



26 August 2021

ASX Market Announcements Office  
Australian Securities Exchange Limited

**Lodged electronically via ASX Online**

**Qantas Group FY21 Investor Presentations**

Qantas Airways Limited attaches the following documents:

- Qantas Group FY21 Investor Presentation; and
- Qantas Group FY21 Investor Presentation – Supplementary.

Yours faithfully,

Andrew Finch  
**Group General Counsel and Company Secretary**

**Media Enquiries: Qantas Media +61 418 210 005 [qantasmedia@qantas.com.au](mailto:qantasmedia@qantas.com.au)**  
**Investor Relations Enquiries: +61 0416 058 178 [filipkidon@qantas.com.au](mailto:filipkidon@qantas.com.au)**

**Authorised for release by Qantas' Board of Directors**





100

Qantas Airways Limited

FY21 Results Presentation

26 August 2021

ASX: QAN

US OTC: QABSY

## FY21 overview

### Protecting the Balance Sheet and commencing the recovery

- FY21 Underlying EBITDA<sup>1</sup> of \$410m, Underlying Loss Before Tax (ULBT)<sup>2</sup> of (\$1.8)b, Statutory Loss Before Tax of (\$2.4)b, despite losing \$12b of Total Revenue<sup>3</sup>
- Domestic airlines generated \$233m of Underlying EBITDA in 2H21 despite >\$500m of lockdown impacts<sup>4</sup>
- Positive Statutory Net Free Cash Flow<sup>5</sup> for 2H21 driven by domestic recovery, significant Qantas Loyalty cash flow contribution and record Freight performance<sup>1</sup>

### Financial resilience

- Maintained strong liquidity settings; total liquidity \$3.8b<sup>6</sup>
- Debt reduction commenced in 2H21, with Net Debt<sup>7</sup> declining from \$6.4b in 3Q21 to \$5.9b at June 2021
- Outflows of deferred payables<sup>8</sup>, refunds and redundancies totalling \$2.8b completed in FY21
- Disciplined capital expenditure<sup>9</sup> of \$693m for FY21

### Recovery Plan ahead of target

- Delivered \$650m in structural cost benefits in FY21, ahead of \$600m target; on track for \$850m by FY22, and at least \$1b by FY23
- Enhanced competitive position with ~70% domestic capacity share, leading premium service and low cost carriers, leading Loyalty program and significant structural changes to the cost base; record customer Net Promoter Score (NPS) in FY21<sup>10</sup>

## Balance Sheet repair commenced despite challenging operating environment



1. Underlying earnings before interest, tax, depreciation, amortisation and impairments (Underlying EBITDA). 2. Underlying LBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY21 Results Presentation are reported on an Underlying basis, unless otherwise stated. For a reconciliation from Statutory LBT to Underlying LBT, please see slide 5 of the Supplementary Presentation. 3. Compared to FY19 as a proxy for Pre-COVID performance. 4. Represents Underlying EBITDA impact. 5. Cash from operating activities less net cash used in investing activities. 6. Includes committed undrawn facilities of \$1.6b. 7. Net Debt under the Group's Financial Framework includes net on Balance Sheet debt and capitalised aircraft lease liabilities. For a detailed calculation of the Net Debt target range, please see slide 11 in the Supplementary Presentation. 8. Management identified deferred payables at 30 June 2020 through the Group's cash management program. 9. Equal to net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 10. Record NPS achieved in Jetstar, Qantas Loyalty and QantasLink in FY21.

# Recovery Plan ahead of schedule, Balance Sheet repair commenced

## Preserving liquidity - 2H20

- Acted swiftly to safely hibernate the business, cut costs and preserve liquidity
  - Boosted liquidity; maintained no financial covenants on debt and investment grade credit rating [Baa2]
  - Disciplined capital allocation<sup>1</sup>; deferred aircraft deliveries
  - Renegotiated supplier contracts, grounded the majority of the fleet, stood down ~25,000 employees
  - Improved travel credit conditions for customers; introduced 'Fly Well'
- Cut cash costs by ~75% in response to 82% fall in Group Total Revenue in 4Q20
- Changed Loyalty program to drive member engagement, including tier extension

## Restructuring and Domestic restart - FY21

- Delivered \$650m of cost benefits in FY21, ahead of target
- Maintained cash focus and agile network management in addressing highly dynamic environment
- Generated positive Statutory Net Free Cash Flow in 2H21, allowing Balance Sheet repair to commence, accelerating in 4Q21
- Materially completed cash outflows for deferred payables, refunds and redundancies
- Qantas Loyalty returned to growth<sup>2</sup> and achieved record customer NPS
- Enhanced customer confidence through 'Fly Well' and 'Fly Flexible' programs
- Conducted international repatriation flights and maintained vital freight routes
- Maintained strong liquidity and retained Baa2 investment grade credit rating

## Domestic ramp up and International restart - FY22

- Recovery Plan activities to deliver cost savings of \$850m with >90% initiatives completed or underway
- Highly leveraged to recovery in travel demand as vaccine roll out progresses with pace
  - Well-positioned to meet expected sharp increase in domestic travel as lockdowns end
  - Ability to respond with a range of fleet types and agile network
- Planning for disciplined restart of regular long-haul international passenger services
  - Maintaining fleet readiness through IFAM<sup>3</sup> and repatriation flights
  - Giving customers confidence to fly, as 'trusted travel advisor' through 'Fly Well' and investment in digital health passport
- Continued focus on Balance Sheet repair in FY22
- Continued Qantas Loyalty growth and Freight strength
- Expect return of entire workforce by end of FY22



# Agile management of domestic network addressing highly dynamic demand environment

1

## Transformed scheduling process

- Highly refined level of coordination between commercial planning and operations
- Rigorous daily capacity optimisation between Network and Revenue Management across Qantas and Jetstar brands
- Decision making pushed down throughout organisation

2

## Optimising cash generation

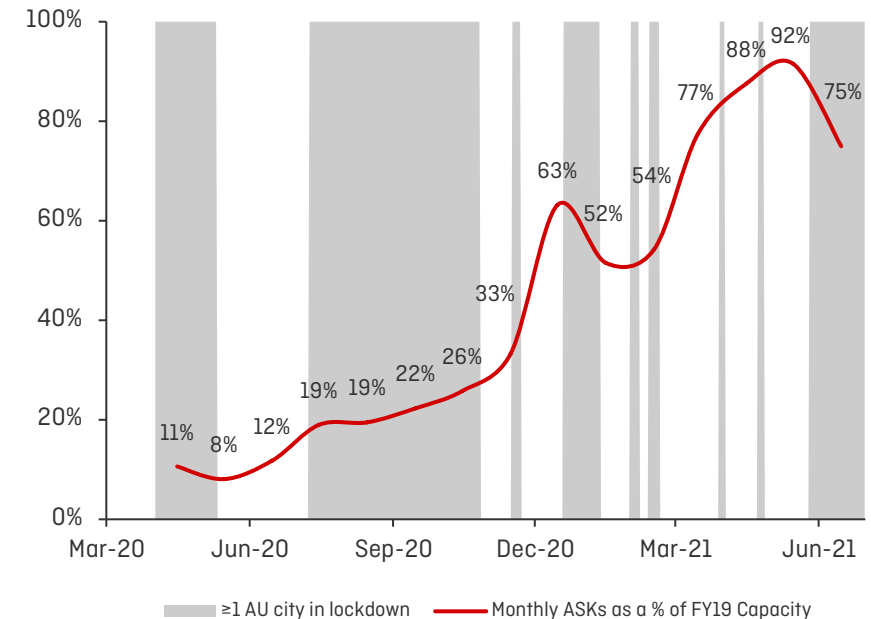
- Flights published and selling within two hours of border announcements to maximise revenue and win share
- 95% cash positive flying in FY21, despite sudden border closures, due to superior cost and risk management
- 46 new domestic routes announced including 31 launched in FY21<sup>1</sup>

3

## Flexible fleet deployment

- Fleet gauge options allows matching of capacity to demand
- New Alliance Aviation E190 deal for lower demand frequency markets complementing existing Dash-8 and 717 fleet
- 737, 787 and A330 aircraft on higher demand frequencies

**Group Domestic Capacity Profile**  
(Monthly domestic capacity as a percentage of FY19<sup>2</sup>)



Agile network management provides flexibility to adjust to demand and border changes



1. Announced 39 new routes for Qantas Domestic and 7 new routes for Jetstar Domestic in FY21. Of those, 27 routes were launched by Qantas Domestic and 4 routes were launched by Jetstar Domestic in FY21, with remaining routes to be launched from FY22. 2. 4Q20 capacity includes the minimum viable network flying which has been historically reported as charter.

# Recovery Plan benefits exceeded the FY21 target, with \$650m of structural cost benefits delivered

## Ways of Working ~65%<sup>1</sup>

Improved workforce flexibility and productivity

- Efficiencies through head office and management restructuring including consolidating teams
- Variabilised costs and created operational team efficiencies across the Qantas Group including cabin crew, engineering, ground handling
- ~9,400 exits in FY21 against the target of at least 8,500

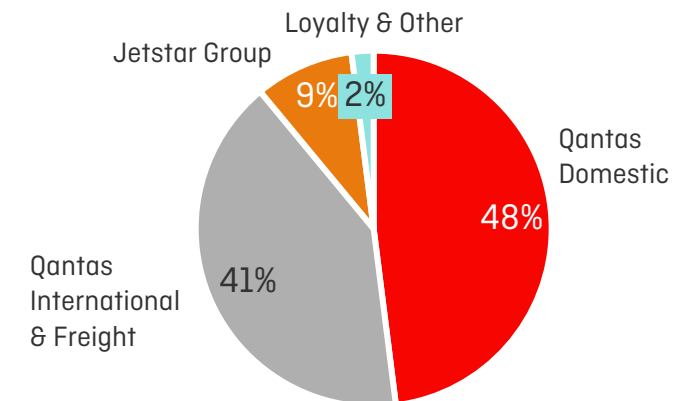
## Digitalisation/Supplier ~35%<sup>1</sup>

Efficiencies across the business

- Streamlined and restructured technology services
- Restructured sales and distribution model
- Consolidation of property leases
- Freight terminals optimisation
- Supplier savings across various categories of spend (e.g. lounge management, marketing and sponsorship, utilities, engineering supply chain)

## Clear pathway to the \$1b target by end of FY23

### \$1b Target Breakdown by Segment



On track for \$850m by FY22

>90% of initiatives complete or initiated<sup>2</sup>

Parallel focus targeting additional transformation to offset ongoing inflation

Dual focus on cost restructuring and inflation ensures \$1b restructuring program will translate to sustainable earnings uplift

# Recovery Plan scorecard

KEY AREA OF FOCUS	TARGET		AS AT 30 JUNE 2021
	METRICS	TIMEFRAME	
Cost savings	Restructuring cost benefits of \$0.6b in FY21, \$0.8b by FY22, \$1.0b by FY23	FY23	Achieved \$650m of cost benefits in FY21; Targeting \$850m by FY22
	Increased target to at least 8,500 exits	FY21	~9,400 exits completed ✓
	Group Unit Cost (ex-fuel and depreciation) 10% less than FY20	FY23	Restructuring in progress
Deleverage the Balance Sheet	Gross debt reduction <sup>1</sup> of \$1.75b	FY23	Debt reduction commenced in 4Q21
	Net Debt <sup>2</sup> / EBITDA <2.5 times	FY22	Debt reduction commenced in 4Q21; Restructuring in progress Net Debt <sup>2</sup> / EBITDA <2.5 times now expected by end of 2022
Cash flow	Sustainable positive net free cash flow	FY22 onwards	Statutory net free cash flow positive achieved in 2H21
	Flying activity is contribution positive (RASK-Variable cost/ASK >0)	From FY21	95% of Group Domestic flights cash flow positive in FY21 Domestic airlines generated positive underlying operating cash flow in FY21 ✓
	Capex <sup>3</sup> for FY21 ~\$0.75b	FY21	FY21 capex of \$693m ✓
Fleet management	Defer deliveries of A321neos and 787-9 aircraft	June 2020	Complete ✓
	Retire 6 x 747s; 12 x A380s in long term storage	December 2020	Complete ✓
Customer and Brand	Maintain Customer Advocacy (NPS) premium to domestic competitor	Ongoing	On track, NPS at historical highs across Qantas, Jetstar and Loyalty ✓
	Maintain brand and reputation	Ongoing	On track, Qantas remains most trusted airline in region <sup>4</sup> ✓
Qantas Loyalty	Return to double digit growth <sup>5</sup>	FY22	Returned to growth in 2H21 <sup>6</sup> Double digit growth now expected by end of 2022
Employee engagement	Employee sentiment	Ongoing	Impacted by stand downs and restructuring but expected to continue to improve, aligned to Group recovery and international borders reopening

ACHIEVING OUR TARGETS



1. Compared to Gross Debt level as at 30 June 2020. 2. Net Debt includes on Balance Sheet debt and capitalised aircraft lease liabilities under the Group's Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Capital expenditure, net of asset sales. 4. Qantas is the most trusted airline to keep Australians safe, healthy and successfully manage risks associated with COVID and international travel. Survey conducted August 2021. 5. Measured as the percentage growth of Underlying EBIT. 6. 2H21 Underlying earnings before interest and tax (EBIT) compared to 2H20 and 1H21.

# ESG overview and proposition

## Environmental

### Our Planet

- Despite the impacts of COVID-19, the Group is strongly committed to building business resilience to manage the significant physical and transitional risks of a changing climate
- The Group's Sustainability commitments have three focus areas:
  - 1** Primarily, reach net zero emissions by 2050 through investment in Sustainable Aviation Fuel, new aircraft technology and participation in carbon markets
  - 2** Reduce waste and single use plastic through its waste reduction program
  - 3** Institutionalise ESG by enhancing Board and Executive accountability through TCFD<sup>1</sup> disclosures and developing an interim emissions reduction target
- Aligning to the Climate Action 100+ sustainability principles

## Social

### Our People

- Operating cash positive flying across the Group airlines to bring people back to work sooner
- Successfully advocated for industry support for our people who were impacted by ongoing stand downs
- Partnering with government and >300 organisations to provide support and secondary employment opportunities for our people
- Protecting our people through 'Fly Well' and 'Work Well' programs including taking a leading stance on vaccinations and strengthening focus on employee mental health and wellbeing

### Our Community

- Operating repatriation flights to bring Australians home and providing critical freight services
- Prioritised ethical business activities and human rights through: supplier due diligence; supporting indigenous and small businesses; signatory to the UNGPs<sup>2</sup>; and our modern slavery statement

## Governance

### Our Governance

- New Group Management Committee role – Chief Sustainability Officer – and sustainability team to accelerate and deepen our commitment to net zero emissions by 2050 along with the implementation of our wider ESG strategy
- Enhanced safety governance framework, with continued focus on safety of customers and employees as our first priority
- Monitoring global developments in laws, regulations and business practices to ensure an effective governance framework is in place to protect, create and enhance stakeholder value
- Proven resilience during COVID-19, reflecting a sound, adaptive risk management framework
- Leveraging insights of external stakeholders to identify key environmental and social risks, trends and priorities, such as Global Compact Network Australia (GCNA) membership

Continued commitment to acting responsibly, respecting our social licence to operate



1. Task-force on Climate Related Financial Disclosures. 2. United Nations Guiding Principles on business and human rights.



