



ASX and Media Release

QANTAS GROUP MARKET UPDATE

SYDNEY, 15 December 2015: The Qantas Group today announced that it expects to report an Underlying Profit Before Tax¹ in the range of \$875 million to \$925 million for the first six months of financial year 2016.

The expected \$875 million to \$925 million range represents a significant improvement in underlying earnings for the Qantas Group, and compares to an Underlying Profit Before Tax of \$367 million in the first half of financial year 2015.

Qantas' strong first half performance is attributable to the continued delivery of the \$2 billion Qantas Transformation program, revenue growth, and the benefit from lower fuel prices which has been secured through the Group's disciplined hedging program.

Alan Joyce, Chief Executive Officer of the Qantas Group, said the anticipated first half result reflects strong performances from each of Qantas' core businesses.

"We've seen improved revenue in our domestic and international operations, reduced costs across the Group through the Qantas Transformation program, and expect another record half-year result from Qantas Loyalty," said Mr Joyce.

"This strong performance is underpinned by our continued focus on delivering the best service for our customers in all of the markets we serve."

The expected first half result includes the estimated \$17 million non-cash negative impact of bond rate movements on employee provisions, and the approximately \$25 million one-off impact on Jetstar Group earnings from volcanic activity in Bali during the period.

Qantas announces its first half results for financial year 2016 on 23 February 2016.

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¹ 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.