

**Fraport AG**

FY 2024 Results Presentation

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**Speakers:**

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Christoph Nanke

A warm welcome from my side. I have with me in the room Stefan Schulte, our CEO, and Matthias Zieschang, our CFO. I know you have a lot of questions, but before that, we start with the presentation right now. Please, go ahead, Stefan.

Stefan Schulte

Christoph, thanks very much. Good afternoon, ladies and gentlemen, and a warm welcome also from my side. Let me start my presentation today with a positive message. Despite a challenging environment, we achieved our financial and operational targets in the past fiscal year, so we achieved an EBITDA in the middle of our guidance range and a net result in the upper area of the expectations. Moreover, despite heavy investments, we achieved a stable leverage ratio, which is still too high, there's no question, but at least as expected.

What have been the main challenges that we are facing? Firstly, our main customer in Frankfurt, Lufthansa, is still waiting for its new wide-body aircraft. Currently, more than 40 long haul planes in use, which were already meant to be replaced by new modern aircraft. Focusing on last year only, Lufthansa expected the delivery of 50 new Boeing 787s. As of today, none of these planes are flying in Frankfurt or have been even delivered. Additionally, the maintenance of Pratt & Whitney-exposed short-haul aircraft reduced our Frankfurt capacity by about 3% to 4% last year, and probably likewise this year. But there are some positive signals that 787, ten to 15 could come to Frankfurt somewhere in the second half of this year. About the new 777, I would not expect to come this year, and even probably not, from today's point of view, in the year 2026.

Also, from a political perspective, we faced a challenging environment in May last year. The German aviation tax was raised another time, making Germany one of the most expensive countries to operate, worldwide. This year, the German state has further increased the security cost to be paid by the airline, as well as the air navigation charges. Besides these cost items, 2025 also marks the first year of the mandatory SAF quota, so sustainable aviation fuel, applicable in the European Union. That's not really the topic, the topic is plus an additional power-to-liquid rate, mandatory for flights departing Germany, so so-called gold-plating in Germany, another time.

Ladies and gentlemen, these burdens are very high. Correspondingly, the German aviation industry is lacking the speed of recovery seen in other countries. The BDL, that's the German Aviation Association, for example, estimates that airlines flying in Germany will have to pay about €1.2 billion higher state-related charges this year for 2025, or roughly €11 per departing passenger on average. Considering the airline margins, this is a very high incremental burden. I am convinced that Germany has to regain competitiveness, and we addressed this to the new government, or probably upcoming new government, very, very clearly. So there is some point of chance, point of optimism, and I hope that we will be able to deliver, or to tell you what's going on in the next call.

Despite these strong headwinds, we are happy with the results. We delivered, this morning, an all-time high EBITDA of €1.3 billion, and a group result of more than €500 million, close to the record level of 2018. More financial data later for Matthias, who will also guide you through our segments.

Looking back at our operational performance in 2024, I'm on slide four, the traffic results illustrate very much what I just said, Fraport is impacted by external factors, everything I just mentioned before, and is not just Fraport Germany, overall. So we are on a recovery rate on 87%, with an increase of plus 3%, 3.7%. A better traffic performance we are seeing in our international portfolio. The group airports outside of Frankfurt have, in the meantime, fully recovered to the 2019 level, on average. This is even more impressive keeping the temporary closure of Porto Alegre Airport due to the heavy flooding in mind.

The key driver for the passenger growth and a group-wide basis was our investment in Greece. At 120%, Fraport Greece clearly outperformed 2019 and was adding another 6% to the already high previous year base. So a very strong development, which we expect to continue this year, maybe on a somewhat lower level, we have to see, but the demand for Greece is very, very positive.

Following the political unrest at the beginning of 2023, Lima Airport has caught up on the lost traffic in 2024, at 104%. Lima passenger numbers exceeded the 2019 benchmark, and we do expect 2025 to be another good year of robust

growth in Peru. Staying in LatAm, Fraport Brazil, on the other side, recorded a mixed development. While Fortaleza achieved year-on-year passenger growth, Porto Alegre was strongly impacted by the temporary closure of the airport due to the heavy flooding in May. But in Q4, the airport fully reopened, and we do expect it will take a few months until the airlines restore their capacities.

A better performance recorded in Ljubljana. While the airport still misses a national flag carrier, the financials are quite fine, and the outlook for this summer season looks good, which will bring us closer to the 2019 levels again. And while our Twin Star airports in Bulgaria were negatively impacted by Wizz Air fleet reductions due to Pratt & Whitney-exposed aircraft, Antalya Airport recorded a very strong result of more than 38 million passengers, which we'll also talk about in a minute.

Looking now forward to the upcoming summer season in Frankfurt, I'm on slide five, despite persisting challenges from high location costs and continued low supply of aircraft, we expect a turning point in our Frankfurt traffic momentum. While the start of the year, in January, February was still comparatively weak, we expect to see some traffic momentum from March, and then further on in the year onwards. The traffic momentum will be predominantly driven by Condor, which is our second-biggest customer in Frankfurt. Condor needs to strengthen its feeder network, so preliminary short-haul routes, as Lufthansa has changed the feeder agreement between the two carriers.

So, the result of these changes is shown on the chart. We expect to traffic growth this summer in the area of 4% to 5% seat capacity, mainly driven by Condor. Outside of Condor, also, easyJet will bring new capacities and traffic growth to Frankfurt. As you know, easyJet is the remedy taker in the Lufthansa/ITA transaction. Correspondingly, Lufthansa needs to support competition between Frankfurt and Italy and granted two daily services from Frankfurt to Rome, and two daily services from Frankfurt to Milano Milan Linate to easyJet.

Regarding Lufthansa, we don't expect the Pratt & Whitney engines issue to be solved this year, nor do we expect positive effect from the potential certification of the Boeing

Dreamliner this summer. Having said this, the 4% to 5% capacity growth largely comes without Lufthansa. We, however, expect Lufthansa to come back into the growth mode this winter, latest in summer 26, when the fixing of the Pratt & Whitney engines is coming to an end and the Dreamliners will be put into service, finally.

Now, coming back to our own homework, on slide number six, we see ourselves on track with our major expansion programme. Let me start here with a new terminal at Lima Airport. As you know, the opening of the new terminal was postponed yesterday. Exactly this night, we are now working closely with the local authorities to clear the remaining steps and to determine a new opening date. Here we'll provide you with an update, shortly. To be precise, there's nothing wrong with the new terminal, which is almost 100% completed. The new terminal is a very fine infrastructure with modern, state-of-the-art retail outlets. Also, the retail outlets are finished. It's a bright terminal with lots of space for passengers. And as mentioned with our Q3 publication already, our IR team will provide you a deep dive on the new terminal and walk you through the highlights after the terminal opening.

I can just say the topics around the further delay seems to be landside access topics responsible by the state, and maybe also some unrest we have seen today, after the murdering of a singer in Lima, and some state of emergency. But we'll give you an update as soon as we have more information what's going on there, because the terminal is fully ready and it could be open immediately. But if we have to delay some weeks, then that's then the decision by the Peruvian government.

