Qantas Airways Limited
FY19 Results

Supplementary Presentation

22 August 2019

ASX:QAN
US OTC:QABSY

QANTAS GROUP

Group Performance

FY19 Key Group Financial Metrics

	FY19	FY18[10]	VLY %[11]	Comments
Underlying PBT[1] ($M)	1,302	1,565	(17)	Impacted by higher fuel, low AUD and other cost increases
Underlying Earnings per Share[2] (c)	56.2	63.0	(11)	Share buy-back helped to offset decrease in earnings
Statutory Profit Before Tax ($M)	1,265	1,352	(6.4)	Gains on asset sales partially offset cost increases
Statutory Earnings per Share (c)	54.6	54.4	0.4	On-market share buy-back offset lower earnings
Rolling 12 month ROIC[3] (%)	18.4	21.4	(3)pts	Continued strong Group ROIC
Revenue ($M)	17,966	17,128	4.9	
Operating cash flow ($M)	2,807	3,413	(18)	
Net debt[4] ($B)	4.7	4.9	4.1	Low net debt provides financial flexibility
Unit Revenue[5] (RASK)	8.85	8.40	5.3	
Total unit cost[6] (c/ASK)	7.99	7.37	(8.4)	Total unit cost impacted by higher AUD fuel prices
Ex-fuel unit cost[7] (c/ASK)	5.40	5.37	(0.6)	
Available Seat Kilometres[8] (ASK) (M)	151,430	152,428	(0.7)	
Revenue Passenger Kilometres[9] (RPK) (M)	127,492	126,814	0.5	

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 FY19 Results Presentation are reported on an Underlying basis unless otherwise stated. Refer to slide 6 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 29.6% (FY18: 29.5%)) 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 11. 4. Net Debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. For a detailed calculation of Net Debt, please see slide 14. 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 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. FY18 restated for changes associated with the first time adoption of AASB 15 where applicable. 11. Variance to FY18. Unfavourable variance shown as negative amount.

Underlying Income Statement Summary

$M	FY19	FY18[2]	VLY %[3]	Comments
Net passenger revenue	**15,696**	14,944	5.0	Improved Group Unit Revenue of 5.3% and decreased capacity of (0.7)%
Net freight revenue	**971**	895	8.5	Increased global demand for freight forwarding
Other revenue	**1,299**	1,289	0.8	
Total Revenue	**17,966**	**17,128**	**4.9**	
Operating expenses excluding fuel	**(10,786)**	(10,375)	(4.0)	FX impact on non-fuel costs
Fuel	**(3,846)**	(3,232)	(19)	Increased fuel price partially offset by favourable hedging strategies and fuel transformation initiatives
Depreciation and amortisation	**(1,605)**	(1,517)	(5.8)	Three additional 787-9 Dreamliners, two aircraft operating lease buyouts in 1H19
Non-cancellable aircraft operating lease rentals	**(264)**	(272)	2.9	Two aircraft operating lease buyouts in FY19, one capacity hire converted to lease hire
Share of net profit/(loss) of investments accounted for under the equity method	**22**	15	47	
Total Expenditure	**(16,479)**	**(15,381)**	**(7.1)**	
Underlying EBIT[1]	**1,487**	**1,747**	**(15)**	
Net finance costs	**(185)**	(182)	(1.6)	
Underlying PBT	**1,302**	**1,565**	**(17)**	

1. Underlying Earnings Before Net Finance Cost and Income Tax Expense (Underlying EBIT). 2. FY18 restated for changes associated with the first time adoption of AASB 15. 3. Unfavourable variance shown as negative amount.

Items Not Included in Underlying PBT

$M	FY19	FY18	Comments
Transformation costs	218	162	Redundancies, restructuring, 787-9 introduction, accelerated depreciation on 747s and A320s, and other costs which form part of the transformation program
Discretionary bonuses to non-executive employees	27	53	
Net gain on disposal of a controlled entity	(39)	(12)	Gain on disposal of Catering business in 1H19, less transaction costs
Net gain on disposal of Airport Terminal assets	(141)	-	Gain on disposal of Melbourne Airport Domestic Terminal assets
Net gain on disposal/reversal of impairment of associate	(43)	-	Includes the reversal of impairment, consistent with the treatment of the original impairment and gain on sale of Helloworld investment
Other	15	10	
Total items not included in Underlying PBT[1]	**37**	**213**	

1. Items which are identified by Management and reported to the Chief Operating Decision-Making bodies as not representing the underlying performance of the business are not included in Underlying 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.

Reconciliation to Underlying PBT

$M	FY19			FY18[2]		
	Statutory	Other items not included in Underlying PBT	Underlying[1]	Statutory	Other items not included in Underlying PBT	Underlying[1]
Net passenger revenue	15,696	-	15,696	14,944	-	14,944
Net freight revenue	971	-	971	895	-	895
Other revenue	1,299	-	1,299	1,289	-	1,289
Total Revenue	**17,966**	**-**	**17,966**	**17,128**	**-**	**17,128**
Operating expenses excluding fuel	(10,763)	(23)	(10,786)	(10,577)	202	(10,375)
Fuel	(3,846)	-	(3,846)	(3,232)		(3,232)
Depreciation and amortisation	(1,665)	60	(1,605)	(1,528)	11	(1,517)
Non-cancellable aircraft operating lease rentals	(264)	-	(264)	(272)	-	(272)
Share of net profit/(loss) of investments accounted for under the equity method	22	-	22	15	-	15
Total Expenditure	**(16,516)**	**37**	**(16,479)**	**(15,594)**	**213**	**(15,381)**
EBIT	**1,450**	**37**	**1,487**	**1,534**	**213**	**1,747**
Net finance costs	(185)	-	(185)	(182)	-	(182)
PBT	**1,265**	**37**	**1,302**	**1,352**	**213**	**1,565**

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. This slide provides a reconciliation of Underlying to Statutory PBT. 2. FY18 restated for changes associated with the first time adoption of AASB 15.

Revenue Detail

Net passenger revenue up 5%

- Group Unit Revenue increased 5.3%
  - Group Domestic[1] Unit Revenue increased 4.1%
  - Group International[2] Unit Revenue increased 6.4%
- Group capacity down 0.7%, disciplined capacity management in high fuel environment
- Net Revenue transformation benefits of $149m

Net freight revenue up 8%

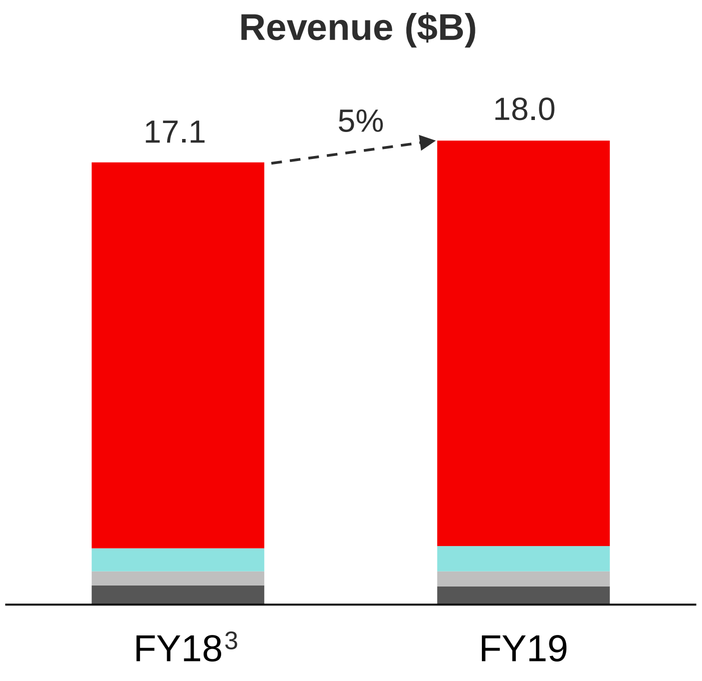
- Driven by increase in global demand

Frequent flyer redemption, marketing, store and other revenue up 9%

- Increased redemptions in the core Loyalty business
- Increased points issuances from partners
- Growth in New Businesses

