

Virgin Australia Group appoints Paul Scurrah as CEO and Managing Director

6 February 2019

Virgin Australia Holdings Limited (ASX:VAH) (**Virgin Australia Group** or **Group**) today announced the appointment of Paul Scurrah as Chief Executive Officer and Managing Director of the Virgin Australia Group, following an extensive global search.

Virgin Australia Group Chairman Elizabeth Bryan said: "I am delighted to announce the appointment of Paul Scurrah as Virgin Australia Group CEO and Managing Director. Paul is a highly regarded business leader in Australia and his appointment is testament to his strong leadership credentials which include more than 20 years' experience in transport, logistics, travel and aviation."

Most recently, Paul has held CEO roles at DP World Australia and Queensland Rail, as well as Executive General Management roles at Aurizon, Flight Centre and Tourism Queensland.

During his time at DP World Australia, Paul led the business through significant industry change, improved commercial performance, delivered substantial improvements in safety and culture, and increased customer and staff satisfaction to the highest levels in the company's history.

"The Board received enormous interest in the role both locally and internationally and Paul's highly relevant transport and logistics expertise, and strong commercial background make him the ideal candidate to consolidate the Group's achievements and continue to build momentum into the future," said Ms Bryan.

"Paul's significant leadership in driving transformation and improving customer satisfaction in complex and challenging businesses is highly impressive, and his background in aviation provides the right foundation to steer the Virgin Australia Group into the future.

"Paul inherits a strong business and we are confident he is well placed to deliver the next phase of the Group's strategy," said Ms Bryan.

Mr Scurrah said: "Leading the Virgin Australia Group is an immense honour and privilege. The Group has positioned itself as a real competitor in the market with its ability to deliver across all segments and I am excited to be joining such a progressive and innovative business. I look forward to meeting the team and building on the Group's success."

Mr Scurrah officially commences in his role on 25 March 2019 and will also join the VAH Board as an Executive Director on this date. He resides in Brisbane and will divide his time between the Virgin Australia Group operational headquarters located in Brisbane and the Group's corporate headquarters in Sydney.

Current CEO and Managing Director, John Borghetti, will step down from this role on 25 March 2019.

Commenting on Mr Borghetti's tenure, Ms Bryan said: "John has been a dedicated and talented CEO and Managing Director for the Virgin Australia Group for the past eight years. He pioneered a major transformation in the aviation industry to reposition the airline as a formidable competitor across all segments of the market.

"John has made a significant mark on the aviation industry as a whole and Australian travellers have benefited because of his commitment and dedication to improving airline travel. The Board and I are grateful for his leadership and transformation of the airline into the diversified group that it is today."

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Appendix 1: Biography

Paul Scurrah

Paul Scurrah has more than 20 years' leadership experience in transport, logistics, tourism and aviation including five years as CEO and Managing Director of DP World Australia and Queensland Rail.

Starting his career in aviation at Australian Airlines, Paul has also held positions at Qantas and Ansett Australia, and was a key figure in the establishment of Regional Express Airlines (REX). His career in aviation spanned multiple divisions including commercial, customer service, government, sales, and marketing.

After eight years in aviation, Paul moved to the tourism sector with executive roles at Tourism Queensland, Flight Centre, and AOT Holidays. Whilst at Flight Centre, Paul was responsible for developing their global strategic plan and acquiring the online company that propelled Flight Centre to the number one travel site at the time.

Paul's experience in travel then led him to the transport industry, specifically QR Limited, as Executive General Manager at QR Passenger and then CEO at Queensland Rail. Paul led Queensland Rail during a significant transformation to drive improved commercial results including the de-merger from QR National and achieving the highest customer service rating by becoming the first public transport company in the world to attain International Customer Service Standards accreditation.

Paul was later appointed Executive Vice President Commercial & Marketing at Australia's largest rail freight operator, Aurizon, and was responsible for revenue close to \$4.0 billion as well as managing a \$3.7 billion fleet with over 800 locomotives.

