Half Year Results
Six months Ended 31 December 2009

Brett Godfrey, Chief Executive Officer

24 February 2010

Key Highlights at 31 December 2009 - Group

- Profit Before Tax of $98.9 million up from $(143.8) million
- Operating cash flow $202.9 million
- CASK down 16.2% to 8.60 cents
  - CASK excl fuel down 4.5% to 6.25 cents
- Effective capacity management
  - Redeployment to new profitable markets
  - Yield growth in domestic markets
- VAustralia improving yields and profitability
- New aircraft order secures long term growth & flexibility

Summary Financial Results

Six months ended 31 December	2009 $M	2008 $M	Change $M
Revenue	1,516.1	1,351.6	+164.5
Underlying EBIT	109.9	87.0	+22.9
Loss on sale fixed assets	(4.5)	-	-4.5
Net financing costs	(29.8)	(30.4)	+0.6
Underlying Profit before Tax	**75.6**	**56.6**	**+19.0**
Start up costs of V Australia	-	(85.9)	+85.9
Ineffective and non designated derivatives	23.3	(114.5)	+137.8
Reported Profit before Tax	**98.9**	**(143.8)**	**+242.7**

FY10 – 1H/2H split

- Short Haul operation
  - Domestic seasonality traditionally around 55%/45%
  - 3% yield decline expected in 2H10 vs 1H10, due to competitive pressure and seasonality
  - 5% yield growth expected for 2H10 vs 2H09

- Long Haul operation
  - Business still maturing
  - 2H10 better than 1H10
  - Longer term seasonality expected to be 60%+ / 40% -

Summary Operating Results

Six months ended 31 December	2009	2008	Change
Short Haul - 737 / Ejet			
ASK – capacity	14.0bn	13.2bn	+6.1%
RPKs – demand	11.2bn	10.6bn	+5.7%
Guests carried	9.1m	9.2m	-1.1%
Revenue Load factor	80.1%	80.2%	-0.1 pts
Long Haul - 777			
ASK – capacity	2.4bn	-	N/A
RPKs – demand	2.0bn	-	N/A
Guests carried	0.2m	-	N/A
Revenue Load factor	81.1%	-	N/A

