

1H22 Results Supplementary Presentation

Qantas Airways Limited

24 February 2022

ASX: QAN

US OTC: QABSY



Group Performance



1H22 Key Group financial metrics

	1H22	1H21	Pre-COVID 1H19 ¹¹	Comments vs 1H19
Underlying (Loss)/Profit Before Tax ¹ (\$M)	(1,277)	(1,009)	775	Reduced flying, fixed costs, depreciation and COVID-19 lockdowns
Underlying Earnings per Share ² (c)	(49.6)	(39.6)	31.3	
Statutory (Loss)/Profit Before Tax (\$M)	(622)	(1,442)	691	1H22 includes gain on Mascot land sale
Statutory Earnings per Share (c)	(24.2)	(56.6)	27.9	
Underlying EBITDA ³	(245)	86	1,899	Largely impacted by COVID-19 border closures and lockdowns vs 1H19
Rolling 12 month ROIC ⁴ (%)	(28.5)	(17.1)	19.5	
Revenue (\$M)	3,074	2,330	9,206	19% of 1H19 passengers flown in 1H22. Increased Freight Revenue
Operating cash flow (\$M)	137	(861)	1,435	Rebuild and recovery of Revenue Received in Advance (RRIA) vs 1H21
Net Debt ⁵ (\$B)	5.52	6.05	4.71	Net Debt reduction in 1H22 and 2H21
Unit Revenue ⁶ (RASK)	8.41	10.33	8.94	Decreased due to weaker Domestic demand, impacting load factors
Total Unit Cost ⁷ (c/ASK)	17.86	21.75	7.93	Fixed costs including depreciation over lower ASKs vs 1H19
Unit Cost (ex-fuel and depreciation) ⁸ (c/ASK)	8.16	8.06	N/A	Targeting a 10% reduction in FY23 vs FY20
Available Seat Kilometres ⁹ (ASK) (M)	13,506	8,837	76,854	18% of 1H19 Group Capacity in 1H22
Revenue Passenger Kilometres ¹⁰ (RPK) (M)	7,103	5,568	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 1H22 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 6 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 26.7% benefit (1H21: 26.3% 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 impairment. 4. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 14. 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 16. 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, normalised for depreciation and impairments 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. 11. 1H19 has not been restated for the IFRIC Cloud Computing decision. For a detailed summary, please see slides 9 and 10.



Underlying Income Statement summary

\$M	1H22	1H21	Pre-COVID 1H19 ²	Comments vs 1H19
Net passenger revenue	1,534	1,298	8,027	Movement largely in line with movement in passengers carried
Net freight revenue	920	613	525	Increase driven by e-commerce trends and international belly space availability
Other revenue	620	419	654	Decrease due to decline in third party service revenues
Total Revenue	3,074	2,330	9,206	
Operating expenses (excluding fuel)	(2,798)	(1,868)	(5,347)	Increase vs 1H21 due to restart and readiness costs associated with increased flying
Fuel	(474)	(309)	(1,963)	Increase vs 1H21 due to greater consumption with increased flying
Share of net (loss)/profit of investments accounted for under the equity method	(47)	(67)	3	Driven by Jetstar Japan share of losses as a result of COVID-19 restrictions in Japan
Underlying EBITDA	(245)	86	1,899	
Depreciation and amortisation	(884)	(949)	(983)	Exit of 747-400 fleet and impairment of A380s resulting in reduced depreciation offsetting the impact of 787-9 introduction
Underlying EBIT¹	(1,129)	(863)	916	
Net finance costs	(148)	(146)	(141)	Higher gross debt in 1H22, largely offset by reduced cost of debt
Underlying (Loss)/Profit Before Tax	(1,277)	(1,009)	775	



1. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT). 2. 1H19 has not been restated for the IFRIC Cloud Computing decision.

Items not included in Underlying LBT

\$M	1H22	Comments
Recovery Plan restructuring costs	(12)	Redundancies incurred as part of the Recovery Plan not previously provided for in FY20 as well as other restructuring costs
Reversal of impairment of assets and related costs	18	Largely the partial reversal of Helloworld impairment
Net gain on disposal of Mascot land and buildings	649	
Total items not included in Underlying LBT¹	655	

Mascot Land Sale

\$M	1H22	Comments
Announced proceeds	802	
Deferred settlement	(44)	
Transaction costs	(4)	
Net cash proceeds received in 1H22	754	
Less: Carrying value and other costs	(105)	Total carrying value of land, buildings and lease improvements and other lease back adjustments
Net gain on disposal of assets (pre-tax)	649	



1. Items which are identified by Management and reported to the Chief Operating Decision-Making bodies as not representing the underlying performance of the business are not included in Underlying LBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period. Items not included in Underlying LBT primarily result from revenues and expenses relating to business activities in other reporting periods, transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business.

Reconciliation to Underlying (Loss)/Profit Before Tax

\$M	1H22			Pre-COVID 1H19 ²		
	Statutory	Items not included in Underlying	Underlying ¹	Statutory	Items not included in Underlying	Underlying ¹
Net passenger revenue	1,534	-	1,534	8,027	-	8,027
Net freight revenue	920	-	920	525	-	525
Other revenue	620	-	620	654	-	654
Total Revenue	3,074	-	3,074	9,206	-	9,206
Manpower and staff-related	1,327	-	1,327	2,205	(37)	2,168
Aircraft operating variable	838	(7)	831	1,992	(2)	1,990
Fuel	474	-	474	1,963	-	1,963
Depreciation and amortisation	884	-	884	1,025	(42)	983
Share of net loss/(profit) of investments accounted for under the equity method	47	-	47	(3)	-	(3)
Impairment/(reversal of impairment) of assets and related costs	(18)	18	-	(43)	43	-
De-designation of fuel and foreign exchange hedges	(20)	-	(20)	-	-	-
Redundancy and related costs	5	(5)	-	9	(9)	-
Net gain on disposal of assets	(653)	649	(4)	-	-	-
Other	664	-	664	1,226	(37)	1,189
Total Expenditure	3,548	655	4,203	8,374	(84)	8,290
EBIT	(474)	(655)	(1,129)	832	84	916
Net finance costs	(148)	-	(148)	(141)	-	(141)
(Loss)/Profit Before Tax	(622)	(655)	(1,277)	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 1H22 Results Presentation are reported on an Underlying basis unless otherwise stated. 2. 1H19 has not been restated for the IFRIC Cloud Computing decision.

