

Qantas Airways Limited
Fleet, Efficiency & Engineering

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Seattle, 6 October 2013



Group Fleet Strategy

Flexibility, Simplification, Efficiency

- 5 key principles
 - Right aircraft, right route
 - Fleet simplification
 - Flexibility – delivery, retirement, renewal
 - Sustainable fleet investment profile
 - Continual reduction in fuel and unit cost
- Maximum fleet plan flexibility
 - Firm orders, options, purchase rights
 - Orders span family of aircraft types
 - Strong relationships with manufacturers and suppliers



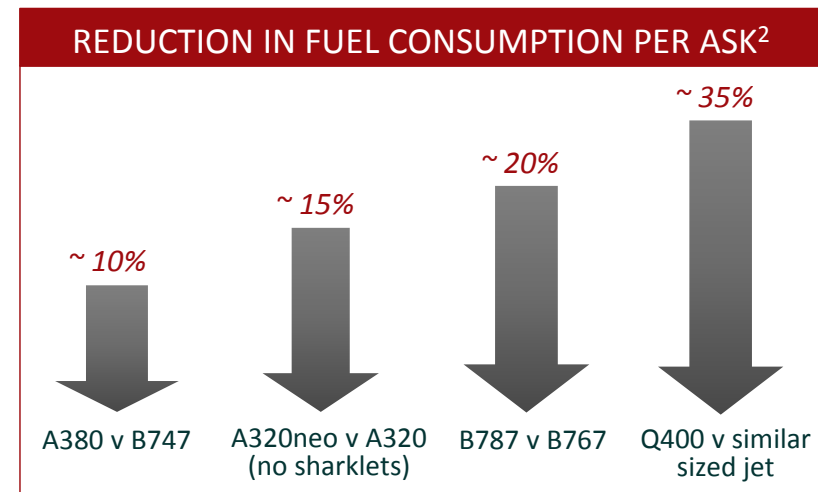
- Up to 96 narrow-body, 13 wide-body aircraft planned for delivery in next 5 years
- 37 options and 268 purchase rights through to Dec 2025
- 27 narrow-body, 10 wide-body and 4 turboprop aircraft potential lease renewals in next 3 years
- Up to 37 aircraft retirements in next 5 years

Group Fleet Strategy

Deliveries and Retirements

AIRCRAFT DELIVERIES (INDICATIVE TIMING)			
Aircraft Type	FY14	FY15-FY16	FY17-FY25
A380-800	-	-	8
B787-8	6	5	3
A320 Family ¹	8	15	80
B737-800NG	4	5	-
B717-200	5	-	-
Q400	3	-	-
Total Deliveries	26	25	91

AIRCRAFT RETIREMENTS & LEASE RETURNS (INDICATIVE TIMING)		
Aircraft Type	FY14	FY15-FY16
B747-400	2	2
B767-300	7	13
B737-400	6	-
B737-800	-	0-6
A320-200	5-7	6-23

