



STAKEHOLDER PRESENTATION 2019

  Terminals

  Toilets

Shops  

  Banks



AIRPORTS COMPANY
SOUTH AFRICA

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OVERVIEW





HIGHLIGHTS



- **Board** vacancies filled
- The company continued to be **resilient despite challenging operating conditions**
- **Maintained sound** financial performance and **satisfactory** airport service levels
- Remained steadfast in the implementation of our **governance framework and operating model**
- **Seven transformation sector strategies** being implemented though some impacted by legal challenges
- Continued to strengthen **Supply Chain Management governance processes**
- Company **repaid R2 billion** worth of AIR01 fixed rate bonds on 15 March 2019





VISION 2025



Run airports

By running our airports efficiently and developing them innovatively, we will enhance the regional economy.



Develop airports

Improving our capacity and infrastructure grows our footprint through effective operation and partnerships.



Grow our footprint

A larger footprint increases our exposure to diverse methods, allowing us to learn, grow and improve the way we run airports.

Long-term horizons

Our strategy is implemented over three time horizons to create value over the short, medium and long-term

Horizon 1

By 2020:

Extend and defend our business

Horizon 2

By 2025:

Build emerging businesses and drive medium-term growth

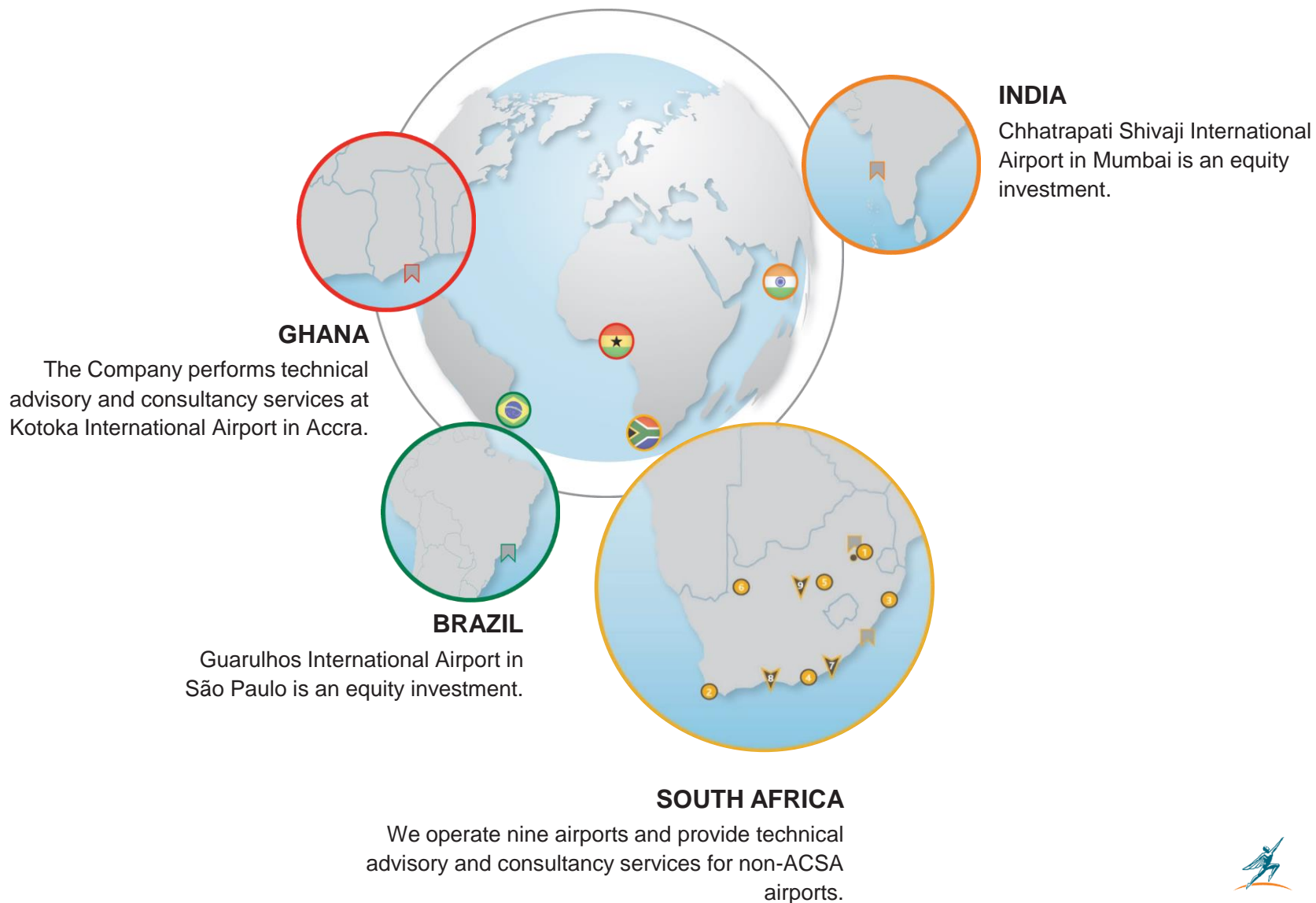
Horizon 3

Beyond 2025:

Create viable options to ensure the company's success in future



OUR GEOGRAPHIC FOOTPRINT



SUSTAINABILITY FRAMEWORK



Our business →

- Enhance ACSA's reputation
- Improve passenger experience
- Increase stakeholder satisfaction
- Contribute to airport traffic and diversify ACSA's business

