BUSINESS RESCUE FOR SAA – AN ABSURD MISDIAGNOSIS

News / Airlines, Finance

South African Airways (SAA) needs a going concern government guarantee in order to finalise its Annual Financial Statements (AFS). The matter has been brought to the attention of the shareholder representative (National Treasury) and there are extensive, on-going engagements on the matter with the aim of finding a resolution and to provide certainty to all concerned. This does not mean the company is facing liquidation as no such decision has been communicated by the South African government as the sole shareholder of the airline.

Similarly, SAA does not need to be placed under business rescue as the airline is able to and continues to pay its debts as and when they become due and payable. The airline has neither defaulted nor been unable to meet its obligations to service its debts – a key determining factor to justify placing a company under business rescue. Those advocating for business rescue are making an absurd misdiagnosis.

The proponents of these claims appear to be gravely oblivious of the effects these statements have not only on the airline but on the country as well.

It is highly unlikely that there will be service interruptions in September and/or October anywhere on our route network, including Hong Kong, due to the grounding of our aircraft. Where concerns are raised by the relevant regulatory authorities, we continue to engage with them to ensure that

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we remain compliant and continue to operate.

Image result for South African Airways

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We would like to assure all our customers that as part of our compliance and business continuity processes, we constantly ensure that we meet the compliance requirements in all jurisdictions and markets where we operate.

The Board continues to do everything in its power to ensure that SAA gets government guarantees. We have also engaged with the shareholder on the licensing issue which also relies on shareholder financial assurances for its renewal by the end of September.

Whilst it is true that the airline's balance sheet needs to be strengthened, it is important to understand that its funding requirements, whether in the form of guarantees by the shareholder or a cash injection (which the airline has not received for more than a decade), are intended for future and not current or immediate obligations.

SAA has a sound professional relationship with its shareholder representative, Finance Ministry and the National Treasury. We have never understood the relationship to be personal in any way between ourselves to a point where it is characterised as a rift between the Minister and the Board chairperson at SAA, Ms Dudu Myeni. SAA reject such averments as they have no basis in fact. They appear to be driven by those with an agenda aimed at driving a wedge between the Minister and Ms Myeni. They must not be allowed to succeed.

The airline would also like to reiterate that SAA Board members do not appoint themselves. Board members serve at the invitation of the shareholder representative. It follows that any Board rotations and/or new appointments to serve, is a prerogative of the shareholder representative.

The airline is resilient and has overcome challenges in the past – consequently, we remain confident that resolutions on these matters will soon be found.

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