

Comair Limited  
(Incorporated in the Republic of South Africa)  
Reg. No. 1967/006783/06  
ISIN Code: ZAE000029823  
Share Code: COM  
("Comair" or "the Company" or "the Group")

#### **FURTHER TRADING STATEMENT**

Shareholders are referred to the trading statement released on the Stock Exchange News Service ("SENS") on 4 December 2019 in which Comair advised that earnings per share ("EPS") and headline earnings per share ("HEPS") would be more than 20% lower than the previous corresponding period. Comair is currently finalising its results for the six months ended 31 December 2019 and in this regard, shareholders are advised that EPS and HEPS are expected to be more than 170% lower than that of the EPS and HEPS for the six months ended 31 December 2018 ("comparative period"), resulting in a headline loss for the period.

The decrease in earnings relative to the comparative period is attributed to an increase in operational costs pertaining to aircraft lease and maintenance costs arising from the replacement of five owned B737-400 aircraft with five leased B737-800 aircraft. In addition, there has been an increase in aircraft line maintenance costs arising from the transition of the fleet from SAA Technical to Lufthansa Technik.

Furthermore, earnings continue to be negatively impacted by cumulative losses incurred as a result of the ongoing grounding of the Boeing MAX 737 8. No accrual for compensation from Boeing has been raised to date however, negotiations are underway.

#### **RECOVERABILITY IN RESPECT OF SAA DAMAGES CLAIM RECEIVABLE**

Shareholders are referred to the announcement released on SENS on 15 February 2019 wherein the Company advised Shareholders that it had entered into a full and final settlement agreement ("Settlement Agreement") with SAA and which Settlement Agreement was made an order of Court by the Supreme Court of Appeal.

In terms of the Settlement Agreement, SAA would pay Comair a settlement amount of R1 108 040 000 plus interest ("Settlement Amount"). The Settlement Amount would be made in accordance with a payment schedule commencing 28 February 2019 and terminating on 28 July 2022.

SAA failed to make the payment of the capital and interest amount due on 28 December 2019. Consequently, SAA is in breach of its obligations in terms of the Settlement Agreement, and the full outstanding amount of R790 million, as at 31 December 2019, became due in terms of the Settlement Agreement.

Furthermore, SAA was placed into voluntary Business Rescue on 5 December 2019. The Business Rescue Practitioner is required to determine whether or not there is a reasonable prospect of a successful business rescue. If not, SAA will be placed into liquidation.

Consequently, the future recoverability of the outstanding amount is uncertain. A loss allowance of R285 million was provided for in terms of IFRS9 loss allowances against the SAA damages claim receivable as at 30 June 2019, prior to SAA going into Business Rescue. The IFRS9 loss allowance as at 31 December 2019 remains to be determined, with reference to the outcome of the Business Rescue proceedings in respect of SAA. Shareholders are advised to remain alert for further updates in this regard.

## **UPDATE ON SUSPENSION OF BOEING 737 MAX**

Operations of the Boeing 737 MAX 8 aircraft were suspended on 13 March 2019 by the US Federal Aviation Administration. As a result, one 737 MAX 8 owned by Comair was grounded, the second 737 MAX 8, due for delivery in March 2019 was also delayed for this reason and a third delivery is expected to be delayed beyond its contracted delivery month of February 2020. Shareholders are advised that no revised delivery dates have been forthcoming from Boeing.

The financial information on which this trading statement is based has not been reviewed and reported on by Comair's external auditors.

## **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](http://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.

Bonaero Park  
13 February 2020

Sponsor  
PSG Capital