2016 Financial Year Results Presentation

August 5, 2016

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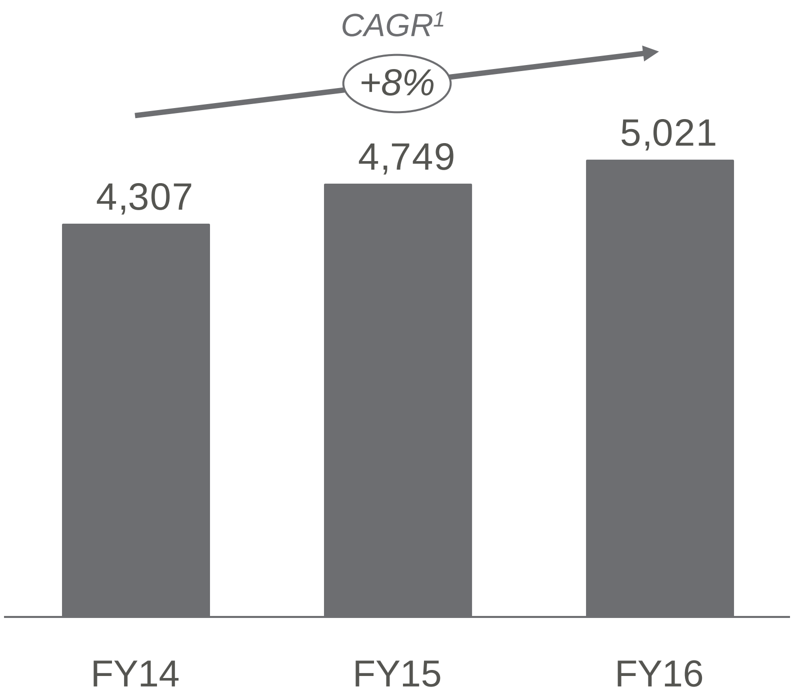
Key highlights

	FY16	FY15	Change
Underlying Profit / (Loss) Before Tax[1,2]	$41.0m	($49.1m)	↑ $90.1m
Statutory (loss) after tax[2]	($224.7m)	($93.8m)	↓ ($130.9m)
Group Underlying EBIT[1,2]	$210.6m	$65.9m	↑ $144.7m
Net cash from operating activities[2]	$198.5m	$218.1m	↓ ($19.6m)
ROIC[1,2]	8.9%	6.1%	↑ 2.8pts
Financial Leverage[1,2]	5.2x	5.9x	↓ (11.9%)
VA RASK[1,3]			↑ 4.2%
VA Yield[1,3]			↑ 2.7%
Group CASK (excl. fuel, FX & VFF)[1,2]			↓ (1.9%)

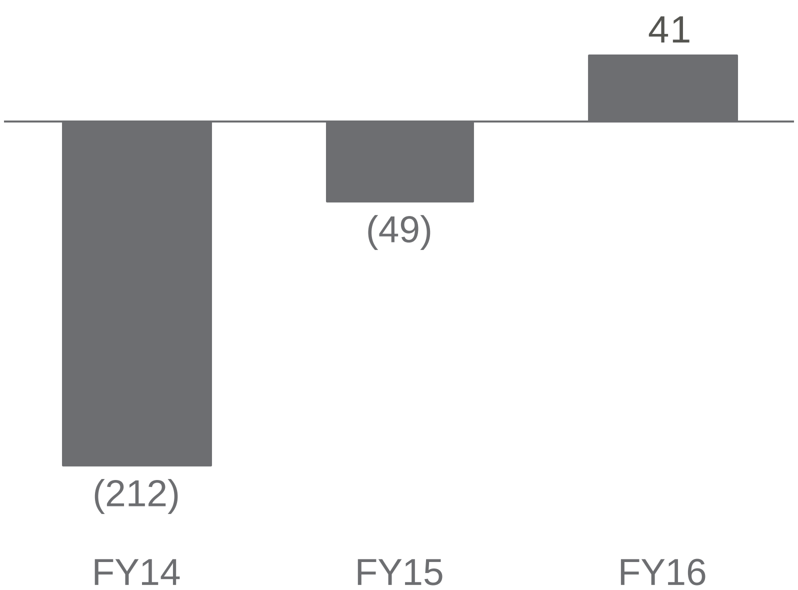
Note 1: Underlying Profit / (Loss) Before Tax, Underlying EBIT, ROIC, Financial Leverage, RASK, Yield & Group CASK are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30. 2: From 1 July 2014 to 16 October 2014, Tigerair was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair is included in underlying results. 3: VA means Virgin Australia Domestic and Virgin Australia International operating segments.

Group earnings improvement

Group revenue, $m



Group Underlying Profit / (Loss) Before Tax[2], $m



Consistent improvement in underlying financial performance

Note 1: CAGR means Compound Annual Growth Rate from FY14 to FY16. 2: Underlying Profit / (Loss) Before Tax is a non-statutory measure used by Management and VAH's Board to assess financial performance and is defined on slides 28, 29 & 30.

