Athens International Airport

Airport Services / Greece

Reuters/Bloomberg: AIAr.AT / AIA GA

August 21, 2024

AIA: A low-risk, high-value proposition

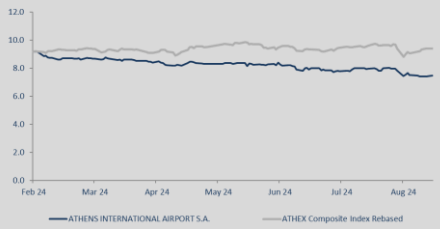
Rating	**Buy**
Target Price	**9.10**
Current share price* (EUR)	7.63
*20/08/2024	

Stock data

Market Cap (EUR m)	2,240.4
Free float	18.5%
EV (EUR m)	2,890.1
Number of shares (m)	300.0

Performance	**1m**	**3m**	**6m**
Absolute (%)	-4.0	-8.7	-11.4
ASE (%)	-2.7	-5.2	0.1

ADV-12m (k)	373.16
Price high-12 m (EUR)	9.56
Price low-12m (EUR)	7.30



Shareholding structure: *AviAlliance: 50.0% (+60 shares), HCAP: 25.5%, Free Float: 18.5%, Copelouzos Group: 6.0% (-60 shares)*

The well-defined 22-year concession agreement (remaining lifetime), the defensive earnings profile (regulated Air activities offering up to 15% on RoE with limited sensitivity to traffic, opex and investments) and the growth potential of the unregulated activities on the back of continuing tourism flows and substantial expansion investments are the main characteristics of the investment case of the Athens International Airport (AIA). The above to be translated to a solid earnings performance over the medium term. As the company is expected to distribute 100% of earnings, the estimated dividend yield, at current price levels, remains very attractive at 8.5% for 2024, 8.4% for 2025 and 8.1% for 2026.
We initiate coverage for Athens International Airport with a buy recommendation and a TP of EUR 9.10 per share.

Air passenger traffic for the Athens International Airport reached 28.2m passengers in 2023 with more than 80% of the traffic relating to tourism. AIA is the largest airport in Greece, accounting for c. 38% of the total air passenger traffic, with a catchment area of c. 6 million people (wider Athens area), while providing direct flight and ferry links to the Greek islands. Strong tourism flows, along with a robust economic activity, to continue to drive airport traffic in Greece over the coming years, with AIA, to be the main beneficiary of the growing demand. At the same time the efforts to further expand the routes network leveraging on location and accessibility continue. The International Air Transport Association (IATA) is forecasting a 2023-46 traffic CAGR of 1.9%, with AIA reaching 43.7m PAX by 2046.

AIA operates under a clear and transparent concession agreement that runs until 2046 and provides a Dual-Till operating framework with a well-defined regulatory return (up to 15% on RoE for air-activities) and uncapped revenue growth potential for the non-air activities. Regulatory revenues are estimated to reach EUR 477.7m in 2024 or c.77% of the total and are expected to continue to increase gradually towards EUR 505.4m level until 2028.

AIA is already working on implementing the first part of a 3-Phase Master Plan. The first phase, that is expected to be concluded by the end of 2028 / beginning of 2029, will increase PAX capacity from 26m currently to 33m and also includes the expansion of the retail (+63%) and parking space (+40%).

Despite the increasing capex in the period of 2024-2028, which is estimated at EUR 1.021bn, Net Debt to Adj. EBITDA is forecasted to reach a maximum of 2.9x in 2028 (vs. 2.1x est. in FY24E) as the first development phase is implemented.

We expect revenue for 2024 to grow by 2.2% y-o-y to EUR 617.1m, with the 2023-28 CAGR at 2.2% on the back of traffic growth, and the impact of the carry forward mechanism, while incorporating the option of over-recovery of allowed airport charges as a mitigating factor to the non-air revenue that will be partially disrupted by the expansion works. Adj. EBITDA is forecasted to decrease by 2.1% y-o-y in 2024 to EUR 374.3m as a result of higher opex to accommodate the sudden increase in passenger traffic, however we expect to see a recovery and a gradual climb to c. EUR 416.9m by 2028 due to the higher top line and cost normalization. Net income to reach EUR 194.8m in 2024 and EUR 192.2m in 2025 and then to gradually normalize above EUR 180m, before the second leg of the expansion takes place.

We derive the value of AIA considering a DCF exercise as well as a peer multiple valuation. By equally weighing the appraised value of the two methods we calculate a TP of EUR 9.10 per share or 19.3% higher vs. current levels. We view that AIA is well positioned relative to its EU peers given its low risk profile, the growth potential and strong balance sheet. Currently, EU peers trade at a median 2025E P/E and EV/EBITDA of 16.7x and 9.2x respectively, while in our numbers AIA is trading at 2025E P/E and EV/EBITDA of 11.9x and 7.9x respectively. Importantly, as management plans to continue to distribute all allowable profits to shareholders, AIA offers a solid dividend return with the dividend yield for FY24 and for FY25 estimated at 8.5% and 8.4%, respectively.

EUR m	**FY23**	**FY24E**	**FY25E**	**FY26E**	**FY27E**	**FY28E**
Revenue	**603.7**	**617.1**	**628.2**	**641.8**	**656.6**	**673.4**
o/w Regulated	448.9	477.7	489.6	500.0	509.4	505.4
o/w Non-Regulated	134.4	139.4	138.6	141.8	147.2	168.0
EBITDA	**402.1**	**389.3**	**397.8**	**406.2**	**417.5**	**431.9**
Adj. EBITDA	**382.1**	**374.3**	**382.8**	**391.2**	**402.5**	**416.9**
Adj. EBITDA margin	63.3%	60.7%	60.9%	60.9%	61.3%	61.9%
Net Income	**231.5**	**194.8**	**192.2**	**185.1**	**180.9**	**182.1**
Dividend yield	-	8.5%	8.4%	8.1%	7.9%	8.0%
Net debt	649.5	776.7	870.4	1,024.2	1,169.6	1,225.6
Net debt/Adj. EBITDA	**1.7x**	**2.1x**	**2.3x**	**2.6x**	**2.9x**	**2.9x**

Source: AXIA Research

Constantinos Zouzoulas
constantinos.zouzoulas@axiavg.com
+30 210 741 4460

Alexis Chaidopoulos
alexis.chaidopoulos@axiavg.com
+30 210 741 4481

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Investment Case

The key investment points of the Athens International Airport's case are i) the airport's 22-year concession agreement (remaining lifetime), ii) the Dual Till operating framework, iii) the profitability skewed towards the regulated business (up to 15% of the ROE), iv) the substantial growth potential of the non-regulated business on the back of growth investments and expectations for an increasing passenger traffic volume, as well as v) the well-controlled cost base. Growth investments are needed and will be made over the next 20 years during the 3 planned capex phases. The low volatility of earnings provides increased visibility, coupled with the growth optionality from investments. As all allowable profits are to be distributed to shareholders, AIA presents as a lucrative dividend play, especially at current levels.

AIA, the largest airport in Greece, servicing 28.2m passengers in 2023, has signed a 30 + 20-year concession agreement with the Greek State expiring in 2046. AIA operates under a Dual-Till regulatory framework with air activities allowing a maximum cumulative annual regulatory return of 15% RoE as well as uncapped upside from non-air activities. Air activities revenues make up the majority of revenues, accounting for approximately 77% of the total in 2023.

As leisure accounts for about 85% of traffic activity in Greece and as we consider the evolving dynamics of Greek tourism, the medium to longer term outlook for traffic remains very favorable. Traffic grew by 24.0% y-o-y in 2023 (or 10.2% higher vs. the previous record in 2019), while IATA is forecasting a 2023-46 traffic CAGR of 1.9%, with AIA reaching 43.7m PAX by 2046 or c. 55% higher vs. 2023 levels. We incorporate a higher jump in passenger traffic in 2024 that is expected to trickle further in the future, leading us to project 46.2m PAX by 2046, for a CAGR of 2.2%.

The increased traffic to be accommodated by a predictable capex program with well-defined trigger points. To meet the IATA's 43.7m passenger-estimate by 2046 three investments cycles are planned, with the first cycle called 33MAP (MAP stands for Million Annual Passengers) starting in 2024. This cycle is expected to be completed by end-2028/beginning-2029. The 33MAP investment aims to expand the main terminal of the airport and will also to lead to a c. 63% increase in retail space (13,500 sqm to 22,000 sqm) and a c. 40% increase in parking spaces.
No capex for a new runway over the foreseeable future is needed as the 2 current runways have a maximum capacity of 50m PAX per year. For the 3 planned capex phases over the next 20 years, only a portion of these investments – less than half – will be fully amortized since the remaining debt will be assumed by the Greek State, in case the AIA concession is not renewed.

We model a total capex of EUR 1.021bn by end-2028. These investments will lead Net Debt to Adj. EBITDA to peak at 2.9x by 2028, from 2.1x estimated at end-2024.

We forecast revenues to grow 2.2% y-o-y in 2024 to EUR 617.1m and continue increasing by more than 2% y-o-y until 2028 to EUR 673.4m as traffic volume growth continues and non-air revenues start to increase on the back of the completion of the 33MAP expansion. Adjusted EBITDA in 2024 is forecasted at EUR 374.3m (-2.1% y-o-y) as a result of increased expenses. Operating profitability to start to expand in 2025 with Adj. EBITDA CAGR for the period 2023-28 settling at 1.8%. Net income is forecasted at EUR 194.8m in 2024, EUR 192.2m in 2025 and EUR 185.1m in 2026, before decreasing to EUR 180.9m and EUR 182.1m in 2027 and 2028 respectively, as increased depreciation and financial expenses take a toll on profitability. Following a pre-IPO dividend return to existing shareholders, net debt is expected to settle at EUR 776.7m in 2024, with Net Debt to Adj. EBITDA at 2.1x, increasing to 2.9x by 2028 due to the 33MAP capex program. Going forward, we assume all allowable profits to be distributed to shareholders.

We derive the value of AIA considering a DCF exercise as well as a peer multiple valuation. By equally weighing the appraised value of the two methods we derive to a TP of EUR 9.10 per share or 19.3% higher vs. current levels. As management plans to continue to distribute all allowable profits to shareholders, AIA offers a solid dividend return with the dividend yield for FY24 and for FY25 is estimated at 8.5% and 8.4%, respectively.

Well positioned to reap the benefit of the tourist wave to Greece but there are other triggers as well

2023 was another record year for passenger traffic in Greece, exceeding initial expectations. The driver of traffic growth is tourism while outlook is that tourism flows will be maintained over the medium to longer term on the back of continuing public and private investments, the development of Athens as a year-round City-break destination as well as efforts to expand the tourism period in the country beyond the summer months.
At the same time, the Greek economy is rebounding strongly from a deep and long recession and is expected to continue to expand over the foreseeable future at a pace that surpasses the average EU GDP growth.

Simultaneously, the route development efforts continue. AIA has managed to recover the total number of routes to nearly match the pre-covid levels, while compared with 2020 there is an increase of c. 20% in the number of serviced routes (even after accounting for the closure of certain routes). Targeted long-haul expansion (that currently represents c. 12% of traffic), should assist traffic growth further. These efforts to be supported by the growth strategy of the main home carrier Aegean/Olympic as the airline is expecting additional plane deliveries, while adding new routes.

In 2023, passenger traffic increased by 24.0% y-o-y, reaching 28.2m passengers and settled 10.2% higher than the levels reached in the previous record year of 2019. In our forecasts, we incorporate a 7.1% y-o-y traffic increase in 2024, a 2.9% y-o-y traffic increase in 2025 and a 2.5% y-o-y traffic increase in 2026. Over the long-term, the IATA report released in July of 2023 forecasts a 2023-2046 CAGR of 1.9%, while we maintain a slightly more aggressive stance, forecasting a 2023-2046 CAGR of passenger traffic at 2.2%.

Dual Till framework provides predictability and growth

AIA operates under a streamlined and transparent framework, with the concession agreement renewed in 2019, and now runs until 2046. The Dual Till regulatory framework provides for base-revenue for air activities, with a maximum cumulative annual regulatory return of 15% (RoE adjusted annually based on EU HICP (Implied Equity: EUR 537.8m in FY24)), while there is uncapped upside potential for non-air. The air-activities regulatory formula is not subject to annual reviews. At the same time, there is a carry forward mechanism allowing for recovery of under-recovered regulatory returns, which is the case during the pandemic years (unrecovered amount as of the end of 2023 was EUR 83.5m).

Regulatory revenues (air activities) represented c. 77% of total revenues in 2023 and are expected to remain at these levels over the total in the coming period between 2024 and 2028. Revenue from air activities is forecasted at EUR 477.7m in 2024 and gradually increasing to EUR 505.4m in 2028, assisted by the increasing passenger traffic, the impact of the carry forward depletion as well as the opportunity of over-recovery of allowed air charges (more on this on page 30).

Non-air activities mainly include retail concessions as well as parking and other rentals (real estate) and services accounting for c. 23% of AIA's current revenues. Variable fee agreements (for retail concession activities) and space expansion (in each investment cycle) should allow non-air activities to grow at a faster pace vs. air activities, although over the coming years non-air activities will be disrupted (especially retail and parking) from the expansion works in the airport.

Clarity regarding the expansion plans

As the IATA forecast incorporates traffic to surpass the 2023 levels by more than 55% (AXIA estimate: +63%) by the end of the concession in 2046, AIA is already working to implement the first phase of a 3-Phase Master Plan that has already been approved by the regulator.

The first phase is expected to be concluded by 2028 and aims at increasing PAX maximum capacity from 26m currently to 33m. This comes at a total cost of EUR 650m at 2022 prices which per our estimates will amount to EUR 761m by the end of 33MAP and will be fully amortized over the concession period. The second phase should begin right after the end of 33MAP, while we model the launch of the last phase in the early 2040's.

The expansion of the airport will be financed in its entirety through debt. Although the debt related to the first phase will be fully repaid, the concession agreement stipulates that if the obligations for the next 2 phases have not been repaid, (we account 1/3 of the second phase debt and all the debt from the third phase) they will be assumed by the Greek State by the end of the concession (in the event AIA does not succeed in its extension bid).

Over the period between 2024-28 we incorporate a total capex of EUR 1.021bn, of which EUR 260m relates to maintenance and capacity optimization.

Comfortable leverage and a clear dividend path

Following the distribution of pre-IPO dividend to shareholders, net debt is forecasted at EUR 776.7m by end-2024 with Net Debt to Adj. EBITDA at 2.1x. As the expansion plans are implemented, according to our estimates, leverage to gradually increase to its peak of 2.9x by 2028, within the range of management's projections.

In respect to dividends, management has communicated its intention is to fully pay the maximum allowed profits each year in the form of dividends. In our numbers, dividend distribution for FY24 amounts to EUR 194.8m, while for FY25 the estimated distribution comes to EUR 192.2m.

Risks

Macroeconomic factors – GDP is the key driver of traffic growth. Slowdown of the economic activity as well as pressure of the disposable income could have an impact on demand.

Geopolitical tensions – Geopolitical tensions, like the war in Ukraine and most recently in Israel are impacting demand.

EU environmental taxation scheme – The implementation of the EU regulatory measures to impact airfare levels and weigh on demand.

Competition from regional airports – The upgrade of regional airports, some of which can now accommodate larger planes as well as the new airport in Crete (Kasteli) could attract traffic from AIA.

Execution risk of the master plan – The 3-phase master plan calls for an expansion of the existing terminal as well as the construction of a new one in the third phase on the back of expectations for a c. 60% traffic growth over the next 20 years. Potential delays could strain airport services, impacting demand.

VAT case – There is a dispute with the Greek Tax authorities as they contested the right of AIA to set off the total amount of VAT inflows with the amount of VAT outflows until December 31, 2015, and thus have imposed VAT charges, for the financial years 1998-2012.The imposed VAT charges for 1998 – 2003 and 2010 – 2011 amounted to EUR 155.1m. No provision for this amount is reflected in the company's financial statements. There was a hearing in the Court of Appeal on September 19, and in June 2024, the Court of Appeals ruled in favor of AIA for 5 out of the 10 cases, that represented EUR 149.5m out of EUR 155.1m claim (95% of the total), while the appeals of AIA for the remaining cases remain live. The decision of the Court of Appeals is executional, but also not irrevocable (depending on the actions of the Greek State), however by now the probability of AIA eventually losing the case is rather very low.

State Entities Rental case – There is a case pending between the Greek State and AIA, relating to a law that was originally introduced in 2011, and provisioned that all rentals paid by the Greek State and public sector entities would be reduced by a total rate of c. 40%. An article of the ADA provides that any airport rights granted pursuant to the ADA that comprise leases for the use of any land or buildings should be exempt from the mentioned law, with the Greek State questioning this decision. The case has been referred to the London Court of International Arbitration and a decision is still pending, while the amount in dispute is EUR 31.2m. No provision for this amount is reflected in the company's financial statements.

Valuation

We derive the value of AIA considering a DCF exercise as well as a peer multiples valuation. By equally weighing the appraised value of the two methods we calculate a TP of EUR 9.10 per share or 19.3% higher vs. current levels.

DCF valuation

In respect of the DCF exercise, we make explicit forecasts for the period between 2024 until 2030 and we use an exit multiple. The assumptions include:

- Adj. EBITDA from an estimated EUR 374.3m in 2024 grows gradually to EUR 409.8m in 2030 as i) revenues increase on the back of increased traffic, more space for retail and parking, while ii) higher costs reflect the higher traffic volume the airport needs to handle. Adj. EBITDA CAGR for the period 2024-30 stands at 1.5%.
- The applied tax rate set at 22% for the entire period.
- Total capex incorporated in our model for the period in consideration (2024-30) amounts to EUR 1.015bn reflecting the 33MAP expansion and the maintenance/capacity optimization capex, while the total capex expected throughout the remaining life of the ADA amounts to approximately EUR 3.5bn.
- The estimated WACC stands at 6.9% based on a cost of equity of 12.7% and after-tax cost of debt of 4.4%.
- Net debt at EUR 776.7m (end FY24E).
- Exit multiple (EV/EBITDA) set at 9.2x. We consider the exit multiple we apply on the conservative side, given the quality of the asset, the 22-year remaining concession period and the fact that ¾ of the revenue derive from regulated activities. We note that the 5Y and the 10Y EV/EBITDA median multiples of the European airports stand at 12.9x and 11.8x respectively (Exhibit 2).

The above generates an equity value of 2,722.1 or EUR 9.1 per share.

