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Qantas Airways Limited

FY20 Results Supplementary Presentation

20 August 2020

ASX: QAN

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FY20 Key Group financial metrics

	FY20	FY19 (Restated) ¹⁰	VLY % ¹¹	Comments
Underlying Profit Before Tax ¹ (\$M)	124	1,326	(91)	Decline in profitability due to the impact of COVID-19 in 2H20
Underlying Earnings per Share ² (c)	5.9	57.3	(90)	Based on weighted average shares on issue through FY20
Statutory Profit/(Loss) Before Tax (\$M)	(2,708)	1,192	(>100)	Includes the impact of \$2.8b of items outside underlying
Statutory Earnings per Share (c)	(129.6)	51.5	(>100)	Based on weighted average shares on issue through FY20
Rolling 12 month ROIC ³ (%)	5.8	19.2	(13.4 pts)	Reflects lower earnings
Revenue (\$M)	14,257	17,966	(21)	4Q20 capacity declined ~100%
Operating cash flow (\$M)	1,083	3,164	(66)	Due to significant impact of COVID-19 in Q4
Net debt ⁴ (\$B)	4.7	4.7	-	Includes the benefit of \$1.36b equity raise
Unit Revenue ⁵ (RASK)	8.99	8.85	1.5	Associated with flying activity to end 3Q20
Total Unit Cost ⁶ (c/ASK)	8.87	7.97	(11)	Reflects the impact of no flying activity in 4Q20 on fixed costs
Normalised Ex-fuel Unit Cost ⁷ (c/ASK)	4.41	4.23	(4.3)	Reflects the impact of no flying activity in 4Q20
Available Seat Kilometres ⁸ (ASK) (M)	111,870	151,430	(26)	4Q20 capacity declined ~100%
Revenue Passenger Kilometres ⁹ (RPK) (M)	92,027	127,492	(28)	4Q20 capacity declined ~100%

1. Underlying 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 FY20 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 4 of this Presentation for a reconciliation of Underlying to Statutory PBT. 2. Underlying Earnings per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate 27.5% benefit (FY19: 29.5% expense) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share calculation). 3. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 9. 4. 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 11. 5. Ticketed passenger revenue divided by ASKs. Subject to rounding. 6. Underlying PBT less ticketed passenger revenue per ASK. 7. Underlying PBT less ticketed passenger revenue, fuel, depreciation and amortisation 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. 8. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Total number of passengers carried multiplied by the number of kilometres flown. 10. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 11. Variance to FY19. Unfavourable variance shown as negative amount.

Underlying Income Statement summary

\$M	FY20	FY19 (Restated) ²	VLY % ³	Comments
Net passenger revenue	12,183	15,696	(22)	4Q20 capacity declined ~100%
Net freight revenue	1,045	971	7.6	Strong freight demand in 2H20
Other revenue	1,029	1,299	(21)	Includes decline in Loyalty revenue in 4Q20
Total Revenue	14,257	17,966	(21)	
Operating expenses excluding fuel	(8,893)	(10,599)	16	4Q20 operating expenses down 70%
Fuel	(2,895)	(3,846)	25	Due primarily to reduced consumption in 4Q20
Depreciation and amortisation	(2,021)	(1,936)	(4.4)	No change due to the impact of COVID-19
Share of net profit/(loss) of investments accounted for under the equity method	(53)	23	(>100)	Includes losses from Jetstar Pacific and Jetstar Japan
Total Expenditure	(13,862)	(16,358)	15	
Underlying EBIT¹	395	1,608	(75)	
Net finance costs	(271)	(282)	3.9	Lower interest costs
Underlying PBT	124	1,326	(91)	

