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 **Exchange:** NYSE

 **Industry:** Airports & Air Services

 **Ticker:** CAAP

 **Current Price:** US\$ 5.76

 **Valuation Date:** 11-05-2021

 **Target Price:** US\$ 7.73

 **Recommendation:** BUY

 **Upside:** 34.24%

Market Profile

Closing Price 11-05	5.76
Outstanding Shares	160.61M
Year Range (US\$)	1.89 - 6.37
Average Daily Volume (US\$)	177,734
Market Cap (US\$)	925.13M
EV/EBITDA	22.73x
BETA (3-Year)	3.05
Enterprise Value (US\$)	2,258.7M

Table 1 | Source: Refinitiv Eikon

Valuation

Methodology	Weight	Price
Discounted Free Cash Flow	80%	7.10
EV/EBITDA	20%	10.30
Target Price		7.73
Upside		34.24%

Table 2 | Source: Team estimates

Passenger Forecast

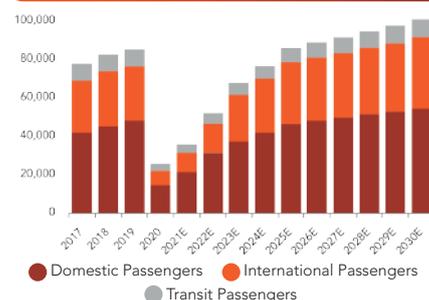


Figure 2 | Source: CAAP'S 20-F 2020 and Team Estimates

Risks under analysis

Risk	Likelihood	Impact
Concessions Agreements Termination	Low	High
Operational Risk	Medium-Low	Medium
Natural Events	Low	Low-Medium
Concentration in Argentina	Medium-High	Low-Medium
Public Health Crisis	Medium-Low	High
Italian Government Veto Power	Low	Medium-Low

Table 3 | Source: Team estimates

CAAP and Market Revenue Growth

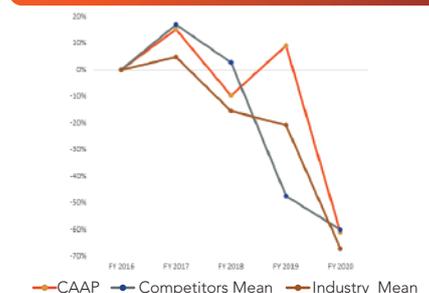


Figure 3 | Source: Refinitiv Eikon

Pillar	Score
Environmental	C-
Social	C+
Governance	C-
Total	C

Table 4 | Source: Team estimates

Corporación América Airports S.A. (CAAP) is the largest private concession operator by airports under management, with +20 years of trajectory and actually positioned in Latin America, Europe and Eurasia. Their activities are based on participating in open bids for concessions or acquiring ownership of companies with existing airport concessions.



Figure 1 | Source: Yahoo Finance and Team Estimates

INVESTMENT SUMMARY

Valuation

We give a **BUY** recommendation for CAAP with a one year target price of **USD \$7.73**, representing a **34.24%** upside potential. The target price was established by the combination of Relative Valuation and Discounted Cash Flow (DCF) models.

This recommendation lays its foundation on the following criteria:

- The success of global COVID-19 vaccination plans and probable new control methods;
- Cross border restrictions are loosening as a return to normalcy has been achieved in most developed countries and continues to progress in emerging countries, favoring the air travel growth potential;
- South American economies present great potential as tourist destinations and high air traffic growth is expected in the following years.

Risk

The stock is medium risk based on our analysis and considering the detailed risks in the section below, where the most relevant ones are (1) the capability of the Italian government to veto corporate actions or restrict transfers of CAAP's share capital in Italy; (2) the sensitivity of passengers transit to events of healthcare related crisis or natural events; and (3) the business concentration in Argentina and the exposure to the eventual economic, political and social crisis.

Financial Analysis

CAAP's Revenue Growth before COVID-19 pandemic was higher than the industry and competitors mean. We estimate South America's economic recovery and air traffic growth due to economies recovering and successful COVID-19 vaccination programs. This will favor the company's operations as it is the region which mostly operates, leading to revenue recovery to pre pandemic levels.

Operations are highly dependent on concessions. Just 1 of 13 concessions is to expire in 2026 while the others are operative for the next 8 years or more. Moreover most concessions include the possibility of being extended for 5 or 10 years.

ESG

We rated CAAP with an ESG Score as C. The company shows substantial efforts to reduce carbon footprint and greenhouse emission through the participation in several programs and environmental accreditations. However, this is not applicable to the majority of the airports. It was not until October 2020 that CAAP published its first sustainability report at the global level. Environmental pillar is rated as C-.

Workforce safety and comfort is a priority and this is translated into low employee turnover including during the pandemic, low accidents and development and inclusion programs. The company has developed strong bonds with the community contributing and partnering with several NGO's aiming to foster inclusion and cultural events, train employees, make human trafficking visible and help people identify the main indicators for early detection of the crime. Social pillar is deemed C+.

Board of Directors and Management are composed of seasoned members with half of them having either an industry specific background or a strong financial background. The company adopted a Corporate Governance Code, a Code of Conduct and related policies applicable to directors, officers and employees. Shareholders have the right to vote on executives compensation on a yearly basis. The company has not committed yet to relevant agreements such as the United Nations Global Compact (UNGC) and the United Nations Principles for Responsible Investment (UNPRI). Governance pillar is rated as C-.

Airport Portfolio Concession Summary

Aeropuertos Argentina 2000 (Aa2000)
 Aeropuerto De Bahía Blanca
 Aeropuertos Del Neuquén
 Aeropuerto De Carrasco
 Aeropuerto De Punta Del Este
 Peru (5 Airports)
 Aeroporto De Brasília
 Aeropuerto De Natal
 Aeropuerto De Guayaquil
 Aeropuerto Ecológico Galápagos
 Zvartnots Armenia International Airport
 Toscana Aeroporti

Table 5 | Source: Team estimates

CAAP's Revenue 2020

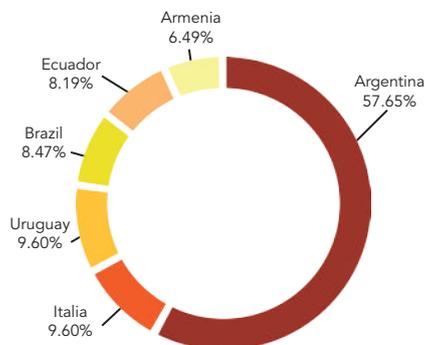


Figure 4 | Source: CAAP's 20-F 2020 Report

Concession Model Insights

Single Till:

- All revenues and costs are taken into account while setting returns and charges
- Decrease costs to airline users while increasing commercial revenues
- Airports tend to be more economically efficient
- Most used concession model in Europe

Dual Till:

- Only Aeronautical revenue are taken into account while setting returns and charges
- Clear revenue streams
- Easier to allocate risk related to commercial revenue for airports
- Total economic pricing of aeronautical services
- Second most used concession model in Europe.

Inflation based model:

- Fees and tariffs are adjusted by inflation

Table 6 | Source: Team estimates

Passenger Traffic (% Change)

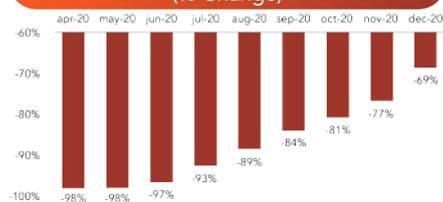


Figure 5 | Source: ICG_Pres(Letter)

Cargo Volume (% Change)

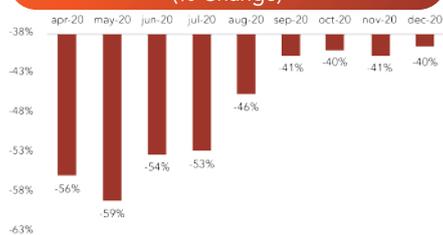


Figure 6 | Source: ICG_Pres(Letter)

Air Traffic | number of flights: passengers & cargo (in millions)

Region	2019	2020	Difference
Asia/Oceania	12.87	7.96	-38.2%
Europe	9.06	4.29	-52.6%
North America	18.88	15.67	-17.0%
Latin America/ Caribbean	3.04	1.57	-48.4%
Middle East	1.17	0.50	-57.4%
Africa	0.95	0.44	-53.6%
Total Industry	45.97	30.43	-33.8%

Table 7 | Source: ICAO and ADS-B Flightware

BUSINESS DESCRIPTION

Corporación América Airports S.A. (CAAP) business consists in the management of airports. The company acquires the concession of airports and profits by developing and operating them. It is one of the largest airport and service operators, and the largest one in terms of number of airports (52). Its portfolio is diversified in Latin America, Eurasia and Europe, with airports located in Argentina, Uruguay, Italy, Brazil, Ecuador, Armenia, and Peru (see table BD1). Business is concentrated in Argentina where it runs 37 airports accounting for 90% of Argentina's total passenger traffic and 57% of the company total revenue (2020).

Business Revenue

Revenue is divided into aeronautical revenue, commercial revenue and construction services revenue and other revenue sources. Despite having different revenue streams, their main source depends on the level of passenger traffic and the aircraft movement.

- Aeronautical:** derived from the use of airport facilities by aircrafts and passengers. The fees and rates charged to aeronautical customers and passengers depends on whether the flight is international, regional, domestic or transit. In addition to the fees charged to the aeronautical customers, the pricing will depend on the aircraft weight, type, landing and takeoff schedule.
- Commercial:** most of this revenue comes from fees from warehouse and hangar usage, aircraft services, retail stores (royalties), car parking fees and passenger services among others.
- Construction:** under the intangible assets model International Financial Reporting Interpretations Committee, Service Concession Arrangements (IFRIC 12), all concession related expenditures are treated as revenue generating activities as the investment and improvements will directly impact the amount of fees that the company will be able to charge in the future.

Revenue Growth

Actively works in developing new routes & increasing flight frequencies leveraging their relationships with the most important airlines worldwide. They develop new aeronautical technologies in order to create new flight routes to be added to their airports destinies. Furthermore, they seek to increase the air traffic by developing new infrastructure and making their airports more accessible, while charging fees for the usage of their capabilities/FACILITIES.

Concession Model

CAAP business is based on concessions granted by local governments for a certain period of time that can be later renewed.

There are three different concession types:

- Single till:** applied in Argentina & Armenia. There is a guaranteed return during the concession life. All revenues, CAPEX and OPEX are taken into account to achieve it. Local regulatory entities can modify fees, tariffs and capital investment obligations in order to reach the guaranteed return.
- Dual till:** applied in Italy. Only its aeronautical activities provide a guaranteed return. In contrast with the single till concession type, in the dual till concession, only 'aeronautical revenue' is considered to offset CAPEX and OPEX and reach the guaranteed return. In addition, there is a predetermined WACC for this part of the business.
- Inflation based model:** applied in Ecuador, Uruguay, Brazil and Peru. There is no target nor guaranteed return for the concession, and the fees & tariffs are adjusted by inflation. The adjusted rate can be based on domestic, US or on a mix of both inflations.

Business Overview

The company has a history of acquiring airports and developing them, it is only a holding company and their subsidiaries are the ones that run all the operations. The company itself does not own any material assets, and only owns the equity interests in the subsidiaries. Due to this, the ability to pay stakeholders will rely on each of the subsidiaries to properly transfer the revenue. On the other side, if one of the subsidiaries has any liquidity problems it won't affect CAAP as their assets are not linked.

Passenger and Revenue had been growing steadily at a 4.4% and 7.0% CAGR respectively for CAAP until the start of the COVID-19 pandemic (see table BD2). The pandemic and worldwide lockdowns meant a huge impact in the Airport Operators & Services sector, meaning a ~70% reduction in passenger volume and revenue.

