



20 August 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

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Qantas Group FY20 Results Investor Presentations

Qantas Airways Limited attaches the following documents:

- Qantas Group FY20 Results Investor Presentation; and
- Qantas Group FY20 Results Investor Presentation – Supplementary.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.





Qantas Airways Limited

FY20 Results Presentation

20 August 2020

ASX: QAN

US OTC: QABSY

FY20 overview

Swift action taken to mitigate impacts of COVID-19 on cash flow and profitability

- Underlying Profit Before Tax (PBT)¹ of \$124m, Statutory Loss Before Tax of \$2.7b including \$2.8b of one-off charges (mostly non-cash)
 - Strong first half performance² followed by \$4.0b decline in Group Total Revenue in the second half due to COVID-19
 - Quickly shifted focus to preserving liquidity, partially mitigating 82% fall in Group Total Revenue in 4Q20 through 75% reduction in net operating expenses³
 - Qantas Loyalty maintained its value proposition for members and partners, and was largest contributor to earnings⁴; Qantas Freight achieved record result
 - Conducted rescue flights and kept vital transport and freight links open, continuing the role of the national carrier; introduced “Fly Well” program

Financial framework continues to guide decision making

- Entered the crisis in a strong financial position
- Raised \$1.75b debt to boost liquidity, at competitive rates and with long tenor

Commenced three-year recovery plan

- Restarting the network to respond to evolving demand patterns, adding capacity on a cash positive basis
- Commenced restructure of the operations to meet the changed market and deliver \$1.0b in ongoing savings per annum from FY23
- Raised \$1.43b equity⁵ to fund the three-year recovery plan and to accelerate recovery from the COVID-19 crisis

Three-year plan to guide recovery and return to growth



1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY20 Results Presentation are reported on an Underlying basis, unless otherwise stated. For a reconciliation to Underlying PBT, please see slide 4 of the Supplementary presentation. The comparatives have been restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 2. Measured by Underlying PBT. 3. Gross expenditure excluding depreciation and amortisation, net of Other Revenue 4. Underlying EBIT. 5. Includes the proceeds from the Share Purchase Plan that closed on 5 August 2020.

Strong foundation to respond to COVID-19 pandemic and launch recovery plan

Building the strong foundation FY15 – 1H20

- Strong customer advocacy; leading airline loyalty program
- Leading corporate and low cost leisure position, growing SME share
- Strong employee engagement
- Record profitability and returns on invested capital; returned ~\$4.3b to shareholders
- Strengthened the balance sheet
 - Baa2 investment grade credit rating, minimal refinancing risk, no financial covenants on debt
 - Net debt towards the lower end of target range; strong liquidity and \$4.9b¹ unencumbered aircraft asset base
- Delivered over \$3.2b of transformation benefits and operational flexibility

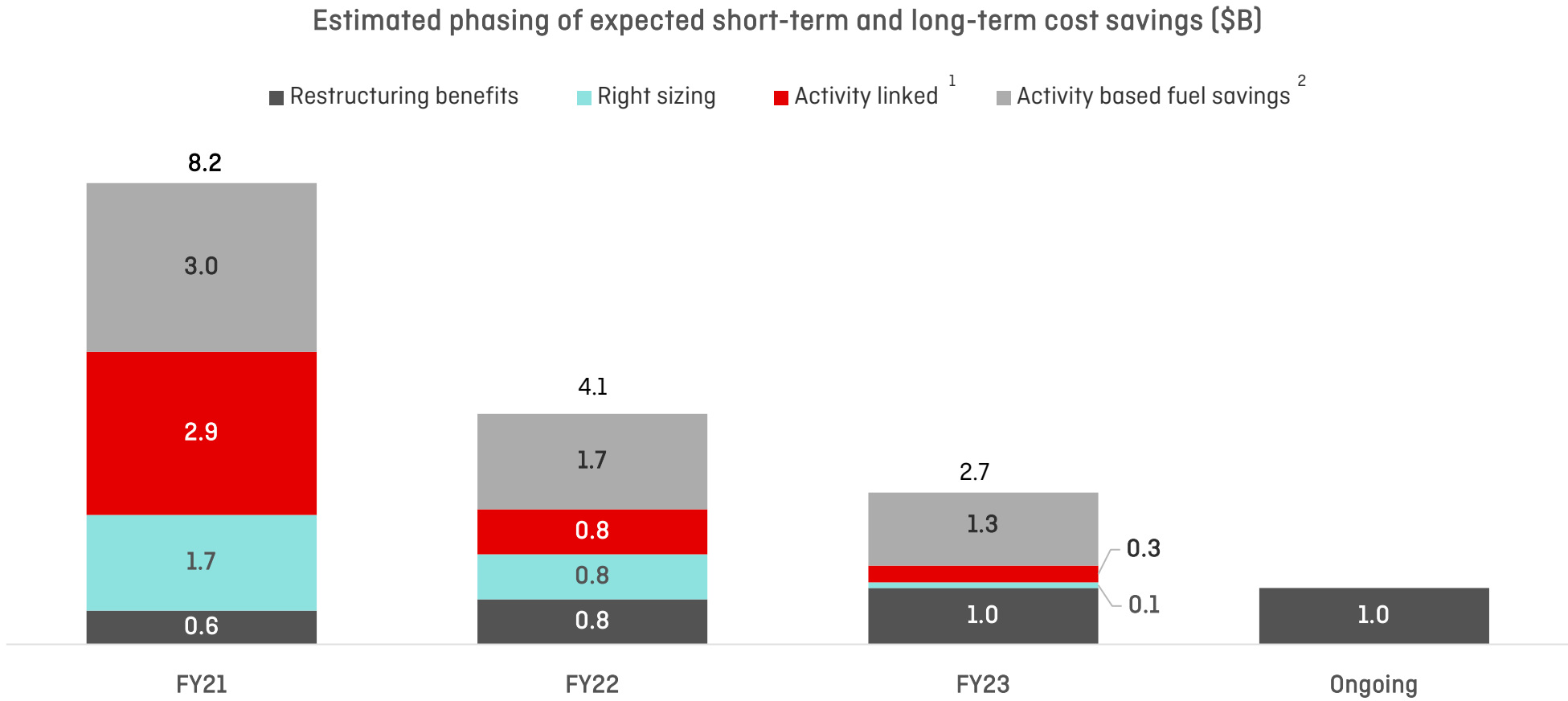
Preserving liquidity 2H20

- Acted swiftly to safely hibernate the business, cut costs and preserve liquidity
 - Boosted liquidity; maintained no financial covenants on debt and investment grade credit rating (Baa2)
 - Disciplined capital allocation²; deferred aircraft deliveries
 - Renegotiated supplier contracts, grounded the majority of the fleet, stood down ~ 25,000 employees
 - Improved travel credit conditions for customers; introduced “Fly Well”
- Cut cash costs by ~75% in response to 82% fall in Group Total Revenue in 4Q20
- Changed Loyalty program to drive member engagement, including tier extension

Pathway to recovery FY21 – FY23

- Entering with a strong financial position
- Recovery program targeting up to \$15b in savings over three years through right sizing and restructuring
 - Targeting \$1.0b of ongoing annual savings from FY23
- Disciplined restart of flying with flexibility to respond to changes in travel restrictions and border closures
- Ongoing customer focus to maintain corporate, SME and leisure share
- Enhancements to Loyalty program to give members more value
- Well positioned to manage through the short term impacts of border restrictions and for the recovery

Three-year recovery plan estimated phasing of \$15b cost savings



\$1.0b in ongoing annual savings from FY23

1. Activity linked savings based on underlying assumptions of FY21 domestic capacity to be on average ~70% of FY19 levels and 100% in FY22, and ~50% of FY19 international capacity flying in FY22. Most international flight cancellations extended through to late Oct-20. 2. Subject to fuel and foreign exchange rate movements and capacity assumptions as per footnote 1.

FY21 right sizing and restructuring initiatives

Total estimated cost savings (\$B)

■ Restructuring ■ Right sizing



FY21

FY21 Right sizing initiatives

● On track

- Manpower
 - Stand down, leave burn and leave without pay mechanisms used to manage workforce while flying is reduced
 - Permanent reduction of the workforce through redundancy
- Suppliers
 - Negotiation of relief from minimum volume guarantees
 - Rationalisation of spend
 - Increasing cost variability for service models for IT, facilities management, ground services equipment and security

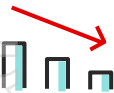
FY21 Restructuring initiatives

● On track

- Manpower
 - Securing productivity and flexibility benefits from various workgroups across the Qantas Group, including cabin crew, engineering and pilots
 - Restructure of corporate office
- Suppliers
 - Consolidation of leases
 - Management of demand for Corporate and IT supplies and expenses
- Reduction in cost of sales
- Optimisation of domestic fleet deployment
- Implementation of new digital and contact centre operating models

On track to reach ~4,000 of 6,000 redundancies by end of September 2020

Well positioned for recovery



Group Domestic¹ airlines highly leveraged to the recovery in domestic demand and changing competitive environment

Australia’s most valued Loyalty business which delivered a record first half Underlying EBIT result and has a clear pathway to sustained earnings growth²

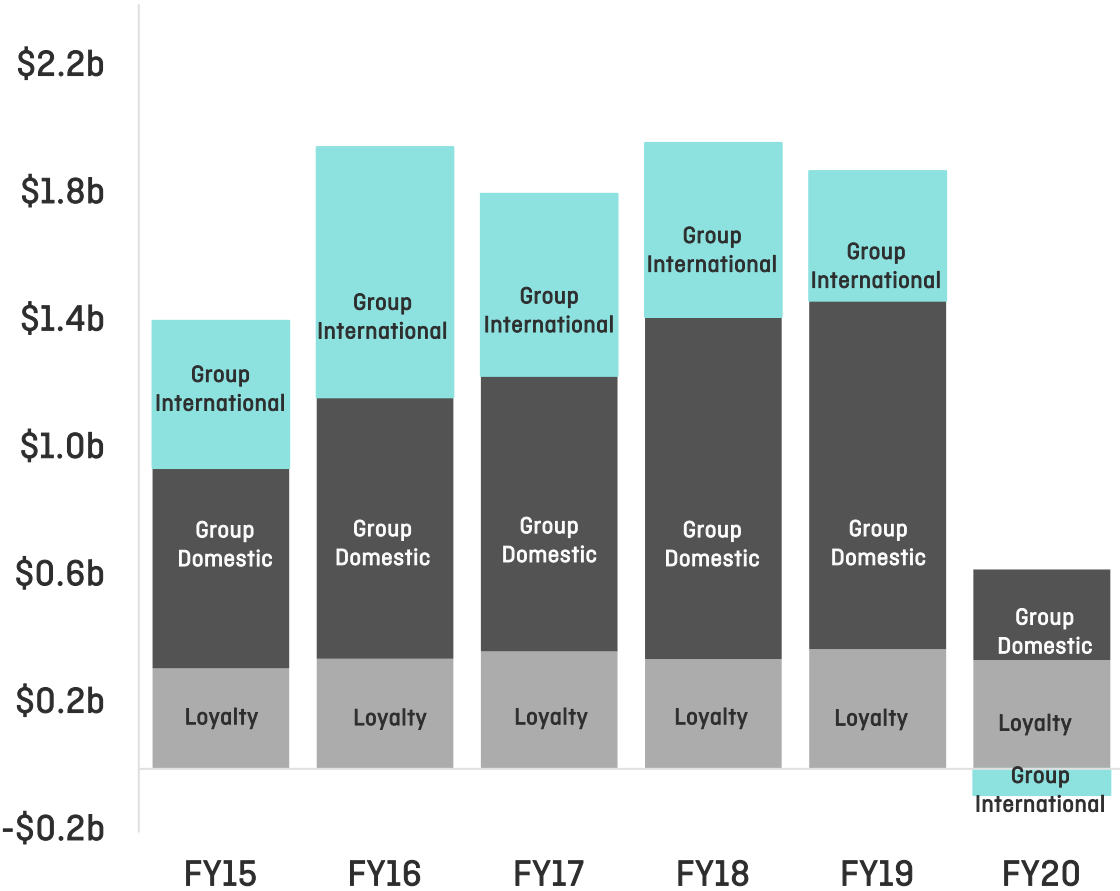
Freight business benefiting from consumer shift to e-commerce

