For personal use only

Virgin australia group

2017 ANNUAL GENERAL MEETING

November 8, 2017

For personal use only

CHAIRMAN'S ADDRESS

For personal use only

CEO'S ADDRESS

For personal use only

RECAP: KEY FINANCIAL RESULTS – FY17

	FY17	FY16	CHANGE
Statutory Profit / (Loss) After Tax	$(185.8)m	$(224.7)m	$38.9m ↑
Underlying Profit / (Loss) Before Tax[1]	$(3.7)m	$41.0m	$(44.7)m ↓
Free Cash Flow[1]	$34.3m	$(92.1)m	$126.4m ↑
Financial Leverage[1]	4.5x	5.2x	(14.1%) ↓
Total cash	$1,396.1m	$1,123.8m	$272.3m ↑
Net Debt[1]	$1,037.2m	$1,876.2m	$(839.0)m ↓
Group revenue	$5,047.3m	$5,021.0m	$26.3m ↑

STRENGTHENING OUR FINANCIAL FOUNDATION

Note 1: Underlying Profit / (Loss) Before Tax, Free Cash Flow, Financial Leverage and Net Debt are non-statutory measures used by Management and VAH's Board to assess financial performance and are defined at the end of this presentation.

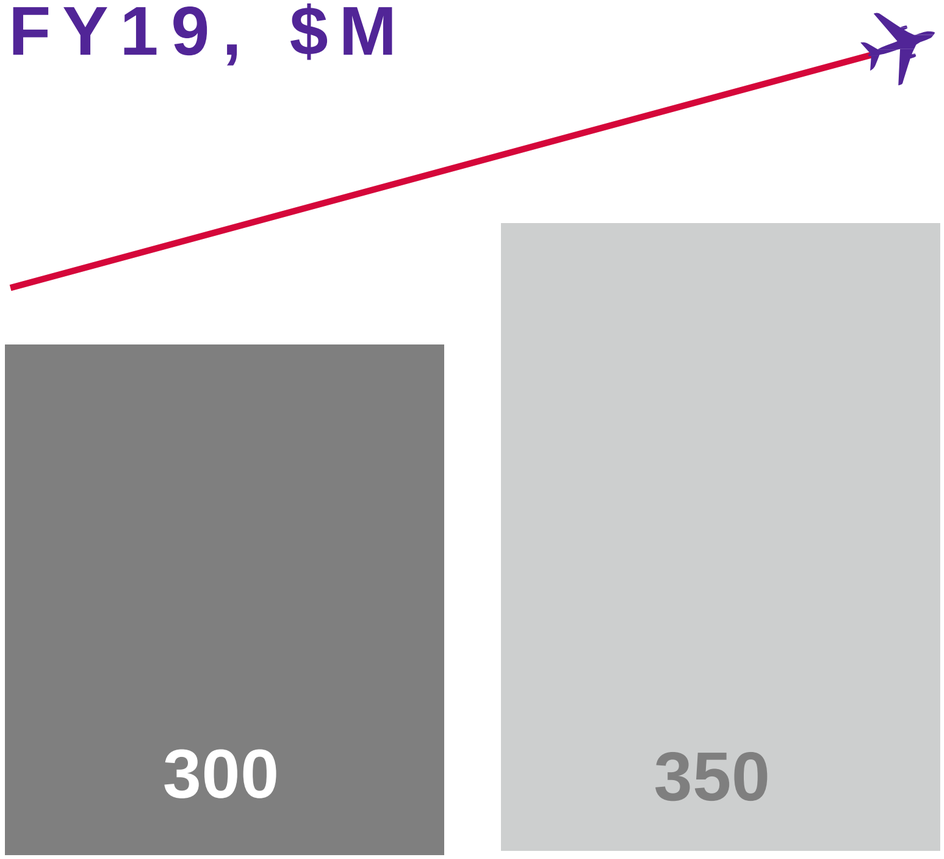
For personal use only

BETTER BUSINESS PROGRAM

Ahead of schedule at end of year 1, end of FY19 annualised net free cash flow savings target increased from $300m to $350m

Fleet simplification
Network / capacity optimisation
Operating efficiencies
Maintenance and engineering

ANNUALISED NET FREE CASH FLOW SAVINGS BY END OF FY19, $M



Original FY19 Target

Revised FY19 Target

For personal use only

AN AWARD-WINNING CUSTOMER EXPERIENCE

WORLD AIRLINE WINNER SKYTRAX AWARDS 2017	• Best Airline Staff in Australia / Pacific – 5th time in 6 years (2017) • Best Airline in Australia / Pacific (2017) • World's Top 20 Airlines (2017) – Virgin Australia was ranked 13th, ahead of Qantas 15th and Air New Zealand 19th
afta NATIONAL TRAVEL INDUSTRY AWARDS	• Best Domestic Airline (2017 & 2016)
Airline Ratings	• Best Cabin Crew (2017 & 2016) • Best Business Class (2018 & 2017) • Best New World Carrier (2016)
freddieawards	• Best Elite Program (2017) • Program of the Year (2016) • Best Customer Service (2016) • Best Redemption Ability (2016)

