

# MEDIA RELEASE

## AIRPORTS COMPANY SOUTH AFRICA REPORTS FOR 2018 FINANCIAL YEAR

### PERFORMANCE HIGHLIGHTS

**Solid revenue and profit performance** in spite of 35.5% cut in aeronautical charges

Revenue of **R6.9bn** and EBITDA of **R3bn**

Interest-bearing borrowing reduced by **R490m** to **R8.8bn**

**JOHANNESBURG 27 September 2018** – Airports Company South Africa absorbed a 35.5% reduction in aeronautical charges to report revenue of R6.9-billion and EBITDA of R3-billion in the year ended 31 March 2018.

The effect of the tariff reduction was mitigated by strong passenger growth at Cape Town International and King Shaka International airports that was above expectations, strong cost containment, improvements from operations outside South Africa and appreciation in the investment property portfolio.

These factors saw revenue and profit decline by 19.8% and 60% respectively.

The company still maintains a very strong balance sheet as a result of conservative financial management practices. Interest-bearing debt was reduced further by R490-million during the year, reducing the company's gearing ratio to only 22%.

Bongani Maseko, Chief Executive Officer of Airports Company South Africa, said plans to mitigate the impact of significantly lower tariffs had largely been effective.

"We did have some time to plan for lower tariffs, but these plans had to be firmly managed while coping with only moderate domestic passenger growth.

"Our performance shows resilience and a capacity to adapt to very different operating conditions. This is due to the commitment of all employees in staying true to our strategy and operating model," said Maseko.

The performance of international investments showed considerable improvement with Mumbai making a positive contribution while losses associated with Guarulhos International Airport in Brazil were reduced by R481-million.

Capital expenditure remained at maintenance capital expenditure levels, as in the prior year.

The decline to 4.2% in return on equity was largely expected on the back of the reduction in aeronautical charges.

Focused expenditure management led to lower than CPI growth in staff costs and utilities. Repairs and maintenance costs increased by 17%. This was due to ageing infrastructure, a result of postponed capital expenditure as a result of previous delays to the tariff permission decision.

"We are pleased to have been able to keep a firm hold on costs in spite of severe pressure on utilities such as electricity and water," said Maseko.

Aircraft landing volumes grew by 1% for domestic flights and by 3% for international flights. The Company reported a total of 20.2-million (2017: 19.3-million) departing passengers from the nine airports it owns and operates.

Domestic passenger growth was 4% with good growth of 5% in international departing passengers. This was largely due to the successes of the air access initiatives for Cape Town International Airport and King Shaka International Airport.



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SOUTH AFRICA

Said Maseko: "These successes demonstrate the tremendous value of collaboration between an airport and all of the stakeholders in its area.

"We are therefore pleased that similar efforts are underway for O. R. Tambo International Airport and Port Elizabeth International Airport. The great potential of air access initiatives has been demonstrated. We hope that our stakeholders in other areas will bring the same levels of drive and commitment to repeating these successes around South Africa."

The 35.5% tariff reduction saw the contribution of aeronautical revenue to the total fall to 51% from 63% the previous year. The Company continues to implement activities to grow the size of non-aeronautical revenue which remains dependent on overall economic activity. Non-aeronautical revenue is derived from sources such as retail, advertising and car rental concessions, office rental, vehicle parking and car hire.

Maseko said the company remains firmly committed to transformation through procurement and the awarding of airport concessions.

"We continue to seek clarity on how we apply government's national transformation directives. In some instances, this requires us to defend ourselves in litigation to the fullest extent that judicial system will allow. However, we remain equally committed to working within the provisions of the law and the Constitution," he said.

Maseko expects construction on the Cape Town runway realignment project to commence during 2019 and to take about three years to complete. The company also plans significant infrastructure investment at O. R. Tambo International Airport that will make a significant contribution to the development of the aerotropolis concept in the Ekurhuleni region.

**ENDS**

## NOTES TO EDITORS ABOUT AIRPORTS COMPANY SOUTH AFRICA

Airports Company South Africa is the largest airport operator in Africa. Our mission is to develop and manage world-class airport infrastructure for the benefit of all stakeholders

We manage South Africa's nine principal airports.\* In fulfilling this task, Airports Company South Africa enables more than 80 percent of South Africa's commercial air travel. Our airports process 40 million arriving and departing passengers a year.

In the 2016/17 financial year, Airports Company South Africa reported total revenue of R8.6 billion. Currently 63% of Airports Company South Africa revenue is derived from regulated tariffs for aircraft landing and parking fees and a passenger service charge. The remaining 37% is non-aeronautical revenue generated by airport retail, parking, property and other services.

Airports Company South Africa's global footprint extends to technical advisory services and support, airport management, and operating concessions in India, Brazil, Munich, and Ghana.

We also frequently feature among the winners of independently-judged global airport awards. In the 2017 Airports Service Quality awards presented by Airports Council International no less than four of our airports were honoured:

- King Shaka International Airport achieved first place in Best Airport by Region;
- Cape Town International Airport achieved third place in Best Airport by Region;
- Cape Town International Airport was named Best Airport in Africa (over 20 000 air traffic movements) in the Safety Awards;
- Bram Fischer International Airport achieved first place in Best Airport by Region in the under 2 million passengers category as well as Most Improved Airport; and
- Upington International Airport joined the 2016 Director's Roll of Excellence for being ranked in the top five airports for its category, size and region from 2006 to 2015.

For more information please visit [www.airports.co.za](http://www.airports.co.za).

\* South African airports we operate are: O. R. Tambo International Airport, Cape Town International Airport, King Shaka International Airport, George Airport, Bram Fischer International Airport, Upington Airport, Kimberley Airport, Port Elizabeth Airport and East London Airport.



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