Reconciliation to Underlying PBT

\$M	FY20			FY19 (Restated) ²		
	Statutory	Other items not included in Underlying PBT	Underlying ¹	Statutory	Other items not included in Underlying PBT	Underlying ¹
Net passenger revenue	12,183	-	12,183	15,696	-	15,696
Net freight revenue	1,045	-	1,045	971	-	971
Other revenue	1,029	-	1,029	1,299	-	1,299
Total Revenue	14,257	-	14,257	17,966	-	17,966
Manpower and staff-related	3,646	(103)	3,543	4,268	(58)	4,210
Aircraft operating variable	3,520	(69)	3,451	4,010	(2)	4,008
Fuel	2,895	-	2,895	3,846	-	3,846
Depreciation and amortisation	2,045	(24)	2,021	1,996	(60)	1,936
Share of net profit of investments accounted for under the equity method	53	-	53	(23)	-	(23)
Impairment/(reversal of impairment) of assets and related costs	1,456	(1,435)	21	(39)	39	-
De-designated hedging	571	(571)	-	-	-	-
Redundancy and related costs	565	(563)	2	65	-	65
Net gain on disposal of assets	(7)	-	(7)	(225)	192	(33)
Other	1,950	(67)	1,883	2,594	(245)	2,349
Total Expenditure	16,694	(2,832)	13,862	16,492	134	16,358
EBIT	(2,437)	2,832	395	1,474	134	1,608
Net finance costs	271	-	271	282	-	282
PBT	(2,708)	2,832	124	1,192	134	1,326



1. Underlying 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 FY20 Results Presentation are reported on an Underlying basis unless otherwise stated. 2. FY19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Revenue detail

Net passenger revenue down 22%

- ASKs down 26% due to the impact of travel restrictions associated with COVID-19
 - Group Domestic¹ ASKs decreased 25%
 - Group International² ASKs decreased 27%
 - Excludes charter flights
- Group Unit Revenue increased 1.5%
 - Group Domestic Unit Revenue decreased 0.7%
 - Group International Unit Revenue increased 2.6%
- Net Revenue transformation benefits of \$70m to March 2020, until airlines grounded

Net freight revenue up 8%

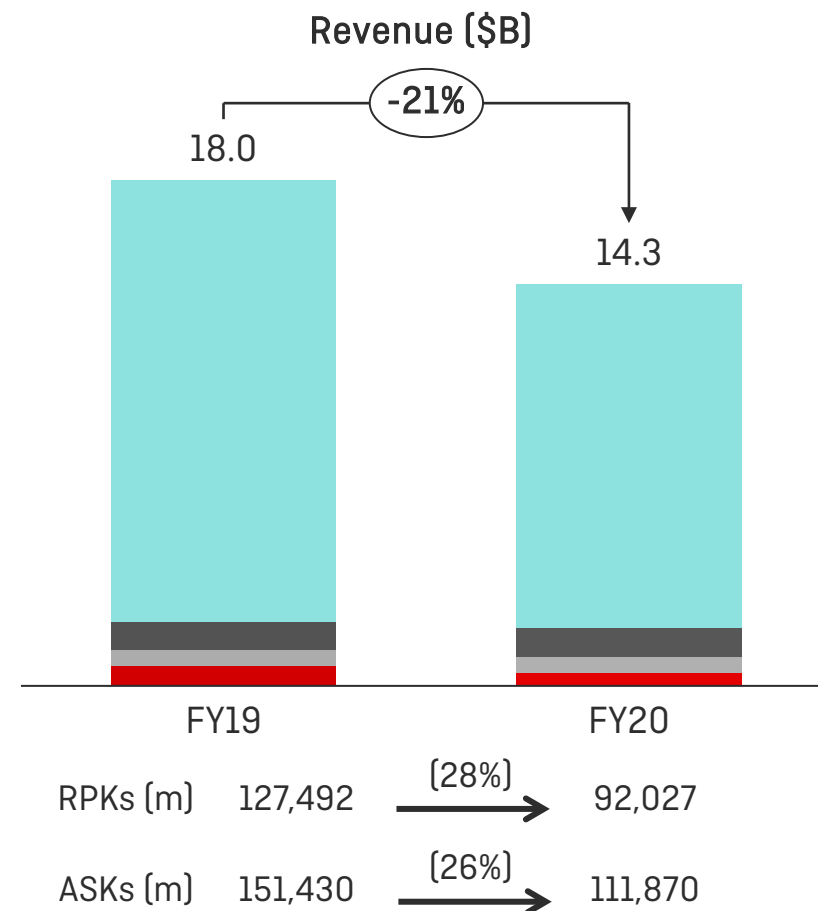
- Increase air freight demand and increased international freight capacity

Frequent flyer redemption, marketing, store and other revenue down 3%

- Decreased in revenue due to COVID-19 impacts on credit card spend and travel related products
- Partially offset by growth in new businesses

