

VIRGIN AUSTRALIA GROUP MAKES FURTHER CAPACITY REDUCTIONS IN RESPONSE TO COVID-19

Key points:

- Group domestic capacity reduction of 90 per cent and temporary grounding of 125 aircraft.
- 10 per cent domestic capacity retained for transportation of essential services, critical freight and logistics.
- Suspension of Tigerair Australia flying effective immediately.
- Approximately 80 per cent of workforce to be temporarily stood down.
- COVID-19 impacts to cost base has prompted a consolidation of our domestic and short-haul international businesses and put a pause on some supplier agreements.

25 March 2020: The Virgin Australia Group (ASX:VAH) today extended domestic capacity reductions from 50 per cent to 90 per cent, including the suspension of Tigerair Australia domestic services effective immediately.

With state border closures escalating across Australia, the Group has needed to take further action that will see the suspension of most of its domestic flying from midnight Friday 27 March AEDT until 14 June 2020. This is in addition to the Group's decision to temporarily suspend international flying from 30 March to 14 June 2020, and close all Virgin Australia operated lounges across the network.

Despite the dramatic steps taken to respond to market conditions, we recognise our role as a key part of the nation's travel industry and will work with government to maintain vital domestic routes for the transportation of essential services, critical freight and logistics operations. We will also continue to assist customers in reaching their destinations as state borders tighten and will continue to support them with any future travel requirements.

As COVID-19 impacts significantly weakens travel demand, the Group has reviewed its cost base. Expense reduction initiatives include further cuts to its domestic and short-haul businesses and pausing key supplier agreements.

CEO commentary

Virgin Australia CEO and Managing Director Paul Scurrah said, "There has never been a travel environment in Australia as restricted as the one we see today and the extraordinary steps we've taken have been in response to the federal and state governments' latest travel advice.

"We are now facing what will be the biggest grounding of aircraft in this country's history. From the end of this week, we will begin repositioning and grounding more than 125 aircraft in our fleet, suspending almost all our domestic and international flying until at least the middle of June.

"I know our people have been working tirelessly to help guests get home ahead of the various state travel restrictions and their efforts should be applauded as they adapt to a rapidly changing environment.

"We plan to return Tigerair Australia and Virgin Australia to the skies as soon as its viable to do so, however I am mindful that how we operate today may look different when we get to the other side of this crisis.

"My focus has been on guiding this company through the crisis, and at the same time ensure the business is set on a sustainable path when the recovery eventually comes.

"I am only too aware of how much our people are hurting at the moment and these very tough decisions have weighed heavily on me and my leadership team. We are talking to our teams and we are working hard to do what we can to protect jobs and extend payments for as long as possible."

Domestic Network changes

The Group's 90 per cent reduction in domestic capacity means it will temporarily suspend services to 19 Australian destinations currently operated by Virgin Australia. The company will continue to maintain connectivity to 17 Australian destinations in order to transport essential services, critical freight and logistics.

All Tigerair Australia services will be temporarily suspended effective immediately.

The route-by-route detail of these changes can be found [here](#).

International Network changes

The Group will continue its plan to temporarily suspend all international flying from 30 March to 14 June 2020. Virgin Australia will continue to operate a reduced international schedule between now and 30 March 2020 to enable Australians to return home and visitors to return to their point of origin.

People impact

To preserve future jobs, the Group will temporarily stand down approximately 8,000 of the company's 10,000 strong workforce until at least the end of May.

During the stand down, team members will be able to access accrued leave entitlements, but for many team members, leave without pay will be inevitable. The Group is working with more than twenty-five partners to identify short and long-term redeployment options.

As a matter of priority, and to streamline and safeguard the Group's domestic and short-haul international businesses through COVID-19, the company will commence consultation on a proposal to close its New Zealand cabin crew and pilot base, and its Tigerair Australia Melbourne pilot base.

Support for our guests

Virgin Australia guests who are booked to travel between now and 30 June 2020 are encouraged to visit the Virgin Australia customer care hub at virginaustralia.com to request a travel credit online or obtain more information about their options.

Virgin Australia and Tigerair Australia guests who are booked to travel between now and 31 March 2020 are being provided flexibility to change their flight to a Virgin Australia service departing on or before 27 March with change fees and fare difference waived. This can be done via our Guest Contact Centres or at the airport, subject to availability.

All other Tigerair Australia guests will be able to obtain a Virgin Australia travel credit.

ENDS

This announcement was authorised for release by Virgin Australia Group Chairman, Elizabeth Bryan AM, and Chief Executive Officer and Managing Director, Paul Scurrah.

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