# FY21 Environmental progress

## ESG Focus Area

## Progress as at 30 June 2021

Environmental

1

Reach net zero emissions by 2050

- First airline group to commit to capping net emissions<sup>1</sup> and one of the first to commit to net zero emissions by 2050
- Aiming for 1.5 per cent average annual fuel efficiency improvements through fleet renewal and increased operational efficiency
- Matched customer contributions through Fly Carbon Neutral Program and offered 10 Qantas Points per dollar spent
  - One of the highest uptakes of customer offsetting globally, with all contributions directly funding accredited environmental projects
  - 21 per cent of contributions invested to support indigenous-led environmental regeneration projects
- Committed to invest \$50m towards Sustainable Aviation Fuels (SAF) industry development in Australia
  - Strategic partnership with bp Australia announced in January 2021 to develop production of SAF by 2025
  - Collaborating with government and industry to design policies that support commercialisation of SAF in Australia

2

Reduce waste and single use plastics

- FY21 waste reduction targets impacted by operational constraints of COVID-19, including the introduction of 'Fly Well' onboard offering
- Developing a revised waste reduction strategy that continues to drive elimination of single use plastics and year-on-year reductions in waste diverted to landfill

3

Institutionalise ESG

- Enhance ESG governance and accountability at Board, Group Management Committee and Senior Management levels
- Aim to develop updated climate risk scenario analysis as part of Taskforce for Climate-related Disclosure (TCFD) commitments in FY22
- Assess and publish an emissions reduction pathway to meet 2050 net zero target and develop an interim target in FY22, including formalisation of an internal carbon price, to be applied by FY23

Progress towards sustainability commitments in FY21, with renewed targets to be set in FY22



100

Financial performance

## FY21 key Group financial metrics

### Profit metrics

**\$410m**

Underlying EBITDA

**[\$1,525]m**

Underlying EBIT<sup>1</sup> loss

**[\$1,826]m**

Underlying loss before tax<sup>2</sup>

**[\$2,351]m**

Statutory loss before tax

### Balance Sheet metrics

**[\$386]m**

Statutory operating cash flow

[\$861]m 1H21 / \$475m 2H21

**\$693m**

Net capital expenditure

**\$2,221m**

Cash and cash equivalents

**\$3.8b**

Total liquidity

**\$5.9b**

Net Debt

**\$6,248m/\$5,516m**

FY21 average Invested  
Capital/Invested Capital as  
at 30 June 2021<sup>3</sup>

### Other statistics (v FY19)

**[81%]**

ASKs<sup>4</sup>

**[85%]**

RPKs<sup>5</sup>

**[67%]**

Group Total Revenue<sup>6</sup>

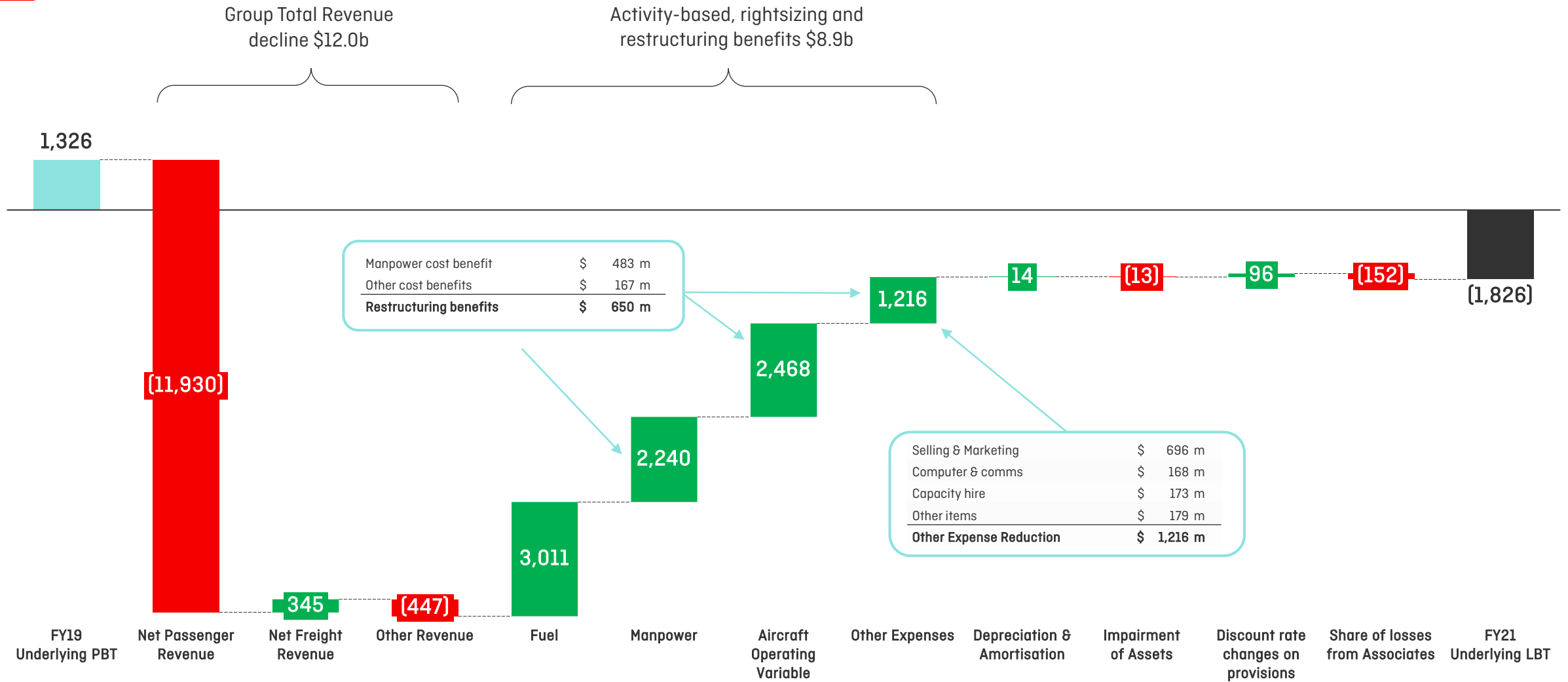
**[62%]**

Group Operating  
Expenses<sup>7</sup>



1. Earnings before interest and tax (EBIT). 2. Underlying LBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY21 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 5 of the Supplementary Presentation for a reconciliation of Underlying to Statutory LBT. 3. Refer to slide 9 of the Supplementary Presentation for the invested capital calculations. 4. Available Seat Kilometres. Total number of seats available for passengers, multiplied by the number of kilometres flown. Compared to FY19 as a proxy for Pre-COVID performance. 5. Revenue Passenger Kilometres. Total number of passengers carried, multiplied by the number of kilometres flown. Compared to FY19 as a proxy for Pre-COVID performance. 6. Group Total Revenue compared to FY19 used as a proxy for Pre-COVID performance. 7. Group gross expenditure excluding depreciation and amortisation, impairment/(reversal of impairment) of assets and related costs, share of net loss/(profit) of investments accounted for under the equity method and discount rate changes impact on provisions compared to FY19 as a proxy for Pre-COVID performance.

# FY21 Profit Bridge compared to FY19



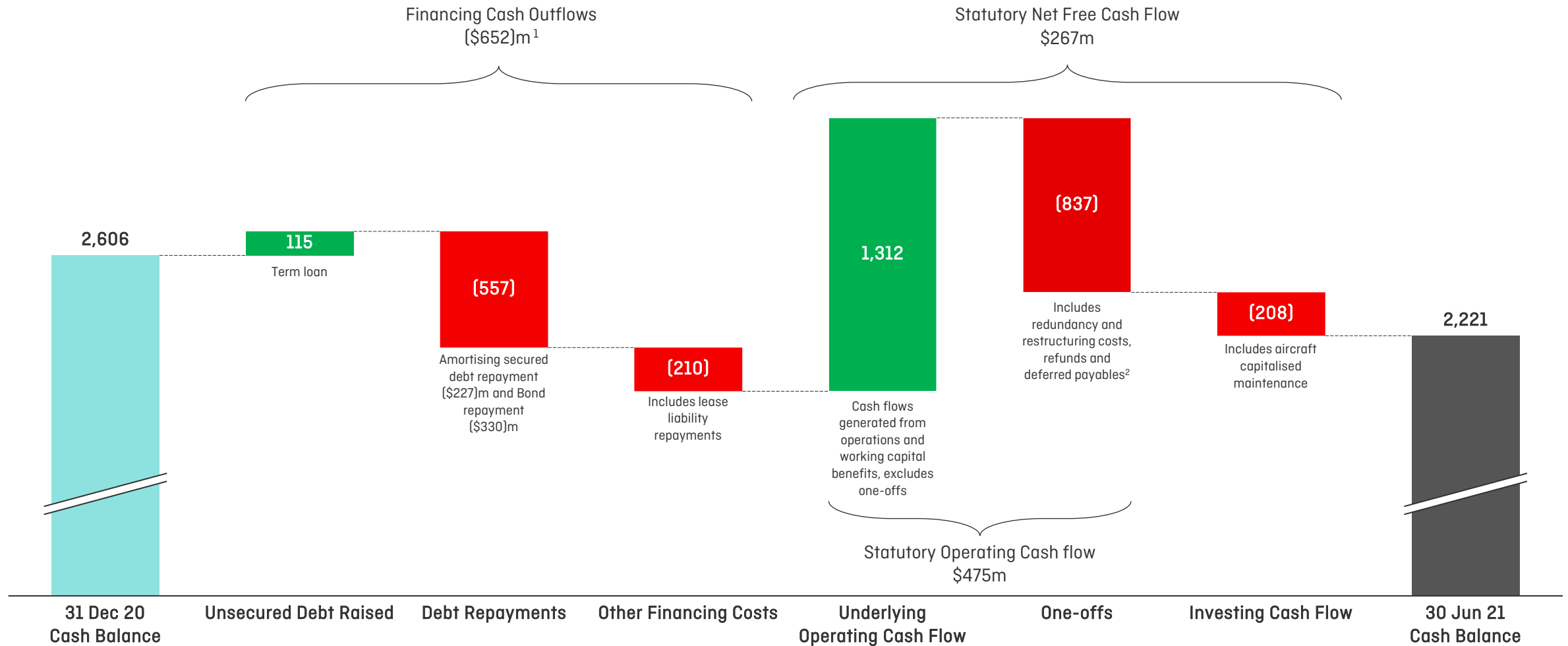
## Items not included in Underlying LBT

\$M	FY21	Comments
Recovery Plan restructuring costs	319	Redundancies incurred as part of the Recovery Plan not previously provided for in FY20
Impairment of assets and related costs	257	Including A380 fleet impairment due to fall in AUD market values and retirement of 2 hulls as well as the impairment to the Jetstar Asia fleet
Net gain on disposal of assets	(18)	Including gain on sale of share of JUHI <sup>2</sup> assets
Net de-designation of fuel and foreign exchange hedges	(33)	
<b>Total items not included in Underlying LBT<sup>1</sup></b>	<b>525</b>	



1. Items which are identified by Management and reported to the Chief Operating Decision-Making bodies as not representing the underlying performance of the business are not included in Underlying LBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying LBT primarily result from revenues and expenses relating to business activities in other reporting periods, transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business. 2. Joint User Hydrant Installation.

## 2H21 Movement in cash position



Statutory net free cash flow positive for 2H21; Balance Sheet repair has commenced



1. Includes the impact of FX, \$3m reported in the Cash Flow Statement for 2H21. 2. Management identified deferred payables at 30 June 2020 through the Group's cash management program.

## Net Debt and liquidity position

\$M	As at 30 June 21	As at 30 June 20	VLY \$M <sup>4</sup>
Current interest-bearing liabilities on balance sheet	969	868	(101)
Non-current interest-bearing liabilities on balance sheet	5,861	5,825	(36)
Cash at end of period	(2,221)	(3,520)	(1,299)
<b>Net on Balance Sheet debt<sup>1</sup></b>	<b>4,609</b>	<b>3,173</b>	<b>(1,436)</b>
Capitalised aircraft lease liabilities <sup>2</sup>	1,281	1,561	280
<b>Net Debt<sup>3</sup></b>	<b>5,890</b>	<b>4,734</b>	<b>(1,156)</b>

\$M	As at 30 June 21	As at 30 June 20	VLY \$M <sup>4</sup>
Cash and cash equivalents at end of period	2,221	3,520	(1,299)
Undrawn facilities	1,575	1,000	575
<b>Total liquidity</b>	<b>3,796</b>	<b>4,520</b>	<b>(724)</b>

- Net Debt increased by (\$1.2)b for the 12 months to June 2021 primarily driven by:
  - Underlying operating cash flow of \$2.4b
  - One-off outflows including redundancies of (\$2.8)b
  - Capex of (\$0.7)b
- Significant borrowing activity for the period included:
  - FY21 new borrowings of \$0.9b made up of \$0.7b unsecured and \$0.2b secured borrowings
  - Repayment of (\$0.4)b secured amortising debt
  - Repayment of (\$0.4)b bond which matured in June 2021
- Increased committed undrawn facilities of \$1.6b
- The Group also maintains an unencumbered asset base of >\$2.5b including aircraft<sup>5</sup>, land, spare engines and other assets



100

Segment Results



# Qantas Domestic

- Strong leisure-led recovery delivering a positive Underlying EBITDA
  - Strong demand recovery in 4Q21 with capacity at 86% of Pre-COVID levels<sup>1</sup> by May 2021; seat factor recovery to 64%<sup>2</sup>
  - Variabilisation of cost base underpinning ability to respond to border closures
  - Yield premium growth<sup>3</sup>; average fares maintained<sup>4</sup>
  - Corporate and SME recovery ahead of expectations, 34 new accounts won in FY21<sup>5</sup>
  - Expanded domestic services (27 new routes) with 95% of flights cash flow positive
  - ~\$300m in recovery cost benefits delivered in FY21, on track for ~\$500m by FY23<sup>6</sup>
- Network and fleet optimisation will deliver improved asset utilisation
  - 717 and Turboprop base consolidation on the East Coast
  - E190 activation to capture emerging central Australia and Northern Territory demand
  - A320 Western Australia deployment increased to 11 to meet strong resource market demand
- Maintained support of vital transport links and domestic tourism through government sponsored RANs, DANs and TANs<sup>7</sup>
- Giving customers confidence to book and fly, extension of 'Fly Flexible' program to February 2022; high levels of NPS maintained

		FY21	FY20	Pre-COVID FY19
Revenue	\$M	2,745	4,672	6,098
Underlying EBITDA	\$M	159	907	1,503
Underlying EBIT	\$M	(590)	173	778
Operating Margin <sup>8</sup>	%	<0	3.7	12.8
ASKs	M	16,951	25,773	33,866
Seat factor	%	58.3	75.9	77.8

Extended leading premium position in the domestic market



1. FY19 ASKs as a proxy of Pre-COVID performance. 2. Achieved in April 2021. 3. Compared to main domestic competitor. Based on Qantas internal estimates. 4. February to June 2021 compared to February to June 2019. 5. Acquisition of new Corporate and large SME customers. 6. Cumulative recovery program benefits. 7. Regional Airline Network support (RANs). Domestic Airline Network support (DANs). Tourism Aviation Network support (TANs). 8. Operating Margin calculated as Underlying segment EBIT divided by total segment revenue.

## Qantas International (including Freight)

- Record Freight profit<sup>1</sup> supported by surging domestic e-commerce trends and strong international yields
  - Freight providing a significant natural hedge to international passenger business, materially covering international airline cash holding costs
  - Support of Australian exports via International Freight Assistance Mechanism (IFAM)
  - Ongoing fleet renewal program with 3 x A321 converted freighters by December 2021
  - Australian freight market leadership underpinned by long-term customer contracts
- International passenger business largely grounded, maintaining readiness for restart
  - Restart of Trans-Tasman flying, averaging ~40% of Pre-COVID levels<sup>2</sup> in 4Q21, impacted by directional demand and border closures
  - A380 fleet maintained to ensure readiness
  - A330 and 787 fleets operated 8% of Pre-COVID block hours, supporting IFAM and government repatriation flights in addition to domestic network
  - ~\$250m in recovery cost benefits delivered in FY21, on track for >\$400m by FY23<sup>3</sup>
- Well-positioned for restart of international operations and to take advantage of international travel bubbles when they emerge
  - Existing joint business agreements (JBAs) maintained (American, Emirates, China Eastern); proposed JBA with Japan Airlines under regulatory consideration

		FY21	FY20	Pre-COVID FY19
Revenue	\$M	1,598	6,077	7,420
Underlying EBITDA	\$M	117	846	1,045
Underlying EBIT	\$M	(575)	56	323
Operating Margin	%	<0	0.9	4.4
ASKs	M	640	50,484	69,571
Seat factor	%	N/A	84.1	86.0

Well-positioned for efficient restart of international operations



1. Underlying EBITDA. 2. FY19 Available seat kilometres as a proxy for Pre-COVID performance. 3. Cumulative recovery program benefits.