All Freddie Awards awarded for Middle East & Asia / Oceania

OUR PEOPLE

For personal use only

For personal use only

TRADING UPDATE

Quarter 1[1]	Q1 FY18 vs Q1 FY17	
Underlying Profit Before Tax	~+$18m	↑
Group Revenue	+5.7%	↑
Virgin Australia Domestic Unit Revenue	+8.8%	↑
Virgin Australia Domestic Revenue Load Factor	+3.8pts	↑
Virgin Australia Domestic Revenue Passengers	+1.0%	↑
Virgin Australia Domestic Capacity (ASKs)	(3.3)%	↓
Better Business Program	On track	✓
Free Cash	On track	✓
Financial Leverage	On track	✓

Note 1) Not reviewed or audited by KPMG, based on internal Management Accounts

For personal use only

OUTLOOK

Looking forward, based on current market conditions, our positive performance trajectory and the improved revenue performance since April 2017, along with the Group's current held forward sales position, we expect that the Group's underlying performance for the second and third quarter of this financial year will continue to improve compared to the second and third quarter of the 2017 financial year.

This would represent four consecutive quarters of underlying performance improvement for the Group.

For personal use only

DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE

Disclaimer

The non-IFRS information has not been audited or reviewed by KPMG.

This presentation has not been audited or reviewed by KPMG; however, data has been derived from the annual consolidated financial statements that have been audited by KPMG.

Definitions

Underlying Profit / (Loss) Before Tax: is a non-statutory measure that represents statutory (loss) before tax excluding the impact of impairment losses on assets classified as held for sale, impairment losses on other assets, onerous contract expenses, business and capital restructure and transaction costs (as defined below), share of net profits of equity-accounted investee and the impact of hedging and financial instruments (as defined below). This is a measure used by Management and Board of Virgin Australia Holdings Limited (VAH) to assess the financial performance of VAH.

Underlying Performance: is a non-statutory measure that refers to earnings or returns calculated based on Underlying Profit / (Loss) Before Tax (as defined above).

Business and capital restructure and transaction costs: is a non-statutory measure that includes business and capital restructure and transaction costs.

Hedging and financial instruments: is a non-statutory measure that includes the following items outlined in Note 2 of the VAH Financial Report. For the year ended 30 June 2017: time value movement on cash flow hedges (loss of $43.5m), unrealised ineffectiveness on cash flow hedges and non-designated derivatives (gain of $0.7m). For the year ended 30 June 2016, this item includes: time value movement on cash flow hedges (loss of $28.5m) and unrealised ineffectiveness on cash flow hedges and non-designated derivatives (gain of $0.7m).

Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals (EBITDAR): is a non-statutory measure per Note 2 of the VAH Financial Report for the year ended 30 June 2017. 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 depreciation, amortisation, aircraft rentals and net finance costs.

Underlying Earnings Before Interest & Tax or Underlying EBIT: is a non-statutory measure per Note 2 of the VAH Financial Report for the year ended 30 June 2017. 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.

For personal use only

DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE

Definitions (continued)

Free Cash Flow: is a non-statutory measure derived from cash generated from operating activities (excluding finance costs and finance income) less cash payments for business restructuring expenses less net cash used in investing activities less equity distributions paid to non-controlling interests.

Unit Revenue / RASK: is a non-statutory measure derived from segment revenue normalised for Cargo operations on a consistent basis divided by Available Seat Kilometres (defined below) of the regular passenger transport business.

ASK or Available Seat Kilometre: Available Seat Kilometres or ASKs 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.

RPK or Revenue Passenger Kilometre: Revenue Passenger Kilometre is a non-statutory measure derived from number of paying passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.

Revenue Load Factor: is a non-statutory measure derived from RPKs as a percentage of ASK.

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).

Adjusted Net Debt: is a non-statutory measure derived from Net Debt (as defined below) adding 7 times annual aircraft rentals.

Net Debt: is a non-statutory measure derived from interest bearing liabilities less cash and cash equivalents.

For personal use only

DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE

Definitions (continued)

Forward Looking Statements: This document 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 document 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.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness, likelihood of achievement or reasonableness of any of the information, forward looking statements, opinions and estimates contained in this document. To the maximum extent permitted by law, none of the Virgin Australia Group, its directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of the information contained in this document. Except as required by law and ASX Listing Rules, the Virgin Australia Group has no obligation to update publicly or otherwise revise any forward looking statement, opinion or estimate as a result of new information, future events or other factors.

Nothing contained in this presentation constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information contained in this document and any action taken on the basis of that information.

For further information on definitions please refer to the VAH Financial Report for the 2017 Financial Year.

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 has been audited or reviewed in accordance with Australian Auditing Standards.

The non-IFRS information has not been audited or reviewed by KPMG.

For personal use only

Virgin australia group