

27 February 2026

## Virgin Australia delivers strong results with underlying EBIT up 11.7% in 1HFY26

Virgin Australia Holdings Limited ('Virgin Australia' or 'Group'; ASX:VGN) today announced its results<sup>1</sup> for the six months ended 31 December 2025 (1HFY26).

The Group delivered strong underlying EBIT growth above expectations despite inflationary headwinds, particularly from airport charges, with strong customer demand and benefits from the transformation program.

<b>Underlying NPAT<sup>2</sup> / EPS<sup>3</sup></b> <b>\$279m / 35.1c</b> Up 20.7% / 11.1% on 1HFY25	<b>Statutory NPAT / EPS<sup>3</sup></b> <b>\$341m / 43.0c</b> Down 27.9% / 33.5% on 1HFY25	<b>Underlying EBIT<sup>2</sup></b> <b>\$490m</b> Up 11.7% on 1HFY25
<b>Underlying EBIT Margin<sup>2,4</sup></b> <b>14.8%</b> Up 40bps on 1HFY25	<b>Revenue</b> <b>\$3,323m</b> Up 9.3% on 1HFY25	<b>Net Debt to underlying EBITDA<sup>2</sup></b> <b>0.9x</b> Below the target range

Virgin Australia delivered EBIT growth in 1HFY26, reporting underlying EBIT of \$490 million in 1HFY26, an increase of 11.7% on 1HFY25. This was driven by revenue growth of 9.3% compared to 1HFY25 with strong customer demand, especially leisure, resulting in favourable yield delivering Revenue per Available Seat Kilometre (RASK) growth of 6.4%. Velocity also contributed to the Group's performance with underlying EBIT increasing 14.8% to \$74 million with record external billings.

Underlying Net Profit After Tax (NPAT) was \$279 million, an increase of 20.7% compared to 1HFY25 driven by the increased EBIT and reflecting a 30% effective tax rate. Due to sustained profit delivery since exiting Administration, all tax losses have been fully utilised and Virgin Australia is now in a tax paying position. Statutory NPAT for 1HFY26 was \$341 million, down 27.9% on 1HFY25 with the prior period benefitting from the recognition of deferred tax assets relating to prior years. The changes in underlying and statutory EPS compared to 1HFY25 reflects the movement in underlying and statutory NPAT and the dilutionary impact of share options and share rights associated with the IPO.

<sup>1</sup> Financial information in this announcement is derived from the Interim Financial Report for 1HFY26.

<sup>2</sup> Excludes Significant Items. For reconciliations of the 1HFY26 Group Statutory to Group Underlying Income Statement refer to pages 26-27 in the 1HFY26 Results presentation. For non-IFRS measures reconciliations to Statutory financial information refer to Appendix A in the Interim Financial Report.

<sup>3</sup> Diluted Earnings Per Share

<sup>4</sup> Underlying EBIT / Underlying revenue

The 1HFY26 results were underpinned by continued progress in the Group's Transformation Program, which delivered more than \$200 million in gross benefits. Together with savings in fuel costs, this partly offset inflationary headwinds and contributed to further margin expansion, with the underlying EBIT Margin increasing by 40 basis points to 14.8%.

The Group's financial performance is reflected through the strong balance sheet with leverage at 0.9x net debt / underlying EBITDA ahead of the planned purchase of aircraft in 2HFY26.

Virgin Australia's operational performance improved during the half, with 72.6% of domestic flights departing on time, up from 71.6% in 1HFY25, and a completion rate of 98.5%, down from 98.7% in 1HFY25. Virgin Australia's completion rate was the highest of the mainline Australian domestic airlines.

Customer satisfaction continues to strengthen, with Virgin Australia's Strategic Net Promoter Score (NPS) increasing by three points on 1HFY25 to 28, reflecting the Group's unwavering commitment to delivering exceptional guest experiences.

**Commentary from Virgin Australia Chief Executive Officer and Managing Director, Dave Emerson:**

"The Group's continued strong performance clearly demonstrates that our constant focus on transformation and innovation is not only delivering strong financial outcomes but strengthens our ability to remain a robust competitor for years to come.

"Virgin Australia is proud to play a critical role in delivering choice and value for Australian travellers, and we are laser-focused on serving our core customer groups of premium leisure, small and medium enterprises, and value-conscious corporates. Through careful cost management and decision making, we are striking the right balance between value, flexibility and quality, and our customers are responding well.

