DRIVING NEW FRONTIERS FOR SUSTAINABLE GROWTH

2019 TO 2021: CORPORATE PLAN

APRIL 2018

AIRPORTS COMPANY
SOUTH AFRICA

CONTENTS

3 MANDATE

6 STRATEGIC OBJECTIVES AND GOALS (ALIGNED TO DOT GOALS)

12 KEY PROJECTS AND THEIR SOCIO ECONOMIC IMPACT

19 CONSOLIDATED FINANCIAL PLAN

24 KEY STRATEGIC CHALLENGES AND PROPOSED SOLUTIONS/INTERVENTIONS

26 TURN AROUND PLANS

AIRPORTS COMPANY
SOUTH AFRICA

MANDATE

MANDATE

OUR VALUES

We define our values through the acronym PRIDE:

- **P** PASSION
- **R** RESULTS
- **I** INTEGRITY
- **D** DIVERSITY
- **E** EXCELLENCE

OUR MISSION

To develop and manage world-class airport businesses for the benefit of all stakeholders.

OUR VISION

To be a world-leading airport business.

Vision 2025

To be the most sought-after partner in the world for the provision of airport management services by 2025.

OUR STRATEGIC PROPOSITION

To build an efficient customer-focused business.

OUR COMMITMENT TO STAKEHOLDERS

To have purposeful engagements with all our stakeholders towards an agreed scope of engagements and the delivery of expected outcomes.

OUR PLEDGE TO OUR CUSTOMERS

To drive a culture of excellence in customer service and communication.

AIRPORTS COMPANY SOUTH AFRICA

FOOTPRINT

Ghana

Accra, Kotoka International Airport: technical advisory and consulting services.

Brazil

São Paulo, Guarulhos International Airport: equity investment.

South Africa

We operate nine airports, and provide technical advisory and consulting services for Mthatha and Wonderboom airports.

India

Mumbai, Chhatrapati Shivaji International Airport: equity investment.

LEGEND

- International airport
- Regional airport
- Equity investment or technical advisory and consultancy services

AIRPORTS COMPANY SOUTH AFRICA

STRATEGIC OBJECTIVES AND GOALS

KEY PERFORMANCE INDICATORS

DoT Key areas of service delivery	Strategic Objective	Key Performance Indicator	FY 2019	FY 2020	FY2021
Efficient and integrated infrastructure network and operations	Create value for our shareholders	Deliver return on equity (ROE) (Group)	5.1%	6.2%	6.7%
Transport sector that is safe and secure.	Increase our reputation through demonstrated business excellence	Improve reputation index measure	≥ 60	≥ 65	≥ 65
Improved public transport services	Increase stakeholder satisfaction through effective partnership	Assessment of our airport operations services and interactions rendered by our airport operations and commercial stakeholders	3.6	3.6	3.6

KEY PERFORMANCE INDICATORS

DoT Key areas of service delivery	Strategic Objective	Key Performance Indicator	FY 2019	FY 2020	FY2021
Transport sector that is safe and secure. Improved public transport services	Improve the passenger experience through demonstrated operational excellence.	Assess passenger customer service	4.00	4.00	4.00

KEY PERFORMANCE INDICATORS

DoT Key areas of service delivery	Strategic Objective	Key Performance Indicator	FY 2019	FY 2020	FY2021
Efficient and integrated infrastructure network and operations	Contribute to increase traffic through the airports we operate	Increase O.R. Tambo International Airport connectivity index.	O.R. Tambo Airport score 133	O.R. Tambo Airport score 149	O.R. Tambo Airport score 155
	Diversify the business portfolio	Generate realised non-core income	R33 million	R37 million	R41 million
		Enhance non-aeronautical revenue as a percentage of total revenue	48%	48%	48%
	Maintain and improve our contribution to broad based black economic empowerment	Achieve B-BBEE Level	Level 3	Level 3	Level 3
	Support black business entrepreneur-ship	Grow % black business share of operational and developmental spend	51%	55%	55%
		Grow % black business share of commercial revenue generated	51%	55%	55%

