



australia  
group

# FY18 RESULTS PRESENTATION

August 29, 2018

# FY18 GROUP OUTCOMES



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 <b>GROUP UNDERLYING PROFIT BEFORE TAX (PBT)<sup>1</sup></b>	<ul style="list-style-type: none"><li>• FY18 \$109.6m up \$113.3m on FY17</li><li>• Highest underlying result since FY08</li><li>• Delivered despite \$45.0m fuel (net of FX) headwind</li></ul>
 <b>VA DOMESTIC RECORD UNDERLYING EBIT<sup>1</sup></b>	<ul style="list-style-type: none"><li>• Core VA Domestic business delivered significantly improved result and highest since VA Domestic segment reporting began in FY12<ul style="list-style-type: none"><li>– EBITDA<sup>1</sup> of \$516.0m, 49.5% improvement</li><li>– EBIT<sup>1</sup> of \$246.1m, 164.9% improvement</li><li>– EBIT Margin<sup>1</sup> of 6.7%, an improvement of 4.0 percentage point</li></ul></li></ul>
 <b>STATUTORY LOSS</b>	<ul style="list-style-type: none"><li>• Statutory loss after tax of \$653.3m for FY18</li><li>• Reflects \$572.7m in non-cash accounting adjustments including derecognition of deferred tax assets (\$451.9m) and impairment of VA International business' assets (\$120.8m)</li></ul>
 <b>RECORD NET CASH FROM OPERATING ACTIVITIES</b>	<ul style="list-style-type: none"><li>• \$570.4m for FY18 representing \$296.5m (108.3%) improvement on FY17</li><li>• \$122.2m or 27.3% better than previously recorded high</li></ul>

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# FY18 GROUP OUTCOMES



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 <b>POSITIVE FREE CASH FLOW<sup>1</sup> GENERATION</b>	<ul style="list-style-type: none"><li>• \$73.1m FY18 Free Cash Flow, \$38.8m (113.1%) improvement on FY17</li><li>• Inclusive of over \$200m invested on the final 5 new B737NGs delivered during the year</li></ul>
 <b>BETTER BUSINESS PROGRAM</b>	<ul style="list-style-type: none"><li>• On track to deliver \$400m in annualised net Free Cash Flow savings by Jun-19, exceeding the previous target of \$350m</li><li>• Delivering sustainable earnings, positive Free Cash Flow and balance sheet improvements</li></ul>
 <b>CONTINUED IMPROVEMENT IN BALANCE SHEET METRICS</b>	<ul style="list-style-type: none"><li>• Financial Leverage<sup>1</sup> 3.9x, improved from 4.5x in Jun-17</li><li>• Strongest reported Financial Leverage since FY08</li><li>• \$1.4bn cash balance, +\$19.4m on FY17</li></ul>







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# FY18 SUMMARY GROUP RESULTS

*Underlying result supported by record earnings in the core VA Domestic business and the Better Business program*



## PROFIT AND LOSS

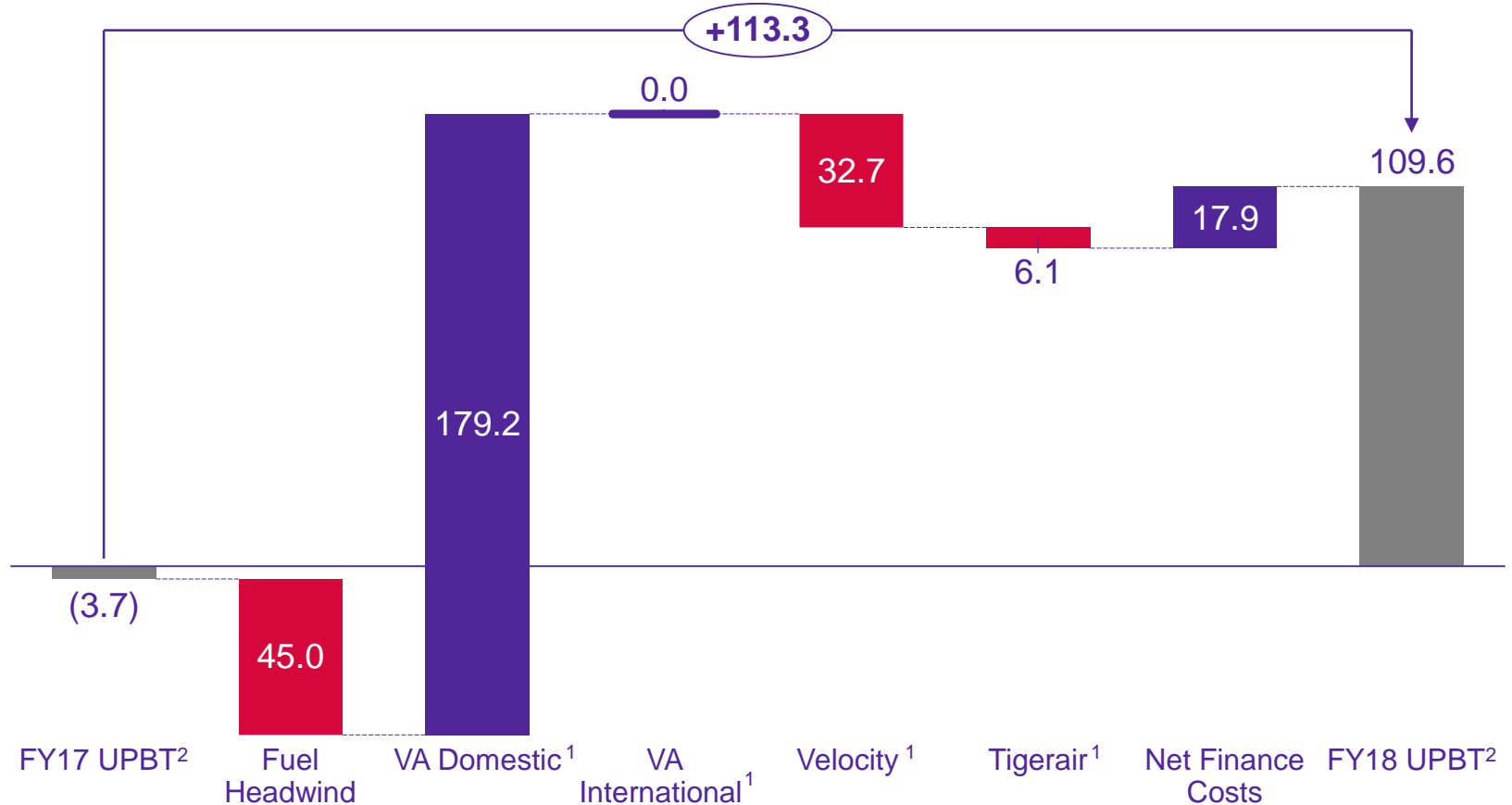
Measure <sup>1</sup>	FY17	FY18	Change		
Group Revenue (\$m)	5,047.3	5,420.7	+7.4%		Group record
EBITDAR (\$m)	894.1	976.7	+9.2%		Group record
EBITDA (\$m)	473.8	596.8	+26.0%		Group record
EBIT (\$m)	164.1	259.5	+58.1%		Highest in 10 years
Underlying Profit / (Loss) Before Tax (\$m)	(3.7)	109.6	+113.3		Highest in 10 years
Statutory (Loss) After Tax (\$m)	(185.8)	(653.3)	(467.5)		Non-cash accounting adjustments

