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Qantas Airways Limited

1H21 Results Supplementary Presentation

25 February 2021

ASX: QAN

US OTC: QABSY



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Group Performance

1H21 key Group financial metrics

	1H21	1H20	Pre-COVID 1H19	Comments
Underlying (Loss)/Profit Before Tax ¹ (\$M)	(1,034)	771	775	EBITDA profit could not offset the impact of Depreciation and amortisation
Underlying Earnings per Share ² (c)	(40.5)	34.3	31.3	
Statutory (Loss)/Profit Before Tax (\$M)	(1,467)	648	691	Includes redundancy and impairment charges
Statutory Earnings per Share (c)	(57.5)	28.8	27.9	
Rolling 12 month ROIC ³ (%)	(18.1)	19.6	19.5	
Revenue (\$M)	2,330	9,464	9,206	
Operating cash flow (\$M)	(861)	1,475	1,435	One-off outflows includes redundancies, restructuring costs, refunds and deferred payables payments
Net debt ⁴ (\$B)	6.05	5.3	5.2	Net debt expected to peak in 2H21
Unit Revenue ⁵ (RASK)	10.33	9.19	8.94	Increased due to Domestic/International mix change
Total unit cost ⁶ (c/ASK)	22.03	8.18	7.93	Fixed costs including depreciation and low ASKs
Ex-fuel unit cost ⁷ (c/ASK)	17.54	5.60	5.43	Fixed costs including depreciation and low ASKs
Available Seat Kilometres ⁸ (ASK) (M)	8,837	76,880	76,854	~30% pre-COVID level for Group Domestic
Revenue Passenger Kilometres ⁹ (RPK) (M)	5,568	65,437	64,958	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 1H21 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 26.3% (1H20: 31.3%)) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share calculation). 3. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 10. 4. Net debt under the Group's Financial Framework includes net on balance sheet debt and capitalised aircraft lease liabilities. For a detailed calculation of net debt, please see slide 12. 5. Ticketed passenger revenue divided by ASKs. Subject to rounding. 6. Underlying (LBT)/PBT less ticketed passenger revenue per ASK. 7. 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. 8. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Total number of passengers carried multiplied by the number of kilometres flown.

Underlying Income Statement summary

\$M	1H21	1H20	Pre-COVID 1H19	Comments
Net passenger revenue	1,298	8,305	8,027	Reduction largely in line with decline in passengers carried
Net freight revenue	613	496	525	Driven by e-commerce trends and restricted belly space availability
Other revenue	419	663	654	Includes the impact of COVID-19 on Qantas Loyalty and Third Party revenues
Total Revenue	2,330	9,464	9,206	
Operating expenses excluding fuel	(1,868)	(5,593)	(5,347)	Includes the benefit of rightsizing and restructuring initiatives
Fuel	(309)	(1,975)	(1,963)	Includes the benefit of reduced consumption and lower A\$ fuel prices
Depreciation and amortisation	(974)	(1,006)	(983)	Impairment of A380s offset by charges for capital invested since 1H19
Share of net (loss)/profit of investments accounted for under the equity method	(67)	10	3	Includes the impact of Jetstar Japan share of losses as a result of COVID restrictions in Japan
Total Expenditure	(3,218)	(8,564)	(8,290)	
Underlying EBIT¹	(888)	900	916	
Net finance costs	(146)	(129)	(141)	High gross debt, largely offset by reduced cost of debt
Underlying (Loss)/Profit Before Tax	(1,034)	771	775	