With the development and distribution of COVID-19 vaccines and their approval in most parts of the world, passenger and flight traffic seems to be recovering, but is not yet at pre-pandemic levels. For CAAP, passenger traffic has been slowly improving since the lows of April 2020.

CAAP has successfully implemented an action plan to lessen the impact of COVID-19 on its operations while relying on Single & dual-till systems in most of their airports guaranteeing a return. They refinanced most of its debt by extending maturity and focusing on short-term liquidity. Extended AA2000 concession by 10 years. And compensation requests in Brazil, Ecuador and Uruguay;

Regarding **cost control** and **cash preservation**, a ~48% YoY reduction in cash operating costs was achieved in most of 2020. This was due to expense adjustments following the concession review and the depreciation of other currencies against the US dollar.

Apart from Italy, all the other countries in which CAAP operates are emerging, frontier or standalone markets. In addition, CAAP is exposed to various other risks beyond its control which make the valuation of the company highly volatile.

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

International Context

During 2020 the COVID-19 pandemic posed a major threat to the entire air transport industry. Air traffic was severely affected worldwide as a result of the closure of international borders and confinement in virtually every country in the world. In turn, the economy and production worldwide suffered considerable downturns, which has also led to a decline in air cargo traffic.

The impact of COVID caused a 33.81% decline in the aviation industry, while Latin America, the region

Air Traffic | number of flights: passengers & cargo

	2019	2020	Difference
Argentina	163,583	43,131	-73.63%
Italy	739,905	316,567	-57.22%
Brazil	813,110	417,546	-48.65%
Uruguay	8,442	3,090	-63.40%
Ecuador	43,782	18,601	-57.51%
Peru	123,358	39,638	-67.87%
Armenia	11,369	3,943	-65.32%

Table 8 | Source: ICAO and ADS-B Flightware

Passenger Drop in 2020 YoY

Region	Difference
Asia/Oceania	-930,107,325
Europe	-773,902,794
North America	-651,646,637
Latin America/ Caribbean	-198,897,591
Middle East	-122,270,276
Africa	-73,464,622
TOTAL	-2,750,289,245

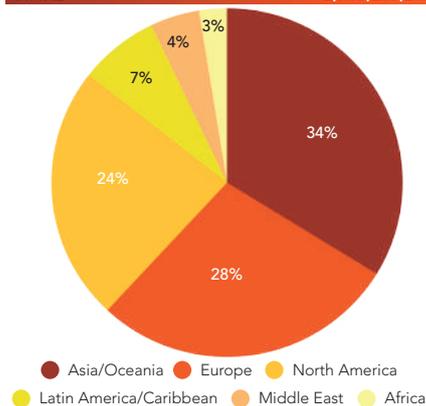


Figure 7 | Source: ICAO and ADS-B Flightware

CAAP's Market Share by Number of Airports

	CAAP's operation	Country's total	Market Share
Argentina	37	55	67.27%
Brazil	2	512	0.39%
Uruguay	2	12	16.67%
Ecuador	2	21	9.52%
Peru	5	11	45.45%
Italy	2	45	4.44%
Armenia	2	2	100.00%

Table 9 | Source: Governments webpages

Passengers Served by CAAP (in thousands)

	2019		2020	
	Pax	%	Pax	%
Argentina	43,405	51.58%	9,96	39.49%
Brazil	19,059	22.65%	9,092	36.05%
Uruguay	2,182	2.59%	0,61	2.42%
Ecuador	4,497	5.34%	1,549	6.14%
Italy	8,239	9.79%	1,974	7.83%
Armenia	3,196	3.80%	0,826	3.28%
Peru	3,579	4.25%	1,208	4.79%
TOTAL	84,157	100.00%	25,219	100.00%

Table 10 | Source: CAAP's 20-F 2020 Report

CAAP's revenue by segment (in thousands)

	2019		2020	
	Revenue	%	Revenue	%
Argentina	934,8	60.64%	350	57.65%
Brazil	116,6	7.36%	51,4	8.47%
Uruguay	117,8	7.44%	58,3	9.60%
Ecuador	109,6	6.92%	49,7	8.19%
Italy	145,6	9.20%	58,3	9.60%
Armenia	133,5	8.43%	39,4	6.49%
Peru	-	-	-	-
TOTAL	1557,9	100.00%	607,1	100.00%

Table 11 | Source: CAAP's 20-F 2020 Report

where CAAP is mostly concentrated, suffered a 48.4% drop. The decrease in the number of flights per country was: Argentina 73.63%, Brazil 48.65%, Peru 67.87%, Ecuador 57.51%, Uruguay 63.40%. (See table 8).

In terms of number of passengers, 60% (2,750M) less people had flown in 2020 than in 2019, and specifically in Latin America the drop has been 199M (representing 7.23% of the total) (See figure 7).

During the current year, the airline industry continues to improve due to the vaccines created against the COVID-19, as well as the recovery of tourism and other industries highly related to the industry.

Company's Positioning

It's the largest private airport operator in the world by number of airports. It is located in 7 countries and operates 52 airports.

The number of airports operated by country and market share controlled by CAAP are detailed in Table 9.

- **Argentina:** manages more than 65% of the country's airports. Operates Ezeiza and Aeroparque Airports, the two main airports in the country. Also operates Bariloche and Iguazú Airports which are highly valuable because of their touristic importance.
- **Brazil:** operates only 2 airports (0.39% market share). These airports are Brasilia and Natal. Brasilia is the capital of Brazil, a country with a large territory and long distances to travel, and it is located in the central area of it. Its strategic location makes it very important: it is the third largest airport in the country in terms of passenger traffic and one of the only airports with flights to all Brazilian state capitals.
- **Uruguay:** operates the two most important airports in the country: Punta del Este and Carrasco. The latest is the largest in terms of passenger traffic and is the main entry and exit for international flights.
- **Ecuador:** operates the Guayaquil Airport, which is the second largest airport in Ecuador, and the Galapagos airport, an important tourist spot in the country.
- **Perú:** operates 5 airports in the southern part of the country, including the Arequipa Airport which is the third airport in terms of passenger traffic.
- **Italia:** operates the Florence and Pisa Airports. In the Tuscan area they are the most important airports, a tourist area recognized worldwide.
- **Armenia:** operates the only two commercial flights airports in the country, Zvartnots and Shirak, thus accounting for 100% of Armenia's commercial flights.

Management

CAAP's management has vast experience in the airport industry, working for more than 20 years in a very dynamic and complex market such as the Argentine one. At the same time, it demonstrates great capacity and performance as year after year it expands into different countries, winning several tenders.

Business Concentration

CAAP has almost 40% of its business (in terms of passengers) and 58% (in terms of revenues) in Argentina. The rest of its business is concentrated 50% (passengers) and 26% (revenues) also in Latin America, outside Argentina. Therefore, 90% (passengers) and 84% (revenues) are distributed in Latin America (see tables 10 and 11).

CAAP has a poorly diversified portfolio, concentrated in Latin America. Air traffic in this region is considerably lower than in most parts of the world and the impact of the COVID-19 pandemic on the sector has made it even lower.

Since its business is mostly located in Argentina, CAAP is exposed to local regulations and political, social and economic factors, which is a major disadvantage for the company. On the other hand, due to the depreciation of its currency, Argentina is relatively cheaper compared to other countries and is becoming an attractive destination for tourists.

While there was a large drop in the volume of passengers served by CAAP from 2019 to 2020 in Argentina, the government has historically subsidised different industries including aviation. In 2020 and 2021, the "pre-viaje" program was created to increase domestic tourism and travel. This program consists of a 50% rebate on money spent on transport tickets and tourist attractions, which is a big boost for the travel industry.

FINANCIAL ANALYSIS

Revenue Outlook

Revenue oscillated between 1,366M and 1,558M from 2016 to 2019. In 2020 there was a 61% YoY decline driven by the passenger decline. In Q2 2021 there was a 65% YoY Revenue Growth since passenger traffic has increased drastically (See figure 2). However, Revenue from 2021 first semester represents 45% of 2020 total revenue and 17% from 2019 total revenue (See figure 8). Armenia and Italy present the highest recovery rates while Argentina and Brazil are recovering at a slower pace. CAAP revenue is highly dependent on air traffic levels (passengers and cargo volume) as they impact directly on aeronautical revenue and indirectly on commercial revenue.

During 2015 and 2018, aeronautical and commercial revenue represented between 84% and 88% of total consolidated revenue, while in 2019 it decreased to 77% and in 2020 represented 79%. On the other hand, construction service revenue oscillated between 12% and 16% during 2015 and 2018, while in 2019 increased to 22% and 21% in 2020. (See figure 11).

Aeronautical and commercial revenue represents 90% of total consolidated revenue in Q2 2021, in contrast to Q2 2020 that represented 63%. The foundation of operations are concessions. Only 1 of 13 concessions is to expire in 2026. The remaining are either operative for at least 8 years or have already been extended. Most concessions include the possibility of being extended for 5 or 10 years.

Margins

EBITDA margin remained constant from 2015 to 2019 at an average of 32%. However, in 2020 it was 16% (See figure 8). While revenue declined 61%, costs only declined 42% leading to a 111% decrease in Gross Profit in comparison with 2019. Thus, EBITDA decline in 2020 was 90.1% and that explains the drastic movement in margin. These drastic falls were driven by the COVID-19 pandemic. Although CAAP reduced costs, the large downturn in the aviation sector prevented the company from maintaining margins as they were before the pandemic. Depreciation and amortization increased by 14% compared to the previous year. For fiscal 2020, EBIT margin was -17%, as depreciation and amortization continued to grow steadily, while operating profit fell by 138%.

For FY2020 EBIT margin was -17% since D&A remained growing at a constant rate while operating profit dropped 138%.