Exhibit 1: DCF Valuation Exercise (exit multiple at 9.2x EV/EBITDA)

	2024	2025	2026	2027	2028	2029	2030
Adj. EBITDA	374.3	382.8	391.2	402.5	416.9	406.0	409.8
(-) Depreciation	(85.1)	(93.2)	(106.0)	(117.6)	(127.2)	(129.4)	(131.8)
EBIT	289.1	289.6	285.2	284.9	289.7	276.6	278.0
Notional tax on EBIT	(63.6)	(63.7)	(62.7)	(62.7)	(63.7)	(60.9)	(61.2)
NOPAT	225.5	225.9	222.4	222.2	226.0	215.8	216.8
Depreciation	85.1	93.2	106.0	117.6	127.2	129.4	131.8
Net Capex	(166.5)	(178.3)	(246.7)	(252.1)	(177.8)	(40.0)	(40.0)
Net Working Capital	(7.8)	1.6	1.6	1.1	1.1	3.5	2.2
FCF to firm	136.4	142.4	83.3	88.8	176.4	308.7	310.8
PV of FCFF	**136.4**	**133.2**	**72.9**	**72.6**	**134.9**	**220.8**	**207.9**
Sum of NPVs	978.7						
Exit value	2,521.7						
EV	**3,500.4**						
Net Debt	776.7						
Equity Value	**2,723.7**						
Num of shares	300.0						
Target Price	**9.08**						
Current Price	7.63						
Upside/Downside	**19.3%**						

Source: AXIA Research

Exhibit 2: Peer multiples over the past 5Y and 10Y

Company	Country	MCap USD m	EV/EBITDA 5Y avg	EV/EBITDA 10Y avg	P/E 5Y avg	P/E 10Y avg
Fraport AG	Germany	4,590	14.7	12.3	22.7	20.2
Aeroports de Paris SA	France	12,648	16.8	14.2	36.3	29.8
Flughafen Zürich AG	Switzerland	7,156	12.9	11.8	51.9	36.3
Corporación América Airports S.A.	Luxembourg	2,637	7.7	7.1	14.8	15.9
Flughafen Wien Aktiengesellschaft	Austria	5,010	12.5	10.6	39.6	28.3
Aena S.M.E., S.A.	Spain	29,151	14.7	13.5	35.9	28.0
Median Europe peers			**12.9**	**11.8**	**35.9**	**28.0**

Source: Capital IQ, AXIA Research

Exhibit 3: Sensitivity Analysis (Target Price per share)

WACC	EV/EBITDA Exit Multiple 7.7x	8.2x	8.7x	9.2x	9.7x	10.2x	10.7x
5.93%	8.2	8.7	9.2	9.7	10.2	10.6	11.1
6.18%	8.1	8.6	9.0	9.5	10.0	10.5	11.0
6.43%	8.0	8.4	8.9	9.4	9.8	10.3	10.8
6.68%	7.8	8.3	8.8	9.2	9.7	10.2	10.6
6.93%	7.7	8.2	8.6	**9.1**	9.5	10.0	10.5
7.18%	7.6	8.0	8.5	8.9	9.4	9.8	10.3
7.43%	7.5	7.9	8.4	8.8	9.2	9.7	10.1
7.68%	7.3	7.8	8.2	8.7	9.1	9.5	10.0
7.93%	7.2	7.7	8.1	8.5	9.0	9.4	9.8

Source: AXIA Research

Peer multiples

AIA listed global peers are currently trading at a median P/E of 17.3x for 2024E and of 20.9x for 2025E. Focusing on the European listed airports, AIA peers are trading at a median P/E of 16.5x for 2024E and of 16.7x for 2025E.

In respect of the EV/EBITDA multiple, global peers are trading at a median of 10.2x for 2024E and of 10.1x for 2025E, while European listed peers are trading at a median EV/EBITDA of 10.0x for 2024E and 9.2x for 2025E. We note the median 5Y and 10Y EV/EBITDA for European listed airports stood at 12.9x and 11.8x respectively.

Given its low risk profile, growth potential and healthy balance sheet, we view that AIA is well positioned relative to the EU airport peers.

Exhibit 4: Peer multiples

Company	Country	MCap USD m	P/E (x) FY2024	P/E (x) FY2025	P/E (x) FY2026	EV/EBITDA (x) FY2024	EV/EBITDA (x) FY2025	EV/EBITDA (x) FY2026	Div. Yield (%) FY2024	Div. Yield (%) FY2025	Div. Yield (%) FY2026
Fraport AG	Germany	4,590	9.4	8.5	8.1	10.0	9.2	8.6	0.0%	3.6%	0.0%
Aeroports de Paris SA	France	12,648	21.3	16.7	15.1	10.3	9.5	9.1	2.8%	3.6%	2.9%
Flughafen Zürich AG	Switzerland	7,156	18.1	17.5	16.7	9.6	9.1	8.7	2.8%	3.0%	2.4%
Corporación América Airports S.A.	Luxembourg	2,637	9.2						3.2%	3.4%	0.2%
Flughafen Wien Aktiengesellschaft	Austria	5,010	23.0	20.9	19.5	11.1	10.2		2.8%	3.1%	2.3%
Aena S.M.E., S.A.	Spain	29,151	13.9	13.2	12.6	9.5	9.0	8.7	5.6%	5.9%	4.4%
Median Europe peers			**16.5**	**16.7**	**15.0**	**10.0**	**9.2**	**8.7**	**2.8%**	**3.5%**	**2.4%**
Shanghai International Airport Co., Ltd.	China	11,685	42.4	25.5		17.3	13.7		0.7%	1.2%	0.2%
Auckland International Airport Limited	New Zealand	6,893	40.6	38.6	35.0	21.8	18.5	15.6	1.8%	1.9%	0.8%
Japan Airport Terminal Co., Ltd.	Japan	3,322	NM	26.0	25.7	NM	10.0	9.6	1.0%	1.2%	0.0%
GMR Airports Infrastructure Limited	India	8,146	NM	NM	NM	0.0	24.4	16.9	0.0%	0.0%	0.0%
Median Global peers (incl. Europe)			**17.3**	**20.9**	**18.1**	**10.2**	**10.1**	**9.3**	**1.8%**	**3.0%**	**0.8%**

Source: Capital IQ, AXIA Research

Applying the prevailing European peers **FY25 median EV/EBITDA and P/E multiples** to the AIA FY25E forecasts, while accounting for an equal weight, the derived **valuation stands at EUR 9.1 per share.**

Exhibit 5: Comps Analysis

FY25E		Multiple (x)	Net debt (EUR m)	Equity Value (Discounted/ EUR m)	Weight	Discounted Weighted Equity Value (EUR m)	Target Price (EUR/sh)
Adj. EBITDA	**382.8**	**9.2x**	**870.4**	**2,468.1**	**50%**	**1,234.0**	**4.11**
Net Income	**192.2**	**16.7x**		**2,975.6**	**50%**	**1,503.3**	**5.01**
Value						**2,737.3**	**9.12**

Source: AXIA Research

Buy recommendation with a TP set at EUR 9.10 per share

After applying a 50/50 weighting to the equity values of the 2 methods (DCF and peers multiples), we end up with a final TP of EUR 9.10 per share. The TP implies a total upside potential of 19.3% from current price levels and therefore we initiate coverage on AIA with a Buy rating.

Exhibit 6: Target Price

Method	Equity Value	Weight	Weighted Equity Value	Target Price
DCF (Exit Multiple EV/EBITDA 9.2x, WACC 6.93%)	2,723.7	50%	1,361.9	4.54
Comps (EV/EBITDA 9.2x, P/E 16.7x)	2,737.3	50%	1,368.7	4.56
Target Price			**2,730.5**	**9.10**

Source: AXIA Research

Company overview

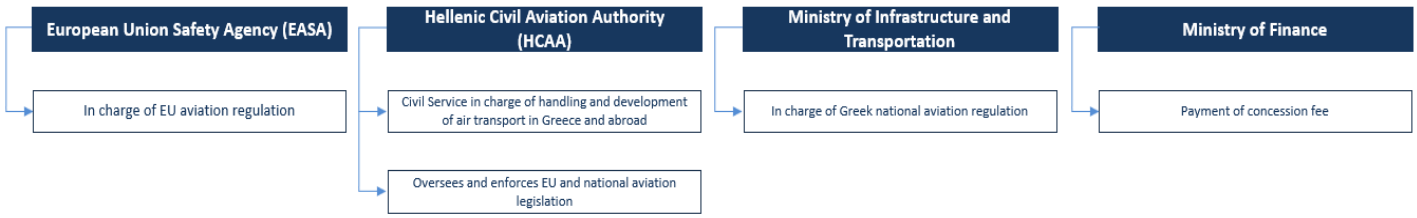
The Athens International Airport (AIA) was established in 1995 as a public – private partnership (PPP) and officially started operating in 2001.
The airport is situated in Athens, 35km away from the city center (30min from the Athens center via suburban railway) and in proximity to 3 ports that connect Athens to the islands of the Aegean Sea.

The initial concession agreement, namely the Airport Development Agreement (ADA) awarded to the company, granted the right to use the airport site for the design, financing, construction, completion, commissioning, maintenance, operation, management, and development of the airport until 2026. In 2019, AIA and the Greek State came to an agreement for the extension of the ADA for a consideration of EUR 1.186bn for 20 more years, that is until 2046. The airport is, and will continue to be, the sole and exclusive airport operator for the wider Attica Area, as the ADA prohibits the creation of any new international airport within 50km from the center of Athens, until the number of passengers exceed the 50 million benchmark over any 12-month period.

The concession agreement provides for a Dual-Till regulatory framework that places a cap on the maximum annual cumulative regulatory return on equity (RoE) of air activities at 15%, while non-air activities enjoy uncapped upside potential.

Furthermore, the ADA ensures a predictable capex program with defined trigger points for airport expansion. Air activities investments are recovered at cost. Since its creation in 2001, AIA has managed to increase the airport capacity by more than 60% from 16 million passengers initially to 26 million passengers in 2018. AIA's 3-Phase Master Plan has been approved by the relevant regulator (HCAA) with the first phase (33MAP) that will increase PAX capacity from 26m to 33m currently in process, with construction beginning in 2024 while estimated to be concluded by 2028.

Exhibit 7: Relevant Authorities



Source: The Company, AXIA Research

Runways to accommodate up to 50m PAX with the terminals stressing their capacity to 28.2m PAX in 2023
The airport spans an area of 16.5 million sqm operating two independent runways with lengths of 3.8km and 4.0km and width of 45m each. These runways have the ability to accommodate up to 50m PAX and to operate all types of aircrafts at the maximum allowed take-off weight.

The Main Terminal Building extends over an area of c. 185,000 sqm in addition to c. 34,000 sqm of Satellite Terminal Building. AIA utilizes 24 contact aircraft bridges along the runways for the onboarding and debarkation of passengers directly from the planes, which can also be employed as aircraft parking positions, while 75 remote parking positions are also available along the airport, of which 16 are used by both passenger carriers and cargo aircrafts. 29 of the total 99 parking spots can accommodate wide-body aircrafts, while 70 are used for the handling of narrow-body aircrafts.

The Athens International Airport operates on a 24-hour basis without predetermined allocation of slots or curfews for airlines, as departures and arrivals are managed by the airport, allowing for optimization of the traffic schedule and operations, especially during periods of peak traffic.

The airport accommodated more than 25 million passengers prior to the pandemic and in 2023 broke the previous record, by exceeding 28.2 million passengers in 2023, highlighting the strong recovery of the Greek economy and tourism product.
The existing terminal space to expand following the first phase of the investment implementation (33MAP).

Non-air activities

When it comes to non-air activities, AIA spans across an area of c. 13,500 sqm of total terminal retail space. Currently 157 retail and F&B shops operate in AIA with the company having signed 72 agreements with concessionaires. In respect of parking, the airport offers a total of 7,350 parking spaces. Both retail and parking space to increase following the first phase of the investment implementation (33MAP).

AIA generates further revenue from rental land concessions and leases of the retail park adherent to AIA that accommodates among other the retail brands, as well as the 5-star Sofitel Hotel with capacity of 345 keys and the Metropolitan Expo, the largest exhibition center in Greece.

Shareholder Structure

Prior to the IPO, the Greek State possessed a total majority stake of 55%, split through the Hellenic Republic Asset Development Fund (HRADF) that held 30% and the Hellenic Corporation of Assets and Participations (HCAP) that held 25%. PSP Investments held a 40% (+60 shares) stake through its subsidiary AviAlliance, while Copelouzos Group held a 5% (-60 shares) stake.

Through the IPO, HRADF completed a full divestment of its 30% stake, with AviAlliance and Copelouzos Group announced as the cornerstone investors. AviAlliance purchased a 10% stake through a private placement, while Copelouzos Group and HCAP acquired additional 1% and 0.5% stakes respectively, through the public offering.

Exhibit 8: Pre-IPO shareholder structure

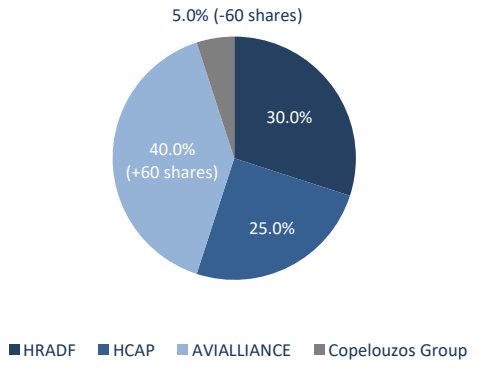
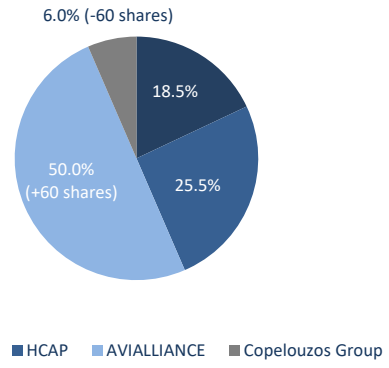


Exhibit 9: Post-IPO shareholder structure



Source: The Company, AXIA Research

Post IPO, the free-float of the company settled at 18.5%, with the Greek State maintaining a 25.5% stake through HCAP, PSP Investments' stake standing at 50% (+60 shares), and Copelouzos Group increasing its stake to 6.0% (-60 shares).

Airport Development Agreement / Dual-Till Framework

The concession agreement between the company and the Greek State was signed in 1995 and was extended in 2019 with the concession duration now ending in June 2046. The agreement provides a clear regulatory structure of operations for AIA with the key terms being the Dual Till framework, the Grant of Rights Fee, exclusivity rights and the milestones of the capex program. No material elements of this agreement are subject to negotiation.

Among others, the ADA is providing i) the exclusive right to operate Athens International Airport, ii) the right to engage in any activity related or ancillary to the operation of the airport, and iii) the right to outsource activities to third parties on the basis of sub-concession agreements.

Furthermore, the ADA provides the guidelines for the airport expansion with the agreement incorporating a comprehensive 3-phase investment Master Plan. The current capacity of the airport stands at 26 million passengers, while there are well defined trigger points for each one of the three expansionary investment phases of the Master Plan (see next section).

Dual Till framework – 78% of revenues from regulated activities
The ADA classifies the activities of the Athens International Airport into two categories, i) air activities and ii) non-air activities, while certain operations fall under the scope of both segments. Air activities are regulated, while non-air activities remain unregulated throughout the duration of the concession. The complete breakdown can be seen below:

Exhibit 10: Breakdown of regulated and non-regulated activities



Source: The Company, AXIA Research

Regulated Activities – return of up to 15% on RoE

The regulated segment of Air Activities is bound by a cap on the maximum return that can be derived on an annual basis from the operations of this division. Specifically, profit from air-activities can reach a maximum of 15% Return on Equity (RoE) with the equity calculated as equity from ordinary shares indexed annually to the reported EU Harmonized Index of Consumer Prices (HICP).

The base equity for the calculation of the 15% Regulatory RoE (equity initially paid-in) was EUR 300m and given the adjustments as determined by the ADA according to the HICP, has been inflated to EUR 524m at the end of 2023.
As a result, a formula is used for the calculation of the maximum allowed airport charges, so as not to exceed the regulatory cap that has been placed on the net income of air activities. Specifically, the formula takes into account:

- All operating expenses relating to air activities as well as i) the depreciation, ii) the net financial expenses and iii) the taxes related to these activities,

While it subtracts:

- The Airport Development Charges or ADF (a levy imposed by the Greek State on passengers departing from the Athens International Airport), as well as revenues from centralized infrastructure & handling and the portion of the rentals, IT&T and other that are accounted for in the air activities segment.

The ADA allows for the carry forward of unrealized profits from past years, a clause that has become important because of the pandemic that affected revenue performance in 2020 and 2021. During these 2 years, profits from air activities remained substantially below the allowed levels and therefore AIA has been able to recognize extra profits over the next periods.

The total recoverable air activities revenue in FY23 came at EUR 176.9m, with the actual airport charges reaching EUR 254.1m, permissible by the utilization of a part of the carry forward balance for the year. The carry forward balance at the end of 2023 stood at EUR 83.5m and is expected to be exhausted by the end of 2025.

Over-recovery for a certain period is also permitted before settling with the Greek State. If AIA's actual compounded cumulative return exceeds 15.0%, in 3 out of any 4 consecutive financial periods, the company is obliged to pay any excess return to the Greek State. In our modelling, we assume that AIA will recognize airport charges higher than the annual recoverable air activities revenue after the exhaustion of the carry forward balance (and specifically for the years of 2026 and 2027) aiming to partially counterbalance the impact of the disturbance of the non-air activities from the expansion works. We account for the company returning to the standard framework agreement in 2028.

The recoverable air activities revenue to grow over the coming years, due to the HICP adjustment on the equity component, while the recoverable revenue is also expected to reflect the increasing capex that will predominantly impact the air activities segment of the business.

Unregulated activities – uncapped upside

There is uncapped upside from non-air activities. These activities concern the terminal retail, the car parking, the concession activities and the airport's real estate.

We note that land concessions include a retail park, a hotel, and an exhibition center. On top of this, the company generates revenues from leases (including IT&T and utility recharges), consulting services and the sale to the grid of electricity generated by an 8MW PV park.

End of the concession agreement – AIA has the right to match in the next concession tender

As per the ADA, the company has the option to participate in the new concession tender that will be conducted 6 years prior to the expiry of the current concession agreement, in 2040, with a duration of the concession of at least another 30 years. **AIA is also given the right to match any competing offers in the tender.**

However, in the event that the concession agreement is not renewed, there are certain provisions regarding the assets and rights of the airport, in order to ensure the smooth undisrupted continuation of operations. Specifically, upon expiry of the concession the usufruct is transferred to the Greek State in addition to all the assets, while any expansion-related debt that hasn't been repaid by that time is expected to be borne by the Greek State as well. Finally, the original paid-in capital of EUR 300m and legal reserve of EUR 100m is paid out to shareholders in case of dissolution of the company.

Capex program – capacity could increase gradually by more than 90% over the next 20 years

Based on the specifications of the ADA, AIA is proceeding with a roadmap that could increase the capacity of the airport from 26m PAX currently, to 50m PAX over the next 20 years. The 3-phase Master Plan has already been approved by the regulator (HCAA) and it relates to the expansion of the existing terminal (during phase A and B), while the construction of a new terminal is only anticipated in phase C. No new land acquisition or new runways are required for the implementation of any phase of the Master Plan.

The first phase (33MAP) is currently in the design process, with construction expected to begin later in 2024 and be concluded by 2028 at a cost of c. EUR 650m (at 2022 prices), and approximately EUR 761m after accounting for inflation. The second phase of the Master Plan (40MAP) entails a new major investment to begin by mid 2030s to increase capacity to 40m PAX at a cost of more than EUR 700m (at 2022 prices). The expansion capex for air activities is recoverable at cost, while the obligations from debt incurred with respect to the Master Plan will be assumed by the Greek State in the event that the debt has not been fully repaid by the end of the concession period and the termination of the ADA (partially reflects the phase B and almost the entire phase C).

AIA's current runways provide for ample capacity without any restrictions, therefore investments, as specified in the Master Plan, are solely required to increase terminal capacity. The airport has two runways that have the ability to accommodate up to 50m PAX and to operate all types of aircrafts at the maximum allowed take-off weight. The specifications of the two runways eliminate the need for their expansion and thus any related land expropriation over the next 20 years.

Trigger points for capacity expansion

Athens International Airport, in the first years of operation, had a capacity of 16 million passengers. Based on the study prepared by the International Air Transport Association (IATA), the terminal capacity from 16 million passengers expanded to 21 million passengers (21MAP) in 2007. In 2018, another IATA study led to the further expansion of AIA's terminal capacity to today's 26 million passengers (26MAP).

There are clearly defined trigger points for the implementation of each of the capacity expansion phases of the Master Plan as well as the respective timelines of construction.

Specifically, the beginning of each expansion phase is triggered, once i) passenger traffic over a 12-month period exceeds 90% of the design capacity and is likely to reach 95% of design capacity in the following two years, or ii) passenger traffic exceeds 95% of design capacity.

At this point, the construction does not begin immediately, as AIA needs to complete first the design phase of the expansion as well as the operational elements of the implementation. Following the completion of the design phase, capex deployment and construction starts.