"Passenger demand remains strong, with consumers continuing to prioritise travel and connectivity, supporting the airlines segment. Our loyalty business, Velocity, continues to be a key growth driver for the Group, with growth in external billings driven primarily by financial services products.

"However, cost pressures persist across the industry, with costs growing above inflation in several areas of the aviation supply chain, including airport charges and aircraft maintenance. The broader aviation industry must remain vigilant on costs so aviation doesn't become unaffordable for Australians.

"Financial metrics only tell part of the story, and we are very pleased with the ongoing improvements in our operational performance – including consistent industry-leading completion rates – and the continued uplift in customer satisfaction.

"We know that our more than 8,000 employees are the driving force behind our performance, and the choice and competition we bring to the market as a challenger brand. We will continue to focus on delivering strong operational performance, exceptional customer experiences, and the multilayered benefits of our award-winning Velocity Frequent Flyer program."

**Commentary from Virgin Australia Chief Financial Officer, Race Strauss:**

“Virgin Australia’s investment approach remains disciplined and strategic, centred on delivering positive outcomes for our customers, our people, and our shareholders.

“We make deliberate decisions about where we compete, to stay true to our core customers and maintaining long-term financial resilience so we can continue reinvesting in the business for their benefit. This is supported by our lean cost base and simplified fleet, driving efficiency and high-quality performance.

“By complementing our domestic footprint with select short haul international destinations and a world class network of long-haul partners - including our strategic partnership with Qatar Airways - we offer customers global connectivity without losing focus on our home market.

“Strong financial performance and cash generation have further strengthened the balance sheet, supporting continued investment in new fleet and value-accretive growth opportunities.

“We anticipate continued growth in both revenue and underlying EBIT for FY26, driven by strong travel demand, the impact of our Transformation Program, and sustained growth in Velocity.”

**Airlines**

The Airlines segment performed strongly, recording Underlying EBIT of \$419 million, an increase of 13.5% on 1HFY25 with strong market demand, especially leisure customers due to event driven travel. This stronger than expected leisure demand combined with commercial transformation drove higher yields leading to RASK growth of 6.4% compared to 1HFY25, which was above expectations after a strong December. Cost per Available Seat Kilometre (CASK) increased by 5.7%, predominantly due to higher airport charges and maintenance costs and was partially offset by lower fuel costs and benefits from transformation. Excluding fuel, CASK increased by 8.7% on 1HFY25. The underlying EBIT margin improved 40 basis points to 13.1% and the airline carried 11.1 million passengers in 1HFY26 compared to 10.8 million in the prior corresponding period, an increase of 3.4%.

**Velocity**

The Velocity segment delivered record external billings which grew at 18.8%, resulting in Underlying EBIT of \$74 million, an increase of 14.8% on 1HFY25. Velocity added new partners and saw strength across its portfolio of existing partnerships and products, including strong growth in new credit cards and points regularly transferred into Velocity from bank and non-bank partners. Velocity also delivered an 11% increase in active members and added more than 700,000 new members compared to 1HFY25. The underlying EBIT margin improved by 140 basis points to 30.7% due to the growth in EBIT and the benefit from points redeemed growing at a slower pace than points earned. This is expected to normalise in the future as members increase redemption levels.

## Fleet

As at 31 December 2025, Virgin Australia's fleet stood at 107 aircraft in addition to 11 domestic wet lease lines. The average fleet age<sup>5</sup> was 12.6 years.

Six Boeing 737-8 (Max) aircraft were delivered in 1HFY26, taking the total fleet to 14. A further 12 Boeing 737-8 (Max) aircraft are expected to be delivered over the next year, which is unchanged from previous guidance. Nine of these aircraft (four in 2HFY26 and five in 1HFY27), will be purchased rather than leased, a decision which is supported by the strong balance sheet and provides financial and operational benefits to the Group.

Virgin Australia continues to invest in its current fleet, with Wi-Fi now fitted to 80 per cent of its Boeing 737 aircraft. The airline expects 90 per cent of the fleet to be Wi-Fi equipped by the end of the calendar year.

Virgin Australia Regional Airlines (VARA) continues to progressively phase out its Fokker F100 and Airbus A320 fleet. The F100s have been replaced by Embraer E190-E2 aircraft, with the first two aircraft delivered during 1HFY26 and a further two scheduled for 2HFY26. The Airbus 320s are being replaced by Boeing 737 aircraft with final operations expected during the second half.

