



POSITIONING FOR SUSTAINABILITY
AND GROWTH

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All dollar amounts are in Australian dollars unless otherwise specified. Where figures have been rounded, discrepancies may occur between the sum of the component items and the total, which are derived from figures prior to rounding.

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 and in accordance with the Corporations Act, the Qantas Data Book 2017 is unaudited, notwithstanding this Data Book contains disclosures which are extracted or derived from the Annual Report for the year ended 30 June 2017, which has been audited by the Group's Independent Auditor.

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QANTAS GROUP SUMMARY

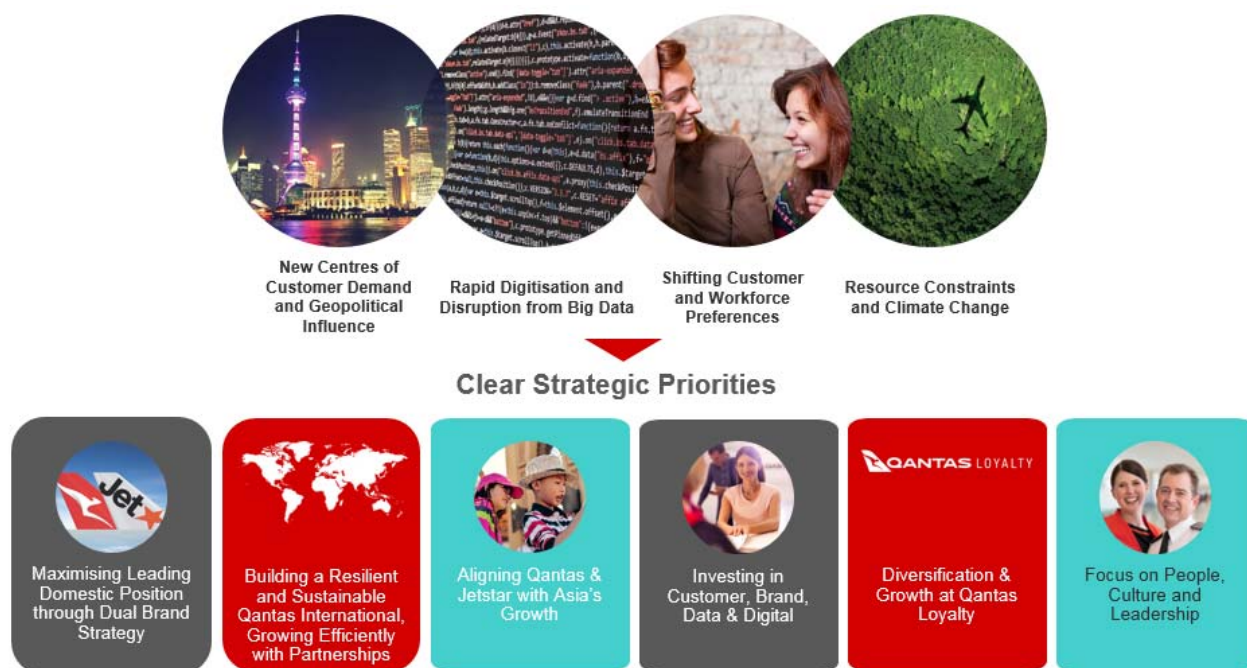
The Qantas Group's main business is the transportation of passengers using two complementary airline brands, Qantas and Jetstar, operating international, domestic and regional services.

The Qantas Group's broader portfolio of businesses and investments, including Qantas Loyalty and Qantas Freight, generate diverse revenue streams and add value for customers and investors.

THE WORLD'S MOST EXPERIENCED AIRLINE

Qantas is the world's second oldest airline. It was founded in the Queensland outback in 1920 and has been in continuous operation since that date, longer than any other airline. The name comes from the initials of the words in the original company name – Queensland and Northern Territory Aerial Services Limited. The Company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days, with an overnight stop at Longreach. Passenger ticket No. 1 was issued to 84 year old Alexander Kennedy, a pioneer of western Queensland. The first Qantas overseas passenger left Brisbane for Singapore in April 1935.

QANTAS GROUP STRATEGY



Safety remains our first priority and we are committed to maintaining our position as the leading Australian domestic carrier and one of the world's premier long-haul airlines through our dual airline brands, Qantas and Jetstar. We aim to maintain customer loyalty by delivering exceptional experiences through these brands, in conjunction with Qantas Loyalty. Our operating strategy is complemented by a prudent approach to capital management, as we seek to deliver sustainable, long term returns to shareholders.

Trading codes ISIN code: AU000000QAN2 Reuters: QAN.AX Bloomberg: QAN AU ADR: QABSY

QANTAS GROUP IN 5 MINUTES



QANTAS DOMESTIC

Key figures	Unit	FY17	FY16 ¹
Revenue	\$M	5,632	5,710
Underlying EBIT	\$M	645	578
Passengers	M	22.2	22.3
Load Factor	%	76.4	75.2

Qantas Domestic is Australia's largest premium full service airline, carrying 22 million passengers in FY17 on over 4,400 flights per week in Australia. Qantas Domestic is a single integrated airline providing airline transportation through its brands Qantas, QantasLink and Network Aviation.

Main Markets

Qantas Domestic serves all Australian capital cities, large metropolitan areas as well as many regional hubs throughout Australia, and (together with Jetstar Domestic) held approximately 61 per cent of domestic market capacity share in FY17.

QantasLink and Network Aviation together service 57 metropolitan and regional regular passenger transport destinations across Australia and Port Moresby in Papua New Guinea, as well as 13 charter destinations².

FY17 Main Domestic Markets

Route	Percentage of ASKs
East West	30%
Triangle (Sydney, Melbourne, Brisbane)	21%
Regionals	20%
Other	29%
Total	100%

Customers

Qantas Domestic's goal is to remain the carrier of choice for business and premium leisure passengers.

Product

Qantas Domestic offers passengers a premium product and service on its extensive domestic network. Qantas Domestic offers a one or two class product on domestic routes – Business and Economy. Qantas Frequent Flyer (QFF) members also have the opportunity to earn and redeem Qantas points across the domestic network. Passengers have access to 35 Qantas lounges across Australia.

The Group has completed the reconfiguration of the Qantas Domestic 737-800 and the A330-200 fleet to refresh the look and feel of the cabin. Qantas Domestic opened the Brisbane Domestic Business Lounge and Premium Lounge Entry in FY17 and continues to invest in customer experience with the roll-out of on-board Wi-Fi currently underway.

1. Passenger numbers have been restated to align with the current period presentation on a sector basis. 2. Includes both the dedicated charter only ports and shared regular passenger transport / charter ports.

QANTAS INTERNATIONAL

Key figures	Unit	FY17	FY16 ¹
Revenue	\$M	5,708	5,750
Underlying EBIT	\$M	327	512
Passengers	M	7.6	7.1
Load Factor	%	81.0	81.7

Qantas International is a premium full service international airline providing transportation between Australia and New Zealand, Asia, North and South America, Africa, the Middle East and Europe under the Qantas brand. In FY17, over seven million passengers were carried on over 640 flights per week.

Qantas International has an extensive network offering through its strong bilateral alliances, including its partnerships with Emirates, China Eastern, and American Airlines², and founding membership in the oneworld alliance.

Main Markets

Qantas International carries premium international traffic to and from Australia.

Route	Percentage of ASKs
Asia	36%
America	35%
Europe	18%
Other	11%
Total	100%

In FY17, Qantas International added services to high growth markets in Asia, including Sydney-Beijing, Melbourne-Narita and Sydney-Denpasar and continued to offer seasonal services.

Customers

Qantas International's goal is to remain the international carrier of choice for premium and leisure customers in and out of Australia.

Product

Qantas International offers passengers a premium network, product and service. Through its oneworld membership and three cornerstone alliances with Emirates, China Eastern and American Airlines², Qantas International provides access to over 1,200 destinations in more than 150 countries, as well as more than 650 lounges globally. The QFF loyalty program also provides QFF members the opportunity to earn and redeem Qantas points across the Group's global network.

The Qantas Group is preparing to welcome the delivery of 787-9 Dreamliners to the Qantas International network in FY18 that will include luxury business suites, economy seats with more room, better entertainment and best in class premium economy.

1. Passenger numbers have been restated to align with the current period presentation on a sector basis. 2. Will shortly re-file joint business application with US Department of Transport. Strong partnership remains on codeshare basis.

JETSTAR

Key figures	Unit	FY17	FY16
Revenue	\$M	3,600	3,636
Underlying EBIT	\$M	417	452
Passengers	M	23.9	23.3
Load Factor	%	83.1	81.5

Jetstar is the Qantas Group's low cost airline brand. It is a value-based, low fares network of airlines operating primarily in leisure market segments. Jetstar consists of Jetstar Domestic and Jetstar International (including New Zealand based domestic operations). Jetstar also has holdings in Singapore-based Jetstar Asia, Vietnam-based Jetstar Pacific and in Jetstar Japan.

Main Markets

Jetstar's main market is domestic and international traffic to and from Australia (both short-haul and long-haul). Jetstar's intra-Asia network has been strengthened through Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). New Zealand operations encompass both trans-Tasman, domestic and regional New Zealand markets.

Market	Passenger Distribution	Passenger Revenue
Australia Domestic	56%	53%
International ³	44%	47%
Total	100%	100%

Customers

Jetstar is focused on providing consistently low fares to predominantly leisure travellers.

Product

Jetstar's low cost model offers domestic and international passengers a value-based product with the flexibility to select additional options in relation to seating, entertainment, catering, baggage and premium seating on long-haul flights. Jetstar offers two classes, Business and Economy, on certain International routes.

3. Includes Jetstar International, Jetstar New Zealand and Jetstar Asia (Singapore).

QANTAS LOYALTY

Key figures	Unit	FY17	FY16
Revenue	\$M	1,505	1,454
Underlying EBIT	\$M	369	346
Members	M	11.8	11.4
Awards redeemed	M	5.2	6.1

Qantas Loyalty was established as a separate segment in 2007. Qantas Loyalty's portfolio of brands and businesses span many distinct but interrelated business segments supporting the Core Coalition Loyalty Program. Qantas Loyalty generates two thirds of revenue and all EBIT from third party billings and New Businesses. There is no transfer of profit between Qantas Group airlines and Qantas Loyalty.

Founded in 1987, the QFF program is Australia's premier coalition loyalty business. In FY17 membership reached 11.8 million, offering hundreds of earn partners and thousands of opportunities to earn points. Qantas Business Rewards (QBR, previously Aquire) launched in March 2014 and has over 161,000 SME members. Qantas Cash launched in August 2013 and has seen more than \$3 billion in cash loaded.

Qantas Loyalty is expanding by developing diversified revenue streams through New Businesses including Qantas Assure, Red Planet and Qantas Money.

Qantas Assure launched Health Insurance on 31 March 2016, in partnership with nib. Life Insurance was subsequently launched with TAL on 21 February 2017. These innovative partnerships reward members with points for leading active lifestyles. Qantas Money launched the Qantas Premier credit card and companion app on 5 June 2017 in partnership with Mastercard and Citi.

Main Markets

Qantas Loyalty operates in the international loyalty market, with a focus on Australia and New Zealand.

Customers

Qantas Loyalty customers include program partners, QFF and QBR members. Partners pay Qantas Loyalty to issue Qantas Points to members when members purchase partner products or services. The partner benefits by attracting and retaining member spend, as well as improving its understanding of member behaviour. Members earn Qantas Points so they can redeem them for awards through the Program.

Program

Qantas Loyalty enables QFF members to earn Qantas Points from a wide range of coalition partners including Qantas, Jetstar, over 50 other partner airlines and affiliates, credit cards, hotels and other retailers. QFF members can redeem Qantas Points for Classic Awards, Qantas and Jetstar AnySeat Awards, hotel bookings or a range of over 7,000 products and vouchers through the QFF Store.

QANTAS FREIGHT

Key figures	Unit	FY17	FY16
Revenue	\$M	938	982
Underlying EBIT	\$M	47	64
Terminal handling tonnes	'000	872	881
AFTK (international)	M	3,406	3,341

Qantas Freight is Australia's leading provider of air freight services. Qantas Freight markets the freight capacity on Qantas and Jetstar passenger aircraft and operates a fleet of 14 dedicated freighters to supplement capacity on key domestic and international routes.

As well as being Australia's leading cargo carrier, Qantas Freight is also Australia's leading airfreight cargo terminal operator. Qantas Freight's network of 22 cargo terminals provides ground handling to the Qantas Group and other customer airlines.

Main Markets

Qantas Freight is present in all international markets where the Qantas Group flies and has dedicated freighter aircraft operating through Asia to the Americas, and to New Zealand.

Qantas Freight serves over 80 domestic destinations, utilising Qantas Group passenger aircraft and dedicated freighters.

Route	Percentage of RFTKs
North East Asia	39%
America	30%
United Kingdom/Europe	11%
South East Asia	14%
Other	6%
Total	100%

Customers

Qantas Freight's main customers are businesses seeking efficient and reliable domestic and international air freight transport and ground handling services.

Product

Qantas Freight's Q-GO product range offers a comprehensive range of air freight services, including airport to airport air linehaul and ground handling services (including customs clearance), supported by related courier and trucking services.

MILESTONES AND TRANSACTIONS

June 1992	Qantas purchased Australian Airlines (domestic carrier)
March 1993	British Airways purchased 25 per cent of Qantas
June 1995	Public Share Offer launched
July 1995	Privatisation of Qantas complete and shares listed on the Australian Securities Exchange (ASX)
May 1998	Qantas increased its equity in Fiji Airways (formally Air Pacific) to 46 per cent
October 2001	\$450 million share placement
November 2001	Qantas Group acquired Impulse Airlines (domestic carrier)
February 2002	Launch of Snap Fresh (catering facility)
September 2002	\$720 million JUMBO rights issue and share purchase plan
October 2002	Launch of Australian Airlines (international carrier)
December 2003	StarTrack Express acquired by a joint venture between Qantas and Australia Post
May 2004	Jetstar commenced operations in Australia
September 2004	British Airways sold its shareholding in Qantas
December 2004	Jetstar Asia, based in Singapore, commenced services
July 2006	Australian Airlines ceased operations (international carrier)
November 2006	Jetstar commenced international operations
September 2007	Qantas Loyalty business established as a separate segment in Qantas Group
May 2008	Completed on market buy-back of 91 million shares for \$506 million
July 2008	Qantas Holidays and Jetset Travelworld merged and formed the Jetset Travelworld Group with Qantas Group as a 58 per cent shareholder. The Jetset Travelworld Group is listed on the ASX
February 2009	\$525 million capital raising and share purchase plan
April 2009	New ownership structure for Jetstar Asia and Valuair announced
June 2009	Jetstar replaced Qantas' Jetconnect services in the New Zealand Domestic market
September 2010	Jetset Travelworld Group merged with Stella Travel Services. Qantas Group held 29 per cent shareholding in Jetset Travelworld Limited
October 2010	Qantas Group investments in Australian air Express and StarTrack Express transferred to AUX Investments in exchange for a 50 per cent shareholding in AUX Investments
February 2011	Qantas Group acquired 100 per cent of the Network Aviation Group
August 2011	Qantas Group acquired 100 per cent of Wishlist Holdings
April 2012	Qantas operated Australia's first commercial flights powered by sustainable aviation fuel
July 2012	Jetstar Japan commenced operations
October 2012	Qantas Group acquired 100 per cent of Australian air Express and sold its 50 per cent stake in StarTrack Express
March 2013	Qantas and Emirates partnership commenced
August 2013	Qantas Group announced the sale of its wholly owned subsidiary, Qantas Defence Services, to Northrop Grumman Australia
October 2013	Completed on market buy-back of 69 million shares for \$100 million
February 2014	Relinquishment of Brisbane Domestic Terminal for \$112 million announced
February 2015	Qantas Group acquired 51 per cent controlling stake in Taylor Fry
August 2015	Commercial agreement reached with Sydney Airport on Terminal 3 lease for cash proceeds of \$535 million
November 2015	Completed Capital Return and Share Consolidation of \$505 million
June 2016	Completed on market buy-back of 144 million shares for \$500 million
April 2017	Completed on market buy-back of 111 million shares for \$366 million

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QANTAS MANAGEMENT AND BOARD OF DIRECTORS

QANTAS GROUP MANAGEMENT COMMITTEE



Alan Joyce AC – Chief Executive Officer

Alan Joyce has been Chief Executive Officer and Managing Director of Qantas since November 2008. Under his leadership Qantas has implemented its biggest transformation since privatisation in 1995, renewed its fleet and technology, lifted customer satisfaction to record levels and expanded with new ventures and partnerships. Mr Joyce served as founding Chief Executive Officer of Jetstar for five years from October 2003, establishing its operations in Australia and across Asia. He was Chairman of the International Air Transport Association between July 2012 and June 2013. Among other roles in business and the community, Mr Joyce is a Director of the Business Council of Australia and member of the Male Champions of Change. He is a Fellow of the Royal Aeronautical Society and the Australian Academy of Technological Sciences and Engineering and holds a Bachelor of Science in Applied Science (Physics and Mathematics) (Honours) and a Master of Science in Management Science.



Andrew David – Chief Executive Officer Qantas Domestic

Andrew David has extensive airline experience. He commenced with Qantas as Chief Operating Officer in July 2014 and on 1 March 2015 was appointed Chief Executive Officer of Qantas Domestic. Prior to joining Qantas he was Executive Director for Jetstar Japan. Previous roles have included Chief Executive Officer of Tiger Airways Australia for eighteen months, and Chief Operating Officer of Virgin Australia for five and a half years. Andrew moved to Australia in 2005 from New Zealand where he'd spent thirteen years with Air New Zealand in various executive roles. Andrew began his career in IT consultancy. He has an Executive MBA from Auckland University. His work experience covers both full service and low cost carriers. He has been involved in start-ups, mergers, acquisitions and major change programs. He has a broad range of commercial, operational and people leadership skills.



Gareth Evans – Chief Executive Officer Qantas International & Freight

Gareth Evans was appointed CEO Qantas International & Freight in March 2015. Mr Evans was the Chief Financial Officer of the Qantas Group from March 2010 to February 2015. As Chief Financial Officer his portfolio included Finance, Strategy, Treasury, IT, Procurement (including Fleet), Investor Relations, Mergers & Acquisitions and the Group's Business Transformation Program. Prior to March 2010, Mr Evans' roles with Qantas covered many areas including a number of senior financial roles within the Group, commercial and business analytics and the implementation of major business change initiatives; scheduling of the international and domestic network, ticket pricing, revenue management and airline operations on the day; as well as readiness activities for the arrival of the Airbus A380. Prior to joining the Qantas Group in 1999, Mr Evans held a number of corporate finance roles with Caltex Australia and KPMG in Australia and the UK. He is a member of the Institute of Chartered Accountants in England and Wales.



