



Citi Australian and NZ Investment Conference

Virgin Australia

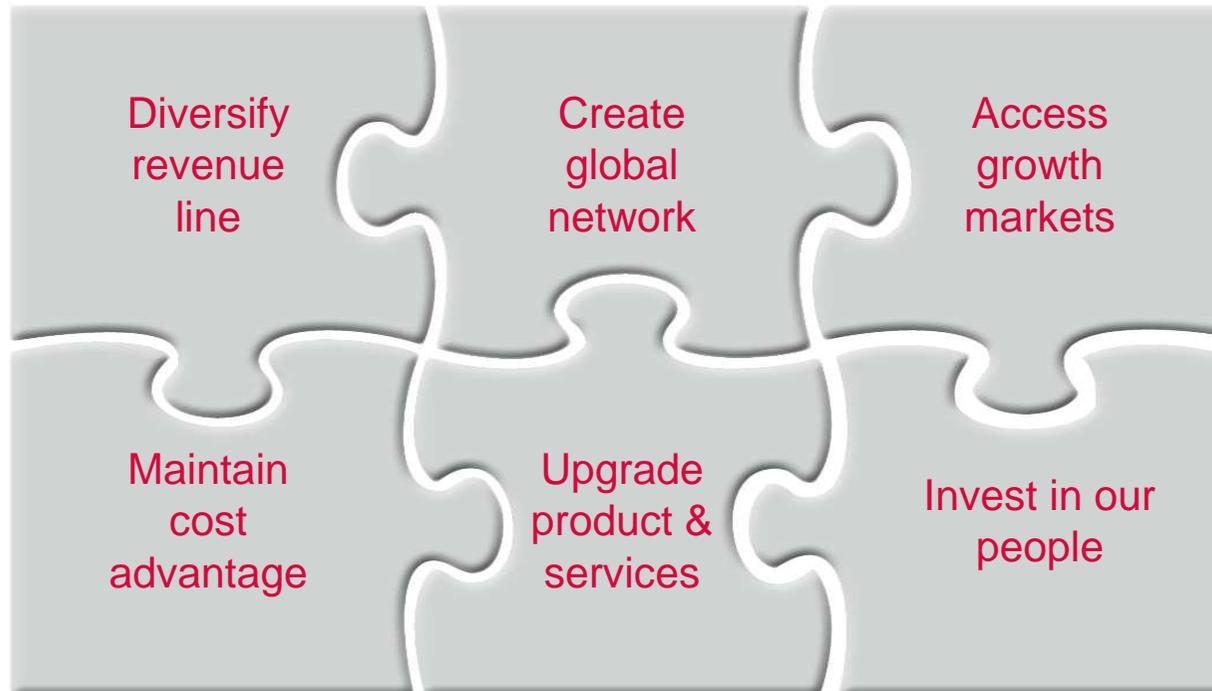
25 October 2011

Introduction

- Continuing transformation of the business through Game Change Program
 - Improving product and network, while maintaining service advantage
- Revenue diversification and growth from new segments
- Strengthening operating platforms, systems and processes
- Maintaining lower cost base and minimising capital expenditure

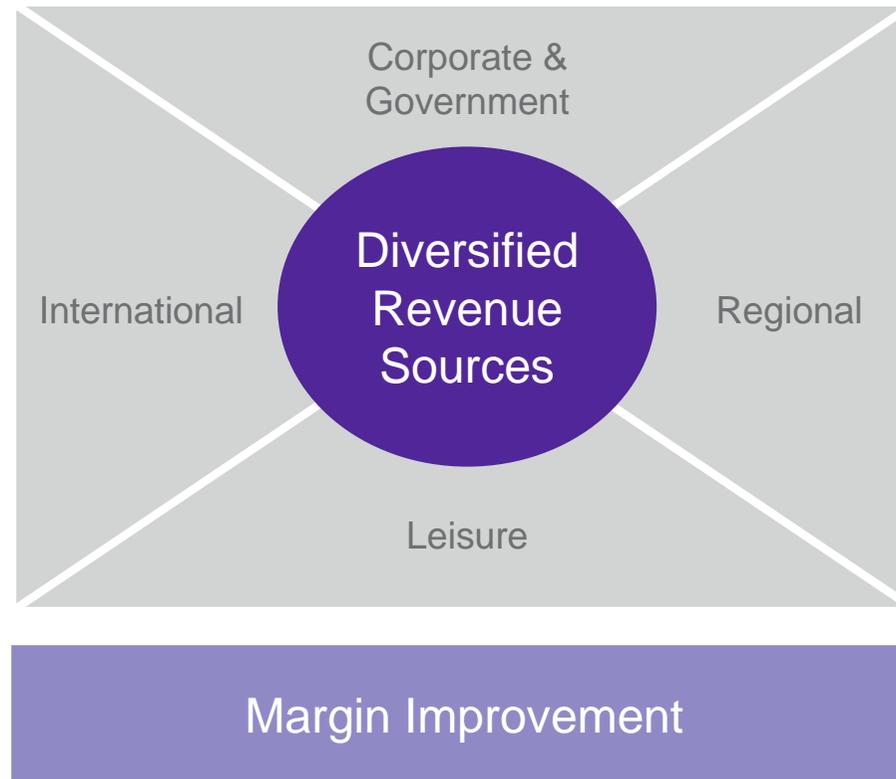
Building a strong and resilient platform for growth