Sustainability Framework



Our environment



- Minimise environmental impact and strive to be carbon neutral

Our people and society



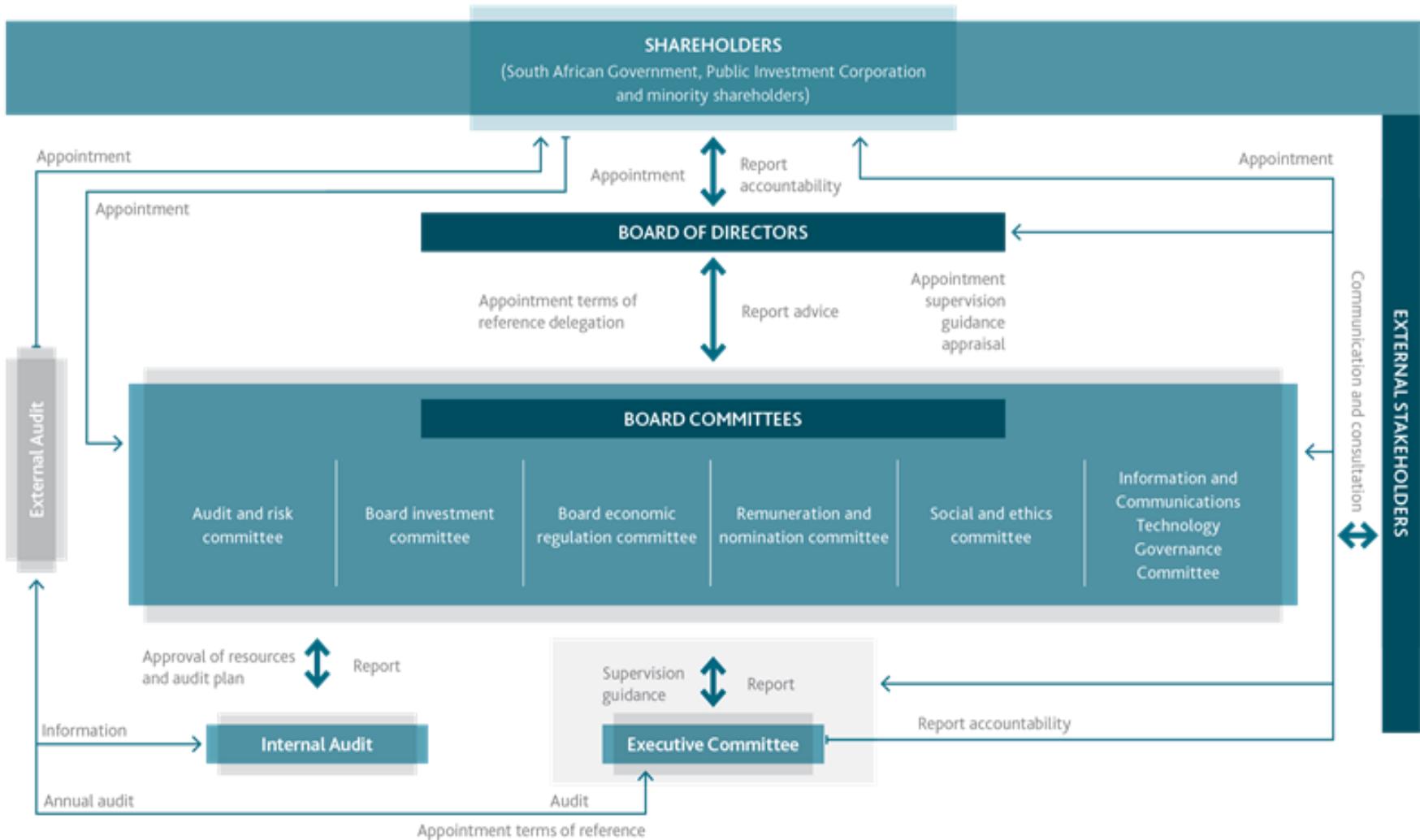
- Contribute more to black economic empowerment
- Improve airport connectivity to the regions we serve
- Diversify ACSA workforce and create a positive environment for our employees



GOVERNANCE



GOVERNANCE STRUCTURE





BOARD OF DIRECTORS

Advocate Sandile Nogxina

(Chairperson)

Chairman: Board Economic Regulation Committee. **Member:** Remuneration & Nomination Committee

Ntombifuthi Zikalala - Mvelase

Member: Audit & Risk Committee, Board Investment Committee, Remuneration & Nomination Committee, Information & Communication Technology Governance Committee

Yershen Pillay

Chairman: Information & Communication Technology Governance Committee
Member: Audit & Risk Committee, Board Investment Committee, Remuneration & Nomination Committee

Kate Matlou

Chairman: Remuneration & Nomination Committee. **Member:** Board Economic Regulation Committee; Social & Ethics Committee; Information & Communication Technology Governance Committee

Nosizwe Nokwe - Macamo

Member: Audit & Risk Committee, Board Investment Committee, Remuneration & Nomination Committee

Irvin Phenyane

Member: Social & Ethics Committee; Board Investment Committee, Remuneration & Nomination Committee, Information & Communication Technology Governance Committee

Deon Botha

Member: Remuneration & Nomination Committee; Social & Ethics Committee; Information & Communication Technology Governance Committee

Bonang Mohale

Chairman: Social & Ethics Committee
Member: Board Investment Committee, Remuneration & Nomination Committee, Board Economic Regulation Committee

Dudu Hlatshwayo

Chairman: Board Investment Committee
Member: Social & Ethics Committee, Audit & Risk Committee, Board Economic Regulation Committee

Pascalis Mokupo

Chairman: Audit & Risk Committee
Member: Board Economic Regulation Committee, Board Investment Committee

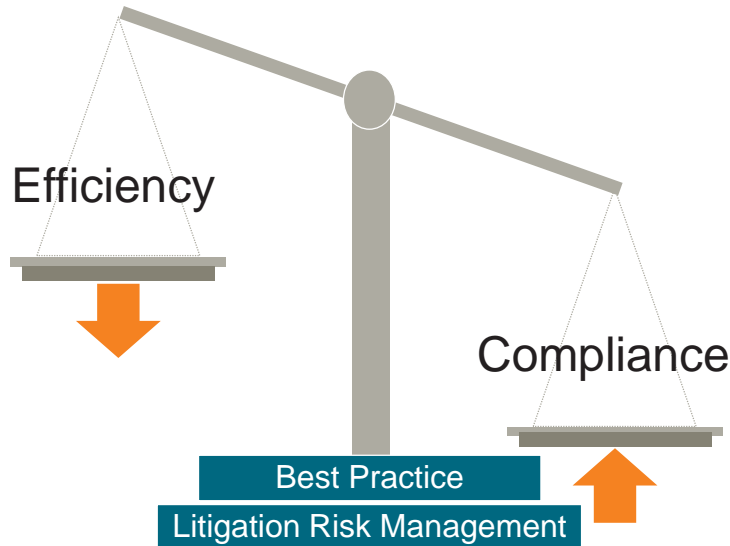


EFFECTIVE SCM GOVERNANCE



Governance and compliance philosophy

- Unlocking the seamless sourcing legal environment
- Optimising committees
- Proactively managing CCPs¹
- Digital compliance
- Managing compliance like a business process



- Embedding just administrative action into processes and practitioners
- Having the 5 pillars of SCM at the core of processes
- 360 degree governance that manages audit and litigation risk

CCP¹

1

On-boarding

2

Demand planning

3

Tender registration

4

Tender Preparation

5

Tender Evaluation

6

Tender Adjudication

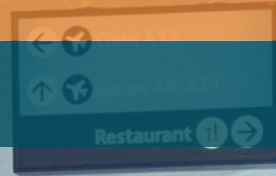
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Contract Initiation

