Petreski, Sonya

From:	Anna Pritchard <annapritchard@qantas.com.au>
Sent:	Friday, 14 January 2022 6:59 PM
To:	Airports and Ports
Cc:	Kleiner, Gennady; Teh, Adele; Tsang, Olivia; Lesich, Matthew; Nicole Malone; Nicole Tyson; Megan Morris; Simone Papas; Britt Becroft
Subject:	RE: Qantas - ACCC industry consultation about the COVID-19 pandemic for the 2020-21 Airport Monitoring Report [SEC=OFFICIAL] [ACCC-ACCCANDAER.FID2853705]
Attachments:	QFG response to ACCC Airports Monitoring Team - 14 Jan 22.pdf; Attachment 1.pdf

Gennady

Please find attached correspondence. Do not hesitate to contact me if you have any questions or would like to discuss.

Kind regards,

Anna

Anna Pritchard
Executive Manager, Government, Industry and Competition
Qantas Airways Limited

M. +61 415 459 073
E. annapritchard@qantas.com.au

qantas.com | facebook.com/qantas | twitter.com/qantasairways | youtube.com/qantas

QANTAS GROUP

From: Airports and Ports <airportsandports@accc.gov.au>
Sent: Friday, 10 December 2021 5:22 PM
To: Anna Pritchard <annapritchard@qantas.com.au>
Cc: Kleiner, Gennady <gennady.kleiner@accc.gov.au>; Teh, Adele <adele.teh@accc.gov.au>; Tsang, Olivia <Olivia.Tsang@accc.gov.au>
Subject: Qantas - ACCC industry consultation about the COVID-19 pandemic for the 2020-21 Airport Monitoring Report [SEC=OFFICIAL] [ACCC-ACCCANDAER.FID2853705]

OFFICIAL

Good afternoon Anna

The Australian Competition & Consumer Commission is seeking your views about the impact of the COVID-19 pandemic and any challenges recovering from it.

Please refer to the attached letter for further details.

We are looking forward to your response and would appreciate receiving your response by Friday, 14 January 2022.

Thanking you in advance.

Kind regards

Matthew Lesich
Senior Analyst | Airports and Ports Section | Infrastructure & Transport - Access & Pricing Branch
Australian Competition & Consumer Commission | http://www.accc.gov.au
Level 19, 2 Lonsdale Street Melbourne 3000
T: +61 3 9290 6907
E: matthew.lesich@accc.gov.au

[redacted]

[redacted]

QANTAS

20 February 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

Qantas Group HY20 ASX and Media Release

Qantas Airways Limited attaches the Qantas Group HY20 ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

oneworld

Qantas Airways Limited, ABN 16 009 661 901, 10 Bourke Road Mascot NSW 2020 Australia
Telephone +61 2 9691 3636, qantas.com

QANTAS

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ASX/Media Release

QANTAS GROUP DELIVERS STRONG PERFORMANCE IN FIRST HALF FY20

- Underlying Profit Before Tax: $771 million (down 0.5%)
- Statutory Profit Before Tax: $648 million (down 6.2%)
- Record revenue for the Group and record profit for Loyalty
- Statutory Earnings Per Share: 28.8c (up 3.2%)
- Return On Invested Capital: 19.6%
- Net free cash flow: $213 million
- Shareholder return of up to $351 million: 13.5 cents per share fully franked dividend (up 12.5% from 1H19) plus an off-market share buy-back of up to $150 million
- Coronavirus response: Group International capacity to Asia cut by 15 per cent to at least end of May; flexibility to adjust up or down depending on developments. Annual leave program to manage employee impact
- Impact of Coronavirus after capacity adjustments and lower fuel costs on FY20 Underlying EBIT is estimated at $100 million – $150 million.

Sydney, 20 February 2020: The Qantas Group continued to deliver strong earnings in a mixed market in the first half of FY20, with an Underlying Profit Before Tax of $771 million and a Statutory Profit Before Tax of $648 million.

The Underlying result was $4 million less than the same period last year – despite $51 million in higher foreign exchange related cost impacts, a $68 million impact from global freight weakness and disruption in Hong Kong, and a $55 million increase in operating costs from the sale of domestic airport terminals.

The strong performance despite these factors was underpinned by capacity discipline, ongoing transformation and growing share in key markets.

The Group has triggered a response to mitigate the impact of Coronavirus on second half earnings, which is focused on cutting capacity on affected markets and retaining flexibility to scale this response up or down as circumstances require.

CEO COMMENTARY ON FIRST HALF PERFORMANCE

Qantas Group CEO Alan Joyce said: "Overall, our performance in the first half was very positive and it shows we remain in a strong position going forward.

"In the domestic market we dealt with some travel demand weakness and a structural change in our overheads from the sale of domestic terminals. Fundamentally, Qantas and Jetstar both did well.

"Internationally, the growth in passenger revenue outweighed the impact of disruption in Hong Kong and a freight market affected by trade wars. Our ultra-long haul routes like Perth-London continue to perform extremely well.

"Loyalty achieved another record result. The overhaul of the Frequent Flyer program has increased member engagement, which is key to the program's long-term success."

GROUP DOMESTIC

The fundamentals of Group Domestic remained strong in the first half but headwinds saw a reduction in Underlying EBIT – down $47 million to $645 million – compared with the record achieved in the prior corresponding period.

There was some improvement in travel demand in the second quarter, and continued market capacity reductions helped to support yields.

Qantas Domestic's Unit Revenue increased by 0.9 per cent but higher airport costs led to an overall Underlying EBIT reduction of 2.7 per cent to $465 million. The premium airline maintained its lead in corporate market share and continued to grow its share of small-to-medium enterprise travel, helped by a 26 per cent growth in Qantas Business Rewards members. Earnings from the resources sector continued to increase; resources-related capacity is planned to grow by around 10 per cent in the second half and the Group is assessing moving additional A320s into the WA market.

Jetstar Domestic's Underlying EBIT was $180 million, down 16 per cent due to pockets of demand weakness, the impact of higher foreign exchange related costs and industrial action.

Jetstar ancillary revenue rose by 7 per cent per passenger off the back of new products and Club Jetstar membership increased by 10 per cent.

GROUP INTERNATIONAL

Group International Underlying EBIT rose by $4 million to $162 million.

Qantas International achieved a 2.5 per cent increase in Underlying EBIT to $122 million. Its 6 per cent increase in Unit Revenue was helped by a 2 per cent decrease in competitor capacity.

The airline continues to benefit from the 747-to-787 fleet transition and the ultra-long haul network opportunities this opens up. Perth-London continued to outperform and new routes from Brisbane to Chicago and San Francisco went on sale in the first half. The joint business with American Airlines started in October and is performing above expectations.

Jetstar International's routes into South East Asia and Japan did well but a lower Australian dollar impacted price sensitive leisure demand to markets impacted by a strong US dollar. Foreign exchange related costs had a particular impact on Jetstar given its relatively low proportion of US dollar revenue compared with Qantas International.

Jetstar withdrew from loss-making regional routes in New Zealand in December, with jet services continuing to operate domestically.

Jetstar Japan was profitable but Jetstar Pacific (Vietnam) was exposed to significant competitor capacity additions while Jetstar Asia (Singapore) remained challenged by higher airport costs.

QANTAS LOYALTY

Qantas Loyalty continued its earnings growth momentum, with Underlying EBIT up 12 per cent to $196 million.

An overhaul of the Frequent Flyer program helped drive an increase in member engagement. Over 400,000 flights were taken by members who had not redeemed any in the past 18 months and there was a 22 per cent increase in seats redeemed in premium international cabins.

Member engagement levels also translated into a record number of total points earned across Qantas Loyalty – including a record number from credit cards and an increase from Woolworths customers following improvements to that partnership.

There was also revenue growth from new businesses including Qantas-branded credit cards, health insurance and the new car insurance venture that launched in October.

FINANCIAL FRAMEWORK AND FLEET

The Group met all targets of its financial framework during the half. Strong cashflow helped to keep net debt at the lower end of the target range, at $5.3 billion. Debt maturity has been improved and short term liquidity remained strong at $1.7 billion in cash and a further $1 billion in undrawn facilities.

Qantas International took delivery of three 787-9 Dreamliners during the first half (taking the total fleet to 11) and retired one 747 (with six remaining).

The Airbus A350-1000 was selected as the preferred aircraft for Project Sunrise, with an order for up to 12 aircraft depending on finalisation of the business case. A final decision is expected by the end of March 2020.

REWARDING SHAREHOLDERS

The Group returned $647 million to shareholders in the first half through dividends and an off-market share buy-back.

In line with its financial framework, the Group has today announced a further return of up to $351 million. This is made up of an increased 13.5 cents per share fully franked dividend (up from 12 cents in 1H19) to be paid on 9 April 2020 with a record date of 3 March 2020, and an off-market share buy-back of up to $150 million that is expected to use all available franking credits. Detail on the buyback is available via https://investor.qantas.com/.

QANTAS GROUP CORONAVIRUS RESPONSE

The Qantas Group has taken immediate action in response to demand weakness as a result of the evolving Coronavirus situation, focused chiefly on capacity management. *(See separate release for details.)*

Mr Joyce said: "Coronavirus resulted in the suspension of our flights to mainland China and we're now seeing some secondary impacts with weaker demand on Hong Kong, Singapore and to a lesser extent, Japan. Other key routes, like the US and UK, haven't been impacted.

"We're taking action now to limit our exposure to softening markets. The Group's total capacity to Asia will reduce by 15 per cent from now until at least the end of May and Qantas' only route to mainland China (Shanghai) will remain suspended for the same period.

"A sudden capacity reduction like this will have an impact on our people, which we're working to minimise through annual leave.

"We've also seen some domestic demand weakness emerging in February, so we're adjusting Qantas and Jetstar's capacity by about 2 per cent in the second half.

"What's important is that we have flexibility in how we respond to Coronavirus and how we maintain our strategic position more broadly. We can extend how long the capacity cuts are in place, we can deepen them or we can add seats back in when demand rebounds, which we know it will.

"Ultimately, when you look across our portfolio, we're in a much stronger position than many of our peers and that gives us confidence in our business despite some external uncertainty."

OUTLOOK

Through mitigants such as capacity cuts and the anticipated benefit from recent material falls in fuel costs, the Group expects the net negative impact of Coronavirus to be between $100 million and $150 million EBIT in 2H20. This is based on current analysis of an evolving situation and will be updated at the Q3 Trading Update in April.

Current assumptions for FY20 are:

- Group capacity in 2H20 is expected to decline by 3.8 per cent across international (reductions focused on Asia network; growth on US routes) and decline by 2.3 per cent in domestic.
- For purposes of comparison, fuel cost before capacity reductions is expected to be $3.85 billion; the fuel price benefit and reduced consumption from capacity changes announced today has been factored into the net impact figure for Coronavirus.
- Transformation benefits expected to be ~$400 million.
- Gross capital expenditure is expected to be $2.0 billion for FY20, with $1.3 billion of this spent in the first half.
- Underlying depreciation and amortisation net of interest expense expected to be ~$100 million higher than FY19.
- Sale of domestic terminals is expected to reduce earnings by $100 million, including $70 million non-cash.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

QANTAS

20 February 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

Change to Qantas Group Capacity Settings

Qantas Airways Limited attaches the Change to Qantas Group Capacity Settings ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

QANTAS

100 CELEBRATING 100 YEARS 1920-2020

ASX/Media Release

QANTAS AND JETSTAR CUT FLIGHTS IN RESPONSE TO CORONAVIRUS

Sydney, 20 February 2020: The Qantas Group has today announced temporary reductions to flights across Asia in response to a drop in demand due to Coronavirus.

The actions were announced as part of the Group's Half Year Financial Results, where the net profit impact of Coronavirus was estimated at between $100 million to $150 million for FY20 – a figure softened by lower fuel prices.

Reductions of around 5 per cent will be made to Qantas and Jetstar's flying between Australia and New Zealand.

There is no change to other key parts of the Qantas International network, such as the US and UK, which remain unaffected.

Reductions of around 2 per cent of total Group domestic Australian flying in the second half are being made to reflect market demand.

Customers with existing bookings who are impacted by the reductions will be contacted directly and offered alternatives. For most domestic bookings, this will involve slight changes to their departure or arrival times. For international bookings, customers can move flights to another date or connect through another Australian city.

Below is a summary of the network changes.

QANTAS INTERNATIONAL

Qantas International will cut 16 per cent of Asia capacity until at least the end of May, impacting flights from Australia to mainland China, Hong Kong and Singapore.

- Sydney-Shanghai (the airline's sole route to mainland China) – will remain suspended
- Sydney-Hong Kong – reduced from 14 return flights per week to 7
- Brisbane-Hong Kong – reduced from 7 return flights per week to 4
- Melbourne-Hong Kong – reduced from 7 return flights per week to 5
- Melbourne-Singapore – flights to be operated by Boeing 787s instead of larger Airbus 380s (approx. 250 less seats per flight)

Qantas will reduce flights across the Tasman by 6 per cent with cancellations on Sydney-Auckland, Melbourne-Auckland and Brisbane-Christchurch. Jetstar will reduce its Tasman flying by 5 per cent.

JETSTAR GROUP

Jetstar Group will cut its capacity to Asia by 14 per cent until at least the end of May, impacting flights from Australia to Japan and Thailand, and intra-Asia flights.

- Cairns-Tokyo (Narita), Cairns-Osaka, Gold Coast-Tokyo (Narita) and Melbourne & Sydney-Phuket will each be reduced by up to two return flights per week.
- Each of the Jetstar airlines in Asia – Jetstar Asia (Singapore), Jetstar Japan and Jetstar Pacific (Vietnam) – have suspended flights to mainland China and are reducing flights across the region. In particular, Jetstar Asia is reducing total seats by 15 per cent.
- The Group is looking at transferring an A320 aircraft from Jetstar to QantasLink to meet increased demand from the resources sector in Western Australia.

DOMESTIC AUSTRALIA

Qantas and Jetstar will reduce total domestic capacity by 2.3 per cent for the second half of the financial year to better match demand.

Most of these adjustments have already been published with the balance to be made over the coming days. Cancellations are largely focussed on travel between major capital cities at off-peak times to minimise customer impact.

Demand for regional services is largely stable, meaning that recently announced routes will start as planned, including Sydney-Ballina (Byron Bay), Sydney-Mildura, Tamworth-Brisbane and Sydney-Orange as well as additional flights from Adelaide to Kangaroo Island and from Sydney to Bendigo. Jetstar's new Melbourne-Busselton (Margaret River) flights are also unaffected.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said the airlines were taking action now to limit exposure to softening markets.

"Coronavirus resulted in the suspension of our flights to mainland China and we're now seeing some secondary impacts with weaker demand on Hong Kong, Singapore and to a lesser extent Japan. Other key routes, like the US and UK, haven't been impacted.

"We've also seen some domestic demand weakness emerging, so we're adjusting Qantas and Jetstar's capacity in the second half.

"What's important is that we have flexibility in how we respond to Coronavirus and how we maintain our strategic position more broadly. We can extend how long the cuts are in place, we can deepen them or we can add seats back in if the demand is there. This is an evolving situation that we're monitoring closely.

"We know demand into Asia will rebound. And we'll be ready to ramp back up when it does.

"These past few months have been extraordinarily difficult for the tourism industry and we've tried to minimise the impact of our capacity reductions as much as possible. About half of Qantas' domestic cancellations are between Sydney, Melbourne and Brisbane, and we're avoiding any route exits.

"The capacity we're taking out is the equivalent of grounding 18 aircraft across Qantas and Jetstar until the end of May, which in turn impacts about 700 full time roles. To avoid job losses we'll be using leave balances across our workforce of 30,000 and freezing recruitment to help ride this out. We'll also take advantage of having some aircraft on the ground by bringing forward planned maintenance," added Mr Joyce.

The Group has a range of measures to support tourism and stimulate travel demand. Qantas will today launch a Double Status Credits offer for all fares booked between 20-25 February on all Qantas operated flights[1], while Jetstar has a number of sales planned, with every domestic and international destination to be on sale over the next month.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

[1] For travel between 28 February 2020 and 14 February 2021. See qantas.com for full details after 12:00pm (AEDT) 20 February 2020.

QANTAS

10 March 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

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Qantas Group Update on Coronavirus Response

Qantas Airways Limited attaches the Qantas Group Update on Coronavirus Response ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

oneworld

Qantas Airways Limited, ABN 16 009 661 901, 10 Bourke Road Mascot NSW 2020 Australia
Telephone +61 2 9691 3636, qantas.com

QANTAS

CELEBRATING 100 YEARS (1920-2020)

ASX and Media Release

QANTAS GROUP UPDATE ON CORONAVIRUS RESPONSE

Sydney, 10 March 2020

The Qantas Group has announced further cuts to its international flying, reducing capacity by almost a quarter for the next six months.

The latest cuts follow the spread of the Coronavirus into Europe and North America over the past fortnight, as well as its continued spread through Asia, which has resulted in a sudden and significant drop in forward travel demand.

These additional changes will bring the total international capacity reduction for Qantas and Jetstar from 5 per cent to 23 per cent versus the same time last year and extend these cuts until mid-September 2020.

The biggest reductions remain focussed on Asia (now down 31 per cent compared with the same period last year). Capacity reductions to the United States (down 19 per cent), the UK (down 17 per cent) and Trans-Tasman (down 10 per cent) will also be made in line with forward booking trends.

CHANGES TO SERVICES

Rather than exit routes altogether, Qantas will use smaller aircraft and reduce the frequency of flights to maintain overall connectivity.

This approach results in eight of the airline's largest aircraft, the Airbus A380, grounded until mid-September. A further two A380s are undergoing scheduled heavy maintenance and cabin upgrades, leaving two of its A380s flying.

In response to strong customer demand for the direct Perth-London service, the existing Sydney-Singapore-London return service (QF1 and QF2) will be temporarily re-routed to become a Sydney-Perth-London service from 20 April.

The start of Qantas' new Brisbane-Chicago route will be delayed from 15 April to mid-September.

Jetstar will make significant cuts to its international network, including suspending flights to Bangkok and reducing flights from Australia to Vietnam and Japan by almost half. Jetstar's daily Gold Coast to Seoul flight was suspended last week.

(See table below for more detail of international network changes.)

Domestically, Qantas and Jetstar capacity reductions will be increased from 3 per cent to 5 per cent[1] through to mid-September 2020, in line with broader economic conditions.