Group International³ businesses with trusted brands and home market strength

Strong liquidity position and low net debt provides financial flexibility to accelerate the recovery phase

Three-year recovery plan to improve operational cash flows and deliver \$1b in ongoing annual savings from FY23

Operating Segment EBIT⁴



The Group’s integrated portfolio of mutually reinforcing businesses insulated it from the full impact of COVID-19



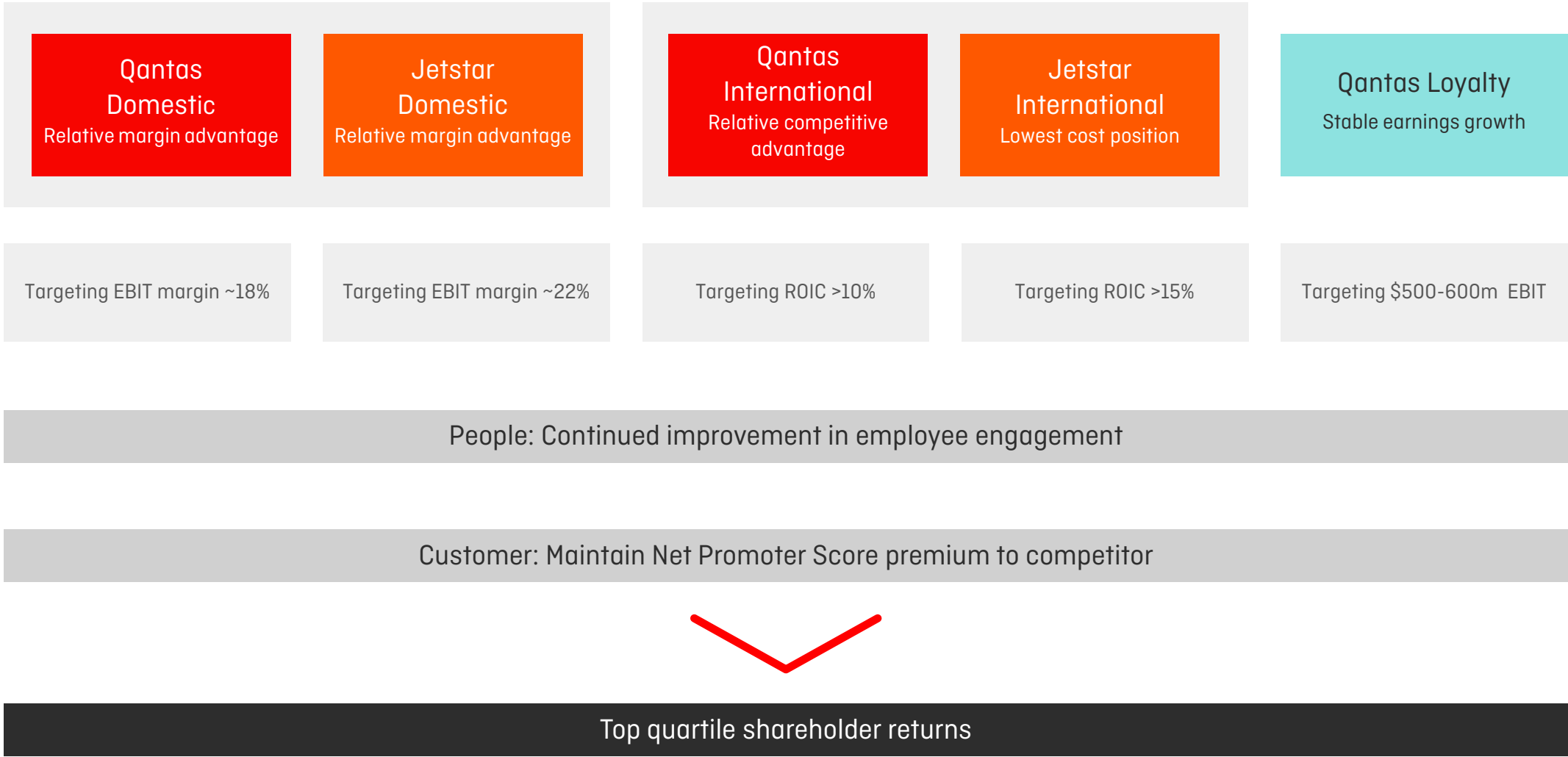
1. Group Domestic includes Qantas Domestic and Jetstar Domestic. 2. Measured on Underlying EBIT. 3. Group International includes Qantas International (including Qantas Freight), Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific. 4. Measured on Underlying EBIT. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Recovery plan progress

KEY AREA OF FOCUS	TARGET		As at end August 2020
	METRICS	TIMEFRAME	
Cost Savings	Restructuring benefits of \$0.6b in FY21, \$0.8b in FY22, \$1b by FY23	FY23	On track to achieve FY21 target
	6,000 FTE reduction	FY21	On track
	Group Unit Cost (ex-fuel and depreciation) 10% less than FY20	FY23	Restructuring in progress
Deleverage the Balance Sheet	Gross debt reduction ¹ of \$1.75b	FY23	Capital allocation is prioritising debt reduction
	Net debt ² / EBITDA <2.5 times	FY22	Net debt/EBITDA to peak in FY21
Cash Flow	Sustainable positive net free cash flow	FY22 onwards	Negative net free cashflow in FY21 due to restructuring expenses and payments for FY20 deferred payables
	Flying activity is contribution positive (RASK-Variable cost/ASK >0)	From FY21	Disciplined restart of the network with flexibility to adjust for border closures
	Capex for FY21 <\$0.75b	FY21	Majority of expense is for capitalised maintenance
Fleet Management	Defer deliveries of A321neos and 787-9 aircraft	June 2020	Complete ✓
	Retire 6 x 747s; 12 x A380s in long term storage	December 2020	Complete ✓
Customer and Brand	Maintain Customer Advocacy (NPS) premium to domestic competitor	Ongoing	Measured by Qantas customer research programs
	Maintain brand and reputation	Ongoing	Source – Qantas internal research and Corporate Trust Research
Qantas Loyalty	Return to double digit growth ³	FY22	Program enhancements underway to achieve growth ambitions
Employee Engagement	Employee sentiment	Ongoing	Establishing formal monitoring system for recovery phase

1. Compared to Gross Debt level as at 30 June 2020. 2. Net debt includes on balance sheet debt and capitalised aircraft lease liabilities under the Group's Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Measured as the percentage growth of Underlying EBIT from FY21 to FY22.

Looking forward, we remain committed to the FY24 targets



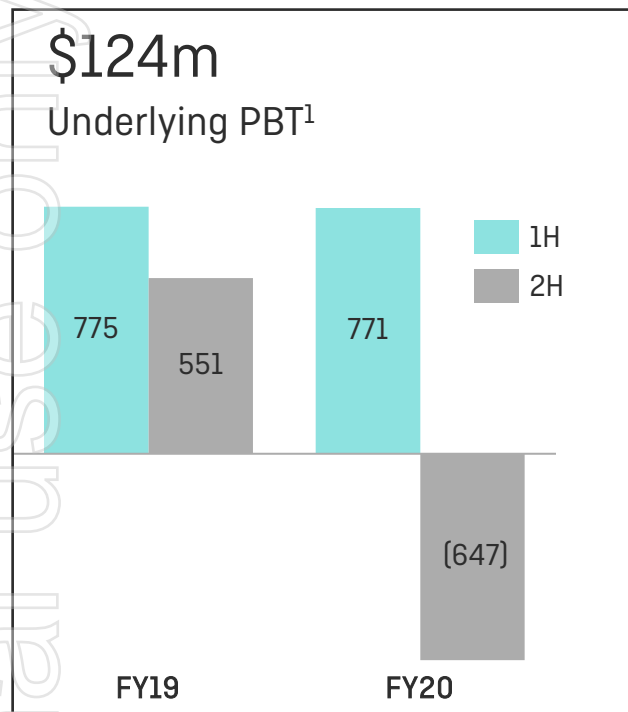


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Financial performance

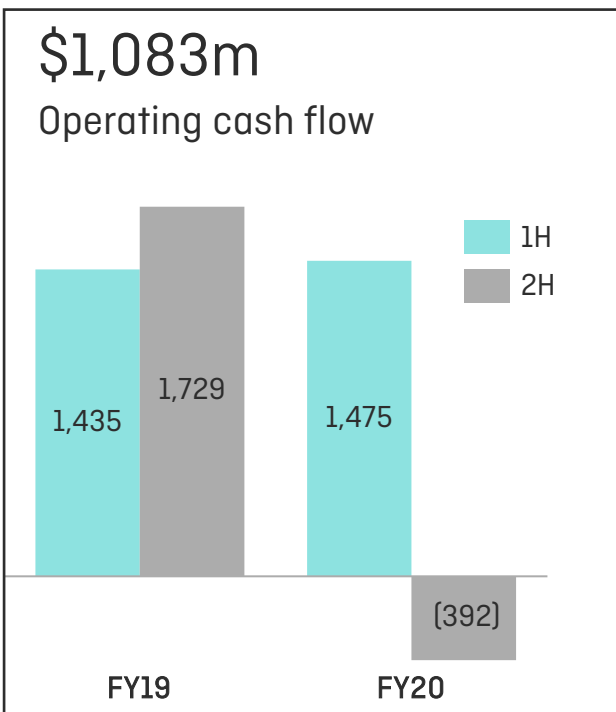
FY20 key Group financial metrics

Profit Metrics



(\$2,708m)
Statutory loss before tax

Balance Sheet Metrics



\$3,520m
Cash and cash equivalents

\$1,571m
Net capital expenditure²

\$8,055m/\$6,028m
Average Invested Capital/Invested Capital as at 30 June 2020³

5.8%
ROIC%⁴

\$4.5b
Total liquidity⁵

\$4.7b
Net debt

Traffic Statistics

+1.5%
Unit Revenue⁶

+11%
Total Unit Cost⁷

+4.3%
Normalised Ex-fuel Unit Cost⁷

(26%)
ASKs⁸

(28%)
RPKs⁹

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY20 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 4 of the Supplementary Presentation for a reconciliation of Underlying to Statutory PBT. 2. Equal to net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft. 3. Refer to slide 9 of the Supplementary Slides for the invested capital calculations. 4. Refer to slide 9 of the Supplementary Slides for the calculation of ROIC. 5. Includes cash and cash equivalents and \$1.0b of undrawn revolving credit facilities. 6. Ticketed passenger revenue divided by Available Seat Kilometres (ASK). Subject to rounding. Compared to FY19. 7. Total Unit Cost is calculated as Underlying PBT less ticketed passenger revenue per Available Seat Kilometre (ASK). Compared to FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. Normalised Ex-fuel refers to Unit Cost excluding fuel, FX on net non-fuel expenditure, impact of discount rates changes on provisions, depreciation and amortisation and share in profit/loss of investments accounted for under the equity method. 8. Available Seat Kilometres. Total number of seats available for passengers, multiplied by the number of kilometres flown. Compared to FY19. 9. Revenue Passenger Kilometres. Total number of passengers carried, multiplied by the number of kilometres flown. Compared to FY19.