1: CCP – Compliance Control Point



ECONOMIC REGULATION





ECONOMIC REGULATION

ECONOMIC REGULATORY FRAMEWORK REVIEW INITIATIVE

- Airports Company Act Amendment Bill – currently before Parliament
- Economic Regulation of Transport Bill
- Absence of pre-funding in the funding model

PERMISSION APPLICATION 2019-2023

- Unpredictability of regulatory decisions remain
- Final Permission received 6 August 2018

	2018/19	2019/20	2020/21	2021/22	2022/23
2019 – 2023 Permission application	5.8%	7.4%	5.8%	5.8%	5.8%
2019 – 2023 Final Permission	5.8%	0.0%	0.0%	7.9%	7.6%



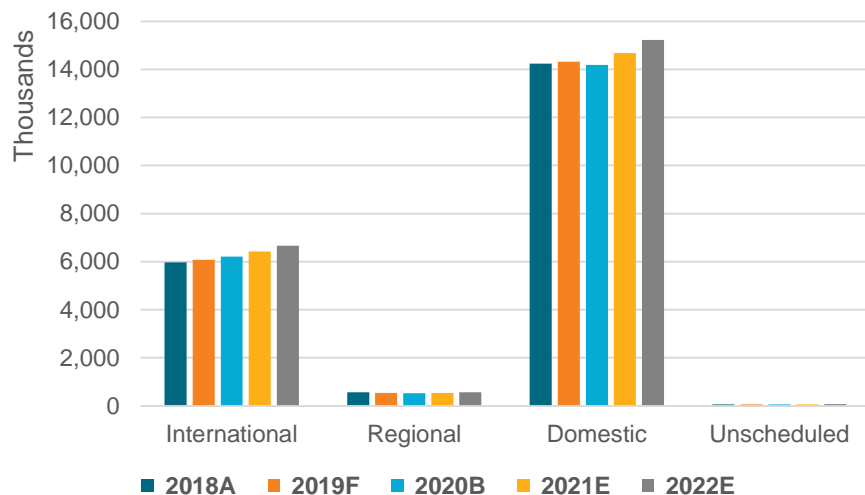
FINANCIAL PLAN



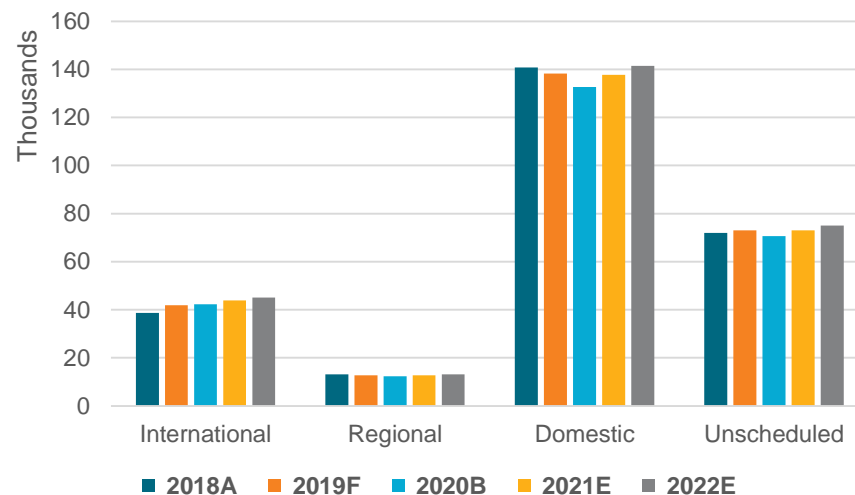


TRAFFIC VOLUME

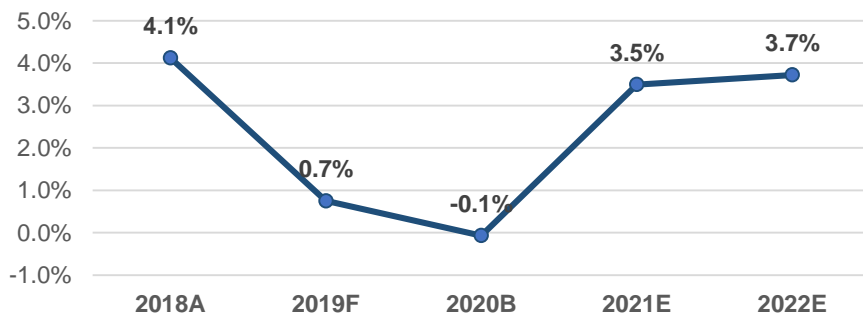
Departing Passengers



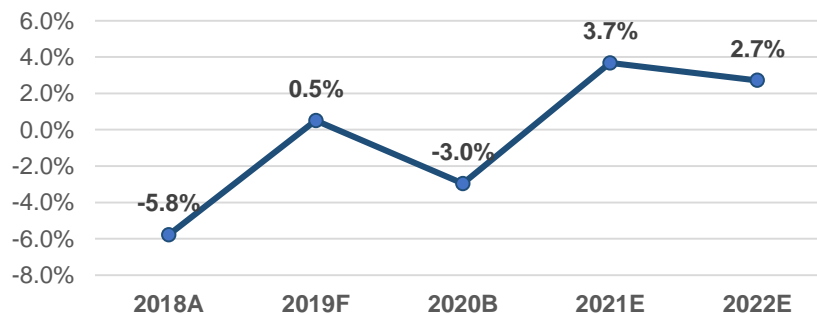
Aircraft Landings



PAX growth rate



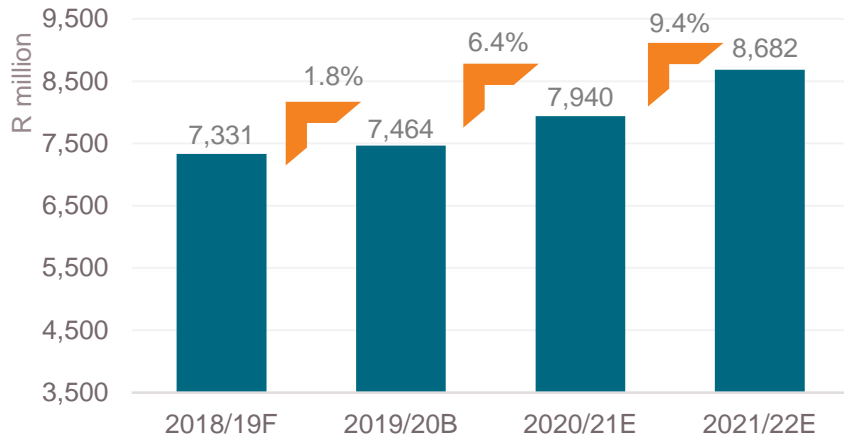
Landings growth rate





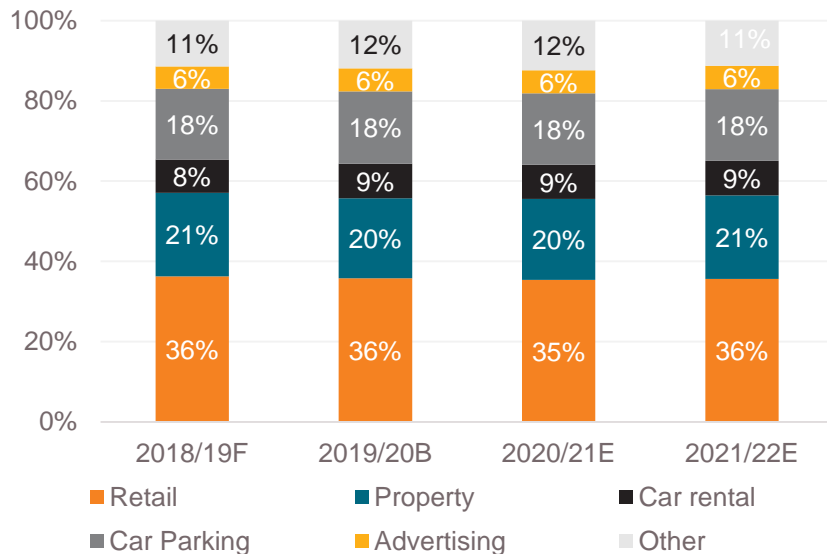
REVENUE PERFORMANCE

Total revenue

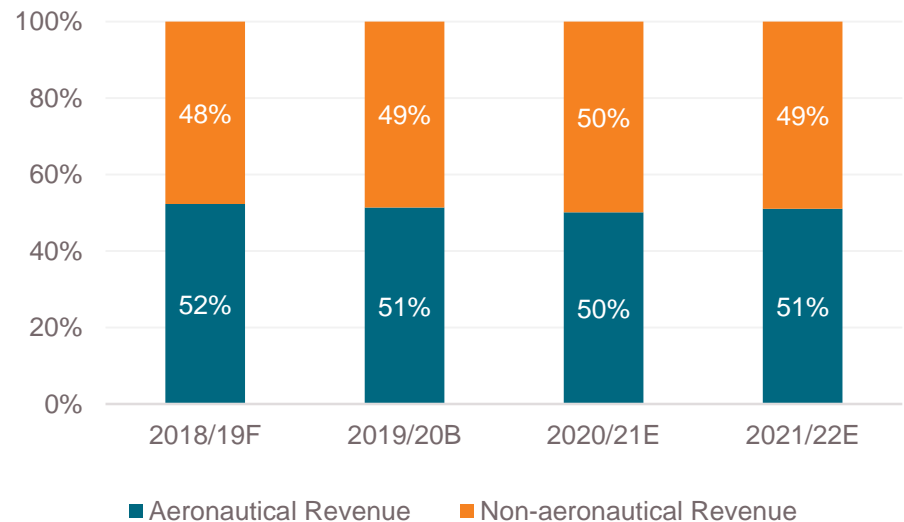


- Aeronautical growth limited to operational volume growth
- Non- Aeronautical growth remain under pressure

