
Comair to be liquidated

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Comair's business rescue practitioners have today (9 June 2022) lodged a court application to convert the business rescue proceedings into liquidation proceedings.

One of the BRPs, Richard Ferguson, says with its two airline brands – British Airways (operated by Comair and kulula.com), market share, modern aircraft fleet, experienced employees, sales and distributions channels Comair was an inherently viable business. Unfortunately, though, despite their best efforts the BRPs had been unable to secure the capital required for the airline to recommence operations.

“We did our utmost to secure the funding, but when we were unable to do so had no option to lodge the application. It is an extremely sad day for the company, its employees, its customers and South African aviation.” After entering business rescue, Comair was able to start flying again when the Comair Rescue Consortium (CRC) invested R500m for a 99% share of the equity in the company at the time.

Although the amounts indicated by the business rescue plan were invested, the Company unfortunately faced unforeseen headwinds including three further COVID-related air travel lockdowns inter alia the “Red Listing” of South Africa by certain European countries, notably the United Kingdom, the suspension of the Company's AOC in March 2022 by the regulator as well as significantly high fuel prices experienced in the past five months. Each of these events had a material negative impact on the business. The CRC were only able to finance the impact of these events up to a certain point.

The BRPs ongoing requests to the CRC to provide a plan to raise the further funding necessary to absorb the balance of these and other future potential economic shocks were not successful. In the circumstances, the BRPs approached other lenders to raise the funding required. Regrettably when this funding could not be secured before the existing funding was exhausted, scheduled flight operations were suspended on 31 May 2022.

Comair's BRPs continued the process to secure additional funding from other sources but despite several parties expressing interest, they were unable to secure sufficient substantive commitment.

Ferguson said that the company's employees and customers who held bookings or were owed refunds will now become creditors of the Company.

(Comair)