# FY18 SUMMARY GROUP RESULTS

Strong VA Domestic performance cornerstone of FY18 earnings growth



## FY18 GROUP UNDERLYING PROFIT<sup>1</sup> PERFORMANCE (\$M)



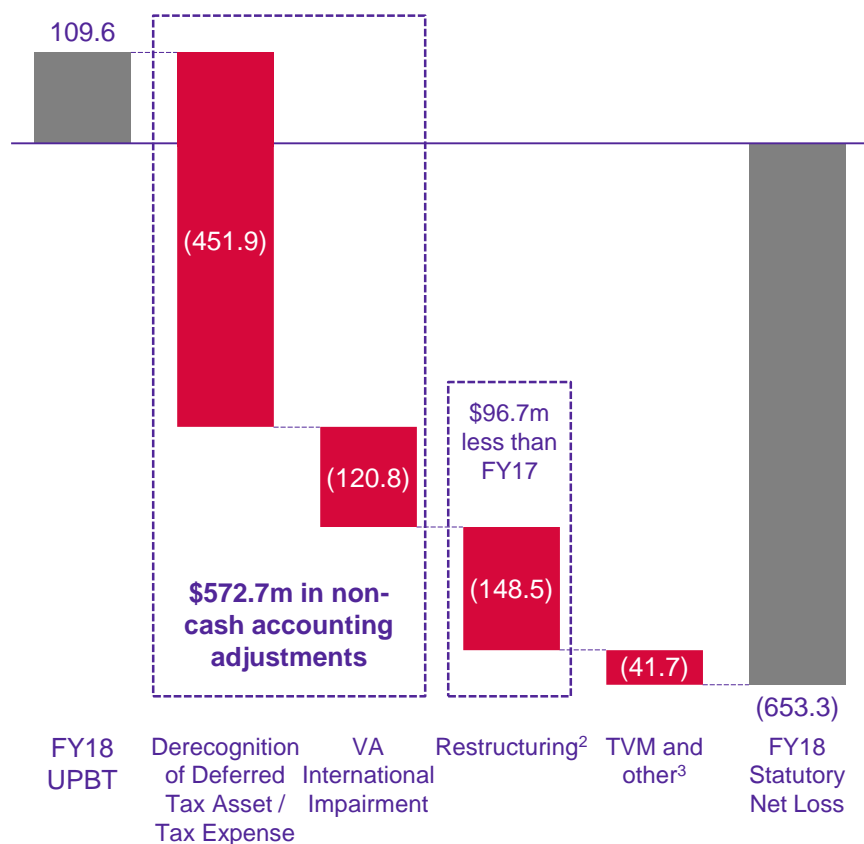
External Revenue (% of group revenue)	63%	20%	6%	11%	-	100%
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# FY18 SUMMARY GROUP RESULTS

Statutory loss reflects non-cash accounting adjustments



## UNDERLYING PROFIT BEFORE TAX<sup>1</sup> TO STATUTORY LOSS RECONCILIATION (\$M)



## NON-CASH ACCOUNTING ADJUSTMENTS

- FY18 statutory loss after tax of \$653.3m reflects \$572.7m in non-cash accounting adjustments
  - \$451.9m derecognition of Deferred Tax Asset (DTA)
  - \$120.8m in VA International asset impairment
- The Group has taken a prudent approach to these accounting adjustments as it pursues growth initiatives in the Asian aviation and loyalty markets, and in light of fuel price increases
- While these adjustments have impacted the statutory result, they are non-cash and have no impact on the fundamentals of the Group's underlying business
- The tax losses remain available to the Group to offset future tax liabilities

Note 1: Underlying Profit / (Loss) Before Tax is a non-statutory measure used by Management and VAH's Board to assess financial performance and is defined on slides 24, 25 & 26.

