H1 FY20 Results Presentation

26 February 2020

This annoucement was authorised for release by the Virgin Australia Holdings Limited Board

Virgin australia group

1H20 highlights

FINANCIAL PERFORMANCE (All Pre-AASB16 unless otherwise stated)

- Record 1H20 revenue of $3,116.3 million and 2.5 per cent RASK growth
- Underlying Profit Before Tax of $14.5 million
- Statutory Loss After Tax of $88.6 million (post-AASB 16)
- Cash balance of $1,107.6 million

UPDATE ON STRATEGIC AND COST MANAGEMENT INITIATIVES

- Group network capacity reduction of 3% in 2H20; and 5% Group capacity reduction in FY21 to meet market conditions
- Acceleration of Tigerair's transition program to all Boeing 737 fleet.
- Nine A320 aircraft to exit Tigerair's fleet by October 2020, including the two A320 aircraft announced in November
- Total of 12 aircraft exits announced since November 2019, including three Fokker 100 aircraft
- New organisational structure and executive leadership team; workplace reduction program and supplier review on track
- Full ownership of Velocity Frequent Flyer business
- Exit of all Hong Kong flying by March 2020

CONTINUED FOCUS ON CUSTOMER EXPERIENCE

- Strong customer satisfaction rating, with highest first half Net Promoter Score (NPS) score in four years
- Best performance of a major airline for on time departures and arrivals in 1H20 and the major airline least likely to cancel flights
- Launch of Brisbane-Tokyo flights in March 2020

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison. 1H20 comparison for the Group between pre and post AASB 16 is provided on slide 16 for operating performance and slide 17 for cashflow. 1H20 financials exclude AASB 16 to enable prior year comparison unless otherwise stated.
This page contains Non-Statutory measures which are defined on slide 23

Group results

Guest numbers continuing to increase and Revenue is at record levels

VAH Group (pre-AASB 16)	1H20	1H19	Change
KEY METRICS			
Guests (m)	13.3	13.1	+2.1%
ASKs (m)	25,627	25,795	(0.7%)
OPERATING PERFORMANCE			
Total Revenue ($m)	3,116.3	3,069.5	+1.5%
EBITDAR ($m)	513.2	560.2	(8.4%)
UPBT ($m)	14.5	111.9	(87.0%)
Profit / (Loss) Before Tax ($m)	(99.9)	87.7	(213.9%)
RASK (c.)	12.1	11.8	+2.5%
CASHFLOW & BALANCE SHEET			
Cash ($m)	1,107.6	1,251.5	(11.5%)
Adjusted Net Debt ($m)	5,050.4	3,935.2	(28.3%)
Cash Generated from Operating Activities ($m)	5.8	276.4	(97.9%)
Financial Leverage (times)	6.4	4.1	(57.1%)

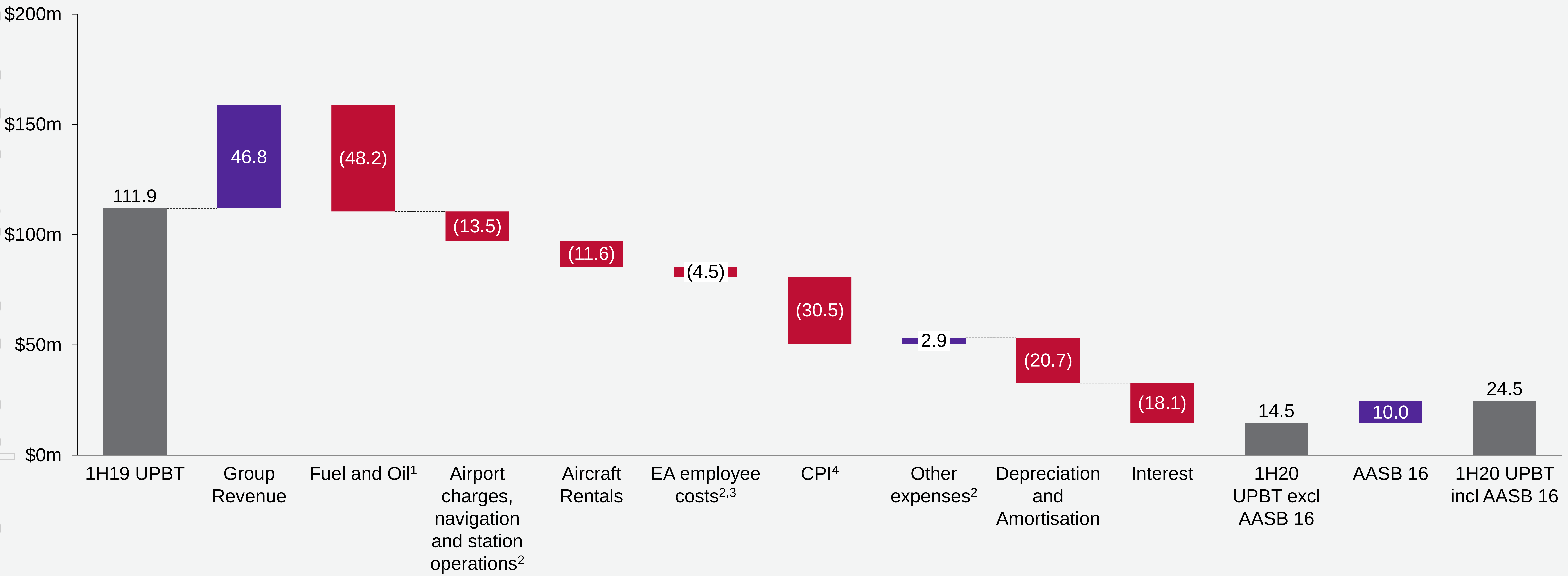
- Strong guest growth
- Fuel cost up $48.2 million reflecting strong hedging gains in PCP, Enterprise Agreement and airport charges increased significantly above CPI
- Underlying Profit before Tax of $24.5 million, including $10 million, impact of AASB 16
- Statutory Loss Before Tax of $88.6 million, including impact of AASB 16
- RASK up across all segments
- Increase in Adjusted Net Debt reflects Velocity acquisition
- Post-AASB 16 adjusted net debt $4,247.2 million
- Post-AASB 16 financial leverage is 5.2 times
- Net Liabilities ($1,599.6) million reflecting adoption of AASB 16 and Velocity acquisition

Notes : Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison. 1H20 comparison for the Group between pre and post AASB 16 is provided on slide 16 for operating performance and slide 17 for cashflow. 1H20 financials exclude AASB 16 to enable prior year comparison unless otherwise stated. From 1 July 2019 the Group has classified finance income received and finance costs paid as financing cash flows rather than operating cash flows as these classifications provide more relevant and reliable information in relation to the effects of these transactions. The comparative has been reclassified to be consistent with the current period presentation but not restated.

This page contains Non-Statutory measures which are defined on slide 23. Following modification of accounting presentation for unrealised Foreign Exchange, 1H19 numbers have been restated accordingly.

