Athens International Airport

A successful airport in challenging times

Prof. Stratos Papadimitriou
Chairman of the Board of Directors
Setting-up a new airport
Athens International Airport (AIA) is located at “Mesogonia”

- A central location
  - 33 km from City Centre
  - Between 3 ports

- With well-established access
  - Modern motorway system
  - Suburban rail and metro link
  - Expanded bus transport network
AIA is a pioneer PPP greenfield project

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greek State</td>
<td>55.00%</td>
</tr>
<tr>
<td>• Ministry of Economy &amp; Finance</td>
<td></td>
</tr>
<tr>
<td>• Ministry of Infrastructure,</td>
<td></td>
</tr>
<tr>
<td>Transportation &amp; Networks</td>
<td></td>
</tr>
<tr>
<td>Hochtief Airport</td>
<td>26.67%</td>
</tr>
<tr>
<td>Hochtief Airport Capital</td>
<td>13.33%</td>
</tr>
<tr>
<td>• Hastings Fund Mngt (Australia)</td>
<td></td>
</tr>
<tr>
<td>• Caisse de dépôt &amp; placement du</td>
<td></td>
</tr>
<tr>
<td>Québec (Canada)</td>
<td></td>
</tr>
<tr>
<td>• KfW-IPEX Bank (Germany)</td>
<td></td>
</tr>
<tr>
<td>Copelouzos Family</td>
<td>4.99%</td>
</tr>
<tr>
<td>Greek State</td>
<td>55.00%</td>
</tr>
<tr>
<td>• Ministry of Economy &amp; Finance</td>
<td></td>
</tr>
<tr>
<td>• Ministry of Infrastructure,</td>
<td></td>
</tr>
<tr>
<td>Transportation &amp; Networks</td>
<td></td>
</tr>
<tr>
<td>Copelouzos Family</td>
<td>4.99%</td>
</tr>
</tbody>
</table>

- 1996-2026 “usufruct” BOT contract (ADA)
- ADA ratified as Law 2338/95, provides for extension
- A 2.2 billion Euro Project
- 60% funded by commercial debt
- User recovery principle
...and 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 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
One of the most modern airports in Europe

- 2 independent runways
- 24-hr operation
- 168 T m² MTB, 34 T m² STB
- 24 Contact Bridges
- 75 active remote positions
- 3 Maintenance Hangars
- 4 Cargo Facilities, 30+ T m²
- 3 Catering Facilities
- 24,000 m³ TF and HRS
- 53km External Fuel Pipeline
Starting-up successfully a new airport
Defining a clear role of the Airport Company

Active Infrastructure Manager

Airport Marketing + IT & T Provider
Lean client-focused organisation designed on business units

- in place – a valuable management & decision making tool
- (dedalue on sets) key metric, incorporating asset value & costs in value measurement
- lean view on .s driving value creation on company
…supported by a concession & outsourcing business model

101 Service Providers

Concessions

- Airline Services
  - IF-Catering (2)
  - Cargo (4)
  - Fuel (3)
  - Ramp & Bagg. Handling (5)
  - Pax Handling (7)
  - Ancillary (17)
  - Total: 38

- Terminal Commercial
  - Retail (17)
  - F&B (5)
  - Services (14)
  - Advertising (1)
  - Total: 37

- Real Estate
  - Hotel (1)
  - Office Bldg (1)
  - Gasoline St. (1)
  - Retail Park (4)
  - Exhibition Centre (1)
  - Total: 8

Outsourcing

- Security (3)
- Fire & First Aid (2)
- Maintenance & Cleaning (7)
- Waste (1)
- Parking & Transportation (2)
- IT&T (3)
- Total: 18

Payroll: 687
Outsourced: 1100
Concessed: 7500
Total: 9300

7% 12% 81% 100%
Running an Airport Profitably
Based on a solid customer focused strategy

Value for Money Services

Accelerate Profitable Growth

Aeronautical

- Development of Current Traffic
- The Low-cost Carrier Strategy
- The Regional Development Strategy

Non-Aeronautical

- Commercial Terminal Development
- Real Estate Development
- IT&T Expansion
Demonstrating strong traffic performance until 2008

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

Greek financial crisis impacts AIA from 2010
With continuous revenue and profit growth and healthy cash position

