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ASX Market Announcements Office
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Qantas Group Announces Major Aircraft Order

Qantas Airways Limited attaches the following documents:

- ASX/Media Release – Qantas Group Announces Major Aircraft Order; and
- Investor Presentation – Project Winton and Sunrise Investments.

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ASX/Media Release

QANTAS GROUP ANNOUNCES MAJOR AIRCRAFT ORDER TO SHAPE ITS FUTURE

- Approval of Project Sunrise, with order for 12 x Airbus A350s capable of flying direct from Australia to any other city including New York and London, starting from Sydney in late 2025.
- Domestic fleet renewal from late 2023, with order for 40 x A321XLRs and A220 aircraft; 94 purchase order rights spread over at least a decade.
- Major improvements in emissions, running costs and passenger comfort vs retiring aircraft.
- No change to FY23 capital guidance; structure of orders to align with Group Financial Framework[1].

2 May 2022: The Qantas Group has today announced several major fleet decisions that will reshape its international and domestic networks over the next decade and beyond.

These decisions will also improve journeys for millions of people every year, and create over 1,000 jobs as well as many career progression opportunities at the national carrier.

Domestically, Qantas will start the renewal of its narrow body jets as part of **'Project Winton'** with firm orders for 20 Airbus A321XLRs and 20 A220-300s as its Boeing 737s and 717s are gradually retired. The first of these aircraft will start to arrive in late calendar 2023, with the order including purchase right options for another 94 aircraft for delivery through to at least 2034.

Internationally, 12 Airbus A350-1000s will be ordered to operate non-stop **'Project Sunrise'** flights from Australia to other cities including New York and London. These aircraft will feature market-leading passenger comfort in each travel class with services scheduled to start by the end of calendar 2025 from Sydney.

All of these next generation aircraft – through their lower emissions, longer range, less noise and better economics – will improve how people travel around Australia and overseas.

Customers can expect more direct routes and therefore less total travel time. They can expect higher levels of cabin comfort. And, particularly on domestic and regional routes, they can expect more choice of flights at different times of day due to different size aircraft for peak and off-peak times.

CEO COMMENTS

Qantas Group CEO Alan Joyce said: "New types of aircraft make new things possible. That's what makes today's announcement so significant for the national carrier and for a country like Australia where air travel is crucial.

"Throughout our history, the aircraft we've flown have defined the era we're in. The 707 introduced the jet age, the 747 democratised travel and the A380 brought a completely new level of comfort. The A350 and Project Sunrise will make any city just one flight away from Australia. It's the last frontier and the final fix for the tyranny of distance. As you'd expect, the cabin is being specially designed for maximum comfort in all classes for long-haul flying.

[1] Capital expenditure for Project Sunrise is primarily in FY25-FY27, peaking at $1.2 billion in FY26.

"The A320s and A220s will become the backbone of our domestic fleet for the next 20 years, helping to keep this country moving. Their range and economics will make new direct routes possible, including serving regional cities better.

"These newer aircraft and engines will reduce emissions by at least 15 per cent if running on fossil fuels, and significantly better when run on Sustainable Aviation Fuel. This order brings us closer to our commitment to reach net zero emissions by 2050. Project Sunrise will be carbon neutral from day one.

"We have come through the other side of the pandemic a structurally different company. Our domestic market share is higher and the demand for direct international flights is even stronger than it was before COVID. The business case for Project Sunrise has an internal rate of return in the mid-teens.

"The Board's decision to approve what is the largest aircraft order in Australian aviation is a clear vote of confidence in the future of the Qantas Group. Our strategy for these aircraft will see us generate significant benefits for those who make it possible – our people, our customers and our shareholders.

"The phasing of this order means it can be funded within our debt range and through earnings, while still leaving room for shareholder returns in line with our financial framework."

(See separate Qantas Group market update, also released today).

ABOUT THE ORDER

- Firm orders for 12 Airbus A350-1000 for Project Sunrise. Deliveries to begin in 2025 and complete by 2028.
- Firm orders for 20 A321XLR and 20 A220-300 for Project Winton to start renewal of Qantas' narrow body fleet as its fleet of 95 Boeing 737 and Boeing 717 aircraft retire. Deliveries of A220s to start late calendar 2023; A321XLRs deliveries to start a year later in late calendar 2024.
- An additional 94 purchase right options spread across A320 and A220 families, with significant flexibility on delivery timing (over 10-plus years) and aircraft type.
- Combines with the existing order of 109 A320s (plus purchase rights) for Jetstar into a single Qantas Group narrow body order of 299 aircraft (half of which are firm orders and half are purchase right options), with the flexibility to draw down on that order by choosing any variant from the A320 and A220 families.
- Demonstration of this flexibility with confirmation today that Jetstar will convert 20 of its existing A320 family order to A321XLRs, which have the potential to fly short haul international routes, with delivery to start in the second half of calendar 2024. (The first tranche from this existing order – 18 A321LRs – are due to arrive from July 2022 onwards.)
- Total cost of the deal is commercial in confidence, though a significant discount from standard price should be assumed.

