

FY22 Results Supplementary Presentation

Qantas Airways Limited

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ASX: QAN

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Disclaimer

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

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Group Performance



FY22 Key Group financial metrics

	FY22	FY21	Pre-COVID FY19 ¹¹	Comments vs FY19 and FY21
Underlying (Loss)/Profit Before Tax ¹ (\$M)	(1,859)	(1,774)	1,326	Reduced flying, fixed costs, depreciation and COVID-19 lockdowns
Underlying Earnings per Share ² (c)	(71.2)	(69.4)	57.3	
Statutory (Loss)/Profit Before Tax (\$M)	(1,191)	(2,299)	1,192	FY22 includes gain on Mascot land sale
Statutory Earnings per Share (c)	(45.6)	(89.9)	51.5	
Underlying EBITDA ³	281	410	3,544	Largely impacted by COVID-19 border closures and lockdowns vs FY19
Rolling 12 month ROIC ⁴ (%)	(31.6)	(21.4)	19.2	
Revenue (\$M)	9,108	5,934	17,966	38% of FY19 passengers flown in FY22. Increased Freight Revenue
Operating cash flow (\$M)	2,670	(386)	3,164	Rebuild and recovery of Revenue Received in Advance (RRIA) vs FY21
Net Debt ⁵ (\$B)	3.94	5.89	4.71	Net Debt reduction throughout FY22
Unit Revenue ⁶ (RASK)	9.48	9.72	8.85	Higher proportion mix of domestic flying vs FY19
Total Unit Cost ⁷ (c/ASK)	13.16	15.76	7.97	Fixed costs including depreciation over lower ASKs vs FY19
Unit Cost (ex-fuel and depreciation) ⁸ (c/ASK)	6.24	6.72	4.34	Targeting a 10% reduction in FY23 vs FY20
Available Seat Kilometres ⁹ (ASK) (M)	50,633	29,374	151,430	33% of FY19 Group Capacity in FY22
Revenue Passenger Kilometres ¹⁰ (RPK) (M)	34,363	18,557	127,492	Lower ASKs and load factors vs FY19

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 FY22 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 7 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 FY22 effective tax rate 27.8% benefit (FY21: 26.4% 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 17. 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 19. 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. FY19 has not been restated for the IFRIC Cloud Computing decision. For a detailed summary, please see slides 14 and 15.



Underlying Income Statement summary

\$M	FY22	FY21	Pre-COVID FY19 ³	Comments vs FY19 and FY21
Net passenger revenue	5,951	3,766	15,696	Movement largely in line with movement in passengers carried
Net freight revenue	1,963	1,316	971	Increase driven by e-commerce trends and international belly space availability
Other revenue	1,194	852	1,299	Increase vs FY21 due to growth of Frequent Flyer revenue
Total Revenue	9,108	5,934	17,966	
Operating expenses (excluding fuel)	(6,853)	(4,560)	(10,599)	Increase vs FY21 due to increased flying, as well as restart and readiness costs
Fuel	(1,848)	(835)	(3,846)	Increase vs FY21 due to greater consumption with increased flying and higher fuel prices
Share of net (loss)/profit of investments accounted for under the equity method	(126)	(129)	23	Driven by Jetstar Japan share of losses as a result of COVID-19 restrictions in Japan
Underlying EBITDA	281	410	3,544	
Depreciation and amortisation ¹	(1,839)	(1,883)	(1,936)	Decrease vs FY19 due to exit of 747-400 fleet and impairment of A380s, offsetting the impact of 787-9 introduction
Underlying EBIT²	(1,558)	(1,473)	1,608	
Net finance costs	(301)	(301)	(282)	Higher gross debt in FY22 vs FY19, largely offset by reduced cost of debt
Underlying (Loss)/Profit Before Tax	(1,859)	(1,774)	1,326	



1. Includes Impairments of [\$38]m in FY22 and [\$13]m in FY21. 2. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT). 3. FY19 has not been restated for the IFRIC Cloud Computing decision.

Items not included in Underlying LBT

\$M	FY22	Comments
Recovery Plan restructuring costs	(21)	Costs incurred to implement restructuring as part of the Recovery Plan that were not previously provided for in FY21 and relating to acquisition of new business
Reversal of impairment of assets and related costs	3	
Net gain on disposal of Mascot land and buildings	686	
Total items not included in Underlying LBT¹	668	

Mascot Land Sale

\$M	FY22	Comments
Sale proceeds	802	
Deferred settlement	(8)	
Transaction costs	(5)	
Net cash proceeds received in FY22	789	
Add: Deferred settlement receivable	8	Deferred settlement booked as receivable
Less: Carrying value and other costs	(111)	Total carrying value of land, buildings and lease improvements and other lease back adjustments
Net gain on disposal of assets (pre-tax)	686	



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	FY22			Pre-COVID FY19 ²		
	Statutory	Items not included in Underlying	Underlying ¹	Statutory	Items not included in Underlying	Underlying ¹
Net passenger revenue	5,951	-	5,951	15,696	-	15,696
Net freight revenue	1,963	-	1,963	971	-	971
Other revenue	1,194	-	1,194	1,299	-	1,299
Total Revenue	9,108		9,108	17,966		17,966
Manpower and staff-related	3,024	-	3,024	4,268	(58)	4,210
Aircraft operating variable	2,328	(13)	2,315	4,010	(2)	4,008
Fuel	1,848	-	1,848	3,846	-	3,846
Depreciation and amortisation	1,801	-	1,801	1,996	(60)	1,936
Share of net loss/(profit) of investments accounted for under the equity method	126	-	126	(23)	-	(23)
Impairment/(reversal of impairment) of assets and related costs	35	3	38	(39)	39	-
De-designation of fuel and foreign exchange hedges	(22)	-	(22)	-	-	-
Redundancy and related costs	5	(1)	4	65	(65)	-
Net gain on disposal of assets	(692)	686	(6)	(225)	192	(33)
Other	1,545	(7)	1,538	2,594	(180)	2,414
Total Expenditure	9,998	668	10,666	16,492	(134)	16,358
EBIT	(890)	(668)	(1,558)	1,474	134	1,608
Net finance costs	301	-	301	282	-	282
(Loss)/Profit Before Tax	(1,191)	(668)	(1,859)	1,192	134	1,326

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 FY22 Results Presentation are reported on an Underlying basis unless otherwise stated. 2. FY19 has not been restated for the IFRIC Cloud Computing decision.

Unit Cost breakdown

c/ASK	FY22	Comments
Total Unit Cost¹	13.16	
Excluding:		
Fuel	(3.65)	
Impact of changes in the discount rate on provisions	0.38	
Share of net (loss) of investments accounted for under the equity method	(0.25)	
Ex-Fuel Unit Cost²	9.64	
Excluding:		
Depreciation	(3.32)	
Impairment	(0.08)	
Normalised Ex-Fuel Unit Cost	6.24	FY23 Target = 4.12³, FY20 = 4.58³



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 on provisions per ASK. 3. FY23 Target and FY20 not normalised for the impact of FX.

