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PPP in Airport Business

&

TAV Experience

**Mr. Murat Örnekol - Chief Operations Officer**



# PPP in Airport Business

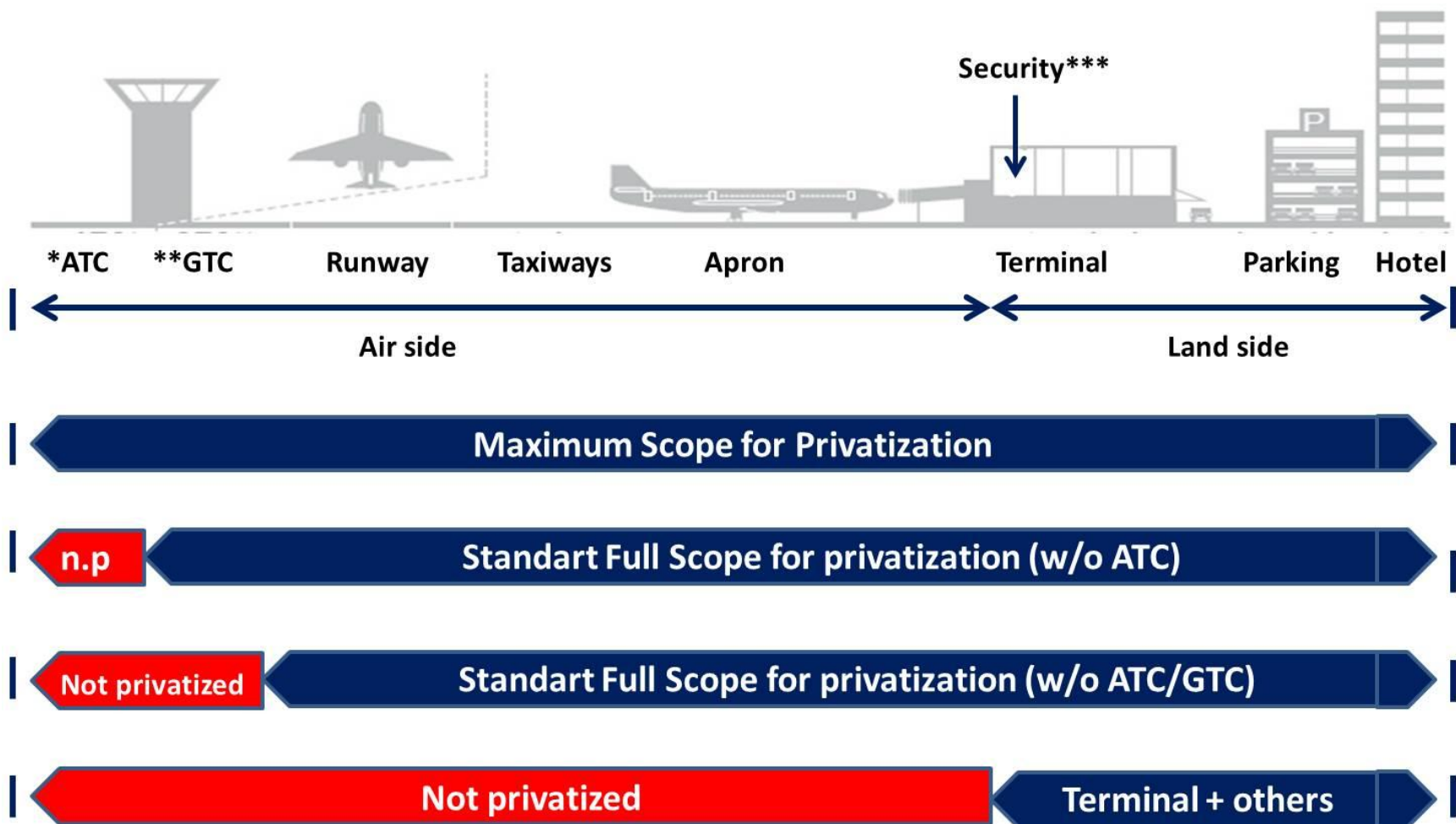
- Public Private Partnership (PPP), is a work model that is based on a contract or concession agreement between a government or statutory entity on one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges.
- Its goal is to combine the **BEST CAPABILITIES** of the public and private sectors for **MUTUAL BENEFIT**.
- Used for **BUILDING** of new and/or upgrade existing **PUBLIC FACILITIES**.
- The private sector assumes a greater role in the planning, financing, design, construction, operation and maintenance of these facilities whereas the governmental body assumes the guarantee for the revenues and controlling the investment.
- The investors most likely use the below formula to evaluate BOT projects

$$\text{Revenues} - \text{OPEX} - \text{Loan Repayments} \geq \text{CAPEX}$$

Investors main concerns may be listed as below:

- Feasibility & Profitability
- Bankability
- Clear Regulations
- Environmental Factors

# PPP in Airport Business



\*ATC: Air Traffic Control, \*\*GTC : Ground Traffic Control, \*\*\*Pax screening and other security relevant services ex-or included