Since 2013, Paul has been CEO and Managing Director at Australia's biggest port and supply chain operator, DP World Australia, and responsible for navigating the company through a period of enormous structural change within the industry. He led a major transformation that resulted in improved commercial performance, a 50 percent increase in customer satisfaction levels, and significantly increased staff engagement results. Paul has also driven an 80 per cent reduction in Lost Time Injuries, making DP World Australia the safest waterside company in the country.

Paul is currently a Non-Executive Director of the Gold Coast Football Club and has previously held Board positions at Australia Post, Asian Terminals Inc (ATI), Australian Federation of Travel Agents, AOT Group, AWH Pty Ltd, Australian Tourism Data Warehouse Ltd, and Public Transport Group – Australasian Railway Association.

He is married with two children and resides in Brisbane.

Appendix 2: Summary of CEO Contract Terms

Summary of the Main Terms and Conditions of the Employment Agreement between Virgin Australia and Paul Scurrah

A summary of the material terms and conditions of the employment agreement entered into with Paul Scurrah are:

1. Appointment

The appointment is to the position of Chief Executive Officer and Managing Director, effective 25 March 2019.

2. Term

The appointment is ongoing with no fixed term. The termination provisions are set out below.

3. Duties

The duties of Paul Scurrah are those expected of the Chief Executive Officer, reporting to and taking direction from the Board.

4. Remuneration

Below are the details of Paul Scurrah's remuneration.

a. Fixed Remuneration

Mr Scurrah will receive an annual fixed remuneration of \$1,300,000 (inclusive of cash salary, directors' fees, superannuation and the cost of any other agreed non-monetary benefits inclusive of FBT).

b. Short-Term Incentive (STI)

Mr Scurrah will be eligible for a target STI opportunity of 100% of fixed remuneration, with a maximum STI opportunity of 150% of fixed remuneration. Performance objectives will be set by the Board and will be linked to Company and individual performance. The STI will be awarded at the discretion of the Board. Of the STI payable, 30% will be deferred for a one year period. The STI will be paid in cash.

c. Long-Term Incentive (LTI)

Mr Scurrah will be eligible to participate in an LTI scheme, subject to any required shareholder approval. His target LTI opportunity will be 80% of fixed remuneration, with a maximum LTI opportunity of 150% of fixed remuneration.

The LTI is awarded by the Board in its discretion and will be subject to the LTI Plan rules which apply from time to time. The LTI is awarded by the Board based on its assessment of the delivery of specified objectives linked to Company performance over a three year period. The initial FY19 LTI grant will, subject to shareholder approval, be allocated as 50% performance rights and 50% cash and the measures will be Relative Total Shareholder Return (TSR) for the 50% performance right component and Return on Invested Capital (ROIC) for the cash component. The LTI performance and vesting period is three years. Shares in the Company will be allocated for performance rights which vest, and cash for any cash component which vests.

If shareholder approval is not obtained by 31 December 2019, for the proposed FY19 LTI grant, an economically equivalent benefit will be provided in cash in accordance with the Virgin Australia applicable LTI Plan in place for Virgin Australia executives as at 31 December 2019.

The Board may, in its discretion offer different LTI arrangements in relation to any further LTI grants which are made.

5. Termination Provisions

Both Mr Scurrah and Virgin Australia may provide notice of termination by providing six months' written notice. On termination of employment, Virgin Australia will pay any outstanding fixed remuneration. Virgin Australia may, at its discretion, make a payment in lieu of notice to Mr Scurrah for all or part of the notice period.

STI and LTI are subject to forfeiture on termination for cause or resignation. The Board has discretion where termination is for other reasons. Mr Scurrah's STI and LTI entitlements are also subject to malus and clawback arrangements.

6. Restrictive Covenant

- Non-solicitation: 12 months post-termination.
- Non-competition: up to 6 months post-termination, at Board discretion.