Revenue from other sources down 5%

- Decrease in third party service revenue following sale of the catering business
- Partially offset by increase in other revenue sources



	FY18		FY19
RPKs (m)	126,814	0.5%	127,492
ASKs (m)	152,428	(0.7)%	151,430

1. Includes Qantas Domestic and Jetstar Domestic. 2. Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals) and Jetstar Asia (Singapore). 3. FY18 restated for changes associated with the first time adoption of AASB 15.

Expenditure[1] Detail

Fuel up 19%

- Higher USD jet fuel prices
- Impact of low AUD
- Offset by effective hedging and fuel efficiency initiatives

Manpower and staff-related flat

- Wage increases following the completion of the 18 month wage freeze
- Reduction following sale of the catering business

Aircraft operating variable costs up 9%

- Impact of network changes, fleet transition and increased passengers
- Impact of low AUD
- CPI partially offset by Transformation benefits
- Increase from transition to new catering contract from in-house
- Increase in airport charges and taxes

Depreciation and amortisation up 6%

- 787-9 aircraft additions, investment in Wi-Fi and aircraft reconfigurations
- Refinancing of aircraft out of operating leases to unencumbered/owned aircraft
- Investment in lounges and technology

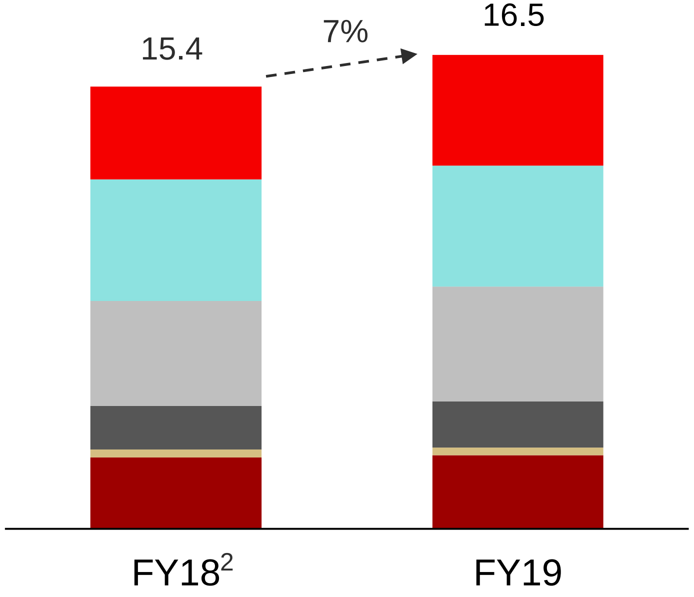
Aircraft lease rental expense down 3%

- Reduction in aircraft operating leases through refinancing of two leased aircraft

Other expenditure up 3%

- Non-cash impact of changes in discount rate on provisions

Expenditure[1] ($B)

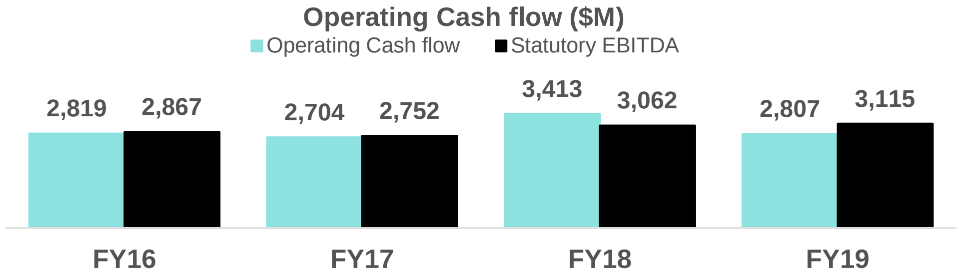


	FY18		FY19
Passengers ('000)	55,273	1.0%	55,813
ASKs (m)	152,428	(0.7)%	151,430

1. All expenditure is presented on an Underlying basis which excludes other items not included in Underlying PBT. 2. FY18 restated for changes associated with the first time adoption of AASB 15.

Cash Flow

$M	FY19	FY18	VLY %[3]
Operating cash flows	2,807	3,413	(18)
Investing cash flows (excluding aircraft operating lease refinancing)	(1,563)	(1,971)	21
Net free cash flow[1]	**1,244**	**1,442**	**(14)**
Aircraft operating lease refinancing	(88)	(230)	62
Financing cash flows	(705)	(1,296)	46
Cash at beginning of year	1,694	1,775	(4.6)
Effects of FX on cash	12	3	>100
Cash at end of year	**2,157**	**1,694**	**27**



- Stable Statutory EBITDA[2] trend; Quality of earnings remains strong
- Operating Cash Flow variance to FY18 related to timing differences
  - Working capital movements
  - Option premium outflows
- Recommencing payment of Australian income taxes
- Borrowings of $825m from $A Corporate Secured Debt Program and A$325m from Syndicated Loan Facility
- 113m shares bought back during FY19 for $637m
- Dividend payment of $363m to shareholders

1. Cash from operating activities less net cash used in investing activities (excluding aircraft operating lease refinancing). 2. Earnings before income tax expense, net finance costs, depreciation and amortisation. 3. Unfavourable variance shown as negative amount.

Invested Capital Calculation

$M	FY19	FY18[3]
Receivables (current and non-current)	1,178	950
Inventories	364	351
Other assets (current and non-current)	685	762
Investments accounted for under the equity method	272	222
Property, plant and equipment	12,977	12,851
Intangible assets	1,225	1,113
Assets classified as held for sale	1	118
Payables	(2,470)	(2,220)
Provisions (current and non-current)	(1,369)	(1,220)
Revenue received in advance (current and non-current)	(5,781)	(5,464)
Liabilities classified as held for sale	-	(64)
Capitalised operating leased assets[1]	1,390	1,510
Invested Capital	**8,472**	**8,909**
Average Invested Capital[2]	**8,936**	**8,863**

- Increased property, plant and equipment:
  - Three 787-9 deliveries and impact of refinancing operating leases offset by the disposal of the Melbourne Airport Terminal assets
  - Aircraft lease buyouts to unencumbered owned aircraft; Two in FY19, six in FY18, with corresponding decrease in capitalised operating leases
- Increase in revenue received in advance due to increases in the value of forward bookings and unredeemed frequent flyer revenue

1. For calculating ROIC, capitalised operating 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 operating leased assets. 2. Equal to the 12 months average of monthly Invested Capital. 3. Restated for changes associated with the first time adoption of AASB 15.