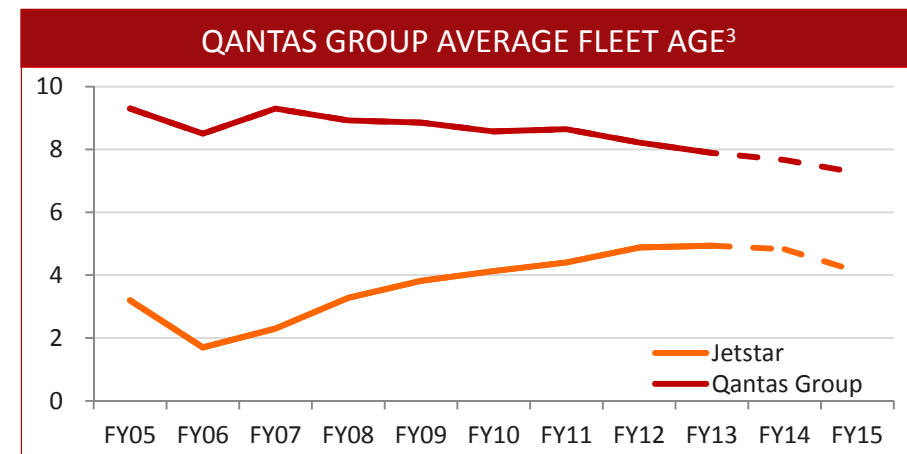
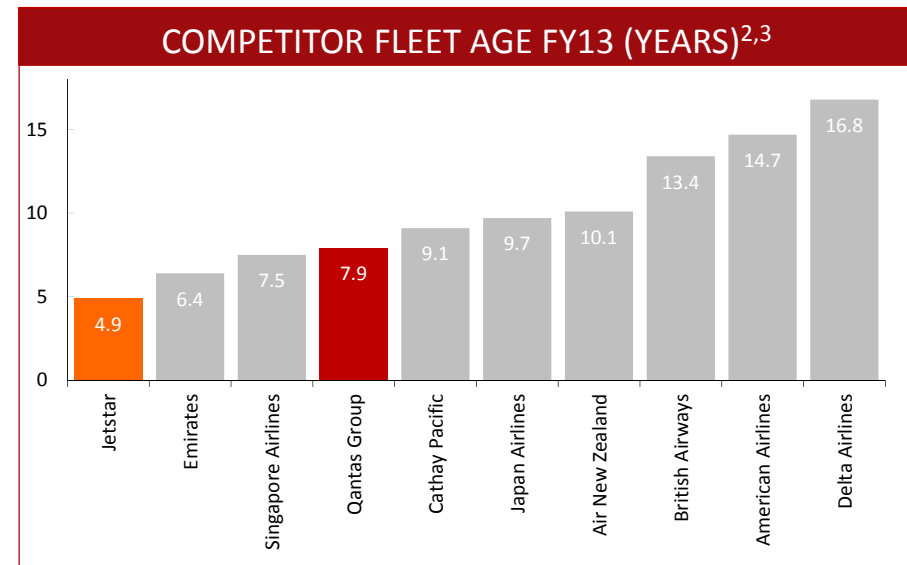


1. Includes Jetstar Asia, excludes Jetstar Pacific, Jetstar Japan and Jetstar Hong Kong. 2. On a per available seat kilometre basis. Source: Qantas internal assessment and manufacturer guidance.

Group Fleet Strategy

Maintaining a young, fuel-efficient fleet

- Young average fleet age of 7.9 years¹
- Lowest fleet age since privatisation
- Forecast fleet age to decline further
 - 15 retirements of older fleet type in FY14
6xB737-400, 7xB767-300, 2xB747-400
 - 26 new aircraft deliveries in FY14
- A320 order supports cost-effective future fleet growth at Jetstar associates




1. Average fleet age of the Group's scheduled passenger fleet based on manufacturing date. 2. Source: Airfleet.net. 3. Qantas Group fleet age includes Qantas and Jetstar scheduled passenger fleet. Jetstar fleet age includes Jetstar Australia Domestic and International, Jetstar New Zealand and Jetstar Asia scheduled passenger fleet.

Group Fleet Strategy

The next big decisions

- Flexibility key to long-term fleet strategy
- Arrangements with manufacturers provide maximum optionality for Qantas to manage orders to demand
- 41 lease expiries¹ over next 3 years; ability to replace or extend with existing orders
- Future fleet replacement decisions, ongoing assessment of products

B738² → B737Max, A320/A321neo³
 B747 → A380, A330, A350XWB, B787, B777X
 B717 → A319neo, B737-7Max, Bombardier C-series, Embraer E-jet family

B787 ⁴ OPTION AND PURCHASE RIGHT TIMING		
TIMING	OPTIONS	PURCHASE RIGHTS ⁵
FY17	5	
FY18	6	
FY19	7	
FY20	2	
FY25		
Total	20	30