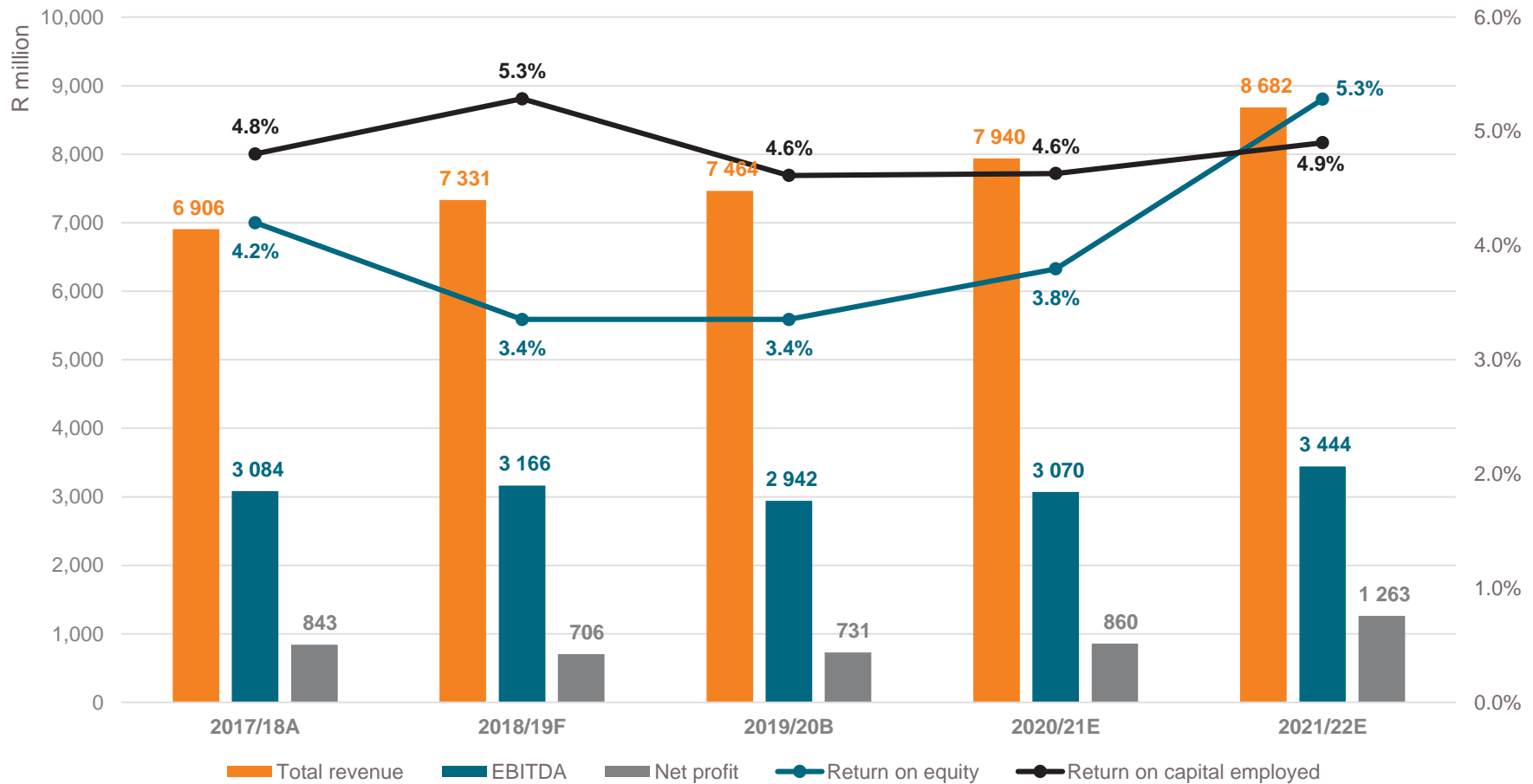
Non-Aeronautical revenue split



Aeronautical revenue Vs Non-Aeronautical revenue



KEY FINANCIAL INDICATORS



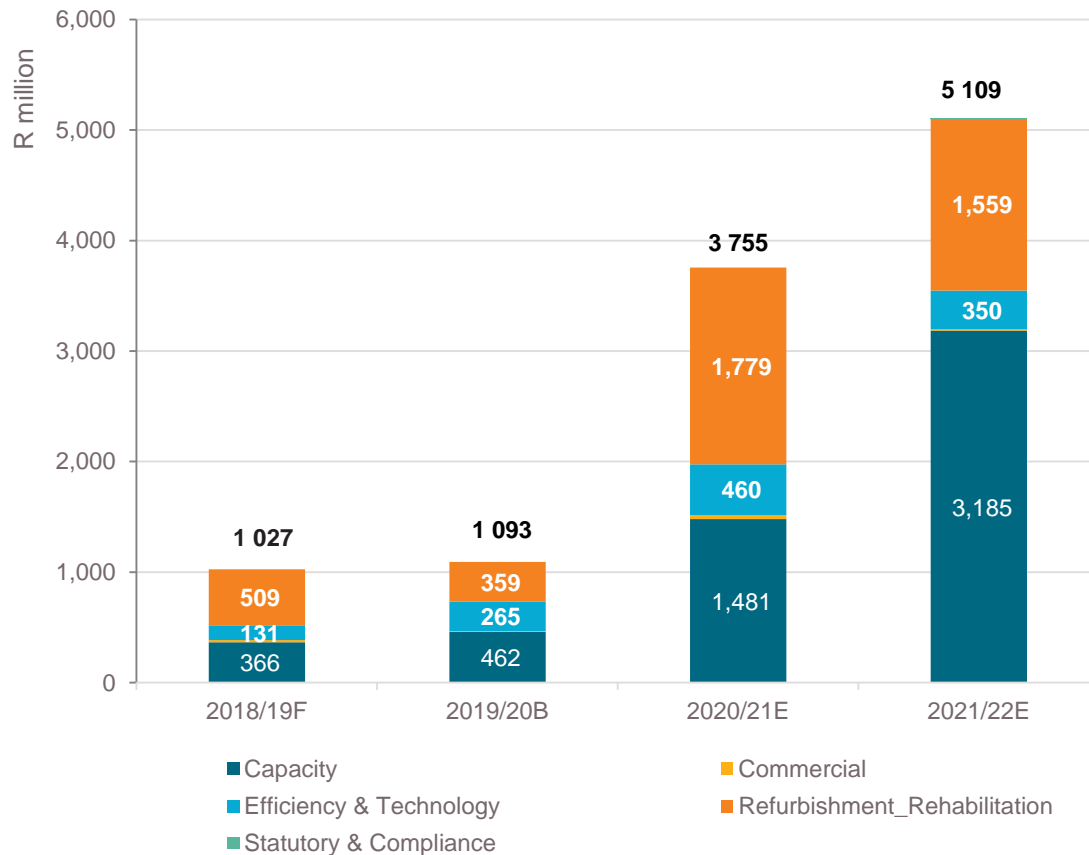
CAPITAL EXPENDITURE





CAPITAL EXPENDITURE

Capital expenditure allocation: R10 billion by 2022



Major projects to be undertaken by 2022

- **Cape Town International Airport**
 - New Re-aligned Runway
 - Terminal 2 Development
 - New Domestic Arrivals
- **O.R. Tambo International Airport**
 - Remote Apron Stands
 - Western Precinct Phase 1
 - Midfield Cargo Phase 1
- **King Shaka International Airport**
 - Bravo Taxiway Extension and Delta Remote Stands

