



## ASX and Media Release

### **QANTAS MARKET UPDATE**

**SYDNEY, 8 December 2014:** The Qantas Group today announced that it expects to report an Underlying Profit Before Tax<sup>1</sup> in the range of \$300 million to \$350 million for the first six months of financial year 2015.

All operating segments of the Qantas Group are expected to be profitable in the first half, at an Underlying Earnings Before Interest and Tax level.

The strong turnaround in the Group's financial performance is being driven by rapid progress with the \$2 billion accelerated Qantas Transformation program announced 12 months ago. To date, all targets under the program have been either met or exceeded.

After realising \$204 million in Qantas Transformation benefits in the second half of financial year 2014, the Group is on track to realise at least \$350 million in further benefits in the first half of financial year 2015

The Group expects to receive a \$30 million benefit in the first half from lower Australian dollar fuel prices.

Qantas CEO Alan Joyce said the Qantas Transformation program was gathering pace and, with a more stable operating environment, benefits were flowing directly to the Group's financial results.

"Today we confirm that Qantas is set to report its best first half result since 2010," Mr Joyce said. "This demonstrates that the strategy we have outlined to transform our business is working. This is an improvement of over \$550 million compared with the first half last year, with Qantas Transformation being the primary driver of the turnaround.

"Qantas is 12 months into a three and a half year program, but these strong early results give us the confidence that we will continue to meet all the targets we have set. We are committed to completing the full, \$2 billion program to ensure a sustainable, competitive position for the long term.

"Thanks to the hard work of our people, we are delivering the cost and revenue-focused initiatives needed to strengthen our business, without compromising the premium service that matters to our customers. As our recent announcements show, from new lounges to new routes and the upgrade of our A330 fleet, customers remain at the heart of our strategy."

Qantas announces its first half results for the financial year 2015 on 26 February 2015.

<sup>1</sup> Underlying Profit Before Tax (PBT) is the primary reporting measure used by the Qantas Group's 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 Group. The primary reporting measure of the Qantas International, Qantas Domestic, Jetstar Group, Qantas Loyalty and Qantas Freight operating segments is Underlying Earnings Before Net Finance Costs and Tax (EBIT) as net finance costs are managed centrally. The primary reporting measure of the Corporate/Unallocated segment is Underlying PBT.