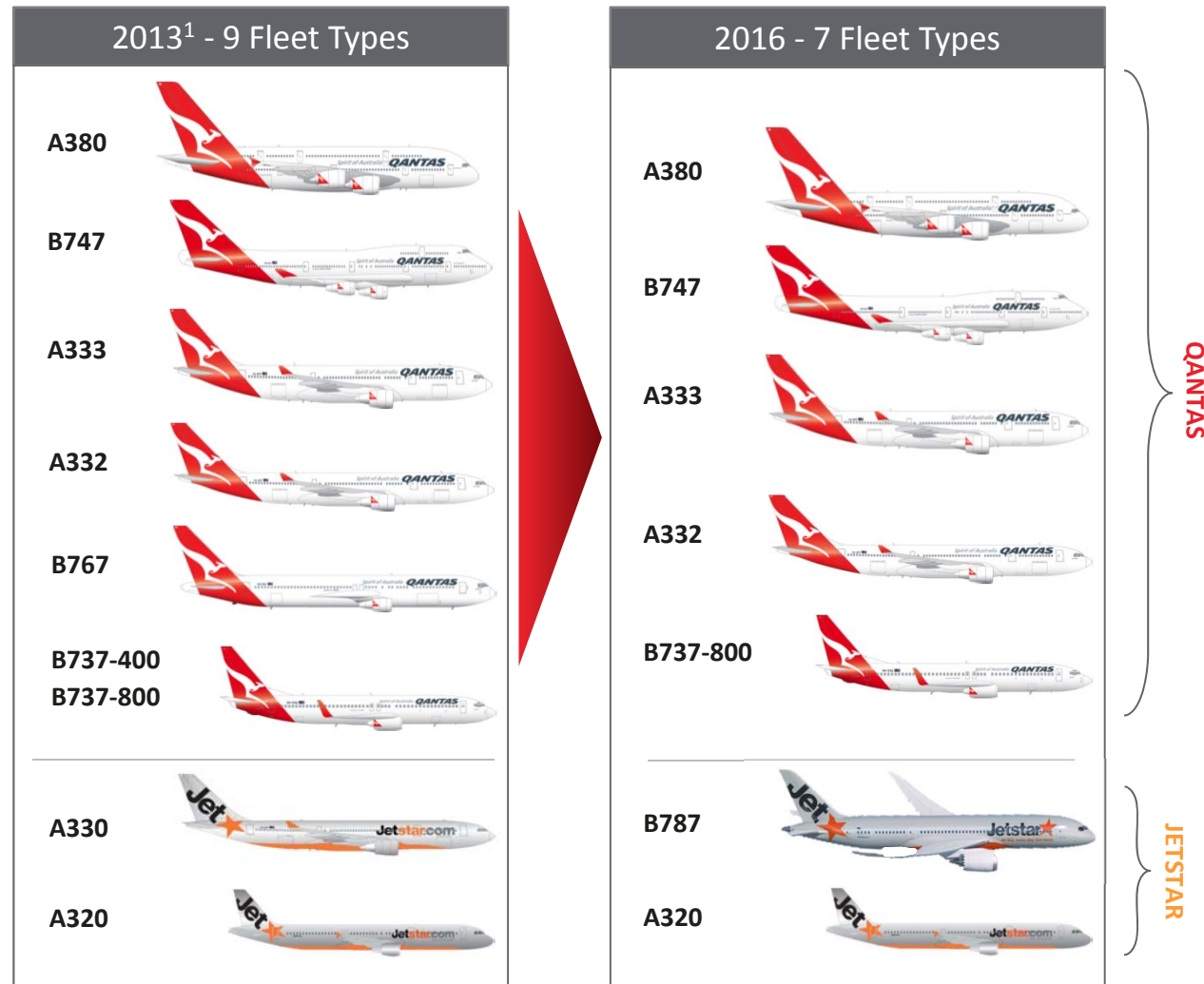
1. Includes Network Aviation aircraft. 2. Eight options still remaining. 3. Currently have 190 options and purchase rights for A320neo or A321neo. 4. Qantas has conversion rights for all B787 family aircraft. 5. Subject to availability.

