South African Airways to remain state-owned as Takatso deal collapses

By Alexander Winning   14 Mar 2024

After three years of negotiation, the South African government's attempt to sell a majority stake in South African Airways (SAA) to the Takatso Consortium has collapsed, following the 2021 announcement aimed at curbing recurrent bailouts to the national carrier. According to Public Enterprises Minister Pravin Gordhan, the government and Takatso agreed that "there was no clear path forward" for the transaction after a new business and asset valuation.

A passenger boards a South African Airways (SAA) plane at the Hosea Kutako International Airport, in Windhoek, Namibia, February 24, 2023. REUTERS/Siphiwe Sibeko

The Minister said government thought the airline could sustain itself financially for the next year to 18 months and that it did not plan to give SAA money in the months ahead.

"There is no going back to the past," Gordhan said, referring to the era of repeated bailouts. "There is no reliance on government itself. It (SAA) must run its operations as efficiently as it can."

SAA will revert to being fully state-owned, a government statement said, and a new way to raise money based on SAA's assets will be explored with financial institutions.

The airline was on the verge of being liquidated before it entered a form of bankruptcy protection in 2019.

Its finances worsened as the Covid-19 pandemic restricted air travel and depleted its already minimal cash flow, forcing the government to hunt for a strategic equity partner to keep it afloat.

A competition watchdog backed the plan for Takatso to buy a majority stake in SAA last year, with the condition that Takatso's minority shareholders exit the consortium.

Officials will address SAA staff on Friday, and Gordhan told reporters that airline employees should not fear for their jobs.

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