AIRFINANCE GLOBAL

Virgin Australia logs $216m profit in FY25

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Virgin Australia has delivered underlying earnings growth in FY25, reporting pro forma underlying net profit (NPAT) of A$331 million ($216 million), up 27.8% on FY24.

Statutory NPAT for FY25 was A$479 million, down 12.3% on FY24 due to transaction costs related to Virgin Australia group’s initial public offer (IPO) and Qatar Group’s investment, as well as the benefit of future flight credits recognised in FY24 not repeated in FY25.

The pro forma underlying FY25 results, which are in line with or exceed the forecasts set out in the prospectus for Virgin Australia’s IPO, were driven by continued underlying earnings growth across both the airlines and loyalty segments.

Virgin Australia group noted that the FY25 results were underpinned by continued progress in its transformation programme, which delivered more than A$450 million in gross benefits during the year.

Together with savings in fuel costs, this offset inflationary headwinds and contributed to further expansion in the EBIT margin, with the pro forma underlying EBIT margin increasing by 1.8 percentage points to 11.2%.

The transformation programme remains ongoing, and the group expects to realise significant additional benefits in coming years.

Operational performance improved during the financial year, with 76.8% of Virgin Australia flights departing on-time, up 7.2 percentage points on FY24.

“In FY25, Virgin Australia achieved strong Underlying earnings growth, relaunched long-haul services, advanced our Transformation Program, and lifted operational performance – all while delivering exceptional experiences for our guests,” said Virgin Australia's chief executive officer and managing director, Dave Emerson.

“We strengthened our partnership with Qatar Airways Group and returned to public ownership through a successful IPO, a strong endorsement of our clear strategy and market position,” Emerson continued.

“The Group’s strong financial performance and further expansion of our EBIT Margin in FY25 reflect the continued progress of the Transformation Program, our disciplined approach to investments and operational improvements.

“Importantly, all key financial metrics included in the Prospectus were met or exceeded,” said Virgin Australia chief financial officer Race Strauss.

Virgin Australia Group’s airlines segment performed strongly, recording underlying EBIT of A$535 million, an increase of A$143 million (+36.4%) on FY24 driven by solid load factors, growth in ancillary revenue and improved passenger mix, contributing to RASK growth of 4% in FY25.

CASK increased by 1.8% year on year predominantly due to higher maintenance costs and airport fees and was partially offset by lower fuel costs. CASK ex fuel increased by 6.6% on FY24.

The group carried 20.7 million passengers in FY25, up from 19.2 million the previous year.

The Velocity loyalty programme segment delivered double-digit revenue growth resulting in underlying EBIT of A$127 million, up A$12 million (+10.5%) on FY24.

Velocity saw a 14% increase in external billings and 12% growth in the active member base, both key measures of performance.

Continued investment in new member growth is reflected in stable underlying EBIT margin (FY25: 28.3% versus FY24: 28.2%).

As at 30 June 2025, Virgin Australia's fleet stood at 104 aircraft in addition to 11 domestic wetlease lines.

An additional Boeing 737 Max 8 aircraft was delivered in FY25, after six were delivered in FY24.

A further 13 737 Max 8 aircraft are now expected to be delivered in FY26.

As previously disclosed, Virgin Australia Regional Airlines (VARA) will progressively phase out its Fokker F100 fleet, which will be replaced by Embraer 190-E2 aircraft with four expected to be delivered in FY26.

VARA's A320s are to be replaced by Boeing 737 aircraft.

Over the next 12 months, the group fleet is expected to expand to 107 aircraft, in addition to eight domestic wet lease lines.

As at 30 June 2025, net debt stood at A$1.2 billion inclusive of capitalised lease liabilities, representing 1.1x FY25 pro forma underlying EBITDA and is at the low end of the target range of 1-2x.

Group liquidity was A$1.4 billion at 30 June 2025, comprised of A$918 million of unrestricted cash, cash equivalents and term deposits, and a A$500 million undrawn debt facility.

Virgin Australia reaffirms its FY26 outlook provided in its IPO prospectus, expecting continued growth in both revenue and underlying profit for FY26, driven by continued growth in demand for air travel, the impact of the transformation programme and continued growth in Velocity.

Nevertheless, the airline group recognises that recent US tariff announcements have created volatility and impact to Virgin Australia's cost base – primarily through fluctuations in fuel prices and foreign exchange rates, as well as potential cost increases for products and services used.

Specifically, for FY26, Virgin Australia expects RASK growth of 3-5% compared to FY25, with fuel costs better managed through a hedging programme.