Fleet Simplification

Driving unit cost improvements

Benefits of fleet simplification:

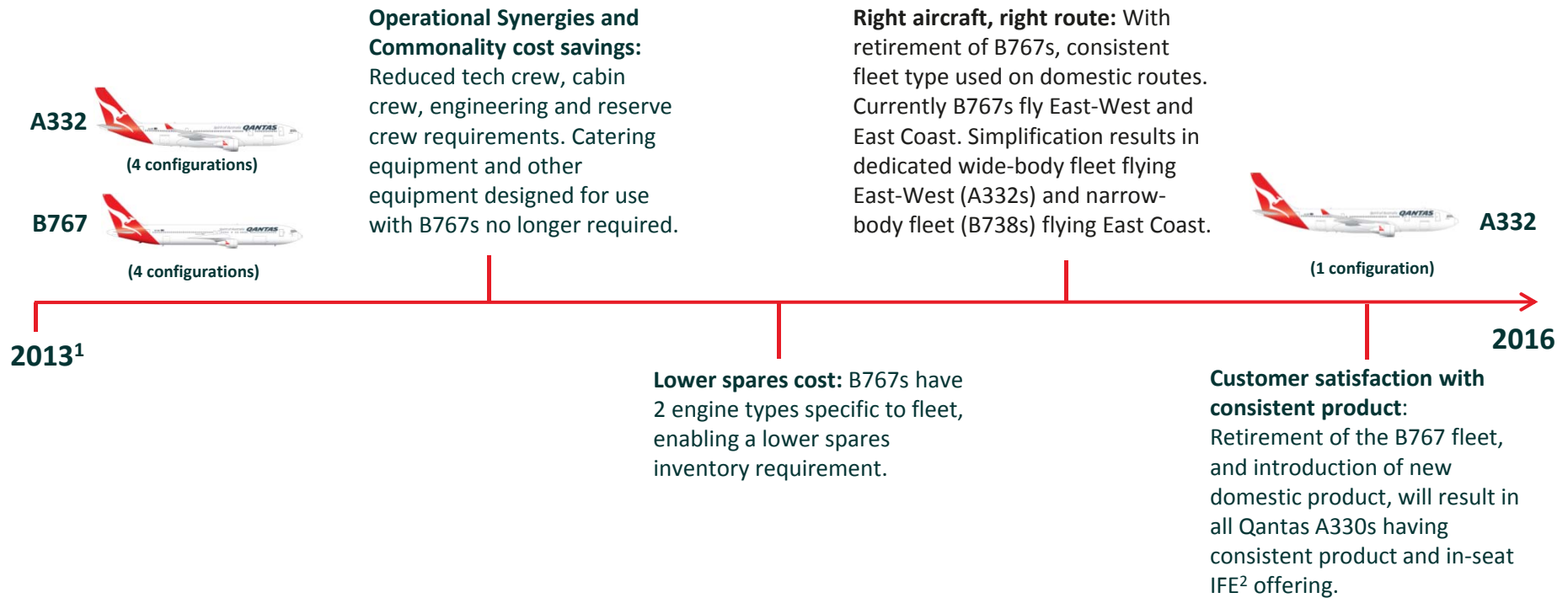
- Operational synergies
- Commonality cost savings
- Lower spares cost
- Network and scheduling benefits
- Customer satisfaction from consistent product offering



1. As at 30 June 2013.

Fleet Simplification

Qantas Domestic wide-body fleet evolution



1. As at 30 June 2013. 2. In-Flight Entertainment.

Fleet Simplification

Assisting Qantas Domestic unit cost improvement

Reduce Qantas Domestic unit cost gap to competitor

Fleet Renewal

Qantas
Transformation
Programs

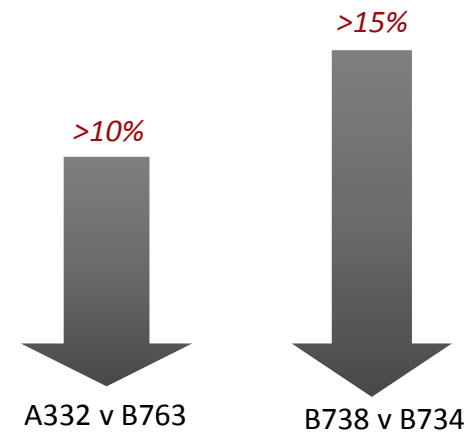
Right Aircraft,
Right Route

Fleet Simplification &
Reconfigurations

Increased Utilisation

- B763, B734 fleet retirement
- Qantas Transformation initiatives
 - Engineering
 - Commercial
 - Operations
 - Overhead
- B717 fleet on right route (Canberra, Hobart)
- Increase narrow-body utilisation
 - Scope for additional off-peak and leisure services

