



ASX and Media Release

QANTAS AND SYDNEY AIRPORT REACH COMMERCIAL AGREEMENT ON DOMESTIC TERMINAL

SYDNEY, 18 August 2015: Qantas Airways Limited and Sydney Airport have today reached a commercial agreement that delivers long-term certainty to both for the airport's domestic Terminal 3.

Under the terms of the 10-year deal Terminal 3 will revert from Qantas to Sydney Airport as of 1 September 2015. Qantas held a 30-year lease on the terminal, signed in 1989, which was due to expire on 30 June 2019.

Qantas will receive total cash proceeds of \$535 million from Sydney Airport, with a \$210 million gain on sale being recognised in FY2016, outside of Underlying Profit Before Tax.

The agreement is positive for Qantas shareholders, with the implied cost of funding being below the Group's weighted average cost of capital (WACC). The transaction will have a neutral impact on Earnings Before Interest and Tax through FY2019.

In line with current operations, Qantas will retain exclusive use of Terminal 3 and will continue to manage most of the terminal on behalf of Sydney Airport until 30 June 2019.

After that time, Qantas will retain priority usage to Terminal 3 through to 30 June 2025. Priority usage includes a majority of the terminal's gates, check-in and baggage facilities.

Use of the terminal by Qantas from 1 September will incur a per-passenger charge at an agreed rate through to 2025.

Qantas Group Chief Executive Officer Alan Joyce said the agreement was strategically and financially positive for both parties, and for Qantas customers it will be business as usual.

"This deal secures Qantas' long-term position in our largest hub, ensuring priority usage as the primary airline customer of Sydney's Terminal 3.

"We now have certainty about our future operations in Terminal 3 post-2019, and an outcome that is a win-win for both Qantas and Sydney Airport."

Qantas and Sydney Airport have concurrently agreed five-year agreements covering Qantas' domestic runway charges and Qantas and Jetstar's international aeronautical charges.

In welcoming the deal, Sydney Airport Managing Director and Chief Executive Officer Kerrie Mather said: "We're delighted with this agreement, which is the result of long-term and collaborative engagement between Sydney Airport and Qantas, and delivers a positive outcome for both parties."

Issued by Qantas Corporate Communication (Q5858)

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