Revenue detail – compared to Pre-COVID/FY19

Net passenger revenue down 62%

- Group capacity down 67% due to COVID-related border restrictions
- Group Unit Revenue up 7%
 - Group Domestic¹ Unit Revenue down 18%
 - Group International² Unit Revenue up 17%

Net freight revenue up 102%

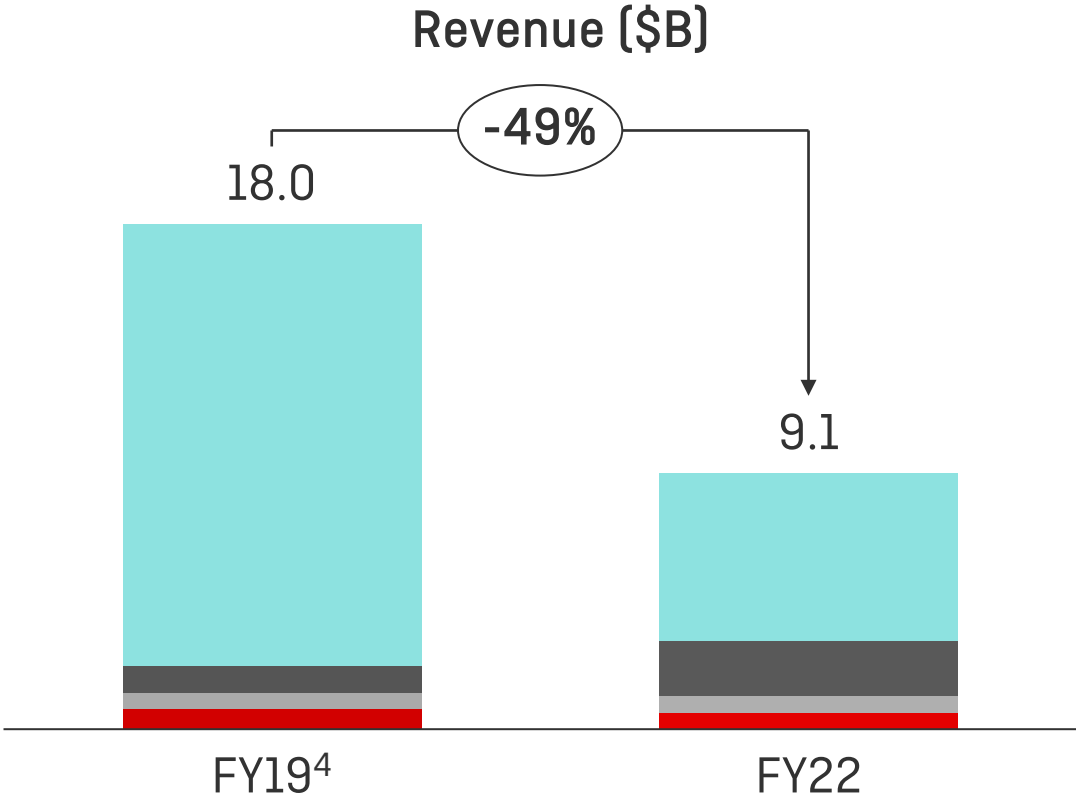
- Constrained belly space capacity shifted high yielding demand to freighters
- IFAM³ related flying

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

- Redemption activity across Qantas Rewards Store and Qantas Wine remains above pre-COVID levels
- Spend on Qantas Points Earning Credit Cards return to pre-COVID levels

Revenue from other sources down 17%

- 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)	127,492	(73%)	34,363
ASKs (m)	151,430	(67%)	50,633



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). 3. International Freight Assistance Mechanism. 4. FY19 has not been restated for the IFRIC Cloud Computing decision.

Expenditure detail – compared to Pre-COVID/FY19

Fuel down 52%

- Reduced consumption due to COVID-related travel restrictions
- Higher AUD jet fuel prices vs FY19

Manpower and staff-related down 28%

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

Aircraft operating variable (AOV) costs down 42%

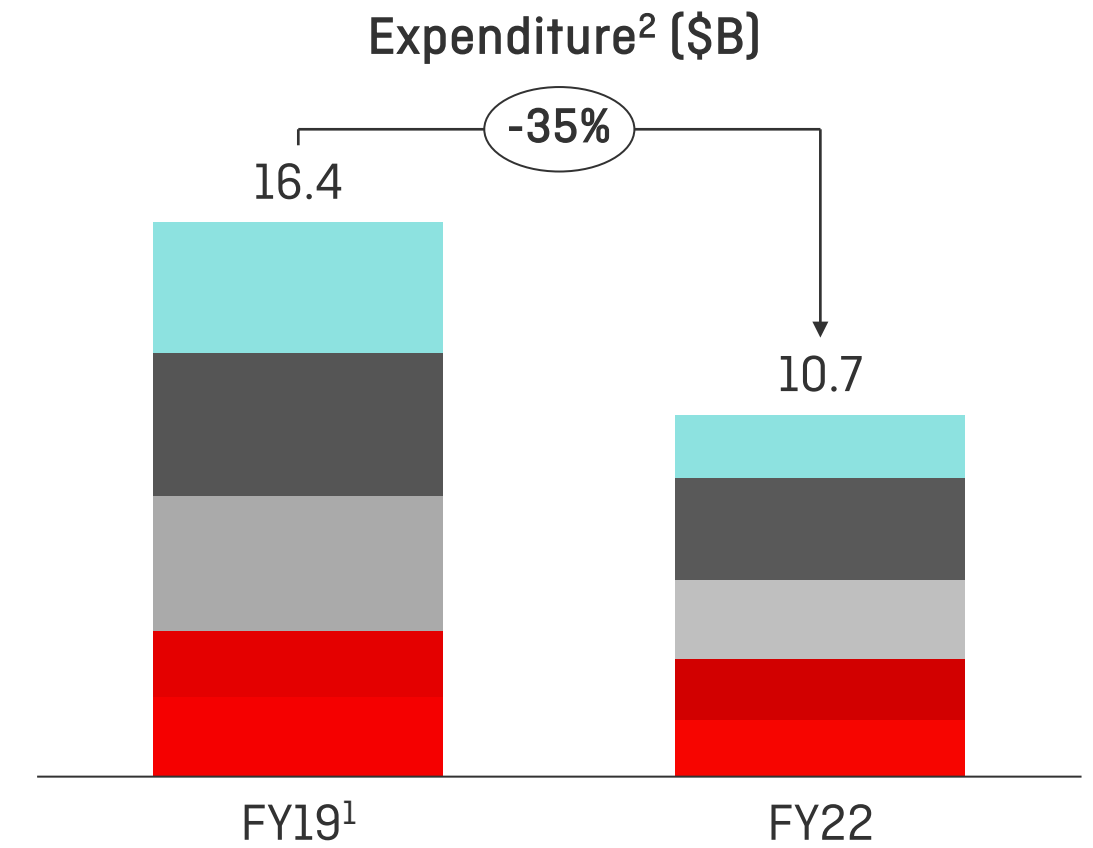
- Reduction in passenger service charges, route navigation, landing fees, engineering and maintenance costs, passenger expenses, and other variable costs due to decreased flying

Depreciation and amortisation down 7%

- Exit of 747-400 fleet and impairment of A380s reducing depreciation in FY22 partially offset by higher depreciation due to introduction of 787-9 fleet vs FY19
- Amortisation reduced in FY22 versus FY19 due to the adoption of IFRIC Cloud Computing decision¹; more IT costs recognised directly in operating costs

Other expenditure down 29%

- Reduced commissions expense due to reduction in activity
- Reduction in capacity hire related to overall activity reduction
- Partially offset by an increase in share of net losses from associates



