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## [Virgin Australia Group fleet and network changes](#) [2]



Virgin Plane Tail

### Overview of changes

- 3 per cent reduction of the Group's overall network capacity in 2H20
- 3 per cent reduction in Group domestic capacity in 2H20
- Short-term capacity reductions for Virgin Australia on the Tasman in Q4
- Accelerated exit of an additional seven Airbus A320 aircraft from Tigerair Australia
- Tigerair Australia to move to an all Boeing 737 fleet creating cost efficiencies
- Tigerair Australia to exit five loss-making routes by May 2020

**26 February 2020:** The Virgin Australia Group today announced a number of further changes as part of its fleet and network review to help manage costs, improve financial performance and respond to current market conditions.

The changes come as coronavirus has a weakening effect on international and domestic demand, with an expected \$50-75 million impact to the Group's earnings for FY20 as reported in its 1H20 results today.

The Group will reduce overall network capacity by three per cent in 2H20, which includes a three per cent reduction in domestic capacity and short-term capacity reductions on the Tasman in Q4FY20 to manage current conditions.

The changes focus largely on leisure destinations where demand is weaker, and where Virgin Australia and Tigerair both operate, and includes the withdrawal from five unprofitable Tigerair routes and some frequency consolidation on existing domestic routes where demand has also been impacted.

In line with the reduction, seven additional Tigerair A320 aircraft will cease flying by October 2020. This follows the announcement of five aircraft exits in November 2019, bringing the total to 12, which will help the Group further manage costs and improve financial performance.

The impact of the current fleet reduction initiative is equivalent to approximately a five per cent Virgin Australia Group capacity reduction in FY21.

### **Network changes**

Tigerair Australia will exit the following domestic leisure routes in addition to frequency reductions on existing routes:

- Melbourne-Coffs Harbour from 27 April 2020
- Sydney-Coffs Harbour from 27 April 2020
- Adelaide-Sydney from 27 April 2020
- Sydney-Cairns from 27 April 2020
- Hobart-Gold Coast from 28 April 2020

Internationally, the Group already announced the withdrawal from the Hong Kong market due to ongoing challenges with the route, impact of civil unrest and coronavirus on demand. Short-term capacity reductions will be made on the Tasman in Q4FY20 due to weakening demand attributable to coronavirus.

Passengers with bookings impacted by these changes will be proactively communicated with and re-accommodated onto other services. Tigerair customers impacted by the above route exits will be re-accommodated onto other Tigerair flights where possible, or onto Virgin Australia services.

### **Fleet changes**

Seven A320 aircraft are scheduled to exit Tigerair's fleet in addition to two A320 aircraft exits from Tigerair previously announced in November 2019, making a total of nine A320s to cease flying by October 2020. Two Boeing 737 aircraft will be transferred from Virgin Australia's fleet into the Tigerair fleet.

The changes accelerate the transition of Tigerair Australia to an all-Boeing 737 fleet, which brings cost and operational advantages to the low-cost carrier over operating multiple fleet types.

### **CEO commentary**

Virgin Australia Group CEO and Managing Director, Paul Scurrah, said "Today, we've made some important fleet and network changes that will help us improve our financial performance and respond to market conditions.

"There's no doubt we are operating in a tough market, and we need to make sure our capacity deployment is disciplined to ensure our routes are profitable for our business. Coronavirus is having a significant impact on the travel industry and these changes will help us manage the changes we're seeing in demand.

"We maintain a very strong network of more than 450 destinations between us and our partners and, whilst

we have made some announcements to manage costs today, we are as focused as ever on continuing to deliver a great experience for our customers.

I'm pleased we can accelerate the transition of Tigerair to an all Boeing 737 fleet which will help get the business into a better financial position moving forward.?

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