



# DEBT INVESTOR ROADSHOW PRESENTATION

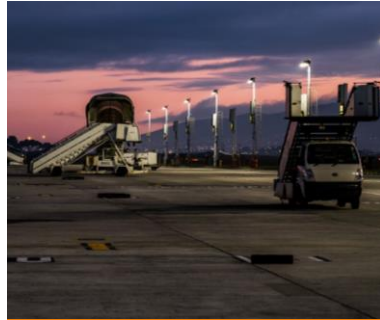
OCTOBER 2022



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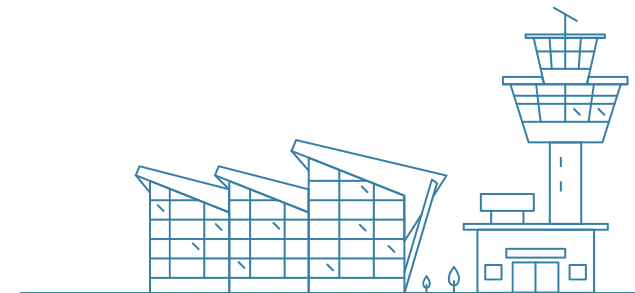
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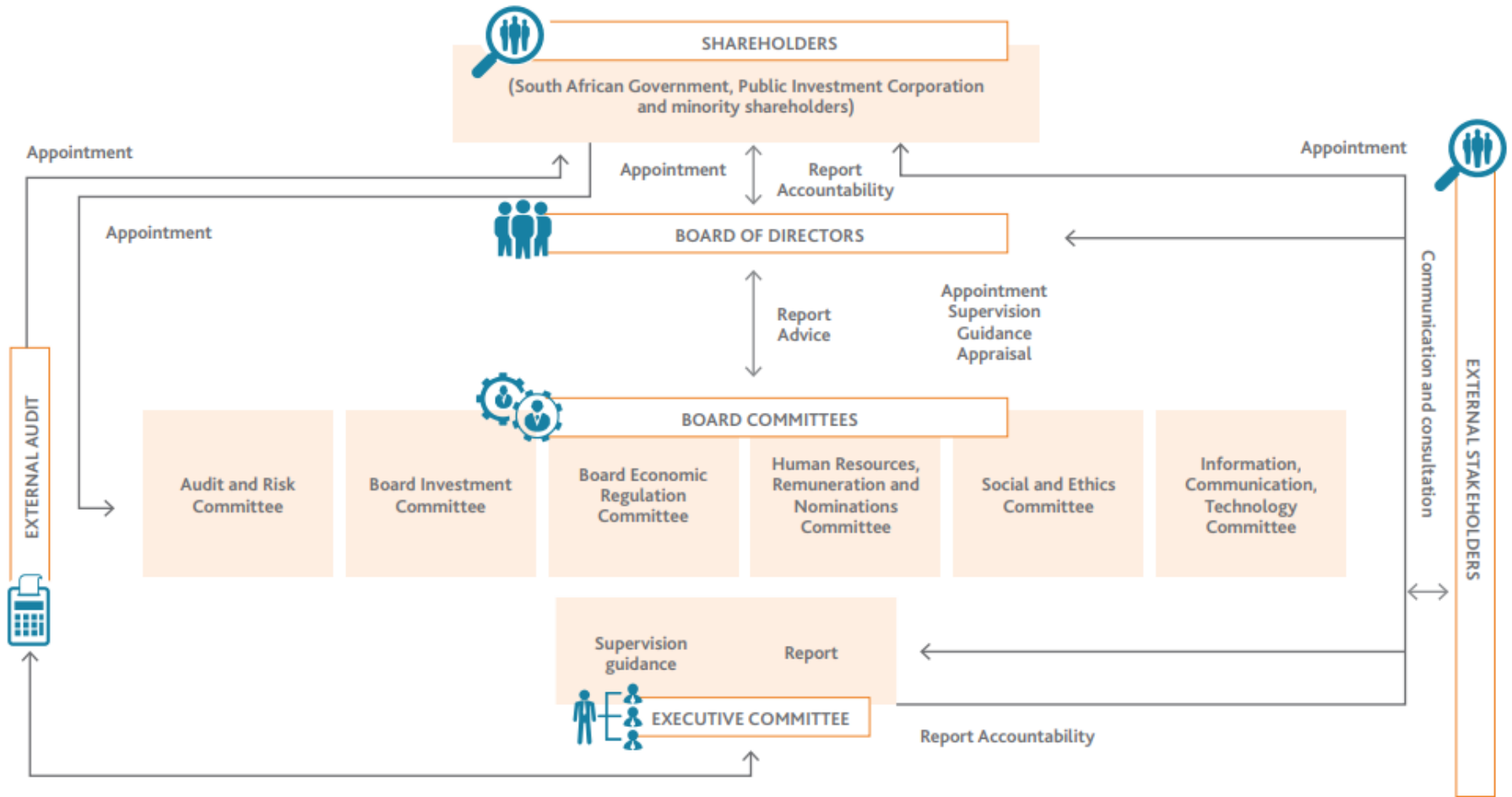


# 01

## GOVERNANCE STRUCTURE



# GOVERNANCE STRUCTURE



# INDEPENDENT NON-EXECUTIVE DIRECTORS



**ADV SANDILE NGOXINA 63**  
Independent Non-executive Director &  
Chairman of the Board

- PhD Law Public Governance and Development
- Management
- Advocate of the High Court
- Bachelor of Law
- Post Graduate Diploma: Management
- Higher Diploma: Tax Law
- Masters of Law: Law Development



**NOSIZWE NOKWE-MACAMO 60**  
Lead Independent Director

- MSc Chemical Engineering
- Diploma: Chemical Engineering



**DR KGABO BADIMO 62**  
Independent Non-executive Director

- PhD Information Systems Knowledge Management
- MSc Data Engineering
- BSc Computer Science
- Diploma in Business Administration
- Diploma in French Language



**KEMIRA ESTERHUIZEN 33**  
Independent Non-executive Director

- CA (SA)
- BCom Accounting



**DUDU HLATSHWAYO 58**  
Independent Non-executive Director

- BSocSc (Honours)
- Masters in Business Leadership



**NTOMBIFUTHI ZIKALALA MVELASE 57**  
Independent Non-executive Director

- Bproc
- LLB
- Attorney of the High Court of South Africa



**YERSHEN PILLAY 38**  
Independent Non-executive Director

- MBA
- BSocSc Politics and Economics



**GRAEME VICTOR 66**  
Independent Non-executive Director

- CA(SA)
- BSc Civil Engineering
- MSc Construction Engineering and Project Management
- MEng Construction Engineering and Project Management
- BCom Hons

# 02

## RECOVER & SUSTAIN STRATEGY



# RECOVER AND SUSTAIN STRATEGY

Our strategy will be implemented over **three timeframes, now – 2025, 2026 – 2030 and beyond 2030** and is centred around three business pillars, **run airports, develop airports and grow footprint** and to create value over the short-, medium- and long- term and is outlined as follows:

## TIMEFRAME #1 - NOW – 2025

- Extend and defend core businesses
- Explore emerging businesses that could transform the company
- Minimal Capex (Replace and Refurbish)

### RUN AIRPORTS

Run our airports efficiently, optimally and innovatively

Restructuring, productivity enhancement and cost reduction initiatives will help maintain healthy performance

### DEVELOP AIRPORTS

Planning and building partnerships

### GROW FOOTPRINT

Groundwork, research and planning

## TIMEFRAME #2 - 2026 – 2030

- Build emerging businesses, to drive revenue growth and contribute to economic growth, to ensure company's longer-term future
- More Investment Partnerships (Capacity Focus)

### RUN AIRPORTS

Run our airports efficiently, optimally and innovatively

### DEVELOP AIRPORTS

Optimise assets and plan for new capacity and growth opportunities

- Implement growth initiatives to build new revenue streams
- Add additional capacity to support growth initiatives and/or traffic growth

### GROW FOOTPRINT

Seek growth opportunities in the continent and world

Implement growth opportunities to ensure the company's long-term growth

## TIMEFRAME #3 - Beyond 2030

- Operate the new ACSA with a redirected focus and growth trajectory
- Pronounced Growth

### DEVELOP AIRPORTS

Optimise assets and plan for new capacity and growth opportunities

### GROW FOOTPRINT

Seek growth opportunities in the continent and world

# AIRPORT OPERATING MODEL



## CLUSTER OUTCOMES

- Regional Economic Integration
- Cross subsidization
- Skills rationalisation
- Feeder optimisation - Hub and spoke

# ENVIRONMENTAL MANAGEMENT GUIDELINES

## Best Practice and Compliance Obligations:

- ICAO
- ACI
- SACAA
- RSA Environmental Law
- ISO 14001

Environmental Policy

Procedures

Risk Assessment

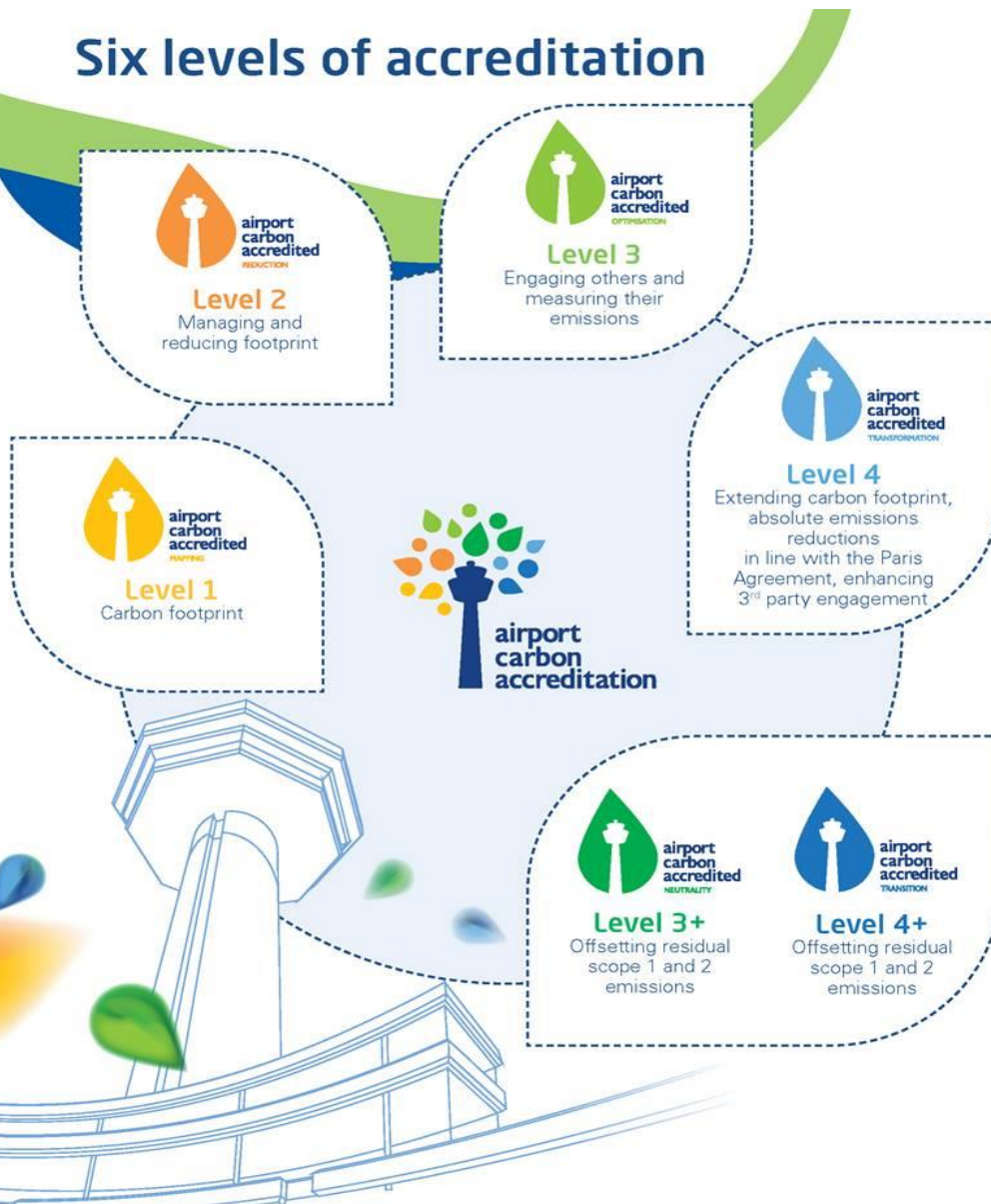
Environmental Programme

**Environmental Management System**  
 Each airport has an EMS (Environmental Management System) certified to the ISO 14001:2015 international standard.



