INTEGRATED REPORT

2015
DRIVING NEW FRONTIERS FOR SUSTAINABLE GROWTH

AIRPORTS COMPANY
SOUTH AFRICA

NAVIGATION ICONS

OUR BUSINESS

- Manufactured capital
- Intellectual capital
- Financial capital

OUR PEOPLE AND SOCIETY

- Human capital
- Social and relationship capital

OUR ENVIRONMENT

- Natural capital

OTHER ICONS

- Our governance
- Our stakeholders
- Our customers
- Our risks
- Our awards and accolades
- Our outlook – Short-, Medium-, Long-term (SML)
- AFS Annual Financial Statements

- Refer to the page as indicated
- Read more on the company website at www.airports.co.za

CONTENTS


KOTOKA INTERNATIONAL AIRPORT
GHANA
BRAZIL
GUARULHOS INTERNATIONAL AIRPORT
SÃU PAULO
UPINGTON INTERNATIONAL AIRPORT
KIMBERLEY AIRPORT
O.R. TAMBO INTERNATIONAL AIRPORT
NAMIBIA
BOTSWANA
BRAM FISCHER INTERNATIONAL AIRPORT
CAPE TOWN INTERNATIONAL AIRPORT
SOUTH AFRICA
KING SHAKA INTERNATIONAL AIRPORT
GEORGE AIRPORT
EAST LONDON AIRPORT
PORT ELIZABETH INTERNATIONAL AIRPORT
INTERNATIONAL AIRPORT
NATIONAL AIRPORT
CONCESSIONED AIRPORT
AIRPORTS COMPANY
SOUTH AFRICA

AIRPORTS COMPANY SOUTH AFRICA – **EMBRACING FORWARD THINKING**

ABOUT **THIS REPORT**

WITH OUR SUSTAINABILITY VALUE-CREATION OUTLOOK, WE WILL CONTINUE TO FOCUS AND CHANNEL OUR RESOURCES TO IDENTIFY PROGRAMMES AND INITIATIVES THAT WILL BRING ABOUT HIGH IMPACT TRANSFORMATION AND SUSTAINABILITY.

Cape Town International Airport

MESSAGE FROM THE CHAIRMAN

MET 89% OF OUR PREDETERMINED OBJECTIVES

Together with all their industry players, airports have the capacity to establish symbiotic relationships to harness efforts and drive activities that will generate direct, indirect and induced benefits and outcomes.

S Macozoma
Chairman
31 July 2015

DEAR STAKEHOLDERS

Airports are gateways that are inherently integral economic catalysts for cities and countries. Together with all their industry players, airports have the capacity to establish symbiotic relationships to harness efforts and drive activities that will generate direct, indirect and induced benefits and outcomes. When industry collaboration is optimised, the outcomes can in turn have far-reaching economic, social and environmental multiplier effects. The degree to which Airports Company South Africa is able to deliver sustainable value for the benefit of all therefore depends on our industry stakeholders playing their roles robustly and passionately.

The commitment of Airports Company South Africa to deliver sustainable value is underscored by five critical developments that commenced in the year under review:

- The 2016 – 2018 corporate plan was approved
- The board committees were realigned
- The new management operating structure was operationalised
- The governance framework and operating model project were initiated
- The implementation of the board-approved transformation strategy and policy has begun.

With the aim of ensuring that Airports Company South Africa fulfils its mandate of delivering sustainable value for all, the company continues to look into the governance, operating processes and structures that will empower it to operate at an optimum level of efficiency and continue to benchmark itself favourably against its peers in the international airport industry.

RECOGNISING OUR PEOPLE

Having served on the Airports Company South Africa board as a non-executive director since March 2012, I was humbled and honoured to have been appointed as non-executive chairman from March 2015. On behalf of the Airports Company South Africa board, its staff and all its stakeholders, I would like to extend our appreciation to Busi Mabuza, whose term expired in February 2015, for her exceptional contribution in leading the Airports Company South Africa board as chairman from 1 March 2012 until 28 February 2015. We wish Busi well in her future endeavours.

In 2015, two other non-executive board members, Priscillah Mabelane who resigned in December 2014, and Tryphosa Ramano whose term expired in February 2015, also left the company's board, and we thank them for their skill and dedication. In March 2015, three new non-executive board members were appointed to ensure that the board has its full complement. Accordingly we welcome Matlodi Mabela, Kate Matlou and Siyakhula Simelane, all of whom are well placed to make a valuable contribution to the company's advancements. Their appointments are due to be confirmed at the annual general meeting scheduled to take place during August 2015.

We extend our gratitude to our Honourable Minister Elizabeth Dipuo Peters and the Deputy Minister Sindisiwe Chikunga for their dedication and commitment.

It is also fitting to thank all the board members for their collective experience, wise counsel, valuable insights and guidance over the last year. On behalf of the board, we express our gratitude to our Chief Executive Officer Bongani Maseko and his executive team for their leadership, dedication and resilience. I also thank the employees for their unwavering commitment and contribution in serving our customers with pride.

ENGAGING OUR STAKEHOLDERS

Effective stakeholder engagement is central to our effectiveness. In our previous financial year we commissioned research to help us understand our relationship and reputation with our key stakeholders. The exercise resulted in the identification of 164 activities to address the areas requiring attention. During the year under review we initiated the essential actions and proceeded to engage our stakeholder on the issues, concerns and ideas that were raised by them. Of the 164 activities, 51% were completed and the remaining 49% are in progress.

While the board delegates some of its responsibilities for engagement with our stakeholders to the executive management team, board members interact with shareholders at our annual general meetings and at presentations made by the executive management team when we release our annual results. During 2015 we also accompanied the CEO to various industry forums and community functions.

DELIVERING TRANSFORMATION AND SUSTAINABILITY

We have maintained our Broad-Based Black Economic Empowerment (B-BBEE) Level 2 status. We have created 22 063 job opportunities and embarked on a programme to accelerate retail transformation, where 130 tender opportunities were being submitted for across all the airports. In addition, we delivered planned socio-economic development initiatives, events and programmes. These included, among other things, mobility programmes, furniture for a computer library at a rural school, and initiatives that have benefited people with disabilities, education, women and the youth.

During the year under review, the company concluded a partnership agreement in the form of a land lease in the Boulevard Precinct at Bram Fischer International Airport. The lease is for a 2ha stand over a 30-year period for the private development of a 120-bed step-down medical facility Busa-Med. The developer is also the primary investor in the facility and our first black entrepreneur to develop, invest and operate such a facility in South Africa.

In accordance with the property division's transformation strategy, a number of designated voluntary associations and institutes have been identified who represent the individuals and companies that meet our target market profiles. Initial engagements have been initiated and the goal is to foster long-term relationships with the associations and its members.

TO OUR STAKEHOLDERS, CUSTOMERS AND COMMUNITIES, WE EXTEND OUR HEARTFELT APPRECIATION AND WE COMMIT OURSELVES TO CONTINUE TO DELIVER SUSTAINABLE VALUE.

The primary objective is to timeously inform and make the target market aware of all Airports Company South Africa's property development opportunities.

From a construction perspective, and within the five-year plan, the major infrastructure programme is valued at R20 billion. Accordingly an enterprise development programme will be designed to address specific and imminent industry challenges relating to transformation.

The key objectives are to target emerging business and increase participation in the Construction Industry Development Board (CIDB) by addressing barriers to entry into higher CIDB grades, as well as to intensify transformation imperatives in addition to preferential procurement and B-BBEE.

EXECUTING OUR STRATEGY

In accordance with the Shareholder's Compact; section 55(2) of the PFMA, we have achieved 16 of our targeted 18 predetermined objectives. One of the two unmet predetermined objectives concerns job-creation opportunities, despite having generated more opportunities than in the previous financial year.

The other objective relates to an audit finding raised in terms of non-compliances to laws and regulations, in particular the PFMA.

STRENGTHENING GOVERNANCE PROCESSES

The outcome of the board evaluation which, to ensure objectivity and independence, was conducted by an independent party, was received by the board on 13 August 2014. The report was considered and debated by the remuneration and nomination committee and by the board as a whole with a view to addressing the report's findings about improving the effectiveness of the board and its committees.

Overall, there are a number of areas where the board was considered to be performing very well, with a ranking that would score in an upper quartile if compared with similar companies. However, there were other areas that required significant improvement and in the year under review the board has focused on some of them. One of the key findings concerns the restructuring of our board committees.

MESSAGE FROM THE CHAIRMAN (CONTINUED)

The board focused on improving its effectiveness and ensuring that it continues to align its objectives with sustainable business and governance processes, while keeping abreast of changes in the legislative and regulatory environment. Accordingly on 18 March 2015 the board approved the following in respect of board committee realignment:

- The formation of a new committee, in which the board investment committee (BIC) was established by collapsing and combining the treasury and economic regulation committee and the commercial board committee
- The formation of a new committee to be known as the economic regulation committee (ERC) which will be constituted by the chairman of each of the board committees and which will meet at least once a year
- The board approved the composition of the realigned board committees including the existing audit and risk committee (ARC), the social and ethics committee (SEC) and the remuneration and nomination committee (REMNOM).

LOOKING FORWARD

The board will continue its responsibility for improving effectiveness relating to the company's governance processes, policies and procedures to ensure that a high standard of governance practice is maintained so that the company may operate effectively and deliver sustainable value.

Regards,

Skhumbuzo Macozoma

Chairman

OUR INTEGRATED REPORT

SCOPE AND BOUNDARY

This report is the Airports Company South Africa SOC Ltd's primary report to stakeholders and covers the 2015 financial year (1 April 2014 – 31 March 2015), unless otherwise specified. With respect to comparability, all significant items are reported on a like-for-like basis with no major restatements unless otherwise separately disclosed in the financial statements.

The report details the company's financial statements and provides material information concerning strategy, governance frameworks and performance for the year under review, and prospects for the medium- and long-term.

ABOUT THIS REPORT

In preparing this report the following frameworks were adopted, namely, the King Code of Governance for South Africa (2009) (King III), the International Integrated Reporting Council (IIRC), AA 1000 Stakeholder Engagement Standard (Accountability), the Companies Act No. 71 of 2008 (Companies Act) and the Public Finance Management Act No. 1 of 1999 (PFMA).

This is Airports Company South Africa's second integrated report and is directed to all of the company's stakeholders who have supported it since inception, as well as to those who will be journeying with it into the future towards creating a sustainable future for all.

Airports Company South Africa's 2014 integrated report won first place at the 2014 Chartered Secretaries/JSE Integrated Reporting Awards in the State-owned Companies category. The company also took honours at the Nkonki SOC Integrated Reporting Awards for the category Governing Stakeholder Relationships.

FORWARD-LOOKING STATEMENTS

The forward-looking statements contained in this report, as well as oral statements that may be made by us or by officers, directors, prescribed officers or employees acting on our behalf, constitute, or are based on, various or certain assumptions which might change or be subject to revision.

These statements involve risk and uncertainty, as they relate to events and circumstances that may or may not occur in the future.

Factors that could cause actual future results to differ materially from those in the forward-looking statements include, but are not limited to, global and domestic economic conditions; the nature of the aviation sector and specifically the performance of airline operators; changes in passenger profiles and choices; retail offerings; interest rates; credit and the associated risks of borrowing and funding; gross and operating margins; capital management, and competitive and economic regulatory factors.

Airports Company South Africa does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

The forward-looking statements have not been reviewed or reported on by the company's external auditor.

BOARD APPROVAL

The board acknowledges its responsibility to ensure the integrity of the integrated report. The board confirms that it has collectively reviewed the contents of the report and to the best of its knowledge and belief it reflects the Airports Company South Africa SOC Ltd's material issues and presents fairly the integrated performance of the company and its impact on the environment and its stakeholders. The board has approved the company's integrated report for 2015.

Skhumbuzo Macozoma
Chairman

31 July 2015

Bongani Maseko
Chief Executive Officer

31 July 2015

HIGHLIGHTS

"THE PERFORMANCE AND PROGRESS ACHIEVED IN THE PAST FINANCIAL YEAR MAKES ME PROUD. DRIVEN BY A PASSIONATE WORKFORCE, AIRPORTS COMPANY SOUTH AFRICA IS STEADILY ADVANCING IN REALISING ITS VISION OF BEING A WORLD LEADING AIRPORT BUSINESS." CEO BONGANI MASEKO

FINANCIAL PERSPECTIVE

↓ **10.7%**
Return on capital employed
(FY2014: 11.6%*)

↑ **R5.2bn**
EBITDA
(FY2014: R4.6bn)

↑ **1.8x**
Net debt/EBITDA
(FY2014: 2.3X)

↑ **R7.7bn**
Revenue
(FY2014: R7.1bn)

↑ **R4.9bn**
Aeronautical
(FY2014: R4.6bn)

↑ **R2.8bn**
Non-aeronautical
(FY2014: R2.6bn)

↑ **38%**
Cost to income
(FY2014: 38%)

** To ensure comparability between reporting years, we have restated the figures for the 2014 financial year for restatements of financial statement*

CUSTOMER AND STAKEHOLDER PERSPECTIVE

4.1 ↑
Airport service quality – passenger survey
(FY2014: 4.0*)

3.6 ↔
Stakeholder survey – airport operational and commercial stakeholders
(FY2014: 3.6^)

** This indicator measures how passengers rate airport service levels utilising an international accredited airport service quality programme facilitated through Airport Council International – Scoring scale: 1-5 with 1 being poor and 5 being excellent*

^ This indicator measures airport operations and commercial stakeholders' perception of the company, based on survey questions relating to the environment, facilities, people and productivity, and technology and equipment. Scoring scale: 1-5 with 1 being poor and 5 being excellent

FOR MORE DETAILED INFORMATION REFER TO PAGES 32 AND 94 OF THIS REPORT

INTERNAL PROCESS PERSPECTIVE

17 844 550
Departing passengers
(FY2014: 17 419 183)

273 342
Air traffic movements – landings
(FY2014: 261 294)

89%
On-time departures*
(FY2014: 88%)

Level 2
[90.4]
B-BBEE rating
(FY2014: 93.0#)

14.1
Employment equity
(FY2014: 13.8^)

22 063
Job opportunities created
(FY2014: 20 977)

R107.8m
Economic development spend
(FY2014: R100m)

** This indicator measures the actual time an aircraft departs as compared to the scheduled departure time*
 # This figure indicates the company's B-BBEE rating as measured within the B-BBEE Code. Scoring scale: 1-5 with 1 being good and 5 being weak
^ This indicator measures the company's employment equity rating as measured within the B-BBEE Code. Scoring scale: 1-15 with 1 being poor and 15 being excellent

LEARNING AND GROWTH PERSPECTIVE

3.7
Employee satisfaction survey
(FY2014: 3.6*)

22.5
Skills development B-BBEE rating agency
(FY2014: 22.2#)

2 945
Employees
(FY2014: 2 819)

** Measures how employees feel about their jobs, working environment and the company. Scoring scale: 1-5 with 1 being poor and 5 being excellent*
 # Measures the company's skills development rating as measured within the B-BBEE Code. Scoring scale: 1-25 with 1 being poor and 25 being excellent

RECOGNITION AND AWARDS

THE COMPANY TAKES PRIDE IN ITS SERVICES, AND IN PROVIDING CUSTOMERS WITH THE BEST POSSIBLE AIRPORT EXPERIENCE, AN ASPECT WHICH WILL ALWAYS REMAIN ITS KEY FOCUS. THE VARIOUS AWARDS WON DURING THE YEAR UNDER REVIEW ENDORSE THE EXCELLENT SERVICES RENDERED WITHIN THE COMPANY'S AIRPORTS NETWORK.

O.R. Tambo International Airport

AIRPORT AWARDS

Airports Council International (ACI) – Annual Awards

Airports Company South Africa's airports have won four Airports Council International (ACI) Awards. Upington International Airport boasts another top position in its category.

Best airport by region – Africa category:

- Second place: King Shaka International Airport
- Third place: Cape Town International Airport
- Fourth place: O.R. Tambo International Airport

Best airport by region (fewer than two million passengers per year)

- First place: Upington International Airport

Skytrax – The World Airport Awards

World's top 100 airports

- 24th place: O.R. Tambo International Airport
- 26th place: Cape Town International Airport
- 28th place: King Shaka International Airport

World's best domestic airports

- Third place: King Shaka International Airport

Best airports in Africa

- First place: O.R. Tambo International Airport
- Second place: Cape Town International Airport
- Third place: King Shaka International Airport
- Fifth place: East London Airport
- Seventh place: Port Elizabeth International Airport
- Eighth place: Bram Fischer International Airport

Best airport staff in Africa

- First place: Cape Town International Airport
- Second place: O.R. Tambo International Airport
- Third place: King Shaka International Airport
- Fifth place: Port Elizabeth International Airport
- Seventh place: Bram Fischer International Airport
- Ninth place: East London Airport

Best regional airports: Africa

- First place: King Shaka International Airport
- Second place: East London Airport
- Third place: Port Elizabeth International Airport
- Fourth place: Bram Fischer International Airport

OTHER AIRPORT AWARDS

King Shaka International Airport – International Award at Routes Africa 2014, Victoria Falls, Zimbabwe:

For best overall marketing services pertaining to relationship, effective results, provision of data and information or innovative techniques to establish new, or maintain and develop existing, routes.

King Shaka International Airport – KZN Top Business Portfolio Award:

For its contribution to the economy of KwaZulu-Natal.

King Shaka International Airport – PMR Africa Diamond Arrow Award:

For the provision of 'Muslim friendly' services including prayer room facilities and halaal food outlets.

O.R. Tambo International Airport – African Airport of the Year:

The airport was presented with the African Airport of the Year award at the Air Cargo Africa 2015 Conference.

BUSINESS AWARDS

Nkonki SOC Integrated Reporting Awards 2014

Airports Company South Africa was presented with the overall winning award for integrated reporting in the Governing Stakeholder Relationships category. The company was also conferred with an 'A' rating for its reporting under the same category.

Chartered Secretaries Integrated Reporting Awards 2014

In a first for the business, Airports Company South Africa won the Integrated Annual Report award for the State-owned Companies category at the Chartered Secretaries/JSE Integrated Reporting Awards 2014. Excellence in corporate reporting was also recognised at the awards.

Environmental Award

Airports Company South Africa was recognised for the Birdlife South Africa Owl Award. The company was presented with this award for its long-term involvement in promoting sustainable conservation and a healthy environment.

COMPANY **OVERVIEW**

WORKING HARD TO REALISE OUR VISION OF BEING A WORLD-LEADING AIRPORTS BUSINESS THAT IS HIGHLY EFFICIENT AND CUSTOMER-FOCUSED.

East London Airport

OUR ORGANISATION AND SHAREHOLDING

OUR ORGANISATION

– a world-leading airport business.

We consider ourselves to be a forward-thinking business with global ambitions, working hard to realise our vision of being not just the pre-eminent airport operator in the developing world, but also a leading global airport company that is highly efficient and customer focused. We operate commercially, while simultaneously contributing to government imperatives through compliance with the dual mandate that applies to state-owned companies.

We maintain a strong governance position, with a fully constituted board of directors and a recently approved corporate plan positioning our future directional compass, which increases our ability to plan and lead effectively. Our pro-active, consistent and ongoing engagements with key stakeholders are paramount in our delivering transformational and sustainable value.

Our success is attributable to our employees who determinedly pursue growth opportunities, deliver infrastructure developments, strengthen business excellence, and deliver customer-focused services.

OUR MANDATE

Airports Company South Africa SOC Ltd is mandated to undertake the acquisition, establishment, development, provision, maintenance, management and control or operation of any airport, any part of any airport, or any facility or service at any airport normally related to the functioning of an airport in terms of the Airports Company South Africa Act No. 44 of 1993.

OUR MISSION

To develop and manage world-class airport businesses for the benefit of all stakeholders

OUR VISION

To be a world-leading airport business

OUR STRATEGIC PROPOSITION

To build an efficient customer-focused business

The acronym for our values is:

P PASSION **R** RESULTS **I** INTEGRITY **D** DIVERSITY **E** EXCELLENCE

OUR COMMITMENT TO STAKEHOLDERS

To have purposeful engagements with all our stakeholders towards an agreed scope of engagements and the delivery of expected outcomes.

OUR PLEDGE TO CUSTOMERS

To drive a culture of excellence in customer service and communication.

VALUE PROPOSITION

THE COMPANY'S VALUE PROPOSITION COMPRISES TWO PRIMARY ACTIVITIES:

1. **We build, commercialise, maintain and operate airports**

   We have an impressive track record of delivering intensive capital investment programmes by building, commercialising and maintaining airports both nationally and internationally.

   Serving over 35 million passengers per year through our nine South African airports, we have credible experience in developing and operating large, medium-sized and small airports in our home market and abroad.

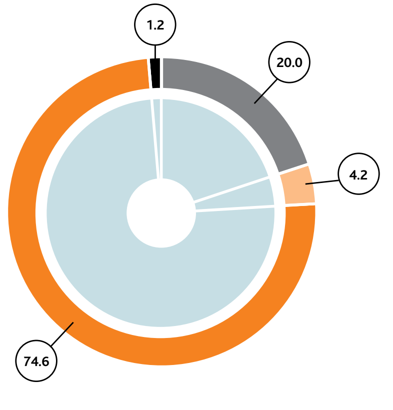
2. **We provide solutions based on our airport knowledge, experience and expertise**

   Our airport management solutions include a diversity of areas:

- Airport operations
- Environmental consulting
- Commercial management
- Quality management
- Airport planning
- Geographic information systems
- Human capital management and training
- Information technology
- Project management
- Security
- Research
- Operational readiness and transfer (ORAT)

SHAREHOLDING

SHAREHOLDING (%)



PUBLIC INVESTMENT CORPORATION*
EMPOWERMENT INVESTORS**
SOUTH AFRICAN GOVERNMENT
STAFF SHARE INCENTIVE SCHEME***

Although Airports Company South Africa has diverse shareholders, it is the South African Government, through the Department of Transport (DoT), which is the major shareholder in the company, and therefore is regarded as a State-owned company (SOC), and a schedule 2 public entity in terms of the Public Finance Management Act (PFMA). The company is legally and financially autonomous and operates within the ambit of the Companies Act.

* *The Public Investment Corporation (PIC) shareholding is held through ADR International Airports SA (Pty) Ltd, a wholly-owned subsidiary of the PIC*

** *The 4.21 % empowerment investors comprises:*
- *1.21% G10 Investments (Pty) Ltd*
- *1.40% African Harvest Strategic Investments*
- *0.40% Pybus Thirty Four Investment (Pty) Ltd*
- *0.80% Telle Investments (Pty) Ltd*
- *0.40% Upfront Investments 64 (Pty) Ltd*

*** *Dormant (The scheme is in the process of being dissolved)*

LEGAL STRUCTURE

Financial detail, accounting treatment and performances are reflected in the annual financial statements.

AIRPORTS COMPANY SOUTH AFRICA

GROUP ENTITIES	100% OWNED SUBSIDIARIES			SPECIAL PURPOSE ENTITIES	
Name	ACSA Global Ltd	JIA Piazza Park (Pty) Ltd	Precinct 2a (Pty) Ltd	Lexshell 342 Investment Holdings (Pty) Ltd	Airport Management Share Incentive Scheme (Pty) Ltd
Purpose of existence	The investment holding company through which Airports Company South Africa holds its 10% interest in the Mumbai International Airport Ltd (MIAL) with the current strategic objective to retain the investment. Initiatives include continued involvement in the provision of fee-based technical services.	The holding company through which Airports Company South Africa operates the Inter-Continental Hotel at O.R. Tambo International Airport. This company in turn has a management contract with Tsogo Sun to undertake the management on its behalf and a licence and reservation agreement with Inter-Continental Group. The current strategic objective is to ensure continued and consistently growing rental income generated from the hotel operation.	A company through which Airports Company South Africa owns approximately 250 hectares of land previously owned by Denel. The current strategic objective of Precinct 2a (Pty) Ltd is to appropriately redevelop property for aeronautical and non-aeronautical use and consistently realise growing rental income from the property asset.	An Employee Share Option Vehicle	Employee Share Incentive Scheme
Year of inception	2005	1998	1998	1999	1999
Airports Company South Africa shareholding	100%	100%	100%	SPV	SPV
Other shareholders and their respective shareholding	N/A	N/A	N/A	Airports Company South Africa Kagano Trust	Airports Company Management Share Incentive Scheme Trust
Equity injections	R100	R100	R100	0	0
% of contribution to Airports Company South Africa Group profit	100	100	100	100	100
Net asset value at 31 March 2015	R665 million	R30 million	R68 million	R27 million	R7 million

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights.

Special-purpose entity is a subsidiary of the company that attempts to isolate risk to the parent company by maintaining its assets and liabilities on a completely separate balance sheet.

INVESTMENTS IN JOINT VENTURES	INVESTMENT IN ASSOCIATES		
Airport Logistics Property Holdings (Pty) Ltd	La Mercy JV Property Investments	Mumbai International Airport Private Limited	Guarulhos International Airport Private Limited
A property holding company with Bidvest group, owning three distribution warehouses at O.R. Tambo International Airport and Cape Town International Airport. The current strategic objective of Airport Logistics Property Holdings (Pty) Ltd (ALPH), is to ensure that continued and consistent rental income is generated from the property assets.	A land development and property investment company together with Dube Trade Port Corporation (DTPC). The strategy is to build an investment property portfolio at King Shaka International Airport-Dube Trade Port through land-lease arrangements.	A company through which Airports Company South Africa holds a 30-year concession to develop, operate and maintain the Mumbai Airport. In addition to being a designated airport operator, Airports Company South Africa is an integral investor in the project.	A company through which Airports Company South Africa holds a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo. Airports Company South Africa, in partnership with 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. Over and above this investment, we provide airport management expertise through a technical services agreement with the concession company.
2003	2009	2006	2012
50%	40%	10%	10%
Bidvest Holdings Limited (50%)	Dube Trade Port Corporation (60%)	GVK (50.5%) Bidvest (13.5%) Airports Authority of India (26%)	A joint venture between Investments e Participações em Infra-estrutura S.A (Invepar) (90%) and Airports Company South Africa (10%) holds 51% of Guarulhos Participações S.A (GRUpar).
0	0	R347 million	R258 million
50	40	10	10
R128 million	R185 million	R889 million	R218 million

Joint venture – the group has an interest in a jointly controlled entity, whereby the venture have a contractual arrangement that establishes joint control over the economic activity of the entity. The group recognises its interests in the joint venture using equity accounting.

Associates are all the entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

OUR LEADERSHIP

THE BOARD

FOR MORE DETAILED INFORMATION ABOUT OUR BOARD GO TO PAGE 138 OF OUR GOVERNANCE REPORT

Retired/resigned

Busisiwe Mabuza (52)
Retired Chairman

Skhumbuzo Macozoma (39)
Chairman

Roshan Morar (49)
Deputy Chairman/Chairman of BIC

Bongani Maseko (47)
Executive director and Chief Executive Officer

Maureen Manyama (38)
Executive director and Chief Financial Officer

Tryphosa Ramano (43)
Non-executive director
Retired

Bajabulile Luthuli (42)
Non-executive director/Chairman of ARC

Kenosi Moroka (53)
Non-executive director/Chairman of SEC

John Lamola (53)
Non-executive director/Chairman of ERC

Priscillah Mabelane (42)
Non-executive director
Resigned

Chwayita Mabude (46)
Non-executive director

Deon Botha (46)
Non-executive director/Chairman of Remnom

Matlodi Mabela (45)
Non-executive director

Kate Matlou (44)
Non-executive director

Siyakhula Simelane (33)
Non-executive director

IN EVERY TEAM, EVERYONE HAS THEIR POSITION TO PLAY, AND SUCCESS HAPPENS WHEN ALL OF THE PLAYERS ARE PLAYING THEIR ROLES EFFECTIVELY.

THE EXECUTIVE COMMITTEE

FOR MORE DETAILED INFORMATION ABOUT OUR EXECUTIVE COMMITTEE GO TO PAGE 146 OF OUR GOVERNANCE REPORT

Tebogo Mekgoe (40)
Chief Operating Officer

Refentse Shinners (39)
Group Executive:
Corporate Affairs

Bongiwe Mbomvu (47)
Group Executive:
Governance and Assurance

Andre Vermeulen (43)
Group Executive:
Airports

Haroon Jeena (50)
Group Executive:
Commercial Services

Pieter Du Plessis (53)
Group Executive:
Human Resources

Sello Mmakau (40)
Chief Information Officer

Deon Cloete (48)
General Manager:
Cape Town International Airport

Terence Delomoney (46)
General Manager:
King Shaka International Airport

Bongiwe Pityi (44)
General Manager:
O.R. Tambo International Airport

Yvette Schoeman (48)
General Manager:
Regional Airports

STRATEGY

DRIVEN BY A PASSIONATE WORKFORCE, AIRPORTS COMPANY SOUTH AFRICA IS STEADILY ADVANCING IN REALISING ITS VISION OF BEING A WORLD-LEADING AIRPORT BUSINESS.

East London Airport

STRATEGY

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DELIVERING SUSTAINABLE VALUE

A new dawn has arrived and we are proud to initiate this journey through sustainable business development.

B Maseko
Chief Executive Officer
31 July 2015

I ACKNOWLEDGE THAT MUCH REMAINS TO BE DONE IN ENSURING THAT WE DELIVER ON OUR APPROVED CORPORATE PLAN. THROUGH THE ON-GOING SUPPORT OF OUR BOARD AND THE AIRPORTS COMPANY SOUTH AFRICA TEAM AS A COLLECTIVE, WE WILL LEVERAGE THE ADVANCES MADE AND THE LESSONS LEARNED TO FURTHER STRENGTHEN OUR PERFORMANCE FOR THE SUSTAINABLE BENEFIT OF ALL OUR STAKEHOLDERS.

The performance and progress achieved in the past financial year makes me proud. Driven by a passionate workforce, Airports Company South Africa is steadily advancing in realising its vision of being a world-leading airport business. There is certainly a change in momentum. A new dawn has arrived and we are proud to initiate this journey through sustainable business development. The confidence of our shareholders in our ability to deliver against our strategy and predetermined objectives is also encouraging.

I thank our former Chairman, Busi Mabuza, for her leadership over the past three years. Through her guidance, the company was able to realise a number of milestone achievements that have resulted in where we are today. To our newly-appointed Chairman Skhumbuzo Macozoma, who has served on our board since early 2012, we look forward to your insights and contributions to Airports Company South Africa's future business success.

OUR PERFORMANCE

DELIVERING SHAREHOLDER VALUE

Against the backdrop of a volatile economic environment in South Africa, Airports Company South Africa has shown good financial performance. The group's key credit metrics improved in the 2015 financial year. Fitch affirmed Airports Company South Africa's ratings in the short and long term, while Moody's issued a solid first-time rating to the company despite revising the outlook to negative, subsequent to the draft permission 2016 to 2020 being published. The company will continue to ensure that key metrics are maintained or improved. Airports Company South Africa has a solid financial standing and is committed to managing a sound financial model.

BUILDING WIN-WIN PARTNERSHIPS WITH OUR STAKEHOLDERS

In an effort to continue harnessing constructive and beneficial relations with our partners, Airports Company South Africa hosted key aviation industry business events, including the twenty-third ACI Africa Regional Assembly in October 2014. The conference proved to be a valuable platform for forging a common vision for the future of airport business in Africa. Air Cargo Africa 2015, hosted in March 2015, also offered networking opportunities with the objective of elevating and improving relationships within the cargo industry. Airports Company South Africa entered into a landmark collaboration agreement at the event this year with German company, Mitteldeutsche Airport Holding, representing Leipzig/Halle Airport. The partnership will expand the international air cargo market, elevating both Leipzig/Halle Airport and O.R. Tambo International Airport's hub status in the air transportation industry.

IDENTIFYING AND SECURING NEW BUSINESS OPPORTUNITIES

The progress and successes achieved on the global front in the past year have been gratifying, and our business is a proud brand ambassador for South Africa. Following the signing of the Memorandum of Understanding (MoU) with the Ghana Airports Company Limited (GACL) in April 2014, and in our bid to develop the African continent's aeronautical infrastructure through the transfer of skills and human resource capabilities, we have presented a proposal offering specialist advisory services in strategic planning, technical assistance and general management development of Ghana's Kotoka International Airport.

Further abroad, it was another achievement for us when our team delivered Terminal 3 at Guarulhos International Airport, São Paulo, Brazil in May 2014. The Brazilian president, Dilma Rousseff, thanked Airports Company South Africa at the official opening ceremony on 20 May 2014. The terminal was described as the most beautiful in the world – the fruit of yet another successful infrastructural achievement.

ACCELERATING OUR SUSTAINABILITY AND TRANSFORMATION PROGRAMMES

The company's transformation and sustainability imperatives will continue to receive close attention as we advance our initiatives in response to the national agenda. While we maintained Level 2 of our B-BBEE rating, our business has also generated 22 063 job opportunities in the past year, achieving 86% of the target that we had set. We have seen an improvement in employment equity within our structures, with an improvement from 13.77 to 14.06 out of 15.

WE REMAIN COMMITTED TO THE TRANSFORMATION IMPERATIVES OF THE NATIONAL DEVELOPMENT PLAN (NDP) BY IDENTIFYING OPPORTUNITIES FOR TRANSFORMING OUR BUSINESS.

As part of our corporate plan (2015-2017), we have embarked on a transformation of our retail portfolio. Airports Company South Africa issued almost 150 retail opportunities across our network of airports, presenting the prospect of widening participation and improving public awareness of retail trade available within our company. I am pleased that 39 of the 46 concessions awarded were to entities whose shareholding comprises 25% Black women, youth and people with disabilities.

The process of awarding the remaining 104 retail tenders will be concluded in FY2016 and FY2017.

For a long time our company has been a proud supporter of the disability sector, focusing particularly on physical disabilities. During the year under review we extended our support for the sector by broadening its scope to include visual and hearing impairment requirements. Airports Company South Africa is looking forward to evolving our socio-economic interests to increase and broaden not only our impact, but the spectrum of our beneficiaries.

BUSINESS EXCELLENCE AND INNOVATION

It is pleasing to report that there were no major safety and aviation security incidents reported for the year under review. As a business that prides itself on excellence, we continue to seek ways of improving our customer-focused services. Our airport service quality score of 4.1 from 4.0 (out of 5) last year, is testament to this drive. Additionally, our commitment to service has resulted in our airports claiming numerous awards at the annual ACI and Skytrax award presentations.

One of the key innovations introduced to passengers was the launch of the Airports Application (Airports App). The system was designed and developed in response to passengers' need for a convenient and unrestricted means of connecting to the information they require. With the introduction of the Airports App, we intend to remain relevant as we improve our passenger service offering.

INFORMATION TECHNOLOGY

We are embracing a new digitally-enabled airports business best practice. Our IT division is the key enabler of this initiative and serves to elevate our position as a forward-thinking business. In FY2016 we will begin implementing the newly-developed IT roadmap that contributes towards business continuity and sustainability through the protection of the company's intellectual property (IP) and ensuring consistent availability of all critical systems.

GOVERNANCE

Compliance with the law and corporate governance principles underpins our business and the way we operate. Our company was recently fined approximately R2 million for attempted price-fixing between ourselves and Bombela, with the Competition Commission issuing conditions to which we have already responded. In an effort to ensure a culture of compliance, the company will continue to embark on programmes to educate and inform our employees of the competition laws and good governance.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)

MANAGING AND DEVELOPING A HIGH-PERFORMING TEAM

We always recognise our employees as the key drivers of business initiatives and successful processing in operations. For this reason, we engage with our people to understand their levels of employee satisfaction. In the year under review, the company has improved from 3.6 to 3.7 (out of 5) in overall employee satisfaction levels. Understanding the concerns of our people remains a priority for business. Through face-to-face engagements, we have identified transport, remuneration and housing as key issues for our people that require attention in an effort to strengthen our employee value proposition.

To ensure a sustainable business, succession planning remains a priority on our agenda. The business has embarked on a series of leadership development interventions to improve succession-planning levels within the organisation.

EXTERNAL ENVIRONMENT IMPACTS

The financial stability of some of our core customers is a concern. In the interest of protecting our financial position, we are actively engaging with our customers to manage the situation. Another concern is the issue of the security of fuel supply, which may lead to a negative impact on the operations at O.R. Tambo International Airport. We are engaging the Department of Energy to develop a countrywide fuel strategy to manage this concern more efficiently. The uncertainty of electricity supply is also a concern as it impacts the availability and uptime of our operations and systems.

ECONOMIC REGULATION

The permission application, inclusive of all required annexures, was duly submitted to the regulating committee on 1 December 2014. The company has subsequently received the draft permission from the regulating committee. A comprehensive response has been submitted to the regulating committee, which addresses all the company's concerns with regard to the draft permission. Owing to an undesirable outcome, management is currently engaging all relevant stakeholders in the draft permission, namely, the Airlines Association of South Africa (AASA), the Board of Airlines Representatives South Africa (BARSA), the DoT, Ministry of Transport and the regulating committee.

OPERATING MODEL

In 2015, we launched a key strategic initiative, which focuses on our governance framework and operating model. We initiated this refresh of our governance framework and operating model as a critical first step in creating an environment that is conducive to growth and sustainability for the future of Airports Company South Africa.

LOOKING FORWARD

Over the next three years (2016-2018), we are planning to have delivered key strategic initiatives, or to continue to deliver on a range of key strategic initiatives identified within our strategic thrusts:

- Maintaining business excellence
  - Re-engineer our governance framework and operating model
  - Roll-out of the IT strategy plan
  - Implement the permission application from FY2016 to FY2020
  - Resolve the transit visa issue with the relevant stakeholders
- Managing and developing a high-performing team
  - Align leadership to the emerging strategy
- Identifying and securing new business opportunities
  - Provide commercially viable airport management solutions for South African and international airports
  - Grow traffic by leveraging our existing airports' locational and traffic profile, and align our airport plans to local and provincial government plans
  - Diversify revenue opportunities by participating in yielding concessions, management contract and partnerships
- Accelerate our sustainability and transformation programme
  - Deliver incremental transformation programmes.

APPRECIATION

I would like to thank all of our employees and stakeholders once again, for their commitment and continuous contributions to making our company one in which we can all take pride. I look forward to a productive and progressive year as we realise the benefits of the new operating model that is being designed to optimise our business processes and performance.

Regards,

Bongani Maseko
Chief Executive Officer

OUR STRATEGY

Our strategy is driven through six strategic thrusts:

OUR STRATEGY

1 MANAGING AND DEVELOPING A HIGH-PERFORMANCE TEAM

Ensuring that the workforce is prepared, poised and managed to successfully deliver the company's future plans and, in addition, satisfy geo-social expectations.

- Succession management
- Skills development
- Strengthen culture
- Employment equity

2 IDENTIFY AND SECURE NEW BUSINESS OPPORTUNITIES

Identifying, evaluating and securing profitable new business revenue streams.

- Enhance returns

3 ACCELERATE OUR SUSTAINABILITY AND TRANSFORMATION PROGRAMME

These imperatives describe our approach and focus on the transformational, socio-economic and environmental aspects of our activities.

- Improve B-BBEE rating
- Socio-economic development
- Transformation of commercial business
  - Wider participation
  - Improve black women, black youth and people living with disability
- Environmental sustainability
- Contribute to job creation opportunities

WE AFFIRM THAT OUR STRATEGY IS THE MEANS TO ACHIEVE OUR LONG-TERM VISION OF BEING A WORLD-LEADING AIRPORT BUSINESS. IT IS FOR THIS REASON THAT MANAGEMENT IS COMMITTED TO REVIEWING THE STRATEGY REGULARLY TO ENSURE THAT WE REMAIN RELEVANT AND FOCUSED ON ACHIEVING OUR VISION.

4

BUSINESS EXCELLENCE

Transitioning our operating model and delivering our information technology strategy, as well as managing and developing a high-performing team expresses how we aspire to manage and run our operations to deliver sustainable integrated value.

- Transition operating model
- Improve 'on-time' departures
- Reduce aviation safety incidents
- Enhance aviation security incidents
- Leverage IT for competitive advantage

5

BUILD WIN-WIN PARTNERSHIPS WITH OUR STAKEHOLDERS

Building win-win partnerships with our stakeholders encapsulates how well we deliver the value our shareholders, customers and stakeholders expect from us.

- Entrench and deepen partner relationships
- Deliver exceptional passenger services

6

DELIVER SHAREHOLDER VALUE

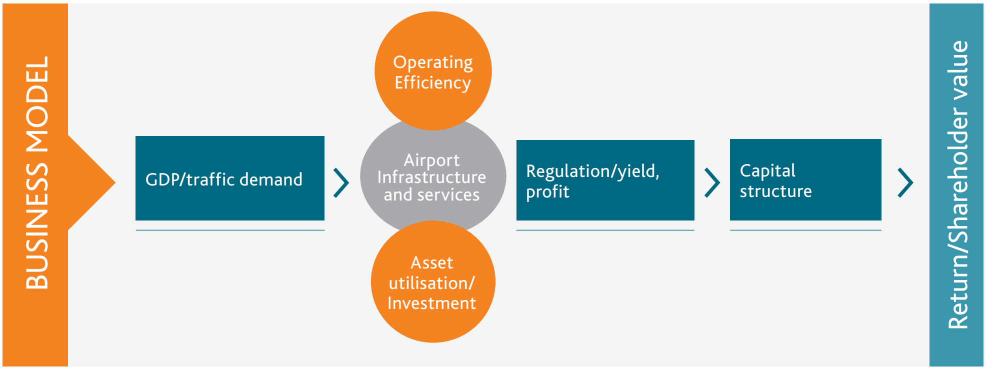
Investing wisely and generating reasonable returns on invested capital is core to the future existence of Airports Company South Africa.

- Deliver long-term profitability
- Control funding and cost of borrowing

King Shaka International Airport

OUR BUSINESS MODEL

Airports Company South Africa has been following a traditional airport business model which Dr Hans-Arthur Vogel (2006) depicts as per the illustration below:



This illustration depicts a typical method of doing business by which a company can sustain itself, that is, generate revenue. The first 21 years of our history focused on airport infrastructure capacity expansion, expertise in the building, operationalisation, and commercialisation of airports. Our asset base grew from less than R1 billion in 1993 to R27.4 billion in 2015.

We want to be a successful business so that we can continue to deliver sustainable value to our shareholders and stakeholders. Our ability to create value for ourselves is linked to the value we create for others.

Accordingly, we have enhanced our business model based on integrated reporting framework. It includes and embraces the six capitals, namely, manufactured, financial, intellectual, human, social and relations and natural. In addition, we have opted to cluster the manufactured, financial and intellectual capitals into Our Business, human and social and relations capital into Our People and Society and natural capital into Our Environment.

Our business model illustration is depicted on page 30 and 31.

TO BE THE MOST SOUGHT-AFTER PARTNER IN THE WORLD FOR THE PROVISION OF SUSTAINABLE AIRPORT MANAGEMENT SOLUTIONS – THIS IS OUR LONG-TERM GOAL, AND LOOKING AHEAD, ONE OF OUR KEY IMPERATIVES WILL BE TO ESTABLISH AN INTEGRATED VALUE-CREATION MODEL THAT WILL HELP US IDENTIFY AND EMBED THE TENETS OF SUSTAINABILITY WITHIN OUR BUSINESS.

GOVERNANCE FRAMEWORK AND OPERATING MODEL

The governance framework and operating model sits at the epicentre of all that we do. We initiated and began this refresh of our governance framework and operating model as a critical first step in creating an environment for the future of Airports Company South Africa that is conducive to growth and sustainability.

We recognise that in order for the company to realise its vision of being a world-leading airport business, we will need to reach a level of maturity that will maintain good governance and have a complementary operating model.

Ultimately, we want to optimise the services offered by the company for the benefit of all our employees, customers and stakeholders.

