

**Virgin Australia Holdings Limited (ASX: VAH) announces proposed acquisition of remaining 40% of Tigerair Australia**

**17 October 2014:** Virgin Australia Holdings Limited (Virgin Australia) (ASX: VAH) today announced a transaction which would see Virgin Australia acquire the remaining 40 per cent of shares in Tiger Australia Airways Pty Ltd (Tigerair Australia) from Tiger Airways Holdings Limited (Tiger Holdings) for a price of A\$1.

The transaction, once completed, will see Virgin Australia secure 100 per cent ownership and full control of Tigerair Australia and brings to a conclusion the joint venture between Virgin Australia and Tiger Holdings which commenced on 8 July 2013.

As part of the proposed acquisition, Virgin Australia will secure the brand rights to fly Tigerair Australia to a number of short-haul international destinations, providing new growth opportunities for the business.

Virgin Australia Chief Executive Officer, John Borghetti said: "This proposed transaction marks an important milestone for Tigerair Australia and forms part of the Virgin Australia Group's Virgin Vision strategy to 2017.

"Given the ongoing subdued consumer demand in the Australian domestic market, the growth of the Tigerair Australia domestic fleet is likely to be reduced. Under this proposed transaction, we will benefit from the economies of scale and achieve profitability ahead of schedule by the end of 2016, by leveraging the resources of the wider Virgin Australia Group.

"Tiger Holdings and Virgin Australia have worked well together over the past 14 months on building a strong operating platform for Tigerair Australia. The joint venture has strengthened systems and processes, increased aircraft utilisation, established a Brisbane base and leveraged synergies across a range of areas.

"We remain committed to maintaining the airline's low cost business model and the separate Tigerair brand, ensuring that we can continue to deliver the most competitive pricing in Australian budget travel", Mr Borghetti said.

The partnership between Virgin Australia and Tiger Holdings will continue into the future through brand licencing and certain services which will continue to be provided by Tiger Holdings direct to Tiger Australia.

The transaction is also subject to conditions precedent, including Foreign Investment Review Board approval, Tiger Holdings shareholder approval and entering into long-form licensing agreements, services agreements and other ancillary transaction documents. It is expected that Virgin Australia will consolidate Tigerair Australia's financial results going forward as result of the transaction.

Virgin Australia anticipates that completion will occur by the end of 2014 and will keep the market updated on the timing of completion of the transaction.

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**For further information, please contact:**

Danielle Keighery: +61 400 223 136 or Jacqui Abbott: +61 478 403 606

24-hour media enquiries: 1800 142 467

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