Note 2: Restructuring Costs is a non-statutory measure that includes (Gains)/losses on assets classified as held for sale, impairment losses on other assets, onerous contract expenses, Business and Capital Restructure and Transaction Costs. Note 3: TVM and other includes Time Value Movement on Cash Flow hedges (which is defined on slides 24, 25 & 26) and share of net profit on equity-accounted investee.

# VIRGIN AUSTRALIA DOMESTIC

Record Underlying EBIT performance for core business segment



## KEY UNDERLYING METRICS

Measure <sup>1</sup>	FY17	FY18	Change
EBITDA (\$m)	345.2	516.0	+49.5%
<i>EBITDA Margin</i>	10.0%	14.1%	+4.1 pts
EBIT (\$m)	92.9	246.1	+164.9%
<i>EBIT Margin</i>	2.7%	6.7%	+4.0 pts
RASK			+6.4%
ASK			+0.1%
Yield			+3.8%
Guests			+2.3%

- Record RASK and EBIT Margin driven by:
  - Growth in corporate market
  - Ancillary products
  - Optimised network
  - Fleet simplification
  - Efficiencies from increased B737 utilisation

## KEY FY19 INITIATIVES

- Investment in on-board Wi-Fi connectivity roll-out
- Enhanced airport check-in experience:
  - Sydney – new kiosks from Aug-18
  - Melbourne – new kiosks from Sep-18 and auto bag drops from Dec-18
- New VA mobile app



# VIRGIN AUSTRALIA INTERNATIONAL

*Performance impacted by fuel prices, Bali volcanic activity and Hong Kong start-up costs*



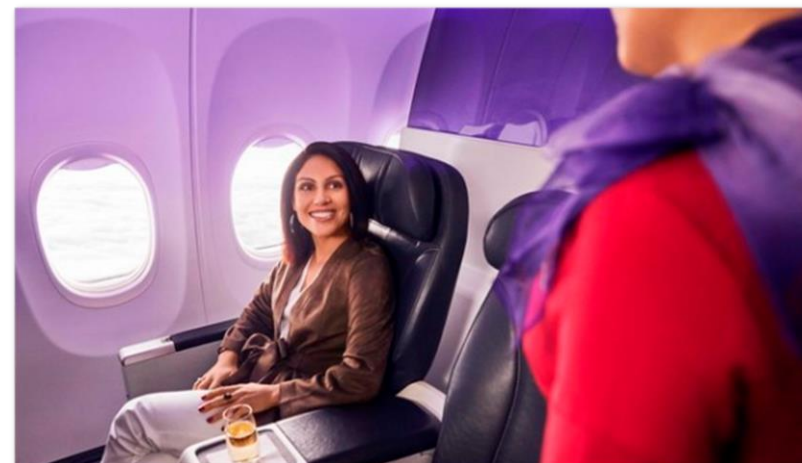
## KEY UNDERLYING METRICS

Measure <sup>1</sup>	FY17	FY18	Change
EBITDA (\$m)	38.8	19.0	(51.0%)
<i>EBITDA Margin</i>	3.9%	1.7%	(2.2) pts
EBIT (\$m)	0.5	(12.8)	N/A
<i>EBIT Margin</i>	0.1%	(1.1%)	(1.2) pts
RASK			(1.4%)
ASK			+13.8%
Yield			+3.5%
Guests			+5.5%

- Result adversely impacted by fuel headwind (\$13m), Bali volcanic activity (\$10m) and start-up investment in Hong Kong services
- On-board Wi-Fi connectivity on long-haul B777 fleet completed
- Segment result excludes \$120.8m non-cash impairment

## KEY FY19 INITIATIVES

- Trans-Tasman investment
  - New routes launched
  - Fully-inclusive fares
  - Fleet-wide Wi-Fi connectivity
- Investment in Greater China strategy
  - Melbourne to Hong Kong daily from end of Oct-18
  - Improved links to Chinese mainland and codeshare partners





# TIGERAIR AUSTRALIA

Strong passenger, yield and unit revenue performance



## KEY UNDERLYING METRICS

Measure <sup>1</sup>	FY17	FY18	Change
EBITDA (\$m)	(9.9)	(7.6)	+23.2%
<i>EBITDA Margin</i>	<i>(1.8%)</i>	<i>(1.3%)</i>	<i>0.5 pts</i>
EBIT (\$m)	(24.3)	(36.2)	(49.0%)
<i>EBIT Margin</i>	<i>(4.5%)</i>	<i>(6.3%)</i>	<i>(1.8) pts</i>
RASK			+8.2%
ASK			(3.0%)
Yield			+8.5%
Guests			+3.4%

- Year-on-year improvement in EBITDA despite \$6m fuel headwind
- EBIT impacted by accelerated depreciation from fleet transition
- 2H18 EBIT approx. flat compared with 2H17 after rightsizing fleet units from 17 to 15

## KEY FY19 INITIATIVES

- Improving customer experience through innovation
- Ongoing network review to increase utilisation and maximise profitability
- Leveraging Virgin Australia's maintenance capability to improve fleet performance
- Operational performance improvement program