Andrew Finch – General Counsel & Company Secretary

Andrew Finch is the Qantas Group General Counsel and Company Secretary, having joined the Qantas Group in 2012. Mr Finch leads a team that is responsible for the management of legal risk and company secretarial matters across the Qantas Group. Mr Finch has more than 25 years legal experience in Australia and overseas, joining the Qantas Group from the leading Australian practice of Allens, where he had been a partner specialising in mergers and acquisitions, equity capital markets and general corporate and governance advice. Mr Finch holds a Bachelor of Commerce, Bachelor of Laws from UNSW, a Master of Laws with First Class Honours from the University of Sydney, and a Master of Business Administration (Exec) from the AGSM. He is a member of the ACC General Counsel Advisory Board, and ACC Australia's GC100 and Advocacy Network.



John Gissing – Group Executive Associated Airlines & Services

John Gissing was appointed as Group Executive, Associated Airlines and Services in March 2015. Mr Gissing previously held the position of Chief Executive Officer, Qantas Regional Airlines Group responsible for QantasLink branded operations. His current role includes these functions as well as shared services for safety, workforce planning, ground operations training and Auckland based operator Jetconnect. He held the position of Executive Manager, Group Safety and Health between 2009 and 2012, following six years at Jetstar as the Group General Manager, Flight Operations and Safety where he was a founding member of the Jetstar senior management team in 2004. Mr Gissing joined Qantas Airways in 1999 and holds an Air Transport Pilot Licence with 10,000 hours flying experience. He has more than 35 years' experience in the aviation industry across regional, domestic and international operations in both the premium and low cost carrier sectors.



Lesley Grant – Chief Executive Officer Qantas Loyalty

Lesley Grant was appointed Chief Executive Officer Qantas Loyalty in July 2012 and has been with Qantas Group since May 2002, previously holding the position of Group Executive Customer and Marketing. Lesley is a Director of Taylor Fry Pty Ltd since March 2015, a Director of the Qantas Foundation since March 2009, a Director of the Australian Brandenburg Orchestra since October 2015, a Director of Venues NSW since May 2017, a member of Chief Executive Women and was previously a non-executive director of UNICEF Australia from 2006 – 2015. In addition to her current responsibilities, Lesley has played an active role within Qantas Group in talent development and inclusion and diversity. Lesley has extensive senior executive experience in the airline industry successfully leading several large transformational change programmes in key customer, marketing and operations functions. Prior to joining Qantas Group, Lesley held senior executive roles at both Ansett and Air New Zealand.

**Jayne Hrdlicka – Jetstar Group Chief Executive Officer**

Jayne is the CEO of the Jetstar Group. She joined Qantas in August 2010 as Group Executive Strategy and Information Technology and began her role in Jetstar in July 2012. Jayne is a former senior partner with Bain & Company in the firm's Customer Strategy and Marketing Practice, led Bain's Customer Practice for the Asia region for many years and was also an inaugural member of Bain's Global Women's Leadership Council. Early in her career, Jayne left consulting and spent six years as an executive running transformations as the COO and then CEO of two publishing and marketing related businesses. She later returned to Bain as a senior leader in the Australian practice. Jayne holds an MBA from Dartmouth College, New Hampshire USA and a Bachelor of Arts degree in Mathematics and Economics from the Colorado College, Colorado USA. In addition to her role at Jetstar, Jayne is also a Board Director of Tennis Australia, a member of Chief Executive Women and a member of the Scotch College Council in Melbourne.

**Tino La Spina – Chief Financial Officer**

Tino has significant experience in the Transport industry in both Commercial and Financial roles having worked for a number of Airlines. He joined Qantas in 2006 as General Manager Strategy, then CFO and Head of Commercial for Loyalty and was Group Deputy CFO from August 2009 before being appointed Group CFO in March 2015. Tino's airline experience also includes roles at Ansett & Skywest. Prior to joining Qantas, Tino was the CFO of National Express Group Australia (the Australian operations of National Express Group plc), a public transport provider. Tino commenced his career in professional firms, including Ernst & Young, where he held Tax Accounting and Audit positions in Australia and the UK. Tino is a Chartered Accountant, a member of the Securities Institute of Australia and the Institute of Company Directors and is a member of the National Executive of the G100. Tino's portfolio includes Group Finance, Group Procurement, Treasury, Investor Relations and Mergers and Acquisitions.

**Rob Marcolina – Group Executive Strategy, Transformation & IT**

Rob Marcolina joined Qantas in October 2012 as Executive Manager Strategy and has expanded his role over the past few years to now having responsibility for driving the overall strategy of the Qantas Group, leading the group wide transformation program and day-to-day responsibility for Qantas' IT systems, and their ongoing efficiency and effectiveness. Prior to joining Qantas, Rob was a Partner with Bain & Company in Los Angeles and Sydney working across multiple industries, with an emphasis on media, technology and telecom businesses. Rob holds a Bachelor of Commerce (Economics) from the University of Melbourne and a Master of Business Administration from the Kellogg School of Management at Northwestern University in the USA.

**Andrew Parker – Group Executive Government, Industry and International Affairs**

Andrew manages the Group's government, industry, public policy, regulatory, environment and international affairs worldwide. Andrew is a board member of the peak advocacy group for airlines in the region - Airlines for Australia New Zealand (A4ANZ) – and is also a member of the IATA Industry Affairs Committee and an Advisory Board Member of the Tourism & Transport Forum. Before Qantas, Andrew was Senior Vice President – Public, International, Industry, Environment Affairs at Emirates, based in Dubai. Over six years he helped grow the airline's network across six continents. He was also a key architect in the Qantas Emirates alliance that launched in 2013. Andrew was previously the founder and Managing Director of a large public affairs firm that was acquired by the Ogilvy Group in 2001. He has also been a press secretary and senior political adviser to various Australian political leaders and Ministers and worked as a journalist in newspapers and television in Australia, the US and UK.

**Jon Scriven – Group Executive Human Resources and Office of the CEO**

Jon Scriven joined Qantas Group in April 2009 as Group Executive People. In April 2011, Mr Scriven's responsibilities at Qantas were extended to include oversight of the Office of the CEO comprising Safety, Security, Environment, Risk, Legal, Internal Audit and the Company Secretariat while continuing his responsibility for all aspects of Human Resources across the Group. Prior to joining Qantas Group, Mr Scriven was the Group HR Director for Coca-Cola Amatil taking on that role in 2002. Between 1999-2002 Mr Scriven was a Human Capital Services Partner at Andersen. From 1991, Mr Scriven held various roles within Coca-Cola Amatil including Group Remuneration & Benefits Manager and Group Learning & Development Manager. Earlier in his career Mr Scriven held Learning & Development roles at both Westpac and PriceWaterhouse. Mr Scriven studied at Cambridge University and holds a Masters in Mathematics. He is a Fellow of the Institute of Chartered Accountants of Australia and also a Fellow of the Australian Human Resources Institute. Mr Scriven is also a Director of the Australian Human Resources Institute.

**Olivia Wirth – Group Executive Brand, Marketing and Corporate Affairs**

Olivia Wirth is responsible for the Qantas Group's external and internal communications including managing the Qantas Brand, marketing, media, PR and corporate affairs. This portfolio also includes management of the company's digital, social and entertainment strategies, customer insights and research and inflight entertainment as well as partnerships with sporting, arts and community organisations. Olivia joined Qantas in 2009 and has held several positions, including the Group Executive for Government Relations and Corporate Affairs. She has over 20 years of experience in public affairs, marketing and government relations. Olivia joined Qantas from the Tourism & Transport Forum, Australia's peak tourism industry group where, as Executive Director, she led its public advocacy and engagement with federal and state governments. She has worked in a range of public and corporate affairs roles, including for the UK based, Business in the Community (part of the Prince's Trust) and the Australian Tourist Commission (now Tourism Australia). Olivia is also on the Board of UNICEF Australia.

The Qantas Group announced changes to its Group Management Committee on 28 August 2017. These changes are effective from November 2017 and can be viewed on the [Qantas investor website](#).

QANTAS BOARD OF DIRECTORS



Leigh Clifford AO
BEng, MEngSci
Chairman and Independent
Non-Executive Director

Leigh Clifford was appointed to the Qantas Board in August 2007 and as Chairman in November 2007. He is Chair of the Nominations Committee. Mr Clifford is a Director of Bechtel Group Inc and Chairman of Bechtel Australia Pty Ltd and the National Gallery of Victoria Foundation. He is a Senior Advisor to Kohlberg Kravis Roberts & Co, a Member of the Council of Trustees of the National Gallery of Victoria, and Chair of the University of Melbourne's philanthropic campaign. Mr Clifford was Chief Executive of Rio Tinto from 2000 to 2007. He retired from the Board of Rio Tinto in 2007. His executive and board career with Rio Tinto spanned some 37 years in Australia and overseas.



Alan Joyce AC
BApplSc(Phy)(Math)(Hons), MSc(MgtSc),
MA, FRAeS, FTSE
Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas in November 2008. He is a Member of the Safety, Health, Environment and Security Committee. Mr Joyce is a Director of the Business Council of Australia and a Member of the International Air Transport Association's Board of Governors, having served as Chairman from 2012 to 2013. He is also a Director of a number of controlled entities of the Qantas Group. Mr Joyce was the Chief Executive Officer of Jetstar from 2003 to 2008. Before that, he spent over 15 years in leadership positions with Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the network planning, schedules planning and network strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus, where he held roles in sales, marketing, IT, network planning, operations research, revenue management and fleet planning.



Maxine Brenner
BA, LLB
Independent Non-Executive Director

Maxine Brenner was appointed to the Qantas Board in August 2013. She is a Member of the Remuneration Committee and the Audit Committee. Ms Brenner is a Director of Origin Energy Limited, Orica Limited and Growthpoint Properties Australia Limited. She is a Member of the Council of the University of New South Wales. Ms Brenner was formerly a Managing Director of Investment Banking at Investec Bank (Australia) Limited. She has extensive experience in corporate advisory work, particularly in relation to mergers and acquisitions, corporate restructures and general corporate activity. She also practised as a lawyer with Freehill Hollingdale & Page (now Herbert Smith Freehills), where she specialised in corporate work, and spent several years as a lecturer in the Faculty of Law at both the University of NSW and the University of Sydney. Ms Brenner was the Deputy Chairman of the Federal Airports Corporation and a Director of Neverfail Springwater Limited, Bulmer Australia Limited and Treasury Corporation of NSW. She also served as a Member of the Australian Government's Takeovers Panel.



Richard Goodmanson
BCom, BEc, MBA, MCE
Independent Non-Executive Director

Richard Goodmanson was appointed to the Qantas Board in June 2008. He is Chair of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee. Mr Goodmanson was a Director of Rio Tinto plc and Rio Tinto Limited from 2004 to 2016. From 1999 to 2009, he was Executive Vice President and Chief Operating Officer of E.I. du Pont de Nemours and Company. Previous to this role, he was President and Chief Executive Officer of America West Airlines. Mr Goodmanson was also Chief Operations Officer for Frito-Lay Inc, a subsidiary of PepsiCo, and a Principal at McKinsey & Company Inc. He spent 10 years in heavy civil engineering project management, principally in South East Asia. Additionally, Mr Goodmanson was an Economic Advisor to the Governor of Guangdong Province, China from 2003 until 2009. Mr Goodmanson was born in Australia and is a citizen of both Australia and the United States.



Jacqueline Hey
BCom, Grad Cert (Mgmt), GAICD
Independent Non-Executive Director

Jacqueline Hey was appointed to the Qantas Board in August 2013. She is a Member of the Audit Committee. Ms Hey is a Director of Bendigo and Adelaide Bank Limited and is Chair of its Technology and Change Committee and is a Member of its Governance and HR Committee. She is also a Director of AGL Energy Limited, the Australian Foundation Investment Company Limited, Melbourne Business School and Cricket Australia. Ms Hey was also formerly a Director of the Special Broadcasting Service from 2011 to 2016 and a Member of the ASIC Directory Advisory Panel from 2013 to 2016. Between 2004 and 2010, Ms Hey was Managing Director of various Ericsson entities in Australia and New Zealand, the United Kingdom and Ireland, and the Middle East. Her executive career with Ericsson spanned more than 20 years in which she held finance, marketing, sales and leadership roles.



Michael L'Estrange AO

BA (Syd), MA (Oxon)

Independent Non-Executive Director

Michael L'Estrange was appointed to the Qantas Board in April 2016. He is a Member of the Safety, Health, Environment and Security Committee. Mr L'Estrange was Head of the National Security College at the Australian National University from 2009 to 2015. Prior to this, he was the Secretary of the Department of Foreign Affairs and Trade for almost five years and the Australian High Commissioner to the UK between 2000 and 2005. He served as Secretary to Cabinet and Head of the Cabinet Policy Unit from 1996 for more than four years and, prior to that, as Executive Director of the Menzies Research Centre. He has been a Non-Executive Director of Rio Tinto plc and Rio Tinto Limited and a Director of the University of Notre Dame, Australia since 2014. He was appointed Deputy Chancellor of the University of Notre Dame, Australia in 2017. Mr L'Estrange studied at the University of Sydney and later as a Rhodes Scholar at Oxford University, where he graduated as a Master of Arts with First Class Honours.



William Meaney

BSc, MEng, MSIA

Independent Non-Executive Director

William Meaney was appointed to the Qantas Board in February 2012. He is a Member of the Safety, Health, Environment and Security Committee and the Remuneration Committee. Mr Meaney is the President and Chief Executive Officer of Iron Mountain Inc. He is a Member of the Asia Business Council and also serves as Trustee of Rensselaer Polytechnic Institute. Mr Meaney was formerly the Chief Executive Officer of The Zuellig Group. He was also the Managing Director and Chief Commercial Officer of Swiss International Airlines and Executive Vice President of South African Airways responsible for sales, alliances and network management. Prior to these roles, Mr Meaney spent 11 years providing strategic advisory services at Genhro Management Consultancy as the Founder and Managing Director, and as a Principal with Strategic Planning Associates. Mr Meaney holds United States, Swiss and Irish citizenships.



Paul Rayner

BEC, MAdmin, FAICD

Independent Non-Executive Director

Paul Rayner was appointed to the Qantas Board in July 2008. He is Chair of the Remuneration Committee and a Member of the Nominations Committee. Mr Rayner is Chairman of Treasury Wine Estates Limited, a Director of Boral Limited and Chairman of its Audit Committee, and a Director of the Murdoch Childrens Research Institute. Mr Rayner was formerly a Director of Centrica plc from 2004 to 2014 and Chairman of its Audit Committee from 2004 to 2013. From 2002 to 2008, Mr Rayner was Finance Director of British American Tobacco plc based in London. Mr Rayner joined Rothmans Holdings Limited in 1991 as its Chief Financial Officer and held other senior executive positions within the Group, including Chief Operating Officer of British American Tobacco Australasia Limited from 1999 to 2001. Previously, Mr Rayner worked for 17 years in various finance and project roles with General Electric, Rank Industries and the Elders IXL Group.



Todd Sampson

MBA, BA(Hons)

Independent Non-Executive Director

Todd Sampson was appointed to the Qantas Board in February 2015. He is a Member of the Remuneration Committee. Mr Sampson was Executive Chairman of the Leo Burnett Group from September 2015 to January 2017, and National Chief Executive Officer from 2008 to 2015. He also sits on the Board of Fairfax Media Limited. Mr Sampson has over 20 years' experience across marketing, communication, new media and digital transformation. He has held senior leadership and strategy roles for a number of leading communication companies in Australia and overseas, including as Managing Partner for D'Arcy, Strategy Director for The Campaign Palace and Head of Strategy for DDB Needham Worldwide.



Barbara Ward AM

BEC, MPoIEc

Independent Non-Executive Director

Barbara Ward was appointed to the Qantas Board in June 2008. She is Chair of the Audit Committee, a Member of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee. Ms Ward is a Director of Caltex Australia Limited, a number of Brookfield Multiplex Group companies, and the Sydney Children's Hospital Foundation. She was formerly a Director of the Commonwealth Bank of Australia, Lion Nathan Limited, Multiplex Limited, Data Advantage Limited, O'Connell Street Associates Pty Ltd, Allco Finance Group Limited, Rail Infrastructure Corporation, Delta Electricity, Ausgrid, Endeavour Energy and Essential Energy. She was also Chairman of Country Energy, NorthPower and HWW Limited, a Board Member of Allens Arthur Robinson and the Sydney Opera House Trust and on the Advisory Board of LEK Consulting. Ms Ward was Chief Executive Officer of Ansett Worldwide Aviation Services from 1993 to 1998. Before that, Ms Ward held various positions at TNT Limited, including General Manager Finance, and also served as a Senior Ministerial Advisor to The Hon PJ Keating.

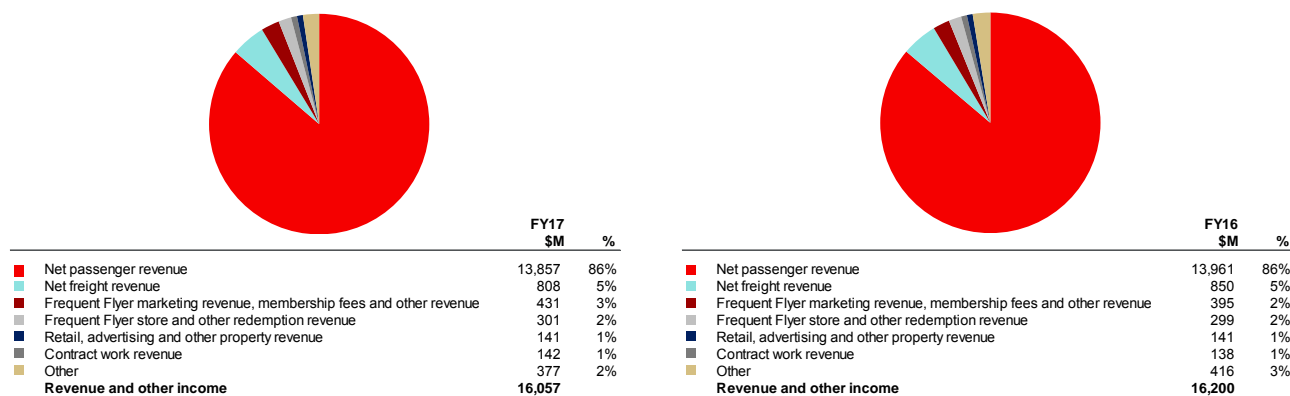
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FINANCIAL DATA

INCOME STATEMENT*

REVENUE AND OTHER INCOME

Revenue Sources



The Qantas Group's main business is the transportation of passengers. In FY17 passenger revenue contributed \$14 billion, equating to 86 per cent of the Group's total revenue. The Qantas Group's other key revenue streams are freight, contract work, Frequent Flyer, retail, advertising and other revenue.