## Jetstar Group

- Achieved Underlying EBITDA profit<sup>1</sup> driven by 2H21 domestic leisure strength, cost variabilisation and \$70m in recovery program benefits delivered
  - \$145m AU Domestic Underlying EBITDA with \$102m in second half as capacity increased to 77% of Pre-COVID levels<sup>2</sup>, EBIT profitable in 4Q21
  - (\$143)m Underlying EBITDA loss from AU International, NZ and Jetstar Asia due to ongoing lack of international flying and associated fixed costs
- (\$131)m loss attributable to share of Jetstar Japan statutory loss due to multiple states of emergency and higher fixed costs with fully leased fleet
- Redeploying capacity to support domestic growth, reduce fixed costs in Asian and international businesses and assist international restart
  - 6 x Jetstar Japan and 3 x Jetstar Asia A320s temporarily transferring to Australia
  - 787s utilised domestically as required
- Jetstar AU Domestic low fares leadership, high customer satisfaction and flexible response driving leisure demand when borders are open
  - Extended domestic network advantage with 7 new routes<sup>3</sup>; capacity grew to 102% of Pre-COVID levels<sup>2</sup> in May 2021
  - Achieved seat factor of 74%<sup>4</sup> and 33% growth in ancillary revenue per passenger versus Pre-COVID<sup>2</sup>
  - Record NPS<sup>5</sup> driven by strong On-Time Performance (OTP)

		FY21	FY20	Pre-COVID FY19
Revenue <sup>6</sup>	\$M	1,140	3,006	3,961
Underlying EBITDA <sup>7</sup> excluding Share of Associates (Losses)/Profits	\$M	2	485	830
Underlying EBIT	\$M	(550)	(26)	400
Operating Margin	%	<0	<0	10.1
ASKs <sup>6</sup>	M	11,783	35,613	47,993
Seat factor <sup>6</sup>	%	71.3	84.3	86.1

Low fares leadership uniquely positioned for leisure-led recovery



1. Underlying EBITDA excluding Share of Associates losses. 2. Compared to corresponding FY19 period as a proxy for Pre-COVID performance. 3. Announced 7 new routes in FY21 (4 launched in FY21, 3 to be launched from FY22). 4. FY21 Domestic AU operations. Jetstar Consolidated Seat Factor including AUS International, NZ and Jetstar Asia was 71.3%. 5. Record NPS for Jetstar Domestic. 6. For Jetstar Consolidated Group, does not include Jetstar Japan. 7. Underlying EBITDA including share of associate (losses)/profits was (\$129)m for FY21, \$426m for FY20 and \$836m for FY19.

# Qantas Loyalty

- Group cash contribution >\$1b of gross receipts<sup>1</sup> in FY21
- Diversified portfolio strategy delivering second half earnings growth<sup>2</sup>
  - Spend on Qantas Points Earning Credit Cards returned to Pre-COVID levels<sup>3</sup> in 4Q21; Maintaining ~35% share of credit card spend
  - Early indicators of renewed credit card demand
  - 500k+ members earning Qantas Points with bp Australia since partnership launch<sup>4</sup>
  - Record points redeemed in the Qantas Rewards Store and Qantas Wine; continued growth in Qantas Insurance<sup>5</sup>
  - Travel related products continue to remain sensitive to border announcements; record domestic flight redemptions in March 2021 indicate strong underlying demand
- Growth in members and continued strength in member engagement; supported by program generosity, FY21 NPS at record levels
  - Increased availability of Classic flight rewards by up to 50% to the most popular destinations across Australia<sup>6</sup>
  - Greater flexibility provided to members using flight rewards by waiving change and cancellation fees
  - Status accelerator offer for Gold members of other loyalty programs – 20k members registering for the offer, new ways to earn on the ground
  - Relunched Qantas Points Club<sup>7</sup> increasing travel and lifestyle benefits – making earning points on the ground more rewarding
- Continued investment in leading digital experiences and new businesses; integration of Qantas Loyalty within existing Qantas App from May 2021

		FY21	FY20	Pre-COVID FY19
Revenue <sup>8</sup>	\$M	984	1,224	1,654
Cash Contribution <sup>1</sup>	\$M	1,006	1,231	977
Underlying EBIT <sup>9</sup>	\$M	272	341	376
Operating Margin <sup>10</sup>	%	27.6	27.9	22.7
QFF Members <sup>11</sup>	M	13.6	13.4	12.9

Strong cash generation underpinned by record member engagement



1. Sales to all external parties. 2. 2H21 Underlying EBIT compared to 2H20 and 1H21. 3. Compared to corresponding FY19 period as a proxy for Pre-COVID performance. 4. Partnership launched in April 2020. 5. Health, Life, Motor and Home customers in force as at 30 June 2021 compared to 30 June 2020. 6. As announced 14 July 2020. 7. Qantas Points Club relaunched May 2021. 8. Includes revenue from points sales to external partners, commissions received, revenue generated through Qantas Wine, Qantas Store, Qantas Shopping and points issued and redeemed on Qantas Group and partner airlines. 9. During FY21, Qantas Loyalty reviewed the criteria applied in assessing the capitalisation of intangible assets. Due to the mix of projects undertaken during FY21, an increased proportion of spend has been expensed. This policy will apply for future periods and has not impacted the Net Free Cash Flow result of Qantas Loyalty. 10. Operating Margin calculated as Underlying segment EBIT divided by total segment revenue. 11. Members at 30 June for corresponding period.



100

Financial Framework

# Financial Framework will continue to guide our capital decisions



Maintainable EPS<sup>5</sup> growth over the cycle

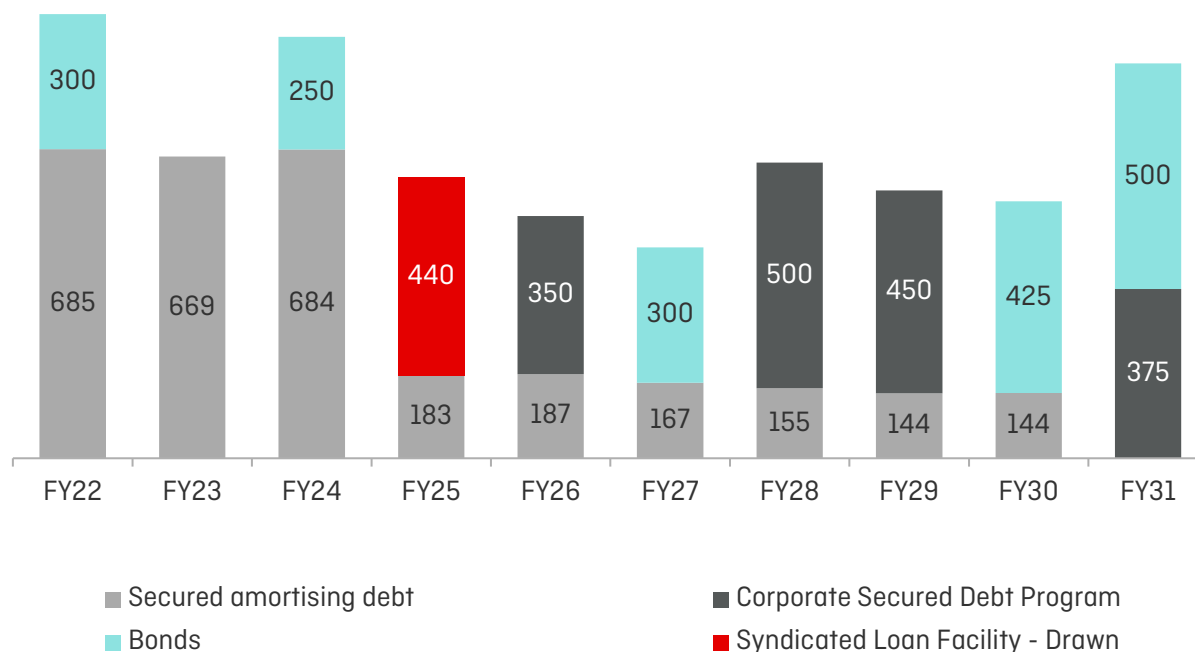
Total shareholder returns in the top quartile<sup>6</sup>



1. Refer to slide 11 of the Supplementary Presentation for calculation of target Net Debt range. 2. Return on Invested Capital (ROIC). Refer to slide 10 of the Supplementary Presentation for the calculation of ROIC. 3. Weighted Average Cost of Capital (WACC), calculated on a pre-tax basis. 4. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC. 5. Earnings Per Share. 6. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2020 Annual Report, with reference to the 2020-2022 LTIP.

# Maintaining an optimal capital structure

Debt maturity profile as at 30 June 2021 (\$M)<sup>1</sup>



## Capital structure and liquidity

- Net Debt<sup>2</sup> at \$5.9b, prioritising debt reduction
- Total liquidity of \$3.8b including \$2.2b cash<sup>3</sup> and committed undrawn facilities of \$1.6b maturing in FY23 and FY24
- Unencumbered asset base >\$2.5b<sup>4</sup>, including 41% of the Group fleet<sup>5</sup>, land, spare engines and other assets

## Debt structure

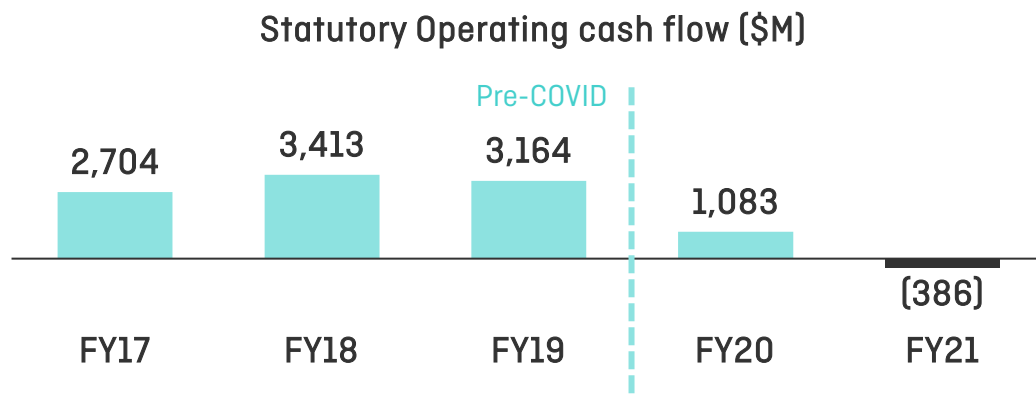
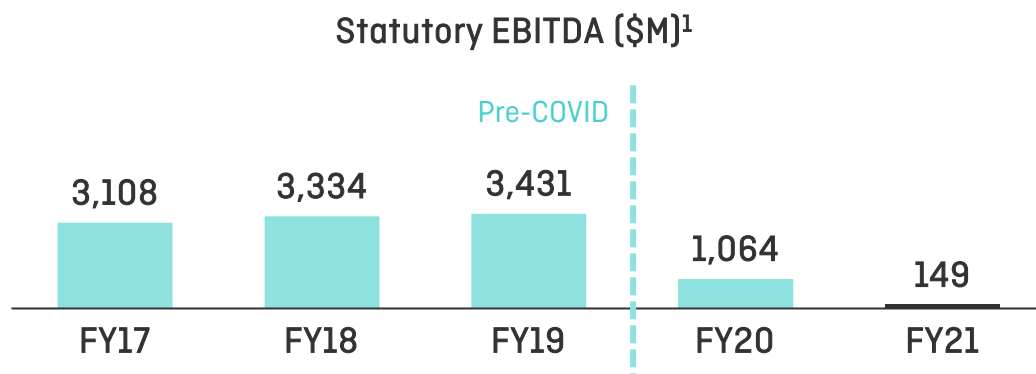
- Balance Sheet repair commenced in 2H21
  - Net Debt at \$6.4b in February 2021, reduced to \$5.9b at June 2021
  - Maturing secured debt facilities in FY22 to FY24 will unencumber mid-life aircraft
  - AUD \$300m bond maturing in May 2022
- No financial covenants
- Maintained Investment Grade credit rating from Moody's (Baa2)

Maintained strong liquidity and minimal refinancing risk; Recovery Plan prioritising debt reduction



1. Cash debt maturity profile excluding leases. 2. Net Debt includes on Balance Sheet debt and capitalised aircraft lease liabilities under the Group's Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Includes cash and cash equivalents as at 30 June 2021. 4. Aircraft valuations based on the average of Aircraft Value Analysis Company Limited (AVAC) and AVITAS market values as at 30 June 2021. 5. Based on number of aircraft as at 30 June 2021. The Group Fleet totalled 311.

## Historical operating cash flow trend



- Positive statutory EBITDA of \$0.15b for FY21
  - Includes impact of \$0.3b redundancies
- FY21 Statutory operating cash flow of (\$386)m;
  - FY21 underlying operating cash flow of \$2.4b
  - Significant one-off cash outflows<sup>2</sup> materially complete
- Recovery to at least Pre-COVID operating cash flow generation to be enabled by
  - Growth of domestic operations
  - Restart of international flying contributing to significant Revenue Received In Advance (RRIA) rebuild
  - Recovery Plan cost saving benefits
  - Cash flow benefits due to tax losses

Recovery to historically strong operating cash flow generation enabling accelerated Balance Sheet repair



1. For comparability, FY17 and FY18 Statutory EBITDA also excludes non-cancellable aircraft operating lease rentals (as these financial years are prior to AASB 16). 2. One-off cash outflows include redundancy and restructuring costs, refunds and deferred payables. Management identified deferred payables at 30 June 2020 through the Group's cash management program.



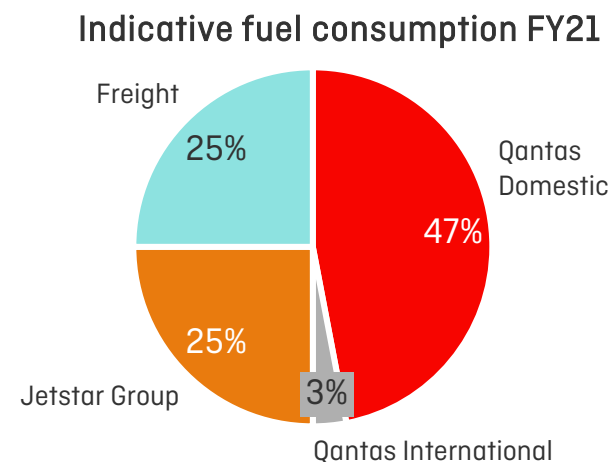
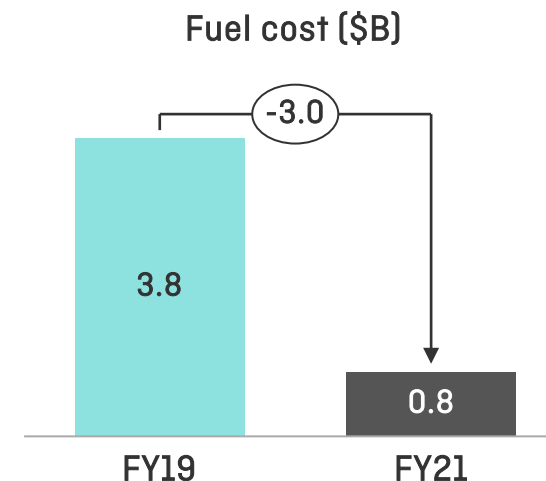
## Robust fuel and FX risk management

### FY21 actual fuel cost and hedge accounting impacts

- FY21 fuel cost of \$0.8b, down \$3.0b from FY19 through 74% reduction in consumption and lower AUD jet fuel price; 2H21 fuel cost of \$526m
- Hedge accounting impact of \$33m gain in FY21 relating to revaluation of ineffective hedges de-designated in FY20, excluded from Underlying LBT

### Looking ahead

- 1H22 fuel cost is expected to be higher than 1H21, in line with higher forecast fuel consumption
- 1H22 fuel price risk is fully hedged
  - Majority of hedging in outright options
  - Outright options in place to cover fuel price risk arising from additional 1H22 flying under an accelerated recovery scenario
  - Hedging protects against short-term spikes in fuel prices whilst minimising risk of ineffective hedge losses should a change in the operating environment occur



Hedging activity remains consistent with long term approach to risk management

# Disciplined capital allocation

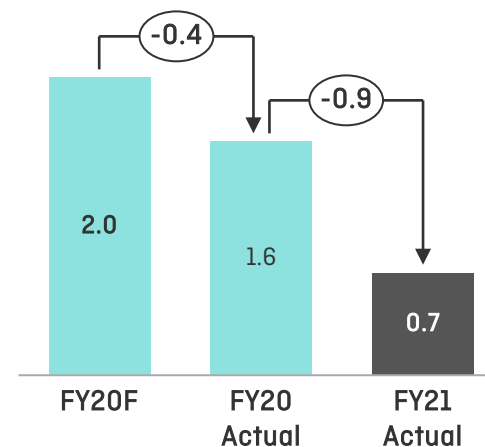
## Disciplined capital expenditure

- Net capital expenditure<sup>1</sup> of \$693m in FY21, including capitalised maintenance on operational fleet and delivery of the first of three A321-200P2F freighters
- FY22 capital expenditure<sup>2</sup> expected to be \$800m

## Shareholder capital movements

- Additional \$72m equity<sup>3</sup> raised through retail Share Purchase Plan (SPP) adding 22.6m new ordinary shares to supplement institutional placement completed in FY20

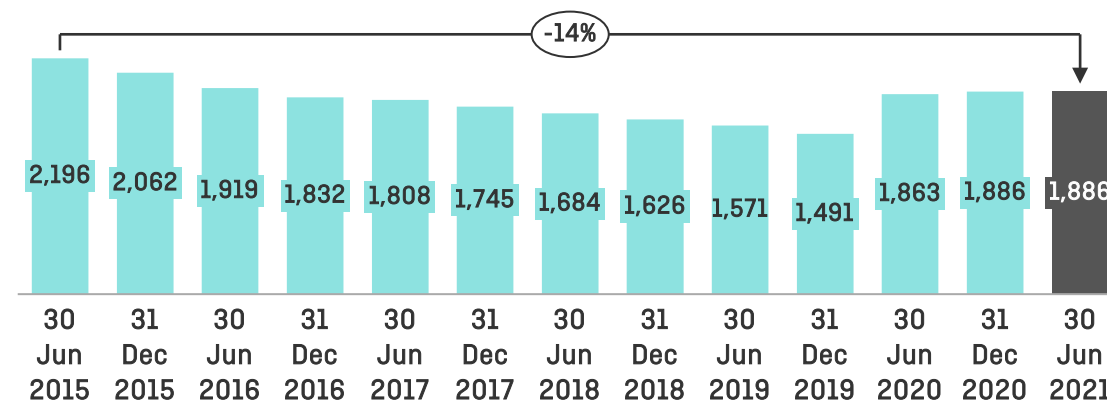
Capital expenditure (\$B)



Shareholder Capital Movements (\$B)



Shares on Issue (M)



Conservative capital allocation as focus turns to Balance Sheet repair



1. Equal to net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 2. Net capital expenditure excluding any potential proceeds from the sale of land. 3. Retail Share Purchase Plan completed on 10 August 2020.

