

28 August 2026

Virgin Australia delivers strong results with underlying EBIT up 13.4% in FY26 and fully-franked 7.6cps dividend declared

Virgin Australia Holdings Limited ('Virgin Australia' or 'Group'; ASX: VGN) today announced its results¹ for the year ended 30 June 2026 (FY26).

The Group delivered strong earnings growth and further margin expansion in a challenging operating environment. This was supported by strong customer demand, disciplined capacity management, effective fuel hedging and continued benefits from the Transformation Program.

The FY26 results demonstrate that Virgin Australia's strategy is delivering sustainable earnings and margin growth, enabling the Board to declare a fully franked FY26 dividend of 7.6 cents per ordinary share, the Company's first dividend since re-listing in 2025.

Underlying NPAT² / EPS^{2,3}

\$404m / 50.9c

Up 21.9% / 12.9% on FY25

Statutory NPAT

\$501m

Up 4.7% on FY25

Underlying EBIT²

\$753m

Up 13.4% on FY25

Underlying EBIT margin^{2,4}

12.0%

Up 60bps on FY25

ROIC²

20.1%

Up 140bps on FY25

Net Debt to underlying EBITDA²

0.9x

Below the target range

Virgin Australia reported underlying EBIT of \$753 million for FY26, an increase of 13.4% on FY25 which was supported by strong demand, benefits from the Transformation Program and disciplined capacity management. The underlying EBIT margin expanded by 60 basis points to 12.0%, demonstrating continued improvement in earnings quality.

Underlying Net Profit After Tax (NPAT) was \$404 million, an increase of 21.9% on FY25, reflecting EBIT growth, a moderate increase in net finance costs and a 30% effective tax rate, with diluted underlying EPS increasing 12.9% to 50.9 cents. Statutory NPAT increased 4.7% to \$501 million.

The result was underpinned by more than \$450 million in gross Transformation Program benefits during FY26. When combined with effective fuel hedging and benefits from newer, more fuel-efficient aircraft, this partly offset above-inflation cost increases, particularly in airport charges and labour.

¹ Financial information in this announcement is derived from the Annual Report for FY26.

² Excludes Significant Items. For a reconciliation of the FY26 Group Statutory to Group Underlying Income Statement refer to page 25 in the FY26 Results presentation. For non-IFRS measures reconciliations to Statutory financial information refer to Appendix A in the Annual Report.

³ Diluted Earnings Per Share.

⁴ Underlying EBIT / Underlying revenue.

The Group maintained a conservative balance sheet, with net debt of \$1.2 billion, including capitalised lease liabilities, and leverage of 0.9x underlying EBITDA at 30 June 2026, below the target range of 1-2x. Available liquidity was \$1.6 billion.

Operational performance strengthened during FY26. On-time performance increased 30 basis points to 77.1% and was more than 80% in the June quarter, while the completion rate increased 30 basis points to 98.7%. Strategic Net Promoter Score increased three points to 30. Virgin Australia is currently Australia's most trusted airline according to Roy Morgan⁵ and maintained a strong corporate reputation score⁶.

Commentary from Virgin Australia Chief Executive Officer and Managing Director, Dave Emerson:

“Our FY26 results demonstrate that Virgin Australia has become a stronger and more resilient airline.

“Our strategy is working. We have built a simpler, more focused business with a primarily domestic network, targeted short-haul international services and global connectivity through our airline partners. That strategy, together with the continued benefits of our Transformation Program, has strengthened the quality of our earnings and positioned us well for the future.

“We delivered strong earnings growth and further margin expansion despite significant inflationary pressure across the aviation supply chain and a more challenging operating environment, while continuing to invest in the long-term competitiveness of the business. As Australia’s value carrier, we are well positioned to meet growing customer demand for value, particularly as cost-of-living pressures remain elevated. Travel demand remained strong, with customers continuing to prioritise travel. Our disciplined approach to capacity, our focus on the customer segments where we can win, and the continued delivery of our Transformation Program supported strong commercial and operational outcomes.

“We continued to improve the experience for our guests through a more reliable operation, digital innovation, product improvements and fleet renewal. We are proud of the progress made in operational performance and customer satisfaction. On-time performance improved, our completion rate in FY26 was the highest of the major airlines⁷ and our Strategic NPS increased again. This reflects the commitment of more than 8,500 team members, many of whom have share rights in the company through the Take Off Grant awarded at the time of the IPO.