Eight design components, which are inextricably linked to our strategic thrusts, will be used to underpin the outcome of this strategic initiative:

STRATEGIC THRUST	EIGHT DESIGN COMPONENTS
BUILDING WIN-WIN PARTNERSHIPS WITH OUR STAKEHOLDERS	• Strengthening stakeholder engagement and management processes
BUSINESS EXCELLENCE	• Running airports as an integrated business • Driving internal efficiencies • Maintaining regulatory safety, security, and good governance • Enhancing the customer experience • Utilising IT as a strategic enabler in a digital world
IDENTIFY AND SECURE NEW BUSINESS OPPORTUNITIES	• Pursuing strategic investments as separate businesses • Focusing on commercial activities


Cape Town International Airport

OUR BUSINESS MODEL

The governance framework and operating model is at the heart of our company and draws from different capitals as inputs and converts them into outputs by means of our business activities. This process leads to outcomes which in turn impact on the capitals,

GOVERNANCE

- Complying with relevant legislation and regulation
- Delegated levels of authority
- Ethical conduct

REGULATORY

- Enterprise risk management framework
- ISO 31000
- Current risk threatening long-term sustainability

OUR BUSINESS

	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	FINANCIAL CAPITAL
INPUTS	• Passengers • Goods/cargo • Airlines • Airport infrastructure and equipment • Utilities and fuel • Concessions • Technology • Operating structures • Employee skills • Stakeholder engagement	• Information • Research and development • Productions and technical services • Innovation • Human resources • Stakeholder relationships	• Funding (equity and debt) • Cash flow generated by operations • Controls, processes and systems • Rating agencies
ACTIVITIES	• Airports operational processes • Airport planning commercial practices • Support services processes • Aviation safety and security • Environmental impact assessments	• Benchmarking • Operating model review • Enterprise risk management • Governance processes • Business intelligence • Managing and furthering stakeholder relations	• Responsible application and allocation of funds • Financial accounting • Treasury management • Cost and management accounting • Capital expenditure management • Supply chain management
OUTPUTS	• Effective use of infrastructure and equipment • Uptime availability of equipment • Operation effectiveness	• Risk mitigated and opportunities seized • Improved processes and services • Financially yielding productions and services • Effective decision making	• Cash flow generated by our operations • EBITDA • Managed or improved agency ratings • Improved capital expenditure management • Return on capital employed • Net debt/EBITDA

INTEGRATED SUSTAINABLE VALUE CREATION

	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	FINANCIAL CAPITAL
OUTCOMES	• Safe and secure • High levels of Airport Service Quality (ASQ) • Win-win partnerships with stakeholders • Infrastructure capacity sustainably managed	• World class services • Improved decision-making • Effective productivity processes leading to sustainable efficient outcomes • Knowledge management • Agile operating model	• Business sustainability • Financial sustainability • Optimised gearing levels • Strong balance sheet • Able to fund business • Organic and new business growth

which are not necessarily the same as used in the input phase. The harnessing and optimising interplay between our operations and the external environment is key in delivering sustainable and integrated value creation.

FINANCIAL STATUS

- Deliver shareholder value
- Manage funding and cost of borrowing
- Operate within the covenants

STAKEHOLDERS

- Building win-win partnerships
- Delivering stakeholder management strategy

EMPLOYEES

- High-performance culture
- Succession planning
- Training and development
- Employee relations and wellness

OUR PEOPLE AND SOCIETY

OUR ENVIRONMENT

HUMAN CAPITAL	SOCIAL AND RELATIONS CAPITAL	NATURAL CAPITAL
• Employees • Skills • Ability • Passion • Union and organised labour	• Community • Employees • National development plan deliverables	• Environmental policy and strategy • Electricity • Fuel and diesel • Water • Waste • Air quality • Noise • Biodiversity • Carbon footprint
• Employment equity • Operating structure • Recruitment • Succession planning and talent management • Training and leadership development • Workforce aligned to strategy and strategic objectives	• Implementation of socio-economic development plan • Engaging with stakeholders	• Environmental management • ISO 14004-2004 certification for all airports • Compliance with laws and regulations • Environment impact assessments • Measurements and control • Smarter environmental plan and build infrastructure solutions
• Effective leaders • Skilled employees • Engaged employees • Succession planning with development plans • Stable relationship with labour	• Job creation opportunism • Enterprise development • Better relationships with communities • Improving the lives of people with disabilities	• Improved electricity and water consumption • Improved management of waste, air quality and noise • Alternative sources of energy • Water withdrawal and re-use
• Low staff turnover • Visionary leadership • Successors for approved critical jobs • Committed employees • Employees' health and wellness • Employees delivering against strategy	• Respecting the co-existence of communities and employees in and around our airports • Job opportunities created • Realised retail opportunities for small business • Sustainable communities	• Lower operational cost • Improved recycling • Enhanced re-use • Increased alternative sources of energy supply

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

FINANCIAL PERSPECTIVE

<table>
<tr><th>Strategic thrust</th><th>Objective</th><th>KPI</th><th>FY2014</th><th>FY2015 Target</th><th>FY2015 Actual</th><th>Status</th></tr>
<tr><td rowspan="4">DELIVER SHAREHOLDER VALUE</td><td rowspan="2">Deliver long-term profitability</td><td>Return on capital employed (ROCE)</td><td>11.6%*</td><td>9.8%</td><td>10.7%</td><td>●</td></tr>
<tr><td colspan="5">ROCE is a profitability measure that assesses how efficient a company is in generating profits from the capital that is employed and is derived from the formula: Net profit after tax before interest divided by average shareholders’ equity plus average interest-bearing borrowings.

Source: Finance

* To ensure comparability between reporting years, we have restated the figures for FY2014 for restatements of financial statements.

Compared to prior year: Airports Company South Africa has delivered a ROCE of 10.7% compared with the prior year (March 2014) of 11.6%. Lower profit after tax and the declined average equity due to restatement resulted in lower ROCE as compared to the prior year.

Compared to target: Airports Company South Africa has delivered higher than anticipated ROCE of 10.7% against a targeted 9.8% for the full year, largely due to lower operational expenditure and lower levels of capital employed due to lower capital expenditure compared to budget.</td></tr>
<tr><td rowspan="2">Control funding and cost of borrowing</td><td>Net debt/EBITDA</td><td>2.3X</td><td>2.1X</td><td>1.8X</td><td>●</td></tr>
<tr><td colspan="5">This indicator measures our ability to pay off incurred debt. This ratio gives the investor/funder the approximate amount of time that would be needed to pay off all debt, ignoring the factors of interest, taxes, depreciation and amortisation. Net debt/EBITDA is a measure of leverage and is derived from the formula: Average interest-bearing borrowings less average cash and cash equivalents divided by earnings before interest, taxation, depreciation and amortisation (EBITDA).

Source: Finance

Compared to prior year: The Net debt/EBITDA of 1.8 times has improved compared to the prior year (2.3 times). The EBITDA of R5.2 billion for the period under review is greater than for the prior year by 13%. The increase in EBITDA compared to the prior year is as a result of greater revenue.

Compared to target: The Net debt/EBITDA is higher than the target. This is largely due to a higher EBITDA and lower debt. The EBITDA for the period under review of R5.2 billion has exceeded the budget by 5%. The increase in EBITDA is due to greater non-aeronautical revenue and lower operating expenses for the period under review.</td></tr>
</table>

● *= met or exceeded Plan*   ● *= did not meet Plan*

CUSTOMER AND STAKEHOLDER PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	**FY2015 Actual**	Status
BUILD WIN-WIN PARTNERSHIPS WITH ALL STAKEHOLDERS	**Entrench and deepen partner relationship**	Stakeholder assessments	3.6	3.6	**3.6**	●
		This indicator measures how the following stakeholders perceive/rate our company-based survey questions pertaining to environment, facilities, people, productivity, technology and equipment: • **Operations** – Airlines, ground handlers, government service providers (SARS, SAPS, Immigration, Customs, Port Health) and security service providers • **Commercial** – Retail service providers, car rental service providers, food and beverage service providers and financial service providers. Scoring scale: 1-5 with 1 being poor and 5 being excellent. Group score is based on weighted average. **Source:** Quality and Research Our stakeholder relationship management strategy outlined critical platforms of engagement with stakeholders. Steady progress and consistent application of our relationship management strategy with our Operations and Commercial stakeholders enabled us to be as consistent as the prior year and to meet the 2015 target. O.R. Tambo International (3.3) and George (3.0) were the only two airports that performed below the 3.6 target.				
	Deliver exceptional passenger service	Airport service quality (ASQ)	4.0	4.1	**4.1**	●
		This indicator measures how our passengers rate our airport service levels. Scoring scale: 1-5 with 1 being poor and 5 being excellent. Group score is based on weighted average. **Source:** ACI The ASQ results at March 2015 reflect an excellent level of service. For the first time since inception of the ASQ programme, all our airports achieved a rating of 4 and above. Not only have we met target, there was also an improvement when compared to 2014. O.R. Tambo International (4.0), Cape Town International (4.1), King Shaka International (4.2), Port Elizabeth International (4.2), East London Airport (4.2), George Airport (4.2), Bram Fischer International (4.3), Kimberley Airport (4.1), and Upington International (4.5).				

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONTINUED)

INTERNAL PROCESS PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	FY2015 Actual	Status
IDENTIFY AND SECURE NEW BUSINESS	**Enhance returns (identify and secure new business)**	PropCo Property investments (Rm)	R164m	R250m	**R289m**	●
		This indicator measures the value of non-core aviation properties over time by self-funding, land lease or third party improvement, through inherent value. **Source:** Commercial Property The residual value improvement of Atlas Proper (R82m) was processed in March 2015, after we received the conditions of establishment of the township and the development rights to the property. The year-to-date performance exceeded both last year and the 2015 target.				
		AMS (Consultancy) (Rm)	R15m	R15m	**R23m**	●
		This indicator measures the rand value of consultancy and advisory services if and when provided. **Source:** Commercial AMS Airport Management Solutions (AMS) consultancy and advisory for 2015 comprised: • R19.5m for Guarulhos Airport, Brazil • R3.5m for Umtata Airport.				
STRENGTHEN BUSINESS EXCELLENCE	**Continually re-engineer and align business operations processes**	On-time departures	88.0%	85.0%	**88.7%**	●
		This indicator measures the on-time performance (within 15 minutes of scheduled time) for aircraft. **Source:** Airports Operations The ongoing collaborative engagement between all operational stakeholders resulted in 2015 performance that exceeded both the target and prior year performance. The Airport Management Centres will continue to strive to maintain and improve this position.				
		Aviation Safety incidents and Accident (Number of incidents/1 000 movements)	0.5	<=0.7	**0.4**	●
		This indicator measures the number of incidents per 1 000 movements. Group Score is based on weighted average. **Source:** Aviation Safety Aviation incidents and accidents are being managed well and in addition to exceeding the 2015 target, are reflecting an improved performance when compared to the prior year.				
		Aviation Security incidents (Number of major security breaches)	0	0	**0**	●
		This indicator measures the major aviation related security breaches. **Source:** Security No major incidents were reported during the year under review.				

● = *met or exceeded Plan* ● = *did not meet Plan*

INTERNAL PROCESS PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	**FY2015 Actual**	Status
STRENGTHEN BUSINESS EXCELLENCE (CONTINUED)	**Inclusive of infrastructure, capacity, planning and development**	Time Growth Factor (TGF) is the product of the number of years required for new development, and growth rate. Spare Capacity Factor (SCF) is the time of saturation of existing capacity.	0	<5	**3**	●
		This indicator measures the relationship between the number of years required for new infrastructure and the time of saturation for existing capacity, derived from the formula (SC+10)/(TxG) where SC is available capacity, T is time required for additional capacity, and G is projected passenger growth. This is a bi-annual measure. **Source:** Airport Planning Revision of the outlook for the lead time (i.e. delivery cycle) of remote apron stands (RAS) at O.R. Tambo International Airport indicates that new apron capacity would be delivered later than previously anticipated, which implies a potential saturation of over 10% above planned capacity by 2019.				
	Leverage IT for competitive advantage	Availability of critical IT systems, viz. AODB, FIDS, CUTE, CUSS, ZUES (AMS) and (BRS)	99.7%	98.0%	**99.4%**	●
		This indicator measures the uptime of six critical operational IT systems. More detail is provided on page 110. **Source:** IT Department The target was exceeded, but it should be noted that the performance level is lower than last year owing to a high number of power failures in municipalities around the regional airports.				

Cape Town International Airport

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONTINUED)

INTERNAL PROCESS PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	FY2015 Actual	Status
ACCELERATION OF SUSTAINABILITY AND TRANSFORMATION PROGRAMMES	**Good Governance**	Status of compliance (legislation and regulation)	100%	100%	**97.7%**	●

This indicator measures the non-compliance of core/material legislation, viz. the Airports Company South Africa Act 44 of 1993, the Civil Aviation Act 13 of 2009 and the Civil Aviation Regulations – Section 139 (Airports Company South Africa only), the National Key Point Act 102 of 1980, the Public Finance Management Act (PFMA) and the Companies Act 71 of 2008.

Source: Compliance

Note: At the beginning of FY2015 all legislation and compliance was considered. However, the intention was to identify the core (material) legislation to report any non-compliance relating to the core (material) legislation. The policy was subsequently approved at a board meeting on 4 June 2014.

	Total requirements	Total applicable requirements
Airports Company South Africa Act 44 of 1993	26	26
Civil Aviation Act and Regulations 13 of 2009	125	11
Companies Act 71 of 2008	219	131
National Key Points Act 102 of 1980	29	29
Public Finance Management Act 1 of 1999	148	148
Total	547	345

Formula: Number of non-compliances divided by total applicable requirements multiplied by 100.

Details of non-compliance: Non-compliance raised by the Auditor General in March 2015. The Auditor General found that we have not complied with all applicable requirements of the PFMA.

Remedial action: The 2016-2018 corporate plan has been approved and published. Henceforth, therefore, the 2017-2019 corporate plan and ensuing corporate plans, will be prepared to include information on the affairs of Airports Company South Africa subsidiaries.

● = *met or exceeded Plan* ● = *did not meet Plan*

INTERNAL PROCESS PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	FY2015 Actual	Status
ACCELERATION OF SUSTAINABILITY AND TRANSFORMATION PROGRAMMES (CONTINUED)						
	Social Responsibility	B-BBEE Rating – Recognition level as per rating agency	Level 2	Level 2	**Level 2**	●
		This indicator measures the company's B-BBEE recognition level. Source: B-BBEE rating agency. Although we met our level 2 contributor recognition level, the performance score of 90.4, was marginally lower than the prior year's 93.0. The elements were rated as follows:				
		Employment Equity (EE). As per the DTI index, the EE target is 15 points (as per rating agency).	13.8	13.1	**14.1**	●
		This indicator measures the company's employment equity rating as measured within the B-BBEE Code. **Source:** B-BBEE rating agency As a result of continued and focused efforts, the employee equity score exceeded the target and delivered an improved performance when compared to the prior year.				

	FY2014	FY2015
Management	7.1	**8.7**
Employment equity	13.8	**14.0**
Skills development	22.2	**22.5**
Preferential procurement	30.0	**29.4**
Enterprise development	15.0	**10.8**
Socio-economic development	5.0	**5.0**

O.R. Tambo International Airport

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONTINUED)

INTERNAL PROCESS PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	FY2015 Actual	Status
ACCELERATION OF SUSTAINABILITY AND TRANSFORMATION PROGRAMMES (CONTINUED)	**Economic viability**	Secure livelihood (Economic impact job-creation), based on capex rollout and related spend	20 977	25 624	**22 063**	● (did not meet Plan)

This indicator measures the number of job opportunities created.
Source: Finance (KPMG Model)

It is pleasing to note that more job opportunities (22 063) were created when compared to the prior year (20 977). However, we only achieved 86% of the target of 25 624. Capex is a key variable when calculating the creation of job opportunity. The Capex underspend, due to the phasing of projects, had an adverse effect on YTD job-opportunity creation.

Interventions such as:

- Ad-hoc tender/capex meetings to assist with the fast-tracking of project approval and expenditure
- The accrual of incurred value
- Additional scope/projects brought forward from FY2016.

Helped improve capex expenditure but fell short of the target, which resulted in the job opportunities creation target not being achieved.

Remedial action: The recommendations going into the new financial year include:

- All business units required to populate the forecast for FY2016 as an early warning indicator of the shortfall/excess from the November budget figures
- All projects in the budget (with the exception of certain projects to be identified) to receive capex approval by April 2015, thus eliminating the risk associated with the failure rate of projects in the pre-capex category experience
- Project board oversight on all IT projects
- Standardised project reporting across the group.

● = *met or exceeded Plan* ● = *did not meet Plan*

LEARNING AND GROWTH PERSPECTIVE

Strategic thrust	Objective	KPI	FY2014	FY2015 Target	**FY2015 Actual**	Status
MANAGING AND DEVELOPING A HIGH PERFORMANCE AND ENGAGING TEAM	**Ensure succession planning**	Percentage successors with development plans	65%	65%	**67%**	●
		This indicator measures the amount of successors available for the approved critical jobs. **Source:** Human Resources The company has identified potential successors and determined readiness and promotability for critical positions within the organisation. The agreed target is to have a 65% pool of successors ready for the identified critical positions. The company commenced FY2015 at 43%. The reason for the lower percentage is that a number of critical positions have increased from 41 to 57, and have subsequently moved to 56, noting the emerging operating model and business requirements. In addition, succession candidates were appointed to vacant positions (succession positions). Human Resources, in conjunction with management, embarked on a series of leadership development interventions such as coaching and mentoring, the Executive Development Programme, the Supervisory Development Programme, the Leadership DNA and Succession Management Assessment project, which resulted in the company aggressively pursuing the agreed target of 65%, and concluding FY2015 at 67%. A priority for FY2016, is that once the approved IT strategy has been implemented, the CIO will be engaged to update the succession readiness levels within the IT environment.				
	Manage talent	% of successors with development plans for critical positions	94%	80%	**93%**	●
		This indicator measures the number of identified successors, with development plans, available for the approved critical jobs. **Source:** Human Resources Continued emphasis has been placed on strong and actionable development plans for potential internal successors for critical positions, to ensure we improve their readiness levels for the identified positions.				
	Strengthen culture	Employee Satisfaction Survey (ESAT). Rating Scale: 1-5	3.6	=>3.0	**3.7**	●
		This indicator measures how our employees feel about their jobs, working environment and the organisation as a whole. Scoring scale: 1-5 with 1 being poor and 5 being excellent. **Source:** Human Resources Exceeding the target, the improvement over the prior year came as a result of specific management interventions to improve the well-being of employees.				

ECONOMIC CONTEXT AND IMPACT

SA ECONOMY GREW BY 1.5% IN 2014

ECONOMIC GROWTH

The South African economy grew at a moderate rate of 1.5% in 2014 which is lower compared to the 2.2% recorded in 2013. The GDP growth in 2014 was constrained largely by a five-month long strike in the platinum-mining sector and the subsequent knock-on effect on manufacturing production. Mining production declined by 1.6% in 2014 relative to the previous year while manufacturing output recorded a zero growth rate over the same period.

Subsequently, final consumption expenditure by households increased at a moderate rate of 1.4% in 2014 after increasing by 2.9% in 2013. The FNB/BER Consumer Confidence Index averaged negative 3 in 2014, suggesting restrained consumer conditions due to high consumer debt levels, tight credit conditions, and slower growth in employment numbers.

IMPACT ON AIRPORTS COMPANY SOUTH AFRICA

- Despite sluggish economic growth and constrained consumer conditions, the domestic departure passenger volume recovered notably in 2014, increasing by 3.0% after declining by 2.2% in the previous year
- In 2014, the airline industry benefited from lower international oil prices, a factor that possibly allowed airlines the scope to boost passenger volume
- Global economic recovery remained tentative and uneven in 2014, with the USA recording robust growth rates while growth in other advanced and emerging economies appeared to be slowing down. In line with the subdued global economy we have seen a mere 0.7% increase in international departure passenger numbers compared to an increase of 3.8% in 2013
- Consumer inflation averaged 5.7% in 2014, below the upper target band of 6.0%, easing some pressures on escalations of the operational costs of the company
- Lower monetary policy rates and inflation pressures allowed Airports Company South Africa in May 2014 to partially refinance its AIR03 bond, maturing in March 2016, at rates in line with price guidance.

CREDIT RATINGS

On 24 November 2014, Fitch Ratings affirmed a global long-term local BBB currency rating for the company, with a stable outlook. Fitch also affirmed Airports Company South Africa's national long-term rating and the R30 billion Domestic Medium-Term Note (DMTN) programme rating at AA- (zaf) and the National short-term rating at F1+ (zaf).

Airports Company South Africa appointed Moody's as its second rating agency during the period under review and on 25 November 2014, Moody's Investors Service assigned a first time Baa2 issuer rating and an A2.Za National Scale Rating to Ltd for the company. The outlook for the ratings is stable. Moody's has, however, revised the outlook to negative subsequent to the draft permission 2016 to 2020 being published.

SOUTH AFRICAN AIRWAYS

In the 2015 budget, the Minister announced that South African Airways received a guarantee amounting to R14.4 billion which was meant to alleviate its financial challenges. In addition, the National Treasury indicated that measures to achieve operational efficiencies and restore profitability for South African Airways are in progress.

OUR STAKEHOLDERS

THE AVIATION SECTOR HAS A MIXED AND VARIED IMPACT ON ECONOMIC DEVELOPMENT AND ENVIRONMENTAL DEGRADATION. MARKET INSTRUMENTS AND REGULATION ARE NOT ALWAYS SUFFICIENT TO BALANCE CONFLICTING DEMANDS. EFFECTIVE STAKEHOLDER ENGAGEMENT HAS THEREFORE BEEN RECOGNISED AS A POSSIBLE NON-MARKET AND NON-REGULATORY MECHANISM THAT HAS THE POTENTIAL TO COMPLEMENT BOTH MARKET INSTRUMENTS AND REGULATION.

OVERVIEW

In line with this thinking, Airports Company South Africa as a global organisation, maintains stakeholder relationships around the world. These relationships provide the company with the opportunity to expand its reputation as a global player in the aviation industry. The manner in which the company manages the challenges of complexity, interdependency and urgency and converts them into opportunities therefore requires more than passion, intuition, or excellent plans. Solutions to sustainability challenges cannot be found in isolation. It is in this regard that the company has recognised that collaboration with stakeholders is pivotal in the quest to drive and deliver business sustainabilty.

The key objective of Airports Company South Africa's stakeholder relationship management strategy is to build coherent partnerships so as to be relevant and to create sustainable growth.

In light of this a stakeholder work stream was established with the key objective of reviewing the stakeholder interfaces, and devising a comprehensive stakeholder relationship management strategy which would outline the development of coherent partnerships to further enhance the standing and stability of the organisation as a global player.

STAKEHOLDER UNIVERSE

The company stakeholder universe is categorised into four sections:

INDUSTRY	ENABLING
VALUE CREATION	SOCIAL RESPONSIVENESS

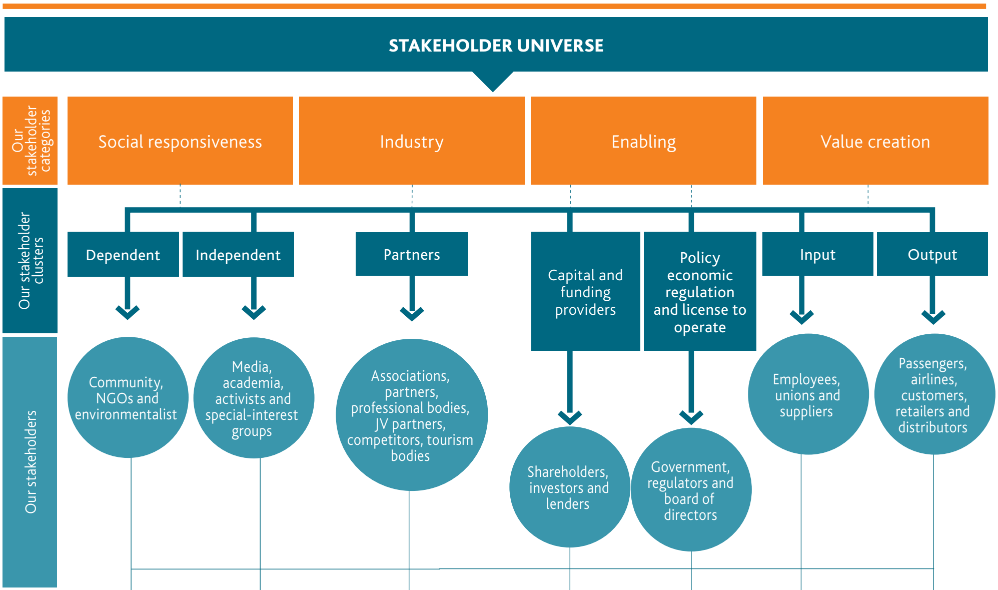
Each section is further cascaded into sub-groups which in addition outline the stakeholder engagement platforms utilised.

The accountability framework, as outlined within the AA 1000 Stakeholder Engagement Standard, was used to determine and prioritise Airports Company South Africa's key stakeholders.

The company's key stakeholders were identified as:

- National Department of Transport
- Shareholders
- Regulatory and licensing bodies
- Airlines
- Tenants and concessionaires
- Communities
- Passengers and employees.

OUR STAKEHOLDERS (CONTINUED)



How we engage

Community, NGOs and environmentalist	Media, academia, activists and special-interest groups	Associations, partners, professional bodies, JV partners, competitors, tourism bodies	Shareholders, investors and lenders	Government, regulators and board of directors	Employees, unions and suppliers	Passengers, airlines, customers, retailers and distributors
• Participation in the International Civil Aviation Organisation (ICAO) website • Hello Peter • Flight information • Annual results • Airports events • Company reports • Stakeholder meetings • Feather awards • Community meetings • Task team Forums	• Website • Social media • Hello Peter • Annual results • Airport events • Company reports • Articles • Reviews • Task teams • Forums • Quarterly stakeholder meetings • Participation at international related events	• Industry association meetings • ACI meetings • ICAO meetings • JV, association, subsidiary and partner meetings • Tourism boards	• Meeting with shareholders • Road shows • Meeting with funders and investors • Rating agencies • Results presentation • Annual General Meeting • Website	• One-on-one meeting with Department of Transport • Attending Portfolio Committees • Annual General Meetings • Quarterly reviews with the Economic Regulator • Meeting with airline associations • ER and industry • Website • Airports events	• Employee roadshows • Leadership forums • Intranet • Email communication • Policies • Procedures • Employment equity forums • Collective bargaining structures • Preferential procurement programmes	• Website • Social media • Airports App • Hello Peter • Airports Events • FIDS • Security forms • Safety forms • Airline meetings • Feather a wards • Quarterly stakeholder meetings

STAKEHOLDER EVALUATION

The company has sought to identify material issues that impact its relationships with its key stakeholders at all levels of its business operations.

A study with the Reputation Institute, a leading global organisation, was undertaken to identify the strengths and weaknesses of the current opinions and perceptions of the various stakeholder segments so that a structured and well-defined engagement plan could be implemented towards achieving the following objectives:

- Leveraging our corporate reputation to gain a competitive advantage
- Minimising our reputation risk and protecting reputation capital
- Influencing stakeholders to desired action
- Creating and integrating a reputation management and measurement system.

A comprehensive perception survey was conducted to determine what the key stakeholders think of Airports Company South Africa, and further identify their areas of concern. In developing the engagement plans, the strategic objectives set were based on addressing these material issues. Ultimately, the individual stakeholder engagement plans for our priority stakeholders seek to ensure sustainable growth for business.

Airports Company South Africa's corporate reputation was measured by the degree to which respondents admire and respect the company, trust the company, have a good feeling about the company and feel that the company has a good reputation. The reputation research is captured in RepTrak®, on a pulse score from 0-100 with 100 being the best.

Facilities and services, innovation, workplace, governance, citizenship, leadership, performance and offering safe and secure facilities and services, are all key aspects that influence reputation. These were assessed and tabulated and the results indicating the strengths and weaknesses as perceived by key stakeholders were placed in a matrix.

Stakeholders' views regarding Airports Company South Africa were captured in a pulse score of 57.6 points, and indicated that among stakeholders, facilities and services, innovation, citizenship and governance are the key drivers of Airports Company South Africa's reputation. The details are depicted in the graph below.

Stakeholders regarded the following attributes as being of the highest importance:

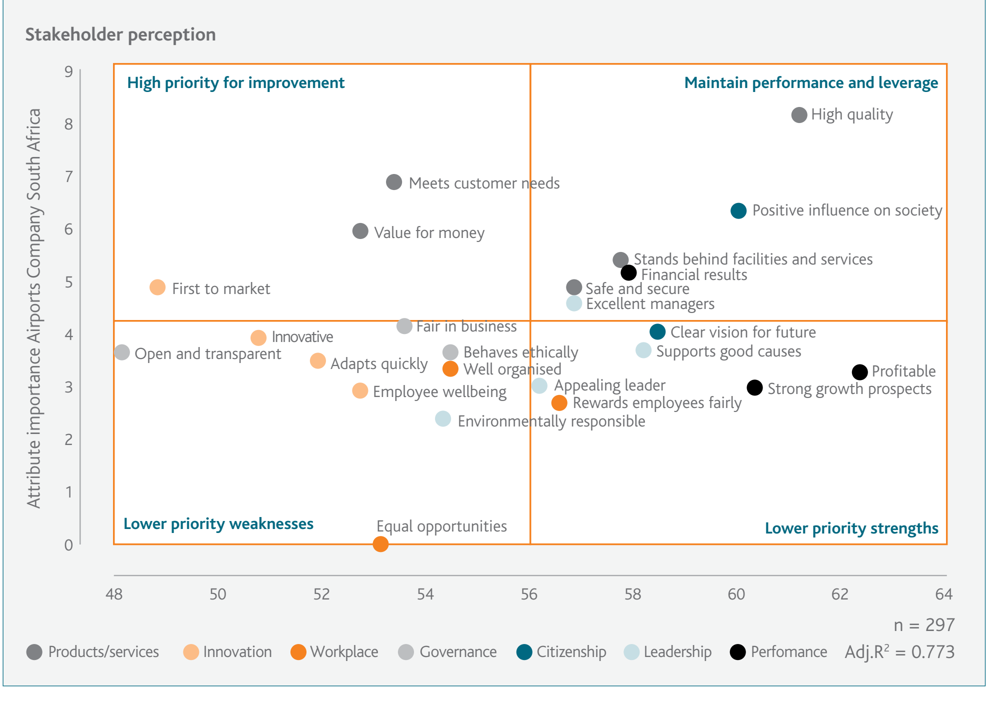
- Offers high quality facilities and services
- Being profitable
- Showing strong growth prospects
- Being a positive influence on society.

The following attributes were regarded by the company as high priority areas for improvement:

- Meeting customer needs
- Offering value for money
- Being first to market with new facilities and services.

Almost 60% of the company's stakeholders would recommend Airports Company South Africa, use its facilities and services and say positive things about it.

REPUTATION ATTRIBUTABLE SCORE



OUR STAKEHOLDERS (CONTINUED)

STAKEHOLDER PROGRESS CHARTER

In response to the evaluation results, a stakeholder progress charter was prepared to detail all actions required and to monitor their progress. Among other things, the charter factored in the issue of relationship-building, and isolates important platforms of engagement with clear, categorised messages and champions to lead the engagement sessions.

Category	Platform description	FY2015 Key engagement events	Relationship ownership
Industry and value chain partnerships	Supporting or leading initiatives within the industry that are owned either by statutory structures or industry associations who share in our vision. Examples include affiliations, memberships, participation, and partnering in conferences and exhibitions.	• **ACI Conference** • **Air Cargo Africa International Civil Aviation Day** • **South Africa Property Owners Association**	Our engagements with these platforms were led by relevant divisions/BUs.
Sponsored/co-sponsored events	Events and initiatives that associate the brand with targeted initiatives relevant to business. We use the sponsorship programme to leverage partnerships in areas that will expose our brand in the market place.	• **South African Institute of Black Property Practitioners** • **Women's Property Network** • **George Business Chamber – Business breakfast**	Speaking opportunities that arise and relevant engagements are driven by subject owners in the various BUs.
Cultural/lifestyle and sporting events (hosting)	Platforms where the company is able to engage stakeholders in less formal and relaxed environments and assist in developing emotional bonds with stakeholders.	• **Golf day**	Stakeholders are hosted by relationship owners of each identified programme, at the most senior levels of the organisation.
Community engagement	Airports Company South Africa uses its socio-economic development programme to create opportunities for its staff and management to engage with our communities, thus forging sustainable partnerships with key community organisations and role players.	• **Wheelchair events** • **Quadriplegic events** • **Deaf and blind events** • **Red Cross/Air mercy** • **School refurbishment** • **Old age homes** • **High school events**	Employees play a key role alongside leadership. Airports play an especially important part in driving our community engagements.
Targeted lobby	To have a share of voice in the market and occupy a visible space in the industry and among peers (industries), so that the business extends its sphere of influence beyond our industry, region and continent.	• **Birdlife South Africa Partnership** • **Green Planet Revolution**	The board supports the Executive Committee which leads in ensuring high-level engagement in this area.
Investors, Lenders and Rating Agencies	Engage the stakeholders on the company financial plans and performance (including funding requirements).	• **Roadshows on Financial Results 2014** • **Roadshows on Corporate Plan**	Our engagements were led by our finance division and executive directors.

STAKEHOLDER INITIATIVES

A total of 164 initiatives have been recorded in the charter in line with the required outcomes as indicated by the stakeholders. The initiatives' deliverable dates were set for completion within FY2015.

A number of outcomes, for the respective key stakeholders, were completed successfully:

FY2015

Key stakeholders	Outcomes
Shareholders	Growth and protection of shareholder value and effective shareholder engagement
Employees	Healthy employee relations, ensuring a highly talented and diverse workforce, empowerment, effective productivity and engagement
Investors and lenders	Favourable lending rates, predictability and stability
Community	Ensuring a good labour source, providing trust, and recommendations within the community
Regulation and licensing bodies	Ensuring transparency in supporting fairness and predictability with the regulating and licensing bodies
Tenants and concessionaires	Providing support and value-add to the customer experience, contributing to the bottom-line, alignment of strategies, growth and sustainability

The remaining required outcomes will be addressed in FY2016:

FY2016

Key stakeholders	Outcomes
DoT	Enablement and development support for business growth and sustainability
Economic regulator	Predictability, fairness and transparency
Airlines	Optimisation of asset utilisation, competitive airfares and sharing of growth plans and alignment of strategies
Passengers	Achieving the highest customer-satisfaction ratings and creating the best passenger experience

THE WAY FORWARD

It is imperative that the company's reputation is managed in a professional and responsible manner and to this end an initiative to train the top and middle management on reputation management will be conducted by the Reputation Institute. This training initiative will further cascade down to staff so that a consistent message and understanding of the company's reputation is understood and improved upon over time. In addition, a further stakeholder evaluation will be conducted at the beginning of 2016.

RISK MANAGEMENT

RISKS ALIGNED TO COMPANY STRATEGY

OVERVIEW

The company's board is responsible for the governance of risk, with the audit and risk committee as the delegated board committee responsible for governance and effective risk oversight. The executive committee is responsible for the design and implementation of an effective risk management process throughout the organisation.

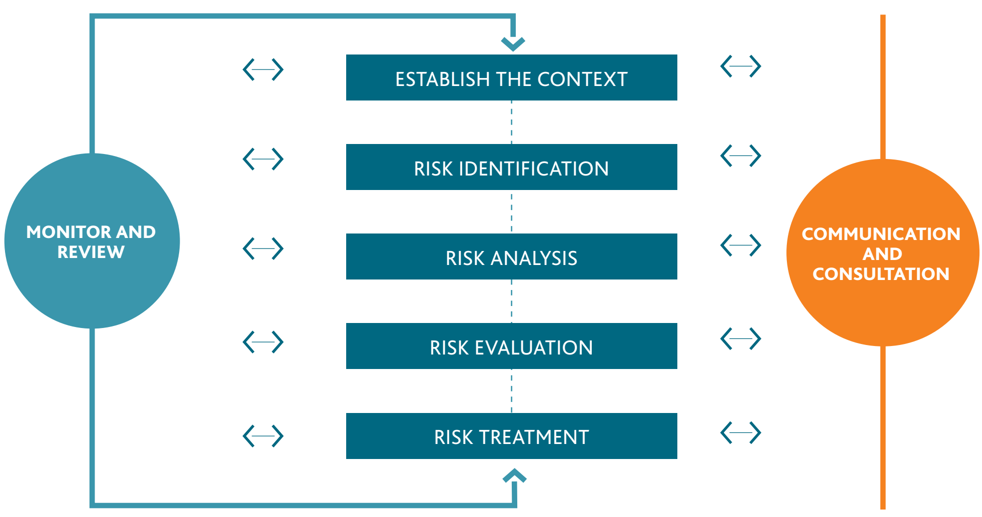
Business units have established operational risk management committees that facilitate and monitor appropriate implementation of the enterprise risk management policy and framework.

To discharge this responsibility, the executive management committee serves as the company's operational risk committee, scheduling governance and assurance meetings to review the effectiveness of risk treatment strategies that have been implemented. Line management is responsible for implementation of the risk management process in its area of responsibilities and to ensure that a proper system of internal control is effected as a first line of defence against potential risks.

During the year under review, to help support and up-skill those involved in the risk management process, the risk management function conducted Back to Basics, risk management training for the management team and employees. This resulted in each business unit completing its risk assessment and compiling a risk register that is updated frequently and reported on bi-monthly.

The company follows and implements the ISO 31000/SANS 31000 standards in implementing its risk management process. The methodology followed is as outlined below:

RISK MANAGEMENT PROCESS



RISK MANAGEMENT MONITORING

The company has initiated a project to develop a new governance framework and operating model to improve its operating efficiencies and secure the long-term sustainability of the business. This project will ensure the integration of the risk management process into the decision-making process of the company.

Risk assessment is conducted throughout all the business units and in all business activities undertaken by the company. These risks are monitored on a regular basis and are formally reported quarterly, as the minimum. Business units have established operational risk management committees that facilitate and monitor appropriate implementation of the enterprise risk management policy and framework.

The executive committee reviews risk management plans and progress on a regular basis, with risk management reporting included as an agenda item as part of its monthly meetings. Although this monthly reporting process is new, it provides an excellent opportunity for the company to accomplish the integration of risk management and enable well-informed decision-making.

In FY2016 the risk management function will conduct risk management awareness and training throughout the company. The initiative is targeted at improving the level of risk management implementation and supporting the achievement of business objectives.

Some of the initiatives included in the implementation plan, which will be a focus point in embedding a risk management culture, are:

- Alignment of the risk management process to the governance framework and new operating model
- Review and finalisation of risk appetite and tolerance levels
- Risk management awareness
- Continued risk management training
- Risk maturity assessment.

In a separate session held with the executive committee, the board participated in the identification of risks aligned to the company strategy, thereby enhancing the independent outlook of the company. The executive committee, in their independent session, and as part of their responsibility, also identified and assessed the risks aligned to the company strategy.

The outcome of these sessions was reviewed by both the board and the executive committee. The results were analysed and a consolidated strategic risk register was established, finalised and adopted. The register is used to record the risks and assists with tracking the review and monitoring of the effectiveness of the risk treatment strategies. Progress is reported quarterly to the board through the board audit and risk committee.

Aerodrome rescue and fire fighting

RISK MANAGEMENT (CONTINUED)

The table below outlines the strategic risks identified by the company which are likely to impact the achievement of its strategic objectives.

STRATEGIC OBJECTIVE	RATING	RISK DESCRIPTION
DELIVER LONG-TERM PROFITABILITY	1	The company may not be able to realise budgeted returns due to proposed/assumed tariffs not being approved, leading to an inability to fund future growth/capacity demand.
DELIVER SHAREHOLDER VALUE/DELIVER LONG-TERM PROFITABILITY/ IT ALIGNED STRATEGY TO BUSINESS OBJECTIVES (TO ENSURE AN IT STRATEGY THAT IS ALIGNED TO THE COMPANY'S CORPORATE PLAN OBJECTIVES)	1	IT may implement solutions that do not support business objectives leading to a waste of company resources caused by a lack of IT strategic direction.
DELIVER LONG-TERM PROFITABILITY	1	Security of fuel supply negatively impacting the operations at O.R. Tambo International Airport.

Priority 1 Risks   Priority 2 Risks   Priority 3 Risks

RISK MITIGATION AND PROGRESS FEEDBACK

Proactive ongoing consultations with the key stakeholders to review the economic regulation framework.

Regulatory function and steering committee (focused group) in place to achieve:
- Buy-in of the strategy and corporate plan
- Proactive engagement with the regulating committee and provision of timeous response to their correspondence

A robust ongoing consultation with stakeholders was undertaken during the period under review.

The Airports Company South Africa Act Amendment Bill, including an appeals mechanism, was gazetted on 2 December 2014.

The following progress/interventions were made in relation to the Permission 2016-2020:
- The final approach document, inclusive of ring-fencing provisions, was issued by the regulating committee during September 2014
- The company submitted a zero percentage tariff increase to the regulating committee in September 2014. Permission was promulgated by the regulating committee on 18 November 2014

The permission application for permissions for FY2016 to FY2020, was submitted on 1 December 2014. The traffic forecast was agreed with industry and accepted by the regulating committee.

The capital expenditure programme was signed-off by industry.

An appropriate fair rate of return was allowed by the regulating committee.

The regulatory asset base investigation by the regulating committee remains outstanding. Scenarios were included to assist the regulating committee with decision-making.

The company continues to actively participate in the DoT's economic regulatory review process through both the steering and the project team to ensure that the company's objectives are considered, i.e. the introduction of an appeals mechanism within the Airports Company Act and the agreement on a revised funding model with industry to propose to the regulating committee.

Appointment of the CIO and IT involvement in the company's strategic plans development.

The CIO was appointed during the period under review, and the IT strategy was approved by the board.

Fuel storage capacity of up to 60 million litres.

Monitoring of daily fuel stock level and control.

Crisis management through the Department of Energy in case of a shutdown of any of the refineries.

The company's fuel forum chaired by the Group Executive: Airports which includes the airlines and the Department of Minerals and Energy.

Fuel master plan for South Africa. Continue to engage the Department of Energy and contribute to a countrywide fuel strategy:
- The integrity of supply of liquid fuel in South Africa remains a challenge
- The company has been engaging with various role players and stakeholders e.g. Transnet in South African Petroleum Industry Association (SAPIA), Sasol, National Energy Regulator (NERSA), to determine possible interventions to support fuel supply and to understand further development plans and long-term impact for cleaner fuels
- A session was held in June 2014 to understand and share more on the long-term impact of the Cleaner Fuels Specification strategy
- The company has a service level agreement with the service providers to maintain minimum stock levels of five days. The service-level agreement was enforced and monitoring of stock levels was done on a daily basis
- SAPIA has been tasked to implement an early warning system that will enable sharing of information on any potential risk of shortage of supply
- There is ongoing maintenance of our holding infrastructure. The company engaged all entities to unblock bottlenecks in infrastructure at non-company sites, such as the installation of weather protection at loading and offloading sidings
- The company is engaging with the Department of Energy on the proposed promulgation of regulations on new clean fuels and to highlight the importance and urgency of fuel security for the industry and for Airports Company South Africa.

RISK MANAGEMENT (CONTINUED)

STRATEGIC OBJECTIVE	RATING	RISK DESCRIPTION
DELIVER LONG-TERM PROFITABILITY	2	The negative impact of competition from other modes of transport and other airports, as well as the impact arising from the potential loss of O.R. Tambo International Airport hub status.
	2	The company may not be able to respond timeously to the changing factors in the external environment such as GDP, interest rates, currency fluctuations.
	2	The company may not be able to raise funding capacity growth, thereby negatively impacting the ability to sustain future growth/profitability.
DELIVER LONG-TERM PROFITABILITY/ENTRENCH AND DEEPEN STAKEHOLDER RELATIONSHIPS	2	The inability to manage a major crisis impacting on operations.
ENTRENCH AND DEEPEN STAKEHOLDER RELATIONSHIPS	2	Non-performance/non-delivery by our stakeholders negatively impacting our passengers and as a result of that, Airports Company South Africa's reputation.
	2	Inability to achieve alignment/buy-in on business imperatives with stakeholders and shareholders.

● Priority 1 Risks ● Priority 2 Risks ● Priority 3 Risks

RISK MITIGATION AND PROGRESS FEEDBACK

The company to re-establish market and route development capacity. Actively engage government, business, tourism authorities and airlines to consolidate O.R. Tambo International Airport hub status and growing new routes and destinations.

- Consultants to help execute the project were appointed and work begun
- The final report and implementation plan were submitted to the executive committee for review and approval.

While the corporate plan illustrates various scenarios, there is no articulation or plan under each scenario of how the organisation would adapt so that its long-term profitability is not compromised.

An explicit business model for the company needs to be developed first and agreed across the executive team before talk of how to adapt it to changes in the environment can begin in earnest. Review of the company's ability to adapt its business model to changing scenarios (external factors not under the company's control).

- The company developed a 10-year internal business plan that will inform the business on how to respond to external factors that have either a positive or negative impact on the company. The plan has been tested and is updated annually and shared with the majority shareholder
- The three-year plan for the 2016-2018 that introduces initiatives to address this matter was finalised.

Strong credit matrix which must still be stress-tested by the Finance department.

Finance monitors compliance to its covenants on a monthly basis. Other sources of funding will be explored on a case-by-case basis.

- The company continued to honour its obligations resulting from existing debt-funding agreements. There were no debt-funding requirements for FY2015 and the company continued to maintain a good credit rating
- It is anticipated that there will be a requirement for external debt funding in FY2018. The risk will therefore continue to be monitored to effectively mitigate against credit rating exposures.