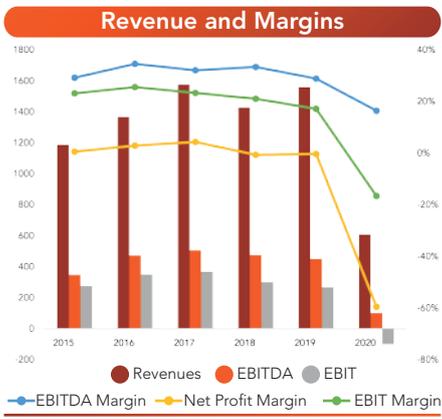


Figure 8 | Source: CAAP's 20F 2020 and Team Estimates



Figure 9 | Source: Refinitiv Eikon

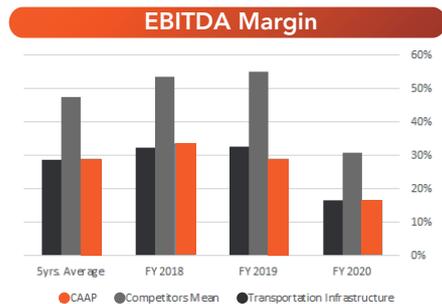


Figure 10 | Source: Team Estimates



Figure 11 | Source: CAAP's 20-F 2020 Report

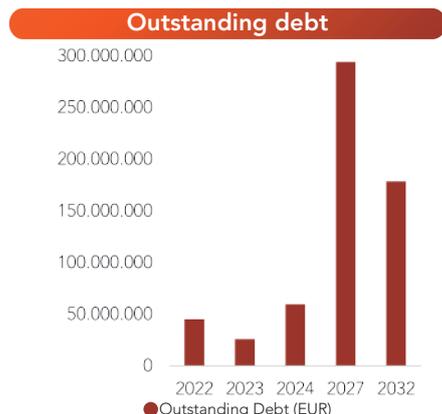


Figure 12 | Source: CAAP's 20-F 2020 Report

Financial Condition	Trendline	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Activity Ratios										
Receivables Turnover		5,4	7,0	3,0	4,6	5,8	5,5	6,0	6,4	6,8
DSO		67,6	52,3	120,9	80,2	63,2	66,4	60,6	56,7	53,7
Payables turnover		8,0	8,6	4,4	2,7	1,7	2,1	2,2	2,5	2,4
Number of days of payables		45,6	42,2	83,7	137,2	215,8	171,8	162,6	145,5	152,2
Total Asset Turnover		0,4	0,4	0,2	0,2	0,3	0,3	0,4	0,4	0,4
Average Working Capital		-35,2	13,8	-43,6	-56,0	-79,3	-75,1	-66,3	-69,4	-74,4
Working Capital Turnover		-40,5	113,2	-13,9	-11,4	-12,8	-15,8	-20,8	-21,5	-21,7
Liquidity Ratios										
Current Ratio		1,2	0,9	0,9	0,9	0,9	0,9	0,9	0,9	0,9
Quick Ratio		1,1	0,8	0,9	0,7	0,7	0,7	0,7	0,7	0,7
Cash Ratio		0,7	0,5	0,6	0,4	0,4	0,4	0,4	0,4	0,4
Cash Conversion Cycle		25,5	13,4	42,5	-52,4	-148,9	-101,4	-98,3	-85,1	-95,1
Solvency Ratios										
debt-to-equity		0,9	1,0	1,7	1,8	1,7	1,7	1,7	1,8	1,7
debt-to-capital		0,5	0,5	0,6	0,6	0,6	0,6	0,6	0,6	0,6
debt-to-assets		0,3	0,3	0,4	0,4	0,4	0,4	0,4	0,4	0,4
financial leverage		3,8	3,2	3,6	4,2	4,2	4,2	4,2	4,2	4,2
interest coverage		3,1	2,9	-1,0	-0,7	-0,5	0,2	0,9	1,9	1,9
debt-to-EBITDA		2,4	2,7	13,7	15,0	8,8	6,3	4,6	3,5	3,2
Profitability Ratios										
net profit margin		-1%	-0,4%	-60%	-33%	-24%	-15%	-7%	3%	3%
gross profit margin		32%	27%	-8%	5%	10%	17%	24%	35%	35%
EBIT margin		21%	17%	-17%	-13%	-7%	2%	11%	23%	23%
EBITDA margin		33%	29%	16%	16%	17%	21%	25%	32%	32%
ROA		-0,3%	-0,2%	-10%	-6%	-7%	-5%	-2%	1%	1%
ROE		-1%	-0,5%	-36%	-2%	-28%	-20%	-11%	5%	5%
operating return on assets		8%	7%	-3%	-2%	-2%	1%	4%	8%	9%
return on total capital		16%	14%	-5%	-4%	-3%	1%	7%	15%	16%
Valuation Ratios										
Price-to-Sales		0,7	0,6	1,1	1,4	1,2	0,0	0,0	0,0	0,0
Book-to-Value		7,7	7,5	5,0	5,2	5,5	5,8	5,9	5,9	6,0
Market value added (P/BV)		0,9	0,8	0,8	1,1	1,4	0,0	0,0	0,0	0,0
EBITDA per share		3,0	2,8	0,6	0,6	1,1	1,6	2,2	3,0	3,2
EPS (Net Income)		-0,1	0,0	-2,3	-1,3	-1,5	-1,1	-0,6	0,3	0,3
EPS as reported		0,0	0,1	-1,6	-1,3	-1,5	-1,1	-0,6	0,3	0,3
EV/EBITDA		4,9	5,2	19,9	19,6	13,0				
Price-to-Earnings		-99,4	-165,0	-1,8	-4,3	-5,1				

Low quality cash generation

The company experiences liquidity constraints. Cash flow from operating activities (CFO) and cash flow from investing activities (CFI) do not follow a regular trend. The company is not able to generate positive CFO and CFI during most of the years and only presents positive cash flow from financing activities (CFF) from FY2017 onwards. Negative CFI is driven by CAPEX and Acquisition of other financial assets. During the years CFO was positive, Operation profit doubled and tripled CFO indicating poor quality of profit. This indicates that CAAP is not able to turn that profit into cash, which could lead to problems with short-term liquidity. Income Quality (IQ) measured by IQ Ratio averaged 1.2 over the last 5 years, however, it was negative during FY2017 and FY2018. Current Liability Coverage Ratio and Operating Cash Flow Ratio was below ideal 1 the past five years and negative during three periods. Nevertheless, the company managed to have enough cash to meet its interest obligations on its short and long-term debt since interest coverage ratio is consistently above 2 except for FY2020 where it was -1. During 2020 significant efforts were made to mitigate a liquidity crisis. The company exceeded cost reduction targets in both Q2 and Q3 2020 and successfully refinanced debt in most countries. (See Figure 12).

Vertical & Horizontal Analysis

Intangible Assets comprise 78% of Total Assets, these are Concession Assets that the company holds for a limited period of time. They have increased at a rate of 9% for the past five years on average with a 5% decline in 2020 and a full recovery during Q2 2021. Current Assets represent 12% of Total Assets driven by Cash and Equivalents.

Current Liabilities represent 20% of Total Liabilities while Long Term Debt represents 44% of Total Liabilities, showing a 10% increase in 2020. The company has issued bonds expiring from 2022 to 2032 from which 50% of the issued amount has been paid. Moreover, 37% of Total Liabilities are under non-current liabilities, these are Concession fee payables arising from Brazilian Airport Authorities. Debt maturing in 2020 and 2021 has been renegotiated to preserve cash.

Capital Structure is 78% Debt 21% Equity, as observed during 2015-2017 CAAP's Capital Structure remained equal to the actual, but in 2018 and 2019 the company was reducing debt and increasing equity in an attempt to decrease their liabilities. COVID-19 impact pushed CAAP's intention of reducing debt.

DuPont Analysis

While ROE has dropped significantly in 2020, it is observed that it was mostly driven by the decline of the net profit margin. The change in profit margin has been offset by an increase in leverage and a decline in asset and equity turnover. The increase in leverage is due to a significant decline in Equity (33%) while Liabilities only declined 3%.

DuPont Analysis	Trendline	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
net profit margin		-1%	0%	-60%	-33%	-22%	-13%	-5%	3%	3%
equity turnover		141%	129%	61%	79%	122%	135%	151%	160%	170%
asset turnover		37%	40%	17%	19%	29%	32%	36%	38%	40%
leverage ratio		379%	319%	364%	423%	423%	423%	423%	423%	423%
DuPont ROE		-1%	0%	-36%	-26%	-26%	-18%	-8%	5%	5%

Cost Structure

Operating cost declined 42% in 2020 YoY, principally caused by air traffic decline of 55%. Q2 2021 presents a 1.5% increase compared to Q2 2020 while Revenue increased 66% over the same period driven by Aeronautical Revenue. Over the last 5 years Operating cost fluctuated between 64% and 68% of Revenue and increased to 73% in 2020 since air traffic cutback surpassed operating costs decline. Lower CAPEX drove reduction in Service Costs and Revenue decline reduced Concession fees. Salaries and Cost of Fuel as well as Maintenance expenses declined more than 30% due to CAAP's efforts to cut down costs in order to reduce COVID's impact. (See figure 14 for more details on cost structure).

Working Capital

Working Capital does not follow a smooth trend since Inventories, Cash and Current Liabilities fluctuate

Cash Flow

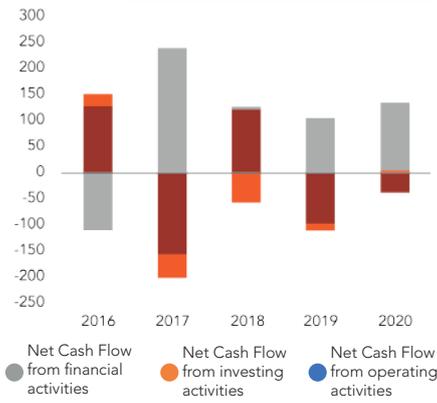


Figure 13 | Source: CAAP's 20-F 2020 Report

Cost Structure exc. Construction Services Cost (in thousands)

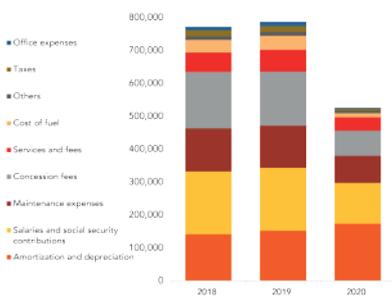


Figure 14 | Source: CAAP's 20-F 2020 Report

Current Ratio CAAP and Market

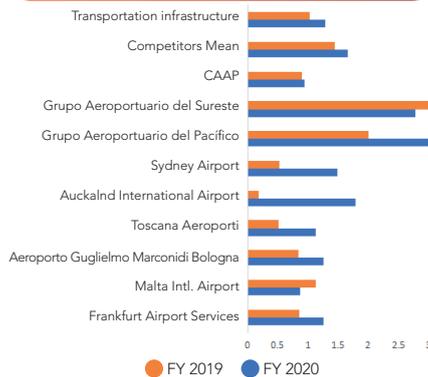


Figure 15 | Source: CAAP's 20-F 2020 Report

Capital Structure

Liabilities to Equity in percentage points	FY 2020	FY 2019
Frankfurt Airport Services	274.6	173.1
Malta Intl. Airport	88.3	84.5
Aeroporto Guglielmo Marconi di Bologna	80.0	51.0
Toscana Aeroporti	210.9	124.0
Auckland International Airport	40.1	44.2
Grupo Aeroportuario del Pacifico	124.7	101.2
Grupo Aeroportuario del Sureste	44.9	48.3
Grupo Aeroportuario del del Centro Norte	68.0	74.7
CAAP	322.9	223.9
Peer Mean	230.0	87.6

Table 12 | Source: Team Estimates

DCF	Price	Relative Weight	Real Weight	Price Weight
Case 1	\$9.76	30.0%	24.0%	\$2.34
Case 2	\$6.82	50.0%	40.0%	\$2.73
Case 3	\$3.71	20.0%	16.0%	\$0.59
	\$7.08	100%	80%	\$5.67
Multiples				
Case 1	\$10.75	30.0%	6.0%	\$0.64
Case 2	\$10.43	50.0%	10.0%	\$1.04
Case 3	\$9.44	20.0%	4.0%	\$0.38
	\$10.33	100%	20%	\$2.07
Current Price	\$5.76			\$7.73
				34.24%

Table 13 | Source: Eikon

significantly. It is negative for most of the years except for 2018 and it fluctuates from -155M to -32M. CAAP uses negative working capital to operate and this is reflected on the company's liquidity ratios; considering 2-to-1 and 1-to-1 ideal ratios for Current and Quick ratios respectively we identify that most of the time both ratios are below 1x. Days Sales Outstanding (DSO) averaged 60 days from 2016 to 2019, during FY2020 DSO increased to 121 days since collections were impacted by the economic crisis. Accounts Payable Average Days averaged 45 days during the same period and increased to 84 in FY2020. As a result, there is a constant negative gap between them that prevents CAAP from meeting its working capital requirements on average.

Capital Expenditure

CAPEX consists mainly of Property, Plant and Equipment. Companies in the airport industry are CAPEX-intensive since they must invest in accordance with concession contracts and airport improvement, development and maintenance plans.

The impact of COVID has dealt a major blow to the airport industry and CAAP was no exception. It suffered a revenue drop of 61%, which drove major liquidity problems. Nevertheless, the management was able to renegotiate the amounts to be invested in the concession contracts, thus decreasing CAPEX 63% from 2019 to 2020.

Foreign Currency Exposure

CAAP is exposed to rate movements of its market unit's currencies against the US Dollar since monetary balances are held by subsidiaries at the end of each fiscal year. The company does not hedge against foreign currency risk since most of their revenues are linked to US Dollar.

VALUATION

We issue a **BUY** recommendation on CAAP, with a 12-month target price of **USD \$7.73** per share, representing **34.24%** upside over November 5th, 2021.

This target price was derived using an 80% weight on the Discounted Cash-Flow (DCF) model and a 20% on the EV/EBITDA relative valuation.