# Fleet strategic priorities

## Qantas Group fleet strategy

Right aircraft  
Right route

Maintain flexibility

Maintain  
competitiveness

### Recovery phase

- Deferred delivery of 787-9s and A321neos to meet the Group's requirement
- A380s remain in storage
- Reallocated 6 x A320s to QantasLink fleet to service intra Western Australia resources market
- A330s and 787-9s redeployed supporting IFAM<sup>1</sup>, repatriation services and domestic flying
- Delivery of first A321 converted freighter, with additional two by December 2021
- Successfully completed conversion of 11 lease extensions into 'power by the hour' rentals increasing cost variability through the recovery phase
- Reallocation of Jetstar international aircraft<sup>2</sup> to optimise domestic capacity in FY22
- Up to 18 x E190s on capacity hire arrangement with Alliance Aviation
- Low fleet utilisation through COVID-19 has deferred timing of maintenance and fleet replacement requirements<sup>3</sup>

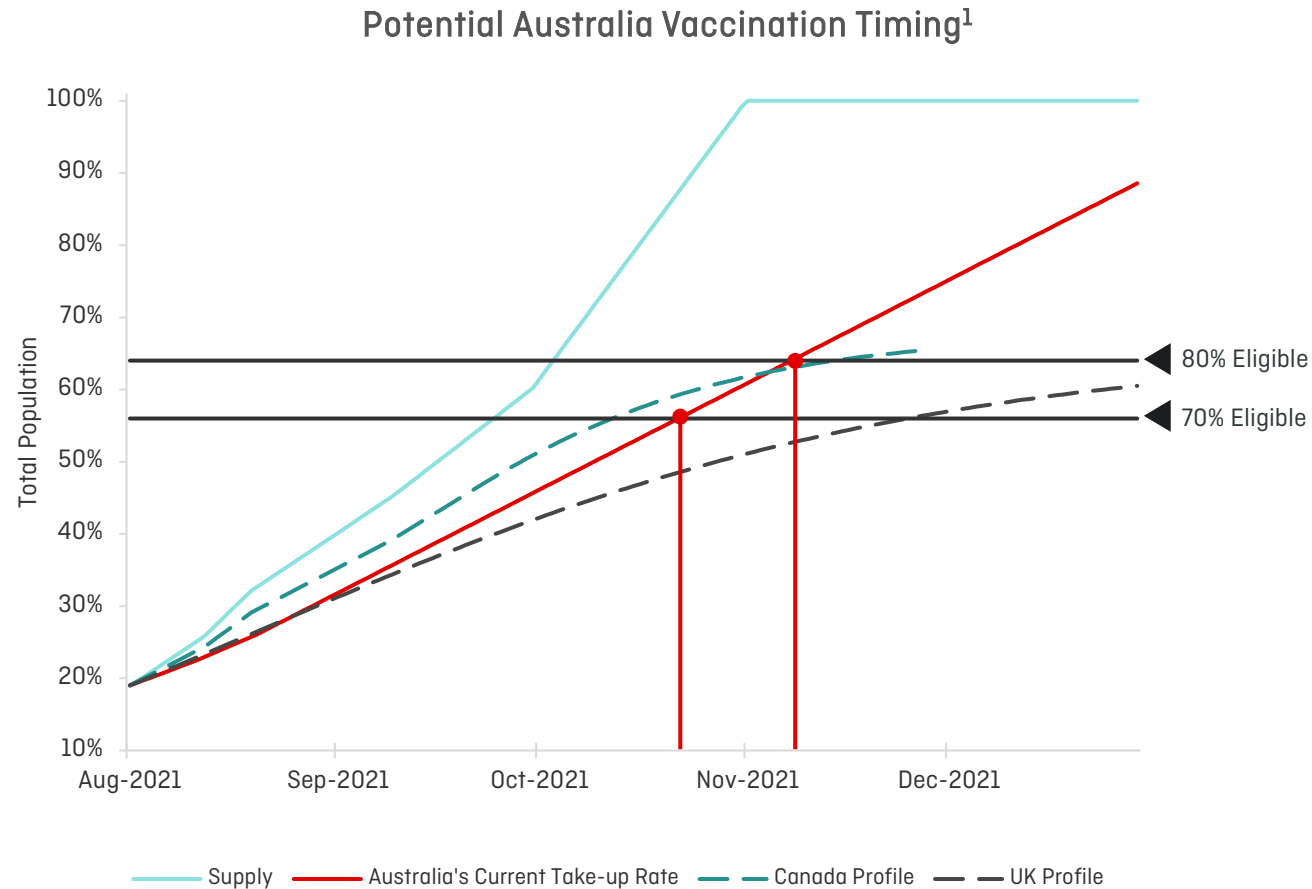
Maintaining flexibility of operational fleet to optimise capitalised maintenance expenditure



100

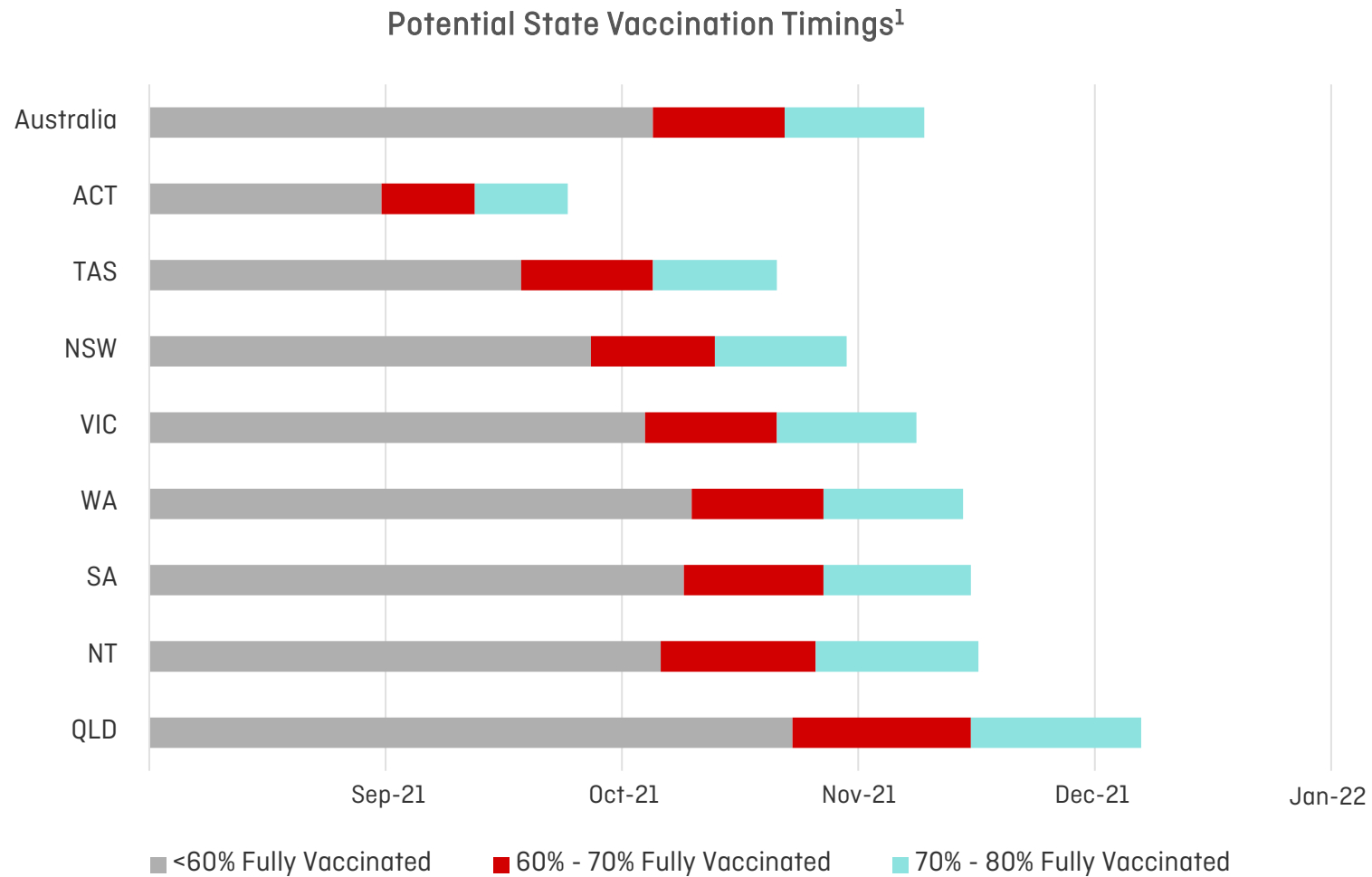
Looking ahead

# Vaccine supply and uptake suggests 80% threshold to be reached by December 2021



- Sufficient vaccine dosages available by early October to achieve 80% of eligible Australians vaccinated; supply ramping up from September 2021
- Based on current rate of uptake and global benchmarks, Australia should hit national thresholds<sup>2</sup> for reopening in December 2021:
  - **Phase B** threshold of 70% vaccination of eligible population – eased restrictions on vaccinated residents, lockdowns less likely but possible
  - **Phase C** threshold of 80% vaccination of eligible population – highly targeted domestic lockdowns only and trigger for gradual opening of international borders to approved countries. Proportionate quarantine and reduced requirements for inbound vaccinated travellers
  - Thresholds can be achieved earlier if uptake accelerates to Canadian profile
- As evidenced globally, vaccination rates can also be influenced further by incentive levers

# Uptake supports all domestic borders open by 1 December, gradual opening of international from mid December



- National COVID-19 plan requires all states to hit vaccination targets for restrictions to lift
- Based on current rates of vaccine uptake by state, the expectation is that all states hit
  - Phase B - 70% of eligible population vaccinated by mid November 2021
  - Phase C - 80% of eligible population vaccinated by early December 2021
- This supports key network planning assumptions
  - All domestic borders to be open no later than 1 December 2021
  - Gradual reopening of international in mid December 2021

# Domestic market

## FY22 Outlook

- Recent state lockdowns and associated border closures are expected to have a significant impact on 1H22 capacity
- Recovery delayed by five months, domestic lockdowns and border restrictions expected to ease once 70% of eligible Australians are vaccinated
- Domestic demand was very strong in 4Q21 across both leisure and business travel segments; demand is expected to rebound as border restrictions ease and capacity is restored
- Strength from resources sector expected to continue throughout 1H22
- Domestic travel intention in next 12 months has rebounded strongly at 96% of customers surveyed<sup>1</sup>
- Revised Group domestic capacity assumptions:
  - QLD border to open from mid September 2021, VIC and NSW borders to open from 1 December 2021

Capacity	1Q22	2Q22	2H22	FY22
% Pre-COVID <sup>2</sup>	38%	53%	110%	77%

- Group has agility and fleet flexibility to respond to dynamic domestic border fluctuations and will scale capacity as quickly as possible to optimise cash

## Competitive Positioning

- Expecting to maintain ~70% domestic capacity share
- Extended competitive position for both domestic airlines
- Qantas Domestic
  - Increased frequency, 39 new routes<sup>3</sup> and plans to grow to ~100% capacity in 2H22<sup>2</sup>
  - Increasing Corporate and SME share
  - Strong NPS and superior product offering
  - Extended margin advantage through cost transformation and revenue premium
- Jetstar Domestic
  - Increased frequency, 7 new routes<sup>3</sup> and plans to grow to ~120% capacity in 2H22<sup>2</sup>
  - Only true low cost carrier in the Australian market with significant cost advantage
  - Price leadership and record NPS

# International markets

## FY22 Outlook

- International border closure and quarantine restrictions expected to ease once 80% of eligible Australians are vaccinated
- International repatriation and Freight assistance program operating on behalf of the Australian Government to continue, representing ~15% of Pre-COVID block hours for Qantas International in 1H22
- Limited cash burn until network restart of \$3m per week for 1H22<sup>1</sup>
- Planning for resumption of international flying from mid December
  - Initial destinations include Los Angeles, Honolulu, London, Singapore, Tokyo, Vancouver and Fiji
  - Other destinations delayed to April 2022 include South Africa, South America and parts of South East Asia
- Trans-Tasman bubble expected to resume from mid December
- International travel intention at its strongest level in 12 months<sup>2</sup>
- Flying to be focused on cash generation and getting our people back to work as soon as possible
- Revised Group International capacity assumptions:

Capacity	3Q22	4Q22	2H22
% Pre-COVID <sup>3</sup>	30% - 40%	50% - 70%	40% - 55%

## Competitive Positioning

- Australia's only long-haul premium and low cost international airline with extensive transformation improving relative cost position
- 10 x reconfigured A380s to return to service
  - Five will return earlier than planned, commencing July 2022 to Los Angeles, and London by end of 1H23
  - Flexibility to return remaining aircraft by January 2024
- Resuming Trans-Pacific operations from East Coast
  - 789s to Los Angeles, San Francisco and Dallas; A330s on Brisbane to Los Angeles and San Francisco
  - A380 return creates flexibility for Trans-Pacific capacity to grow above Pre-COVID levels
- More redemption seats available for frequent flyers
- Emirates, China Eastern and American Airlines Joint Businesses<sup>4</sup> ready to restart once international travel resumes; proposed JBA with Japan Airlines under regulatory consideration
- Low fares model together with high density, high utilisation 787-8 enable Jetstar to capitalise on pent-up leisure demand post-COVID
- Project Sunrise remains a key part of the Qantas International strategy. Selected A350-1000 as preferred aircraft with non-stop flights expected to be even more popular post-pandemic



1. Net cash burn for Jetstar International and Qantas International including Qantas Freight. 2. Internal research of Qantas Customers. Overseas travel excluding New Zealand. As at 4 August 2021. 3. ASKs compared to FY19 as a proxy of Pre-COVID flying. 4. Emirates and China Eastern anti-trust immunity until March 2023, American Airlines anti-trust immunity until November 2025.



