

14/10/16 for TRANSPORT

# AIR TRAFFIC AND NAVIGATION SERVICES

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## ATNS ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15

**16 October 2014**



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- communications
- 
- small aircraft
- Roadshows - Career awareness
- DRCA ↔ SafeLife
- SAAF ↔
- incoherence →
- MOU
- Traffic delays →
- missing planes ??? accident on small A/C
- 
- 

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# OVERVIEW OF ATNS REPORTS





	Volume 1	Volume 2	Volume 3
Report	ATNS Integrated Report	ATNS Financial Report	ATNS Sustainability Report
Referenced in short	ATNS-IR	ATNS-FR	ATNS-SR
Content of report	The 2014 ATNS-IR is the Company's primary report to all stakeholders.	The 2014 ATNS-FR includes reports of the independent auditors, directors and the Report of the Audit and Risk Committee	The 2014 ATNS-SR reports on ATNS's economic, social and environmental impacts.
Purposes of report	<ul style="list-style-type: none"> <li>To provide a succinct view of our performance against targets defined by our Shareholder Mandate in the pursuit of long-term economic value creation.</li> <li>To provide an integrated view of our response to risks and opportunities in our local, regional and global business context.</li> <li>To respond to our stakeholders' interests and concerns.</li> </ul>	<ul style="list-style-type: none"> <li>To report on our financial performance for the financial year ended 31 March 2014 in accordance with applicable frameworks and guidelines outlined below.</li> <li>To report on our financial position, as well as changes in equity and cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>To create a foundational sustainability report structure, based on current global leading practice sustainability reporting principles.</li> <li>To consolidate, interpret and report on the findings of ATNS's internal sustainability reporting framework.</li> <li>To acknowledge the contributions of our Shareholder, sector partners, employees and other stakeholders.</li> </ul>
Leading practice guidelines and governance frameworks guiding content	<ul style="list-style-type: none"> <li>Reporting Council (IIRC) Integrated Reporting Framework v1.0.</li> <li>The King Code of Governance for South Africa (2009) (King III).</li> </ul>	<ul style="list-style-type: none"> <li>International Financial Reporting Standards (IFRS).</li> <li>King III</li> <li>The Companies Act, Act No 71 of 2008 (Companies Act).</li> <li>The Public Finance Management Act, Act No 1 of 1999 (PFMA).</li> </ul>	<ul style="list-style-type: none"> <li>King III</li> <li>Global Reporting Initiative (GRI) G4.</li> <li>United Nations Global Compact (UNGC).</li> <li>Carbon Disclosure Project (CDP).</li> </ul>



# PERFORMANCE OVERVIEW






Strategic objective		Indicator	Actual 2013/14	Actual 2012/13
<b>Economic</b>				
	Ensure long-term financial sustainability	Turnover	R1,293 billion	R1,196 billion
		Operating costs	R981 million	R925,8 million
		Net profit	R244 million	R194 million
	Enhance operational efficiencies in line with global ATM standards	Total capital expenditure	R113 million, with additional R61 million committed]	R20,7 million with additional R176,8 committed]
		Number of traffic movements during the year	302,219	301,965
		SLA targets: Equipment availability	Communication: 99,50%	Communication: 99,60%
			Navigation: 96,26%	Navigation: 97,78%
			Surveillance: 99,94%	Surveillance: 99,96%






# PERFORMANCE OVERVIEW



Strategic objective		Indicator	Actual 2013/14	Actual 2012/13
<b>Social</b>				
	Create a transformative organisation	Overall EE representation	67,06%	63,37
	Build a culture of safety	Safety events per 100,000 air traffic movements	1,67 safety events per 100,000 air traffic movements	2,24 safety events per 100,000 air traffic movements
	Build a skilled and capable employee resource base	Total number of ATS bursars	84	47
		Total number of engineering learnerships	10	17
		Training investment as percentage of a salary bill	2,94% Rand value of salary bill	2% Rand value of salary bill

