Qantas Airways Limited

1H20 Results

20 February 2020

ASX: QAN

US OTC: QABSY

1H20 highlights

Strong result in mixed demand conditions

- First half Underlying Profit Before Tax (PBT)[1] $771m, Statutory PBT $648m, Statutory EPS 28.8 cps
- Continued strong Group Return on Invested Capital (ROIC) of 19.6%[2]; all segments delivering ROIC > WACC[3]
- Record Qantas Loyalty earnings[4], resilient performance from domestic and international airlines
- On track to deliver >$400m gross transformation benefits in FY20

Investing for our customers, people and community

- Set ambitious emissions targets, on track to deliver waste targets
- Investing in fleet including three 787-9 additions, three A380 reconfigurations; completion of the new First lounge and expansion of the Business lounge in Singapore
- First cohort of student pilots commenced training

Financial framework continues to support shareholder returns

- Net debt[5] of $5.3b, at the lower end of the target range of $5.1-6.3b
- 13.5 cents per share interim dividend, fully franked. Additional off-market share buy-back up to $150m, utilising all available franking credits

Transformed business delivers resilient result

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 1H20 Results Presentation are reported on an Underlying basis, unless otherwise stated. For a reconciliation to Underlying PBT, please see slide 5 of the Supplementary presentation. The comparatives have been 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. 2. Calculated as ROIC EBIT for the 12 months ended 31 December 2019, divided by the 12 months Average Invested Capital. 3. Weighted Average Cost of Capital calculated on a pre-tax basis. 4. Underlying EBIT. 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 the net debt target range, please see slide 11 in the Supplementary presentation.

Integrated portfolio provides a stable earnings base

Dual Brand Domestic strategy at the core of the Group's portfolio strength. Two largest[1] outbound airlines in Australia

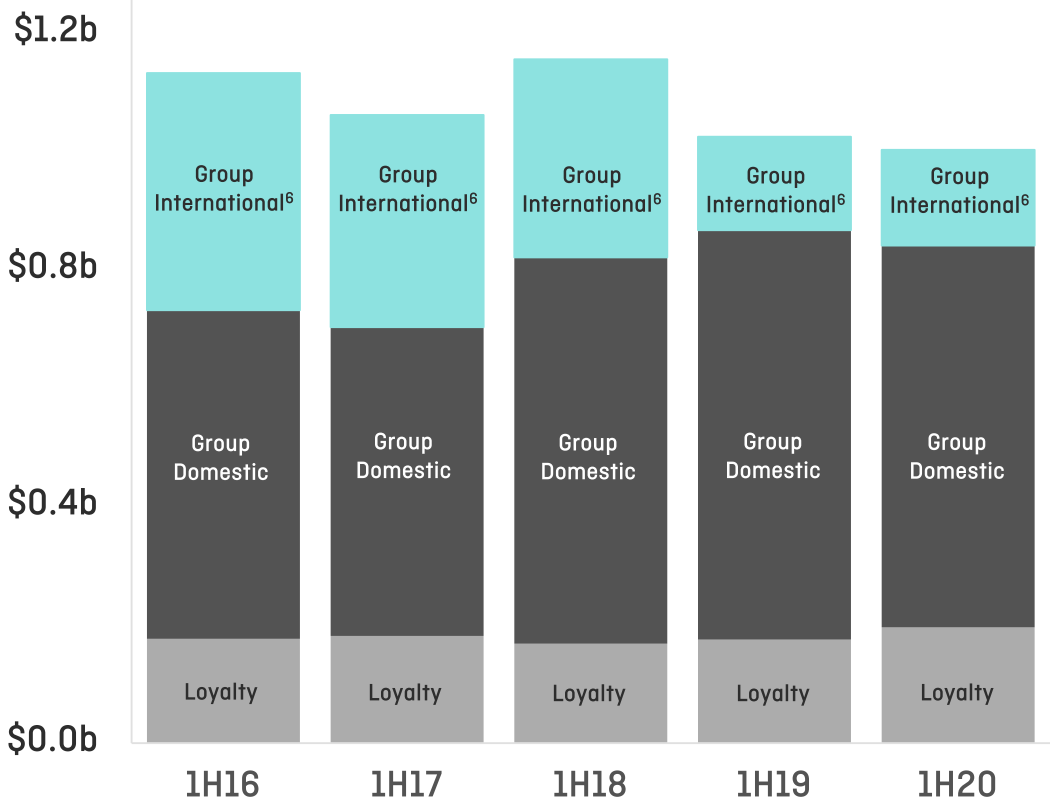
Group Domestic[2] Underlying EBIT of $645m, resilient performance in mixed demand conditions and flat market capacity settings

Record[3] Qantas Loyalty Underlying EBIT providing growing and diversified earnings stream, on track to achieve long term targets

Qantas International Underlying EBIT increased[4] as fleet and network transition continued to build resilience

Highly trusted brand that supports diversification into new businesses. Expanded insurance portfolio with launch of car insurance

Operating Segment EBIT[5]



The Group's integrated portfolio of mutually reinforcing businesses will ensure its ongoing success

1. Measured on Passengers. Source: BITRE Aviation International airline activity statistical report published data, November 2019. 2. Group Domestic includes Qantas Domestic and Jetstar Domestic. 3. Measured on Underlying EBIT. 4. Compared to 1H19. 5. Measured on Underlying EBIT. 1H19 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. 6. Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific.

Maximising leading dual brand domestic position

14.4% Operating margin[1] at Qantas Domestic in 1H20

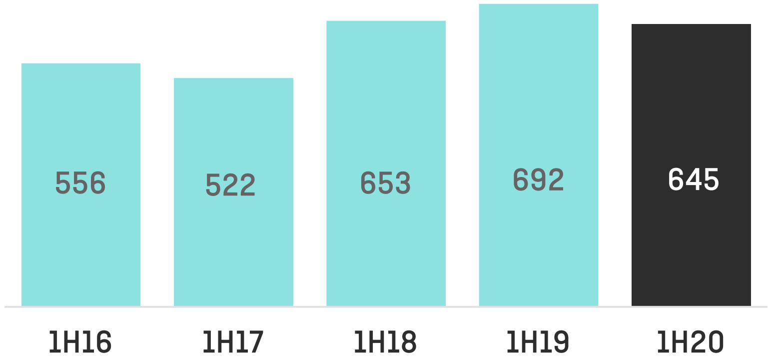
16.3% Operating margin[1] at Jetstar Domestic in 1H20