Exhibit 11: AIA's Master Plan Phases



	33MAP	40MAP	50MAP
Trigger point	25m PAX	31m PAX	38m PAX
Capex	c. EUR 650m	EUR 700m+	N/A
Beginning	2024	2031	2042
End	2028	2034	2045
Capacity after completion	33m PAX	40m PAX	50m PAX

**Capex is calculated at 2022 prices, Source: The Company, AXIA Research*

The ADA includes 3 distinct investment phases in the Master Plan for the future, namely the 33MAP, 40MAP, and 50MAP with expected total annual capacity for AIA of 33 million passengers, 40 million passengers, and 50 million passengers respectively.

The planned investments that AIA would need to complete for the first two phases amount to EUR 1.47bn+ (based on 2022 prices), of which c. EUR 650m (EUR 761m according to our estimates at current prices) for 33MAP and EUR 700m+ for 40MAP.

AIA has not provided capex guidance for 50MAP, as the capex required for this phase is implemented in the latter years of the concessions and therefore the recovery of its cost will be limited.

Exhibit 12: AIA's Master Plan Phases and the main feature of each phase

33MAP	40MAP	50MAP
• Expansion of the Main Terminal Building by c. 81,000 sqm • Northwest apron development • New taxiways and taxi lanes • Two new service bridges • Ramp service station • New VIP terminal • New landslide and circulatory roads • Multi-storey car park	• Expansion of the Main Terminal Building • Northeast apron reconfiguration & Southwest apron development • New contact gates • New taxiways and taxi lanes • Ramp service station • New service bridge • New taxi-bridge	• Development of second terminal • Apron development • New taxiways and taxi lanes • New taxi-bridge • New landslide access and circulatory roads • Multi-storey car park

Source: The Company, AXIA Research

33MAP

The first phase of the Master Plan revolves primarily around the expansion of the Main Terminal Building and the improvement of services for the accommodation of passengers such as contact gates, processing stations for passengers and retail space that is expected to increase by 8.5k sqm. Specifically, the Main Terminal Building is expected to increase in size by c. 81k sqm, introducing additional aircraft parking positions as well as the construction of a multi-storey car park. The design of the first phase to start in the near term and to come into completion by 2028.

40MAP

The second phase of the Master Plan revolves again around the expansion of the Main Terminal Building and the further placement of additional gates, processing stations and retail space in order to service the increased number of passengers adherent to the high standards of the airport. This expansion also includes additional aircraft parking to service the enlarged flows of flights as well as an aircraft bridge for the interconnections of the east and west airfields. The expansion should be completed by mid-2030's.

50MAP

By the third phase of the Master Plan, the Main Terminal Building will not be sufficient for the accommodation of the existing passengers which are forecasted to have reached 40m annually at the time, therefore the construction and development of a second terminal will be imperative, in conjunction with the construction of a second multi-storey car park and additional aircraft parking positions as well as another aircraft bridge. As a result of the size of the airport, spanning 16.5m sqm, with a large percentage of the area currently being unexploited, AIA will not need to expropriate land for the creation of the second terminal. Once given the green light, the completion of this phase should be expected by 2045.

Financing of the investments

The Master Plan will be financed in its entirety by debt. Debt will be drawn as construction is progressing with the expectation that the amortization profile will be broadly matching the depreciation life of the new assets. Amortization starts post-construction completion.

In the event that the debt obligations incurred with respect to the Master Plan have not been fully repaid by the end of the Concession Period and termination of the ADA, the debt will be assumed by the Greek State, a term of the ADA which is subject to prior agreement with the Greek State.

The depreciation related to the air-activities is recovered through the allowed airport charges formula.

Taking the above into account, the 33MAP asset base to fully depreciate in a straight line until the end of the concession, while the 40MAP asset base is expected to depreciate about 2/3 of the total capital expenditures by the end of the concession. We understand that the 50MAP asset base, essentially, will not be depreciated and therefore not recovered through the air activities revenue, while the relevant debt obligations will be assumed by the Greek State in case AIA does not win the new tender agreement.

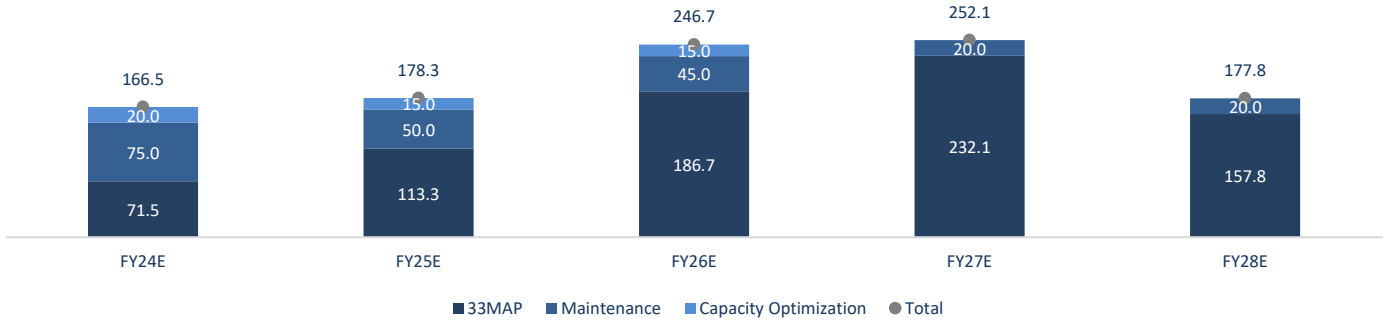
Regarding the recovered air-activities-related investments, management has noted that currently c. 85% of the total company depreciation is recovered by the formula but this percentage should drop towards 80% following the first expansion phase.

Incorporating the investments in our model

In our model, we incorporate total investments of EUR 1.021bn between 2024 and 2028. Of these, EUR 761m relates to the 33MAP and the remaining EUR 260m to maintenance and capacity optimization expenditures.

Specifically, in 2023, AIA completed total capital expenditures of c. EUR 50m, that are expected to increase to EUR 166m in 2024, EUR 178m in 2025, EUR 247m in 2026, EUR 252m in 2027 and EUR 178m in 2028.

Exhibit 13: Capital Expenditures in FY24-FY28E



Source: The Company, AXIA Research

All the capex included during the period in focus (2024-28) will be fully depreciated over the remaining lifetime of the concession (until 2046). The majority of capex to be incurred in the two years of 2026 and 2027 when construction will be at its peak due to the 33MAP expansion.

AIA's strategic positioning and key advantages

Athens International Airport is the largest airport in Greece and since more than 85% of the passenger traffic in the country is related to leisure, the Origin & Destination traffic share for AIA is high, amongst the highest in Europe at c. 82%. Importantly, the airport is positioned to capture a sizeable catchment area of c. 6 million people in the wider Athens area, while it provides direct flight and ferry links to the Greek islands. AIA to continue to benefit from i) increased demand for travel to Greece, ii) the expansionary plans of the main Home Carrier and also iii) the efforts to incentivize airlines to develop new routes.

Wide catchment area

The Athens metropolitan area has a population of c. 4m people, while the Athens International Airport's catchment area encompasses about 6m people. The extended Athens area (Attica region) generates half of the Greek GDP and is the primary driver of the Greek economy. In parallel, Athens is well connected with other regions with highways, railways, and ports.

We will discuss Greek tourism trends further in the following section, but we note that passengers that fly to and from AIA enjoy easy access to the center of Athens (through a highway and a railway) as well as to the Piraeus Port and 2 other ports that service Greek islands in the Aegean Sea. Furthermore, the travel towards the Athens Riviera (the coastline of Athens) and other major historical sites around Athens is less than an hour away by car.

Origin & Destination: the key advantage of AIA

A key characteristic of AIA's attractiveness is the high percentage of Origin & Destination traffic (vs. transfer traffic), which was evident both during Greece's protracted economic contraction but also following the Covid pandemic.

As a result of the high O&D traffic and the origin of the majority of tourists, short & medium haul flights represent more than 88% of total and this is another reason that helped AIA to recover fast from the Covid impact given that long haul flights remained, globally, pressured.

Exhibit 14: O&D vs. Transfer Traffic

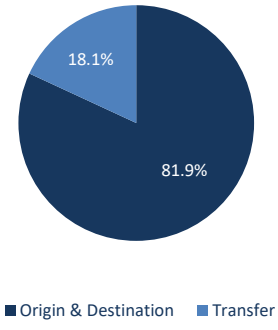
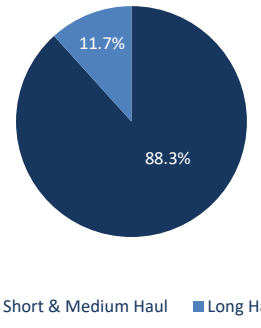


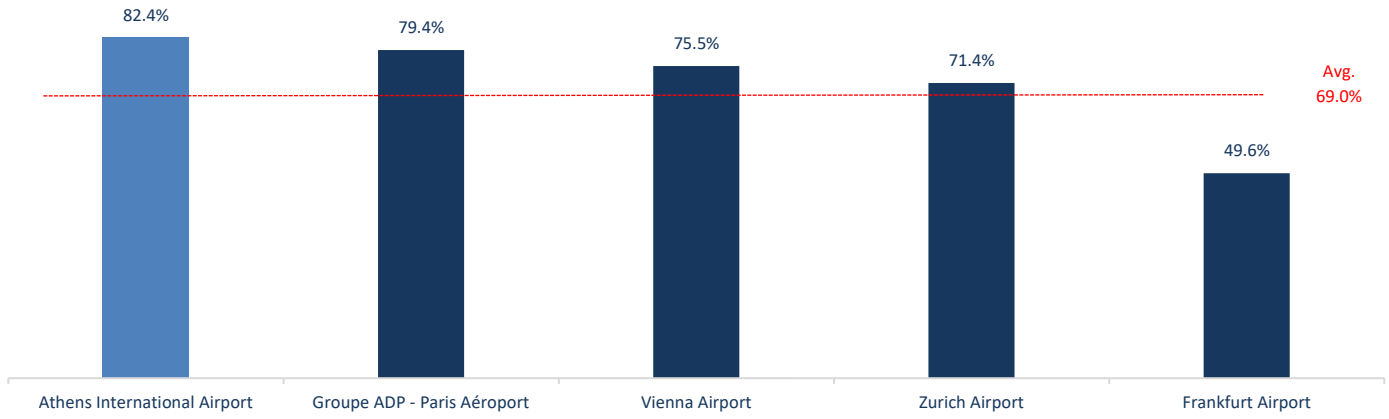
Exhibit 15: Short/Medium Haul vs. Long Haul (% Intl. PAX)



Source: The Company, AXIA Research

We observe that Greece and the Athens International Airport are significantly higher than other peer airports in terms of the Origin and Destination traffic as a percentage of total traffic, highlighting the attractiveness of Athens and subsequently of Greece as a destination.

Exhibit 16: Origin & Destination % in 2022 Traffic Benchmarking

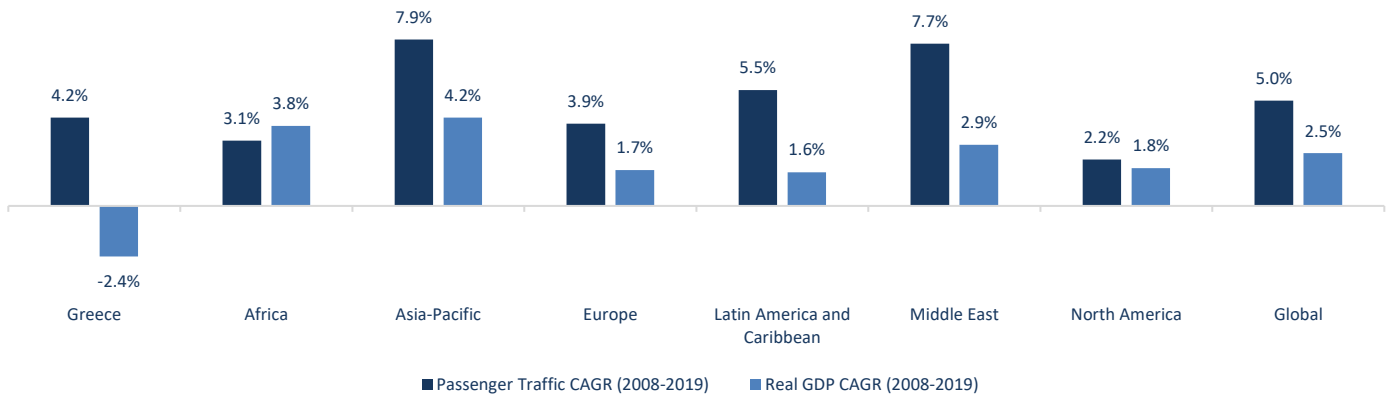


Source: The Company, AXIA Research

This is supported by historical data as between 2008-2019 (during the period of the Greek crisis), passenger traffic grew at a robust rate on the back of strong incoming traffic that originated in other countries. This was despite the sharp real GDP contraction in Greece during that period.

Specifically, during the years of the Greek crisis (2008-2019), for regions around the world, as expected, GDP CAGR and passenger traffic have maintained a positive correlation, but Greece on the other hand has exhibited a negative correlation. Specifically, the prolonged economic crisis of Greece led to the vast contraction of real GDP with a CAGR of -2.4% from 2008 and until 2019, while passenger traffic posted a CAGR of 4.2% in the same period.

Exhibit 17: Historical Traffic & GDP Growth (2008-2019 CAGR)

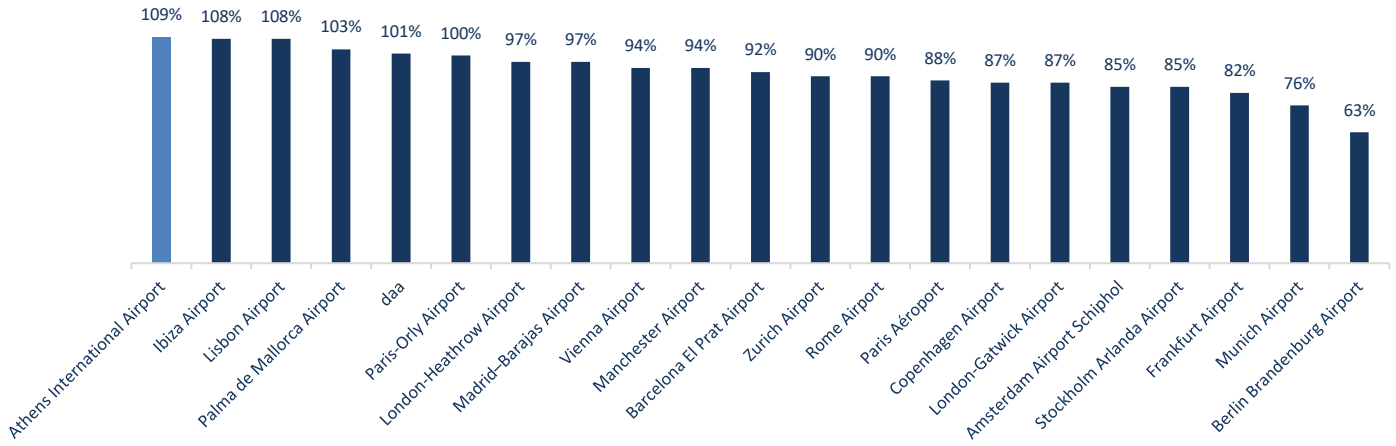


Source: The Company, AXIA Research

What drove this performance is the resilience of Greece's tourism industry. The competitiveness of airfares by airlines, the significant investments in the sectors of hospitality and real estate, as well as the significant hub connectivity of Greece, operating as a connecting channel between Europe, the Mediterranean and the Middle East, were also factors that contributed to this unusual decoupling of passenger traffic growth from real GDP growth.

Moving to travel post Covid, Greece has seen strong tourism demand. As a result, passenger traffic has rebounded sharply allowing AIA, by 2023, to fully recover the Covid impact, outperforming all other EU airports. Passenger traffic in 2023 reached 28.2m, exceeding the respective record levels of 2019 by 10.2%.

Exhibit 18: Recovery of Traffic as of September 2023



Source: The Company, AXIA Research

Given that demand is driven by tourism, about 69% of the passengers in AIA are international. Obviously, international traffic is driven primarily by the GDP of the key markets for Greek tourism and secondarily by domestic GDP.

Exhibit 19: Breakdown of passengers of 2023 traffic (%)

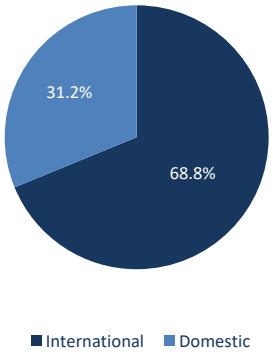
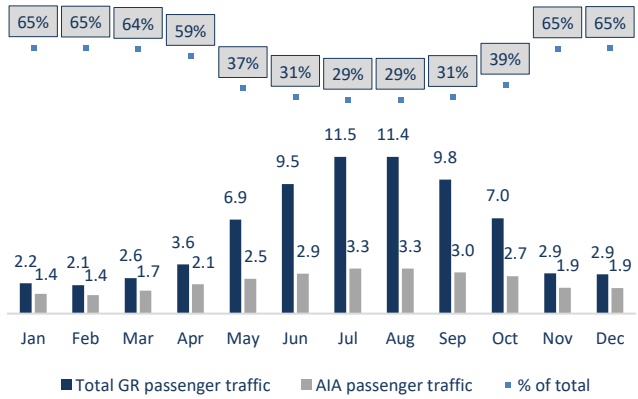


Exhibit 20: Total GR traffic and AIA traffic in 2023 (in millions)



Source: The Company, Civil Aviation Authority, AXIA Research

Routes network and development: Close to reaching pre-pandemic levels / +24%* vs. 2020

Up to 2019, AIA had managed to gradually increase the total number of connecting routes reaching a peak of 157 at the time. The number of routes dropped due to Covid but since then the airport has managed to almost recover the total city-destinations serviced albeit the impact of the wars in Ukraine and Israel.

The number of serviced routes settled at a low of 126 in 2020, as a result of the global travel bans and subsequent reduced traffic. However, by the end of 2023, the number of serviced routes has strongly rebounded reaching 156, representing an increase of 24% compared to the respective figure of 2020. This figure also accounts for certain routes that have since gone out of service. AIA's route development efforts are expected to continue with the further assistance of AIA's Markets Incentives Scheme.

No single international market comprises more than 11% of AIA's total, while in respect of destination diversification, no single country/city comprised more than 17%.

