

# OPERATING STRUCTURE



## Board of Directors

Company Secretary

## Managing Director

Finance Director

Group Executive: Aviation Services

Assistant Group Executive: Airport Planning

Group Executive: Communications and Brand Management

Group Executive: Commercial Services

Group Executive: Human Resources

Group Executive: Governance and Assurance

Group Executive: Operations

General Manager: O.R. Tambo International Airport

General Manager: Cape Town International Airport

General Manager: King Shaka International and National Airports

# GROUP STRUCTURE



## Airport Operations

O.R. Tambo International Airport  
Cape Town International Airport  
King Shaka International Airport  
Port Elizabeth International Airport  
East London Airport  
George Airport  
Bloemfontein International Airport  
Kimberley Airport  
Upington International Airport



## Aviation Services

Airport Planning  
Environment  
Geographic Information System  
Projects  
Research and Quality Management



## Commercial Services

Retail  
Car Parking  
Car Rental  
Advertising  
Property  
Airport Management Solutions



## Support Functions

Finance and IT  
Internal Audit  
Communications and Brand Management  
Human Resources  
Strategy  
Risk Management  
Company Secretariat  
Legal

# BOARD OF DIRECTORS



## **Busisiwe ('Busi') Mabuza**

Non-executive Chairman

Investment Executive: Vulindlela Holdings

### **Qualifications**

BA (Mathematics and Computer Science)

MBA (Finance and Information Systems)

### **Directorships**

Development Bank of Southern Africa

Afgri Ltd



## **Roshan Morar**

Non-executive Deputy Chairman

Founding and Managing Partner: Morar Inc

### **Qualifications**

CA (SA)

Certified Fraud Examiner

BComm

BCompt Hons

### **Directorships**

Public Investment Corporation SOC Ltd

South African National Roads Agency SOC Ltd



## **Skhumbuzo Macozoma**

Non-executive Director

Executive, Strategic Business: Sizwe Africa

### **Qualifications**

BSc (Civil Engineering)

MSc (Civil Engineering)



## **Martie Janse van Rensburg**

Non-executive Director

Independent Consultant

### **Qualifications**

BComm

BCompt Hons

CA (SA)

### **Directorships**

Johannesburg Water SOC Ltd

Headstream Water Holdings

NMI Group of Companies

Denel SOC Ltd

FirstRand Bank: Credit Committee (Africa)



### **Elias Masilela**

Non-executive Director

CEO: Public Investment Corporation SOC Ltd

#### **Qualifications**

BA (Economics and Statistics)

MSc (Economic Policy and Analysis)



### **Tryphosa Ramano**

Non-executive Director

Chief Financial Officer: PPC

#### **Qualifications**

BComm

CA (SA)

#### **Directorships**

Board of Appeal, Financial Services Board (alternate)

SA Institute of Chartered Accountants

National Credit Regulator (Chairman: Audit and Risk Committee)

President: African Women Chartered Accountants



### **Mohlakore ('Mohla') Matsaba**

Alternate Non-executive Director

Portfolio Manager for Social Infrastructure:

Public Investment Corporation SOC Ltd

#### **Qualifications**

Diploma in Architecture

BTech (Quantity Surveying)

MBA

#### **Directorships**

Oakleaf Investment Holdings: Non-executive Director

Schools and Education Investment Impact Fund of South Africa: Trustee and Investment Committee Member

Nozalo Health Partners: Non-executive Director

### **Company Secretary**



### **Tracy Gwatkin**

Company Secretary

#### **Qualifications:**

BA (Law) LLB (Wits)

Post Graduate Diploma in Management Practice (GSB UCT)

Certified Financial Planner

# EXECUTIVE COMMITTEE



## Bongani Maseko

Acting Managing Director

Bongani holds a degree in Aviation Business Administration from Embry-Riddle Aeronautical University in Florida (USA), where his studies focused on airport and airline management. He continued his studies at the University of California in airport systems planning and design and airport ground transportation planning.

Prior to being nominated in October 2011 to act in the position of Managing Director, Bongani had been responsible for the day-to-day operations at all ACSA airports since September 2004 as Group Executive: Operations. Before that he was General Manager of O.R. Tambo International Airport for three-and-a-half years.