# Freight and Loyalty

## Freight

---

- International belly space expected to be negligible through 1H22 and into 2H22 until international capacity stabilises
- Strong international freight demand to continue, with peak levels expected in the lead up to Christmas
- Continuing to support International Freight Assistance Mechanism
- Domestic demand expected to remain strong due to >30% growth in e-commerce<sup>1</sup> and growing customer base
- Two additional A321 freighters in 1H22 to service long term customers contracts
- Freight profitability expected to have structurally lifted from pre-pandemic with increased domestic volumes and lower unit cost

## Loyalty

---

- Continuing to deliver strong cash flow contribution
- Travel related products continue to remain sensitive to border announcements
- Rebound in earnings expected as travel demand recovers and redemption opportunities increase
  - Up to 50% more Classic Reward seat availability on domestic, Trans-Tasman and international routes<sup>2</sup>
- Demand for Qantas points remains strong; record NPS in FY21; plans to continue to grow member engagement
  - More opportunities to earn points and status on the ground
- Extending relationships with coalition partners
  - Multi-year renewals signed with three of the major banks
  - Ongoing investment in digital, program experiences and new businesses
- Loyalty remains committed to achieving \$500-600m Underlying EBIT by FY24

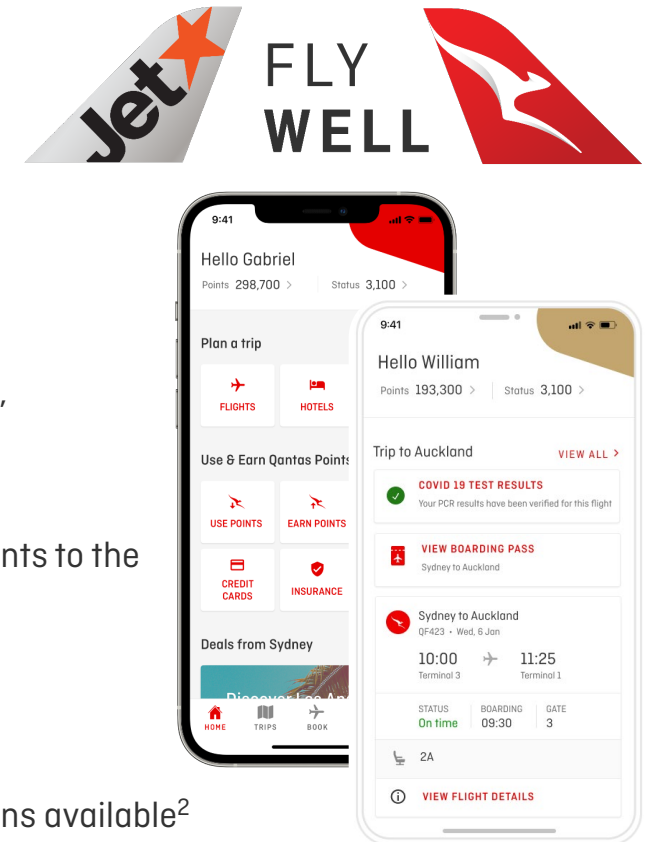


1. Online shopping growth in Australia for the 12 months to 30 June 2021. Source: Australia Post 'Inside Australian Online Shopping' report, July 2021. 2. Up to 50% more flown Classic redemption segments as a proportion of the total flown segments on Qantas marketed and operated flights versus the equivalent measure over 2019 on selected routes in Australia from 14 July 2020 until 31 December 2022, all Trans-Tasman routes from 18 April 2021 until 31 December 2022, and all other international routes from when two-way unrestricted travel commences for each route until 31 December 2022.

# Investing in customer, brand and digital

## Giving customers confidence to book

- Record high or near high Net Promotor Scores across all brands and most trusted airline in the region<sup>1</sup>
- Domestic Dual Brand strategy powerful with each airlines' continued strength in targeted customer segments
  - Business and premium leisure: Qantas as the only full-service offering including three-tier lounges, complimentary food and drink, fast, free Wi-Fi and leading Loyalty program
  - Price sensitive business and leisure: Jetstar price leadership maintained despite strong competition
- Well-positioned for a safe restart of international travel
  - The most trusted airline to keep Australians COVID-safe and healthy for international travel<sup>1</sup> as 'trusted advisor'
  - Investing in a digital health passport for easy proof of vaccination or negative COVID test, for seamless travel
- Ongoing digitalisation enhancing customer experience across and beyond the travel journey including improvements to the Qantas App
- Maintaining confidence to book and fly, as well as retaining customer loyalty
  - 'Fly Flexible' extended to the end of February 2022, Jetstar flexible 'FareCredit' continues
  - Qantas Frequent Flyer member status-retention support extended and up to 50% more Classic flight redemptions available<sup>2</sup>



1. Qantas is the most trusted airline to keep Australians safe, healthy and successfully manage risks associated with COVID and international travel. Survey conducted August 2021. 2. Up to 50% more flown Classic redemption segments as a proportion of the total flown segments on Qantas marketed and operated flights versus the equivalent measure over 2019 on selected routes in Australia from 14 July 2020 until 31 December 2022, all Trans-Tasman routes from 18 April 2021 until 31 December 2022, and all other international routes from when two-way unrestricted travel commences for each route until 31 December 2022.

# Outlook

## FY22 outlook

The Group's existing undrawn liquidity facilities, proactive approach to securing funding and the ongoing strong contributions from Qantas Freight, Qantas Loyalty and cash positive flying ensures it has sufficient liquidity for a range of recovery scenarios.

Through our improved network planning processes and multi-gauge fleet, we have the agility and flexibility to scale capacity and shift aircraft to capture changing demand patterns. Our clear brand positioning, with leadership in both the premium and price sensitive markets and growing share in Corporate, SME and Leisure markets, will ensure we capitalise on domestic demand.

We are on the path to recovery and the latest data on vaccine effectiveness, increased supply and pace of roll out globally and across Australia gives cause for optimism. This along with our restructuring progress and the strong momentum we saw in 4Q21 when borders were open, gives confidence that we are in the final stages of recovery and the overall Recovery Plan remains on track.

- Key assumptions:
  - Domestic and Tasman border closures impact on 1H22 Underlying EBITDA estimated at \$1.4b after mitigations
    - QLD border expected to open from mid September 2021, VIC and NSW borders expected to open from December 2021, Trans-Tasman bubble expected to resume mid December 2021
  - Airline not in the same level of hibernation as 1H21
  - Continuing to manage the business to a positive Underlying operating cash flow including a focus on cash positive flying
  - Capital expenditure in FY22 is expected in to be \$800m<sup>1</sup>, ~55% weighted to first half
  - Underlying depreciation and amortisation expected to be ~\$125m lower than FY21
  - Restructuring Program expected to achieve \$850m ongoing structural cost benefits, \$200m incremental benefits in FY22
  - Net Debt expected to be within target range by the end of FY22<sup>2</sup>

# Well-positioned for recovery



Group Domestic<sup>1</sup> airlines are well-positioned to benefit from the recovery in domestic travel and changing competitive environment; capacity share ~70%; significant unit cost reduction post restructuring; FY21 Group Domestic Underlying EBITDA of \$304m



Australia's most valued Loyalty business generating strong cash contribution and has a clear pathway to sustained earnings growth<sup>2</sup>



Freight has benefited from the consumer shift to e-commerce and is also a natural hedge to the international passenger business



Group International<sup>3</sup> businesses maintained operational readiness for low cost restart and gradual ramp up

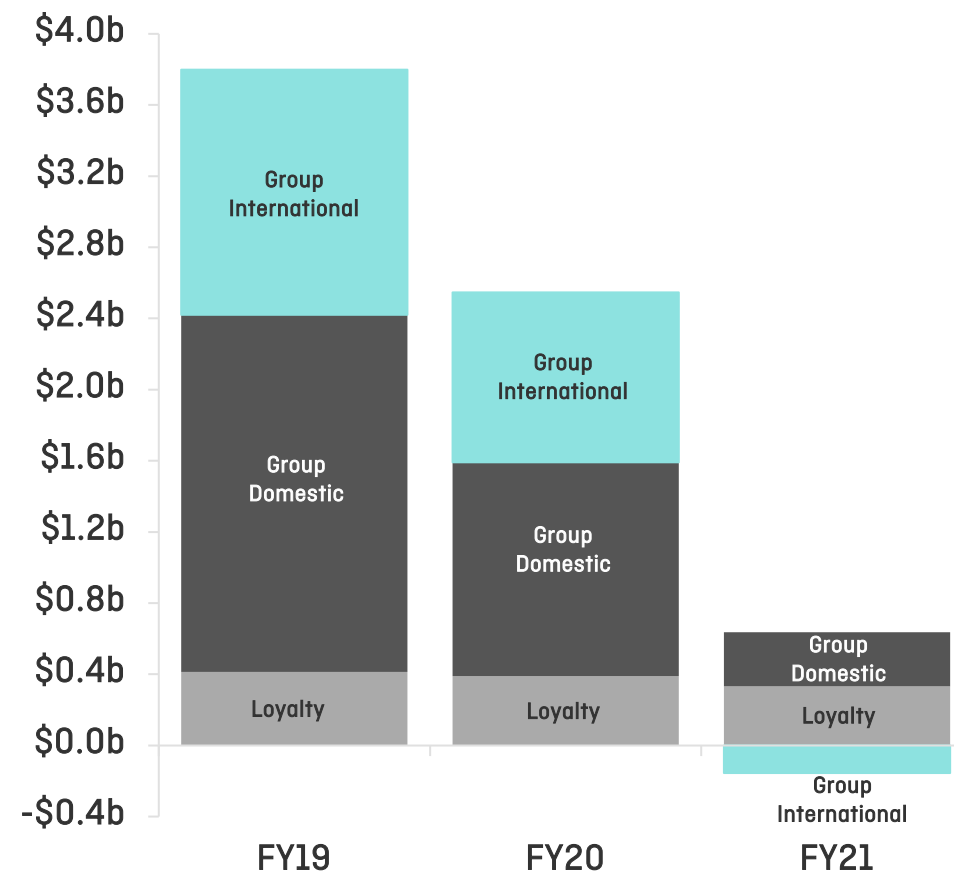


Strong liquidity position and strengthening operating cash flow allowed Balance Sheet repair to begin



Three-Year Recovery Plan to improve operational cash flows and deliver \$1b in ongoing annual savings from FY23. Assessing further opportunities to improve revenue and margins

Operating Segment Underlying EBITDA

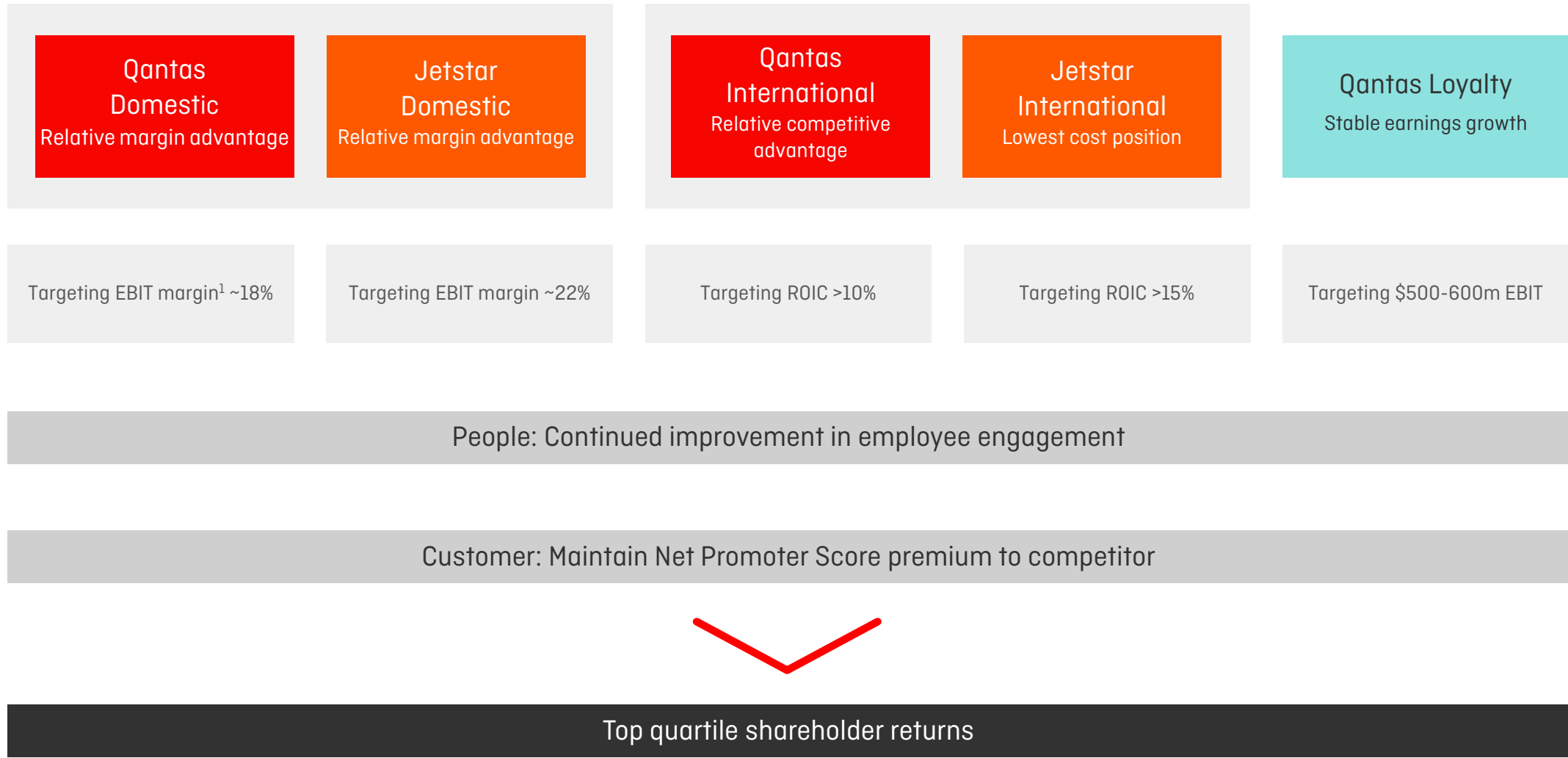


The Group's integrated portfolio of mutually reinforcing businesses are well-positioned for the recovery



1. Group Domestic includes Qantas Domestic and Jetstar Domestic. 2. Measured on underlying EBIT. 3. Group International includes Qantas International (including Qantas Freight), Jetstar International Australian operations, Jetstar New Zealand, Jetstar Asia (Singapore) and the contribution from Jetstar Japan.

# Looking forward, we remain committed to the FY24 targets



# Disclaimer and ASIC Guidance

---

This Presentation has been prepared by Qantas Airways Limited (ABN 16 009 661 901) (Qantas).

## Summary information

This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 26 August 2021, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

## Not financial product advice

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

## Not tax advice

Tax implications for individual shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither Qantas nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital and/or share consolidation.

## Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2021 unless otherwise stated.

## Future performance

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

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

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

## Past performance

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

## Not an offer

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

## ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Annual Financial Report for the full year ended 30 June 2021 which is being audited by the Group's independent Auditor and is expected to be made available in September 2021.



100

Qantas Airways Limited

FY21 Results Supplementary Presentation

26 August 2021

ASX: QAN

US OTC: QABSY



Group Performance



## FY21 key Group financial metrics

	FY21	FY20	Pre-COVID FY19	Comments
Underlying (Loss)/Profit Before Tax <sup>1</sup> (\$M)	<b>(1,826)</b>	124	1,326	Underlying EBITDA profit could not offset the impact of depreciation and amortisation
Underlying Earnings per Share <sup>2</sup> (c)	<b>(71.3)</b>	5.9	57.3	
Statutory (Loss)/Profit Before Tax (\$M)	<b>(2,351)</b>	(2,708)	1,192	Includes redundancy and impairment charges
Statutory Earnings per Share (c)	<b>(91.8)</b>	(129.6)	51.5	
Underlying EBITDA <sup>3</sup>	<b>410</b>	2,437	3,544	
Rolling 12 month ROIC <sup>4</sup> (%)	<b>(23.3)</b>	5.8	19.2	
Revenue (\$M)	<b>5,934</b>	14,257	17,966	
Operating cash flow (\$M)	<b>(386)</b>	1,083	3,164	Includes one-off outflows
Net Debt <sup>5</sup> (\$B)	<b>5.9</b>	4.7	4.7	Net Debt reduction in 2H21
Unit Revenue <sup>6</sup> (RASK)	<b>9.72</b>	8.99	8.85	Increased due to Domestic/International mix change
Total Unit Cost <sup>7</sup> (c/ASK)	<b>15.94</b>	8.87	7.97	Fixed costs including depreciation and low ASKs
Ex-fuel Unit Cost <sup>8</sup> (c/ASK)	<b>12.67</b>	5.60	4.16	Fixed costs including depreciation and low ASKs
Available Seat Kilometres <sup>9</sup> (ASK) (M)	<b>29,374</b>	111,870	151,430	~50% pre-COVID level for Group Domestic
Revenue Passenger Kilometres <sup>10</sup> (RPK) (M)	<b>18,557</b>	92,027	127,492	Lower ASKs and reduced load factors

1. Underlying (LBT)/PBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY21 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 5 of this Presentation for a reconciliation of Underlying to Statutory (LBT)/PBT. 2. Underlying Earnings per Share is calculated as Underlying (LBT)/PBT less tax expense (based on the Group's effective tax rate 26.5% benefit (FY20: 27.5% benefit) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share calculation). 3. Earnings before interest, tax, depreciation, amortisation and impairments. 4. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 10. 5. Net Debt under the Group's Financial Framework includes net on balance sheet debt and capitalised aircraft lease liabilities. For a detailed calculation of Net Debt, please see slide 12. 6. Ticketed passenger revenue divided by ASKs. Subject to rounding. 7. Underlying (LBT)/PBT less ticketed passenger revenue per ASK. 8. Underlying (LBT)/PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, non-cash impact of discount rate changes on provisions per ASK. 9. Total number of seats available for passengers multiplied by the number of kilometres flown. 10. Total number of passengers carried multiplied by the number of kilometres flown.

