BUSINESS

AND SOCIETY

OUR

Our 6 capitals

6 capitals to create value The capitals describe the important resources used and relationships

Inputs: how we use the

The trade-offs that were caused by inputs

Factors influencing our playing field

Global increase in air traffic

Driven by population and GDP growth, middle-class growth, air service agreements and lower air fares

Air transport market

Competitive forces in the global, African and South African air transport markets

Tourism

Consistent increase in the number of foreign tourists and South Africans visiting destinations abroad

Economic impacts Market activity and influences of global,

African and South African economies

> **Transformational** intent

Imperatives that determine our definition of value

Transformation imperatives are aligned to the NDP imperatives:

SOCIAL IMPERATIVE

To assist people living below the poverty line to participate in mainstream economic growth, which will empower communities to lead better lives

MORAL IMPERATIVE

To promote equality and contribute towards correcting the imbalances of our past by creating equal opportunities reflective of fairness, transparency and the elimination of unfair discrimination

ECONOMIC IMPERATIVE

Changing the face of business to reflect South Africa's demographics by supporting and developing SMMEs through Groupspecific strategies in these seven sectors:

- IT
- Construction Property
- Retail
- Advertising
- Ground handling services
- Car rental

Create value for shareholders

Diversify business portfolio

Increase our reputation through demonstrated

business excellence

Increase stakeholder satisfaction through effective partnership

passenger experience through demonstrated

operational excellence

Improve connectivity to regions we serve

Contribute to increase traffic through the airports we operate

Provide equitable access to safe airports in all South African regions to allow more people to fly

Promote regional integration and localisation of our airports

Support black business

Maintain and improve our

contribution to B-BBEE

Improve Leadership

representative workforce

oster a positive employe

workforce and environment

Culture Index

Reduce our

nvironmental impact

entrepreneurship

Capital expenditure: R1.1 billion injected into business



Regulatory environment:

Engaged with Regulating Committee to gain certainty on tariffs.

Gearing ratio:

Executed early debt redemption strategy

Nine airports:

Assets leveraged to maintain and to develop new and existing routes that increase our connectivity



IT infrastructure:

Use of innovative technology to respond to customer needs for efficiency and safety and defend our competitive position

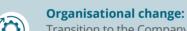


Technical advisory and consultancy:

Technical and advisory services, airport management solutions and training academy

Research and development:

Development of innovative ideas to improve client service and assesses whether new technology is required to drive efficiency



objectives

93.9% black employees

R48 million invested in skills

maintains opportunities for

employment equity

development projects

development to ensure Airports

Company South Africa develops and

Engagement with suppliers and other

our transformation journey and align

R46 million invested in socio-economic

Water usage: Water saving and

and additional projects

fuel consumption

augmentation plans, combined with leaks

Fuel usage: Replacing older vehicles and

behaviour has resulted in a reduction in

Electricity usage: Three photovoltaic plants

introduced to reduce electricity usage and

energy-saving initiatives implemented

promoting more responsible driving

stakeholders through roadshows to share

Transition to the Company's new governance framework and operating model

3 110 employees drive the Group's strategic

Economic regulation: New business

- development has mitigated constraints on core revenue through regulated charges.
- Airports are currently at or beyond capacity, potentially impacting on service levels.

Access to and cost of funding:

R1.1 billion spent on infrastructure upgrade programme, allowing for future growth in both aeronautical and non-aeronautical revenue.

New growth opportunities:

- We delivered **0.7% return on equity** for 2019.
- Achieved **R58.6 million** in **non-core revenue** for 2019, exceeding our KPI target of R33 million.

Technology and digitisation:

Investment has positioned us to grow revenue and become more efficient.

Safety and security:

Additional security services have come with a cost trade-off.

Transformation

- of new retail and supplier contracts, and therefore our transformation
- Contractual uniformity will require the Group to set service standards across airports for multiple service providers.

Acquisition and retention

Ongoing litigation has delayed the implementation objectives in this space.

of skills

- Relevant surveys measuring our performance have proved that we have a compelling employment proposition.
- ► Focus on quality of talent pipeline and competence of employees.

