



Citi Australian and NZ Investment Conference

Virgin Australia

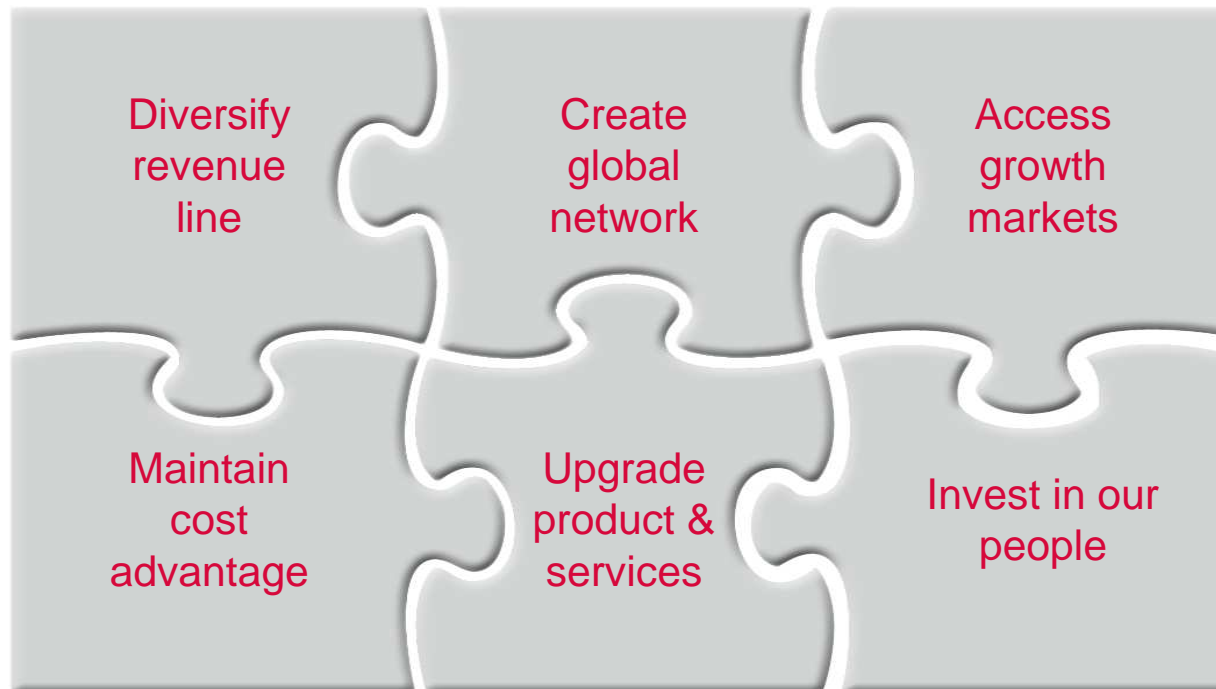
25 October 2011

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

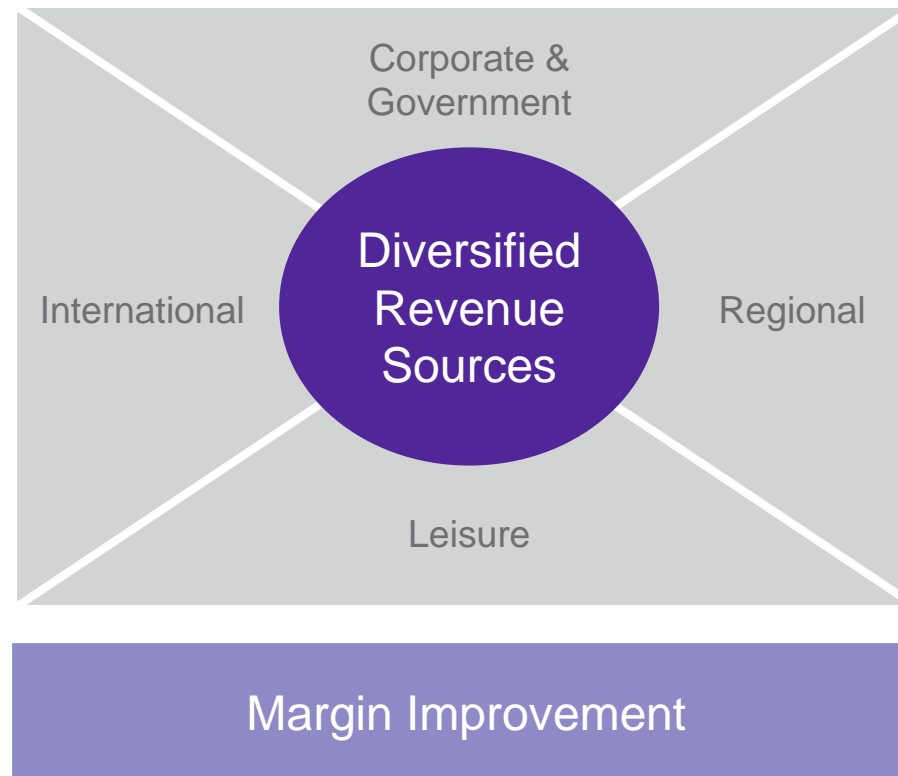
Building a strong and resilient platform for growth