# AIRPORT CARBON ACCREDITATION

## Six levels of accreditation



## Achievements to date:

### Level 1:

- Bram Fischer International Airport
- George Airport

### Level 2:

- Cape Town International Airport
- OR Tambo International Airport
- Chief Dawid Stuurman International Airport
- King Shaka International Airport

## Target by 2027:

### Level 1:

- All airports level accredited

### Level 2

- Bram Fischer International Airport
- George Airport

### Level 3:

- All 6 airports currently under level 1 and 2

# ENERGY INITIATIVES - ACSA NET ZERO CARBON 2030



SOUTH AFRICA STATE ACTION PLAN



## 2022

Reducing Energy Consumption



Percentage energy reduction and Carbon Footprint reduction

## 2025

Introducing Energy Mix



Percentage Internal Energy Mix to grid supplied energy at a return on invested capital

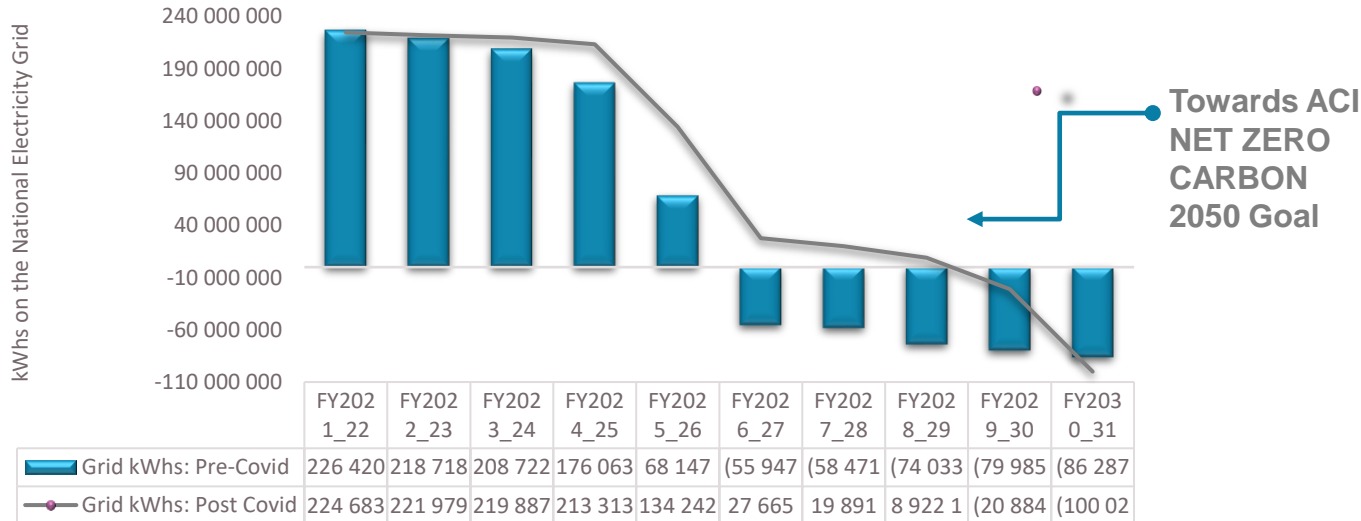
## 2026 Onwards

Energy Efficiency Culture



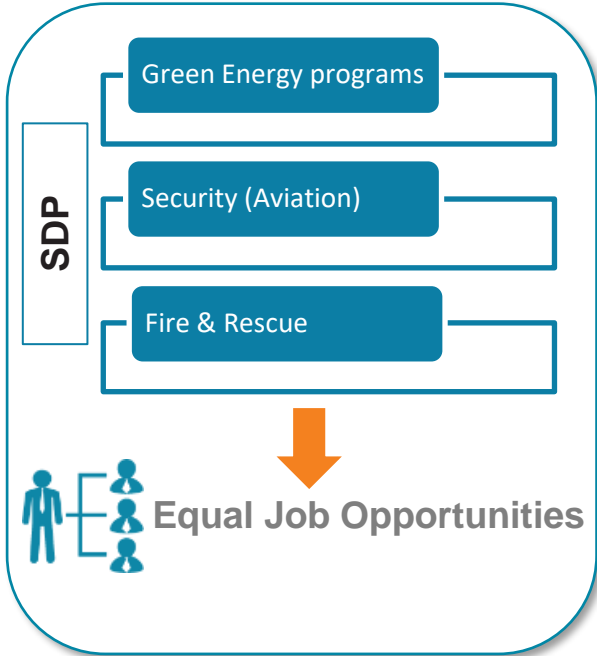
Green Star Accreditation progress & percentage movement to standard operating practices

ROADMAP TO CARBON NEUTRALITY : KWHS CONSUMED FROM ESKOM GRID



# SOCIAL: LOCAL COMMUNITIES EMPOWERMENT

## Community Development



## SMME Development Support



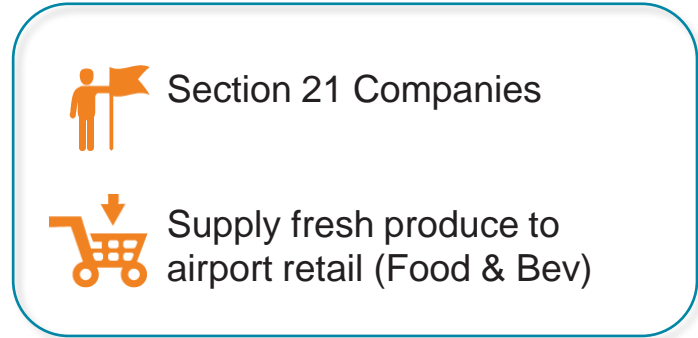
- Business support training
- ED programs & Partnerships



ACSA value chain participation



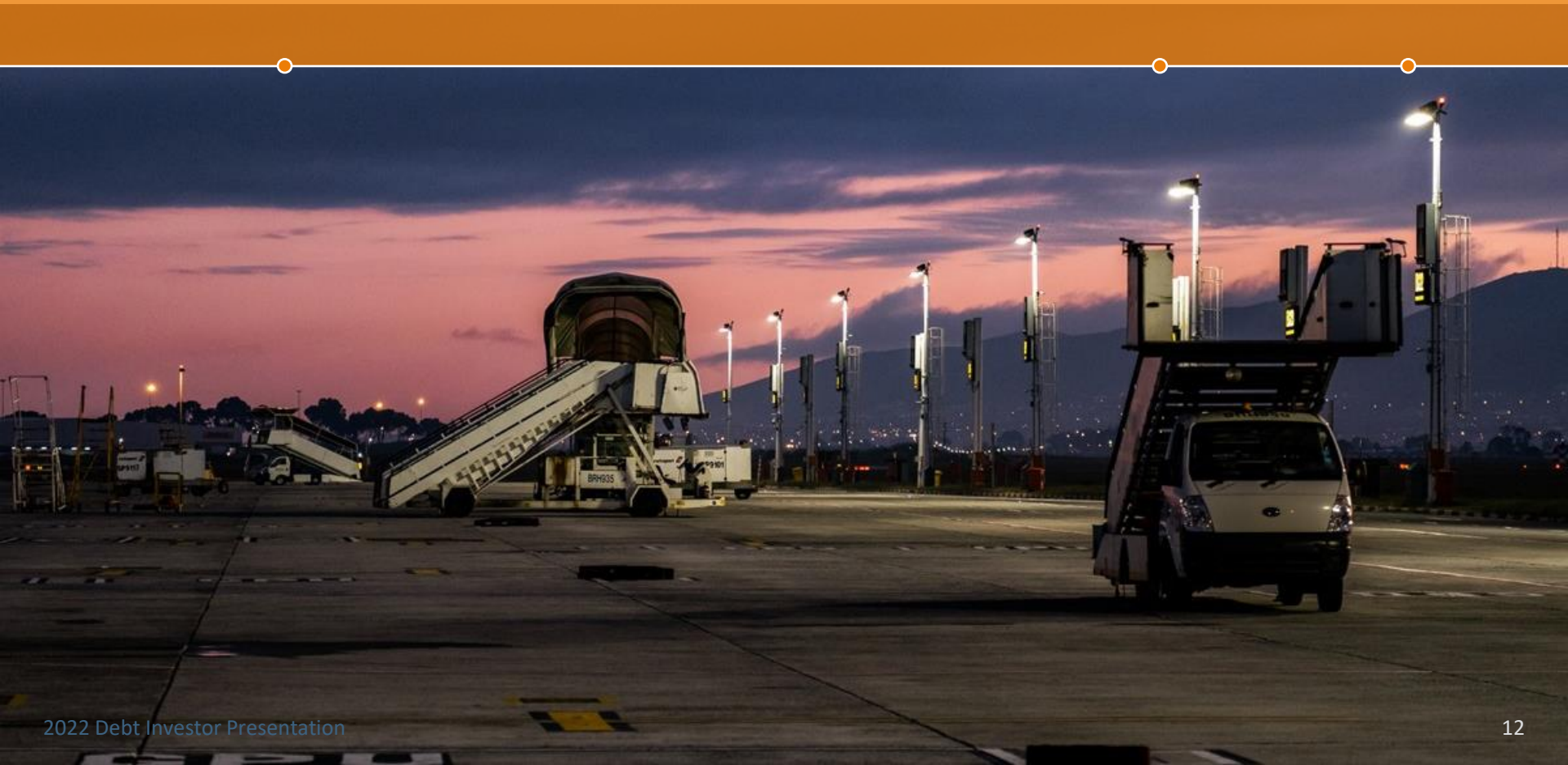
**Food Security (FS)**



## SED (Social Scorecard)

# 03

## EXTERNAL ENVIRONMENT



# MACRO-ECONOMIC CONDITIONS

The aviation industry is not immune to inflationary pressures

## Global economy

- Tensions between **Russia and Ukraine** continue to put place pressure on energy prices
  - **Jet fuel/oil is the largest cost item for airlines**
  - Most airlines will be confronted by a **cost blowout with the magnitude of 10% - 20%**
- Impact could **delay the rate at which airlines** restore pre-Covid-19 capacity
- **Rising cost of living** could undermine demand for air travel

## Domestic economy

- **The ongoing loadshedding** is expected to slow down economic growth
- South African Reserve Bank (“SARB”) estimates South Africa’s **GDP at 2.0% for 2022**
- **Worsening of inflation outlook** expected to put pressure on household expenditure
- Negative **impact on travel and tourism** expenditure due to weak economic conditions

