

# Athens International Airport



An attractive investment in challenging times



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Capital Link Forum 2010

# AIA is a pioneer PPP greenfield project



- ✓ 1996-2026 "usufruct" BOT contract
- ✓ A 2.2 billion Euro Project
- ✓ 60% funded by commercial debt
- ✓ 21 million pax capacity, expandable up to 50 million
- ✓ Airport Community: 2.14% of Greek GDP; 300 companies; 15,000 employees

...with concession period slated for extension



- ✓ Greek State willing to extend concession period (revenues already in 2011 State Budget)...
- ✓ ...and explore options to capitalize on its shareholdings
- ✓ Privatization of other Greek airports within state priorities
- ✓ Widely accepted that new privatized airports will be based on AIA model

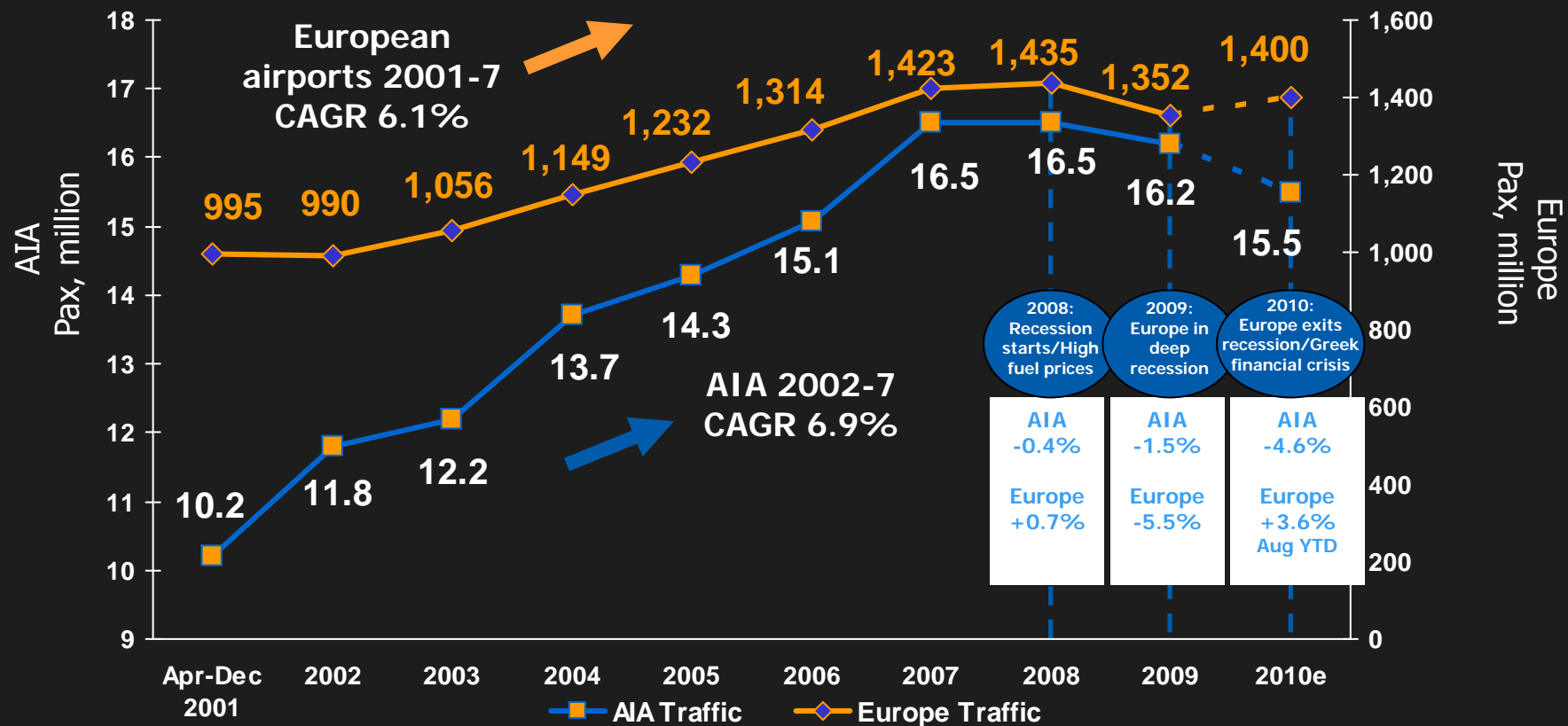
**What makes AIA attractive?**

# A novel private sector governance



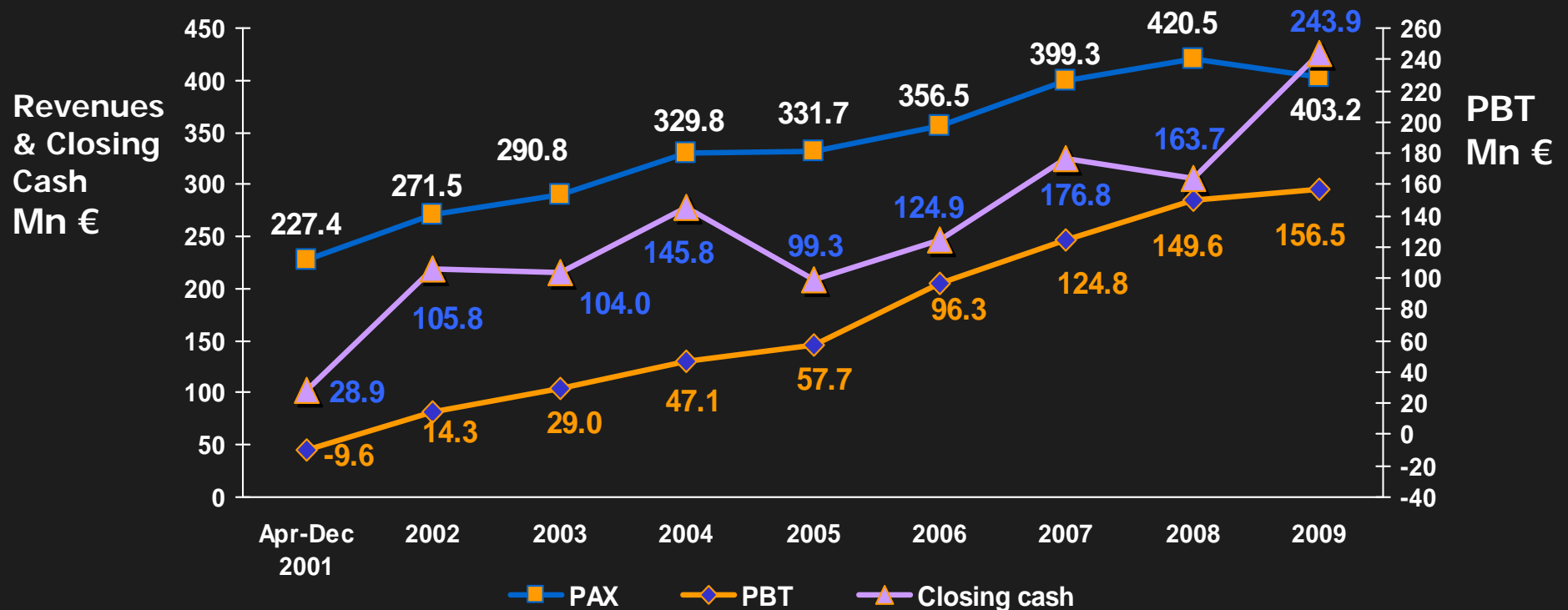
- ✓ A new airport company created from “zero base”
- ✓ A “commercial, profit-oriented company of the private sector”
  - run by a Board of Directors: (4) Private Shareholders, (4) Greek State , (1) Independent,
  - and CEO proposed by the private shareholders,
- ✓ with a very wide corporate scope of commercial rights and services,
- ✓ with a right to set Airport charges “under the Dual Till” principle,
- ✓ with an option to be listed in the stock exchange

# Demonstrating strong traffic performance until 2008



✓ From 2008 onwards, the recession -with different timing vs. Europe- affects AIA traffic

