1H21 overview

Protecting the Balance Sheet and positioning for the recovery

- 1H21 Underlying EBITDA\(^1\) of $86m, Underlying Loss Before Tax (ULBT)\(^2\) of ($1.0)b, Statutory Loss Before Tax of ($1.5)b, despite losing ~$7b\(^3\) of Total Revenue
- Domestic airlines generated positive underlying cash flow\(^4\) despite flying only ~30% of Pre-COVID levels\(^5\); international airlines largely grounded
- Record Freight profit\(^6\) and cash flow performance supported by surging e-commerce trends and restricted belly space capacity
- Resilient Qantas Loyalty generated significant positive cash flow contribution

Financial resilience

- Maintained conservative liquidity settings for the restart and ramp up phase; increased committed undrawn facilities to $1.6b
- Net debt\(^7\) of $6.05b, above the target range of $4.5-5.6b; prioritising debt reduction as recovery progresses
- Majority of outflows for deferred payables and refunds completed
- Disciplined capital expenditure skewed to first half ($514m of ~$750m for FY21)

Recovery plan on track

- On track to deliver $0.6b in structural cost benefits in FY21, $0.8b by FY22 and at least $1.0b in annual cost improvements from FY23 onwards
- Enhanced competitive position with ~70% domestic capacity share, leading premium service and low cost carriers, leading Loyalty program and significant structural changes to the cost base

Maintained strong liquidity despite challenging operating environment

1. Earnings before interest, tax, depreciation and amortisation. 2. Underlying LBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the 1H21 Results Presentation are reported on an underlying basis, unless otherwise stated. For a reconciliation to Underlying LBT, please see slide 5 of the Supplementary Presentation. 3. Compared to 1H19 as a proxy for Pre-COVID performance. 4. Underlying operating cash flow calculated by excluding one-off cash outflows for restructuring, redundancies, refunds and deferred payables. 5. 1H21 Available seat kilometres. 6. Underlying EBITDA. 7. Net debt under the Group’s Financial Framework includes net on Balance Sheet debt and capitalised aircraft lease liabilities. For a detailed calculation of the net debt target range, please see slide 11 in the Supplementary Presentation.
Recovery Plan launched, Balance Sheet repair to begin

Preserving liquidity - 2H20

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

Restructuring and Domestic restart - 1H21

- On track to deliver $0.6b of cost benefits in FY21, $0.8b by FY22 and at least $1.0b ongoing savings by FY23. Assessing further opportunities
  - Maintained cash and cost discipline while retaining flexibility to respond to border changes
  - Boosted liquidity; increased committed undrawn facilities to $1.6b, maintained investment grade credit rating
  - Outflows for deferred payables and refunds substantially completed
  - Restart of domestic operations to meet sharp increase in intakes as borders opened
  - Expanded Loyalty program on-the-ground redemption options
  - Conducted international repatriation flights and maintained vital freight routes

Domestic ramp up and International restart - 2021

- Well positioned to manage through bumpy domestic recovery
  - Strong liquidity; focus on reduction and variabilising of costs
  - Giving customers confidence to book through ‘Fly Well’ and ‘Fly Flexible’
  - Maintaining flexibility to respond to rapidly changing domestic border restrictions
  - Range of fleet types and gauges; flexible network and workforce planning
  - Balance Sheet repair expected to begin in 4Q21
  - Qantas Loyalty returning to growth
  - Completion of Recovery Plan activities to deliver targeted savings
  - Highly leveraged to recovery in travel demand as vaccine roll out progresses
  - Planning for disciplined international passenger operations restart

1. Cancelled up to $150m off-market share buy back and interim dividend totalling $201m. Reduced capital expenditure by ~$400m.
# Agile management of domestic network

## Pre-COVID schedule development process

- **Structured** twice yearly process with periodic optimisation
- **Predictable** demand seasonality
- **353 days to sell** most flights
- **~20% capacity variation** between highest and lowest weeks across year\(^1\)

## Schedule development process during COVID-19

- **Demand unpredictable** and **unprecedented**
- **Traditional booking windows** and lead times have **evaporated**
- Border announcements result in **immediate spikes** in demand and/or cancellations
- Capacity variation between lowest and highest weeks\(^2\) is a factor of 18 times

### Transformed scheduling process

- Pre-approved business cases and scenario plans accelerate decision making once announcements made
- Transformed commercial to operational execution
- Rigorous daily capacity optimisation between Network and Revenue Management across Qantas and Jetstar brands
- Decision making pushed down throughout organisation

### Maximising cash generation

- Flights published and selling within two hours of border announcements maximise revenue and share capture
- Negligible number of cash negative flights, despite sudden border closures, due to superior cost and risk management
- 23 new domestic routes launched since July\(^3\), compared to an annual average of seven\(^4\)

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Recovery Plan on track

On track to deliver $0.6b\(^1\) of restructure cost benefits in FY21, $0.8b by FY22 and at least $1.0b by FY23

