

TAKATSO AVIATION STATEMENT IN RESPONSE TO FINANCE MINISTER'S BUDGET SPEECH

ISSUED BY: TAKATSO AVIATION

DATE: 22 FEBRUARY 2023

EMBARGO: NONE

Takatso Aviation welcomes the provision made in the Finance Minister's budget today, for the appropriation of R1 billion to South African Airways (SAA), in partial fulfilment of government's commitment to settle the airline's historical debt, initially quantified at around R13.5 billion. The bulk of the original amount has already been settled. This appropriation stems from the processes that led to SAA's exit from the business rescue process (BRP) in April 2021. It is a commitment made by government as shareholder to the BR creditors prior to Takatso Aviation being chosen in June of that year, as the preferred SAA Strategic Equity Partner. The budgeted R1 billion will settle some, but not all of the outstanding amount. It therefore falls short of what it would have taken for government to completely clear this obligation, which is one of the conditions for the finalisation of the SAA Transaction with the SEP. The partial fulfilment of this obligation is not what Takatso Aviation had expected. We will therefore have to assess the impact thereof on progress of the transaction.

"The unease Takatso Aviation funders have with signing-off on the release of the funds we're mobilizing for our R3 billion commitment to SAA, while the outstanding BRP debt subsists, is an issue we have highlighted time and again. Part of the context for this unease is the well-known fact that this debt burden stems from SAA's past financial distress. We therefore need to assess whether a partial fulfilment of government's undertaking to clear this debt changes anything, in our financing process" said Takatso Aviation Director Lizeka Matshekga.

Takatso Aviation reiterates its commitment to seeing the transaction to finality, and is currently engaged with the Competition Commission to finalise the merger clearance. Takatso Aviation is looking forward to building SAA up as an agile, sustainable, and commercially viable African airline, that will stimulate and transform the aviation sector, while also flying the South African flag high. Takatso Aviation is currently in ongoing engagements with government for an appraisal on the current situation with regard to the final settlement of its outstanding financing obligations emanating from the BRP. We look forward to more discussions with government in the coming weeks, on the BRP obligations issue, as well as the other conditions still to be fulfilled to accelerate the transaction to finality.

We also wish to emphasize that in the context of an ever-evolving market, time is of the essence if the parties to the agreement are to seize the current moment characterized by a buoyant aviation sector.

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FOR MORE INFORMATION AND INTERVIEWS CONTACT

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