND

PURPOSE



## EXPERIENCE

INCLUSION & DIVERSITY

CULTURE

INNOVATION

DEVELOPMENT

SUSTAINABILITY

FLEXIBILITY



## BENEFITS

RECOGNITION & REWARD

PROMOTION

STAFF TRAVEL

EMPLOYER OF CHOICE

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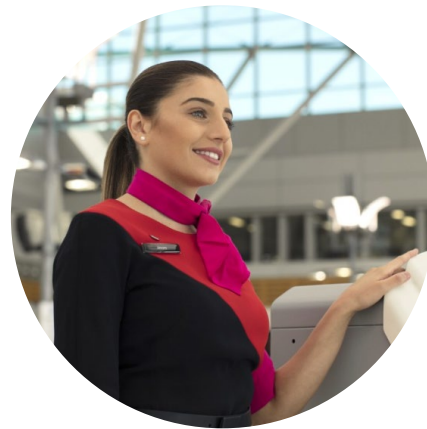
# Strong recruitment and retention



CABIN CREW



ENGINEERS



AIRPORTS



PILOTS



CORPORATE

RECRUITMENT

APPLICATIONS – 160K APPLICATIONS FOR 7K ROLES<sup>1</sup> IN LAST 12 MONTHS

20K  
~2,000 ROLES

10:1

18K  
~800 ROLES

23:1

26K  
~1,000 ROLES

26:1

4K  
~450 ROLES

9:1

64K  
~1,500 ROLES

43:1

RETENTION

ATTRITION RATE – PEAKED AT 18% IN DEC 2021, NOW STABILISING AT 5%<sup>2</sup>

5% Current

4% Current

9% Current

2% Current

5% Current

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

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## FOCUS AREAS



Gender Balance



Life Ages & Stages



LGBTQI+



Accessibility



Cultural & Linguistic Diversity



Aboriginal and Torres Strait Islander

## INCLUSIVE LEADERSHIP

PURPOSE

AWARENESS

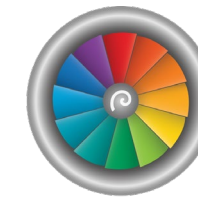
ENGAGEMENT

ACCOUNTABILITY

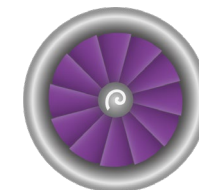
BUILDING CAPABILITY

PSYCHOLOGICAL SAFETY

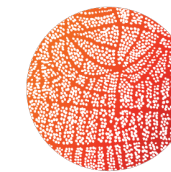
## EMPLOYEE NETWORKS



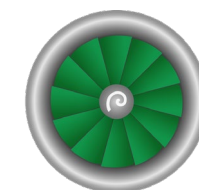
ILLUMINATE  
(LGBTQI+)



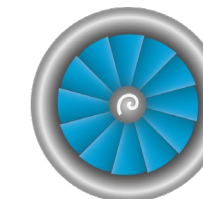
ALTITUDE  
(Gender)



DARAMU  
(First Nations)



REGENERATE  
(Sustainability)



ENABLED  
(Accessibility)





# Supporting growth over the next decade

**8,500** new operational employees over the next 10 years  
**2,300** new operational jobs in the next 18 months

## EXPANDING FLEET

New fleet	118 committed aircraft <sup>1</sup>
New technology	A350 A220 family A320 neo family
Existing fleet	310 existing aircraft <sup>2</sup>

## ENABLING OUR GROWTH

 Pilots	recruiting <b>1,600</b> new Pilots
 Cabin Crew	recruiting <b>4,500</b> new Cabin Crew
 Engineering	recruiting <b>800</b> new Engineers
 Operations	recruiting <b>1,600</b> general Operations roles

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# Recruiting the future Spirit of Australia