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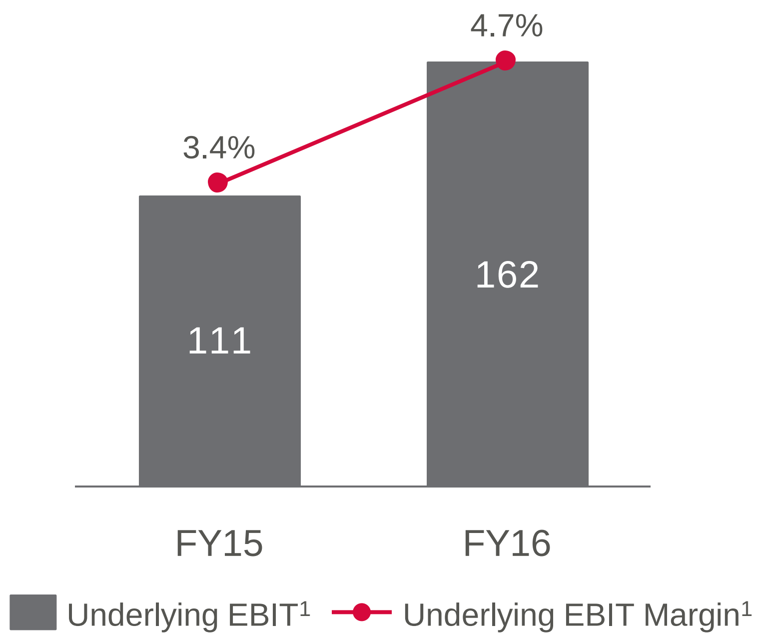
VA Domestic: Continued strong year-on-year improvement

Domestic performance

	FY16	FY15	Change
Underlying EBIT[1] ($m)	162.0	111.1	↑ 50.9
Underlying EBIT Margin[1]	4.7%	3.4%	↑ 1.3pts
RASK[1] growth			↑ 4.7%
Yield[1] growth			↑ 3.4%
ASK[1] growth			(0.6%)

Underlying EBIT[1], $m & Underlying EBIT Margin[1]



Unit Revenue growth driving margin improvement despite challenging operating conditions

Note 1: Underlying EBIT, Underlying EBIT Margin, Unit Revenue or RASK, Yield and ASK are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30.

VA Domestic: Enhancing the customer experience

"The Business" on A330s

New terminal and lounge at Perth Airport

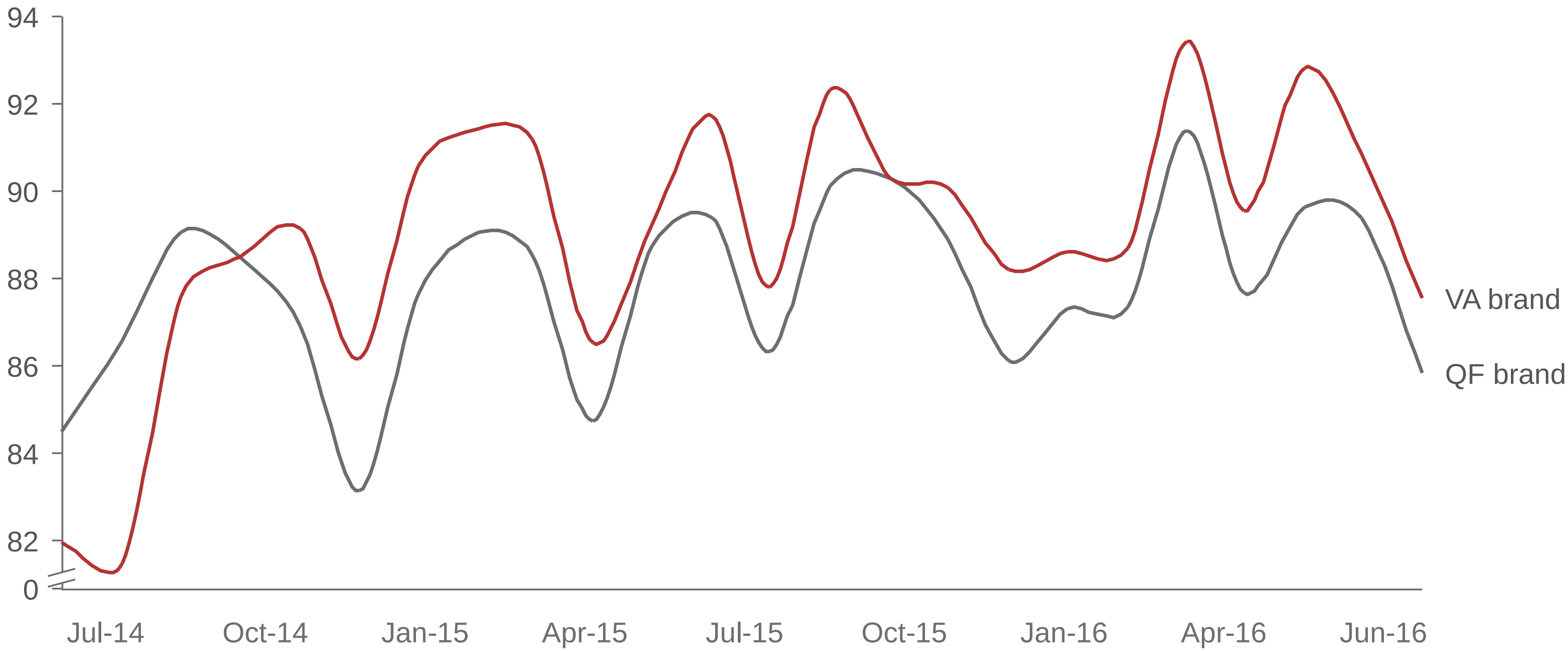
New lounge and Premium Entry at Brisbane Airport

Improvements in satisfaction with key aspects of the VA Domestic travel experience including Booking Process, Lounges, Terminals, In-Flight Entertainment Usage, Disruption Handling and Ground Service[1]

Note 1: Customer satisfaction scores were captured in the Virgin Australia Guest Satisfaction Tracker over the 2016 financial year. Information about customer satisfaction scores for aspects of the overall domestic experience include comparisons to scores collected during the 2015 financial year. Data has been collected and analysed by Colmar Brunton, a leading external Australian market research company.