Revenue from other sources down 35%

- Decrease in third party service revenue including catering following sale of the business
- COVID-19 related decline in other revenue sources



Expenditure detail

Fuel down 25%

- Impact of reduced consumption due to reduced activity related to COVID-19 travel restrictions
- Lower AUD jet fuel prices driven primarily by lower USD prices which offset FX impacts
- Fuel efficiency initiatives

Manpower and staff-related down 16%

- Decreased due to stand down and benefit of JobKeeper

Aircraft operating variable (AOV) costs down 14%

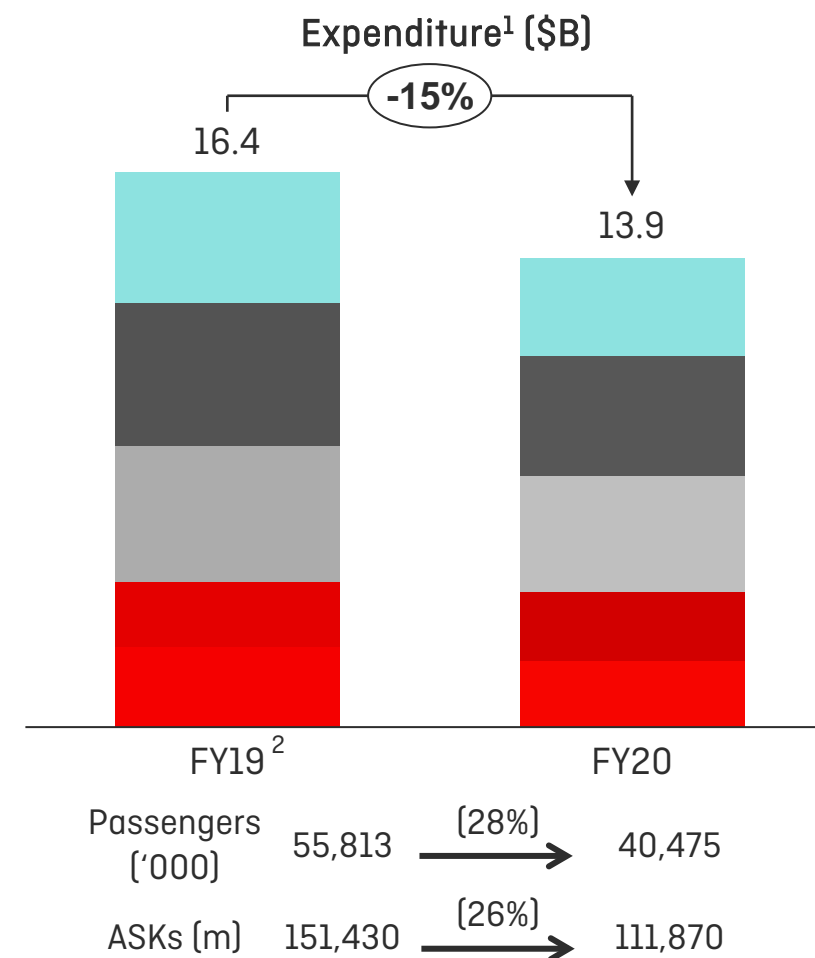
- Reduction in network and passenger charges due to decreased flying in Q4
- Decrease in airport charges and taxes due to reduced activity levels particularly in Q4
- Receipt of Government grants and assistance to offset expenses during COVID-19

Depreciation and amortisation up 4%

- 787-9 aircraft additions, investment in Wi-Fi and aircraft reconfigurations in 1H20
- Investment in lounges and technology in 1H20

Other expenditure down 17%

- Reduced commissions due to reduction in activity in Q4
- Decrease in discount rate changes impact on provisions
- Reduced property costs and capacity hire as a result of COVID-19



Cash flow (Statutory)

\$M	FY20	FY19 (Restated) ²
Operating cash flows	1,083	3,164
Investing cash flows	(1,571)	(1,563)
Net free cash flow¹	(488)	1,601
Financing cash flows	1,853	(1,150)
Cash at beginning of year	2,157	1,694
Effects of FX on cash	(2)	12
Cash at end of year	3,520	2,157