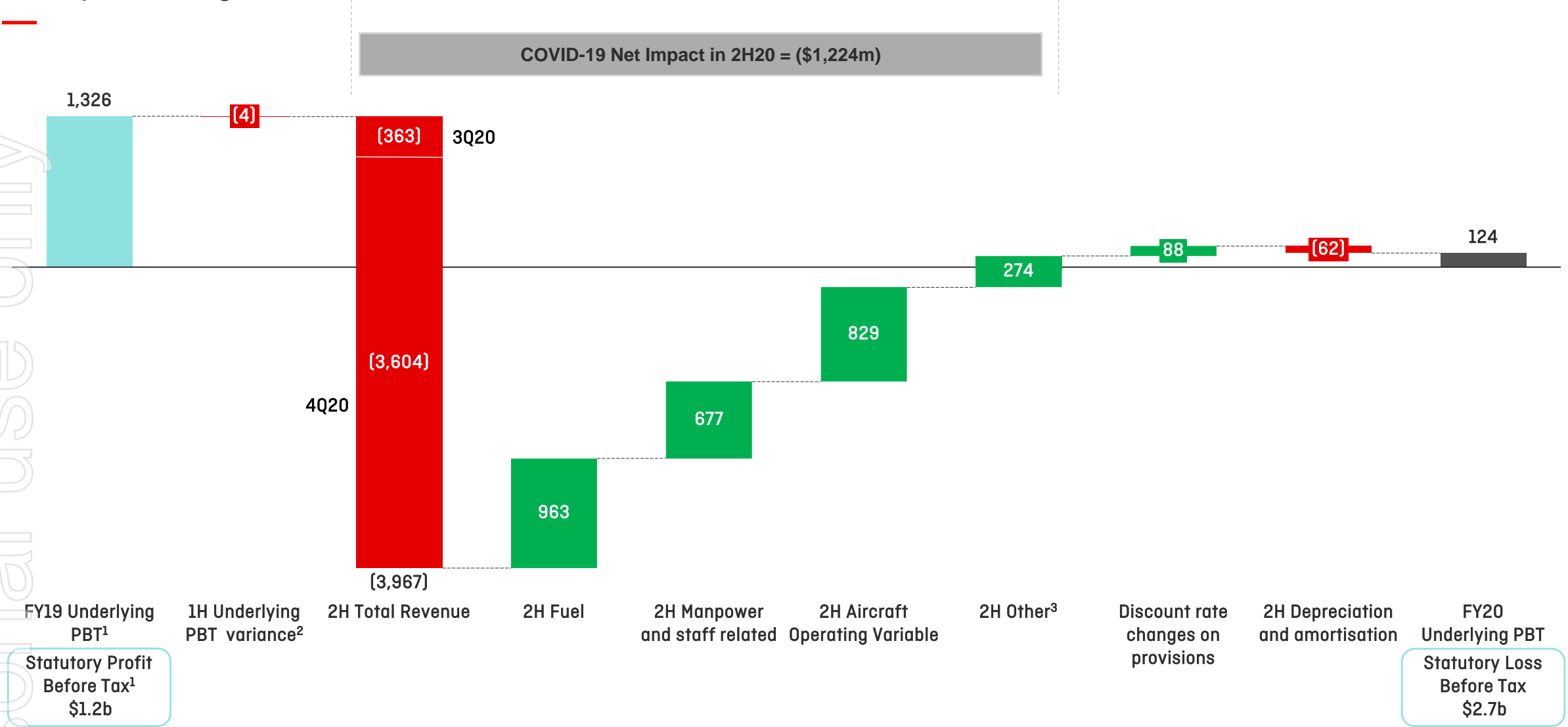
Unit Cost breakdown

Group Unit Cost	FY20	FY19 [Restated]	VLY % ³
Total Unit Cost¹	8.87	7.97	(11)
Excluding:			
Fuel	(2.59)	(2.54)	
Change in FX rates	–	0.05	
Impact of changes in the discount rate and other actuarial assumptions	(0.01)	(0.06)	
Share of net profit/(loss) of investments accounted for under the equity method	(0.05)	0.02	
Ex-Fuel Unit Cost²	6.22	5.44	(14)
Excluding:			
Depreciation and amortisation	(1.81)	(1.28)	
Domestic Terminal impact	–	0.07	
Normalised Ex-Fuel Unit Cost	4.41	4.23	(4.3)

1. Underlying PBT less ticketed passenger revenue per ASK. 1H19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

2. Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, discount rate changes on provisions per ASK. 1H19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 3. Unfavourable variance shown as negative amount.

FY20 profit bridge



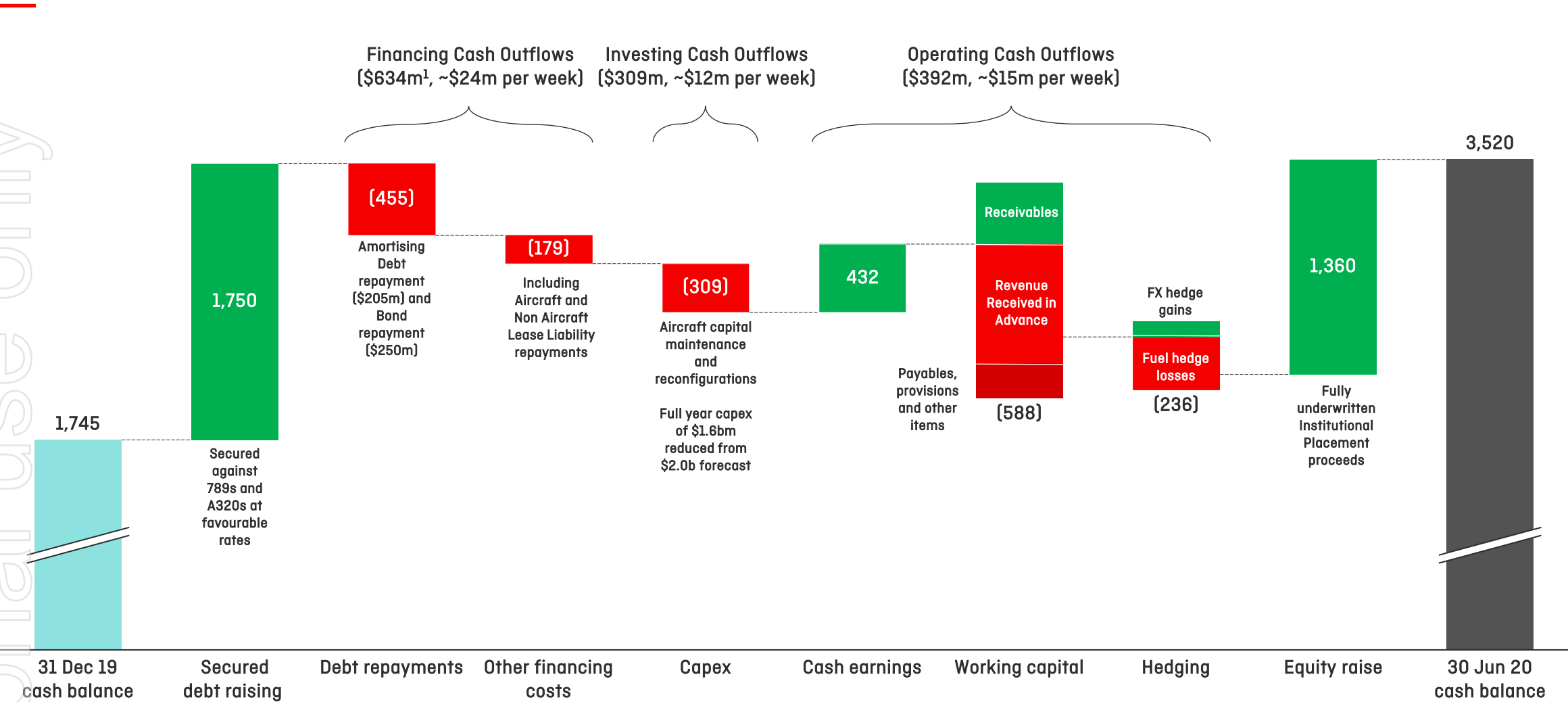
1. FY19 Statutory and Underlying PBT restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 2. 1H20 compared to 1H19. Refer to Slide 9 of the 1H20 Investor Presentation for details of the 1H20 profit bridge. 3. Including commissions, capacity hire, marketing spend, non-executive discretionary bonuses, share of losses from associates and other items identified in Note 5 of the Preliminary Final Report for the Financial Year ended 30 June 2020. 4. Includes reduction in consumption from fuel efficiency and reduction in into-plane costs following Transformation initiatives. 5. Revenue benefits less incremental costs associated with that benefit including costs of increased activity where related to a Transformation initiative.

Items not included in Underlying PBT

\$M	FY20	FY19 [Restated] ³	Comments
Transformation costs and discretionary bonuses to non-executive employees	191	254	Refer to Note 2B of the Preliminary Final Report for the Financial Year ended 30 June 2020 for details of the Items Outside Underlying.
Recovery plan restructuring costs (including redundancies)	642	-	
Asset impairments including the A380 fleet (non-cash)	1,428	(39)	
De-designated hedging ¹	571	-	
Net gain on disposal of assets	-	(192)	
Unrealised foreign exchange movements from the adoption of AASB 16 and the IFRIC Fair Value hedging agenda decision	-	105	
Other	-	6	
Total items not included in Underlying PBT²	2,832	134	

1. Cash flows associated with de-designated hedging are spread across FY19-FY23. 2. 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 and expenses relating to business activities in other reporting periods, transformational/restructuring initiatives, transactions involving investments and impairments of assets and other transactions outside the ordinary course of business. 3. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Movement in cash position



2H20 average cash burn of ~\$50m per week. Entering the recovery phase with a strong cash balance

Net debt and liquidity position

\$M	FY20	FY19 (Restated) ⁴	VLY \$M ⁵
Current interest-bearing liabilities on balance sheet	868	610	258
Non-current interest-bearing liabilities on balance sheet	5,825	4,527	1,298
Cash at end of period	(3,520)	(2,157)	(1,363)
Net on Balance Sheet debt¹	3,173	2,980	193
Capitalised aircraft lease liabilities ²	1,561	1,730	(169)
Net debt³	4,734	4,710	24

\$M	FY20	FY19 (Restated) ⁴	VLY \$M ⁵
Cash and cash equivalents at end of period	3,520	2,157	1,363
Undrawn facilities	1,000	1,000	-
Total liquidity	4,520	3,157	1,363

- 2H20 new borrowings of \$1.75b debt secured against 11 x 787-9 and 8 x A320 aircraft
- Repayment of \$375m secured amortising debt
- Repayment of \$250m bond
- Increase in cash at end of period includes proceeds from \$1.36b equity raise
- Repayment of \$171m capitalised lease liabilities net of lease deferrals
- Retained \$1.0b of undrawn facilities throughout crisis
- Strong liquidity position to enter recovery phase
- The Group also maintains an unencumbered asset base of ~\$2.5b⁶ including aircraft, land, spare engines and other assets

1. Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents. 2. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Net debt under the Group's Financial Framework includes net on balance sheet debt and capitalised aircraft lease liabilities. 4. Restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. Finance leases previously recognised in interest-bearing liabilities are reclassified to lease liabilities in the statutory accounts and capitalised aircraft lease liabilities in the Group's Financial Framework. 5. Unfavourable variance shown as negative amounts. 6. Aircraft values based on the average of Aircraft Value Analysis Company Limited (AVAC) and AVITAS market values as at 30 June 2020.