VA Domestic: Outstanding operating performance

On time performance[1], %



VA setting new standard in domestic OTP for the past 2 years

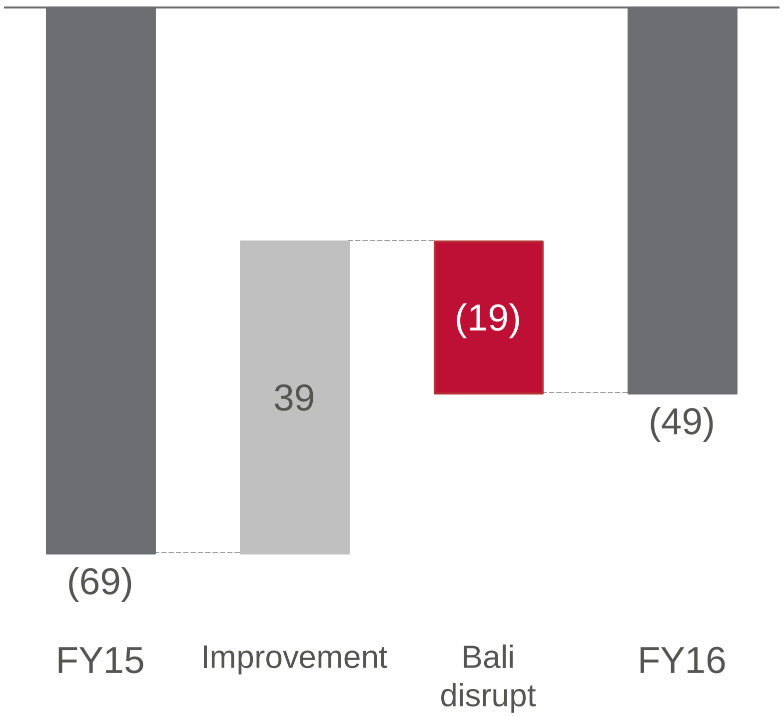
Note 1: In accordance with definitions from the Bureau of Infrastructure, Transport & Regional Economics (BITRE), "on time performance" refers to flights that depart their respective gates within 15 minutes of the scheduled departure time shown in the carriers' schedule. Reflects BITRE data for the monthly on time performance of all Virgin Australia designated services (Virgin Australia and Virgin Australia Regional Airlines) flown and all Qantas designated services (Qantas and QantasLink) flown.

VA International: Continued positive trajectory

International performance

	FY16	FY15	Change
Underlying EBIT[1] ($m)	(48.8)	(68.9)	↑ 20.1
Underlying EBIT Margin[1]	(4.8%)	(6.2%)	↑ 1.4pts
RASK[1] growth			↓ (1.1%)
Yield[1] growth			↓ (3.3%)
ASK[1] growth			(7.6%)

International Underlying EBIT[1], $m



Earnings improvement notwithstanding impact of Bali volcanic activity in 1H FY16

Note 1: Underlying EBIT, Underlying EBIT Margin, RASK, Yield and ASK are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30.

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VA International: Executed improvement strategy

		Status of completion
Virgin Australia – operational improvements and product offering	• Revolutionising long-haul offering with installation of new Business Class suites, Premium Economy seats and Economy Space+ on B777s	Sep-16
	• Introduction of A330 on selected Pacific routes	✓
	• Management integration of NZ operations	✓
	• LAX flying consolidation	✓
Virgin Australia – network optimisation	• Jan-16: PER - HKT withdrawal	✓
	• Mar-16: PER/MEL/ADL - DPS (Bali) withdrawal	✓
	• Selected frequency increases on trans-Tasman routes	✓
Tigerair Australia – launch of international network	• Mar-16: Launched flights from PER/MEL/ADL - DPS (Bali)	✓
	• Aligned with growing popularity of low cost travel on Bali routes	✓
New growth opportunities	• Optimise in-bound traffic from alliance partners	Ongoing

Executed improvement strategy in H2 FY16, benefits to be realised in FY17[1]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

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Revolutionising the long-haul premium experience

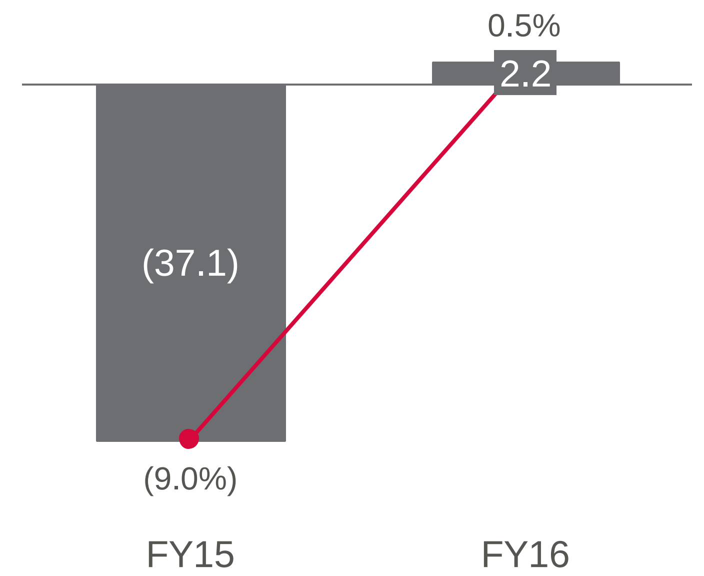
Tigerair: Profitable with ongoing improvement

tigerair

Tigerair performance

	FY16	FY15	Change
Underlying EBIT[1] ($m)	2.2	(37.1)	↑ 39.3
Underlying EBIT Margin[1]	0.5%	(9.0%)	↑ 9.5pts
RASK[1] growth			↑ 1.0%
Yield[1] growth			↑ 1.4%
ASK[1] growth			13.8%