**Restructure - Ways of Working ~60%\(^2\)**

- Improved workforce flexibility and productivity
  - Efficiencies through corporate office restructure including consolidating teams
  - Operational efficiencies across the Qantas Group, including cabin crew, engineering, pilots and ground handling
  - ~5,300 exits as at 31 December 2020; target increased to at least 8,500 in FY21

**Restructure - Digitalisation/Supplier ~40%\(^2\)**

Efficiencies across the business
- Savings from Technology
  - Demand management for Corporate and IT supplies and expenses
- Consolidation of property leases
- Reduction in cost of sales
- Various supply agreements across operations, lounges and overheads

On track to reach $0.6b\(^1\) of restructuring benefits in FY21

**$1.0b pa. by FY23 on track**

- FY21 ~90% progress\(^3\)
- $206m realised 1H21
- ~60% exits complete\(^4\)

1. FY21 $0.6b Target based on 30% Group capacity. 2. Percentage of $0.6b FY21 restructure cost benefits target. 3. Represents program progress to deliver on FY21 target in terms of decisions made to deliver the benefits. 4. Exits towards the FY21 target of 8,500 as at 31 December 2020.
## Recovery Plan scorecard

<table>
<thead>
<tr>
<th>KEY AREA OF FOCUS</th>
<th>TARGET</th>
<th>AS AT 31 DECEMBER 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost savings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring cost benefits of $0.6b in FY21, $0.8b by FY22, $1.0b by FY23</td>
<td>FY23</td>
<td>On track, reviewing opportunities for revenue and margin benefits</td>
</tr>
<tr>
<td>Increased target to at least 8,500 exits</td>
<td>FY21</td>
<td>~5,300 exits completed</td>
</tr>
<tr>
<td>Group Unit Cost (ex-fuel and depreciation) 10% less than FY20</td>
<td>FY23</td>
<td>Restructuring in progress</td>
</tr>
<tr>
<td><strong>Deleverage the Balance Sheet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross debt reduction(^1) of $1.75b</td>
<td>FY23</td>
<td>Capital allocation is prioritising debt reduction</td>
</tr>
<tr>
<td>Net debt(^2) / EBITDA &lt; 2.5 times</td>
<td>FY22</td>
<td>Balance Sheet repair to commence in 4Q21</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable positive net free cash flow</td>
<td>FY22 onwards</td>
<td>Significant outflows for refunds and deferred payables largely complete</td>
</tr>
<tr>
<td>Flying activity is contribution positive (RASK-Variable cost/ASK &gt;0)</td>
<td>From FY21</td>
<td>99% of Domestic flights cash flow positive</td>
</tr>
<tr>
<td>Capex(^3) for FY21 ~$0.75b</td>
<td>FY21</td>
<td>On track, 1H21 spend $514m</td>
</tr>
<tr>
<td><strong>Fleet management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defer deliveries of A321neos and 787-9 aircraft</td>
<td>June 2020</td>
<td>Complete</td>
</tr>
<tr>
<td>Retire 6 x 747s; 12 x A380s in long term storage</td>
<td>December 2020</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>Customer and Brand</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain Customer Advocacy (NPS) premium to domestic competitor</td>
<td>Ongoing</td>
<td>On track, NPS at historical highs across Qantas, Jetstar and Loyalty</td>
</tr>
<tr>
<td>Maintain brand and reputation</td>
<td>Ongoing</td>
<td>On track, Qantas remains most trusted airline in region</td>
</tr>
<tr>
<td><strong>Qantas Loyalty</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return to double digit growth(^4)</td>
<td>FY22</td>
<td>Accelerated earnings when flying returns</td>
</tr>
<tr>
<td><strong>Employee engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee sentiment</td>
<td>Ongoing</td>
<td>Employee engagement impacted by stand downs/restructuring but strengthening on signs of recovery</td>
</tr>
</tbody>
</table>

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1. Compared to Gross Debt level as at 30 June 2020. 2. Net debt includes on Balance Sheet debt and capitalised aircraft lease liabilities under the Group’s Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Capital expenditure, net of asset sales. 4. Measured as the percentage growth of Underlying EBIT from FY21 to FY22.
Qantas is committed to acting responsibly, respecting our social licence to operate

Acting responsibly

- Despite the financial and operational impacts of COVID-19 the Group remains focused on its role in reducing our emissions as we return to flying
  - One of the first airlines to commit to net zero emissions by 2050 and as a member of the oneworld alliance, the only airline alliance to also commit to net zero emissions by 2050
  - Aligning to the Climate Action 100+ sustainability principles
- Committed to investing $50 million over the next 10 years to support the development of a Sustainable Aviation Fuel industry in Australia
  - Strategic partnership with BP Australia announced in January 2021 to identify opportunities to reduce carbon emissions in the aviation sector and explore projects in areas including advanced sustainable fuels, advocacy for further decarbonisation in the aviation sector, renewable power solutions and generation, carbon management and emerging technology
- Committed to reducing waste to landfill year on year in line with the Federal Government’s national waste strategies
- Maintained commitment to Australian Supplier Payment Code, prioritising payments to small suppliers
- Proud to be a member of the Elevate RAP community, supporting indigenous businesses

