

Comair Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 1967/006783/06)
ISIN: ZAE00002983
Share Code: COM
("Comair" or "the Company")



CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the interim results announcement for the 6 months ended 31 December 2019 released on SENS on 26 February 2020 ("**the Announcement**") wherein shareholders were advised that, mainly as a result of South African Airways going into Business Rescue and failing to pay Comair an amount of R790 Million (Net R505 Million), the Company made an operating loss for the period of R562 million.

In terms of the Announcement, operating expenses had increased by 13% to R3.6 billion (prior period: R3.1 billion) as a result of significantly higher fleet and maintenance costs, as well as the grounding of the 737 MAX 8 aircraft.

Since the Announcement, the entire world has been affected by the COVID 19 outbreak and lockdown measures imposed by national governments to combat this virus.

Comair welcomed the decisive action taken by Government in curbing the impact of COVID 19 on all South Africans. Of primary importance is the health and well being of our staff and their families as well as our customers.

For the period 17 March to 30 April 2020, in terms of the lockdown, Comair has been unable to operate. Comair has however been monitoring the information released by Government closely. However, in terms of Governments latest requirements for the gradual upliftment of the lockdown in terms of a five-level risk assessment process, it appears that restricted air travel will commence at Risk Level 3, full domestic air travel at Risk Level 2 and regional and International air travel at Risk Level 1. The level of the prevailing COVID 19 risk will determine the progression from Risk Level 5 to Risk Level 1. In terms of the Governments requirements, it is not anticipated that Comair will commence operating prior to October or November 2020.

Throughout this challenging and uncertain time, management has been working tirelessly to secure and manage the business effectively by implementing a turnaround process focusing on cash preservation, cost cutting, disposal of non-performing assets and a strengthening of the balance sheet, working with external re-structuring advisors to reduce costs, preserve short term liquidity as well as the restructuring of the balance sheet for long term sustainability. However, since the imposition of the lockdown, there has been no revenue generated by any of the business divisions. Actions to date include:

- Finalisation of Phase 1 of the two phase s189A process, resulting in a decrease of the number of executives, with a cost reduction of R23 million;
- Initiation of Phase 2 of the Section 189A process to reduce the number of staff overall;

- Mutual termination of the STAR Air Cargo transaction was cancelled;
- Disposal of the Course Restaurant;
- Closure of SLOW in the City;
- Active engagement of Boeing on the cancellation of the 737 MAX 8 orders and payment of compensation relating to the grounding of the 737 MAX 8;
- Participation in industry initiatives to lobby Government for special aid for the airline industry; and
- Negotiations have commenced with the banking industry for the purpose of securing bridging finance. These negotiations are ongoing. The possibility of raising additional equity capital via a convertible preferred share or convertible loan note issuance is being investigated.

Although, the Company was experiencing financial headwinds prior to the COVID 19 outbreak, the five week lockdown has caused the situation to rapidly deteriorate to a point where the Company finds itself in a very difficult financial position and shareholders are advised to exercise caution when dealing in the Company's securities until a further announcement is made.

Bonaero Park
30 April 2020

Sponsor
PSG Capital



IMPORTANT NOTICE TO FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS

FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS IN COMAIR LIMITED ("COMAIR") SHOULD NOTE THAT, IN ORDER TO ENABLE COMAIR (AS A LICENSED AIR SERVICES OPERATOR IN SOUTH AFRICA) TO REMAIN COMPLIANT WITH THE FOREIGN OWNERSHIP RESTRICTION CONTAINED SECTIONS 16(4)(c) AND 19(a) OF THE AIR SERVICES LICENSING ACT, NO. 115 OF 1990, THE VOTING RIGHTS OF FOREIGN SHAREHOLDERS MAY BE DECREASED PROPORTIONATELY SUCH THAT THE VOTING RIGHTS OF FOREIGN SHAREHOLDERS DO NOT, IN AGGREGATE, EXCEED 24.99%. FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS ARE REFERRED TO THE COMAIR'S MEMORANDUM OF INCORPORATION AND WEBSITE (www.comair.co.za) FOR FURTHER DETAILS. IF FOREIGN SHAREHOLDERS OR PROSPECTIVE INVESTORS ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE THEY SHOULD SEEK ADVICE FROM THEIR BROKER, ATTORNEY OR OTHER PROFESSIONAL ADVISER.