# With continuous revenue and profit growth and healthy cash position



✓ 2002-9 shareholder dividends €493 million

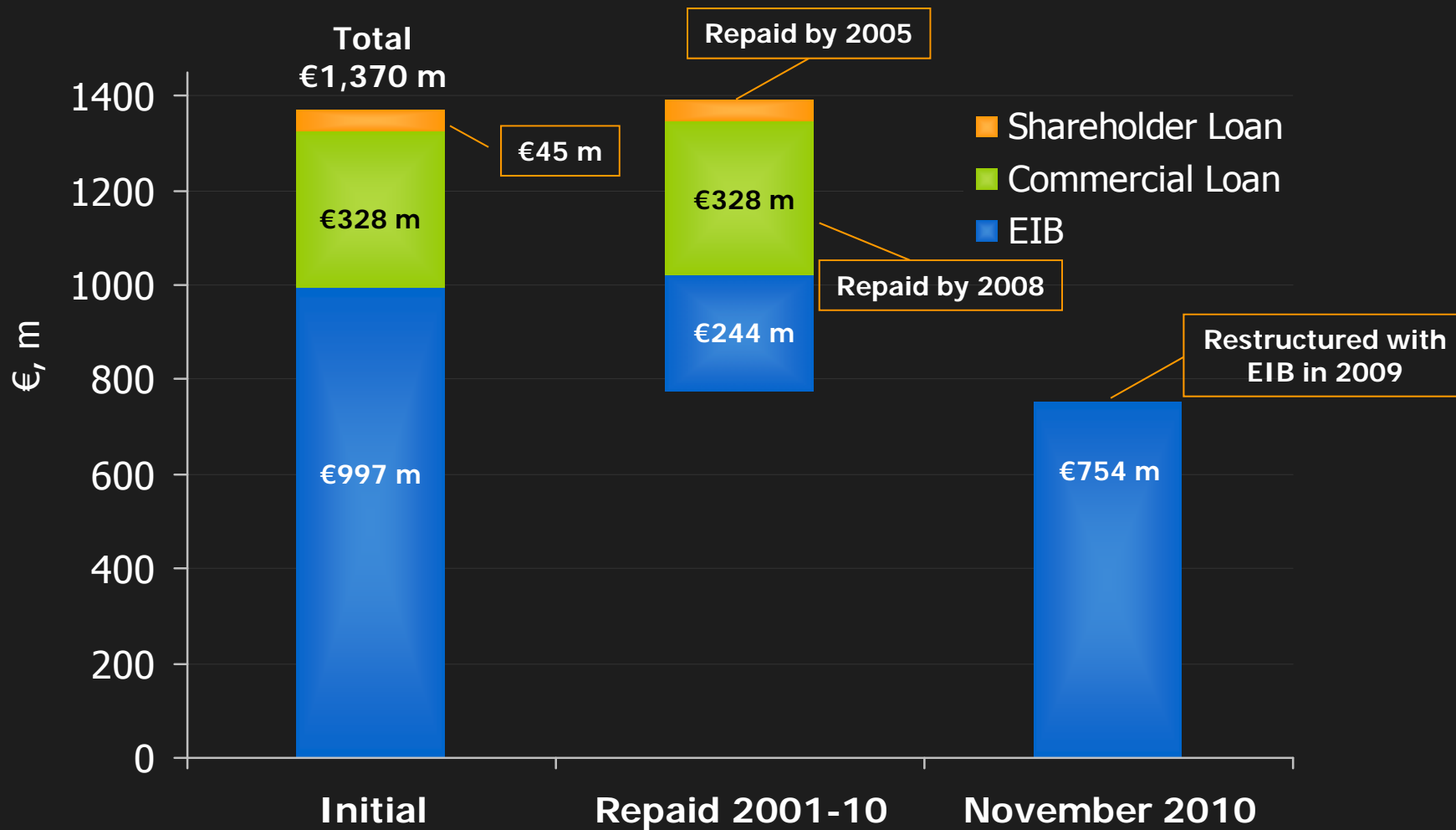
2001 10 month

2001-2004 PBT is based on GAAP

2005-2007 PBT is according to IFRS

2009 PBT excluding once-off provisions impact of €108.0 m

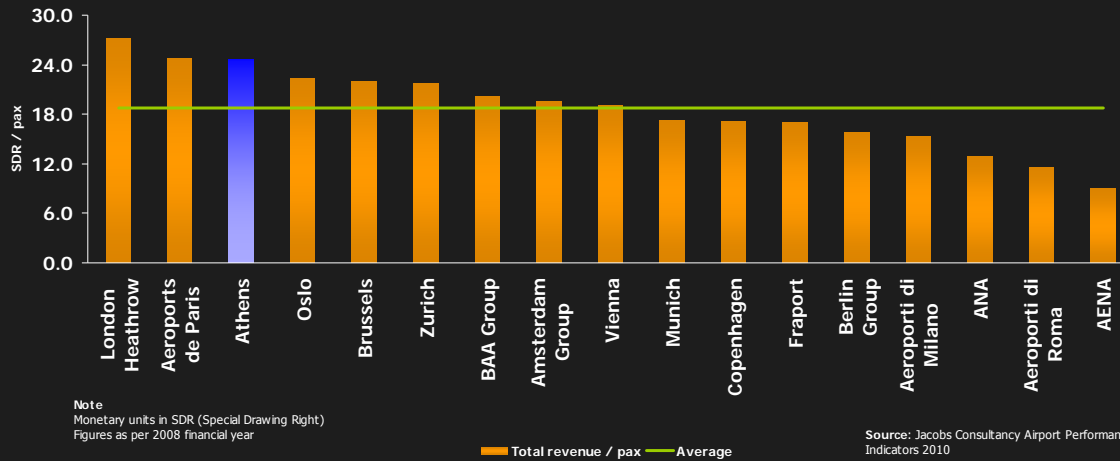