- Significant drop in operating cash flow due to the impact of travel restrictions and border closures due to COVID-19
- Investing cash flows skewed to first half
- Financing cash flows include
 - Fully underwritten Institutional Placement of \$1.36b
 - \$1.75b new debt raised since 31 December 2019
 - Debt repayments \$0.63b including \$0.25b bond repayment
 - Lease repayments \$0.37b
 - 1H20 debt raised \$0.425b from Australian Medium Term Note issue
 - 1H20 shareholder distributions \$0.65b

Invested Capital calculation

\$M	FY20	FY19 ³ (Restated)	Comments
Receivables (current and non-current)	646	1,178	Collection of receivables and slower rebuild due to COVID-19
Inventories	306	364	
Other assets (current and non-current)	562	680	
Investments accounted for under the equity method	59	217	Due to lower earnings and impairments
Property, plant and equipment	11,726	12,776	Includes the impact of impairment of the A380s
Intangible assets	1,050	1,225	
Assets classified as held for sale	58	1	
Payables (current and non-current)	(2,450)	(2,366)	
Provisions (current and non-current)	(2,190)	(1,442)	Includes redundancy provision
Revenue received in advance (current and non-current)	(5,040)	(5,880)	Lower intakes partially offset by increased QFF billings
Capitalised aircraft leased assets ¹	1,301	1,424	
Invested Capital	6,028	8,177	
Average Invested Capital²	8,055	8,631	



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. Equal to the 12 months average of monthly Invested Capital. 3. Restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

ROIC calculation

\$M	FY20	FY19 (Restated) ¹
Underlying PBT	124	1,326
Add back: Underlying net finance costs	271	282
Add back: Lease depreciation under AASB 16	402	351
Less: Notional depreciation ²	(108)	(114)
Less: Cash expenses for non-aircraft leases	(225)	(187)
ROIC EBIT	464	1,658

\$M	FY20	FY19 (Restated) ¹
Net working capital ³	(8,166)	(7,466)
Fixed assets ⁴	12,893	14,219
Capitalised aircraft leased assets ²	1,301	1,424
Invested Capital	6,028	8,177
Average Invested Capital⁵	8,055	8,631
Return on Invested Capital (%)	5.8%	19.2%

1. FY19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 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. 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. 3. 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. 4. 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. 5. Equal to the 12 months average of monthly Invested Capital.

Net debt target range

- Net debt target range = 2.0x – 2.5x ROIC EBITDA where EBITDA achieves a fixed 10% ROIC
- At current Invested Capital of \$6.0b, optimal net debt range is **\$4.5b to \$5.6b**
- Targeting net debt to be within the range on a **forward looking** basis

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 ¹	1.63	Includes notional depreciation on capitalised aircraft leases
EBITDA where ROIC = 10%	<u>2.23</u>	
Net debt at 2.0x EBITDA where ROIC = 10%	4.5	Net debt target range²
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 decrease in FY21 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	FY20	FY19 [Restated] ¹
Opening Net Debt	(4,710)	(4,903)
Net cash from operating activities	1,083	3,164
Less: Lease principal repayments	(367)	(368)
Add: Principal portion of aircraft lease rentals	171	183
Funds From Operations	887	2,979
Net cash from investing activities	(1,571)	(1,563)
Conversion of capacity hire to aircraft operating lease	-	(48)
Net Capex	(1,571)	(1,611)
Dividend paid to shareholders	(204)	(363)
Payments for share buy-back	(443)	(637)
Shareholder Distributions	(647)	(1,000)
Payment for treasury shares	(5)	(98)
Net equity raise funds	1,342	-
FX revaluations and other fair value movements	(30)	(77)
Closing Net Debt	(4,734)	(4,710)

- The Financial Framework considers aircraft leases as part of net debt
 - Aircraft leases are 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

FY20 Australian Government COVID-19 packages

The Coronavirus and government border restrictions had a \$4.0 billion impact on the Group's revenue for FY20.

Qantas Domestic, Qantas International, Qantas Freight and Jetstar provided services for vital passenger and freight services during the pandemic, on behalf of the Australian Government. This was flying activity that 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 ~\$15m.

Qantas Group recognised \$267m in JobKeeper payments, benefiting the 25,000 employees who were stood down and subsidised wages for those working.