NET PASSENGER REVENUE

The Qantas Group's net passenger revenue comes from its two major brands, Qantas and Jetstar. The Qantas Group carried 54 million passengers in FY17. Net passenger revenue includes:

- ticketed passenger revenue
- unavailed passenger revenue
- passenger recoveries
- ancillary passenger revenue
- passenger service fees
- lease revenue (codeshare)
- charter revenue

Ticketed passenger revenue

Ticketed passenger revenue is measured at the fair value of the consideration received net of sales discount, passenger interline/IATA commission and GST. It is recognised when passengers are uplifted.

Unavailed passenger revenue

Unavailed passenger revenue is revenue recognised on tickets which have passed their ticketed travel date in line with ticket terms and conditions and historic experience.

Passenger recoveries

Passenger recoveries refer to taxes and airport passenger charges that an airline collects on behalf of national or local governments or airports.

Ancillary passenger revenue

Ancillary revenue is revenue from in-flight catering and bar sales, baggage charges, in-flight duty free sales and Jetstar product bundles.

Passenger service fees

Passenger service fees are derived through booking related fees, including change and cancellation fees as well as fees for additional leg room and seat selection.

Lease revenue

Lease revenue primarily represents revenue for seats sold by codeshare partner airlines to passengers travelling on Qantas flights.

Charter revenue

Charter revenue represents unscheduled passenger services.

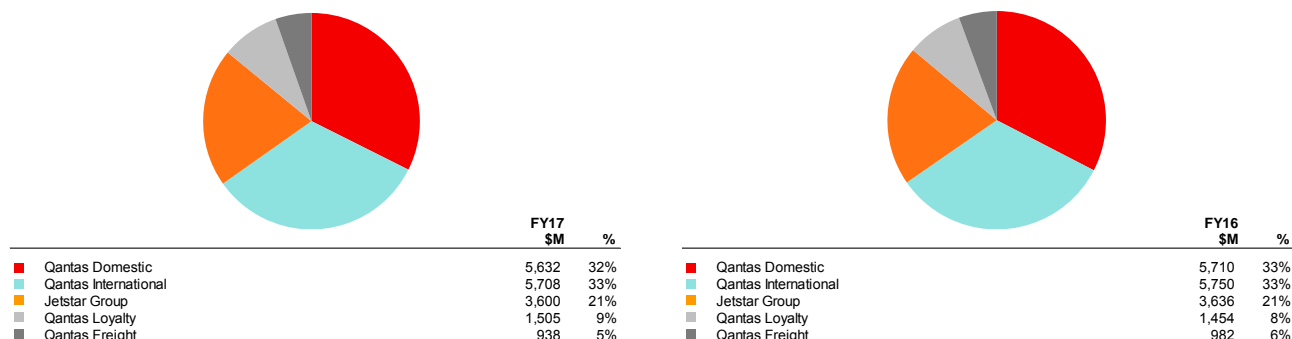
NET FREIGHT REVENUE

The Qantas Group earned net freight revenue of \$808 million in FY17.

Net freight revenue is derived from the carriage of freight in Qantas and Jetstar aircraft belly space, as well as on a fleet of freighter aircraft. Lease freight revenue from codeshares is also included in this category.

*All figures are presented on a statutory basis unless otherwise indicated.

Segment Revenue (excluding corporate and eliminations)



OTHER KEY REVENUE STREAMS

The Qantas Group received other revenue of \$1.4 billion in FY17.

Frequent Flyer marketing revenue, membership fees and other revenue

Frequent Flyer marketing revenue associated with the issue of Qantas Points is recognised when the service is performed (typically on issue of Qantas Points). Marketing revenue is measured as the difference between the cash received on issuance of a point and the amount deferred as unrecognised redemption revenue. The Qantas related portion of marketing revenue is eliminated on consolidation. Also included in this category are membership fees and other revenue from related activities and New Businesses including Qantas Money, Qantas Assure, Red Planet, Qantas Golf, and revenue from Taylor Fry.

Frequent Flyer store and other redemption revenue

Frequent Flyer store and other redemption revenue represents the remaining revenue from the issuance of Qantas Points which is deferred as a liability (deferred revenue) and only recognised when the points are redeemed, excluding redemptions on Qantas Group flights which are reported in net passenger revenue. Redemption revenue is measured based on management's estimate of the fair value of the expected awards for which the Qantas Points will be redeemed. The fair value of the awards is reduced to take into account the proportion of points that are expected to expire (breakage). Also included in this category is redemption revenue from related activities including Accumulate and epiQure.

Retail, advertising and other property revenue

Included in this category is revenue from ongoing long term leases with retail stores at Qantas owned domestic terminals. The Qantas Group generates revenue from utilising digital advertising assets within the terminals through joint revenue share agreements with media agencies. Freight terminal fees are also included in this category.

Contract work revenue

Contract work revenue is largely earned by Qantas Engineering, Qantas Catering and airport businesses. In addition to work performed for the Qantas Group, Qantas Engineering provides engineering and maintenance services to other international airlines. Services include aircraft heavy and line maintenance, component maintenance and inventory management.

While most catering work is performed for Qantas, Q Catering and Snap Fresh also cater for airlines outside the Qantas Group as well as providing catering services to healthcare organisations.

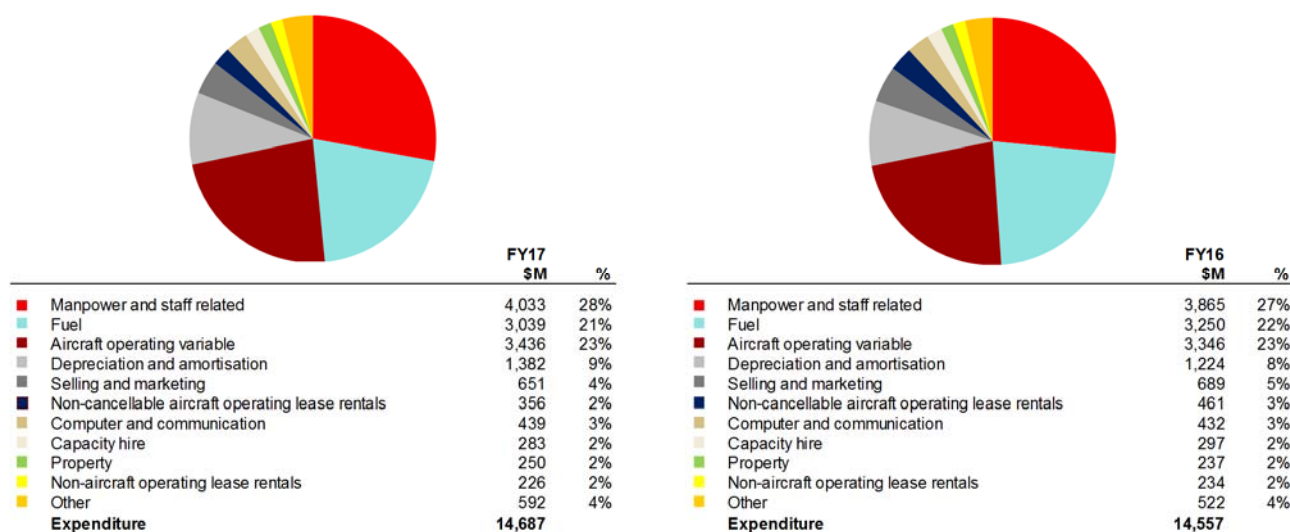
Airport services earn contract work revenue by offering airport related services such as ground handling to airlines outside the Qantas Group.

Other revenue

Other revenue is any other revenue not falling into the above mentioned categories, including Qantas Club membership, tours and travel revenue and codeshare commission revenue.

EXPENDITURE

Expenditure Sources



Manpower

Manpower costs amounted to \$4.0 billion in FY17. The Qantas Group had 29,596 full-time equivalent employees (FTEs) as at 30 June 2017. Approximately 75 per cent of Qantas Group employees are full-time employees and 92 per cent are based in Australia.

Key employee facts	Unit	FY17	FY16
Full-time equivalent (FTE) employees	#	29,596	29,204
Total headcount	#	32,268	31,884
Attrition rate	%	4.9	4.4
Average age	Years	43.5	43.8
% Part time employees ¹	%	18.5	17.0
Union membership	%	60 - 70	60 - 70

1. Excluding casual employment.

Depreciation

The Qantas Group uses straight-line depreciation rates for all of its property, plant and equipment (excluding freehold land, which is not depreciated) using rates ranging from 2.5 years to 40 years. Useful lives and residual values are reviewed annually and reassessed having regard to commercial and technological developments, the estimated useful life of assets to the Qantas Group and the long-term fleet plan. The principal asset depreciation periods and estimated residual value percentages are:

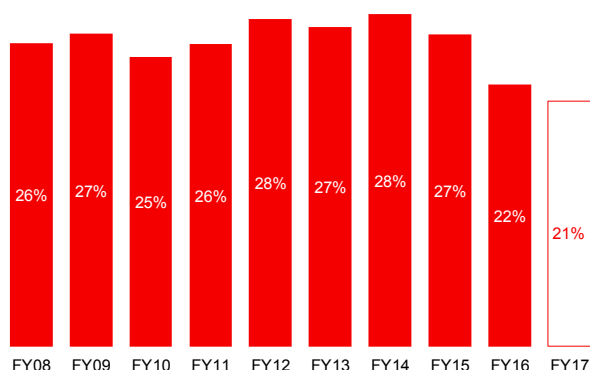
	Years	Residual Value %
Buildings and leasehold improvements	10 – 40	0 ¹
Plant and equipment	3 – 20	0
Passenger aircraft and engines	2.5 – 20	0 – 10
Freighter aircraft and engines	2.5 – 20	0 – 20
Aircraft spare parts	15 – 20	0 – 20

1. Certain leases allow for the sale of leasehold improvements for fair value. In these instances, the expected fair value is used as the estimated residual value.

The Qantas Group also depreciates capitalised maintenance. Maintenance costs will be capitalised when the maintenance provides future economic benefits to the assets. Currently the Qantas Group capitalises major maintenance checks for airframes and engines, significant major cyclical maintenance checks on landing gear, Auxiliary Power Units (APU) and thrust reversers/nacelles that have useful lives in excess of one year. Maintenance is then depreciated on a straight-line basis with no residual value over the shorter of the estimated period to the next major maintenance check, the remaining life of the aircraft, or the remaining lease term for leased aircraft.

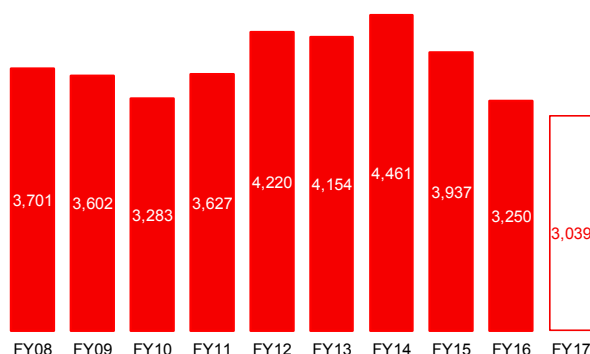
FUEL

Underlying Fuel as a Percentage of Total Underlying Expenditure



FY08 represents statutory results

Total Fuel Spend \$M



The Qantas Group has jet fuel supply arrangements with various fuel suppliers in ports to which its aircraft operate. The price the Qantas Group pays for fuel uplifted in each port is determined by reference to a regional fuel benchmark, such as Singapore Jet. Jet fuel costs represented 21 per cent of the Qantas Group's total expenditure in FY17.

Into-plane margin

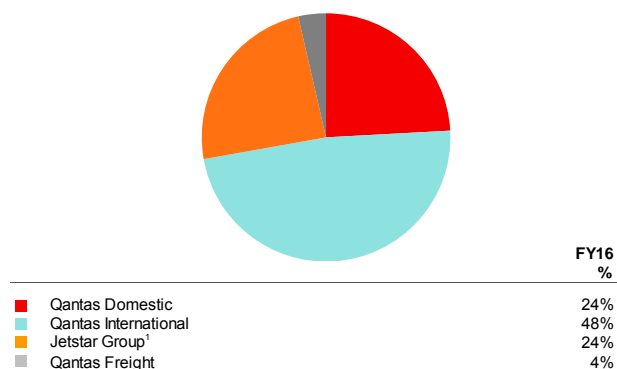
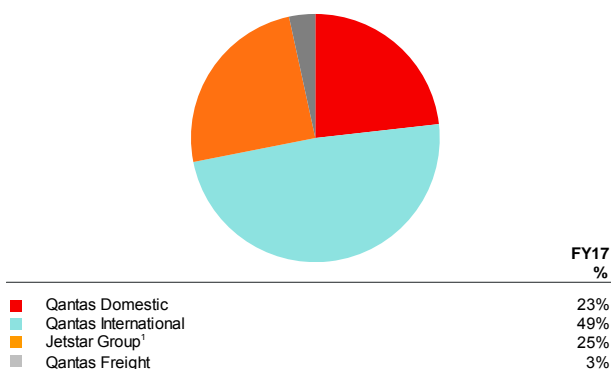
In addition to the regional jet fuel benchmark referenced in supplier arrangements in the relevant port, airlines typically pay an additional into-plane margin. This covers transport, insurance and manpower typically associated with the physical delivery of fuel into the aircraft. The margin varies by location and supplier. The price is negotiated by Qantas Group and its suppliers periodically.

Strategies to offset jet fuel prices

The Qantas Group uses the following strategies to reduce the cost of fuel and/or reduce the impact of volatility in fuel prices:

- hedging to give the organisation time to adapt to new price levels and protect against a sudden spike
- yield and price management
- shortening the jet fuel supply chain
- fuel conservation
- investment in new, more fuel efficient aircraft
- improvement in air traffic management
- enhanced technology around flying techniques and navigation approach

Indicative Fuel Consumption Split



1. Jetstar Group includes Jetstar Domestic, Jetstar International (including New Zealand) and Jetstar Asia.

AIRCRAFT OPERATING VARIABLE

The Qantas Group spent \$3.4 billion on aircraft operating variable (AOV) costs in FY17.

Route navigation charges are incurred by accessing Australian and international airspace.

Landing fees are charged for every landing by the relevant airport company or authority. Each location incurs different fees.

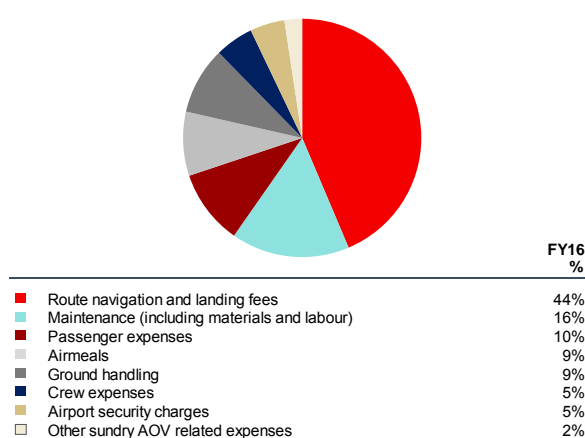
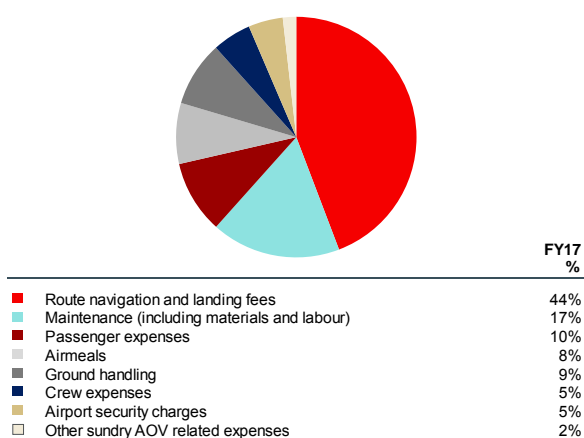
Airport security charges include a per passenger levy charged by the airports for the provision of passenger security (passenger and checked baggage screening).

Maintenance consists of aircraft maintenance costs including subcontractor fees and materials and lease return costs. The timing of aircraft maintenance checks depends on flying hours, cycles (number of departures) or calendar days.

Passenger expenses include in-flight consumables and amenities, in-flight entertainment (IFE), lost baggage, delays and Qantas Club operational costs.

Crew expenses include accommodation, transportation and allowances.

Aircraft Operating Variable - Indicative Split



OTHER KEY EXPENSES

Non-cancellable aircraft operating leases

The Qantas Group has a mixture of leased and owned aircraft across its fleet in order to achieve an optimal funding mix. Leased aircraft currently make up approximately 17 per cent of the fleet.

Non-aircraft operating lease rentals

Building rentals are charged to the Qantas Group for leased properties, including office buildings, terminals, catering centres, ground space and car parks.

Commissions and other selling costs

Commissions are paid to agents and codeshare partners for ticket sales. IT system fees are charged to Qantas Group for the use of global distribution booking systems. Card charges from major credit card suppliers are expensed under commissions and selling costs.

Marketing and advertising costs

Marketing and advertising costs consist mainly of online and digital marketing costs, market research, sponsorship costs and advertising costs.

Property

Property includes maintenance and cleaning of facilities, waste removal, utilities (energy and water) and statutory charges.

Computer and communications

Managed service costs are costs for outsourced services, including desktop, mainframes, network, communications and application support. Project costs include external vendor costs associated with IT project development.

Capacity hire

Wet-lease is a leasing arrangement where the aircraft, operational crew and maintenance are provided by a third party (lessor). Qantas Group currently has wet-lease arrangements in QantasLink and Qantas Freight operations. Qantas Group also incurs capacity hire costs when it purchases seats from codeshare partners.

Other

Other expenses include costs that cannot be allocated to other Income Statement categories such as contract work material, printing, stationery, vehicle costs, exchange rate adjustments, inventory write-off, legal and consulting costs, impact of changes in discount rates on employee provisions, and transformation costs including redundancies and impairment.

UNDERLYING PBT METHODOLOGY

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the Qantas Group's 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 Group. The primary reporting measure of the Qantas Domestic, Qantas International, Qantas Freight, Jetstar Group and Qantas Loyalty operating segments is Underlying EBIT. The primary reporting measure of the Corporate segment is Underlying PBT as net finance costs are managed centrally.

Underlying PBT is derived by adjusting Statutory Profit/(Loss) before tax for impacts of ineffectiveness and non-designated derivatives relating to other reporting periods and certain other items which are not included in Underlying PBT. For a reconciliation of Statutory PBT to Underlying PBT refer to page 22 of the Qantas Annual Report 2017.

(a) Ineffectiveness and non-designated derivatives relating to other reporting periods

The difference between Statutory PBT and Underlying PBT results from derivative mark-to-market movements being recognised in the Consolidated Income Statement in a different period to the underlying exposure.