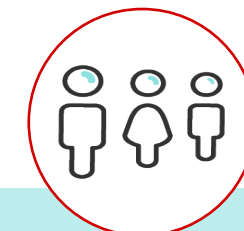
## Qantas Group Pilot Academy

- 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



## 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

Commitment to recognition and reward

Enhanced investment in learning and development opportunities



## UNDERSTANDING

Understanding our people's experience across the moments that matter

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

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# DRIVING PERFORMANCE THROUGH FINANCIAL STRENGTH

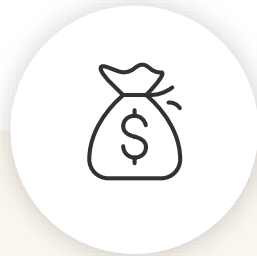




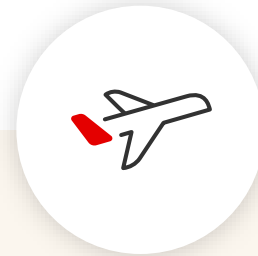
# Sustainable financial strength underpins the Group's long term position



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



Capital allocation discipline balances investment and shareholder returns

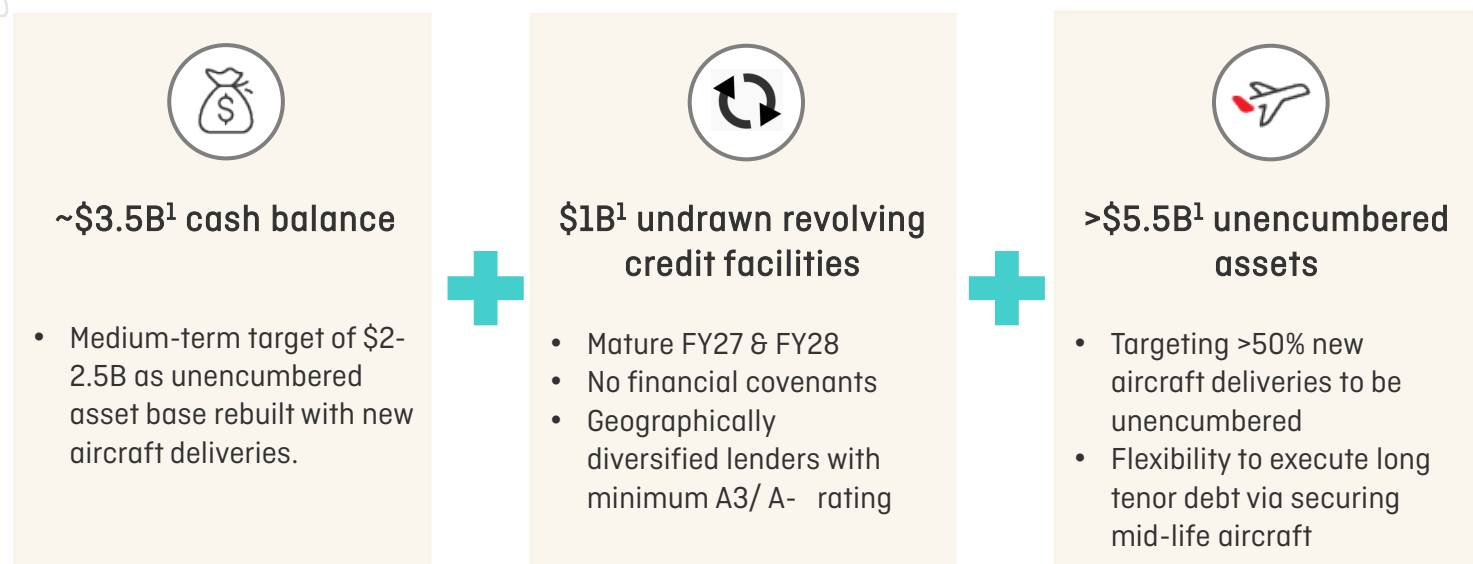
Risk management culture underpins financial flexibility