Currently the company has well-defined aviation emergency management response planning in place. This includes all aspects of the aviation-related side of its business.

Crisis communication is to be reviewed and updated. The plan will be tested through further training and simulation exercises. The executive committee has approved a Business Continuity Management (BCM) pilot at a smaller airport (Port Elizabeth International) with the intention to develop a blueprint for the rest of the company.

- The communication process has been reviewed and the plan tested and signed off by the CAA
- BCM implementation project plan was approved by the executive committee. The execution phase is included in the 2015/2016 budget year.

Ongoing stakeholder engagements.

Envisaged process with stakeholders, of consultation on infrastructure capacity provision for the new permission to be internally approved:

- The process and calendar for the consultation with key stakeholders (airlines and regulator) was agreed and progress in line with those engagements was implemented. Final permission consultation has been held with airlines and agreement reached for ongoing consultation
- The 2014 programme has been completed.

Stakeholder relationship management strategy developed and approved.

Stakeholder management plan approved and refreshed on an annual basis.

Stakeholder management to be implemented at all levels. All functions to be developed to clearly define stakeholder management plans, aligned to the group stakeholder management strategy.

- The company has developed a strategy that was approved and rolled out. From this, associated engagement plans followed that will be reviewed and executed every financial year. A survey of key stakeholders was also conducted by the Reputation Institute.

RISK MANAGEMENT (CONTINUED)

STRATEGIC OBJECTIVE	RATING	RISK DESCRIPTION
ENSURE SUCCESSION PLANNING, MANAGE TALENT	2	Lack of robust succession planning process leading to a loss of critical skills.
STRENGTHEN CULTURE	2	Non-alignment of the workforce to the company's vision and values, resulting in an unengaged workforce that does not support the strategy.
DELIVER LONG-TERM PROFITABILITY	3	Financial instability of airlines may lead to their defaulting on their debts with the company and or a decline in traffic and passenger growth.
DELIVER AIRPORT SERVICE QUALITY FOR THE PASSENGERS	3	Non-alignment of the workforce to the company's vision and values, resulting in an unengaged workforce that does not support the strategy.

● Priority 1 Risks ● Priority 2 Risks ● Priority 3 Risks

RISK MITIGATION AND PROGRESS FEEDBACK

- Market-related remuneration policy and practice
- Integrated talent management system managed by an executive talent board
- Motivational surveys
- An approved retention policy
- A succession-planning policy
- Employer brand establishment and employee value proposition management (positioning the company as the employer of choice)
- Executive development programme.

Leadership readiness surveys and implementation of appropriate interventions; Conducting psychometric tests in the context of succession management.

- The company conducted psychometric assessments in the context of succession management: The succession target group for psychometric assessments was identified. A relevant supplier for a full assessment centre and feedback approach was appointed. The action for communication and implementation was approved by the executive committee and specific project implementation plans were implemented. Further to this the succession readiness index was approved by the executive committee talent board
- Improved resourcing methodologies: recruitment service providers and executive search companies respectively were, appointed from the new data base, which is used to ensure the best talent is appointed. To continuously improve on recruitment results, the e-Recruitment and social media role in the sourcing process was actively developed to achieve high quality results. The rate of response and quality of applicants improved via the e-Recruitment platform as well as the professional social medium LinkedIn
- The company brand perspective was improved
- The company continues to measure its status as a Top Employer in South Africa. The company was nominated a Top Employer again for 2014.

- Annual employee surveys
- Executive road shows to share the vision and values
- General Manager employee sessions
- Regular engagement with representative union

Implementation of a change management process to ensure dissemination of business strategy.

- The company continued engaging with staff through a dialogue process and engagement with local management teams. Leadership engagement sessions led by the CEO and the executive team were held throughout the company.

Credit management policy and procedures, reviewed, updated and approved.

Monitor passenger patterns and model to project expectations for passenger growth. This, combined with the tightening of the collection process, will provide the company with a stronger early warning system. The failure of one airline, no matter how large, is predicted to have only a short-term impact on passenger numbers because other airlines pick up on some of the movements.

- Passenger patterns, growths and declines are monitored and reported to the financial risk management committee on a monthly basis
- Aeronautical policies and procedures were revised and implemented. The policy clearly defines the collection processes on all revenue generated
- In addition, the airport financial managers have been tasked to manage their respective debtors rather than the debtors being managed centrally. This promotes effective collection and management of any potential bad debt as the process serves as an early warning on non-payment.

All future solutions will be developed through collaboration with stakeholders to ensure commitment and buy-in from the outset. This will also ensure that stakeholders are able to execute when initiatives are realised. This process might be slower and take more effort but the results achieved thus far have proven it to be the only way of delivering value in the future.

Continuously research and implement best-practice facilitation processes.

- The company continued to research and implement best practice to improve customer experience and satisfaction at its airports. A pilot project for a customer self-check-in system was implemented. The system enables customers to facilitate the ease and speed of checking in by using the internet wherever they are.

MATERIAL ISSUES

THE MATERIAL ISSUES OUTLINED HAVE THE POTENTIAL TO AFFECT THE COMPANY'S STRATEGIC GOALS.

King Shaka International Airport

MATERIAL ISSUES

1. Economic regulatory uncertainty
2. Financial stability of key customers
3. Ebola virus and other communicable diseases
4. Emergence of competing airports
5. Uncertainty of electricity
6. Shortage of fuel
7. Remuneration equality, housing and transport benefits

1 ECONOMIC REGULATORY UNCERTAINTY

We recognise our dependence on the leadership of the DoT with respect to the implementation of the economic regulatory review roadmap. The DoT is a pivotal role-player in the process of finalising the amendments required by the Airports Company Act as well as in the adoption of a revised funding model, i.e. a regulatory approach. The permission application for the period 1 April 2015 to 31 March 2020 was submitted on 1 December 2014.

Constructive engagement with industry stakeholders is continuously being enhanced, with agreement reached during the past year on a three-tier engagement model that will remain in place for the foreseeable future. The industry is particularly sensitive to the confirmation of the needs and requirements of the major infrastructure projects that are currently in planning or design phase, such as the realignment of the main runway at Cape Town International Airport and the aircraft parking stands at O.R. Tambo International Airport. Finding agreement on needs and requirements reduces regulatory uncertainty for the entire industry.

Until such time as these changes to legislation and the funding model are effected, management will continue to develop strategies to mitigate the implications of the current economic regulatory approach.

New capacity infrastructure investments envisaged in the corporate plan would be undertaken only if the economic regulatory approach provides for a satisfactory return on investment (ROI) and ultimately improves the ROCE over time in order to increase shareholder value.

Creating value

The focus areas identified for value creation are:

- Robust major investment planning, taking care to ensure the staggering of major infrastructure investments and the shortening of delivery phases for early regulatory asset-base inclusion
- The delivery of major infrastructure investments as planned on time, with a key focus on cost efficiency – in other words, the delivery of the infrastructure at a lower cost than planned
- Robust operational and efficiency investments planning to improve deliverability in terms of planned timing and cost
- Delivery of the operational and efficiency investments as planned
- The introduction of sustainable cost efficiencies to reduce the tariff decision (permission) estimates.

MATERIAL ISSUES (CONTINUED)

2 THE FINANCIAL STABILITY OF KEY CUSTOMERS

The financial relationship that we have with some of our core customers remains a concern as this may result in their defaulting on their debts. In the interests of protecting our financial viability and strengthening our cash flow, we have identified the need to introduce a late charge (penalty) fee for invoices that are overdue. This measure is designed to ensure that our customers stay on track with their payment obligations.

The group has also decentralised the task of managing debtor relationships to ensure tighter controls relating in the collections process. In addition, we will continue monitoring passenger traffic patterns in order to forecast effectively.

3 EBOLA VIRUS AND OTHER COMMUNICABLE DISEASES

The impact of a communicable disease could have serious ramifications on our operations and international passenger traffic. This became clear following the outbreak of the Ebola virus in West Africa in mid-2014 – specifically in Guinea, Liberia, Nigeria and Sierra Leone. The noticeable drop in passenger traffic from Asia may be attributed to the Ebola virus outbreak.

Moving forward, we will continue to cooperate and support key stakeholders such as the Department of International Relations, the South African Civil Aviation Authority and Port Health to actively inform and communicate the impact and status of communicable diseases to our passengers, stakeholders and employees.

4 EMERGENCE OF COMPETING AIRPORTS

We are cognisant of the fact that Nigeria has overtaken South Africa in respect of GDP, which places their economy in a more lucrative investment climate for business. Furthermore, some airlines have opted to fly directly to African countries, a development which poses a threat to O.R. Tambo International's hub status. As a business that recognises its objective as an enabler of economic growth, employment and development through the provision of airport management services and connectivity, Airports Company South Africa remains focused on efforts to re-establish market and route development capacity by actively engaging government and tourism authorities to consolidate O.R. Tambo International's hub status and grow new routes and destinations.

Gauteng has two international airports servicing the region – Airports Company South Africa's O.R. Tambo International and privately-owned Lanseria International Airport. Lanseria International has widened its runway and has plans for new terminals, positioning the airport as an alternative to O.R. Tambo International. This provides for an important benchmark and competition in the airport business. Inasmuch as there is competition between these two companies, healthy competition that results in more customer choice and improved service levels is to be welcomed.

5 UNCERTAINTY OF ELECTRICITY

The power outages across South Africa remain a concern for our business operations. While our international airports run off the priority power grid, our regional airports are subjected to load-shedding. We are mindful of the electricity challenges that we face as a nation and have therefore implemented various energy-saving initiatives such as low-energy lighting and occupancy sensors in offices in Johannesburg, as well as an energy management system that was installed in King Shaka International Airport. Our Regional Airports business unit intends to install photovoltaic solar plants at all of the regional airports over the next three to five years – with Upington International Airport already having completed its installation. Renewable energy allows the airport to rely less on the supply of electricity from the national grid.

6 SHORTAGE OF FUEL

Fuel supply remains a challenge for our airport operations, and is complicated further by the new clean fuel specification that is meant to be implemented by 2017. A final decision which prevents an actionable strategy from being developed by key role-players in the industry remains pending. Airports Company South Africa will closely monitor the process as it unfolds. Currently, our Group Executive: Airports is chairing the Fuel Forum which includes airlines and the Department of Minerals and Energy.

7 REMUNERATION EQUALITY, HOUSING AND TRANSPORT BENEFITS

We are committed to creating a work environment and people culture, reflective of equality and transparency.

It has always been essential to implement the company's vision in a manner that is sustainable so that there are benefits to both the employee and the organisation.

The following staff benefits were approved by the board (for qualifying staff members):

- Housing support – an improved housing subsidy including a rental subsidy and once-off housing grant for first time home-owners
- Transport support – a range of possible solutions was approved, noting the uniqueness of different airports
- Improved remuneration equality – the implementation of pay ranges and scales was approved, noting the integration of a sound job-evaluation system.

George Airport

LOOKING AHEAD

THE NEED FOR THE MODERNISATION AND COMMERCIALISATION OF AIRPORTS ACROSS THE WORLD WILL CONTINUE AT PACE AS THE GLOBALISATION OF TRADE AND THE NEED FOR GLOBAL CONNECTIVITY CONTINUE TO GAIN EVEN GREATER MOMENTUM.

BUILDING OUR REPUTATION

Given our experience and reputation, and as one of the few airport authorities that have a presence and footprint outside of their own countries, Airports Company South Africa will continue to be approached to assist or play some role in the opportunities that this envisaged growth will present. And, as a majority government-owned entity, through bilateral processes, we will continue to be called on to assist airports in other countries.

This in turn means that we will continue to build on our reputation through the excellent and increasingly globally competitive way we run our South African airports. It also means that we now have to proactively look for opportunities where our skills can be applied for the benefit of others in their quest to improve air access globally through sustainable airport development and management.

While the growth of our business outside of our own network of airports may seem inevitably rooted in our being reactive to others' desires, we firmly believe this potential growth should be embraced and proactively pursued as something desirable and beneficial, not only for our shareholders, but for our employees and the country as well.

INTEGRATED VALUE CREATION

South Africa's economy, like any other, is dependent on the connectivity and movement of people and goods. Our business plays a critical enabling and supportive role to these activities. Accordingly we have set our long-term goal as follows:

Our long-term goal to be achieved over the next ten years, therefore, is to be the most sought after partner in the world for the provision of sustainable airport management solutions.

Our business has a strong correlation to GDP performance. Accordingly, one of our key risks is GDP growth. Our plan is to watch this risk closely and to mitigate it and any associated impacts by strengthening our effectiveness and efficiency as well as by identifying prospects and securing viable opportunities that will enable us to continue to deliver integrated value.

As a start we have designed our operating structure to ensure optimal delivery of our strategy in line with our 2016-2018 corporate plan. High-level principles such as strengthening stakeholder engagement and management processes, running the airports as integrated businesses, pursuing strategic investments as separate businesses, focusing on commercial activities, driving internal efficiencies and maintaining regulatory safety and security and good governance, were considered in the restructured leadership structure.

Another focus and primary aim is to strengthen and evolve components within our governance framework and operating model to ensure vigilant navigation and integration of, and transformation and beneficiation across, all our capitals:

- Our business (manufactured, intellectual property and financial capitals)
- Our people and society (human and social relations capitals)
- Our environment (natural capital).

CORPORATE PLAN (2016-2018)

Some specific outcomes planned over the next three years include improved shareholder value by either meeting or exceeding the return on capital employed targets. The minority shareholding is currently being deliberated for potential share buyback and we are expecting resolution over this period.

GROW OUR BUSINESS SUSTAINABLY

We have set firm structures in place to deliver on our transformation targets, such as the establishment of a sustainability and transformation committee to further accelerate our sustainability and transformation programmes, implementation and reach.

We will continue to engage, with industry players and the economic regulator on economic regulatory legislation and a funding framework and monitor the implementation of the approved Permission 2016-2020.

Lastly, and equally importantly, we will continue to enable our employees' position by strengthening employee benefits, such as housing, transportation and in addressing salary discrepancies. In addition, training and development, succession planning and talent management will remain pivotal in ensuring our human capital is aligned and optimised in line with our governance framework and operating model.

We will exert ourselves to utilise our existing infrastructure effectively, thereby enhancing efficiency ratios and profitability. We will endeavour to maintain and grow our international passenger throughput and accelerate our focus in growing non-aeronautical revenue. We will also continue to identify and secure offshore opportunities including Africa and unlock potential in-land value at our airports.

We accept that to achieve these goals, we will have to be resilient in very challenging economic conditions, current low-trending GDP levels, and high levels of unemployment. In light of this it is important that we continue to forge and strengthen our stakeholder relationships so that we deliver efficient customer-focused services to our passengers and customers.

O.R.Tambo International Airport

LOOKING AHEAD (CONTINUED)

THE LONG-TERM OUTLOOK REMAINS STABLE AND POSITIVE, WITH THE KEY FOCUS BEING *IT* APPLICATIONS CONSOLIDATION TO SUPPORT THE EXECUTION OF BUSINESS PROCESSES IN AN INTEGRATED MANNER WITH HIGHER LEVELS OF AUTOMATION AND IMPROVED DATA INTEGRITY.

With all this in mind, we plan to improve our current operations and grow our business sustainably. Accordingly, we have defined the following key short-, medium- and long-term strategic initiatives so that we can:

- Re-engineer our governance framework and operating model in line with the social and relationship capitals
- Provide commercially viable airport management solutions for South African and international airports
- Grow traffic by leveraging our existing airports' locational and traffic profile, aligning our airport plans to local and provincial government plans
- Implement transformation
- Diversify revenue opportunities by participating in yielding concessions, management contracts and partnerships.

INFORMATION TECHNOLOGY MANAGEMENT

IT strategy formulation is at an advanced stage and the focus during 2016 will be on its phased execution and to support the business vision through setting the course for a digital journey towards sustainable value. The IT operating model will be transformed in order to:

- Deliver services that drive business value
- Partner strategically to augment the company's capabilities
- Control cost and accelerate service delivery
- Support business operations and growth through a standardised digital platform.

In the short to medium term, IT is mainly focused on the enterprise resource planning (ERP) optimisation programme. This includes the stabilisation and support of the currently installed infrastructure, and the realignment of systems – in particular for the ERP to support the new operating model and governance structures.

HUMAN RESOURCES MANAGEMENT

Human Resources is positioned as a strategic business partner, and will be focused on ensuring an enabling environment within which our people can apply their unique knowledge, skills and experience towards delivering on our strategy and ensuring the long-term sustainability of our business.

The immediate intention is to steer the business by creating an environment within which our leadership and employees can:

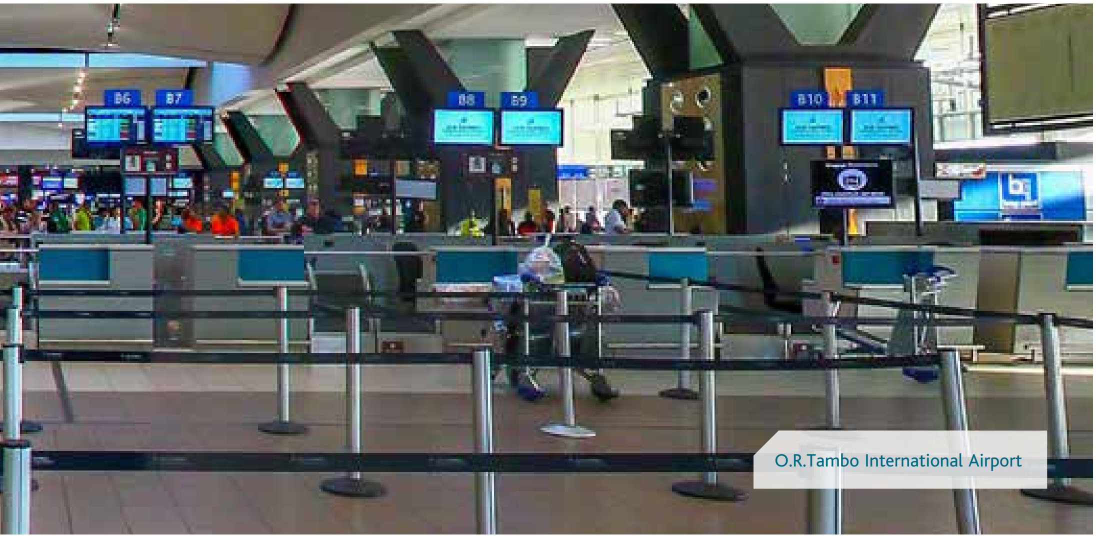
- Adapt, innovate and respond to change and embrace the outcomes of the revision of the operating model
- Build a performance management culture
- Establish and deliver employee skills and development programmes
- Maintain a stable and productive employee relations environment.

CONTRIBUTION TOWARDS GOVERNMENT OBJECTIVES

We acknowledge that business landscapes are constantly changing to the extent that organisations are expected to embed and embrace transformation and sustainability imperatives within their current business operations.

Equally relevantly, from a South African perspective, we will support our government's various programmes, such as the National Development Plan 2030 (NDP).

We are committed to calibrating our activities and processes to achieve the desired transformation and sustainability targets with dynamism, intensity and excellence, and to pursue and achieve all the government objectives outlined by the Minister of Transport. In doing so, our aim is to satisfy the objectives also of other shareholders, the service excellence expectations of customers, the mutually beneficial expectations of our stakeholders and partners as well as to deliver what is important for our employees.



O.R.Tambo International Airport

CAPITALS AND **PERFORMANCE**

THE COMPANY STRIVES TO OBSERVE KEY APPLICABLE LEGISLATION, GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT IN RELATION TO OUR BUSINESS ENVIRONMENT.

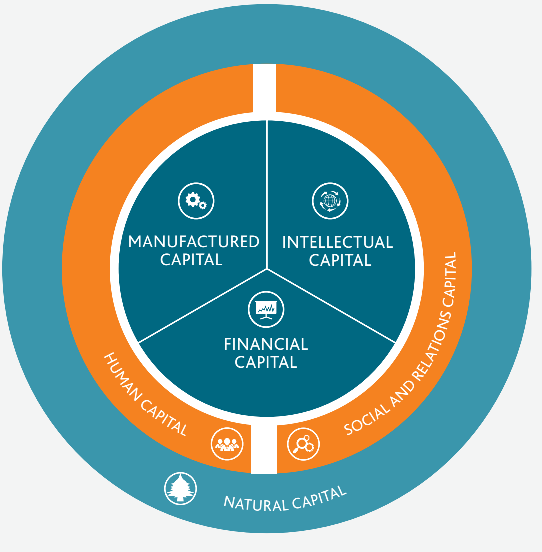
O.R. Tambo International Airport

OPERATIONAL OVERVIEW

The company adopted the IIRC approach and has embarked on entrenching an understanding of the six capitals within the business.

FOR THE PURPOSES OF FULLY PRACTISING AND DESCRIBING A BUSINESS MODEL THAT DISPLAYS NOT ONLY AN INTEGRATED APPROACH, BUT AN INTEGRATED MEANS OF CREATING VALUE, WE HAVE FURTHER CLUSTERED AND CATEGORISED THESE CAPITALS AS:

OUR BUSINESS	OUR PEOPLE AND SOCIETY	OUR ENVIRONMENT
Comprising manufactured, intellectual and financial capitals	Comprising social and relations and human capitals	Comprising natural capital



Our operations, as they relate to our **manufactured capital**, primarily comprising of aeronautical and non-aeronautical activities, complemented with applicable support-orientated services.

AERONAUTICAL ACTIVITIES

At the forefront of our business is the environment in which we operate. These include effective management of operations across Airports Company South Africa's network of airports. The key focus is on facilitating the smooth, safe, secure and efficient movement of passengers and aircraft through each airport daily. In addition, we engage in airport planning, infrastructure development management, safety, compliance, environmental care, traffic analysis and research, service standard monitoring and geographic information activities. The culmination and coordination of all this lies in ensuring a customer-focused experience.

NON-AERONAUTICAL ACTIVITIES

Our non-aeronautical activities include retail, car parking, property management and development, advertising and car hire. In addition, airport management solutions manages concessions and consultancy opportunities within and beyond South Africa. The company earns consultancy fees and returns on equity from these opportunities.

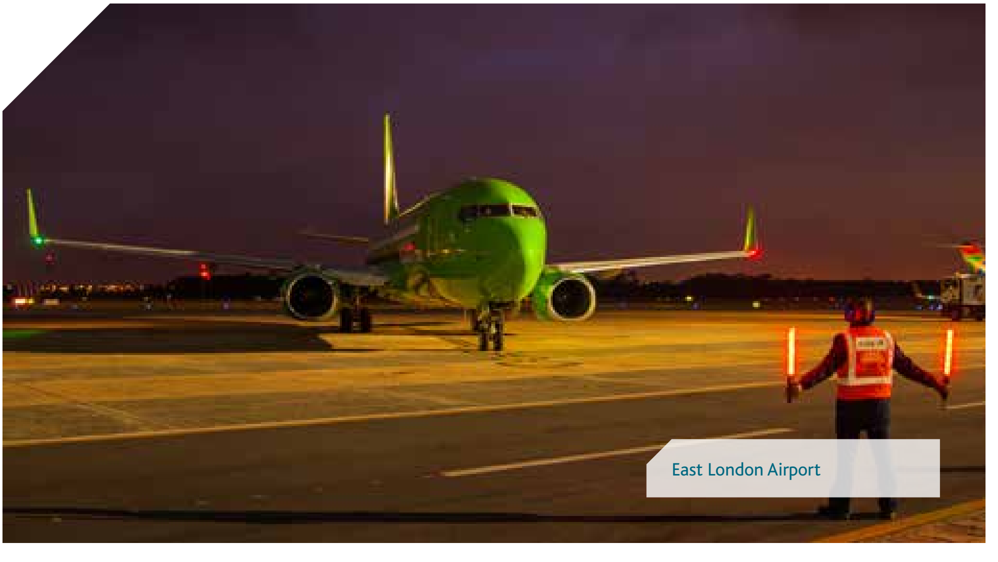
The company generates its **financial capital** by way of aeronautical revenue through aircraft landings, passenger fees and aircraft parking fees. Non-aeronautical revenue is generated from the range of non-aeronautical activities indicated above.

In operating the business, we focus equally on the aspect of **social and relations capital** as it relates to transformation imperatives. These include job creation, employment equity, gender, people with disabilities, enterprise development, preferential procurement advances and involvement in socio-economic development events. In addition, we are also active in identifying, engaging and implementing retail, advertising, property and construction transformation opportunities.

From a **natural capital** perspective we monitor and track applicable environmental aspects and embark on programmes and initiatives that will ensure that the company plays its role in protecting the environment.

During the year under review, in terms of **intellectual capital**, the company approved an IT strategy that will allow it to digitally-enable the business. The objective is to create a competitive edge and create a platform for the company to compete equally and effectively with the best in the world.

Just as importantly, we view our **human capital** as an asset that is critical to driving our success. Among the key focus areas for the year under review, were succession planning, leadership development, improved resourcing, the securing of meaningful employee relations and the engagement and enhancing of employee benefits.



East London Airport

MANUFACTURED CAPITAL

Guarulhos International Airport

THE AIRPORTS ARE FUNCTIONING EXCEPTIONALLY WELL IN THEIR DAY-TO-DAY OPERATIONS AND THEIR ON-TIME PERFORMANCE WAS MAINTAINED ABOVE THE SET TARGET OF 85%, WITH THE ON-TIME PERFORMANCE FOR THE NETWORK OF AIRPORTS AT 85.9%. FOR THE TRAVELLING PUBLIC THIS MEANS A SIGNIFICANT PREDICTABILITY WITH THE AVERAGE DELAY EXPERIENCED BY PASSENGERS AT OUR AIRPORTS LESS THAN 8.5 MINUTES.

AERONAUTICAL BUSINESS

The past financial year was relatively quiet compared to previous periods for the Operations/Airports Division. Apart from supporting the project at GRU Airport in São Paulo Brazil, there were no major projects that required extraordinary focus. The company supported GRU Airport in planning and executing its FIFA Soccer World Cup 2014 measures and the operational readiness of the new Terminal Complex, TPS3.

On the local front traffic growth did not meet expectations and the domestic market is still not showing any signs of sustained recovery and growth. Domestic departing passengers numbers grew by 2.8% and domestic arrival movements by 3.6%. International departing passenger numbers increased by 1.5% and international arrival movements by 1.6%.

It is interesting to note that the introduction of a new low-cost carrier in the domestic market has been successful, with the movement of more than 237 000 passengers being facilitated in FY2015 since its inception. This appears to have rejuvenated the domestic aviation sector, creating a new level of interest and proving that there is latent demand at the right price. It is hoped that the inevitable competition that the airline has created will lead to meaningful growth in domestic travel.

Operational efficiency continues to receive priority attention, especially with regard to the Airport Management Centres (AMCs). Software for the AMC systems is currently being redeveloped in conjunction with a business partner, and includes the ability to capture additional data to provide greater functionality. South Africa is acting as the beta test site for the upgraded system and it is likely that other airports will purchase the system once completed – a feather in the cap of Airports Company South Africa. Stakeholder collaboration continues at an excellent level, contributing meaningfully to collaborative decision-making and on-time performance.

South Africa's electricity generation crisis presents a very real risk to the operation of the airports. While breaks in supply of five to six hours can be coped with, a complete two-week blackout would be nothing short of disastrous. A study is currently being conducted to establish just how long an airport can operate without its usual external supply of electricity.

Focus on efficiency will continue in the forthcoming year, as will the always-stringent adherence to safety standards and procedures. New technologies will be applied to security measures, including new search points, and a new access control system for the airports is being designed and will be installed over a two-year period.

Cargo

While cargo business for Airports Company South Africa has achieved steady growth over the past few years, various factors are now constraining that growth. The cargo facilities at O.R. Tambo International Airport are 40 years old and have virtually reached full capacity, with their location precluding expansion.

The airport has long been the hub of sub-Saharan air cargo and it has the potential to continue and expand that role. However, the provision of future capacity growth is essential to compete with newly established cargo hubs in Kenya, Nigeria and Zambia, as well as with new infrastructure being developed in Mozambique and Angola.

In the short term, facilities will be upgraded at the present location, including restructuring traffic handling to speed up vehicle movements, and thus increase capacity. For the medium to long term, the creation of a cargo centre in the O.R. Tambo International Airport midfield is a logical and essential solution to cater for growth and it has the support of many stakeholders. This would also be able to provide the necessary facilities for the import and export of animals and animal products, an increasing sector of air cargo business. A midfield development offers a unique chance for fundamental process redesign and operational improvement, with the possibility of the integration of logistics, assembly and light manufacturing. A feasibility study would be required to ensure the commercial viability of such a project.

This also supports the aerotropolis initiative between Airports Company South Africa, the Ekurhuleni Metropolitan Municipality and other stakeholders. Tied to other initiatives, the aerotropolis can provide the perfect environment for cargo development. O.R. Tambo International Airport can become a key player in the worldwide air cargo business by positioning South Africa as the gateway for sub-Saharan Africa and as a turntable between South America and Australia. The development would also provide the opportunity to develop a customs free zone, or an industrial development zone in and around the airport.

Customer care

Providing customers with the best possible airport experience will always remain a key focus for Airports Company South Africa. A straightforward means of evaluating how successful these efforts have been is through the awards that the company has won in the past year (Read more about awards on page 11).

SLOT MANAGEMENT

An airport slot is the approved time allocated for an aircraft's landing or departure from an airport runway. The key to effective slot management is the ability to enforce discipline with slot compliance.

An airport slot is a guarantee that Airports Company South Africa can accommodate the aircraft at the coordinated airport from an infrastructure and services point of view. South Africa has an appointed slot coordinator for the country and the approved slot requests will be integrated within our operations.

AN AFRICAN HUB

The importance of O.R. Tambo International as a cargo hub is clearly demonstrated by the fact that 82% of the total air cargo in South Africa, 92% of which is international cargo is routed via the airport. Some 70% of the total cargo is carried in the bellies of passenger flights. Furthermore, the top international market players are present at O.R. Tambo International Airport, including airlines, integrators, forwarders and cargo and ground handlers.

Interviews have established that there is confidence among these role players that while the airport will continue to play a major part in Africa's air cargo movement, there is an urgent need for upgrades to the present facilities and for new facilities to cater for growth. In support of growth predictions, both Boeing and Airbus expect the worldwide freighter fleet to double in the next 20 years.

O.R. Tambo International Airport

INCREASING USE IS BEING MADE OF SMART PHONE TECHNOLOGY AND SOCIAL MEDIA TO EMPOWER CUSTOMERS WITH EASY ACCESS TO INFORMATION, THEREBY FACILITATING AND ENHANCING THEIR TRAVEL PLANNING AND EXPERIENCE.

Since its launch in June 2014, Airports Company South Africa's free mobile app has been downloaded by more than 10 000 users.

The app currently offers flight information and details of all the airports' retail, service and restaurant offerings. Passengers can also contact all airlines, retailers and restaurants directly without leaving the mobile app. A second level will be launched in mid-2015, enhanced with more customer-centric features for both able passengers and those with special needs.

Social media is used to inform, inspire and educate passengers with regard to products and services at the airports. Channels such as Facebook, Twitter, Instagram and LinkedIn are continually used as part of a customer-centric strategy to build relationships with customers. Our Facebook pages have generated a total of 52 646 likes, a growth of 43.7% year-on-year, and an opportunity-to-share number of 44 956 071. The company's Twitter pages total 17 081 followers with an opportunity-to-share of 319 379 681.

O.R. Tambo International Airport

Special needs

Travel for people with disabilities and those with special needs frequently requires special arrangements. Airports Company South Africa consults with the mandated bodies of the South African disability sector and other stakeholders to deal with day-to-day needs. The forum, which meets on a regular basis, advises on infrastructural, operational and training-related requirements to address these requirements effectively.

There are South African Civil Aviation Authority (SACAA) regulations covering this sector of travellers and the airline industry. The South African disability sector and Airports Company South Africa have worked together during the year under review to prepare proposed amendments to the SACAA regulations to ensure that people with disabilities and those with special needs can experience a comfortable and trouble-free journey without loss of dignity.

Safety

Safety will always take absolute priority for Airports Company South Africa, and compliance with international and local legislation and regulations is of prime importance. Regulations contained in ICAO's Annexure 19, published in November 2013, and SACAA regulations require airports to implement a Safety Management System (SMS).

The company's nine airports all have SACAA-approved systems in place. The implementation of the SMS has represented a fundamental shift in the way that safety is managed with its main components, embedded in day-to-day operations, being:

- Safety policy and objectives
- Safety risk management
- Safety assurance
- Safety promotion

One important SMS requirement relates to on-going safety communications with internal and external stakeholders. Across the airports, as part of the annual safety campaign, stakeholders are encouraged to participate with their teams and show their commitment towards safety. The campaign also includes talks and lectures to all stakeholders on how to identify, report and mitigate hazards across all operational environments. These campaigns allow stakeholders to do just this in their own environment.

ALL AIRPORTS HAVE SACAA APPROVED SYSTEMS IN PLACE

Different levels of SACAA-approved audits are conducted on a regular basis.

The monitoring and measuring of safety performance is an essential means of validating the effectiveness of risk controls. Different levels of SACAA-approved audits are conducted on a regular basis. Daily audits are designed to ensure the serviceability of infrastructure and include items such as paved surfaces, general airfield condition and various lighting checks. The next level of audit, conducted monthly, reviews safety findings and airside inspections by senior management. Further audits are conducted on an annual basis by Corporate Safety to prepare the airports for their annual aerodrome licensing audit by the SACAA.

Hazards, events and safety concerns

Together with a service provider, Airports Company South Africa has developed a vastly improved incident reporting tool to meet SACAA, ACI and ICAO requirements. The project was necessary to ensure accurate and timely reporting, fundamental to safety management, of relevant information related to hazards, incidents or accidents. The system, known as the G-Risk Palladium Occurrence Reporting system, is used to capture data at the airports relating to:

- Airside occurrences (accidents and incidents)
- Occupational health and safety occurrences
- Environmental and bird strike occurrences.

MANAGEMENT OF SAFETY RISKS IS UNDERTAKEN THROUGH PROCEDURES AND PROCESSES AND PROVIDES FOR PROACTIVE, REACTIVE AND PREDICTIVE METHODS. THIS ENSURES THAT THE MANAGEMENT OF INCIDENTS AND ACCIDENTS, PARTICULARLY ON AIRSIDE, IS SYSTEMATICALLY ANALYSED AND EFFECTIVELY MANAGED. HAZARDS ARE REGULARLY IDENTIFIED AND ANALYSED, THE CONSEQUENCES ASSESSED IN TERMS OF SEVERITY AND PROBABILITY, AND MITIGATION MEASURES AND CONTROLS ARE PUT IN PLACE.

The Palladium system is unique when compared to all other systems worldwide in that it includes a geographical information system to enable trending and pinpointing the exact location where occurrences are logged. From this, hotspots are identified where the likelihood, severity and consequences of risks can be evaluated and assigned mitigation techniques for immediate attention.

As a system designed specifically for safety on aerodromes, Palladium is proving to be an invaluable tool for managing safety risks. It is also positioning Airports Company South Africa as the owner of a system that is attracting great interest from other aviation sector organisations.


King Shaka International

Aerodrome rescue and fire fighting

The principal objective of Aerodrome Rescue and Fire Fighting (ARFF) operations is to save lives. The secondary objective is to protect property from damage or total destruction caused by fire. For this reason, the primary task of an ARFF is creating a safe environment for rescue operations to take place.

During the year under review, Cape Town International Airport and O.R. Tambo International Airport brought into operation two new 8x8 Rosenbauer Panther fire tenders at each airport. This state-of-the-art equipment enhances the airports' ability to deal with any eventuality, especially as more new large aircraft are coming into operation. Major refurbishments are currently under way at the ARFF facilities at Bram Fischer International and Port Elizabeth International Airports, both of which will receive a new emergency crisis centre.

The Aircraft Training Facility at Upington International Airport came into operation in 2011. The only one of its kind in Africa, this facility provides forcible aircraft entry training on real aircraft fuselages. To further enhance the training experience, an aircraft is kept intact and is used for evacuation training. The aircraft is filled with harmless smoke, and the fire fighters use breathing apparatus to rescue life-sized manikins from the smoke-filled fuselage in a realistic environment.

Training at the facility lasts for two days and is proving to be highly effective. There are plans to offer a complete aircraft fire-fighting course for other airport operators in South Africa and across the continent.

Security

In a move to add another layer of security to the measures already in place at O.R. Tambo International Airport, the security division has increased its focus on explosives detection and has implemented a K9 service. Four handlers and four dogs, specially trained to sniff out suspicious items, provide round-the-clock service. Regular, random checks are conducted throughout the airport precinct, screening passengers, baggage, aircraft and airport facilities for explosives.

In addition, the random use of Explosive Trace Detection (ETD) technology is being extended at all the company's airports. The use of ETD is a critical tool in staying ahead of evolving threats to aviation security and expanding the use of this technology at security checkpoints greatly enhances security and the ability to keep passengers safe.

Keeping abreast of the latest technology and techniques is an essential part of providing world-class security at the company's airports. In the year under review, three senior members of the security division completed the Aviation Security Professional Management Course (PMC) training. This is the most advanced aviation security training programme in existence today and carries a formal designation (AVSEC PM), making it the first of its kind globally.

The programme was developed in 2004 by ICAO, in collaboration with the John Molson School of Business at Concordia University. Its aim is to provide senior management personnel in aviation security with new management skills and a greater understanding of the application of the Standards and Recommended Practices contained in Annexure 17. It promotes the use of management principles, best practices, and intra- and inter-regional cooperation. Graduates from the programme have permanent access to an exclusive e-network community of aviation security experts who have successfully completed the PMC curriculum.

This community facilitates the sharing of information and optimises the diffusion of knowledge relevant to international aviation security requirements and best practices as well as training strategies.

Corporate Security has recently embarked on group-wide implementation to automate Security Quality Service measures that are currently in place across all airports, using QMS as a monitoring tool to provide immediate insight into service performance. Results enable the respective departments to take corrective action to improve service delivery in a timely and effective manner. The system will be used as a tool to understand the constraints to service quality as a means of improving service quality levels to passengers.

The most effective safeguard against potential security threats is to be able to strike the perfect balance between people and technology. Continuous national and internal quality checks are carried out, and in-house checks are performed as part of the internal security quality management system.

There were no acts of unlawful interference recorded at the company's airports for the reporting period, maintaining the same performance as the previous year.

Aerodrome rescue and fire fighting

O.R. TAMBO INTERNATIONAL AIRPORT

Slow global economic growth resulted in passenger numbers for the year under review, growing by only 1.8% and air traffic movements by 5.2%, when compared to the previous year. Domestic numbers were adversely affected by the protracted platinum strike and poor economic growth, and international passenger numbers were impacted by the Ebola crisis (Read more about Ebola on page 56).

Three carriers are now operating scheduled flights to O.R. Tambo International Airport using Airbus A380 aircraft, classified as Code F, or new large aircraft (NLA). The frequency and number of NLA flights will inevitably increase, bringing additional pressures on aircraft parking and passenger facilitation. At present, the airport has three Code F contact stands (connected by air bridges) and three remotes. The reconfiguration of D1 parking bays to accommodate NLAs is underway and will provide a fourth remote stand in the third quarter of 2015. This additional NLA stand will be used primarily for cargo flights. Two additional remote stands on the Delta apron will be reconfigured in FY2018 for Code F aircraft.

In August 2014, an Airbus A350 XWB visited O.R. Tambo International Airport on a route-proving flight, incorporating automated landing testing. The A350 is a next-generation aircraft, made partially from lightweight carbon composite fibres that improve fuel efficiency and enhance passenger comfort by allowing larger windows and more comfortable pressurisation and humidity levels.

Replacement of passenger boarding bridges on Alpha apron has started and is due for completion by the end of December 2015. Capital expenditure in the forthcoming financial year will include the commencement of the refurbishment of the multi-level Terminal A building. The first phase will entail a condition assessment of all services, systems and finishes in public areas, offices and service areas. The project also includes the reconfiguration of the Terminal A check-in section.

For some time, the Airside Operators Association (AOA) has requested a built-for-purpose unit load device (ULD) storage facility at the airport. Following discussions with the AOA and airside service providers, a site has been identified on airside and a facility with the capacity to store 360 empty ULD containers will be built, with completion due in December 2015.

Systems for efficiency

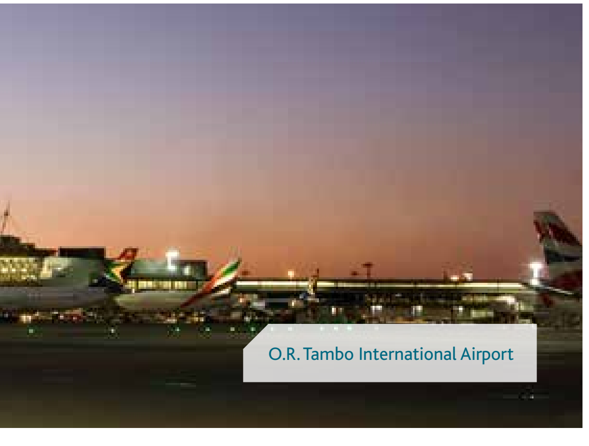
The Airport Management Centre continues to be the focal point for improvements in efficiencies and the current Zeus common platform used in the AMC will be replaced by the Apex suite of programs from a UK-based vendor. The new system is more advanced and includes improved workflow process features allowing, for instance, the ability to compare planned and allows the facility to compare actual performance against the plan activities with actual. This permits planning today for tomorrow's flights, enhancing the ability to identify and rectify operational snags. A further great advantage of the new system is that, using open technology, the system is far more user-friendly and flexible, and will enable Airports Company South Africa to make its own

changes to cater for adding or removing resources such as a new apron or parking bays. Previously, this could only be undertaken, at considerable cost, by the vendor.

A service provider has been appointed to review current staff training and to develop a 'train-the trainer' course, with the objective of improving the service provided by aviation security officers. This will have the direct benefit of upgrading the customer experience and, consequently, the Airport Service Quality ratings.

Attention is continually paid to improving self-service facilities to ease the travel experience and speed up the process. SACAA has approved a self-drop bag trial for domestic flights and this will be conducted, in partnership with SAA, in the next financial year. A Department of Home Affairs 'Trusted Traveller Programme' is an initiative that will look at a faster travel process at immigration and emigration counters. Similar facilitation is being addressed for fast-tracking security at emigration and immigration.

Security operations globally at international airports have begun to investigate next generation technology to screen passengers. This enables a less obtrusive and more efficient process, thereby improving the overall passenger experience. A team from Airports Company South Africa and SACAA visited Schiphol Amsterdam Airport to evaluate the trials of various new-technology systems and understand the benefits to passengers and security. A trial at O.R. Tambo International Airport has been proposed and is anticipated to take place in FY2016.


O.R. Tambo International Airport

IN AUGUST 2014, AN AIRBUS A350 XWB VISITED O.R. TAMBO INTERNATIONAL AIRPORT ON A ROUTE-PROVING FLIGHT, INCORPORATING AUTOMATED LANDING TESTING. THE A350 IS A NEXT-GENERATION AIRCRAFT, MADE PARTIALLY FROM LIGHTWEIGHT CARBON COMPOSITE FIBRES THAT IMPROVE FUEL EFFICIENCY AND ENHANCE PASSENGER COMFORT BY ALLOWING LARGER WINDOWS AND MORE COMFORTABLE PRESSURISATION AND HUMIDITY LEVELS.

Increasing traffic

The recent start-up of low cost carriers FlySafair in October 2014 and Skywise in March 2015 is expected to stimulate the domestic market by providing cheaper air fares. The South African Airways turnaround strategy, combined with the planned start-up of Air China in August 2015, will further accelerate growth in the international market. Against this backdrop, passenger traffic volumes are expected to grow by 6.1% and air traffic movement by 6.3% in the new financial year.

CAPE TOWN INTERNATIONAL AIRPORT

The year under review saw an encouraging 7% increase in international passengers at Cape Town International Airport. It appears as though the seasonal carriers are countering the historical seasonality challenges faced by Cape Town by extending the season by two weeks at each end. A further encouraging sign of the confidence in Cape Town International Airport's growth potential is the opening of new lounges by British Airways and Emirates.

Areas of the airport with lower than wished for ratings have been identified and are receiving attention. To enhance the ambience of the airport, and the ways in which it represents the region it serves, various features have been installed in International Departures, including a 'flybrary' – an honour system where books are available but where there is no librarian. There are also representations of penguins, a wine cellar, the aquarium and Bo-Kaap houses. These have proved popular with travellers and provide excellent photo opportunities. Other areas receiving attention are comfort factors at departure gates and increased security visibility.