## William Tlou

Acting Finance Director

William holds an honours degree in Accounting Science from the University of South Africa; he is a chartered accountant by profession. He joined ACSA in 2008 as Group Specialist: Finance. Prior to his appointment as Acting Finance Director, he was Group Manager: Finance. He previously held positions as Senior Manager: Financial Accounting as well as Senior Audit Manager before joining ACSA. He currently serves on the board of JIA Piazza Park (Pty) Ltd, a subsidiary of ACSA.



## Deon Cloete

General Manager: Cape Town International Airport

Deon holds two degrees: a Bachelor's Degree in Commerce and a Master's Degree in Business Leadership from the University of South Africa. He has 25 years' experience in the aviation industry.

Deon has served at all ten of ACSA's airports and was seconded to South African Airways in 2000/2001, where he served as General Manager: Passenger Support Services.

Deon is Chairman of the Board of Cape Town Routes Unlimited (CT RU), the destination marketing organisation for the Western Cape.



## Pieter du Plessis

Group Executive: Human Resources

Pieter, a registered industrial psychologist, has extensive experience in strategic human resource management, transformation and change management, and human resources capital development. He was Human Resources Manager at O.R. Tambo International Airport for six years, where he also managed the operations portfolio for more than three years in the capacity of Assistant General Manager: Operations, thus combining his HR exposure with operational experience.

Pieter took up his current position in 2003 with responsibility for all areas of HR management for Group staff.



### **Christopher ('Chris') Hlekane**

General Manager: O.R. Tambo International Airport

Chris holds a BSc Honours in Chemistry from Rhodes University, Grahamstown. He worked in commerce and industry as a research and industrial chemist before being appointed manager of manufacturing plants for Colgate Palmolive and then the Nampak Group.

Chris also worked for Coca-Cola and L'Oreal SA before becoming an executive director of the MX Health Institute group of companies. He took up his current position with ACSA in 2005.



### **John Neville**

Group Executive: Aviation Services

John is a building surveyor who started his career in 1968 with John Laing Construction, working on various projects in the UK. He moved to South Africa in 1974, where his career expanded into project management and property development.

He joined ACSA early in 1999 as Group Manager: Projects, responsible for the expansion and improvement projects at ACSA's airports. John was appointed to his current position in 2006.

John is Chairman of the Corporate Capital Expenditure Committee and is a standing member of the Corporate Tender Board and the IT Steering Committee.



### **Goran Vracar**

Assistant Group Executive: Airport Planning

Goran has a degree in Air Traffic and Transportation Engineering and 31 years' experience in airport operation, planning and design. He worked at Belgrade International Airport before joining ACSA in 1994.

In his current capacity, Goran is responsible for airport planning for all of ACSA's airports.



### **Haroon Jeena**

Group Executive: Commercial Services

Haroon is a chartered accountant and has a Higher Diploma in Tax Law.

He joined ACSA on 1 August 1999 as Group Manager: Property Administration, Investments and IT before moving to Commercial, Finance and Asset Management after the restructuring in 2001. Haroon took over responsibility for the ACSA property portfolio in 2003 and was appointed as Group Executive on 1 June 2008.

# EXECUTIVE COMMITTEE (CONTINUED)



## Terence Delomoney

General Manager: King Shaka International Airport and National Airports

Terence was appointed General Manager at King Shaka International and National Airports on 1 August 2008. He is a chartered accountant by profession and has been with ACSA for more than twelve years.

Terence headed the portfolios of Finance and Commercial, and was then promoted to AGM: Support, which included Projects, Engineering and IT, when the national airports became part of the Durban International Airport management structure.

Terence currently chairs the ACSA Corporate Social Investment Committee and is a Board member of the iLembe Chamber of Commerce, Industry and Tourism.



## Andre Vermeulen

Acting Group Executive: Airport Operations

Andre qualified as a Mechanical Engineer in 1994. After completing his studies he joined ACSA as an engineer in training and was appointed the head of Mechanical Maintenance at O.R. Tambo International Airport in 1997 and to Maintenance and Engineering Manager in 2001.

In 2005 Andre was promoted to the position of Group Manager: Airport Operations and has since been responsible for standardising systems within operations countrywide and specifically delivered the new Airport Management Centre for O.R. Tambo International Airport. Andre has 16 years airport experience in all disciplines of engineering and more recently focused on developing integrated IT platforms for operations. He was appointed to his current position in October 2011.