Financial Framework drives ongoing discipline and governance

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

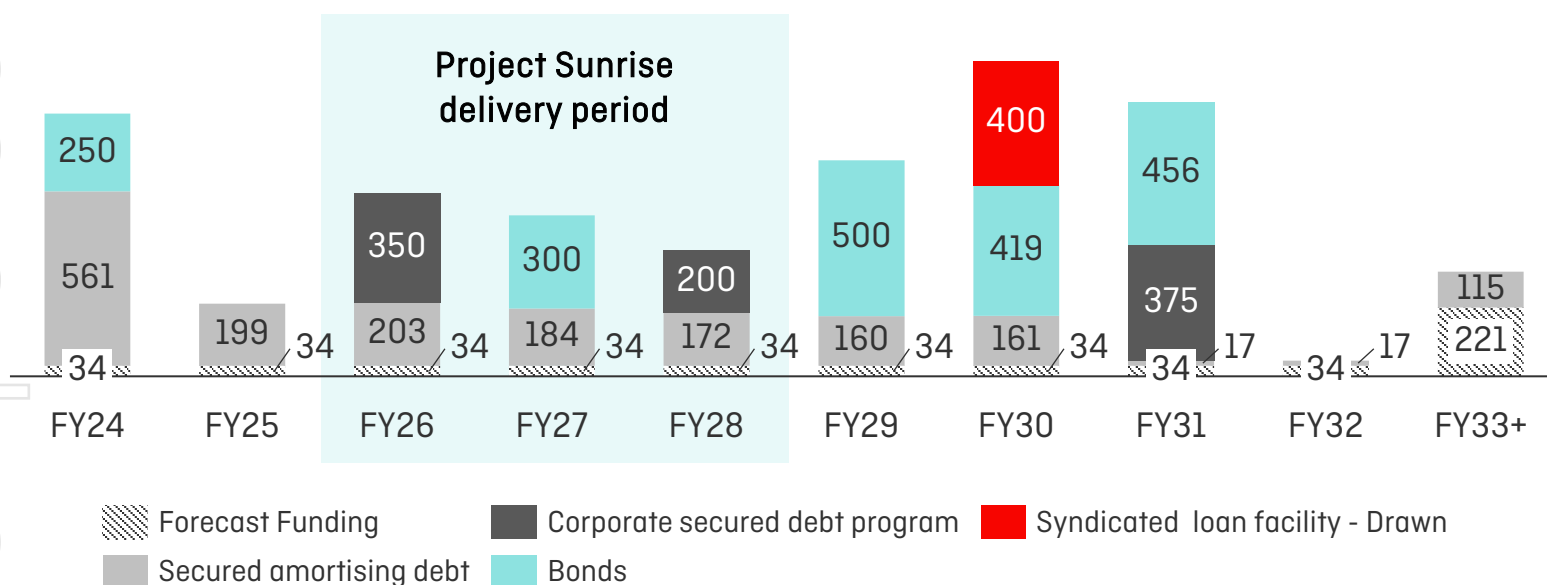
## Total liquidity of ~\$10B<sup>1</sup>



## Financial Framework: Optimised Capital Structure

- **Balance Sheet strength** providing continued access to diverse capital, preferential pricing, terms and conditions
- **Strong liquidity settings**, providing the Group business agility and resilience through the cycle
- **Majority owned aircraft, >85%<sup>2</sup>** providing low cost of debt and aircraft operational flexibility
- **Optimised debt portfolio** reducing cost of funding and providing flexibility during Project Sunrise delivery period
- **Target net debt at bottom of the range** providing substantial headroom and flexibility
- **Low refinancing risk** allows management to focus on operational performance and delivery of fleet strategy under a wide range of scenarios

