Game Change Program building blocks now in place

• Re-branded and re-positioned the airline including upgraded product and services

• Created a virtual global network

• Accessed growth markets – regional Australia and international inbound / outbound

• Re-launched and expanded Velocity Frequent Flyer program

• Expanded distribution platform – implementation of Sabre

• Maintained strong cost disciplines
Game On phase commenced and being delivered

"Game On" phase

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Implement business efficiency project</td>
<td>% completed¹</td>
</tr>
<tr>
<td>2.</td>
<td>Increase access to global markets</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Build a transformational loyalty business</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Further enhance guest experience through innovation inflight and on-the-ground</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Continue to develop our people and service excellence – our key differentiator</td>
<td></td>
</tr>
</tbody>
</table>

Note: ¹ As at 31 December 2012
Progress so far…

1. Business efficiency project to deliver cumulative productivity gains of $400 million over 3 years, and run rate of over $200 million per annum by end of FY15
   - Demonstrated cost disciplines – on track to deliver over $60 million for FY13

2. Increasing access to global markets to grow codeshare and interline revenue by around $150m per annum run rate by end of FY15
   - Strong interline and codeshare revenue growth of +56% in H1 FY13
   - Continuing to grow codeshare network – over 73 new destinations in H1 FY13
   - Expanding distribution capabilities and access to global GDS – significant improvement in GDS bookings; GDS channels typically have a 10% yield premium to average

3. Loyalty business re-launch aligned to Virgin Australia transformation and on target to achieve over 5 million members by end of FY15
Velocity recap: growth building upon success

- 2005: Velocity launched
- 2006: 1 million members
- 2007: Status tiers introduced into the program
- 2008: Re-launch of Velocity and introduction of Platinum tier
- 2009: 2 million members
- 2010: Appointment of CEO Velocity
- 2011: Launch of first global alliance partner
- 2012: 3 million members
3 Velocity creating value for the Group

1. Strengthen frequent flyer proposition
   - Create a compelling and aspirational program to engender loyalty to Virgin Australia
   - Increase members
   - Grow the number of partners
   - Increase earn and burn opportunities
   - Further penetrate share of wallet
   - Improve member engagement and activity
   - Gains in customer satisfaction

2. Expand into members' everyday needs
   - Add new partners and opportunities to grow share of members’ wallet

3. Be a truly member-centric program
   - Respond to member needs and life-stages, and changing trends

4. Innovate to offer a unique experience
   - Provide new, unique features that make a real difference for members

- Business drivers
### Strategic positioning

1. Strengthen frequent flyer proposition

*Drive value to Virgin Australia*

- Strong earn and burn growth on Virgin Australia flights
- First Australian program to offer members reward seats on any seat of the aircraft
- Established reciprocal earn and burn, and status recognition opportunities with leading airlines around the world
  - Earn points on over 600 services around the world
  - Have access to over 150 Lounges around the world
- Launching upgrades with points availability in Virgin Australia domestic Lounges

*Best Airline Availability; Best Elite Program - Asia Pacific; Best Airline Loyalty Program - Asia Pacific*

*Freddie Awards, 2013*
Respond to everyday needs

2. Expand into members’ everyday needs

Add, new transformational partnerships

- Introduction of Velocity Global Wallet in partnership with Visa
  - Load and store multiple foreign currencies, including Australian dollars
  - Make purchases at over 30 million locations around the world (wherever Visa is accepted)
  - Withdraw funds from over 2 million ATMs in Australia and around the world
  - Earn Velocity Frequent Flyer Points for purchases made using Global Wallet™

- Over 400 global partners across an extensive range of consumer spend categories and every day earn opportunities
  - Largest range of credit card partners with over 40 options in market – both direct and indirect earn opportunities, and American Express “zero fee” product
  - Extensive retail partners – in-store and online, domestic and international, e.g. Apple, ASOS and eBay

- Target non-traditional models to provide a truly compelling offer
Member centric program

3. Be a truly member-centric program

- Engender high levels of member engagement

- Two-way engagement with member base – continuous feedback incorporated into the program
- Utilise social media channels and trigger marketing campaigns
- Introduced family benefits

![Diagram showing various member benefits including:
- Family Pooling
- Points Transfer
- Family Friendly Lounge Access
- Companion Gold & Platinum Membership
- Guaranteed seats for an annual family trip
- Parental Leave](image-url)
3 Innovate for a unique experience

4. Innovate to offer a unique experience

Provide a unique customer proposition

- Introduced an Australian first – allow members to earn status credits on reward seats
- Supporting the community – launched in April, a new initiative called ‘member spotlight’
  - Uses the program’s existing marketing channels to profile members’ work in the community and the causes our members are passionate about.
- Launching local community fundraising model with sporting clubs
- Further major initiatives to be launched in FY14
3 Strong growth performance indicators

Velocity membership base (Dec 10-Dec 12)
Millions of members

Dec 10 Dec 11 Dec 12

+500k
+600k

H1 FY13 performance

Membership growth +15%

Points earned – airline partners +113%

Points redeemed – total +48%

Number of global partners 400+

Growth achieved with minimal promotion and advertising
### Frequent flyer program global valuation metrics

