

RESULTS PRESENTATION

FOR THE YEAR ENDED 31 MARCH 2023

12 September 2023

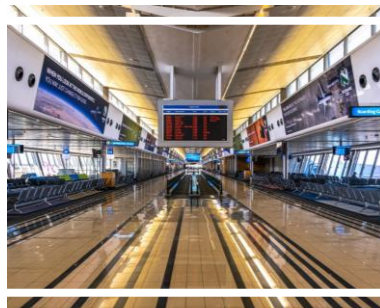


AIRPORTS COMPANY
SOUTH AFRICA

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01 INTRODUCTION

INTRODUCTION

ACSA has continued to demonstrate remarkable resilience and adaptability amidst a challenging global economic landscape and resurgence in global passenger traffic

Challenging global macro-economic environment, volatile geopolitical landscape, and energy crisis continued to be the most significant challenge faced by the company over the reporting period

The implementation of strategic, financial, and operational interventions allowed ACSA to maintain resilience throughout this extended period

Strategy

Continued to implement the Recover & Sustain Strategy focusing on Pillar 1 – Run our Airport:

Implementation of Growth Strategy, emphasising the enhancement of capacity and capabilities to effectively pursue initiatives such as Passenger Mobilisation, Aerotropolis and Jet Fuel optimisation, and the Training Academy

Financial

Continued to identify efficiencies in our operations, while maintaining prudent operational and capital expenditure
Focused on maintaining our liquidity

Unwavering dedication and relentless pursuit of sustainable business development and growth

Operating model

Embedding process accountability to ensure consistently and efficiency for higher productivity and better resource allocation and streamlining of operations

Regional focus and optimization of the network through cluster model
Capacity and capability development

The road to recovery looks promising, with factors such as easing inflation, rising consumer confidence, strong air travel demand, and the reopening of China's economy driving positive trends



02 KEY HIGHLIGHTS

ACSA is consistently recognized as a leading global airports operator



SKYTRAX WORLD AIRPORT AWARDS 2022

- 🏆 Best Airports in Africa: **Cape Town International**
- 🏆 Best Regional Airport in Africa: **King Shaka International**
- 🏆 Best Airport Staff in Africa: **Cape Town International**
- 🏆 Cleanest Airport in Africa: **Cape Town International**
- 🏆 Best Airport Hotel in Africa: **Intercontinental Hotel, O.R. Tambo International**



STAT TRADE TIMES AWARDS 2022

STAT Trade Times Awards recognise and honour excellence in the global air cargo industry

- 🏆 African Cargo Airport of the Year: **O.R. Tambo International**



INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA (IRMSA) AWARDS 2022

IRMSA Awards acknowledge and celebrate excellence achieved by individuals and organisations in the risk management industry

- 🏆 Industry-specific award transport and logistics risk initiative:
ESG Initiative



AIRPORTS COUNCIL INTERNATIONAL (ACI) AIRPORT CARBON ACCREDITATION

Four airports met the requirements for Airport Carbon Accreditation at Level 2, which recognises a reduction in the carbon emissions on a year-on-year basis

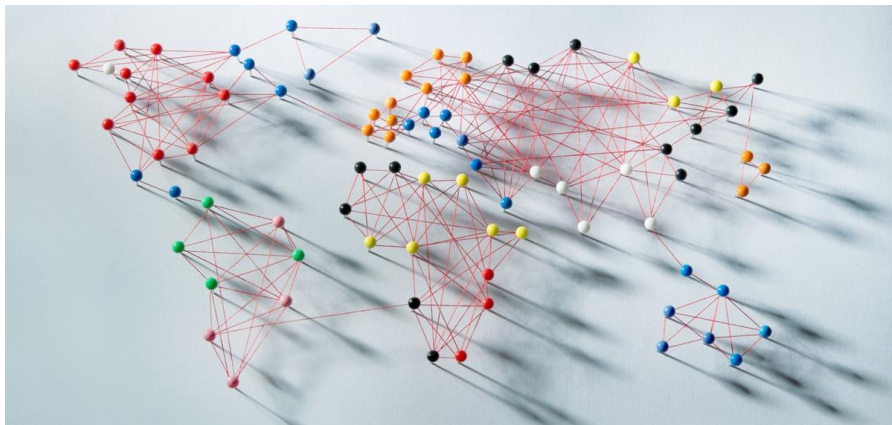
- 🏆 **O.R. Tambo International**
- 🏆 **Cape Town International**
- 🏆 **King Shaka International**
- 🏆 **Chief Dawid Stuurman International**

03

EXTERNAL ENVIRONMENT

MACRO-ECONOMIC CONDITIONS

Aviation industry is not immune to inflationary pressures



Global economy

Global economy has displayed an impressive resilience amid tough financial conditions, exceeding expectations in 2022 with real GDP growth accelerating to 2.5% the first quarter of 2023

Decreased consumer and business expenditures, coupled with rising inflation and more stringent monetary measures, have undermined the overall demand for travel

Risks from climate change, and geopolitical events are impacting food prices, thus fluctuations in food prices affect in-flight meals, catering services, and overall airline expenses



Domestic economy

High unemployment rate, Electricity power outages, and high inflation continue to pose challenges for households and businesses

Closure of crude oil refineries
increases dependence on imported fuel products, making the sector vulnerable to global supply chain disruptions

Water disruptions
also starting to become a challenge, negatively impacting sectors such as aviation, tourism, mining, agriculture, and energy

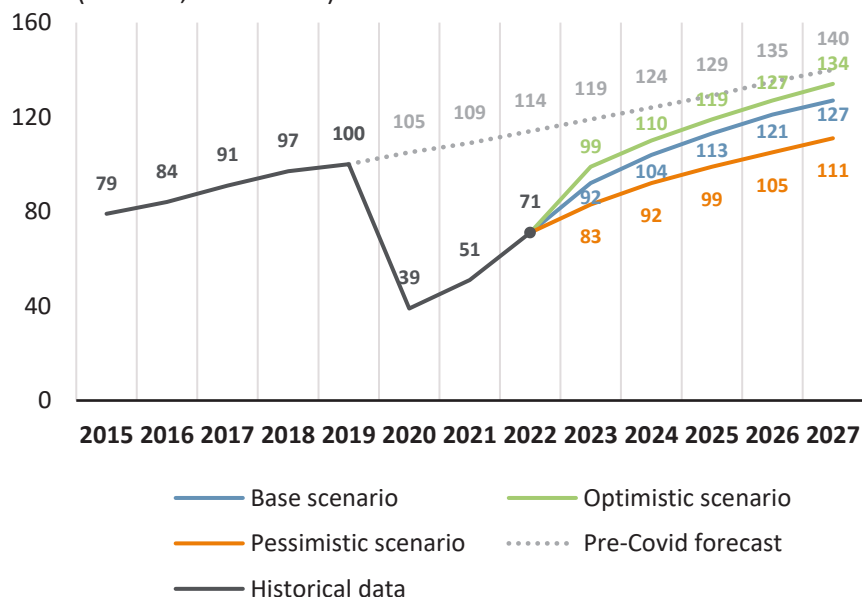
GLOBAL PASSENGER TRAFFIC OVERVIEW 2023

The aviation industry faces a complex landscape, with regional variations in growth and challenges, while uncertainties exist, opportunities for recovery and expansion are evident, particularly in emerging markets

- Global passenger traffic is projected to achieve **92%** of 2019 levels in 2023
- Robust demand for **leisure travel** is expected in first half of 2023, with a potential growth slowdown in the second half of 2023 due to among other factors, rising interest rates impacting economies
- Opening of **Chinese aviation markets** represents a positive shift in the path to recovery with the baseline projections for global passenger traffic indicating that the industry will recover to 2019 levels by 2024

