

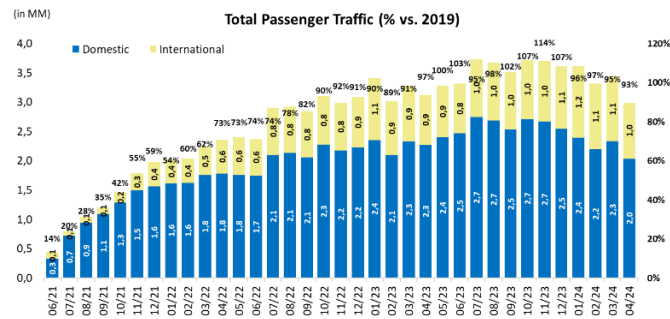
May 28th 2024  
**Aeropuertos Argentina 2000**

The company holds the operating rights for 90% of Argentine air traffic, operating through 35 of the most important airports out of the 55 that make up the National Airport System of the Argentine Republic. The concession was granted in 1998 for a term of 30 years, during which the company must allocate 15% of total revenue to infrastructure projects. In 2020, amidst the sector's crisis, the company obtained an extension of the concession for an additional 10 years until 2038.

The company is owned by the Corporación América S.A. group, which directly holds 45.9% of the shares, and indirectly holds 29.75% through Corporación América Sudamericana S.A. and 9.35% through Cedikor S.A. The ultimate beneficiary of this 85% of AA2000 shares is the Southern Cone Foundation, which corresponds to the Eurnekian family. The remaining 15% of shares are held by the National State.

**Operations**

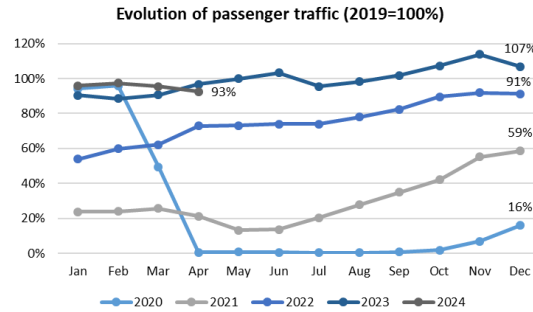
From 2023 to date, the number of international and domestic passengers transported has reached historic highs. Between September and December 2023, operations were 7% above the volumes of 2019, which until then were the company's maximum levels.



Source: Sekoia Research based on ANAC data.

The first quarter of the year showed sustained growth in international passengers, which grew by 17% compared

to the previous year and 91% of the volume during 2019. In regards to domestic passenger traffic, the segment experienced slight growth compared to 2019 of 2% and was 1% above the same period last year.



Source: Sekoia Research based on ANAC data.

Airport operations are carried out through a scheme of "cross subsidies." The profits and funds generated by some of the airports must cover the deficits and investments of the rest. Thus, the company considers all the airports as a single business unit.

AA2000 classifies its revenues into two segments: on one side there are aeronautical revenues (which include passenger fees, aeronautical parking, and landing fees) historically representing 60% of the total. On the other side, commercial revenues representing the remaining 40%. These include cargo transportation, stores inside and outside duty-free zones, and parking.

**Latest Results**

Since 85% of the company's revenues are adjusted to the exchange rate, the financial statements will be analyzed in dollars, using the average official exchange rate or the closing rate as appropriate.

The latest results correspond to the first quarter ending March 31, 2024. In November 2023, the National Airport System Regulatory Authority (ORSNA) adjusted the domestic tariff to ARS 2,540 to be applied from January 2024 and established an adjustment for alterations exceeding 30% of the exchange rate, to be defined by

ORSNA. Furthermore, the international embarkation fee remained at USD 57 since its last increase in 2021.

Thus, with both the tariff adjustments and the growth in passenger traffic, total sales reached USD 227 million. This was an increase of 8% compared to the first quarter of 2023 and 61% above the same period in 2022. The dynamics were driven by strong increases in aeronautical services revenues, which increased by 16% compared to the same period in 2023. On top of that, the EBITDA margin remains constant at 47% of sales. Finally, net income increased significantly due to exchange rate differences.

AA2000 (USD MM)	1Q24	1Q23	Var (%)	1Q22	Var (%)
Aeronautical Revenues	139	120	16%	67	108%
Commercial Revenues	88	90	-1%	75	19%
Total Sales	227	209	8%	141	61%
Operating costs	18	16	14%	10	84%
Op. Costs/Sales	8%	8%	36 bps	7%	100 bps
EBITDA	107	97	11%	64	66%
Operating income	85	74	16%	42	102%
Net income	181	40	349%	61	199%
Operating margin	38%	35%	248 bps	30%	760 bps
EBITDA margin	47%	46%	96 bps	46%	150 bps

Source: Sekoia Research based on financial statements.