Building for the future

Actual construction of the new, approximately R400 million domestic arrivals facility is scheduled to start in September 2015 and to be completed two years later. It will increase domestic capacity, reduce walking distances and cater for more wide-bodied aircraft. In addition, there will be an increased number of retail outlets and more space for our customers.

The airport's major, R3.2 billion project for the realignment of the runway will address the need to increase the airport's runway capacity from 30 to 45 flights per hour, as well as provide A380 capability, piers and aprons. The recent R170 million investment in upgrading the current runway will ensure its optimal availability for the five-year period until the realigned runway comes into operation, after which time it will become a taxiway in the new configuration.

Community programmes

The multiple occurrences of demonstrations and blockages of the N2 Highway, adjacent to the airport, are recognised as a very real risk to the airport's staff and passengers, as well to the city's reputation as a destination. Various initiatives have been instituted by the city and the airport is supporting community watch programmes. A further security risk will be addressed as an integral part of the runway realignment, with the installation of a high-tech perimeter fence and the containment of all navigational and runway lights within the new security perimeter.

A business opportunities conference was held in Cape Town in October 2014, aimed at showcasing upcoming opportunities within the precinct and how the airport was ensuring transformation in varying areas through skills development and the support of small businesses and entrepreneurs. Participants had the opportunity to interface with support agencies such as the Black Management Forum, South African Black Entrepreneurs Forum as well as major banks, with the intention of stimulating new entrepreneurial initiatives. It was a great success with more than 700 delegates attending. This concept is fully supportive of Airports Company South Africa's transformation strategy.

Cape Town International Airport has launched an 'aerotropolis' programme, with a team consisting of local and international experts, and engagement with the city and the province.

AMC and increased buy-in by the airlines produced an average on-time performance (OTP) in excess of 90% for the year under review, against a target of 89%. The target for FY2016 will be 90%.

DEVELOPING FOR CHANGE

A significant achievement has been the February 2015 signing of a memorandum of agreement between Cape Town City Council and Cape Town International Airport. This is a clear sign of the council's support and understanding of the need for ongoing development at the airport to support the economic growth of the province and demonstrates the city's visionary leadership. The agreement covers topics such as the relocation of informal settlements, to a greatly improved environment and the facilitation of land purchases for the airport.

The Airports Company South Africa board approved land purchases to the value of approximately R450 million for the expansion of the airport precinct. This land will require zoning and, in some cases rezoning, as well as treatment of trees and vegetation to an environmentally acceptable state.

The realigned runway will have noise implications for surrounding areas and talks are taking place between the airport, the city and Denel, which owns property in the new flight path, for the possible creation of a development-free corridor, actually reducing noise impact on residential areas. A specialist noise study has been commissioned and a statement of intent between the city and the airport has been issued, covering noise monitoring, management, abatement and mitigation.

Cape Town International Airport

MANUFACTURED CAPITAL (CONTINUED)

KING SHAKA INTERNATIONAL AIRPORT

The domestic passenger market has shown a slight increase from the prior year of 1% – a result of low economic growth. It should be noted that the KwaZulu-Natal market has proven to be the most price-sensitive of the company's three international airports. Due to low demand, the new, low-cost operator FlySafair, has yet to operate the Durban route. During the year under review, British Airways continued using King Shaka International Airport as a platform for their A380 pilot training.

International traffic

While the domestic market remained virtually static, direct international passenger numbers grew by 5%. This increase was due to LOT Polish Airlines introducing a charter flight directly from Warsaw, every two weeks, during the period November 2014 to March 2015, and operating a Boeing 787 Dreamliner. In addition, Emirates operated an additional four flights during the December/January peak period. Despite this, total air traffic movements showed no change from the previous year.

King Shaka International Airport will be hosting the World Routes Conference in September 2015 and this will bring an estimated 3 000 decision-makers in the airline and airport industry to the region.

New measures

During the year a Baggage Pilferage Reduction Committee was formed and additional CCTV cameras were installed at the baggage make-up area. This resulted in pilferage showing a small reduction from the previous year.

In a successful move to address the 30 to 40% vacancies in parking areas, two companies were approached to rent parking space for excess stock. In total, 1 400 bays were rented, generating an unbudgeted revenue of R2 million for the year.

A roadmap for growth

Through the Department of Economic Development, Tourism and Environmental Affairs, the KwaZulu-Natal Provincial Government developed and approved the KwaZulu-Natal Aerotropolis integrated strategy during the year under review. The strategy charts the roadmap for, and will guide the implementation of, the Durban Aerotropolis, which is geographically delineated by a one-hour travel distance from King Shaka International Airport. Airports Company South Africa plays an important role in the Steering Committee for the Durban Aerotropolis.

King Shaka International Airport

REGIONAL AIRPORTS

In an innovative use of an airport precinct, land has been leased at Upington International Airport for the installation of a 10-megawatt photovoltaic solar farm that came on stream in July 2014 and feeds power into the Eskom national grid.

New leases at the Boulevard development at Bram Fischer International Airport are being taken up.

Domestic passenger numbers and air traffic movements have been augmented by additional flights being added by Mango, SA Express, Safair and SA Airlink during the year.

Concerns relating to cost, reliability and environmental impact have resulted in Regional Airports embarking on an ambitious programme to reduce reliance on Eskom-supplied power. Solar farms will be installed at all six airports in a phased approach over the next five years. The contract has been awarded for George Airport and tenders are being evaluated for Kimberley Airport and Upington International Airport.

Port Elizabeth International Airport

NON-AERONAUTICAL

Airports Company South Africa earns non-aeronautical revenue through advertising concessions, retail concessions, car rental concessions, car parking and a property portfolio. The company's developable commercial land around its airports will be the engine of further or future growth in non-aeronautical income. An additional non-aeronautical source of income lies in monetising the company's aeronautical skill and experience by offering consultancy and advisory services to other airports, both within the country and internationally.

There is an increasing focus on developing the higher yielding non-aeronautical portfolio to 50% of total revenue. This means that the net income return achievable on non-aeronautical assets is set at hurdle rates higher than the net income return achievable on the regulatory asset base.

Retail

Retail revenue grew to R1.0 billion (FY2014: R909 million) during the period under review. This 10% growth in retail revenue is mainly attributable to a 6% and 3% increase in minimum rentals and turnover top-up rentals respectively. The minimum rentals growth was impacted negatively by rental reviews on expired concessions where the rental-to-turnover percentage was above market rates. Turnover rentals were impacted by lower contribution from jewellery, foreign exchange and speciality stores due to a change in the profile of high-spending Asian and South American passengers.

The international airside duty-free mall at O.R. Tambo International Airport accounts for 69% of group retail income, and this major contributor grew by 4% from R154 to R160 per passenger, with the number of international passengers growing by 1.6%.

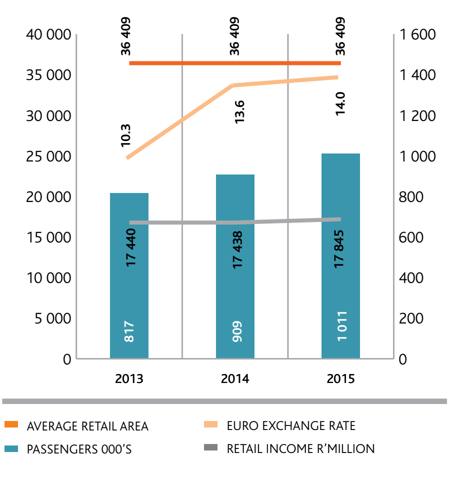
The growth of international retail spend per passenger is influenced by the added spending afforded to foreign passengers by the depreciation of the South African rand (ZAR). In the period under review the rand depreciated by 2.8% to the Euro. The goods sold in the duty free area are purchased in Euro and the ZAR/Euro rate influences the input and selling price of goods in this area. Apart from this depreciation, the remaining growth was influenced by the retail marketing and promotional plan which includes initiatives such as the 'Spend and receive an instant gratification gift' digital pod screening promotions placed in the flow of passengers' routes. Also, on every Thursday there was a 'Fabulous Affair' promotion, providing passengers with experiential marketing, tastings and autographs.

While domestic passenger numbers grew marginally by 3%, this increase did not translate into higher turnovers for retailers as South African domestic passengers' disposable income remains constrained. The domestic revenue per passenger measured on landside reflected a 3% growth from R10.05 to R10.32 per passenger.

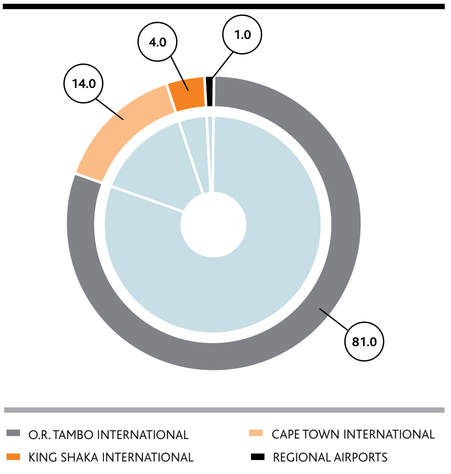
Compounded annual growth in retail income over the last three years was 11.2%, with the trading area remaining constant and passenger growth showing a marginal 2% increase. However, the retail revenue per passenger (domestic and international) has increased from R54.98 to R56.65, or 9.9% annual compound growth over this period.

O.R. Tambo International Airport remains the dominant airport by contributing 81% (R820 million) towards total retail revenue with 51% of the airport's rental area. O.R. Tambo International Airport remains dominant as a consequence of serving a greater number of departing passengers, specifically international passengers who have a greater propensity to spend, in addition to different passenger profiles using the airport.

TOTAL RETAIL REVENUE

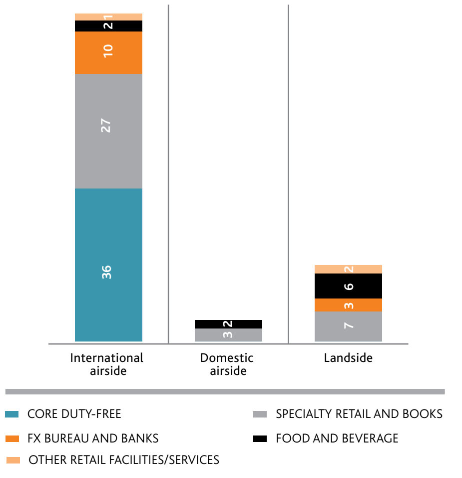


RETAIL REVENUE BY AIRPORT (%)



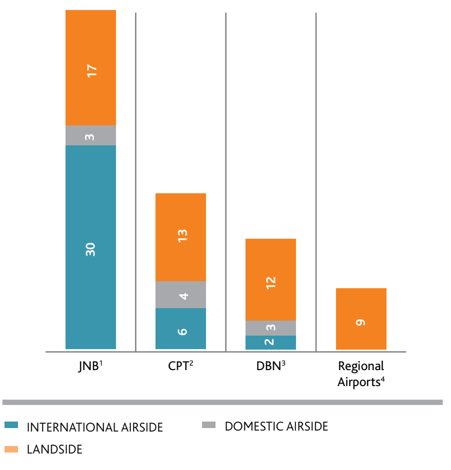
Retail groups are categorised as in the table below, with core duty-free being the major category.

RETAIL LETTABLE AREA BY CATEGORY AND TRADING AREA (%)



International airside revenue (77%) to lettable area (38%) is dominant. This is explained by duty-free savings on major merchandising categories (perfume, cosmetics, alcohol, tobacco), with various international branded outlets, propensity to spend when flying internationally, longer dwell time, wider offering and profile of passengers all contributing to this success.

RETAIL LETTABLE AREA BY AIRPORT AND TRADING AREA (%)



1. O.R. Tambo International Airport
2. Cape Town International Airport
3. King Shaka International Airport
4. Regional Airports


O.R. Tambo International Airport

Outlook

For the year ahead, retail income is forecast to show marginal growth of 3 – 5%, while a stabilisation of the rand is forecast, with no further depreciation anticipated. With a subdued increase in passenger volumes and with the majority of leases having expired or been awarded, the refit of stores will result in a rent-free period of one to two months during the fit-out period allowed to retailers.

The airport's 'Click, buy, fly' online shopping website is in the process of being rebranded with compelling offers and easy navigation. The site will be geared for omni-channel shopping where shoppers can use both channels: visiting websites to see what is available and then physically buying in-store – a trend that will continue for some time into the future.

A new convenience service called 'Buy on Departures and Collect on Arrivals' has been approved by the South African Revenue Service's (SARS) customs department. This service will allow passengers to pre-purchase core duty-free products when they depart and to collect their goods in the restricted zone prior to the customs inspection area upon their arrival back into the country. Implementation of this service is targeted for the 2016 financial year, pending the agreement of the core duty-free operator.

Car rental

Car Rental revenue grew by 10% to R190 million (FY2014: R173 million). This income growth from the car rental concessions is linked to the minimal annual escalation of 8% in minimum rentals, slightly assisted by turnover rentals. The latter is as a result of car rental tenants' turnover growing by 12% to R1.6 billion. Increased foreign inbound passengers, together with the weakening of the South African Rand, supported the growth in the car rental business.

The car rental leases expiry dates for all airports have been extended to February 2016 and tenders are due to be issued during FY2016.

It is anticipated that the consolidation of brands into multi-branded operations that was recently announced by larger operators will create opportunities for new entrants.

Sluggish domestic corporate and leisure travel, together with government's decision to tighten spend on travelling costs, remains a challenge for the car rental industry. Car rental operators are continuously reviewing their fleet sizes, mix and utilisation in order to optimise their margins, and this will impact on the resulting rental offer to Airports Company South Africa in the forthcoming tender.

King Shaka International Airport

Property

Demand for office space remained muted under the prevailing uncertainty in the economy, leaving rental rates largely unchanged over the period. Taking rentals as a guideline, it is evident that the office market remains under pressure, with an abundant supply and prices still at 2013 levels, in contrast to rising operational costs.

Despite the poor performance of the local manufacturing sector in 2014, industrial space remains stable and is showing a slight increase in demand. This is largely attributed to increased activity in logistics and distribution. Rental rates remained largely unchanged over the period. Due to efficiencies in storage and operational costs, larger warehouse space has gained appeal, contributing to a slight increase in rental rates in this sector.

IT IS ANTICIPATED THAT THE CONSOLIDATION OF BRANDS INTO MULTI-BRANDED OPERATIONS THAT WAS RECENTLY ANNOUNCED BY LARGER OPERATORS WILL CREATE OPPORTUNITIES FOR NEW ENTRANTS.

Group property income grew from R533 million (FY2014) to R585 million (FY2015) an increase of 9.8% year-on-year. The major contributors to Airports Company South Africa's rental revenue are situated mainly at O.R. Tambo International Airport and include the fuel consortium, the hotel operations Sun International and City Lodge, SAA and the ground handling operators, and Pick 'n Pay at Cape Town International Airport. O.R. Tambo International Airport and increased recoveries of operational costs at the domestic airports contributed to the improved revenue.

With slow economic growth affecting demand for space, the emphasis was to retain the existing tenant base by offering competitive tenant retention strategies including allowances to upgrade tenant installations, improving the quality of existing buildings and improving customer relationships. As a result, a conscientious approach to negotiating and crafting new leases for existing space resulted in successfully retaining approximately 98% of leases expiring, and reducing vacancies which currently stand at around 4%. This is against an industry average of more than 5% for both office and industrial space.

Existing vacancies comprising hangars, workshops and warehouses are being marketed by the airports through broker networks and the Airports Company South Africa website. A major refurbishment of the 6 746 sqm East and West Wing offices at O.R. Tambo International Airport has been undertaken to support the rental levels and is scheduled to be completed during FY2016 at an estimated cost of R55 million.

King Shaka International Airport has successfully begun work on the renewal of most of those lease agreements which will reach their full term in April 2015 – the five-year anniversary of completed construction and operation at the airport.

Lounge space was in demand at Cape Town International Airport where three new business lounge agreements have been successfully concluded: an extension to the BA Slow Lounge in domestic departures, a Bidvest Generic Lounge and a dedicated Emirates Lounge at international departures.

MANUFACTURED CAPITAL (CONTINUED)

Property development

The commercial property market remains a two-tier market where prime properties continue to perform reasonably well while secondary properties remain under threat. This trend is likely to continue for a further 12-18 months due to a depressed economy which awaits new direction in world economic trends. Airports Company South Africa's historic cost structures afford it the ability to manoeuvre and offer competitive partnership structures to developers and end users in this low margin market.

The Aerotropolis concept is gaining understanding in the broader market. Property holdings at O.R. Tambo International Airport, Cape Town International Airport and King Shaka International Airport are well-placed to benefit as local authorities plan their surrounding metropolises to meet the demands of goods and people flying out of airports into the global village.

O.R. Tambo International Airport

The commercial team has engaged consultants to validate the vision hypothesis for commercialising the precinct in front of terminal buildings in the western precinct at the airport. Early indications are that it is viable to develop approximately a potential 200 000 sqm of mixed use commercial opportunities. The next phase is currently being undertaken to obtain development rights and the enablement of the platforms for further top structure developments. Studies to investigate the viability of a link with an overpass into Rhodesfield, Kempton Park, as well as the introduction of a trunk route via the O.R. Tambo International Airport precinct for the Ekurhuleni rapid bus lane are under investigation.

Also at O.R. Tambo International Airport, the development rights for a petrol filling station on Jones Road near Emperor's Palace have been obtained during the year under review, and the enablement of the stands on the eastern portion of the airport for a distribution facility is well underway. These opportunities and others described below will be offered through the mega tender in quarter four of FY2016. The mega tender offers various opportunities around Airports Company South Africa's nine airports, with bidders being allowed to participate in more than one opportunity where the proposal ranges from land leases and development with head/tenant lease offered to Airports Company South Africa, to an option period at a fee in order to achieve the land lease or development proposal.

A land lease over 6ha has been concluded with the Gauteng Provincial Government for the development of a jewellery manufacturing precinct.

The objective is to create facilities in the Industrial Development Zone from where manufacturers and jewellers can beneficiate South Africa's precious metals. In addition, the precinct will create additional jobs, facilitate the transfer of skills and support the wider concept of the Ekurhuleni Aerotropolis.

Cape Town International Airport

Requests for proposal for a new 160-bed 3-4 star hotel in the terminal precinct of will be closing in September 2015.

The board has approved the company fully investing in the development of a 14 000 sqm office park on the basis of achieving pre-let conditions. The office park is at the entrance to the airport and after completion of the first phase expected early 2016 (including refurbishing of the existing building of 1 895 sqm), will offer A grade office accommodation of 4 333 sqm. A new warehouse with a capital value of R16 million was completed for Fedex in August 2014.

Development rights of 86 400 sqm for industrial/warehouse facilities in Precinct 3 to the north of the airport has been obtained and partially serviced. The property will be offered to the open market through the mega tender for development.

King Shaka International Airport

To date, 120 000 sqm developable bulk have been enabled for commercial development in Dube City, a township situated on 12ha ready for office, hotel and street retail developments in close proximity to the airport. The developable bulk of 120 000 sqm owned by La Mercy Joint Venture Company (Pty) Ltd has been disposed to its shareholders Airports Company South Africa and Dube Trade Port Company, where enabled stands with a bulk of 53 000 sqm was allocated to Airports Company South Africa. The 53 000 sqm enabled stands have been included in the mega tender to be released to the market by Airports Company South Africa in the second half of FY2016.

A separate development consisting of a Sasol petrol filling station on King Shaka International Airport land, funded by Airports Company South Africa, was completed in March 2015 and became operational during April 2015. This development will provide a much-needed service to airport travellers, customers as well as to the surrounding areas of the airport.

Upington International Airport

A maintenance repair and overhaul (MRO) facility concept with a focus on storage with ancillary

PROPERTY REMAINS A TWO-TIER MARKET

Airports Company South Africa's historic cost structures afford it the ability to manoeuvre and offer competitive partnership structures to developers and end users in this low-margin market.

operations was established. An international RFP to seek a suitable tenant for the facility closed in May 2014. While no proposals were received for the request for proposal (RFP), a memorandum of understanding (MOU) was subsequently signed with South African Airways Technical (SAAT) to enter into a head lease for the aircraft storage aspect which may develop into the further requirement for a hanger facility. SAAT has expressed interest in the facility, possibly expanding the operation to more than just storage in the future. Suspense conditions must be met by 31 August 2015, failing which engagements with other operators will follow.

Various engagements have been held with the Department of Trade and Industry to incorporate the entire Upington International Airport in the Special Economic Zone (SEZ) demarcation. This will provide financial incentives both to Airports Company South Africa and to residents of the area.

Submissions to SARS for import and VAT tax exemption for the parking and storage of foreign aircraft have been made to facilitate the operation of an MRO. Approval is expected during FY2016.

During the year under review, a land lease for a 10MW solar photovoltaic installation by the power generator was completed at Upington International Airport. The installation spans over an area measuring approximately 20ha. The power generated from the panels feeds into the Eskom grid for resale to third parties.

Property – Denel at O.R. Tambo International Airport

MANUFACTURED CAPITAL (CONTINUED)

The advertising growth for the year under review has been generated from existing advertising inventory with marginal escalations.

ADVERTISING REVENUE INCREASED BY R25 MILLION YEAR-ON-YEAR

Bram Fischer International Airport

'The Boulevard' property precinct has been reticulated with internal services and the first land lease for a step-down medical facility has been concluded, and awaiting financial closure by September 2015.

The application for a basket of development rights on the balance of the Boulevard Precinct in Bloemfontein (approximately 290 000 sqm in extent) has been lodged, and approval is expected during FY2016.

Development rights for the development of a 5MW solar photovoltaic installation were approved. The power generator with whom Airports Company South Africa has a land-lease awaits approval from the Department of Energy, after which construction of the installation will commence. All relevant council approvals relating to the installation have been received.

Kimberley Airport

Airports Company South Africa has secured local council development rights for the development of a 3MW photovoltaic installation.

The power generator with whom Airports Company South Africa has a land-lease awaits approval from the Department of Energy, after which construction will commence.

Advertising

The advertising external stakeholders comprise all the components of the advertising value-chain. The chain begins with the marketing managers and directors of the brands that target advertising at the airports. It continues to media and creative agencies who on behalf of brands and advertisers, interact with media owners or concessionaires representing the airport.

Through a concession agreement with Airports Company South Africa that includes a fixed rental and turnover top-up, media owners or concessionaires represent the airport proposition on a daily basis, ensuring that the brief received from the brands is well executed and that brand positioning is in line with the brand strategy. The concessionaires are the intermediary between Airports Company South Africa and the advertising and marketing industry both locally and internationally.

The advertising growth for the year under review has been generated from existing advertising inventory with marginal escalations. The global advertising industry continues to be under strain due to negative growth in the global economy. To secure revenues the advertising portfolio has been very proactive in negotiating contract renewals with existing concessionaires. The aggressive monitoring and collection of advertising turnover rental has also contributed significantly to revenue growth.

Group airport advertising increased by R25 million year-on-year or 15% to R194 million (FY2014: R169 million). This pleasing performance was achieved by having a stable portfolio over the period. Benefits of the increased turnover in percentage rental charged to concessionaires on a quarterly basis and the maturing of Airport TV contributed further to the income of the portfolio.

The advertising portfolio has conducted an extensive global research to define the strategy going forward. This research included, among other things, consultations with local industry players and current and potential business partners, benchmarking against international peer airports and establishing global advertising best practice. It also investigated South African advertising media spend and the current airports' market share as well as future potential airports' spend and its sustainability.

Careful analysis of the research and stakeholder feedback has informed the new proposed advertising operating model. The model is currently being tested in the form of the Request for Bids process. The new proposed advertising models anticipate the segmentation of the advertising portfolio into four business units or clusters: O.R. Tambo International Airport, Cape Town International Airport, King Shaka International Airport and the amalgamation of all domestic airports (Port Elizabeth International Airport, East London, Bram Fischer International, George, Kimberley and Upington International airports) into the Regional Airports business unit or cluster.

Further to this segmentation, each business unit has been divided into three separate advertising opportunities:

- The external/outdoor opportunity, comprising all advertising sites that are outside the terminal building
- The internal/indoor opportunity, comprising all advertising opportunities inside the terminal building
- The activations and experiential marketing opportunity which is restricted to a number of positions inside the terminal buildings where brands are able to interact with passengers and consumers through displays and product sampling.

In our quest to implement and achieve our transformation imperatives, the award of these opportunities is restricted to two per bidding entity.

Due to their low capital expenditure, the activations and experiential opportunities are believed to enable the small and micro enterprises to participate in this capital intensive industry.

EXTENSIVE RESEARCH CONDUCTED GLOBALLY INDICATES TWO TRENDS: THE BUYING OF MEDIA SPACE, AND INNOVATION.

In previous years, buying advertising media was long-term in nature, where a brand would secure a particular advertising space for a period of 12 months with an option to renew. This trend has changed since 2010 and brands are now buying on short-term contracts of about three months. This is entirely due to the global economic downturn.

Chhatrapati Shivaji International, Mumbai - India

MANUFACTURED CAPITAL (CONTINUED)

The second trend concerns innovation. Although digital advertising took a long time to take off, it is now the fastest growing global trend. This has been demonstrated by the growth in internet advertising and the associated decline of print advertising.

Airports Company South Africa believes that the new proposed advertising operating model will address the issue of stakeholder relationship and management by having a reduced number of touch-points and by aligning its advertising staff to focus on customer service excellence and value-add in terms of market research, airport statistics and market intelligence provision.

The new operating model and governance framework also promises to address the enhancement of the passenger journey and experience through positioning appropriate and relevant media information in areas where such messaging adds value to both passengers and advertisers. It is anticipated that the new proposed operating model and governance framework will deliver innovation that will enhance infrastructure at the airports. The proposed advertising model will also be able to deliver the transformation imperatives.

Parking

Car parking performance is dependent on passenger volumes, tariff structure, availability of parking bays and availability of competing products such as other forms of transport to the airport. Airports Company South Africa prides itself in the maintenance of the facilities and security for both people and possessions at its airports.

Parking revenue increased by 5% to R507 million (FY2014: R482 million) despite parking tariff increases having been below the CPI average.

In response to market demand, additional parking products offering different choices were introduced. A marketing campaign to attract current 'non-parkers' into the parking facilities was carried out during the year. These initiatives have contributed to increased use and higher revenues from the revised products.

Tighter management and control efficiencies introduced in the prior year are reaping benefits and will remain the main focus in the next year along with improving the usage of selected parking products, continuing the promotion and awareness of all the available parking products and the promotion of alternative payment methods that offer added convenience to users.

Airport management solutions

As Airports Company South Africa continues to receive accolades for renowned efficiency, connectivity and passenger experience, the company is also growing its global presence by spreading best-in-class practices and creating a valuable portfolio for its stakeholders.

Ghana

Airports Company South Africa has assisted the Ghana airport authorities in exploring the best means of investing in Ghana's capacity expansion and improving its commercial value. The company is in on-going engagements with the Ghanaian airport authority and is optimistic about the development of a mutually beneficial relationship.

Future plans

Airports Company South Africa is an important brand ambassador for the South African flag, reproducing its excellence across the globe through concentrating on airport investments and technical advisory services. In order to achieve this, a new business development division is being set up. This division will initially focus on boosting the company's capabilities and client network. The technical advisory team will be equipped with the skills of daily airport operations and commercial enterprises to offer practical and trusted airport management solutions to its clients. There are opportunities for offering consultancy support to improve efficiencies in the entire airport value chain, ranging from airport master-planning to design, construction management, information technology, airport operations, traffic projection, terminal expansion and much more.

Airports Company South Africa will also seek to become involved in other international and local airport concession opportunities and increase its global presence through strategic investments. The company aspires to create world-class airports through active partnerships with strategic partners based in countries of interest.

AIRPORTS COMPANY SOUTH AFRICA IS AN IMPORTANT BRAND AMBASSADOR FOR THE SOUTH AFRICAN FLAG, REPRODUCING ITS EXCELLENCE ACROSS THE GLOBE THROUGH CONCENTRATING ON AIRPORT INVESTMENTS AND TECHNICAL ADVISORY SERVICES. IN ORDER TO ACHIEVE THIS, A NEW BUSINESS DEVELOPMENT DIVISION IS BEING SET UP.

Chhatrapati Shivaji International, Mumbai - India

INTERNATIONAL AND LOCAL BUSINESS

Mumbai International Airport (India)

Note on currency and numbering:

As at 31 March 2015:

- 10 000 000 Indian Rupees (Rs) = 1 crore
- R1 = Rs 5.1417
- Rs 1 crore = R1 944 882.

Chhatrapati Shivaji International Airport, Mumbai has handled 36.6 million passengers for the year ended March 2015, compared to 32.2 million (FY2014), showing an increase of 13.7%. Similarly, during the year under review, Chhatrapati Shivaji International Airport handled 269 456 aircraft movements compared to 260 666 during the previous year, showing an increase of 3.4%.

Mumbai International Airport Limited (MIAL) has achieved a total income of R4.7 billion for the year under review, compared to R4.2 billion for FY2014, showing an increase of 11%. Loss before tax for the year under review is R904 million compared to profit before tax of R626 million in the previous year. Higher depreciation and interest charges following the opening of the new Integrated Terminal in February 2014, and the loss incurred on demolishing the old International Terminal for airside apron space, substantially contributed to the loss. The loss after tax for the year under review is R597 million, compared to profit after tax of R412 million in the previous year.

2015 PASSENGER GROWTH

Passenger growth during FY2015 has been phenomenal at 13.7% and it is expected that the growth momentum will range from 6% to 7% in FY2016.

MIAL has substantially completed construction of an integrated terminal and started commercial operations for international flights in February 2014. Some domestic flights also began operating from the integrated terminal during the year under review. Remaining works for shifting the domestic traffic to the integrated terminal are continuing at full pace and it is anticipated that they will be completed during FY2016. It is estimated that around that time most of the domestic traffic will also be shifted to the integrated terminal.

Work on the construction of an apron for domestic operation is also progressing on time, and is likely to be completed as scheduled before the shifting of domestic traffic to the integrated terminal.

MIAL has commenced monetisation of its real estate development rights during the year and has already awarded two land parcels from which about Rs200 crore is expected to be collected as security deposit. In addition annual lease rentals and revenue share will be received periodically as per the terms of the agreement. MIAL is also in the process of discussions with other interested parties for the lease of remaining land parcels for Phase I.

MIAL has right of first refusal (RoFR) for the development of Navi Mumbai International Airport which is located about 35km away from the existing CSI Airport. CIDCO, the nodal agency for development of Navi Mumbai International Airport, has started the bidding process and invited interested parties to submit a request for qualification. Four parties, GVK, GMR, Tata Group in partnership with Vinci Airports and Hirandanani Group in partnership with Zurich Airports have responded. CIDCO is expected to declare qualified parties during FY2016, after which it will start the RFP process for Navi Mumbai International Airport.

The holding company for the airport business for GVK Group, GVK Airport Developers Pvt Ltd, which holds 50.5% of MIAL and other airports, is considering listing its shares on Indian bourses and is currently in the preliminary stages of preparation.

Guarulhos International Airport (GRU) (Brazil)

The airport processed 39.5 million passengers during the period under review and grew year-on-year by 10%, an amount significantly above the 33.7 million passengers anticipated in the business plan. In the December 2014 reporting period, domestic passenger numbers grew by 10.7% and international passenger numbers by 8.4%, compared to 2013. The airport handled 304 586 air traffic movements (ATMs) in 2014 and grew by 7.2% compared to 2013, which is also higher than the 252 200 ATMs reflected in the business plan. Domestic ATMs grew by 7.4% and international ATMs by 6.6% compared to the prior year. The international ATMs recovered from the decline of the previous year after the increase in apron and terminal capacity.

The financial performance of GRU Airport for the December 2014 year-end shows a gross revenue of R7.9 billion, an operating expenditure of R2.4 billion and an EBITDA of R3.9 million, which meets the budgetary targets set for the 2014 financial year and is better than the business plan which shows projections of R7.3 billion, R2.7 billion and R3.7 billion respectively.

Terminal 3, the airport's new international terminal, and its associated roads, aprons and taxiways were successfully brought into operation on 11 May 2014, ahead of the 2014 FIFA World Cup Brazil™. This was in line with the concession's contractual completion date and no penalties were levied against GRU Airport by the Brazil Civil Aviation Regulator. GRU Airport is the only concessioned airport that successfully met all the concession obligations. The facilitation of the delegations and supporters for the 2014 FIFA World Cup Brazil™ was also an overwhelming success as passengers, bags and aircraft experienced a smooth and seamless transition through the airport, even during the peak facilitation in São Paulo for the second semi-final of the event.

Precinct 2a

This subsidiary is 100% owned by Airports Company South Africa and is the freehold owner of 240ha on which the Denel campus is situated. Of this, a potential 188ha will be available for green and brownfield developments. Up to October 2012, the entire precinct was let entirely to Denel, but has since seen a combination in use. Sixty-one percent of the developable land – 114.5ha – has been let to Denel for 10 years up to 2022, and 74ha has been unlocked for commercial developments while earning rentals amounted to R61 million (FY2014: R61.5 million) from existing tenants in the interim.

Portions of the 240ha are being considered for future aviation requirements. The cost of funding the acquisition was initially covered by the leaseback arrangement with Denel. However, the potential revenue from the more than 50-year old improvements and the vacant land creates a shortfall – hence the desire to develop the excess land for future aviation requirements.

Final Conditions of Establishment for the first phase, Atlas Proper, have been received, and three stands – two greenfield and one brownfield – are included in the mega tender for development. The township's formal proclamation process and installation of bulk and reticulation services will commence once the first partnership agreement with a developer has been concluded. Further applications for development rights will be lodged in a phased approach after assurance is obtained that the specific land parcel will be available for commercial exploitation.

Denel has, with prior approval, sub-let a portion of its premises to Fireblade for the establishment and operation of an international VIP terminal. The benefit of their investment is that the improved facility will revert to Airports Company South Africa on expiry of the current lease with Denel in 2022.

MANUFACTURED CAPITAL (CONTINUED)

Airports Logistics Property Holdings (Proprietary) Limited

Airports Company South Africa has a 50% interest in Airports Logistics Property Holdings (Proprietary) Limited with the remaining 50% held by Bidvest Holdings Limited. In previous years the parties have jointly developed two distribution centres at O.R. Tambo International Airport and a third at Cape Town International Airport. Airports Company South Africa contributed the land for a 45-year period while Bidvest contributed an amount of cash equal to the land value and jointly borrowed money to complete the developments at the three distribution centres. Long-term leases with the Bidvest group of companies are in place, with the Airports Company South Africa portion of rental earning R12.8 million during the current financial year (2014: R15.5 million).

La Mercy Joint Venture Company (Proprietary) Limited (LMJVC)

Airports Company South Africa and the Dube Trade Port Company Limited respectively hold a 40% and 60% interest in LMJVC. The objective of this joint venture arrangement is to commercially enable land holdings in excess of 848ha. With the vast majority of the land zoned as undetermined, the objective is to rezone and service the properties to unlock development opportunities.

This is, however, a long-term venture and is aligned to the growth of businesses north of Durban and the Aerotropolis concept.

The KZN Provincial Government, through the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) developed and approved the KZN Aerotropolis Integrated Strategy during the year under review. This strategy charts the roadmap for, and will guide the implementation of, the Durban Aerotropolis, which is geographically delineated as a one-hour travel distance from King Shaka International Airport. Airports Company South Africa plays an important role in the Steering Committee of the Durban Aerotropolis.

O.R.Tambo International Airport

JIA Piazza Park

Airports Company South Africa wholly owns JIA Piazza Park, and in turn leases the Intercontinental hotel building to JIA Piazza Park. The hotel business itself is undertaken by JIA Piazza Park which has secured reservation and licensing agreements with the InterContinental Hotel Group and a management agreement with Tsogo Sun to operate the hotels up to 2026.

The company earned and received R48 million in rentals in the year under review, up from R42 million earned in the prior year. The group results reflect that hotel turnover for the O.R. Tambo InterContinental generated revenue of R125 million during the year under review (FY2014: R115 million), an improvement year-on-year of 9%. Growth from the corporate sector remains low, and the growth in occupancy comes from the company's marketing efforts to increase business from government, leisure and special tour operators.

The hotel won several awards:

- Skytrax award for 2015 – Best Airport Hotel in Africa
- InterContinental Hotel Group Torch Bearer Award 2015, recognising the top franchise hotel across all measurements in the Africa, Middle East, Europe and Asia (AMEA) region
- The Trip Advisor Travellers Choice Award 2015
- The World Luxury Hotels award – Continent (Africa) Winner: Luxury Airport Hotel.

The hotel strategy is focused on maximising room rates, without negatively affecting occupancy, by ensuring that the hotel delivers the best customer experience and value for money. A soft-furnishing refurbishment is planned for 2016. While corporate guests remain the primary target market, representing over 50% of the guest mix, this market remains the most volatile and rate-sensitive. The hotel's good financial results are also a result of currency exchange rates, brand loyalty to the InterContinental hotel group and our relationships with the tour operators.

AIRPORTS COMPANY SOUTH AFRICA WILL ALSO SEEK TO BECOME INVOLVED IN OTHER INTERNATIONAL AND LOCAL AIRPORT CONCESSION OPPORTUNITIES AND INCREASE ITS GLOBAL PRESENCE THROUGH STRATEGIC INVESTMENTS. THE COMPANY ASPIRES TO CREATE WORLD-CLASS AIRPORTS THROUGH ACTIVE PARTNERSHIPS WITH STRATEGIC PARTNERS BASED IN COUNTRIES OF INTEREST.

R48 MILLION IN RENTALS EARNINGS

Growth from the corporate sector remains low, and the growth in occupancy comes from the company's marketing efforts to increase business from government, leisure and special tour operators.

FINANCIAL CAPITAL

Cape Town International Airport

CHIEF FINANCIAL OFFICER'S REPORT

Maureen Manyama CA(SA)
Chief Financial Officer
31 July 2015

ENSURING FINANCIAL AND COMMERCIAL SUSTAINABILITY

The Group continued to produce strong results in the year ended 31 March 2015, achieving after-tax profits of R1.6 billion, albeit a 8.5% decline from R1.7 billion in FY2014. We continued to ensure that both the funding and cost of borrowing are well managed, resulting in lower financing costs and debt levels. In this way we delivered on all our commitments with our investors.

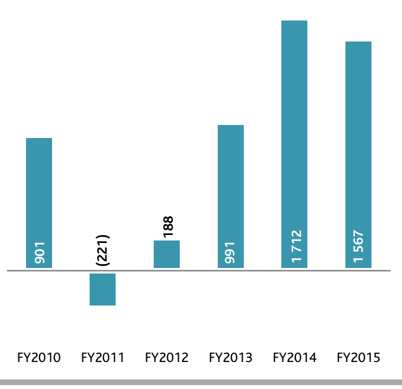
FINANCIAL OVERVIEW

Financial performance and position summary, including key ratios for FY2015:

	FY2015	FY2014	Change on prior year (%)
Financial results			
Revenue	**7 761**	7 127	8.9
Operating profit	**3 791**	3 234	17.2
EBITDA	**5 184**	4 647	11.6
Profit for the year	**1 567**	1 712	(8.5)
Cash generated from operations	**4 587**	4 404	4.2
Financial position			
Total assets	**27 446**	27 889	(1.6)
Total liabilities	**13 451**	15 309	12.1
Key financial ratios			
Return on capital employed	**10.7%**	11.6%	
Net debt/capitalisation	**40%**	46%	
Net debt/EBITDA	**1.82X**	2.34X	
Debt service cover ratio by available cash	**2.23X**	2.15X	
Credit ratings	**AA-/A2.Za**	AA-	

Profitability was driven mainly by strong aeronautical and non-aeronautical revenue performance, and increasing fair values of investment properties. The graph below demonstrates our profitability over the last six financial years:

PROFIT/(LOSS) AFTER TAX (R'MILLION)



The moderate growth rate of the South African economy, coupled with weak economic global growth, were expected to place a strain on passenger volume numbers. However, the group experienced an increase in departing passenger numbers from 17.4 million in FY2014 to 17.8 million in the current year. This resulted in stronger aeronautical and non-aeronautical revenue performance.

Total assets remained stable at R27.4 billion (FY2014: R27.9 billion).

Cash generated by operations increased by 4.2% to R4.6 billion from R4.4 billion in FY2014. The group continued to minimise its cost of borrowings through early debt redemptions where possible, paying off R1.9 billion in FY2015.

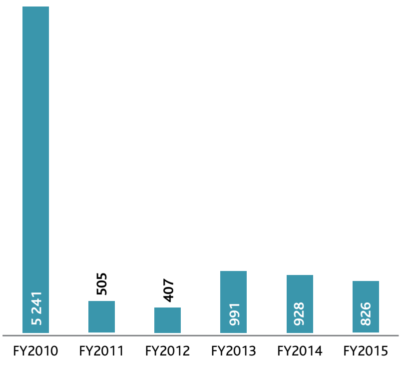
The group's key credit metrics improved in the FY2015 financial year, with net debt to EBITDA improving to 1.82x (FY2014: 2.34x) and EBITDA interest coverage increasing to 4.0x (FY2014: 3.4x)

FINANCIAL CAPITAL (CONTINUED)

CAPITAL EXPENDITURE

Capital expenditure for the FY2015 amounted to R826 million, down from R928 million (11%) in the prior year. The group's present infrastructure programme provided for continuing operations, ensuring efficient refurbishment and replacement of existing infrastructure. No major programmes to increase or add new capacity are planned until at least the FY2017.

CAPITAL EXPENDITURE (R'MILLION)



11% DECREASE IN CAPITAL EXPENDITURE

No major programmes to increase or add new capacity are planned until at least the FY2017.

VALUE CREATED

The group has continued to create value for its stakeholders, growing the indicators by 4% to R6.2 billion as compared to the R6 billion in FY2014. The statement below summarises the total wealth created and further demonstrates how the value was distributed among key stakeholders.

	FY2015	FY2014	Change on prior year (%)
Value created			
Value added by operations	**5 937 652**	5 438 371	9
Sale of goods and services	**7 761 209**	7 126 961	9
Less: cost of goods and services provided	**(1 823 557)**	(1 688 590)	8
Value added by investing activities	**297 078**	551 140	(46)
Finance income	**87 098**	64 702	35
Other income	**209 980**	486 438	(57)
Total value added	**6 234 730**	5 989 511	4
Value distributed to stakeholders	**2 558 566**	2 273 704	13
Benefits to employees	**1 066 166**	992 804	7
Socio-economic development	**52 803**	56 394	(6)
Providers of capital (finance costs)	**1 439 597**	1 224 506	18
Distributed to government and shareholders	**1 028 494**	575 508	79
Income tax expense	**732 071**	477 583	53
Dividends to shareholders	**296 423**	97 925	100
Value reinvested	**1 377 514**	1 525 770	(10)
Depreciation and amortisation	**1 393 491**	1 412 665	(1)
Deferred taxation	**(15 977)**	113 105	(114)
Value retained			
Income retained in the business	**11 199 304**	10 364 493	8
Transfer to reserves (retained earnings)	**11 199 304**	10 364 493	8
Total value distributed and retained	**6 234 730**	5 989 511	4

Cape Town International Airport

FINANCIAL CAPITAL (CONTINUED)

REVENUE

TOTAL REVENUE OF R7.7 BILLION EXCEEDED THE PRIOR YEAR'S BY 9%.

63%
AERONAUTICAL AND

37%
NON-AERONAUTICAL REVENUE

The increase in international and regional passenger volumes had a positive impact on the non-aeronautical revenue, specifically the retail, car rental and parking revenue, which increased by R142 million (9%) compared to the prior year.

Aeronautical revenue

The aeronautical revenue is generated from aircraft landing and parking fees as well as passenger service fees. The traffic trends show that the departing passenger numbers have displayed marginal growth year-on-year to 17.8 million; and the aircraft traffic movements have shown 5% growth from 261 294 in FY2014 to 273 342 in FY2015.

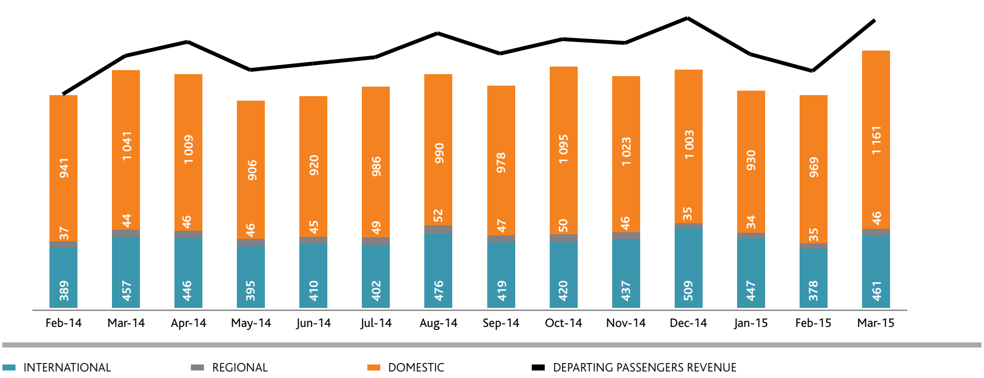
Aeronautical revenue of R4.9 billion shows a year-on-year growth as compared to the R4.6 billion in the FY2014.