Moving on to Antalya, over the past three years, the team has made tremendous progress to fulfil the investment, as set out in the concession contract at the mid of April now. We will open the new terminal around 12th April most probably, and will, from there on, be able to handle up to 65 million passengers, and enormous capacity which will place Antalya in the top ten airports of Europe. Despite the big capacity additions which proved to be right [?] last year, as I mentioned before, Antalya handled about 38 million passengers, an all-time high figure. Despite this great result, we have positive misses, about 4 million to 5 million

passengers from Russia and Ukraine when compared to 2019. And we all hope for peace in the region. And so far, Antalya is very well positioned, and we expect to see continued good traffic growth over there.

Following Lima and Antalya, we will complete the terminal construction in Frankfurt in the second half of this year, most likely in October. With these three investments, we will complete our major CapEx programme this year, which we initiated with a groundbreaking ceremony in Frankfurt exactly ten years ago, somewhere after Easter 2026.

Going on to slide seven, our Frankfurt airport, we are really focusing there on customer satisfaction, with projects such as the rollout of new CT security scanners in Terminal One, and a new automated check-in counters. In addition, we are working on AI initiatives to increase the efficiency of operational processes, with a clear focus on punctuality, and also to improve our financial performance.

A few projects, such as AI supported turnaround processes, or the Intelligent Dispatching Agent, are well advanced and will be rolled out up to end of this year. Fascinating to see how AI can support us in our daily business, and we are very much looking forward to make use of this.

On the other side, we decided to stop individual projects, such as the security relocation in Terminal One Concourse B, after the rule review process. But we will bring in Terminal One Concourse B on the east side CT scanners, so that even there the processes are much quicker, and so with a better customer satisfaction, and that's much earlier being realised, and the relocation of the security lanes in general.

Moreover, we extended the planning phase for the Terminal Two modernisation like this. We have clearly reduced the near-term CapEx needs as a result in the upcoming two years, and we will have a strong improvement in free cash flow and will bring back the free cash flow into a clearly positive three-digit-million-EU area. Euro area, sorry, not EU area.

So, progress we also made regarding the tendering of the new Terminals Three retail areas. I'm on slide number eight. The positive message is, first, all retail slots have been

awarded in a short period of time. Therefore, we will grow our Frankfurt retail areas, as expected, by about 12,000 square metres with the opening of Terminal Three. The new marketplace in the non-schengen is the heart of Terminal Three retail area. It's structured in a way to suit all our customers' needs, ranging from kid's stores to fine dining opportunities. The centrepiece of the marketplace is a very nice bar, with numerous seating opportunities to dwell and to enjoy the vivid atmosphere, but also seating areas with an apron view will be provided.

Besides new modern concepts, in particular, the central security lane in front of the marketplace will offer our customers an improved customer experience, compared to Terminal Two, where we are currently working with decentralised security checks in the non-schengen area.

What does the new retail offering mean for our financials? On slide number nine, compared to the current set up in Terminal Two, we expect an increase in retail revenues of roughly 50% compared to Terminal Two by 2027, which is the first full year of Terminal Three operations. Please keep, here, in mind that Terminals Three overall can generate even more retail revenues in 2027. We don't expect the terminal capacities to be fully utilised, so that over the time, the Terminal Three retail sales will fail to grow.

On the slide, you see a rough split of the terminal capacities. In the long run, Terminal Two will come back into operation and will start generating revenues again, but also Terminal Three will offer further capacities on its modular pier, but that's quite long-term from today's perspective.

Regarding the transition phase next year, and, here, also keep in mind that we expect the opening of Terminal Three after the Easter holidays. Therefore, Q3 2027 will be the first quarter with Terminal Three in full operation, and the airlines will be shifted from Terminal Two in a staggered approach.

Before talking too much about 2026, let's have a look at our expectations for the current fiscal year 2025. I'm on my final slide. Frankfurt passengers we expect to grow this year, but remain below 64 million. In per cent, this represents a growth rate of below 4%. And that depends very much on the question at what time, which aircraft are coming in, and

whether they are adding capacity or replacing other aircrafts. And so it could be in a range between 2% to 3%, maximum up to 4%, but more 2% to 3%.

As discussed before, in particular, the phase in of the new Boeing Dreamliners to Lufthansa remains a factor, which we cannot fully assess at the moment. Moreover, we continue to be impacted by missing Pratt & Whitney engine aircraft. For the financial performance, we are facing additional unknown parameters. In particular, the new collective labour agreement for the majority of our Frankfurt staff hasn't been agreed upon yet. In financial terms, we are talking here about a staff cost bill of close to €1 billion, so it makes a difference whether we see there a 3% or a 5% or even a 7% wage settlement, or even more as the unions' request. Therefore, we provided you a relative broad guidance range and expect a moderate EBITDA increase in the single-digit-percentage area.

The group results, we expect this to be flat to down this year. Let me be precise, here. We incurred extra gains of more than €40 million last year from the disposal of our remaining shares in St Petersburg. These gains are non-recurring. Adjusted for the St Petersburg divestment, our group result will be more flat this year.

As Matthias will talk about in a minute, the net debt to EBITDA ratio will improve due to the positive EBITDA outlook and stable net debt. For the dividend, we currently expect no dividend payment for 2025 financial year, to be distributed in 2027, and want to focus on reducing our leverage first. This could only change if we would have a lot of headwinds, but really a lot of headwind by positive governmental decisions on the state costs, like Luftverkehrssteuer, so aviation tax, and if a lot of new aircraft would come into service. But it's not very much probable from today's point of view. So let's see whether we get all these headwinds and maybe the picture is changing a little bit. Having said this, I would like to thank you for your attention. And now Matthias with more financials.

Matthias Zieschang

Thank you, Stefan, and the warm welcome also from my side. My first chart of the presentation shows our long-term development of passenger traffic in Frankfurt and group EBITDA. On slide number 12, you see the development of



the last year, so from 2014 until 2024. Reviewing the operational and financial performances shows a decoupling of our financial and operational metrics. While our Frankfurt passenger numbers just increased slightly compared to 2014, our group EBITDA recorded a strong increase of 65% compared to 2014. Certainly, the increase was mainly driven by our operations outside of Frankfurt, so our international activity segments. Here, the majority of the EBITDA growth was generated by new investments like Fraport Greece and Fraport Brazil, but also the airports that were already part of our portfolio in 2014, like Lima Airport or Ljubljana, showed organic earnings growth.

On the other side, also our Frankfurt operations recorded an EBITDA increase compared to 2014. You spied [?] a broadly stable number of passengers in the aviation segment, for example, showed a significant EBITDA growth of nearly 60%, or €137 million. Therefore, and despite the fact that Frankfurt Airport hasn't recovered to the pre-COVID passenger levels yet, the group showed overall good financial progress in the past years, and marked an all-time high operational result today.