Tigerair Underlying EBIT[1], $m

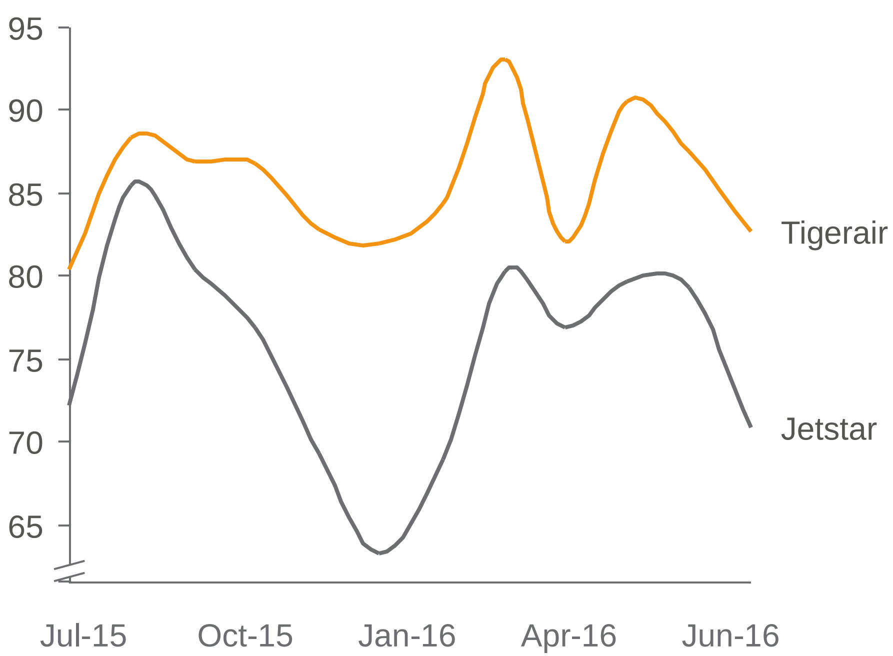


Profitable one year ahead of target including start-up costs on Bali

Note 1: All metrics calculated for Tigerair are on a standalone full year underlying basis. FY16 includes the new short haul international routes being flown by Tigerair. Segment results for the period in which Tigerair was fully consolidated are included in Note 2 of the Preliminary Final Report. For the avoidance of doubt the standalone amounts above will vary from those reported in the post consolidation Tigerair segment. 2: Underlying EBIT, Underlying EBIT Margin, RASK, Yield and ASK are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30.

Tigerair: Consolidating position in low cost carrier market[1]

On time performance[2], %



Improving the customer experience

- Enhanced website, mobile app and call centre
- New booking platform
- Commenced operations in brand new Terminal 4 at Melbourne Airport
- Launched international flights to Bali
- Formed the Value Alliance with seven other low cost carriers to give Australians access to a low cost travel network covering one third of the world

Tigerair leading the low cost carrier market in OTP and improving customer experience[1,2]

Note 1: 'low cost carrier market' means Tigerair Australia and Jetstar; 2: In accordance with definitions from the Bureau of Infrastructure, Transport & Regional Economics (BITRE), "on time performance" refers to flights that depart their respective gates within 15 minutes of the scheduled departure time shown in the carriers' schedule. Reflects BITRE data for the monthly on time performance for all services flown by Tigerair Australia and Jetstar.

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Velocity: Continued strong performance

velocity frequent flyer

Velocity performance

	FY16	FY15	Change
Revenue ($m)	327.6	238.4	↑ 89.2
Underlying EBIT[1] ($m)	139.7	81.2	↑ 58.5
Underlying EBIT Margin[1]	42.6%	34.1%	↑ 8.5pts

6.3 million members at end of FY16, growth of 20% on FY15

Averaging ~3k new members joining Velocity each day in FY16

Program milestones

- **Loyalty Program of the Year** in Middle East/Asia/Oceania for 4th consecutive year at Freddie Awards
- **Australian-first initiative**: Redemption of Points on purchases at BP service stations
- **1 million members** have earned Points at BP service stations
- **Finding new ways to reward members for their everyday activities**: new earning partners include Accor Hotels, HSBC, Presto, Red Balloon, Virgin Money Home Loans and Wilson Parking

Building loyalty to the Virgin Australia brand and attracting more members

Note 1: Underlying EBIT & Underlying EBIT Margin are non-statutory measures used by Management and VAH's Board as measures to assess financial performance and are defined on slides 28, 29 & 30.

On track to meet FY17 targets[1]

Virgin Vision objective	Our target[1]	Status
Capitalise on growth opportunities	***VA Domestic:*** *Underlying EBIT Margin[2] 6-9%*; ***VA International:*** *Profitable by FY17*; ***Tigerair:*** *Profitable by FY17*; ***Velocity:*** *Underlying EBIT[2] growth >15%, 7m+ members*	✓ ***On track***
Drive Yield[2] enhancement	*30% of Domestic revenue to come from corporate and government travellers by FY17*	✓ ***On track***
Drive cost savings	*A$1.2bn in cumulative cost savings by FY17[3]*	✓ ***On track***
Optimise balance sheet & ROIC[2]	*Financial Leverage[2] 4.0x – 4.5x by FY17* *ROIC[2] > WACC[2] by FY17*	✓ ***On track***
Set a new standard in customer experience		***Ongoing***
Continuing to develop our people		***Ongoing***

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30. 'FY17 targets' means by the end of FY17. 2: Underlying EBIT Margin, Underlying EBIT, Yield, Financial Leverage, ROIC & WACC are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30. 3: Does not include the benefits of the Better Business program. For further details on these initiatives, refer to slide 14.

