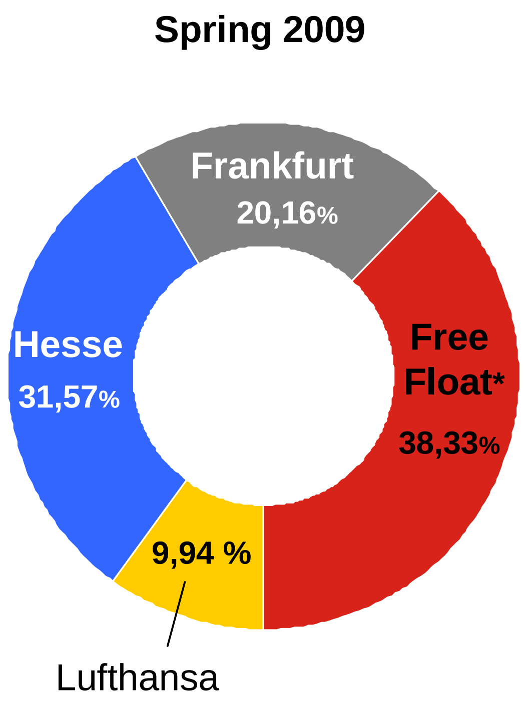
GATEWAY AIRPORT INVESTMENT AND DEVELOPMENT OF AIRLINE SERVICES FOR A GLOBAL ECONOMY

Dr. Stefan Schulte
May 26, 2009, International Transport Forum

Fraport

In 2001 Fraport became the first German airport operator to go public – what has changed since ?



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- High degree of transparency by publishing quarterly results and having segmented business structure
- Pressure to achieve better financial and operational performance
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FRA fulfills a special function as the major intercont-hub in Europe for DLH/Star Alliance

Passengers 1)

1. FRA 53.472.915

2. MUC 34.552.189

35%

Transfer Ratio 1)

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1. FRA 1.139

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(Ratio"widebody aircrafts" to passenger flights)

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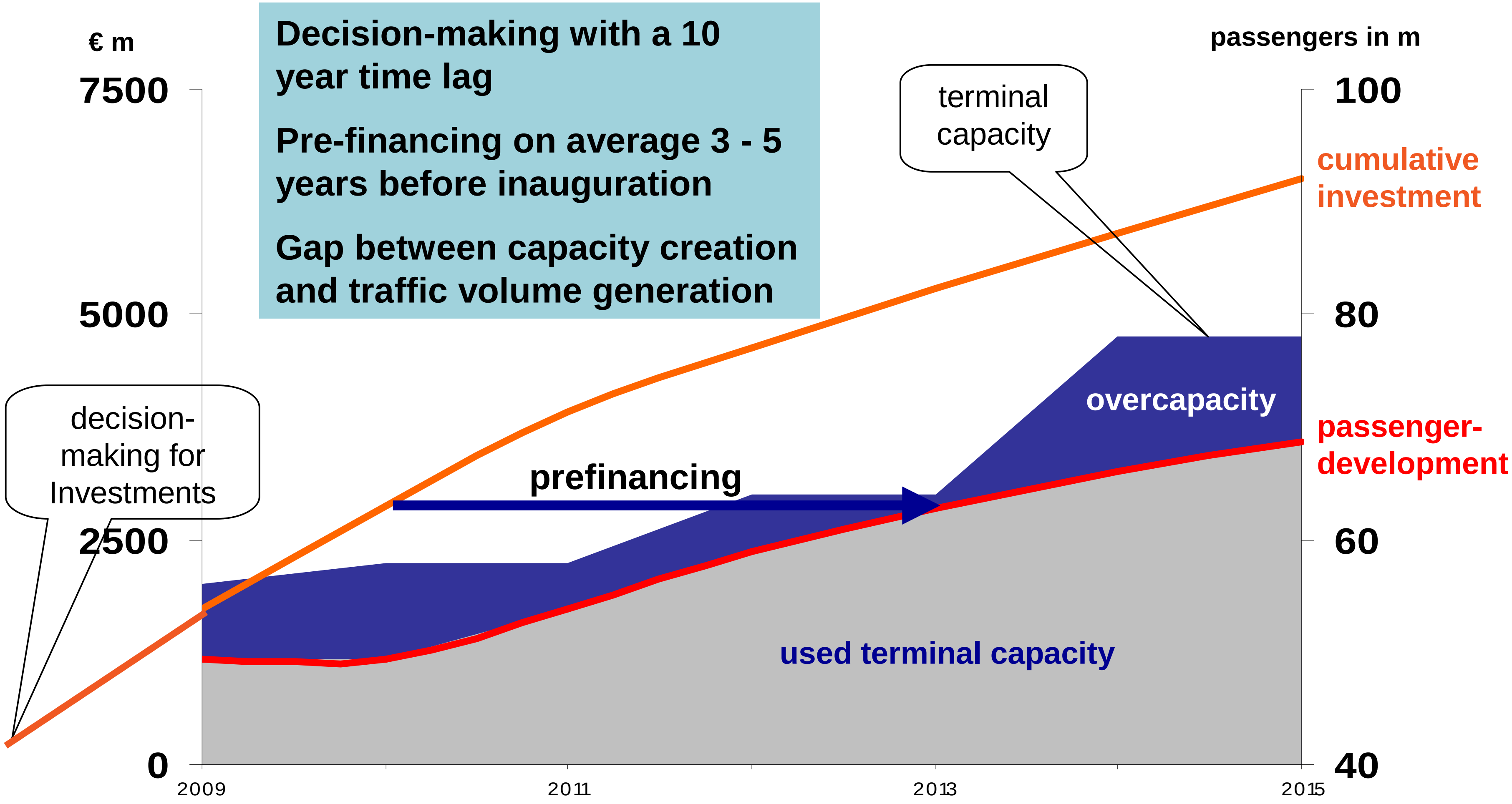
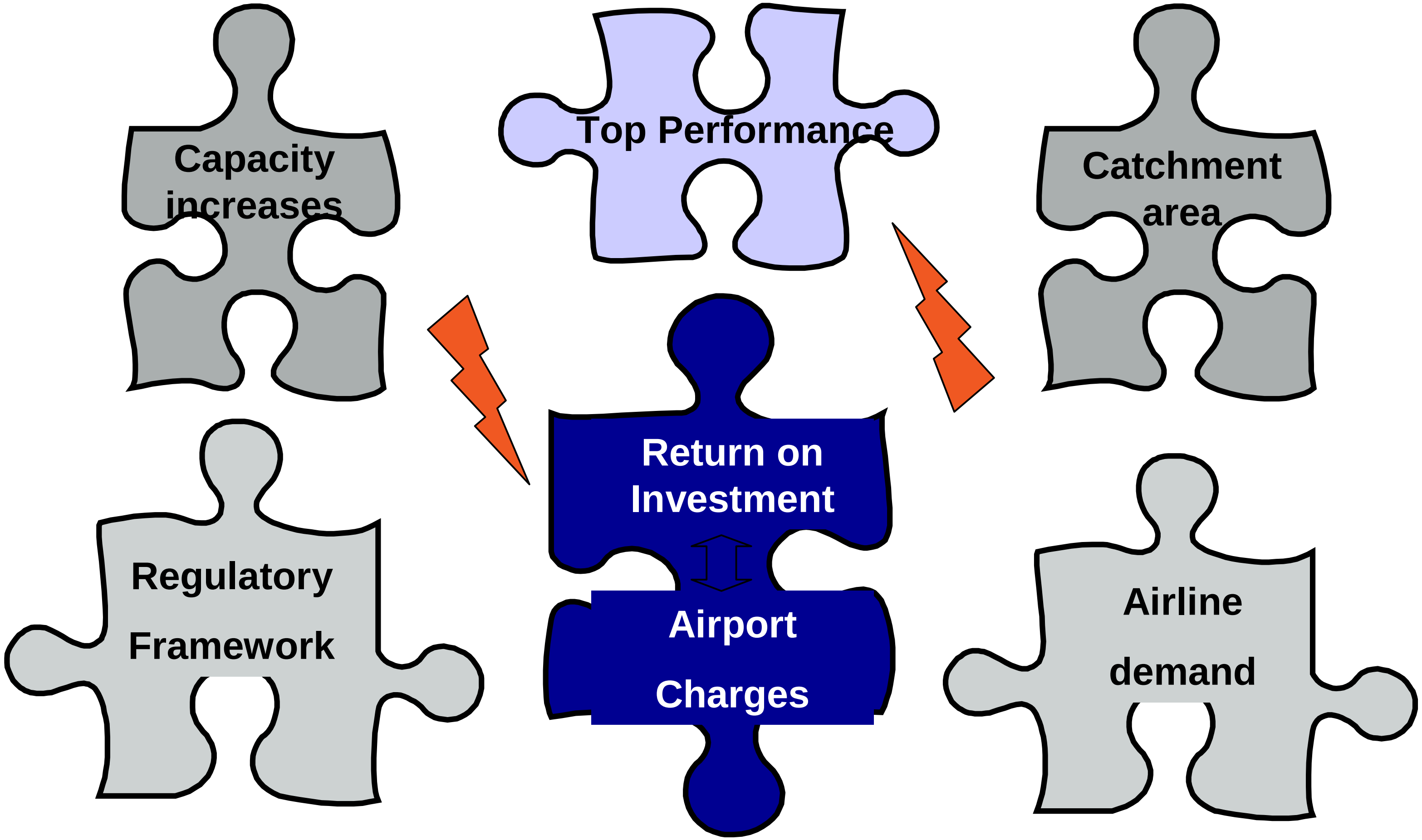
Decision-making with a 10 year time lag