We selected a higher weighting for the DCF model, because it best describes the details affecting the company's operations and its value. The model incorporates the risks inherent in the countries in which the company operates, and the impact of future scenarios, including recovery from the COVID-19 pandemic. We have valued the company based on how the bullish, neutral and bearish scenarios may affect the company's recovery and the volume of its operations. The three scenarios model the profitability required to offset the decline in revenues from 2020 plus subsequent periods. For the analysis, we have taken into account the speed and effectiveness of vaccination programs, travel recovery, reopening or closing of borders, easing or tightening of government restrictions, and recovery of international air traffic, especially in countries where CAAP manages airports (see table 13 and figure 16).

General considerations

Global travelling volume is recovering worldwide as government restrictions are more flexible and the tendency is for countries' borders to open.

The volume of air transport is recovering worldwide, as government restrictions are loosened and the trend is for countries' borders to open. Governments are also supporting companies to research and develop vaccines and other medicinal methods such as antiviral pills against COVID-19. Still, governments are forcing the adoption of these methods, which reinforces herd immunity and further drives open borders and travel. Herd immunity is also beneficial to countries' economies, as it allows people to return to their jobs early and business operations return to normal, increasing employment opportunities.

All this creates a good environment and a prominent future for the air transport industry to recover and grow rapidly.

While COVID-19 will continue to be a key factor in the recovery, we believe that most of the challenges CAAP will face will be largely related to the recovery of the economies. Currencies in the countries where CAAP operates continue to depreciate as poverty increases and GDP gradually recovers.

Baseline scenario assumptions

Air transport industry recovers and returns to pre-COVID levels by 2025. Economies in which CAAP operates recover at a moderate pace due to the impact of the pandemic, with eventual changes in border restrictions. Governments take unsynchronized measures to favor air transport, with economically different impacts between countries.

Even with the possible emergence of new variants of COVID-19, we believe that the airline industry has improved its protocols to be able to cope with this situation. Therefore, their operations and air traffic in general will not be impacted severely.

Tourism is recovering at a moderate pace and although it might have to deal with some eventual economic drawbacks, there is still a good environment for air traffic growth. The recovery of the South American economies means a possible increase in domestic transport. If the recovery is delayed, the devaluation of local currencies could attract international tourism, which will ultimately help the countries to recover financially.

Actions and Results: Over the next four years, uneven regulations and requirements for cross-border transit, as well as uneven vaccination schedules in emerging economies could delay the recovery of the air transport sector. Furthermore, this could impact travelers' confidence and perception of safety, depending on how their country manages the situation. Global recovery and pre-pandemic operating levels are expected to be reached by 2025.

Bearish scenario

The possible resurgence of COVID-19 infections or new variants in some countries could lead to increased control and restrictive measures on cross-border travel. Even if companies are prepared for the challenge, this may significantly slow down the recovery of air traffic. Countries will cope with the situation by applying different border policies. Emerging countries will be more likely than developed countries to have tighter restrictions and even to re-close their international borders for short periods of time or to close them only

Expected tourism return to pre-COVID levels

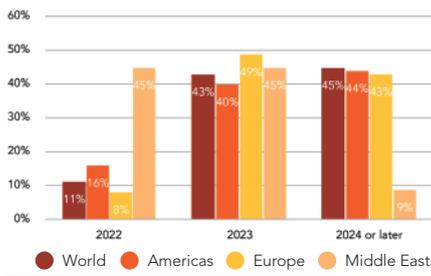


Figure 16 | Source: UNWTO Panel of Tourism Experts

for certain countries. Emerging economies would be the most impacted, significantly affecting CAAP due to its concentration of business in South America.

However, although operations will slow down considerably, we do not believe that this scenario will result in a new global shutdown or a total paralysis of airport operations.

Actions and results: in South America, economies have difficulties to recover in the medium term. Local currencies further devalue and there is a significant loss of real wages, which generates eventual social problems. The lack of fiscal discipline and the inability to contain inflation generates a situation of deep discontent and social instability that considerably affects air traffic and also CAAP's revenues. In an extreme situation, the socio-economic situation reaches such a stressful level for the population that strikes may begin to occur, which if adhered to by aeronautical workers, would directly affect CAAP's operations. If this situation extends all over South America, the air traffic would be potentially reduced, thus slowing the recovery of CAAP's revenues and operations. Global recovery and pre-pandemic operating levels are expected to be reached by 2026 onwards.

Bullish scenario

Due to rapid vaccination and global acceptance of the vaccine by most countries, air traffic is growing much faster than expected. This sets a favorable environment for air traffic companies to develop, recover and grow beyond the pre-pandemic years. South American countries, which were hit the hardest by the pandemic, now present a favorable environment for air traffic companies to grow rapidly and expand their operations. Governments are rapidly changing their strict border control to a more dynamic and flexible control, and are even promoting travel by providing subsidies to promote local economies by encouraging tourism e.g. the "pre-viaje" program in Argentina.

In the case of Argentina, which represents ~60% of CAAP's revenue, economic instability and mismanagement of the pandemic lead to a shift to a more market-friendly government in the upcoming elections. This is a good sign for investors, and as a consequence, Argentina's country risk decreases and the company can access financing in international markets at a lower required rate.

Actions and results: general loosening of restrictions due to the development of more effective vaccines and other antiviral methods that dramatically reduce infection and death rates. Herd immunity has been achieved in most countries and the COVID-19 pandemic appears to have long since disappeared, with occasional outbreaks. COVID-19 is now regarded as any other seasonal, flu-like virus. The world's population feels safe and is eager to travel without restrictions and regulations to make up for lost time. Global traffic volume returns to pre-pandemic levels by 2023.

Argentina's new market-friendly government attracts international investors, accelerating the country's economic growth rate and boosting local and international travel.

Revenue Forecast

We based our three scenarios in different recovery periods of the revenue to pre-pandemic level where:

- Bearish scenario: expects a six years (2026) recovery period with 17.72% CAGR.
- Baseline scenario: expects a five years (2025) recovery period with 20.95% CAGR.
- Bullish scenario: expects a four years (2024) recovery period with 26.21% CAGR.

The forecast is based on a rapid exponential recovery until revenues reach pre-crisis levels, and after this period, the projection is based on GDP growth. We model a linear regression between real GDP growth and total revenue growth for each of the countries in which CAAP operates. Finally, we calculated total revenues as a weighted average of the revenues for each country.

GDP base scenario levels by country 2018 = 100

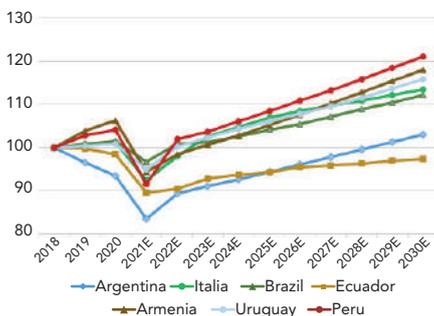


Figure 17 | Source: Team estimates

GDP levels by scenario 2018 = 100

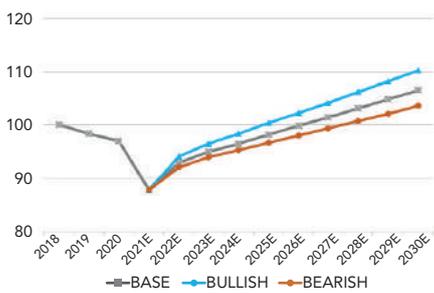


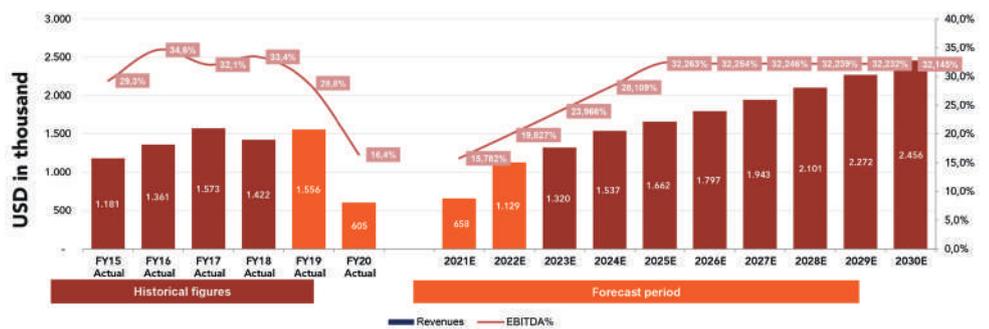
Figure 18 | Source: Team estimates

GDP Growth by Operating Country

GDP Growth	2019	2020	2021E	2022E	2023E
Argentina	-2.1	-10.0	7.0	2.4	2.5
Uruguay	0.4	-5.9	3.1	3.2	2.7
Italy	0.3	-8.9	5.8	4.2	1.6
Brazil	1.5	-4.1	5.0	2.1	2.4
Ecuador	0.0	-7.8	3.5	2.6	2.2
Armenia	7.6	-7.4	6.5	4.5	4.4
Peru	2.1	-11.2	9.8	3.8	3.6

Table 14 | Source: Market Monitor

Revenues & EBITDA



Source: 20-F and Team estimates

Margins

The Airports Operators industry was adversely affected by the travel restrictions and additional operative cost caused by the COVID pandemic; this impact was clearly reflected in CAAP figures as of 2020. We simulate a progressive return to gross profit, EBITDA and Net Income pre-COVID average margins

Working Capital

As considered for the Margins, the COVID pandemic impacts the elements of related working capital, such as days sales outstanding and days payable outstanding, altering their levels. Our valuation contemplates a smooth return of those indicators to the pre-COVID average levels by 2025.

PP&E CAPEX

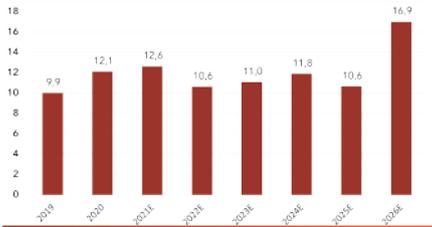


Figure 19 | Source: 20-F and Team estimates

Working Capital Evolution

Historical Figures

Forecast period



Source: 20-F and Team estimates

WACC estimates

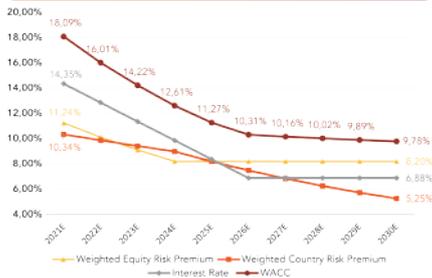


Figure 20 | Source: EMBI+, Damodaran, A. and Team estimates

CAPEX

Our projections consider levels of capital expenditure in order to upstream CAAP Property Plant and Equipment (PP&E) required to sustain the expected growth in operations and Revenue according to the observed past relationship between the company's revenue and its PP&E (see table 20).

WACC

We estimate a series of WACC for the forecasted periods, considering that the actual inputs reflect the post-pandemic impact, CAAP's concentration and the inherent risks of operating in Argentina. Furthermore, for our scenarios we consider a descending WACC due to our assumptions for Country Risk Premium, Equity Risk Premium and Effective Debt Rate (see figure 21).

Cost of Equity

To calculate the cost of equity, we consider the Capital Asset Pricing Model, considering the following inputs:

1. The 10-year US Treasury Bond yield is considered as the risk free rate.
2. The beta obtained by calculating a unlevered beta for industry peers in comparable markets, and re-levering the beta according to CAAP's capital structure and stressing it due to ESG grades. Additionally we assume that the beta will return to pre-COVID levels during 2025, considering the beta obtained as the correlation between CAAP and the S&P 500 index from February 2018 to december 2019. We excluded 2020 from this calculation because it's a clear outlier and it would add bias to the results.
3. We took the equity risk premium considering Damodaran's estimates (2021), weighted by the revenue contribution of each country.
4. A country risk premium, considering the EMBI+ for Argentina and Damodaran, A (2021) estimates for all other countries weighted by the revenue contribution of each country (see table 14).