Capital structure review

- The board of the Virgin Australia Group completed a capital structure review to optimise the Group's balance sheet
- Outcomes of the review:
  - **Equity raising** through fully underwritten $852m entitlement offer, supported by major shareholders. Together with $159m placement and $89m top-up placement to HNA, $1,100m in equity to be raised[1]
    - Entitlement offer completed on 4 August 2016
    - Top-up placement expected to be completed by end of August 2016
  - **Better Business program** of capital and operational efficiency initiatives
- The capital structure review and its outcomes will[2]:
  - Strengthen the Group's balance sheet
  - Improve liquidity
  - Reduce debt and leverage
  - Drive further improvements in earnings and cash flow

Note 1: Gross proceeds. 2: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

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Better Business program to drive efficiency and significant savings

As an outcome of the capital structure review, the Group commenced the Better Business program of capital and operational efficiency initiatives

Network and fleet optimisation	• Reduction in ATR aircraft over 3 years • Removal of E190 and Tigerair-branded A320 aircraft over 3 years • Tigerair to transition to fleet of B737s • Improvements in fleet utilisation • Optimisation of the Group's network
Operating efficiencies	• Improved efficiency in crew and ground operations • Minimising impact of operational disruptions • Right sizing the organisation
Maintenance and engineering	• Measures to increase efficiency in scheduling
Procurement and supply chain	• Reduction of costs and identification of efficiencies in: – major contracts – fuel handling and foreign exchange – catering and heavy maintenance

Targeting net free cash flow savings increasing to $300m pa (annualised run rate) by end of FY19[1]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30. The Better Business program is in addition to the $1.2bn cost saving program referred to on slides 12 and 26.

Simplify the RPT fleet

FY15

ATR72
F50
F100
E190
B737
A320
A330
B777

FY19

ATR72
F100
B737
A330
B777

Reduction in RPT fleet from 8 to 5 by FY19[1]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30. Virgin Australia has 2 x A320 aircraft which primarily operate charter services and are excluded from above.

Our people drive our success

Our team and company have been recognised with multiple awards

AFTA – Australian Federation of Travel Agents	***Best Domestic Airline*** **Australian Federation of Travel Agents** **Awarded July 2016**
Financial Review / HayGroup	*Most Respected Company* The Australian Financial Review and Hay Group
Australian Business Traveller	*Best Cabin Crew* | *Best Frequent Flyer Scheme* Australian Business Traveller
Airline Ratings	*Best New World Carrier* | *Best Cabin Crew* AirlineRatings.com
randstad award	*Australia's Most Attractive Employer* Randstad Award

In conclusion

Positive momentum in financial performance	• Significant improvement in underlying performance • Continued earnings growth across all segments
Stronger balance sheet, improved liquidity, reduction of debt	• Completion of capital structure review • Completion of fully underwritten entitlement offer
Ongoing focus on lower cost base	• On track to exceed existing $1.2bn cost saving target[1] • Launch of the Better Business program, targeting net free cash flow savings increasing to $300m pa (annualised run rate) by end of FY19[1]
Development of revenue growth opportunities	• Proposed strategic alliance with HNA to provide access to Chinese travel market[1]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

Outlook

"Based on current business performance, the Group's positive momentum is expected to continue. However, due to market uncertainty, we are unable to provide further detail at this time[1]."

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

Supplementary financial slides

Group financial summary

		FY16 $m	FY15 $m
Revenue and income		5,021.0	4,749.2
Statutory profit / (loss) after tax		(224.7)	(93.8)
Add back	Income tax benefit	(201.9)	(69.5)
Statutory profit / (loss) before tax		(426.6)	(163.3)
Add back	Impairment losses on assets classified as held for sale	107.3	-
	Impairment losses on other assets	118.1	-
	Onerous contract expenses	100.2	-
	Restructuring and transaction costs[1]	114.9	70.2
	Restructuring sub-total	440.5	70.2
	Share of net (profits) / losses of equity-accounted investees	(0.7)	16.6
	Hedging and financial instruments[1]	27.8	27.4
Underlying Profit / (Loss) Before Tax[1]		41.0	(49.1)

Continued improvement in Underlying Profit Before Tax[1]

Note 1: Restructuring and transaction costs, Hedging and financial instruments and Underlying Profit / (Loss) Before Tax are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30.

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Better Business program and other restructuring charges

	Guidance[1] $m	FY16 $m	FY17 – FY19[2] $m
Cash	200 – 250	100	100 – 150
Non-cash	150 - 200	164	0 – 36
Better Business program restructuring charges	350 - 450	264	100 – 186
Non-Better Business program restructuring charges	-	177	-
Total restructuring charges	350 – 450	441	100 – 186

Consistent with full year guidance range of $410 – 450m provided in entitlement offer presentation

Initiatives implemented will help unlock significant future cash flows[2]

Note 1: Capital review announcement, 15 June 2016. 2: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

Cash flow

- Approximately 36% improvement in cash generated from operating activities in H2 FY16 compared to H2 FY15
- Improved cash conversion, including the unwind of adverse working capital from H1 FY16 helped drive $57.7m increase in cash generated from operating activities in FY16 over FY15
- Includes placement of $159m to HNA and excludes $852m entitlement offer and $89m top-up placement to HNA[1]

Cash flow statement

	FY16 $m	FY15 $m
Cash generated from operating activities	448.8	391.1
Transformation & net finance costs	(250.3)	(173.0)
Net cash from operating activities	198.5	218.1
Net cash used in investing activities	(389.0)	(572.9)
Net cash from financing activities	263.2	580.9
Net cash inflow/(outflow) incl impact of FX	**95.3**	**244.7**

Highest reported cash generated from operating activities since FY10[2]

Note 1: Gross proceeds. 2: Company reports.

