



# Management Report Corporación América Airports S.A.

The board of directors of Corporación América Airports S.A. (the "Company") submits the Consolidated Financial Statements for the fiscal year ended December 31, 2019 in accordance with Luxembourg applicable laws and regulations.

## General Overview

Corporación América Airports S.A. was incorporated under the laws of the Grand Duchy of Luxembourg ("Luxembourg") on December 14, 2012. The Company owns no assets other than its direct and indirect ownership of the issued share capital of other intermediate holding companies for all of our operating subsidiaries.

Prior to our initial public offering, we were 100% controlled by ACI Airports S.à r.l., a holding company incorporated in Luxembourg (the "Majority Shareholder"), which is 100% owned by ACI Holding S.à r.l., a holding company also incorporated in Luxembourg ("ACI Holding"). The Majority Shareholder currently controls 82.1% of our common shares.



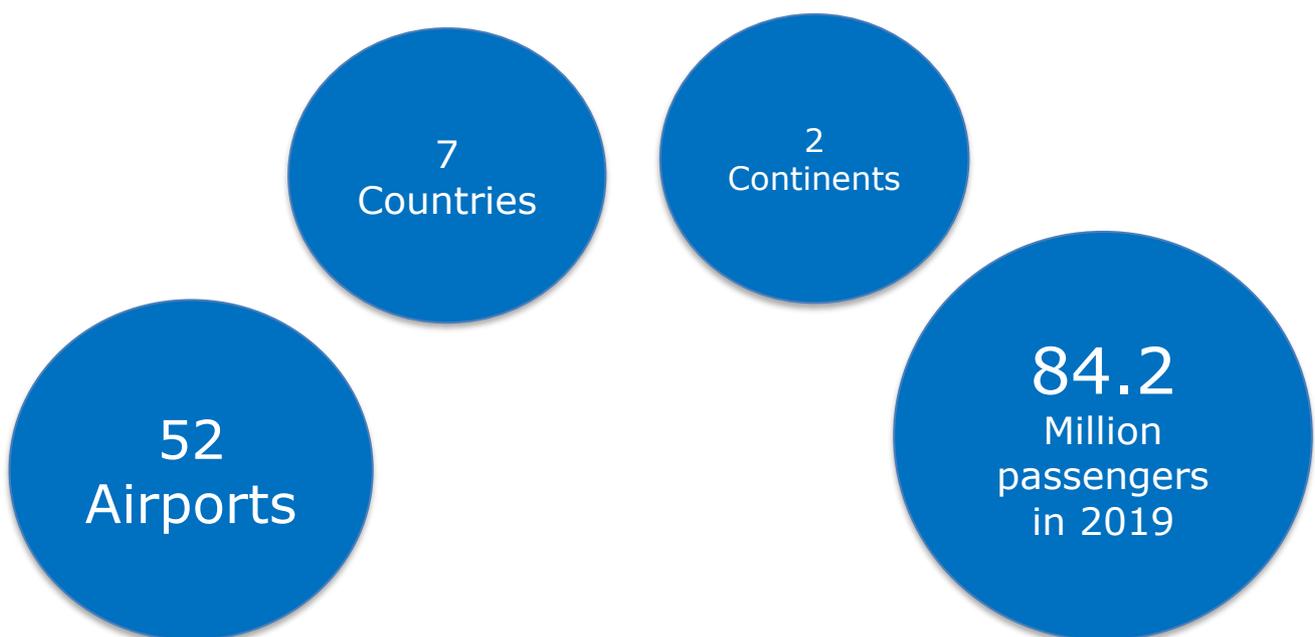
## WHO WE ARE - CORPORATE PROFILE

We are the largest private sector airport concession operator in the world based on the number of airports under management and the tenth largest private sector airport operator in the world based on passenger traffic. In 2019, our airports served 84.2 million passengers of which approximately 33.5% were international, approximately 56.5% were domestic and approximately 9.9% were transit passengers. The airports we operate are located in countries with compelling macro-economic trends and in key cities within those countries.

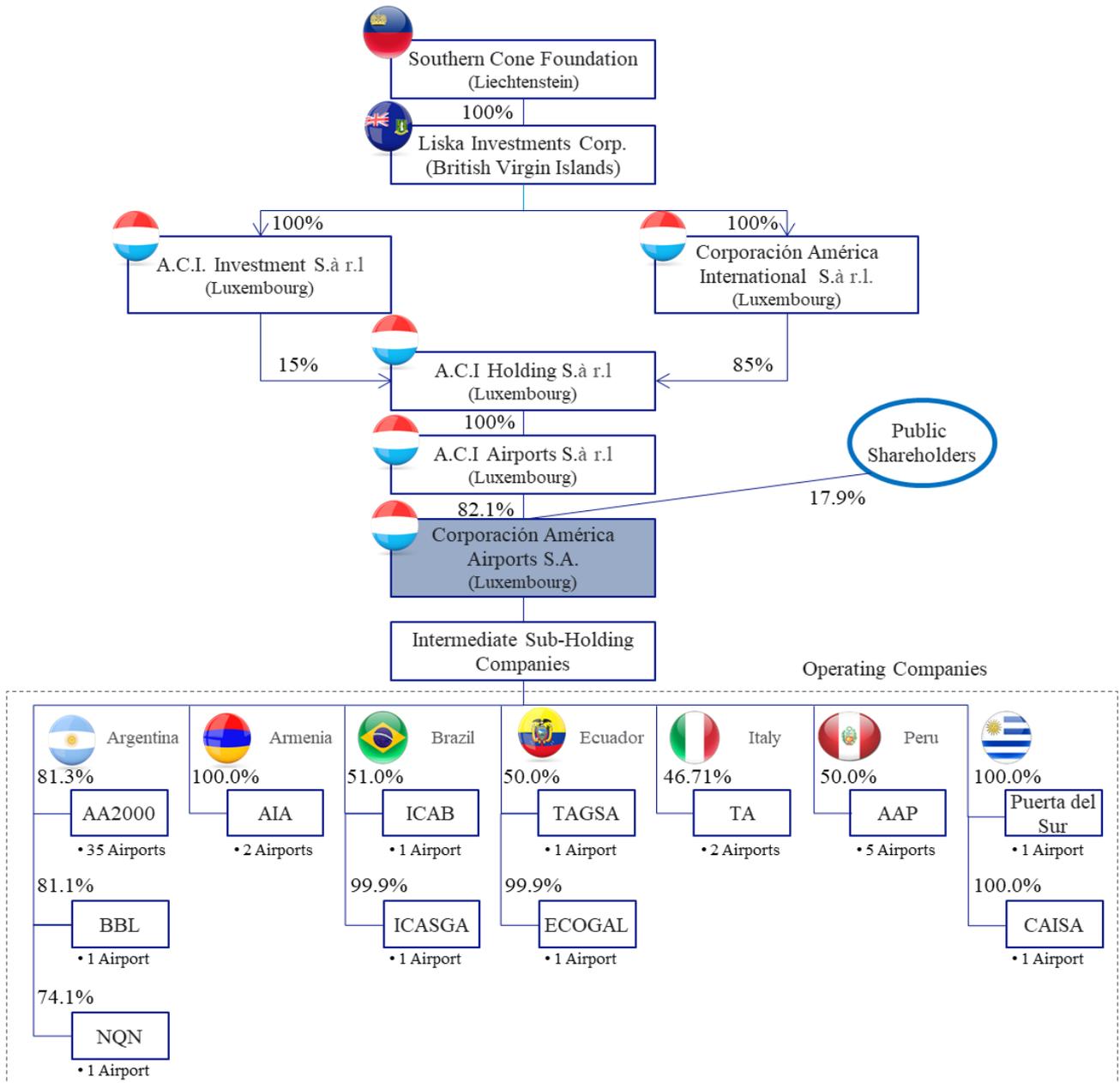
From our beginnings in 1998 when we acquired the concession rights to operate 33 airports in Argentina, we have expanded geographically and currently operate 52 airports globally; in Latin America, our largest market, as well as in Europe and Eurasia. We operate some of the largest and most important airports in the countries where we are present; including large international airports, such as Ezeiza Airport in Argentina, domestic airports, such as Brasilia Airport in Brazil, airports in tourist destinations, such as Galapagos Ecological Airport in Ecuador and Florence Airport in Italy, as well as mid-sized domestic airports. We acquired most of our airport concessions through a public tender process and we, generally, improved the infrastructure significantly through large capital investments.

We derive revenue from aeronautical and commercial services. The key driver of revenue is passenger traffic, as increased passenger traffic allows us to generate both aeronautical and commercial revenue. We derive the majority of our revenue from fees charged to departing passengers and landing and parking fees charged to aircraft operators for the use of our premises and for certain aeronautical services. We also earn revenue from commercial services, including warehouse usage, duty free, retail and food and beverage shops, advertising and parking fees.

We have created a global platform with operational expertise and resources to support our organic growth plan and our global expansion strategy.



The following diagram reflects a simplified summary of our current organizational structure:



# History and development of the Company's business

We have been operating since 1998 and have become a leading global airport concession operator.

- In 1998, as part of the AA2000 consortium, we were awarded the national and international public bid conducted by the Argentine Government for the concession rights related to the operation of 33 airports in Argentina, including the two largest airports, the Ministro Pistarini International Airport ("Ezeiza Airport"), located at Ezeiza, Buenos Aires, and the Jorge Newbery Aeroparque Airport ("Aeroparque Airport"), located in Buenos Aires.
- In 2001, as part of the Aeropuertos del Neuquén S.A. ("NQN") consortium, we were awarded the concession to operate Aeropuerto de Neuquén ("Neuquén Airport"), our 34th airport in Argentina.
- In 2002, our subsidiary Armenia International Airports CJSC ("AIA") was awarded the concession to operate the Zvartnots International Airport ("Zvartnots Airport"), located 12 kilometers from downtown Yerevan, Armenia's capital.
- In 2003, in a public auction conducted by the Uruguayan Government, we purchased the shares of Puerta del Sur S.A. ("Puerta del Sur"), owner of the concession that operates the General Cesáreo Berisso International Airport ("Carrasco Airport") in Carrasco, Uruguay, located 19 kilometers from downtown Montevideo, Uruguay's capital.
- In 2004, as part of the Terminal Aeroportuaria de Guayaquil S.A. ("TAGSA") consortium, we were awarded the concession to operate the José Joaquín de Olmedo International Airport ("Guayaquil Airport"), located five kilometers from downtown Guayaquil, Ecuador.
- In 2007, we executed an amendment to the Zvartnots Airport concession agreement to include Shirak Airport in Gyumri ("Shirak Airport"), the second largest civil airport in Armenia.
- In 2008, in a private transaction, we acquired all of the equity interests of Consorcio Aeropuertos Internacionales S.A. ("CAISA"), which owns the concession that operates the Carlos A. Curbelo Airport ("Punta del Este Airport") located in Maldonado, by Punta del Este, Uruguay.
- In 2008, as part of the consortium Aeropuerto de Bahía Blanca S.A. ("BBL"), we were awarded the concession to operate Aeropuerto de Bahía Blanca ("Bahía Blanca Airport"), our 35th airport in Argentina.
- In 2011, as part of the consortium Aeropuertos Andinos del Perú S.A. ("AAP"), we were awarded the concession to operate six principal airports in southern Peru (the "AAP Airports"). Currently, we operate five of the six airports that are part of the AAP concession agreement.

- In 2011, as part of the consortium Aeropuertos Ecológicos de Galápagos S.A. (“ECOGAL”), we were awarded the concession to operate the Seymour Airport (“Galapagos Airport”), located in Baltra Island, Galapagos Archipelago, our second airport in Ecuador.
- In 2011, as part of the consortium ICASGA, we were awarded the concession to operate the International Airport of São Gonçalo do Amarante (“Natal Airport”), located in Natal, Brazil.
- In 2012, pursuant to an agreement between AA2000 and the Argentine province of Santiago del Estero, we began operating the Termas de Río Hondo Airport, our 36th airport in Argentina.
- In 2012, as part of the consortium ICAB, we were awarded the concession to operate the Presidente Juscelino Kubitschek International Airport (“Brasilia Airport”), located 11 kilometers from downtown Brasilia, Brazil’s capital.
- In 2012, we formed A.C.I. Airports International S.à r.l. to hold, either directly or indirectly, our interests in various companies that own our airport concessions.
- In 2014, we 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 Toscana Aeroporti S.p.A. (“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.
- In 2014, we executed an amendment to the concession agreement of the Carrasco Airport extending the term by 10 years to 2033.
- In 2015, we completed the Reorganization.
- In 2015, we completed the corporate consolidation through which we acquired direct interest in ICASGA and indirect interest in ICAB through Inframerica.
- In 2015, as part of the Reorganization, we completed the dispositions of Latin Exploration S.A. (“Latin Exploration”) and its subsidiary Compañía General de Combustibles S.A., and Helpport S.A.
- In 2016, as additional steps in the Reorganization, we completed the dispositions of Helpport do Brasil S.A. and Hidroaconcagua S.A.
- In 2016, we completed the disposition of Corporación América Europa.
- In 2017, we completed the Conversion and renamed our company Corporación América Airports S.A.



- In 2017, as part of the AA2000 consortium, we were awarded the concession rights related to the operation of the El Palomar Airport (“El Palomar Airport”), located in the province of Buenos Aires, our 37th airport in Argentina.
- On February 1, 2018, we completed our initial public offering, in which we and the controlling shareholder sold an aggregate of 28,571,429 common shares to the public.
- In 2018 we acquired an additional 4.5% in TA, increasing our ownership to 55.7% of its issued and outstanding common stock.
- In 2018 we additionally acquired 6.58% in TA, increasing our ownership to 62.28% of its issued and outstanding common stock.
- In 2018 we sold and transferred 25% of CA Italy’s issued and outstanding common stock to Investment Corporation of Dubai, reducing our ownership in CA Italy to 75%.
- In 2018 we executed an amendment to the Guayaquil Concession Agreement extending the concession term for additional five years. Thus, the current expiration date is set to be in 2029.
- In March 2019, the Executive Power of Uruguay through the Defense Ministry issued a resolution approving the extension of the Punta del Este Concession Agreement for additional 14 years, until March 31, 2033, authorizing the Ministry of Defense to grant the modification of the aforementioned contract. The amendment to such concession agreement was executed on June 28, 2019.