- 2002-11 shareholder dividends €679 million

2001 10 month
2001-2005 PBT is based on GAAP
2006-2010 PBT is according to IFRS
2009 PBT & Revenues excluding once-off provisions impact of €112 m and €91.5 m respectively
At the top of European airports benchmark

- At top-3 of European airports in revenue generation
- In addition to high aero revenues...
- ...AIA also excels in commercial activities
...with first position in profitability

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

- High performance in all value drivers...
- ...leads to No 1 position in profitability
Restructured EIB loan & early loan repayments to lower debt costs

Initial: €997 m
- Shareholder Loan: €45 m
- Commercial Loan: €328 m
- EIB: €319 m

Total: €1,370 m
Repaid by 2005:
- Shareholder Loan: €328 m
- Commercial Loan: €328 m
- EIB: €319 m

Repaid by 2008:
- EIB: €678 m

Restructured with EIB in 2009:
Income for Greek State €871 mil; three times higher than private shareholders

Total 2002-2011 €1,169.4 m

Greek State €871.4m

Private Shareholder €298.0 m

Income for Greek State €871 mil; three times higher than private shareholders

Total 2002-2011 €1,169.4 m

Greek State €871.4m

Private Shareholder €298.0 m

8.2 43.1 63.3 65.5 101.9 146.2 166.1 263.8 149.4 161.8

Greek State Tax  Greek State Dividends  Greek State ADF  Private Shareholders
One of the most renowned airports worldwide for its operational and business excellence

✈ “Value for Money” strategy:
  ✗ Ample Capacity (>21 mio pax) with potential to expand up to 50 mio pax
  ✗ 24-hour operation in state-of-the-art facilities with no curfews and fast turnaround times
  ✗ Only medium/large Schedule Facilitated European airport
  ✗ Effective aeronautical strategy with 67 operating airlines serving 106 destinations

✈ High Quality Passenger Services

✈ Proven Operational Excellence (e.g. 2004 ATH OG, 2007 Champions League)

✈ No operational disruptions, No industrial action

✈ Exporting its know-how to other airports, e.g. Sydney, Beijing, Amman, Budapest, Dubai, Abu Dhabi, Tirana, Dusseldorf, Hyderabad, Astana, Warsaw, Singapore, 5 Greek Airports

30 awards and distinctions in 10 years of operations in all aspects of airport business
The Economic Impact
From Infrastructure to Business Community

Infrastructure
- 2 Runways
- 24 hour operation
- 21 million passenger capacity

Business Entity
- Aeronautical Business
- Commercial Business
- Profitability
- CSR

Airport Business Community
- 15 million passengers
- 4.9 million visitors
- 300 Companies
- 5,000 Suppliers
- 15,000 Employees

Impact on Economy and Society
An Airport City has been developed... ....with potential for more
...an Airport Community under a single utility system

- IT&T Network
- Energy Network
- IT&T Network
- Energy Network
- Energy Network
- Energy Network
- Sewage Treatment Plant
- Industrial Waste Treatment Facility
- Waste Management System
...with wider socio-economic impact

✓ A 2009 Study by Athens University of Economic & Business on the impact of Athens Airport on the Greek Economy

- The airport annually creates €... billion economic added value from direct, indirect, induced and incremental tourism effects.

- The airport creates more than... jobs on local, regional and national level.

- The airport added value represents...% of... GDP.

The largest engine for economic growth and job creation in...
Addressing Current Challenges
Current circumstances pose new challenges...

**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

**Developments in Athens aviation market**
- Privatised Olympic and Aegean announced merge rejected by EU
- Airlines consolidating their network
- Pros and cons of non-merge: Lower airport home carrier dependence vs. doubtful sustainability of two carriers
How does the Airport Company respond?

I. Defend Revenues
II. Reduce operating costs
III. Optimise investments
IV. Maintain service level

Macroeconomic Environment
Athens Aviation Market
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 (40% of revenues – 65% of profits)

II. Reducing operating expenses

✓ Outsourcing strategy
✓ 3rd party costs reduction exercise in 2008-11 with 18% 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, External business activities

IV. Maintaining service level

- Value-for-money services a key strategy
- AIA unique model for service level monitoring
AIA remains an attractive investment opportunity

- Despite areas of investors’ concern...
- AIA demonstrates strong points and constitutes an attractive investment opportunity
- To be further enriched...

- Concession period
- Macro environment
- Traffic & aero activities
- Commercial activities
- Regulation
- Infrastructure
- Financial Performance
- Concession Extension