Pre-financing on average 3 - 5 years before inauguration

Gap between capacity creation and traffic volume generation



Determinants of an appropriate investment level



Capacity increases

Top Performance

Catchment area

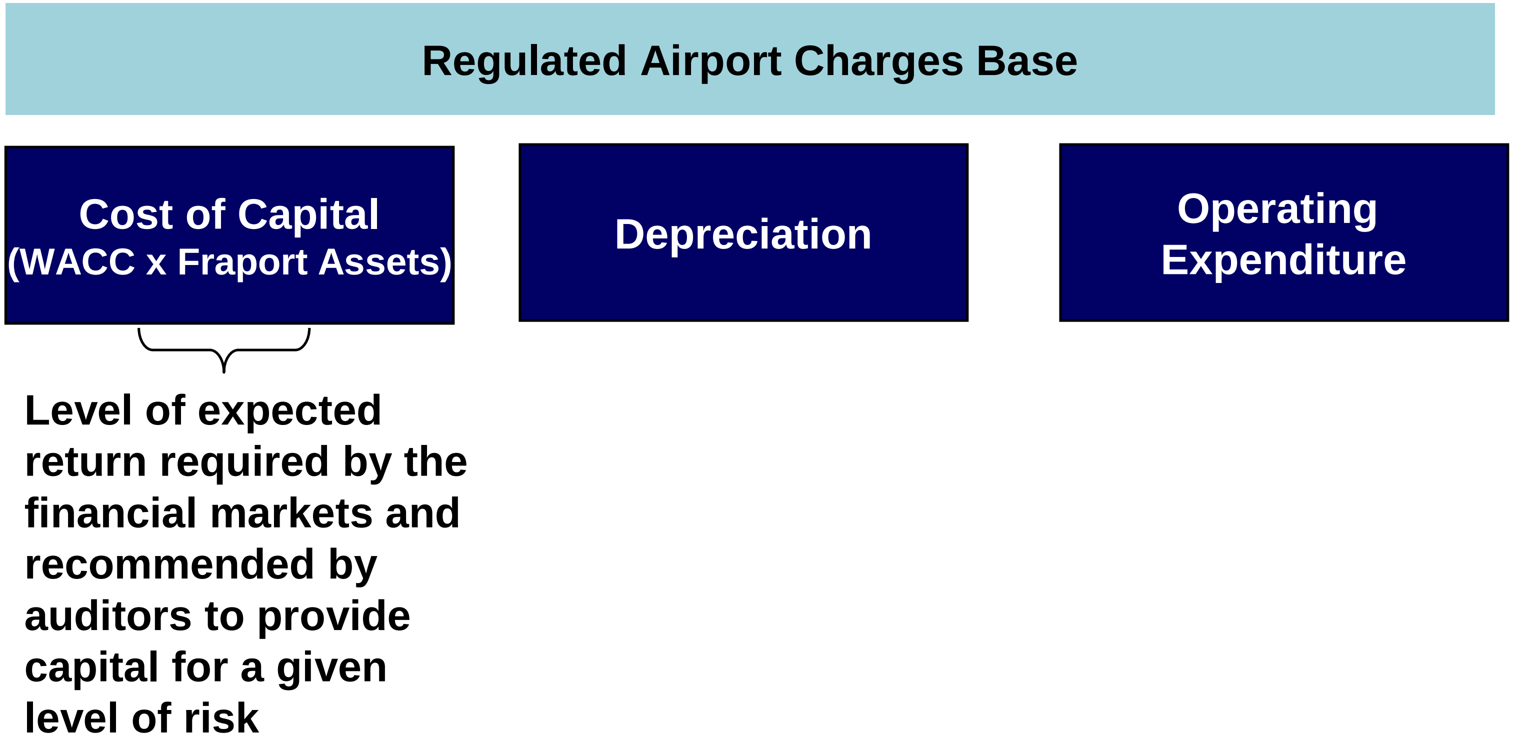
Regulatory Framework

Return on Investment

Airport Charges

Airline demand

Appropriate return on capital is the key issue – for private or public airports alike



Regulated Airport Charges Base

Cost of Capital
(WACC x Fraport Assets)

Depreciation

Operating Expenditure

Level of expected return required by the financial markets and recommended by auditors to provide capital for a given level of risk

Regulation does not really provide a sufficient answer how to deal with the long-term capacity investments and related capacity costs of an airport and the short-term possibilities of airlines operating „capital on wings“.

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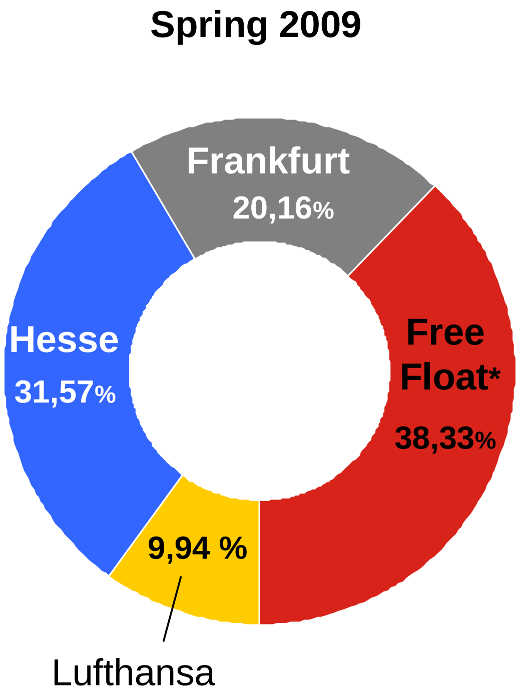