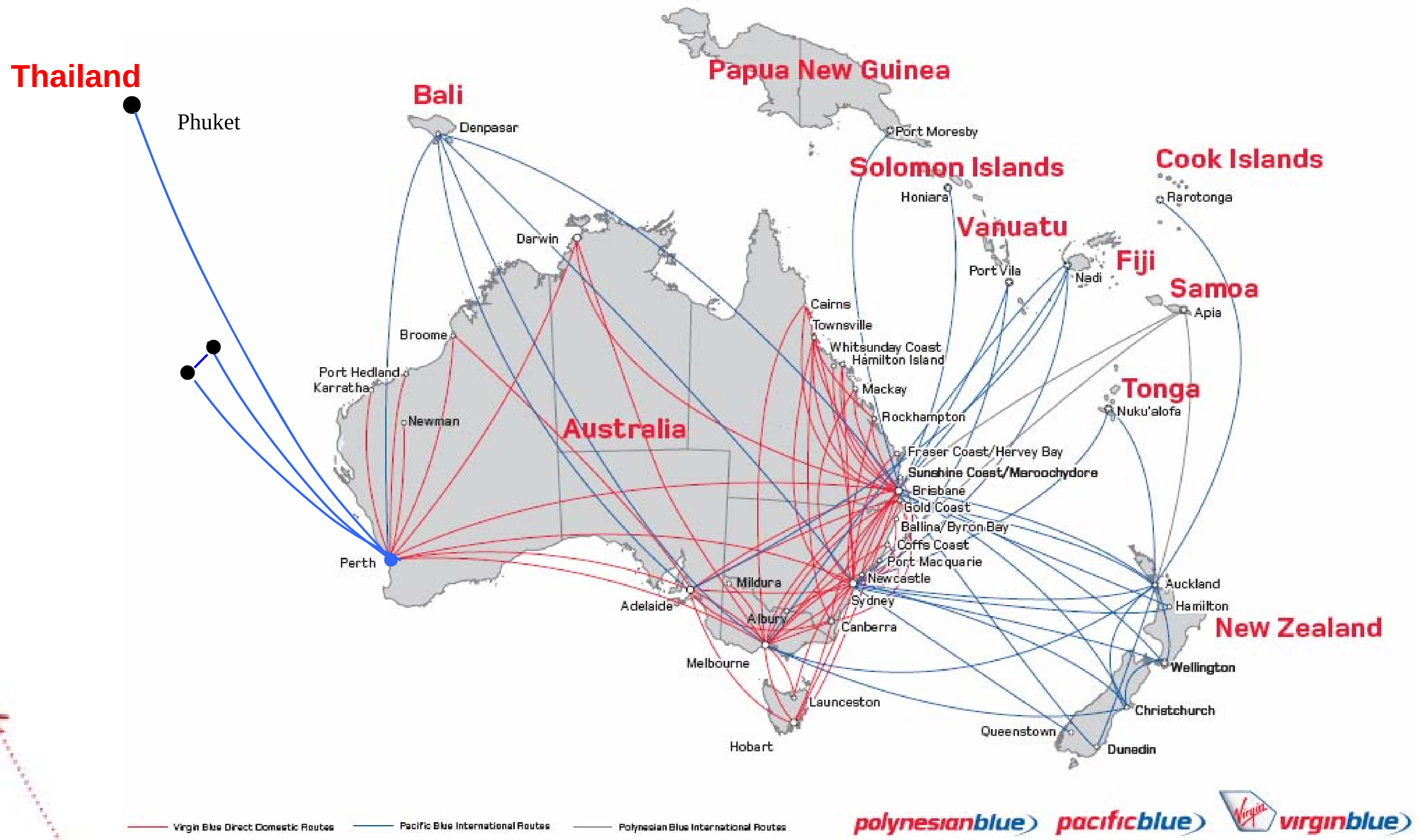
Cash Flow

Six months ended 31 December	2009 $M	2008 $M	
Operating	202.9	123.5	Strong improvement
Investing	(85.8)	(404.8)	6 aircraft acquired in period
Financing	252.8	201.7	Net proceeds from equity raising of $223m
Net Cash inflow/(outflow)	**369.9**	(79.6)	Well placed to leverage upturn in economy
Cash at 31 December	**841.9**	526.0	$513m free cash up from $229m

Positioned for Market Upturn

- New World Carrier
  - Investment in innovation and guest service
  - Long term capacity flexibility to maintain competitive positioning
  - Network footprint increased by 34 new markets.
  - Strong leverage to economic recovery
- Unique competitive positioning
  - Lower cost base than QF, higher yield than Jetstar
  - Optimised load and yield
  - Capacity to secure core markets
- Recognised Guest Excellence
  - 2009 Australia's Best Domestic airline - Choice
  - 2009 Australia Customer Service Champion (All Industries)
  - 2009 Best National Airline - NTIA

Short Haul Network – 737 / EJet



Short Haul . . . cont

- Profit Before Tax $108 million, up 126%
  - Fuel price upside biased to 1HFY10
  - Decisive yield and cost management
  - Well positioned to drive margin as economy recovers

- Domestic Yield up 2.7%
  - Flight to value
  - Corporate business a strong focus
  - Government tender should deliver further opportunity
  - Offset by investment in Pacific Blue capacity and domestic NZ competition

