

*The Economies of Airport PPP and The Road
Map to Concession*
**Munich Airport's Evolution to a Global
Airport Operator**



Delip Prasad
24th June 2021



Agenda



Munich Airport International –
A growing multi-airport operator

Airport PPPs –
Combining the benefits from both perspectives

Privatization despite COVID-19 –
MAI's recent experience

Munich Airport International – *A growing multi-airport operator*

Our Facts & Figures

Munich Airport International Group in a nutshell



28+

years of international business



110+

successfully completed projects



40+

countries account for global operations



85+

highly skilled airport experts



Operating **5**

airports & terminals worldwide



5-Star

service quality



Integrated

airport business model



Best Practice

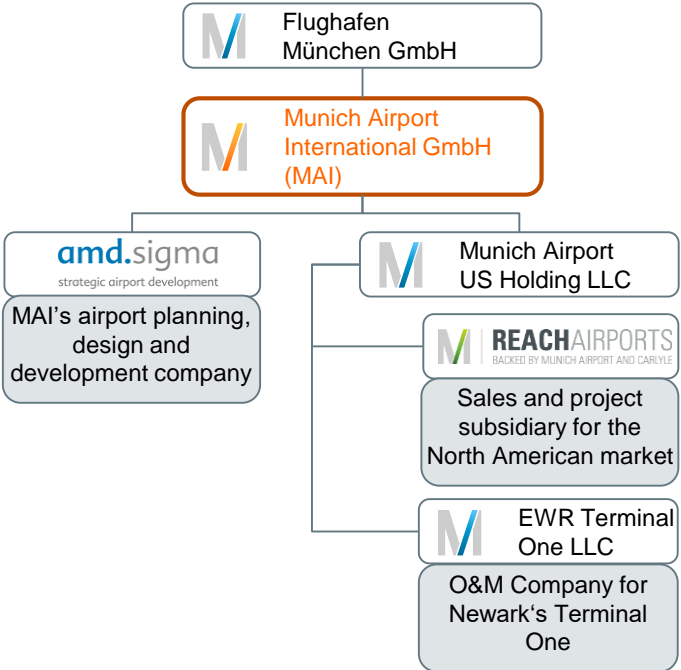
for the entire airport lifecycle

Munich Airport International

Evolving to a global airport operator

Evolution from Consultant

... to Operator & Equity Investor



Evolution from Subsidiary

... to Corporate Group

Airport PPPs –
*Combining the benefits from both
perspectives*

Airport PPP's

Benefits for the airport region and the new operator



Improve **safety** and **occupational health standards**

Improved standards can reduce number of accidents by setting standards and assume responsibility for employee's health and quality of life



Creation of **economic value** for the region

Airports fuel regional economic growth and activities, including direct, indirect, induced, and catalytic benefits of airports activity



Increased **quality and efficiency** of airport operations

Building existing sound and extensive knowledge of airports, MAI could provide several benefits to airports being privatized and add significant value



Risk **Diversification**

Reduce Munich Airport's dependency on regional development, through investments in different macro-economies and airport types



Higher **Scalability and long-term income stream**

Significantly increase return potential and profitability on invested resources through equity investments

People-First PPPs

Success factors and challenges to master during the project life-cycle

Impact Investment & Innovative Financing

- Optimum public & private financing
- Combination of suitable instruments
- Pooled funding structures
- Tax incentives and state funds
- Use asset value as collateral

Risk Management

- State policy framework with de-risk impact
- Mitigate political and legal uncertainty risks
- Flexible risk-sharing models for private sector partners
- Incentive mechanisms for contractual arrangements
- Tailor PPP solutions to national / local practices and competences

Regulatory Framework & Governance

- Sound PPP policy and legal framework
- Arbitration, profit repatriation
- Procurement level playing field
- Local financing markets for deal structuring
- SDG and CSR policies

Transparency & Accountability

- Guidelines & policies for the PPP procurement process
- Proactive disclosure of meaningful and accessible information to stakeholders
- Assumptions on demand, charges, subsidies, guarantees, profits, liabilities, public sector budget

