



PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRANSPORT (PCOT)

12 OCTOBER 2022

20
22 | BRIEFING





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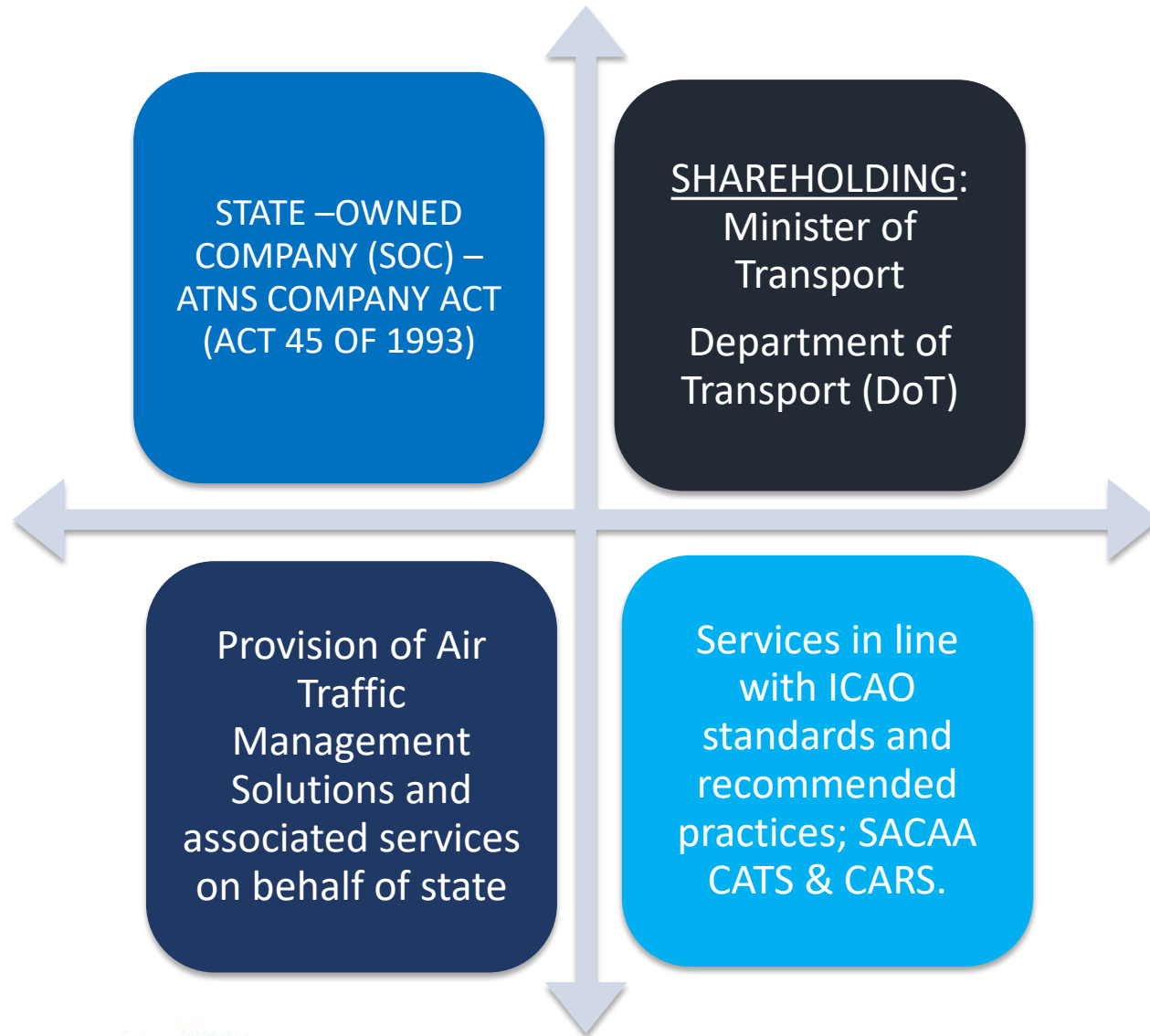
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01 ORGANISATION PROFILE



