

# **The Airport Operator Financial Benchmarking Report**

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**Prepared by Airport Insights**

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# The Airport Operator Financial Benchmarking Report

Over the past decades, with the boom in air travel, the role of airport infrastructure in the global air transport system has become increasingly important. More and more economic resources have been dedicated to the development and maintenance of airport infrastructure in order to keep up with the growth in the global air transport industry, as well as to reinforce the role of airports as significant drivers of national economies through the creation of jobs, business opportunities, tourism, as well as the facilitation of trade.

With the increasing amount of investment, financial sustainability of airports has therefore become more important than ever. In the past few decades, the ownership or operation of airports in many countries around the world have seen transfers from governments to private sector players which are better able to bring in the most efficient resources in the form of capital and talent for the management and operation of airports.

Undeniably, the COVID-19 pandemic that broke out in early 2020 has severely disrupted the air transport industry. Airlines and airports around the world have faced steep, unprecedented declines in passenger traffic, resulting in much financial loss. The financial health of airport operators along with effective management have thus become more and more important during this period.

The 1<sup>st</sup> edition of the Airport Financial Benchmarking Report brings the topic of financial performance of airport operators into focus. It analyses the most updated 2019 financial results of 74 airport operators around the world and benchmarks the financial performance of these airport operators.

The airports managed by the operators covered in this study handled in total over 3 billion passengers over a year which is over one-third of the 8.8 billion passengers handled by the world's airports in 2019 as reported by Airport Councils International (ACI).

The report also aims to assist current and future investors and lenders of airports in identifying well-managed airport operators that would benefit from additional financing in order to maintain their short-term and long-term operations.



# Methodology and Assumptions

The information on 74 airport operators that have been covered in this report was obtained from the annual reports, financial statements, and official websites of the airport operators.

This study aims to reflect and compare the latest full-year financial performance of the airport operators in the period before the impact of the COVID-19 pandemic.

Data collected on most of the airport operators in this study was for the most-updated full-year period ending Dec 2019. However, there was also some data that covered airport operator performance for the year ending Sept 2019 or March 2020. Due to the fiscal year ending in March 2020 for certain airport operators, the impact of the COVID-19 pandemic on their full-year performance has to be acknowledged.

We have categorized the 74 airports operators into 4 geographical clusters – Asia-Pacific, Europe, North America, and Latin America. While there are some airport operators such as Corporacion America and TAV Airports which operate multiple airports in more than one of the above geographies, we have taken the assumption that the majority of their operations are focused on one region and therefore we have classified them as being part of the geographical cluster where they operate most of their business.

In this report, all financial figures have been expressed in US dollars in order to allow for airport operator performance to be compared. The exchange rates used to convert the original figures into US dollars are provided in this report for comparison in local currency.

In some cases, data has been normalized to allow for fairer comparison. Such examples include removing construction revenues from total operating revenues and construction expenses from total operating expenses in the P&L statements of certain airport operators as these items are not affected by passenger operations. We believe that this allows for better apple-to-apples comparison.

It should also be noted that the financial results presented for all the airport operators presented in this study represent a point in the past, and are not a projection of the financial performance of the airport operators in the future.

# Definitions and Formulas

The information on the 74 airport operators that have been covered in this report was obtained from the annual reports, financial statements, and official websites of the airport operators. Definitions and formulas used in this study are shown in the following table.