KEY PERFORMANCE INDICATORS

DoT Key areas of service delivery	Strategic Objective	Key Performance Indicator	FY 2019	FY 2020	FY2021
Increased contribution to job creation	Promote regional integration and localisation of our airports	Create job opportunities	29 382	47 451	60 277
Efficient and integrated infrastructure network and operations	Achieve a demo-graphically representative company workforce	Promote employment equity	92.4%	92.5%	92.4%
	Foster a positive employee workforce and environment	Employee satisfaction survey	3.31	3.55	3.55
	Leadership culture index	Leadership culture index	70%	70%	70%
	Provide equitable access to safe airports in all SA regions to allow more people to fly	Participation in Non ACSA Airports in South Africa	50 advisory service man days provided to non-ACSA airports in SA	Support services rendered to 4 non-ACSA airports in SA	Support services rendered to 4 non-ACSA airports in SA

KEY PERFORMANCE INDICATORS

DoT Key areas of service delivery	Strategic Objective	Key Performance Indicator	FY 2019	FY 2020	FY2021
Improved rural access, infrastructure and mobility	Improve connectivity to the regions we serve	Grow regional airport departing capacity	Increase regional airport departing capacity by 0%	Increase regional airport departing capacity by 2%	Increase regional airport departing capacity by 2%
Increased contribution of transport to environmental protection	Reduce our environ-mental impact	Establish an ACI Carbon Accreditation Level	Attain ACI Level 2 Reduction certification for at least one airport	Attain ACI Level 2 Reduction certification for at least one airport	Attain ACI Level 2 Reduction certification for at least one airport

KEY PROJECTS AND THEIR SOCIO-ECONOMIC IMPACT

TRANSFORMATION AGENDA

TRANSFORMATION AGENDA 2015 - 2020

TRANSFORMATION AGENDA

Our Transformation Agenda is to contribute towards strengthening South Africa's democracy.

GOALS

1. *Social:* to assist people living below the poverty line and to assist them to mainstream economic growth.
2. *Moral:* to promote equality and to contribute towards correcting the imbalances of our past.
3. *Economic:* to align our business to reflect the demographics of South Africa towards economic equality.

OBJECTIVES

1. Design and implement socio economic activities that will empower our communities to ultimately lead to better lives.
2. Create equal opportunities that are reflective of fairness, transparency, the economically active population and the elimination of unfair discrimination.
3. Develop small, medium and large size businesses with a broad objective of changing the face of business at ACSA to an industry that is reflective of the South African demographics.

ECONOMIC TRANSFORMATION

What are we doing today to ensure the legacy of tomorrow?