Revenue detail – compared to Pre-COVID/1H19

Net passenger revenue down 81%

- Group capacity declined by 82% due to COVID related border restrictions and community lockdowns
- Group Unit Revenue decreased 6%
 - Group Domestic¹ Unit Revenue decreased 33%
 - Group International² Unit Revenue increased 2%

Net freight revenue up 75%

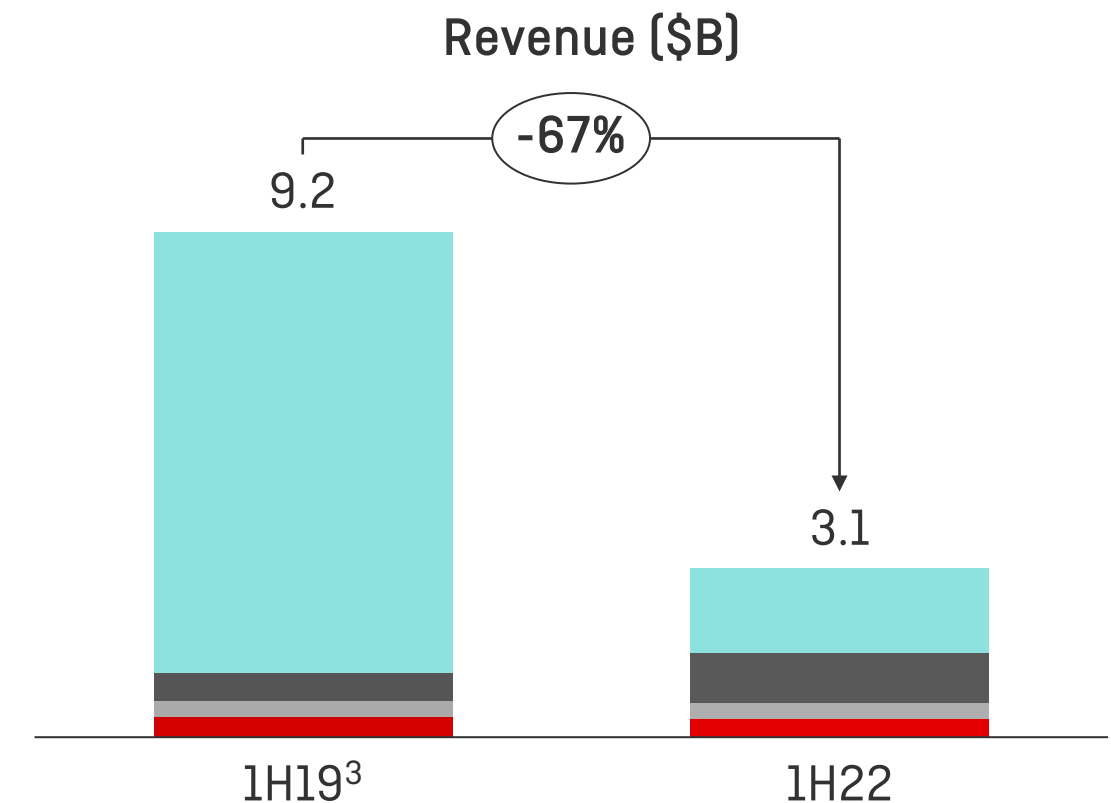
- Constrained belly space capacity shifted high yielding demand to freighters
- Supported International Freight Assistance Mechanism (IFAM)

Frequent Flyer redemption, marketing, store and other revenue down 4%

- Decrease in Qantas Travel Money and Qantas Hotels revenues due to a reduction in travel
- Partially offset by an increase in Qantas Insurance revenue

Revenue from other sources down 6%

- Decrease in third party services and other revenue due to reduction in global air travel impacting codeshare commissions, contract work for other airlines and Qantas Club membership fees



RPKs (m)	64,958	(89%)	7,103
ASKs (m)	76,854	(82%)	13,506



Expenditure detail – compared to Pre-COVID/1H19

Fuel down 76%

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

Manpower and staff-related down 39%

- Decreased due to rightsizing and restructuring as part of the Recovery Plan program

Aircraft operating variable (AOV) costs down 58%

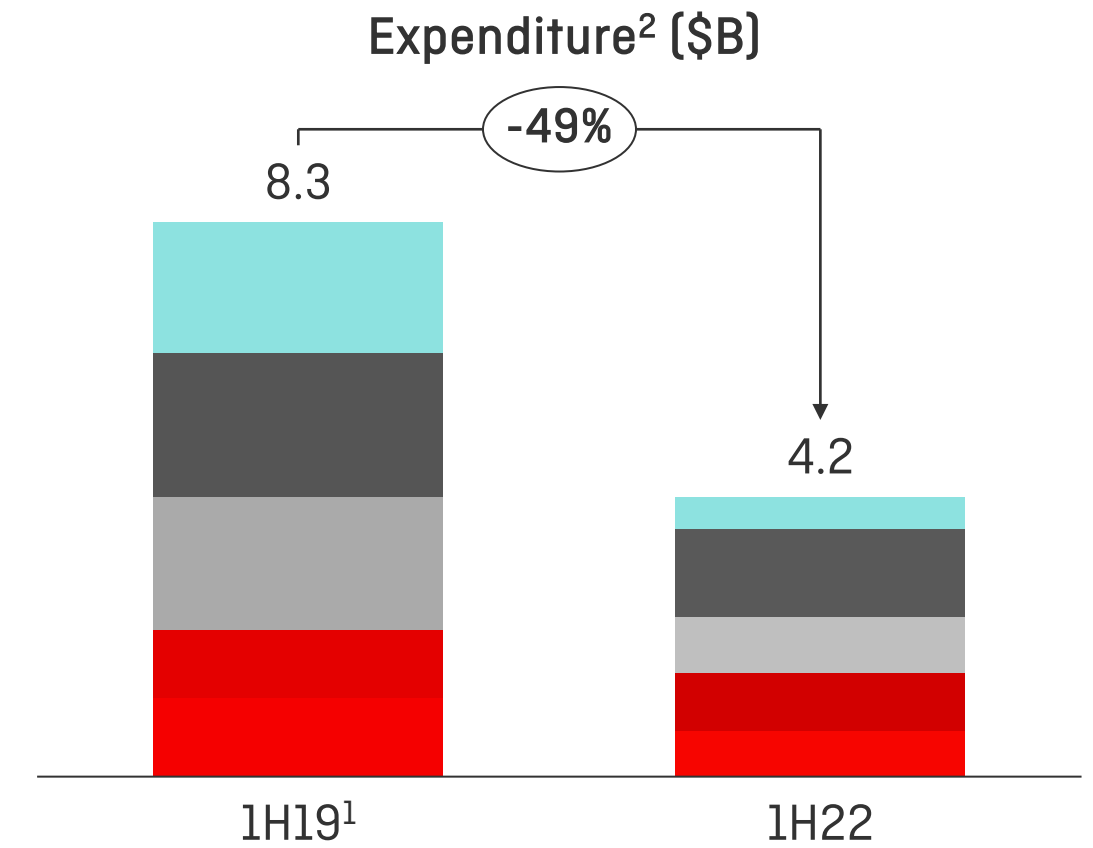
- Reduction in passenger service charges, route navigation, landing fees, engineering and maintenance costs, passenger expenses, lounge costs and other variable costs due to decreased flying