Review of Game Change strategic goals

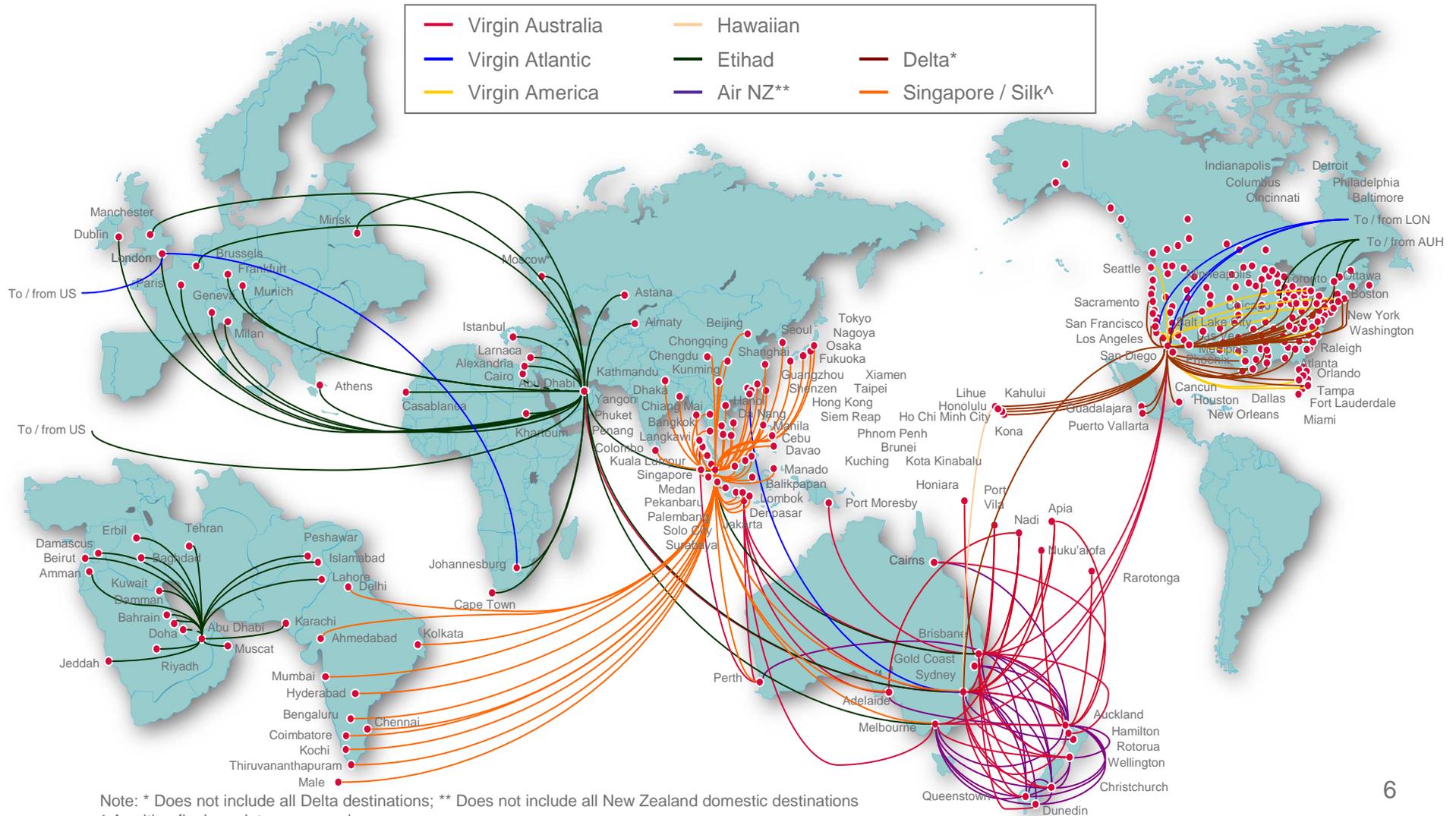


Want to be the domestic airline of choice

Improving return and financial stability



Virgin Australia network



Growing international network

- Successful turnaround of international business into profit – profitable YTD
- Strong international load factors across V Australia network
- Over 400 global destinations with alliance partners*
 - Etihad alliance commenced in February 2011
 - Air New Zealand alliance commenced in July 2011
 - Delta alliance to launch in November 2011
 - Singapore Airlines alliance awaiting final ACCC approval, has received CCS approval*
- Revenue from interline and codeshare more than tripled from FY10 to FY11
- Seamless experience for guests across all airline partners

Improving international margin with minimal capex

Continued drive into Corporate and Government

- Early benefits flowing even before full implementation of Game Change Program
 - Business class introduction successful, on track for between 2,000 to 3,000 passengers in October
- Corporate and government customers made up 13% of our total FY11 revenue
 - H2 FY11 Corporate and government revenue increased by ~47% pcp
- Signed a further 17 contracts in last three months
 - New accounts include Hilton Worldwide, Laing O'Rourke, Linfox, Merck Sharp and Dohme, Rio Tinto, Spotless and Veolia
- Improving yields

Reducing revenue volatility and achieving higher yields

Growth opportunity in regional markets

- Introduced ATR72 fleet in October – up to 4 aircraft in operation by early 2012
 - First week of ATR operations: over 60 flights, carrying over 3,000 passengers and load factor of ~74%
- Bringing competition into underserved markets and introducing new routes
 - Launched double daily Brisbane-Gladstone, with third daily service launching in January
 - Launched daily service Port Macquarie-Brisbane
 - Switched Port Macquarie-Sydney services to ATR