# PPP in Airport Business

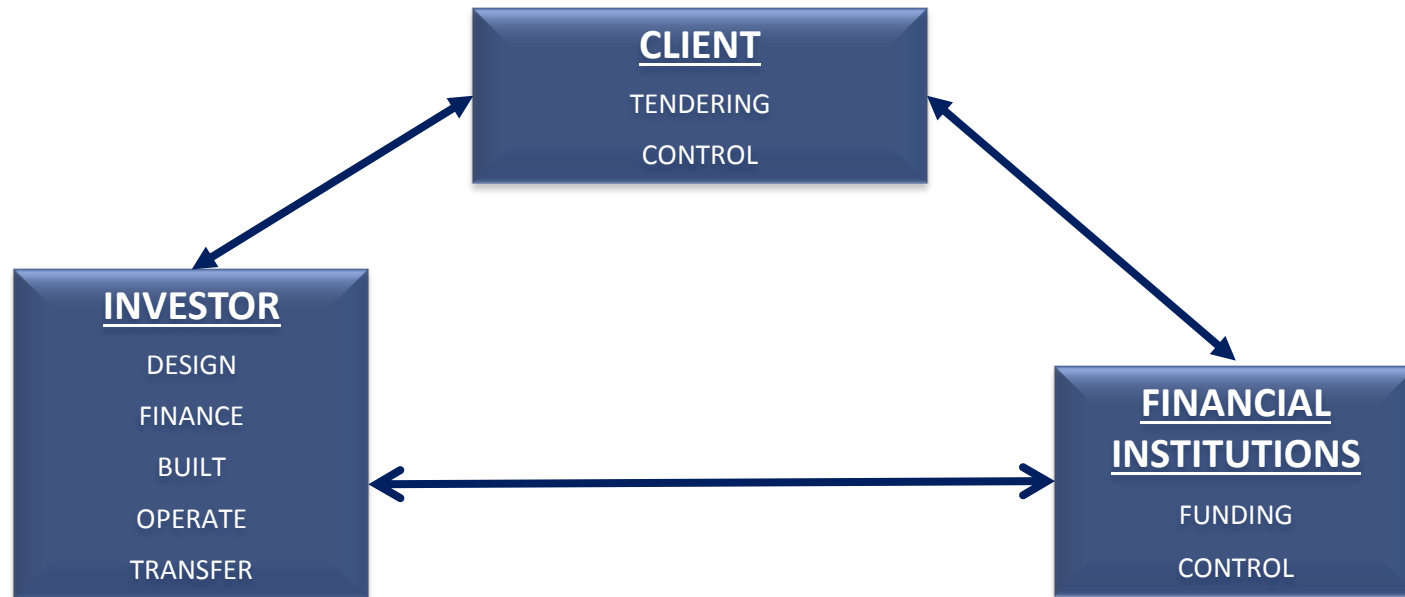
## Major Types of PPP Projects

- O&M Contracts
- Long Term Lease Concessions
- B.T.O (Build Transfer Operate)
- B.O.T (Build Operate Transfer)
- B.O.O (Build Own Operate)

## To Achieve Successful Outcome from PPP Tenders

- Clearly defined scopes
- Concept design
- Agreed CAPEX(Capital Expenditure) based on the concept
- Clear definition of the Revenue Streams
- Governmental guarantee (Direct/Indirect) for the revenues
- The investor should have the know-how for design, financing, building, construction and operations

## Structure of PPP Projects in Airport Business



## Advantages:



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## **TAV Experience**

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# TAV Structure

## Airport Operation Companies

### Airports



#### Turkey

- Istanbul Ataturk Airport (100%)
- Ankara Esenboga Airport (100%)
- Izmir Adnan M. Airport (100%)
- Antalya Gazipasa Airport (100%)

#### Georgia

- Tbilisi and Batumi Airports (76%)

#### Tunisia

- Monastir and Enfidha Airports (67%)

#### Macedonia

- Skopje and Ohrid Airports (100%)

#### Latvia

- Riga Airport (100% - Commercial Area Management)

#### Saudi Arabia

- Madinah Airport (33%)

## Service Companies

### Duty Free



#### ATU (50%)

- JV between TAV Airports Holding and Heinemann (50%-50%)
- Largest duty free operator in Turkey
- Operating in all TAV managed airports
- Total of **15,000m<sup>2</sup>** sales area
- More than **1400** employees

### Food and Beverage



#### BTA (67%)

- Total **seating capacity** of more than **12,800**
- 57 outlets in Istanbul
- 30 outlets in Ankara
- 24 outlets in Izmir
- 10 outlets in Georgia
- 14 outlets in Tunisia
- 7 outlets in Macedonia
- Operates Istanbul Airport Hotel (**131 rooms**)
- Manages all F&B points in IDO Ferry Lines Terminals and ferry boats
- Bakery & pastry factory serving Starbucks & Cafe Nero in Turkey

### Ground Handling



#### HAVAS (100%)

- Major ground handler in Turkey with a **65% market share**
- Currently operates in **34** airports in **9** different countries
- Major shareholder of Havas-Europe (67%) which operates in Latvia, and Germany
- Shareholder of TGS with Turkish Airlines (50% - 50%)
- Shareholder of CAS with KTHY (50%)

### Other



#### ▪TAV Operation Services (100%):

Commercial area allocations, advertising, travel agency services, CIP / VIP operations

#### ▪TAV IT (100%):

Integrated Airport IT services including AODB, FIDS, FMS and BMS

#### ▪TAV Security (100%):

Security service provider in Istanbul, Ankara and Izmir including x-ray screening and physical security