# PERFORMANCE OVERVIEW

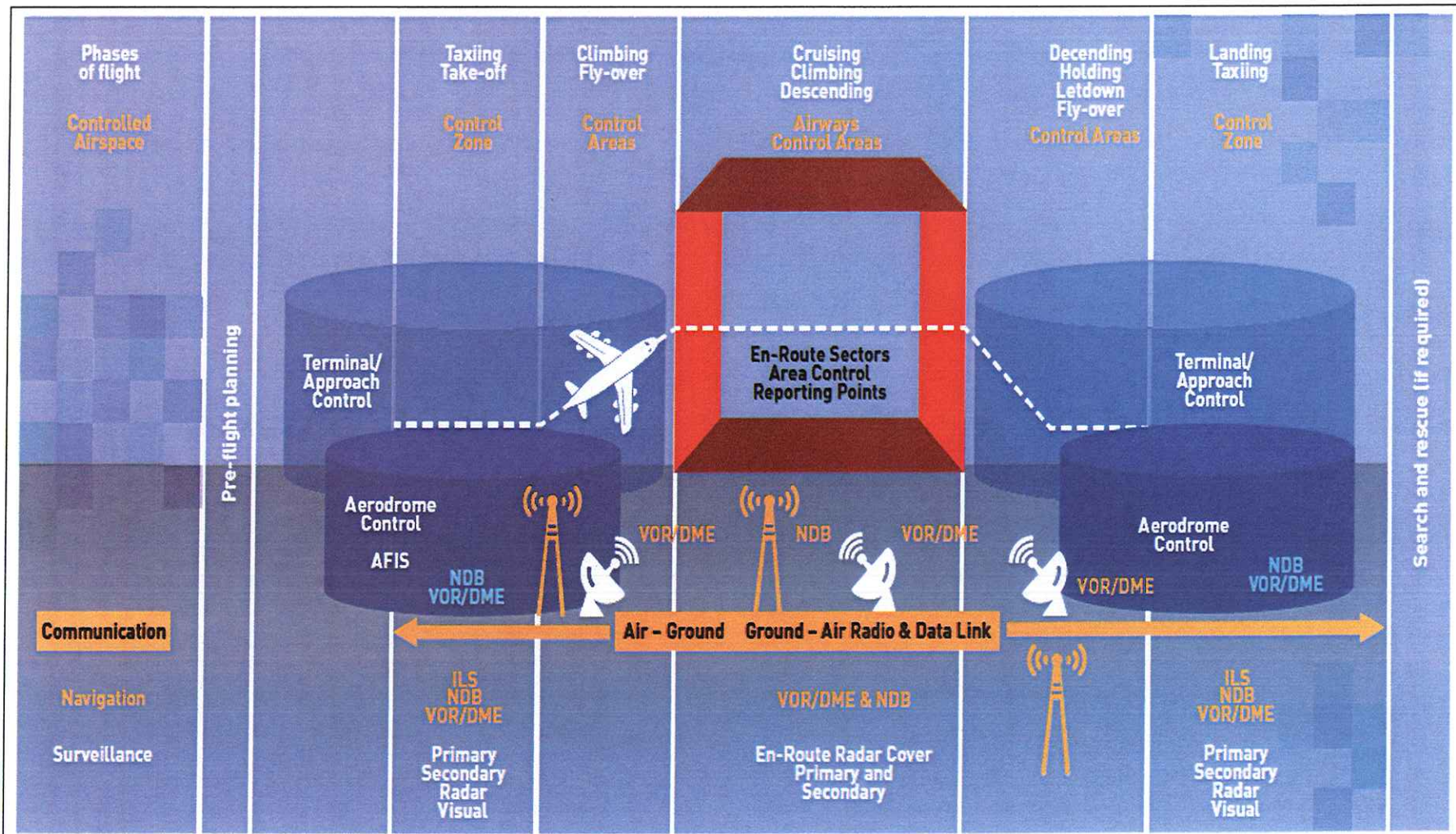


Strategic objective		Indicator	Actual 2013/14	Actual 2012/13
<b>Environmental</b>				
	Manage the organisation's contribution to Climate Change	Total carbon inventory for the 2013/14 financial year	16,356 tons of CO2e	10,469 tons of CO2e
	Manage and preserve scarce and vulnerable resources	Overall annual electricity usage	16,101,59 kWh	10,144,00 kWh
		Overall annual fuel usage	126,083 litres	125,083 litres
	Develop enterprise-wide awareness for environmental impacts	Total Number of employees trained on environmental training programmes	5	0
		Total spend on environmental training	R43,890	R nil



# ATNS SERVICES

2/0



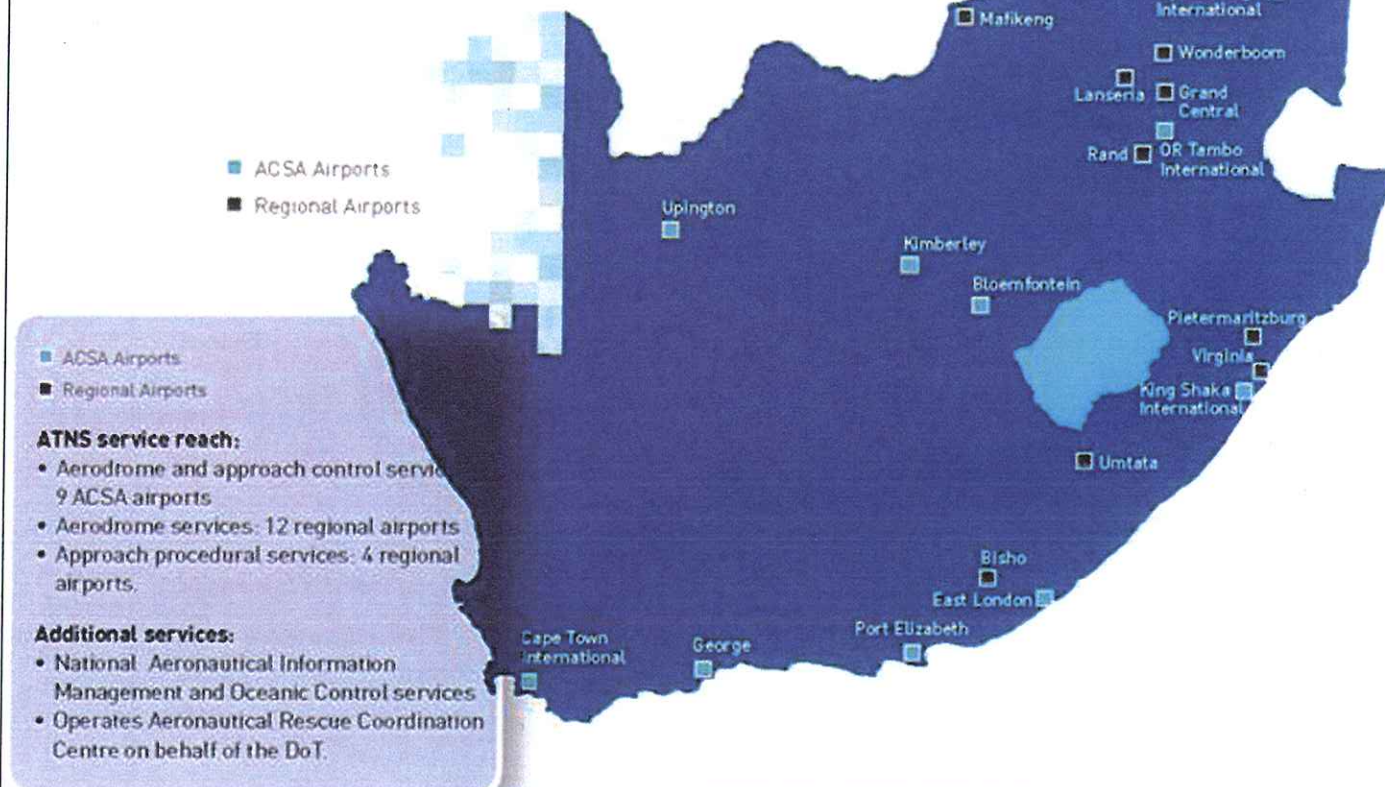
Environment is a serious issues - DOT does not monitor our electricity!

- \* NDP
- \* U.A.C.C.
- \* 'Letter'

## ATNS'S PRESENCE IN SOUTH AFRICA

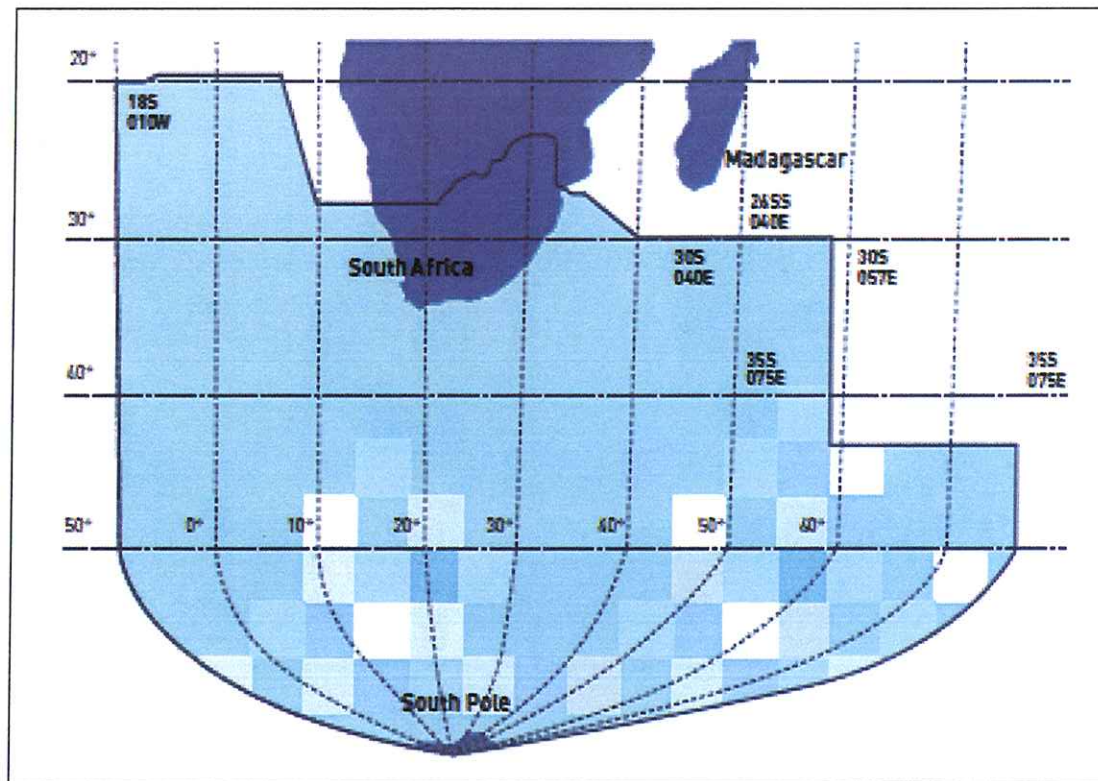


ATNS provides services to nine ACSA airports throughout South Africa on a statutory basis, and to 12 regional airports on a contractual basis.