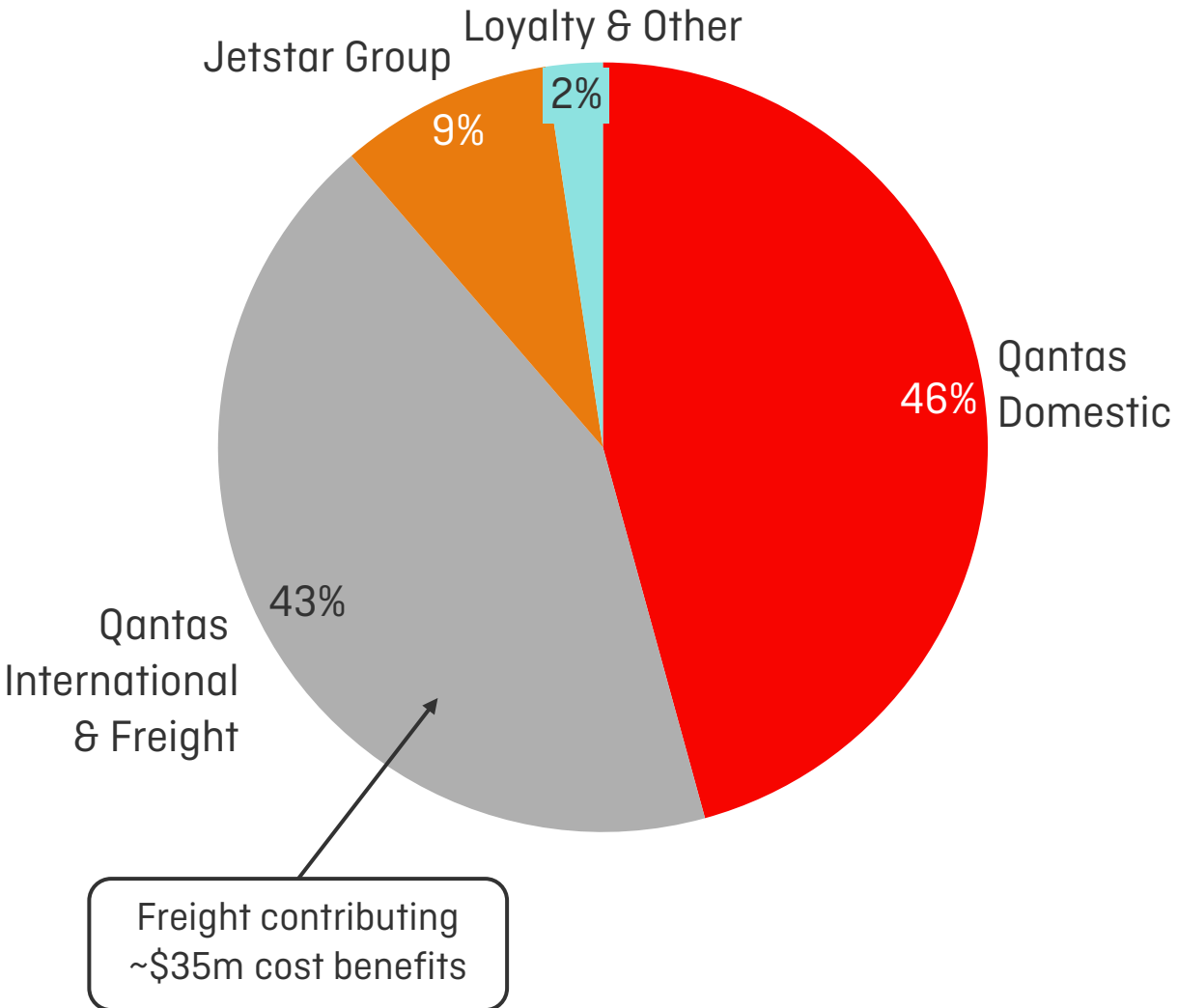
Passengers ('000)	55,813	(62%)	21,257
ASKs (m)	151,430	(67%)	50,633



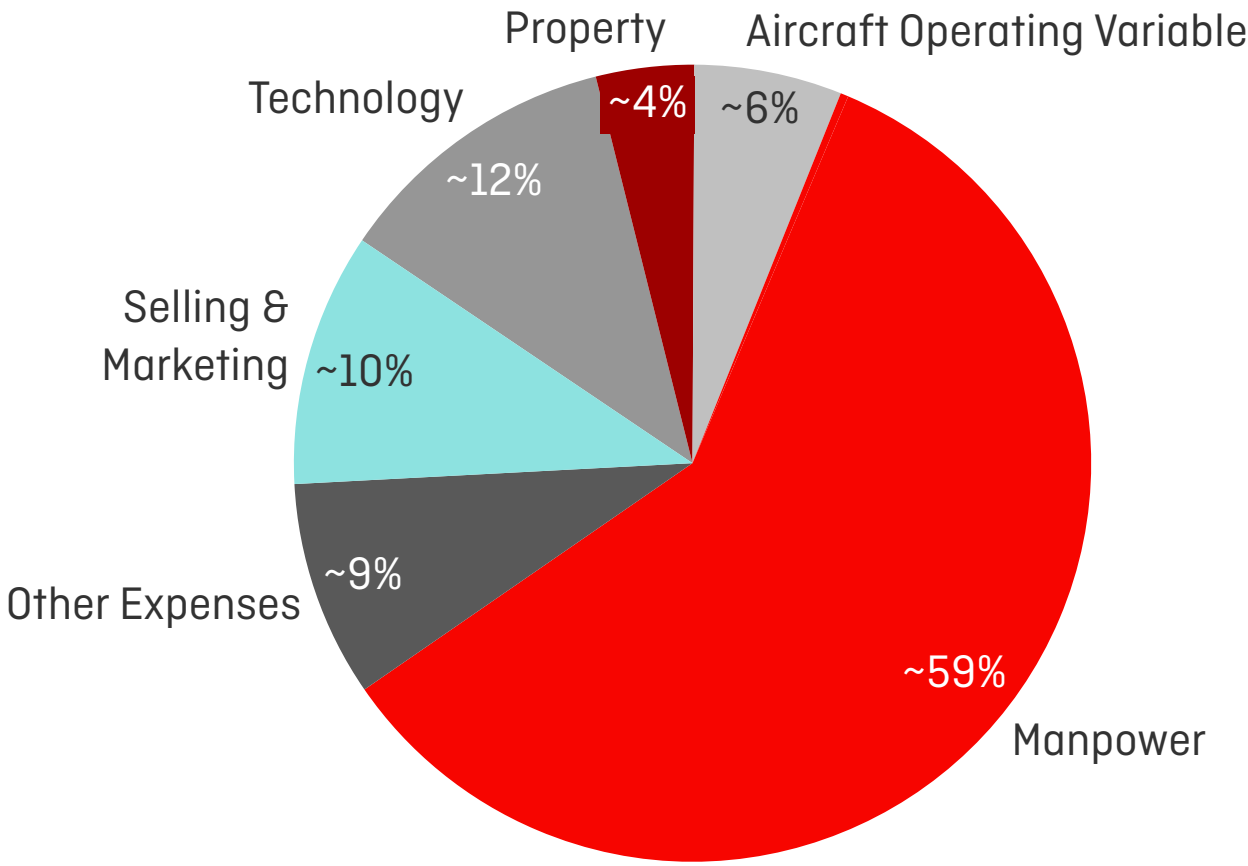
1. FY19 has not been restated for the adoption of IFRIC Cloud Computing decision. 2. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying PBT.

\$1b Recovery Plan Benefits

Breakdown by Segment¹



Breakdown by Category^{1,2}



1. Breakdown is for the full \$1b Recovery Plan benefits. 2. Costs of Ground Handling outsourced as part of the transformation initiative are netted off against realised manpower benefit. Benefits dependent on flying activity.

Cash flow

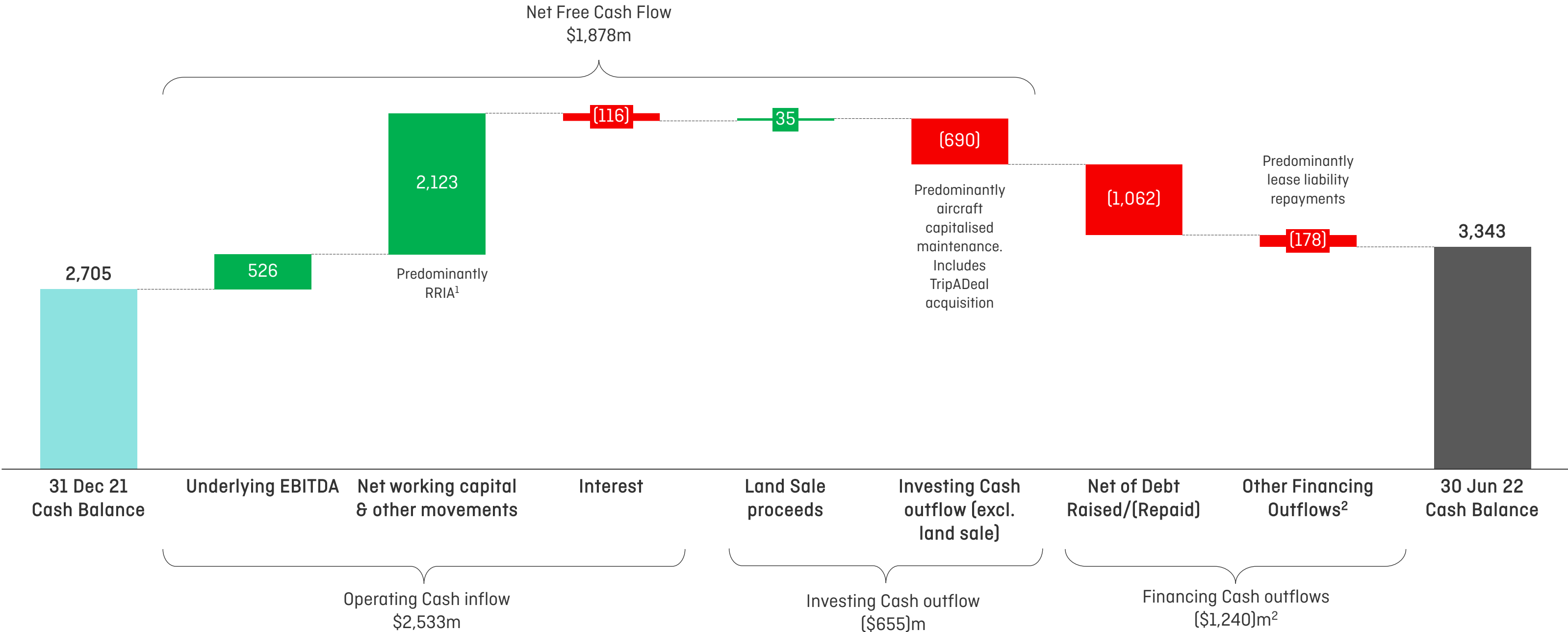
\$M	FY22	FY21
Operating cash flows	2,670	(386)
Investing cash flows	(240)	(722)
Net free cash flow¹	2,430	(1,108)
Financing cash flows	(1,310)	(181)
Cash at beginning of year	2,221	3,520
Effects of FX on cash	2	(10)
Cash at end of period	3,343	2,221