>WACC ROIC[2] > WACC for Qantas Domestic and Jetstar Domestic business

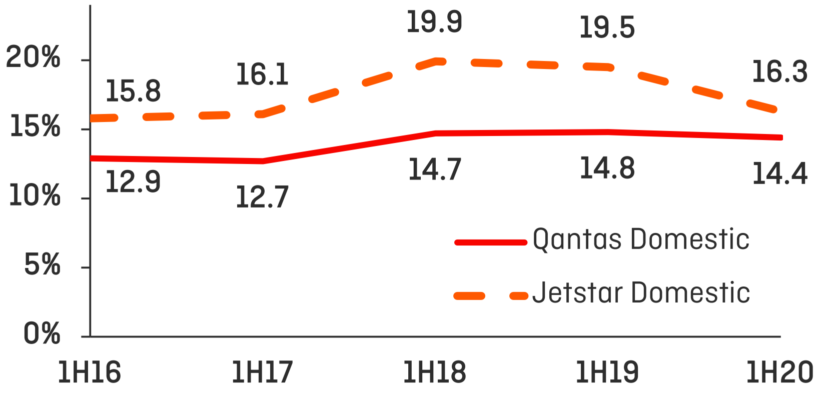
$645m Strong Group Domestic[3] Underlying EBIT in 1H20

+0.5% Increase in Group Domestic Unit Revenue[4], positive signs of disciplined market capacity settings for 2H20

Group Domestic EBIT[5] ($M)



Domestic Operating Margins[1] (%)



The dual brand strategy continues to deliver superior margins

1. Calculated as Underlying segment EBIT divided by total segment revenue. 2. Calculated as ROIC EBIT for the 12 months ended 31 December 2019, divided by the 12-months Average Invested Capital. 3. Includes Qantas Domestic and Jetstar Domestic business. 4. Compared to 1H19. 5. Measured on Underlying EBIT. 1H19 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.

Group International leveraging sustainable competitive advantage and home based strength

>WACC Qantas International rolling 12 month ROIC[1]

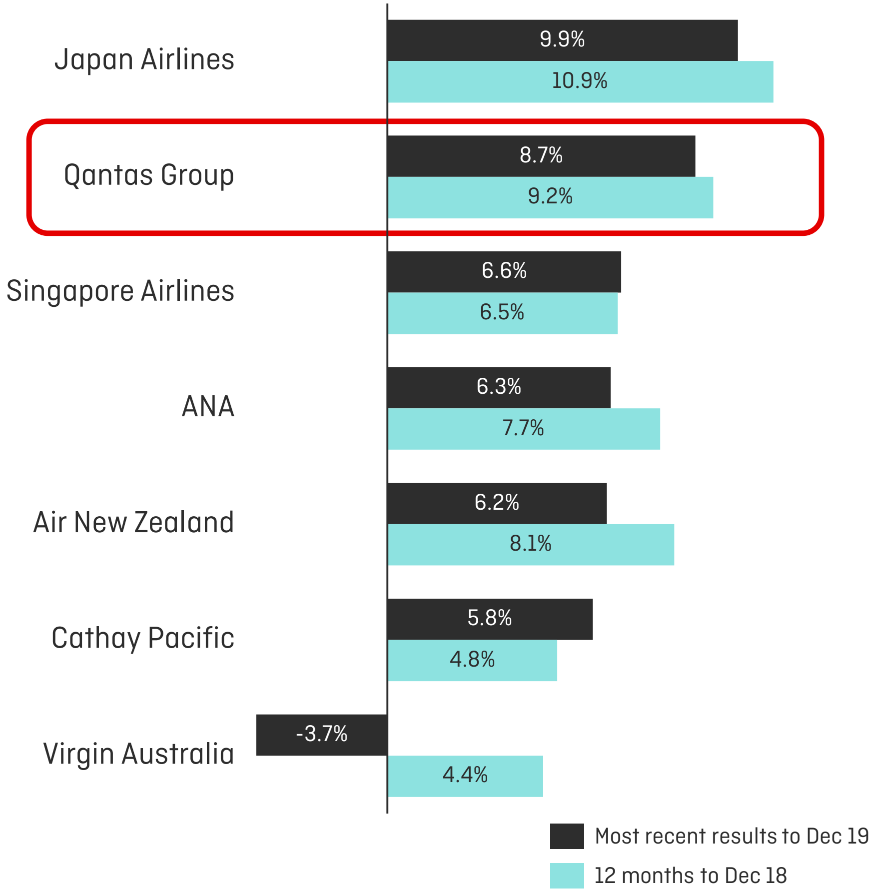
>WACC Jetstar International[2] rolling 12 month ROIC[1]

$162m Group International[3] Underlying EBIT in 1H20

+6.0% Increase[4] in Qantas International Unit Revenue in 1H20

26% Market outbound international capacity[5] share; maintaining leadership

Airline Group Operating Margin[6]



Strong Group margin relative to regional peers

1. Calculated as ROIC EBIT for the 12 months ended 31 December 2019, divided by the 12-months Average Invested Capital. Compared to 1H19, 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. 2. Jetstar International excludes Jetstar New Zealand (including regionals), Trans Tasman, Jetstar's Asian portfolio. 3. Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific. 4. Compared to 1H19. 5. Measured on Passengers. Source: BITRE Aviation International airline activity statistical report published data, November 2019. 6. Calculated as EBIT (or equivalent) divided by the Group Total Revenue using published data. Current year margins reflect 6 months period from 1 January 2019 for Cathay Pacific, Air New Zealand, Virgin Australia.

Diversification and growth at Qantas Loyalty

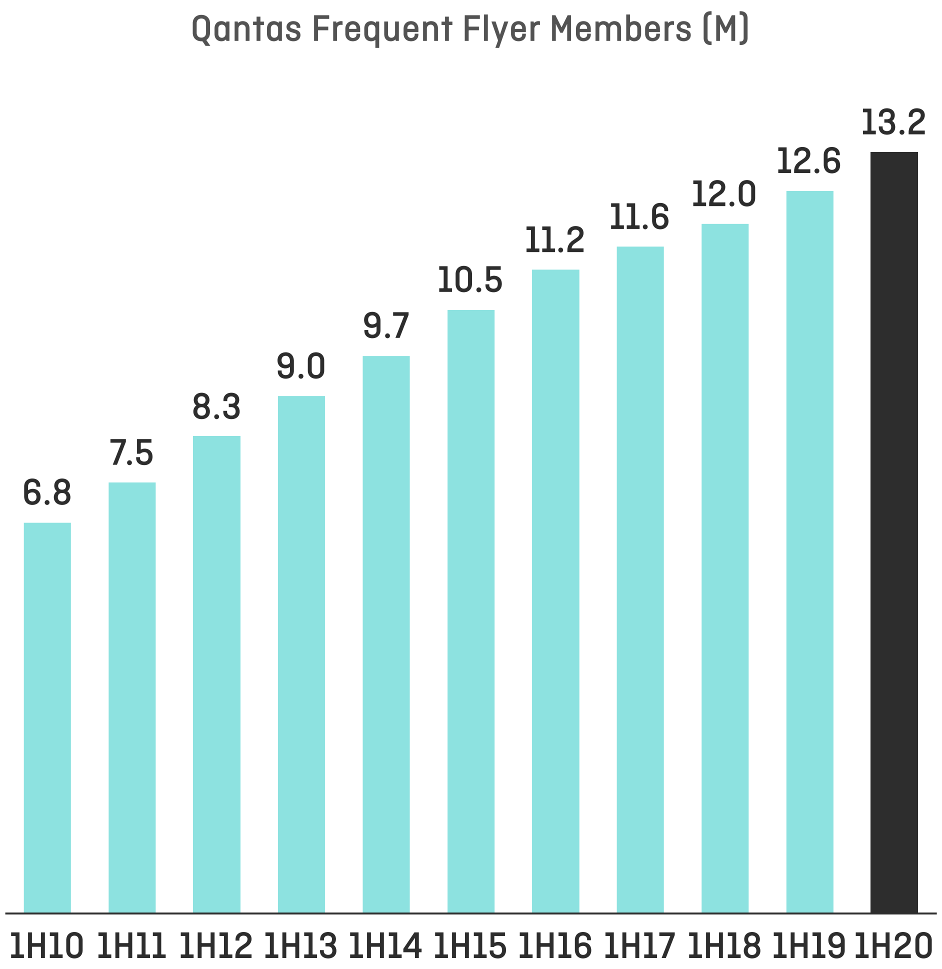
$196m — Record[1] first half Underlying EBIT, result up 12%