Depreciation and amortisation down 10%

- Exit of 747-400 fleet and impairment of A380s reducing depreciation in 1H22 partially offset by higher depreciation due to introduction of 787-9 fleet
- Amortisation reduced in 1H22 due to the adoption of IFRIC Cloud Computing decision¹

Other expenditure down 42%

- Reduced commissions expense due to reduction in activity
- Reduction in computer and communications spend through rate and volume reductions
- Reduction in capacity hire related to overall activity reduction
- Partially offset by an increase in share of net losses from associates



Passengers ('000)	28,500	(81%)	5,406
ASKs (m)	76,854	(82%)	13,506



1. 1H19 has not been restated for the adoption of IFRIC Cloud Computing decision. 2. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying PBT.

Impact of adoption of IFRIC Agenda Decision on Cloud Computing Arrangements

- The adoption of IFRIC Agenda Decision on Cloud Computing Arrangements requires restatement of 1H21 and FY21
- The decision provides new guidance and requirements for assessing whether costs incurred to implement these arrangements should be capitalised
- This resulted in the derecognition of certain implementation costs which had been capitalised as intangible assets under AASB 138 Intangible Assets, which are instead expensed under the IFRIC Agenda Decision
- The Group's previous accounting policy had been to capitalise costs related to Cloud Computing Arrangements in line with prevailing accounting standards and interpretations where they meet the relevant criteria for capitalisation
- Following the adoption of the new guidance
 - Implementation costs, including cost to configure and customise the cloud provider's application software, are generally expensed
 - Where the cloud service supplier provides these services
 - If distinct services, generally expensed as incurred
 - If non-distinct (not separable from the cloud computing arrangement itself), generally expensed over contract term
 - Through implementing Cloud Computing Arrangements, if the Group develops software code that significantly enhances existing systems, capitalisation may still occur

Restated of Underlying EBIT

\$M	1H21 Reported	Impact of Adoption	1H21 Restated	FY21 Reported	Impact of Adoption	FY21 Restated
Qantas Domestic	(337)	8	(329)	(590)	15	(575)
Qantas International	(291)	12	(279)	(575)	27	(548)
Jetstar Group	(328)	5	(323)	(550)	9	(541)
Qantas Loyalty	125	-	125	272	-	272
Corporate/Unallocated/ Eliminations	(57)	-	(57)	(82)	1	(81)
Underlying EBIT	(888)	25	(863)	(1,525)	52	(1,473)



IFRIC Agenda Decision – Restatement of Balance Sheet and Income Statement 1H21 and FY21

Restated Consolidated Balance Sheet

\$M	FY21 Reported	Impact of Adoption	FY21 Restated
Intangible assets	849	(104)	745
Deferred tax assets	675	31	706
Net assets	516	(73)	443
Accumulated losses	(3,087)	(73)	(3,160)
Total equity	516	(73)	443

- Upon adoption, FY21 and 1H21 have been restated
- FY21 intangible assets were reduced by \$104m (recognised through retained earnings after tax)
- Amortisation expense decreased following restatement as a result of lower intangible assets on the Consolidated Balance Sheet
 - 1H21 amortisation reduced by \$25m
 - FY21 amortisation reduced by \$52m

Restated Consolidated Income Statement

\$M	1H21 Reported	Impact of Adoption	1H21 Restated	FY21 Reported	Impact of Adoption	FY21 Restated
Depreciation and amortisation	(978)	25	(953)	(1,929)	52	(1,877)
Income tax benefit	386	(7)	379	623	(16)	607
Statutory loss after tax	(1,081)	18	(1,063)	(1,728)	36	(1,692)



