

QANTAS AIRWAYS LIMITED

ABN 16 009 661 901

PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS

APRIL 2016

Summary of Traffic and Capacity Statistics

Month of April 2016

Qantas Group capacity (Available Seat Kilometres) increased by 3.7 per cent and Group demand (Revenue Passenger Kilometres) increased by 6.4 per cent in April, resulting in a Group revenue seat factor of 79.4 per cent which was 2.1 percentage points higher than in the prior corresponding period.

Qantas Group Revenue per Available Seat Kilometre (RASK) declined in the month, with weaker yield performance in domestic and international businesses consistent with the operating conditions outlined in the Group's March traffic statistics including the disconnect in the timing of Easter and school holidays in most Australian states.

Group Domestic (comprising Qantas Domestic and Jetstar Domestic) capacity in the month was 0.5 per cent lower, reflecting the first round of Group capacity reductions in response to weaker demand conditions and ongoing rationalisation in resources markets.

Group Domestic RASK was lower in April, in line with previous commentary on the disconnect in the timing of Easter and school holidays and demand softness related to the upcoming federal election in Australia. Revenue from resources routes was lower compared to the prior corresponding period.

However, due to the action taken to reduce Group domestic capacity in the fourth quarter of financial year 2016, the negative domestic RASK trend was arrested in April, with improved trends through May and into forward bookings for June.

Qantas International capacity rose by 5.4 per cent, reflecting new services added to San Francisco, Tokyo, Hong Kong and Singapore earlier in the financial year.

Jetstar International capacity increased by 13.6 per cent in the month due to the higher seat count of the B787 Dreamliner aircraft compared to the A330 aircraft they have replaced, and year-on-year growth on routes including Thailand and Bali.

Group International (comprising Qantas International, Jetstar International and Jetstar Asia) RASK in April was lower compared to the prior corresponding period. Jetstar International RASK declined as it continued to grow into recent capacity additions. Qantas International RASK was lower in the month, reflecting more competitive pricing on routes including the UK and US, and the addition of new services which continue to perform in line with expectations.

Financial Year 2016

For the financial year to date, Group capacity increased by 4.9 per cent and demand increased by 6.1 per cent, resulting in a Group revenue seat factor of 80.5 per cent which was 1.0 percentage points higher than the previous year.

Qantas Group RASK for financial year to date was lower compared to the prior corresponding period. Group Domestic RASK was flat compared to the prior year, and Group International RASK was lower.

Recent Developments

On 26 May 2016, the Qantas Group said that, in response to new standards issued by the Reserve Bank of Australia (RBA), both Qantas and Jetstar will soon move to percentage-based card payment surcharges. The Qantas Group was closely involved in consultation on the new RBA standards, which allow merchants like Qantas and Jetstar to continue recovering the reasonable costs of accepting payments by card, including Merchant Service Fees and other costs. The new standard relating to card payment surcharging comes into effect for large businesses on 1 September 2016, and is not anticipated to have a negative impact on Qantas Group earnings.

On 25 May 2016, Qantas and WestJet announced a reciprocal frequent flyer agreement where members of the airlines' frequent flyer programs can earn their choice of WestJet dollars or Qantas Points when travelling on flights of either airline.

Recent Developments (continued)

On 23 May 2016, Qantas announced in conjunction with National Australia Bank and Westpac that the three have each become strategic equity partners in Data Republic with a combined \$10.5 million investment. Data Republic provides a secure platform for data exchange between organisations, with all information de-identified and no personal information shared. To ensure that security, privacy and governance are of the highest standard, clients can securely store information on dedicated infrastructure with bank-grade security.

On 2 May 2016, Qantas and Australia Post announced a new dedicated domestic air-freighter network to be used exclusively by Australia Post and StarTrack customers. The dedicated network will consist of six freighter aircraft featuring StarTrack livery, with five of the dedicated StarTrack freighters to come from Qantas Freight's existing fleet and a sixth aircraft, a Boeing 737-400, to join the fleet soon.

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	Month			Financial Year to Date		
	2015/16	2014/15	Change	2015/16	2014/15	Change
QANTAS DOMESTIC* - SCHEDULED SERVICES						
Passengers Carried ('000)	1,791	1,732	3.4%	18,301	18,029	1.5%
Revenue Passenger Kilometres (m)	2,209	2,195	0.6%	22,935	22,813	0.5%
Available Seat Kilometres (m)	2,983	2,991	(0.3)%	30,435	30,495	(0.2)%
Revenue Seat Factor (%)	74.1	73.4	0.7 pts	75.4	74.8	0.5 pts
JETSTAR DOMESTIC - SCHEDULED SERVICES						
Passengers Carried ('000)	1,071	1,084	(1.1)%	11,370	10,947	3.9%
Revenue Passenger Kilometres (m)	1,271	1,284	(1.0)%	13,331	12,768	4.4%
Available Seat Kilometres (m)	1,583	1,596	(0.8)%	15,927	15,406	3.4%
Revenue Seat Factor (%)	80.3	80.4	(0.1) pts	83.7	82.9	0.8 pts
QANTAS INTERNATIONAL - SCHEDULED SERVICES						
Passengers Carried ('000)	534	494	8.1%	5,378	4,927	9.2%
Revenue Passenger Kilometres (m)	4,334	3,999	8.4%	43,798	40,580	7.9%
Available Seat Kilometres (m)	5,282	5,013	5.4%	53,086	49,476	7.3%
Revenue Seat Factor (%)	82.0	79.8	2.3 pts	82.5	82.0	0.5 pts
JETSTAR INTERNATIONAL - SCHEDULED SERVICES						
Passengers Carried ('000)	530	424	24.9%	4,799	4,252	12.9%
Revenue Passenger Kilometres (m)	1,526	1,261	21.0%	14,598	13,017	12.1%
Available Seat Kilometres (m)	1,934	1,702	13.6%	18,162	16,558	9.7%
Revenue Seat Factor (%)	78.9	74.1	4.8 pts	80.4	78.6	1.8 pts
JETSTAR ASIA - SCHEDULED SERVICES						
Passengers Carried ('000)	347	324	7.3%	3,539	3,280	7.9%
Revenue Passenger Kilometres (m)	550	552	(0.4)%	5,752	5,435	5.8%
Available Seat Kilometres (m)	678	718	(5.6)%	7,142	7,023	1.7%
Revenue Seat Factor (%)	81.0	76.8	4.2 pts	80.5	77.4	3.2 pts
QANTAS GROUP OPERATIONS						
Passengers Carried ('000)	4,273	4,057	5.3%	43,387	41,435	4.7%
Revenue Passenger Kilometres (m)	9,890	9,291	6.4%	100,415	94,614	6.1%
Available Seat Kilometres (m)	12,460	12,021	3.7%	124,752	118,958	4.9%
Revenue Seat Factor (%)	79.4	77.3	2.1 pts	80.5	79.5	1.0 pts

Notes

Any adjustments to preliminary statistics will be included in the year to date results next month. 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. The number of passengers carried is calculated on the basis of origin/destination (ie. one origin/destination journey represents one passenger regardless of the number of stage lengths undertaken).

*From January 2015 Qantas Domestic and QantasLink are reported on a combined basis.

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