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Segment Results

Qantas Domestic

- Profitable despite the impact of government imposed travel restrictions
 - Near record 1H20 performance more than offset 2H20 Underlying EBIT; 2H20 profitable at EBITDA level
 - Charter operations for the resources sector are performing strongly
- High variable versus fixed cost mix
 - 4Q20 Ticketed Passenger Revenue decreased¹ by 97%
 - 4Q20 net operating expenses² reduced by 83%
- Flexibility to respond to changing demand profiles while minimising cash costs
- Maintained vital transport links to regional Australia, resources sector and the Government sponsored minimum viable network to capital cities
- Supporting the recovery of domestic travel
 - Introduced “Fly Well” program for the health and safety of our customers at each point of their journey
 - Adding capacity, routes and lounges as demand returns, including new regional routes to Ballina and Orange
 - Deploying further A320 capacity to Western Australia to support resources sector demand growth

		FY20	FY19 (Restated) ⁵	VLV %
Revenue	\$M	4,672	6,098	(23)
Underlying EBIT	\$M	173	778	(78)
Operating Margin ³	%	3.7	12.8	(9.1pts)
ASKs	M	25,773	33,866	(24)
Seat factor ⁴	%	75.9	77.8	(1.9pts)

Well positioned to benefit from the recovery in the domestic market

Qantas International and Freight

- Qantas International passenger operations moved into losses as a result of international border closures
- Record freight performance¹ through increased air freight demand and increased international freight capacity
 - Consumer participation in e-commerce growing
- Acted swiftly to mitigate the impact on passenger operations by grounding fleet
 - 4Q20 net operating expenses reduced² by 89% as Ticketed Passenger Revenue decreased³ by 100%;
 - Conducted repatriation and rescue flights⁴, nearly 3,400 passengers carried across 15 flights⁵; maintained vital freight and transport links
- Fleet plan realigned to anticipated recovery profile
 - A321 freighter conversion in progress; first delivery expected in October 2020 to meet demand for increased dedicated freighter capacity
 - Deferred delivery of three 787-9 Dreamliners in line with the Group's requirements
 - A380 fleet moved to long term storage for foreseeable future; retired remaining 747-400ER fleet

		FY20	FY19 (Restated) ⁶	VLY %
Revenue	\$M	6,077	7,420	(18)
Underlying EBIT	\$M	56	323	(83)
Operating Margin	%	0.9	4.4	(3.5pts)
ASKs	M	50,484	69,571	(27)
Seat factor	%	84.1	86.0	(1.9pts)

Qantas Freight continues to perform well; Qantas International focused on restructuring to prepare for border openings

1. Measured by Underlying EBIT. 2. Qantas Airlines International excluding Freight entity net operating expenditure calculated as gross expenditure excluding depreciation, net of Other Revenue, compared to 4Q19. 3. Compared to 4Q19. 4. Government funded repatriation and rescue flights and Minimum Viable Network treated as charter flights and are not represented in ASKs. 5. Inbound flights only, most outbound flights carried no passengers. 6. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Jetstar Group

- Jetstar Australia and New Zealand businesses, were profitable despite the profound impact of travel restrictions due to COVID-19 and \$33m impact of industrial action¹

- 4Q20 Ticketed Passenger Revenue declined² 99%

- 4Q20 net operating expenses³ reduced by 95%; highly variable cost base

- Domestic business delivered \$112m profit⁴

- International businesses⁵ moved into losses driven by international border closures due to COVID-19

- Exit of Jetstar Pacific well advanced with commercial functions transitioned and rebranding to Pacific Airlines and reservation system cutover completed

- Jetstar Asia fleet of 18 aircraft to be reduced to 13 through lease returns and aircraft redeployed to Australia, resulting in redundancies (25% of staff)

- Jetstar Japan implementing restructuring plans and operated ~75% of capacity during August peak period

- NZ Domestic business was returning to near full capacity by end of August but remains flexible to evolving restrictions

		FY20	FY19 (Restated) ⁷	VLY %
Revenue ⁶	\$M	3,006	3,961	(24)
Underlying EBIT	\$M	(26)	400	(>100)
Operating Margin	%	(0.9)	10.1	(11.0pts)
ASKs	M	35,613	47,993	(26)
Seat factor	%	84.3	86.1	(1.8pts)

Highly variable cost base through the downturn and well positioned for the recovery

1. Cost of industrial action for the Jetstar Group. Impact at a Qantas Group level was reduced due to offsetting benefits in Qantas Airways. 2. Compared to 4Q19. 3. Gross expenditure excluding depreciation and one-off End of Lease provision adjustment, net of other revenue compared to 4Q19. 4. Underlying EBIT. 5. Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific. 6. For Jetstar Consolidated Group, does not include Jetstar Japan and Jetstar Pacific. 7. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Qantas Loyalty

- Qantas Loyalty providing diversification of earnings for the Qantas Group
 - Record first half Underlying EBIT up¹ 12%
 - 2H20 revenue from points sales to external partners and other external revenue down 13%
 - Softening credit card spend and engagement in travel related products during Q4
 - Retail businesses² delivered growth through 2H20, supporting diversified earnings

		FY20	FY19 (Restated) ⁷	VLY %
Revenue ⁵	\$M	1,224	1,654	(26)
Underlying EBIT	\$M	341	376	(9.3)
Operating Margin	%	27.9	22.7	+5.2pts
QFF Members ⁶	M	13.4	12.9	+4.2 ⁸

- Positive cash generation for Qantas Group
- Maintained program relevance to members and partners; record quarterly NPS during 4Q20 across all member tiers
 - Increased Classic Reward availability across popular destinations³; improved redemption value proposition³; status extensions and new ways to earn status credits³
 - Expansion of 'on the ground' points earn opportunities including the launch BP fuel (500,000 members linked⁴) and Afterpay partnerships
 - Continuing to diversify member offerings including Points Club and Home Insurance

Qantas Loyalty providing stable earnings and positive cash flow for the Qantas Group

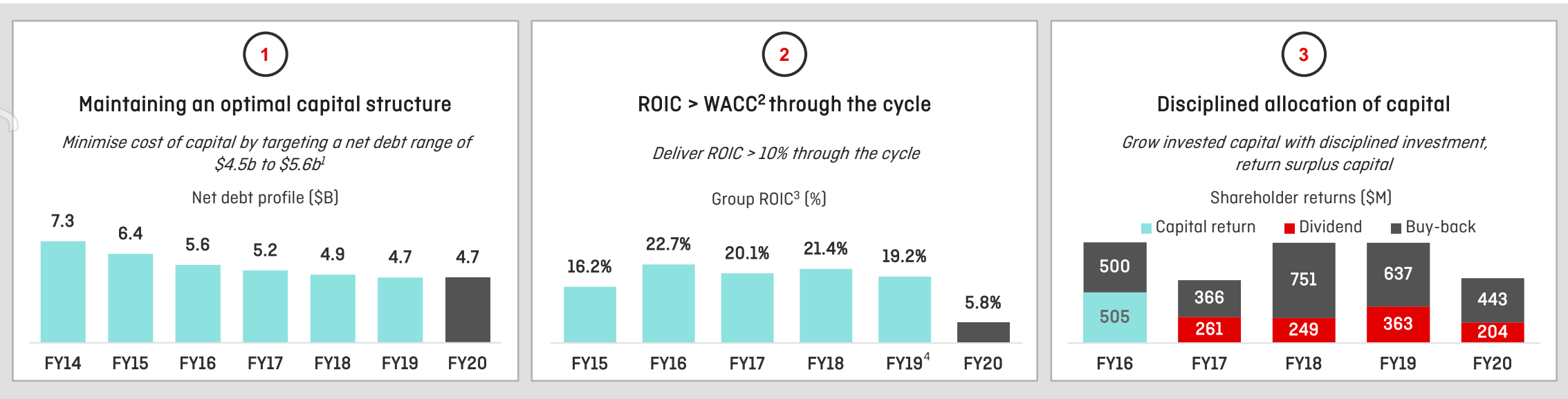
1. Compared to 1H19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 2. Includes Qantas Wine, Qantas Shopping and Qantas Store. 3. As announced 14 July 2020. 4. >850,000 BP rewards member joins since launch. 5. Includes revenue from points sales to external partners, commissions received, revenue generated through Qantas Wine, Qantas Store, Qantas Shopping and points issued and redeemed on Qantas Group and partner airlines. 6. Members at June 2020. 7. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 8. Adjusted to remove the impact of rounding of member numbers.



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Financial Framework

Financial Framework supports decision making to maximise long-term shareholder value through the cycle



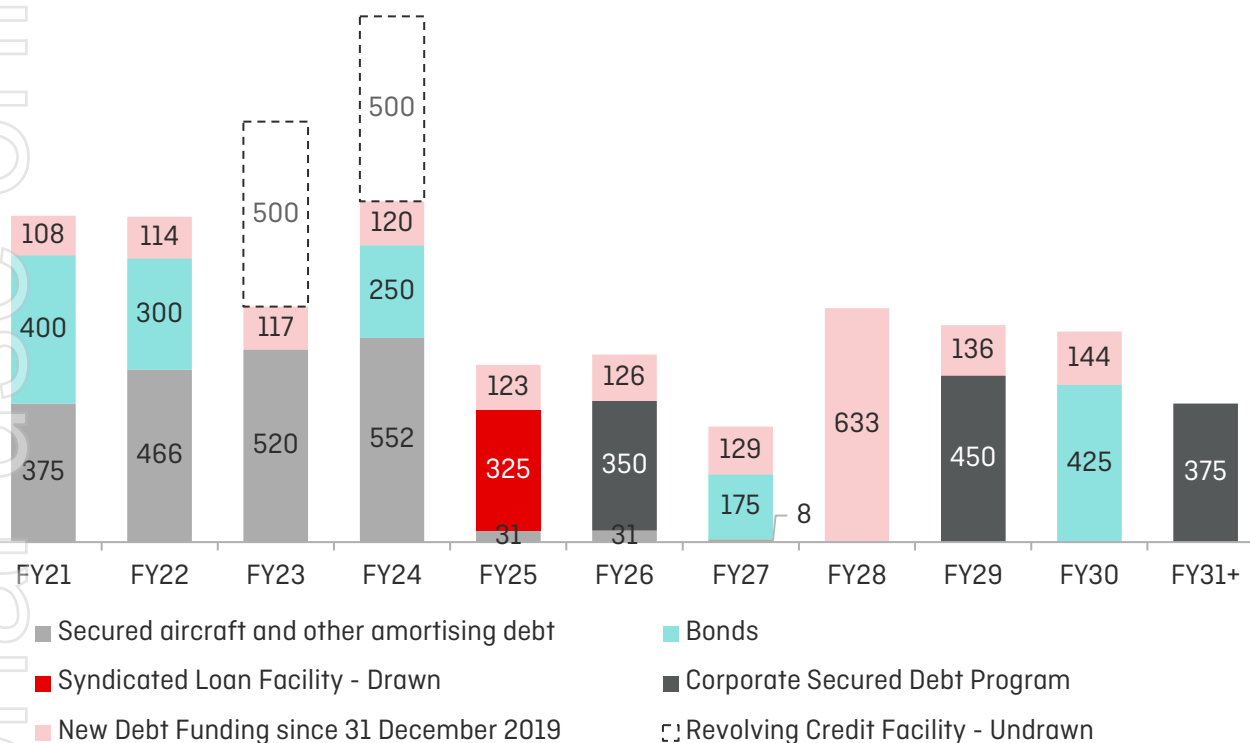
Qantas has reduced net debt, while providing strong returns to shareholders

Maintainable EPS⁵ growth over the cycle
Total shareholder returns in the top quartile⁶

1. Refer to slide 10 of the Supplementary Slides for calculation of target net debt range. 2. Weighted average cost of capital. 3. Calculated as ROIC EBIT for the relevant financial period, divided by the 12 months Average Invested Capital. 4. FY19 restated for changes with the first-time adoption of AASB 16 and the Sep-19 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency on non-financial assets. 5. Earnings Per Share. 6. Target Total Shareholder Returns within the top quartile of the ASX100 and global listed airline peer group as stated in the 2019 Annual Report, with reference to the 2019-2021 LTIP

Maintaining an optimal capital structure

Debt maturity profile as at 30 June 2020 (\$M)¹



Capital structure as at 30 June 2020

- Net debt² at \$4.7b, towards the bottom of the target range
- Cash³ \$3.5b, \$1.0b undrawn facilities
- Unencumbered asset base ~\$2.5b⁴, including 46% of the Group fleet⁵, land, spare engines and other assets