ROIC Calculation

$M	FY19	FY18[5]
Underlying PBT	1,302	1,565
Add back: Underlying net finance costs	185	182
Add back: Non-cancellable aircraft operating lease rentals	264	272
Less: Notional depreciation[1]	(107)	(124)
ROIC EBIT	**1,644**	**1,895**

$M	FY19	FY18[5]
Net working capital[2]	(7,393)	(6,905)
Fixed assets[3]	14,475	14,304
Capitalised operating leased assets[1]	1,390	1,510
Invested Capital	**8,472**	**8,909**
Average Invested Capital[4]	**8,936**	**8,863**

Return on Invested Capital (%)	**18.4%**	**21.4%**

1. For calculating ROIC, capitalised operating 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 operating leased assets. 2. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, revenue received in advance and liabilities classified as held for sale. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and asset classified as held for sale. 4. Equal to the 12 months average of monthly Invested Capital. 5. FY18 restated for changes associated with the first time adoption of AASB 15.

Net Debt Target Range

- Net Debt Target Range = 2.0x – 2.5x ROIC EBITDAR where EBITDAR achieves a fixed 10% ROIC
- At current average Invested Capital of $8.9b, optimal net debt range is **$5.2b to $6.5b**
- Targeting net debt to be within the range on a **forward looking** basis

	$b	
Invested Capital	8.9	Average Invested Capital for the 12 months to June 2019
10% ROIC EBIT	0.9	Invested Capital x 10%
plus rolling 12 month ROIC depreciation[1]	1.7	Includes notional depreciation on aircraft operating leases
EBITDAR where ROIC = 10%	2.6	
Net Debt at 2.0x EBITDAR where ROIC = 10%	5.2	**Net Debt Target Range**[2]
Net Debt at 2.5x EBITDAR where ROIC = 10%	6.5	

GROUP LEVERAGE TARGET CONSISTENT WITH INVESTMENT GRADE CREDIT METRICS

1. Equal to the ROIC depreciation for the 12 months to 30 June 2019 and includes Group depreciation and amortisation, and notional depreciation on operating leased aircraft. 2. The appropriate level of net debt reflects the Qantas Group's size, measured by Invested Capital and is premised on maintaining ROIC above 10%.

Disciplined Allocation of Capital

Capital allocation prioritised to:

- Debt reduction (where required) to achieve optimal capital structure
- Base dividend
- Reinvestment
- Remaining surpluses presumed to be distributed to shareholders
- Additional capex only where there is clear shareholder value accretion

Capital Allocation Priorities

>$6.5B	$6.5B	$5.2B	<$5.2B
Debt reduction	⬅ **Capital Management** ➡		Greater returns to shareholders
Constrain capex	⬅ **Reinvestment** ➡		Consider growth investment
Higher	⬅ **Liquidity** ➡		Lower
Disciplined focus on operating costs at all times			

DISCIPLINED ALLOCATION OF CAPITAL TO INCREASE SHAREHOLDER VALUE

Net Debt

$M	FY19	FY18	VLY $M[4]
Current interest bearing liabilities on balance sheet	635	404	(231)
Non-current interest bearing liabilities on balance sheet	4,589	4,344	(245)
Cash at end of period	(2,157)	(1,694)	463
Net on Balance Sheet Debt[1]	**3,067**	**3,054**	**(13)**
Capitalised operating lease liabilities[2]	1,643	1,849	206
Net Debt[3]	**4,710**	**4,903**	**193**

- Borrowings of $825m from $A Corporate Secured Debt Program and A$325m from Syndicated Loan Facility
- Repayment of $744m of debt including
  - $325m from Syndicated Loan Facility
  - $419m short term amortising debt, largely secured
- Reduction in capitalised operating lease liabilities with the refinancing of an additional two aircraft out of operating leases using surplus cash partially offset by the conversion of one lease from a capacity hire to an aircraft operating lease

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 operating 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. Net debt under the Group's Financial Framework includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities. 4. Unfavourable variance shown as negative amounts.

Net Debt Movement

$M	FY19	FY18
Opening Net Debt	**(4,903)**	**(5,212)**
Net cash from operating activities	2,807	3,413
Principal portion of aircraft operating lease rentals	172	167
Funds From Operations	**2,979**	**3,580**
Net cash from investing activities	(1,651)	(2,201)
Aircraft operating lease refinancing	88	230
Conversion of capacity hire to aircraft operating lease	(48)	-
Net Capex	**(1,611)**	**(1,971)**
Dividend paid to shareholders	(363)	(249)
Payments for share buy-back	(637)	(751)
Shareholder Distributions	**(1,000)**	**(1,000)**
Payment for treasury shares	(98)	(162)
FX revaluations and other fair value movements	(77)	(138)
Closing Net Debt	**(4,710)**	**(4,903)**

- The Financial Framework considers aircraft operating leases as part of net debt
  - Principal portions of rentals are treated as debt reduction
  - Purchase of aircraft operating leases are treated as refinancing
  - Commencing (or returning) aircraft operating leases are treated as capital acquisitions / borrowings (or capital disposals / repayments)
- In FY19
  - Non-cancellable aircraft operating lease rentals of $264m included $172m of principal repayments under the Financial Framework
  - $88m of operating lease aircraft were refinanced