ACSA contributed **R9.5 billion to SA's economy** in FY2017

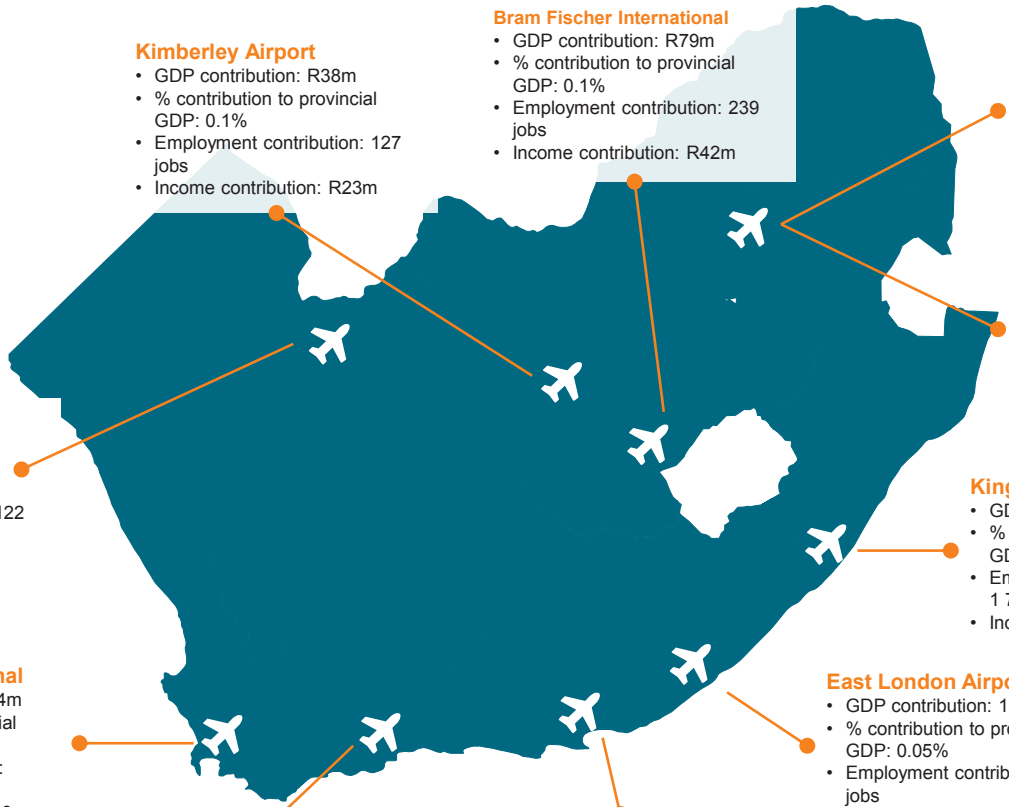
ACSA supported **14 950 SA jobs** in FY2017 *

ACSA supported **R2.8 billion of income** to workers in SA

* This figure comprises of 2,992 direct employees (not including contractors), around 5,519 jobs as a result of supply chain spending and 6,440 supported through spending of ACSA employees and supply chain employees.

Source: PwC Economic Impact Study commissioned by ACSA 2017

ECONOMIC IMPACT OF EACH ACSA AIRPORT AND CORPORATE OFFICE



Kimberley Airport
- GDP contribution: R38m
- % contribution to provincial GDP: 0.1%
- Employment contribution: 127 jobs
- Income contribution: R23m

Bram Fischer International
- GDP contribution: R79m
- % contribution to provincial GDP: 0.1%
- Employment contribution: 239 jobs
- Income contribution: R42m

ACSA corporate office
- GDP contribution: R389m
- % contribution to provincial GDP: 0.04%
- Employment contribution: 3 700 jobs
- Income contribution: R840m

OR Tambo International
- GDP contribution: R5 568m
- % contribution to provincial GDP: 0.5%
- Employment contribution: 5 476 jobs
- Income contribution: R940m

Upington International
- GDP contribution: R30m
- % contribution to provincial GDP: 0.05%
- Employment contribution: 122 jobs
- Income contribution: R22m

King Shaka International
- GDP contribution: R910m
- % contribution to provincial GDP: 0.2%
- Employment contribution: 1 710 jobs
- Income contribution: R297m

Cape Town International
- GDP contribution: R2 014m
- % contribution to provincial GDP: 0.5%
- Employment contribution: 2 669 jobs
- Income contribution: R468m

East London Airport
- GDP contribution: 111m
- % contribution to provincial GDP: 0.05%
- Employment contribution: 264 jobs
- Income contribution: R47m

George Airport
- GDP contribution: R107m
- % contribution to provincial GDP: 0.05%
- Employment contribution: 225 jobs
- Income contribution: R42m

Port Elizabeth Airport
- GDP contribution: 236m
- % contribution to provincial GDP: 0.1%
- Employment contribution: 418 jobs
- Income contribution: R74m

