

# ASX and Media Release

## QANTAS GROUP TRADING UPDATE – THIRD QUARTER FY17

- Expected FY17 Underlying Profit Before Tax<sup>1</sup> - \$1.35 billion to \$1.40 billion
- Group Domestic<sup>2</sup> Unit Revenue up 4.6 per cent
- Group International<sup>3</sup> Unit Revenue down 5.6 per cent
- Group revenue – \$3.96 billion, down 1.4 per cent year-on-year

**SYDNEY, 4 May 2017:** The Qantas Group today announced its preliminary trading update for the third quarter of financial year 2017, reflecting improving performance from its domestic operations and a slight moderation in the challenging conditions within the international market.

The Group confirmed that it expects to report a full-year Underlying Profit Before Tax in the range of \$1.35 billion to \$1.40 billion, which would represent the second highest result in Qantas' history.

### THIRD QUARTER TRADING

Group Domestic Unit Revenue for the third quarter increased by 4.6 per cent compared to the prior corresponding period. Proactive capacity management continued across all markets with Group Domestic capacity down 3.7 per cent predominantly from the resource sector which saw a 19 per cent reduction in capacity.

As expected, the tough conditions in the International market eased slightly with the downward trend in Group International Unit Revenue moderating as capacity growth in the broader market slowed. Third quarter Unit Revenue decreased by 5.6 per cent year-on-year and Group International capacity increased 2.2 per cent.

Qantas International increased capacity by 4.8 per cent, driven by the impact of previously announced routes servicing the growing Asian market. As a result of the transition of the Melbourne to Narita service to Qantas International to improve brand alignment to customer demand, Jetstar International capacity declined by 1.8 per cent.

Despite the tough international market, the strength of our portfolio of businesses limited the fall in Group revenue to 1.4 per cent to \$3.96 billion compared with \$4.01 billion in the third quarter of financial year 2016. Group Unit Revenue declined 1.8 per cent.

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<sup>1</sup> Underlying PBT is a non-statutory measure and is the primary reporting measure used by the chief operating decision-making bodies (being the Chief Executive Officer, Group Management Committee and the Board of Directors) for the purpose of assessing the performance of the Qantas Group.

<sup>2</sup> Qantas Domestic and Jetstar Domestic

<sup>3</sup> Qantas International, Jetstar International, and Singapore-based Jetstar Asia



## FULL YEAR OUTLOOK

The positive trend in Unit Revenue for Group Domestic is expected to continue into the fourth quarter.

The decline in Unit Revenue for Group International is expected to continue moderating in the fourth quarter, as competitor capacity growth reduces to around 5 per cent for the second half from the high levels seen in the first half of financial year 2017.

Taking this into account the Qantas Group expects to report an Underlying Profit Before Tax in the range of \$1.35 billion to \$1.40 billion for financial year 2017. This reflects improving performance from Group Domestic and Qantas Loyalty partially offsetting a relatively weaker, but resilient, Group International performance in a highly competitive market.

The guidance and expectations above do not include the impact of bond rate movements on the valuation of employee leave provisions since 31 December 2016. As at 1 May 2017 the fall in bond yields since 31 December 2016 would result in an adverse non-cash impact on the estimated full year Underlying Profit Before Tax of \$25 million.

## CEO COMMENTS

Qantas CEO Alan Joyce said the Group's quarterly performance had met expectations and laid the ground for another strong full-year result.

"Last year we posted the highest earnings in Qantas' history and our guidance today would make this year's underlying profit the second best in almost 100 years. It shows we're able to keep performing in a mixed global environment," Mr Joyce said.

"Between our domestic flying businesses, Qantas and Jetstar, and Loyalty we are delivering solid earnings growth.

"Internationally it's still tough, with high levels of capacity growth pushing fares down, but we've seen those conditions ease slightly. Because of the work we've done to transform Qantas and expand into growth markets, our international businesses are navigating the headwinds better than our key competitors.

"Over the past three months, we've launched free Wi-Fi on our domestic network, opened new customer lounges in Brisbane and put the world-first Perth to London service on sale. These are all things that improve our position in a competitive market and encourage more people to choose Qantas," added Mr Joyce.

