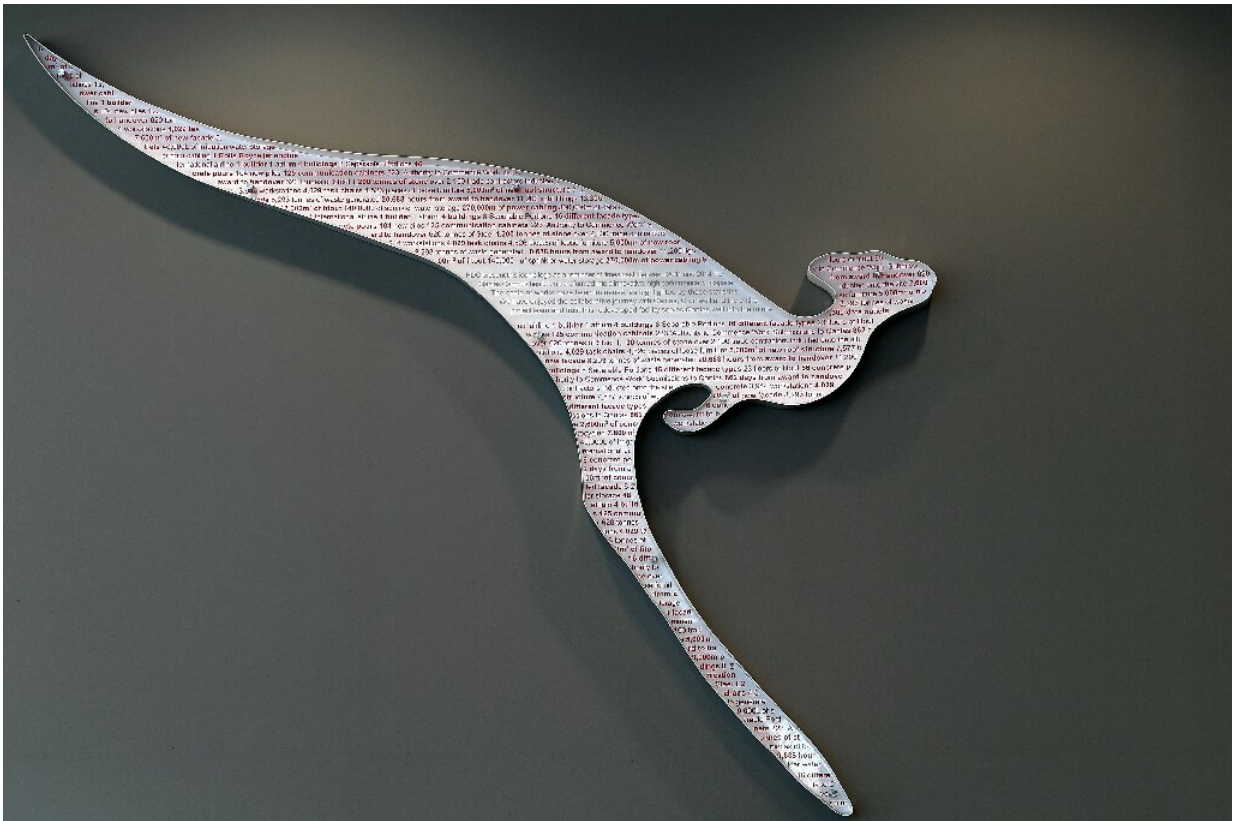


Qantas cuts flights to Asia as coronavirus hits profits

February 20 2020



Qantas is cutting the number of flights to Asia in the wake of the deadly coronavirus outbreak

Australian airline Qantas on Thursday announced a major reduction in flights to Asia as the deadly coronavirus outbreak that began in China

impacts demand and eats into profits.

The carrier said it would cut flights to Asia by 16 percent for at least three months, with flights to Shanghai suspended and those to Hong Kong and Singapore reduced.

Its low-cost brand, Jetstar, would likewise reduce its Asia flights by 14 percent until the end of May, impacting routes to Japan, Thailand and mainland China.

The novel coronavirus has infected more than 74,000 people and killed more than 2,100 since late December, almost all of them in China.

Qantas chief executive Alan Joyce said the outbreak had led to a drop in demand for flights across the region and was expected to impact the company's profits by up to Aus\$150 million (US\$100 million) in the 2020 financial year.

Joyce said the company would ground the equivalent of 18 aircraft in response to the COVID-19 virus crisis, and staff would be encouraged to take annual leave during the period.

"We can extend how long the cuts are in place, we can deepen them or we can add seats back in if the demand is there. This is an evolving situation that we're monitoring closely," he said.

"We know demand into Asia will rebound. And we'll be ready to ramp back up when it does."

Also on Thursday, Qantas reported its underlying profit before tax fell only slightly to Aus\$771 million, with lower fuel costs helping to offset the slowdown.

The airline had warned last year that ongoing unrest in Hong Kong was causing weaker demand for flights to the city, and had already been scheduling smaller aircraft on the route.

The company also plans to make small cuts to its domestic and New Zealand routes in response to lower demand.

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