Cost of Debt

To calculate it we consider the actual yield of CAAP and its subsidiaries bonds with more than 7 years to maturity. This was weighted by their current outstanding, considering this rate as the theoretical financing rate of 14.35%. Additionally, we estimate a tax rate considering the corporate tax rate for each country where CAAP operates weighted by the revenue contribution of each country.

2021 Weighted Country Risk Premium

	Weight	Equity Risk Premium (ERP)	
Argentina	57.65%	15.45%	
Italia	9.60%	1.85%	
Brazil	8.47%	2.52%	
Uruguay	9.60%	1.60%	
Ecuador	8.19%	8.39%	
Armenia	6.49	3.02%	
Weighted		10.34%	

Table 15 | Source: EMBI+ (Argentina) and Damodaran, A

Debt to Equity Ratio

Due to the leveraged nature of the company and the figures reported for 2020, we maintained the 322.9% as ratio for our projected fundamentals.

Discounted Free Cash Flow Model

The most important factor we consider in our analysis was the impact of different revenues' recovery rate from the actual post-pandemic situation, in order to obtain the company's share value in each scenario. Based on the recovery rates, we obtained a decreasing Free Cash Flow/Enterprise Value ratio from more optimistic scenarios to pessimistic scenarios. This shows the increasing capability of the company to generate free cash flows as our expectations are more optimistic.(see figure 21).

Terminal Value Growth

For the valuation we consider the last point of the WACC curve as a discount rate (9.78%), and we estimate the long-term growth rate (4%) by the pre-COVID passenger CAGR (4.0%) (see figure 22).

Rates sensitivity analysis

WACCs and growth rate were stress tested to understand how small changes could affect the company value, stock price and recommendation. For the WACC, several assumptions like country risk, required rate of return, and debt yield, were modified to reach different values. Similarly, the company's growth rate is derived from the projection of YOY passenger growth rate in a fully recovered economy, and it was tested to assess the impact on the company valuation.

Free Cash Flow Forecast

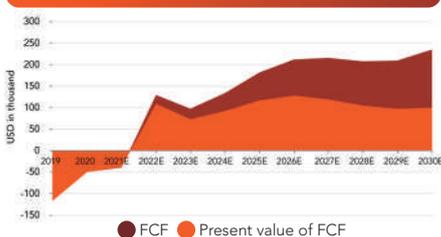


Figure 21 | Source: Team Estimates

WACC

	7.65%	8.65%	9.65%	10.65%	11.65%
2,50%	2,349.20	2,079.23	1,883.40	1,734.86	1,618.32
3,25%	2,644.33	2,284.41	2,034.69	1,851.27	1,710.85
4,00%	3,056.51	2,553.95	2,225.22	1,993.43	1,821.20
4,75%	3,672.57	2,923.76	2,472.54	2,170.93	1,955.10
5,50%	4,693.54	3,462.56	2,806.50	2,398.85	2,120.97

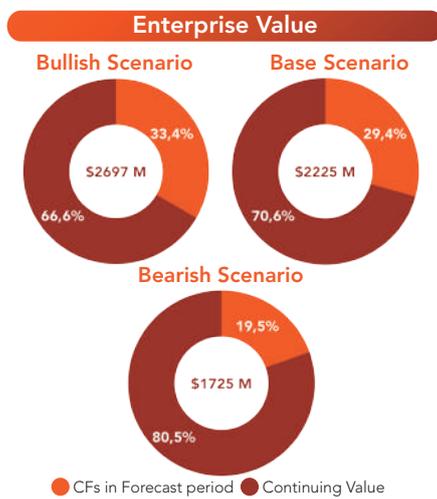


Figure 22 | Source: Group Calculations

WA=\$10.43 | EV/EBITDA=17.11

EV/EBITDA		
	Median	Average
Median	\$11.3	\$11.8
Average	\$16.7	\$16.6

NTM EBITDA		
	Median	Average
Median	\$13.62	\$14.12
Average	\$20.01	\$19.98

LTM EBITDA		
	Median	Average
Median	\$4.48	\$4.65
Average	\$6.58	\$6.57

2020 EBITDA		
	Median	Average
Median	\$7.07	\$7.33
Average	\$10.38	\$10.37

Table 16 | Source: Team Estimates

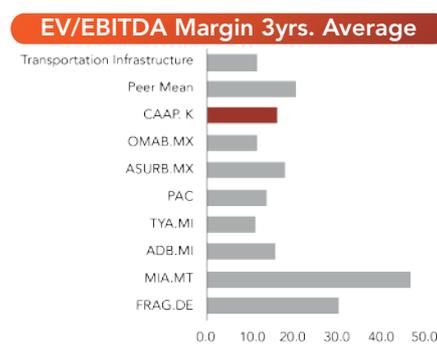


Figure 23 | Source: Refinitiv Eikon



Figure 24 | Source: Team Estimates

Multiple Valuation: overvalued travel company compared to its peer

Furthermore, we performed a multiples valuation in which we compare CAAP quarterly EV/EBITDA to the one from 7 similar peers. The peer group was built based on CAAP personal recommendations (Q&A session with CAAP team members) and other characteristics like geographical distribution, revenue volume and market capitalization. We believe that these peers will function as an industry comparison to CAAP as no other company is allocated the same way worldwide. An EV/EBITDA Median - Average matrix was created and later the following CAAP data was added for the valuation: (1) NTM EBITDA, (2) LTM EBITDA and (3) 2020 EBITDA from the DCF forecast. The three valuations were weighted to reach a single price target. As done in the DCF, we assumed three scenarios that were considered for the final multiple valuation.

INVESTMENT RISKS

1. Concessions Agreements Termination

CAAP concessions may be terminated at any time by the relevant governments or agencies for reasons within or beyond the company's control, such as reasons of public interest, or material and repeated failures to comply with the required investments of the concession agreement.

Concessions terminated due to: (1) reasons of public interest or without cause could result in a claim equal to the non-amortised investments and lost profits; and, (2) material and repeated breach or failure of the concession agreements could result in a claim for compensation equal to the non-amortised investment made for the purpose of operating the airport and providing services. In both cases, the collection of the claims represents a time-consuming task that would not provide the expected level of profitability, which would have a material effect on the business and its financial results (see table 17).

Likelihood of both scenarios is deemed low and while financial consequences could be relevant, mitigation strategies are unfeasible in case of a public interest termination. Therefore, mitigation plans shall focus on safeguarding possible breaches in concession agreements. Thus, we consider the risk impact is deemed high.

2. Operational Risks

We identified two relevant operational risks related to daily operations:

- Technologic risk due to the large and complex operations.
- Actions or inactions from third parties involved in daily operations.

Various sophisticated information systems are required to coordinate arrivals and departures, ticketing and boarding, baggage handling, voice communication systems for staff and the general public. Systems must function properly to ensure day-to-day operations. Although mitigation strategies are in place to minimize IT risk, systems cannot be fully protected against atypical events such as hacking, internal fraud, viruses, equipment failure or any other technical problem that may disrupt the daily business, its revenues and the public image of the company.

In addition, operations are exposed to third party service providers such as government agencies, security, baggage handling, air traffic control, immigration, customs, fuel services, aircraft maintenance, and electrical service. Any failure or delay in the above services would affect the day-to-day operations and revenues of the business. Operational Risk likelihood is deemed medium-low and due to IT controls, mitigation and action plans, the risk is considered medium.

3. Natural Events

Natural disasters such as hurricanes, tornadoes, volcanic activity, earthquakes and tsunamis or sustained adverse weather conditions could represent a disruption of services through flight cancellations or airport closures due to damage to facilities. Likelihood is deemed low and impact medium-low since airport diversification is high.

4. Concentration in Argentina

From 2018 to 2020, Ezeiza Airport constituted one-third of the company's revenues on average. Considering the relevance of this particular concession, some events could disrupt and impact the revenues of the business, such as, but not limited to, a potential termination or buyout of the concession contract granted to Aeropuertos Argentina 2000; economic recession in Argentina and decline in tourism and competition from other tourists destinations. The likelihood is considered low to medium and the impact is considered medium-high.

5. Public Health Crisis

During 2019 and 2020, governments imposed restrictive measures to contain the spread of COVID-19. Borders were closed and airlines were forced to cancel flights. The pandemic affected the aviation industry and all third parties involved, reducing schedules, air traffic and revenues. Many airlines declared bankruptcy and others abandoned their operations in Latin American countries. Government actions that disrupt operations and affect revenues in the name of the public interest may result in a breach of the concession agreement by CAAP. It is uncertain how governments may act in the event of a breach of CAAP's contractual obligations arising from operating limitations. Impact is deemed high due to the observed global pandemic consequences during 2020, and likelihood is medium-low (see figure 25).

6. Italian Government Veto Power

The Italian government has veto power on major strategic initiatives taken by the company's concession in Italy which can restrict CAAP's capacity to perform some corporate actions or restrict investors ability to acquire share capital. The veto power, also known as the "Golden Powers", grants the Italian Government the right to interrupt transactions that change the ownership of strategic assets related to energy, transport and communications. The likelihood of any Italian Government action is low, and the impact is also considered medium, due to the possible incapability of CAAP to perform major strategic actions.

Argentina Concession Termination Cause

Impact

Material & Repeated Breaches by CAAP	Indemnification equal to non-amortized investment in concession terms
Public Interest Reason	1. Non-amortized aeronautical investment x1.10 2. Other non amortized investment 3. Debt to run operational services
Material & Repeated Breaches by Argentina Government	1. Aeronautical investment not amortized depending on concession end date. First period x1.30, second period x1.20, third period x1.10 2. damage compensation

Table 17 | Source: Region

Flights relative to pre-pandemic level

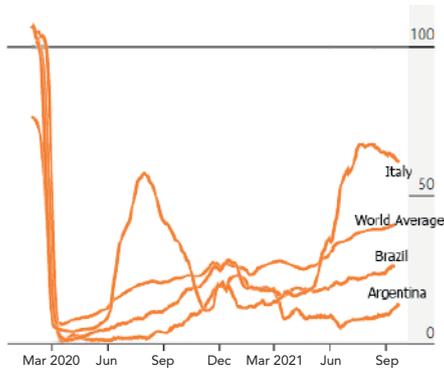


Figure 25 | Source: The Economist

ESG Scorecard

	Score	Weight	Weighted Score
Environmental			
Resource use and innovation	0,3	28%	0,08
Emissions	0,15	12%	0,02
Social			
Workforce	0,35	13%	0,05
Human Rights	0,50	8%	0,04
Community	0,50	9%	0,05
Product Responsibility	0,35	6%	0,02
Governance			
Management	0,45	14%	0,06
Shareholders	0,20	6%	0,01
CSR Strategy	0,08	4%	0
ESG Score			0,33
ESG Controversies			C
ESG Total Grade			C

Table 18 | Source: Team Estimates

CO2 Reductions

CO2 reductions achieved in the 2019-2020 period

Galapagos Airport	Italian Airport
• Scope 1: 64%	• Scope 1: 25.10%
• Scope 2: 34.5%	• Scope 2: 33.35%
• Scope 3: 37%	

Table 19 | Source: 2020 CAAP Sustainability Report

Energy Consumption and Reductions Achieved vs 2019

Argentina: Electricity: 80,569.70 MWh Natural gas: 1,321,230 m ³	Italy: Electricity: 15,376.42 MWh Fuel: 234,476.57 liters Natural Gas: 2,372,124.12 m ³ • -20% natural gas consumption • -85% gasoline consumption • -54% diesel consumption • -22% electricity consumption
Armenia: Electricity: 10,615 MWh Natural gas: 974,422 m ³ • -61% gasoline consumption • -75% diesel consumption • -69% electricity consumption	Peru: Electricity: 1,388.17 MWh Fuel: 373.05 Gal
Brazil: Electricity: 22,037 MWh • 26.88% electricity consumption	Uruguay: Electricity: 14,184.2 MWh Renewable energy: 805.7 MWh Natural Gas: 3,266 m ³ • -84% natural gas consumption • -30.16% electricity consumption
Ecuador: Electricity: 463.40 MWh Renewable energy: 51.65 MWh • -92% diesel consumption • -35% electricity consumption	

Table 20 | Source: 2020 CAAP Sustainability Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENT

a. Greenhouse Emissions

CAAP airports possess The Airport Carbon Accreditation (ACA), a carbon management certification standard for airports. Airports are required to measure and inventorize their carbon footprint, to provide evidence of effective carbon management procedures, and prove outstanding efforts to reduce and compensate for greenhouse gas emissions. The program categorizes airports by grouping them into 6 levels from lowest to highest showing the degree of environmental involvement. The "Mapping" level requires the measurement of the carbon footprint. The "Reduction" level requires carbon management and progress towards a reduced carbon footprint. The "Optimization" level requires third party involvement in carbon footprint reduction and involves engagement in means of access for authorities and users. The "Neutrality" level requires the neutralization of the remaining direct carbon emissions by offsetting them. Figure 26 shows the airports that are part of the program.