This is largely influenced by:

- An effective tariff increase of 5.6%
- Increased international, domestic and regional departing passengers
- Increased regional and domestic aircraft landings.

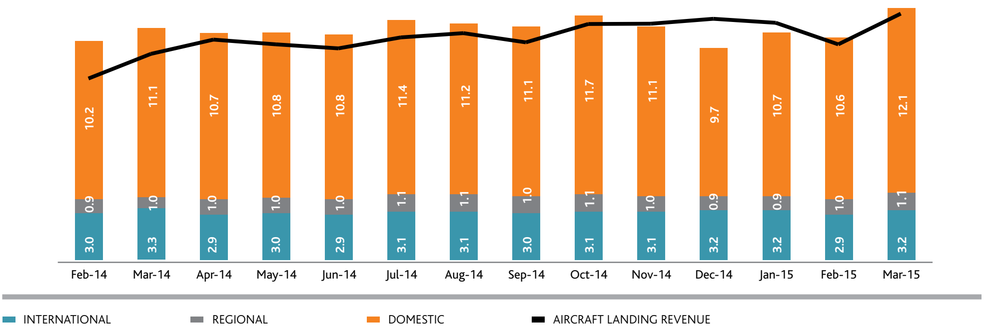
In FY2015, all categories of passengers (international, domestic and regional) showed increases (2%, 3% and 2% respectively), as depicted below:

DEPARTING PASSENGERS AND RELATED REVENUE ('000)



The trend in aircraft traffic movements experienced 9% and 6% increases for regional and domestic respectively, and was offset by a 5% decline in international movements. This trend is depicted below:

ARRIVAL AIRCRAFT AND RELATED REVENUE

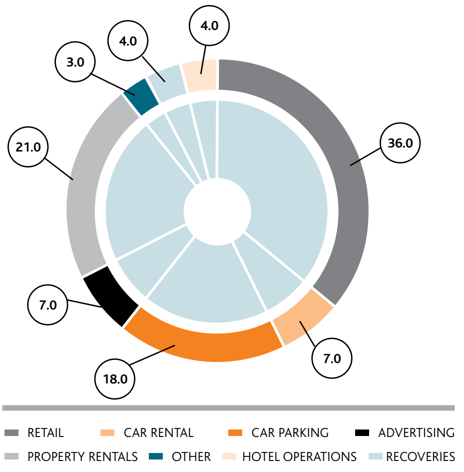


Non-aeronautical revenue:

The non-aeronautical revenue, which is also referred to as commercial revenue, consists of core retail, car parking, advertising, car rental, property rental and costs recovered from tenants, including water, electricity and other utility charges. The total for FY2015 amounted to R2.8 billion.

O.R. Tambo International Airport

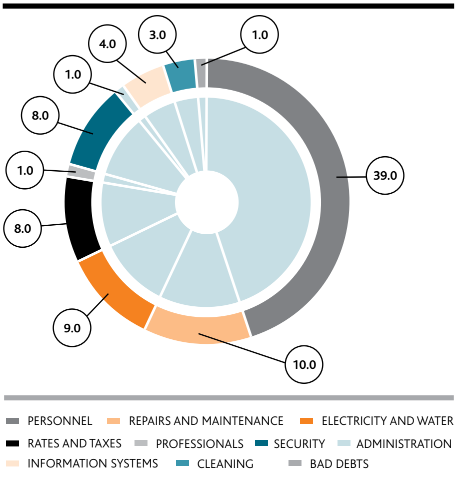
COMMERCIAL REVENUE (%)



OPERATING EXPENSES

The total operating expenses, which comprise other operating expenses, employee costs, depreciation, amortisation and impairments, have shown a 4% year-on-year growth to R4.3 billion. A breakdown of the total operating expenses is depicted below:

OPERATING EXPENDITURE (R'MILLION)



FINANCIAL CAPITAL (CONTINUED)

- The other operating expenses of R1.9 billion comprise the sum of auditors' remuneration, impairment of trade and other receivables, repairs and maintenance, security, information system expenses, rates and taxes, managerial, technical and other fees. Cleaning expenses increased by 14% to R111 million due to annual contractual increases. Information systems expenses increased by 16% to R123 million due to the acquisition of additional software licenses attributable to increased users, and annual contractual license/support costs
- Employee costs have increased by 8% year-on-year to R1 billion. The increase was influenced by annual increases, which averaged 8%
- The depreciation, amortisation and impairments of R1.4 billion remained on par with the 2014 period, decreasing marginally due to lower capital expenditure in FY2015
- Electricity and water increased 4% year-on-year to R272.3 million, and rates and taxes increased by 14% year-on-year to R247.6 million. The increases were due to annual tariff increases
- Impairment of trade and other receivables increased to R31 million (up from R8.5 million in FY2014). Scrutiny of debtor payment patterns and strict application of credit management policy resulted in the group exercising prudence and increasing its provision for doubtful debts from R56 million in FY2014, to R87 million in FY2015.

BALANCE SHEET

The group's balance sheet remains strong and well capitalised. The total assets as at 31 March 2015 were R27.4 billion compared to R27.9 billion in FY2014, a year-on-year decline of 2%. The trend in total assets is depicted below:

TOTAL ASSETS (R'MILLION)

The decline in total assets was driven mainly by the decline in capital expenditure from R928 in FY2014 to R826 in FY2015; an increase in the investment properties arising from the valuations (R361 million); a decline in investments in associates from R1.4 billion to R1.3 billion due to losses incurred on the Aeroporto de Guarulhos investment of R178 million, and R81 million on the Mumbai International Airport investment. The current assets have declined year-on-year by 3% mainly as a result of the reduction in cash reserves to repay borrowings, which matured during the 2015 financial period.

DEBT AND FINANCING COSTS

Interest-bearing borrowings declined from R13.0 billion in FY2014 to R11.2 billion FY2015 due to the company's early debt redemption strategy. In the FY2015 financial year, the company utilised approximately R1.95 billion to repay its debt. The total redemptions of R1.95 billion comprised the following:

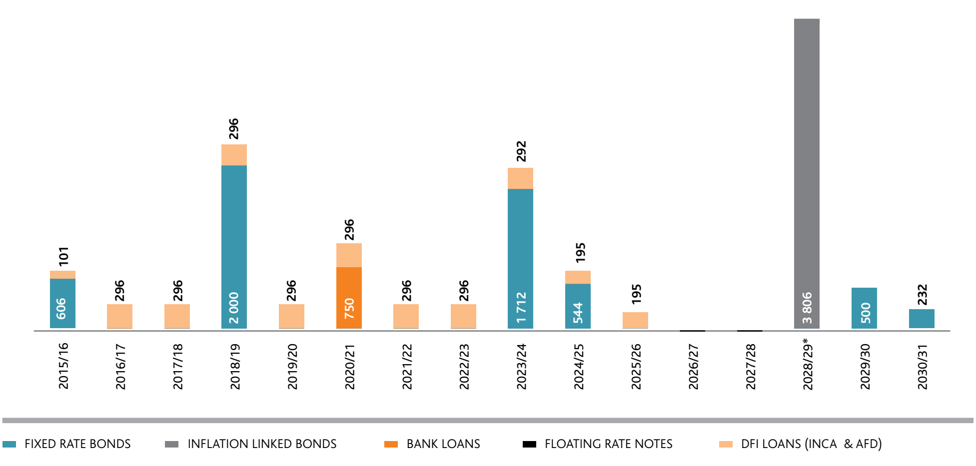
- Partial repayment of R1 billion of the Nedbank loan, approximately five years prior to its original maturity date in September 2020 (original notional amount of R1.7 billion)
- R347 million of the AIR03 bond repaid through switch auction, almost two years prior to its original maturity date in March 2016
- R500 million of the AIR03U floating rate note repaid on maturity in October 2014
- R113 million worth of repayments for amortising loans.

The total debt comprises bonds (67%) issued under its R30 billion domestic-term domestic-note programme, DFI loans (25%) and bank loans (18%). The fixed rate debt accounted for 84% of the total debt portfolio taking into account interest rate swaps.

In FY2015 the group lengthened its debt maturity profile with the introduction of the 10-year AIR04 bond and 16-year AIR05 fixed rate bonds. These bonds were issued as destination bonds for the AIR03 switch auction.

Over the past years the company has lengthened its liabilities profile to match on average the economic life of the company's assets. The graph below depicts the debt maturity profile of the current borrowings:

DEBT MATURITY PROFILE (R'MILLION)



* Projected inflation accretion added to AIRL02 in 2029E

FINANCIAL CAPITAL (CONTINUED)

In FY2016 the company will redeem R703 million worth of debt, consisting of R606 million of the AIR03 bond and R97 million in amortising loans.

In the next two years (FY2016 to FY2017) no additional funding will be required. However, given the latest projections, a total of R2.2 billion in new funding will be required in FY2018.

Finance costs

The net financing cost for FY2015 was R1.4 billion, which is an increase of 18% compared to that of the prior year. Fair value losses of R126 million were incurred on interest rate swaps, compared to profits of R156 million in FY2014. The early repayment of debt, settlement of loans that have reached maturity and quarterly capital repayment of the loans that are amortising, largely drove the decrease in interest costs from R1.4 billion to R1.3 billion. In addition, the company was able to invest surplus cash in call, term deposits, money market and income funds to earn a healthy interest income of R87 million.

Included in fair value gains and losses is a loss of R10 million, incurred on the Stanlib Income Fund and Investec (with a capital balance of R515 million, classified as 'Investments' in the statement of financial position) and the Investec Money Market fund (with a capital balance of R104 million, classified as 'cash and cash equivalents') which have exposure to African Bank Limited's fixed interest instruments. The funds were impacted by a write-down in the value of those fixed interest instruments, referred to as the 'haircut'. The senior debt was written down by 10%, while the subordinated debt and preference shares were written off altogether. The above is as a result of the recapitalisation agreement and the guidelines issued by the SARB on 10 August 2014.

CREDIT RATING REVIEWS

Fitch ratings

On 24 November 2014, Fitch Ratings affirmed a global long-term local currency rating of 'BBB' for the company, with a stable outlook. Fitch also affirmed Airports Company South Africa's National Scale long-term rating and R30 billion Domestic Medium-Term Note (DMTN) programme rating at 'AA-(zaf)' and the national short-term rating at 'F1+ (zaf)'. Fitch expects the company's financial performance to remain stable over the next few years, based on its ability to recoup previous capital expenditure with regulatory tariff increases.

Fitch expects recent deleveraging to be sustained in the short term despite a drop in traffic. However, increased capital expenditure projections, together with continued economic uncertainty in the domestic aviation market and the regulatory regime, are likely to cause leverage to increase above the targeted three times by 2018-2020 in the Fitch Rating Case. This constrains the company's ratings at their current level, despite recent deleveraging, and is reflected in the Stable Outlook.

Moody's ratings

The company appointed Moody's as its second rating agency in 2014 and on 25 November 2014, Moody's Investors Service assigned first time ratings of Baa2 issuer rating and A2.Za National Scale Rating to the company. The outlook for the ratings was stable.

The Baa2/A2.za ratings are supported by the company's:

(i) ownership of a network of key infrastructure assets, with a monopolistic position in international scheduled traffic and a dominant position (more than 90%) of domestic scheduled traffic in South Africa;
(ii) strong and diverse service area, which includes all major conurbations in South Africa;
(iii) well-invested and appropriately dimensioned asset base, which benefited from large investments in the lead up to the 2010 FIFA World Cup; and
(iv) moderately levered financial profile and a reasonably conservative financial policy.

Moody's later changed the outlook from stable to negative after the draft permission 2016 to 2020 was published.

Credit ratings impact

The ratings also include a one-notch rating uplift for the likelihood of extraordinary support being provided by the government of South Africa. The company's ratings are, however, constrained by:

a. a system of economic regulation that eschews prefunding of capital expenditure, therefore exacerbating fluctuations in the company's leverage whenever a large capital expenditure programme is implemented;
b. the company's exposure to the South African Airways group, which currently relies on continued financial support from the South African Government; and
c. exposure to the somewhat volatile economic conditions of South Africa, including expected below-trend economic growth and relatively high financing costs.

Moody's assigned a national scale rating of A2.za in accordance with mapping Moody's national scale rating to global scale ratings, the A2.za maps to a Baa2 global scale rating.

In general, both ratings could be downgraded if credit metrics deteriorate over a sustained period, or should the regulatory settlement not allow the company to earn a sufficient return, or if the company were unable to adjust capital expenditure to maintain its financial profile and meet its financial covenants.

A marked deterioration of the general economy in South Africa could also prompt a negative rating action, and a change in the sovereign ratings would also cause the ratings to be reviewed. The company will endeavour to maintain or improve the current rating over the long-term by ensuring that key metrics remain within rating requirements.

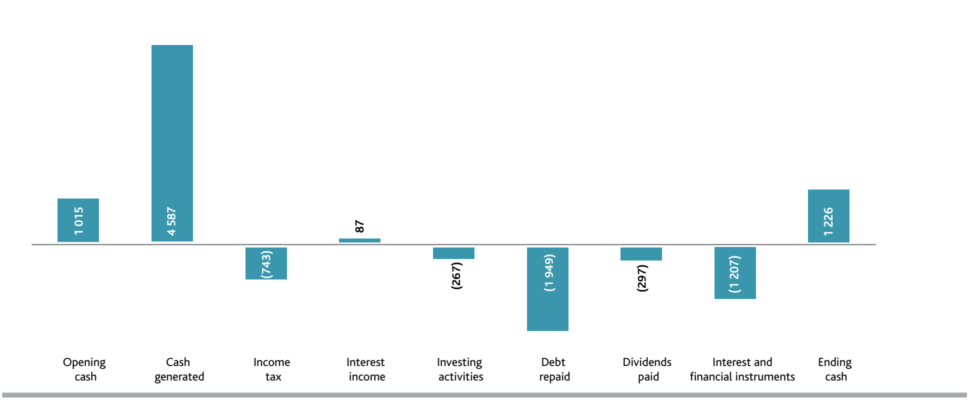
CASH FLOWS

The cash as at 31 March 2015 was R1.2 billion and has increased by R212 million (21%) as compared to the FY2014 balance. The performance has been influenced by various factors:

- The cash generated from operations grew by 4% to R4.6 billion
- The cash outflows from financing activities were R3.5 billion in FY2015 as compared to R3.3 billion in FY2014. The company continued to honour its agreements for the repayment of interest-bearing borrowings (FY2015 and FY2014: R1.9 billion) and interest/finance costs (FY2015: R1.1 billion and FY2014: R1.2 billion).

The cash flow analysis for FY2015 is depicted in the graph below:

CASH FLOW ANALYSIS FOR FY 2015



FINANCIAL CAPITAL (CONTINUED)

OUTLOOK

The company has continued to forecast for net profit for FY2016 – FY2018; however, there is a concerted effort to reduce the cost base of the company to ensure that the financial sustainability goal is achieved. A capex programme of R8.9 billion is planned for the corporate plan period FY2016 to FY2018, which is anticipated to be funded largely from internally generated resources while external funding will be sought in the final year of the corporate plan.

Increasing profitability

The company has budgeted net profit of R1.2 billion (FY2016), growing to R1.4 billion (FY2018) during the final year of the corporate plan.

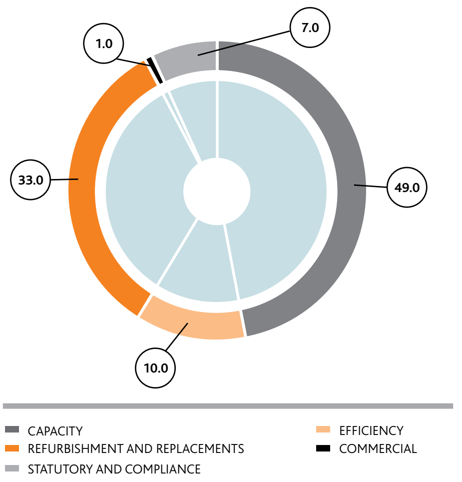
THE COMPANY CONTINUES TO AIM AT MAXIMISING SHAREHOLDER VALUE THROUGH INCREASING PROFITABILITY, WHILE ENSURING THAT FUNDING AND THE COST OF BORROWINGS IS WELL MANAGED AND PRESERVING LIQUIDITY LEVELS.

	Actual	Budget/plan		
	FY2015	FY2016	FY2017	FY2018
Financial indicators				
EBITDA (R'm)	**5 184**	4 100	3 790	3 925
EBITDA margin (%)	**67**	56	52	52
Net profit (R'm)	**1 567**	1 216	1 157	1 364
Net profit margin (%)	**20**	17	16	18
Return on equity (%)	**11.2**	8.2	7.2	7.8
Return on capital employed (%)	**10.7**	8.4	7.4	7.1
Cost to income ratio (%)	**38**	62	66	66
Non-aeronautical as % of total revenue (%)	**37**	39	42	42
Credit metrics				
Net debt/EBITDA	**1.8**	2.2	2.3	2.7
Net debt/capitalisation (%)	**40**	37	35	38
Interest cover (times)	**1.2**	3.7	4.1	4.2

Capital expenditure programme

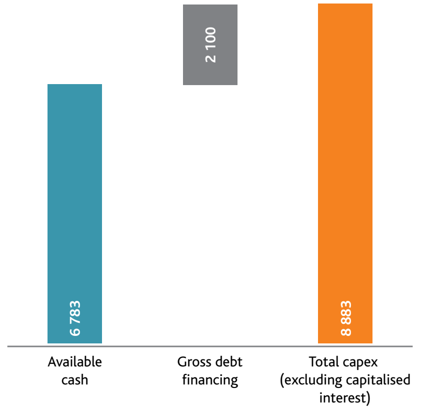
The company has planned a capital expenditure programme of R8.9 billion over the corporate plan period and its composition is depicted on the graph below:

CAPITAL EXPENDITURE PROGRAMME – FY2016 TO FY2018 (%)



Funding requirements

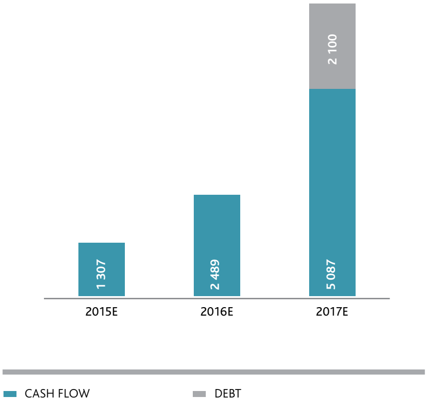
FUNDING REQUIREMENTS (R'MILLION)



As envisaged in the graph above, over the forecast three-year period, cash carried over plus cash generated from operations will fund 77% of the capital expenditure programme, while debt will be required to fund 23%.

It is further projected, as per the graph below, that over the first two years of the forecast three-year period, capital expenditure will be funded solely by cash carried over plus cash generated from operations. The funding shortfall expected during the third year requires new borrowings of R2.1 billion.

FUNDING COMPOSITION (R'MILLION)



The R2.1 billion funding requirement over the forecast period is expected to be funded under the company's R30 billion Domestic Medium-Term Note programme, given the favourable market conditions expected both from a demand and pricing perspective.

INTELLECTUAL CAPITAL


King Shaka International Airport

INFORMATION TECHNOLOGY

REPOSITIONING OF AIRPORTS COMPANY SOUTH AFRICA FROM AN AIRPORT BUSINESS THAT RUNS TECHNOLOGY TO A DIGITAL BUSINESS THAT RUNS AIRPORTS.

EMBRACING A NEW DIGITALLY ENABLED AIRPORTS BUSINESS TREND

OVERVIEW

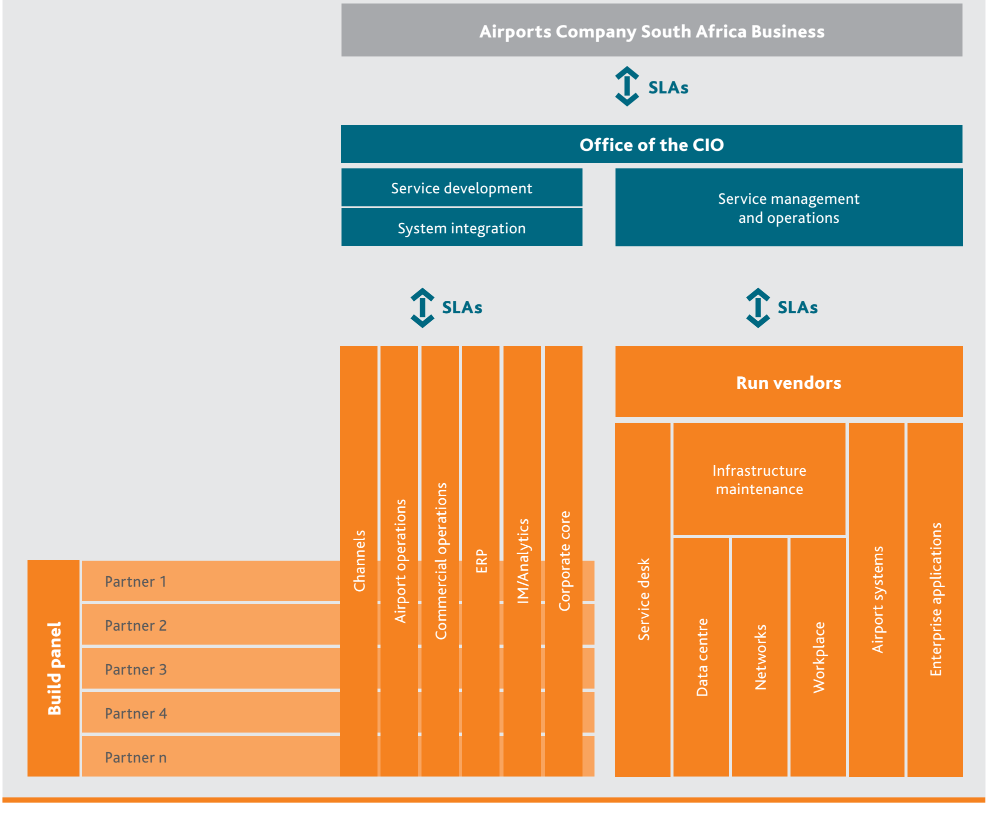
Group Information Technology (Group IT) is responsible for the technology strategy and policy development and implementation, including support and maintenance of customised and best-practice business solutions in order to create a competitive edge for Airports Company South Africa to become the best of its kind.

Embracing new digitally-enabled airports business trends, Group IT is thus a key enabler, and from FY2015, an IT roadmap will be implemented. Group IT contributes to business continuity and sustainability through the protection of Airports Company South Africa intellectual property and ensuring the consistent availability of critical systems. The division achieves these through:

- IT compliance and assurance
- Supply of IT core infrastructure and enterprise solutions
- IT enterprise applications
- Enterprise information security risk management while delivering IT services at agreed levels to business.

Group IT operating model

The year under review has been a defining one for Group IT with the elevation of the division to a more strategic role.



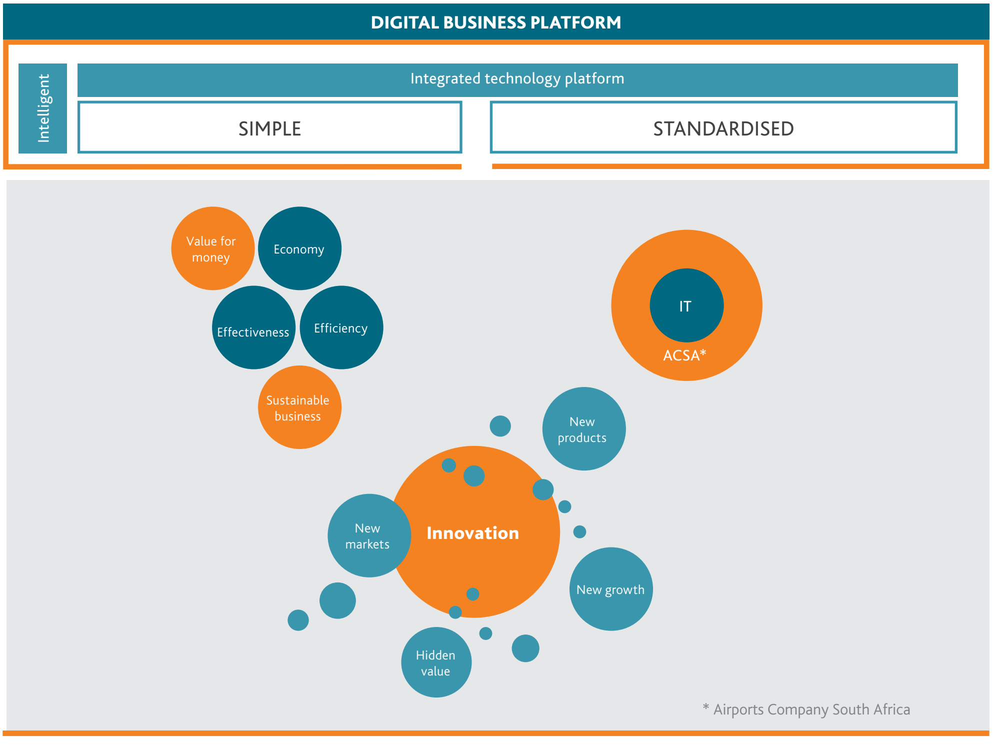
KEY CHANGES INCLUDED THE APPOINTMENT OF A CHIEF INFORMATION OFFICER AT AN EXECUTIVE LEVEL WITH A VIEW TO REPOSITIONING *GROUP IT* AS A TRUE BUSINESS PARTNER, AND APPROVAL OF AN *IT* STRATEGY PROJECT, PROJECT NDIZANI, THAT WILL SHAPE THE FUTURE OF *IT* WITHIN AIRPORTS COMPANY SOUTH AFRICA.

IT has immense potential to transform the business in a way that will allow Airports Company South Africa to gain significant competitive advantage through digitally-enabled airports. Embracing this new digital reality is crucial in ensuring that our airport infrastructure supports the pace of growth in, and the requirements of, both domestic and international passengers. Meeting the needs of a modern, digitally-enabled airport requires an IT capability that is optimised for delivery, innovation and value-creation – an IT capability that is more closely aligned with the company's overall business strategic thrusts and objectives.

Project Ndizani, meaning Take-off, spearheaded by the newly appointed CIO, has strategically reviewed the length and breadth of Group IT's entire operating model and established a practical plan and roadmap that will transform its capabilities to better support a digitally-enabled, world-leading airport business. While the division continues to evolve through Project Ndizani, focus will still be on maximising productivity and sustainability by driving efficiency on existing technologies that are aligned to the strategic roadmap.

O.R. Tambo International Airport

Group IT value proposition



Matters in need of attention

The year under review has been dominated by a number of issues including:

- Repeat audit findings
- Major contractual problems
- Key IT risks for business
- Complacency
- Below average performance and inefficiencies in certain areas
- Poor management of service providers
- Lack of resources
- Low staff morale
- Higher stress-related illnesses and high staff turnover within the division.

ENTERPRISE APPLICATIONS

Legacy systems not aligned to the Group IT strategy, will be consolidated wherever possible into Airports Company South Africa's Enterprise Resource Planning (ERP) system. This will ensure that business processes are executed in a manner that is better integrated with higher levels of automation and improved data integrity. The consolidation of applications into a single platform will further support business intelligence initiatives that are currently underway at the company. During the year under review the company also acquired additional licenses to reinforce its policy of utilising Oracle as an ERP.

ERP continues to be optimised through the implementation of the ERP transformation roadmap for Finance and Human Resources which has been adopted by the organisation's executives and project board. Among other aspects, this roadmap will include:

- Business Intelligence
- Hyperion Planning within Finance
- Cloud computing solutions within HR
- Supply Chain Management Solutions.

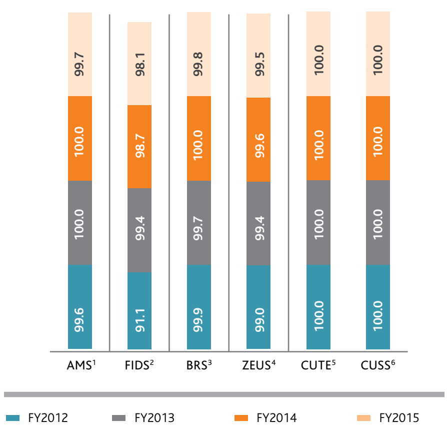
INTELLECTUAL CAPITAL (CONTINUED)

GROUP IT OPERATIONS

The availability of the crucial airport system still remains a vital KPI within Airports Company South Africa. It has performed well, retaining for the past three financial years a benchmark of 98%, an indicator above the required availability. The AMS, FIDS, BRS, CUTE, CUSS and ZEUS systems have been classified as critical because they are core to flight scheduling and resource management, flight information display, baggage handling, passenger processing at check-in, situational awareness and collaborative decision making.

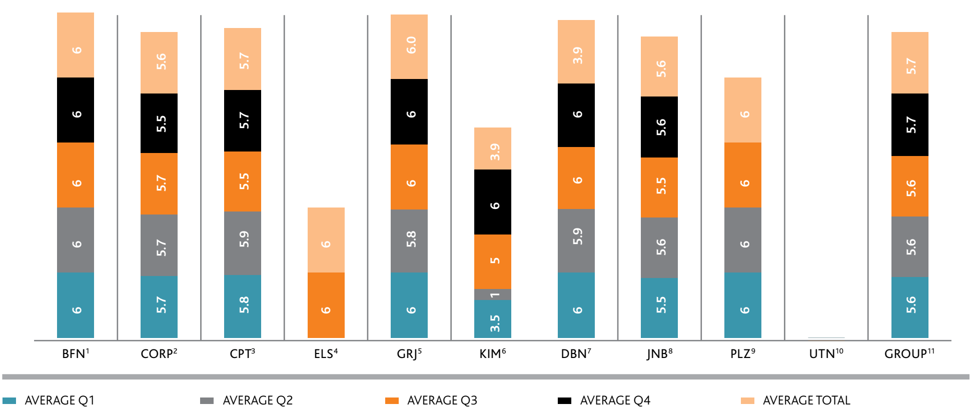
Another key focus area for the IT Service Desk was to become the single point of contact for all IT-related queries. This resulted in increased call-capturing of incidents and services. This functionality largely consists of system-generated alerts in order to conduct proactive monitoring. Other focus areas were to lower the average time for resolving calls, lowering the number of repeat calls and improving the overall Customer Satisfaction Index (CSI) from 4.5 (2014) to 5 (2015), out of a 6-point scale.

SYSTEM AVAILABILITY YEAR-ON-YEAR (%)



1. Airport Management System
2. Flight Information Display System
3. Baggage Reclaim System
4. Airport information management system
5. Common User Terminal Equipment
6. Common User Self Service

CUSTOMER SATISFACTION INDEX



1. Bram Fischer International Airport
2. Corporate
3. Cape Town International Airport
4. East London Airport
5. George Airport
6. Kimberley Airport
7. King Shaka International Airport
8. O.R. Tambo International Airport
9. Port Elizabeth International Airport
10. Upington International Airport
11. Group

ELECTRONIC SERVICES

The Group IT Electronic Services department primarily focuses on the day-to-day operations of all airport electronic systems that support business operations as well as those that are customer-facing. In the year under review, the Group IT Electronic Services division faced a number of challenges with the maintenance and support contracts of key systems. This was compounded by a lack of capacity and skills in critical areas. Interim contracts were put in place to ensure that services are provided to business and stakeholders while permanent solutions are being sought. Transformation of the Group IT operating model will close the current gaps and enable the future status within Electronic Services.

INFORMATION SECURITY

The objective of information security is to ensure that Airports Company South Africa systems, media and facilities are protected and secured to maintain confidentiality, integrity and availability of information and data.

Currently, a growing threat to the safety and security of the global aviation industry lies in systems and technology. In the year under review an assessment on information security was conducted at Airports Company South Africa. A number of areas were highlighted during this assessment which indicated that improvements were required within areas that secure Airports Company South Africa information and data.

This led to the establishment of an Information Security Management Office with the key focus on ensuring confidentiality, integrity and availability of information and data. Since the establishment of this office, an information security blueprint and roadmap were developed. Emphasis has been placed on improving the effectiveness of the current security systems in addition to work on preparation for the projects for FY2016. The biggest challenges are the capability of reporting and achieving compliance. The initiatives identified for FY2015 were to improve reporting capabilities and IT compliance, and to provide the organisation with the capability of identifying further risks and threats.

IMPROVED CUSTOMER SATISFACTION INDEX FROM 4.5 TO 5

Port Elizabeth International Airport

INTELLECTUAL CAPITAL (CONTINUED)

GROUP IT INFRASTRUCTURE

Infrastructure and networks have been an important platform for implementing key business solutions, and successes were achieved in the management of commodities, the refreshing of mobile equipment and infrastructure support for major projects.

While there have been notable successes in some areas, infrastructure has faced many major challenges which have affected business. The instability of specific areas of networks, obsolete infrastructure, lack of disaster recovery systems (DRS), serious inefficiencies in contract management and major problems with governance and supply chain management processes, were some of the issues that needed urgent attention. Some of these reflect current internal audit findings.

Challenges related to power failure dominated, and the lack of a functioning uninterrupted power supply (UPS) exacerbated a situation in which many priority-one calls were logged. It must also be noted that, as with almost all units within Group IT, Infrastructure, although sufficient to maintain daily operations, has limited resources and capabilities to perform optimally. Progress towards digitally enabling airports business depends mainly on stable and robust networks and infrastructure platforms.

Major projects have been initiated in this area to rectify these challenges. With Project Ndizani also addressing most of these issues, the implementation of digital infrastructure cannot be overemphasised.

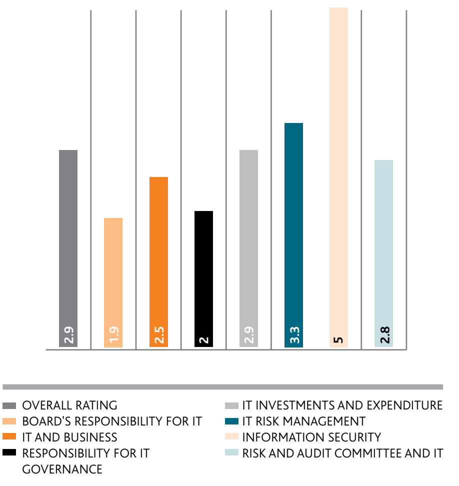
GROUP IT COMPLIANCE AND ASSURANCE

Group IT strives to bear in mind and comply with the laws and regulations governing its industry in addition to other IT-relevant regulations.

Group IT strives to ensure that laws and regulations governing its industry and other IT-relevant regulations are borne in mind and complied with. These laws were identified and built into the Airports Company South Africa compliance universe register, thereby satisfying King III code requirements and minimising exposure to non-compliance risks. Group IT policies were reviewed and aligned with the compliance obligations and a project was initiated to ensure the company's readiness to comply with the Protection of Personal Information Act.

Apart from its legal obligations regarding Group IT, the company has succeeded in meeting most of the King III code requirements in the Group IT Governance section. The assessment of Group IT governance is outlined in the graph below.

KING III IT GOVERNANCE ASSESSMENT



A culture of risk awareness is embedded in the day-to-day operations of Group IT, and is slowly becoming part of the division's DNA. Risk assessments are conducted as and when the Group IT objectives are revisited and amended, which results in new risks being identified.

The division aims to continue to build a risk-aware team and create even more robust processes in its day-to-day risk management. With the new Group IT strategy developed and ready for implementation, risk assessments will be performed to identify possible risks to the successful achievement of the organisation's new IT strategy objectives. These risks will be managed closely and progress on the implementation of treatment plans will continue to be reported on regularly to all IT stakeholders. Establishing a good and ethical relationship with our IT suppliers and vendors will be key to the delivery of the organisation's Group IT strategy. A shared common goal with our IT suppliers was not formulated during the year under review, and both sides lost opportunities of reaping the benefits intended from the partnerships.

IT PROJECT MANAGEMENT OFFICE (IT PMO)

The IT PMO is responsible for the delivery of IT solutions for Airports Company South Africa. The importance of project management as a vehicle for implementation of organisational strategy cannot be overemphasised.

PMO implemented many projects that have added value to Airports Company South Africa's vision. However, most of the projects are Group IT-initiated projects which have had no bearing or impact on business. A few were deferred to future dates, an outcome that could be due to lack of proper planning, and misalignment between business and Group IT. A number of successfully implemented projects through PMO are outlined below, with Project Ndizani being one of them despite the fourfold constraints of budget, time, quality and scope.

Some of the replacement projects are:

- Replacing end-of-life firewalls, switches and servers
- Replacement of public address (PA) system end-of-life components
- Replacement of CUTE and CUSS, and finalising the appointment of a supplier to provide the CUTE and CUSS replacement devices
- Upgrade of the Airport Management System (AMS)
- Integration of the retail management system of retail revenue information with the company systems.

THE YEAR AHEAD

Though there have been challenges in delivering all the Group IT investments and potential solutions for the year under review, there is a drive to streamline and prioritise the portfolio for the next financial year, and thus secure successful project delivery. The focus will also be to ensure that future IT solutions are in line with emerging airline and airport technologies. One of the major challenges has been poor capex, an organisational matter which must be addressed urgently. The adoption and implementation of Project Methodology has not been effective across the organisation and efforts will be made to review it as part of ongoing improvement.

In FY2016, Group IT will be embarking on a digital journey of transforming Airports Company South Africa from being an airport business that runs technology to a digital business that runs airports. This will be at the centre of its contribution towards making Airports Company South Africa a world-leading airports business.

Technology is envisaged as creating a competitive edge and as establishing a platform for Airports Company South Africa to compete equally and effectively with the best in the world. The major focus will be the implementation of an IT roadmap and strategy, a project which will take five years.

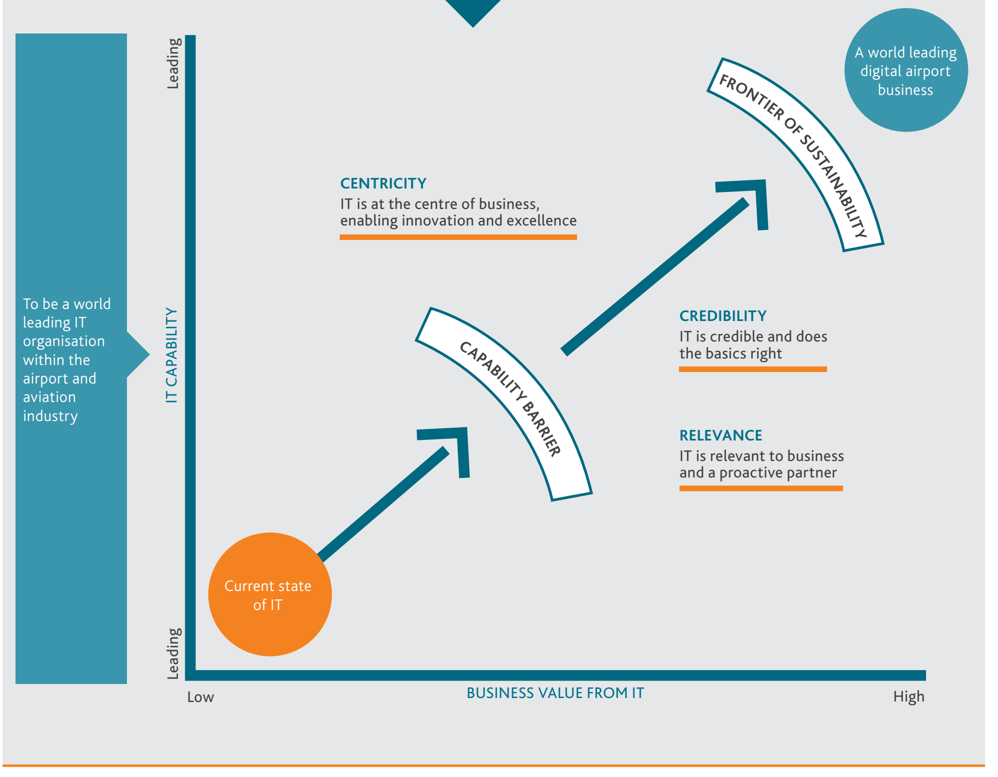
Key themes will be to focus on transformation of the Group IT operating model, optimisation of its enterprise architecture, and the designing of an effective and efficient outsourcing model. Change management will play a critical role with change activities initiated at the start of a year, and reinforced and embedded throughout the project life cycle.

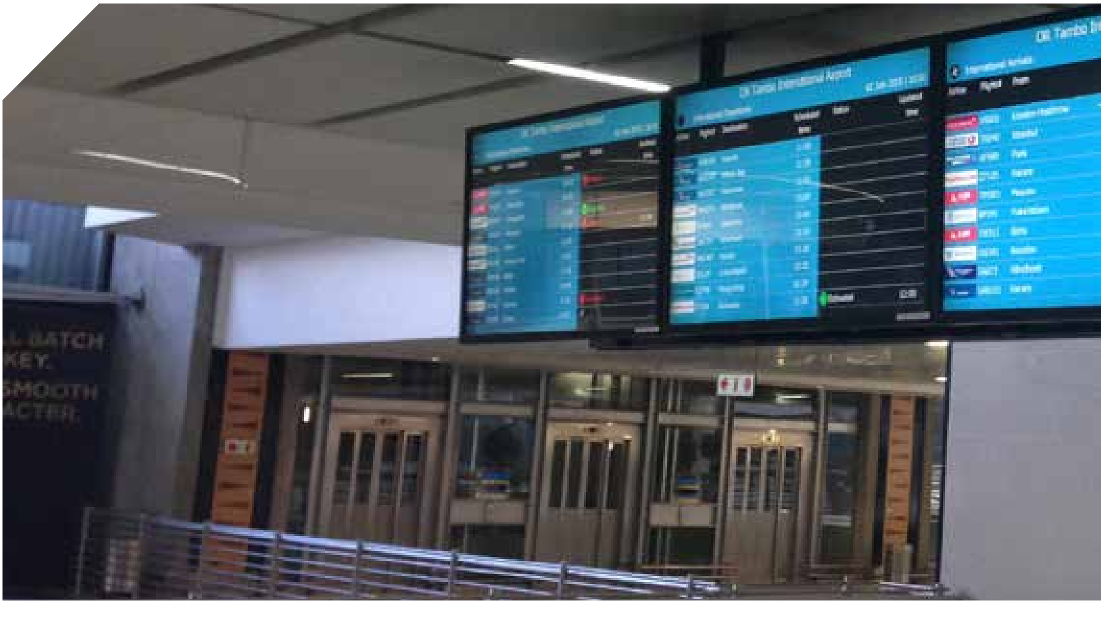
The implementation of these themes will focus on addressing current gaps in IT and enabling future states within the critical dimensions of passenger experience and customer services, social and mobile, business intelligence/analytics and digital Infrastructure.

Cape Town International Airport

INTELLECTUAL CAPITAL (CONTINUED)

GROUP INFORMATION TECHNOLOGY (IT) VISION





THE VISION IS FOR *GROUP IT* TO BE THE WORLD-LEADING INFORMATION TECHNOLOGY ORGANISATION WITHIN THE AIRPORT AND AVIATION INDUSTRY.

To accomplish this, the division will have to be relevant, at the centre of business, and become a catalyst for innovation.

Transformation of IT capabilities, processes and a capable working force will be some of the immediate deliverables in the year to come. In addition, shaping the portfolio of projects and alignment to the new operating model will be prioritised.

Management and implementation of the current and future Oracle Enterprise Resources Planning (ERP) roadmap will also be given priority.

Oracle ERP will be a key systems integrator and a major focus in enabling business planning and business intelligence. Its role will be critical to the effective execution of a successful value chain across the organisation. The implementation of King III principles, which are a concern of the board, will be part of the priority deliverables.

A major drive for resolving audit findings within Group IT has been initiated and will continue to receive the utmost attention going forward.

O.R. Tambo International Airport

HUMAN CAPITAL

OUR PEOPLE

HIGHLIGHTS

HEAD COUNT

2 834
Number of employees
(FY2014: 2 819)

92
Young talent (number)
(FY2014: 125)

R875 481 240
Head count cost
(guaranteed pay)
(FY2014: R792 304 654)

9.1%
Vacancy rate
(permanent posts)
(FY2014: 9.4%)

193
Internal staff
promoted
(FY2014: 180)

209
Recruited – external
(permanent)
(FY2014: 302)

149
Terminated (permanent)
(FY2014: 137)

5.3%
Turnover – permanent staff
(FY2014: 5.0%)

LEARNING AND PERFORMANCE

7 245
People trained (number)
(FY2014: 6 326)

R32m
Training spend (value)
(FY2014: R30m)

TRANSFORMATION

22.5%	Skills development (Empowerdex*) (FY2013: 22.2)
14.1	Employment equity (Empowerdex*) (FY2013: 13.8)
90.5% [2 563]	Black employee representation (FY2014: 89.6% [2 488])
44.5% [1 259]	Women employee representation (FY2014: 43.9% [1 220])

* Empowerdex certification is issued retrospectively.