# Restructured EIB loan & early loan repayments to lower debt costs



# At the top of European airports benchmark

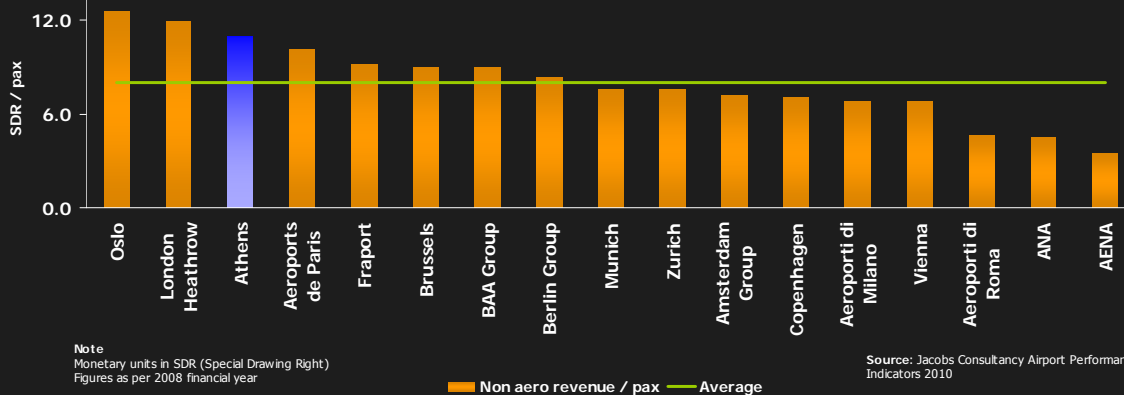


Total Revenue / Passenger



✓ At top-3 of European airports in revenue generation

Non-Aeronautical Revenue / Passenger



✓ In addition to high aero revenues...