## Underlying Income Statement summary

\$M	FY21	FY20	Pre-COVID FY19	Comments
Net passenger revenue	3,766	12,183	15,696	Reduction largely in line with decline in passengers carried
Net freight revenue	1,316	1,045	971	Driven by e-commerce trends and restricted belly space availability
Other revenue	852	1,029	1,299	Includes the impact of COVID-19 on Qantas Loyalty and third party service revenues
<b>Total Revenue</b>	<b>5,934</b>	<b>14,257</b>	<b>17,966</b>	
Operating expenses excluding fuel	(4,560)	(8,872)	(10,599)	Includes the benefit of rightsizing and restructuring initiatives
Fuel	(835)	(2,895)	(3,846)	Includes the benefit of reduced consumption and lower AUD fuel prices
Share of net (loss)/profit of investments accounted for under the equity method	(129)	(53)	23	Includes Jetstar Japan share of losses as a result of COVID restrictions in Japan
<b>Underlying EBITDA</b>	<b>410</b>	<b>2,437</b>	<b>3,544</b>	
Depreciation and amortisation	(1,922)	(2,021)	(1,936)	Exit of 747-400 fleet and impairment of A380s resulting in reduced depreciation
Impairment	(13)	(21)	-	Impairments in the normal course of business
<b>Underlying EBIT<sup>1</sup></b>	<b>(1,525)</b>	<b>395</b>	<b>1,608</b>	
Net finance costs	(301)	(271)	(282)	Higher gross debt, largely offset by reduced cost of debt
<b>Underlying (Loss)/Profit Before Tax</b>	<b>(1,826)</b>	<b>124</b>	<b>1,326</b>	



1. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT).

## Reconciliation to Underlying (Loss)/Profit Before Tax

\$M	FY21			Pre-COVID FY19		
	Statutory	Items not incl'd in Underlying	Underlying <sup>1</sup>	Statutory	Items not incl'd in Underlying	Underlying <sup>1</sup>
Net passenger revenue	3,766	-	3,766	15,696	-	15,696
Net freight revenue	1,316	-	1,316	971	-	971
Other revenue	852	-	852	1,299	-	1,299
<b>Total Revenue</b>	<b>5,934</b>	<b>-</b>	<b>5,934</b>	<b>17,966</b>	<b>-</b>	<b>17,966</b>
Manpower and staff-related	1,970	-	1,970	4,268	(58)	4,210
Aircraft operating variable	1,555	(15)	1,540	4,010	(2)	4,008
Fuel	835	-	835	3,846	-	3,846
Depreciation and amortisation	1,929	(7)	1,922	1,996	(60)	1,936
Share of net (loss)/profit of investments accounted for under the equity method	129	-	129	(23)	-	(23)
(Impairment)/reversal of impairment of assets and related costs	270	(257)	13	(39)	39	-
De-designation of fuel and foreign exchange hedges	(33)	33	-	-	-	-
Redundancy and related costs	297	(297)	-	65	(65)	-
Net gain on disposal of assets	(26)	18	(8)	(225)	192	(33)
Other	1,058	-	1,058	2,594	(180)	2,414
<b>Total Expenditure</b>	<b>7,984</b>	<b>(525)</b>	<b>7,459</b>	<b>16,492</b>	<b>(134)</b>	<b>16,358</b>
<b>EBIT</b>	<b>(2,050)</b>	<b>525</b>	<b>(1,525)</b>	<b>1,474</b>	<b>134</b>	<b>1,608</b>
Net finance costs	(301)	-	(301)	282	-	282
<b>(Loss)/Profit Before Tax</b>	<b>(2,351)</b>	<b>525</b>	<b>(1,826)</b>	<b>1,192</b>	<b>134</b>	<b>1,326</b>



1. Underlying (LBT)/PBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY21 Results Presentation are reported on an Underlying basis unless otherwise stated.

## Revenue detail – compared to Pre-COVID/FY19

### Net passenger revenue down 76%

- Group capacity declined by 81% due to COVID related border restrictions and community lockdowns
- Group Unit Revenue increased 9.8% due to lower mix of international flying
  - Group Domestic<sup>1</sup> Unit Revenue decreased 18.5%
  - Group International<sup>2</sup> Unit Revenue decreased 30.6%

### Net freight revenue up 36%

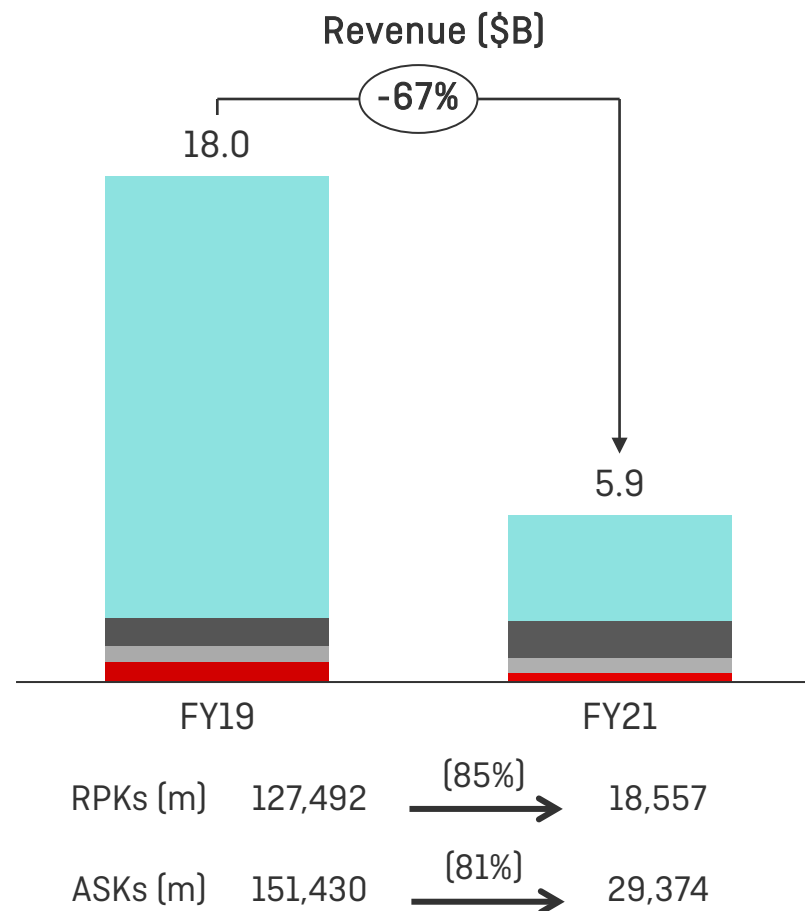
- Constrained belly space capacity shifted high yielding demand to freighters
- Supported International Freight Assistance Mechanism

### Frequent flyer redemption, marketing, store and other revenue down 12%

- Decrease in revenue from Financial Services, mainly due to reduction in credit card spend
- Increased Qantas Store redemptions partially offset by decline in travel related redemptions
- Growth in revenue from Qantas Wine

### Revenue from other sources down 53%

- Decrease in third party services and other revenue due to reduction in global air travel impacting codeshare commissions, contract work for other airlines, Qantas Club membership fees etc



## Expenditure detail – compared to Pre-COVID/FY19

### Fuel down 78%

- Reduced consumption due to COVID related travel restrictions
- Lower AUD jet fuel prices

### Manpower and staff-related down 53%

- Decreased due to rightsizing, restructuring as part of the recovery program and benefit of JobKeeper

### Aircraft operating variable (AOV) costs down 62%

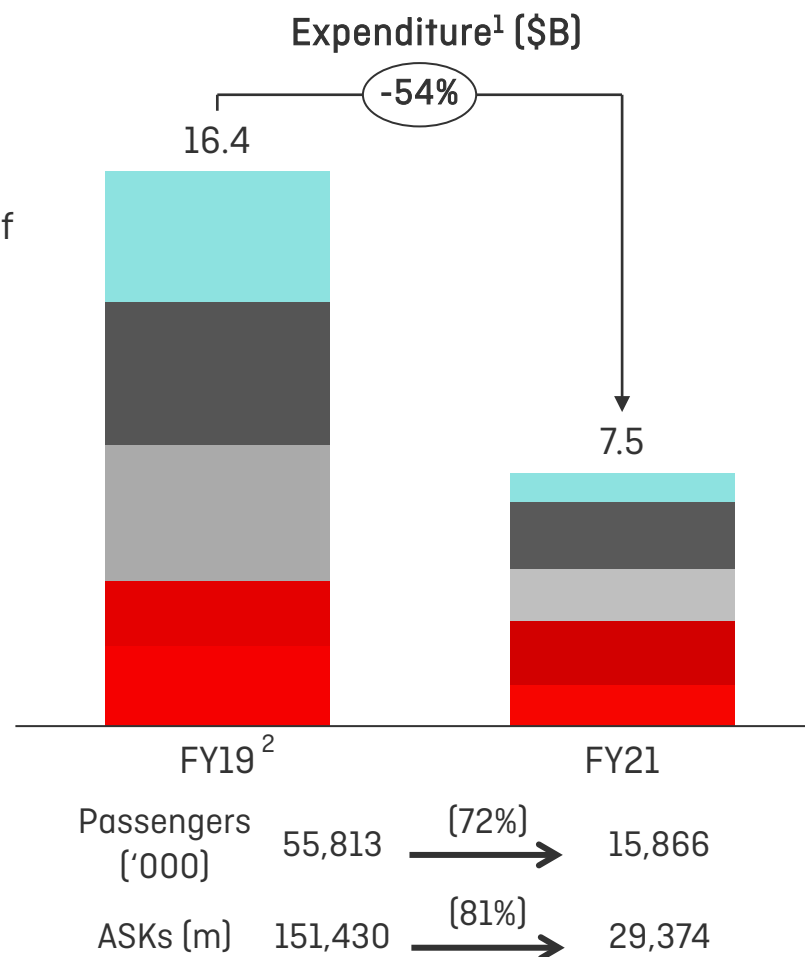
- Reduction in passenger service charges, route navigation, landing fees, engineering and maintenance costs, passenger expenses, lounge costs and other variable costs due to decreased flying

### Depreciation and amortisation down 1%

- Exit of 747-400 fleet and impairment of A380s reducing depreciation in FY21 partially offset by higher depreciation from FY19 due to introduction of 787-9 fleet

### Other expenditure down 49%

- Reduced commissions expense due to reduction in activity
- Reduction in computer and communications related spend through rate and volume reductions
- Reduction in capacity hire related to overall activity reduction and the transition of National Jet Services from capacity hire to Qantas Group ownership
- Partially offset by an increase in share of net losses from associates



## Statutory Cash flow

\$M	FY21	FY20
Operating cash flows	(386)	1,083
Investing cash flows	(722)	(1,571)
<b>Net free cash flow<sup>1</sup></b>	<b>(1,108)</b>	<b>(488)</b>
Financing cash flows	(181)	1,853
Cash at beginning of year	3,520	2,157
Effects of FX on cash	(10)	(2)
<b>Cash at end of year</b>	<b>2,221</b>	<b>3,520</b>

- Significant drop in operating cash flow driven by the impact of travel restrictions and border closures due to COVID-19 and one-off cash outflows for restructuring, redundancies, refunds and deferred payables
  - Underlying operating cash flow of \$2.4b
  - One-off outflows including redundancies of (\$2.8)b
- Significant drop in investing cash flows to prioritise debt reduction
- Financing cash flows include
  - \$937m new debt raised since 30 June 2020
  - Net proceeds from the Share Purchase Plan of \$58m
  - Debt repayments of (\$759)m including (\$359)m of secured amortising debt, (\$330)m bond matured in June 2021 and (\$70)m prepaid in 1H21
  - Net lease principal repayments of (\$417)m

## Invested Capital calculation

\$M	As at 30 June 2021	As at 30 June 2020 <sup>4</sup>	As at 30 June 2019
Receivables (current and non-current)	633	621	1,178
Inventories	279	306	364
Other assets (current and non-current)	856	562	680
Investments accounted for under the equity method	57	59	217
Property, plant and equipment	10,787	11,726	12,776
Intangible assets	849	1,050	1,225
Assets classified as held for sale	1	58	1
Payables (current and non-current)	(1,857)	(2,450)	(2,366)
Provisions (current and non-current)	(1,825)	(2,190)	(1,442)
Revenue received in advance (current and non-current) <sup>1</sup>	(5,431)	(5,040)	(5,880)
Capitalised aircraft leased assets <sup>2</sup>	1,167	1,301	1,424
<b>Invested Capital</b>	<b>5,516</b>	<b>6,003</b>	<b>8,177</b>
<b>Average Invested Capital<sup>3</sup></b>	<b>6,248</b>	<b>8,055</b>	<b>8,631</b>



1. The 30 June 2021 balance includes \$1.2b of travel credits, down \$0.4b from 30 June 2020. 2. For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised aircraft leased assets. 3. Equal to the 12 months average of monthly Invested Capital. 4. Restated for removal of finance lease receivable.

## ROIC calculation

\$M	FY21	FY20
Underlying EBIT	(1,525)	395
Add back: Lease depreciation under AASB 16	373	402
Less: Notional depreciation <sup>1</sup>	(105)	(108)
Less: Cash expenses for non-aircraft leases	(199)	(225)
<b>ROIC EBIT</b>	<b>(1,456)</b>	<b>464</b>

\$M	FY21	FY20
Net working capital <sup>2</sup>	(7,345)	(8,191)
Fixed assets <sup>3</sup>	11,694	12,893
Capitalised aircraft leased assets <sup>1</sup>	1,167	1,301
<b>Invested Capital</b>	<b>5,516</b>	<b>6,003</b>
<b>Average Invested Capital<sup>4</sup></b>	<b>6,248</b>	<b>8,055</b>
<b>Return on Invested Capital (%)</b>	<b>(23.3%)</b>	<b>5.8%</b>



1. For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised aircraft leased assets. Where leased aircraft were classified as Finance Leases under the previous accounting standard (AASB 117), the capitalised amount and notional depreciation for ROIC is consistent with the recognised accounting values. 2. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale. 4. Equal to the 12 months average of monthly Invested Capital.



## Net Debt target range

- During the recovery phase we will conservatively hold the target Net Debt range consistent with the position as at 30 June 2020
- Net Debt target range = 2.0x – 2.5x ROIC EBITDA where EBITDA achieves a fixed 10% ROIC
- At Invested Capital of \$6.0b as at 30 June 2020, optimal Net Debt range is **\$4.5b to \$5.6b**

Invested Capital	\$b 6.0	Invested Capital as at 30 June 2020
10% ROIC EBIT	0.60	Invested Capital x 10%
plus rolling 12 month ROIC depreciation <sup>1</sup>	1.63	Includes notional depreciation on aircraft operating leases
EBITDA where ROIC = 10%	<u>2.23</u>	
Net Debt at 2.0x EBITDA where ROIC = 10%	4.5	<b>Net Debt target range<sup>2</sup></b>
Net Debt at 2.5x EBITDA where ROIC = 10%	5.6	

Group leverage target consistent with investment grade credit metrics



1. Equal to the ROIC depreciation for the 12 months to 30 June 2020 and includes Group Underlying depreciation and amortisation (excluding lease depreciation under AASB 16), and notional depreciation on leased aircraft and expected impact of impairments on Underlying depreciation. 2. The appropriate level of Net Debt reflects the Qantas Group's size, measured by Invested Capital and is premised on maintaining ROIC above 10%.