## 2012 Revenues

€ 632 m

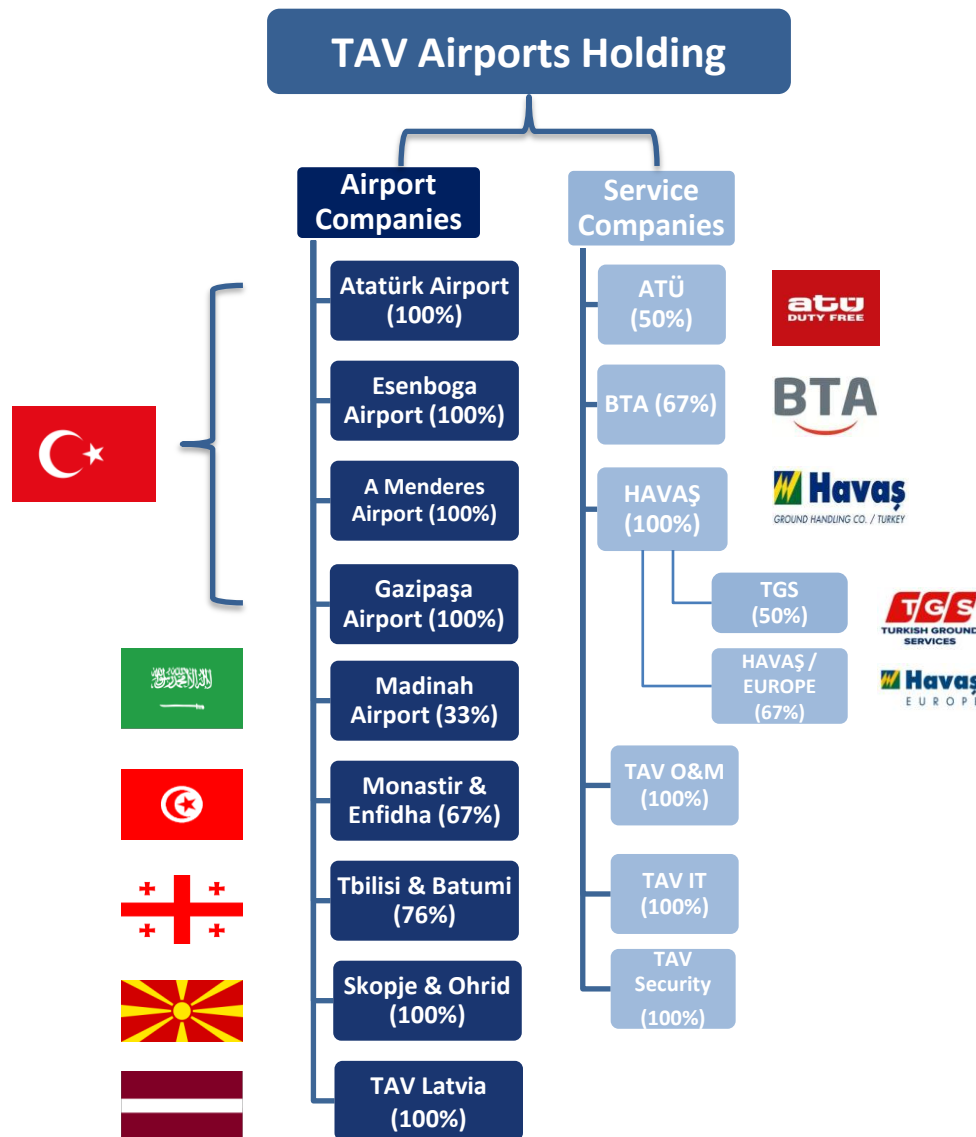
€ 255m

€ 116 m

€ 211 m

€ 93 m

# TAV Structure



Major shareholders are ADPM (38%), Akfen (8,1%), Tepe (8,1%) , Sera (2%), %40 publicly traded in Istanbul Stock Exchange

TAV Airports Holding (“TAV Airports”) is an integrated airport services company providing design and construction, terminal / airport operations and maintenance services, duty free services, food and beverage services, airport security, ground handling and other auxiliary services



- **B.O.T. (Build Operate Transfer)**

Istanbul Ataturk International Airport – International Terminal	(1997 – 2005)
Ankara Esenboga International Airport	(2006 - 2023)
Izmir Adnan Menderes International Airport – International Terminal	(2006 – 2015)
Tblisi and Batumi International Airports	(2005 – 2027)
Monastir and Enfidha International Airports	(2007 – 2047)
Skopje and Ohrid International Airports	(2010 – 2030)

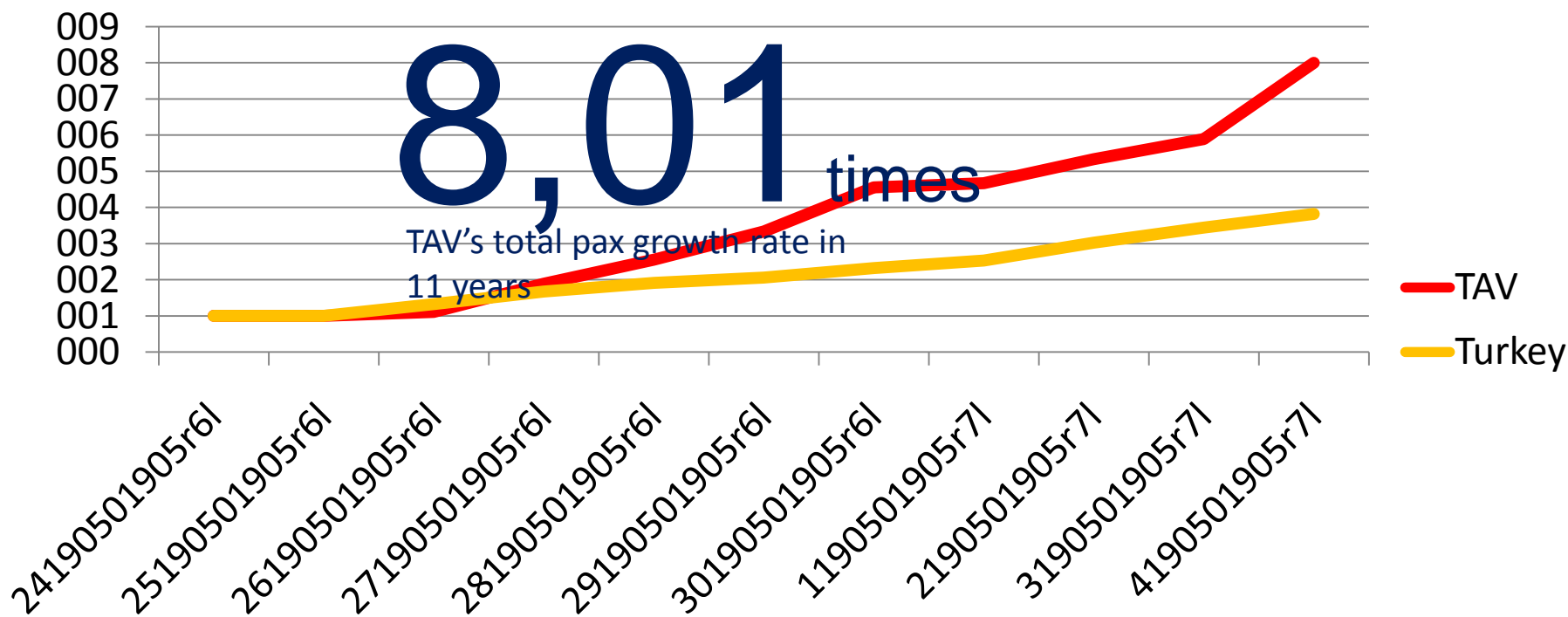
- **B.T.O. (Build Transfer Operate)**

Madinah International Airport	(2011 – 2037)
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- **Long Term Lease Concessions**

