

COMAIR LIMITED (IN BUSINESS RESCUE)

18 JUNE 2020

redfordcapital

SHAREHOLDER CONSULTATION ON KEY ELEMENTS OF BR PLAN

18 JUNE 2020

AGENDA

1. Welcome
2. Key elements of the plan
3. Questions / suggestions by Shareholders
4. Close

WELCOME

Purpose of this Presentation

- Advise on Key Dates since the Business Rescue Commencement
- To consult on key elements of the business rescue plan
- Important considerations for shareholders

KEY DATES SINCE BRP COMMENCEMENT

Commencement of Business Rescue Proceedings	5 May 2020
Appointment of the Business Rescue Practitioners	5 May 2020
Notice to Affected Persons in terms of s129(3) and (4)	12 May 2020
Notice to Regulatory Bodies in terms of s140(1A)	12 May 2020
First Meeting of Creditors and Employees Representatives Committee	19 May 2020
Meetings with Lenders and Lessors re: Fleet Plan Rationalization	21-26 May 2020
Preparation of Liquidation calculation i.t.o s150	21 May 2020
Engagement with Unions (on-going)	21 May 2020
Contact with possible Equity investors	25 May 2020
First Meeting of Creditors Committee and Employees Representatives Committee	01 June 2020
Probable Publication of the Plan (Original date 9 June 2020)	23 June 2020
Meeting to vote for Approval of the Plan	7 July 2020
Implementation of all settlement of debts and claims	31 October 2020
Operations commences, subject to restrictions and capitalization	1 November 2020

OBJECTIVE OF THE BUSINESS RESCUE PLAN

- The BR Plan is largely legalistic in nature, in order to comply with various sections of Chapter 6 of the Companies Act, and therefore:
 - It is not a commercial business plan
 - It is a creditors and employees settlement plan, often informed by compromise
 - The plan's basis is informed by the liquidation calculation of the value of the company's assets
- The business rescue plan of Comair Limited, as contemplated in section 128(1)(b)(ii) aims to rescue Comair Limited by restructuring its affairs, business, property, debt and other liabilities. The business rescue plan must also comply with various sections in Chapter 6 of the Companies Act.
- The business rescue plan of Comair Limited, *inter alia*,:
 - A: is partly informed by the independent calculation of the [liquidation] dividend the creditors would receive if Comair Limited were to be placed in liquidation (section 150(2)(a)(iii)); and
 - B: contemplates a compromise with creditors where creditors will receive a better distribution than they would have received in the liquidation of Comair Limited, together with a conversion of debt to equity in Comair Limited, and Comair Limited's consequent release from payment of its debts in order for Comair Limited to continue in existence on a solvent basis (sections 128(1)(b)(ii) read with 150(2)(b)(ii))

KEY ELEMENTS OF THE BR PLAN

- Mothballing of the fleet with passenger domestic service resuming only on 1st of November 2020
 - Services can only recommence on this date due to lack of funding to restart
- Rationalization of the fleet from 27 (incl. inoperable MAX)
- Staff placed on unpaid leave and s189 process continues
 - The unfortunate hardship imposed on the Company's employees is a consequence of the Lock-down, and the restrictions under the Disaster Management Act;
 - Staff will start ramping up on 1 October 2020 to prepare the airline to resume service, including ticket sales

KEY ELEMENTS OF THE BR PLAN (cont)

- Remaining aircraft finance and lease agreements will be re-negotiated/ refinanced with a compromise
 - Existing instalment sale (“ISA”) financiers will be requested to re-tenor agreements and compromise to achieve a decrease in annual cost of financing
- Assets Identified for Sale
 - The BRPs have commenced a thorough review of the other operating assets of the Company, and have commenced discussions with various parties regarding their possible interest in acquiring, as going concerns, either part of or all of these assets
 - These include certain property assets and catering, training, lounges, and online travel and tourism businesses
- Equity/Debt Capital Raise
 - The BRPs have contacted over 40 parties, and have signed NDAs with 6 parties to progress discussions
 - In order to recapitalize the business and recommence flying operations, the Company needs between R1.5 billion and R2.0 billion of fresh capital

KEY ELEMENTS OF THE BR PLAN (cont)

- Dividend Distributions (to Creditors)
 - Expect to settle Creditors with a combination of ordinary share equity and cash (only if Equity/Debt Capital Raise is successful)
 - Existing Lenders and Lessors will be provided with revised financing and lease agreements as part of Distributions (i.e. roll-over relief)
- Existing Shareholders and New Share Issue
 - The existing shareholders will become substantially diluted
 - The BRPs may, subject to section 152(6), issue new securities, including ordinary shares to satisfy the debts and claims, subject to shareholder and JSE approvals, to the extent required;
 - The shares will remain suspended until at least 31 March 2021 (completion of audit and 6 month review)
- Substantial Implementation
 - The target date for the implementation of all settlement of debts and claims agreements shall be 31 October 2020
 - The target date for substantial implementation of the business rescue process is 31 March 2021, when the BRPs will hand back the company to the Board of Directors and Management

Thank You