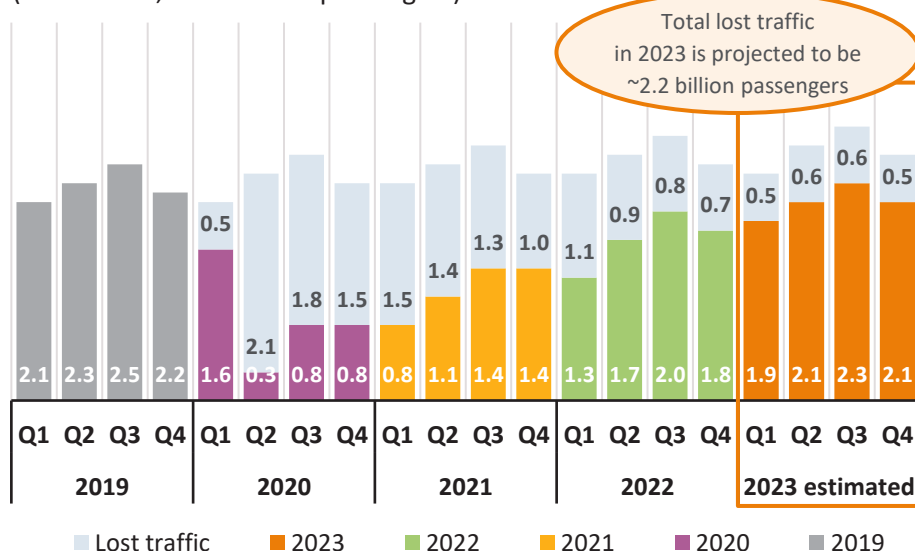
MEDIUM-TERM GLOBAL PASSENGER TRAFFIC PROJECTION

(indexed, 2019 = 100)



GLOBAL QUARTERLY PASSENGER LOSSES DUE TO COVID-19 CRISIS

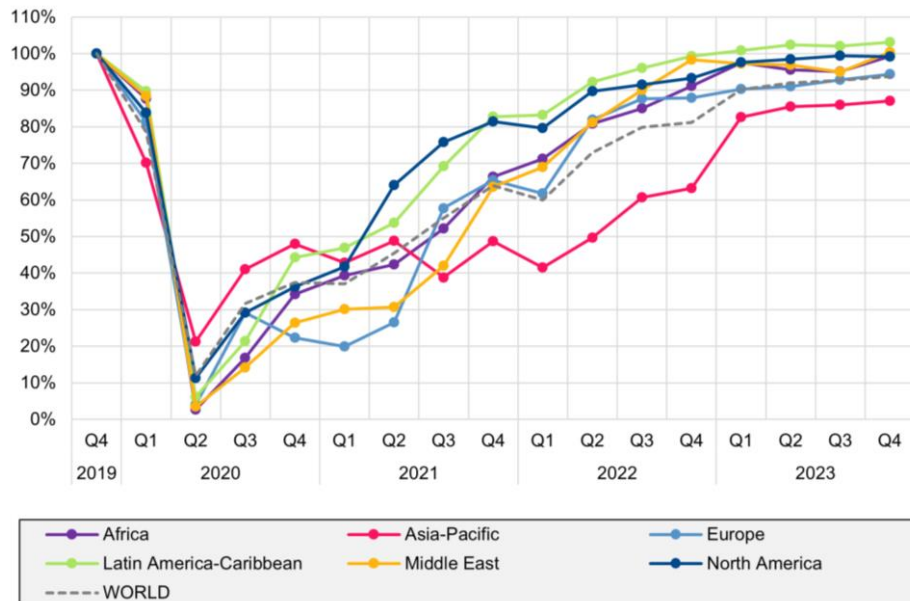
(2019–2023, in billions of passengers)



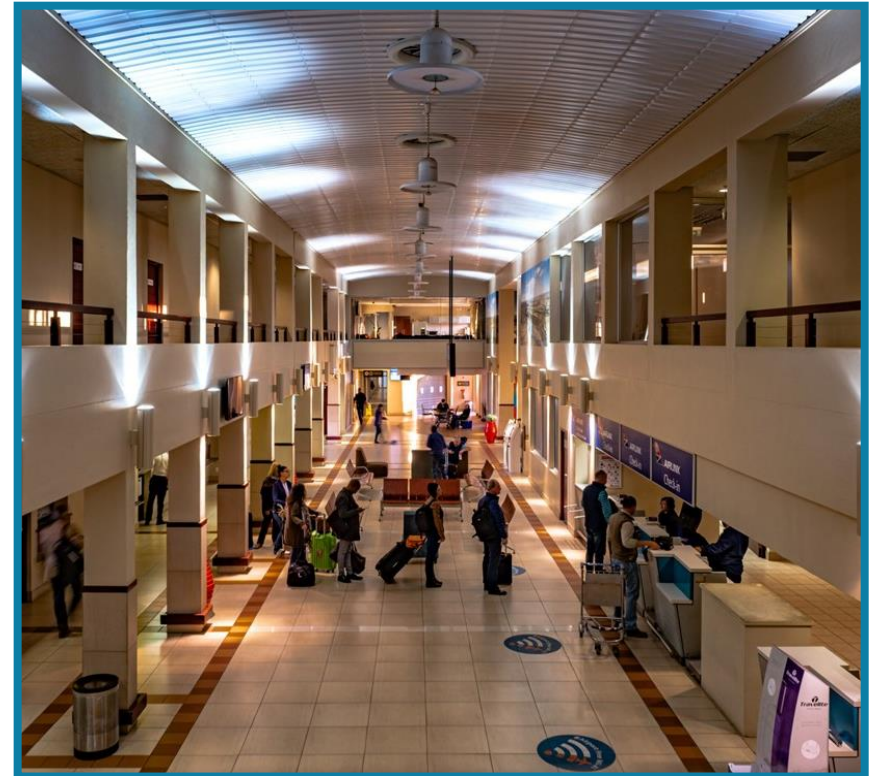
Source: ACI World 2023

GLOBAL PASSENGER TRAFFIC RECOVERY RATE BY REGION (2020-2023, QUARTERLY INDEXED, 2019 LEVEL = 100%)

- Before the COVID-19 pandemic, the global passenger volume forecast was **10.2 billion passengers** in 2022, however, the actual 2022 passenger volume recorded was **6.8 billion passengers**
- For the year 2023, global passenger volume is estimated to reach **8.4 billion passengers**. Compared to the pre-COVID forecast, which was estimated to be **10.5 billion passengers** in 2023, this represents a **potential loss of 20.4%**
- The **Africa** region in 2022 marked 189 million passengers, which is **82.4%** of the 2019 level. In the year 2023, it is estimated to reach 222 million or **96.8%** of 2019 level
- The **Europe** region had the greatest increase in passenger traffic in 2022, driven by the summer travel demand surge, with 2.0 billion passengers, or **81.1%** of the 2019 level
- In 2022, the **Latin America-Caribbean** region had the fastest recovery, reaching 637 million passengers, or **92.7%** of the 2019 level



Source: ACI World 2023



AIR CARGO DEMAND AND CAPACITY EVOLUTION

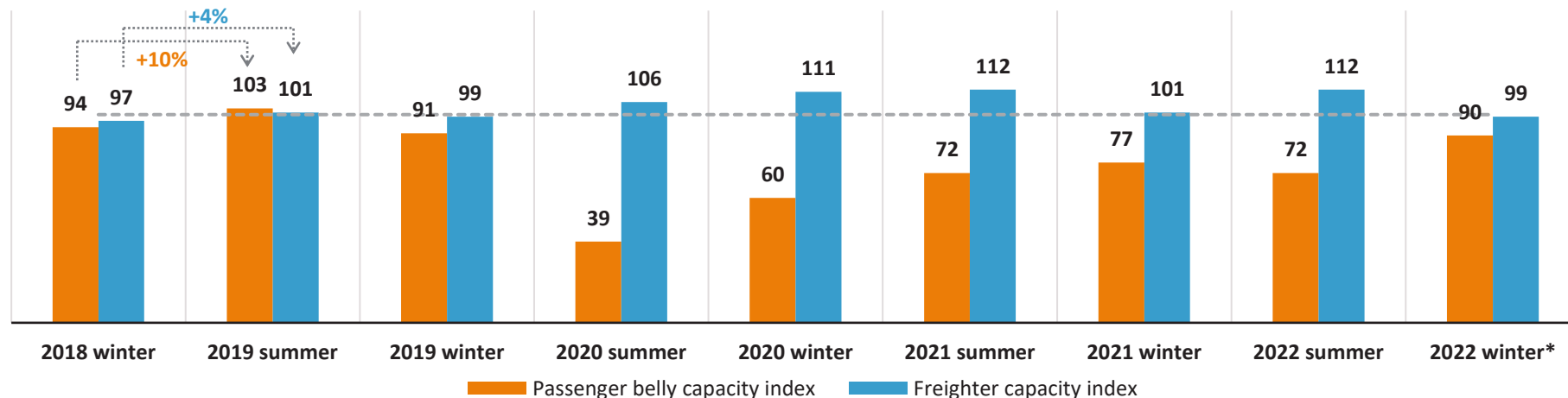
- In March 2023, the International Air Transport Association (IATA) reported a sustained decline in measured demand, showing a year-on-year decrease of **-7.7%**, impacting international traffic even more significantly with an 8.1% decrease
- On the other hand, there has been an **increase in cargo capacity** compared to March 2022, both on a global scale and in the international sector
- The surge in supply can be attributed to the expansion of available capacity in passenger aircraft belly-hold space, as airlines ramp up their flight schedules in response to the ongoing recovery in this domain