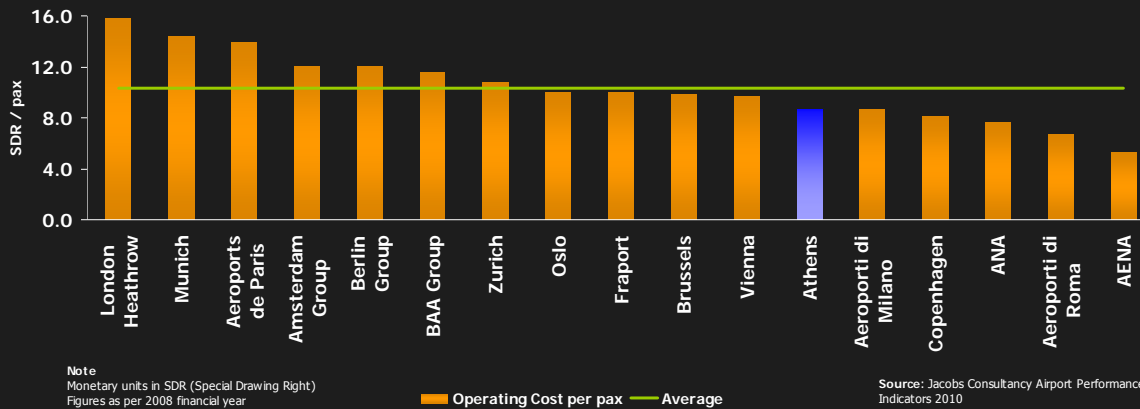
✓ ...AIA also excels in commercial activities



# ...with first position in profitability

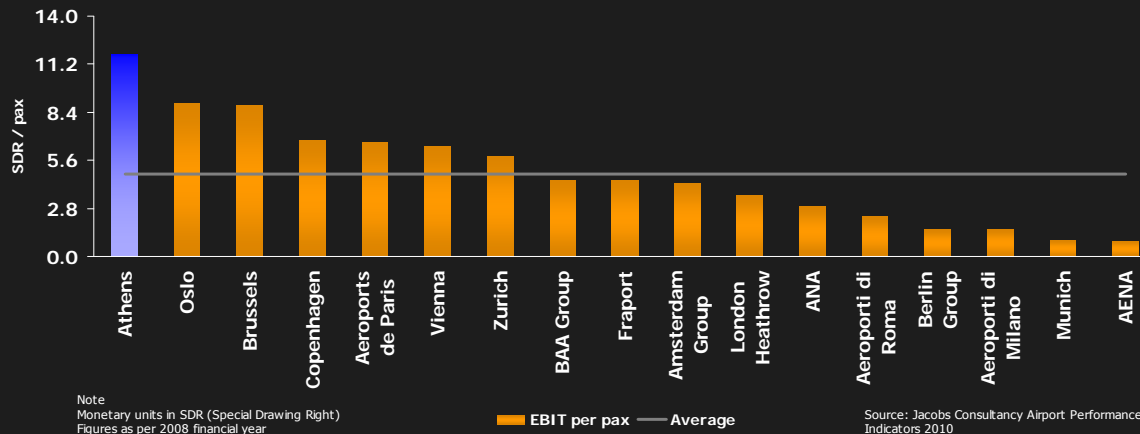


Operating costs / Passenger



- ✓ AIA offers value-for-money services...
- ✓ ...maintaining cost competitiveness

EBIT / Passenger



- ✓ High performance in all value drivers...
- ✓ ...leads to No 1 position in profitability