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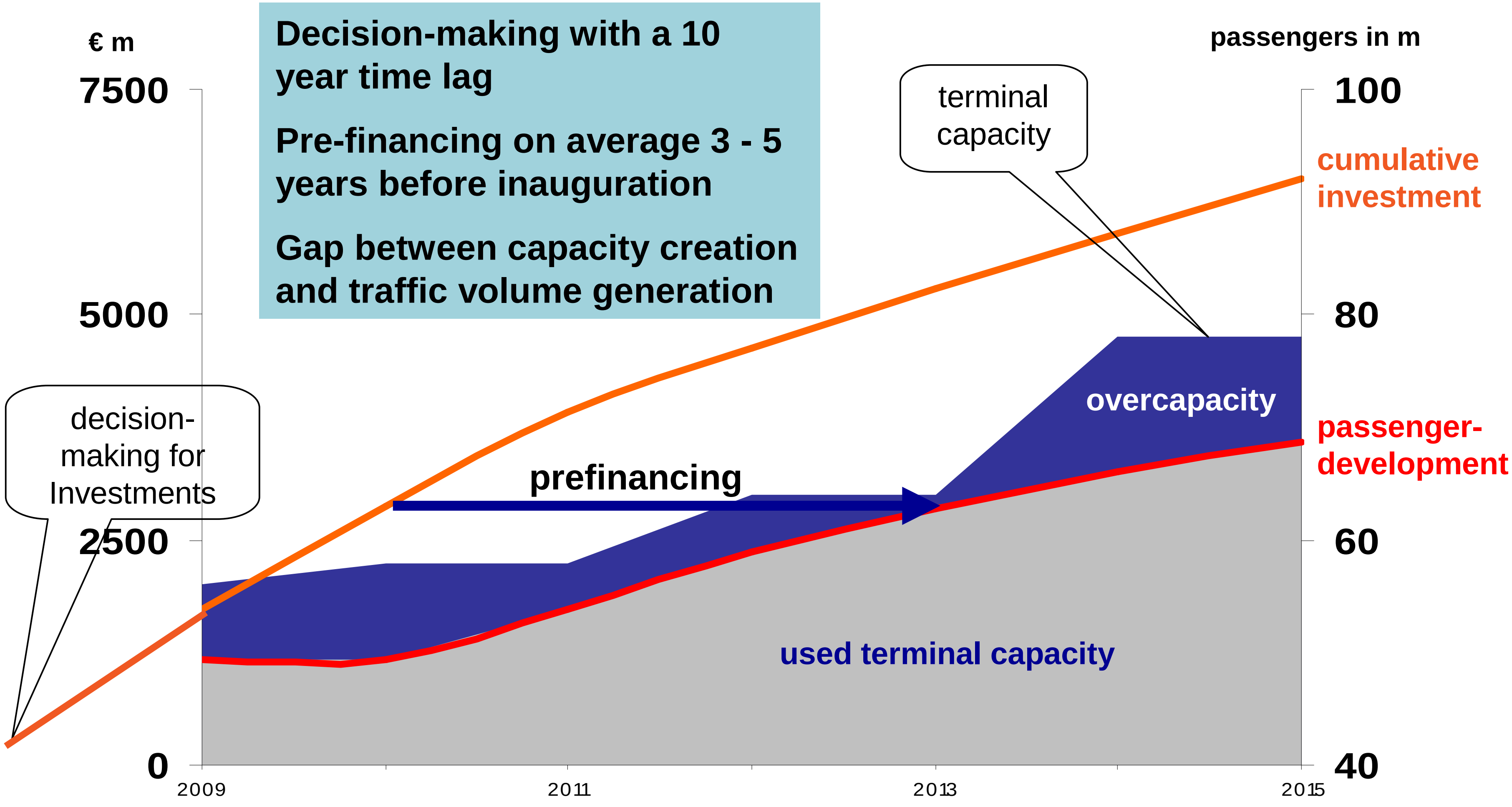

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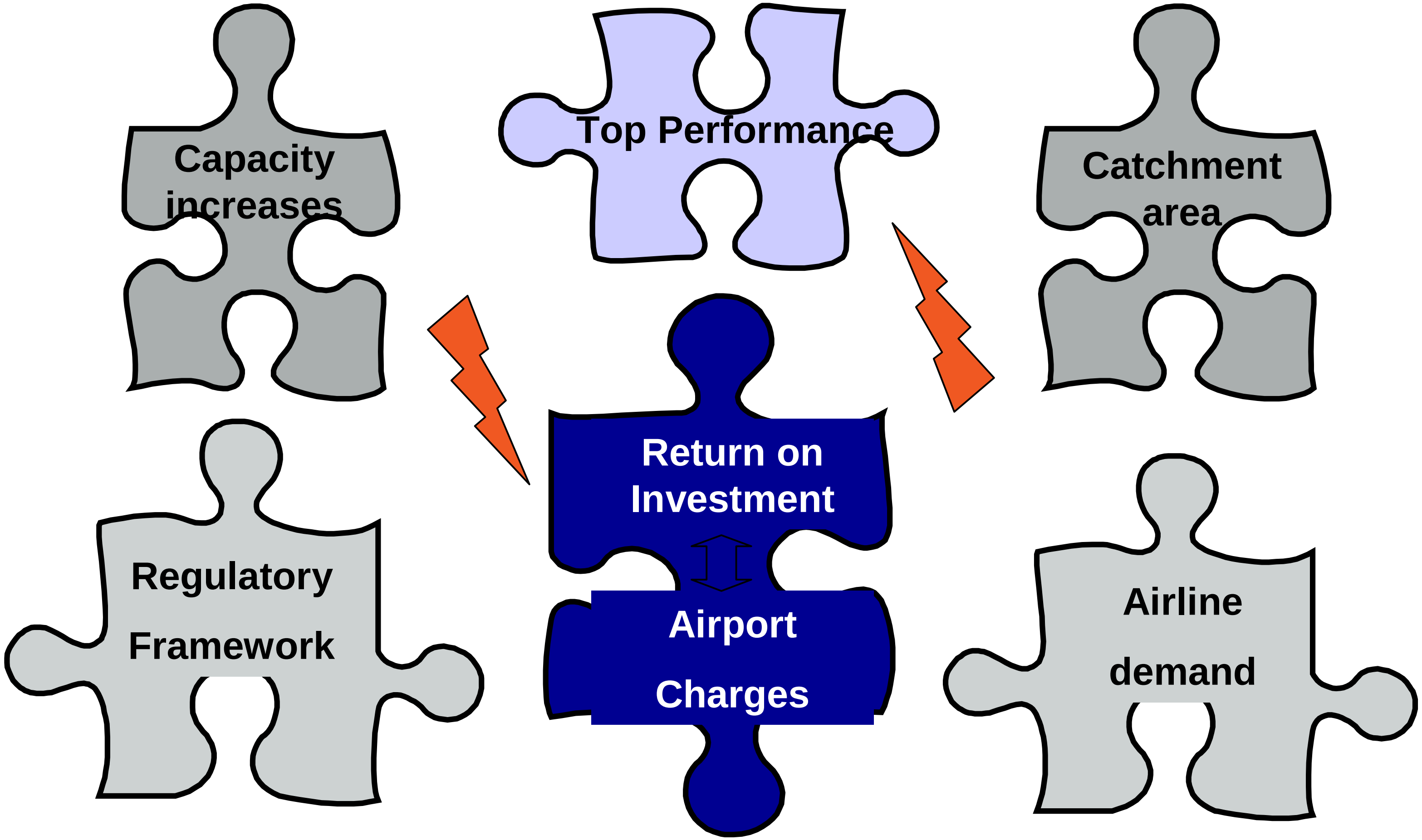