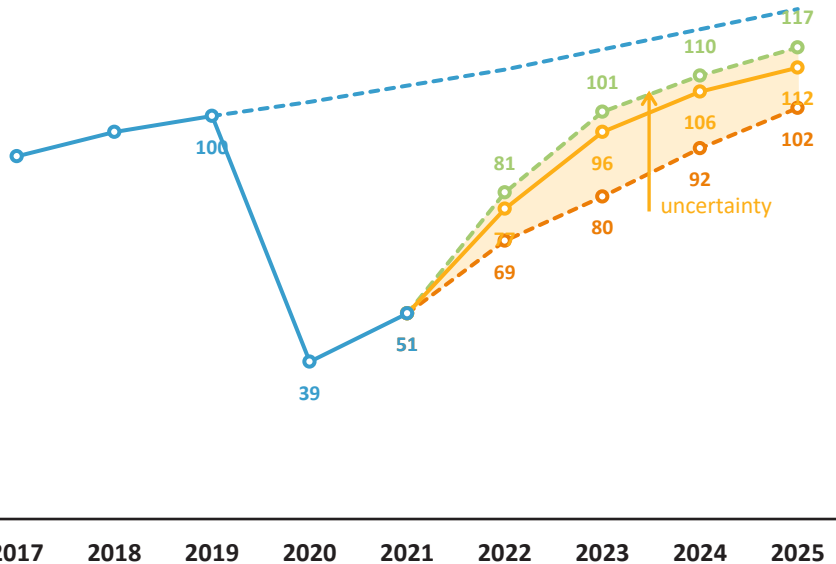


# GLOBAL AVIATION INDUSTRY OVERVIEW

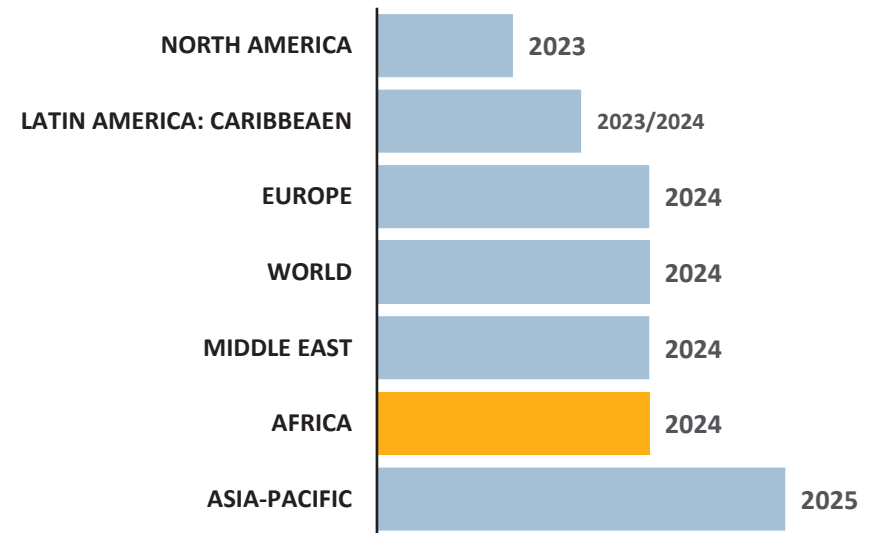
**Global air traffic** recovery is still non-linear but showing **positive trends** with demand expected to continue into 2022

- Optimistic outlook for recovery with signs indicating that 2024/25 recovery to pre-pandemic levels is well underway
- Global uptake of Covid-19 vaccinations enhancing travel confidence and travel demand
- Africa is anticipated to reach close to 72% of pre-pandemic passenger traffic levels by end of 2022

GLOBAL AIR TRAFFIC RECOVERY



EXPECTED TIMING OF FULL-YEAR RECOVERY TO 2019 LEVELS BY REGION



Source: ACI World 2022

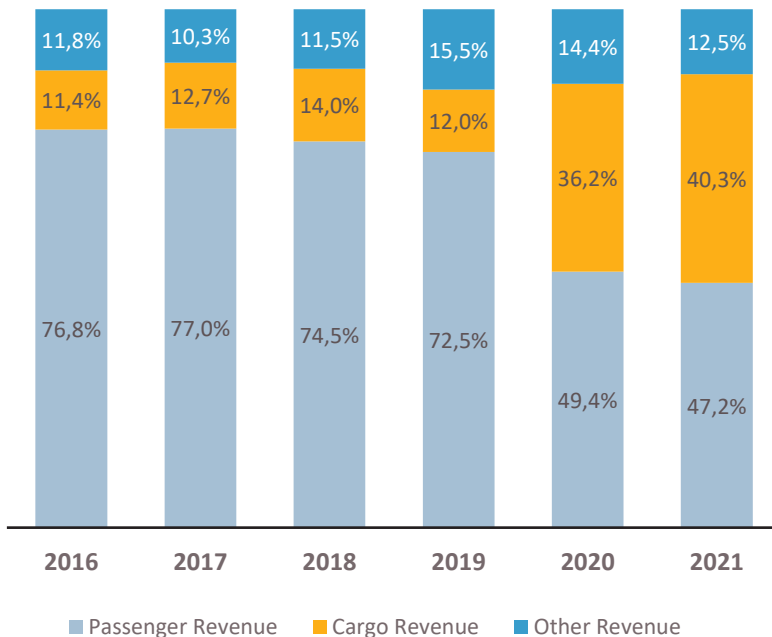
2022 Debt Investor Presentation

# IMPORTANCE OF CARGO TO SUSTAINABILITY

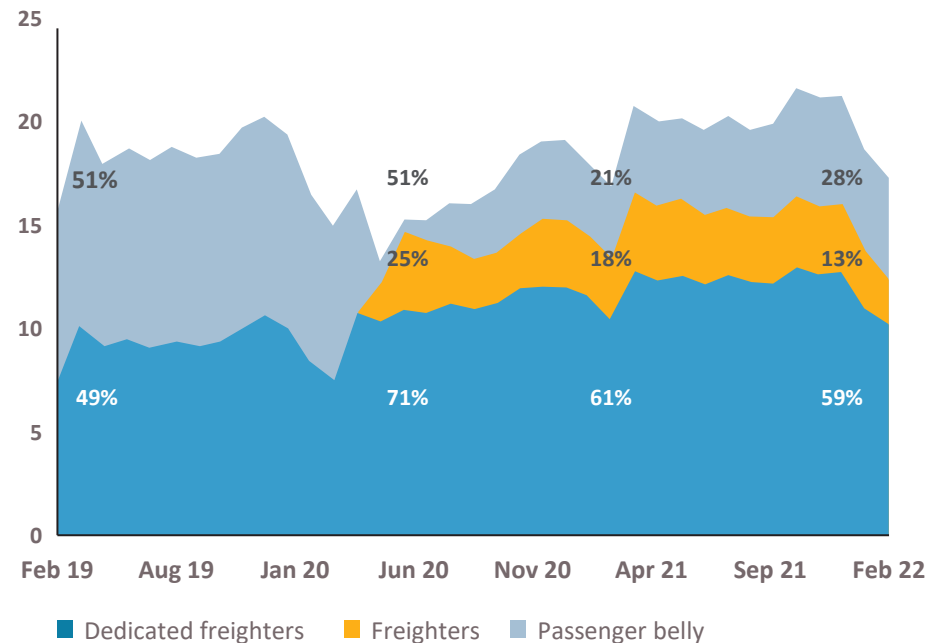
The Covid-19 pandemic has highlighted the importance of Cargo to the aviation industry

- Historically, cargo was evenly divided between **aircraft belly** and **dedicated freighters**. Post Covid-19, a higher percentage of cargo is transported via dedicated freighters
- The airline revenue mix has also been affected – **airlines generate higher revenues from cargo** than pre-2019

PERCENTAGE SOURCE OF AIRLINE REVENUE



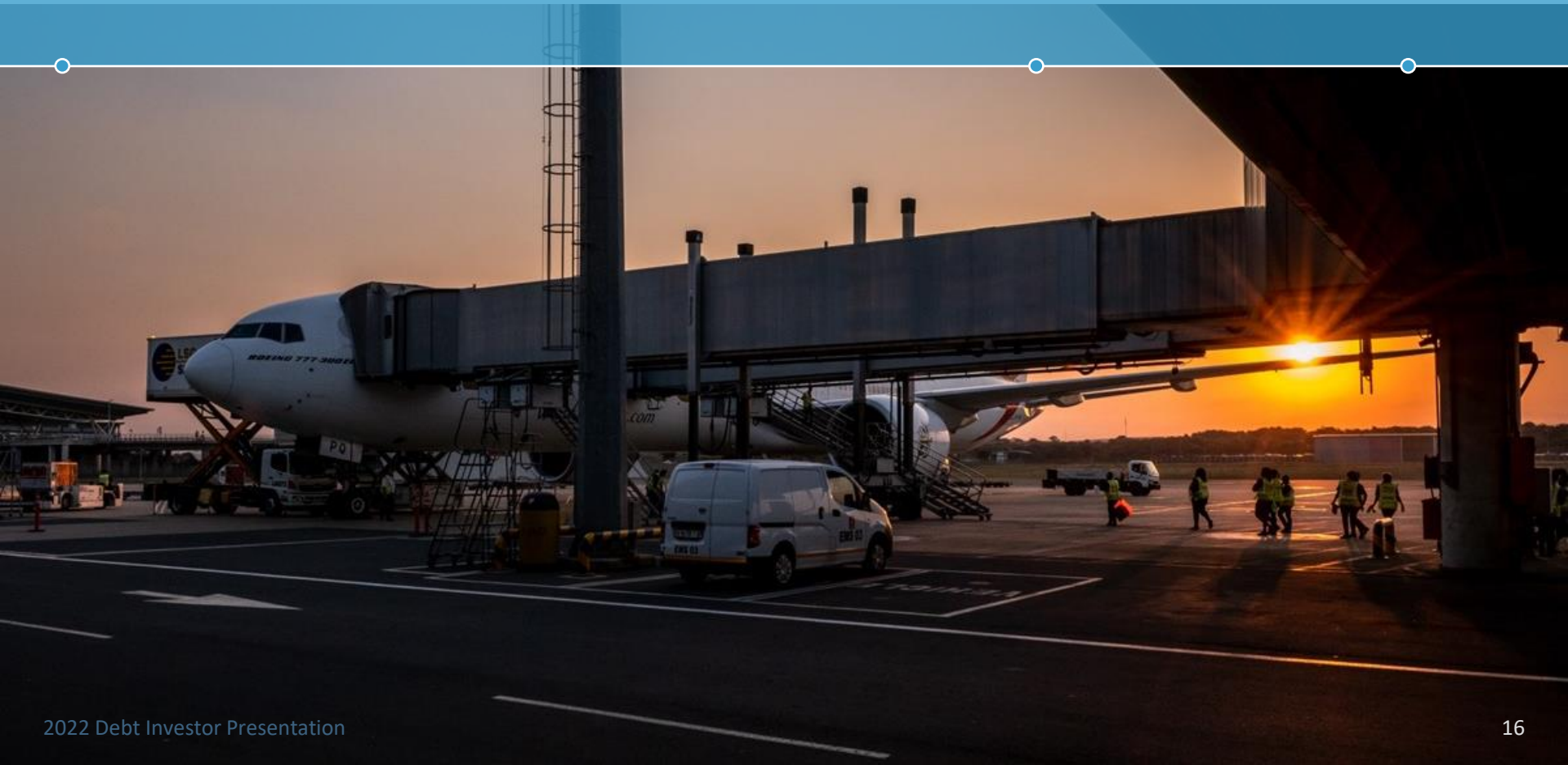
CARRIAGE OF INTERNATIONAL AIR CARGO (MILLION CTK)



Source: IATA Economics, Global Outlook for Air Transport Times of Turbulence & IATA Monthly statistics

