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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%

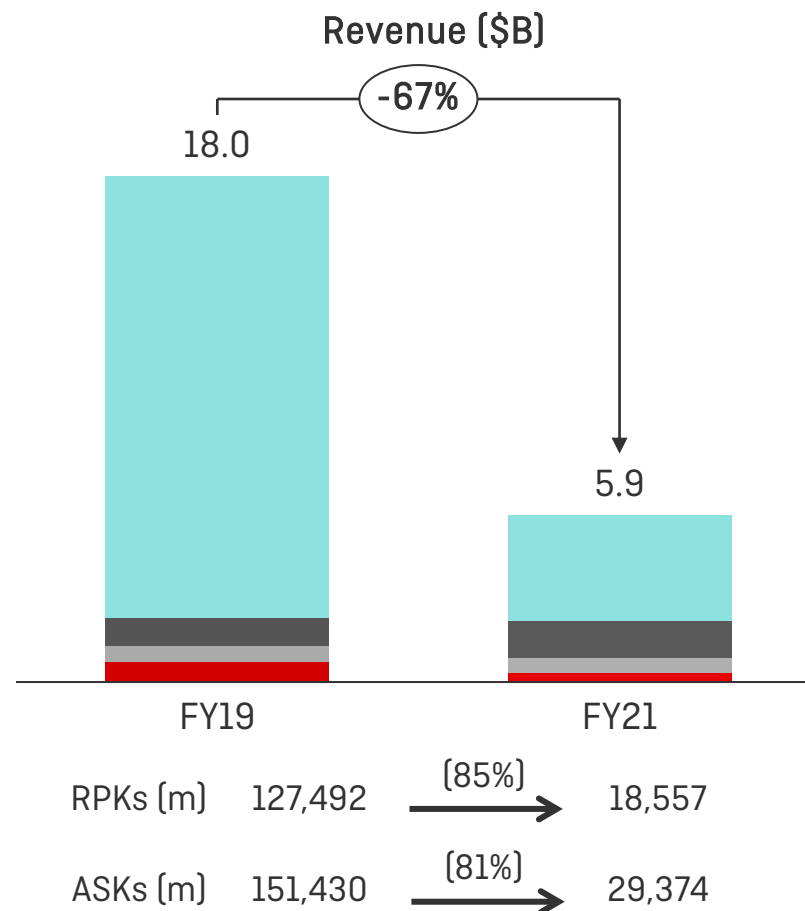
- Constrained belly space capacity shifted high yielding demand to freighters
- Supported International Freight Assistance Mechanism

### 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%

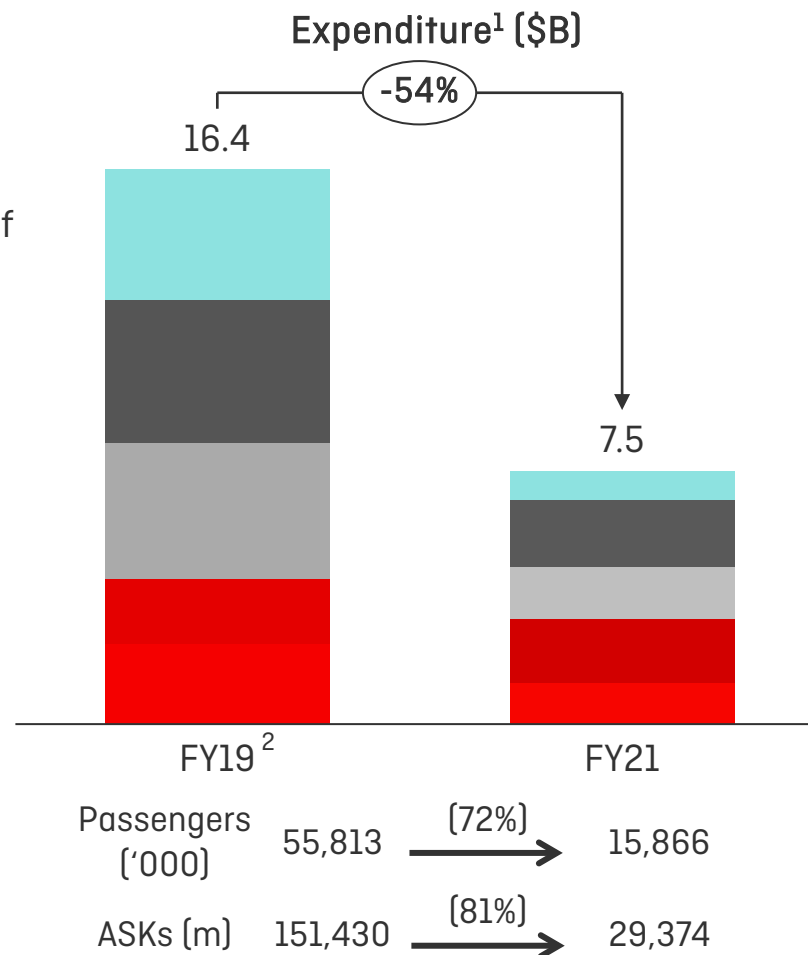
- Reduction in passenger service charges, route navigation, landing fees, engineering and maintenance costs, passenger expenses, lounge costs and other variable costs due to decreased flying

