



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

UPDATE ON SOUTH AFRICAN AIRWAYS

The National Treasury has been working closely with South African Airways (SAA) to ensure that the airline has the cash it needs to meet its obligations when they fall due.

Steps taken include:

- repatriating funds from overseas
- efforts to secure further short-term bridging facilities. Of the R14.4 billion in guarantees extended to SAA, the airline has R2 billion it has not utilised, which can be tapped for additional financing.

National Treasury has been in contact with several of the lenders currently providing SAA with unguaranteed short term facilities and indications are that the banks are not intending to withdraw their facilities at this time. Regular engagements with lenders have been taking place since 2014 and will continue until the airline is stabilised.

SAA submitted its request for a going concern guarantee during December 2015. National Treasury is currently considering this request. The approval of the guarantee is essential for finalising SAA's financial statements on a going concern basis. Once finalised, the Annual General Meeting will be held and the Annual Financial Statements will be tabled in Parliament.

National Treasury's efforts, under the direction of the Minister of Finance Mr. Pravin Gordhan, are focused on ensuring that:

- The airline is stabilised in the short term and has cash to meet its requirements
- Governance and leadership issues are addressed e.g. appointing a full board and speeding up the process of appointing a permanent CEO as these are essential for stabilising the airline
- The airline returns to a stronger financial footing in the medium to longer term

"The goal in the longer term is to ensure that the airline is able to operate without support from the state, as should be the case with all State-Owned Entities," said Finance Minister Pravin Gordhan. He added that SAA is open for business and will remain so.

Issued on behalf of National Treasury

Date: 20 January 2015