In total, this is the equivalent of grounding 38 Qantas and Jetstar aircraft[2] across the international and domestic network. The Group's total capacity reduction changes from 4 per cent (announced on 20 February) to 17 per cent for the last quarter of FY20.

Given the reduced flying across the Qantas Group fleet, maintenance work will be brought forward where possible to make best use of this time.

[1] Versus Q4 FY19.
[2] Includes seven Jetstar Asia (Singapore) aircraft and nine aircraft across Jetstar Japan and Jetstar Pacific (Vietnam).

IMPACT ON FINANCIAL PERFORMANCE

The Group is taking decisive action to mitigate the significant adverse impact of Coronavirus on demand, including longer range capacity cuts that improve the business' ability to reduce costs. However, given the dynamic and uncertain nature of this situation, it is not possible to provide meaningful guidance at this time on the size of that impact on Group earnings for the remainder of FY20.

In line with its Financial Framework the Group is in a strong position, with low debt levels and a long debt maturity profile, $1.9 billion in cash plus a further $1 billion in undrawn facilities and $4.9 billion in unencumbered assets.

To help maintain this position in the face of current uncertainty, the Board has decided to cancel the off-market buyback announced in February, which will preserve $150 million in cash. The interim dividend of 13.5 cents per share will still be paid on 9 April.

COST REDUCTION MEASURES

In addition to cutting capacity, a number of cost reduction measures will be triggered across the Qantas Group, including:

- Annual management bonuses set to zero for FY20.
- For the remainder of FY20:
    - Qantas Chairman will take no fees.
    - Group CEO will take no salary.
    - Qantas Board will take a 30 per cent reduction in fees.
    - Group Executive Management will take a 30 per cent pay cut.
- Freeze of all non-essential recruitment and consultancy work.
- Asking all Qantas and Jetstar employees to take paid or unpaid leave in light of reduced flying activity.

A material drop in fuel price has provided a significant cost benefit in addition to the saving from lower consumption. The Group's total fuel cost is now expected to be $3.74b[3] (excluding the benefit of capacity reductions compared with the same time last year) with limited participation to further falls in Brent crude prices.

CEO COMMENTARY

Announcing the changes, Qantas Group CEO Alan Joyce, said: "In the past fortnight we've seen a sharp drop in bookings on our international network as the global coronavirus spread continues.

"We expect lower demand to continue for the next several months, so rather than taking a piecemeal approach we're cutting capacity out to mid-September. This improves our ability to reduce costs as well as giving more certainty to the market, customers and our people.

"We retain the flexibility to cut further or to put capacity back in as this situation develops.

"The Qantas Group is a strong business in a challenging environment. We have a robust balance sheet, low debt levels and most of our profit comes from the domestic market. We're in a good position to ride this out, but we need to take steps to maintain this strength.

"When revenue falls you need to cut costs, and reducing the amount of flying we do is the best way for us to do that.

"Less flying means less work for our people, but we know coronavirus will pass and we want to avoid job losses wherever possible. We're asking our people to use their paid leave and, if they can, consider taking some unpaid leave given we're flying a lot less.

"Annual management bonuses have been set to zero and the Group Executive team will take a significant pay cut for the rest of this financial year.

"It's hard to predict how long this situation will last, which is why we're moving now to make sure we remain well positioned. But we know it will pass, and we'll be well positioned to take advantage of opportunities when it does."

[3] Compared with estimate of $3.85b at 20 February 2020.

ADVICE FOR CUSTOMERS

Qantas and Jetstar will contact customers affected by these changes in the coming week. Customers who booked via a travel agent (including online travel agents) will be contacted by their agent rather than the airline.

Typically, customers flying internationally will be offered an alternative flight via another capital city or a partner airline, or an alternative day. Disruption to domestic passengers is expected to be minimal given the continued high frequency on most routes.

The latest information will be published on Qantas and Jetstar websites. Customers are encouraged to check this before calling the airline.

To provide customers with greater flexibility and confidence when they book, Qantas and Jetstar will waive change fees for new international bookings made from today until the end of March, if customers change their travel plans[4]. This applies to travel commencing up to 30 June 2020 and is limited to one free change per customer. Customers will need to pay any fare difference.

(See next page for summary of network changes.)

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

[4] Changes need to be made at least three days before the date of travel.

SUMMARY OF QANTAS GROUP NETWORK CHANGES

Qantas – Summary of New Changes

Route	Change	Effective dates (until mid-Sept 2020)
Asia		
Sydney-Tokyo (Haneda)	B747 replaced by smaller A330	30 March
Melbourne-Singapore	- 7 return flights per week cancelled (QF 37/38) - B787 replaced by larger A330 on 7 return flights per week (QF 35/36)	20 April 4 May
North America		
Brisbane-Chicago	Route launch postponed	Was to start 15 April
Brisbane-San Francisco	Route suspended (3 return flights per week)	18 April
Sydney-San Francisco	B787 replaced by larger B747	18 April
Melbourne-San Francisco	Route suspended (4 return flights per week)	18 April
Sydney-Dallas/Fort Worth	A380 replaced by smaller B787	20 April
Melbourne-Los Angeles	A380 replaced by smaller B787	1 June
Sydney-Vancouver	Seasonal service suspended (3 return flights per week)	June and July only
United Kingdom		
Sydney-London (Heathrow)	- Flights to operate via Perth (instead of Singapore) then non-stop to London. - Perth-London to become double daily as a result. - A380 replaced by smaller B787	20 April
South America		
Sydney-Santiago	Delaying planned B787 introduction and continuing with B747	1 August

Note: *The suspension of the A380 and First Class from Singapore routes will see the Qantas First Lounge in Singapore close temporarily, with customers instead invited to use the adjacent Qantas Business Lounge.*
Note: *Qantas B787 has approx. 250 less seats than an A380.*

Qantas – Extension of previously announced cancellations

(Until mid-Sept 2020 unless stated)

Route	Change
Sydney-Shanghai	Route continues to be suspended until at least mid-July (7 flights per week) (sole route to mainland China)
Sydney-Hong Kong	Reduced from 14 to 7 return flights per week
Melbourne-Hong Kong	Reduced from 7 to 4 return flights per week (1 additional cancellation per week from previously announced cuts)
Brisbane-Hong Kong	Reduced from 7 to 3 return flights per week (1 additional cancellation per week from previously announced cuts)

Note: *Further capacity reductions will also be made on flights to Japan and New Zealand, with other Asian routes under evaluation.*

Jetstar Airways – Summary of New Changes

Routes	Change	Effective date (until end June but may be extended)
Asia		
Melbourne-Bangkok	Route suspended	1 May
Sydney/Melbourne-Ho Chi Minh	Flights reduced by over 50 per cent	1 May
Japan routes	Flights reduced by almost 40 per cent	20 May
Brisbane-Bali	Minor flight reductions	1 May

Note: *Further capacity reductions will also be made on flights to New Zealand, with other Asian routes are under evaluation.*

Jetstar Airlines in Asia – Summary of changes

Jetstar Asia (based in Singapore) will cut capacity by almost 40 per cent with reductions in frequencies across the network. Singapore to Taipei and Osaka routes will be suspended.

Jetstar Japan has suspended its international services to Hong Kong, Taipei and Shanghai until at least the end of May and will reduce flights to Manila. Further reductions will be made to its Japanese domestic network.

Jetstar Pacific (based in Vietnam) has also suspended all international routes to the end of April, with the exception of Ho Chi Minh-Bangkok where flights have been halved. Further reductions are being made to its Vietnamese domestic network.

QANTAS

17 March 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

Qantas Group Update on Coronavirus Response

Qantas Airways Limited attaches the Qantas Group Update on Coronavirus Response ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

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Qantas Airways Limited, ABN 16 009 661 901, 10 Bourke Road Mascot NSW 2020 Australia
Telephone +61 2 9691 3636, qantas.com

QANTAS 100 CELEBRATING 100 YEARS (1920-2020)

ASX and Media Release

QANTAS GROUP UPDATE ON CORONAVIRUS RESPONSE

Sydney, 17 March 2020

As a result of significant falls in travel demand due to Coronavirus, and new government restrictions across multiple jurisdictions in recent days, Qantas and Jetstar will make further and much larger cuts to domestic and international flying schedules.

To be phased in from the end of March 2020 onwards:

- **Total Group International capacity will be cut by around 90 per cent until at least the end of May 2020.** This is up from a 23 per cent reduction for the fourth quarter of FY20 announced last week and largely reflects the demand impact of severe quarantine requirements on people's ability to travel overseas.
- **Total Group Domestic capacity will be cut by around 60 per cent until at least the end of May 2020.** This is a major increase from the 5 per cent reduction for the fourth quarter of FY20 and reflects a rapid decline in forward travel demand due to government containment measures, corporate travel bans and a general pullback from everyday activities across the community.
- This represents the grounding of around 150 aircraft, including almost all of the Group's wide-body fleet.
- Previously announced cuts in place from end-May through to mid-September remain in place and are likely to be increased, depending on demand.

The route-by-route detail of these changes across Qantas and Jetstar is currently being worked through and will be announced in coming days.

Despite the deep cuts, the national carrier's critical role in transporting people and goods on key international, domestic, routes will be maintained. This includes using some domestic passenger aircraft for freight-only flights to replace lost capacity from regular scheduled services. Qantas' fleet of freighters will continue to be fully utilised.

PEOPLE IMPACT

The precipitous decline in demand and resulting cuts to flying mean that the Qantas Group is confronted with a significant labour surplus across its operations. Travel demand is unlikely to rebound for weeks or possibly months and the impact of this will be felt across the entire workforce of 30,000 people.

The Qantas Group is working to manage this impact as much as possible, including through the use of paid and unpaid leave. This will be in addition to measures already announced, including three months of no pay for the CEO and Chairman, significant pay cuts for Group Executive Management and Board members, and cancelling of annual bonuses and an off-market buy back.

CUSTOMER IMPACT

The Group has issued a wide-ranging booking waiver for customers wanting to suspend their travel plans.

Customers with existing bookings on any domestic or international flight until 31 May 2020, who no longer wish to travel, can cancel their flight and retain the value of the booking as a travel credit voucher. This needs to be processed by 31 March 2020.

Customers who make a new domestic or international booking and later decide they no longer wish to travel, can cancel their flight and retain the value of the booking as a Qantas travel credit or Jetstar travel voucher. This applies to bookings made from 10 March 2020 until 31 March 2020 for travel before 31 May 2020.

To access this offer:

- Qantas customers should visit Manage Booking on Qantas.com, select 'Cancel' and then 'Voucher'.
- Jetstar customers should go to Manage My Booking on Jetstar.com.

If flights were booked through a travel agency or third-party website (e.g. Webjet, Booking.com), customers will need to contact them directly to make changes to their booking.

Customers should not call the contact centres. Due to high demand, we are experiencing long call wait times.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

QANTAS

19 March 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

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Qantas Group Impact of Coronavirus-related Network Cuts

Qantas Airways Limited attaches the "Qantas Group Impact of Coronavirus-related Network Cuts" ASX and Media Release.

Authorised for release by:

Andrew Finch
Group General Counsel and Company Secretary

QANTAS

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ASX and Media Release

QANTAS GROUP OUTLINES CUSTOMER AND EMPLOYEE IMPACT OF CORONAVIRUS-RELATED NETWORK CUTS

Sydney, 19 March 2020

- **Qantas and Jetstar to suspend scheduled international flights from late March, following latest government travel advice; some ongoing ad hoc services possible.**
- **60 per cent reduction to domestic flights, focused on cutting frequency.**
- **Two-thirds of employees to be temporarily stood down to preserve as many jobs as possible longer term.**
- **Payment of $201 million shareholder dividend deferred until September 2020.**

The Qantas Group has outlined the customer and employee impact of a huge drop in travel demand triggered by the public health response to the Coronavirus crisis.

Earlier this week, cuts to 90 per cent of international flying and about 60 per cent of domestic flying were announced by Qantas and Jetstar. With the Federal Government now recommending against all overseas travel from Australia, regularly scheduled international flights will continue until late March to assist with repatriation and will then be suspended until at least the end of May 2020. As the national carrier, Qantas is in ongoing discussions with the Federal Government about continuation of some strategic links.

More than 150 aircraft will be temporarily grounded, including all of Qantas' A380s, 747s and B787-9s and Jetstar's B787-8s. Discussions are progressing with airports and government about parking for these aircraft.

Essential domestic, regional and freight connections will be maintained as much as possible.

Qantas' fleet of freighters will continue to be fully utilised. Some domestic passenger aircraft will also be used for freight-only flights to replace lost capacity from regular scheduled services. There is no impact on Qantas Loyalty's operations as a result of today's announcement.

INTERNATIONAL NETWORK CHANGES

The Qantas Group is making the following changes:

- All regularly scheduled Qantas and Jetstar international flights from Australia will be suspended from end March until at least end May 2020. Some flights may continue in order to maintain key links, based on ongoing discussions with the Federal Government.
- Jetstar Asia (Singapore) will suspend all flights from 23 March to at least 15 April 2020.
- Jetstar Japan has suspended international flights and cut domestic flying.
- Jetstar Pacific (Vietnam) has suspended international flights and will significantly cut domestic flying.

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DOMESTIC NETWORK CHANGES

The Group will maintain connectivity to almost all Australian domestic and regional destinations that Qantas, QantasLink and Jetstar currently operate to. The 60 per cent reduction in capacity will come mostly from a significant reduction in flight frequency, but also route suspensions and postponing a number of new route launches.

(The route-by-route detail of these changes can be found here.)

PEOPLE IMPACT

In order to preserve as many jobs as possible longer term, Qantas and Jetstar will stand down the majority of their 30,000 employees until at least the end of May 2020.

During the stand down, employees will be able to draw down on annual and long service leave and additional support mechanisms will be introduced, including leave at half pay and early access to long service leave. Employees with low leave balances at the start of the stand down will be able to access up to four weeks' leave in advance of earning it. Unfortunately, periods of leave without pay for some employees are inevitable.

Senior Group Management Executives and the Board have increased their salary reductions from 30 per cent to 100 per cent until at least the end of this financial year, joining the Chairman and Group CEO in taking no pay. Annual management bonuses have also been cancelled.

SHAREHOLDER IMPACT

Given the current extraordinary circumstances, a decision has been made to defer payment of the shareholder dividend announced on 20 February from 9 April until 1 September 2020. This is in addition to the cancellation of the off-market buy back, previously announced.

CEO COMMENTARY

Comments from Qantas Group CEO Alan Joyce:

"The efforts to contain the spread of Coronavirus have led to a huge drop in travel demand, the likes of which we have never seen before. This is having a devastating impact on all airlines.

"We're in a strong financial position right now, but our wages bill is more than $4 billion a year. With the huge drop in revenue we're facing, we have to make difficult decisions to guarantee the future of the national carrier.

"The reality is we'll have 150 aircraft on the ground and sadly there's no work for most of our people. Rather than lose these highly skilled employees who we'll need when this crisis passes, we are instead standing down two-thirds of our 30,000 employees until at least the end of May."

"Most of our people will be using various types of paid leave during this time, and we'll have a number of support options in place. We're also talking to our partners like Woolworths about temporary job opportunities for our people.

"This is a very hard set of circumstances for our people, as it is for lots of parts of the community right now.

"No airline in the world is immune to this, with the world's leading carriers making deep cuts to flying schedules and jobs. Our strong balance sheet means we've entered this crisis in better shape than most

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and we're taking action to make sure we can ride this out.

"Since this crisis started, there has been overwhelming support from our customers. That gives me even more confidence that we'll get through this," added Mr Joyce.

CUSTOMER INFORMATION

Customer contact centres are currently experiencing long wait times from people seeking to change their travel plans as a result of the Coronavirus. To help manage the demand we ask that customers only call if they have travel within the next 48 hours.

To avoid further inconvenience, we're converting all bookings on cancelled flights to a travel credit, which can be used anywhere on our network. Affected customers will be contacted directly from next Monday. Any customers travelling before the end of May who wish to change their booking are also eligible to receive a travel credit instead.

If flights were booked through a travel agency or third-party website (e.g. Webjet, Booking.com), customers will need to contact them directly to make changes to their booking.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

QANTAS

25 March 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

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Qantas Group Update on Additional Liquidity

Qantas Airways Limited attaches the "Qantas Group Update on Additional Liquidity" ASX and Media Release.

Authorised for release by:

Andrew Finch
Group General Counsel and Company Secretary

QANTAS
CELEBRATING 100 YEARS (1920-2020)

ASX and Media Release

QANTAS GROUP UPDATE ON ADDITIONAL LIQUIDITY

Sydney, 25 March 2020

The Qantas Group has completed a new round of debt funding, securing $1.05 billion in additional liquidity to strengthen its position as it manages through the Coronavirus outbreak.

This debt has been secured against part of the Group's fleet of unencumbered aircraft[1], which were bought with cash in recent years. The loan has a tenure of up to 10 years at an interest rate of 2.75 per cent.

This funding increases the Group's available cash balance to $2.95 billion with an additional $1 billion undrawn facility remaining available.

The Group's net debt position remains at the low end of its target range, at $5.1 billion, with no major debt maturities until June 2021. In line with the rest of the Qantas debt book, the new funding contains no financial covenants.

With a further $3.5 billion in unencumbered assets, the Qantas Group retains flexibility to increase its cash balance as a prudent measure in the current climate. As previously announced, various steps have been taken to significantly reduce activity levels and costs given the dramatic revenue impact of the Coronavirus pandemic and the related travel restrictions on Jetstar and Qantas passenger services.

Qantas Group CEO Alan Joyce said: "Over the past few years we've significantly strengthened our balance sheet and we're now able to draw on that strength under what are exceptional circumstances. Everything we're doing at the moment is focused on guaranteeing the long term future of the national carrier, including making sure our people have jobs to return to when we have work for them again."

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[1] Seven of the Group's 11 wholly-owned Boeing 787-9s have been securitised against this funding.

QANTAS

05 May 2020

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Qantas Group Market Update

Qantas Airways Limited attaches the "Qantas Group Market Update - Increasing Resilience For Long-Term Recovery" ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

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ASX and Media Release

QANTAS GROUP MARKET UPDATE – INCREASING RESILIENCE FOR LONG-TERM RECOVERY

Sydney, 5 May 2020

- Secured a further $550 million in debt funding.
- Strong cash balance and lower cash burn rate provides headroom to manage through current crisis and recovery.
- Extension of flight cancellations for June and July (schedules currently still at pre-coronavirus levels).
- Scope to restore some services at relatively short notice as restrictions lift.