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

Reconciliation to Underlying (Loss)/Profit before tax

\$M	1H21			Pre-COVID 1H19		
	Statutory	Items not incl'd in Underlying	Underlying ¹	Statutory	Items not incl'd in Underlying	Underlying ¹
Net passenger revenue	1,298	–	1,298	8,027	–	8,027
Net freight revenue	613	–	613	525	–	525
Other revenue	419	–	419	654	–	654
Total Revenue	2,330	–	2,330	9,206	–	9,206
Manpower and staff related	(865)	–	(865)	(2,205)	37	(2,168)
Aircraft operating variable	(569)	12	(557)	(1,992)	2	(1,990)
Fuel	(309)	–	(309)	(1,963)	–	(1,963)
Depreciation and amortisation	(978)	4	(974)	(1,025)	42	(983)
Share of net (loss)/profit of investments accounted for under the equity method	(67)	–	(67)	3	–	3
(Impairment)/reversal of impairment of assets and related costs	(167)	167	–	43	(43)	–
De-designation of fuel and foreign exchange hedges	3	(3)	–	–	–	–
Redundancy and related costs	(268)	268	–	(9)	9	–
Other	(431)	(15)	(446)	(1,226)	37	(1,189)
Total Expenditure	(3,651)	433	(3,218)	(8,374)	84	(8,290)
EBIT	(1,321)	433	(888)	832	84	916
Net finance costs	(146)	–	(146)	(141)	–	(141)
Underlying (Loss)/Profit Before Tax	(1,467)	433	(1,034)	691	84	775



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 1H21 Results Presentation are reported on an Underlying basis unless otherwise stated.

Revenue detail compared to Pre-COVID/1H19

Net passenger revenue down 84%

- Group Unit Revenue increased 15.6% due to lower mix of international flying
 - Group Domestic¹ Unit Revenue decreased 16.9%
 - Group International² Unit Revenue decreased 20.0%
- Group capacity declined by 89% due to COVID related border restrictions and community lockdowns

Net freight revenue up 17%

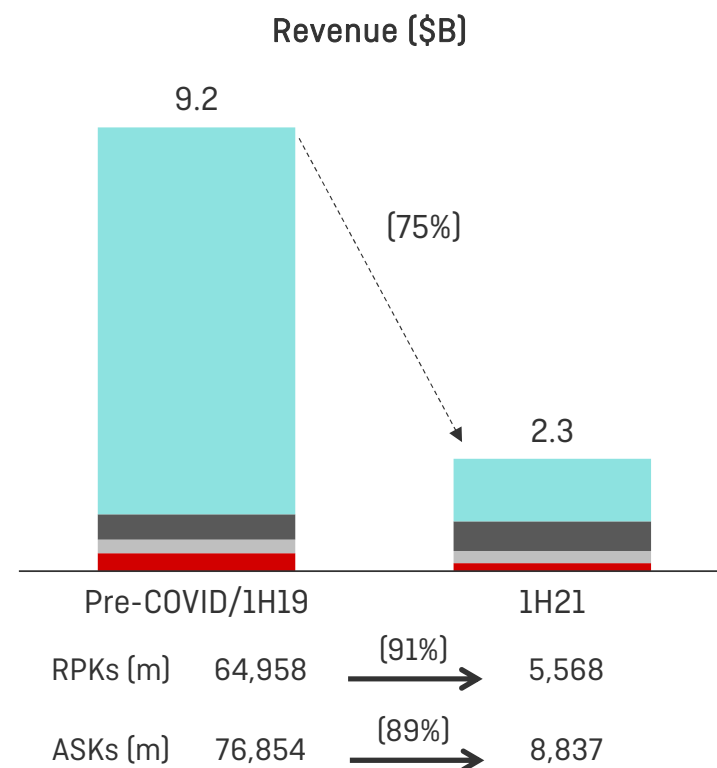
- Constrained belly space capacity shifted high yielding demand to freighters
- Supported International Freight Assistance Mechanism

Frequent flyer redemption, marketing, store and other revenue down 10%

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

Revenue from other sources down 56%

- 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



1. Includes Qantas Domestic and Jetstar Domestic. 2. Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals) and Jetstar Asia (Singapore).

Expenditure detail compared to Pre-COVID/1H19

Fuel down 84%

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

Manpower and staff-related down 60%

- Decrease due to stand downs from significantly reduced flying and benefit of JobKeeper

