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Ready for take-off: Virgin Australia Group soars out of administration, unveils future direction ^[2]



- New Virgin Australia Group CEO, Jayne Hrdlicka, announces future direction
- Targets mid-market
- Lounges to re-open from today
- Only Australian airline to retain three domestic seating options
- Virgin Australia Regional Airlines (VARA) retained and restructured following business review
- Significant technology investment planned to upgrade customer experience
- No change to Velocity Frequent Flyer with substantial airline and non-airline earn and redemption opportunities for its 10 million members

Wednesday 18 November 2020: Virgin Australia has today become the first major Australian airline in history to exit voluntary administration and has unveiled its future direction under the leadership of new CEO and Managing Director Jayne Hrdlicka.

On her official first day, Ms Hrdlicka unveiled a plan resulting from collaboration with the airline's people combined with detailed customer research. It includes retaining core lounges and reimagining the lounge experience, retaining three choices of seating from Business, Economy X and Economy, leveraging new technology for a simplified check-in and airport experience, and cheaper airfares.

The plan will see the airline compete in its mid-market heartland for guests who want a more premium experience at an affordable and competitive price. While Virgin Australia will serve all segments of the market, it will build its proposition around its long-standing and most loyal guests, which include price conscious corporate travellers, small to medium businesses, premium leisure travellers and holidaymakers.

The plan's major elements include:

- A commitment to retain a domestic market share of roughly one third (as was pre-COVID);
- A network of lounges to open as travel demand resumes, with the Brisbane Lounge re-opening today;
- A new-look Virgin Australia Lounge of the future will open in Adelaide in early 2021, which will roll out across the lounge network over time;
- Creating a more accessible Business Class offering to better align to the expectations of the cabin's core customers;
- New self-service and assisted check-in and baggage drop facilities will open at mainline airports;
- The launch of an updated and more integrated Virgin Australia app providing an enhanced guest experience for Velocity Frequent Flyer members;
- A comprehensive network of domestic and regional destinations; and
- A commitment to regional Australia including the restructuring of Virgin Australia Regional Airlines to become a more sustainable and profitable business following a comprehensive business review.

CEO COMMENTARY

Speaking at Brisbane Airport where she spent her first official day as CEO, Ms Hrdlicka said Virgin Australia will continue to be Australia's most loved airline for customers who want the most important premium touches without the full premium price.

"Virgin Australia is an airline built on a 20-year history of exceptional customer service and delivering a great experience for millions of Australians. Today, we exit voluntary administration with a renewed sense of who we are and who we are here to serve," said Ms Hrdlicka.

"It's a privilege to join Virgin Australia as CEO at such an important moment, and I've spent the past few weeks meeting and listening to our team and hearing their ideas. I'm impressed with their understanding of and passion for our guests and look forward to their continued input as we work to refine our plans and define our future together.

"The travel environment is changing and so are our customers' preferences. We know that leisure travellers, small and medium businesses, and many corporates are now emerging from COVID-19 wanting better value. They are hungry for flexibility and choice, a trusted brand that resonates with their values, and great prices, along with the premium features they value most.

"Today, we've announced a plan that will ultimately give our customers what they value without the big price tag: premium lounges, a new and fresh retail offering onboard, a choice of cabins, better digital technology and a more streamlined check-in experience. We will also continue to deliver our award-winning service, strong network of destinations, an award-

winning frequent flyer program and a safe and reliable operation.

“Australia already has a low-cost-carrier and a traditional full-service airline, and we won’t be either. Virgin Australia will be a mid-market carrier appealing to customers who are after a great value airfare and better service. We will continue to evolve our offering for our customers based on data and feedback, but the Virgin Australia experience millions of travellers know and love is here to stay.

“We emerge today stronger, more competitive, and ready to face the challenges ahead. We removed an enormous amount of complexity from our business, greatly improved our cost base, and have an extraordinary team on the ground and in the air to deliver our new plan. We are more resilient than ever and have the backing of Bain Capital who are deeply invested in seeing us succeed over the long term.

“As we have seen with the recent issues with South Australia, the travel market remains uncertain. We are however seeing some positive signs of recovery. Borders are beginning to open and a potential vaccine is on the way. We expect continued volatility, but as demand recovers, we’ll achieve a market share consistent with our pre-COVID position and continue to invest in, and grow, the fleet in line with increases in demand.