AIRPORTS COMPANY SOUTH AFRICA

KEY INFRASTRUCTURE PROJECTS - ORTIA

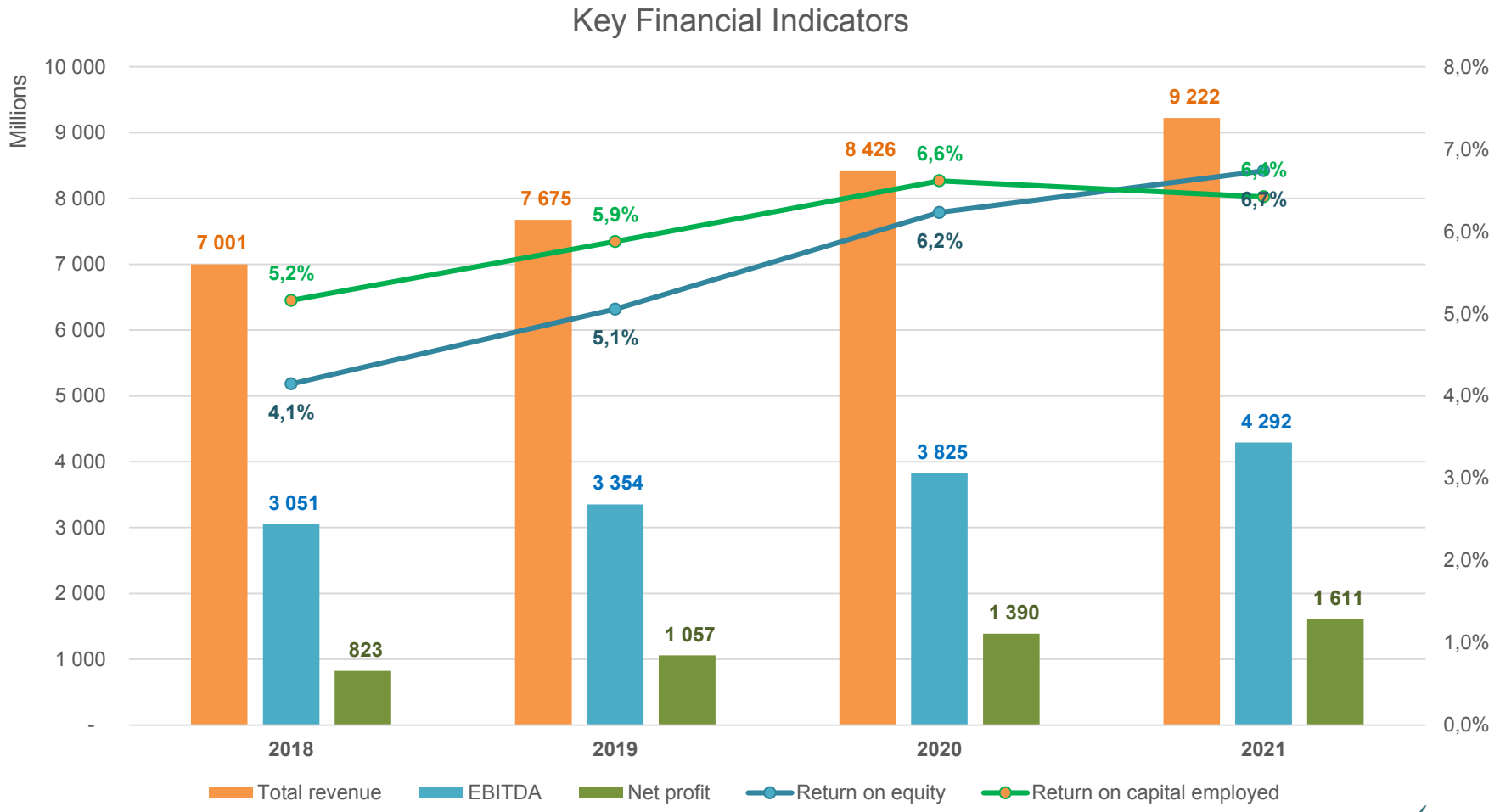
KEY INFRASTRUCTURE PROJECTS - CTIA

KEY INFRASTRUCTURE PROJECTS - KSIA