Aircraft operating variable (AOV) costs down 72%

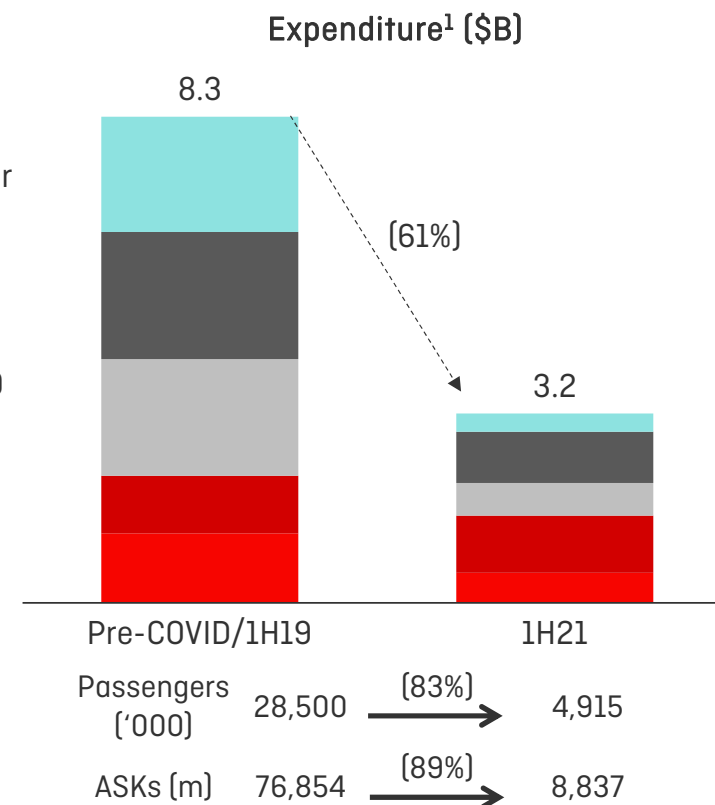
- Reduction in network and passenger charges due to decreased flying
- Decrease in airport charges and taxes due to reduced activity levels
- Receipt of Government grants and assistance to offset expenses in relation to COVID-19

Depreciation and amortisation down 1%

- Impairment of A380s offset by charges for capital invested since 1H19

Other expenditure down 57%

- Reduced commissions 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



1. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying (LBT)/PBT.

Cash flow (Statutory)

\$M	1H21	1H20
Operating cash flows	(861)	1,475
Investing cash flows	(514)	(1,262)
Net free cash flow¹	(1,375)	213
Financing cash flows	468	(624)
Cash at beginning of year	3,520	2,157
Effects of FX on cash	(7)	(1)
Cash at end of year	2,606	1,745

- Significant drop in operating cash flow due to the impact of travel restrictions and border closures due to COVID-19 and one-off cash outflows for restructuring, redundancies, refunds and deferred payables
- Investing cash flows skewed to first half
- Financing cash flows include
 - \$839m new debt raised since 30 June 2020
 - Proceeds from the Share Purchase Plan of \$72m
 - Debt repayments \$202m including \$70m FY21 bond repayment
 - Lease repayments and other financing costs of \$241m

Invested Capital calculation

\$M	As at 31 Dec 2020	As at 30 Jun 2020 ³	As at 31 Dec 2019
Receivables (current and non-current)	735	621	1,084
Inventories	296	306	379
Other assets (current and non-current)	602	562	607
Investments accounted for under the equity method	65	59	222
Property, plant and equipment	11,340	11,726	13,097
Intangible assets	961	1,050	1,263
Assets classified as held for sale	41	58	16
Payables (current and non-current)	(1,890)	(2,450)	(2,358)
Provisions (current and non-current)	(2,133)	(2,190)	(1,449)
Revenue received in advance (current and non-current)	(4,907)	(5,040)	(5,763)
Capitalised aircraft leased assets ¹	1,248	1,301	1,369
Invested Capital	6,358	6,003	8,467
Average Invested Capital²	7,186	8,055	8,387



1. For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised aircraft leased assets. Where leased aircraft were classified as Finance Leases under the previous accounting standard (AASB 117), the capitalised amount and notional depreciation for ROIC is consistent with the recognised accounting values. 2. Equal to the 12 months average of monthly Invested Capital. 3. Restated for removal of finance lease receivable.