The Qantas Group has continued to strengthen its ability to deal with the short and likely long-term impacts of the coronavirus crisis.

It has also extended flight cancellations from end-May through to the end of July, which were still at pre-coronavirus levels – but some capacity can be added back in if domestic and Trans-Tasman restrictions ease in coming weeks.

Given the consequences of this crisis for aviation, the Group is today releasing a more detailed update of its liquidity position in place of a quarterly trading update. This announcement supersedes assumptions outlined at Half Year Results in February 2020.

LIQUIDITY STATUS

The Qantas Group today announces that it has secured a further $550 million in funding against three of its wholly-owned Boeing 787-9 aircraft. This follows the $1.05 billion raised in March against seven 787-9s.

Net debt is now within the middle of the target range, at $5.8 billion. The Group has no financial covenants on any existing or new debt facilities and no significant debt maturities until June 2021.

The Group has sufficient liquidity to respond to a range of recovery scenarios, including one where the current trading conditions persist until at least December 2021. The Group currently has $2.7 billion in unencumbered aircraft assets and can raise funds against these if required.

At the start of the crisis, the Group acted quickly to wind down cash burn through employee stand downs, a pause on virtually all capital and operating expenditure, and revised agreements with key suppliers.

As a result, and based on current conditions, the Group expects to reach a net cash burn rate of $40 million per week by the end of June 2020.

Since the last cash balance update in March, the Group has seen outflows including a $250 million bond repayment, elevated levels of annual leave payments from standing down more than 25,000 employees ahead of the JobKeeper program starting, and payment of bills from its pre-crisis levels of flying activity.

As at close of business 4 May 2020, total short-term liquidity stands at $3.5 billion, including a $1 billion undrawn facility.

ONGOING FLIGHT CANCELLATIONS AND EMPLOYEE STAND DOWNS

The Qantas Group is currently operating around 5 per cent of its pre-crisis domestic passenger network and around 1 per cent of its international network on an Available Seat Kilometre basis. On a flying hours basis – which includes charters for the resources sector at 75 per cent of pre-Coronavirus levels and passenger aircraft flying as freighters – the Group is operating 13 per cent of its domestic network and 6 per cent of international.

Under the circumstances, Qantas and Jetstar will now extend existing domestic and Trans-Tasman flight cancellations beyond end-May through to the end of June 2020. International flight cancellations will be extended through to end-July 2020.

The initial easing of government restrictions suggests some domestic travel may start to return before the end of July – though initial demand levels are hard to predict. The Group will continue to monitor the situation and can increase capacity with a minimum lead time of around one week.

As a result of the crisis' impact on travel, the current stand down of employees will now be extended until at least the end of June. The impact of this stand down is deeply regrettable but has been greatly softened by the Australian Government's JobKeeper program, which the Group commenced paying several weeks ahead of the official payment start date.

The Group is also providing early access to annual and long service leave in addition to the significant leave balances among long-standing workers. A variety of other welfare mechanisms remain available.

ADVICE FOR CUSTOMERS

Qantas and Jetstar customers with bookings impacted by the cancellations for June and July will be contacted directly and offered alternatives.

In response to feedback, travel credit conditions are being further improved. Customers booked on Qantas and Jetstar flights disrupted by the Coronavirus crisis will be able to split travel credits across multiple future bookings. This is on top of an extended period of time to use the credit. Full details are available on Qantas.com and Jetstar.com. Customers with bookings made through travel agents or third party websites (e.g. Webjet, Booking.com) will need to contact them directly.

FUEL HEDGING UPDATE

The Qantas Group's fuel needs were 100 per cent hedged for most of FY20, which delivered significant benefits in the first half of the year but resulted in some hedging losses as fuel consumption dropped and oil prices fell as a result of the coronavirus crisis.

In early April, the Group closed out its over-hedged position through to September 2020. This avoided the precipitous falls in oil prices that occurred in the second half of April, and significantly lowered the Group's exposure to further hedging losses.

The Group's remaining Brent crude oil hedging to September 2020 is in outright options with no risk of further hedge losses. As at today, the cash impact of all foreign exchange and fuel hedging between now and the end of September 2020 is a A$145 million cash outflow[1].

The Group has some hedging beyond September with the majority of this being in outright options plus a base layer of collars. These collars remain subject to market price movements but are expected to be effective given they are likely to coincide with increased flying activity for the Group. There are no margin call obligations on the Group's hedging.

[1] This outflow is factored into the average burn rate of $40 million post-June 2020.

QANTAS LOYALTY AND QANTAS FREIGHT UPDATES

Qantas Loyalty continues to perform well, with external billings flowing from Frequent Flyer partners including financial services and retailers such as Woolworths. A partnership with fuel company BP has created a new opportunity for members to earn points via another consumer staple.

Before the Coronavirus crisis, two-thirds of all Qantas Points were earned on the ground, meaning that the opportunities for engaging the programs' 13 million members remain high despite the pause in flying activity. A recent survey of members showed 85 per cent were planning to travel as soon as conditions allowed – a sentiment reflected in the fact most are saving their points for a redemption flight sometime in the future.

Qantas Freight has seen high volumes and achieved strong revenue for March and April. Its 12 dedicated freighters are heavily utilised and the airline's passenger A330 and B787 aircraft have also been used to move cargo on services to Shanghai, Hong Kong and Tokyo, facilitating export of Australian produce and import of medical supplies. The domestic freighter network has seen high volumes due to e-commerce, with demand in recent weeks above the peak levels normally associated with Christmas.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said: "Our cash balance shows that we're in a very strong position, which under the circumstances we absolutely have to be. We don't know how long domestic and international travel restrictions will last or what demand will look like as they're gradually lifted.

"Our ability to withstand this crisis and its aftermath is only possible because we're tapping into a balance sheet that has taken years to build.

"Australia has done an amazing job of flattening the curve and we're optimistic that domestic travel will start returning earlier than first thought, but we clearly won't be back to pre-coronavirus levels anytime soon. With the possible exception of New Zealand, international travel demand could take years to return to what it was.

"We're expecting demand recovery to be gradual and it will be some time before total demand reaches pre-crisis levels. That means we need to think about what the Qantas Group should look like on the other side of this crisis in order to succeed. Fleet, network and capital expenditure will all have to be reviewed but our commitment to serve communities across Australia will not change.

"The Government's support of the aviation industry by underwriting some essential flying, and the support to the broader economy through JobKeeper, have been greatly appreciated. Public health initiatives like the COVIDSafe app are one of the ways we'll be able to start travelling sooner, so we strongly encourage all Australians to download it.

"The Qantas Group has literally thousands of suppliers and we've put the smaller ones at the front of the queue. We're grateful to many of our major suppliers, including almost all the capital city airports, who have given us a lot of flexibility.

"I want to recognise our people for their continued support and understanding in the face of this crisis. In particular, those who've helped bring Australians home from overseas and kept an essential domestic and regional network running, carrying on what the national carrier has done for 100 years."

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

QANTAS

25 June 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

Qantas Group Post-COVID Recovery Plan and Equity Raising

Qantas Airways Limited attaches the "Qantas Group Post-COVID Recovery Plan and Equity Raising" ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

QANTAS CELEBRATING 100 YEARS (1920-2020)

ASX and Media Release

QANTAS GROUP ANNOUNCES POST-COVID RECOVERY PLAN AND EQUITY RAISING FOR A STRONGER FUTURE

Sydney, 25 June 2020

- Three year strategy to guide recovery and return to growth in changed market.
- Costs reduced by $15 billion during three year period of lower activity; $1 billion in ongoing cost savings per annum from FY23.
- Around 100 aircraft to be grounded for up to 12 months; some for longer.
- Job losses and extended stand downs to manage long period of reduced flying (especially internationally).
- Equity raising of up to $1.9 billion to accelerate recovery and position for new opportunities.
  - Approximately $1.4 billion fully underwritten[1] institutional Placement and up to $500 million non-underwritten Share Purchase Plan[2].
  - Issue price for new shares under the Placement of $3.65.
  - Pro forma liquidity of $4.6 billion following completion of the underwritten Placement and before the SPP proceeds, with $3.6 billion of cash and $1.0 billion of undrawn facilities.

The Qantas Group has announced a three year plan to accelerate its recovery from the COVID crisis and create a stronger platform for future profitability, long-term shareholder value and to preserve as many jobs as possible.

The immediate focus of the plan is to:

- **Rightsize** the Group's workforce, fleet and other costs according to demand projections, with the ability to scale up as flying returns.
- **Restructure** to deliver ongoing cost savings and efficiencies across the Group's operations in a changed market.
- **Recapitalise** through an equity raising to strengthen the Group's financial resilience for recovery and the opportunities it presents.

Subsequent phases of the plan focus on the increasing ramp up of flying and pursuing new opportunities – including the airline's ambition for more non-stop international flights.

The plan is designed to account for the uncertainty associated with the crisis, preserving as many key assets and skills as the Group can reasonably carry to support the eventual recovery. COVID represents the biggest challenge ever faced by global aviation and the Group's response to the crisis is scaled accordingly. This unfortunately means a large number of job losses across Qantas and Jetstar.

The plan targets benefits of $15 billion over three years, in line with reduced flying activity including fuel consumption savings, and delivering $1 billion per annum in ongoing cost savings from FY23 through productivity improvements across the Group. Key actions of the plan include:

- Reducing the Group's pre-crisis workforce by at least 6,000 roles across all parts of the business.
- Continuing the stand down for 15,000 employees, particularly those associated with international operations, until flying returns.
- Retiring Qantas' six remaining 747s immediately, six months ahead of schedule.

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[1] Refer to Appendix C of the Investor Presentation for a description of the terms and conditions of the underwriting arrangements.

[2] Qantas may, in its absolute discretion, scale back SPP applications above the cap amount or apply a higher cap to the SPP and scale back applications over the higher cap.

- Grounding up to 100 aircraft for up to 12 months (some for longer), including most of the international fleet. The majority are expected to ultimately go back in to service but some leased aircraft may be returned as they fall due.
- A321neo and 787-9 fleet deliveries have been deferred to meet the Group's requirements.

The cost of implementing the plan is estimated at $1 billion, with most of this realised during FY21.

CEO COMMENTARY

Announcing the plan Qantas Group CEO Alan Joyce said: "The Qantas Group entered this crisis in a better position than most airlines and we have some of the best prospects for recovery, especially in the domestic market, but it will take years before international flying returns to what it was.

"We have to position ourselves for several years where revenue will be much lower. And that means becoming a smaller airline in the short term.

"Most airlines will have to restructure in order to survive, which also means they'll come through this leaner and more competitive. For all these reasons, we have to take action now.

"Adapting to this new reality means some very painful decisions. The job losses we're announcing today are confronting. So is the fact thousands more of our people on stand down will face a long interruption to their airline careers until this work returns.

"What makes this even harder is that right before this crisis hit, we were actively recruiting pilots, cabin crew and ground staff. We're now facing a sudden reversal of fortune that is no one's fault, but is very hard to accept.

"This crisis has left us no choice but we're committed to providing those affected with as much support as we can. That includes preserving as many jobs as possible through stand downs, offering voluntary rather than compulsory redundancies where possible, and providing large severance payouts for long serving employees in particular.

"As we've done throughout this crisis, our decisions are based on the facts we have now and the road we see in front of us. Our plan gives us flexibility under a range of scenarios, including a faster rebound or a slower recovery.

"Despite the hard choices we're making today, we're fundamentally optimistic about the future. Almost two-thirds of our pre-crisis earnings came from the domestic market, which is likely to recover fastest – particularly as state borders prepare to open. We have the leading full service and low fares airlines in Australia, where distance makes air travel essential, and diversified earnings through Qantas Loyalty.

"We still have big ambitions for long haul international flights, which will have even more potential on the other side of this.

"As a business, recapitalising means we can get ready sooner for new opportunities, returning to profit and building long term shareholder value. As the national carrier, we remain committed to supporting tourism, connecting regional communities and safely flying millions of people every year."

EQUITY RAISING

The Board has today announced that the Group will seek to raise up to $1.9 billion, comprising of a fully underwritten[3] institutional Placement to raise approximately $1,360 million and a non-underwritten Share Purchase Plan for eligible existing shareholders to participate of up to $500 million[4].

Proceeds from the Equity Raising will be used to accelerate the Group's recovery, strengthen its balance sheet and position it to capitalise on opportunities aligned with its strategy.

The Placement issue price of $3.65 per share represents a 12.9% discount to the last traded price of $4.19 on 24 June 2020.

The approximately 372.7 million new fully paid ordinary shares issued under the Placement represents a 25% increase to total shares on issue – which itself has decreased by more than a third through share buybacks in recent years.

(See Transaction Summary at end of release plus full Investor Presentation here.)

[3] Refer to Appendix C of the Investor Presentation for a description of the terms and conditions of the underwriting arrangements.
[4] Qantas may, in its absolute discretion, scale back SPP applications above the cap amount or apply a higher cap to the SPP and scale back applications over the higher cap.

IMPACT ON OUR PEOPLE

Of the Group's 29,000 people, around 8,000 are expected to have returned to work by the end of July this year. It's anticipated that this will increase to around 15,000 by the end of calendar year 2020 in line with the opening up of domestic flying, and increase further during calendar 2021 and 2022 as the international network returns, reaching 21,000 active employees by June 2022.

Redundancies are proposed to manage a surplus of around 6,000 roles, with the temporary surplus of around 15,000 managed through a mix of stand down, annual leave and leave without pay.

Stand-ups will increase as travel restrictions lift and flying returns. This allows the Group to preserve as many jobs as possible for the longer term and respond faster if recovery timelines improve.

In line with its obligations, the Group will consult with relevant unions on the proposed job losses announced today. These span the following areas of Qantas and Jetstar:

- **Non-operational** – at least 1,450 job losses, mainly in corporate roles, due to less flying activity.
- **Ground operations** – at least 1,500 job losses across airports, baggage handling, fleet presentation and ramp operations due to less flying activity.
- **Cabin crew** – at least 1,050 job losses due to early retirement of the 747s and less flying activity. A further 6,900 cabin crew will be on stand down from July 2020 onwards.
- **Engineering** – at least 630 job losses due to 747 retirement, less flying activity (particularly of the wide-body fleet) and redistribution of work from Jetstar's Newcastle base to make better use of existing maintenance capacity in Melbourne.
- **Pilots** – at least 220 job losses mostly due to early retirement of the 747s. A further 2,900 pilots will be on stand down from July 2020 onward.

Additional reduction in total roles will result from contractors, particularly in corporate areas such as IT, not returning.

ASSET IMPAIRMENTS

While most of the Group's long-haul aircraft are expected to steadily return to service over time, there is significant uncertainty as to when flying levels will support its 12 Airbus A380s. These assets will be idle for the foreseeable future, which represents a significant percentage of their remaining useful life. As a result, the carrying value of the A380 fleet, spare engines and spare parts will be written down to their fair value, resulting in an estimated non-cash impairment charge in the FY20 statutory result. This represents the majority of the asset impairment charge of $1.25–$1.4 billion, outlined in the table below. As a consequence of the writedown, future depreciation expenses will reduce.

FUEL HEDGING

The Group's fuel was fully hedged for the second half of FY20, and 90% hedged for the first half of FY21. With the significant decline in flying activity, the Group's overall capacity flown has resulted in a substantial reduction in fuel consumption from April 2020 and the anticipated decline in consumption to June 2021 will lead to the non-cash recognition of hedge ineffectiveness of $550–$600 million in the FY20 statutory result.

FY20 FINANCIAL PERFORMANCE

After reporting a strong Underlying Profit Before Tax of $771 million in the first half of FY20, the Group saw a significant reduction in revenue during the second half. By taking swift action to reduce its cash burn as travel demand evaporated, the Group expects to report a full year result between breakeven and a small Underlying Profit Before Tax.

Qantas Loyalty is expected to make the largest positive contribution to this result, with only a 5%–10% reduction in earnings compared to FY19 as a result of the impact of COVID on travel related products and credit card spend. The program continues to see strong levels of engagement, with a range of initiatives planned over the next six months to maintain and improve its value to members and partners.

Qantas Freight performed strongly, driven by major increases in ecommerce that are also expected to continue.

The table below reflects the Group's current expectations of significant items it expects to recognise outside of its Underlying FY20 result.

Items outside of Underlying FY20	1H20 Impact (previously reported)	Estimated FY20 impact (subject to review and audit processes)
Transformation costs and discretionary bonuses to non-executive employees awarded in prior years	$123 million	~$200 million
Recovery plan restructuring costs including redundancies	NIL	$600-700 million
Asset impairments including the A380 fleet (non-cash)	NIL	$1,250-1,400 million
Hedge ineffectiveness[5] (non-cash)	NIL	$550-600 million[6]
Total	$123 million	~$2.8 billion

CURRENT FINANCIAL POSITION

Following completion of the underwritten Placement, the Group's available liquidity is expected to be $4.6 billion excluding the SPP proceeds, including a $1 billion undrawn facility. As at 31 May 2020, pro forma net debt is expected to be $4.7 billion with no major debt maturities until June 2021 and no financial covenants on its debt.

CEO TENURE

At the Board's request, Alan Joyce has agreed to remain Qantas Group CEO as the recovery plan is implemented and through to at least the end of FY23. This will provide the leadership, experience and stability required as the Group navigates this incredibly challenging period.

REVOCATION OF INTERIM DIVIDEND

On 19 March 2020, the Group announced the deferral of its interim dividend due to uncertainty caused by the unfolding coronavirus crisis.

This uncertainty has now crystallised into a significant detrimental impact on the Group's earnings and cash position. Further, the fully franked nature of the interim dividend was based on franking credits expected from taxable profits in the second half, which will now not materialise.

Accordingly, the Board has decided to revoke the interim dividend, avoiding the outflow of $201 million of cash and helping to maintain strong liquidity in the face of this unprecedented crisis. Decisions on future dividends will continue to be made in-line with the Group's financial framework.

