

Key resources

Foundation of our business

People

Customer proposition

Brand

Partnerships & suppliers

Network & slots

Fleet

Technology

Capital structure

Business lines

Three brands, winning together

virgin atlantic 

 **HOLIDAYS**

virgin atlantic  **cargo**

Plan to Win

How we do it

People – Us at our Best

- The Virgin Atlantic ethos is that if we look after our people, they will look after our customers.
- We recognise that our people are our biggest differentiator and we ensure that they can be at their best by connecting them to our purpose and values, giving them the tools they need, and recognising their performance.

Customer – Loved for Service

- Our focus is always for the customer with flair.
- We strive to deliver a personalised and effortless experience that differentiates us from other airlines and tour operators.



Shifting Gears – Building the Platform

- Transforming our business by building an organisation that is resilient, with the flexibility to meet our customers' needs and a cost base that reflects the size of our business.
- Investing in technology transformation that equips our people with the tools to deliver great service.

Performance – Delivering the Goods

- We deliver the goods financially and operationally by realising the full potential of our Joint Venture with Delta, and realising the potential for closer co-operation between Virgin Holidays and Virgin Atlantic.
- We also achieve deep integration with other airline partners to increase network reach, provide short haul feed and optimise operational performance.

Outcomes

Creating value for our stakeholders

People

9,823

employees

Customers

#1

for UK-TATL customer satisfaction¹

Partners

35,000

pax per month connecting to / from Delta domestic flights

Environment

23.7%

reduction in aircraft CO₂ since 2007

Shareholders

4.1%

ROIC²

1. IATA airs@t transatlantic 2017

2. Return on Invested Capital (ROIC) has been calculated as EBIT divided by net assets deployed, less net debt. Adjustments are made to EBIT and net assets to account for those aircraft operated under operating leases and mark-to-market movements on open contracts.

People – Us at our Best



Key developments

Open communications – connected leadership

Our plan is designed to engage and connect our people, putting them at the heart of everything we do. We took a significant step forward in modernising how we communicate in September, with the launch at Virgin Atlantic and Virgin Holidays of Workplace by Facebook. We introduced Workplace as a new way for us all to connect, work together, share stories and ideas, ask questions and provide feedback, at any time, from anywhere, on any topic. Right from the launch, Workplace proved its worth and has helped us change our business for the better. 77% of our people are using it regularly.

We launched a new internal TV programme, Ruby On Air. Made by, featuring and enjoyed by our people. Ruby On Air has proven a highly engaging way of keeping our people updated and connected with everything going on across both businesses.

Our Engagement Survey results from 2017 were significantly improved providing a clear indication that we are going in the right direction.

Building our talent pipeline

Early in 2017, we took significant steps towards ensuring we had the right senior management structure to support our long-term vision. Following on from organisational design work carried out in 2015, we undertook further work to become fitter and nimbler in how we make decisions and to ensure our people are as connected as possible. The result was a management structure which:

- **develops key leaders** – one third of our senior leaders took on new functions or broader responsibility;
- **promotes collaboration and innovation across departmental lines** – we introduced a new business structure to prevent ‘siloes’ and encourage closer working; and
- **reduces the overall cost of our senior leadership structure** – we reduced our total senior leadership costs by £5.8m in 2017.

Nurturing future leaders

In June, we kicked off a refreshed talent development plan. So far, 80 of our senior leaders have been through a programme of masterclasses that form the basis of our new Executive Development Programme (EDP).

We made a successful application to the UK Government to be an employer apprentice scheme provider. This enables us to deliver our own industry-recognised apprenticeships, investing in future talent for Virgin Atlantic and our industry. We also successfully relaunched apprenticeship programmes in our Engineering and Maintenance division, for both Virgin Atlantic and Virgin Holidays.

In October, we were one of the first airlines to launch fast track recruitment schemes for individuals affected by the closure of Monarch Airlines, helping cabin crew, pilots, and engineers secure new roles.

We unveiled a completely changed approach to our Wellbeing programme, introducing a comprehensive strategy under the ‘Living Well, Working Better’ banner, focusing on three aspects of wellbeing: mental health, physical health and financial health. Our efforts in wellbeing were recognised when we achieved the National Workplace Wellbeing Charter in November – the first Company to do so in West Sussex.

95%

feel proud to work for Virgin Holidays

86%

would still like to be working with Virgin Holidays in 12 months’ time

95%

care about the future of Virgin Holidays

86%

of employees are proud to work for Virgin Atlantic

78%

would still like to be working with Virgin Atlantic in two years’ time

95%

care about the future of Virgin Atlantic

Customer – Loved for Service



Key developments

A new plan to delight our customers

With a customer investment programme of £300 million over four years up to the end of 2018, we are committed to being the leading airline for irresistible customer service. We have created a new plan built on four pillars – engagement, excitement, excellence and efficiency. Our focus is on engaging our customers, with flair. We do this by:

- striving to deliver a personalised and effortless service where we engage with our customers to make friends with them;
- delivering excitement with Virgin flair and innovation, understanding our customers' needs and constantly asking 'what if?' to meet them;
- remembering that excellence is not an act but a habit; we are focused on getting it right every time with continuous improvement; and
- being competitive on price, knowing that our efficiency is critical to delivering real customer value.

Delivering irresistible experiences

Through Me and My Leadership and Me and My Customer programmes, all of our cabin crew have undertaken training to understand how we make friends with our customers and truly understand their needs. This has led to dramatic improvements in our NPS scores and has also helped to drive engagement.