Moving on to my most important slide of the agenda, our cash flow and net debt outlook for 25. As a starting point, as always, we take our EBITDA guidance as a proxy for our operating cash flow, so more than €1.3 billion of inflow this year. From this basis, we deduct a CapEx of roughly 1.1 billion that we have talked about for the past couple of quarters. Please note here that this amount continues to be spoilt by the major CapEx programmes in Frankfurt as well as in Lima, which we will finish this year. So we will clearly reduce our CapEx burden in the next couple of years.

Following the CapEx, we subtract another €400 million net cash interest payments and cash taxes. Moreover, we expect six concession payments and IFRS 16 lease payments in the amount of some €100 million. On the inflow side, we expect further positive cash effects from our associated companies and changes in net working capital of, in total, more than €100 million this year.

All the individual components together add up to free cash flow this year which is very close to breakeven. Please note here that this amount does not include the €100 million of

inflows from the Delhi stake in divestment, which we received two weeks ago. As a result of the free cash flow outlook, we expect our group net debt to remain broadly unchanged compared to last year's levels.

The review of the past year's cash flow and indebtedness situation is shown on slide number 14. The operating cash flow showed a very strong performance. At €1.18 billion, the operating cash flow grew by 37% compared to the previous year. The increase was driven by both sound operating development and good working capital management. All else equal, the operating cash flow would have been sufficient to provide a strong, positive, free cash flow of €560 million, excluding for the expansion CapEx in Frankfurt and Lima Airport. Including for those heavy expansion works, our free cash flow was negative, at minus 675 million, and therefore in line with our expectations for the year. Correspondingly, our group net debt figure stood short of €8.4 billion, and our leverage ratio remained at 6.4 times. Both indicators were in line with our guidance.

Our current maturity profile is shown on slide number 15. Despite the negative free cash flow, our liquidity position remained at a high level of more than €3.9 billion, or €4.5 billion including for unused project finance and committed credit lines. Gross debt, on the other side, amounted to 12.3 billion, slightly up compared to the third quarter results. At 3.2%, the average cost of debt remained unchanged in the second half of 2024.

Looking ahead, we expect to refinance most of the Frankfurt maturities this year. In addition, we will make full use of the Lima Project finance this year due to the terminal completion. As a consequence of the higher cost of debt in Peru and the Frankfurt refinance, we expect the average cost of debt to slightly grow this year, up to a level of maximum 3.5%.

Coming to our segment reporting, starting with aviation, on slide number 16, the segment showed an overall strong earnings development due to the higher passenger number, but in particular due to the 9.5% increase in aviation charges. Security revenues also grew by roughly 10%, but were balanced with cost in more or less the same amount. Bottom line, the segment recorded a strong EBITDA

increase of more than 21%, to an all-time high of €374 million. Despite higher DNA from the write-down of the security relocation project, EBIT was nicely up to 203 million.

Looking ahead, we expect continued headwinds from OpEx inflation this year, while the price increases will support the segment earnings development. Consequently, we expect a moderate growth of EBITDA and EBIT in the current financial year.

Moving on to our retail and real estate segment on slide number 17, revenues grew by close to 40 million, to 537 million. All business areas, so retail, real estate as well as parking, contributed to the solid increase in segment revenues. At €3.35, retail revenues per passenger also performed well, despite continued closures on the landside in the Frankfurt terminals. Key drivers for the solid retail momentum were strong advertising revenues, which were, among others, supported by the European Soccer Championship in June and July, an improved passenger mix, thanks to the China recovery, and third, an increased dwell time due to smooth and fast security processes. Parking and real estate revenues also grew nicely, among others, due to price effects.

On the OpEx side, cost for maintenance services in ongoing projects, such as the refurbishment of the parking houses, turned out to be higher than initially anticipated. Therefore, segment EBITDA only grew slightly, to €375 million. For the year ahead, we expect revenue to be supported by passenger volume growth in the retail and parking divisions. On the cost side, we expect a continuation of the OpEx trend of the past financial year. As a result, we expect segment EBITDA to remain at about the same level of 2024, or slightly above.

Coming now to our ground tending segment on slide number 19, Q4 was no turning point for the segment. At a stable number of passengers, revenue growth was solely driven by price effects in the fourth quarter. On top of the operational development and higher cost of labour, we booked an €8 million staff-related provision to reduce the headcount in the subdivision of the segment. Consequently, EBITDA in the fourth quarter was clearly negative and

turned the full year results below the previous year.

For the year ahead, we need to restore the financial stability. Therefore, we have already raised the central infrastructure charges by close to 8%, and will further reduce the number of external staff. As a consequence, we expect an improvement in segmented EBITDA, but still expect to remain in the negative area in fiscal year 2025. The key headwind for the segment remains the loss-making Lufthansa contract, which we will have to renew open expiration in the next 12 to 24 months.

Our final segment, International Activities and Services, is performing clearly better. I'm now on slide number 20. The international segment, again, showed a strong underlying earnings momentum. Despite the closure and gradual reopening of Porto Alegre Airport, revenues and EBITDA grew strongly on a full-year basis. Key drivers for the revenue increase, were our investments in Fraport Greece, Fraport USA and Lima Airport. At the EBITDA level, we recorded a very good result, in particular bearing the following effects in mind.

In 23, Fraport USA recorded compensation for the early termination of the Pittsburgh master lease concession in the amount of roughly 11 million. Moreover, Fraport Greece was positively impacted by COVID compensations in the amount of about 34 million in the year 23, while in 24 Fraport Greece just recorded COVID compensations of 28 million, so a minus of 6 million compared to the previous year. Additionally, the closure of Porto Alegre Airport and lower compensation payments led to a reduced EBITDA for Fraport Brazil of roughly €16 million. Looking ahead, we are confident that the international segment will continue its growth path also in this year, and will further increase its EBITDA and EBIT.

Ladies and gentlemen, let me summarise our disclosure today. Our Frankfurt and international divisions reported good overall year-over-year earnings growth. Despite the challenging environment, we fulfilled all our group targets we set for the past year. Our group EBITDA clearly outperformed the pre-COVID level, despite Frankfurt traffic remaining well and significantly below 2019.

While the international airports will continue their volume

growth in 25, we expect the positive momentum in Frankfurt as of this month, or end of this month. Our major CapEx programmes are coming to an end, and we signed a major agreement on airport charges in Frankfurt to provide visibility on the development of our revenue side in the next four years, or for the next four years.

New CapEx projects are either stopped or postponed, therefore we consequently pursue our path to turn around our free cash flow. This year will mark a first big step as we guide a free cash flow which is very close to breakeven, or breakeven. Our breakeven target here excludes any extra gains from divestments. For the next year, we are confident to achieve a clearly positive free cash flow. Having said this, ladies and gentlemen, I'd like to thank you for your attention, and we can start the Q&A session now.

Operator

Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Questioners on the phone are requested to disable the loudspeaker mode and eventually turn off the volume from the webcast while asking a question. Anyone who has a question may press star and one at this time. One moment for the first question, please. And the first question comes from Ruxandra Haradau-Döser from HSBC. Please, go ahead.