# VELOCITY FREQUENT FLYER

*New credit card interchange regime impacted earnings*



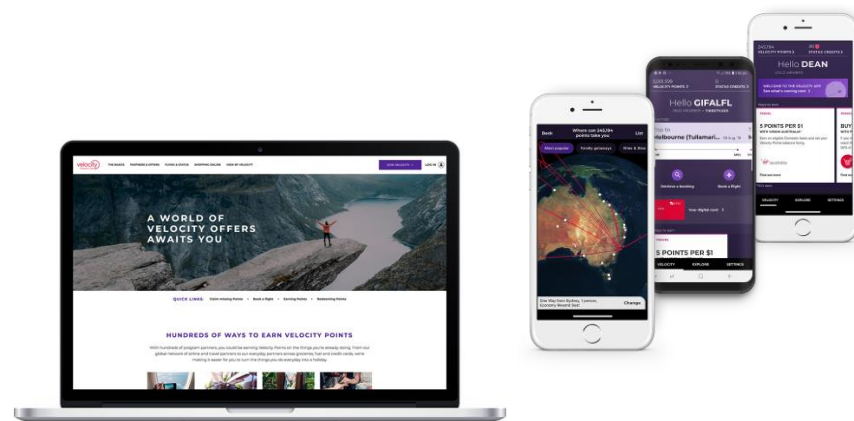
## KEY UNDERLYING METRICS

Measure <sup>1</sup>	FY17	FY18	Change
EBITDA (\$m)	147.5	117.1	(20.6%)
<i>EBITDA Margin</i>	39.8%	31.5%	(8.3) pts
EBIT (\$m)	142.8	110.1	(23.0%)
<i>EBIT Margin</i>	38.5%	29.6%	(8.9) pts
Members (m)	8.0	9.1	+14%

- FY18 result adversely impacted by RBA's changes to credit card interchange regime
- Over one million new members
- Member engagement remains strong
  - Highest ever redemption levels in FY18
- Velocity continues to be recognised as the leading loyalty program in the region<sup>2</sup>
  - Program of the Year
  - The Best Redemption Ability

## KEY FY19 INITIATIVES

- Positioned for renewed growth following period of investment
  - New mortgage earn product with major banking partner
  - New Velocity app launched in Q1
- Building world-class digital capabilities to increase engagement and program awareness

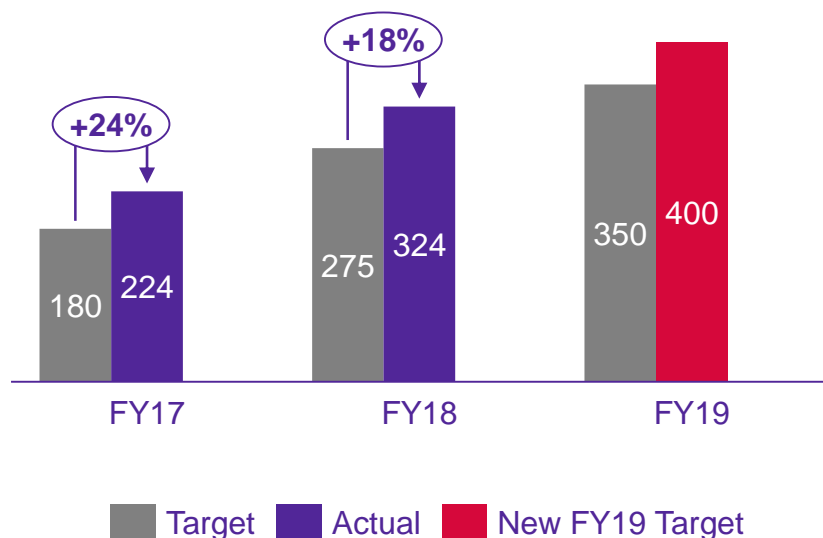


# BETTER BUSINESS PROGRAM

*Savings from the Better Business program to exceed upgraded target*



## ANNUALISED NET FREE CASH FLOW<sup>1</sup> SAVINGS (\$M)



- Program initiated at end of FY16
- Better Business program annualised target revised upward in FY17 from \$300m to \$350m by Jun-19
- Program on track to exceed \$350m target with \$400m in annualised Net Free Cash Flow savings now expected by Jun-19
- Program has maintained strong momentum delivering earnings, working capital and investing cashflow benefits

# BETTER BUSINESS PROGRAM

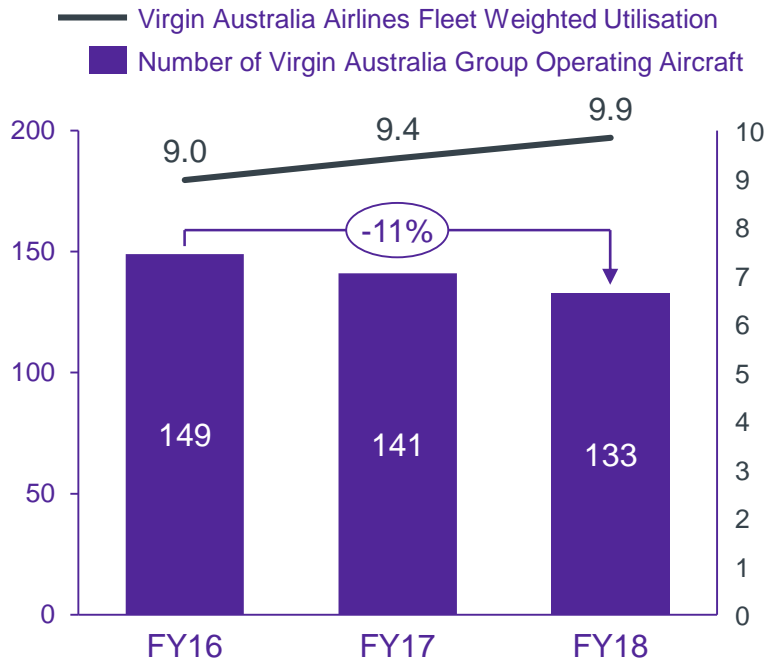
*Fleet simplification and improved aircraft utilisation core to Better Business success*