# 04

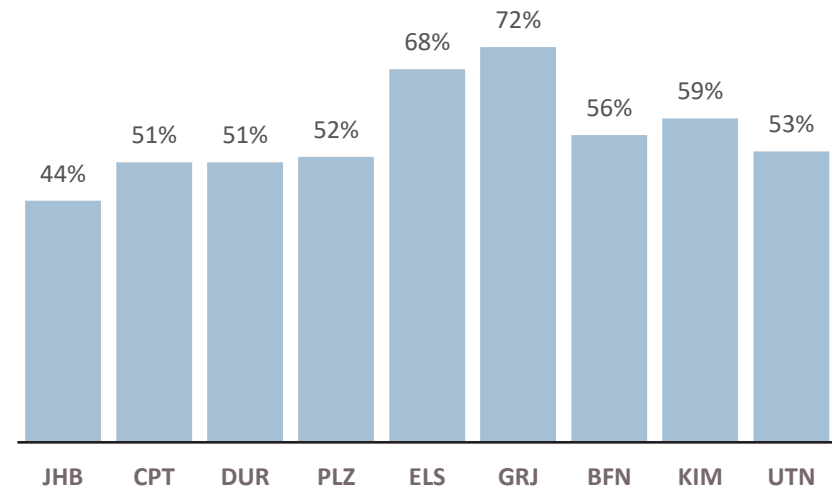
## OPERATING ENVIRONMENT



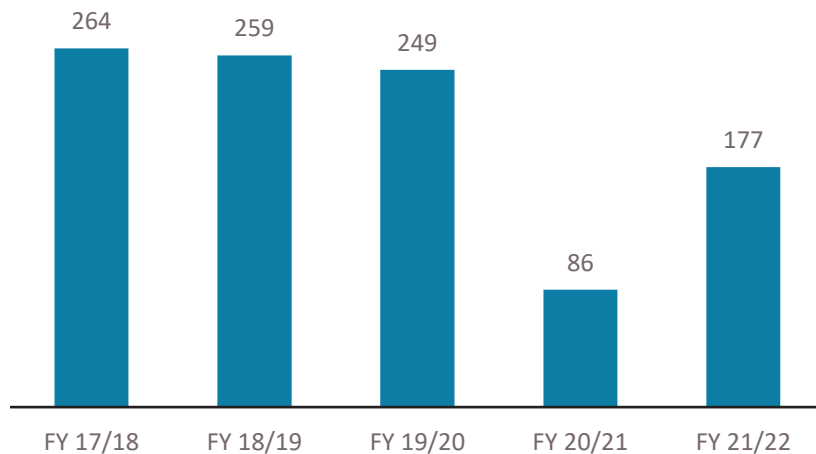
# TRAFFIC RECOVERY – 2021/22FY

- ACSA network recovered to **49% of its pre-COVID passenger throughput** by year-end
- Recovery in aircraft movements was 71%
- **Domestic travel accounted for 81% of passenger traffic** (70% pre-COVID)
- Recovery of **international segment has been slower** due to travel restrictions during the reporting period
- Recent liquidation of **Comair** will have negative impact on recovery
- **Reduction in fleet capacity** continues to be a challenge

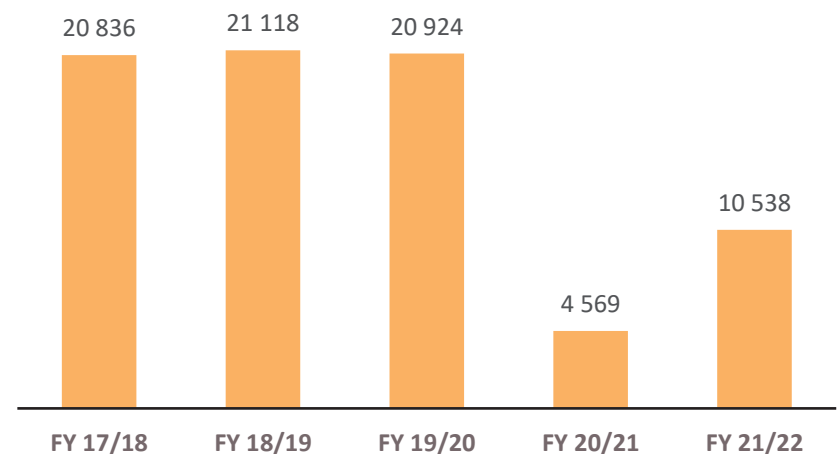
PASSENGER RECOVERY BY AIRPORT



AIR TRAFFIC MOVEMENTS ('000)

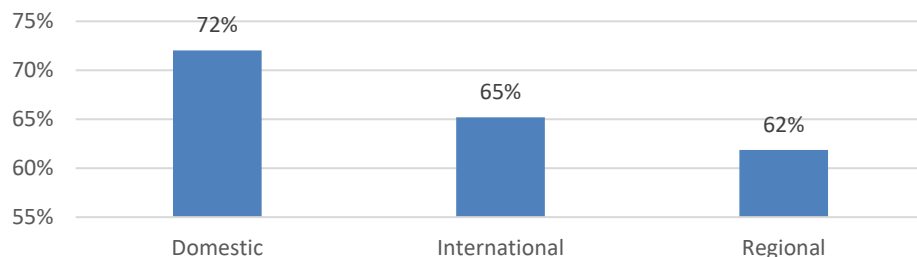


DEPARTING PASSENGERS ('000)

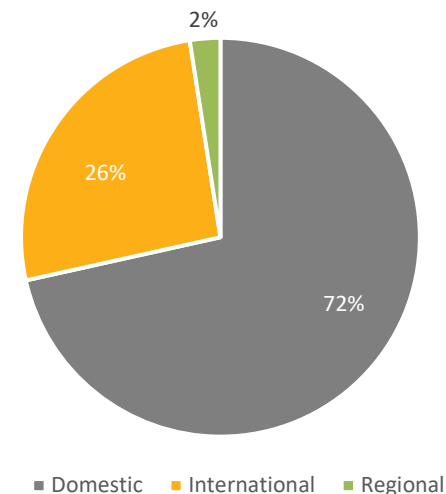


# PASSENGER TRAFFIC RECOVERY FIRST HALF 2022/23FY

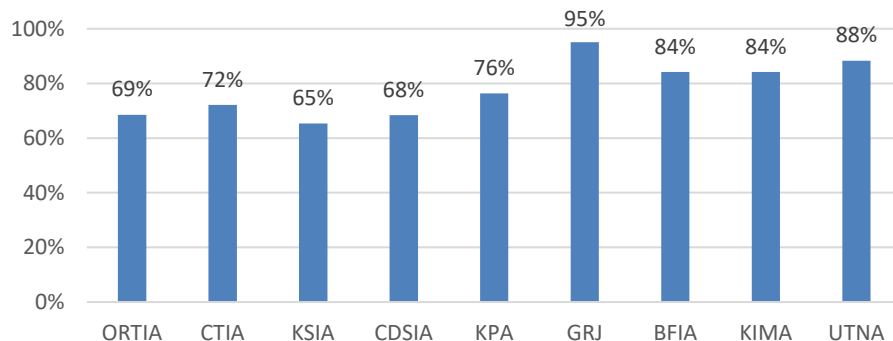
PASSENGER RECOVERY BY SEGMENT



PERCENTAGE SHARE OF TRAFFIC



PASSENGER RECOVERY BY AIRPORT



PASSENGER RECOVERY SINCE APR-22 BY AIRPORT

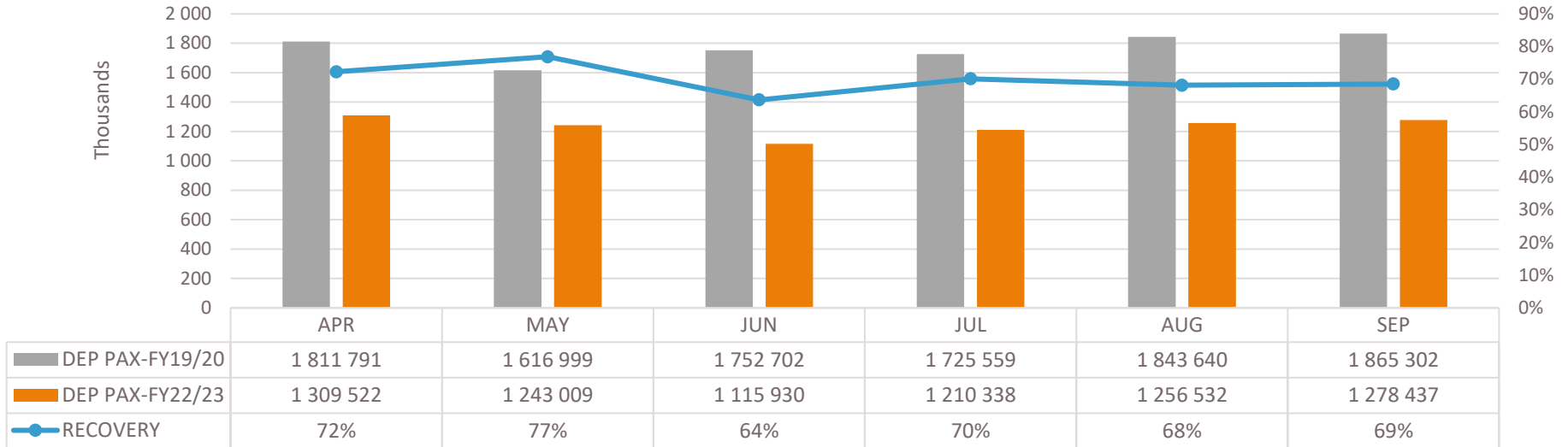
MONTH	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sept-22
ORTIA	70%	73%	64%	69%	68%	69%
CTIA	75%	81%	65%	72%	70%	69%
<b>KSIA</b>	<b>68%</b>	<b>78%</b>	<b>56%</b>	<b>65%</b>	<b>63%</b>	<b>64%</b>
CDSIA	73%	77%	64%	69%	65%	63%
<b>KPA</b>	<b>83%</b>	<b>90%</b>	<b>67%</b>	<b>77%</b>	<b>73%</b>	<b>70%</b>
<b>GRJ</b>	<b>109%</b>	<b>98%</b>	<b>86%</b>	<b>102%</b>	<b>92%</b>	<b>85%</b>
<b>BFIA</b>	<b>88%</b>	<b>84%</b>	<b>83%</b>	<b>87%</b>	<b>76%</b>	<b>87%</b>
<b>KIMA</b>	<b>81%</b>	<b>82%</b>	<b>85%</b>	<b>79%</b>	<b>85%</b>	<b>92%</b>
UTNA	75%	86%	109%	81%	84%	96%

- The domestic traffic recovered to 72% of pre-covid levels with the regional and international segments lagging behind.
- The Domestic segment accounts 72% of total traffic in the current FY (the segment accounted for 69% of total traffic pre-covid).
- Recovery in regional traffic supported by leisure and Visiting Friends & Family (VFR) traffic.
- Business market segments have been impacted by reduced travel budgets and increase use of virtual meeting platforms.
- Business traveling (incl. government) accounted for over 50% of the traffic at the 3 international airports.