Cash flow

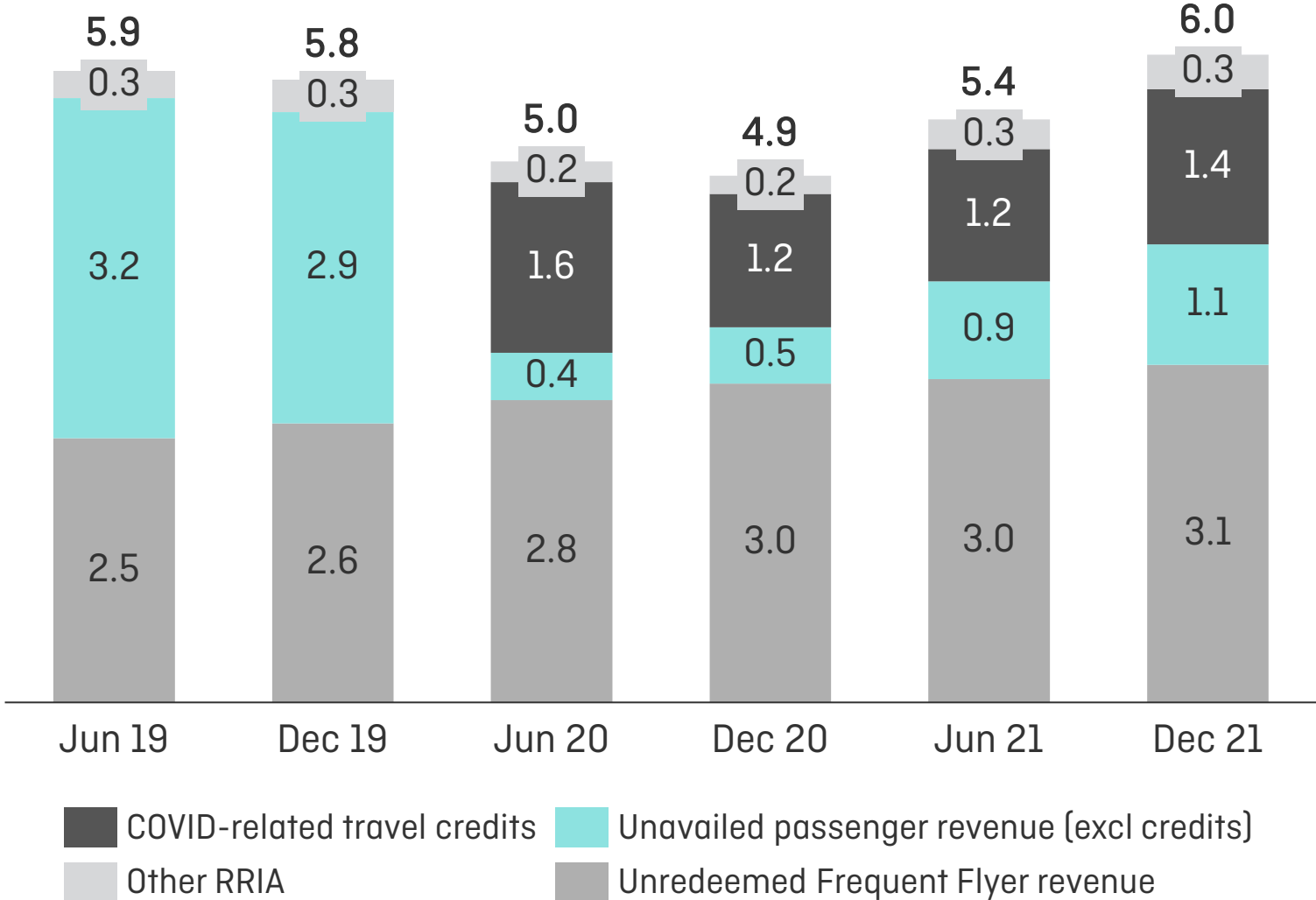
\$M	1H22	1H21
Operating cash flows	137	(861)
Investing cash flows	415	(514)
Net free cash flow¹	552	(1,375)
Financing cash flows	(72)	468
Cash at beginning of year	2,221	3,520
Effects of FX on cash	4	(7)
Cash at end of period	2,705	2,606

- Operating cash flow of \$137m driven by
 - Underlying EBITDA loss of (\$245)m
 - Favourable net working capital and other movements (predominately RRIA²) of \$505m
 - Net interest paid of (\$123)m
- Net investing cash flows of \$415m driven by
 - One-off inflows of \$754m relating to the Mascot land sale
 - Restricted gross investing cash outflow to prioritise debt reduction (\$339)m
- Financing cash flows of (\$72)m include
 - \$496m new debt raised since 30 June 2021
 - Debt repayments of (\$384)m of secured amortising debt
 - Net lease principal repayments of (\$184)m



Revenue Received In Advance (RRIA)

Total Revenue Received in Advance (\$B)



- Future RRIA rebuild will be a result of capacity on sale, load factors and average fares
- ~35% of pre-COVID¹ held bookings rebuilt as at 31 December 2021
 - ~45% of Group Domestic held bookings
 - ~30% of Group International held bookings
- Credit voucher balance of \$1.4b, increase of \$0.2b since June 2021
- Percentage of bookings using credit vouchers as payment remains steady
 - ~7% for Qantas
 - ~20% for Jetstar

Recovery and rebuild of Revenue Received in Advance supporting positive net free cash flow



1. 30 June 2019 balance as a proxy for pre-COVID levels.

Invested Capital calculation

\$M	As at 31 Dec 2021	As at 30 Jun 2021 ³	As at 31 Dec 2020 ³
Receivables (current and non-current)	895	633	735
Inventories	286	279	296
Other assets (current and non-current)	938	856	602
Investments accounted for under the equity method	72	57	65
Property, plant and equipment	10,288	10,787	11,340
Intangible assets	680	745	830
Assets classified as held for sale	3	1	41
Payables (current and non-current)	(1,897)	(1,857)	(1,890)
Provisions (current and non-current)	(1,873)	(1,825)	(2,133)
Revenue received in advance (current and non-current)	(6,036)	(5,431)	(4,907)
Capitalised leased aircraft ¹	1,852	1,751	1,676
Invested Capital	5,208	5,996	6,655
Average Invested Capital²	6,064	6,554	7,489

- Aircraft financed via leases are adjusted as if they were owned, i.e. all AASB16 accounting recognition and lease return provision are reversed and replaced with market value assets that are depreciated in line with other owned aircraft assets
- The resulting Invested Capital is used to determine Net Debt target range



1. 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 and is notionally depreciated in accordance with the Group's accounting policies. The calculated depreciation expense is referred to as notional depreciation. The carrying value of leased aircraft (AUD market value less accumulated notional depreciation) and an adjustment to exclude aircraft lease return provisions is reported within Invested Capital as capitalised leased aircraft. 2. Equal to the 12 months average of monthly Invested Capital. 3. Restated for the adoption of IFRIC Cloud Computing decision.