 - Up to six Sydney-Canberra return services on ATR, with likelihood of increased frequencies
 - Launching double daily Brisbane-Emerald flights from January

Driving further domestic passenger and yield growth

Increasing services for the resources sector

- Western Australia: adding more than 1,000 seats per week into the Pilbara region
- Queensland: adding more than 1,400 seats into Gladstone / Emerald region (from January 2012)
- Opens regional markets to international services
- Further services to come

Improving margin through participation in growth markets

Focused on margin and productivity improvements

- Achieved transformation of the business at low capital cost
 - Significant international network without capex
 - Product improvements at low incremental cost
- Restructured the network to eliminate non-profitable routes
- Strengthening operating platforms, systems and processes
 - New Treasury management framework
 - Improved group-wide Procurement framework
 - Improving operating and financial disciplines
- Introducing Business Improvement program to drive operational efficiencies

Maintaining cost disciplines and pursuing efficiencies

Disciplined capacity growth on key sectors

- Domestic capacity increases of 5% over the past few months (in line with guidance)
- Trans-continental routes to and from Perth – added more than 6,800 seats, with further capacity being added in coming weeks
- Increasing Triangle frequencies – moving to 30 daily Sydney-Melbourne services
- Discussions with alliance partners to allow extra capacity in the near term, if required
- Have flexibility to meet growing market demand in 2H FY12

Relaunched Velocity Frequent Flyer continues to grow

- Membership approximately 2.7 million members (as at September 2011)
- Relaunch was a success, generating in excess of 70,000 new members within 4 weeks
- Status match initiative during relaunch period exceeded expectations
- Program will include over 380 partners by end of 2011, with retail partners tripling compared to last year