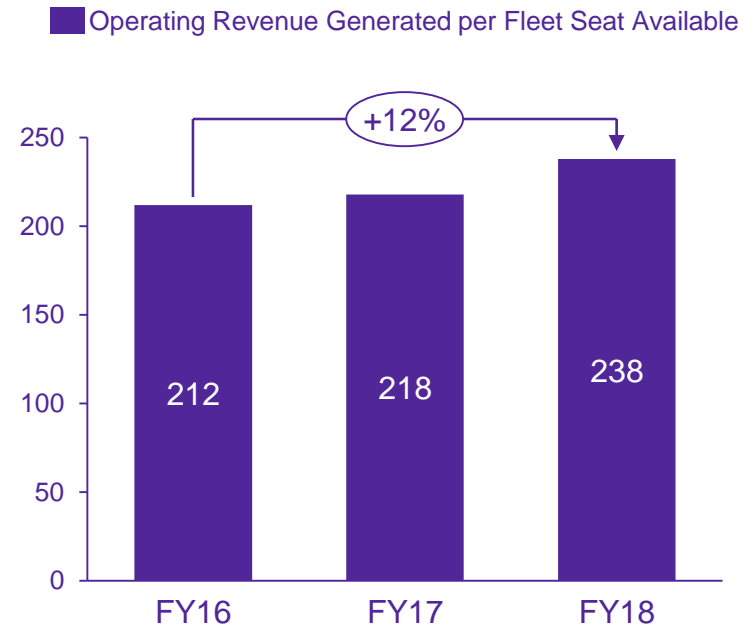
- Reduced fleet units and fleet types driving operating efficiencies and improved utilisation to maintain market share

- Margin further enhanced with revenue per seat growth

## OPERATING AIRCRAFT AND UTILISATION<sup>1</sup>



## REVENUE GENERATED PER FLEET SEAT AVAILABLE<sup>2</sup> (\$'000'S)

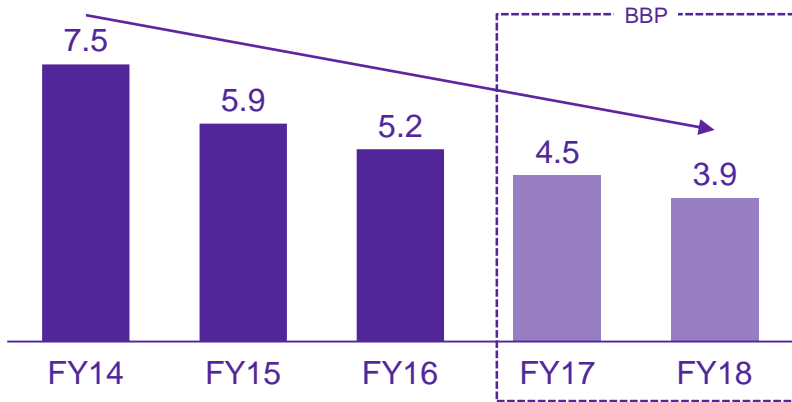


# BETTER BUSINESS PROGRAM

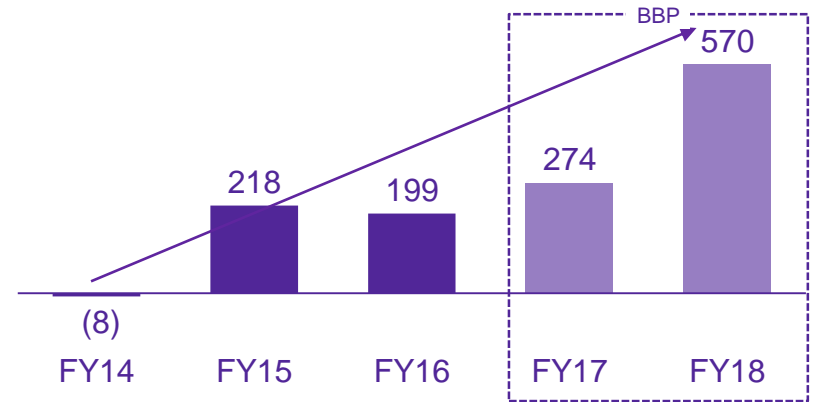
Driving positive cash flow generation and balance sheet metric improvements