(b) Other items not included in Underlying PBT

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 PBT. 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 PBT primarily result from revenues or expenses relating to business activities in other reporting periods, major transformational/restructuring initiatives, transactions involving investments, impairments of assets and other transactions outside the ordinary course of business.

(c) Underlying EBIT

Underlying EBIT is calculated using a consistent methodology as outlined above but excluding the impact of statutory net finance costs.

(d) Return on Invested Capital (ROIC %)

ROIC % is a non-statutory measure and is the primary financial return measure of the Group. ROIC % is calculated as Return on Invested Capital EBIT (ROIC EBIT) divided by Average Invested Capital.

(i) ROIC EBIT

ROIC EBIT is derived by adjusting Underlying EBIT to exclude non-cancellable aircraft operating lease rentals and include notional depreciation for these aircraft to account for them as if they were owned aircraft. The objective of this adjustment is to show an EBIT result which is indifferent to the financing or ownership structure of aircraft assets. ROIC EBIT therefore excludes the finance costs implicitly included in operating lease rental payments.

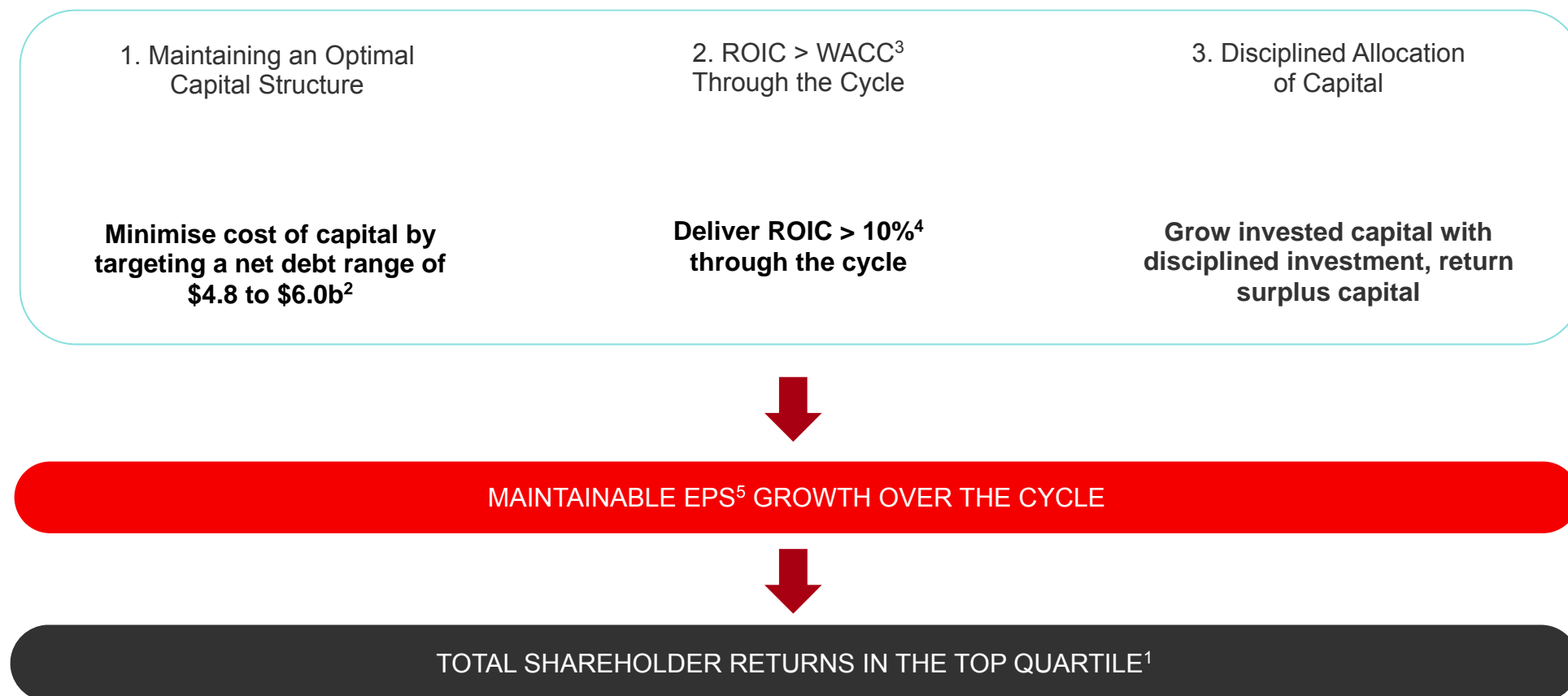
(ii) Average Invested Capital

Invested Capital includes the net assets of the business other than cash, debt, other financial assets/(liabilities) and tax balances. Invested Capital is also adjusted to include an amount representing the capitalised value of operating leased aircraft assets as if they were owned aircraft. The objective of this adjustment is to show Invested Capital which is indifferent to financing or ownership structures of aircraft assets. Invested Capital therefore includes the capital held in operating leased aircraft which is a non-statutory adjustment and notwithstanding that in accordance with Australian Accounting Standards these assets are not recognised on balance sheet. Average Invested Capital is equal to the 12 month average of the monthly Invested Capital.

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FINANCIAL FRAMEWORK

The Qantas Group has a financial framework which ensures decisions made by the Group align with the objectives of the Group's shareholders. The financial framework is designed to achieve maintainable Earnings per Share (EPS) growth over the cycle, driving Total Shareholder Return (TSR) outperformance. The Group aims to achieve top quartile TSR performance relative to the ASX100 and global airline peers¹.



1. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2016 Annual Report, with reference to the 2017-2019 LTIP. 2. Based on current invested capital of ~\$9b. 3. Weighted Average Cost of Capital, calculated on a pre-tax basis. 4. Target of 10% ROIC allows ROIC to be greater than pre-tax WACC through the cycle. 5. Earnings per Share.

MAINTAINING AN OPTIMAL CAPITAL STRUCTURE

The Qantas Group targets an optimal capital structure to minimise its weighted average cost of capital (WACC) which in turn maximises the Group's long term value. In addition, the Qantas Group considers a number of other qualitative indicators of financial strength including strong liquidity, access to a diverse range of funding sources, manageable refinancing risk, no financial covenants in financing facilities and a significant unencumbered asset base.

The Qantas Group currently views its capital structure is optimised when net debt is within the range of \$4.8 billion to \$6.0 billion. The appropriate level of net debt reflects the Qantas Group's size, measured by invested capital and is premised on maintaining ROIC above 10 per cent. Distributions are sized to remain within target net debt range on a forward basis. The optimal capital structure is consistent with investment grade credit metrics. The debt position is measured as net debt on balance sheet (interest bearing liabilities less cash) plus a notional "debt" associated with aircraft financed through operating leases which are not recorded on the balance sheet (capitalised aircraft operating lease liability). The capitalised aircraft operating lease liability is calculated using:

- the opening debt equal to market value at lease inception
- the implied interest rate at lease inception
- amortising the debt by the amount of rentals paid, less a charge for interest
- revaluing the future rental payments where a lease is not in Australian Dollars

In FY17, the Qantas Group maintained an optimal capital structure with net debt at 30 June 2017 of \$5.2 billion.

DELIVERING RETURNS ON INVESTED CAPITAL

ROIC is the primary financial performance measure for the Group. The target is to achieve ROIC greater than WACC through the cycle (the Group's current estimate for pre-tax WACC is less than 10 per cent).

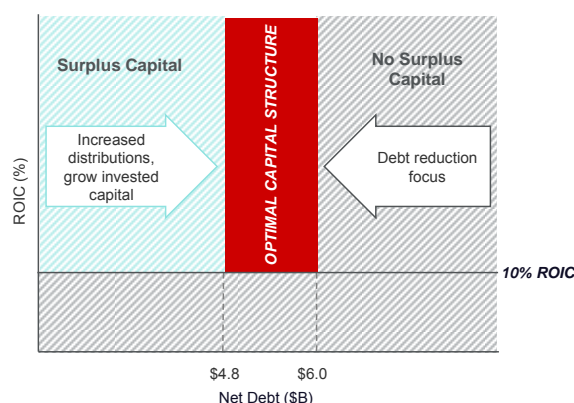
ROIC provides a uniform performance measure that reports the level of profitability relative to the capital invested. The measure allows comparability of profits across the Group's businesses, normalising for size and asset financing (owned versus operating lease).

Invested capital is designed to represent a holistic view of the net operating assets used by the Group to generate profits. Importantly, it specifically includes a value for aircraft that are sourced through operating leases (that are not reported on the Group's balance sheet) as if they had been owned by the Group. The operating lease aircraft equals the market value at lease inception depreciated over time using the same depreciation principles that apply to owned assets.

Therefore, invested capital is the sum of the Group's net working capital balances (receivables, inventories, payables, other assets, less provisions and revenue received in advance), fixed assets (PPE, intangible assets, investments accounted for using the equity method, assets classified as held for sale) and capitalised operating leased aircraft. Invested capital is averaged over the period the profits were earned. Invested Capital does not include cash and cash equivalents. These are deducted from gross debt to arrive at a net debt figure which is used for the purpose of calculating the cost of debt.

The profitability measure relevant to determining ROIC is ROIC EBIT, calculated as Underlying EBIT adjusted for asset financing by adding back non-cancellable aircraft operating lease rentals and deducting notional depreciation on capitalised operating leased aircraft referred to above.

Optimal Capital Structure (Invested capital of \$9 billion)



In FY17, the Group generated ROIC of 20.1 per cent with all segments achieving ROIC greater than WACC.

ROIC EBIT

Income Statement:

Underlying PBT

Off balance sheet adjustments:

Add back: Underlying net finance costs

Add back: non-cancellable aircraft operating lease rentals

Less: notional depreciation on leased aircraft

Invested Capital Methodology

Balance sheet:

Reported balances for:

- + Receivables
- + Inventories
- + Other assets
- + Investments accounted for using the equity method
- + Property, plant & equipment
- + Intangible assets
- + Assets classified as held for sale
- Payables
- Provisions
- Revenue received in advance

Off balance sheet adjustment:

Capitalised operating leased aircraft are initially measured at fair value at lease commencement date (translated to AUD) and subsequently depreciated in accordance with the Group's accounting policies for owned aircraft.

ROIC % = ROIC EBIT / Average Invested Capital

ROIC EBIT (\$M)

FY17

FY16

Underlying PBT	1,401	1,532
Add back: Underlying net finance costs	189	219
Add back: Non-cancellable aircraft operating lease rentals	356	461
Less: Notional depreciation	(158)	(203)
ROIC EBIT	1,788	2,009

Invested Capital (\$M)

FY17

FY16

Receivables ¹	907	929
Inventories	351	336
Other assets ¹	541	353
Investments accounted for using the equity method	214	197
Property, plant and equipment	12,253	11,670
Intangible assets	1,025	909
Assets classified as held for sale	12	17
Payables	(2,067)	(1,986)
Provisions ¹	(1,189)	(1,287)
Revenue received in advance ¹	(5,109)	(5,046)
Capitalised operating leased assets	1,794	2,288
Invested Capital as at 30 June	8,732	8,380

Average Invested Capital²

8,891

8,857

Return on Invested Capital (%)

20.1

22.7

1. Includes current and non-current.

2. Equal to the 12 month average of invested capital.

DISCIPLINED CAPITAL ALLOCATION

The combination of targeting an optimal capital structure and measuring ROIC performance provides the essential platform for making disciplined decisions regarding shareholder distributions, re-investment and net debt reduction. The Group will invest prudently in capital expenditure to increase future returns.

The Group will continue to review its optimal capital structure and the appropriate mix of growth and shareholder distributions. Surplus capital is presumed to be reserved for distributions to shareholders except where a compelling case to invest in ROIC accretive growth exists. Where there is surplus capital the Qantas Group will first distribute to shareholders via an ordinary dividend, in conjunction with share buy-backs, special dividends or a capital return based on the most efficient form at the time. Where the Group does not have surplus capital, net debt reduction, constraining capex and withholding shareholder distributions will be prioritised to ensure the Group maintains an optimal capital structure.

QANTAS TRANSFORMATION

The Qantas Transformation program, announced in December 2013, is the accelerated cost reduction and efficiency program for the Qantas Group. The program targeted the delivery of \$2.1b in gross benefits – cost and revenue – by FY17 and was measured using the below scorecard.

Metric	Timeframe	End of \$2b Program Outcomes
\$2b Benefits, extended to \$2.1b	FY17	\$2.13b benefits realised
>10% Group ex-fuel expenditure reduction ¹ 5,000 FTE reduction 5% unit cost gap to domestic competitor ²	FY17	Ex-fuel expenditure down by 10% ¹ 5,000+ fewer FTE at year end ³ 3% gap ²
>\$1b debt reduction ⁴	FY15	Delivered on schedule
Debt / EBITDA < 3.5x ⁵ FFO / net debt > 45% ⁶	FY17	Delivered ahead of schedule
Sustainable positive free cash flow ⁷	FY15	Delivered on schedule
11 fleet types to 7	FY16	8 fleet types Retained 2 x non-reconfigured 747 (to be retired – first retired in July 2017)
Customer Advocacy (NPS ⁸)	FY17	Record NPS ⁸ achieved at Qantas Domestic, Qantas International and Qantas Loyalty
Maintain premium on-time performance at Qantas Domestic	FY17	Premium on-time performance at 88% ⁹
Maintain employee engagement	FY17	Up from 75% (2013) to 80% (2017)

1. Includes Underlying operating expenses (excluding fuel), depreciation and amortisation (excluding depreciation reduction from Qantas International non-cash fleet impairment) and non-cancellable aircraft operating lease rentals, adjusted for movements in FX rates and capacity. Compared to annualised 1H14. 2. Qantas Domestic compared to Virgin Australia Domestic. Source: Published data and Qantas internal estimates. 3. Net FTE reduction after adjusting for activity and new businesses as at 30 June 2017. 4. Reduction in net debt including capitalised operating lease liabilities. 5. Management's estimate based on Moody's methodology. 6. Management's estimate based on Standard and Poor's methodology. 7. Net cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 8. Net Promoter Score. Based on Qantas internal reporting. 9. Qantas mainline operations (excluding QantasLink) for FY17. Source: BITRE.

In FY17, \$470 million in transformation benefits were achieved. This comprised \$212 million in 1H17, and \$258 million in 2H17. As at 30 June 2017 \$2.13 billion of benefits have been realised. While the turnaround program is now complete, transformation is ongoing. Qantas is targeting ongoing gross benefits of \$400 million per annum from FY18 to FY20.

What we are targeting

- Gross benefits of at least \$400m in FY18 from:
 - Technology
 - Supplier
 - Utilisation
 - Continuous improvement
 - Indirect costs
 - Group initiatives



Examples of how we are delivering

- On track for first 787-9 delivery; 1 x 747 retired in July 2017
- Jetstar A320/321 reconfiguration, 3% additional capacity with limited capital invested
- Predictive analytics to support efficiencies in rostering, maintenance and catering across Jetstar and Qantas
- New flight disruption management systems and processes across the Group
- Enhanced digital product offering to SMEs
- Faster, more efficient base maintenance turn-around times
- Launched pilot app as tool to support pilots in improving fuel optimisation and compliance
- Joint learning and development opportunities across the Group

Note - Transformation costs are expected to be approximately \$150m. As with prior years, these will be items outside of the Underlying result.

FUNDING

LIQUIDITY

Consistent with the Financial Framework, the Qantas Group maintains strong short term liquidity. Sources of short term liquidity include cash and cash equivalents (\$1.8 billion as at 30 June 2017), cash from operations and undrawn revolving credit facilities (\$1.0 billion as at 30 June 2017). Cash is invested in highly rated short-term money market securities and term deposits.

The Group adopts a sources and uses approach to sizing liquidity needs. For example, when refinancing risk is low, short term liquidity requirements are reduced and the mix of cash and undrawn revolving credit facilities may change to ensure an efficient cost of debt.

Unencumbered aircraft provide the Qantas Group with an additional source of liquidity and funding flexibility. Approximately 62 per cent of the Qantas Group's total fleet is debt-free, with a market value of approximately US\$3.8 billion¹. Over two thirds of the unencumbered aircraft are narrow-body aircraft.

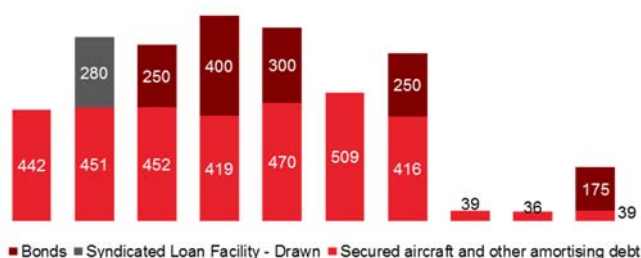
DEBT

The Qantas Group Financial Framework targets an optimal capital structure with a net debt range of between \$4.8 and \$6 billion, based on the current Average Invested Capital of approximately \$9 billion and a minimum ROIC return of 10 per cent (20.1 per cent ROIC in FY17). Qantas Group's optimal capital structure is consistent with investment grade credit metrics.

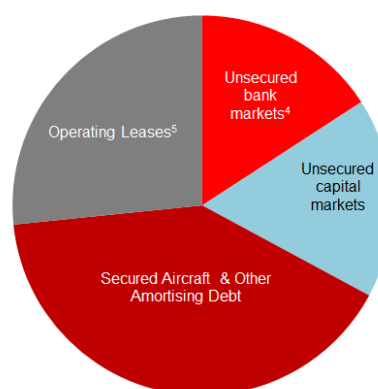
As at 30 June 2017, the Qantas Group's net debt including capitalised aircraft operating lease liabilities was \$5.2 billion². The Qantas Group has a range of off-balance sheet aircraft operating leases which are capitalised and included in net debt measures under the Financial Framework. The Qantas Group actively manages its on and off-balance sheet debt mix taking into account cost of funding, fleet and maintenance flexibility and residual value risk.

Consistent with the Financial Framework, the Qantas Group has access to a diverse range of funding sources and has no financial covenants in financing facilities. The Qantas Group anticipates being able to fund future capital expenditure from cash flow from operations, short term liquidity sources and incremental funding.

Debt Maturity Profile³ \$M



Diverse Debt Book Structure



Debt Position \$M

	FY17	FY16
Net on balance sheet debt ⁶	3,062	2,880
Net debt including capitalised aircraft operating lease liabilities ²	5,212	5,646

1. Based on AVAC market values. 2. Net debt includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework. 3. As at 30 June 2017. Cash debt maturity profile excluding operating leases. 4. Includes undrawn revolving credit facilities. 5. Based on the Financial Framework methodology. 6. Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents.