## Net Debt movement consistent with Financial Framework

\$M	FY21	FY20
<b>Opening Net Debt</b>	<b>(4,734)</b>	<b>(4,710)</b>
Net cash from operating activities	(386)	1,083
Less: Net lease principal repayments	(417)	(367)
Add: Principal portion of aircraft lease rentals	210	171
<b>Funds From Operations</b>	<b>(593)</b>	<b>887</b>
Net cash from investing activities	(722)	(1,571)
Return of leased aircraft	29	-
<b>Net Capex</b>	<b>(693)</b>	<b>(1,571)</b>
Dividend paid to shareholders	-	(204)
Payments for share buy-back	-	(443)
<b>Shareholder Distributions</b>	<b>-</b>	<b>(647)</b>
Payment for treasury shares	-	(5)
Net equity raise funds	58	1,342
FX revaluations and other fair value movements	72	(30)
<b>Closing Net Debt</b>	<b>(5,890)</b>	<b>(4,734)</b>

- The Financial Framework considers aircraft leases as part of Net Debt
  - Aircraft leases are initially recognised in Net Debt at fair value
  - Principal portions of rentals are treated as debt reduction
  - Purchase of aircraft leases are treated as refinancing
  - Commencing (or returning) aircraft leases are treated as capital acquisitions / borrowings (or capital disposals / repayments)
  - AASB 16 *Leases* was adopted at 1 July 2019 and applied retrospectively. Under AASB 16, leases are recognised on the balance sheet and measured as the present value of future lease payments. This differs to the fair value at recognition approach under the Financial Framework
  - The adoption of AASB 16 does not change the Financial Framework that guides the Group's capital decisions

## Unit Cost breakdown

c/ASK	FY21
<b>Total Unit Cost<sup>1</sup></b>	<b>15.94</b>
Excluding:	
Fuel	(2.84)
Change in FX rates	-
Impact of changes in the discount rate and other actuarial assumptions	0.01
Share of net profit/(loss) of investments accounted for under the equity method	(0.44)
<b>Ex-Fuel Unit Cost<sup>2</sup></b>	<b>12.67</b>
Excluding:	
Depreciation and amortisation	(6.54)
Impairment	(0.04)
<b>Normalised Ex-Fuel Unit Cost</b>	<b>6.09</b>



1. Underlying (LBT)/PBT less ticketed passenger revenue per ASK. 2. Underlying (LBT)/PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rates and other actuarial assumptions per ASK.

## FY21 Australian Government COVID-19 packages

COVID-19 and government border restrictions reduced the Group's FY21 revenue by ~\$12.0b<sup>1</sup>. Australian Government COVID-19 packages totalled \$1.1b for FY21.

Employee support measures	Description	1H21	2H21	FY21
JobKeeper	Economic wide support to employees	\$459m	\$129m	\$588m
International Readiness Payment (IRP) <sup>2</sup>	Sector specific support to employees	-	\$27m	\$27m
Industry wide measures – operating costs	Description	1H21	2H21	FY21
Australian Aviation Financial Relief Package (AAFRP)	Refunding and waiving of a range of government charges	\$66m	\$31m	\$97m
International Aviation Support (IAS) – excluding IRP	Training and maintenance to ensure international readiness	-	\$22m	\$22m
Industry wide measures – domestic tourism	Description	1H21	2H21	FY21
Tourism Aviation Network Support (TANS)	Discounted domestic fares to key tourist regions	-	\$19m	\$19m

On behalf of the Australian Government, Qantas Domestic, Qantas International, Qantas Freight and Jetstar provided services for vital passenger and freight services during FY21. This flying activity would not have been commercially viable and the Group would not have operated without the support of the government. The net benefit of this flying was ~\$27m.

Freight and passenger services <sup>3</sup>	Description	1H21	2H21	FY21
RANS, DANS and repatriation flights	International, Mainline Domestic, Regional and belly space Freight network for essential services	\$84m	\$34m	\$118m
International Freight Assistance Mechanism	Maintains vital international freight routes, competitively tendered	\$90m	\$129m	\$219m
Sub-total		\$174m	\$163m	\$337m
<b>Net Benefit after Qantas expenses<sup>4</sup></b>		<b>~\$14m</b>	<b>~\$13m</b>	<b>~\$27m</b>

The Australian Airline Financial Relief Package, Domestic Airport Security Cost Support and Airservices Fee Waiver also provided support to other suppliers of the Group (including government-owned corporations) in FY21. As a result of this support, the providers have offered waivers to the Group of \$135m.



1. Compared to pre-COVID FY19. 2. International Readiness Payment is part of the International Aviation Support (IAS). 3. Fee for service arrangements. 4. Estimated costs of ~\$310m, including operational costs as well as minimum expenditure incurred by support functions during the period of no commercial flying activity, including manpower and staff related charges, aircraft operating variable, fuel, depreciation and amortisation and other expenses.

## FY21 Australian Government COVID-19 packages continued

---

**JobKeeper Payment** was intended to help keep more Australians in jobs and support businesses affected by the significant economic impact of COVID-19. On 21 July 2020, the government announced the extension of the JobKeeper payment to 28 March 2021 at modified rates and eligibility. There have been no further extensions of JobKeeper payment. Recorded in Manpower and staff related expense.

**Australian Airline Financial Relief Package** includes the refunding and ongoing waiving of a range of government charges on the industry including aviation fuel excise, Airservices Australia charges on domestic airline operations and domestic and regional aviation security charges. Applicable charges applying to flights between 1 February 2020 and 31 December 2020 were eligible for consideration in accordance with the eligibility criteria and related information set out in the grant opportunity guidelines. Recorded in Aircraft Operating Variable.

**RANS, DANS and International repatriation flights** underwritten by the Australian Government on a cost offset basis. The Group operated a series of domestic and regional flights on behalf of the Australian Government to maintain critical links that had been made commercially unviable by COVID-related travel restrictions. It includes a baseline network of domestic passenger flights servicing the most critical metropolitan and regional routes while providing freight belly space capacity. In addition, the Australian Government commissioned Qantas to conduct various charter repatriation flights. RANS/DANS recorded in Other Revenue, government repatriation flights recognised within Net Passenger Revenue.

**Tourism Aviation Network Support** is intended to increase the number of flight frequencies to selected regions which have been heavily impacted by the loss of international tourists above minimum connectivity (aviation surge capacity) and to also reduce the cost of flying for consumers by discounting ticket prices to those regions through half price airfares. Discounts are offered on a selected number of routes per week across key tourism regions with the original sale period between 1 April 2021 and 31 July 2021 for travel by 30 September 2021. On 2 August 2021, the travel and sale period for the TANS program was extended until 30 November 2021 due to the various state lockdowns and border closures.

**International Freight Assistance Mechanism** is intended to restore critical global supply chains which have been heavily impacted by COVID-19 containment measures around the world to ensure exporters maintain connectivity to strategic markets. On 11 March 2021, the government announced extension of the program to the end of September 2021. Recorded in Net Freight Revenue.

**International Aviation Support** is intended to provide support to maintain a core Australian international aviation workforce and operational capability to ensure airlines can quickly restart commercial international flights once international restrictions are lifted. Announced on 11 March 2021, the IAS program runs between 1 April 2021 and 31 October 2021. The funding covers employee support and retention payments to maintain international workforce capability, training to ensure international workers maintain their skills and currency, maintenance and costs associated with bringing international aircraft out of long-term storage, and port readiness costs. Recorded within Other Revenue.

## Fleet as at 30 June 2021

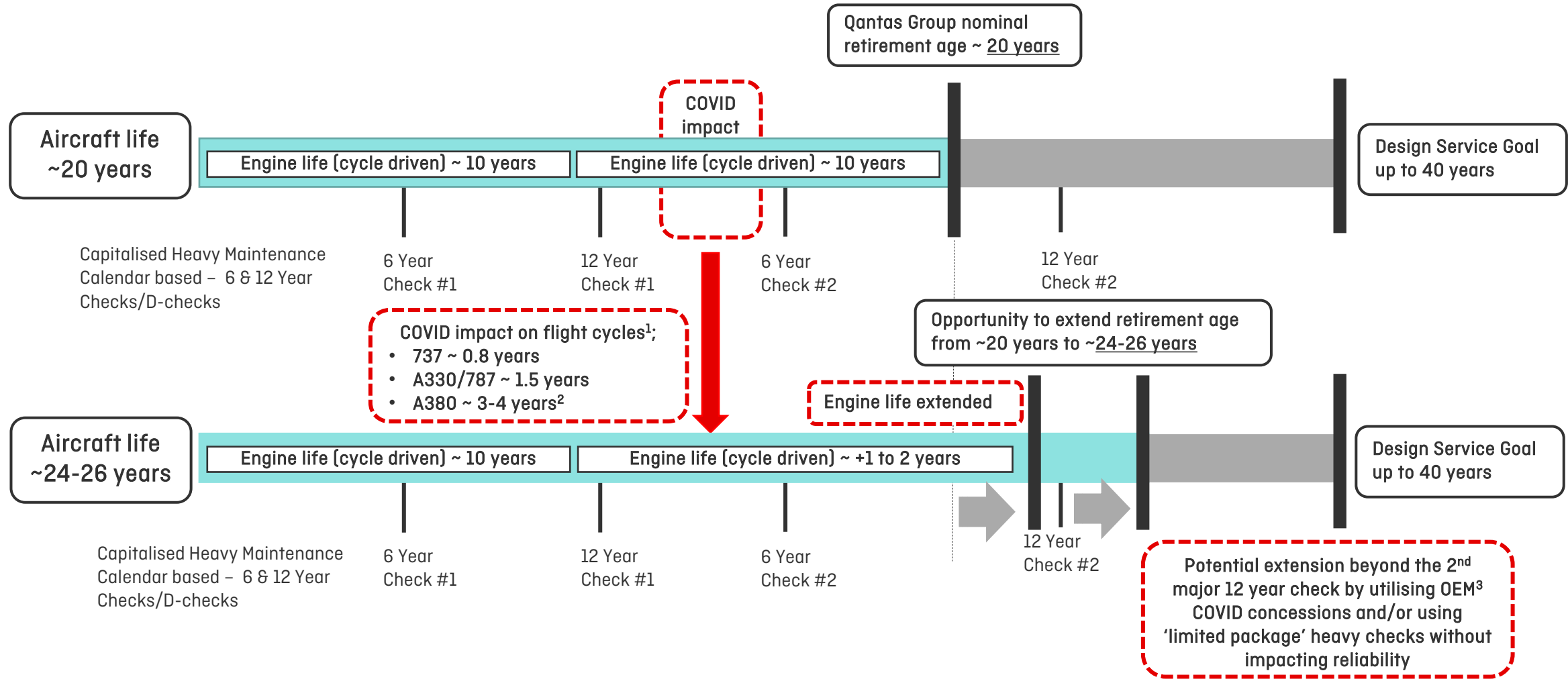
Aircraft Type	FY21	FY20	Change
A380-800 <sup>1</sup>	12	12	-
A330-200	18	18	-
A330-300	10	10	-
737-800	75	75	-
787-9	11	11	-
747-400ER <sup>2</sup>	-	4	(4)
<b>Total Qantas</b>	<b>126</b>	<b>130</b>	<b>(4)</b>
717-200	20	20	-
Q200/Q300	19	19	-
Q400	31	31	-
F100	18	17	1
A320-200 <sup>3</sup>	10	4	6
<b>Total QantasLink</b>	<b>98</b>	<b>91</b>	<b>7</b>
A320-200 <sup>3</sup>	61	68	(7)
A321-200	6	8	(2)
787-8	11	11	-
<b>Total Jetstar</b>	<b>78</b>	<b>87</b>	<b>(9)</b>
737-300F	4	4	-
737-400F	1	1	-
767-300F	1	1	-
A321-200P2F	1	-	1
A321-200 <sup>4</sup>	2	-	2
<b>Total Freight<sup>5</sup></b>	<b>9</b>	<b>6</b>	<b>3</b>
<b>Total Group</b>	<b>311</b>	<b>314</b>	<b>(3)</b>

- Group fleet<sup>6</sup> of 311 aircraft as at 30 June 2021
- Movements in FY21 include:
  - Disposal of four 747-400ER completing the retirement of the 747 fleet
  - One F100 acquired for Network Aviation
  - Six A320-200 transferred from Jetstar to QantasLink
  - One A320-200 exited from Jetstar Asia to be returned to lessor Pacific Airlines
  - Addition of one A321-200P2F freighter
  - Two Jetstar A321-200 currently undergoing conversion to freighter with expected completion in 1H22
- Other significant, new capacity arrangements include:
  - E190s capacity hire arrangement with Alliance Aviation (activated 4 of up to 18)
  - Extra freighter capacity with three additional BAE146F wet leases and one 747-400SF
  - Access to additional six A320-200 from Jetstar Japan



1. Total fleet of 12 x A380s. At 30 June 2021 all aircraft were in storage. 10 x A380s are expected to be returned to service. 2. Disposal of 4 x 747-400ER aircraft in FY21. 3. Includes Jetstar Asia (Singapore) fleet (13 x A320s), excludes Jetstar Japan. 4. Two Jetstar A321-200s currently undergoing conversion to freighter aircraft. 5. Qantas Group also wet leases 2 x 747-800s, 1 x 747-400 freighter aircraft, 7 x BAe146 freighter aircraft (not included in the table) taking the total freight fleet to 19 aircraft. 6. Includes purchased and leased aircraft but excludes wet leased aircraft.

# Investment consistent with Financial Framework will support a sustainable fleet replacement program



Reduced flying due to COVID-19 enables deferral of the fleet replacement program



1. Life extension based on reduced cycles in equivalent years and actual (FY20-21) and forecast flying projections (FY22+). 2. Dependent on Return to Service date. 3. Original Equipment Manufacturer.



Supplementary Segment Information



## 2H21 Group and Group Domestic Traffic Statistics vs Pre-COVID

	3Q21	Pre-COVID 3Q19	Change (%)	4Q21	Pre-COVID 4Q19	Change (%)	2H21	Pre-COVID 2H19	Change (%)
<b>Qantas Group Operations</b>									
Passengers carried ('000)	4,440	13,670	[68]	6,511	13,643	[52]	10,951	27,313	[60]
Revenue Passenger Kilometres (m)	5,033	31,290	[84]	7,956	31,244	[75]	12,989	62,534	[79]
Available Seat Kilometres (m)	8,232	37,380	[78]	12,305	37,196	[67]	20,537	74,576	[72]
Revenue Seat Factor (%)	61.1	83.7	[22.6]pts	64.7	84.0	[19.3]pts	63.2	83.9	[20.7]pts
Group Unit Revenue (c/ASK)			4			11			8
<b>Qantas Domestic</b>									
Passengers carried ('000)	2,266	5,148	[56]	3,515	5,424	[35]	5,781	10,572	[45]
Revenue Passenger Kilometres (m)	2,579	6,079	[58]	4,272	6,472	[34]	6,851	12,551	[45]
Available Seat Kilometres (m)	4,737	8,053	[41]	6,994	8,499	[18]	11,731	16,552	[29]
Revenue Seat Factor (%)	54.4	75.5	[21.1]pts	61.1	76.2	[15.1]pts	58.4	75.8	[17.4]pts
<b>Jetstar Domestic</b>									
Passengers carried ('000)	1,822	3,560	[49]	2,490	3,385	[26]	4,312	6,945	[38]
Revenue Passenger Kilometres (m)	2,194	3,998	[45]	3,105	3,950	[21]	5,299	7,948	[33]
Available Seat Kilometres (m)	2,980	4,585	[35]	4,122	4,610	[11]	7,102	9,195	[23]
Revenue Seat Factor (%)	73.6	87.2	[13.6]pts	75.3	85.7	[10.4]pts	74.6	86.4	[11.8]pts
<b>Group Domestic</b>									
Available Seat Kilometres (m)	7,717	12,638	[39]	11,116	13,109	[15]	18,833	25,747	[27]
Group Domestic Unit Revenue change (%)			[19]			[17]			[17]