- Operating cash flow of \$2,670m driven by
 - Underlying EBITDA profit of \$281m
 - Favourable net working capital and other movements (predominately RRIA²) of \$2,628m
 - Net interest paid of (\$239)m
- Net investing cash flows of (\$240)m driven by
 - One-off inflows of \$789m relating to the Mascot land sale
 - Restricted gross investing cash outflow to prioritise debt reduction (\$1,029)m
- Financing cash flows of (\$1,310)m include
 - \$491m new debt raised since 30 June 2021
 - Debt repayments of (\$1,441)m of secured and unsecured debt
 - Net lease principal repayments and other repayments of (\$360)m



1. Cash from operating activities less net cash used in investing activities. 2. Revenue Received in Advance.

2H22 movement in cash position



1. Revenue Received In Advance. 2. Includes the impact of FX on cash balance of \$2m reported in the Cash Flow Statement for FY22.

Impact of adoption of IFRIC Agenda Decision on Cloud Computing Arrangements

- The adoption of IFRIC Agenda Decision on Cloud Computing Arrangements required 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 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)



Invested Capital calculation

\$M	As at 30 Jun 2022	As at 30 Jun 2021 ³	As at 30 Jun 2019 ⁴
Receivables (current and non-current)	1,107	633	1,178
Inventories	269	279	364
Other assets (current and non-current)	1,170	856	680
Investments accounted for under the equity method	57	57	217
Property, plant and equipment	10,224	10,787	12,776
Intangible assets	778	745	1,225
Assets classified as held for sale	1	1	1
Payables (current and non-current)	(2,474)	(1,857)	(2,366)
Provisions (current and non-current)	(1,895)	(1,825)	(1,442)
Revenue Received In Advance (current and non-current)	(7,929)	(5,431)	(5,880)
Capitalised leased aircraft ¹	1,892	1,751	1,424
Invested Capital	3,200	5,996	8,177
Average Invested Capital²	4,928	6,553	8,631

- Aircraft financed via leases are adjusted as if they were owned, i.e. all AASB 16 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. 4. FY19 not restated for IFRIC Cloud Computing decision.

Return on Invested Capital (ROIC) calculation

\$M	FY22	FY21 ⁵
Underlying EBIT	(1,558)	(1,473)
Add back: Lease depreciation under AASB 16	336	373
Less: Notional depreciation ¹	(118)	(105)
Less: Cash expenses for non-aircraft leases	(219)	(199)
ROIC EBIT	(1,559)	(1,404)

\$M	FY22	FY21 ⁵
Net working capital ²	(9,752)	(7,345)
Fixed assets ³	11,060	11,590
Capitalised leased aircraft ¹	1,892	1,751
Invested Capital	3,200	5,996
Average Invested Capital⁴	4,928	6,553

Return on Invested Capital (%)	(31.6)	(21.4)
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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 liabilities 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 ROIC = 10%
- At average Invested Capital of \$4.9b, optimal Net Debt range is **\$4.2b to \$5.2b**

	Jun 22	Drivers of Net Debt range
	\$B	
Invested Capital <i>Avg Invested Capital for trailing 12 months</i>	4.9	▶ Invested Capital will grow in line with aircraft deliveries including Project Winton and Sunrise
10% ROIC EBIT <i>Invested Capital x 10%</i>	0.49	▶ Notional EBIT increases as Invested Capital grows
plus rolling 12 month ROIC depreciation ¹ <i>Includes notional depreciation on aircraft operating leases</i>	1.59	▶ Depreciation changes as fleet renewed
EBITDA where ROIC = 10%	<u>2.08</u>	
Net Debt target range²		
Net Debt at 2.0x EBITDA where ROIC = 10%	4.2	▶ Net Debt target range moves over time with the above When actual results > 10% ROIC leveraged levels are below 2.0x
Net Debt at 2.5x EBITDA where ROIC = 10%	5.2	

Group leverage target consistent with investment grade credit metrics



1. Equal to the ROIC depreciation for the 12 months to 30 June 2022 and includes Group Underlying depreciation and amortisation (excluding lease depreciation under AASB 16), and notional depreciation on leased aircraft. 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 30 Jun 22	As at 30 Jun 21	Change ⁴
Current interest-bearing liabilities on Balance Sheet	669	969	300
Non-current interest-bearing liabilities on Balance Sheet	5,291	5,861	570
Cash at end of period	(3,343)	(2,221)	1,122
Net on Balance Sheet debt¹	2,617	4,609	1,992
Capitalised aircraft lease liabilities ²	1,320	1,281	(39)
Net Debt³	3,937	5,890	1,953

\$M	As at 30 Jun 22	As at 30 Jun 21	Change ⁴
Cash and cash equivalents at end of period	3,343	2,221	1,122
Undrawn facilities	1,330	1,575	(245)
Total liquidity	4,673	3,796	877

- Net Debt decreased by \$2.0b for the 12 months to June 2022
 - Borrowing activity for the period included
 - 1H22 new unsecured borrowings of (\$0.5)b
 - Repayment of \$0.7b secured amortising debt, \$0.3b bonds and pre-payment of \$0.45b Corporate Secured Debt Program
 - Increase in cash balance supported by proceeds from the rebuild of Revenue Received in Advance (RRIA) and the sale of Mascot land

- Committed undrawn facilities of \$1.3b
- The Group also maintains an unencumbered asset base of >\$3.5b



1. Net on Balance Sheet debt includes interest-bearing liabilities 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.