<b>Term</b>	<b>Description/Formula</b>
<b>Airport Operator</b>	Entity operating the airport(s). In this study, it could refer to the specific department of the government authority running the airport, an independent or corporatized airport operator, an airport concession operator, or a subsidiary of a larger multi-country airport operator.
<b>Region</b>	Geographical region in which the airport operator is based.
<b>Economy</b>	Economic Status of the airport operator's main market (Developed vs Emerging)
<b>Year Ending</b>	Refers to the date (month and year) in which the full fiscal year ends.
<b>Exchange Rate</b>	Rate of currency exchange with USD as of the last day of the period of reporting.
<b>Passengers</b>	Total number of passengers (arriving and departing) including transfer passengers.
<b>Operating Revenue</b>	Revenue obtained from airport operations.
<b>Operating Revenue Per Passenger</b>	Operating Revenue/Number of Passengers.
<b>Non-Aeronautical Revenue</b>	Revenue derived from non-aeronautical operations as reported.
<b>Non-Aeronautical Revenue Per Passenger</b>	Non-Aero Rev/Number of passengers
<b>Operating Expenses</b>	Costs to operate the airport on a day-to-day basis including Depreciation & Amortization expenses.
<b>Depreciation &amp; Amortization</b>	Depreciation is a method of reduction in accounting that breaks down the expenses associated with a fixed asset's long-term costs. Amortization refers to the decreased cost of an intangible item over a certain period of time.
<b>Opex per passenger</b>	Operating Expenses (including Depreciation & Amortization)/ Number of passengers
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation and Amortization
<b>EBITDA per passenger</b>	EBITDA/Number of Passengers
<b>EBITDA Margin (%)</b>	EBITDA/Operating Revenue
<b>Operating Income (EBIT)</b>	Operating Revenue - Operating Expenses (including depreciation and amortization)

<b>Term</b>	<b>Description/Formula</b>
<b>Operating Income (EBIT) Per Passenger</b>	Operating Income/Number of Passengers
<b>Operating (EBIT) Margin (%)</b>	Operating Income/Operating Revenue
<b>Net Income</b>	Net income is the amount of accounting profit the airport operator has left over after paying off all its expenses
<b>Net Income (EBIT) Per Passenger</b>	Net Income/Number of Passengers
<b>Net Margin (%)</b>	Net Income/Operating Revenue
<b>Cash Flow from Operating Activities</b>	Amount of cash generated from the airport operator's day-to-day business activity
<b>Current Assets</b>	Current assets include cash and assets that are expected to turn to cash within one year of the balance sheet date
<b>Total Assets</b>	Total assets refer to the total amount of assets owned by the airport operator
<b>Current Liabilities</b>	A company's short-term financial obligations that are due within one year or within a normal operating cycle
<b>Total Liabilities</b>	The total amount of all financial obligations of a company including all creditor claims on company assets
<b>Current Ratio</b>	<p>Current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. The formula for current ratio is:</p> <p>Current Assets/Current Liabilities</p>
<b>Debt-to-Asset Ratio</b>	Net Profit/Total Assets
<b>Operating Cash Flow Ratio</b>	A measure of the number of times the airport operator can pay off current liabilities with cash generated within the same period. A high number, greater than one, indicates that a company has generated more cash in a period than what is needed to pay off its current liabilities.
<b>Return on Assets</b>	<p>An indicator of how profitable a company is relative to its assets or the resources it owns or controls. Formula is as below:</p> <p>Net Income/Total Assets</p>
<b>Return on Capital Employed</b>	<p>Return on capital employed (ROCE) is a financial ratio that can be used in assessing a company's profitability and capital efficiency. Formula is as below:</p> <p>EBIT/(Total Assets – Current Liabilities)</p>

# List of Airport Operators

The list of airport operators that have been covered in this study along with the end of their fiscal year, the region in which they mainly operate as well as the economic status of their main target markets is shown in the table following:

<b>Airport Operator</b>	<b>Fiscal Year End</b>	<b>Region</b>	<b>Market</b>
Aena SME SA	Dec 2019	Europe	Developed
Aeroporti di Roma	Dec 2019	Europe	Developed
Aeroporto di Bologna S.p.A.	Dec 2019	Europe	Developed
Aéroports de Montréal	Dec 2019	North America	Developed
Aeropuerto Internacional de Tocumen	Dec 2019	Latin America	Emerging
Airport Authority Hong Kong	March 2020	Asia-Pacific	Developed
Airports of Thailand Public Company Limited	Sept 2019	Asia-Pacific	Emerging
ANA Aeroportos de Portugal	Dec 2019	Europe	Developed
Avinor Group	Dec 2019	Europe	Developed
Beijing Capital International Airport Company Limited	Dec 2019	Asia-Pacific	Emerging
Birmingham Airport Holdings	March 2020	Europe	Developed
Calgary Airport Authority	Dec 2019	North America	Developed
Central Japan International Airport Co. Ltd	March 2020	Asia-Pacific	Developed
Chongqing Airport Group Co. Ltd	Dec 2019	Asia-Pacific	Emerging
Clark International Airport Corporation	Dec 2019	Asia-Pacific	Emerging
Concessionaria do Aeroporto Internacional de Guarulhos SA	Dec 2019	Latin America	Emerging
Consortio Aeroportuario de Calama S.A.	Dec 2019	Latin America	Emerging
Consortio Aeroportuario de Magallanes S.A.	Dec 2019	Latin America	Emerging
Consortio Aeroportuario La Serena	Dec 2019	Latin America	Emerging
Copenhagen Airports A/S	Dec 2019	Europe	Developed
Corporacion America S.A.	Dec 2019	Latin America	Emerging
DFW Airport Board	Sept 2019	North America	Developed
DME Limited	Dec 2019	Europe	Emerging
Dubrovnik Airport Ltd	Dec 2019	Europe	Emerging
Edmonton Airports Authority	Dec 2019	North America	Developed

<b>Airport Operator</b>	<b>Fiscal Year End</b>	<b>Region</b>	<b>Market</b>
Finavia Oyj	Dec 2019	Europe	Developed
Flughafen Munchen GmbH	Dec 2019	Europe	Developed
Flughafen Wien AG	Dec 2019	Europe	Developed
Flughafen Zürich AG	Dec 2019	Europe	Developed
Fraport AG	Dec 2019	Europe	Developed
Fukuoka International Airport Co. Ltd	March 2020	Asia-Pacific	Developed
Genève Aéroport	Dec 2019	Europe	Developed
Greater Orlando Aviation Authority	Sept 2019	North America	Developed
Greater Toronto Airports Authority	Dec 2019	North America	Developed
Groupe ADP	Dec 2019	Europe	Developed
Grupo Aeroportuario Centro Norte	Dec 2019	Latin America	Emerging
Grupo Aeroportuario Del Pacifico.	Dec 2019	Latin America	Emerging
Grupo Aeroportuario del Sureste	Dec 2019	Latin America	Emerging
Guam International Airport Authority	Sept 2019	Asia-Pacific	Emerging
Guangzhou Baiyun International Airport Company	Dec 2019	Asia-Pacific	Emerging
Halifax International Airport Authority	Dec 2019	North America	Developed
Hangzhou Xiaoshan International Airport	Dec 2019	Asia-Pacific	Emerging
Heathrow (SP) Limited	Dec 2019	Europe	Developed
Hillsborough County Aviation Authority	Sept 2019	North America	Developed
Hiroshima Airport Building Co. Ltd	March 2020	Asia-Pacific	Developed
Indianapolis Airport Authority	Dec 2019	North America	Developed
Isavia ohf	Dec 2019	Europe	Developed
Japan Airport Terminal Company	March 2020	Asia-Pacific	Developed
Kansai Airports Group	March 2020	Asia-Pacific	Developed
Letiště Praha	Dec 2019	Europe	Developed
London Luton Airport Operations Ltd	Dec 2019	Europe	Developed
Malaysia Airports Holdings Berhad	Dec 2019	Asia-Pacific	Emerging
Manchester Airport Group	March 2020	Europe	Developed
Miami-Dade Aviation Department	Sept 2019	North America	Developed
Minneapolis-Saint Paul Metropolitan Airports Commission	Dec 2019	North America	Developed
Narita Airport Authority	March 2020	Asia-Pacific	Developed

