Acquisition of Bratislava and Kosice Airports

Developing the future of the region
Vienna - Bratislava - Kosice

Herbert Kaufmann
CEO Flughafen Wien AG
February 2006
The Region Vienna – Bratislava - Kosice
Competition between Regions

- The **Bratislava-Vienna region** is expected to be the fastest growing region in Europe.

- The competitors of the **Bratislava-Vienna region** include Munich, Milan, Paris, Budapest, Prague, etc.
Catchment Area

Criteria for the Catchment Area:
• Access to the airport within two hours by car
• Easiest access to a main airport
Propensity to travel (trips per year per inhabitant)

Source: Eurostat 2004
Growth in Air Transport (flights flown)

Source: Eurostat, 2004
Vienna International Airport

- Vienna Airport plc
  - Privatised in 1992
  - Present ownership structure:
    40% Public sector
    10% Employee trust
    50% Free float
- 15.9 m passengers in 2005
- High dividend yield

- Two runways
- Airport area: 10km$^2$
- Full airport provider (including ground handling)
Bratislava Airport

- Airport area: 477 ha
- 2 runways:
  - Runway 13/31: 3,190m
  - Runway 04/22: 2,900m
- 1.3m passengers in 2005

- Operated by:
  - M.R. Stefanik Airport
- Full airport provider (including ground handling)
Kosice Airport

- 1 runway:
  - Runway 01/19: 3,1000m
- 269,885 passengers in 2005

- Operated by: Letisko Kosice - Airport Kosice a.s.
- Full airport provider (including ground handling)
Passenger Growth 2000 – 2010
Bratislava-Vienna region
Passenger Growth 2000 – 2010
Vienna International Airport

Growth rate 2007-2010: + 4.6%
Forecast 2006: + 6%
Bratislava

PAX m

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

0.3 0.3 0.4 0.5 0.9 1.3 2.1 2.9 3.7 4.5 5.0 5.0

0 1 2 3 4 5 6
Vienna & Bratislava Airports
Wide-ranging opportunities for growth

• Leading position in Central Europe

2005: 17.2 million passengers: 15.9m (VIE) + 1.3m (BTS)

2010: 25 million passengers: 20m (VIE) + 5 m (BTS)

2015: 30.0 million passengers: 23m - 24m (VIE) + 6m - 7m (BTS)

• Main drivers of development
  - Transfer and point to point traffic
  - Fast growing market with little exploitation in Slovakia
Cooperation allows for the best development of potential

- **Vienna**: focused on *transfer hub west/east/long-haul*

- **Bratislava**: focused on *point-to-point traffic*:
  - low-cost carriers and charter

  Competitive advantages over airports like Zurich, Munich, Budapest, Prague etc.

- **Kosice**: focused on *connections to hubs like Vienna and Frankfurt* and *tourism*
Linking of Vienna and Bratislava market

- Express connections between Vienna City Centre – BTS Airport less than 1 hour travelling time (CAT extension by 2009)

- Starting 2006:
  City check-in in Vienna for flights from Bratislava
  City check-in in Bratislava for flights from Vienna
  plus bus connections
Consortium TwoOne

The “Airport TwoOne“ consortium consists of:

- Flughafen Wien Aktiengesellschaft  50.1
- Raiffeisen Zentralbank Österreich AG (RZB)  20.0
- Penta Investment Limited  29.9
Key figures of the bid

**Bratislava**
- Price 10.5 billion SKK (~EUR 275 m)
- Capital contribution: 7.9 billion SKK (~EUR 203 m)
- Investment programme: 9.37 billion SKK (~EUR 240 m) over the first five years

**Košice**
- Price 900 million SKK (~EUR 24 m)
- Capital contribution: 380 million SKK (~EUR 10 m)
- Investment programme: 415.6 million SKK (~EUR 11 m) over the first five years
## Key figures of the bid - Bratislava

<table>
<thead>
<tr>
<th></th>
<th>Consortium</th>
<th>thereof VIE</th>
</tr>
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<tbody>
<tr>
<td>Purchase price</td>
<td>275</td>
<td>138</td>
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<tr>
<td>Capital contribution</td>
<td>204</td>
<td>102</td>
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<tr>
<td>Committed investment during the first 5 years</td>
<td>240</td>
<td></td>
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<tr>
<td>- thereof capital contribution</td>
<td>204</td>
<td></td>
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<tr>
<td>- <em>out of cash flow</em></td>
<td>36</td>
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# Key figures of the bid - Kosice

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<tr>
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<th>Consortium</th>
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<tr>
<td>Offered purchase price</td>
<td>24</td>
<td>12</td>
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<tr>
<td>Capital contribution</td>
<td>10</td>
<td>5</td>
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<tr>
<td>Committed investment</td>
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<td>during the first 5 years</td>
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<td>contribution</td>
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<td>- out of cash flow</td>
<td>1</td>
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Specific Expansion Projects for Bratislava Airport

22 projects have been defined for Bratislava Airport, each with an exact financial plan and time schedule:

<table>
<thead>
<tr>
<th>Project</th>
<th>Forecasted Costs</th>
<th>Schedule</th>
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</thead>
<tbody>
<tr>
<td>Existing terminal – expansion</td>
<td>SKK 326 m (ca. € 8.4 m)</td>
<td>2006 - 2007</td>
</tr>
<tr>
<td>New terminal</td>
<td>SKK 2,850 m (ca. € 73 m)</td>
<td>2006 - 2009</td>
</tr>
<tr>
<td>Expansion of runways</td>
<td>SKK 1,243 m (ca. € 32 m)</td>
<td>2007 - 2010</td>
</tr>
<tr>
<td>Car park</td>
<td>SKK 216 m (ca. € 5.6 m)</td>
<td>2006 – 2007</td>
</tr>
<tr>
<td>Further 18 projects</td>
<td>SKK 4,735 m (ca. € 122 m)</td>
<td>2006 - 2010</td>
</tr>
</tbody>
</table>
Financial approach

- Enterprise value (100%) of Bratislava Airport above EUR 534 m
- EBITDA multiple (5 years average): 23
- Flughafen Wien AG
  - 7% WACC
  - Debt / Equity ratio: 50:50
- Bratislava shows positive results after one year
- From 2011 onwards profit contribution of Bratislava exceeds cost of debt
Synergies

e.g.
- Capacity management: (Construction of third runway in VIE will be postponed up to four years
- Facility management
- Procurement
- IT
Privatisation Process BTS/KSC

- 11 July 2005: Start of the privatisation process
- 15 September 2005: Selection of short-listed bidders
- 5 December 2005: Submission of the final bid
- 20 December 2005: Preferred bidder/privatisation commission
- 20 January 2006: Announcement of second round
- 27 January 2006: Submission of final bid/second round
- 1 February 2006: Preferred bidder/government

**OUTLOOK:**
- Signing of the final contract with the National Property Fund and Ministry of Transport
- Summer 2006: Expected closing of the privatisation process after approval by the Anti-Monopoly Office
Thank you for your attention.