

15 April 2026

Virgin Australia market update – April 2026

Virgin Australia Holdings Limited ('Virgin Australia' or 'Group'; ASX:VGN) today provided a market update in light of recent significant fuel price volatility caused by events in the Middle East.

In FY26 the Group continues to experience strong customer demand with higher fuel costs largely mitigated through effective fuel hedging and recent airfare and capacity adjustments. This has resulted in Virgin Australia's FY26 financial guidance remaining unchanged with 2HFY26 underlying EBIT and underlying EBIT margin expected to be higher than 2HFY25.

The Group's balance sheet remains in a strong position at 31 March 2026 with leverage of 0.8x net debt / underlying EBITDA which is below the bottom end of the 1-2x target range with liquidity of \$1.5 billion¹.

Fuel

Fuel is one of the largest costs for Virgin Australia, at \$554.7m for 1HFY26 representing 21% of total operating expenses with the equivalent of 3.4m barrels of oil consumed. Virgin Australia operates a fuel hedging program to manage the risks from fuel price volatility which includes hedging both Brent crude oil and refining margins when economically viable. The price of jet fuel has been extremely volatile and has more than doubled since the end of February 2026 which impacts fuel costs for the June 2026 quarter. Virgin Australia's policy is to operate hedging with higher volumes in the short term to mitigate this price volatility, with other operational levers including fare and capacity adjustments available to be implemented over time.

For the remainder of 2HFY26, the Group is hedged 92% for Brent crude oil and 71% for refining margins. Therefore, the exposure in FY26 is only the unhedged portion of both Brent crude oil and refining margins. This is expected to result in an increase of fuel costs for 2HFY26 of approximately \$30-40m² compared to previous expectations.

Fuel security remains an important issue for the aviation sector and broader economy. Virgin Australia's fuel suppliers continue to provide assurances regarding the near-term supply of aviation fuel to support its operations well into May 2026.

Capacity and airfares

To offset the impact from increased fuel and other operating costs such as airport charges, Virgin Australia has adjusted airfares and capacity in 2HFY26.

¹ Unrestricted cash, cash equivalents and term deposits.

² Based on forward curve at 14 April 2026 and estimated other fuel handling costs.

RASK growth³ is now expected to be approximately 5% in 2HFY26, and 6% in 4QFY26, compared to previous 2HFY26 guidance of 3-4%. Total domestic capacity^{3,4} is now expected to increase 1% in 2HFY26 and reduce 1% in 4QFY26.

	Actual		Forecast	
	1HFY26	3QFY26	4QFY26	2HFY26
Domestic capacity growth ^{3,4}	4%	3%	(1%)	1%

Virgin Australia’s services to Doha operated through the wet lease arrangement with partner Qatar Airways are currently cancelled until mid-June. As previously disclosed, the wet lease arrangement minimises the risk to Virgin Australia’s balance sheet and earnings, therefore is not financially material.

This update is based on the Group’s current assessment of the external environment and assumes no material change in the demand environment, fuel price, fuel supply, economic conditions or other key external factors for the rest of the financial year.

Financial Year 2027

For 1HFY27 fuel, the Group is hedged 93% for Brent crude oil and 15% for refining margins.

Given ongoing volatility, FY27 settings including capacity are under review. The Group continues to monitor the external environment and retains flexibility to take further actions if required.

-ENDS-

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

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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.

³ Compared to prior corresponding period.

⁴ Measured by Available Seat Kilometres (ASK).

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