The following table lists our concessions by country, together with their commencement date and extension details (if any):

<b>Country</b>	<b>Concession</b>	<b>CAAP Effective Ownership</b>	<b>Number of Airports</b>	<b>Concession Start Date</b>	<b>Current Concession End Date</b>	<b>Extension Details</b>
Argentina	AA2000	81.3%	35 <sup>(1)</sup>	1998	2028	Extendable for 10 years <sup>(2)</sup>
	NQN	74.1%	1	2001	2021	Extendable for 5 years <sup>(2)</sup>
	BBL	81.1%	1	2008	2033	Extendable for 10 years <sup>(2)</sup>
Italy	TA (SAT) <sup>(3)</sup>	46.7%	1	2006 (2014) <sup>(4)</sup>	2046	—
	TA (ADF) <sup>(3)</sup>	46.7%	1	2003 (2014) <sup>(5)</sup>	2043	—
Brazil	ICASGA	99.9% <sup>(6)</sup>	1	2012 <sup>(7)</sup>	2040	5 years
	ICAB	51.0%	1	2012 <sup>(8)</sup>	2037	5 years
Uruguay	Puerta del Sur	100%	1	2003	2033 <sup>(9)</sup>	—
	CAISA	100%	1	1993 (2008) <sup>(10)</sup>	2033 <sup>(11)</sup>	—
Ecuador	TAGSA	50.0%	1	2004	2029	—
	ECOGAL	99.9%	1	2011	2026	—
Armenia	AIA	100%	2	2002	2032	Option to renew every 5 years <sup>(12)</sup>
Peru	AAP <sup>(13)</sup>	50.0%	5	2011	2036	Extendable until 2071
<b>Total</b>			<b>52</b>			

- (1) Includes Termas de Rio Hondo Airport, which is operated by AA2000 but is pending certain regulatory approvals to be included in the AA2000 Concession Agreement.
- (2) Subject to certain terms and conditions, including governmental approval.
- (3) Both SAT and ADF have been merged into TA, of which we own a 55.7% equity interest.
- (4) We began operating the Pisa Airport in 2014.
- (5) We began operating the Florence Airport in 2014.
- (6) Our effective ownership is 99.97%.
- (7) The concession for the Natal Airport was awarded in August 2011, which became effective in January 2012. The Natal Airport began operating in June 2014.
- (8) We began operating the Brasilia Airport in December 2012.
- (9) Renegotiated extension in 2014.
- (10) We acquired the shares of CAISA in 2008.
- (11) Executive Power of Uruguay thought the Defense Ministry issued a resolution approving the extension of the Punta del Este Concession Agreement. The amendment to such concession agreement was executed on June 28, 2019.
- (12) Renewable at our sole discretion for an indefinite number of 5-year extension periods.
- (13) AAP's concession comprises six airports; however, we currently only operate five.



## Business overview

We acquire, develop and operate airport concessions. We are the largest private sector airport concession operator in the world based on the number of airports under management and the tenth largest private sector airport operator in the world based on passenger traffic. Currently, we operate 52 airports globally in Latin America, Europe and Eurasia. Since 1998, when we acquired the AA2000 Concession Agreement, we have expanded the environments and geographies in which we operate airports by acquiring concessions in Armenia, Uruguay, Ecuador, Peru, Brazil, Italy and additional concessions in Argentina.

We operate some of the largest and most important airports in the countries where we conduct operations, including a large international airport, such as Ezeiza Airport in Argentina, domestic airports, such as Brasilia Airport in Brazil and Aeroparque Airport in Argentina, airports in tourist destinations, such as Bariloche and Iguazu in Argentina, Galapagos Ecological Airport in Ecuador and Florence Airport in Italy, as well as mid-sized domestic and tourist destination airports.

Argentina is our largest and longest established market where we operate and manage 37 of the 56 airports in Argentina's national airport system, including the Argentina's two largest airports, Ezeiza and Aeroparque. In each year since we acquired the rights under the AA2000 Concession Agreement, our airports in Argentina have handled over 90.0% of Argentina's total passenger traffic.

For the year ended December 31, 2019, we had total consolidated revenue of USD 1.6 billion, consolidated loss of USD (5.8) million, Adjusted EBITDA of USD 380.7 million and Adjusted EBITDA excluding Construction Services of USD 378.5 million, and our airports handled 857,913 total aircraft movements and served 84.2 million total passengers (of which approximately 33.5% were international, approximately 56.5% were domestic and approximately 9.9% were transit passengers). For the year ended December 31, 2018, we had total consolidated revenue of USD 1.4 billion, consolidated income of USD (10.6) million, Adjusted EBITDA of USD 445.9 million, and Adjusted EBITDA excluding Construction Services of USD 443.8 million and our airports handled 880,579 total aircraft movements and served 81.8 million total passengers (of which approximately 34.2% were international, approximately 54.8% were domestic and approximately 11.0% were transit passengers). For the year ended December 31, 2017, we had total consolidated revenue of USD 1.6 billion, consolidated income of USD 66.9 million, Adjusted EBITDA of USD 461.6 million, and Adjusted EBITDA excluding Construction Services of USD 460.1 million and our airports handled 851,290 total aircraft movements and served 76.6 million total passengers (of which approximately 35.1% were international, approximately 53.9% were domestic and approximately 11.0% were transit passengers).



## Our airports by country in which we operate

### Argentina

Our largest operations are in Argentina, where we operate a total of 37 of the 56 airports in the Argentine national airport system, including the two largest airports in Argentina, Ezeiza Airport and Aeroparque Airport.

Our airports are located in 22 of the 23 Argentine provinces and in the City of Buenos Aires and currently serve major metropolitan areas in several Argentine provinces (such as Buenos Aires, Córdoba and Mendoza) and the City of Buenos Aires, tourist destinations (such as Bariloche, Mar del Plata and Iguazú), regional centers (such as Córdoba, Santa Rosa, San Luis, San Juan, La Rioja, Santiago del Estero and Catamarca) and border province cities (such as Mendoza, Iguazú, Salta and Bariloche).

Of the 37 airports we operate in Argentina, 19 have been designated as “international airports” under applicable local law, meaning that they are or may potentially be equipped to receive international flights.

Airport	Passenger traffic			
	International or national designation	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
		(In Thousands)		
Aeroparque Internacional, "Jorge Newbery"	International	12,311.3	13,474.0	13,920.9
Aeropuerto Internacional de Ezeiza, "Ministro Pistarini"	International	12,484.9	10,844.1	9,877.8
Aeropuerto Internacional de Córdoba, "Ing. A. Taravella"	International	3,529.0	3,398.8	2,863.7
Aeropuerto de San Carlos de Bariloche "Teniente Luis Candelaria"	International	1,857.7	1,576.7	1,296.6
Aeropuerto Internacional de Mendoza, "El Plumerillo"	International	2,311.4	2,023.7	1,762.1
Aeropuerto Internacional de Salta, "Martín Miguel de Güemes"	International	1,478.6	1,122.3	1,128.8
Aeropuerto de Misiones, "Cataratas del Iguazú"	International	1,575.5	1,112.0	999.2
Aeropuerto de Neuquén, "Presidente Peron"	International	1,217.3	1,036.4	909.7
Aeropuerto de Tucumán, "General Benjamin Matienzo"	International	969.5	957.2	559.6
Aeropuerto de Comodoro Rivadavia, "Geral. Enrique Mosconi"	International	649.5	680.0	623.5
Aeropuerto de San Juan, "Domingo Faustino Sarmiento"	National	148.9	209.8	225.9
Aeropuerto de Bahía Blanca, "Comandante Espora"	National	354.6	431.4	416.6
Aeropuerto de Río Gallegos, "Piloto Civil Norberto Fernández"	International	263.0	241.7	262.4
Aeropuerto de Jujuy, Gobernador Horacio Guzmán	International	397.9	406.4	268.6
Aeropuerto de Resistencia, "José de San Martín"	International	310.3	299.3	317.2
Aeropuerto Internacional de Mar del Plata, "Astor Piazzolla"	International	399.5	472.8	295.0
Aeropuerto de Posadas, "Libertador General José de San Martín"	International	325.7	296.0	212.2
Aeropuerto de Río Grande "Gobernador Ramon Trejo Noel"	International	147.8	151.4	151.1
Aeropuerto Internacional de Formosa, "El Pucu"	International	105.3	109.5	106.6
Aeropuerto de San Luis, "Brigadier Mayor César R Ojeda"	National	73.2	91.4	90.9
Aeropuerto de Santiago del Estero, "Vcom. Angel de la Paz Aragones"	National	149.4	124.9	99.1
Aeropuerto de La Rioja, "Capitán Vicente Almandos Almonacid"	National	65.7	71.1	89.8
Aeropuerto de San Rafael, "S.A. Santiago Germano"	National	54.6	54.0	56.9
Aeropuerto de Puerto Madryn, "El Tehuelche"	National	80.2	104.2	107.2
Aeropuerto de Catamarca, "Coronel Felipe Varela"	National	63.3	66.8	78.6
Aeropuerto de Esquel "Brigadier General Antonio Parodi"	National	53.5	51.7	60.3
Aeropuerto de Entre Ríos, "General Justo José de Urquiza"	National	60.2	74.5	106.3
Aeropuerto de Santa Rosa	National	49.4	49.2	49.5
Aeropuerto de San Fernando	International	26.4	44.1	46.9
Aeropuerto de Viedma, "Gobernador Castello"	National	39.8	34.1	43.4
Aeropuerto Termas de Río Hondo	National	13.8	23.6	166.9
Aeropuerto de Río Cuarto, "Área de Material"	National	37.3	38.6	57.5
Aeropuerto de General Pico	National	2.1	3.4	4.1
Aeropuerto de Reconquista "Teniente Daniel Jukic"	National	4.3	10.4	4.5
Aeropuerto de Malargüe, "Comodoro D Ricardo Salomon"	National	0.8	1.0	1.8
Aeropuerto de Villa Reynolds	National	0.4	0.4	0.8
Aeropuerto El Palomar	International	1,793.6	676.1	— <sup>(1)</sup>

(1) No information available as we did not operate the El Palomar Airport during the referenced period and given that during such time El Palomar was a military airport.



In Argentina, our main concession is the AA2000 Concession, which accounted for approximately 41.8 million passengers, or 96.4% of the total 43.4 million total passengers we served during the year ended December 31, 2019. Approximately 12.5 million of our passengers were at Ezeiza Airport and 12.3 million at Aeroparque Airport. For the year ended December 31, 2018, the airports under the AA2000 Concession Agreement 38.9 million passengers, or 96.4% of the total 40.4 million total passengers we served during the year ended December 31, 2018. Approximately 10.8 million of our passengers were at Ezeiza Airport and 13.5 million at Aeroparque Airport. For the year ended December 31, 2017, the airports under the AA2000 Concession Agreement 35.9 million passengers, or 96.4% of the total 37.3 million total passengers we served during the year ended December 31, 2017. Approximately 9.9 million of our passengers were at Ezeiza Airport and 13.9 million at Aeroparque Airport.

In our Argentina segment, AA2000 represented over 98.9% of our total revenues, 96.4% of our passengers and 95.8% of our air traffic movements in each of these periods. In a consolidated basis, AA2000 represented over 59.3% of our consolidated revenues, 49.7% of our total passengers and 49.9% of our air traffic movements during the year ended December 31, 2019.

In June 2011, Cedikor, the controlling shareholder of CASA, agreed to purchase from SEA 21,973,747 class A shares of AA2000, which represented 8.5% of AA2000's ordinary capital and voting stock, and 2.5% of its capital stock on a fully-diluted basis (including the preferred shares). In addition, in July 2011, 2,197,375 Class B Shares of AA2000 which represented 0.85% of the ordinary capital and voting stock, and 0.25% of the capital stock of AA2000 on a fully-diluted basis (including the preferred shares), were transferred to Cedikor by Riva. These transactions are still subject to ORSNA authorization.

The Argentine Government owns 15.0% of AA2000's ordinary share capital and voting stock through its ownership of AA2000's common shares. In addition, the Argentine Government owns all of AA2000's preferred shares. Beginning in 2020, the Argentine Government may convert each year preferred shares into common shares up to a maximum of 12.5% of the total initial amount of preferred shares issued to the Argentine Government. In order to exercise its conversion right, the Argentine Government must notify AA2000 of its intention to convert preferred shares and AA2000 will have 30 days from delivery of such notification to redeem those preferred shares before conversion occurs. In addition, AA2000 has the option, but not the obligation, to redeem the preferred shares held by the Argentine Government at any time. The conversion ratio will be based on the price of the common shares at the time of conversion compared to the nominal value of each preferred share, which is AR\$1. If AA2000's common shares are listed on the Buenos Aires Stock Exchange, then the price will be established based on the average traded value of such common shares on the Buenos Aires Stock Exchange during the five trading days prior to the notice of conversion delivered by the Argentine Government to AA2000. If AA2000's shares are not listed on the Buenos Aires Stock Exchange, the price of such common shares will be established by a third party appointed by the Argentine Government but paid by AA2000. AA2000 has no current plan to list its common shares on the Buenos Aires Stock Exchange. As of December 31, 2019, there were 747,529,409 preferred shares of AA2000 outstanding.

We currently expect that AA2000 will exercise its options to redeem such preferred shares held by the Argentine Government, so that we may maintain our ownership percentage in AA2000. However, if AA2000 does not exercise such right and the Argentine Government exercises the conversion right, our proportional ownership of the common shares of AA2000 will be decreased. The actual impact on our proportional ownership of common shares of AA2000 upon any such conversion will depend upon the price of AA2000 common shares at the time of the conversion.

The following table provides summary data for our operations in Argentina for the periods indicated:

	<b>For the Year Ended December 31,<sup>(1)</sup></b>					
	<b>2019</b>		<b>2018</b>		<b>2017</b>	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Revenue (in millions of USD)	934.8	60.0%	822.7	57.7%	998.6	63.4%
Number of passengers (in millions)	43.4	51.6%	40.4	49.3%	37.3	48.6%
Air traffic movements (in thousands)	447.2	52.1%	450.2	51.1%	425.9	49.9%

(1) We have included information for our three concessions in Argentina: AA2000, Bahía Blanca and Neuquén. We currently own 81.3% of the share capital of AA2000, 81.1% of the share capital of Bahía Blanca, and 74.1% of the share capital of Neuquén.

Our Argentina segment had Adjusted EBITDA of USD 241.4 million, USD 274.8 million and USD 315.2 million, for the years ended December 31, 2019, 2018 and 2017, respectively, and had Adjusted EBITDA excluding Construction Service of USD 241.1 million, USD 274.6 million and USD 315.1 million, for the years ended December 31, 2019, 2018 and 2017, respectively.