EQUITY RAISING – TRANSACTION SUMMARY

Placement

The approximately $1,360 million Placement is fully underwritten[7] and will be offered to institutional investors at $3.65 per share (**Placement Price**), representing a 12.9% discount to the last traded price of $4.19 on Wednesday 24 June 2020. The Placement will result in the issue of 372.7 million new shares (**Placement Shares**), representing approximately 25.0% of Qantas' existing shares on issue.

The Placement is being conducted today, Thursday, 25 June 2020, and Qantas' shares will remain in a trading halt pending completion of the Placement.

The Placement is within Qantas' placement capacity under the Temporary Extra Placement Capacity Class Waiver Decision (as amended) effective from 23 April 2020, and accordingly no shareholder approval is required in connection with the Placement.

It is intended that eligible existing institutional shareholders who bid for up to their 'pro-rata' share of new shares under the Placement will be allocated their full bid, on a best endeavours basis. For the remaining shares under the Placement, Qantas will seek to prioritise allocations to existing shareholders and then introduce new shareholders, in each case based on factors including likelihood of long term support for the Group, the nature of the investor, support to date and existing holdings (if applicable) and the size and timeliness of bids into the book[8].

Share Purchase Plan (SPP)

Eligible shareholders in Australia and New Zealand will have the opportunity to apply for up to $30,000 of new fully paid ordinary shares (**SPP Shares**) free of any brokerage, commission and transaction costs.

[5] Subject to fuel/fx rate movements, option time value movement and additional close out activity. Cash flows associated with hedge ineffectiveness are spread across FY19-FY23.
[6] As at 23 June 2020. Assumes forward market rates of jet fuel (USD48.33/bbl and AUDUSD 0.6931 in FY21).
[7] Refer to Appendix C of the Investor Presentation for a description of the terms and conditions of the underwriting arrangements.
[8] Refer to slides 28 and 46 to 48 of the Investor Presentation for important information regarding allocations under the Placement.

The price paid by eligible shareholders for SPP Shares will be the lesser of:

- the Placement Price; and
- a 2.5% discount (rounded down to the nearest cent) to the 5-day VWAP of Qantas shares up to, and including, the closing date of the SPP (expected to be 22 July 2020).

Qantas considers that the SPP will cater for the vast majority of its non-institutional shareholders, enabling them to participate and potentially increase their relative percentage holdings in Qantas.

The Qantas Board has determined to cap the size of the SPP at $500 million, in aggregate.

As the SPP is not underwritten, the SPP may raise more or less than this amount. If the SPP raises more than $500 million, Qantas may decide in its absolute discretion to accept applications (in whole or in part) that result in the SPP raising more than $500 million. If Qantas decides to conduct any scale back of applications, for example because the aggregate amount applied for under the SPP exceeds Qantas' requirements, the scale back will be applied on a pro rata basis to shareholdings of participating eligible shareholders at the record date of the SPP.

Further details of the SPP will be provided to eligible shareholders in due course. A SPP booklet will be sent to eligible shareholders on 2 July 2020. The closing date for applications by eligible shareholders is 22 July 2020.

Eligible shareholders wishing to acquire new shares under the SPP will need to apply in accordance with the instructions in the SPP booklet.

The Placement Shares and SPP shares will rank equally in all respects with Qantas' existing ordinary shares from the date of allotment.

A timetable in respect to the Placement and SPP is provided at Appendix A.

Under ASX listing rules, Qantas Directors are not entitled to participate in the Placement, but can (and intend to) participate fully in the SPP if they are Australian/New Zealand residents.

Further details of the Placement and SPP are set out in the Investor Presentation, here. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Placement.

APPENDIX A – PLACEMENT AND SPP TIMETABLE

Event	Date
Record date for the SPP	7:00pm (Sydney time), Wednesday, 24 June 2020
Trading halt and announcement of Equity Raising	Thursday, 25 June 2020
Placement bookbuild	Thursday, 25 June 2020
Announcement of outcome of Placement	Friday, 26 June 2020
Trading halt lifted – trading resumes on ASX	Friday, 26 June 2020
Settlement of Placement Shares	Tuesday, 30 June 2020
Allotment and normal trading of Placement Shares	Wednesday, 1 July 2020
SPP offer opens and SPP offer booklet dispatched	Thursday, 2 July 2020
SPP offer closes	Wednesday, 22 July 2020
Announcement and settlement of SPP	Monday, 27 July 2020
SPP allotment date	Wednesday, 29 July 2020
Normal trading of SPP Shares and dispatch of holding statements	Thursday, 30 July 2020

The above timetable is indicative only and subject to change. The commencement and quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Qantas reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Investor Relations Enquiries: +61 419 871 138 francesvanreyk@qantas.com.au

IMPORTANT INFORMATION

Future performance and forward-looking statements

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' and similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of Qantas and its related bodies corporate and affiliates and each of their respective directors, securityholders, officers, employees, partners, agents, advisers and management. This includes statements about market and industry trends, which are based on interpretations of market conditions. Refer to the 'Key risks' on slides 19 to 29 of Qantas' investor presentation dated 25 June 2020 ("**Investor Presentation**") for a summary of certain risk factors that may affect Qantas.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of Qantas' business strategies, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to Qantas as at the date of this announcement. Except as required by applicable laws or regulations, none of Qantas, its representatives or advisers undertakes any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and it is not indicative of future performance, including future security prices.

Not for distribution or release in the United States

This announcement may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States unless the securities have been registered under the Securities Act (which Qantas has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

General

In addition, this announcement is subject to the same "Important Notice and Disclaimer" as appears on slides 42 to 48 of the Investor Presentation with any necessary contextual changes.

QANTAS

20 August 2020

ASX Market Announcements Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

Qantas Group FY20 Results ASX and Media Release

Qantas Airways Limited attaches the Qantas Group FY20 Results ASX and Media Release.

Yours faithfully,

Andrew Finch
Group General Counsel and Company Secretary

Authorised for release by Qantas' Board of Directors.

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ASX/Media Release

QANTAS GROUP FY20 FINANCIAL RESULTS – NAVIGATING EXCEPTIONAL CONDITIONS

- Underlying Profit Before Tax: $124 million (down 91%)
- Statutory Loss Before Tax: $2.7 billion (majority of which is non-cash, including aircraft write downs)
- $4 billion revenue impact from COVID crisis in 2H20
- Operating cash flow: $1.1 billion
- Liquidity of $4.5 billion providing considerable buffer to manage uncertainty
- Significant progress on initial steps of three-year recovery plan

Sydney, 20 August 2020: In what has been the most challenging period in its long history, the Qantas Group reported a $124 million Underlying Profit Before Tax for the 12 months ended 30 June 2020, down 91 per cent on the prior year.

This reflects a strong first half of the year ($771 million Underlying Profit Before Tax) followed by a near total collapse in travel demand and a $4 billion drop in revenue in the second half[1] due to the COVID-19 crisis and associated border restrictions.

Fast action to radically cut costs and place much of the flying business into a form of hibernation helped minimise the financial impact from this extraordinary sequence of events. From April to end of June, Group revenue fell 82 per cent while cash costs were reduced by 75 per cent, helping to limit the drop in Underlying Profit Before Tax in 2H20 to $1.2 billion[2].

At the statutory level, the Group reported a $2.7 billion Loss Before Tax — due mostly to a $1.4 billion non-cash write down of assets including the A380 fleet and $642 million in one-off redundancy and other costs as part of restructuring the business for recovery.

Despite significant uncertainty across most markets, the Group remains well positioned to take advantage of the eventual return of domestic and, ultimately, international travel demand. In the meantime, Qantas Freight and Qantas Loyalty continue to generate significant cashflow and charter operations for the resources sector are performing strongly.

[1] Compared to 2H19.
[2] Compared to 2H19.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said the second half of FY20 was the toughest set of conditions the national carrier had faced in its 100 years – but that it had the resilience to deal with them.

"The impact of COVID on all airlines is clear. It's devastating and it will be a question of survival for many. What makes Qantas different is that we entered this crisis with a strong balance sheet and we moved fast to put ourselves in a good position to wait for the recovery.

"We've had to make some very tough decisions in the past few months to guarantee our future. At least 6,000 of our people will leave the business through no fault of their own, and thousands more will be stood down for a long time.

"Recovery will take time and it will be choppy. We've already had setbacks with borders opening and then closing again. But we know that travel is at the top of people's wish lists and that demand will return as soon as restrictions lift. That means we can get more of our people back to work.

"COVID is reshaping the competitive landscape and that presents a mix of challenges and opportunities for us. Most airlines will come through this crisis a lot leaner, which means we have to reinvent how we run parts of our business to succeed in a changed market."

Mr Joyce said the FY20 result showed how the COVID crisis had derailed what would have been a strong financial performance.

"We were on track for another profit above $1 billion when this crisis struck. The fact that we still delivered a full year underlying profit shows how quickly we adjusted when revenue collapsed.

"Qantas Loyalty's profit was down less than 10 per cent and member satisfaction increased in the fourth quarter, which shows the strength of that business. Qantas Freight has been a major beneficiary of the shift to people shopping online and our charter flying for resources companies is strong.

"COVID will continue to have a huge impact on our business and we're expecting a significant underlying loss in FY21.

"Looking further ahead, we're in a good position to ride out this storm and make the most of the recovery. Our market position is set to strengthen as the only Australian airline with a full service and low fares domestic offering as well as long haul international services," added Mr Joyce.

GROUP DOMESTIC

A very strong performance by Group Domestic in the first half more than offset the 50 per cent drop in revenue in the second half caused by COVID-related restrictions.

Qantas Domestic achieved EBIT of $173 million while Jetstar's domestic flying achieved EBIT of $112 million, including absorbing a $33 million impact of industrial action over the peak summer period.

Both Qantas and Jetstar demonstrated high levels of adaptability in responding to cascading domestic border restrictions – cutting costs and maximising limited revenue opportunities. This included launching new Qantas routes such as Sydney to Ballina and Orange, and redeploying A320s to meet resources sector demand in Western Australia.

A three-day Jetstar sale in June saw some 150,000 fares sold, reaching a record rate of 220 bookings per minute – demonstrating the latent demand for travel when borders do re-open.

As a result of the Group's main domestic competitor significantly reducing its fleet and closing its low-cost carrier, the Group expects its market share to naturally grow from around 60 per cent to up to 70 per cent as the market recovers.

GROUP INTERNATIONAL

Qantas International made a $56 million profit for the year, driven largely by a record performance by Qantas Freight and a huge increase in e-commerce.

The Group's regular scheduled international flights effectively ceased in April, replaced by over 100 services operated by Qantas on behalf of the Federal Government to cities including Hong Kong, London, Los Angles, Lima, Buenos Aires and Mumbai.

Jetstar's international businesses moved into losses driven by border closures. Domestic flying in New Zealand was planning a return to near-full capacity by end-August but remains flexible given changing restrictions.

Jetstar Asia in Singapore is reducing its fleet and workforce by more than 25 per cent. Jetstar Japan was impacted by local lockdowns but resumed all domestic routes in July and is planning to operate 75 per cent of pre-COVID capacity in August.

In June, the Group announced its plans to exit Jetstar Pacific in Vietnam, of which it is a 30 per cent shareholder.

QANTAS LOYALTY

Qantas Loyalty achieved an underlying EBIT of $341 million – the largest single positive contribution to the Group's FY20 profit and only 9 per cent lower than its result last year. The main reasons for this decline were lower earnings from travel-related products and a softening in consumer spending on credit cards.

Total Frequent Flyer membership increased by 4 per cent and membership of the Qantas Business Rewards program (aimed at small enterprises) increased by 20 per cent.

Despite limited opportunities to redeem points for travel, Frequent Flyer member satisfaction set a quarterly record in Q4. This is supported by engagement initiatives including automatic extension of tier status for 12 months; more opportunities to earn points on the ground, including with BP fuel (with more than 500,000 signing up for this part of the program) and Afterpay (with 55,000 members signing up to earn in the first four weeks); and a significant increase in reward seats on domestic flights.

Other new businesses, including retail, health insurance and car insurance, continued to diversify Loyalty's earnings.

GOVERNMENT SUPPORT

The Group acknowledges the significant industry assistance provided by the Federal Government in response to COVID, reflecting the importance of aviation to the broader economy.

As one of the most heavily impacted companies, the Qantas Group collected $267 million in JobKeeper payments, the majority of which was paid directly to employees on stand down and the rest used to subsidise wages of those still working.

Qantas and Jetstar operated a series of domestic, regional and international flights on behalf of the Federal Government, as well as some freight services, to maintain critical links that had been made commercially unviable by travel restrictions. These flights were operated on a fee-for-service basis, with fare revenue offsetting the cost to the taxpayer.

To 30 June 2020, the total gross benefit of Government support was $515 million and the net benefit (after costs for flights operated) was $15 million.

The nature of ongoing industry assistance means the level of support received in FY21 will depend on the amount of flying activity.

SUPPORTING OUR CUSTOMERS

A number of customer initiatives were introduced during the year, including:

- Launched the Fly Well program with range of measures (including masks, hand sanitising stations, changes to inflight service) to ensure a safe travel environment and give extra peace of mind.
- Offered customers with new bookings the option to move flights with no change or cancellation fees.
- Significantly increased flexibility for travel credits as well as providing refunds.

SUPPORTING OUR PEOPLE

In recognition of the significant impact of the COVID crisis on its people, the Group has put a variety of support mechanisms in place, including:

- Working with other companies to connect people on stand down with secondary employment opportunities.
- Offering a suite of support mechanisms, including financial counselling and psychological support.
- Running weekly virtual town hall meetings to give updates and answer live questions.
- Offering voluntary (rather than compulsory) redundancy wherever possible and providing large severance payouts for long-serving employees in particular.

FINANCIAL FRAMEWORK

The Group's available liquidity was $4.5 billion at 30 June 2020, including $1 billion of undrawn facilities.

The Group successfully raised more than $1.4 billion through a fully underwritten institutional placement and retail Share Purchase Plan.

As at 30 June 2020, net debt was $4.7 billion and remains at the lower end of the target range. The Group has no major debt maturities until June 2021 and no financial covenants on debt.

Planned net capital expenditure was reduced by $400 million in the second half for a total of $1.6 billion for FY20. Significant further reductions are forecast in FY21 with the deferral of 787-9 and A321neo deliveries to meet the Group's requirements.

FUEL HEDGING

The Group's fuel consumption was fully hedged for the second half of FY20 and 90 per cent hedged for the first half of FY21 with significant participation to falling prices. Given the significant decline in flying activity from April 2020 and the anticipated decline in fuel consumption in FY21, the Group has recognised $571 million of de-designated hedge losses in the FY20 statutory result.

UPDATE ON RECOVERY PLAN

Implementation of the three-year recovery plan, announced in June 2020, is well underway. The plan will create a stronger platform for future profitability, long-term shareholder value and preserve as many jobs as possible.

Several key parts of the plan are complete or in progress, including:

- Around 4,000 of at least 6,000 redundancies expected to be finalised by end-September 2020, with continued union consultation.
- Ongoing stand down of around 20,000 employees, enabling retention of core skills until work returns.
- Early retirement of the Boeing 747 fleet and more than 100 aircraft now in storage (in a state that significantly reduces the need for ongoing maintenance).
- Raised $1.4 billion in equity in addition to the $1.75 billion of long term debt funding secured during the second half of FY20.

The plan targets $15 billion in benefits over three years from reduced activity, with $1 billion per annum in ongoing cost savings from FY23 through efficiency gains across the Group.

Recent developments in Victoria and the reimposition of some border restrictions in other parts of Australia are not expected to have a material impact on the delivery of the three-year plan.

OUTLOOK

The Group's recovery plan allows for a high level of flexibility given uncertainty on border restrictions and travel demand, while also acknowledging the critical nature of air transport to the Australian economy. Key assumptions and indicators at this stage include:

Group Domestic

- Given current border restrictions, 20 per cent of pre-COVID Group Domestic capacity is scheduled for August.
- Recent sales activity shows high levels of latent travel demand when restrictions are eased.

Group International

- International network unlikely to restart before July 2021; possibly earlier for Trans Tasman.

Loyalty

- Expected to continue strong cash flow contribution in FY21.
- Recovery in domestic travel an opportunity to increase reward seats and maintain member engagement.
- Actively growing opportunity to earn points on the ground, but this is linked to broader consumer confidence levels.

Qantas Freight

- Domestic demand expected to remain strong due to growth in e-commerce.
- Strong international freight demand expected to continue but not at peak levels seen in 4Q20.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

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QANTAS GROUP MARKET UPDATE – FOCUSING ON REPAIR AND RECOVERY

- Group Domestic capacity at 68 per cent of pre-COVID levels for December, rising to nearly 80 per cent for Quarter Three.
- Maintaining strong liquidity of $3.6 billion.
- Balance sheet repair process expected to begin in Second Half of FY21.
- Restructuring and recovery program remains on track to deliver at least $1 billion in annual savings from FY23.

Sydney, 3 December 2020: The Qantas Group expects to start repairing its balance sheet during the second half of FY21, as the impact of domestic borders re-opening, progress on cost reduction programs and the continued strong performance of Loyalty and Freight divisions help it move in to recovery mode.

While the Group will post a substantial statutory loss for FY21, it expects to be close to break even at the Underlying EBITDA level for the first half and net free cash flow positive (excluding redundancies) in the second half – allowing the repair process to begin.

This assumes no material domestic border closures. It also assumes no material international travel until at least the end of June 2021 beyond an increase in Trans Tasman flying to New Zealand, though this could improve depending on the speed of vaccines rolling out.

UPDATE ON LIQUIDITY

While progress on vaccines provides additional confidence that the worst of this crisis has passed, the Qantas Group intends to maintain strong liquidity to protect against additional, unexpected shocks.

A significant backlog of supplier payments and refunds have now been cleared and, by 31 December 2020, approximately 50 per cent of redundancy payments associated with 8,500 job losses will have been made.

As at 30 November 2020, the Group had $3.6 billion in available liquidity – made up of $2.6 billion in cash and $1.0 billion in an undrawn revolving credit facility. This facility is expected to be increased by about $500 million before 31 December 2020 to provide additional standby liquidity.

Since 30 June 2020 the Group has raised $715m of additional debt[1] and a further $72 million from finalisation of the retail portion of its $1.4 billion equity raising earlier in the year.

There are no further material debts maturing until April 2022 and no financial covenants on the Group's debt. Net debt has risen from $4.7 billion at 30 June to $5.9 billion as at 30 November 2020.