Istanbul Ataturk International Airport	(2005 – 2021)
Alanya Gazipasa International Airport	(2008 – 2034)
Riga International Airport	(2011 – 2021)
Izmir Adnan Menderes Airport	(2012 – 2033)

# Pax Growth : Turkey vs. TAV Airports



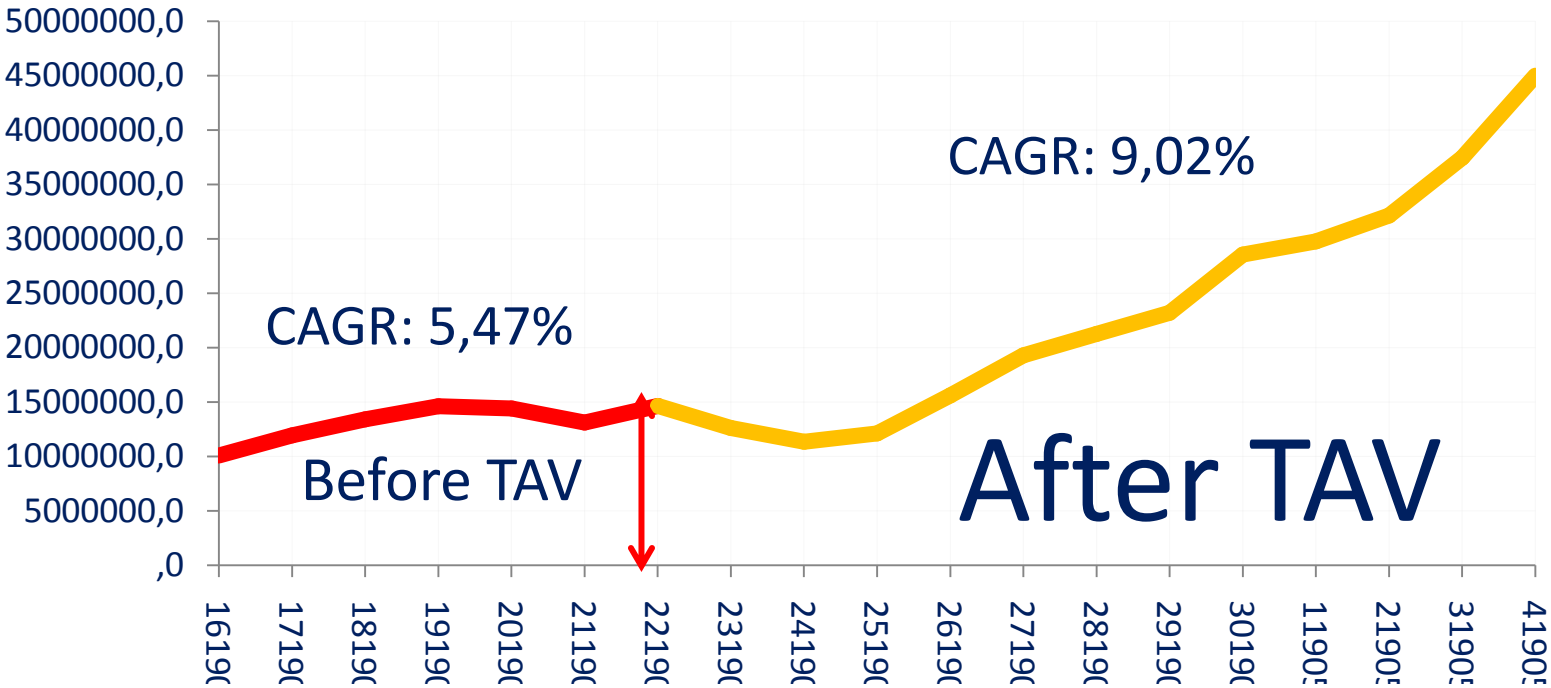
8.01 times

TAV's total pax growth rate in 11 years

3.82 times

Turkey's total pax growth rate in 11 years

# Istanbul Ataturk International Airport

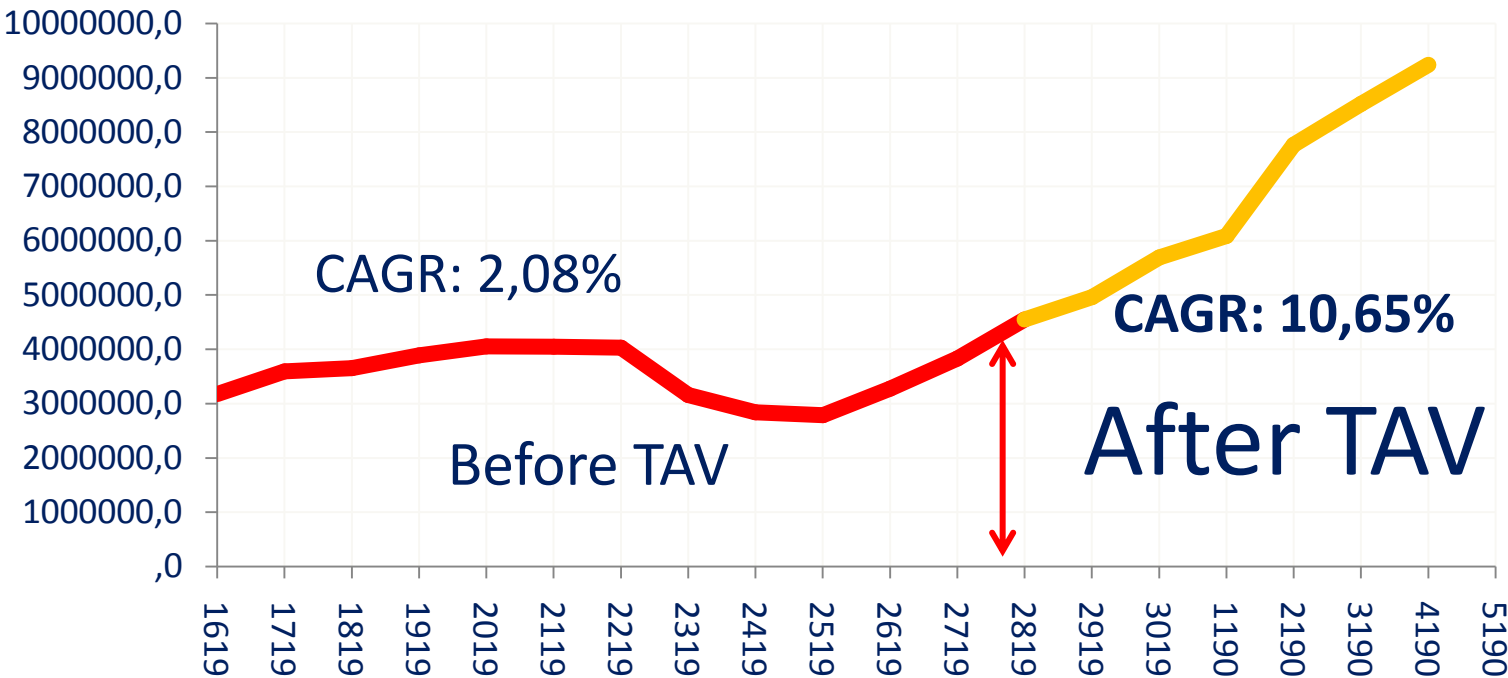


#6 in Europe  
#20 in World

3,07 times

Istanbul Ataturk Airport's passenger growth  
in TAV's first 12 years (2000-2012)