Economy Wide Measures	Description	FY20
JobKeeper	Support to employees	\$267m
Industry Specific Measures	Description	
Australian Airline Financial Relief Package (AAFRP) ¹	Refunding and ongoing waiving of a range of government charges	\$36m
Net Minimum Viable Network and repatriation flights ²	International, Mainline Domestic, Regional and Freight network for essential services; Repatriation charters and rescue missions to Wuhan, Tokyo, Hong Kong, London, Lima, Buenos Aires, Johannesburg, New Delhi, Chennai and Mumbai	\$192m
International Freight Assistance Mechanism ²	Maintains vital international freight routes, competitively tendered	\$20m
Sub-total		\$515m
Net Benefit after Qantas expenses ³		~\$15m

Australian Airline Financial Relief Package includes the refunding and ongoing waiving of a range of Government charges to 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 are eligible for consideration in accordance with the eligibility criteria and related information set out in the grant opportunity guidelines. Recorded in Aircraft Operating Variable.

Job Keeper Payment is intended to help keep more Australians in jobs and support businesses affected by the significant economic impact of the coronavirus. The existing JobKeeper Payment will remain in place until 27 September 2020. On 21 July 2020, the Government announced the extension of the JobKeeper payment to 28 March 2021 at modified rates and eligibility. Recorded in Manpower and Labour related expense.

Minimum Viable Networks and special flights underwritten by the Australian Government on a cost offset basis. The international network included flights to London, Los Angeles, Auckland and Hong Kong. Within Australia it includes a baseline network of domestic passenger flights servicing the most critical metropolitan and regional routes while providing freight belly space capacity. Recorded in Net Passenger Revenue.

International Freight Assistance Mechanism emergency measure to restore critical global supply chains which have been heavily impacted by COVID-19 containment measures around the world and ensures exporters maintain connectivity to strategic markets. On 3 July 2020, the Government announced extension of the program to end of 2020. Recorded in Net Freight Revenue.



1. The Australian Airline Financial Relief Package also provided support to other suppliers of the Group (including government-owned corporations). As a result of this support, the providers have offered waivers to the Group of \$52m. 2. Fee for services provided recognised as net income received after allowing for revenue received from ticket sales. 3. Estimated costs of ~\$500m, 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.

Fleet as at 30 June 2020

Aircraft Type	FY20	FY19	Change
A380-800	12	12	-
747-400 ¹	-	1	(1)
747-400ER	4	6	(2)
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9 ²	11	8	3
Total Qantas	130	130	-
717-200	20	20	-
Q200/Q300 ³	19	14	5
Q400	31	31	-
F100	17	17	-
A320-200 ⁴	4	2	2
Total QantasLink	91	84	7
Q300 ³	-	5	(5)
A320-200 ^{4,5}	68	70	(2)
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	87	94	(7)
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight⁶	6	6	-
Total Group	314	314	-

- Group fleet⁷ of 314 aircraft as at 30 June 2020
- Movements in FY20 include:
 - Addition of three 787-9
 - Disposal of one 747-400
 - Disposal of two 747-400ER
 - Five Q300 and two A320-200 transferred from Jetstar to QantasLink
- Post year end movements to right size fleet
 - Four 747-400ER retired in July in response to COVID-19
 - 12 A380s moved to long term storage
 - Jetstar Asia fleet to be reduced from 18 to 13 with one lease return and four moved to Australia



1. Includes disposal of one B747-400 aircraft VH-OJU sold in October 2019. 2. Includes three new B787-9 aircraft delivered during 1H20. 3. Five Q300 aircraft previously operated by Jetstar New Zealand Regionals were returned to QantasLink in December 2019. 4. Two A320-200 aircraft were transferred from Jetstar to QantasLink in September 2019. 5. Includes Jetstar Asia (Singapore) fleet (18 X A320), excludes Jetstar Pacific (Vietnam) and Jetstar Japan. 6. Qantas Group also wet leases two 747-800 freighter aircraft and four BAe146 freighter aircraft (not included in the table) taking the total freight fleet to 12 aircraft. 7. Includes purchased and leased aircraft, but excludes wet leased aircraft.