[1] As previously announced, this includes $400 million to refinance a bond maturing in June 2021, $70 million of which has already been repaid.

The Group remains one of only a handful of airlines in the world to retain an investment grade credit rating through the pandemic.

UPDATE ON RECOVERY PROGRAM

Ongoing uncertainty due to the COVID crisis – and structural changes within the aviation industry – underscores the importance of the Qantas Group's own program of restructuring.

The recovery plan announced in June this year is on track to deliver $600 million in structural cost benefits in FY21, reaching at least $1 billion in annual cost improvements from FY23 onwards.

Part of this included a review of Qantas' ground handling operations, with a decision made to outsource the remainder of this function and deliver savings of $100 million a year. Combined with changes at Jetstar, this will regrettably result in a further 2,500 people leaving the company, taking the total number of job losses across the Group due to COVID to 8,500.

Of this total, more than 5,000 roles will have left the business by 31 December this year, the vast majority via voluntary redundancy.

The recent increase in domestic travel has seen the number of full time equivalent roles stood up increase from around 9,000 in October to 11,500 in December; this is expected to increase to around 14,000 in Quarter Three. Currently, approximately 13,500 roles remain stood down.

UPDATE ON KEY BUSINESS UNITS

Group Domestic capacity will increase to 68 per cent of pre-COVID levels for December, rising to nearly 80 per cent for Quarter Three. This compares with 20 per cent capacity in Quarter One and around 40 per cent for Quarter Two.

The Group expects its current domestic market share of above 70 per cent to be maintained.

Changes in the broader domestic market have seen a number of large corporate customers move to Qantas this year, a trend that has accelerated in the past few months.

Qantas continues to work with travel agencies to reduce its selling costs while also creating better selling opportunities for these important partners. New multi-year agreements have so far been finalised with 10 of the top 12 agencies.

The Group's international operations remain largely grounded, with the exceptions being ongoing repatriation services and a limited number of flights to New Zealand under a one-way bubble arrangement.

In October, Qantas restarted repatriation flights from India, South Africa and United Kingdom, bringing the total number of these services run on behalf of the Australian Government to almost 150 since the start of the pandemic. A further 24 flights, operated by its fleet of 787 Dreamliners, are planned in December and January, including direct services from France and Germany. Additional services are expected as quarantine capacity becomes available.

Qantas Freight continues to perform extremely well due to the spike in e-commerce volumes across its domestic freighter network and higher yields on the international freighter network. Additional services have been added between Los Angeles, Sydney and Hong Kong and several passenger aircraft are currently being operated as freighters to provide more capacity. Qantas Freight is also doing preliminary work on logistics for transporting COVID-19 vaccines at cold temperatures.

Qantas Loyalty, while not immune from the impacts on travel demand, has shown a very high level of resilience and continues to generate significant cash flow. Financial services and retail partners were the two main earnings drivers, followed by Loyalty's own ventures. In the past 12 months, members have earned more than 1 billion points on Qantas-branded insurance products. An expansion of those products has been announced today with the launch of Qantas Home Insurance.

A status match offer launched last week aimed at frequent flyers of other airlines has so far resulted in several thousand high-tier members applying to switch to Qantas' program.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said: "We've seen a vast improvement in trading conditions over the past month as many more people are finally able to travel domestically again.

"There's been a rush of bookings as each border restriction lifted, showing that there's plenty of latent travel demand across both leisure and business sectors.

"Between Qantas and Jetstar, there were over 200,000 fares sold for flights to Queensland in 72 hours after the border openings with Sydney and Victoria were announced. We're also seeing people booking several months in advance, which reflects more confidence than we've seen for some time.

"Bringing domestic capacity back to almost 70 per cent in December is very positive compared to where we've been, and so is seeing more of our people back at work. But overall the Group is still a long way off anything approaching normal.

"It's unclear what shape the domestic economy will be in next year, particularly once broader government support winds back. Until a vaccine is rolled out, the risk of more outbreaks remains.

"International travel is likely to be at a virtual standstill until at least July next year and it will take years to fully recover, which means we're carrying the overhead for billions of dollars worth of aircraft in the meantime. We're also facing a revenue drop of at least $11 billion this financial year alone compared to pre-COVID.

"Overall, we're optimistic about the recovery but we're also cautious given the various unknowns. We also have a lot of repair work to do on our balance sheet from the extra debt we've taken on to get through the past nine months.

"That's why we remain focused on delivering on our recovery program, which unfortunately involves following through on some hard decisions to restructure and respond to the new set of circumstances we're faced with."

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Investor Relations Enquiries: +61 419 871 138 francesvanreyk@qantas.com.au

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QANTAS GROUP POSTS HALF YEAR LOSS; FOCUSING ON CASH GENERATION TO REPAIR BALANCE SHEET

- Underlying Loss Before Tax: $1.03 billion
- Statutory Loss Before Tax: $1.47 billion
- $6.9 billion revenue impact from COVID-19 crisis in HY21 (down 75%)
- Underlying operating cash flow: $1.05 billion
- Total liquidity of $4.2 billion, providing capital for restructuring and buffer against uncertainty
- Domestic airlines generating positive underlying cash flow
- Losses in Qantas International offset by record Qantas Freight performance
- Continued strong cash generation by Qantas Loyalty
- Restructuring program on track to deliver $0.6 billion in cost benefits in FY21
- International flying now aiming to restart end-October 2021

Sydney, 25 February 2021: The Qantas Group has continued to navigate the impacts of the COVID crisis as it positions the company for recovery and balance sheet repair.

In the six month period – which covered Victoria's extended lockdown and nationwide border closures – the Group managed to limit a $6.9 billion drop in revenue into a $1.03 billion Underlying Loss Before Tax.

The Group generated Underlying EBITDA of $86 million, reflecting the fundamental resilience of the portfolio.

The Group's Statutory Loss Before Tax was $1.47 billion. This included further redundancy and restructuring costs of $284 million (in addition to the $642 million provided for in FY20) and a further $71 million writedown of the A380 fleet in-line with its Australian dollar market value.

CEO COMMENTS

Qantas Group CEO Alan Joyce said: "These figures are stark but not surprising.

"During the half we saw the second wave in Victoria and the strictest domestic travel restrictions since the pandemic began. Virtually all of our international flying and 70 per cent of domestic flying stopped, and with it went three-quarters of our revenue.

"Despite the huge challenges, these results show the Group's underlying strength.

"When we had the opportunity to fly domestically, we saw significant pent up travel demand and generated positive cash flow.

"Qantas Loyalty still had significant income because the program has evolved to the stage where the vast majority of points are earned from activity on the ground. Qantas Freight had a record result and has been a natural hedge to the lack of international passenger flying, which has created a shortage of cargo space globally.

"These factors couldn't overcome the massive impact of this crisis, but they have softened it.

We've maintained a high level of liquidity because we were quick to cut costs and because we've been able to raise debt and equity. This gives us the breathing room to deal with the levels of uncertainty we're still facing, and funding for the restructuring that will ultimately speed up our recovery.

"Our priorities remain the safety of everyone who travels with us, getting as many of our people back to work as possible and generating positive cash flow to repair our balance sheet.

"The COVID vaccine rollout in Australia will take time, but the fact it's underway gives us more certainty. More certainty that domestic borders can stay open because frontline and quarantine workers will be vaccinated in a matter of weeks. And more certainty that international borders can open when the nationwide rollout is effectively complete by the end of October."

GROUP DOMESTIC

The Group's domestic flying operations across Qantas, QantasLink and Jetstar generated positive underlying cashflow despite a circa 70 per cent decline in both revenue and capacity.

Underlying EBITDA was positive $71 million, with depreciation and amortisation taking this to an EBIT loss of $407 million.

Improved planning processes have allowed rapid network and schedule changes that minimise exposure to sudden border closures and maximise revenue opportunities within a patchwork of restrictions. Twenty-three new domestic routes were announced in response to changing demand patterns as people looked for opportunities to travel within Australia. More new routes are planned in the second half.

Continued demand from the resources sector provided strong cashflow, with four additional Airbus A320s moved to Western Australia to support growth.

Broader restructuring will deliver significant and ongoing unit cost improvements across Qantas and Jetstar, with further cost reductions to be realised in the second half.

The Group's domestic market share rose to around 70 per cent, helped by the addition of more than 20 large corporate accounts as well as growth in small-to-medium enterprises choosing Qantas in particular.

Both Qantas and Jetstar saw extremely strong leisure demand during periods when travel restrictions eased. Jetstar saw a trebling of bookings in November, with more than 250,000 bookings during sale activity.

GROUP INTERNATIONAL AND FREIGHT

Continued border closures meant international operations remained largely grounded throughout the first half, resulting in an Underlying EBITDA loss of $86 million for Group International, with depreciation and amortisation taking this loss to $549 million. This was mostly driven by the cost of carrying the assets in these businesses but partly offset by a record performance by Qantas Freight.

The lack of passenger flights has created a temporary global shortage of space for cargo at a time when e-commerce is also surging – which Qantas Freight has been able to capitalise on. While this will ease when more international passenger services resume, much of the increased demand for e-commerce is expected to continue.

Qantas Freight received its first of three Airbus A321 freighters in October, taking its total operational fleet to 19. In addition, some of the Group's passenger A330s and 787s are being used for freight-only operations.

Repatriation services operated on behalf of the Australian Government, plus flights to New Zealand as part of a one-way bubble arrangement, meant the Qantas Group operated 8 per cent[1] of its pre-COVID flying – providing important operational readiness for the eventual opening of borders.

Jetstar airlines in Asia had their own COVID-related impacts, which couldn't be softened to the same extent as Australian-based parts of the Group. In response, cash outflows and fleet sizes are being reduced, including six A320 aircraft from Jetstar Japan that will be relocated to the Australian domestic market given opportunities locally for cash positive flying.

QANTAS LOYALTY

Qantas Loyalty generated a strong cash contribution of $454 million despite limitations on travel redemptions and a 10 per cent decline in total credit card spending on Qantas Points Earning Credit Cards – two of its main revenue drivers.

Underlying Earnings Before Interest and Tax were $125 million (down 29 per cent versus pre-COVID).

Loyalty's performance showed the benefits of diversifying the program in recent years, as well as high levels of engagement from members continuing to earn points on the ground.

Qantas health insurance grew in a generally static market and an expansion into home insurance was launched in December 2020. Shifts in consumer behaviour during lockdown saw record revenue for Qantas Wine (up 74 per cent) and the Qantas Rewards Store (up 41 per cent).

Frequent Flyers continue to prioritise using their points for travel, with record levels of redemptions for flights (up 2.5 times) when domestic travel restrictions eased in November. A further spike is expected once international travel resumes, which will also drive earnings.

Qantas Loyalty signed multi-year deals with three of the major banks, including a significant expansion with Commonwealth Bank to be rolled out later this calendar year. A new and much broader partnership with Accor will also launch in mid-2021.

LOOKING AFTER CUSTOMERS

Looking after customers remains core, with a focus on creating COVID-safe environments across Qantas and Jetstar and offering high levels of flexibility to help offset uncertainty on borders. Recent initiatives and improvements include:

- **Fly Well** – using technology to minimise physical contact at airports; social distancing in lounges; providing masks and sanitising wipes on board; and enhanced cleaning throughout. (The allied Work Well program applies COVID-safe principles for employees in both frontline and office-based roles.)
- **Fly Flexible** – offering unlimited date changes on all Qantas domestic and international fares through to at least February 2022, removing the biggest barrier to booking while border uncertainty persists.
- **Rewarding loyalty** – a further 12 month status retain offer for Frequent Flyers; offering status match to high-tier members of other airline programs; and increasing the number of reward seats on domestic flights by 50 per cent.
- **Better value** – extending complimentary drinks service on all Qantas domestic flights, in addition to existing inclusions like free Wi-Fi on 737s; eligible customers have access to 35 domestic lounges compared to the main competitor's seven; Jetstar domestic fares as low as $19.
- **Extension of flight vouchers** – Qantas has extended credit vouchers to enable travel until 31 December 2023 on domestic or international flights, with Jetstar doing the same for vouchers issued due to COVID-19 disruptions.

[1] On a block hours basis.

With the decision announced today to delay the restart of scheduled international flights (with the exception of Trans Tasman) from 1 July 2021 to 31 October 2021, impacted Qantas and Jetstar customers will be contacted directly and offered alternatives. *(See separate release for more detail.)*

FINANCIAL FRAMEWORK

The Group is one of only eight airlines in the world to retain an investment grade credit rating through the pandemic.

It maintains strong liquidity despite the revenue impact of travel restrictions and one-off redundancies, refunds and supplier payments. As at 31 December 2020, total cash was $2.6 billion and committed undrawn facilities were $1.6 billion (an increase of $600 million). Net debt was $6.05 billion.

The Group has more than $2.5 billion in unencumbered assets.

Net capital expenditure was $514 million in the first half, mostly for maintenance on the Group's fleet.

RECOVERY PROGRAM

Key to the Group's recovery from the COVID crisis is its plan for major restructuring over three years. This will deliver at least $1 billion in permanent annual savings from FY23 onwards.

The interim target of $600 million in permanent savings for FY21 remains on track.

As previously announced, this unfortunately involves the difficult decision of at least 8,500 people leaving the organisation. More than 5,000 have left so far with the remainder to have left by the end of FY21. A total of 14,500 full time equivalent roles are now stood up while around 11,000 full time equivalent roles remain stood down, most of which are associated with international flying.

Significant permanent savings are also being achieved through the following:

- New deals with major travel agents, reducing cost of sale.
- Rationalisation of the Group's property footprint, including handback or subleasing of surplus office space. Finalisation of a major review, which includes Qantas and Jetstar head offices, is expected by the end of March.
- Renegotiation of supplier deals (including expiring aircraft leases).

GOVERNMENT SUPPORT

Continued assistance from the Federal Government has helped the Group and thousands of its people deal with the profound impact of COVID-related travel restrictions.

The majority of this assistance has been in the form of JobKeeper payments that flowed directly to Qantas Group employees who are not working.

Support for regional and domestic passenger flights, and for some international freight routes, which would not otherwise have been commercially viable, helped to keep key transport links active.

Since the start of the pandemic, the Group has operated more than 200 flights as part of repatriation efforts by the Federal Government to bring Australians home from countries including India, UK, France and South Africa.

OUTLOOK

Recent domestic border closures have delayed the Group's recovery by an estimated three months. Based on a variety of factors, the working assumption for international travel to restart has moved to the end October 2021, with the exception of a material increase in trans-Tasman flying scheduled for July 2021.

Despite these setbacks, the Group's liquidity, position in the domestic market and progress towards restructuring gives confidence that the overall recovery plan remains on track. This is bolstered by the latest data on vaccine effectiveness and the increased pace of rollout globally.

Key assumptions for FY21 are:

- Group Domestic capacity expected to increase to 60% of pre-COVID levels in 3Q21 and 80% in 4Q21.
- Group International capacity currently at approximately 8% of pre-COVID levels (trans-Tasman and repatriation flights) on a block hours basis and unlikely to materially increase during 2H21. However, this level of activity reduces cost and lead time for re-activating the international network.
- Impact of domestic border closures since December 2020 on 2H21 EBITDA estimated to be ~$350-450m (exacerbated by coinciding with peak travel period).
- Continuing to manage the business to a positive net free cash flow (excluding one-offs).
- Net debt expected to peak in 2H21; balance sheet repair to begin in 4Q21.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Investor Relations Enquiries: +61 419 871 138 francesvanreyk@qantas.com.au

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ASX/Media Release

QANTAS GROUP RECOVERY GATHERS SPEED

- Group Domestic capacity increasing beyond previous estimates to reach 90 per cent of pre-COVID levels in Q4 FY21; Jetstar to exceed 100 per cent due to strong leisure demand.
- All Qantas and Jetstar domestic crew now back at work.
- Recovery strategy puts short term focus on cash positive flying over profit margins – meaning more low fares to help drive demand.
- Continuing to target resumption of rest of international network from late October; continued flexibility for customers.
- Premium international lounges in Sydney, Melbourne and Brisbane to reopen.
- New deal signed with Accor.

Sydney, 15 April 2021: Growing domestic demand and the opening of a two-way travel bubble with New Zealand are helping keep the Qantas Group's recovery on track and allowing more parts of the business to be brought out of hibernation.

UPDATE ON DOMESTIC TRAVEL DEMAND

An earlier recovery in domestic travel received a major setback from lockdowns during the peak Christmas and New Year travel period, which had a prolonged impact on consumer confidence. This cost the Group an estimated $400 million in lost earnings (EBITDA) for FY21.

The recent Brisbane lockdown came on the eve of the peak Easter travel period but was much shorter and was met with far more measured responses from various states. The direct impact on the Qantas Group is estimated at $29 million EBITDA for FY21.

The current environment is characterised by extremely strong leisure demand – helped by the Federal Government's half-price fare offer – and the return of the majority of corporate and small to medium business travel. As a result, the Group is revising its estimates of reaching 80 per cent of its pre-COVID domestic capacity for the fourth quarter of FY21 and is now expecting this to be beyond 90 per cent, provided there are no significant border closures.

The Group's short-term strategy remains generating positive cashflow rather than returning to pre-COVID profit margins – meaning the positive impact on FY21 earnings from this increased activity will be relatively small. In turn, this means even more low fares that will continue to stimulate demand.

The continued growth in domestic capacity is expected to continue into FY22, with Jetstar to reach 120 per cent of pre-COVID levels, and Qantas to be at 107 per cent.

The Qantas Group continues to respond to new travel demand patterns, which has led to 34 new domestic routes being added since July last year. This continued focus on maintaining its strategic and competitive position, including its network and frequency advantages, puts the Group's market share at around 70 per cent.

FLEET UPDATE

To help meet increased demand for low fares leisure travel and fill structural gaps in the Australian market, Jetstar will deploy six Airbus A320 aircraft on loan from Jetstar Japan on leisure routes.

Jetstar also expects to deploy up to five of its Boeing 787-8 aircraft, usually flown on international routes, in the domestic market from mid-year until international flying returns. On sale from today, these 335-seat aircraft will initially be flown between Melbourne/Sydney-Gold Coast and Melbourne/Sydney-Cairns.

The Group has also engaged Alliance Airlines to operate three Embraer E190 aircraft from May to provide capacity on existing Qantas routes in northern and central Australia. Under an agreement announced earlier this year, Qantas can access up to 14 E190 aircraft from Alliance Airlines, giving it the flexibility to respond to changes in demand.