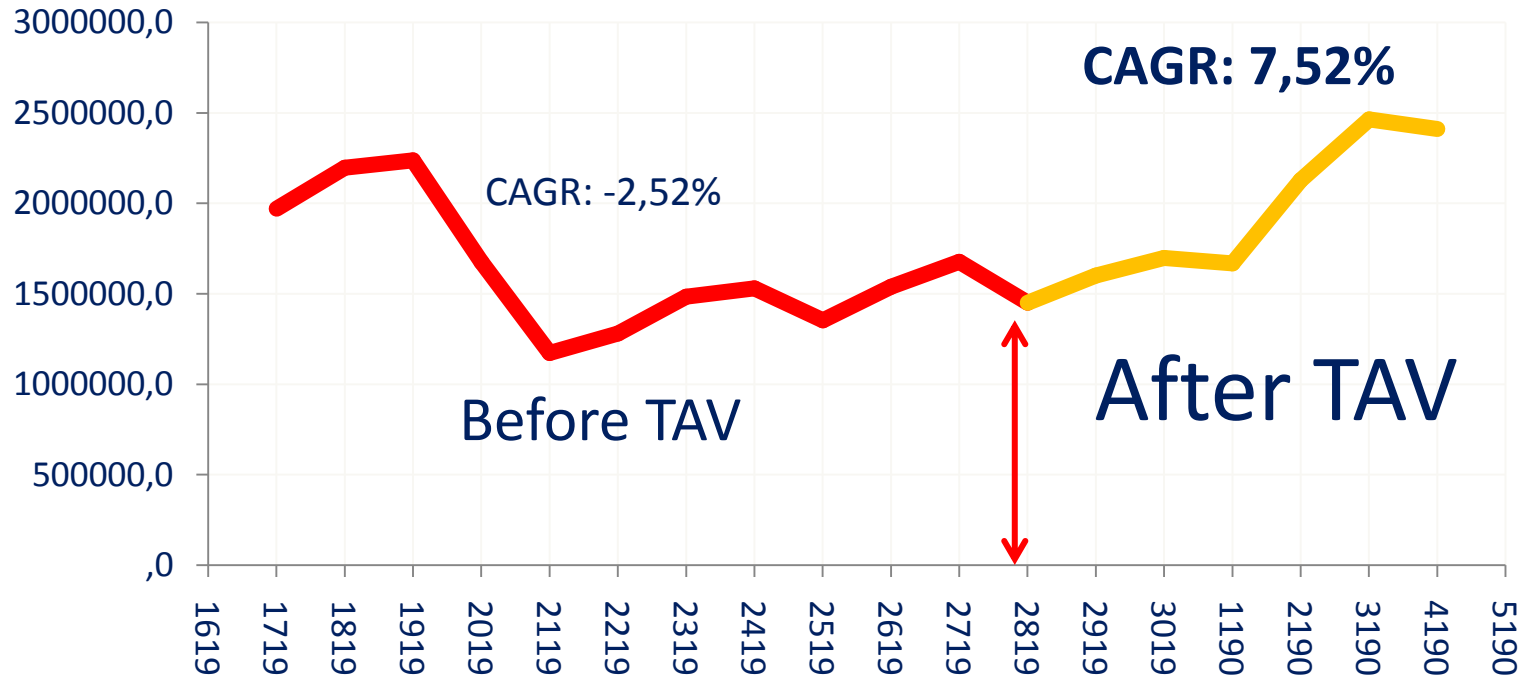
# Ankara Esenboga International Airport



2,03 times

Ankara Esenboğa Airport's passenger growth under TAV Management

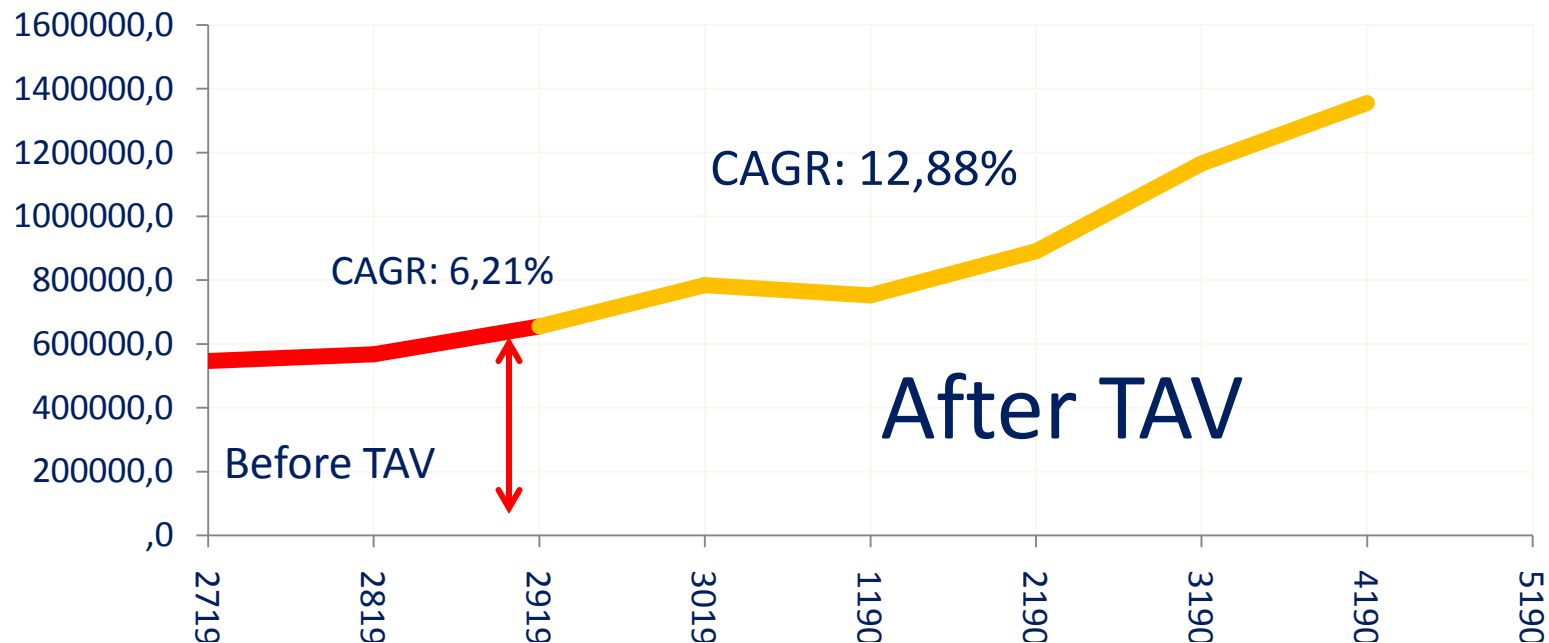
# Izmir Adnan Menderes International Airport



# 1,66 times

Izmir Adnan Menderes Airport's passenger growth under TAV Management