### 1H21 key Group financial metrics

<table>
<thead>
<tr>
<th>Profit metrics</th>
<th>Balance Sheet metrics</th>
<th>Other statistics (v 1H19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$86m</td>
<td>($861)m</td>
<td>[89%]</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>Statutory operating cash flow</td>
<td>ASKs&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
<tr>
<td>($888)m</td>
<td>$514m</td>
<td>[91%]</td>
</tr>
<tr>
<td>Underlying EBIT loss</td>
<td>Net capital expenditure&lt;sup&gt;2&lt;/sup&gt;</td>
<td>RPKs&lt;sup&gt;6&lt;/sup&gt;</td>
</tr>
<tr>
<td>($1,034)m</td>
<td>$2,606m</td>
<td>[75%]</td>
</tr>
<tr>
<td>Underlying loss before tax&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Cash and cash equivalents</td>
<td>Group Total Revenue&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
<tr>
<td>($1,467)m</td>
<td></td>
<td>[75%]</td>
</tr>
<tr>
<td>Statutory loss before tax</td>
<td></td>
<td>Net operating expenses&lt;sup&gt;8&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

1. Underlying LBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the 1H21 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 5 of the Supplementary Presentation for a reconciliation of underlying to statutory LBT. 2. Equal to net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 3. Includes cash and cash equivalents and $1.6b of committed undrawn facilities. 4. Refer to slide 9 of the Supplementary Presentation for the invested capital calculations. 5. Available Seat Kilometres: Total number of seats available for passengers, multiplied by the number of kilometres flown. Compared to LHED as a proxy for Pre-COVID performance. 6. Revenue Passenger Kilometres: Total number of passengers carried, multiplied by the number of kilometres flown. Compared to LHED as a proxy for Pre-COVID performance. 7. Group Total Revenue compared to LHED used as a proxy for Pre-COVID performance. 8. Group gross expenditure excluding depreciation and amortisation and one-offs, net of other revenue compared to LHED as a proxy for Pre-COVID performance.
1H21 Profit Bridge

Group Total Revenue decline $6.9b

Activity based, rightsizing and restructuring benefits $5.1b

Net Passenger Revenue $1,654
Net Freight Revenue $88
Other Revenue $235
Fuel $1,303
Manpower $1,433
Aircraft Operating Variable $675
Other Expenses $9
Depreciation & Amortisation $63
Share of losses from Associates $70
FX and discount rate changes on provisions $1,034
3

Selling & Marketing $382 m
Computer & comms $88 m
Property $69 m
Capacity hire $68 m
Other items $68 m
Other Expense Reduction $675 m

Manpower cost reduction $142 m
AOV cost reduction $2 m
Other cost reduction $62 m
Restructuring benefits $206 m

1H19 Underlying PBT $6,729

1H21 Underlying PBT $(1,034)
## Items not included in Underlying LBT

<table>
<thead>
<tr>
<th></th>
<th>1H21</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery plan</td>
<td>284</td>
<td>Redundancies incurred as part of the Recovery plan not previously provided for in 2H20</td>
</tr>
<tr>
<td>restructuring costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>167</td>
<td>Includes adjustment to the A380 AUD market value, Jetstar Asia fleet impairment</td>
</tr>
<tr>
<td>and related costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on disposal</td>
<td>(15)</td>
<td>Gain on sale of share of JUHI² assets</td>
</tr>
<tr>
<td>of an asset</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net de-designation of</td>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td>fuel and foreign</td>
<td></td>
<td></td>
</tr>
<tr>
<td>exchange hedges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Total items not</td>
<td>433</td>
<td></td>
</tr>
<tr>
<td>included in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying LBT¹</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1H21 movement in cash position

Cash flows from financing activities $468m

- 839
  - $625m AMTN
  - $109m EXIM
  - $105m EFA
- (202)
  - Amortising Debt repayment ($132m) and Bond repayment ($70m)
- (241)
  - Including Aircraft and Non Aircraft Lease Liability repayments and fees

Net free cash flow (excluding one-offs) $540m

- 1,054
  - Includes aircraft capitalised maintenance and delivery of A321P2F freighter
- (514)
  - Cash flows generated from operations and working capital benefits, excludes one-offs
- (1,915)
  - One-offs including redundancy and restructuring costs, refunds and deferred payables

Net free cash flow $540m

- 3,520
  - 2,606
  - 30 Jun 2020 cash balance
  - Secured and unsecured debt raised
  - SPP proceeds
  - Debt repayments
  - Other financing costs
  - Underlying operating cash flow
  - One-offs
  - FX
  - 31 Dec 2020 cash balance

Statutory Operating cash flow ($861)m

- (7)
  - 1. Retail Share Purchase Plan completed on 10 August 2020 to supplement the Institutional Placement completed on 26 June 2020.
  - 2. Management identified deferred payables at 30 June 2020 through the Group’s cash management program. $688m has been paid during 1H21.
### Net debt and liquidity position