From January we welcomed our customers to a fabulous new environment at Gatwick's North terminal. The successful move from Gatwick South enabled us to create a next generation check-in area, making the process more sleek, simple and welcoming for our customers. A brand new Clubhouse and Virgin Holidays v-room further enhances our award winning customer experience, with a fresh and exciting place for our customers to relax and enjoy. There are great new environments for our teams too, with improved office spaces for our Flight Deck, Cabin Crew, Engineering and Airports teams.

Innovations that excite

We continued to invest heavily in customer excitement with significant seat and experience innovations due to launch on our new A350 aircraft from 2019 and some interesting new customer touches on the three A332 aircraft from March 2018.

A new food and beverage programme is being developed that will see closer synergy between our Clubhouse and Upper Class offer and greater differentiation of Premium Economy.

Our limo offer has been revised to ensure we can be more competitive. We now offer a great value transfer service that has been exclusively developed with our partners for all customers.

Investing in what customers value

Our focus on investing in what customers really value and not in what they don't has realised significant savings that can be re-invested into new ground and air products and experiences. Working with new partners we have overhauled our inflight entertainment with a new magazine and content, and have become the first European airline to offer Wi-Fi across our entire fleet.

Our Customer Centre will become more unique as it focuses on being the sales and service channel of choice to surprise and delight our customers, especially during the infrequent occasions when things go wrong. A new more proactive service is being developed as we reduce the number of calls that customers need to make, following improvements in our online ability to help customers self-serve.

Performance – Delivering the Goods



Key developments

Realising the full potential of our Joint Venture with Delta

Our Delta Joint Venture enabled us to connect 35,000 passengers per month to and from Delta domestic flights, an 18% increase since the start of the Joint Venture. Virgin Atlantic and Delta maintained the #1 and #2 spots in customer satisfaction rankings for UK-US traffic. By optimising the benefits of our Joint Venture, Virgin Atlantic grew traffic from the US by 4.4pts to 30%¹, while Delta grew traffic from the US by 7.1pts to 63% compared to 2016.

Overall, this year we have seen 20% more US based travellers onboard Virgin Atlantic flights.

We continue to optimise our relationship with Delta and established cross functional focus group tracking. This proved to be a success as Delta's UK revenue grew by 10.4% and UK familiarisation increased by 6pts compared to 2016. In addition Delta maintained its number one position for on-time performance across the Atlantic at London Heathrow.

We continued leveraging the shared technology platform of AIR4 to innovate for all our customers and we are delighted that the new US head office for Virgin Atlantic opened in Delta's HQ in Atlanta has enabled stronger communication and efficiency.

Realising the potential from closer co-operation between Virgin Holidays and Virgin Atlantic

We continued to focus on delivering further revenue and cost synergies between the two brands, with Virgin Holidays investing in new v-room retail stores, digital experience enhancements and the Experiences product launch. Because of our continued investment in the digital experience, in 2017, 34% of our holiday passengers booked online, up from 30% in 2016.

Partnerships

Our Flybe codeshare expanded to include their new Heathrow-Scotland services and we expanded our Jet Airways partnership to cover US-India flying as well as ten new destinations in India and South East Asia. We also announced a codeshare with Virgin Australia, creating all-Virgin travel experiences between the UK and Australia, due to start in March 2018.

1. The ratio for US to UK originating traffic.

Shifting gears – Building the Platform



Key developments

Platform to Serve

Platform to Serve has the power to make our customer experience stand out from the pack. Through the combination of a new Customer Relationship Management (CRM) tool, crew mobile devices and a new Campaign Management tool, we delivered a much more personalised service to our customers, gathering knowledge, always with their consent, so we can offer a seamless, human experience pre-flight and onboard. It will also help us make our marketing campaigns even more effective.

In 2017, we continued investing in the platform, laying the foundations for a single customer view – a secure, 360-degree repository of information that comprises approximately 2.5m customers, primarily Flying Club members. Our total investment in Platform to Serve, both in capital expenditure and in operating expenses, over the last two years reached £9m.

By pairing CRM technology with our loyalty and reservations systems, Virgin Atlantic customer service centres can now more closely manage and tailor customer journeys – for example pre-informing crew that a couple are travelling on honeymoon, or that a customer is a nervous flyer.

In addition to our customer centre teams, we continued to equip our front-line staff with mobile devices, which present relevant information about our customers to enable meaningful personalisation of their travel experiences, including a further 800 tablets to our Onboard Managers.

These devices have also allowed us to roll out a new Performance Management system that stores employee performance data and upwards and downwards feedback from colleagues, helping everyone deliver that unique Virgin Atlantic experience.

Key onboard catering processes have also now been digitised, resulting in quicker feedback loops when we deploy new menus and improved turnaround times for customers requiring a special dietary meal on their next trip.

AIR4 Roadmap

Through our Joint Venture, we share technological benefits as Delta has a seat at the table to help determine AIR4's future roadmap.

Delta funds more than \$1bn into its technology estate every year, with a significant percentage building capability and enhancements into Deltamatic and therefore AIR4, which over the past year has delivered 99.95% uptime.

In 2017, our operations teams saw significant benefit in the use of new AIR4 tools to re-accommodate our customers during times of schedule disruption (e.g. weather events and aircraft equipment changes). This allowed our customers far faster and simpler rebookings onto new onward journeys. Furthermore, airports teams have more streamlined processes for improved customer service through combining multiple functions (e.g. kerb side check in, bag drops, lobby check in, boarding and departure) into a unified service platform. Finally, and most importantly, our customers have access to a significantly improved mobile app. Our investment in capital expenditure over the last three years in AIR4 reached £55m.