# Tbilisi and Batumi International Airports (Georgia)



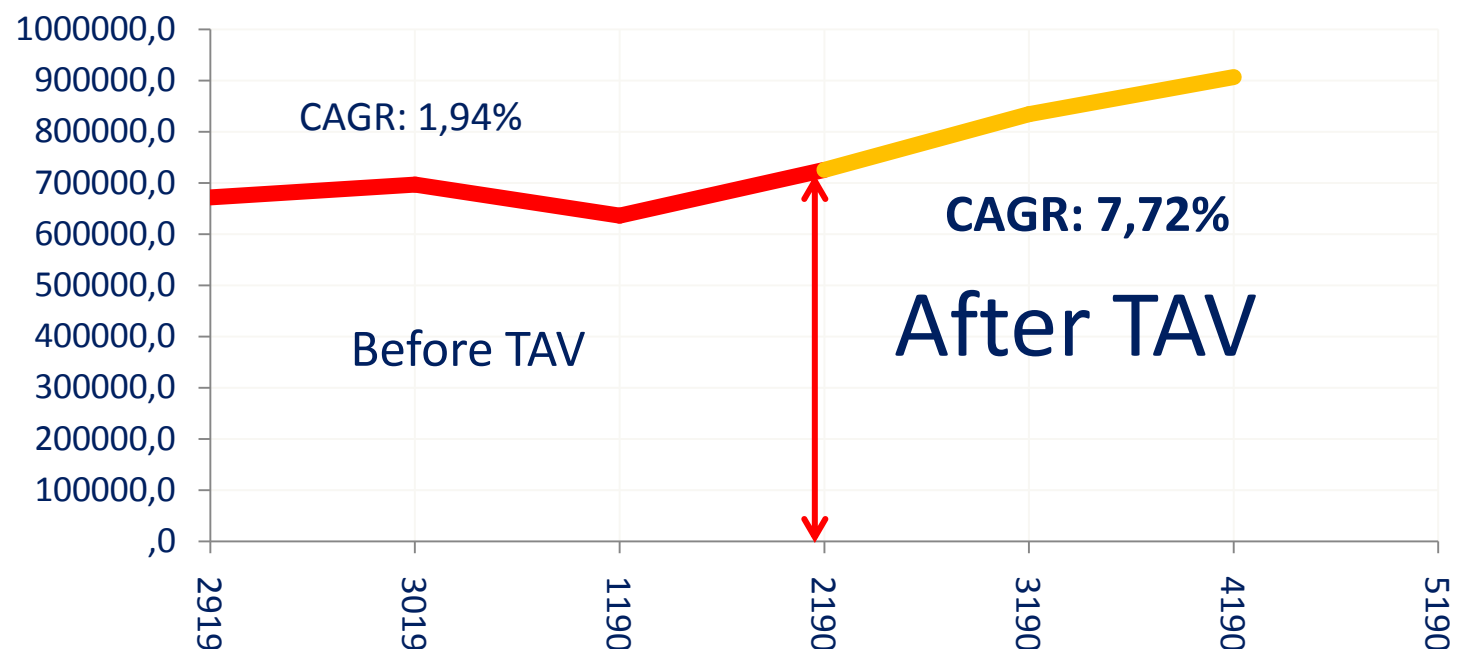
## NEW AIRLINES ATTRACTED TO GEORGIAN AIRPORTS

2010	2011	2012
Pegasus	ATA Airlines	Qatar
LOT Polish	Air Astana	British Airways
	China Southern	Aegean Airlines
	Ural Airlines	Estonian
	FlyDubai	Alitalia
		Air Kazakhstan

