

# SAA announces action plan

South African Airways (SAA) recently announced its 90-Day Action Plan aimed at steering the airline back to the full implementation of its Long-Term Turnaround Strategy (LTTS).



Taxpayers have been bailing SAA out of financial difficulties for a number of years. (Image: Wikimedia Commons)

"The importance of the 90-Day Action Plan cannot be underestimated," said Acting SAA Chief Executive Officer Nico Bezuidenhout...

"The implementation of the LTTS has stalled and an immediate intervention is required to set the implementation and the business back on track."

He said there are major commercial challenges facing the airline and that the urgency of the matter is at the top of the newly constituted Board and SAA Executives' agenda.

The 90-Day Action Plan comprises six main areas of focus, as approved by the newly constituted Board:

## **1. Immediately address the airline's liquidity position, on-going solvency and medium-term funding requirements. Amongst the interventions are:**

- a) Addressing the solvency and liquidity of the business and engage with its [main] shareholder and other stakeholders to ensure ongoing concern status is maintained.
- b) Immediate review of the SAA network to stem losses.
- c) Focus on working capital optimisation.
- d) Renew cost compression efforts and expedite LTTS implementation that will immediately impact the Income and Cash Flow Statements.

## **2. Immediate investigation of options to future-fund the business:**

The initiation of a process to investigate and determine options for future-funding the business. This includes a process of examining the possibility of a strategic equity partner.

## **3. Substantial focus on governance defects and remedies:**

Immediate investigation and correction of any governance failures within the business. This includes a wide-ranging review of processes and command and control structures within SAA, with particular reference to the implementation of the LTTS.

## **4. Legal and High-Level Governance**

An immediate review of all contractual burdens and governance implications or defects within the legal framework of the company. This includes the review of onerous agreements, correction thereof and other matters that impact the framing of remedial activity; the re-establishment of foundation laying for LTTS implementation within a tight governance environment.

## **5. Reorganisation and Optimisation of Assets**

Examination of all assets in the business and reorganisation thereof in terms of the requirements of the LTTS. This includes the formation of a Holding Structure within the Group that will incorporate all areas of the current structure within a broader "Whole Of State" approach to State-Owned Aviation Assets. Further optimisation will occur in line with the approved interventions per the LTTS.

## **6. Improved Communication**

SAA will reengineer its internal and external communication efforts to communicate effectively with all direct and indirect stakeholders and South African citizens, particularly with reference to the implementation of the 90-Day Action Plan as well as the LTTS.

The acting Chief Executive said the airline is working closely with the Department of Public Enterprises and National Treasury to ensure implementation progress against the six 90-Day Action Plan interventions.

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