EVOLUTION OF AIRT FREIGHT (CTK*) MARCH 2023 / MARCH 2022

	GLOBAL		INTERNATIONAL	
	Traffic %	Capacity %	Traffic %	Capacity %
Asia-Pacific	-7.3	+23.6	-9.4	+12.0
North America	-9.4	+0.4	-8.1	+3.2
Europe	-7.8	+8.8	-8.4	+8.1
Middle East	-5.5	+9.7	-5.4	+10.0
Latin America	-5.3	+12.9	-5.0	+16.2
Africa	-6.2	-4.1	-6.2	-4.7
Total market	-7.7	+9.9	-8.1	+8.3

AIRLINE GLOBAL CAPACITY INDICES FOR PASSENGER AND FREIGHTER FLIGHTS

(passenger belly capacity 2019 = index 100; freight capacity 2019 = index 100)






Source: market-insights.upply.com; IATA Economics, xeneta.com

04

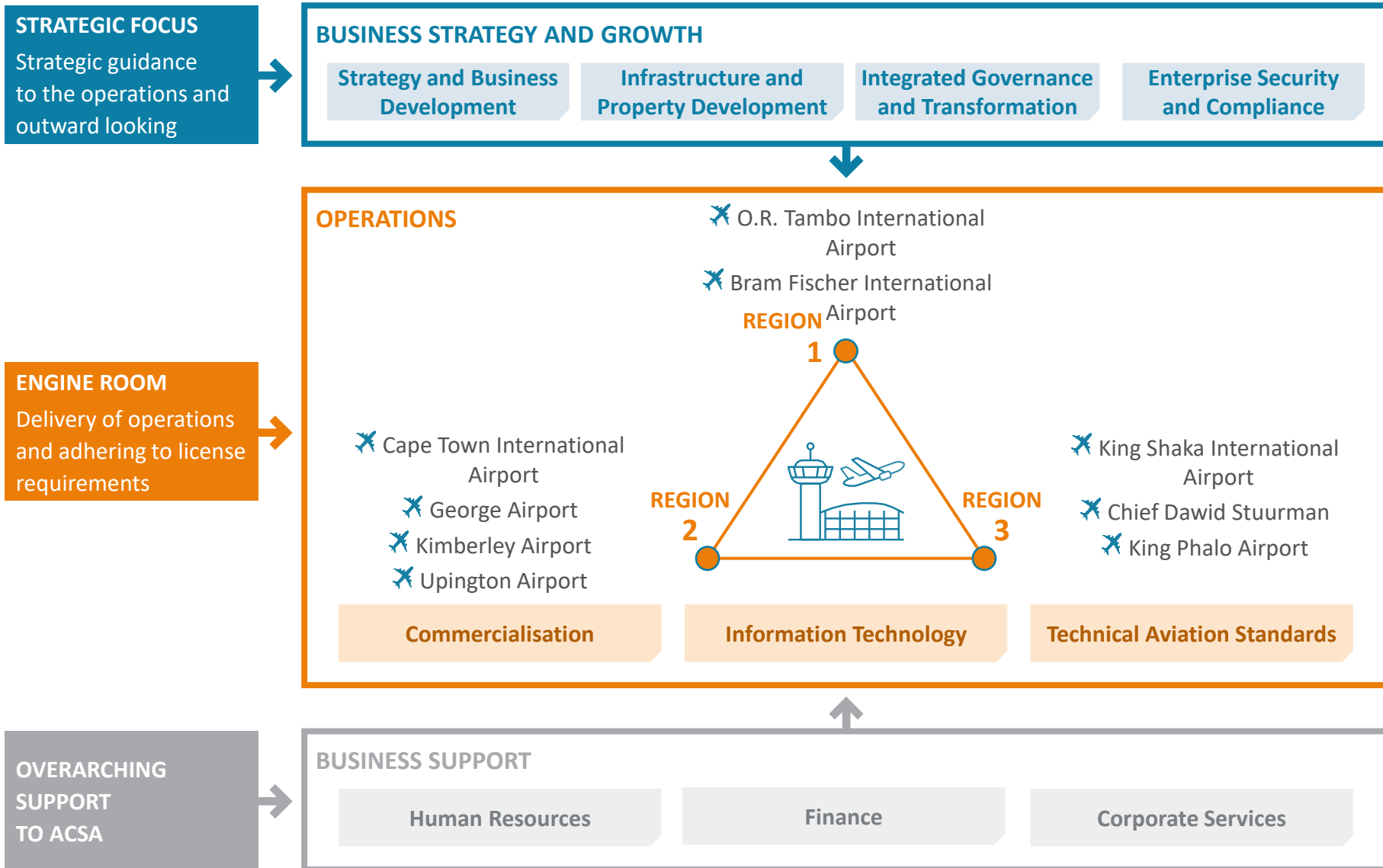
RECOVER & SUSTAIN STRATEGY

RECOVER AND SUSTAIN STRATEGY

Our strategy will be implemented over **three timeframes, now – 2025, 2026 – 2030 and beyond 2030** and is centered 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 to 2025	TIMEFRAME #2 - 2026 to 2030	TIMEFRAME #3 – beyond 2030
<ul style="list-style-type: none">• Extend and defend core businesses• Explore emerging businesses that could transform the company• Minimal Capex (Replace and Refurbish)	<ul style="list-style-type: none">• Build emerging businesses, to drive revenue growth and contribute to economic growth, to ensure company’s longer-term future• More Investment Partnerships (capacity focus)	<ul style="list-style-type: none">• Operate the new ACSA with a redirected focus and growth trajectory• Pronounced Growth
RUN AIRPORTS 		
<ul style="list-style-type: none">• Run our airports efficiently, optimally and innovatively• Restructuring, productivity enhancement and cost reduction initiatives will help maintain healthy performance	<ul style="list-style-type: none">• Run our airports efficiently, optimally and innovatively	
DEVELOP AIRPORTS 		
Planning and building partnerships	Optimise assets and plan for new capacity and growth opportunities <ul style="list-style-type: none">• Implement growth initiatives to build new revenue streams• Develop additional capacity to support growth initiatives and/or traffic growth	Optimise assets and plan for new capacity and growth opportunities
GROW FOOTPRINT 		
Groundwork, research and planning	Seek growth opportunities in African continent and world <ul style="list-style-type: none">• Implement growth opportunities to ensure the company’s long-term growth	Seek growth opportunities in African continent and world

OPERATING MODEL



A wide-angle photograph of an airport runway stretching into the distance under a dramatic, cloudy sky at sunset or sunrise. The runway has white dashed lines and a solid center line. The sky is a mix of blue, orange, and grey. The entire image is framed by a thick orange border.

05 OPERATING ENVIRONMENT

PASSENGER TRAFFIC FY 2022/23

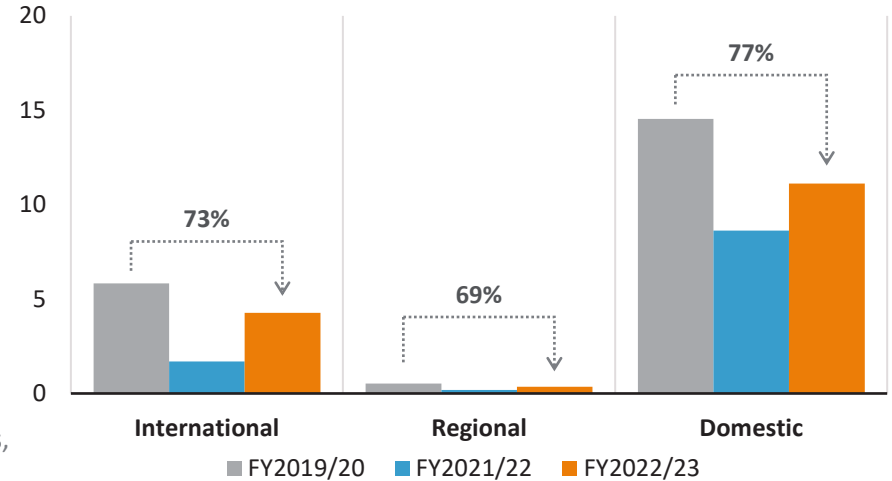
In FY2023, ACSA processed a total of 15.8 million **departing** passengers and 211 thousands aircraft arrivals/landings across its nine airports