<table>
<thead>
<tr>
<th>$M</th>
<th>As at 31 Dec 20</th>
<th>As at 30 Jun 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current interest-bearing liabilities on Balance Sheet</td>
<td>922</td>
<td>868</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities on Balance Sheet</td>
<td>6,343</td>
<td>5,825</td>
</tr>
<tr>
<td>Cash at end of period</td>
<td>(2,606)</td>
<td>(3,520)</td>
</tr>
<tr>
<td><strong>Net on Balance Sheet debt</strong></td>
<td><strong>4,659</strong></td>
<td><strong>3,173</strong></td>
</tr>
<tr>
<td>Capitalised aircraft lease liabilities</td>
<td>1,393</td>
<td>1,561</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td><strong>6,052</strong></td>
<td><strong>4,734</strong></td>
</tr>
</tbody>
</table>

- 1H21 new borrowings of $0.8b debt made up of $0.6b unsecured and $0.2b secured borrowings
- Repayment of $132m secured amortising debt
- Partial repayment of $70m bond maturing June 2021
- Repayment of $119m capitalised lease liabilities

<table>
<thead>
<tr>
<th>$M</th>
<th>As at 31 Dec 20</th>
<th>As at 30 Jun 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>2,606</td>
<td>3,520</td>
</tr>
<tr>
<td>Committed undrawn facilities</td>
<td>1,600</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total liquidity</strong></td>
<td><strong>4,206</strong></td>
<td><strong>4,520</strong></td>
</tr>
</tbody>
</table>

- Increased committed undrawn facilities of $1.6b
- Maintained strong liquidity position
- The Group also maintains an unencumbered asset base of >$2.5b including aircraft, land, spare engines and other assets

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1. Net on Balance Sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents. 2. 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 lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Net debt under the Group's Financial Framework includes net on Balance Sheet debt and capitalised aircraft lease liabilities.
Segment Results
Qantas Domestic

- Generated positive underlying operating cash flow despite ~70% decline in revenue
  - Minimised cash costs by flexibly adjusting network and redeploying multi-gauge fleet in response to changing flying patterns due to border closures; 99% of all flights were cash flow positive
- Expanded domestic services launching 21 new routes\(^1\) and 14 charter routes
- Maintained vital transport links to regional Australia and capital cities through Government sponsored RANS\(^2\) and DANS\(^3\)
- Well positioned to capture evolving demand pools
  - Leisure led demand recovery
  - Resilient resource market; deploying additional A320 capacity to Western Australia to support resources sector growth
  - Acquisition of 29 new Corporate and large SME\(^4\) customers in 2020
- Giving customers confidence to book and fly
  - Extended ‘Fly Well’ program, including mandatory mask wearing for customer facing employees
  - Flexible booking terms and conditions; extended validity, flexibility and ease of use of travel credits

|                      | 1H21  | 1H20  | Pre-COVID  
|----------------------|-------|-------|------------
| Revenue (\(\text{M}\)) | $1,003 | 3,218 | 3,230      
| Underlying EBITDA (\(\text{M}\)) | 28   | 821   | 857        
| Underlying EBIT (\(\text{M}\))  | (337)| 465   | 478        
| Operating Margin\(^5\) (%)      | <0   | 14.4  | 14.8       
| ASKs (\(\text{M}\))            | 5,220| 17,437| 17,314     
| Seat Factor (%)            | 58.1 | 79.9  | 79.6       

1. Includes 7 routes to commence operations in 2021. 2. Regional Airline Network Support. 3. Domestic Aviation Network Support. 4. Small to Medium Enterprise. 5. Operating Margin calculated as Underlying segment EBIT divided by total segment revenue.
Qantas International (including Freight)

- Record Freight profit\(^1\) supported by constrained international belly space and surging domestic e-commerce trends; a natural hedge to passenger business
  - Replaced lost international belly space with redeployed A330 passenger aircraft
  - Continued support of International Freight Assistance Mechanism (IFAM)
  - Maintained leadership in the domestic freight market, gaining key new customers
  - Received first A321 converted freighter for domestic operations
- Largely grounded international passenger business impacted by aircraft and property holding costs and non-cash employee provisions
  - Conducted international rescue and repatriation flights to return thousands of stranded Australians from India, South Africa, United Kingdom, France and Germany
  - Limited flights to New Zealand under one-way travel bubble arrangement
- Well positioned for restart of international operations; IFAM and charter repatriation flights represent ~8% of Pre-COVID Block hours\(^2\)
  - Current operations are maintaining the majority of fleet in operational readiness; A380s expected to be grounded until after FY23
  - Ensuring base level of technical and cabin crew recency

