



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 flights¹, while Jetstar has a number of sales planned, with every domestic and international destination to be on sale over the next month.

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