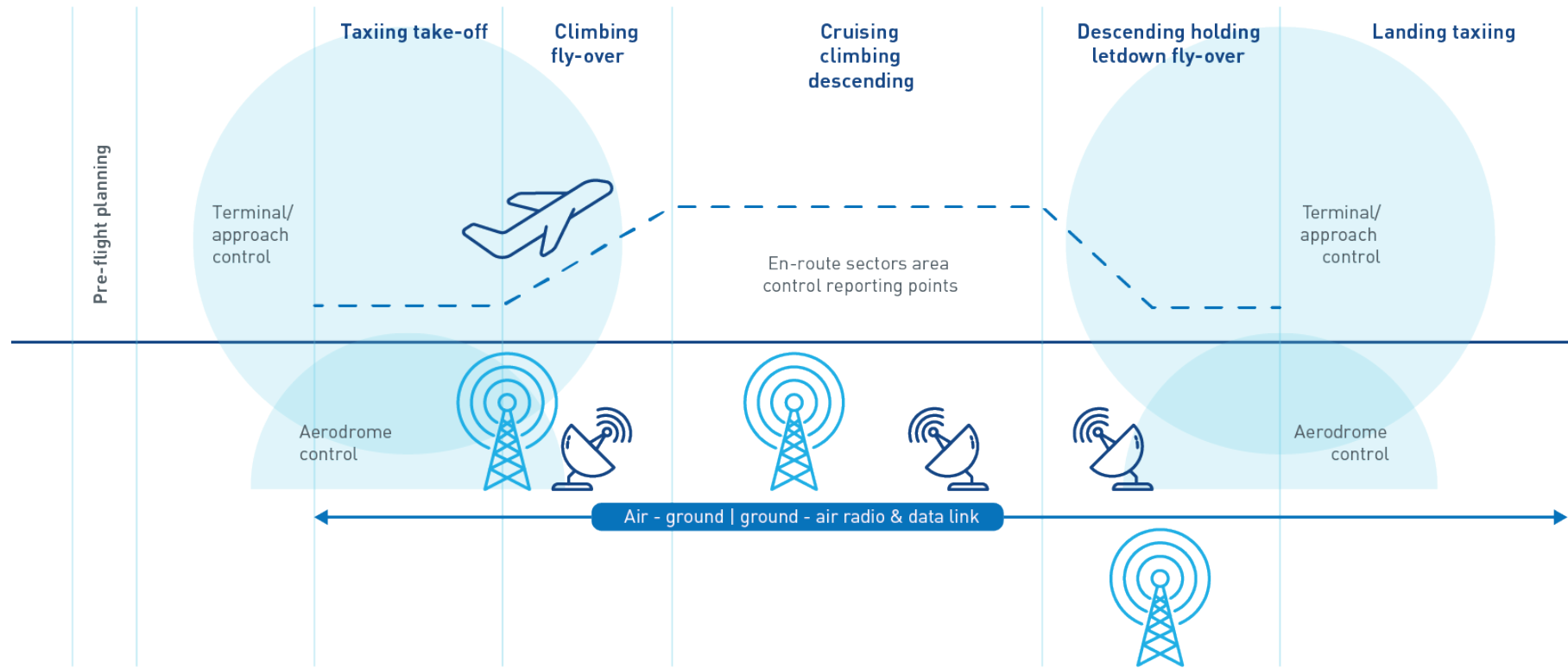
ATNS ORGANISATION PROFILE









transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

WHAT WE DO

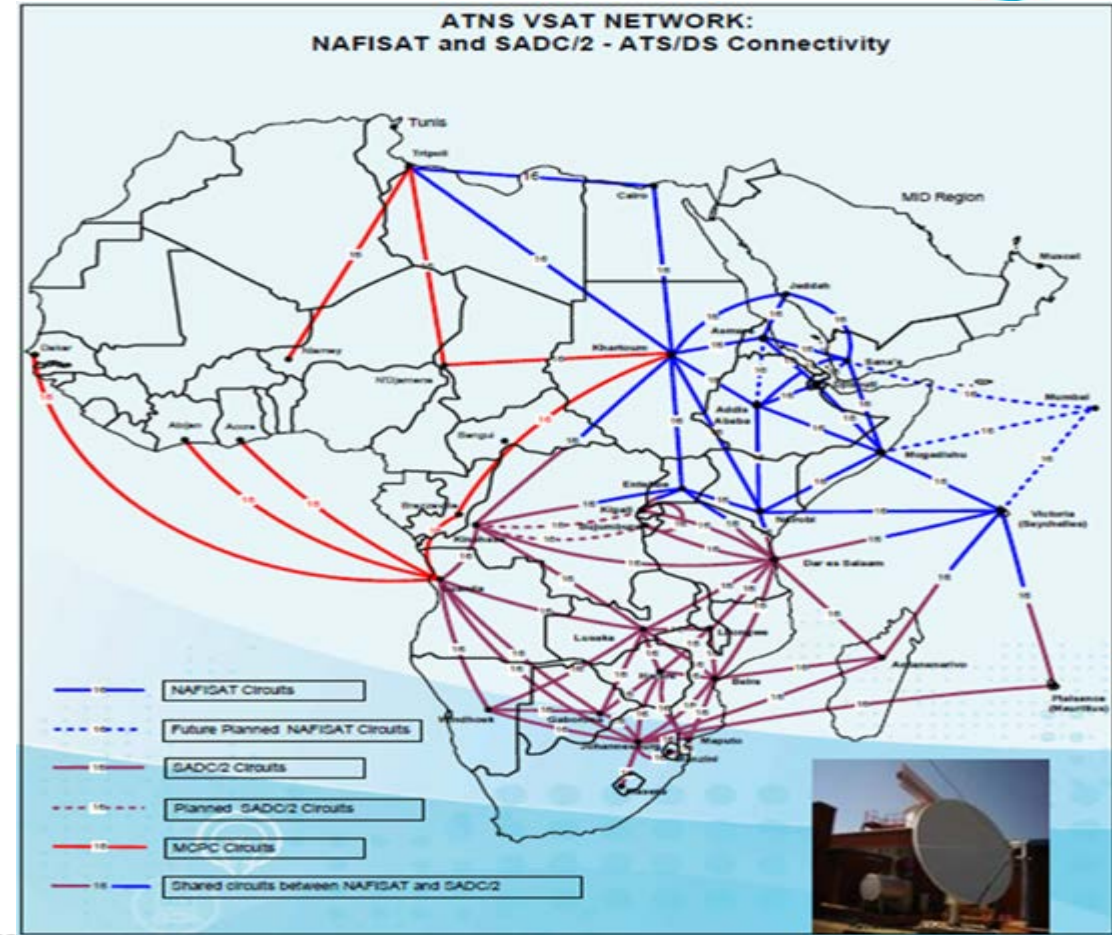


-  22 Air Traffic Control Centres (Aerodromes)
-  54 VOR Navigation Systems
-  10 GNSS Monitoring Stations
-  19 PSR and SSR Surveillance Radar Systems
-  57 NDB Navigation Systems
-  2 Air Traffic Management Systems

-  63 VHF Communication Systems
-  1 HF Communication System
-  18 VDF Navigation Systems
-  2 Surface Movement Radar Systems
-  3 VSAT Network Communication Systems
-  1 Maintenance Management System

ATNS SERVICES

ATNS in South Africa



Service offerings

- Regulated business
- Non regulated business

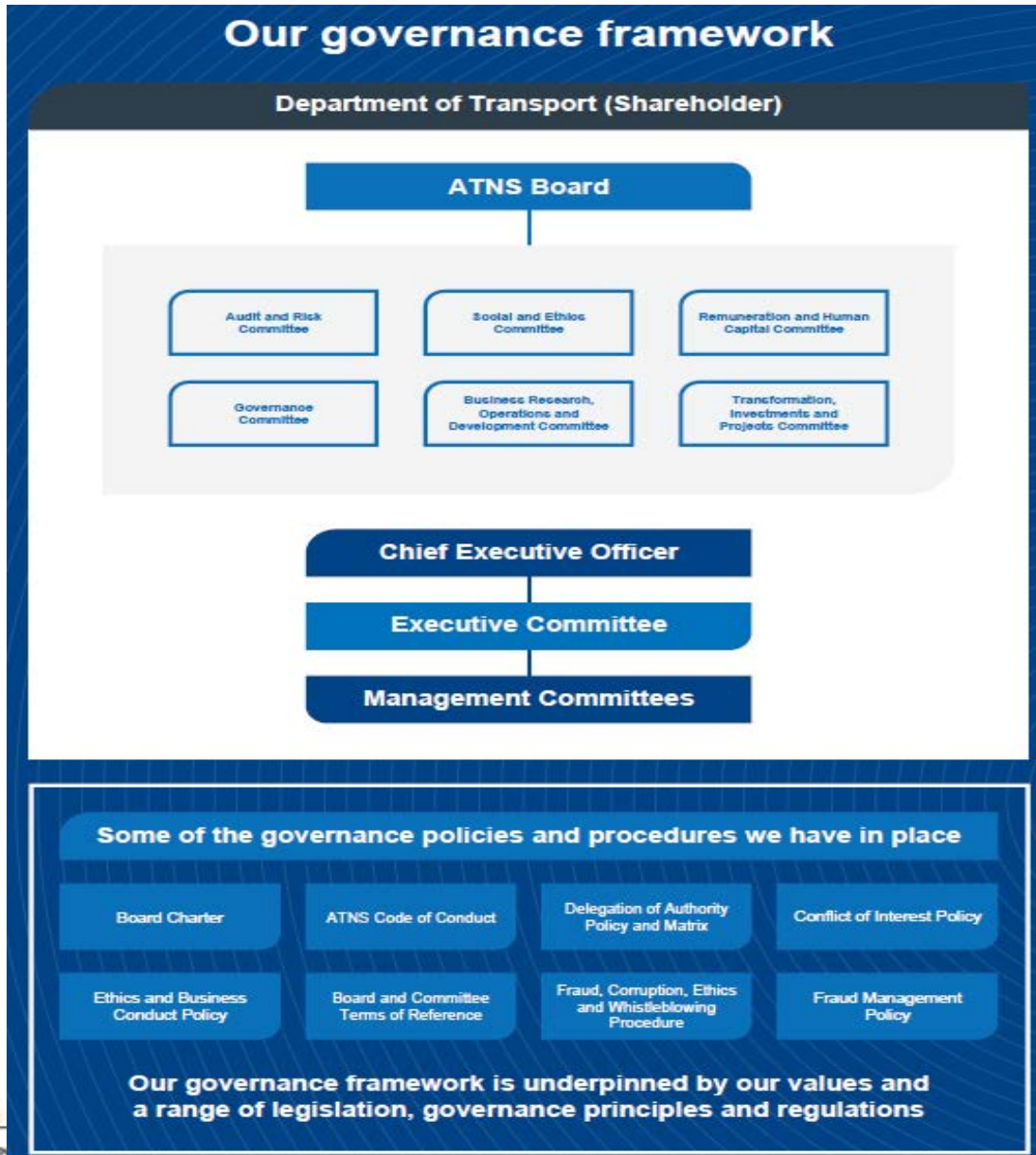


02 OUR GOVERNANCE

Guiding value creation and preservation



ATNS GOVERNANCE FRAMEWORK



Statutory / Legislative

- ATNS Act as amended
- Companies Act
- Public Finance and Management Act



Shareholder approved:

- ATNS MOI
- Shareholders compact



To enhance Governance ATNS also adheres to the following:

- King IV
- Protocol on Corporate Governance for the Public Sector



ATNS Governance Obligations to the Shareholder

- Corporate Plan
- Shareholder Compact
- Annual Integrated Report



ATNS BOARD AND RESPONSIBILITIES



ATNS is led by a board of directors made up of executive and non executive directors appointed for a **3 year term** by the Shareholder.