Galapagos, Pisa and Florence airports completed the ISO 14001:2015 certification, the most complete Environmental Management System (EMS). Most countries have an EMS in place and specific declarations with regards to Carbon Footprint and Energy. In Argentina, the company launched an Environmental Monitoring Program, which aims to evaluate and systematize the Greenhouse Gas (GHG) emissions derived from the company's energy consumption, in order to minimize their footprint.

b. Resource Use and Innovation

The Galapagos Airport in Ecuador and General Enrique Mosconi Airport in Argentina received the Leadership in Energy and Environmental Design (LEED) international certificate establishing specific norms to ensure sustainable and high-performance construction, which gives priority to using local materials and to the responsible use of natural resources. Armenia's Zvartnots Airport is certified to the ISO 50001 energy management standard, which helps organizations reduce energy consumption and improve efficiency. Some airports are equipped with solar panels and others run with a high percentage of renewable energy. CAAP complies with government regulations on waste management in all countries, and is involved in recycling activities with civil society organizations. Noise reduction and water management programs are in place in several airports.

c. Sustainability Report

CAAP published its first Sustainability Report in October 2021. AA2000 and CAAP Uruguay have published a sustainability report on a yearly basis

SOCIAL

a. Workforce

• **Health and Safety (H&S) Policy:** CAAP has a Health and Safety Policy in place. In 2019, a H&S Committee composed of union and company representatives was established. The company reported an improvement in compliance with OHSAS 18001 certification evidencing greater attention to safety issues. The Occupational Accident Rate reported was zero for all market units, except for Brazil with 0.69%. There were 19 accidents registered in 2020, caused during commuting, on accident falls, and improper luggage handling.

• **Workers Unionization:** Current percentage of employees represented by independent trade union organizations, or covered by collective bargaining agreements, is 46%.

• **Diversity and Inclusion (D&I) and Targets:** The Code of Conduct supports professional and personal development while providing equal opportunities to all of its employees. CAAP does not tolerate any type of discrimination, intimidation, offense, marginalization, discredit or any improper behavior in the labor or professional scope. CAAP's subsidiaries AA2000 and Corporación América Uruguay participate in D&I programs with non-profit organizations, such as "Fundación Cimientos" and "Fundación Discar", to foster inclusion of young people from vulnerable sectors and people with disabilities. The company did not set targets or objectives to be achieved on diversity and equal opportunities, though it includes information on the promotion of employees based on gender, age, and location, at subsidiary level. Worldwide, 29% of its employees are identified as women, which shows a relevant gender gap.

• **Employment Creation:** In 2020, CAAP reduced personnel expenses in Brazil, Uruguay, Italy and Armenia. Layoffs, salary reductions, placement of operational employees on leave and reduction of working hours were implemented. In Argentina, the company received government assistance to cover a portion of salaries from April through December 2020. And the reduction in personnel was 13% for the 2019-2020 period.

• **Training and Development, and Internal Promotion:** Employees receive training on COVID-19 protocols, safety, security, and awareness on energy efficiency and carbon footprint. Educational incentive programs are in place in Brazil and Argentina where AA2000 created three schools that encompass technical training for those operational roles with specific needs. Moreover, AA2000 launched the "My Airport" scholarships, which are available to all employees who meet the requirements and wish to take a course at the airport.

• **Employee Turnover:** It increased during 2019 despite the company's efforts to retain employees.

	2019		2020	
	Turnover	Turnover rate	Turnover	Turnover rate
Argentina	148	5.6%	96	4%
Armenia	57	5.47%	72	7.26%
Brazil	124	17.10%	166	25.34%
Ecuador	49	9.84%	119	23.90%
Italy	124	14.20%	69	8.30%
Uruguay	67	15.19%	144	47.84%

b. Product Responsibility

• **Data Privacy:** CAAP complies with the General Data Protection Regulation of the European Union (GDPR). Thus, all data is handled in accordance with the principles of correctness, legality, transparency and protection of customer's privacy and rights, all in accordance with the provisions of GDPR.

• **Customer Satisfaction:** Airports in Argentina, Ecuador and Uruguay measure customer satisfaction through Airport Service Quality (ASQ) from Airports Council International. In Argentina, the average score is 4 on a scale of 1 to 5, in Uruguay it is 4.4 and in Ecuador it is 4.6. Two CAAP airports have received the ASQ Departures award in 2020. There is a lack of alignment in measurement and reporting across

Gender Gap

Year	Under 30 years old	30-50 years old	Over 50 years old	Total
2019	1,304	4,286	1,143	6,733
2020	988	3,940	1,220	6,148

Table 21 | Source: 2020 CAAP Sustainability Report

countries and airports.

c. Community

CAAP promotes a positive impact in communities through the development of inclusion and opportunities programs in the countries in which the company operates. Approximately 1.5M USD were destined to private social investments in 2020. CAAP runs campaigns to support local projects, creates learning experience programs, promotes cultural events and works in parallel with foundations on labor inclusion programs. In addition, the company waived all costs associated with medical supplies received from China during the pandemic. CAAP also provided free of charge cargo services to deliver medical supplies to medical personnel. In agreement with the Argentine Red Cross and the Ministry of Transport, CAAP made space available in the cargo terminal for sanitary supplies.

d. Human Rights

CAAP works in parallel with Discar, an NGO that seeks the inclusion of people with intellectual disabilities. In addition, it collaborates with government institutions to raise awareness of human trafficking and help people identify the main indicators for early detection of the crime.

GOVERNANCE

a. Management

• **Board of Directors:** composed of seven members from which 43% have either an industry specific background or a strong financial background. Each board member has been on the board for 3 years on average. Currently 43% of Board Members are independent and the number of females on the board rose to 14.3%. Directors shall hold office for a maximum of 6 years, being able to be reelected in successive periods. The positions will be renewed by halves so that the majority of the Board is not replaced at the same time.

• **Executive Management:** composed of six members, 30% of which are females, managing the day-to-day operations. It consists of members of the Board and/or the Executive Committee, including the CEO and the relevant reporting lines, who are jointly responsible for executing the company's strategy. Local CEO's are appointed by the CEO. On recommendation of the CEO, the Executive Committee shall appoint the Head of Business Development and the Head of European Business Development, the Head of Accounting and Tax, the Head of Legal and the Chief Compliance Officer. The CFO is appointed by the Board.

• **Governance Code:** CAAP adopted a Corporate Governance Code, a Code of Conduct and related integrity policies applicable to all of its directors, officers and employees. CAAP also adopted an additional code of ethics applicable to the Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions.

• **Compensation:** CAAP Board of Directors compensation policy is approved by the Shareholders' in a meeting held every three years at the latest, as a separate item of the agenda. The Board annually approves and publishes the annual report on Directors' compensation, which includes information on the Directors' compensation policy applicable during the ongoing year. On August 20, 2020, the company approved a management share compensation plan for a period beginning on such date and ending on December 31, 2025, extendable thereafter upon approval from the Board of Directors. None of the directors, officers or members of senior management owns any of the common shares. CAAP has a Compensation Committee consisting of the CEO, the Chairman of the Board of Directors, and an Independent Director. This Committee oversees and reviews the specific awards to be granted, based on the proposal to be submitted by the plan administrator.

b. Corporate Social Responsibility (CSR) Strategy

CAAP is committed to CSR on their day-to-day operations. The company published a Sustainability Report on a yearly basis for its major subsidiaries. However, it was not until October 2021 that CAAP published its first Sustainability Report at the global level, which has not been externally audited yet. No CSR committee was identified and CAAP is not a signatory of the United Nations Global Compact, a pact to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. Also, it's not a signatory of the United Nations Principles for Responsible Investment (UNPRI) either.

c. Shareholders

• **Shareholder Rights:** have the right to vote on executive compensation. Holders of common shares are entitled to one vote per share on all matters submitted to a vote of holders of common shares. There is no cumulative voting in the election of director, and voting must be in person, by proxy or by voting bulletin.

• **Anti Take-over devices:** Holding company ACI Airports S.A. holds 81.84% of the shares. It is unfeasible for a takeover to take place since the market holds only 18.16% of CAAP shares. From that remaining 18.16%, Helikon Investments Ltd holds 7.28% and the rest is well diversified among several investors.

ESG Controversies

During the "Lava Jato" investigation, CAAP proactively collaborated with the Brazilian authorities by identifying and reporting payments made by Iframérica (the concessionaire of the airport operation in Brasilia that CAAP acquired) that may not have been used appropriately, since it failed to find the destination of a significant amount of money. The company reported the problem so as not to be held liable in the future. Controversies grade is deemed as C.

ACA Certified Airports

Mapping



Determine emissions sources within the operational boundary of the airport company. Calculate the annual carbon footprint report.

- Jorge Newbery Airfield
- Brasilia International Airport
- Natal International Airport
- Zvartnots International Airport

Reduction



Provide evidence of effective carbon management procedures. Show quantified emissions reductions.

- Carrasco International Airport
- Guayaquil International Airport

Neutrality



Offset remaining emissions for all emissions over which the airport has control with high quality carbon credits.

- Galapagos Airport

Figure 26 | Source: Airport Carbon Accreditation

ASQ



ASQ Awards and Recognition

ASQ Awards: 2020 Winners	Customer Experience Accredited Airports
• José Joaquín de Olmedo International Airport	• Carrasco International Airport

Table 22 | Source: Airports Council International

Strengths

- **Company relevance.** CAAP has +20 years managing airport concessions, and is the largest private concession operator by number of airports and tenth by passenger traffic.
- **Management.** Senior management with relevant career, knowledge of the business and cross-countries experience.
- **Concessions of the different airports** that CAAP owns, have the earliest expiration date in 2026 (Galapagos Airport). Most of the concessions CAAP owns include the possibility of being extended for 5 or 10 years more.

Weaknesses

- **Poorly diversified portfolio.** Concentration in Argentina. The major part of the operations and its revenue is based in Argentina, a standalone country experiencing economic turmoil and a potential social and political crisis. Also, another great part is concentrated in an emerging markets region, with populations with a low average socioeconomic level and few resources. Air traffic in this region is considerably lower than in most of the rest of the continents.
- **Liquidity problems.** Low quality cash generation during the past five years. Current Liability Coverage Ratio and Operating Cash Flow Ratio was below ideal 1 the past five years and negative during three periods.