CAPE TOWN INTERNATIONAL AIRPORT



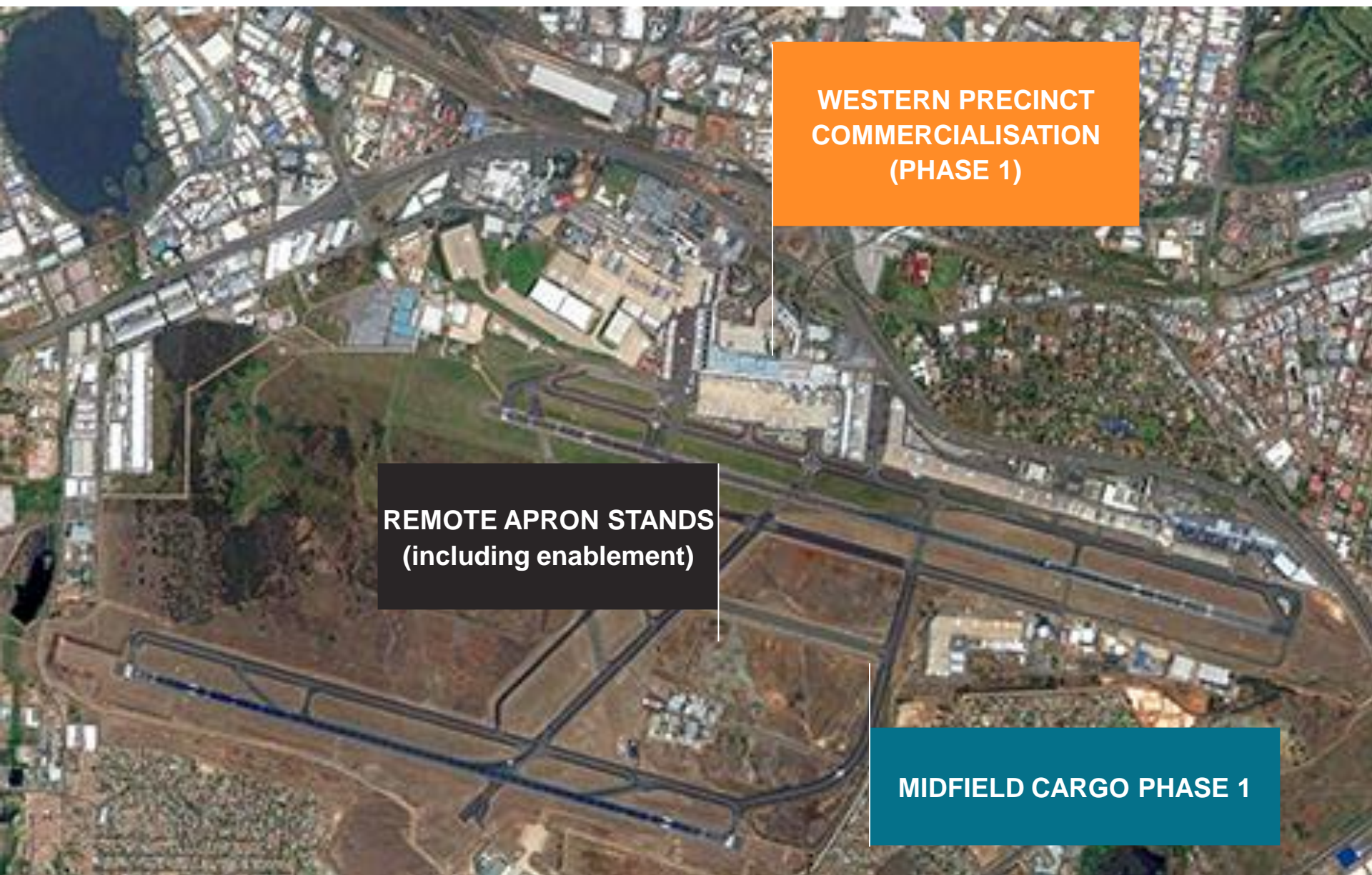
NEW REALIGNED RUNWAY

TERMINAL 2 DEVELOPMENT
(INTERNATIONAL EXPANSION)