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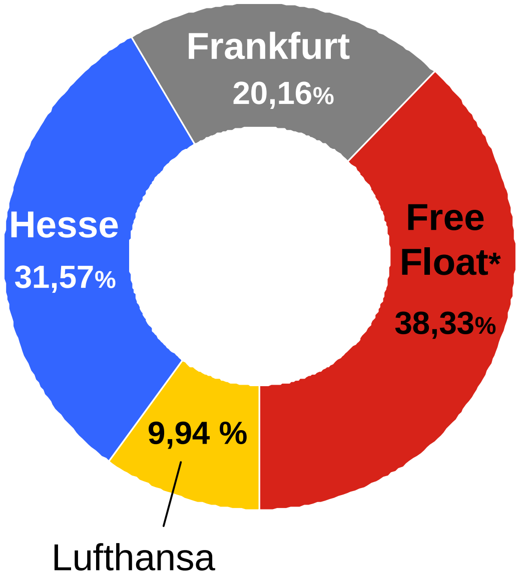

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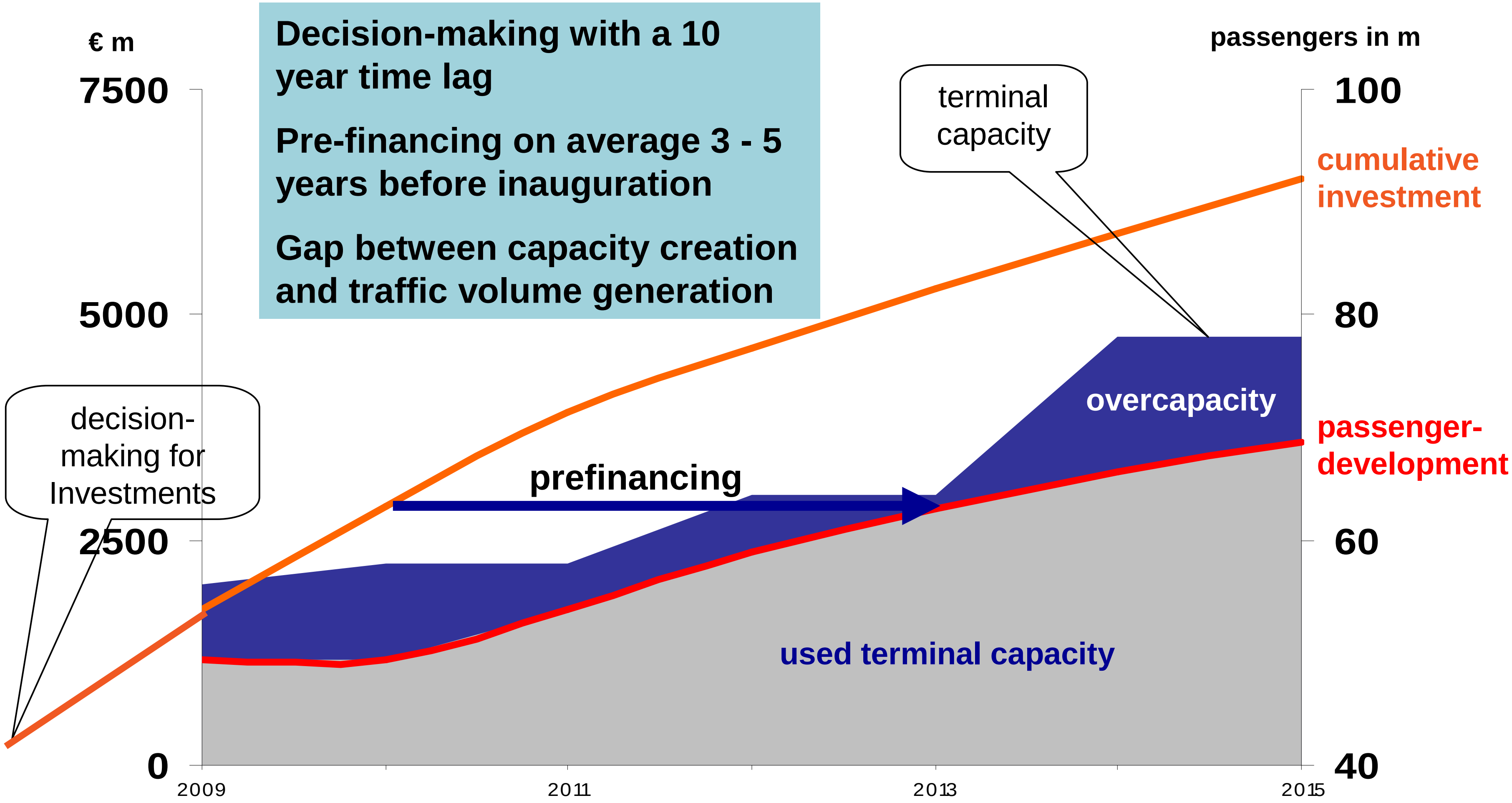

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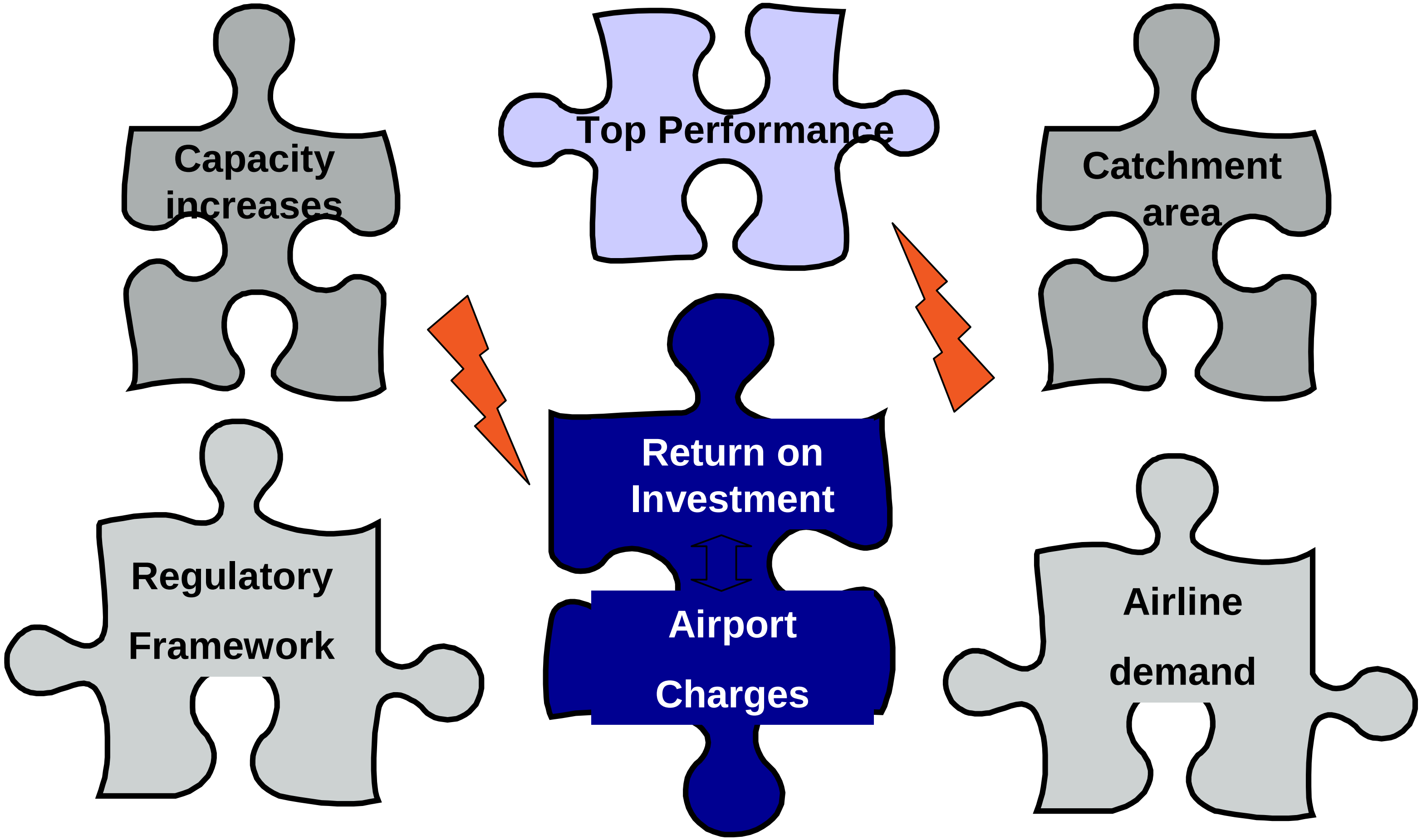

