



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”, “The Company”)

May 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:

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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 **Third Update Report** is being tabled in terms of section 132(3)(a).

2. Since the Second Update Report of April 2020

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

2.1.1. On 31 May 2020, the BRPs received the requisite support from creditors to further extend the date for the publication of the business rescue plan (“plan”) from 29 May 2020 to 8 June 2020.

2.1.2. The Draft Plan was distributed to the Creditors’ and Employees’ Committee Chairpersons for comment on 31 May 2020.

2.1.3. Upon request from the unions who jointly comprise the majority of employees at SAA being NUMSA, SACCA and SAAPA, the publication of the plan was again extended to 15 June 2020.

2.2. Employees

2.2.1. Following further litigation by the trade unions NUMSA and SACCA and the subsequent granting of leave to appeal to SAA, the section 189 retrenchment process has been suspended until the matter is settled by the Labour Appeal Court.

2.2.2. The Shareholder, unions and non-unionised employees have since formed a Leadership Compact Forum (“LCF”) where all labour related matters including employee numbers, terms and conditions of employment and structures for the restructured airline will be negotiated. It must be noted that the BRPs are not party to the discussions and agreements of the LCF but have been advised of the progress of such discussions.

2.3. Development of a Plan

2.3.1. Following numerous engagements with the Shareholder and other Affected Parties, the Business Rescue Plan is in the final stages of development and the envisioned restructuring will be laid out therein.

2.3.2. This restructuring will need to be supported by funding that will need to have been obtained from either the shareholder, external funders with the support of the shareholder and/or equity funding from a strategic equity partner.

2.3.3. The Business Rescue Plan will now be published on 15 June 2020.

2.4. Impact of COVID-19

2.4.1.1. Other than the repatriation and cargo charters, no commercial operations have taken place during the month of May 2020.

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 and creditors who have yet to submit their claims are encouraged to do so before the publication of the 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 plan, unless any dispute can be resolved between the BRPs and the creditor.