



BRIEFING ON THE 2016/17 ANNUAL REPORT

&

2017/18 Q1 REPORT

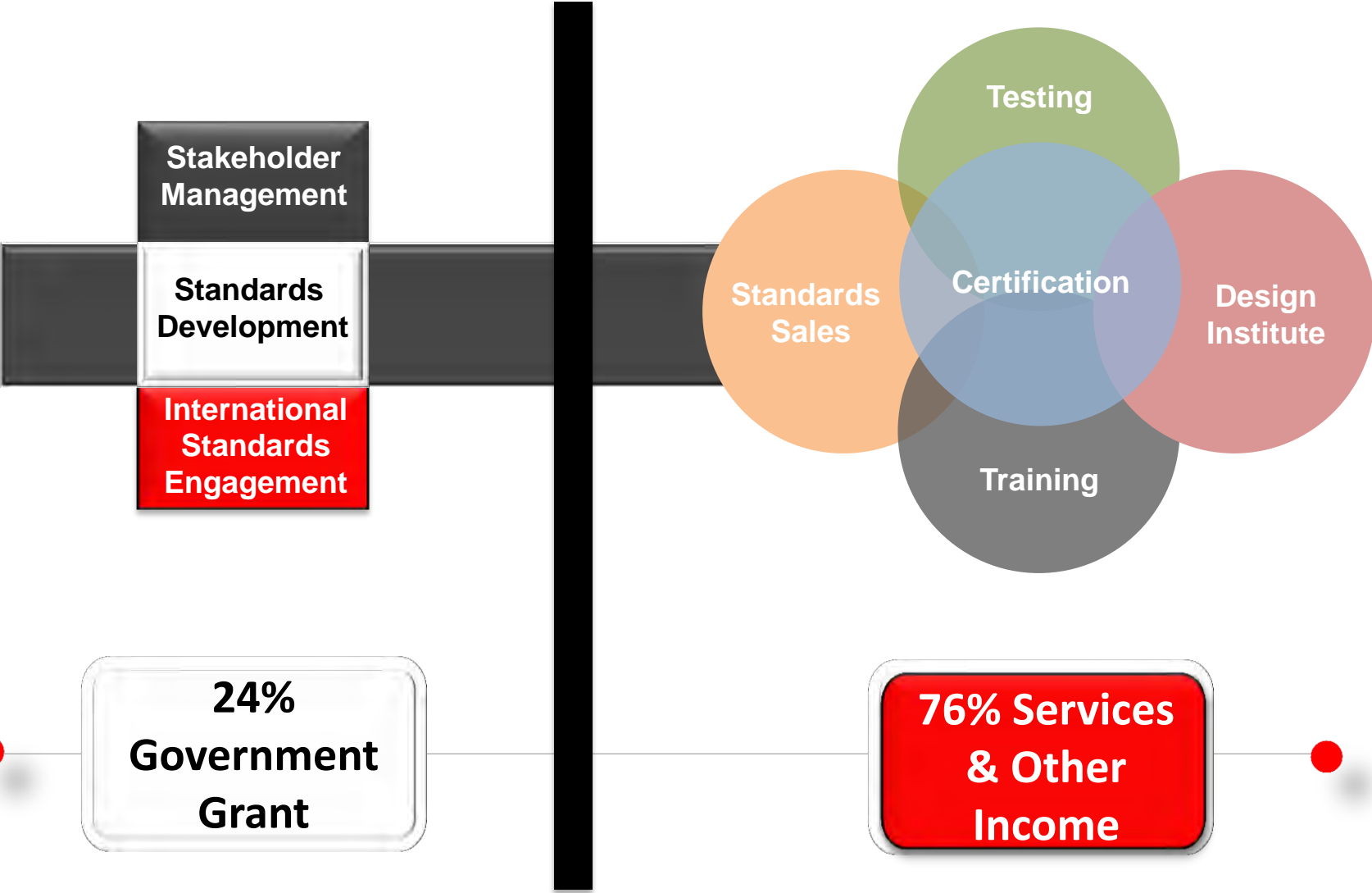


12 SEPTEMBER 2017

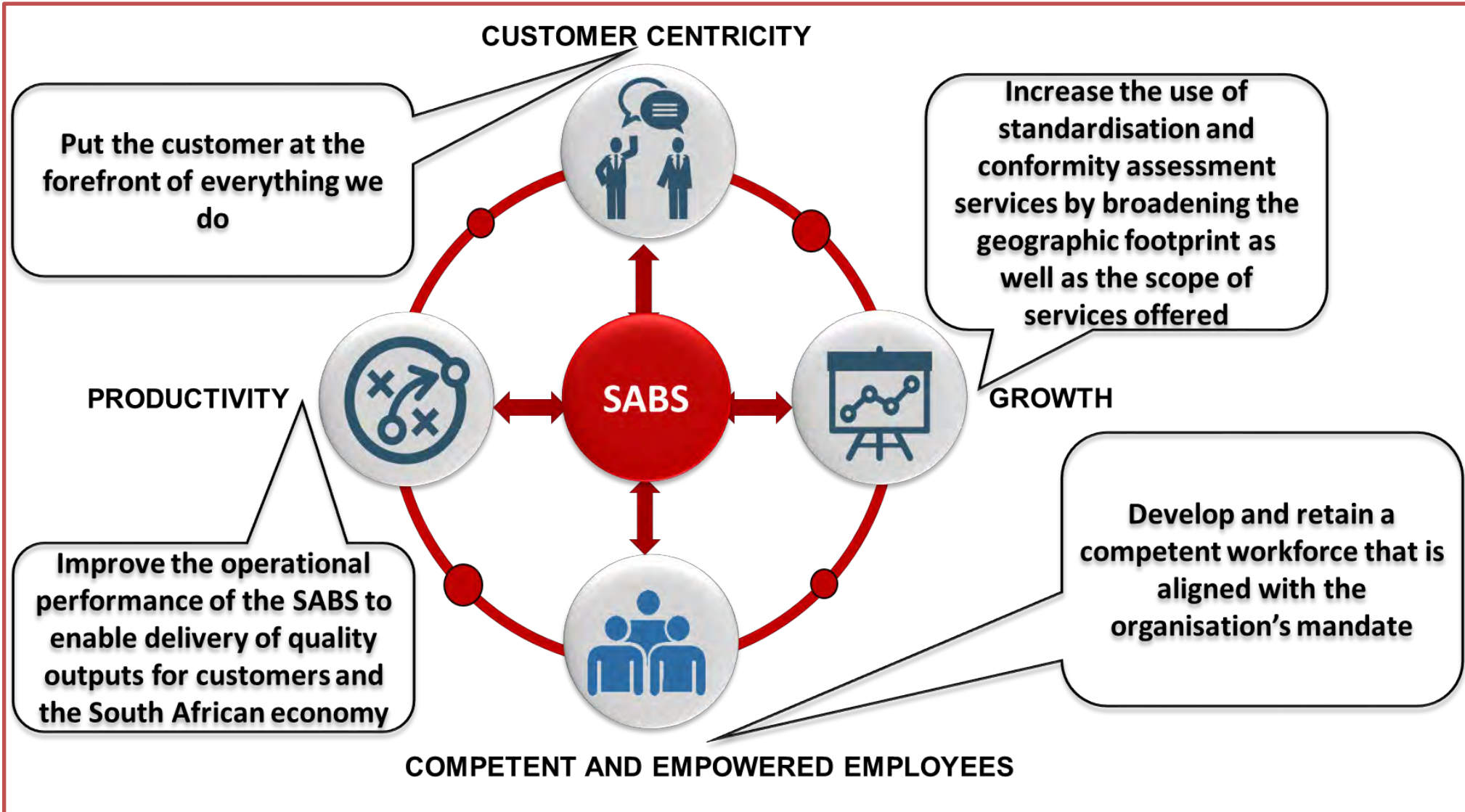
**PARLIAMENTARY PORTFOLIO COMMITTEE ON
TRADE & INDUSTRY**

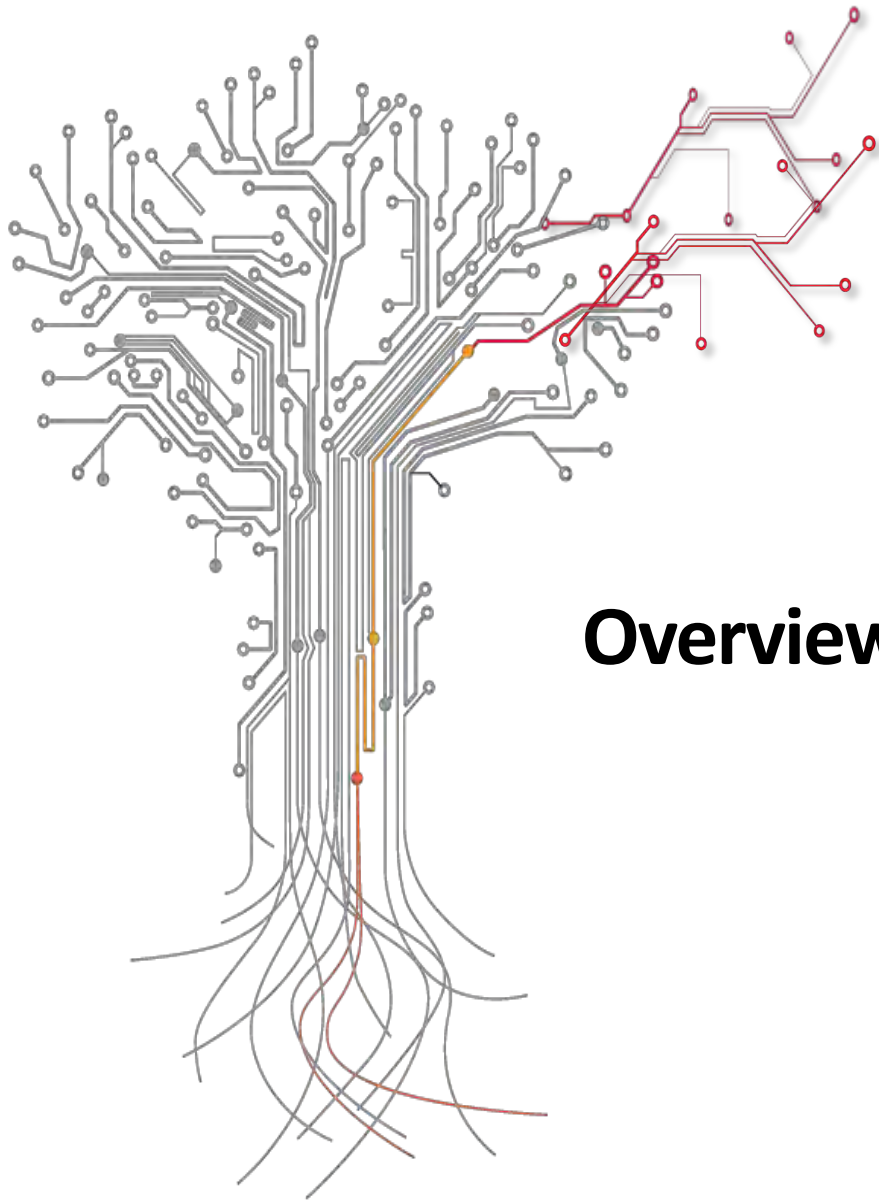


SABS FULL VALUE CHAIN OF SERVICES – 2004 POLICY DIRECTIVE



SABS' VISION "To be the trusted standardization and quality assurance service provider of choice", is underpinned by 4 Strategic Objectives





Overview of the 2016/17 Annual Report

HIGHLIGHTS

- SABS achieved 82% (9 out of 11) of its key performance indicators
- SABS Group obtained a clean audit for the past 5 years, but for the 2016/17 year SABS Group obtained an unqualified audit and SABS Commercial obtained a clean audit from the Auditor General
- A new Thermal Test Chamber for the testing of refrigerated trucks became operational, a first for Africa




LOWLIGHTS

- A further reduction of R68 million (prior year was R45m) in Parliamentary grant resulting in a net loss of R44.4m (R22,4 million in the previous year).
- SANAS Suspension that had negative impact on revenue growth and reputation.