Board appointment extended until appointment of the new Board

ATNS Board is made up of

- ✓ 10 non-executive directors
- ✓ 2 executive directors

Demographics

Race

- ✓ 75% black
- ✓ 17% white
- ✓ 8% Indian

Age

Between 36 and 67

Gender

- ✓ 33% Females
- ✓ 67% Males

Board core skills

- Accounting and auditing
- Air traffic control management
- Aviation and aerospace operations
- Aviation law
- Compliance
- Engineering
- Facility management
- Governance
- Leadership
- Risk management
- Safety
- Strategy
- Sustainability

ATNS BOARD FOCUS AREAS 2021/22

- Considered and approved the Department of Transport quarterly performance reports on key performance indicators
- Ensure financial sustainability
 - Cost containment
 - Diversification of revenue generation
 - Management of accounts
 - Approved and successfully completed S189
- Assessed and monitored the impact of COVID-19 on the ATNS business
- Approved the audited annual financial statements
- Approved ATNS material matters and materiality themes
- Approved the ATNS integrated report
- Approved ATNS procurement plan
- Considered and confirmed that the entity was a going concern, assessed its status of solvency and liquidity and recommended not to declare a dividend for the financial year
- Approved sourcing of additional funding from the financial markets
- Considered and assessed the credit risk exposure – status of debtors
- Reviewed and approved the Board charter and mandate of the various Board committees
- Reviewed quarterly operations reports
- OD and culture fit workforce
- Improve safety culture and performance
- Review of the strategy
- Operational performance management
- Approved the various operational policies

ATNS EXECUTIVE COMMITTEE STRUCTURE



Demographics

Race

Black - 100%

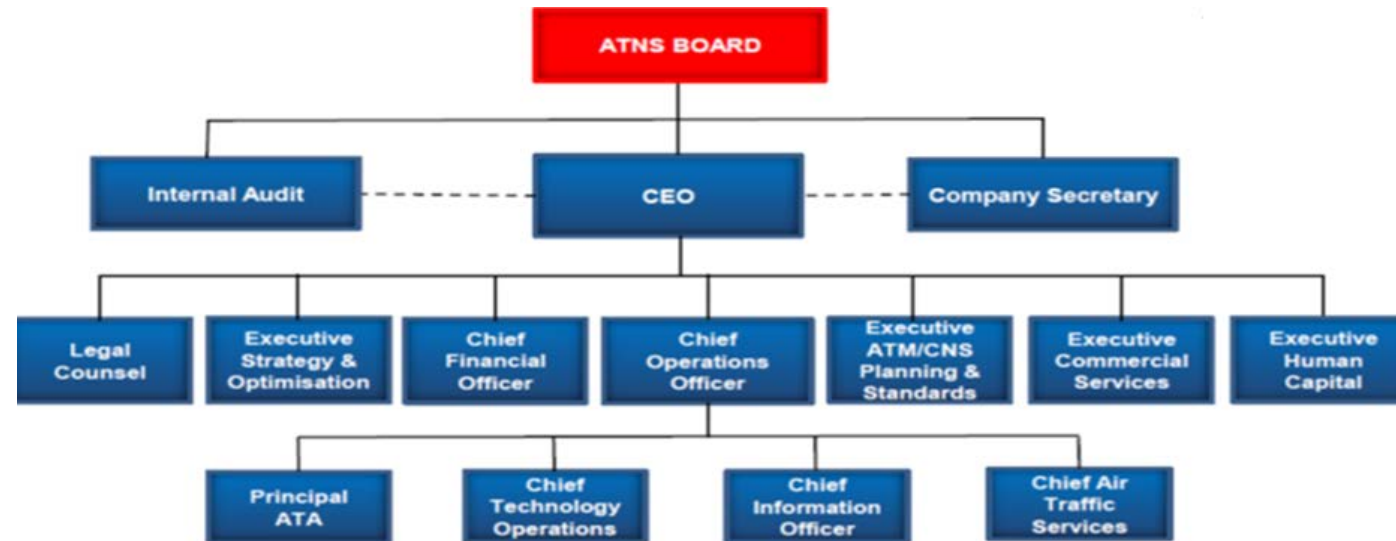
Gender

Female – 58%

Male – 50%

Age

Between 36 and 58





03

OVERVIEW – BUSINESS AND STRATEGY

Driving value creation and preservation



VISION

To be the leading provider of **Air Traffic Management solutions in Africa.**



MISSION

To provide **safe and efficient Air Traffic Management solutions.**



VALUES

1. Accountability
2. Safety and Customer Service
3. Continuous Improvement and Innovation
4. Employee Engagement and development
5. Fairness and Consistency
6. Open and Effective Communication



MANDATE

Established in **1993 in terms of the ATNS Company Act (Act 45 of 1993)** for the acquisition, establishment, development, provision, maintenance, management, control or operation of air navigation infrastructures, air traffic services or air navigation services.



OPERATING ENVIRONMENT

Operating environment trends:

1. Worldwide economic recovery
2. The fourth industrial revolution
3. Democratised Artificial Intelligence (AI)
4. Space-based ADS-B
5. Understanding the demand for air traffic in the future
6. Virtual ways of working

Drivers of change

Society

- Terrorism
- Urbanisation and the growth of megacities
- Passenger identity and fraud
- Global ageing
- Middle-class growth in China and the Asia-Pacific region
- New modes of consumption
- Tensions between data privacy and surveillance
- Global population growth driven by Asia and Africa
- Shifting ethnic, political and religious identity
- Disability, fitness and health

Technology

- Cybersecurity
- Expanding human potential
- Robotics and automation
- 3D printing and new manufacturing techniques
- Virtual and augmented reality
- Internet(s) of Things
- Alternative fuels and energy resources
- New aircraft designs
- Alternative modes of rapid transit
- Geospatial technology

Our strategy and related key performance indicators

Our purpose:
To be the leading provider of air management solutions in Africa

Our vision:
safe and efficient air traffic management

Our three strategic pillars that embody our strategic objectives

Applying our sustainability lens of partnerships, people and our planet to our strategic objectives

Service excellence

Sustainability

Innovation



Financial Capital

1

Maintain financial sustainability



Manufactured Capital

2

Ensure safety and efficiency of operations



Intellectual Capital

3

Be the leading training academy on the continent

4

Create an adaptive and innovative enterprise



Human Capital

5

Develop future-fit workforce



Social & Relationship Capital

6

Improved stakeholder-centric management

7

Increased business transformation



Natural Capital

8

Improved environmental stewardship

Partnerships

People

Planet

STRATEGY 2025 OVERVIEW

Our FY22 prioritised strategic initiatives

Safety

Business modernisation

Growth and financial sustainability

Emerging technologies

People and culture

ATNS training academy

Aviation industry transformation

Governance

Capex and Opex reprioritisation

RECOVERY PHASES



WE ARE HERE

RECOVERY PHASE 12 - 18 MONTHS

- Analyse impact on internal and external environment
- Review strategic objectives
- Reset the targets
- Reprioritise operational plans
- Business continuity
- Cost containment
- Cash preservation
- Fast-tracking digitisation and modernisation plans

SUSTAIN PHASE 2 - 3 YEARS

- Review operational environment
- Review strategic objectives
- Reset the targets
- Reshape strategy for business

REPOSITION PHASE 4 - 5 YEARS

- Review operational environment
- Build resilience and agility
- Create long-term value
- Diversify revenue streams
- Implement growth strategy
- Nature and strengthen partnerships
- Review end of term strategy
- Develop the next 5-year strategy

OUR BUSINESS MODEL

Inputs

Financial capital

- Revenue: R1.0bn (FY21: R547m)
- Capital expenditure: R186m (FY21: R155m)
- Cash and cash equivalents: R408m (FY21: R630m)