### 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>

## 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

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**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>

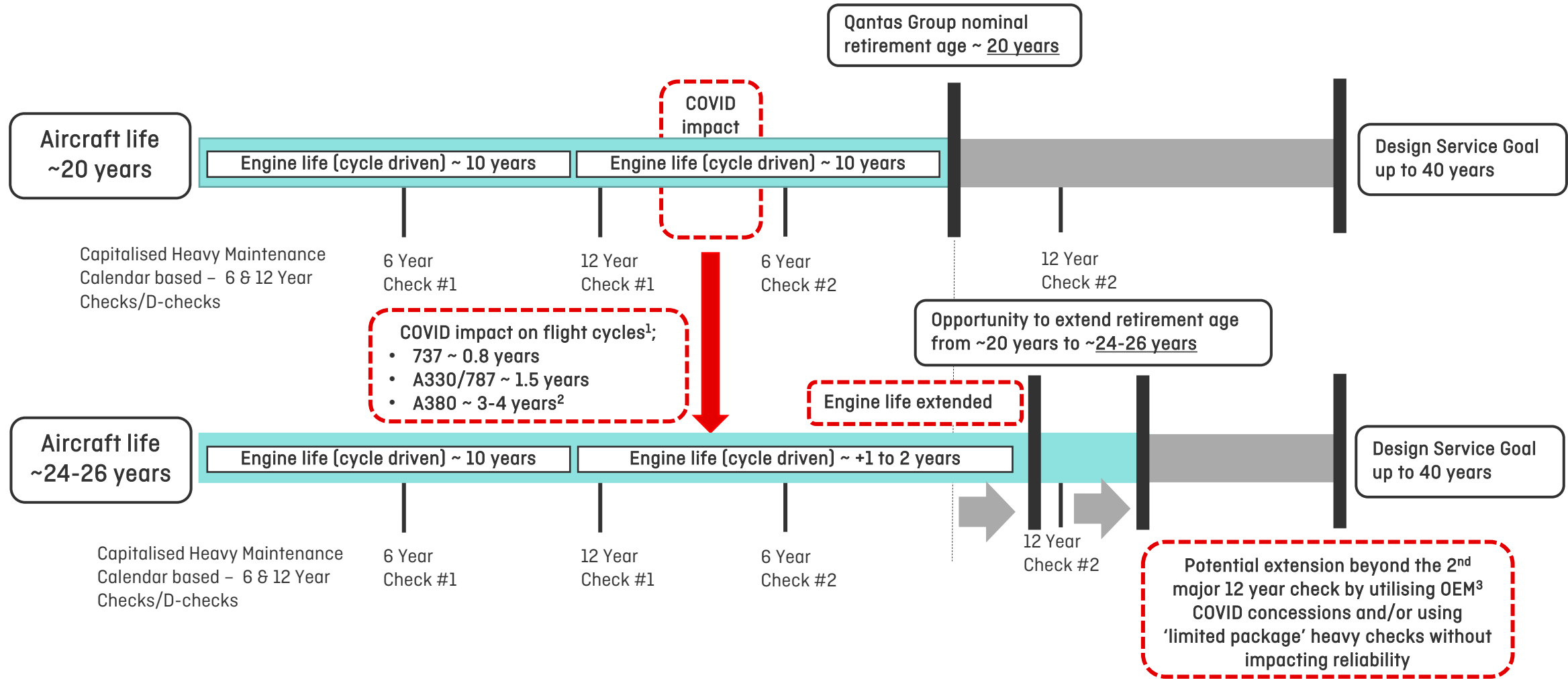
- Group fleet<sup>6</sup> of 311 aircraft as at 30 June 2021
- Movements in FY21 include:
  - Disposal of four 747-400ER completing the retirement of the 747 fleet
  - One F100 acquired for Network Aviation
  - Six A320-200 transferred from Jetstar to QantasLink
  - One A320-200 exited from Jetstar Asia 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