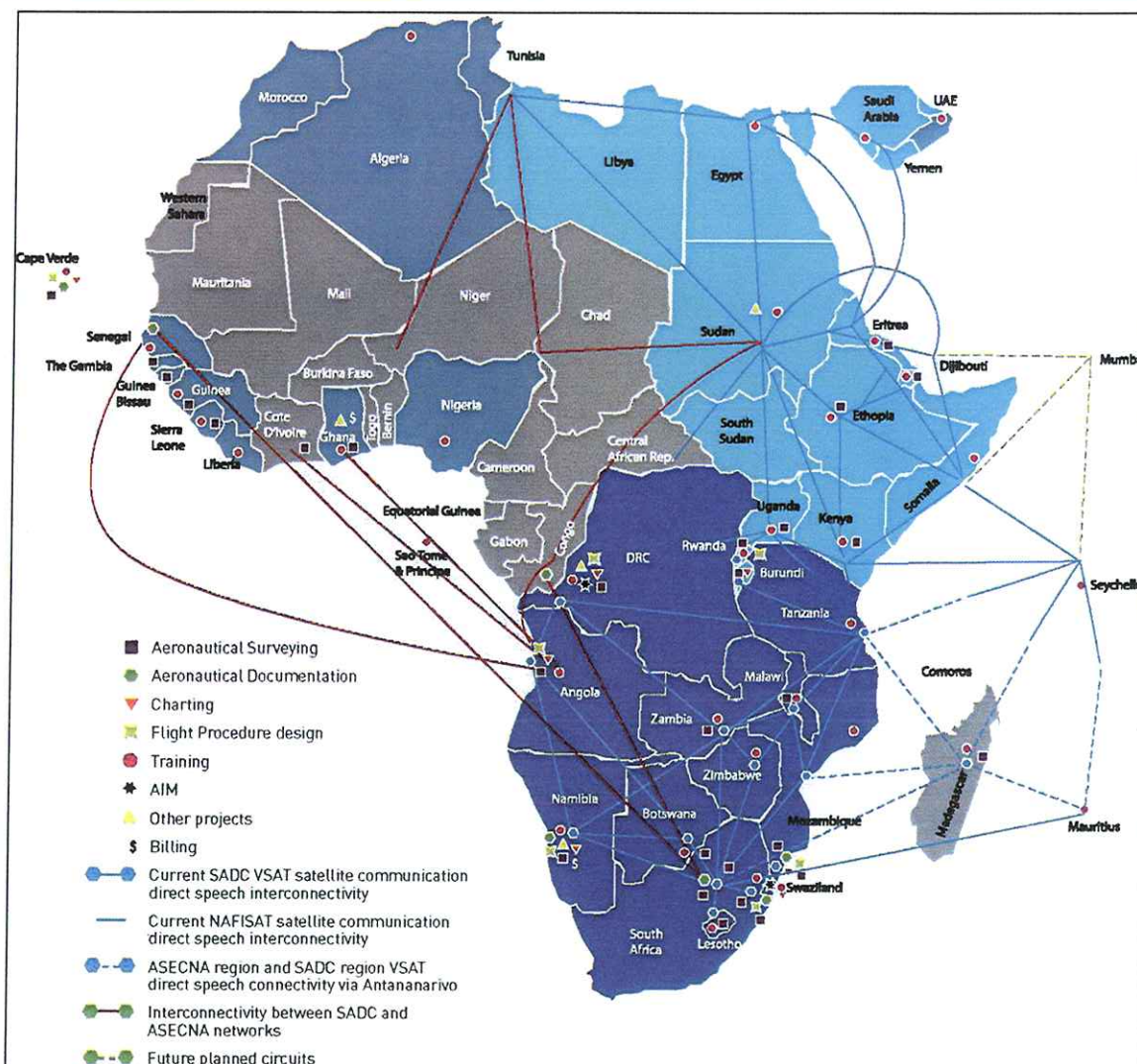




**ATNS IS RESPONSIBLE FOR ATM IN APPROXIMATELY  
10%  
OF THE WORLDS AIRSPACE**

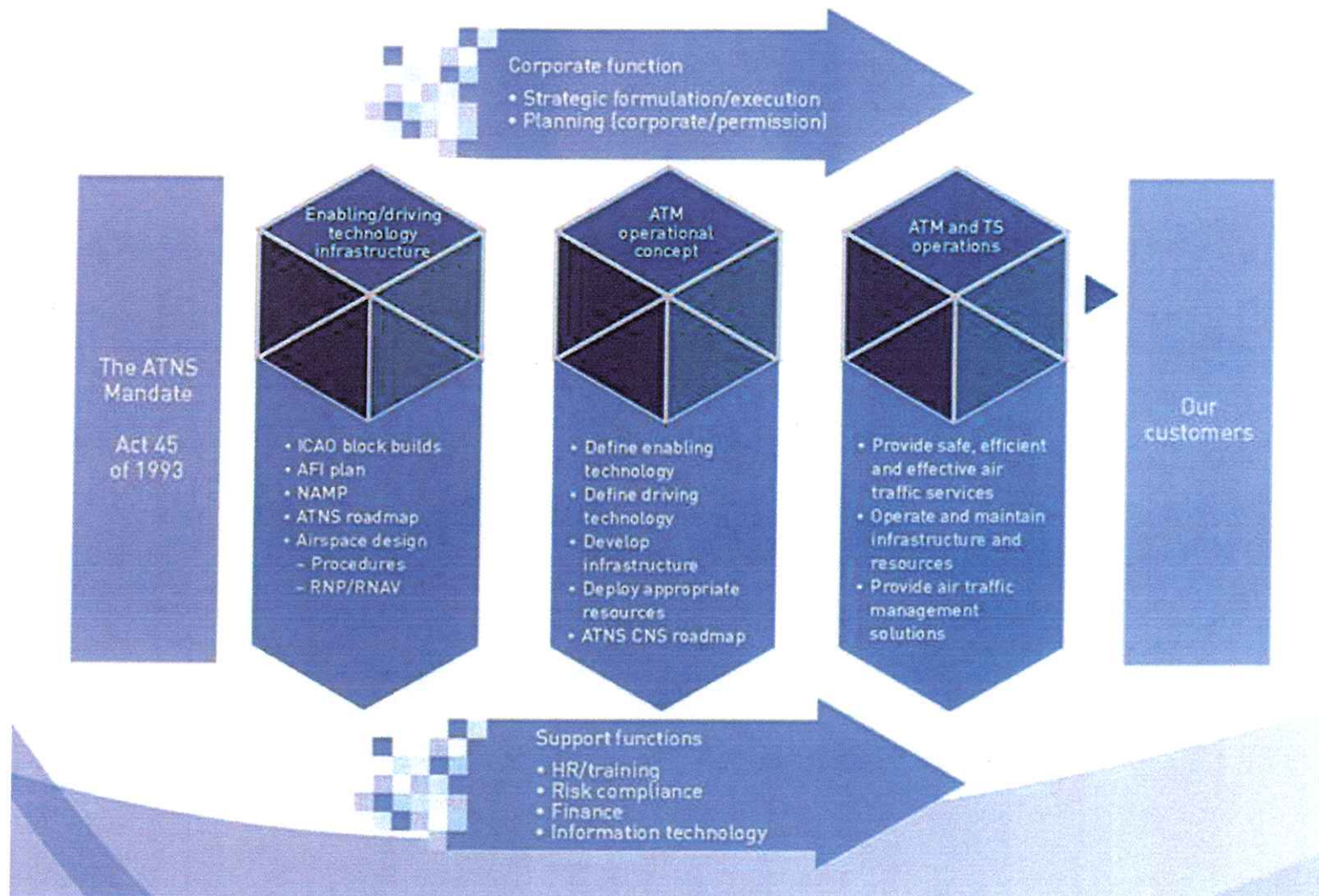


# ATNS'S EXTENDED SERVICES ON THE AFRICAN CONTINENT AND BEYOND





## ATNS REGULATED BUSINESS MODEL - CORE AND SUPPORT FUNCTIONS -





# CIVIL AVIATION REGULATORY AND SERVICE DELIVERY CONTEXT



## Planning and implementation context 1

Agreed International Civil Aviation Organisation Convention, Standards and Recommended Practices	ICAO ATM Operational Concept	<ul style="list-style-type: none"> <li>• ICAO Global Air Navigation Plan</li> <li>• ICAO Global Aviation Safety Plan</li> <li>• ICAO Standards and Recommended Practices</li> </ul>
SA Department and Department of Transport: Civil Aviation and ATNS Act: ATNS delegated to provide air navigation services on behalf of the state.	ICAO Africa & Indian Ocean Regional Plan	<ul style="list-style-type: none"> <li>• ICAO AFI ATM plan</li> <li>• ICAO AFI CNS plan</li> </ul>
SA Civil Aviation Authority: Civil Aviation Regulations and Technical Standards	SA National Airspace Master Plan	<ul style="list-style-type: none"> <li>• ATNS ATM Plan</li> <li>• ATNS CNS Roadmap</li> <li>• SA Civil Aviation Regulations and Technical Standards</li> </ul>
ATNS provides Air Traffic Management, Navigation and related services in compliance with relevant legislation, standards and Recommended Practices	ATM Operations & CNS infrastructure plan	<ul style="list-style-type: none"> <li>• ATNS ATM service Delivery</li> </ul>



## KEY PERFORMANCE AREAS AND ASSOCIATED OBJECTIVE MEASURES



Business objectives	Objectives measure	Objectives measures for 2013/14
<ul style="list-style-type: none"> <li>Safety service provision. Airspace capacity and efficiency.</li> <li>Operational efficiency. Ensure commercial sustainability.</li> <li>Performance-based Navigation (PBN)</li> </ul>	Transport safety and security	<ul style="list-style-type: none"> <li>Reduce the ATNS safety events rate</li> <li>Increase airspace capacity in line with runway throughput determined by ATNS and ACSA jointly</li> <li>Reduce overall traffic delays</li> <li>Achievement of service availability</li> <li>Ensure financial sustainability</li> <li>Implement ICAO PBN concept in South Africa</li> <li>Near term implementation targets in line with South African PBN Roadmap.</li> </ul>