“Velocity continued to grow strongly, with new partners and higher external billings, active members and new members. It remains a key source of earnings diversification and with more opportunities to earn and redeem Velocity Points, it is an important part of the value we provide our guests and members.

“The declaration of our inaugural dividend since re-listing reflects confidence in the strength of the business, while maintaining the disciplined approach to investment and capital allocation that will support sustainable long-term growth.”

⁵ <https://www.roymorgan.com/findings/10017-roy-morgan-trusted-brand-annual-awards-2025>

⁶ According to RepTrak data June 2025 to July 2026.

⁷ Major Australian airlines are Virgin Australia, Qantas and Jetstar. Based on data from the Bureau of Infrastructure and Transport Research Economics, Statistical Report, Aviation – Domestic airline on time performance July 2025 - June 2026.

“Looking ahead, we remain focused on providing value and choice to Australians to meet their travel needs. As an industry, we all have a role to play in managing costs so aviation doesn’t become unaffordable for Australians. The cumulative impact of rising costs across many parts of the aviation supply chain, particularly airport charges, remains a concern and reinforces the importance of continued financial discipline and transformation.”

Commentary from Virgin Australia Chief Financial Officer, Race Strauss:

“The quality and resilience of Virgin Australia’s earnings continued to strengthen during FY26, supported by strong commercial performance, disciplined capacity management, effective fuel hedging and the continued delivery of our Transformation Program.

“We maintained a conservatively positioned balance sheet while continuing to invest in fleet renewal, technology and other initiatives that will strengthen the business over the long term. Seventeen new aircraft were delivered during FY26, reducing the average fleet age to 11.5 years and supporting improved fuel efficiency and emissions reduction, reliability and customer experience.

“Transformation continues to be a powerful driver of value across the business. It is improving productivity, strengthening revenue performance and helping offset ongoing cost pressures across the aviation supply chain, while becoming an enduring capability within Virgin Australia.

“Looking ahead, we remain focused on disciplined capital allocation, continued transformation and investing in areas that will support sustainable earnings growth over the long term.”

Airlines

The Airlines segment recorded underlying EBIT of \$616 million, an increase of 15.2% on FY25. Underlying revenue increased 8.0% to \$6.0 billion and the underlying EBIT margin expanded by 60 basis points to 10.2%.

RASK increased 5.9%, reflecting strong demand and commercial transformation. Total capacity increased 1.8%, with domestic capacity growth of 2.9% partly offset by a 4.5% decline in short-haul international capacity. The airline carried 21.3 million passengers, up 3.2%, with load factor stable at 84.9%.

CASK increased 5.1% and CASK excluding fuel increased 7.0%, principally due to higher airport charges, labour and depreciation. Fuel costs were broadly flat, with improved fuel burn from Boeing 737-8 (MAX) aircraft and effective hedging offsetting increased refining margins.

Velocity

Velocity delivered underlying EBIT of \$143 million, an increase of 12.3% on FY25, with underlying revenue increasing 8.1% to \$487 million. External billings grew 12.4%, active members increased 9% and more than 800,000 new members joined during the financial year.

Member engagement remained strong, supported by new partnerships and the annualised impact of relaunched financial services products. Points redemption grew to a record 38.6 billion points, up 4.6% on FY25. This is despite redemption levels being lower than expected, including due to the temporary reduction in available long-haul flights associated with the Middle East conflict, contributing to favourable redemption margins.

The Reserve Bank of Australia's interchange fee changes are expected to commence on 1 October 2026. The impact of these changes and Velocity investing to support future growth is expected to offset continued billings growth, with FY27 EBIT expected to be broadly flat compared to FY26. Investment in future growth is targeted to deliver a low double-digit CAGR EBIT growth between FY27 and FY29.

Fleet

At 30 June 2026, Virgin Australia operated 108 narrowbody aircraft excluding three Airbus A320 aircraft held for return, in addition to eight domestic wet-lease lines. The average fleet age was 11.5 years.

Seventeen aircraft were delivered during FY26, including 13 Boeing 737-8 (MAX) aircraft and four Embraer E190-E2 aircraft. The Boeing 737-8 (MAX) fleet increased to 21 aircraft and the VARA fleet transition progressed, with all Fokker F100 aircraft sold and Airbus A320 aircraft no longer in operation.