Balance sheet

- Financial Leverage[1] decreased by 11.9% to 5.2x at 30-Jun-16, from 5.9x at 30-Jun-15, notwithstanding adverse FX impact
- Excludes $852m entitlement offer proceeds and $89m top-up placement to HNA[2]
- Taking into account repayment shareholder loan using proceeds from the entitlement offer and top-up placement, leverage will further decrease to 4.1x on a pro forma basis[3]
- Targeting Financial Leverage[1] of 4.0x – 4.5x by end of FY17[3]

Balance sheet

	FY16 $m	FY15 $m
Cash and cash equivalents	1,123.8	1,028.5
Total assets	6,040.8	5,779.6
Interest bearing liabilities	3,000.0	2,762.2
Total liabilities	5,142.0	4,758.8
Total equity	898.8	1,020.8
Unrestricted cash balance	728.9	718.9

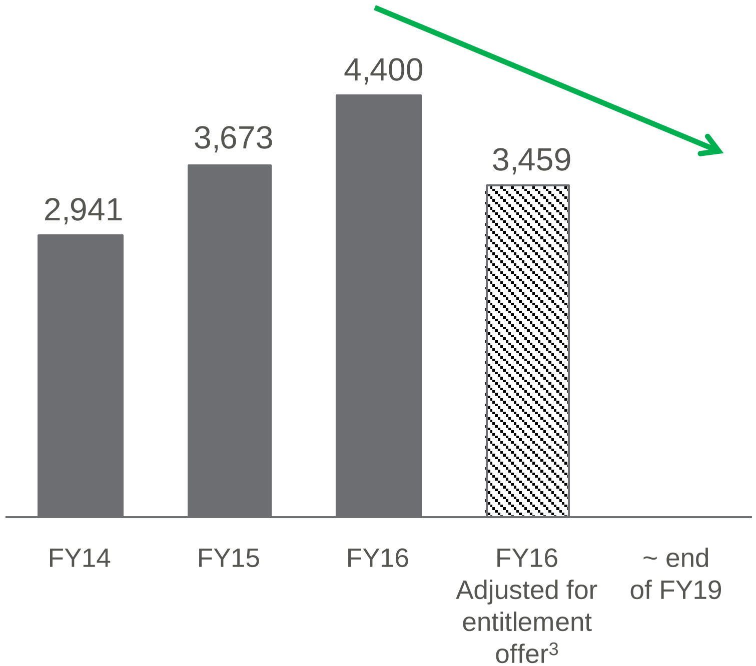
Improved Balance Sheet metrics with further improvements from completion of entitlement offer[3]

Note 1: Financial Leverage is a non-statutory measure used by Management and VAH's Board to assess financial performance and is defined on slides 28, 29 & 30. 2: Gross proceeds. 3: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

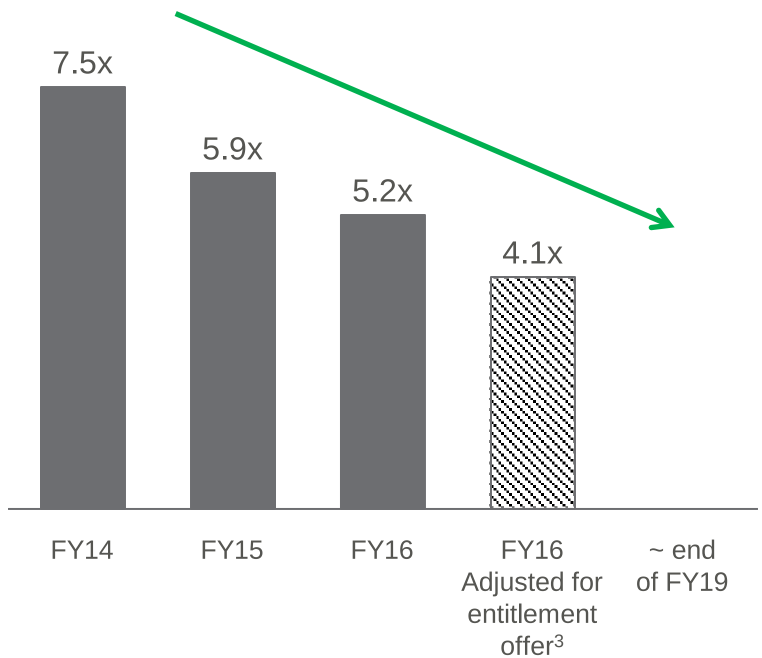
Balance sheet metrics improving

Further improvements in balance sheet metrics expected through debt amortisation, improved free cash flow generation and benefits of fleet simplification under the Better Business program[1]

Adjusted Net Debt[1,2], $m



Financial Leverage[1,2]



Fleet simplification initiatives under Better Business program will further improve Adjusted Net Debt and Financial Leverage out to FY19[1,2]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30. 2: Adjusted Net Debt and Financial Leverage are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined on slides 28, 29 & 30. 3: Adjusted for $852m entitlement offer, $89m top-up placement and repayment of $425m shareholder loan.