# 2010 poses challenges for AIA...



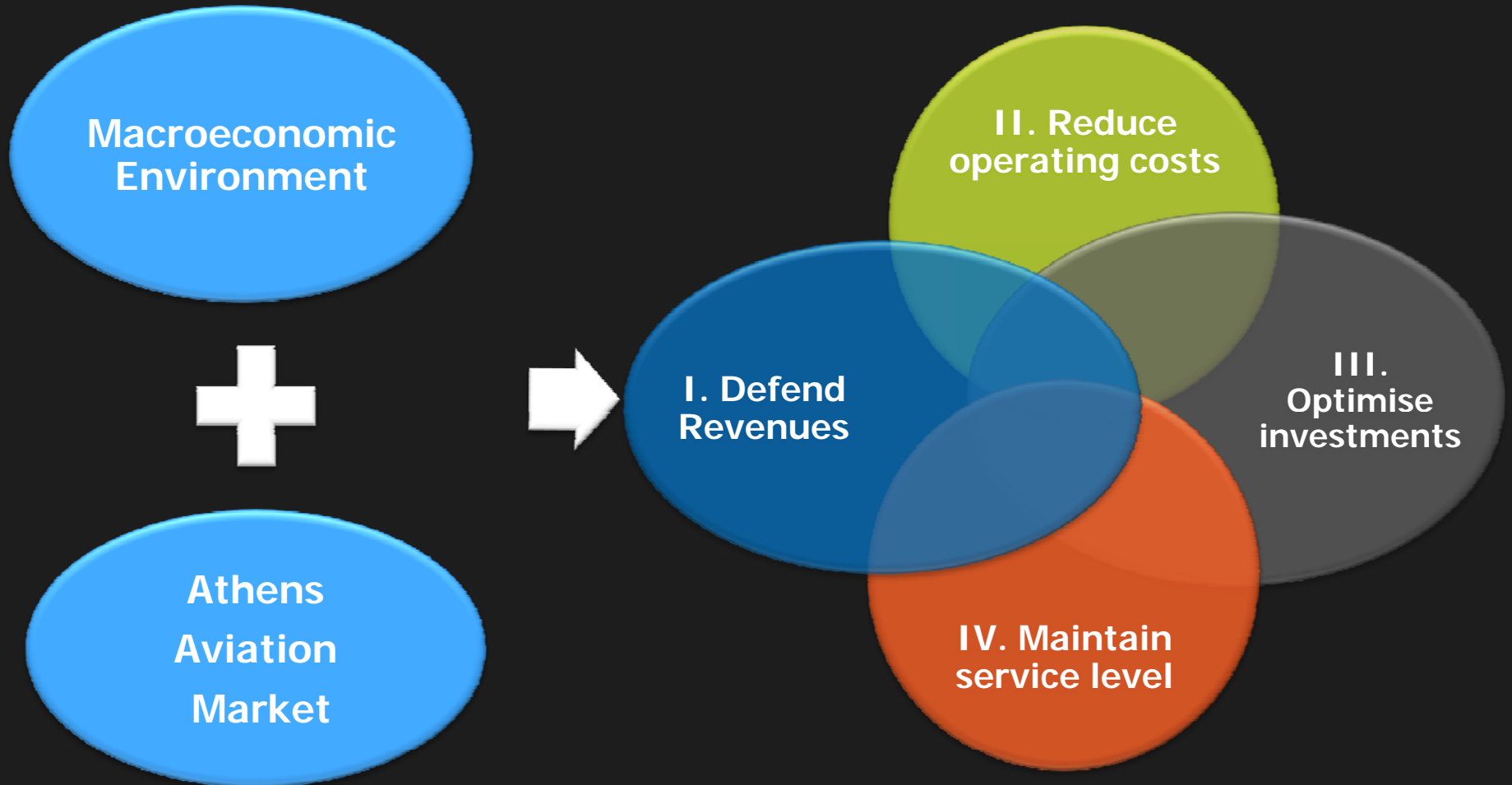
## Greek economy crisis

- ✓ Impact on Greek travellers' traffic demand & business travel
- ✓ EU/ECB/IMF pressure on production costs & prices
- ✓ Athens retail & property market
- ✓ Athens city destination profile
- ✓ Corporate taxation (from 24% to 40%+)

## Developments in Athens aviation market

- ✓ Privatised Olympic and Aegean announce merge...
- ✓ ...under EU's Competition Committee scrutiny
- ✓ Consolidation of network already evident with impact on traffic
- ✓ Pros and cons of merge: reduced network vs. doubtful sustainability of two carriers

# How can airport management respond?



# In a low-growth environment, costs become a major value driver



## I. Defending revenues

- ✓ Aero revenues: defending volumes, protecting margins
- ✓ Commercial revenues: retain high share (41% of revenues – 65% of profits)

## II. Reducing operating expenses

- ✓ Outsourcing strategy
- ✓ 3<sup>rd</sup> party costs reduction exercise in 2008/9 with 10% opex savings
- ✓ Staff reduced since 2008 through attrition and non-replacement