## Italy

In Italy, we operate and manage the Florence Airport and the Pisa Airport through our indirect 46.71% share ownership of TA. TA is the result of the merger of Società Aeroporto Toscano ("SAT"), Galileo Galilei S.p.A. and Aeroporto di Firenze S.p.A. ("ADF") on June 1, 2015, and is headquartered in Florence. As a result of the merger, CA Italy had a controlling stake of 55.7% of TA. In 2018, by means of two separate transactions, we acquired an additional 4.5% and 6.58%, respectively, in TA, increasing CA Italy's ownership to 62.28% of its issued and outstanding common stock. Later in 2018, we sold and transferred 25% of CA Italy's issued and outstanding common stock to Investment Corporation of Dubai, reducing our ownership in CA Italy to 75% and, consequently, our indirect ownership in TA to 46.71%.

SAT was incorporated in 1978 and commenced operations at the Pisa Airport in 1980. In 2006, SAT was officially awarded the concession to fully operate the Pisa Airport for 40 years. In 2003, ADF was officially awarded the concession to fully operate Florence Airport for 40 years. After the merger, TA became the owner and operator of both concessions. The following table provides summary data for our operations in Italy for the periods indicated:

	For the Year Ended December 31,					
	2019		2018		2017	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Revenue (in millions of USD)	145.6	9.3%	155.5	10.9%	154.5	9.8%
Number of passengers (in millions)	8.2	9.8%	8.2	10.0%	7.9	10.3%
Air traffic movements (in thousands)	79.0	9.2%	77.3	8.8%	77.4	9.1%

Of the approximately 8.2 million total passengers in the TA airports during the year ended December 31, 2019, approximately 5.4 million were in Pisa Airport and 2.9 million were in the Florence Airport. Our Italy segment had Adjusted Segment EBITDA of USD 38.5 million and Adjusted EBITDA excluding Construction Services of USD 36.8 million for the year ended December 31, 2019. Of the approximately 8.2 million total passengers in the TA airports during the year ended December 31, 2018, approximately 5.5 million were in Pisa Airport and 2.7 million were in the Florence Airport. Our Italy segment had Adjusted Segment EBITDA of USD 38.8 million and Adjusted EBITDA excluding Construction Services of USD 37.1 million for the year ended December 31, 2018. For the year ended December 31, 2017, of the approximately 7.9 million total passengers in the TA airports, approximately 5.2 million were in Pisa Airport and 2.7 million in the Florence Airport. Our Italy segment had Adjusted EBITDA of USD 29.8 million and Adjusted EBITDA excluding Construction Services of USD 28.6 million for the year ended December 31, 2017.

TA is listed on the Italian Stock Exchange under the ticker TYA. The year-end price for 2019 was €17.4 per share, representing a market cap of €323.8 million. Corporate capital amounted to €30.7 million, which is comprised of 30.7 million ordinary shares with no nominal value.

## Brazil

In Brazil, we operate the Brasilia Airport through our 50.98% indirect ownership of ICAB, a subsidiary of Inframerica. Inframerica was originally owned by Infravix and CASA. In 2015, we and the Majority Shareholder (ACI Airports S.à r.l.) acquired Infravix's shareholding in Inframerica. In 2015, pursuant to our Reorganization, CAAP acquired CASA's stake in Inframerica. As of the date of this annual report, we own 99.97% of the equity interests of Inframerica, which in turn holds 51.0% of the equity interests of ICAB. Empresa Brasileira de Infraestrutura Aeroportuaria ("Infraero") is the owner of the remaining 49.0% interest in ICAB.

We also operate the Natal Airport through our 99.97% ownership of ICASGA. ICASGA was originally owned by Infravix (50.0%) and CASA (50.0%). In 2015, we acquired from Infravix a 49.95% interest in ICASGA and the Majority Shareholder acquired the remaining 0.05% interest in ICASGA. As of the date of this annual report, we own 99.97% of ICASGA and the Majority Shareholder owns the remaining 0.03%.

The following table provides summary data for our operations in Brazil for the periods indicated:

	<b>For the Year Ended December 31,</b>					
	<b>2019</b>		<b>2018</b>		<b>2017</b>	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Revenue (in millions of USD)	116.6	7.5%	123.2	8.6%	128.8	8.2%
Number of passengers (in millions)	19.1	22.6%	20.3	24.8%	19.4	25.3%
Air traffic movements (in thousands)	161.8	18.9%	184.2	20.9%	185.2	21.8%

For the year ended December 31, 2019, of the approximately 19.1 million total passengers in Brazil, approximately 16.7 million were in the Brasilia Airport and 2.3 million were in the Natal Airport. For the year ended December 31, 2019, our Brazil segment had Adjusted EBITDA of USD (22.3) million and Adjusted EBITDA excluding Construction Services of USD (22.3) million. For the year ended December 31, 2018, of the approximately 20.3 million total passengers in Brazil, approximately 17.9 million were in the Brasilia Airport and 2.4 million were in the Natal Airport. For the year ended December 31, 2018, our Brazil segment had Adjusted EBITDA of USD 14.8 million and Adjusted EBITDA excluding Construction Services of USD 14.8 million. For the year ended December 31, 2017, of the approximately 19.4 million total passengers in Brazil, approximately 17.0 million were in the Brasilia Airport and 2.4 million were in the Natal Airport. For the year ended December 31, 2017, our Brazil segment had Adjusted EBITDA of USD 16.8 million and Adjusted EBITDA excluding Construction Services of USD 16.8 million.

## Uruguay

Our operations in Uruguay consist of the operation and maintenance of the two main Uruguayan airports that receive commercial flights. We own 100% of Puerta del Sur, the holder of the concession agreement through the execution of a comprehensive management agreement with the Uruguayan Ministry of Defense ("Carrasco Concession Agreement") to operate the Carrasco Airport and 100% of Consorcio Aeropuertos Internacionales S.A. ("CAISA") the holder of the concession agreement ("Punta del Este Concession Agreement," and together with the Carrasco Concession Agreement, the "Uruguayan Concession Agreements") with the Uruguayan Ministry of Defense to operate the Punta del Este Airport. The Carrasco Airport, located near Montevideo, is Uruguay's largest airport in terms of passenger traffic and serves as the country's primary gateway for international travel. We also own TCU S.A. ("TCU") through which we operate the cargo terminal at the Carrasco Airport.

The following table provides summary data for our operations in Uruguay for the periods indicated:

	<b>For the Year Ended December 31,</b>					
	<b>2019<sup>(1)</sup></b>		<b>2018<sup>(2)</sup></b>		<b>2017<sup>(3)</sup></b>	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Revenue (in millions of USD)	117.8	7.6%	116.3	8.2%	110.0	7.0%
Number of passengers (in millions)	2.2	2.6%	2.3	2.8%	2.3	3.0%
Air traffic movements (in thousands)	29.7	3.5%	33.5	3.8%	33.6	4.0%

(1) Includes revenues for TCU and reflects intersegment adjustments of USD 6.8 million.

(2) Includes revenues for TCU and reflects intersegment adjustments of USD 7.1 million.

(3) Includes revenues for TCU and reflects intersegment adjustments of USD 6.3 million

For the year ended December 31, 2019, of the approximately 2.2 million total passengers in Uruguay, approximately 2.0 million were in the Carrasco Airport and 0.2 million were in the Punta del Este Airport. Our Uruguay segment had Adjusted EBITDA of USD 56.4 million and Adjusted EBITDA excluding Construction Services of USD 56.4 million for the year ended December 31, 2019. For the year ended December 31, 2018, of the approximately 2.3 million total passengers in Uruguay, approximately 2.1 million were in the Carrasco Airport and 0.2 million were in the Punta del Este Airport. Our Uruguay segment had Adjusted EBITDA of USD 57.8 million and Adjusted EBITDA excluding Construction Services of USD 57.7 million for the year ended December 31, 2018. For the year ended December 31, 2017, of the approximately 2.3 million total passengers in Uruguay, approximately 2.1 million were in the Carrasco Airport and 0.2 million were in the Punta del Este Airport. Our Uruguay segment had Adjusted EBITDA of USD 55.2 million and Adjusted EBITDA excluding Construction Services of USD 55.1 million for the year ended December 31, 2017.

The Punta del Este Concession Agreement was scheduled to expire on March 31, 2019. In March 2019, the Executive Power of Uruguay through the Defense Ministry issued a resolution approving the extension of the Punta del Este Concession Agreement for additional 14 years, until March 31, 2033, authorizing the Ministry of Defense to grant the modification of the aforementioned contract. The amendment to such concession agreement was executed on June 28, 2019.

## Ecuador

Our operations in Ecuador consist of the operation and maintenance of the Guayaquil Airport and the Galapagos Airport.

The following table provides summary data for our operations in Ecuador for the periods indicated:

	For the Year Ended December 31, <sup>(1)</sup>					
	2019		2018		2017	
		% of Total		% of Total		% of Total
Revenue (in millions of USD)	109.6	7.0%	89.2	6.3%	85.3	5.4%
Number of passengers (in millions)	4.5	5.3%	4.4	5.4%	4.1	5.4%
Air traffic movements (in thousands)	82.4	9.6%	79.6	9.0%	78.2	9.2%

(1) We have included 100% of operational information of ECOGAL, with respect to number of passengers and air traffic movements, for the years ended December 31, 2019, 2018 and 2017. The revenue information for the years ended December 31, 2019, 2018 and 2017 includes only the consolidated revenue of TAGSA, our other concession in the Ecuador segment.

For the years ended December 31, 2019, 2018 and 2017, our Ecuador segment had Adjusted EBITDA of USD 25.3 million, USD 24.7 million and USD 26.5 million, respectively and Adjusted EBITDA excluding Construction Services of USD 25.3 million, USD 24.7 million and USD 26.5 million, respectively.

We own 50.0% of TAGSA, which operates and maintains the Guayaquil Airport in the City of Guayaquil, pursuant to the terms and conditions of a concession agreement ("Guayaquil Concession Agreement") among TAGSA, Autoridad Aeroportuaria de Guayaquil ("AAG"), and the *M.I. Municipalidad de Guayaquil* ("Municipality of Guayaquil"). The Guayaquil Concession Agreement was originally scheduled to expire in July 2024, however, the expiration term was extended until 2029 as agreed in the fourth amendment to the Guayaquil Concession Agreement.

We own 99.9% of ECOGAL, which operates and maintains the Galapagos Airport located at the Galapagos Islands which is an Ecuadorian province located 605 miles west of the Ecuadorian coast, and which were declared a National Park in 1959. The Galapagos Airport is located in the Baltra Island, within a short distance from Santa Cruz Island, which holds the most populous city of the province and the city with the best tourist infrastructure in the province (the city of Puerto Ayora). The duration of the Galapagos Concession Agreement is 15 years as from the compliance of the conditions precedent set forth therein; such conditions were satisfied on July 15, 2011.

The Galapagos Airport has been recognized as the first ecological and sustainable airport in the world by the U.S. Green Building Council. The airport terminal was entirely planned, designed and built taking into account its relationship with the surrounding environment to reduce its environmental impact. The terminal also received Leadership in Energy and Environmental Design (LEED) certification, GOLD level.

Additionally, on June 23, 2015, the Galapagos Airport received the Carbon Footprint Reduction accreditation from the Airport Carbon Accreditation program. The program, implemented by Airports Council International Europe, is aimed at evaluating and recognizing airports that make outstanding efforts to reduce and compensate for greenhouse gas emissions. The Galapagos Airport is the first airport in South America and the second one in Latin America to receive a carbon footprint reduction accreditation. Currently, we are in level 3+, "Compensation" and we are working towards moving to the next level, "Reduction."

## Armenia

We own 100% of AIA which owns the concession from the Armenian Government (the "Armenian Concession Agreement") to operate and maintain the only two operating airports for scheduled commercial flights in Armenia: the Zvartnots Airport and the Shirak Airport.

The following table provides summary data for our operations in Armenia for the periods indicated:

	<b>For the Year Ended December 31,</b>					
	<b>2019</b>		<b>2018</b>		<b>2017</b>	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Revenue (in millions of USD)	133.5	8.6%	118.4	8.3%	94.5	6.0%
Number of passengers (in millions)	3.2	3.8%	2.9	3.5%	2.6	3.3%
Air traffic movements (in thousands)	27.4	3.2%	24.1	2.7%	22.0	2.6%

For the years ended December 31, 2019, 2018 and 2017, our Armenia segment had Adjusted EBITDA of USD 51.8 million, USD 48.8 million and USD 41.2 million, respectively, and Adjusted EBITDA excluding Construction Services of USD 51.5 million, USD 48.7 million and USD 41.1 million, respectively.

For the year ended December 31, 2019, of the approximately 3.2 million total passengers in Armenia, approximately 3.0 million were in the Zvartnots Airport and 0.1 million were in the Shirak Airport. For the year ended December 31, 2018, of the approximately 2.9 million total passengers in Armenia, approximately 2.7 million were in the Zvartnots Airport and 0.2 million were in the Shirak Airport. For the year ended December 31, 2017, of the approximately 2.6 million total passengers in Armenia, approximately 2.5 million were in the Zvartnots Airport and 0.1 million were in the Shirak Airport.

## Peru

Our operations in Peru consist of the operation, use and maintenance of five airports in southern Peru, including the Arequipa Airport, which is the third largest airport in Peru in terms of passenger traffic, through our 50.0% participation in AAP. AAP was incorporated by public deed dated November 22, 2010, for the sole purpose of acting as the concessionaire of the AAP Concession Agreement. We account for the results of operations of AAP using the equity method and therefore, such results are not included in the total revenue for our operations.

The following table provides summary data for our operations in Peru for the periods indicated:

	<b>For the Year Ended December 31,<sup>(1)</sup></b>					
	<b>2019</b>		<b>2018</b>		<b>2017</b>	
		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
Number of passengers (in millions)	3.6	4.3%	3.4	4.2%	3.1	4.0%
Air traffic movements (in thousands)	30.5	3.6%	31.6	3.6%	29.0	3.4%

(1) Although for the years ended December 31, 2019, 2018 and 2017, the results of operations of the our associate AAP are not consolidated, we have included 100% of operational information of AAP with respect to number of passengers and air traffic movements for the years ended December 31, 2019, 2018 and 2017.

For the years ended December 31, 2019, 2018 and 2017, our Peru segment had a negative Adjusted EBITDA and Adjusted EBITDA excluding Construction Services of USD (5.1) million, USD (5.3) million and USD (15.3) million, respectively. Our Peru segment includes Aeropuertos Andinos del Peru S.A. and Sociedad Aeroportuaria KunturWasi S.A.