Hedging update

- The Group continues to benefit favourably from lower oil prices as historical hedging positions expire and additional hedging is implemented off lower market conditions
- During H2 FY16, the Group accelerated its FY17 hedging program in light of opportunistic market conditions

FY17 hedging update

	FY17[1] Hedge Position
Fuel (AUD Brent/bbl)	90%
FX (AUD/USD)	100%

Benefit of lower fuel prices realised in FY16 partially offset by movements in exchange rates

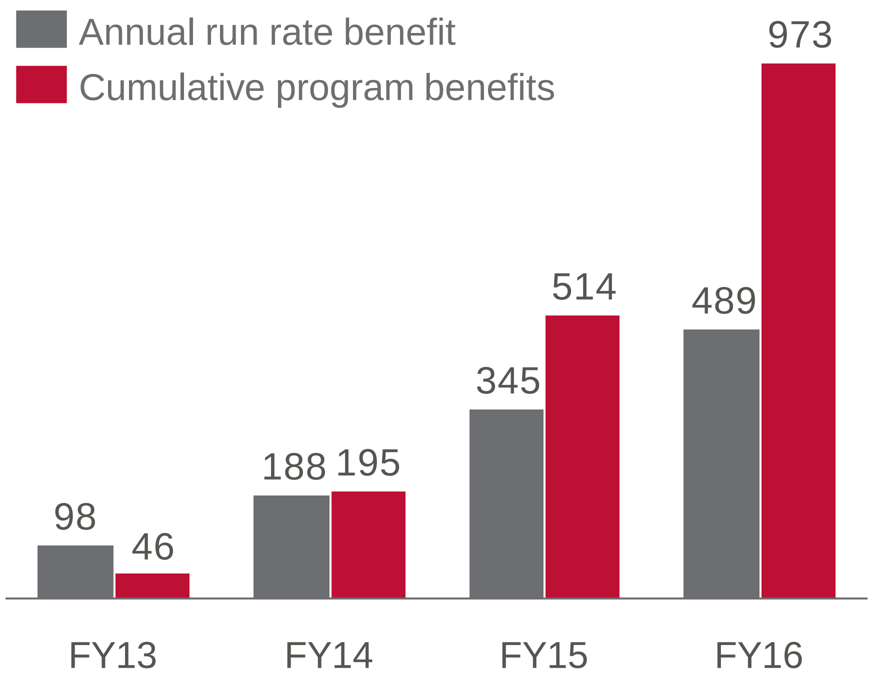
Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30.

$1.2bn cost program tracking ahead of plan

Cost program benefits to date

FY16 in-year benefits	$114m
FY16 cumulative program benefits	$973m
Annual run rate benefit since FY13 launch	$489m

Cost program, $m



On track to exceed $1.2bn target by end of FY17[1]

Note 1: Please refer to the "Forward Looking Statements" section on slide 30 when considering this information. All forward projections on this page are at the Underlying Performance level, which is defined on slides 28, 29 & 30. Excludes Better Business program.

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Virgin Australia Group fleet

Group operating fleet	As at 30 Jun 2016	As at 30 Jun 2016 Leased	As at 30 Jun 2016 Owned	As at 30 Jun 2015
B737-700/800	75	38	37	77
E190[1]	16	7	9	18
A330	6	6	-	6
B777	5	1	4	5
ATR72-500/600	14	14	-	14
Mainline fleet	116	66	50	120
F50[1]	-	-	-	8
F100	14	7	7	14
A320 (Charter & Tigerair)	16	15	1	15
B737-800 (Tigerair)	3	-	3	-
Virgin Australia Group	149	88	61	157

Note 1: The F50's and 1 x E190 that are not yet sold but have been taken out of service are not included in the above table in FY16. In addition, 3 x E190's are expected to leave the fleet by the end of November 2016.

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Disclaimers, definitions and ASIC guidance

Disclaimer

The following non-IFRS information has not been audited or reviewed by KPMG: Underlying Profit / (Loss) Before Tax, Underlying Performance, Restructuring and transaction costs, Hedging and financial instruments, Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals (EBITDAR), Underlying Earnings Before Interest & Tax or Underlying EBIT, Underlying Earnings Before Interest & Tax Margin or Underlying EBIT Margin, RASK, Yield, Group CASK, ASK, Financial Leverage, Adjusted Net Debt, Return on Invested Capital EBIT or ROIC EBIT, Invested Capital, Cost of Capital or Weighted Average Cost of Capital or WACC and ROIC.

This presentation has not been audited or reviewed by KPMG; however, IFRS data has been derived from the unaudited annual consolidated financial statements that are in the process of being audited by KPMG.

Definitions

Underlying Profit / (Loss) Before Tax: is a non-statutory measure that represents statutory profit / (loss) before tax excluding the impact of impairment losses on assets classified as held for sale, impairment losses on other assets, net loss on disposal of assets, onerous contract expenses, restructuring and transaction costs (as defined below), share of net profits / (losses) of equity-accounted investees and the impact of hedging and financial instruments (as defined below). This is a measure used by Management and VAH's Board to assess the financial performance of VAH. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October, Tigerair Australia is included in underlying results.

Underlying Performance: is a non-statutory measure that refers to earnings or returns calculated based on Underlying Profit / (Loss) Before Tax (as defined above). From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Restructuring and transaction costs: is a non-statutory measure that includes the following items outlined in Note 2 of the VAH Preliminary Final Report for the year ended 30 June 2016: business and capital restructure and transaction costs ($114.9m). For the year ended 30 June 2015, this item included net loss on disposal of assets ($7.6m), business and capital restructure and transaction costs ($84.4m) and net income resulting from Tigerair Australia acquisition ($21.8m)

Hedging and financial instruments: is a non-statutory measure that includes the following items outlined in Note 2 of the VAH Preliminary Final Report for the year ended 30 June 2016: time value movement on cash flow hedges (loss of $28.5m), unrealised ineffectiveness on cash flow hedges and non-designated derivatives (gain of $0.7m). For the year ended 30 June 2015, this item includes: time value movement on cash flow hedges (loss of $10.0m) and unrealised ineffectiveness on cash flow hedges and non-designated derivatives (loss of $17.4m).