+5.4% — Qantas Frequent Flyer member growth to 13.2 million

>20% — Increase[2] in points earned in 1H20 across Coalition Partners including reset of Woolworths partnership

>20% — Increase in Classic Reward activity[3] in 1H20

+20% — Growth in New Business revenue[2] in 1H20



On track to achieve target of $500-600M Underlying EBIT by FY22

1. Measured on Underlying EBIT. 2. Compared to 1H19. 3. Total classic reward seats redeemed on all Qantas Group flights.

1H20 key Group financial metrics

Profit metrics

$771m
Underlying PBT[1], down[2] 0.5%

$648m
Statutory PBT, down[2] 6.2%

34.3c
Underlying EPS[3], up[2] 10%

28.8c
Statutory EPS, up[2] 3.2%

9.5%
Operating margin[4], down[2] 0.5pts

Balance Sheet metrics

19.6% > WACC[5]
Rolling 12 month Underlying ROIC%

17.6% > WACC[5]
Rolling 12 month Statutory ROIC%

$1,475m
Operating cash flow, up[2] $40m

$1,262m
Capital expenditure, up[2] $226m

$213m
Net free cash flow[6] , down[2] $186m

Traffic statistics

+2.8%
Unit Revenue[7]

+3.2%
Total Unit Cost[8]

+3.1%
Ex-fuel Unit Cost[8]

0.0%
ASKs[9]

+0.7%
RPKs[10]

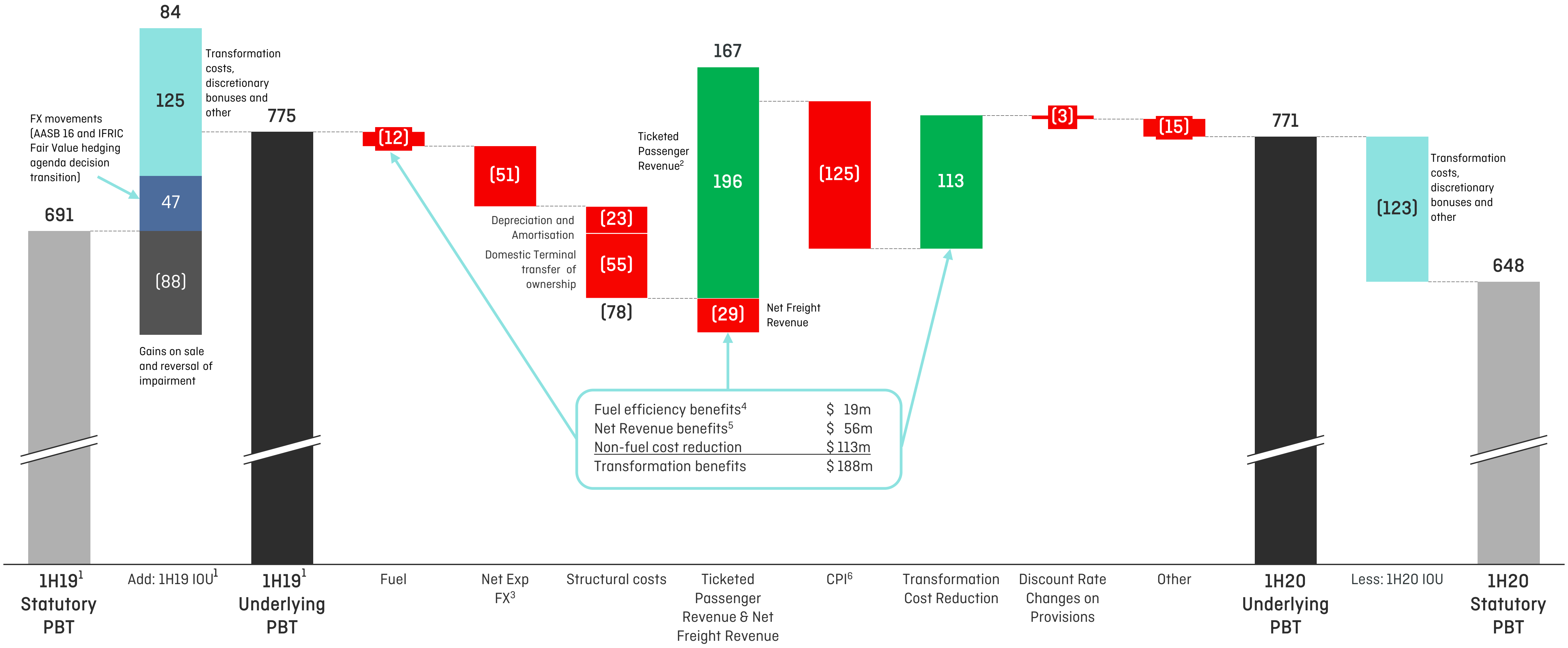
1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the 1H20 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 PBT. 2. The comparatives have been 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. 3. Underlying Earnings Per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 31.3%) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per share calculation). 4. Group Underlying EBIT divided by Group Total Revenue. 5. Weighted Average Cost of Capital calculated on a pre-tax basis. 6. Net cash from operating activities less net cash used in investing activities (excluding aircraft lease refinancing). 7. Ticketed passenger revenue divided by Available Seat Kilometres (ASK). Subject to rounding. Compared to 1H19. 8. Total Unit Cost is calculated as Underlying PBT less ticketed passenger revenue per Available Seat Kilometre (ASK). Compared to 1H19 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. Ex-fuel refers to Unit Cost excluding fuel, FX on net non-fuel expenditure, impact of discount rates and actuarial assumptions, and share in investments accounted for under the equity method. 9. Available Seat Kilometres. Total number of seats available for passengers, multiplied by the number of kilometres flown. Compared to 1H19. 10. Revenue passenger kilometres. Total number of passengers carried, multiplied by the number of kilometres flown. Compared to 1H19.