Environmental issues

We do our utmost to minimise impact and inconvenience throughout our operations and manage resources responsibly.

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Our strategic map that guides our activities

Customer and stakeholde



Internal processes



Through innovative airport

our capacity and infrastruc-

inclusive growth by allowing

air transport.

development we can improve



Develop airports

By operating our airports as efficiently as possible, in a manner which strengthens our reputation, brings about ture, which will facilitate transformation in our value chain and improves the passenger experience, we can increase stakeholder satisfaction.



Grow footprint

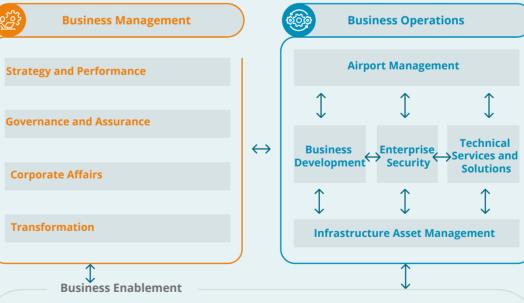
By expanding our global footprint and driving regional integration of South Africa's domestic airport network, we can increase traffic, provide a platform for further growth more South Africans to access and diversify our business portfolio to create optimal value for our shareholders.

Organisational capacity



See page 17 for an expanded strategy map, which depicts our strategic objectives and KPIs in the context of our balanced scorecard, underpinning the activities of Airports Company South Africa.

Our operating model













▶ Annual employee satisfaction (ESAT) based on PRIDE values increased to 3.55 / 5

These are our

key outputs

▶ R30 billion committed to

Invested R1.1 billion on

▶ Tariff allows for a 5.8%

increase in airport tariffs

▶ Since 2013, the Company

has repaid +- R10.5 billion

▶ International connection

ratio increased to 139

▶ 21.1 million passengers

have used our nine

▶ Reputation Index

increased to 67.2

▶ Non-aeronautical

revenue

revenue (R3.3 billion)

made up 47% of total

▶ Black business share of

commercial stakeholders

commercial revenue

generated is 54%

Improved airport

survey to 3.67 / 5

operations and

Achieved Airport Service

Quality score of 3.97 / 5

over five years

until 2021

of debt.

airports

out of 100

infrastructure development

infrastructure development

▶ 266 promotions

▶ 379 active employee bursaries worth R7.7 million

▶ 1 665 employees (53.5% of total) benefited from housing scheme

▶ Black business share in operational and developmental spend is 51%

▶ Supported 15 223 direct and indirect jobs

Supported R2.9 billion in income for its employees and those of its local suppliers

CSI: 15 female firefighters graduated from a training programme

Improvement in culture helps the Group reach its strategic

objectives Contributing positively

towards the availability of skills in SA

▶ Reflect the demographics of our country

▶ Created job opportunities

Grew black business share of operational and developmental spend and commercial revenue

Promoted employment equity

Improved stakeholder engagement

▶ Water consumption reduced by 2.34%

▶ 34% decrease in overall fuel consumption

▶ Electricity consumption decreased by 2%

Noise complaints decreased by 29%

▶ All nine airports achieved ISO 14001 Environmental Management System Certification (ISO14001:2004)

▶ Contributed to climate change and sustainability development goals (SDG)

Attained ACI Airport Carbon Accreditation Level 2 certification for ORTIA and CTIA

▶ Attained ACI Airport Carbon Accreditation Level 1 certification George, KSIA and PLZ

Progress towards goal of being a carbon-neutral business by 2030

Our **SDGs**

Our value

The outcomes of our

value creation process

Improved airport

stakeholder and

Infrastructure

credit rating

Gearing has

passenger experience

development despite

▶ 0.7% Return on Equity

connectedness of our

Contribution to the

tourism economy and

our financial position

Enhanced operational

Enhanced customer

Protection of our

sustainability

experience

information assets

Balance of non-core

Enhanced customer

Protection of our

Created 30 864 job

B-BBEE Level 2

opportunities

income ensures financial

information and systems

efficiency

experience

regional airport by 1.48%

decreased to 18%

Increased local

creation business model enables us to contribute to the following Sustainable





