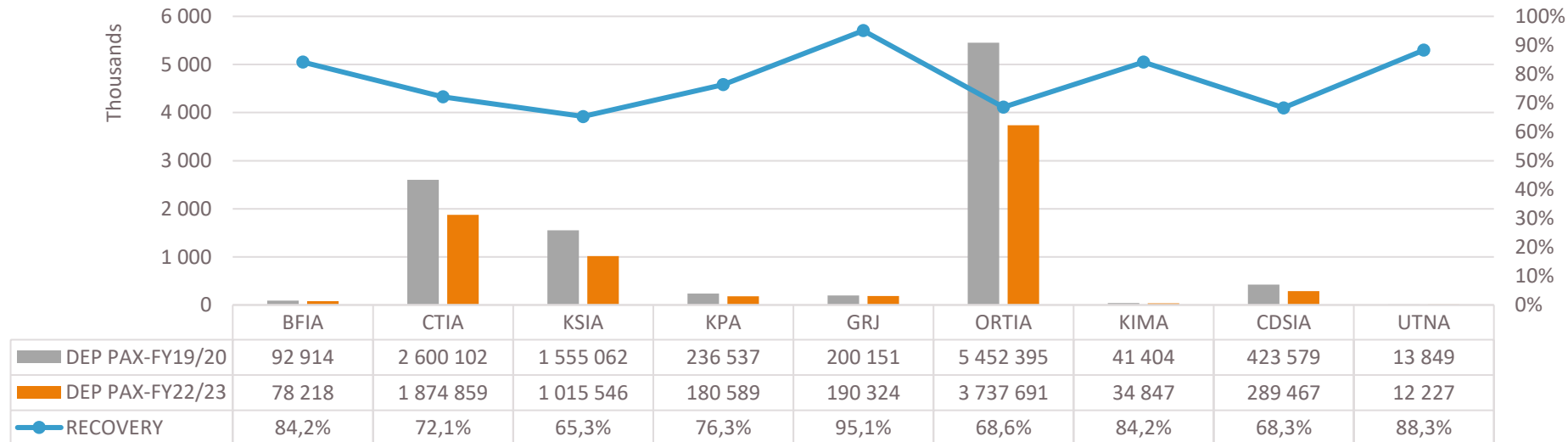
# DEPARTING PASSENGERS FIRST HALF 2022/23FY

## OVERALL DEPARTURE PASSENGERS

YTD Recovery: 70%

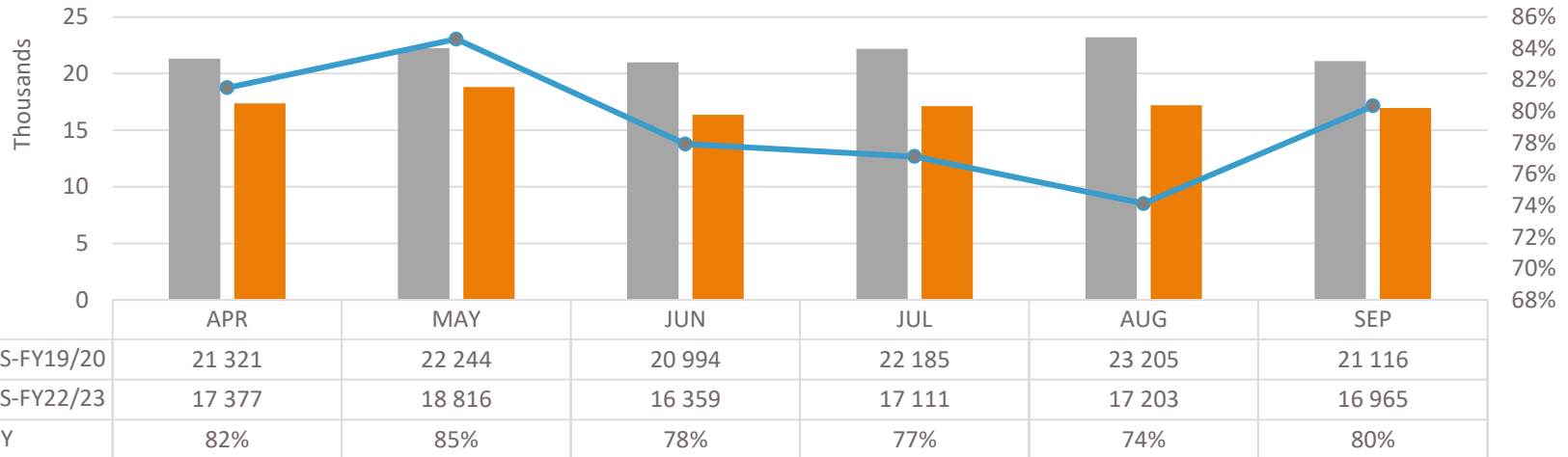


## DEPARTURE NUMBERS BY AIRPORT

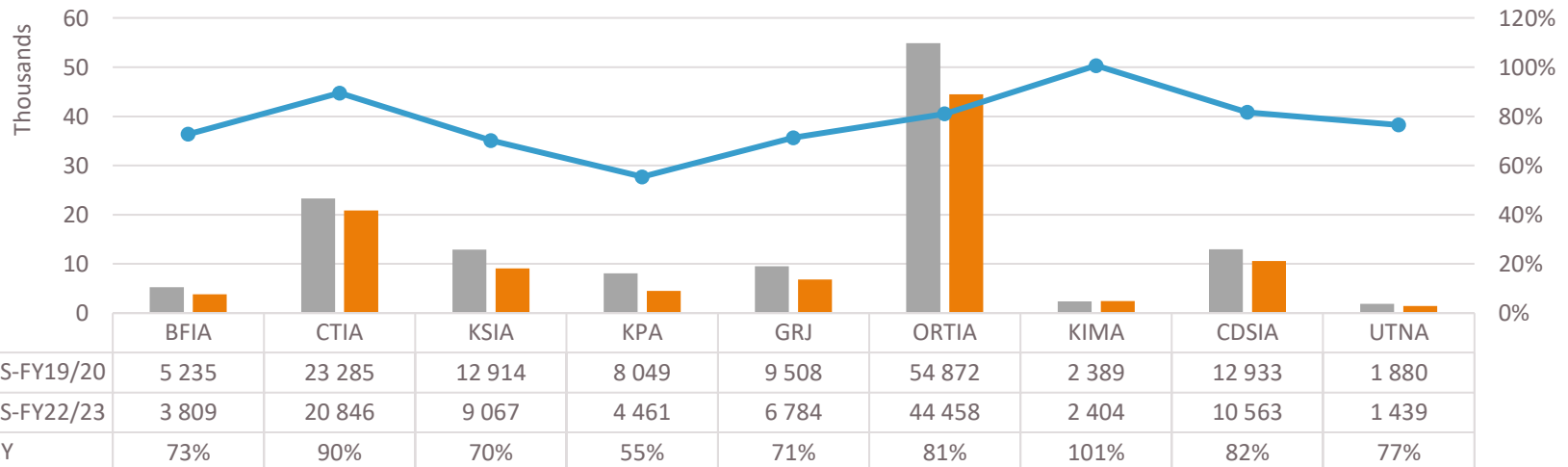


# AIRCRAFT MOVEMENTS FIRST HALF OF 2022/23FY

## AIRCRAFT LANDINGS

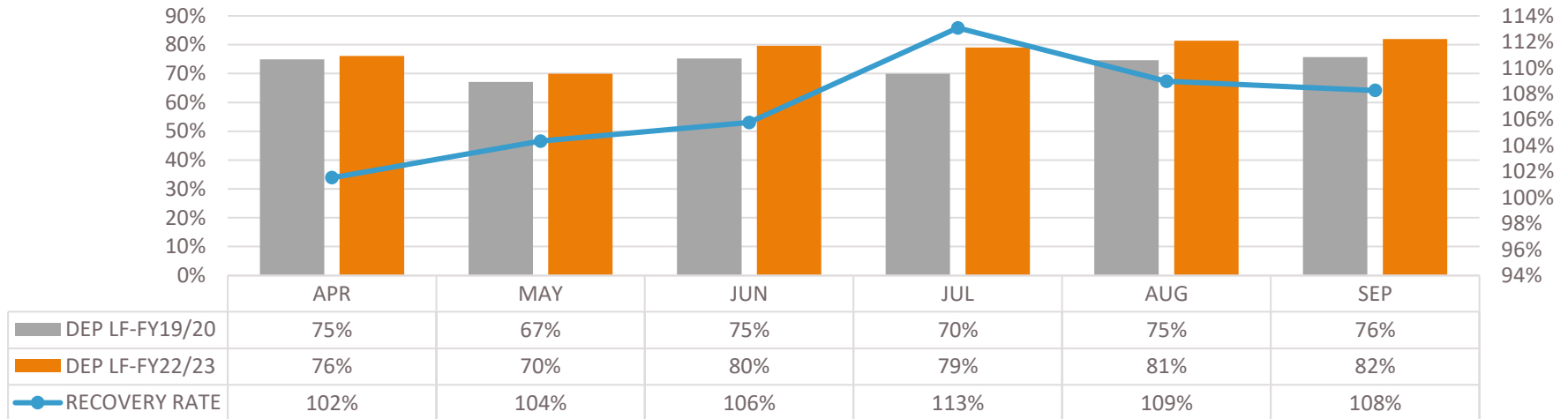


## AIRCRAFT LANDINGS BY AIRPORT

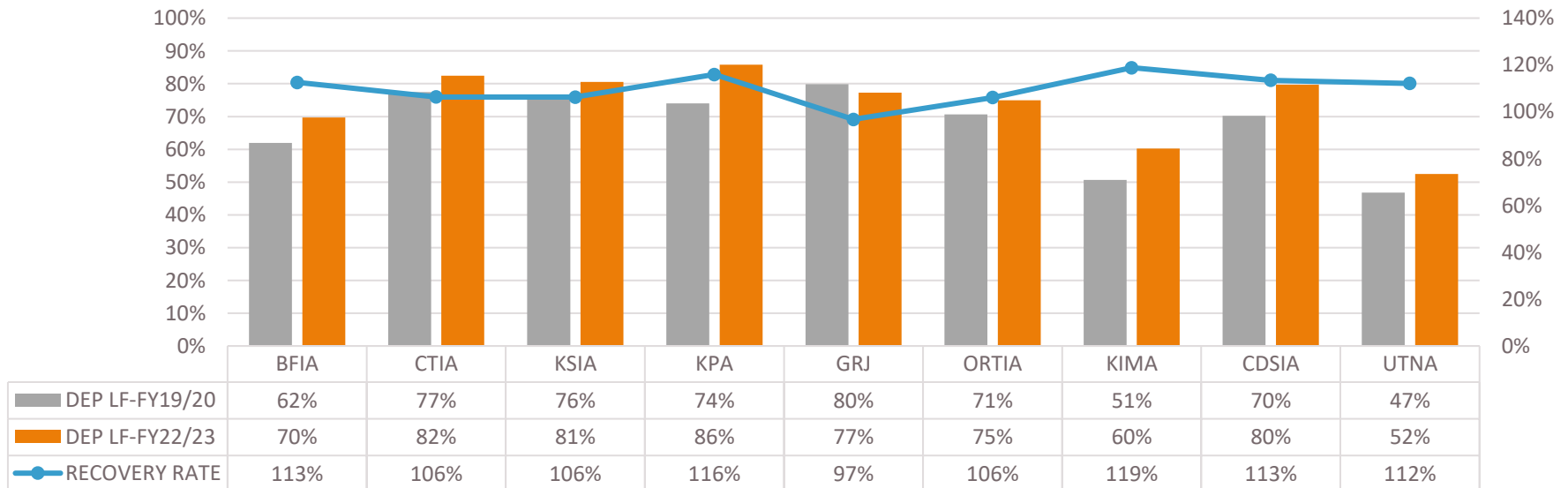


# LOAD FACTORS FIRST HALF OF 2022/23FY

## DEPARTURE LOAD FACTORS



## DEPARTURE LOAD FACTORS BY AIRPORT



# NUMBER OF AIRLINES OPERATING

	Domestic	International	Regional
FY2019/20	8	46	7
FY2021/22	7	37	3
Current	5	41	4

## Current domestic operating airlines

- Airlink
- Cemair (PTY) LTD
- FlySafair
- South African Airways
- Lift (global aviation operations (PTY) LTD

## Domestic airlines not operating

- S.A Express
- Mango
- Comair

## New domestic airlines

- Lift (global aviation operations (PTY) LTD

# CAPACITY IMPACT

Using month of May and Sept 2022 for the analysis

ROUTE	CAPACITY AVAILABLE: MAR 22	CAPACITY AVAILABLE: MAY 22	CAPACITY AVAILABLE: JUN 22	CAPACITY AVAILABLE: SEP 22	SHORTFALL: MAY-SEP
CAPE TOWN	296 684	286 895	207 063	242 239	-44 656
DURBAN	191 170	197 517	137 008	164 754	-32 763
EAST LONDON	40 474	39 751	29 121	302 18	-9 533
LANSERIA	55 143	60 639	33 306	332 75	-27 364
JOHANNESBURG	448 988	443 819	337 597	372 797	-71 022
GEORGE	46 203	44 333	36 361	351 13	-9 220
GQEBERHA	67 768	66 460	47 740	52 911	-13 549
<b>TOTAL</b>	<b>1 146 430</b>	<b>1 139 414</b>	<b>828 196</b>	<b>931 307</b>	<b>-208 107</b>