<ul style="list-style-type: none"> <li>Development of optimised and efficient aviation infrastructure in a cost effective manner</li> <li>Operation of the satellite communication networks SADC VSAT II &amp; NAFSAT.</li> </ul>	Infrastructure development and high-level investment plan for Transport	<ul style="list-style-type: none"> <li>Adoption and approval of CAPEX</li> <li>Implementation of CAPEX 2014/15</li> <li>Strategic plan Roadmap</li> <li>Operational plan</li> <li>Optimise revenue and ensure network availability</li> <li>Optimise revenue and ensure network availability</li> </ul>



## KEY PERFORMANCE AREAS AND ASSOCIATED OBJECTIVE MEASURES



Business objectives	Objectives measure	Objectives measures for 2013/14
<ul style="list-style-type: none"> <li>Comply with relevant legislation, regulation and standards</li> <li>Fraud and whistle-blowing policy</li> </ul>	The fight against fraud and corruption	<ul style="list-style-type: none"> <li>100% compliance</li> <li>Fighting corruption and promoting good governance</li> </ul>
<ul style="list-style-type: none"> <li>Implementation of environmental plan</li> </ul>	Environmental protection	<ul style="list-style-type: none"> <li>Minimise gaseous emission</li> <li>Human resources training</li> <li>Performance assessment</li> </ul>
<ul style="list-style-type: none"> <li>Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate</li> <li>Manage the training pipeline for ATS and technical staff</li> <li>Review and implement the HR plan to recruit , develop, retain, and reward employees across all disciplines.</li> </ul>	Training to contribute to job creation	<ul style="list-style-type: none"> <li>ATS bursaries and engineering learnerships</li> <li>Adoption and approval of HC plan as per budget</li> <li>ATS and TS training plan</li> <li>Operational or Implementation plan</li> <li>Development programmes for employees, with emphasis on AIC and women.</li> </ul>



## KEY PERFORMANCE AREAS AND ASSOCIATED OBJECTIVE MEASURES

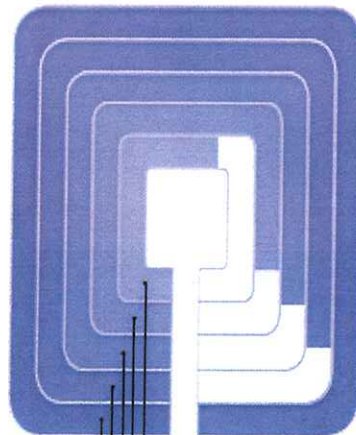


Business objectives	Objectives measure	Objectives measures for 2013/14
<ul style="list-style-type: none"> <li>• Achieve B-BBEE targets</li> <li>• Achieve preferential procurement targets as set by the Transport charter</li> </ul>	Broad-Based Black Economic Empowerment (B-BBEE)	<ul style="list-style-type: none"> <li>• Percentage of discretionary spend on B-BBEE</li> <li>• Total discretionary OPEX budgeted</li> <li>• Total CAPEX budgeted.</li> </ul>
<ul style="list-style-type: none"> <li>• ATS EE targets (AIMO, ATSO, ATCO 1-3)</li> <li>• ATNS EE targets</li> </ul>	Employment equity	<ul style="list-style-type: none"> <li>• Achieve representation towards alignment of company staff profile with the demographics of the country</li> <li>• Increase representation of black (AIC) racial grouping with a focus on African and female representation towards creating alignment with the demographics of the country.</li> </ul>