Manufactured capital

- Surveillance: 18 systems (PBR, SSR or both PBR and SSR)
- VOR/DME installations: 38 facilities
- VHF installations: 71 facilities
- Integrated automated air traffic management systems: 2 main facilities, 6 remote facilities
- Enhanced training and air traffic control facilities

Intellectual capital

- ATNS-developed BONISA prototype at FAOR
- ERP implementation
- Cloud migration
- Cybersecurity training
- ATNS-developed e-learning modules and virtual training facilities

Human capital

- Employees: 1124 (FY21: 1 253)
- ATNS staff: 674 (FY21: 733)
- OT staff: 120 (FY21: 175)
- Experienced and diverse executive team and a strong Board
- Robust safety strategy and effective safety management system

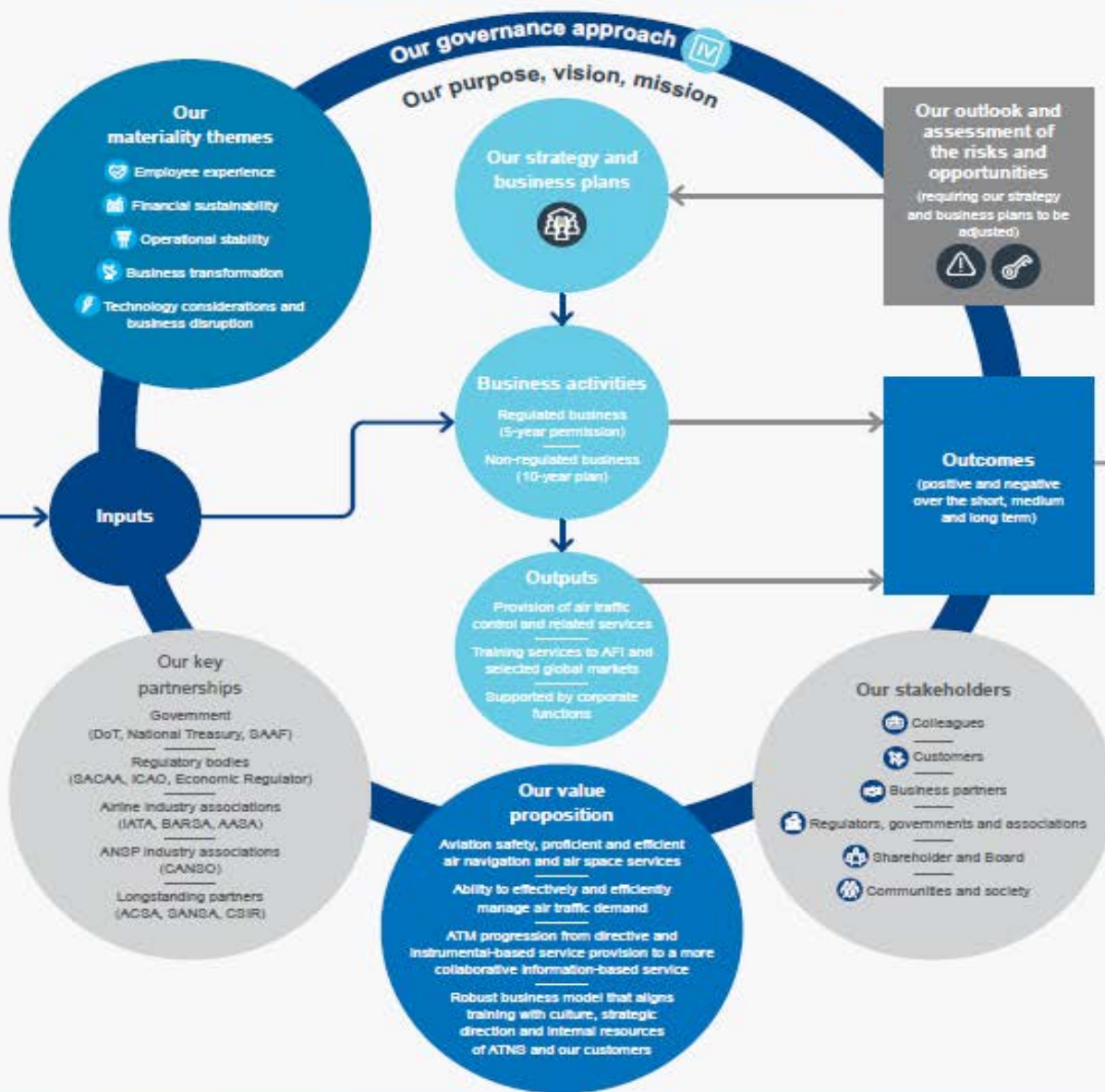
Social and relationship capital

- Air traffic movements: 807 479 (FY21: 540 020)
- Regulatory engagements to support customers
- Collaborations with industry associations and thought-leaders
- Investment in supplier and enterprise development to support the industry

Natural capital

- Natural resources usage: water and land
- Airspace utilisation oversight through air traffic management

Operating environment influencing our materiality themes, risks and opportunities



Outcomes

Financial capital

- Capex cash flow: R186m (FY21: R155m)
- Operational expenditure: R1 235m (FY21: R1 168m)
- Regulated business: 84% of revenue (FY21: 78%)
- Non-regulated business: 16% of revenue (FY21: 22%)

Manufactured capital

- Communication availability (96.52% versus 99.67% target)
- Navigation system availability (93.74% versus 98.65% target)
- Surveillance system availability (99.41% versus 99.77% target)
- SADC VSBAT availability (99.99% versus 98.50% target)
- NAFISAT availability (99.91% versus 98.50% target)

Intellectual capital

- Local and international students trained: 671 (FY21: 305)
- Integrated and automated process
- Improved cyber resilience and intrusion detection

Human capital

- Direct jobs created: 1 124 (FY21: 1 253)
- Internal staff trained: 155 (FY21: 55)
- Safety ratio: 5.42 (target of 7)
- Accident rate: 0 (target of 0)
- Serious incident rate: 3 (target of 5)
- AIC: 82.11% (FY21: 80.77%)
- Females: 49.44% (FY21: 49.72%)
- People with disabilities: 1.99% (FY21: 2.3%)

Social and relationship capital

- 51% black-owned suppliers: R185m (FY21: R869m)
- 30% black women-owned suppliers: R92m (FY21: R781m)
- CBI spend: R4.3m (FY21: R2.6m)
- Customer satisfaction level rating of 7.8 versus target of 7.25

Natural capital

- Environmental management system certification process
- Scope 1 emissions 436.02 and Scope 2 emissions 7 876.29
- Paperless environment completed through digital transformation programme
- Implementation of Gauteng Airspace Planning Programme
- Natural resources' management programmes

OUR YEAR IN REVIEW - 2022 FY

ENCOURAGING TRENDS IN THE AVIATION SECTOR

Global annual air traffic improved by

76%
in March 2022

(year-on-year)

(IATA Air Passenger Market
Analysis, March 2022)

(back to 2019 traffic levels)

Africa air traffic movements up to

**93% since
January 2020**

(CANSO traffic analysis, May 2022)

Arrival and departure
movements increased by

102% (domestic)

and

109.94% (international)

(comparing FY 2020/21
with FY 2021/22)

FOSTERING A WORKFORCE THAT IS GEARED TO DELIVER AND ADAPT TO A DIGITAL WORKING ENVIRONMENT

Initiated a culture review and
organisational design programme

Completed our section 189 process
without forced retrenchments

Attracting and retaining the next
generation aviation professional to
support aviation's future

Updated our skills mix required to
execute our Strategy 2025 and to thrive
in the longer-term future

LEADING AVIATION TRAINING ACADEMY ON THE AFRICAN CONTINENT

Our Aviation Training Academy
remains world-class and, thanks to
the completion of our refurbishment
project and virtual training courses, we
are extending our product offering and
geographic reach

ACCOLADES

**'Top
Employer'**

certification

for five consecutive years
including 2022

QMS

certification

ONGOING SAFETY IMPROVEMENTS

Safety ratio

5.42

(target of 7)