2,07 times

Georgian Airport's passenger growth under TAV Management

# Skopje & Ohrid International Airports (Macedonia)

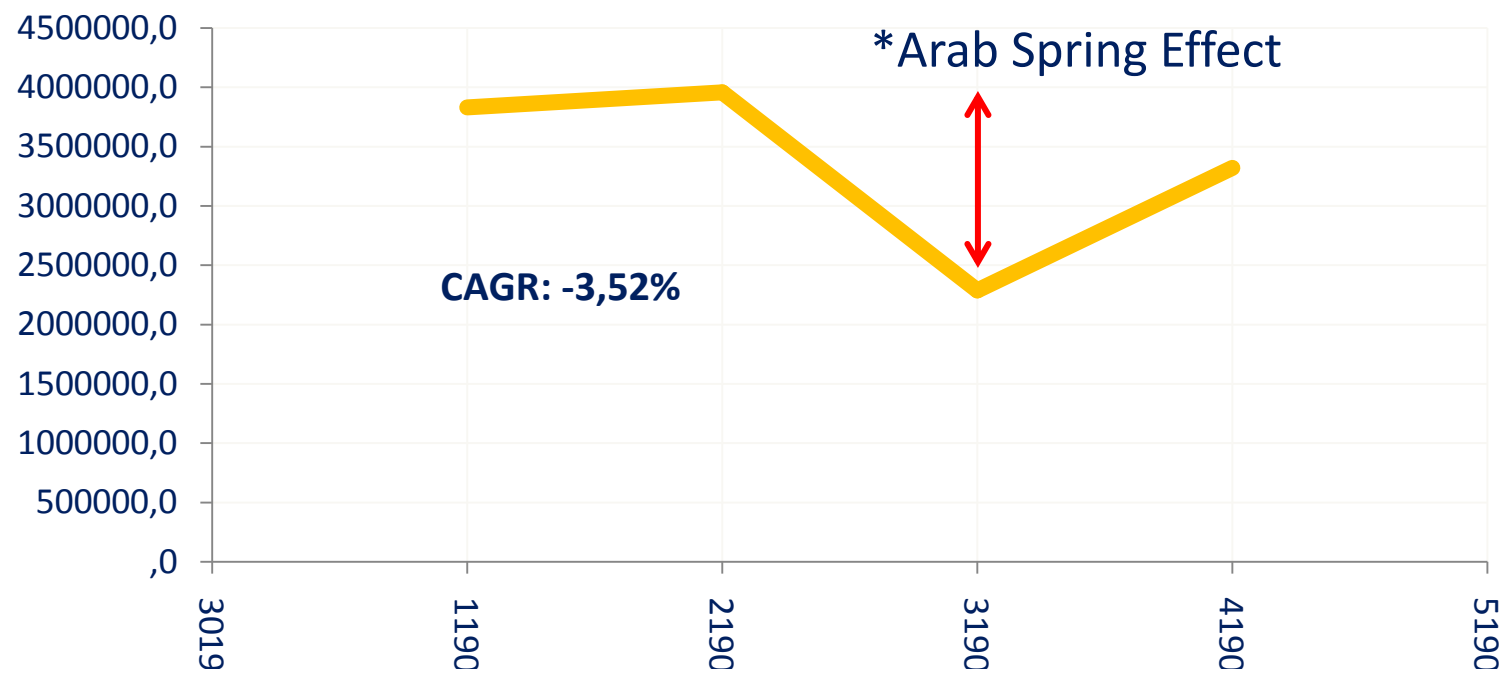


NEW AIRLINES ATTRACTED TO MACEDONIAN AIRPORTS		
2010	2011	2012
Transavia	Wizzair	Jetairfly
Hello Ltd.	Belair	Flydubai
Borajet	Pegasus	Wizzair Base operations
XL Airways	Air Berlin	
Air Europa	Belle Air Europe	
	Blue Panorama	
	Mistral Air	
	Arkefly	
	Corendon Dutch	
	German Sky	