Supplementary Segment Information

2H20 Group and Group Domestic Traffic Statistics

	3Q20	3Q19	Change (%)	4Q20	4Q19	Change (%)	2H20	2H19	Change (%)
Qantas Group Operations									
Passengers carried ('000)	11,353	13,670	(17)	246	13,643	(98)	11,599	27,313	(58)
Revenue Passenger Kilometres (m)	26,350	31,290	(16)	240	31,244	(99)	26,590	62,534	(58)
Available Seat Kilometres (m)	34,425	37,380	(7.9)	565	37,196	(99)	34,990	74,576	(53)
Revenue Seat Factor (%)	76.5	83.7	(7.2pts)	42.5	84.0	(42pts)	76.0	83.9	(7.9pts)
Group Unit Revenue			(3.9)			NA			(2.5)
Qantas Domestic									
Passengers carried ('000)	4,508	5,148	(12)	196	5,424	(96)	4,704	10,572	(56)
Revenue Passenger Kilometres (m)	5,424	6,079	(11)	201	6,472	(97)	5,625	12,551	(55)
Available Seat Kilometres (m)	7,841	8,053	(2.6)	495	8,499	(94)	8,336	16,552	(50)
Revenue Seat Factor (%)	69.2	75.5	(6.3pts)	40.6	76.2	(36pts)	67.5	75.8	(8.3pts)
Jetstar Domestic									
Passengers carried ('000)	2,940	3,560	(17)	48	3,385	(99)	2,988	6,945	(57)
Revenue Passenger Kilometres (m)	3,312	3,998	(17)	39	3,950	(99)	3,351	7,948	(58)
Available Seat Kilometres (m)	3,981	4,585	(13)	60	4,610	(99)	4,041	9,195	(56)
Revenue Seat Factor (%)	83.2	87.2	(4.0pts)	65.0	85.7	(21pts)	82.9	86.4	(3.5pts)
Group Domestic									
Available Seat Kilometres (m)	11,822	12,638	(6.5)	555	13,109	(96)	12,377	25,747	(52)
Group Domestic Unit Revenue change (%)			(5.7)			NA			(8.0)

2H20 Group International Traffic Statistics

	3Q20	3Q19	Change (%)	4Q20	4Q19	Change (%)	2H20	2H19	Change (%)
Qantas International									
Passengers carried ('000)	1,840	2,224	(17)	1	2,170	(100)	1,841	4,394	(58)
Revenue Passenger Kilometres (m)	12,522	15,008	(17)	0	14,756	(100)	12,522	29,764	(58)
Available Seat Kilometres (m)	15,861	17,517	(9.5)	10	16,903	(100)	15,871	34,420	(54)
Revenue Seat Factor (%)	78.9	85.7	(6.8pts)	0.0	87.3	(87pts)	78.9	86.5	(7.6pts)
Jetstar International									
Passengers carried ('000)	1,300	1,635	(21)	1	1,513	(100)	1,301	3,148	(59)
Revenue Passenger Kilometres (m)	3,929	4,560	(14)	0	4,353	(100)	3,929	8,913	(56)
Available Seat Kilometres (m)	5,019	5,266	(4.7)	0	5,151	(100)	5,019	10,417	(52)
Revenue Seat Factor (%)	78.3	86.6	(8.3pts)	0.0	84.5	(85pts)	78.3	85.6	(7.3pts)
Jetstar Asia									
Passengers carried ('000)	765	1,103	(31)	0	1,151	(100)	765	2,254	(66)
Revenue Passenger Kilometres (m)	1,163	1,645	(29)	0	1,713	(100)	1,163	3,358	(65)
Available Seat Kilometres (m)	1,723	1,959	(12)	0	2,033	(100)	1,723	3,992	(57)
Revenue Seat Factor (%)	67.5	84.0	(17pts)	0.0	84.3	(84pts)	67.5	84.1	(17pts)
Group International									
Available Seat Kilometres (m)	22,603	24,742	(8.6)	10	24,087	(100)	22,613	48,829	(54)
Group International Unit Revenue change (%)			(3.3)			NA			0.1

Qantas Domestic¹

		FY20	FY19 (Restated)	VLY %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	4,672	6,098	(23)	3,218	3,230	(0.4)	1,454	2,868	(49)
Underlying EBIT	\$M	173	778	(78)	465	478	(2.7)	(292)	300	(>100)
Operating Margin	%	3.7	12.8	(9.1pts)	14.4	14.8	(0.4pts)	(20.1)	10.5	(31pts)
ASKs	M	25,773	33,866	(24)	17,437	17,314	+0.7	8,336	16,552	(50)
Seat factor	%	75.9	77.8	(1.9pts)	79.9	79.6	+0.3pts	67.5	75.8	(8.3pts)