AAP is an associate corporation which was incorporated in 2010, 50.0% owned by CAAP and 50.0% owned by Andino Investment Holding (a private Peruvian logistics conglomerate). Pursuant to the by-laws of AAP, major corporate decisions, including the amendment of its by-laws, approval of corporate reorganizations and any increase or reduction of share capital, may be made only with the consent of all shareholders. The AAP Concession Agreement grants AAP the rights for the management and operation of the following six airports in southern Peru for a period of 25 years:

- Rodríguez Ballón International Airport—Arequipa
- Coronel FAP Alfredo Mendivil Duarte Airport—Ayacucho
- Inca Manco Capac International Airport—Juliaca
- Padre Almadiz International Airport—Puerto Maldonado
- Coronel FAP Carlos Ciriani Santa Rosa International Airport—Tacna
- Andahuaylas Airport—Apurímac

Although included under the AAP Concession Agreement, the Andahuaylas Airport has not ever been operated by AAP, as the Peruvian Government does not own the land, which is a condition for the Peruvian Government to deliver such airport to AAP for operation under the AAP Concession Agreement.

Our airports currently serve major metropolitan areas in five southern Peruvian provinces: Arequipa, Puno, Ayacucho, Tacna and Puerto Maldonado. Of the five airports that we currently operate under the AAP Concession Agreement, four have been designated as international airports under Peruvian law, which means that they are or may potentially be equipped to receive international flights, although they mostly receive domestic flights.

## Our Airports - Our strategically most important airports

### Ezeiza Airport (EZE)



Ezeiza Airport is our largest airport in terms of contribution to revenue and Argentina's second largest airport in terms of passenger traffic. During the year ended December 31, 2019, Ezeiza Airport served 12.5 million total passengers, representing approximately 14.8% of our total passenger traffic. Of the total passengers, 89.8% were international, 7.9% were domestic and 2.3% were transit passengers. During the year ended December 31, 2019, Ezeiza Airport accounted for 85,633 total air traffic movements, which represented 10.0% of all air movements in the airports we operate. During the year ended December 31, 2018, Ezeiza Airport served 10.8 million total passengers, representing approximately 13.2% of our total passenger traffic. Of the total passengers, 91.4% were international, 6.9% were domestic and 1.7% were transit passengers. During the year ended December 31, 2018, Ezeiza Airport accounted for 75,234 total air traffic movements, which represented 8.5% of all air movements in the airports we operate. During the year ended December 31, 2017, Ezeiza Airport served 9.9 million total passengers, representing approximately 12.9% of our total passenger traffic. Of the total passengers, 91.0% were international, 7.0% were domestic and 2.0% were transit passengers. During the year ended December 31, 2017, Ezeiza Airport accounted for 66,916 total air traffic movements, which represented 7.8% of all air movements in the airports we operate.



A number of commercial airlines, including Aerolíneas Argentinas, Air Canada, Air France, Alitalia, American Airlines, British Airways, Delta Airlines, Lufthansa, LATAM Airlines Group and United Airlines, operate international flights to and from Ezeiza Airport.

Ezeiza Airport operates 24 hours a day. The total area of the airport's premises is approximately 3,475 hectares (374.0 million square feet). The airport has two operating runways, one with a length of 3,300 meters (10,824 feet) and the other with a length of 3,105 meters (10,170 feet). The airport's approximate runway capacity is 60 air traffic movements per hour.

## Aeroparque Airport (AEP)



Aeroparque Airport is Argentina's largest airport in terms of passenger traffic. During the year ended December 31, 2019, Aeroparque Airport served a total of 12.3 million passengers, which accounted for approximately 14.6% of all passengers served by our airports. In the year ended December 31, 2019, Aeroparque Airport accounted for 111,176 total air traffic movements, which accounted for 13.0% of all air traffic movements in the airports we operate. During the year ended December 31, 2018, Aeroparque Airport served a total of 13.5 million passengers, which accounted for approximately 16.5% of all passengers served by our airports. In the year ended December 31, 2018, Aeroparque Airport accounted for 130,242 total air traffic movements, which accounted for 14.8% of all air traffic movements in the airports we operate. During the year ended December 31, 2017, Aeroparque Airport served a total of 13.9 million passengers, which accounted for approximately 18.2% of all passengers served by our airports. In the year ended December 31, 2017, Aeroparque Airport accounted for 134,532 total air traffic movements, which accounted for 15.8% of all air traffic movements in the airports we operate.

The principal airlines operating at Aeroparque Airport are Aerolíneas Argentinas, Austral-Cielos del Sur and LATAM Airlines Group. The Minister of Transport announced that starting May 2020, international air traffic to neighboring countries including, Brazil, Chile, Bolivia and Paraguay, will be gradually reinstated at Aeroparque Airport.

## Florence Airport (FLR)



During the year ended December 31, 2019, Florence Airport served a total of 2.9 million passengers, which accounted for approximately 3.4% of all passengers served by our airports. Florence Airport accounted for 36,137 total air traffic movements, which accounted for 4.2% of all air traffic movements in the year ended December 31, 2019. During the year ended December 31, 2018, Florence Airport served a total of 2.7 million passengers, which accounted for approximately 3.3% of all passengers served by our airports. Florence Airport accounted for 34,226 total air traffic movements, which accounted for 3.9% of all air traffic movements in the year ended December 31, 2018. During the year ended December 31, 2017, Florence Airport served a total of 2.7 million passengers, which accounted for approximately 3.5% of all passengers served by our airports. Florence Airport accounted for 35,490 total air traffic movements, which accounted for 4.2% of all air traffic movements in the year ended December 31, 2017.

In the last six years, the airport has seen an average 6.2% annual passenger growth rate. However, the airport is constrained by its current infrastructure. Florence Airport cannot service long-haul flights given the short length of its runway. Additionally, since the runway was built in the direction of the prevailing wind, Florence Airport has a relatively high number of flight cancellations due to adverse weather conditions that are rerouted to Pisa Airport when possible to avoid passenger loss. Passengers can also be rerouted to Bologna Airport, if needed. Plans are underway to build a new terminal and runway. The new infrastructure should allow Florence Airport to reach its full potential and complement Pisa Airport's offerings.



On November 3, 2015, we received the technical approval by ENAC of our 2014-2029 master plan for Florence Airport. On December 28, 2017, the Ministry of Environment approved the environmental impact assessment under the master plan. However, on May 27, 2019, upon request of the Environmental Association (Associazione VAS Vita Ambiente) and other authorities, such approval was repealed through judgment No. 793.

On July 25, 2019, TA, jointly with the Ministry of Environment, ENAC and other authorities, appealed such judgement. On February 14, 2020, TA has been notified by the Council of State that the appeal has been rejected. Therefore, we must undertake a new procedure regarding the environmental compliance of the works performed.

## Pisa Airport (PSA)



During the year ended December 31, 2019, Pisa Airport served a total of 5.4 million passengers, which accounted for approximately 6.4% of all passengers served by our airports. Pisa Airport accounted for 42,815 total air traffic movements, which accounted for 5.0% of all air traffic movements in the year ended December 31, 2019. During the year ended December 31, 2018, Pisa Airport served a total of 5.5 million passengers, which accounted for approximately 6.7% of all passengers served by our airports. Pisa Airport accounted for 43,109 total air traffic movements, which accounted for 4.9% of all air traffic movements in the year ended December 31, 2018. During the year ended December 31, 2017, Pisa Airport served a total of 5.2 million passengers, which accounted for approximately 6.8% of all passengers served by our airports. Pisa Airport accounted for 41,860 total air traffic movements, which accounted for 4.9% of all air traffic movements in the year ended December 31, 2017.

Low-cost carriers dominate in terms of passengers and aircraft movements at the Pisa Airport.

On October 24, 2017, ENAC approved and signed our 2015-2028 master plan for Pisa Airport. Further investments in capex will allow the airport to reach six million passengers capacity in the short term.

## Brasilia Airport (BSB)



During the year ended December 31, 2019, the Brasilia Airport served a total of 16.7 million passengers, which accounted for approximately 19.9% of all passengers served by our airports. The Brasilia Airport accounted for 143,762 total aircraft movements, which accounted for 16.8% of all aircraft movements, in the year ended December 31, 2019. During the year ended December 31, 2018, the Brasilia Airport served a total of 17.9 million passengers, which accounted for approximately 21.9% of all passengers served by our airports. The Brasilia Airport accounted for 165,169 total aircraft movements, which accounted for 18.8% of all aircraft movements, in the year ended December 31, 2018. During the year ended December 31, 2017, the Brasilia Airport served a total of 17.0 million passengers, which accounted for approximately 22.2% of all passengers served by our airports. The Brasilia Airport accounted for 166,200 total aircraft movements, which accounted for 19.5% of all aircraft movements, in the year ended December 31, 2017.

The Brasilia Airport is located in the Brazilian capital city of Brasilia. The concession for the Brasilia Airport is owned by ICAB, a subsidiary of Inframerica. As of the date of this annual report, we own 99.9% of the equity interests of Inframerica, which holds 51.0% of the equity interests of ICAB. Infraero is the owner of the remaining 49.0% interest in ICAB. Infraero is a state-owned company affiliated with the Civil Aviation Secretariat of Brazil and it currently operates 59 airports in Brazil and owns a 49.1% stake in 5 other airports (including Brasilia) that it does not directly operate. The Brasilia Airport is Brazil's third largest airport in terms of passenger traffic and serves 39 domestic routes and nine international routes. Because of its geographic location in the central region of the country and its location in the federal capital of Brazil, the Brasilia Airport is one of the only airports with direct and daily flights to all 26 Brazilian state capitals. The Brasilia Airport also offers international routes to and from the United States, Argentina, Peru, Chile, Paraguay, Portugal, the Dominican Republic and Panama.

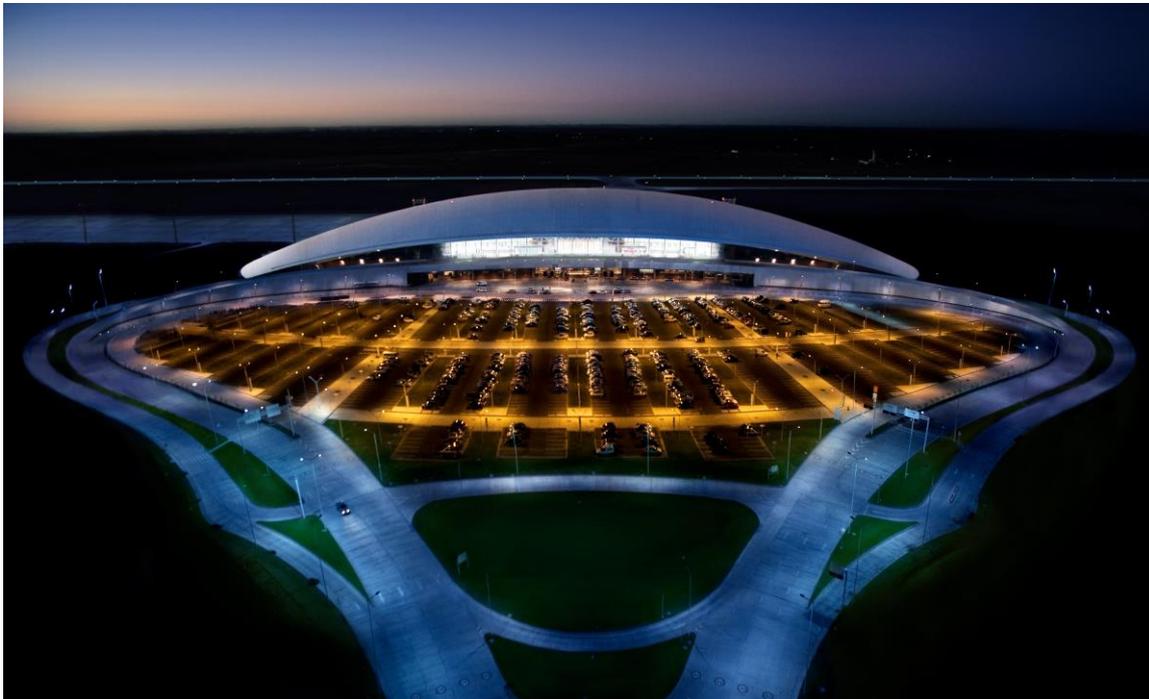


The Brasilia Airport is the only airport in South America capable of operating two runways simultaneously, which provides the largest runway capacity in Brazil.

The principal airlines operating at the Brasilia Airport are LATAM Airlines Group, Gol Transportes Aéreos, Avianca and Azul which collectively represent 96% of the airport's traffic. Other principal airlines include American Airlines, TAP, Copa Airlines and Passaredo.

The Brasilia Airport is located 12 kilometers (8.5 miles) from downtown Brasilia. The Brasilia Airport operates twenty-four hours a day. The total area of the airport premises is approximately 250,000 square meters (2,690,977 square feet). The two runways have a length of 3,300 meters (approximately 10,826 feet) and 3,200 meters (approximately 10,498 feet). The airport's terminal covers approximately 110,000 square meters (1,184,300 square feet), of which 14,290 square meters (approximately 153,816 square feet) is commercial area. The parking lot is 100,000 square meters (1,076,391 square feet), with the capacity to accommodate 3,216 vehicles.

## Carrasco (MVD)



Carrasco Airport, located near Montevideo, is Uruguay's largest airport in terms of passenger traffic and serves as the country's primary gateway for international travel. Carrasco Airport has the capacity to handle up to 4.5 million passengers annually. It currently serves regional centers, tourist destinations and certain major cities throughout the Americas and Europe.

During the year ended December 31, 2019, the Carrasco Airport served a total of 2.0 million passengers, which accounted for approximately 2.4% of all passengers served by our airports. In addition, the Carrasco Airport accounted for 21,833 aircraft movements, which represented 2.5% of all air traffic movements in the year ended December 31, 2019 in the airports we operate. During the year ended December 31, 2018, the Carrasco Airport served a total of 2.1 million passengers, which accounted for approximately 2.6% of all passengers served by our airports. In addition, the Carrasco Airport accounted for 24,479 aircraft movements, which represented 2.8% of all air traffic movements in the year ended December 31, 2018 in the airports we operate. During the year ended December 31, 2017, the Carrasco Airport served a total of 2.1 million passengers, which accounted for approximately 2.8% of all passengers served by our airports. In addition, the Carrasco Airport accounted for 24,507 aircraft movements, which represented 2.9% of all air traffic movements in the year ended December 31, 2017 in the airports we operate.

In 2003, our wholly-owned subsidiary Cerealsur S.A. acquired 100% of the outstanding shares of Puerta del Sur, the holder of the Carrasco Concession Agreement. The original concession agreement was for a period of 20 years ending in November 2023, which term has been extended for an additional period of 10 years, until 2033.

# Regulatory and Concessions Framework

## Introduction

We hold concessions in Argentina, Italy, Brazil, Uruguay, Ecuador, Armenia and Peru and are subject to regulations in each one of these countries.

The following table sets out aspects of our concession agreements, along with their respective term and extension provisions, and the corresponding regulatory governmental authority.