Ruxandra Haradau-Döser

Good afternoon. Thank you very much for taking my questions. Matthias, great to hear that you are continuing until 2028. It makes lots of sense for Fraport. My first question is on retail. Do you have retail contracts in Terminal Two running out this year? And do you expect to prolong this contract until T2 will close next year? Second, in November you indicated CapEx will be above 1.5 billion in 24, and on CapEx for FY 25, I quote Matthias, we are working on a number which is below 1.1 billion as a group CapEx for 25. CapEx for 24 was 1.7 billion, and the guidance for this year is a CapEx of 1.1 billion, and there are a lot of questions from investors today about potential overruns, so could you maybe give some details on these higher figures mentioned in November?

Third, could you please update us on Pier G? Will it start operations at the same time with the rest of T3? And have the retail areas been already rented in Pier G? And the final question, the new EU Commission has been in office for a few months, do you have already signals, and what are your expectations, Stefan, about the priorities in the aviation sector of the EU Commission during the current legislative period? Thank you very much.

Matthias Zieschang

Okay, thank you for your questions. Starting with CapEx, absolutely correct, what you said, we guided 1.5 billion, we ended up with 1.73. So this is an overrun. Reasons for the overrun was the 200 million, what we always saw as a risk regarding T3. And today, we have to say that the overrun has been realised. So this is not good, but on the other side, it's over now. So looking forward, we do not expect any additional cost overrun regarding T3. So everything is fine. We are going to open after Easter holidays in 26, and the rest of the capex is in line with what, years ago, has been guided.

So this is past. Looking forward, looking forward means now in 25, you mentioned we guided now 1.1, I said it will be below 1.1. Let me say, we have a discrepancy of perhaps 50 million. And you can believe us, or I think you are convinced, that we are doing all to end up with a number which is shortly below 1.1.

But, at the end of the day, to control the outflow for CapEx depends really what happened in the last two weeks of a year. And when I look back what happened in December 24, there was an outflow in the three-digit amount area. But at the end of the day, we have to see whether it's 1.1 or a little bit less. Our target is always to realise a number which is below 1.1 billion. There was a question regarding retail contracts. They are not running out, so everything is awarded and will continue in Terminal One. Correct me when I'm wrong.

Stefan Schulte

Terminal Two, the retail contracts will be finalised at the end of the second quarter, because the airlines will be moved from Terminal Two to Terminals Three in a staggered approach, probably three or four ways in the second quarter next year. And then Terminal Two will be taken out of operation.

We have solutions with the concessionaires, there, that's no problem. There's no further penalty or something like this to pay. And all contracts regarding Terminals Three are awarded, and they are preparing for taking over then latest up to April next year. So this is working on Terminal Three.

Regarding Pier G, yes, we will start operations simultaneously with Terminal Three, but it will be mainly on the check-in side, landside. From today's point of view, no operation on the pier itself, because there we have enough capacity, the first step in Pier H and J.

On the priorities regarding EU Commission, the top priority stays with carbon leakage, and there are a lot of professional advisers who are giving solutions to the EU Commission. Yesterday, I heard a study from Ernst and Young, or EY, which would help very much, and that's a top priority from our side. Another priority is, of course, the question of how it goes ahead with the airport and the airline package on ground handling, on charges and on slots. I think these are the three packages.

The EU Commission is, at the moment, just investigating whether they should open those packages up or not. We expect probably somewhere by summer or late summer any further indication from the EU Commission. But these are the two top priorities from our side.

Ruxandra Haradau-Döser Thank you. Thank you.

Stefan Schulte Thanks.

Operator And then the next question comes from Cristian Nedelcu from UBS. Please, go ahead.

Cristian Nedelcu Hi. Thank you very much for taking my questions. The first one, can you give us some initial indication on CapEx and free cash flow in 2026? The second one, zooming in on Fraport, on Frankfurt, the mid-term maintenance CapEx for 26/27 was roughly the mid-term maintenance CapEx? The third one, when Terminal Three will open, could you give us, ballpark, what is the incremental OpEx you will incur, Terminal Three versus Terminal Two in a full year of operation? And the last one, if you allow me, just on capital allocation, what is the pecking order, mid-term? Deleveraging, dividend acquisition, any colour there? Thank you.



Matthias Zieschang

Regarding free cash flow, again, target this year, 25, is break even, and 26 showing clear and significant positive free cash flow. Driver for this is CapEx, because let me say the EBITDA increase will be there but this is not a big step up. This is also clear, given the traffic momentum at the moment in Frankfurt. So, looking now, assuming the 1.1, or, as Ms Haradau-Döser said, perhaps 1.05, we have to see at the end of the day, so this is a starting point for further considerations in 26. And you have to see that in 26 also the second expansion phase of Lima is over, so there is a further drop of the Lima CapEx, a significant drop, as well as a further drop regarding CapEx for T3, because we are going to open after Easter holidays in 26. And then, of course, we have a delay of some payments, but these are the two drivers determining the free cash flow generation in 26. The exact CapEx indication, it's too early, but let me say in the second half of this year, then we come for our guidance for 26, and we clearly see what will be the final outcome in 25.

Regarding long-term sustainable CapEx, when you look now on the numbers in the presentation, on, I don't know it's slide number, where I show the bridge coming from the net debt 23 to the net debt in 24, you have a proven track record looking on CapEx for Brazil and Greece. For 16 airports, we are spending 50 million for maintenance. This is a good number. And when you look on other CapEx, mostly Frankfurt, the 449, if you put all together, you're talking about 500 million, which is a good indication, having also in mind that in these 449 million, we are talking investments in infrastructure, in Frankfurt we are also talking some investments in cars, equipment, etc. And when I'm going to mention equipment, this is also equipment for Terminal Three, like, for example, office furniture, etc., IT equipment, which is more or less one-off. So the CapEx, in Germany we say Büro- und Geschäftsausstattung, I don't know the translation, help me, in English, for equipment is, in the moment, higher than in the future.

So from today's perspective, I would say that the 500 million is a very conservative indication for all, including maintenance CapEx for all group airports looking forward. And if you already deduct the 1.2 billion for T3 and for Lima



CapEx, based just on the numbers from 24, as you see already the strong free cash flow generation in a year where the EBITDA is on a level of 1.3 billion, you know also our long-term target. So this is then the leverage to achieve a free cash flow generation which is higher than this, what we would have shown already in 24 without expansion CapEx.

Stefan Schulte

Further questions have been on the additional operational costs on Terminal Three, that's a year in between next year, because on the one side, Terminal Two is still open for half a year, at least, and Terminal Three has to be prepared already now, because we already now have to hire some people. So in general terms of all segments, I would say it's roughly 200 people, which we have to hire for a fire brigade, for operations for IT. Which is not saying that we need those 200 people long term, but for the in-between time at least. Long term, probably 100 people more. But on the other side, we have very good results from tenders on the maintenance side, what we do with external companies. So, yes, we can give you probably, after we have opened up Terminal Three, a better estimate what are the long-term aspects on this. On the other side, we also then have higher retail earnings, so there is some additional costs in for next year, that's right, and we hired those people already, now. On the other side, it's included already in the guidance we gave you, so there's no big downturn.