EMPLOYEE WELLNESS AND ENGAGEMENT

3.7
Employee satisfaction survey
(FY2014: 3.6)

33.8%
Employee wellness (average utilisation rate)
(FY2014: 23.5%)

2.3%
Absenteeism rate
(FY2014: 3.2%)

491
Discipline and grievance
(FY2014: 389)

SUCCESSION AND LEADERSHIP DEVELOPMENT

3%
Successor availability
(Target 65%)
(FY2014: 65%)

93%
Development plans (availability)
(FY2014: 94%)

75%
Development plans (progress)
(FY2014: 69%)

20
Leadership development (number trained)
(FY2014: 20)

HUMAN CAPITAL (CONTINUED)

OVERVIEW

At Airports Company South Africa, the purpose of the Human Resources Department is to co-create an environment within which our employees can realise their full potential, thereby creating individual and company prosperity in a sustainable manner. The essence of our approach is underpinned by the following principles:

- Our employees are fully engaged and experience a sense of belonging
- Our employees are enabled to make a meaningful contribution in a socially conscious manner
- Our employees are capable and continuously strive towards self-actualisation
- Employee well-being allows our staff to flourish and improve their personal quality of life
- Employees demonstrate a self-generated willingness to perform.

KEY DRIVERS AND COMMITMENTS

Human resources continually strives to:

- Co-create and embed a work environment and people culture, reflective of equality and transparency
- Secure meaningful employee wellness and engagement
- Embed a value proposition for fair and equitable employee reward
- Engage and develop organisational capability and aviation expertise for local and global markets
- Secure capable and agile leadership capability
- Embed an enabling and integrated systems platform in support of employee wellness and business strategy execution.

SECURING CAPABLE AND AGILE LEADERSHIP CAPABILITY

Succession management

The main aim of the company's succession planning and management strategy is to ensure a sustainable talent pipeline of high-performing and competent people, enabling the company to have a credible pool of successors for leadership and technical positions. The company aims to have a minimum of 65% ready-now successors for identified critical positions.

In the year under review, in considering the skills required to steer the business into the future, the company increased the number of critical positions from 41 to 57. This increase widened the gap between actual available successors and the set target. The availability of ready-now successors for executive positions closed at a solid 67% availability from a low base of 43%, placing the company in a confident position in ensuring sustainable senior leadership continuity. The company has initiated numerous talent strategies that include recruitment, development, and retention of key talent to boost the succession pool. These talent strategies are anchored on a strong transformation agenda.

The company has further embarked on a project focused on taking the identified successors through a comprehensive assessment centre, resulting in a more robust understanding of the status of the current pool and scientifically-informed individual development plans. This initiative, coupled with existing leadership programmes, will contribute meaningfully to bridging this gap. The assessment process did not halt the implementation of existing individual development plans. Of identified successors, 93% had individual development plans, of which 75% of implementation progress was achieved. Employees on skilled technical and professionally qualified levels represent a strong pipeline for career development in the business.

Leadership development

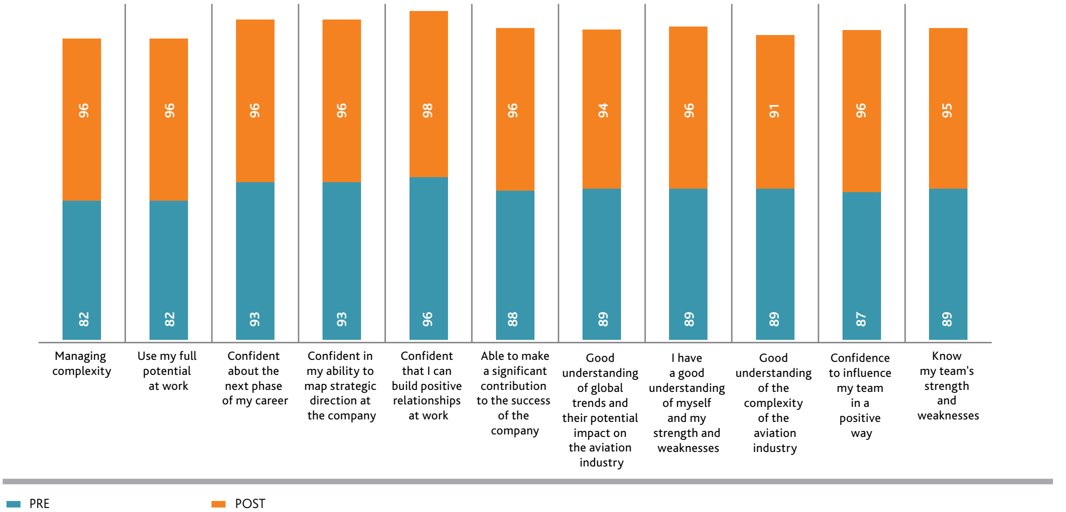
Leadership development remains a strategic priority for the Airports Company South Africa. The company has engaged in coaching and mentoring programmes to embed a learning culture and ensure sustainable growth. In addition, over the past years, the organisation has implemented leadership development programmes tailored to address the following leadership levels:

- A Supervisory Development Programme (SDP) targeting front line managers
- A Management Development Programme (MDP) in partnership with the Gordon Institute of Business Science (GIBS), aimed at middle management
- An Executive Development Programme (EDP) in partnership with Henley Business School, focused on the senior leadership team.

The EDP, presented in partnership with the Henley Business School, forms an integral part of the company's talent and succession management approach, noting in particular the importance of building a future leadership pipeline.

The graph below reflects the impact of the programme on delegate learning.

LEARNING RATING (%)



The final programme results can be summarised as follows:

- High programme ratings were achieved for all sessions, scoring between 80% and 100%, noting variables such as value and relevance of programme content, facilitator competency, emotional and physical learning environment, and programme administration.
- High learning ratings were achieved.
- Facilitators' feedback indicates a high level of engagement and participation.
- Three of the four NGO projects were of a high standard, demonstrating high potential impact on the selected NGO.

The business is focused on ensuring that skills are built internally to ensure a solid pipeline is available in the right skills categories, reflective of the transformational objectives of the business. The opportunities that exist to buy skills are equally important in building a pipeline reflective of the transformational objectives. The business succeeds in maintaining the focus year-on-year, attracting the required skills in accordance with plans.

Organisational capability and aviation expertise for local and global markets

The company supports the development of its employees to ensure continuous enhanced performance and profitability, with a spend of R32 million during the period under review on training and education. This represents 5% of the salary bill, which exceeds best practice standards of 3%. A formal Workplace Skills Plan ensures compliance with business needs and career development. Full compliance was achieved against the company's training plan. The company initiated 7 245 training interventions against last year's number of 6 326, with technical training provided through the company's training academy. The focus regarding technical capability has been on deepening aviation safety and security skills by providing international training through Airports Council International (ACI), ICAO, the International Air Transport Association (IATA) and the Transport Security Administration (TSA).

One of the key focus areas of the company's capacity-building strategy is developing young talent. This is supported by several programmes to build future capacity. The company nurtured 78 young talent candidates for critical and core skills through learnerships, internships, trainee programmes, and bursaries, including those for employees' children who have embarked on studies that are aligned with the company's critical workforce segment.

The focus on young talent also extends to providing job exposure for high school pupils and hosting events that promote career awareness within the aviation industry through the Joint Aviation Awareness Programme (JAAP) and International Civil Aviation Day (ICAD).

Resourcing

The executive committee continuously considers current and future capability requirements as dictated by company strategy as well as interventions required to ensure optimal resourcing. In this regard, recruitment capability plays an important role and different recruitment platforms are continuously engaged to ensure higher visibility of the company employer brand in external markets. Over recent years, the company has also successfully established a strong professional database on various platforms.

Organisational capability was built with current employees, resulting in 193 staff advancement opportunities and 209 people employed from external sources during the year under review. We will continue the journey embarked upon to define and create a brand that identifies us as an employer to be sought after by prospective employees, which in turn will ensure the required capability in the business.

Appointments, promotions and terminations

The business follows an approach of determining critical workforce segments and plans strategically to build, buy or borrow right skills. The following illustration demonstrates progress made in the categories of promotions and appointments as it relates to transformation.

WORKFORCE MOVEMENTS: APPOINTMENTS, PROMOTIONS AND TERMINATIONS FOR THE PERIOD APRIL 2014 TO MARCH 2015

	Male				Female				Foreign		Pwd		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Appointments	112	3	1	0	87	1	2	1	0	0	2	0	209
Promotions	80	19	3	8	64	9	1	9	0	0	0	0	193
Terminations	38	11	5	8	47	20	9	7	2	0	0	2	149

A African
C Coloured
I Indian
W White

M Male
F Female
Pwd People with disabilities

SECURING MEANINGFUL EMPLOYEE RELATIONS AND ENGAGEMENT

The level of employee engagement in any business is a key driver towards successful implementation of business strategies. Airports Company South Africa is focused on increased employee satisfaction and engagement to ensure that staff contributes in a healthy and balanced manner towards organisational success and productivity. The four key areas that the company focuses on are:

- Employee relations
- Employee engagement
- Employee wellbeing
- Employee discipline.

Employee relations

Airports Company South Africa operates within a unionised environment with the National, Education, Health and Allied Workers Union (Nehawu) as its representative trade union since 31 January 2005. This relationship has been pitched at a strategic partnership level to generate employee relations stability that supports uninterrupted aviation service delivery to Africa and the world. The employee relations stability within the company manifests itself in successful resolutions around:

- Robust yet mature collective bargaining
- Structured and vibrant employee communications
- Resilient and dynamic workplace consultation forums
- Joint-resolution and other workplace structures.

The following are areas of work categories that have been designated essential services by the essential services committee:

- Security
- Safety
- Electrical services
- Fire and rescue.

This designation has strengthened the resolve of this partnership to successfully tackle complex employee relation issues, particularly because the two parties are respectively not at liberty to go on strike action or resort to lockouts.

It needs to be acknowledged that Airports Company South Africa conducts its business within the broader South African labour relations environment which is plagued with a proliferation of challenges. While other companies may be faced with enormous amounts of employee relations disputes, Airports Company South Africa prides itself for having had no strike action for almost a decade. The following are some of the collective achievements that have emerged from collective bargaining processes with Nehawu:

- Progressive policies to assist first-time homeowners acquire housing property
- Bursaries for talented children of employees to pursue university degrees
- Successful annual wage settlements without any industrial action.

The co-operative relationship with Nehawu will be needed even more with the advent of the new amendments to the Labour Relations Act which has introduced new sets of employee relations challenges. The new amendments have been promulgated into law from 1 January 2015 and the company has put together an implementation and change management plan to successfully make the transition to the new era.

Employee engagement

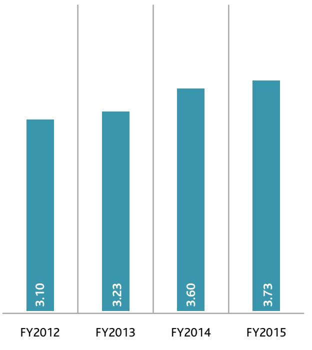
The level of employee satisfaction and engagement in the business is a key driver towards successful implementation of business objectives.

In this regard, it is important to understand how the emotional commitment of staff impacts on the discretionary effort and the willingness to go above and beyond the call of duty, that will be applied during the course of their employment. In addition, it is also important to obtain an understanding of employees' intent to stay, reflecting on matters such as whether they are actively seeking other jobs, have plans to do so, or have done so recently.

The 2015 employee satisfaction survey marked another successful evaluation of employee perception, satisfaction, engagement and commitment levels. The employee engagement and satisfaction levels measured over four years on a 5-point scale, are reflected on the following page.

HUMAN CAPITAL (CONTINUED)

AIRPORT COMPANY SOUTH AFRICA YEAR-ON-YEAR ENGAGEMENT SCORES



This indicator measures airport operations and commercial stakeholders' perception of the company, based on survey questions relating to the environment, facilities, people and productivity, and technology and equipment. Scoring scale: 1-5 with 1 being poor and 5 being excellent

The results have shown that employees place a high level of importance on the dimensions of customer focus, organisation, values, teams and people. Employees also believe that the company is performing well in these areas. The ratings achieved on the rewards parameter is a clear indication that the identified Reward and Benefit project in the business is well positioned to raise employee satisfaction and engagement levels.

Engagement driver	FY2015	FY2014
Organisation	**4.18**	3.83
Career management	**3.68**	3.55
Performance management	**3.59**	3.49
Team/people	**3.83**	3.72
Rewards	**3.80**	3.33
Work environment	**3.44**	3.34
Values	**3.77**	3.62
Leadership	**3.54**	3.31
Customer focus	**3.97**	3.97
Overall views	**4.00**	3.80
Overall scores	**3.73**	3.60

The increased score achieved during FY2015 is indicative of efforts made and initiatives implemented by the company's leadership team. There will be a continued focus on key initiatives identified as having the capacity to further enhance the company employee value proposition.

Employee wellbeing

The company employee value proposition is certainly further enhanced by an extensive supporting wellness offering. The Airports Company South Africa employee wellbeing programme (EWP), through a preventative and proactive approach to health care, is designed to:

- Improve the health of staff
- Reduce the risk of injury
- Improve their health and consumer skills
- Heighten their individual productivity and well-being.

There is a strong correlation between employee wellness and improvements in workplace morale, loyalty, performance, as well as associated reductions in organisational operating costs and profits.

Employee disciplinary record

The company approach to employee discipline has been fortified towards ensuring that we uphold the good governance and compliance tenets as expected from the company and its employees. The table below outlines a summary of employee disciplinary actions recorded in the year under review as compared to FY2014.

Disciplinary action	FY2015	FY2014
Dismissals	**26**	42
Warnings	**182**	169
Current cases	**147**	105
CCMA	**67**	49
Labour Court cases	**23**	4
Total	**445**	369

EMBEDDING A FAIR AND EQUITABLE EMPLOYEE REWARD VALUE PROPOSITION

In an effort to continuously create a reward and benefits value proposition, the Airports Company South Africa board of directors approved the enhancement of employee's benefits and budget regarding the Housing Assistance and Transport Solution programmes. These programmes will be rolled out in FY2016.

The company's performance management practice aligns the business performance objectives with its employees by rewarding their individual efforts through a short-term incentive performance bonus scheme. The scheme is directly linked to the company performance scorecard approved by the board committee and shareholders on an annual basis. Once the company achieves the set business targets, the board committee will approve the bonus pool and delegate executive directors to distribute the bonus pool in the form of a cash payment.

READ MORE ON REMUNERATION UNDER REMUNERATION REPORT ON PAGE 158.

THE IMAGINED FUTURE

The executive will drive the people strategy for the organisation, believing that the people in the organisation and their behaviours and role in society have a direct link to the organisation's success or failure. Incentives will move beyond being reward-related and will migrate to include participation in societal building initiatives.

We believe that employees choose employers who match their beliefs and values. We will therefore foster a more holistic approach to developing our people, including personal development and measuring the impact they have on the wider world. In turn, our employees will be more engaged and as a result view their jobs as a means to expressing their individual purpose.

We will achieve our goals and will continue to strive for higher impact in the lives of our employees for the benefit of our business.

HUMAN RESOURCES WILL DEVELOP A POWERFUL SOCIAL CONSCIENCE AND GREEN SENSE OF RESPONSIBILITY WHERE SOCIETY AND BUSINESS SEE THEIR AGENDA ALIGN.

King Shaka International Airport

SOCIAL AND RELATIONSHIP CAPITAL

Our people

TRANSFORMATION

Employment Equity – Co-creating and embedding a work environment and people culture reflective of equality and transparency

The company remains committed to transformation and to achieving workforce diversity representative of the country. We strive to continuously create a working environment that is inclusive, productive and free from any discrimination. There is a strong focus on initiatives that will ensure the achievement of the five-year employment equity plan, which commenced in 2011. Our enabling employment equity objectives and strategy support sustainable transformation. The objectives and actions of the employment equity strategy are designed to support the achievement of definite goals:

- We demonstrate, and are accountable for, our ongoing commitment to diversity and inclusion
- We equitably reflect the public we serve at all levels of the workforce
- We ensure an inclusive and respectful workplace, free of harassment and discrimination
- We are a culturally competent workforce that values diversity and inclusion.

The transformation agenda has progressed from compliance to one that is based on principles that will ensure business sustainability. In doing so, the company proactively manages two key drivers: sustainable workplace transformation and the fostering of an inclusive culture.

The progress as well as future focus are reflected in the workforce profile of the business during the year under review compared to the 2016 goal (see table overleaf):

The company made considerable progress towards achieving the targets as set out in the five-year employment equity plan, with a marked increase noted in African male and female representation, which is now aligned closer to the national economically active population (EAP).

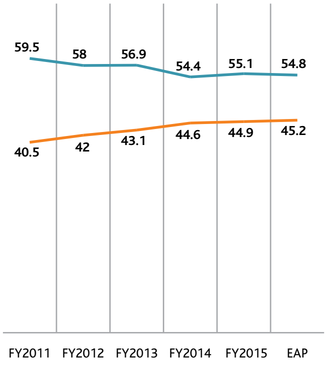
GENDER REPRESENTATION

We strive for equal representation of women at all levels of the workforce. Our gender equity efforts are framed within the requirements of employment equity and empowerment B-BBEE legislation. The graph below illustrates the substantial progress made in the adjustment of gender representation aligned to the national EAP of South Africa.

		Male				Female				Foreign	
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
Top management	March 2014	2	0	2	3	2	0	0	1	1	0
	March 2015	3	0	2	3	4	0	0	1	0	0
	Goal 2016	3	0	2	2	3	1	0	0	0	0
Senior management	March 2014	8	4	5	7	10	1	3	4	0	0
	March 2015	6	4	6	6	10	1	3	3	0	1
	Goal 2016	12	2	6	7	9	3	3	3	2	0
Professionally qualified	March 2014	53	20	28	25	40	13	7	13	1	0
	March 2015	62	22	27	25	53	13	6	13	0	0
	Goal 2016	57	17	23	17	46	9	10	12	1	0
Skilled technical	March 2014	366	145	62	106	336	87	33	77	1	1
	March 2015	412	140	57	96	386	77	31	75	0	1
	Goal 2016	326	96	40	79	311	81	26	72	1	0
Semi-skilled	March 2014	472	42	15	17	440	55	7	18	1	0
	March 2015	462	34	14	18	433	54	5	14	1	0
	Goal 2016	455	34	20	11	435	34	6	5	0	0
Unskilled	March 2014	151	18	1	1	44	8	0	0	0	0
	March 2015	147	14	0	0	67	6	0	0	0	0
	Goal 2016	161	8	2	2	73	1	0	0	0	0
Total permanent#	March 2014	1 052	229	113	159	872	164	50	113	4	1
	March 2015	1 092	214	106	148	953	151	45	106	1	2
	Goal 2016	1 014	157	93	118	877	129	45	92	4	0
Temporary employees#	March 2014	23	2	0	0	36	1	0	0	0	0
	March 2015	49	2	0	0	53	2	2	0	0	0
Grand total	March 2014	1 075	231	113	159	908	165	50	113	4	1
	March 2014	38.1%	8.2%	4.0%	5.6%	32.2%	5.9%	1.8%	4.0%	0.1%	0.0%
	March 2015	1 141	216	106	148	1 006	153	47	106	1	2
	March 2015	39.0%	7.4%	3.6%	5.1%	34.4%	5.2%	1.6%	3.6%	0.0%	0.1%
Economically active population		**40.70%**	**5.80%**	**1.90%**	**6.40%**	**34.30%**	**5.00%**	**1.10%**	**4.90%**	**0.00%**	**0.00%**

SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

GENDER REPRESENTATION (%)



The emphasis on gender representation since the inception of the employment equity plan is evidence of focused and direct efforts to increase female representation on management level and above.

The visible increase in African female representation at the top management level is attributable to the successful appointment of the Group Executive: Corporate Affairs as well as the General Manager O.R. Tambo International Airport.

With minimal opportunities to increase gender representation at senior management level the representation of females in the same category remains aligned to the national EAP.

The female representation for professionally qualified staff, specifically noting African female, increased from 40 to 53 in specialised fields which include civil engineering, IT, and safety and risk management, among others.

PEOPLE WITH DISABILITIES

Airports Company South Africa's employment equity plan outlines intentions to increase the representation in the workforce of people with disabilities.

Through the continuous elimination of employment equity barriers, the company will raise understanding and awareness by implementing further disability training programmes to ensure the reasonable accommodation and integration of people with disabilities.

Continuous effort is made to increase the representation of people with disabilities towards the required target of 64 (2.2%). As at end March 2015, there were 52 people with disabilities represented in the workforce, 1.8% of the total against a target for FY2016.

ENTERPRISE DEVELOPMENT

The annual value of enterprise development contributions totalled R70.2 million (FY2014: R58.8 million)

We have spent R13 million in seed capital to fund enterprise development beneficiaries during the year under review. Our contributions go towards operating and financial capacity and in enterprise development aimed at business sustainability. Further initiatives and indirect funding to the value of R2 million was spent to assist beneficiaries through mentoring and coaching to ensure that they are viable and sustainable in their initial year of operation and beyond.

MEDICAL ACCESS AND JOBS

Airports Company South Africa's drive to ensure business sustainability, advance the National Development Plan (NDP) and bolster the country's skills base resulted in the signing of a milestone lease agreement on Friday, 6 June 2014 in Sandton, Johannesburg. The 30-year lease agreement with Nuriwise will see BusaMed, a private hospital group, develop a sub-acute hospital within the 50ha Bram Fisher International Airport Boulevard Precinct in Bloemfontein.

Doors are scheduled to open in the first quarter of 2016. The project will create jobs during construction in addition to helping the country with specialised skills attraction and acquisition post construction. This is the first time that a hospital, either private or public, will be built in Mangaung. Given the location, the new facility is expected to benefit not only the city's residents, but the people of Thaba 'Nchu, Botshabelo and those hailing from as far as Kimberley and Maseru, in the Kingdom of Lesotho.

PREFERENTIAL PROCUREMENT

Our procurement spend is used to support the government transformation agenda in ensuring the participation of previously disadvantaged entities and individuals. Preference is given to black-owned business, black women, youth and businesses owned by people with disabilities, within our sphere of influence.

Preferential procurement analysis	FY2015	FY2014
B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total measureable procurement spend (TMPS).	**R1.9bn**	R2bn
B-BBEE procurement spend from all empowering suppliers that are qualifying small enterprises based on applicable B-BBEE recognition levels as a percentage of TMPS.	**R682m**	R600m
B-BBEE procurement spend from all exempted enterprises based on applicable B-BBEE recognition levels as a percentage of TMPS.	**R187m**	R186m
B-BBEE procurement spend from all empowering suppliers that are at least 51% Black-owned based on applicable B-BBEE recognition levels as a percentage of TMPS.	**R660m**	R867m
B-BBEE procurement spend from all empowering suppliers that are at least 30% black women-owned based on applicable B-BBEE recognition levels as a percentage of TMPS.	**R367m**	R426m

RETAIL TRANSFORMATION

The company approved a transformation strategy and policy during the FY2014 which resulted in the initiation of the retail transformation drive.

The retail division's focus during the year under review was the tendering of almost 150 opportunities across all airports which included the strategic objectives of the retail transformation:

- To improve public awareness of the retail opportunities available at Airports Company South Africa airports and Airports Company South Africa's objective to widen participation
- To provide objective criteria giving preference on the evaluation of tenders to entities with up to two opportunities, in order to widen participation and thereby broaden wealth opportunity and the resulting retail offer at Airports Company South Africa's airports
- To give preference to entities whose shareholding includes a more than 25% equity ownership by Black women, Black youth or people with disabilities.

The following results were achieved during the period under review	
New entrants to the airport	30
Entities whose shareholding includes >25% equity ownership by Black youth or people living with disabilities	39
Total tenders awarded	46

The company will be advertising and awarding a total of 102 shops throughout the airport network and will continue to pursue the retail transformation objectives.

PROPERTY TRANSFORMATION

A new and robust marketing strategy has been introduced to create awareness and target potential new entrants to participate in development opportunities existing at the Airports Company South Africa airports. Relationships with volunteer associations such as the South African Institute of Black Property Professionals and Women Property Network, representing the target markets have been established and actively engaged.

A property development transformation strategy has been approved for new development opportunities with a strong focus on awareness of the opportunity which was released to the market. Preference will be given to developers contributing towards the objectives of the National Development Plan 2030 and, subject to National Treasury approval, to set aside a percentage age of all opportunities released to previously disadvantaged groups.

A request for bids will be issued in the second quarter of 2015, inviting bids for all Airports Company South Africa's enabled parcels of land at various company airports. Opportunities available include high-end commercial, petrol filling sites, hotel sites and industrial and warehouse sites.

SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

CONSTRUCTION TRANSFORMATION

All major infrastructure within the five-year plan, and valued at R20 billion, will include an enterprise development programme designed to address specific Industry challenges in relation to the project. The key objectives are to target emerging business:

- Increase in participation in higher level CIDB-address barriers of entry into higher CIDB grades
- Implement transformation imperatives in addition to preferential procurement and empowerment B-BBEE.

Envisaged projects that will implement enterprise development include:

- Cape Town International Airport new domestic arrivals terminal – R360 million
- O.R. Tambo International Airport short-term rehabilitation project – R230 million
- O.R. Tambo International Airport international departures retail – R63 million.

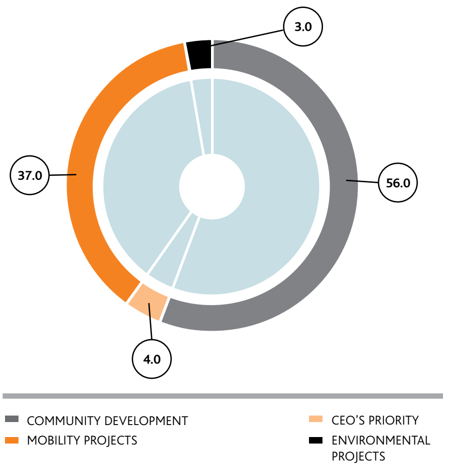
SOCIO-ECONOMIC DEVELOPMENT

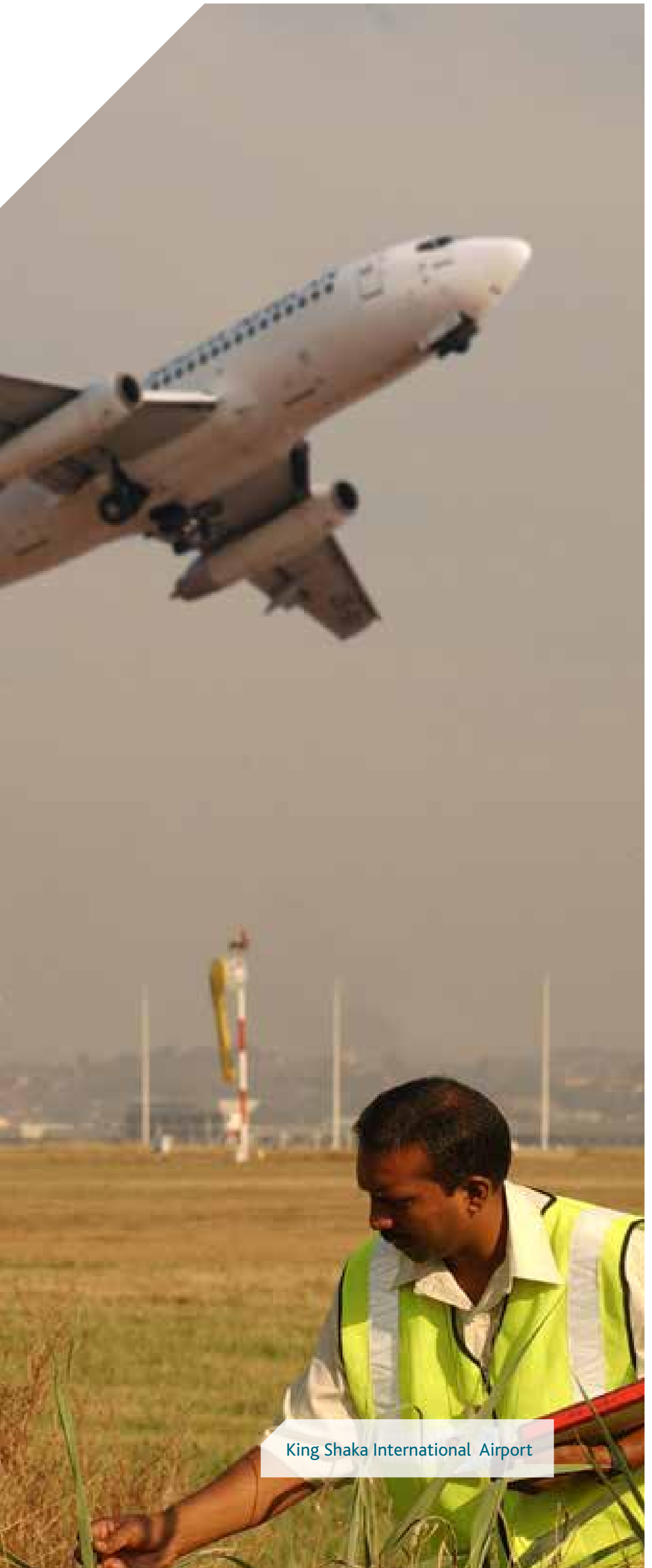
As part of our contribution to improving the lives of South African communities, we have identified strategic socio-economic development (SED) initiatives that are worthy of support as part of our social and transformation agenda.

Our SED strategy places mobility, community development, environment and philanthropy at the core of our contribution to social upliftment. The emphasis is placed on promoting social inclusion and integration through education and empowerment of exposed groups. It includes interventions for improving the quality of life of South Africa's most vulnerable societal segments, with a focus on women, youth and people with disabilities.

The SED projects were executed at both corporate and airport level. During the year under review R39.6 million was spent on SED.

SOCIO-ECONOMIC DEVELOPMENT SPEND – FY2015 (%)




King Shaka International Airport

NATURAL CAPITAL

ENVIRONMENTAL APPROACH

Our environmental policy defines our commitment to caring for the environment across all group activities, and provides a framework to direct and improve environmental performance.

The company manages its environmental initiatives through an Environmental Management System (EMS), which ensures compliance with the relevant legislation and assists with ensuring continuous improvement of environmental performance.

As defined in our environmental strategy, our environmental activities focus on energy conservation, climate change, water, waste, air, air quality and noise management and biodiversity.

WE SEE OURSELVES AS A RESPONSIBLE AIRPORT OPERATOR WITH THE OBLIGATION OF MINIMISING THE IMPACT OUR OPERATIONS MAY HAVE ON THE ENVIRONMENT.

ELECTRICITY CONSUMPTION

IN KILOWATT-HOURS

FOR FOUR AIRPORTS

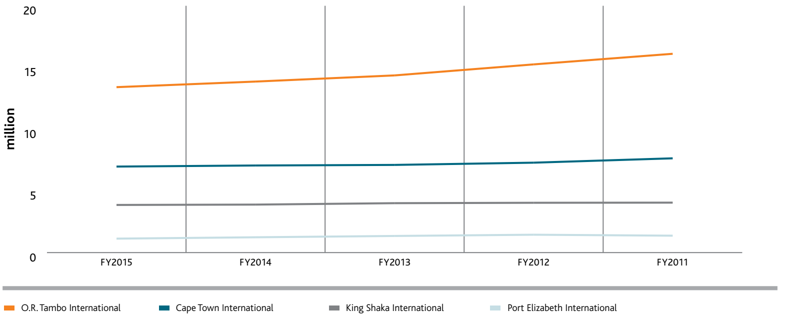
Electricity consumption

Electricity consumption for the airports listed below, continues to be below the annual peak electricity consumption experienced in preceding years.

Energy-saving initiatives implemented include the installation of low energy lighting at O.R. Tambo International Airport and Port Elizabeth International Airport. Occupancy sensors were installed in the offices at Johannesburg and an energy management system was installed at Durban.

Kimberley Airport and Upington International Airport began with installing photovoltaic solar plants which will generate a portion of the airports' electricity demand. The company intends to install photovoltaic solar plants at George Airport and Port Elizabeth International Airport in the next financial year.

COMPARATIVE ELECTRICITY CONSUMPTION IN KILOWATT-HOURS FOR FOUR MAJOR AIRPORTS (UNAUDITED FIGURES)



WATER CONSUMPTION

IN KILOLITRES

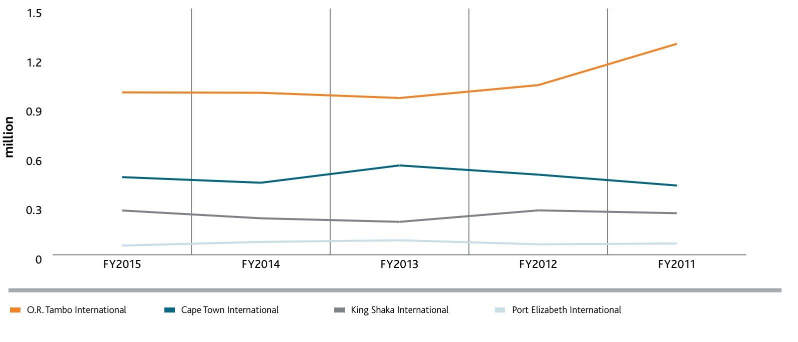
FOR FOUR AIRPORTS

Water resource management

The decrease in water consumption at Port Elizabeth International Airport is a result of the upgrade of the existing water reticulation network, in which water leaks had been identified. This project will continue in the next financial year and will include the installation of water-harvesting tanks. This water will be used for fire fighting and to irrigate the gardens.

While the record of decision for the construction and operation of the airport prescribed a maximum consumption of 3.5 megalitres of water a day, through careful planning and water recycling initiatives, the site uses only 0.94 megalitres per day. King Shaka International Airport operates sewerage treatment plants and, through a partnership with Dube TradePort, the treated water is used for hydroponics in the AgriZone.

COMPARATIVE WATER CONSUMPTION IN KILOLITRES FOR FOUR AIRPORTS (UNAUDITED FIGURES)

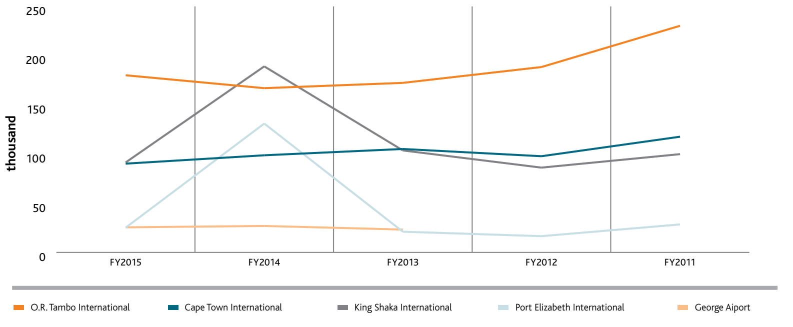


FUEL AND DIESEL CONSUMPTION FOR VEHICLES
IN LITRES
AT FIVE AIRPORTS

Fuel and diesel consumption

There was a decline in fuel and diesel consumption at five airports. This is a result of the replacement of vehicles with others that have smaller engines and diesel engines at Cape Town International Airport and George Airport. King Shaka International Airport implemented measures to monitor vehicle movement and fuel usage. The use of alternative sources of energy will be investigated at O.R. Tambo International Airport in the next financial year, in order to further reduce vehicle fuel and diesel consumption.

COMPARATIVE FUEL AND DIESEL CONSUMPTION IN LITRES FOR VEHICLES AT FIVE AIRPORTS (UNAUDITED FIGURES)

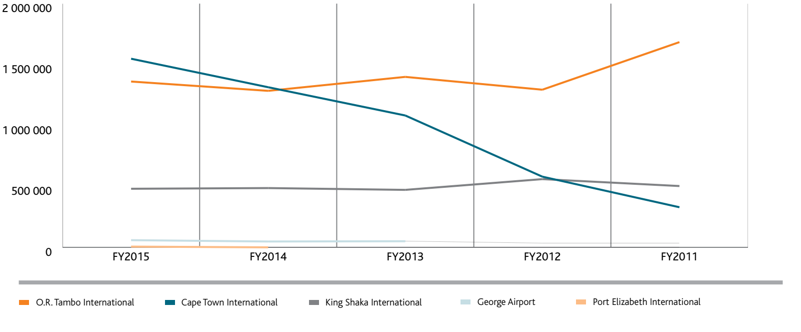


WASTE RECYCLED
IN KILOGRAMS
FOR FIVE AIRPORTS

Waste management

The waste recycled at Cape Town International Airport continues to improve due to awareness campaigns and seeking new avenues to divert waste away from landfill. An example is the food waste which is sent to a fly farm in Phillipi. King Shaka International Airport embarked on an initiative with retail outlets to separate food waste and to increase recycled waste. The decrease in waste recycled at Johannesburg is a result of the change in the service provider. An increase in the volume of waste recycled at O.R. Tambo International Airport is envisaged when an integrated waste management approach is implemented. This is the first year that Port Elizabeth International Airport reported on recycled waste.

COMPARATIVE WASTE RECYCLED IN KILOGRAMS FOR FIVE AIRPORTS (UNAUDITED FIGURES)



NATURAL (CONTINUED)

INCIDENCES OF AIRCRAFT NOISE COMPLAINTS

FOR FOUR AIRPORTS

Noise management

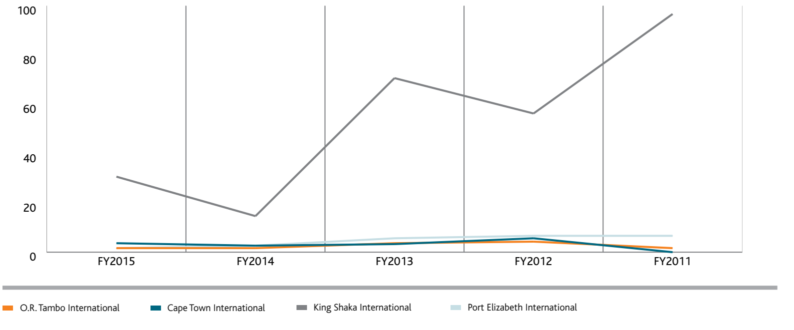
We reviewed the aircraft noise abatement operating procedures to reduce the impact of aircraft noise on communities around the airports.

We continued to monitor aircraft noise at O.R. Tambo International Airport, Cape Town International Airport and King Shaka International Airport. The monitoring and tracking system is used to assist with the measurement of aircraft noise and adherence to aircraft flight procedures.

Aircraft noise complaints continue to remain low, due to continued consultation with the interested and affected parties. We also intend to establish noise consultative committees at O.R. Tambo International Airport and Cape Town International Airport in the next financial year. This will be in addition to the committee that was established at King Shaka International Airport in 2010.

We will continue to engage the SACAA and DoT on the development of aircraft noise standards and policies.

COMPARATIVE INCIDENCES OF AIRCRAFT NOISE COMPLAINTS



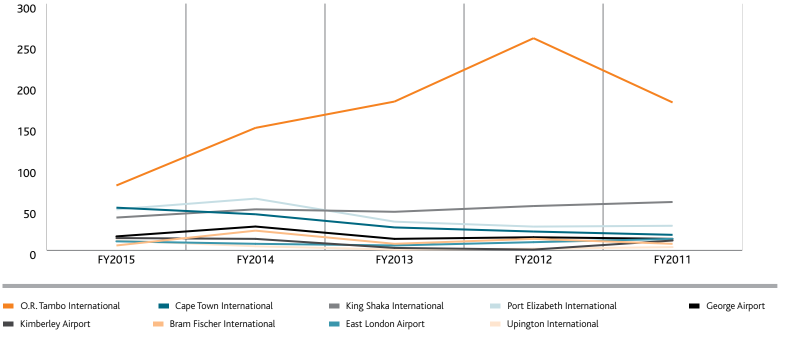
BIODIVERSITY

FOR NINE AIRPORTS

Bird and wildlife strikes

The presence of birds and wildlife at airports poses a serious threat to aircraft operational safety. For this reason we have implemented bird and wildlife management programmes which mitigate the risk.

COMPARATIVE NUMBER OF BIRD AND WILDLIFE STRIKES ON AIRCRAFT



Air quality management

Air quality monitoring continued to be measured at O.R. Tambo International Airport and Cape Town International Airport, while air quality monitoring was initiated at King Shaka International Airport. Monitoring was carried out in accordance with the National Ambient Air Quality Standards and SANS 1929 Ambient Air Quality Standard. No transgressions of these standards were reported.

To demonstrate commitment to the reduction of emissions, King Shaka International Airport installed an air quality monitoring station as well as eight passive sampling and dust fallout monitors in and around the airport precinct in June 2014. The results will indicate whether airport operations have an impact on the surrounding communities, as well as on airport users in general. Currently, all parameters measured are below the legislated limit.

Significant fuel spills

No significant fuel spills occurred during the year under review.

Bird and wildlife management

We continue to focus on wildlife management to ensure that aircraft take off and land safely at the airports.

Habitat management is the key to managing the presence of birds airside, and this includes controlling grass height, standing water, habitat for sheltering and waste. The elimination of food sources such as termites, has had a marked effect at some airports.

The adoption of scientifically-based approaches, rather than elimination tactics, has earned Airports Company South Africa a reputation for being an environmentally responsible company in its management of birds and wildlife.

The company's continued support of BirdLife South Africa's programme for the threatened and iconic Secretary Bird is further evidence of support for endangered wildlife and of a caring organisation.

Each airport has a comprehensive wildlife management plan that covers every aspect of the airport relating to the risk of bird and wildlife strikes, including detailed species lists, and behaviour and mitigation strategies. The use of night-vision camera traps has resulted in the identification of various nocturnal species that were subsequently captured and relocated to controlled environments in conjunction with local conservation organisations. Snakes are commonly found at airports and wildlife officers are trained in their capture and handling so that they can be relocated to suitable environments.

Wildlife control officers from O.R. Tambo International Airport have been raising awareness of the Bird Strike Avoidance Programme by giving presentations to relevant audiences. These have included airlines, airport stakeholders, conservancies, bird clubs, Rotary clubs and SANParks Honorary Rangers.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year in review, no fines or non-monetary directives were levied for non-compliance with environmental laws and regulations.

International standards organisation (ISO) 14001: 2004 certification

ISO certification at our airports is being addressed in a phased approach. In 2011, five airports were ISO 14001 certified:

- Cape Town International Airport
- Port Elizabeth International Airport
- East London Airport
- George Airport
- Upington International Airport.

During the year under review, external re-certification audits were conducted at these airports and they all retained their respective ISO 14001 certification. The second phase entails the certification of O.R. Tambo International Airport, King Shaka International Airport, Bram Fischer International Airport and Kimberley Airport. Certification of these airports will take place over the next three financial years.

