

Virgin Australia Holdings Limited (ASX: VAH) trading update

17 May 2019: Virgin Australia Holdings Limited (ASX: VAH) (**Virgin Australia Group** or **Group**) today provided earnings guidance for the 2019 financial year based on current economic conditions, capacity and forward booking trends.

The Group expects FY19 underlying earnings to be at least \$100 million down on the FY18 comparative result of \$64.4 million, reflecting the uncertainty of revenue trading conditions in the domestic market and inclusive of annual fuel and foreign exchange headwinds in excess of \$160 million.

Demand has weakened in both the corporate and leisure sectors, driven by lower levels of consumer and business confidence, consumer spending and the impact of the Federal Election. The corporate sector has been affected by the timing of the Easter holiday period and has been slow to recover due to the impact of the Election.

While the Group expects revenue growth of six per cent for the full year, revenue growth has moderated throughout the second half and it now expects less than two per cent for the remaining two months of FY19.

The Group is responding to changing trading conditions, having initiated a network review and has made some immediate adjustments to capacity and the frequency of services to better align with demand conditions.

Virgin Australia Group Chief Executive Officer and Managing Director, Paul Scurrah, said: "While we have continued to grow revenue, this announcement shows that our business needs to become more resilient to challenges such as weaker demand, high fuel prices and the foreign exchange environment.

"There is a lot of work being done to develop our new strategy that will help position the Group for long-term success. In the meantime, we are focused on short-term improvements including capacity and network reductions to ensure we are better meeting current demand from the corporate and leisure sectors."

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