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Disclaimers, definitions and ASIC guidance

Definitions (continued)

Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals (EBITDAR): is a non-statutory measure per Note 2 of the VAH Preliminary Final Report for the year ended 30 June 2016. It is used by Management and VAH's Board as a measure to assess the financial performance of VAH and its individual segments. It is defined as Underlying Profit / (Loss) Before Tax (as defined above) with the addition of depreciation, amortisation, aircraft rentals and net finance costs. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Underlying Earnings Before Interest & Tax or **Underlying EBIT:** is a non-statutory measure per Note 2 of the VAH Preliminary Final Report for the year ended 30 June 2016. It is used by Management and VAH's Board as a measure to assess the financial performance of VAH and its individual segments. It is defined as Underlying Profit / (Loss) Before Tax (as defined above) excluding the impact of net finance costs. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Underlying Earnings Before Interest & Tax Margin or **Underlying EBIT Margin:** is a non-statutory measure derived from Underlying Earnings Before Interest & Tax (as defined above) divided by total segment revenue. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

RASK or Unit Revenue: is a non-statutory measure derived from segment revenue divided by Available Seat Kilometres (defined below) of the Regular Passenger Transport business. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Group CASK or Group Cost per Available Seat Kilometre: is a non-statutory measure derived from consolidated segment revenue less consolidated segment Underlying EBIT (as defined above) excluding fuel, hedging gains / (losses) on fuel, Velocity Frequent Flyer (VFF) segment costs and foreign exchange gains / (losses) on non-fuel costs divided by Available Seat Kilometres (defined below) of the Regular Passenger Transport business. Group CASK is reported on a sector length adjusted basis. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Yield: is a non-statutory measure derived from segment revenue divided by Revenue Passenger Kilometres of the Regular Passenger Transport business. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

ASK or Available Seat Kilometre: is a non-statutory measure derived from total number of seats available for passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.

Financial Leverage: is a non-statutory measure and is defined as the ratio of Adjusted Net Debt (as defined below) to EBITDAR (as defined above). From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Adjusted Net Debt: is a non-statutory measure derived by interest bearing liabilities less cash and cash equivalents and adding 7 times annual aircraft operating lease rentals.

Return on Invested Capital EBIT or **ROIC EBIT:** is a non-statutory measure derived from the last 12 months' Underlying EBIT (as defined above), adding back aircraft operating lease rentals and adjusting for a notional depreciation on the capitalised value of aircraft operating lease rentals (7 times annual aircraft operating lease rentals expense), or approximately 4% pa. This metric provides an indication of Underlying Performance (as defined above) assuming all aircraft were owned by VAH. From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Disclaimers, definitions and ASIC guidance

Definitions (continued)

Invested Capital: is a non-statutory measure that provides an indication as to the invested capital within VAH, and is derived by adding average Adjusted Net Debt (as defined above) and total equity as reported in the consolidated statement of financial position of the VAH Preliminary Final Report.

Cost of Capital or **Weighted Average Cost of Capital** or **WACC:** is a non-statutory measure that estimates the pre-tax Weighted Average Cost of Capital or WACC for VAH, using an estimated 60% to 40% debt to equity split.

ROIC: is a non-statutory measure and is defined as ROIC EBIT (as defined above) as a percentage of Invested Capital (as defined above). From 1 July 2014 to 16 October 2014, Tigerair Australia was equity accounted and was excluded from underlying results. From 17 October 2014, Tigerair Australia is included in underlying results.

Forward Looking Statements: This presentation contains certain forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'potential', 'goal', 'target', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'could', 'should', 'will' or similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates provided in this presentation involve a number of risks, assumptions and contingencies, many of which are beyond the Virgin Australia Group's control and which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. It is believed that the expectations reflected in these forward looking statements, opinions and estimates are reasonable, but there can be no assurance that actual outcomes will not differ materially from these statements. Such forward looking statements, opinions and estimates are provided as a general guide only, should not be relied on as an indication or guarantee of future performance and speak only as of the date of this announcement. You should not place undue reliance on forward looking statements.

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ASIC guidance

In December 2011 ASIC issued Regulatory Guide 230. In order to comply with this Guide, Virgin Australia Holdings Limited is required to make a clear statement about whether information disclosed in documents other than the Virgin Australia Holdings Limited Preliminary Final Report for the year ended 30 June 2016 has been audited or reviewed in accordance with Australian Auditing Standards.

The following non-IFRS information has not been audited or reviewed by KPMG: Underlying Profit /(Loss) Before Tax, Underlying Performance, Restructuring and transaction costs, Hedging and financial instruments, Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals (EBITDAR), Underlying Earnings Before Interest & Tax or Underlying EBIT, Underlying Earnings Before Interest & Tax Margin or Underlying EBIT Margin, RASK, Yield, Group CASK, ASK, Financial Leverage, Adjusted Net Debt, Return on Invested Capital EBIT or ROIC EBIT, Invested Capital, Cost of Capital or Weighted Average Cost of Capital or WACC and ROIC.

This presentation has not been audited or reviewed by KPMG; however, IFRS data has been derived from the unaudited annual consolidated financial statements that are in the process of being audited by KPMG.