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**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**  
**QUARTERLY MARKET UPDATE**  
**2016/17 QUARTER 3**

	Quarter 3			Financial Year to Date		
	2016/17	2015/16	Change	2016/17	2015/16	Change
<b>QANTAS GROUP OPERATIONS</b>						
Passengers Carried ('000)	13,001	12,902	0.8%	39,759	39,113	1.7%
Revenue Passenger Kilometres (m)	30,192	29,873	1.1%	91,540	90,525	1.1%
Available Seat Kilometres (m)	37,675	37,642	0.1%	113,407	112,292	1.0%
Revenue Seat Factor (%)	80.1%	79.4%	0.8 pts	80.7%	80.6%	0.1 pts
Group Unit Revenue (c/ASK)			(1.8)%			(3.8)%
<b>QANTAS DOMESTIC</b>						
Passengers Carried ('000)	5,188	5,288	(1.9)%	16,519	16,508	0.1%
Revenue Passenger Kilometres (m)	6,362	6,538	(2.7)%	20,481	20,726	(1.2)%
Available Seat Kilometres (m)	8,478	8,916	(4.9)%	26,733	27,452	(2.6)%
Revenue Seat Factor (%)	75.0%	73.3%	1.7 pts	76.6%	75.5%	1.1 pts
<b>JETSTAR DOMESTIC</b>						
Passengers Carried ('000)	3,385	3,337	1.4%	10,217	10,299	(0.8)%
Revenue Passenger Kilometres (m)	3,788	3,787	0.0%	11,867	12,060	(1.6)%
Available Seat Kilometres (m)	4,535	4,594	(1.3)%	14,196	14,344	(1.0)%
Revenue Seat Factor (%)	83.5%	82.4%	1.1 pts	83.6%	84.1%	(0.5) pts
<b>GROUP DOMESTIC</b>						
Group Domestic Available Seat Kilometres (m)	13,013	13,510	(3.7)%	40,929	41,796	(2.1)%
Group Domestic Unit Revenue (c/ASK)			4.6%			0.2%
<b>QANTAS INTERNATIONAL</b>						
Passengers Carried ('000)	1,757	1,644	6.8%	5,074	4,845	4.7%
Revenue Passenger Kilometres (m)	13,770	13,235	4.0%	40,413	39,464	2.4%
Available Seat Kilometres (m)	17,094	16,312	4.8%	49,850	47,804	4.3%
Revenue Seat Factor (%)	80.6%	81.1%	(0.6) pts	81.1%	82.6%	(1.5) pts
<b>JETSTAR INTERNATIONAL</b>						
Passengers Carried ('000)	1,604	1,549	3.5%	4,739	4,269	11.0%
Revenue Passenger Kilometres (m)	4,653	4,591	1.3%	13,840	13,072	5.9%
Available Seat Kilometres (m)	5,589	5,693	(1.8)%	16,596	16,228	2.3%
Revenue Seat Factor (%)	83.3%	80.6%	2.6 pts	83.4%	80.6%	2.8 pts
<b>JETSTAR ASIA</b>						
Passengers Carried ('000)	1,067	1,083	(1.5)%	3,210	3,192	0.6%
Revenue Passenger Kilometres (m)	1,619	1,723	(6.0)%	4,938	5,203	(5.1)%
Available Seat Kilometres (m)	1,979	2,127	(7.0)%	6,033	6,464	(6.7)%
Revenue Seat Factor (%)	81.8%	81.0%	0.8 pts	81.9%	80.5%	1.4 pts
<b>GROUP INTERNATIONAL</b>						
Group International Available Seat Kilometres (m)	24,662	24,132	2.2%	72,478	70,496	2.8%
Group International Unit Revenue (c/ASK)			(5.6)%			(6.4)%

**Notes**

Any adjustments to preliminary statistics will be included in the year to date results next reporting period. Where figures have been rounded, discrepancies may occur between the sum of the components of items, the total and percentage changes which are derived from figures prior to rounding.

**Key**

(m): Millions

RPKs: The number of paying passengers carried multiplied by the number of kilometres flown

ASKs: The number of seats available for sale multiplied by the number of kilometres flown