Regarding the long-term ratio, you asked on debt to equity, what's our focus. If I got your question correct, yes, we have at the moment a level of 160% net debt to equity. We clearly mentioned that we want to bring this down. Is there one guidance? No, there's not the one figure, but we gave you the indication that net debt to EBITDA should be closer, in the long term at least, to the number five. It's now 6.4. And it means, on the other side, also that net debt to equity should be in the range of, you name it, 80% to 120%. It depends very much how the market conditions are.

One thing is clear, for the next years, and I would say at least the next three, four years, there's no big appetite, no big appetite on external growth by external acquisitions, if at all. And these are smaller projects or structured projects. And as Matthias mentioned already, we are very strict on CapEx and try to keep it down as much as possible.

Cristian Nedelcu

Thank you very much. Sorry, will you pay any dividends before you get to that 80% to 120% debt to equity?

Stefan Schulte

Yes. A clear answer, yes we will. But we have to get much closer. No, let me answer the other way around. First, we have to be free-cash-flow-positive, and, as mentioned before, the probability to pay in 2026 for 2025 is a low one, but it's existing. If there's a lot of tailwinds for the business, if there would be a very good growth, if we come out this year with very good results, and if we see that the business is really moving, especially also in Frankfurt, so international business I'm quite optimistic on, especially on Frankfurt, as the growth rates are really going up, that new aircrafts are coming in and are operated in addition and not just replacing the old ones, that's the Lufthansa topic, then it could be that we even pay a dividend in 26. But that would be a low dividend compared to the range of 40%-60%, which is the normal one.

In 27, for the year 2026, I'm absolutely convinced we will pay a dividend, but it has to be decided at that time, in two years from now. So we will have discussions on this, we have already discussions on this, and we'll see how the business is running this year. But we are not waiting to achieve, finally, the 100% or 120% or something like this.

Operator

Then, the next question comes from Elodie Rall from JPMorgan. Please, go ahead.

Elodie Ral

Hi. Good afternoon, thanks for taking my questions. I have two. The first one is on the outlook for traffic. So, you gave us a bit of an update on Lufthansa capacity issues, as well as the constraints that you're facing from the German government on tax and regulations, so hurting the aviation industry. So I was wondering, first of all, if you are having any conversation with anyone from the new government. Although I know it's still a big moving part there, but if they have a more constructive attitude towards aviation in Germany, and if the outlook is looking more positive for traffic in 26 as a result, and when you think you can be back to 2019 levels. So that's my first question. And the second question is on ground handling. So, obviously, disappointing again, negative in 25 still expected. Do you think it can be turning positive from 2026? Thanks.

Stefan Schulte

Thank you for your questions. On Lufthansa capacity

issues, your question was more on the government relations, we're all together, whether it's Lufthansa, whether it's us, whether it's the German Association on airports, on airlines, or on aviation in general, we all have the same position. And we had good discussions with the two parties who probably will form the next government, that means the CDU and the SPD, and they all understand the issue. They understand that the tax, the aviation tax, plus the other components, especially on ATC, of course, the sharp increase over there, that this is too high and that they would have to resolve it.

So the signals are very good. But on the other hand, I also have to say, it's not signed. It's not a done deal. They are now in the coalition discussions, and the coalition contract negotiations, so we have to stay on this topic, and we can give you an update, then, probably on the May call for the first quarter to see whether it's in the coalition contract, because there we have to get it in. That's most important. And it's not just because of Frankfurt Airport or because of Lufthansa, it's in general, also the competitiveness of the aviation market, Germany, for the German export-orientated companies, and so on. Because we are losing more and more direct connections into the world. And that's really an important issue for German industry in general.

So, yes, I'm slightly optimistic, and I'm probably more than 50% probability that I would say, yes, something will happen, but it's not a done deal. That's absolutely clear. We are now 22% worse, or negative, compared to other European markets of the recovery compared to 2019. So Frankfurt is on 87%, German average is on 83%. That we come back to the 2019 levels, so pre-Corona level, that will not be possible in one or two years, because we also have to handle that growth, which hopefully is coming then, but it will take at least three, four years minimum to achieve these levels.

But I'm quite optimistic that there is a chance, if the German aviation tax is taken away, if cancelled, if we get positive signals. And sorry to say this, but the Greens are not, for sure not any longer, a member of the next coalition, that's for us, in this industry, positive. The SPD and the CDU are much more positive, related to aviation. They see this point. So that's at least a lot of tailwind. That's positive. And if the

new aircraft, I mentioned the signals [?] you also got from the press conference of Lufthansa, that they are coming, at least on the 787, somewhere in second half, that's also a positive message. And hopefully, they will get it through. So, there are some positive signals that we see. Should see a much better 2026 and 27 with higher growth rates.

On ground handling, we are working, there, on productivity measurements, we are working along the company on productivity topics, on programmes, on projects, but especially on ground handling. The most important thing in the negotiation and the new contract with Lufthansa, and you will not find it in the numbers before the year 2027. Okay?

Elodie Rall Great, thanks very much.

Operator Then, the next question comes from Carlos Caburrasi from Kepler. Please, go ahead.

Carlos Caburrasi Hello, everyone. Thank you for the presentation and for taking my questions. Two quick ones from me. First, I'm considering the restructure investments programme, I was wondering if you could give us a hint in terms of CapEx per annum for the rest of the decade? And the second, which is actually related to the first one, did you expect a meaningful impact from the lower near-term CapEx on your 2030 free cash flow target? I'll leave it there, thank you.

Matthias Zieschang As I mentioned, we have we have two steps looking forward. In this year, 1.1, or even lower. In 26, clearly reduced number compared to 25. And again, in the second half of this year, we will give you a clearer guidance what will happen exactly with CapEx in 26. And looking forward, you see maintenance CapEx, I already explained that about 500 million for the group level, which is a good indication, including all 30 assets which we have today, and this is determining the long-term base CapEx. We have no intention to go for big acquisitions at the moment. And I think this is the best guidance as of today, what will happen in 2030. But, frankly spoken, I can't give you today an exact guidance for 2030. This is not serious.

Carlos Caburrasi Thank you.

Operator Then, the next question comes from Andrew Lobbenberg from Barclays. Please, go ahead.

Andrew Lobbenberg

Hi, there. Can you just help me understand why the pick-up in Porto Alegre in Brazil has been so slow? Because the January data looked very slow, and it looked like the capacity is quite slow, whilst Florianópolis for the for the Swiss continues to trade so well. So why hasn't the traffic flowed back more promptly to Porto Alegre? And I thought earlier last year you were very confident that you would get full compensation for the closure impact of Porto Alegre, and yet that's not completely clear to me. So is there more compensation to come in the course of 25 for the closure of Porto Alegre in 24?