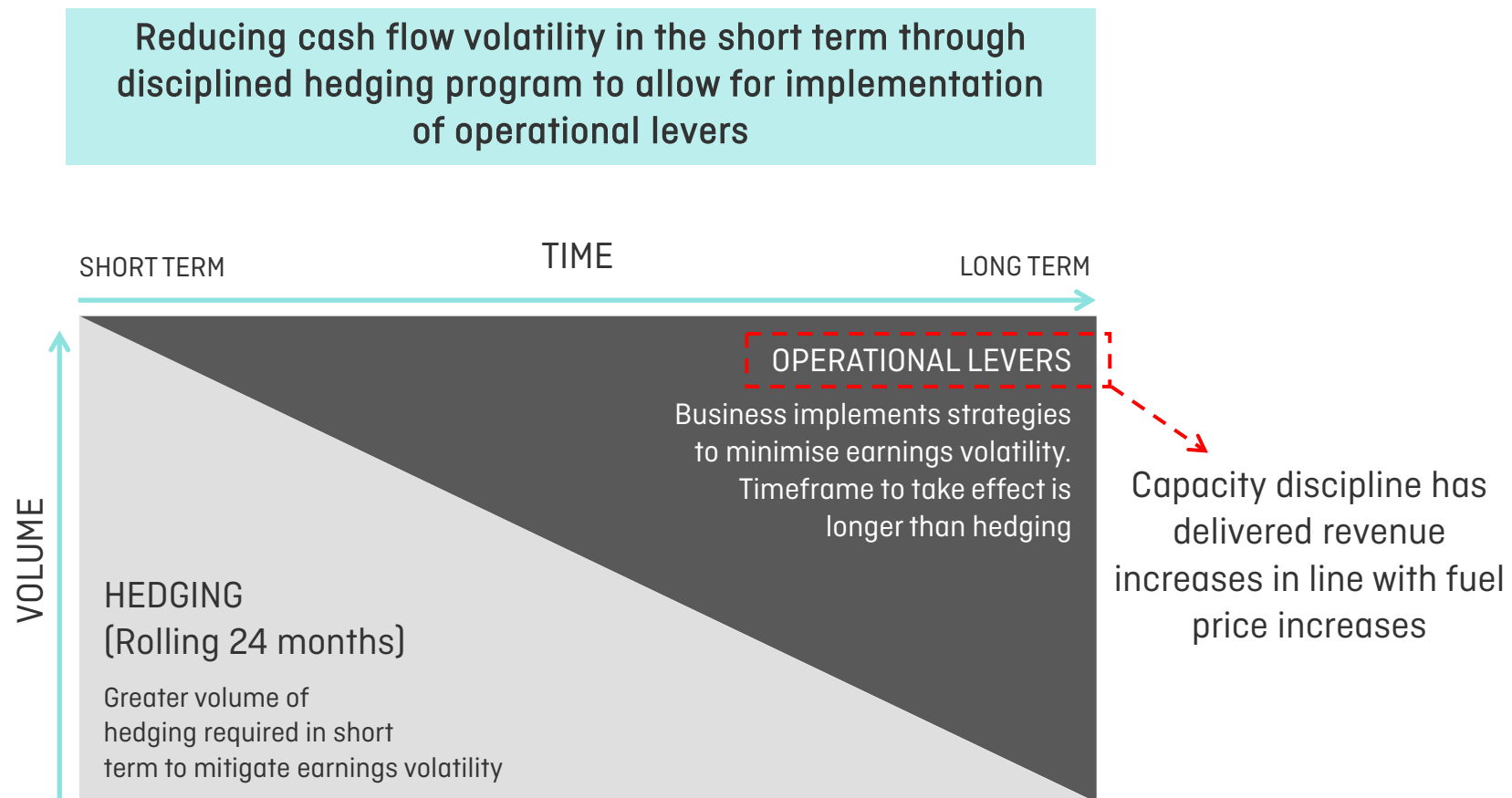
Net Debt movement under the Financial Framework

\$M	FY22	FY21
Opening Net Debt	(5,890)	(4,734)
Net cash from operating activities	2,670	(386)
Less: Net lease principal repayments under AASB 16	(363)	(417)
Add: Principal portion of aircraft lease rentals	158	210
Funds From Operations	2,465	(593)
Net cash from investing activities	(240)	(722)
Addition of leased aircraft	(153)	-
Return of leased aircraft	25	29
Lease adjustment for Freighter conversion	(30)	-
Net Capital Expenditure	(398)	(693)
Dividend paid to shareholders	-	-
Payments for share buy-back	-	-
Shareholder Distributions	-	-
Payment for treasury shares	(2)	-
Net equity raise funds	-	58
FX revaluations and other fair value movements	(112)	72
Closing Net Debt	(3,937)	(5,890)

- 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 did not change the Financial Framework that guides the Group's capital decisions

Financial risk management framework

Hedging Program



Principles of Financial Risk Management

- Principles of financial risk management
 - Manage net cash flow impacts
 - Takes into consideration both revenue and cost drivers
 - Greater use of derivatives in the short term and reliance on operational levers in the long term
 - Rolling 24 month hedge horizon
 - Preference for optionality to minimise worst case outcome and allow participation in favourable market moves
- Remaining financial risks impacting earnings are largely accounting based and include
 - Interest rate impact on valuation of accounting provisions
 - FX revaluation of foreign currency non-hedged balance sheet items e.g. lease return provisions accounted for in USD
- As accounting estimates become cash obligations and fall within 24 month hedge horizon, principles of financial risk management are applied



Group Fleet as at 30 June 2022

Aircraft Type	FY22	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 ²	20	20	-
Q200/Q300	19	19	-
Q400	31	31	-
E190 ³	12	4	8
F100	18	18	-
A320-200	11	10	1
Total QantasLink	111	102	9
A320-200 ⁴	59	61	(2)
A321-200	6	6	-
787-8	11	11	-
Total Jetstar	76	78	(2)
737-300F/737-400F	5	5	-
767-300F	1	1	-
A321-200F ⁵	3	3	-
747-8F ⁶	2	-	2
Total Freight⁷	11	9	2
Total Group	322	315	7

- Group Fleet now includes embedded lease and related financing of Embraer E190s and 747 Atlas Freighters as they have been recognised as debt in accordance with the Financial Framework⁸
- Group fleet⁹ of 322 aircraft as at 30 June 2022
 - Excludes 6 x A320-200 from Jetstar Japan that is currently providing additional temporary capacity to Jetstar Australia
- Movements in FY22 include
 - 2 x A380-800s no longer returning to service¹
 - 8 x E190 expansion via Alliance Airlines capacity hire arrangement (with options up to 18 available)
 - 1 x A320-200 transferred from Jetstar to QantasLink
 - 1 x A320-200 returned from Jetstar Asia to lessor
 - 2 x 747-8F freighters via Atlas Air capacity hire arrangement included in accordance with the Financial Framework

1. Decision to return 10 x A380s to service announced August 2021. 2. Includes 8 x 717s held as Assets for Sale as at June 2022 3. Capacity hire arrangement with Alliance Airlines. 4. A320-200 fleet includes 7 x A320s from Jetstar Asia (Singapore). 5. Includes Jetstar A321-200s converted to freighter aircraft. 6. Capacity hire arrangement with Atlas Air. 2 x 747-8F operated as at 30 June 2022. This lease ended July 2022 and has been replaced with 2 x 747-400F. 7. Qantas Group also wet-leases 1 x 737-400F, 1 x 747-400F, 7 x BAe146 and 2 x Saab 340 freighter aircraft (all not included in the table), taking the total freight fleet to 22 aircraft. 8. Financial Framework recognises lease arrangements that serve permanent capacity. 9. Includes purchased and leased aircraft but excludes non-permanent capacity wet-leased aircraft.

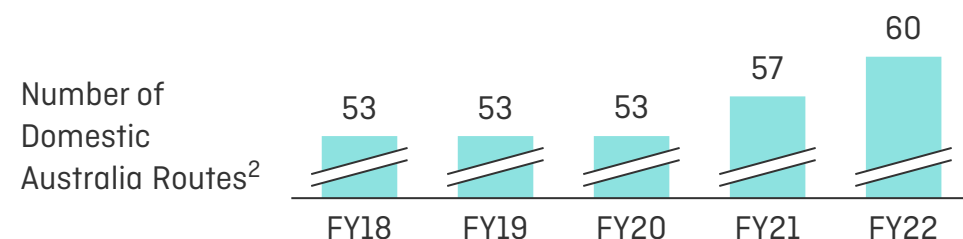
Supplementary Segment Information



Jetstar Group Overview

Jetstar Domestic

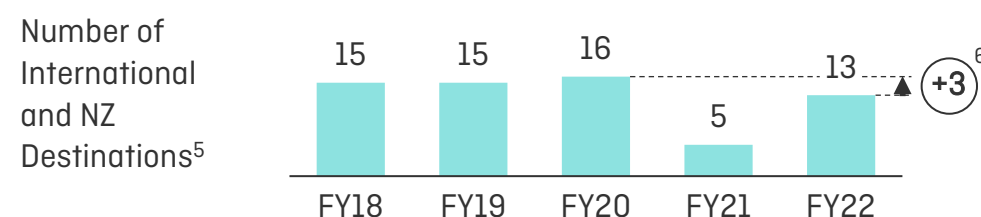
- Low fares leadership with margin premium over competitors driven by low-cost base, scale, network breadth and ancillary revenue advantage
- Long term presence in local market with 18 years of operational and brand presence. Low fares guarantee underpins business model
- Arrival of A321LRs supports margin advantage through cost and utilisation benefits
- Continuing to innovate in customer experience introducing onboard streaming, dynamic retailing and new bundles
- Significant growth in ancillary revenue



