

REVIEW BY THE CHIEF EXECUTIVE OFFICER

The CTICC continues to deliver impressive performance in uncertain times. Breaching the psychological R200m revenue ceiling is certainly cause for celebration; but a figure of R209m (including other income; and R12m above prior year) is especially pleasing in the context of rising costs and volatile economic times. That we should still increase our operating profit from R60m to R67m, our EBITDA from R52m to R57m and our net after-tax profit from R42m to R47m, which is 176% above target, is remarkable. Rigorous cost control has certainly played its part and I have my Executive team colleagues to thank for that. Our cost containment measures have saved us R17m across all cost categories.

These figures only tell some of the story, however. This report's theme is about expansion and about reaching out to our continent, our communities and the world beyond. And, indeed, as our CTICC East expansion reaches completion, it is to these continental and global clients that we must market ourselves. As you will see from our events review section, we are already building our international client base, with 39 international conferences choosing to come to the CTICC last year – a 22% rise compared to the year before. Our challenge is to build on that.

Making economic waves and creating job opportunities

The CTICC is a strategic asset of its three shareholders, the City of Cape Town, the Western Cape Government and SunWest International, and as such its commitment to perform is not just financial but also economic and social.

Happily, I can report that in the 2015/16 financial year, the CTICC delivered the highest economic contribution to national Gross Domestic Product (GDP) in its 13-year history at R3.5bn, as well as a R3bn contribution to the Western Cape's Gross Geographic Product (GGP). This includes the positive effects of induced tourism, which continues to be driven by the ever-buoyant reputation of Cape Town as a tourism destination.

We also continue to sustain jobs in both our region and our country, through 3 233 direct jobs in the Western Cape and 4 525 indirect employment opportunities across South Africa. Bolstering this is our growing contribution to supporting SMME, B-BBEE and, in particular, women-owned enterprises, most of which are local. Indeed, we have excelled in particular in sourcing 92.8% of our total net spend this year from B-BBEE suppliers, up more than 6% on the prior year.



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Chief Executive Officer

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Transforming people's lives by building futures

On top of this, our commitment to supporting and empowering the communities in which we operate goes from strength to strength as our relationship with our four main beneficiaries matured during the financial year: you can read more about the past year's activities in the social responsibility section of the report. We also continued to invest in a variety of other community development organisations. These corporate social responsibility initiatives are fervently supported by our staff who continue to give of themselves to serve others.

Giving back is something we feel is particularly important and what better gift than the gift of education. This is why we made a commitment, on our 13th birthday this year, to provide 13 students with bursaries to the combined value of just under R400 000. The bursaries will provide students studying in the culinary, events, marketing, finance, procurement and technical fields with additional support to help them through their studies. On completion of their studies, these students will be incorporated into the CTICC's graduate programme and given one-year employment contracts to gain valuable work experience and hands-on training.

This is the first time the CTICC will be directly providing funds to support students with their studies. Not only is this another big step towards contributing to job creation and sustainability, but it also allows students from disadvantaged backgrounds the opportunity to make their dreams come true. Of this we couldn't be more proud.

Investing in our own future to build our value proposition

Continuous investment is a non-negotiable in our business. As new convention centres emerge, established ones reinvest. To remain competitive, we must do the same. This year we have invested R29m in capital expenditure to maintain and upgrade our current CTICC West building – much of it to contain costs, benefit from new technologies and build sustainability into our business.

We also invested a further R351m in our new CTICC East expansion, which will open for business next year and create a substantially increased offering to our clients – another 10 000m² of conference and exhibition space, as well as a further 3 000m² of formal and informal meeting space.

However, our reinvestment is not just in capital expenditure. It is also in people – and this year we have chosen to focus in particular on the women who work with us. You will find stories of our investment in staff and suppliers on pages 68 to 70 and 72 to 73. And you will also discover that we have 18 women engineering students on our CTICC East construction site. At the CTICC, we seek to be the change as well as make the change.

Just one example of how we translate this into customer satisfaction is our rigorous independent customer satisfaction index (CSI) survey, which, at 84% this year, again exceeded our overall customer satisfaction target of 75% by almost 10%.

Sustaining our success year on year

Sustainability and triple-bottom-line reporting remain integral to the way we do business. It is also part of the structure of this year's report as we have separate sections on economic contribution, environmental impact and social responsibility. They are all equally important and our metrics have improved in almost all of our sustainability parameters. We remain part of the UNGC initiatives that support responsible business and we have, yet again, reduced our electricity usage by almost 3% and our water consumption by a further 5%. These are particularly important figures in the face of rising energy costs and the ongoing drought.

Looking outward, solving challenges and making plans

We have come to the end of another great year in the life of the CTICC. The year has not been without its challenges,

however. These include, inter alia, government policy and international healthcare codes of conduct that impact on conference attendance, visa regulations on travel into the country, poor economic conditions globally, rising food costs due largely to drought and the ever-rising costs of utilities. All of these factors have affected our business and impacted particularly on our delegate numbers. The CTICC saw a drop in delegate numbers as fewer delegates attended conferences and exhibitions. Furthermore, delegates remained for shorter periods, and, as a result, fewer may return as tourists.

Up to a point, we can strategise our way around these challenges, as our section Outlook: Embracing a global future on page 99 demonstrates. Our approach is a set of plans and aspirations through which we intend to fill our new CTICC East expansion and welcome our continent and the world to share it with us.

Thank you

My second year as CEO of the CTICC has been one of consolidation and commitment to the future – for our centre, our people and the communities and stakeholders we serve. My sincere thanks go to the ever-dedicated CTICC Executive team and staff, as well as our suppliers whose commitment and dedication are the reason we are the success we are. It remains an honour and a privilege to lead such a loyal, enthusiastic and creative team.

Thank you, also, to the CTICC shareholders and the Board of Directors for your continued guidance and support over the past year.

Finally, my genuine appreciation goes to all our CTICC clients. Without you, there would be no CTICC: you are the reason we exist.

Julie-May Ellingson

Chief Executive Officer