NEW DOMESTIC ARRIVALS



O.R. TAMBO INTERNATIONAL AIRPORT



**WESTERN PRECINCT
COMMERCIALISATION
(PHASE 1)**

**REMOTE APRON STANDS
(including enablement)**

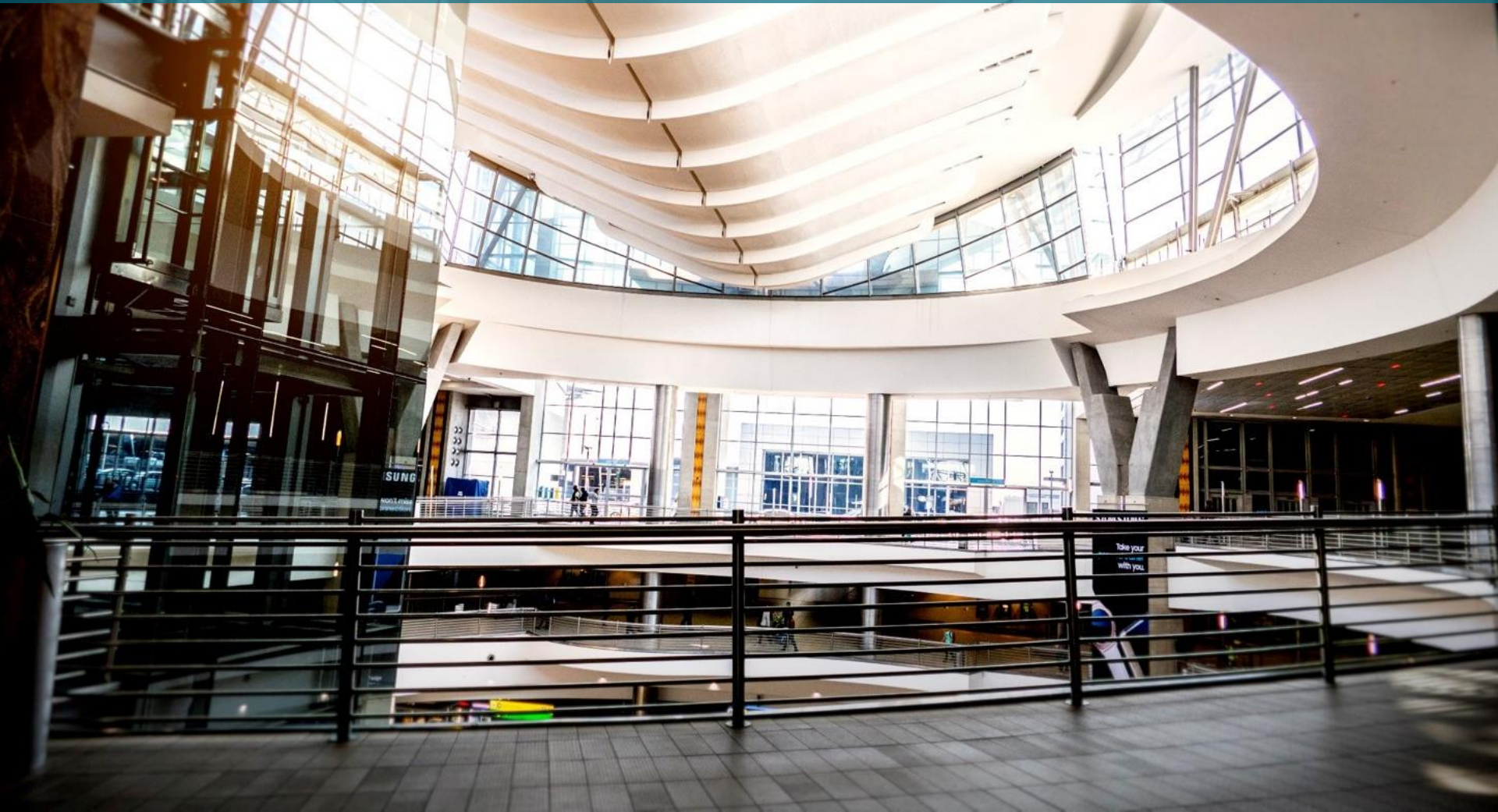
MIDFIELD CARGO PHASE 1

KING SHAKA INTERNATIONAL AIRPORT



**BRAVO TAXIWAY EXTENSION
& DELTA REMOTE STANDS**

FUNDING PLAN