<table>
<thead>
<tr>
<th></th>
<th>1H21</th>
<th>1H20</th>
<th>Pre-COVID 1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue $M</td>
<td>722</td>
<td>3,843</td>
<td>3,693</td>
</tr>
<tr>
<td>Underlying EBITDA $M</td>
<td>55</td>
<td>518</td>
<td>477</td>
</tr>
<tr>
<td>Underlying EBIT $M</td>
<td>(291)</td>
<td>122</td>
<td>119</td>
</tr>
<tr>
<td>Operating Margin %</td>
<td>&lt;0</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>ASKs M</td>
<td>31</td>
<td>34,613</td>
<td>35,151</td>
</tr>
<tr>
<td>Seat Factor %</td>
<td>N/A</td>
<td>86.5</td>
<td>85.5</td>
</tr>
</tbody>
</table>

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1. Underlying EBITDA. 2. Current Qantas international repatriation and freight operations based on December 2020 Block hours. Pre-COVID network based on December 2018 Qantas International Block hours.
Jetstar Group

- Profits\(^1\) from the ramp up of the Australian domestic business partially offset losses from the international operations\(^2\)
  - AUS domestic business delivered $43m EBITDA through its highly variable cost base and leading position in the price sensitive leisure market. First half capacity averaged 30% of Pre-COVID levels\(^3\), peaking at ~70% in late December
  - $74m EBITDA loss from AUS international, NZ and Jetstar Asia due to maintenance on stored aircraft, overheads and employee provisions
  - $67m loss attributable to share of Jetstar Japan after tax losses due to higher fixed costs in Japan and a fully leased fleet
- Well positioned for leisure led recovery in domestic and international markets
  - ‘Return for Free Sale’ drove more than 250,000 bookings; three times the passenger volume over a similar booking period\(^4\)
  - NZ domestic market demand quickly recovered to near Pre-COVID levels
- Continuing to adjust Asian operations in line with the region’s slower recovery
  - Flexibility of A320 fleet enables redeployment to high demand resource and leisure markets in Australia
  - Qantas Group shares in Pacific Airlines (formerly Jetstar Pacific) to transfer to Vietnam Airlines, awaiting regulatory approval

<table>
<thead>
<tr>
<th></th>
<th>1H21</th>
<th>1H20</th>
<th>Pre-COVID 1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(^5)</td>
<td>$M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>(31)</td>
<td>442</td>
<td>476</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>%</td>
<td>&lt;0</td>
<td>10.4</td>
</tr>
<tr>
<td>ASKs(^5)</td>
<td>M</td>
<td>3,586</td>
<td>24,830</td>
</tr>
<tr>
<td>Seat Factor(^5)</td>
<td>%</td>
<td>70.5</td>
<td>86.9</td>
</tr>
</tbody>
</table>

\(^1\) Underlying EBITDA. \(^2\) Includes Jetstar International Australian operations, Jetstar New Zealand, Jetstar Asia (Singapore) and the contribution from Jetstar Japan. Excludes Pacific Airlines (formerly Jetstar Pacific) which no longer forms part of the Group’s financials. \(^3\) 1H19 used as a proxy for Pre-COVID performance. Includes domestic tag flights. \(^4\) ‘Return for Free’ Sale fares across SJ JQ domestic routes available to book from 0500 AEDT 17 November 2020 and until 2359 AEDT 19 November 2020. \(^5\) For Jetstar Consolidated Group, does not include Jetstar Japan and Pacific Airlines.
Qantas Loyalty

- Group cash contribution ~$450m of gross receipts\(^3\) in 1H21
- Diversified earnings strategy driving positive EBIT contribution
  - Maintained total share of credit card spend despite 10% decline in spend on Qantas Points Earning Credit Cards\(^2\); signed multi-year renewals with three of the major banks, including a significant expansion with Commonwealth Bank\(^3\)
  - Revenue\(^4\) from Qantas Store and Qantas Wine at peak levels; continued growth in Qantas Insurance policies\(^5\)
  - Travel related products remain sensitive to border announcements; strong rebound in activity during 2Q21 with ~2.5x increase in flight redemptions\(^6\)
- Member engagement continues at record levels with ongoing program generosity
  - Status extensions; new ways to earn status credits; increased Classic Reward availability across popular Australian destinations\(^7\)
  - Expansion of Classic redemption to rail travel and relaunch of Qantas Holidays
  - Further diversifying program ecosystem and growing coalition with the launch of Qantas Home Insurance and Accor partnership announcement
  - First time status accelerator offer for Gold members of other Loyalty programs
- Expectation of accelerated earnings upon the resumption of consistent and ongoing travel activity
- Continued investment in leading digital experiences and new businesses

<table>
<thead>
<tr>
<th></th>
<th>1H21</th>
<th>1H20</th>
<th>Pre-COVID 1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(^8)</td>
<td>$M</td>
<td>438</td>
<td>872</td>
</tr>
<tr>
<td>Cash contribution(^9)</td>
<td>$M</td>
<td>454</td>
<td>599</td>
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<tr>
<td>Underlying EBIT(^10)</td>
<td>$M</td>
<td>125</td>
<td>196</td>
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<tr>
<td>Operating Margin</td>
<td>%</td>
<td>28.5</td>
<td>22.5</td>
</tr>
<tr>
<td>QFF Members(^11)</td>
<td>M</td>
<td>13.5</td>
<td>13.2</td>
</tr>
</tbody>
</table>