During the fourth quarter, 90 per cent of the Group's aircraft will be active, compared with just 25 per cent at the height of the national lockdown in mid-2020. Qantas and Jetstar will have more aircraft operating on domestic and resources markets than pre-COVID, including all Boeing 737s and Airbus A320/A321s. Some aircraft which operate international flights including the entire A380 fleet (which are in long-term storage) and some Airbus A330s and Jetstar 787-8s, have not resumed flying.

All Qantas' 787-9s have been reactivated and are operating repatriation flights on behalf of the Australian Government and some freight-only services.

RESPONSE TO TRANS-TASMAN BUBBLE

Qantas and Jetstar have seen strong demand since the two-way trans-Tasman bubble was announced with tens of thousands of bookings made in the first few days. The rate of Frequent Flyers using Qantas Points to book seats on the Tasman was 80 times higher than normal for the first four hours.

Flight bookings for the first few weeks of travel are stronger out of Australia than New Zealand, with capacity reduced to reflect demand patterns seen during the short two-week booking period. From late-May, Qantas has added more flights to fill gaps left in the market and meet expected demand over the ski season.

Today, Qantas announced its international First lounges in Sydney and Melbourne along with its Premium Lounge in Brisbane will reopen from 19 April 2021 to coincide with the trans-Tasman travel bubble. These lounges have been closed for more than a year.

Platinum One, Platinum and Gold frequent flyers along with Business customers and Qantas Club members flying on the Tasman will be invited to visit these two First lounges until the airline's other international lounges reopen.

INTERNATIONAL RESTART

Preparations for the reopening of international borders and the resumption of international flights in late October (beyond flights between Australia and New Zealand) are continuing, including reactivating aircraft and training employees.

The Group maintains flexibility to bring forward, push back or stagger the resumption of our international flights to align with any updates to the Australian Government's COVID-19 vaccine rollout timeline or approach to international travel.

Additional flexibility for Qantas international bookings is in place to allow fee-free flight date changes to enable customers to book flights with confidence. Jetstar offers the option of purchasing FareCredit on bookings which allow passengers to cancel flights for any reason.

QANTAS AND ACCOR RENEW LOUNGE AGREEMENT

Qantas and Accor have signed a new seven-year agreement for the world-leading hospitality group to continue management of Qantas lounges in Australia and overseas.

The new agreement is an extension of the 14-year partnership with Accor providing day-to-day management of food and beverage services and employee training across the airline's network of domestic and international lounges.

COMMENTS FROM QANTAS GROUP CEO, ALAN JOYCE

"We're now seeing really positive signs of sustained recovery.

"This is the longest run of relative stability we've had with domestic borders for over a year and it's reflected in the strong travel demand we saw over Easter and the forward bookings that are flowing in each week from all parts of the market.

"The Australian Government's half-price fares program is having a direct and indirect impact on the sector.

"The direct response to the program has been fantastic, with over 250,000 fares sold in the first two weeks.

"Indirectly, we saw a big spike in travel demand before the fares even went on sale because the announcement itself gave people confidence, which is something that had been missing for months.

"Corporate travel, including the small business segment, is now back to around 65 per cent of pre-COVID levels, and increasing month-on-month.

"The two-way bubble with New Zealand is great news for the tourism sector as a whole. It means we can bring other parts of our business out of hibernation, like our aircraft and First lounges in Australia.

"The increased domestic flying and resumption of flights across the Tasman are also helping get more of our people back to work.

"It's important to keep this uptick in perspective. We are still facing a massive financial loss this year, which will be the second one in a row. We've lost more than $11 billion in revenue since the pandemic started and that number will keep growing until international travel recovers.

"We've used debt and shareholder equity to get through to this point, and our people have had the benefit of direct government support, which continues for those still stood down due to international border closures.

"As the recent lockdown in Brisbane showed, airlines and many other sectors remain vulnerable to snap travel restrictions until Australia's vaccination rollout is complete.

"The vaccination program is absolutely key to restarting international flights in and out of Australia. While there have clearly been some speedbumps with the vaccine rollout, we are still planning for international flights to resume in late October. We remain in regular dialogue with the Government."

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au
Investor Relations Enquiries: +61 419 871 138 francesvanreyk@qantas.com.au

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QANTAS GROUP MARKET UPDATE – BALANCE SHEET REPAIR UNDERWAY

- Sustained domestic recovery driving strong cash generation.
- Statutory free cash flow positive for 2H21; Jetstar Underlying EBIT positive in April.
- Underlying EBITDA of $400-450 million expected in FY21.
- Strong total liquidity position of $4.0 billion[1].
- Net debt has peaked and starting to decline.
- Forecast statutory loss before tax of more than $2 billion in FY21.
- Qantas Loyalty returning to earnings growth in 2H21.
- Revised assumption for phased return of material international flying from late December 2021 onwards.
- Recovery program on track to deliver $600 million ongoing cost reduction in FY21.

Sydney, 20 May 2021: A sustained rebound in domestic travel demand, and the performance of its Freight and Loyalty divisions, continues to drive the Qantas Group's recovery from the impacts of COVID-19.

Based on current trading conditions the Group expects to be statutory free cash flow positive for the second half of FY21. Net debt levels peaked in February at $6.4 billion and are expected to be lower than they were in December ($6.05 billion) by the end of the financial year.

Liquidity levels remain strong with total funds of $4.0 billion, including cash of $2.4 billion and $1.6 billion of undrawn debt facilities as at 30 April 2021.

The total revenue loss for the Group since the start of COVID[2] is now projected to reach $16 billion by the end of FY21 – however the role of domestic travel demand in the Group's recovery is highlighted by the fact revenue from domestic flying is expected to almost double between the first and second half of this financial year.

Assuming no further lockdowns or significant domestic travel restrictions, the Group expects to be Underlying EBITDA positive in the range of $400 – 450 million for FY21. At a statutory level before tax, the Group is still expecting a loss in excess of $2 billion, which includes the significant costs associated with previously announced redundancies, aircraft write downs and non-cash depreciation charges.

GROUP DOMESTIC

Consumer confidence in domestic travel is proving more resilient compared with earlier in the pandemic, despite the temporary tightening of some border restrictions.

A three-day lockdown in Perth during April cost the Group an estimated $15 million in EBITDA. This follows the $29 million impact from the Brisbane lockdown in late March and the Sydney (Northern Beaches) outbreak that resulted in an impact of around $400 million in EBITDA for the period.

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[1] As at 30 April 2021
[2] FY19 is used as a proxy for pre-COVID performance

Corporate travel, including the small business segment, continues to recover and is now at 75 per cent of pre-COVID levels[3] (up from 65 per cent in April). Leisure demand is growing strongly, with deferred international holidays converting into multiple domestic trips.

The Group is on track to reach 95 per cent of its pre-COVID domestic capacity for the fourth quarter of FY21. Qantas and Jetstar expect to average 107 and 120 per cent respectively of their pre-COVID domestic capacity in FY22.

To meet this demand, Qantas and Jetstar have now brought all domestic aircraft back into service. In addition, QantasLink has activated eight (of up to 14) Embraer E190 aircraft as part of its deal with Alliance Airlines. Jetstar is reactivating up to five Boeing 787-8s for domestic use as well as six A320s on loan from Jetstar Japan.

With the increase in domestic leisure travel demand, Qantas and Jetstar have now announced a total of 38 new routes since July last year.

GROUP INTERNATIONAL AND FREIGHT

Travel demand between Australia and New Zealand is rebuilding steadily. Several pauses and additional restrictions from both countries in response to small outbreaks have impacted confidence, leading to capacity being limited to around 60 per cent of pre-COVID levels. This is expected to gradually normalise, following a similar pattern as key domestic routes.

All of Qantas' Boeing 787-9s and about half of its A330 aircraft are active, flying a mix of freight, repatriation and regular passenger services.

Qantas Freight continues to serve as a natural hedge for the downturn in international passenger travel and the cargo capacity that it normally brings. Freight is expected to exceed the revenue it achieved in the first half of FY21.

The Group has revised its expectations for the return of a significant level of international flying from end-October 2021 to late December 2021 (except Trans Tasman). This is in line with the Australian Government's revised timeline for effective completion of the national COVID-19 vaccination program, and the Qantas Group is optimistic that the opportunities for additional travel bubbles with other countries will increase significantly from that point. We will continue to liaise with the Australian Government and adjust our planning assumptions as necessary.

The net cash cost of carrying the international division has improved with the two-way Trans Tasman travel bubble and strong performance from Freight, dropping from $5 million per week to around $3 million.

QANTAS LOYALTY

The Loyalty division continues to perform well, with strong revenue from partners and high engagement from members. It has returned to growth, with second half earnings expected to be higher than the first half of FY21 and the prior corresponding period in FY20.

Redeeming Qantas Points for domestic and now Trans Tasman flights is increasing in popularity, with redemption levels 85 per cent higher in April 2021 compared to the same month pre-COVID.

Status match promotions to attract more high tier members since late 2020 have now resulted in almost 20,000 applications from Gold or Platinum equivalent flyers from other airlines.

RECOVERY PROGRAM

The Group's target of at least $1 billion in annual cost reduction by FY23 is well on track, with $600 million to be delivered this financial year.

[3] Based on May weekly intakes.

Recent developments include:

- Ninety per cent of redundancies associated with the 8,500 job losses (already announced) are complete, with the remainder finalised by the end of FY21.
- A two-year wage freeze will apply to the next round of enterprise agreements across the Group, with 2 per cent annual increases after that compared with 3 per cent pre-COVID. Management will be subject to these same wage conditions.
- As part of reducing its costs of sale, Qantas will lower front-end commissions paid to travel agents on international tickets from 5 per cent to 1 per cent. The change won't take effect until July 2022, giving time for the industry to adapt. Travel agents remain an important partner and Qantas will work them on broader revenue opportunities, particularly through technology.
- The offer of voluntary redundancy for Qantas international cabin crew. This will be run as an expression of interest program and is expected to generate several hundred applications, with the total number accepted to be balanced against retaining key capability for the longer term. This is in addition to job losses already announced.

Of approximately 22,000 roles across the Group, some 16,000 are currently stood up, including all domestic crew, all corporate employees and some international crew.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said:

"We have a long way still to go in this recovery, but it does feel like we're slowly starting to turn the corner.

"It's great to see so many of our people now back at work and the majority of our fleet back in the air. Our recovery strategy of targeting cash-positive flying rather than pre-COVID margins is helping increase activity levels and repair our balance sheet.

"The fact we're making inroads to the debt we needed to get through this crisis shows the business is now on a more sustainable footing. The main driver is the rebound of domestic travel, which now looks like it will be bigger than it was pre-COVID, at least until international borders re-open.

"Jetstar was profitable on an underlying EBIT basis in April, which was largely due to strong leisure demand over Easter and school holidays, but it's an important sign that we're on the right path.

"Managing costs remains a critical part of our recovery, especially given the revenue we've lost and the intensely competitive market we're in.

"We've adjusted our expectations for when international borders will start opening based on the government's new timeline, but our fundamental assumption remains the same – that once the national vaccine rollout is effectively complete, Australia can and should open up. That's why we have aligned the date for international flights restarting in earnest with a successful vaccination program.

"No one wants to lose the tremendous success we've had at managing COVID but rolling out the vaccine totally changes the equation. The risk then flips to Australia being left behind when countries like the US and UK are getting back to normal.

"Australia has to put the same intensity into the vaccine rollout as we've put on lockdowns and restrictions, because only then will we have the confidence to open up."

Media Enquiries: Qantas Media +61 418 210 005qantasmedia@qantas.com.au
Investor Relations Enquiries: +61 419 871 138 francesvanreyk@qantas.com.au
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QANTAS
CELEBRATING 100 YEARS [1920-2020]

ASX/Media Release

3 August 2021

QANTAS GROUP STANDS DOWN 2,500 CREW IN RESPONSE TO ONGOING DOMESTIC BORDER CLOSURES

Around 2,500 frontline Qantas and Jetstar employees will be stood down for an estimated two months in response to ongoing COVID outbreaks.

The stand down is a temporary measure to deal with a significant drop in flying caused by COVID restrictions in Greater Sydney in particular and the knock-on border closures in all other states and territories. **No job losses are expected.**

Today's decision will directly impact domestic pilots, cabin crew and airport workers, mostly in New South Wales but also in other states given the nature of airline networks. Employees will be given two weeks' notice before the stand down takes effect, with pay continuing until mid-August.

Income support in the form of government disaster payments will be key to helping eligible employees get through this challenging period and the Qantas Group welcomes the targeted Federal Government support offered for those stood down outside of declared hotspots and to retain domestic aviation capability.

Qantas Group CEO Alan Joyce said the difficult decision to trigger stand downs reflected the reality confronting many businesses operating in New South Wales.

"This is clearly the last thing we want to do, but we're now faced with an extended period of reduced flying and that means no work for a number of our people.

"We've absorbed a significant amount of cost since these recent lockdowns started and continued paying our people their full rosters despite thousands of cancelled flights.

"Qantas and Jetstar have gone from operating almost 100 per cent of their usual domestic flying[1] in May to less than 40 per cent in July because of lockdowns in three states.

"Hopefully, once other states open back up to South Australia and Victoria in the next week or so, and the current outbreak in Brisbane is brought under control, our domestic flying will come back to around 50 to 60 per cent of normal levels.

"Based on current case numbers, it's reasonable to assume that Sydney's borders will be closed for at least another two months. We know it will take a few weeks once the outbreak is under control before other states open to New South Wales and normal travel can resume.

"Fortunately, we know that once borders do reopen, travel is at the top of people's list and flying tends to come back quickly, so we can get our employees back to work.

"This is extremely challenging for the 2,500 of our people directly impacted, but it's also very different from this time last year when we had more than 20,000 employees stood down and most of our aircraft in hibernation for months on end.

[1] Based on FY19 capacity levels.

"The vaccine rollout means the end is in sight and the concept of lockdowns will be a thing of the past. Australia just needs more people rolling up their sleeves as more vaccine arrives.

"The challenge around opening international borders remains. There are still several thousand Qantas and Jetstar crew who normally fly internationally and who have been on long periods of stand down since the pandemic began. Higher vaccination rates are also key to being able to fly overseas again, and finally getting all our people back to work," added Mr Joyce.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au
Investor Relations Enquiries: +61 0416 058 178 filipkidon@qantas.com.au

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QANTAS GROUP POSTS SIGNIFICANT LOSS FROM FULL YEAR OF COVID

- Underlying Loss Before Tax: $1.83 billion
- Statutory Loss Before Tax: $2.35 billion
- $12 billion revenue impact from COVID-19 crisis in FY21
- Net debt reduced in 2H21 to $5.9 billion
- Statutory Net Free Cash flow of $267 million in 2H21
- Restructuring program ahead of target, delivering $650 million in year one
- Total liquidity of $3.8 billion, providing buffer against uncertainty
- 95 per cent of domestic flying cash positive
- Record performance by Qantas Freight mostly offsetting cost of idling international operations
- Continued strong cash generation, growth in members at Qantas Loyalty
- Updated plan for restart of international services from end-2021
- Ongoing flexibility for customers in response to booking uncertainty

26 August 2021: The Qantas Group has posted a substantial full year loss as a result of the COVID crisis – but has started FY22 in a fundamentally better position to deal with uncertainty and manage its recovery compared with 12 months ago.

Total revenue loss from COVID reached $16 billion as the full year impact of minimal international travel and multiple waves of domestic border restrictions continued to hit travel demand.

The Group's Underlying PBT loss was $1.83 billion. The statutory loss before tax – which includes one-off costs such as redundancies and aircraft write downs – was $2.35 billion. Underlying EBITDA was $410 million, in line with guidance provided in May.

Periods of open domestic borders in the second half saw significant cash generation by Qantas and Jetstar, which helped the Group to reduce net debt from $6.4 billion in February 2021 down to $5.9 billion by the end of June. Throughout the year, cash flow was underpinned by continued strong performance by Qantas Loyalty and significantly higher international yields for Qantas Freight.

As well as delivering an essential service under very challenging circumstances, the Group made significant progress towards its recovery program. Planned rightsizing is largely complete and much restructuring has been implemented. Central to these changes has been the ability to better manage costs in the face of sudden border closures. Cost benefits from the recovery program were ahead of expectations for FY21 at $650 million.

GROUP DOMESTIC

Qantas and Jetstar's combined Underlying EBITDA from domestic flying was $304 million, falling to an Underlying EBIT loss of $669 million after non-cash depreciation and amortisation.

The Group's domestic capacity fell as low as 19 per cent in July 2020 before steadily recovering and then peaking at 92 per cent in May 2021, until outbreaks of the Delta variant triggered a series of lockdowns.

Demand proved resilient throughout the year, with quick uptake in bookings when domestic borders re-opened. The Group has announced 46 new domestic routes since the start of the pandemic, many to regional destinations, in response to a boom in leisure travel driven largely by the closure of international borders. Corporate travel demand had recovered to around 75 per cent of pre-COVID levels in May[1] and Qantas won an additional 34 major accounts across the year. Demand from business, along with leisure travel, is expected to bounce back strongly once lockdowns end.

To better meet this demand, Jetstar is bringing in idle Airbus A320 aircraft from Asia and QantasLink accessed capacity via Alliance Airlines' Embraer E190 aircraft. Going forward, this will help the Group exceed its pre-COVID capacity and market share as restrictions are removed.

GROUP INTERNATIONAL AND FREIGHT

Group International (including Freight) posted an Underlying EBITDA loss of $157 million, increasing to an Underlying EBIT loss of $1.0 billion after depreciation and amortisation.

Qantas and Jetstar's international flying remained largely grounded for most of FY21 due to the continued closure of Australia's borders. A travel bubble between Australia and New Zealand saw some flying return but ongoing outbreaks meant this corridor was heavily restricted at various stages; Qantas' capacity reached an average of 40 per cent of pre-COVID levels during quarter four.

Since the start of the pandemic the Group has operated almost 400 flights repatriating Australians and maintaining critical links to the Pacific and Timor-Leste on behalf of the Australian Government, as well as freight missions to key export markets, with its Airbus A330 and Boeing 787 aircraft. These flights are continuing into FY22 and, together with specific government funding for crew training and engineering support, assist with readiness for regular international travel.

(See separate release, below, on restart plans for Qantas and Jetstar international services.)