Unit Cost breakdown

Group Unit Cost	1H20	1H19 (Restated)	VLY %[3]
Total Unit Cost[1]	8.18	7.93	(3.2)
Excluding:			
Fuel	(2.57)	(2.55)	
Change in FX rates	–	0.07	
Impact of changes in the discount rate and other actuarial assumptions	(0.02)	(0.02)	
Share of net profit/(loss) of investments accounted for under the equity method	0.01	–	
Ex-Fuel Unit Cost[2]	5.60	5.43	(3.1)
Excluding:			
Domestic Terminal impact	–	0.07	
Freight impact	(0.06)	–	
Normalised Ex-Fuel Unit Cost	5.54	5.50	(0.7)

1. Underlying PBT less ticketed passenger revenue per ASK. 1H19 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. Underlying 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. 1H19 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. 3. Unfavourable variance shown as negative amount.

1H20 profit bridge



1. 1H19 Statutory and Underlying PBT 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. 2. Represents the change in Unit Revenue and Available Seat Kilometres. 3. FX other than on ticketed passenger revenue, net freight revenue, fuel, depreciation and interest. 4. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives. 5. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative. 6. Company estimate, including wage and other inflation.

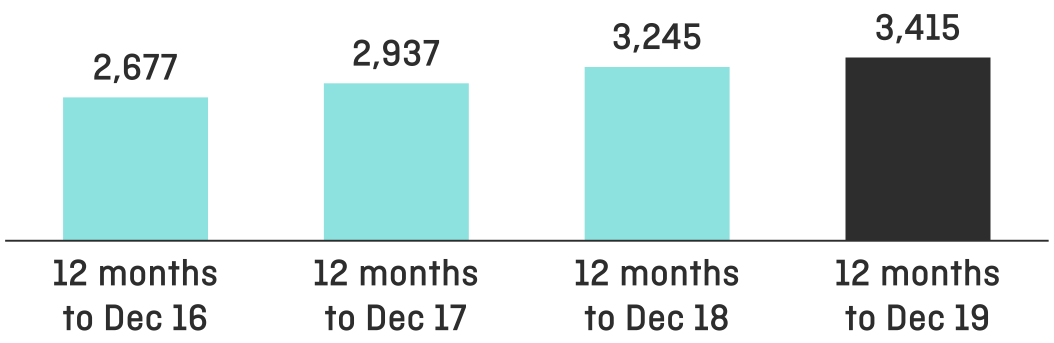
Items not included in Underlying PBT

$M	1H20	1H19 (Restated)[2]	Comments
Transformation costs	**117**	104	Redundancies, restructuring, 787-9 introduction, accelerated depreciation on 747s and A320s, and other costs which form part of the transformation program
Discretionary bonuses to non-executive employees	**6**	19	Accounts for bonuses awarded in prior years
Net gain on disposal of a controlled entity	**-**	(45)	Gain on disposal of Catering business in 1H19, less transaction costs
Net gain on disposal/reversal of impairment of associate	**-**	(43)	Includes the reversal of impairment, consistent with the treatment of the original impairment and gain on sale of Helloworld investment
Unrealised foreign exchange movements from the adoption of AASB 16 and the IFRIC Fair Value hedging agenda decision	**-**	47	
Other	**-**	2	
Total items not included in Underlying PBT[1]	**123**	**84**	

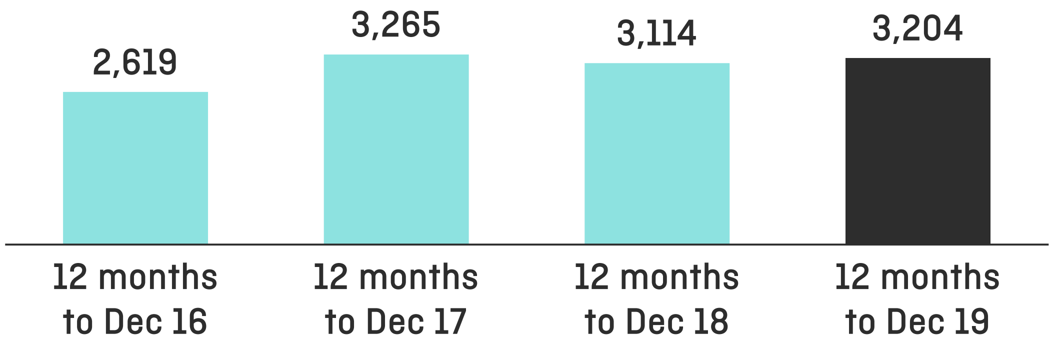
1. Items which are identified by Management and reported to the Chief Operating Decision-Making bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying PBT 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. 1H19 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.

Operating cash flow trend

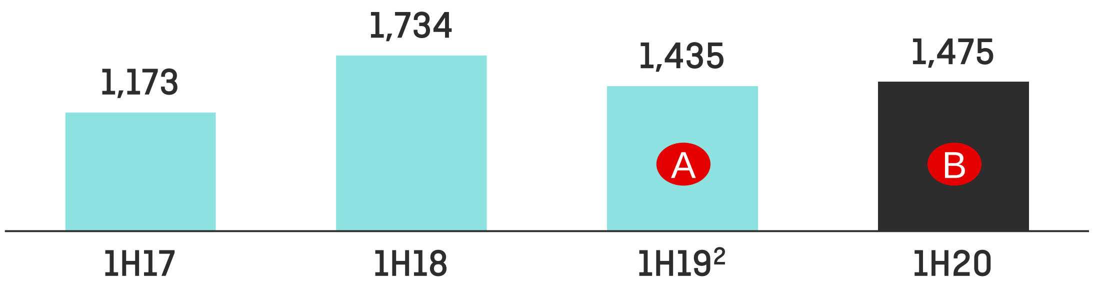
Rolling 12 Months Statutory EBITDA ($M)[1]



Rolling 12 Months Operating Cash Flow ($M)[2]



First Half Operating Cash Flow ($M)



- Stable Statutory EBITDA[1]; Quality of earnings remains strong
- Fluctuation in operating cash flows impacted by the following timing differences:

A **1H19** – Temporary working capital shifts between 1H19 and 2H19

B **1H20** – Lower option premium spend due to timing differences
– ~$300m increase in tax instalments paid

Strong operating cash flow generation

1. Earnings before income tax expense, net finance costs, depreciation and amortisation. 1H19 and 2H19 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. 2. 1H19 and 2H19 operating cash flow restated for the impact of the adoption of AASB 16.