<table>
<thead>
<tr>
<th></th>
<th>Macquarie research</th>
<th>Other research</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Topbonus</td>
<td>QFF</td>
</tr>
<tr>
<td>Members (m)</td>
<td>3.1</td>
<td>8.6</td>
</tr>
<tr>
<td>EV</td>
<td>€ 200m</td>
<td>~AUD 2b</td>
</tr>
<tr>
<td>EV/members</td>
<td>~AUD 82</td>
<td>~AUD 232</td>
</tr>
</tbody>
</table>

Note: † Assumes majority share of 51%
Source: Macquarie Equities Research (dated 19 December 2012 and 10 December 2012); Deutsche Bank markets research (dated 19 December 2012)
### Future Velocity growth drivers

<table>
<thead>
<tr>
<th>Growth Strategy</th>
<th>Objective Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow membership base</td>
<td>Target over 5 million members by end of FY15</td>
<td>Drive revenue</td>
</tr>
<tr>
<td>Member engagement levels</td>
<td>Increase earn and burn per member</td>
<td>Improve margin</td>
</tr>
<tr>
<td>Add partnerships</td>
<td>Drive earn and burn activity, and share of wallet</td>
<td>Increase cash flow</td>
</tr>
<tr>
<td>Enhance data analytics</td>
<td>Improve rewards conversion rate</td>
<td>Increase cash flow</td>
</tr>
<tr>
<td>Maintain superior flight award access</td>
<td>Drive member activity on Virgin Australia</td>
<td>Grow airline revenue</td>
</tr>
</tbody>
</table>

**Building a business to drive strong earnings contribution over the next 3 years**
4 Enhance guest experience

- Business class now available on all domestic jet services – A330, B737 and E190 fleet
- Guest use of on-board wireless IFE have commenced – 80 aircraft will be fitted by end of 2013
- New Canberra terminal and Lounge opened in March – transforming the travel experience
- Improved F&B on flights from April 2013

5 Develop service excellence

- Roy Morgan Customer Satisfaction Awards
  - Domestic Airline of the Year
- Skytrax World Airline Awards
  - ‘Best Airline’ and ‘Best Staff Service’, Australia Pacific region
- CSIA Australian Service Excellence Awards
  - National Division of a Large Business
  - National Customer Service Team of the Year
- Randstad Awards
  - Most attractive airline employer
- Freddie Awards
  - Best Airline Availability; Best Elite Program - Asia Pacific; Best Airline Loyalty Program - Asia Pacific
Skywest acquisition complete – creation of Virgin Australia Regional Airlines

• Completed the acquisition of 100% of Skywest Airlines

• Appointment of Merren McArthur as Group Executive, Virgin Australia Regional Airlines (VARA) based in Perth

• Focus on growing charter business and regional footprint
  – Building successful charter business with expansion into new regions

• Virgin Australia wide integration of key commercial functions – e.g. sales, network and revenue management, reservation systems

• Revenue and cost synergies to be mostly realised within 12 months

Accelerates expansion in fly-in-fly-out and regional markets, drives earnings growth
### Revised Virgin Australia fleet

<table>
<thead>
<tr>
<th></th>
<th>Dec 2012</th>
<th>Jun 2013</th>
<th>Jun 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Virgin Australia fleet</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E190</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>B737-700</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>B737-800</td>
<td>68</td>
<td>68</td>
<td>76</td>
</tr>
<tr>
<td>A330-200</td>
<td>5</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>B777-300ER</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>ATR-72 (VARA)</td>
<td>8</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td><strong>Charter operations and other services</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>A320</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>F100</td>
<td>0</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>F50</td>
<td>0</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

**Note:** Figures up to end of April 2013 – firm deliveries only and excludes additional options and purchase rights.
Tiger Australia joint venture update

- ACCC approval received – awaiting further approvals

- Appointment of Robert Sharp as Chief Executive Officer – to commence 1 May 2013

- Focus will be on growing to scale operations and undergo financial turnaround

- Tiger Australia will remain the lowest cost operator in the budget travel market
  - Focus on leisure routes
  - No brand or product confusion

- Expect completion of transaction by mid-July 2013

Note: 1 Remains subject to certain conditions and regulatory approvals, including clearance from the Foreign Investment Review Board
Transforming the business with strategic investments to achieve lower cost operations in key market segments

- Will be the lowest cost operator in all market segments
- Introduced capital light international network model to the region

Note: Tiger Australia joint venture remains subject to certain conditions and regulatory approvals, including clearance from the Foreign Investment Review Board
Continuing consistent growth strategy and plan

- **Plan & implement**
  - Formulate Game Change strategic plan and commence implementation

- **Reposition**
  - Conclude roll out of Game Change strategic plan and begin benefits realisation from H2 FY12

- **Lead & leverage**
  - Build upon strategic re-positioning on a strengthened domestic market position and commence Game On phase

- **Growth**
  - Drive future earnings growth through Game On phase

- **Sustainability**
  - Positioned to continue sustainable and resilient earnings growth
What will drive Virgin Australia forward?

• Fully formed global alliance network
• Sabre – expanded global distribution and reach
• Rapidly expanding loyalty program
• Innovative domestic product introduced
• Strong embedded cost disciplines
• Lowest cost operator in all market segments¹
• Award winning customer service

Strong shareholder base

Note: ¹ Tiger Australia joint venture remains subject to certain conditions and regulatory approvals, including clearance from the Foreign Investment Review Board