

5. Financial Capability

a. Ability to Raise Equity and Debt Financing

ii. A description and identification of equity ownership and arrangements, including upstream relationships to any financially responsible entities.

Corporación America Airports ("CAAP") began investing and operating airports in 1998 following the award of the tender process in Argentina related to AA2000 that has the concession of 33 airports (in Argentina). Today CAAP operates 52 airports in 7 countries and processes more than 81 million passengers. The expansion of CAAP was not only achieved with the acquisition of new airports, but also with organic growth increasing the capacity of existing airports. This growth was financed with equity, cash generated from operations, and external financing.

CAAP has a proven operational capacity and strong competitive advantage given it is one of the largest private airport operators in the world taking into account the number of airports managed (52 airports in 2018), and the tenth in the world according to passenger traffic (81.3 million in 2018). In addition, it is important to note that CAAP has operations in seven countries, which assures experience in a diversity of regulatory environments and airport characteristics.

CAAP is the most important South American airport operator, with more passengers and airports than any other operator. CAAP also manages several airports with similar characteristics to St. Louis Lambert, including the airports of Buenos Aires and Brasilia.

90% of CAAP traffic comes from airports that are located in capital cities or large tourist centers, providing resilience to our business model. The following airports in the CAAP portfolio stand out for the high quality of their area of influence (catchment area):

- Buenos Aires Ezeiza (Argentina), Montevideo (Uruguay) and Yerevan (Armenia) are the country's main international gateway
- Brasilia (Brazil) is located in the capital and geographic center of Brazil, and is the largest domestic hub in Brazil
- Florence (Italy) is located in the Tuscany region, one of the main industrial centers and tourist destinations in Europe

It is also important to emphasize that CAAP not only benefits from having good assets in its portfolio, but also has experience promoting new routes and growth of passenger traffic, as noted below:

- Buenos Aires Aeroparque (Argentina): important works carried out at the airport with a focus on continuous increase of the airport capacity and services, which allowed the airport to maintain an average annual growth of 7.5% since 2010. Since (and including) 2013, the passengers' volume of Aeroparque exceeds the volume of Ezeiza (Buenos Aires, Argentina). Aeroparque is primarily a domestic airport while Ezeiza primarily international.

- Brasilia (Brazil): pursuant a public tender process, we were awarded this concession in 2012. We completed the CAPEX program in 2014, which included a material expansion of the

runaway capacity, apron and terminal area (including commercial space, gates, security check points and check-in counters). In each of 2014 and 2015 passengers volume has grown 10% per year driven by (a) the state-of-the-art design and infrastructure and (b) very close and technical relationship with airlines, which allowed the creation of Brazil's largest domestic hub

- Yerevan (Armenia): We were awarded the concession in 2002. The airport then had c. 800.000 passengers. CAAP has invested in the increase of the airport capacity, including a new passenger terminal. In 2019 we expect to process more than 2.5 million passengers. Yerevan continues to grow strongly, with an annual passenger growth of more than 12% per annum in each of the last three years

- Montevideo (Uruguay): We were awarded the concession in 2003. The airport then had c. 900.000 passengers. CAAP has invested in the increase of the airport capacity, including a state-of-the-art totally new passenger terminal, which was subject to several awards. In 2019 we expect to process more than 2 million passengers.

Finally, CAAP also has stable long-term contracts with favorable regulatory systems, providing predictability to its revenues.

The foregoing makes CAAP a low business risk, and a stable cash flow generation. The total cash position is US\$ 222 million, and a ratio of current assets to current liabilities is less than 1.0x as of June 2019, proving its liquidity capabilities.

Based on its solid financial position, liquidity, low leverage and solvency, CAAP was able to make the following main equity investments:

- In 1998 as part of the AA2000 consortium, a CAAP affiliate was awarded the national and international public tender process conducted by the Argentine Government for the concession rights related to the operation of 33 airports in Argentina. CAAP invested c. US\$ 100mm through equity contributions.
- In 2002, a CAAP affiliate was awarded the concession to operate the Zvartnots International Airport (Armenia). CAAP invested c. US\$ 50mm through equity contributions.
- In 2003, a CAAP affiliate purchased the shares of the owner of the concession that operates the General Cesáreo Berisso International Airport (Uruguay). CAAP invested US\$ 65mm through equity contributions.
- In 2011, a CAAP affiliate was awarded the concession to operate the International Airport of São Gonçalo do Amarante (Brazil). CAAP invested c.US\$ 222mm through equity contributions.
- In 2012, a CAAP affiliate was awarded the concession to operate the Presidente Juscelino Kubitschek International Airport (Brazil). CAAP invested c.US\$ 276mm through equity contributions.
- In 2014 CAAP acquired controlling interests in the companies that own the Aeroporto Galileo Galilei di Pisa ("Pisa Airport") located in Pisa, Italy, and the Aeroporto di Firenze ("Florence Airport," and together with Pisa Airport, the "Italian Airports") located in Florence, Italy, through a number of private acquisitions with former shareholders as well as the consummation of two public tender offers. In 2015, we merged the two companies that operated the Italian Airports to form TA, a company publicly listed on the Milan Stock Exchange (Borsa Italiana) and of which we own 51.1% of the issued and outstanding common stock. The concessions for the Pisa Airport and the Florence Airport have been transferred to TA. CAAP invested c. Euro 130 mm to purchase the stake.

CAAP's outstanding debt is 100% related to its operations, with no material refinancing risk as the lion share of our debt (94%) is amortizing and we have no holding company debt. The currency of our indebtedness matches with our revenues, therefore, creating a natural hedge.

CAAP has a low leverage: our net debt to EBITDA ratio as of June 2019 is 2.12x.

CAAP has adequate liquidity cash sources (cash generation of operations and debt issuance), exceed the cash requirements (debt payment and investments).

Another factor to consider is that CAAP has a good relationship with multiple international banks, multilateral agencies and state banks, which facilitates possible new debt issues. Finally, CAAP is a publicly traded company in New York (NYSE), therefore having access to capital markets to raise additional funds if necessary.

The group has a wide experience in financing structuring. The main characteristics of the most important CAAP issuances are summarized below:

- Term: experience with short and long term issuance
- Currency: issues in different currencies and multi-currencies
- International: Issuance in diversity of regions including Latin America, Europe and Eurasia (Argentina, Brazil, Uruguay, Ecuador, Peru, Italy and Armenia)
- Structuring: issuance at operational level and intermediate holdings
- Relations with financial institutions: Experience working with multiple banks, both international, multilateral, regional and local (indicative list, excludes smaller transactions with local banks;

- 1) BNDES
- 2) Caixa Economica Federal (CEF)
- 3) Pine Bank
- 4) Votorantim Bank
- 5) Bank of America Merrill Lynch
- 6) Black Sea Trade and Development Bank
- 7) Citibank
- 8) ICBC
- 9) Banco Itau
- 10) Scotia Bank
- 11) Credit Suisse
- 12) European Bank for Reconstruction and Development (EBRD)
- 13) German Investment and Development Corporation (DEG)
- 14) Goldman Sachs
- 15) Macquarie
- 16) Morgan Stanley
- 17) Nomura
- 18) Oppenheimer
- 19) Santander
- 20) Volcom Capital

The most important group transactions are detailed below. This experience demonstrates the ability of CAAP to execute varied and complex transactions, with different types of structure and conditions. CAAP has the expertise to successfully fund the project plan of St. Louis Lambert International Airport.

IPO



Februaury 2018

- **U\$S 486 mm**
- Issuance of shares of CAAP in NYSE
- 28.5 mm were offered of shares at a price of US\$ 17.00 per share
- Oppenheimer, Citi, Goldman Sachs and Bank of America acted as offering Banks and Santander Bank as co-manager.

AA2000 Bond



Februaury 2017

- **U\$S 400 mm**
- Interest rate: 6,875%
- Term: 10 years (2027)
- Quarterly payments of interest and principal februaury 1st, may, august and november
- First interest payment in may 2017 and first principal payment on May 2019
- Guaranteed with certain revenues of the Concession
- Banks in charge were Morgan Stanley and Oppenheimer & Co

AA2000 Bond



December 2010

- **U\$S 300 mm**
- Term: 10 years (2020)
- Funds used to partially finance the construction of Ezeiza's "A" terminal and other works at the airport
- Demand exceed 5 times the amount of issue size
- Morgan Stanley and Credit Suisse acted as International arrangers and, Banco Macro S.A. local arranger