Jetstar airlines in Asia, which are based in Singapore and Japan, continued to suffer from minimal travel demand and incurred losses.

Demand for air cargo capacity remained extremely strong through FY21 due to a surge in online shopping in the Australian market and the belly space lost due to the cancellation of most international passenger flights. Qantas Freight was able to capitalise on this demand, delivering a record profit that significantly offset the costs of the Group's grounded international operations.

QANTAS LOYALTY

Qantas Loyalty continued to perform well, generating over $1 billion in gross cash and achieving record member satisfaction.

Underlying EBIT was $272 million despite a full year of COVID-related travel restrictions. Earnings in the second half were higher than the first half of FY21 and higher than the second half of FY20.

While opportunities to redeem Qantas Points in the air were limited, there was extremely strong demand when borders did open. Between January and lockdowns in June, redemption levels on domestic flights were 30 per cent above pre-COVID levels.

Members remained highly engaged, earning and redeeming large volumes of points on the ground. Spending on credit cards linked to Qantas Points returned to pre-COVID levels in the fourth quarter and over 500,000

[1] Based on May weekly intakes.

members have now earned points through the partnership with bp Australia. There were record levels of points redeemed via Qantas Wine and the Qantas Store, in line with broader consumer trends.

In a year with minimal air travel, the total number of Frequent Flyer members grew by almost 200,000 to reach 13.6 million. The Qantas Insurance portfolio also continued to grow.

SUPPORTING OUR CUSTOMERS

A number of initiatives have been introduced to make travel easier and safer for customers in the midst of the COVID crisis, including:

- Extending Frequent Flyers status and offering status match to high-tier members of other airline programs.
- Offering unlimited date changes on all Qantas domestic and international fares through to at least February 2022.
- Increasing the number of reward seats available on domestic, Trans-Tasman and international flights by up to 50 per cent, providing members with more opportunities to use their points to travel when borders are open.
- Practical support of the national COVID-19 vaccine rollout to help create a safer travel experience, including plans to make vaccination a requirement for all Qantas Group employees and offering rewards to Frequent Flyers who are fully vaccinated. The COVID-safe Fly Well and Work Well programs remain in place.

FINANCIAL FRAMEWORK

The Qantas Group remains one of only seven airlines in the world to retain an investment grade credit rating[2] throughout the pandemic. Its focus remains on cost control and cash generation to enable continued debt reduction back to its target range.

As at 30 June 2021, the Group had total liquidity of $3.8 billion – made up of $2.2 billion in cash plus committed undrawn facilities of $1.6 billion. Major cash outflows associated with redundancies, refunds and delayed supplier payments are largely complete. The Group has more than $2.5 billion in unencumbered assets.

Net capital expenditure was $693 million, mostly for maintenance on the Group's fleet.

An Expression of Interest process was launched in July 2021 to sell up to 14 hectares of under-developed industrial land in Mascot, which, if sold, could unlock several hundred million dollars to further assist with debt reduction.

RECOVERY PROGRAM

The Group's COVID recovery plan targets at least $1 billion in permanent annual savings from FY23 onwards.

Progress is ahead of schedule, with $650 million in benefits delivered in FY21; this is targeted to increase to $850 million by the end of FY22.

A total of 9,400 people have now left the Qantas Group – an increase on the prior estimate of 8,500 largely due to offshore job losses at airports and sales offices, some automation and an increase in voluntary redundancies.

Approximately 6,000 employees associated with international flying remain stood down due to the closure of Australia's external border, while an additional 2,500 employees are stood down as a result of domestic restrictions. Federal Government income support is available to Australian-based employees during this acutely challenging time.

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[2] Investment grade credit rating issued by either Moody's or S&P.

CEO COMMENTS

Qantas Group CEO Alan Joyce said: "This loss shows the impact that a full year of closed international borders and more than 330 days of domestic travel restrictions had on the national carrier. The trading conditions have frankly been diabolical.

"It comes on top of the significant loss we reported last year and the travel restrictions we've seen in the past few months. By the end of this calendar year, it's likely COVID will cost us more than $20 billion in revenue.

"We've had to make a lot of big and difficult structural changes to deal with this crisis, and that phase is mostly behind us. As a result we're geared to recover quickly, in-line with a national vaccine rollout that is speeding up.

"Things remain tough, especially for thousands of our people waiting to return to their jobs when borders open and hopefully stay open. Our focus is getting them back to work as soon as possible, which is why we were ramping up our flying and adding new destinations before the most recent lockdowns.

"Despite the uncertainty that's still in front of us, we're in a far better position to manage it than this time last year. We're able to move quickly when borders open and close. We're a leaner and more efficient organisation. And our requirement for all employees to be vaccinated will create a safer environment for our people and customers.

"When Australia reaches those critical vaccination targets later this year and the likelihood of future lockdowns and border closures reduces, we expect to see a surge in domestic travel demand and a gradual return of international travel.

"I'd like to specifically recognise everyone across this company, for dealing with a huge amount of upheaval due to this crisis and showing enormous commitment and professionalism in the process. Our people maintained an absolute focus on safety and on serving our customers, who have likewise been extremely understanding as we've all gone through this difficult period."

FOCUS ON SUSTAINABILITY

The Qantas Group has previously announced clear and substantial sustainability goals, including capping its total emissions at 2019 levels, investing in a local Sustainable Aviation Fuel industry and reaching zero net emissions by 2050. The pandemic has slowed progress but the Group remains committed to reaching these targets, and has today announced a new Group Management Committee (GMC) position to drive this.

Current Group Executive, Andrew Parker, will become the Chief Sustainability Officer for the Qantas Group, having led these efforts since 2017 through his existing portfolio of Government, Industry, International and Sustainability.

As part of this change, the Group's Chief Corporate Affairs Officer, Andrew McGinnes, will take on responsibility for Government Relations in addition to his existing responsibilities and become a permanent member of GMC as Group Executive, Corporate Affairs.

OUTLOOK

Recent outbreaks and associated domestic and trans-Tasman border closures are expected to have an impact in the order of $1.4 billion on the Group's Underlying EBITDA in the first half of FY22. This estimate assumes borders in Victoria and New South Wales re-open in early December 2021. If borders open earlier and flying returns more quickly, capacity can be adjusted accordingly.

Unfortunately, the extended border closures will also extend the stand downs of domestic crew and airport staff beyond the eight weeks previously announced – however, no job losses are expected.

Vaccination rates are expected to reach 70 per cent of the eligible population during November, enabling domestic lockdowns and border restrictions to be steadily eased.

The Group's liquidity, strong position in the domestic market and progress on restructuring gives confidence that the overall recovery plan remains on track despite these significant setbacks.

Key assumptions for FY22 are[3]:

- Net debt expected to be in target range by end of FY22.
- Group Domestic capacity expected to increase from 38 per cent in Q1 to 53 per cent of pre-COVID capacity in Q2 and rise to ~110 per cent in 2H22.
- International border closures and quarantine restrictions expected to ease once 80 per cent of eligible Australians are vaccinated from December 2021.
- Qantas International flying in 1H22 expected to be at approximately 15 per cent of pre-COVID levels (through government-sponsored freight services and repatriation flights) on a block hour basis.
- Once Australia's borders start to reopen, Group International capacity is expected be 30 to 40 per cent in Q3 and 50 to 70 per cent in Q4 compared with pre-COVID levels on an ASK basis.
- Recovery plan expected to deliver additional $200 million of cost benefits in FY22.
- Continued strong cash contribution from Qantas Loyalty, with plans to offer more ways to earn points and status credits on the ground.
- Domestic freight demand expected to remain strong; international freight belly space expected to be constrained until international capacity stabilises.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au
Investor Relations Enquiries: +61 0416 058 178 filipkidon@qantas.com.au

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[3] Please see Investor Presentation for more detail on assumptions.

QANTAS

CELEBRATING 100 YEARS (1920-2020)

QANTAS GROUP OUTLINES STRATEGY FOR RESTARTING INTERNATIONAL FLIGHTS

- Gradual restart planned around National Cabinet's phased reopening of international borders.
- Current date of December 2021 remains in reach, based on pace of vaccine rollout.
- Plans remain dependent on Government decisions in coming months, including future quarantine requirements.
- Destinations with high vaccination rates are initial focus, including North America, UK, Singapore, Japan.
- Early return of five A380s to meet high demand to Los Angeles and London from mid-2022.
- Total of 10 A380s with upgraded cabins to return to service; two to be retired.

26 August 2021: The Qantas Group has today provided more detail on preparations for restarting its international flights, with plans linked to the vaccine rollout in Australia and key overseas markets.

On current projections Australia is expected to reach National Cabinet's 'Phase C' vaccination threshold of 80 per cent in December 2021, which would trigger the gradual reopening of international borders.

Similarly, key markets like the UK, North America and parts of Asia have high and increasing levels of vaccination. This makes them highly likely to be classed as low risk countries for vaccinated travellers to visit and return from under reduced quarantine requirements, pending decisions by the Australian Government and entry policies of other countries.

This creates a range of potential travel options that Qantas and Jetstar are now preparing for. While COVID has shown that circumstances can change unexpectedly, the long lead times for international readiness means the Group needs to make some reasonable assumptions based on the latest data to make sure it can offer flights to customers as soon as they become feasible.

Flights to destinations that still have low vaccine rates and high levels of COVID infection will now be pushed out from December 2021 until April 2022 – including Bali, Jakarta, Manila, Bangkok, Phuket, Ho Chi Minh City and Johannesburg. Levels of travel demand – and therefore, capacity levels – will hinge largely on government decisions on alternative requirements to mandatory hotel isolation for fully vaccinated travellers.

Assuming current projections hold and the 80 per cent vaccine threshold is met in December, Qantas and Jetstar plan to trigger a gradual restart as outlined below. If those assumptions change or dates move, the restart plans will adjust accordingly.

SUMMARY OF INTERNATIONAL RESTART PLANS

- From mid-December 2021, flights would start from Australia to COVID-safe destinations, which are likely to include Singapore, the United States, Japan, United Kingdom and Canada using Boeing 787s, Airbus A330s, and 737s and A320s for services to Fiji.
- Flights between Australia and New Zealand will be on sale for travel from mid-December 2021 on the assumption some or all parts of the two-way bubble will restart.
- Qantas' ability to fly non-stop between Australia and London is expected to be in even higher demand post-COVID. The airline is investigating using Darwin as a transit point, which has been Qantas' main entry for repatriation flights, as an alternative (or in addition) to its existing Perth hub given conservative border policies in Western Australia. Discussions on this option are continuing.
- Five A380s will return to service ahead of schedule. These would fly between Sydney and LA from July 2022, and between Sydney and London (via Singapore) from November 2022. The A380s work well

on these long-haul routes when there's sufficient demand, and the high vaccination rates in both markets would underpin this.
- Qantas will extend the range of its A330-200 aircraft to operate some trans-Pacific routes such as Brisbane-Los Angeles and Brisbane-San Francisco. This involves some technical changes that are now being finalised with Airbus.
- Flights to Hong Kong will restart in February and the rest of the Qantas and Jetstar international network is planned to open up from April 2022, with capacity increasing gradually.
- Qantas to take delivery of three 787-9s (new aircraft that have been in storage with Boeing) during FY23 to operate additional flights to key markets as demand increases.
- Jetstar to take delivery of its first three Airbus A321neo LR aircraft from early FY23, the extended range of which will free up some of its 787s to be redeployed on other markets.

In total, 10 of Qantas' A380s with upgraded interiors are expected to return to service by early 2024, with timing dependent on how quickly the market recovers. Two A380s will be retired.

Readiness for international travel to restart is supported by ongoing repatriation and charter flights using A330s and 787s, as well as specific funding from the Australian Government for crew training and engineering work to return idle aircraft to service.

Outlining the restart assumptions as part of the national carrier's full year results, Qantas Group CEO Alan Joyce said: "The prospect of flying overseas might feel a long way off, especially with New South Wales and Victoria in lockdown, but the current pace of the vaccine rollout means we should have a lot more freedom in a few months' time.

"It's obviously up to government exactly how and when our international borders re-open, but with Australia on track to meet the 80 per cent trigger agreed by National Cabinet by the end of the year, we need to plan ahead for what is a complex restart process.

"There's a lot of work that needs to happen, including training for our people and carefully bringing aircraft back into service. We're also working to integrate the IATA travel pass into our systems to help our customers prove their vaccine status and cross borders.

"We can adjust our plans if the circumstances change, which we've already had to do several times during this pandemic. Some people might say we're being too optimistic, but based on the pace of the vaccine rollout, this is within reach and we want to make sure we're ready," added Mr Joyce.

Qantas has recently extended its Fly Flexible policy, offering customers who book international flights before 28 February 2022 with unlimited 'fee free' date changes when travelling before 31 December 2022. (A fare difference may apply).

Qantas has also extended credit vouchers for bookings made on or before 30 September 2021 to enable travel until 31 December 2023. Jetstar customers issued with a voucher due to COVID-19 disruptions are able to use their voucher to book flights until at least 31 December 2022, for flights up to the end of 2023.

International flights remain subject to Government and Regulatory approval.

NATIONAL CABINET 'PHASE C' REOPENING PLAN

- Triggered when vaccine rate among eligible Australians reaches 80 per cent
- Highly targeted lockdowns only
- No caps on returning vaccinated Australians
- Lift all restrictions on outbound travel for vaccinated Australians
- Extend travel bubble for unrestricted travel to new candidate countries
- Gradual reopening of inward and outward international travel with safe countries and proportionate quarantine and reduced requirements for fully vaccinated inbound travellers

QANTAS

100

CELEBRATING 100 YEARS [1920-2020]

ASX/Media Release

QANTAS AND JETSTAR GEAR UP FOR ACCELERATED BORDER OPENING

- All Australian-based Qantas and Jetstar employees able to return to work in early December 21
- Qantas to launch new route from Sydney to Delhi before Christmas*
- Flights from Sydney to Singapore, Bangkok, Phuket, Johannesburg, Fiji to resume ahead of schedule
- Early return of the A380
- More *Points Planes* for frequent flyers

22 October 2021: Qantas and Jetstar will bring forward the restart of more international flights to popular destinations from Sydney and operate regular flights to Delhi, the first commercial flights for Qantas between Australia and India in almost a decade.

The national carrier will also bring back two of its Airbus A380 aircraft earlier than planned and is in discussions with Boeing about accelerating the delivery of three brand new 787 Dreamliners, which have been in storage for most of the pandemic.

The faster ramp up follows the Federal and New South Wales governments confirming that international borders would reopen from 1 November 2021 and the decision by the NSW Government to remove quarantine requirements for fully vaccinated arrivals – which significantly increases travel demand.

These decisions – combined with plans by states and territories to reopen domestic borders – support all Qantas and Jetstar workers based in Australia and New Zealand who are currently stood down to return to work by early December 2021. This includes around 5,000 employees linked to domestic flying and around 6,000 linked to international flying.

Due to extended border closures, many international crew have been stood down since the start of the pandemic. Combined with operational and corporate employees already working, the Group's 22,000 employees are able to return to work in December, which wasn't expected to happen until June 2022.

International schedule update

Qantas plans to launch a new route from Sydney to Delhi on 6 December 2021 with three return flights per week with its A330 aircraft, building to daily flights by end of the year. This is subject to discussions with Indian authorities to finalise necessary approvals. The flights would initially operate until at least late March 2022, with a view to continuing if there is sufficient demand. Flights from Sydney to Delhi would operate via Darwin, while flights from Delhi to Sydney would operate nonstop.

The updated international schedule published today also includes:

- **Sydney to Singapore:** Qantas flights will resume on 23 November 2021, four weeks earlier than scheduled, operating three days per week with A330 aircraft. Services will ramp up to daily from 18 December 2021. Jetstar will fly from Melbourne and Darwin to Singapore from 16 December 2021.
- **Sydney to Fiji (Nadi):** Qantas flights will be brought forward to 7 December 2021 from 19 December 2021. Four return flights a week will be operated by 737 aircraft. Jetstar flights to Fiji will resume on 17 December 2021. Within 48 hours of Fiji announcing its reopening, Jetstar saw a 200 per cent increase in sales versus pre-COVID levels, selling more fares than a typical seven day period.

- **Sydney to Johannesburg:** Qantas flights will resume on 5 January 2022, three months earlier than scheduled. Three return flights a week will be operated by 787 aircraft.
- **Sydney to Bangkok:** Qantas flights will resume on 14 January 2022, more than two months earlier than scheduled. Five return flights a week will be operated by A330 aircraft.
- **Sydney to Phuket:** Jetstar flights will resume on 12 January 2022, more than two months earlier than scheduled. Three return flights a week will be operated by 787 aircraft.

Qantas has also launched additional *Points Planes* – where every seat in every cabin on a flight is available to book as a reward seat.

Discussions have commenced with the NSW Government about supporting some of Qantas' international services to Sydney through its recently announced *Aviation Attraction Fund*. Discussions are also underway with the Indonesian Government about welcoming fully vaccinated Australians back to Bali with reduced or no quarantine requirements, which would mean the resumption of Jetstar and Qantas flights from Sydney to the holiday island months earlier than scheduled.

Today's announcement is in addition to routes already on sale from Sydney to London and Los Angeles. Bookings on these routes have been extremely strong, with more than 10 additional return services added between Sydney and London due to demand from Australians coming home in time for Christmas.

Qantas frequent flyers have also been booking seats in record numbers, with the largest number of points used on reward seats for a single day in the airline's history occurring on Tuesday this week, with more than half a billion points redeemed. Frequent flyers can use their points to book one of millions of seats across Qantas, Jetstar and partner airlines as borders open.

Flights to Honolulu, Vancouver, Tokyo and New Zealand are still scheduled to commence from mid-December 2021, with other destinations to restart in the new year.

In line with current Federal Government requirements, these initial flights are limited to Australian citizens, permanent residents and their immediate families and parents.

Fleet update

Qantas has further accelerated the return of its fleet of A380 aircraft.

Originally expected to remain in long term storage in the Californian desert until the end of 2023, the Group announced in August that five A380s with upgraded cabins would return from July 2022 to operate Los Angeles and London flights. This is now being brought forward a further three months, with two of the A380s to commence flights to Los Angeles from April 2022. One aircraft could arrive by the end of this year to assist with crew training ahead of its return to service.