## KEY PERFORMANCE HIGHLIGHTS

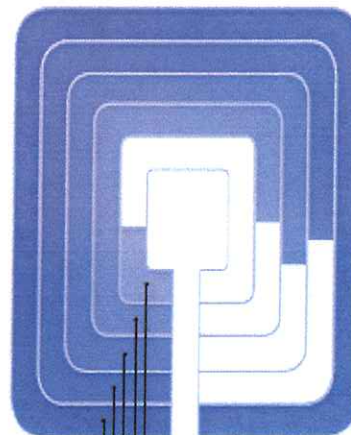


Turnover



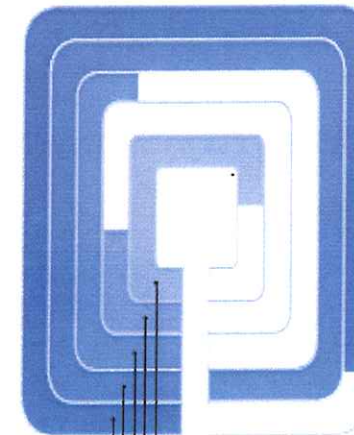
2010 - 736 557 814  
2011 - 1 054 849 844  
2012 - 1 160 593 647  
2013 - 1 195 896 756  
2014 - 1 292 712 925

Net Profit (NP)



2010 - 47 141 529  
2011 - 182 367 124  
2012 - 209 717 388  
2013 - 194 804 079  
2014 - 244 262 255

Capital Expenditure (CE)



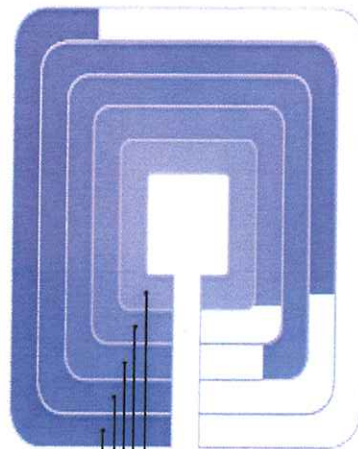
2010 - 156 747 455  
2011 - 47 538 635  
2012 - 91 602 837  
2013 - 197 467 933  
2014 - 174 633 096



## KEY PERFORMANCE HIGHLIGHTS

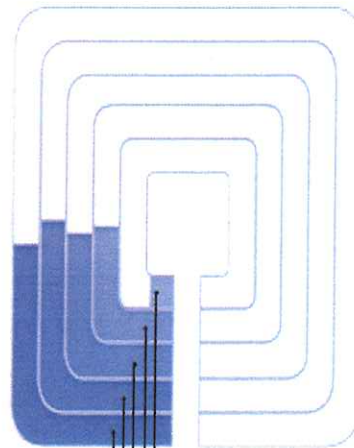


Earnings Before Interest, Tax, Depreciation  
and Amortisation (EBITDA)



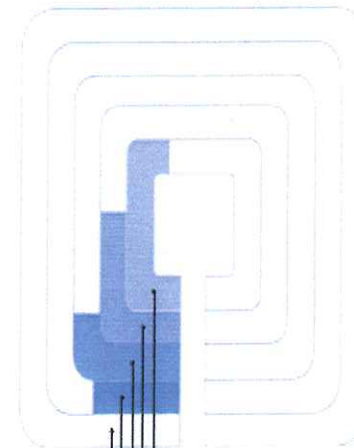
2010 - 178 819 696  
2011 - 380 464 514  
2012 - 409 881 634  
2013 - 364 395 025  
2014 - 427 332 886

Return on Capital Employed (ROCE)



2010 - 4.84%  
2011 - 19.59%  
2012 - 24.99%  
2013 - 27.96%  
2014 - 23.67%

Gearing Ratio (GR)