1. Sales to all external parties during 1H21. 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 2020 and Qantas internal analysis. 3. Commonwealth Bank expansion to be rolled out during 2021 calendar year. 4. Revenue from Qantas Store and Qantas Wine includes both cash sales and points redemption activity. 5. Includes Health / Life / Motor / Home policies as at 31 December 2020. 6. Total Qantas Points redeemed on flights between QLD/NSW, NSW/VIC, and VIC/QLD within the 7 days following domestic travel restrictions easing during November 2020. 7. As announced 14 July 2020. 8. Includes revenue from points sales to external partners, commissions received, revenue generated through Qantas Wine, Qantas Store, Qantas Shopping and points issued and redeemed on Qantas Group and partner airlines. 9. Sales to all external parties. 10. During 1H21, Qantas Loyalty reviewed the criteria applied in assessing the capitalisation of intangible assets. Due to the mix of projects undertaken during 1H21, an increased proportion of spend has been expensed. This policy will apply for future periods and has not impacted the Net Free Cash Flow result of Qantas Loyalty. 11. Members as at 31 December 2020.

Committed to achieving target of $500-600M Underlying EBIT by FY24
1. Refer to slide 11 of the Supplementary Presentation for calculation of target net debt range.
2. Refer to slide 10 of the Supplementary Presentation for the calculation of ROIC. 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 2020 Annual Report, with reference to the 2020-2022 LTIP.

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Financial Framework will continue to guide our capital decisions

1. **Maintaining an optimal capital structure**
   - Minimise cost of capital by targeting a net debt range of $4.5b to $5.6b¹
   - Maintained strong liquidity and minimal refinancing risk.
   - Recovery plan to optimise Net debt

2. **ROIC² > WACC³ through the cycle**
   - Deliver ROIC > 10%⁴
   - Investing to create competitive advantages and drive value

3. **Disciplined allocation of capital**
   - Grow invested capital with disciplined investment, return surplus capital
   - Prioritising debt reduction, minimising capex and no shareholder distributions

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Maintainable EPS⁵ growth over the cycle

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Total shareholder returns in the top quartile⁶

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¹ Refer to slide 11 of the Supplementary Presentation for calculation of target net debt range.
² Refer to slide 10 of the Supplementary Presentation for the calculation of ROIC. 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 2020 Annual Report, with reference to the 2020-2022 LTIP.
⁶
Maintaining an optimal capital structure

Debt maturity profile as at 31 December 2020 (SM)¹

Capital structure as at 31 December 2020

- Net debt² at $6.05b, prioritising debt reduction
- Total liquidity of $4.2b including $2.6b cash³ and increased committed undrawn facilities of $1.6b
- Unencumbered asset base >$2.5b⁴, including 41% of the Group fleet⁵, land, spare engines and other assets

Debt structure

- Proactive refinancing and boosting of liquidity
  - $0.9b new debt and equity since 30 June 2020
  - Undrawn Revolving Credit Facilities; additional $550m maturing FY23; existing $1.0b maturing FY23 and FY24
  - FY21 debt refinancing completed including for the bond repayment due June 2021
- No financial covenants
- Maintained Investment Grade credit rating from Moody’s (Baa2)

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

1. Cash debt maturity profile excluding leases. 2. Net debt includes on Balance Sheet debt and capitalised aircraft lease liabilities under the Group’s Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Includes cash and cash equivalents as at 31 December 2020. 4. Aircraft valuations based on the average of Aircraft Value Analysis Company Limited (AVAC) and AIXTAS market values as at 31 December 2020. 5. Based on number of aircraft as at 31 December 2020. The Group Fleet totalled 314.
Historical operating cash flow trend

- Significant one-off cash outflows mostly complete
  - Statutory EBITDA of ([$0.8]b [excluding impairments] for the 12 months to Dec 2020
  - Includes impact of $0.8b redundancies and $0.6b de-designation of hedging

- Recovery to at least Pre-COVID strong operating cash flow generation to be enabled by
  - Growth of Domestic operations
  - Restart of International flying contributing to significant Revenue received in advance (RRIA) rebuild
  - Recovery Plan cost saving benefits
  - Cash flow benefits due to tax losses

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1. Earnings before income tax expense, net finance costs, depreciation and amortisation, excluding impairments.
Working Capital rebuild of approximately $2-2.5b through RRIA and Payables

- $3.7b 1H21 Revenue received in advance (RRIA) excluding travel credits
  - $2b gap to 1H20 Pre-COVID Revenue received in advance
- $1.6b 1H21 Payables excluding outstanding deferred payables and refunds
  - $0.7b gap to 1H20 Pre-COVID Payables
  - Partially offset by rebuild in Receivables
- Working capital rebuild of approximately $2-2.5b through RRIA and Payables upon recovery to Pre-COVID capacity