Qantas International and Freight¹

		FY20	FY19 (Restated)	VLV %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	6,077	7,420	(18)	3,843	3,693	+4.1	2,234	3,727	(40)
Underlying EBIT	\$M	56	323	(83)	122	119	+2.5	(66)	204	(>100)
Operating Margin	%	0.9	4.4	(3.5pts)	3.2	3.2	-	(3.0)	5.5	(8.5pts)
ASKs	M	50,484	69,571	(27)	34,613	35,151	(1.5)	15,871	34,420	(54)
Seat factor	%	84.1	86.0	(1.9pts)	86.5	85.5	+1.0pts	78.9	86.5	(7.6pts)

Jetstar Group¹

		FY20	FY19 (Restated)	VLY %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	3,006	3,961	(24)	2,120	2,048	+3.5	886	1,913	(54)
Underlying EBIT	\$M	(26)	400	(>100)	220	253	(13.0)	(246)	147	(>100)
Operating Margin	%	(0.9)	10.1	(11.0pts)	10.4	12.4	(2.0pts)	(27.8)	7.7	(35.5pts)
ASKs	M	35,613	47,993	(26)	24,830	24,389	+1.8	10,783	23,604	(54)
Seat factor	%	84.3	86.1	(1.8pts)	86.9	86.6	+0.3pts	78.3	85.7	(7.4pts)

Jetstar Group as at 30 June 2020

Business	Ownership ¹	Launch	Aircraft ²
1 Jetstar Australia	100%	2004	49 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand ³	100%	2009	9 x A320s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	25 x A320s
6 Jetstar Pacific (Vietnam) ⁴	30%	2008	15 x A320s



1. Based on voting rights. 2. Represents operational fleet (includes aircraft subleased for Jetstar operations, excludes subleased aircraft to external parties). 3. Includes Jetstar Trans-Tasman services commenced in 2005 and Jetstar New Zealand (Domestic) services commenced in 2009. Jetstar New Zealand (Regional) business exited September 2019. 4. Jetstar Pacific (Vietnam) rebranded from Pacific Airlines to Jetstar Pacific in 2008 and rebranded back to Pacific Airlines in July 2020.

Jetstar in Asia¹

- Jetstar continues to evolve its presence in Asia in response to the impact of COVID-19
 - All airlines moved into losses
- Jetstar Japan focused on maintaining strong domestic position, reducing costs and maintaining flexibility to adapt to the impact of COVID-19
 - Resumed most domestic routes in July
 - Managing capacity and fleet in response to COVID-19 cases
- Jetstar Asia reducing fleet size from 18 to 13 aircraft
 - Through lease returns and aircraft redeployment to Australia, resulting in redundancies (~25% of staff)
 - Reviewing opportunities for 'Green Lane' country flying (ie. Singapore and Malaysia)
- Jetstar Pacific rebranding to 'Pacific Airlines'
 - All customer and commercial functions transitioned to Pacific Airlines
 - Intent for Qantas Group to exit its shareholding in the airline



Adapting Asian businesses to maximise opportunities in changing conditions

Qantas Loyalty¹

		FY20	FY19 (Restated)	VLY %	1H20	1H19 (Restated)	V1H19%	2H20	2H19 (Restated)	V2H19%
Revenue	\$M	1,224	1,654	(26)	872	809	+7.8	352	845	(58)
Underlying EBIT	\$M	341	376	(9.3)	196	175	+12	145	201	(28)
Operating Margin	%	27.9	22.7	+5.2pts	22.5	21.6	+0.9pts	41.2	23.8	17.4pts
QFF Members	M	13.4	12.9	+4.2 ²	13.2	12.6	+5.4 ²	13.4	12.9	+4.2 ²

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

- 4% growth¹ in Qantas Frequent Flyer membership; ~20% growth in QBR² membership with >300,000 SME members³
- >550 Coalition Partners⁴; 20 new Qantas Business Rewards partners onboarded
- BP / Qantas Frequent Flyer partnership launched April 2020
- Maintaining total share of credit card spend on Qantas Points earning credit cards⁵
- Financial services diversification, success of ANZ Home Loans and Afterpay (55k members in first four weeks since launch)⁵
- Investing in member engagement through Points Club; tier extensions and introducing the ability to earn Status Credits “on the ground”
- Group Cash contribution >\$1b of gross receipts⁶ in FY20