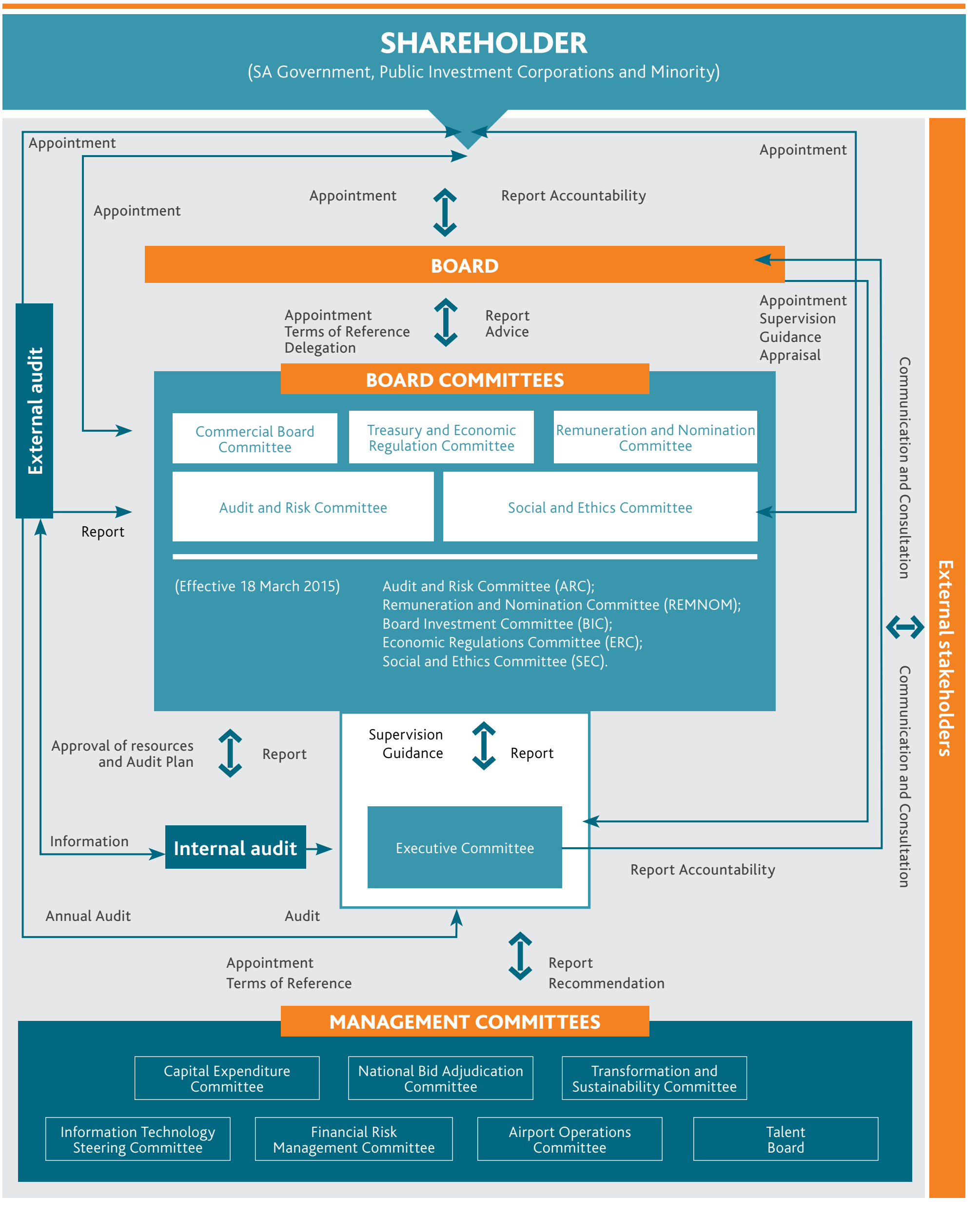
GOVERNANCE **FRAMEWORK**

RIGOROUS GOVERNANCE STRUCTURES, MEASURES AND REPORTING ENSURE THAT AIRPORTS COMPANY SOUTH AFRICA CONSISTENTLY MEETS ITS SHAREHOLDER, STAKEHOLDER, AND COMPLIANCE REQUIREMENTS AND IMPERATIVES.

King Shaka International Airport

GOVERNANCE STRUCTURE

The board of directors is appointed by the DoT and the applicable minority shareholders, and is responsible for strategic direction and oversight of Airports Company South Africa. The executive committee (Exco), under the leadership of the CEO, is responsible for the day-to-day management of our company.



BOARD

INTRODUCTION

The board of directors provides effective leadership and strives to deliver on its mandate as determined by the board charter. The board is constituted in terms of the provisions of the company's Memorandum of Incorporation (MOI). It is the highest decision-making body in the company and is responsible for the company's strategic direction in accordance with King III. The board is ultimately responsible for corporate governance and has two main functions, to determine the company's strategic direction and to take ultimate control of the company.

The board actively ensures compliance with the Airports Company South Africa's Act, King III principles, the Companies Act, PFMA and related regulations. The board's role, responsibilities and authority are set out in a written board charter which was reviewed and approved at its meeting held on 4 June 2014.

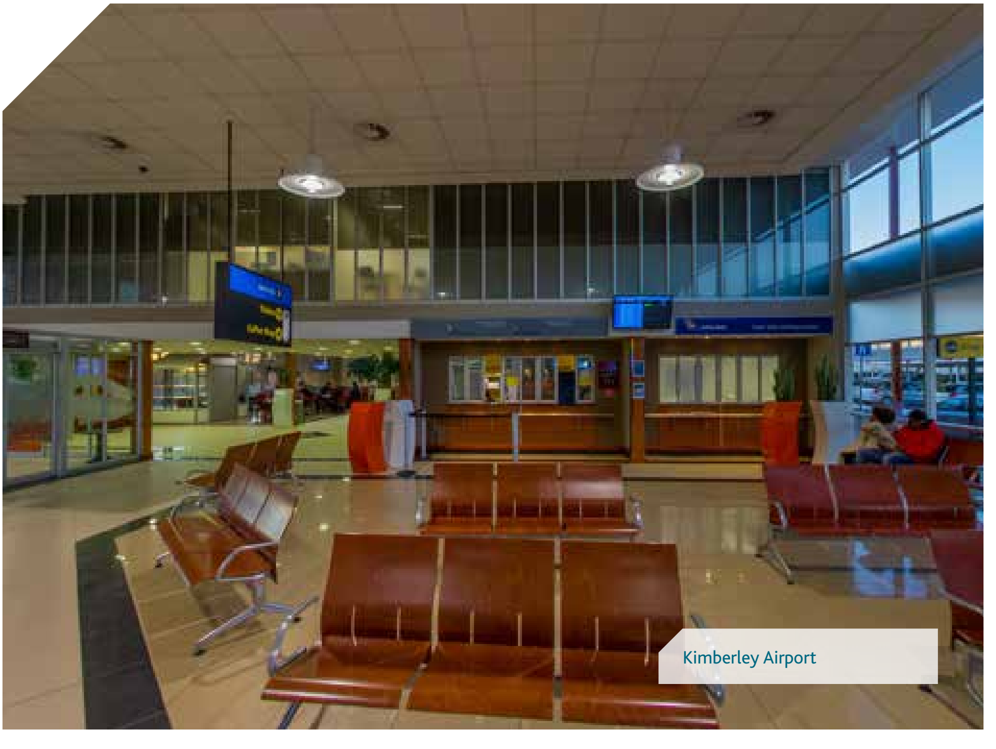
THE BOARD CHARTER

The board charter regulates roles, functions, obligations, rights, responsibilities and powers of the board.

In accordance with the board charter certain functions have been delegated to five board committees. The comprehensive board committee terms of reference can be accessed on the company website.

BOARD COMPOSITION

The first three-year term of office for Busisiwe Mabuza (Chairman), Tryphosa Ramano (Chairman of the Audit and Risk Committee) and Skhumbuzo Macozoma (a non-executive director) expired on 28 February 2015. Following the appointment process by the DoT, Skhumbuzo Macozoma was appointed as Chairman of the board. The DoT further appointed Kate Matlou, Siyakhula Simelane and Matlodi Mabela as non-executive directors, and these appointments are due to be confirmed at the company's annual general meeting scheduled to take place on 18 August 2015.



Kimberley Airport

GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

Busisiwe Mabuza (52)
Retired Chairman

Qualifications: BA (Mathematics and Computer Science), MBA
Areas of Expertise: Finance, Strategy, Corporate governance
Date of appointment: 1 March 2012
Board committees: SEC, REMNOM
Expiry of term: 28 February 2015

READ MORE ABOUT OUR LEADERSHIP ON OUR WEBSITE WWW.AIRPORTS.CO.ZA

KEY:
- Audit and Risk Committee (ARC);
- Remuneration and Nomination Committee (REMNOM);
- Board Investment Committee (BIC);
- Economic Regulations Committee (ERC);
- Social and Ethics Committee (SEC);
- Commercial Board Committee (CBC).

Skhumbuzo Macozoma (39)
Chairman

Qualifications:
BSc (Civil Engineering), MSc (Civil Engineering)
Areas of expertise:
Transport and logistics, Infrastructure development, Corporate governance
Date of appointment: 1 March 2012
Board committees:
1 March 2012: REMNOM, CBC
18 March 2015: BIC, ERC, REMNOM

Roshan Morar (49)
Deputy Chairman/Chairman of BIC

Qualifications:
CA(SA)
Areas of expertise:
Accounting, Finance, Tax, Audit, Forensics, Risk management, Property investments, Corporate governance
Date of appointment:
1 January 2012
Board committees:
1 January 2012: REMNOM, CBC, ARC
18 March 2015: BIC, ERC, ARC

IN EVERY TEAM, EVERYONE HAS THEIR POSITION TO PLAY, AND SUCCESS HAPPENS WHEN ALL OF THE PLAYERS ARE FULFILLING THEIR ROLES EFFECTIVELY.

Bongani Maseko (47)
Executive director and Chief Executive Officer

Qualifications:
BSc Aviation Business Administration

Areas of expertise:
Airport operations, Aviation

Date of appointment:
15 May 2013

Board committees:
1 May 2013: SEC
18 March 2015: SEC

Maureen Manyama (38)
Executive director and Chief Financial Officer

Qualifications:
BCom Hon (Taxation), CA(SA), MBA

Areas of expertise:
Strategy and planning, Business management and turnarounds, Financial management and reporting, Governance

Date of appointment:
1 April 2013

Tryphosa Ramano (43)
Non-executive director (Retired)

Qualifications:
CA(SA)

Areas of expertise:
Accounting, Finance, Tax, Audit strategy, Corporate governance, Treasury management

Date of appointment:
1 March 2012

Board committees:
ARC, TERCO

Expiry of term:
28 February 2015

Bajabulile Luthuli (42)
Non-executive director/ Chairman of ARC

Qualifications:
CA(SA)

Areas of expertise:
Accounting, Finance, Tax, Audit strategy, Corporate governance

Date of appointment:
1 December 2012

Board committees:
1 December 2012: ARC, TERCO
18 March 2015: BIC, ERC, REMNOM

BOARD OF DIRECTORS (CONTINUED)

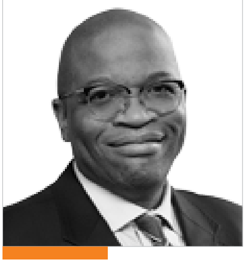
Kenosi Moroka (53)
Non-executive director/ Chairman of SEC

Qualifications:
B Iuris, LLB

Areas of expertise:
Legal, Corporate governance

Date of appointment:
1 December 2012

Board committees:
1 Dec 2012: SEC, CBC
18 March 2015: SEC, BIC, ERC



John Lamola (53)
Non-executive director/ Chairman of ERC

Qualifications:
BTh, PhD, MBA

Areas of expertise:
Aviation, Ethics, Finance, Corporate governance

Date of appointment:
1 December 2012

Board committees:
1 Dec 2012: TERCO, REMNOM
18 March 2015: SEC, ERC, REMNOM

Priscillah Mabelane (42)
Non-executive director (Resigned)

Qualifications:
CA(SA), Dip Tax

Areas of expertise:
Accounting, Finance, Tax, Audit strategy, Aviation, Corporate governance

Date of appointment:
1 August 2012

Board committees:
1 August 2012: SEC
29 August 2014: ARC

Date of resignation:
31 December 2014

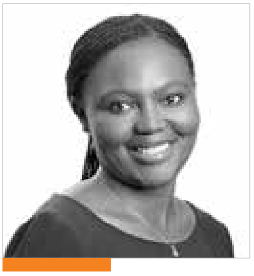
Chwayita Mabude (46)
Non-executive director

Qualifications:
BCompt

Areas of expertise:
Accounting, Finance, Corporate governance

Date of appointment:
1 December 2012

Board committees:
1 Dec 2012: ARC, CBC
18 March 2015: ARC, BIC



Nosisa Bomkazi Kekana (43)
Company Secretary

Qualifications:
B Iuris, LLB, Higher Diploma in Company Law

Experience and expertise
Nosisa is an admitted attorney of the High Court of South Africa. She has practised law in the Eastern Cape and Gauteng. She has served as legal advisor, compliance officer, and company secretary in various industries including construction, telecommunication, and investments, for both listed and unlisted entities. Nosisa serves as an Audit Committee member of the Ingquza Hill local municipality in the Eastern Cape.

Responsibilities
Nosisa's role includes, inter alia, ensuring compliance with sound corporate governance practices, providing guidance to the board in terms of its duties, responsibilities and powers, and ensuring compliance with the Companies Act and other legislation related to the board of Airports Company South Africa.

Date of appointment:
1 November 2013

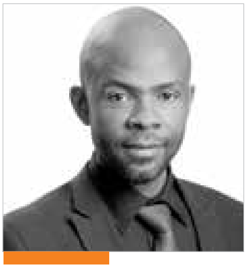
Deon Botha (46)
Non-executive director/ Chairman of Remnom

Qualifications:
BCom Law, BCom Honours

Areas of expertise:
Corporate covernance, Finance, Legal

Date of appointment:
31 July 2013

Board committees:
31 July 2013: TERCO, CBC
18 March 2015: SEC
REMNOM, SEC, ERC



Matlodi Mabela (45)
Non-executive director

Qualifications:
PhD (Economics), MBA, BSc (Chem)

Areas of expertise:
Treasury, Tax, Internal Audit, Project management, Risk Assessment, Asset management, Business rescue

Date of appointment:
1 March 2015

Board committees:
ERC, BIC, ARC

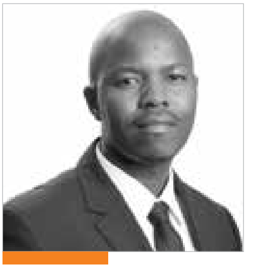
Kate Matlou (44)
Non-executive director

Qualifications:
Diploma (Office Admin)

Areas of expertise:
Labour relations, Workplace dispute resolution, Stakeholder management, Communication and Customer focus

Date of appointment:
1 March 2015

Board committees:
SEC, BIC



Siyakhula Simelane (33)
Non-executive director

Qualifications:
CA(SA), MDP

Areas of expertise:
ICT and Governance, Financial management and PFMA Regulatory compliance, Financial modelling, Policy development and formulation, Private Public Partnership management

Date of appointment:
1 March 2015

Board committees:
ARC, REMNOM

BOARD STRUCTURE:

THE COMPANY TAKES PRIDE IN ITS SERVICES, AND IN PROVIDING CUSTOMERS WITH THE BEST POSSIBLE AIRPORT EXPERIENCE, AN ASPECT WHICH WILL ALWAYS REMAIN ITS KEY FOCUS.

2 EXECUTIVE DIRECTORS — 1 male, 1 female

9 INDEPENDENT NON-EXECUTIVE DIRECTORS — 6 male, 3 female

1 NON-EXECUTIVE DIRECTOR — 1 male, 0 female

BOARD OF DIRECTORS (CONTINUED)

INDEPENDENCE OF DIRECTORS

The non-executive directors are independent with exception of one non-executive director who is appointed by Public Investment Corporation as a shareholder.

The rest of the non-executive directors are appointed through a public process by the Department of Transport through advertisement.

The non-executive directors bring diverse skills, expertise and perspectives to board deliberations. The board members' collective experiences and expertise provide a balanced assortment of attributes which aid the fulfilment of its duties and responsibilities. The board reflects, among other attributes, experience in audit, accounting, corporate governance, finance, investments, treasury management, risk management, private equity, black economic empowerment management buyouts, property investments, infrastructure planning, coordination and finance, financial management, taxation, aviation, civil engineering and research. The majority of directors are not officers as defined in section 1 of the Public Service Act .The detailed profiles of the directors are available on our website.

ROLE OF THE CHAIRMAN

The Chairman of the board is responsible for the effective functioning of the board and its committees. The Chairman presides over the meetings of the board and ensures its smooth functioning. The core functions of the chairman include:

- Providing overall responsibility to the organisation without limiting the principle of collective responsibility for board decisions
- Presiding at all board meetings and ensuring that relevant matters are placed on the agenda and properly prioritised
- Ensuring that the board members are kept abreast at all times, and are fully involved in any business issue on which a decision has to be taken
- Maintaining relationships with the company's stakeholders
- Appraisal and monitoring the performance of the Chief Executive Officer (CEO)
- Formulating an annual work plan for the board in consultation with the Company Secretary
- Acting as a formal link of communication between the shareholders and the company, board and management
- Providing the necessary support to the CEO to ensure effective and efficient management of the company
- Conducting the CEO's performance evaluation and that of the Company Secretary for board KPIs.

AS NOTED BY THE BOARD MEMBERS, THE BOARD EVALUATION HIGHLIGHTED THE LEADERSHIP OF THE CHAIRMAN AS ONE OF THE KEY STRENGTHS.

MANAGEMENT OF CONFLICTS OF INTEREST

The board is cognisant of proliferating corruption in both the public and private sector and during the year under review, among other issues, the revised Gift Policy was reviewed and amended. More stringent measures have been implemented to mitigate the risk of corruption and to enhance transparency. To this end the board has also approved a Gift Declaration Policy for non-executive directors. At the beginning of each board and committee meeting, non-executive directors are requested to declare their interest in relation to items on the agenda. Also, a general declaration of interest is completed on an annual basis and reviewed in all board meetings. In the next financial year the board will formulate a conflict of interest policy as part of its corporate governance policies.

NEW APPROVED BOARD COMMITTEE STRUCTURE

The board took a resolution, effective from 18 March 2015, to realign its committees by taking into consideration the gaps and overlaps in order to remain relevant and aligned to the company's operating model. As a result of this exercise, the Treasury and Economic Regulation Committee and the Commercial Board Committee were dissolved and to the extent possible, their terms of reference were incorporated into the two newly formed committees: the Board Investment Committee and the Economic Regulation Committee. Pursuant to the realignment the board maintains the following committees, with their core mandate set out in the table below:

- Audit and Risk Committee (ARC);
- Remuneration and Nomination Committee (REMNOM);
- Board Investment Committee (BIC);
- Economic Regulations Committee (ERC);
- Social and Ethics Committee (SEC).

BOARD COMMITTEES PRIOR TO REALIGNMENT	BOARD COMMITTEES REALIGNMENT EFFECTIVE 18 MARCH 2015	BOARD COMMITTEES PRIMARY FUNCTIONS AND RESPONSIBILITY
Audit and Risk Committee • **Chair** – Tryphosa Ramano • Roshan Morar • Bajabulile Luthuli • Chwayita Mabude	**Audit and Risk Committee** • **Chair** – Bajabulile Lethuli • Roshan Morar • Siyakhula Simelane • Chwayita Mabude • Matlodi Mabela	The committee is accountable to the shareholders as set out in section 76 of the Companies Act in respect of its audit committee functions and to the board in respect of its other functions.
Remuneration and Nominations Committee • **Chair** – Busisiwe Mabuza • Roshan Morar • John Lamola • Skhumbuzo Macozoma	**Remuneration and Nomination Committee** • **Chair** – Deon Botha • John Lamola • Skhumbuzo Macozoma • Siyakhula Simelane • Bajabulile Luthuli	The committee assists the board on matters of remuneration and ensures that the Company remunerates fairly and responsibly. The committee directs and oversees the human resources planning and development strategies aimed at creating and sustaining technical and managerial excellence required in order for the company to achieve its objectives.
Treasury and Economic Regulations Committee • **Chair** – John Lamola • Deon Botha • Bajabulile Luthuli • Tryphosa Ramano	**Economic Regulations Committee** • **Chair** – John Lamola • Deon Botha • Bajabulile Luthuli • Roshan Morar • Kenosi Moroka • Skhumbuzo Macozoma • Matlodi Mabela	The committees oversees the development and implementation of the Economic Regulatory Strategy and ensures compliance with all regulatory legislation and/or requirements. At the core of its function is the deliberation of the approach leading to the permission application for submission to the regulating committee which sets the tariffs for the company.
Commercial Board Committee • **Chair** – Roshan Morar • Deon Botha • Kenosi Moroka • Skhumbuzo Macozoma • Chwayita Mabude	**Board Investment Committee** • **Chair** – Roshan Morar • Kenosi Moroka • Skhumbuzo Macozoma • Chwayita Mabude • Matlodi Mabela • Kate Matlou	The committee assists the board in discharging its duties in relation to capital projects, commercial activities, regulated and unregulated investments, procurement and supply chain management, and treasury activities including funding and borrowing plans.
Social and Ethics Committee • **Chair** – Kenosi Moroka • Busisiwe Mabuza • Priscillah Mabelane • Bongani Maseko	**Social and Ethics Committee** • **Chair** – Kenosi Moroka • Kate Matlou • Deon Botha • John Lamola • Bongani Maseko	The committees monitors the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to: • Social and economic development • Good corporate citizenship • The environment, health and public safety • Consumer relationships • Labour and employment • Ethics framework • Labour and employment • Engagement and interaction with stakeholders.

BOARD (CONTINUED)

BOARD AND COMMITTEES: DELIBERATIONS ON KEY MATTERS

OUR BUSINESS	Board committee realignment	The realignment of board committees to eliminate overlaps on the roles of the different committees was approved in March 2015. See new board committee structure under board structure (Page 143)
	Board committee work plans	A gap in this regard was identified; all board committees now have documented work plans which will be fully implemented in the next financial year and which are reviewed annually
	Regulatory matters	Thorough deliberation of the Permission Application and Economic Regulation and the submission to the Regulating Committee
	Subsidiary governance framework	A gap in this regard was identified; a subsidiary governance framework was subsequently approved and will be implemented fully in the next financial year in order to ensure oversight on all group companies
	Corporate plan 2016-2018	Deliberations on the outlook, strategy and the company's KPI performance framework, measurement and monitoring
	Risk management	Strategic discussion on the Risk Register and the need to establish risk appetite for the company
	Delegated levels of authority	Deliberation and review of the previously approved Delegated Level of Authority
	Evaluation of the Company Secretary	For the first time, the board, through the Chairman, evaluated the Company Secretary's performance. Going forward, the whole board will have an opportunity to evaluate the Company Secretary through the annual board evaluation commencing with the evaluation for the year under review
	Credit management	Mandated management to explore options of recovering monies owed by companies in liquidation resulting from reckless trading
	Governance framework and operating model	Deliberation and approval of the commencement of the governance framework and operating model project to ensure that the company remains relevant and competitive
	IT strategy	Deliberation and approval of IT strategy
	Credit policy and procedure	Deliberation on the granting of credit lines and the need for management to formulate a credit policy and procedures
	Insurance cover	Deliberation on the adequacy of the company's insurance cover
	Cash optimisation	Deliberation on cash optimisation strategies and restructuring of bank accounts
	Loan	Deliberation on early redemption considerations
OUR PEOPLE	Succession planning	The board deliberates and emphasises the need for vigorous processes for selecting successors for critical skills
	Staff issues	Deliberation on benefit benchmarking, employee housing and transport
	Employment equity	Deliberation on employment equity and acceleration of targets captured in the approved Employment Equity Plan
OUR SOCIETY	Transformation	Deliberation on transformation issues as a strategic imperative and the role of transformation in achieving the country's objectives. This includes offering retail opportunities whose shareholding comprises >25% equity ownership by black women, black youth and people with disabilities

BOARD EVALUATION

The outcome of the board evaluation that was conducted by an independent party to ensure objectivity and independence was received by the board on 13 August 2014. The report was considered and debated by the Remuneration and Nomination Committee and by the board as a whole with a view to improving on the effectiveness of the board and its committees and addressing the findings contained in the report.

Overall, the board has a significant amount of areas where it was considered to be performing very well, with a ranking that would score in an upper quartile if compared with similar companies. There were, however, areas that require significant improvement and in the year under review the board has focused on some of them.

Emanating from some of the board deliberations outlined here, policies were drafted by management and approved by the board to ensure that matters are not only raised and deliberated upon, but that they are documented, implemented and monitored.

Key findings	Action points	Status
• The board is composed of a group of experienced, skilled professional individuals who have the best interests of the company at heart. However, a lack of industry expertise was identified.	• The board has highlighted to the Minister the current skills in the board and will continue to do so in order to assist in the decision in appointing board members.	• The majority of the non-executive directors are appointed by the major shareholder through the DoT, which is fully informed and aware of the critical skills required at board level. The shareholders were given the board evaluation report.
• Lack of focus on IT governance resulting in ineffectiveness of oversight in the functioning of IT.	• To fill the position of the Chief Information Officer to ensure accountability at management level and therefore effective management by the board.	• The Chief Information Officer was appointed in October 2014. An analysis of the IT systems in the organisation have been considered by the board and remedial measures such as IT strategy were put in place. • The board intends to focus more on IT governance.
• The board needs to be responsible and take ownership of the strategic direction and control of the company.	• The company KPIs need to refer directly to the strategy and need to be monitored on a key milestone basis.	• The board has considered and continues to consider the company's predetermined objectives and performance measurement approach. • The board still needs to hold more focused discussions on the strategy of the company as an integral part of the board agenda. • The board strategy session will be held in August 2015 for FY2016.
• The mandate and effectiveness of board committees were identified.	• Board committees to be reviewed to determine a more effective board structure	• The board has realigned the board committees to align them with the company's operating model for efficiency and effectiveness

EXECUTIVE TEAM

Tebogo Mekgoe (40)
Chief Operating Officer

Qualifications:
BSc (Mech Eng), MBA, Diploma in Advanced Airport Operations.

Previous positions held within the company: Mechanical Maintenance Engineer at O.R. Tambo International, Airport Manager of East London Airport, Assistant General Manager and General Manager of O.R. Tambo International.

Joined Airports Company South Africa in 2000, appointed to Exco in 2012 and appointed as the Chief Operating Officer (COO) effective April 2014

Refentse Shinners (39)
Group Executive:
Corporate Affairs

Qualifications:
National Diploma, Bachelor's degree in Public Relations Management, Management Development Programme, Corporate Affairs Leadership Programme

Previous positions held outside the company: Executive management role allowed her the function of Head of Corporate Affairs at regional level.

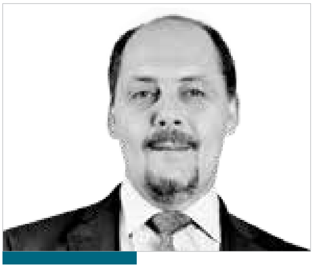
Joined Airports Company South Africa in 2015, appointed to Exco in 2015

Bongiwe Mbomvu (47)
Group Executive:
Governance and Assurance

Qualifications:
Bachelor of Social Science, LLB, LLM, Admitted as an attorney of the High Court of South Africa

Previous positions held outside the company: Legal Adviser, Compliance Officer, Legal Compliance and Secretariat Officer, Group Company Secretary

Joined Airports Company South Africa in 2013, appointed to Exco in 2013



Pieter Du Plessis (53)
Group Executive:
Human Resources

Qualifications:
Masters Degree in Commerce: Industrial Psychology – Registered Industrial Psychologist

Previous positions held within the company: Human Resources Manager and Assistant General Manager Operations at O.R. Tambo International Airport

Joined Airports Company South in 1993, appointed to Exco in 2003

Sello Mmakau (40)
Chief Information Officer

Qualifications:
Masters Degree in Business Leadership

Previous positions held outside the company: Senior Manager: IT Projects, Director of IT Projects, Home Affairs as Deputy Director General for IT/ CIO, Chief Information Officer

Joined Airports Company South Africa in 2014, appointed to Exco in 2014

Haroon Jeena (50)
Group Executive:
Commercial Services

Qualification:
CA(SA), Higher Diploma in Tax Law

Previous positions held within the company: Group Manager of Property Administration, Investments and IT, Commercial Finance and Asset Manager

Joined Airports Company South Africa in 1999, appointed to Exco in 2008

READ MORE ABOUT OUR LEADERSHIP ON OUR WEBSITE WWW.AIRPORTS.CO.ZA

Andre Vermeulen (43)
Group Executive:
Airports

Qualifications:
BSc in Mechanical Engineering

Previous positions held within the company:
Trainee Engineer, Head of Mechanical Maintenance at O.R. Tambo International, Maintenance and Engineering Manager at O.R. Tambo International Airport, Group Manager Airport Operations

Joined Airports Company South Africa in 1995, appointed to Exco in 2011.

Appointed as the Group Executive: Airports effective 1 July 2014

Bongiwe Pityi (44)
General Manager:
O.R. Tambo International Airport

Qualifications:
BA, LLB, Admitted as an attorney of the High Court of South Africa

Previous positions held within the company: Landside Manager, Manager of Airports Company South Africa's parking business at the then Johannesburg International Airport, Assistant General Manager of Durban International Airport, Assistant General Manager at King Shaka International Airport, Deputy Director: Operational Readiness Planning at Guarulhos International Airport, São Paulo, Brazil.

Joined Airports Company South Africa in 2000, appointed to Exco in 2014

Deon Cloete (48)
General Manager:
Cape Town International Airport

Qualifications:
BCom, Masters Degree in Business Leadership

Previous positions held within the company: Management Team at the then Johannesburg International Airport, General Manager for Durban International and Regional Airports, Seconded to South African Airways as General Manager: Passenger Support Services

Joined Airports Company South Africa in 1994, appointed to Exco in 2001

Terence Delomoney (46)
General Manager:
King Shaka International Airport

Qualifications:
CA(SA)

Previous positions held within the company: Head: Portfolios of Finance and Commercial at Durban International Airport, Assistant General Manager of Support Services, General Manager of Durban International Airport and National Airports

Joined Airports Company South Africa in 2000, appointed to Exco in 2008

Yvette Schoeman (48)
General Manager:
Regional Airports

Qualifications:
Bachelor's degree in Psychology

Previous positions held within the company: Client Manager at O.R. Tambo International, Department Head at O.R. Tambo International, Seconded to South African Airways as Terminal Manager at O.R. Tambo International, Airport Manager at George Airport, Assistant General Manager at National Airports, General Manager of Regional Airports

Joined Airports Company South Africa in 1994, appointed to Exco in 2012

ETHICS

AIRPORTS COMPANY SOUTH AFRICA IS COMMITTED TO BUILDING AN EFFECTIVE BRAND, IMAGE AND REPUTATION. IN ORDER TO DO SO, WE FOCUS ON BUILDING A STRONG ETHICAL CULTURE WHICH IS LINKED TO THE COMPANY'S MISSION AND VISION.

Our ethical conduct is based on our defined values as captured in the acronym PRIDE, which means:

- Passion – Living our values and pursuing our goals
- Results – being customer- and partner-focused
- Integrity – enabling trust and respect in all our actions
- Diversity – promoting our African heritage in a global context
- Excellence – continuously improving and innovating our business.

READ MORE ABOUT OUR VALUES ON PAGE 14

Our PRIDE values assist in fostering a culture of making decisions based on our good ethical judgement. They also assist in promoting and increasing productivity and encourage team spirit among our employees.

King III recommends that the boards of organisations 'should ensure that the company's ethics are managed effectively'. The report further states that the board should delegate to executive management the task of setting up a well-designed and properly implemented ethics management process or ethics programme. The company's board has therefore delegated management of ethics to the social and ethics committee, which is a subcommittee of the board.

This committee is responsible for ensuring that the company has a comprehensive ethics framework, including a code of ethics and related policies. During the year under review the committee undertook to ensure that social, ethical and corporate citizenship matters are embedded in the organisation's operations and decisions.

As part of the company's commitment to cultivate an ethical culture and to effectively manage the ethics programme, the following initiatives were instituted during the year under review:

- The revised code of ethics has been rolled out throughout our airports and the company
- We have developed a comprehensive gift policy for both the company's employees and for non-executive directors. Training has been conducted throughout the organisation to ensure compliance with the policy and its application. Conflict of interest and gifts disclosures are monitored and the reports are submitted to the social and ethics committee.
- We have implemented an online or electronic declaration of gifts and conflict of interest and this has increased the number of declarations that are made at any given time
- We have created awareness in the form of face-to face-training and workshops to ensure that our culture and values are aligned
- Ethics forums are held quarterly to discuss ethical dilemmas that are taken within the organisation
- An anti-corruption committee has been established which is a subcommittee of the executive committee that monitors fraud-prevention processes and provides assurance to management.

Because measuring and actively fostering a culture that leads with integrity is of importance to the company, a number of steps have been taken to enhance the culture of integrity across the organisation:

- A series of messages was sent to the organisation to educate staff about the importance of uprooting corruption and what the consequences could be if is allowed to continue
- The root cause of employee disobedience and misconduct frequently lies within the organisation's culture. It is in this spirit that all human resources cases of dismissal or disciplinary hearings were analysed to identify gaps so as to channel the company's efforts into training and educating. We have engaged with all our employees throughout

the airports to train them on the Code of Ethics and what constitutes unethical conduct. We also provided ongoing regular advice on the gift policy and declaration of interest
- The company observed international anti-corruption day, held annually on 9 December. We also joined forces with the non-profit organisation Corruption Watch. This event was successfully held throughout our airports with the aim of promoting ethical behaviour and educating our staff
- As part of promoting anti-corruption behaviour the company has an anonymous anti-corruption hotline facilitated through a third party, to report breaches of ethics without fear of reprisal.

Compared to the previous financial year, the company has seen significant improvement in the following aspects:
- Reportable events have decreased
- The processes in place have made it easy to detect and monitor unethical behaviour and fraud through our anti-corruption hotline
- Usage of the hotline by employees has increased, as have the walk-ins – evidence that there is more awareness of ethics
- There has been an increase in gift declaration due to the extensive training on which the company embarked during the year under review
- It was also noted that employees appreciate and are aware of ethical behaviour and the value system to which the company subscribes.

Cape Town International Airport

DELEGATED LEVEL OF AUTHORITY

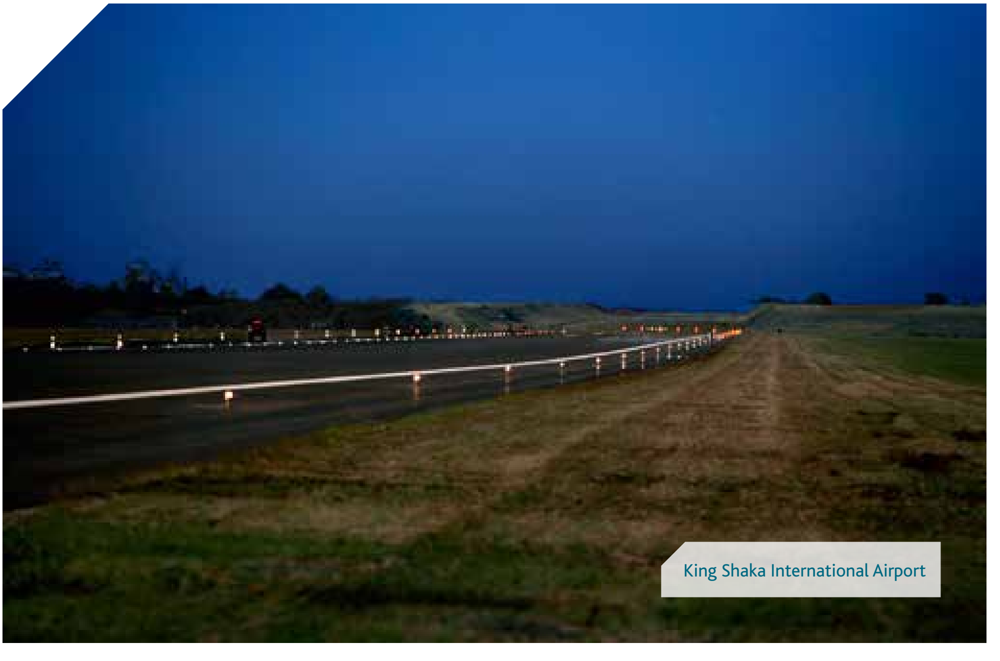
WITH REGARD TO THE DELEGATION OF AUTHORITY, THE COMPANY IS GOVERNED IN ALL ASPECTS BY THE AIRPORTS COMPANY SOUTH AFRICA MEMORANDUM OF INCORPORATION.

While the board retains effective control and authority, provision is made, in line with clearly defined mandates and authorities, for the delegation of authority to relevant board committees and the CEO. Providing in-depth focus on specific areas, each committee has a mandate that sets out its role, responsibilities, scope of authority, composition, terms of reference, and procedures, which are reviewed annually by the board.

The responsibility of managing the business and affairs of the company is delegated to the CEO. The executive committee assists the CEO in the company's day-to-day management, subject to the limits on the delegation of authority. The executive committee and assurance office monitor board-delegated authorities.

Subject at all times to the PFMA, the Companies Act and the Airports Company South Africa Memorandum of Incorporation, the board may, with the consent of the Minister, delegate certain functions to the management of the company.

The management and control of the company is vested in the directors who, in addition to the powers and authorities expressly conferred upon them in the Airports Company South Africa Memorandum of Incorporation and the Airports Company South Africa Act, may exercise or delegate all such powers.

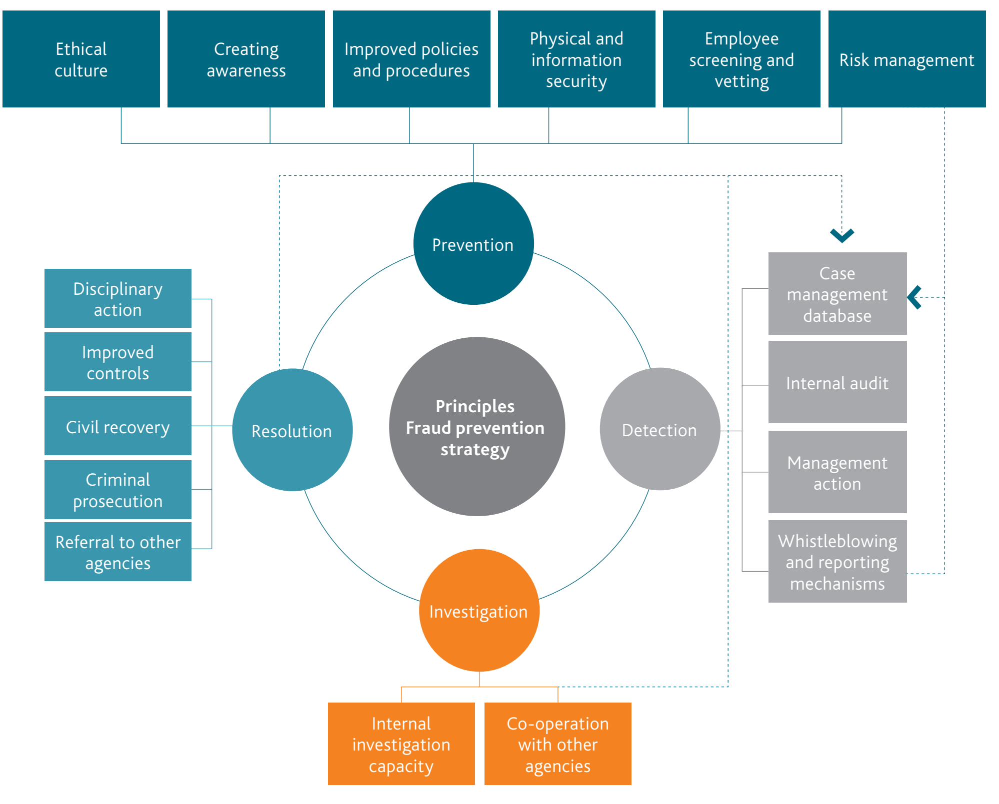


King Shaka International Airport

ANTI-CORRUPTION PROGRAMME

We support and foster a culture of zero tolerance to fraud and corruption in every sphere. We have adopted the approach of compiling a comprehensive and integrated anti-corruption programme, incorporating all elements of prevention, detection, investigation and resolution, and which is coordinated through the internal audit function.

Instances of fraud and irregular activities are reported either through our anonymous tip-off line or directly to the internal audit function. These are evaluated for further investigations. The recommendations and outcomes emanating from these investigations are reported to the executive committee and the audit and risk committee, and will gain momentum in FY2016.



COMPLIANCE FRAMEWORK

King III stipulates that the board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards. The board should delegate to management the implementation of an effective compliance framework and processes.

The board is committed to continually enhancing its corporate governance processes in line with international best practice in a manner that facilitates the development and management of world-class airports, while ensuring that decisions taken are ethical in terms of the regulatory framework, and that its staff members are aware of compliance issues in their day-to-day conduct.

Compliance with laws and regulations is thus of key importance to Airports Company South Africa, especially since it operates a business in a highly regulated environment. We follow a risk-based approach to compliance risk management and a compliance function forms of integral part of risk management processes.

During the period under review, the compliance function was elevated and given independent status. This assurance has achieved:

- A compliance policy and framework (which is a fundamental document) was approved by the board in June 2014. Subsequent to that we have been raising awareness throughout the organisation to ensure alignment of business process with the compliance risk management plans
- As part of managing an effective compliance programme, a regulatory universe has been developed that has all the applicable legislation with which the company needs to comply. It has been further categorised into core, secondary and topical acts. Core acts constitute that legislation that may threaten or limit the continued viability of the business.
- A compliance profile has been developed based on our compliance risk profile, taking into account the vulnerability of the business in terms of compliance with laws and regulations. The profile is risk-based and is monitored and reported on quarterly. The compliance profile is a key document that assists us in management our core legislation; With core legislation defined as those acts that may or can severely threaten or limit the continued viability of the business due to the material impact on profits or market share sustainability that the penalties may have on the business, the core/critical Acts as stipulated in our regulatory universe are:
  - National Key Points Act (NKPA)
  - Civil Aviation Act (SACAA)
  - PFMA
  - Companies Act
  - Airports Company South Africa Act.
- Any non-compliance to the core Acts is reported quarterly to the audit and risk committee
- As part of the compliance risk management plan, our focus has been on compliance with key legislation which is regarded as core/critical legislation for monitoring and reporting to the executive committee, audit and risk committee and the board
- Interaction and co-ordination between different disciplines that mostly relate to compliance has been the priority in the year under review, and this will continue, such as, for example, with the ongoing collaboration between the internal audit, legal, and risk management departments
- The continuous creation of a compliance culture to promote transparency, candour and adherence to both the letter and spirit of the law, remains critical for the company
- Support to the business through the provision of professional advice, training and education whenever necessary, is on-going.

Bram Fisher International Airport

INTERNAL AUDIT

THE PURPOSE OF THE ENTITY'S INTERNAL AUDIT FUNCTION – THE THIRD LINE OF DEFENCE – IS TO PROVIDE INDEPENDENT, OBJECTIVE ASSURANCE AND CONSULTING SERVICES DESIGNED TO ADD VALUE AND IMPROVE THE ORGANISATION'S OPERATIONS.

It is the organisation's objective to leverage a combined assurance model, in order to provide effective and efficient assurance. A combined assurance framework has therefore been designed and approved for implementation. Implementation of this model is further facilitated through the approved combined assurance steering committee, consisting of assurance providers at both second and third levels within the organisation. The company has accepted the three lines of defence as articulated in an Institute of Internal Auditors position paper *(The three lines of defence in effective risk management and control, January 2013).*

The internal audit helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

The three- year, risk-based audit plan covers major risks emanating from Airports Company South Africa's integrated risk management process. The plan covers an almost equal balance of operational, commercial and financial risks with approximately 19% of it focused on operational risks. In particular the audit plan covers operational risks pertaining to, among other aspects, environmental management processes, aviation safety, occupational health and safety, and aviation security. Other risk areas such as governance, strategy and IT are also adequately covered by the plan.

During the FY2015, the internal audit review of the company's assessment against its predetermined objectives was optimised through the provision of a quarterly check. Included in the scope of the review is the adequacy of management's key performance assessment tool and the verification of management's assessment. The audit plan is approved by the audit and risk committee and reviewed annually, based on changes to the company's risk profile, as this ensures that the audit coverage is focused on identifying high-risk areas.

Although the combined assurance framework has not been completely implemented the execution of joint audits between Internal Audit and the second level assurance providers has continued. Lessons learnt from these joint audits were tabled for discussion among assurance providers. External audit has over the past years placed reliance on some of the work done by internal audit. In addition, external audit conducts an annual ISA610 on internal audit.

ANNUAL ASSESSMENT AND ONGOING RISK

The Internal Audit function provides a written assessment annually on the effectiveness of the internal controls and the internal financial controls to the audit and risk committee, for recommendation to the board. Nothing has come to the attention of the board to indicate that there were any material breaches in controls in the year under review. Although management has implemented and progressed on a number of key projects to address these high risks, supply chain management, IT and contract management remain high risks to the organisation.

The board is responsible for the design, implementation and maintenance of appropriate internal controls in mitigation of the inherent risks of the company. The internal audit function, whose independence is ensured through a functional reporting line to the chairperson of the audit and risk committee, examines and evaluates the company's activities, with the objective of assisting executive management and the board in the effective discharge of their responsibilities.

INTERNAL AUDIT (CONTINUED)

The mandate of the internal audit function, which is captured holistically in the annually reviewed internal audit charter, includes independently appraising the appropriateness, adequacy and effectiveness of the company's systems of internal controls, and reporting on these to management and the audit and risk committee.

Collectively the Internal Audit function possesses the knowledge, skills and competencies required to perform its responsibilities. These are supplemented by a co-source agreement which facilitates the inclusion of expertise of a technical nature in various disciplines. Through its affiliation with various professional bodies, including the Institute of Internal Auditors South Africa, the Internal Audit function has access to best practices, standards and guidance. An external quality assurance must be concluded every five years by a qualified, independent assessor. The recent external review by the Institute of Internal Auditors rated the organisation's Internal Audit function as generally compliant.