CONSOLIDATED FINANCIAL PLAN

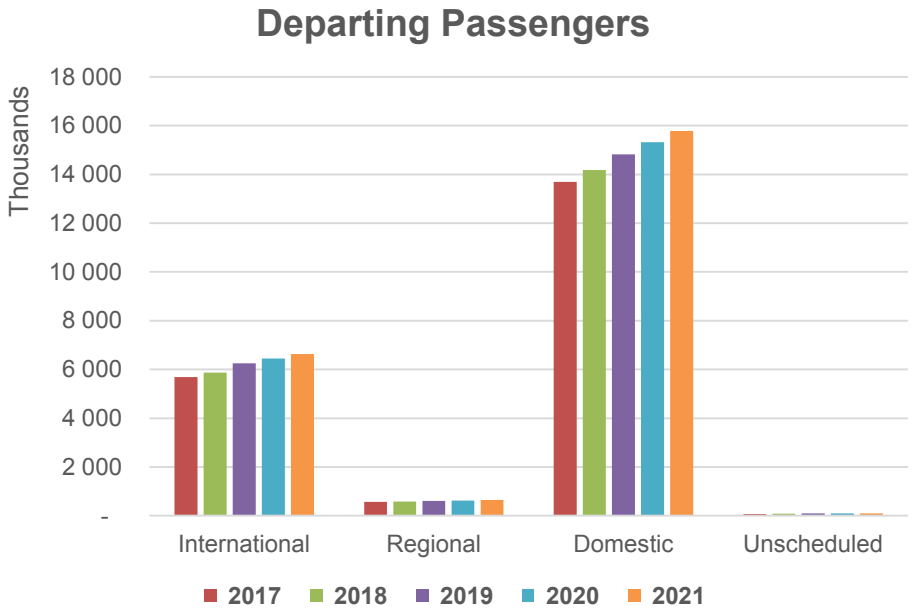
2019 TO 2021

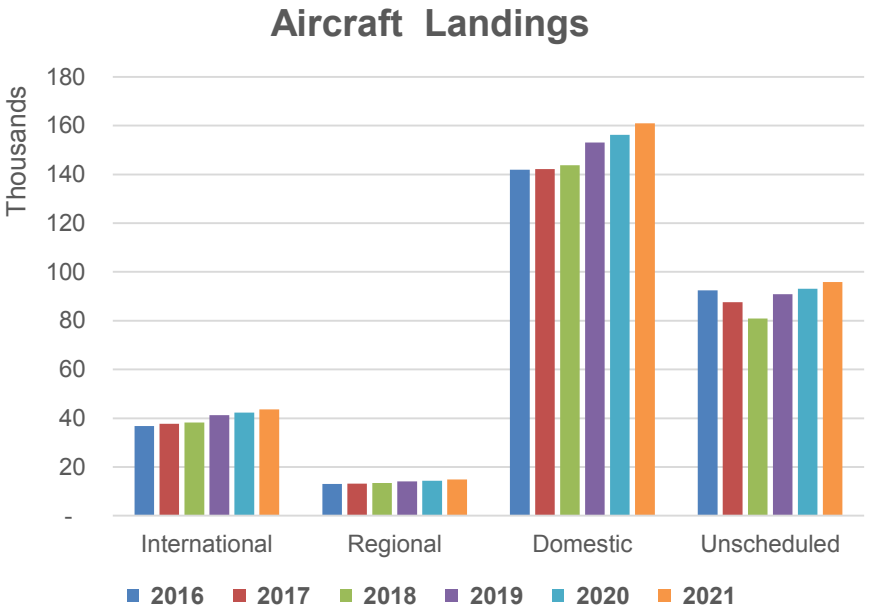
KEY FINANCIAL INDICATORS

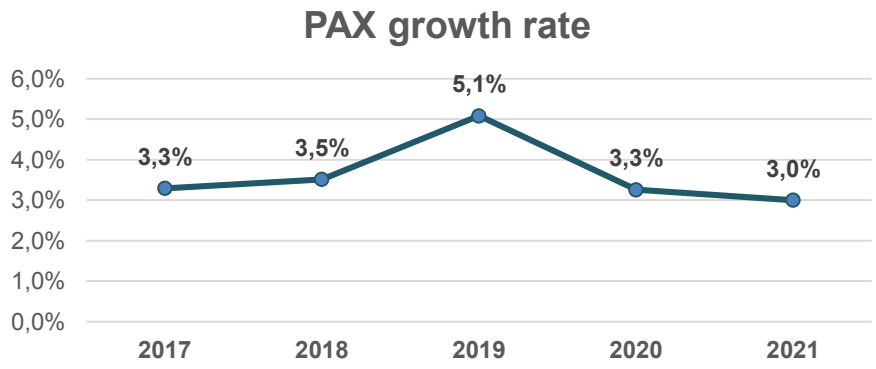


