

## VIRGIN AUSTRALIA GROUP APPOINTS NEW LEADERSHIP TEAM, SIMPLIFIES STRUCTURE AND RIGHTSIZES WORKFORCE

28 August 2019

### Key Points

- New executive leadership team appointed, including Chief Financial Officer
- Simplified organisational structure, driving Group-wide accountability for all brands at the executive level
- Target reduction in corporate and head office workforce by 750 roles

Virgin Australia Holdings Limited (ASX: VAH) (**Virgin Australia Group** or **Group**) today announced a new Executive Leadership Team, simplified organisational structure and an organisational rightsizing program. These measures will drive greater business integration, customer focus and reduce costs.

### Executive Leadership Team

A new Chief Financial Officer, Chief Commercial Officer, Chief Operations Officer will join the Group as part of a new Executive Leadership Team appointed today by Group Chief Executive Officer and Managing Director, Paul Scurrah.

The appointments include:

- Chief Financial Officer, Keith Neate (new appointment, **see Appendix A**)
- Chief Operations Officer, Stuart Aggs (current Acting Chief Operations Officer, **see Appendix B**)
- Chief Commercial Officer, John MacLeod (new appointment, **see Appendix C**)
- Chief Experience Officer, Danielle Keighery (current Group Executive, Brand, Marketing & Public Affairs)
- Chief Strategy & Technology Officer (new role, vacant)
- Chief Legal and Risk Officer, Dayna Field (current Chief Legal & Risk Officer)
- Chief People & Culture Officer, Lucinda Gemmell (current Group Executive, People)
- Chief Executive Officer, Velocity Frequent Flyer, Karl Schuster (current CEO VFF)
- Company Secretary, Sharyn Page (current Company Secretary)

### New Organisational Structure

The new Group structure will integrate the corporate, operational and commercial functions of Virgin Australia Airlines, Virgin Australia Regional Airlines and Tigerair Australia<sup>1</sup> into single functions and points of accountability. Each executive leader will be accountable for driving business outcomes for the Group and maximising the value of the brands.

Virgin Australia Group CEO and Managing Director, Paul Scurrah, said: "I've been reviewing the structure of the organisation since I joined the Group in March with a view to simplify the current structure which has grown overly complex over time.

"Transitioning to the new Group structure will streamline common functions and create greater opportunities, but will also identify efficiencies and duplication, which will form part of the organisational rightsizing program.

"Having Group accountability at the executive level will deliver significant financial, operational and technological benefits, and it's important we have an executive leadership team that is working together to deliver better financial outcomes for the Group.

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<sup>1</sup> Velocity Frequent Flyer is excluded from this change due to its current ownership structure.

“Maximising the value of the brands we operate will also ensure a strong focus on the customer experience, right across the Group,” Mr Scurrah said.

## Organisational Rightsizing

From today, the Group will implement an organisational rightsizing program with a reduction target of 750 roles, largely focussed on corporate and head office positions. This will result in expected cost savings of \$75 million per annum. It’s anticipated the majority of affected team members will have left the business by the end of the 2020 financial year.

Mr Scurrah said the business needed to make some tough decisions in order to ensure a strong future for the Group.

“Decisions which have a direct impact on people’s livelihoods are never made lightly, and I regret the need to reduce the size of our workforce so quickly. However, today’s financial results tell us loud and clear that we need to reduce costs. Once the program is complete, the Virgin Australia Group will still be one of the largest employers in Brisbane, and proudly employ people across Australia, New Zealand, Hong Kong and Los Angeles.

“Those who do leave the business will be closely supported through this process and given opportunities to transition into a new role. I’d like to sincerely thank them for their dedication to the Group,” Mr Scurrah said.

The Group also announced a salary freeze of non-EBA middle-management and above for the 2020 financial year.

## Key Executive Leadership Team Role Changes

- **Keith Neate** will join the Group as **Chief Financial Officer** on 2 September. Mr Neate previously served as Virgin Blue CFO for eight years, leaving the business in 2011. More recently, he held the position of Executive Vice President and CFO of Aurizon Holdings.

Mr Scurrah said: “We’re delighted to welcome Keith back to the Virgin Australia Group at a time when we are shaping our strategy for the future.

“His knowledge of our history, sharp focus on cost management, and experience in financial transformation programs will be of huge benefit to us as we work to strengthen the company’s performance.”

- **Geoff Smith** has decided to depart the business to explore new opportunities, however has agreed to stay on in a transitional support role until the end of the year.

Mr Scurrah said: “Geoff has helped lead our business through a significant period of growth and transformation, completing the Group’s significant capital raising with major shareholders in 2016 and leading our financial management through a challenging phase in our Group’s history.

“I am grateful to Geoff for his ongoing support through the transition period and want to thank him for his contribution which has been invaluable for the Group. I wish him well for his future endeavours.”

- Following an extensive global recruitment process, **Stuart Aggs** has been appointed **Chief Operations Officer** (COO). Mr Aggs has been with the Virgin Australia Group for 15 years and has been acting in the role since May. Previously, he held the roles of Director of Group Flight Operations and General Manager Safety Systems.