# CHAIRMAN'S REVIEW



While South Africa may not have suffered as badly as some countries during the economic woes of the past few years, its global effects have had a direct impact on the aviation sector and, consequently, on Airports Company South Africa's business. The unsure and stuttering nature of the recovery has slowed the anticipated rate of recovery of passenger and freight numbers, with a resultant impact on profitability for all.

In the aviation industry, it is an acknowledged fact that there is a direct and positive relationship between a country's economic performance and aviation traffic. Despite a 2,8 percent growth in GDP, traffic grew by only three percent. Within this context of low growth, it is therefore pleasing to report that the results for the financial year under review show a healthy resilience, reflecting judicious and effective management of the Company's resources.

The Group continues to strive for equitable opportunities to provide employment and business opportunities through an enlightened procurement policy. This is based on the Broad-based Black Economic Empowerment (B-BBEE) public sector scorecard, which creates the framework to provide impetus to supplier empowerment, generating socio-economic transformation.

Airports Company South Africa has maintained its commendable, level three B-BBEE contributor status for the second year in succession.

The well established Corporate Social Investment policy of supporting mobility initiatives, community development and environmental programmes has continued. The long-term support of Wheelchair Tennis South Africa is paying dividends. In the past year, Kgothatso Montjane won the Disabled Woman

of the Year award and Lucas Sithole the Disabled Man of the Year; coincidentally, they now hold ninth and tenth positions, respectively, in world rankings. Furthermore, the International Tennis Federation's (ITF's) World Team Cup for wheelchair tennis was held in Pretoria in April 2011 – the first time ever for an event at that level to be held on African soil.

Community development and upliftment initiatives received an encouraging fillip through the strategically important partnership with the South African National Community Organisation (SANCO) by supporting its Masakhane Schools Renovation Project in the Harding region of KwaZulu-Natal.

The Corporate Social Investment (CSI) Committee, consisting of senior managers from around the Company, provides guidance and oversight of this most important programme. The Group spent R64,8 million on CSI initiatives during the financial year under review.

Through CSI initiatives, as well as the B-BBEE policy, Airports Company South Africa seeks to redress past imbalances and ensure that the communities around our airports benefit in a sustainable way from our operations.

Environmental responsibility increases in importance year-by-year as its relevance to business sustainability becomes better understood and respected. Initiatives such as energy saving through the installation of light-emitting diodes (LEDs) for runway lighting and waste recycling programmes clearly demonstrate the Company's commitment to the principles and practicalities of sustainability. This has been further extended through the appointment by NERSA (the energy regulator) of an independent power producer (IPP) who will lease land at Upington International Airport for a solar farm. Similar opportunities are being explored at Kimberley, Bloemfontein and Johannesburg.

Environmental reporting is moving rapidly towards a far more comprehensive review of Airports Company South Africa's interaction with the environment and the means of reducing and mitigating its impact. Reporting will continue to develop in depth and sophistication, year-on-year.

It is within this context that the Group publishes its second Integrated Annual Report that embraces the precepts of the Global Reporting Initiative (GRI). These are based on the three pillars of economics, social and environment. As we discuss these matters in this report, we do so with an increased sense of openness, not only about the financial side of the business but also the associated risks and opportunities.

The Company is committed to improving the GRI level of reporting, year-on-year. It is fully appreciated that achievement of this goal extends far beyond reporting to ensuring that a belief in the principles of sustainable development permeate through all levels of the organisation.

The network of nine airports has now had nearly two years of operations since the completion of its extensive expansion and refurbishment, as well as the commissioning of King Shaka International Airport. The past year's multiple service quality awards bear testimony to the value of creating world-class infrastructure, followed by the way in which it is operated.

The involvement of Airports Company South Africa in the consortium that won the bid for the expansion and management of Guarulhos International Airport in São Paulo, Brazil, is a clear demonstration of the respect with which the Company is held in the international aviation community. Furthermore, it is an extremely positive endorsement of Airport Management Solutions' policy of generating income beyond South Africa's borders.

Together with the involvement for the past six years in Mumbai, the Brazilian undertaking clearly supports the government's wish for enhanced enterprise development within the BRICS countries.

Airports Company South Africa has operated with a reduced Board of Directors since September 2010 and the workload for the remaining directors has been onerous. It is particularly

commendable that governance and other fiduciary responsibilities have been met.

