



ASX and Media Release

QANTAS GROUP FLEET UPDATE

SYDNEY, 28 August 2014: The Qantas Group today provided an update on its fleet and network strategy for FY15 and beyond.

Since FY09, the Group has taken delivery of more than 140 aircraft and retired or returned leases for 80 aircraft, resulting in an average fleet age of 7.7 years – the youngest for two decades and significantly below the average in North America, Europe and the Asia Pacific.

The Group's focus now is on maximising the advantages of this young, competitive fleet, and completing the retirement of older aircraft types.

Qantas CEO Alan Joyce said the Group's fleet strategy was based on clear, consistent principles.

- Increasing fleet utilisation in the international and domestic markets.
- Putting the right aircraft on the right route.
- Offering the best experience in every market for customers.
- Realising the cost benefits of new-generation aircraft.
- Continuing to simplify Group's fleet over time.

"We are using our fleet more efficiently to help deliver the goals of our accelerated Qantas Transformation program," Mr Joyce said.

"Of the \$2 billion permanent cost reductions we are seeking over three years, \$600 million will come from fleet and network initiatives. At the same time, we continue to invest in new and upgraded aircraft to help our people deliver the fantastic service that has earned record customer satisfaction over the past year."

Fleet and Network Changes

Key fleet and network changes completed or announced during FY14 are as follows.

Qantas International

- A more than 5 per cent increase in asset utilisation by Qantas International, including the retime of Melbourne-Dubai-London services and allocation of an Airbus A380 to the Dallas/Fort Worth route from September 2014.
- Gradual replacement of Boeing 747s with A330s on routes to Asia, with all Sydney-Singapore and Brisbane-Singapore services to be operated by A330s by the end of September 2014.
- Early retirement of four B747-400s, as the Group works towards the retirement of all non-reconfigured B747-400s by early 2016. This will leave nine, newer B747-400s fitted with A380-standard interiors.
- Four B787-8s delivered to Jetstar, allowing the transfer of three-A330-200s from Jetstar to Qantas Domestic.

Qantas Domestic

- Planning for a reduction in average 'turn time' for Qantas Domestic aircraft to increase utilisation, to be implemented during FY15.
- The announcement that all the Group's B737-800s will be refurbished from mid-2015, expanding total B737-800 capacity by 3 per cent, along with improvements to inflight entertainment systems.
- Retirement of all older Boeing 737-400s (completed in February 2014).
- Early retirement of seven B767-300s, with all aircraft of this type to go by the end of 2014. Current fleet size is 10 aircraft.
- More targeted use of Qantas Domestic's bigger A330-200s to reflect demand, with a focus on East-West routes to Perth and peak East Coast services.
- All of Network Aviation's seven Brasilia turboprop aircraft have been retired (effective August 2014). Network aviation now has a single fleet of 12 Fokker F100 jets.

Fleet Renewal and Simplification

In FY14 the Group took delivery of 23 new aircraft, retired 19 older aircraft and returned eight leases.

Under current plans for FY15 the Group will receive 10 new aircraft, retire 18 aircraft and return two leases.

As a result of ongoing fleet retirements and simplification, the Group's mainline fleet will be reduced from 11 different types in FY13 to seven different types in FY16.

Restructured Order Book

The Group announced in February that more than 50 aircraft on order would be deferred or sold to reflect more efficient fleet utilisation and slower capacity growth.

In light of the more subdued domestic capacity outlook and shift to more efficient utilisation of narrow-body aircraft:

- Two Qantas B737-800s, including one sourced from the domestic fleet and one from the trans-Tasman fleet, will be sold during FY15.
- A decision has been taken not to renew the leases on two Qantas Domestic A330-200s, meaning these aircraft will leave the fleet in the first half of FY16.
- Five A320neos on order for Jetstar Airways have been sold, reflecting the more subdued outlook for domestic capacity in FY15.
- Two QantasLink Q300s will be sold during FY15.

In addition:

- Orders for 21 A320neos have been deferred by four years and converted to orders for 21 of the more-fuel-efficient A320neos, meaning that the Group has orders for a total of 99 A320neos.
- The Group has pushed back the first of its 50 B787 options and purchase rights from 2016 to 2017, in line with the completion of the accelerated Qantas Transformation plan.
- As previously announced, the Group has deferred the final eight A380s on order for Qantas International, with an ongoing review of delivery dates to meet potential future requirements.
- As previously announced, the Group has deferred the final three of 14 B787-8s on order for Jetstar.

The Group retains significant flexibility in arrangements with manufacturers and lessors should the competitive environment or capacity forecasts change substantially.

Issued by Qantas Corporate Communication

Media contacts: M: 0418 210 005 E: gantasmedia@qantas.com.au