- Continuing to expand the Insurance proposition with Home Insurance to launch in 2H21
- ~20% growth in health⁷; >1b points awarded⁸; strong NPS scores⁹
- Wellbeing is one of the fastest growing points categories in the Qantas Frequent Flyer program¹⁰
- 25% growth¹¹ in Qantas Wine revenue

Leadership in customer advocacy in airline loyalty programs¹²

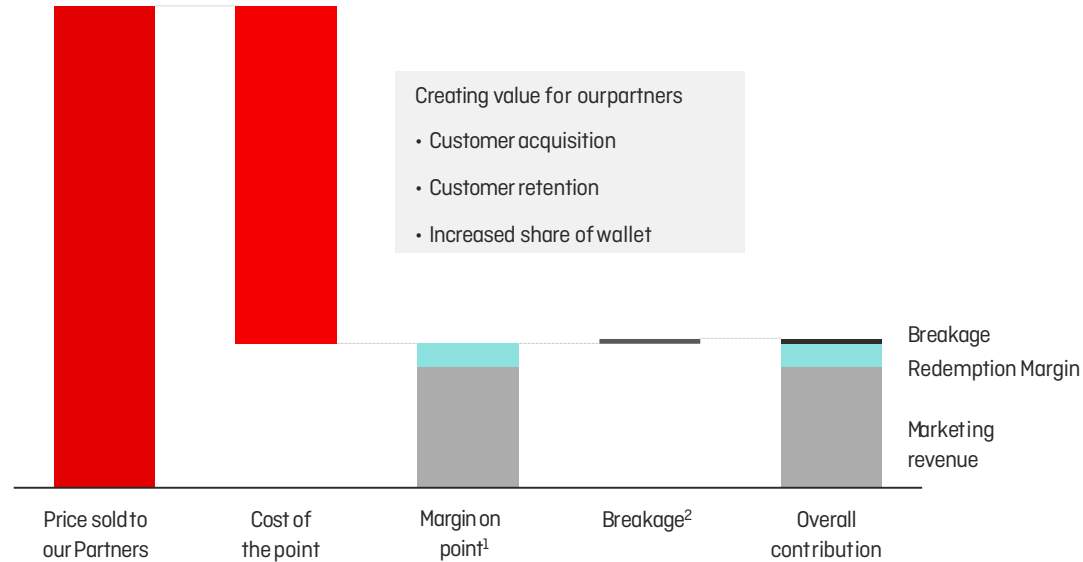
Margin is only generated on 'external points sales'

Corepoints sale

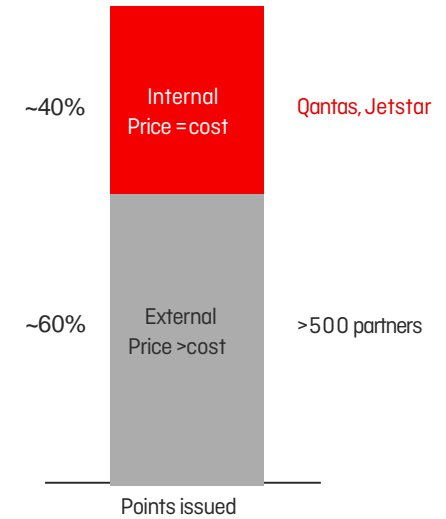


Share of revenue from New Businesses

Corepoints sales – generates points margin



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



Glossary

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

CPI – Consumer Price Index

EBIT – Earnings before interest and tax

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

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

LCC – Low Cost Carrier

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 interest-bearing liabilities 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 and the fair value of hedges related to debt 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

Operating Margin – Underlying EBIT divided by Total Revenue

PBT – Profit before tax

QBR – Qantas Business Rewards

QFF – Qantas Frequent Flyer

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 Kilometre (RPK) – Total number of passengers carried, multiplied by the number of kilometres flown

Seat factor – Revenue passenger kilometres divided by available seat kilometres

SME – Small to medium enterprise

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

Total Unit Cost – Underlying 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 20 August 2020, 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.

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Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2020 unless otherwise stated.

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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.

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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 Preliminary Final Financial Report for the financial year ended 30 June 2020 which has been reviewed by the Group's Independent Auditor.



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