Group Underlying Profit performance

Group performance impacted by rise in fuel, airport, Enterprise Agreement, and depreciation costs, and soft market conditions



Notes: 1) Fuel and oil impact includes $8.2m Time Value of Money on FX related to fuel in addition to appendix 4d 2) Adjusted for CPI 3) EA employee costs include all payroll costs as well as Hotac, PerDiems and Allowances 4) Company estimate including wages and other inflation

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison. 1H20 comparison for the Group between pre and post AASB 16 is provided on slide 16 for operating performance and slide 17 for cashflow. 1H20 financials exclude AASB 16 to enable prior year comparison unless otherwise stated.

Following modification of accounting presentation for unrealised Foreign Exchange, 1H19 numbers have been restated accordingly. This page contains Non-Statutory measures which are defined on slide 23.

Segment performance – domestic airlines

RASK growth achieved by both brands. Group domestic capacity reduced in line with strategic realignment and soft demand environment

Virgin Australia Domestic	1H20	1H19	Change
Total Revenue ($m)	2,114.2	2,082.3	+1.5%
EBIT ($m)	112.9	178.1	(36.6%)
Guests (m)	9.57	9.39	+1.9%
ASKs (m)	13,762	13,837	(0.5%)
RASK (c.)	15.4	15.0	+2.1%

- Domestic capacity reduction responding to subdued domestic market conditions
- Fuel cost increase of $23.2 million
- EA Labour costs up 2.7%. Non - EA costs flat, with benefits of workforce reduction program expected in 2H20
- Airport terminal fees increase at 2.5 times the rate of CPI[1]

Tigerair Australia	1H20	1H19	Change
Total Revenue ($m)	305.4	302.6	+0.9%
EBIT ($m)	2.0	(6.6)	+130.3%
Guests (m)	2.20	2.22	(0.7%)
ASKs (m)	2,961	2,950	+0.4%
RASK (c.)	10.3	10.3	+0.6%

- EBIT improvement driven by ongoing fleet simplification
- Fuel cost increase of $4.3 million, offset by effective cost control including reduced maintenance costs in line with fleet simplification
- Network optimisation continuing with capacity adjustments announced for 2H20

Notes: 1) Company estimate including wages and other inflation
Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison. 1H20 Segment financials excl AASB 16 to enable prior year comparison. This page contains Non-Statutory measures which are defined on slide 23. Following modification of accounting presentation for unrealised Foreign Exchange, 1H19 numbers have been restated accordingly.

Segment performance – Virgin Australia International and Velocity

International performance affected by higher costs and challenging market conditions

Virgin Australia International	1H20	1H19	Change
Total Revenue ($m)	686.4	666.1	+3.0%
EBIT ($m)	(48.9)	(15.2)	(221.7%)
Guests (m)	1.56	1.45	+7.3%
ASKs (m)	8,904	9,007	(1.1%)
RASK (c.)	7.7	7.4	+4.2%

- Revenue growth driven by Trans Tasman post end of Air New Zealand alliance
- Withdrawal from Hong Kong operations in March 2020 due to challenging conditions, EBIT loss of $130 million since commencement
- Fuel up $20.3 million and product investment on Short Haul International offsetting revenue growth

Strong EBIT performance driven by ongoing member revenue growth

Velocity Frequent Flyer	1H20	1H19	Change
Total Revenue ($m)	215.4	208.9	+3.1%
EBIT ($m)	68.9	59.0	+16.8%
Members (m)	10.1	9.5	+6.3%

- Revenue growth driven by airline partners and financial services
- Margin improvement reflects focused cost management and increased participation
- Velocity acquisition completed with focus on increased returns per member and broader partner base
- Investment in data and digital integration driving deeper member personalisation and responsiveness to members

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison. 1H20 Segment financials excl AASB 16 to enable prior year comparison. This page contains Non-Statutory measures which are defined on slide 23. Following modification of accounting presentation for unrealised Foreign Exchange, 1H19 numbers have been restated accordingly.

Fleet simplification, network and capacity review

Continued discipline with network and fleet to reduce costs and adapt to softer market conditions and coronavirus impact

FLEET – KEY CHANGES

- Tigerair transition to all Boeing 737-800NG aircraft by October 2020
- Transition program will provide a single fleet type across the Group's full service and low-cost carrier operations, delivering cost savings and improved operating performance
- Widebody fleet review – significant cost savings available from next generation aircraft

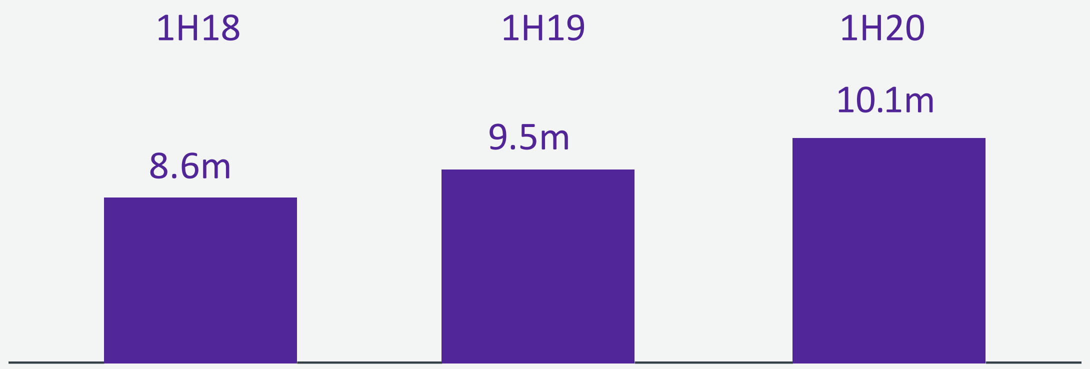
NETWORK AND CAPACITY – KEY CHANGES

- Ongoing optimisation of domestic network, consolidation of existing route frequencies and withdrawal of Tigerair routes
- Group capacity reduction of 3% in 2H20 including short term tactical capacity reduction to respond to current environment; and up to 5% reduction in FY21
- Tigerair Australia to exit five routes:
  - Sydney – Adelaide / Cairns / Coffs Harbour; Melbourne – Coffs Harbour; Hobart – Gold Coast
- Withdrawal of Hong Kong by March 2020, in response to market conditions and coronavirus impact
- Launch Brisbane – Tokyo March 2020

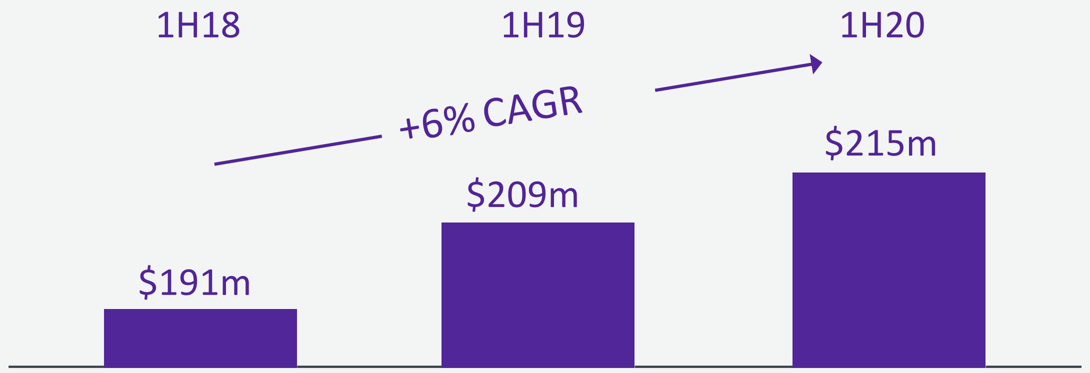
Velocity Frequent Flyer acquisition

Reclaiming full ownership of frequent flyer program to drive significant benefits for the Group

