

VIRGIN AUSTRALIA GROUP UPDATE ON RESPONSE TO COVID-19

Key points:

- **Suspension of all international flying** from 30 March to 14 June 2020
- **Group domestic capacity reduction of 50 per cent** until 14 June 2020
- **Temporary grounding of the equivalent of 53 aircraft** from the Group's fleet
- **Dedicated customer care hub for impacted guests** at virginaustralia.com

18 March 2020: The Virgin Australia Group has today announced a temporary suspension of international services and further cuts to domestic capacity in response to expanded government travel restrictions and increased impacts from COVID-19 on travel demand.

As a leading airline group, Virgin Australia will work closely with Government to prioritise bringing Australians home and returning visitors back to their point of origin safely, while maintaining its important role in supporting connectivity and the nation's economy.

CEO Commentary

Virgin Australia CEO and Managing Director Paul Scurrah said, "We have entered an unprecedented time in the global aviation industry, which has required us to take significant action to responsibly manage our business while balancing traveller demands and supporting the wellbeing of Australians.

"We have responded by making tough decisions which include reducing our domestic capacity and phasing in the temporary suspension of international flying for a period of two and a half months.

"We are committed to supporting our guests during this period and have set up a dedicated customer care hub to manage the surge of customer queries and travel changes. We are also acutely aware of the important role airlines play in supporting connectivity, tourism and the nation's economy, and are maintaining most of our domestic routes, and instead reducing frequencies in our schedule.

"The changes announced today will affect our people and we are having constructive discussions with team members and relevant unions. Wherever possible, we will aim to avoid redundancies by fast-tracking measures such as the use of accrued leave, leave without pay and redeployment.

"The Virgin Australia Group is focused on ensuring we manage the business through this difficult period and maintain a strong and competitive aviation industry in Australia for years to come".

International changes

The Group will suspend all international flying for a period of two and a half months in response to the new travel restrictions announced by Government. This includes the grounding of five Boeing 777, one Airbus A330 and fourteen Boeing 737 aircraft from the Group's international fleet.

The changes include:

- Temporary suspension of all international services from 30 March to 14 June 2020 inclusive.
- Melbourne to Los Angeles services suspended from 20 March.
- Inaugural Brisbane to Haneda service, postponed from 29 March.
- Inaugural Melbourne to Denpasar service, postponed from 29 March.

Virgin Australia will operate a reduced international schedule between now and 29 March 2020 to enable Australians to return home and visitors to return to their point of origin.

Domestic changes

In response to weakened demand, the Group will reduce domestic capacity by around 50 per cent until 14 June 2020. This includes the grounding of twenty Boeing 737, six A320, two ATR and five Airbus A330 aircraft from the Group's domestic fleet.

The route and schedule detail of these changes across Virgin Australia and Tigerair Australia is currently being worked through and will be published over the next week.

Impact on our people

The temporary grounding of the international fleet and reduction in domestic capacity will impact the company's workforce and the Group is working constructively with our team members and their unions.

The Group is undertaking a range of measures to address the current situation including the use of accrued annual leave, leave without pay, redeployment and, in some circumstances, redundancies.

These are in addition to measures we've already announced, including the temporary reduction in Chairman and Board of Director fees by 15 per cent, removal of management bonuses, no base salary increases for non-EA team members and additional leave measures.

Support for guests

Virgin Australia is offering flexible booking options for impacted guests and those who wish to change their travel due to COVID-19. Virgin Australia has also set up a dedicated customer care hub on our website to deal with the surge of customer queries and travel changes.

- Guests with new or existing domestic and international bookings through to 30 June 2020 have the option to change their flight to a later date, and/or a different destination, without incurring a change fee. Guests who no longer wish to travel can cancel their flight and retain the value of the booking as a travel credit.
- Guests affected by the suspension will be contacted regarding their booking. Guests who have booked an international flight between 30 March and 14 June will be contacted by Virgin Australia within the next 14 days via email.
- Travel agents will make direct contact with guests who have booked through them.

Guests are advised that due to the large number of schedule changes they should not contact the airline unless they are travelling in the next 24 hours or need immediate assistance to return home or to their point of origin.

ENDS

This announcement was authorised for release by Virgin Australia Group Chairman, Elizabeth Bryan AM, and Chief Executive Officer and Managing Director, Paul Scurrah.

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1 Guests will still be required to pay any fare difference or applicable taxes should the same booking class/fare not be available on the date they wish to rebook.