

METACO/COMAIR ACQUISITION & DISPUTE

TIMELINE OF EVENTS

DATE	EVENT
August 2017	<ul style="list-style-type: none"> Metaco formed in 2009 by Barbara Walsh and Danny Tuckwood. Peter Hawkins became a shareholder in 2016. It grew into a successful company offering consultancy and coaching in senior team optimization, executive and leadership effectiveness, strategy and culture alignment. Worked with corporates, state-owned enterprises, SMEs and non-profits. Within 3 years was generating healthy profits, growing significantly year on year.
September 2017	<ul style="list-style-type: none"> Erik Venter (CEO, Comair) discussed with Metaco a potential role within their diversification plan as follows: <ul style="list-style-type: none"> The establishment of a world-class aviation academy. Continue to provide its services within the Comair Group (and outside the Group). Offered commercially. Metaco had been working with Comair for 2 years. Metaco was considered a good fit and had the skills to lead this development.
November 2017	<ul style="list-style-type: none"> Metaco drafts the concept document for the Comair Board. The document described Metaco's role in the aviation academy to provide its range of services.
June 2018	<ul style="list-style-type: none"> A business valuation was provided to Comair. Comair Board approves in principle acquisition of Metaco. Due diligence process begins.
July – August 2018	<ul style="list-style-type: none"> Due diligence and negotiation proceed and agreed: <ul style="list-style-type: none"> Danny Tuckwood, shareholder and director at Metaco would be seconded to Comair to initiate and lead the aviation academy project. Danny to stand down and Comair appointed the following directors to Metaco's Board: Erik Venter (Chair); Kirsten King (CFO, Comair); Eric Shipalana (HR, Comair); Barbara Walsh (MD, Metaco); Peter Hawkins (Metaco); Justice Magagula (CEO of Alt. Academy joined after appointment) Comair had a majority stake on the Metaco Board. A 3-year senior-level contract was signed to replace Danny at Metaco.
21 August 2018	<ul style="list-style-type: none"> Sale and purchase agreement signed for 100% of Metaco by Comair. The purchase price was R33,534,164. R12.8m paid to Metaco on signature and the balance paid over 6 years from profits on an earn-out basis, once the initial payment had been recovered.
September 2018	<ul style="list-style-type: none"> Danny moved across to Comair, and his replacement commenced work.

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Directors: B Walsh, D Tuckwood (British), P Hawkins (British)



November 2018	<ul style="list-style-type: none"> • First Metaco Board meeting on 19 November unanimously agrees: <ul style="list-style-type: none"> ◦ 5-year goal of R57 million turnover per annum (subsequently extended to R100 million when the potential was demonstrated by Barbara Walsh) ◦ Strategy for achieving higher sales to grow Comair’s non-airline revenue. ◦ Non-financial support required from Comair to reach targets was outlined. • 2 new employees appointed at Metaco to support extended goals. • Wrenelle Stander (current joint CEO) was appointed Executive Director - Airline Operations and Erik Venter as CEO of Comair Ltd, overseeing the wider business.
22 February 2019	<ul style="list-style-type: none"> • Concerns raised that Comair’s utilization of Metaco’s services had declined significantly (by over 80%) since November 2018). • No notice was given by Comair. Reflection that this was probably a result of airline cost-cutting measures when concern raised at the Metaco Board. • It became apparent that Metaco risked posting a loss for the financial year. • Work on the establishment of the aviation academy continued.
25 February 2019	<ul style="list-style-type: none"> • Metaco Board meeting on 25 February. • Concern raised about ongoing drop in Metaco revenue due to cut back on Comair’s non-regulatory training and development • To mitigate the loss, and meet 5-year targets, it was agreed that certain milestones planned for 2020 should be brought forward into 2019. • These included: <ul style="list-style-type: none"> ◦ New technological and programme product developments, ◦ Additional resources to manage new product development, and ◦ A senior marketing appointment. • Board agrees to plan for future growth externally rather than focus on immediate income. • A shareholder loan of R4.05 million was requested and approved by Comair, ratified by the Board. • Agreed Comair would assist Metaco to secure new opportunities for Metaco’s services.
01 March 2019	<ul style="list-style-type: none"> • Justice Magagula was appointed as CEO of the Academy as planned. • Danny’s role changed to assist Justice to implement the Academy.
March-April 2019	<ul style="list-style-type: none"> • Technology and programme development specialists were contracted by Metaco. • A senior marketing expert appointed to start 1 May.
02 May 2019	<ul style="list-style-type: none"> • Unexpectedly, Danny secondment to Academy was terminated. When it became clear there was no other role for him at Comair, he moved back to Metaco on 19 May.
21 May 2019	<ul style="list-style-type: none"> • Erik Venter resigns as CEO of Comair. His final day is 31 July 2019.
27 May 2019	<ul style="list-style-type: none"> • Comair makes it clear for the first time that there was no budget for Metaco’s services and declined to discuss alternative proposals.
29 May 2019	<ul style="list-style-type: none"> • Comair issued a SENS notice that Glenn Orsmond and Wrenelle Stander were to be appointed as joint CEOs effect 31 July 2019.
11 June 2019 am	<ul style="list-style-type: none"> • Official launch event to showcase Metaco as part of the Comair Group was held. • Attracted senior high profile businesses. • Erik Venter and Justice Magagula were keynote speakers.