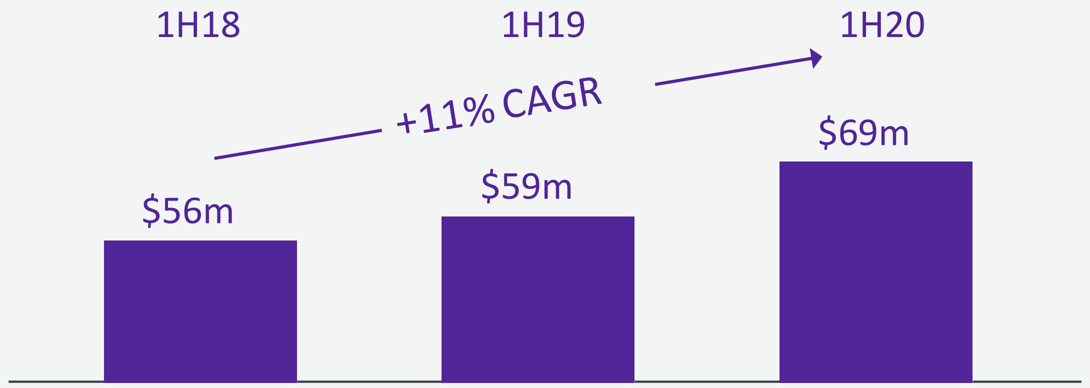
MEMBERSHIP GROWTH



SEGMENT REVENUE AND INCOME



EBIT



- Group will now retain 100% of cashflows and equity distributions from Velocity business
- Incremental revenue synergy opportunities through improved loyalty engagement
- Increased wallet share through enhanced data and analytics initiatives
- Group integration simplifies business and enables cost savings
- Membership base continues to grow, standing at more than 10 million
- 2019 Awards: Program of the Year; Best Redemption Ability; Best Customer Service; Best Elite Program and Best Promotion at the Freddie Awards in the Middle East and Asia / Oceania category

This page contains Non-Statutory measures which are defined on slide 23

Organisational restructure, workforce reduction and supplier review

Strategic transformation and cost initiatives remain on track, with financial benefits expected to materialise

ORGANISATIONAL RESTRUCTURE + WORKFORCE REDUCTION

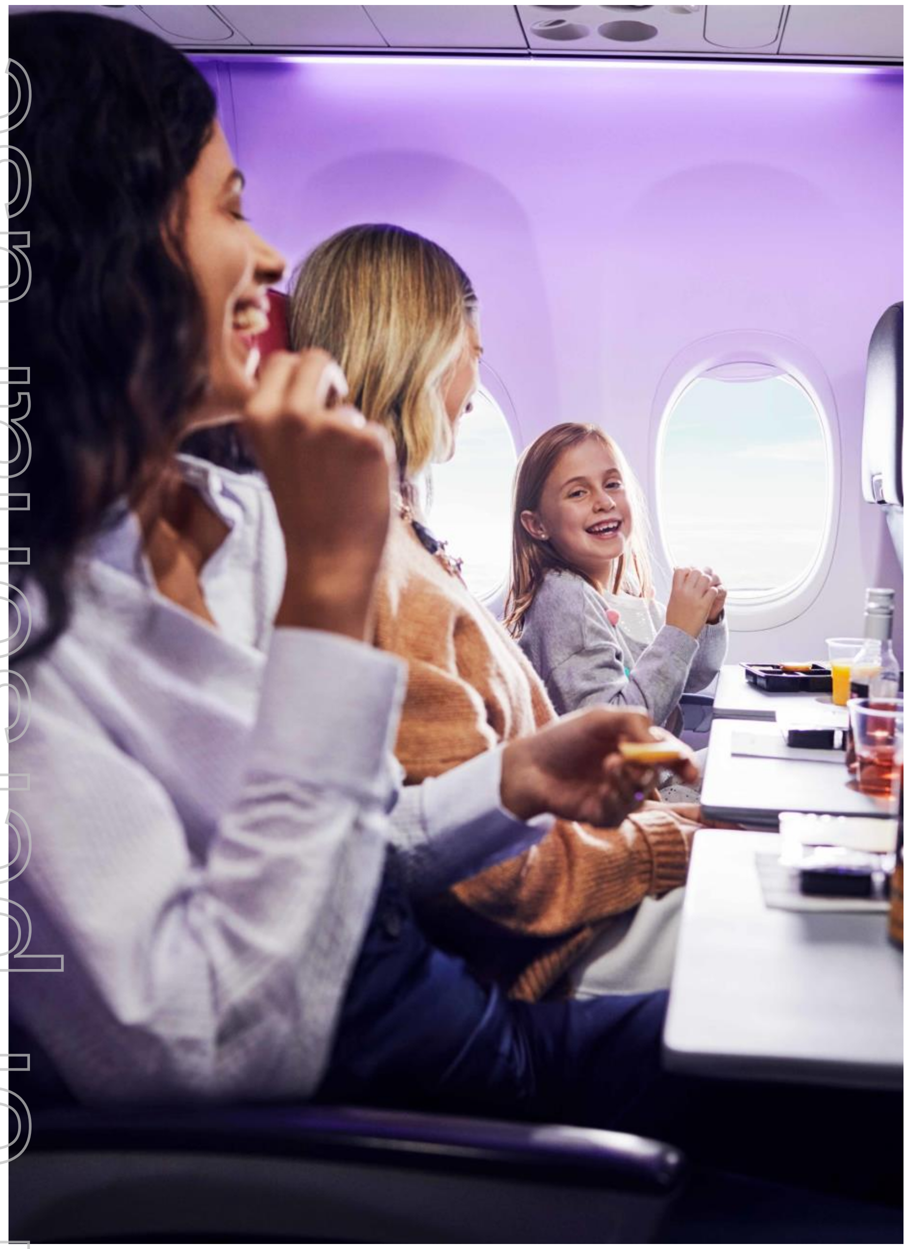
- New structure introducing Group accountability and reducing duplication
- Workforce reduction program to remove 750 roles
- Targeting annualised cost savings of $75 million
- On track for 400 roles exited by 31 March 2020, with 750 by year end

