

Industry Overview

Key themes - Africa

- Increased competitive threat (AF/KLM/KQ, EK)
- Increased partnering and code-share
- BASA constraints (e.g. Nigeria, Angola, Yamoussoukro Declaration)
- Strong market growth
- Franchise opportunities
- Aircraft maintenance opportunities
- Increasing Cargo opportunities



Industry Overview

Key themes - South Africa

- Strong pax growth – (only 5% of South Africans fly)
- LCC position strengthening
- Competition intensity driving yields down
- Fuel costs bite
- Strong voice of Labour
- Growing online bookings

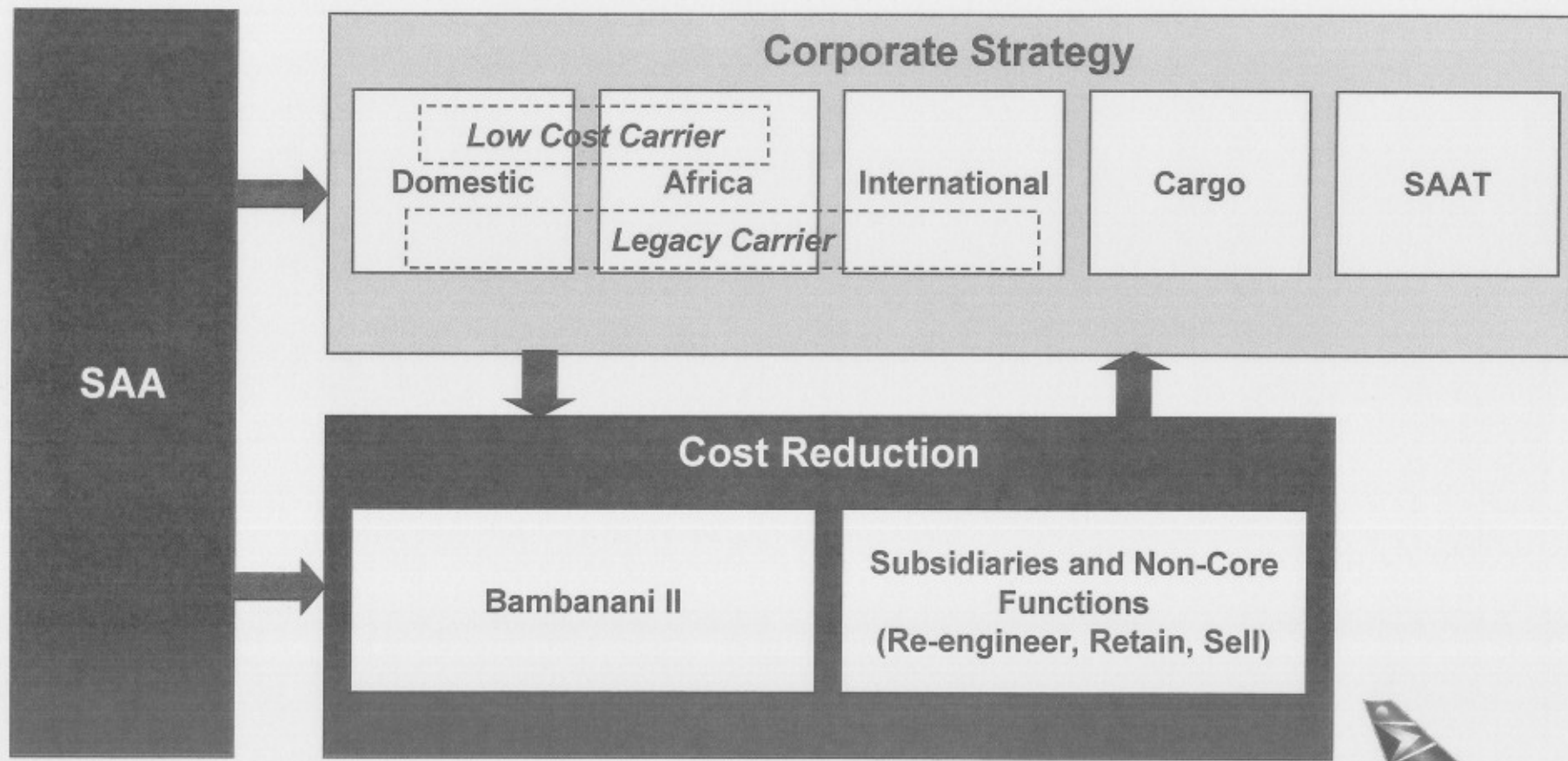
Agenda

1. Financial Overview
2. Industry Overview
3. Strategic Overview
4. Conclusion and way forward

Strategic Overview

Strategic Initiatives

- SAA strategy and specific initiatives



Strategic Overview

Network strategy

- **Domestic/SADC**

- Launch low cost offering for leisure and new travellers
- Premium offering for business passengers

- **Africa**

- Partner with African carriers – Ghana, Nigeria
- Increase point-to-point flying

- **International**

- Consolidate network in partnership with Star Alliance
- Lie flat seats
- Focus on tourists
- Increase direct services
- Reduce costs

Strategic Overview

Strategic Achievements

.....FY2006

- Historic admission to the Star Alliance
- Bambanani II embedded across the organisation
- IT system implementation complete – Amadeus, Pegasys, Rapid
- Strong leadership and management team in place
- Marketing achievements – ATP, SAA Tennis Open, SAA Open

.....FY2007

- Improved pricing and revenue management
- Improved customer experience
- Voyager Credit Card
- Strong SAA Cargo growth to achieve R4.5bn turnover by 2010
- SAA Technical pursuing partnerships, 3rd party business & Freighter conversions
- 2010 World Cup preparations
- Launch of LCC

Agenda

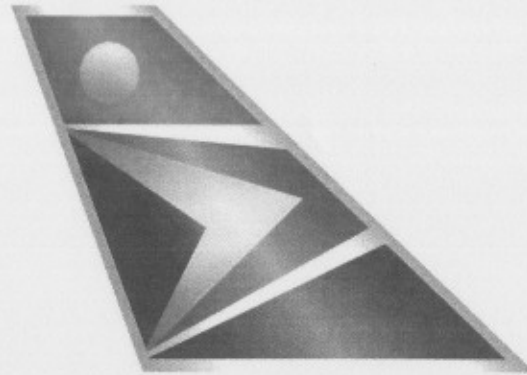
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Conclusion and Way forward

- Looking forward, SAA will focus on the following strategic initiatives:
 - Realising Star Alliance benefits
 - Continued focus on Bambanani II
 - Improving Customer Service
 - Implementation of Network strategy - Low-cost carrier, Legacy business, International business
 - Gearing Cargo and SAA Technical for growth
 - Restructure, Retain or Sell Subsidiaries and Non-Core Functions
 - Recapitalising SAA & Finalising Unbundling from Transnet

Thank you
Q & A



SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER



“Bringing the World to Africa and taking Africa to the World”