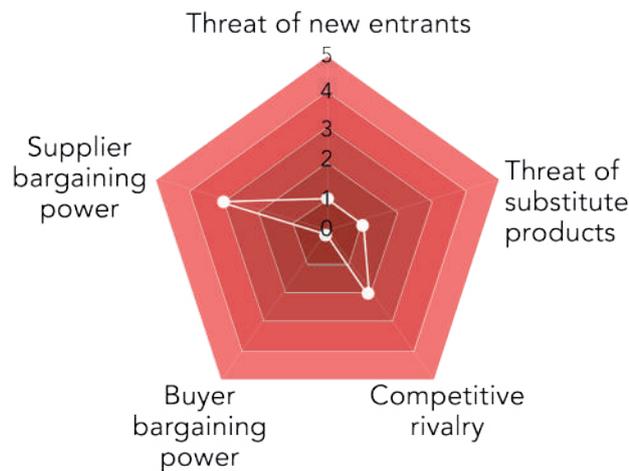
Opportunities

- **Further expansions.** Operating in America, Europe and Euroasia proof the companies mindset about exploring and evaluate new potential business regardless cultural or geographic barriers.
- **Expansions** in countries where it already operates as it is established and entrenched.
- **Industry recovery** post pandemic COVID. The air traffic is growing after 2020 and it does not reach pre pandemic levels yet.

Threats

- **Big airport operators** from another region could reach Latin America.
- **Pandemic COVID.** Aviation industry is highly exposed to a new outbreak of COVID due to new strains resistant to vaccines.
- **Governments of countries** where CAAP operates. Government can unilaterally finish a concession or ordain regulations to the industry.
- **Fuel price.** It impacts airline operations. Higher prices decrease air transportation demand and may produce route cancellations and decrease in frequencies. Fuel price follows crude oil price.

Appendix | 2
Porter's Five Forces Analysis



Legends

- 0 - No threat to the business
- 1 - Insignificant threat to the business
- 2 - Low threat to the business
- 3 - Moderate threat to the business
- 4 - Significant threat to the business
- 5 - High threat to the business

Threat of new entrants (1)

Insignificant threat to the business. The airports management business has two principal entry barriers: open bids for concessions are unusual, and winning a concession bid requires a big amount of capital in order to start the management operations and comply with the investment schedule required by the concession agreement.

Threat of substitute products (1)

Insignificant threat to the business. People do not choose which airport they are going to use in order to take a flight and usually there is only one airport per city. On the other hand, airlines use CAAP's airports because they are located in strategic points (touristic destinations, geographical location, great flow of transit passengers).

Competitive rivalry (2)

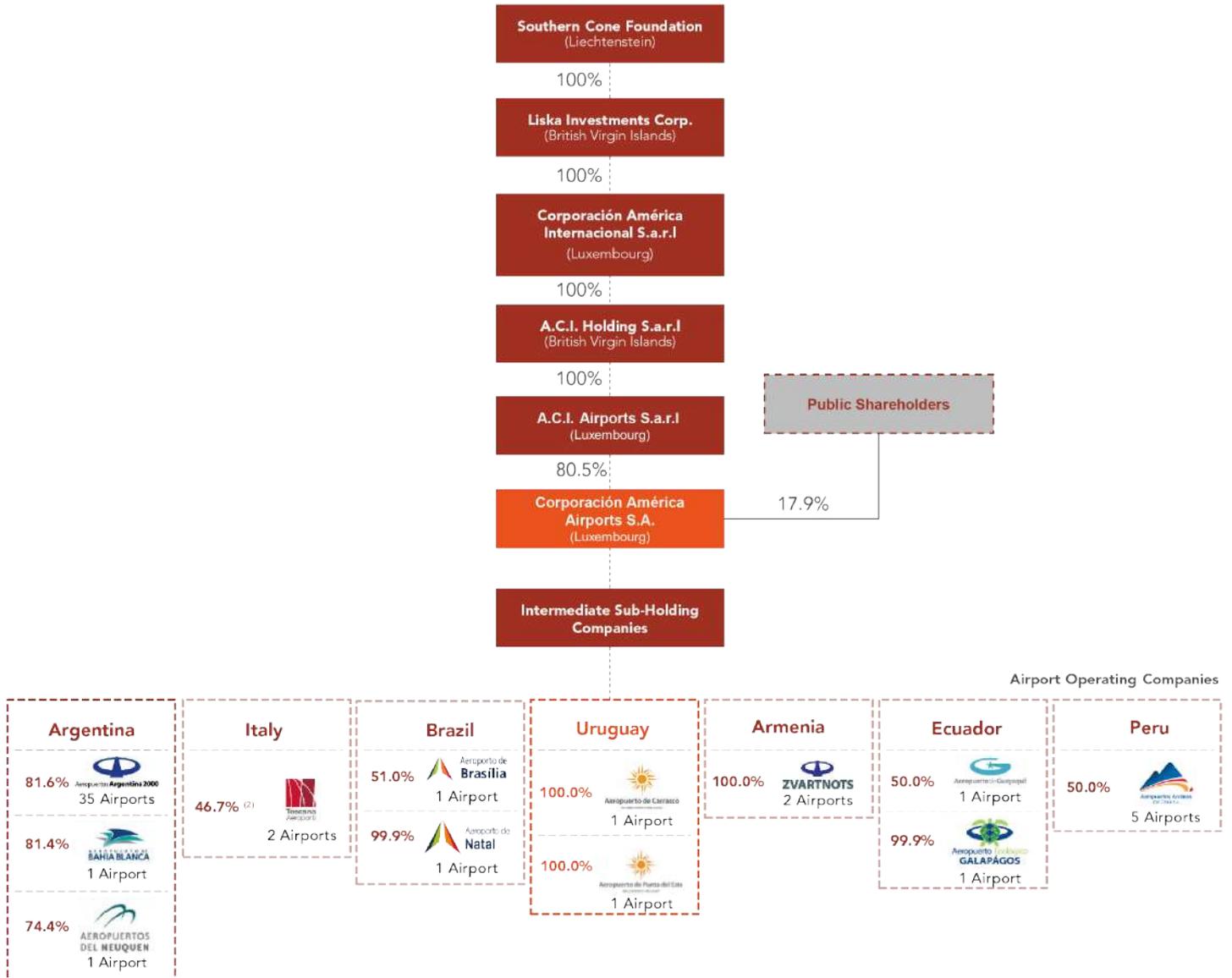
Low threat to the business. There are competitors in the region but in some of the countries where CAAP operates, it is highly established and owns concessions of important and strategic airports. As well, CAAP owns concessions that finish in 5 years or more and always could extend concessions.

Buyer bargaining power (0)

No threat to the business. CAAP's revenue arises from air traffic (especially commercial flights, flow of people inside the airport using the installations like duty free, car parking, etc.). CAAP operates strategic airports in terms of geography location, touristic destination, entrance and exit of the country; so airlines don't have many options.

Supplier bargaining power (3)

Moderate threat to the business. There are few infrastructure suppliers as they require lots of certifications. CAAP has not much bargaining power because it doesn't have many options. But on the other hand, infrastructure plans mean a lot of money for the supplier, so CAAP gains bargaining power.



Source: Company information.

1. CAAP ownership through intermediate sub-holding companies.

2. CAAP has control over TA, with indirect ownership of 46.7% (CAAP holds 75% of Corporación América Italia, which in turn has a 62% ownership of TA)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cost of Equity* (Ke)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Risk Free Rate (rf)	1,50%	1,70%	2,40%	3,20%	3,20%	3,20%	3,20%	3,20%	3,20%	3,20%
Leveraged Industry Beta (β)	2,644	2,471	2,298	2,125	1,952	1,952	1,952	1,952	1,952	1,952
ESG Ajusted Leveraged Beta (β')	2,909	2,718	2,528	2,338	2,147	2,147	2,147	2,147	2,147	2,147
Weighted Equity Risk Premium (ERP)	11,24%	10,12%	9,11%	8,20%	8,20%	8,20%	8,20%	8,20%	8,20%	8,20%
Weighted Country Risk Premium (CRP)	10,34%	9,82%	9,33%	8,86%	7,98%	7,18%	6,46%	5,81%	5,23%	4,71%
Cost of Equity (Ke)	44,54%	39,02%	34,75%	31,22%	28,77%	27,98%	27,26%	26,61%	26,03%	26,05%
Cost of Debt** (Kd)										
Interest Rate	14,35%	12,85%	11,36%	9,86%	8,37%	6,875%	6,875%	6,875%	6,875%	6,875%
Tax Rate	30,98%	30,98%	30,98%	30,98%	30,98%	30,98%	30,98%	30,98%	30,98%	30,98%
Cost of Debt (Kd)	9,90%	8,87%	7,84%	6,81%	5,78%	4,75%	4,75%	4,75%	4,75%	4,75%
Capital Structure										
Equity/Assets	76,35%	76,35%	76,35%	76,35%	76,35%	76,35%	76,35%	76,35%	76,35%	76,35%
Debt/Assets	23,65%	23,65%	23,65%	23,65%	23,65%	23,65%	23,65%	23,65%	23,65%	23,65%
WACC***	18,09%	16,00%	14,20%	12,58%	11,21%	10,24%	10,07%	9,92%	9,78%	9,78%

$$* Ke = rf + (\beta' * ERP) + CRP$$

$$** Kd = \text{Interest rate} * (1 - \text{tax rate})$$

$$*** WACC = Ke * \frac{\text{Equity}}{\text{Assets}} + Kd * \frac{\text{Debt}}{\text{Assets}}$$

Comments

Risk Free Rate: we consider the 10-year US Treasury Bond yield, and future values were estimated according to the Federal Reserve Board members (and presidents) monetary policy projections as of september, 2021.

Leveraged Industry Beta: estimated considering peers from the Airport Operators industry with comparable markets (0.898) and releveraging the beta by CAAP's tax rate and Debt/Equity ratio. Finally, we stress the obtained Beta by a +10% due to it's ESG qualification.

$$\text{Leveraged Beta} = \text{Unleveraged Beta} [1 * (1 - \text{tax rate}) * \frac{\text{Debt}}{\text{Equity}}]$$

Tax rate = 30.98%; Debt/Equity= 3.22

Weighted Equity Risk Premium: values from Damodaran weighted by each country revenue contribution. Future values were projected considering our team macroeconomic assumptions.

Weighted Country Risk Premium: weighted average considering each country revenue contribution. For Argentina we take the 2021 monthly average of EMBI+, all other countries were obtained from Damodaran, A. Future values were projected considering our team macroeconomic assumptions.

Interest rate: we consider the weighted average yield by outstanding from corporate bonds issued by CAAP and Aeropuertos Argentina 2000. Additionally, we assume that CAAP will be able to raise debt at his issued coupon rate (6.875%) once he recovers form post-COVID stress and return to prior activity levels.