SUPPLIER REVIEW

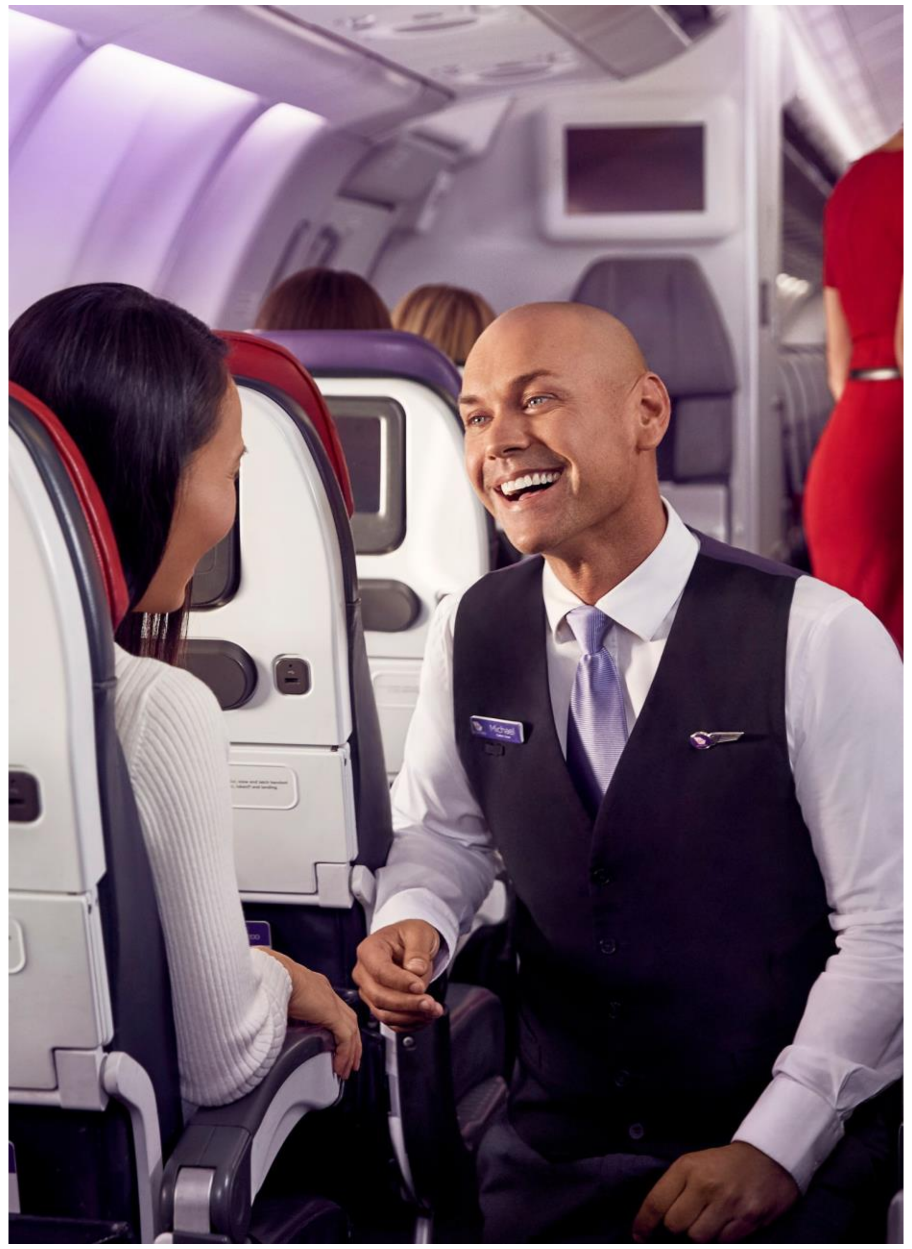
- Significant pipeline of activity underway to optimise supply chain and renegotiate arrangements with key suppliers
- Long-term legacy contracts containing unfavourable terms proving challenging
- Group is reviewing agreements with catering and engineering providers and aviation technology providers to realise better commercial outcomes
- Significant savings being realised in the areas of fuel, accommodation and marketing services
- On track for annualised savings of $30 million by 31 March 2020, and $50 million by year end

Improvements in customer experience

Strong performance across customer satisfaction and OTP ratings, with the Group continuing to strive for excellence across all aspects of the customer experience



- Achieved Virgin Australia’s highest first half Net Promoter Score (NPS) since FY16
- Strong OTP performance for 1H20, with Virgin Australia the leading major airline for on time departures and arrivals, and the major airline least likely to cancel a flight for 1H20
- Implemented real time, daily customer satisfaction feedback across Virgin Australia’s post-flight and post-contact centre calls
- Reduced onboard announcements to minimise disruption to guests and create a calm, quiet atmosphere
- Launched Nervous Flyers program, providing access to expert resources and meditation content onboard, and alerting our crew so they can keep an eye out for guests who may need extra support
- Continued focus on improving the sustainability of our inflight and Lounge products, which has resulted in the increased use of bio-based and recycled materials



Impact of coronavirus / Outlook

Coronavirus expected to negatively impact Group earnings by $50-75 million in 2H20

DOMESTIC DEMAND IMPACT

- Potential $50-55 million impact on Group domestic earnings in 2H20, with Tigerair $15 million and Virgin Australia Domestic $35-40 million
- Impact of international Chinese inbound cancellations
- Domestic demand impacted by bushfire and low GDP growth

INTERNATIONAL DEMAND IMPACT

- Potential $10-20 million impact across Hong Kong, Trans Tasman and Japan
- Hong Kong ceases service from March 2020

DOMESTIC MITIGATION STRATEGIES

- Virgin Australia Group capacity reduction of 3% in 2H20
- Fast-tracking exit of Tigerair A320s to facilitate all-B737 fleet by October 2020, with capacity reductions to continue into FY21
- Reduced short term capacity into significantly impacted domestic markets, such as Cairns
- Continued focus on cost-out initiatives