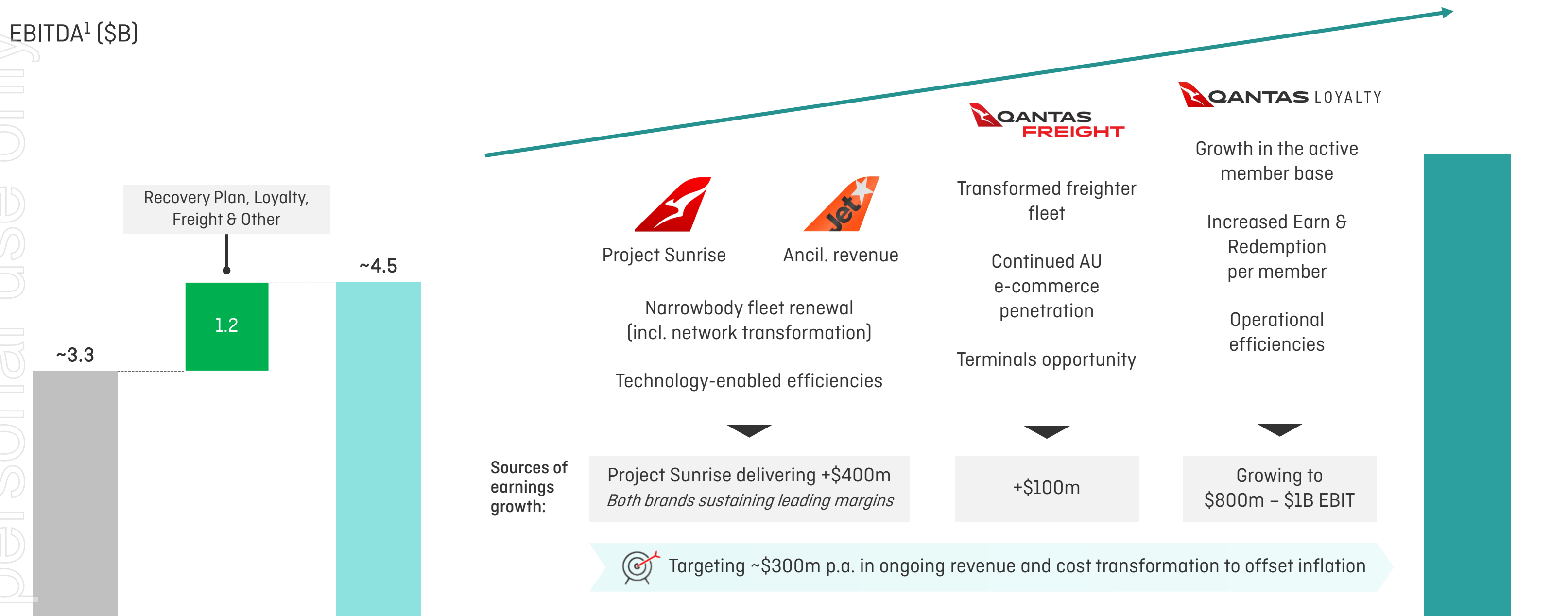
## Debt maturity profile modest annual repayments (\$m)



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

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

EBITDA<sup>1</sup> (\$B)



FY24

FY24 targets underpinned by reduced unit cost from restoration of capacity, reversal of ~\$400m transitional costs and offsetting CPI with further transformation

FY30

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

✓ Achieved >\$4B benefits FY15-23

🎯 Targeting ~\$300m p.a. in ongoing revenue and cost transformation to offset inflation