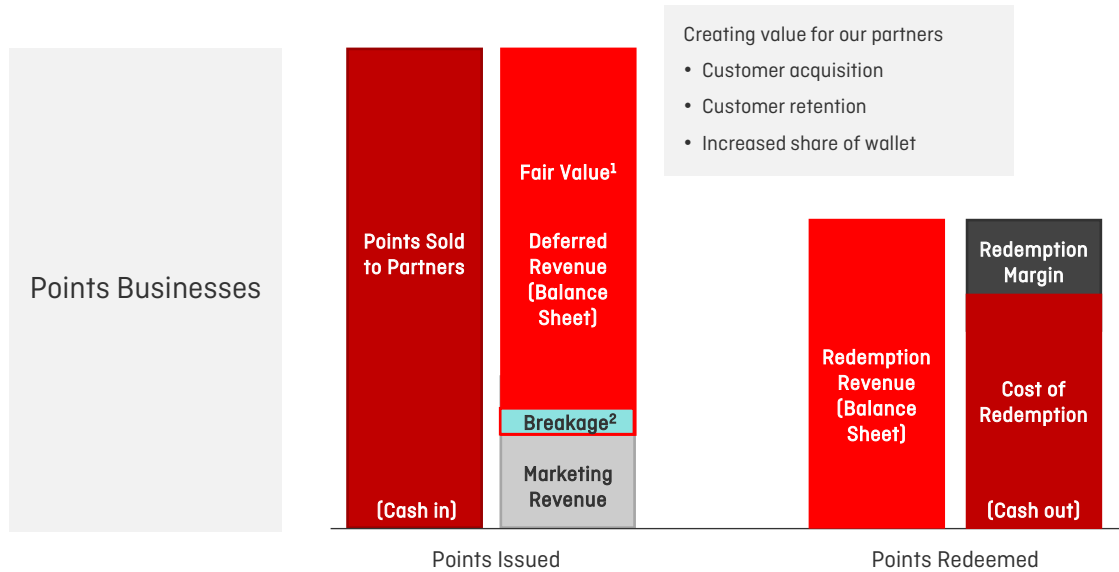
- Customer growth doubled across Home and Motor Insurance<sup>7</sup>; re-launched domestic and international travel insurance with new cover for COVID events<sup>8</sup>
- ~2.5x increase in airline redemptions during first week of border opening announcements during 1H21<sup>9</sup>
- 23% growth<sup>10</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

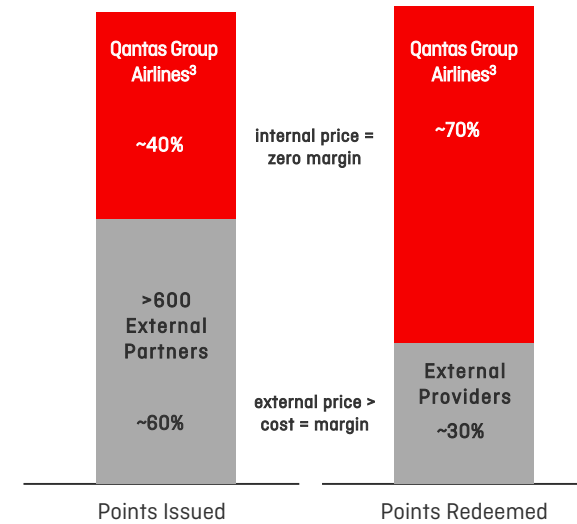
Qantas Loyalty generates a gross margin on both Issuance and Redemption activity

(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

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**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

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

## Summary information

This Presentation contains summary information about Qantas and its 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).

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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 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.

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