# CAPACITY IMPACT – LOAD FACTORS

Using month of May and Sept 2022 for the analysis

ROUTE	LOAD FACTORS-MAR 22	LOAD FACTORS-MAY 22	LOAD FACTORS-JUN 22	LOAD FACTORS-SEP
CAPE TOWN	82%	75%	85%	91%
DURBAN	81%	75%	92%	88%
EAST LONDON	80%	76%	92%	95%
LANSERIA	82%	77%	94%	95%
JOHANNESBURG	84%	79%	90%	92%
GEORGE	77%	65%	78%	88%
GQEBERHA	77%	66%	89%	89%
TOTAL	80%	73%	89%	91%

# AIRLINE INITIATIVES

- Total additional frequency of 117 flights per week between the routes
- Additional three aircrafts for Durban-Johannesburg route



# KEY OUTCOMES OF 2021/22 FINANCIAL YEAR

- The company continued to **recover** albeit impacted by two waves of Covid-19 and civil unrests in July 2021
- **Revenue** almost doubled relative to the previous year, **increasing to R3.9 billion**
  - Growth in revenue was supported by **recovery in passenger traffic and aircraft movements**
    - › While **rental reprieves granted to tenants affected by Covid-19**, impacted negatively revenue growth
  - The **cost-reduction initiatives** i.e., VSP and ER program introduced in the previous financial year continued to minimise operating cost
- **Capital expenditure program is limited to maintenance and refurbishment** as part of Recover and Sustain Strategy
- **Loss for 2021/22FY year narrowed by more than half to -R1 billion**
- The financial position of the company remains solid with strong asset base and low debt level
  - **Gearing ratio increased slightly to 26 per cent in 2021/22FY** as result of a decline cash & cash equivalent
- Credit metrics improved notably relative to the previous financial year
  - AFD granted ACSA a 9-month extension of the grace period until March 2024

# FINANCIAL PERFORMANCE PERIOD ENDED MARCH 2022



**Revenue**

**R3.9 billion**

FY 2020/21:

R2.2 billion



**EBITDA**

**R342 million**

FY 2020/21:

-R1.8 billion



**Profit / (Loss)  
for period**

**-R1 billion**

FY 2020/21:

-R2.6 billion loss



**Operational  
Expenditure**

**R3.3 billion**

FY2021/22:

R3.8 billion



**Capital  
Expenditure**

**R546 million**

FY2021/22 target:

R973 million



**Total Assets**

**R30.4 billion**

FY2020/21:

R31.6 billion



**Gearing Ratio**

**26%**

FY2020/21:

23%

# THE PERMISSION APPLICATION PROCESS UNDER WAY

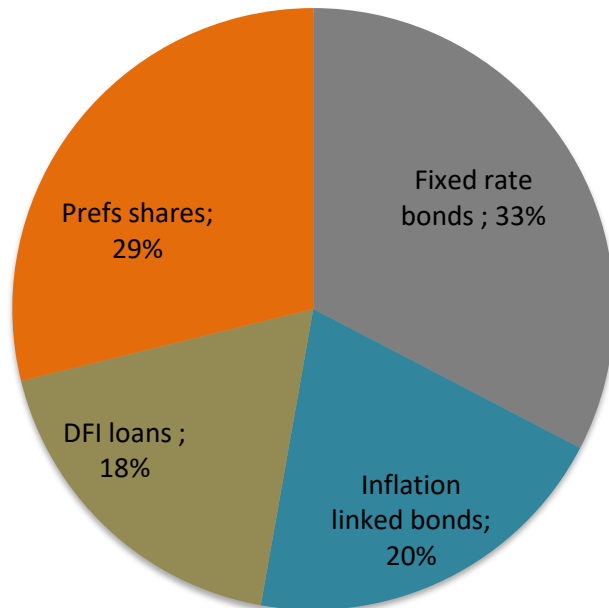
- Initial submission intended for 30 September 2022
  - Delays in obtaining independent traffic forecast has pushed submission date to 30 November 2022
- Independent traffic forecast has since been finalised
  - Traffic projected to revert to back to pre-pandemic levels by 2026/27FY
- Consultations with users currently underway
  - Including agreement on re-activating major capacity projects in line with traffic forecast

# 06 DEBT OVERVIEW

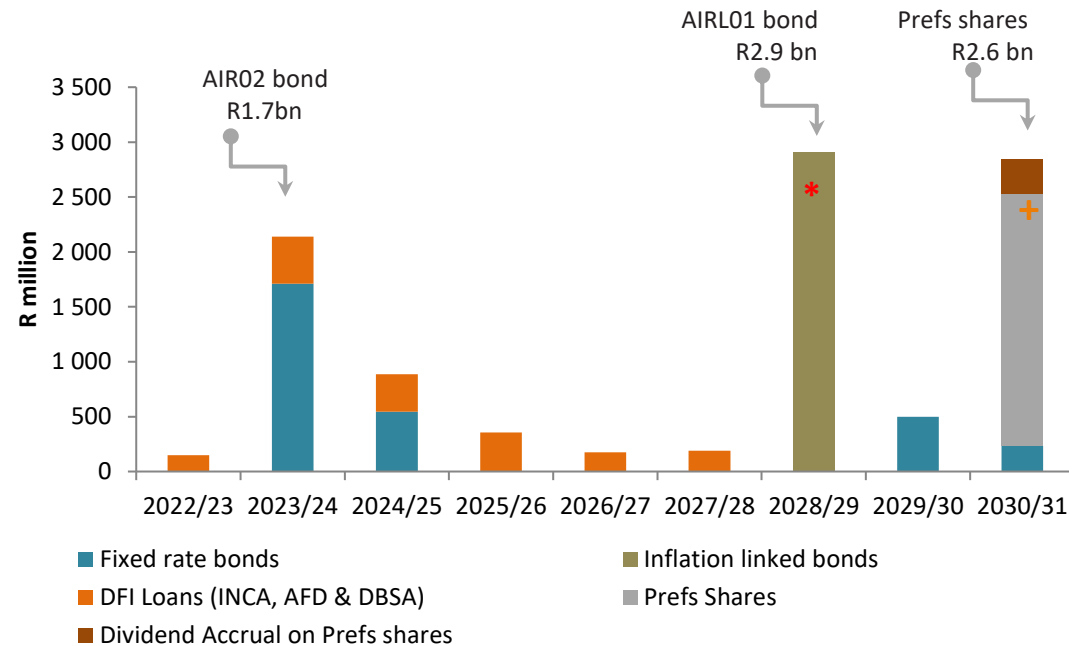


# DEBT COMPOSITION & MATURITY PROFILE

## DEBT COMPOSITION



## DEBT MATURITY PROFILE



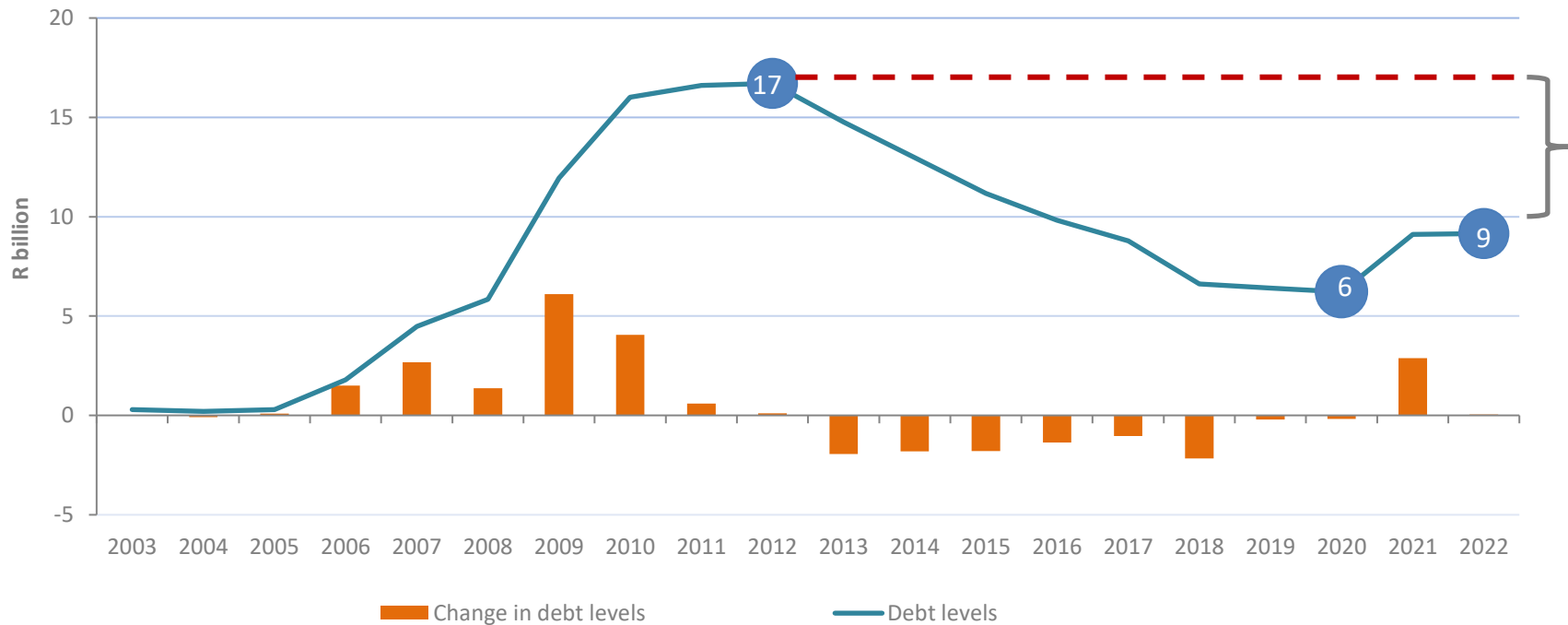
### Footnote:

\* Projected inflation accretion added to AIRL01 in 2029E

+ including accrued dividend

- Debt issued under the R30 billion DMTN programme amounts to R4.8 billion (53% of total debt portfolio)
- Fixed rate bonds account for lion share of the debt portfolio at 33% followed by preference shares at 29%
- The maturity profile is fairly spread with large redemptions only expected in 2023/24, 2028/29 and 2030/31 financial years.
- The weighted average term to maturity of debt portfolio is 5 years