ROIC calculation

\$M	12 mths to Dec 20	12 mths to Dec 19
Underlying EBIT	(1,393)	1,592
Add back: Lease depreciation under AASB 16	400	370
Less: Notional depreciation ¹	(107)	(109)
Less: Cash expenses for non-aircraft leases	(202)	(206)
ROIC EBIT	(1,302)	1,647

\$M	As at 31 Dec 20	As at 31 Dec 19
Net working capital ²	(7,297)	(7,500)
Fixed assets ³	12,407	14,598
Capitalised aircraft leased assets ¹	1,248	1,369
Invested Capital	6,358	8,467
Average Invested Capital⁴	7,186	8,387
Return on Invested Capital (%)	(18.1)	19.6

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 EBITDAR where EBITDAR 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**

	\$b	
Invested Capital	6.0	Invested Capital as at 30 June 2020
10% ROIC EBIT	0.60	Invested Capital x 10%
plus rolling 12 month ROIC depreciation ¹	<u>1.63</u>	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	Net debt target range²
Net debt at 2.5x EBITDA where ROIC = 10%	5.6	

Group leverage target consistent with investment grade credit metrics



1. Equal to the ROIC depreciation for the 12 months to 30 June 2020 and includes Group underlying depreciation and amortisation (excluding lease depreciation under AASB 16), and notional depreciation on leased aircraft and expected decrease in FY21 Underlying depreciation. 2. The appropriate level of net debt reflects the Qantas Group's size, measured by Invested Capital and is premised on maintaining ROIC above 10%.

Net debt movement consistent with Financial Framework

\$M	1H21	1H20
Opening Net Debt (30 June)	(4,734)	(4,710)
Net cash from operating activities	(861)	1,475
Less: Lease principal repayments	(219)	(205)
Add: Principal portion of aircraft lease rentals	119	100
Funds From Operations	(961)	1,370
Net cash from investing activities	(514)	(1,262)
Net Capex	(514)	(1,262)
Dividend paid to shareholders	–	(204)
Payments for share buy-back	–	(443)
Shareholder Distributions	–	(647)
Payment for treasury shares	–	(5)
Net equity raise Share Purchase Plan funds	58	–
FX revaluations and other fair value movements	99	(19)
Closing Net Debt (31 December)	(6,052)	(5,273)

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

Unit Cost breakdown

Group Unit Cost	1H21	Comments
Total Unit Cost¹	22.03	
Excluding:		
Fuel	(3.50)	
Change in FX rates		
Impact of changes in the discount rate and other actuarial assumptions	(0.23)	
Share of net profit/(loss) of investments accounted for under the equity method	(0.76)	
Ex-Fuel Unit Cost²	17.54	
Excluding:		
Depreciation and amortisation	11.02	
Normalised Ex-Fuel Unit Cost	6.52	FY23 Target = 3.97, FY20 = 4.41



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

1H21 Australian Government COVID-19 packages

The Coronavirus and government border restrictions reduced the Group's revenue for 1H21 by ~\$7.0b¹. Australian Government COVID-19 packages totalled \$699m for 1H21, including \$459m for JobKeeper payments benefiting employees who were stood down and subsidised wages for those working, and \$66m in refunded or waived government charges.

Economy wide measures	Description	1H21
JobKeeper	Support to employees (majority passed directly through to employees, less than half is wage subsidy)	\$459m
Industry wide measures	Description	1H21
Australian Airline Financial Relief Package [AAFRP]²	Refunding and ongoing waiving of a range of government charges	\$66m

On behalf of the Australian Government, Qantas Domestic, Qantas International, Qantas Freight and Jetstar provided services for vital passenger and freight services during 1H21. This was flying activity that would not have been commercially viable and the Group would not have operated without the support of the Government. The net benefit of this flying was ~\$14m.

Freight and passenger services	Description	1H21
RANS, DANS and repatriation flights³	International, Mainline Domestic, Regional and Freight network for essential services; Repatriation flights to/from Chennai, Delhi, Frankfurt, Johannesburg, London and Paris.	\$84m
International Freight Assistance Mechanism³	Maintains vital international freight routes, competitively tendered	\$90m
Sub-total		\$174m
Net Benefit after Qantas expenses⁴		~\$14m

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

Australian Airline Financial Relief Package includes the refunding and ongoing waiving of a range of Government charges to the industry including aviation fuel excise and domestic and regional aviation security charges. Excludes waivers on Airservices Australia charges on domestic airline operations. Applicable charges applying to flights between 1 February 2020 and 31 March 2021 are eligible for consideration in accordance with the eligibility criteria and related information set out in the grant opportunity guidelines. Recorded in Aircraft Operating Variable.