*the figure also includes a number of routes that have since stopped being served

Exhibit 21: Top 10 International Markets* (%)

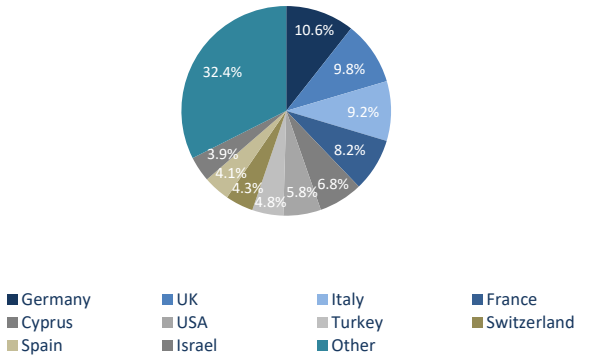
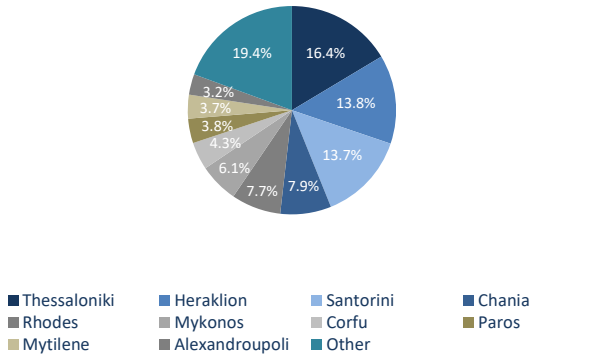


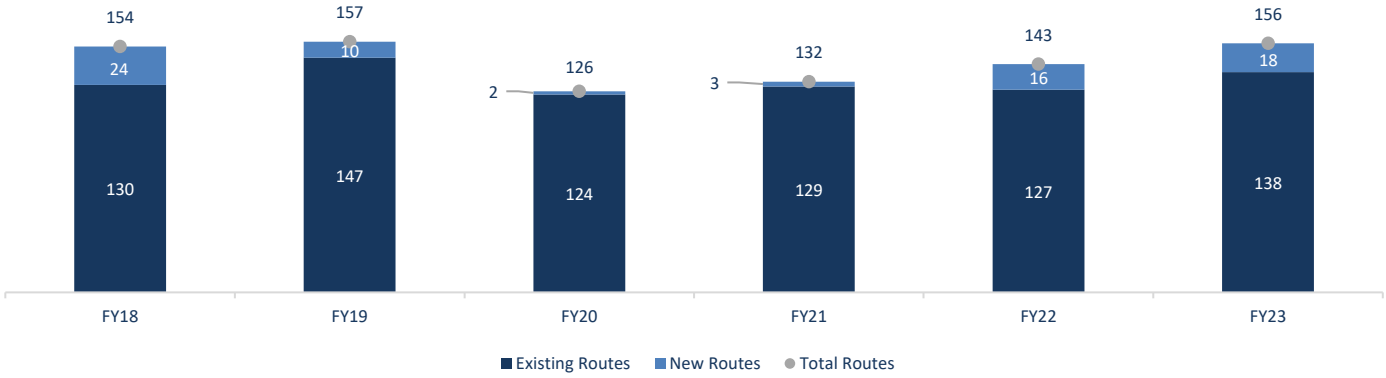
Exhibit 22: Top 10 Domestic Destinations* (%)



Based on 2022 passenger volumes, Source: Aerostat Handbook, The Company, AXIA Research

The strategy of the airport revolves around the development of new routes leveraging location and accessibility with the main markets being Europe and North America. To this end, the prospects of new route developments focusing initially in India, China and South Korea is something that AIA is actively monitoring. The aim is to connect these markets with Europe. High-potential markets for AIA are also those of Canada and the US.

Exhibit 23: Key Routes Evolution



Source: The Company, AXIA Research

AIA has also benefited from the implementation of its Market Incentives Scheme. Through the offer of an incentive framework available for all airlines, AIA has managed to accelerate and accommodate demand without overwhelming its operations. This scheme over the last 5 years has supported the addition of 69 new destinations. The aim of these incentives is to develop routes for new untapped markets with significant potential as well as to smooth out the seasonality effect, contributing to the promotion of Athens as an all-year round destination.

As a result of AIA's extensive network, flights from and to AIA have recorded a gradual increase over the past few years, from 176,156 in 2015 to 241,604 in 2023, signifying a 37.1% increase and a FY15-FY23 CAGR of 4.0%.

Exhibit 24: PAX by Country of Residence* (%)

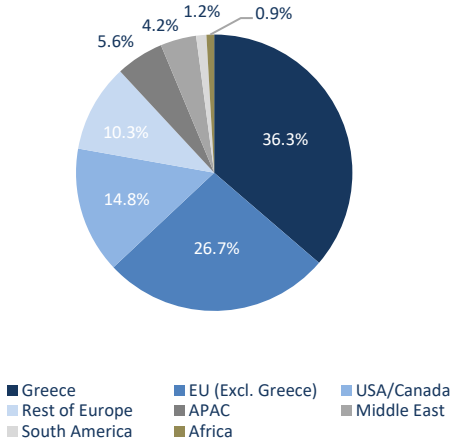
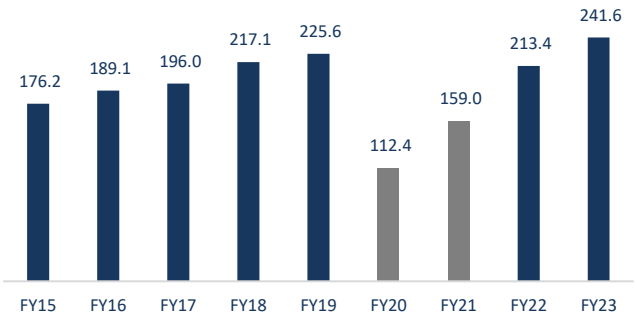


Exhibit 25: Flights FY15-FY23 (in thousands)



**Based on 2023 data, Source: The Company, AXIA Research*

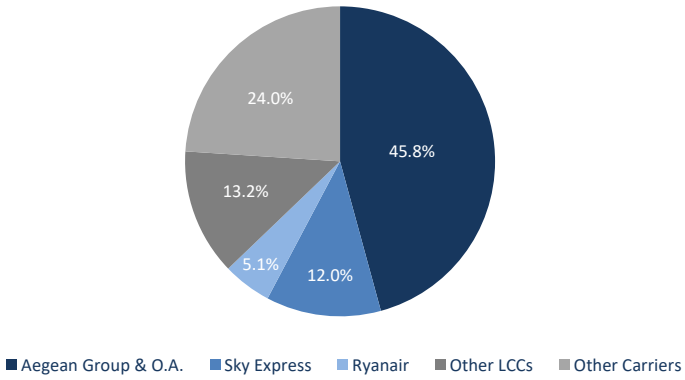
AIA's passengers are mainly Greeks and Europeans (36% and 44%, respectively) followed by the Middle East, USA/Canada, APAC, and Africa, justifying the high concentration of European countries in the top 10 international markets serviced by AIA.

AIA remains less reliant on Main Home Carriers

There are 66 airlines flying in the AIA, while the airport is the primary hub for Aegean group as well as Sky Express, two fast growing home-based airlines.

Aegean and Sky Express accounted for c. 58% of the passenger traffic of AIA in 2023, while international low-cost carries (incl. Ryanair) accounted for c. 18% and other carriers c. 24%.

Exhibit 26: Airlines Market Share (end'23)



Source: The Company, AXIA Research

Home-base Airlines

More than half of AIA's passenger traffic derives from its two main carriers, whose hubs are located in Greece, namely Aegean and Sky Express, claiming 45.8% and 12.0% of 2023's total passenger traffic respectively.

Aegean Airlines is the market leader in AIA traffic

Aegean Airlines is Greece's largest airline and a provider of a full product offering of high quality, continuously investing in the quality of its fleet that boasts a low average age. The fleet of Aegean Airlines (and Olympic Airlines, a fully owned subsidiary of Aegean Airlines) consists of 80 aircraft, of which 18 AIRBUS A320neo, 13 AIRBUS A321neo, 5 AIRBUS A321, 28 AIRBUS A320, 2 DASH 8 100, 3 ATR 42-600, and 11 ATR 72-600.

The group is currently experiencing strong growth, recording record-high levels of revenues and profitability as they go through an expansionary period, developing flights to new destinations while also increasing the frequency of the flight schedule, especially towards western European cities.

Aegean Airlines currently operates 264 routes, domestically and internationally, spanning across 46 countries, with the company accommodating a total of 15.5m passengers in 2023, bringing its percentage of total traffic to more than 50%. For 2024, Aegean Airlines has indicated it will offer more than 19.8m seats, while accounting for a load factor of c. 80%, we project the company will accommodate more than 16,000,000 passengers for the year.

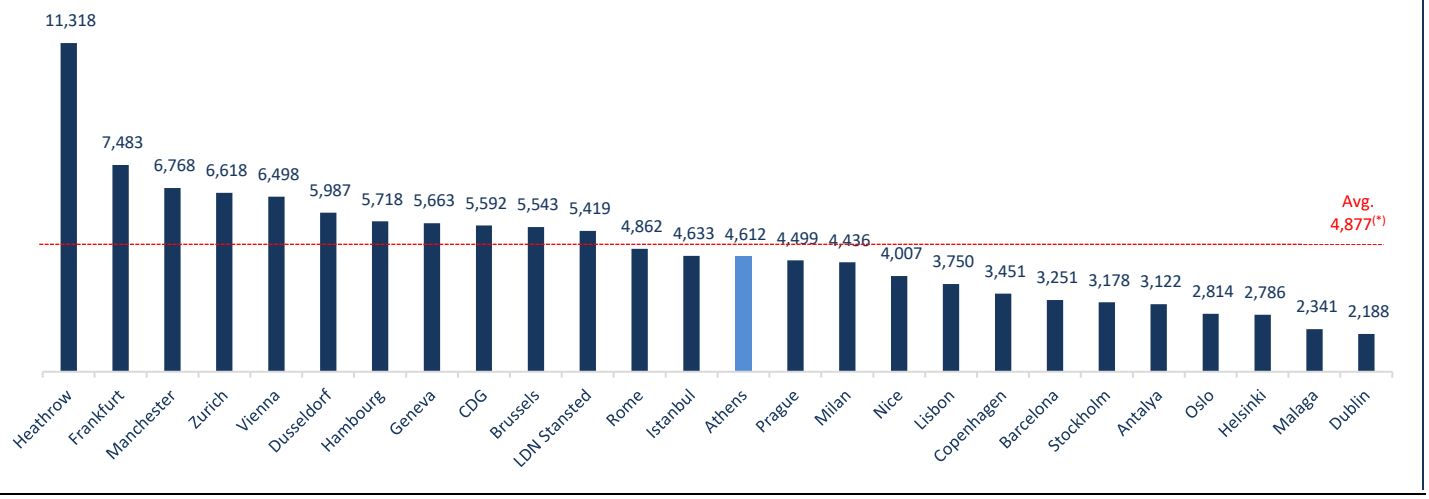
Sky Express, a fast-growing local airline

Sky Express on the other hand, is the fastest growing airline company in Greece, providing lower cost services with a heavier focus towards the domestic market of Greece, operating 23 aircrafts, of which 2 AIRBUS A321neo, 8 AIRBUS A320neo, 4 ATR 42-500, and 8 ATR 72-600. Sky Express was projected by the end of 2023 to serve more than 65 destinations (from 49 destinations in 2022), and to accommodate approximately 4.5m passengers (from 3.5m passengers in 2022), for a c. 29% y-o-y increase, highlighting the promising prospects of the company.

Competitive airport charges

According to AIA data, airport charges are considered competitive against European peers as they sit slightly below the average in the benchmarking of the airports, relatively close to those of the airports of Rome, Istanbul, Prague, and Milan.

Exhibit 27: Airport Charges per Aircraft Benchmarking in 2022 (EUR m)



**Excluding AIA, Source: RDC Airport Charges, rdcaviation.com, The Company, AXIA Research*

In any case, as we mentioned earlier, AIA's management is providing a set of incentives aiming to accelerate demand and develop high potential routes. Specifically, through an incentive framework, for all airlines, AIA offers discounts on landing and parking charges as well as centralized infrastructure charges if they assist in the development of new destinations and in the introduction of increased frequencies.

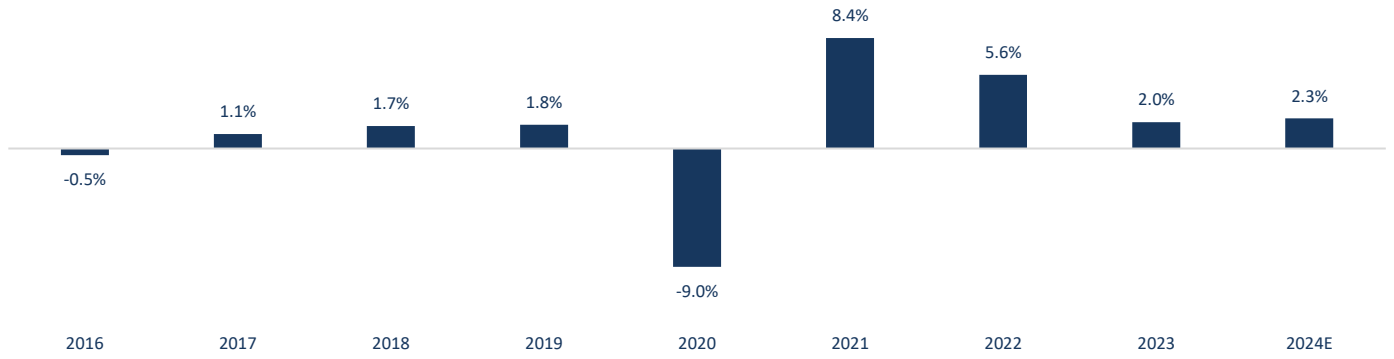
These incentives are both seasonal as well as year-round and most airlines are benefiting from more than 1 incentive per year.

Greek economy on the rebound / Tourism growth on the back of continuing substantial investments

After a 2.0% real GDP growth in 2023, the Greek economy is expected to continue to expand at a healthy pace over the coming years driven primarily by investments which are prompted by ongoing reforms, a healthier financial system, and the availability of financing from the official sector (through RRF and EU cohesion funds). Regarding the EU funds, they are expected to mobilize more than EUR 100bn (levered up) or c. 40% of GDP over the next 4-8 years.

In parallel, growth to be supported by increased private consumption on the back of declining unemployment and growing disposable income.

Exhibit 28: Greek GDP growth 2016-2024E



Source: ELSTAT, 2024 Budget, AXIA Research

Because of the above, plus the fact that the economy is substantially underinvested (due to the long crisis), Greece remains in a different cycle than most European countries, supporting the argument that growth is expected to persist over the foreseeable future.
At the same time, given the level of reforms implemented in Greece over the past 15 years and the fact that the budget execution is exceeding expectations, we don't expect the introduction of any fiscal policies that will have an adverse impact on disposable income.

Focusing on leisure, given the rebound the economy is demonstrating and on the back of pent-up demand, there has been a gradual increase in leisure spending by Greeks over the past few years and this trend is accelerating.

Exhibit 29: Unemployment rate

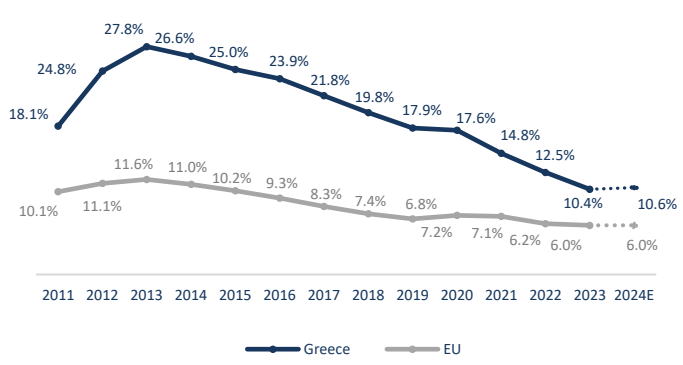
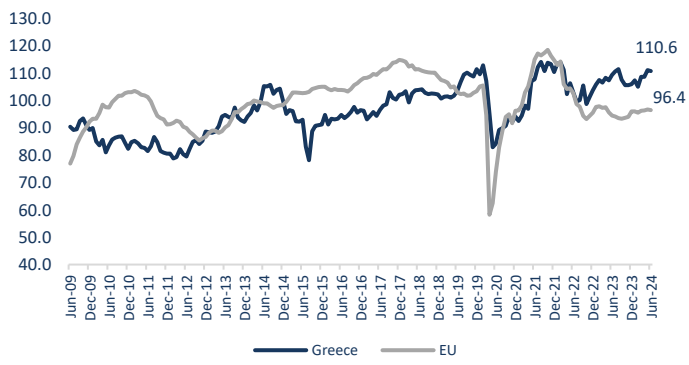


Exhibit 30: Economic Sentiment Index



**Jan'-Nov'23, Source: Eurostat, ELSTAT, AXIA Research*

Tourism: a key driver of the Greek economy

The direct impact of tourism to real GDP came to 13% (EUR 28.5bn) in 2023, while according to INSETE (Institute of Greek Tourism Confederation) the total impact (direct and indirect) settled between 28.5% and 34.3% of GDP in 2023. To this end, according to studies of different local economic institutes (IOBE – KEPE), the multiplier of the tourism activity ranges between 2.2 and 2.65. Given the substantial impact on the economy, tourism is a sector that is receiving high attention by the Greek government. Government initiatives aim at supporting the sector and this manifests, among others, through the construction of critical infrastructure projects and the fast-track approval of large tourism-related private projects.

Prioritizing infrastructure, we note i) ongoing investments in road projects that allow the easy and fast access to key destinations, ii) energy projects mainly related to Greek islands, iii) broadband projects related to rural areas and islands, iv) the development of marinas and v) the upgrade of regional airports (through concession agreements), mainly related again to islands.

These efforts are bearing fruit and thus tourism flows have increased substantially over recent years. Importantly, according to the European Travel Commission, Greece is the fifth preferred country for Europeans' next international trip. And although Greece is usually perceived as a summer destination, there is a rise in city-break tourism (especially towards Athens, a case that we discuss below), while there is an ongoing push for other types of tourism including winter, medical and cultural tourism, as the country is effectively seeking to extend the tourism season.

Exhibit 31: Tourist arrivals (in millions)

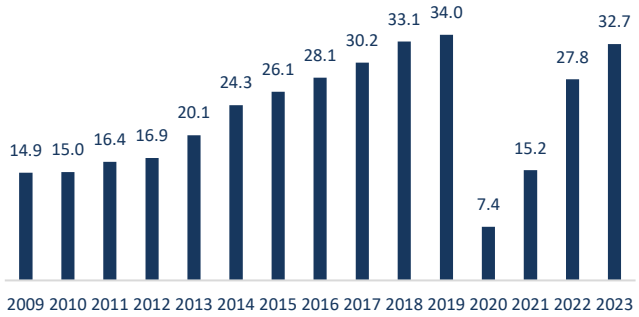
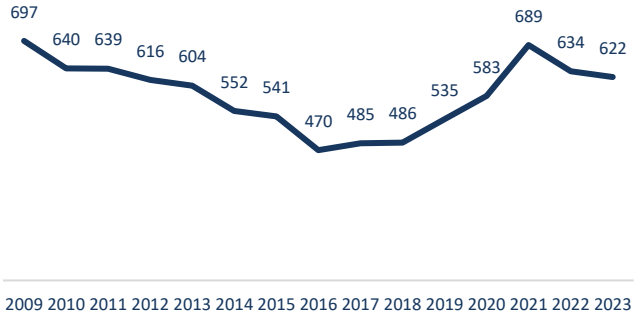


Exhibit 32: Average expenditure per trip (EUR/person)



Source: Bank of Greece, AXIA Research

Exhibit 33: Tourism revenues per year (EUR bn)

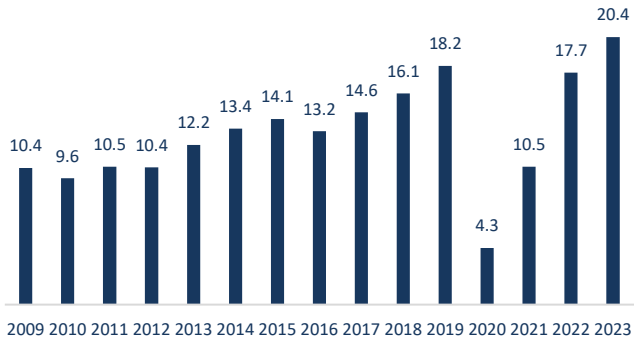
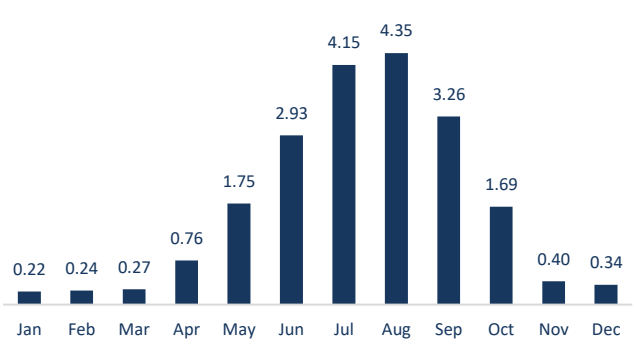


Exhibit 34: Monthly tourism revenues in 2023 (EUR bn)



Source: Bank of Greece, AXIA Research

Athens as a city break destination

Over the years, Greek islands have been the main tourism destination when visiting Greece. However, Athens is becoming an attractive tourism destination as a result of the ongoing investments and developments in the hospitality sector in the Capital, while supported by the good meteorological conditions year-round. Importantly, the capital city blends historical allure with contemporary urban lifestyle. This has resulted in a consistent increase in foot traffic throughout the year. Notably, Condé Nast Traveler has placed Athens in the fourth position among the Top-10 value-for-money European city break destinations to visit for 2023.