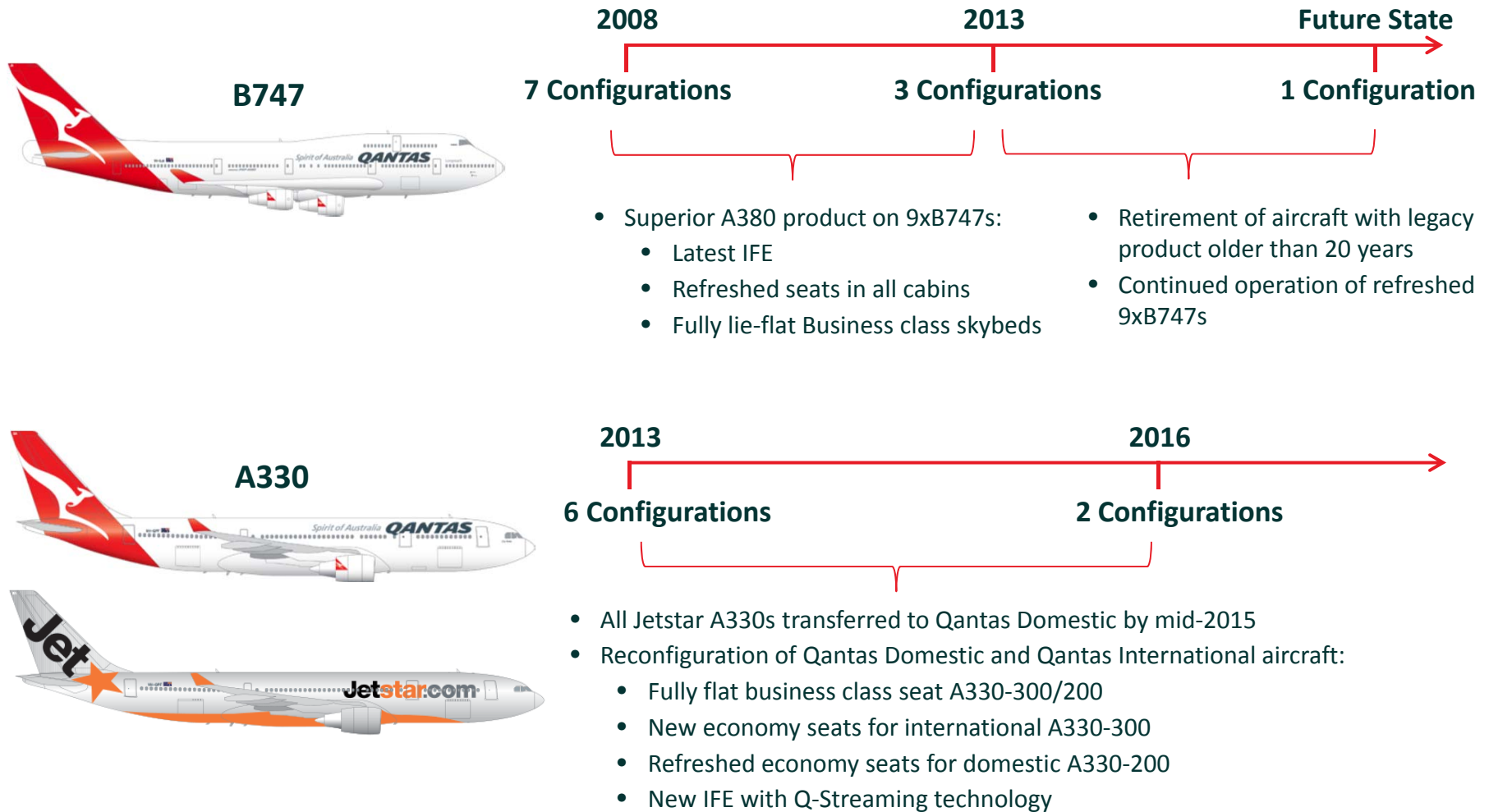
FUEL COST IMPROVEMENT PER ASK¹



1. On a per available seat kilometre basis. Source: Qantas internal assessment and manufacturer guidance.

Fleet Simplification

Evolution of fleet configurations



Fleet Economics

Improved utilisation

- Improving asset utilisation to drive unit cost benefits
 - Reconfiguration programs: driving fuel savings on a per-seat basis and capacity increases without heavy capital investment
 - B738 engine refresh program: 19 aircraft to be refreshed by Aug 2014, driving approximately 1.5% fuel burn saving¹
 - Jetstar sharklet program: 7xA320s with sharklets delivering 3-4% fuel burn saving²
- FY14 Group utilisation forecast at ~9.9 hours (FY13 ~9.4 hours)³
 - Natural ground time initiatives
 - Increasing utilisation both internationally and domestically

Aircraft type	Configuration changes FY11-Current (seats)	Seat change
B744 ⁴	307 / 353 → 364	19%
A380	450 → 484	8%
B717 (single class)	115 / 117 → 125	9%
A320	177 → 180	2%

1. Engine replacement program. Fuel burn efficiency based on Qantas internal assessment. 2. Source: Airbus guidelines. 3. Utilisation refers to Qantas jet operations. 4. Nine aircraft reconfigured as at 30 June 2013.

Fleet Economics

Reconfiguration programs

World class product offering on main fleet types:

- B747 reconfiguration completed Oct 2012 (9 aircraft)
- B738 to fully replace B734 by Feb 2014
 - In-seat IFE on all B738s delivered from Aug 2009
- A330 reconfiguration commencing end 2014, completed by end 2016 (30 aircraft)
 - Latest IFE, new business suites with fully lie-flat beds, refreshed/new economy seats
- B767 cabin refresh completed May 2013 (15 aircraft)
 - Q-streaming iPad technology (fully transferable to other aircraft), refreshed seats and interiors
- B717 two-class introduction in FY14
 - First two-class offering on regional network, latest IFE



QANTAS

A330 Business Suite