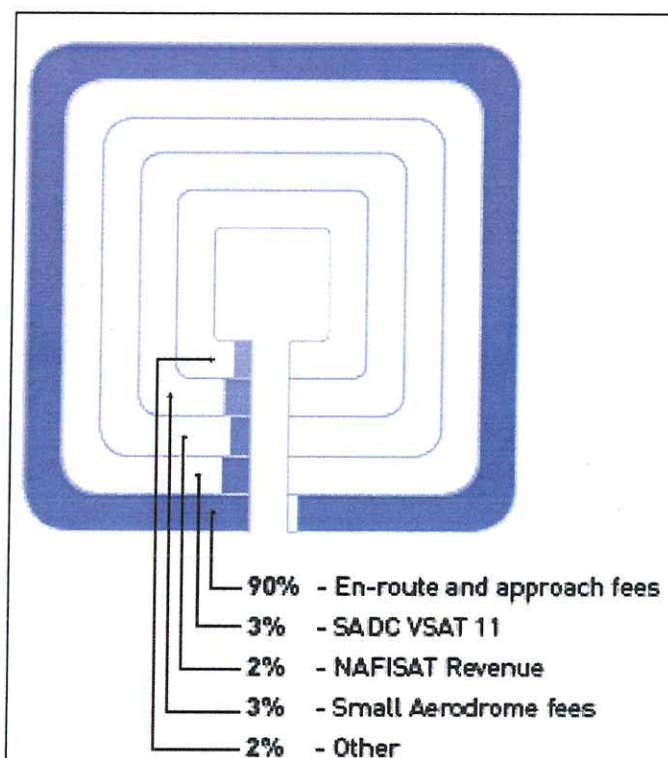


2010 - 41%  
2011 - 26%  
2012 - 17%  
2013 - 8%  
2014 - 0%

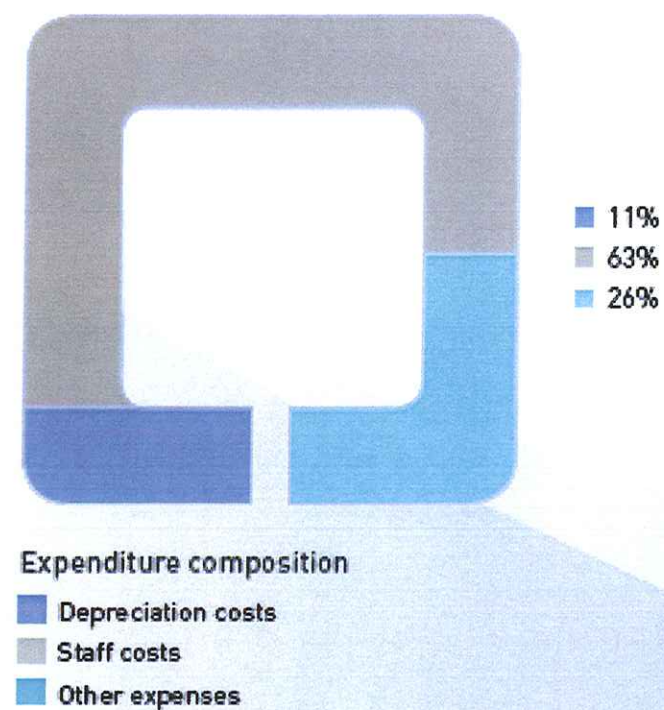
## REGULATED BUSINESS



ATNS REVENUE SOURCES



COMPOSITION OF OPERATING COSTS



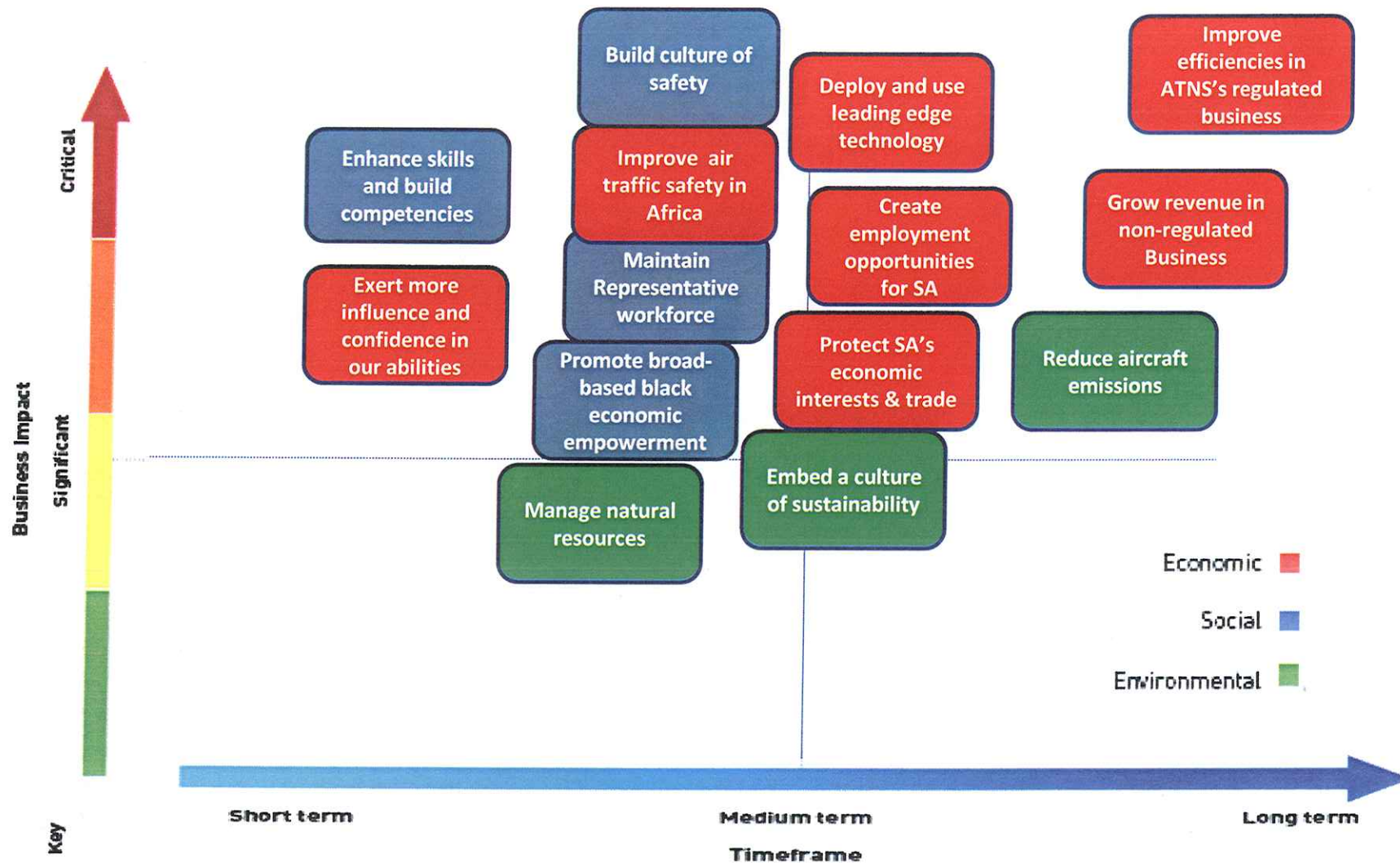


## ATNS STAKEHOLDER GROUPS AND THEIR SHARED INTERESTS



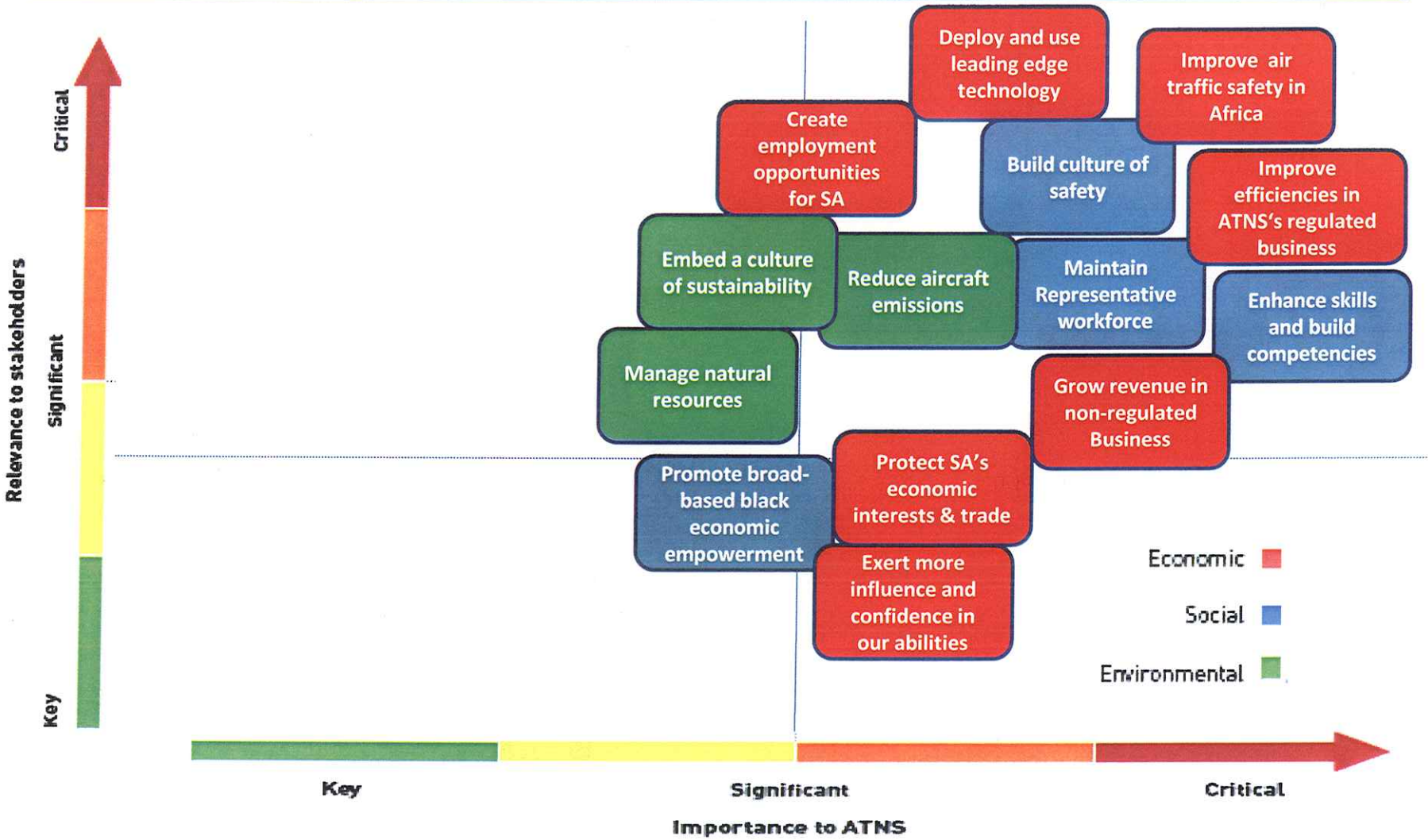
<b><u>Shared interest:</u></b> <ul style="list-style-type: none"> <li>Ensuring ATNS is an efficient and professionally managed entity</li> </ul>	<b><u>Shareholder and staff</u></b> <ul style="list-style-type: none"> <li>National Department of Transport (DoT)</li> <li>ATNS employees</li> </ul>	<b><u>Regulatory</u></b> <ul style="list-style-type: none"> <li>South African Civil Aviation Authority (SACAA)</li> <li>Airlines Association of South Africa (AASA)</li> <li>Economic regulator</li> </ul>	<b><u>Shareholder interest:</u></b> <ul style="list-style-type: none"> <li>Meeting Industry needs</li> <li>Tariff management and service standard reporting</li> <li>ATNS is a partner in safety and growth</li> </ul>
<b><u>Shared interests</u></b> <ul style="list-style-type: none"> <li>Flexible use of airspace</li> <li>Entrenching valuable partnership</li> <li>ATM implementation</li> <li>ATNS products and services</li> <li>Improved global ATM</li> <li>ATNS is a partner in safety and growth</li> <li>Improved relations lead to better collaborations in ATM</li> </ul>	<b><u>Industry partnerships</u></b> <ul style="list-style-type: none"> <li>South African Air force (SAAF)</li> <li>Continental ANSPs</li> <li>CANSO</li> <li>Regional aerodrome owners</li> <li>Strategic partnerships with ANSPs outside the continent</li> <li>International Air transport Association (IATA)</li> </ul>	<b><u>Employment, training and market:</u></b> <ul style="list-style-type: none"> <li>Media</li> <li>Job seekers</li> <li>Students</li> </ul>	<b><u>Shared interests:</u></b> <ul style="list-style-type: none"> <li>ATNS is credible , open and accessible</li> <li>The sky is not the limit – it is where it all begins!</li> <li>ATNS is an employer of choice</li> </ul>