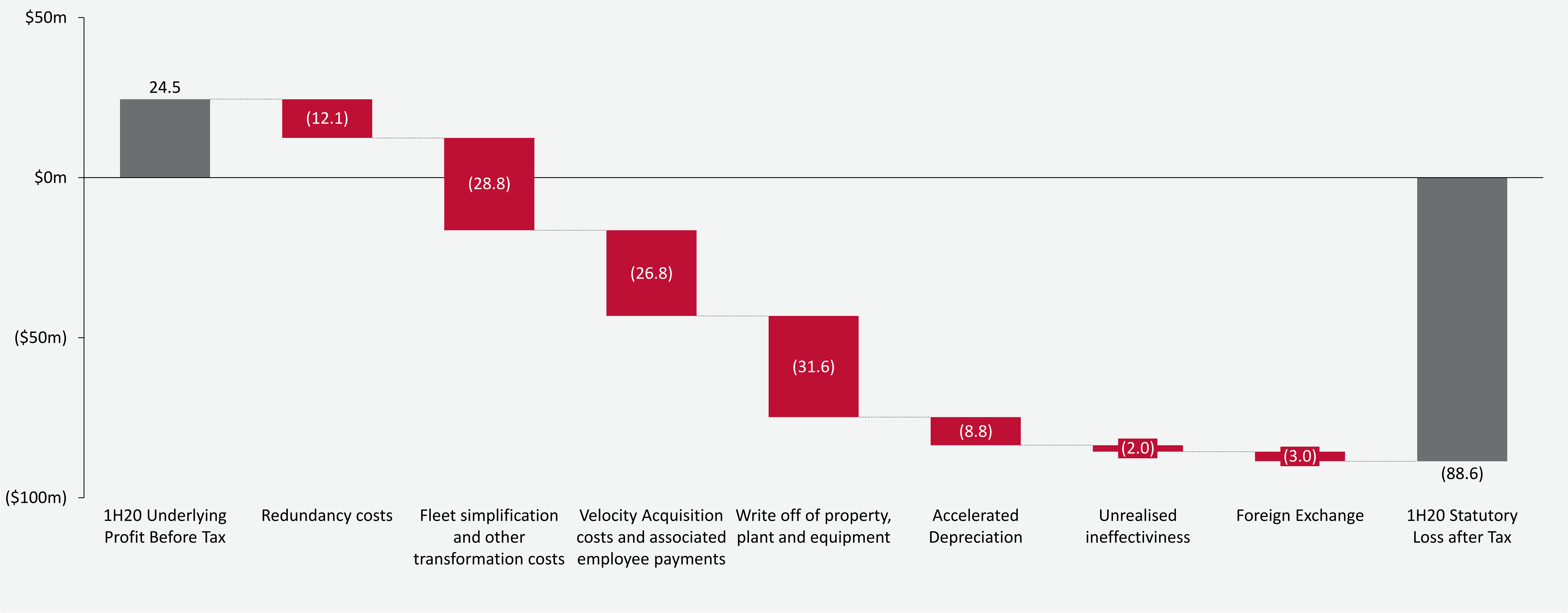
INTERNATIONAL MITIGATION STRATEGIES

- Exit of Hong Kong market from March 2020
- Capacity reductions on the Trans Tasman
- Continued focus on cost-out initiatives

Supplementary Slides

Reconciliation of UPBT to Statutory result

Costs associated with: workforce reduction program (redundancies), fleet simplification, one-off Velocity acquisition costs, and write-offs associated with property, plant and equipment no longer in use totalling $113.1 million



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Statutory Financial Summary (post AASB 16)

Group Financial Summary ($m)	1H20	1H19	Change
Revenue and income	3,118.2	3,071.0	47.2
Statutory profit / (loss) after tax	**(88.6)**	**73.8**	**(162.4)**
Add back: Income tax expense	0.0	13.9	(13.9)
Statutory profit / (loss) before tax	**(88.6)**	**87.7**	**(176.3)**
Add back:			
Business and capital restructure and transaction costs	(67.7)	(26.1)	(41.6)
Write off of and disposal of property, plant and equipment	(31.6)	1.5	(33.1)
Accelerated depreciation	(8.8)	0.0	(8.8)
Restructuring sub-total	**(108.1)**	**(24.6)**	**(83.5)**
Add back:			
Foreign Exchange	(3.0)	0.4	(3.4)
Ineffectiveness on cash flow hedges	(2.0)	0.0	(2.0)
Underlying profit before tax (post AASB 16)	**24.5**	**111.9**	**(87.4)**
AASB16 impact on underlying profit before tax	(10.0)	0.0	(10.0)
Underlying profit before tax (pre AASB 16)	**14.5**	**111.9**	**(97.4)**

Key components:

- $26.8 million of one-off costs relating to Velocity acquisition
- Non-cash write off of property, plant and equipment
- $40.9 million transformation costs including fleet simplification and onerous contracts

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. This page contains Non-Statutory measures which are defined on slide 23.

Statutory Cashflow Statement (post AASB 16)

Cash Flow Statement ($m)	1H20	1H19	Change
Cash generated from operating activities	261.5	276.4	(14.9)
Cash payments for business restructuring expenses	(62.4)	(13.4)	(49.0)
Net cash from operating activities	**199.1**	**263.0**	**(63.9)**
Net cash used in investing activities	**(122.7)**	**(263.6)**	**140.9**
Net cash from / (used in) financing activities	**(708.5)**	**(198.7)**	**(509.8)**
Net increase in cash and cash equivalents incl. impact of FX	**(632.4)**	**(164.0)**	**(468.4)**
Cash and cash equivalents	**1,107.6**	**1,251.5**	**(143.9)**

- Investing activities includes $130 million proceeds on aircraft disposal driven by sale and lease back transaction
- Financing includes cash paid for Velocity acquisition as the entity was already consolidated
- Cash balance >$1 billion

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. This page contains Non-Statutory measures which are defined on slide 23.

AASB 16 Impact on Profit and Loss account

Profit and Loss ($m)	Pre-AASB 16	AASB16	Post-AASB 16
Total Revenue	3,116.3	1.9	3,118.2
Operating Costs	(2,603.1)	17.5	(2,585.6)
EBITDAR	**513.2**	**19.4**	**532.6**
Aircraft Rentals	(202.3)	196.5	(5.8)
EBITDA	**310.9**	**215.9**	**526.8**
Depreciation & Amortisation	(198.8)	(109.7)	(308.5)
EBIT	**112.1**	**106.2**	**218.3**
Net Interest	(97.6)	(96.2)	(193.8)
UPBT	**14.5**	**10.0**	**24.5**
Statutory Profit / (Loss) After Tax	**(99.9)**	**11.3**	**(88.6)**

- Operating lease expenses replaced by interest and depreciation charges
- Earlier recognition of cost of end of lease return provisions arising from the new standard

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison..

