AIRPORTS COMPANY
SOUTH AFRICA

MEDIA RELEASE

AIRPORTS COMPANY SOUTH AFRICA REPORTS RESULTS FOR 2017 FINANCIAL YEAR

PERFORMANCE HIGHLIGHTS

REVENUE UP BY 3.4% TO R8.6 BILLION

(2016: R8.3 BILLION)

PROFIT INCREASED BY 10.8% TO R2 BILLION

(2016: R1.8 BILLION)

INTEREST-BEARING BORROWINGS REDUCED BY 5.0% TO R9.3 BILLION

(2016: R9.8 BILLION)

76% OF KEY PERFORMANCE INDICATORS MET

JOHANNESBURG 18 September 2017 – Airports Company South Africa reported revenue growth of 3.4% to R8.6 billion in the year ended 31 March 2017, with profit up 10.8% to R2 billion.

Return on equity was 11.3% compared to 11.5% in the previous period. Capital expenditure reduced by 31.3% to R893 million.

Bongani Maseko, Chief Executive Officer of Airports Company South Africa, said the Company continued to be resilient, despite sluggish economic growth.

The Company reported a total of 20.0 million (2016: 19.4 million) departing passengers from the nine airports it owns and operates.

While domestic passenger growth was subdued at 2.2%, the Company reported strong growth of 6.1% in international departing passengers. For the first time, Cape Town International Airport reported a total of more than 10 million arriving and departing passengers, with King Shaka International Airport reporting a total of more than five million passengers for the first time.

Aircraft landing volumes were flat for domestic flights and up by 2.5% for international flights, indicating higher passenger utilisation of scheduled flights.

Maseko noted that Airports Company South Africa has managed to significantly reduce its debt levels over the past five years. Debt, primarily in the form of bond issues, stood at R9 billion at the end of the period, significantly down from R17 billion in 2012. As a result, the Company's gearing ratio has reduced from 59% in 2012 to 25% in the 2017 financial year.

Aeronautical revenue contributed 63% to total revenue but the Company remains committed to continue to grow the non-aeronautical revenue contribution. Non-aeronautical revenue is derived from sources such as retail space, advertising, office rental, parking and car hire.

"The overall financial position of the Company therefore remains healthy despite regulatory uncertainty and difficult economic conditions ," says Maseko.

“Operationally, we are adapting well to a new tariff regime from the regulator which required a 35.5% reduction for the 2018 financial year with increases in the following two years of 5.8% and 7.4%,” he says.

Airports Company South Africa met 76% of its performance objectives in the period under review, which for the first time included additional measures such as reducing environmental impact, improving connectivity to the regions served, providing equitable access to safe airports, and leadership culture.

“We now have 17 measures of performance that underpin our three-pillar strategy to run airports, develop airports and to grow our footprint. This ensures that the drivers of performance are moving us in the desired direction and that all employees understand how they make a difference,” says Maseko.

The three-pillar strategy captures objectives of running airports efficiently and introducing innovations, improving capacity and infrastructure, and producing more impactful outcomes for the country.

The Company has refined and enhanced its transformation strategy to focus on seven sectors which account for the bulk of its procurement. These sectors are information technology, construction, property, retail, advertising, car rental and baggage handling.

“We appreciate that business and transformation dynamics are different across these sectors and we need different levers to advance change in each. Some have made more progress with transformation, while in others we have identified the need to support more actively the development of black-owned and managed enterprises,” says Maseko.

“However, there remain several critical issues to resolve with the regulator, and we plan to continue advocating for a tariff regime without large changes from year to year. In addition, we need to resolve matters relating to capital expenditure which is essential to maintaining efficient airports and developing infrastructure for the long term.”

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