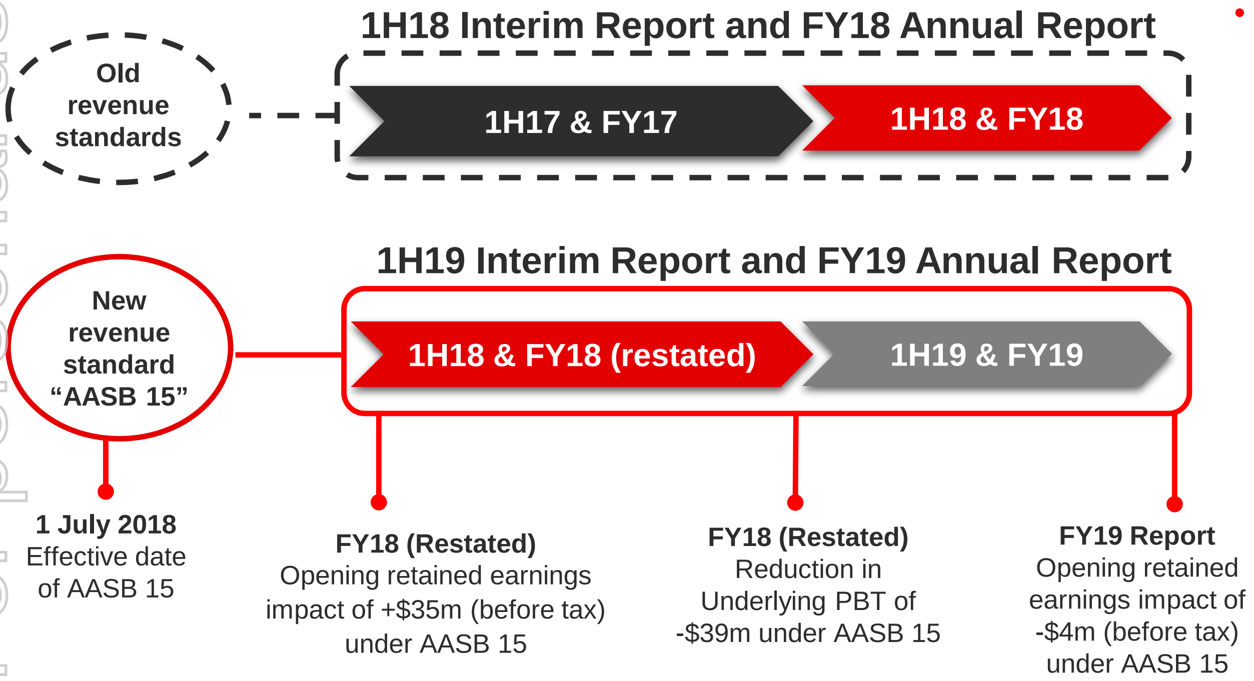
Total Unit Cost

Group Unit Cost	FY19	FY18	VLY %[3]
Total Unit Cost[1]	**7.99**	**7.37**	**(8.4)**
Excluding:			
Fuel	(2.54)	(2.12)	
Change in FX rates	-	0.11	
Impact of changes in the discount rate and other actuarial assumptions	(0.06)	(0.00)	
Share of net profit/(loss) of investments accounted for under the equity method	0.01	0.01	
Ex-fuel Unit Cost[2]	**5.40**	**5.37**	**(0.6)**

1. Underlying PBT less ticketed passenger revenue per ASK. FY18 restated for changes associated with the first time adoption of AASB 15. 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 rates and other actuarial assumptions per ASK. FY18 restated for changes associated with the first time adoption of AASB 15. 3. Unfavourable variance shown as negative amount.

Impact of AASB 15 Adoption from 1 July 2018

The adoption of AASB 15 in FY19 requires restatement of the FY18 result for comparative purposes. There is a net increase in opening retained earnings before tax and a net reduction in FY18 Underlying PBT as a result of retrospectively applying AASB 15 to prior periods.



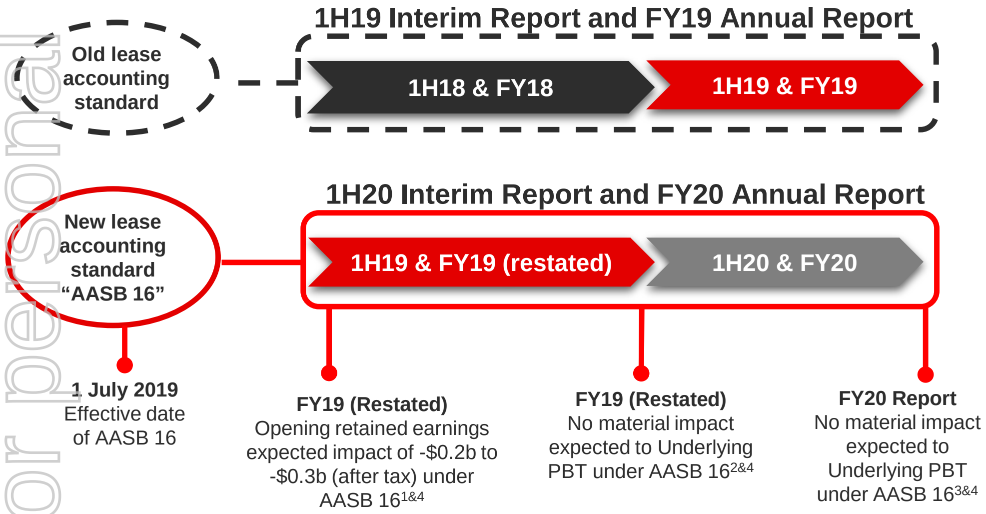
- The main changes from previous accounting standards to the new requirements under AASB 15 are
  - **Ancillary passenger services –** Delay in timing of ancillary services recognition (such as booking and change fees) from transaction date to the date of passenger travel
  - **Qantas Points expiring unredeemed –** Earlier recognition under AASB 15 for Qantas Points issued but expected to expire unredeemed. Under the old standards, the Group took a more conservative approach than required by AASB 15
  - **Timing of revenue recognised as an agent –** Timing of recognition of fees where the Group is acting as an agent changed to align with the services provided to the principal. This results in revenue recognised earlier/later than previously recognised
  - **Allocation of revenue to Qantas Points and passenger travel –** Change in allocation of revenue between passenger travel and Qantas Points to a relative basis
  - **Classification –** Changes in classification of revenue and expenses being recognised gross/net where the Group is acting as a principal/agent, with no net Underlying PBT impact

AASB 15 Impacts – Income Statement

$M	1H18				FY18			
	6 months ended 31 Dec 2017 (Reported)	Reclassifications	Remeasurements	6 months ended 31 Dec 2017 (Restated)	12 months ended 30 Jun 2018 (Reported)	Reclassifications	Remeasurements	12 months ended 30 Jun 2018 (Restated)
Net passenger revenue	7,493	115	(1)	7,607	14,715	238	(9)	14,944
Net freight revenue	440	15	-	455	862	33	-	895
Other revenue	727	(74)	(16)	637	1,483	(164)	(30)	1,289
Total Revenue	**8,660**	**56**	**(17)**	**8,699**	**17,060**	**107**	**(39)**	**17,128**
Operating expenses (excl fuel)	(5,183)	(56)	-	(5,239)	(10,268)	(107)	-	(10,375)
Fuel	(1,547)	-	-	(1,547)	(3,232)	-	-	(3,232)
Depreciation and amortisation	(747)	-	-	(747)	(1,517)	-	-	(1,517)
Non-cancellable aircraft operating lease rentals	(141)	-	-	(141)	(272)	-	-	(272)
Share of net profit/(loss) of investments accounted for under the equity method	21	-	-	21	15	-	-	15
Underlying Total Expenditure	**(7,597)**	**(56)**	**-**	**(7,653)**	**(15,274)**	**(107)**	**-**	**(15,381)**
Underlying EBIT	**1,063**	**-**	**(17)**	**1,046**	**1,786**	**-**	**(39)**	**1,747**
Net finance costs	(87)	-	-	(87)	(182)	-	-	(182)
Underlying PBT	**976**	**-**	**(17)**	**959**	**1,604**	**-**	**(39)**	**1,565**
Items outside underlying	(119)	-	-	**(119)**	(213)	-	-	**(213)**
Statutory PBT	**857**	**-**	**(17)**	**840**	**1,391**	**-**	**(39)**	**1,352**

Summary of Impact of AASB 16 Adoption from 1 July 2019

The adoption of AASB 16 in FY20 will require restatement of the FY19 result for comparative purposes. The Group expects a net decrease in opening retained earnings as a result of retrospectively applying AASB 16 to prior periods. The adoption of AASB 16 is not expected to have a material impact on FY19 Underlying PBT.