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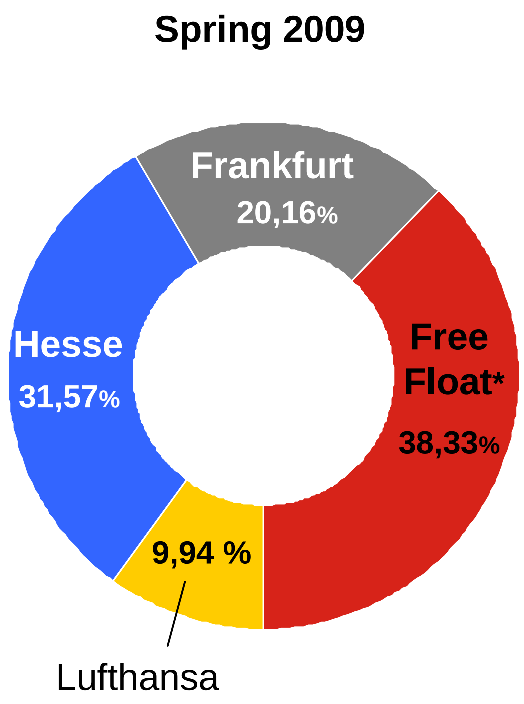

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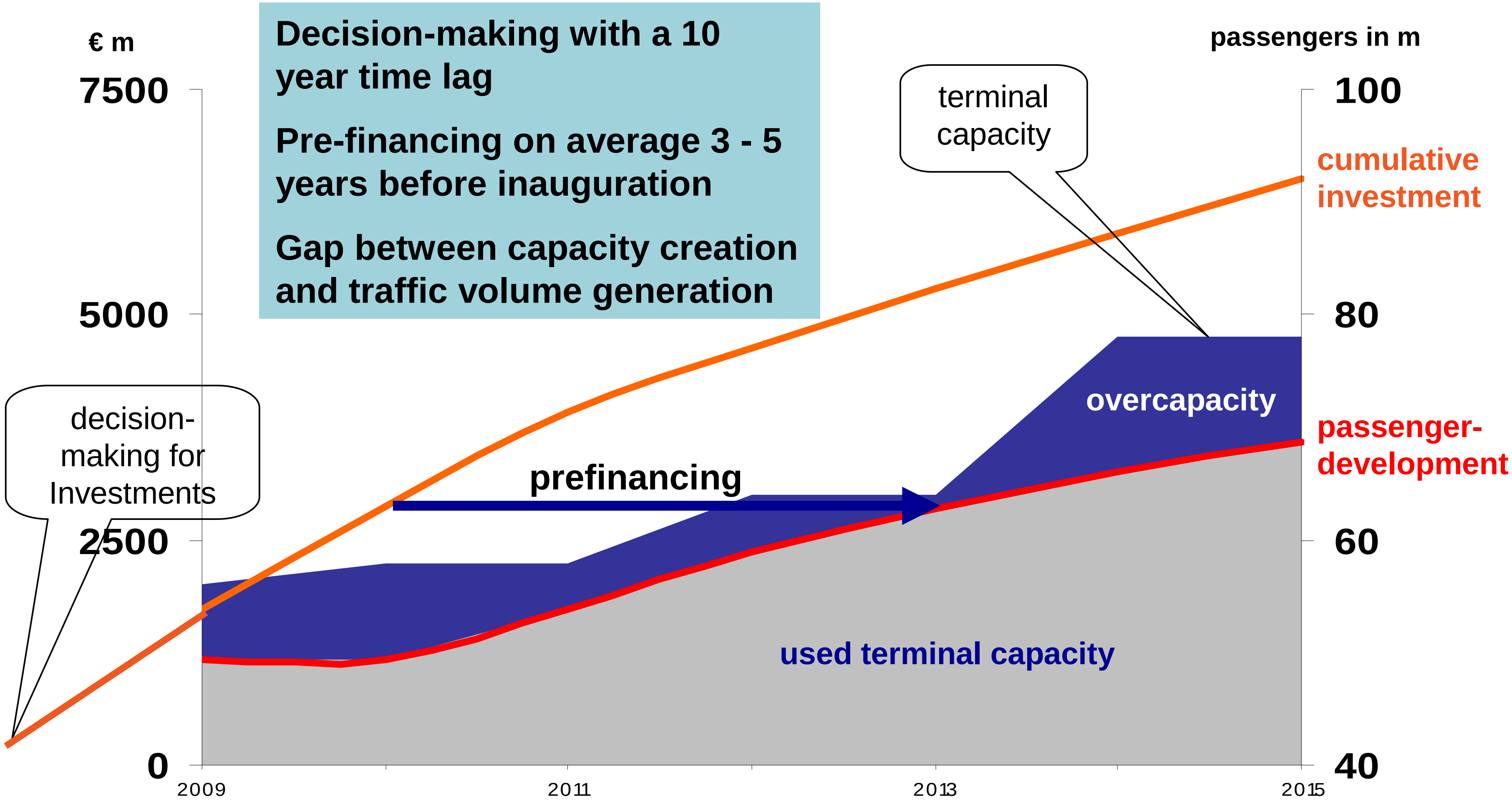

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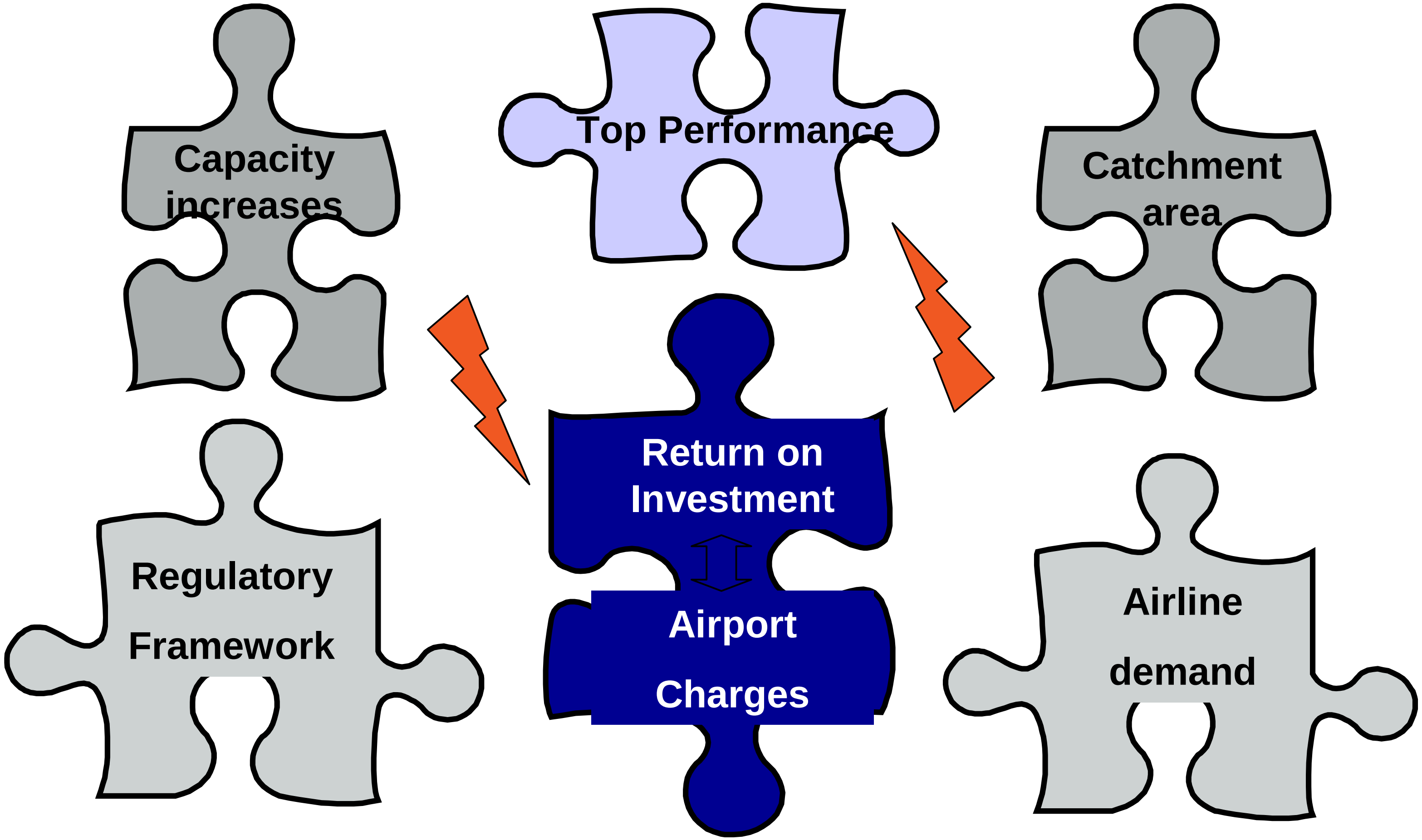