Cash Flow (m USD)		2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
FREE CASH FLOW	MM USD	(46.13)	63.51	11.78	33.61	148.95	198.36	201.69	204.74	207.53	205.65
Terminal Value	MM USD	-	-	-	-	-	-	-	-	-	3,698.77
FREE CASH FLOW + Terminal Value	MM USD	(46.13)	63.51	11.78	33.61	148.95	198.36	201.69	204.74	207.53	3,904.42
Discount Rate	%	18.09%	16.01%	14.22%	12.61%	11.27%	10.31%	10.16%	10.02%	9.89%	9.78%
PRESENT VALUE	MM USD	(44.86)	53.40	8.83	23.07	95.46	119.47	111.06	103.27	96.03	1,659.49
TOTAL PRESENT VALUE	MM USD	2,225.22									
Cash (2021E)	MM USD	210.28									
Finacial Debt (2021E)	MM USD	1,339.68									
Net towards the shareholder	MM USD	1,095.82		Scenarios cases			Price EV/EBITDA				
				Bearish	Base	Bullish	Bearish	Base	Bullish		
Number of shares	#	160.61		3.71	6.82	9.76	9.44	10.43	10.75		
Value per share	USD	6.82		20%	50%	30%	20%	50%	30%		
Value per share weighted by scenarios	USD	7.08									
Price EV/EBITDA	USD	10.43									
Share value weighted with multiples	USD	10.33									

MM USD	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
ASSETS								
Cash and cash equivalents	195.70	281,03	251,55	219,43	235,77	227,12	248,88	248,60
Receivables	206,56	138,63	144,33	219,33	234,61	247,38	239,80	259,30
Tax Assets	10,31	18,42	18,42	18,42	18,42	18,42	18,42	18,42
Financial assets	83,78	73,90	73,90	73,90	73,90	73,90	73,90	73,90
Inventories	11,30	8,02	7,52	10,82	10,92	10,83	9,83	10,63
Total current assets	507,65	520,00	495,73	541,90	573,62	577,66	590,84	610,85
Receivables Non-current	121,28	90,29	133,65	138,78	150,55	158,87	161,25	152,57
Deferred tax assets	147,48	73,04	73,04	73,04	73,04	73,04	73,04	73,04
Other Non-current assets	24,11	25,01	25,01	25,01	25,01	25,01	25,01	25,01
Property, plant and equipment	79,61	80,83	90,32	95,81	100,89	105,80	108,92	117,78
Intangible assets	3.002,12	2.616,48	2.744,80	2.935,41	3.098,43	3.156,41	3.219,10	3.286,88
Total non-current assets	3.374,60	2.885,65	3.066,82	3.268,05	3.447,92	3.519,13	3.587,31	3.655,28
Total assets	3.882,25	3.405,65	3.562,55	3.809,95	4.021,54	4.096,79	4.178,15	4.266,13
LIABILITIES								
Current liabilities:								
Payables	378,88	331,66	327,45	467,01	466,82	457,78	410,38	443,75
Short term debt	175,12	216,41	243,81	150,98	175,13	178,98	256,77	238,08
Lease liabilities CL	3,14	3,48	3,48	3,48	3,48	3,48	3,48	3,48
Current tax liabilities	5,16	1,00	1,00	1,00	1,00	1,00	1,00	1,00
Total current liabilities	562,30	552,55	575,74	622,47	646,43	641,24	671,62	686,31
Non-current liabilities:								
Payables Non-current	0,80	9,16	9,16	9,16	9,16	9,16	9,16	9,16
Long term debt	1.033,22	1.128,41	1.247,07	1.337,24	1.424,07	1.463,28	1.483,81	1.517,05
Other liabilities NCL	848,41	728,75	824,65	884,22	941,44	967,17	980,87	1.002,81
Lease liabilities NCL	5,78	10,21	10,21	10,21	10,21	10,21	10,21	10,21
Deferred tax liabilities	233,12	171,29	171,29	171,29	171,29	171,29	171,29	171,29
Total Non- Current Liabilities	2.121,33	2.047,82	2.262,38	2.412,12	2.556,17	2.621,12	2.655,34	2.710,52
Total liabilities	2683,63	2.600,37	2.720,16	2.909,06	3.070,62	3.128,07	3.190,20	3.257,38
EQUITY								
Attributable to owners of the parent	763,89	489,41	526,51	585,01	635,04	652,83	672,07	692,88
Non-controlling interests	434,73	315,88	315,88	315,88	315,88	315,88	315,88	315,88
Total equity	1.198,62	805,29	842,39	900,89	950,92	968,71	987,95	1.008,76



DR. MAXIMILIANO BOMCHIL, J.D.

Chairman of the Board

- Member of the boards of directors and oversight commissions of well-known national and international businesses.
- Former board member and authority of non-profit organizations, having been Vice-President of the Franco-Argentine Chamber of Commerce and Industry; President of the Alliance Française of Buenos Aires, and member of the board of trustees of the Fondation Alliance Française.
- Member of the Advisory Board at Universidad Católica Argentina and the Honorary Board at Universidad Di Tella's Law School.
- Former member of the International Court of Arbitration of the International Chamber of Commerce and practices as arbitrator in many commercial cases.



MARTÍN EURNEKIAN

Chief Executive Officer, Director

- More than 15 years of experience in managing diverse businesses in seven different countries, primarily Latin America as well as Europe.
- He holds an Engineering degree in Information Technology from Universidad de Belgrano, Argentina.



RODERICK (ROD) MCGEOCH

Director

- Consultant in different social sectors including: foreign representation; arts; Trans-Tasman; telecommunications; sports; international Finance; Australia/New Zealand Leadership Forum; entertainment; law; and media and marketing.
- Member of the Advisory Board of American Infrastructure Holdings and Chairman of BGP Holdings Plc. He is also a director of Destination New South; Chairman of Media Works as of October 31, 2013; and a director of the board of Ramsay Health Care Limited. He holds a Bachelor of Laws degree from the University of Sydney.



CARLO MONTAGNA

Independent Director

- Financial services professional with 31 years of financial markets experience. Member of the Board of Directors of several organizations. Former Managing Director, Client Executive for Investment Managers, Insurances, Foundations and Pension Funds in Continental Europe (2003-2007). Former member of the Board of Directors of Investcredit Sicav Luxembourg and of Goldman Sachs Structured Investments Sicav Luxembourg.



DANIEL MARX

Director

- Executive Director of Quantum Finanzas. Former Secretary of Finance of the Argentine Ministry of Economy from 2000 to 2001 and Chief Debt Negotiator from 1988 to 2003 in charge of the design and execution of sovereign debt restructuring, financing program and relationship with international financial institutions and private banks. He holds a degree in Economics from University of Buenos Aires.



DAVID ARENDT

Independent Director

- Principal and Managing Director of Arendt Capital S.à.r.l. Former Managing Director of Le Freeport Luxembourg and Executive Vice President and Chief Financial Officer of Cargolux. Former Executive Vice President & Chief Financial Officer of Cargolux Airlines International SA (1998-2011), Member of the Management of Banque Générale du Luxembourg (now BGL BNP Paribas) (1994-1998), Vice President of Merrill Lynch (1990-1994). Mr. Arendt holds a Licence en droit degree from the Université des Sciences Sociales, Grenoble, and a Master of Laws degree from King's College, London University and a Master of Laws degree from New York University School of Law.



VALERIE PECHON

Independent Director

- Founding member of Key Partners S.à.r.l., a Luxembourg - based trust services provider. Member of the Luxembourg Order of Chartered Accountants. She is an Independent and non-executive director in various Luxembourg companies and has an University degree in Business Administration (ULG-EAA) with a focus in finance.



RAÚL GALANTE

Head of Accounting and Tax

- Serves as director of Puerta del Sur and CAISA. Member of the board of ICASGA and ICAB. Former Chief Financial Officer for CAISA and Puerta del Sur from 2008 to 2013. 10 years of experience in the airport industry. He has a Public Accountant degree from the Universidad de la República, Montevideo, Uruguay.



EUGENIO PERISSE

Head of Business Development

- More than 30 years of experience in airport planning, project coordination and on-site construction management. Holds an architectural degree from Buenos Aires University.



ANDRÉS ZENARRUZA

Head of Legal

- Worked in the legal department of the Corporate and Investment Bank of Citi in Argentina and as an associate at Baker and McKenzie's Buenos Aires office. Has a law degree from the University of Buenos Aires and a Master of Laws from the University of Cambridge. He is a British Chevening Scholar and a Cambridge Overseas Trust Scholar.



ROBERTO NALDI

Head of European Business Development

- Serves as the President of Corporación América Italia S.p.A. Member of the board of directors of the Florence Airport and Pisa Airport. He held several roles as senior advisor and former member of the board across CAAP airports. Mr. Naldi holds a degree in Civil Engineering from University of Florence, Italy.



JORGE ARRUDA

Chief Financial Officer

- Serves as Head of Finance and M&A and CEO of Inframerica Brazil. Has more than 20 years of investment banking experience, most recently serving as CEO and Head of Investment Banking at Nomura Securities Brazil.



MARTÍN EURNEKIAN

Chief Executive Officer, Director

Ways in which its corporate governance practices differ from those required to be followed by domestic companies under NYSE listing standards.

Practice	NYSE	Luxembourg Companies Law and Articles of Association
Non-management Directors' Meetings	Must meet at regularly scheduled executive sessions without management present and, if such group includes directors who are not independent, a meeting should be scheduled once per year including only independent directors.	Do not have a set policy for these meetings. The board shall meet as often as required by the interests of the Company and at least four times a year.
Audit Committee	Required to have an audit committee composed of independent directors that satisfies the requirements of Rule 10A-3 promulgated under the Exchange Act.	Audit committee composed of three members, of whom at least two must be independent (as defined in our articles of association).
Standards for Evaluating Director Independence	The board is required, on a case-by-case basis, to express an opinion with regard to the independence or lack of independence of each individual director.	Neither Luxembourg law nor our articles of association require the board to express such an opinion.
Audit Committee Responsibilities	Shareholders must be given the opportunity to vote on equity compensation plans and material revisions thereto.	CAAP do not currently offer equity-based compensation to our directors, executive officers or employees, and therefore do not have a policy on this matter.
Corporate Governance Guidelines	Adopt and disclose corporate governance guidelines.	Not required. The board of directors follows corporate governance guidelines consistent with CAAP's equity structure and holding company nature. These are not disclosed.
Code of Business Conduct and Ethics	Must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.	Not required. CAAP has adopted and published a code of conduct and complies with NYSE's requirements.
Chief Executive Officer Certification	CEO must annually certify that he or she is not aware of any violation by the company of NYSE corporate governance standards.	Not required. However, in accordance with NYSE rules applicable to all listed companies, our chief executive officer must promptly notify the NYSE in writing after any of our executive officers becomes aware of any noncompliance with any applicable provision of the NYSE's corporate governance standards.

Appendix | 10
ESG Methodology

ESG model covers the following pillars assigning respective weights to each of them:

Pillar and category	Weight
Environmental	
Resource use and innovation	28%
Emissions	12%
Social	
Workforce	13%
Human Rights	8%
Community	9%
Product Responsibility	6%
Governance	
Management	14%
Shareholders	6%
CSR Strategy	4%

The Scoring Model that was utilized was based on Refinitiv metrics. From laggards to leaders:

Grade	Description	Score Range
D-	"D" score indicates poor relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly.	0 - 0.08
D		0.08 - 0.17
D+		0.17 - 0.25
C-	"C" score indicates satisfactory relative ESG performance and moderate degree of transparency in reporting material ESG data publicly.	0.25 - 0.33
C		0.33 - 0.42
C+		0.42 - 0.5
B-	"B" score indicates good relative ESG performance and above average degree of transparency in reporting material ESG data publicly.	0.5 - 0.58
B		0.58 - 0.66
B+		0.66 - 0.75
A-	"A" score indicates excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly.	0.75 - 0.83
A		0.83 - 0.91
A+		0.91 - 1

Principles of Responsible Investing

Smart Beta Strategy:

Based on suppliers/society/states, people, investors, clients and the environment (SPICE model, ESG scores were incorporated into the valuation modifying beta. As outlined by the United Nations - supported Principles for Responsible Investments the following SPICE model was followed:

SPICE rating	Beta adjustment
A+	-20%
A	-10%
B	0%
C	10%
C-	20%

Beta was therefore incremented by 10% since CAAP ESG score is C.

ESG Scores

Pillar Grade	Pillar	Category	Weight	Score	Weighted Score	Pillar Score
C-	Environmental	Resource use and innovation	28%	0.3	0.8	0.26
		Emissions	12%	0.15	0.02	
C+	Social	Workforce	13%	0.35	0.05	0.42
		Human Rights	8%	0.5	0.04	
		Community	9%	0.5	0.05	
		Product Responsibility	6%	0.35	0.02	
C-	Governance	Management	14%	0.45	0.06	0.33
		Shareholders	6%	0.2	0.01	
		CSR Strategy	4%	0.08	0.00	
Total					0.33	
Grade					C	

Appendix | 11 Sustainable Development Goals



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