Review of Game Change strategic goals

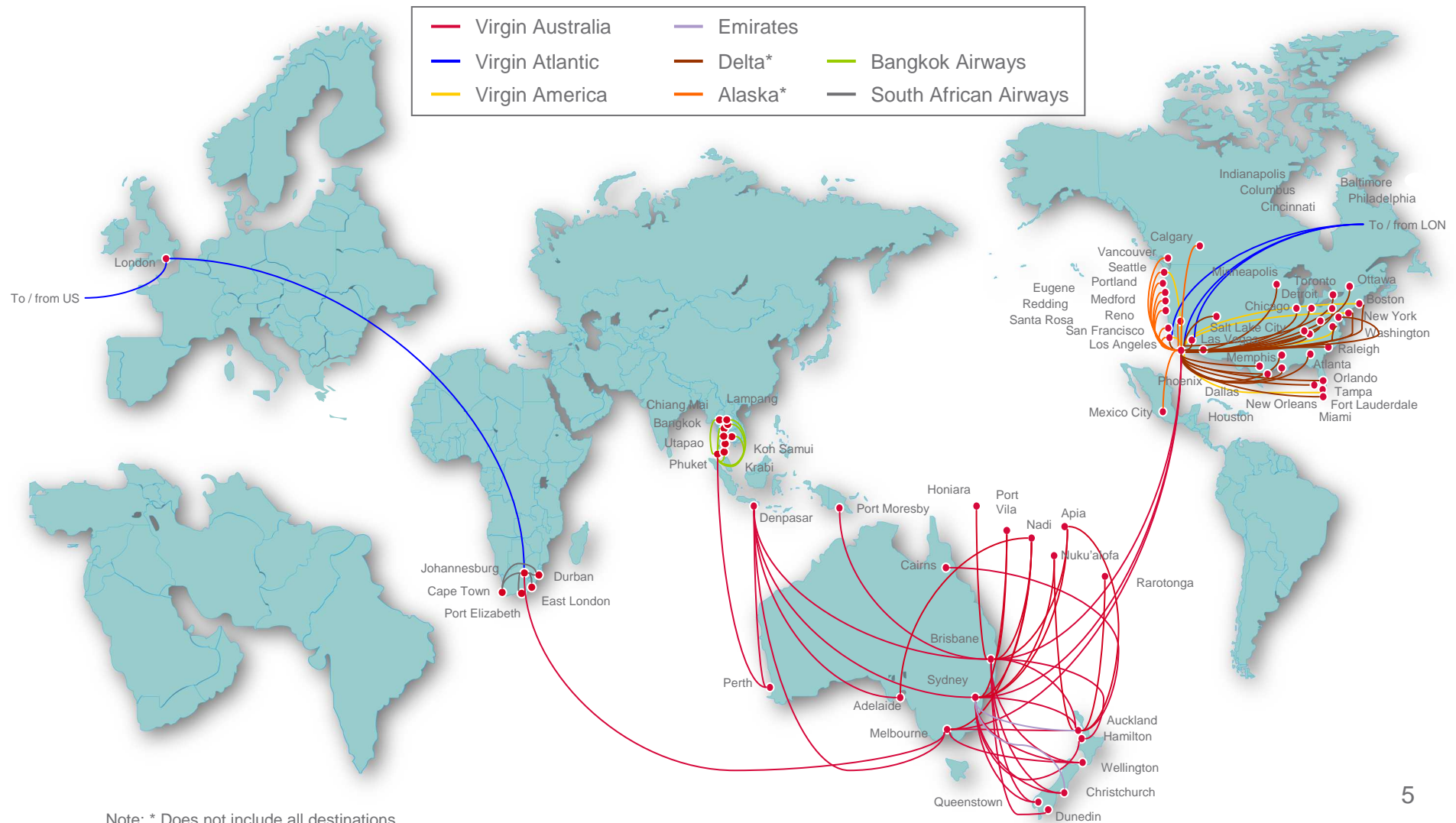


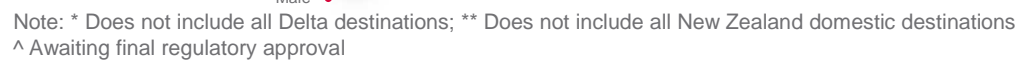
Want to be the domestic airline of choice