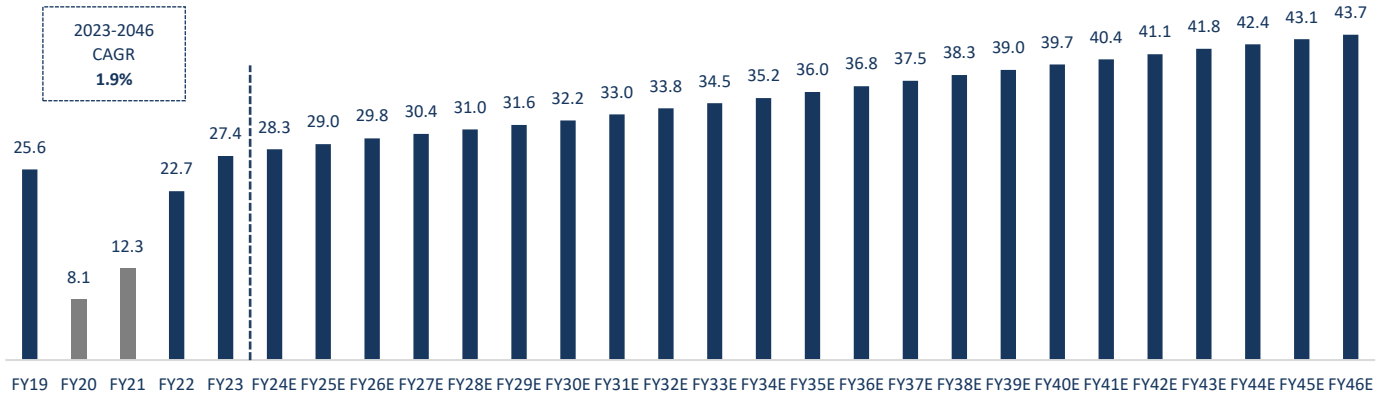
Passenger traffic to grow at a CAGR of 2.2% between 2023 and 2046 according to our estimates

AIA reported higher traffic volume in 2023 vs. the record levels reached in 2019 by 10.2%. Actually, traffic was 2.9% higher vs. IATA's estimates produced in mid-2023. In any case the baseline of IATA traffic forecasts calls for steady growth over the next 23 years at a 2023-46 CAGR of 1.9%. In our model we incorporate a 2023-46 traffic CAGR of 2.2%. Demand, over the short to medium term to be driven by the Greek market's dynamics, the anticipated economic growth as well as the expansion plans by the airlines. In addition, growth to be supported by the expansion of the intercontinental destinations.

Growth in passenger traffic of AIA according to IATA is expected to continue in the coming years based on a bottom-up approach that takes into account the macroeconomic trends in Greece and globally, the airline schedules and the gradual reopening of Asia (China), as the region steadily returns to pre-Covid conditions. Specifically, it incorporates the view that over the medium term i) the macro conditions should continue to improve ii) airline fares gradually ease, as the energy crisis gradually dissipates and iii) flows from Asia continue to recover.

In parallel, AIA is expected to benefit by the ongoing efforts for intercontinental network expansion and further developments of the high-potential markets of Canada and the US.

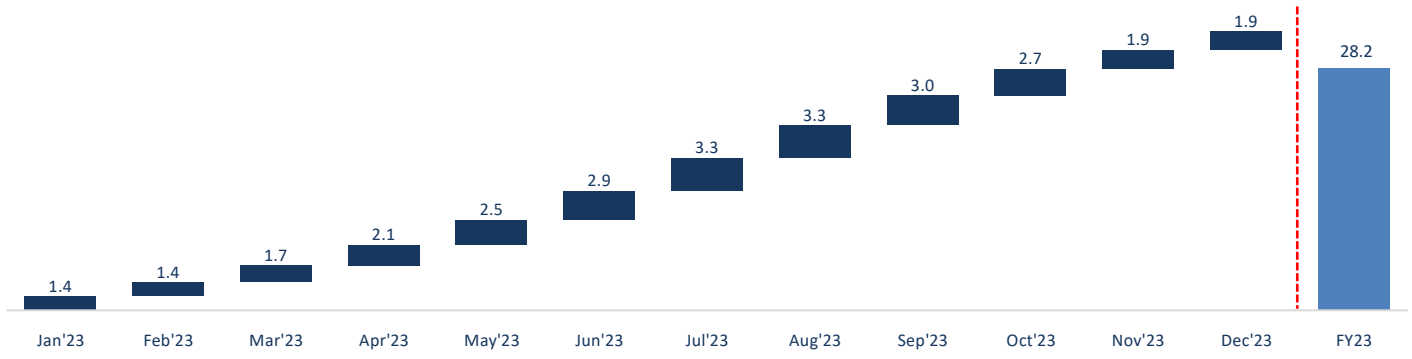
Exhibit 35: IATA Traffic growth forecast for AIA (m passengers)



Source: IATA forecast, AXIA Research

The IATA report, that was prepared in the summer of 2023, had estimated that for 2023, AIA passenger traffic would reach 27.4m (vs. 25.6m in 2019), however the actual figure came notably higher at 28.2m signifying the strong recovery of the Greek tourism industry.

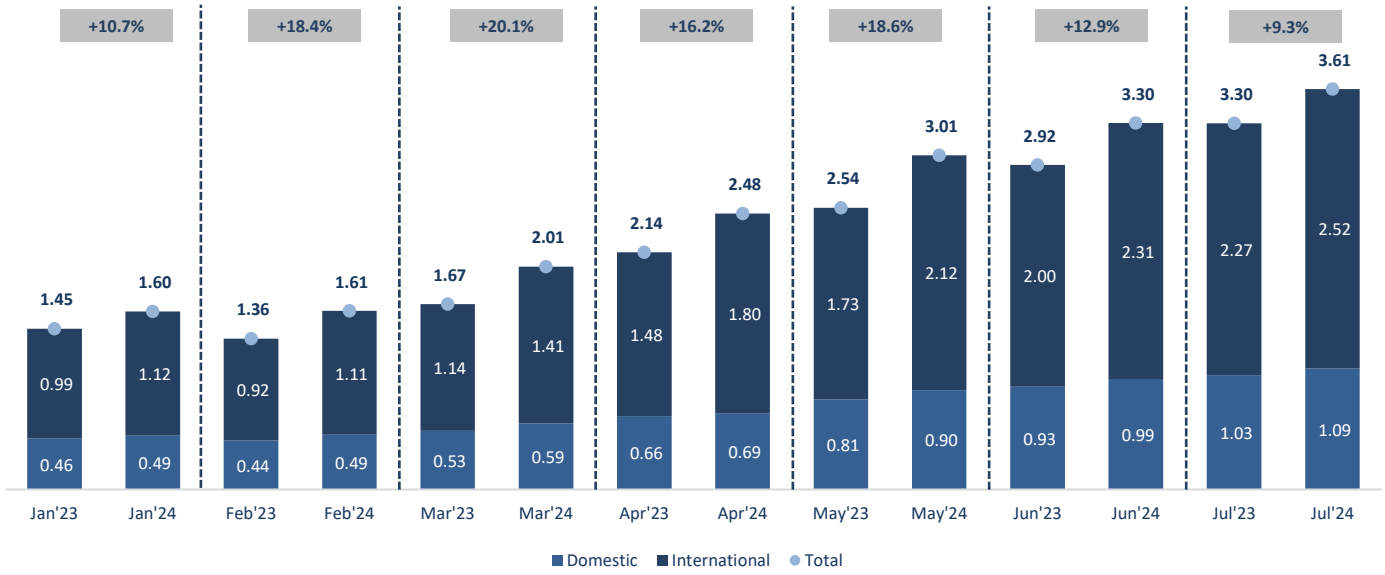
Exhibit 36: AIA Traffic in 2023 (million passengers)



Source: The Company, AXIA Research

Performance so far in the year has been particularly strong for Athens International Airport, especially in the non-high-season months, further solidifying Athens' case of becoming an all-year-round destination. Specifically, in 1H24 total passenger traffic for AIA has reached 14.01m passengers, exceeding the respective levels of 2023 by c. 2m passengers or 16.0% higher, without experiencing yet the positive impact from high-season months of July and August.

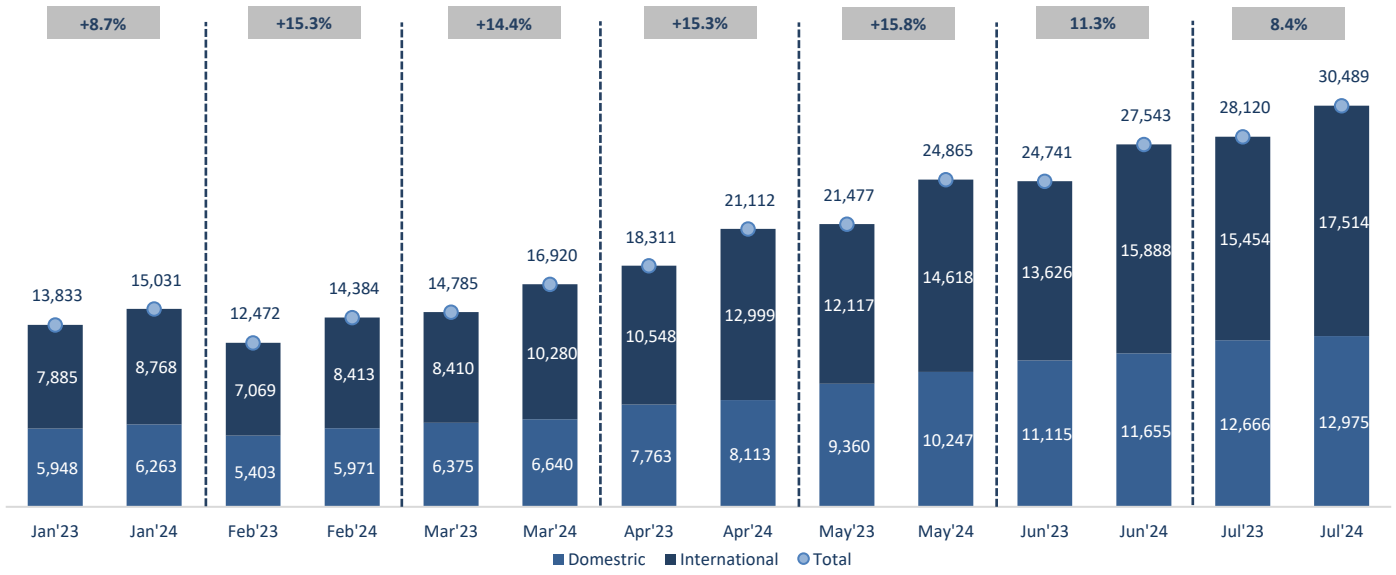
Exhibit 37: AIA traffic performance Jan-Jul 2023/2024 (million passengers)



Source: The Company, AXIA Research

In a similar fashion, flights in 2024 are also recording significant increases each month on an annual basis, having led the total for 1H24 to reach 121,825 vs. 103,647 in 1H23, representing a 17.5% y-o-y increase. Notable also is the increase in Jun'24, with flights recording a y-o-y increase of c. 30%.

Exhibit 38: AIA flights Jan-Jul 2023/2024

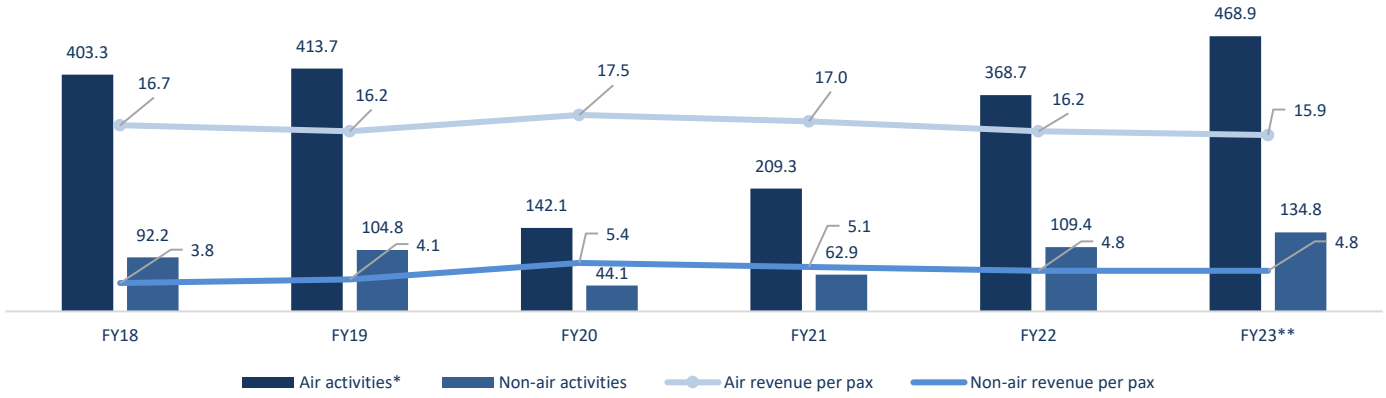


Source: The Company, AXIA Research

Revenue drivers

Total revenues in 2023 reached EUR 603.7m of which 77.4% were generated by the regulated air activities segment and the remaining 22.6% by the uncapped non air activities segment. Regulated revenues to continue to increase assisted by traffic and increasing aeronautical charges (higher RoE, cost recovery and the carry-forward from previous years that we deplete by the end of 2025 in our model). We account for some small over-recovery between 2026 and 2027 to smooth-out the cycle and some anticipated pressure on the non-regulated activities impacted by the expansion works of the airport and despite the increased traffic growth. We forecast revenues of EUR 617.1m in 2024, recording an increase of 7.1% y-o-y, which are expected to settle at EUR 673.4m in 2028, with the 2023-28 CAGR standing at 2.2%.

Exhibit 39: Revenue Breakdown and Yield per PAX (EUR m)



**Air activities revenue includes subsidies received for borrowing costs up to 2023, **FY23 includes EUR 20m one-off compensation, Source: The Company, AXIA Research*

The majority of revenues come from air-activities which in turn are mainly derived from i) aeronautical charges and ii) ADF charges. In respect to non-air activities about 2/3 of the revenues are generated by retail concessions.

Because of the regulatory framework the revenues and profitability of the aeronautical charges have low sensitivity to the short-term traffic, as specified by the ADA (offering a secured return of up to 15% of RoE). Air activities, through the ADF charge are impacted by passenger traffic. In any case non-air revenues are dependent at a higher extend to passenger traffic.

Exhibit 40: Air revenue breakdown 2023 (EUR m)

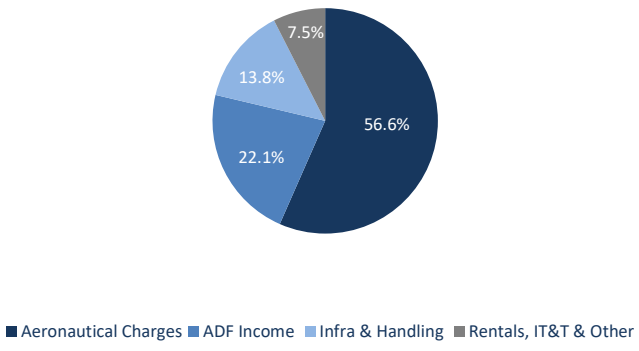
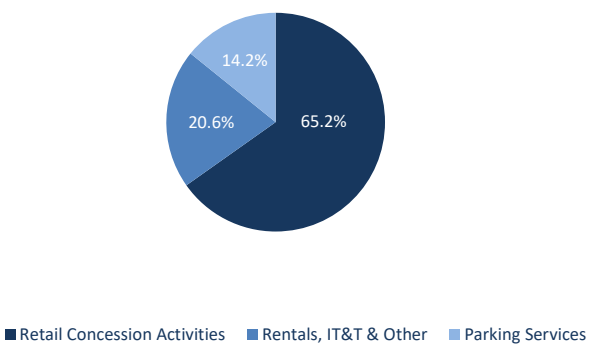


Exhibit 41: Non-air revenue breakdown 2023 (EUR m)



Source: The Company, AXIA Research

We incorporate traffic reaching 33.1m PAX by 2028 in our forecasts from 28.2m PAX in 2023

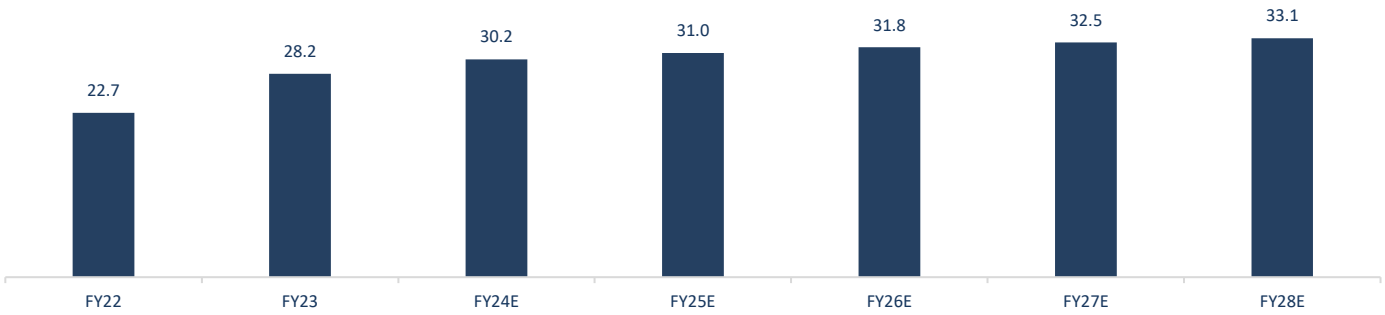
As noted, AIA managed to surpass IATA's expectations for 2023, recording traffic of 28.2m PAX vs. an expected figure of 27.4m PAX, or 2.9% higher.

As we expect growth to persist on the back of increased demand from tourists as well as on higher local demand supported by an expanding economy, our traffic estimates are anticipated higher than IATA's over the period 2024-28, a trend that continues during the concession's lifetime.

A potential hurdle for AIA could be the new Kasteli airport in Crete that in the first phase will have a capacity of 9m passengers that will grow to 15m passengers in the second phase. The new airport in Crete could accept more direct traffic impacting AIA albeit it will not be operational before 2027.

In any case, the IATA estimates incorporate the potentially adverse impact of Kasteli in the forecasted traffic evolution of AIA.