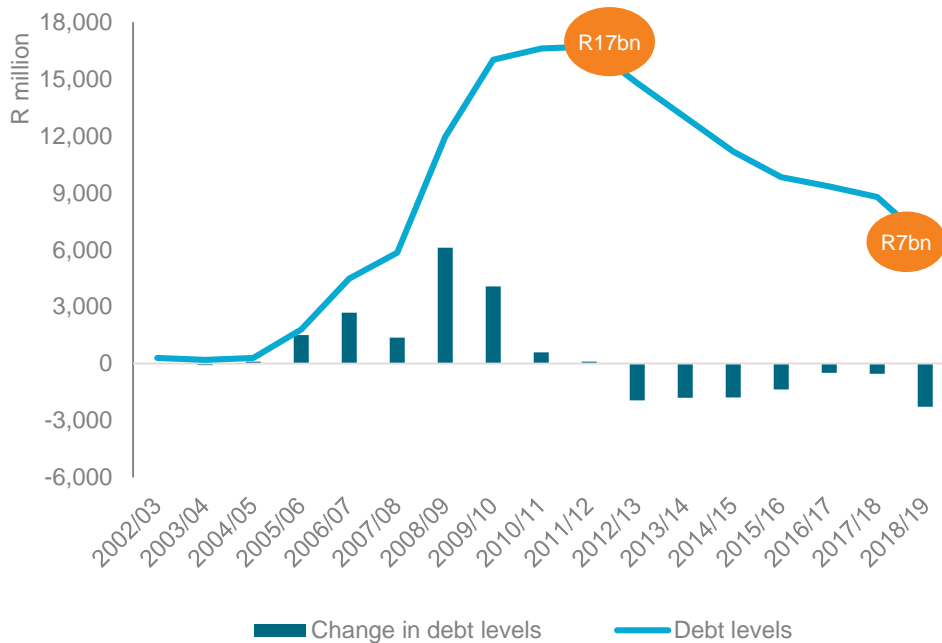




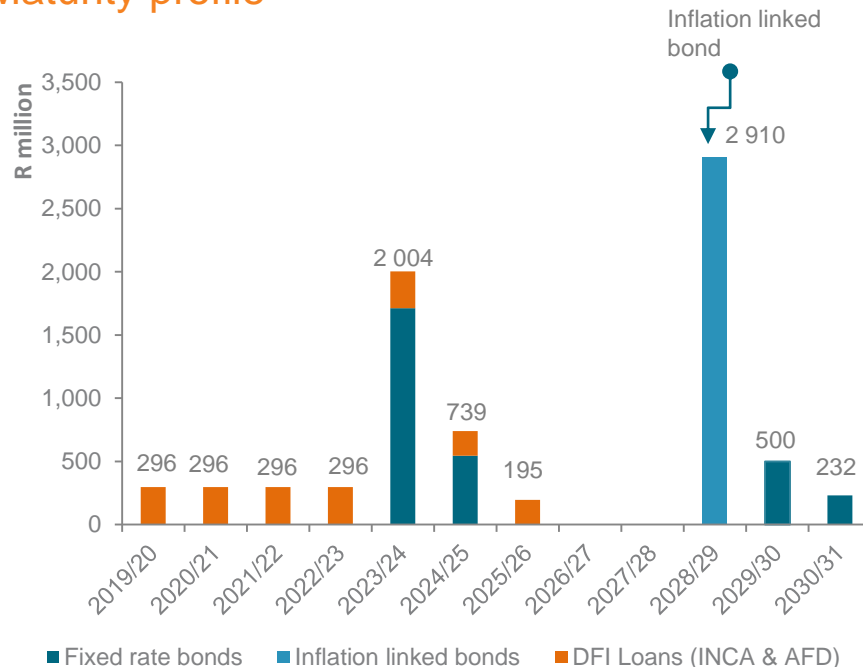
DEBT EVOLUTION & MATURITY PROFILE



Debt evolution



Maturity profile

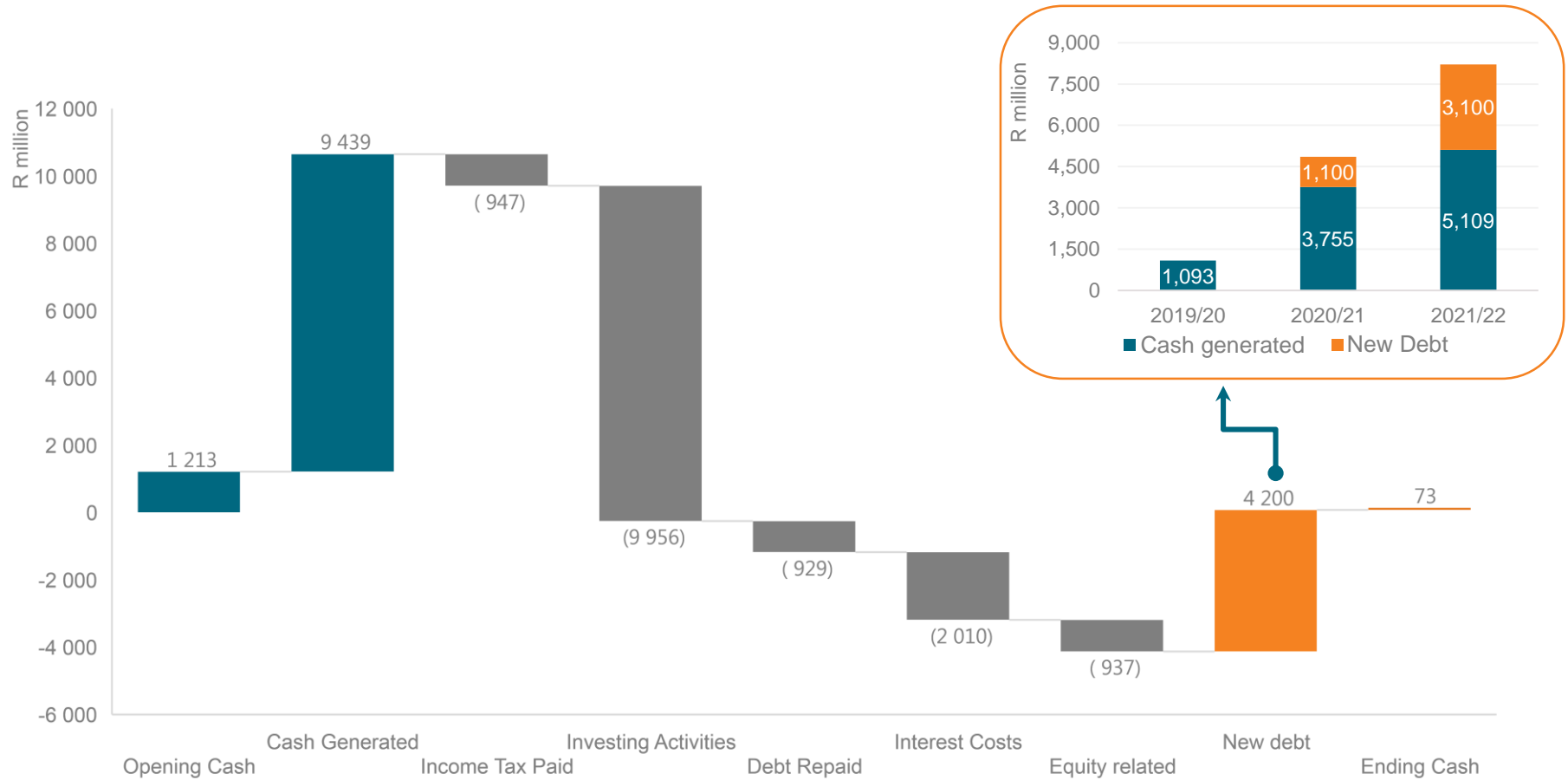


Credit Rating Agency	Date	LT National Scale	Global Scale	Rating Action	Outlook
MOODY'S INVESTORS SERVICE	26 Mar 2018	Aa1.za	Baa3	Affirmed	Stable