## COST INITIATIVES

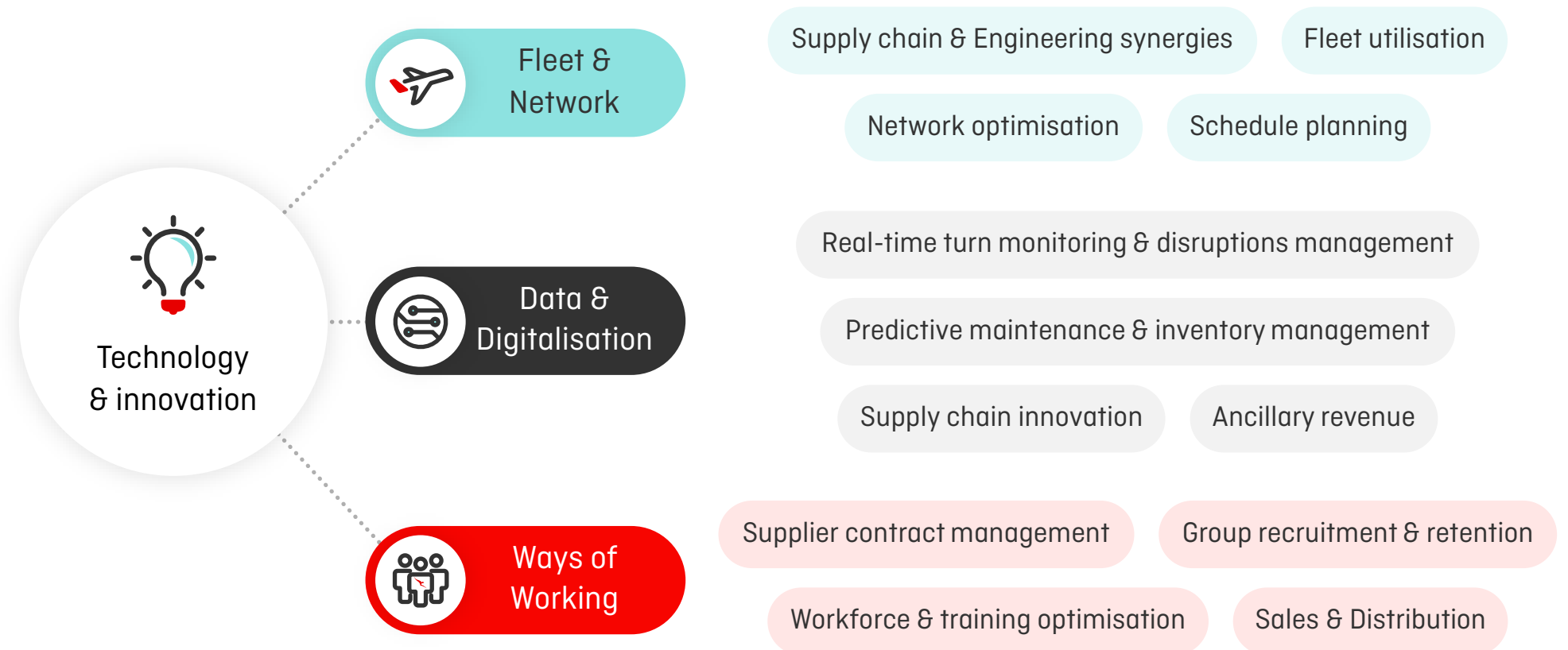
- 767/747 retirements, base closures and Singapore hub switch
- Operational efficiencies (35 minute turns, single engine taxi)
- Corporate overhead consolidation
- Workforce rightsizing
- Group IT procurement, incl. technology simplification
- Commissions restructuring