Return on Invested Capital (ROIC) calculation

\$M	12 mths to Dec 21	12 mths to Dec 20 ⁵
Underlying EBIT	(1,739)	(1,368)
Add back: Lease depreciation under AASB 16	339	400
Less: Notional depreciation ¹	(106)	(107)
Less: Cash expenses for non-aircraft leases	(224)	(202)
ROIC EBIT	(1,730)	(1,277)

\$M	As at 31 Dec 21	As at 31 Dec 20 ⁵
Net working capital ²	(7,687)	(7,297)
Fixed assets ³	11,043	12,276
Capitalised leased aircraft ¹	1,852	1,676
Invested Capital	5,208	6,655
Average Invested Capital⁴	6,064	7,489

Return on Invested Capital (%)	(28.5)	(17.1)
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1. For calculating ROIC, all statutory aircraft leases balances and provisions relating to the leased aircraft are adjusted to represent the capitalised value of the leased aircraft, as if they were owned. 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 and is notionally depreciated in accordance with the Group's accounting policies. The calculated depreciation expense is referred to as notional depreciation. The carrying value of leased aircraft (AUD market value less accumulated notional depreciation) and an adjustment to exclude aircraft lease return provisions is reported within Invested Capital as capitalised leased aircraft. 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 assets 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. 5. Restated for the adoption of IFRIC Cloud Computing decision.

Net Debt target range

- Net Debt target range = 2.0x – 2.5x ROIC EBITDA where EBITDA achieves a fixed 10% ROIC
- At average Invested Capital of \$6.1b, optimal Net Debt range is **\$4.4b to \$5.5b**

	Dec 21	Jun 21	Dec 20	
	\$B	\$B	\$B	
Invested Capital	6.1	6.6	7.5	Average Invested Capital for trailing 12 months
10% ROIC EBIT	0.61	0.66	0.75	Invested Capital x 10%
plus rolling 12 month ROIC depreciation ¹	1.58	1.61	1.68	Includes notional depreciation on aircraft operating leases
EBITDA where ROIC = 10%	2.19	2.27	2.43	

Dynamic range reinstated

Net Debt at 2.0x EBITDA where ROIC = 10%	4.4	4.5	4.9
Net Debt at 2.5x EBITDA where ROIC = 10%	5.5	5.7	6.1

Net Debt target range²

Conservatively held range during COVID at \$4.5b to \$5.6b

Group leverage target consistent with investment grade credit metrics



1. Equal to the ROIC depreciation for the 12 months to 31 December 2021 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 and liquidity position

\$M	As at 31 Dec 21	As at 30 Jun 21	Change ⁴
Current interest-bearing liabilities on Balance Sheet	952	969	17
Non-current interest-bearing liabilities on Balance Sheet	6,037	5,861	(176)
Cash at end of period	(2,705)	(2,221)	484
Net on Balance Sheet debt¹	4,284	4,609	325
Capitalised aircraft lease liabilities ²	1,240	1,281	41
Net Debt³	5,524	5,890	366

\$M	As at 31 Dec 21	As at 30 Jun 21	Change ⁴
Cash and cash equivalents at end of period	2,705	2,221	484
Undrawn facilities	1,575	1,575	-
Total liquidity	4,280	3,796	484

- Net Debt decreased by \$0.4b for the 6 months to December 2021
 - Borrowing activity for the period included
 - 1H22 new unsecured borrowings of (\$0.5)b
 - Repayment of \$0.4b secured amortising debt
 - Increase in cash balance supported by proceeds from the sale of Mascot land
- Committed undrawn facilities of \$1.6b
- The Group also maintains an unencumbered asset base of >\$2.4b



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. 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. 4. Favourable variance shown as positive amounts.

Net Debt movement consistent with Financial Framework

\$M	1H22	1H21
Opening Net Debt	(5,890)	(4,734)
Net cash from operating activities	137	(861)
Less: Net lease principal repayments under AASB 16	(184)	(219)
Add: Principal portion of aircraft lease rentals	78	119
Funds From Operations	31	(961)
Net cash from investing activities	415	(514)
Lease adjustment for Freighter conversion	(30)	-
Net Capital Expenditure	385	(514)
Dividend paid to shareholders	-	-
Payments for share buy-back	-	-
Shareholder Distributions	-	-
Payment for treasury shares	-	-
Net equity raise funds	-	58
FX revaluations and other fair value movements	(50)	99
Closing Net Debt	(5,524)	(6,052)

- 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	1H22
Total Unit Cost¹	17.86
Excluding:	
Fuel	(3.51)
Impact of changes in the discount rate and other actuarial assumptions	0.22
Share of net (loss) of investments accounted for under the equity method	(0.35)
Ex-Fuel Unit Cost²	14.22
Excluding:	
Depreciation	(6.06)
Impairment	-
Normalised Ex-Fuel Unit Cost	8.16



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.

1H22 Australian Government COVID-19 packages

COVID-19 aviation industry support packages

\$M	1H22
Retaining Domestic Airline Capability (RDAC)	29
International Aviation Support (IAS)	84
Tourism Aviation Network Support (TANS Part 1)	22
Domestic Airport Security Cost Support (DASCS)	2
Total	137

In addition to the packages outlined in the table

- \$65m in support was paid to employees through RDAC and IAS
- Domestic Airport Security Cost Support and Airservices Fee Waiver also provided support to other suppliers of the Group (including government-owned corporations)
 - As a result the providers have offered waivers to the Group of \$59m in 1H22
- The Group provided services for vital passenger and freight services including RANS, DANS, TANS (Part 2)¹, IFAM and repatriation flying
 - These services accounted for \$311m in revenue for the Group in 1H22
 - After offsetting the costs to operate these services the net benefit of this flying was ~\$18m

- Federal Government support was provided chiefly in response to border closures
- Support tapered towards the end of 1H22 and will wind down in 2H22 as borders normalise
- RDAC and IAS programs focused on retaining core aviation capability, with airline readiness linked to the broader ability of the domestic tourism sector to recover and to meet demand for Australians returning from overseas in large numbers once international borders opened. The program ensured readiness capability, including expedited staff training and maintenance to bring aircraft out of hibernation
- The TANS programs (Part 1) helped stimulate domestic tourism demand by funding half price tickets on key leisure routes
- DASCS program provided funding to meet eligible costs related to mandatory security screening obligations under the Aviation Transport Security Regulations 2005