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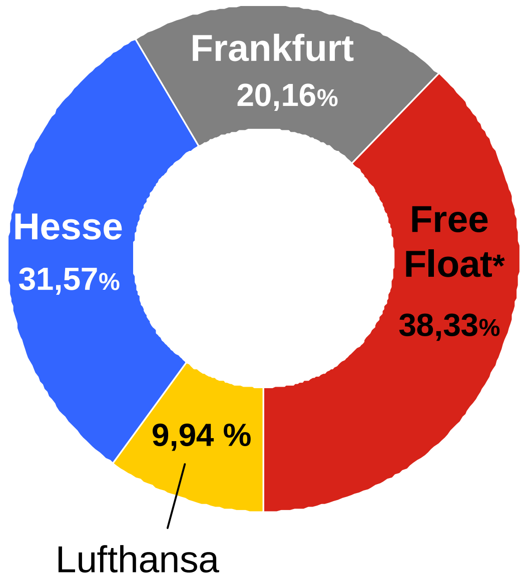

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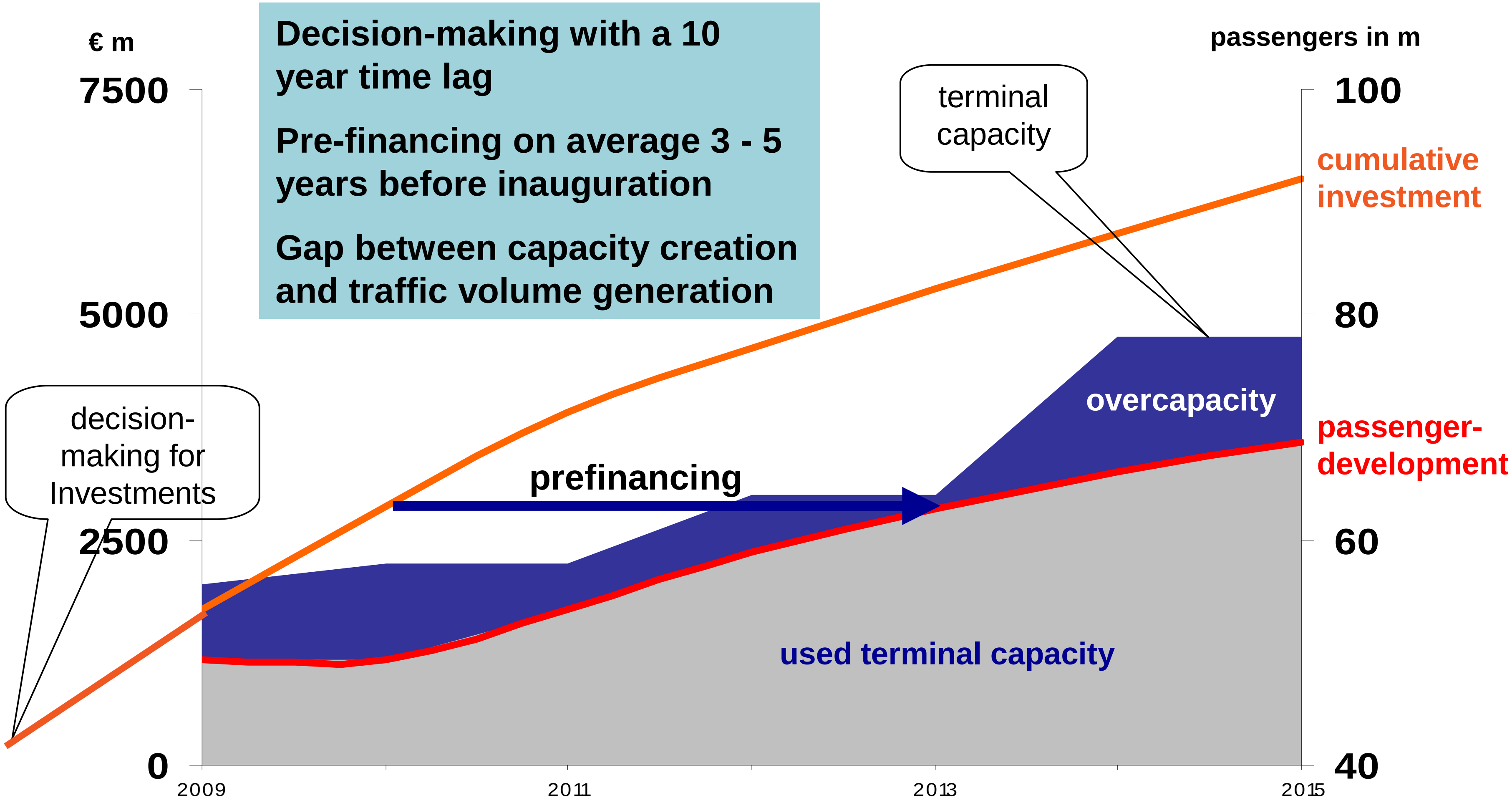

