

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

Airports Company South Africa SOC Limited: Financial Performance Highlights and Availability of Annual Report

Airports Company South Africa today reported revenue of R7.1-billion, EBITDA of R2.8-billion and profit of R227-million for the financial year to 31 March 2019.

"The company contended with significant challenges in the period. These challenges constrained revenue growth and also raised our costs. In the circumstances, the company was sufficiently resilient to be able to record another year of profits. Importantly, the company was still in a position to reduce its debt by more than R2-billion," said Acting Chief Executive Officer Bongwiwe Mbomvu.

While revenue was 5.6% up on the previous year, the combined impact of the weaker economy and cost pressures saw a reduction in EBITDA of 4.6% and profit down by 58.9%.

"Such a major reduction in profit is very disappointing as much of our increased costs had a direct impact on our bottom line. That we were still able to report profits is testament to the effort and commitment shown by our employees across the nine airports that we own and manage in South Africa," said Mbomvu.

"However, key positives remain. We have now produced a profit in all but one of the 26 years since the company was formed. We also received an unqualified audit and are proud of our record as a well-run state owned company that has never needed government support or guarantees."

Debt repaid during the year was R2.3-billion, reducing overall debt to R6.6-billion. More than R10.5-billion has now been repaid over the past six years. The weighted average cost of debt now stands at 9.13% with gearing at 18%.

Mbomvu said the weak South African economy affected passenger numbers and viability of some local airlines, thereby impacting revenue from commercial activities. While South Africa's GDP growth has remained at around 1% a year, Airports Company South Africa grew departing passenger numbers by 1.3% to 21 118 264.

Airports Company South Africa also experienced some significant cost pressures, specifically in relation to security services which rose by more than 50% as a result of regulatory amendments and heightened security measures implemented during the year.

In addition, new accounting standards resulted in a higher provision for impaired debts while changes in the property valuation model also had a negative impact on the profits reported.

The key operational challenge during the year was overcoming the delay in the rollout of airport capacity expansion projects. Currently capacity constraints are mostly felt at Cape Town International Airport and O.R. Tambo International Airport.

During 2018/19 financial year, Airports Company South Africa grew black business entrepreneurship as a share of operational and developmental spend to 51%. Black business share of commercial revenue generated now stands at 54% against a target of 51%

Mbomvu remains positive in terms of the outlook for Airports Company South Africa in both the short- and medium-terms.

"We are filled with optimism for the modern, digitally driven airport business we are developing and the important transformative role we can play in South Africa," she said.

"While we have faced challenges in dealing with reduced tariffs affecting our aeronautical revenue, attrition in the global airline industry and a tough global economic backdrop, we enter 2020 with a balance sheet that is in good shape and confidence in our operating model, our global opportunities, our reputation and our capabilities."

The integrated annual report for Airports Company South Africa can be viewed and downloaded at:

<http://www.airports.co.za/business/investor-relations/financial-information>

Johannesburg
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