Accident rate

ZERO

(target of ZERO)

Achieved SMS level C CANSO
maturity



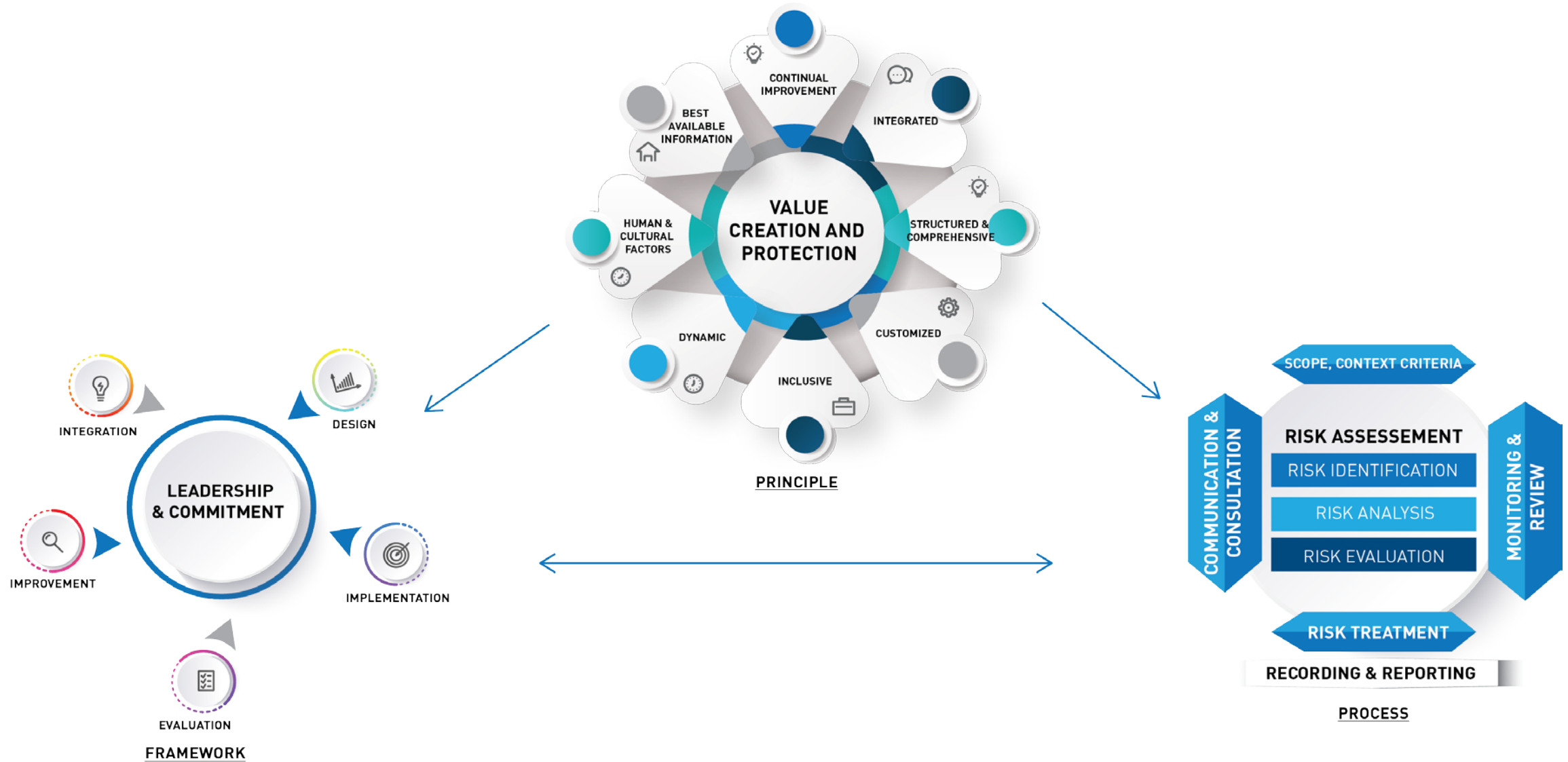
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OUR RISKS AND OPPORTUNITIES

Delivering value creation and preservation



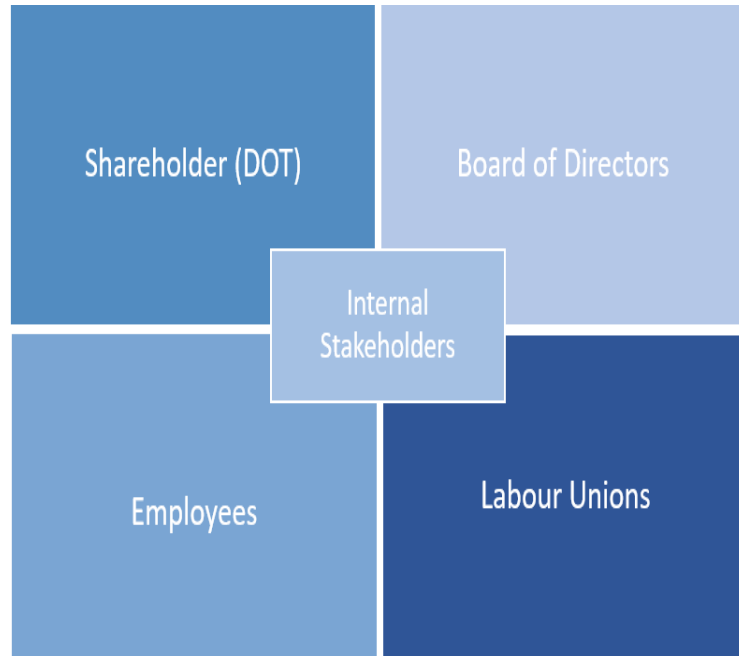
RISK MANAGEMENT FRAMEWORK



KEY RISKS

RISKS	MITIGATION
SAFETY INCIDENTS	<ul style="list-style-type: none"> • Intensify training interventions • Corporate annual Safety Plan
THREATS TO AND/OR VANDALISM	<ul style="list-style-type: none"> • Develop an Aviation Security Programme for ATNS in line with sites threat assessments • Develop and implement innovative technology that can assist in detecting and prevention security threats and vandalism
FINANCIAL SUSTAINABILITY RISK	<ul style="list-style-type: none"> • Source additional external funding for the Organisation including Shareholder Capital injection • Cost containment measures • Source additional revenue
CYBER SECURITY RISK	<ul style="list-style-type: none"> • Conduct continuous cyber risk assessments • Implementation of the Infrastructure Modernisation roadmap
INABILITY TO ATTRACT AND RETAIN CRITICAL SKILLS	<ul style="list-style-type: none"> • Talent Management and Succession Planning • Develop a retention strategy

OUR STAKEHOLDERS



Internal Stakeholders



External stakeholders

- ATNS recognises the importance of securing stakeholder support for our long-term success by enhancing transparency, sharing knowledge, and generating innovative solutions.
- The organisation regularly engages key stakeholder groups that are most relevant to the business.
- ATNS views the organisation's long-term commercial wellbeing and its stakeholders' interests as mutually inclusive.