	<b>Concession agreement</b>	<b>Governmental authority</b>	<b>Term and extension provisions</b>
Argentina	AA2000 Concession Agreement	Argentine Government; ORSNA	30-year term (ending February 13, 2028); may be extended an additional 10 years, subject to authorization by the Argentine Government.
	NQN Concession Agreement	Government of the Province of Neuquén; ORSNA	20-year term (ending October 24, 2021). Concession may be extended for 5 years upon governmental approval.
	BBL Concession Agreement	Municipality of Bahía Blanca; ORSNA	25-year term (ending May 22, 2033). Concession may be extended for 10 years upon governmental approval.
Italy	Pisa Concession Agreement	ENAC	40-year term (ending December 7, 2046).
	Florence Concession Agreement	ENAC	40-year term (ending February 10, 2043).
Brazil	Natal Concession Agreement	Brazilian ANAC	28-year term (ending January 24, 2040); may be extended for an additional 5 years if necessary to reestablish economic equilibrium.
	Brasilia Concession Agreement	Brazilian ANAC	25-year term (ending July 24, 2037); may be extended for an additional 5 years if necessary to reestablish economic equilibrium.
Uruguay	Carrasco Concession Agreement	Defense Ministry	20-year term with 10-year extension already approved (30-year total, ending November 20, 2033).
	Punta del Este Concession Agreement	Defense Ministry	40-year term (ending March 31, 2033).
Ecuador	Guayaquil Concession Agreement	AAG; Municipality of Guayaquil	25-year and 5-month term (ending July 27, 2029).
	Galapagos Concession Agreement	DGAC; STAC	15-year term (ending July 6, 2026).
Armenia	Armenian Concession Agreement	Armenian Government; GDCA	30-year term (ending June 8, 2032), with option to extend the term of the agreement by 5-year periods if in good standing.
Peru	AAP Concession Agreement	MTC	25-year term (ending January 5, 2036); may be extended at request of AAP at least 3 years prior to the termination date; the term of the concession cannot exceed 60 years.

# OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*Our discussion and analysis of our results of operations and financial condition are based upon our Audited Consolidated Financial Statements, which have been prepared in accordance with IFRS. Our operating and financial review and prospects should be read in conjunction with our Audited Consolidated Financial Statements, the accompanying notes thereto and other financial information appearing elsewhere in this annual report*

## Operating Results

### Factors Affecting Our Results of Operations

A number of factors have a significant impact on our business and results of operations, the most important of which are regulations, passenger traffic levels and air traffic operations, fluctuations in exchange rates in the currencies in which we operate, and our capital investment plans.

#### **Regulations**

Fees for aeronautical services are established under the terms of the relevant concession agreement, and the regulatory framework of the governmental authority in each jurisdiction where we operate. Our concession agreements establish or otherwise regulate the rates that we may charge to aircraft operators and passengers for aeronautical services, including fees for landing and transit of aircraft, departing passenger fees, and fees for aircraft parking. Some of our concession agreements also allow us to charge additional fees to passengers for services such as security and reduced mobility assistance, among others. These fees are invoiced to users of our airport infrastructure, principally airlines using our airports, either from their general revenue or as collected directly from airline passengers.

#### **Passenger traffic levels and air traffic operations**

A significant portion of our revenue depends directly or indirectly on the level of passenger traffic at our airports and the number of aircraft movements (takeoffs and landings) conducted in the airports we operate. Aeronautical revenue within our airports is directly dependent on aircraft movements. In addition, our commercial revenues depend significantly on the number of passengers passing through terminals, as well as on the nature of the traffic. For example, international passenger traffic generates more commercial revenue than domestic traffic.

From 2018 to 2019, air traffic increased 2.7% in terms of number of passengers, decreased 2.6% in terms of aircraft movements and increased 2.9% in terms of cargo volume handled. From 2017 to 2018, air traffic increased 6.1% in terms of number of passengers, 3.4% in terms of aircraft movements and 5.2% in terms of cargo volume handled.

### ***Fluctuations in exchange rates in the currencies in which we operate***

Our primary foreign currency exposure gives rise to market risks associated with exchange rate movements of the Argentine peso, the Brazilian real, the euro, the Uruguayan peso and the Armenian dram against the U.S. dollar; and the Euro against the Armenian dram.

### ***Our Capital Investment Plans***

We believe that we have identified transformative growth opportunities at our Ezeiza, Florence and Guayaquil Airports. At Ezeiza Airport, we are developing a project for the terminal area that includes new passenger buildings, as well as apron expansions and a new ground access and parking. The arrivals and departures terminals will accommodate extensive commercial areas, including duty free shops, retail stores, entertainment, restaurants and coffee shops and several other services. We also expect to expand regional airports in Argentina, including the airports located in Jujuy, San Juan, Comodoro Rivadavia and Iguazu, among others. In partnership with the Italian Government, we have developed an investment plan for Florence Airport to invest approximately USD 351.1 million in capital expenditures for intangible assets during the period from 2017 until 2022. Finally, at our Guayaquil Airport, we will invest to remodel the boarding and arrival passenger area and improve the runways as agreed under the extension to the Guayaquil Airport Concession Agreement.

### ***Our segments***

We have identified seven reportable segments: Argentina, Italy, Brazil, Uruguay, Ecuador, Armenia and Peru. See Note 4 to our Audited Consolidated Financial Statements.

### ***Our associates***

AAP is an associate which was incorporated in 2010, 50.0% owned by CAAP and 50.0% owned by Andino Investment Holding (a private Peruvian logistics conglomerate). We record our 50.0% ownership interest in the shareholders' equity of AAP in "Investments in associates" and we account for the results of operations of AAP using the equity method as "share of loss in associates."

Under the terms of the concession agreement for the operation of the Galapagos Airport (the "Galapagos Concession Agreement"), the net profits generated by ECOGAL must be transferred entirely to the Dirección General de Aviación Civil. Because we are not entitled to receive dividends from the operations of ECOGAL, we record our percentage ownership interest in the shareholders' equity of ECOGAL in "Investments in associates" and we account for our results of operations for ECOGAL under the equity method as "share of loss in associates."

Certain of the operational information provided below with respect to passenger composition, cargo volume and aircraft movements includes results of AAP and ECOGAL. Revenue and expense information on a per segment basis for Ecuador includes the results of TAGSA, but does not include the results of ECOGAL.

## Our passenger traffic, cargo volume and aircraft movements

Our revenue is highly dependent on levels of air traffic. Passenger traffic in our airports is composed of international, domestic and transit passengers. During the years ended December 31, 2019, 2018 and 2017, approximately 56.5%, 54.8% and 53.9%, respectively, of the passengers were domestic passengers, approximately 33.5%, 34.2% and 35.1%, respectively, of our passengers were international passengers, and approximately 9.9%, 11.0%, and 11.0%, respectively, of our passengers were transit passengers. The majority of our aircraft movements consist of commercial airline traffic, which drives a substantial portion of our passenger traffic. General aviation, which includes private jets, is the second largest category of aircraft movements, but does not significantly contribute to passenger traffic. Cargo is generally transported through commercial aircraft movements, and to a lesser extent, through cargo flights. The principal factor affecting our cargo volume is macroeconomic conditions in the local and regional markets.

The following table sets forth certain statistical data relating to our total passenger traffic, cargo volume and aircraft movements for the periods indicated:

	<b>Years ended December 31,</b>					
	<b>2019</b>	<b>% change against prior year</b>	<b>2018</b>	<b>% change against prior year<sup>1</sup></b>	<b>2017</b>	<b>% change against prior year</b>
Domestic Passengers (in millions)	47.6	6.1%	44.8	8.6%	41.3	8.9%
International Passengers (in millions)	28.2	0.8%	28.0	4.0%	26.9	9.4%
Transit passengers (in millions)	8.4	(7.4)%	9.0	7.3%	8.4	(9.6)%
Total passengers (in millions)	84.2	2.8%	81.8	6.8%	76.6	6.7%
Cargo volumes (in thousands of tons)	422.1	2.9%	410.1	5.2	389.8	8.1%
Total aircraft movements (in thousands)	857.9	(2.6)%	880.6	3.4%	851.3	1.8%

## *Our passenger traffic, cargo volume and aircraft movements, per Segment*

Set forth below is a summary (including our unconsolidated operations) of the passenger composition, cargo volume and aircraft movements for each of our segments:

	For the Year Ended December 31,							
	2019	% of Total	% Change Against Prior Year	2018	% of Total)	% Change Against Prior Year	2017	% of Total
<b>Argentina</b>								
Domestic Passengers (in millions)	28.3	59.5%	12.8%	25.1	56.0%	11.9%	22.4	54.3%
International Passengers (in millions)	13.6	48.1%	(2.7)%	13.9	49.8%	2.5%	13.6	50.6%
Transit passengers (in millions)	1.5	18.0%	15.5%	1.3	14.4%	8.0%	1.2	14.3%
Total passengers (in millions)	43.4	51.6%	7.5%	40.4	49.3%	8.3%	37.3	48.6%
Cargo volume (in thousands of tons)	228.0	54.0%	(5.2)%	240.4	58.6%	3.6%	232.0	59.5%
Aircraft movements (in thousands)	447.2	52.1%	(0.7)%	450.2	51.1%	5.7%	425.9	50.0%
<b>Italy</b>								
Domestic Passengers (in millions)	1.8	3.8%	(1.5)%	1.8	4.1%	(0.7)%	1.8	4.4%
International Passengers (in millions)	6.4	22.8%	1.6%	6.3	22.6%	4.6%	6.1	22.5%
Transit passengers (in millions)	0.0	0.1%	43.6%	0.0	0.0%	66.2%	0.0	0.0%
Total passengers (in millions)	8.2	9.8%	1.0%	8.2	10.0%	3.4%	7.9	10.3%
Cargo volume (in thousands of tons)	13.2	3.1%	12.2%	11.8	2.9%	8.8%	10.8	2.8%
Aircraft movements (in thousands)	79.0	9.2%	2.1%	77.3	8.8%	0.0%	77.4	9.1%
<b>Brazil</b>								
Domestic Passengers (in millions)	11.6	24.4%	(4.1)%	12.1	26.9%	3.1%	11.7	28.4%
International Passengers (in millions)	0.7	2.5%	16.2%	0.6	2.2%	11.5%	0.5	2.0%
Transit passengers (in millions)	6.8	81.0%	(11.4)%	7.6	84.6%	7.2%	7.1	84.7%
Total passengers (in millions)	19.1	22.6%	(6.2)%	20.3	24.8%	4.8%	19.4	25.3%
Cargo volume (in thousands of tons)	91.2	21.6%	38.4%	65.9	16.1%	20.9%	54.5	14.0%
Aircraft movements (in thousands)	161.8	18.9%	(12.2)%	184.2	20.9%	(0.5)%	185.2	21.8%
<b>Uruguay</b>								
Domestic Passengers (in millions)	0.0	0.0%	(17.6)%	0.0	0.0%	(25.0)%	0.0	0.0%
International Passengers (in millions)	2.2	7.7%	(4.7)%	2.3	8.1%	0.3%	2.3	8.4%
Transit passengers (in millions)	0.0	0.1%	(17.4)%	0.0	0.1%	(28.3)%	0.0	0.2%
Total passengers (in millions)	2.2	2.6%	(4.8)%	2.3	2.8%	0.1%	2.3	3.0%
Cargo volume (in thousands of tons)	26.4	6.3%	(4.0)%	27.5	6.7%	(2.5)%	28.2	7.2%
Aircraft movements (in thousands)	29.7	3.5%	(11.4)%	33.5	3.8%	(0.5)%	33.6	4.0%

**For the Year Ended December 31,**

	<b>2019</b>	<b>% of Total</b>	<b>% Change Against Prior Year</b>	<b>2018</b>	<b>% of Total)</b>	<b>% Change Against Prior Year</b>	<b>2017</b>	<b>% of Total</b>
<b>Armenia</b>								
Domestic Passengers (in millions)	0.0	0.0%	0.0%	0.0	0.0%	0.0%	0.0	0.0%
International Passengers (in millions)	3.2	11.3%	11.9%	2.9	10.2%	11.9%	2.6	9.5%
Transit passengers (in millions)	0.0	0.0%	0.0%	—	0.0%	0.0%	—	0.0%
Total passengers (in millions)	3.2	3.8%	11.9%	2.9	3.5%	11.9%	2.6	3.3%
Cargo volume (in thousands of tons)	20.1	4.8%	12.4%	17.9	4.4%	(19.5)%	22.2	5.7%
Aircraft movements (in thousands)	27.4	3.2%	13.6%	24.1	2.7%	9.7%	22.0	2.6%
<b>Ecuador<sup>(1)</sup></b>								
Domestic Passengers (in millions)	2.3	4.9%	(3.0)%	2.4	5.3%	8.2%	2.2	5.3%
International Passengers (in millions)	2.1	7.5%	8.0%	2.0	7.0%	5.1%	1.9	6.9%
Transit passengers (in millions)	0.1	0.9%	3.5%	0.1	0.8%	8.3%	0.1	0.8%
Total passengers (in millions)	4.5	5.3%	2.0%	4.4	5.4%	6.8%	4.1	5.4%
Cargo volume (in thousands of tons)	38.0	9.0%	(9.0)%	41.8	10.2%	12.7%	37.1	9.5%
Aircraft movements (in thousands)	82.4	9.6%	3.5%	79.6	9.0%	1.7%	78.2	9.2%
<b>Peru<sup>(2)</sup></b>								
Domestic Passengers (in millions)	3.6	7.5%	3.4%	3.4	7.7%	11.0%	3.1	7.5%
International Passengers (in millions)	0.0	0.1%	1,112.8%	0.0	0.0%	517.2%	0.0	0.0%
Transit passengers (in millions)	—	0.0%	0.0%	—	0.0%	0.0%	—	0.0%
Total passengers (in millions)	3.6	4.3%	3.9%	3.4	4.2%	11.0%	3.1	4.0%
Cargo volume (in thousands of tons)	5.2	1.2%	6.1%	4.9	1.2%	(3.0)%	5.0	1.3%
Aircraft movements (in thousands)	30.5	3.6%	(3.6)%	31.6	3.6%	9.2%	29.0	3.4%

(1) We have included ECOGAL's operational data, although its results of operations are not consolidated.

(2) We have included AAP's operational data, although its results of operations are not consolidated.

## Our Revenue

We classify our revenue in the following categories: aeronautical revenue, commercial revenue, construction service revenue and other revenue. Our consolidated revenue does not include revenue of our AAP (AAP Airports) or ECOGAL (Galapagos Airport) operations for the years ended December 31, 2019, 2018 and 2017, as they were accounted for under the equity method.