ABOUT THE AIRCRAFT

PROJECT WINTON

- **Qantas' A321XLR** is five metres longer than the outgoing 737s and will be configured to seat 200 people (20 business, 180 economy) – a 15 per cent increase with no reduction in space between seats. It can fly approximately 3,000km further than the 737 (at 8,700km) and opens up a wider range of direct domestic and short haul international routes (e.g. South East Asia, Pacific islands).
- **The A220-300** is larger overall than the outgoing 717s and will be configured to seat 137 people (10 in Business, 127 in Economy) – a 25 per cent increase with no reduction in space between seats. It has almost double the range at over 6,000 kilometres, meaning it can fly between any city in Australia.
- Both aircraft types will be powered by Pratt & Whitney Geared Turbo Fan engines (PW1100G-JM and PW1500G)

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- The noise levels of both aircraft are up to 50 per cent lower than the retiring aircraft.
- On a per seat basis, the A220-300 burns 28 per cent less fuel per passenger than the 717. The A321XLR burns 17 per cent less fuel per passenger compared with the 737.

PROJECT SUNRISE

- The Qantas **A350-1000** will have the range for direct flights between Australia and any city in the world. Powered by Rolls-Royce Trent XWB-97 turbofan engines which are 25 percent more fuel efficient than previous generation aircraft.
- Will carry 238 passengers across four classes (First, Business, Premium Economy, Economy), with more than 40 per cent of the cabin dedicated to premium seating. Compares to more than 300 seats on competitor airlines.
- The cabin is specially configured for improved comfort on long flights and includes a wellbeing zone in the centre.

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Project Winton and Sunrise Investments

Qantas Airways Limited

May 2022

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Investment decisions delivering on Group Strategic Pillars

Disciplined allocation of capital

Investment opportunities to extend competitive advantages and sustain long-term earnings growth and shareholder value

Relevant Strategic Pillars



Maximising leading domestic position through Dual Brand strategy



Building a resilient Qantas International, leveraging our home market



Investing in customer, brand, data and digital



Driving Sustainability

Project	Fleet summary	Investment type	
Winton	20 x A321XLR 20 x A220-300 94 x purchase right options Combines with existing order of 109 x A320 family aircraft (plus purchase rights) for Jetstar into a single Qantas Group narrowbody order of 299 aircraft (half firm orders and half purchase right options)	EBIT-accretive fleet renewal	✓ ✓ ✓ ✓ • Improved range capability and gauge options extend network advantage, flexibility and improve customer proposition through more direct services and frequency • Next generation technology unlocks access to new point to point routes as well as reduced emissions (and fuel burn) per seat relative to existing aircraft
Sunrise	12 x A350-1000	EBIT-accretive growth	✓ ✓ ✓ • Meets growing post-pandemic demand to overfly hubs and an opportunity to establish sustainable competitive advantage • Expected to significantly enhance customer proposition, particularly in corporate and Loyalty segments • Next generation aircraft benefits include lowers emissions with Group commitment to be carbon neutral from day one

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Winton fast facts

VALUE DRIVERS	A321XLR vs 737	A220-300 vs 717
Seats	**+15% seats** 200 vs 174 seats Improved seat width with no compromise to seat pitch **10% premium mix (+3ppt)** 20 vs 12 business seats	**+25% seats** 137 vs 110 seats Improved seat width with no compromise to seat pitch **+7ppt premium mix[1]** 10 business seats
Range	**+70% range**	**+100% range**
	Opens up more direct domestic and short international routes	
Fleet Utilisation	**+17%**	**+48%**
	Improved aircraft performance and increased range capability	
Emissions	**17% lower fuel burn per seat**	**28% lower fuel burn per seat**
	Enabled by next generation aircraft and engine technology	
Unit Cost[2]	**9%**	**21%**
	Lower operating cost delivered through aircraft technology, increased seat gauge and utilisation	

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1. Compared to single class 717 configuration. 2. Cents per ASK (direct cash operating costs including fuel and average engineering lifecycle costs).

Sunrise fast facts

VALUE DRIVERS	A350-1000
Seats	**238 seats** 6 first, 52 business, 40 premium, 140 economy Product considered for ULR[1] travel, with improved seat pitch **41% premium mix** +11ppt premium mix (vs 787-9 and A380[2])
Fleet	**12 aircraft** Viable fleet scale underpinned by unique home market strength, underlying premium demand and geography Capital expenditure primarily in FY25-FY27, peaking at $1.2 billion in FY26
Range	**Connects Australia directly to anywhere in the world** For example, non-stop flights from East coast Australia to New York and London
Emissions	**Carbon neutral** New generation aircraft reduces emissions with all flights to be carbon neutral from day one
Return	**Mid-teens IRR[3]** Over life of the investment 1 Increase in premium seat mix 2 Fare premium on non-stop flying 3 Incremental passenger volume

1. Ultra long range. 2. Compared to current reconfigured A380. 3. Internal rate of return (IRR).

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Proposed A350-1000 seat map

6 First / 52 Business / 40 Premium Economy / 140 Economy = 238 Passengers



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