SUMMARY OF FINANCIAL PERFORMANCE 2016/17

R'000	2017 Actual	2017 Budget	Variance %
Revenue	514 641	645 697	-20%
Government Grants	183 211	183 246	0%
Total Revenue	697 852	828 943	-16%
Other Income	38 911	15 575	150%
Other Operating Expenditure	-811 295	-924 795	-12%
Employee benefits	-525 414	-574 767	-9%
Admin and other expenditure	-285 881	-350 028	-18%
Operating loss/profit	-74 532	-80 277	-7%
Interest received/(paid)	30 144	13 288	127%
(Loss)/Profit for the year	-44 388	-66 990	-34%
Reduction in Government Grant	59 677	59 677	
Adjusted (Loss)/Profit for the year	15 289	-7 313	





PREDETERMINED OBJECTIVES: GROWTH

INDICATOR	TREND	2016/17		
		Target	Actual	Comment on variance
Total Revenue (R m)		R828.9m	R697.9m	Target not met Revenue was negatively impacted by the prolonged SANAS suspension and subsequent RvA & FSSC suspensions, reduction in parliamentary grant of R68m, as well as a lack of testing infrastructure and associated backlog in certification
Operating profit %		-6.0%	-8.7%	
Product/service diversification in line with government and socio-economic priorities		2	2	Target met



PREDETERMINED OBJECTIVES: CUSTOMER CENTRICITY

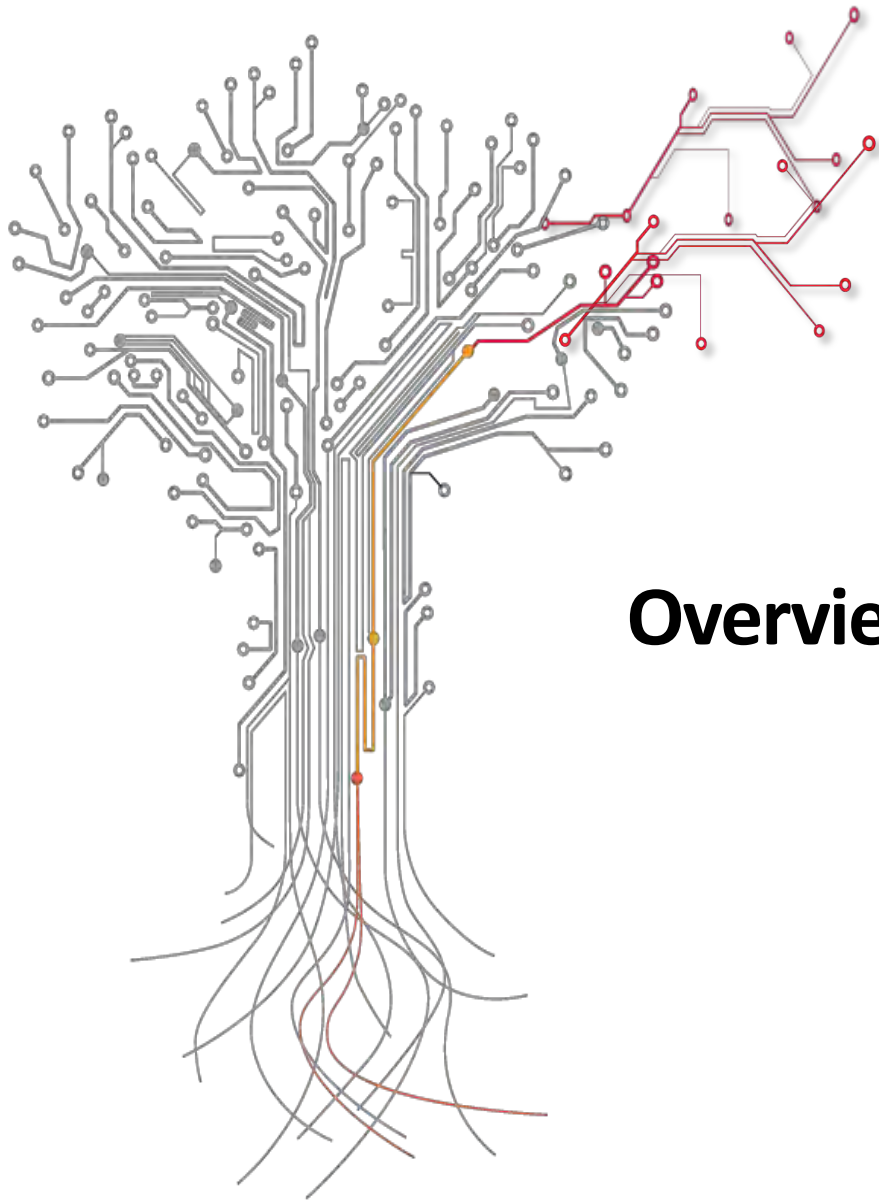
INDICATOR	TREND	2016/17		
		Target	Actual	Comment on variance
Number of SMMEs for which Design and Standardisation interventions are implemented		65	83	Target exceeded
Number of sector-specific publications produced		4	4	Target met