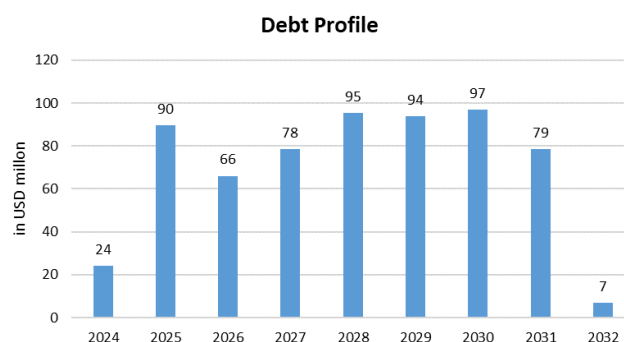
### Debt Profile

As shown in the table below, AA2000 has eight bonds, four of them are dollar-linked and the others are hard dollar. Since our last summary ([see](#)), the company has successfully managed local liabilities by reducing interest and extending maturities. Regarding the hard dollar bonds, during the COVID crisis, the company friendly restructured Class I twice and made an extension through the issuance of Class IV, leaving small holdout issuances in Class I series 2017 and 2020.

Bond	Currency	Coupon	Sink Schedule	Maturity	Min. Piece	Outstanding USD MM	Law
Class I Serie 2017	USD	6,875%	Quarterly starting 2019	2027	150.000	15	NY
Class I Serie 2020	USD	6,875%	Quarterly starting 2021	2027	130.000	54	NY
Class I Serie 2021	USD	8,500%	Quarterly starting 2026	2031	1.000	273	NY
Class IV	USD	9,5%	Quarterly starting 2025	2028	150.000	62	NY
Class V	ARS	DL + 5,5%	Quarterly starting 2027 + 33%	2032	10.000	138	ARG
Class VI	ARS	DL + 2%	Bullet	2025	10.000	28	ARG
Class IX	ARS	DL + 0%	3 payments starting 2026	2026	1	25	ARG
Class X	ARS	DL + 0%	Bullet	2025	1	18	NY

Source: Sekoia Research based on financial statements.

At the end of the first quarter of 2024, the company reported a total financial debt of USD 630 million, 11% less than in the first quarter of 2023. Almost the entirety of this debt consists of corporate bonds with only 3% of total debt corresponding to a syndicated bank loan. The entirety of the corporate debt is denominated in USD, with only 33% in a dollar-link.



Source: Sekoia Research based on financial statements.

The company's cash and marketable securities stands at USD 171 million, 81% of which is in dollars and the rest in assets adjusted by the exchange rate. Consequently, its net debt is USD 459 million, or 16% less than in 1Q 2023.

On the other hand, the EBITDA for the last 12 months is around USD 501 million, so net leverage is only 0.9 and interest coverage reaches 11.6.

AA2000 (USD MM)	1Q24	1Q23	Var (%)	1Q22	Var (%)
Total Debt	630	706	-11%	807	-22%
Cash & Equivalents	102	158	-36%	272	-63%
Marketable Securities	69	0	-	112	-39%
Net Debt	459	547	-16%	422	9%
EBITDA LTM	501	407	23%	125	301%
Net Leverage	0,9	1,3	-0,4	3,4	-2,5
Annualized Interest	43	82	-47%	66	-34%
Interest coverage	11,6	5,0	6,6	1,9	9,6

Source: Sekoia Research based on financial statements.

### Bonds

The biggest volume is with the 2031 hard dollar maturity. This bond has a first-order guarantee with the aerostation use rate for both domestic and international flights and the compensation rights attributed to the

concession. The second-order guarantee is related to the cargo terminal income. Moreover, the company has a specific policy regarding allocating funds for the sole purpose of paying debt.

The bond has a minimum piece of 1.000 nominals with a trimestral coupon that pays a 8.5% anual rate. Trading clean at 101%, the yield is 8.3% with a duration of 4.0. It has a sink schedule of 20 payments starting on February 2026.

## AEROAR 8 ½ 08/01/31



Source: Bloomberg.

## Outlook

For the remainder of 2024, although the domestic segment will continue to be slightly affected by the macroeconomic context, potential complications with Aerolíneas Argentinas (operator of 66% of domestic flights in Argentina) could arise. Nevertheless, this would not be a problem since its participation in this segment represents only 3% of total revenue. Furthermore, it is

expected that the volume of international passengers will remain close to current levels.

AA2000 has a strong financial position with consistent and predictable cash generation. It is the only airport operator in the country and has extensive international support. It is worth noting that the issuer of its debt is not Corporación América, owner of other foreign airports, so the business risk is local. That said, the group's international business provides an extra appeal. Despite the complex domestic context, it is a security we like to have in the portfolio. Our fixed income funds support this view with significant holdings in the 2031 bond. The cash flow with partial amortizations is attractive for those seeking consistent income over time.

Kind regards,

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