## 2H21 Group International Traffic Statistics vs Pre-COVID

	3Q21	Pre-COVID 3Q19	Change (%)	4Q21	Pre-COVID 4Q19	Change (%)	2H21	Pre-COVID 2H19	Change (%)
<b>Qantas International</b>									
Passengers carried ('000)	9	2,224	(100)	109	2,170	(95)	118	4,394	(97)
Revenue Passenger Kilometres (m)	16	15,008	(100)	250	14,756	(98)	266	29,764	(99)
Available Seat Kilometres (m)	42	17,517	(100)	567	16,903	(97)	609	34,420	(98)
Revenue Seat Factor (%)	38.1	85.7	(47.6)pts	44.1	87.3	(43.2)pts	43.7	86.5	(42.8)pts
<b>Jetstar International</b>									
Passengers carried ('000)	322	1,635	(80)	369	1,513	(76)	691	3,148	(78)
Revenue Passenger Kilometres (m)	219	4,560	(95)	294	4,353	(93)	513	8,913	(94)
Available Seat Kilometres (m)	299	5,266	(94)	405	5,151	(92)	704	10,417	(93)
Revenue Seat Factor (%)	73.2	86.6	(13.4)pts	72.6	84.5	(11.9)pts	72.9	85.6	(12.7)pts
<b>Jetstar Asia</b>									
Passengers carried ('000)	21	1,103	(98)	28	1,151	(98)	49	2,254	(98)
Revenue Passenger Kilometres (m)	25	1,645	(98)	35	1,713	(98)	60	3,358	(98)
Available Seat Kilometres (m)	174	1,959	(91)	217	2,033	(89)	391	3,992	(90)
Revenue Seat Factor (%)	14.4	84.0	(69.6)pts	16.1	84.3	(68.2)pts	15.3	84.1	(68.8)pts
<b>Group International</b>									
Available Seat Kilometres (m)	515	24,742	(98)	1,189	24,087	(95)	1,704	48,829	(97)
Group International Unit Revenue change (%)			(38)			(33)			(35)

## 2H21 Group and Group Domestic Traffic Statistics vs 2H20

	3Q21	3Q20	Change (%)	4Q21	4Q20	Change (%)	2H21	2H20	Change (%)
<b>Qantas Group Operations</b>									
Passengers carried ('000)	4,440	11,353	(61)	6,511	246	>100	10,951	11,599	(6)
Revenue Passenger Kilometres (m)	5,033	26,350	(81)	7,956	240	>100	12,989	26,590	(51)
Available Seat Kilometres (m)	8,232	34,425	(76)	12,305	565	>100	20,537	34,990	(41)
Revenue Seat Factor (%)	61.1	76.5	(15.4)pts	64.7	42.5	22.2pts	63.2	76.0	(12.8)pts
Group Unit Revenue			9			(11)			11
<b>Qantas Domestic</b>									
Passengers carried ('000)	2,266	4,508	(50)	3,515	196	>100	5,781	4,704	23
Revenue Passenger Kilometres (m)	2,579	5,424	(52)	4,272	201	>100	6,851	5,625	22
Available Seat Kilometres (m)	4,737	7,841	(40)	6,994	495	>100	11,731	8,336	41
Revenue Seat Factor (%)	54.4	69.2	(14.8)pts	61.1	40.6	20.5pts	58.4	67.5	(9.1)pts
<b>Jetstar Domestic</b>									
Passengers carried ('000)	1,822	2,940	(38)	2,490	48	>100	4,312	2,988	44
Revenue Passenger Kilometres (m)	2,194	3,312	(34)	3,105	39	>100	5,299	3,351	58
Available Seat Kilometres (m)	2,980	3,981	(25)	4,122	60	>100	7,102	4,041	76
Revenue Seat Factor (%)	73.6	83.2	(9.6)pts	75.3	65.0	10.3pts	74.6	82.9	(8.3)pts
<b>Group Domestic</b>									
Available Seat Kilometres (m)	7,717	11,822	(35)	11,116	555	>100	18,833	12,377	52
Group Domestic Unit Revenue change (%)			(14)			25			(10)

## 2H21 Group International Traffic Statistics vs 2H20

	3Q21	3Q20	Change (%)	4Q21	4Q20	Change (%)	2H21	2H20	Change (%)
<b>Qantas International</b>									
Passengers carried ('000)	9	1,840	(100)	109	1	>100	118	1,841	(94)
Revenue Passenger Kilometres (m)	16	12,522	(100)	250	0	N/A	266	12,522	(98)
Available Seat Kilometres (m)	42	15,861	(100)	567	10	>100	609	15,871	(96)
Revenue Seat Factor (%)	38.1	78.9	(40.8)pts	44.1	0.0	44.1pts	43.7	78.9	(35.2)pts
<b>Jetstar International</b>									
Passengers carried ('000)	322	1,300	(75)	369	1	>100	691	1,301	(47)
Revenue Passenger Kilometres (m)	219	3,929	(94)	294	0	N/A	513	3,929	(87)
Available Seat Kilometres (m)	299	5,019	(94)	405	0	N/A	704	5,019	(86)
Revenue Seat Factor (%)	73.2	78.3	(5.1)pts	72.6	0.0	72.6pts	72.9	78.3	(5.4)pts
<b>Jetstar Asia</b>									
Passengers carried ('000)	21	765	(97)	28	0	N/A	49	765	(94)
Revenue Passenger Kilometres (m)	25	1,163	(98)	35	0	N/A	60	1,163	(95)
Available Seat Kilometres (m)	174	1,723	(90)	217	0	N/A	391	1,723	(77)
Revenue Seat Factor (%)	14.4	67.5	(53.1)pts	16.1	0.0	16.1pts	15.3	67.5	(52.2)pts
<b>Group International</b>									
Available Seat Kilometres (m)	515	22,603	(98)	1,189	10	>100	1,704	22,613	(92)
Group International Unit Revenue change (%)			(35)			N/A			(35)

## Qantas Domestic<sup>1</sup>

		FY21	FY19	FY Variance%	1H21	1H19	1H Variance%	2H21	2H19	2H Variance%
Revenue	\$M	2,745	6,098	(55)	1,003	3,230	(69)	1,742	2,868	(39)
Underlying EBITDA	\$M	159	1,503	(89)	28	857	(97)	131	646	(80)
Underlying EBIT	\$M	(590)	778	(>100)	(337)	478	(>100)	(253)	300	(>100)
Operating Margin	%	<0	12.8	N/A	<0	14.8	N/A	<0	10.5	N/A
ASKs	M	16,951	33,866	(50)	5,220	17,314	(70)	11,731	16,552	(29)
Seat factor	%	58.3	77.8	(19.5)pts	58.1	79.6	(21.5)pts	58.4	75.8	(17.4)pts

## Qantas International and Freight<sup>1</sup>

		FY21	FY19	FY Variance%	1H21	1H19	1H Variance%	2H21	2H19	2H Variance%
Revenue	\$M	1,598	7,420	(78)	722	3,693	(80)	876	3,727	(76)
Underlying EBITDA	\$M	117	1,045	(89)	55	477	(88)	62	568	(89)
Underlying EBIT	\$M	(575)	323	(>100)	(291)	119	(>100)	(284)	204	(>100)
Operating Margin	%	<0	4.4	N/A	<0	3.2	N/A	<0	5.5	N/A
ASKs	M	640	69,571	(99)	31	35,151	(100)	609	34,420	(98)
Seat factor	%	N/A	86.0	N/A	N/A	85.5	N/A	43.7	86.5	(42.8)pts

# Jetstar Group<sup>1</sup>

		FY21	FY19	FY Variance%	1H21	1H19	1H Variance%	2H21	2H19	2H Variance%
Revenue	\$M	1,140	3,961	(71)	384	2,048	(81)	756	1,913	(60)
Underlying EBITDA	\$M	(129)	836	(>100)	(98)	471	(>100)	(31)	365	(>100)
Underlying EBIT	\$M	(550)	400	(>100)	(328)	253	(>100)	(222)	147	(>100)
Operating Margin	%	<0	10.1	N/A	<0	12.4	N/A	<0	7.7	N/A
ASKs	M	11,783	47,993	(75)	3,586	24,389	(85)	8,197	23,604	(65)
Seat factor	%	71.3	86.1	(14.8)pts	70.5	86.6	16.1pts	71.6	85.7	(14.1)pts

# Jetstar Group as at 30 June 2021

Jetstar Branded Airlines	Ownership <sup>1</sup>	Launch	Aircraft <sup>2</sup>
1 Jetstar Australia	100%	2004	49 x A320/A321 1 x 787-8
2 Jetstar International	100%	2006	10 x 787-8
3 Jetstar New Zealand <sup>3</sup>	100%	2009	5 x A320
4 Jetstar Asia (Singapore)	49%	2004	13 x A320
5 Jetstar Japan	33%	2012	25 x A320





## Qantas Loyalty<sup>1</sup>

		FY21	FY19	FY Variance%	1H21	1H19	1H Variance%	2H21	2H19	2H Variance%
Revenue	\$M	984	1,654	(41)	438	809	(46)	546	845	(35)
Underlying EBIT	\$M	272	376	(28)	125	175	(29)	147	201	(27)
Operating Margin	%	27.6	22.7	4.9pts	28.5	21.6	6.9pts	26.9	23.8	3.1pts
QFF Members	M	13.6	12.9	5	13.5	12.6	7	13.6	12.9	5

## Diversification and growth at Qantas Loyalty

*One of the world's most diverse airline loyalty programs*

FREQUENT FLYER 

BUSINESS REWARDS 

 QANTAS MONEY

 QANTAS HOTELS

 QANTAS INSURANCE

 QANTAS SHOPPING

 QANTAS WINE

- 1% growth<sup>1</sup> in Qantas Frequent Flyer membership; 7% growth<sup>1</sup> in QBR<sup>2</sup> membership with >330,000 SME members<sup>3</sup>
- >600 program partners<sup>4</sup> across Qantas Frequent Flyer and Qantas Business Rewards
- bp Australia and Qantas Frequent Flyer partnership launched April 2020; >800k linked members<sup>5</sup>
- Financial services diversification; NAB Personal Loans campaign launched in July 2021
- Record NPS supported by continued investment in member engagement activities
- Group cash contribution >\$1b of gross receipts<sup>6</sup> in FY21

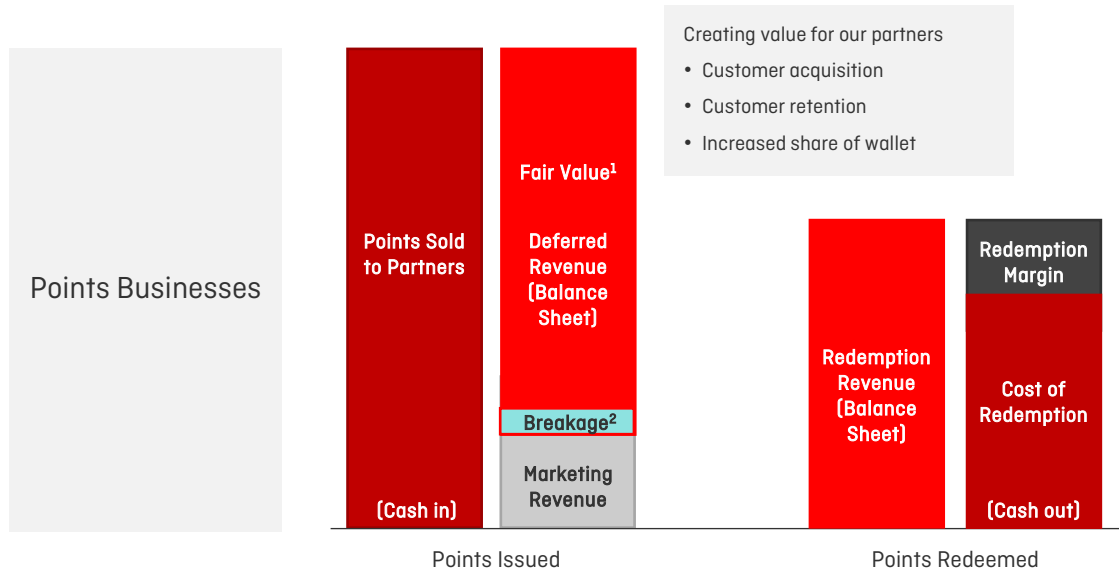
- Customer growth doubled across Home and Motor Insurance<sup>7</sup>; re-launched domestic and international travel insurance with new cover for COVID events<sup>8</sup>
- ~2.5x increase in airline redemptions during first week of border opening announcements during 1H21<sup>9</sup>
- 23% growth<sup>10</sup> in redemption activity within Qantas Hotels, supported by the relaunch of the Qantas Holidays brand and new product offerings
- 14% and 29% revenue growth in Qantas Rewards Store and Wine respectively<sup>11</sup>

Leadership in customer advocacy in airline loyalty programs<sup>12</sup>

# Accounting for points – a lifecycle overview

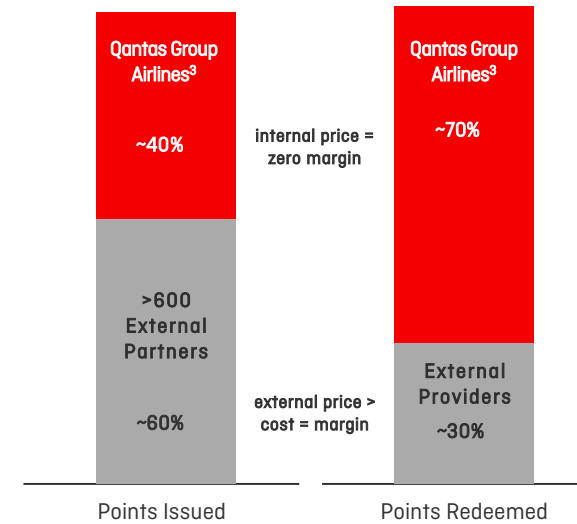
Qantas Loyalty generates a gross margin on both Issuance and Redemption activity

(Not to scale and for illustrative purposes only)



Gross margin is only generated on 'external points' (unique compared to other airline loyalty programs)

Pre-COVID activity and conditions



+

Share of gross margin from Consumer Businesses



1. Defined per AASB15, Fair Value includes breakage which has been separated for illustrative purposes. 2. Breakage is recognised at the time of points issuance based on an estimated breakage rate. There is no further recognition of breakage at the time of points expiry. However, the actual rate of breakage is used to inform the estimated breakage rate for initial recognition. 3. Qantas Group operated flights only.

# Glossary

---

**AAFRP** – Australian Airline Financial Relief Package

**Available Seat Kilometres (ASK)** – Total number of seats available for passengers, multiplied by the number of kilometres flown

**Block Hours** – The time between the aircraft leaving the departure gate and arriving at the destination gate

**Capitalised aircraft lease liabilities** – Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate

**DANS** – Domestic Aviation Network Support

**EBIT** – Earnings before interest and tax

**EBITDA** – Earnings before interest, tax, depreciation, amortisation and impairments

**EPS** – Earnings per share. Statutory profit after tax divided by the weighted average number of issued shares

**Fixed assets** – Sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale

**FX** – Foreign exchange

**JBA** – Joint Business Agreement

**IAS** – International Aviation Support

**IFAM** – International Freight Assistance Mechanism

**IRP** – International Readiness Payment

**Invested Capital** – Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including capitalised aircraft lease assets

**Net Capital expenditure (Capex)** – Net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from acquiring or returning leased aircraft

**Net Debt** – includes net on balance sheet debt and capitalised aircraft lease liabilities

**Net free cash flow** – Net cash from operating activities less net cash used in investing activities (excluding aircraft lease refinancing)

**Net on balance sheet debt** – Interest-bearing liabilities reduced by cash and cash equivalents

**Net Working capital** – Net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale

**NPS** – Net promoter score. Customer advocacy measure

**OEM** – Original Equipment Manufacturer

**Operating Margin** – Underlying EBIT divided by Total Revenue

**LBT** – Loss before tax

**QBR** – Qantas Business Rewards

**QFF** – Qantas Frequent Flyer

**RANS** – Regional Airline Network Support

**Return on Invested Capital (ROIC)** – ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital

**Revenue Passenger Kilometres (RPK)** – Total number of passengers carried, multiplied by the number of kilometres flown

**RRIA** – Revenue received in advance

**Seat Factor** – Revenue passenger kilometres divided by available seat kilometres

**SME** – Small to medium enterprise

**TANS** – Tourism Aviation Network Support

**Ticketed passenger revenue** – Uplifted passenger revenue included in Net Passenger Revenue

**Total Unit Cost** – Underlying (LBT)/PBT less ticketed passenger revenue per available seat kilometre (ASK)

**Unit Revenue** – Ticketed passenger revenue per available seat kilometre (ASK)

**WACC** – Weighted average cost of capital calculated on a pre-tax basis

# Disclaimer and ASIC Guidance

---

This Presentation has been prepared by Qantas Airways Limited (ABN 16 009 661 901) (Qantas).

## Summary information

This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 26 August 2021, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

## Not financial product advice

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

## Not tax advice

Tax implications for individual shareholders will depend on the circumstances of the particular shareholder. All shareholders should therefore seek their own professional advice in relation to their tax position. Neither Qantas nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital and/or share consolidation.

## Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2021 unless otherwise stated.

## Future performance

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

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

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

## Past performance

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

## Not an offer

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

## ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Annual Financial Report for the full year ended 30 June 2021 which is being audited by the Group's independent Auditor and is expected to be made available in September 2021.