	<ul style="list-style-type: none"> The launch showcased: <ul style="list-style-type: none"> Systemic Leadership Team Coaching as one of Metaco's strategic focus areas; and The first iteration of the upcoming technological innovations. The launch was exceptionally well received and a new pipeline created.
11 June 2019 pm	<ul style="list-style-type: none"> Metaco Board meeting held. Appointment confirmed of Justice Magagula to the Metaco Board (this was not actioned) Progress towards the revised strategy was reported, discussed and agreed. <ul style="list-style-type: none"> Progress on development of new technology and services including the appointment of two specialists on contract Introduction to new Head of Marketing; The loan amount and draw down to date discussed and ratified. Concerns raised: <ul style="list-style-type: none"> Metaco not included in Comair's B-BBEE rating. Continued drop in income from Comair.
Mid-June 2019	<ul style="list-style-type: none"> Comair announced they achieved a B-BBEE rating of Level 2. Told that Metaco was excluded due to white executives which would dilute the score.
25 June 2019	<ul style="list-style-type: none"> Barbara and Danny invited to attend a meeting with new joint CEO designates, Wrenelle Stander and Glenn Orsmond.
26 June 2019	<ul style="list-style-type: none"> Glenn informed these 2 of the 3 Sellers that: <ul style="list-style-type: none"> Metaco was insolvent and therefore in breach of agreement; That no further funds would be advanced; and The Sellers should immediately repay R1.7 m, the amount advanced to date and ensure capitalization of Metaco. No opportunity was given to the Sellers to discuss any of the issues. A Letter of Breach was emailed to the Sellers the same day. <p>Note: Erik Venter (still CEO) was in the UK at the time. According to the SENS notices issued by Comair on 29 May, Glenn Orsmond would take on the role of Joint CEO from 31 July.</p>
28 June 2019	<ul style="list-style-type: none"> The Sellers dispute the breach.
End June 2019	<ul style="list-style-type: none"> Month-end payments to contractors were not made. Office rental not paid on time, but paid later. Barbara and Danny (SA-based sellers) settle contractors' bills.
July 2019	<ul style="list-style-type: none"> The SA Sellers suggest meeting to discuss the issue. Comair denies any breach of the agreement.
15 July 2019 (pm)	<ul style="list-style-type: none"> Comair confirms the exercise of the Put Option in the agreement. It places an obligation on Metaco to pay Comair the portion of the purchase price paid, ie 12.8m plus interest Letter signed by GW Orsmond, Chief Executive Officer (Note: he was not yet Joint CEO. Effective from 31 July only.) No Comair Board resolution to support the divestment as required in their MoI.
17 July 2019	<ul style="list-style-type: none"> Metaco Special Board Meeting convened. Erik Venter (Chair) provided documentation confirming the obligation on Directors to uphold the best interests of the Company. Agreed that a letter be sent to the Comair Board requesting clarity on the intentions of Comair regarding its investment in Metaco.
18 July 2019	<ul style="list-style-type: none"> Comair responds: <ul style="list-style-type: none"> Comair has no intention of responding to the matters raised, and Comair has instituted the Put option.
24 July	<ul style="list-style-type: none"> Meeting agreed between the 2 SA-based Sellers and Comair with lawyers.

2019	<ul style="list-style-type: none"> • No discussion was possible on the merits of Metaco’s position. • The issue for Comair was solely terms of the repayment. • No agreement reached.
25 July 2019	<ul style="list-style-type: none"> • Metaco Board advised that salaries, rent and contractors had not been paid. • Eric Shipalana and Justice Magagula advised they were instructed to resign from the Board. • Erik Venter informs Comair members on Metaco’s Board that a resolution of the Comair Board had not been obtained to dispose of Metaco.
26 July 2019	<ul style="list-style-type: none"> • Comair Board asked to pass resolution to disposal of Metaco via a round-robin process. • No arbitration was instigated by Comair prior to the exercise of the Put option despite being required to do so in terms of the agreement.
29 July 2019	<ul style="list-style-type: none"> • Comair Board informed by email of context and history leading to this point. • The Sellers ask the Comair Board clarify its intentions regarding Metaco. No response received.
31 July 2019	<ul style="list-style-type: none"> • Wrenelle Stander and Glenn Orsmond jointly take on the role of CEO.
02 August 2019	<ul style="list-style-type: none"> • Kirsten King resignation from Metaco Board.
06 August 2019	<ul style="list-style-type: none"> • Comair confirms the Put Option, stating ownership of the company would be transferred back to Metaco. • Erik Venter, Eric Shipalana resign from Metaco Board. • No SENS announcement made (although it was established that due to the small size of the Company, this was not necessary in terms of JSE regulations).
03 September 2019	<ul style="list-style-type: none"> • The SA-based Sellers submit a repudiation of the Sale Agreement to Comair, in order to take back control and enable the effective functioning of the company. Up until that time: <ul style="list-style-type: none"> ○ Comair had control of the bank account and no invoices or payments were being actioned. ○ Metaco salaries, contractor fees, office rental and other overheads were not paid by Comair. ○ No changes to the CIPC records regarding directors had been made by Comair. This was actioned by the SA-based Sellers.
October 2019	<ul style="list-style-type: none"> • The Sellers commenced with action to initiate an arbitration process to resolve the dispute. • The Sellers lodged an intention to proceed to arbitration with their Statement of Claim for damages on 17 October 2019.

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