## REVENUE INITIATIVES

- 787-9 introduction
- Perth-London direct service
- Digital channel expansion

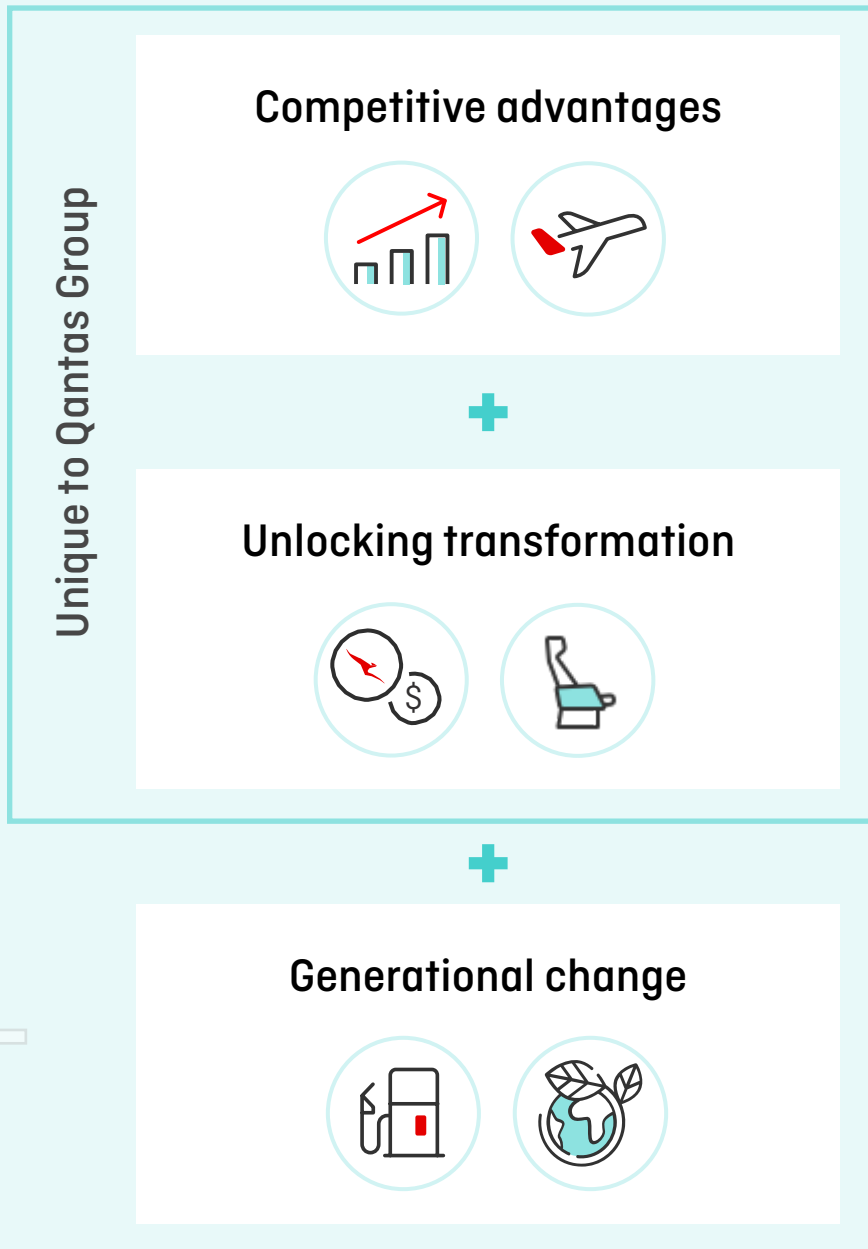
## TECHNOLOGY UPLIFT

from next generation aircraft and data and digitalisation drive ongoing cost and revenue transformation