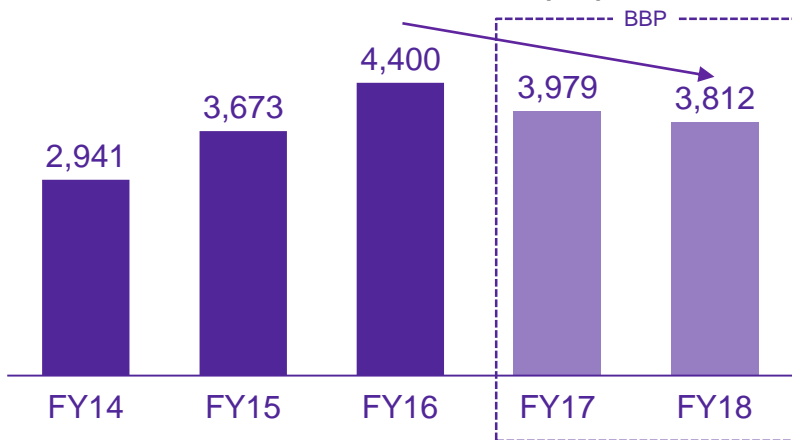
FINANCIAL LEVERAGE<sup>1</sup> (TIMES)



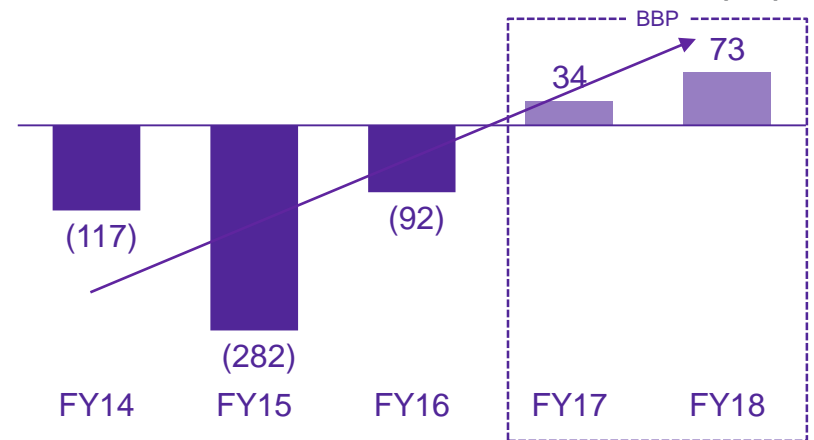
NET OPERATING CASH FLOW (\$M)



ADJUSTED NET DEBT<sup>1</sup> (\$M)



FREE CASH FLOW<sup>1</sup> INCLUDING AIRCRAFT (\$M)



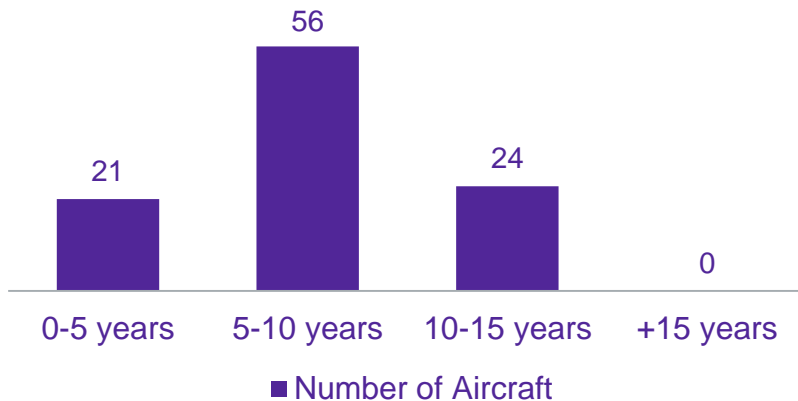
# FLEET PLAN

Young fleet and new MAX 10 to maintain age advantage



## CURRENT VAA<sup>1</sup> OPERATING FLEET

NUMBER OF AIRCRAFT BY AGE



- Average Virgin Australia Airlines fleet age is 7.5 years
- No new deliveries until Nov-19 with delivery of the first MAX 8

## NEW MAX 10 AIRCRAFT

- Recently converted 10 MAX 8 orders to MAX 10 aircraft with deliveries commencing 2022
  - Larger cabin and more seats for slot-constrained airports and peak times
  - Engine enhancements delivering fuel savings
  - Innovative cabin interiors
- Will support the Group maintaining the youngest fleet in the domestic market

# OUTLOOK



## GROUP OUTLOOK

- The Group's strong underlying momentum in FY18 has continued into FY19
- In Jul-18, the Group recorded its highest ever July revenue outcome and there is further positive momentum in forward bookings
- Based on current market conditions, Group revenue in 1Q19 is expected to grow by at least 7% on the prior corresponding quarter
- The Group expects to be profitable at the Underlying Profit before Tax<sup>1</sup> and statutory levels in 1H19 notwithstanding an expected fuel price increase (net of FX and hedging) of \$85m<sup>2</sup>

# SUPPLEMENTARY FINANCIAL SLIDES





# GROUP FINANCIAL SUMMARY

Continued improvement in Underlying Profit / (Loss)  
Before Tax<sup>1</sup>



Group Financial Summary (\$m)	FY17	FY18	Change
Revenue and income	5,047.3	5,420.7	373.4
<b>Statutory loss after tax</b>	<b>(185.8)</b>	<b>(653.3)</b>	<b>(467.5)</b>
Add back: Income tax expense/(benefit)	(103.8)	451.9	555.7
<b>Statutory loss before tax</b>	<b>(289.6)</b>	<b>(201.4)</b>	<b>88.2</b>
Add back:			
(Gains)/losses on assets classified as held for sale	7.8	(3.4)	(11.2)
Impairment losses on cash generating units and other assets	65.9	168.6	102.7
Onerous contract expenses	29.6	58.5	28.9
Business and Capital Restructure and Transaction costs <sup>1</sup>	141.9	45.6	(96.3)
<b>Restructuring sub-total</b>	<b>245.2</b>	<b>269.3</b>	<b>24.1</b>
Share of net profit of equity-accounted investee	(2.1)	(3.5)	(1.4)
Ineffectiveness on cash flow hedges <sup>1</sup>	(0.7)	0.0	0.7
Time Value Movement on Cash Flow Hedges <sup>1</sup>	43.5	45.2	1.7
<b>Underlying profit/(loss) before tax</b>	<b>(3.7)</b>	<b>109.6</b>	<b>113.3</b>