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OUR PERFORMANCE – 2021/22 DOT KPIS

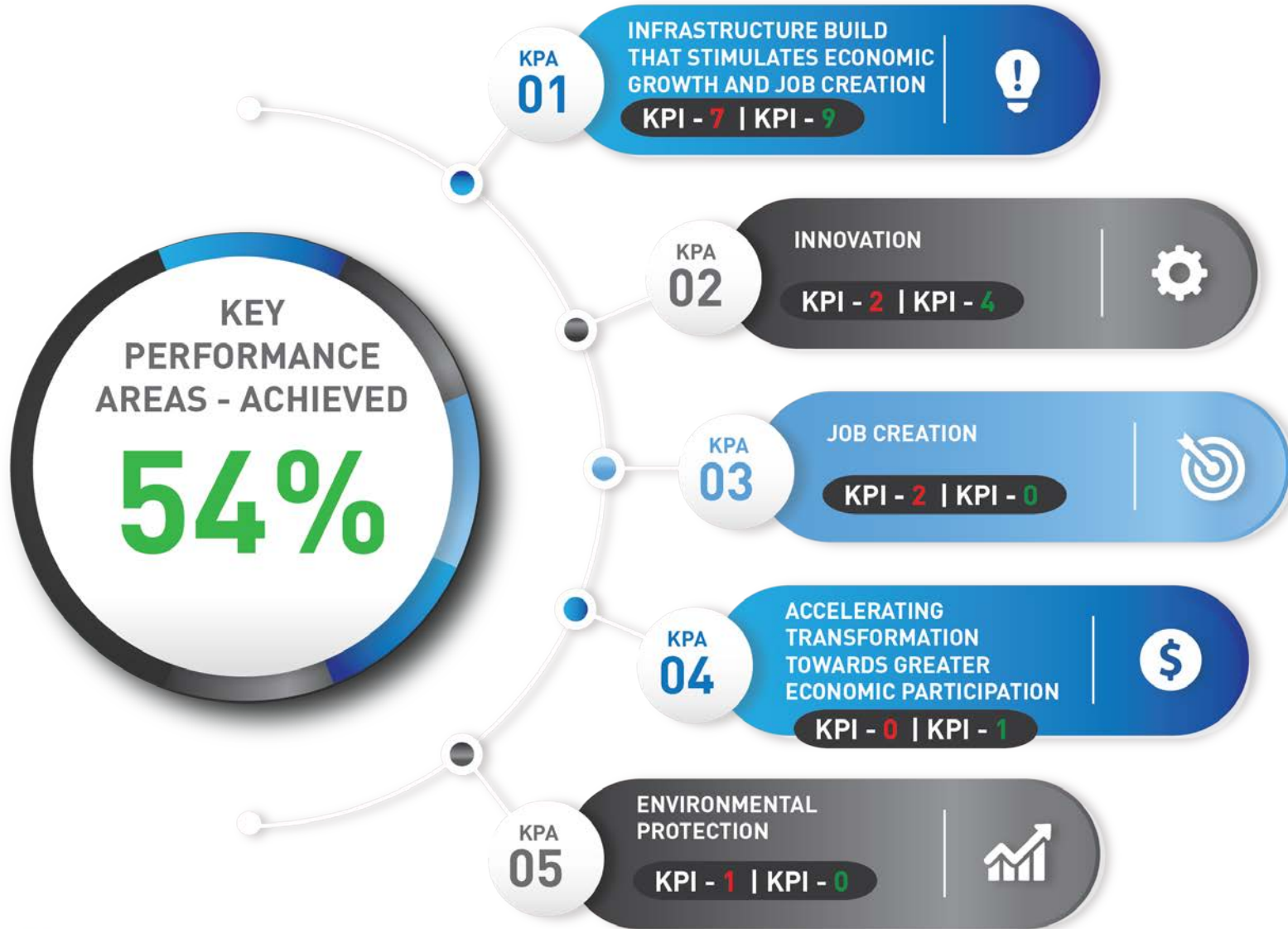
Capacity building for the future



PERFORMANCE OVERVIEW

- Leadership fluidity
- 62% financially dependent KPIs
- Low traffic revenue
- 5% Airline concession
- Deferral of CAPEX due to affordability
- Necessary Section 189
- Reduced delivery capacity
- Theft and vandalism
- Industry impacted by covid 19

DOT KPIs PERFORMANCE- 2021/22



TRANSFORMATION PLAN PERFORMANCE OVERVIEW

B-BBEE Element	B-BBEE Targets	Actual	Actual	Target
		2019/20	2021/2022	2022/2023
Management Control	10.00	6.28	7.00	7.00
Skills Development	25.00	22.00	23.00	24.00
Employment Equity	15.00	14.05	14.00	15.00
Preferential Procurement	30.00	24.52	28.00	30.00
Socio-Economic Development	5.00	5.00	5.00	5.00
Enterprise Development	15.00	15.00	13.00	15.00
Total Points	100.00	86.86	90.00	96.00
B-BBEE Level		Level 2	Level 2	Level 2

Workforce Profile - EE with Disabilities

Demographics	Male					Female					Total	AIC%	Female%
	African	Indian	Coloured	White	Foreign National	African	Indian	Coloured	White	Foreign National			
Total	9	0	1	5	0	8	0	0	0	0	23	78.26	34.78
Percentage	39.13	0.00	4.35	21.74		34.78	0.00	0.00	0.00	0.00			

Organisational EE Statistics

Demographics	Male					Female					Total	AIC%	Female%
	African	Indian	Coloured	White	Foreign Nationals	African	Indian	Coloured	White	Foreign Nationals			
Total	329	45	46	137	7	431	32	34	62	1	1124	81.58	49.73
Percentage	29.27	4.00	4.09	12.19	0.62	38.35	2.85	3.02	5.52	0.09			



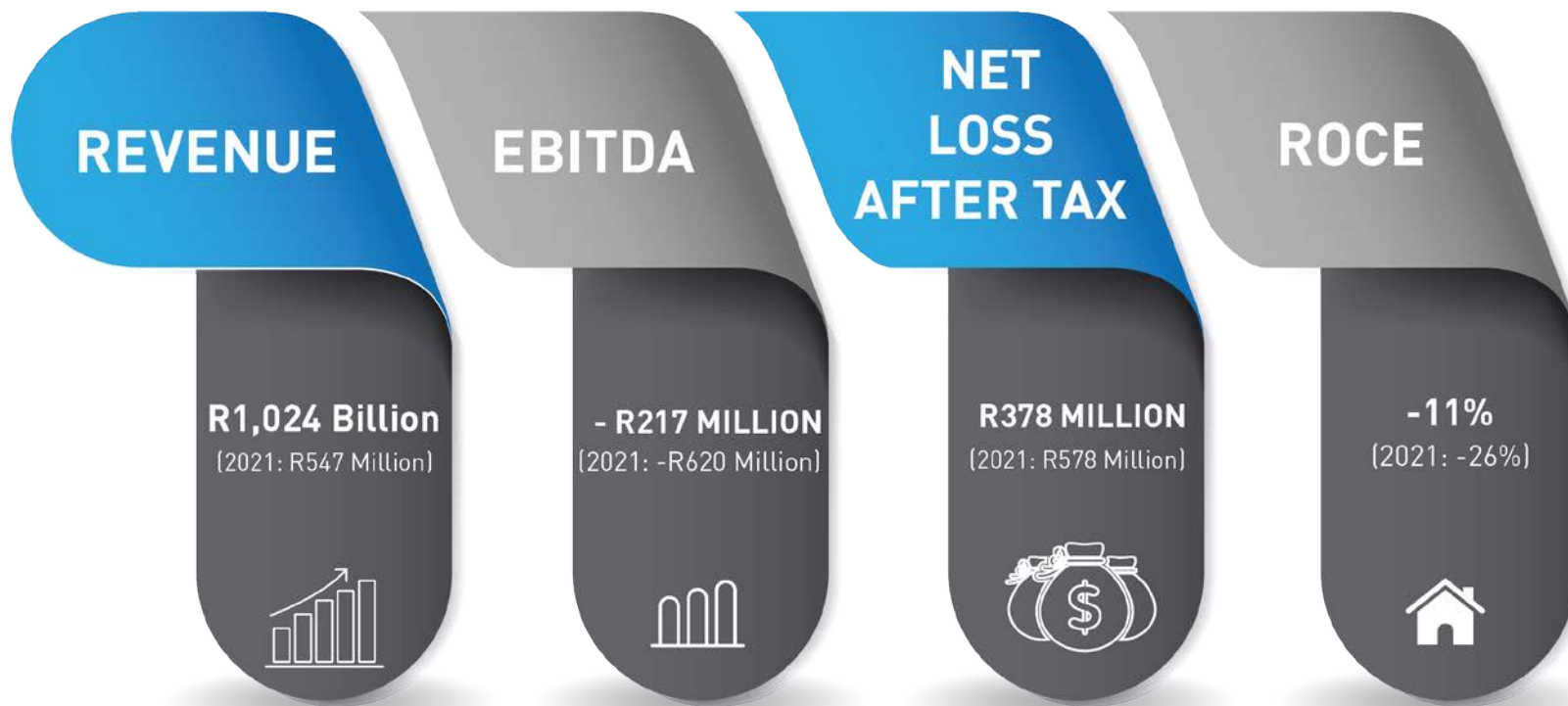
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OUR FINANCIAL PERFORMANCE 2022 FY