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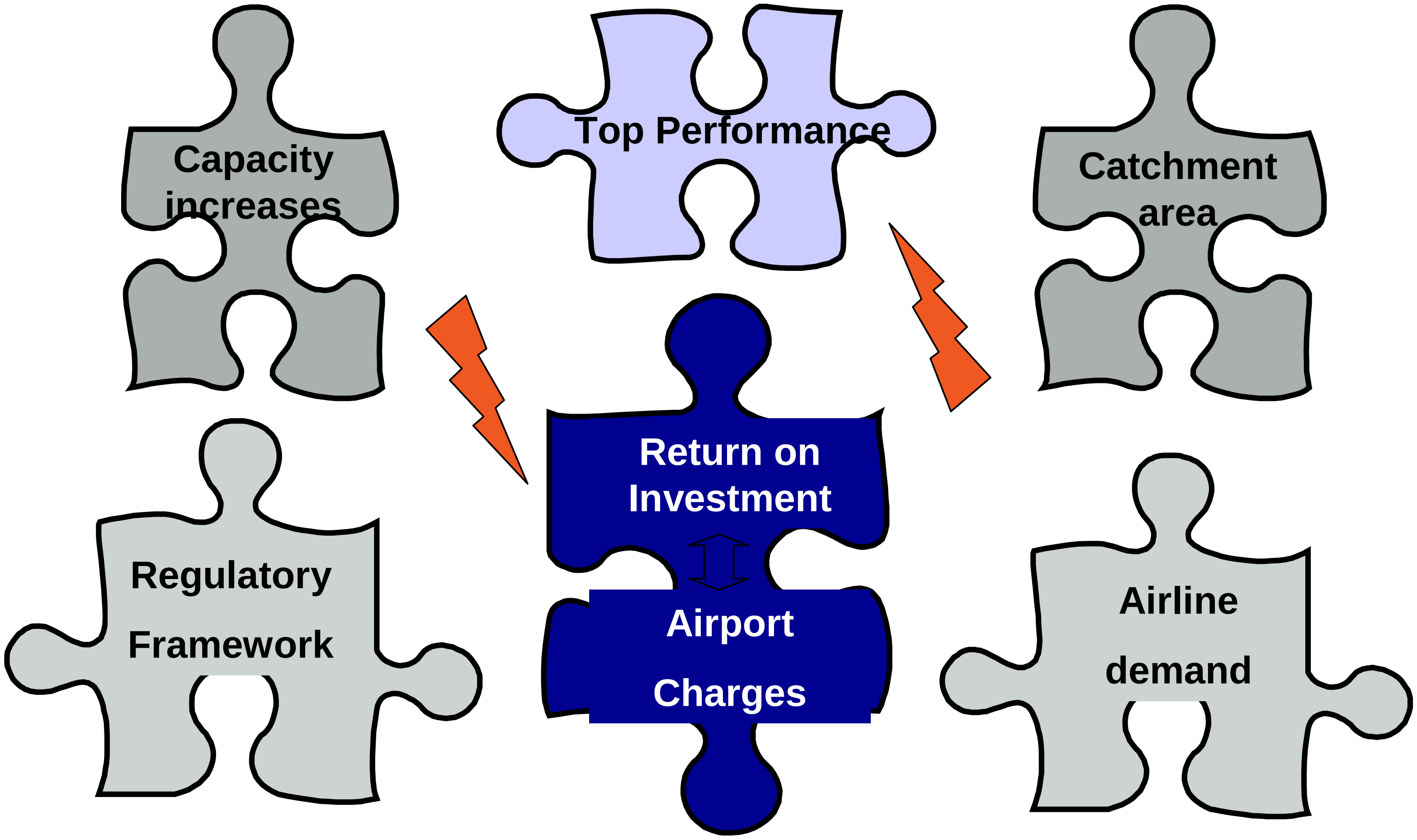

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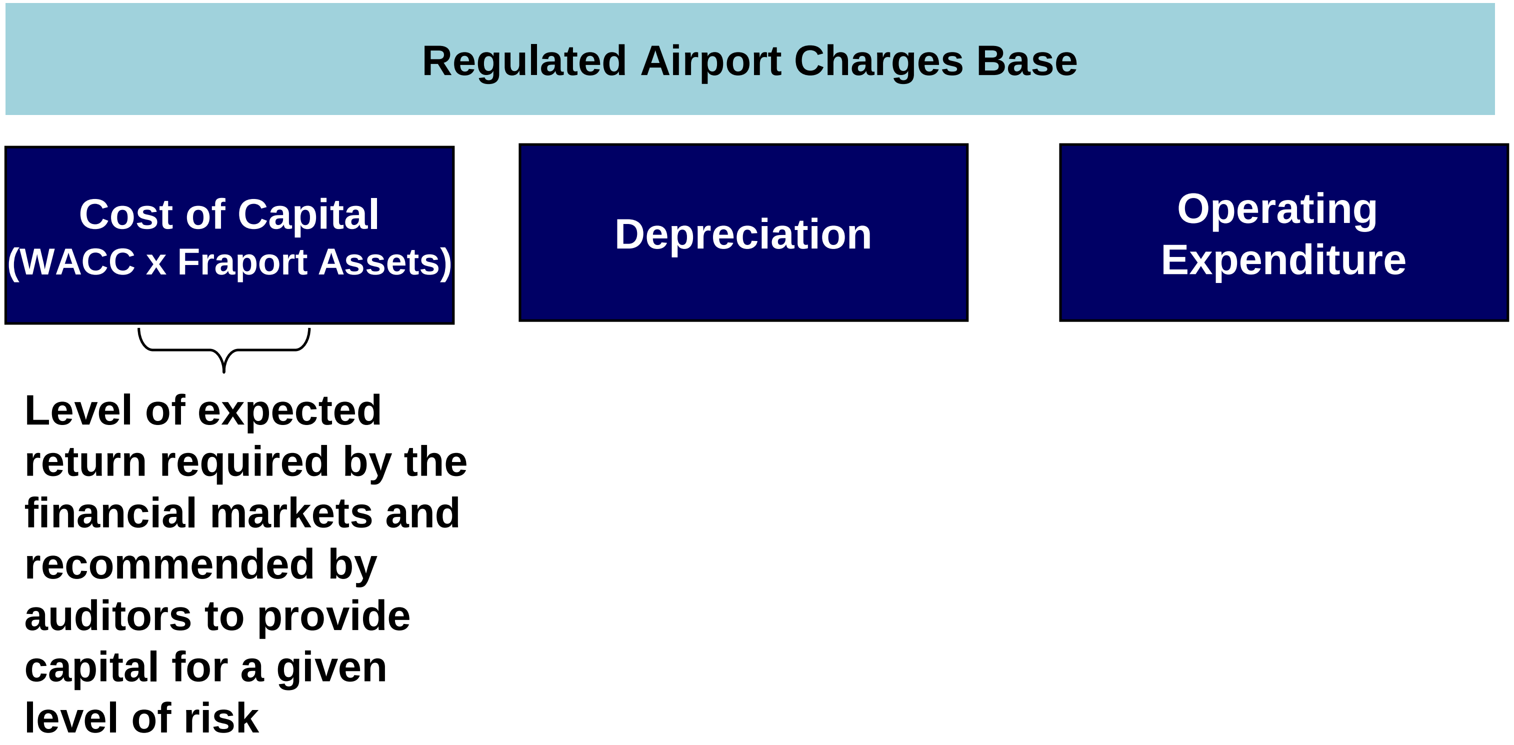

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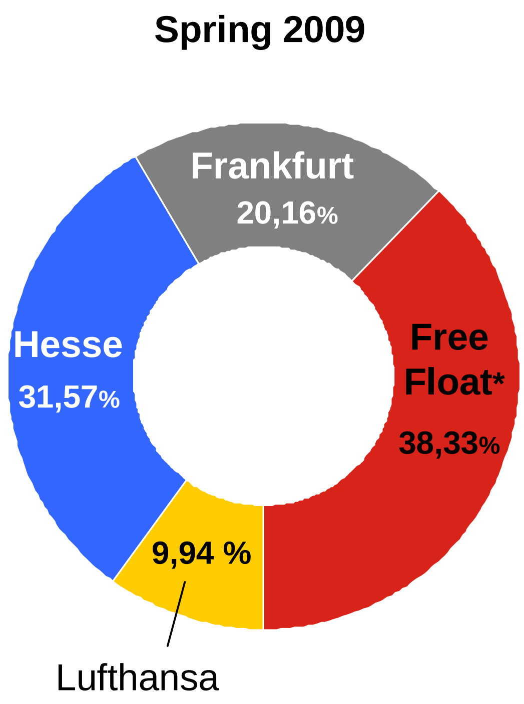