- Based on the impact assessment completed to date, the main changes from existing accounting standards to the new requirements under AASB 16 are
  - **Changes in balance sheet presentation** – AASB 16 applies a similar accounting to finance leases under the previous standards, i.e. leases will be recognised on the balance sheet as depreciable assets and interest-bearing liabilities (for leases greater than 12 months and non-low value)
  - **Changes in income statement presentation and timing** – Previously operating leases were expensed on a straight-line basis. Under AASB 16, the lease expense will be split into interest and depreciation, impacting the measurement of EBIT. Similar to a mortgage, the interest expense will be higher at the start and lower towards the end of a lease. Total lease expense at the start of a lease will be higher, compared to towards the end of a lease
  - **Changes in cash flow presentation of lease expenses** – Previously lease expenses were included within operating cash outflows. Under AASB 16, the principal portion of the lease cash flows will be included in financing activities and the interest portion will be included in operating cash flows (consistent with the presentation of other interest payments)
  - **Foreign currency leases** – Lease liabilities are recognised in their underlying currency. Non-AUD lease liabilities (primarily USD), will be remeasured each month, creating volatility in the balance sheet and income statement. The Group will manage this volatility as part of its risk management strategy
  - **Revised definition of a lease** – This may result in contracts not previously accounted for as a lease being accounted for under the new lease accounting standard

NO CHANGE TO FINANCIAL FRAMEWORK AS A RESULT OF ADOPTION OF AASB 16

1. This estimated impact excludes the impact of AASB 16 on the results of equity accounted associates. In addition, leases that are in holdover at 30 June 2018 have been excluded. IFRIC are considering new guidance which could impact this approach prior to the Group's first financial report under AASB 16. 2 This excludes the impact of AASB 16 on the results of equity accounted associates and any leases that are in holdover at 30 June 2019. 3. This excludes the impact of any leases which commence after 30 June 2019, the impact of AASB 16 on the results of equity accounted associates and any leases that are in holdover at 30 June 2019. The estimated impact for FY20 is based on FX rates, interest rates and leases in place as at 30 June 2019. 4. The actual impact of AASB 16 may differ from the above estimates when adopting the standard as at 1 July 2019.

Impact of AASB 16 on Financial Statement Presentation

The adoption of AASB 16 has a number of impacts on financial statement metrics as outlined below.

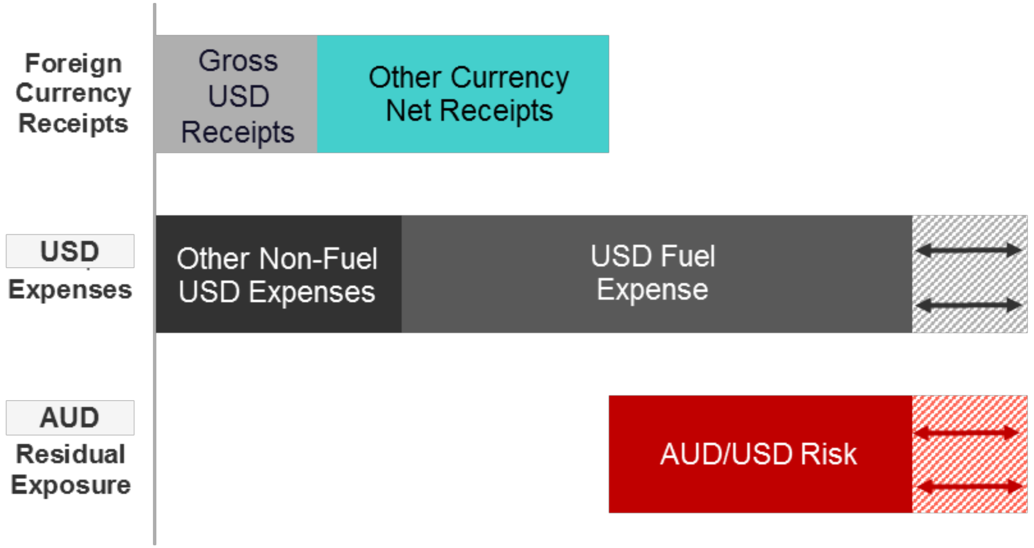
	Metric	New Lease standard	Comments
Income Statement	Statutory EBIT	↑	Higher EBIT under AASB 16 as Interest on Leases excluded
	Statutory PBT	↕	Varies depending on where the Group is in the lease term. Lower PBT early in the lease. Higher PBT later in the lease
Balance Sheet	Right-of-use assets	↑	AASB 16 recognises new lease assets and lease liabilities for operating leases. At the start and at the end of a lease (zero), these amounts are equal, however they have different profiles during the term, resulting in a retained earnings impact
	Leases and other related liabilities	↑	
	Equity	↓	Reduction due to lease liabilities being greater than lease assets
Cash Flow	Operating Cash Flows	↑	Lower outflows as principal portion of rentals moved to Financing Cash Flows
	Investing Cash Flows	=	No change (initial lease recognition = non-cash entry)
	Financing Cash Flows	↓	Higher outflows due to principal repayments of lease liabilities
	Cash	=	No change

Group Operational Information

QANTAS GROUP

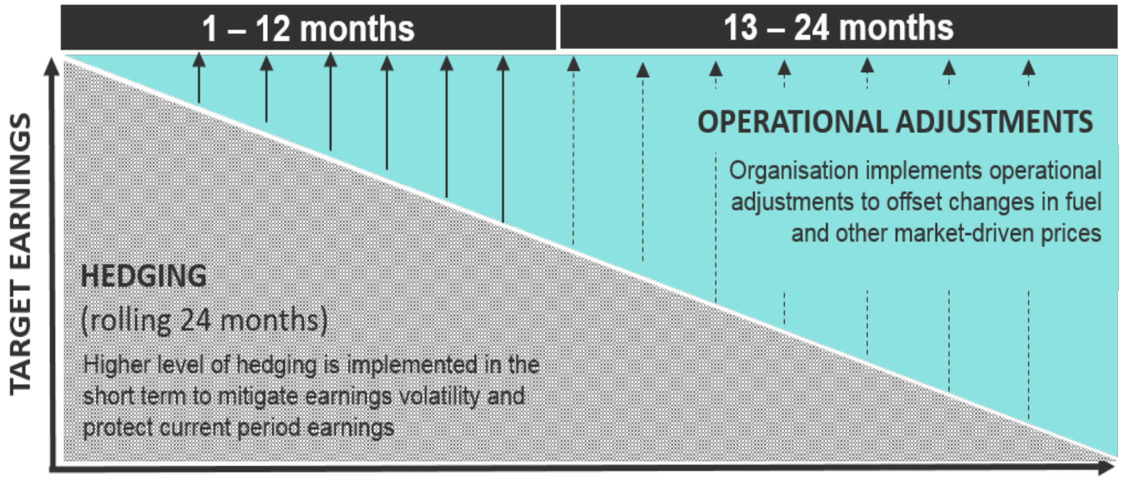
Disciplined Hedging Program

Indicative Fuel and Foreign Currency Exposure



- Net foreign currency revenues are offset against USD expenses
- Remaining USD exposure is funded by net AUD revenue
- The size of the exposure is variable and subject to movements in jet fuel prices and revenue outlook