1. Revenue received in advance excluding travel credit balances held at 30 June 2020 and 31 December 2020. 2. Payables excluding outstanding deferred payables payments and refunds as at 30 June 2020 and 31 December 2020.
Robust fuel and FX risk management

1H21 actual fuel cost

- 1H21 fuel cost of $0.3b, down $1.7b through 82% reduction in consumption and lower AUD fuel costs

Looking ahead

- FY21 fuel cost is expected to be materially lower than FY20
  - 2H21 fuel cost fully hedged in collars and outright options
  - Outright options in place to cover fuel price risk arising from additional flying under an accelerated recovery scenario
  - Fuel and FX hedging actively managed to reflect changes in capacity due to border closures
- FY22 fuel and FX hedging in line with forecast flying and is consistent with long term approach to risk management
  - Preference for options allows for high level of participation to lower fuel prices

Hedging activity remains consistent with long term approach to risk management
Disciplined capital allocation

• Net capital expenditure\(^1\) of $0.5b in 1H21, including capitalised maintenance on operational fleet and delivery of the first of three A321-200P2F freighters

• FY21 net capital expenditure forecast of ~$0.75b

Shareholder capital movements

• Additional $72m equity\(^2\) raised through retail Shareholder Purchase Plan adding 22.6m new ordinary shares to supplement institutional placement completed in FY20

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1. Equal to net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 2. Retail Share Purchase Plan completed on 10 August 2020.
Fleet strategic priorities

Qantas Group fleet strategy

Current priorities

Recovery phase
- Continuing to defer delivery of 787-9s and A321NEOs
- 747s retired from fleet
- 12 x A380s in long term storage, refurbishment program deferred
- Building QantasLink fleet to service intra WA resources market with addition of four A320s
- A330s redeployed as freighters supporting IFAM services
- Took delivery of first A321 converted freighter
- Aircraft re-introduction from active storage as capacity grows
- Return of up to 16 higher cost leased aircraft and looking to replace with lower cost aircraft
- Flexibility to redeploy six Jetstar Japan aircraft in Australia to grow domestic capacity
- Up to 14 E190s on capacity hire arrangement with Alliance Aviation
- Rebuild unencumbered aircraft pool through debt reduction

Fleet replacement strategy
- Low fleet utilisation through COVID has deferred timing of fleet replacement requirements
- Selected A350-1000 as preferred aircraft for Project Sunrise, deferred decision to order

Maintaining flexibility of operational fleet to optimise capitalised maintenance expenditure
Investment consistent with Financial Framework will support a sustainable 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.

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.
Australian Domestic market

Group Domestic operating environment

- Recent domestic border closures since December 2020 disrupted positive momentum; recovery delayed by ~3 months (assuming no further border closures)
  - Planned 3Q21 capacity decreased from ~80% to ~60%; Growing to ~80% of Pre-COVID levels¹ in 4Q21
  - Impact reduces 2H21 EBITDA by ~$350-$450m given timing aligned with peak leisure travel period
- Borders are reopening and vaccine rollout has begun
  - Intakes have improved off December lows as leisure demand rebounded, especially NSW-QLD routes
- Resilient business travel demand from Resources sector and Government entities; sluggish restart for other sectors
- Maintaining flexibility to scale capacity and shift aircraft to capture changing demand patterns
- Expecting to maintain ~70% domestic capacity share
  - Clear brand positioning with leadership in both the premium and price sensitive markets in Corporate, SME and Leisure segments
  - Introduction of 23 new routes² and 14 charter routes³ with potential to expand further
- ~50% of $1.0b restructuring benefits in FY23 directed to Domestic airlines
- Economy wide and industry specific Government assistance programs tapering

¹ FY19 Available seat kilometres for the relevant quarter
² Introduction of 21 new routes for Qantas Domestic and 2 new routes for Jetstar Domestic since 1 July 2020. Includes 8 routes to commence operations in 2021
³ Includes 6 new Western Australia charter routes for the A320 and 8 new Western Australia charter routes for the F100
Group International and Freight

Freight operating environment

- International freight market
  - International belly space capacity expected to be negligible through 2H21
  - Strong international demand to continue, although not at the peak levels seen in the lead up to Christmas
  - Continuing to support International Freight Assistance Mechanism in 2H21

- Domestic freight market
  - Domestic demand expected to remain strong due to growth in e-commerce and growing customer base
  - Additional A321 dedicated freighter in October 2021 to meet higher demand levels

International operating environment

- International border closures and quarantine restrictions remain in place
- Planning for Trans Tasman bubble from July and ROW from end of October 2021
  - Limiting cash burn for holding costs until network restart to ~$5m per week
- Current Qantas International repatriation and freight operations represent ~8% of Pre-COVID block hours
  - Aircraft readiness and base level of technical and cabin crew recency maintained; enabling a low cost restart
- Significant proportion of $1.0b restructuring benefits in FY23 directed to Qantas International addressing high fixed cost base
- Economy wide and industry specific Government assistance tapering

Group International forecast ASKs (% of Pre-COVID/FY19)