PREDETERMINED OBJECTIVES: PRODUCTIVITY

INDICATOR	TREND	2016/17		
		Target	Actual	Comment on variance
Number of service lines whose business processes are automated		1	>1	Target exceeded
Progress against the implementation of the SABS Property Strategy		Completion of detailed planning for the PPP and approval of plan	100%	Target met
Progress against the implementation of the Standards Action Plan aligned to national imperatives		50%	66%	Target exceeded
Progress against the implementation of the SABS Testing Action Plan to close gaps in servicing Certification customers		100%	100%	Target met

PREDETERMINED OBJECTIVES: COMPETENT & EMPOWERED EMPLOYEES

INDICATOR	TREND	2016/17		
		Target	Actual	Comment on variance
Number of technical employees that have completed specialist training with leading partners		5	6	Target exceeded
Number of Doctoral and Masters graduates recruited into Knowledge Hub sectors in support of Testing and Standards development		2	2	Target met








Overview of the 1st Quarter of 2017/18

SUMMARY OF FINANCIAL PERFORMANCE Q1 2017/18




R'000	YTD June 2017 Actual	YTD June 2017 Budget	FY 2017/18 Budget
Revenue	113.3	129.6	563.3
Government Grants and Rental Income	65.2	60.3	250.4
	178.5	189.9	827.2
Other Income	2.3	1.9	11.3
Other Operating Expenditure	-195.5	-223.2	-903.6
Employee benefits	-126.2	-144.6	-581.6
Admin and operating expenditure	-69.3	-78.6	-322.0
Operating loss/profit	-14.7	-31.4	-65.1
Interest received/(paid)	2.9	3.1	12.6
(Loss)/Profit before Taxation	-11.9	-28.3	-52.4
Taxation	-	-	-
(Loss)/Profit for the year (NOTE 1)	-11.9	-28.3	-52.4

NOTE 1: Operating Loss includes depreciation






PREDETERMINED OBJECTIVES: GROWTH

INDICATOR	TREND	Q1 2017/18		
		Target	Actual	Comment on variance
Revenue from Services (R m)		R129.6m	R113.3m	Target not met
Other Income (R m)		R60.2m	R65.2m	Revenue was negatively impacted by the prolonged SANAS suspension and subsequent RvA & FSSC suspensions
Total Revenue (R m)		R189.8m	R178.5m	
Operating profit %		-8.0%	2.4%	Target exceeded
Product/service diversification in line with government and socio-economic priorities		-	-	No target set for Q1

PREDETERMINED OBJECTIVES: CUSTOMER CENTRICITY

INDICATOR	TREND	Q1 2017/18		
		Target	Actual	Comment on variance
Number of SMMEs for which Design and Standardisation interventions are implemented		0	6	Target exceeded
Number of sector-specific publications produced		1	0	Target not met Publications will be completed to meet the annual target
%of standards development projects completed as per the IPAP Plan		0%	27%	Target exceeded

