AIRPORTS COMPANY
SOUTH AFRICA

AIRPORTS COMPANY SOUTH AFRICA REPORTS ON 2020/21 FINANCIAL YEAR

PERFORMANCE HEADLINES:

- **Results reflect devastating impact of pandemic**
- **Revenue of R2,2-billion from R7,1-billion**
- **Loss of R2,6-billion from R1,2-billion profit**
- **Gearing remains low at 23%**
- **Implementation of Recover and Sustain strategy underway**

BEDFORDVIEW, 19 October 2021 – Airports Company South Africa (ACSA) today reported financial results for the year to 31 March 2021 that reflect the devastating impact on aviation and tourism of the first year of the Covid-19 pandemic.

Revenue was R2,2-billion for the 12 months, less than a third of the R7,1-billion generated in the previous financial year. While the company produced a profit of R1,4-billion in 2019/20, the result for FY20/21 was a loss of R2,6-billion. This was the second loss in the company's 28-year history.

Chief Executive Officer Mpumi Mpofu said the wide and deep impact of global measures to combat the pandemic have had a staggering impact on airlines, airports and tourism around the world.

Global air traffic in 2020 fell by 65%, amounting to an equivalent of loss of some $125-billion for both aeronautical and non-aeronautical revenue. Across Africa, traffic declined by 68% resulting in a loss of $2,7-billion in airports' revenue.

In South Africa, ACSA's passenger figures for the year fell by 78.2% from 21-million to 4,6-million.Total air traffic movements for ACSA declined by 60% from 249 519 to 99 880.

"These figures represent the low point in terms of pandemic impact because the 12 months involved either complete lockdown or significant restrictions on domestic and international flying," said Mpofu.

"Since the start of the current financial year on 1 April there has been a continued gradual increase in domestic passenger figures, although off a low base. However, we are encouraged by developments of the past several weeks that suggest we can anticipate accelerated improvement.

"South Africa is not only off the United Kingdom's red list but most of our key source markets such North America and within European Union have already removed travel restrictions for flying to and from the country. The increasing pace of vaccinations locally and in other countries, along with the advent of vaccination certificates should encourage continued recovery in cross-border travel," said Mpofu.

She believes conditions have improved to the extent that, if Covid infection rates remain subdued, South Africa can anticipate a stronger summer holiday season in terms of both domestic and international passengers than was thought possible at the height of the third wave of Covid infections in July.

Mpofu said the impact of the pandemic is reflected in every stream of ACSA's revenue. Aircraft landing fees were R368-million compared to R1,3-billion the previous year, aircraft parking fees were R29-million compared to R55-million and passenger service charges fell to R414-million compared R2,387-billion.

Non-aeronautical revenue fell by 61% to R1,34-billion compared to R3,38-billion the previous year. The non-aeronautical revenue includes advertising, retail, parking, car hire, property rental and hotel operations.

In response to the emerging impacts of the pandemic, ACSA initiated a series of funding and liquidity management activities from as early as March 2020 onwards to secure its short-term position and to bolster its long-term financial sustainability.

The company disposed of its 10% shareholding in Mumbai International Airport for R1,26-billion, received a loan of R810-million from the Development Bank of Southern Africa, and received R2,3-billion from the issuance of preference shares to government.

As a result of the funding initiatives, ACSA's gearing ratio rose to 23% from 17% the previous year.

"Our responsible approach meant when the pandemic struck, ACSA had already reduced its debt by some R10-billion over the previous seven years. The low gearing and asset base of more than R31-billion are therefore providing a solid base for recovery over three to five years," said Mpofu.

In terms of liquidity management, ACSA increased short-term credit facilities from R1,5-billion to R3-billion while maintaining effective management of working capital to preserve cash.

Mpofu said that ACSA had also taken significant steps to support its long-term financial sustainability. Capital expenditure projects that would have required investment of more than R14-billion were suspended in 2020. Operating expenditure has been cut significantly by R1.2-billion and headcount has been reduced by 20% to date, she added.

"Most businesses have faced some very difficult decisions in responding to the impact of Covid-19 over the past 18 months. ACSA is no exception. We are, however, very much aware of the situations of our partners and stakeholders. We are trying as far as we are able to help them to mitigate the impacts that they are experiencing.

"Steps we have taken include moving quickly to introduce relief measures for airlines in the form of deferred payment arrangements and credit reprieves to enable long-term sustainability of our industry. We also provided rental relief for our retailers, many of which are SMEs, by moving from fixed to turnover-based leases," said Mpofu.

In terms of outlook for the current financial year and beyond, ACSA's Recover and Sustain strategy for the period up to 2025 involves extending and defending core businesses, exploring emerging business and revenue opportunities. Capital expenditure will be only on maintenance and replacement of critical airport infrastructure.

"The company is in a comparatively sound position considering the challenges we were confronted with since early 2020. We hope that the recovery can be accelerated with global vaccine roll-out and a majority of countries reaching herd immunity," said Mpofu.

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