Capacity building for the future



FINANCIAL PERFORMANCE

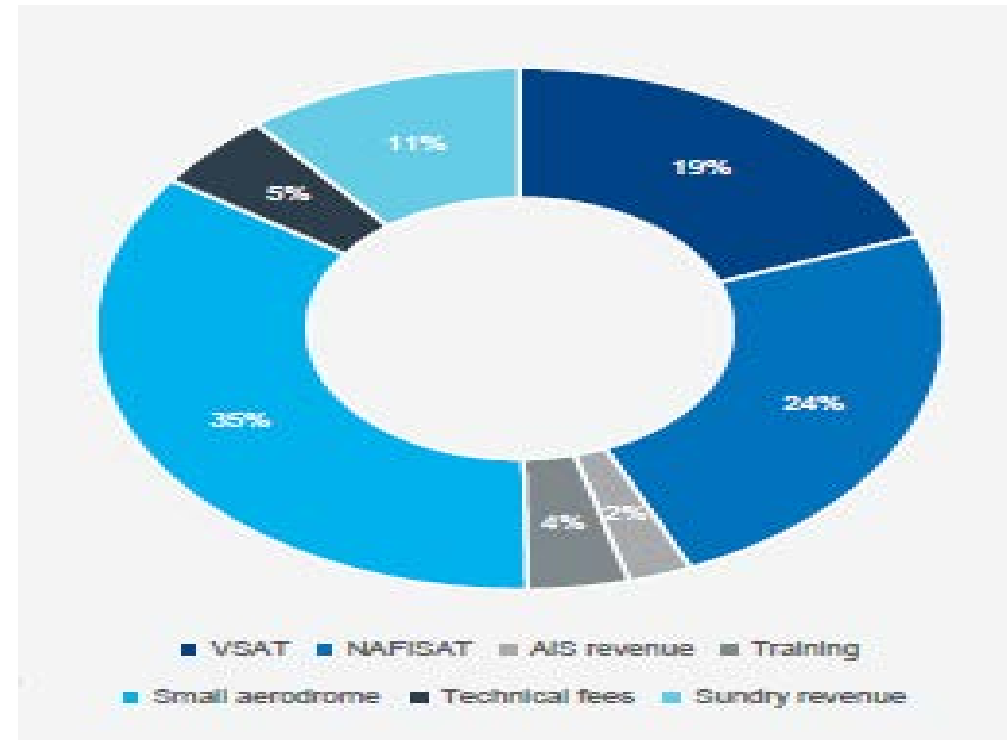


R 186 Million
(2021: R 155 million)



NON-REGULATED REVENUE

- Our non-regulated business activities contributed 16% of the company's revenue and they encompass our long-term strategy to facilitate regional expansion.
- Revenue from our non-regulated business has increased 36% compared with the prior due to the post-COVID-19 recovery experienced in the broader aviation sector



Non-regulated business revenue streams

Revenue	2021	2022	2023 target
VSAT	R17.9 million	R32.3 million	R39.3 million
NAFISAT	R28.2 million	R40.7 million	R42.7 million
AIS revenue	R2.5 million	R4.1 million	R6.8 million
Training	R1.4 million	R8.5 million	R9.5 million
Small aerodrome	R51.2 million	R58.7 million	R59.4 million
Technical fees	R8.5 million	R7.9 million	R12.2 million
Sundry Revenue	R13.7 million	R15.2 million	R14.6 million
Total	R123.4 million	R165.2 million	R184.6 million

OUR FINANCIAL PERFORMANCE

Our abridged financial statements

Abridged statement of profit and loss and other comprehensive income

Description	2022	2021
Revenue	1,017,347,988	547,439,448
Other income	6,220,914	4,231,846
Total expenditure	(1,496,109,300)	(1,307,172,777)
Profit before taxation	(472,540,398)	(755,501,483)
Income tax expense	94,618,523	177,273,011
Profit for the year	(377,921,875)	(578,228,472)

Abridged statement of financial position

Description	2022	2021
Assets		
Non-current assets	1,689,209,152	1,705,912,539
Cash and cash equivalents	408,429,221	830,370,712
Current assets excl cash and cash equivalents	172,979,823	159,762,482
Total assets	2,270,618,196	2,696,045,733
Equity and liabilities		
Total equity	1,942,774,043	2,320,695,918
Non-current liabilities	76,366,807	77,539,297
Current liabilities	251,477,346	297,810,518
Total equity and liabilities	2,270,618,196	2,696,045,733

Abridged statement of cash flows

Description	2022	2021
Net cash flows from operating activities	(218,210,740)	(533,186,873)
Net cash flows from investing activities	(186,000,836)	(155,456,851)
Net cash flows from financing activities	(9,805,152)	(12,447,367)
Total cash movement for the year	(414,016,728)	(701,091,091)

CAPITAL EXPENDITURE

Capital expenditure for 2021/22 was R186 million against a target of R182 million. This is largely due to delays in the execution of our Capex projects.

Capital commitments for the entity amounted to R375m at the end of the financial year. The entity expects to enter into further new commitments amounting to R69m in FY22/23.

Actual cash flow

Financial year	2018/19	2019/20	2020/21	2021/22
Actual cash flow	R252m	R149m	R155m	R188m

Capital expenditure - commitments

Description	2021 actuals	2022 actuals	2023 target
Commitments - Capex contracts awarded in 2020/21	R 539 million	R 375 million	R 69 million