## MATRIX OF MATERIAL ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY ISSUES

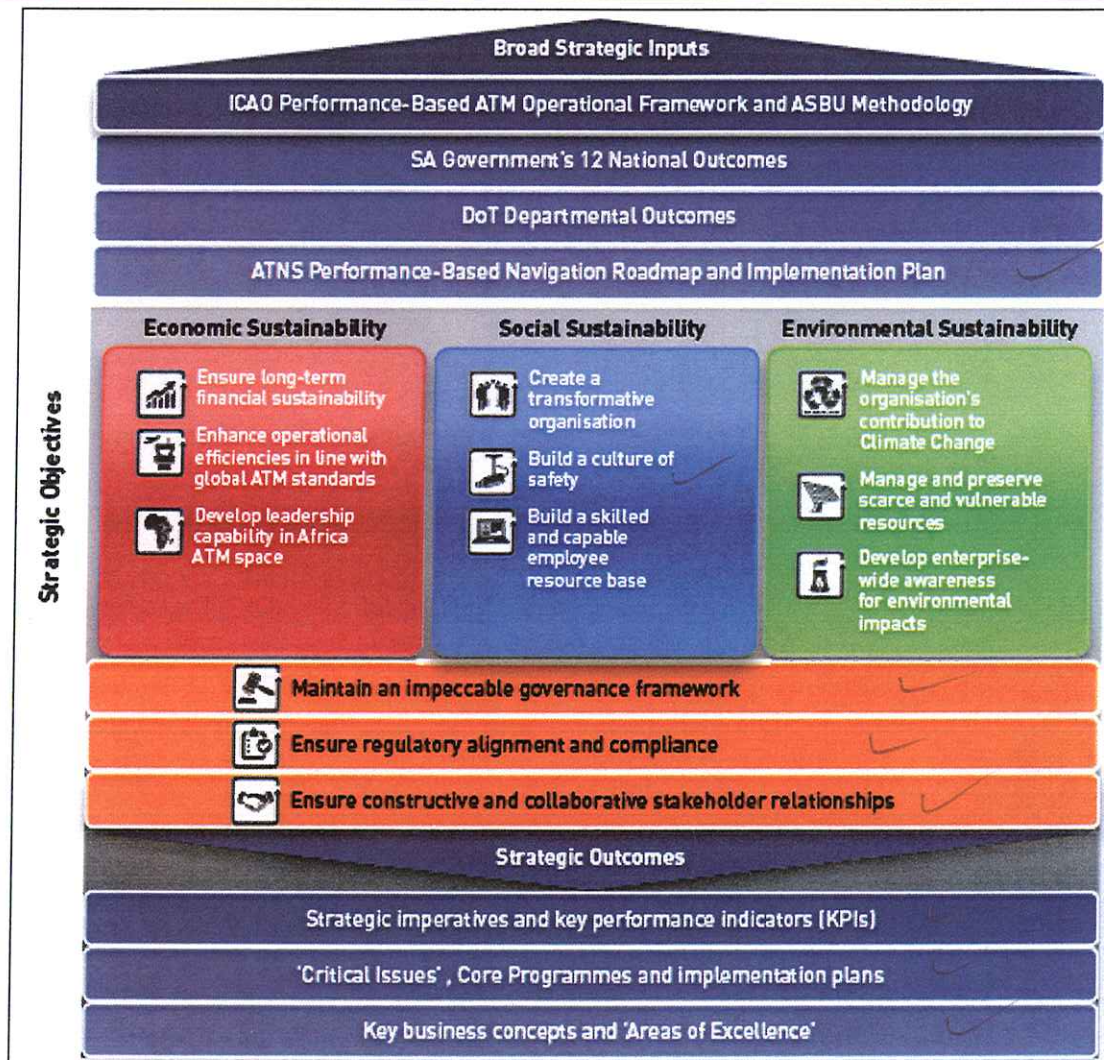




STAKEHOLDER PRIORITISATION OF MATERIAL ISSUES



# ATNS STRATEGIC MODEL



2020



## ATNS KEY PERFORMANCE (KPIs)



Item no.	Key Performance Area	Measurement	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target
<b>KPA-1: Transport safety and security</b>						
1.1	Safety service provision	Number of safety events per 100,000 air traffic movements. Inclusive of all movements	2,24 safety events per 100,000 air traffic movements 	2,0 safety events per 100,000 air traffic movements	1,67 safety events per 100,000 air traffic movements 	2,0 safety events per 100,000 air traffic movements
1.2	Airspace capacity and efficiency	Airspace capacity (Airport)	FAJS = 60 FALE = 24 FACT = 30 	FAJS = 60 FALE = 24 FACT = 30	FAJS = 56 FALE = 22 FACT = 37 	FAOR = 60 FALE = 24 FACT = 30
		*Runway throughput demand in movements per hour				FAOR = 53 FALE = 24 FACT = 30
1.3	Operational efficiency	Average delay per delayed flight	Not measured	120 sec	11 sec 	120 sec
1.4	Operational efficiency	Average Service availability	C: 99,60% N: 97,78% S: 99,96% 	C: 99,64% N: 98,74% S: 99,77%	C: 99,50% N: 96,26% S: 99,94% 	C: 99,109% N: 99,315% S: 99,863%
1.5	Ensure commercial sustainability	Meeting financial target as per budget	D/E = 9% C/A = 4,1:1 ROCE = 27,62% 	D/E = 25% C/A = 3,65 ROCE = 11,2%	D/E = 0% C/A = 7,08:1 ROCE = 30,21% 	D/E = 10-45% C/A = 2,5:1 ROCE = 8%
1.6	Performance-based navigation (PBN)	1. Review existing conventional and RNAV routes	Not measured	RNP APCH (Baro-VNAV where operational benefits can be gained) in 50% of instrument runways - 50% by 30 June 2013	RNP APCH (Baro-VNAV where operational benefits can be gained) in 50% of instrument runways - 55,5% by 31 October 2013 	RNP APCH in 60% of instrument runways located at ACSA airports by 31 March 2015
		2. RNP APCH (Baro-VNAV where operational benefits can be gained) in 50% of instrument runways	Not measured	RNAV 1 and 2 SID/STAR for 50% of international airports - 66,7% by 31 October 2013	RNAV 1 and 2 SID/STAR for 50% of international airports - 55,5% by February 2014 	RNAV 1 and 2 SID/STAR for 4 international airports (ACSA-owned) by 31 March 2015













- minor

We cannot all be good speakers.



## ATNS KEY PERFORMANCE (KPIs)



Item no.	Key Performance Area	Measurement	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target
<b>KPA -2: Infrastructure development and high-level investment plan for Transport</b>						
2.1	Development of optimised and efficient aviation infrastructure in a cost-effective manner	Compliance with the acquisition and implementation of milestones of the CAPEX plan	R197 million 	R385 million	R174 million 	R151 million
2.2	Operation of the satellite communication networks: SADC VSAT 2	Achievement of the revenue and network availability as per SLA targets	SLA - 99.87% Revenue - R26,85 million 	SLA - 98.5% Revenue - R26,5 million	SLA - 98.5% Revenue - R26,5 million 	SLA - 98.5% Revenue R26,8 million
2.3	Operation of the satellite communication networks: NAFISAT	Achievement of the revenue and network availability as per SLA targets	SLA - 98.84% Revenue - R25,01 million 	SLA - 98.5% Revenue - R26,1 million	SLA - 98.5% Revenue - R26,1 million 	SLA - 98.5% R 26,4 million
<b>KPA -3: The fight against fraud and corruption</b>						
3.1	Comply with relevant legislation, regulation and standards	Reports with no material findings from auditors	No material non-compliance findings were reported in the period under review. 	Unqualified audit report	Unqualified audit report 	Unqualified audit report to be achieved for 2014/2015
		Sound internal control systems	Zero material non-compliance findings 	Zero material non-compliance findings	Zero material non-compliance findings 	
3.2	Fraud and whistle-blowing policy	Matters investigated as per policy timelines	All reported matters were resolved within 30 days 	Resolution of all matters raised within 90 days	Resolution of all matters raised within 90 days 	Resolution of matters reported through the Whistle Blowing within 90 days



## ATNS KEY PERFORMANCE (KPIs)



2012/13

KPA-4: Environmental protection						
4.1	Implementation of environmental plan	ATNS 2014/15 Carbon footprint inventory report	Implementation of the environmental and sustainability plan is underway. Calculated ATNS carbon footprint and completed energy management audit. Awaiting measurable targets from the DoT	Calculate ATNS Carbon Footprint Inventory for 2012/13 FY	Calculate ATNS Carbon Footprint Inventory for 2012/13 FY	Calculate and report on ATNS Carbon Footprint 2014/15 quarterly
		Trained ATNS employees on Sustainability and climate change matters	Not measured	S & CC Awareness training programme for ATNS employees	S & CC Awareness training programme for ATNS employees	Deliver Environmental awareness training to 50% of ATNS employees
		Environmental performance assessments	Not measured	EXCO-approved Stakeholder Engagement Policy	EXCO-approved Stakeholder Engagement Policy	Conduct environmental assessment for en-route airspace changes

## ATNS KEY PERFORMANCE (KPIs)



Item no.	Key Performance Area	Measurement	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target
<b>KPA-5: Training to contribute to job creation</b>						
5.1	Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate	Trained ATS and engineering learnerships	ATS bursars/trainees - 47 Engineering learnerships - 17	ATS - 60 Engineering learnerships - 17 ATS Bursars = 60	ATS - 74 Engineering learnerships - 10	ATS - 60 Engineers learnerships - 5 ETS - GEDP 6 External Bursaries 1 Unemployed Graduates 6
5.2	Manage the training pipeline for ATS and technical staff	<ul style="list-style-type: none"> <li>Achievement of the numbers as per budget</li> <li>Adoption and approval of training plan</li> <li>Compliance with the milestones of the plans</li> </ul>	ATCO 3 - 190 ATCO 2 - 42 ATCO 1 - 116	ATCO 3 - 238 ATCO 2 - 37 ATCO 1 - 117 Eng. Technicians - 86 Eng. Satellite Technicians - 5	ATCO 3 - 206 ATCO 2 - 40 ATCO 1 - 109 Eng. Technicians - 71 Eng. Satellite Technicians - 5	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 119 Eng. Technicians - 84 Eng. Satellite Technicians - 5 (GEDP) Graduate Engineering Development programme - 6 Engineering Learnership - 5
5.3	Review and implement the HR plan to recruit, develop, retain, and reward employees across all disciplines	Training investment as percentage of a salary bill	2% Rand value of salary bill	2% Rand value of salary bill	2,94% Rand value of salary bill	3% Rand value of salary bill
<b>KPA-6: Broad-Based Black Economic Empowerment</b>						
6.1	Achieve B-BBEE targets Achieve preferential procurement targets as set by the Transport Charter	Achievement of B-BBEE targets as per the Transport Charter	OPEX spend - 91% CAPEX spend - 24	B-BBEE OPEX spend 65% CAPEX spend 45% Obtain the first B-BBEE rating	OPEX spend 75%, CAPEX spend 88% BBBEE strategy to achieve level 3 rating has been developed.	B-BBEE level 3



## ATNS KEY PERFORMANCE (KPIs)



KPA-7: Employment equity						
7.1	ATS EE targets (AIMO, ATSO, ATCO 1-3)	6% increase – year on year - African	ATS AIC - 52.33% 	Achieve a target of 55% ATS AIC	Achieve a target of 56,01% ATS AIC 	Achieve a target of 57% ATS AIC
		7% increase – year on year - females	ATS female - 35.70% 	Achieve a female target of 40% ATS	Achieve a female target of 36,82% ATS 	Achieve a female target of 40% ATS
7.2	ATNS EE targets	6% increase – year on year African (based on YTD)	ATNS AIC - 63.37% 	Achieve a target 66% AIC	Achieve a target 67,06% AIC 	Achieve a target 70% AIC
		9% increase – females (based on YTD)	ATNS female - 38.52% 	Achieve a company target of 46% female representation	Achieve a company target of 40,92% female representation 	Achieve a company target of 46% female representation
		1% increase - people with disability (PWD) (based on YTD)	ATNS & PWD - 2.91% 	ATNS & PWD - 3.5%	ATNS & PWD - 2.85% 	ATNS & PWD - 3%



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**THANK YOU**