Segment Results

Qantas Domestic

- First half Underlying EBIT down[1] 2.7%
- Unit Revenue up 0.9% despite mixed demand environment and flat market capacity settings
  - Modest recovery in demand in second quarter
  - Continued leadership in corporate market share; growing SME[2] share
  - Resource market revenue growth[3] continues; a ~$27m increase in 1H20
  - Disciplined market capacity settings for 2H20
  - Impacted by higher airport charges
- Investment in customer experience
  - Achieved highest on time performance in domestic market 4 out of 7 months year to date[4]; overall industry impacted by weather conditions
  - Three A320s now operating in Western Australia resources market with plans to further increase the fleet to support resources industry growth
  - Continuing to support regional Australia; capped Residents' Fare Program; launched new routes to Ballina, Orange and expanded Bendigo and Kangaroo Island

		1H20	1H19 (Restated)	VLY %[7]
Revenue	$M	3,218	3,230	(0.4)
Underlying EBIT	$M	465	478	(2.7)
Operating Margin[5]	%	14.4	14.8	(0.4)pts
ASKs	M	17,437	17,314	+0.7
Seat factor[6]	%	79.9	79.6	+0.3pts

Maintaining our leading position in the domestic market

1. Compared to 1H19 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. 2. Small to Medium Enterprise. 3. Resource market ticketed passenger revenue compared to 1H19. Based on Qantas internal reporting. 4. On time performance (OTP) of Qantas Domestic mainline and regionals, measured as departure within 15 minutes of scheduled departure time. Source: BITRE and Qantas internal estimates. 5. Operating Margin calculated as Underlying segment EBIT divided by total segment revenue. 6. RPKs divided by ASKs. Record first half seat factor of 83% achieved in 1H10. 7. Variance to 1H19 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.

Qantas International

- Improved earnings[1], despite ~$65m impact from Hong Kong and freight markets
- Strong Unit Revenue growth[1] of 6.0%,
  - Supported by competitor capacity contraction of 1.9%[2]
- ROIC > WACC
- New network structure and 787-9 Dreamliner fleet building resilience
  - 787-9 Dreamliner fleet expanded from 8 to 11 aircraft
  - Ultra long haul premium services performing well, leading NPS for PER-LHR
  - Transitioning out of 747; one aircraft retired during 1H20
- Strengthening core airline partnerships
  - Strong contribution from new AA destinations with further growth expected in 2H20
- Continuing investment in customer experience
  - New Singapore First lounge opened
  - A380 cabin upgrade underway with 3 aircraft completed in 1H20. NPS impact positive with a premium of 7 points for reconfigured aircraft versus non reconfigured aircraft

		1H20	1H19 (Restated)	VLY %[3]
Revenue	$M	3,843	3,693	+4.1
Underlying EBIT	$M	122	119	+2.5
Operating Margin	%	3.2	3.2	-
ASKs	M	34,613	35,151	(1.5)
Seat factor	%	86.5	85.5	+1.0pts

Demonstrated earnings resilience

1. Variance to 1H19. 2. 1H20 International competitor market capacity growth compared to 1H19. 3. Variance to 1H19 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.

Project Sunrise update

- Long term strategic competitive advantage
- Airbus A350-1000 selected as preferred aircraft (no orders placed)
- Completed design of cabin configuration
- Three research flights completed in 1H20; emissions fully offset
  - Findings have generated data that can be applied across Qantas' ultra long-haul services
- Making good progress for regulatory approvals for ultra long-haul flying
- Project Sunrise will only be pursued if it meets strict business case hurdles
- Deadline for confirming delivery slots requires final go/no-go decision by end of March 2020

On track for final decision end of March 2020

Jetstar Group

- Strong International and Ancillary revenue[1] growth offset by weaker domestic leisure demand, FX and Protected Industrial Action
  - International[2] performance underpinned by 4% capacity growth
  - Ancillary revenue[1] per passenger up 7% driven by new product offerings
  - Domestic result[3] reduced by leisure demand softness in flat market capacity and $12m from industrial action[4]
  - Jetstar Group result[3] reduced by $22m due to FX movements[5] on non-fuel costs
  - Exited underperforming New Zealand Regional business

		1H20	1H19 (Restated)	VLY %[8]
Revenue[1]	$M	2,120	2,048	+3.5
Underlying EBIT	$M	220	253	(13.0)
Operating Margin	%	10.4	12.4	(2.0)pts
ASKs	M	24,830	24,389	+1.8
Seat factor	%	86.9	86.6	+0.3pts

- Jetstar Japan remained profitable, while Jetstar Vietnam faced increased competition and Jetstar Asia faced ongoing challenges from airport charges
- Almost two thirds of fares sold[6] for under $100, maintaining affordability
- Continuing investment in customer experience, digital transformation and operational improvements
  - Baggage product optimisation, increased catering and bundles, Club Jetstar membership grew by 10%[7] in the last 6 months
  - New Jetstar mobile application to be launched in 2H20 to enhance customer experience and support ancillary revenue growth

Focused on maintaining low cost leadership

1. For Jetstar Consolidated Group, does not include Jetstar Japan and Jetstar Pacific. 2. Includes Jetstar International Australian operations and Jetstar New Zealand (including Jetstar Regionals, since exited in November 2019). 3. Underlying EBIT. 4. Industrial action negative impact in 1H20 of $12m, further impact expected for 2H20. 5. Excludes FX movements on revenue. 6. Airfares sold within the Jetstar Group including Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam) for the 12 months to December 2019. 7. Members growth between 30 June 2019 to December 2019. 8. Variance to 1H19 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.

Qantas Loyalty

- Record first half Underlying EBIT result up[1] 12%
  - Maintaining 2H19 double digit EBIT growth momentum
- Program overhaul announced in June 2019 underpinning strong uplift in member engagement, with record points earned and redeemed across the program
  - Record points earned across Financial Services products, with diversification into Superannuation and Home Loans; co-brand credit card growth continues to outperform the market[2]
  - Increase in QFF members engaged in Woolworths partnership post program reset; BP partnership[3] announced
  - QBR membership growth of 26%[4] supporting SME strategy, now with >60 partners in the program
  - ~400k seats redeemed by members with no Classic Reward activity in the prior 18 months; 22% uplift in Qantas International premium Classic Redemption seats[5]
- Scale up of New Business Revenue contributing to overall EBIT growth
  - Continued growth within Qantas Premier portfolio; >100% growth across cards in market and total spend
- Further extending and diversifying the Qantas Insurance portfolio with the launch of Qantas Car Insurance

		1H20	1H19 (Restated)	VLY %[6]
Revenue	$M	872	809	+7.8
Underlying EBIT	$M	196	175	+12
Operating Margin	%	22.5	21.6	+0.9pts
QFF Members	M	13.2	12.6	+5.4[7]

On track to achieve target of $500-600M Underlying EBIT by FY22

1. Compared to 1H19 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. 2. Qantas Points earning credit cards includes co-branded credit cards and Qantas Premier cards. Based on RBA credit and charge card statistics at December 2019 and Qantas internal analysis. 3. Qantas Business Rewards BP partnership; QFF BP partnership launch in second half, subject to regulatory approval 4. Members at December 2019 compared to December 2018. 5. Total Classic Reward seats redeemed on international flights operated by Qantas in First, Business and Premium Economy classes only. 6 months redemption activity to December 2019 compared to 6 months redemption activity to December 2018. 6. Variance to 1H19 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. 7. Adjusted to remove the impact of rounding.

