

Airports Company South Africa SOC Limited
(Incorporated in the Republic of South Africa)
(Registration number 1993/004149/30)
Issuer Code: BIACSA

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

PERFORMANCE HEADLINES:

- Revenue up 81%, from R2.2 billion to R3.9 billion
- ACSA reports a loss of R1 billion, down from R2.6 billion loss in 2020/21
- Gearing increases to 26% from 23%
- Recover and Sustain strategy implemented with positive results

KEMPTON PARK, Aviation Park, 15 September 2022 – Noteholders are hereby notified that Airports Company South Africa (ACSA) has today reported its audited financial results for the year to 31 March 2022, which largely reflect a difficult operating environment for ACSA, following the COVID-19 pandemic and last year's July civil unrest.

Revenue was R3.9 billion for the 12-month period, up by 81% from the R2.2 billion reported in the previous financial year. The company narrowed its losses to R1 billion, from a loss of R2.6 billion in 2020/21. This was the second consecutive year of losses recorded in the company's 28-year history.

Chief Executive Officer Mpumi Mpofo reflected that even though this year's performance has been much better than the last, the persistent tough operating environment has somewhat slowed down recovery. She said that the recovery that occurred during the reporting period was supported by a gradual and intermittent recovery in passenger numbers in comparison to the previous year.

"As severe travel restrictions began to be lifted both at home and abroad, the demand for air travel increased. Recovery was, however, uneven, with domestic and regional traffic recovering to 57.9% and 36.1% of pre-pandemic levels respectively," said Mpumi.

"In contrast, international traffic, hampered by the impact of the Omicron variant in the third quarter of the financial year, only recovered to 28.9% of its pre-pandemic level. It is estimated that global traffic will be between 51% to 71% of pre-pandemic traffic levels in the current period (2022/23)."

Mpumi said that aeronautical revenue improved significantly by 121.7%, to R1.8 billion (up from R810 million) due to the increase in aircraft landings and departing passenger numbers during the period, as well as the 3.3% tariff increase for the year.

Non-aeronautical revenue increased by 56.5% to R2.1 billion, from R1.3 billion in 2021. This improvement was again due to increased passenger numbers, as well as the lifting of certain trade restrictions during the various levels of lockdown. Total revenue from non-aeronautical sources takes into account rental revenue reprieves of R591 million (2021: R1.4 billion) granted to tenants to offset the negative impact of the pandemic.

In a similar vein, retail revenue increased by 95.8% to R607 million (2021: R310 million) due to increased traffic volumes. This should, however, be seen within the context of a reduction of 15.1% in retail revenue per passenger to R57.56 (2021: R67.77).

Aircraft landings increased by 104.6%, to 176 816 from 86 434 in the previous year and departing passenger numbers improved by 130.6%, to 10 538 341 from 4 69 758.

"We are still experiencing 30% less volumes than in pre-COVID-19 travel, but the domestic market has been instrumental in driving our performance during the period under review," said Mpumi.

She added that the results for the reporting period nevertheless demonstrate ACSA's resilience in the face of the unprecedented crisis precipitated by ongoing lockdowns, travel restrictions and the need to dramatically scale back operations. The results clearly indicate that the business is firmly in a recovery phase.

The R900 million Capital and Operational Expenditure Reduction Programme introduced in the previous year to sustain operations in light of significantly reduced revenue, enabled ACSA to meet the liquidity challenges it faced throughout the reporting period. Reduced expenditure and a disciplined cash management process enabled the group to maintain relatively low levels of borrowings.

Mpumi said that in line with the intermittent relaxation of lockdown restrictions, operating costs increased by 3.9%, from R1.9 billion to R2 billion, during the period. The cost-reduction initiatives introduced in the previous financial year continued to minimise operating costs, which have been maintained at 75.2% of pre-pandemic levels for the past two years.

She notes that some operational costs did, however, increase in comparison to the previous year. Most notably, repairs and maintenance expenditure increased by 16.4%, to R317 million (2021: R272 million) and security costs increased by 6.9% to R452 million (2021: R423 million). Information systems operational costs reduced marginally by 4.9% to R247 million (2021: R259 million).

"Utilities costs, which include property rates and taxes, water and electricity, accounted for 23% of our total operating costs, compared to 22.6% in the previous period. Expenditure for the year increased by 6% to R466 million from R440 million in 2021," she said.

"Capital expenditure remains limited to maintenance and refurbishments informed by statutory requirements. The group continues to identify efficiencies in its operations, keeping operating expenditure to a minimum," said Mpumi.

ACSA will continue to monitor the local and international business environment to determine appropriate responses to challenges that may arise and to ensure the company's long-term financial sustainability.

Restatement of the annual financial statements

Noteholders are advised of the restatements to the 2019/20 and 2020/21 figures in the 2021/22 annual financial statements, as outlined in note G.16 of the annual financial statements.

Property, plant and equipment and depreciation and intangible assets

Assets emanating from capital projects completed in previous financial years were not transferred from work in progress to the relevant category (mainly computer equipment). As a result, depreciation and accumulated depreciation were understated. The error has been corrected.

Interest on a loan obtained to finance capital projects, was reclassified from finance expense to property, plant and equipment in line with IAS 23 - Borrowing costs

Legal costs

The Company paid legal fees on behalf of its 100% subsidiary, ACSA Global Ltd, in 2020. These were recognised in the Company's records rather than those of the subsidiary. The financial separate and consolidated financial statements have been restated to correct the error.

The annual financial statements have been audited by the group's auditors, Auditor-General South Africa, who expressed an unqualified opinion thereon. The annual financial statements, including the audit opinion and key audit matters, can be found on the group's website at <https://airportsir2022.onlinereporting.co.za/downloads/>.

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Debt Sponsor

The Standard Bank of South Africa Limited