



SAA Group Results - FY17 YTD

An african airline with global reach

Group Income Statement

Introduction

The company continues to make losses and these losses are largely driven by significant shortages of revenue and persistently high base cost.

Shortages in revenue was driven largely by 14% increase from the prior period which was not realistic in the prevailing market conditions. The level of revenue budget has been historically designed to cover the high cost base of the company. This process of budgeting which is the “bottom up approach” is being reviewed as part of compiling corporate plan for SAA.

The company in the 11 month period has posted a loss of R4.490 billion versus a budgeted loss of R1.4 billion. It is important to highlight that the budgeted loss did not take into account the expected movement of the exchange rate. This was because of the volatility that it can present to the financials of the company, the best practice is not to budget for it. This is “mark to market” of foreign assets and liabilities as per the accounting standards.

SAA needs to address its operating cost as well as revenue management in order to operate at least at break even at EBIDTA level. The review process focus is both on revenue and costs.

FY17 performance - YTD February 2017

Rm	YTD ACTUAL	YTD BUDGET	VAR	PY ACTUAL	VAR	Notes
Total income	27 680	32 436	-15%	27 424	1%	2
Operating costs	(29 108)	(32 007)	9%	(28 357)	-3%	3
Energy	(6 773)	(7 092)	4%	(6 874)	1%	
Labour	(5 528)	(5 820)	5%	(5 358)	-3%	
Aircraft Maintenance	(4 075)	(4 972)	18%	(4 035)	-1%	
Other Operating Expenses	(12 732)	(14 124)	10%	(12 090)	-5%	
EBITDA	(1 427)	428	>100%	(933)	-53%	
Depreciation, impairment & other	(561)	(757)	26%	(893)	37%	
EBIT	(1 989)	(329)	>100%	(1 826)	-9%	1
Hedging gains/ losses	(57)	-	-	124	>100%	
Foreign exchange gains/ losses	(1 237)	-	-	1 122	>100%	5
OPERATING PROFIT (LOSS)	(3 282)	(329)	>100%	(581)	>100%	
Net finance income (costs)	(1 082)	(1 099)	2%	(752)	-44%	4
PROFIT (LOSS) BEFORE TAX	(4 364)	(1 428)	>100%	(1 332)	>100%	
Taxation	9	7	-23%	34	74%	
NET PROFIT (LOSS)	(4 355)	(1 421)	>100%	(1 298)	>100%	
Preference dividends	(135)	-	-	(93)	-45%	
RETAINED EARNINGS MOVEMENT	(4 490)	(1 421)	>100%	(1 391)	>100%	