Short Haul . . . cont

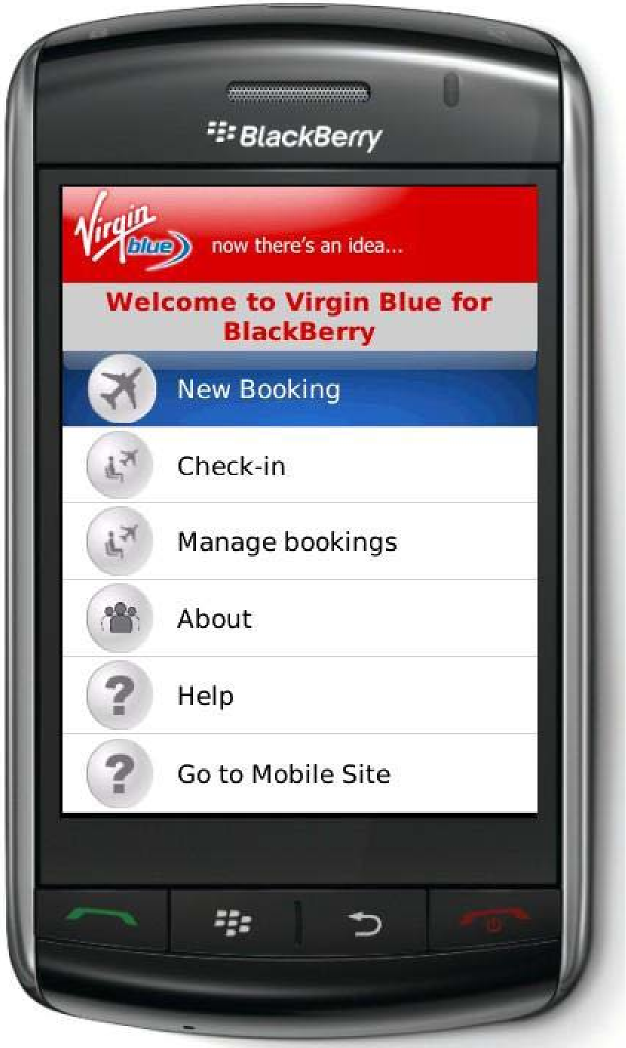
- Overall capacity up 6.3%
  - Domestic market down (4.9%)
  - Pacific/Asia markets up 64.6%
- 2HFY10 growth forecast at 5%
  - Core Domestic routes will be protected.
  - Utilisation reintroduced to drive growth and efficiency.
- Domestic load factor up 1.3 pts to 82.9%
  - Loads managed to optimise yield growth
- CASK down 6.8%