Our total consolidated revenue for the years ended December 31, 2019, 2018 and 2017 is summarized below:

	For the Year Ended December 31					
	2019		2018		2017	
	(in millions of USD)	% of Total Revenue	(in millions of USD)	% of Total Revenue	(in millions of USD)	% of Total Revenue
Aeronautical revenue	724.0	46.5%	716.2	50.2%	767.0	48.7%
Non-aeronautical Revenue						
Commercial revenue	481.9	30.9%	507.0	35.6%	555.5	35.3%
Construction service revenue	350.3	2.5%	198.4	13.9%	250.1	15.9%
Other Revenue	2.5	0.2%	4.5	0.3%	2.5	0.2%
<b>Total consolidated revenue</b>	<b>1,558.6</b>	<b>100%</b>	<b>1,426.1</b>	<b>100%</b>	<b>1,575.2</b>	<b>100%</b>

### *Aeronautical Revenue*

Aeronautical revenue is derived from the use of our airport facilities by aircrafts and passengers.

Our concession agreements establish or otherwise regulate the rates that we may charge to aircraft operators and passengers for aeronautical services. We charge each departing passenger a fee for the use of our airports which varies depending upon whether the passenger's flight is an international, regional or domestic flight, and whether the passenger is in transit. Some of our concession agreements also allow us to charge additional fees to passengers for services such as security and reduced mobility assistance, among others. We charge our aeronautical customers fees for aircraft landing and parking, which depend on whether the flight is international or domestic, the maximum take-off weight of the aircraft, the time slot and take-off time, among other factors. International fees are generally higher than domestic or transit fees.

### *Non-Aeronautical Revenue*

Our Non-Aeronautical Revenue is comprised of commercial revenue, construction service revenue and other revenue.

### ***Commercial Revenue***

The majority of our commercial revenue is derived from fees resulting from warehouse usage (which includes cargo storage, storage and warehouse services and related international cargo services), services and retail stores, duty free shops, car parking facilities, catering, hangar services, food and beverage services, retail stores, including royalties collected from retailers' revenue, and rent of space, advertising, fuel, airport counters, VIP lounges and fees collected from other miscellaneous sources, such as telecommunications, car rentals and passenger services.

### ***Construction Service Revenue***

We treat our investments related to improvements and upgrades to be performed in connection with our concession agreements under the intangible asset model established by IFRIC 12. As a result, we define all expenditures associated with investments required by the concession agreements as revenue generating activities given that they ultimately provide future benefits, and subsequent improvements and upgrades made to the concession are recognized as intangible assets based on the principles of IFRIC 12. Additionally, compliance with the committed investments per the concession agreements is mandatory, as well as the fulfillment of the maximum tariff and therefore, in case of a failure to meet any one of these obligations, we could be subject to sanctions and our concessions could be revoked.

Therefore, we recognize revenue and the associated costs of improvements to concession assets in relation with the concessions' obligations to perform improvements as established in the respective concession agreements. Revenue represents the value of the exchange between ourselves and the respective governmental authorities with respect to the improvements, given that we construct or provide improvements to the airports as obligated under the respective concession agreements, and in exchange, the governmental authorities grant us the right to obtain benefits for services provided using those assets, which are recognized as intangible assets. We recognize the revenue and expense in profit or loss when the expenditures are performed. The cost for such additions and improvements to concession assets is based on actual costs incurred by us in the execution of the additions or improvements, considering the investment requirements in the concession agreements. Through bidding processes, we contract third parties to carry out such construction or improvement services. The amount of revenues for these services is equal to the amount of costs incurred plus a reasonable margin, which is estimated at an average of 3.0% to 5.0%. The amounts paid are set at market value.

### ***Other Revenue***

Other revenue includes revenue that is not otherwise classified as aeronautical revenue, commercial revenue or construction service revenue.

## Our Revenue by Segment

Set forth below is a summary of the revenue for each of our reportable segments:

	For the Year Ended December 31					
	2019		2018		2017	
	(in millions of USD)	% of Total Revenue	(in millions of USD)	% of Total Revenue <sup>1</sup>	(in millions of USD)	% of Total Revenue
Argentina	934.8	60.0%	822.7	57.7%	998.6	63.4%
Italy	145.6	9.3%	155.5	10.9%	154.5	9.8%
Brazil	116.6	7.5%	123.2	8.6%	128.8	8.2%
Uruguay	117.8	7.6%	116.3	8.2%	110.0	7.0%
Armenia	133.5	8.6%	118.4	8.3%	94.5	6.0%
Ecuador <sup>(1)</sup>	109.6	7.0%	89.2	6.3%	85.3	5.4%
Unallocated	0.7	0.0%	0.8	0.1%	3.4	0.2%
<b>Total consolidated revenue<sup>(1)(2)</sup></b>	<b>1,558.6</b>	<b>100%</b>	<b>1,426.1</b>	<b>100%</b>	<b>1,575.2</b>	<b>100%</b>

(1) We account for the results of operations of ECOGAL using the equity method.

(2) We account for the result of operations of AAP using the equity method.

## Our Expenses

Our expenses are cost of services, selling, general and administrative expenses, financial loss, other operating expenses and income tax expense. Other expenses consist of impairment loss and other operating expenses.

	For the Year Ended December 31,					
	2019		2018		2017	
	(in millions of USD)	% of Total Expenses	(in millions of USD)	% of Total Expenses	(in millions of USD)	% of Total Expenses
Cost of services	1,138.4	71.8%	971.4	63.5%	1,030.0	65.3%
Selling, general and administrative expenses	168.3	10.6%	171.9	11.2%	194.2	12.3%
Financial loss	233.5	14.7%	331.1	21.7%	302.0	19.1%
Inflation adjustment	25.4	1.6%	36.5	2.4%	N/A	N/A
Other expense	45.5	2.8%	4.1	0.3%	4.8	0.3%
Income tax expense	17.1	1.1%	14.1	0.9%	46.9	3.0%
<b>Total expenses</b>	<b>1,628.3</b>	<b>100%</b>	<b>1,529.1</b>	<b>100%</b>	<b>1,578.0</b>	<b>100%</b>

## Cost of Services

Our cost of services is composed primarily of salaries and social security contributions, construction service cost, maintenance, airport concession fees, the amortization of intangible assets, service fees, cost of fuel, royalties, fees and easements, airport operation costs and other miscellaneous items.

## Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of taxes, salaries and social contributions, amortization and depreciation, utility services, office expenses, repair and replacement provisions, maintenance costs, advertising expenses, insurance costs, aircraft charter service costs, costs related to security, healthcare and firefighters, bad debt charges and other miscellaneous items.

## Financial Loss

Our financial loss consists primarily of interest expense, net foreign exchange loss, adjustments with respect to our Brazilian operations and other expenses.

## Our Expenses by Segment

Set forth below is a summary of our expenses by segment:

	For the Year Ended December 31,					
	2019		2018		2017	
	(in millions of USD)	% of Total Expenses <sup>(1)</sup>	(in millions of USD)	% of Total Expenses <sup>(1)</sup>	(in millions of USD)	% of Total Expenses <sup>(1)</sup>
Argentina	800.1	61.1%	639.0	55.7%	736.1	59.9%
Italy	119.7	9.1%	128.7	11.2%	135.1	11.0%
Brazil	109.2	8.3%	125.6	10.9%	132.1	10.8%
Uruguay	72.6	5.5%	70.5	6.1%	66.5	5.4%
Armenia	95.5	7.3%	81.8	7.1%	65.0	5.3%
Ecuador	86.2	6.6%	69.2	6.0%	63.9	5.2%
Unallocated	26.2	2.0%	32.5	2.8%	30.3	2.5%
<b>Total segment expenses</b>	<b>1,309.5</b>	<b>100%</b>	<b>1,147.4</b>	<b>100%</b>	<b>1,229.0</b>	<b>100%</b>

(1) Excludes income tax, financial loss, impairment loss.

## Summary Consolidated Results of Operations

The following table sets forth a summary of our consolidated results of operations, as well as the percentage change of each category from the prior year for the periods indicated:

	For the Year Ended December 31,					
	2019		2018		2017	
	(in millions of USD )	% of Change against prior year	(in millions of USD )	% of Change against prior year	(in millions of USD )	% of Change against prior year
Aeronautical revenue	724.0	1.1%	716.2	(6.6)%	767.0	13.9%
Non-aeronautical Revenue						
Commercial revenue	481.9	(5.0)%	507.0	(8.7)%	555.5	6.4%
Construction service revenue	350.3	76.5%	198.4	(20.7)%	250.1	51.5%
Other Revenue	2.5	(45.4)%	4.5	80.7%	2.5	(54.8)%
<b>Total consolidated revenue</b>	<b>1,558.6</b>	<b>9.3%</b>	<b>1,426.1</b>	<b>(9.5)%</b>	<b>1,575.2</b>	<b>15.3%</b>

	For the Year Ended December 31,					
	2019		2018		2017	
	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year
<b>Cost of Services</b>						
Concession fees	163.9	(4.4)%	171.4	(10.7)%	191.9	8.7%
Amortization and depreciation	152.5	7.5%	141.8	40.9%	100.7	12.4%
Cost of fuel	43.5	11.9%	38.9	39.9%	27.8	43.0%
Salaries and social security contributions	191	0.0%	191.1	(9.4)%	210.8	14.2%
Taxes	17	(4.0)%	17.7	(9.2)%	19.5	11.2%
Maintenance expenses	128.9	(1.6)%	131	(10.2)%	145.8	14.9%
Construction service costs	348	77.2%	196.3	(21.0)%	248.6	51.8%
Services and fees	65.5	11.3%	58.8	8.0%	54.5	11.1%
Provision for maintenance cost	2.2	3.9%	2.1	(9.6)%	2.3	(50.5)%
Office expense	14.1	22.2%	11.6	(32.8)%	17.3	8.6%
Others	11.8	10.5%	10.7	(1.2)%	10.8	(2.9)%
<b>Total Cost of Services</b>	<b>1,138.4</b>	<b>17.2%</b>	<b>971.5</b>	<b>(5.70)%</b>	<b>1,030.0</b>	<b>19.9%</b>

**For the Year Ended December 31,**

	2019		2018		2017	
	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year
<b>Selling, general and administrative expenses</b>						
Salaries and Social Security contributions	28.9	(11.0)%	32.4	(9.4)%	35.8	2.8%
Amortization and depreciation	9.9	(7.7)%	9.2	(20.7)%	7.6	6.9%
Services and fees	37.9	(14.1)%	44.1	(24.6)%	58.5	21.6%
Taxes	39	(14.4)%	45.5	(17.0)%	54.9	7.8%
Maintenance expenses	1.7	(44.6)%	3.1	(26.6)%	4.2	(17.6)%
Advertising	3.4	(28.7)%	4.7	55.1%	3	36.6%
Office expenses	5.2	(49.2)%	10.2	(12.6)%	11.6	16.6%
Insurances	1.7	(17.1)%	2	(11.0)%	2.3	63.8%
Charter service	0.8	(3.7)%	0.8	0.0%	0.8	(28.6)%
Bad debts recovery	(2.9)	8.8%	(3.2)	1091.9%	(0.3)	(88.1)%
Bad debts	33.9	165.7%	12.7	66.2%	7.7	288.2%
Others	8.9	(12.2)%	10.1	27.1%	8	(22.4)%
<b>Total selling, general and administrative expenses</b>	<b>168.3</b>	<b>(2.1)%</b>	<b>171.9</b>	<b>(11.5)%</b>	<b>194.2</b>	<b>13.7%</b>

**For the Year Ended December 31,**

	2019		2018		2017	
	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year	(in millions of USD)	% of Change against prior year
(Impairment loss)/Reversal of previous impairment	(42.8)	100.00%	—	—	3.1	(118.4)%
Other operating income	17.3	(14.6)%	20.2	1.3%	20.2	1.3%
Other operating expense	(2.7)	(32.2)%	(4.1)	(16.2)%	(4.8)	(1.30)%
<b>Operating income</b>	<b>223.6</b>	<b>(25.2)%</b>	<b>299</b>	<b>(19.0)%</b>	<b>369.1</b>	<b>11.3%</b>
Share of loss in associates	(5.4)	29.1%	(4.1)	(73.8)%	(15.8)	1113.0%
<b>Income before financial results and income tax</b>	<b>218.3</b>	<b>(26.0)%</b>	<b>294.8</b>	<b>(16.5)%</b>	<b>353.3</b>	<b>6.9%</b>
Financial income	51.9	(32.0)%	76.3	21.9%	62.6	66.7%
Financial loss	(233.5)	(29.5)%	(331.1)	9.6%	(302)	10.7%
Inflation adjustment	(25.4)	(30.4)%	(36.5)	100%	—	—
<b>Income before income tax expense</b>	<b>11.3</b>	<b>221.40%</b>	<b>3.5</b>	<b>(96.9)%</b>	<b>113.8</b>	<b>19.7%</b>
Income tax expense	(17.1)	21.10%	(14.1)	(69.9)%	(46.9)	(16.7)%
<b>(Loss)/income</b>	<b>(5.8)</b>	<b>(45.1)%</b>	<b>(10.6)</b>	<b>(115.8)%</b>	<b>66.9</b>	<b>72.8%</b>
<b>(Loss)/income for the year</b>	<b>(5.8)</b>	<b>(45.1)%</b>	<b>(10.6)</b>	<b>(115.8)%</b>	<b>66.9</b>	<b>128.80%</b>
Attributable to Owners of the parent	9.1	27.70%	7.1	88.8%	63.5	88.1%
Non-controlling interest	(14.9)	(15.8)%	(17.7)	621.5%	3.4	175.2%

## Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

### *Revenue*

Our revenue was USD 1,558.6 million for the year ended December 31, 2019, a 9.3%% increase from USD 1,426.1 million for the year ended December 31, 2018. This increase in revenue of USD 132.5 million was principally due to the increase of USD 112.1 million in our reported revenues in Argentina and, to a lesser extent, the increase of USD 20.4 million in our operations in Ecuador and USD 15.1 million in our operations in Armenia.

The sum of the revenues reported for each of our segments equals the total amount of consolidated revenues as per the statement of income.