1. Refer to Slide 14 in the Supplementary Presentation for details. 2. Rest of World. 3. Forecast cash holding costs for Qantas and Jetstar’s international passenger businesses offset by cash flow benefit from Qantas Freight. 4. Current Qantas international repatriation and freight operations based on December 2020 block hours. Pre-COVID network based on December 2018 Qantas International block hours. 5. Assumes IFAM and repatriation flights continue until international borders are opened. Consistent with the view as at 25 June 2020 where markets would progressively open as conditions allowed.
Qantas Loyalty

Loyalty prospects

- Expected to continue to deliver strong cash flow contribution to the Group
- Rebound in earnings expected as the economy and travel demand recovers
- Demand for Qantas points remains strong; plans to continue to grow member engagement
  - More opportunities to earn points on the ground
  - Easing of domestic travel restrictions is expected to drive airline redemptions
  - 50% extra classic reward seats in the Domestic market
- Extending relationships with coalition partners
  - Significant expansion with Commonwealth Bank to be rolled out later this year
  - Launching new partnership with Accor in mid-2021
  - Ongoing investment in digital, program experience and new businesses

Giving customers confidence to book

- Clear dual brand strategy in domestic market providing certainty for customers in value proposition
  - Qantas is the only full service offering reinforced with leading loyalty program; Jetstar is the leading low cost/low fares carrier
- Intention to travel remains high\(^1\) once border restrictions are lifted
  - 94% of Qantas Frequent Flyers and 80% of Jetstar customers intend to fly domestically or internationally in the next 12 months
  - 77% of business travellers intend to travel within 6 months
- Delivering improvements to physical and digital customer experiences
  - Qantas ‘Fly Flexible’ policy now enabling unlimited free changes\(^2\); Jetstar ‘FareCredit’ product has strong take up enabling flexibility
  - Qantas full service offerings reintroduced including 35 lounges, fast free Wi-Fi and complimentary drinks in Economy
  - Continued investment in the Qantas App
  - Extended validity, flexibility and ease of use for travel credits\(^3\) and vouchers

1. Based on Qantas Group research. 2. For bookings to 30 April 2021 for flights to at least end February 2022. 3. Now valid for bookings and travel until end 2023 for Qantas.
Outlook

FY21 outlook

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

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

We are on the path to recovery and the latest data on vaccine effectiveness and the increased pace of rollout globally gives cause for optimism, and our progress towards restructuring gives confidence that the overall recovery plan remains on track.

• Key assumptions for 2H21 are:
  — Domestic border closures (since December 2020) impact on 2H21 EBITDA estimated at $350-$450m\(^1\) given timing aligned with peak leisure travel period
  — Underlying depreciation and amortisation expected to be ~$100m lower than FY20
  — Continuing to manage the business to a positive net free cash flow (excluding one-offs)
  — Net capital expenditure expected to be ~$750m; one-off outflows for redundancies, refunds, and deferred payables expected to be substantially completed by 30 June 2021
  — Net debt expected to peak in 2H21; Balance Sheet repair to begin in 4Q21
  — Recovery Plan expected to deliver $0.6b of cost benefits in FY21

Group capacity outlook

Group Domestic capacity expected to increase to 60% of Pre-COVID levels in 3Q21 and 80% in 4Q21; Group International capacity expected to be negligible in 2H21; continuing to monitor position and will adjust as required

\(^1\) Revenue impact estimated to be approximately twice the EBITDA impact.
Well positioned for recovery

Group Domestic\(^1\) airlines are well positioned to benefit from the recovery in domestic travel and changing competitive environment; capacity share ~70%; significant unit cost reduction post restructuring; 1H21 Underlying EBITDA of $71m

Australia's most valued Loyalty business generating strong cash contribution and has a clear pathway to sustained earnings growth\(^2\)

Freight business benefiting from structural consumer shift to e-commerce and provides a hedge to belly space availability

Group International\(^3\) businesses maintained operational readiness for low cost restart and gradual ramp up

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

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

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

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1. Group Domestic includes Qantas Domestic and Jetstar Domestic. 2. Measured on underlying EBIT. 3. Group International includes Qantas International (including Qantas Freight), Jetstar International Australian operations, Jetstar New Zealand, Jetstar Asia (Singapore) and the contribution from Jetstar Japan. 4. Measured on underlying EBITDA.
Looking forward, we remain committed to the FY24 targets

Qantas Domestic
Relative margin advantage
Targeting EBIT margin1 ~18%

Jetstar Domestic
Relative margin advantage
Targeting EBIT margin ~22%

Qantas International
Relative competitive advantage
Targeting ROIC >10%

Jetstar International
Lowest cost position
Targeting ROIC >15%

Qantas Loyalty
Stable earnings growth
Targeting $500-600m EBIT

People: Continued improvement in employee engagement

Customer: Maintain Net Promoter Score premium to competitor

Top quartile shareholder returns

1. Underlying segment EBIT divided by total segment revenue.
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 25 February 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.

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Financial data
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