# Adapting to changes: flexibility in investment planning necessary



## III. Optimizing investments

- ✓ "Sweating the assets"
- ✓ Investing in value-adding activities: 8MW Photovoltaic park, Car Parking, External business activities

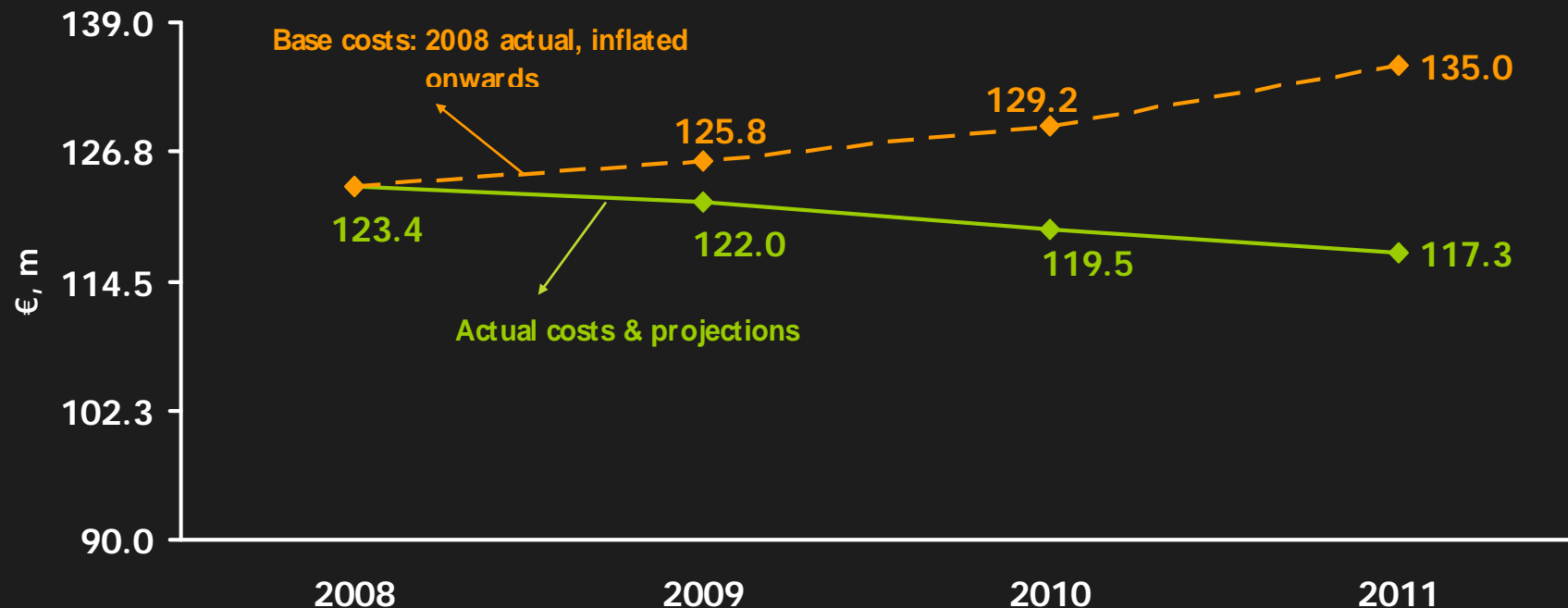
## IV. Maintaining service level

- ✓ Value-for-money services a key strategy
- ✓ AIA unique model for service level monitoring