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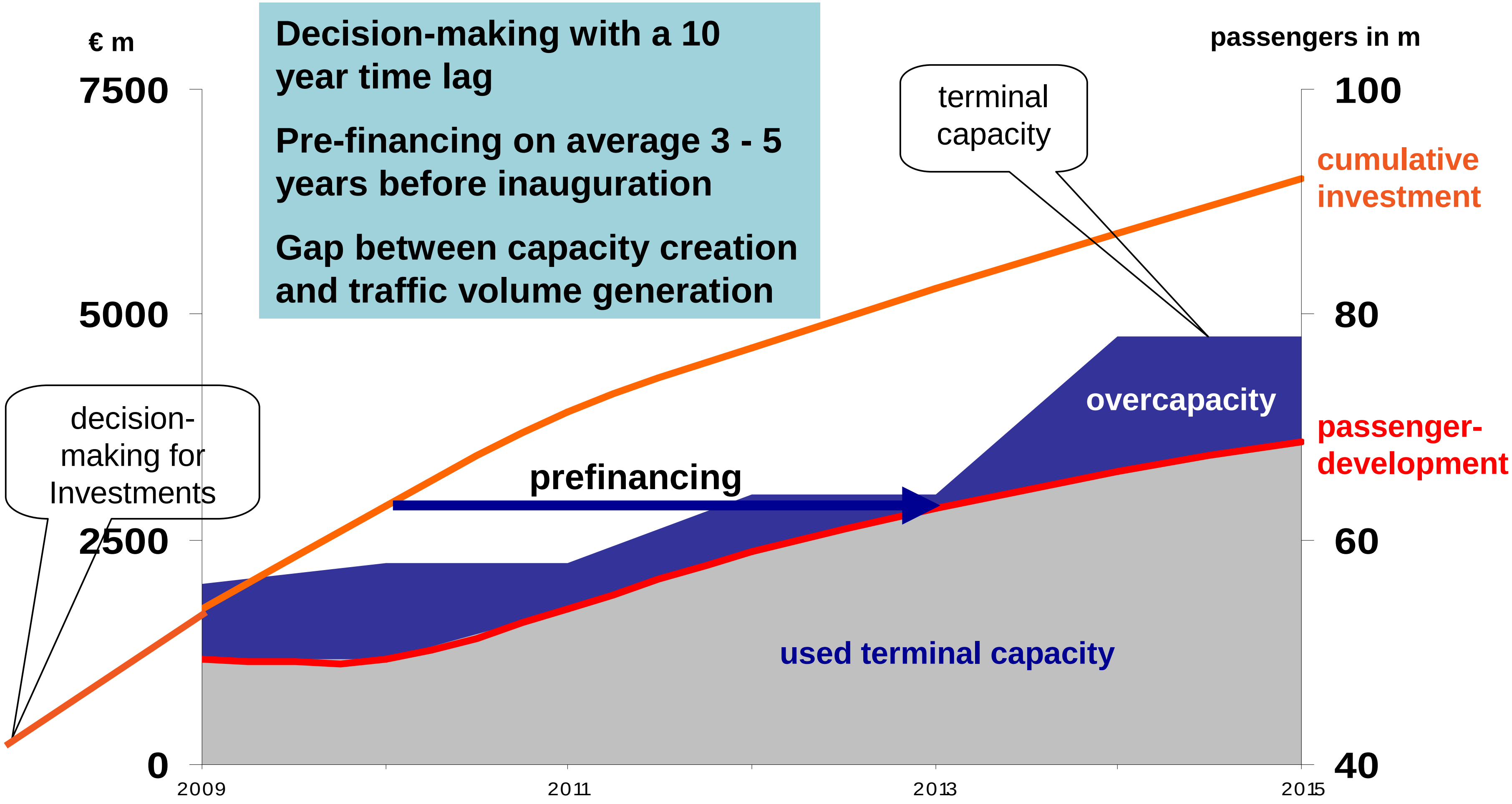

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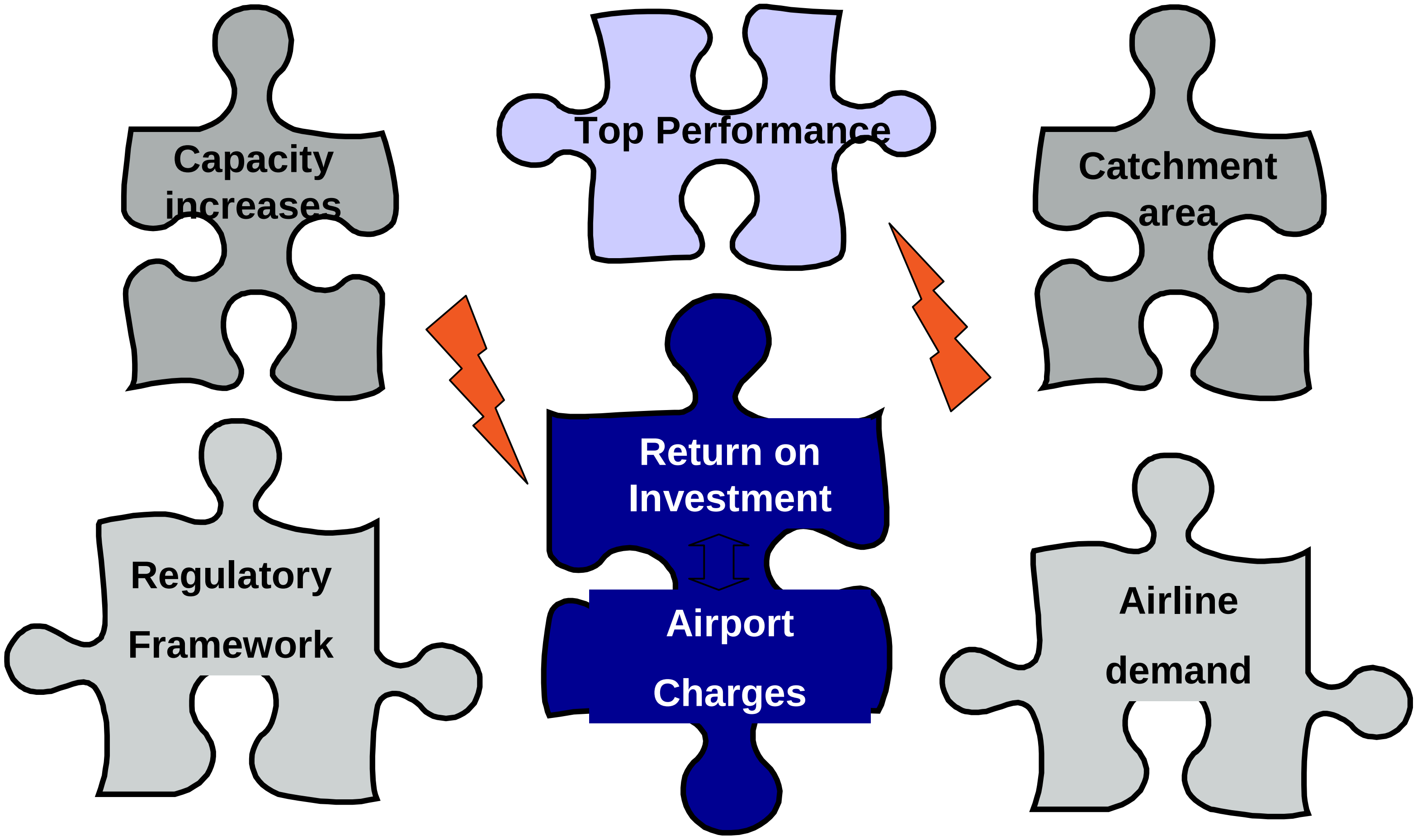

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