FINANCIAL RISK MANAGEMENT

The Qantas Group is subject to financial risks including interest rate, credit, liquidity, foreign exchange and fuel price risks. These risks are inherent to the airline businesses in the portfolio. The Qantas Group has a centralised Treasury function that manages the financial risks in line with Board approved policies. The policies include information such as approved financial instruments, hedging delegation levels, reporting requirements and hedge tenors.

INTEREST RATE MANAGEMENT

The Qantas Group is exposed to movements in interest rates by virtue of its borrowings and its cash holdings. The majority of borrowings are AUD denominated, with some borrowings also denominated in USD. The group's cash holdings are predominantly in AUD.

The Qantas Group manages interest rate risk using a "fixed versus floating" framework. The proportion of "fixed versus floating" net debt is maintained within specified minimum and maximum approved bands as defined in the Board approved Treasury Risk Management Policy. Interest rate swaps, forward rate agreements and options are used to manage these proportions.

CREDIT RISK MANAGEMENT

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. The Qantas Group minimises the concentration of credit risk by undertaking transactions with a range of customers and counterparties in various countries in accordance with Board approved policy. The Qantas Group applies stringent credit policies and accreditation of travel agents through industry programs. Excluding associates and jointly controlled entities, the Qantas

Group's credit exposure for its cash and equivalents is with counterparties which have a minimum credit rating of A-/A3. Cash is invested in liquid money market instruments of a short term nature typically maturing in less than one year. The investments may be term deposits, discount securities or interest bearing securities.

INSURANCE COVER

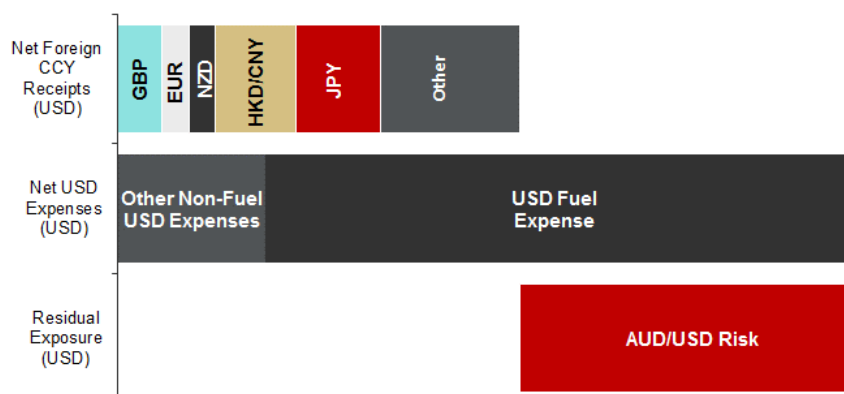
The Qantas Group aviation insurance program covers all aircraft owned, leased or operated by a Qantas Group company including all aircraft spare parts and other technical equipment. The program also covers liabilities arising out of the Group's aviation operations. Under the Qantas Constitution, Qantas indemnifies, to the extent permitted by law, each Director and Secretary of Qantas against any liability incurred by that person as an officer of Qantas.

FOREIGN CURRENCY HEDGING

The Qantas Group earns revenue in many currencies and incurs USD costs mainly arising from fuel, maintenance and aircraft leasing. The Qantas Group also has expenditure in many other foreign currencies, however revenues earned in those currencies generally offset these expenditures resulting in a net foreign currency receipt. The Qantas Group also has foreign currency capital expenditure commitments for aircraft and related parts (discussed further below). The Qantas Group foreign exchange risk is managed as follows:

- foreign currency costs are netted against revenues in the same currency
- the Qantas Group may hedge portions of the remaining net foreign revenues back to USD using derivatives

Indicative Foreign Currency Exposure



The diagram above shows indicative foreign currency exposures of the Qantas Group. Net foreign currency revenue is used to fund USD expenses as much as possible with the remaining USD exposure funded by net AUD revenue. The size of each of these expenses varies with revenue outlook, USD fuel prices etc.

FOREIGN EXCHANGE HEDGING ON FUTURE CAPEX

The Qantas Group has foreign exchange exposure on its capital expenditure primarily resulting from USD denominated aircraft purchases. The Group hedges its capital expenditure exposures in accordance with Board approved Treasury Risk Management Policy parameters. The capital expenditure sensitivity will rise or fall depending on the level of capital expenditure commitments the Qantas Group has outstanding at any given time, the level of those commitments that are hedged and the hedging instruments used.

FUEL HEDGING

The Qantas Group uses derivatives such as options and swaps on aviation fuel, gas oil and crude oil to hedge the exposure to movements in the price of aviation fuel. Hedging is conducted in accordance with the Board approved Treasury Risk Management Policy which does not allow speculative trading. Up to 80 per cent of estimated fuel consumption out to 12 months and up to 40 per cent in the subsequent 12 months may be hedged, with any hedging outside these parameters requiring approval by the Board.

Differential between crude oil and jet fuel

The Qantas Group hedging is mainly undertaken in crude oil proxies such as Brent and West Texas Intermediate (WTI) as liquidity tends to be better for longer term transactions. Proxy hedging may be converted to a jet fuel basis as the hedge period nears and liquidity improves.

ACCOUNTING EFFECTS FROM HEDGING

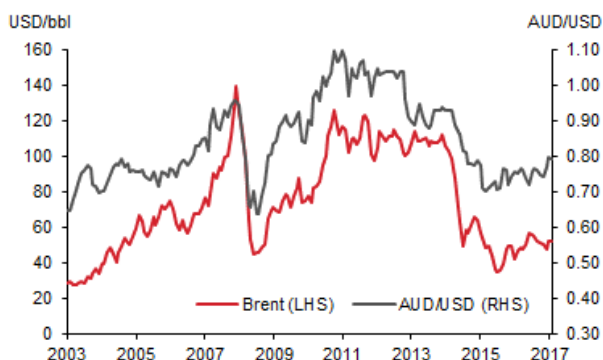
The Qantas Group early adopted AASB 9 with a date of initial application of 1 July 2014. AASB 9 better aligns hedge accounting outcomes with risk management strategies, resulting in less volatility from hedge accounting ineffectiveness when compared against AASB 139.

The main changes introduced in AASB9 that impact Qantas are as follows:

1. Component Hedging of Commodities. Qantas can now designate derivatives that hedge the crude component of our Jet fuel exposures, as it is a separately identifiable and measurable component of jet fuel. This removes volatility from hedge accounting ineffectiveness that was recognised under AASB139 as a result of this hedging strategy.

2. Non-Intrinsic Value of Options. Under AASB 9, fair value changes of an option's time value component is recognised in Other Comprehensive Income until the option reaches maturity. This removes volatility that was recognised under AASB139 resulting from an option's time value being marked-to-market in the Consolidated Income Statement as hedge ineffectiveness.

Brent Crude Oil v AUD/USD



Differential between Brent Crude Oil and Singapore Jet Fuel



10 YEAR FINANCIAL OVERVIEW

Income Statement \$M		FY17	FY16	FY15	FY14	FY13
Net passenger revenue		13,857	13,961	13,604	13,242	13,673
Net freight revenue		808	850	936	955	935
Other		1,392	1,389	1,276	1,155	1,294
Revenue and other income		16,057	16,200	15,816	15,352	15,902
Manpower and staff related		4,033	3,865	3,604	3,770	3,846
Fuel		3,039	3,250	3,937	4,461	4,154
Aircraft operating variable		3,436	3,346	3,206	3,303	3,061
Selling and marketing		651	689	647	580	598
Property		250	237	244	245	261
Computer and communication		439	432	400	394	418
Capacity hire		283	297	292	331	311
Ineffective and non-designated derivatives		(2)	(1)	13	(8)	76
Other		831	745	766	1,093	850
Operating expenditure		12,960	12,860	13,109	14,169	13,575
Non-cancellable aircraft operating lease rentals		356	461	495	520	525
Depreciation and amortisation		1,382	1,224	1,096	1,422	1,450
Share of net loss/(profit) of investments accounted for under the equity method		7	-	40	66	39
Impairment of specific assets		(18)	12	28	387	115
Impairment of cash generating unit		-	-	-	2,560	-
Statutory profit/(loss) before tax and net finance costs		1,370	1,643	1,048	(3,772)	198
Finance income		46	65	90	82	109
Finance costs		(235)	(284)	(349)	(286)	(296)
Net finance costs		(189)	(219)	(259)	(204)	(187)
Statutory profit/(loss) before tax		1,181	1,424	789	(3,976)	11
Income tax (expense)/benefit		(328)	(395)	(229)	1,133	(9)
Statutory profit/(loss) after tax		853	1,029	560	(2,843)	2
Underlying profit/(loss) before tax		1,401	1,532	975	(646)	186
ROIC EBIT		1,788	2,009	1,476	(193)	NA
ROIC %		20	23	16	(1.5)	NA
Summarised Balance Sheet \$M						
Current assets excluding cash and cash equivalents		1,344	1,478	2,141	1,931	2,132
Cash and cash equivalents		1,775	1,980	2,908	3,001	2,829
Non-current assets		14,102	13,247	12,481	12,386	15,071
Total assets		17,221	16,705	17,530	17,318	20,032
Current liabilities		7,095	7,028	7,470	7,525	6,647
Non-current liabilities		6,586	6,417	6,613	6,927	7,545
Total equity		3,540	3,260	3,447	2,866	5,840
Total liabilities and equity		17,221	16,705	17,530	17,318	20,032
Summarised Cash Flow Statement \$M						
Net cash from operating activities		2,704	2,819	2,048	1,069	1,417
Net cash used in investing activities (excl. aircraft operating lease refinancing)		(1,395)	(1,145)	(944)	(1,069)	(1,045)
Aircraft operating lease refinancing		(651)	(778)	-	-	-
Net cash (used in)/from financing activities		(854)	(1,825)	(1,218)	173	(953)
Net change in cash held (incl FX on cash & cash equivalents)		(205)	(928)	(93)	172	(569)
Key ratios		Unit				
Earnings per share (Statutory)	cents	46.0	49.4	25.4	(128.5)	0.04
Net debt (on balance sheet)	\$M	3,062	2,880	2,594	3,455	3,226
Net debt (including capitalised lease liabilities)	\$M	5,212	5,646	6,400	7,614	7,746
Full-time equivalent employees, FTE	#	29,596	29,204	28,622	30,751	33,265
Please refer to notes on page 37.						

Income Statement \$M	FY12	FY11	FY10	FY09	FY08	
Net passenger revenue	13,625	12,042	10,938	11,604	12,709	
Net freight revenue	903	842	821	764	959	
Other	1,196	2,010	2,013	2,184	1,959	
Revenue and other income	15,724	14,894	13,772	14,552	15,627	
Manpower and staff related	3,774	3,695	3,405	3,684	3,533	
Fuel	4,220	3,627	3,283	3,602	3,701	
Aircraft operating variable	2,980	2,768	2,675	2,834	2,608	
Selling and marketing	635	626	572	632	755	
Property	429	398	396	402	346	
Computer and communication	437	409	405	406	382	
Capacity hire	266	258	249	274	276	
Ineffective and non-designated derivatives	165	120	173	(105)	55	
Other	1,061	764	633	765	768	
Operating expenditure	13,967	12,665	11,791	12,494	12,424	
Non-cancellable aircraft operating lease rentals	549	566	525	450	400	
Depreciation and amortisation	1,384	1,249	1,199	1,390	1,469	
Share of net loss/(profit) of investments accounted for under the equity method	(3)	(22)	4	15	(28)	
Impairment of specific assets	-	-	-	-	-	
Impairment of cash generating unit	-	-	-	-	-	
Statutory profit/(loss) before tax and net finance costs	(173)	436	253	203	1,362	
Finance income	181	192	181	207	285	
Finance costs	(357)	(305)	(256)	(229)	(239)	
Net finance costs	(176)	(113)	(75)	(22)	46	
Statutory profit/(loss) before tax	(349)	323	178	181	1,408	
Income tax (expense)/benefit	105	(74)	(62)	(58)	(438)	
Statutory profit/(loss) after tax	(244)	249	116	123	970	
Underlying profit/(loss) before tax	95	552	377	100	NA	
ROIC EBIT	NA	NA	NA	NA	NA	
ROIC %	NA	NA	NA	NA	NA	
Summarised Balance Sheet \$M						
Current assets excluding cash and cash equivalents	2,062	2,145	2,128	2,349	3,017	
Cash and cash equivalents	3,398	3,496	3,704	3,617	2,599	
Non-current assets	15,718	15,217	14,078	14,083	14,084	
Total assets	21,178	20,858	19,910	20,049	19,700	
Current liabilities	7,118	6,235	6,241	6,714	7,604	
Non-current liabilities	8,171	8,472	7,688	7,570	6,361	
Total equity	5,889	6,151	5,981	5,765	5,735	
Total liabilities and equity	21,178	20,858	19,910	20,049	19,700	
Summarised Cash Flow Statement \$M						
Net cash from operating activities	1,810	1,782	1,351	1,149	2,128	
Net cash used in investing activities (excl. aircraft operating lease refinancing)	(2,282)	(2,478)	(1,645)	(1,163)	(1,322)	
Aircraft operating lease refinancing	-	-	-	-	-	
Net cash (used in)/from financing activities	370	508	381	1,032	(1,570)	
Net change in cash held (incl FX on cash & cash equivalents)	(98)	(208)	87	1,018	(764)	
Key ratios	Unit					
Earnings per share (Statutory)	cents	(10.8)	11.0	4.9	5.6	49.0
Net debt (on balance sheet)	\$M	3,507	2,971	2,236	1,923	1,769
Net debt (including capitalised lease liabilities)	\$M	7,065	NA	NA	NA	NA
Full-time equivalent employees, FTE	#	33,584	33,169	32,489	33,966	33,670
Please refer to notes on page 37.						

HALF YEAR FINANCIAL OVERVIEW

Income Statement \$M	2H17	1H17	2H16	1H16	2H15	
Net passenger revenue	6,793	7,064	6,654	7,307	6,657	
Net freight revenue	392	416	392	458	451	
Other	688	704	691	698	650	
Revenue and other income	7,873	8,184	7,737	8,463	7,758	
Manpower and staff related	2,006	2,027	1,952	1,913	1,765	
Fuel	1,551	1,488	1,521	1,729	1,747	
Aircraft operating variable	1,669	1,767	1,596	1,750	1,542	
Selling and marketing	334	317	337	352	346	
Property	129	121	116	121	117	
Computer and communication	198	241	213	219	195	
Capacity hire	137	146	144	153	148	
Ineffective and non-designated derivatives	(1)	(1)	(1)	-	-	
Other	406	425	446	299	414	
Operating expenditure	6,429	6,531	6,324	6,536	6,274	
Non-cancellable aircraft operating lease rentals	164	192	207	254	254	
Depreciation and amortisation	705	677	639	585	558	
Share of net loss/(profit) of investments accounted for under the equity method	15	(8)	6	(6)	20	
Impairment of specific assets	2	(20)	12	-	26	
Impairment of cash generating unit	-	-	-	-	-	
Statutory profit/(loss) before tax and net finance costs	558	812	549	1,094	626	
Finance income	22	24	29	36	42	
Finance costs	(114)	(121)	(137)	(147)	(168)	
Net finance costs	(92)	(97)	(108)	(111)	(126)	
Statutory profit/(loss) before tax	466	715	441	983	500	
Income tax (expense)/benefit	(128)	(200)	(100)	(295)	(146)	
Statutory profit/(loss) after tax	338	515	341	688	354	
Underlying profit/(loss) before tax	549	852	611	921	608	
Summarised Balance Sheet \$M						
Current assets excluding cash and cash equivalents	1,344	1,554	1,478	1,967	2,141	
Cash and cash equivalents	1,775	1,668	1,980	2,291	2,908	
Non-current assets	14,102	14,021	13,247	13,248	12,481	
Total assets	17,221	17,243	16,705	17,506	17,530	
Current liabilities	7,095	6,742	7,028	7,518	7,470	
Non-current liabilities	6,586	6,824	6,417	6,696	6,613	
Total equity	3,540	3,677	3,260	3,292	3,447	
Total liabilities and equity	17,221	17,243	16,705	17,506	17,530	
Summarised Cash Flow Statement \$M						
Net cash from operating activities	1,531	1,173	1,446	1,373	1,345	
Net cash used in investing activities (excl. aircraft operating lease refinancing)	(510)	(885)	(542)	(603)	(435)	
Aircraft operating lease refinancing	(324)	(327)	(191)	(587)	-	
Net cash (used in)/from financing activities	(583)	(271)	(1,018)	(807)	(898)	
Net change in cash held (incl FX on cash & cash equivalents)	107	(312)	(311)	(617)	16	
Key ratios	Unit					
Earnings per share (Statutory)	cents	18.7	27.3	17.5	31.9	16.2
Net debt (on balance sheet)	\$M	3,062	3,421	2,880	3,041	2,594
Net tangible asset per share	\$	1.59	1.65	1.20	1.06	1.05
Full-time equivalent employees, FTE	#	29,596	30,179	29,204	29,353	28,622
Please refer to notes on page 37.						

Income Statement \$M	1H15	2H14	1H14	2H13	1H13	
Net passenger revenue	6,947	6,456	6,786	6,631	7,042	
Net freight revenue	485	455	500	460	475	
Other	626	538	617	569	725	
Revenue and other income	8,058	7,449	7,903	7,660	8,242	
Manpower and staff related	1,839	1,857	1,913	1,916	1,930	
Fuel	2,190	2,220	2,241	2,019	2,135	
Aircraft operating variable	1,664	1,676	1,627	1,445	1,616	
Selling and marketing	301	266	314	296	302	
Property	127	124	121	136	125	
Computer and communication	205	202	192	214	204	
Capacity hire	144	158	173	155	156	
Ineffective and non-designated derivatives	13	32	(40)	59	17	
Other	352	587	506	335	515	
Operating expenditure	6,835	7,122	7,047	6,575	7,000	
Non-cancellable aircraft operating lease rentals	241	259	261	260	265	
Depreciation and amortisation	538	676	746	731	719	
Share of net loss/(profit) of investments accounted for under the equity method	20	40	26	23	16	
Impairment of specific assets	2	353	34	115	-	
Impairment of cash generating unit	-	2,560	-	-	-	
Statutory profit/(loss) before tax and net finance costs	422	(3,561)	(211)	(44)	242	
Finance income	48	40	42	43	66	
Finance costs	(181)	(150)	(136)	(136)	(160)	
Net finance costs	(133)	(110)	(94)	(93)	(94)	
Statutory profit/(loss) before tax	289	(3,671)	(305)	(137)	148	
Income tax (expense)/benefit	(83)	1,063	70	30	(39)	
Statutory profit/(loss) after tax	206	(2,608)	(235)	(107)	109	
Underlying profit/(loss) before tax	367	(394)	(252)	(34)	220	
Summarised Balance Sheet \$M						
Current assets excluding cash and cash equivalents	2,233	1,931	2,180	2,132	2,183	
Cash and cash equivalents	2,892	3,001	2,395	2,829	3,058	
Non-current assets	12,579	12,386	15,406	15,071	15,189	
Total assets	17,704	17,318	19,981	20,032	20,430	
Current liabilities	7,431	7,525	6,629	6,647	6,575	
Non-current liabilities	7,540	6,927	7,689	7,545	7,861	
Total equity	2,733	2,866	5,663	5,840	5,994	
Total liabilities and equity	17,704	17,318	19,981	20,032	20,430	
Summarised Cash Flow Statement \$M						
Net cash from operating activities	703	488	581	637	780	
Net cash used in investing activities (excl. aircraft operating lease refinancing)	(509)	(130)	(939)	(470)	(575)	
Aircraft operating lease refinancing	-	-	-	-	-	
Net cash (used in)/from financing activities	(320)	255	(82)	(406)	(547)	
Net change in cash held (incl FX on cash & cash equivalents)	(109)	606	(434)	(229)	(340)	
Key ratios	Unit					
Earnings per share (Statutory)	cents	9.2	(117.9)	(10.6)	(4.8)	4.8
Net debt (on balance sheet)	\$M	3,406	3,455	3,829	3,226	3,363
Net tangible asset per share	\$	0.63	0.72	2.25	2.29	2.37
Full-time equivalent employees, FTE	#	29,250	30,751	33,242	33,265	33,608
Please refer to notes on page 37.						

