

Lima and US offset weakness for Fraport in Russia

Despite 'diverging results at various locations', Frankfurt-based Fraport AG's overseas business contributed positively to financial success in fiscal 2015, said the airport operator's Executive Board Chairman, Dr Stefan Schulte at the company's AGM last week.



In particular, results from the company's airports in Lima (LIM) and Ljubljana (LJU), along with the US-based Airmall retail subsidiary 'more than compensated' for the weak performance at Antalya (AYT) and St Petersburg (LED).

Fraport AG's revenue grew by 8.5% to €2.6bn (US\$2.9bn) and operating profit (EBITDA) grew by almost €60m (US\$67m) to some €850m (+7.4%).

Fraport says growth at Frankfurt Airport in particular was driven by growth in passenger figures – especially intercontinental traffic – as well as strong net retail income per passenger, which jumped by 19 cents to €3.62 (US\$4).

However, it is interesting to note, that **in the first quarter of fiscal 2016**, net retail revenue per passenger declined from €3.93 to €3.62 on the previous year due to particularly high non-recurring income gained in the first quarter of 2015.



Fraport AG's Executive Board Chairman, Dr Stefan Schulte speaking at the company's AGM last week.

WE MAKE IT HAPPEN

With a view towards future challenges, Schulte elaborated on Fraport's new mission statement. The new

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corporate slogan 'Gute Reise! We make it happen' redefines Fraport's role as an airport manager.

"To meet the growing competition of international airports, Fraport is focusing even more on the increasing and diverging needs of customers," says the company. "This includes consistently advancing service initiatives launched in the last few years to make the passengers stay at Fraport airports even more pleasant and enjoyable."



Perus Lima International Airport.

This will also be accompanied by 'intensified digitalization' for managing the airport and enhancing the customer experience. As one of the most important examples Schulte mentioned is the new Frankfurt Airport App, which features information and orientation help in various languages, an online shopping platform for products from the airport shops, as well as a customer loyalty program.

Furthermore, the advanced development of Frankfurt Airports infrastructure still remains one of the most important tasks of Fraport. Among the numerous measures, Schulte stressed that construction of Terminal 3 is currently the most significant.

GREECE AIRPORTS DEAL PROGRESSES

Fraport's international business gained in importance during 2015 and by the end of 2016, Fraport expects to take over operations of 14 regional airports in Greece.



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As a next step, the already-signed concession agreements for the regional airports have to be ratified by the Greek parliament.

Schulte described this as a win-win project for both sides: We have presented our company and project plans, both of which have been well received. We consider the Greek market, especially in terms of tourism, still to be very attractive. The closing for the Greek regional airports is expected by the end of the year.

Schulte reported that the outlook for passenger growth has been affected by a noticeable slowdown in travel bookings above all for vacation travel, which can be attributed partly to concerns about terror attacks around the world.

SAILING THROUGH ROUGH SEAS

Fraport expects Frankfurt Airports passenger traffic to rise by 1-3% in 2016 FRAs 80th anniversary year. Since the beginning of the year, the retail business has been dampened by the revaluation of the euro and a decline in passenger traffic to China, Russia and Vietnam.



Antalya Airport in Turkey.

Passengers travelling to these destinations contribute significantly to Fraports retail result.

Schulte added that framework conditions have become increasingly difficult in other words, one has to sail through rough seas now. Commenting on the outlook for the entire year, Schulte said.

We must stretch farther in order to reach our goals. Fraport expects the EBITDA to range slightly above the previous years level, up to €30m-plus. The Group result is expected to equal or exceed the 2015 level.