

**Virgin Australia Holdings Limited (ASX: VAH) Trading Update for Second Quarter  
Ending 31 December 2014****Virgin Australia Group Financial Summary – For the period 1 October to 31 December 2014<sup>1</sup>**

- Underlying Profit Before Tax of \$55.3 million, an improvement of \$47.6 million on Q2 FY14 (equates to an Underlying Profit Before Tax of \$10.3 million for the financial year-to-date ending 31 Dec 2014)
- Statutory Profit After Tax of \$11.3 million for Q2 FY15
- Positive Group Yield and Domestic Yield growth on Q2 FY14
- Underlying CASK (excl. fuel and Tigerair impact) declined on Q2 FY14

**6 February 2015****Virgin Australia Group**

Virgin Australia Holdings Limited (Virgin Australia Group) today reported an Underlying Profit Before Tax of \$55.3 million for the second quarter of the 2015 financial year, representing a \$47.6 million improvement over the prior corresponding period. For the financial year-to-date ending 31 December 2014, this equates to an Underlying Profit Before Tax of \$10.3 million.

Second quarter Group Yield, Domestic Yield and Group Revenue Load Factors for the Virgin Australia Group were positive compared to the second quarter of the 2014 financial year.

During the quarter, the Group incurred restructuring and transaction costs and the impact of ineffective hedges amounting to \$33.5 million. Underlying Cost per Available Seat Kilometre (CASK) excluding fuel and the impact of Tiger Airways Australia Pty Limited (Tigerair Australia) declined on the prior corresponding period, as a result of strong progress on the company's cost reduction program. The Virgin Australia Group saw a small benefit of approximately \$7 million from falling fuel prices in the second quarter compared to the prior year.

Virgin Australia Group Chief Financial Officer Sankar Narayan said: "This result represents a continued turnaround on the prior corresponding period and the seasonally weaker first quarter. We are delivering on our plan to maintain our cost advantage through the disciplined execution of our cost reduction program, while continuing to drive revenue growth from the Corporate, Government and Charter market segments. These cost reduction benefits are being realised while we continue to improve the customer experience.

"We are seeing some improvement in domestic trading conditions compared to the first quarter; however consumer sentiment has been relatively weak and international yield recovery has been constrained by continued pressure in the South East Asian and Europe/United Kingdom markets", Mr Narayan said.

**Tigerair Australia**

On a stand-alone basis, Tigerair Australia recorded an Underlying Profit Before Tax of \$0.5 million for the second quarter, an improvement on an underlying loss of \$15.5 million in the prior corresponding period. This result was driven by both improved unit revenues and greater cost efficiencies and represents the first quarterly profit for the airline since December 2010.

Further information will be made available on 19 February 2015 when the Virgin Australia Group reports Financial Results for the Half Year ended 31 December 2014.

<sup>1</sup> All financial information contained in this release has not been audited or reviewed and reflects equity accounting of Tigerair Australia from 1 October 2014 to 16 October 2014 and consolidated Tigerair Australia performance from 17 October 2014 until 31 December 2014. For definitions, refer to page 3.

**24-hour media enquiries: 1800 142 467**

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**VIRGIN AUSTRALIA HOLDINGS PRELIMINARY QUARTERLY OPERATING STATISTICS**  
 For the period 1 October – 31 December 2014

		Q2 FY15 Operating Statistics		
		Q2 FY15	Q2 FY14	Change
<b>DOMESTIC</b>	Revenue Passengers	4,526,394	4,504,280	0.5%
	Revenue Passenger Kilometres (millions)	5,339	5,295	0.8%
	Available Seats	5,809,872	5,734,362	1.3%
	Available Seat Kilometres (millions)	6,838	6,741	1.4%
	Revenue Load Factor	78.1%	78.5%	(0.4 pts)
<b>INTERNATIONAL</b>	Revenue Passengers	721,718	663,909	8.7%
	Available Seats	894,707	850,998	5.1%
	Available Seat Kilometres (millions)	4,070	3,902	4.3%
	Revenue Load Factor	80.8%	78.0%	2.8 pts
<b>TOTAL NETWORK</b>	Revenue Passengers	5,248,112	5,168,189	1.5%
	Available Seats	6,704,579	6,585,360	1.8%
	Available Seat Kilometres (millions)	10,908	10,643	2.5%
	Revenue Load Factor	79.1%	78.4%	0.7 pts

**TIGERAIR AUSTRALIA PRELIMINARY QUARTERLY OPERATING STATISTICS**  
**For the period 1 October – 31 December 2014**

		Q2 FY15 Operating Statistics		
		Q2 FY15	Q2 FY14	Change
<b>TIGERAIR AUSTRALIA</b>	Revenue Passengers	947,057	805,226	17.6%
	Revenue Passenger Kilometres (000's)	1,170	960	21.9%
	Available Seat Kilometres (000's)	1,353	1,112	21.7%
	Revenue Load Factor	86.5%	86.3%	0.2 pts

Notes:

- (1) Quarterly operating statistics are issued on a preliminary basis and are subject to change. Any adjustments made will flow through to the year to date results.
- (2) RPKs means number of paying passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.
- (3) ASKs means total number of seats available for passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair operated flights.
- (4) Available Seats means the total number of seats available for passengers.
- (5) Revenue Load Factor means RPKs as a percentage of ASKs. For Virgin Australia International and Total Network, Revenue Load Factor metrics include ASK and RPK data on our revenue-share routes with International Alliance Partners Air New Zealand and Delta Air Lines.

**Definitions**

**Underlying profit before tax:** is a non-statutory measure that represents statutory loss before tax excluding restructuring costs, share of equity accounted losses and the impact of hedging and financial instruments (as defined below). Tigerair Australia performance to 16 October 2014 was equity accounted and is therefore excluded from this measure. Tigerair Australia performance from 17 October to 31 December 2014 was consolidated and is therefore included in this measure. This is a non-statutory measure used by Management and VAH's Board as a measure to assess the financial performance of VAH.

Virgin Australia reassessed its accounting policy for major maintenance of leased aircraft on 30 June 2014 along with early adoption of AASB 9 Financial Instruments from 1 July 2014. These changes in accounting policy have resulted in the 2014 financial year comparatives to be restated where appropriate.

**Yield:** is a non-statutory measure of revenue divided by Revenue Passenger Kilometres. Revenue excludes charter, freight and loyalty related revenue.

**Underlying CASK:** Underlying cost per available seat kilometre (CASK) is a non-statutory measure derived from consolidated segment revenue less consolidated segment EBIT excluding time value movement and unrealised ineffectiveness on cashflow hedges and non-designated derivatives, charter business and non-Regular Passenger Transport costs divided by Available Seat Kilometres of the Regular Passenger Transport business.

**Hedging and Financial Instruments:** Hedging and Financial instruments is a non-statutory measure that includes unrealised ineffectiveness on cash flow hedges and non-designated derivatives and time value movements on cash flow hedges.

**Media Contact:** Emma King: +61 421 702 193 or Danielle Keighery: +61 400 223 136

**Investor Contact:** Russell Shaw: + 61 2 8093 7144

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