Fleet size at 30 June 2026 is expected to be 108 aircraft<sup>6</sup> in addition to seven domestic wet lease lines.

Over the longer term, Virgin Australia expects that its fleet will grow in line with longer term RPT<sup>7</sup> demand of approximately 3% annually. The ability to respond to changes in demand is retained with flexibility in the fleet and wet lease options.

## Balance Sheet

As at 31 December 2025, net debt stood at \$1.0 billion inclusive of capitalised lease liabilities, representing 0.9x underlying EBITDA, below the target range of 1-2x. This is expected to increase in the second half as Virgin Australia purchases four Boeing 737-8 (Max) aircraft as part of its fleet renewal plan. Group liquidity was \$1.4 billion, comprised of \$1.1 billion of unrestricted cash, cash equivalents and term deposits, and a \$0.3 billion undrawn debt facility.

Virgin Australia will continue to allocate capital consistent with its Capital Allocation Framework, which aims to make investments return in excess of the Group's cost of capital, with surplus funds returned to shareholders.

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<sup>5</sup> Calculation excludes wet lease aircraft.

<sup>6</sup> Excludes three VARA A320 aircraft that will continue to be leased but will no longer be operated and will be held for return.

<sup>7</sup> Regular public transport, meaning scheduled passenger transport services operated for the public on fixed routes and timetables (in contrast to charter services).

## FY26 Outlook<sup>8</sup>

Virgin Australia expects demand for air travel to remain strong and will remain disciplined with its capacity growth adding between 2% and 3% domestic capacity in the second half of FY26 and 3% in the first quarter of FY27.

Major items for Virgin Australia's outlook are as follows:

- Continued growth expected in 2HFY26 EBIT and continued margin accretion compared to 2HFY25, despite further increases in airport charges with estimated 2HFY26 RASK growth of 3%-4%
- Gross transformation benefits expected of >\$400m in FY26 with planned transformation investment brought forward to accelerate FY27 benefits
- Hedging for 2HFY26 – fuel (85%), FX (94%) which allows for protection against increased costs and majority participation to any favourable moves
- Velocity – continued growth expected with external billings >10% and no FY26 impact from proposed RBA decision. 2HFY26 EBIT margin to be modestly lower than 1HFY26
- Total expected FY26 capex ~\$850-950m (\$235m in 1HFY26) inclusive of purchase of four Boeing 737-8 (Max) aircraft, with final amount dependent on timing of aircraft deliveries. In addition, there will be expected sale and leaseback proceeds of ~\$200m in 2HFY26
- Leverage expected to be at the low end of target range of 1-2x net debt / underlying EBITDA at end of FY26, providing optionality for future shareholder distributions
- Significant items not included in FY26 underlying results:
  - Transformation related restructuring and IT costs remain ~\$70m (\$27m in 1HFY26) – significantly lower compared to FY25
  - Share-based payments associated with the IPO ~\$41m (\$23m in 1HFY26)
  - COVID credits (income) held on balance sheet will expire at 30 June 2026 – currently \$93m
  - Any FX movements in aircraft lease liabilities

## Market Briefing

Virgin Australia will conduct a market briefing on the result at 10.30am (Sydney time) today, 27 February 2026, which will be webcast live and can be accessed [here](#). Additional detail on the Group's 1HFY26 Result is available in the associated Appendix 4D, Preliminary Final Report and Presentation released to the ASX today and available at [virginaustralia.com/investors](http://virginaustralia.com/investors).

<sup>8</sup> This 2026 Outlook section contains forward looking statements. Refer to the disclaimer on page 2 of the 1HFY26 Results Presentation.

ENDS

This announcement was authorised for release by the Virgin Australia Disclosure Committee.

**For further information:**

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**About Virgin Australia Holdings Limited**

Virgin Australia Holdings Limited ('Virgin Australia'; ASX:VGN) was founded in 2000 and is now one of the largest Australian airlines operating an extensive domestic network as well as short-haul international services, charter and cargo operations, and its loyalty program, Velocity Frequent Flyer. Velocity members can use their Points to redeem flights to over 650 destinations around the world through Virgin Australia and the airline's extensive list of international partner carriers. Virgin Australia employs more than 8,000 people. For further information please visit [virginaustralia.com](http://virginaustralia.com).

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