

EVENTS AND TOURISM - continued

TRIPOS TRAVEL (PTY) LTD (TRIPOS)

KEY FACTS

GENERAL MANAGER	R Romaney
BOARD OF DIRECTORS	K Abdulla, AM Salie, CF Hendricks and LO Burt
EMPLOYEES	9
HEAD OFFICE	Woodstock, Cape Town
FOOTPRINT	South Africa

PROFILE

Tripes Travel (Pty) Ltd (Tripes) has been in existence since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events. While they are specialists in corporate travel, they provide a service in both the corporate and leisure markets. In the Inbound Tours and Events department, they focus on inbound tours to Southern Africa for groups and independent travellers.

Tripes has long-term contracts with corporate clients and independent (on and off site) travel consultants.

Tripes aims to:

- deliver a superior service while actively contributing to the development of people in the travel industry;
- invest in leading-edge technology to service clients online and in person;
- develop their employees;

- build strong relationships and leverage its membership in the Sure Group to provide clients with the best prices;
- grow the inbound tourism business; and
- ultimately deliver good sustainable returns to their stakeholders.

2019 OPERATIONAL PERFORMANCE

The challenging economic conditions had an impact on revenue, with companies looking at cost-cutting measures while there is a continuing decline in the traditional travel agency industry. This created a very competitive arena for travel companies. Tripes plans to address this by focusing on acquiring small to medium-sized clients and investing more resources into the growth of their leisure and inbound tourism departments.

Cash flow management has improved with a complete overhaul of the back-office administration department. The efficiency in debt collection has improved and the Company can meet its day-to-day obligations through working capital.

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VISION 2020 VISION – TRIPOS' CONTRIBUTION

A detailed analysis of the business was done in 2015 with the primary objective to have focused and aligned efforts across the business to deliver on its long-term goals. A five-year strategic plan was implemented with clear deliverable, strategic actions for each strategic lever and specific time frames.

Below is a high-level outline of their progress of the Vision 2020 Vision strategic goals:

- Tripos continues to:
 - concentrate its efforts to increase revenue and operating profits; and
 - invest in resources to promote niche tours and to grow its footprint.
- Tripos's relationship with the SURE Consortium Group continues to strengthen in that they continue to provide support in all aspects of their business, from client acquisition to supplier contract negotiation.
- Tripos was elected as the official travel partner by espAfrika, the owner and producer of the 20th Cape Town International Jazz Festival.
- A key value of Tripos is to put the customer first and this is entrenched in their values, staff coaching and training, incentives and allocation of resources.

PROSPECTS AND FUTURE OUTLOOK

Tripos plans to improve its revenue position by aggressively targeting small businesses for new business, outbound leisure business and exploit the growth in inbound travel to South Africa.

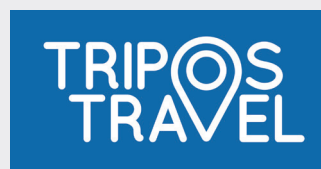
Tripos plans to restructure and consolidate resources to improve its profitability.

The actions in progress to achieve this are listed below:

- Expand the responsibilities of an existing staff member to focus on the acquisition of new business targeting small to medium companies
- Continue to develop, promote and sell inbound packages for Southern Africa to the identified regions
- Evaluate prospects for acquisition in the inbound tourism sector
- Sell niche packages for the Cape Town International Jazz Festival as the official travel partner on a long-term basis
- Sell niche packages for The Harley Davidson Tours
- Promote and sell outbound leisure packages
- Work closely with suppliers to provide the best deals to customers
- Arrange customer service and sales training for all staff
- Build on and make optimal use of our improved systems and processes

OPERATIONAL FOOTPRINT

Tripos has a single office in Cape Town. Its corporate client list is predominantly Cape Town-based, with a small percentage (less than 5%) based in Gauteng. Tripos' inbound tours department specialises in providing tours to the Southern African region. This year, Tripos served clients from Dubai, France, Belgium and Canada.