Debt structure

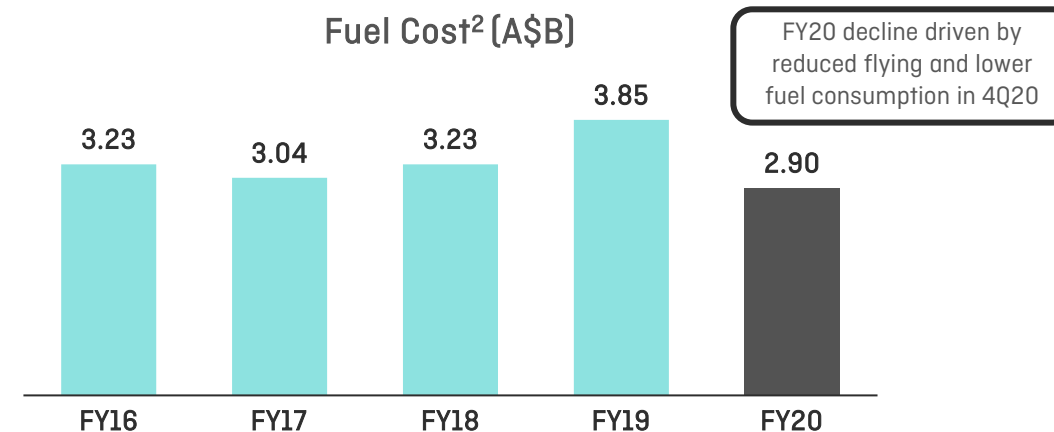
- Responded quickly to boost liquidity
 - \$1.75b new debt since 31 December 2019
 - Attractive interest rates
- Diverse funding sources, no major maturity until June 2021
- No financial covenants
- Investment grade credit rating from Moody's (Baa2)

Strong liquidity and minimal refinancing risk

1. Cash debt maturity profile excluding leases. 2. Net debt includes on balance sheet debt and capitalised aircraft lease liabilities under the Group's Financial Framework. Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at the long-term exchange rate. 3. Includes cash and cash equivalents as at 30 June 2020. 4. Aircraft valuations based on the average of Aircraft Value Analysis Company Limited (AVAC) and AVITAS market values as at 30 June 2020. 5. Based on number of aircraft as at 30 June 2020. The Group Fleet totalled 314.

Robust fuel and FX risk management

- FY20 fuel cost was 100% hedged
 - Provided significant protection in 1H20
 - Material reduction in flying in 4Q20 (due to government imposed travel restrictions) resulted in an over-hedged position
 - Acted quickly to close-out committed Brent hedging
- FY21 hedging was also restructured for anticipated reduction in flying activity
- Hedge accounting impact is based on actual and forecast fuel consumption
 - Statutory PBT impact of \$571m from de-designated hedging in FY20 and FY21
- Cash outflow¹ for hedging in 2H20 of \$236m
- FY21 fuel cost is expected to be lower than FY20, in line with reduced flying
 - Fuel and FX hedging will be managed to reflect changes in capacity to align with the forward demand profile



Hedging activity remains consistent with long-term risk management policy

Disciplined capital allocation

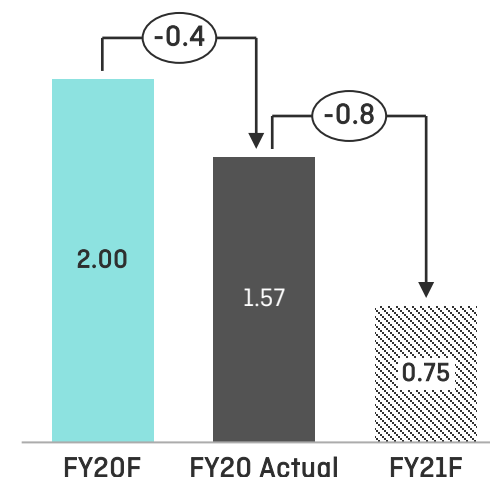
Disciplined capital expenditure

- Net capital expenditure¹ of \$1.3b in 1H20,
- 2H20 net capital expenditure reduced to \$309m, saving ~\$0.4b
 - Deferred delivery of A321neos and 787-9 to meet the Group's requirements
- FY21 net capital expenditure forecast to be <\$0.75b, vast majority is capitalised maintenance checks on operational fleet

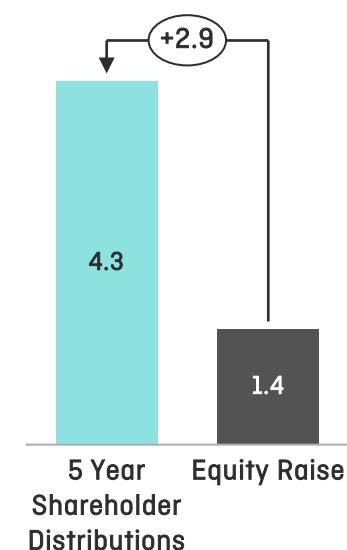
Shareholder capital movements

- 1H20 distribution totalled \$647m through dividend and off-market buy back
- FY20 interim dividend and additional off market buy back cancelled, conserved ~\$350m cash
- Raised \$1.43b equity² to fund the recovery plan and protect liquidity

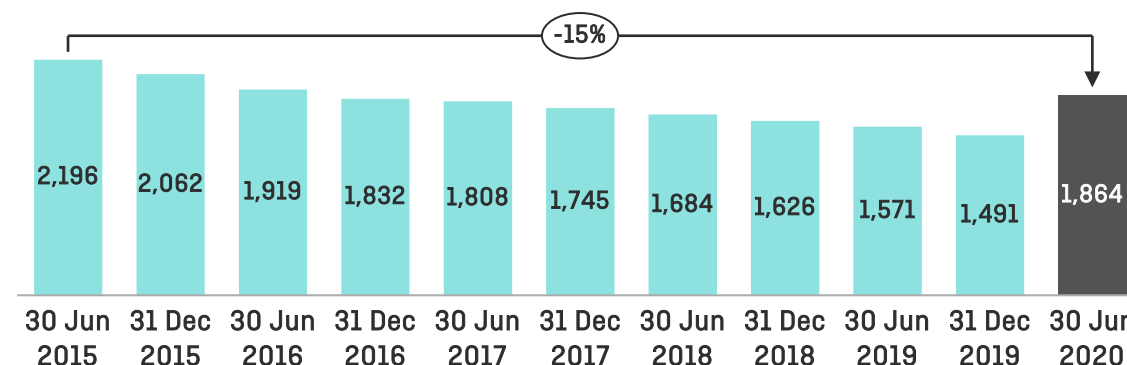
Capital Expenditure (\$B)



Shareholder Capital Movements (\$B)



Shares on Issue (M)



Conservative capital allocation and equity raise strengthened balance sheet by >\$2.1b

Fleet strategic priorities – minimise capital expenditure

Qantas Group fleet strategy

Right aircraft
Right route

Maintain flexibility

Maintain
competitiveness

Current priorities

Right size

- 12 x A380s in long term storage
- Brought forward retirement of all 747s from the end of 2020
- Jetstar Asia fleet reduced by five through one lease return and four redeployed to Australia
- Building QantasLink fleet to service intra WA resources market
- Return of up to 16 leased aircraft if surplus to requirements
- Aircraft re-introduction from active storage based on positive cash contribution

Renewal

- Delivery 787-9s and A321NEOs deferred to meet the Group's requirements
- Retain options for up to 36 x A321 XLRs as part of 109¹ NEO family order
- Selected A350-1000 as preferred aircraft for Project Sunrise, deferred decision to order

Fleet optimisation

- Managing operational fleet to optimise capitalised maintenance expenditure
- A380 refurbishment program deferred while in long term storage, 6 completed

Investment plan maintains fleet competitiveness in every market served



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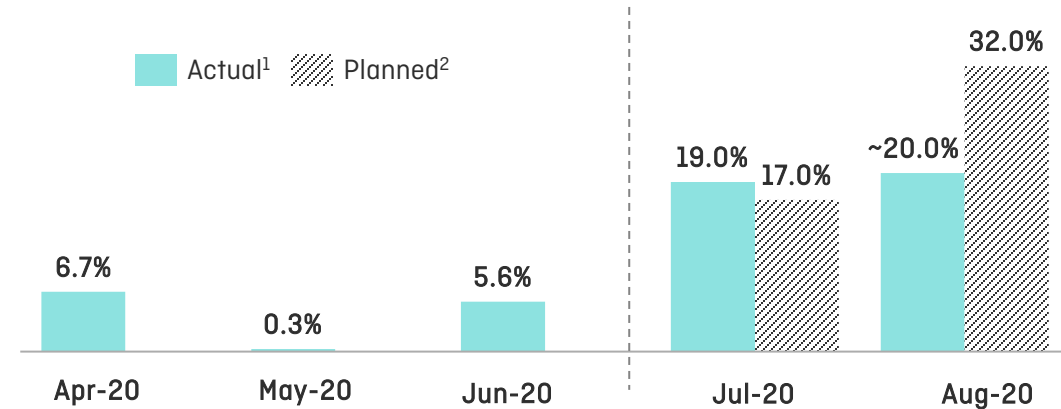
Looking ahead

Australian Domestic market

Group Domestic operating environment

- Demand trends have improved from the low point in 4Q20
- July capacity increased to 19%, from planned level of 17% despite the border closures during the month
- August capacity forecast to be ~20%, down from planned level of 32% due to domestic border closures
- Intention to travel remains high with record performance from recent sales activity
- Resources market revenue growing with reintroduction of Regular Passenger Transport services
- Maintaining flexibility to scale capacity and shift aircraft to follow changing demand patterns
- Adding capacity on cash positive basis

Group Domestic ASKs (% of FY19)



Loyalty prospects

- Expected to deliver strong cash flow contribution to the Group
- Easing of domestic travel restrictions provides the opportunity to increase availability of Domestic Classic Reward seats
- Growing opportunities to earn points on the ground; however not immune to the impact of weak consumer confidence
- Strategy to minimise the impact of COVID-19, with plans to continue to grow new earnings streams

Group International and Freight

Freight operating environment

- Domestic freight market
 - Domestic demand expected to remain strong due to growth in e-commerce; growing customer base including 7 year agreement with Australia Post
 - Adding first A321 dedicated freighter in October 2020 to meet higher demand levels
- International freight market
 - International bellyspace capacity expected to be negligible through FY21
 - Strong international demand to continue, although not at the peak levels seen in 4Q20
 - Demand expected to stabilise above historical levels in 1Q21 before growing into traditional November and December peak months
 - Continuing to support International Freight Assistance Mechanism¹ in 1H21

International operating environment

- International border closures and quarantine restrictions remain in place
- Group International capacity cancelled through to October 2020
- International destinations still unlikely to open until July 2021
- Possibility of earlier restart for Tasman routes
- Majority of Group International fleet expected to remain grounded in FY21
- Intention to travel remains high

1. Refer to Slide 12 in the Supplementary Slides for details.

Customers are key to the recovery

- Intention to fly remains high¹
 - 95% of Qantas Frequent Flyers intend to fly domestically or internationally in the next 12 months, once border restrictions are lifted
 - 87% of Jetstar customers intend to travel domestically in the next 12 months
 - Leisure and visiting family and relatives are key drivers of desire to travel
 - Improving demand in the resources sector
 - Other corporate travel may be slower to return
- Giving customers confidence to book
 - More flexible booking terms and conditions; extended validity, flexibility and ease of use for travel credits and vouchers
 - Introduction of “Fly Well” program for the health and safety of our customers at each point of their journey
- Rewarding Loyalty
 - Qantas Frequent Flyers tier status extension and support; more opportunities to earn additional status credits
 - Demand for Qantas points remains strong; more opportunities to earn points on the ground
 - More ways to redeem points with 50% extra classic reward seats in the Domestic market
 - Qantas Club membership extension
 - Lounges reopening as demand returns



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Q and A

Disclaimer and ASIC Guidance

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

Summary information

This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 20 August 2020, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2020 unless otherwise stated.