AASB 16 impact on Cashflow Statement

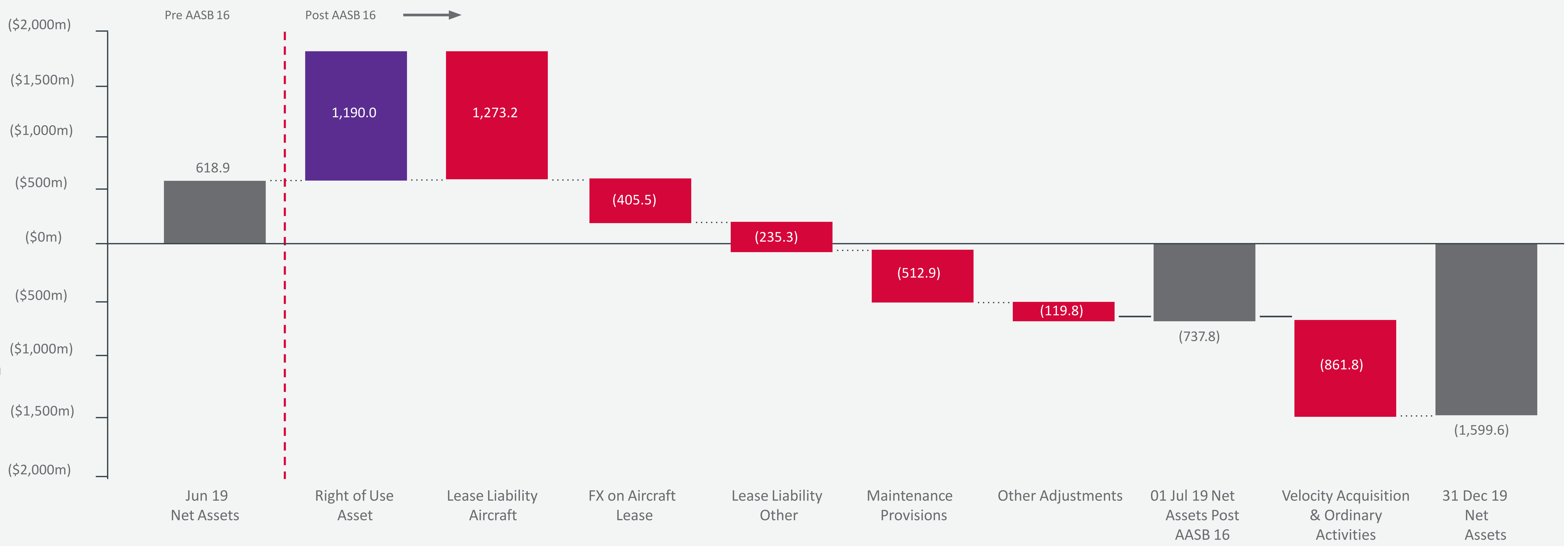
Cash Flow ($m)	Pre-AASB16	AASSB16	Post- AASB16
Cash generated from operating activities	**5.8**	**255.7**	**261.5**
Cash payments for business restructuring expenses	(62.4)	0.0	(62.4)
Net cash from operating activities	**(56.6)**	**255.7**	**199.1**
Net cash used in investing activities	(137.4)	14.7	(122.7)
Net cash from / (used in) financing activities	**(438.1)**	**(270.4)**	**(708.5)**
Net increase in cash and cash equivalents incl. impact of FX	(632.4)	0.0	(632.4)
Cash and cash equivalents	**1,107.6**	**0.0**	**1,107.6**

- Operating lease payments removed and replaced by interest charge and principal repayment
- Inclusion of interest paid on leases in financing activities
- Principal repayment of leases included in financing activities
- No net change in cashflows

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. Year on year changes and commentary have been based on pre-AASB 16 information ("pre-AASB 16") to allow for comparison..

Net Asset Reconciliation including AASB 16 and Velocity acquisition

- Virgin Australia Group adopted AASB 16 with effect 1 July 2019 using the modified retrospective adoption approach and therefore there is no restatement of prior period. There has been an impact to retained earnings
- Aircraft leases denominated in USD make up 88% of the opening lease liability balance
- $405 million retained earnings impact due to FX movements on lease liabilities between lease inception and 1 July 2019
- Debt funded acquisition of Velocity has reduced net assets



Statutory Balance Sheet summary (post AASB 16)

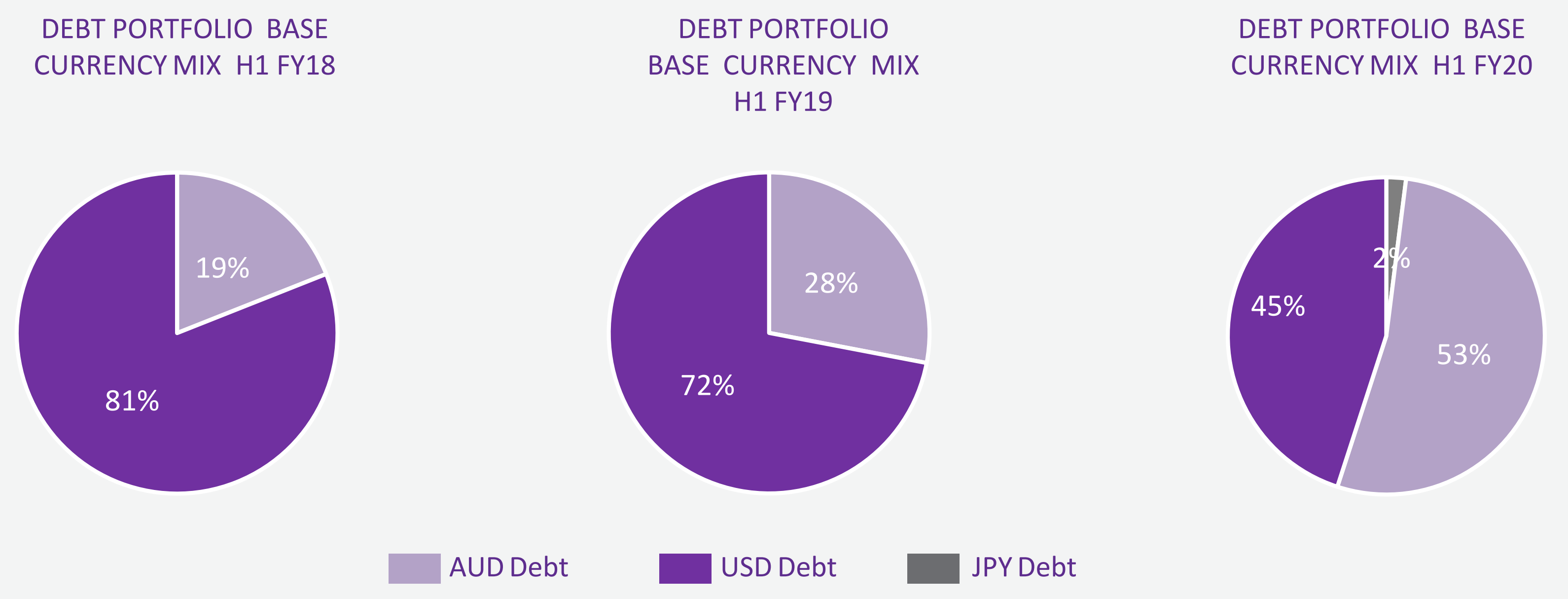
Balance Sheet and Liquidity ($m)	1H20	FY19	Change
Cash and cash equivalents	1,107.6	1,740.0	(632.4)
Other current assets	377.3	425.3	(48.0)
Property, plant & equipment	4,323.3	3,202.1	1,121.2
Other non-current assets	974.2	1,100.8	(126.6)
Total assets	**6,782.4**	**6,468.2**	**314.2**
Current interest-bearing liabilities	542.2	771.9	229.7
Non-current interest-bearing liabilities	4,812.4	2,256.9	(2,555.5)
Interest-bearing liabilities	**5,354.6**	**3,028.8**	**(2,325.8)**
Other liabilities	3,027.4	2,820.5	(206.9)
Total liabilities	**8,382.0**	**5,849.3**	**(2,532.7)**
Total equity	**(1,599.6)**	**618.9**	**(2,218.5)**
Unrestricted cash balance	**900.3**	**1,330.3**	**(430.0)**

- Creation of Right of Use Assets as part of AASB 16 implementation
- Impact of AASB 16 and debt funded Velocity acquisition impacting interest bearing liabilities
- Retained earnings as represents transaction with existing owners
- FY19 unrestricted cash balance was higher ahead of the US 144A note repayment

Virgin Australia Group has implemented AASB 16 Leases from 1 July 2019 using the modified retrospective approach. Under this approach, prior year comparative information has not been restated. This page contains Non-Statutory measures which are defined on slide 23.

