

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)  
Jan 22, 2021
2. SEC Identification Number  
154675
3. BIR Tax Identification No.  
948-229-000
4. Exact name of issuer as specified in its charter  
CEBU AIR, INC.
5. Province, country or other jurisdiction of incorporation  
Cebu City, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
Level 4 Unit 4030-4031, Robinsons Galleria Cebu, General Maxilom Avenue cor. Sergio  
Osmena Boulevard, Cebu City  
Postal Code  
6000
8. Issuer's telephone number, including area code  
(632) 8802-7000
9. Former name or former address, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
 

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	600,316,700
11. Indicate the item numbers reported herein  
9

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*

# Cebu Air, Inc.

## CEB

**PSE Disclosure Form 4-14 - Stock Rights Offering**  
***References: SRC Rule 17 (SEC Form 17-C) and***  
***Section 4.4 of the Revised Disclosure Rules***

### Subject of the Disclosure

Stock Rights Offering of Convertible Preferred Shares

### Background/Description of the Disclosure

On October 7, 2020, the Board of Directors of Cebu Air, Inc. (the "Corporation") approved the:

1. Offer for sale or subscription of the Convertible Preferred Shares via a stock rights offering and delegation of authority to the Board of Directors to determine the terms and conditions of the offering, including the transaction price, the number of shares to be offered, and to engage the services of underwriters, advisors, legal counsel, and other agents as may be necessary, proper or desirable to ensure the success of the offering; and
2. Listing of the (a) Convertible Preferred Shares and the (b) underlying common shares of the Convertible Preferred Shares with the Philippine Stock Exchange ("PSE");

The airline industry faces significant challenges as a result of unprecedented events outside the control of the Corporation brought by the COVID-19 pandemic. Travel restrictions imposed by various governments, both local and abroad, have led to abrupt reduction in passenger traffic for the Corporation and casts uncertainty over the near term prospects of the Corporation despite its market leadership.

Due to this exceptional change in market conditions and industry dynamics, the Corporation saw the urgent need to fast track its transformation. It is currently implementing a business transformation exercise that involves right-sizing of network and fleet to meet new demand, and improvement of operations efficiency through process and policy enhancements and digitalization, among others. This places the Corporation in a better position to respond to this harsh reality.

As part of the business transformation exercise, the Corporation intends to undergo a fundraising plan (the "Business Transformation Fundraising Plan"), which will include, among others, a Convertible Preferred Shares stock rights offering for an aggregate proceeds of about USD250.0 million (or its equivalent in Philippine Peso).

The proposed Convertible Preferred Shares stock rights offering would be fair, transparent and equitable to all shareholders. All relevant approvals will be sought from, and appropriate disclosures would be made to, the Securities and Exchange Commission and the Philippine Stock Exchange.

The stockholders approved the following at the Special Stockholders' Meeting held on 20 November 2020:

1. Offer for sale or subscription of the Convertible Preferred Shares via a stock rights offering and delegation of authority to the Board of Directors to determine the terms and conditions of the offering, including the transaction price, the number of shares to be offered, and to engage the services of underwriters, advisors, legal counsel, and other agents as may be necessary, proper or desirable to ensure the success of the offering, which was approved by stockholders representing 87.33% of the total outstanding capital stock of the Corporation; and
2. Listing of the (a) Convertible Preferred Shares and the (b) underlying common shares of the Convertible Preferred Shares with the Philippine Stock Exchange ("PSE"), which was approved by stockholders representing 87.36% of the total outstanding capital stock of the Corporation.

This disclosure is being amended to indicate the offer terms.

<b>Date of Approval by Board of Directors</b>	Oct 7, 2020
<b>Entitlement Ratio</b>	TBA
<b>Offer Price</b>	USD0.74 to USD0.84
<b>Number of Shares to be Offered</b>	TBA
<b>Ex-Rights Date</b>	Feb 5, 2021
<b>Record Date</b>	Feb 10, 2021
<b>Start of Offer Period</b>	Feb 26, 2021
<b>End of Offer Period</b>	Mar 4, 2021

#### Use of Proceeds

The Corporation intends to use the net proceeds to strengthen the Corporation's balance sheet by providing liquidity to address its financial liabilities which include: (a) \$100M allocation for repayment of an advance by JG Summit Philippines Ltd. ("JGSPL"); (b) \$71.3M allocation for aircraft operating lease payments due in 2021; (c) \$72.3M allocation for principal debt repayments due in 2021; and (d) \$6.4M allocation for general corporate purposes, which are primarily for passenger refunds in case cash inflows from operations become insufficient as a consequence of the COVID-19 pandemic's impact to health and travel related concerns.

The foregoing discussion represents a best estimate of the use of proceeds based on the Corporation's current plans and anticipated expenditures. The plans may change based on factors including changing market conditions or new information regarding the cost or feasibility of the plans. The Corporation's cost estimates may also change as actual costs may be different from the budgeted costs. For these reasons, the Corporation may find it necessary or advisable to reallocate the net proceeds with the categories described above, or to alter the plans, including the abandonment of the projects described above and/or pursuit of different projects.

#### Other Relevant Information

-

#### Filed on behalf by:

<b>Name</b>	Anne Romadine Tieng
<b>Designation</b>	Vice-President, Legal Affairs