ICAB Bank Loan



Februaury 2014

- Three loans to finance the expansion, operation and maintenance of the airport
- A: **R\$ 558 mm** with BNDES with two trances and several Interest rate and term
- B: **R\$ 235,8 mm** with CEF (Caixa Economica Federal) in three tranches and several Interest rate and term
- C: **R\$ 47,2 mm** with CEF in in three tranches and several Interest rate and term for the Construction of the "Aerocity"
- Total amount: **R\$ 841 mm**
- CEF Loans repaid on March 2018

ICASGA Bank Loan



December 2012

- **R\$ 329,3 mm**
- Loan with nine tranches, each one with a different Interest rate and tenor
- Funds used for the construcion of the Natal airport
- Contract modified in 2013, 2014, 2016 y 2017
- On March 2018 \$R300 mm were repaid in advance
- Loan granted by BNDES

ACI Sudamérica Bond



May 2015

- **U\$S 200 mm**
- Interest rate: 6,875%
- Term: 17 years (2032)
- Interest and principal payments in 34 semiannual installments, in may and november
- First debt issued abroad for a private Company in Uuruguay.
- Banks in charge were BofA Merrill Lynch and Nomura securities

AIA Bank Loan



December 2015

- **U\$S 160 mm**
- Term: 84 months (7 years)
- Dual-Currency (U\$S y EUR) semiannually, prepaid at par
- Funds used to refinance debt
- Loan granted by Credit Suisse, European Bank for Reconstruction and Development (EBRD), Black Sea Trade and Development Bank and German Investment Corporation (GIC)

Advance Payment of outright Infraamerica y renegotiation of



- Advance Payment of Outorga (concession fees outstanding) of R\$ 677 mm), funded with the release of judicial deposits and four transactions detailed below:
- U\$S 50 mm with Goldman Sachs (paid with IPO proceeds)
- R\$ 300 mm with Santander (paid with proceeds of new Debt Loan with BNDES)
- R\$ 47 mm with Citibank and R\$31 mm with Banco Pine
- In addition, loan term was extended with BNDES by three years and covenants were flexibilized

Puerta del Sur S.A. Notes



- **U\$S 87 mm**
- Interest rate: 7,75%
- Term: 14 years (2021)
- Interest and principal payments in 22 semiannual installments, in april and october beginning in 2011
- Fund used for the construction of the new Terminal of passenger
- Major private issuance of Notes in Uruguay
- The lead agent was Ficus Capital

Second Financing In Italy



January 2018

- **EUR 60,0 mm**
- Date: January 2018
- Interest rate: 4,556%
- Term: 7 years (2024)
- Semiannual payments of Interest and bullet payment of principal

Italy Financing



December 2014




- **EUR 50,0 mm**
- Interest rate: 6,250%
- Term: 5 years (2019)
- Semiannual payments of interest and bullet payment of principal
- Loan obtained by Coproracion America Italia S.p.A. (CAI), shareholder of Toscana Aeroporti
- Transaction led by Macquarie

Pre-IPO financing With Goldman Sachs



December 2017

- **U\$S 50,0 mm**
- Term: 15 months
- Use of proceeds to finance a Cash collateral required to guarantee a Bridge Loan granted by Santander
- Debt loan paid in February of 2018
- Financed by Goldman Sachs Bank USA

<p>Local Bonds AA2000</p>  <p>Aeropuertos Argentina 2000 April 2010</p> <ul style="list-style-type: none"> ▪ US\$ 36 mm aprox. ▪ Class "A" for US\$ 28,9 mm until 2020 ▪ Class "B" of c.US\$ 1,7 mm until 2013 ▪ Class "C" of c.US\$ 5,8 mm until 2020 ▪ Funds to finance Capex Program and Working Capital ▪ Bonds repaid in January 2017 with cash from operations. 	<p>TAGSA Notes</p>  <p>Aeropuerto de Guayaquil Terminal Aeroportuaria de Guayaquil S.A. TAGSA March 2008</p> <ul style="list-style-type: none"> ▪ US\$ 28 mm ▪ Term: 8 years ▪ Semiannual lineal Amortization ▪ Funds used to restructuring liabilities of the Company ▪ Notes repaid in 2016 	<p>Bank Loan</p>  <p>Aeropuertos Andinos del Perú April 2019</p> <ul style="list-style-type: none"> ▪ US\$ 10 mm ▪ Interest rate 9,375% ▪ Term: 10 years ▪ 2 years grace period ▪ Use of proceeds for Shareholder debt repayment and Capex financing of Aeropuertos Andinos del Perú ▪ Loan granted by Volcom (BP Capital)
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