



VIRGIN AUSTRALIA ENTERS VOLUNTARY ADMINISTRATION

News / Airlines, Finance



Virgin Australia has entered voluntary administration to recapitalise the business and help ensure it emerges in a stronger financial position on the other side of the COVID-19 crisis. The Group's Board of Directors has appointed Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes of Deloitte as voluntary administrators of the company and a number of its subsidiaries. Velocity Frequent Flyer, while owned by the Group, is a separate company and is not in administration.

The decision comes as the Group has continued to seek financial assistance from a number of parties, including State and Federal Governments, to help it through the unprecedented crisis, however is yet to secure the required support.

Virgin Australia will continue to operate its scheduled international and domestic flights which are helping to transport essential workers, maintain important freight corridors, and return Australians home. The administrators will be supported by the Group's current management team, led by Chief Executive Officer Paul Scurrah, and will work closely with team members, suppliers, and partners throughout the process.



Administrator, Vaughan Strawbridge, said: “Our intention is to undertake a process to restructure and re-finance the business and bring it out of administration as soon as possible.

“We are committed to working with Paul and the Virgin Australia team and are progressing well on some immediate steps. We have commenced a process of seeking interest from parties for participation in the recapitalisation of the business and its future, and there have been several expressions of interest so far,” said Mr Strawbridge.

Virgin Australia Group Chief Executive Officer, Paul Scurrah, said: “Our decision today is about securing the future of the Virgin Australia Group and emerging on the other side of the COVID-19 crisis.

“In 20 years, the Virgin Australia Group has earned its place as part of the fabric of Australia’s tourism industry. We employ more than 10,000 people and a further 6,000 indirectly, fly to 41 destinations including major cities and regional communities, have more than 10 million members of our Velocity loyalty program, and contribute around \$11 billion to the Australian economy every year,” said Mr Scurrah.

“Australia needs a second airline and we are determined to keep flying. Virgin Australia will play a vital role in getting the Australian economy back on its feet after the COVID-19 pandemic by ensuring the country has access to competitive and high-quality air travel.”

The Board of Directors regret that these events have come to pass and acknowledge all the Group’s employees for their hard work and contribution. The COVID-19 pandemic came as the Group was progressing on a significant transformation program to reset its cost base including consolidating its workforce, simplifying the fleet, withdrawing from unprofitable routes and reviewing and renegotiating supplier agreements.



21 APRIL 2020

ARTICLE LINK:

<https://50skyshades.com/index.php/news/finance/virgin-australia-enters-voluntary-administration>