

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901
PRELIMINARY MONTHLY TRAFFIC AND CAPACITY STATISTICS
MARCH 2016

Summary of Traffic and Capacity Statistics

Month of March 2016

Qantas Group capacity (Available Seat Kilometres) increased by 7.0 per cent and Group demand (Revenue Passenger Kilometres) increased by 5.5 per cent in March, resulting in a Group revenue seat factor of 78.0 per cent which was 1.1 percentage points lower 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.

Group Domestic (comprising Qantas Domestic and Jetstar Domestic) capacity in the month was 2.9 per cent higher, with growth on East Coast and leisure routes and reduced capacity in resources markets in Western Australia and Queensland.

Group Domestic RASK was lower in March, with increased traffic during the Cricket World Cup in February and March 2015 providing a one-off boost to unit revenue in the prior corresponding period. Revenue from resources routes was lower, in line with previous guidance. Traffic over the peak Easter and school holiday period from late March fell below expectations, compounded by a disconnect in the timing of Easter and school holidays in most Australian states.

Qantas International capacity rose by 8.2 per cent, reflecting new services added to San Francisco, Tokyo, Hong Kong and Singapore earlier in the financial year. Qantas International capacity growth is from increased utilisation of existing Group aircraft.

Jetstar International capacity increased by 17.2 per cent in the month, reflecting 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 Trans-Tasman, regional New Zealand and Bali.

Group International (comprising Qantas International, Jetstar International and Jetstar Asia) RASK in March was lower compared to the prior corresponding period. Jetstar International RASK was negative as it continued to grow into recent capacity additions and due to softer demand on services to Honolulu. Qantas International RASK decreased, reflecting more competitive pricing on routes including the UK and US, while new services to Asia continued to perform in line with expectations.

Financial Year 2016

For the financial year to date, Group capacity increased by 5 per cent and demand increased by 6.1 per cent, resulting in a Group revenue seat factor of 80.6 per cent which was 0.8 percentage points higher than the previous year.

Qantas Group RASK for the nine months was lower compared to the prior corresponding period. Group Domestic RASK was higher compared to the prior year, and Group International RASK was lower.

Update on Qantas Group Capacity

In response to changed demand conditions, the Qantas Group has revised planned capacity additions in the final three months of financial year 2016. Some softness in demand, related to the upcoming federal election and recent drop in consumer confidence in Australia, began to emerge over the peak Easter and school holiday period in late March and continued to be seen in forward bookings in April and May.

To mitigate the negative impact on domestic RASK in the fourth quarter of the financial year, Qantas Group domestic capacity growth in the final quarter will now be negative compared to the prior corresponding period.

As a result of these changes, previous guidance for Group domestic capacity growth of around 2 per cent in the second half of the financial year has been revised to growth of between 0.5 per cent and 1 per cent,

maintaining flexibility for further adjustments based on changes in market demand and competitive environment.

From mid-April, Qantas International capacity (ASKs) between Australia and mainland US has been reduced by removing three Sydney-Los Angeles services and re-directing capacity to Singapore and Hong Kong in response to demand in those markets. These changes will result in total market seat capacity growth between Australia and the US of 6 per cent, compared to 9 per cent growth prior to these changes being made.

Total Qantas Group capacity is expected to increase by 5 to 6 per cent in the second half of the financial year, driven by cost-efficient growth from B787 Dreamliner aircraft at Jetstar International and increased utilisation of existing Group fleet at Qantas International.

Recent Developments

On 12 April 2016, Qantas Loyalty introduced changes to the Qantas Frequent Flyer program that will help members keep the benefits of their membership status while on parental leave. The 'Status Hold' initiative lets eligible Silver, Gold and Platinum Frequent Flyers on parental leave keep their status for up to 18 months, even if they are not earning the number of Status Credits usually required to retain that tier. For more information please see the Qantas News Room website: <http://www.qantasnewsroom.com.au>

On 7 April 2016, Qantas Chairman Leigh Clifford announced the appointment of Michael L'Estrange AO as a non-executive director to the Board of Qantas Airways Limited, with immediate effect. For more information please see the Qantas Investor Relations website: <http://investor.qantas.com>

On 31 March 2016, Qantas Loyalty launched a new joint venture, Qantas Assure, an insurance and wellness program endorsed by The National Heart Foundation and powered by nib. Qantas Frequent Flyers who take out a Qantas Assure health insurance policy and use the Qantas Assure App to count their steps could earn up to 70,000 Qantas Points in the first year. For more information please see the Qantas Assure website: www.qantasassure.com.

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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)	1,877	1,855	1.2%	16,507	16,297	1.3%
Revenue Passenger Kilometres (m)	2,283	2,281	0.1%	20,726	20,619	0.5%
Available Seat Kilometres (m)	3,100	3,100	0.0%	27,450	27,504	(0.2)%
Revenue Seat Factor (%)	73.6	73.6	0.1 pts	75.5	75.0	0.5 pts
JETSTAR DOMESTIC - SCHEDULED SERVICES						
Passengers Carried ('000)	1,089	997	9.3%	10,299	9,864	4.4%
Revenue Passenger Kilometres (m)	1,240	1,126	10.2%	12,060	11,484	5.0%
Available Seat Kilometres (m)	1,499	1,367	9.6%	14,344	13,810	3.9%
Revenue Seat Factor (%)	82.8	82.3	0.4 pts	84.1	83.2	0.9 pts
QANTAS INTERNATIONAL - SCHEDULED SERVICES						
Passengers Carried ('000)	524	493	6.4%	4,845	4,433	9.3%
Revenue Passenger Kilometres (m)	4,230	4,052	4.4%	39,464	36,581	7.9%
Available Seat Kilometres (m)	5,381	4,973	8.2%	47,804	44,463	7.5%
Revenue Seat Factor (%)	78.6	81.5	(2.9) pts	82.6	82.3	0.3 pts
JETSTAR INTERNATIONAL - SCHEDULED SERVICES						
Passengers Carried ('000)	521	427	21.9%	4,269	3,828	11.5%
Revenue Passenger Kilometres (m)	1,491	1,304	14.4%	13,072	11,756	11.2%
Available Seat Kilometres (m)	1,909	1,629	17.2%	16,228	14,856	9.2%
Revenue Seat Factor (%)	78.1	80.0	(1.9) pts	80.6	79.1	1.4 pts
JETSTAR ASIA - SCHEDULED SERVICES						
Passengers Carried ('000)	379	347	9.0%	3,192	2,956	8.0%
Revenue Passenger Kilometres (m)	598	566	5.7%	5,203	4,883	6.5%
Available Seat Kilometres (m)	724	718	0.9%	6,464	6,305	2.5%
Revenue Seat Factor (%)	82.6	78.8	3.8 pts	80.5	77.4	3.0 pts
QANTAS GROUP OPERATIONS						
Passengers Carried ('000)	4,389	4,119	6.6%	39,111	37,378	4.6%
Revenue Passenger Kilometres (m)	9,842	9,329	5.5%	90,525	85,323	6.1%
Available Seat Kilometres (m)	12,613	11,788	7.0%	112,290	106,937	5.0%
Revenue Seat Factor (%)	78.0	79.1	(1.1) pts	80.6	79.8	0.8 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