Hedging and foreign exchange

Operating Exposures	Remaining FY20	FY21
Fuel (Brent)	100%	75%
FX (AUD/USD)	100%	75%



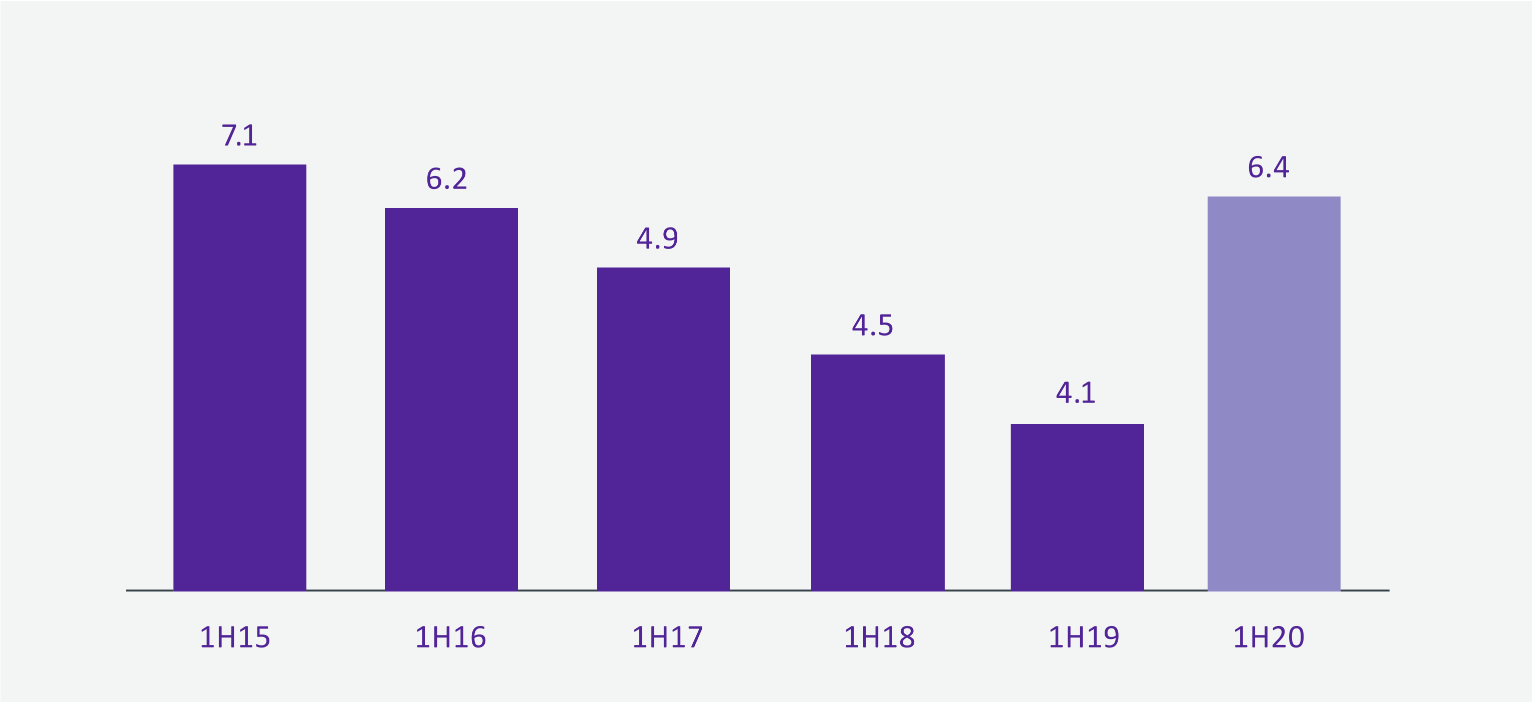
- Significant fuel and FX hedging in place for FY20 and FY21 with 33% participation to further falls in fuel prices for remainder of FY20 and 86% participation for FY21
- Continued to de-risk balance sheet with AUD funding and cross currency swaps. Significant cash reserves are also held in USD to further mitigate risk
- Debt currency mix is now predominantly AUD following repayment of US$400 million Nov 19 bond and refinancing of additional USD obligations to AUD
- Revaluation of AASB16 US$ Lease liability will create non-cash P&L noise with movements in AUD/USD (approx. $30 million P&L per 1 cent move). Lease cash flows continue to be managed as operating exposure

Group Treasury and Funding

CAPITAL MANAGEMENT

- Strategic review being accelerated to improve free cash flow generation and improve leverage over time
- Generate free cash flow over time to target BB/Ba band credit rating
- No significant debt maturity until FY22 (Oct 21 US$350 million bond)
- No scheduled aircraft deliveries until FY22
- 1H20 leverage (pre AASB 16) impacted by lower EBITDAR vs PCP and debt funded Velocity acquisition

