VIRGIN POSTS SECOND QUARTER PROFIT

News / Finance



Virgin Australia says improving yield and revenue growth in the key domestic market has led to a strong rise in second quarter profit.

The company said on Thursday statutory net profit for the three months to December 31 2015 came in at $60.8 million, a significant increase from $11.3 million in the prior corresponding period.

The result was Virgin's second consecutive quarterly profit, after moving into the black in the first quarter, with the airline group set to post its first full year profit in 2015/16 since 2011/12.

Virgin Australia chief executive John Borghetti said the airline improved its financial and operational performance in the 2015/16 second quarter.

"Our performance in the second quarter was underpinned by strong unit revenue and yield growth across the group, particularly in Virgin Australia domestic, ongoing improvement in Tigerair Australia, strong momentum for Velocity and our continued strict cost discipline," Borghetti said in a statement.

"Our international business has also continued to improve, despite the financial impact of volcanic activity in Bali."

Underlying profit before tax, which removes one-off costs and the airline regards as the best indicator of financial performance, came in at $73 million in the second quarter, up from $55.3

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million in the prior corresponding period.

Virgin's traffic figures for the second quarter showed the airline's domestic network carried 4.53 million passengers in the three months to December 31, down 3.5 per cent from the prior year. Capacity, measured by available seat kilometres (ASK), declined 1.2 per cent.

Meanwhile, Virgin's international operations had 2.6 per cent fewer passengers in the quarter, while ASKs reduced by six per cent. Load factors rose 1.9 per cent to 82.7 per cent.

Virgin's wholly-owned low-cost carrier Tigerair Australia reported a 9.1 per cent increase in passengers carried, while demand, measured by revenue passenger kilometres and ASKs both rose by 7.4 per cent. As a result, load factors were steady at 86.5 per cent.

The company is due to release its full financial results for the first half of 2014/15 on February 11. Virgin has moved to quarterly reporting of its financial results, in line with one of its major shareholders, Singapore Airlines (SIA).

SIA, which accounts for Virgin's financial performance in its own quarterly reporting, was due to publish its latest results later on Thursday.

The second quarter figures indicate Virgin was likely to report a statutory net profit in the vicinity of $62.5 million for the six months to December 31 2015.

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