

Fledgling airlines are clipping Mango's wings

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New entrants to the domestic market such as Fly Blue Crane and FlySafair are putting pressure on South African Airways subsidiary Mango, which recently posted its second loss in its 10-year history.



NURZA via [Wikimedia Commons](#)

Mango is also on the hunt for a new CEO following Nico Bezuidenhout's departure earlier in 2016. Bezuidenhout was head-hunted by Fast Jet.

SAA's integrated annual report shows Mango made a net loss in 2015-16 despite a 21% increase in passenger numbers. More details have not been made available.

A R100m facility remains open "for Mango to utilise at its own discretion as and when it needs cash funding. SAA does not expect Mango to utilise the facility within the next 12 months," SAA said in the report.

Mango spokesman Hein Kaiser said Mango was "in a closed period vis-à-vis its results." It would issue a statement "in due course" following their annual meeting, scheduled to take place "in the next couple of weeks".

"Mango will soon commence the search for the new CEO," Kaiser added. "Advertisements for the position will be placed as soon as all governance processes are in motion," he said.

Parent company SAA made a R1.5bn loss in 2014-15. Mango has seen increased competition from new entrants including Skywise, Fly Blue Crane, and FlySafair that have put it under much pressure.

A possible breach of the Competition Act

The Competition Commission is in the process of investigating a possible breach of the Competition Act by SAA and Mango after a complaint by the DA.

In September Comair, the British Airways affiliate, reported a 12% decline in profit to R193m in the year to June and blamed a weaker Rand.

Comair CEO Erik Venter said in June that the airline was "happy to hear that the Competition Commission will launch an investigation into the dealings between SAA and Mango".

Transport economist and aviation expert Joachim Vermooten said SAA's decision to keep 10 Boeing 737-800 that were meant to be replaced by smaller A-320s meant about 50% more airlift was in the market. "There is too much capacity in the market at the moment, that is in the mainline routes," he said.

With Linda Ensor

Source: Business Day

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