Jetstar Branded Airline	Ownership ³	Launch	Aircraft ⁴
Domestic AU	100%	2004	48 x A320s 6 x A321s 2 x 787-8s ⁷

Jetstar International¹

- Australia outbound
 - Competitive advantage through brand strength and local partnerships
 - Low-cost base supported by high density configuration, utilisation of fleet and crew base diversity
 - The arrival of 18 x A321LRs to support growth in key markets (e.g. Bali) allowing redeployment of 787s to longer range new markets
- Jetstar New Zealand
 - Unique market low fares proposition, providing valuable connecting traffic across the Tasman



Jetstar Branded Airline	Ownership ³	Launch	Aircraft ⁴
International AU	100%	2006	9 x 787-8s ⁷ 3 x A320s
Jetstar NZ	100%	2009	7 x A320s

Jetstar in Asia

- Jetstar Japan is positioned for the recovery once Japan's COVID cases reduce, borders reopen and demand returns
 - JV with Japan Airlines & Tokyo Century Corporation
 - Operated in Japan for 10 years with network of 17 domestic destinations
 - Received first A321LR aircraft in June 2022
 - High COVID cases continue in Japan and international border restrictions remain in place
- Jetstar Asia downsized to 7 aircraft during COVID, redeploying fleet in Australia to take advantage of the earlier market recovery

Jetstar Branded Airline	Ownership ³	Launch	Aircraft ⁴
Jetstar Asia (Singapore)	49%	2004	7 x A320s
Jetstar Japan	33%	2012	19 x A320s 1 x A321LR

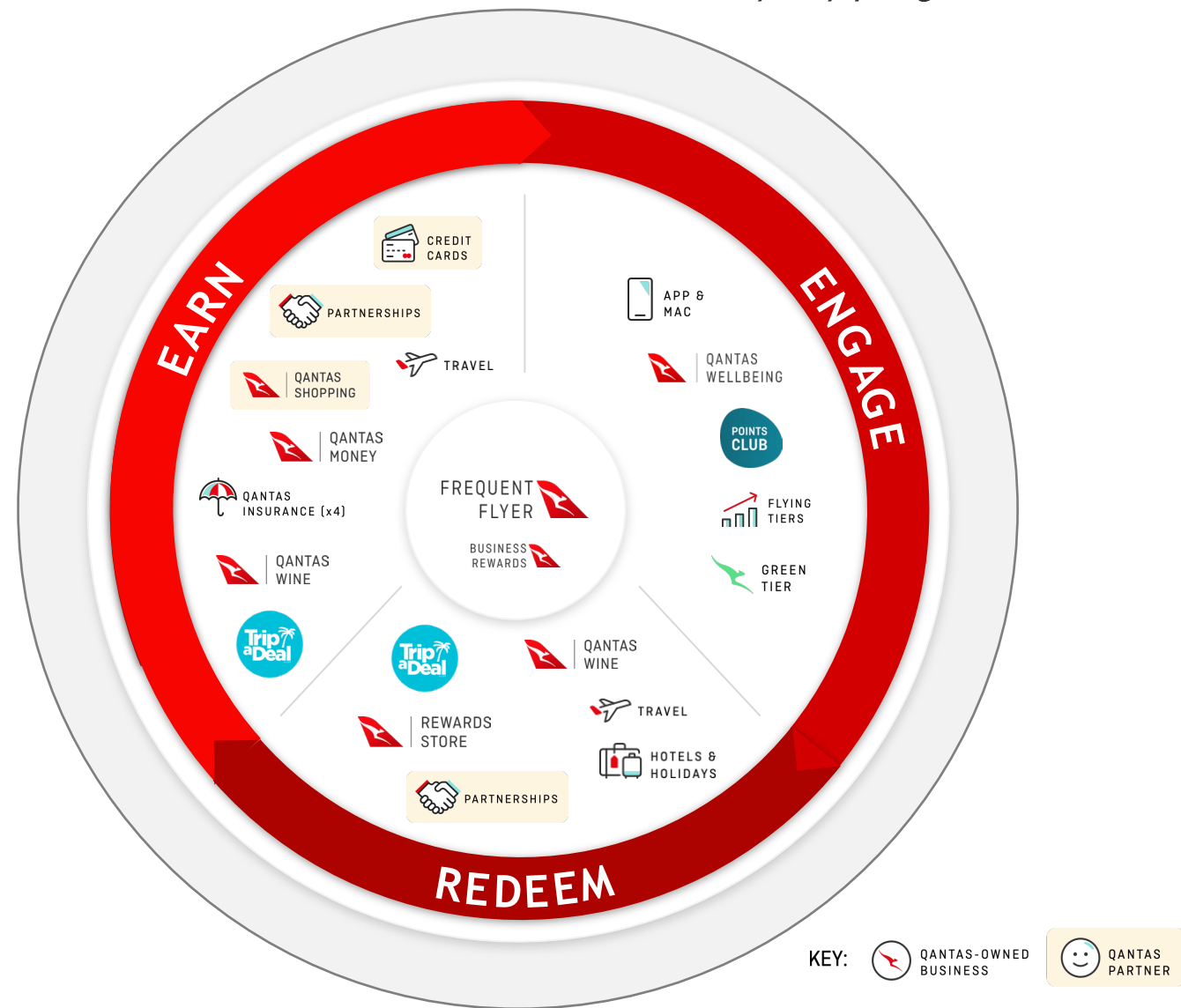
Margin premium over competitors driven by low cost base, scale, network agility and ancillary revenue



1. Australia outbound and New Zealand. 2. Includes any route scheduled for regular passenger transport, excluding IFAM & APG and excludes any diversions. 3. Based on voting rights. 4. Represents operational fleet. For Jetstar Domestic, includes access to aircraft for Jetstar Australia Domestic operations (6 from Jetstar Japan). 5. Includes Jetstar Trans-Tasman services commenced in 2005 and Jetstar New Zealand (Domestic) services commenced in 2009. Excludes Jetstar New Zealand (Regional) business exited September 2019. Excludes Melbourne – Zhengzhou charter services that operated in FY18 – FY20 and also excludes IFAM & APG and any diversions. 6. Japan (Narita and Osaka) recommenced in July 2022 with South Korea (Seoul) scheduled for November 2022. 7. As at 30 June 2022.

Diversification and growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs



- Group cash contribution¹ >\$1b for 3rd consecutive year; contributing long term value to the Qantas Group
- 4% growth² in Qantas Frequent Flyer membership; 13% growth² in QBR³ membership with >370,000 SME members⁴
- >600 program partners⁵ across Qantas Frequent Flyer and Qantas Business Rewards
- Continuing to diversify Financial Services portfolio in FY22 – NAB Personal Loans; Superhero share trading; and Buy Now Pay Later partnerships launched
- ~50% YoY growth in Qantas Hotels and Holiday booking activity, following the expansion of the Qantas Holidays brand and improved redemption value
- Growth across direct to consumer businesses continues versus pre-COVID levels – 40% growth in Health Insurance customers, and Qantas Wine sales; ~10% growth in Reward Store revenue