  - Despite lower utilisation through 4.9% ASK reduction
  - Controllable costs set to reduce further in 2HFY10

Short Haul . . . cont

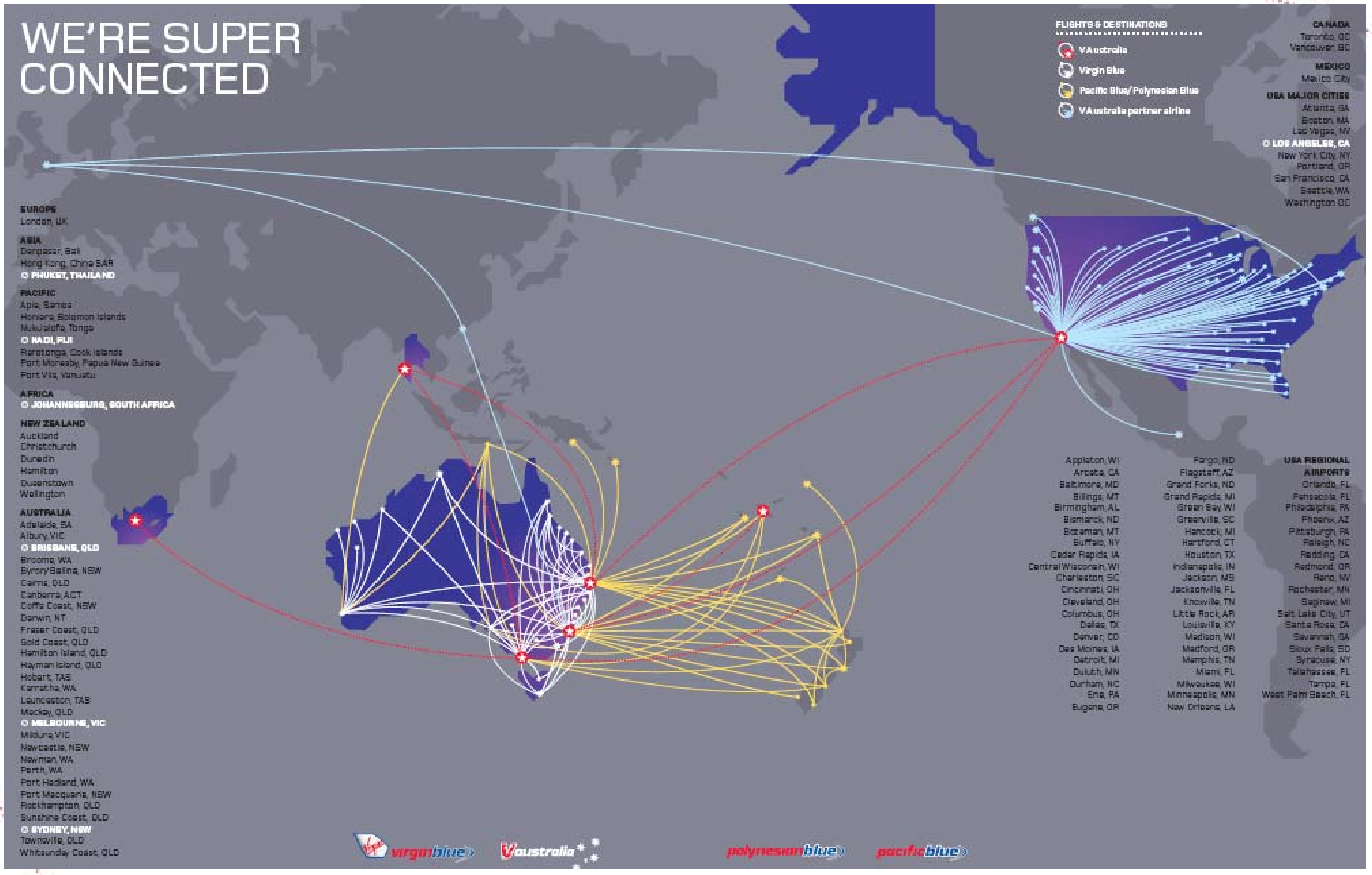
- Fleet order - up to 50 new 737 aircraft.
  - In principle agreement with Boeing.
  - Flexibility to deal with future
    - demand volatility &
    - Maintain our market positioning
  - Product improvements factored in

