

Virgin Australia Holdings Limited (ASX: VAH) Provides Update On Capital Structure Review**21 March 2016**

Virgin Australia Holdings Limited (ASX: VAH) ('the Virgin Australia Group' or 'the Group') today announces the commencement of a review of its capital structure, which forms part of the Group's ongoing program to optimise its balance sheet. This review will ensure the Virgin Australia Group has an appropriate structure to sustain access to capital and improve cash flow generation and profitability.

Over the past five years, the Virgin Australia Group has undertaken a major transformation program that has seen it evolve from a low cost carrier to a diversified airline group. The Group has brought genuine competition to Australian aviation by building a sizeable market share and offering choice to air travellers. The Group has also improved its financial performance, delivering strong earnings growth in the first half of the 2016 financial year, as well its highest statutory profit after tax since the first half of the 2010 financial year.

Chairman of the Virgin Australia Group Elizabeth Bryan says: "The Virgin Australia Group has now largely completed one of the most successful transformations in Australian corporate history and is reporting profitability and earnings growth."

"The board is focused on optimising the Group's balance sheet and capital structure to support the ongoing execution of its strategy and will lead a capital structure review. The Group has secured loan facilities from its major shareholders that provide a flexible source of funding while the review is undertaken. This review will ensure the Virgin Australia Group has the best capital structure in place to achieve its strategic goals and generate long-term growth and value for shareholders."

Chief Executive Officer of the Virgin Australia Group John Borghetti says: "Having achieved a significant transformation in the last five years, the Virgin Australia Group is now well placed to deliver ongoing growth and choice to Australian travellers."

"One of the key pillars of our Virgin Vision strategy is to optimise the Group's balance sheet, and the Group has had an ongoing program in place to achieve this goal. Now is an appropriate time to embark on the next phase of this program by taking steps to ensure the Group has a capital structure that supports its strategic objectives."

The review will include an assessment of the appropriate mix of debt and equity capital and operational initiatives to enhance cash flow and profitability.

As an initial step in the review, the Virgin Australia Group has secured a new 12 month A\$425 million loan facility with its four major shareholders Air New Zealand, Etihad Airways, Singapore Airlines and Virgin Group¹. This facility is subordinated to the Group's existing debt and is on arm's length commercial terms with the loan commitments from each of the four shareholders to be in the same proportion as each of their shareholdings are to the total shareholding of all of the major shareholders. The new loan will provide the Group with additional flexibility in the short-term.

Further details on the outcomes of the review will be provided in due course.

ENDS**Media contact:**

Danielle Keighery +61 400 223 136
Kristyn Mealing +61 438 476 909

Investor contact:

Kerri Hoffman +61 422 513 296

¹ Virgin Investments Limited will provide the loan facility. Virgin Group's shareholding in the Virgin Australia Group is held by Corvina Holdings Limited.

24-hour media enquiries: 1800 142 467

Virgin Australia Holdings Limited ABN 54 100 686 226