Built a competitive frequent flyer program

A compelling, high-quality service offering

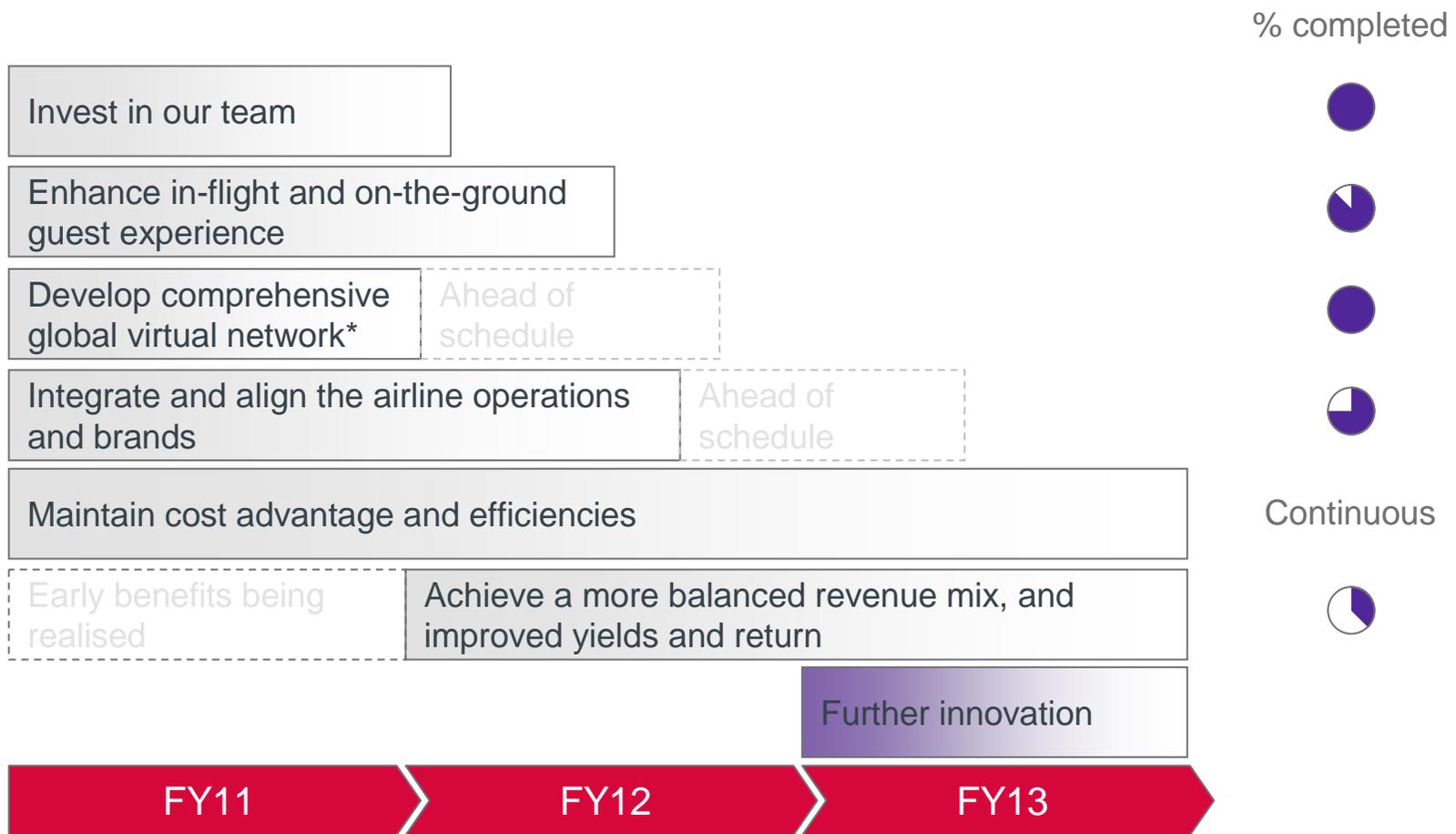
- New domestic aircraft interior
- Introduction of domestic business class
- Enhanced Lounge experience
- Created extensive and strong international network
- Launched new competitive Velocity Frequent Flyer program
- Increased frequencies on key sectors
- Improved on-time-performance

Building Australia's preeminent airline experience

Our people underpin the strength of our business

- Service advantage through our people
- Strong communication and continuous engagement with workforce – a collaborative approach to industrial relations
- Engaged with seven unions representing six EBA's across the business
- Commenced domestic pilot EBA negotiation
- Improve management capability
- Committed to creating jobs in Australia

Game Change Program scorecard



Note: * Singapore Airlines alliance awaiting final regulatory approval

Game Change Program – a three year journey

