

# Comair reaches two major milestones in its business rescue process

Comair's business rescue process has navigated past two important milestones this week as the investors secured the required credit approval from various lenders of debt funding, as well as approval from various regulators necessary for their investment in Comair to proceed.



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Among the suspensive conditions in the Comair business rescue plan were the requirements to reach a collective agreement with trade unions representing 50% + 1 employees, and for the investors to secure credit approval from various commercial lenders for new debt funding and the deferral of repayments on existing debt.



## Comair confirms publication of a business rescue plan

3 Sep 2020



The first of these was met late last month. The second was achieved earlier this week when various lenders confirmed they would provide the requisite new debt and that capital and interest repayments in respect of existing debt would be deferred for certain agreed periods.

Comair also welcomed the Competition Commission's approval of SA Bidco's proposed merger with Comair resulting in its acquisition of the business, with certain conditions. These include that after the current retrenchment process is concluded, Comair may not initiate further retrenchments as a result of the merger for three years from the flying start date, unless retrenchments are lawfully effected for operational requirements unrelated to the merger. Employees who are forcibly retrenched within the current process will have a recall period of three years should jobs become available and these employees are suitably qualified for the roles.

Richard Ferguson, one of the business rescue practitioners said that the focus is now on ensuring the remaining conditions are met so the investment can proceed and become unconditional before the end of November 2020.

"We have reached some major milestones in the business rescue process this week and we are making good progress in finalising the investment."

## **Rebuilding the aviation sector**

Comair CEO, Wrenelle Stander welcomed the recent, significant developments and said the business rescue process had been difficult for everyone at Comair, however, that it was encouraging that these further major milestones have been reached.

"We knew that the business rescue process wasn't going to be easy, however, when the lockdown grounded us and we weren't able to earn any revenue it was the only way to save the company and most of the jobs. It is very reassuring that we took the right decision at the time. It is certainly encouraging that such material progress has been made toward returning to service."

Glenn Ormond, representing the Comair Rescue Consortium, said he was confident that Comair flights would be back in the air in December. He said precise timings and details would be announced in due course.

"We're immensely grateful for all the support we've had from everyone to reach this important point. We're all looking forward to welcoming the flying public back on board again and for Comair to help rebuild the aviation sector and play our part in South Africa's economic revival."

It is anticipated the business rescue process will be concluded by 31 March 2021, after which Comair will continue to operate as a sustainable business.

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