FUNDING REQUIREMENTS



NEW FUNDING ESTIMATED AT R4.2 BILLION IN THE PERIOD 2019/20 - 2021/22

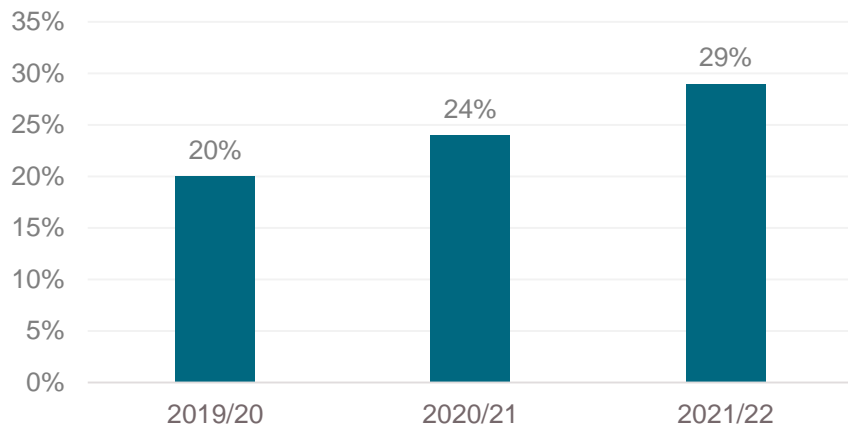




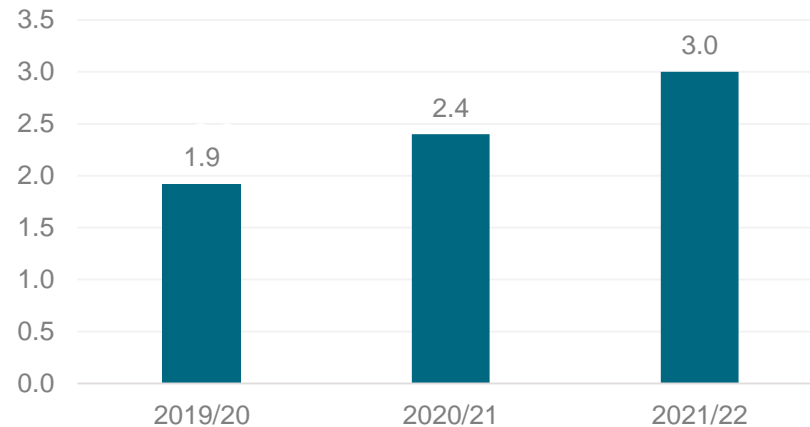
KEY CREDIT METRICS



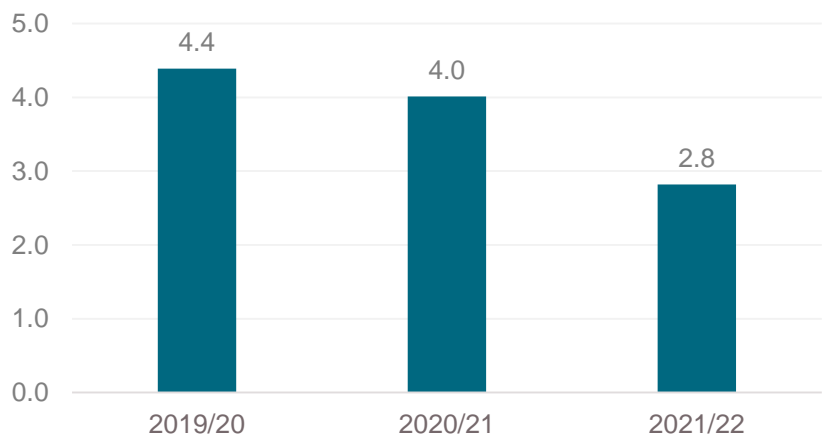
Net Debt To Capitalisation (*Below 65%*)



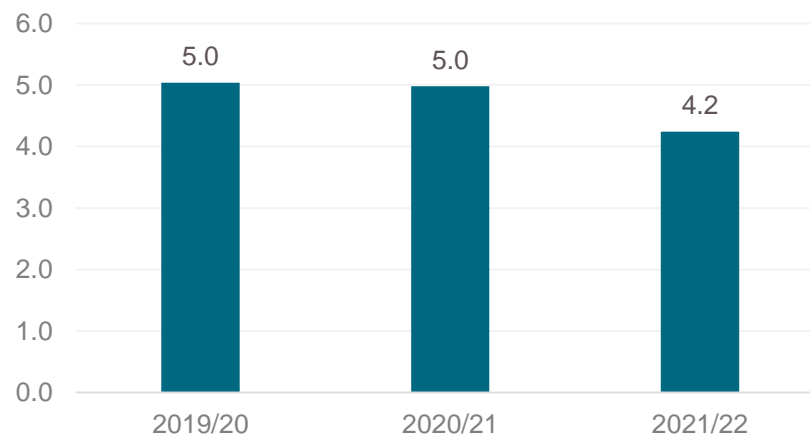
Net Debt to EBITDA Ratio (*Below 4x*)



DSCR Ratio by Available Cash (*Above 1.5x*)



EBITDA Interest Cover Ratio (*Above 3x*)



SOE GOVERNANCE CONSIDERATIONS



- **Board quorum increased** from three to seven
- **Supply Chain Management framework and strategy overhauled**
- **Politically Exposed People Policy** in development
- **DMTN program updated** to be in line with JSE Listing Requirements
- Policy dealing with **nomination of directors** under discussion



CONCLUSION





FORWARD LOOKING

- To create **long term sustainable value creation**
- Maintain a **sound financial position** despite unpredictable external environment
- Identify **business opportunities** to grow revenue streams
- Drive **socio-economic** upliftment of South Africans
- Moving towards a **digitised business**
- Managing and developing a **high performance team**
- Reducing **environmental impact**





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