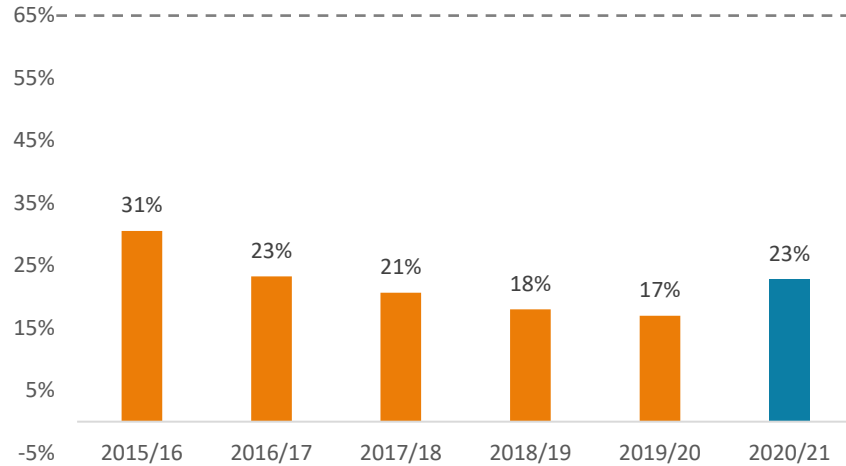
# DEBT EVOLUTION



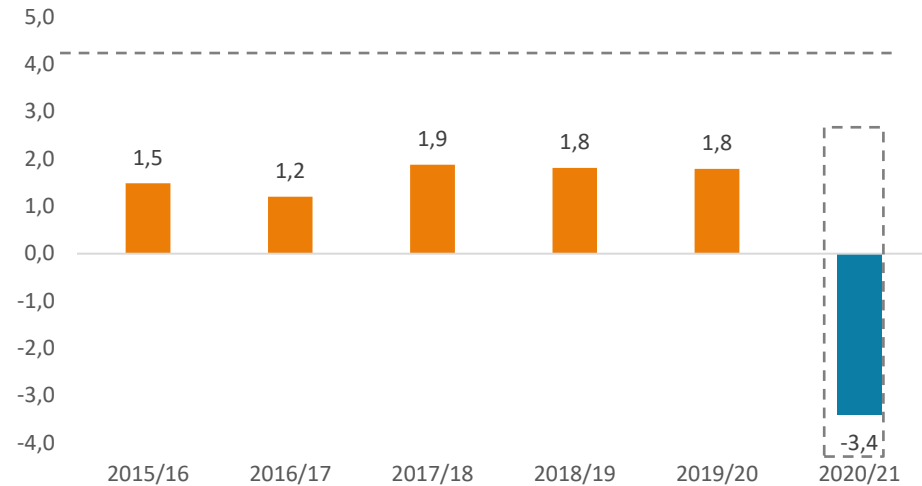
- ACSA repaid over about R10 billion worth of debt between 2012 and 2020
- Debt increased by R3 billion in 2021 due to the following:
  - Issuance of R2.3 billion of preference share to government
  - R800 million loan from the Development Bank of Southern Africa (DBSA)

# SOLID CREDIT METRICS PRE-COVID 19

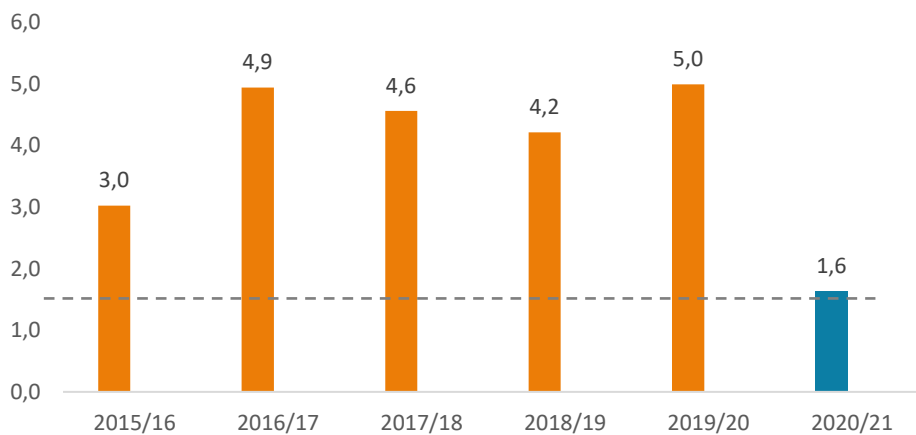
## NET DEBT TO CAPITALISATION (below 65%)



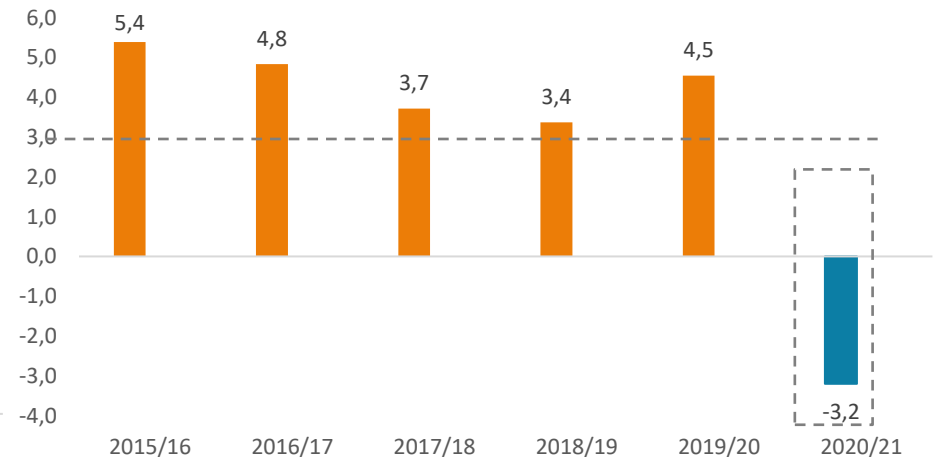
## NET DEBT TO EBITDA RATIO (below 4x)



## DSCR RATIO BY AVAILABLE CASH (above 1.5x)



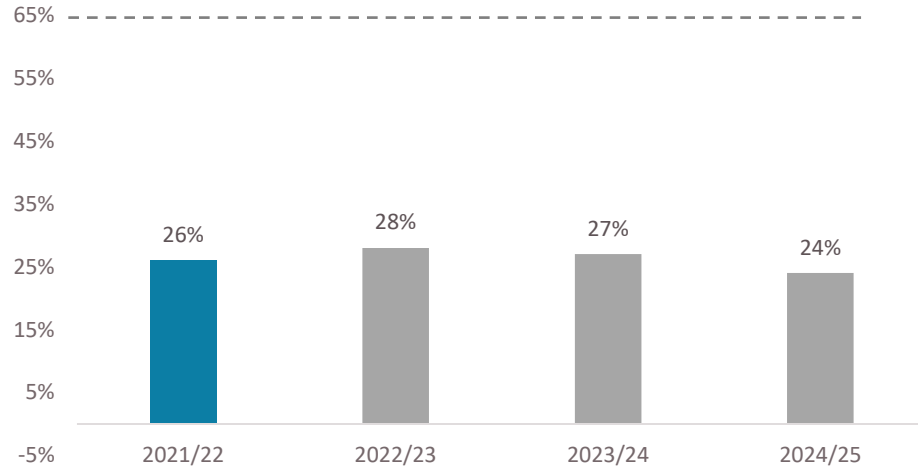
## EBITDA INTEREST COVER RATIO (above 3x)\*



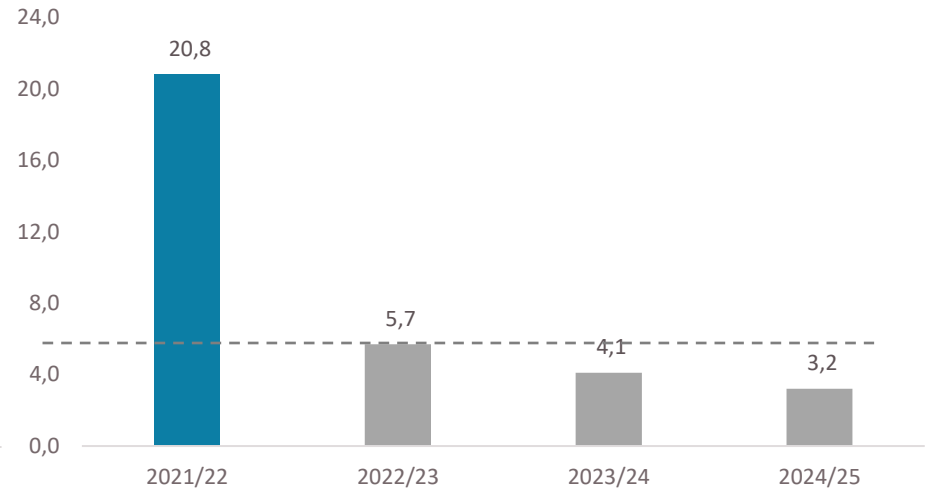
Footnote \* Not part of financial covenants

# KEY CREDIT METRICS EXPECTED TO IMPROVE

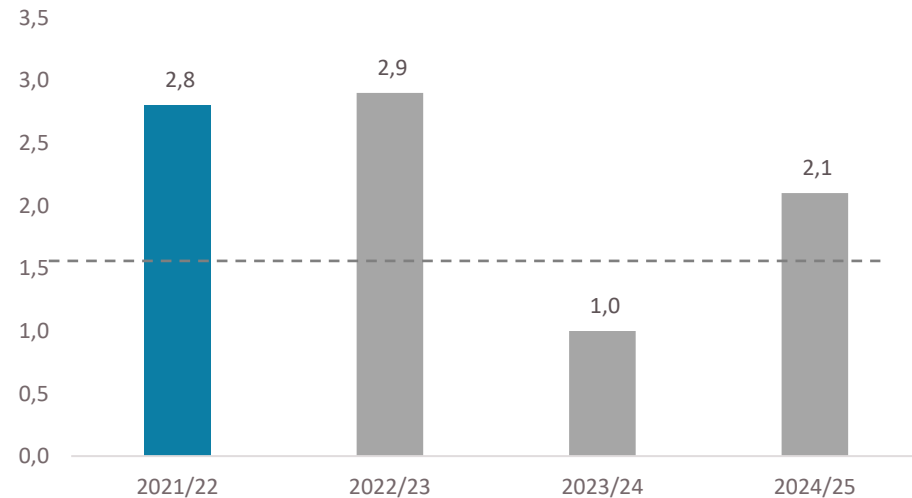
### NET DEBT TO CAPITALISATION (below 65%)