- **76%** of the Passengers processed in FY2019/20 (20.9 million passengers), indicating a continued recovery from the COVID-19 pandemic
- **84%** of the aircraft landings in FY2019/20 (~248 thousands landings)

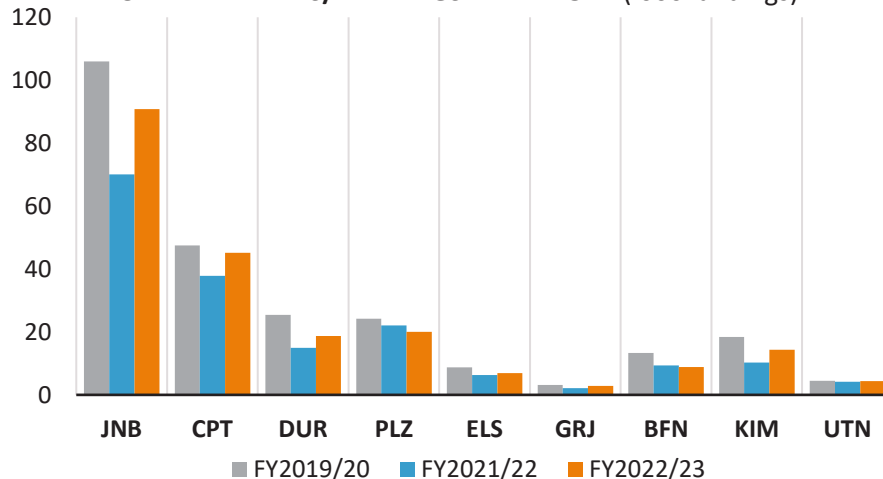
Passenger recovery by Segment

- Regional airports recorded higher passenger recovery rate compared to international and other domestic segments
- CTIA and Regional airports (PLZ, ELS, GRJ) have a greater share of leisure travel, which includes visiting family and friends (VFR) despite being relatively small demand base, recovering faster than meetings, incentives, conferences, and exhibitions (MICE) segments

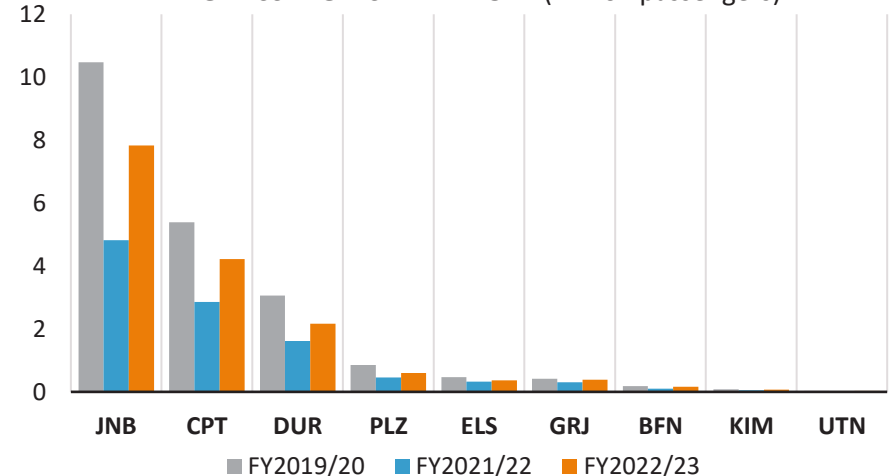
ANNUAL PERFORMANCE BY SEGMENT (million passengers)



AIRCRAFT ARRIVALS/LANDINGS BY AIRPORT ('000 landings)



DEPARTING PASSENGERS BY AIRPORT (million passengers)



PERFORMANCE OVERVIEW

		Weight	Progress corporate plan target				Org. perf. Rating (out of 5)	FY2022/23 YTD actual	FY2022/23 YTD target	Annual target
			Q1	Q2	Q3	Q4				
OUR BUSINESS: Strategic objectives and KPIs										
Financial sustainability	OPEX allocation (cumulative)	18%	●	●	●	●	4	R3 482m	R3 390m	R3 390m
	CAPEX allocation (cumulative)	18%	●	●	●	●	1 ¹	R422m	R798m	R798m
Diversify the business portfolio	Aeronautical revenue (cumulative)	12%	●	●	●	●	5	R2 956m	R2 486m	R2 486m
	Non-aeronautical revenue (cumulative)	12%	●	●	●	●	5	R2 822m	R2 392m	R2 392m
Increase reputation	Stakeholder Management Plan	10%	●	●	●	●	5	103%	80%	80%
	Passenger satisfaction	6%	●	●	●	●	5	4.04	3.67	3.67
	ACI Health Accreditation	6%	●	●	●	●	3	All 9 airports accredited Covid-19 compliant	All 9 airports accredited Covid-19 compliant	All 9 airports accredited Covid-19 compliant
OUR PEOPLE AND SOCIETY: Strategic objectives and KPIs										
Ensure successful transformation of ACSA operations	B-BBEE Level	4.7%	●	●	●	●	3	Level 2	Level 2	Level 2
	% Black business share of com. revenue	4.7%	●	●	●	●	2	50%	55%	55%
	# of job opportunities created	4.6%	●	●	●	●	1	16 225	17 064	17 064
OUR ENVIRONMENT: Strategic objectives and KPI										
Reduce environmental impact	ACI Carbon Accreditation Level	4%	●	●	●	●	4	Maintained ACI Level 2 Accreditation for at least 4 airports (ORTIA, CTIA, KSIA, CDSIA)	Maintained ACI Level 2 Accreditation for at least 3 airports (ORTIA, CTIA, KSIA)	Maintained ACI Level 2 Reduction Certification for at least 3 airports (ORTIA, CTIA, KSIA)
KPIs achieved		100%	7/9	7/9	9/10	9/11	3.52			

● Target met or exceeded ● Target not met

70.42%

1. Although the success criteria rating for this KPI is 1, the target for this KPI was achieved as CAPEX spending was within the capped allocation

CHALLENGES

Jet fuel supply continued to experience constraints spanning from supply chain disruptions, system breakage and suppliers' contractual dynamics, thus causing supply uncertainty among operators

MITIGATION

ACSA Jet Fuel supply strategy involve takeover of into-plane refueling function, application of NERSA tariffs, and the appointment of an anchor operator through a concession model (Hybrid), with contractual arrangement that allows ACSA to have control over fuel supply operations across all its airports

- **Into-Plane Refueling Service**, for better control over the fuel supply chain, and ACSA will have direct oversight of the fuel supply process
- **NERSA Regulated Tariffs** will be applied to ensure fuel prices are fair and transparent, and to promote competitiveness
- **Appointment of an Anchor Operator through a Concession Model**, the anchor operator will pay ACSA for the right to operate the fuel supply System (including storage)
- **Infrastructure and System Performance monitoring**, to proactively identify potential problems before they become major issues, which will help in reducing downtime and improve safety

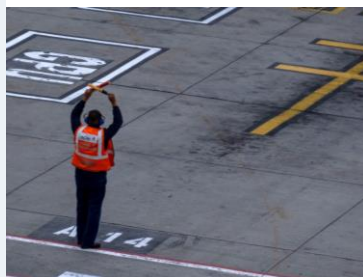


IMPACT OF POWER OUTAGES

ACSA has a backup system across all sites to mitigate the effects of power outages and to ensure the safety and comfort of passengers and airport staff, however the prolonged outages and disruptions continue to pose challenges in these areas:

Airport operations

Minor flight delays due to intermittent outages affecting systems, communication systems and critical equipment



Passenger experience

Discomfort for passengers, especially in areas without air conditioning



Airport security

The milliseconds disruption does impact the medium and long-term reliability and availability of security systems, such as CCTV cameras, metal detectors, and X-ray machines



06

FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS PERIOD ENDER 31 MARCH 2023

REVENUE

R6 billion

(FY2021/22: R3.9 billion)

EBITDA

R2 billion

(FY2021/22: R342 million)

LOSS FOR THE YEAR

R143 million

(FY2021/22: R1.0 billion)

OPERATING EXPENDITURE

R3.5 billion

(FY2021/22: R3.3 billion)

CAPITAL EXPENDITURE

R422 million

(FY2021/22: R546 billion)

TOTAL ASSETS

R31.7 billion

(FY2021/22: R30.1 billion)