Exhibit 42: AXIA traffic growth forecast FY22-FY28E (m passengers)

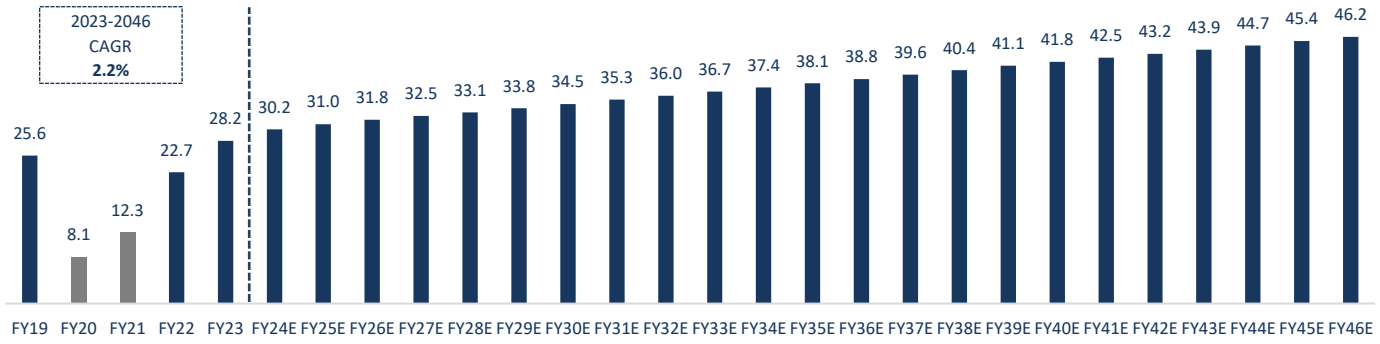


Source: The Company, AXIA Research

For 2024 we incorporate 7.1% growth in traffic to 30.2m PAX considering the dynamics of demand, following the record year of 2023. Also, in our model we consider 31.0m PAX and 31.8m PAX for 2025 and 2026 respectively (+2.9% and +2.5% growth each year respectively) as we account for an improving economic growth in Europe and persistent growth of the Greek economy.

We account for higher traffic growth for AIA in the examined period of 2024-2046 compared to the forecast of IATA, primarily supported by the very strong performance of 2023 as well as the solid foundation from the first 3 months of the year (2024) that is already higher by 16.5% on a comparative basis with 2023.

Exhibit 43: AXIA Traffic growth forecast for AIA (m passengers)



Source: IATA forecast, AXIA Research

Income from Air Activities

Regulatory framework – 15% maximum RoE (on inflated Equity)

Air activities are the primary revenue source for AIA, making up c. 78% of total revenue in 2023, with the segment having a well-defined regulatory return as specified in the Airport Development Agreement, which is not subject to annual or periodic reviews.

Air activities revenue includes three subcategories, i) airport charges, ii) the levy set for the Airport Development Fund (ADF) as well as iii) centralized infrastructure and handling charges. Specifically:

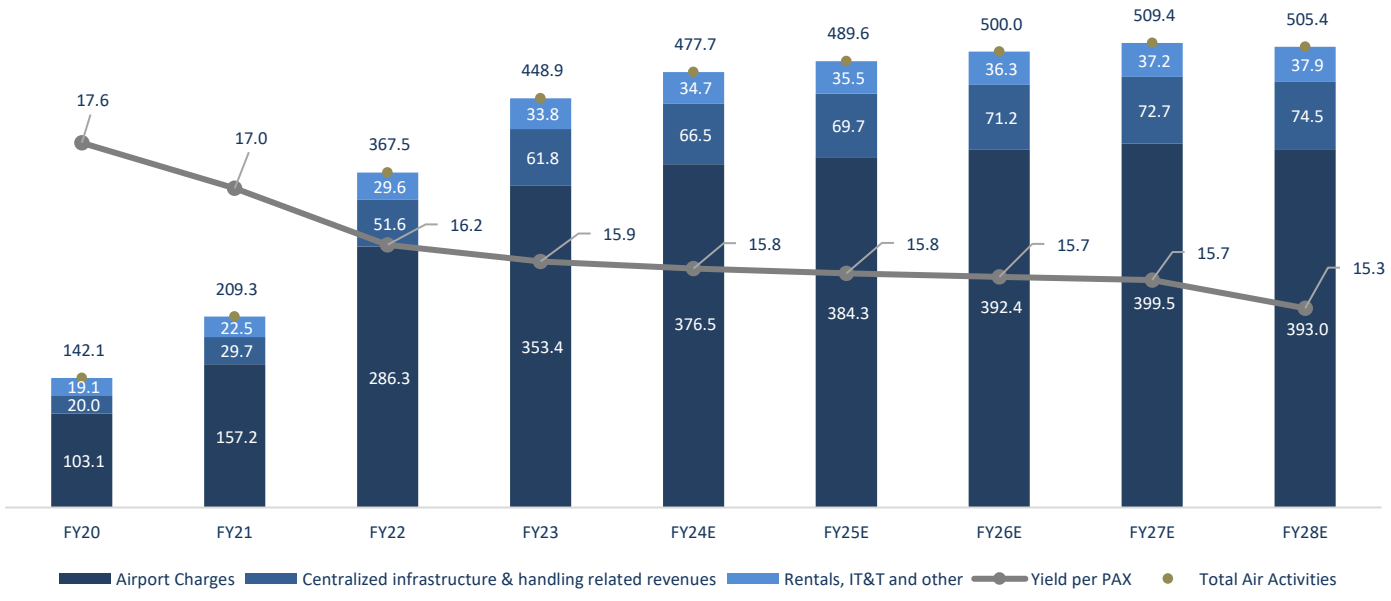
- **Airport charges:** Airport charges comprise of charges related to landing and the use of runways and taxiways, parking services for all airlines, security services regarding inspection and control of passengers and luggage as well as the use of all areas required to access the aircraft by the passengers.
- **Airport Development Fund (ADF) charges:** ADF charges concern a levy imposed by the Greek State to all departing passengers from the Athens International Airport excluding transfer passengers which is collected by airlines and paid to the Hellenic Civil Aviation Authority, which reimburses AIA with 75% of the sum, after retaining 25%.
- **Centralized Infrastructure and handling charges:** Centralized infrastructure and handling charges include charges related to services provided to both airlines and passengers on the ground, the use of infrastructure such as baggage handling, check-in counters, passenger boarding bridges as well as certain handling rights that have been awarded to third parties following tender offers.

Calculating airport charges

The revenues related to the airport charges are based on a maximum regulatory return on equity formula. Specifically, as previously mentioned, the ADA dictates that the maximum regulatory RoE stands at 15%, with the equity component representing the equity raised from ordinary shares indexed annually to the EU Harmonised Index of Consumer Prices (HICP). The initial equity raised was at EUR 300m which by the end of 2023 stood at EUR 523.7m.

One of the important components of the formula is the carry forward mechanism. This mechanism allows for the recovery of under-recovered regulatory returns from previous years. Under-recovered regulatory return that was amassed as a result of the Covid-19 pandemic in the years of 2020 and 2021 is permitted to be recognized gradually in the coming years until exhausted. This is boosting the allowed recoverable airport charges of the coming years. The carry forward balance as of the end of 2023 stood at EUR 83.5m, with the company indicating it would be depleted over the short-term. Under our assumption the carry forward to be fully depleted by the end of 2025.

Exhibit 44: Air activities revenue breakdown FY20-FY28E (EUR m)



Source: The Company, AXIA Research

Calculating allowable air activities revenue

The formula for the calculation of allowable air activities revenue incorporates, i) the maximum 15% regulatory return on equity, ii) air activities related costs including opex, depreciation & amortization as well as iii) carry forward balance accumulated from previous years.

AIA employs an explicit approach to calculate the maximum air activities revenue it is allowed to recover from airport charges levied on airlines and passengers. This methodology prevents AIA from exceeding the regulatory threshold as it hasn't done so in any year of its operation.

Maximum Air Activities Revenue = Air Activities Costs + Carry Forward Balance + 15% Maximum Regulatory Return on Equity

In case Athens International Airport's actual compounded cumulative return exceeds 15.0%, in 3 out of any 4 consecutive financial periods, the company is obliged as per the ADA to pay any excess return to the Greek State.

The recoverable aeronautical charges according to the formula of the ADA were calculated at EUR 176.9m in 2023, while the actual revenue from aeronautical charges for the year reached EUR 254.1m (c. EUR 9.0 per PAX), as the company decided to recognize a substantial amount (EUR 77.3m vs. EUR 39.5m in 2022) of the remaining carry-forward balance that as of the end of 2023, stood at EUR 83.5m.

We expect the annual recoverable air activities revenue to settle higher in 2024 at EUR 238.8m vs. EUR 176.9m in 2023, on the back of the compensation for the implementation of 33MAP that drives higher operating expenses, capital expenditure, and depreciation. We incorporate in our model that AIA will utilize approximately half of the remaining carry forward balance in 2024, bringing the total recognized aeronautical charges to EUR 286m for 2024. The remaining half of the carry forward balance is expected to be depleted in 2025, with aeronautical charges forecasted at EUR 291m.

In our modeling assumptions, AIA will exceed the level of maximum allowed airport charges for the period between 2026-2027, over-recovering EUR 29.9m in 2026 and EUR 20.7m in 2027. We incorporate this assumption to smooth-out the anticipated impact of some disruption of the non-regulated activities due to the construction works. Note that the ADA only dictates the repayment of over-recovered profits to the Greek State from the 3rd year onwards.

Exhibit 45: Airport Charges Calculation FY22 – FY28E (EUR m)

	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Paid in Capital	**474.5**	**523.7**	**537.8**	**548.6**	**559.6**	**570.8**	**582.2**
HICP		**10.37%**	**2.70%**	**2.00%**	**2.00%**	**2.00%**	**2.00%**
RoE calculated	**71.2**	**78.6**	**80.7**	**82.3**	**83.9**	**85.6**	**87.3**
(+) Operating Expenses	129.1	163.0	199.5	201.7	206.3	209.5	211.5
(+) Depreciation charges	67.3	65.6	69.8	80.2	91.2	101.1	110.0
(+) Financial Expenses	32.8	30.5	43.9	50.0	54.0	58.4	61.6
(+) Taxes	28.9	38.2	36.6	36.1	34.8	34.0	34.9
Total Recoverable Air Activities Revenue	**329.2**	**375.9**	**430.5**	**450.3**	**470.1**	**488.7**	**505.4**
(-) Airport Activities Revenue excl. Airport Charges (ADF, Centralized Infra Handling, Rentals & Other)	160.2	199.0	191.7	198.4	203.0	207.4	211.7
Annual Recoverable Air Activities Revenue	**167.9**	**176.9**	**238.8**	**251.9**	**267.1**	**281.3**	**293.8**
(+) Carry Forward	185.1	160.7	85.7	39.3	0.0	0.0	0.0
Maximum Allowed Airport Charges	**353.0**	**337.6**	**324.5**	**291.2**	**267.1**	**281.3**	**293.8**
Over-recovery of Airport Charges	-	-	-	-	**29.9**	**20.7**	-
Actual Total Airport Charges incorporated in our estimates	**207.3**	**254.1**	**286.0**	**291.2**	**297.0**	**302.0**	**293.8**

Source: The Company, AXIA Research

Airport Development Fund (ADF) charge

As the Athens International Airport announced in July 2024, the level of the ADF charge will be reduced by 75% from November 1, 2024, to EUR 3.0 per PAX. However, AIA subsequently announced an increase in the Passenger Terminal Facility (PTF) charge in order to compensate for the reduction and maintain the aggregate yield approximately on the same levels.

We forecast the ADF charge to remain at these levels for the foreseeable future, as per the company's guidance that follows the respective regulation set by the Greek State. ADF revenue is therefore expected to increase directly in line with passenger traffic growth, with the respective figure settling at EUR 90.5m in 2024 and increasing to EUR 99.2m by 2028.

Regarding the other components of the regulated air activities revenue block:

- The centralized infrastructure & handling related revenues are driven by passenger traffic (c. 70%) and the number of flights (c. 30%)
- The rentals IT&T and other revenues are mainly impacted by inflation adjustments

Forecasting air activities revenues for 2024-2028

We forecast air activities revenues going forward, as we incorporate:

- Passengers traffic at 30.2m PAX in 2024, growing gradually to 33.1m PAX by 2028
- HICP of 2.7% in 2024 that is gradually reduced to 2.0% by 2027
- Some cost increases relating to the start of the development of 33 MAP as of 2024, and
- The carry forward that will be exhausted by the end of 2025
- Over-recovery of airport charges for the years between 2026-2027

Combined, aeronautical charges and ADF settled at EUR 12.5 per PAX in 2023, and we account for this yield to settle at EUR 12.5 in 2024, slightly declining over the coming years to settle at EUR 11.9 per PAX by 2028, as passenger traffic ramps up.

Revenues from centralized infrastructure, rentals and other (combined) are forecasted to grow by 7.6% y-o-y in 2024 to EUR 101.2m and to continue growing over the coming years at an average pace of c. 2%.

All in all, we forecast revenues from regulated activities at EUR 477.7m in 2024, up 6.4% y-o-y, peaking at EUR 509.4m in 2027, before settling slightly lower at EUR 505.4m in 2028. The 2023-2028 revenue CAGR of the regulated air-activities is estimated at 2.4%.

Exhibit 46: Air activities revenue forecasts FY22-FY28E (EUR m)

Air activities	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Aeronautical charges	207.3	254.1	286.0	291.2	297.0	302.0	293.8
ADF	79.0	99.2	90.5	93.1	95.4	97.5	99.2
Total Airport Charges	**286.3**	**353.4**	**376.5**	**384.3**	**392.4**	**399.5**	**393.0**
Revenue per PAX	*12.6*	*12.5*	*12.4*	*12.3*	*12.3*	*12.3*	*11.9*
Centralized infrastructure & handling related revenues	51.6	61.8	66.5	69.7	71.2	72.7	74.5
Rentals, IT&T and other	29.6	33.8	34.7	35.5	36.3	37.2	37.9
Total air activities revenues	**367.5**	**448.9**	**477.7**	**489.6**	**500.0**	**509.4**	**505.4**
Revenue per PAX	*16.2*	*15.9*	*15.8*	*15.8*	*15.7*	*15.7*	*15.3*

Source: The Company, AXIA Research

Income from Non-Air Activities

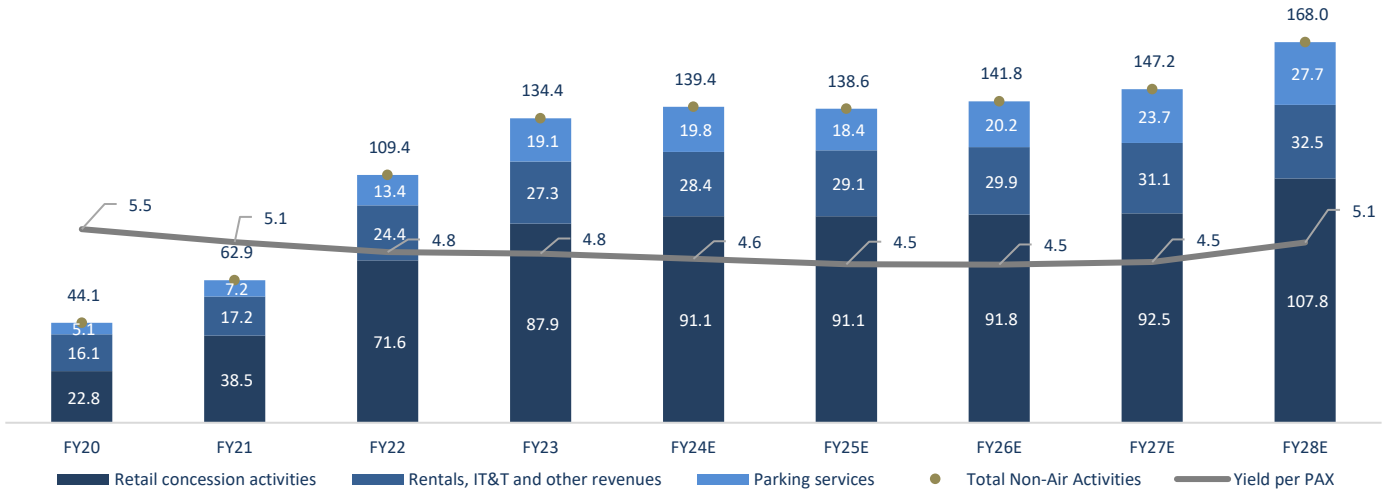
Non-air activities reached EUR 134.4m in 2023 representing 22.3% of the total revenues of AIA.

The driver of revenue growth is primarily retail concession activities along with parking services. Retail concessions include variable fees (determined as a percentage of turnover) as well as minimum annual guaranteed amounts. Given the variable fee component, recent sales growth of retail concessions exceeds that of passenger traffic growth.

AIA management continues with its efforts to increase the uncapped non-air revenues on the back of various initiatives mainly related to retail concessions. Specifically, over the past few years management has redesigned stores within the layout leading to increased sales per passenger and also has proceeded to the promotion of brands of a local identity.

The expansion of the airport will be a key driver for revenue growth over the medium to longer term.
Focusing on 33MAP, we note that the expansion incorporates a notable increase in rental space and parking space through the expansion of the Main Terminal Building and the creation of the multi-storey car park respectively. The revenue impact though of these investments is expected to become evident after 2026, while in the meantime the construction works should have some adverse impact on retail and parking. To this end, we incorporate a mild decrease in yield per PAX for non-air activities during the first years of the 33MAP expansion, which however picks up following the full implementation of the additional areas of the 33MAP.

Exhibit 47: Non-air activities breakdown FY20-FY28E (EUR m)



Source: The Company, AXIA Research

Retail activities currently span across c. 13,500 sqm of total terminal space, operating 157 shops. The company has signed 72 concession agreements for these stores. As noted, commercial terms with retail and Food & Beverage stores include variable fees as well as minimum annual guaranteed payments. Cash or bank security guarantees protect AIA with the concession agreements. There are 77 commercial retail stores, 47 F&B stores and 33 service outlets. We note that 61 out of 157 Retail and Food & Beverage stores offer differentiated, authentic and Greece-focused products, a development that has led to an increase in retail sales. In any case F&B is currently the fastest growing sales category of the retail activity.

Following the completion of construction of the 33MAP expansion, retail space is expected to increase by c. 8,500 sqm, to a total of 22,000 sqm.

Parking services: There are 7,350 car parking spaces in the airport utilized by AIA passengers and visitors. Incorporated in 33MAP is the construction of a multi-storey car park, which is expected to depress parking revenues throughout its construction as it will be built on the current space of the car park. By the completion of the 33MAP capex phase, the total parking spaces will increase significantly. The investments should allow AIA to offer services to more passengers, thus increasing revenue per PAX.

Other revenues: These include land concessions, different leases, an 8MW PV park and consulting services.

Regarding land concessions, AIA has developed c. 338,000 sqm of non-terminal commercial land area that includes a retail park as well as a hotel (a Sofitel 5-star hotel with 345 keys) and the largest exhibition center in Greece. These agreements provide for some upside as they are indexed to inflation.

Furthermore, the concession extension until 2046 allows for new projects to be developed thus creating the potential for some income upside, although with limitations from the concession term. We understand that there are no imminent decisions about new land concession developments.

Non air activities revenues for 2023-2028

In our forecasts, for non-air activities revenues over the coming years (until 2028) the main drivers are:

- Passenger growth
- Impact from disruptions due to the implementation of the 33MAP investment plan

In our numbers, non-air activities revenues to settle at EUR 139.4m in 2024 (+3.7% y-o-y), following a 22.8% y-o-y growth in 2023 as a result of the sharp increase in passenger traffic, not yet experiencing the disruption of the 33MAP expansion.

We anticipate a decrease in non-air activities revenue only in 2025, which can be mainly attributed on the parking service revenues that are expected to take a hit as the construction of the new multi-storey car park will be built on top of the existing parking area. In the following years after 2025, we expect growth to be there, however impacted by the disruption of services as the implementation proceeds.

Yield per PAX from EUR 4.8 in 2023 to decline to EUR 4.5 in 2027, before recording a notable increase in 2028 to EUR 5.1 per PAX as the additions of the 33MAP expansion on the retail side will be fully implemented.

Revenue CAGR for non-air activities for the period of 2023-2028E is forecasted at 4.6%.