Virgin Australia expects to purchase five Boeing 737-8 (MAX) aircraft and two Embraer E190-E2 aircraft in FY27, increasing the owned aircraft mix to approximately 39%. The fleet is expected to comprise 110 operated aircraft, excluding wet-lease aircraft, at 30 June 2027.

Balance Sheet

At 30 June 2026, net debt was \$1.2 billion, inclusive of capitalised lease liabilities, representing 0.9x underlying EBITDA. Total cash, cash equivalents and term deposits were \$1.8 billion, and available liquidity through unrestricted cash was approximately \$1.6 billion.

Virgin Australia generated operating cash flow of \$1.3 billion which includes \$159 million in income tax payments. Capital expenditure was \$884 million, which was consistent with guidance, reflecting increased investment in fleet renewal, including debt-financed aircraft purchases. Asset sale proceeds of \$471 million includes the sale-and-leaseback of six Boeing 737-8 (MAX) aircraft.

The Board has declared a dividend of 7.6 cents per ordinary share fully franked, with a record date of 15 September 2026 and payment date of 15 October 2026. The dividend is the first since Virgin Australia re-listed and is consistent with the Capital Allocation Framework, which returns surplus funds to shareholders after investing in business-as-usual requirements and growth opportunities. Potential future dividends will be determined every six months by continuing to apply the Company's Capital Allocation Framework.

FY27 Outlook⁸

Demand and forward bookings remain strong with consumers continuing to prioritise travel. Based on the forward fuel curve⁹, underlying EBIT for 1HFY27 is expected to be broadly in line with 1HFY26.

Key assumptions are as follows:

- Capacity: will continue to be managed with discipline, with domestic capacity to reduce by 3% in 1HFY27;

⁸ This 2027 Outlook section contains forward looking statements. Refer to the disclaimer on page 2 of the FY26 Results Presentation.

⁹ As of 25 August 2026.

- RASK: expected to grow 6-8% in 1HFY27 reflecting strong demand, transformation and disciplined capacity management;
- Costs: benefits from the Transformation Program and lower maintenance costs expected to partly offset headwinds in airports and labour costs, resulting in CASK (ex fuel) growth for 1HFY27 being less than RASK growth;
- Fuel: expected cost of ~\$700 million in 1HFY27 based on the forward curve¹⁰ and 3.2 million barrels of oil consumed with hedging for the remainder of 1HFY27¹⁰ of 96% (Brent) and 20% (refining margins);
- Velocity: continued strong underlying momentum in active member growth and external billings, offset by one-off impact of RBA interchange fees and ramp up of investment in 3-year Velocity transformation program, resulting in FY27 underlying EBIT being broadly in line with FY26. This investment is targeted to deliver low double digit underlying EBIT growth for FY28 and FY29;
- Capex: expected to be approximately \$0.9-1.0 billion for FY27, including the purchase of five Boeing 737-8 (MAX) aircraft and two Embraer E190-E2 aircraft;
- Leverage expected to be towards the low end of the target range of 1-2x net debt / underlying EBITDA;
- Significant Items excluded from FY27 underlying results are expected to be approximately \$40 million which includes transformation-related restructuring and IT costs of approximately \$20 million, IPO-related share-based payments of approximately \$20 million, and any foreign exchange movements in aircraft lease liabilities.

Market Briefing

Virgin Australia will conduct a market briefing on the result at 10.30am (Sydney time) today, 28 August 2026, which will be webcast live and can be accessed [here](#). Additional detail on the Group's FY26 Results is available in the associated Appendix 4E, Annual Report and Presentation released to the ASX today and available at virginaustralia.com/investors.

ENDS

This announcement was authorised for release by the Virgin Australia Disclosure Committee.

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¹⁰ As of 25 August 2026

About Virgin Australia Holdings Limited

Virgin Australia Holdings Limited (ASX:VGN) was founded in 2000 and is now one of the largest Australian airlines operating an extensive domestic network as well as short-haul international services, charter and cargo operations, and its loyalty program, Velocity Frequent Flyer. Velocity members can use their Points to redeem flights to over 600 destinations around the world through Virgin Australia and the airline's extensive list of international partner carriers. Virgin Australia employs more than 8,500 people. For further information please visit virginaustralia.com.

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