



most loved travel company

## **Covid-19 Update: May 5, 2020, 14.00 BST**

We have weathered many storms since starting up almost 36 years ago. None has been as devastating as this terrible pandemic and the associated loss of life and livelihood for so many around the world and the UK. It is clear that the Covid-19 crisis will leave a lasting mark on the nation, the global economy and specifically, on travel and aviation. Even once the situation stabilises, we will be dealing with an economic recession, slowing recovery even further. Following the pattern of previous crises such as 9/11 and the Global Financial Crisis, capacity across the aviation industry will significantly reduce, with recovery to pre-crisis levels expected to take up to three years.

The selfless and brave actions of our people have shown the true spirit that makes this company so special. Virgin Atlantic provides essential connectivity and competition which are an important component of the nation's aviation industry. Importantly, once the Covid-19 crisis subsides, we will make a significant contribution to the UK's economic recovery. However, the severity of the crisis requires us to rethink how our company will look on the other side of this crisis.

While we do benefit from HM Government's Covid-19 Job Retention Scheme and continued shareholder support, it is not enough. Therefore, we continue to explore all options for much needed direct funding. It has been clear throughout that any potential investor, including HM Government, expects us to have taken all possible self-help measures as a pre-condition to funding. If we are to safeguard our future and emerge from this crisis a sustainably profitable business, now is the time for further decisive action to reduce our costs and preserve cash.

### **Our vision is more relevant than ever, but our path forward must change**

Our vision remains unchanged: to become *the most loved travel company*, with an ambition to be the *nation's second flag carrier* and a sustainability leader. Staying true to the Velocity flywheel, we can revive profitable growth by translating preference into purchase, while increasing feed through our partners.

To emerge from this crisis, against an uncertain backdrop, we must radically adapt, so we are fit for the future and continue to thrive. It remains crucial that we return to profitability in 2021, in order to rebuild our balance sheet and to repay the additional funding we are seeking. This will mean taking steps to reshape and resize Virgin Atlantic in line with demand, while always keeping our people and customers at the heart of all we do.

### **Optimising our network and simplifying our fleet**

As we aim to establish ourselves as the sustainability industry leader, our network will fly a similar number of sectors as today with only wide-body twin-engine aircraft, from London Heathrow and Manchester, to the most profitable destinations. We will exit London Gatwick, closing our line and hangar maintenance facilities as well as the Clubhouse and V-Room, and move leisure flying to London Heathrow. Retaining our slot portfolio at LGW will preserve the option to return as demand comes back. From today, we will be suspending use of our seven 747s. With all four A332s retiring by early 2022, we will operate a simplified and fuel-efficient fleet of 36 wide-body, twin engine aircraft in Summer 2022.

### **One company mindset**

Now more than ever, we must unite our efforts through one powerful brand which stands out and inspires our customers to trust and transact with us. **Virgin Atlantic is our name and our brand.** With a purpose that unites us, a vision that drives us and a common set of values, underpinned by an unwavering commitment to the safety and security of our people and customers.



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Virgin Holidays will become **Virgin Atlantic Holidays**, to simplify our brands for our customers. Likewise, **Virgin Atlantic Cargo** will continue to provide essential service during this crisis and beyond. We will continue to focus on our partnership with Next and digital distribution, with seven of our owned Virgin Holidays stores closing in 2020.

**In order to survive, regrettably we must reduce the number of people we employ**

Even in these toughest of times, our incredible people remain our secret sauce, and what sets us apart. The decisions we have taken were meant to preserve as many jobs as possible. I wish it was not the case, but we will have to materially reduce the number of people we can employ. Today we're announcing a planned reduction of 3,150 jobs, across all functions, as well as aligning and simplifying our terms of employment. You have all made brave decisions in support of this Company, putting Virgin Atlantic ahead of yourselves, but to safeguard our future, we must go further.

After 9/11 and the Global Financial Crisis, we had to take similar painful measures but fortunately many members of our team were back flying with us within a couple of years. Depending on how long the pandemic lasts and the period of time our planes are grounded for, hopefully the same will happen this time.

We plan on consolidating our facilities in Crawley into either The Base or VHQ and intend to relocate our people in Engineering and Cargo to London Heathrow, to be closer to their colleagues and our joint venture partners.

A company-wide consultation period of 45 days begins immediately and is expected to conclude by end of June.

In parallel, we will work collaboratively with BALPA and Unite to unlock significant productivity gains with our Pilots and Cabin Crew, with an unwavering commitment to their safety and wellbeing. Changes to my leadership team will follow at the start of 2021, once we have restarted operations safely, and successfully implemented these changes. From today, the senior leadership team will be holding briefings to provide more detail on the specific impact on teams and individuals. Please send any questions you have to your leaders and managers and they will be answered as quickly as possible.

**True Virgin spirit**

Your commitment throughout this crisis has been nothing but amazing, and the embodiment of the true Virgin spirit – this continues to be more important than ever. The changes I am announcing today are tough on many of you, at an unsettling time for us all, but this is the only way forward.

As we have navigated the Covid-19 crisis, I have been humbled at every step by your solidarity. In times of adversity we must support each other so that ultimately, we can emerge a stronger and better Virgin Atlantic.

Thank you. shai