Exhibit 48: Non-air activities revenue forecasts FY22-FY28E (EUR m)

Non-air activities	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
Retail concessions activities revenue	**71.6**	**87.9**	**91.1**	**91.1**	**91.8**	**92.5**	**107.8**
Revenue per PAX	*3.2*	*3.1*	*3.0*	*2.9*	*2.9*	*2.8*	*3.3*
Parking services revenue	**13.4**	**19.1**	**19.8**	**18.4**	**20.2**	**23.7**	**27.7**
Revenue per PAX	*0.6*	*0.7*	*0.7*	*0.6*	*0.6*	*0.7*	*0.8*
Rentals, IT&T and other services revenue	**24.4**	**27.3**	**28.4**	**29.1**	**29.9**	**31.1**	**32.5**
Total non-air activities revenue	**109.4**	**134.4**	**139.4**	**138.6**	**141.8**	**147.2**	**168.0**
Revenue per PAX	4.8	4.8	4.6	4.5	4.5	4.5	5.1

Source: The Company, AXIA Research

AIA 2024-28 revenue forecasts

Note that the reported 2023 revenues included a EUR 20m compensation related to Covid.

For 2024, we forecast that revenues from air activities will settle at EUR 477.7m (+6.4% y-o-y), while for 2028 revenues from air activities to amount to EUR 505.4m, with revenue CAGR for the period between 2023-2028 standing at 2.4%.

Non-air activities revenues are forecasted in 2024 to reach EUR 139.4m (+3.7% y-o-y), and to settle at EUR 168.0m by 2028, on the back of the extra retail space and increased parking revenues. Revenue CAGR between 2023-2028 for non-air activities to stand at 4.6%.

Total revenues for AIA in 2024, are estimated at EUR 617.1m or 2.2% y-o-y higher and expected to reach up to EUR 673.4m in 2028 for a period CAGR of 2.2%.

Exhibit 49: AIA revenue forecasts breakdown FY22-FY28E

	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Air activities							
Revenue	**367.5**	**448.9**	**477.7**	**489.6**	**500.0**	**509.4**	**505.4**
Revenue per PAX	*16.2*	*15.9*	*15.8*	*15.8*	*15.7*	*15.7*	*15.3*
Non-air activities							
Revenue	**109.4**	**134.4**	**139.4**	**138.6**	**141.8**	**147.2**	**168.0**
Revenue per PAX	*4.8*	*4.8*	*4.6*	*4.5*	*4.5*	*4.5*	*5.1*
Total Revenue*	**476.9**	**603.7***	**617.1**	**628.2**	**641.8**	**656.6**	**673.4**
Revenue per PAX	*21.0*	*21.4*	*20.5*	*20.2*	*20.2*	*20.2*	*20.4*

incl. EUR 20m Covid compensation, Source: The Company, AXIA Research

Operating Expenses

We expect an increase in total operating costs in 2024 related mainly to the variable component of the Grant of Rights Fee as well as the costs related to handle the sharp growth in passenger traffic. We forecast opex per passenger to remain at the EUR 6.2 level on the back of a normalized Grant of Rights Fee, also assisted by the expense-outsourcing model that AIA is implementing.

Total opex for 2023 reached EUR 201.6m (+35.6% y-o-y), with the primary components represented by outsourcing expenses and personnel expenses (40.2% and 25.3%, respectively). Opex per PAX by the end of 2023 stood at EUR 7.2, while excluding the Grant of Rights Fee, the respective figure settled at EUR 6.1 per PAX.

Exhibit 50: Opex (excl. GoRF*) in 2023 (%)

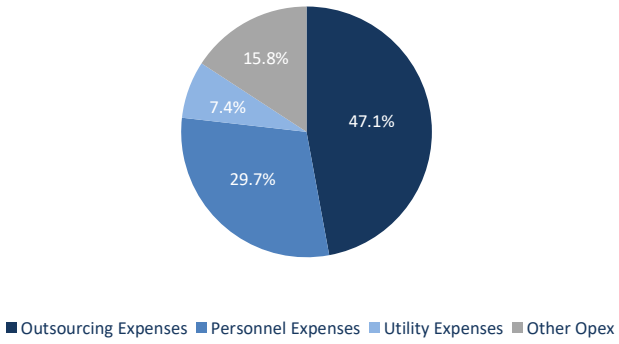
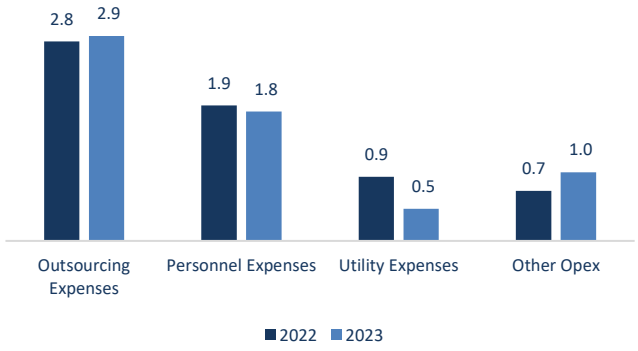


Exhibit 51: Opex per PAX (excl. GoRF*) in 2023 (EUR)



**Grant of Rights Fee, Source: The Company, AXIA Research*

Outsourcing allows for cost control

AIA follows an outsourcing strategy with management retaining the critical functions in-house while outsourcing selected non-critical low margin operations to third party providers. The outsourcing of certain operations is completed through tender processes, allowing AIA to maintain cost control and diversify its cost base through multiple providers, while ensuring competitive terms.

Following the sharp increase in passenger traffic in 2023 that continues well into 2024, as well as the inflationary pressures that are partially normalizing, operating costs are expected to gradually increase (c. 35% of total operating costs are linked to traffic growth). The increase to be partially counterbalanced by an expected drop in the utility costs following the gradual normalization of energy costs.

In our estimates, we incorporate an 18.1% increase in personnel costs in 2024 to EUR 60.3m and an 8.1% increase in outsourcing costs to EUR 87.5m.

Total opex (excl. the Grant of Rights Fee) from EUR 171.9m in 2023 (EUR 6.1 per PAX) is expected to increase to EUR 188.2m in 2024 or EUR 6.2 per PAX. Note that 2023 opex also includes IPO related costs.

For 2024, accounting for the time delay of the costs related to the sharp increase of the 2024 traffic, we account for a 9.5% y-o-y increase in opex (excl. the Grant of Rights Fee) to EUR 188.2m or EUR 6.2 per PAX. The subsequent increase in opex amounts to 2.5% y-o-y for 2025, 2.7% y-o-y for 2026, 2.1% y-o-y for 2027 and 1.2% y-o-y for 2028 (or at EUR 6.2 per PAX for all subsequent years).

Grant of Rights Fee

A significant part of operating expenses is the Grant of Rights Fee, which is essentially the concession fee AIA is paying on an annual basis to the Greek State for the right of operation of the airport.

The grant of rights fee comprises of a fixed component that is equal to EUR 15m on an annual basis and is recorded through the income statement, equally split in the depreciation and financial expenses line, as well as a variable component that is recorded in operating expenses and is equal to 15% of the Consolidated Operating Profit (equates to c. 15% above EBIT) from the previous financial year minus the fixed fee of EUR 15m.

Outsourcing expenses are expected to remain the biggest component of operating expenses in the examined period until 2028, followed by personnel expenses and the variable component of the Grant of Rights fee. Specifically:

Exhibit 52: Operating expenses forecasts FY20-FY28E (EUR m)

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Personnel expenses	28.8	31.2	42.9	51.1	60.3	62.1	63.6	65.0	66.1
Outsourcing expenses	43.1	45.3	63.6	80.9	87.5	88.5	90.7	92.6	92.6
Public relations & marketing expenses	2.2	2.3	3.8	7.7	8.3	8.8	9.4	10.1	10.6
Utility expenses	8.6	10.7	20.3	12.7	11.5	10.9	11.1	11.3	11.6
Insurance premiums	1.8	1.9	2.3	3.9	4.1	4.3	4.5	4.7	4.9
Net provisions and impairment losses	(0.0)	0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Grant of Rights Fee	33.4	-	5.4	29.6	39.6	37.5	37.5	36.8	36.7
Other operating expenses	5.4	8.3	9.6	15.5	16.6	18.3	18.8	18.5	18.9
Total operating expenses	**123.3**	**99.8**	**148.6**	**201.6**	**227.8**	**230.4**	**235.7**	**239.1**	**241.5**
Operating expenses per PAX (excl. GoRF)	11.1	8.1	6.3	6.1	6.2	6.2	6.2	6.2	6.2

Source: The Company, AXIA Research

Strong Balance Sheet – Distribution of 100% of the profits

In 2019 AIA paid EUR 1.186bn for the right of the extension of the concession agreement. As a result, the intangible assets of the company stand at c. EUR 1.6bn, an amount that will be fully amortized gradually until the end of the concession in 2046.

Regarding the investments planned, as mentioned previously, AIA intends to increase airport capacity in stages. These investments will be fully funded by debt. We have mentioned that the 33MAP investments will be fully amortized over the concession period, while 2/3 of the 40MAP capex to be amortized during the concession period.

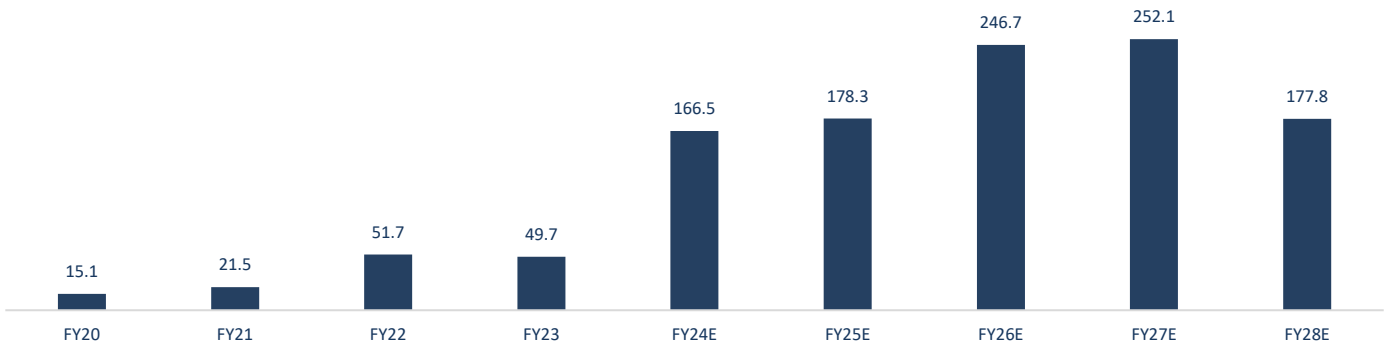
Given the proximity to the end of the concession, no amortization is accounted for, for the 50MAP. Note that the obligations from the 40MAP and 50MAP that have not been repaid will be assumed by the Greek State by the end of the concession.

Beyond the capital expenditure related to the capacity expansion of the Athens International Airport:

- We account for approximately EUR 700m towards capital expenditures for the maintenance of the airport throughout the remaining life of the concession period, of which EUR 210m will be invested in the next five years (until 2028).
- We account for EUR 50m of investments related to various capacity optimization projects over the next three years in order for the AIA to accommodate the increasing passenger flows until 33MAP has come to completion.

In 2024, we incorporate an increase in capex as the 33MAP expansion commences, with capex peaking in 2026 and 2027, when construction will be in full effect. For the period between 2024-2028, we model a total capex of EUR 1.021bn.

Exhibit 53: Capital Expenditures FY20-FY28E



Source: The Company, AXIA Research

Regarding the financing of the investments, we expect new borrowings to lead to an increase of total debt, which we have accounted in our numbers to surpass the EUR 1bn mark and continue increasing until 2028 to EUR 1.485bn.

The all-in existing weighted average cost of debt (incl. hedging and other) stands at c. 6.0%, while the pre-tax cost of the expansion debt is expected to be slightly higher given the current interest rate environment. We incorporate interest cost of 6.1% in 2024, marginally elevated compared to 2023, which is forecasted however to decrease to 5.1% in 2028.

Exhibit 54: Total Debt Forecasts FY20-FY28E (EUR m)

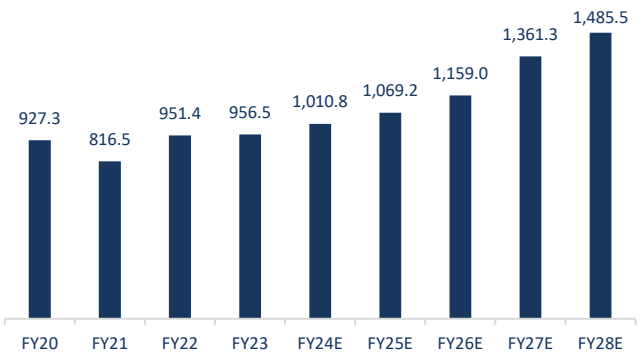
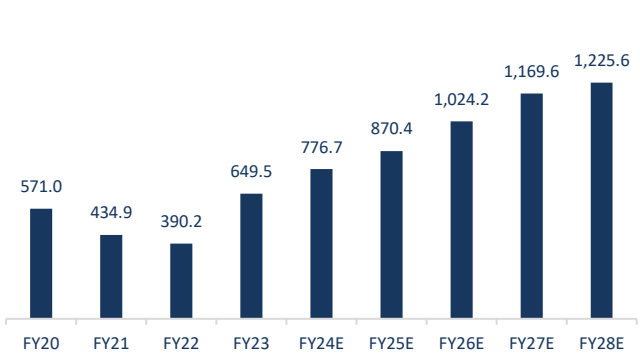


Exhibit 55: Net Debt Forecasts FY20-FY28E (EUR m)



Source: The Company, AXIA Research

Comfortable leverage ratios

Net debt at the end of 2024 is expected to settle at EUR 776.7m and continue increasing in the coming years due to significant investments and despite the strong cash flow generation. We model net debt to peak at EUR 1.226bn in 2028 before it starts declining on the back of lower capex and stronger cash flow generation.

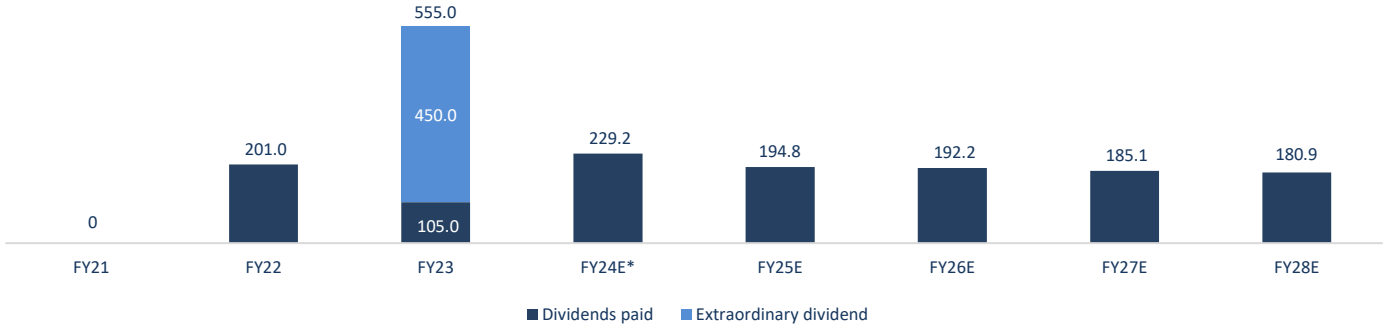
In terms of leverage, the Net Debt to Adj. EBITDA ratio of the company from 1.7x at the end of 2023, is forecasted to settle at 2.1x at the end of 2024 due to the increased amount of borrowing and despite strong EBITDA performance. We expect peak leverage to be reached in 2028 at 2.9x, before declining in the following years, posing no threat however to AIA as the company has projected it could sustain a level of up to 3.5x.

Dividend distribution and the distribution to shareholders in case the concession is not renewed

AIA has committed to a 100% dividend distribution going forward (i.e. 100% of net income) to shareholders. **Specifically, at current price levels, AIA offers a very attractive dividend yield for FY24 and FY25 (to be paid in 2025 and 2026 respectively) of 8.5% and 8.4% respectively.**

Focusing on the end of the concession agreement, in case there is no renewal of the concession, the original paid-in capital of EUR 300m, the legal reserve of EUR 100m and any outstanding retained earnings balance will be paid out to shareholders.

Exhibit 56: Dividend Distribution FY21-FY28E (EURm)



**Includes remaining dividend from 2023, Source: The Company, AXIA Research*

Financials

For **2024,** total revenue is forecasted to settle at EUR 617.1m driven by:

- a 6.4% y-o-y increase in air activities revenues to EUR 477.7m, supported by the partial depletion of the carry forward balance and the increase in passenger traffic to 30.2m PAX
- and a 3.7% y-o-y increase in non-air activities revenues to EUR 139.4m on the back of the increased retail concession activities and parking services revenues following the sharp increase in passenger traffic, while still unburdened by potential disruptions of the 33MAP expansion

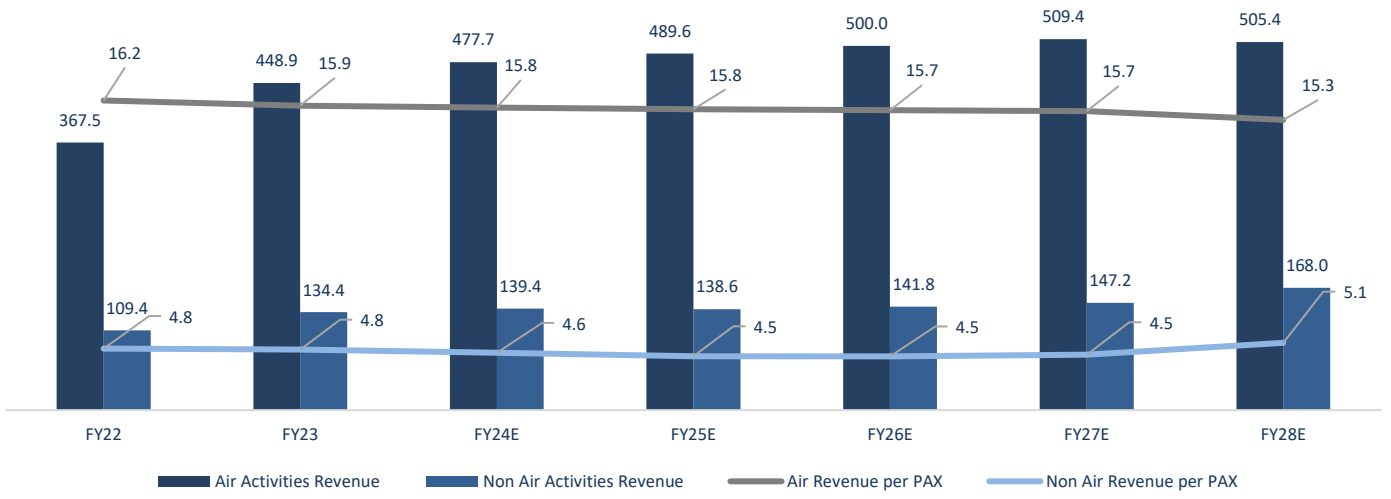
For **2025,** we expect total revenues to further increase by 1.8% y-o-y to EUR 628.2m as:

- air activities are forecasted to grow by 2.5% y-o-y supported by increasing traffic and the complete depletion of the carry forward balance
- while non air activities revenues to decrease by 0.5% y-o-y due to the visible disruptions from the 33MAP expansions phase experienced primarily in the parking section

For the period 2023-28:

- air activities revenues are forecasted to grow to EUR 505.4m from EUR 448.9m in 2023 or at a 2023-28 CAGR of 2.4%
- non-air activities revenues are forecasted to settle at EUR 168.0m from EUR 134.4m in 2023 or at a 2023-28 CAGR of 4.6%

Exhibit 57: Revenue Breakdown and Yield per PAX (EURm)