Fleet Economics

Qantas International

Finding more flying time from existing long-haul fleet

- Natural ground time
 - Line maintenance conducted in Los Angeles when A380 otherwise idle
 - 1 extra day of flying available; 15% utilisation increase
 - Exploring further opportunities within network
- Improved utilisation
 - Perth-Auckland A330 seasonal flying, aircraft otherwise idle in Perth on weekends
 - Rescheduling of JetConnect Tasman flying to release equivalent of ~1 aircraft for domestic flying
- Additional capacity options
 - Utilise improved A380 heavy maintenance schedule to up-gauge B747 flying with A380 or add frequencies on core routes (e.g. Brisbane-Los Angeles)
 - Seasonal supplementary flying (e.g. from 3 to 4 weekly Sydney-Santiago)

Fleet Simplification & Engineering

Driving efficiency gains

- Younger fleet requires less maintenance spend per ASK:
 - Improved technology results in reduced maintenance requirements (maintenance on demand)
 - New aircraft require less frequent heavy maintenance checks than older aircraft
- Engineering cost savings
 - Lower inventory levels per aircraft
 - Less spare engines per aircraft
 - Less total support staff per aircraft
- Benefits from exiting older fleet types (B767s, B734s)
 - Expected wide-body engineering cost base reduction ~\$100 million FY16 vs FY12¹
 - Further cost savings through engineering, spares, flight operations, crew
- B747 fleet now in maintenance 'honeymoon' FY13-FY16
 - Period of heavy maintenance investment FY08-FY12
 - 25-30% reduction in forecast B747 engineering costs compared to FY12

1. Annual benefit from removal of B767 engineering program only.

Qantas Engineering¹

Removing maintenance complexity

QF Fleet Seating Configurations	2008	2011	2013	Future State
A380	-	1	1	1
B747	7	↓ 5	↓ 3	↓ 1
A330	4	4	4	↓ 2
B767	4	4	4	↓ Exit
B737	2	2	2	↓ 1
Fleet	17 Configs	16 Configs	14 Configs	5 Configs