OPERATING KEY FIGURES

Passenger related key figures	Unit	FY17	FY16	FY15	FY14	FY13
Number of destinations (including codeshare) ¹	#	319	312	280	260	255
Number of destinations (excluding codeshare) ¹	#	109	110	100	98	112
Countries (excluding codeshare) ¹	#	24	24	23	22	22
Number of passengers ²	'000	53,659	52,681	49,181	48,776	48,276
Revenue passenger kilometre	M	121,178	119,054	112,543	109,659	110,905
Available seat kilometre	M	150,323	148,691	142,287	141,715	139,909
Passenger load factor	%	80.6	80.1	79.1	77.4	79.3
Net passenger revenue/RPK	cents	11.4	11.7	12.1	12.1	12.3
Unit Revenue (RASK)	cents	7.93	8.08	8.21	NA	NA
Unit Revenue variance to prior year	%	(2)	(2)	NA	NA	NA

Weight related cargo key figures³

Available Freight tonne kilometre	M	3,406	3,341	3,191	3,385	3,701
Terminal handling tonnes	'000	668	657	649	639	552

Aircraft related

Number of aircraft (including Network Aviation, Freighters and Jetstar Asia)	#	309	303	299	308	312
Average age of scheduled passenger aircraft ⁴	Years	9.6	8.6	7.7	7.7	7.9

Fuel and efficiency key figures

Average WTI crude oil	USD	49	42	73	101	92
Average Brent crude oil	USD	51	46	79	109	109
Average Singapore jet fuel	USD	60	54	92	122	124
Average AUD/USD	cents	0.75	0.73	0.85	0.92	1.03
Consumption of jet fuel (in barrels)	'000	32,117	31,704	30,838	31,500	32,005
Qantas Domestic on time domestic departures ⁵	%	87.6	89.7	88.3	87.6	84.7
QantasLink on time domestic departures	%	85.1	87.1	86.2	82.3	78.7
Jetstar Domestic on time domestic departures	%	72.6	75.1	82.0	78.8	75.6

Other key figures

Number of Frequent Flyer members	M	11.8	11.4	10.8	10.1	9.4
Number of meals prepared	M	31	31	31	33	34
Visits to Qantas.com	M	209	152	138	134	113

1. Number of destinations and countries include Jetstar Asia.

2. Number of passengers have been restated from FY16 to align with current presentation on a sector basis.

3. Refers only to international freight.

4. Excludes Freighters and Network Aviation aircraft.

5. Qantas Domestic excludes QantasLink. Source: BITRE.

NOTES TO THE FINANCIAL STATEMENTS

1. FY17 and FY16 financial results reflect the 2017 Annual Report. FY15, FY14, FY13, FY12, FY11 and FY10 financial results reflect the financial results in the 2016, 2015, 2014, 2013, 2012 and 2011 Annual Reports (adjusted for comparability purposes), respectively. FY08 financial results correspond to numbers reported in the 2008 Annual Report unless noted otherwise below.
2. Net Debt (including capitalised lease liabilities) has been adjusted in FY16 to include on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework. Capitalised aircraft operating lease liability is 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. FY15, FY14, FY13 and FY12 have been restated accordingly. Previous periods have not been restated.
3. Manpower and staff related expenditure has been adjusted from FY15 onwards to exclude employee benefit discount rate and other assumption changes which have been included in Other expenditure as these costs do not reflect the current service costs for employees. FY14 Manpower and staff related expenditure and Other expenditure have been restated accordingly. Previous periods have not been restated.
4. Aircraft operating variable expenditure has been adjusted from FY15 onwards to include airport security charges previously reported in Other expenditure. FY14 Aircraft operating expenditure and Other expenditure have been restated accordingly. Previous periods have not been restated.
5. Selling and marketing expenditure has been adjusted from FY15 onwards to only include marketing, advertising, commission and other selling costs. Certain other costs previously reported in Selling and marketing have been included in Other expenditure. FY14 Selling and marketing expenditure and Other expenditure have been restated accordingly. Previous periods have not been restated.
6. Other expenditure has been adjusted from FY14 onwards to include non-cancellable non-aircraft operating lease rentals previously reported in Property expenditure. FY13 Other expenditure and property expenditure has been restated accordingly. Previous periods have not been restated.
7. As a result of the mandatory application of AASB 119 Employee Benefits (2011), the Group has changed its accounting policy with respect to the basis of accounting for defined benefit superannuation plans. Upon application of the amended AASB 119 (2011), the Group has applied the transition provisions in the Standard requiring retrospective application and as a result FY13 results have been restated; Income Statement, Summarised Balance Sheet.
8. Net passenger revenue has been adjusted from FY13 to include associate ancillary passenger revenue, passenger service fees, charter revenue and lease revenue from codeshare previously reported as Other revenue. FY12 net passenger revenue and Other revenue has been restated accordingly. Previous periods have not been restated.
9. Net freight revenue has been adjusted from FY13 to include lease revenue from codeshare previously reported in Other revenue. FY12 net freight revenue and Other revenue have been restated accordingly. Previous periods have not been restated.
10. FY08 revenue and expenses have been adjusted to include the foreign exchange and fuel hedging allocations as per comparatives in the 2009 Annual Report.
11. Full-time equivalent (FTE) employees from 1 July 2010 onwards are as at 30 June / 31 December and include Jetstar Asia employees. Prior to this, FTE employees were stated as an average over the period and did not include Jetstar Asia employees.

SHARE DATA, OWNERSHIP AND DIVIDENDS

Qantas Airways Limited listed on the ASX in July 1995 with a float price of \$1.90 per share.

KEY FINANCIAL EQUITY DATA

	Unit	FY17	FY16	FY15	FY14	FY13
Market capitalisation	\$M	10,343	5,411	6,940	2,767	3,027
Number of shares traded	M	2,967	3,504	3,828	3,506	2,674
Weighted average number of ordinary shares	M	1,853	2,083	2,196	2,212	2,249
Number of shares on issue at year end	M	1,808	1,919	2,196	2,196	2,242
Underlying profit before tax per share	cents	76	74	44	(29)	9
Statutory profit before tax per share	cents	64	68	36	(181)	-
Statutory profit after tax per share	cents	46	49	25	(129)	-
Net tangible assets per share	\$	1.59	1.20	1.05	0.72	2.29
Net assets per share	\$	1.96	1.70	1.57	1.31	2.60
Share price at 30 June	\$	5.72	2.82	3.16	1.26	1.35
Highest price during the year	\$	5.86	4.16	3.68	1.54	1.90
Lowest price during the year	\$	2.75	2.61	1.21	0.97	0.99
Average price during the year	\$	3.66	3.66	2.28	1.24	1.42

SUBSTANTIAL SHAREHOLDERS

The following shareholders have notified that they are substantial shareholders of Qantas up to 11 September 2017:

Shareholder	Ordinary shares held	% of issued shares ¹	Notification date
BlackRock Group	115,627,833	6.39%	10 August 2017
BT Investment Management Limited	100,287,939	5.55%	03 July 2017

1. Based on the number of shares on issue at 11 September 2017.

HISTORICAL NUMBER OF SHARES

Date	Event	Number of shares	Total number of shares
February 04	Qantas Long Term Executive Incentive Plan	10,470	1,822,259,643
April 04	Dividend Reinvestment Plan	22,855,397	1,845,115,040
August 04	Qantas Long Term Executive Incentive Plan	388	1,845,115,428
September 04	Dividend Reinvestment Plan	22,675,271	1,867,790,699
February 05	Qantas Long Term Executive Incentive Plan	59,177	1,867,849,876
April 05	Dividend Reinvestment Plan	29,798,872	1,897,648,748
September 05	Dividend Reinvestment Plan	31,024,893	1,928,673,641
February 06	Qantas Long Term Executive Incentive Plan	2,053,015	1,930,726,656
April 06	Dividend Reinvestment Plan	24,308,788	1,955,035,444
October 06	Dividend Reinvestment Plan	28,991,867	1,984,027,311
February 07	Qantas Long Term Executive Incentive Plan	963,037	1,984,990,348
August 07	Qantas Long Term Executive Incentive Plan	516,085	1,985,506,433
October 07 – May 08	On-market Share Buy-back	(91,062,424)	1,894,444,009
October 08	Dividend Reinvestment Plan	55,176,946	1,949,620,955
February 09	Institutional Placement	270,270,271	2,219,891,226
March 09	Share Purchase Plan	17,182,087	2,237,073,313
April 09	Dividend Reinvestment Plan	28,050,307	2,265,123,620
December 12 – October 13	On-market Share Buy-back	(68,793,370)	2,196,330,250
November 15	Share Consolidation	(133,929,900)	2,062,400,350
March 16 – June 16	On-market Share Buy-back	(143,599,336)	1,918,801,014
September 16 – April 17	On-market Share Buy-back	(110,574,637)	1,808,226,377

FOREIGN OWNERSHIP

Under the Qantas Constitution and the Qantas Sale Act 1992:

- foreign persons are restricted from holding a relevant interest in shares in Qantas Airways Limited which, in aggregate, exceeds 49 per cent of the issued share capital of Qantas Airways Limited

In July 2014, the Australian Government passed changes to the Qantas Sale Act, removing the following limitations:

- any one foreign person is restricted from holding a relevant interest in shares in Qantas Airways Limited which exceeds 25 per cent of the issued share capital of Qantas Airways Limited
- foreign airlines are restricted from holding a relevant interest in shares in Qantas Airways Limited which, in aggregate, exceeds 35 per cent of the issued share capital of Qantas Airways Limited

While only Qantas Airways Limited is subject to the Qantas Sale Act, the 49 per cent foreign ownership limit is also imposed on other Australian-designated international airlines (including Jetstar) by the Air Navigation Act 1920.

The ASX Listing Rules require Qantas to notify the market when the level of foreign ownership is within 5 percentage points of a foreign ownership limit and then for each percentage point change to the disclosed foreign ownership level.

The Group's foreign ownership level was last updated in July 2017, which disclosed the level as at 20 July 2017 to be 46.7 per cent.

Dividend history

Year	Final	Interim	Special
FY17	7.0	7.0	–
FY16	7.0	–	–
FY15	23.0 ¹	–	–
FY14	–	–	–
FY13	–	–	–
FY12	–	–	–
FY11	–	–	–
FY10	–	–	–
FY09	–	6.0	–
FY08	17.0	18.0	–
FY07	15.0	15.0	–
FY06	11.0	11.0	–
FY05	10.0	10.0	–
FY04	9.0	8.0	–
FY03	9.0	8.0	–
FY02	9.0	8.0	–
FY01	9.0	11.0	–
FY00	11.0	11.0	37.0
FY99	11.0	8.0	13.5
FY98	7.0	6.5	–
FY97	6.5	6.5	–

1. Represents the \$505 million capital return paid in November 2015.

Analysts covering Qantas*

Citi	Anthony Moulder
Credit Suisse	Paul Butler
Goldman Sachs	Owen Birrell
JP Morgan	Guy Bunce
Macquarie	Sam Dobson
Morning Star	Adam Fleck
UBS	Simon Mitchell

*These analysts follow the Qantas Group and are known to Qantas. Please note this list is provided for informational purposes only and any opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements regarding the Qantas Group performance made by these analysts are theirs alone and do not constitute the opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements of the Qantas Group or its management. The Qantas Group does not by its reference above or distribution imply its endorsement of or concurrence with such information. Analyst reports may contain errors or omissions and the Qantas Group does not provide any assurance that facts stated in any analyst report are correct. The Qantas Group undertakes no duty to update or correct information contained in any analyst report.

Qantas Share Price History

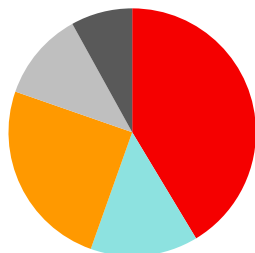


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OPERATIONAL AND COMMERCIAL DATA

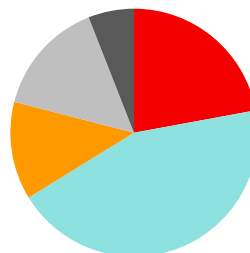
PASSENGER AND MARKET SHARE DATA

Distribution of Passengers



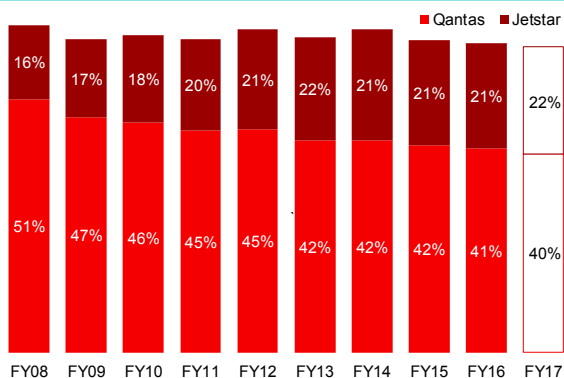
	FY17 %
Qantas Domestic	41%
Qantas International	14%
Jetstar Domestic	25%
Jetstar International	12%
Jetstar Asia	8%

Distribution of Revenue Passenger Kilometres

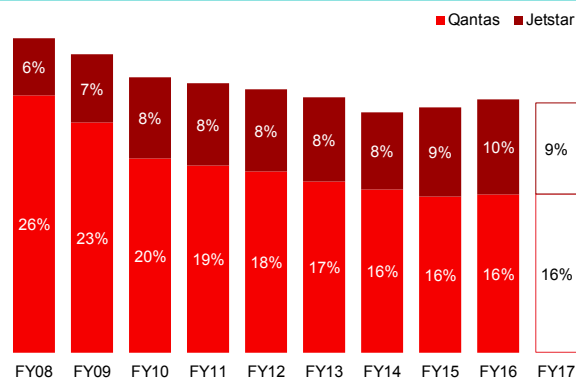


	FY17 %
Qantas Domestic	22%
Qantas International	44%
Jetstar Domestic	13%
Jetstar International	15%
Jetstar Asia	6%

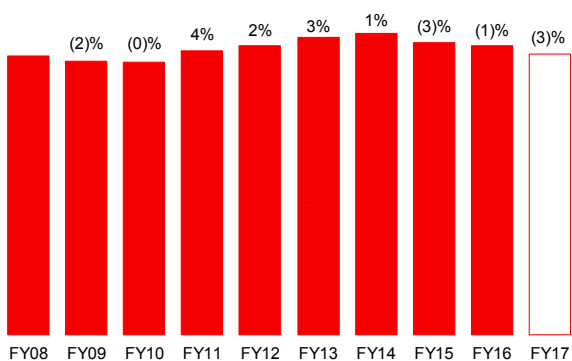
Market Share – Domestic



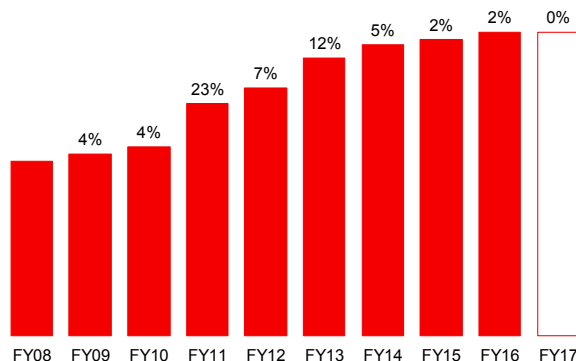
Market Share - International



Growth Rates – Qantas Domestic



Growth Rates – Jetstar Domestic



FLEET

At 30 June 2017, the Qantas Group operated a total passenger fleet of 303 aircraft. This includes aircraft for Qantas Domestic (including QantasLink and Network Aviation), Qantas International, and Jetstar (including Jetstar Asia but excluding Jetstar Pacific and Jetstar Japan). Qantas Freight operated six dedicated freighter aircraft (four 737-300, one 737-400 and one dry-leased 767-300ER).

AIRCRAFT ORDERS

FY18 – FY27	Firm Order
Airbus A320-200/A321-200 ¹	99
Airbus A380-800	8
Boeing 787-9	8
Total	115

1. Includes Jetstar Asia, excludes Jetstar Pacific and Jetstar Japan.

Aircraft List Prices	USD million (average)
Airbus A380-800	437
Airbus A330-200	234
Airbus A330-300	259
Boeing 787-8	230
Boeing 787-9	270
Airbus A320-200	99
Airbus A320 Neo	108
Boeing 737-800	98
Boeing 717-200 ²	12
Bombardier Q400	32
Fokker F100 ²	2

Source: Average 2017 list prices where available, otherwise current market value quoted. Qantas Group negotiates its own price with both Airbus and Boeing. The agreed price is not disclosed due to commercial confidentiality reasons.

2. Aircraft out of production – Current market value quoted

FLEET MOVEMENTS FOR FY17

From July 2016 through to June 2017, three Fokker 100, two A321-200 and one 737-400 freighter were delivered to the Qantas Fleet.