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Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

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ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Preliminary Final Financial Report for the financial year ended 30 June 2020 which has been reviewed by the Group's Independent Auditor.



Qantas Airways Limited

FY20 Results Supplementary Presentation

20 August 2020

ASX: QAN

US OTC: QABSY

FY20 Key Group financial metrics

	FY20	FY19 (Restated) ¹⁰	VLY % ¹¹	Comments
Underlying Profit Before Tax ¹ (\$M)	124	1,326	[91]	Decline in profitability due to the impact of COVID-19 in 2H20
Underlying Earnings per Share ² [c]	5.9	57.3	[90]	Based on weighted average shares on issue through FY20
Statutory Profit/(Loss) Before Tax (\$M)	(2,708)	1,192	[>100]	Includes the impact of \$2.8b of items outside underlying
Statutory Earnings per Share [c]	(129.6)	51.5	[>100]	Based on weighted average shares on issue through FY20
Rolling 12 month ROIC ³ [%]	5.8	19.2	[13.4 pts]	Reflects lower earnings
Revenue (\$M)	14,257	17,966	[21]	4Q20 capacity declined ~100%
Operating cash flow (\$M)	1,083	3,164	[66]	Due to significant impact of COVID-19 in Q4
Net debt ⁴ (\$B)	4.7	4.7	-	Includes the benefit of \$1.36b equity raise
Unit Revenue ⁵ [RASK]	8.99	8.85	1.5	Associated with flying activity to end 3Q20
Total Unit Cost ⁶ [c/ASK]	8.87	7.97	[11]	Reflects the impact of no flying activity in 4Q20 on fixed costs
Normalised Ex-fuel Unit Cost ⁷ [c/ASK]	4.41	4.23	[4.3]	Reflects the impact of no flying activity in 4Q20
Available Seat Kilometres ⁸ [ASK] (M)	111,870	151,430	[26]	4Q20 capacity declined ~100%
Revenue Passenger Kilometres ⁹ [RPK] (M)	92,027	127,492	[28]	4Q20 capacity declined ~100%

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY20 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 4 of this Presentation for a reconciliation of Underlying to Statutory PBT. 2. Underlying Earnings per Share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate 27.5% benefit (FY19: 29.5% expense) divided by the weighted average number of shares during the year (consistent with the Statutory Earnings per Share calculation). 3. Return on Invested Capital (ROIC). For a detailed calculation of ROIC please see slide 9. 4. Net debt under the Group's Financial Framework includes net on balance sheet debt and capitalised aircraft lease liabilities. For a detailed calculation of net debt, please see slide 11. 5. Ticketed passenger revenue divided by ASKs. Subject to rounding. 6. Underlying PBT less ticketed passenger revenue per ASK. 7. Underlying PBT less ticketed passenger revenue, fuel, depreciation and amortisation and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in FX rates, non-cash impact of discount rate changes on provisions per ASK. 8. Total number of seats available for passengers multiplied by the number of kilometres flown. 9. Total number of passengers carried multiplied by the number of kilometres flown. 10. FY19 restated for the impact of the adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 11. Variance to FY19. Unfavourable variance shown as negative amount.

Underlying Income Statement summary

\$M	FY20	FY19 (Restated) ²	VLV % ³	Comments
Net passenger revenue	12,183	15,696	[22]	4Q20 capacity declined ~100%
Net freight revenue	1,045	971	7.6	Strong freight demand in 2H20
Other revenue	1,029	1,299	[21]	Includes decline in Loyalty revenue in 4Q20
Total Revenue	14,257	17,966	[21]	
Operating expenses excluding fuel	[8,893]	[10,599]	16	4Q20 operating expenses down 70%
Fuel	[2,895]	[3,846]	25	Due primarily to reduced consumption in 4Q20
Depreciation and amortisation	[2,021]	[1,936]	[4.4]	No change due to the impact of COVID-19
Share of net profit/(loss) of investments accounted for under the equity method	[53]	23	[>100]	Includes losses from Jetstar Pacific and Jetstar Japan
Total Expenditure	[13,862]	[16,358]	15	
Underlying EBIT¹	395	1,608	[75]	
Net finance costs	[271]	[282]	3.9	Lower interest costs
Underlying PBT	124	1,326	[91]	

Reconciliation to Underlying PBT

\$M	FY20			FY19 (Restated) ²		
	Statutory	Other items not included in Underlying PBT	Underlying ¹	Statutory	Other items not included in Underlying PBT	Underlying ¹
Net passenger revenue	12,183	-	12,183	15,696	-	15,696
Net freight revenue	1,045	-	1,045	971	-	971
Other revenue	1,029	-	1,029	1,299	-	1,299
Total Revenue	14,257	-	14,257	17,966	-	17,966
Manpower and staff-related	3,646	(103)	3,543	4,268	(58)	4,210
Aircraft operating variable	3,520	(69)	3,451	4,010	(2)	4,008
Fuel	2,895	-	2,895	3,846	-	3,846
Depreciation and amortisation	2,045	(24)	2,021	1,996	(60)	1,936
Share of net profit of investments accounted for under the equity method	53	-	53	(23)	-	(23)
Impairment/(reversal of impairment) of assets and related costs	1,456	(1,435)	21	(39)	39	-
De-designated hedging	571	(571)	-	-	-	-
Redundancy and related costs	565	(563)	2	65	-	65
Net gain on disposal of assets	(7)	-	(7)	(225)	192	(33)
Other	1,950	(67)	1,883	2,594	(245)	2,349
Total Expenditure	16,694	(2,832)	13,862	16,492	134	16,358
EBIT	(2,437)	2,832	395	1,474	134	1,608
Net finance costs	271	-	271	282	-	282
PBT	(2,708)	2,832	124	1,192	134	1,326

1. Underlying PBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. All items in the FY20 Results Presentation are reported on an Underlying basis unless otherwise stated. 2. FY19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Revenue detail

Net passenger revenue down 22%

- ASKs down 26% due to the impact of travel restrictions associated with COVID-19
 - Group Domestic¹ ASKs decreased 25%
 - Group International² ASKs decreased 27%
 - Excludes charter flights
- Group Unit Revenue increased 1.5%
 - Group Domestic Unit Revenue decreased 0.7%
 - Group International Unit Revenue increased 2.6%
- Net Revenue transformation benefits of \$70m to March 2020, until airlines grounded

Net freight revenue up 8%

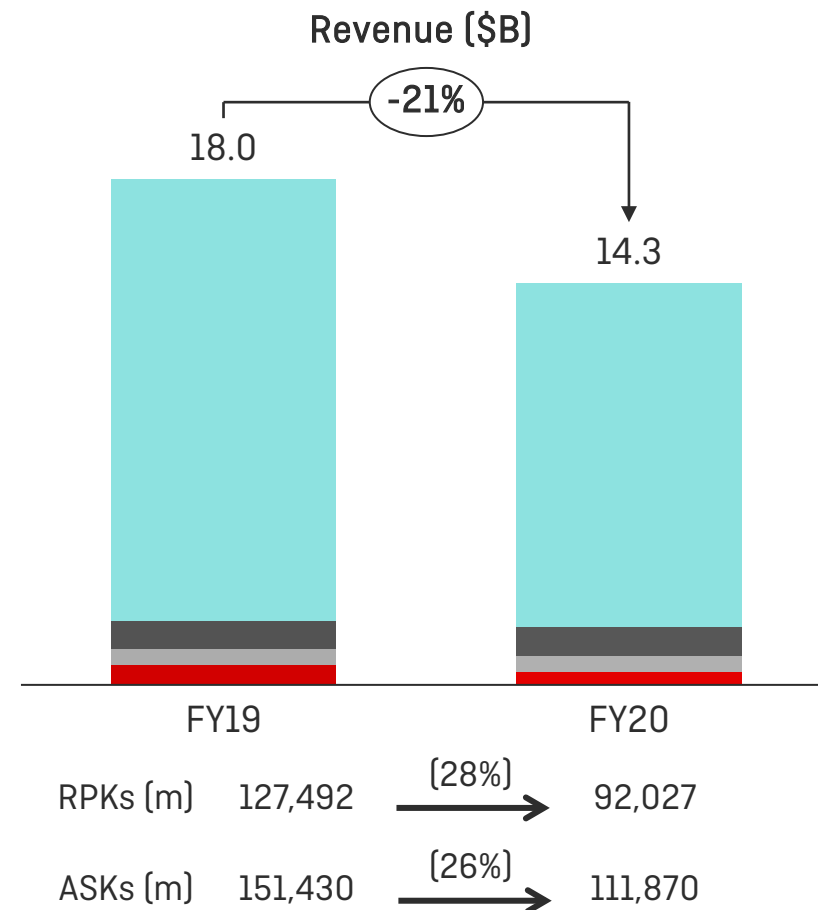
- Increase air freight demand and increased international freight capacity

Frequent flyer redemption, marketing, store and other revenue down 3%

- Decreased in revenue due to COVID-19 impacts on credit card spend and travel related products
- Partially offset by growth in new businesses

Revenue from other sources down 35%

- Decrease in third party service revenue including catering following sale of the business
- COVID-19 related decline in other revenue sources



Expenditure detail

Fuel down 25%

- Impact of reduced consumption due to reduced activity related to COVID-19 travel restrictions
- Lower AUD jet fuel prices driven primarily by lower USD prices which offset FX impacts
- Fuel efficiency initiatives

Manpower and staff-related down 16%

- Decreased due to stand down and benefit of JobKeeper

Aircraft operating variable (AOV) costs down 14%

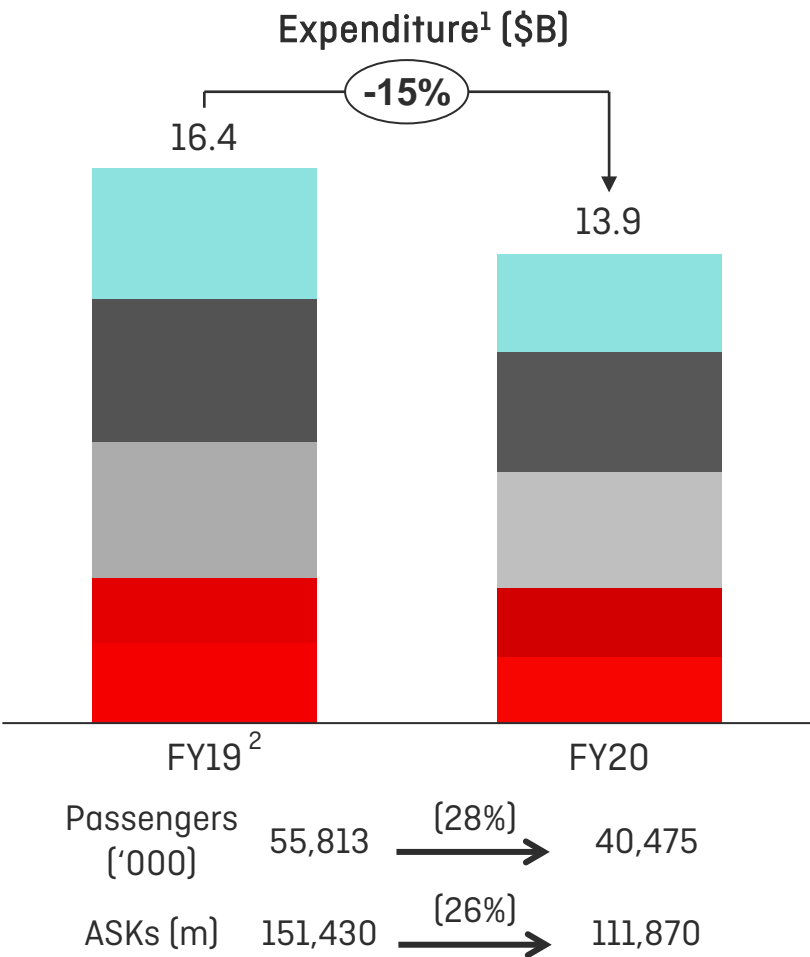
- Reduction in network and passenger charges due to decreased flying in Q4
- Decrease in airport charges and taxes due to reduced activity levels particularly in Q4
- Receipt of Government grants and assistance to offset expenses during COVID-19