COMPANY BRAND**BRAND**

EVENTS AND TOURISM - continued

TRAVEL MANAGEMENT

RETAIL

- Travel
- Outbound leisure travel
- Corporate travel
 - Tripos has contracts with corporate clients, NGOs and government bodies to manage their travel arrangements
 - Tripos also has a number of agreements with corporates where it is retained as a preferred supplier

WHOLESALE TRAVEL

- Tripos structures packages (air, accommodation, tours and transfers) for resale by other travel agencies
- This is done for certain niche products like the Cape Town International Jazz Festival

INBOUND TRAVEL

- Inbound tours of Southern Africa
- Niche tours

LIST OF SERVICES OFFERED:

- IATA air tickets and non-IATA air tickets (e.g. air charters)
- Accommodation and car hire
- Transfer and chauffeur services
- Packaged travel arrangements
- Travel insurance, passports and visas
- After-hours service line
- Manage corporate events including meeting and conferencing arrangements
- Incentive travel
- Tours

BUSINESS MODEL

Tripos is a retail and wholesale travel business. It retails air, land and associated services directly to the consumer while it also wholesales travel packages to other travel companies. Tripos' retail business is split into corporate and leisure travel.

Tripos has contracts to manage the travel arrangements for several corporate clients based in South Africa. In leisure travel, the focus is on selling outbound travel packages to clients in the local market.

The inbound tours department focuses on selling packages to international inbound tourists. In addition, Tripos has agreements with independent travel consultants who use its infrastructure to issue tickets and to service their clients.

Revenues from travel management are generated from service fees and commissions (the latter is only from some service providers). A small portion of the income is in the form of rental from the independent travel consultants.

Tripos continues to aim to grow its retail travel business in line with its strategy while simultaneously planning to grow its inbound tours business. This strategy is designed to ensure regular income from corporate clients and through outbound and inbound sales, thereby improving the overall profit and profit margin.

GOVERNANCE

Tripos, through the application of policies and structures, as defined by the holding company AEEI, complies with all sound governance and regulatory functions and has had no reported fraud or deviations in the application of these principles in the year under review. The continued training and exposure of employees to the ever-changing regulatory environment and regulations of the Companies Act ensure that all employees are fully informed of their responsibilities and that the Company adheres to all the regulations and laws.

The Board of Tripos (the Board) meets on a quarterly basis to review the action plans of the executives and the progress of the Company towards its set objectives. Additionally, a risk register is maintained and reviewed by the Board. Regular peer reviews are carried out by the holding company in respect of the delegated authority level as well as adherence to the AEEI Group policies.

The Board has the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The Board promotes independent judgement to assist with the balance of power and the effective discharge of its duties. The Board is evaluated annually to ensure effective functioning.

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The Board continues to work towards the achievement of the following governance outcomes:

OBJECTIVE	Stakeholders	<ul style="list-style-type: none"> Value creation for all stakeholders and sustainable development An ethical culture and effective leadership are maintained with positive outcomes A stakeholder-inclusive approach balancing the needs and interests of material stakeholders in the best interests of the Company
SCOPE	Company	<ul style="list-style-type: none"> The Company operates within triple context Govern risks and opportunities, strategy, business model as well as sustainable development in a way that supports the Company to achieve its strategic objectives
CHARACTER	Internal system	<ul style="list-style-type: none"> Proper internal controls are in place to approve policies and planning and to monitor and ensure accountability Assurance services and functions enable an effective control environment to support the integrity of information for internal and external decision-making The Company remunerates fairly, responsibly and transparently in order to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long term
MECHANISM	Conformance	<ul style="list-style-type: none"> Govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the Company to be ethical and a good corporate citizen
DIRECTION	Management	<ul style="list-style-type: none"> The Board sets and steers the strategic direction of the Company and is the focal point and custodian of corporate governance and ensures accountability for the Company's performance. The Board oversees and monitors the implementation and execution by management
DISCLOSURE	Financial statements	<ul style="list-style-type: none"> Audited financial statements in terms of IFRS

STRATEGIC PLANNING AND MONITORING

Tripes manages its business strategically by following a process that includes an annual review of past performance, source of income and a review of the internal and external environments, including the market. This review is followed by setting new strategies, targets and action plans aimed at short to long-term growth and sustainability.

Quarterly reviews of strategic achievements, progress on action plans and how changes in the internal and external environments may positively, or negatively, affect each action plan are conducted. Monitoring of the new strategic levers has been implemented, and strategies and actions are then adjusted to ensure that the Company achieves its targets and delivers on its action plans.