1,25 times

Macedonian Airport's passenger growth under TAV Management

# Monastir & Enfidha International Airports

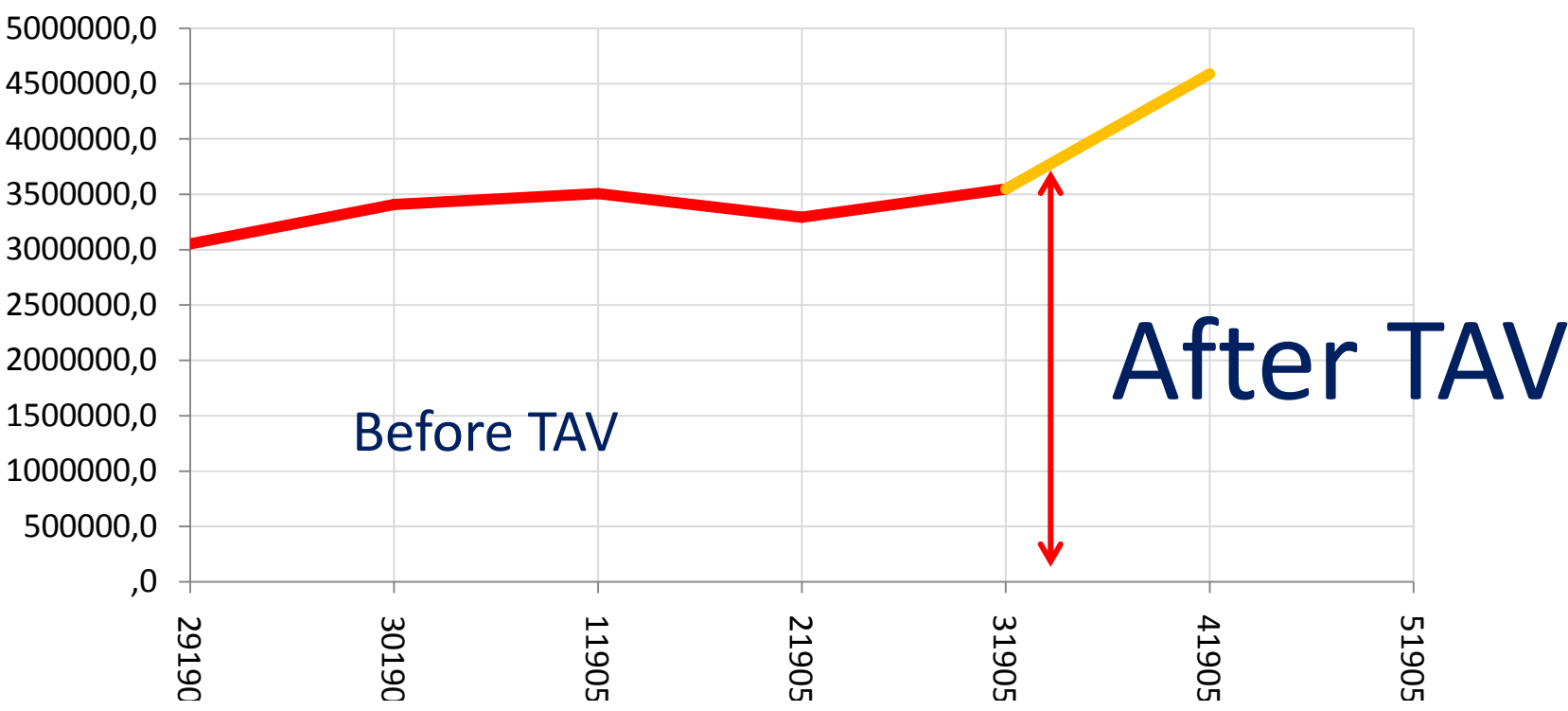


\*Due to the Arap Spring effect there was a dramatic decrease in the passengers numbers in 2011, however TAV's huge marketing efforts showed its results in 2012, reaching almost the same passenger levels before Arap Spring just in 1 year time.

**1,45 times**  
Tunisian Airport's passenger growth under TAV Management after Arap Spring

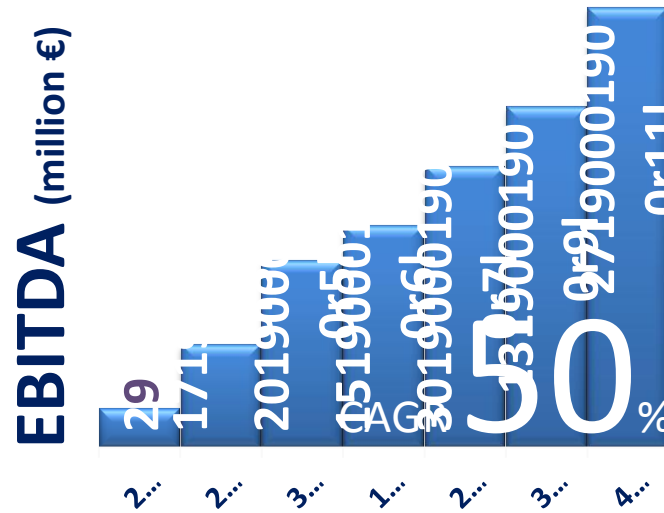
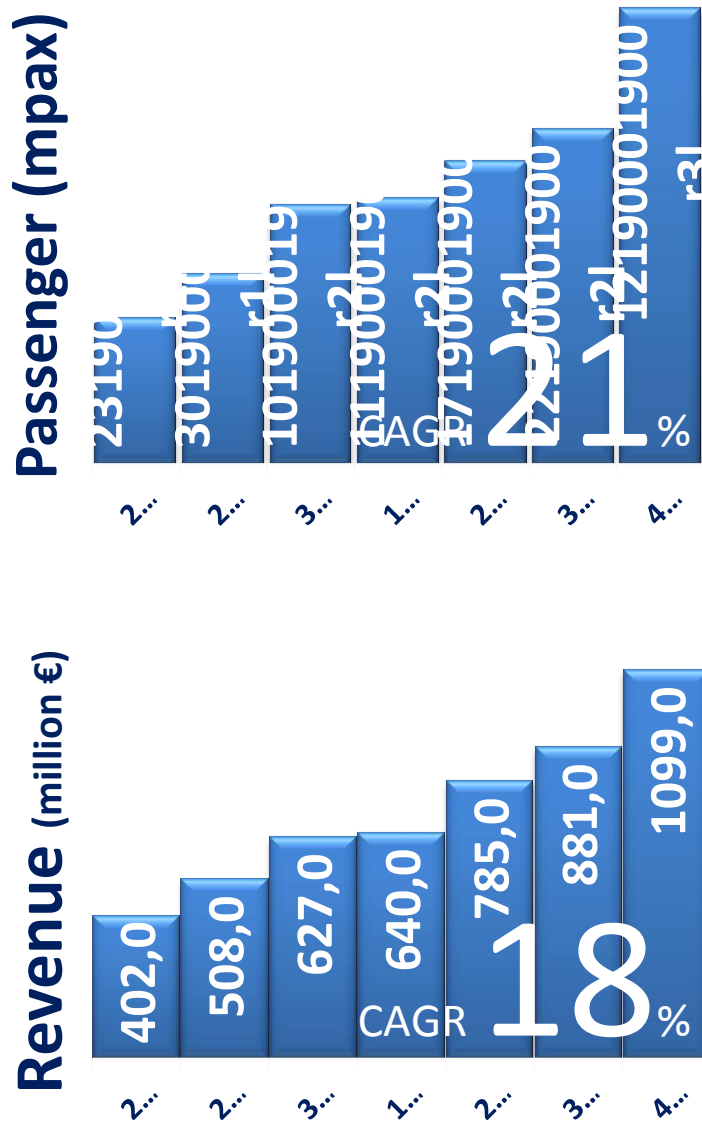


# Madinah International Airport (Kingdom of Saudi Arabia)



TAV has been operating Madinah International Airport since July 2012 and immediate increase in passenger figures can be seen after takeover

# TAV Growth Rates through PPP Projects



# Financial & Employment Support of TAV to Economy Through PPP Projects

According to **ICAO** studies;

In the global economy, **EVERY \$100 in Airport Bussiness** **TRIGGERS** **ADDITIONAL \$325**  
for the general economy

• TAV's 2012 REVENUES **1,1 BILLION** **CONTRIBUTION**  
**TO THIS ECONOMY** **3,575 BILLION**

The same study shows that;

**EVERY 1000 PAX** **INCREASE** **1 DIRECT + 1 INDIRECT EMPLOYMENT**

- TAV has increased its passenger numbers from 9 million to 72 million since 2000. This results ;

**63.000 x 2** **126.000 NEW EMPLOYMENT**

TAV Airports Holding employes **more than 22,000 employees** and overall employment figures in the airports TAV operating is more than **60,000 employees**

- Considering the economic support of TAV to the governments, TAV has paid more than **EUR 1,5 billion** through lease payments and **EUR 1 billion** through tax payments.

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**Thank you**

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