And then just my one other question would be what's going on in the ground handling market with the competitor? Did Swissport finally get themselves up and running? Are they running smoothly? And previously, you said that, given the challenges to the ground handling market, notwithstanding, clearly, the uneconomic contract with Lufti from your perspective, you were quite keen to hand over contracts to the competitor to reduce your exposure to ground handling. Has anything happened to lose other contracts apart from Lufti?

Stefan Schulte

Let me start with Porto Alegre. The indications we get from the market, we get also from our daughter company in Brazil, are very positive in Porto Alegre. And that is still a little bit slower at the beginning, now, beginning of this year, the next months. That's just because the airlines have to restore the capacities, they have to change aircraft which are flying from other destinations back to Porto Alegre, they have to market those initiatives. But that will come, and the signals we know are very positive, even supported by the state of Rio Grande do Sul. So I'm quite optimistic.

Full compensation, yes, we get a full compensation. Probably what we should have discussed more in detail is that have been restructuring on faults which have been known in the infrastructure of 10 million, 15 million, I think was the number, which is not due to the flooding, which have been known before, that we have to do it, and which we have done now in the big programme together. And that we, of course, get no compensation on. But there was a smaller number where we got a compensation of more than 80 million. I think something like this is the number. And we invested, including those faults, we knew that this has to be

done over the next years, which we now did, with the total programme, roughly 100 million, or 95 or something like this.

On ground handling here in Frankfurt, it was not our task at all to handle it with a third license as a tenant, but we cannot avoid if more and more airlines wanted to be handled by Fraport Ground Services. So the market share even went up, some because of the subcontracting solution, which was not our favoured way to do it this way, but which is the case for the remaining months and for the next months in this year. And then we have to see how the market share is developing. But it was not our task to increase the market share. That was a topic by the airlines, that they wanted to be handled by Fraport or Fraport Ground Services on the one side, and the [unclear], on the other side, was not be able to handle them. So it could be the interim, and we have to see how it goes ahead, then.

Andrew Lobbenberg

Okay, thanks.

Operator

The next question comes from Dario Maglione from BNP Paribas. Please, go ahead.

Dario Maglione

Hi. Three questions for me. One on free cash flow for 2025. You mentioned it's going to be close to breakeven, how close is my first question. Second question, on CapEx for Frankfurt, you mentioned before the maintenance CapEx for the group a 500 million, but also I think you mentioned before that, for Frankfurt specifically, the maintenance CapEx will be around 350 million per year. However, you are now guiding, for 25, 400 million. So my question is what is the maintenance CapEx for Frankfurt, specifically?

And the last question, on ground handling, just big picture, has been lossmaking for five years, and it will not be breakeven on an EBITDA level next year, so why not exit this business or divest it? Thanks.

Matthias Zieschang

Let's start with CapEx, and let's focus on slide number 13, where you can see all the matrix of calculation for 25. What is a given and what are the variables? Given are net interest elements, because gross debt is given, interest rates are given, taxes are more or less given. So the minus 400 is a given and is not a variable. Also, the IFRS 16 items, as well as fixed concession payments, are given. So

we have minus 400 which is not variable, we have minus 100 which is not variable. And also, the inflow of dividends of about 100 million, of course, depends on the operational success of performance, but I think there's a very high probability that we are going to receive 100 million. So three elements on the picture are not variable.

What is variable? A little bit on the EBITDA side, depending on traffic, whether it's a little bit better and lower. Second, it's always extremely difficult to have a precise calculation, what is the outflow for CapEx? So 50 million plus/minus is always a natural white noise, so to say. It can be a little bit higher, a little bit lower. Again, our target is to come out with a number which is below 1.1 billion. And then you also see on the slide net working capital changes, this is not principal [?] hope. We know already now some items, what is the refund of VAT, etc., outside Germany. So we know that some elements are running in favour of us, so that the net working capital runs positive. And this, we have included.

Nevertheless, you see always regarding CapEx plus/minus 50 million, regarding net working capital changes, plus/minus 30 million, and always regarding the final number of EBITDA which is driven and generated by passenger numbers, some uncertainty. But you see from the picture, it's very close. It can, at the end of the day, with some tailwind, we can even break even, which would be our favourite. But it can also be that, in a double-digit number, we are below breakeven. But important is, looking forward, we are extremely close to breakeven, or even we'll touch it, but very important is that we, after, in 26, we will show you positive free cash flow, as already since years ago guided, looking ahead

Maintenance CapEx, again, I told you and explained the 500 million, which includes also CapEx for IT, for equipment, etc., you have always some volatility behind this number. You're talking about 30 assets in our portfolio, and nobody in the world can say it's exactly 483 million maintenance CapEx. You have always some things which pop up overnight, or other things which do not happen or will be delayed. But in your matrix, in your calculation, your Excel sheets, if you work with a 500 million number looking forward, you have a very good base number.



Stefan Schulte

Regarding ground handling, the most important issue there is the 2018 signed contract, I think it was 2018, long-term contract with Lufthansa, the Lufthansa group, which includes some price increases. But they are very limited, and the world thereafter, after Corona and so on, changed. Staff cost increases are much higher than the price increase we have in their contract, and that's the main reason for the losses in that segment. Combined with a peak structure, which is already above 2019 limits, 2019 structure of the traffic, so very high peaks and I guess some unproductivity, and combined with the topic that we all together have the challenge that the ATC capacity leads to, in Europe, not in Germany but in Europe in general, including Germany, leads to high delays by ATC, because a lot of regulated slots. And that means that ground handling people are longer on the aircraft than they should be.

And that's in the nature that we are fixed in with this contract with Lufthansa, of course, you could say, but that would be the wrong timing to say something like this. And we mentioned already before that we have to go into the negotiations, because the contract with Lufthansa is running out 2026, and we will start that negotiation somewhere else in the next 12 months, I'm quite sure.

And thereafter, you can [inaudible] the topic, but even then you should take into account that the reason we are in ground handling, I'm not saying with that market share but that we are in that ground handling business, because we have a very, very high portion, much higher than other airports, transfer passengers, and we need a high stability on the ground operations. And that's why I think, in a very, very good way, that's absolutely fine from the stabilisation point of view, so there are no delays any longer by ground handling. That's not the issue. But the second important point is to bring out the financials back. And for that, we have to have the negotiations with Lufthansa. And thereafter, we can take questions, like you. But for the next two, three years, that would not be a solution on that side.

Dario Maglione

Thank you.

Operator

As a reminder, anyone who wishes to ask a question may press star and one at this time. And the next question comes from Christian Cohrs from Warburg Research.



Please, go ahead.

Christian Cohrs

Hello. Good afternoon, thanks for taking my questions. Sorry to come back on the ground handling issue, but looking into your financial history, even before 2018, the financial performance of this division was muted. So is there any chance, or do you see any chance, for sustained improvement that will allow a return that is exceeding the WACC? So far as I can look into your financial history, this has never been the case. And yes, are there any things how you could improve your pricing power in this specific business field?