- Innovation through technology
  - Focus on core strength - guest service
  - New Skies - productivity and service delivery
  - Project Runway
  - Mobile, exclusive Blackberry partnership
  - Premium Economy and Pacific Blue upgrades

Virgin Blue – Mobile Platform



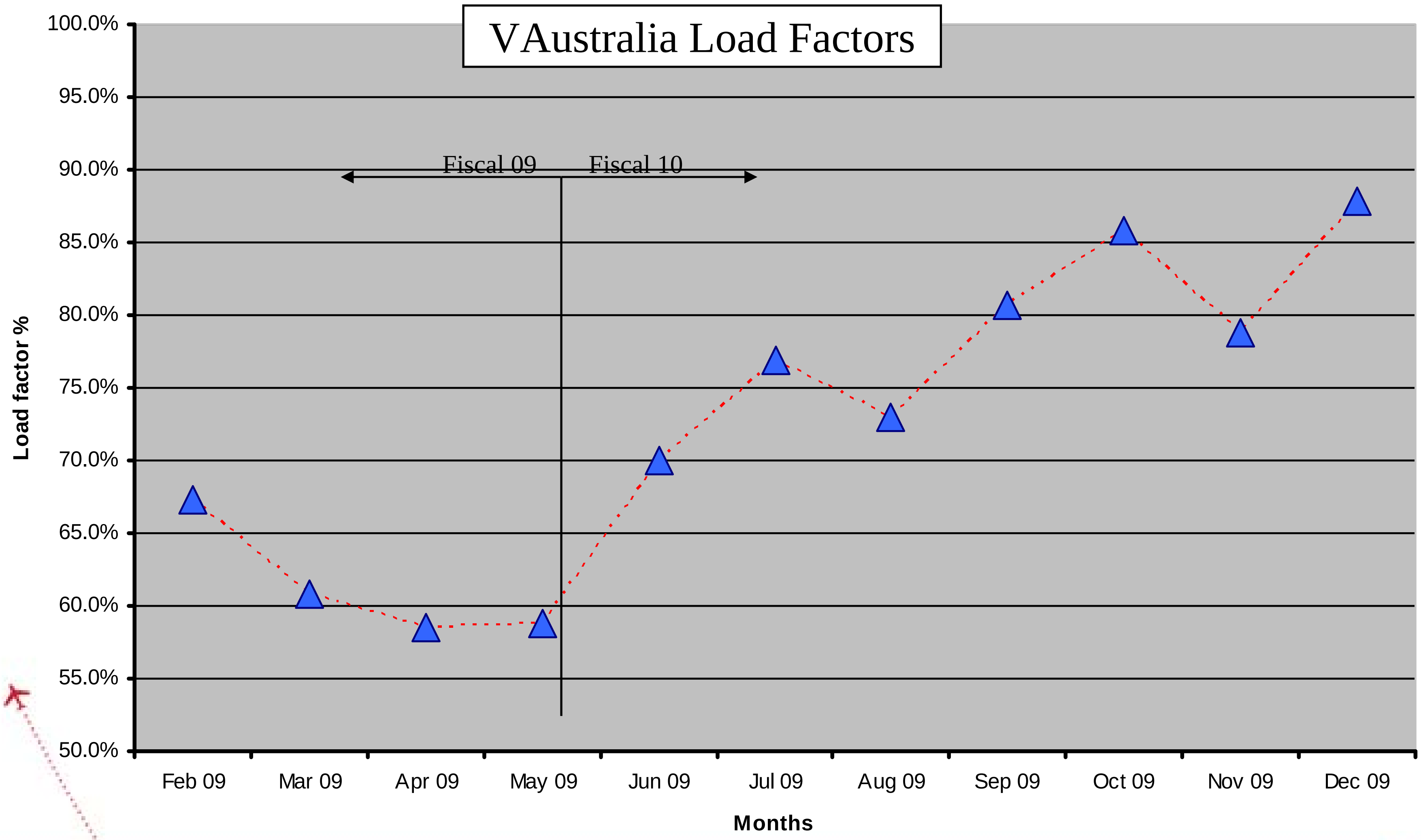
Long Haul Operations . . . VAustralia



Long Haul . . . cont.

- Sustained improvement in performance
  - Stronger loads, achieving target
  - Yields improving albeit from low base
  - Better utilisation as new routes launched
  - Maturing operation and markets

Long Haul . . . cont



Long Haul . . . cont

- Exceptional and consistent product
  - Guest feedback highly positive

- 2HFY10 forecast moving towards breakeven

- Delta JV
  - Target Q1 FY11
  - ACCC approval received
  - Awaiting DoT
  - Codeshare delivering value

Fleet Summary as at 31 December 2009

Aircraft type	30 June 2009	Addition +	Minus -	31 Dec 2009	Future Deliveries
FY10					
737-700/800	59	3	-	62	21
EMB-170/190	19	2	-	21	3
777-300ER	3	1	-	4	3
	81	6	-	87	
Leased	35			38	
Owned	46			49	

Capital Management as at 31 December 2009

- No Interim Dividend
- Cash management remains key focus
  - Cash balance $842 million
- No refinancing obligations
- Debt facilities covenant free
- No cash collateral requirements for hedge book
- Aircraft financing
  - mandated for all deliveries up to November 2011

Risk Management as at 31 December 2009

- Foreign Exchange
  - Approx 77% of 2HFY10 operational fx hedged at an average rate of 0.84
  - Approx 17% of FY11 operational fx hedged at an average rate of 0.87

- Fuel
  - Approx 56% of 2HFY10 fuel cost hedged at average crude oil price of USD97/bbl
  - Approx 38% of FY11 fuel cost hedged at average crude oil price of USD96/bbl

2010 Strategic Priorities

- Capacity investment in core Domestic markets
- Ongoing commitment to sustainable cost control
- Continued focus on Corporate and Government markets
- Investment in innovation through technology
- Optimising VAustralia performance to profitability
- *"Airline of the Future* & 10^{th} Anniversary Branding review
- 2000 culture alive and well, and never more relevant.

Outlook

- Well positioned for Short Haul Improvement
  - Enlarged footprint into all markets
  - Strong yield management
  - Capacity being reintroduced on core markets
  - Excellent cost control
  - Fuel upside biased to 1HFY10
- Long Haul
  - Performance improving monthly
- Positive signs but intend to invest in maintaining our competitiveness and market share.
- Guidance for FY10 result of an **Underlying Profit Before Tax of between $80 to $110 million confirmed**

Thank You….Questions?