CNS INFRASTRUCTURE

COMMUNICATION | NAVIGATION | SURVEILLANCE

AUDIT MATTERS

Audit Opinion

FY 2020	FY 2021	FY2022
Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

IE & FWE

IE		
FY 2020	FY 2021	FY2022
R22.9m	R9.7m	R92.2k

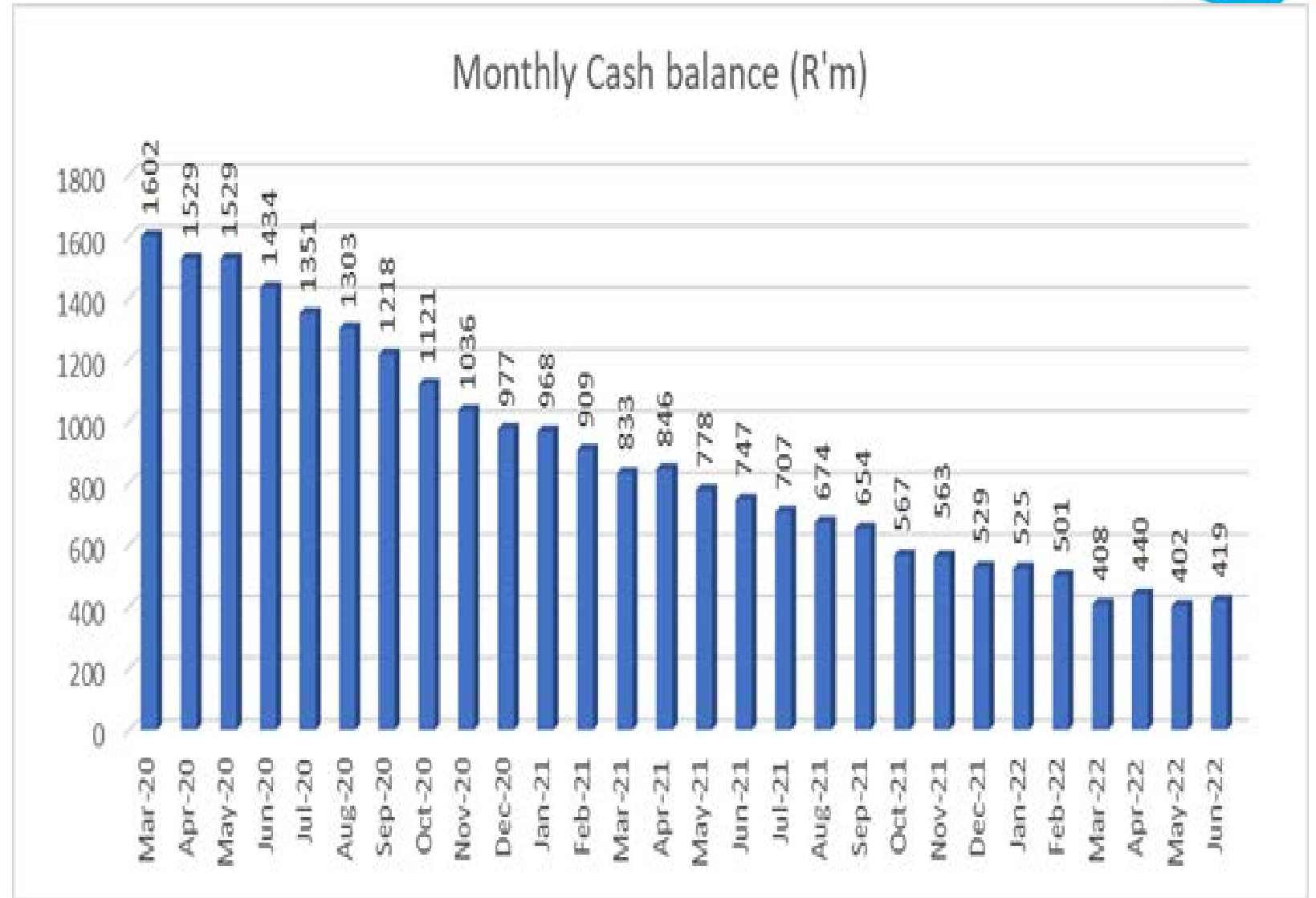
FWE		
FY 2020	FY 2021	FY2022
R168k	R302k	R468K

ADDITIONAL FUNDING

- ATNS has secured a loan facility of R500million with DBSA to fund part of its capex. Loan to be exhausted in 2023/24 due to entity's financial position impacted by Covid-19.
- Shortfall required to fund additional capex requirement as the shortfall cannot be funded through own reserves given the continued weakening of the entity's financial position.

Shareholder Intervention

- ATNS to approach the shareholder for capital injection





07

KEY HIGHLIGHTS AND CHALLENGES

Sustaining for the future



FUTURE FIT WORKFORCE - ORGANISATIONAL DESIGN (OD)

OUR JOURNEY TO DATE

Legend

Complete

In progress

Planned

Delays

- Milestone 1: Develop the ATNS Organisation Design Framework**
- Develop organisation design framework within an established design model with a focus on the workflows and role design; networks; structure.
 - Adopt the ATNS Project management framework to manage the project.

- Milestone 3: Benchmark with identified Global Air Navigation Services Providers (ANSP) and other identified organisations.**
- Benchmark with global ANSP's and other identified organisations.
 - Review the analysis and outcome of ATS org design performed and incorporate into the wider organisation design process.

Milestone 4: Develop "To-Be" Organisation Design in line with analysis and findings on the "As-Is" model and Desired Operating Model.

- Develop "to-be" design in line with analysis and findings on the "as-is" model and desired operating model.
- Develop human capital resource sharing model for the Regulated vs Non-Regulated org design and operating model.

- Milestone 6: Organisation Design Effectiveness**
- Develop metrics to measure the organisation design effectiveness



Milestone 2: Conduct organisation-wide analysis using the proposed organisation design model.

- Conduct organisation-wide analysis using the proposed organisation design model to determine the "as-is" design, operating model and applicable legislation.
- Regulated vs Non-Regulated org design and operating model.
- Review and incorporation of Air Traffic Services (ATS) org-design.
- Review of the human capital plan including the workforce plan, with a specific focus on the Air Traffic Services and Operations Technology operating models and staff calculator models.
- Present a preliminary report with recommendations on the review of the human capital plan, including the implications on the workforce plan and operating model.

Scope Deviation Workshops

- Identify the driving force / DNA of the "to-be" entity.
- Crafting of new ATNS business model.
- The customer was selected as our driving force going forward.

Activities during Pause

- Draft of Tier 1 job profiles
- Review of the Value Chain
- Final report and recommendation to the board
- Final sign off on the level 1 structure

- Milestone 5: Develop Strategic Workforce**
- Develop Strategic Workforce Plan in line with the Human Capital Plan (HCP) framework; Global Benchmarking analysis and the impact analysis on People, Process and Systems.
 - Perform comprehensive "Impact Analysis" on People, Processes and Systems.
 - Develop Job Profiles, including desired competencies.

AVIATION TRAINING ACADEMY (ATA) ACHIEVEMENTS

- Implementation of virtual training for selected products
- Development of a modernisation roadmap to increase efficiencies through technology
- Creation of new products through the Product Diversification Strategy to expand our product offering
- Refurbishment of the facilities to complement the modernisation roadmap
- ICAO Regional Training Center of Excellence and member of the ICAO TRAINAIR Plus Steercom
- Training of Aviation personnel from more than 30 African states over this period, across multiple Aviation disciplines
- ATA head appointed Vice President of the Association of African Aviation Training Organisations .
- ATA representative elected as Africa Regional director of IFATSEA
- Our success rate has been consistently above 90%
- Certification from multiple African CAAs (SA, Ghana, Uganda, Tanzania, Namibia, Seychelles, Roberts FIR)
- IATA regional Training partner for on-site and distance learning
- Continued ISO 9001;2015 certification

CORPORATE SOCIAL INVESTMENT (CSI)

ATNS is committed to good corporate citizenship and prioritizes CSI Projects as a catalyst to the betterment of the socio-economic conditions of the communities interfacing with our operations.

CSI FOCUS AREAS

- Education (Flagship)
- Skills Development and Training;
- Support for School Sports, Arts and Culture
- Environmental Sustainability
- Staff led initiatives, and
- Promotion of STEM subjects in schools as they are entry requirements for careers in Air Traffic Control (ATC).

KEY FACTS

- 2021/22 Budget: **R5 000 000**
- Geographical Coverage: Nationally
- Key Stakeholders: Department of Basic Education, Rural communities

ACHIEVEMENTS

- **+25** beneficiary schools in all provinces
- Education support materials to **+12 000** learners and **+30 educators**
- Trained and incubated SMME and now partnering with ATNS OEM

CORPORATE SOCIAL INVESTMENT

CSI FLAGSHIP PROJECTS (2021/22)

Limpopo: Matsambu High School Computer and Science Lab



Eastern Cape: Dondashe Secondary School: Life and Physical Science Lab



Limpopo: Nkuri – ICT Equipment



Western Cape: Uxolo High School – Science Lab

FOCUS AREAS

- Maintain **financial sustainability**
- Manage and implement **cost containment** measures.
- Ensure successful implementation of the **growth strategy**.
- Ensure **safety and efficiency** of operations.
- Ensure effective **stakeholder management** and **quality of stakeholder relationships**.
- Develop future fit workforce with a focus on **organisational redesign** and **culture review project**.
- Ensure successful implementation of the **transformation strategy**, the enterprise supplier development. framework.
- Create an adaptive and innovative enterprise through programmes such as Research and development, Digital Transformation and cyber security roadmap.
- To **modernise and digitise** the ATNS Aviation Training Academy (ATA)
- Source additional funding



THANK YOU