And second question relates to St Petersburg. If I remember correctly, your investment into St Petersburg comprised an equity stake, but also I think you have given some loans. So now you have sold your stake, are the loans still outstanding, and is there any chance for these to recover? Thank you.

Stefan Schulte

Thanks for both questions, Christian. You have to right regarding ground handling. Whether we exceed the WACC, that's, of course, an ambition question, but even if Lufthansa is in that call [?], I don't know. It can be absolutely clear, our ambition is to write black numbers, and we are preparing for this. And there's no question at all, we have the write black numbers, so we have to make profit in ground handling, and that's no question at all. And, yes, if I get sometimes the signal, somebody asked me today that Lufthansa is on the way to prepare themselves for safe [?] handling, fine, they should do it. I'm absolutely fine with this. I can just tell you, we go for black numbers and we go for profit.

And I understand that the top customer has to survive, and so on. They have to do their business, we have to do our business. That's absolutely fine. And we bring a very good quality. And so, yes, the negotiations will be difficult, but that's our responsibility to be prepared for those negotiations. And we will be prepared for these negotiations.

Matthias Zieschang

Not just Lufthansa, we have also the central infrastructure in the segment, which covers 50% of the revenues. And here, and this year, we are going to increase the prices by 7.8%. And there's headroom for 26 to do the same, or even

a little bit higher. So this is not the compensation for Lufthansa, but one segment which covers 50% of the revenue, more than 300 million, will then a price impact, already in this year's 7.8 and next year, if it is, for example, 9.5, you can see that we are talking about 30 million, just price on an increase regarding 50% of the total revenue of the segment.

Stefan Schulte

So on ground handling, just to add this, you know that we have 90 airlines here in Frankfurt, and with all other 89 airlines, we have to take Lufthansa as a group, but all other airlines which are not belonging to the Lufthansa group, we achieved two really high price increases, because the costs are so much running on the staff side. And this price increases with those airlines have much more than 10%, much more, and much higher. And that's working, and they understand this. And I'm quite sure that also Lufthansa understands what they get as a quality and that they will pay for this.

Regarding St Petersburg, everything is sold on that side, equity and loans, so they will not be coming in anything else. And the return on the St Petersburg exposure has been a single-digit return CAGR number. so roughly around 5%, 6% in total over the years.

Christian Cohrs

Okay, thank you.

Operator

Then, the next question comes from Marcin Wojtal from Bank of America. Please, go ahead.

Marcin Wojtal

Good afternoon. Thank you so much for taking my questions. I have a couple of questions on Terminal Two, if you allow me. Firstly, could you just remind us what is the latest regarding the upgrade and the refurbishment of the terminal? What is the total CapEx that will be allocated to it? And when you mention 500 million group CapEx medium term, do you already include the refurbishment of Terminal Two, just to clarify? My second question, can you just confirm that Terminal Two will remain included in your regulated asset base during the refurbishment? Thank you.

Matthias Zieschang

First of all, a clear answer, T2 will stay in the regulated asset base, because we will take it again into operation in the future. When T3 is opened, based on a staggered approach and all our process, in the second half of 26, we

are going temporarily to close Terminal Two. We are going into a long-lasting planning phase, to be very precise, what to do in this total refurbishment of the terminal. We have time, because we have T3. we have more or less twice as much capacity compared with Terminal Two. And we have to see when we are going to start with the refurbishment with Terminal Two. But we have a lot of time looking forward.

And then we have, also, after the planning phase, we have a precise amount what will be invested. This will spread over, I would say, ten years, up to ten years, and this will not significantly... Of course, it can be, then, in some individual year, more than the 500 million, this is for sure, but overall it's not a number which changes this baseline.

Marcin Wojtal

Okay, thank you.

Operator

Then, the next question comes from José Manuel Arroyas from Santander. Please, go ahead.

José Manuel Arroyas

Thank you, good afternoon. I have three questions. In relation to Terminal Three, you said earlier that there was always some risk of CapEx overrun, and that that materialised in 2024. Could you tell us what happened this year, and what gives you confidence that that any such thing will not happen in the in the coming years?

My second question is on the Terminal One Concourse B project. I missed your explanation as to why you stopped it. Could you tell us also what Fraport misses by not having this project ready? And my last question is on slide nine, where you guide on the uplift to retail revenues that Terminal Three will provide. You mentioned €30 million incremental revenues coming from Terminal Three compared to Terminal Two, but on the slide you mentioned that that figure includes also your expectation that traffic will be higher. Could you isolate that uplift, assuming traffic remains constant? Thank you.

Stefan Schulte

Let me start on Terminal One. Yes, you are right, and we mentioned this, that we stopped the security relocation more to the landside, because it's a very expensive project. It takes several years to get through. That means that we would have seen in Terminal One, over the next at least five years, constant constructions. And for that, we thought that,

at the moment, the benefit is not big enough, we should more focus on CT scanners in B and most efficient processes.

They are the main topics. There are some other topics around processes, how processes would have been changed and how long waits would have got if we would have realised this now, so we said, no, we'll take more time for this. And that's the reason that, for the time being, we stopped that project on Terminal One. But nevertheless, we are very much on customer focus, and that's the reason we bring in there, in the existing environment, we'll change it to CT scanners with a much higher capacity

On Terminal Three, the main reason is, yes, there's a cost overrun were indicated already, and as mentioned will be more on the 200 million side, but all CapEx is done, all tenders are done. As I mentioned, the construction is through and everything is done on that side. We are now really in the final jobs on all interior measurements or cabling and so on. So there could be, of course, some smaller acceleration jobs or something like this, but from the CapEx point of view, there shouldn't be a big topic any longer. We never discuss on such a big project whether there are an additional 10 million or 20 million, but in principle we are through there, and that's the reason we are confident that we know what the number finally will be.

On Terminal Two, and regarding Terminal Three, we don't give spend per passenger or per terminal. What we can tell you is that we have 50% on addition on floors and for sure also square metres and for sure also spend Terminal Three compared directly with Terminal Two. But it's not helping you very much, I know, because we are not giving any spend per passenger number for Terminal Two or for Terminal Three and for Terminal One. I can just tell you that the location of retail and gastro food and beverage is much better with the centralised marketplace in Terminal Three, and that we see expect a heavy uplift there also on that spend, which will be, on group numbers in total, of course, smaller, but with a plus 50% what we expect Terminal Three in a full year range, 2027, we will see also an increase in the average number in total.

Operator

Then, the next question comes from Graham Hunt from

Jefferies. Please, go ahead.

Graham Hunt

Thank you. Actually, just one from me. I just wanted to come back to a dividend, how are you thinking about that from 2026 or 2027, whenever it does come through. I think you did speak earlier on the payout policy historically, but, given the step-down in CapEx and significant step-up in free cash flow, plus if you didn't pay one in 2026, would there not be scope to see a meaningful increase in the payout policy versus what you've done historically? Just wanted to hear your thoughts on how you're thinking about that, when you do start paying a dividend. Thanks.