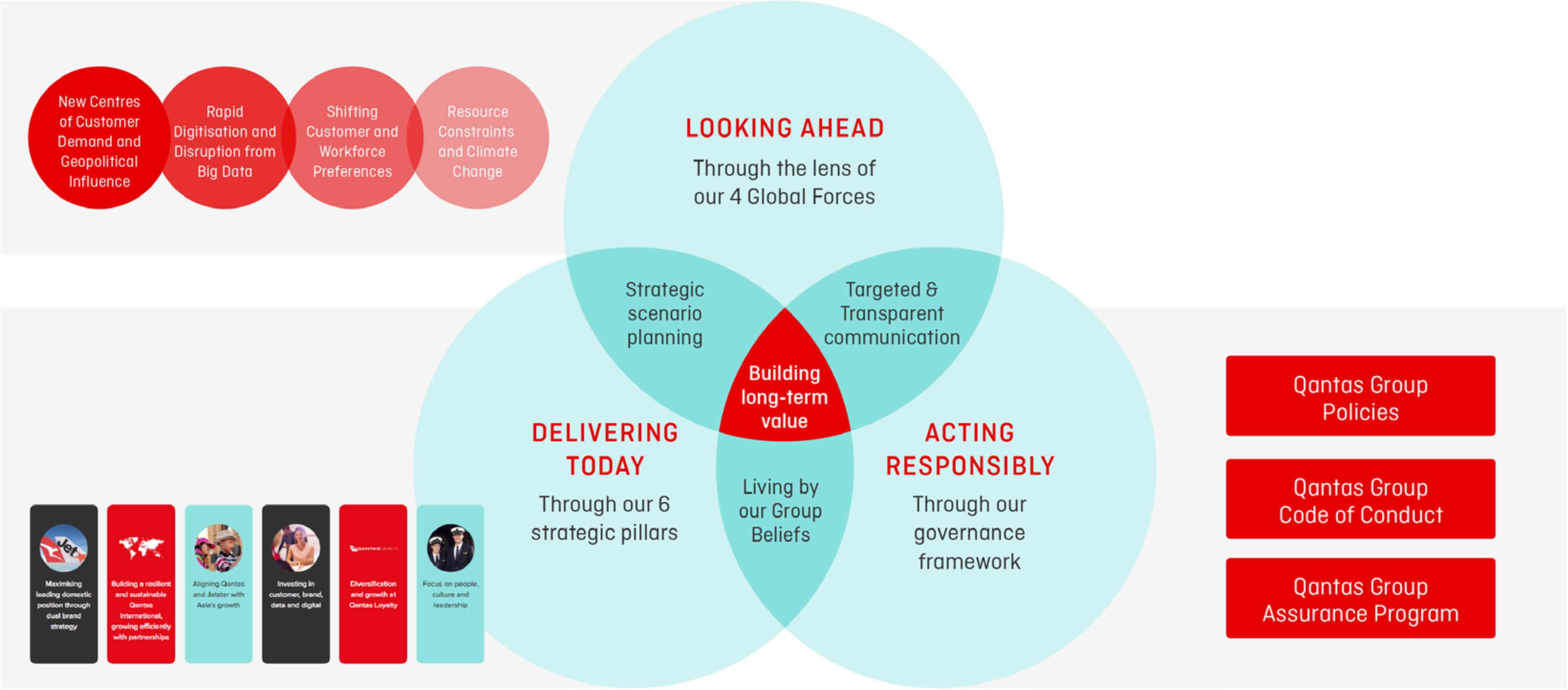
Reducing Volatility of Earnings / Cash Flow



Examples of Operational Adjustments

Capacity adjustments and network optimisation → Fuel efficiency programs → Invest in fuel efficient fleet

Qantas Group Long-term Value Framework



Fleet Strategic Priorities

Qantas Group Fleet Strategy

Right aircraft

Right route

Maintain flexibility

Maintain competitiveness

Current Priorities

Renewal

- Grow 787-9 Dreamliner fleet to 14 aircraft
- All 747s retired by end of 2020
- Ordered 18 x A321LR NEOs to replace A320 aircraft and provide flexibility
- Now have options for up to 36 x A321 XLRs and increased NEO family order by 10 to 109[1] aircraft
- Evaluating the 777X and A350ULR for Project Sunrise

Refurbishment

- A380 refurbishment program completed by end of 2020
- Wi-Fi fit out on track for completion by November 2019
- Interior refresh of 45 Turboprop regional aircraft
- Introduction of A320 to QantasLink to service intra WA resources market

INVESTMENT PLAN MAINTAINS FLEET COMPETITIVENESS IN EVERY MARKET SERVED

1. 109 includes order for 18 x A321LR NEOs

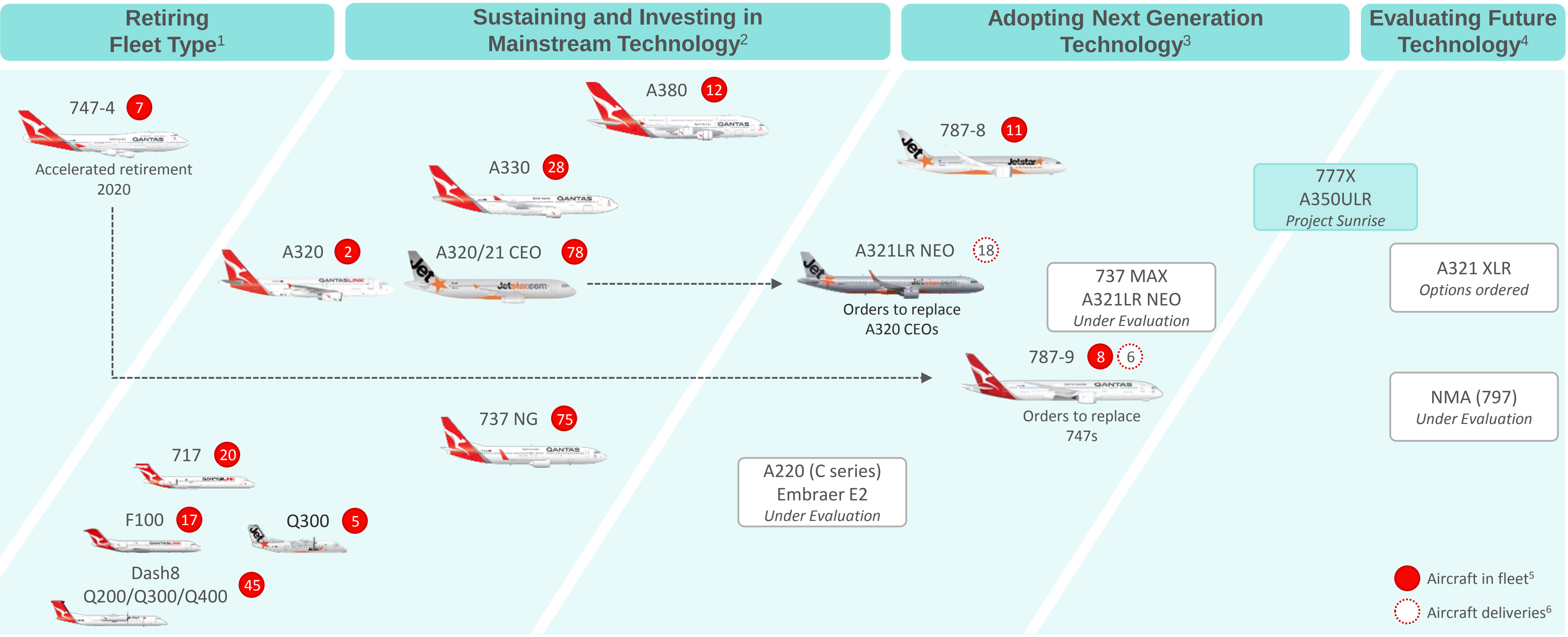
Fleet as at 30 June 2019

Aircraft Type	FY19	FY18	Change
A380-800	12	12	-
747-400	1	4	(3)
747-400ER	6	6	
A330-200	18	18	-
A330-300	10	10	-
737-800NG	75	75	-
787-9	8	5	3
Total Qantas	**130**	**130**	**-**
717-200	20	20	-
Q200/Q300	14	14	-
Q400	31	31	-
F100	17	17	-
A320-200	2	2	-
Total QantasLink	**84**	**84**	**-**
Q300	5	5	-
A320-200[1]	70	69	1
A321-200	8	8	-
787-8	11	11	-
Total Jetstar	**94**	**93**	**1**
737-300SF	4	4	-
737-400SF	1	1	-
767-300SF	1	1	-
Total Freight[2]	**6**	**6**	**-**
Total Group	**314**	**313**	**1**