As part of its strategy, Tripes also empowers the communities in which it operates. This is achieved through the transfer of skills and technical knowledge by employing interns as consultants and in the back office. Tripes promotes preferential procurement from small black-owned companies.

Tripes has an approved formal delegated authority schedule, which informs executive management of the necessary levels of approval for all key business transactions. In this way, the Company ensures that there is a senior manager or the Board itself reviewing each key business transaction/initiative to ensure that key business activities are aligned with the Company strategy, are lawful, contribute to the Company's sustainability and will not be harmful to any stakeholders and/or the environment.

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ECONOMIC SUSTAINABILITY

Tripes aims to deliver good and sustainable returns to all its stakeholders. Tripes is planning to restructure the business to focus on new business acquisition and reduce fixed costs. To mitigate the low margins in corporate travel, it has embarked on a strategy to grow the tours and leisure part of the business which traditionally return higher margins. Revenue, costs and cash flow are monitored closely to ensure sustainability.

ENVIRONMENTAL SUSTAINABILITY

The growth of tourism has led to a strain on the world's natural environment. Tripes promotes responsible travel and encourages the conservation of the environment and the improvement of indigenous people. It also reflects the carbon emissions from air travel on their invoices to create awareness around the traveller's carbon footprint. It is also committed to reducing its environmental footprint.

SOCIAL SUSTAINABILITY

Tripes is aware of its responsibility to play a meaningful role in the communities in which it operates.

Tripes is committed to introducing and integrating people from previously disadvantaged backgrounds into the travel and tourism sector.

To achieve this, Tripes:

- introduced a learnership programme;
- assists with the growth of small business by giving these preferred supplier status; and
- embarked corporate social initiatives in the Western Cape.

KEY CHALLENGES, RISK, TECHNOLOGY AND COMPLIANCE

KEY CHALLENGES

At present, Tripes' strategy focus is aimed at overcoming the following potential key challenges:

GOVERNMENT POLICY	<ul style="list-style-type: none"> • Government policy to cut all commissions and overrides will negatively affect the revenue that can be generated from these accounts
COMPETITION	<ul style="list-style-type: none"> • Travel management companies are under pressure from: <ul style="list-style-type: none"> – online travel agencies; – a large number of competitors in the market; – suppliers selling directly to the consumer; – the growth of collaborative sales (the sharing economy); and – corporates insourcing or cutting down on their travel management in the belief that it will save them money. • All the above puts a downward pressure on pricing and leads to thinner margins.
EMPLOYEE SKILLS AND RETENTION	<ul style="list-style-type: none"> • A consultant's reputation is the main selling point when clients consider using a travel management company and the relationship they build is the main factor why their business is retained • A consultant's knowledge, experience, interpersonal skills and reputation are critical in acquiring and retaining business • Skilled consultants are in short supply and employee retention is a key challenge • Incentive and retention schemes are becoming increasingly important to retain the best talent; as a small business in the sector, they are at a disadvantage compared to larger enterprises
EMPLOYEES AND COMMUNITY	<ul style="list-style-type: none"> • In meeting these values, Tripes has at its core the development of both the individual employee and the creation of opportunity for the broader community

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RISKS

Risk management is integrated into Tripos' management process. Tripos maintains a risk register, which is compiled and maintained by the executive management, with the risk status and execution of planned actions being reviewed monthly. Executive management is responsible for identifying, classifying and managing all operational risks.

The business risks facing Tripos' ability to sustain itself in the future as well as the mitigation against those risks are noted below:

RISK IDENTIFICATION	IMPACT ON BUSINESS	RESPONSE
The discontinuation of commissions and overrides	Negative impact on revenue and profits	Tripos is prepared to renegotiate its service fees in the event of this and will compensate for this possibility and have an impact on all future contracts. In addition, they have refocused their business to grow the inbound/tours department which is not dependent on the same model as travel
IATA BSP payment date change, from one month to two weeks	Negative impact on cash flow management	Tripos Travel will have to renegotiate contracts to align its collections with the change from IATA
Technology	Sustainability of the business	The innovative use of technology has directly impacted the travel industry with online bookings
Employee retention	Sustainability of the business	A retention plan, including incentives, training and development and team engagement has been introduced

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STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE

Triplos recognises the importance of creating value for its stakeholders in the short, medium and long-term. The principal stakeholders for Triplos are its shareholders, employees, customers, suppliers, communities and government.