RANS, DANS and International repatriation flights underwritten by the Australian Government on a cost offset basis. International flying included flights to/from Chennai, Delhi, Frankfurt, Johannesburg, London and Paris. Within Australia it includes a baseline network of domestic passenger flights servicing the most critical metropolitan and regional routes while providing freight belly space capacity. Recorded in Other Revenue.

International Freight Assistance Mechanism emergency measure to restore critical global supply chains which have been heavily impacted by COVID-19 containment measures around the world and ensures exporters maintain connectivity to strategic markets. On 6 October 2020, the Government announced extension of the program to mid-2021. Recorded in Net Freight Revenue.



1. Compared to pre-COVID 1H19. 2. The Australian Airline Financial Relief Package also provided support to other suppliers of the Group (including government-owned corporations). As a result of this support, the providers have offered waivers to the Group of \$45m. 3. Fee for services provided recognised as net income received after allowing for revenue received from ticket sales. 4. Estimated costs of ~\$160m, including operational costs as well as minimum expenditure incurred by support functions during the period of no commercial flying activity, including manpower and staff related charges, aircraft operating variable, fuel, depreciation and amortisation and other expenses.

Fleet as at 31 December 2020

Aircraft Type	1H21	FY20	Change
A380-800	12	12	-
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9	11	11	-
747-400ER ¹	-	4	(4)
Total Qantas	126	130	(4)
717-200	20	20	-
Q200/Q300	19	19	-
Q400	31	31	-
F100	17	17	-
A320-200 ²	8	4	4
Total QantasLink	95	91	4
A320-200 ^{2,3}	64	68	(4)
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	83	87	(4)
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
A321-200P2F	1	-	1
Total Freight⁴	7	6	1
Total held for sale (747-400ER)	3	-	3
Total Group	314	314	-

- Group fleet⁵ of 314 aircraft as at 31 December 2020
- Movements in 1H21 include:
 - Disposal of one 747-400ER, three held for sale with settlement of transactions to occur in 2H21
 - Four A320-200 transferred from Jetstar to QantasLink
 - Addition of one A321-200P2F freighter
- One Jetstar A321-200 currently undergoing conversion to freighter with expected completion in 1H22



1. Includes disposal of one 747-400ER aircraft VH-OEH sold in October 2020, three held for sale with settlement of transactions to occur in 2H21. 2. Four A320-200 aircraft were transferred from Jetstar to QantasLink in November and December 2020. 3. Includes Jetstar Asia (Singapore) fleet (15 X A320), excludes Pacific Airlines (formerly known as Jetstar Pacific) and Jetstar Japan. 4. Qantas Group also wet leases two 747-800 freighter aircraft, seven BAe146 freighter aircraft, one 737-300 and two SAAB 340F (not included in the table) taking the total freight fleet to 19 aircraft. 5. Includes purchased and leased aircraft, but excludes wet leased aircraft.



Supplementary Segment Information

1H21 Group and Group Domestic Traffic Statistics vs Pre-COVID

	1Q21	Pre-COVID 1Q19	Change (%)	2Q21	Pre-COVID 2Q19	Change (%)	1H21	Pre-COVID 1H19	Change (%)
Qantas Group Operations									
Passengers carried ('000)	1,647	14,103	[88]	3,268	14,397	[77]	4,915	28,500	[83]
Revenue Passenger Kilometres (m)	1,816	32,372	[94]	3,752	32,586	[88]	5,568	64,958	[91]
Available Seat Kilometres (m)	2,987	38,698	[92]	5,850	38,156	[85]	8,837	76,854	[89]
Revenue Seat Factor (%)	60.8	83.7	[22.9pts]	64.1	85.4	[21.3pts]	63.0	84.5	[21.5pts]
Group Unit Revenue (c/ASK)	9.87	8.67	14	10.6	9.21	15	10.3	8.94	16
Qantas Domestic									
Passengers carried ('000)	910	5,723	[84]	1,748	5,694	[69]	2,658	11,417	[77]
Revenue Passenger Kilometres (m)	1,032	6,961	[85]	2,000	6,827	[71]	3,032	13,788	[78]
Available Seat Kilometres (m)	1,819	8,792	[79]	3,401	8,522	[60]	5,220	17,314	[70]
Revenue Seat Factor (%)	56.7	79.2	[22.5pts]	58.8	80.1	[21.3pts]	58.1	79.6	[21.5pts]
Jetstar Domestic									
Passengers carried ('000)	534	3,545	[85]	1,199	3,663	[67]	1,733	7,208	[76]
Revenue Passenger Kilometres (m)	635	4,258	[85]	1,509	4,253	[65]	2,144	8,511	[75]
Available Seat Kilometres (m)	941	4,875	[81]	2,016	4,818	[58]	2,957	9,693	[69]
Revenue Seat Factor (%)	67.5	87.3	[19.8pts]	74.9	88.3	[13.4pts]	72.5	87.8	[15.3pts]
Group Domestic									
Available Seat Kilometres (m)	2,760	13,667	[80]	5,417	13,340	[59]	8,177	27,007	[70]
Group Domestic Unit Revenue change (%)			[20]			[16]			[17]