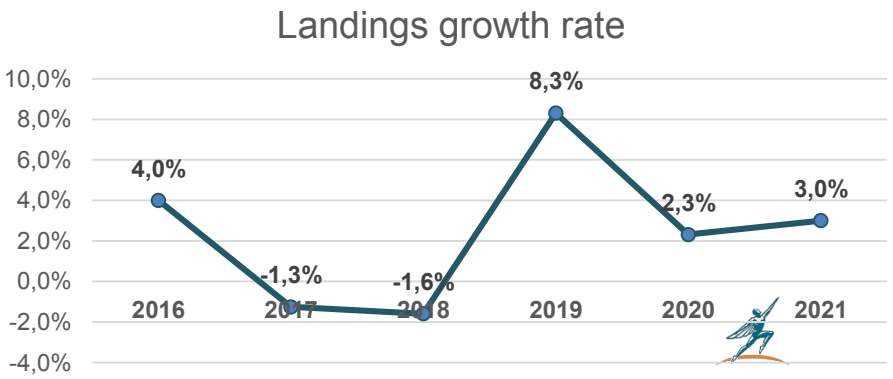
AIRPORTS COMPANY SOUTH AFRICA

TRAFFIC VOLUME









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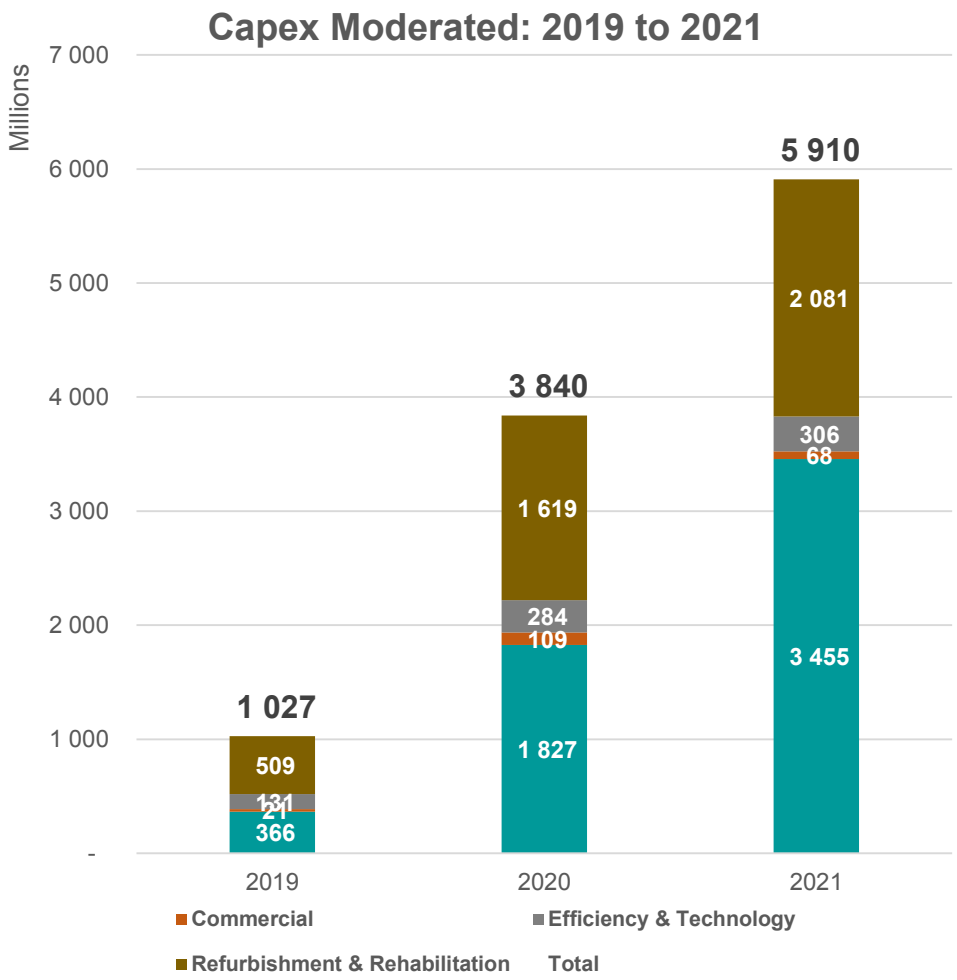
Source: ACSA