Financial Framework

Financial Framework is a proven success and will continue to guide our capital decisions

1

Maintaining an optimal capital structure

Minimise cost of capital by targeting a net debt range of $5.1b to $6.3b[1]

Net debt position optimised with minimal refinancing risk and prudent liquidity policy

2

ROIC > WACC[2] through the cycle

Deliver ROIC > 10%[3]

Investing to create competitive advantages that drive value

3

Disciplined allocation of capital

Grow invested capital with disciplined investment, return surplus capital

No debt reduction required, remaining surplus capital for growth capex and shareholder distributions

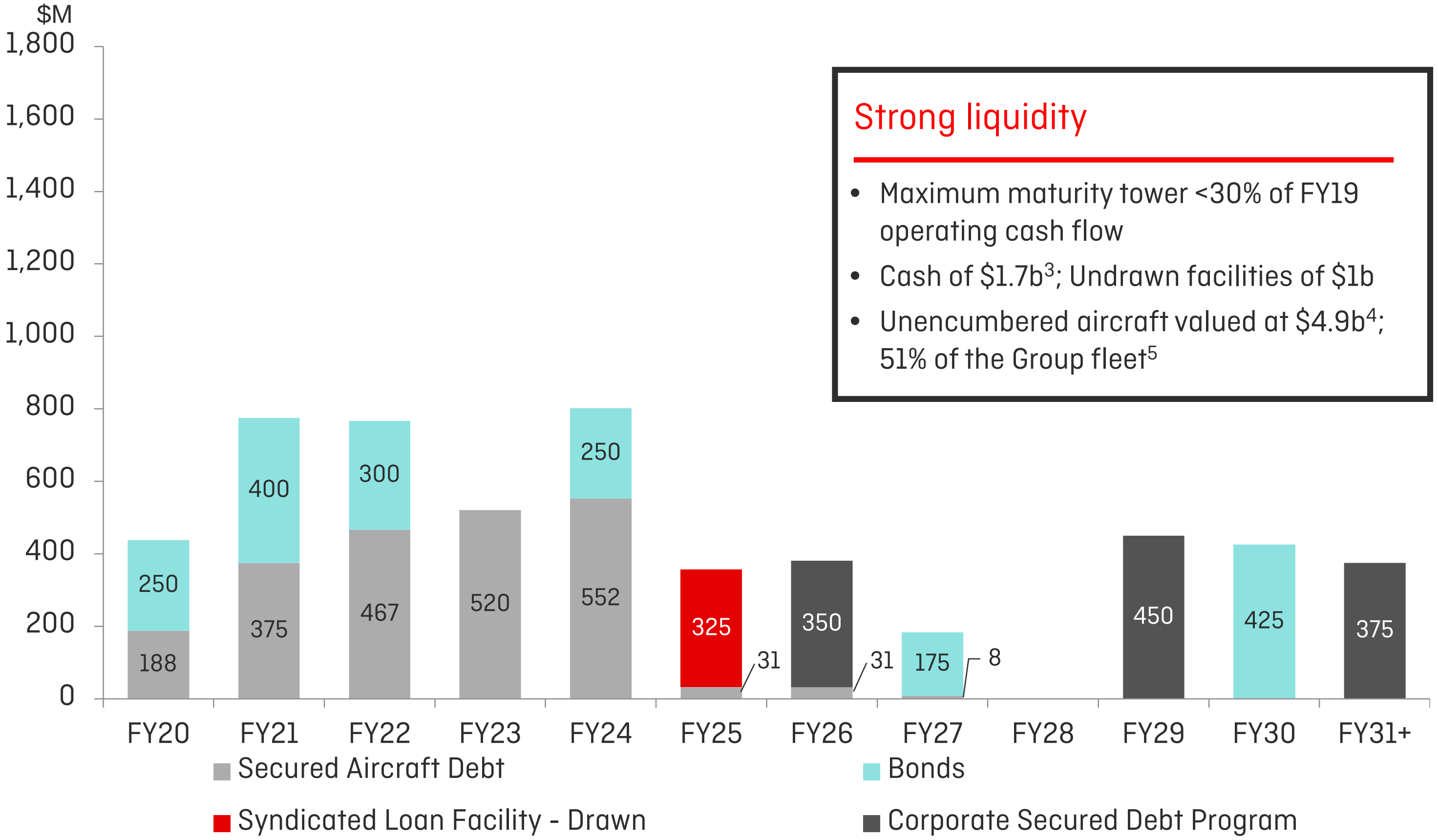
Maintainable EPS[4] growth over the cycle

Total shareholder returns in the top quartile[5]

1. Based on 12 month average invested capital of ~$8.4b as at 31 December 2019. 2. Weighted Average Cost of Capital, calculated on a pre-tax basis. 3. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC. 4. Earnings Per Share. 5. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2019 Annual Report, with reference to the 2019-2021 LTIP.

Maintaining an optimal capital structure

Debt maturity profile as at 31 December 2019 ($M)[1]



Strong liquidity

- Maximum maturity tower <30% of FY19 operating cash flow
- Cash of $1.7b[3]; Undrawn facilities of $1b
- Unencumbered aircraft valued at $4.9b[4]; 51% of the Group fleet[5]

Optimal capital structure

- Net debt[2] at $5.3b, lower end of the target range
  - Provides significant financial flexibility

Debt structure

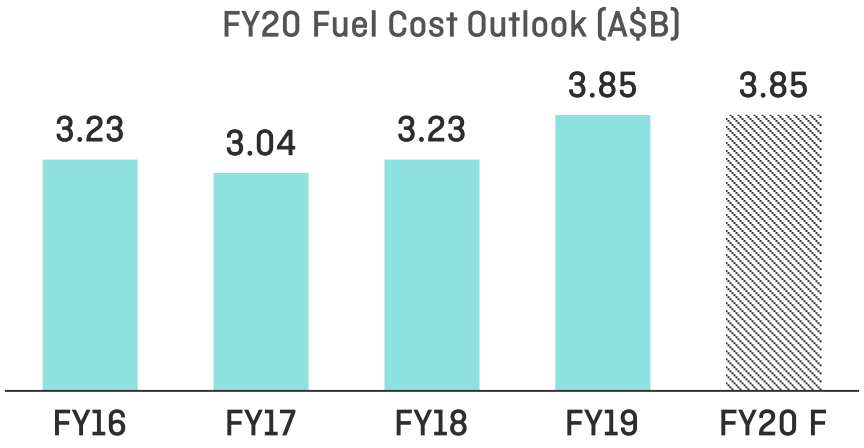
- Diverse funding sources
- Extended tenor; FY20 refinancing completed
- Smoothed profile
- Cost of debt continuing to reduce
- No financial covenants
- Investment grade credit rating from Moody's (Baa2)