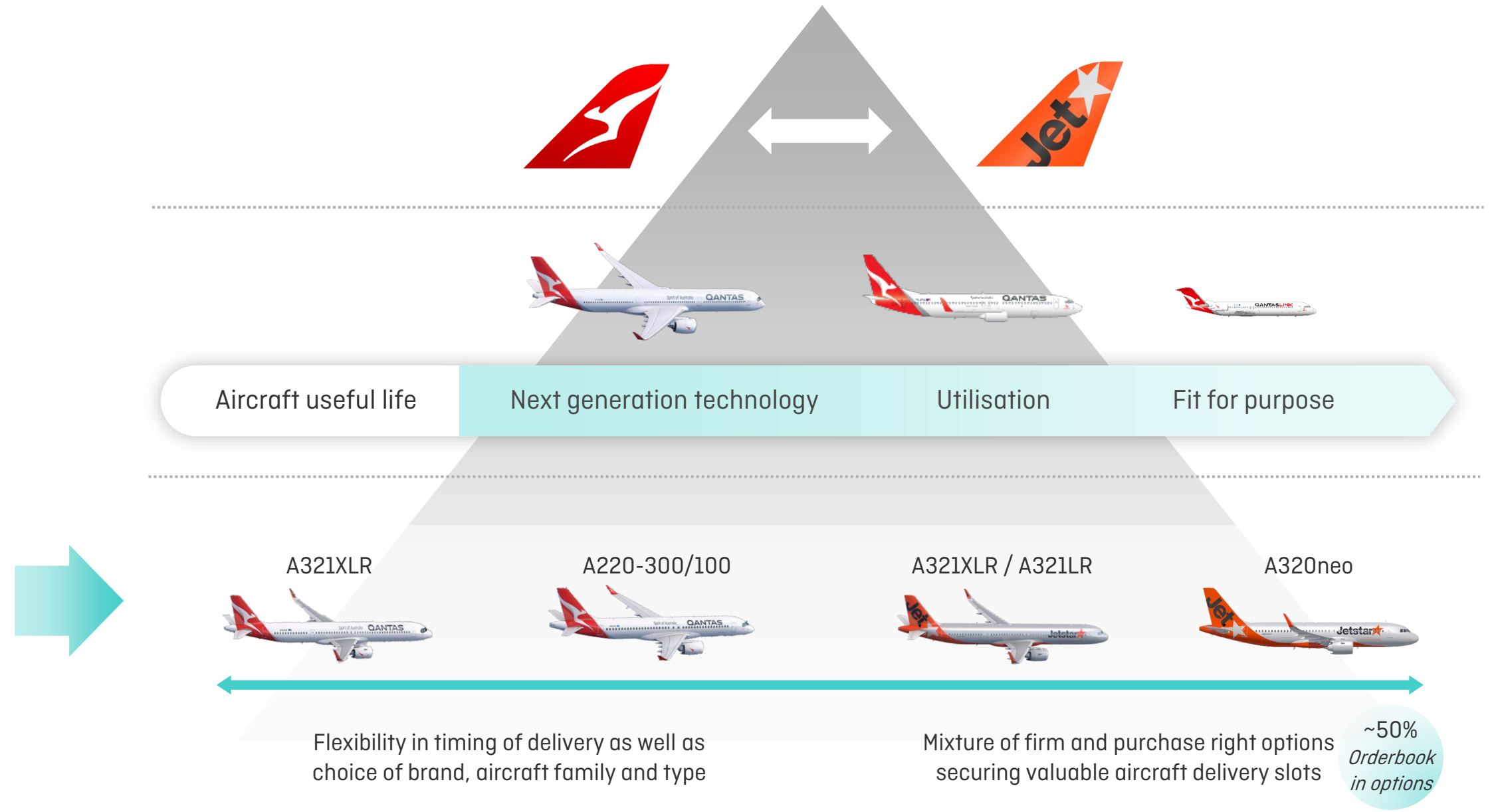


# The right fleet plan that delivers the Group's strategic and financial objectives

Optimised **timing** of fleet investment drives numerous benefits across the Group:



**Flexibility** to meet variable operating conditions through dual brand and aircraft gauge allocation, deploying the right assets to the right markets and orderbook optionality



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# Integrated layers of risk management reduces earnings volatility

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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 Maintain optimal capital structure

Minimise cost of capital by targeting a Net Debt range of 2.0x – 2.5x EBITDA where ROIC is 10%

Deliver against Climate Action Plan Targets

**Net Debt expected to increase as invested capital grows whilst maintaining optimal leverage**

**Target range expected to return to pre-COVID levels by FY25**

## 2 ROIC > WACC<sup>1</sup> through the cycle

Deliver ROIC > 10%

ESG included in all business decisions

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

## 3 Disciplined allocation of capital

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

Industry-leading ESG credentials

Maintainable EPS<sup>2</sup> growth over the cycle

Total shareholder returns in the top quartile<sup>3</sup>

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# DELIVERING FOR THE FUTURE

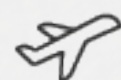




# Key messages from today



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



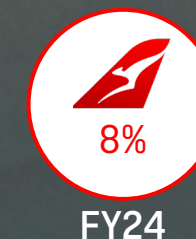
Commitment to employee culture strengthens talent pipeline and employee retention

## KEY BUSINESS TAKEAWAYS

Qantas & Jetstar Domestic EBIT margin target FY24+



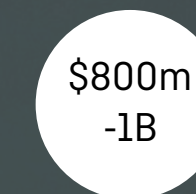
Qantas International EBIT margin target in FY24 and future state



Jetstar International EBIT margin target in FY24+



Qantas Loyalty EBIT target FY30



Sustainability SAF target supported by the Qantas Climate Action Fund



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