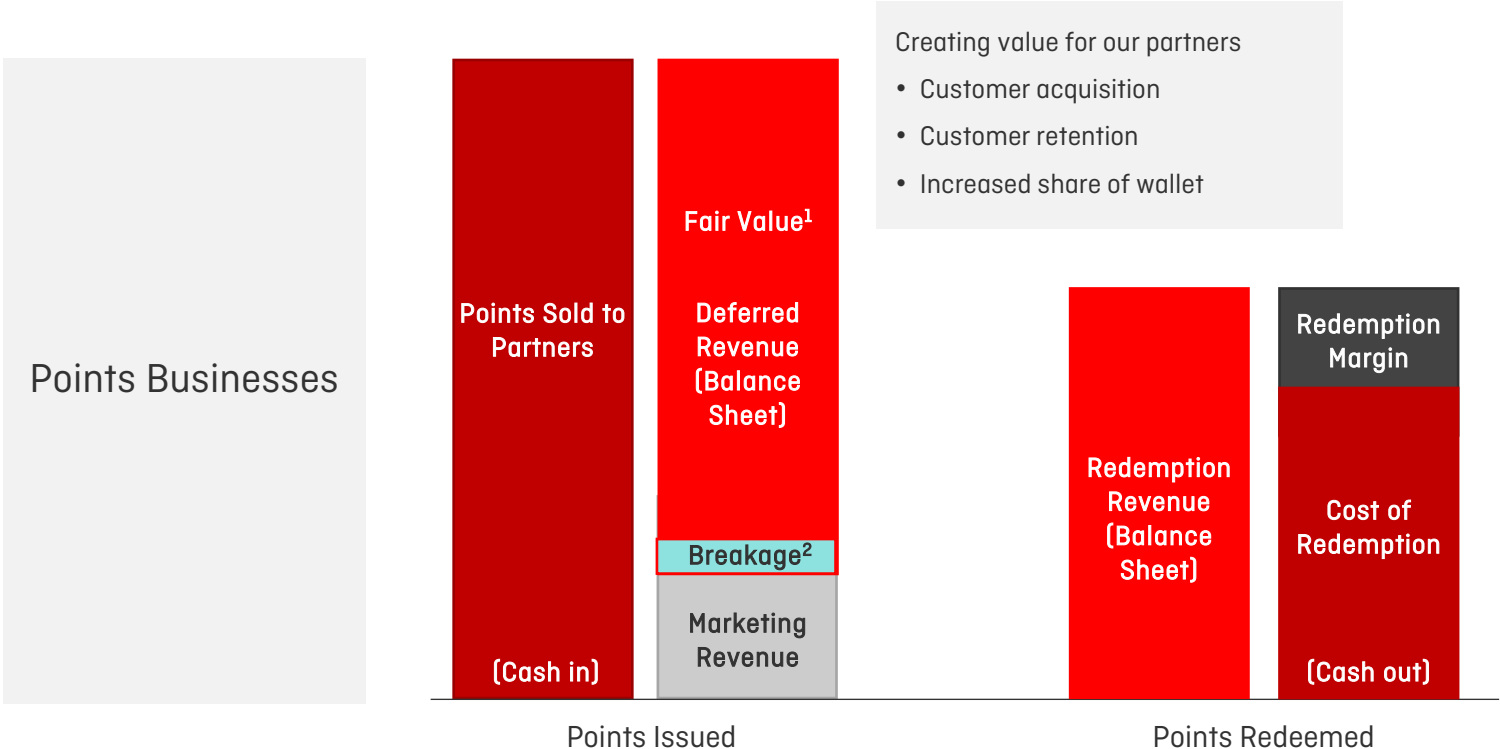
Leadership in customer advocacy in airline loyalty programs



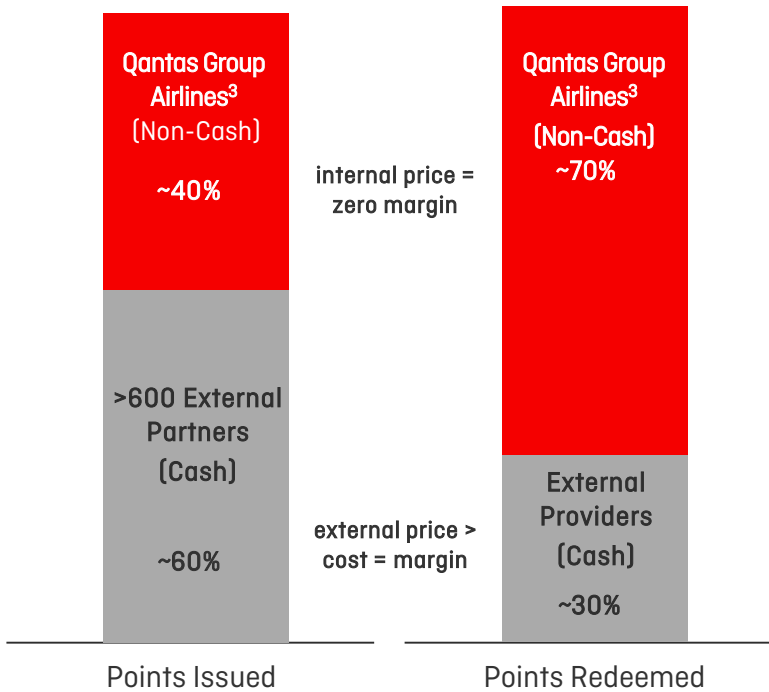
1. Sales to external parties between 1 July and 30 June. 2. Compared to June 2021. 3. Qantas Business Rewards. 4. Small and Medium Enterprises as at 30 June 2022. 5. Includes Airline, Retail, Financial Services and Health and Wellness partners.

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 AASB 15, 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.

2H22 Group and Group Domestic Traffic Statistics vs Pre-COVID

	3Q22	Pre-COVID 3Q19	Change (%)	4Q22	Pre-COVID 4Q19	Change (%)	2H22	Pre-COVID 2H19	Change (%)
Total Qantas Group Operations									
Passengers carried ('000)	5,772	13,670	(58)	10,087	13,643	(26)	15,859	27,313	(42)
Revenue Passenger Kilometres (m)	8,902	31,290	(72)	18,373	31,244	(41)	27,275	62,534	(56)
Available Seat Kilometres (m)	13,706	37,380	(63)	23,423	37,196	(37)	37,129	74,576	(50)
Revenue Seat Factor (%)	64.9	83.7	(18.8pts)	78.4	84	(5.6pts)	73.5	83.9	(10.4pts)
Group Unit Revenue (c/ASK)	8.66	8.85	(2)	10.59	8.66	22	9.88	8.76	13
Group Domestic									
Available Seat Kilometres (m)	8,762	12,638	(31)	13,259	13,109	1	22,021	25,747	(14)
Group Domestic Unit Revenue change (%)			(21)			(0)			(8)
Qantas Domestic									
Passengers carried ('000)	2,943	5,148	(43)	4,952	5,424	(9)	7,894	10,572	(25)
Revenue Passenger Kilometres (m)	3,093	6,079	(49)	6,017	6,472	(7)	9,110	12,551	(27)
Available Seat Kilometres (m)	5,266	8,053	(35)	8,291	8,499	(2)	13,556	16,552	(18)
Revenue Seat Factor (%)	58.7	75.5	(16.8pts)	72.6	76.2	(3.6pts)	67.2	75.8	(8.6pts)
Jetstar Domestic									
Passengers carried ('000)	2,154	3,560	(39)	3,345	3,385	(1)	5,498	6,945	(21)
Revenue Passenger Kilometres (m)	2,575	3,998	(36)	4,237	3,950	7	6,812	7,948	(14)
Available Seat Kilometres (m)	3,496	4,585	(24)	4,969	4,610	8	8,464	9,195	(8)
Revenue Seat Factor (%)	73.7	87.2	(13.5pts)	85.3	85.7	(0.4pts)	80.5	86.4	(5.9pts)



2H22 Group International Traffic Statistics vs Pre-COVID

	3Q22	Pre-COVID 3Q19	Change (%)	4Q22	Pre-COVID 4Q19	Change (%)	2H22	Pre-COVID 2H19	Change (%)
Group International									
Available Seat Kilometres (m)	4,944	24,742	(80)	10,164	24,087	(58)	15,108	48,829	(69)
Group International Unit Revenue change (%)			0			28			16
Qantas International									
Passengers carried ('000)	308	2,224	(86)	816	2,170	(62)	1,124	4,394	(74)
Revenue Passenger Kilometres (m)	2,712	15,008	(82)	5,717	14,756	(61)	8,429	29,764	(72)
Available Seat Kilometres (m)	3,879	17,517	(78)	7,063	16,903	(58)	10,942	34,420	(68)
Revenue Seat Factor (%)	69.9	85.7	(15.8pts)	80.9	87.3	(6.4pts)	77.0	86.5	(9.5pts)
Jetstar International									
Passengers carried ('000)	282	1,635	(83)	678	1,513	(55)	960	3,148	(70)
Revenue Passenger Kilometres (m)	426	4,560	(91)	2,054	4,353	(53)	2,480	8,913	(72)
Available Seat Kilometres (m)	731	5,266	(86)	2,620	5,151	(49)	3,351	10,417	(68)
Revenue Seat Factor (%)	58.3	86.6	(28.3pts)	78.4	84.5	(6.1pts)	74.0	85.6	(11.6pts)
Jetstar Asia									
Passengers carried ('000)	86	1,103	(92)	296	1,151	(74)	382	2,254	(83)
Revenue Passenger Kilometres (m)	96	1,645	(94)	349	1,713	(80)	445	3,358	(87)
Available Seat Kilometres (m)	334	1,959	(83)	482	2,033	(76)	816	3,992	(80)
Revenue Seat Factor (%)	28.8	84	(55.2pts)	72.3	84.3	(12.0pts)	54.5	84.1	(29.6pts)