Triplos creates value for its stakeholders in the short, medium and long-term through the following:

CAPITAL	STAKEHOLDER	VALUE FOR THE ORGANISATION	VALUE FOR STAKEHOLDERS
Human	Employees	<ul style="list-style-type: none"> Engaged and motivated employees Ability to attract and retain key skills 	<ul style="list-style-type: none"> Fair pay Interesting work Growth and development Equal treatment Health and safety
Social	Communities	<ul style="list-style-type: none"> Reputation Brand value Trust Access to business opportunities 	<ul style="list-style-type: none"> Employment/business opportunities Environment care Local hire Resource use
Social	Government	<ul style="list-style-type: none"> Favourable legislation Less interference 	<ul style="list-style-type: none"> Contribution to taxes Support job creation and other strategic initiatives
Social	Suppliers	<ul style="list-style-type: none"> Good service and commitment 	<ul style="list-style-type: none"> Fair allocation of business Pay on time Zero corruption
Financial	Owners	<ul style="list-style-type: none"> Supply of capital at reasonable price 	<ul style="list-style-type: none"> Growth Dividends Return on investment Reduced risk
Intellectual	Customers	<ul style="list-style-type: none"> Understanding of trends and opportunities, thereby having an improved ability to identify opportunities for growth and threats that may hinder it 	<ul style="list-style-type: none"> Better products and services Repeat business and greater market share

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STAKEHOLDER EXPECTATIONS

Tripes recognises the importance of constant engagement with stakeholders. The principal stakeholders for Tripes are shareholders, employees, clients, suppliers and associates.

Tripes has various procedures in place regarding stakeholder management. These are summarised as follows:

STAKEHOLDER	RELATIONSHIP	EXPECTATION	EXPECTATION MANAGED
Shareholders	Owners of the business	<ul style="list-style-type: none"> Shareholder wealth creation Ethical business practices 	<ul style="list-style-type: none"> Sound corporate governance rules are implemented in the business Their strategic plans are aligned to a growth strategy
Clients	Corporate travel managers Travellers	<ul style="list-style-type: none"> Clients experience excellence in products and services provided Build good relationships with corporate clients Reliable supply of appropriate advice and products 	<ul style="list-style-type: none"> Investment in employee training and development Suppliers are vetted and managed to provide quality products Employees adhere to all ethical and legal requirements in the delivery of the service Regular meetings and contact with major clients Customer service standards and performance are measured
Suppliers	Procurement of travel, accommodation, land transport and travel-related products either on behalf of the client or for Tripes to on-sell	<ul style="list-style-type: none"> Ethical business relationships Commitment to B-BBEE policies Prompt payment 	<ul style="list-style-type: none"> Ensure that they conduct business with reputable businesses – Code of Ethics Ensure that they support the B-BBEE policy Negotiate, manage and conclude contracts Timeous payment
Accreditation and associations: B-BBEE*, IATA*, ASATA* and SATSA*	Interact with industry leaders, regulatory bodies and government, and provide accreditation of good standing	<ul style="list-style-type: none"> Compliance with strict Code of Conduct, laws and apply the highest ethical standards 	<ul style="list-style-type: none"> Continuous training of management and employees responsible for compliance with various regulations by the respective authorities Participation in industry meetings and conferences
Employees	Employed at Tripes	<ul style="list-style-type: none"> Safe working environment Fair treatment and fair remuneration Maintain a sustainable business for job security 	<ul style="list-style-type: none"> Training and development of employees Incentive scheme introduced in addition to fixed salary Fixed salary benchmarked to industry standard Long-term business plan for growth

REMUNERATION

Tripes aims to be a competitive and attractive employer in the marketplace. Remuneration and benefits are important drivers as are career opportunities, personal development, culture, values, leadership, performance and reputation. As stated in the Code of Conduct, the Company complies with applicable laws, agreements and industry standards on working hours and compensation.

Tripes has various incentive schemes in place to retain talented and experienced employees. All new contracts stipulate that employees must belong to the Company's provident fund to plan for their retirement, and medical insurance is compulsory, as per Group policy.

*ACRONYMS	
B-BBEE	Broad-based Black Economic Empowerment
IATA	International Air Transport Association
ASATA	Association of Southern African Travel Agents
SATSA	Southern African Tourism Services Association

( – Principles 1 to 16)