- 1 International impairment of \$120.8m driving increase. Remainder attributable to fleet simplification
- 2 Exiting ATR72-500 and E190 platforms
- 3 Reducing on prior year under Better Business program

# CASH FLOW SUMMARY

Group record net cash from operating activities



Cash Flow Statement (\$m)	FY17	FY18	Change
Cash generated from operating activities	525.9	733.7	207.8
Transformation and net finance costs	(252.0)	(163.3)	88.7
<b>Net cash from operating activities</b>	<b>273.9</b>	<b>570.4</b>	<b>296.5</b>
<b>Net cash used in investing activities</b>	<b>(331.6)</b>	<b>(568.7)</b>	<b>(237.1)</b>
Net proceeds from share issue	931.4	0.0	(931.4)
Net borrowings	(541.9)	49.8	591.7
<b>Net cash (used in) / from financing activities</b>	<b>338.2</b>	<b>(8.6)</b>	<b>(346.8)</b>
<b>Net increase in cash and cash equivalents incl impact of FX</b>	<b>272.3</b>	<b>19.4</b>	<b>(252.9)</b>
<b>Cash and cash equivalents at 30 June</b>	<b>1,396.1</b>	<b>1,415.5</b>	<b>19.4</b>
<b>Free Cash Flow<sup>1</sup></b>	<b>34.3</b>	<b>73.1</b>	<b>38.8</b>

- 1
- 2
- 3
- 4

- 1 Group record
- 2 Reduced as approaching year 3 of Better Business program
- 3 Group record
- 4 Includes over \$200m in deliveries of the last tranche of B737NG aircraft

# BALANCE SHEET SUMMARY



<b>Balance Sheet and Liquidity (\$m)</b>	<b>FY17</b>	<b>FY18</b>	<b>Change</b>
Cash and cash equivalents	1,396.1	1,415.5	19.4
Other current assets	391.4	564.0	172.6
Property, plant and equipment	2,916.6	3,031.0	114.4
Other non-current assets	1,651.7	1,177.9	(473.8)
<b>Total assets</b>	<b>6,355.8</b>	<b>6,188.4</b>	<b>(167.4)</b>
Current interest-bearing liabilities	280.9	295.1	14.2
Non-current interest-bearing liabilities	2,152.4	2,273.0	120.6
<b>Interest-bearing liabilities</b>	<b>2,433.3</b>	<b>2,568.1</b>	<b>134.8</b>
Other liabilities	2,348.7	2,525.3	176.6
<b>Total liabilities</b>	<b>4,782.0</b>	<b>5,093.4</b>	<b>311.4</b>
<b>Total equity</b>	<b>1,573.8</b>	<b>1,095.0</b>	<b>(478.8)</b>
<b>Unrestricted cash balance</b>	<b>985.8</b>	<b>1,000.8</b>	<b>15.0</b>

# KEY BALANCE SHEET AND CASH FLOW METRICS

*Continuing improvement under Better Business Program*



Measure <sup>1</sup>	FY17	FY18	Change	
Net cash from operating activities (\$m)	273.9	570.4	+296.5	
Free Cash Flow (\$m)	34.3	73.1	+38.8	
Financial Leverage (times)	4.5	3.9	(13.3%)	
Interest Coverage (times)	1.0	1.7	+70.0%	
Cash and Equivalents (\$m)	1,396.1	1,415.5	+19.4	
Adjusted Net Debt (\$m)	3,979.3	3,811.9	(167.4)	

- Group record net cash from operating activities of \$570.4m, an improvement of \$296.5m on FY17
- Strongest recorded Financial Leverage since FY08
- Positive net Free Cash Flow of \$73.1m
- Highest recorded 30-Jun cash balance

# IMPROVING CAPITAL STRUCTURE

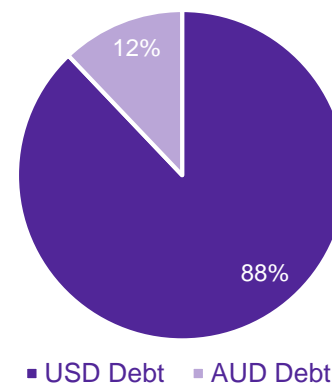
*Stronger balance sheet and lower Financial Leverage*



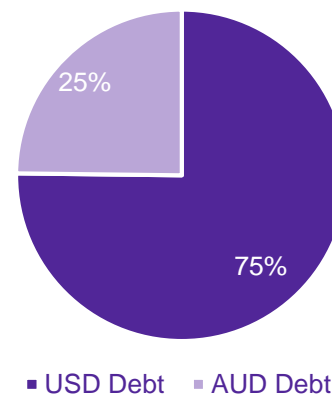
## CAPITAL MANAGEMENT STRATEGY

- Target BB credit rating metrics
- Financial Leverage<sup>1</sup> and Interest Coverage<sup>1</sup> metrics continue to improve notwithstanding delivery of 5 new B737s during FY18
- Extended debt maturity profile and increased proportion of AUD funding in debt portfolio
  - 5-year unsecured MTN<sup>2</sup> in AUD (partial refinance of Nov-19 bond)
  - Secured financing on 5 new B737NGs during FY18 in AUD
- Continue to build equity in the owned fleet

