

**Virgin Australia Holdings Limited (ASX: VAH) Trading Update for Second Quarter
Ending 31 December 2015*****Second Quarter Virgin Australia Group Financial Summary – For the period 1 October 2015 to
31 December 2015¹***

- Underlying Profit Before Tax of \$73.0 million – a improvement of 32.2 per cent on Q2 FY15
- Statutory Profit After Tax of \$60.8 million – an improvement of \$49.6 million on Q2 FY15
- Strong RASK and yield growth, particularly in Virgin Australia Domestic

4 February 2016: Virgin Australia Holdings Limited (“Virgin Australia Group” or “Group”) today reported an Underlying Profit Before Tax of \$73.0 million for the second quarter of the 2016 financial year, representing a 32.2 per cent improvement on the prior corresponding period.

The Statutory Profit After Tax for the second quarter of the 2016 financial year was \$60.8 million, an improvement of \$49.6 million on the prior corresponding period.

Second quarter Group yield and Group Revenue per Available Seat Kilometre (RASK) continued to improve.

Virgin Australia Group CEO John Borghetti said: “The Virgin Australia Group has continued to improve its operational and financial performance through the second quarter of the 2016 financial year.”

“Our performance in the second quarter was underpinned by strong unit revenue and yield growth across the Group, particularly in Virgin Australia Domestic, ongoing improvement in Tigerair Australia, strong momentum for Velocity and our continued strict cost discipline. Our International business has also continued to improve, despite the financial impact of volcanic activity in Bali,” Mr Borghetti said.

Virgin Australia Group will announce its results for the first half of the 2016 financial year on 11 February 2016.

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¹ All financial information contained in this release has not been audited or reviewed. For definitions, refer to page 3.
Virgin Australia Holdings Limited ABN 54 100 686 226

VIRGIN AUSTRALIA GROUP PRELIMINARY QUARTERLY OPERATING STATISTICS
 For the period 1 October 2015 – 31 December 2015

		Q2 FY16 Operating Statistics		
		Q2 FY16	Q2 FY15	Change
TOTAL VA GROUP NETWORK	Revenue Passengers	6,106,420	6,195,169	(1.4%)
	Revenue Passenger Kilometres (millions)	9,667	9,798	(1.3%)
	Available Seat Kilometres (millions)	12,035	12,261	(1.8%)
	Revenue Load Factor	80.3%	79.9%	0.4 pts

DOMESTIC

		Q2 FY16 Operating Statistics		
		Q2 FY16	Q2 FY15	Change
TOTAL DOMESTIC (VA DOMESTIC AND TIGERAIR COMBINED)	Revenue Passengers	5,403,206	5,473,451	(1.3%)
	Revenue Passenger Kilometres (millions)	6,506	6,509	(0.0%)
	Available Seat Kilometres (millions)	8,210	8,191	0.2%
	Revenue Load Factor	79.2%	79.5%	(0.3 pts)

VA DOMESTIC	Revenue Passengers	4,369,660	4,526,394	(3.5%)
	Revenue Passenger Kilometres (millions)	5,250	5,339	(1.7%)
	Available Seat Kilometres (millions)	6,757	6,838	(1.2%)
	Revenue Load Factor	77.7%	78.1%	(0.4 pts)

TIGERAIR	Revenue Passengers	1,033,546	947,057	9.1%
	Revenue Passenger Kilometres (millions)	1,256	1,170	7.4%
	Available Seat Kilometres (millions)	1,453	1,353	7.4%
	Revenue Load Factor	86.5%	86.5%	0.0 pts

INTERNATIONAL

		Q2 FY16 Operating Statistics		
		Q2 FY16	Q2 FY15	Change
VIRGIN AUSTRALIA INTERNATIONAL	Revenue Passengers	703,214	721,718	(2.6%)
	Revenue Passenger Kilometres (millions)	3,161	3,289	(3.9%)
	Available Seat Kilometres (millions)	3,825	4,070	(6.0%)
	Revenue Load Factor	82.7%	80.8%	1.9 pts

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) Revenue Passenger Kilometres or RPKs means number of paying passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.
- (3) Available Seat Kilometres or ASKs means total number of seats available for passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair operated flights.
- (4) Tigerair operating statistics are provided for prior comparative purposes only and include statistics prior to the consolidation date of 17 October 2014.
- (5) Revenue Load Factor means RPKs as a percentage of ASKs.

Definitions

Underlying Profit Before Tax: is a non-statutory measure that represents statutory profit before tax excluding the impact of restructuring and transaction costs (as defined below), share of equity accounted profits/losses (as defined below), impairment losses on assets classified as held for sale (as defined below), net loss on disposal of assets (as defined below) 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.

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

Share of equity accounted profits/losses: is a non-statutory measure representing the share of equity accounted profits / (losses) of Virgin Samoa Limited. For the prior comparative period this amount represents the share of equity accounted profits / (losses) of Tiger Airways Australia Pty Limited and Virgin Samoa Limited.

Impairment losses on assets classified as held for sale: is a non-statutory measure representing the write-down required to reflect the fair value less costs to sell for assets that are expected to be sold within 12 months.

Net loss on disposal of assets: is a non-statutory measure representing the loss recognised on disposal of assets during the period.

Hedging and financial instruments: is a non-statutory measure that includes the following items: Unrealised ineffectiveness on cash flow hedges and non-designated derivatives and time value movements on cash flow hedges.

Group yield: is a non-statutory measure derived from total consolidated revenues divided by the total Revenue Passenger Kilometres of all Regular Passenger Transport businesses.

Revenue per Available Seat Kilometre or RASK: is a non-statutory measure derived from revenue divided by Available Seat Kilometres of the Regular Passenger Transport business.

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', 'believe', '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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