- Group fleet[3] of 314 aircraft as at 30 June 2019. Movements in FY19 include:
  - Three 787-9 additions
  - Three 747-400 retirements
  - One A320-200 lease for Jetstar Asia (Singapore)

1. Includes Jetstar Asia (Singapore) fleet (18 X A320), excludes Jetstar Pacific (Vietnam), Jetstar Japan . 2. Qantas Group wet leases two 747-400 freighter aircraft and four BAe146 freighter aircraft (not included in the table). 3. Includes purchased and operating leased aircraft.

Passenger Fleet Strategy



OPTIMAL FLEET AGE AND REPLACEMENT DECISIONS INFORMED BY COMPETITIVE LANDSCAPE AND TECHNOLOGY

1. Aircraft planned for retirement from Qantas fleet. 2. Aircraft widely operated by global peers and regional competitors as at August 2019. 3. Aircraft with industry-leading technology, and greater fuel efficiency and range flexibility than mainstream technology. 4. Aircraft under production not yet in commercial operation or aircraft under development as at August 2019. 5. As at 30 June 2019. 6. Represents aircraft orders with confirmed delivery date by 2022 at time of publication. Qantas has 39 purchase options for 787 aircraft, and an existing order of 109 A320 aircraft beginning with 18 A321LR NEOs from 2020, including options for up to 36 A321XLRs. Remaining delivery dates yet to be determined.

Economic Contribution to Australia

>$22b — **Economic contribution[1] to the total Australian Economy including >$1.6b to regional Australia**

>50k — **Total contribution[2] to employment in Australia, >26,000 employees in Australia**

>$10b — **Contribution to Tourism including nearly $4b[3] for regional Australia. 1 in 9 jobs in Australian tourism sector attributable to the Qantas Group**

>$7.0b — **Spend with Australian Suppliers, including over $2b with Aboriginal and Torres Strait Islander suppliers**

~$3b — **Australian taxes[4] paid and collected in FY19**

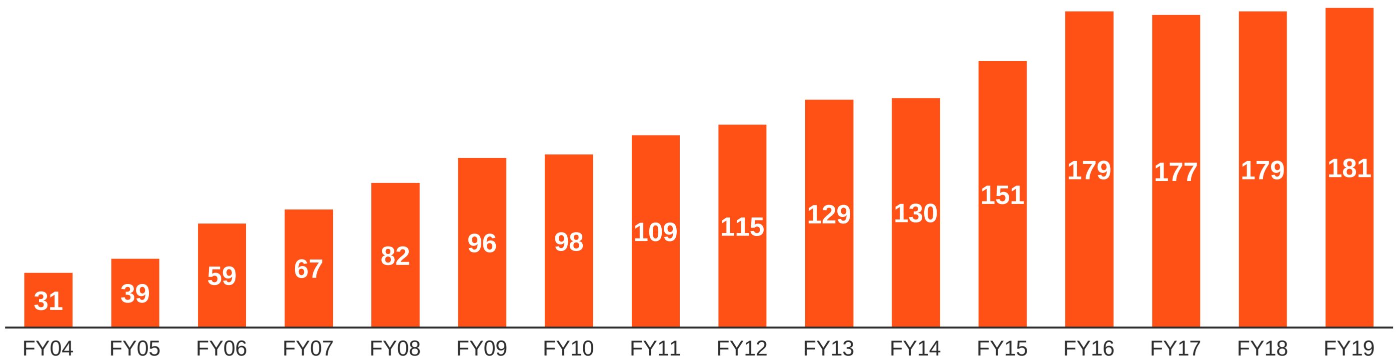
1. As at 21 November 2017. Source: Deloitte Access Economics. 2. Source: Deloitte Access Economics. 3. As at 25 March 2018. Source: Deloitte Access Economics. 4. Includes corporate tax, payroll tax, fringe benefits tax, goods and services tax, personal income tax for employees, withholding tax and ticket taxes, fees and charges.

Supplementary Segment Information

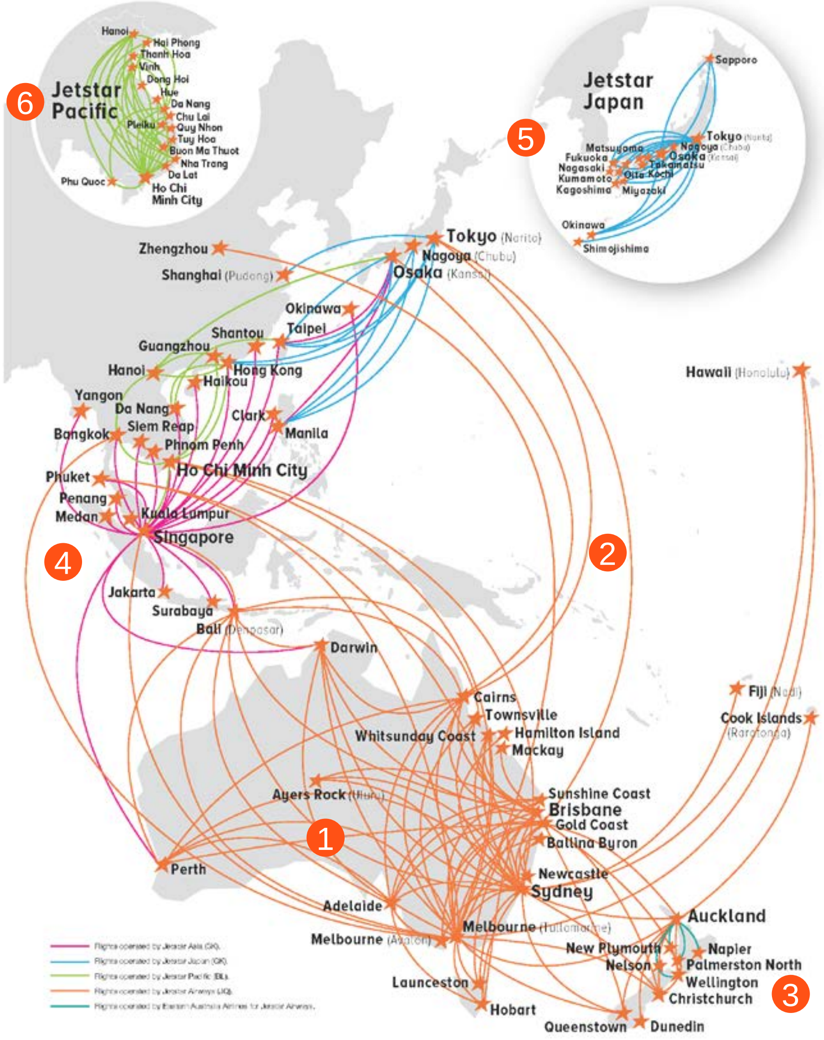
QANTAS GROUP

Jetstar Group

Jetstar Group – Network of Routes[1]