The official confirmation from the Minister of Transport on 1 March 2012 of the appointment of new non-executive directors to the Board has created the platform for a full Board to operate effectively.

Being appointed Chairman of Airports Company South Africa was a great compliment and honour, and a role I am confident that I, together with the support of my co-directors, can fulfil competently. The Executive Committee, under the leadership of Acting Managing Director Bongani Maseko, has ably demonstrated its capabilities and there is no doubt that the Company is ideally positioned to take advantage of growth in the industry as the cycle turns.

Despite the tough operating climate and a protracted transition period, the leadership team of Airports Company South Africa remains committed and energetic, and I look forward to working closely with my fellow Board members, whose diversity of skills and experience will provide positive direction and guidance to the Group.

Finally, I would like to thank Mr Sibusiso Ndebele, the former Minister of Transport, and his former Deputy, Mr Jeremy Cronin, for the confidence they have shown in Airports Company South Africa. At the time of writing this report, Mr Dikobe Martins was appointed as the new Minister of Transport and Ms Lydia Chikunga as his Deputy.

I wish them success in their new portfolios and I look forward to their involvement and guidance. I would also like to thank Ms Ruth Bhengu, Chairman of the Parliamentary Transport Portfolio Committee, and her committee members, for their incisive oversight role.



**Busisiwe Mabuza**

Non-executive Chairman

# MANAGING DIRECTOR'S REVIEW



When reflecting on the financial year ended 31 March 2012, it is with a sense of cautious optimism that we can report that the Group has shown an improved set of results when compared to the previous financial year.

During the period under review, in spite of finance costs of R2 billion against the R16 billion debt, and other financing costs weighing heavily on overall performance, the Group reported a R188 million profit, reversing last year's first-ever, R221 million loss. The recovery was achieved primarily as a result of partial resolution of the impasse between the Company and the Regulating Committee regarding tariffs for the 2011 to 2015 permission cycle. The seven percent growth in non-aeronautical income to R2,389 billion also contributed to the recovery.

The Group's airports facilitated 35,9 million passengers, a 2,1 percent growth when compared to the previous year but still slightly below the peak of 36,2 million passengers achieved in 2007/8, just prior to the global recession of 2008/9. Air traffic movements dropped slightly by 0,2 percent to 541 000 for the year under review. The growth for the 2010/11 financial year, when normalised for the previous period's 2010 FIFA World Cup effect, equates to just under five percent for the year.

## Airline industry

The modest growth in passenger traffic takes place in a tough economic climate and our airline partners are experiencing major challenges, primarily as a result of fuel costs. Oil prices have remained above \$100 per barrel (Brent crude) throughout the reporting period. According to the International Air Transport Association (IATA), the impact of the sustained high fuel price translates into an additional \$33 billion fuel bill for the entire airline industry. Today, fuel accounts for between 30 and 40 percent of airlines' total operating costs.

It is within this context that we saw the demise from the local market of Velvet Sky, which had carried some 300 000 passengers during its 11 months of operations. We remain hopeful that the industry will show resilience and pull through these challenging times.

Being sensitive to the financial challenges that airlines are experiencing, Airports Company South Africa took a decision to engage them further to establish the most appropriate time for the new tariff adjustment to be implemented. The increment of six percent for the 2012/13 period will be effected on 1 September 2012. For the medium-term, we are working to keep our tariff adjustments as close to the Consumer Price Index (CPI) as possible.

The organisation continues to support the Department of Transport initiative to review the economic regulatory framework with the participation of all industry stakeholders. This has the objective of improved transparency and predictability of regulatory decision-making and sustainability within the aviation industry.

## Service quality

Airports Company South Africa proudly lives its vision of being a world-leading airport business and one of the means of ascertaining success is the measure of how well service has been delivered to our customers.

Service quality has become a key focus for airports around the world and Airports Company South Africa subscribes fully to this concept. To this end, our nine airports are registered on the Airports Council International (ACI) Airport Service Quality (ASQ) programme. This programme measures airports against those of similar size and profiles so that passenger satisfaction

levels can be determined. ACI has 580 members operating 1 650 airports in 179 countries across the globe. In 2010, ACI member airports handled five billion passengers and 74 million aircraft movements.