Source: AXIA Research

Income Statement (EURm)	2022	2023	y-o-y	2024E	y-o-y	2025E	y-o-y	2026E	y-o-y	2027E	y-o-y	2028E	y-o-y
Revenue from contracts	397.9	484.1	21.7%	526.6	8.8%	535.1	1.6%	546.4	2.1%	559.1	2.3%	574.1	2.7%
Other income	79.0	119.6	51.4%	90.5	(24.3%)	93.1	2.9%	95.4	2.5%	97.5	2.2%	99.2	1.7%
Total revenue	**476.9**	**603.7***	26.6%	**617.1**	2.2%	**628.2**	1.8%	**641.8**	2.2%	**656.6**	2.3%	**673.4**	2.6%
Personnel expenses	42.9	51.1	19.1%	60.3	18.0%	62.1	3.0%	63.6	2.4%	65.0	2.2%	66.1	1.7%
Outsourcing expenses	63.6	80.9	27.2%	87.5	8.2%	88.5	1.1%	90.7	2.5%	92.6	2.1%	92.6	0.0%
Utility expenses	20.3	12.7	(37.4%)	11.5	(9.4%)	10.9	(5.2%)	11.1	1.8%	11.3	1.8%	11.6	2.7%
Other operating expenses	21.8	56.8	160.6%	68.5	20.6%	68.9	0.6%	70.3	2.0%	70.1	(0.3%)	71.2	1.6%
EBITDA	**328.3**	**402.1**	22.5%	**389.3**	(3.2%)	**397.8**	2.2%	**406.2**	2.1%	**417.5**	2.8%	**431.9**	3.4%
EBITDA margin	*68.8%*	*66.3%*		*63.1%*		*63.3%*		*63.3%*		*63.6%*		*64.1%*	
GoRF, subsidies and other	(13.7)	(20.0)	46.0%	(15.0)	(25.0%)	(15.0)	0.0%	(15.0)	0.0%	(15.0)	0.0%	(15.0)	0.0%
Adj. EBITDA	**314.6**	**382.1**	21.5%	**374.3**	(2.0%)	**382.8**	2.3%	**391.2**	2.2%	**402.5**	2.9%	**416.9**	3.6%
Adj. EBITDA margin	*66.0%*	*63.3%*		*60.7%*		*60.9%*		*60.9%*		*61.3%*		*61.9%*	
Depreciation and amortization	78.2	77.7	-0.6%	85.1	9.5%	93.2	9.5%	106.0	13.7%	117.6	10.9%	127.2	8.2%
EBIT	**250.1**	**324.5**	29.7%	**304.1**	(6.3%)	**304.6**	0.2%	**300.2**	(1.4%)	**299.9**	(0.1%)	**304.7**	1.6%
EBIT margin	*52.4%*	*53.7%*		*49.3%*		*48.5%*		*46.8%*		*45.7%*		*45.2%*	
Net finance costs	38.1	35.6	(6.6%)	54.4	52.8%	58.1	6.8%	62.8	8.1%	67.9	8.1%	71.2	4.9%
ADF Subsidies	(1.3)	0		0		0		0		0		0	
Profit before tax (PBT)	**213.2**	**288.8**	35.5%	**249.7**	(13.5%)	**246.4**	(1.3%)	**237.4**	(3.7%)	**232.0**	(2.3%)	**233.5**	0.6%
Profit before tax margin	*44.7%*	*47.8%*		*40.5%*		*39.2%*		*37.0%*		*35.3%*		*34.7%*	
Income tax benefit/(expense)	(45.1)	(57.3)	27.1%	(54.9)	(4.2%)	(54.2)	(1.3%)	(52.2)	(3.7%)	(51.0)	(2.3%)	(51.4)	0.8%
Effective tax rate	21.20%	19.8%		22.0%		22.0%		22.0%		22.0%		22.0%	
Profit after tax (PAT)	**168.0**	**231.5**	37.8%	**194.8**	(15.9%)	**192.2**	(1.3%)	**185.1**	(3.7%)	**180.9**	(2.3%)	**182.1**	0.7%
Profit after tax margin	*35.2%*	*38.3%*		*31.6%*		*30.6%*		*28.8%*		*27.6%*		*27.0%*	

Includes EUR 20m Covid-related compensation from the Greek State, Source: The Company, AXIA Research

Total **operating expenses** are forecasted to increase by 13.0% y-o-y in 2024 to EUR 227.8m, primarily reflecting i) the increased costs related to the traffic expansion (higher outsourcing costs and increased personnel) as well as ii) the higher Grant of Rights Fee since the formula that calculates this fee is influenced by the normalization of operations post Covid. In the other hand opex will not be burned by the FY23 IPO costs. As traffic from 2024 onwards is expected to normalize, increasing gradually, the opex to maintain a similar trend. We model opex per PAX (excl. the variable component of the Grant of Rights Fee) until 2028 to remain at the level of EUR 6.2 per PAX with 2023-28 CAGR at 3.6%.

EBITDA in 2024 is estimated at EUR 389.3m (-3.2% y-o-y) as a result of increased opex, while the **adj. EBITDA** is forecasted at EUR 374.3m or -2.1% lower y-o-y. Adj. EBITDA excludes the fixed component of the concession fee (EUR 15m). Adj. EBITDA is forecasted to settle at EUR 416.9m by 2028, while for the period between 2023-28 Adj. EBITDA CAGR is forecasted at 1.8%.

Depreciation and amortization charges (that includes the full amortization of the concession consideration (EUR 1.186bn booked in 2019)) to rise in 2024 to EUR 85.1m and increase further in the coming years as the company implements its 33MAP expansion and its maintenance program, investments that will be fully depreciated during the life of the concession.

Net finance costs in 2024 to increase significantly on a y-o-y basis reflecting the increased debt levels given the size of the capex (that is inflated vs. initially reported 2022 numbers) as well as a marginal increase of the overall cost of debt that currently stands at c. 6.0%.

By applying a 22% **income tax rate** (the corporate tax rate in Greece), **net income** is estimated to settle at EUR 194.8m in 2024 and slide slightly lower over the coming years as a result of the increased depreciation charges and higher net financial expenses. By 2028 we expect net income to settle at EUR 182.1m.

Appendix

ESG

AIA adheres to the highest level of ESG practices, with a leading environmental performance based on the company's Route 2025 Roadmap. The plan that was first announced in 2019, incorporates AIA's commitment to achieve Net Zero for its Scope 1 & 2 emissions by 2025 through multiple initiatives.

Environmental

Currently, AIA is operating a PV park of 24MW which covers 45% of the airport's annual electricity needs through the production of clean energy, while separately from the investment Master Plan, AIA will be moving forward with the construction of an additional PV park, expected to commence operations in 2025. Following the completion of construction of the PV park, 100% of AIA's electricity needs are going to be covered through the company's on-site green production, while any overproduced energy will be able to be stored in the grid or sold.

Other key initiatives include the greenification of the existing fleet of cars and buses by replacing them with electric vehicles, the ongoing heat pump feasibility study, as well as a recycling rate of more than 70% across the airport.

As a result of AIA's actions, CO2 emissions have been reduced by 60% since 2005 and are expected to reach Net Zero by 2025, while other European peer airports are significantly lagging behind in their own timelines with respect to Net Zero emissions.

Since the Athens International Airport is located in close proximity to residential areas, the company is obligated to monitor the noise levels around the airport through its Noise Monitoring System (NOMOS), comprising 1 mobile and 10 permanent stations. AIA's latest Strategic Noise Map study that was conducted in 2022, has received the approval of the Ministry of Environment and Energy.

Additionally, AIA has received annual certification every year since 2016, for achieving carbon neutrality status, certified by the ACI Airport Carbon Accreditation program. Specifically, in 2022, AIA sustained its carbon neutral accreditation at Level 3+, while in 2023, it upgraded its accreditation to Level 4, one level below the highest attainable level in the framework.

Awards

AIA has consistently demonstrated its operational efficiency, having been recognized with awards 119 times and most recently having been awarded as the 9th most connected hub by OAG Rankings in 2023, signifying its high standards of operations and its recognition on a global scale, even though it is considered a regional airport.

Detailed Financials

Income Statement (EUR m)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Revenue from contracts with customers	235.3	397.9	484.1	526.6	535.1	546.4	559.1	574.1
Other income	147.0	79.0	119.6	90.5	93.1	95.4	97.5	99.2
Total revenue	**382.2**	**476.9**	**603.7**	**617.1**	**628.2**	**641.8**	**656.6**	**673.4**
Personnel expenses	31.2	42.9	51.1	60.3	62.1	63.6	65.0	66.1
Outsourcing expenses	45.3	63.6	80.9	87.5	88.5	90.7	92.6	92.6
Public relations & marketing expenses	2.3	3.8	7.7	8.3	8.8	9.4	10.1	10.6
Utility expenses	10.7	20.3	12.7	11.5	10.9	11.1	11.3	11.6
Insurance premiums	1.9	2.3	3.9	4.1	4.3	4.5	4.7	4.9
Net provisions and impairment losses	0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Grant of Rights fee (variable component)	0.0	5.4	29.6	39.6	37.5	37.5	36.8	36.7
Other operating expenses	8.3	9.6	15.5	16.6	18.3	18.8	18.5	18.9
EBITDA	**282.4**	**328.3**	**402.1**	**389.3**	**397.8**	**406.2**	**417.5**	**431.9**
Grant of Rights fee (fixed), Subsidies & other	(118.4)	(13.7)	(20.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
Adj. EBITDA	**164.0**	**314.6**	**382.1**	**374.3**	**382.8**	**391.2**	**402.5**	**416.9**
Depreciation and amortization	77.8	78.2	77.7	85.1	93.2	106.0	117.6	127.2
EBIT (operating profit)	**204.7**	**250.1**	**324.5**	**304.1**	**304.6**	**300.2**	**299.9**	**304.7**
Net finance costs	45.0	38.1	35.6	54.4	58.1	62.8	67.9	71.2
Subsidies received for borrowing costs	(6.6)	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax (PBT)	**166.3**	**213.2**	**288.8**	**249.7**	**246.4**	**237.4**	**232.0**	**233.5**
Income tax benefit/(expense)	(7.5)	(45.1)	(57.3)	(54.9)	(54.2)	(52.2)	(51.0)	(51.4)
Profit after tax (PAT)	**158.8**	**168.0**	**231.5**	**194.8**	**192.2**	**185.1**	**180.9**	**182.1**

Balance Sheet (EUR m)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
PP&E, right of use assets and construction works	1,727.3	1,682.5	1,672.8	1,774.6	1,880.1	2,041.2	2,196.1	2,267.2
Financial assets and other non-current assets	1.9	73.7	18.1	17.6	17.6	17.6	17.6	17.6
Intangibles and investments in associates	24.2	42.4	24.1	3.7	(16.8)	(37.2)	(57.6)	(78.0)
Total Non-Current Assets	**1,753.3**	**1,798.6**	**1,715.0**	**1,795.9**	**1,880.9**	**2,021.7**	**2,156.2**	**2,206.8**
Inventories	5.4	5.2	5.5	7.1	7.2	7.4	7.5	7.7
Trade accounts receivables	37.3	27.2	14.2	25.4	25.8	26.4	27.0	27.7
Other accounts receivables and current financial assets	46.8	35.7	40.7	41.2	41.6	42.1	42.9	43.5
Cash & cash equivalents	381.6	561.2	306.9	230.5	195.2	131.2	188.2	256.3
Total Current assets	**471.2**	**629.3**	**367.3**	**304.2**	**269.8**	**207.0**	**265.6**	**335.2**
Total Assets	**2,224.5**	**2,427.9**	**2,082.3**	**2,100.0**	**2,150.7**	**2,228.7**	**2,421.8**	**2,542.1**
Share capital	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Statutory & other reserves	96.1	112.9	89.3	89.3	89.3	89.3	89.3	89.3
Retained earnings	594.1	555.0	101.1	196.9	194.3	187.2	183.0	184.2
Total Equity	**990.3**	**967.9**	**490.4**	**586.2**	**583.6**	**576.5**	**572.3**	**573.5**
Non-current borrowings	712.2	887.1	881.6	935.9	994.3	1,084.1	1,286.4	1,410.7
Employee retirement benefits and provisions	49.1	49.7	54.9	54.9	54.9	54.9	54.9	54.9
Deferred tax liabilities (net)	68.2	66.7	25.0	25.0	25.0	25.0	25.0	25.0
Lease and other liabilities	227.1	229.9	221.4	213.7	206.0	198.3	190.6	182.9
Total Non-Current Liabilities	**1,056.6**	**1,233.4**	**1,182.9**	**1,229.5**	**1,280.2**	**1,362.3**	**1,556.9**	**1,673.5**
Current borrowings	101.4	61.2	71.3	71.3	71.3	71.3	71.3	71.3
Trade, income tax & other payables	51.1	136.1	162.9	167.5	169.2	171.2	173.0	174.6
Lease and other liabilities	25.1	29.4	44.7	45.5	46.4	47.3	48.3	49.2
Dividend payable	0	0	130.0	0	0	0	0	0
Total Current Liabilities	**177.7**	**226.7**	**278.9**	**284.4**	**287.0**	**289.8**	**292.5**	**295.1**
Total Liabilities	**1,234.2**	**1,460.1**	**1,461.8**	**1,513.8**	**1,567.2**	**1,652.1**	**1,849.5**	**1,968.5**
Shareholder's equity & liabilities	**2,224.5**	**2,427.9**	**1,952.2**	**2,100.0**	**2,150.8**	**2,228.7**	**2,421.8**	**2,542.1**

Cash Flow Statement	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Profit before tax (PBT)	**166.3**	**213.2**	**288.8**	**249.7**	**246.4**	**237.4**	**232.0**	**233.5**
Depreciation and amortization	77.8	78.2	77.7	85.1	93.2	106.0	117.6	127.2
Provision for impairment of trade receivables	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Net financial expenses	45.0	38.1	35.6	54.4	58.1	62.8	67.9	71.2
(Gain)/loss on PPE disposals	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/(decrease) in retirement benefits	(5.3)	1.6	0.7	0.0	0.0	0.0	0.0	0.0
Increase/(decrease) in provisions	10.6	9.6	5.9	0.0	0.0	0.0	0.0	0.0
Increase/(decrease) in other assets/liabilities	(13.8)	(6.3)	(14.9)	(13.2)	(12.7)	(12.7)	(12.7)	(12.7)
Increase/(decrease) in working capital	(83.2)	52.1	41.8	(7.8)	1.6	1.6	1.1	1.1
Other	0.0	0.0	-0.4	(9.3)	(11.6)	(12.7)	(12.0)	(11.3)
Cash generated from operations	**197.6**	**385.6**	**435.1**	**359.0**	**375.1**	**382.4**	**393.9**	**408.9**
Income tax (paid)/received	(2.3)	(8.9)	(61.4)	(54.9)	(54.2)	(52.2)	(51.0)	(51.4)
Interest and hedging cost paid	(36.1)	(82.3)	(33.0)	(39.3)	(41.6)	(45.1)	(50.9)	(54.8)
Operating Cash Flow	**159.2**	**294.4**	**340.7**	**264.8**	**279.4**	**285.1**	**291.9**	**302.7**
Capital Expenditures	(21.5)	(51.7)	(49.7)	(166.5)	(178.3)	(246.7)	(252.1)	(177.8)
Interest received	0.0	0.5	13.9	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(21.5)**	**(51.2)**	**(35.8)**	**(166.5)**	**(178.3)**	**(246.7)**	**(252.1)**	**(177.8)**
Dividends paid	0.0	(201.0)	(105.0)	(99.00	(194.8)	(192.2)	(185.1)	(180.9)
Extraordinary dividend	0.0	0.0	(450.0)	(130.0)	0.0	0.0	0.0	0.0
Repayment of bank loans	(121.3)	(797.4)	(53.0)	(28.9)	(30.8)	(33.5)	(39.8)	(43.6)
New borrowings raised	9.2	935.3	49.9	83.3	89.2	123.4	242.1	167.8
Payment under leases	(0.2)	(0.5)	(1.1)	0.0	0.0	0.0	0.0	0.0
Financing cash flow	**(112.4)**	**(63.7)**	**(559.2)**	**(174.7)**	**(136.4)**	**(102.4)**	**17.2**	**(56.7)**

Growth rates	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Revenues	105.3%	24.8%	26.6%	2.2%	1.8%	2.2%	2.3%	2.6%
EBITDA	349.3%	16.2%	22.5%	-3.2%	2.2%	2.1%	2.8%	3.4%
Adj. EBITDA	NM	91.8%	21.5%	-2.1%	2.3%	2.2%	2.9%	3.6%
EBIT	NM	22.2%	29.8%	-6.3%	0.1%	-1.4%	-0.1%	1.6%
PBT	NM	28.2%	35.5%	-13.5%	-1.3%	-3.7%	-2.3%	0.6%
Net Income	NM	5.8%	37.8%	-15.9%	-1.3%	-3.7%	-2.3%	0.6%

Profitability ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
EBITDA margin	73.9%	68.8%	66.6%	63.1%	63.3%	63.3%	63.6%	64.1%
Adj. EBITDA margin	42.9%	66.0%	63.3%	60.7%	60.9%	60.9%	61.3%	61.9%
EBIT margin	53.5%	52.4%	53.7%	49.3%	48.5%	46.8%	45.7%	45.2%
Net Income margin	41.6%	35.2%	38.3%	31.6%	30.6%	28.8%	27.6%	27.0%

Leverage Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Total Debt	816.5	951.4	956.5	1,010.8	1,069.2	1,159.0	1,361.3	1,485.5
Net Debt	434.9	390.2	649.5	776.7	870.4	1,024.2	1,169.6	1,225.6
Net Debt to Adj. EBITDA	**2.7x**	**1.2x**	**1.7x**	**2.1x**	**2.3x**	**2.6x**	**2.9x**	**2.9x**
Total Debt to Equity	**0.8x**	**1.0x**	**2.0x**	**1.7x**	**1.8x**	**2.0x**	**2.4x**	**2.6x**

Valuation Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
P/E	-	-	-	11.8x	11.9x	12.4x	12.7x	12.6x
EV	-	-	-	3,065.7	3,159.4	3,313.2	3,458.6	3,514.6
EV/adj.EBITDA	-	-	-	8.2x	8.3x	8.5x	8.6x	8.4x
EV/EBIT	-	-	-	10.1x	10.4x	11.0x	11.5x	11.5x
P/BV	-	-	-	3.9x	3.9x	4.0x	4.0x	4.0x
Div. yield (%)	-	-	-	8.51%	8.40%	8.09%	7.90%	7.96%
FCF yield (%)	-	-	-	9.08%	8.93%	6.31%	6.57%	10.44%
ROA	-	-	-	9.32%	9.04%	8.46%	7.78%	7.34%
ROE	-	-	-	36.19%	32.86%	31.92%	31.50%	31.79%

Source: AXIA Research

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**Total return: % price appreciation equals percentage change in share price from current price to projected target price plus projected dividend yield

Rating history for ATHENS INTERNATIONAL AIRPORT S.A.

Date		Share Price (EUR)	Target Price (EUR)
21/08/2024	Buy	7.63*	9.10

*Share price close as of 20/08/24.

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10 G. Kranidioti Street, Suite 102 1065 Nicosia, Cyprus Tel: +357 22 742000	4, Vas. Sofias Avenue, 3rd Floor 10674 Athens, Greece Tel: +30 210 7414400	555 Madison Avenue, Suite 11A NY 10022, New York, USA Tel: +1 212 7920253	26 Corso Venezia, 1st floor 20121 Milan, Italy Tel: +39 348 080 1411

www.axiavg.com

Research Division

Constantinos Zouzoulas	constantinos.zouzoulas@axiavg.com	+30 210 741 4460
Stathis Kaparis	stathis.kaparis@axiavg.com	+30 210 741 4459
Eleni Ismailou	eleni.ismailou@axiavg.com	+30 210 741 4462
Christiana Tsoukala	christiana.tsoukala@axiavg.com	+30 210 741 4467
Alexis Chaidopoulos	alexis.chaidopoulos@axiavg.com	+30 210 741 4481

Capital Markets Division

Thanos Adamantopoulos	thanos.adamantopoulos@axiavg.com	+44 207 987 6033
Maria Mitsouli	maria.mitsouli@axiavg.com	+30 210 741 4424
Vaia Dotsia	vaia.dotsia@axiavg.com	+30 210 741 4430