GEARING

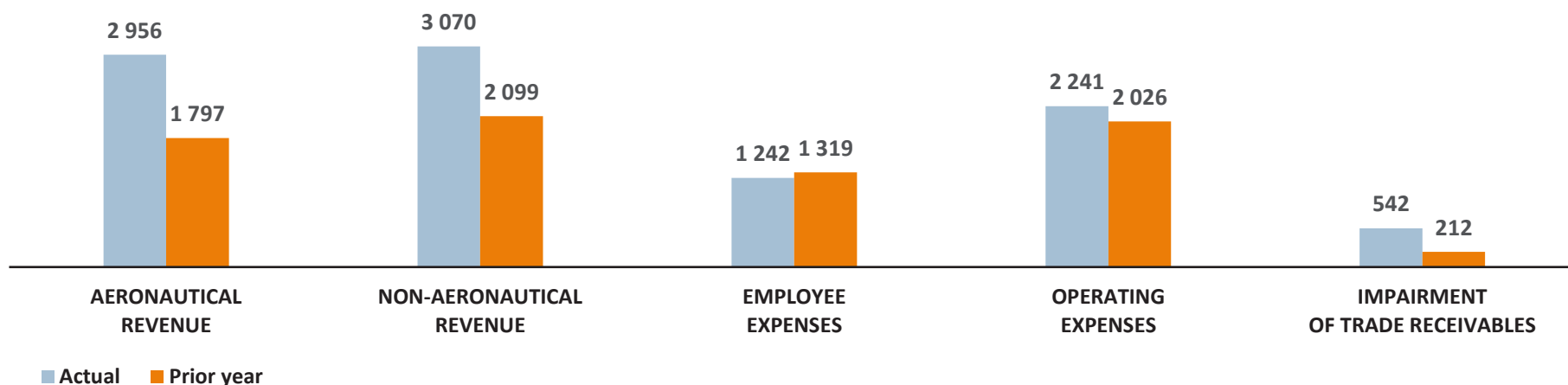
24%

(FY2021/22: 26%)

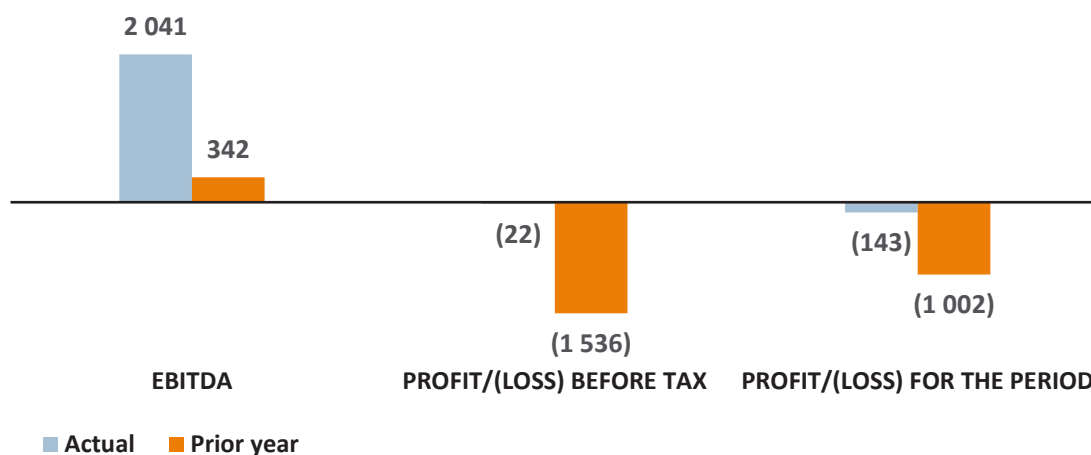


FINANCIAL PERFORMANCE - PERIOD ENDED 31 MARCH 2023

INCOME & EXPENDITURE (R million)



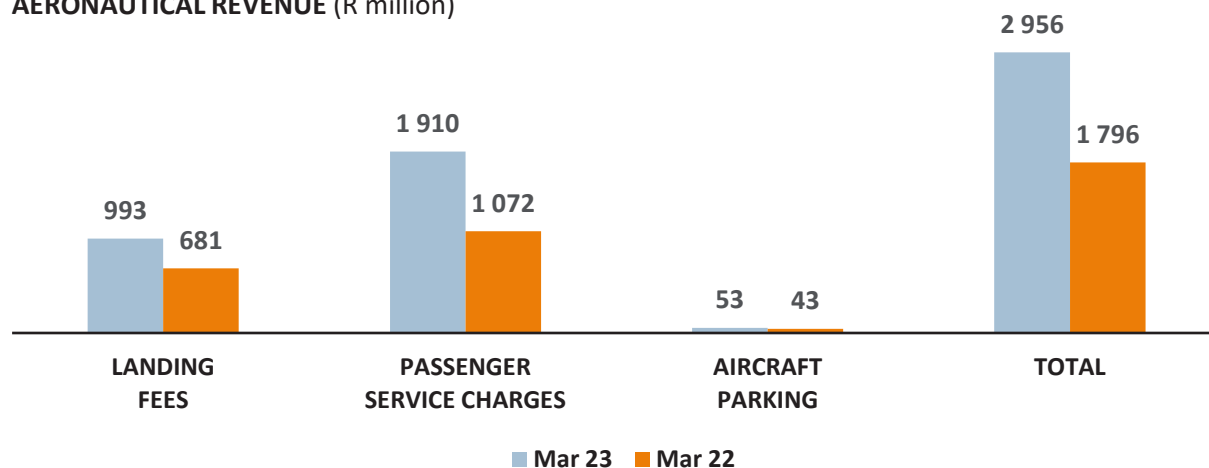
PROFIT/(LOSS) (R million)



The recoded operational performance improvement is testament to the steady rise in passenger and Air Traffic Movement recovery following the lifting of travel restrictions globally and within South Africa. The continued operating cost containment measures implemented since the advent of COVID 19 pandemic have mitigated the pandemic's devastating impact on the company's financial sustainability

FINANCIAL PERFORMANCE - PERIOD ENDED 31 MARCH 2023

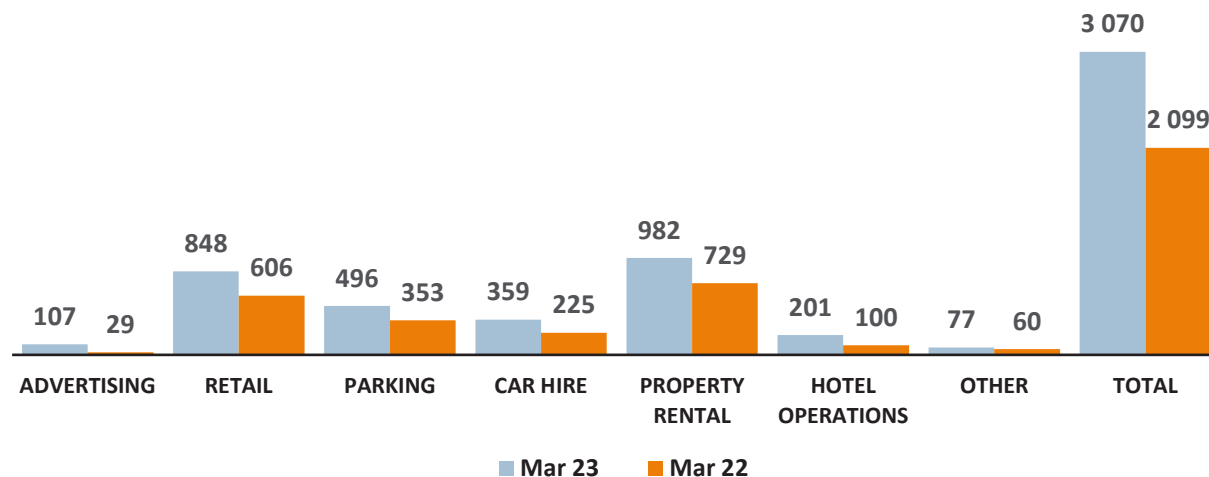
AERONAUTICAL REVENUE (R million)



64% increase (Rand value) from prior year

- Aircraft Movements volumes are 20% higher than the prior year
- Departing Passengers volumes are 50% higher than the prior year, and
- Implementation of a 3.1% tariff increases for the year

NON-AERONAUTICAL REVENUE (R million)