1. Regional Airline Network Support and Domestic Aviation Network Support.

Group Fleet as at 31 December 2021

Aircraft Type	1H22	FY21	Change
A380-800 ¹	10	12	(2)
A330-200	18	18	-
A330-300	10	10	-
737-800	75	75	-
787-9	11	11	-
Total Qantas	124	126	(2)
717-200	20	20	-
Q200/Q300	19	19	-
Q400	31	31	-
F100	18	18	-
A320-200	11	10	1
Total QantasLink	99	98	1
A320-200 ²	60	61	(1)
A321-200	6	6	-
787-8	11	11	-
Total Jetstar	77	78	(1)
737-300F/737-400F	5	5	-
767-300F	1	1	-
A321-200F ³	3	3	-
Total Freight⁴	9	9	-
Total Group	309	311	(2)

- Group fleet⁵ of 309 aircraft as at 31 December 2021
- Movements in 1H22 include
 - Two A380-800s no longer returning to service
 - One A320-200 transferred from Jetstar to QantasLink
- Other significant, new capacity arrangements include
 - E190s capacity hire arrangement with Alliance Aviation supporting emerging Central Australia and Northern Territory demand (currently operating 5, with options up to 18 available)
 - Access to additional four A320-200 from Jetstar Japan providing additional optional capacity to Jetstar Australia



1. Decision to return 10 x A380s to service announced August 2021. 2. Includes Jetstar Asia (Singapore) fleet (13 x A320s), excludes Jetstar Japan. 3. Includes Jetstar A321-200s converted to freighter aircraft. 4. 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. 5. Includes purchased and leased aircraft but excludes wet-leased aircraft.

Supplementary Segment Information



1H22 Group and Group Domestic Traffic Statistics vs Pre-COVID

	1Q22	Pre-COVID 1Q19	Change (%)	2Q22	Pre-COVID 2Q19	Change (%)	1H22	Pre-COVID 1H19	Change (%)
Qantas Group Operations									
Passengers carried ('000)	2,153	14,103	(85)	3,253	14,397	(77)	5,406	28,500	(81)
Revenue Passenger Kilometres (m)	2,790	32,372	(91)	4,313	32,586	(87)	7,103	64,958	(89)
Available Seat Kilometres (m)	5,627	38,698	(85)	7,879	38,156	(79)	13,506	76,854	(82)
Revenue Seat Factor (%)	49.6	83.7	(34.1)ppts	54.7	85.4	(30.7)ppts	52.6	84.5	(31.9)ppts
Group Unit Revenue (c/ASK)	8.3	8.7	(5)	8.5	9.2	(8)	8.4	8.9	(6)
Qantas Domestic									
Passengers carried ('000)	1,333	5,723	(77)	1,899	5,694	(67)	3,232	11,417	(72)
Revenue Passenger Kilometres (m)	1,708	6,961	(75)	2,103	6,827	(69)	3,811	13,788	(72)
Available Seat Kilometres (m)	3,494	8,792	(60)	4,183	8,522	(51)	7,677	17,314	(56)
Revenue Seat Factor (%)	48.9	79.2	(30.3)ppts	50.3	80.1	(29.8)ppts	49.6	79.6	(30.0)ppts
Jetstar Domestic									
Passengers carried ('000)	543	3,545	(85)	1,097	3,663	(70)	1,640	7,208	(77)
Revenue Passenger Kilometres (m)	815	4,258	(81)	1,365	4,253	(68)	2,180	8,511	(74)
Available Seat Kilometres (m)	1,497	4,875	(69)	2,203	4,818	(54)	3,700	9,693	(62)
Revenue Seat Factor (%)	54.4	87.3	(32.9)ppts	62.0	88.3	(26.3)ppts	58.9	87.8	(28.9)ppts
Group Domestic									
Available Seat Kilometres (m)	4,991	13,667	(63)	6,386	13,340	(52)	11,377	27,007	(58)
Group Domestic Unit Revenue change (%)			(31)			(35)			(33)



1H22 Group International Traffic Statistics vs Pre-COVID

	1Q22	Pre-COVID 1Q19	Change (%)	2Q22	Pre-COVID 2Q19	Change (%)	1H22	Pre-COVID 1H19	Change (%)
Qantas International									
Passengers carried ('000)	28	2,184	(99)	91	2,244	(96)	119	4,428	(97)
Revenue Passenger Kilometres (m)	69	14,911	(100)	703	15,133	(95)	772	30,044	(97)
Available Seat Kilometres (m)	154	17,691	(99)	1,091	17,460	(94)	1,245	35,151	(96)
Revenue Seat Factor (%)	44.8	84.3	(39.5)ppts	64.4	86.7	(22.3)ppts	62.0	85.5	(23.5)ppts
Jetstar International									
Passengers carried ('000)	218	1,587	(86)	100	1,651	(94)	318	3,238	(90)
Revenue Passenger Kilometres (m)	164	4,706	(97)	74	4,683	(98)	238	9,389	(97)
Available Seat Kilometres (m)	229	5,415	(96)	129	5,325	(98)	358	10,740	(97)
Revenue Seat Factor (%)	71.6	86.9	(15.3)ppts	57.4	87.9	(30.5)ppts	66.5	87.4	(20.9)ppts
Jetstar Asia									
Passengers carried ('000)	31	1,064	(97)	66	1,145	(94)	97	2,209	(96)
Revenue Passenger Kilometres (m)	34	1,536	(98)	68	1,690	(96)	102	3,226	(97)
Available Seat Kilometres (m)	253	1,925	(87)	273	2,031	(87)	526	3,956	(87)
Revenue Seat Factor (%)	13.4	79.8	(66.4)ppts	24.9	83.2	(58.3)ppts	19.4	81.5	(62.1)ppts
Group International									
Available Seat Kilometres (m)	636	25,031	(97)	1,493	24,816	(94)	2,129	49,847	(96)
Group International Unit Revenue change (%)			(34)			13			2