PREDETERMINED OBJECTIVES: PRODUCTIVITY

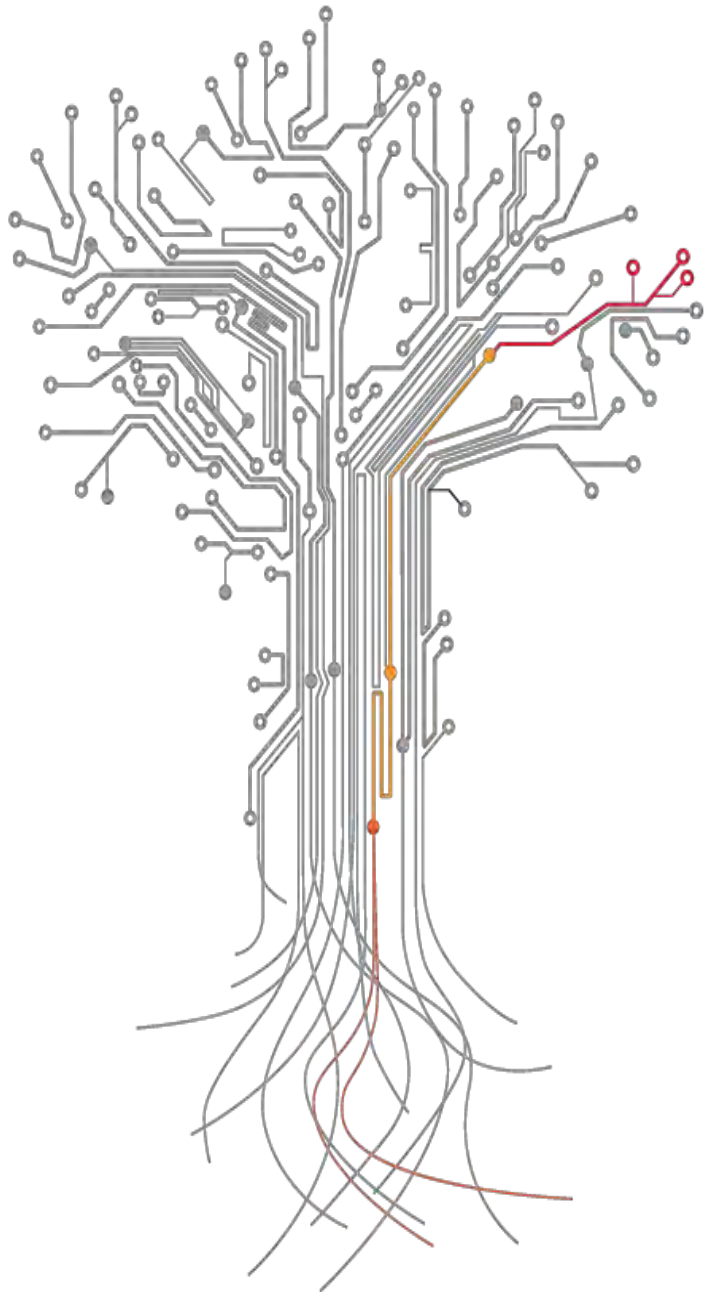
INDICATOR	TREND	Q1 2017/18		
		Target	Actual	Comment on variance
Unqualified audit opinion from the Auditor-General		Unqualified Audit	-	Annual Target
% of laboratories that are profitable		45%	55%	Target exceeded
Progress against the implementation of the Standards Action Plan aligned to national imperatives		50%	66.1%	Target exceeded
Number of service lines whose business processes are automated		1%	1%	Target met
Progress against the implementation of the SABS Property Strategy		Board presentation on outcomes of feasibility	Delayed	Target not met Feasibility study outcomes will be presented at the Nov Board meeting

PREDETERMINED OBJECTIVES: COMPETENT & EMPOWERED EMPLOYEES

INDICATOR	TREND	Q1 2017/18		
		Target	Actual	Comment on variance
Number of technical employees that have completed specialist training with leading partners	↑	5	8	Target exceeded
Number of Doctoral and Masters graduates recruited into Knowledge Hub sectors in support of Testing and Standards development	↑	0	1	Target exceeded

UPCOMING EVENTS

- Conference on competition and standards to coincide with World Standards Day, on 14th October.
- The SABS/Jacaranda City Challenge Race on the 14th of October 2017.
- ISO President will attend both events
- Portfolio Committee members are invited to attend



THANK YOU

Q & A