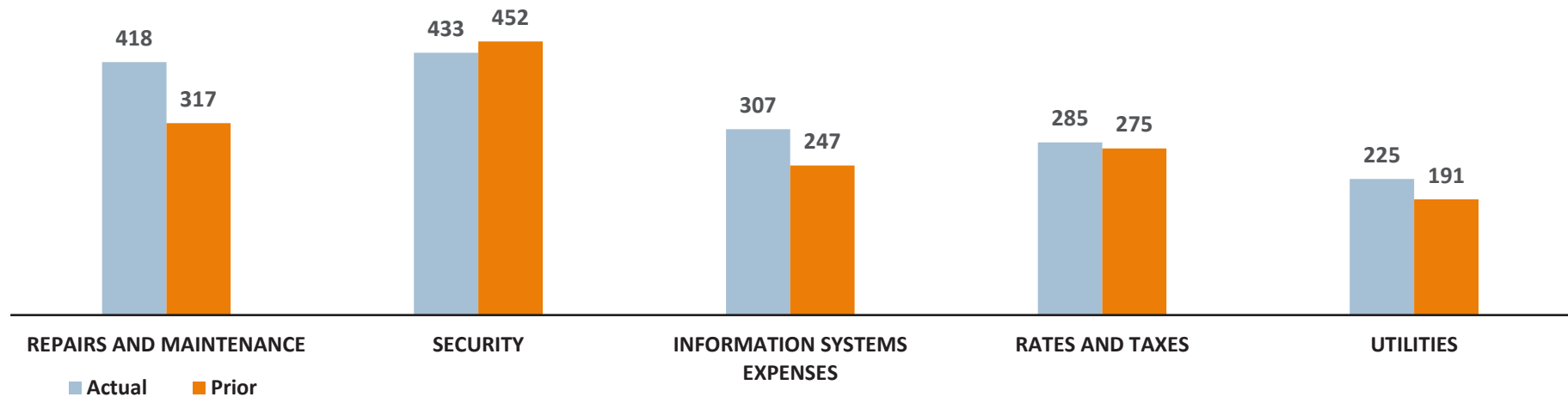


46% increase (Rand value) from prior year

- significant improvement in trade conditions during the year under review

FINANCIAL PERFORMANCE - YEAR ENDED 31 MARCH 2023

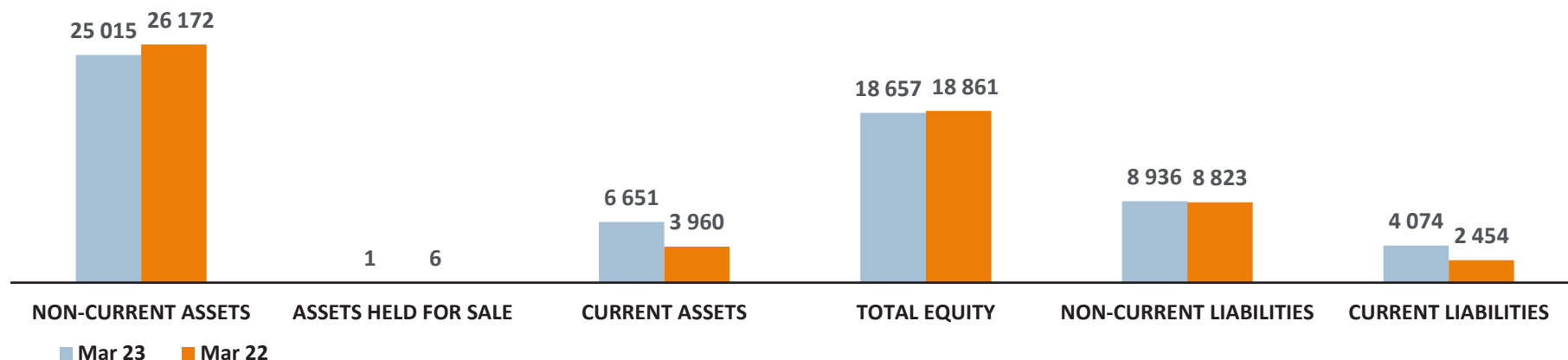
OPERATING EXPENDITURE – TOP 5 (R million)



Operating expenditure increased by 10% to R2.2 billion (FY2021/22 R2 billion) in the 2022/23 financial year. The increase in maintenance and information systems costs reflects full reopening of airports and supporting services.

FINANCIAL POSITION - PERIOD ENDED 31 MARCH 2023

FINANCIAL POSITION (R million)



ASSETS

Total assets for the period ended 31 March 2023 increased to R31.7 billion compared to the balance of R30.1 billion at the beginning of the year

- Capital Assets additions of R422 million offset by depreciation and amortization charge of R1.4 billion
- Investment Property Fair Value loss of R209 million
- Cash and cash equivalents increased by R1.1 billion

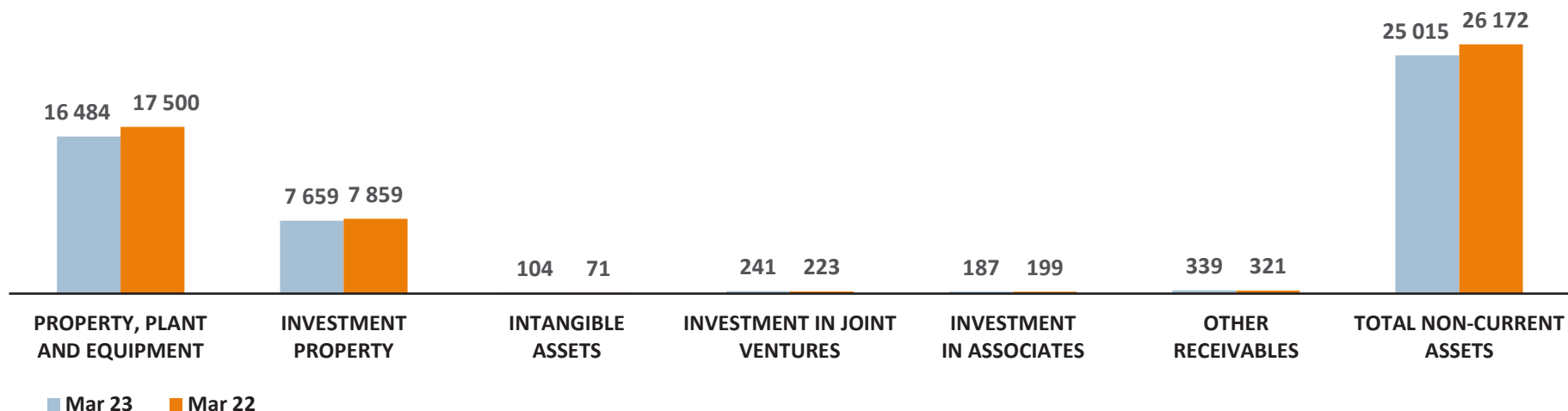
LIABILITIES

Total liabilities increased by R1.7 billion to R13 billion compared to the balance of R11.3 billion at the beginning of the financial year

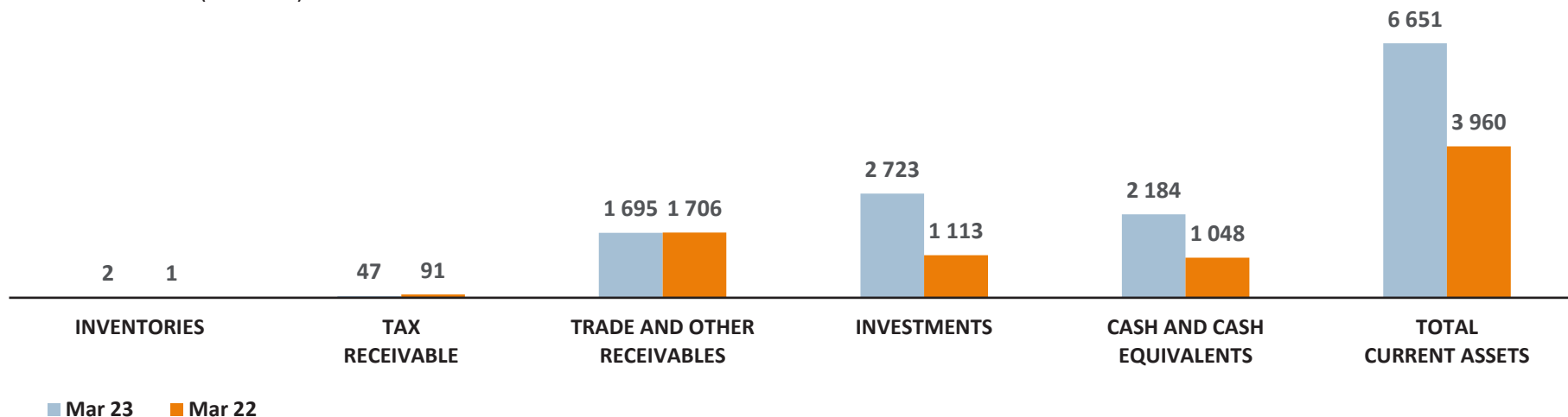
- R1.7 billion bonds issued in the third quarter of the 2022/23 financial year