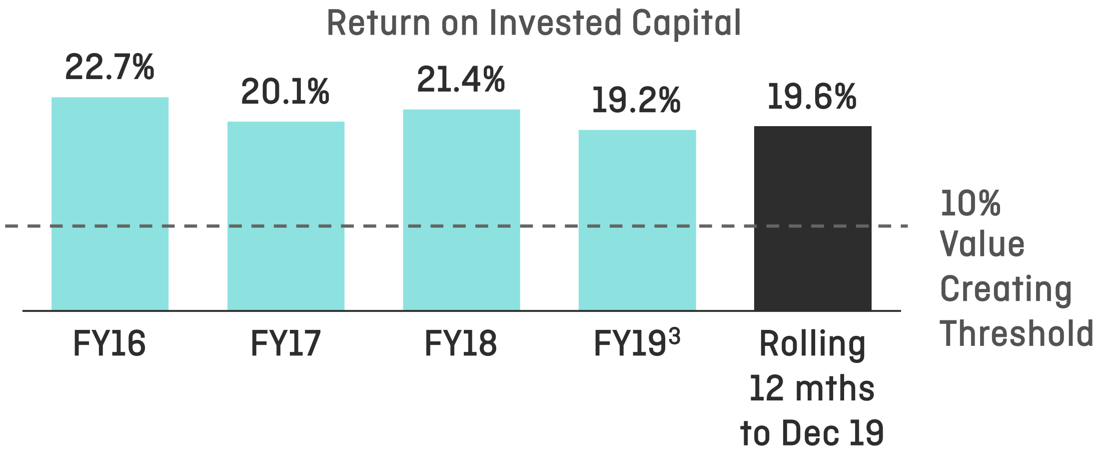
Extended tenor and smoothed profile resulting in minimal refinancing risk

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 31 December 2019. 4. Based on Aircraft Value Analysis Company Limited (AVAC) market values. 5. Based on number of aircraft as at 31 December 2019. The Group fleet totalled 316 aircraft.

Delivering ROIC >10% through the cycle

- At current pricing and before capacity reductions, FY20 fuel cost is expected to be ~A$3.85b[1]
  - Expected fuel cost is 100% hedged for the remainder of FY20
  - An average of ~45% participation[2] to declines in USD Brent prices for the remainder of the financial year
- FY21 hedging underway consistent with Qantas' long-term approach
- 1H21 expected fuel cost of ~A$1.89b[1]
  - Expected fuel cost is currently 90% hedged for 1H21
  - 80% participation[2] to favourable price movements
- Operational flexibility to mitigate rising fuel costs over the medium to longer term





Protecting ROIC through disciplined hedging program

1. As at 14 February 2020. FY20 assumes forward market rates of Jet Fuel (USD 67.86/bbl and AUDUSD 0.6721). 1H21 assumes forward market rates of Jet Fuel USD (68.44/bbl and AUDUSD 0.6721). Actual fuel costs in FY20 and 1H21 could also be impacted by changes in refiner margins. 2. Participation from current market Brent prices down (USD 10/bbl) for remainder of FY20 and 1H21. 3. 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.

Delivering ROIC >10% through the cycle

Transformation status

Achieved $188m Transformation benefits in 1H20[1] with benefits skewed to 2H20

Fleet and Network

- Additional three 787-9 Dreamliners, retirement of one 747s in first half resulting in reduced fuel usage and network optimisation
- Moving fleet between Jetstar and Qantas to support 'right aircraft right route' e.g: A320s from Jetstar to Network Aviation
- Increases to capacity and network reach for our global freight customers e.g. Jetstar Asia cargo partnership

Digital

- Personalisation helping to drive revenue and margin advantage
- Further digitisation of our revenue management systems to recommend customers the right seat at the right time
- Jetstar ancillary revenue growth in baggage, inflight, bundles
- Enhanced customer seat upgrade bidding using points and/or cash

Ways of working

- Data and insights to our decision makers e.g. Constellation flight planning system uses millions of data points to determine best route
- Agile and design thinking to enhance processes and systems e.g: customer disruption management; Qantas Business Rewards; Qantas distribution platform
- Digitisation and ways of working enabling organisation structure efficiencies

$113m cost benefits

$56m net revenue benefits[2]

$19m fuel efficiency benefits[3]

70% of benefits are cost transformation

On track to deliver >$400M in Transformation benefits in FY20

1. See slide 10 for details of Transformation costs treated as items not included in Underlying PBT for 1H20. 2. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative. 3. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives.

Disciplined capital allocation

Disciplined capital expenditure

- Net capital expenditure[1] of $1.3b in 1H20
  - Three 787-9 Dreamliners delivered
  - Reconfiguration and refresh programs for A380 and Turboprop aircraft
  - Singapore Lounge upgrades completed
  - Continued investment in Transformation
- FY20 gross[2] capital expenditure forecast of $2.0b

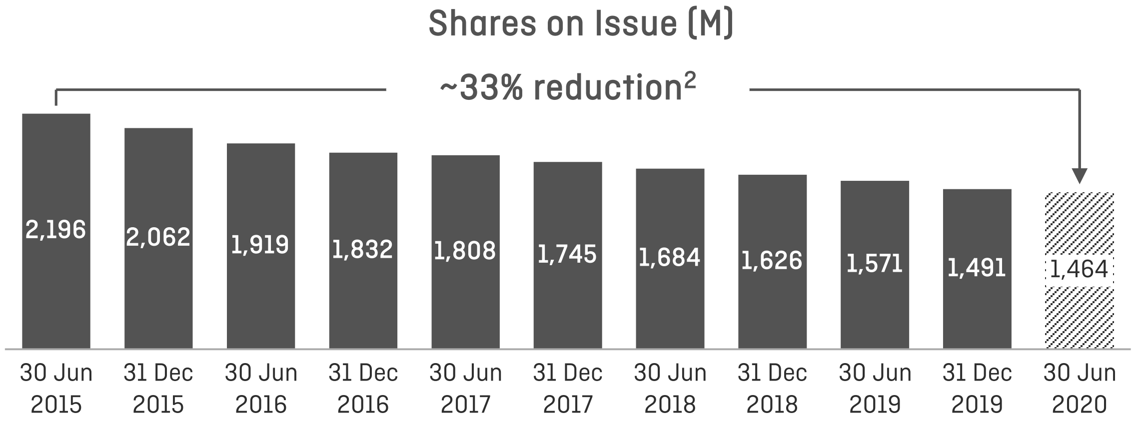
Financial Framework guides disciplined allocation of surplus capital

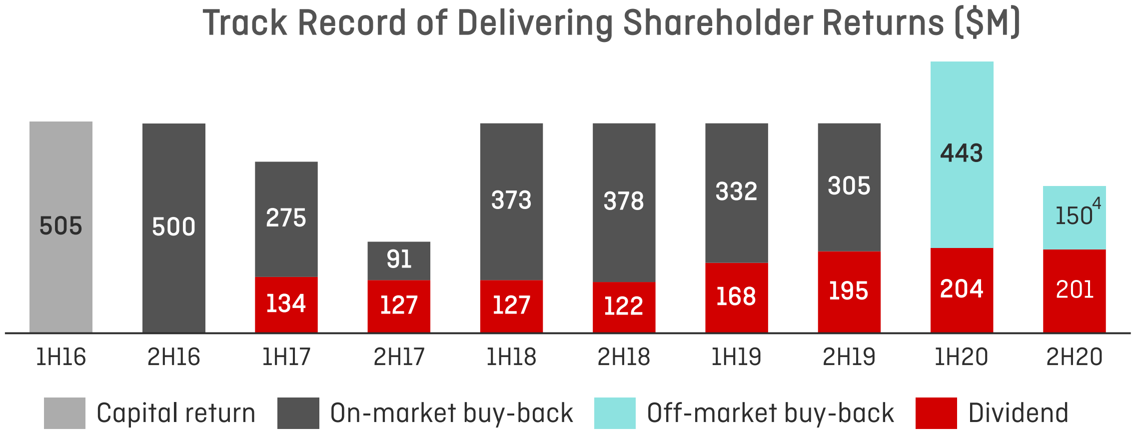
1. Equal to net investing cash flows included in the Consolidated Cash Flow Statement (excluding aircraft operating lease refinancing) and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 2. Gross capital expenditure excludes the proceeds, if any, from the sale/disposal of assets.