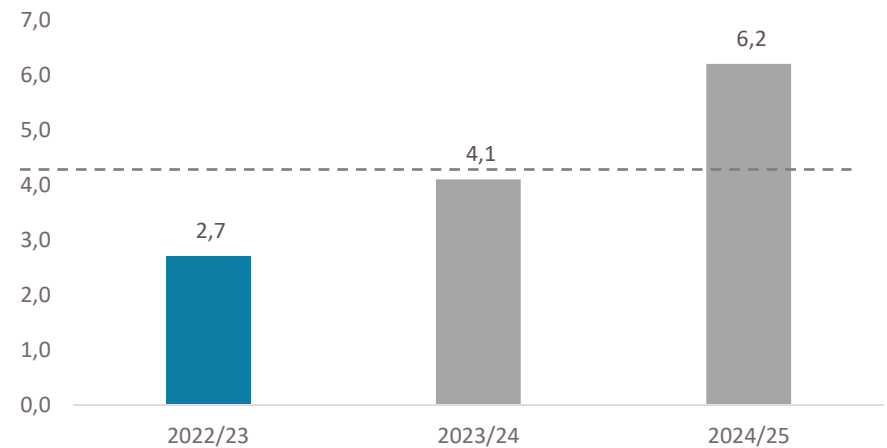
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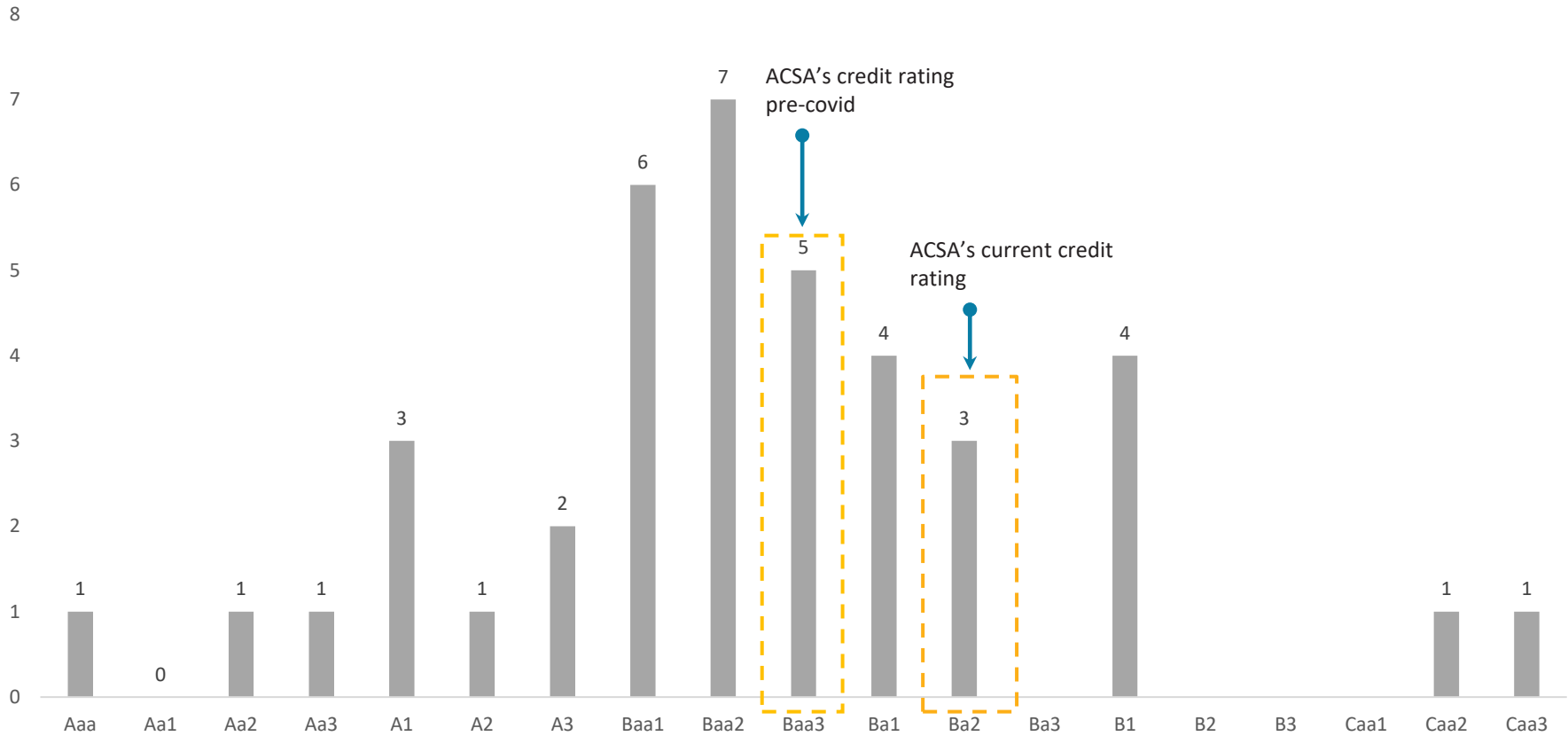
### DSCR RATIO BY AVAILABLE CASH (above 1.5x)



### EBITDA INTEREST COVER RATIO (above 3x)\*



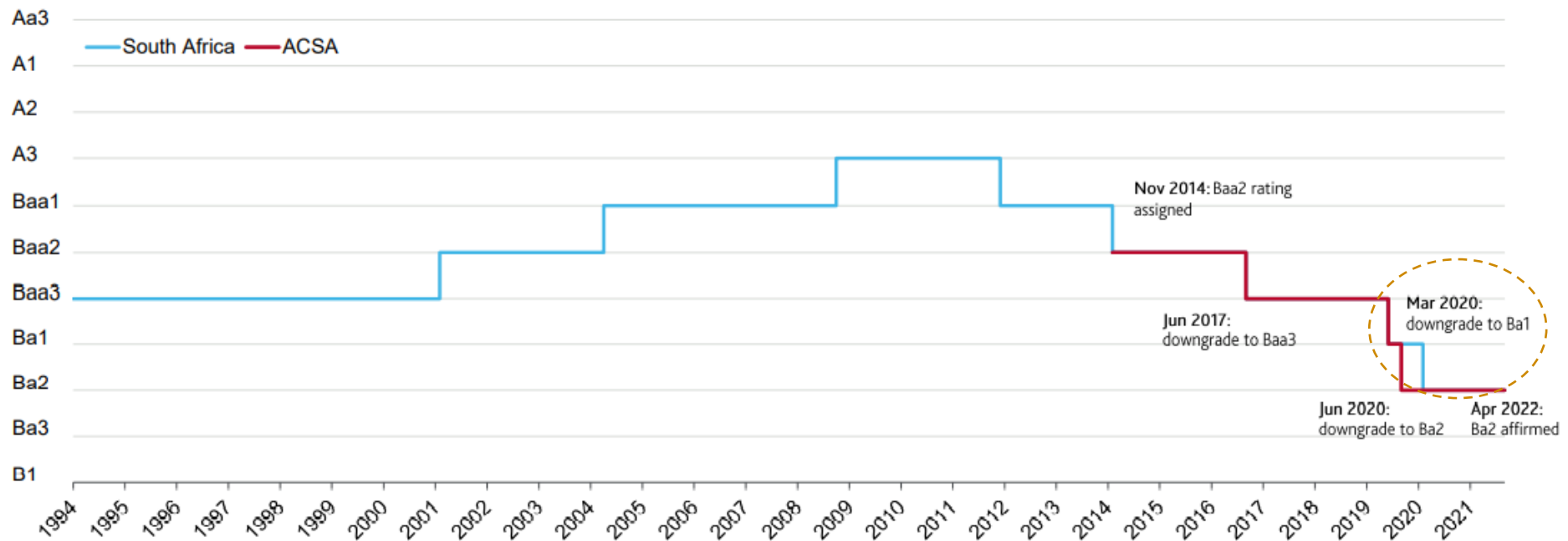
# GLOBAL RATING OF PRIVATELY MANAGED AIRPORTS



Source Moodys

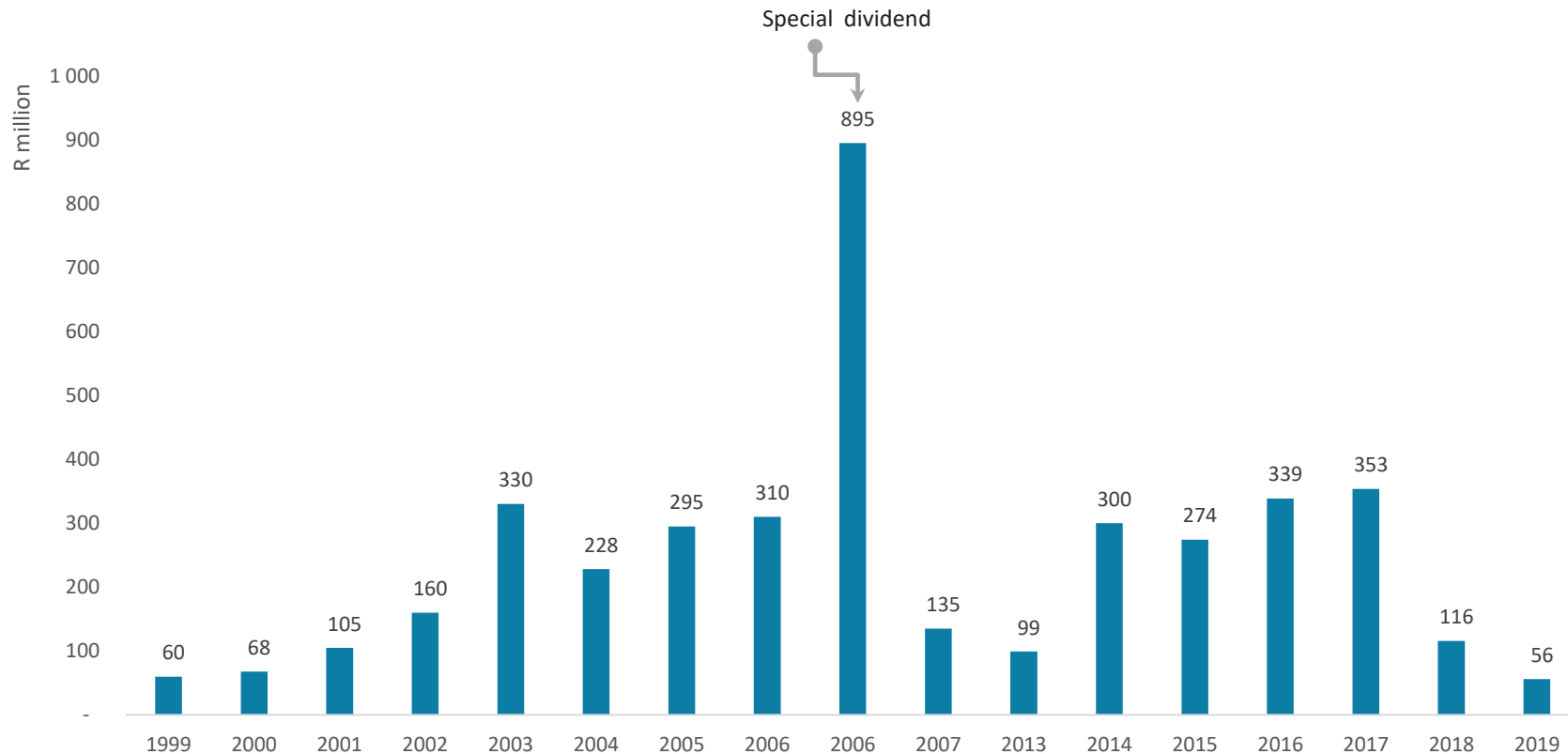
# ACSA'S GLOBAL RATING HISTORY

- Acsa's global rating has been at the Sovereign level most of the time
- Deviation from Sovereign rating in 2020 was as result of impact of the Covid-19 pandemic
- The company's national scale rating was affirmed at Aa2 in April 2022



Source Moodys

# HISTORIC TREND OF DIVIDEND PAYMENTS



- ACSA is one of the few SOEs to have consistently paid dividends to shareholders over the years
- ACSA has paid R4 billion worth of dividends since 1999 including R895 million special dividend

# 07 DMTN PROGRAMME



# INDICATIVE TERMSHEET

<b>Issuer</b>	Airports Company South Africa SOC Limited
<b>National credit rating</b>	Moody's: Aa2.za (affirmed 12 April 2022)
<b>Programme</b>	ZAR30 bn
<b>Indicative target issue size</b>	R750mn with ability to upsize to R1bn
<b>Notes on Offer</b>	New 5-year, New 7-year; Tap AIR05 (fixed rate note with 7.5-year term to maturity), Switch of AIR02 fixed rate note
<b>Instrument</b>	Senior Unsecured, Floating, Listed
<b>Auction process</b>	Dutch Auction
<b>Proposed auction date</b>	10 November 2022
<b>Settlement date</b>	15 November 2022 (T+3)

# INDICATIVE TIMELINE

Event	Indicative Date
<b>Group Investor Call</b>	18 October 2022
<b>Termsheet without price guidance released</b>	20 October 2022
<b>Termsheet with price guidance released to investors</b>	3 November 2022
<b>Proposed Auction Date</b>	10 November 2022
<b>Settlement Date (T+3)</b>	15 November 2022

# 08

## FORWARD LOOKING



# FORWARD LOOKING

- **Easing of global travel restrictions** since late December 2021 supporting the recovery of the aviation sector
- Expect passenger **traffic to continue to recover steadily** throughout FY2023
  - Economic and **Covid-related factors could dampen passenger travel** during the current period and beyond
- Remain **focused on our core business** of running airports efficiently and strive to continuously improve the passenger experience
- **Growth Strategy Implementation**, grow our footprint domestically and on the African Continent and diversification of Revenue Streams
- Execute innovative IT and digitisation initiatives through collaboration with our stakeholders
- Redefine the airport's space in city life and make airport hubs more attractive leisure destinations for both passengers and the public
- Entrench the Revised Governance Framework and Operating Model, Capability Model and Organisational Structure to support sustained recovery and compliance

# 09

## QUESTIONS & ANSWERS



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