1H21 Group International Traffic Statistics vs Pre-COVID

	1Q21	Pre-COVID 1Q19	Change (%)	2Q21	2Q19	Change (%)	1H21	Pre-COVID 1H19	Change (%)
Qantas International									
Passengers carried ('000)	0	2,184	(100)	3	2,244	(100)	3	4,428	(100)
Revenue Passenger Kilometres (m)	2	14,911	(100)	6	15,133	(100)	8	30,044	(100)
Available Seat Kilometres (m)	2	17,691	(100)	29	17,460	(100)	31	35,151	(100)
Revenue Seat Factor (%)	100	84.3	15.7pts	20.7	86.7	(66.0pts)	25.8	85.5	(59.7pts)
Jetstar International									
Passengers carried ('000)	197	1,587	(88)	306	1,651	(81)	503	3,238	(84)
Revenue Passenger Kilometres (m)	137	4,706	(97)	222	4,683	(95)	359	9,389	(96)
Available Seat Kilometres (m)	180	5,415	(97)	313	5,325	(94)	493	10,740	(95)
Revenue Seat Factor (%)	76.1	86.9	(10.8pts)	70.9	87.9	(17.0pts)	72.8	87.4	(14.6pts)
Jetstar Asia									
Passengers carried ('000)	6	1,064	(99)	12	1,145	(99)	18	2,209	(99)
Revenue Passenger Kilometres (m)	10	1,536	(99)	15	1,689	(99)	25	3,226	(99)
Available Seat Kilometres (m)	45	1,925	(98)	91	2,031	(96)	136	3,956	(97)
Revenue Seat Factor (%)	22.2	79.8	(57.6pts)	16.5	83.2	(66.7pts)	18.4	81.5	(63.1pts)
Group International									
Available Seat Kilometres (m)	227	25,031	(99)	433	24,816	(98)	660	49,847	(99)
Group International Unit Revenue change (%)			(9.3)			(26.8)			(20.0)

1H21 Group and Group Domestic Traffic Statistics vs 1H20

	1Q21	1Q20	Change (%)	2Q21	2Q20	Change (%)	1H21	1H20	Change (%)
Qantas Group Operations									
Passengers carried ('000)	1,647	14,341	(89)	3,268	14,535	(78)	4,915	28,876	(83)
Revenue Passenger Kilometres (m)	1,816	32,766	(94)	3,752	32,671	(89)	5,568	65,437	(91)
Available Seat Kilometres (m)	2,987	38,625	(92)	5,850	38,255	(85)	8,837	76,880	(89)
Revenue Seat Factor (%)	60.8	84.8	(24.0pts)	64.1	85.4	(21.3pts)	63.0	85.1	(22.1pts)
Group Unit Revenue	9.87	8.82	12	10.6	9.55	11	10.3	9.19	12
Qantas Domestic									
Passengers carried ('000)	910	5,785	(84)	1,748	5,855	(70)	2,658	11,640	(77)
Revenue Passenger Kilometres (m)	1,032	6,967	(85)	2,000	6,960	(71)	3,032	13,927	(78)
Available Seat Kilometres (m)	1,819	8,844	(79)	3,401	8,593	(60)	5,220	17,437	(70)
Revenue Seat Factor (%)	56.7	78.8	(22.1pts)	58.8	81.0	(22.2pts)	58.1	79.9	(21.8pts)
Jetstar Domestic									
Passengers carried ('000)	534	3,613	(85)	1,199	3,642	(67)	1,733	7,255	(76)
Revenue Passenger Kilometres (m)	635	4,333	(85)	1,509	4,195	(64)	2,144	8,528	(75)
Available Seat Kilometres (m)	941	4,894	(81)	2,016	4,774	(58)	2,957	9,668	(69)
Revenue Seat Factor (%)	67.5	88.5	(21.0pts)	74.9	87.9	(13.0pts)	72.5	88.2	(15.7pts)
Group Domestic									
Available Seat Kilometres (m)	2,760	13,738	(80)	5,417	13,367	(60)	8,177	27,105	(70)
Group Domestic Unit Revenue change (%)			(19)			(18)			(17)