### **Argentina**

Revenue from our Argentina segment was USD 934.8 million for the year ended December 31, 2019, a 13.6%, or USD 112.1 million increase as compared to USD 822.7 million for the year ended December 31, 2018. This increase in revenues was mainly the result of the application of IAS 29, which had an overall positive impact of USD 86.9 million. Overall, our revenue increase in Argentina was the outcome of:

- an increase of USD 9.6 million, or 2.5 %, in aeronautical revenue due to the application of IAS 29 which was offset by a decrease in international passenger traffic;
- a decrease of USD 29.7 million, or 11.0%, in commercial revenue due to: (i) the application of IAS 29, (ii) a decrease in warehouse use fees as a result of imports' decrease, (iii) a decrease in revenue derived from Duty Free shops as a consequence of (a) the slight decrease in international passenger traffic, and (b) a reduction in consumption due to the Argentinian Peso's depreciation against the U.S. dollar, and (iv) a decrease in revenue from parking facilities, among other revenue recorded in local currency, due to the Argentinian Peso's devaluation against the U.S. dollar; and
- an increase of USD 132.2 million, or 75%, in construction services revenue due to the increase in capital expenditures primarily for the construction of the new departure terminal building and the refurbishment of the platform at Ezeiza Airport, remodeling Aeroparque Airport, the re-pavement of the Comodoro Rivadavia Airport.

### ***Italy***

Revenue from our Italy segment was USD 145.6 million for the year ended December 31, 2019, a 6.3% or USD 9.8 million decrease as compared to USD 155.5 million for the year ended December 31, 2018. This decrease in revenue was mainly the result of: (i) a decrease in construction service revenue of USD 6.5 million, or 40.8%, derived from a decrease in capital expenditures, and (ii) a decrease in other revenue of USD 1.9 million, or 43.5%, as a result of one-time recognitions during 2018 by the Ministry of Economy and Finance of the CPI inflationary effect on airports fees at Florence Airport for the period 1999-2008.

### ***Brazil***

Revenue from our Brazil segment was USD 116.6 million for the year ended December 31, 2019 a 5.4% or USD 6.6 million decrease as compared to USD 123.2 million for the year ended December 31, 2018. This decrease was mainly due to a decrease in aeronautical revenue of USD 4.2 million, or 6.9%, resulting from: (i) the depreciation of the Real against the U.S. dollar, and (ii) the decrease in passenger traffic which was partially offset by the increase in tariffs that we charge under the concessions.

### ***Uruguay***

Revenue from our Uruguay segment was USD 117.8 million for the year ended December 31, 2019, a 1.3% or USD 1.5 million increase as compared to USD 116.3 million for the year ended December 31, 2018. This increase was mainly derived from an increase of USD 5.5 million, or 836.0%, in construction services revenue in connection with the capital expenditures' increase, which was partially offset by a decrease of USD 3.4 million, or 6.4%, in commercial revenue mainly as a result of: (i) the decrease in revenue derived from the Duty Free shops as a result of the slight decrease in international passenger traffic, and (ii) a reduction in consumption as a result of the Uruguayan Peso's depreciation against the U.S. dollar.

### ***Ecuador***

Revenue from our Ecuador segment was USD 109.6 million for the year ended December 31, 2019, a 22.8% or USD 20.4 million increase as compared to USD 89.2 million for the year ended December 31, 2018. This increase was mainly due to: (i) an increase of USD 14.9 million, or 100%, in construction services revenue in connection with the increase in capital expenditures incurred for works in some of our airport's runway, passenger's terminal and a warehouse of TCE logistics center, and (ii) an increase in aeronautical revenue of USD 5.0 million, or 7.6%, derived from the increase in passenger traffic combined with an increase in tariffs charged under the concessions.

### ***Armenia***

Revenue from our Armenia segment was USD 133.5 million for the year ended December 31, 2019, a 12.7% or USD 15.1 million increase as compared to USD 118.4 million for the year ended December 31, 2018. This increase in revenue was mainly derived from: (i) a USD 1.7 million, or 3.3%, increase in aeronautical revenue, as a consequence of the increase in passenger traffic which was partially offset by the depreciation of the Armenian dram against the U.S. dollar, (ii) a USD 7.6 million, or 12.3%, increase in commercial revenue obtained from the sale of fuel at our Armenian airports, and (iii) a USD 5.8 million, or 99.9%, increase in construction services revenue due to the increase in capital expenditures.

### ***Unallocated***

Our unallocated revenue comprised a non-significant amount of commercial revenue for the years ended December 31, 2019 and 2018.

### ***Cost of Services***

Cost of services increased 17.2% to USD 1,138.4 million for the year ended December 31, 2019 compared to USD 971.4 million for the year ended December 31, 2018. This increase in cost of services of USD 167.0 million was derived from, among others, the combination of an increase of USD 148.9 million in Argentina, an increase of USD 20.6 million in Ecuador and the increase of USD 13.9 million in Armenia.

The sum of the cost of services reported for each of our segments equals the total amount of consolidated cost of services as per the statement of income.

### ***Gross Profit***

Based on the above mentioned, our gross profit decreased by 7.6% or USD 34.5 million to USD 420.2 million for the year ended December 31, 2019, compared to USD 454.7 million for the year ended December 31, 2018.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses decreased by 2.1% to USD 168.3 million for the year ended December 31, 2019 compared to USD 171.8 million for the year ended December 31, 2018. This decrease of USD 3.6 million was primarily impacted by the decrease of USD 7.6 million in Brazil, the decrease of USD 5.9 million in Unallocated, and the decrease of USD 3.6 million in Ecuador. Those decreases were partially offset by the increase of USD 12.7 million in Argentina.

The sum of the selling, general and administrative expenses reported for each of our segments equals the total amount of consolidated selling, general and administrative expenses as per the statement of income.

### ***Impairment loss***

In the year ended December 31, 2019, we recorded an impairment loss of USD 42.8 million in Brazil mainly due to the write down of the Natal Concession Agreement Intangible Asset – See also Note 12 to our Audited Consolidated Financial Statements. In the year ended December 31, 2018, we did not record any impairment result.

### ***Other operating income***

Our other operating income decreased by 14.6% or USD 2.9 million to USD 17.3 million for the year ended December 31, 2019 compared to USD 20.2 million for the year ended December 31, 2018.

### ***Other operating expenses***

Other operating expenses decreased by 32.3% or USD 1.3 million to USD 2.7 million for the year ended December 31, 2019 compared to USD 4.1 million for the year ended December 31, 2018.

### ***Operating income***

As a result of the foregoing, our operating income decreased by 25.2% or USD 75.4 to USD 223.6 million for the year ended December 31, 2019, compared to USD 299.0 million for the year ended December 31, 2018.

### ***Share of loss in associates***

Our share of loss in associated companies increased by 29.1% to USD 5.4 million for the year ended December 31, 2019 compared to USD 4.1 million for the year ended December 31, 2018. The increase of USD 1.2 million was primarily due to a loss in connection with certain works and investments made by Aeropuertos Andinos del Peru S.A. which are not recoverable. See note 15 to our Financial Statements "Investments In Associates."

### ***Adjusted segment EBITDA and adjusted segment EBITDA excluding construction services***

We evaluate the performance of each of our segments based on Adjusted EBITDA which is defined, with respect to each segment, as income before financial income, financial loss, income tax expense, and depreciation and amortization for such segment.

Therefore, each segment's Adjusted EBITDA measure equals the segment's operating income plus the segment's share of losses in associates plus the segment's depreciation and amortization included in each segment's cost of services and selling, general and administrative expenses, as further discussed in the respective sections above.

The sum of each segment's Adjusted EBITDA equals the total consolidated Adjusted EBITDA.

	For the Year Ended December 31,					
	2019				2018	
	(in millions of USD)	% of Total Adjusted EBITDA	Change against prior year (in millions of USD)	% Change against prior year	(in millions of USD)	% of Total Adjusted EBITDA
Argentina	241.4	63.4%	(33.3)	12.1%	274.8	61.6%
Italy	38.5	10.1%	(0.3)	(0.7)%	38.8	8.7%
Brazil	(22.3)	(5.8)%	(37.1)	250.0%	14.8	3.3%
Uruguay	56.4	14.8%	(1.4)	(2.4)%	57.8	13.0%
Armenia	51.8	13.6%	3.0	6.2%	48.8	10.9%
Ecuador	25.3	6.6%	0.6	2.6%	24.7	5.5%
Unallocated	(5.3)	(1.4)%	3.2	37.4%	(8.5)	(2.0)%
Peru	(5.1)	(1.3)%	0.2	(4.5)%	(5.3)	(1.1)%
<b>Total segment EBITDA</b>	<b>380.7</b>	<b>100%</b>	<b>(65.2)</b>	<b>(14.6)%</b>	<b>445.9</b>	<b>100%</b>

### *Income before Financial Results and Income Tax*

Our income before financial results and income tax decreased by 26.0% or USD 76.5 million to USD 218.3 million for the year ended December 31, 2019, compared to USD 294.8 million for the year ended December 31, 2018.

### *Financial Income*

Our financial income decreased by 28.8% to USD 51.9 million for the year ended December 31, 2019, compared to financial income of USD 76.3 million for the year ended December 31, 2018. This decrease of USD 24.4 million in financial income was primarily due to the decrease of USD 40.2 million in foreign exchange income. Such decrease was offset by the increase of USD 15.8 million related to other financial results.

### ***Financial Loss***

Our financial loss decreased by 29.5% to USD 233.5 million for the year ended December 31, 2019, compared to financial loss of USD 331.1 million for the year ended December 31, 2018. This decrease of USD 97.6 million in financial loss was primarily due to the increase of USD 94.2 million in foreign exchange expenses, mostly incurred by our Argentine subsidiary.

### ***Inflation adjustment***

Our inflation adjustment was a loss of USD 25.4 million for the year ended December 31, 2019, a 30.4% or USD 11.1 million decrease compared to inflation adjustment loss of USD 36.5 for the year ended December 31, 2018 due to the application of IAS 29 and the translation mechanism in our Argentine subsidiaries.

### ***Income before Income Tax***

As a result of the foregoing, our income before income tax increased by 221.4% or USD 7.8 million to USD 11.3 million for the year ended December 31, 2019, compared to USD 3.5 million for the year ended December 31, 2018.

### ***Income Tax Expense***

Income taxes were USD 17.1 million for the year ended December 31, 2019, a 21.1% increase from the USD 14.1 million recorded for the year ended December 31, 2018. This USD 3.0 million increase was primarily due to the cease of recognition of deferred income tax in our subsidiary in Brazil; such increase was partially offset by the income tax decrease derived from the application of the tax inflation adjustment. See Note 11 "Income Tax Expense" to the Financial Statements.

### ***Net Loss***

Taking into account our loss from continuing operations, our net loss decreased by 45.1% to USD 5.8 million for the year ended December 31, 2019, which reflects an improvement of USD 4.8 million compared to the loss of USD 10.6 million for the year ended December 31, 2018.

## Cash Flows

### *Years ended December 31, 2019 and 2018*

#### ***Operating Activities***

The net cash used in operating activities was USD 19.7 million for the year ended December 31, 2019, a 110.3% or USD 211.4 million decrease in net cash from operating activities as compared to USD 191.7 million in net cash provided by operating activities for the year ended December 31, 2018. This decrease was principally the result of: (i) the increase of USD 147.1 million in capital expenditures mainly related to an increase in infrastructure investments made in Argentina, particularly with respect to the construction works being performed in Ezeiza Airport, and (ii) the decrease of USD 73.6 million in working capital mainly related to Brazil derived from the fact that, since 2017, ICAB and ICASGA made a prepayment of approximately 45% and 100% of the concession fees due in 2018 under the Brasilia Concession Agreement and the Natal Concession Agreement, respectively. Therefore, during the year ended December 31, 2018, ICAB and ICASGA only had to pay concession fees in the amount of USD 9.0 million. However, in 2019, ICAB and ICASGA paid 100% of the concession fees which amounted to USD 75.3 million.

#### ***Investing Activities***

The net cash used in investing activities was USD 12.1 million for the year ended December 31, 2019, a 79.5% or USD 47.0 million decrease as compared to USD 59.2 million in net cash used in investing activities for the year ended December 31, 2018. The decrease in the net cash used in investing activities was primarily due to the increase USD 70.6 million in disposal of other financial assets, principally in connection with the disposal of Treasury bills by AA2000 and CAS. Such decrease was partially offset by the increase of USD 26.7 million in the acquisition of other financial assets; mainly in connection with more acquisition of Treasury bills by AA2000 and less acquisition of financial assets by TAGSA as a result of the net cash increase used in capital expenditures compared to 2018.

#### ***Financing Activities***

The net cash provided by financing activities was USD 24.6 million for the year ended December 31, 2019, a 137.4% or USD 90.3 million variance as compared to USD 65.7 million in net cash used in financing activities for the year ended December 31, 2018. This increase in net cash flows from financing activities was primarily the result of a decrease of USD 426.8 million in loan payments, primarily USD 296.1 million in bank loans payments made in Brazil, a decrease of USD 93.1 million in loans payment made by CAAP, and a decrease of USD 62.1 million derived from the payment made during 2018 of the notes issued by CA Italy, which were offset by the increase of USD 41.2 million resulted from the cancellation of AA2000's Notes in 2019. These decreases were offset by: (i) a decrease of USD 195.6 million since in 2018 we completed our initial public offering, (ii) a decrease of USD 92.9 million as a consequence of the release made in 2018 of the guarantee deposit made by CAAP in 2017 which was used as collateral under the loan of Inframérica with Banco Santander, (iii) a decrease of USD 56.6 million in disposal of subsidiaries principally due to the sale in 2018 by DICASA to Investment Corporation of Dubai of 25% of the share capital it owned in Corporación América Italia S.p.A, (iv) a decrease of USD



40.7 million in additional acquisition of subsidiaries derived from the acquisition of additional shares in Toscana Aeroporti S.p.A by Coporacion America Italia S.p.A. during 2018, and (v) a decrease of USD 16.1 million in proceeds from cash contributions made by Infraero.

## Employees

As of December 31, 2019, 2018 and 2017, we employed 6,299, 6,059 and 6,102, respectively, of which 5,591, 5,356 and 5,058, respectively, worked on activities such as operations, maintenance, security, customer services, parking and fees collection sector; and 707, 703 and 1,044, respectively, worked in sales and marketing, the finance sector, administration, human resources, legal department and other activities.

We have unionized employees in all of the jurisdictions in which we operate. As of December 31, 2019, 2018 and 2017, 65.2%, 66.7% and 66.8%, respectively, of our employees in Argentina were represented by two unions: (a) *Union de Personal Civil de la Nación*, and (b) *Asociación de Personal Aeronáutico*. The relationship between the unions and these employees is mainly governed by a collective bargaining agreement (CBA Nbr. 1,254/2011 "E") between us and the unions, dated November 26, 2016. We negotiate this collective bargaining agreement, and the other labor agreement to which we are a party, on an annual basis. We have not experienced any significant labor conflicts during the last two years. We maintain a successful working relationship with each union's delegates and representatives.