QANTAS GROUP FLEET – FY17

Aircraft Type	Owned ³	Operating Lease	Total
Qantas			
Airbus A380-800	12	–	12
Boeing 747-400ER	6	–	6
Boeing 747-400	5	–	5
Boeing 737-800 ⁴	67	8	75
Airbus A330-200	8	10	18
Airbus A330-300	10	–	10
	108	18	126
QantasLink			
Boeing 717-200	15	5	20
Bombardier Q200	3	–	3
Bombardier Q300	11	–	11
Bombardier Q400	31	–	31
	60	5	65
Network Aviation			
Fokker F100	17	–	17
	17	–	17
Jetstar			
Boeing 787-8	11	–	11
Airbus A320-200 ⁵	48	23	71
Airbus A321-200	3	5	8
Bombardier Q300	5	–	5
	67	28	95
Total Passenger Fleet	252	51	303
Qantas Freight⁶	5	1	6

3. Includes hire purchase and finance lease aircraft. 4. Includes aircraft operated by Jetconnect. 5. Includes Jetstar Asia, excludes Jetstar Pacific and Jetstar Japan. 6. Qantas Group wet leases 2 x 747-400 freighter aircraft, 4 x BAe146 freighter aircraft and 2 x SAAB 340 freighter aircraft (not included in the table)

AIRCRAFT AS AT 30 JUNE 2017

Airbus A380-800



	Unit	
Number of aircraft	#	12
Max number of seats	seats	484
Configuration	seats	P 14, J 64, W 35, Y 371
Length	m	72.6
Wingspan	m	79.8
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	14,800
Engines	Type	Rolls Royce Trent 900s

Boeing 747-400/400ER



	Unit	
Number of aircraft	#	5/6
Max number of seats	seats	364
Configuration	seats	P 14, J 52, W 32, Y 255 (x2) J 58, W 36, Y 270 (x9)
Length	m	70.7
Wingspan	m	64.4
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	12,700/12,971
Engines	Type	Rolls Royce RB211-524G-T/ General Electric CF6-80C2B5F

Airbus A330-200/300



	Unit	
Number of aircraft	#	18/10
Max number of seats	seats	304
Configuration	seats	J 36, Y 199 (x2) J 28, Y 243 (x16) J 28, Y 269 (x10)
Length	m	58.4/63.7
Wingspan	m	60.3/60.3
Altitude	m	12,500
Cruising speed	km/h	890
Range (full payload)	km	8,500/7,000
Engines	Type	General Electric CF6-80E1A4

Airbus A320-200/A321-200*



	Unit	
Number of aircraft	#	71/8
Max number of seats	seats	230
Configuration	seats	Y 180/ 220 / 230
Length	m	37.7/44.5
Wingspan	m	34.1/34.1
Altitude	m	12,000
Cruising speed	km/h	850/830
Range (full payload)	km	4,800
Engines	Type	International Aero Engines V2500

*operated by Jetstar and Jetstar Asia

Boeing 787-8



	Unit	
Number of aircraft	#	11
Max number of seats	seats	335
Configuration	seats	J 21, Y 314
Length	m	56.7
Wingspan	m	60.1
Altitude	m	13,100
Cruising speed	km/h	900
Range (full payload)	km	10,186
Engines	Type	General Electric GEnx-1B64

Boeing 737-800



	Unit	
Number of aircraft	#	75
Max number of seats	seats	174
Configuration	seats	J 12, Y 162
Length	m	39.5
Wingspan	m	35.8
Altitude	m	12,500
Cruising speed	km/h	850
Range (full payload)	km	4,800
Engines	Type	CFM56-7B26

Bombardier Dash 8-Q200/Q300/Q400



	Unit	
Number of aircraft	#	3/16/31
Max number of seats	seats	74
Configuration	seats	Y 36 - 74
Length	m	22.3/25.7/32.8
Wingspan	m	25.9/27.4/28.4
Altitude	m	7,600
Cruising speed	km/h	500/670
Range (full payload)	km	1,557/1,520/1,668
Engines	Type	Pratt & Whitney PW150A

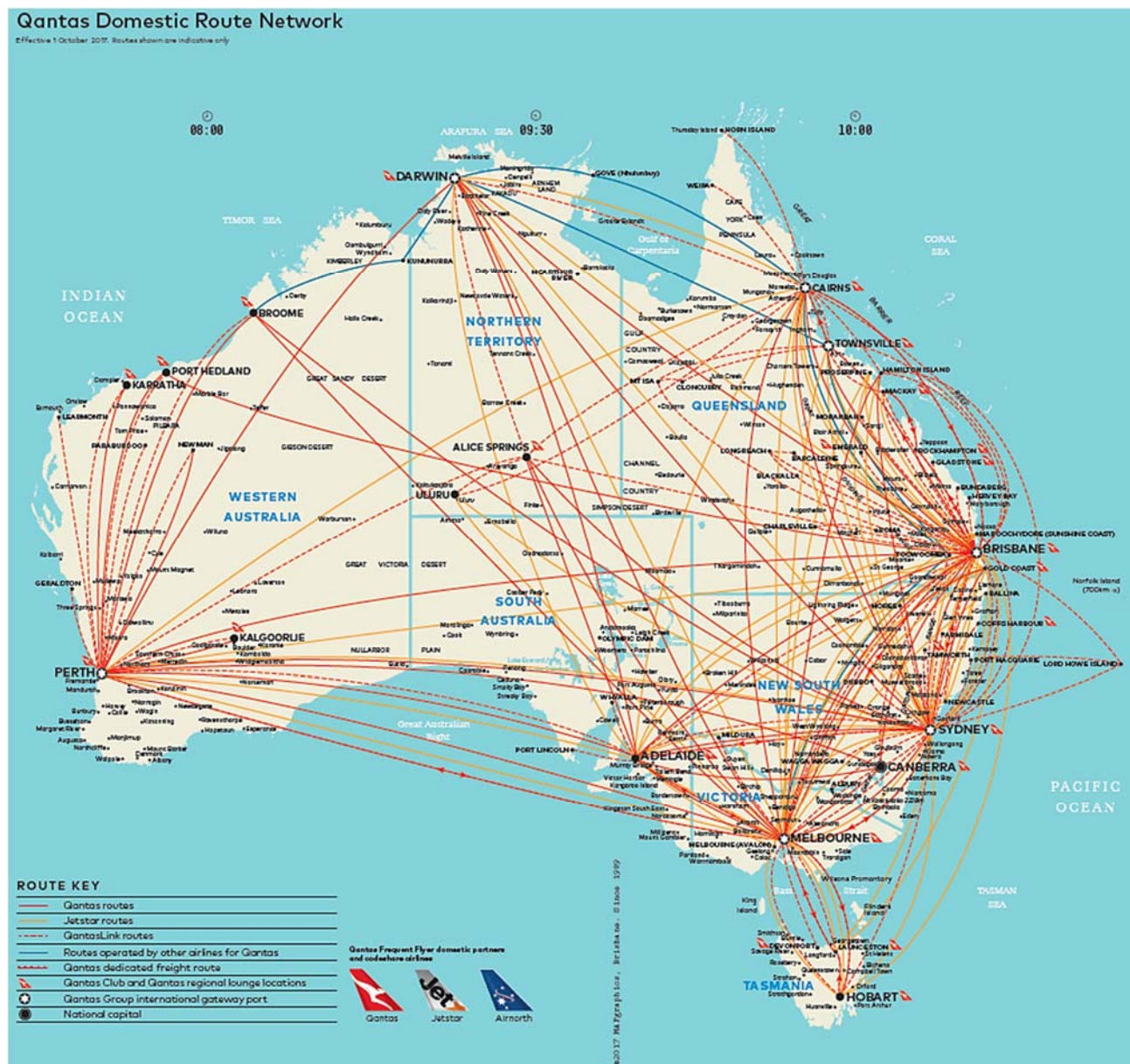
Boeing 717-200

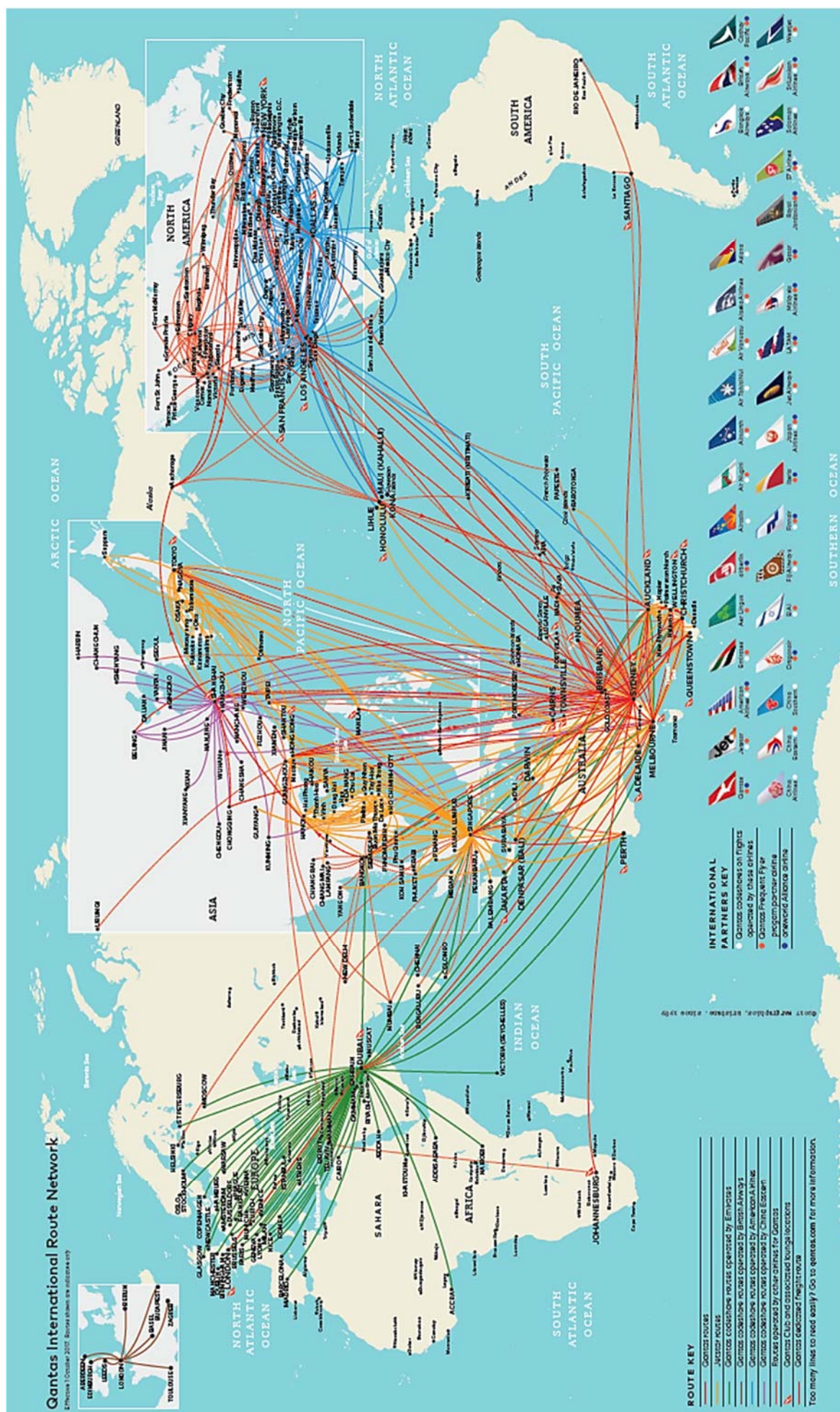


	Unit	
Number of aircraft	#	20
Max number of seats	seats	125
Configuration	seats	J 12, Y 98 - 125
Length	m	37.8
Wingspan	m	28.4
Altitude	m	10,700
Cruising speed	km/h	810
Range (full payload)	km	2,408
Engines	Type	Rolls Royce Deutschland BR-715

QANTAS GROUP ROUTE MAPS

As at September 2017





ALLIANCES AND PARTNERS



Alliances and partnerships are a core pillar of the Qantas Group strategy. As at 1 August 2017, Qantas has diverse alliance relationships with 27 bilateral codeshare partners which strategically extend the Qantas Group network and offer passengers a truly global airline proposition.

ONEWORLD

The Qantas Group is a founding member of **oneworld**. The **oneworld** alliance comprises some of the world's leading airlines. Customers can earn and redeem Qantas Points and earn status credits with all member airlines on eligible fares across the **oneworld** network and top tier loyalty members enjoy their privileges across over 600 lounges worldwide. Alliance members also work together to deliver a seamless travel experience across their combined networks. **oneworld** was the first airline alliance to offer interline e-ticketing across all member carriers, meaning customers can travel with the convenience of a single electronic ticket across the combined **oneworld** network. **oneworld** also offers an unrivalled choice of tickets, including the popular Explorer round-the-world fares, Circle fares and Visit passes for each continent. QantasLink and Network Aviation are also **oneworld** affiliate airlines.

EMIRATES PARTNERSHIP

In March 2013, the Australian Competition and Consumer Commission (ACCC) and other relevant authorities approved the partnership between Qantas and Emirates for a period of five years. The partnership includes integrated network collaboration with coordinated pricing, sales and scheduling as well as a benefit-sharing model under a Master Coordination Agreement (MCA).

From 31 March 2013, Qantas launched daily A380 services from both Sydney and Melbourne to London via Dubai, and together Emirates and Qantas offer over 90 weekly services between Australia and Dubai. Qantas operates services to Terminal 3, the purpose-built A380 concourse at Dubai International Airport.

The MCA gives Qantas customers one-stop access to 65 Emirates destinations across Europe, the Middle East and North Africa. In addition, Emirates customers gain access to Qantas' Australian domestic network of more than 50 destinations. The carriers will also coordinate on their services between Australia and South East Asia and between Australia and New Zealand.

Under the MCA, Emirates' and Qantas' frequent flyer programs are aligned, giving customers expanded opportunities to earn and redeem points. Emirates and Qantas provide reciprocal access to tier status benefits including end-to-end customer recognition, lounge access, priority check-in and boarding and other exclusive services.

Qantas and Emirates announced an extension of the partnership on 31 August 2017. Subject to regulatory approval, the changes are effective from March 2018. Details can be viewed on the [Qantas News Room](#).

AMERICAN AIRLINES – JOINT BUSINESS AGREEMENT

In November 2011, Qantas and American Airlines obtained regulatory approval from the ACCC and other relevant authorities for a Joint Business Agreement (JBA), involving coordination of their operations between Australia, New Zealand and the United States.

In June 2015, Qantas and American Airlines announced the execution of a Restated Joint Business Agreement which was approved by the ACCC and NZ MOT, however received a negative Show Cause order from the US Department of Transport (DOT) in November 2016. The application was subsequently withdrawn from the US DOT process prior to a final determination.

It is Qantas and American Airlines' view that the DOT's decision didn't take into account precedent, intense competition on trans-Pacific routes, or the benefits that a closer relationship between Qantas and American Airlines has already delivered, including significant new capacity (Qantas' Sydney-Dallas and Sydney-San Francisco route and American Airlines' Los Angeles-Auckland route).

The JBA will give Qantas an extensive network footprint across North America providing more choice and convenience for travellers. Under the terms of the JBA, Qantas and American Airlines would carry out joint strategic planning, collaborate on route development, scheduling, sales, revenue management and marketing as well as deeper frequent flyer ties.

The JBA will allow Qantas customers to travel beyond the gateways of Dallas/Fort Worth (American Airlines' primary hub) and Los Angeles to more than 60 codeshare destinations across the United States, Canada and Mexico.

A further application will be filed shortly and will make a strong case for the full consumer, tourism and trade benefits that would come with anti-trust immunity.

CHINA EASTERN – JOINT COORDINATION AGREEMENT

In August 2015, the Australian Competition and Consumer Commission (ACCC) approved the Joint Coordination Agreement (JCA) between Qantas and China Eastern for a period of five years. Under the JCA, Qantas and China Eastern coordinate sales, schedules, network (capacity and routes) and pricing between Australia and China. The partnership is underpinned by an extensive codeshare framework, further supported by a revenue sharing model applicable on the jointly operated Sydney-Shanghai route.

From 25 October 2015, Qantas relocated its daily Sydney-Shanghai operations from Pudong (Shanghai) terminal 2 to terminal 1, collocating alongside China Eastern. This relocation removes the requirement for customers to transfer between terminals when connecting to/from a China Eastern flight, while at the same time reducing the minimum transit time required and dramatically improving the number of flight connection options within China. From October 2016, Qantas has offered its customers access to a brand new lounge facility constructed by China Eastern in terminal 1, further enhancing the end-to-end customer experience and management.

In November 2015, Qantas expanded its codeshares on China Eastern to include double daily Sydney-Shanghai and double daily Melbourne-Shanghai services, supplemented by existing codeshare on China Eastern's three per week Sydney-Nanjing-Beijing operation. Complementing the expansion on international routes was the addition of Qantas codeshare to six new markets within China delivering a significant increase in frequencies, exceeding 400 per week. In addition, codeshares are maintained on services connecting China Eastern's Shanghai-Singapore operation to Qantas' Singapore to Brisbane, Sydney, Melbourne and Perth operations. From November, December 2016 and January 2017 Qantas further expanded its codeshare on China Eastern to include four per week Brisbane-Shanghai, three per week Sydney-Wuhan, three per week Sydney-Kunming and three per week Sydney-Hangzhou-Beijing.

Qantas and China Eastern have also reviewed opportunities to enhance their existing frequent flyer programs, implementing from October 2016 reciprocal tier recognition which delivers lounge access, priority check-in and boarding to their respective members.

OTHER CODESHARE PARTNERS

In addition to its bilateral relationships with Emirates, American Airlines and China Eastern, Qantas has codeshare relationships with many other leading airlines, offering customers seamless access to destinations around the world. As at 1 August 2017, Qantas had codeshare arrangements with 27 partners and will continue to explore new opportunities.