FINANCIAL POSITION - PERIOD ENDED 31 MARCH 2023

NON-CURRENT ASSETS (R million)

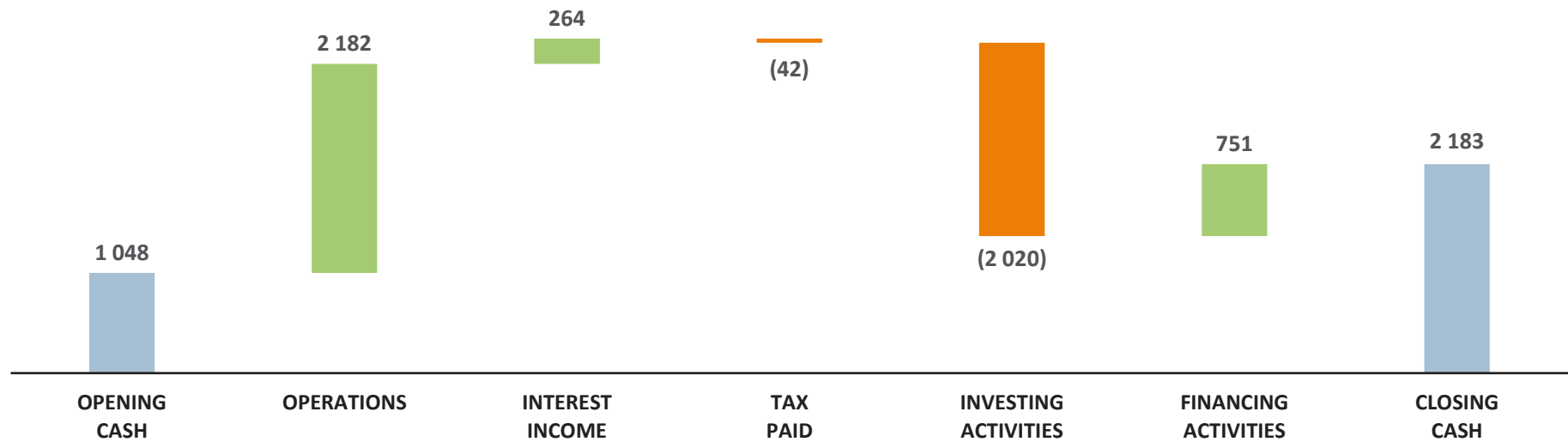


CURRENT ASSETS (R million)



CASHFLOW - PERIOD ENDED 31 MARCH 2023

CASH FLOW (R million)

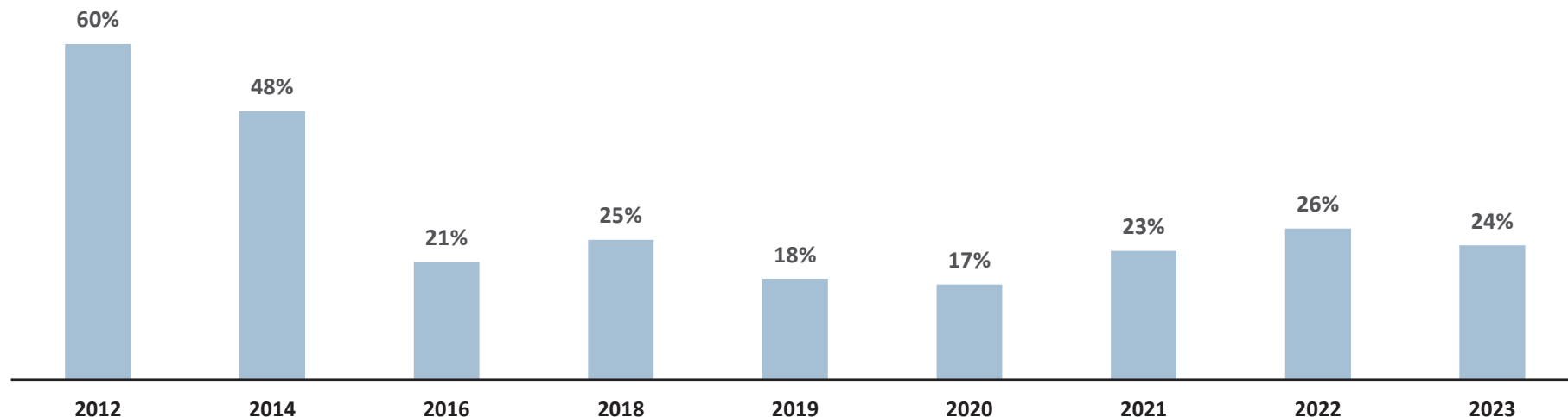


The cash and cash equivalents (excluding short-term investments) increased by R1.1 billion for the period ended 31 March 2023

- R2.2 billion cash generated from operations. Total receipts for the year is R6.4 billion (R4.0 billion in FY 2021/22)
- Additions of R422 million to fixed assets
- Repayment of interest-bearing borrowings of R296 million
- Interest of R617 million paid on interest bearing borrowings

GEARING RATIO ON 31 MARCH 2023

GEARING (%)

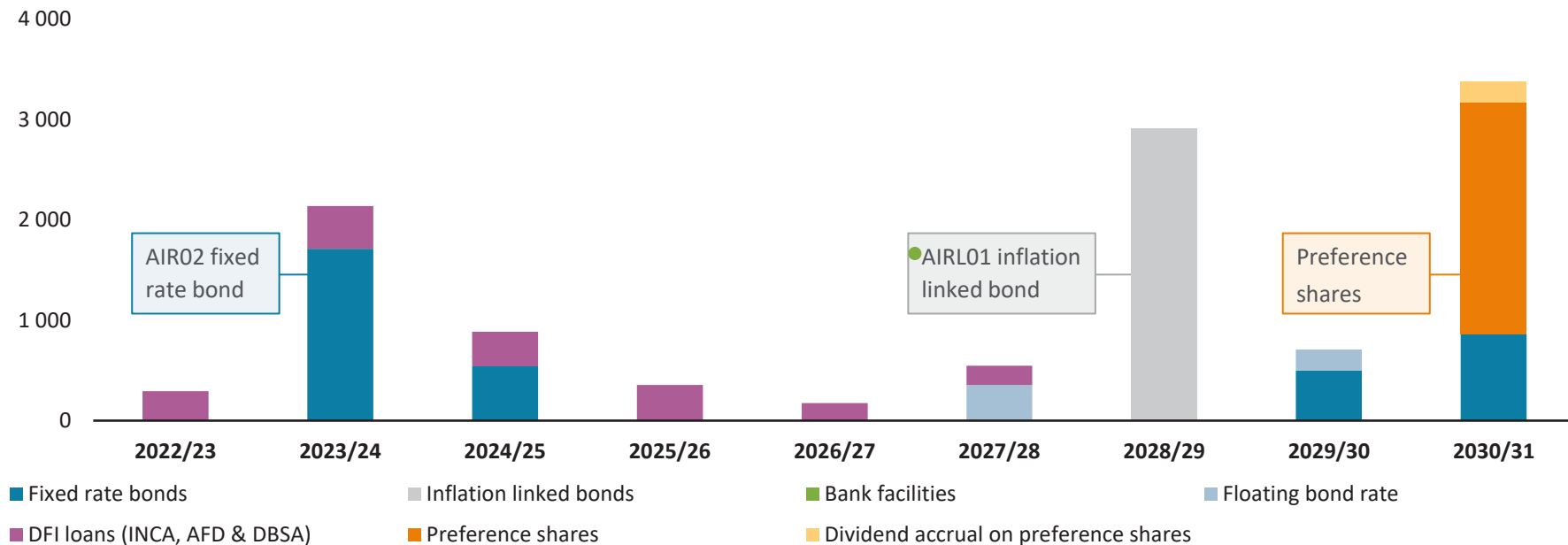


Total interest-bearing borrowings increased to R10.8 billion (FY21/22 R9.3 billion) whilst cash on hand increased to R4.9 billion (FY2021/22 R2.2 billion)

- The company repaid R296 million of amortising loans in 2022/23 financial year
- R1.7 billion was raised on the issuance of the AIRF02, AIRF03, AIRF04 and AIR05 top-up

DEBT MATURITY PROFILE

DEBT MATURITY (R million)