1H22 Group and Group Domestic Traffic Statistics vs 1H21

	1Q22	1Q21	Change (%)	2Q22	2Q21	Change (%)	1H22	1H21	Change (%)
Qantas Group Operations									
Passengers carried ('000)	2,153	1,647	31	3,253	3,268	(0)	5,406	4,915	10
Revenue Passenger Kilometres (m)	2,790	1,816	54	4,313	3,752	15	7,103	5,568	28
Available Seat Kilometres (m)	5,627	2,987	88	7,879	5,850	35	13,506	8,837	53
Revenue Seat Factor (%)	49.6	60.8	(11.2)ppts	54.7	64.1	(9.4)ppts	52.6	63.0	(10.4)ppts
Group Unit Revenue	8.3	9.9	(16)	8.5	10.6	(20)	8.4	10.3	(19)
Qantas Domestic									
Passengers carried ('000)	1,333	910	47	1,899	1,748	9	3,232	2,658	22
Revenue Passenger Kilometres (m)	1,708	1,032	65	2,103	2,000	5	3,811	3,032	26
Available Seat Kilometres (m)	3,494	1,819	92	4,183	3,401	23	7,677	5,220	47
Revenue Seat Factor (%)	48.9	56.7	(7.8)ppts	50.3	58.8	(8.5)ppts	49.6	58.1	(8.5)ppts
Jetstar Domestic									
Passengers carried ('000)	543	534	2	1,097	1,199	(9)	1,640	1,733	(5)
Revenue Passenger Kilometres (m)	815	635	28	1,365	1,509	(10)	2,180	2,144	2
Available Seat Kilometres (m)	1,497	941	59	2,203	2,016	9	3,700	2,957	25
Revenue Seat Factor (%)	54.4	67.5	(13.1)ppts	62.0	74.9	(12.9)ppts	58.9	72.5	(13.6)ppts
Group Domestic									
Available Seat Kilometres (m)	4,991	2,760	81	6,386	5,417	18	11,377	8,177	39
Group Domestic Unit Revenue change (%)			(14)			(22)			(19)



1H22 Group International Traffic Statistics vs 1H21

	1Q22	1Q21	Change (%)	2Q22	2Q21	Change (%)	1H22	1H21	Change (%)
Qantas International									
Passengers carried ('000)	28	-	>100%	91	3	>100%	119	3	>100%
Revenue Passenger Kilometres (m)	69	2	>100%	703	6	>100%	772	8	>100%
Available Seat Kilometres (m)	154	2	>100%	1,091	29	>100%	1,245	31	>100%
Revenue Seat Factor (%)	44.8	100.0	(55.2)ppts	64.4	20.7	43.7ppts	62.0	25.8	36.2ppts
Jetstar International									
Passengers carried ('000)	218	197	11	100	306	(67)	318	503	(37)
Revenue Passenger Kilometres (m)	164	137	20	74	222	(67)	238	359	(34)
Available Seat Kilometres (m)	229	180	27	129	313	(59)	358	493	(27)
Revenue Seat Factor (%)	71.6	76.1	(4.5)ppts	57.4	70.9	(13.5)ppts	66.5	72.8	(6.3)ppts
Jetstar Asia									
Passengers carried ('000)	31	6	>100%	66	12	>100%	97	18	>100%
Revenue Passenger Kilometres (m)	34	10	>100%	68	15	>100%	102	25	>100%
Available Seat Kilometres (m)	253	45	>100%	273	91	>100%	526	136	>100%
Revenue Seat Factor (%)	13.4	22.2	(8.8)ppts	24.9	16.5	8.4ppts	19.4	18.4	1.0ppts
Group International									
Available Seat Kilometres (m)	636	227	>100%	1,493	433	>100%	2,129	660	>100%
Group International Unit Revenue change (%)			(28)			55			24



Jetstar Group as at 31 December 2021

Jetstar Branded Airlines	Ownership ¹	Launch	Aircraft ²
① Jetstar Australia	100%	2004	51 x A320s/A321s 2 x 787-8
② Jetstar International	100%	2006	9 x 787-8s 1 x A320
③ Jetstar New Zealand ³	100%	2009	5 x A320s
④ Jetstar Asia (Singapore)	49%	2004	13 x A320s
⑤ Jetstar Japan	33%	2012	21 x A320s



1. Based on voting rights. 2. Represents operational fleet, includes aircraft subleased for Jetstar Australia Domestic operations (4 from Jetstar Japan) and aircraft that may be temporarily stored or parked due to COVID-19. 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.

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; 9% growth¹ in QBR² membership with >345,000 SME members³
- >600 program partners⁴ across Qantas Frequent Flyer and Qantas Business Rewards
- Financial Services diversification – NAB Personal Loans; Superhero share trading; and a new Buy Now Pay Later partnership
- Expansion of bp partnership allowing members to redeem Qantas Points at >1,100 bp locations across Australia
- Record NPS⁵ supported by continued investment in member engagement activities
- Group cash contribution >\$0.5b of gross receipts⁶