CAPITAL EXPENDITURE MODERATED



Moderation based on:

- Execution risk as a result of project maturity and internal governance processes (historical trends)
- Major projects by 2021 (pipeline value):
  - CTIA runway re-alignment (R1.5 billion)
  - Midfield cargo (R1.4 billion)
  - Midfield development fees (R820 million)
  - CTIA terminal 2 (R795 million)
  - New domestic arrivals (R700 million)
  - ORTIA remote aprons (R420 million)
  - ORTIA fuel farm refurb (R415 million)

2019 to 2021 Capex Budget amounts to R10.8 billion

AIRPORTS COMPANY SOUTH AFRICA

HIGH LEVEL ACTION PLANS – AUDIT OUTCOMES

Assets

- Upload manual asset register as per 2016/17 audit onto ERP (Oracle)
- Perform asset management procedures on asset registers in Oracle, including associated verification

Financial statements

- Accounting capacity enhancements – resources and skills

Supply chain management

- Document management exercise to locate and validate supply chain management documents
- Identify irregular contracts and regularise where appropriate, including irregular expenditure reporting improvements
- Pro-active audits of large tenders
- Go-live with new policies, procedures and business process – 1 April 2018

KEY STRATEGIC CHALLENGES AND OPPORTUNITIES

KEY CHALLENGES & OPPORTUNITIES

- **Key Challenges**
  - **Board Vacancies**
    - ✓ Currently there are Board vacancies owing to retired Board Members.
    - ✓ Process underway awaiting Ministerial approval.
  - **Economic regulatory framework**
    - ✓ Economic regulatory framework uncertainty.
    - ✓ Certainty & transparency is required so that ACSA, with its key stakeholders, may forge ahead decisively on long term planning and projects.
- **Opportunities**
  - **Advocacy for the Single African Air Transport Market (SAATM)**
    - ✓ Currently underway.
    - ✓ Government to keep ACSA informed on progress so that it is effected in our long term planning and growth.
  - **Aerotropolis**
    - ✓ Local governments to accelerate Aerotropolis establishments within respective provincial and local governments.
  - **Integrated Government Ministry approach**
    - ✓ Proactive engagements on multi-modal transportation solutions, tourism (local, intra-Africa and international), home affairs (innovative and effective 'passport' processing, etc.).
  - **Tourism**
    - ✓ ACSA considers itself as a key enabler and team player in tourism.
    - ✓ Travel and tourism contribute 9.3% of GDP – R402bn in 2016. Wider effects include investments, supply chain and induced impact. *Source (World Travel and Tourism Council).*
    - ✓ Harmonised operations at SA airports are pivotal – currently insufficient passport and immigration resourcing negatively impacts the customer-centric experience.

CONCLUSION

CONCLUSION

- Strategy that is aimed at **long term sustainable value creation**
- **Strengthening reputation** and continue to build **win-win partnerships** with our stakeholders
- Continuously improving the **passenger experience**
- Moving towards a **digitized business**
- Identifying and securing **new business opportunities**
- Managing and developing a **high performance team**
- Accelerating **sustainability and transformation** programmes
- Reducing **environmental impact**