Stefan Schulte

What we gave you as an indication is that for the year 2025, we expect free cash flow break-even, maybe slightly negative but around break-even. That means if we would pay a dividend in the year 2026 for the full year 2025, it would be paid out of debt. That would mean that we would, if at all, pay a smaller dividend, not in the range of 40% to 60%. And that's not decided, and it depends very much whether we have a lot of tailwinds, and that we see that really new aircraft are coming in, that the aviation tax is taken out, and that we see that business is really getting up, also in Frankfurt and Germany in general, it's a much more positive scene now as it is these days.

If we start paying in 2027 for the year 2026, I would expect that the dividend payment would be in the range, the historical range, of 40% to 60%. But also, to be absolutely clear, there's finally a decision we have then to take, and that's taken also by the supervisory board, and then finally by the annual meeting. But that would be probably our recommendation from today's point of view. Let's see how the worlds then is.

Graham Hunt

Okay, thanks.

Stefan Schulte

Thanks.

Operator

The next question comes from Nicolas Mora from Morgan Stanley. Please, go ahead

Nicolas Mora

Good afternoon. Just two quick ones. You mentioned that into 2026 you don't really see much EBITDA growth. I'm a little surprised, because you're guided for around 4% traffic growth that year, you've got you've got also tariff increase, you've got ground handling getting better, you should get at

least, for half a year, a bit of uplift on retail. Do you think most of that is offset by higher cost? That's what you're trying to flag? That's point number one.

And then point number two, just coming back on the retail upside for Terminal Three, I think, like José Manuel, I'm a little bit taken aback. I think you've said on previous conference calls, T2 was around €2 per pax, what you're flagging is 50% increase on that, so €3 per pax spending for T3. That's still below the average. That looks spectacularly low, so just wanted to know if you could clarify that a bit there. Thank you.

Matthias Zieschang

First of all, our guidance is not modest. We said it's a moderate single-digit increase, and so it's a lot of fantasy, how it could be. And this depends really, from the tailwind coming from the traffic. But, again, single-digit times 1.3 billion. the fantasy is big. So this is one side. And on the other side, there's one elephant in the room, a variable which we cannot control, and this is a wage increase. And at the moment, there are negotiations with the unions, Verdi, regarding the [unclear], this wage agreement is absolutely open, and we don't know what will be the outcome. We are not negotiating. This is the Ministry of Internal Affairs is responsibility in co-operation with the federal states and Germany. And just to give you a number, 1% wage increase equals 10 million in our P&L, and this makes it so difficult to give you... You want to have a precise guidance for the year 25. If you are going to tell me what is the outcome of the wage increase, I'll tell you exactly what is our EBITDA outcome. So is it 4%, 5%, 6%? Nobody knows.

And you see the variance, again 10 million per 1% increase, and that's the reason why it is so difficult to have a precise outlook. And that's the reason why we say single-digit increase, can be high, can be low, more or less depending from passenger growth on one side, which we cannot control in Frankfurt and, second, outcome of the wage negotiations. Now, in the moment, let me say, between Verdi on one side and the federal states and the Ministry of Internal Affairs on the other side

And also retail, I think a 50% increase, it's the same story. We are going to tell you that the increase will be 50%, and

this is a good number, but exactly nobody knows. We have more space, we have nice restaurants, we have fantastic shops, but whether it's 50%, 60%, 40% or even 70%, we have to see. But I think it's a good indication, and it doesn't make any sense to promise a high number, which, at the end of the day, cannot be controlled by us, but by the spending behaviour and the deep pockets or not deep pockets of the passengers.

Nicolas Mora Thank you. If I may, the comment on EBITDA was more into 2026. I think it was Matthias who entered that when talking about break-even free cash flow, he did not expect much EBITDA growth in that year. I was just wondering, what were the offsets? Yes.

Stefan Schulte 2026, that's the year where Terminal Two is getting out of operation, Terminal Three is getting into operation, whereas this additional cost, as I mentioned already, cost of additional OpEx and so on. And what Matthias mentioned, what we see yesterday from the wage agreement, from the negotiations, the employees, the ministry offered 5.5%. I don't know whether this is on 12 months or whether it is on which period ever, and they couldn't agree, so it's in a break situation, so the result will be more than 5.5%, but hopefully, then for a longer period. And in 2026, we will have the full impact on that. And then it's a question of whether we get a stronger traffic laws, yes or no. So the additional aircrafts are then really in, is Pratt & Whitney getting that issue a little bit less?

And these are the components which are a little bit too early at the moment, why we mentioned probably it's more moderate goals, whatever moderate is, absolutely in line with Matthias, whatever you discuss in between 2% to 5% is moderate for me. But 5% on 1.3 or 1.4 is already a lot.

Nicolas Mora Thank you.

Operator And we do have a follow up question from Cristian Nedelcu from UBS. Please, go ahead.

Cristian Nedelcu Thank you very much for allowing me to add. Terminal Three remaining CapEx, your table in the appendix is very helpful but could you remind us, you already guided for 25, but could you give us a bit 26/27, what's the remaining CapEx there, just to confirm? And secondly, in your annual



report, you talk about potential risk of CapEx, 300 million for the drainage of the runway in Frankfurt. I think you allocate a probability of 25% to 50% that, at some point, this may come through. So if the water authority company would trigger this CapEx, would this be on top of the 500 million run rate you discussed earlier? Or it's already included in that run rate? Any more colour there would help. Thank you.

Stefan Schulte

Let me take the second question and answering this first. That potential risks you will find in our annual report already for five to ten years, I would say, maybe even longer. Sometimes, yes, we have to realise some smaller issues, so the 300 million is a total cost number. If it would come in, it would be my best estimate over several years, so it would be included in that number. It's not the one-off which you have to invest in one year, it will be a long-term investment and spread it over a lot of years. So that's not an issue for you, but we have to mention those risks. It could happen. That depends very much also, condition on water and on all winter fluids there, the composition of the water and so on, de-icing and so on. At the moment, it's getting better, so the risk is, for sure, less, but we have to see how the next winters are.

Matthias Zieschang

And your question regarding further outflows for Terminal Three, you know from 25, which you can see in our presentation, it's up to about 400 million in this year and in 26. What is a final number then in 25? But as of today, I would say about 250 million, and then a very small amount remaining in 27. If you put all the numbers together, also accumulated from the past, and you end up with 4.2 billion, maximum 4.3 billion, this is what we already guided years ago, 4 billion plus 200 million cost overrun, which today is a given. And we will end up exactly this, including the 200 million cost overrun.

Cristian Nedelcu

Thank you very much. Thank you.

Operator

Ladies and gentlemen, this was the last question. I would now like to turn the conference back over to Christoph Nanke for any closing remarks.

Christoph Nanke

Thank you. And thank you all for participation, for your interesting questions. We, in Investor Relations, are looking forward to continue our talks in the next days and weeks, in



phone calls, meetings, and conferences. I wish you a good rest of the day and, yes, happy to see you soon. Bye.