Improving return and financial stability



Virgin Australia network: as at 30 June 2010





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

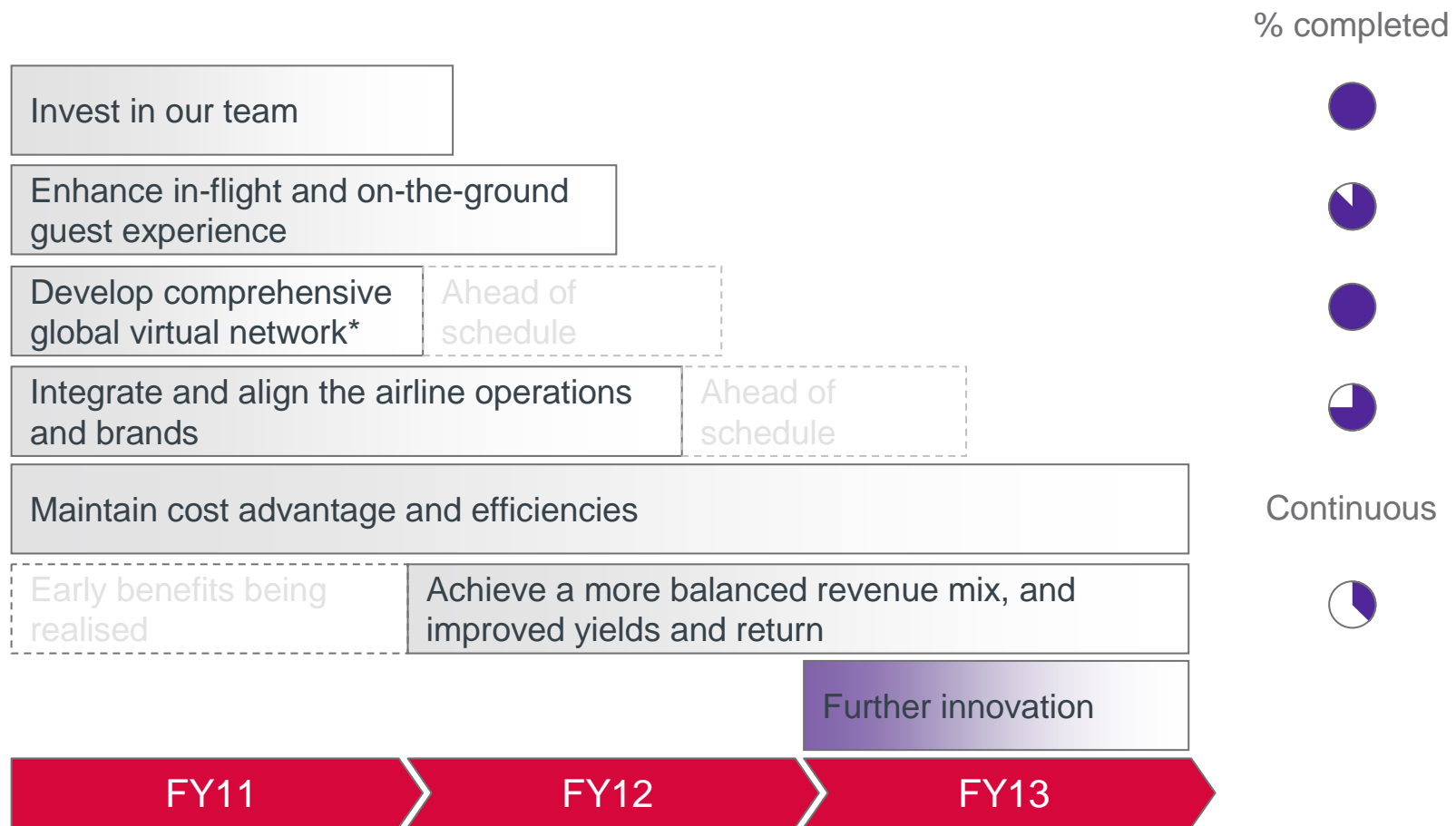
- New domestic aircraft interior
- Introduction of domestic business class
- Enhanced Lounge experience
- Created extensive and strong international network
- Launched new competitive Velocity Frequent Flyer program
- Increased frequencies on key sectors
- Improved on-time-performance

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