In addition, as of December 31, 2019, 2018 and 2017, 431, 383 and 377 and 358, respectively, of our employees in Italy (approximately 49.4%, 50.2% and 51.1%, respectively) are represented by transportation trade unions. In Italy, there are two levels of collective bargaining: the national employment contract, which every company is bound to apply, and the collective corporate contract. Prior to the merger that created TA in 2015, the collective corporate contract was agreed, which avoided certain liabilities in connection with the reduction in staff generated by the merger. Additional collective corporate contracts have been executed to address issues regarding operational efficiencies and reductions in operating costs.

As of December 31, 2019, 160 of our employees in Brazil (approximately 16%) are represented by the National Union of Airport Employees (*Sindicato Nacional do Aeroportuarios*). We have not experienced any significant collective conflicts during the last two years. We maintain a successful working relationship with each union's delegates and representatives in Brazil.

The following table provides information regarding the number of our employees as of December 31, 2019, 2018 and 2017:

	<b>Number of Employees</b>		
	<b>As of December 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Operations and infrastructure	5,591	5,356	5,058
Administration	707	703	1,044
<b>Total</b>	<b>6,299</b>	<b>6,059</b>	<b>6,102</b>

## Activities of research and development

There were no research and development expenses incurred.

## Shares ownership

The Company has not repurchased any of its own shares during the year and does not hold any own shares at this time.

None of our directors, officers or members of our senior management owns any of our common shares.

## Financial risk management

We are exposed to market risks arising from our normal business activities. These market risks principally involve the possibility that changes in exchange rates will adversely affect the value of our financial assets and liabilities, or future cash flows and earnings. Market risk is the potential loss arising from adverse changes in market rates and prices.

### *Exchange Rate Risk*

Our primary foreign currency exposure gives rise to market risks associated with exchange rate movements of the Argentine peso, the Brazilian real, the euro, the Uruguayan peso and the Armenian dram against the U.S. dollar; and the Euro against the Armenian dram. We have liabilities in U.S. dollars that are exposed to foreign currency exchange rate risk. Because we borrow in the international markets to support our operations and investments, we are exposed to market risks from changes in foreign exchange rates.

As of December 31, 2019, our foreign currency-denominated borrowings amounted to an equivalent of USD 291.1 million, out of a total of USD 1,208.3 million. We do not hedge because a large percentage of our revenues are in U.S. dollars or linked to the U.S. dollar.

Of our total revenue for the years ended December 31, 2019 and December 31, 2018, a substantial amount was in U.S. dollars or was linked to the U.S. dollar because, for example, the revenues are calculated as a percentage of the total revenues of duty-free and other subconcessionaires generated in U.S. dollars.

Our revenues that are substantially linked to U.S. dollars are generated from the following aeronautical services: international and regional use fees, international aircraft landing charges and international aircraft parking charges. In addition, our revenues that are substantially linked to U.S. dollars are generated primarily from the following commercial services, subconcessionaires and customers: duty free royalties, fueling, handling and cargo.



We have significant monetary balances held by our subsidiaries at the end of each fiscal year that are denominated in currencies other than the functional currency of such subsidiaries. The following table sets forth a breakdown of our main monetary net assets and liabilities which may impact our profit and loss:

### Currency Exposure/Functional Currency

Currency Exposure / Functional currency	As of December 31, 2019	As of December 31, 2018
U.S. dollar / Argentine Peso	(404,260)	(279,334)
Euro / Armenian dram	(9,686)	(29,456)
U.S. dollar / Armenian dram	(24,359)	(27,300)
U.S. dollar / Euro	170	27,304
Euro / Argentine Peso	(6,745)	-
Uruguayan peso / U.S. dollar	(3,148)	(7,745)

In addition, we have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. We do not enter into derivative financial instrument to cover foreign exchange risk. We manage foreign exchange risk by minimizing the net positions of assets and liabilities denominated in foreign currencies.

The relevant exposure by currency pair is set forth below in thousands of U.S. dollars:

U.S. dollar- Euro: As of December 31, 2019 and 2018 consisting primarily of U.S. dollar-denominated net monetary assets and liabilities at certain Spanish entities which functional currency is the Euro. A change of 1% in the USD/Euro exchange rate would have generated a pre-tax gain / loss of USD 1.7 as of December 31, 2019 (USD 273.0 as of December 31, 2018).

Uruguayan peso—U.S. dollar: As of December 31, 2019 and 2018 consisting primarily of Uruguayan Peso-denominated net monetary assets and liabilities at certain Uruguayan subsidiaries which functional currency is the U.S. dollar. A change of 1% in the UYU / USD exchange rate would have generated a pre-tax gain / loss of USD 31.5 as of December 31, 2019 (USD 77.5 as of December 31, 2018).

U.S. dollar—Argentine peso: As of December 31, 2019 and 2018 consisting primarily of U.S. dollar -denominated net monetary assets and liabilities at certain Argentine subsidiaries which functional currency is the Argentine Peso. A change of 1% in the ARS/ USD exchange rate would have generated a pre-tax gain / loss of USD 4,042.6 as of December 31, 2019 (USD 2,793.3 as of December 31, 2018).

U.S. dollar —Armenian dram: As of December 31, 2019 and 2018 consisting primarily of U.S. dollar -denominated net monetary assets and liabilities at the Armenian subsidiaries which functional currency is the Armenian Dram. A change of 1% in the Dram/ USD exchange rate would have generated a pre-tax gain / loss of USD 243.6 as of December 31, 2019 (USD 273.0 as of December 31, 2018).



Euro—Armenian dram: As of December 31, 2019 and 2018 consisting primarily of Euro -denominated net monetary assets and liabilities at the Armenian subsidiaries which functional currency is the Armenian Dram. A change of 1% in the Dram / Euro exchange rate would have generated a pre-tax gain / loss of USD 96.9 as of December 31, 2019 (USD 294.6 as of December 31, 2018).

Euro - Argentine Peso: As of December 31, 2019 consisting primarily of Euro-denominated net monetary assets and liabilities at certain Argentinian subsidiaries which functional currency is the Argentine Peso. A change of 1% in the Euro/ ARS exchange rate would have generated a pre-tax gain / loss of USD 67.5 as of December 31, 2019.

### **Interest Rate Risk**

Our interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose us to increases in interest expense when market interest rates increase, while the borrowings issued at a fixed rate expose us to fair value interest rate risk. We analyze our interest rate exposure on a dynamic basis, maintaining, pursuant to our general policy, most of our financial borrowings at a fixed rate.

We believe that a variation in the interest rates would not affect our results of operation since most of our consolidated financial and banking liabilities are tied to fixed interest rates.

The weighted average variable interest rate for our debt instruments denominated in Argentine pesos, euros and Brazilian reais was approximately 7.3% for the year ended December 31, 2019 and 8.6% for the year ended December 31, 2018. Our total borrowings with a variable rate amounted to USD 460.6 million (38.12% of total borrowings) in the aggregate at December 31, 2019 and to USD 432.9 million (38.42% of total borrowings) in the aggregate at December 31, 2018.

We estimate that, other factors being constant, a 10% increase in floating rates at year-end would decrease income before income tax expense for the years ended December 31, 2019 and 2018 by USD 4.2 million and USD 5.0 million. A 10% decrease in the floating interest rate would have an equal and opposite effect.

## Subsequent events

### *Council of State judgement – Toscana Aeroporti expansion plan*

On February 13, 2020, Toscana Aeroporti acknowledges the judgement of the Council of State rejecting the appeal lodged by, inter alia, Italy's Ministry of the Environment and Protection of the Land and Sea, Italy's Ministry of Cultural Heritage and Activities, Italian Civil Aviation Authority (ENAC), Municipality of Florence, Region of Tuscany, Metropolitan City of Florence and Toscana Aeroporti against the judgement of the Regional Administrative Court of Tuscany No. 723 of 2019.

While fully respecting Council of State's judgement, Toscana Aeroporti is firmly convinced of the need for the Florence airport to construct a new runway and a new terminal to remedy the airport's evident critical infrastructure concerns and will therefore verify the conditions and actions to be taken, together with the competent entities – and first and foremost the Italian Civil Aviation Authority – to move ahead with the project.

It is important to note that the work done was carried out according to the opinions and instructions provided by the competent ministries and the competent Environmental Compatibility Assessment (VIA) Commission, by virtue of the positive opinions obtained from the Italian Environmental Compatibility Assessment Commission, Italy's Ministry of the Environment and Protection of the Land and Sea, Italy's Ministry of Cultural Heritage and Activities and Italy's Ministry for Infrastructure and Transport.

On February 20, 2020, the Board of Director of Toscana Aeroporti S.p.A., convened under the chairmanship of Marco Carrai, acknowledged and examined the content of the judgements of the Council of State rejecting the appeals lodged.

Fully aware of the Florence airport's need to construct a new runway and a new terminal to remedy the airport's evident critical infrastructure concerns – as also highlighted in this date by the Italian Civil Aviation Authority ("ENAC") in its letter where it requires that the analysis, study and design activities be launched, thereby confirming its interest in the construction of the new runway –, the Board of Directors resolved to take the necessary steps to move forward with the proceedings concerning the Florence airport's Master Plan.

The Company continued in 2019 the project activities, which reached a definitive and executive level, connected to the incorporation of the provisions as emerged from the EIA and Urban Planning Compliance procedures. In light of the level of detail of the projects carried out to date, as well as of the territorial development framework as defined by the determinations of the local authorities in charge (Region, Province, Municipalities concerned) on the basis of the technical analyzes carried out TA considers it reasonable that all specialist analyzes and project works so far developed and entered in work in progress will be fully usable despite the negative outcome of the use of the above judgment, which however has not called into question its technical validity, and in light of the imminent start of a new process of approval.

No impairment was revealed taking into account that the judgments referred to above do not call into question the technical validity of the project and do not recognize any regulatory or environmental impediments to its realization, and also TA being able to re-use the specialist analyzes and design works so far developed within the new procedure for approving the works.

#### *Re-bidding of Natal Airport Concession*

On March 5, 2020, CAAP announced that its subsidiary Inframérica Concessionária do Aeroporto de São Gonçalo do Amarante S.A. ("ICASGA") filed a request to the Brazilian Federal Government to commence the re-bidding process of the International Airport of São Gonçalo do Amarante ("Natal Airport"). If the request is approved, the operation of Natal Airport will be transferred to a different operator after a new bidding process, and an indemnification payment will be made to ICASGA, to be determined by authorities, which will be primarily based on non-amortized capital expenditure investments. In the interim, ICASGA will maintain all airport operations, with the same safety and service quality, as well as commercial and employment contracts. The re-bidding request is limited to the Natal Airport concession.

Several factors drove the Company's decision to seek return of this concession. Passenger traffic has been negatively impacted by the adverse economic conditions in Brazil over the past years, particularly affecting tourism activity in the country, which resulted in lower than expected passenger traffic. At Natal Airport in particular, total passenger traffic reached 2.3 million in 2019, compared to the 4.3 million expected as per the feasibility study. In addition, as the Natal Airport concession occurred in 2011 and was the first airport concession in Brazil, passenger tariffs lag those of all other privatized airports in the country under the same tariff scheme, which as of December 2019 are in average 35% higher than Natal Airport tariffs and air navigation tariffs charged in other airports are 301% higher than in Natal Airport. This situation has required CAAP to make capital contributions to sustain this concession and thus allow ICASGA to remain in compliance with all of its financial obligations to the Brazilian Government and financial institutions.

#### *Indebtedness*

During March 2020, CAISA received the first disbursements of the planned financing with Banco Santander S.A. and Banco Itaú Uruguay S.A. for construction works at Punta del Este airport for a total amount of USD 3.3 million divided equally among both financial institutions. Disbursements up to USD 16 million will be made according to the level of progress of works up to 80%. The principal amounts under these credit facilities shall be repaid in five annually, equal and regular installments, the first one being payed as of 30 April, 2021, and are secured by the assignment of certain revenues. The main covenants require compliance with certain financial ratios as well as certain restrictions as changes in ownership interests or change in control, among others.

### *Effects of Covid-19 on operations*

At December 31, 2019, a limited number of cases of an unknown virus had been reported to the World Health Organization. There was no explicit evidence of human-to-human transmission at that date. Travel had not been affected mainly in the regions generally served by the Company, Latin America, Europe and the United States. In January and February 2020, the virus (known as Covid-19 or “Coronavirus”) spread to other parts of the world, mainly certain countries in Europe such as France, Germany and Italy.

Given the scale of the virus spread, in March 2020, several governments around the world, including Latin American governments, rapidly implemented drastic measures to contain the spread, including but not limited the closing of borders and prohibition of travel to and from certain parts of the world for a time period, generally between 30 days and 45 days.

Specifically, the governments and transportation authorities in many of CAAP’s countries of operations have issued flight restrictions as follows:

- Argentina: Presidential Decree issued on March 12, 2020 new measures in relation with the sanitary emergency in the country, and banned inbound flights from China, South Korea, Iran, Japan, the United States, United Kingdom and Europe, starting March 17, 2020 and lasting for 30 days. Starting March 17, 2020, only Aerolíneas Argentinas, the national carrier, will be allowed to operate with the goal of repatriating Argentines and foreign Argentine residents.
- Italy: As per Decree issued by the Ministry of Transportation and Infrastructure on March 12, 2020, the Italian Civil Aviation Authority has ordered Florence Airport, among others, to limit its operations as of March 14, 2020. While Pisa Airport is not affected by the decree, there have been very few flights in the current environment.
- Ecuador: On March 14, 2020, the Emergency Operations Committee, composed of top government authorities, resolved to close all borders to foreigners starting March 15, 2020 and to Ecuadorean nationals from March 16, 2020.
- Uruguay: On March 15, 2020, the government announced restrictions for flights arriving from Argentina, starting March 17 and from the United States starting March 18. It also announced it would halt all flights from Europe starting March 20, 2020.

Depending on how the situation evolves, governments may impose tougher measures including the extension of the travel bans for longer periods. In addition, concerns about the Coronavirus are negatively impacting travel demand (and therefore the Company’s business) generally.

In this context, CAAP has formed a crisis committee composed of the Company’s CEO and operating CEOs of each subsidiary to assess its operations, including potential reductions in operating costs while maintaining quality and safety standards. The Company is also in conversations with the relevant regulatory agencies and aviation and transportation authorities in each of its countries of operations to review mitigation measures, as it navigates this unprecedented environment. CAAP has also further enhanced safety and hygiene protocols across its airports to protect the well-being of passengers and personnel.



As a result of the above and considering that the COVID-19 pandemic is complex and rapidly evolving, the full extent to which the Coronavirus will impact the Company's business, results of operations, financial position and liquidity is unknown. The Company is closely monitoring the situation and taking all measures necessary to preserve human life and the Company's business together with taking several steps to further strengthen the financial position and maintaining financial liquidity and flexibility.

**Luxembourg, April 3<sup>th</sup>, 2020**