“Shaping our future will be a collaborative effort across the Virgin Australia Group and I’m thrilled to see the genuine excitement from our people about the future of their airline.”

IN-FLIGHT EXPERIENCE

Business Class

Virgin Australia will retain its much-loved Business Class seats and exceptional service provided by its cabin crew, but will complete an end-to-end review of the Business Class offering before relaunching it in 2021. The review, done in collaboration with the airline’s crew, will ensure better alignment to guests’ needs, while maintaining the elements they love.

More detail will be revealed next year.

Economy

Virgin Australia will continue to offer Australia’s only Economy-X seating. Introduced in 2017, the extra leg room seating, complete with its own dedicated overhead luggage compartment, continues to be a popular upgrade purchase for Economy customers.

An exciting and fresh buy onboard menu will replace the existing snack early next year, and customers will continue to be offered complimentary tea, coffee and water.

In-flight WiFi and Inflight Entertainment remains under review and more details will be announced in 2021.

LOUNGE EXPERIENCE

Domestic Lounge network

Virgin Australia’s lounges will continue to be an important part of the airline’s offering for frequent flyers.

As government-imposed travel restrictions ease and travel demand resumes, Virgin Australia will re-open a network of domestic lounges, at airports where high volumes of frequent flyers

travel. Virgin Australia's first-to-market Premium Entry feature will remain. Lounge memberships that expired during the COVID-19 period will be extended for 12 months from the original expiry date.

The domestic Lounge network will include:

- Melbourne
- Sydney
- Brisbane
- Adelaide
- Perth
- Gold Coast

Initially, lounges will offer guests an interim food and beverage menu, which will be reviewed as the lounge network gradually re-opens and passenger volumes return.

The offering will adhere to COVID-safe protocols and will include fresh and pre-made food, including sweet and savoury snacks, sandwiches and fruit, along with barista-made coffee, juices and premium sparkling, wine and beer.

Due to low visitation, the Darwin, Cairns and Mackay lounges will close. The Canberra lounge remains under review.

Reimagined lounge to open next year

The recently built Adelaide Lounge will open in the first quarter of 2021. The Lounge is a prototype of the Virgin Australia Lounge of the future and will provide customers with an experience and aesthetic more aligned to the Virgin brand they know and love. The new design will roll out to the lounge network over time.

AIRPORT EXPERIENCE

State-of-the-art new check-in facilities

New state-of-the-art self-service and assisted check-in facilities will open across major airports by December 2021, simplifying the airport experience and leveraging new technology.

The hybrid check-in facilities, which currently feature in Melbourne and Perth, will allow Virgin Australia to streamline customer flow through the airports, substantially reducing queue wait times, and making travel easy and seamless for passengers.

The facilities, a mix of kiosks and assisted check-in counters, mean Guest Services agents can come out from behind a desk and provide a more concierge-style service for passengers.

TECHNOLOGY

Mobile App

Technology will play a key role in the airline's evolution and the Virgin Australia mobile app will be enhanced through 2021, creating a more integrated experience for travellers and Velocity Frequent Flyer members. There is a significant pipeline of technology projects which will combine to create significant enhancement to our guest's experience.

The app will enable a much more personalised travel experience and one single gateway to engage with the airline and Velocity.

COMMITMENT TO REGIONAL AND CHARTER FLYING

Virgin Australia Group has confirmed plans to retain Virgin Australia Regional Airlines following a strategic review of its operating model and reaffirmed its commitment to charter and regional flying from its base in Western Australia.

COMMITMENT TO CUSTOMERS

In a commitment to customers, Virgin Australia is waiving applicable change fees and providing travellers with unlimited booking changes for reservations with travel between now and 31 January 2021. More information on the airline's Passenger Promise can be found [here](#).

VELOCITY FREQUENT FLYER

With no material changes to the program, Velocity Frequent Flyer's 10 million members will continue to earn and redeem Velocity points through a host of airline and non-airline partners.

In a commitment to members, Velocity granted a 12-month status extension earlier this year, and there has been no change to the number of points needed to redeem rewards.

The multi-award-winning frequent flyer program will announce a number of significant new partnerships in 2021, giving members more opportunity to earn points on every day spend.

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