2H22 Group and Group Domestic Traffic Statistics vs 2H21

	3Q22	3Q21	Change (%)	4Q22	4Q21	Change (%)	2H22	2H21	Change (%)
Total Qantas Group Operations									
Passengers carried ('000)	5,772	4,440	30	10,087	6,511	55	15,859	10,951	45
Revenue Passenger Kilometres (m)	8,902	5,033	77	18,373	7,956	131	27,275	12,989	110
Available Seat Kilometres (m)	13,706	8,233	66	23,423	12,305	90	37,129	20,537	81
Revenue Seat Factor (%)	64.9	61.1	3.8pts	78.4	64.6	13.8pts	73.5	63.2	10.3pts
Group Unit Revenue (c/ASK)	8.66	9.23	(6)	10.59	9.61	10	9.88	9.46	4
Group Domestic									
Available Seat Kilometres (m)	8,762	7,717	14	13,259	11,116	19	22,021	18,834	17
Group Domestic Unit Revenue change (%)			(2)			19			11
Qantas Domestic									
Passengers carried ('000)	2,943	2,266	30	4,952	3,515	41	7,894	5,781	37
Revenue Passenger Kilometres (m)	3,093	2,579	20	6,017	4,272	41	9,110	6,851	33
Available Seat Kilometres (m)	5,266	4,737	11	8,291	6,995	19	13,556	11,732	16
Revenue Seat Factor (%)	58.7	54.4	4.3pts	72.6	61.1	11.5pts	67.2	58.4	8.8pts
Jetstar Domestic									
Passengers carried ('000)	2,154	1,822	18	3,345	2,490	34	5,498	4,312	28
Revenue Passenger Kilometres (m)	2,575	2,195	17	4,237	3,104	37	6,812	5,299	29
Available Seat Kilometres (m)	3,496	2,980	17	4,969	4,122	21	8,464	7,102	19
Revenue Seat Factor (%)	73.7	73.7	0.0pts	85.3	75.3	10.0pts	80.5	74.6	5.9pts



2H22 Group International Traffic Statistics vs 2H21

	3Q22	3Q21	Change (%)	4Q22	4Q21	Change (%)	2H22	2H21	Change (%)
Group International									
Available Seat Kilometres (m)	4,944	516	>100	10,164	1,188	>100	15,108	1,704	>100
Group International Unit Revenue change (%)			61			90			80
Qantas International									
Passengers carried ('000)	308	9	>100	816	109	>100	1,124	118	>100
Revenue Passenger Kilometres (m)	2,712	16	>100	5,717	249	>100	8,429	266	>100
Available Seat Kilometres (m)	3,879	42	>100	7,063	567	>100	10,942	609	>100
Revenue Seat Factor (%)	69.9	39.2	30.7pts	80.9	43.9	37.0pts	77.0	43.6	33.4pts
Jetstar International									
Passengers carried ('000)	282	322	(12)	678	369	84	960	691	39
Revenue Passenger Kilometres (m)	426	219	95	2,054	294	>100	2,480	513	>100
Available Seat Kilometres (m)	731	299	>100	2,620	405	>100	3,351	704	>100
Revenue Seat Factor (%)	58.3	73.2	(14.9pts)	78.4	72.6	5.8pts	74.0	72.9	1.1pts
Jetstar Asia									
Passengers carried ('000)	86	21	>100	296	28	>100	382	49	>100
Revenue Passenger Kilometres (m)	96	25	>100	349	35	>100	445	60	>100
Available Seat Kilometres (m)	334	175	91	482	216	>100	816	391	>100
Revenue Seat Factor (%)	28.8	14.4	14.4pts	72.3	16.2	56.1pts	54.5	15.3	39.2pts



Qantas Domestic¹

		FY22	FY19	FY Variance%	1H22	1H19	1H Variance%	2H22	2H19	2H Variance%
Revenue	\$M	3,448	6,098	(43)	1,127	3,230	(65)	2,321	2,868	(19)
Underlying EBITDA	\$M	(27)	1,503	<(100)	(265)	857	<(100)	238	646	(63)
Underlying EBIT	\$M	(765)	778	<(100)	(613)	478	<(100)	(152)	300	<(100)
Operating Margin	%	<0	12.8	N/A	<0	14.8	N/A	<0	10.5	N/A
ASKs	M	21,233	33,866	(37)	7,677	17,314	(56)	13,556	16,552	(18)
Seat factor	%	60.9	77.8	(16.9pts)	49.6	79.6	(30.0pts)	67.2	75.8	(8.6pts)



1. 1H19, 2H19 and FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Qantas International and Freight¹

		FY22	FY19	FY Variance%	1H22	1H19	1H Variance%	2H22	2H19	2H Variance%
Revenue	\$M	3,706	7,420	(50)	1,317	3,693	(64)	2,389	3,727	(36)
Underlying EBITDA	\$M	448	1,045	(57)	89	477	(81)	359	568	(37)
Underlying EBIT	\$M	(238)	323	<(100)	(238)	119	<(100)	0	204	(100)
Operating Margin	%	<0	4.4	N/A	<0	3.2	N/A	TBA	5.5	N/A
ASKs	M	12,187	69,571	(82)	1,245	35,151	(96)	10,942	34,420	(68)
Seat factor	%	75.4	86.0	(10.6pts)	62.0	85.5	(23.5pts)	77.0	86.5	(9.5pts)



1. 1H19, 2H19 and FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Jetstar Group¹

		FY22	FY19	FY Variance%	1H22	1H19	1H Variance%	2H22	2H19	2H Variance%
Revenue	\$M	1,440	3,961	(64)	394	2,048	(81)	1,046	1,913	(45)
Underlying EBITDA	\$M	(448)	836	<(100)	(243)	471	<(100)	(205)	365	<(100)
Underlying EBIT	\$M	(796)	400	<(100)	(417)	253	<(100)	(379)	147	<(100)
Operating Margin	%	<0	10.1	N/A	<0	12.4	N/A	<0	7.7	N/A
ASKs	M	17,213	47,993	(64)	4,583	24,389	(81)	12,630	23,604	(46)
Seat factor	%	71.2	86.1	(14.9pts)	55.0	86.6	(31.6pts)	77.1	85.7	(8.6pts)



1. 1H19, 2H19 and FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Qantas Loyalty

		FY22	FY19	FY Variance%	1H22	1H19	1H Variance%	2H22	2H19	2H Variance%
Revenue ¹	\$M	1,334	1,654	(19)	485	809	(40)	850	845	1
Underlying EBIT	\$M	292	376	(22)	127	175	(27)	165	201	(18)
Operating Margin ²	%	21.9	22.7	(0.8pts)	26.2	21.6	4.6pts	19.4	23.8	(4.4pts)
QFF Members ³	M	14.1	12.9	9	13.8	12.6	9	14.1	12.9	9
Points Earn	B	118	156	(24)	51	77	(34)	67	79	(16)
Points Redeemed ⁴	B	121	135	(11)	43	66	(35)	77	69	12



1. 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. 2. Operating Margin calculated as Underlying segment EBIT divided by total segment revenue. 3. Members at 31 December for corresponding periods. 4. Points Redeemed excludes points refunded on Classic, PPP and Partner Airline rewards.

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

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

RASK – Ticketed passenger revenue divided by available seat kilometres

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