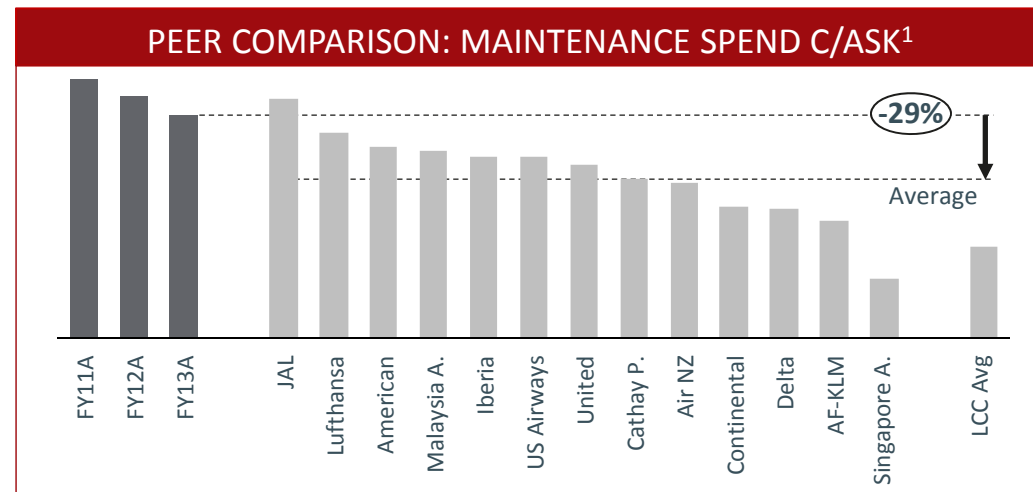
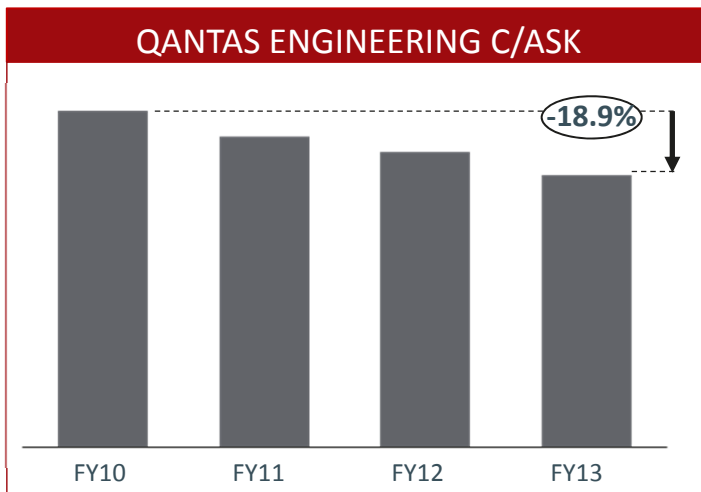
QF Fleet Engine Types	2008	2011	2013	Future State
A380	-	T900	T900	T900
B747	RB211-GT CF6-80C2(B5F)	RB211-GT CF6-80C2(B5F)	RB211-GT CF6-80C2(B5F)	RB211-GT CF6-80C2(B5F)
A330	CF6-80E1	CF6-80E1	CF6-80E1	CF6-80E1
B767	RB211-HT CF6-80C2(B6)	RB211-HT CF6-80C2(B6)	RB211-HT CF6-80C2(B6)	Exit
B737	CFM-56-7 CFM-56-3	CFM-56-7 CFM-56-3	CFM-56-7 CFM-56-3	CFM-56-7
Fleet	7 Engine Types	8 Engine Types	8 Engine Types	5 Engine Types

1. Excludes Jetstar.

Qantas Engineering

Transforming legacy cost base

- Heavy maintenance consolidation
- Maintenance on demand
- Reduction in engineering facility expenses
 - Older fleet retirement and network changes (e.g. exit of loss-making routes)
- Consolidation of engineering support services from Melbourne into Sydney
- New Maintenix IT system improving maintenance efficiency



1. Calculated in AUD. Source: US DOT Form 41; Company Annual Reports.

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