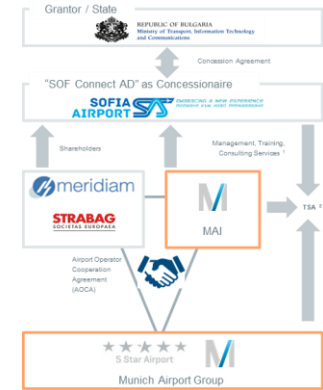


Privatization despite COVID-19 – *MAI's recent experience*

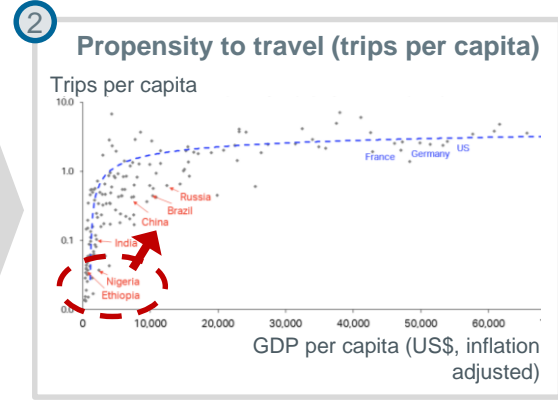
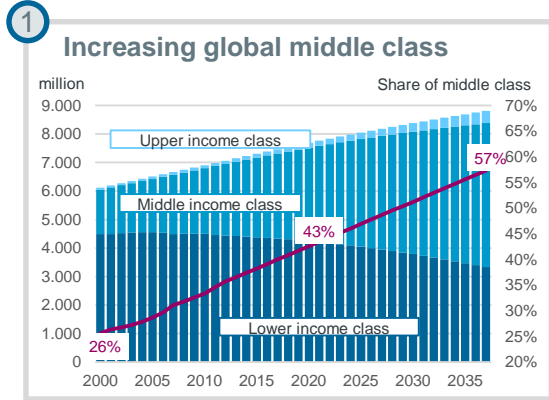
Operating Partner in Sofia –

Successful transition in the midst of the biggest aviation crisis

- Since Monday 19 April 2021, Munich Airport and the consortium "SOF Connect" - consisting of the French investor Meridiam, the Austrian developer Strabag - have taken over the full responsibilities and business activities related to the operation of Bulgaria's capital airport.
- SOF Connect is committed to investing at least 624 million euros over the life of the concession and build a brand new Terminal 3 for the airport within the first 10 years of the concession.
- SOF Connect's mission is to transform Sofia Airport into a top modern and competitive European airport and to make Sofia Airport an engine and impetus for social, economic, environmental and inclusive growth for Sofia, its region and Bulgaria
- SOF Connect has a clear vision for the commercial development of Sofia Airport. The team will be introducing best-in-class shopping and dining concepts and is excited to work with local partners to bring the best of Bulgaria and downtown Sofia to the airport.



Is it still attractive to invest in airports post-Covid19? – Yes !



4 INDUSTRIES APRIL 7, 2021 / 6:45 PM / UPDATED 2 MONTHS AGO

Brazil raises \$600 million in privatization auction of 22 airports

By Aluisio Alves, Alberto Alerigi 2 MIN READ

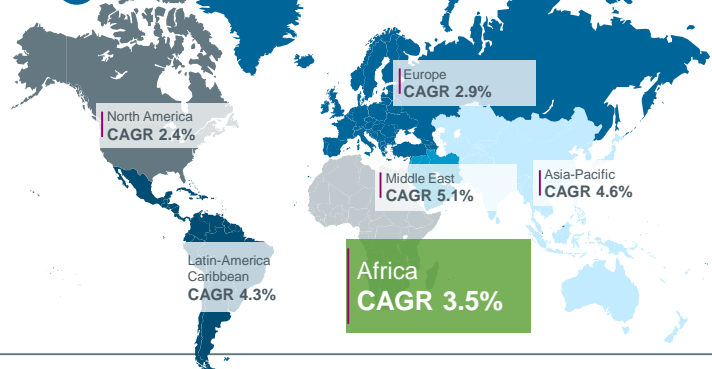
SAO PAULO (Reuters) - Brazil on Wednesday auctioned 22 airports, raising 3.3 billion reais (\$593.11 million), with the largest group of airports won by infrastructure company CCR, part of a wave of privatizations that the government is pushing.

“The auction raised a similar amount of money as a previous airport auction in 2019, when the auction of a single group of airports in Brazil’s northeast raised \$500 million”

Source: Reuters

3 Regional traffic forecast (2019 - 2040)

Sources:
 ACI world air traffic forecast report 2019, Airbus Global Market Forecast 2019
 IATA: COVID-19 Outlook for air travel in the next 5 year (05/2020)
 IATA: Five years to return to the pre-pandemic level of passenger demand (07/2020)
 Lower income class (<\$20,000 household income); Middle income class (\$20,000 up to \$150,000 household income);
 Upper income class (>\$150,000 household income)



Thank you



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