Depreciation and amortisation up 4%

- 787-9 aircraft additions, investment in Wi-Fi and aircraft reconfigurations in 1H20
- Investment in lounges and technology in 1H20

Other expenditure down 17%

- Reduced commissions due to reduction in activity in Q4
- Decrease in discount rate changes impact on provisions
- Reduced property costs and capacity hire as a result of COVID-19



1. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying PBT. 2. FY19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

Cash flow (Statutory)

\$M	FY20	FY19 (Restated) ²
Operating cash flows	1,083	3,164
Investing cash flows	(1,571)	(1,563)
Net free cash flow¹	(488)	1,601
Financing cash flows	1,853	(1,150)
Cash at beginning of year	2,157	1,694
Effects of FX on cash	(2)	12
Cash at end of year	3,520	2,157

- Significant drop in operating cash flow due to the impact of travel restrictions and border closures due to COVID-19
- Investing cash flows skewed to first half
- Financing cash flows include
 - Fully underwritten Institutional Placement of \$1.36b
 - \$1.75b new debt raised since 31 December 2019
 - Debt repayments \$0.63b including \$0.25b bond repayment
 - Lease repayments \$0.37b
 - 1H20 debt raised \$0.425b from Australian Medium Term Note issue
 - 1H20 shareholder distributions \$0.65b

Invested Capital calculation

\$M	FY20	FY19 ³ (Restated)	Comments
Receivables (current and non-current)	646	1,178	Collection of receivables and slower rebuild due to COVID-19
Inventories	306	364	
Other assets (current and non-current)	562	680	
Investments accounted for under the equity method	59	217	Due to lower earnings and impairments
Property, plant and equipment	11,726	12,776	Includes the impact of impairment of the A380s
Intangible assets	1,050	1,225	
Assets classified as held for sale	58	1	
Payables (current and non-current)	(2,450)	(2,366)	
Provisions (current and non-current)	(2,190)	(1,442)	Includes redundancy provision
Revenue received in advance (current and non-current)	(5,040)	(5,880)	Lower intakes partially offset by increased QFF billings
Capitalised aircraft leased assets ¹	1,301	1,424	
Invested Capital	6,028	8,177	
Average Invested Capital²	8,055	8,631	

1. For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised aircraft leased assets. Where leased aircraft were classified as Finance Leases under the previous accounting standard (AASB 117), the capitalised amount and notional depreciation for ROIC is consistent with the recognised accounting values. 2. Equal to the 12 months average of monthly Invested Capital. 3. Restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets.

ROIC calculation

\$M	FY20	FY19 (Restated) ¹
Underlying PBT	124	1,326
Add back: Underlying net finance costs	271	282
Add back: Lease depreciation under AASB 16	402	351
Less: Notional depreciation ²	(108)	(114)
Less: Cash expenses for non-aircraft leases	(225)	(187)
ROIC EBIT	464	1,658

\$M	FY20	FY19 (Restated) ¹
Net working capital ³	(8,166)	(7,466)
Fixed assets ⁴	12,893	14,219
Capitalised aircraft leased assets ²	1,301	1,424
Invested Capital	6,028	8,177
Average Invested Capital⁵	8,055	8,631
Return on Invested Capital (%)	5.8%	19.2%

1. FY19 restated for changes associated with the first time adoption of AASB 16 and the September 2019 IFRIC decision in relation to the accounting treatment of fair value hedges of foreign currency risk on non-financial assets. 2. For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies with the calculated depreciation expense known as notional depreciation. The carrying value (AUD market value less accumulated notional depreciation) is reported within Invested Capital as capitalised aircraft leased assets. Where leased aircraft were classified as Finance Leases under the previous accounting standard (AASB 117), the capitalised amount and notional depreciation for ROIC is consistent with the recognised accounting values. 3. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale. 4. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale. 5. Equal to the 12 months average of monthly Invested Capital.

Net debt target range

- Net debt target range = 2.0x – 2.5x ROIC EBITDA where EBITDA achieves a fixed 10% ROIC
- At current Invested Capital of \$6.0b, optimal net debt range is **\$4.5b to \$5.6b**
- Targeting net debt to be within the range on a **forward looking** basis

Invested Capital	\$b 6.0	Invested Capital as at 30 June 2020
10% ROIC EBIT	0.60	Invested Capital x 10%
plus rolling 12 month ROIC depreciation ¹	1.63	Includes notional depreciation on capitalised aircraft leases
EBITDA where ROIC = 10%	2.23	
Net debt at 2.0x EBITDA where ROIC = 10%	4.5	Net debt target range²
Net debt at 2.5x EBITDA where ROIC = 10%	5.6	

Group leverage target consistent with investment grade credit metrics

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

Net debt movement consistent with Financial Framework

\$M	FY20	FY19 [Restated] ¹
Opening Net Debt	(4,710)	(4,903)
Net cash from operating activities	1,083	3,164
Less: Lease principal repayments	(367)	(368)
Add: Principal portion of aircraft lease rentals	171	183
Funds From Operations	887	2,979
Net cash from investing activities	(1,571)	(1,563)
Conversion of capacity hire to aircraft operating lease	-	(48)
Net Capex	(1,571)	(1,611)
Dividend paid to shareholders	(204)	(363)
Payments for share buy-back	(443)	(637)
Shareholder Distributions	(647)	(1,000)
Payment for treasury shares	(5)	(98)
Net equity raise funds	1,342	-
FX revaluations and other fair value movements	(30)	(77)
Closing Net Debt	(4,734)	(4,710)

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

FY20 Australian Government COVID-19 packages

The Coronavirus and government border restrictions had a \$4.0 billion impact on the Group's revenue for FY20.

Qantas Domestic, Qantas International, Qantas Freight and Jetstar provided services for vital passenger and freight services during the pandemic, on behalf of the Australian Government. This was flying activity that would not have been commercially viable and the Group would not have operated without the support of the Government. The net benefit of this flying was ~\$15m.

Qantas Group recognised \$267m in JobKeeper payments, benefiting the 25,000 employees who were stood down and subsidised wages for those working.

Economy Wide Measures	Description	FY20
JobKeeper	Support to employees	\$267m
Industry Specific Measures	Description	
Australian Airline Financial Relief Package (AAFRP) ¹	Refunding and ongoing waiving of a range of government charges	\$36m
Net Minimum Viable Network and repatriation flights ²	International, Mainline Domestic, Regional and Freight network for essential services; Repatriation charters and rescue missions to Wuhan, Tokyo, Hong Kong, London, Lima, Buenos Aires, Johannesburg, New Delhi, Chennai and Mumbai	\$192m
International Freight Assistance Mechanism ²	Maintains vital international freight routes, competitively tendered	\$20m
Sub-total		\$515m
Net Benefit after Qantas expenses ³		~\$15m

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

Job Keeper Payment is intended to help keep more Australians in jobs and support businesses affected by the significant economic impact of the coronavirus. The existing JobKeeper Payment will remain in place until 27 September 2020. On 21 July 2020, the Government announced the extension of the JobKeeper payment to 28 March 2021 at modified rates and eligibility. Recorded in Manpower and Labour related expense.

Minimum Viable Networks and special flights underwritten by the Australian Government on a cost offset basis. The international network included flights to London, Los Angeles, Auckland and Hong Kong. Within Australia it includes a baseline network of domestic passenger flights servicing the most critical metropolitan and regional routes while providing freight belly space capacity. Recorded in Net Passenger Revenue.

International Freight Assistance Mechanism emergency measure to restore critical global supply chains which have been heavily impacted by COVID-19 containment measures around the world and ensures exporters maintain connectivity to strategic markets. On 3 July 2020, the Government announced extension of the program to end of 2020. Recorded in Net Freight Revenue.

Fleet as at 30 June 2020

Aircraft Type	FY20	FY19	Change
A380-800	12	12	-
747-400 ¹	-	1	(1)
747-400ER	4	6	(2)
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9 ²	11	8	3
Total Qantas	130	130	-
717-200	20	20	-
Q200/Q300 ³	19	14	5
Q400	31	31	-
F100	17	17	-
A320-200 ⁴	4	2	2
Total QantasLink	91	84	7
Q300 ³	-	5	(5)
A320-200 ^{4,5}	68	70	(2)
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	87	94	(7)
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight⁶	6	6	-
Total Group	314	314	-

- Group fleet⁷ of 314 aircraft as at 30 June 2020
- Movements in FY20 include:
 - Addition of three 787-9
 - Disposal of one 747-400
 - Disposal of two 747-400ER
 - Five Q300 and two A320-200 transferred from Jetstar to QantasLink
- Post year end movements to right size fleet
 - Four 747-400ER retired in July in response to COVID-19
 - 12 A380s moved to long term storage
 - Jetstar Asia fleet to be reduced from 18 to 13 with one lease return and four moved to Australia



Supplementary Segment Information

2H20 Group and Group Domestic Traffic Statistics

	3Q20	3Q19	Change (%)	4Q20	4Q19	Change (%)	2H20	2H19	Change (%)
Qantas Group Operations									
Passengers carried ('000)	11,353	13,670	[17]	246	13,643	[98]	11,599	27,313	[58]
Revenue Passenger Kilometres (m)	26,350	31,290	[16]	240	31,244	[99]	26,590	62,534	[58]
Available Seat Kilometres (m)	34,425	37,380	[7.9]	565	37,196	[99]	34,990	74,576	[53]
Revenue Seat Factor (%)	76.5	83.7	[7.2pts]	42.5	84.0	[42pts]	76.0	83.9	[7.9pts]
Group Unit Revenue			[3.9]			NA			[2.5]
Qantas Domestic									
Passengers carried ('000)	4,508	5,148	[12]	196	5,424	[96]	4,704	10,572	[56]
Revenue Passenger Kilometres (m)	5,424	6,079	[11]	201	6,472	[97]	5,625	12,551	[55]
Available Seat Kilometres (m)	7,841	8,053	[2.6]	495	8,499	[94]	8,336	16,552	[50]
Revenue Seat Factor (%)	69.2	75.5	[6.3pts]	40.6	76.2	[36pts]	67.5	75.8	[8.3pts]
Jetstar Domestic									
Passengers carried ('000)	2,940	3,560	[17]	48	3,385	[99]	2,988	6,945	[57]
Revenue Passenger Kilometres (m)	3,312	3,998	[17]	39	3,950	[99]	3,351	7,948	[58]
Available Seat Kilometres (m)	3,981	4,585	[13]	60	4,610	[99]	4,041	9,195	[56]
Revenue Seat Factor (%)	83.2	87.2	[4.0pts]	65.0	85.7	[21pts]	82.9	86.4	[3.5pts]
Group Domestic									
Available Seat Kilometres (m)	11,822	12,638	[6.5]	555	13,109	[96]	12,377	25,747	[52]
Group Domestic Unit Revenue change (%)			[5.7]			NA			[8.0]