Mr Scurrah said: “Stu has done an outstanding job acting in the COO role over the past three months and is a well-respected leader within the Group.

“Each year, the Group flies 24 million people around Australia and the world, all while maintaining a laser sharp focus on safety and reliability. Stu is an aviation veteran and his knowledge and expertise of the Group’s

operations brings extraordinary value to our organisation. I am thrilled to permanently appoint Stu to this role,” Mr Scurrah said.

- **John MacLeod** will commence as **Chief Commercial Officer (CCO)** on 8 October 2019 after a global recruitment process. Mr MacLeod most recently held the position of Vice President Global Sales and Alliances at Air Canada and brings with him extensive commercial aviation experience from his time at Virgin America, WestJet, Alaska Airlines and Air New Zealand.

Mr Scurrah said: “John is a seasoned Chief Commercial Officer with years of senior leadership experience at some of the world’s most profitable airlines and we are delighted to have him join the Group.

“His wealth of commercial aviation experience will ensure we are commercialising the Group’s products and services as well as optimising our network and alliance partnerships.”

- A new **Chief Experience Officer** role will create a single point of accountability for the customer experience, across all brands. Current Group Executive, Brand Marketing and Public Affairs, **Danielle Keighery** has been appointed to this role.

Mr Scurrah said: “The new structure is modelled on a customer value chain which results in the reorientation of our business towards the customer. Danielle’s primary goal is to excite interest in the Virgin Australia Group, and work closely alongside the Chief Commercial Officer and Chief Operations Officer to deliver the customer value chain.

“Danielle has been an integral executive team member for nine years leading the Brand, Marketing and Public Affairs department and I am thrilled she’s accepted this position to drive our customer strategy into the future.”

- **Merren McArthur** has advised her intention to depart the Group but has agreed to continue to lead Tigerair as it transitions to the new structure in the coming months. She will also continue to act in the CCO role until Mr MacLeod joins the Group.

Mr Scurrah said: “After 11 years, Merren has decided it’s time to move on from the Group and pursue other opportunities. She’s been an integral and highly respected member of the Executive Leadership Team for many years and I’m grateful Merren will continue as Tigerair CEO to help guide the business through this transitional period. I’d also like to thank Merren for acting as VAA Chief Commercial Officer over the past three months.”

- A new **Chief Strategy & Technology Officer** role has been created, and a recruitment process is currently underway.
- The Chief Legal and Risk Officer, Chief People & Culture Officer, CEO Velocity and Company Secretariat roles remain unchanged.

**ENDS**

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## APPENDIX A

### Chief Financial Officer - Keith Neate

Mr Keith Neate will join the Virgin Australia Group as Chief Financial Officer (CFO) on 2 September 2019.

He is a seasoned company CFO and returns to the Group with more than 30 years' experience leading effective financial transformation and cost management programs across a number of capital-intensive organisations.

Most recently, Mr Neate held multiple roles at Aurizon Holdings. He joined the company as CFO of the Coal business in 2011 and held the role of Group CFO from 2012 to 2016. Before joining Aurizon, Mr Neate was CFO at Virgin Blue for eight years. During this time, he led the successful IPO of the business and oversaw its financial management during a significant period of growth in customers, people, fleet and revenue.

Mr Neate holds a Bachelor of Arts, Accountancy and Economics, from Huddersfield University. He is a Fellow of the Institute of Chartered Accountants, England and Wales, and a Board Director of the Financial Executives Institute.

## APPENDIX B

### Chief Operations Officer – Stuart Aggs

Mr Stuart Aggs has been appointed Chief Operations Officer (COO) after acting in the role for the past three months.

Mr Aggs has been with the Virgin Australia Group for 15 years, holding a variety of operational roles across compliance and regulation, safety, and flight operations. Prior to this appointment, he was Director of Group Flight Operations for three years.

Mr Aggs is currently endorsed by the Civil Aviation Safety Authority (CASA) as the Air Operator's Certificate (AOC) Accountable Manager for Virgin Australia Airlines and Virgin Australia International Airlines.

Mr Aggs has over 20 years' experience in aviation and holds a Masters Degree in Science & Technology from the University of New South Wales, Sydney. He holds a Boeing 737 aircraft type rating and is a Fellow of the Royal Aeronautical Society, United Kingdom.

## APPENDIX C

### Chief Commercial Officer – John MacLeod

Mr John MacLeod will join the Virgin Australia Group as Chief Commercial Officer (CCO) on 8 October 2019.

He brings more than 30 years' commercial aviation experience, across Sales, Distribution, Alliances, Digital, and Revenue and Network Management.

Most recently, Mr MacLeod was Vice President, Global Sales & Alliances at Air Canada, and prior to that held senior commercial leadership roles at Virgin America, WestJet Airlines, Alaska Air Group and Air New Zealand.

He holds a Bachelor of Mechanical Engineering from the University of Cape Town and an MBA from the Schulich School of Business at York University, Toronto.

Mr MacLeod was born in South Africa and is relocating with his partner to Brisbane from Toronto, Canada.