DEBT PORTFOLIO CURRENCY MIX FY17



DEBT PORTFOLIO CURRENCY MIX FY18



# HEDGING UPDATE

*Hedging providing effective protection across FY19 and FY20 against higher fuel costs and lower AUD relative to the USD*



Hedging Position	FY19	FY20
Fuel (Brent)	83%	48%
FX (AUD/USD)	80%	36%

- Operating costs hedged on a 2-year forward hedging program to provide protection against rising oil prices and falling exchange rates while retaining participation in any favourable price movements through the use of options
- FY19 hedging provides protection at no worse than USD60/bbl Brent equivalent average price and AUD/USD 0.75
- Virgin Australia holds a significant portion of cash reserves in USD to further mitigate against falls in the AUD relative to the USD
- FY19 Group fuel cost is currently expected to be ~\$1.2bn<sup>1</sup> (FY18 \$986m), on a consumption increase of 5-6% largely attributable to international flying

# VIRGIN AUSTRALIA GROUP OPERATING FLEET

*Reflects fleet simplification improvements*



Group operating fleet <sup>1</sup>	As at 30 June 2018	As at 30 June 2018		As at 30 June 2017	As at 30 June 2016
		Leased	Owned		
B737-700/800	82	38	44	77	75
E190	-	-	-	7	16
A330	6	6	-	6	6
B777	5	1	4	5	5
ATR72-500/600	8	8	-	13	14
<b>Virgin Australia Airlines fleet</b>	<b>101</b>	<b>53</b>	<b>48</b>	<b>108</b>	<b>116</b>
F100	14	-	14	14	14
A320 (Charter & Tigerair)	15	14	1	16	16
B737-800 (Tigerair)	3	-	3	3	3
<b>Virgin Australia Group</b>	<b>133</b>	<b>67</b>	<b>66</b>	<b>141</b>	<b>149</b>

# DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE



## Disclaimer

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 unaudited annual consolidated financial statements that are in the process of being audited by KPMG.

## Definitions

**Underlying Profit / (Loss) Before Tax:** is a non-statutory measure that represents statutory (loss) before tax excluding the impact of gains/(losses) on assets classified as held for sale, impairment losses on cash-generating units, impairment losses on other assets, onerous contract expenses, Business and Capital Restructure and Transaction costs (as defined below), share of net profit of equity-accounted investee and the impact of Time Value Movements 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 Performance:** is a non-statutory measure that refers to earnings or returns calculated based on Underlying Profit / (Loss) Before Tax (as defined above).

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

**Time Value Movement on Cash Flow Hedges and Ineffectiveness on Cashflow Hedges:** is a non-statutory measure that includes the following items outlined in Note 2 of the VAH Preliminary Final Report. For the year ended 30 June 2018: time value movement on cash flow hedges (loss of \$45.2m). For the year ended 30 June 2017: time value movement on cash flow hedges (loss of \$43.5m) and ineffectiveness on cash flow hedges (gain of \$0.7m).

**Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Aircraft Rentals (EBITDAR):** is a non-statutory measure per Note 2 of the VAH Preliminary Final Report for the year ended 30 June 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 / (Loss) Before Tax (as defined above) excluding the impact of depreciation, amortisation, aircraft rentals and net finance costs.

**Underlying Earnings Before Interest & Tax (EBIT) :** is a non-statutory measure per Note 2 of the VAH Preliminary Final Report for the year ended 30 June 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 / (Loss) Before Tax (as defined above) excluding the impact of net finance costs.



# DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE



## Definitions (continued)

**Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA):** is a non-statutory measure per Note 2 of the VAH Preliminary Final Report for the year ended 30 June 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 / (Loss) Before Tax (as defined above) excluding the impact of depreciation, amortisation and net finance costs.

**Underlying Earnings Before Interest & Tax Margin (EBIT Margin):** is a non-statutory measure derived from Underlying Earnings Before Interest & Tax (as defined above) divided by total segment revenue.

**Underlying Earnings Before Interest, Tax, Depreciation and Amortisation Margin (EBITDA Margin):** is a non-statutory measure derived from Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (as defined above) divided by total segment revenue.

**Free Cash Flow:** is a non-statutory measure comprised of cash generated from operating activities less cash payments for business restructuring expenses, less net cash used in investing activities, and less equity distributions paid to non-controlling interests.

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

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

**ASK or Available Seat Kilometre:** Available Seat Kilometres or ASKs 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:** 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 (as defined above).

**Adjusted Net Debt:** is a non-statutory measure derived from Net Debt (as defined below) adding 7 times annual aircraft rentals.

**Net Debt:** is a non-statutory measure derived from interest bearing liabilities less cash and cash equivalents.

**Interest Coverage:** is a non-statutory measure derived from Underlying EBIT for a 12 month period divided by net finance costs for the same period.

# DISCLAIMERS, DEFINITIONS AND ASIC GUIDANCE



## Definitions (continued)

**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 Preliminary Final Report for the year ended 30 June 2018 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 unaudited annual consolidated financial statements that are in the process of being audited by KPMG.