A further three A380s will return to service from mid-November 2022 with the remaining five expected to return to service by early 2024.

Qantas is also looking to bring forward delivery of three brand new 787-9 aircraft, currently in storage with Boeing, several months earlier than planned as demand increases.

Jetstar will bring the remaining five of its 11 Boeing 787-8s out of storage in Alice Springs over the coming months.

Domestic update

Qantas and Jetstar are preparing to ramp up capacity between Melbourne and Sydney as quarantine-free travel is set to resume between Australia's two largest cities. Pre-COVID, Melbourne-Sydney was the second busiest route in the world, with the Group operating up to 58 return services per day, but during the latest lockdowns this got down to as low as one return flight per day for essential travel only.

When the Victorian and NSW borders open, Qantas and Jetstar will operate up to 18 return flights per day, increasing to up to 37 return flights per day by Christmas. Additional capacity will be added on other routes to and from Sydney and Melbourne, as restrictions are lifted by other states and territories.

CEO Comments

Qantas Group CEO Alan Joyce said: "Australians rolling up their sleeves means our planes and our people are getting back to work much earlier than we expected.

"This is the best news we've had in almost two years and it will make a massive difference to thousands of our people who finally get to fly again.

"We know that Australians are keen to get overseas and see friends and family or have a long awaited holiday, so bringing forward the restart of flights to these popular international destinations will give customers even more options to travel this summer.

"We've said for months that the key factor in ramping up international flying would be the quarantine requirement. The decision by the NSW Government to join many cities from around the world by removing quarantine for fully vaccinated travellers means we're able to add these flights from Sydney much earlier than we would have otherwise.

"We hope that as vaccination rates in other states and territories increase, we'll be able to restart more international flights out of their capital cities. In the meantime, Sydney is our gateway to the rest of the world.

"In recent weeks, sales on international flights to and from Sydney have outstripped sales on domestic flights, which shows how important certainty is to people when making travel plans.

"While these flights will initially be for Australians and their families, we expect tourists from Singapore, South Africa and India to take advantage of these flights once borders reopen to international visitors, which is great news for the industry.

"Given the strong ties between Australia and India, flights between Sydney and Delhi have been on our radar for some time, and we think there will be strong demand from family and friends wanting to reconnect once borders open.

"Our customers and crew love flying on our flagship A380s, so news that they are will be back flying to Los Angeles again from April next year will be very welcome. The Federal Government's support to ensure our aircraft and people are ready to resume once borders reopen has been critical."

Information for international travellers

- All passengers on Qantas and Jetstar international flights (aged 12 years and older) will be required to be fully vaccinated with a TGA-approved vaccine (unless they have an exemption).
- As part of Federal Government requirements, customers on these flights will also be required to return a negative COVID test from an approved PCR testing site within 72 hours of departure.
- The NSW Government will shortly advise details on additional testing requirements for arrivals.
- Customers are advised to check government requirements for the destination they are travelling to.
- Fiji will initially require travellers to stay within their resort for 48 hours upon arrival and return a negative test, before being able to venture out beyond their accommodation.
- Customers who book international flights before 28 February 2022 can make 'fee free' date changes when travelling before 31 December 2022. (A fare difference may apply).
- Eligible Qantas customers and frequent flyers will have access to lounges in Australia and overseas with more details to be provided shortly.

*Flights remain subject to government and regulatory approval.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Authorised for release by the Group General Counsel and Company Secretary

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QANTAS GROUP MARKET UPDATE – BALANCE SHEET RECOVERY FROM DELTA LOCKDOWNS

- Growing travel demand underpinning continued recovery.
- Net debt expected to be approximately $5.65 billion.
- All stood down Australian-based employees able to come back to work.
- Group domestic capacity expected to be 102% of pre-COVID levels for 3Q FY22 rising to 117% in 4Q FY22.
- Group international capacity expected to be around 30% of pre-COVID levels for 3Q FY22 rising to around 60% in the fourth quarter.
- Group EBITDA loss of between $250-300 million expected in 1H22.
- Strong total liquidity position of approximately $4.2 billion, boosted by Mascot land sale.
- Recovery program on track to deliver $850 million annual cost benefits by end FY22.
- Qantas Loyalty continuing to make strong cash contribution.
- Qantas Freight expected to deliver a record performance in 1H22.
- Project Winton: Airbus A320neo and A220 families chosen as preferred aircraft for domestic fleet renewal. Order anticipated to be finalised by the end of FY22.

Sydney, 16 December 2021: The Qantas Group has been able to accelerate the repair of its balance sheet and expects to finish the first half of FY22 with a materially better net debt position than it had prior to the start of Delta variant lockdowns in June.

This improvement was made possible by the $802 million[1] sale of land in Mascot that was not core to the Group's long-term strategy and strong sales that flowed once firm opening dates for international and domestic borders were announced.

Continued strength from Qantas Freight and Qantas Loyalty have also made significant contributions to cash flow.

Collectively, these positive factors helped to partly offset trading conditions that were heavily depressed for most of the first half due to prolonged lockdowns in Melbourne and Sydney and compounded by border closures in other states that brought domestic flying down to a low of around 30 per cent of pre-COVID levels.

Based on current forecasts, the Group expects net debt to be approximately $5.65 billion by the end of December 2021.

Liquidity levels continue to remain strong and are forecast to be approximately $4.2 billion by the end of the current half. This includes cash of $2.6 billion and $1.6 billion of undrawn debt facilities. The Group has maintained its Baa2 investment grade credit rating.

While the recent boost in travel activity has partially offset the material impact from months of lockdowns, the Group nonetheless anticipates a significant loss in the first half. Assuming no further lockdowns or significant travel restrictions, the Group expects an Underlying EBITDA loss for the first half of FY22 in the range of $250 million to $300 million.

When compared to the prior corresponding period, this reflects stranded costs due to sudden lockdowns and a lower level of aircraft hibernation to facilitate a faster ramp-up based on the national recovery roadmap.

[1] $758 million settled on 16 December 2021.

Once non-cash depreciation and amortisation costs are included, the 1H FY22 Underlying EBIT loss is expected to exceed $1.1bn.

The Group expects to incur additional ramp-up costs in the second half of FY22. This reflects the decision to return all Australian-based employees to work earlier than expected and ahead of demand to ensure capability is maintained and to end a long period of stand down for employees.

The Group's fuel cost for 1H22 is expected to be around $495 million[2]. The Group is highly hedged for the second half of FY22 primarily in options and a significant portion of those are participating at current forward prices[3].

GROUP DOMESTIC

Across both Qantas and Jetstar, the Group is holding significant levels of domestic bookings over the Christmas and summer holiday period. Demand momentum slowed in late November due to uncertainty regarding the Omicron variant but there has been recent improvement.

With almost all states and territories now open, the Group expects domestic flying to be about 75 per cent of pre-COVID[4] levels by the end of December rising to more than 100 per cent in February 2022.

Domestic demand is being driven by leisure travel as Australians visit family and friends or take long-awaited holidays. Travel for business purposes continues to be underpinned by the resources, government and construction sectors, with initial signs of a broader recovery in other parts of the corporate market that is expected to gather pace after the summer holidays.

Domestic competition is expected to intensify in the second half of FY22. The Qantas Group is well placed to respond through its frequency of flights, network reach advantages and reduced cost base, and will continue serving customers through its dual brand approach. The Group expects its market share will normalise at around 70 per cent once all state borders open.

GROUP INTERNATIONAL AND FREIGHT

Qantas moved quickly to take advantage of the faster-than-expected opening of international borders into New South Wales and Victoria. Routes to London, Los Angeles and Singapore restarted in November, enabling the Group to capture high levels of pent up demand.

Bookings are extremely strong on new routes from Sydney and Melbourne to Delhi starting in December, and initial bookings on the recently announced Perth-Rome seasonal service are encouraging.

There was a significant drop in booking momentum for international flights due to news of the Omicron variant and the additional quarantine restrictions imposed, but current loads have held and booking activity has started to pick up.

Over the past month, the Group has adjusted the restart timing for some routes, including Japan, New Zealand, Hong Kong and Shanghai in response to extended border restrictions in those countries. The return of Sydney-San Francisco and Brisbane-San Francisco have been paused.

Due to these and other smaller adjustments, the ramp up of Group international capacity has been slowed by about 10 per centage points in 2H FY22 and is now expected to be at the bottom end of the previously quoted 40-55 per cent range of pre-COVID levels.

[2] The total fuel cost includes an "into plane" logistics cost which is averaging A$14 per barrel for 1H22.
[3] Average 2H22 current forward Brent Price of USD$73.71 as at 14 December.
[4] Pre-COVID is the prior corresponding period of FY19.

Qantas Freight continued to benefit from a growth in e-commerce and favourable international yields and is on-track to deliver record earnings[5] in the first half of FY22. While yields are expected to ease as more international passenger flights return, domestic freight demand is expected to remain strong through a structural expansion of e-commerce.

This expansion underpinned the recent announcement that two A330s will be converted for freight use in partnership with Australia Post and a third A321 converted freighter being added to the fleet.

QANTAS LOYALTY

Qantas Loyalty continues to perform well, generating significant positive cash flow in the first half of FY22.

Following the announcement of international borders re-opening, Qantas Loyalty had its single biggest day for flight redemptions with almost half a billion points redeemed in 24 hours.

In November points earned from credit card related spend recovered to pre-COVID levels. A five year renewal was signed with American Express in the half, meaning four of Qantas Loyalty's major financial services partners have re-signed since the start of the pandemic.

New partnerships, including with Accor and Optus, have already proved popular with members, and Qantas Loyalty will continue to build its portfolio in the coming months.

Plans for a new 'Green' Frequent Flyer tier have been announced, providing rewards in return for customers making eco-friendly decisions on the ground and in the air.

PROJECT WINTON

After a detailed tender process, Qantas has selected the Airbus A320neo and A220 families to renew the airline's existing domestic narrowbody jet fleet. Both aircraft types will be powered by Pratt and Whitney engines.

Subject to final Board approval, an order is anticipated by the end of FY22 consisting of 40 firm commitments and 94 purchase right options, with flexibility on timing and mix of aircraft from within these two families. *(See separate release.)*

Aircraft would start arriving by the first half of FY24 and deliveries would be spread over the following 10-plus years as the airline's existing Boeing 737-800s and 717s reach the end of their economic lifespan.

Qantas will enter discussions with its key work groups on the arrangements required to operate the aircraft and meet the business case for this investment, before Board approval is sought for an order to be placed.

CEO COMMENTARY

Qantas Group CEO Alan Joyce said:

"This has been one of the worst halves of the entire pandemic, where most states had their borders closed and the majority of Australians were in lockdown. Domestically, our capacity fell to around 30 per cent of pre-COVID levels for several months.

"Fortunately, the structural changes we made earlier in the pandemic put us in a good position to weather these extremely poor trading conditions while the national vaccination rate reached a point where states started to open back up.

"Australia now has one of the highest levels of vaccination and it's still rising. That sets us apart from many other countries and puts us in a much better position to manage uncertainty around variants and seasonal surges.

[5] Underlying EBIT.

"One of our biggest strengths throughout the pandemic has been the fact we've responded quickly to change. We've significantly reduced our cost base which improves our ability to recover. We were able to switch on an initial wave of international flights in time for the accelerated border opening in November, which meant we could capitalise on pent-up demand.

"We added new domestic routes based on changing demand patterns and we're now doing the same internationally. Our new flights to India are some of the fastest selling Qantas has ever had, with virtually all flights in December full.

"The news of the Omicron variant had a clear impact on people's confidence to book international trips in particular, but we haven't seen large numbers of cancellations. Many customers have strong intentions to travel if the border and quarantine settings are right and in the past few days we have seen intakes improve.

"Domestic demand has started to pick up again and we're expecting a strong performance over the Christmas period and continued strength into early next year as more restrictions ease," added Mr Joyce.

QANTAS GROUP CAPACITY FORECAST

ASKs vs FY19 (%)	1Q22*	2Q22	1H22	3Q22	4Q22	2H22	FY22
Group Domestic	37%	50%	43%	102%	117%	109%	76%
Group International	3%	7%	5%	30%-40%	50%-70%	40%-55%	20%-30%
Total Group	**15%**	**22%**	**18%**	**50%-60%**	**70%-85%**	**60%-75%**	**40-45%**

* Actual

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Investor Relations Enquiries: +61 416 058 178 filipkidon@qantas.com.au

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ASX/Media Release

QANTAS AND JETSTAR ADJUST THIRD QUARTER CAPACITY SETTINGS

13 January 2022: Qantas and Jetstar are adjusting flying levels to better match travel demand in light of the sudden growth in COVID-19 cases.

The Qantas Group now expects domestic capacity for the third quarter of FY22 to be at around 70 per cent of pre-COVID levels, down from the 102 per cent that had been planned.

The schedule changes are focused on reducing frequency of services and size of aircraft to minimise inconvenience for passengers as much as possible.

The Group's total international capacity for the same period will fall from 30 per cent to around 20 per cent of pre-COVID levels. This reduction is driven by increased travel restrictions in countries like Japan, Thailand and Indonesia and is mostly impacting Jetstar's leisure routes. Other markets – such as London, Los Angeles, Vancouver, Johannesburg and India – continue to perform well.

Customers will be contacted directly from late January if their booking is impacted by cancellations and offered alternative flights that in most cases are likely to be a difference of a few hours if travelling domestically.

Qantas and Jetstar continue to have 100 per cent of their available Australian-based crew stood up, which has helped to minimise the resourcing impacts of some needing to self-isolate during the summer peak. This 100 per cent crewing level will be maintained despite the capacity reductions announced today, giving both airlines a significant buffer to manage ongoing isolation requirements and resulting in a more reliable schedule for passengers.

An assessment on the financial impact of these changes will be given at the Group's half year results in late February, by which time a clearer picture will have emerged on swing factors such as actual demand levels; potential loosening or tightening of travel restrictions in countries overseas; and consumer response to the reopening of Western Australia next month. No material adjustments have been made to capacity expectations for Q4 FY22.

Qantas Group CEO Alan Joyce said: "The sudden uptick in COVID cases is having an obvious impact on consumer behaviour across various sectors, including travel, but we know it's temporary.

"Thankfully, Australia has one of the world's highest vaccination rates and the Omicron variant is milder than its predecessors. So, as challenging as this current phase is, we're optimistic that it is likely to fast track a return to normal.

"People are already looking beyond what's happening now with early bookings for the Easter holidays in April looking promising for both domestic and international.

"We have the flexibility to add capacity back if demand improves earlier than expected, but 70 per cent still represents a lot of domestic flying and it's a quantum improvement on the levels we faced only a few months ago.

"Our focus on cash positive flying remains, notwithstanding some of the costs that we'll have to absorb from this sudden drop in demand.

"Can I thank our people who have done an outstanding job of helping over a million Australians travel over the summer holidays, and to our customers for their ongoing understanding as we make our way through these latest challenges. This is a difficult time right across the community, but something we'll get through," added Mr Joyce.

To give customers more confidence when they book international and domestic flights, Qantas has extended Fly Flex, which enables customers to change their travel dates as often as they need, fee-free (a fare difference may apply).

ADVICE FOR ALL CUSTOMERS

- Customers will be contacted directly by Qantas or their Travel Agent from late January if their booking has been impacted by a flight cancellation.
- Customers are asked to please wait to hear from Qantas or their Travel Agent before taking any action, including cancelling their flight. This will help avoid long wait times on customer contact channels.
- When Qantas cancels a flight, we rebook the passenger on the next available flight to their booked destination (if possible), at no additional cost. Alternatively, they can choose a flight credit or a refund. Customers won't be charged any change or cancellation fees.
- Customers should ensure their contact details are up to date in their Qantas booking or with their Travel agent.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au
Investor Relations Enquiries: +61 0416 058 178 filipkidon@qantas.com.au

Authorised for release by the Group General Counsel and Company Secretary

AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Level 17, 2 Lonsdale Street
Melbourne Vic 3000

GPO Box 3131
Canberra ACT 2601

tel: (03) 9290 1800

www.accc.gov.au

Our ref: 202169
Contact officer: Adele Teh
Contact phone: 08 8213 3403

10 December 2021

Anna Pritchard
Executive Manager, Government, Industry and Competition

By email: annapritchard@qantas.com.au

Dear Anna

Qantas – industry consultation about the COVID-19 pandemic

We are consulting with market participants in Australia about the aviation industry's recovery from the COVID-19 pandemic. As part of this, we are seeking your views on the following matters.

1. Please describe how the COVID-19 pandemic has affected your operation and whether you believe these changes are temporary or ongoing.
2. Please describe what you foresee as key challenges for your business in recovering from the COVID-19 pandemic over the next few years.

As you may be aware, the Australian Competition and Consumer Commission (the ACCC) monitors prices, costs, profits and quality of aeronautical and car parking services at Brisbane, Melbourne (Tullamarine), Perth and Sydney (Kingsford Smith) airports. This consultation is part of our preparation for the forthcoming annual report. We expect this report will be published by early April 2022.

You have already provided significant amount of information to the ACCC in relation to question 1 for the purpose of our Airlines Monitoring Reports. This includes information about reduction in passenger numbers, international borders closure, domestic network changes, flights cancellation, collective loss and so forth. We are not asking you to replicate this information. We are inviting you to provide any additional insights that you would want to bring to our attention.

We would appreciate your response on these matters by cob **Friday, 14 January 2022,** by email to airportsandports@accc.gov.au.

Confidentiality of information provided

Please identify any part of your response you consider to be confidential by shading the text and noting this in your covering email. Where a claim for confidentiality is made, we will treat the identified information as confidential. This means that we will not disclose your response to third parties unless compelled by law. If we are required to disclose confidential information, we will notify you in advance where possible so that you may have an opportunity to be heard.

We do not propose to publish individual responses or identify the respondents in the ACCC's Airport Monitoring Report. However, we may report aggregated and/or de-identified information. This may include, for example, consolidated and/or de-identified statements made by respondents generally, or unidentified individual respondents. The ACCC's information policy sets out its general policy on the collection, use and disclosure of information.

A copy of the ACCC's information policy can be found at http://accc.gov.au/publications/accc-aer-information-policy-collection-and-disclosure-ofinformation.

[redacted]

If you have any questions, please contact Adele Teh on (08) 8213 3403.

We look forward to hearing from you.

Yours sincerely

Gennady Kleiner
Director
Infrastructure Division
ACCC