

# Mango Airlines SOC Limited

## First Meeting of Creditors

18 AUGUST 2021



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# Introduction

The main objectives of the meeting are:

- To inform creditors as to whether or not there are reasonable prospects of a successful business rescue;
- To provide for the establishment of a creditors committee;
- Discussion on claims process; and
- The extension of the BR plan publication date.

# Business Rescue

## About Business Rescue:

The New Companies Act of 2008 became effective 1 May 2011

- Business Rescue involves proceedings to facilitate the rehabilitation of a distressed company through
  - the temporary supervision of the company, and of the management of its affairs, business and property;
  - a temporary moratorium on the rights of claimants against the company or in respect of property in its possession.

## The Objective of Business Rescue

The development and implementation of a plan that:

Either

1. Rescues the company by restructuring its debt and equity in a manner that maximizes the likelihood of the company continuing its existence on a solvent basis.

Or

2. If that is not possible, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

The following timeline summarizes key events in the business rescue process

Events	Date
Board resolution commencing business rescue proceedings filed with CIPC	16 April 2021
Commencement of business rescue	28 July 2021
Appointment of the Business Rescue Practitioner – Siphiso Sono	3 August 2021
Notices Published to all Affected Parties	12 August 2021
Notice of First Meeting of Creditors	12 August 2021
<b>First meeting of Creditors</b>	<b>18 August 2021</b>
First Meeting of Employees	18 August 2021
Publication of the Business Rescue Plan	To be confirmed
The Meeting to consider and vote on the Business Rescue Plan	5 to 10 days after

- In terms of section 150(5)(b) of the Companies Act 71 of 2008 (“the Act”), an extension of time within which to publish the business rescue plan (“the Plan”) can be allowed by the holders of a majority of creditors’ voting interests;
- Accordingly, the Plan is to be published by 8 September 2021, should an extension not be approved;
- The BRP hereby requests the creditors approval for an extension to 29 October 2021 to afford the BRP and his team time to undertake all necessary investigations and to develop the business rescue plan;
- A ballot will be sent out to all creditors for completion and submission to [creditorsbusinessrescue@flymango.com](mailto:creditorsbusinessrescue@flymango.com) by **1600 hrs on Friday 20 August 2021**
- Result of the vote will be communicated to all creditors.



The order of priority as set out below:

1. Business Rescue Costs and all associated Business Rescue costs (operating costs, legal costs)
2. Pre-commencement secured creditors
3. Post-commencement employee costs
4. Secured Post-commencement creditors
5. Unsecured Post-commencement creditors
6. Pre-commencement employment costs
7. Pre-commencement concurrent creditors

# Background to Distress of Mango

The Company does not have sufficient resources to pay its current obligations when they fall due:

- The impact of Covid-19 pandemic overall which directly impacted the industry due to national lockdowns and travel bans;
- No revenue generated when flights were suspended between 26 March 2020 and 16 June 2020;
- Tourism industry and hospitality as a whole was severely impacted and the effects are felt by the airlines;
- Parent company SAA was placed in business rescue on 5 December 2020 and only exited business rescue proceedings on 30 April 2021.

# Opinion on Prospects of Rescue

The BR Practitioner is of the view that there are reasonable prospects of rescuing the business, provided

- The approved level of funding is sufficient to fund the restructuring and, should additional funding be required, it will be available;
- There is support from the committees established and all stakeholders.

# Proof of Claims

- Claim forms will be sent by email to all known creditors for outstanding amounts for goods and services rendered prior to the commencement of business rescue being 28 July 2021
- Claims must be submitted as soon as possible to enable the BRP to adequately assess them ahead of publication of the publication of the BR Plan

# Formation of Creditors Committee



- Creditors have a right to form a Creditors Committee
- The objectives and functions of the Committee are to:
  - Consult BR Practitioner on any matter concerning proceedings;
  - Receive and consider reports;
  - Assist in better alignment of interests;
- An active and functioning Committee of Creditors will enhance the business rescue proceedings.
- Suggested composition of the Committee to include representatives from:
  - Major Suppliers, Smaller Creditors, SARS

# Discussions