1H21 Group International Traffic Statistics vs 1H20

	1Q21	1Q20	Change (%)	2Q21	2Q20	Change (%)	1H21	1H20	Change (%)
Qantas International									
Passengers carried ('000)	0	2,186	(100)	3	2,262	(100)	3	4,448	(100)
Revenue Passenger Kilometres (m)	2	14,899	(100)	6	15,039	(100)	8	29,938	(100)
Available Seat Kilometres (m)	2	17,253	(100)	29	17,360	(100)	31	34,613	(100)
Revenue Seat Factor (%)	100	86.4	13.6pts	20.7	86.6	(65.9pts)	25.8	86.5	(60.7pts)
Jetstar International									
Passengers carried ('000)	197	1,639	(88)	306	1,624	(81)	503	3,263	(85)
Revenue Passenger Kilometres (m)	137	4,925	(97)	222	4,749	(95)	359	9,674	(96)
Available Seat Kilometres (m)	180	5,655	(97)	313	5,506	(94)	493	11,161	(96)
Revenue Seat Factor (%)	76.1	87.1	(11.0pts)	70.9	86.3	(15.4pts)	72.8	86.7	(13.9pts)
Jetstar Asia									
Passengers carried ('000)	6	1,118	(99)	12	1,152	(99)	18	2,270	(99)
Revenue Passenger Kilometres (m)	10	1,642	(99)	15	1,728	(99)	25	3,370	(99)
Available Seat Kilometres (m)	45	1,979	(98)	91	2,022	(95)	136	4,001	(97)
Revenue Seat Factor (%)	22.2	83.0	(60.8pts)	16.5	85.5	(69.0pts)	18.4	84.2	(65.8pts)
Group International									
Available Seat Kilometres (m)	227	24,877	(99)	433	24,888	(98)	660	49,775	(99)
Group International Unit Revenue change (%)			(13)			(30)			(24)

Jetstar Group as at 31 December 2020

Jetstar Branded Airlines	Ownership ¹	Launch	Aircraft ²
1 Jetstar Australia	100%	2004	51 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand ³	100%	2009	5 x A320s
4 Jetstar Asia (Singapore)	49%	2004	15 x A320s
5 Jetstar Japan	33%	2012	25 x A320s

Non-Branded Airlines	Ownership ¹	Launch	Aircraft ²
6 Pacific Airlines (Vietnam) ⁴	30% Intention to exit	2008	15 x A320s



1. Based on voting rights. 2. Represents operational fleet (includes aircraft subleased for Jetstar operations and aircraft that may be temporarily stored or parked due to COVID-19, excludes subleased aircraft to external parties and aircraft undergoing P2F conversion). 3. Includes Jetstar Trans-Tasman services commenced in 2005 and Jetstar New Zealand (Domestic) services commenced in 2009, Jetstar New Zealand (Regional) business exited September 2019. 4. Jetstar Pacific (Vietnam) rebranded from Pacific Airlines to Jetstar Pacific in 2008 and rebranded back to Pacific Airlines in July 2020.

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

- 2% growth¹ in Qantas Frequent Flyer membership; >10% growth in QBR² membership with ~320,000 SME members³
- ~550 Partners⁴; 7 new Qantas Business Rewards partners onboarded
- BP Australia and Qantas Frequent Flyer partnership launched April 2020; >700k linked members⁵
- Financial services diversification, Home Loans and Buy Now Pay Later (~65k members earning Points since launch)⁶
- 60% increase in NPS⁷ supported by continued investment in member engagement activities
- Group Cash contribution ~\$450m of gross receipts⁸ in 1H21