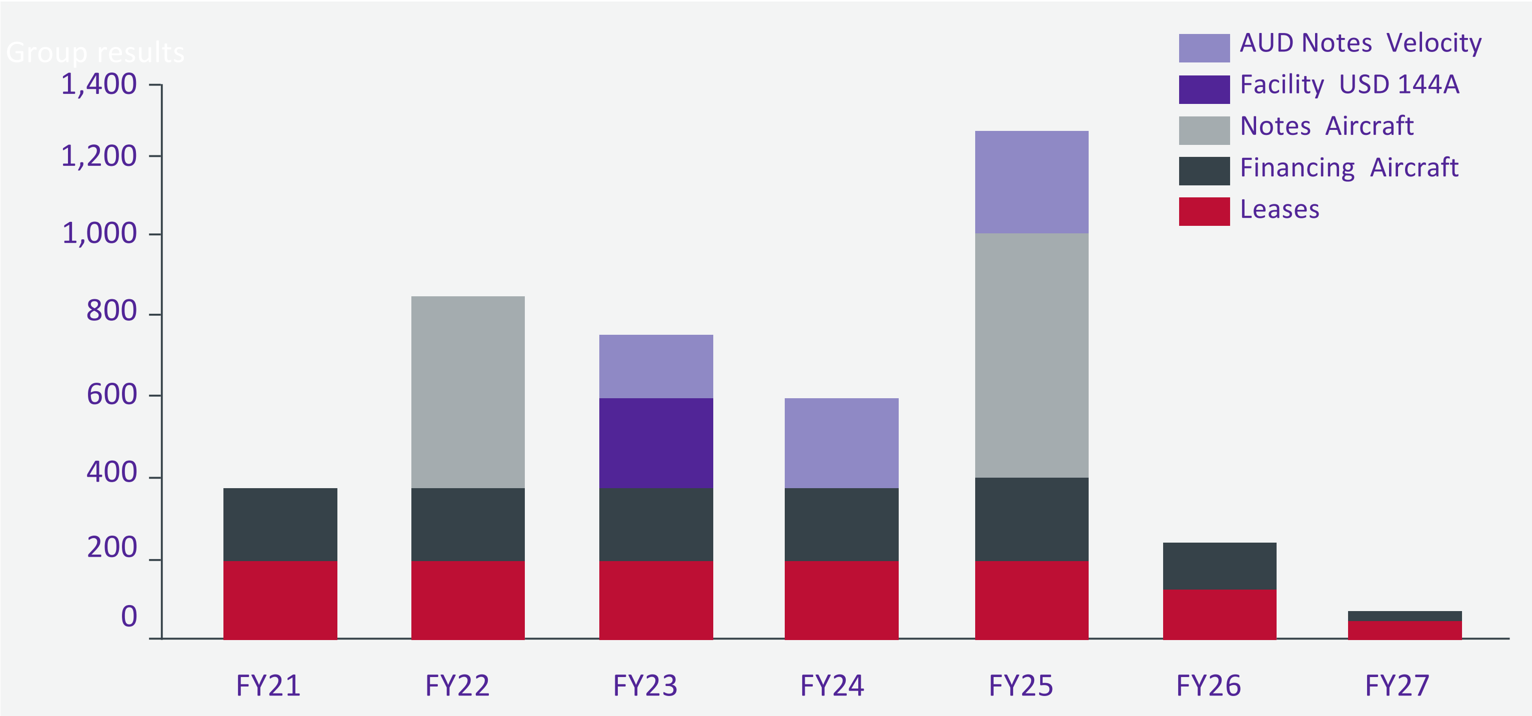
Adjusted Financial Leverage 1H15 – 1H20



FUNDING STRATEGY / HIGHLIGHTS

- Maintain access to diverse sources of funding from debt capital markets, commercial bank markets and aircraft operating lease markets
- Unsecured funding – US$425 million 144A bond and inaugural A$325 million listed retail note to fund acquisition of remaining 35% of Velocity
- Continue to refinance aircraft in AUD where possible
- $225 million Velocity facility extended to FY23
- Committed and undrawn facilities of ~A$166 million at Dec 19

Debt Maturity FY21 – FY27



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Following modification of accounting treatment for unrealised Foreign Exchange, historical numbers have been restated accordingly.

Operating fleet

GROUP OPERATING FLEET[1]	As at 31 Dec 2019	As at 31 Dec 2019		As at 30 June 2019	As at 30 June 2018
		Leased	**Owned**		
B737-700/800	79	39	40	80	82
E190	-	-	-	-	-
A330	6	6	-	6	6
B777	5	1	4	5	5
ATR72-500/600	8	8	-	8	8
Virgin Australia Airlines fleet	**98**	**54**	**44**	**99**	**101**
F100	13	-	13	14	14
A320 (Charter & Tigerair)	15	14	1	15	15
B737-800 (Tigerair)	6	1	5	5	3
Virgin Australia Group	**132**	**69**	**63**	**133**	**133**

1) Excludes aircraft that have been removed from operational service

Disclaimers, definitions and ASIC guidance

Disclaimer

The non-IFRS information has not been audited or reviewed by KPMG.

This document has not been audited or reviewed by KPMG; however, IFRS data has been derived from the Virgin Australia Holdings Limited Interim Financial Report for the half-year ended 31 December 2019 that has been reviewed by KPMG.

Definitions

Underlying Profit Before Tax or UPBT: is a non-statutory measure that represents statutory profit/(loss) before tax excluding the impact of Business and Capital Restructure and Transaction Costs (as defined below); gain on disposal of assets; write off of property, plant and equipment; onerous contract expenses; net foreign exchange gain/(loss); and unrealised ineffectiveness on cash flow hedges (as defined below). This is a measure used by Management and Board of Virgin Australia Holdings Limited (VAH) to assess the financial performance of VAH

Underlying: Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals or EBITDAR: is a non-statutory measure per Note 2 of the VAH Interim Financial Report. It is used by Management and VAH's Board as a measure to assess the financial performance of VAH and its individual segments. It is defined as Underlying Profit Before Tax (as defined above) excluding the impact of depreciation, amortisation, aircraft rentals and net finance costs.

Underlying Earnings Before Interest & Tax or EBIT: is a non-statutory measure per Note 2 of the VAH Interim Financial Report. It is used by Management and VAH's Board as a measure to assess the financial performance of VAH and its individual segments. It is defined as Underlying Profit/(Loss) Before Tax (as defined above) excluding the impact of net finance costs.

Business and Capital Restructure and Transaction Costs (or Transformation): is a non-statutory measure that includes business and capital restructure and transaction costs.

Unrealised ineffectiveness on Cash Flow Hedges: is a statutory measure as reported in Note 2 of the VAH Interim Financial Report.

Underlying: Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals or EBITDAR: is a non-statutory measure per Note 2 of the VAH Interim Financial Report for the half-year ended 31 December 2018. It is used by Management and VAH's Board as a measure to assess the financial performance of VAH and its individual segments. It is defined as Underlying Profit Before Tax (as defined above) excluding the impact of depreciation, amortisation, aircraft rentals and net finance costs.

RASK: is a non-statutory measure derived from segment revenue divided by Available Seat Kilometres (defined below) of the regular passenger transport businesses.

CASK: is a non-statutory measure and is defined as regular passenger transport costs associated with the Virgin Australia Domestic, Virgin Australia International and Tigerair Australia segments including fuel divided by ASK (as defined below)

Yield: is a non-statutory measure derived from segment revenue divided by Revenue Passenger Kilometres (defined below) of the regular passenger transport business.

Load Factor: is a non-statutory measure of the capacity utilisation of the Group's regular passenger transport business derived from number of revenue generating guests carried divided by available seats.

ASK or Available Seat Kilometre: is a non-statutory measure derived from total number of seats available for passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.

RPK or Revenue Passenger Kilometre: is a non-statutory measure derived from number of paying passengers multiplied by the number of kilometres flown on Virgin Australia or Tigerair Australia operated flights.

Financial Leverage: is a non-statutory measure and is defined as the ratio of Adjusted Net Debt (as defined below) to EBITDAR. This is calculated excluding the impact of AASB16.

Adjusted Net Debt: is a non-statutory measure derived from Net Debt (as defined below) adding 7 times annual aircraft rentals. This is calculated excluding the impact of AASB16.

Net Debt: is a non-statutory measure derived from interest-bearing liabilities less cash and cash equivalents. This is calculated excluding the impact of AASB16.

Forward Looking Statements

This document contains certain forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', '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 document 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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ASIC guidance

In December 2011, ASIC issued Regulatory Guide 230. In order to comply with this Guide, Virgin Australia Holdings Limited is required to make a clear statement about whether information disclosed in documents other than the Virgin Australia Holdings Limited Interim Financial Report for the half year ended 31 December 2019 has been audited or reviewed in accordance with Australian Auditing Standards.

The non-IFRS information has not been audited or reviewed by KPMG. This presentation has not been audited or reviewed by KPMG; however, IFRS data has been derived from the Virgin Australia Holdings Limited Interim Financial Report for the half- year ended 31 December 2019 which has been reviewed by KPMG.

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