CODESHARE ARRANGEMENTS

Partner	Explanation of codeshare and co-operations
Aircalin (SB)	Qantas and Aircalin codeshare on respective services between Sydney and Noumea and between Brisbane and Noumea.
Air Niugini (PX)	Qantas codeshares on all Air Niugini services between Sydney and Port Moresby and between Brisbane and Port Moresby. Air Niugini codeshares on Qantas services between Brisbane and Port Moresby.
Airnorth (TL)	Qantas codeshares on Airnorth services between Kununurra and Perth, Darwin and Broome and also between Darwin and Dili, Broome, Mount Isa, Townsville, Gove, Port Hedland and Karratha (via Broome); between Broome and Karratha (via Port Headland) between Cairns and Gove; between Toowoomba and Melbourne, Darwin, Cairns and Townsville.
Air Tahiti Nui (TN)	Qantas codeshares on all Air Tahiti Nui services between Papeete and Auckland and also selected services between Papeete and Los Angeles. Air Tahiti Nui codeshares on selected Qantas services between Auckland and Sydney, Melbourne and Brisbane.
Air Vanuatu (NF)	Qantas codeshares on all Air Vanuatu services between Port Vila and Sydney, Melbourne and Brisbane and also between Espiritu Santo and Brisbane.
Alaska Airlines (AS)	Qantas codeshares on Alaska services from Los Angeles to Anchorage, Mammoth Lakes, Portland, Puerto Vallarta, Seattle, San Jose, San Jose del Cabo, Santa Rosa and Sun Valley, and from San Francisco to Albuquerque, Kansas City, Minneapolis, Portland, Palm Springs, Seattle and Santa Ana. Also from Seattle to Calgary, Edmonton, Kelowna, Vancouver and Victoria plus Honolulu to Anchorage, Portland and Seattle.
American Airlines (AA)	<p>Qantas codeshares on American Airlines services from:</p> <ul style="list-style-type: none"> • Los Angeles to Auckland; • Los Angeles to Albuquerque, Aspen, Atlanta, Austin, Bentonville, Boston, Charlotte, Chicago, Columbus, Dallas/Fort Worth, Denver, El Paso, Eugene, Fresno, Hartford, Honolulu, Houston (Bush), Indianapolis, Jackson Hole, Kahului/Maui, Kansas City, Kona, Las Vegas, Lihue, Medford, Mexico City, Miami, Minneapolis, Montrose, Nashville, New Orleans, New York (Kennedy), Oklahoma City, Omaha, Orlando, Philadelphia, Phoenix, Portland, Raleigh Durham, Redmond, Reno, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, San Jose, San Jose de Cabo, Seattle, St Louis, Toronto, Tucson, Vancouver, and Washington DC (Dulles and Reagan); • Dallas/Fort Worth to Albuquerque, Atlanta, Aspen, Austin, Hartford, Baltimore, Boston, Calgary, Cancun, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Denver, Des Moines, Detroit, Fort Lauderdale, Guadalajara, Grand Rapids, Honolulu, Houston (Bush and Hobby), Indianapolis, Kansas City, Jacksonville, New York (La Guardia), Las Vegas, Lexington, Louisville, Memphis, Mexico City, Madison, Miami, Milwaukee, Minneapolis, Monterrey, Montreal, Nashville, Newark, New Orleans, Norfolk, Oklahoma City, Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Puerto Vallarta, Raleigh Durham, Reno, Richmond, Salt Lake City, San Antonio, San Francisco, Saint Louis, Tampa, Toronto, Tulsa, Tucson, Vancouver, and Washington DC (Dulles and Reagan); • San Francisco to Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York (Kennedy), Philadelphia, and Phoenix; • New York (Kennedy) to Baltimore, Boston, Orlando, Pittsburgh, Raleigh Durham, Montreal, and Toronto; • Honolulu to Dallas/Fort Worth, and Los Angeles; and • Chicago to Atlanta, Cincinnati, Detroit, Indianapolis, Minneapolis, Montreal, New Orleans, Pittsburgh, Tampa, and Toronto. <p>American Airlines codeshares on Qantas services from:</p> <ul style="list-style-type: none"> • San Francisco to Sydney; Los Angeles to Brisbane and Melbourne; Vancouver to Sydney; and • selected Australian domestic routes and trans-Tasman routes.
Asiana Airlines (OZ)	Qantas codeshares on Asiana services between Seoul and Sydney.
Bangkok Airways (PG)	Qantas codeshares on Bangkok Airways services between Bangkok and Ko Samui, Chiang Mai, Phuket, Krabi, Chiang Rai, Siem Reap, Phnom Penh, and Yangon, and between Singapore and Ko Samui. This is complemented with codeshare also between Bangkok – Siem Reap, Phnom Penh and Yangon. Bangkok Airways codeshares on selected Qantas international services between Bangkok and Sydney, between Singapore and Sydney, Brisbane, Melbourne and Perth, as well as on selected Qantas domestic flights between Sydney and Melbourne, Brisbane and Adelaide.
British Airways (BA)	Qantas codeshares on British Airways services beyond London Heathrow to 8 points in UK/Europe; Aberdeen, Basel, Berlin, Budapest, Edinburgh, Leeds-Bradford, Toulouse, and Zagreb. British Airways codeshares on selected Qantas services: <ul style="list-style-type: none"> • Domestic Australia: beyond Sydney to 10 destinations; • Trans-Tasman: beyond Sydney to Auckland, Christchurch, Queenstown and Wellington; and • selected services between Singapore and Brisbane, Melbourne and Perth, and between Hong Kong and Melbourne and Brisbane.
China Airlines (CI)	Qantas codeshares on China Airlines services between Taipei – Sydney, Taipei – Brisbane and Taipei – Melbourne.

Partner	Explanation of codeshare and co-operations
China Eastern Airlines (MU)	<p>Qantas and China Eastern have comprehensive reciprocal free-sale codeshare on services to and from Australia and China. Qantas codeshares on China Eastern between Sydney – Shanghai, Melbourne - Shanghai, Brisbane – Shanghai, Singapore - Shanghai, Sydney - Nanjing, Sydney - Beijing via Nanjing, Sydney – Beijing via Hangzhou, Sydney – Kunming, Sydney – Wuhan.</p> <p>Qantas also codeshares on China Eastern services to 17 points within China; between Shanghai and Beijing, Changchun, Chengdu, Chongqing, Dalian, Fuzhou, Harbin, Jinan, Kunming, Nanchang, Qingdao, Shenyang, Wenzhou, Wuhan, Xi an, and Yantai.</p> <p>China Eastern codeshares on selected Qantas services:</p> <ul style="list-style-type: none"> • 33 Australian domestic routes; • 5 trans-Tasman routes; and • Between Singapore and Sydney, Melbourne, Brisbane and Perth.
China Southern Airlines (CZ)	<p>Qantas codeshares on China Southern services between Australia (Sydney, Melbourne, Brisbane, Adelaide and Perth) and Guangzhou, China. Qantas also codeshares on China Southern services to 4 points within China; between Guangzhou and Fuzhou, Kunming, Xiamen and Urumqi.</p> <p>China Southern codeshares on select Qantas operated domestic and trans-Tasman sectors.</p>
EL AL (LY)	<p>Qantas codeshares on EL AL services between Hong Kong and Tel Aviv, Bangkok and Tel Aviv and Johannesburg and Tel Aviv.</p> <p>EL AL codeshares on Qantas services between Hong Kong and Sydney, Melbourne and Brisbane, Bangkok and Sydney and Johannesburg and Sydney.</p>
Emirates (EK)	<p>Qantas codeshares on Emirates to the following destinations:</p> <ul style="list-style-type: none"> • 32 European destinations: Amsterdam, Athens, Barcelona, Birmingham, Brussels, Paris, Copenhagen, Moscow, Dublin, Dusseldorf, Rome, Frankfurt, Glasgow, Geneva, Hamburg, Istanbul, St Petersburg, London (Heathrow and Gatwick), Lyon, Madrid, Manchester, Munich, Milan, Nice, Newcastle, Oslo, Prague, Stockholm, Vienna, Warsaw and Zurich; • 7 Middle Eastern destinations: Amman, Bahrain, Beirut, Dammam, Jeddah, Muscat and Riyadh; • 4 Asian destinations: Bangkok, Colombo, Kuala Lumpur and Singapore; • 6 North African destinations: Accra, Addis Ababa, Cairo, Khartoum, Seychelles and Nairobi; • All Emirates' services between Australia and Dubai (including via Asia and to/from New Zealand). <p>Emirates codeshares on the following Qantas services/destinations:</p> <ul style="list-style-type: none"> • 48 Australian domestic destinations; • All Qantas' trans-Tasman services; • Qantas' London services from Sydney and Melbourne via Dubai; and • Qantas' services between Bangkok - Sydney, and between Singapore and Australia. <p>Qantas and Emirates announced an extension of the partnership on 31 August 2017. Subject to regulatory approval, the changes are effective from March 2018. Details can be viewed on the Qantas News Room.</p>
Fiji Airways (FJ)	<p>Qantas codeshares on Fiji Airways services between Nadi and Sydney, Melbourne, Brisbane, Adelaide, Honolulu, Los Angeles, San Francisco, Auckland, Wellington and Christchurch, and between Suva and Sydney.</p> <p>Fiji Airways codeshares on Qantas services between Singapore and Sydney, Brisbane, Melbourne and Perth.</p>
Finnair (AY)	<p>Qantas codeshares on all Finnair services between Singapore and Helsinki.</p> <p>Finnair codeshares on selected Qantas services between Australia and Singapore, Bangkok and Hong Kong.</p>
Japan Airlines (JL)	<p>Qantas codeshares on Japan Airlines services between Singapore and Tokyo (Narita and Haneda).</p> <p>Japan Airlines codeshares on selected Qantas services between Singapore and Brisbane, Melbourne and Perth, and between Sydney and Auckland.</p>
Jet Airways (9W)	<p>Qantas codeshares on Jet Airways services between Singapore and New Delhi, Mumbai, Chennai, Bengaluru and Hong Kong and Mumbai, New Delhi, Bangkok and Mumbai, New Delhi.</p> <p>Jet Airways codeshares on all Qantas services between Singapore, Hong Kong, Bangkok and Australia.</p>
Jetstar (JQ)	<p>Qantas codeshares on selected Jetstar services within Domestic Australia, New Zealand and internationally.</p> <p>Jetstar codeshares on selected Qantas domestic services connecting to Jetstar International services.</p>
Jetstar Asia (3K)	<p>Qantas codeshares on Jetstar Asia services from Singapore to Cambodia, Indonesia, Malaysia, Myanmar, Taiwan, Thailand and Vietnam.</p>
Jetstar Japan (GK)	<p>Qantas codeshares on all domestic services to/from Tokyo-Narita.</p>
LATAM Airlines (LA, JJ)	<p>Qantas codeshares on all LATAM (LA) services between Sydney and Santiago via Auckland, and to five ports beyond Santiago (Sao Paulo, Lima, La Serena, Punta Arenas, Antofagasta). Qantas also codeshares on LATAM (JJ) services beyond Santiago to Brazil (Sao Paulo, Rio de Janeiro).</p> <p>LATAM (LA) codeshares on all Qantas services between Sydney and Santiago and on select Qantas operated domestic and trans-Tasman sectors.</p>
Solomon Airlines (IE)	<p>Qantas codeshares on Solomon Airlines services between Brisbane and Honiara; and seasonally between Sydney and Honiara.</p>
SriLankan Airlines (UL)	<p>Qantas codeshares on SriLankan Airlines services between Singapore and Colombo.</p> <p>SriLankan Airlines codeshares on all Qantas services between Singapore and Australia.</p>
Vietnam Airlines (VN)	<p>Qantas codeshares on Vietnam Airlines services between Ho Chi Minh City - Sydney, and Ho Chi Minh City - Melbourne. Codeshare ceased from 1 July 2017. Ongoing negotiations for possible Qantas codeshare between Hanoi - Sydney.</p>

Partner	Explanation of codeshare and co-operations
WestJet (WS)	<p>Qantas codeshares on select WestJet services:</p> <ul style="list-style-type: none"> • Los Angeles to Vancouver, Calgary, Edmonton and Toronto; • San Francisco to Vancouver and Calgary; • Vancouver to Honolulu, Calgary, Edmonton, Fort McMurray, Kelowna, Ottawa, Prince George, Saskatoon, Terrace, Toronto, Victoria and Winnipeg; • Calgary to Abbotsford, Brandon, Comox, Edmonton, Fort McMurray, Fort St John, Grande Prairie, Halifax, Kamloops, Kelowna, Montreal, Nanaimo, Ottawa, Penticton, Regina, Saskatoon, Toronto, Victoria and Winnipeg; • Toronto to Edmonton, Fredericton, Montreal, Ottawa, Quebec City, Thunder Bay; and • Edmonton to Abbotsford, Grande Prairie, Kelowna, Regina, Saskatoon, Winnipeg

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QANTAS GROUP TRAFFIC AND CAPACITY STATISTICS

	Unit	FY17	FY16 ¹	FY15	FY14	FY13
Qantas Group						
Passengers	'000	53,659	52,681	49,181	48,776	48,276
Traffic (RPK)	M	121,178	119,054	112,543	109,659	110,905
Capacity (ASK)	M	150,323	148,691	142,287	141,715	139,909
Load factor	%	80.6	80.1	79.1	77.4	79.3
Qantas Domestic						
Passengers	'000	22,199	22,277	21,493	21,818	22,116
Traffic (RPK)	M	26,930	27,270	27,180	27,715	28,352
Capacity (ASK)	M	35,231	36,260	36,638	37,824	37,354
Load factor	%	76.4	75.2	74.2	73.3	75.9
Jetstar Domestic						
Passengers	'000	13,348	13,267	12,859	12,296	11,610
Traffic (RPK)	M	15,535	15,565	15,042	14,584	13,958
Capacity (ASK)	M	18,694	18,660	18,215	17,885	17,055
Load factor	%	83.1	83.4	82.6	81.5	81.8
Qantas International						
Passengers	'000	7,551	7,142	5,843	5,837	5,765
Traffic (RPK)	M	53,765	51,975	48,299	47,112	47,983
Capacity (ASK)	M	66,389	63,599	59,263	59,173	58,825
Load factor	%	81.0	81.7	81.5	79.6	81.6
Jetstar International						
Passengers	'000	6,241	5,757	5,020	4,850	5,146
Traffic (RPK)	M	18,320	17,417	15,461	14,060	14,715
Capacity (ASK)	M	21,929	21,710	19,740	18,939	19,207
Load factor	%	83.5	80.2	78.3	74.2	76.6
Jetstar Asia²						
Passengers	'000	4,320	4,238	3,966	3,975	3,639
Traffic (RPK)	M	6,628	6,827	6,562	6,188	5,897
Capacity (ASK)	M	8,080	8,462	8,431	7,894	7,468
Load factor	%	82.0	80.7	77.8	78.4	79.0

1. Passenger numbers for the Qantas Group Operations, Qantas Domestic and Qantas International have been restated from FY17 to align with current presentation on a sector basis. 2. In accordance with the Air Navigation Act (Singapore 2009), Newstar Investment Holdings Pte Ltd and its Singapore based airline subsidiaries (Jetstar Asia and Valuair) are substantially owned and effectively controlled by Singapore nationals. Notwithstanding this, the Qantas Group is required to consolidate Newstar Investment Holdings Pte Ltd and its controlled entities in the Qantas Group Financial Statements. Jetstar Asia includes Singapore based operations only. Jetstar Asia statistics for periods prior to 2012/13 include wide-body operations transferred to Jetstar International from 1 July 2012.

	Unit	FY12	FY11	FY10	FY09	FY08
Qantas Group						
Passengers	'000	46,708	44,456	41,428	38,438	38,621
Traffic (RPK)	M	111,692	106,759	100,727	99,176	102,466
Capacity (ASK)	M	139,423	133,281	124,717	124,594	127,019
Load factor	%	80.1	80.1	80.8	79.6	80.7
Qantas Domestic						
Passengers	'000	21,983	21,930	20,963	20,499	21,309
Traffic (RPK)	M	28,174	27,943	27,028	26,699	27,735
Capacity (ASK)	M	36,259	35,642	34,164	34,294	34,972
Load factor	%	77.7	78.4	79.1	77.9	79.3
Jetstar Domestic						
Passengers	'000	10,697	9,753	8,367	8,110	7,596
Traffic (RPK)	M	12,798	11,369	9,456	9,060	8,602
Capacity (ASK)	M	15,242	14,256	11,615	11,197	10,753
Load factor	%	84.0	79.8	81.4	80.9	80.0
Qantas International						
Passengers	'000	6,034	5,977	5,900	7,243	8,138
Traffic (RPK)	M	51,165	51,004	49,979	54,337	59,030
Capacity (ASK)	M	62,334	61,881	60,608	66,871	71,563
Load factor	%	82.1	82.4	82.5	81.3	82.5
Jetstar International						
Passengers	'000	4,677	4,096	3,910	2,123	1,578
Traffic (RPK)	M	13,106	11,935	11,037	8,412	7,099
Capacity (ASK)	M	17,474	15,628	14,316	11,355	9,731
Load factor	%	75.0	76.4	77.1	74.1	73.0
Jetstar Asia²						
Passengers	'000	3,317	2,700	2,288	463	—
Traffic (RPK)	M	6,449	4,508	3,227	668	—
Capacity (ASK)	M	8,114	5,874	4,014	878	—
Load factor	%	79.5	76.7	80.4	76.0	—

GLOSSARY

A

AFTK (Available freight tonne kilometres) – Total freight tonnage capacity available, multiplied by the number of kilometres flown.

ASK (Available seat kilometre) – A measure of an airlines' capacity. Total number of seats available for passengers, multiplied by the number of kilometres flown.

Average fleet age – scheduled passenger fleet – The average age of the Qantas Group's scheduled passenger fleet (excluding dedicated freighters and Network Aviation fleet) based on manufacturing dates. Includes Jetstar Asia but excludes Jetstar Pacific and Jetstar Japan.

Average FTE – Average full-time equivalent for the 12 months ending 30 June.

Average Invested Capital – the 12 month average of the monthly Invested Capital.

B

Block hours – The time between the aircraft leaving the departure gate and arriving at the destination gate.

BITRE – Bureau of Infrastructure, Transport and Regional Economics (refer to www.bitre.gov.au).

C

CAPEX (Capital Expenditure) – Payments for capital assets.

E

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

EBIT – Earnings before interest and tax.

EBITDA – Earnings before interest, tax, depreciation and amortisation.

EBITDAR – Earnings before interest, tax, depreciation and amortisation and rentals (leasing costs for aircraft).

F

FTE – The total number of full-time equivalent (FTE) employees as at 30 June, reported in total for each segment of the Qantas Group in Australia and overseas. This is calculated using standard working hours for full-time and part-time employees and actual hours worked by the casual and temporary workforce.

Fuel consumption – The total volume of aviation kerosene consumed by the Qantas Group's flying businesses.

I

Invested Capital – Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including operating lease asset values.

M

Market capitalisation – Share price at 30 June multiplied by the number of outstanding shares.

O

On-time performance – The percentage of Australian domestic on-time departures. A flight departure is counted as on time if it departs from the gate within 15 minutes of the scheduled departure time and subsequently proceeds to take off, for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the BITRE Airline On Time Performance definitions.

P

Part-time employees – Part-time positions in the wholly owned entities of the Qantas Group, in Australia and overseas, as at 30 June. Part-time positions include permanent and temporary part-time positions. Part-time employees are defined as those whose assigned working hours (as per contract) are lower than the position's standard working hours.

Passenger load/seat factor – Revenue passenger kilometres divided by available seat kilometres expressed as a percentage. Percentage of total passenger capacity actually utilised by paying passengers.

PBT – Profit before tax.

R

ROIC EBIT – Return on Invested Capital EBIT.

ROIC % – ROIC EBIT divided by Average Invested Capital.

RPK (Revenue passenger kilometre) – Number of paying passengers carried, multiplied by the number of kilometres flown.

RFTK (Revenue freight tonne kilometre) – Number of tonnes of paid freight and mail traffic multiplied by the number of kilometres flown.

U

Unit Revenue (RASK) – Ticketed passenger revenue per available seat kilometre.

Utilisation – Average block hours per aircraft per day.