O.R. Tambo International Airport and King Shaka/Durban International Airport were inducted onto the ACI Director-General's 'Roll of Excellence' in 2011 for consistent excellent service to passengers over a five-year period.

It is a source of great pride that our airports received acclaim, with awards at the end of 2011 going to Cape Town International as 'The Best Airport in Africa', King Shaka International winning 'The Third Best Airport in Africa', Upington International as 'The Best Regional Airport in Africa' and East London Airport as 'The Most Improved Airport in Service Excellence in Africa'.

O.R. Tambo, Cape Town and Durban International Airports were registered on the programme in 2000 and the remaining six airports in 2006. In this period, our airports have won 27 awards.

### **Guarulhos International Airport**

The Board has approved an investment framework for the Group that is aimed at capitalising on existing in-house skills and talent, and building a global brand and reputation. The framework also seeks to diversify earnings by pursuing high growth opportunities.

Prerequisites for new international opportunities are a sound economy, stable government, good growth prospects and airports where there are opportunities to increase non-aeronautical income (such as retail, advertising, car hire and property).

In February 2012, Airports Company South Africa, in partnership with the Brazilian company Invepar, won a competitive bid for the expansion, maintenance and operation of Guarulhos International Airport in São Paulo, Brazil: the busiest airport in Latin America.

The consortium between Airports Company South Africa and Invepar will own 51 percent of the Guarulhos International Airport concession, with Infraero, the Brazilian airports operator,

owning the remaining 49 percent. Over and above this investment, ACSA will provide airport management expertise through a technical services agreement with the concession company.

The relative importance of this undertaking to Brazil is demonstrated by the fact that it is one of largest concession contracts ever signed in that country. Additionally, Brazil is host to four major world events in the next four years: FIFA's Confederations and World Cups, a visit by the Pope and the Olympic Games. As Guarulhos International will be the country's major international gateway, ACSA's success in 2010 has inculcated a sense of confidence in our ability to successfully ready the airport, and plan and facilitate the events.

Furthermore, Airports Company South Africa has been involved in the concession agreement for Chhatrapati Shivaji International Airport in Mumbai, India, for the past six years. This remains a solid investment for the Group with passenger numbers at the airport passing the 30-million mark and an eight percent increase in cargo handled. The first phase (international passengers) of the development of a 45-million passenger, integrated terminal is due for completion in late 2013 and the remainder in the following year.

Both the Guarulhos and Mumbai concessions are important within the context of South Africa as a member of the 'BRICS' (Brazil, Russia, India, China and South Africa) group of nations and the 'IBSA' (India, Brazil and South Africa) forum, as it supports the government's thrust to develop socio-economic ties with these countries.

### **Durban International site**

The sale of the old Durban International Airport site, in the South Basin, for R1,85 billion to Transnet was concluded at the end of the financial year. This marks the conclusion of the relocation to King Shaka International Airport and is, in many ways, the successful next step in two major job creation initiatives.

The combination of King Shaka International and Dube TradePort is already beginning to realise the potential of a significant growth node. The sale of the South Basin site unlocks opportunities for the creation of a dug-out container port with its concomitant business and job creation opportunities.

# MANAGING DIRECTOR'S REVIEW (CONTINUED)

## Dividend

The Board of Directors has reviewed the Company's dividend with reference to the financial position of the Group at 31 March 2012. A combination of the Company's capital structure and the funding requirements over the next two years advised the Board to propose that, in line with the previous three years, the Group should forego a dividend for the year ended 31 March 2012.

## Acknowledgements

The past year has seen many changes for Airports Company South Africa at board and executive level. In September last year we bade farewell to Monhla Hlahla, who had filled the role of Managing Director for ten years, as well as Priscillah Mabelane, the Finance Director for three-and-a-half years. I wish to thank both Monhla and Priscillah for their contributions to the Company's success.

I would like to welcome the newly appointed Chairman and Board members. It is encouraging that the new Board has such a broad range of skills and experience, which will be brought to bear for the benefit of Airports Company South Africa. We look forward to taking advantage of their input.

The Group has also been extremely fortunate in having an Executive Committee with a great depth of experience, supported by an equally proficient leadership team.

Lastly, I wish to thank the entire staff of Airports Company South Africa for their dedication and commitment to ensuring that we continue to deliver on the Company's objectives and that the organisation is so well positioned for the future.



**Bongani Maseko**

Acting Managing Director

