



SOUTH AFRICAN AIRWAYS

South African Airways
Airways Park, Jones Road
OR Tambo International Airport
Johannesburg, South Africa

Private Bag X13
OR Tambo International Airport
1627

South African Airways (SOC) Limited (in business rescue)

Registration number 1997/022444/30

(“SAA” or “The Company”)

March 2020

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

In terms of section 132(3)(a) of the Companies Act 71 of 2008 (“Act”)

Prepared by:

Leslie Matuson and Siviwe Dongwana

Joint Business Rescue Practitioners (“BRPs”)

Directors

TN Mgoduso (Interim Executive Chairperson), ZM Ramasia (Acting Chief Executive Officer), DJ Fredericks (Interim Chief Financial Officer), AH Moosa* (Independent Lead Director), AI Bassa*, ML Kingston*¹, HP Maluleka*, G Rothschild*, MP Tshisevhe*

*Non-Executive Director

¹ British Citizen

Company Secretary – RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER 

1. Introduction

1.1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must –

1.1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and

1.1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:

1.1.2.1. Court, if the proceedings have been the subject of a court order; or

1.1.2.2. Commission, in any other case.

1.2. Therefore, as required, this **First Update Report** is being tabled in terms of section 132(3)(a).

2. Progress of the Business Rescue Proceedings

2.1. First Meetings of Creditors and Employees

The first meetings of creditors and employees were convened on 20 December 2019.

2.2. Creditors’ Committee Meeting

2.2.1. A creditors’ committee was formed at the first meeting of creditors and the committee then elected an independent chairperson, Juliette de Hutton, to chair future creditors’ committee meetings.

2.2.2. The BRPs were invited and attended the first meeting of this committee on 6 February 2020.

2.3. Employees’ Committee Meetings

2.3.1. An employees’ committee was formed at the first meeting of employees and the committee then elected an independent chairperson, Cloete Murray, to chair all future employees’ committee meetings.

2.3.2. The employees’ committee met on 5 January 2020, 31 January 2020, 3 February 2020 and 6 February 2020.

2.4. Extension of the Date for the Publication of the Business Rescue Plan

On 27 February 2020, the BRPs received consent from the holders of a majority of the Company's voting interests to further extend the date for the publication of the Company's business rescue plan from 28 February 2020 to 31 March 2020.

2.5. Post-Commencement Finance

2.5.1. Shortly after the commencement of business rescue, the BRPs received Post-Commencement Finance ("PCF") of R2 billion from certain South African banks.

2.5.2. During January 2020, the BRPs received additional PCF of R3.5 billion from the Development Bank of Southern Africa Limited.

2.6. Additional Actions

2.6.1. The BRPs engaged advisors to assist and assess the feasibility of the SAA group, its operations and develop options to rescue the airline.

2.6.2. The BRPs and their advisors engaged with the various stakeholders to discuss, *inter-alia*, the following:

2.6.2.1. Development of a turnaround plan.

2.6.2.2. Publication of the business rescue plan.

2.6.2.3. Cash flow management and cost reduction initiatives.

2.6.3. The BRPs and their advisors continue to engage with interested parties for strategic partnerships and for the disposal of non-core assets.

3. Proof of Claims

3.1. Many claims have been lodged with the BRPs for proof but there still remains a large number of claims outstanding. Creditors who have yet to submit their claims are encouraged to do so before the publication of the business rescue plan.

3.2. Claims can be submitted via the online form, which can be found on www.matusonassociates.co.za/saa. A claim form has been provided ([Manual Claim Form](#)) for those unable to complete the online form.

3.3. A mechanism for the resolution of disputed claims will be included in the business rescue plan, unless any dispute can be resolved between the BRPs and the creditor.