<b>Airport Operator</b>	<b>Fiscal Year End</b>	<b>Region</b>	<b>Market</b>
Ottawa Cartier-MacDonald International Airport Authority	Dec 2019	North America	Developed
PT Angkasa Pura 1	Dec 2019	Asia-Pacific	Emerging
PT Angkasa Pura 2	Dec 2019	Asia-Pacific	Emerging
Regal International Airport Group Co., Ltd.	Dec 2019	Asia-Pacific	Emerging
Royal Schiphol Group	Dec 2019	Europe	Developed
SEA Group	Dec 2019	Europe	Developed
Shanghai International Airport Co. Ltd.	Dec 2019	Asia-Pacific	Emerging
Shenzhen Airport Co. Ltd	Dec 2019	Asia-Pacific	Emerging
Sheremetyevo Holdings LLC	Dec 2019	Europe	Emerging
Sialkot International Airport Limited	Dec 2019	Asia-Pacific	Emerging
SJSC Riga International Airport	Dec 2019	Europe	Emerging
Swedavia AB	Dec 2019	Europe	Developed
Sydney Airport Corporation Limited	Dec 2019	Asia-Pacific	Developed
Tallin Airport Ltd	Dec 2019	Europe	Developed
Toscana Aeroporti S.A.	Dec 2019	Europe	Developed
Vancouver Airport Authority	Dec 2019	North America	Developed
Winnipeg Airports Authority	Dec 2019	North America	Developed
Xiamen International Airport Co Ltd	Dec 2019	Asia-Pacific	Emerging

# Airport Operator Count by Category

A breakdown of the airport operators in this study by category is shown in the table below. More than half of the airport operators from which data was collected for our research manage airports in the developed regions of the world.

Airport operators managing airports in the Asia-Pacific as well as Europe also make up more than half of the airport operators in this study.

<b>Category</b>	<b>Count</b>
<i>All</i>	74
<i>Developed</i>	46
<i>Emerging</i>	28
<i>Asia-Pacific</i>	23
<i>Europe</i>	28
<i>North America</i>	14
<i>Latin America</i>	9
<i>&lt;5 mil</i>	11
<i>5-10 mil</i>	7
<i>11-25 mil</i>	12
<i>26 - 50 mil</i>	22
<i>51 - 75 mil</i>	9
<i>&gt; 75 mil</i>	13
<i>Publicly-Listed</i>	22
<i>Others</i>	52

# Financial Results

SAMPLE



## Financial Results: All Airport Operators

The financial results of all 74 airport operators covered in this study for the 2019 fiscal year are shown in the following table. The airports owned by these operators handled over 3.3 bil passengers and generated US\$66.7 bil in operating revenue, Total assets owned by these airport operators was US\$296.4 bil, and shareholder equity was about US\$103.2 bil.

Item	In US\$ mil
Total Passengers	3,324
Total Operating Revenue	66,656
Non-Aeronautical Revenue	24,258
Opex	47,928
EBIT	18,726
EBITDA	30,236
Net Income	11,609
Depreciation and Amortization	11,321
Net Cash Flow from Operations	24,950
Current Assets	37,338
Total Assets	296,388
Current Liabilities	34,399
Total Liabilities	193,211

On a per passenger basis, these 74 airport operators generated US\$20.05 in terms of operating revenue per passenger. The average EBITDA margin was at 46.4%, and average net margins at 17.4% should be considered high compared to that for many other sectors. Average current ratio at 1.09 indicates that additional financing - as well as a reduction in short-term liabilities - is needed in order for airports to improve on their liquidity position.

<b>Performance Metric</b>	<b>In US\$</b>
Operating Revenue/Pax	20.05
Non-Aero Rev/Pax	9.0
% Non-Aero Rev/Pax	44.8%
Opex/Pax	14.42
Opex (Excl. D&A)/Pax	11.01
% D&A over Opex	23.6%
EBIT/Pax	5.63
EBIT Margin	28.1%
EBITDA/Pax	9.30
EBITDA Margin	46.4%
Net Income/Pax	3.49
Net Margin	17.4%
Current Ratio	1.09
Debt-Asset Ratio	0.65
Operating Cash-Flow Ratio	0.73
ROA	4.0%
ROCE	7.1%

# About Airport Insights

Airport Insights (<https://www.airportinsights.com>) is a provider of market , financial and competitive intelligence for airports, governments, consultancies and investors. We utilize both primary and secondary research tools to collect the type of qualitative and quantitative data our clients need.

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