REMUNERATION REPORT

OVERVIEW OF REMUNERATION POLICY AND PHILOSOPHY

REMUNERATION IS VIEWED AS A KEY TOOL TO FOSTER CULTURAL CHANGE, BEHAVIOUR THAT EMBRACES COMPANY VALUES, AND SKILLS AND EXPERIENCE THAT ARE FOCUSED BOTH ON THE COMPANY AND INDIVIDUAL ACHIEVEMENTS.

The company has adopted a 'total reward' best-practice model to ensure that the remuneration-mix product offered is market competitive and has a sustainable and positive impact. The remuneration strategy aims at:

- Aligning with the strategic thrust and value drivers of the company
- Supporting the philosophy of value-based management
- Attracting and retaining key talent
- Fostering, encouraging and promoting superior performance while positioning the company as a top employer in Africa
- Being the preferred employer and best company to work for.

BARGAINING UNIT

Bargaining unit, or unionised, employees receive a basic salary plus benefits. Major benefits include membership of the pension and provident fund, a medical aid, a housing assistance scheme and an annual bonus in the form of a thirteenth cheque. The basic salaries and conditions of employment are reviewed annually through a collective bargaining process. Bargaining-unit employees are eligible to participate in the company's annual performance short-term incentive scheme.

MANAGEMENT

Management employees are remunerated on a total cost-to-company package. The package includes pensionable earnings which are compulsory benefits (retirement and medical aid) and a cash component (base pay). The salaries are reviewed annually through the approval from board and executive committee which consider financial factors, external equity and company performance. Managerial employees also participate in the company's annual performance short-term incentive scheme which has a direct link to achieving the business strategic thrust set by the executive committee and approved by board committee.

Cape Town International Airport

EXECUTIVE REMUNERATION

The CEO has a five-year employment contract in line with the Airports Company South Africa basic conditions of service. The CFO, COO and group executives have permanent employment contracts in line with the Airports Company South Africa basic conditions of employment. Executive remuneration is based on Shareholder guidelines, company performance and individual performance. The remuneration mix is based on base pay and variable pay only. Executives are remunerated on a package which includes pensionable earnings which are compulsory benefits (retirement and medical aid) and a cash component (base pay). The executive remuneration mix is annually reviewed by the board committee in line with latest remuneration benchmark report.

In line with the company's delegation level of authority, it is the responsibility of the Airports Company South Africa board of directors to approve the annual salary review for the CEO, CFO, COO, group executives and all employees.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors are paid a retainer and meeting fees. The fees are reviewed and approved annually in accordance with the shareholder requirements at the AGM. Non-executive directors are reimbursed for company-related expenses.

VARIABLE REMUNERATION

The purpose of the variable remuneration (short-term incentive) scheme is to drive the achievements of the company performance objectives and to reward employees for their individual efforts. Executive directors (prescribed officers), management and permanent employees, are all eligible to participate in the short term incentive scheme.

The scheme is directly linked to the company performance score card approved by the board committee and shareholders on an annual basis. Once the company achieves the set business targets, the board will approve the bonus pool and delegate executive directors to distribute it in the form of a cash payment. Different categories of employees are allocated percentages which are used as one of the factors to calculate the bonus. The board took a decision to pay out the deferred Executive Long-Term Incentive which was accrued from the unwound scheme. The approved deferred amounts to R9.5 million, which will be settled to the qualifying executives. The approved payment will be subject to compliance in accordance to the financial management guidelines, and processed in FY2016.

The table below provides a summary of the minimum to maximum on-target bonus percentage (OTB %).

EMPLOYEE CATEGORY	SALARY STRUCTURE	OTB %
CEO	Total cost to company	50%
CFO, COO and executives		35% to 45%
Senior management		30% to 35%
Management		25% to 30%
Non-unionised employees (OBU)	Basic salary plus benefits	14% to 25%
Unionised employees (IBU)		8.33%

GOVERNANCE FRAMEWORK

Summary of emoluments for FY2015

Surname and name	Job title	Start date
EXECUTIVE DIRECTORS		
Maseko, Bongani	Chief Executive Officer	1 Mar 1999
Manyama, Maureen	Chief Financial Officer	1 Apr 2013
Subtotal		
NON-EXECUTIVE DIRECTORS		
Mabuza*, Busisiwe	Director: Non-executive	1 Mar 2012
Macozoma, Skhumbuzo	Director: Non-executive	1 Mar 2012
Morar, Roshan	Director: Non-executive	1 Mar 2012
Ramano*, Tryphosa	Director: Non-executive	1 Mar 2012
Luthuli, Bajabulile	Director: Non-executive	1 Dec 2012
Mabelane#, Priscillah	Director: Non-executive	1 Aug 2012
Lamola, John	Director: Non-executive	1 Dec 2012
Moroka, Kenosi	Director: Non-executive	1 Dec 2012
Mabude, Chwayita	Director: Non-executive	1 Dec 2012
Mabela, Matlodi	Director: Non-executive	1 Mar 2015
Matlou, Kate	Director: Non-executive	1 Mar 2015
Simelane, Siyakhula	Director: Non-executive	1 Mar 2015
Botha, Deon (Fees payable to the PIC)	Director: Non-executive	1 Aug 2013
Masilela, Elias (Fees payable to the PIC)	Director: Non-executive	1 Jan 2012
Subtotal		
EXECUTIVE COMMITTEE (PRESCRIBED OFFICERS)		
Mbomvu, Bongiwe	Group Executive: Governance and Assurance	1 Sep 2013
Mekgoe, Tebogo	Chief Operating Officer	1 Aug 2000
Mmakau, Sello	Chief Information Officer	1 Oct 2014
Shinners, Refentse	Group Executive: Corporate Affairs	1 Feb 2015
Du Plessis, Pieter	Group Executive: Human Resources	8 Nov 1993
Jeena, Haroon	Group Executive: Commercial	1 Aug 1999
Vermeulen, Andre	Group Executive: Airports	1 Apr 1995
Pityi, Bongiwe	General Manager	1 Aug 2000
Cloete, Deon	General Manager	1 Jul 1994
Delomoney, Terence	General Manager	17 Jan 2000
Schoeman, Yvette	General Manager	1 Dec 1994
Neville*, John	Group Executive: Aviation Services	1 Apr 1999
Vracar*, Goran	Assistant Group Executive: Infrastructure	1 Apr 1994
Subtotal		
TOP THREE EARNERS – NON-EXECUTIVE MEMBERS		
Soltau, Christa	Manager: Cargo	1 Jun 2014
Matlabe, Aubrey	Treasurer	1 Nov 2008
Govind, Mahesh	Assistant General Manager: Retail	1 Oct 1997
Subtotal		
Total		

* Retired

Resigned

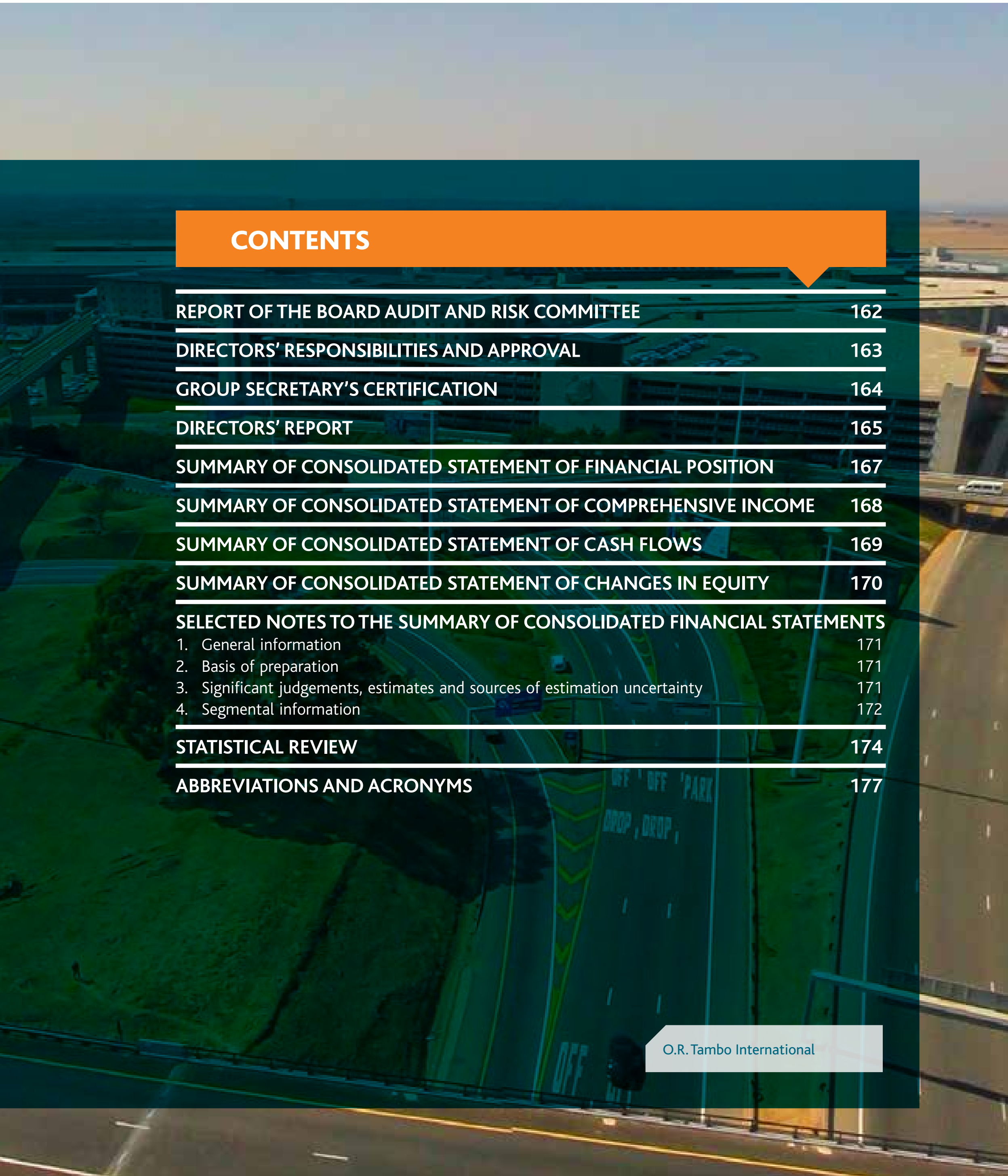
Base pay	Benefits (retirement and medical aid)	Performance based bonus	Director fees	Committee fees	FY2015	FY2014
3 098 258	372 657	1 570 573	–	–	**5 041 487**	6 332 478
2 509 930	266 399	1 565 757	–	–	**4 342 085**	2 381 366
5 608 188	639 056	3 136 330	–	–	**9 383 572**	8 713 844
–	–	–	477 806	261 637	**739 443**	746 402
–	–	–	132 518	260 840	**393 358**	426 223
–	–	–	132 518	304 316	**436 834**	482 575
–	–	–	132 518	224 143	**356 661**	358 136
–	–	–	132 518	200 786	**333 303**	335 297
–	–	–	110 332	136 974	**247 306**	211 536
–	–	–	132 518	277 531	**410 049**	463 198
–	–	–	132 518	127 200	**259 718**	324 906
–	–	–	132 518	319 044	**451 562**	464 172
–	–	–	–	–	**–**	–
–	–	–	–	–	**–**	–
–	–	–	–	–	**–**	–
–	–	–	470 760	–	**470 760**	285 139
–	–	–	–	–	**–**	111 762
–	–	–	1 986 521	2 112 472	**4 098 993**	4 209 346
1 820 943	250 564	532 385	–	–	**2 603 892**	1 166 667
2 315 561	282 268	908 798	–	–	**3 506 627**	2 669 942
908 367	98 382	–	–	–	**1 006 749**	–
298 915	34 418	–	–	–	**333 333**	–
1 784 281	207 520	818 272	–	–	**2 810 073**	3 714 605
2 020 556	232 810	971 077	–	–	**3 224 443**	4 184 477
2 004 783	474 164	724 395	–	–	**3 203 342**	2 834 088
1 170 092	129 830	–	–	–	**1 299 922**	–
1 740 978	278 533	986 336	–	–	**3 005 847**	3 702 863
1 684 708	217 225	913 748	–	–	**2 815 681**	3 243 665
1 587 650	170 098	822 903	–	–	**2 580 651**	2 464 717
159 505	–	938 655	–	–	**1 098 160**	4 498 579
34 463	–	734 215	–	–	**768 678**	3 070 987
17 530 802	2 375 812	8 350 784	–	–	**28 257 398**	31 550 590
2 900 163	–	–	–	–	**2 900 163**	–
1 537 878	188 802	654 337	–	–	**2 381 017**	2 343 456
1 426 140	386 656	561 837	–	–	**2 374 633**	–
5 864 181	575 458	1 216 174	–	–	**7 655 813**	2 343 465
29 003 171	3 590 326	12 703 288	1 986 521	2 112 472	**49 395 776**	46 420 344

SUMMARY OF CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2015

THE SUMMARY OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS IS AN EXTRACT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS. THE FULL SET OF THE AUDITED FINANCIAL STATEMENTS IS AVAILABLE ON THE WEBSITE.

CONTENTS



O.R. Tambo International

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

For the year ended 31 March 2015

The Board Audit and Risk Committee ("Committee") of the Airports Company South Africa consists of four non-executive directors. The skills and competencies of the members are outlined on pages 138 to 141 of the integrated report. The Committee operated under terms of reference which is approved by the Board. The Committee has carried out its duties as per the Companies Act and the Public Finance Management Act, including the special mandates that are assigned by the Board from time to time.

The Committee reports that it has discharged its responsibilities as it relates to the following, namely review of:

- The Group's policies and procedures for detecting and preventing fraud.
- The effectiveness of the Group's policies, systems and procedures.
- The controls over significant financial and operational risks.
- Any other matters referred to it by the Board of Directors.
- The Group's compliance with significant legal and regulatory provisions.
- The significant reported cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees and or Group.
- The internal audit charter to ensure internal audit function discharges its responsibilities with independence and objectivity and in accordance with the International Standards for The Professional Practice of Internal Auditing (Standards).
- The effectiveness and adequacy of the Internal Audit department and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, resourcing plans, financial budgets, audit plans and standing of internal audit function provide adequate support to enable the Committee to meet its objectives.
- The results of the work performed by the internal audit function in relation to financial reporting, corporate governance, risk areas, internal control, significant investigation and management response.
- The independence and objectivity of external auditors.
- The external auditor's findings and reports submitted to management.
- The accounting and auditing concerns identified by internal and external auditors.
- The adequacy, reliability and accuracy of financial information provided by management and other users of such information.
- The integrated report and consolidated annual financial statements, performance and prospects of the Group and recommendation for approval to the Board of Directors.

The Committee is of the opinion that the internal financial controls are adequate to ensure that the financial records may be relied upon in the preparation of the consolidated annual financial statements, and accountability for assets and liabilities is maintained. The conclusion has been reached based on the discussions and explanations obtained from management, external and internal auditors based on the results of their audits.

No significant matters relating to the material breakdown of internal controls have come to the attention of the Committee, other than those reported in the directors' report. The Committee is satisfied that the accounting policies adopted in the preparation of the consolidated annual financial statements are appropriate, and that the judgements and estimates made in their preparation are reasonable and prudent.

The Committee reviewed the 'going concern' of the Company and is satisfied that the adoption of the going concern premise in the preparation of the consolidated annual financial statements is appropriate.

We therefore recommend that the consolidated annual financial statements, as submitted, be approved.

On behalf of the Board Audit and Risk Committee.

B Luthuli
Chairman

31 July 2015

DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the year ended 31 March 2015

The directors are required in terms of the Companies Act No. 71 of 2008, Treasury Regulations and the Public Finance Management Act No. 1 of 1999 as amended (PFMA), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 9 of the consolidated annual financial statements.

The summary of consolidated annual financial statements set out on pages 167 to 173, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 July 2015 and were signed on its behalf by:

S Macozoma
Chairman
31 July 2015

R Morar
Deputy Chairman
31 July 2015

GROUP SECRETARY'S CERTIFICATION

For the year ended 31 March 2015

DECLARATION BY THE GROUP SECRETARY IN RESPECT OF SECTION 88(2)(e) OF THE COMPANIES ACT

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a state owned company in terms of the Companies Act and that all such returns are true, correct and up to date.

In terms of section 8(1) of the Airports Company Act, No. 44 of 1993, I certify that, for the financial year ended 31 March 2015, Airports Company South Africa SOC Limited has lodged, with the Minister of Transport, the consolidated annual financial statements in respect of the preceding financial year.

N Kekana
Company Secretary

31 July 2015

DIRECTORS' REPORT

For the year ended 31 March 2015

GENERAL INFORMATION

The directors have pleasure in submitting their report on the consolidated annual financial statements of Airports Company South Africa SOC Limited for the year ended 31 March 2015.

The Company was established in terms of the Airports Company Act, No. 44 of 1993 as amended and the Companies Act, No. 71 of 2008 as amended.

NATURE OF BUSINESS

The principal activities of the Company are the acquisition, establishment, development, provision, maintenance, management, control and operation of airports or part of any airport or any facilities or services that are normally performed at an airport.

There have been no material changes to the nature of the Group's business from prior years.

REVIEW OF OPERATIONS

Revenue for the Group amounted to R7.8 billion (2014: R7.1 billion), including non-aeronautical revenue of R2.8 billion (2014: R2.6 billion).

Profit before income tax for the Group amounted to R2.3 billion (2014: R2.3 billion).

The profit for the year for the Group was R1.6 billion (2014: R1.7 billion) after taxation expense of R716 million (2014: R591 million).

DIVIDENDS

The Board of Directors has approved an ordinary dividend of R274 million for the 2015 financial year (2014: R300 million).

CAPITAL EXPENDITURE

During the year R826 million (2014: R928 million) was spent on capital expenditure relating to improvements, expansions and replacements by the Group.

SHARE CAPITAL

There were no changes to the authorised and issued share capital of the company and the Group during the financial year.

GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group has a 100% interest in ACSA Global Ltd, a management company incorporated in Mauritius. The investment has been accounted for as a subsidiary.

Airports Company South Africa SOC Limited holds a 100% interest in JIA Piazza (Pty) Ltd. The investment has been accounted for as a subsidiary.

Airports Company South Africa SOC Limited holds a 100% interest in Precinct 2A (Pty) Ltd. The investment has been accounted for as a subsidiary.

ACSA Global Ltd holds a 10% interest in the Mumbai International Airport concession (MIAL). ACSA Global Ltd is registered in Mauritius. The investment has been accounted for as an associate.

The Group has a 50% interest in Airport Logistics Property Holdings (Pty) Ltd, which is a joint venture between the company and The Bidvest Group Ltd. The investment has been accounted for as a joint venture using the equity method of accounting.

DIRECTORS' REPORT
(CONTINUED)

Airports Company South Africa SOC Ltd has a 40% interest in the La Mercy JV Property Investments (Pty) Ltd, a property holding, development and letting company. The investment has been accounted for as an associate.

Airports Company South Africa SOC Ltd holds a 10% interest in Aeroporto de Guarulhos Participações S.A. Aeroporto de Guarulhos Participações S.A. is registered in Brazil. The investment has been accounted for as an associate.

Details of the assets, liabilities, revenues and expenses of the joint ventures and associates that are included in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The Group's accounts include the consolidation of the Airports Management Share Incentive Scheme Company (Pty) Ltd and Lexshell 342 Investment Holdings (Pty) Ltd. These companies are consolidated in terms of International Financial Reporting Standards. The Group consolidates these entities as it is exposed to significant risks that are associated with loans extended to the entities to acquire shares of the company.

DIRECTORS AND SECRETARY

Details of the Directors and Secretary of the company are given on pages 138 to 141 of this report.

INTERESTS OF DIRECTORS AND OFFICERS

No contracts were entered into in which Directors and officers of the company had an interest and which affect the business of the Group. The Directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments of directors are determined by the shareholders. No long-term service contracts exist between Directors and the Group. (Directors emoluments can be found on pages 158 to 159 of the integrated report.)

INFORMATION REQUIRED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT

In terms of the materiality framework agreed with the shareholder and as per section 55(2)(b)(i) and (ii) of the PFMA, any losses due to criminal conduct or irregular or fruitless and wasteful expenditure that individually (or collectively where items are closely related) exceed R60 million, must be disclosed separately, including any criminal or disciplinary steps taken as a consequence of such losses or irregular or fruitless and wasteful expenditure.

Fruitless and wasteful expenditure of R13 million (2014: R1.7 million) in relation to:

1 losses in relation to cancelled tenders;
2 non-compliance to the Treasury Risk Management Policy Framework and the ACSA SCM Policy and Procedure Manual, (ie by not properly managing the foreign exchange risk by taking a forward cover); and
3 Competition Commission penalty – price-fixing in the market for the supply of parking bays to car rental companies at O.R. Tambo International Airport and Gautrain stations.

Irregular expenditure of R171 million (2014: R140 million). The figure for the 2014 financial year has been adjusted to reflect incidents that led to irregular expenditure identified in the current financial year, but the expenditure was incurred in the previous financial year.

The irregular expenditure incidents relate to contravention of the supply chain management policy and the Preferential Procurement Policy Framework Act (PPPFA) and regulations.

The Directors ensure that management has controls in place to monitor and report on this type of expenditure on a regular basis. This information is considered and presented to the Executive Committee (Exco) and the Audit and Risk Committee for review on a quarterly basis.

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	GROUP		
Figures in Rand thousand	**FY2015**	FY2014	FY2013
ASSETS			
Non-current assets	**24 513 453**	24 856 896	24 602 805
Property, plant and equipment	**19 142 498**	19 711 503	20 173 192
Investment property	**3 693 480**	3 275 949	2 991 127
Intangible assets	**55 657**	110 608	150 480
Investment in subsidiaries	**–**	–	–
Investment in joint ventures	**127 942**	107 383	85 078
Investments in associates	**1 348 026**	1 422 739	932 832
Other non-current assets	**145 850**	228 714	270 096
Current assets	**2 932 849**	3 032 483	3 405 768
Inventories	**1 391**	1 180	6 222
Tax receivable	**4 980**	461	614
Derivative financial instruments	**701**	–	11 215
Trade and other receivables	**1 183 312**	942 765	928 599
Investments	**515 899**	1 073 569	1 204 998
Cash and cash equivalents	**1 226 566**	1 014 508	1 254 120
Total assets	**27 446 302**	27 889 379	28 008 573
EQUITY AND LIABILITIES			
Equity			
Share capital	**500 000**	500 000	500 000
Share premium	**250 000**	250 000	250 000
Other reserves	**67 887**	(77 467)	(204 355)
Treasury share reserve	**(44 024)**	(44 024)	(44 024)
Retained earnings	**13 221 663**	11 951 507	10 336 978
Total equity	**13 995 526**	12 580 016	10 838 599
Non-current liabilities	**11 310 956**	12 403 914	13 322 383
Interest-bearing borrowings	**10 036 846**	11 125 401	11 880 638
Retirement benefit obligations	**30 831**	34 858	186 484
Derivative financial instruments	**50 719**	48 081	226 551
Deferred income	**62 859**	69 614	72 249
Deferred tax liabilities	**1 129 701**	1 125 960	956 461
Current liabilities	**2 139 820**	2 905 449	3 847 591
Trade and other payables	**725 658**	758 599	833 876
Interest-bearing borrowings	**1 139 704**	1 846 509	2 841 696
Provisions	**184 816**	177 365	103 500
Derivative financial instruments	**24 304**	51 601	45 383
Income tax liability	**61 999**	68 644	20 437
Deferred income	**3 339**	2 731	2 699
Total liabilities	**13 450 776**	15 309 363	17 169 974
Total equity and liabilities	**27 446 302**	27 889 379	28 008 573

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	GROUP	
Figures in Rand thousand	FY2015	Restated FY2014
Revenue	**7 761 209**	7 126 961
Other operating income	**365 426**	257 856
Employee benefit expenses	**(1 066 166)**	(992 804)
Other operating expenses	**(1 876 360)**	(1 744 984)
Earnings before interest, tax, depreciation and amortisation	**5 184 109**	4 647 029
Depreciation and amortisation expense	**(1 393 491)**	(1 412 665)
Share of profit of equity accounted investments	**(155 446)**	228 582
Finance income	**87 098**	64 702
Finance expenses	**(1 313 554)**	(1 380 960)
Gains/(losses) on remeasurement and disposal of trading financial instruments	**(126 043)**	156 454
Profit before tax	**2 282 673**	2 303 142
Income tax expense	**(716 094)**	(590 688)
Profit/(loss) for the period	**1 566 579**	1 712 454
Other comprehensive income		
Items that will not be reclassified to profit or loss	**1 046**	46 586
Actuarial gain/(loss)	**1 453**	43 987
Gains and losses on property revaluation	**–**	20 710
Income tax relating to items that will not be reclassified	**(407)**	(18 111)
Items that may be reclassified to profit or loss	**144 310**	80 302
Exchange differences on translating foreign operations	**130 583**	86 380
Effects of cash flow hedges	**59 490**	15 323
Income tax relating to items that may be reclassified	**(45 763)**	(21 401)
Other comprehensive income for the year, net of tax	**145 356**	126 888
Total comprehensive income for the year	**1 711 935**	1 839 342
Earnings per share		
Per share information		
Basic earnings per share (cents)	**317.10**	346.62
Diluted earnings per share (cents)	**317.10**	346.62

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	GROUP	
Figures in Rand thousand	**FY2015**	FY2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	**7 520 089**	7 164 160
Cash paid to suppliers and employees	**(2 932 651)**	(2 760 003)
Cash generated from operations	**4 587 438**	4 404 157
Income tax paid	**(743 235)**	(429 223)
Interest received	**87 098**	64 702
Net cash from operating activities	**3 931 301**	4 039 636
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment	**(758 334)**	(863 322)
Sale of property, plant and equipment	**4 231**	2 087
Purchase of investment property	**(49 094)**	(16 106)
Purchase of intangible assets	**(18 564)**	(48 573)
Loan to group companies (advanced)/repaid	**(2 729)**	–
Decrease/(increase) in short term investments	**557 670**	131 429
Investments in associates	**–**	(181 054)
Net cash from investing activities	**(266 820)**	(975 539)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest-bearing borrowings repaid	**(1 948 809)**	(1 889 951)
Financial instruments held for trading	**(140 356)**	(76 761)
Dividends paid	**(296 819)**	(97 528)
Interest paid	**(1 066 439)**	(1 239 469)
Net cash from financing activities	**(3 452 423)**	(3 303 709)
Total cash movements for the year	**212 058**	(239 612)
Cash and cash equivalents at beginning of period	**1 014 508**	1 254 120
Cash and cash equivalents at end of period	**1 226 566**	1 014 508

SUMMARY OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to equity holders of the parent					
Figures in Rand thousand	Share capital	Share premium	Retained earnings	Treasury share reserve	Other reserves	Total
Balance at 1 April 2013	500 000	250 000	10 437 027	(44 024)	(204 355)	10 938 648
Adjustments – Prior period error	–	–	(100 049)	–	–	(100 049)
Balance at 1 April 2013 restated	500 000	250 000	10 336 978	(44 024)	(204 355)	10 838 599
Comprehensive income						
Profit for the year	–	–	1 712 454	–	–	1 712 454
Other comprehensive income	–	–	–	–	126 888	126 888
Actuarial losses on defined benefit post-retirement medical aid liability, net of tax	–	–	–	–	31 675	31 675
Cash flow hedge	–	–	–	–	11 033	11 033
Foreign currency translation differences, net of tax	–	–	–	–	69 269	69 269
Gain on revaluation of investment property, net of tax	–	–	–	–	14 911	14 911
Dividends declared	–	–	(97 925)	–	–	(97 925)
Balance at 1 April 2014 – restated	**500 000**	**250 000**	**11 951 507**	**(44 024)**	**(77 467)**	**12 580 016**
Balance at 1 April 2014 – previously reported	**500 000**	**250 000**	**12 021 612**	**(44 024)**	**(77 467)**	**12 650 121**
Adjustments – prior period error	**–**	**–**	**(70 105)**	**–**	**–**	**(70 105)**
Profit for the year	**–**	**–**	**1 566 579**	**–**	**–**	**1 566 579**
Other comprehensive income	**–**	**–**	**–**	**–**	**145 354**	**145 354**
Actuarial losses on defined benefit post-retirement medical aid liability, net of tax	**–**	**–**	**–**	**–**	**1 046**	**1 046**
Foreign currency translation differences, net of tax	**–**	**–**	**–**	**–**	**101 476**	**101 476**
Cash flow hedge reserve on derivative financial instruments, net of tax	**–**	**–**	**–**	**–**	**42 832**	**42 832**
Dividends declared	**–**	**–**	**(296 423)**	**–**	**–**	**(296 423)**
Balance at 31 March 2015	**500 000**	**250 000**	**13 221 663**	**(44 024)**	**67 887**	**13 995 526**

SELECTED NOTES TO THE SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

Airports Company South Africa SOC Limited (the Company) and its subsidiaries (together the Group) were established in terms of the Airports Company Act, No. 44 of 1993 as amended and the Companies Act, No. 71 of 2008 (Companies Act) as amended. The address of the Company's registered office is The Maples, Riverwoods Office Park, 24 Johnson Road, Bedfordview. The Group is primarily involved in the acquisition, development, provision, maintenance, management, control and operation of airports or parts of airports or any facilities or services that are normally performed at an airport.

The summary of consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, Maureen Manyama CA(SA).

The audited financial statements as at and for the year ended 31 March 2015 are available for inspection at the Company's registered office and on the Company's website, www.airports.co.za.

2. BASIS OF PREPARATION

The summary of consolidated annual financial statements has been extracted from the full set of consolidated annual financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act, No. 71 of 2008, as amended, and the requirements of the Public Finance Management Act No. 1 of 1999, as amended. The full set of consolidated annual financial statements have been prepared on the historical cost basis, except for investment property and derivative financial instruments that are carried at fair value, and are presented in South African Rand. The summary of consolidated annual financial statements is unaudited.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the summary of consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the summary of consolidated annual financial statements. The significant judgements have been disclosed in the applicable notes. These include:

- Fair values of financial instruments
- Post-retirement medical aid liability
- Fair values of investment properties
- Useful lives and residual values of property and equipment and intangibles
- Accounting for investments in associates
- Contingencies

Summary of consolidated annual financial statements

SELECTED NOTES TO THE SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015
(CONTINUED)

4. SEGMENTAL INFORMATION

The Group's reported operating segments are based on reports reviewed by the Executive Committee (EXCO) to make strategic decisions. Five reportable segments were identified, namely:

- O.R. Tambo International Airport
- Cape Town International Airport
- King Shaka International Airport
- Regional Airports
- Corporate and other

The Regional Airports segment comprises the additional airports in South Africa which the group manages.

Information regarding the operations of each reportable segment is included below. EXCO assesses the performance of the operating segments as a measure of earnings before interest, taxation, depreciation and amortisation expense (EBITDA).

The group calculates EBITDA as follows:

Profit/(loss) before tax
Add Interest expense
Less Interest income
Add Depreciation, amortisation and any impairment
Less Income from equity accounted investments

Items not allocated to segments

Tax, derivative financial instruments and interest-bearing liabilities have not been allocated to operating segments as these are managed centrally.

Similarly interest income and expenditure are not allocated to operating segments as they are driven largely by the Corporate division, which manages the cash requirements of the company. Corporate overhead expenses are not allocated to the reportable segments.

	O.R. Tambo International		Cape Town International		King Shaka International	
Figures in Rand thousand	**FY2015**	FY2014	**FY2015**	FY2014	**FY2015**	FY2014
Aeronautical	**3 237 638**	3 025 212	**978 880**	882 667	**423 121**	394 413
Non-aeronautical	**1 723 992**	1 553 381	**536 537**	485 272	**244 539**	233 241
Total external revenue	**4 961 630**	4 578 593	**1 515 417**	1 367 939	**667 660**	627 654
EBITDA	**3 893 757**	3 781 786	**1 002 931**	954 025	**314 859**	407 630

Below is the reconciliation of the segmental information to that presented in the summary of consolidated statement of financial position and summary of consolidated statement of comprehensive income.
Reportable segment assets are reconciled to total assets as follows:

Figures in Rand thousand
Segment assets for reportable segments
Corporate and other segment assets
Total assets per statement of financial position

East London Airport

	Regional Airports		Corporate and Other		Elimination		Total	
	FY2015	FY2014	**FY2015**	FY2014	**FY2015**	FY2014	**FY2015**	FY2014
	286 260	257 009	**–**	–	**–**	–	**4 925 899**	4 559 301
	145 244	197 892	**233 364**	139 664	**(48 368)**	(41 791)	**2 835 310**	2 567 660
	431 504	454 901	**233 364**	139 664	**(48 368)**	(41 791)	**7 761 209**	7 126 961
	192 038	(532 970)	**(219 476)**	36 558	**–**	–	**5 184 109**	4 647 029

	FY2015	FY2014
	37 345 764	27 122 446
	(9 899 462)	766 933
	27 446 302	27 889 379

STATISTICAL REVIEW

For the year ended 31 March 2015

	FY2015	FY2014	FY2013	FY2012	FY2011
	R'000	R'000	R'000	R'000	R'000
GROUP					
Operations					
Aeronautical revenue	**4 925 899**	4 559 301	4 245 654	3 349 653	2 430 447
Non-aeronautical revenue	**2 835 310**	2 567 660	2 400 948	2 388 890	2 227 792
Revenue	**7 761 209**	7 126 961	6 646 602	5 738 543	4 658 239
EBITDA	**5 184 109**	4 647 029	4 442 297	3 563 630	2 615 131
Operating profit	**3 790 618**	3 234 364	3 030 344	2 099 826	1 169 903
Profit before tax	**2 282 673**	2 303 142	1 641 280	118 068	(181 303)
Profit for the year	**1 566 579**	1 712 454	991 310	187 573	(220 530)
Depreciation and amortisation	**(1 393 491)**	(1 412 665)	(1 411 433)	(1 463 804)	(1 445 228)
Dividends paid	**(296 819)**	(97 528)	–	–	–
Capital expenditure	**(825 992)**	(928 001)	(990 603)	(417 100)	(505 368)
Financial position					
Capital and reserves	**13 995 526**	12 580 016	10 838 599	9 689 991	9 598 237
Non-current liabilities excluding deferred tax	**10 181 255**	11 277 954	11 365 922	15 946 569	15 091 193
Deferred tax	**1 129 701**	1 125 960	956 461	1 000 885	1 080 452
Debentures		–	–	–	6 000
	25 306 482	24 983 930	23 237 261	26 637 445	25 775 882
Property, plant and equipment, investment property and intangible assets	**22 891 635**	23 098 060	23 314 799	23 535 684	26 560 669
Investment in joint ventures	**127 942**	107 383	85 078	43 752	–
Investment in associates	**1 348 026**	1 422 739	932 832	748 643	647 129
Other non-current assets	**145 850**	228 714	270 096	191 543	150 115
Current assets	**2 932 849**	3 032 483	3 405 768	3 619 359	1 798 666
Non-current assets held for sale	**–**	–	–	1 850 000	–
Total assets	**27 446 302**	27 889 379	28 008 573	29 988 981	29 156 579
Current liabilities	**2 139 820**	2 905 449	3 847 591	3 351 536	(3 380 698)
	25 892 642	27 518 879	28 865 037	33 340 517	25 775 881
Cash flow					
Net cash generated in operating activities	**3 931 301**	4 039 636	3 930 409	3 036 235	1 665 084
Cash (utilised)/generated in investing activities	**(266 820)**	(975 539)	(1 018 997)	164 440	(532 908)
Net cash (utilised)/generated by financing activities	**(3 452 423)**	(3 303 709)	(3 631 966)	(1 899 118)	(887 749)
Net cash inflow/(outflow)	**212 058**	(239 612)	(720 554)	1 301 504	244 884
Profitability					
Earnings per share (cents)	**317.1**	346.6	200.7	38.0	(44.6)
Dividends per share (cents)	**60.0**	19.8	–	–	–
Productivity					
Number of employees	**2 932**	2 819	2 715	2 490	2 342
Revenue per employee (R')	**2 647**	2 528	2 448	2 305	1 989
Operating profit per employee (R')	**1 292 844**	1 147 344	1 116 149	843 304	499 532
Departing passengers per employee	**6 086**	6 179	6 423	7 208	7 476
Cost to income (%)	**38**	40	54	63	75

	FY2015	FY2014	FY2013	FY2012	FY2011
	R'000	R'000	R'000	R'000	R'000
GROUP					
Other key statistics (in numbers)					
Aircraft landings					
International	**36 573**	38 315	36 146	34 716	34 423
Domestic	**133 093**	125 956	126 388	142 696	139 839
Regional	**12 157**	11 131	11 251	12 087	11 492
Unscheduled	**91 519**	85 892	81 238	82 821	88 538
	273 342	261 294	255 023	272 320	274 292
Departing passengers					
International	**5 198 086**	5 116 779	4 914 163	4 845 495	4 734 075
Domestic	**12 036 117**	11 701 577	11 963 082	12 534 937	12 205 426
Regional	**531 211**	518 989	487 569	490 407	462 261
Unscheduled	**79 136**	81 838	73 072	76 715	107 506
	17 844 550	17 419 183	17 437 886	17 947 554	17 509 268
Number of airlines					
International	**50**	43	44	44	55
Domestic	**8**	7	6	7	8
	58	50	50	51	63
Aeronautical tariffs (R)					
Passenger service charges					
Domestic	**111.4**	105.3	101.8	96.5	57.0
Regional	**230.7**	218.4	212.2	19.1	117.5
International	**303.5**	287.7	279.8	262.3	155.3
Landing fees (based on an aircraft with a maximum take off weight of 60 000kg)					
Domestic	**4 817.3**	4 561.8	4 437.0	4 166.0	2 456.1
Regional	**7 027.2**	6 654.6	6 472.9	6 067.5	3 582.8
International	**9 236.4**	8 746.7	8 507.5	7 986.9	4 709.3
Operational volume (in numbers)					
Aircraft landings					
O.R. Tambo International	**108 792**	103 341	100 007	106 353	106 378
Cape Town International	**45 587**	44 281	44 537	48 996	46 818
King Shaka International	**24 693**	24 797	24 850	27 556	27 398
Port Elizabeth International	**31 720**	33 956	31 821	35 087	36 534
East London Airport	**15 897**	15 238	15 265	16 285	19 324
George Airport	**27 722**	22 233	19 815	16 726	16 502
Bram Fischer International	**8 418**	7 281	8 925	10 161	9 423
Kimberley Airport	**5 915**	5 290	5 766	6 172	6 226
Upington International	**4 598**	4 877	4 037	3 924	3 588
COMPANY	**273 342**	261 294	255 023	271 260	272 191
Pilanesberg International	**–**	–	–	1 060	2 101
Total	**273 342**	261 294	255 023	272 320	274 292

STATISTICAL REVIEW
(CONTINUED)

	FY2015	FY2014	FY2013	FY2012	FY2011
	R'000	R'000	R'000	R'000	R'000
GROUP					
Departing passengers ('000)					
O.R. Tambo International	**9 588 887**	9 415	9 318	9 491	9 329
Cape Town International	**4 387 344**	4 216	4 226	4 301	4 113
King Shaka International	**2 265 811**	2 241	2 337	2 526	2 440
Port Elizabeth International	**673 841**	624	651	682	708
East London Airport	**319 559**	333	323	339	339
George Airport	**308 834**	289	274	290	273
Bram Fischer International	**182 922**	192	207	222	209
Kimberley Airport	**80 413**	78	75	70	66
Upington International	**36 939**	32	27	26	24
COMPANY	**17 844 550**	17 419	17 438	17 947	17 501
Pilanesberg International	**–**	–	–	1	4
Total	**17 844 550**	17 419	17 438	17 948	17 505
GROUP					
Staff					
O.R. Tambo International	**1 172**	1 148	1 184	1 064	1 041
Cape Town International	**620**	549	547	521	457
King Shaka International	**387**	413	391	335	335
Port Elizabeth International	**119**	108	112	103	99
East London Airport	**64**	67	67	63	61
George Airport	**69**	68	72	60	67
Bram Fischer International	**64**	67	66	63	69
Kimberley Airport	**40**	39	41	39	34
Upington International	**26**	23	19	20	20
Corporate Office	**331**	309	216	222	147
Regional airports – central management office	**40**	28	–	–	–
COMPANY	**2 932**	2 819	2 715	2 490	2 330
Pilanesberg International	**–**	–	–	–	12
Total	**2 932**	2 819	2 715	2 490	2 342

ABBREVIATIONS AND ACRONYMS

AASA	Airline Association of South Africa
ACAA	Air Cargo Agents Association of India
Accountability	AA 1000 stakeholder engagement standard
ACI	Airports Council International
ACSA	Airports Company South Africa
AGM	Annual general meeting
AMC	Airport management centre
AMS	Airport management solutions
APEX	Airport excellence in safety
ASQ	Airport service quality
ATM	Air traffic movements
ATNS	Air Traffic Navigation Services
BARSA	Board of Airline Representatives South Africa
B-BBEE	Broad-based black economic empowerment
BCM	Business continuity management
BRICS	Five major emerging national economies: Brazil, Russia, India, China and South Africa
BRS	Baggage reclaim system
BU	Business unit
CAA	Civil Aviation Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIO	Chief Information Officer
Companies Act	Companies Act No. 71 of 2008
COO	Chief Operating Officer
CPI	Consumer price index
CSI	Corporate social investment
CSIA	Chhatrapati Shivaji International Airport
CUSS	Common user self service
CUTE	Common user terminal equipment
DFI	Development finance institution
DMTN	Domestic medium-term note
DRC	Democratic Republic of Congo
DTP	Dube Trade Port
EBITDA	Earnings before interest tax depreciation and amortisation
ECM	Enterprise content management

ABBREVIATIONS AND ACRONYMS
(CONTINUED)

EDP	Executive development programme
EIA	Environmental Impact Assessment
ER	Economic Regulator
ERP	Enterprise resource planning
ETD	Explosive trace detectors
Exco	Executive Committee
FIDS	Flight information display system
GDP	Gross domestic product
GPS	Global positioning system
GVK	A leading Indian conglomerate with diversified interests across various sectors of economic significance. GVK is a partner in MIAL consortium India
ha	Hectares
IATA	International Air Transport Association
ICAD	International civil aviation day
ICAO	International Civil Aviation Organisation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISA 610	International standard on auditing 610 (Revised)
ISO	International Standards Organisation
IT	Information technology
JAAP	Joint aviation awareness programme
JV	Joint venture
King III	King Code of Governance for South Africa (2009)
Km	Kilometres
KPI	Key performance indicator
LMJVC	La Mercy Joint Venture Company
Ltd	Limited
MCT	Minimum connecting times
MDP	Management development programme
MIAL	Mumbai International Airport (Private) Limited
MOU	Memorandum of understanding
MRO	Maintenance, repair and overhaul
NDP	National Development Plan
NEHAWU	National education, health and allied workers union
NGO	Non-governmental organisation
OLA	Operational level agreement
PAX	Passengers

Permission	Permission application
PFMA	Public Finance Management Act No. 1 of 1999
PIC	Public Investment Corporation
PMO	Project management office
PPE	Property, plant and equipment
PropCo	Property company
RFP	Request for proposal
ROCE	Return on capital employed
SAA	South African Airways
SACAA	South African Civil Aviation Authority
SANRAL	South African National Roads Agency
SANS	South African National Standards
SAPOS	South Africa Post Office Services
SAPIA	South African Petroleum Industry Association
SDP	Supervisory development programme
SED	Socio-economic development
SEZ	Special economic zone
SMS	Short message service
SOC	State-owned company
STI	Short-term incentive
sqm	Square metres
TMPS	Total measurable procurement spend
TSA	Transport security administration
UTFC	Ultra-thin fractional course
WAN	Wide area network

NOTES

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Company registration number	1993/004149/30
Directors	S Macozoma# (Chairman, effective 1 March 2015) B Mabuza# (Chairman resigned 28 February 2015) R Morar# J Lamola# B Luthuli# C Mabude# P Mabelane# (resigned 31 December 2014) K Moroka# T Ramano# (resigned 28 February 2015) D Botha# M Mabela# (appointed 1 March 2015) S Simelane# (appointed 1 March 2015) M Matlou# (appointed 1 March 2015) B Maseko* M Manyama*
Registered office	The Maples Riverwoods Office Park 24 Johnson Road Bedfordview 2008
Postal address	PO Box 75480 Gardenview 2047
Bankers	Standard Bank Nedbank
Auditors	Auditor-General South Africa
Secretary	N Kekana

Non-executive director
* *Executive director*

www.airports.co.za