- 51% customer growth across Home and Motor Insurance⁹; re-launched domestic and international travel insurance with new cover for COVID events¹⁰
- ~2.5x increase in Airline redemptions during first week of border opening announcements in 1H21¹¹
- 61% growth in domestic hotel commissions during Q2¹², supported by the relaunch of the Qantas Holidays brand and new product offerings
- 41% and 74% revenue growth in Qantas Rewards Store and Wine, respectively¹³

Leadership in customer advocacy in airline loyalty programs¹⁴



1. Compared to December 2019. 2. Qantas Business Rewards 3. As at 31 December 2020. 4. Includes Airline, Retail, Financial Services and Health and Wellness partners. 5. Qantas Internal reporting as at 10 February 2021. 6. Total members who have earned Qantas Points with Afterpay following the trial launch to 31 January 2021. 7. Qantas Loyalty NPS score as at 31 December 2020 compared to 31 December 2019. 8. Sales to all external parties during 1H21. 9. Total customers with a Home and/or Motor insurance policy as at 31 December 2020 compared to 30 June 2020. 10. Re-launched in December 2020. 11. 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. 12. Commission Revenue received from domestic hotel bookings during 2Q21 compared to 1Q21. 13. Revenue from Qantas Store and Qantas Wine includes both cash sales and points redemption activity during 1H21 compared to 1H20. 14. Qantas internal reporting.

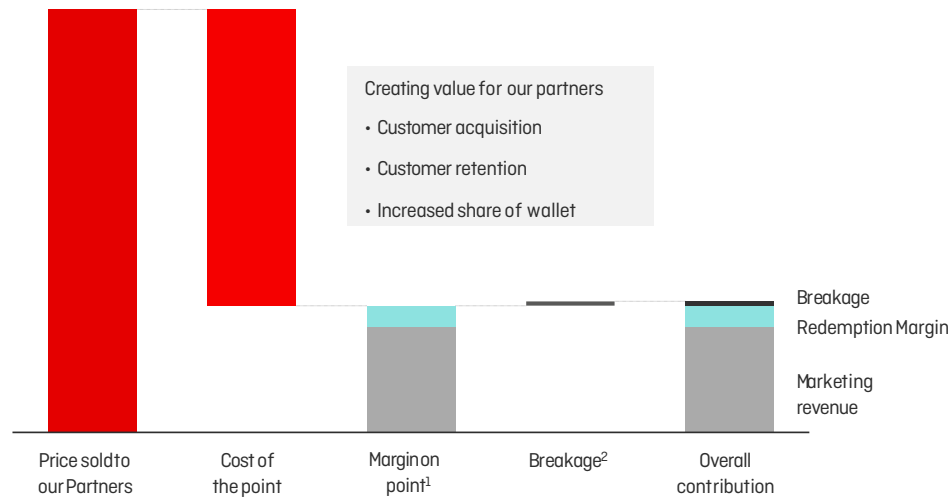
Margin is only generated on 'external points sales'

Core points sale

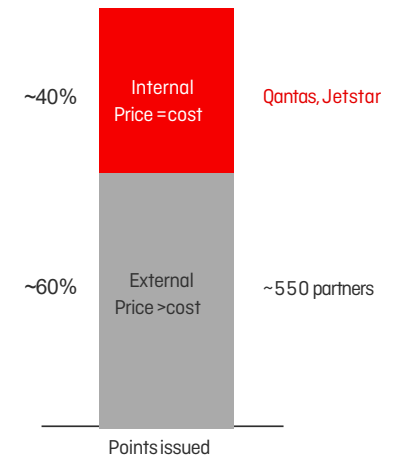


Share of revenue from New Businesses

Core points sales – generates points margin



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



QANTAS INSURANCE



QANTAS MONEY



QANTAS HOTELS



QANTAS WINE



1. Recognition is split across time of issuance and time of redemption. 2. Breakage is recognised at the time of points earn / 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.

Glossary

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

CPI – Consumer Price Index

EBIT – Earnings before interest and tax

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

IFAM – International Freight Assistance Mechanism

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

FX – Foreign exchange

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

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

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

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 & ASIC Guidance

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

Summary information

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

Not financial product advice

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

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

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the six months ended 31 December 2020 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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Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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

ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Interim Financial Report for the half year ended 31 December 2020 which has been reviewed by the Group's Independent Auditor.