BUSINESS	OWNERSHIP[2]	LAUNCH	AIRCRAFT[3]
1 Jetstar Australia	100%	2004	52 x A320s/A321s
2 Jetstar International	100%	2006	11 x 787-8s
3 Jetstar New Zealand[4]	100%	2009	8 x A320s 5 x Q300s
4 Jetstar Asia (Singapore)	49%	2004	18 x A320s
5 Jetstar Japan	33%	2012	25 x A320s
6 Jetstar Pacific (Vietnam)[5]	30%	2008	18 x A320s/A321s



1. Including Jetstar Australia and New Zealand, Jetstar Asia (Singapore), Jetstar Pacific (Vietnam) and Jetstar Japan. 2. Based on voting rights. 3. Represents operational fleet (includes aircraft subleased for Jetstar operations, excludes subleased aircraft to external parties). 4. Includes Jetstar Trans-Tasman services commenced in 2005, Jetstar New Zealand (Domestic) services commenced in 2009, Jetstar New Zealand (Regional) services commenced in December 2015. 5. Jetstar Pacific (Vietnam) rebranded in 2008.

Jetstar in Asia[1]

- Growing the Jetstar leisure brand in Asian markets, taking advantage of strong regional tourism demand[2]
- Improved connectivity across Asia between Jetstar Group and Qantas airlines in Australia, Japan, Singapore and Vietnam
- Jetstar Japan record profit[3] whilst impacted by fuel increases and natural disasters
  - Retains leading domestic LCC position[4] in growing market[5]
  - Added three A320 aircraft in FY19 and ordered three A321LR NEOs for delivery from mid 2020[6]
  - Launched five new routes
- Jetstar Asia (Singapore) earnings[7] declined[8] due to higher fuel, FX and airport charges and taxes
- Jetstar Pacific (Vietnam) remained profitable[9] in increasingly competitive environment
- Jetstar is set to fly direct between Australia and South Korea and will be Australia's first and only low fares direct service linking the two countries in conjunction with Jeju[10]

MAXIMISING EXISTING OPPORTUNITIES WHILE POSITIONED FOR SUCCESS IN THE FASTEST GROWING PASSENGER MARKET IN THE WORLD[2]

1. Jetstar-branded airlines in Asia includes Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam). 2. Source IATA 20-Year Passenger Forecast 2018. 3. Record AUD profit share. 4. Measured as percentage of market share based on ASKs. Source: Diio Mi. Japanese Low Cost Carrier (LCC) includes Jetstar Japan, Vanilla Air, Peach Aviation, Spring Airlines Japan and Air Asia Japan. 5. Based on passengers. 6. Jetstar Japan A321LR NEO order in addition to previously announced order for 18 x A321LR NEOs for Jetstar Group. 7. Underlying EBIT. 8. Compared to FY18 restated for changes associated with the first time adoption of AASB 15. 9. Share of statutory net profit. 10. Flights from the Gold Coast to Seoul will commence in December 2019 subject to regulatory approval.

Diversification and Growth at Qantas Loyalty

One of the world's most diverse airline loyalty programs

FREQUENT FLYER / **BUSINESS REWARDS**

- 5% growth[1] in QFF membership; 25% growth in QBR[2] membership (>250,000 SME members[3])
- >500 Coalition Partners[4] within everyday earn and shopping; 11 new QBR partners onboarded
- Launch of new retail banking product with ANZ mortgage offer[5]
- New earn category, superannuation, launched with AustralianSuper partnership
- Incentivising Frequent Flyers to fly carbon neutral, with 10 Qantas points per $1 spend; 16% increase in member participation[6]

QANTAS INSURANCE

- >$200m premiums[7] sold since launch; Launch of new partnership with nib Travel Insurance[9]
- >500k wellbeing app downloads and >650b steps taken since launch, also rewarding customers for healthy sleeping, cycling, swimming and health checks

QANTAS MONEY

- Successful launch of the Premier Titanium product[10], >7b points earned across all Premier credit card products since launch; received five industry awards from Canstar and Mozo
- ~$5bn loaded on Qantas Travel Money since launch[11]; Launch of new technology platform; Awarded Best Travel Money Solution at RFi Group Australian Banking & Innovation Awards[12]

QANTAS HOTELS

- Scaling Qantas and Jetstar Hotels with significant investment in product enhancements
- 36% growth[1] in revenue, from >700k guest bookings across >330k available properties[13]

LEADERSHIP IN CUSTOMER ADVOCACY IN AIRLINE LOYALTY PROGRAMS[14]

1.Compared to June 2018. 2. Qantas Business Rewards. Compared to June 2018. 3. As at 30 June 2019. 4. Includes Airline, Retail, Financial Services and Health and Wellness partners. 5. ANZ Home loan frequent flyer offer launched July 2019. 6. Since offer launch. Source: Qantas internal reporting. 7. Represents annualised premiums for Health joins (full 12 month premiums not factoring in lapses or downgrades) plus net new premium sales for Life Insurance. 8. Compared to June 2018. 9. Travel Insurance partnership with nib launched in May 2019. 10. Qantas Premier Titanium card launched in February 2019. 11. Previously known as Qantas Cash. From launch on 29 August 2013 to 30 June 2019. 12. Awarded 2019. 13. Bookings made during FY19. Available properties as at 30 June 2019. 14. Qantas internal reporting.

Improve Member Engagement Through Biggest Frequent Flyer Program Overhaul

More Seats

- **~1 million more** Qantas Classic Flight Rewards seats on Qantas and partner airlines
- **~30% increase** in International Premium Cabin reward seats[1]

More Rewards

- Rewarding our highest flyers with the launch of **Lifetime Platinum**, and on ground top points earners with **Points Club**
- **Only Australian airline loyalty program** which rewards members with this level of recognition

Better value

- **Up to ~50% reduction in points and fees**[2] to book and international Classic Flight Reward seat
- Adjustment in points required for booking or upgrading to premium cabins[2]

BRINGING MEMBERS CLOSER TO THEIR DREAM TRIP, DRIVING INCREASED ENGAGEMENT

1. Qantas network only. 2. Reduction in Qantas Points and carrier charges for International Economy Classic Flight Rewards effective from 20 June 2019. Increase in the number of Qantas Points, and reduction in carrier charges, required for International premium cabin Classic Flight Rewards effective from 18 September 2019. Increase in the number of Qantas Points required for Domestic Business Classic Flight Rewards effective from 18 September 2019. Increase in the number of Qantas Points required for Classic Upgrade Rewards will apply to all upgrade registrations made on and after 18 September 2019. See Classic Flight Rewards (https://www.qantas.com/au/en/frequent-flyer/use-points/classic-flight-rewards/tables.html) and Upgrade tables (https://www.qantas.com/au/en/frequent-flyer/use-points/classic-upgrade-rewards/tables.html) for more details on the changes.

Glossary

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

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

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, rounded to the nearest cent.

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 operating lease assets

LCC – Low Cost Carrier

Net debt – includes net on balance sheet debt and off balance sheet aircraft operating lease liabilities

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

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

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