Disciplined capital allocation

Shareholder distributions

- Distributed 13 cents per share final dividend, fully franked totalling $204m in 1H20
- Completed off-market share buy-back of $443m in 1H20
  - 5.1% of issued capital purchased at a buy-back price of $5.56
  - 32%[1] reduction in shares on issue since October 2015 at an average price of $4.68
- Declared base interim dividend of 13.5 cents per share, fully franked, totalling $201m
- Off-market share buy-back of up to $150m announced, utilising all available franking credits
  - ~1.8%[3] reduction in shares on issue at completion of this buy-back
  - The Group retains significant financial flexibility to respond to a potential decline in earnings beyond our current expectations





>$4.5B of capital returns[4] to shareholders since October 2015

1. Reduction in shares calculated against balance as at 1 July 2015. 2. Represents indicative reduction in shares where announced buy-back is calculated based on 14% discount to assumed closing share price of $6.50, calculated against the balance as at 1 July 2015. 3. Represents indicative number of shares where announced buy-back is calculated based on 14% discount to assumed closing share price of $6.50. 4. Subject to completion of announced off-market share buy-back of up to $150m.

Outlook

Domestic demand environment update

Current Domestic operating environment

- Coronavirus outbreak has dampened the modest recovery in demand seen in 2Q20 and forward intake softness[1] is evident
  - Resources intakes are holding
  - Leisure market soft in the near term; potential for shift to domestic leisure if uncertainty grows
  - Corporate and SME demand softness has emerged
  - Total inbound tourists represent 8% of domestic demand; 2% from Asia

Domestic mitigation strategies

- Reduce[1] 2H20 capacity by ~2.3% (ex WA)
  - Primarily impacting services between capital city ports
  - Adding fourth A320 into WA to support growing resources sector; assessing opportunity to move additional A320s
- Proposed changes remove the equivalent of ~2 x 737 lines of flying from QAD and ~2 x A320 lines of flying from JQD
  - Minimising impact on staff through paid annual leave periods; bringing forward maintenance
- Flexibility to significantly extend these reductions, or to reinstate in response to demand or competitive environment

1. Compared to 2H19.

International demand environment update

Current International operating environment

- The impact[1] of Coronavirus is unfolding and the outlook is uncertain
  - Impact of Coronavirus primarily in North Asia; China, Hong Kong and Japan markets
  - US and UK markets largely unaffected; benefits from American Airlines partnership and launch of new routes
- Hong Kong market has not recovered from political unrest and is being further impacted[1] by Coronavirus
- Emerging broader intake softness[1] across other Asian markets
- Freight belly space volume reduction[1] linked to capacity actions

International mitigation strategies

- No change to UK network[2]; USA network expanding[2], launched new BNE–SFO, BNE-ORD routes and continuing to extend American Airlines partnership
- Acting swiftly to adjust Asian capacity[2] to at least 24 May 2020
  - Qantas International Asian capacity reduction of 16% to 24 May removing the equivalent of 4 aircraft (2xA330, 1xA380 and 1x737)
    - Brought forward Beijing exit and suspending Shanghai services through to 24 May; expanding capacity cuts on HKG from 15% to 36%; downgauging MEL-SIN to 787-9; reducing capacity on the Tasman by 6%
  - Jetstar International and Asian portfolio reducing capacity to Asia by 14%[3] in 4Q20, removing the equivalent of 7 aircraft on scheduled services (1x787-8, 6xA320) and 3xA320 on charter
    - Jetstar Asian airlines already suspended charter and scheduled flights to China and HKG, other capacity reductions in line with demand being implemented
    - Jetstar Australia removing 13% to Japan; Tasman and Domestic New Zealand reduction of 10-15% by reducing frequency in off peak months especially on ZQN and WLG[4]
- Minimising impact on staff through paid annual leave periods; bringing forward maintenance
- Flexibility to significantly extend these reductions, or to reinstate in response to demand or competitive environment

1. Compared to 2H19. 2. Compared to original schedule for 4Q20. 3. Includes schedule services and charter services. Charter services normally excluded from Group ASK reporting. 4. ZQN and WLG refers to Queenstown Airport and Wellington Airport respectively.

Outlook

FY20 outlook

Through mitigants such as capacity cuts and the anticipated benefit from recent material falls in fuel costs, the Group expects the net negative impact of Coronavirus to be between $100-150m EBIT in 2H20. This is based on current analysis of an evolving situation and will be updated at the Q3 Trading Update in April.

- Key assumptions for FY20 are:
  - Fuel cost before capacity reduction is now expected to be $3.85b[1]; the reduced price and volume benefits are included in the net impact of Coronavirus above
  - Combined impact of the sale of airport domestic terminals is expected to reduce earnings by $100m[2], including $70m non-cash
  - Underlying depreciation and amortisation net of interest expense expected to be ~$100m[3] higher than FY19
  - Transformation benefits (cost, fuel efficiency and net revenue) expected to be ~$400m; inflation on expenditure forecasted to be ~$250m (including wage growth)
  - Gross[4] capital expenditure now expected to be $2.0b

Group capacity outlook

- Group Domestic capacity expected to decrease[5] by 2.3% in 2H20
- Group International capacity expected to decrease[5] by ~3.8% in 2H20
- International competitors are adjusting their capacity settings in response to the evolving situation; current published schedules show a 3.1% contraction[5] for 2H20 ; including reduction of 15.8% from Asia in March
- Continuing to monitor position and will adjust as required

1. As at 14 February 2020. FY20 assumes forward market rates of Jet Fuel (USD 67.86/bbl and AUDUSD 0.6721). 1H21 assumes forward market rates of Jet Fuel USD (68.44/bbl and AUDUSD 0.6721). Actual fuel costs in FY20 and 1H21 could also be impacted by changes in refiner margins. 2. Compared to FY19. 3. Excluding accelerated depreciation and amortisation expenses which is held in Items Outside of Underlying. 4. Gross capital expenditure excludes the proceeds, if any, from the sale/disposal of assets and aircraft lease refinancing. 5. Compared to 2H19.

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Q&A

Disclaimer & ASIC Guidance

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

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This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 20 February 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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