# Already achieved significant cost reductions



## Total operating costs



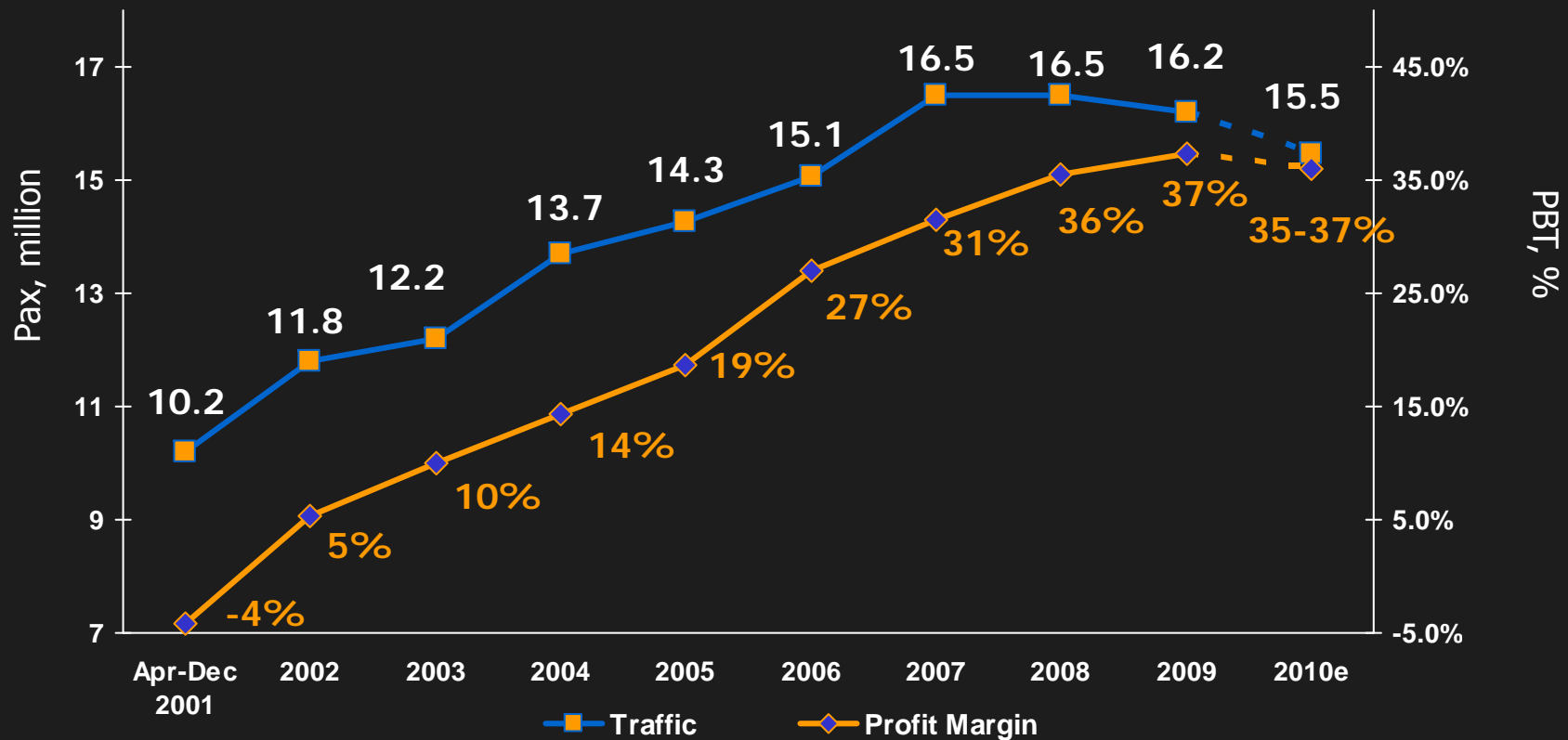
Note: Base costs adjusted

a) For 2008, security costs incorporate FY effect of critical parts

b) For 2008 and 2009, maintenance costs exclude the impact of major once off items

✓ In 2011 opex reduction will reach 13%

# Projecting healthy profitability of >35% PBT despite market downturn...



2001 10 month

2001-2004 PBT is based on GAAP

2005-2007 PBT is according to IFRS

2009 PBT excluding once-off provisions impact

Source: AIA Management Information System

# ...AIA remains an attractive investment opportunity



- ✓ Despite areas of investors' concern...

Concession  
period

Macro  
environment

Corporate Tax

- ✓ ...AIA demonstrates strong points and constitutes an attractive investment opportunity

Traffic & aero  
activities

Commercial  
activities

Regulation

Infrastructure

Financial  
Performance

- ✓ To be further enriched...

Concession  
Extension