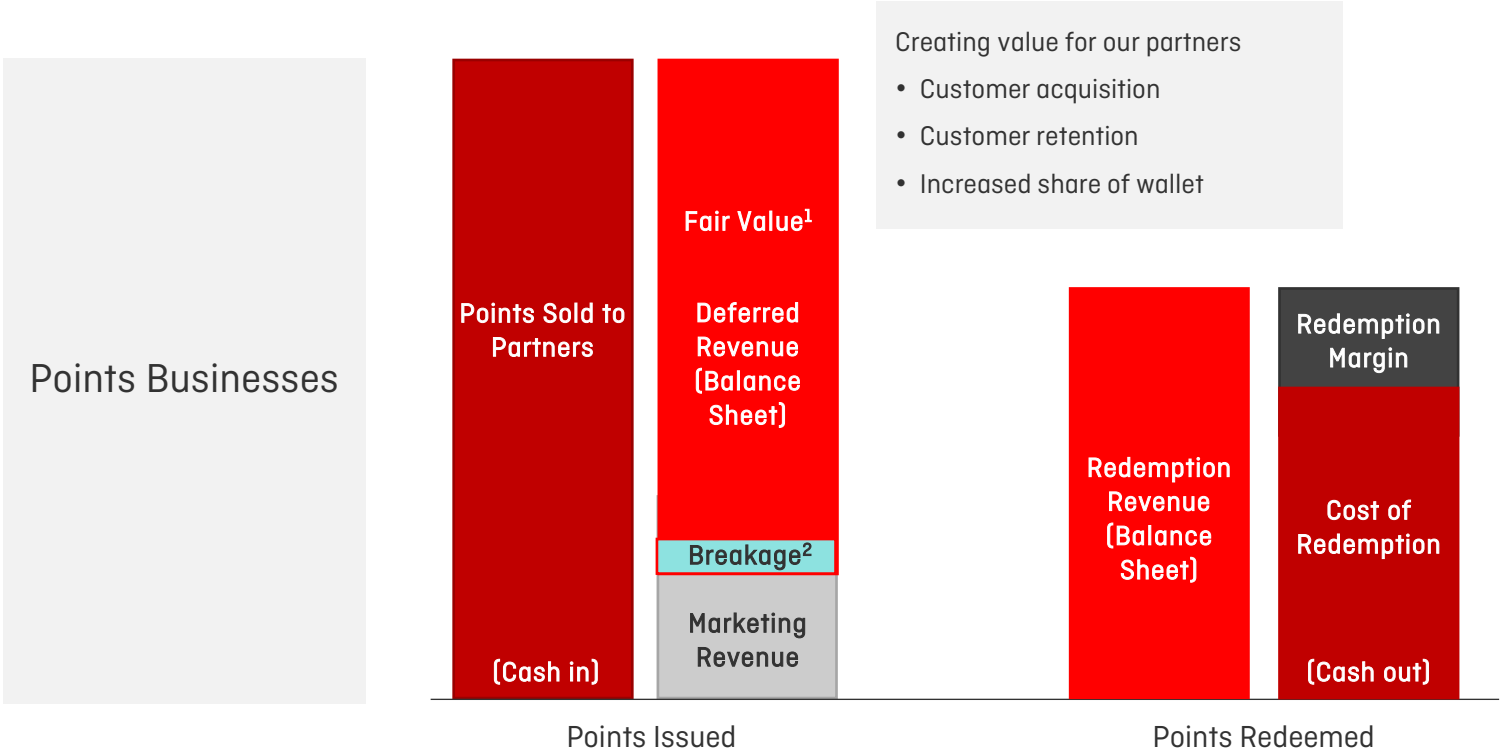
- 80% growth in Home and Motor Insurance customers⁷, Health Insurance customers growth to more than 100k
- >2.5x uplift in daily flight redemption activity following the largest release of Classic Reward seats⁸
- 18% growth⁹ in Qantas Hotels and Holiday booking activity, supported by the expansion of the Qantas Holidays brand and new product offerings
- Elevated sales continue across Qantas Wine and Reward Store, 1H22 total revenue up 75% and 25% respectively versus pre-COVID levels¹⁰

Leadership in customer advocacy in airline loyalty programs

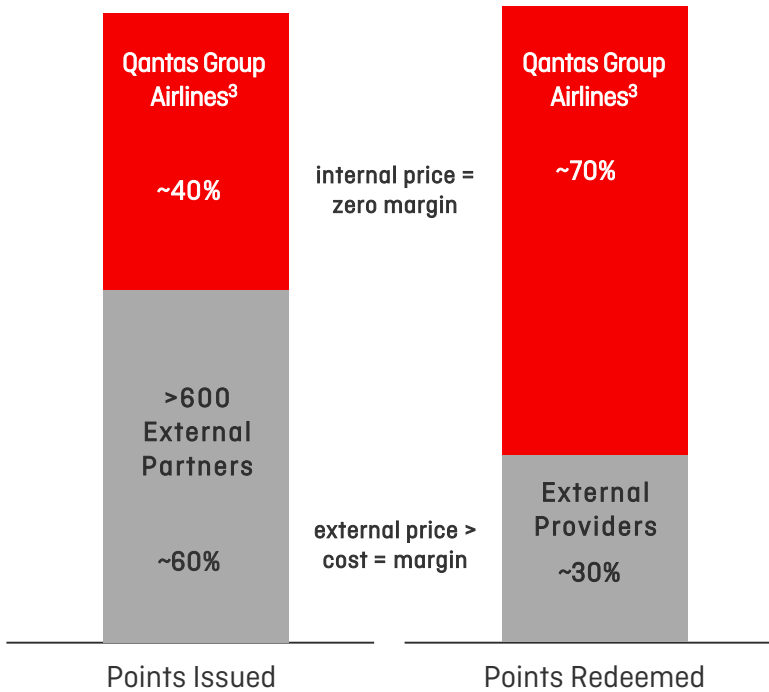
1. Compared to December 2020. 2. Qantas Business Rewards. 3. Small and Medium Enterprises as at 31 December 2021. 4. Includes Airline, Retail, Financial Services and Health and Wellness partners. 5. Net Promoter Score. 6. Sales to external parties during 1H22. 7. Total customers with a Home and/or Motor insurance policy as at 31 December 2021 compared to 31 December 2020. 8. Compared to redemption activity in 7 days prior to International border announcement on 1 October 2021. Total Qantas Points redeemed on International and Domestic flights between 19-25 October 2021 compared to 24-30 September 2021. 9. Compared to 1H21. 10. Total Revenue from Qantas Rewards Store and Qantas Wine includes both cash sales and points redemption activity during 1H22 compared to 1H19.

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

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. 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

DASC – Domestic Airport Security Cost 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

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

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

RDAC – Retaining Domestic Airline Capability

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

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 24 February 2022, 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 Appendix 4D and Consolidated Interim Financial Report for the half year ended 31 December 2021, along with 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 any individuals. Before making an investment decision, 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.

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the six months ended 31 December 2021 unless otherwise stated.

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 2021 which has been reviewed by the Qantas Group's Independent Auditor.

This Presentation also makes reference to certain non-International Financial Reporting Standards (non-IFRS) financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Qantas Group's Independent Auditor.

Future performance and forward looking statements

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.

An investment in Qantas shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Qantas Group, including possible delays in repayment and loss of income and principal invested. Qantas does not guarantee any particular rate of return or the performance of the Qantas Group nor does it guarantee the repayment of capital from Qantas or any particular tax treatment.

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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.

Not an offer

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