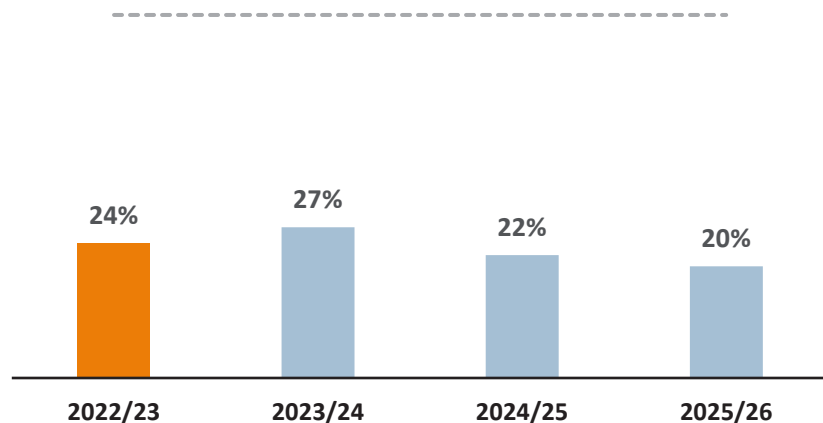
MAJOR DEBT REDEMPTIONS

- R1.7 billion AIR02 fixed rate bond, redeemed in May 2023
- R544 million AIR04 fixed rate bond, redeemable in May 2024, to be paid from internally generated funds
- R2.9 billion AIR01 inflation bond, redeemable in the financial year ending March 2029
- R3.3 billion consisting largely of preference shares redeemable in the financial year ending 31 March 2031

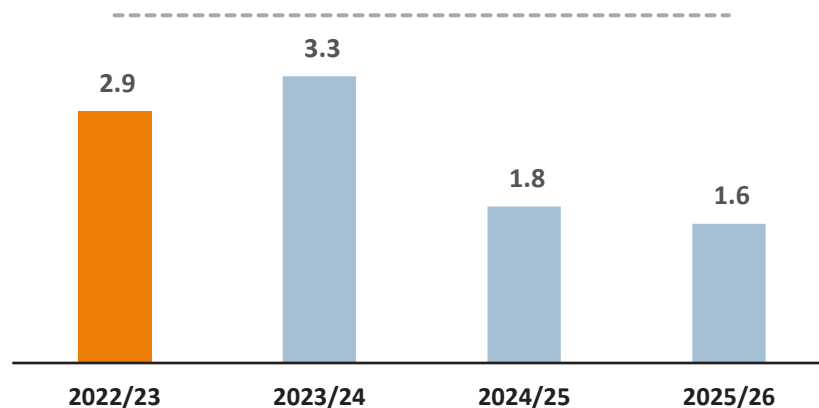
* Projected inflation accretion added to AIRL01 in 2029E

KEY CREDIT METRICS

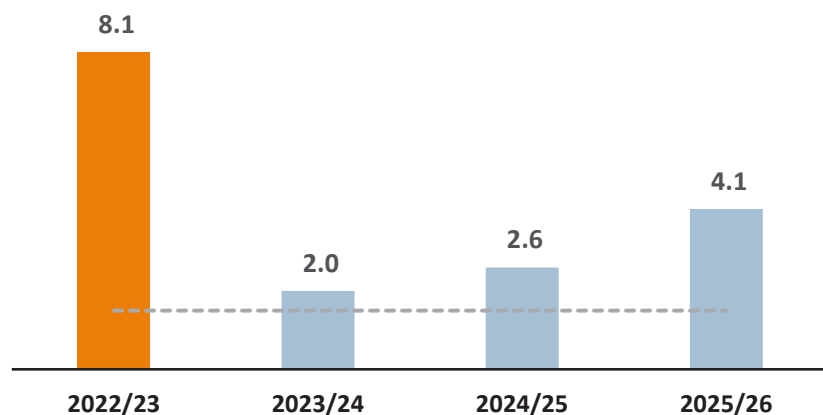
NET DEBT TO CAPITALISATION (below 65%)



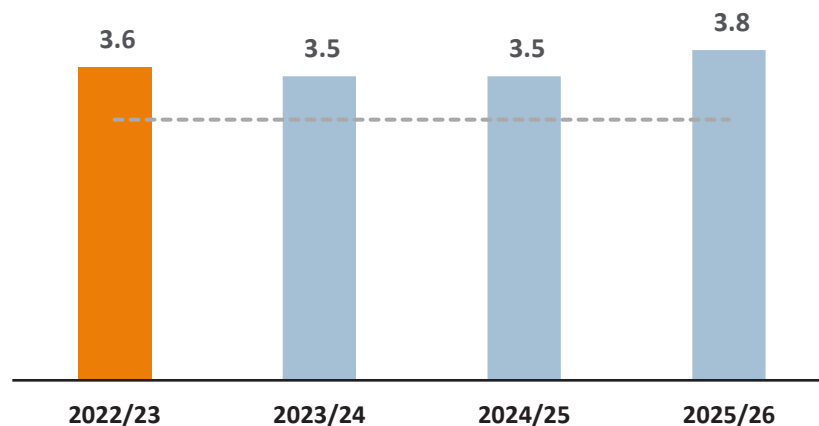
NET DEBT TO EBITDA RATIO (below 4x)



DSCR RATIO BY AVAILABLE CASH (above 1.5x)



EBITDA INTEREST COVER RATIO (above 3x)*



* Internal target and not part of financial covenants

FINANCIAL PERFORMANCE OUTLOOK

- PERIOD ENDED 31 MARCH 2023

The group continues to monitor the business environment to determine appropriate responses to ensure long-term financial sustainability



- The Group is projected to return to profitability in FY23/24 and fund its obligations/commitments with internally generated cashflows, underpinned by growth in traffic volumes.
- Majority of the capex investment will be on refurbishment and replacement projects in FY23/24.
- Investment in new capacity will be based on forecast traffic levels and availability of funding over the Corporate Plan period.
- CPI tariff increase of 4.4% effected on 1 May 2023, pending finalisation of the FY24 to FY28 Regulatory Permission expected in the latter part of FY23/24.



07 CONCLUSION

- ACSA demonstrated a remarkable resilience and adaptability in a challenging global economic landscape, amidst a resurgence in global passenger traffic. i.e., volatile geopolitical landscape, and energy crisis
- The company continued with the implementation of the Recover & Sustain Strategy with a focus on Pillar 1 – **Running the Airport**
- **Global economy** displayed resilience with **2.5% real GDP growth** in Q1 2023, but decreased expenditures and rising inflation is impacting demand for travel
- Local challenges include **high unemployment, power outages, inflation, and fuel dependence**, which also impacting negatively demand for travel
- **In FY23, ACSA** processed **15.8 million departing passengers** and **211 000 aircraft** arrivals & landings, showing continued recovery driven by leisure travel
- Focused largely on **network optimisation** through a cluster operating model with an emphasis on process accountability and **enhancing capacity and capabilities**
- A **promising road to recovery** driven by factors such as easing inflation, rising consumer confidence, strong air travel demand, and China's economic reopening
- The company maintained financial stewardship through operational efficiencies and prudent expenditure, thus no **debt funding** is expected over the **next 12 months**



08 OUTLOOK

Despite a challenging financial year, ACSA remain **focused on core business of running airports efficiently** and strives to continuously improve passenger experience

Underpinned by three pillars - **Run Airports, Develop Airports and Grow our Footprint** and reflecting our ongoing journey to recovery, we have committed to deliver and sustain value creation through:

- Reaffirming our core business of running airports and strive for continuous **passenger experience improvement**
- **Growing our footprint** encompasses our international programme through African Airports and domestically through Provincial and Municipal Airport
- Implementation of **Network Strategy and Growth Strategy** is key in this MTEF period to move to sustainable recovery of Covid -19
- Developing and implementing a diversified business model to transform the Company and enhance revenue
- Leveraging capacity through our “Grow Footprint Pillar” that will support the **expansion and diversification of revenue streams**
- Prioritising projects that **minimise business risk, support sustainability** and enable us to be responsive to changing market needs and **ESG reporting requirements**
- Prioritising ongoing engagement with stakeholders and formulating **collaborative partnerships** to achieve our strategic objectives and execute our initiatives
- **Global passenger traffic** is projected to reach **92% of 2019 levels in 2023**, with strong demand for leisure travel in the first-half of 2023; **ACSA is thus forecasting a positive profit** in the Corporate Plan period with moderate traffic volume growth

ACSA remain **committed to driving transformation and socio-economic development** in our country through development of our airports



09

QUESTIONS & ANSWERS

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