

## Virgin Australia Holdings Limited (ASX: VAH) Trading Update for Fourth Quarter Ending 30 June 2015

### *Fourth Quarter Virgin Australia Group Financial Summary – For the period 1 April to 30 June 2015<sup>1</sup>*

- Underlying Loss Before Tax of \$36.9 million, an improvement of \$46.2 million on Q4 FY14
- Statutory Loss After Tax of \$17.8 million, an improvement of \$160.4 million on Q4 FY14
- Positive Group Yield growth and Domestic Yield growth on Q4 FY14
- Underlying CASK (excl. fuel) declined on Q4 FY14

### 29 July 2015

Virgin Australia Holdings Limited (Virgin Australia Group) today reported an Underlying Loss Before Tax of \$36.9 million for the fourth quarter of the 2015 financial year, representing a \$46.2 million improvement over the prior corresponding period. Taking into account 100 per cent of Tigerair Australia Pty Limited (Tigerair Australia) performance on a like-for-like basis, this represents an improvement of \$72.0 million over the prior corresponding period.

For the financial year-to-date ending 30 June 2015, this equates to an Underlying Loss Before Tax of \$49.0 million. Taking into account 100 per cent of Tigerair Australia performance on a like-for-like basis, the 2015 financial year underlying performance represents a \$213.0 million improvement over the prior corresponding year.

The Statutory Loss After Tax for the fourth quarter of the 2015 financial year was \$17.8 million, an improvement of \$160.4 million on the prior corresponding period. For the financial year-to-date ending 30 June 2015, the Statutory Loss After Tax was \$93.8 million, an improvement of \$261.8 million on the \$355.6 million loss in the prior year.

Fourth quarter Group Yield and Domestic Yield for the Virgin Australia Group continued to improve and were positive compared to the fourth quarter of the 2014 financial year.

During the quarter, the Group incurred restructuring and transaction costs and the impact of ineffective hedges amounting to \$24.9 million.

As a result of further progress on the company's cost reduction program, Underlying Cost per Available Seat Kilometre (CASK) excluding fuel continued to decline on the prior corresponding period.

Virgin Australia Group Chief Financial Officer Sankar Narayan said: "The result represents a significant year on year improvement in performance for the seasonally weaker June quarter and we expect to see a continued positive trajectory. The key highlights in this result have been our performance on non-fuel costs, success in attracting high yielding market segments and the improved performance of Tigerair Australia".

### Tigerair Australia

On a stand-alone basis, Tigerair Australia recorded an Underlying Loss Before Tax of \$9.8 million for the fourth quarter, an improvement on an underlying loss of \$25.8 million in the prior corresponding period. This result was driven by continued improvement in unit revenues and cost efficiencies.

Further information will be made available on 7 August 2015 when the Virgin Australia Group reports Financial Results for the Full Year ended 30 June 2015.

<sup>1</sup> All financial information contained in this release has not been audited and reflects consolidated Tigerair Australia performance from 16 October 2014 to 30 June 2015. For definitions, refer to page 3.

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**VIRGIN AUSTRALIA GROUP PRELIMINARY QUARTERLY OPERATING STATISTICS**  
 For the period 1 April 2015 – 30 June 2015

		Q4 FY15 Operating Statistics		
		Q4 FY15	Q4 FY14	Change
<b>VA DOMESTIC</b>	Revenue Passengers	4,088,245	4,154,770	(1.6%)
	Revenue Passenger Kilometres (millions)	4,786	4,796	(0.2%)
	Available Seats	5,566,564	5,595,456	(0.5%)
	Available Seat Kilometres (millions)	6,580	6,452	2.0%
	Revenue Load Factor	72.7%	74.3%	(1.6 bps)

<b>VA INTERNATIONAL</b>	Revenue Passengers	637,468	659,918	(3.4%)
	Available Seats	838,383	861,771	(2.7%)
	Available Seat Kilometres (millions)	3,856	4,040	(4.6%)
	Revenue Load Factor	76.9%	79.3%	(2.4 bps)

<b>TIGERAIR DOMESTIC</b>	Revenue Passengers	885,789	857,553	3.2%
	Revenue Passenger Kilometres (millions)	1,070	1,084	(1.2%)
	Available Seat Kilometres (millions)	1,300	1,395	(6.8%)
	Revenue Load Factor	82.4%	77.7%	4.7%

<b>TOTAL VA GROUP NETWORK</b>	Revenue Passengers	5,611,502	5,672,241	(1.1%)
	Available Seat Kilometres (millions)	11,736	11,887	(1.3%)
	Revenue Load Factor	75.2%	76.7%	(1.5 bps)

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/Loss Before Tax:** is a non-statutory measure that represents statutory profit/loss before tax excluding restructuring costs, share of equity accounted losses and the impact of hedging ineffectiveness (as defined below). For the full year result Tigerair Australia has been consolidated for the period of 16 October 2014 to 30 June 2015. This is a non-statutory measure used by Management and Virgin Australia Group's Board as a measure to assess the financial performance of Virgin Australia Group. Virgin Australia Group 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 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.

**Restructuring and transaction costs:** is a non-statutory measure that includes business and capital restructure and transaction costs and net losses on disposal of assets.

**Hedging ineffectiveness:** 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.

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