2H20 Group International Traffic Statistics

	3Q20	3Q19	Change (%)	4Q20	4Q19	Change (%)	2H20	2H19	Change (%)
Qantas International									
Passengers carried ('000)	1,840	2,224	(17)	1	2,170	(100)	1,841	4,394	(58)
Revenue Passenger Kilometres (m)	12,522	15,008	(17)	0	14,756	(100)	12,522	29,764	(58)
Available Seat Kilometres (m)	15,861	17,517	(9.5)	10	16,903	(100)	15,871	34,420	(54)
Revenue Seat Factor (%)	78.9	85.7	(6.8pts)	0.0	87.3	(87pts)	78.9	86.5	(7.6pts)
Jetstar International									
Passengers carried ('000)	1,300	1,635	(21)	1	1,513	(100)	1,301	3,148	(59)
Revenue Passenger Kilometres (m)	3,929	4,560	(14)	0	4,353	(100)	3,929	8,913	(56)
Available Seat Kilometres (m)	5,019	5,266	(4.7)	0	5,151	(100)	5,019	10,417	(52)
Revenue Seat Factor (%)	78.3	86.6	(8.3pts)	0.0	84.5	(85pts)	78.3	85.6	(7.3pts)
Jetstar Asia									
Passengers carried ('000)	765	1,103	(31)	0	1,151	(100)	765	2,254	(66)
Revenue Passenger Kilometres (m)	1,163	1,645	(29)	0	1,713	(100)	1,163	3,358	(65)
Available Seat Kilometres (m)	1,723	1,959	(12)	0	2,033	(100)	1,723	3,992	(57)
Revenue Seat Factor (%)	67.5	84.0	(17pts)	0.0	84.3	(84pts)	67.5	84.1	(17pts)
Group International									
Available Seat Kilometres (m)	22,603	24,742	(8.6)	10	24,087	(100)	22,613	48,829	(54)
Group International Unit Revenue change (%)			(3.3)			NA			0.1

Qantas Domestic¹

		FY20	FY19 (Restated)	VLV %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	4,672	6,098	(23)	3,218	3,230	(0.4)	1,454	2,868	(49)
Underlying EBIT	\$M	173	778	(78)	465	478	(2.7)	(292)	300	(>100)
Operating Margin	%	3.7	12.8	(9.1pts)	14.4	14.8	(0.4pts)	(20.1)	10.5	(31pts)
ASKs	M	25,773	33,866	(24)	17,437	17,314	+0.7	8,336	16,552	(50)
Seat factor	%	75.9	77.8	(1.9pts)	79.9	79.6	+0.3pts	67.5	75.8	(8.3pts)

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

Qantas International and Freight¹

		FY20	FY19 (Restated)	VLV %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	6,077	7,420	(18)	3,843	3,693	+4.1	2,234	3,727	(40)
Underlying EBIT	\$M	56	323	(83)	122	119	+2.5	(66)	204	(>100)
Operating Margin	%	0.9	4.4	(3.5pts)	3.2	3.2	-	(3.0)	5.5	(8.5pts)
ASKs	M	50,484	69,571	(27)	34,613	35,151	(1.5)	15,871	34,420	(54)
Seat factor	%	84.1	86.0	(1.9pts)	86.5	85.5	+1.0pts	78.9	86.5	(7.6pts)

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

Jetstar Group¹

		FY20	FY19 (Restated)	VLV %	1H20	1H19 (Restated)	1H Variance%	2H20	2H19 (Restated)	2H Variance%
Revenue	\$M	3,006	3,961	(24)	2,120	2,048	+3.5	886	1,913	(54)
Underlying EBIT	\$M	(26)	400	(>100)	220	253	(13.0)	(246)	147	(>100)
Operating Margin	%	(0.9)	10.1	(11.0pts)	10.4	12.4	(2.0pts)	(27.8)	7.7	(35.5pts)
ASKs	M	35,613	47,993	(26)	24,830	24,389	+1.8	10,783	23,604	(54)
Seat factor	%	84.3	86.1	(1.8pts)	86.9	86.6	+0.3pts	78.3	85.7	(7.4pts)

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

Jetstar Group as at 30 June 2020

Business	Ownership ¹	Launch	Aircraft ²
1 Jetstar Australia	100%	2004	49 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand ³	100%	2009	9 x A320s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	25 x A320s
6 Jetstar Pacific (Vietnam) ⁴	30%	2008	15 x A320s



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

Jetstar in Asia¹

- Jetstar continues to evolve its presence in Asia in response to the impact of COVID-19
 - All airlines moved into losses
- Jetstar Japan focused on maintaining strong domestic position, reducing costs and maintaining flexibility to adapt to the impact of COVID-19
 - Resumed most domestic routes in July
 - Managing capacity and fleet in response to COVID-19 cases
- Jetstar Asia reducing fleet size from 18 to 13 aircraft
 - Through lease returns and aircraft redeployment to Australia, resulting in redundancies (~25% of staff)
 - Reviewing opportunities for 'Green Lane' country flying (ie. Singapore and Malaysia)
- Jetstar Pacific rebranding to 'Pacific Airlines'
 - All customer and commercial functions transitioned to Pacific Airlines
 - Intent for Qantas Group to exit its shareholding in the airline



Adapting Asian businesses to maximise opportunities in changing conditions

1. Jetstar operations in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam).

Qantas Loyalty¹

		FY20	FY19 (Restated)	VLV %	1H20	1H19 (Restated)	V1H19%	2H20	2H19 (Restated)	V2H19%
Revenue	\$M	1,224	1,654	[26]	872	809	+7.8	352	845	[58]
Underlying EBIT	\$M	341	376	[9.3]	196	175	+12	145	201	[28]
Operating Margin	%	27.9	22.7	+5.2pts	22.5	21.6	+0.9pts	41.2	23.8	17.4pts
QFF Members	M	13.4	12.9	+4.2 ²	13.2	12.6	+5.4 ²	13.4	12.9	+4.2 ²

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

Diversification and growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT
FLYER



BUSINESS
REWARDS



QANTAS
MONEY



QANTAS
HOTELS



QANTAS
INSURANCE



QANTAS
SHOPPING



QANTAS
WINE



- 4% growth¹ in Qantas Frequent Flyer membership; ~20% growth in QBR² membership with >300,000 SME members³
 - >550 Coalition Partners⁴; 20 new Qantas Business Rewards partners onboarded
 - BP / Qantas Frequent Flyer partnership launched April 2020
 - Maintaining total share of credit card spend on Qantas Points earning credit cards⁵
 - Financial services diversification, success of ANZ Home Loans and Afterpay (55k members in first four weeks since launch)⁵
 - Investing in member engagement through Points Club; tier extensions and introducing the ability to earn Status Credits “on the ground”
 - Group Cash contribution >\$1b of gross receipts⁶ in FY20
- Continuing to expand the Insurance proposition with Home Insurance to launch in 2H21
 - ~20% growth in health⁷; >1b points awarded⁸; strong NPS scores⁹
 - Wellbeing is one of the fastest growing points categories in the Qantas Frequent Flyer program¹⁰
 - 25% growth¹¹ in Qantas Wine revenue

Leadership in customer advocacy in airline loyalty programs¹²

1. Compared to June 2019. 2. Qantas Business Rewards 3. As at 30 June 2020. 4. Includes Airline, Retail, Financial Services and Health and Wellness partners. 5. Qantas Internal reporting as at 6 August 2020. 6. Gross receipts = Sales to all external parties during FY20. 7. Total Health Insurance Customers in-force 30 June 2020 compared to 30 June 2019, Internal Qantas Reporting. 8. Qantas Points earned by members using the Qantas Wellbeing app and Health, Life, Travel, and Car Insurance customers 9. As at 30 June 2020. 10. Qantas Internal reporting. 11. Compared to FY19. 12. Qantas Internal Reporting.

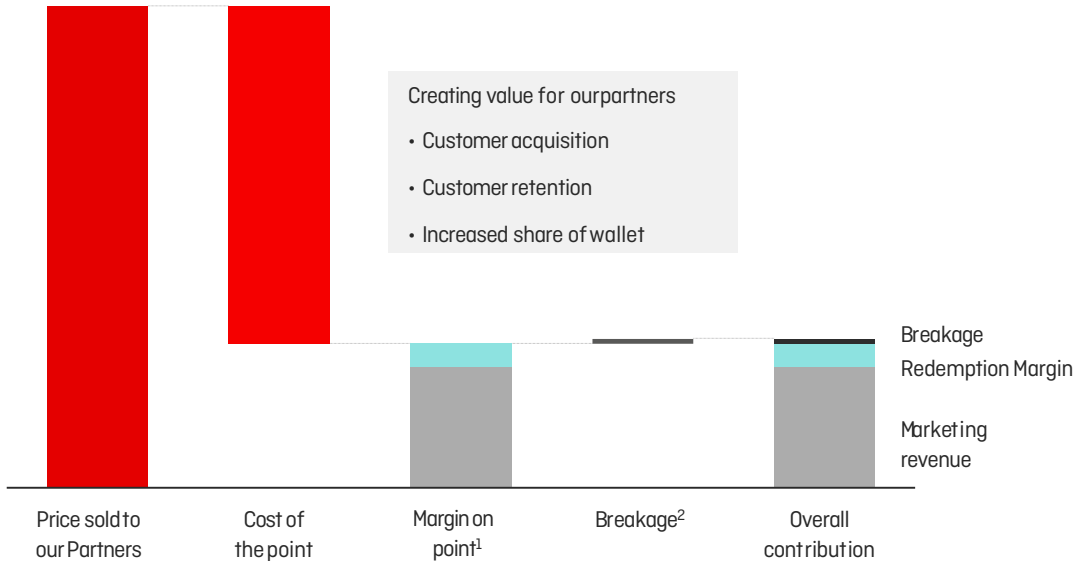
Margin is only generated on 'external points sales'

Corepoints sale

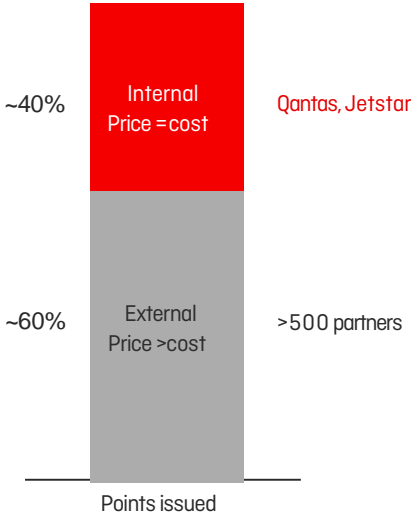


Share of revenue from New Businesses

Corepoints sales – generates points margin



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



Glossary

Available Seat Kilometres (ASK) – Total number of seats available for passengers, multiplied by the number of kilometres flown

CPI – Consumer Price Index

EBIT – Earnings before interest and tax

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

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

FX – Foreign exchange

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

LCC – Low Cost Carrier

Net Capital expenditure (Capex) – Net investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from acquiring or returning leased aircraft

Net debt – includes net on balance sheet interest-bearing liabilities and capitalised aircraft lease liabilities

Net free cash flow – Net cash from operating activities less net cash used in investing activities (excluding aircraft lease refinancing)

Net on balance sheet debt – Interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents

Net Working capital – Net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale

NPS – Net promoter score. Customer advocacy measure

Operating Margin – Underlying EBIT divided by Total Revenue

PBT – Profit before tax

QBR – Qantas Business Rewards

QFF – Qantas Frequent Flyer

Return on Invested Capital (ROIC) – ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital

Revenue Passenger Kilometre (RPK) – Total number of passengers carried, multiplied by the number of kilometres flown

Seat factor – Revenue passenger kilometres divided by available seat kilometres

SME – Small to medium enterprise

Ticketed passenger revenue – Uplifted passenger revenue included in Net Passenger Revenue

Total Unit Cost – Underlying PBT less ticketed passenger revenue per available seat kilometre (ASK)

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

WACC – Weighted average cost of capital calculated on a pre-tax basis

Disclaimer and ASIC Guidance

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

Summary information

This Presentation contains summary information about Qantas and its subsidiaries (Qantas Group) and their activities current as at 20 August 2020, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 June 2020 unless otherwise stated.

Future performance

Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

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ASIC GUIDANCE

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards. In line with previous years, this Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Preliminary Final Financial Report for the financial year ended 30 June 2020 which has been reviewed by the Group's Independent Auditor.



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