



ASX and Media Release

QANTAS DREAMLINERS SYMBOLISE NEW ERA FOR NATIONAL CARRIER

SYDNEY, 20 August 2015: Qantas will enter a new era of global opportunities, fuel efficiency and passenger comfort when the Boeing 787-9 Dreamliner joins the Qantas International fleet from 2017.

The national carrier will acquire eight B787-9s to gradually replace five of its older Boeing 747s on Qantas International routes and open up a range of potential new city pairs. Four B787-9s will arrive in financial year 2018 and four will arrive in financial year 2019. This will leave the Qantas Group with its six youngest reconfigured B747s.

Announcing the decision after a rigorous assessment process, Qantas confirmed it had met the strict conditions for re-investment in a new long haul fleet type:

- A return to strong profitability for Qantas International in financial year 2015, with the business reporting underlying Earnings Before Interest and Tax of \$267 million – a turnaround of \$764 million compared with financial year 2016 – and Return On Invested Capital above its cost of capital.
- Net debt reduction of \$1.1 billion since financial year 2013.
- A competitive business case, including a new agreement with Qantas' long-haul pilots. This agreement incorporates a 30 per cent productivity increase.

Qantas will retain 15 further options and 30 purchase rights for additional B787s, with significant flexibility over the timing of delivery should they be exercised.

Qantas will work with its team of internal experts and external designers to develop world-leading cabin interiors for the new Dreamliner. This will add to the aircraft's unique features, including improved cabin pressure, larger windows and technology to reduce turbulence.

Chief executive Alan Joyce said the Dreamliner's advantages for Qantas' people and customers were hugely exciting.

"This milestone acquisition marks the scale of our turnaround and looks ahead to a new era for our iconic international airline," Mr Joyce said.

"We're halfway through the biggest and fastest transformation in our history. Qantas is rapidly growing fitter, stronger, and smarter. These aircraft are a fitting emblem of that evolution – they show that we are revitalised and here for the long haul.

"We have looked closely at every aspect of the Dreamliner and it's the right aircraft for Qantas' future.

“The key reason we chose this particular aircraft is its incredible efficiency. Its new technology will reduce fuel burn, cut heavy maintenance requirements and open up new destinations around the globe.

“Because the 787 is smaller than the jumbos it will gradually replace, it gives us the flexibility of having more aircraft without significantly changing our overall capacity.

“Every Qantas aircraft is a symbol of Australia and these aircraft will represent Australian excellence and ambition on a global scale.”

The acquisition of B787s for Qantas International is contained within Qantas’ existing capital expenditure guidance.

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